



Insight

# Housing Muddles Along

DOUGLAS HOLTZ-EAKIN | MAY 18, 2010

The Census Bureau released the April housing market data this morning:

- Housing starts rose 5.8 percent from March, with increases across all regions except the West, but
- New building permits fell 11.5 percent from March, with weakness across the country.

Both housing starts and housing permits remain roughly 40 percent below the bubble-driven levels of early 2008.

Nearly all metrics of the housing market – housing values, new home sales, existing home sales, starts, permits – paint a picture of a residential housing market that is wallowing near the bottom with no strong momentum upward.

Government policies – homebuyer tax credits, mortgage modification, foreclosure moratoria – have largely interfered with working off the excess stock of housing and masked the underlying dynamics without providing macroeconomic benefits.

*The bottom line: today's data is another reminder that continued interference in private markets is not a panacea and comes with real costs. A delayed recovery in housing is part of a sluggish recovery that continues to leave unemployment in double digits.*