

**Joint Center for Housing Studies
Harvard University**

**New Americans, New Homeowners: The Role and Relevance of
Foreign-Born First-Time Homebuyers in the U.S. Housing Market**

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Abstract

This paper uses the recently released 2001 American Housing Survey to analyze the differences between the demographic, geographic, housing and financial characteristics of native and foreign-born first-time homebuyers since 1997. It also examines the differences among racial and ethnic groups of foreign-born first-time buyers. The paper finds that:

- Foreign-born homeowners have over 1.2 trillion in housing wealth- one-tenth of the total national housing wealth – despite representing only 8 percent of all homeowners
- One in five foreign-born homeowners is a recent first-time homebuyer
- The median house value of foreign-born first-time homebuyers is \$150,000 - 50 percent higher than that of native-born first-time buyers largely as a result of the concentration of immigrant households in metropolitan areas with high cost housing.
- To afford these more expensive homes, foreign-born recent first-time homebuyers are making larger down payments and shouldering heavier cost burdens than comparable native-born homebuyers
- A larger share of foreign-born than native-born first-time homebuyers live in metropolitan areas; however within metro areas, foreign and native-born first-time homebuyers are equally distributed among central city and suburban areas.

The differences evident between native and first-time homeowners are in some respects reflective of differences between immigrants and natives overall. Other characteristics are a function of the regional and metropolitan concentration of immigrant households. As more immigrants continue to arrive in the United States, housing markets in the future will be shaped in part by the patterns and behaviors exhibited by new foreign-born homebuyers.

I. Introduction

In 2001, there were over 5.7 million foreign-born¹ homeowners living in the United States, with \$1.2 trillion in aggregate house value and \$876 billion in home equity. More than one-fifth of these households had become homeowners since 1997. And while foreign-born households are only 8 percent of all homeowners, they represent 14 percent of all recent first-time homebuyers. These 1.3 million recent immigrant first-time homebuyers alone already have \$234 billion in house value and have accumulated \$124 billion in equity in just the last five years.

For many immigrants, homeownership represents achievement of the ‘American Dream’ and is a symbol of success and status in society. Owning a home not only gives immigrants a stake in America, but also provides the opportunity to own something of lasting value and a source of wealth.

So strong is the demand for homeownership among immigrants that foreign-born new homeowners are saving more and stretching their incomes more to become homeowners. And they are doing so in some of the most expensive housing markets in the nation where they are concentrated. The foreign-born share of first-time purchases of expensive homes is especially high (Figure 1). Indeed, the median house value of immigrant first-time homebuyers is \$150,000 while those of the native born are only \$100,000. But 40 percent of foreign-born first-time homebuyers live in just twelve metro areas² that rank among some of the most expensive housing markets in the country³. Within these twelve metro areas, native-born recent first-time buyers have comparable median house values.

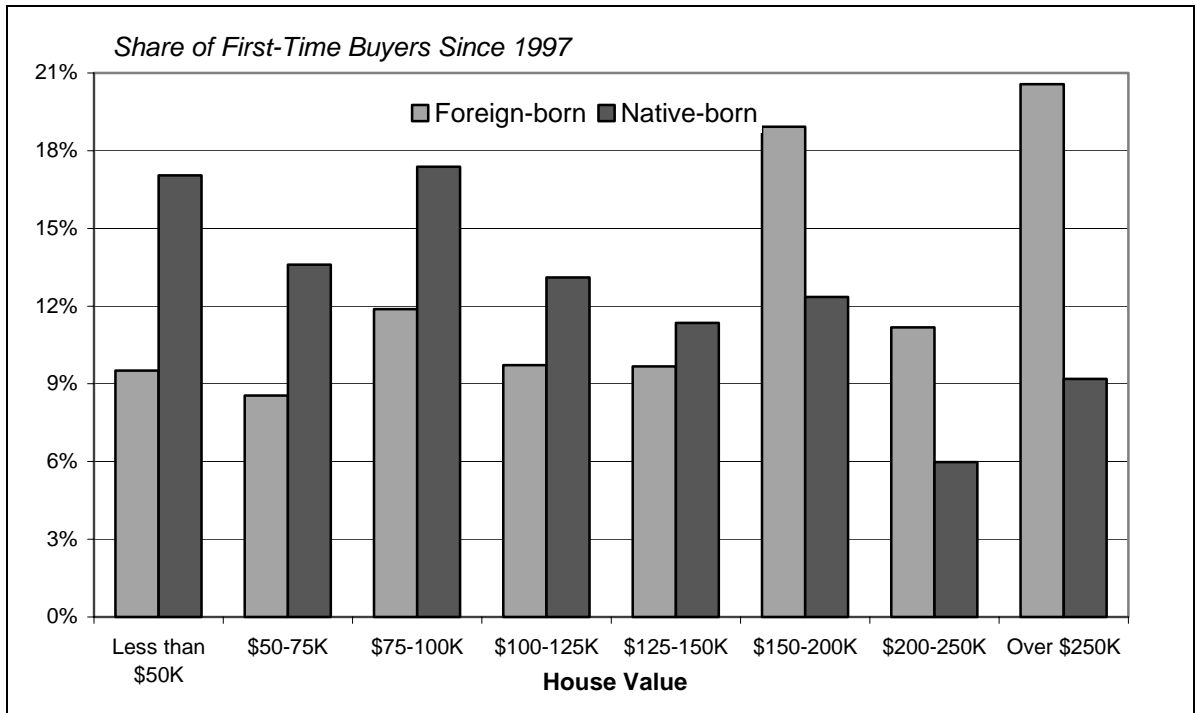
Differences between foreign and native-born homebuyers underscore the fact that the foreign born constitute a significant and distinct market for starter homes with different housing demands and resources. This paper is the first to use recently released data on nativity from the American Housing Survey to analyze the housing characteristics and home buying behaviors of foreign-born first-time homebuyers. It explores the differences between native and foreign-born first-time homebuyers and delves into the differences among immigrant groups in their home-buying behavior.

¹For the purposes of this note, the terms “foreign-born household” and “immigrant household” are used interchangeably to refer to households headed by a person who is not a U.S. citizen by birth.

² These twelve metropolitan areas are (in order of size of foreign-born first-time homebuyer population) Los Angeles, CA; New York, NY; Chicago, IL; Miami, FL; Houston, TX; Las Vegas, NV; Orange County, CA; Dallas, TX; Oakland, CA; Washington, DC; San Francisco, CA; and Phoenix, AZ.

³ For example, 26 percent of all immigrant households are located in just three metropolitan areas – Los Angeles, New York and Miami – with a combined median house value of \$200,000. The median national house value is \$120,000.

Figure 1: Larger Shares of Foreign-Born First-Time Homebuyers are Buying More Expensive Homes than Native First-Time Homebuyers



II. Financing First-Time Home Purchases

Many factors contribute to the large share of foreign-born purchasing their first home. The primary reason is simply that large numbers of immigrants arrived in the 1980s and have now been in the country long enough to make the move to homeownership. However, a range of new homeownership initiatives and financing options targeted towards minority households (of which immigrants make up 30 percent) is also making homeownership more feasible for those who otherwise would not be able to make a large down payment or qualify for a mortgage.⁴

⁴ Minority homeownership initiatives by the Bush and Clinton administrations have given rise to a number of programs offering convenient and flexible mortgage financing and other incentives for minority and immigrant households, including programs from Fannie Mae, Freddie Mac, Federal Home Loan Bank System, Mortgage Bankers Association of America, National Association of Realtors, America's Community Bankers, American Bankers Association, Mortgage Insurance Companies of America, and others.

Downpayments and Equity

Despite the availability of low down payment mortgages, foreign-born recent first-time homebuyers are making larger down payments than comparable native-born buyers. While Asian⁵ homebuyers tend to make the highest down payments, and Hispanics the lowest, all racial/ethnic groups of immigrant buyers all tend to put down a larger share of the purchase price than native-born White first-time homebuyers.

Figure 2: Down Payment Ratios of Foreign Recent First-Time Homebuyers with Mortgages Exceed Those of Comparable Native-Born Households

	Hispanic		Asian		Black		White		Total	
	Foreign	Native	Foreign	Native	Foreign	Native	Foreign	Native	Foreign	Native
0-4.9%	54%	57%	33%	45%	45%	61%	37%	52%	44%	53%
5-9.9%	15%	11%	10%	11%	8%	8%	11%	12%	12%	11%
10-14.9%	4%	7%	9%	12%	8%	4%	8%	7%	7%	7%
15-19.9%	2%	4%	9%	6%	8%	4%	9%	5%	6%	5%
20-24.9%	5%	6%	13%	6%	3%	5%	13%	7%	9%	7%
25-29.9%	4%	1%	3%	0%	3%	2%	4%	3%	3%	3%
30%+	16%	13%	23%	21%	26%	17%	17%	15%	19%	15%
Median	4	3	14	6	9	2	10	4	7	4

Overall the higher down payments made by immigrants translate into greater equity held in their homes, both at the time of purchase as well as further down the road. Even though the category we have defined here, as immigrant new first-time homebuyers have only owned their homes since 1997, their median equity-to-value ratio as of 2001 was 39 percent. Surprisingly, despite initial low down payments, Hispanic households were able to accumulate median 36 percent equity in their homes by 2001, buoyed by the rapid house price appreciation in the late 1990s. White and Asian immigrant first-time buyers accumulated a median 43 percent equity in their homes. However Black immigrant households have achieved only a median 28 percent equity despite their median initial 9 percent down payment, suggesting that they have been buying in less robust housing markets.

Cost Burdens

High down payment ratios do not however mitigate the burden that high house values place on immigrants' monthly housing costs. Though their incomes are higher than natives overall, also a

function of higher wages found in large metropolitan areas, foreign-born homebuyers are spending a higher share of their income on housing costs than comparable native-born households. Among all recent first-time homebuyers, 39 percent of immigrants are paying at least 30% of their income in monthly housing costs, compared with 28 percent of native first-time homebuyers. Among these immigrants, Hispanic and Black recent first-time homebuyers are most extended, with 44 percent paying at least 30 percent of income, compared to 29 percent of Asians. The situation is worse for recent homebuyers with mortgages, with half of all such Hispanic immigrants paying more than 30 percent of their income for housing. Figures like these are potential warning signals of households that are stretching to afford their housing and may be more vulnerable to economic downturns.

Figure 3: Housing Costs as Share of Income of Are Higher for Foreign-Born First-Time Homebuyers Since 1997, Especially Hispanics and Blacks

	Hispanic		Asian		Black		White		Total	
	Foreign	Native	Foreign	Native	Foreign	Native	Foreign	Native	Foreign	Native
<30%	55%	60%	71%	65%	56%	67%	62%	73%	61%	71%
30-50%	27%	28%	18%	26%	23%	21%	30%	18%	25%	19%
>50%	17%	12%	11%	9%	21%	12%	8%	9%	14%	9%

III. Demographics of Recent First-time Homebuyers

What are the demographic characteristics of these immigrant homebuyers? In some respects the 1.3 million foreign-born first-time U. S. homebuyers since 1997 reflect the new face of immigrant households in the United States – younger immigrants from Latin America and Asia, residing primarily in large metropolitan areas. Yet within the immigrant population, the characteristics of these first-time homebuyers can vary greatly among different racial and ethnic groups and by area of origin. Evaluating these effects allows us to further examine differences in the home buying behavior of immigrants relative to native-born homebuyers.

Origins

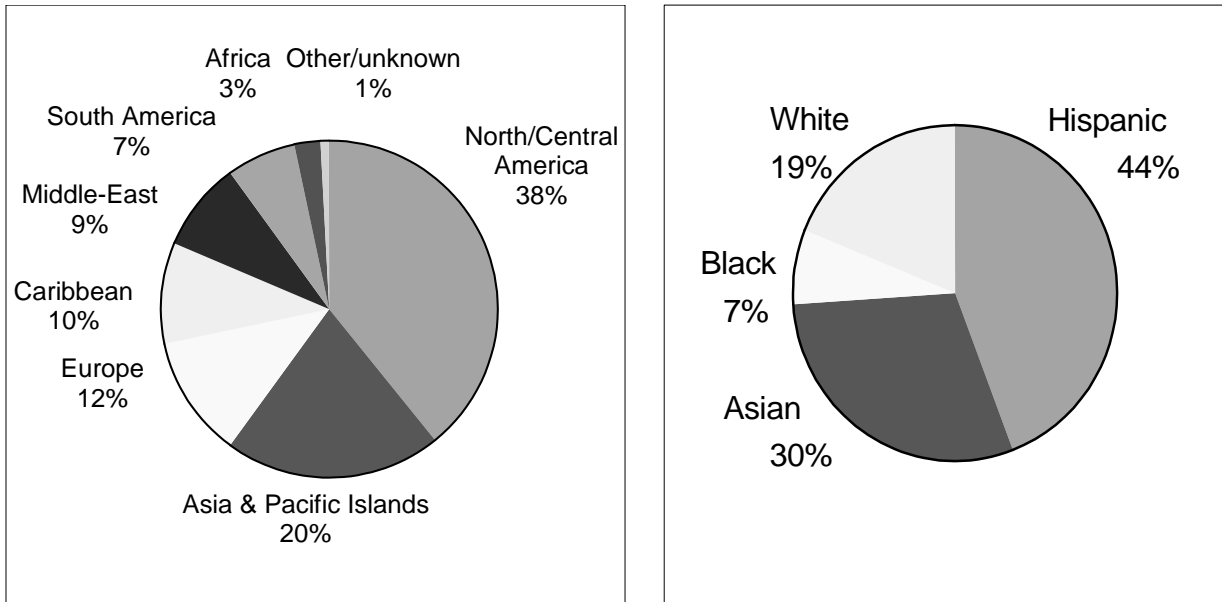
Given that a majority of all immigrant households are from Asia and Latin America, it is not surprising these regions are also heavily represented among foreign-born first-time homebuyers⁶. The

⁵ Asians, Blacks and Whites are non-Hispanic. Hispanics can be of any race. Asians includes Pacific Islanders and other races/ethnicities not identified by the other categories.

⁶ For a more detailed discussion on the comparison of foreign-born recent first-time homebuyers to all immigrant households, see Appendix 2.

largest share of foreign-born first-time homebuyers are from Northern and Central America⁷, followed by Asia, owing in part to the surge in the numbers of immigrants entering the country from these regions in the 1980s. This also explains the racial and ethnic composition of new homebuyers, of which almost three-quarters are Asian or Hispanic.

Figure 4: Most Foreign-Born First-Time Homebuyers Since 1997 Are Hispanic or Asian



Age and Time to Homeownership

Also consistent with the composition of the total population of immigrants to the United States, a large share of recent first-time homebuyers arrived in the U.S. in the last two decades. However, the rate of first-time home buying is also influenced by the ages at which these immigrants came to the U.S. More than half of these recent homebuyers arrived when they were in their late teens and 20s. Therefore, many of them were reaching their prime home buying age, which for foreign-born homebuyers is around 35 years old, over the past five years. This combination of forces has contributed to a surge in foreign-born first-time buyers.

⁷ Includes Canada, Mexico, Guatemala, El Salvador, Honduras, Nicaragua and the category Other North and Central America. Mexico makes up the bulk of this category, with 30 percent of all foreign-born first-time homebuyers.

Figure 5: Specific Ages and Decades of Arrival distinguish Foreign-Born First-Time Homebuyers Since 1997

Age	Pre-1970	1970-74	1975-79	1980-84	1985-89	1990-94	1995-2001	Total	Share
0-9	40,755	38,642	33,411	14,557	4,514			131,879	10%
10-14	15,263	9,865	10,067	32,691	52,089	2,543		122,517	10%
15-19	4,841	11,904	13,438	63,563	75,475	43,489	3,032	215,742	17%
20-24	5,917	7,119	16,056	38,544	78,313	71,962	19,771	237,682	19%
25-29	2,484	7,840	9,063	26,430	64,537	53,420	51,653	215,427	17%
30-34		1,988	11,570	25,392	27,736	48,243	50,224	165,152	13%
35-39		5,242	3,249	2,712	19,437	17,855	21,146	69,642	6%
40+			2,422	5,447	12,951	32,782	49,888	103,488	8%
Total	69,259	82,599	99,277	209,336	335,050	270,293	195,716	1,261,531	100%
Share	5%	7%	8%	17%	27%	21%	16%	100%	

The relationship between year of entry and age at arrival in determining how quickly immigrants move to homeownership, and how old they are when they purchase their first home, is visible when comparing across racial and ethnic groups. For example, Black immigrant recent first-time homebuyers had the earliest median year of entry (1984) and the oldest median age at arrival (25). Thus they have the oldest age at homeownership (38) and the longest time to homeownership (13 years). The relationship is not perfect however, as White immigrant new homebuyers have the fastest time-to-homeownership despite a median year of arrival and age at entry that fall in the middle among the racial and ethnic groups. Thus other non-quantifiable or unobserved factors, like wealth, family support, and ease of assimilation into American society, also contribute to an immigrant’s move to homeownership.

Figure 6: Differences in Age and Time to Homeownership among Foreign-Born First-Time Homebuyers Are Related to Year of Arrival

	Hispanic	Asian	Black	White	Total
Median Year of Entry	1986	1989	1984	1988	1987
Median Age at Arrival	21	24	25	24	23
Median Time to Homeownership	13	11	13	9	12
Median Age at Homeownership	34	35	38	36	35

Education and Income

The amount of education recent immigrant first-time homebuyers have also varies by their racial/ethnic identity. While the median level achieved by this group is high school graduate, the majority of Hispanic homebuyers have only had some high schooling without receiving a diploma. Among Black homebuyers, most have had at least some college-level education, and a majority of Asian and White first-time home buying immigrants have received their college degree.

As education is often a predictor of income, it is not surprising that Hispanic immigrant recent first-time homebuyers have the lowest median incomes, followed by Blacks, Whites and Asians, in that order. In fact these Asian immigrants' median income is more than 50 percent greater than Hispanic immigrant first-time homebuyers. Furthermore, the share of these Hispanic immigrant households with incomes below their area median income is almost two-thirds, while among comparable Asian and White immigrants only about one-third have below area median incomes. Black immigrant household incomes are more evenly distributed.

Family Composition and Size

Housing demographers have long known that married couples, both with and without children, traditionally are the most likely to be homeowners. Thus it is no surprise that they also make up the largest share of foreign-born recent first-time homebuyers, three-quarters of whom are married and almost 60 percent married with children. While married couples are the majority of first-time homebuyers within each of the four racial/ethnic groups, there are distinct differences in the distribution of family types overall by race and ethnicity (see Figure 9). These differences are in part reflective of prevailing family compositions among all immigrants of each racial/ethnic group, though overall a greater share of Black and White immigrants are childless married couples instead of those with children – reflective of many older immigrants in these groups with grown children no longer living at home. Nonetheless these differences in family compositions demonstrate distinct subsets of each group that are more likely to become first-time homeowners.

**Figure 7: More than Half of all Foreign-Born First-Time Homebuyers Since 1997
Of all Races/Ethnicities are Married**

	Hispanic	Asian	Black	White	Total
Total Households	557,959	375,243	91,130	237,199	1,261,531
Married w/o Children	14%	21%	11%	26%	18%
Married w/ Children	65%	59%	44%	46%	58%
Single Parent	7%	5%	24%	2%	7%
Other Family	9%	7%	11%	6%	8%
Single Person	4%	6%	10%	19%	8%
Other Non-family	1%	2%	Na	2%	2%

Family size also varies among immigrants, with Hispanic immigrant new homebuyers averaging 4.5 persons per household compared with fewer than 3 persons per similar White immigrant households. Overall immigrant first-time homebuyers average more than one additional person in their homes than native first-time homebuyers.

IV. Housing Choices of New Homeowners

The demographic make-up of immigrant first-time homebuyers sheds light on who they are, but tells us very little about their role in the housing market. Beyond knowing the age, education and income of new homebuyers, we should also look at what types of homes they buy, where they are buying them, and with what qualities.

Geography of New Homeowners

As mentioned above, a larger share of foreign-born first-time homebuyers are living in metropolitan areas than their native-born counterparts. Yet for those households within metro areas, native and foreign-born first-time homebuyers are similarly distributed, with almost two-thirds of both native and foreign-born first-time homebuyers in an MSA purchasing their home in the suburbs rather than a central city neighborhood.

Figure 8: Most Urban Foreign and Native Born First-Time Homebuyers Since 1997 Live In Suburbs

Metro Status	Foreign-Born			Native-Born		
	Number	Percent	Percent in Metro Areas	Number	Percent	Percent in Metro Areas
Central City	454,558	36%	38%	2,119,995	27%	35%
Other MSA	753,174	60%	62%	4,049,575	51%	65%
Non-Metro	53,800	4%	na	1,708,864	22%	na
Total	1,261,531	100%	100%	7,878,434	100%	100%

Regionally, greater disparities exist between native and foreign-born first-time homebuyers. The share of foreign-born first-time buyers in western states is twice that of native-born homebuyers, while a much greater share of native buyers live in the South and Midwest. Yet even among the foreign-born, there are dramatic differences in regional distribution by race and ethnicity. Of immigrant first-time homebuyers, more than one-half of Hispanics and one-third of Asians can be found in the West, while nine out of ten Blacks are in the Northeast and South.

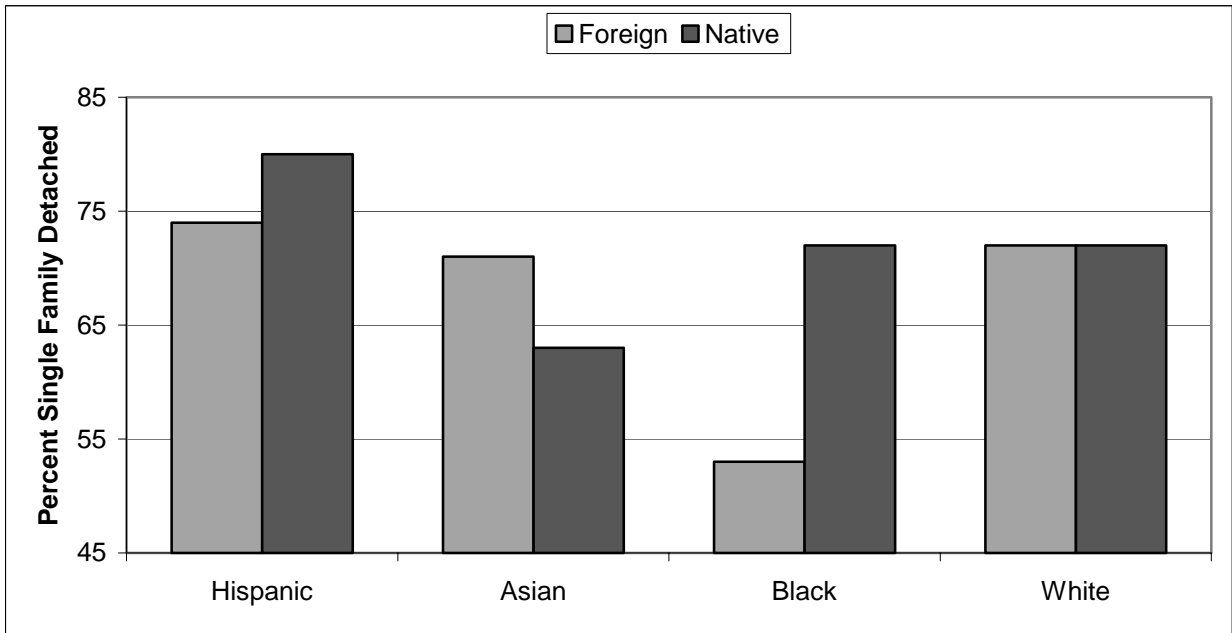
Figure 9: Regional Distribution of Foreign-Born First-Time Homebuyers Since 1997 Varies by Race/Ethnicity

	Hispanic	Asian	Black	White	Total	Native Whites
Total Households	557,959	375,243	91,130	237,199	1,261,531	6,030,709
Northeast	6%	23%	46%	29%	19%	19%
Midwest	9%	15%	2%	18%	12%	28%
South	33%	28%	44%	22%	30%	34%
West	52%	34%	7%	31%	39%	19%

Type of Structure

The type of homes first-time immigrant homebuyers are choosing in some cases mirror those chosen by native homebuyers, but in other ways are unique to particular groups of foreign-born homebuyers. More than 70 percent of both native and foreign-born recent first-time homebuyers overall purchased detached single-family homes, though within the four racial/ethnic groups these proportions vary widely. Consequently the shares of each group living in other types of homes, i.e. multi-unit buildings and manufactured homes, also differs (see Figure 11). Part of this trend is related to the geographic distribution of these foreign-born homebuyers; for example, foreign-born Black households are heavily concentrated in the Northeast, which has the lowest proportion of single-family detached homes and the highest proportion of single-family attached homes (i.e. row houses) of the four regions.

Figure 10: Most Foreign-Born First-Time Homebuyers Since 1997 Purchased Detached Single Family Homes



Quality of Housing Stock

The age and size of homes purchased by immigrants also varies by race/ethnicity. Nearly half of all Asian immigrants recently purchased a home built since 1985, while more than that share of Hispanics and Whites purchased homes built before 1970. Age of the home is not correlated with size however, as Hispanics have the smallest median housing size and Whites the largest. And with Hispanic households generally having more persons than other immigrant groups, crowding is more prevalent in homes recently purchased by Hispanic immigrants. White immigrants have almost double the per-person square footage as Hispanics. Overall, native-born recent first-time homebuyers have almost 50% more square-feet-per-person in their homes than immigrants. This is partly a reflection of their greater representation in lower cost markets where per square foot costs are lower. Indeed the selection by foreign-born buyers of older or smaller homes relative to those bought by natives reflects the types of units available to them in large metropolitan areas where they are concentrated.

Figure 11: Housing Characteristics of Foreign-Born and Native-Born First-Time Homebuyers Since 1997 Differ by Race/Ethnicity

	Hispanic		Asian		Black		White		Total	
	Foreign	Native	Foreign	Native	Foreign	Native	Foreign	Native	Foreign	Native
Total households (thousands)	558	566	375	215	91	1,067	237	6,031	1,262	7,878
Type of unit										
One-unit building, detached	74%	80%	71%	63%	53%	72%	72%	72%	71%	73%
One-unit building, attached	8%	8%	15%	16%	35%	10%	10%	7%	12%	8%
Building with two or more apartments	7%	5%	9%	16%	13%	3%	16%	7%	10%	6%
Manufactured (mobile) home	12%	6%	4%	5%	0%	15%	2%	14%	7%	13%
Age of building										
Pre-1950	24%	23%	13%	14%	20%	22%	18%	23%	19%	23%
1950-1969	32%	28%	19%	23%	16%	24%	33%	22%	27%	23%
1970-1984	27%	18%	21%	24%	28%	17%	29%	22%	25%	21%
1985-2001	17%	32%	48%	38%	36%	37%	21%	33%	28%	34%
Average persons per household	4.52	3.39	3.59	2.97	3.71	3.09	2.85	2.62	3.87	2.75
Median square footage of unit	1,144	1,321	1,500	1,416	1,400	1,320	1,500	1,400	1,326	1,400
Median square feet per person	275	417	445	550	458	463	533	600	368	550

V. Conclusion

Understanding the distinct characteristics of foreign-born recent first-time homebuyers will become increasingly important in the coming years, as the 10 million new immigrants that arrived during the 1990s enter their prime phase for becoming new homeowners. As housing markets absorb these new homebuyers, their impact will continue to shape cities and regions across the country and play a vital role in the housing economy. Though their housing options are limited by their geography, they nonetheless represent a subset of the home buying population with different needs, demands, and choices for financing home purchases.

Appendix 1

Comparison of demographic statistics between AHS, CPS and Census

The American Housing Survey (AHS) is the chief source of information on the conditions and preferences of the 106 million American households. The longitudinal survey, conducted biennially, provides details on housing units, neighborhoods and the people living in them. Policy makers, economists, sociologists, demographers and real estate analysts use it to better understand the conditions, preferences and trends in the U.S. housing market. Demographic information further identifies the differences between households based on age, race, family composition, etc.

Until now, AHS demographic information did not include nativity of residents. However, with more than one in ten households headed by immigrants, their impact on housing in the U.S. is significant. Foreign-born households are changing the geography of many urban areas, creating identities among some immigrant groups and neighborhoods within cities. As immigrants become homeowners, their decisions on where and what to buy influence the construction and remodeling of the housing stock, as well as how financial institutions market mortgage products to a new class of homeowners. Recent growth in foreign-born households has also helped to keep the housing economy vibrant and growing through the recent economic downturn.

Other sources of household level data, such as the Current Population Survey and the Decennial Census Supplementary Survey⁸, have reported on the nativity of households in the past. However these datasets do not include the detailed housing variables of the AHS, and are thus limited in their capacity to evaluate the choices and consequences of a growing foreign-born population in the housing market. The Current Population Survey (CPS) gives annual statistics on detailed demographic qualities of foreign-born householders by tenure choice but provides no further details on housing. Decennial Census reports supply some general information on housing conditions, such as size and basic amenities, but are available only every ten years. AHS provides the best resource for analyzing the determinants of housing choice and how certain groups prioritize their housing options. Still, it is a worthy exercise to compare the demographic data on foreign-born households from other datasets to the AHS, as an indicator of the viability of the AHS housing data.

⁸ The Census Supplementary Survey is used in place of the actual 100% population count Census because of data availability at the time of this paper. As of August 2002, the Census Bureau had not yet released micro data on the demographic and housing variables from Summary File 3 of the 100% sample.

The following chart (Table A1-1) outlines the statistics generated by the three datasets in comparable years. Looking at all foreign-born households, the AHS estimates one million fewer than either CPS or Census, though the number of total households is only 150,000 less than the other datasets. The AHS appears to undercount foreign-born households in younger age groups, smaller race groups (i.e. black immigrants), immigrants from the 1970s and those living in the South. The distribution by education level is varied among all three datasets. Yet the degrees of differentiation between the three are not so extreme as to discount the viability of the AHS data in analyzing immigrant housing statistics.

Table A1-1: Comparisons of Select Demographic and Housing Statistics of Foreign-Born Households by Three Datasets

	CPS 2001			2000 Census Supplemental Survey			AHS 2001		
	Number	Percent of all foreign born	Percent of all households	Number	Percent of all foreign born	Percent of all households	Number	Percent of all foreign born	Percent of all households
Number of foreign born households	12,372,649	100%	11.6%	12,252,567	100%	11.5%	11,251,601	100%	10.6%
Owners	6,052,456	48.9%	8.4%	6,108,826	49.9%	8.7%	5,730,290	50.9%	7.9%
Renters	6,320,193	51.1%	18.3%	6,143,741	50.1%	16.9%	5,521,311	49.1%	16.2%
Foreign born householders by age									
Under 25	822,722	6.6%	12.8%	700,691	5.7%	11.6%	575,402	5.1%	9.3%
25-34	2,866,539	23.2%	15.4%	2,953,103	24.1%	15.4%	2,563,951	22.8%	13.8%
35-44	3,254,811	26.3%	13.6%	3,193,583	26.1%	13.1%	3,038,562	27.0%	12.7%
45-54	2,260,240	18.3%	10.4%	2,322,715	19.0%	10.9%	2,194,546	19.5%	10.1%
55-64	1,465,631	11.8%	10.5%	1,345,900	11.0%	9.5%	1,270,148	11.3%	9.0%
65-74	914,834	7.4%	8.2%	962,119	7.9%	8.4%	882,454	7.8%	8.2%
75 and over	787,871	6.4%	7.4%	774,456	6.3%	7.4%	726,538	6.5%	6.6%
Foreign born householders by race/ethnicity									
Hispanic	4,980,073	40.3%	51.5%	4,819,015	39.3%	50.2%	4,601,386	40.9%	46.9%
Asian	2,792,826	22.6%	64.0%	3,002,220	24.5%	54.9%	2,781,670	24.7%	59.6%
Black	1,025,055	8.3%	7.9%	901,841	7.4%	7.6%	799,864	7.1%	6.1%
White	3,574,695	28.9%	4.5%	3,529,491	28.8%	4.4%	3,068,681	27.3%	3.9%
Foreign born householders by region of origin									
Mexico	2,967,018	24.0%	na	2,967,242	24.2%	Na	2,869,878	25.5%	na
Europe	2,275,717	18.4%	na	2,432,321	19.9%	Na	2,071,785	18.4%	na
Asia & Pacific Islands	2,124,285	17.2%	na	2,335,360	19.1%	Na	2,083,942	18.5%	na
Caribbean	1,324,624	10.7%	na	1,350,006	11.0%	Na	1,128,888	10.0%	na
North/Central Amer. excl. Mexico	1,131,541	9.1%	na	1,147,157	9.4%	Na	960,828	8.5%	na
Middle-East	956,161	7.7%	na	995,862	8.1%	Na	938,834	8.3%	na
South America	741,937	6.0%	na	630,544	5.1%	Na	669,158	5.9%	na
Africa	431,368	3.5%	na	392,114	3.2%	Na	334,694	3.0%	na
Other/unknown	419,997	3.4%	na	1,961	0.0%	Na	173,456	1.5%	na
Foreign born householders by year of arrival									
Before 1950	502,894	4.1%	na	544,248	4.4%	Na	436,457	3.9%	na
1950-1959	639,529	5.2%	na	772,500	6.3%	Na	690,539	6.1%	na
1960-1969	1,293,053	10.5%	na	1,370,330	11.2%	Na	1,241,069	11.0%	na
1970-1979	2,285,609	18.5%	na	2,269,472	18.5%	Na	1,835,707	16.3%	na
1980-1989	3,455,925	27.9%	na	3,473,825	28.4%	Na	3,336,373	29.7%	na
1990-2001	4,195,639	33.9%	na	3,822,192	31.2%	Na	3,711,456	33.0%	na
Foreign born householders by region of residence									
Northeast	3,008,927	24.3%	14.9%	3,009,113	24.6%	14.6%	2,737,927	24.3%	13.4%
Midwest	1,341,054	10.8%	5.5%	1,445,518	11.8%	5.8%	1,134,112	10.1%	4.6%
South	3,477,768	28.1%	9.0%	3,424,373	27.9%	8.9%	2,989,290	26.6%	7.8%
West	4,544,900	36.7%	19.6%	4,373,563	35.7%	19.1%	4,390,272	39.0%	19.0%
Foreign born householders by level of education									
No High School	2,445,287	19.8%	34.9%	2,231,068	18.2%	32.6%	2,187,239	19.4%	33.4%
Some High School	1,379,172	11.1%	13.5%	1,685,862	13.8%	13.8%	1,519,950	13.5%	11.5%
High School Diploma	2,784,522	22.5%	8.5%	2,431,574	19.8%	8.1%	2,219,754	19.7%	7.5%
Some College	1,410,988	11.4%	7.1%	510,587	4.2%	6.6%	1,298,047	11.5%	6.8%
Associates Degree	683,013	5.5%	7.9%	1,979,131	16.2%	8.8%	787,572	7.0%	7.6%
College Degree	2,337,720	18.9%	12.7%	1,877,547	15.3%	10.7%	1,945,394	17.3%	11.0%
Graduate Degree	1,331,948	10.8%	13.9%	1,536,798	12.5%	15.1%	1,293,646	11.5%	13.3%
Foreign born households by income									
	Foreign	Native	Overall	Foreign	Native	Overall	Foreign	Native	Overall
25th percentile	\$20,000	\$21,920	\$21,521	\$20,000	\$21,300	\$21,000	\$20,000	\$20,000	\$20,000
Median	\$38,666	\$42,600	\$42,024	\$38,300	\$41,000	\$40,700	\$38,000	\$40,000	\$40,000
75th percentile	\$69,534	\$73,474	\$73,000	\$67,600	\$69,000	\$69,000	\$69,000	\$72,000	\$71,768

Appendix 2

Comparison of Foreign-Born First-Time Homebuyers Since 1997 with All Foreign-Born Households

To an extent, the composition of foreign-born recent first-time homebuyers reflects that of all immigrant households currently residing in the United States. But in the cases where the two groups Figure different traits, we are able to identify which foreign-born households are most likely in the future to buy their first homes.

One way in which recent first-time homebuyers differ from all immigrants in their racial composition, indicating some groups are more likely to have made recent jumps to homeownership than others. For example, Hispanic and Asian immigrants combined account for two out of three immigrant households overall, but almost three-fourths of foreign-born first-time homebuyers since 1997 (See Figure 4 in text). Meanwhile White immigrants head one-quarter of all immigrant households, but are less than one-fifth of recent first-time buyers. This difference however is wholly related to the year of arrival of many of these immigrants. With first-time homeowners represented primarily by those immigrants arriving in the last two decades, then those groups that have the highest share of all immigrant households arriving in the 1980s and 1990s more likely to be among recent first-time buyers.

Table A2-1: Percent of All Immigrant Households for Each Race/Ethnicity by Decade of Arrival Share that Are First-Time Homebuyers Since 1997

	Hispanic	Asian	Black	White	Total
Total Households	4,603,978	2,781,670	799,864	3,071,309	11,256,821
Pre-1960	5%	2%	3%	27%	10%
1960-1969	10%	6%	10%	17%	11%
1970-1979	19%	16%	15%	13%	16%
1980-1989	35%	35%	35%	16%	30%
1990-2001	31%	41%	36%	27%	33%
Percent of Total that are FTHB	12	13	11	8	11

While the race/ethnicity of foreign-born recent first-time homebuyers does not closely match that of all immigrants, their regions of origin do. As discussed in this paper, recent first-time homebuyers are distributed by world region of origin similar to other foreign-born households, with North and Central America leading at almost 40% of each group. However some country-level analysis reveals differences. Though small sample sizes make it difficult to count immigrant homeowners from many individual countries, for some countries with large numbers of recent immigrants we can identify some differences in home buying rates. Specifically, 30 percent of recent first-time immigrant homebuyers were Mexican, though 28 percent of all immigrant

households since 1965 were. Likewise immigrants from India were 6 percent of recent first-time homebuyers but 4% of all modern immigrants. For some countries, their share of first-time homebuyers was more than one-and-a-half times as high as their share of all immigrants (Jamaica and Poland) or even double (Guatemala).

Table A2-2: Immigrants since 1965 and First-Time Homebuyers since 1997

Country of Origin	All households since 1965	Share of all households	Rank	FTHB since 1997	Share of all FTHB	Rank
Mexico	2,663,454	27.8%	1	360,766	29.5%	1
India	412,275	4.3%	2	72,292	5.9%	2
China	364,240	3.8%	4	52,027	4.2%	4
Philippines	407,991	4.3%	3	55,816	4.6%	3
Vietnam	310,881	3.2%	5	44,536	3.6%	5
Jamaica	214,475	2.2%	10	43,918	3.6%	6
Korea/South Korea	292,288	3.0%	6	35,721	2.9%	8
Guatemala	133,053	1.4%	19	38,099	3.1%	7
El Salvador	255,367	2.7%	7	30,983	2.5%	9
Poland	123,296	1.3%	21	28,087	2.3%	10
All Other	4,410,373	46.0%	na	462,012	37.3%	na
Total	9,587,693	100%	na	1,224,255	100%	na

Once arrived in the United States, the geographic distribution of foreign-born homebuyers is similar to foreign-born households overall, with the majority of both groups residing in metropolitan areas and in southern and western states. However within these metro areas, recent first-time homebuyers are more likely than other foreign-born households to live in suburbs rather than in central cities. All foreign-born households are about equally split between central city and suburb, while 65 percent more recent first-time homebuyers live in suburbs. This trend indicates a recent penetration of immigrants and minorities into fringe communities that were previously unavailable to them.

This difference in metro status extends across race and ethnicity among foreign-born households and recent first-time homebuyers. Table A2-3 shows both regional and metropolitan households for the two groups, and further illustrates the similarities and differences among them.

The age distribution of immigrant households also differs relative to first-time homebuyers. In general, the first-time homebuyers are younger than other foreign-born households, particularly non-first-time homeowners. The most extreme difference is among White immigrants, most of which arrived before 1980.

While the median age of the first-time homebuyers is 38 years old, the median age of all immigrant household heads is 51 years old – more than ten years older than that of the other racial/ethnic groups.

New homebuyers also tend to have higher incomes than other immigrant households, with median household incomes of \$56,000 and \$40,000, respectively. This trend persists across race and ethnicity. However the share of both groups with incomes over \$150,000 is the same at 6 percent. Still, the share of all immigrant households with incomes below the local area median is 65 percent, but only 49 percent for first-time homebuyers. A part of the difference in income may be a matter of self-selection; those immigrants with higher incomes are better able to afford to become homeowners, especially in the high-cost housing markets where most immigrants live, and thus are more likely to become homeowners than those without the financial resources.

Perhaps surprising given the differences in income between all immigrants and just the first-time homebuyers, the education levels of both groups are very similar. However this aggregation across race and ethnicity hides some greater discrepancies among specific groups. For example, among White first-time homebuyers, a greater proportion received college and graduate degrees (50%) and a smaller share did not complete high school (5%) relative to all White immigrants (38% and 17% respectively). Conversely, Hispanic immigrants overall tend to be better educated than those recently purchasing their first home.

It is apparent that in some respects the differences observed between native and foreign-born first-time homebuyers, both overall and by race/ethnicity, are simply reflective of the differences between all native and foreign-born households. In the situations where characteristics of first-time homebuyers differ from all immigrant households, such as income and family type, often the trait in question varies also between native homeowners and all households as well. However it is the combination of these two forces, nativity and homeownership, which distinguish the foreign-born first-time homebuyers from other groups in the housing market.

Table A2-3: Geographic Distribution of All Foreign-Born Households and Recent First-Time Homebuyers

Region	Metro Status	Hispanic		Asian		Black		White		Total	
		FTHB	All HH	FTHB	All HH	FTHB	All HH	FTHB	All HH	FTHB	All HH
Northeast	Central City	9%	2%	14%	11%	42%	28%	17%	16%	15%	10%
	Other MSA	4%	4%	9%	12%	12%	18%	15%	13%	9%	9%
	Non Metro	0%	na	0%	na	0%	na	2%	na	1%	na
	Total	13%	6%	23%	23%	53%	46%	34%	29%	24%	19%
Midwest	Central City	4%	5%	5%	5%	4%	2%	5%	2%	5%	4%
	Other MSA	2%	4%	6%	8%	1%	na	10%	15%	5%	7%
	Non Metro	0%	na	1%	1%	0%	na	1%	1%	1%	1%
	Total	6%	9%	11%	15%	5%	2%	16%	18%	10%	12%
South	Central City	15%	11%	6%	5%	14%	7%	5%	4%	10%	7%
	Other MSA	17%	19%	13%	21%	18%	37%	11%	17%	15%	21%
	Non Metro	3%	3%	1%	2%	0%	na	1%	na	2%	2%
	Total	35%	33%	20%	28%	32%	44%	18%	22%	27%	30%
West	Central City	21%	20%	21%	12%	4%	5%	10%	11%	17%	15%
	Other MSA	22%	29%	24%	21%	5%	na	19%	20%	20%	23%
	Non Metro	2%	3%	1%	1%	0%	2%	3%	na	2%	2%
	Total	45%	52%	45%	34%	10%	7%	32%	31%	39%	39%
All	Central City	49%	38%	46%	34%	64%	43%	38%	33%	46%	36%
	Other MSA	45%	56%	52%	62%	35%	55%	55%	66%	49%	60%
	Non Metro	6%	6%	2%	4%	1%	2%	8%	1%	5%	4%
	Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%