

FACT SHEET

HOME PRICES REGAIN PREVIOUS PEAK AND RENTS CONTINUE TO RISE

- National home prices posted solid increases last year, regaining their pre-recession peak in nominal terms. In 41 of the nation's largest 100 metros, nominal prices fully recovered; however in "real" (inflation-adjusted) dollars, national prices are still below their pre-recession peak (pp. 1-2, 10).
- Real house price appreciation has been unevenly distributed across metro areas, with 16 percent of the nation's markets recording increases of more than 40 percent since 2000 while 30 percent experienced declines (pp. 2, 10; [map](#)).
- Nationally, rents rose faster than inflation, but the increases were smaller than in 2014-2015 in more than half of the 100 major markets, and rents actually fell in a handful of markets including Houston, San Francisco, and New York (pp. 28-29).

DESPITE INCREASES IN CONSTRUCTION, SUPPLY IS TIGHT

- Housing starts increased by 5.6 percent to 1.17 million units last year. Construction of single-family homes, which outpaced growth in multifamily construction for the first time since the recession, grew by 9.4 percent in 2016. Single-family permitting increased in 79 of the nation's 100 largest metros. (pp. 2, 7-8).
- Residential construction in the past decade has added fewer units to the housing stock than in any 10-year period dating back to 1968. Construction of smaller, "starter" homes is particularly low (pp. 2, 8-9).
- Construction of new multifamily units fell slightly in 2016 to 393,000, which exceeds average annual rates in the 1990s (268,000 units) but remains below averages of the 1970s and 1980s (pp. 2, 7-8).
- Inventories of homes for sale hit a record low at the end of 2016 (p. 2, 8-9). Meanwhile, the national rental vacancy rate declined to 6.9 percent, its lowest level in three decades (pp. 2, 28-29).

HOMEOWNERSHIP DECLINE MODERATES WHILE RENTAL DEMAND REMAINS STRONG

- Although the number of homeowner households grew by 280,000 in 2016, the homeownership rate fell to 63.4 percent, marking the 12th consecutive year of declines (pp. 19-20).
- The magnitude of the homeownership rate decline since 2004 varied by race and ethnicity; the black homeownership rate fell most sharply from 49.7 percent in 2004 to 42.2 percent in 2016 (pp. 4-5, 19).
- The number of rental households grew by 600,000 from 2015 to 2016, lifting net growth to nearly 10 million since 2005. The surge in rental demand that began in 2005 is broad-based—including several types of households that traditionally prefer homeownership (pp. 25-26).

MILLENNIALS, IMMIGRANTS, AND OLDER AMERICANS WILL DRIVE HOUSING DEMAND

- Household formations, which averaged between 540,000 and 720,000 annually in 2007–2012, rebounded to between 960,000 and 1.2 million in 2013–2015 (pp. 3, 13–14).
- While the share of millennials living with parents or grandparents was at an all-time high of 35.6 percent in 2015, members of the millennial generation, the largest in U.S. history, formed 7.6 million new households between 2010 and 2015 (pp. 3, 13).
- Net immigration, which drove over a third of all household growth between 1995 and 2015, fell slightly from 1.04 million in 2015 to 1.0 million in 2016, but is still well above the 850,000 annual pace averaged in 2009–2011 (p. 15).
- Household growth should average approximately 1.36 million annually in 2015–2025 and about 1.15 million in 2025–2035, in line with growth in the 1990s and early 2000s. However, these projections assume that immigration will increase (pp. 3–4, 17–18).
- By 2035, 50 million households—one out of every three—will be headed by older adults, which will greatly increase the demand for new and modified units that meet the needs of aging adults (pp. 18).

POVERTY IS INCREASING, PARTICULARLY OUTSIDE OF DENSE URBAN AREAS

- Between 2000 and 2015, the number of people living below the federal poverty line soared from 33.8 million to 47.7 million. Over half of the nation's poor now live in high-poverty neighborhoods (places where at least 20 percent of the residents are poor), up from 43 percent in 2000 (p. 6, 17).
- While 34 percent of the nation's poor population still lives in high-density urban neighborhoods, the largest and fastest increases in poverty have occurred in medium-density areas outside urban core areas, in low-density areas on the urban fringe, and in rural areas (pp. 6, 17) + **interactive chart**).
- The number of poor people living in neighborhoods with concentrated poverty (places where at least 40 percent of the residents are poor) doubled from 3 million in 2000 to 6 million in 2015 (p. 17).

AFFORDABILITY AND ACCESSIBILITY ARE SIGNIFICANT CONCERNS

- Modestly priced rental housing is disappearing; between 2005 and 2015, the number of rental units costing less than \$800 per month declined while the number costing over \$2,000 per month jumped by 1.5 million (pp. 3, 27–28 + **interactive chart**).
- Three-quarters of renter households eligible for rental assistance on the basis of their income do not receive it (pp. 34–35, 37).
- Although 17 million households include at least one person with an ambulatory disability, only 1 percent of the nation's housing stock has five critical accessibility features (pp. 36–37).

FOR MORE INFORMATION, CONTACT

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