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Update on Homeownership Wealth Trajectories Through the Housing Boom and Bust

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Abstract

The housing crisis and ensuing Great Recession of the late 2000s resulted in millions of homeowners losing their homes to foreclosure and millions more losing substantial amounts of housing wealth as home prices plummeted. These substantial financial losses have raised important questions about the appropriateness of policies to encourage homeownership as a wealth building strategy for low-income and minority households. In 2013 the Joint Center for Housing Studies published a paper entitled “Is Homeownership Still an Effective Means of Building Wealth for Low-income and Minority Households? (Was it Ever?)” as part of our 2013 symposium held to reexamine the goals of homeownership and explore lessons learned from the housing crisis.

That study found that despite the severity of the housing crash, the median household who bought a home after 1999 still managed to accrue significant amounts of wealth through 2009, the latest year for which data was available at the time. While about a quarter of new homeowners over this period were no longer owners as of 2009, among those who had exited homeownership, the typical household ended the period with wealth that was little changed from before they bought their homes.

But with housing prices continuing to fall in most markets until 2012, there was an open question of whether the study’s results were skewed by not capturing the full extent of the housing downturn. This present study updates the analysis of the earlier study to include outcomes for these same households through 2013 when the worst of the crash was over. The updated analysis presented in this paper upholds the bottom-line result from the earlier paper: for most households, homeownership was associated with significant gains in household wealth, even when viewed across the tumultuous housing crisis period of 1999-2013. However, including the additional period from 2009-2013 did reduce the magnitude of the annual gains in wealth associated with owning, and also found a higher share of Hispanic and low-income households that failed to sustain homeownership.

Overall, this study’s findings indicate that while homeownership continues to offer a majority of households the opportunity to build up wealth, owning is not without significant risks, especially for minorities and lower-income households.

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Update on Homeownership Wealth Trajectories Through the Housing Boom and Bust

Christopher E. Herbert, Daniel T. McCue, and Rocio Sanchez-Moyano

In 2013, as part of the Joint Center's *Homeownership Built to Last* symposium, we used the data from the 1999-2009 panels of the Panel Study of Income Dynamics to explore whether homeownership, particularly for low-income and minority families, was an effective means of building wealth during the most tumultuous housing market in recent memory.¹ We found positive effects on wealth for the median household for every year of homeownership across all racial/ethnic and income groups, little change in wealth among those who remained renters, and ultimately no net gains or losses in wealth across the period for renters with transitions to homeownership that were not sustained through 2009. These findings led us to the conclusion that the net financial impact of the transition from renting to homeownership could be characterized as 'nothing ventured, nothing gained':

[E]ven during a time of excessive risk taking in the mortgage market and extreme volatility in house prices, large shares of owners successfully sustained homeownership and created substantial wealth in the process (at least through 2009) ... Owners who failed to sustain homeownership did suffer substantial loss in wealth, but much of the wealth was associated with the move into homeownership, so these households essentially fell back to their initial wealth levels. At least in terms of household wealth, failed attempts at owning do not appear to leave the typical household worse off than when they started. (Herbert et al. 2014)

As the passage above suggests, we were limited in the original paper by having data only through 2009. While this was the most recent data available at the time, it did not extend far enough into the housing downturn to capture all of the related fallout. Indeed, while much of the decline in home prices had occurred by the end of 2009, and the CoreLogic National

¹ See Christopher E. Herbert, Daniel T. McCue, and Rocio Sanchez-Moyano, "Is Homeownership Still an Effective Means of Building Wealth for Low-income and Minority Households? (Was it Ever?)," in *Homeownership Built to Last: Balancing Access, Affordability, and Risk After the Housing Crisis*, Eric S. Belsky, Christopher E. Herbert, and Jennifer H. Molinsky, eds. (Cambridge, MA: Brookings Institution Press with the Joint Center for Housing Studies of Harvard University, 2014).

Home Price Index in March of 2009 was fully 30 percent below the 2006 peak, prices continued to fluctuate and declined another 5 percent to the eventual trough reached in March of 2011. More importantly, a large share of the foreclosures and distressed exits from homeownership resulting from the downturn occurred after 2009. For that reason, we have updated our original analysis to include data through 2013, allowing us to more thoroughly capture the extent of the housing downturn and its accompanying effects on wealth accumulation by families.

The updated analysis upholds the findings from the earlier paper. Despite the continued declines in home values and continued high levels of foreclosure, we find that homeownership was associated with sizeable gains in household wealth for the median household who sustained homeownership through the dramatic housing cycle. For the typical household that had purchased a home during the period but was once again renting by 2013, net wealth had roughly returned to pre-homeownership levels and did not differ significantly from the net wealth of households who rented the entire time. Still, non-trivial shares of households did fail to sustain homeownership. Overall, 77 percent of households who bought a home after 1999 were still homeowners in 2013, although this share was much lower for Hispanics (60 percent) and for those in the bottom income quartile (61 percent).

Comparing the updated 1999-2013 PSID sample to the original 1999-2009 sample

Our updated sample begins with 1999 heads of household, and includes all 1999 heads who were still a head or a spouse in 2013. Following our original methodology, which sought to exclude households in retirement because they are likely to purposefully draw down rather than build up their wealth, we have limited our sample to heads of household who were under 55 in 1999. As in the original analysis, we also exclude households who were missing for more than two intervening surveys. As a result, the updated 1999-2013 sample includes 3,613 households, which is 530 fewer than the original 1999-2009 sample. Despite the reduced number of observations, sample characteristics, shown in Tables 1A and 1B, were roughly consistent between the two samples.

Tables 2A and 2B present (in constant 2013 dollars) median initial wealth levels, final wealth levels, and changes in wealth among households over the respective 1999-2009 and 1999-2013 study periods. Comparing the initial median wealth in 1999 between the two

samples, we see a slightly higher level in the updated sample, suggesting that the reduction in the number of observations for 1999-2013 had the effect of weeding out some lower-wealth households that dissolved between 2009 and 2013. Overall, however, and for each demographic group, initial wealth in 1999 is roughly similar in both samples.

Comparing end-year wealth between our two samples, we see that the overall 2013 median net wealth and median changes in wealth were very similar to those from 2009. The largest decreases in end-year median wealth between the two samples were seen for those in the 25-34 and 35-44 year old age bands, which could reflect the sharp decline in homeownership for these groups between 2009 and 2013. Relative to median wealth, mean wealth was a much more dynamic measure and for 2013 was significantly lower than 2009 both overall and for most subgroups, which would suggest a high degree of wealth lost by high-wealth households. Still, all demographic groups showed sizeable gains in median and mean wealth over the 1999-2013 period as a whole.

Tenure Transitions

Tables 3A and 3B show the tenure transitions exhibited in our samples. We can see that the addition of two more surveys (spanning an additional four years) for our updated 1999-2013 sample resulted in additional changes in tenure compared to the 1999-2009 study period. Specifically, in 2013 compared to 2009, slightly fewer households reported always owning (down to 47 percent from 49 percent) or always renting (down to 14 percent from 17 percent). Such changes were expected, as expanding the number of surveys allows more time for people to change tenure. The updated sample also had slightly more transitions to renting by both those who were owners in 1999 and those who first bought after 1999 (both of which were up to 6 percent from 5 percent as of 2009). But there was also a small increase in the share of households who transitioned back into homeownership (up to 6 percent from 4 percent). As a result, 74 percent of households were owners in both 2013 and 2009. Considering the whole sample, 77 percent of 1999 renters that transitioned into homeownership at some point over the period were still homeowners in 2013, while 90 percent of those owning in 1999 still owned by the end of the period.

Across racial/ethnic groups, the greatest increase in failed homeownership spells between 2009 and 2013 occurred among Hispanics. Indeed, only 60 percent of Hispanic renters who transitioned into owning after 1999 were still owners in 2013, down from a 79 percent share in the 2009 sample. Success rates remained substantially higher among non-Hispanic whites and African Americans, with 79 and 75 percent, respectively, of these new homeowners still owning in 2013. Since the sample size for Hispanics is fairly small, some of the shift could result from larger sampling error for this group. But such a large shift could also be a reflection of how the foreclosure crisis played out, as states that are home to a relatively high share of Hispanics like Florida, Arizona, and Nevada experienced particularly elevated foreclosure rates.

Across income bands, households earning an average of less than \$70,000 per year saw their success rates in sustaining homeownership fall 6-7 percentage points in the 2013 sample, while rates rose or stayed even for higher-income households. Overall, only 61 percent of those who bought a home after 1999 and had average household incomes of less than \$40,000 over the period were still owners in 2013, compared to 70 percent of those with average incomes between \$40,000 and \$69,999, 84 percent of those averaging \$70,000 to \$109,999, and 91 percent of those averaging \$110,000 or more.

Changes in Wealth Associated with Tenure Paths

The median household who owned their home at the end of each sample period, that is, 2009 and 2013, had experienced substantial gains in wealth since 1999 (Tables 4A and 4B). This group includes those who owned during the entire period (with a median wealth gain of \$91,900), those who transitioned from renting into owning (with a median wealth gain of \$85,400), and those who had a spell of renting between periods of owning (with a median wealth gain of \$39,300). Meanwhile, the median wealth of those who began as owners but ended up as renters was substantially lower in 2013 (\$10,000) than in 1999 (\$57,500). Lastly, the median wealth of those who rented throughout the period remained roughly stable at less than \$2,000, while those who started as renters and then had failed rent-to-own transitions (and thus ended as renters) had only very slight decreases in median net wealth, from \$3,100 to \$1,600—very close to the median net wealth of those who rented for the entire period (\$1,500). Overall, the results are very comparable to the findings for the 2009 sample.

Timing of Home Purchase and Changes in Wealth

Our original analysis confirmed the findings of an earlier study by Haurin, Hendershott, and Wachter that wealth increases markedly in the first year of observed homeownership. This continues to hold true in the 1999-2013 update.² The original and updated results are available in Tables 5A and 5B. The increase in median wealth for homeowners first observed owning in 2011 is especially large, particularly in contrast to the more modest gains in 2009 and 2013. While beyond the scope of this analysis, it is possible that this large increase in the median wealth of recent buyers in 2011 reflects a short-term jump in the use of larger downpayments and gifted money that was necessary for those wanting to take advantage of drops in home prices and purchase a home during a period when credit remained tight.

Regression Analysis

We re-ran our original four regression models on the 1999-2013 period to compare with the 1999-2009 results, with both cases now in 2013 dollars. Overall, we found consistent results when calculating marginal effects at the median wealth point (\$65,200 for the models ending in 2013 and \$71,700 for those ending in 2009). The statistical significance remained the same on all variables, and our pseudo-R2 increased slightly compared to the 1999-2009 runs. As a result, we highlight here only the main variables of interest—those related to the number of years of homeownership.

Not unexpectedly, with four more years of data in which home prices were declining for much of the period, there was a decline in the magnitude of the positive effect of being a homeowner on end-year wealth, with estimates around 30 percent lower in our updated 1999-2013 models than in our original 1999-2009 models. Likewise, the positive effect on end-year wealth of the number of years of ownership was smaller, likely due to the drop in home values that happened from 2009 to 2013. But each extra year of homeownership still provides an important boost to wealth—between \$6,600-7,700 at the median, according to our models—

² Donald R. Haurin, Patric H. Hendershott, and Susan M. Wachter, "Borrowing Constraints and the Tenure Choice of Young Households," NBER Working Paper 5630 (Cambridge, Mass.: National Bureau of Economic Research, 1996).

and a household who owned their home for the entirety of our updated study period is estimated to have an additional \$100,000 in wealth relative to a renter household.

Also consistent with the original analysis, our updated models again find that African American households experience smaller returns on homeownership: each additional year of homeownership benefits wealth, but the end result is around \$2,000-\$2,600 less than for a comparable white homeowner. For other racial groups, the interaction effects from years of ownership were not statistically significant. Across income quartiles, our updated models again find those in the bottom two quartiles had modestly larger increases in wealth from each year of ownership than the comparison household in the third quartile (though the difference was only statistically significant for the bottom quartile), while those in the top quartile had lower returns. However, the magnitude of both of these effects decreased from 2009 to 2013, indicating that price trends on low- and high-value homes may have converged somewhat over this period.

Conclusions

Expanding our analysis to 2013 allowed us to capture the effects of the housing downturn and foreclosure crisis on household wealth to a much fuller extent than in our original 1999-2009 analysis. Our major conclusion, however, remains the same: Even after the precipitous decline in home prices and the wave of foreclosures that began in 2007, homeownership continues to be associated with significant gains in household wealth at the median for families of all races/ethnicities and income levels. Households who are able to sustain homeownership over prolonged periods stand to gain much. Meanwhile, renters experienced little wealth accumulation over this period. And though homeownership is certainly not without risk, the typical renter household who transitioned into and then exited homeownership by 2013 was no worse off financially than the typical household who remained a renter over the whole period.

However, our updated findings also continue to underscore that for homeowners, maintaining homeownership is crucial to maintaining gains in household wealth. The most substantial losses in wealth were among those who owned their homes in 1999 but were no longer owners by 2013, with the median wealth among this group declining by \$47,000. These

losses are in addition to the costs of impaired future credit or the physical and emotional costs of losing one's home, both of which are beyond the scope of what this study can measure.

Given that for minorities and low-income households homeownership is often the primary avenue to wealth accumulation, the continued positive effect of homeownership on wealth accumulation is particularly important, even when that effect may be more muted than for white households. And though minorities and low-income households experienced lower success rates than white and higher-income households in the transition from renting to owning, more than 60 percent of minority and low-income households who became owners after 1999 were able to sustain ownership through 2013 during the most tumultuous housing market since the Great Depression.

Table 1a: PSID Sample Characteristics, 1999-2009 Sample

Unweighted

Race/Ethnicity

	Freq.	Percent
White	2,366	57.1
African-American	1,343	32.4
Asian	61	1.5
Other	55	1.3
Hispanic	296	7.1
Missing	22	0.5
Total	4,143	100.0

Age in 1999

	Freq.	Percent
Under 25	416	10.0
25-34	1,143	27.6
35-44	1,470	35.5
45-54	1,114	26.9
Total	4,143	100.0

Average Income 1999-2009 (2013 Dollars)

	Freq.	Percent
Less than \$40,000	976	23.6
\$40,000-69,999	1,034	25.0
\$70,000-109,999	1,064	25.7
\$110,000 and Up	1,069	25.8
Total	4,143	100.0

Education

	Freq.	Percent
Less than High School	743	17.9
High School Graduate	1,254	30.3
Some College	987	23.8
College or More	964	23.3
Missing	195	4.7
Total	4,143	100.0

Region

	Freq.	Percent
NA	2	0.1
Northeast	586	14.1
North Central	1,037	25.0
South	1,702	41.1
West	787	19.0
AK/HI	12	0.3
Non-US	17	0.4
Total	4,143	100.0

Beginning Tenure

	Freq.	Percent
Own	2,295	55.4
Rent	1,848	44.6
Total	4,143	100.0

Weighted

Race/Ethnicity

	Freq.	Percent
White	62,918	73.5
African-American	11,676	13.6
Asian	1,673	2.0
Other	1,235	1.4
Hispanic	7,706	9.0
Missing	426	0.5
Total	85,633	100.0

Age in 1999

	Freq.	Percent
Under 25	6,966	8.13
25-34	23,652	27.6
35-44	27,993	32.7
45-54	27,022	31.6
Total	85,633	100.0

Average Income 1999-2009 (2013 Dollars)

	Freq.	Percent
Less than \$40,000	16,581	19.4
\$40,000-69,999	20,927	24.4
\$70,000-109,999	22,757	26.6
\$110,000 and Up	25,368	29.6
Total	85,633	100.0

Education

	Freq.	Percent
Less than High School	12,754	14.9
High School Graduate	23,338	27.3
Some College	21,018	24.5
College or More	25,086	29.3
Missing	3,437	4.0
Total	85,633	100.0

Region

	Freq.	Percent
NA	18	0.0
Northeast	15,703	18.3
North Central	22,883	26.7
South	26,345	30.8
West	19,957	23.3
AK/HI	237	0.3
Non-US	489	0.6
Total	85,633	100.0

Beginning Tenure

	Freq.	Percent
Own	49,454	57.8
Rent	36,179	42.3
Total	85,633	100.0

Notes:

Characteristics are as of 1999 with the exception of race/ethnicity and income.

Race/ethnicity is based on 2009 survey response to take advantage of higher response rate for this survey question.

Whites and African-Americans are non-Hispanic. Hispanics may be of any race.

Rent includes those reported to pay no cash rent or who are not otherwise identified as owning their homes.

Source: JCHS calculations based on 1999-2009 PSID.

Table 1b: PSID Sample Characteristics, 1999-2013 Sample

Unweighted

Race/Ethnicity

	Freq.	Percent
White	2,048	56.7
African-American	1,194	33.1
Asian	45	1.3
Other	46	1.3
Hispanic	258	7.1
Missing	22	0.6
Total	3,613	100.0

Age in 1999

	Freq.	Percent
Under 25	357	9.9
25-34	991	27.4
35-44	1,266	35.0
45-54	999	27.7
Total	3,613	100.0

Average Income 1999-2013 (2013 Dollars)

	Freq.	Percent
Less than \$40,000	866	24.0
\$40,000-69,999	871	24.1
\$70,000-109,999	944	26.1
\$110,000 and Up	932	25.8
Total	3,613	100.0

Education

	Freq.	Percent
Less than High School	654	18.1
High School Graduate	1,083	30.0
Some College	850	23.5
College or More	859	23.8
Missing	167	4.6
Total	3,613	100.0

Region

	Freq.	Percent
NA	1	0.0
Northeast	497	13.8
North Central	911	25.2
South	1,482	41.0
West	700	19.4
AK/HI	9	0.3
Non-US	13	0.4
Total	3,613	100.0

Beginning Tenure

	Freq.	Percent
Own	2,019	55.9
Rent	1,594	44.1
Total	3,613	100.0

Weighted

Race/Ethnicity

	Freq.	Percent
White	55,353	73.8
African-American	10,311	13.8
Asian	1,137	1.5
Other	1,065	1.4
Hispanic	6,667	8.9
Missing	454	0.6
Total	74,987	100.0

Age in 1999

	Freq.	Percent
Under 25	6,014	8.0
25-34	20,158	26.9
35-44	24,342	32.5
45-54	24,473	32.6
Total	74,987	100.0

Average Income 1999-2013 (2013 Dollars)

	Freq.	Percent
Less than \$40,000	14,406	19.2
\$40,000-69,999	17,578	23.4
\$70,000-109,999	20,600	27.5
\$110,000 and Up	22,403	29.9
Total	74,987	100.0

Education

	Freq.	Percent
Less than High School	11,265	15.0
High School Graduate	20,062	26.8
Some College	18,342	24.5
College or More	22,354	29.8
Missing	2,963	4.0
Total	74,987	100.0

Region

	Freq.	Percent
NA	5	0.0
Northeast	13,610	18.2
North Central	20,201	26.9
South	22,896	30.5
West	17,708	23.6
AK/HI	182	0.2
Non-US	384	0.5
Total	74,987	100.0

Beginning Tenure

	Freq.	Percent
Own	43,745	58.3
Rent	31,242	41.7
Total	74,987	100.0

Notes:

Characteristics are as of 1999 with the exception of race/ethnicity and income.

Race/ethnicity is based on 2013 survey response to take advantage of higher response rate for this survey question.

Whites and African-Americans are non-Hispanic. Hispanics may be of any race.

Rent includes those reported to pay no cash rent or who are not otherwise identified as owning their homes.

Source: JCHS calculations based on 1999-2013 PSID.

Table 2a: PSID Sample Net Wealth by Demographic Characteristics, 1999-2009 Sample

2013 Dollars

	Median Net Wealth			Mean Net Wealth		
	1999	2009	Median Change	1999	2009	Mean Change
Race/Ethnicity						
White	68,500	149,600	51,900	254,600	591,700	337,100
African-American	7,000	18,000	2,800	49,600	135,600	86,000
Hispanic	15,400	32,000	5,600	67,200	144,800	77,600
Age in 1999						
Under 25	3,900	24,200	10,600	16,900	90,100	73,200
25-34	15,700	62,700	24,200	74,100	311,200	237,000
35-44	56,600	107,500	25,900	214,400	393,600	179,200
45-54	139,100	188,900	51,600	370,200	826,200	456,000
Average Income 1999-2009 (2013 Dollars)						
Less than \$40,000	2,900	3,300	300	26,700	54,800	28,200
\$40,000-69,999	18,700	39,600	11,300	64,500	448,900	384,400
\$70,000-109,999	54,100	128,100	52,500	173,400	285,200	111,900
\$110,000 and Up	196,600	422,400	172,100	478,500	967,300	488,700
Total	44,700	105,300	29,700	208,700	482,700	273,900

Notes:

Median change shown is the median of the change in each household's wealth.

Race/ethnicity is based on 2009 survey response to take advantage of higher response rate for this survey question.

Whites and African-Americans are non-Hispanic. Hispanics may be of any race.

Source: JCHS calculations based on 1999-2009 PSID using sample weights.

Table 2b: PSID Sample Net Wealth by Demographic Characteristics, 1999-2013 Sample

2013 Dollars

	Median Net Wealth			Mean Net Wealth		
	1999	2013	Median Change	1999	2013	Mean Change
Race/Ethnicity						
White	71,000	153,000	56,300	263,600	487,700	224,100
African-American	7,000	14,200	2,500	48,200	67,200	19,000
Hispanic	15,400	32,000	6,500	66,300	124,900	58,600
Age in 1999						
Under 25	4,200	34,000	18,700	17,800	117,000	99,200
25-34	15,400	48,200	23,700	74,100	231,400	157,300
35-44	56,600	94,000	22,200	210,300	373,400	163,100
45-54	142,100	215,500	64,300	380,100	611,100	231,000
Average Income 1999-2013 (2013 Dollars)						
Less than \$40,000	3,200	5,000	100	26,700	29,700	3,000
\$40,000-69,999	18,300	36,000	10,700	74,400	122,800	48,400
\$70,000-109,999	58,900	120,000	45,800	172,300	242,800	70,500
\$110,000 and Up	198,600	465,000	222,000	481,200	974,300	493,100
Total	45,400	103,000	29,900	213,700	392,300	178,600

Notes:

Median change shown is the median of the change in each household's wealth.

Race/ethnicity is based on 2013 survey response to take advantage of higher response rate for this survey question.

Whites and African-Americans are non-Hispanic. Hispanics may be of any race.

Source: JCHS calculations based on 1999-2013 PSID using sample weights.

Table 3a: Distribution of Households by Tenure Change Category, 1999-2009 Sample

Percent

	Total	Race/Ethnicity			Average Income 1999-2009			
		White	African-American	Hispanic	Less than \$40,000	\$40,000-69,999	\$70,000-109,999	\$110,000 and Up
Start as an Owner	58	64	35	48	27	48	64	81
Always Own	49	55	26	40	17	36	55	74
Own with Interruption	4	4	3	5	3	5	4	4
Own to Rent	5	5	6	3	6	7	4	3
Start as a Renter	42	36	65	52	73	52	36	19
Rent to Own Sustained	21	21	19	22	16	24	27	16
Rent to Own Not Sustained	5	4	8	6	7	8	4	2
Always Rent	17	12	38	24	50	20	6	2
Total	100	100	100	100	100	100	100	100
Key Subtotals								
Share with Stable Tenure	65	66	64	64	67	56	61	76
Share Owned at Some Point, but Rent in 2009	10	9	14	9	14	15	8	4
Share of Starting Owners Still Owning	91	92	83	93	76	85	93	97
Share of "Rent to Own" groups that Own in 2009	81	83	70	79	68	76	87	91

Notes:

Categories based on starting and ending tenure. Categories may include multiple transitions. For example, "rent to own sustained" includes households that transitioned into owning more than once over the observation period.

Race/ethnicity is based on 2009 survey response to take advantage of higher response rate for this survey question.

Whites and African-Americans are non-Hispanic. Hispanics may be of any race.

Source: JCHS calculations based on 1999-2009 PSID using sample weights.

Table 3b: Distribution of Households by Tenure Change Category, 1999-2013 Sample

Percent

	Total	Race/Ethnicity			Average Income 1999-2013			
		White	African-American	Hispanic	Less than \$40,000	\$40,000-69,999	\$70,000-109,999	\$110,000 and Up
Start as an Owner	58	65	34	49	28	49	65	80
Always Own	47	53	23	37	17	34	53	70
Own with Interruption	6	6	5	5	4	7	5	6
Own to Rent	6	6	6	6	7	8	6	4
Start as a Renter	42	35	66	51	72	51	35	20
Rent to Own Sustained	21	21	24	16	16	25	26	17
Rent to Own Not Sustained	6	5	8	11	10	10	5	2
Always Rent	14	9	34	24	46	16	5	1
Total	100	100	100	100	100	100	100	100
Key Subtotals								
Share with Stable Tenure	61	62	57	61	63	50	58	71
Share Owned at Some Point, but Rent in 2013	12	11	14	18	17	18	11	6
Share of Starting Owners Still Owning	90	91	82	87	76	85	90	95
Share of "Rent to Own" groups that Own in 2013	77	79	75	60	61	70	84	91

Notes:

Categories based on starting and ending tenure. Categories may include multiple transitions. For example, "rent to own sustained" includes households that transitioned into owning more than once over the observation period.

Race/ethnicity is based on 2013 survey response to take advantage of higher response rate for this survey question.

Whites and African-Americans are non-Hispanic. Hispanics may be of any race.

Source: JCHS calculations based on 1999-2013 PSID using sample weights.

Table 4a: Net Wealth by Tenure Change Category, 1999-2009 Sample

2013 Dollars

	Median Net Wealth			Mean Net Wealth		
	1999	2009	Median Change	1999	2009	Mean Change
Start as an Owner						
Always Own	144,700	246,500	77,400	365,600	782,600	417,000
Own with Interruption	83,900	151,200	43,100	196,800	484,800	288,000
Owner to Rent	54,500	9,600	-29,500	165,500	147,100	-18,400
Start as a Renter						
Rent to Own Sustained	8,400	97,700	75,900	39,500	308,700	269,200
Rent to Own Not Sustained	3,900	4,300	-1,800	19,000	52,600	33,600
Always Rent	1,600	1,200	0	33,700	52,300	18,600
Total	44,700	105,300	29,700	208,700	482,700	273,900
	Median Housing Equity			Mean Housing Equity		
	1999	2009	Median Change	1999	2009	Mean Change
Start as an Owner						
Always Own	67,100	111,800	42,900	101,200	176,300	75,000
Own with Interruption	39,200	65,200	16,000	61,400	110,000	48,600
Owner to Rent	35,000	0	-35,000	74,400	0	-74,400
Start as a Renter						
Rent to Own Sustained	0	52,100	51,000	1,200	92,700	91,500
Rent to Own Not Sustained	0	0	0	200	0	-200
Always Rent	0	0	0	200	0	-200
Total	11,200	48,900	12,800	55,700	109,300	53,600
	Median Non-Housing Equity			Mean Non-Housing Equity		
	1999	2009	Median Change	1999	2009	Mean Change
Start as an Owner						
Always Own	57,300	101,000	20,400	264,400	606,300	341,900
Own with Interruption	27,300	47,200	13,100	135,400	374,800	239,400
Owner to Rent	16,800	9,600	500	91,100	147,100	56,000
Start as a Renter						
Rent to Own Sustained	8,400	27,600	14,100	38,300	216,000	177,700
Rent to Own Not Sustained	3,900	4,300	-1,800	18,800	52,600	33,800
Always Rent	1,600	1,200	0	33,500	52,300	18,800
Total	19,600	32,600	7,300	153,000	373,300	220,300

Note: Median change shown is the median of the change in each household's wealth.

Source: JCHS calculations based on 1999-2009 PSID using sample weights.

Table 4b: Net Wealth by Tenure Change Category, 1999-2013 Sample

2013 Dollars

	Median Net Wealth			Mean Net Wealth		
	1999	2013	Median Change	1999	2013	Mean Change
Start as an Owner						
Always Own	153,100	269,000	91,900	376,900	657,100	280,200
Own with Interruption	87,700	130,000	39,300	216,100	388,600	172,500
Owner to Rent	57,500	10,000	-32,800	180,200	162,900	-17,300
Start as a Renter						
Rent to Own Sustained	7,300	99,000	85,400	37,600	224,200	186,600
Rent to Own Not Sustained	3,100	1,600	-2,800	24,500	24,600	100
Always Rent	1,700	1,500	0	35,300	33,400	-2,000
Total	45,400	103,000	29,900	213,700	392,300	178,600
	Median Housing Equity			Mean Housing Equity		
	1999	2013	Median Change	1999	2013	Mean Change
Start as an Owner						
Always Own	69,900	108,000	37,100	103,300	173,000	69,600
Own with Interruption	40,600	60,000	17,200	65,500	116,500	51,000
Owner to Rent	35,000	0	-35,000	70,700	0	-70,700
Start as a Renter						
Rent to Own Sustained	0	47,000	46,000	600	79,200	78,600
Rent to Own Not Sustained	0	0	0	2,000	0	-2,000
Always Rent	0	0	0	300	0	-300
Total	12,600	45,000	10,000	56,500	104,100	47,500
	Median Non-Housing Equity			Mean Non-Housing Equity		
	1999	2013	Median Change	1999	2013	Mean Change
Start as an Owner						
Always Own	62,900	121,000	33,500	273,600	484,100	210,500
Own with Interruption	30,800	53,000	13,200	150,600	272,200	121,500
Owner to Rent	17,900	10,000	0	109,500	162,900	53,400
Start as a Renter						
Rent to Own Sustained	7,300	26,700	16,000	37,000	145,000	108,000
Rent to Own Not Sustained	3,100	1,600	-2,800	22,600	24,600	2,100
Always Rent	1,700	1,500	0	35,100	33,400	-1,700
Total	20,300	32,000	9,500	157,100	288,200	131,100

Note: Median change shown is the median of the change in each household's wealth.

Source: JCHS calculations based on 1999-2013 PSID using sample weights.

Table 5a: Trends in Median Wealth Among Renters Transitioning to Owning, 1999-2009 Sample

2013 Dollars

All Households Transitioning from Rent to Own

First Year Reporting Owning a Home	1999	2001	2003	2005	2007	2009
2001	11,200	46,000	55,700	86,500	96,600	76,000
2003	9,800	9,900	69,600	91,800	112,500	84,700
2005	3,900	7,400	17,700	88,300	117,400	85,300
2007	4,200	4,200	3,800	6,800	46,100	31,500
2009	2,900	5,300	3,000	4,500	9,000	27,300
<i>Total</i>	<i>7,300</i>	<i>16,400</i>	<i>33,400</i>	<i>64,900</i>	<i>90,700</i>	<i>70,000</i>

Subset 1 - Households Transitioning from Rent to Own that Sustain Owning until 2009

First Year Reporting Owning a Home	1999	2001	2003	2005	2007	2009
2001	14,000	53,900	69,600	111,500	144,900	133,500
2003	9,800	9,900	63,900	101,400	140,400	104,200
2005	5,900	7,400	16,500	96,600	134,800	124,900
2007	5,600	4,600	2,300	7,800	48,500	42,300
2009	2,900	5,300	3,000	4,500	9,000	27,300
<i>Total</i>	<i>8,400</i>	<i>17,100</i>	<i>39,200</i>	<i>72,800</i>	<i>110,100</i>	<i>97,700</i>

Subset 2 - Households Transitioning from Rent to Own that Fail to Sustain Owning until 2009

First Year Reporting Owning a Home	1999	2001	2003	2005	2007	2009
2001	4,800	24,600	15,600	21,100	7,500	4,300
2003	7,700	8,900	69,600	54,900	21,600	8,100
2005	2,100	6,700	19,000	57,300	60,100	1,100
2007	2,200	0	12,700	3,200	22,600	11,900
<i>Total</i>	<i>3,900</i>	<i>11,800</i>	<i>22,400</i>	<i>28,400</i>	<i>20,300</i>	<i>4,300</i>

Source: JCHS calculations based on 1999-2009 PSID using sample weights.

Note: Figures shown in bold represent year of transition into homeownership.

Table 5b: Trends in Median Wealth Among Renters Transitioning to Owning, 1999-2013 Sample

2013 Dollars

All Households Transitioning from Rent to Own

First Year Reporting Owning a Home	1999	2001	2003	2005	2007	2009	2011	2013
2001	9,200	46,900	54,800	82,400	93,400	77,100	51,800	51,100
2003	9,800	9,900	69,600	92,400	112,000	83,600	61,100	92,000
2005	5,900	9,700	19,100	89,500	118,000	85,800	64,600	98,000
2007	4,500	4,600	4,300	6,800	48,500	30,900	15,500	19,200
2009	2,900	5,300	2,200	4,500	9,000	27,100	25,900	16,500
2011	2,100	3,300	2,500	1,800	2,800	1,800	70,400	84,000
2013	1,000	3,500	3,800	6,600	15,800	5,400	12,400	38,000
Total	6,800	12,800	27,900	48,300	78,600	51,000	48,700	55,200

Subset 1 - Households Transitioning from Rent to Own that Sustain Owning until 2013

First Year Reporting Owning a Home	1999	2001	2003	2005	2007	2009	2011	2013
2001	10,500	53,100	64,400	104,400	118,000	105,300	84,900	98,000
2003	9,800	9,900	79,400	90,700	123,600	97,700	74,600	110,000
2005	7,700	11,500	19,100	101,600	138,200	124,900	116,500	149,600
2007	5,900	7,200	6,600	8,000	52,800	52,100	35,600	45,000
2009	3,500	9,200	10,500	9,500	10,600	28,200	39,400	39,000
2011	2,100	5,300	2,500	1,800	3,900	3,500	69,000	97,500
2013	1,000	3,500	3,800	6,600	15,800	5,400	12,400	38,000
Total	7,300	16,400	38,000	59,600	93,400	80,400	73,500	99,000

Subset 2 - Households Transitioning from Rent to Own that Fail to Sustain Owning until 2013

First Year Reporting Owning a Home	1999	2001	2003	2005	2007	2009	2011	2013
2001	4,800	32,200	17,100	24,100	11,200	11,100	6,200	1,500
2003	7,000	6,400	69,600	92,400	21,600	6,500	6,200	6,600
2005	2,100	6,600	19,000	68,600	75,300	3,800	5,500	2,500
2007	1,500	0	0	3,200	28,900	14,100	0	500
2009	2,900	3,900	1,300	1,800	5,600	27,100	2,100	1,000
2011	2,800	0	-900	3,600	0	500	71,300	1,000
Total	3,100	7,200	11,400	21,100	24,500	8,300	5,700	1,600

Source: JCHS calculations based on 1999-2013 PSID using sample weights.

Note: Figures shown in bold represent year of transition into homeownership.

Table 6a : Regression Model Results, 1999-2009 Sample

Marginal Effects of Independent Variables

Variable	Model 1	Model 2	Model 3	Model 4
Constant	96,400 ***	82,700 ***	90,200 ***	88,700 ***
Wealth in 1999	2.4 ***	2.4 ***	2.4 ***	2.6 ***
Income Quartile 1	-46,300 ***	-46,700 ***	-61,600 ***	-63,000 ***
Income Quartile 2	-24,500 ***	-23,400 ***	-40,000 ***	-36,100 ***
Income Quartile 4	39,600 ***	39,700 ***	93,800 ***	80,000 ***
African American	-22,100 ***	-5,100	700	-1,600
Hispanic	-6,100	-1,300	-1,500	4,300
Asian	16,400	77,700	34,900	10,200
Other Race	-27,600	-37,000	-28,400	-27,400
Northeast	15,600	17,400	15,700	13,100
South	11,100	11,400	10,300	11,000
West	18,200 **	18,900 **	19,600 **	18,100 **
Other non-Midwest Region (n/a or US territory)	54,000	62,300 *	43,200	50,300
Less than High School	-31,500 ***	-30,500 ***	-28,800 ***	-23,000 ***
High School Graduate	-24,500 ***	-23,200 ***	-22,000 ***	-19,200 ***
Some College	-21,500 ***	-21,900 ***	-22,000 ***	-19,200 ***
Missing Education	-10,600 *	-10,800 **	-8,400 *	-4,600 **
Age under 25	-11,300	-6,800	-4,700	-9,100
Age 25-34	-7,000 **	-7,000 **	-7,000 **	-5,600 **
Age 35-44	-7,600 **	-7,200 **	-4,500 *	-3,700 ***
Always Married	-6,700	-5,400	-3,400	-6,900
Got Married	15,400 ***	15,500 ***	14,200 ***	3,500
Got Divorced	-29,800 ***	-29,400 ***	-30,300 ***	-12,900 **
Has Children	-11,700 ***	-12,300 ***	-13,100 ***	-11,100 ***
Receive Inheritance or Gift	7,600 ***	5,800 **	6,900 ***	8,400 **
Years Owned	10,000 ***	11,100 ***	10,300 ***	9,600 ***
Years Owned * African American		-2,300 ***	-3,100 ***	-2,900 ***
Years Owned * Hispanic		-200	-600	-1,600
Years Owned * Asian		-5,800	-1,900	-1,700
Years Owned * Other Race		2,300	1,500	800
Years Owned * Income Quartile 1			2,200 *	3,200 ***
Years Owned * Income Quartile 2			1,800	1,600
Years Owned * Income Quartile 4			-5,000 ***	-3,600 **
Years Owned * Own with Interruption				1,500 **
Years Owned * Own to Rent				-14,200 ***
Years Owned * Rent to Own Sustained				3,700 ***
Years Owned * Rent to Own Not Sustained				-10,900 ***
Number of Observations	4,101	4,101	4,101	4,101
Pseudo R2	0.406	0.407	0.409	0.430

Note: Asterisks (***/ ** / *) represent coefficient significance at the (99% / 95% / 90%) level

Source: JCHS calculations based on 1999-2009 PSID.

Table 6b : Regression Model Results, 1999-2013 Sample

Marginal Effects of Independent Variables

Variable	Model 1	Model 2	Model 3	Model 4
Constant	97,000 ***	79,600 ***	85,400 ***	91,100 ***
Wealth in 1999	2.1 ***	2.1 ***	2.1 ***	2.2 ***
Income Quartile 1	-43,800 ***	-47,200 ***	-58,600 ***	-60,600 ***
Income Quartile 2	-24,800 ***	-21,800 ***	-29,200 ***	-31,800 ***
Income Quartile 4	50,800 ***	49,200 ***	101,200 ***	83,700 ***
African American	-16,800 ***	3,900	8,400	6,200
Hispanic	-4,700	5,300	8,400	7,800
Asian	14,900	28,200	22,900	21,800
Other Race	-6,300	-23,200	-17,600	-13,700
Northeast	500	4,900	4,900	1,300
South	-200	1,700	2,400	2,700
West	11,500 **	11,400 **	10,600 **	8,400 **
Other non-Midwest Region (n/a or US territory)	30,100	45,700 *	30,200	35,900
Less than High School	-25,800 ***	-26,100 ***	-26,000 ***	-22,300 ***
High School Graduate	-21,100 ***	-17,900 ***	-18,600 ***	-19,200 ***
Some College	-22,000 ***	-19,900 ***	-19,700 ***	-20,500 ***
Missing Education	-14,900 *	-16,700 **	-15,700 *	-15,600 **
Age under 25	-4,000	-800	800	-2,900
Age 25-34	-10,700 **	-9,700 **	-9,700 **	-9,600 **
Age 35-44	-10,600 **	-9,900 **	-8,200 *	-9,500 ***
Always Married	-4,400	-4,800	-5,200	-2,400
Got Married	15,500 ***	15,000 ***	13,700 ***	5,200
Got Divorced	-29,400 ***	-28,600 ***	-27,900 ***	-9,800 **
Has Children	-11,100 ***	-10,900 ***	-11,600 ***	-9,300 ***
Receive Inheritance or Gift	10,000 ***	9,600 **	9,900 ***	7,800 **
Years Owned	6,600 ***	7,700 ***	7,400 ***	6,800 ***
Years Owned * African American		-2,100 ***	-2,600 ***	-2,500 ***
Years Owned * Hispanic		-400	-1,000	-1,000
Years Owned * Asian		-1,000	-500	-400
Years Owned * Other Race		1,100	1,000	700
Years Owned * Income Quartile 1			1,600 *	2,300 ***
Years Owned * Income Quartile 2			500	700
Years Owned * Income Quartile 4			-3,600 ***	-2,600 **
Years Owned * Own with Interruption				1,000 **
Years Owned * Own to Rent				-9,200 ***
Years Owned * Rent to Own Sustained				2,300 ***
Years Owned * Rent to Own Not Sustained				-8,000 ***
Number of Observations	3,571	3,571	3,571	3,571
Pseudo R2	0.412	0.414	0.416	0.440

Note: Asterisks (***/ ** / *) represent coefficient significance at the (99% / 95% / 90%) level

Source: JCHS calculations based on 1999-2013 PSID.