Growth in Q3 was strong, exceeds its estimated potential
  • Personal consumption expenditures accounted for largest contribution to growth.
  • Residential fixed investment declined.
  • Prospects for modestly higher growth over 2018.

Strong employment growth continued in November, unemployment rate remains low
  • Non-farm payroll employment rose by 228,000 as residential construction rose by 14,800.
  • Unemployment rate was unchanged at a low of 4.1%.
  • Moderately stronger employment growth and continued decline in the unemployment rate expected in 2018.

Headline inflation accelerates, core inflation remains stable
  • Energy prices accounted for three-fourths of monthly increase in the CPI.
  • Core inflation steady below 2.0 percent.
  • Inflation is expected to accelerate in 2018.

Mortgage rates rise slightly in November, but remain low
  • Slight dip in inflation expectations offset by small increase in risk premium.
  • Mortgage rates expected to rise in 2018, but remain historically low.
National Update Commentary

Housing Market

• Single-family starts rose in November
  • Single-family starts climbed 5 percent to reach a post-recession high of 930,000.
  • Builder confidence rose to an 18 year high.
  • Single-family starts expected to grow more moderately in 2018.
• Home price appreciation continues
  • Tight inventory supports house price growth.
  • Price appreciation is supporting home equity expansion, but affordability could be a challenge.
  • In 2018, price growth expected to decelerate on weaker housing demand.
• Multifamily starts impacted by monthly revisions
  • Large October increase revised down.
  • November level, 367,000 (SAAR), about unchanged from October revision, 373,000.
  • Industry will continue to move toward normal levels over 2018.
• Remodeling spending at cycle highs
  • Growth is expected to continue, but at a slower pace in 2018.

Details in the following charts
Additional information can be found at eyeonhousing.org
NAHB/Wells Fargo Housing Market Index

Index

0 10 20 30 40 50 60 70 80 90 100

85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17

SAMPLE
Single-Family Housing Starts and Sales

Million Units, SAAR

 Starts
 Sales
Multifamily Housing Starts

Thousands Units, SAAR

79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19

National Association of Home Builders