**National factors of Supply and Demand that could influence US home prices**

* The housing market is subject to the same economic laws of supply and demand as every other industry.
* When there are more buyers than sellers, the supply of houses goes down and the demand goes up, making houses harder to buy and more expensive and vice versa.

Supply side factors:

Construction of new homes:

* Rate of new home construction is crucial in deciding the supply of residential homes available for purchase in the coming years.
* A healthy economy will provide a good opportunity for investors, where in there will be more money for builders to match the supply and demand and in turn provide more affordable housing.

Mortgage Rate:

* Mortgage rates are a huge factor that decide how well the real estate market will perform. It affects the availability of financing options to buyers, as well as the ease of financing new constructions.
* It also affects the delinquency rate and the number of refinances for mortgages. People are more likely to default on a higher mortgage rate.

Federal Funds Rate:

* when there is an interest rate change by the FED. There is a considerable impact on the housing. It effects the borrowing. reduction in interest rate will boost more borrowing and more people can afford housing due to less monthly instalments.
* A lower interest rate lets you borrow more without seeing a huge jump in your monthly mortgage payment.

GDP:

* The GDP is a measure of output of the economy overall, and the health of the economy. An economy that is doing well usually implies more investment and economic activity, and more buying
* Increase in GDP per capita, less unemployment, increase in industrial growth are strong indicators for good economic growth. Demand for housing is dependent upon income. With higher economic growth and rising incomes, people will be able to spend more on houses. This will increase demand and push up prices.

Building Permits:

* Number of building permits allotted is a measure of not just health of real estate industry, but how free the real estate market is, effectively. It is an indicator of the extent of regulation/de-regulation of the market. It affects the supply through ease of putting a new property on the market.

Construction Spending:

* The amount spent is a measure of the activity in the construction industry, and an indicator of supply for future months. It can also be taken as a measure of confidence, since home builders will spend money in construction only if they expect the industry to do well in the future months.

Inflation:

* The cost of living rises during the Inflation and the real estate too becomes expensive. Inflation usually depends on a whole host of national and international issues.
* A simple rise in fuel cost will increase the inflation rate of whole country since Transportation is crucial. The cost of materials used too in construction too will rise there by increasing the housing prices.

Population Growth:

* The population growth in the country plays a major role too as more people look to move in to their new homes every year.

Demand Side Factors:

Delinquency Rate:

* The delinquency rate on housing mortgages are an indicator of the number of foreclosures in real estate. It also indicates how feasible it is for a homeowner to buy a house at a certain point of time and is an indicator of the overall demand in the industry.

Unemployment:

* A high unemployment rate can mean that people simply do not have the money to spend on houses. It can also mean that there is lower investment in the industry and hence lower supply.
* In a strong economy, people feel more secure in their jobs and their ability to take on mortgage debt.

Disposable Personal Income:

* disposable personal income is how much of the earning is actually available to an individual for expenditure. This is an important measure as well, as it takes into account other factors like taxes etc.

Personal Savings:

* The extent to which people are utilizing their personal income for savings matters in overall investments and capital availability, and the interest rate for loans.
* It is also an indicator of how much the current population is inclined to spend their money, vs save it for future use. This is an indicator of the demand for home ownership as well.