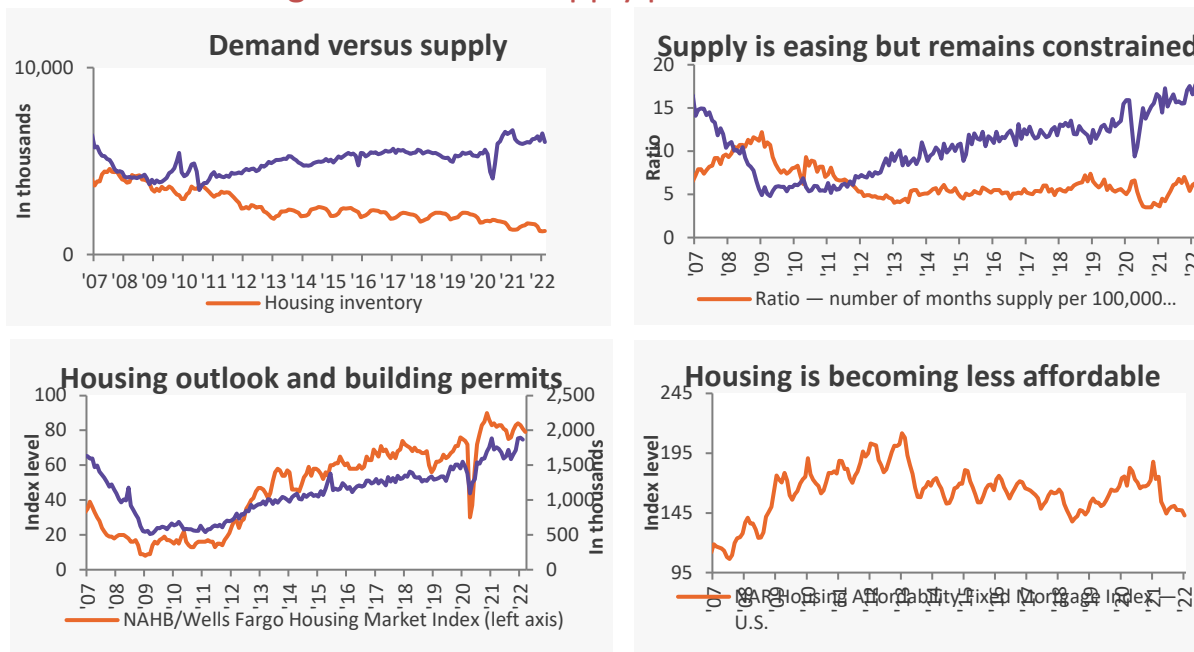


Housing market has a supply problem



Sources: Bloomberg, FactSet, and Wells Fargo Investment Institute. Monthly data from January 1, 2007 to February 28, 2022. NAHB/Wells Fargo Housing Market Index: monthly data from January 1, 2007 to March 31, 2022. NAR Housing Affordability Index: monthly data from January 1, 2007 to January 31, 2022. SAAR = seasonally adjusted annual rate. NAHB (National Association of Home Builders)/Wells Fargo Housing Market Index is a widely watched gauge of the outlook for the U.S. housing sector. The NAR (National Association of Realtors') Housing Affordability Index measures whether or not a typical family could qualify for a mortgage loan on a typical home.

Key takeaways

- The housing boom is showing early signs of cooling in response to recent increases in mortgage rates and the resulting pressure on affordability.
- A loss of housing momentum would undercut an important tailwind to the economic recovery, directly and indirectly, through its large ripple effect on other parts of the economy.