

HOUSING RECOVERY DEPENDS ON EMPLOYMENT TRENDS



In order for housing to thrive, employment needs to rise. When employment is in a downward spiral, where millions of people are unemployed, housing will also be in a downward spiral as well. It is quite obvious why there is so much truth to the statement that housing recovery depends on the trends in employment, according to **Business Insider**. The reason that housing recovery depends so highly on employment trends is because when people are employed, they will make money and will therefore have more money to spend on buying a house. If a person is unemployed, the last thing that they are probably thinking of is buying a new home, at least not until they find a new job. And, the way that employment and housing are also related is, when more people need houses to be built, more jobs are created because there will be a demand for construction workers. Housing and employment also correlate with one another because it seems as though, in most cases, when the employment in a certain area begins to rise, the cost of the homes in that area tend to rise and become higher. Why is that? When more people are employed, they tend to buy homes. That means there is an added demand for homes and when there is such a demand, the price will rise, sometimes drastically. When employment declines, which it has done in most areas in the United States from 2007 to 2009, the cost of homes will also decline because less people will be looking to buy homes. The Federal Reserve, which is basically the banking system in America, has received an official order. This order is asking that they manage to keep employment and prices at the same rate for an extended period of time. This may seem difficult to achieve but The Federal Reserve is working on different ways to make these goals occur. They are using interest rates as means of capturing buyers along with agencies that provide mortgage loans, such as the Fannie Mae Foundation which has offered families the assistance they need for many years now. In order to increase the demand of housing and how many people need houses, the Federal Reserve is working to help lower those unruly mortgage rates. These mortgage rates can cause many people to turn away from buying a new home because they are often too expensive for a family to afford. Lower mortgage rates can help to drastically improve the demand for housing, or so the Federal Reserve though. The truth is, in order for an actual increase on the demand of housing to take place, the employment percentage needs to rise. Most unemployed people simply will not buy a home.