The Role of Housing in the Economic Recovery

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The Contribution of Housing to Gross Domestic Product (GDP)

Source: U.S. Bureau of Economic Analysis, NIPA tables, Table 1.5.5 Gross Domestic Product, Expanded Detail
U.S. New Housing Starts


U.S. Housing Trends
New & Existing Home Sales

Source: National Association of Realtors (existing), U.S. Census Bureau (new)
**U.S. Housing Trends Prices**

![Graph showing housing trends](image1)

*Source: Standard & Poor's (Case-Shiller); Federal Housing Finance Agency (FHFA); Robert J. Shiller Irrational Exuberance*

**Declines in GDP and Residential Fixed Investment During Economic Contractions**

![Graph showing GDP and RFI declines](image2)

*Source: Joint Center for Housing Studies of Harvard University*
Residential Fixed Investment Contributions to Economic Recoveries

Source: Joint Center for Housing Studies of Harvard University

Residential Fixed Investment and GDP Quarterly Growth After Most Recent Recession

Source: U.S. Bureau of Economic Analysis, NIPA tables, Table 1.5.5 Gross Domestic Product, Expanded Detail
NAHB/Wells Fargo Housing Market Index

Source: National Association of Homebuilders

U.S. Net New Housing Demand

Source: Joint Center for Housing Studies

1980-1989 17.4
1990-1999 16.1
2000-2009 17.0
2010-2019 forecast 16.4 18.7
U.S. Annual Permits by Housing Type
2000 – 2010

Source: U.S. Census Bureau

The Washington Area Housing Market
Existing and New Home Sales
Washington MSA

Percent Change in Inventories of Existing Homes
Month-Over-the-Year-Change
2000 – 2010, MSA

Source: MRIS, Hanley Woods, GMU Center for Regional Analysis

Source: MRIS, GMU Center for Regional Analysis
Average Sales Price
Month-over-the-Year Percent Change
Washington MSA
Condominiums

Sales Activity and Prices by Housing Type
Existing Homes
Washington MSA
Percent Change 2009 - 2010

<table>
<thead>
<tr>
<th>Housing Type</th>
<th>Sales</th>
<th>Average Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-Family Detached</td>
<td>-1%</td>
<td>+4%</td>
</tr>
<tr>
<td>Single-Family Attached/Townhouses</td>
<td>-6%</td>
<td>+8%</td>
</tr>
<tr>
<td>Condos</td>
<td>-1%</td>
<td>+1%</td>
</tr>
</tbody>
</table>

Source: MRIS, GMU Center for Regional Analysis
New Listings Existing Homes Washington MSA

- % below $300K

Source: MRIS, GMU Center for Regional Analysis

Annual Permits by Housing Type Washington MSA 2000 – 2010

Source: U.S. Census Bureau. December 2010 figures are estimates.
Residential Construction - Forecasts

Housing Demand Up in 2011

• Low unemployment
• Job growth
  – Net new jobs
  – Retirees/replacement hires
• Pent up demand
  – Slowdown in household formation
  – Move up households
• Low mortgage rates – for now
• Relatively low prices – for now

Residential Construction - Forecasts

Challenges in 2011

• Low consumer confidence
  – Cautious about housing market recovery
  – Fears generally about jobs, economy
• More difficult lending process
• Lack of urgency
• Foreclosures remain in some jurisdictions
• Shift in housing preferences
Forecasts of Residential Building Activity
Washington MSA

Source: Joint Center for Housing Studies

- Apartments
- Condos
- Smaller SFD/TH
- Larger SFD

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