The strong housing market has supported growth and employment in the United States in recent years. There are increasing signs, however, that housing activity is slowing, and a key question is how the economy would react to a period of slower house price appreciation.

Sources: Haver Analytics; CEIC Non-Asia Database; Greenspan and Kennedy (2005); LoanPerformance MBS/ABS database (Period: 204, December 2005); and IMF staff calculations.

1 Median sales price for new single family homes.
2 For the purchase of homes. Index: March 16, 1990 = 100, percent change from a year earlier.
3 The sum of employment in the following sectors: residential building construction, residential specialty trade contractor, furniture and home, furnishing stores, building material and garden supply stores, and real estate.