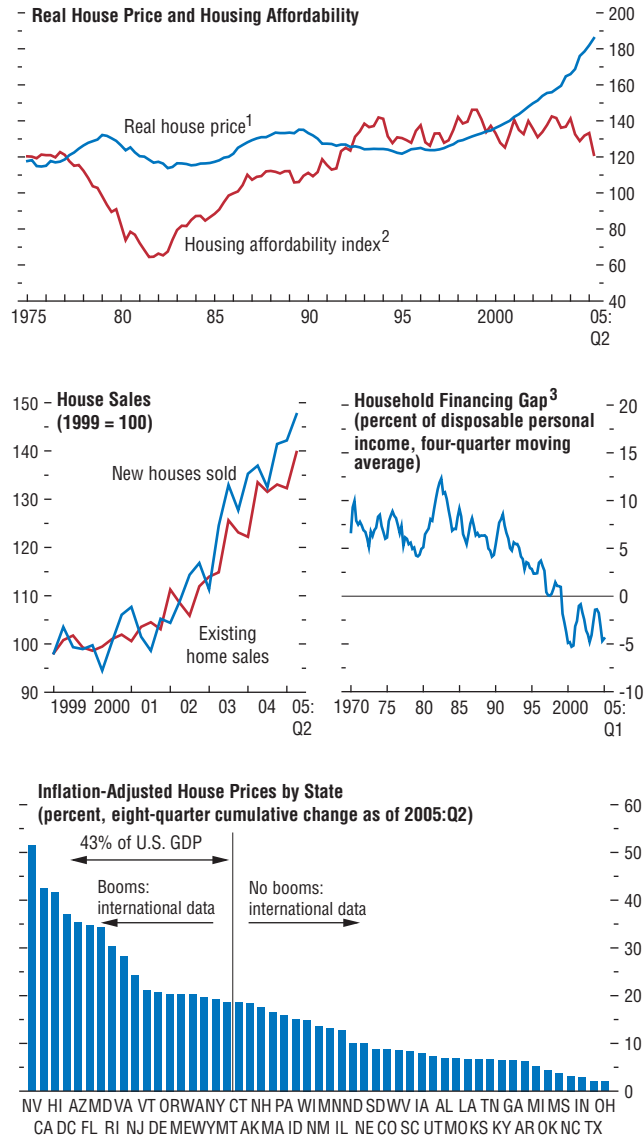


Figure 1.11. United States: House Prices and Household Demand

Rapid house price increases have supported growth in household expenditure and surging housing market transactions. Some 15–18 states are estimated to be experiencing a housing boom. Low interest rates have contributed to maintaining affordability, although leverage and riskier financing have also been on the rise.



Sources: Haver Analytics; and IMF staff calculations.

¹Office of Federal Housing Enterprise Oversight house price index adjusted by the total CPI (1982–84 = 100).

²Index = 100 when median family income qualifies for an 80 percent mortgage on a median-priced existing single-family home. A rising index indicates more buyers can afford to enter the market.

³Net acquisition of financial assets by households minus net increase in their financial liabilities (equals gross household savings minus household capital expenditure).