

US HOUSING STANDS ON FIRMER GROUND

The pendulum, which had swung too far the other way, is being righted.

The US housing economy is still in the midst of a healing process.

From annualised levels in excess of two million in the early 2000s – peaking at **2.3m in January 2006** – US housing starts (new residential construction projects) plateaued throughout **2014** at around **one million**.

Going forward, a **1.2 to 1.5 million range** seems more appropriate in 'normal' US housing economy conditions.

Solid supply and demand factors are starting to drive the housing economy.

We are not seeing a return of the speculative 2000s.

Foreclosures were down **35%** year-on-year to June 2014

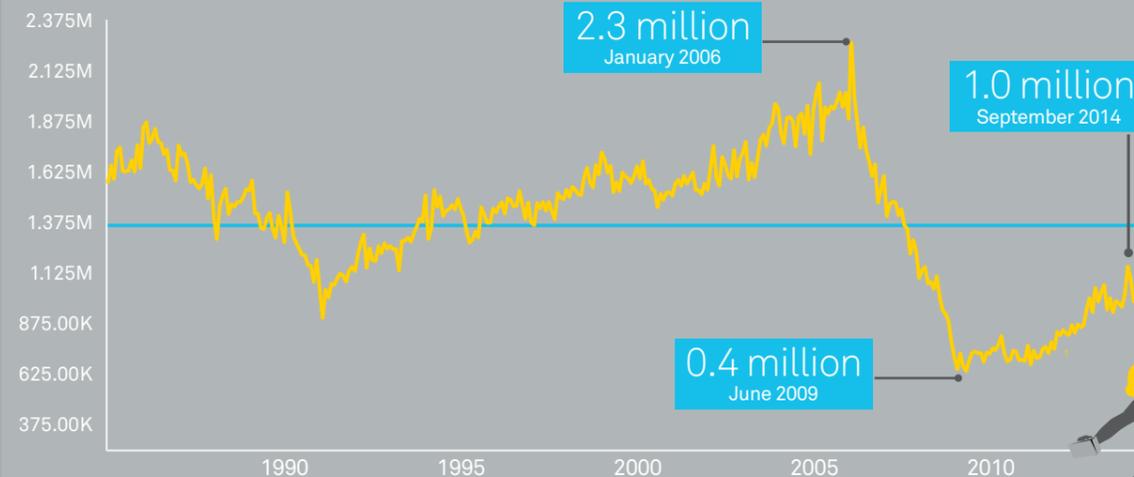
Source: CoreLogic

It is a welcome change that the importance of US housing to the broader economy is less now than it was.

A generational and cultural shift is underway and this is a good thing.

Millennials

US Housing Starts (SAAR)



Source: US Census Bureau, October 2014

Carl Guerin, research analyst and Raphael Lewis, primary research analyst on The Boston Company's* US Opportunistic Equity team look at what the coming years hold for the US housing market.

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