

Could a Housing Rebound Help Rebuild the Economy?

The housing market will be key to the economy's recovery from COVID-19 and the subsequent Great Pause. Like all markets, housing has taken a hit. But it has been surprisingly resilient to a degree. Pent up demand that may unleash once the economy reopens could help the economy recover more strongly.

There are several housing data points that come out each month. They tell varying stories about the market.

For instance, the NAHB Housing Market Index, which is a broad measure of the market's condition, rebounded almost 24% in May, but that was off a low bottom after a 58% decline in April. New home sales also ticked up slightly in April, showing that people were still able to buy homes even during lockdowns. Prices rose in March, but that was before the crisis. Early indications are that prices have held steady, but we'll know for sure in a few months when more complete data from during the Great Pause come out.

In contrast, existing home sales, pending home sales, housing starts, and building permits all fell sharply in April.

<u>Housing Indicator</u>	<u>Month</u>	<u>Percent Change from Previous Month</u>	<u>Notes</u>
NAHB Housing Market Index	May	23.7%	Fell 58% in April
Case-Shiller Home Price Index	March	0.8%	
New Home Sales	April	0.6%	
Existing Home Sales	April	-17.8%	
Building Permits	April	-20.8%	
Pending Home Sales	April	-21.8%	
Housing Starts	April	-30.2%	

All these data points show that the housing market is down but poised for a rebound that could bolster the country's economic recovery in the coming months.

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

