The U.S. housing market is showing more signs of stabilization as price declines ease and home demand improves, spurring several economists to call a bottom to the worst real estate collapse since the 1930s.

“The crash is over,” Mark Zandi, chief economist for Moody’s Analytics Inc. in West Chester, Pennsylvania, said in a telephone interview yesterday. “Home sales -- both new and existing -- and housing starts are now off the bottom.”

Data released yesterday showing better-than-estimated new-home sales and a slowdown in price declines are bolstering optimism that the market is poised for a sustainable recovery. Economists including Bank of Tokyo-Mitsubishi UFJ’s Chris Rupkey, Bank of America Corp.’s Michelle Meyer and Mark Fleming of CoreLogic Inc. are also predicting prices are close to a trough after a 35 percent slump from a July 2006 peak, even as the threat of more foreclosures loom to boost supply.

Values in 20 U.S. cities fell 3.5 percent in February, the smallest 12-month drop since February 2011, the S&P/Case-Shiller index showed yesterday. The Federal Housing Finance Agency’s home-price index, which measures properties with mortgages backed by Fannie Mae or Freddie Mac, had a 0.4 percent rise for the same period, according to a separate report.

New homes sold at an annual pace of 328,000 in March, up 7.5 percent from a year earlier, the Commerce Department said. The median estimate in a Bloomberg News survey forecast a rate of 319,000. The pace of sales for February was revised upward to 353,000, a two-year high.

**Consumer Confidence**

A report on consumer confidence yesterday showed the most important signal that housing can only go up, said Rupkey, chief financial economist for Bank of Tokyo-Mitsubishi in New York. The Conference Board said its confidence index was at 69.2 in April, compared with a revised 69.5 in March. Beneath the headline number, an important indicator was that consumers said jobs are easier to find, Rupkey said.

“Today’s consumer confidence shows labor markets recovering and that confidence is going to allow consumers to go out and buy homes,” Rupkey said in a telephone interview yesterday.

The National Association of Realtors probably will say tomorrow that the number of Americans signing contracts to buy previously owned homes rose 1 percent in March, according to the median estimate of 43 economists surveyed by Bloomberg. That would put the pending home-sales index close to a two-year high.

**Foreclosure Supply**

While the volume of sales has increased, prices still have a way to fall because as many as 6 million homes with delinquent mortgages and in the foreclosure process are likely to come to the market, Scott Simon, head of mortgage- and asset-backed debt at Newport Beach, California-based Pacific Investment Management Co., said yesterday on Bloomberg Television.
"We think we'd go down another 3 or 4 percent over the next 12 months, probably bottoming sometime next year," Simon said on "Surveillance Midday" with Tom Keene. "One month doesn't change anything."

Robert Shiller, a Yale University economics professor and co-creator of the home-price index, also said prices may be poised to fall further.

"I'm more concerned about the downside than most people," Shiller said yesterday on Bloomberg Radio. "I could see it staying languishing and edging down for years."

**Rising Home Seizures**

Foreclosure filings in the U.S. fell in the first quarter to their lowest level in more than four years after lenders under legal scrutiny slowed actions against delinquent homeowners, according to RealtyTrac Inc. Home seizures will increase as banks work through the backlog following a settlement by loan servicers over faulty mortgage practices, the Irvine, California-based data firm forecasts.

Meyer, senior economist with Bank of America in New York, said the recovery will be led by the parts of the country with fewer foreclosures and more job growth. She estimates that U.S. prices will reach bottom this year and stay little changed until 2014, when they may gain about 2.5 percent.

Home values in more than half of major U.S. markets will probably reach a bottom by the end of the year, according to Seattle-based Zillow Inc. Signs that the market is close to a trough include improving home sales and rising prices in some areas, said Chief Economist Stan Humphries. The market, which has been bolstered by investors, second-home buyers, and retirees, will need more traditional first-time and trade-up buyers to return for a rebound, he said.

**‘Healing’ Market**

"I characterize 2012 as a year in which the market is healing and the bottoming process is playing out," Humphries said in a telephone interview.

Median prices averaged 5.8 percent higher in March than a year earlier in 53 metro areas surveyed for a monthly housing report by Re/Max LLC, the Denver-based company said in an April 16 report. It was the second consecutive month that home prices increased year-over-year and the ninth straight month of higher sales volume, according to the report.

"This year’s selling season is shaping up to be the strongest we’ve seen in years," Margaret Kelly, Re/Max’s chief executive officer, said in a statement. "Although we don’t expect home prices to rise in every market at the same rate, the worst is definitely behind us, and a slow, steady recovery is taking hold."

U.S. home prices compiled by CoreLogic, a Santa Ana, California-based real estate information service, had month-over-month gains in January and February when sales of distressed properties were excluded, said Fleming, the company’s chief economist.

"It’s just a matter of months before we get positive year-over-year numbers in the overall index," Fleming said in a telephone interview from Washington. "Our data lags the reality. The turnaround is happening in the March, April and May time frame."

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