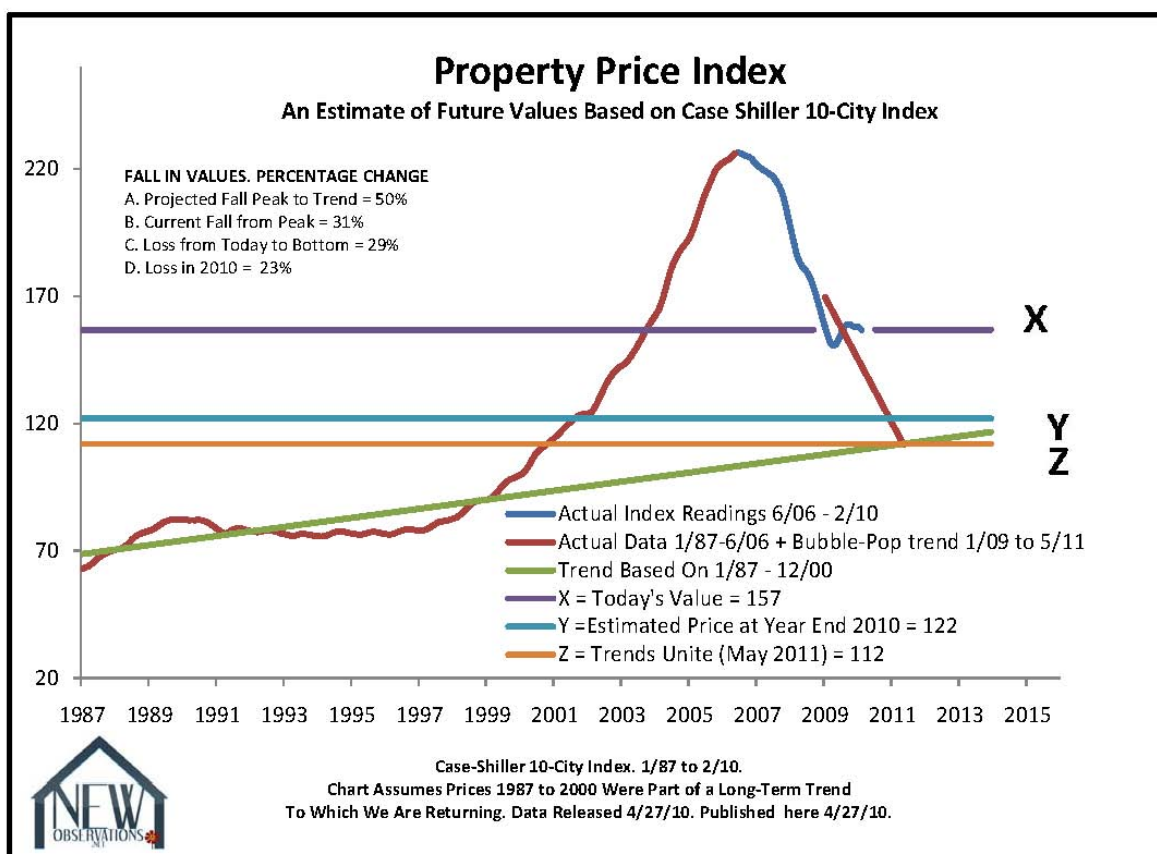


Prices fell .64% in February, but increased 1.43% compared to a year earlier, according to new Case Shiller data, with the gain representing a significant positive change.

The Case Shiller 10-City Index would fall 7.68% over 12 months if the February fall continued, but the data on the direction of values point in many different directions. Prices for all of 2009 were flat, but have fallen 30% since values peaked in June 2006. The year-over-year increase is a new and positive pattern, but there are many negative trends to consider.

Most analysts for property values (and all assets including stocks) are naturally positive, which calls into question a positive zeitgeist now attached to property values. It is however unambiguously positive that both the 10-City and 20-City index registered a simultaneous annual gain in February -- which was last seen in DECEMBER 2006 (almost 3.5 years ago).



Clouding any and every forecast on property values should be record delinquencies of 15% of all mortgages outstanding, unemployment at just under 10%, and a mortgage market of exceptionally high risk which has been abandoned by all private money sources. About 13.6 million homeowners have no equity or negative equity and therefore have no current wealth to protect by making their mortgage payment. Real estate prices would fall flat on their face without government mortgage money which represents nine of ten new mortgage dollars.

New Observations has previously forecast a [fall in values in 2010 of 13 percent](#) based on an average of four major property price indexes. In a separate analysis of a 120-year time series, we forecast a [total fall still ahead in the national market of 22%](#) and a total fall from peak-to-trend of 49 percent. Radical government intervention may stop these forecasted falls.

Metropolitan Area	February 2010 Level	February/January Change (%)	January '10/Dec '09 Change (%)	1-Year Change (%)
Atlanta	105.66	-1.3%	-1.5%	-0.9%
Boston	151.44	-1.0%	-0.5%	1.8%
Charlotte	116.09	-1.0%	-0.5%	-2.5%
Chicago	122.57	-2.0%	-1.7%	-3.0%
Cleveland	100.93	-2.1%	-0.7%	3.2%
Dallas	115.24	-1.8%	-1.3%	2.6%
Denver	124.54	-0.8%	-1.3%	3.6%
Detroit	70.50	-1.8%	-1.1%	-5.4%
Las Vegas	103.40	-0.4%	-0.5%	-14.6%
Los Angeles	171.82	-0.7%	0.9%	5.3%
Miami	147.52	-0.5%	-0.2%	-4.4%
Minneapolis	119.91	-2.2%	-0.9%	3.0%
New York	170.46	-0.4%	-0.3%	-4.1%
Phoenix	110.11	-1.5%	-0.6%	-1.6%
Portland	143.69	-2.4%	-1.8%	-4.8%
San Diego	157.92	0.6%	0.4%	7.6%
San Francisco	134.67	-0.7%	-0.6%	11.9%
Seattle	143.56	-1.1%	-1.7%	-5.6%
Tampa	136.54	-1.2%	-0.5%	-6.0%
Washington	176.49	-0.5%	-0.8%	5.0%
Composite-10	156.82	-0.6%	-0.2%	1.4%
Composite-20	144.03	-0.9%	-0.4%	0.6%

Source: Standard & Poor's and Fiserv
Data through February 2010

The Case Shiller monthly changes and annual changes for individual cities and for the composite indexes are listed above.

Check [Calculated Risk](#) for an interesting chart of rising and falling property price data compared to unemployment. [Cool charts here](#) on many of the cities covered by Case Shiller.

[PRINT -- Prices fell .64% in February, but gained 1.43% compared to a year earlier](#)

Please forward questions, corrections, and reactions to comments below or send me an email. Please send an email if you would like to take out a new mortgage.

mike@mynewmortgage.com

[Michael David White is a mortgage broker in Chicago.](#)