

State of the Nation's Housing 2015

Chris Herbert

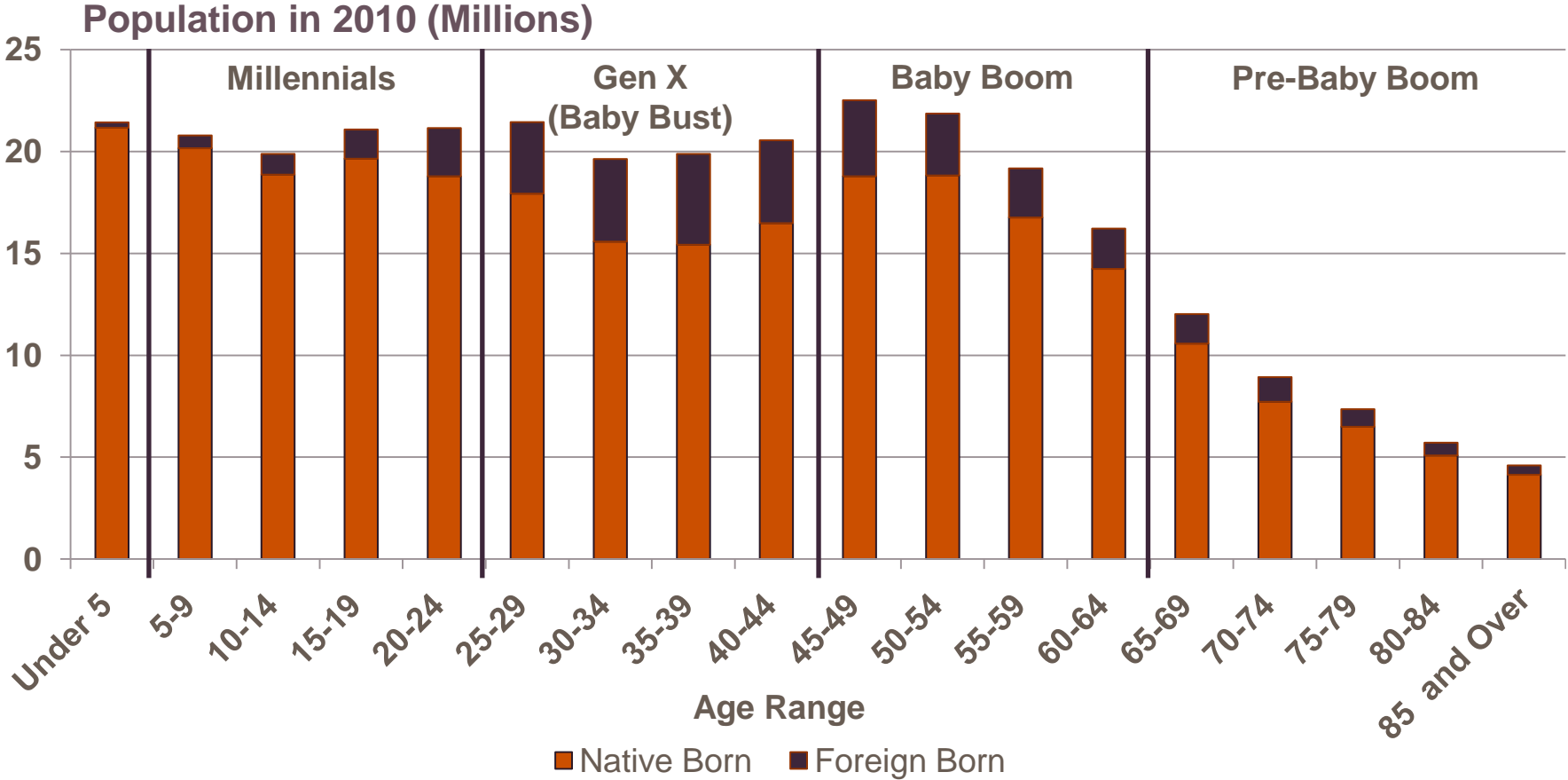
Real Estate Trends in Central Ohio

December 3, 2015



JOINT CENTER FOR HOUSING STUDIES OF HARVARD UNIVERSITY

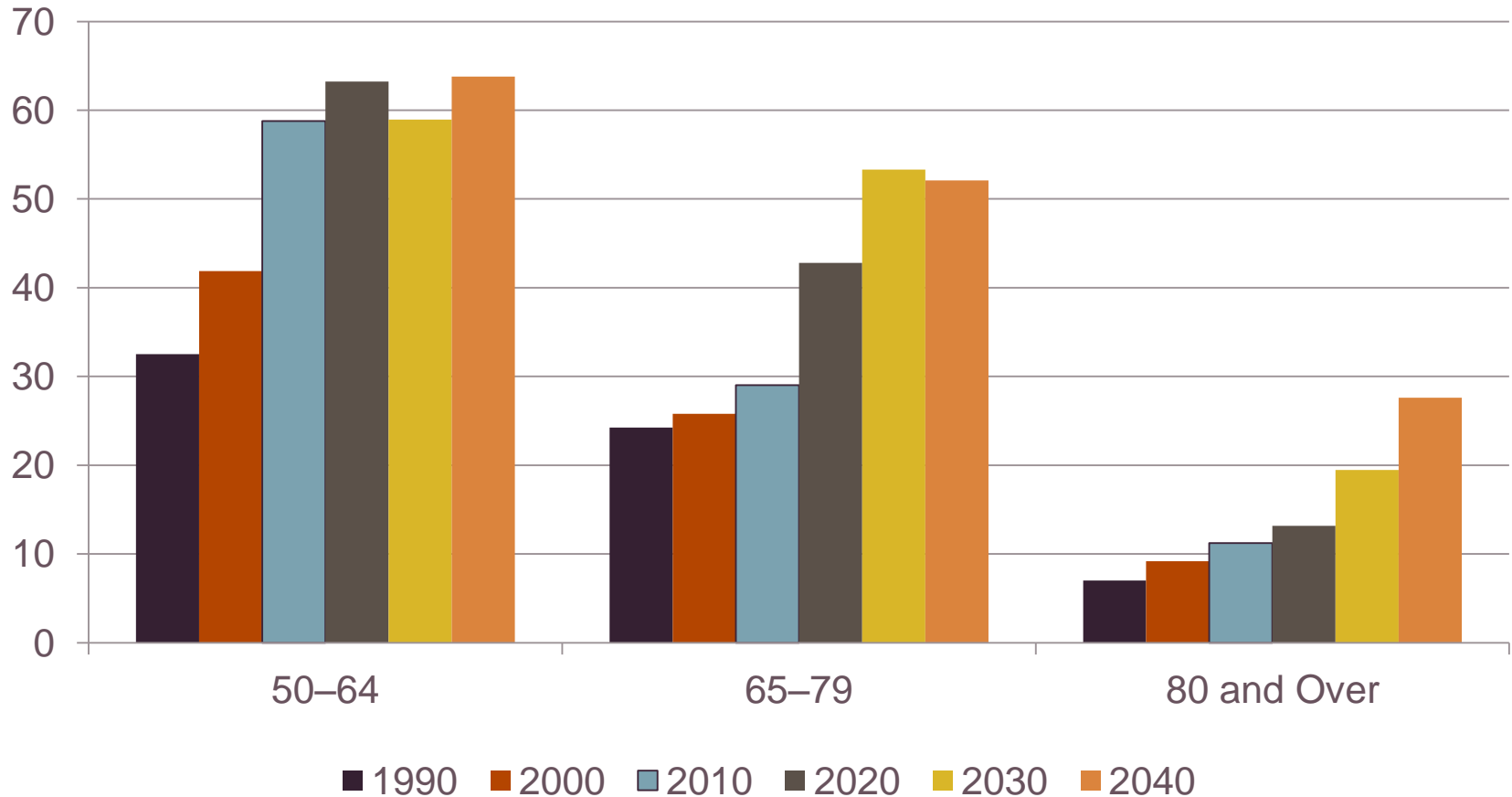
The Millennials and Baby Boom Will Shape Housing Demand Over Next Decade



Source: JCHS tabulations of US Census Bureau, 2010 Current Population Survey.

The Retiree Population is Now Growing Dramatically, With Rapid Gains in Oldest-Old a Decade Away

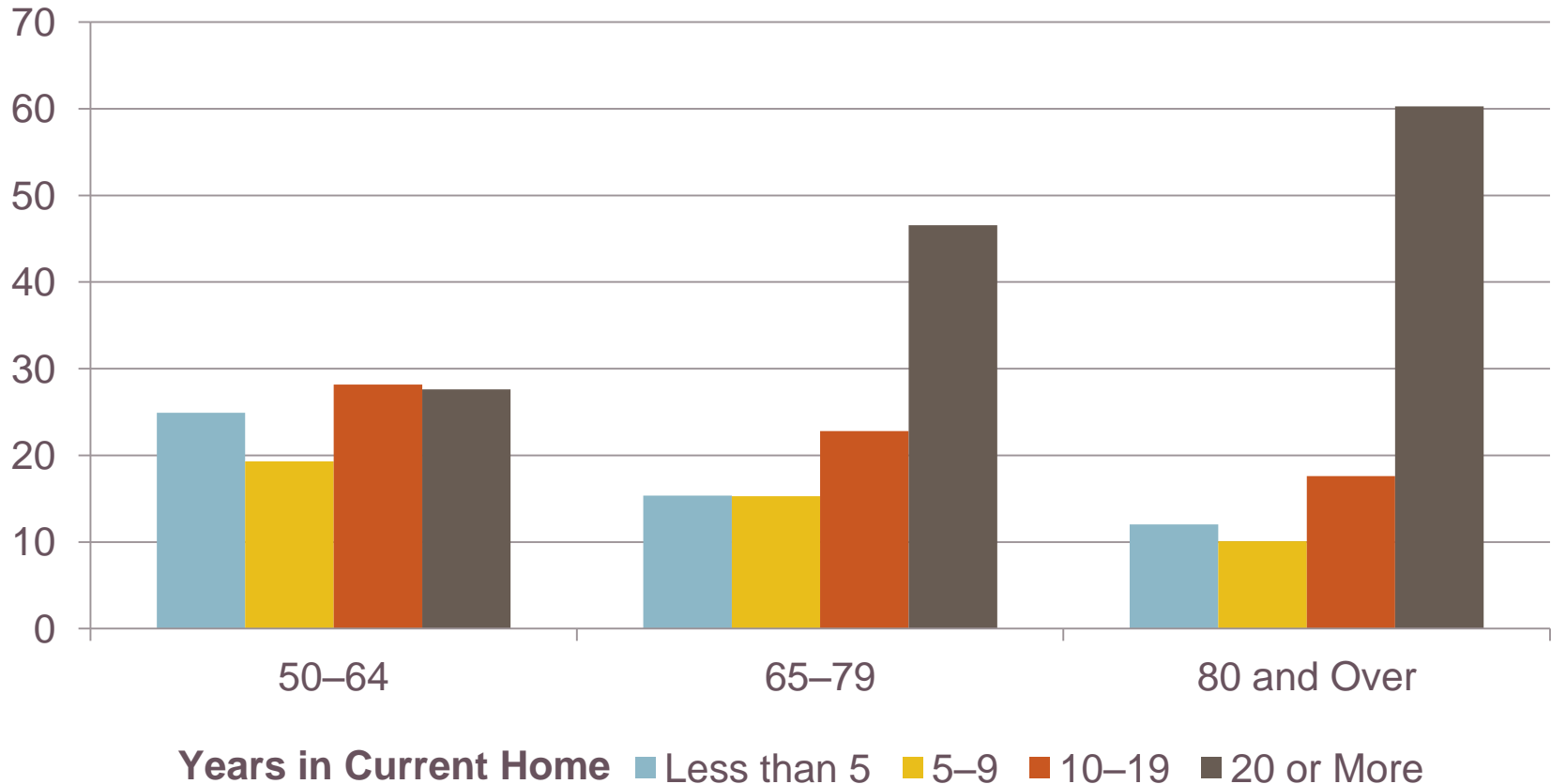
Population by Age Group (Millions)



Source: US Census Bureau, Decennial Censuses and 2012 National Population Projections (middle series).

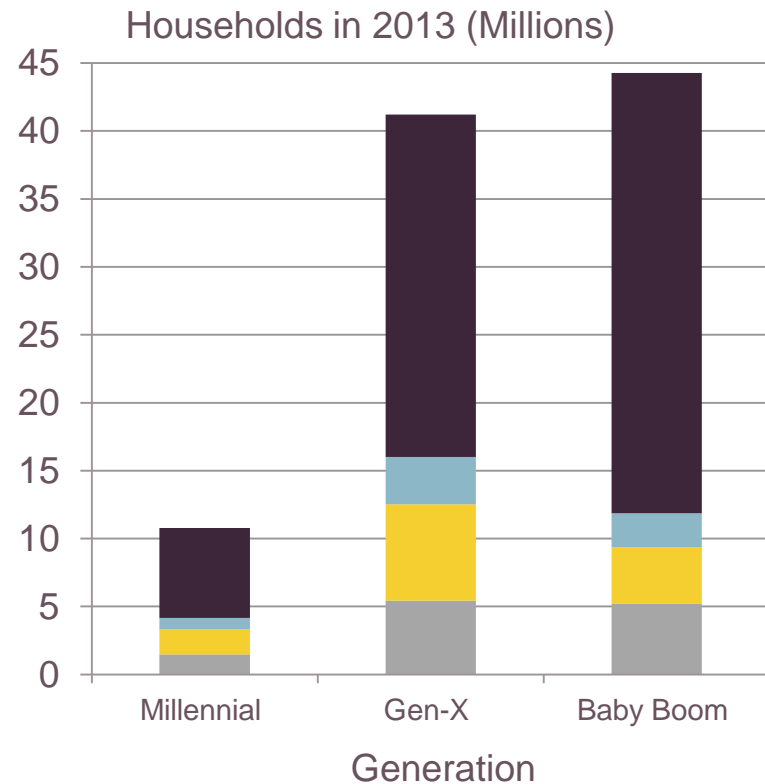
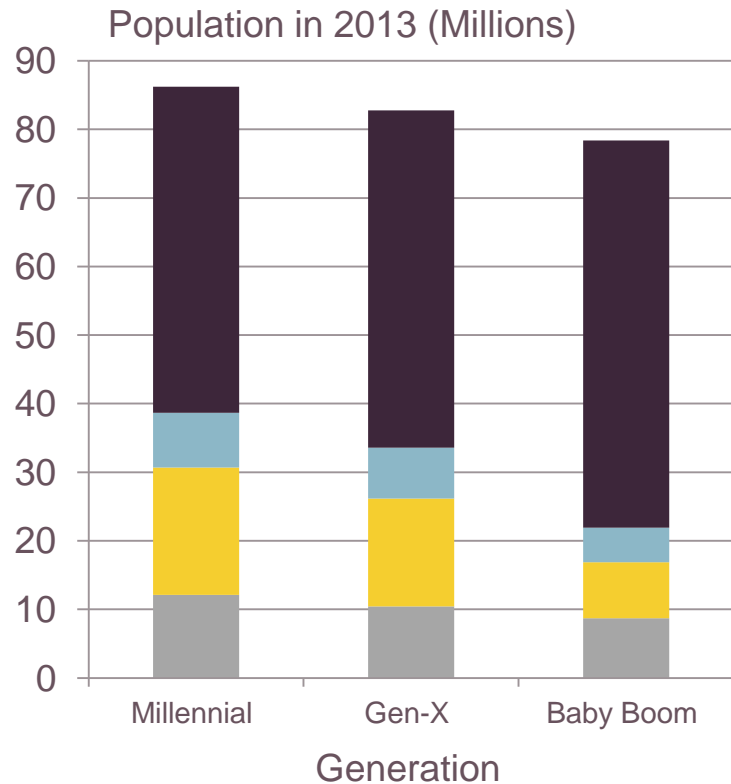
Most Older Households Follow Through on Desire to Age in Place

Share of Households by Age Group (Percent)



Source: JCHS tabulations of US Department of Housing and Urban Development, 2011 American Housing Survey.

The Large, Diverse Millennial Generation Is Only Now Beginning to Form Households



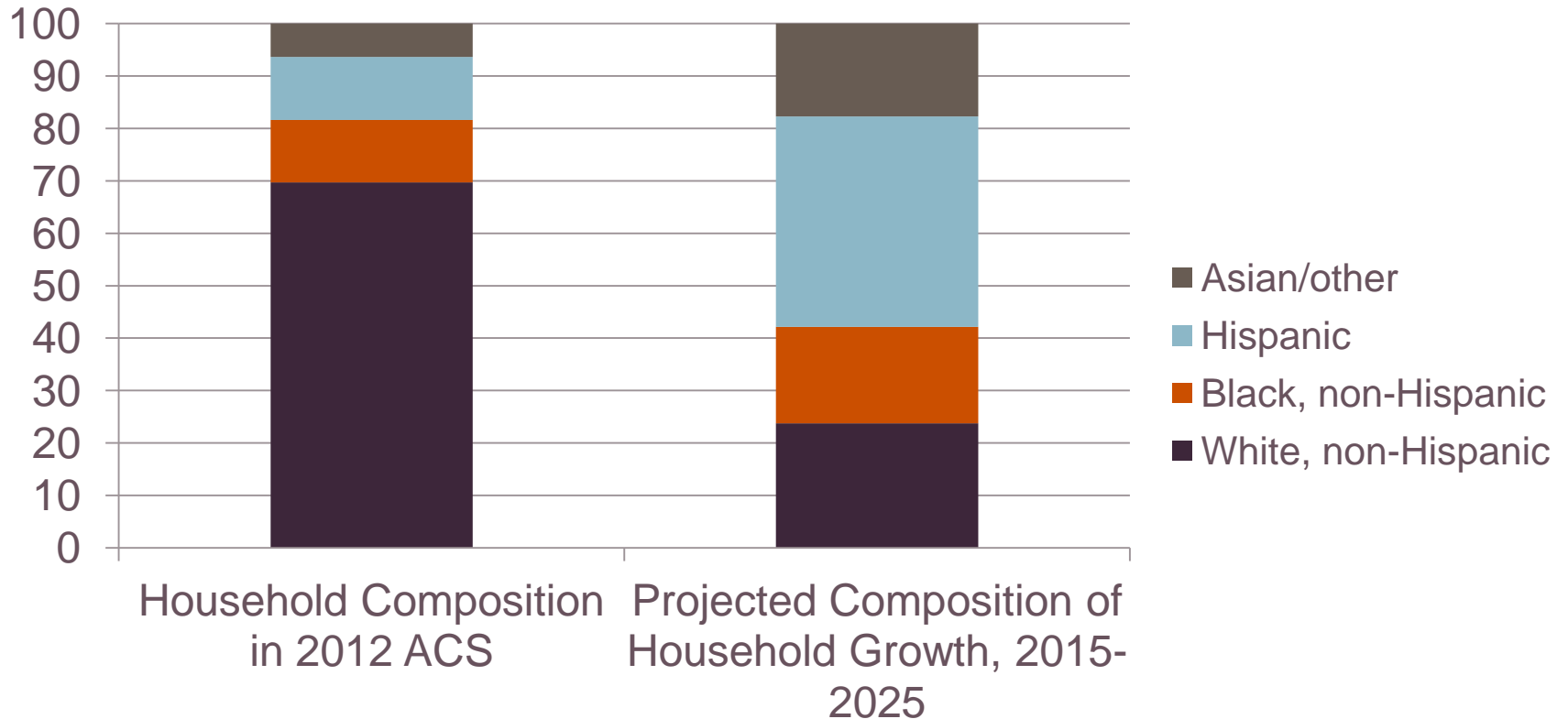
■ Black ■ Hispanic ■ Asian/Other ■ White

Note: White, black, and Asian/other households are non-Hispanic. Hispanic households may be of any race.

Sources: JCHS tabulations of US Census Bureau, 2013 American Community Survey.

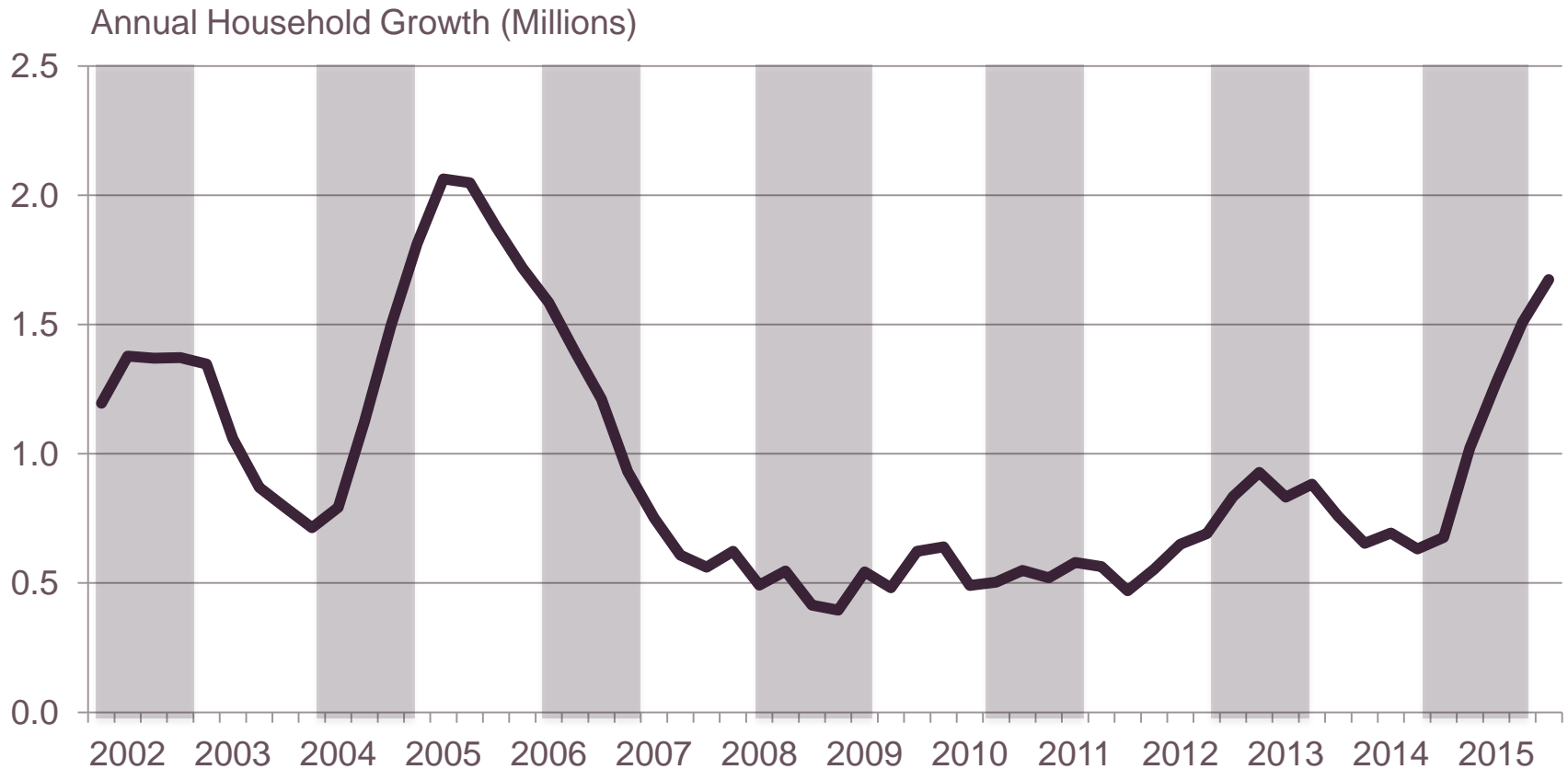
Minority Households Will Account for 76 Percent of Household Growth Over the Next Decade

Share of Gains in Households by Race and Ethnicity



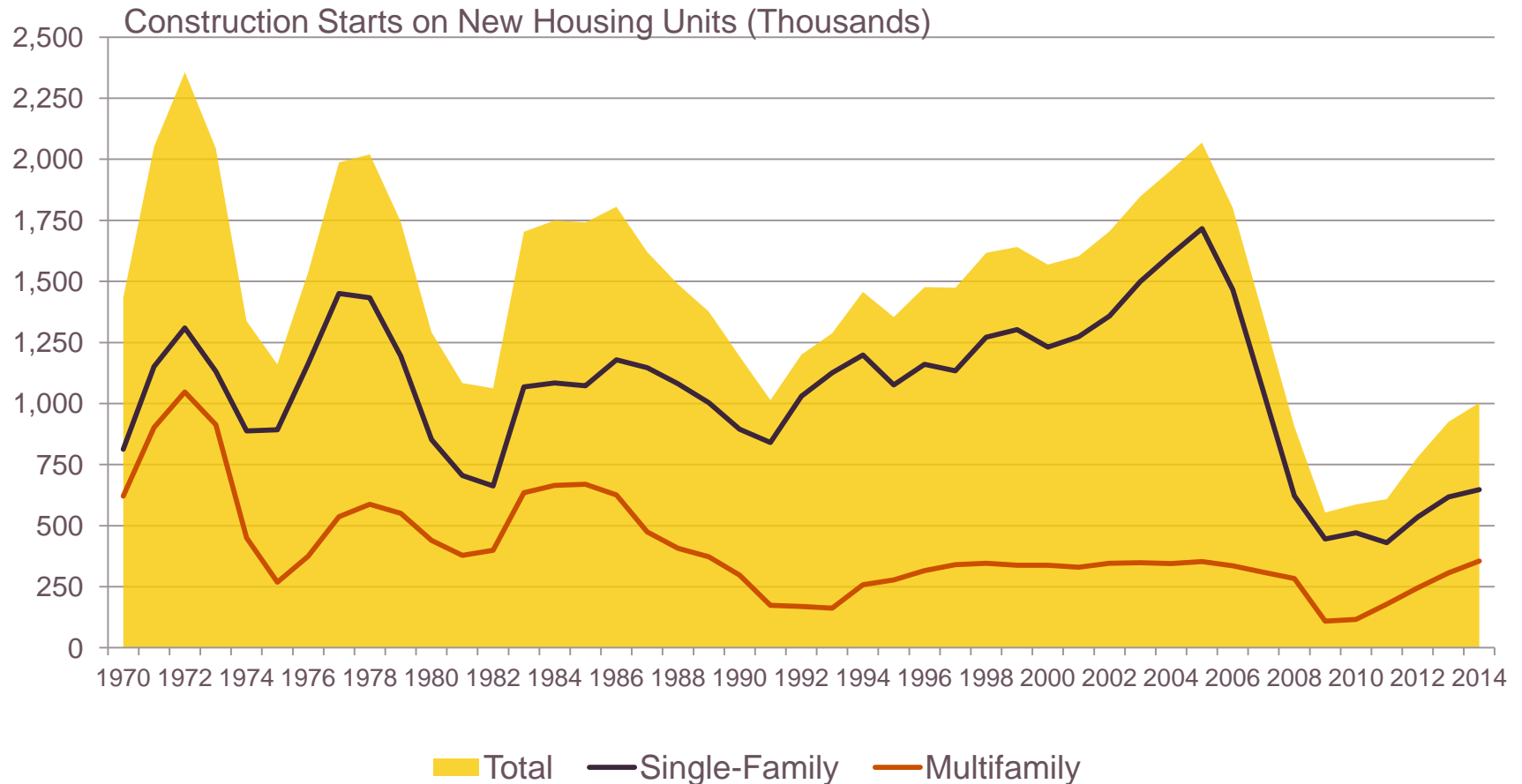
Source: JCHS tabulations of US Census Bureau, 2012 American Community Survey; JCHS Household Projections, Middle Series

Household Growth Has Been Much Weaker Than Population Growth Would Support, But Finally Appears to be Picking Up



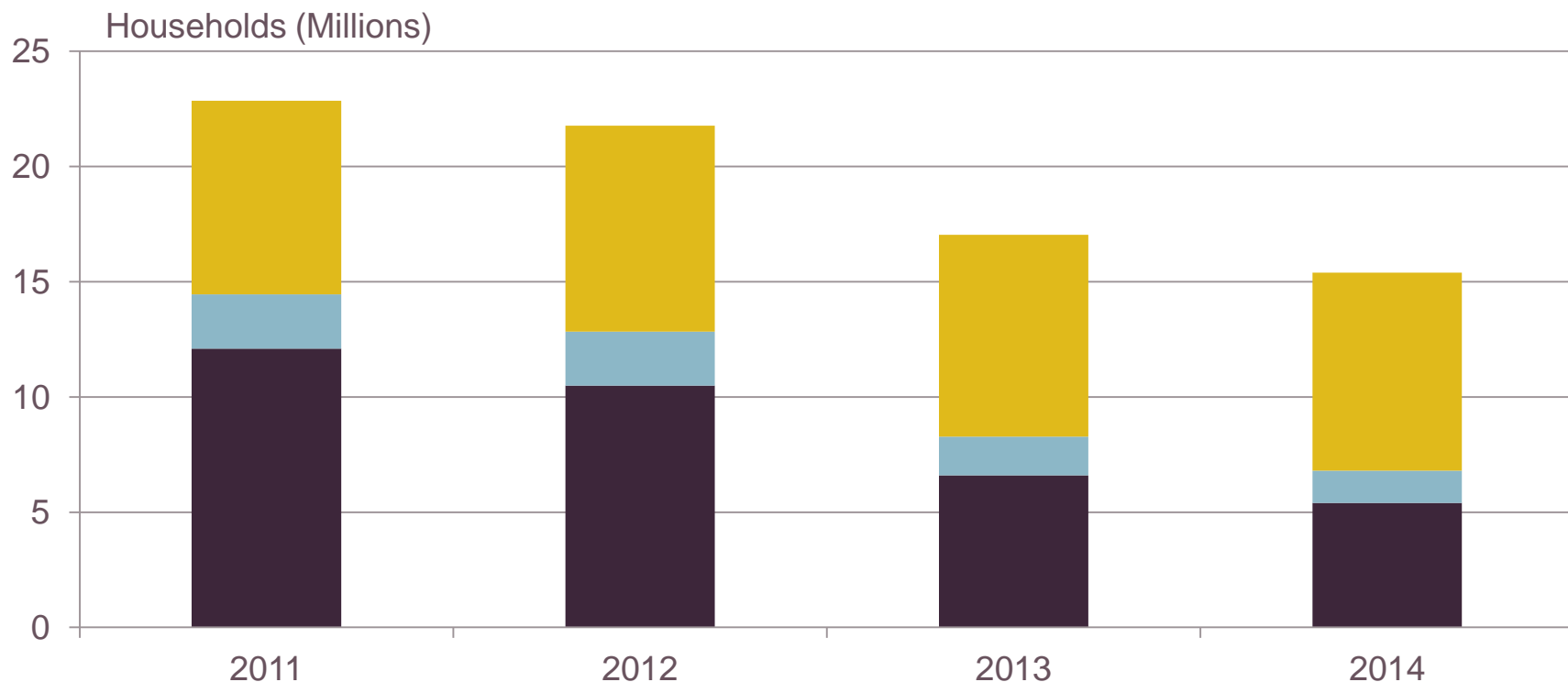
Note: Estimates are four-quarter rolling average year-over-year growth.
Source: JCHS tabulations of US Census Bureau, Housing Vacancy Surveys.

Weak Recovery in Single Family Construction is Keeping Overall Housing Starts Near Historic Lows



Source: US Census Bureau, New Residential Construction data.

Although the Number of Underwater Homeowners is Shrinking, Many Borrowers Still Have Little Equity



Borrowers' Equity Levels:

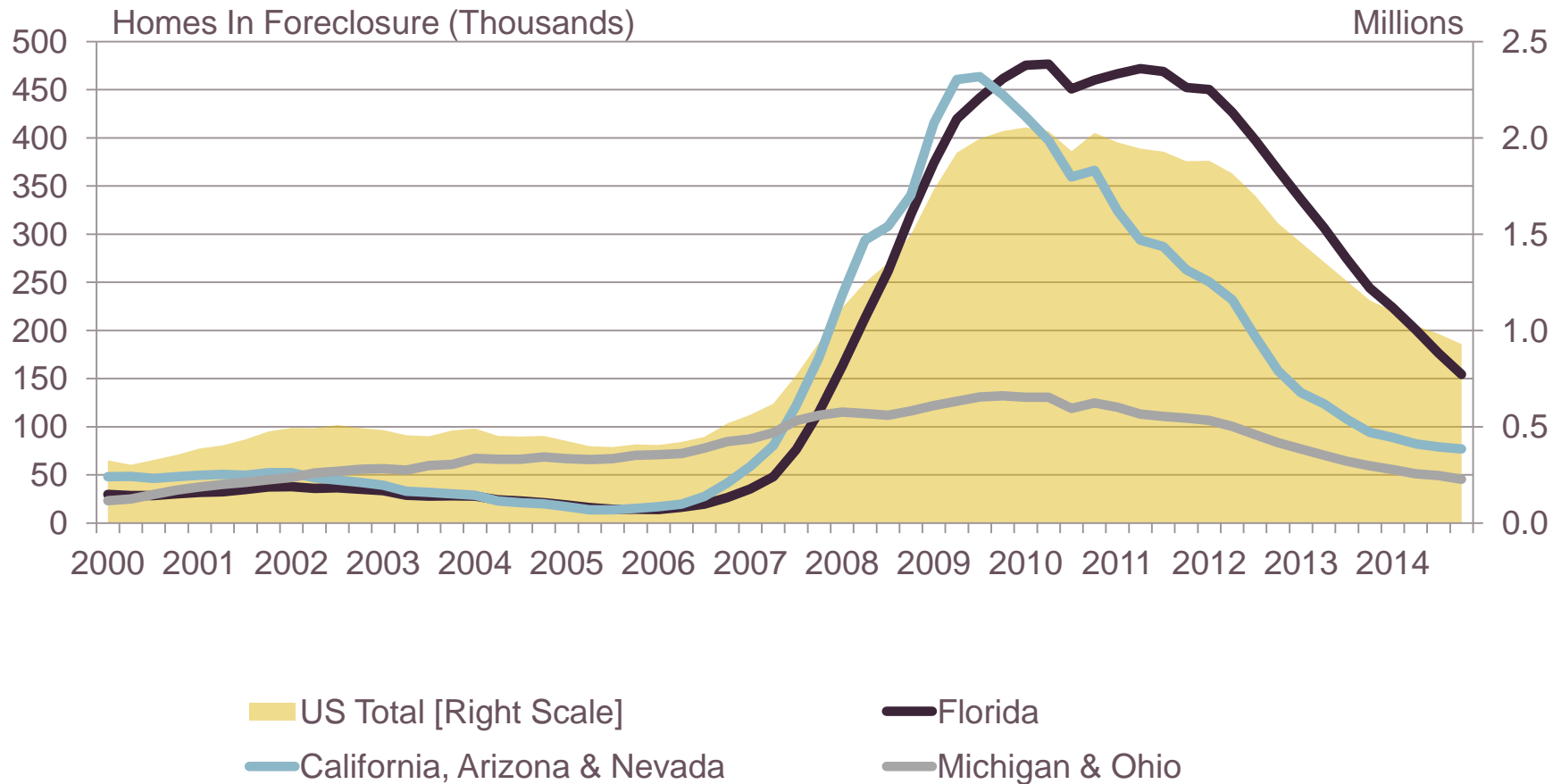
■ Negative

■ Less than 5 Percent

■ 5-20 Percent

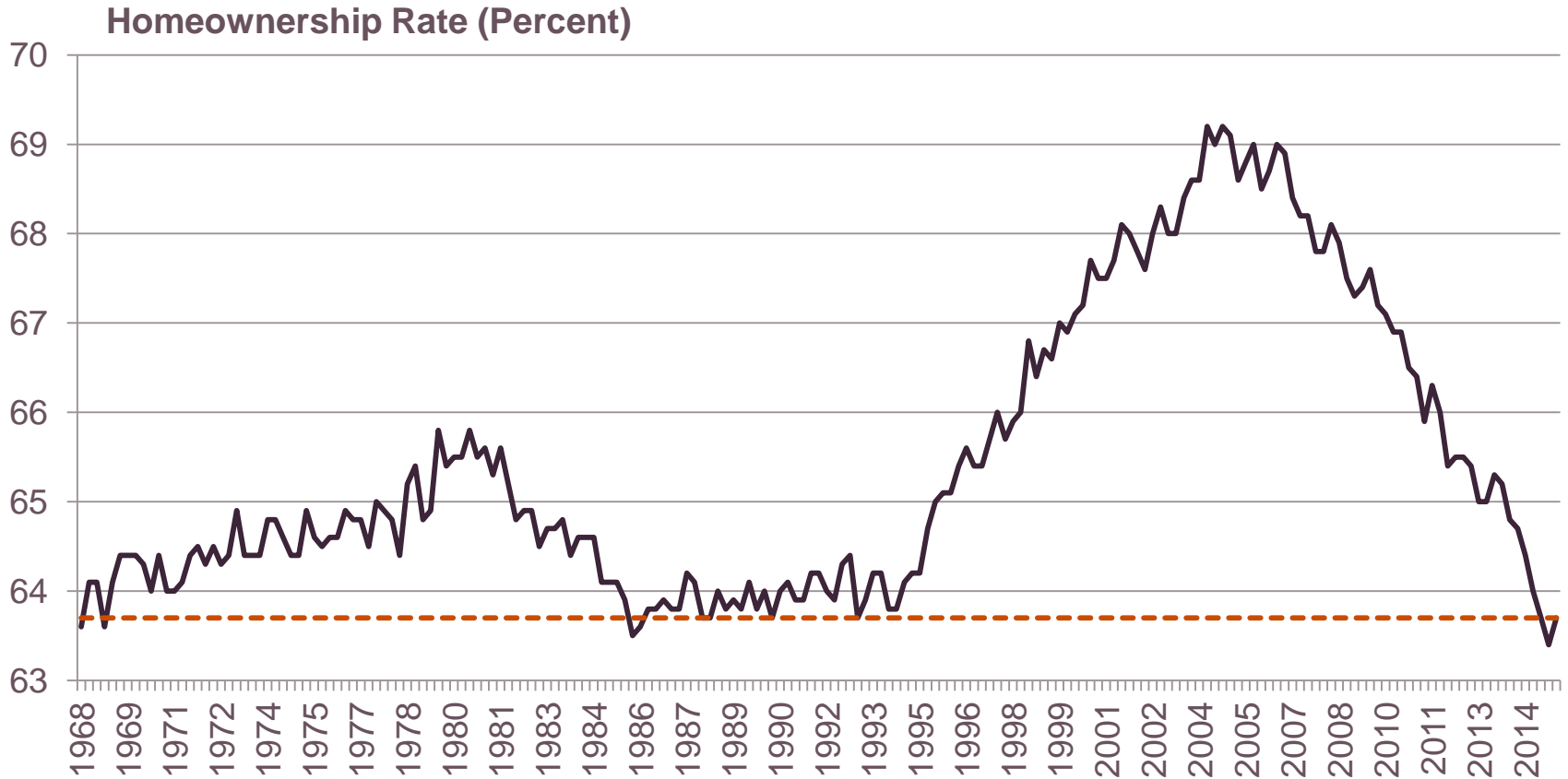
Note: Household counts are as of the fourth quarter of each year.
Source: JCHS tabulations of CoreLogic data.

Foreclosure Inventories Have Dropped Precipitously, But Remain High by Historical Standards



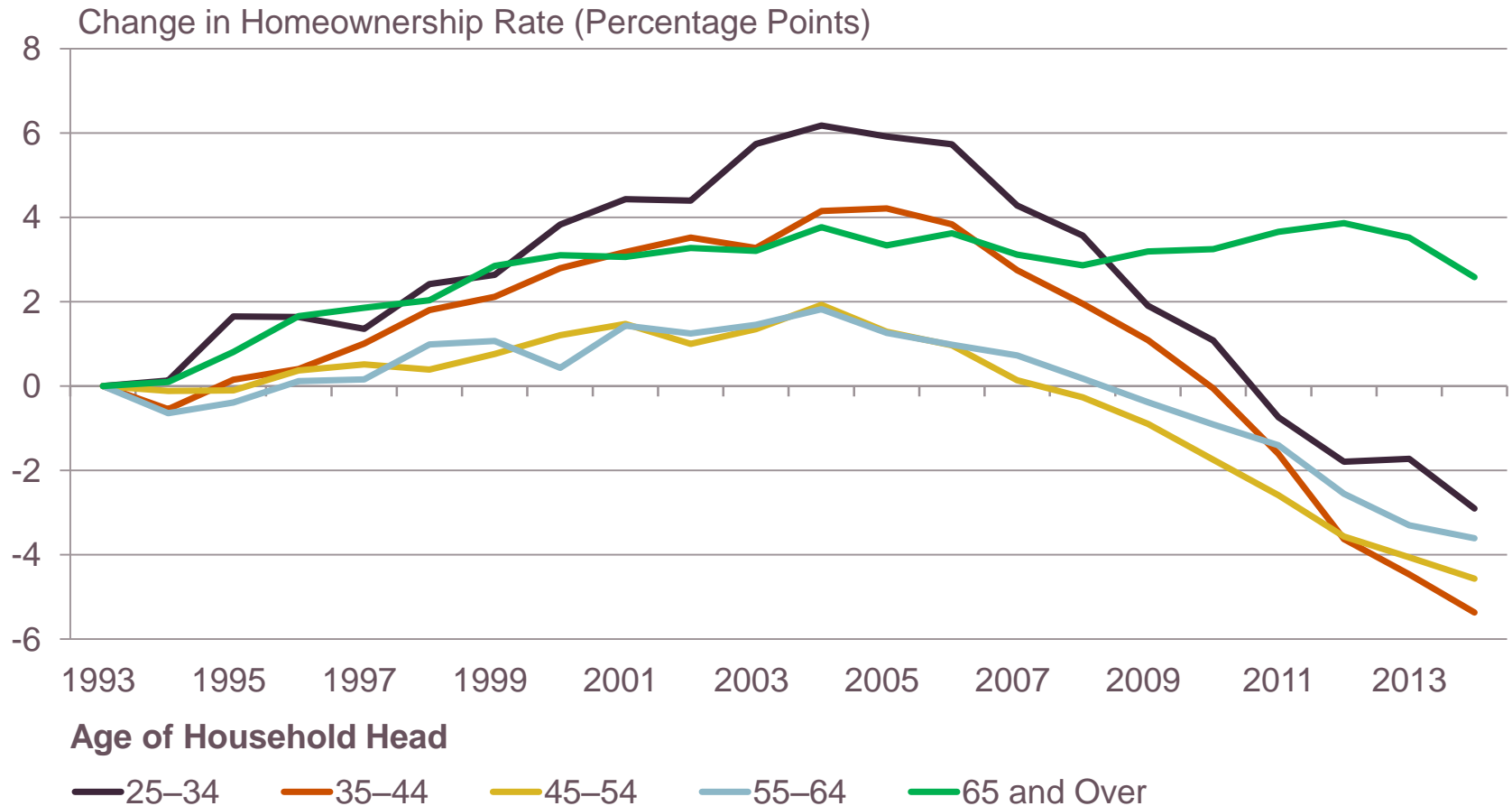
Source: JCHS tabulations of Mortgage Bankers Association, National Delinquency Surveys.

The National Homeownership Rate Has Fallen Back to 1993 Levels...and Beyond



Source: JCHS tabulations of US Census Bureau, Housing Vacancy Surveys.

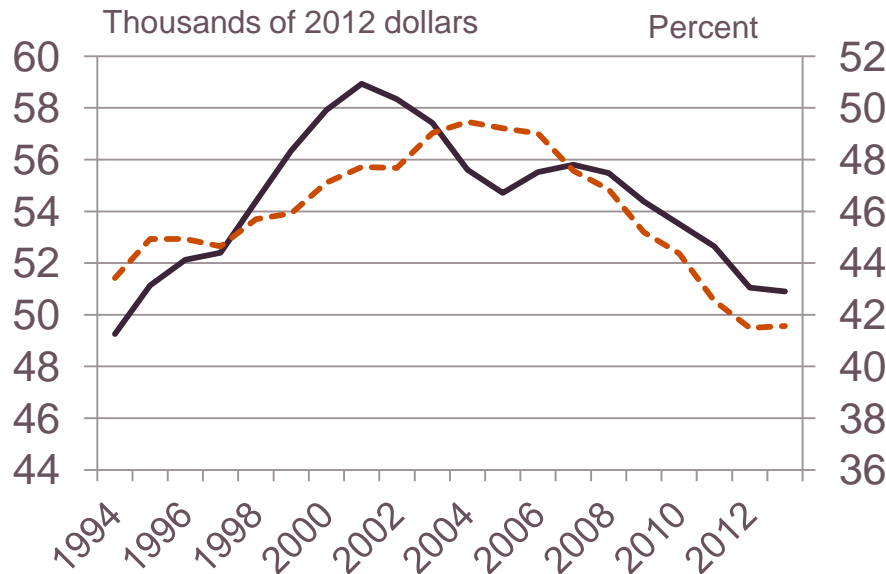
But Rates Are Already Well Below 1993 Levels for Most Age Groups



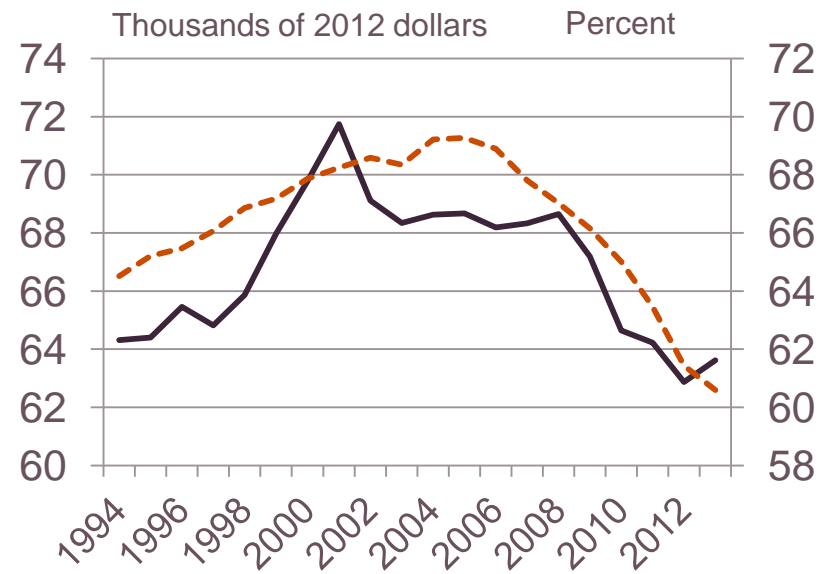
Source: JCHS tabulations of US Census Bureau, Housing Vacancy Surveys.

Declining Incomes Among Younger Households Key Factor in Homeownership Trends

25–34 Year Olds



35–44 Year Olds

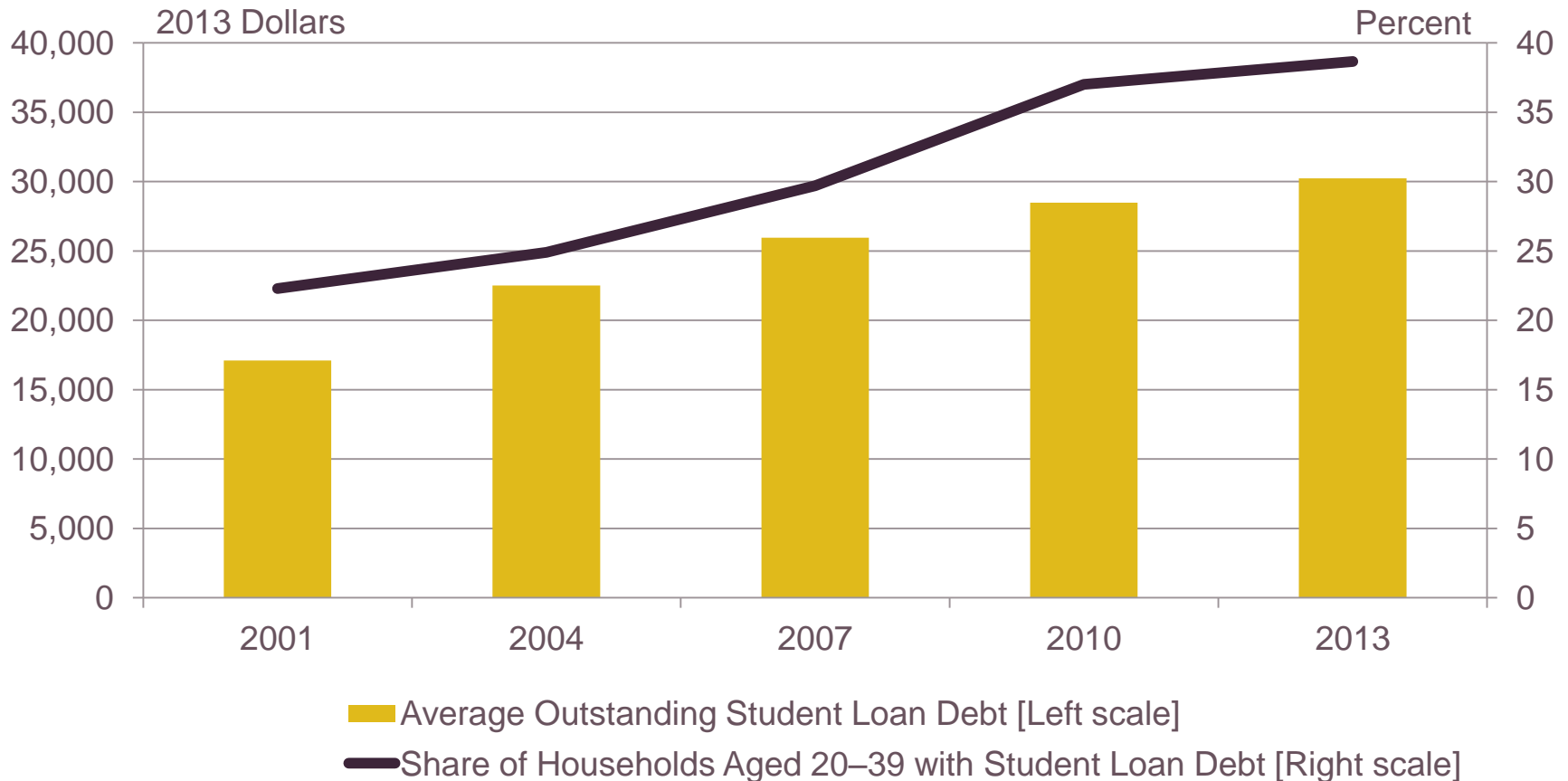


- Median Household Income (Left scale)
- - - Homeownership Rate (Right scale)

Note: Incomes are adjusted for inflation by the CPI-U for All Items.

Source: JCHS tabulations of US Census Bureau, Housing Vacancy Surveys and Current Population Surveys.

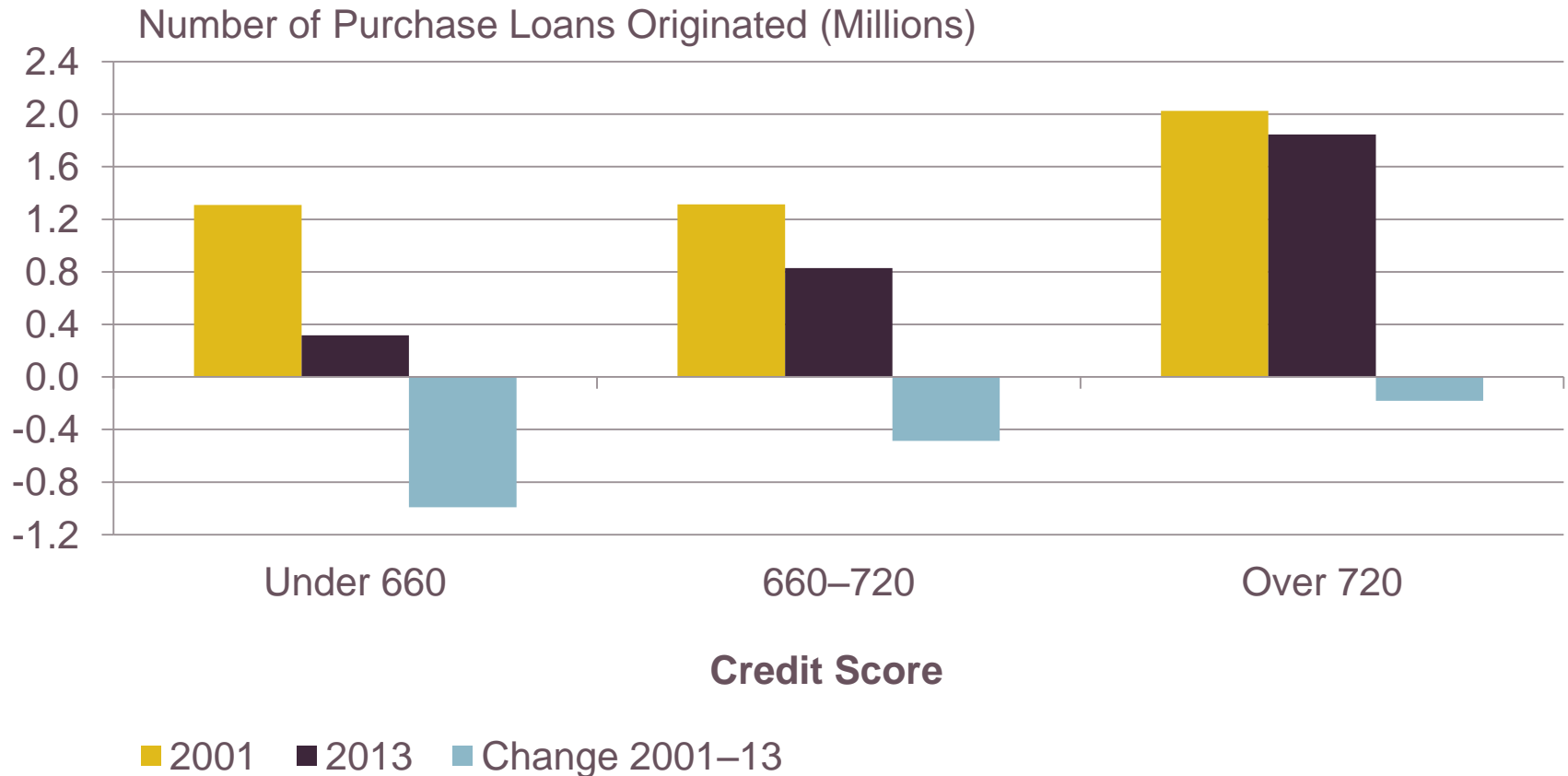
Growing Shares of Young Households Are Carrying Higher Levels of Student Loan Debt



Note: Student debt is reported for entire household. Average outstanding student loan balances exclude households without debt.

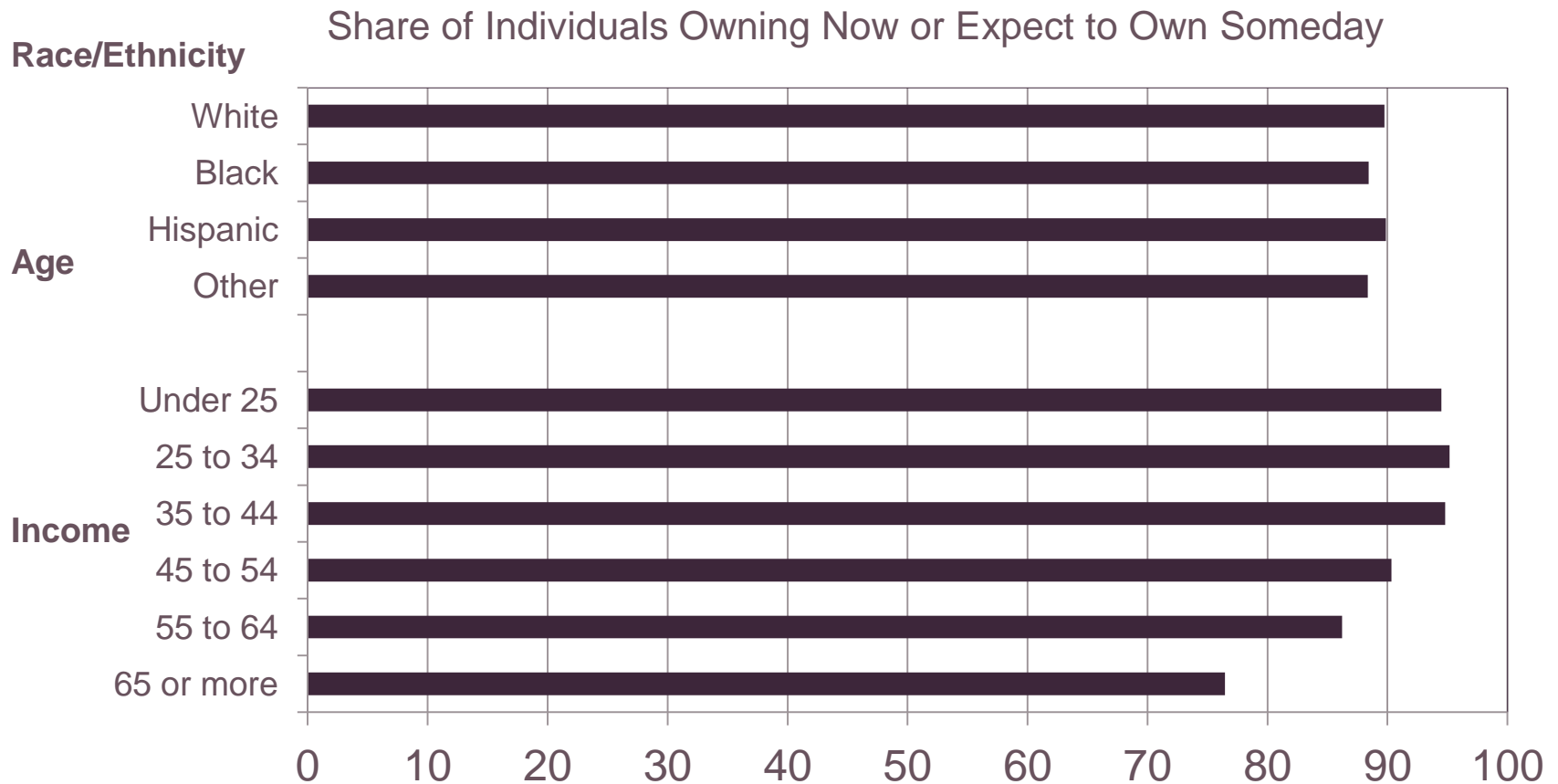
Source: JCHS tabulations of Federal Reserve Board, Surveys of Consumer Finances

Tighter Lending Standards Also Contributing to Fall in Homeownership Rates



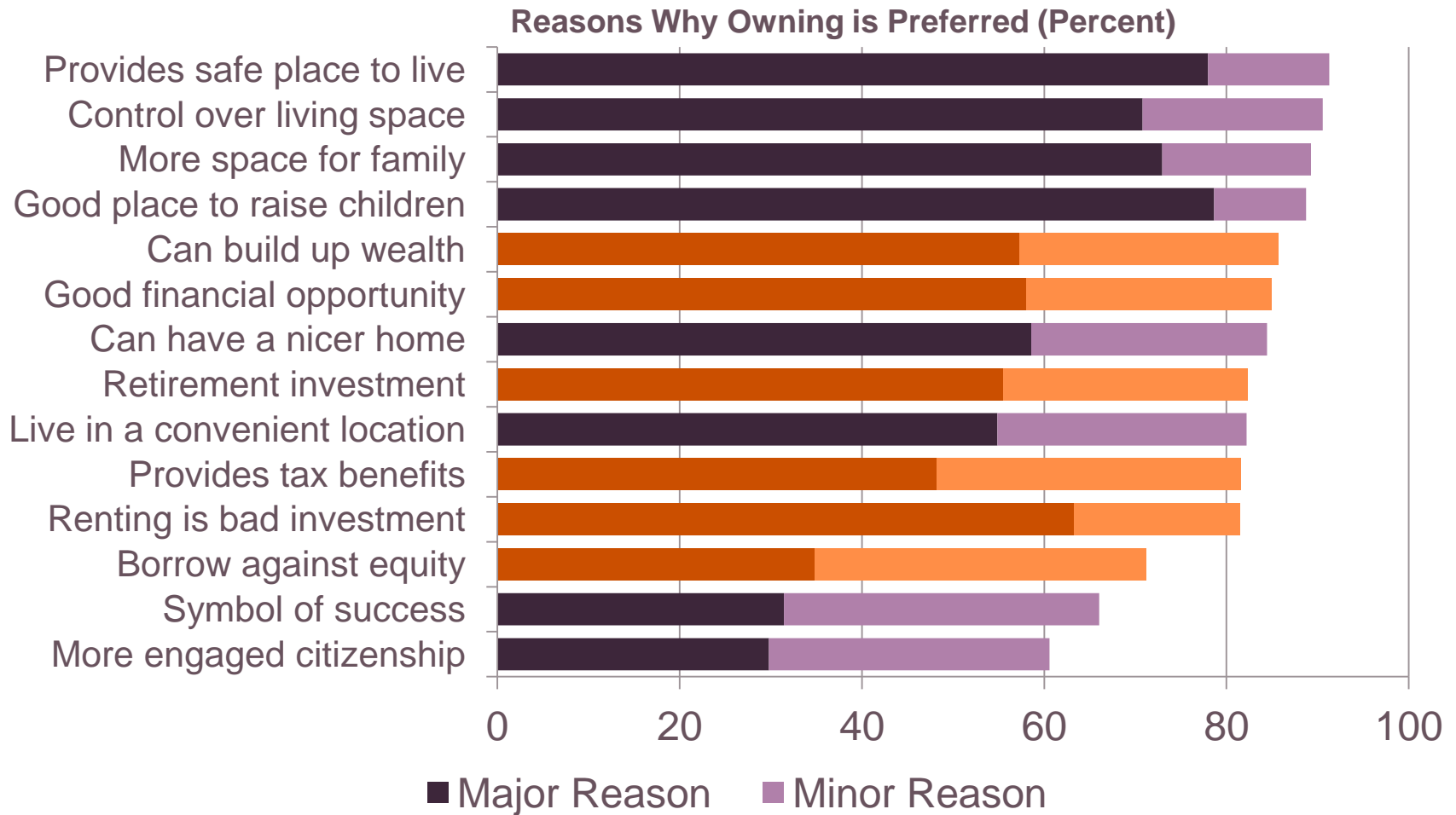
Source: Urban Institute.

Homeownership Remains an Aspiration of a Large Majority of All Demographic Groups



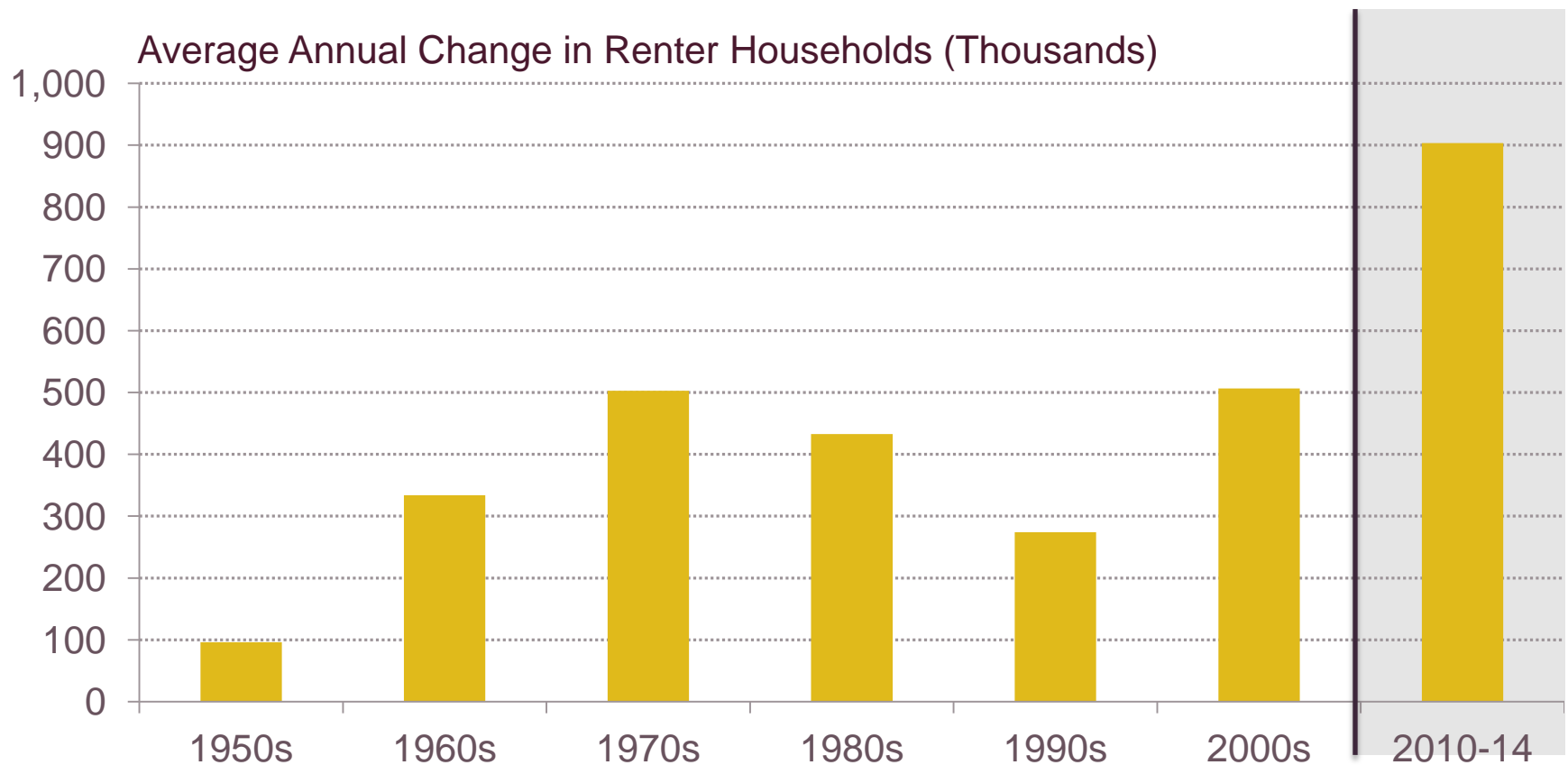
Source: Joint Center tabulations of Fannie Mae National Housing Survey, 2010-2011.

Continuing Appeal in Part Because Main Reasons Own a Home Are Not Financial



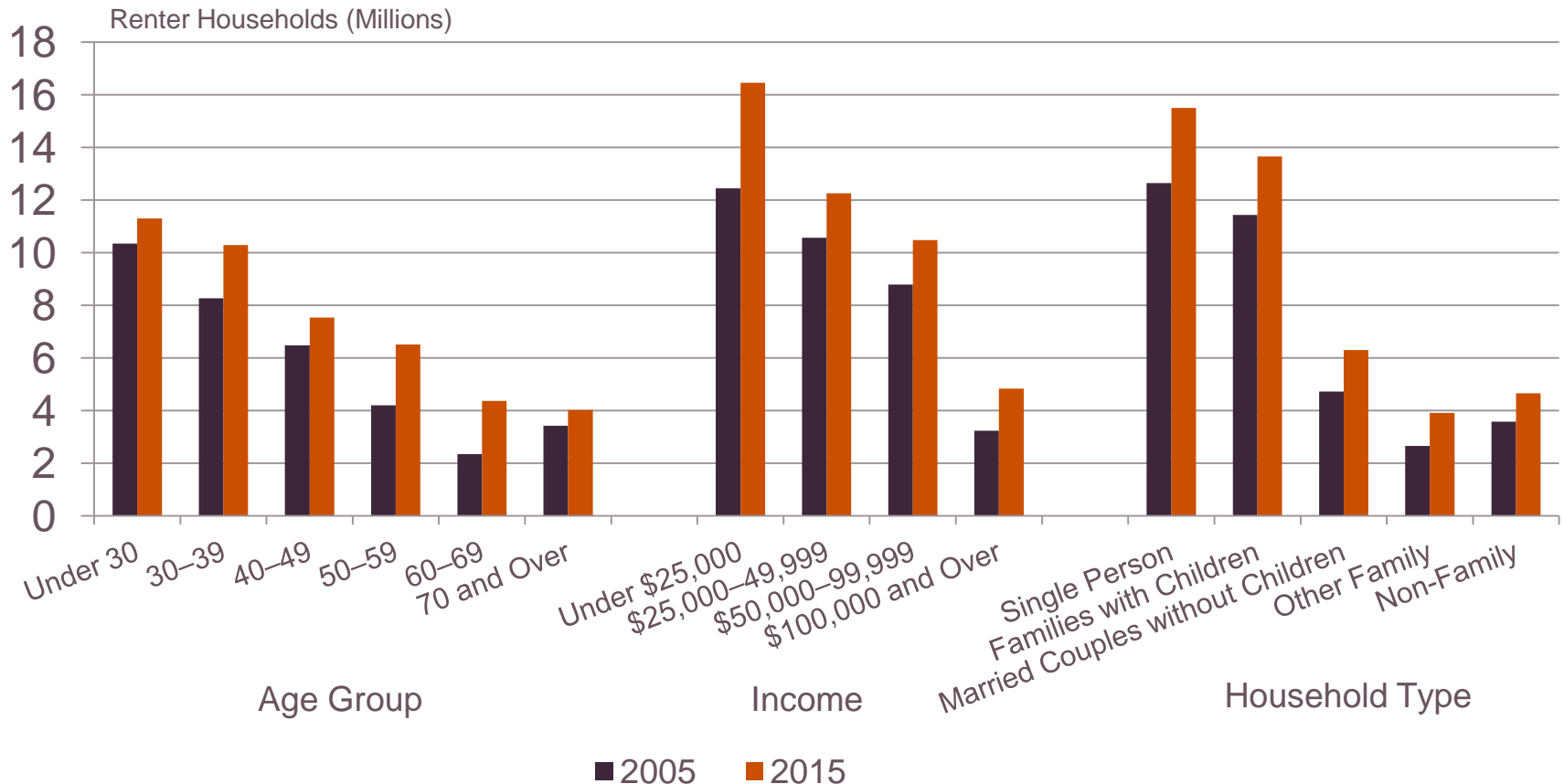
Source: Fannie Mae National Housing Survey, 2011.

So Far in the 2010s, Annual Renter Household Growth Has Outstripped the Pace in Any Previous Decade



Source: JCHS tabulations of US Census Bureau, Decennial Censuses and Housing Vacancy Surveys.

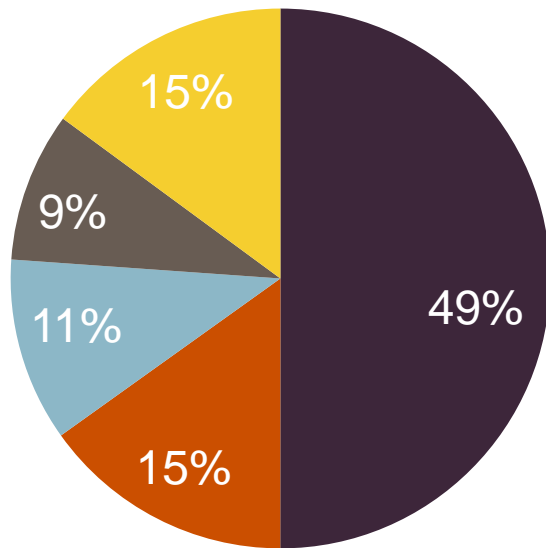
The Decade-Long Increase in Renter Households Has Been Broad-Based



Note: Household counts for 2005 and 2015 use 3-year trailing averages to reduce volatility in the survey.
 Source: JCHS tabulations of US Census Bureau, Current Population Surveys.

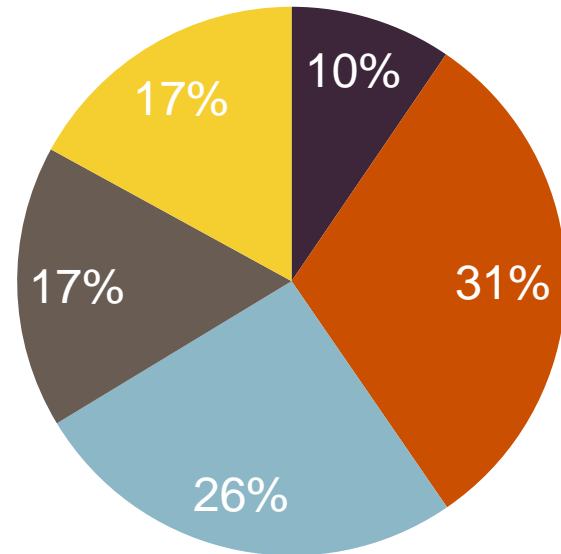
ES2-alt: Rents for New Multifamily Units Are Out of Reach for Most Renter Households

Income Distribution of Renter Households



- <\$35,000
- \$35,000-49,999
- \$50,000-64,999
- \$65,000-89,999
- >=\$90,000

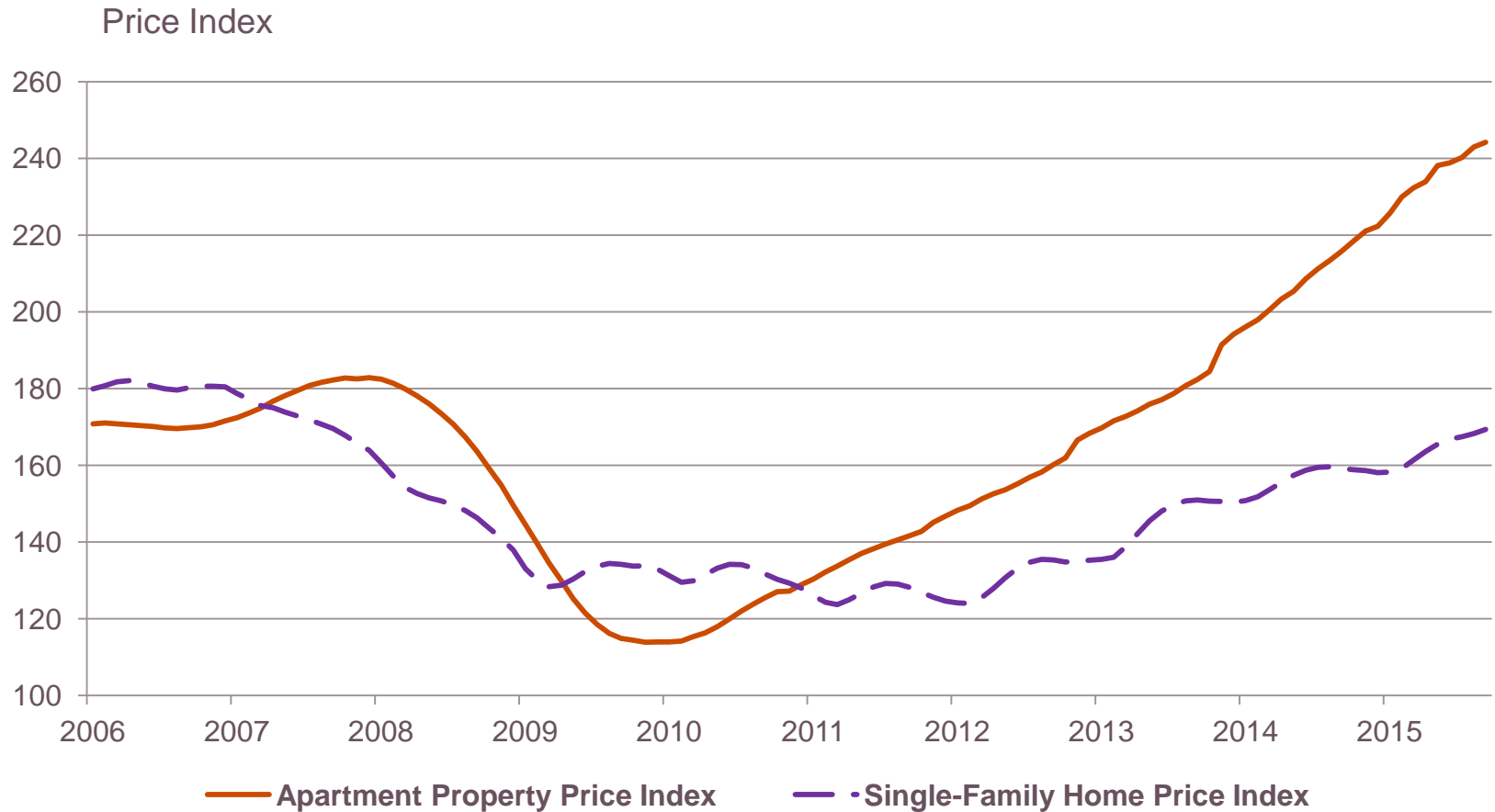
Asking Rent of New Multifamily Units



- Under \$850
- \$850-1,249
- \$1,250-1,649
- \$1,650-2,249
- \$2,450 and Over

Sources: US Census Bureau, 2015 Survey of Market Absorption and 2015 Current Population Survey.

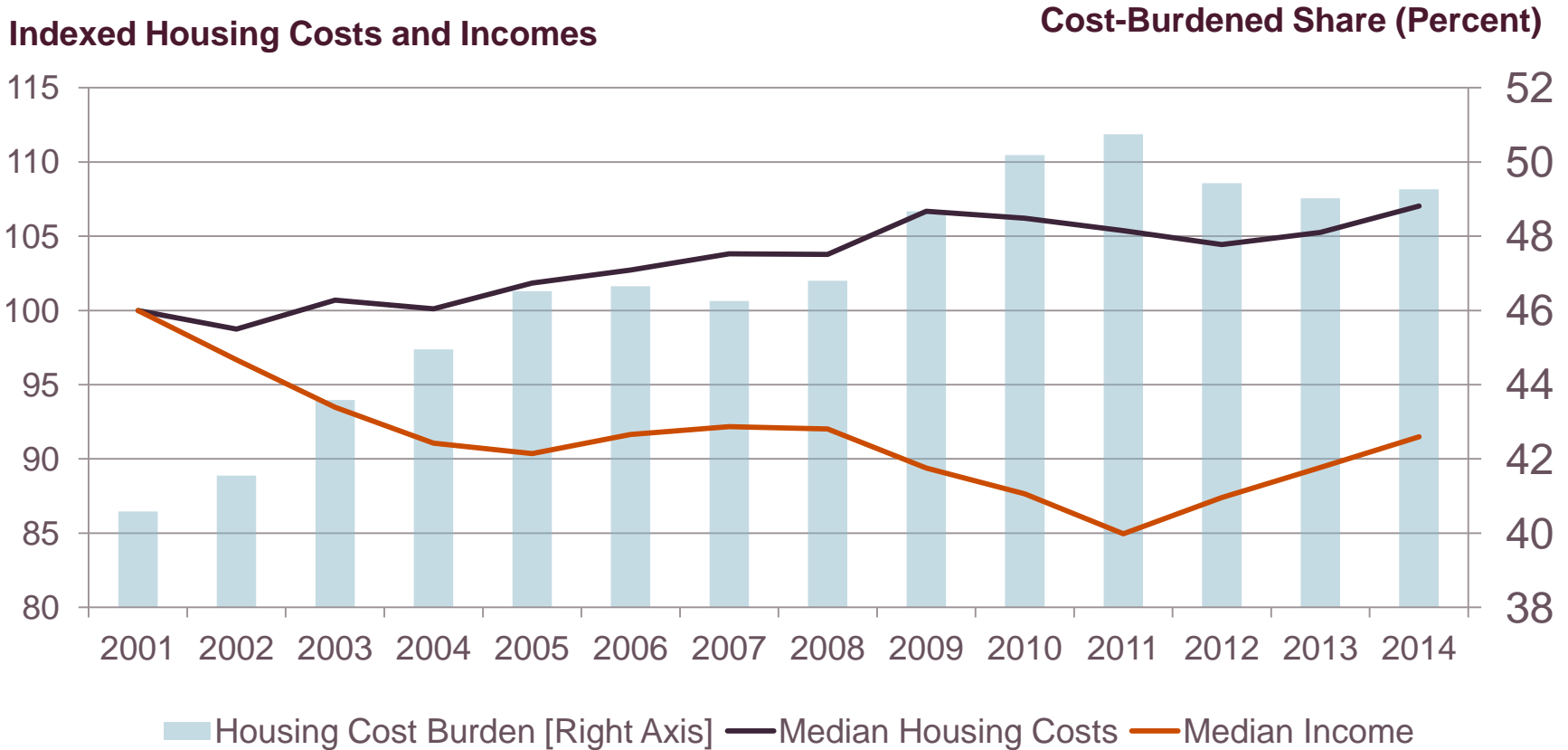
Prices for Apartment Properties Have Rebounded Well Beyond Their Previous Peak



Notes: Monthly data through September 2015. Data are normalized to equal 100 in December 2000.

Sources: CoreLogic US National House Price Index (HPI); Moody's Investors Service and Real Capital Analytics (RCA), Commercial Property Price Index for Apartments.

The Share of Households Facing Cost Burdens Remains High as Income Growth Lags

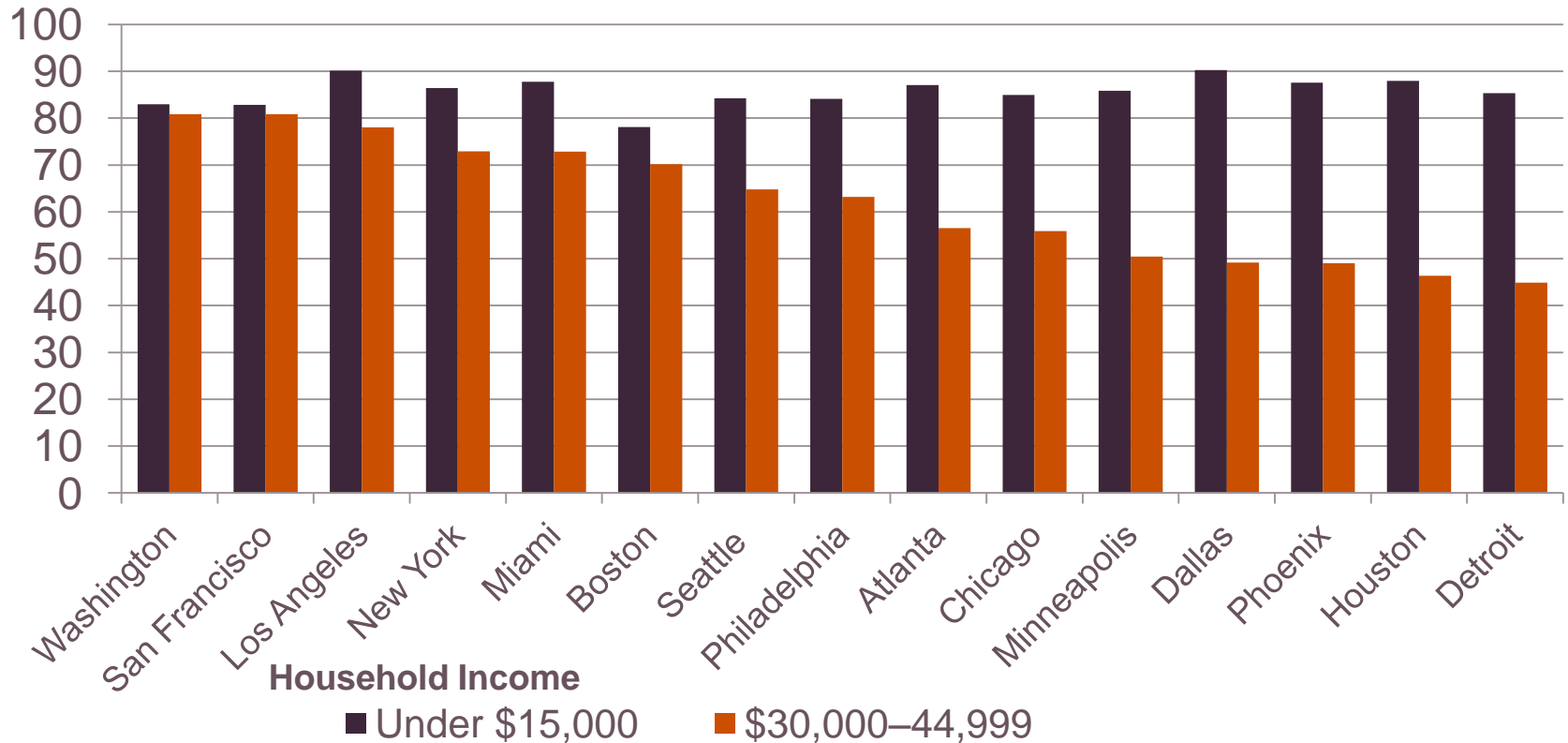


Notes: Median costs and incomes are adjusted to 2014 dollars using the CPI-U for All Items. Housing costs are cash rent and utilities. Cost burdens are defined as housing costs of more than 30% of household income. Households with zero or negative income are assumed to have severe burdens, while households paying no cash rent are assumed to be without burdens.

Source: JCHS tabulations of US Census Bureau, American Community Surveys.

ES4: While Most Lowest-Income Households in Metros Have Cost Burdens, the Cost-Burdened Share of Moderate-Income Renters Varies Widely Across Markets

Share of Renters with Cost Burdens (Percent)



Notes: Cost burdens are defined as housing costs of more than 30% of household income. Households with zero or negative income are assumed to have cost burdens, while households paying no cash rent are assumed to be without burdens.

Source: JCHS tabulations of US Census Bureau, 2014 American Community Survey.