

## Michelle Meyer

Head of U.S. Economics

BofA Merrill Lynch Global Research

### **What are your views on the housing market in 2019?**

The U.S. housing market has already moved from being a tailwind for the economy to being a headwind. Home sales likely peaked, actually, early 2018 and have been on a very slight downward trajectory since then. And that's really a function of the fact that affordability has become more challenging. In an environment where home prices have increased pretty notably and interest rates are now also rising, affordability has been stretched. And it's showing up through weaker housing demand.

So what does that mean for construction? We probably will be seeing softer home building, as well, given that backdrop. Single-family housing construction has very slight upside from here. Multi-family peaked about two years ago... will probably be moving sideways. So very modest homebuilding going forward. Home sales likely slipping down. Overall it means that housing will be a slight drag to the economy in 2019 similar to what it was in 2018.

So it's not a dramatic drag. It's not a major cause of concern because we've never seen the overbuilding in the housing market. We don't have the excesses in housing that would lead to a dramatic decline akin to the last housing bust. But, at the same time, we certainly are transitioning from an environment where housing was a net positive to the economy to being a very slight net drag to the economy.

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