JCHS

THE STATE OF THE NATION'S HOUSING 2024

KEY FACTS

Home Prices Continue to Rise as For-Sale Inventory Hits Lowest Level in 30 Years

- After a brief decline through early 2023, home prices resumed rising nationally and were up 6.4 percent year over year by February 2024 **(Figure 7)**. Nationwide, home prices have jumped a shocking 47 percent since early 2020 and 115 percent since 2010 **(Figure 1)**.
- Home price growth was generally highest in previously affordable markets in the Northeast and Midwest. In March 2024, home prices rose more than 8 percent annually in a quarter of large markets, including 59 percent of those in the Northeast and 33 percent in the Midwest, as compared to 15 and 13 percent in the South and the West, respectively.
- As home prices have risen, they have grown to many multiples of household income. In 2022, the median sales price for existing single-family homes was 5.1 times the median household income, up from 4.1 in 2019 and the 3.2 price-to-income ratio averaged in the 1990s. Though this ratio dipped slightly to 4.9 in 2023 as home price growth slowed, it nonetheless means that homeownership is unaffordable for many households **(Interactive Map)**.
- In March 2024, only 1.11 million homes were available for purchase, down 34 percent from the same month in 2019 **(Figure 8).** Inventory was down in 94 of the 100 largest metros in the first quarter of 2024 relative to the same period in 2019 and the average decline was 42 percent.
- The dearth of inventory has led to a substantial reduction in existing home sales. In 2023, just 4.1 million existing homes were sold, the lowest level of existing home sales in nearly 30 years and a striking 33 percent decrease from the 6.1 million homes sold in 2021 **(Figure 9)**. The 2023 decline was widespread, with 30 percent fewer sales in the Midwest, 31 percent fewer in the South, 35 percent fewer in the Northeast, and 41 percent fewer in the West, as compared to 2021.
- The pace of single-family homebuilding climbed steadily throughout 2023 despite persistently higher interest rates, from an average seasonally adjusted annualized rate of 828,000 in the first quarter to 1.06 million in the last quarter. So far in 2024, single-family housing starts are maintaining this pace, averaging 1.06 million in the first quarter **(Figure 10)**.
- Multifamily starts fell 14 percent to 472,300 units last year, and the decline has only accelerated, with the seasonally adjusted annualized rate of multifamily starts dropping to a 343,000 unit average in the first quarter of 2024. Despite declining starts, the multifamily stock continued to grow in 2023. Indeed, 449,900 new multifamily units hit the market last year, a 22 percent increase from the previous year and the highest number of completions in more than three decades **(Figure 24)**.
- In the professionally managed apartment sector, 5.9 percent of units were vacant at the beginning of 2024, up from 5.2 percent a year earlier and 2.5 percent in the first quarter of 2022. This is significantly higher than the 4.8 percent vacancy rate averaged in the five years preceding the pandemic.
- Rent growth has softened considerably. In the professionally managed apartment sector, asking rents rose just 0.2 percent year over year in the first quarter of 2024, a steep drop from the 4.5 percent rate recorded a year earlier and the record-high 15.3 percent seen in the first quarter of 2022. Despite the slowdown, asking rents were 26 percent higher than in early 2020 **(Figure 11)**.

Household Growth Driven by Millennial Homeowners and Gen Z Renters

- Household growth remained strong in 2023, despite headwinds from high housing costs. There were 1.7 million households added on net in 2023, down slightly from the 1.9 million new households in 2022, surpassing typical levels of growth from the past decade. This growth was largely driven by millennial homeowner households and Gen Z renter households **(Figure 12)**.
- Immigration levels spiked to 2.6 million people in 2022 and 3.3 million people in 2023. This greatly exceeded stagnant levels of natural population change and lifted total population growth to much higher levels than those seen in the past decade **(Figure 13 & Interactive Map)**.
- Residential mobility rates continued their long-term decline in 2023, driven by a sharp decrease in mobility among homeowner households facing disincentives to sell from higher interest rates and home prices. Renter households moved slightly more than a year prior, but their mobility rate remained historically low.
- Positive economic performance in 2023 helped households financially after real income losses due to high inflation from 2020–2022, but income disparities remained as income growth for higher-income households exceeded that of lower-income households in the past decade.
- Household wealth grew across the board from 2019–2022, driven by large gains among homeowner households as home equity grew substantially during the pandemic. Even with these gains, however, racial wealth disparities persisted, with white households having twice the median wealth of Asian, multiracial, or another race households, and roughly five times the wealth of Hispanic and Black households **(Figure 16)**.

Cost of Homeownership Highest in More Than 30 Years

- The all-in monthly costs of the median-priced home in the US are the highest since these data were first collected more than 30 years ago, at fully $3,096 after taxes and insurance and assuming a 3.5 percent downpayment **(Figure 5 & Interactive Map)**.
- In the first quarter of 2024, a household needed to earn a whopping $120,000 annually to afford the median-priced home in the US, up from an inflation-adjusted $82,000 in the first quarter of 2021.
- As of the first quarter of 2024, 46.6 percent of Black and 49.9 percent of Hispanic households own a home, compared to 74.0 percent of white households and 59.6 percent of householders who are Asian or of another race**.** These numbers reflect a 27.4 percentage point Black-white homeownership rate gap that is virtually unchanged for 30 years and a Hispanic-white gap of 24.1 that has only receded by 5.4 percentage points **(Figure 19)**.

Number of Cost-Burdened Renters Hits a Record High, as Number of Gen Z Renters Doubles

- The number of cost-burdened renter households hit a record high of 22.4 million in 2022, an increase of two million households since 2019. The number of severely cost-burdened renter households also hit an all-time high of 12.1 million, a full 1.5 million above pre-pandemic levels **(Figure 2 & Interactive Map)**.
- Renter cost burdens are climbing the income scale. Middle-income renters making $45,000 to $74,999 saw their cost-burdened share rise the fastest since the pandemic, up 5.4 percentage points between 2019 and 2022, to 41 percent. The already high share of cost-burdened renter households earning less than $30,000 annually rose 1.5 percentage points, reaching 83 percent in 2022 **(Figure 22)**.

- Housing cost increases have outpaced income gains for renters in the last two decades, leaving lower-income households with less money left over than ever before. In 2022, renter households making less than $30,000 had a median residual income of $310 per month, a record low. Among these lower-income renters, those with cost burdens had a median residual income of just $170.
- The supply of low-rent units has fallen continuously in the past decade. After adjusting rents for inflation, the supply of units with contract rents below $600 fell by 2.2 million between 2012 and 2022 **(Figure 23)**. Nationwide, the share of low-rent units dropped from 22 percent of the stock to just 16 percent in the last decade.
- Decelerating rent growth and increased operating costs and insurance premiums are slowing apartment operators' cash flows. Net operating income growth slowed to 2.8 percent in the first quarter of 2024, from the recent high of 24.8 percent posted in 2021.
- Operating expenses for multifamily properties are climbing, led by insurance costs. Insurance premiums rose 27.7 percent year over year in January 2024, outpacing repairs (8.8 percent), payroll (6.1 percent), utilities (3.7 percent), and taxes (3.5 percent). Overall operating expenses increased 7.1 percent nationwide, with the most rapid increases in markets in the Southeast **(Figure 25)**.
- The bulk of the growth in renter households in the past decade has come from younger generations. Between 2019 and 2022 alone, the number of Gen Z–headed renter households more than doubled, to 7.9 million.

More States Embrace Zoning Reform and Homelessness Hits Record High

- Increasing attention to the national housing shortage has spurred zoning reforms. In 2023 alone, Montana, Vermont, and Washington passed statewide laws similar to those in California, Maine, and Oregon that preempt local zoning to allow a range of housing types on land previously zoned exclusively for single-family homes.
- Rental subsidies are a crucial lifeline for the 5.1 million very low-income households who receive them. But three in every four of the 14.2 million income-eligible renter households don't. The need has only grown. The number of income-eligible renter households increased by 4.4 million from 2001 to 2021 while the number of assisted households increased by just 910,000, including a record-high 8.5 million unassisted households that face worst-case housing needs, according to HUD **(Figure 28)**.
- At last count in 2023, a record-high 653,100 people experienced homelessness on a single night in January, up 70,600 people in a single year **(Figure 29 & Interactive Map)**. This included an additional 22,800 people living outside or staying in places not intended for human habitation, pushing the unsheltered population to an all-time high of 256,600. Since 2015, the number of unhoused people staying outside of shelters has increased by 83,300 (48 percent).
- Weather-related shocks and rising temperatures are increasingly straining the housing stock. The number of billion-dollar disasters has risen dramatically in the last few decades, including an all-time high of 28 events in 2023 alone **(Figure 6)**. Based on past losses, 60.5 million housing units are located in areas with at least moderate risk **(Figure 30)**.

Download the full report along with interactive maps and data

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