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Most Americans see home values rising

By Thomas A. Fogarty, USA TODAY

American homeowners are greeting talk of a crash in real estate prices with a shrug, according to a poll. A report issued Monday by the government suggests the view is well founded.

According to the USA TODAY/CNN/Gallup Poll, 44% of America's homeowners expect the value of their residences over the next year to gain less than 10%, with many of those expecting a gain of less than 5%.

That's on track with a report by the Office of Federal Housing Enterprise Oversight that shows home values rose 6.2% in the July-September quarter from a year ago. It's the sixth consecutive quarter in which the growth in values has moderated. And it is the slowest rate of annual growth in nearly three years.

Michael Sklarz, valuation expert at Santa Barbara, Calif.-based FNIS, says the new report is evidence that home values nationally are "flattening out."

"We're going into a period of slower appreciation — no appreciation for some markets — over the next several years," Sklarz says.

The nation's housing market has boomed since the mid-1990s. In early 2001, home prices were growing more than 9% annually — the strongest growth in the period. Housing analysts agree that growth in values has been too strong for too long. Some fear a crash like those experienced by California, Texas and the Northeast at times over the past 20 years.

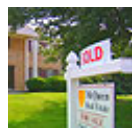
The poll finds homeowners relatively unconcerned that hyper-inflated real estate values will zap them. Just 6% expect to see the value of their residences decline in 2003, the poll says. An additional 29% expect their homes' value to hold steady.

While few homeowners are bracing for a drop in value, not many have wild expectations for rapid growth, either. Just 17% are looking for appreciation of more than 10% in 2003.

Golf pro Bob Sutherland, 56, paid \$230,000 last March for a home near downtown Orlando. He says he found a bargain in a good neighborhood and has rehabbed extensively. He expects 15% to 20% growth in value over the next year. The bubble? "I'm not concerned. Orlando is still a booming town."

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After years of dizzying appreciation in one of the nation's hottest markets, Ellen Caliendo expects no growth next year in the value of her suburban Boston townhouse in Natick, Mass. She estimates its value at \$385,000, double what she paid a decade ago. "It's just going to go up so high, then it gets ridiculous." Caliendo, 46, a small-business consultant, says her home's value appears to have flattened.

The National Association of Realtors projects a median sales price of \$157,200 for 2002. That would reflect a 6.4% increase from the 2001 median sales price. NAR projects a 4.2% annual increase in 2003.

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