

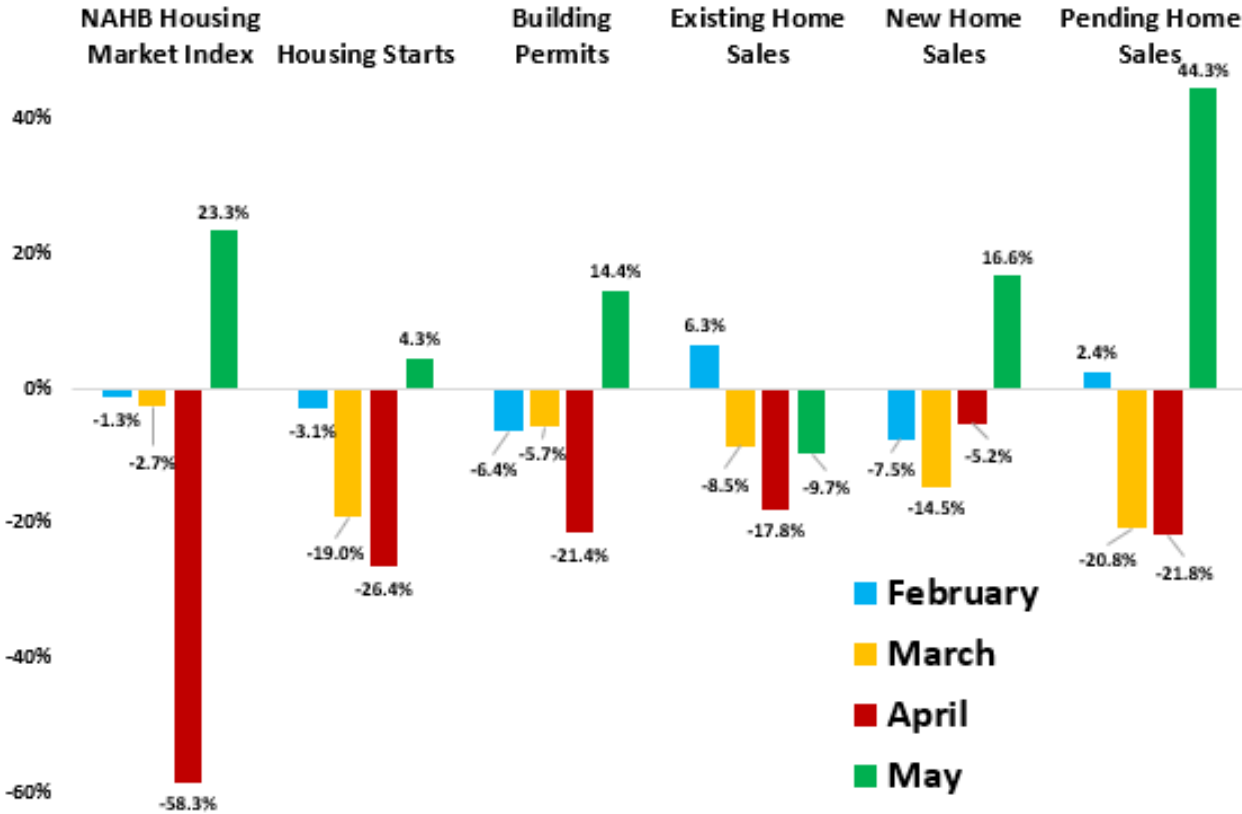
May Housing Data Largely Encouraging News for Economy

As the economic recovery proceeds, the housing market will be a big factor in the recovery's pace. The latest numbers are encouraging. They suggest consumers are willing to take the risk of buying a new home and have the resources to make purchases.

Like all economic data, the housing measures were depressed substantially in March and April. However, all of them—with the exception of Existing Home Sales (-10 percent)—increased substantially in May. Pending home sales had the biggest leap, growing over 44 percent compared to a 22 percent decline in April. It declined a similar amount in March.

The NAHB Housing Market Index, New Home Sales, Building Permits, and Housing Starts, were all up smartly too after declines in March and April. Home prices ticked up by 1 percent in April and March.

Housing Market Starting to Rebound



The strong housing market rebound is encouraging. It is in line with other data points that show consumers returning to spending again, but the rebound is stronger in the housing market. This suggests consumers feel their incomes remain strong and will continue to be strong in the future.

If we are to get a “V-shaped” recovery, meaning the economy gets back faster to where it had been, housing will be a main driver of that bounce-back. Low mortgage rates and pent up demand from the delayed spring buying season give hope that it can play that role.

—Curtis Dubay, Senior Economist, U.S. Chamber of Commerce