

FACT SHEET

The State of the Nation's Housing

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PURPOSE

The State of the Nation's Housing report has been released annually by Harvard University's Joint Center for Housing Studies since 1988. It has served as an essential resource for both public policy makers and private decision makers in the housing industry. This year's report provides a current assessment of the country's housing trends and covers five main topics: Housing and the Economy; Demographic Demand Drivers; Homeownership Trends; Rental Housing; and Housing Challenges

FINDINGS

Housing's Contribution to the Economy

- Buoyed by the lowest interest rates in more than 40 years, mortgage originations hit a staggering \$3.8 trillion as both home purchase and refinance loans eclipsed previous peaks. Fully half of all mortgage debt outstanding was newly originated or refinanced last year.
- Both sales and prices of existing condos/co-ops have climbed steadily for eight consecutive years, with sales reaching a record 898,000 in 2003. The median price of condos/co-ops appreciated roughly twice as fast as those of existing single-family homes in all four census regions—a sure sign of hot markets.
- Inflation-adjusted house prices rose in all but 4 (Austin-San Marcos, Boulder-Longmont, Provo-Orem and Salt Lake City-Ogden) of the 163 metropolitan areas tracked by Freddie Mac. Thirty-four metros—15 of them in California—posted double-digit increases.
- Freddie Mac estimates that homeowners with prime mortgages not insured by the government cashed out about \$86 billion in home equity in 2001, \$108 billion in 2002, and \$139 billion in 2003. At \$333 billion, these levels dwarf the next highest three-year total of \$114 billion posted in 1998-2000.
- Spending on improvements and repairs to rental properties increased dramatically, up 7.5 percent in 2003 on top of a 6 percent gain in 2002.
- A survey by M|PF Research in the fourth quarter of 2003 revealed that 41 percent of the properties surveyed were offering some kind of rent concession, with a typical discount of 11.5 percent off market rents.

Housing Production Remains Strong

- Housing starts totaled 1.85 million, driven by single-family starts of 1.5 million. Not since the 1970s when the baby boomers started forming their own households have starts been at such high levels.
- Just five states—Florida, California, Texas, Georgia, and North Carolina—accounted for 40 percent of the total housing permits issued in 2003.
- Las Vegas was the fastest growing metro area from 1990 to 2002, with total housing permits issued over the period nearly equal to the entire stock in place in 1990.
- Nationwide, the increase in the housing stock from 1990 to 2000 was 13.3 percent, compared to 15.7 percent from 1980 to 1990 and 28.7 percent from 1970 to 1980.
- Starts of multifamily rentals edged down from 275,000 units in 2002 to 262,000 units in 2003. Nevertheless, the multifamily rental vacancy rate reached 10.7 percent, the highest on record.
- For every three units built between 1992 and 2001, two were removed from the stock.
- More than 1.3 million apartments in two- to four-unit buildings were lost nationwide from 1992 to 2001, while only 450,000 were built.

Demographic Drivers Shifting Demand

- The Census Bureau's newly revised population estimates raised the Joint Center's projected total household growth, to 13.3 million between 2005 and 2015.
- Between 1980 and 2000, the number of households headed by unmarried women increased by almost 10 million.
- Of the 12 million foreign-born households in the US in 2000, 3.4 million household heads arrived in this country during the 1990s alone.
- Minorities accounted for fully two out of five net new homeowners from 1994 to 2003.
- College-educated minorities aged 35 to 44 and employed full-time had median earnings of \$46,000 in 2002 while those of their white counterparts were \$11,000 higher.

Problems Persist

- Although the majority of Americans are well housed, 30 percent of all households spent 30 percent or more of their income on housing and 13 percent spent 50 percent or more in 2001.
- Roughly a quarter (2 million) of single-mother households in 2001 spent half or more of their incomes on housing, compared with about a tenth (200,000) of households headed by single fathers.
- In 2000, 9 million households relied on the income of one full-time worker earning the equivalent of one to two times the minimum wage. Another 2.1 million households relied on one part-time worker with wages that low. With, 22 percent of the former and 36 percent of the latter spent half or more of their incomes on housing.
- Approximately 18 percent of elderly homeowners and 38 percent of elderly renters spent half or more of their incomes on housing in 2001.
- According to the 2001 Survey of Consumer Finances, 46 percent of elderly renters in the bottom income quintile had net wealth of less than \$1,000 and 35 percent less than \$250.
- In 2000, 6.1 million households (5.8 percent) lived in crowded conditions—the largest number since 1960. Overall, 26 percent of foreign-born households are crowded compared with only 3 percent of the native-born.
- Among households in the bottom expenditure quintile (average monthly non-housing expenditures of \$601) those with housing expenses that topped 50 percent of total expenditures spent a meager \$161 a month on food and only \$34 on healthcare in 2001.

SPONSORS

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DATA

The Joint Center uses current data from the American Housing Survey, the Bureau of Economic Analysis, the Bureau of Labor Statistics, the Census Bureau, the Federal Reserve Board, Freddie Mac, HMDA, the Mortgage Bankers Association, and the National Association of Realtors to develop its findings.

CONTACT INFORMATION

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