

## FACT SHEET

### Millennials and Immigrants Help Drive Household Growth

- Household growth has picked up over the past three years, with increases ranging from 800,000 to 1.1 million annually—above post-recession lows but short of the 1.35 million annual average in 2000–2006. (p. 13)
- The number of foreign-born households more than doubled from 7.7 million in 1990 to 17.8 million in 2016. As a result, the foreign-born share of household growth climbed from 15 percent in the 1980s to 32 percent in the 1990s and to nearly half so far this decade. (p. 2, 14)
- The millennial generation formed an average of 2.1 million net new households annually in 2012–2017. Despite this increase, millennials are forming households at slower rates than older generations at the same ages. (p. 2, 13)
- Over the past 10 years, the number of older households grew by over 7 million, rising from one in five households to one in four. By 2035, one out of every three households will be at least 65 years old. (p. 13)
- New JCHS analysis projects household growth at a rate of 1.2 million per year in 2017–2027. (p. 2, 18)

### Housing Demand is Shifting from Renting to Owning

- The number of homeowners rose 710,000 annually on average in the past two years. And for the first time in 13 years, the national homeownership rate increased, rising from 63.4 percent in 2016 to 63.9 percent in 2017. While the current rate is close to the 64 percent that prevailed in the late 1980s and early 1990s (before the housing boom and bust), homeownership rates for younger adults today are significantly lower, while those for older adults are somewhat higher. (p. 3, 20)
- Although most racial and ethnic groups shared in the recent gains, between 1994 and 2016, black homeownership rates increased by just 0.3 percentage point while white homeownership rates have risen 2.2 percentage points, widening the black-white gap to 29.2 percentage points. (p. 3, 19)
- Single-family starts rose 8.6 percent to 848,900 units while permitting increased in 78 of the 100 largest metros. Single-family construction, however, was still well below the long-run annual average of 1.1 million. (p. 4, 7)

### Limited Supply and Increasing Prices for Single-Family Homes

- At 1.29 million units available for sale, the single-family housing market tightened to historically low levels in 2017. And in roughly one-third of 93 large metro areas, the supply of homes for sale averaged under 2 months in 2017—well below the 6 months considered a balanced market. (p. 3, 10, and Interactive Chart)
- Nominal home prices rose by 6.2 percent in 2017 and now exceed their pre-crisis peaks in 59 of the nation's 100 largest metros. Price increases varied considerably, with nominal home prices rising more than 10 percent in 13 of those metro areas. (p. 10 and Interactive Chart)
- The price of a typical existing home sold in 2017 was more than four times the median income (compared to just over three in 1987). In 22 metro areas, prices were at least six times greater than median incomes. (p. 3, 12, and Interactive Map)

- Because of lower interest rates, the median monthly payments on a modest home today are slightly less than their average between 1987 and 2016. However, in some metros, most households do not have the income needed to buy a median-priced home. (p. 21 and Interactive Map)

### **Slowdown in Rental Demand**

- Growth in the number of renter households slowed from 850,000 annually on average in 2005–2015 to just 220,000 in 2015–2017. Multifamily starts declined by 9.7 percent to 354,100 units, although they are still above the 342,000 units built annually between 1997 and 2006. Multifamily permitting dropped in 52 of the nation’s 100 largest metros. (p. 2, 7)
- Annual rent growth for 2017 was 3.7 percent, a figure higher than inflation but slightly lower than it had been. And for the first time since 2009, the national rental vacancy rate rose, ticking up from 6.9 percent to 7.2 percent. Most of the increase was concentrated among newer and higher-cost units. (p. 5, 27)
- Nationally, the rental housing stock has been shifting to higher-cost units. On net, more than 2.5 million units priced below \$800 in real terms—affordable to households earning up to \$32,000 per year—were lost between 1990 and 2016. (p. 4, 28, and Interactive Chart)

### **Housing Challenges Persist**

- More than 38 million US households—nearly a third of all households—paid more than 30 percent of their incomes for housing in 2016, the standard definition for being “cost-burdened.” While the share has dropped in recent years, it is substantially higher than in previous decades. (p. 5, 30)
- About 20.8 million renter households—47 percent—are cost-burdened. More than half of these households pay over 50 percent of their income for housing. (p. 5, 30, and Interactive Map and Chart)
- In 2016, the amount of income that households had left each month, after paying for housing costs, declined for those in the lowest income quartile from \$730 in 2001 to \$590. Households with children in the bottom income quartile were left with only \$490 to spend after paying for housing. (p. 31)
- The number of very low-income households with severe cost burdens or living in inadequate or overcrowded conditions rose from 6.0 million in 2005 to 8.3 million in 2015. The number of assisted households rose by only 150,000 over this period. As a result, only one out of every four very low-income renter households received rental assistance. (p. 32)
- The number of people experiencing homelessness increased in 2017, ending a six-year trend of decreasing homelessness. In total, 1.4 million people—including 147,000 families with children—used a shelter at some point in 2016. More than half of the homeless population live in the nation’s highest-cost metros. (p. 34)
- The 16 major natural disasters in 2017 cost a record-breaking \$306 billion and damaged hundreds of thousands of homes. Homeowners filed over 140,000 claims in 2017 with the National Flood Insurance Program (NFIP), the primary flood insurance provider, and FEMA direct assistance provided financial help for 1.6 million households. (p. 35)

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