Household and New Housing Unit Demand Projections for 2025–2035 and 2035–2045

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Introduction

This paper presents detailed projections for household growth in years 2025–2035 and 2035–2045 along with the data and methodology used to create them. The primary finding is that growth in the number of households in the US is expected to slow in the coming decades. Under the Center's main projection, the number of households in the US is projected to rise by 8.6 million households, or approximately 860,000 per year, between 2025 and 2035. This would be less household growth than in any of the past three decades, when growth ranged from a low of 10.1 million households in the 2010s to a high of 13.5 million in the 1990s. In the following 10-year period after 2035, the pace of household growth is projected to slow even further, with the number of households projected to rise by only 5.1 million between 2035 and 2045, to total 147.9 million households in 2045. This would be the lowest rate of growth in any decade in at least 100 years.

The projected slowdown in household growth will be driven by the underlying trend of slowing population growth. In the coming decade, rising mortality and fewer births among an aging population are expected to first slow and then turn negative the growth in the native population, leaving future population growth entirely dependent on future immigration. As this report will detail, mortality and birth rates are slow to move and therefore highly predictable, whereas future immigration levels are not. But even under significantly higher assumptions for future immigration, household growth is expected to decline over time due to the projected decline in natural population growth in the Census Bureau's population projections, which drive the household projections.

Future growth in the number of households is highly sensitive to assumptions about future levels of international immigration. The main household projection assumes an annual net immigration level of 873,000 per year in 2025–2035, which is similar to the average from the 2010s as well as the overall average from the past three decades. If immigration levels during that time are closer to the Bureau's high-immigration assumption of 1.55 million per year, then the projected level of household growth would be 11.2 million in 2025–2035. But if net immigration drops to 422,000 per year as in the Census Bureau's low immigration assumption, then projected household growth in 2025–2035 would drop to 6.9 million.

In addition to projecting a slowdown in the rate of household growth, these projections also display future changes in household demographics resulting from an aging and increasingly diverse population. The aging of the baby boomer generation will drive up the number of households headed by a person aged 80 or over by nearly 60 percent by 2035 and lead this group to nearly double in size by

2045. This aging will drive up the number of householders who give up their homes each year due to mortality and other age-related factors, slowing net household growth. It will also increase demand for accessibility in the housing stock to accommodate the needs of older householders more likely to have a disability. Meanwhile, the number of middle-aged householders will rise with the Millennial generation, increasing demand for housing options for families with children, which will become a growing household type over the next ten years.

At the same time, young adults from a range of different racial and ethnic backgrounds, including many projected to arrive as immigrants, will form millions of households over the next two decades. While many of the older households lost will be non-Hispanic whites, high shares of these newly formed households will be headed by people of color. As a result, householders of color will account for all net household growth in our projection period as the number of non-Hispanic white householders declines. This growth will lift the number and share of households headed by people of color.

Since household growth is the largest source of new housing demand, the slowdown in household growth will reduce this demand over the next two decades. Adding in future demand for second homes and for replacement of homes demolished or otherwise removed from the housing stock, but not adding in any additional housing needed to account for any current shortage in housing supply, we estimate the need for 11.3 million new homes to be built between 2025 and 2035, slowing to just 8.0 million new units needed between 2035 and 2045—less than the 9.9 million units built in the 2010s and the 17.0 million units built in 2000 through 2009. As demand for new homes declines, construction spending may shift towards existing homes over the next decades as the number of homes vacated by older adults will rise, suggesting additional demand for improvements and re-development of the housing stock as these homes turn over.

Data and Methodology

The 2024 JCHS household projection follows the same methodology used in the Center's previous household projections made in 2018, but with updated data inputs.[1] Namely, it has been updated to use the 2023 Census Bureau national population projections as its population base. Additionally, the trends

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[1] Daniel McCue, "Updated Household Projections, 2-18-2028 and 2028-2038," JCHS, December 2018, https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_McCue_Household_Projections_Rev010319.pdf.

in headship rates by 5-year age groups and 4 race/ethnicity categories that are projected forward in the household projections have been updated to use historical data through year 2023.[2]

The household projection calculation involves three Census Bureau datasets: the 2023 National Population Projections, the Current Population Survey (CPS)/Annual Social and Economic Supplement (ASEC) data from 1996–2023, and Current and Historical Population Estimates (PEP) from 1996–2023.

The 2023 National Population Projections are the primary input to the Joint Center's household projections. The 2023 projections are the latest population projection published by the Census Bureau, replacing their previous projections published in 2017. The projections provide detailed estimates of the future population by age, race, and Hispanic origin annually through year 2060. The Census projections also provide alternative population growth scenarios for high, middle, and low assumptions for future immigration levels.

The second input to the household projections are projected headship rates by age and race for each year of the projection. The categories use 5-year age groups and a four-way categorization of the population by race and ethnicity (Hispanic, non-Hispanic white, non-Hispanic Black, and non-Hispanic Asian/all other races). Projected headship rates are applied to the population projections via multiplication to convert the Census Bureau's population projections into the Joint Center's household projections. The headship rate projections are made by finding long-run headship rate trends by age and race/ethnicity and continuing them forward until year 2030 and then holding them constant.

Historical headship rate trends are calculated using historical annual estimates of the number of households by age and race/ethnicity from CPS/ASEC (as the numerator) and population estimates from the Population Estimates Program (PEP) (as the denominator). The CPS/ASEC is an annual survey of households and household demographic, social, and economic characteristics. The survey provides annual estimates of the total number of households in the US by age and race/ethnicity, but the CPS/ASEC population estimates exclude the nation's institutionalized population, so it cannot be used on its own to measure headship rates (the ratios of households-to-people) that we need to calculate headship rates for the entire population. Because of this limitation to the survey, to calculate headship rate trends for the projection, we need to combine the CPS/ASEC's annual estimates for households with the Census Bureau's Population Estimates Program's (PEP) annual estimate of the total US

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[2] These estimates are considered a projection, and not a forecast, because they apply past trends in household formation to projections of growth and change in the population and do not incorporate or respond to other factors such as economic cycles or housing supply conditions.

population by age and race/ethnicity. Annual headship rates are then averaged over three years as a trailing average to smooth and reduce annual volatility.

Dating back to the 1960s, the CPS/ASEC is the only detailed annual household survey with enough historical data to allow us to look at long-term household trends prior to and across the boom-and-bust period for headship rates in the mid-2000s. This examination of long-term trends is not possible using the American Community Survey (ACS), which was fully implemented at the peak of the housing boom in 2006 when headship rates, particularly of younger age groups, were historically high, leading this dataset to show overly negative trends in headship rates over time. The quarterly Housing Vacancy Survey (CPS/HVS) goes back to 1994, but it does not have the detailed household characteristics available in the CPS/ASEC used in the household projections. CPS/ASEC data is also an established data source for analyzing long-term trends because over the decades, estimates of growth in households from the CPS/ASEC have closely tracked those from the decennial Censuses—the benchmarks done every 10 years by the Census Bureau to determine the number of households and housing units in the US.

The benefits of using the CPS/ASEC outweigh some weaknesses of the dataset that are addressed in our methodology. One notable downside of using the CPS/ASEC for household counts is that while it matches trends in growth in the households from the decennial Census, the actual number of households has been consistently higher than that of the decennial Census for reasons not fully explained by the Census Bureau.[3] Interestingly, the American Community Survey has had the opposite problem, as its estimate for the number of occupied households has been lower than that of the decennial Census for structural reasons that have been explained by the Census.[4] Fortunately, the projections are not as sensitive to the specific starting level of households as they are to projected population growth and to the long-term trends in headship rates that CPS/ASEC captures better than other annual surveys.

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[3] See Daniel McCue, George Masnick, Chris Herbert, "Assessing Households and Household Growth Estimates with Census Bureau Surveys," JCHS, 2015, https://www.jchs.harvard.edu/sites/default/files/w15-5_mccue_masnick_herbert.pdf.

[4] The ACS's estimates are lower because of differences (compared to the Census) in how housing units are determined to be occupied or vacant. See Arthur R. Cresce, "Evaluation of Gross Vacancy Rates From the 2010 Census Versus Current Surveys: Early Findings from Comparisons with the 2010 Census and the 2010 ACS 1-Year Estimates," US Census Bureau, 2012, https://www.census.gov/content/dam/Census/library/working-papers/2012/demo/SEHSD-WP2012-07.pdf. Unfortunately, pandemic disruptions to the CPS/ASEC and ACS surveys during the decennial survey year of 2020 make recent comparisons between these three surveys impossible.

The Projection Methodology in Detail

The basic methodology for producing the household projections is relatively straightforward: we project headship rates (ratios of households per person) by age and race/ethnicity and apply them to the Census Bureau's population projections by these same demographic categories to estimate the number of US households over the next two decades. The key choices in making the projections are what assumptions to make about trends in headship rates and which of the Census population projection series to employ. We will discuss each choice in turn below.

Mathematically, a headship rate is the ratio of households to people for a given population group. For example, the headship rate for 25–29 year old Hispanics is the number of households headed by someone in that group divided by the group's total population. Headship rates of different segments of the population vary according to preferences for independent living, cultural tendencies, financial circumstances, and abilities to live independently. Age and race are particularly significant determinants. Headship rates increase with age throughout adulthood. Rates increase sharply when adults pass through their 20s and early 30s and begin to live independently, then stabilize after roughly the age of 40, when most people have already formed independent households. However, rates rise again when people are in their 60s, 70s, and 80s as mortality rates reduce the share of adults living with a spouse or partner and increase the share of single people heading their own household (thus increasing the ratio of households to population). In addition, headship rates also differ by race and ethnicity, reflecting how many of the underlying cultural, financial, and geographical drivers differ along racial and ethnic lines.

Because headship rates differ so widely by age, race, and ethnicity, the JCHS methodology calculates separate headship rates and rate trends for each 5-year age group within four categories of race and ethnicity—Hispanic, non-Hispanic Black, non-Hispanic white, and non-Hispanic Asian and all other races. This latter category is obviously a broad category that includes diverse groups that will experience very different social, cultural and economic conditions. Ideally, we would include more detailed racial and ethnic groups but are limited by sample sizes of the surveys, particularly with our focus on 5-year age groupings.

Headship rates have drifted secularly over the years for some groups beyond any short-term cyclical economic ups and downs. Over the last three decades, younger adults have become less likely to head a household and more likely to live with parents or roommates, reflecting both increasing housing affordability challenges as well as cultural trends toward longer periods of education and later age of

first marriage.[5] Meanwhile, the oldest age groups of adults have been more likely to head households at advanced ages rather than residing in nursing care facilities or group quarters, resulting in higher headship rates.[6]

Therefore, to project headship rates, we first identify the historical longer-term trends in headship rates for each age and race/ethnicity group from 1996–2023, then carry these trends forward through 2030, and then hold them constant thereafter. Carrying forward the long-term trend in headship rates, but for just a relatively short period of time, allows us to both acknowledge longer-term secular changes in headship rates while not making the projections overly dependent on these changes because they are difficult to predict with much certainty.

Figure 1 shows three examples demonstrating how historical headship rate trends by 5-year age group within each race and ethnicity category are projected into the future for use in the household projections **(Figure 1)**. The figure shows the trend in headship rates for Hispanics aged 25–29 as an example of the declining headship rates among younger adults; the trend in headship rates for Blacks aged 40–44 as an example of the relatively flat headship rates for middle-aged households; and the trend in headship rates of non-Hispanic whites aged 80 and over as an example of the rising headship rates for the oldest adults.

Figure 1: Projections Incorporate Trends in Headship Rates by Age and Race
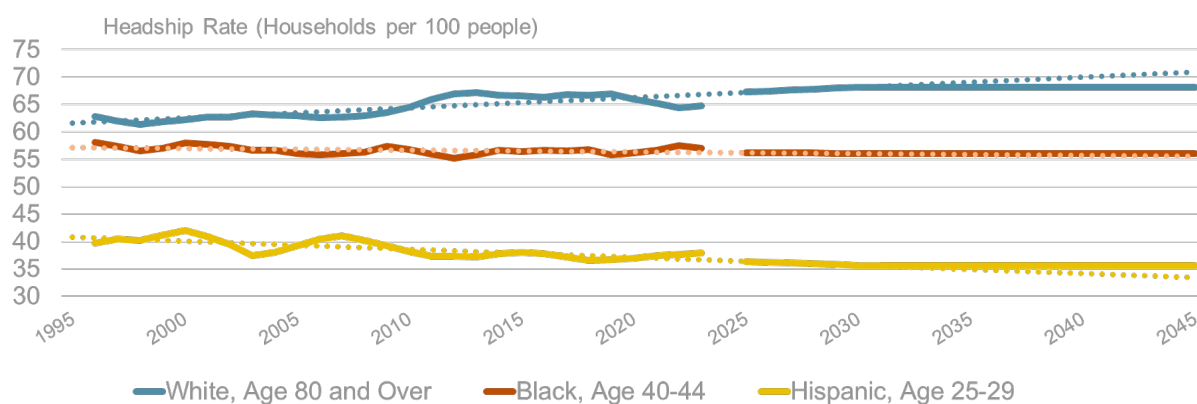
Note: Long-term trends shown as dotted lines. White, Black, and Asian/other population is non-Hispanic, Hispanics may be of any race.

Source: JCHS 2024 Household Projections

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[5] See Acolin, Arthur, et.al., "Housing Affordability: Marriage-Childbearing and Co-Residence Outcomes for Young Adults." 2024. https://www.philadelphiafed.org/-/media/frbp/assets/events/2024/housing-demand-workshop/3b_CoresidenceMarriageChildbearing_Wachter

[6] US Department of Health and Human Services, "Trends in the Use of Residential Settings Among Older Adults Issue Brief." 2020. https://aspe.hhs.gov/reports/trends-use-residential-settings-among-older-adults-issue-brief-0

The figure also demonstrates how headship rates applied to populations in each age and race group in the projections are assumed to be back on the long-term trend by year 2025, follow that trend until 2030, and then hold steady after 2030. By year 2030 headship rates for all race and age groups are back at the rate that their long-term trend would suggest and fixed at that rate so that household projections from that year forward are driven entirely by projected changes in the population.

As demonstrated in Figure 1, this approach assumes that headship rates fluctuate around longer-run trends that have been evident over nearly three decades. In some cases, such as for Hispanics aged 25–29, we can see how returning to the longer-term trend in headship rates means reversing a recent shorter-term slight upward trend that pushed rates above trend. In other cases, however, such as for whites aged 80 and over, returning to the long-term trend would push rates back up to trend from levels that are currently below it.

Ultimately, whether the household projection uses trended headship rates or simply holds current rates constant has a relatively modest impact on the resulting level of household growth in our model. Compared to our projection model that carries forward trends in headship rates, simply holding current headship rates constant would increase projected household growth by about 7 percent, or 60,000 households per year in 2025–2035 on a base of 860,000. The main benefit of assuming a return to the long-run trend headship rate by 2030 is that it accounts for the possibility that the current headship rate for a group may be temporarily high or low relative to the long-term trend before holding rates steady for the projection.

## Declining Population Growth in the Census Bureau's 2023 Projections

As stated above, the Census Bureau's 2023 National Population Projection is the primary input to the Joint Center's 2024 household projection. In 2023, the Census Bureau released four different population projections: a main-series projection considered the most likely scenario, and three alternatives based on different assumptions for future immigration levels (high, low, and zero). The high-series immigration estimate simply inflates the main-series estimate of in-migration by 50 percent but does not change the out-migration estimate.[7] Out-migration is assumed to be roughly 600,000 per year in 2025. This results in a high-series estimate for net immigration that is about 85 percent higher than that of the main series in

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[7] US Census Bureau, "Methodology, Assumptions, and Inputs for the 2023 National Projections," November 2023, https://www2.census.gov/programs-surveys/popproj/technical-documentation/methodology/methodstatement23.pdf.

2025. The low-series immigration estimate subtracts out the "log difference" between the high and middle series in-migration estimates to make sure the low estimate for in-migration doesn't go below zero.

The main series projection assumes annual net international immigration levels start our projection period at 858,000 in 2025 and rise to 888,000 in 2035 and then to 928,000 per year in 2045. This translates into average annual immigration level of 873,000 in 2025–2035. This level is in line with the annual averages from the past three decades—slightly higher than levels from the 1990s and 2010s, but lower than average annual levels from the 2000s **(Figure 2)**.

Figure 2: Immigration Projections Vary Widely, but the Main Series Assumes Levels Similar to Recent Decades
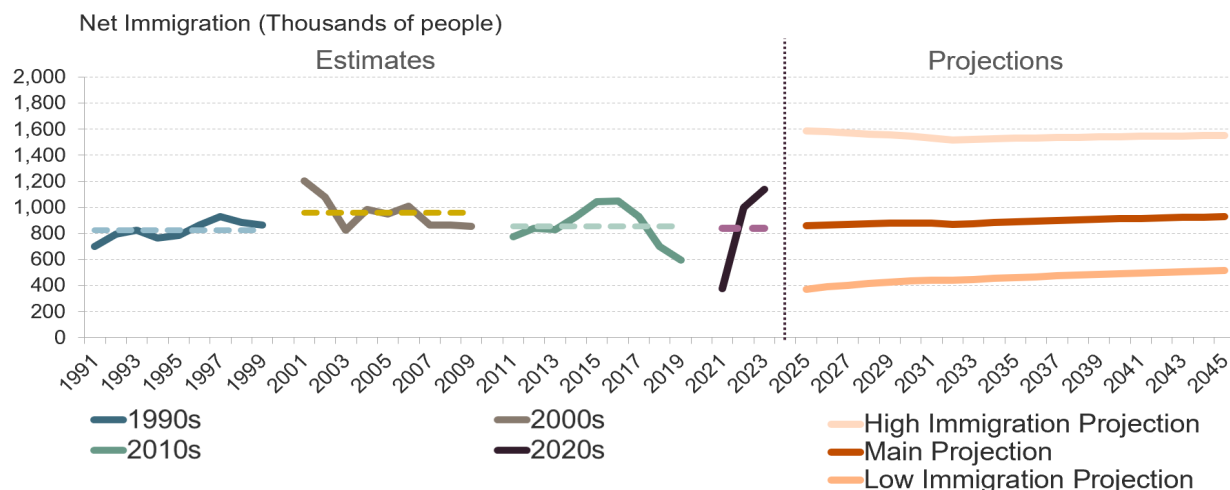
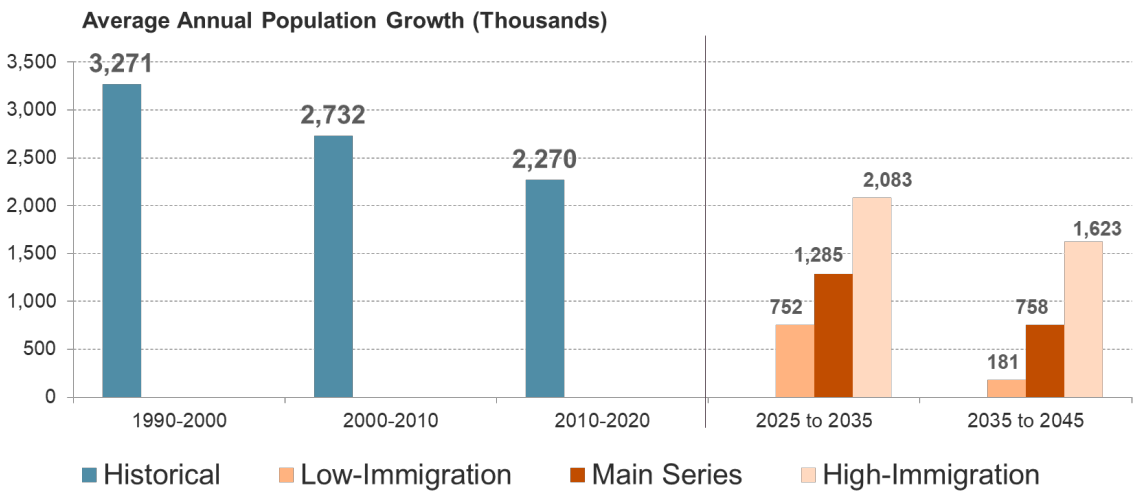Note: Decadal averages shown as dotted lines.
Sources: JCHS tabulations of US Census Bureau, Population Estimates and 2023 National Population Projections.

Under each of the assumed immigration scenarios, the dominant trend in each of the projections is for a significant slowing of population growth. According to the decennial censuses, average annual population growth has been slowing over the decades, from 3.3 million per year in the 1990s, to 2.7 million in the 2000s, to 2.3 million per year in the 2000s (**Figure 3**).[8] In the main-series projection, total population growth is projected to average just 1.3 million in 2025–2035 and 0.8 million in 2035–2045, with annual levels dropping from 1.5 million per year in 2025 to 1.05 million in 2035 and then to just 535,000 people in 2045. The 2023 high-immigration series projection projects slightly higher annual

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[8] US Census Bureau, "Historical Population Change Data (1910-2020)," 2021, https://www.census.gov/data/tables/time-series/dec/popchange-data-text.html.

growth levels that also drop precipitously, falling from an annual population increase of 2.1 million in 2025–2035 to 1.6 million in 2035–2045. In the low-immigration series, population growth is projected to average just 752,000 per year in the 2025–2035 period before falling to 181,000 per year in 2035–2045.

Figure 3: Population Growth is Projected to Slow, Even Under the High-Immigration Scenario

Average Annual Population Growth (Thousands)

Sources: JCHS tabulations of US Census Bureau, Population Estimates and 2023 National Population Projections.

Almost all of the decline in population growth over time is due to declining growth in the native-born population, which itself is mostly due to rising numbers of deaths **(Figure 4)**. In the main-series 2023 projections, the birth rate is projected to decline modestly over the next 20 years, from 3.6 million per year in 2025 to 3.5 million per year in 2045. Meanwhile, deaths are projected to rise relatively sharply, from 3.0 million per year in 2025 to 3.9 million per year in 2045.

Increased mortality will be the result of the large baby boom generation entering the oldest age groups with the highest mortality rates. Boomers are projected to total 65.6 million people in 2025, when they will be between the ages of 61 and 79; they will still outnumber all other generations except Millennials. Between 2025 and 2035, however, their ranks are projected to decline by 23 percent, or by roughly 15.6 million people, and then by another 47 percent (a decline of 23.4 million people) between 2035 and 2045, such that by 2045 their numbers will be reduced to just 26.6 million, or 59 percent lower

than in 2025.[9] This increase in mortality will reduce both population growth and household growth in the next 20 years.

With these trends, natural growth of the native population (the net sum of births minus deaths) will transition from being the largest source of population growth pre-2020, to an increasingly small portion of growth until it turns negative after year 2038, when the number of deaths exceeds the number of births. This absence of natural growth will also leave future population gains to depend entirely on immigration.

It is this main-series population projection from the Census Bureau that we use as the underlying data for our preferred, or main-series household projection series. While future immigration levels are unknown, this projection reflects a reasonable baseline in that it assumes immigration levels consistent with the past three decades. With this main scenario as our base, we can also then add alternative high and low household growth scenarios by using the Census Bureau's high- and low-immigration series population projections. Doing so provides some flexibility within the projections in case average immigration levels are substantially higher or lower than the historical average over the next two decades.

Figure 4: Rising Mortality Will Drive the Slowdown in Population Growth
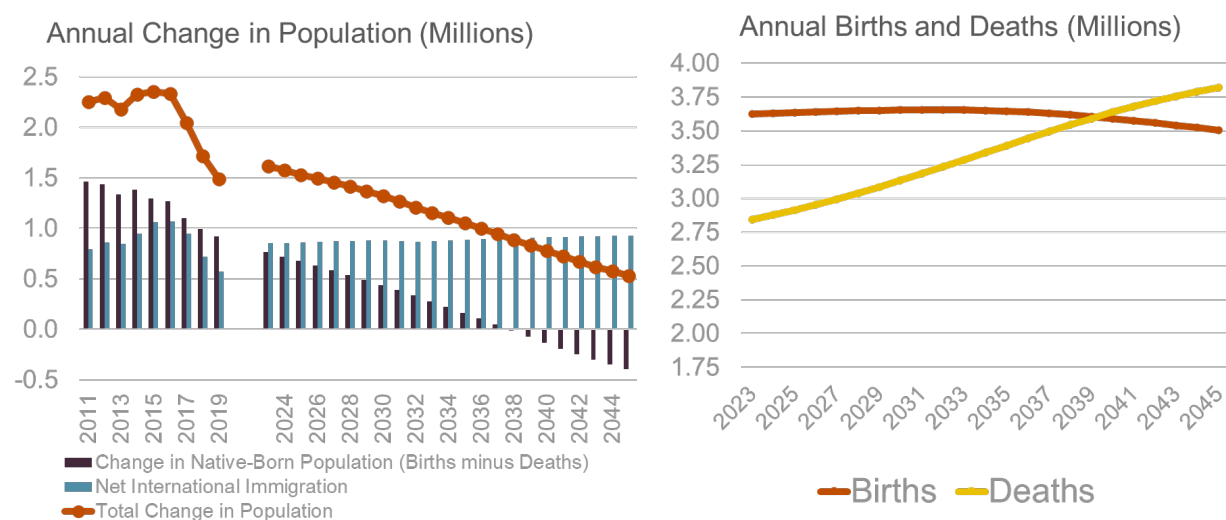
Sources: JCHS tabulations of US Census Bureau, Population Estimates and 2023 National Population Projections, Main-Series Projection.

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[9] Despite this overall decline in the number of baby boomers, the nearly 26.6 million people age 80 and over in 2045 will represent a significant surge in the 80-and-over population compared to the estimated 14.8 million people in that age group in 2025.

Household Growth Projections

Annual household growth is projected to slow from 8.6 million in 2025–2035 to 5.1 million in 2035–2045

The JCHS 2024 main-series household projection calls for the number of households to grow by 8.6 million between 2025 and 2035, or about 860,000 households per year. Compared to results from recent decennial Censuses, the level for 2025–2035 is therefore below the 10.1 million increase in households in the 2010s (2010–2020), the 11.2 million increase in the 2000s (2000–2010), and significantly below the 13.5 million increase in households measured in the 1990s (1990–2000) **(Figure 5)**.

Figure 5: The Pace of Household Growth Is Projected to Slow
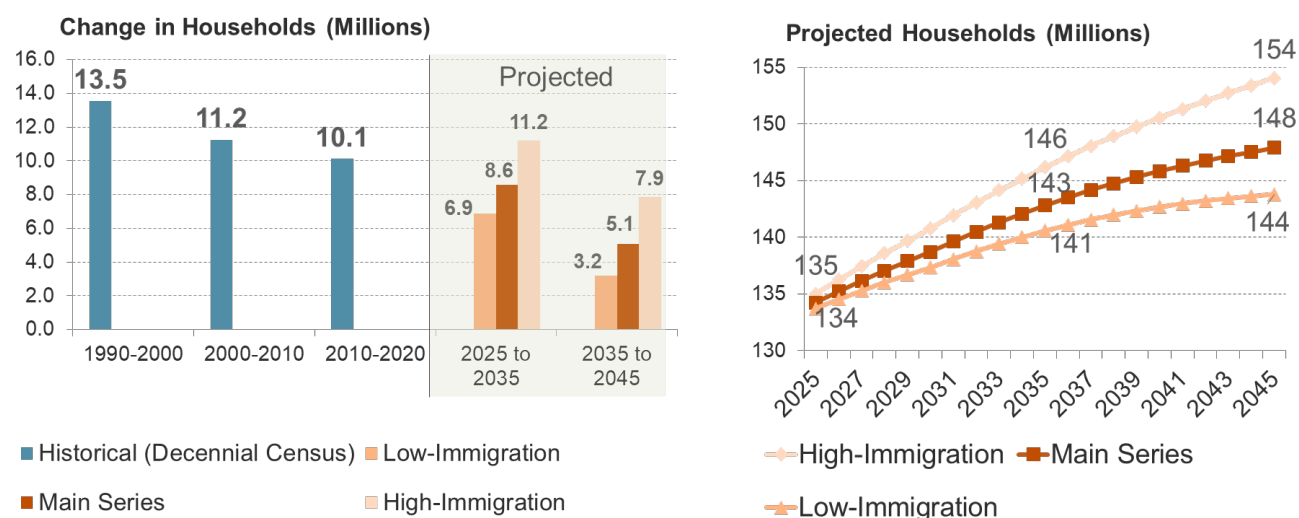
Sources: JCHS 2024 Household Growth Projection and JCHS tabulations of US Census Bureau Decennial Censuses.

Annual household growth levels in the main projection are projected to decline further, to just 5.1 million from 2035 to 2045. The projected 510,000 annual increase in households in 2035–2045 would be a historically low level of household growth, lower than in any decade of growth going back at least 100 years. It would fall far below even the lowest 10-year period of growth, when HVS data showed an increase of just 8.1 million households across the Great Recession in 2006–2016.

The projections of household growth vary widely according to the assumption used for future immigration levels, but each of them suggests a future slowdown. The JCHS main projection assumes immigration levels average 873,000 per year. This would be roughly equal to the average annual immigration since 1990. If immigration levels fall below this level, we provide a lower scenario household projection that uses the low-immigration series Census Bureau population projection to show

the impact on future household growth. Under this scenario, which effectively assumes net annual gains from immigration average 422,000 per year in 2025–2035, or roughly half the main-series projection, the projected increase in households in 2025–2035 would be reduced to 6.9 million for 2025–2035 and then 3.2 million in 2035–2045.

Alternatively, the Census Bureau's high-immigration series population projections assume annual immigration levels jump to fully 1.55 million per year in 2025–2035, more than 50 percent higher than average levels from over the past 30 years. Even with this high population projection, household growth in 2025–2035 is projected to be 11.2 million, which is only equal to household growth in 2000–2010, but still below the 13.5 million growth recorded in the 1990s. Additionally, in the following 10-year period of 2035–2045, projected household growth under this higher-immigration projection still slows to a level of 7.9 million, which would be a record low decade.

In sum, future immigration levels have a large influence on the household growth projections. Unless average immigration levels rise significantly to equal the Census Bureau's high-immigration projection, household growth in the 2025–2035 period is projected to fall to near record lows. Under the main scenario where immigration continues at a pace roughly equal to the recent historical average pace, household growth will come in at just 8.6 million per year during 2025–2035 and just 5.1 million during 2035–2045.


Demographic Underpinnings of the Slowdown in Household Growth

The projections show that overall household growth will slow over time, as new household formations by younger adults are outweighed by losses of households headed by older adults **(Figure 6)**.

Figure 6 shows how the number of households headed by people in Gen Z and younger (under age 30 in 2025) will grow significantly in the next 20 years, rising from 15 million in 2025 to 38 million in 2035 to 62 million in 2045. At the same time, however, the figure also shows the number of households headed by people in the baby boomer generation and older (age 60 and over in 2025) will fall from 52 million in 2025 to 36 million in 2035 to 19 million in 2045. The mounting numbers of households lost, or dissolved, each year, mainly through increased mortality from this larger older-adult population, will pull down household growth despite continued increases in the number of new households being formed by younger generations.

This dynamic implies there will be more market activity and turnover of existing housing units in the future than if household growth were to slow simply as a result of fewer new household formations.

Figure 6: Rising Losses of Older Households Will Lower Household Growth Amid Steady Household Formations from Younger Generations
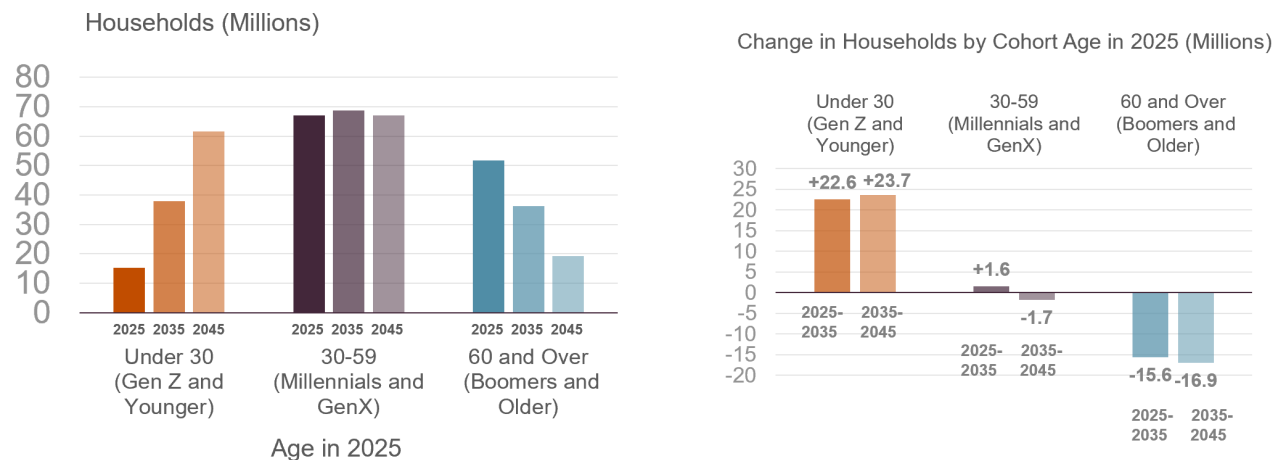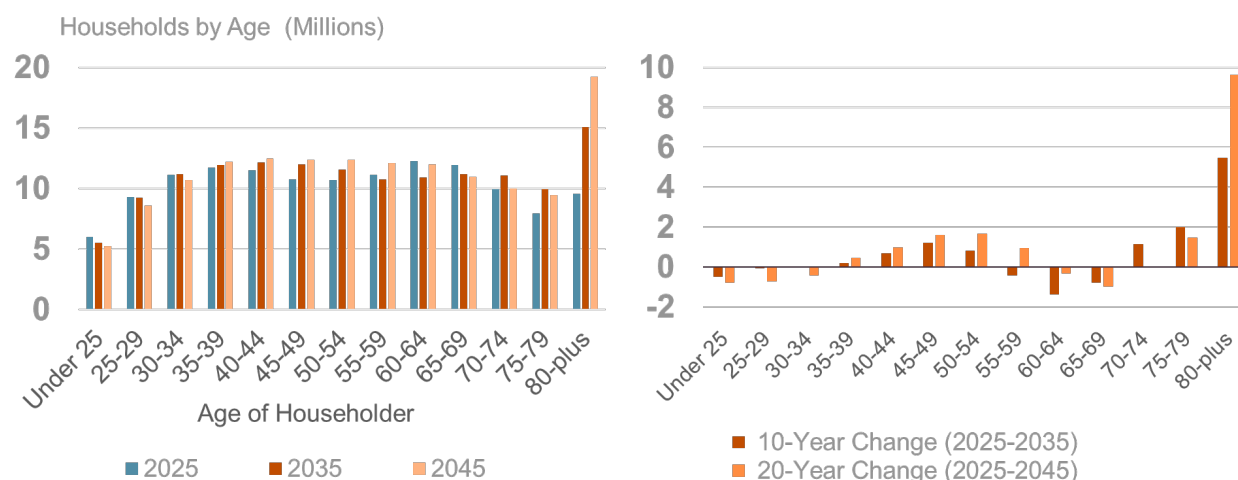

Source: JCHS 2024 Main Series Household Projections.

Boomers and Millennials Drive up Ranks of Older- and Middle-Aged Adult Households

In addition to slowing growth rates, the age distribution of US households is also projected to shift older. Adults age 65 and over are projected to make up fully 92 percent of net household growth between 2025–2035, which will lift their share from 29 percent to 33 percent of all households in 2035. Most of this growth will be in households headed by people age 80 and over, as members of the baby boom generation begin to turn 80 after 2025 **(Figure 7)**. The number of households age 80 and over is projected to grow by 5.5 million between 2025 and 2035, from 9.6 million households to 15.1 million; by 2045, the total will rise to 19.2 million. This amounts to a sharp 57 percent growth in the number of households in this age group in just 10 years and a doubling over the next 20 years. This 80-and-over age group will make up the majority of the growth in the number of households age 65 and over, which will grow by 20 percent, or 7.9 million households, in 2025–2035.

Figure 7: Projections Show Rapid Growth in Older-Adult and Middle-Aged Households

Households by Age (Millions)

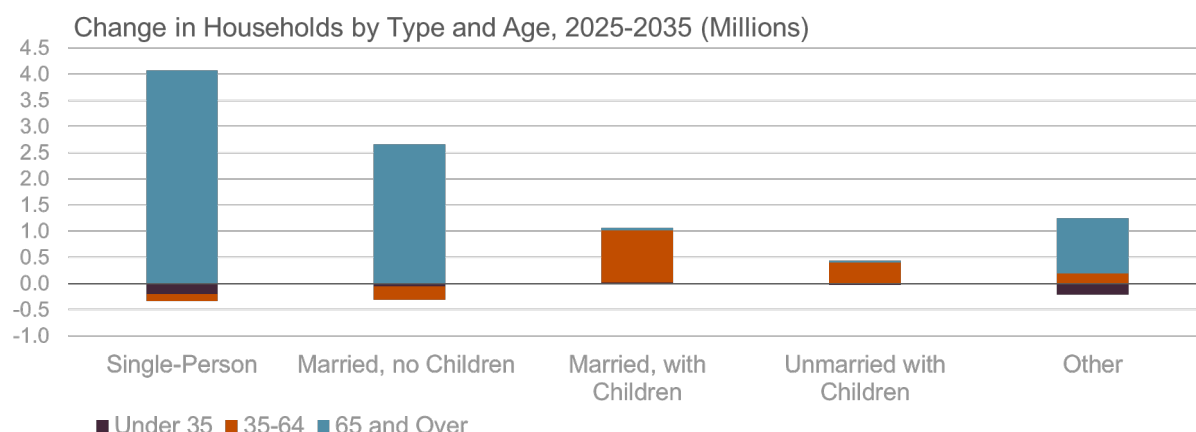Source: JCHS 2024 Main Series Household Projections

Aging of the population will also mean growth in the number of middle-aged householders. Although this growth will not be as large as that among the oldest age groups, the number of households headed by adults age 35–54 is projected to grow by a steady 7 percent, or 3 million households, during this period, bringing the total number of households in this age group to 48 million in 2035. Millennials are driving up the numbers of households in these age groups because they are replacing the slightly smaller Gen X, who, in turn, will drive down the number of households age 55–64 by 1.8 million, or 8 percent, as they replace the baby boom at these ages. Lastly, the number of households headed by someone under age 35 is projected to decline by 1.8 percent in 2025–2035, or 500,000 households, to reach 26.0 million. Gen Z started out as a larger birth cohort than Millennials, so this projection of declining households under 35 is evidence that Gen Z is not expected to get as much additional population from immigration in this main scenario as did the Millennials at similar ages; therefore, the number of Gen Z households will not rise quite as much as the number of Millennial households.

Aging of Population Drives Up Single-Person Households and Married Couples without Children

The age distribution of projected household growth will raise growth in certain types of households over the next decades. Growth in households in the oldest age groups will lead to significant growth in the types of households older adults are most likely to head. Together, single-person households (44 percent) and married couples without children (27 percent) will make up 71 percent of all household growth from 2025 to 2035, and nearly all of these households will be 65 and over **(Figure 8)**. In that

14

decade, single-person households will increase by 3.7 million to reach 41.4 million households, while married couples without children under 18 will increase by 2.9 million to 44.4 million households.

Figure 8: Higher Numbers of Older- and Middle-Aged Households will Lead to Growth of Different Household Types

Change in Households by Type and Age, 2025-2035 (Millions)

■ Under 35   ■ 35-64   ■ 65 and Over

Source: JCHS 2024 Main Series Household Projection.

Meanwhile, the Millennial-driven increase in households headed by middle-aged people will lead married couples with children under 18 to be the third-largest growing household type in 2025–2035. This household type will increase by 1.1 million households to 25.2 million, which represents 12 percent of the total increase in households. Middle-aged households will also account for nearly all the growth in unmarried households with children. Households of that type will increase by 400,000 in 2025–2035 to reach 10.4 million in 2035. Lastly, all other household types—which include unmarried adults living with adult children over age 18, other family members, or unrelated partners or roommates—will increase by 1.0 million to a total of 22.1 million in 2035. Growth in these households will be mostly from households headed by adults age 65 and over.

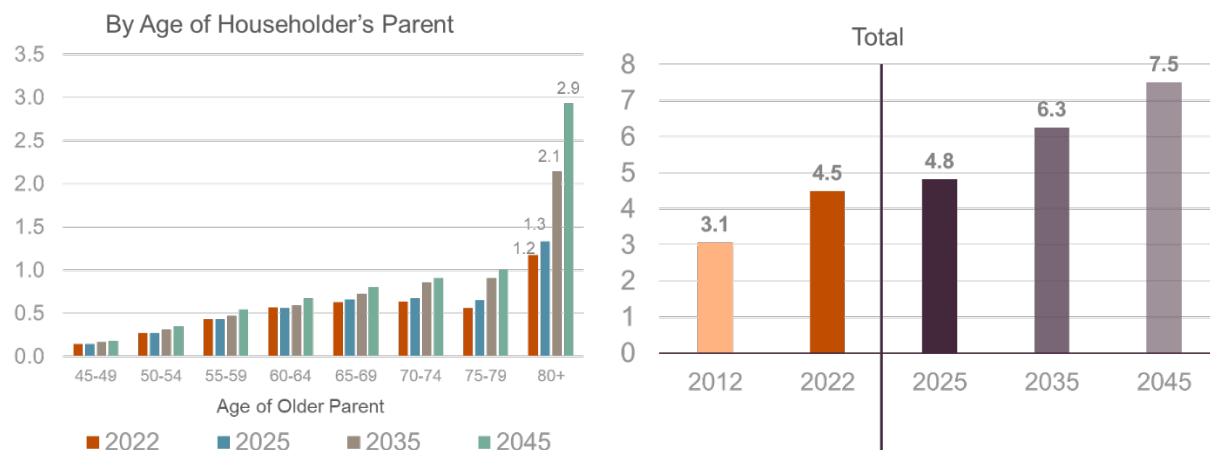**Multigenerational Households on the Rise**

Growth and change in the population will also influence growth in multigenerational living. We look next at two specific types of multigenerational households that are projected to increase in number: households in which a parent of the householder is present, and households in which an adult child of the householder is present.

At last measure by the ACS in 2022, there were 4.5 million households whose members included a parent of the householder. In about one quarter of these households (1.2 million), the parents involved were age 80 and over, reflecting that people age 80 and over have the highest likelihoods of living with their children. Consequently, projected growth in the older adult population, particularly those age 80 and over, will lead to higher numbers of households whose members include a parent of the householder. Growth in this household type can be estimated by applying the current share of households that include a parent, for each age and racial/ethnic group, to the population projections, and then adjusting for cases where a person is one of multiple parents in a household (and therefore does not add to the total number of households that contain an aging parent).

We estimate that under our main projection scenario, the number of households with a parent of the householder present will rise from 4.8 million households in 2025 to 6.3 million in 2035 (up 30 percent from 2025), and then to 7.5 million by 2045 (up 56 percent from 2025). Growth will be driven by households with parents in the oldest age groups, the number of which will rise sharply as aging baby boomers increase the 80-and-over population **(Figure 9)**. Between 2025 and 2035 the number of households with a parent age 80 and over is projected to rise from 1.3 million households in 2025 to 2.1 million in 2035, and then to 2.9 million by 2045. This is 60 percent growth over the first 10-year period and 120 percent growth—a more than doubling—over the full 20-year projection period.

Figure 9: A Larger Older Adult Population Will Lead to More Multigenerational Households

Households with a Parent of the Householder Present (Millions)
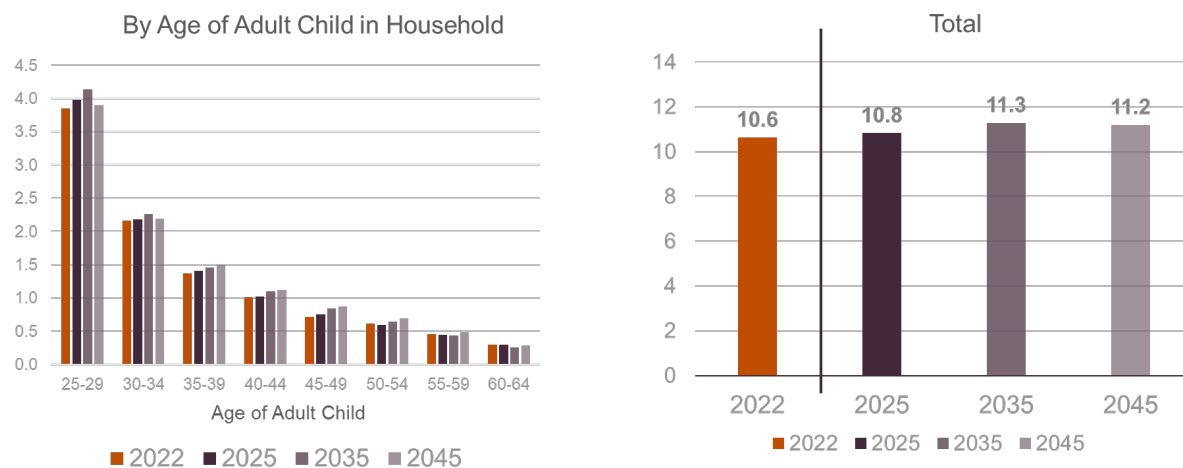

Sources: JCHS tabulations of US Census Bureau Data and 2023 Main Series Population Projections.

Multigenerational living will also increase through growth in adult children living with parents. However, growth in these households, even though they make up a much larger group, is not projected to rise as rapidly as growth in households with an aging parent. Using a similar methodology to that used above for parents living with the householder, we find that between 2025 and 2035, the number of households with an adult child (age 25 or older) of the householder is projected to rise from 10.8 million to 11.3 million **(Figure 10)**. The number is then projected to settle back down to 11.2 million by 2045 as the projected population of adults in their late 20s and early 30s falls in 2035–2045.

Figure 10: More Adult Children Living at Home Will Also Raise Demand for Multigenerational Living

Households with an Adult Child of the Householder Present (Millions)

Sources: JCHS tabulations of US Census Bureau Data and 2023 Main Series Population Projections.

In all, the 1.4 million increase in households with a parent of the householder and the 0.4 million increase in those with adult children in 2025–2035 is likely to have a measurable impact on housing demand in the next ten years. The 60 percent increase in households with a parent age 80 and over, in combination with the 57 percent increase in households headed by a person age 80 and over, is of particular concern to housing policy given the gap between the service and accessibility needs among this population and the current housing stock's capacity to meet those needs.

Increases in Households Headed by People of Color Will Shift the Racial and Ethnic Mix of Households

The distribution of household growth by race and ethnicity shows that in 2025–2035, household growth will primarily be driven by households headed by Black, Hispanic, and Asian people, with non-Hispanic white households making up just 2 percent of growth during that period. In all, the predicted increase of 8.6 million households in 2025–2035 will include 4.2 million additional households headed by Hispanics, 2.6 million by Asians and all other groups, 1.6 million by Blacks, and 0.2 million by whites **(Figure 11)**.

As projected household growth slows in 2035–2045, it shifts entirely towards households of color. In this second 10-year projection period, growth in Hispanic, Asian/other, and Black households will each slow only slightly, and their combined increase will dip from 8.4 million households in 2025–2035 to an increase of 8.0 million households in 2035–2045. Meanwhile, the change in the number of non-Hispanic white households will turn from an increase of 0.2 million in 2025–2035 to a decrease of 2.9 million in 2035–2045.

Figure 11: Households Headed by People of Color Will Drive Growth in 2025–2035 and 2035–2045
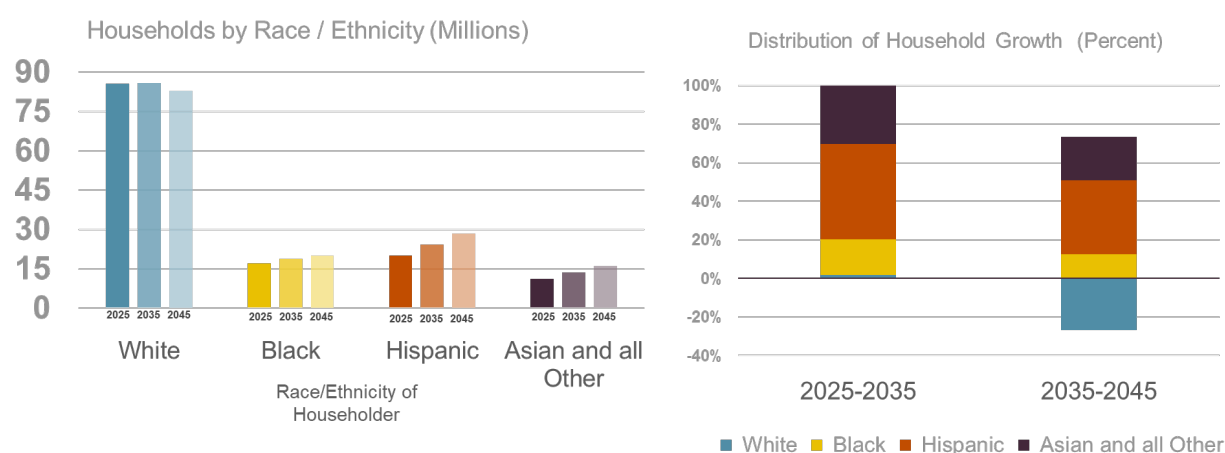
Note: White, Black and Asian/other households are non-Hispanic. Hispanic may be of any race.
Source: JCHS 2024 Main Series Household Projections.

The increasing share of household growth from households of color over the next two decades, and the emerging declines in the number of non-Hispanic white households, reflect how both the aging of the population and its changing racial mix are affecting household dynamics. Young, non-Hispanic white adults will still be forming millions of households over the next two decades. However, the majority of new households formed will be headed by people of color from the relatively more diverse

younger generations. Meanwhile, the overwhelming majority of older households being lost over the next decades will be headed by non-Hispanic whites, reflecting the high share of older households headed by non-Hispanic whites **(Figure 12)**. In combination, these trends will increase the share of US households headed by persons of color.

Figure 12: Younger Households Formed Will be Racially Diverse while Older Households Lost Will be Predominantly White

Projected Change in Households Headed by Population Under Age 30 in 2025 (Millions)

Projected Change in Households Headed by Population Age 60 and Over in 2025 (Millions)
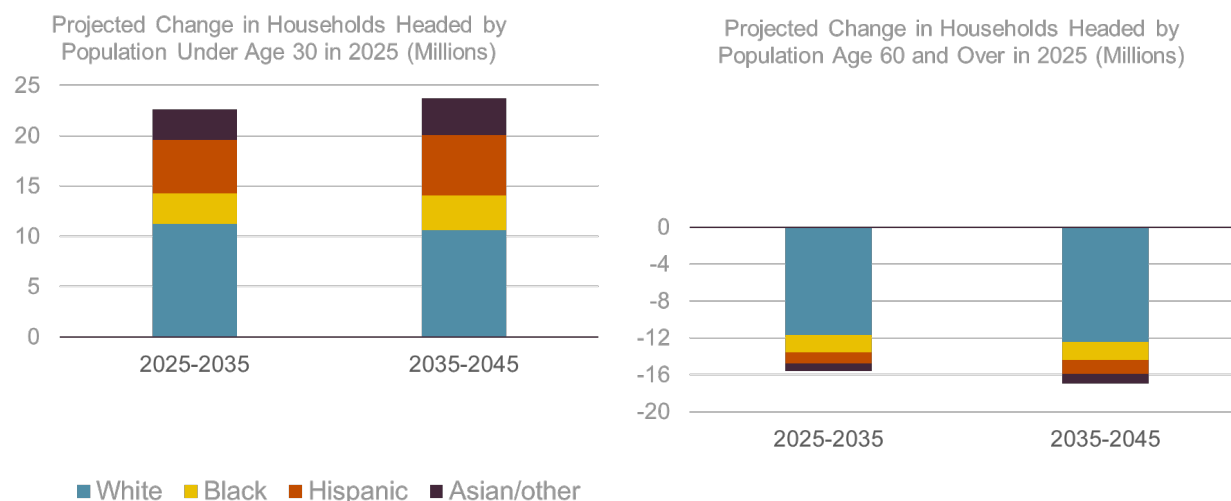
■ White ■ Black ■ Hispanic ■ Asian/other

Notes: White, Black and Asian/other households are non-Hispanic. Hispanic may be of any race.
Source: JCHS 2024 Main Series Household Projections.

Demand for New Housing Units in 2025–2035 and 2035–2045

The housing stock needs to grow to accommodate the projected increase in households. New construction will also be needed to satisfy other sources of housing demand, including additional second homes desired by a larger population, additional units to replace old and obsolete units demolished or otherwise removed from stock, and additional vacant units needed to maintain a healthy level of vacancies for a growing housing market. The following section sums up each of these sources to project baseline demand for new housing unit construction in 2025–2035 and 2035–2045.

Beginning with the 2025–2035 projection period, we project baseline demand for construction of 11.3 million new housing units nationwide. This includes 8.6 million new units needed to accommodate household growth in 2025–2035, plus a combined 2.7 million additional units to account for loss of existing housing, second home demand and more vacant units. **(Figure 13)**. In the 2035–2045 period, baseline new unit demand is projected to drop to a level of 8.0 million new units, split between

5.1 million units needed to accommodate household growth and 2.9 million units to account for replacement of units lost to demolition, second homes and vacancies **(Figure 14)**. The projected drop in new unit demand is therefore driven by the projected slowdown in household growth during this period, which will work against a modest increase in demand for replacement units resulting from the aging of the housing stock.

Figure 13: Baseline Demand for Additional Housing Units: 2025–2035

	Housing Units (Thousands)		
	Low	Main	High
Projected Household Growth	6,860	8,590	11,190
Projected Additional Vacant Unit Demand			
Vacant Units for Rent or Sale	250	310	410
Second Homes	180	200	240
Projected Units to Replace Stock Demolished or Removed	2,230	2,230	2,230
Projected Total Baseline Demand for New Units in 2025–2035	**9,520**	**11,340**	**14,060**

Note: Parts may not sum to match totals due to rounding. Baseline demand projections do not incorporate estimates of undersupplies entering the projection period in 2025.

Sources: JCHS tabulations of 2023 Housing Vacancy Survey rates of vacancies per household, 2019 & 2022 Surveys of Consumer Finances rates of second home ownership by age and race/ethnicity, Census Bureau Population Estimates Program Housing Unit Annual Loss Rates by region and unit age from 2022 Housing Unit Estimates Methodology.

Figure 14: Baseline Demand for Additional Housing Units: 2035–2045

	Housing Units (Thousands)		
	Low	Main	High
Projected Household Growth	3,210	5,070	7,870
Projected Additional Vacant Unit Demand			
Vacant Units for Rent or Sale	120	190	290
Second Homes	60	90	130
Projected Units to Replace Stock Demolished or Removed	2,670	2,670	2,670
Projected Total Baseline Demand for New Units in 2035–2045	**6,060**	**8,020**	**10,960**

Notes: Parts may not sum to match totals due to rounding. Baseline demand projections do not incorporate estimates of undersupplies entering the projection period in 2025.

Sources: JCHS tabulations of 2023 Housing Vacancy Survey rates of vacancies per household, 2019 & 2022 Surveys of Consumer Finances rates of second home ownership by age and race/ethnicity, Census Bureau Population Estimates Program Housing Unit Annual Loss Rates from 2022 Housing Unit Estimates Methodology.

Meeting this demand for new units in 2025–2035 would therefore entail construction levels below the average pace of construction so far in the 2020s of 1.37 million units per year, as well as the 16.2 million and 17.0 million units built in the 1990s and 2000s, respectively. These levels would be below all recent decades except the 2010s, when just 9.9 million new housing units were built in the wake of the financial crisis and Great Recession.

Demand for new unit construction in 2035–2045 would be even lower. In this period, new unit demand would fall to just 8.0 million new units. Such construction levels would be far lower than in any recent decade and less than half of levels in the 1970s, '80s, '90s, and 2000s **(Figure 15)**.

Figure 15: With Less Household Growth, Demand for New Housing Units Is Projected to Decline
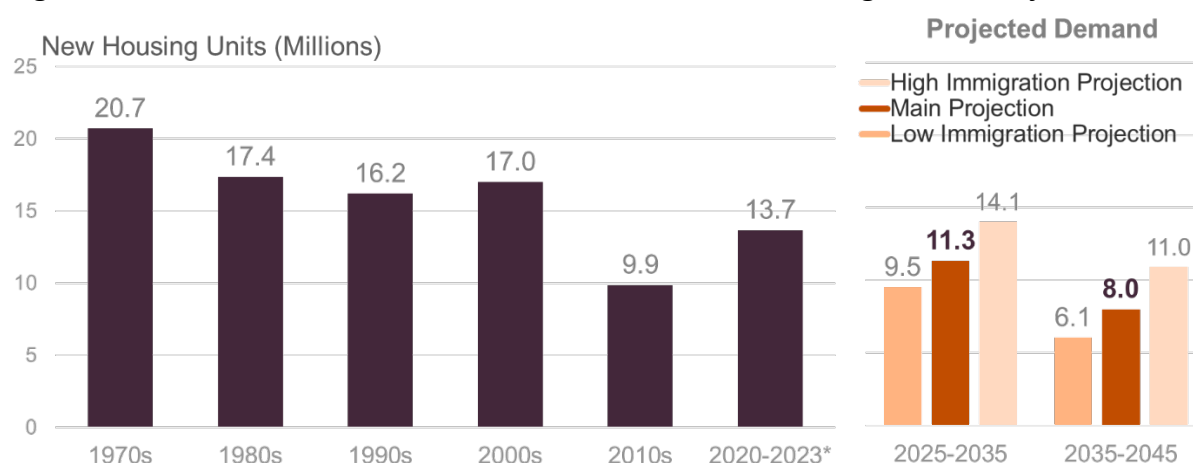
Note: New Housing Units includes new units completed and manufactured homes shipped. Level for 2020–2023 is the average annual rate normalized to show a 10-year production level.

Sources: JCHS tabulations of 2024 Household projections and Census Bureau New Residential Construction and Manufactured Housing Surveys.

Note that these projected new housing demand levels are based on the main household projection, which is the middle of our three scenarios. But even under the high-immigration projection, new construction demand for 2025–2035 would be for 14.1 million units, which would still fall below levels from the 1970s through the 2000s. Construction demand under this high scenario would also decline further to 11.0 million units in 2035–2045, which would be below any other recent decade except for the 2010s. Under the low-immigration projection, construction demand for 2025–2035 falls to 9.5 million units, or less than one million completions and manufactured housing shipments per year, and then to 6.1 million for 2035–2045.

Risk Factors in the New Unit Demand Estimates

These projections show future demand for new housing unit construction falling significantly over the next two decades. However, there are several factors that could lead future levels of construction to be higher or lower than these baseline demand projections would suggest. Two major factors stand out.

The first major factor that could result in more construction in the future than suggested by these new unit demand projections is the current undersupply of housing units. New unit demand levels under each scenario do not incorporate any additional construction needed to address a shortage of housing units at the beginning of the projection period. Various organizations have estimated a current nationwide housing shortage ranging from 1.5 million to 5.5 million units as of 2022.[10] If markets are able to build enough to eliminate these shortfalls during the projection period, construction levels in 2025–2035 would rise significantly.

The second major unknown affecting future demand for new units is the future level of immigration, which is just as much a risk for the household projections as it is for the new home demand projections. The main series projections assume future immigration levels of 870,000 per year in 2025–2035, rising to over 900,000 in 2035–2045. This projection is roughly in line with average annual immigration levels over the last 30 years. However, immigration is volatile and largely policy-driven, and the new administration in 2025 has promised strict controls on immigration and increased deportations that will likely lower immigration levels to an unknown degree. Switching from the main-series projection to the low-immigration scenario would reduce new housing unit demand by 1.8 million units over the coming decade. However, even the low-immigration scenario projection included here assumes average gains from immigration of 420,000 per year over the next 10 years, which might be at risk depending on the level of restrictions put in place. We did not include a projection that uses the Census Bureau's zero immigration scenario.

There are additional considerations that could lead to higher or lower demand for new housing units as well. On the negative side, if home prices, rents, or ownership costs outpace incomes, then deteriorating housing affordability could make it more difficult to form or maintain households and therefore lower household growth, thereby lowering new unit demand. On the positive side, however, differences in housing affordability could increase domestic migration to more affordable areas, which is not factored into these demand projections. Domestic migration to expanding regions of the country

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[10] See Daniel McCue, "Estimating the National Housing Shortfall," *Housing Perspectives* (blog), JCHS, January 29, 2024, https://www.jchs.harvard.edu/blog/estimating-national-housing-shortfall.

can add demand for new housing in new places, even if the overall US household growth is slowing. As overall household growth slows, domestic migration between regions will play a larger role in future new housing demand. People may also move more frequently in the future due to changes in climate or insurance costs in certain parts of the country. But whether or not it leads to climate migration, the growing frequency of weather-related disasters also suggests higher replacement demand as more units will be damaged or destroyed and need to be replaced each year.

Conclusion

Growth in the number of households in the US is expected to slow in the coming decades. Under the Joint Center's main projection, household growth is projected to slow to an increase of just 8.6 million households between 2025 and 2035. This would be well below the growth of 13.5 million households in the 1990s, 11.2 million in the 2000s, and even the 10.2 million increase in households in the post-Great Recession 2010s. The pace of household growth is projected to decline even further in 2035–2045, with the number of households projected to rise by only 5.1 million between 2035 and 2045, which would be, by far, the lowest rate of growth in any decade in at least 100 years.

The projected slowdown in household growth will be due to the underlying trend of slowing population growth. The slowing of population growth is largely unavoidable and results from how the underlying age structure of the population is combining with mortality rates and birth rates that change very little over time. But the slowing can be tempered by future immigration. Indeed, future growth in the number of households is highly sensitive to future levels of international immigration. The main household projection assumes an annual net immigration level of 873,000, which is similar to the recent averages from the past three decades. But if net immigration drops to 422,000 per year as in the Census Bureau's low-immigration assumption, then projected household growth in 2025–2035 would decrease by 20 percent (1.7 million) to an increase of 6.9 million households. This would make 2025–35 by far the weakest decade for household growth in recent memory. Under each of the immigration scenarios, household growth levels are expected to again decline significantly in 2035–2045.

These projections also display an aging household population. The aging of the baby boomer generation will double the number of households headed by a person age 80 or over by 2045, increasing demand for accessibility in the housing stock to accommodate the needs of more older single-person households and couples aging in place; as more aging parents move in with their children, the number of multigenerational households will also increase. Meanwhile, the number of middle-aged

householders will rise with the Millennial generation, increasing demand for housing options for families with children, which will become a growing household type over the next ten years.

The projections also display an increasingly diverse household population, as a diverse set of young adults will form millions of households over the next two decades, increasing the number and share of households headed by people of color. Householders of color will account for virtually all household growth in our projection period as the number of non-Hispanic white householders declines. Since household growth is the largest source of new housing demand, the slowdown in household growth will reduce this demand over the next two decades. The main projection scenario estimates the need for 11.3 million new homes to be built between 2025 and 2035, slowing to just 8.0 million new units needed between 2035 and 2045—less than the recent low of 9.9 million units built in the 2010s, and significantly less than the 16.2 million to 20.7 million units delivered each other decade since the 1970s.

These estimates involve several variable factors that may cause the levels of household growth and new unit demand to be higher or lower than expected in these projections. While future affordability levels and additional construction to make up for current undersupply of housing could both impact future household growth and housing construction levels, the largest and most changeable factor is immigration. Still, even assuming average immigration levels remain similar to those of the past three decades, household growth and new housing demand are expected to decline significantly in the future with the increasing losses of older people and households.

APPENDIX: Calculating the Components of New Unit Demand

Demand for Units to Replace Those Demolished or Otherwise Lost from the Stock
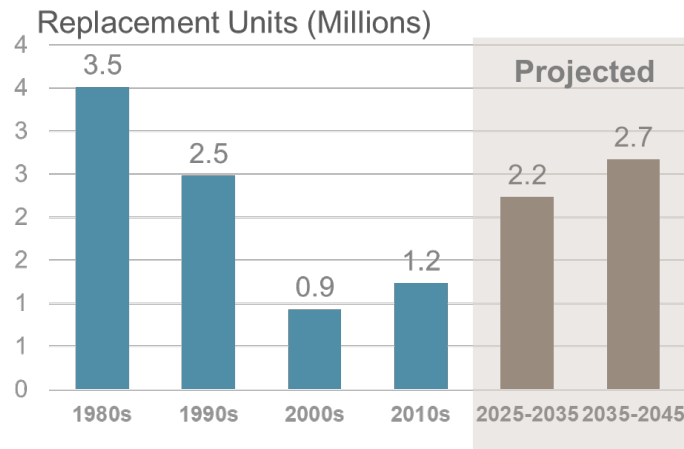
The new housing unit demand estimate involves several components of demand that are listed above in Figure 13. In addition to the 8.6 million units needed to accommodate new households, the second-largest factor in new housing unit demand in 2025–2035 is for replacing the 2.2 million units expected to be lost from the housing stock due to demolition or removal during that time. Because homes are torn down or otherwise removed from the housing stock each year, a certain level of new construction is needed to replace these units to maintain the current size of the housing stock. This is referred to as replacement unit demand.

Losses to the stock are not well measured at a national level since the Census Bureau does not collect nationwide data on permits for demolishing units as they do for building permits. However, the Census Bureau's Population and Housing Unit Estimates program publishes an annual loss rate that it uses to update its official annual estimates of the size of the housing stock.

The loss rates differ by region and age of housing unit, with a separate rate for mobile homes. Applying these categorical loss rates to recent estimates of the housing stock translates into an overall annual loss rate of 1.6 units per 1,000 for the entire stock and annual losses of 223,000 units, or 2.2 million, over a period of 10 years. This estimate falls between the highest and lowest estimated levels over the past four decades—below those from the 1980s and 1990s but above losses from the 2000s and 2010s **(Figure A-1).** Applying these rates again to the projected stock in 10 years results in estimated losses of 2.7 million units for the 2035–2045 period.[11]

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[11] It is possible to calculate loss rates 10 years from now using current stock estimates because loss rates are zero for units less than 10 years old. See loss rates in Table 10 of accompanying spreadsheets posted with this report.

Figure A-1: Replacement Demand is Expected to Rise with an Aging Stock

Replacement Units (Millions)

Decade	Replacement Units (Millions)
1980s	3.5
1990s	2.5
2000s	0.9
2010s	1.2
2025-2035 (Projected)	2.2
2035-2045 (Projected)	2.7

Note: Historic replacements estimates are the difference between the number of new units constructed and the change in housing stock between decennial censuses. New construction levels are the sum of new unit completions and mobile home shipments.

Sources: JCHS tabulations of US Census Bureau, Decennial Census data, New Residential Construction data, Manufactured Housing Survey data, and 2022 American Community Survey 1-Year Estimates.

Demand for Additional Second Homes

Next to demand to accommodate household growth and replacement of units lost, demand for additional second homes is relatively small at just 232,000 additional units needed over the 2025–2035 period. There are several challenges to measuring and projecting second home demand that suggest it should be viewed as a rough estimate. First, across the major household surveys there are several different estimates of second homes that vary widely. Part of the difference stems from differences in how they define and categorize second homes **(Figure A-2)**. For example, the 2021 American Housing Survey reports 2.1 million second homes in a category called "Home used for recreational purposes," whereas the 2022 ACS reports 4.5 million second homes in a category called "seasonal, recreational, or occasional use." The broadest measure from the HVS reports 3.6 million "seasonal" homes but a combined 6.7 million homes that are either "seasonal," "occasional use," or "usual residence elsewhere."
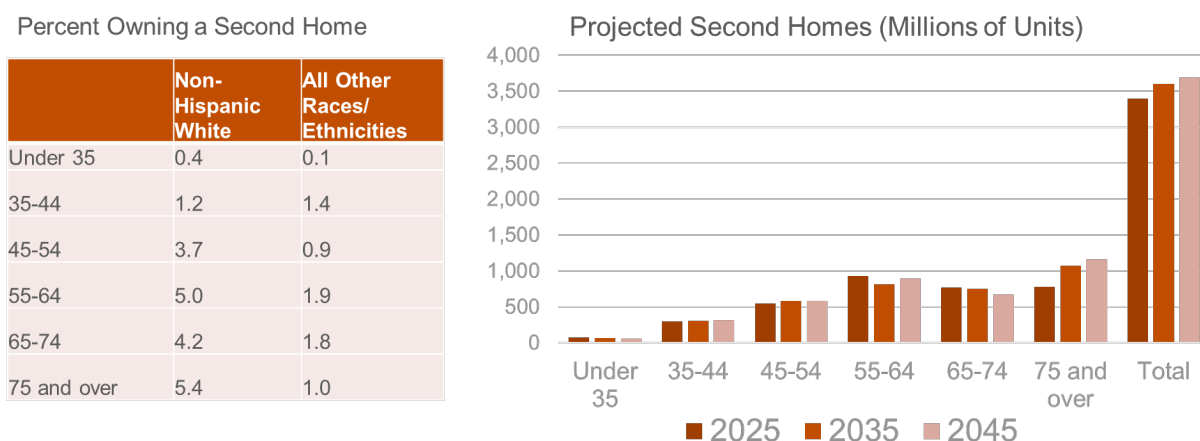
Figure A-2: Household Surveys Provide Widely Different Estimates and Definitions of Second Homes

Survey (Year)	Categorization of Housing Unit by Survey	Estimated Units
SCF (2022)	Second, seasonal, or vacation home	3.3 million
AHS (2021)	Home used for recreational purposes	2.1 million
HVS (2023)	Seasonal home	3.6 million
	Seasonal *plus* occasional use and usual residence elsewhere	6.7 million
ACS (2022)	For seasonal, recreational, or occasional use	4.5 million

Another challenge is that second, seasonal, or recreational homes are generally categorized in surveys as a type of vacant unit, and therefore surveys do not collect information about the owner or any people in the unit. Information on who owns second homes is needed to project changes in demand for these homes due to changes in the number of households. The only survey to give some demographic information about the owner is the Survey of Consumer Finances (SCF). Reporting an estimated 3.3 million households that own "second, seasonal, or vacation homes," the SCF is on the lower end of the surveys in terms of estimated number of second homes, which suggests our use of this estimate in our projected demand may be conservative but acceptable.

The SCF allows us to calculate average rates of second home ownership by age and race/ethnicity status of each householder, which we can then apply to the household projections to estimate how much second home ownership will increase with additional households in the future **(Figure A-3)**. This calculation results in demand for 200,000 additional second homes built in 2025–2035.

Figure A-3: Current Ownership Rates Suggest Modest Increases in Demand for Second Homes

Percent Owning a Second Home

	Non-Hispanic White	All Other Races/Ethnicities
Under 35	0.4	0.1
35-44	1.2	1.4
45-54	3.7	0.9
55-64	5.0	1.9
65-74	4.2	1.8
75 and over	5.4	1.0

Projected Second Homes (Millions of Units)

■ 2025 ■ 2035 ■ 2045

Sources: JCHS tabulations of 2024 JCHS household projections Main Series and 2019 and 2022 Surveys of Consumer Finances.

Demand for Additional Vacant Units for Rent or Sale

These baseline demand projections also include the need for roughly 300,000 additional homes built in 2025–2035 to maintain current vacancy rates for rent and for sale. The methodology assumes that as the stock grows to accommodate more households, it will also need to gain vacant units to maintain the current vacancy rate. This method allows us to acknowledge that a certain number of vacant units is necessary for well-functioning markets without requiring us to define what that optimal vacancy rate would or should be, nor how much current vacancy rates differ from that and need to be corrected. Such determinations of a 'normal' or natural vacancy rate, or of whether the current vacancy rates are too low and unsustainable, are beyond the scope of this report. We simply project enough growth in vacant units to maintain current vacancy rates.

We use HVS data to determine the current ratios of year-round vacancies for rent or sale (4.7 million units in 2023) to occupied households (130.3 million in 2023). We then carry forward this ratio to the household growth projection to estimate the number of additional vacant units for rent and for sale needed to accommodate a higher number of households in the future under current vacancy rates. The result is 3.64 vacant units for every additional hundred households, which given the projected household growth translates into demand for 313,000 additional vacant units in 2025–2035.