

# US Housing Market Could Be Facing Another Bubble: Shiller

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The housing market, which already has been battered by the worst collapse since the Great Depression, could be setting itself for another bubble, well-known economist Robert Shiller told CNBC.

With home affordability at a 40-year high, there is "absolutley" a possibility that the housing market will face another bubble in the next five years, said Shiller, an economics professor at Yale, co-founder of MacroMarkets and co-developer of the monthly Case-Shiller home price index. □

"The low interest rates, the affordability is leaning that way and the ratios are back down," Shiller said in a live interview. "I get glimmers of excitement among some people, but we still have a high inventory of unsold homes, and we still have a lot of weariness because of the recent experience."

Although the most recent Case-Shiller report showed that US home prices posted their first monthly increase in almost three years, the sector—and the economy—are still a long way from recovery, Shiller said. Another round of stimulus money and revival of the credit markets is the only way the economy will shake out of this rough patch, Shiller said.

"It's clearly not over yet," he said. "It's not obvious that people are really ready to spend again. That may take years to rekindle that normalcy."

With the exception of a government-injected stimulus, the Great Depression draws a strong corollary to today's market, and Shiller fears it will struggle through a similarly slow recovery, he said. Though the stock market doubled in 1933 and rallied for about four years, unemployment numbers continued to sag and the economy didn't return to prosperity.

"That's what I worry could happen," Shiller said. "We'll have a recovery and it will be exceptionally weak for years to come."

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