

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

DIVISION OF RESEARCH AND STATISTICS

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**Date:** July 18, 2014  
**To:** Federal Open Market Committee  
**From:** David W. Wilcox  
**Subject:** Housing in the Tealbook Forecast

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The attached memo by Raven Molloy and Kamila Sommer, “Recent Weakness in Housing Activity and the Staff Outlook for the Housing Sector,” represents another installment in our periodic series in which we attempt to illuminate different aspects of the staff judgmental forecast. A memo addressing the housing sector seemed particularly timely in light of the disappointing pace of improvement in that sector over the past year or so. As with previous memos in the periodic series, the memo first reviews the general framework that the staff uses to analyze housing activity. In the context of this framework, the memo then discusses both the surprising weakness in the housing sector over the past year and the prospects for renewed growth in light of other headwinds that have been affecting housing in recent years.