ASK AN ECONOMIST

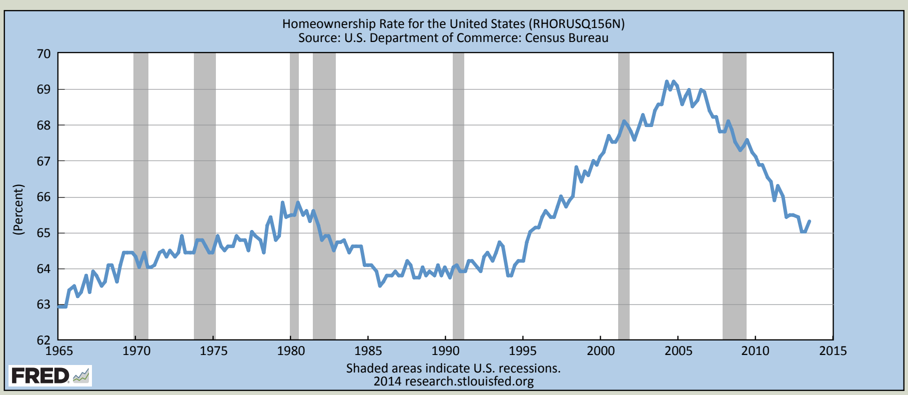
Carlos Garriga has been an economist in the Research division of the Federal Reserve Bank of St. Louis since 2007. His main areas of interest are macroeconomics, public finance and financial economics. Garriga has studied the effects of mortgage innovations in the housing boom and the role of the housing market in the financial crisis. In his free time, he enjoys spending time with his family and any outdoor activity. See http://research.stlouisfed.org/econ/garriga for more on his work.

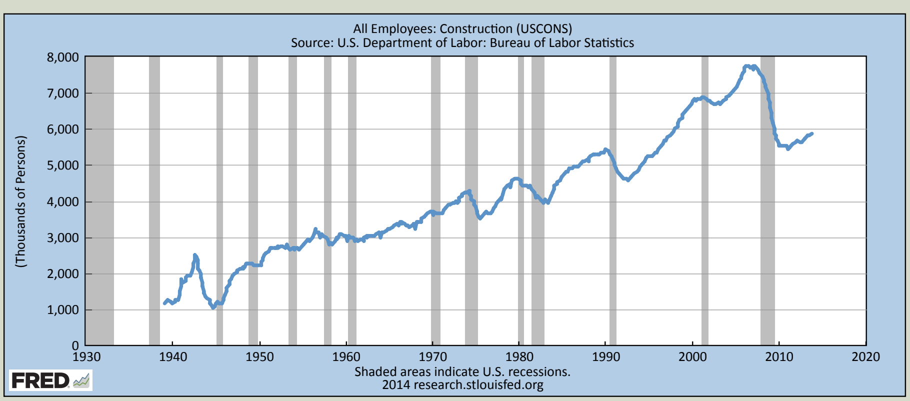
Garriga hiking in Utah.

Q: What were some of the lasting effects caused by the recent housing crisis?

A: There are changes in regard to how people view the purchase of a home. In the past, people had this idea that you should try to buy a house as soon as possible. People had this idea that the price of a house could only go up. Today, people don't want to rush such an important decision, perhaps because of the fear of a decline in prices. Young households, in particular, are more reluctant to get into housing. In general, homeownership might not be a value for young people in the long run; if so, its reputation as a safe investment may be dramatically changing. Indeed, the rate of homeownership in the U.S. fell in 2013 to a level not seen since the 1990s. (See top chart.)

Another important effect is that the contribution of the construction sector to the rest of the economy is being reduced. This is more likely a short-term or medium-term effect. Construction is not employing as many people as in the past 10 years (see bottom chart), and that has a broader impact on the economy than many people realize. People in the construction sector buy a lot of resources from other sectors. When construction is down, other sectors suffer, and the effects can be quite sizable and enduring.





GET TO KNOW FRED

What is FRED? Short for Federal Reserve Economic Data, FRED is an online database consisting of more than **156,000 economic data time series** from 61 national, international, public and private sources. FRED, created and maintained by the Research division at the St. Louis Fed, goes far beyond simply providing data. FRED combines data with **a mix of tools** to help the user understand, interact with, display and disseminate the data. In essence, FRED helps users tell their data stories. See more at http://research.stlouisfed.org/fred2.

WATCH VIDEOS FROM CONFERENCE ABOUT STUDENT LOANS AND DEBT

More than 20 video clips from the Nov. 18 symposium at the St. Louis Fed on student loan debt are now available for viewing on our web site. **"Generation Debt: The Promise, Perils and Future of Student Loans"** was a sold-out event.

Among the speakers was Rohit Chopra, who oversees student loans on behalf of the Consumer Financial Protection Bureau. Others were national higher education expert Sandy Baum of George Washington University; William Elliott of the University of Kansas; Jen Mishory of Young Invincibles; Gary Ransdell, president of Western Kentucky University; Caroline Ratcliffe of the Urban Institute; and leading researchers from the Federal Reserve System.

To watch the videos, go to www.stlouisfed.org/household-financial-stability/multimedia/video.cfm.

STUDENT BOARD OF DIRECTORS

In February, the Federal Reserve Bank of St. Louis will begin accepting nominations for its 2014-2015 Student Board of Directors. Students must be nominated by one of their teachers. During their year on the board, the high school students will meet bimonthly at the St. Louis Fed; they will discuss issues related to **economics and personal finance**, listen to speakers on topics ranging from career planning to **leadership development**, and compete for two summer internships. After Feb. 1, teachers who wish to nominate students should visit www.stlouisfed.org/education_resources/student-board/. Nominees must be seniors at St. Louis-area high schools during the 2014-2015 academic year.

We welcome letters to the editor, as well as questions for "Ask an Economist." You can submit them online at www.stlouisfed.org/re/letter or mail them to Subhayu Bandyopadhyay, editor, *The Regional Economist,* Federal Reserve Bank of St. Louis, P.O. Box 442, St. Louis, MO 63166-0442. To read letters to the editor, see www.stlouisfed.org/publications/re/letters/index.cfm.