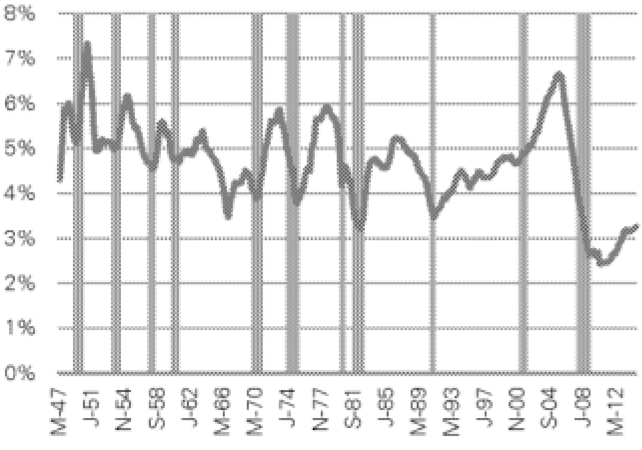
Figure 1: Housing's contribution to GDP still runs well below average

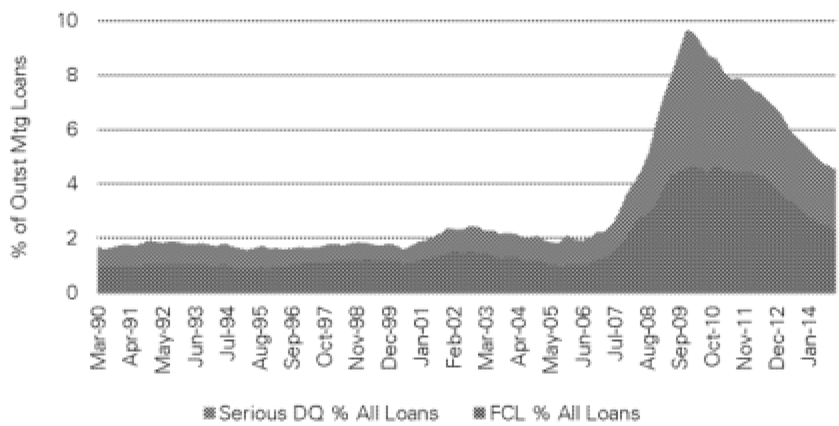


Source: BEA

Figure 2: Housing continues to rebound slowly from the crisis

Source: BEA

Figure 3: Distressed loans still put some supply pressure on housing



Note: serious DQ includes 90-day or longer delinquencies, FCL and REO.
Source: MBA via Bloomberg Finance LP

Housing demand drag

Demand has likely played a part in slow housing, too, starting with owners that bought their homes in the last decade. Thanks to a 38% drop in home prices nationally from 2006 to 2012, according to Case-Shiller, a lot of those owners walked out the front door without any equity and without the ability to reenter the market as buyers. This has almost certainly contributed to the drop in rental unit vacancies from 10.6% in mid-2009 to 7.0% today. As for potential new owners, Americans, even before the crisis, started moving into their own place at a much slower pace than the long-term average of 1.2 million new households a year, that is, until recently (Figure 4). Demand from former and potential new owners has been soft, but that should slowly improve.

Tight credit

And then, after supply and demand, there's credit. Credit has clearly tightened since the crisis, but it's difficult to come up with a precise measure. Nonbank lending to almost any type of borrower outside the agency market has largely disappeared. Bank lending has tightened dramatically starting in 2007, according to the Fed's senior loan officer opinion survey, with only minor correction in the last year or so—although this measure captures the number