

Key Findings from Recent Joint Center Research

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Real Estate Trends in Central Ohio

January 26, 2017



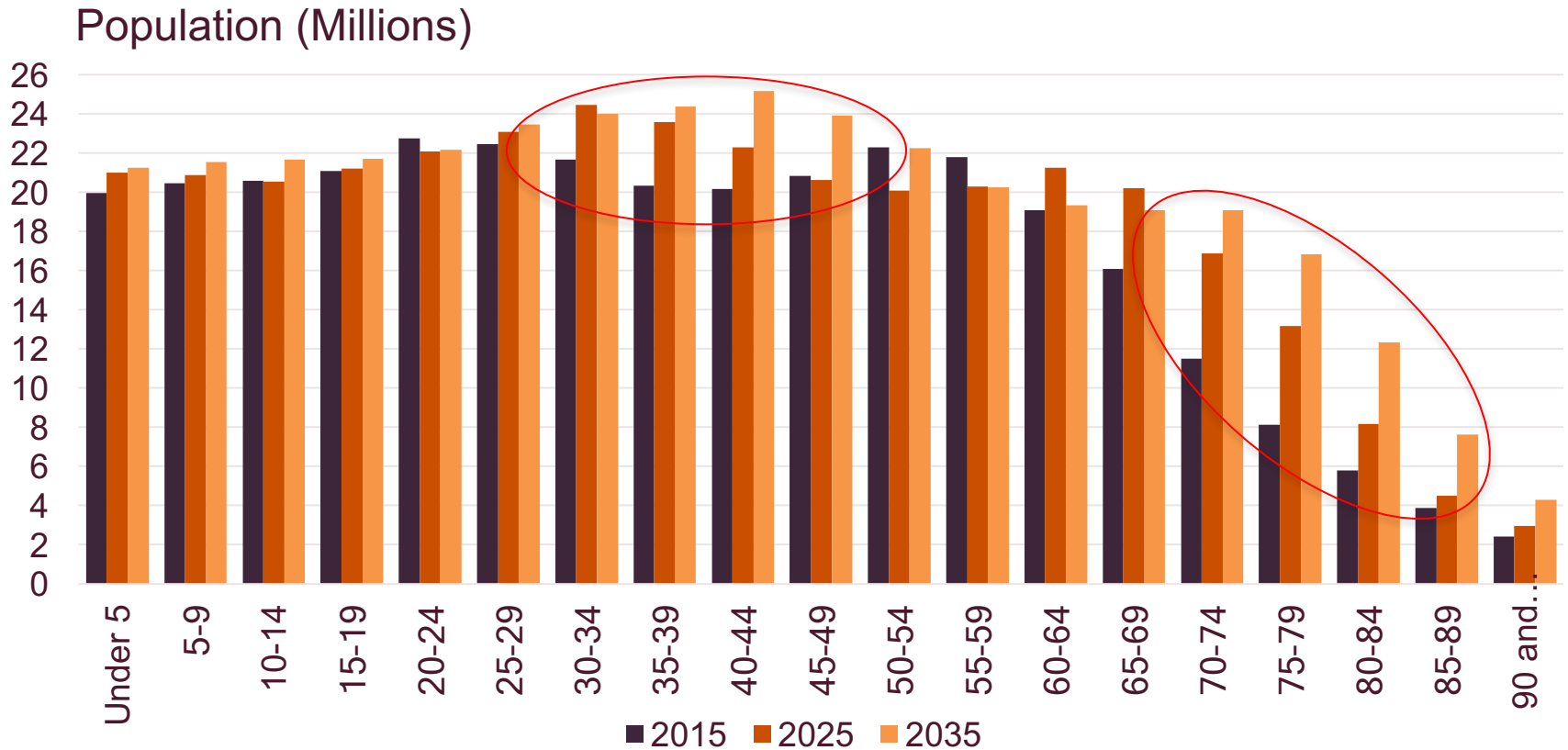
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Outlook for Household Growth Through 2035



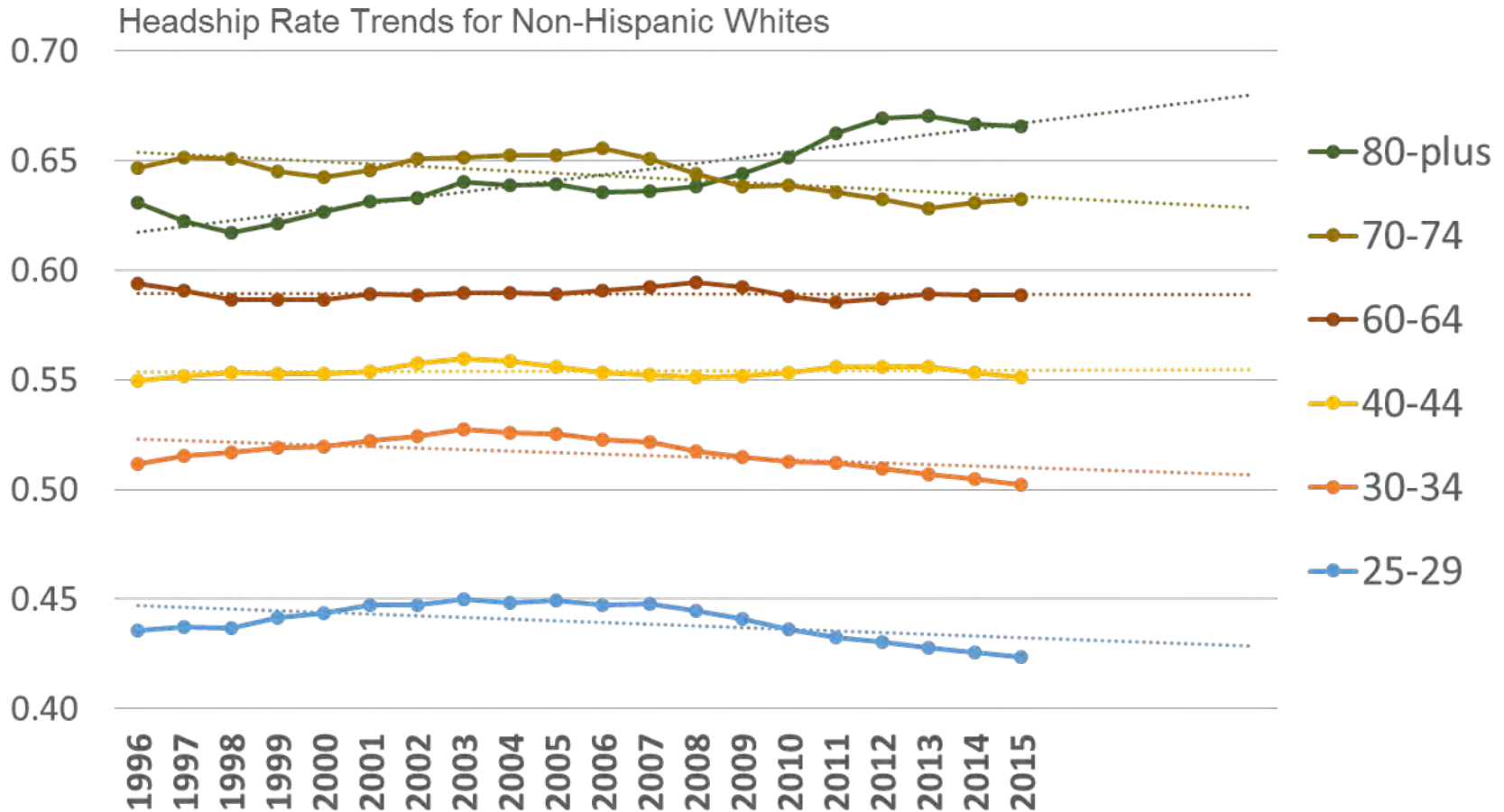
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Millennials and Baby Boomers Will Drive Coming Shifts in Population Age Structure and Household Growth

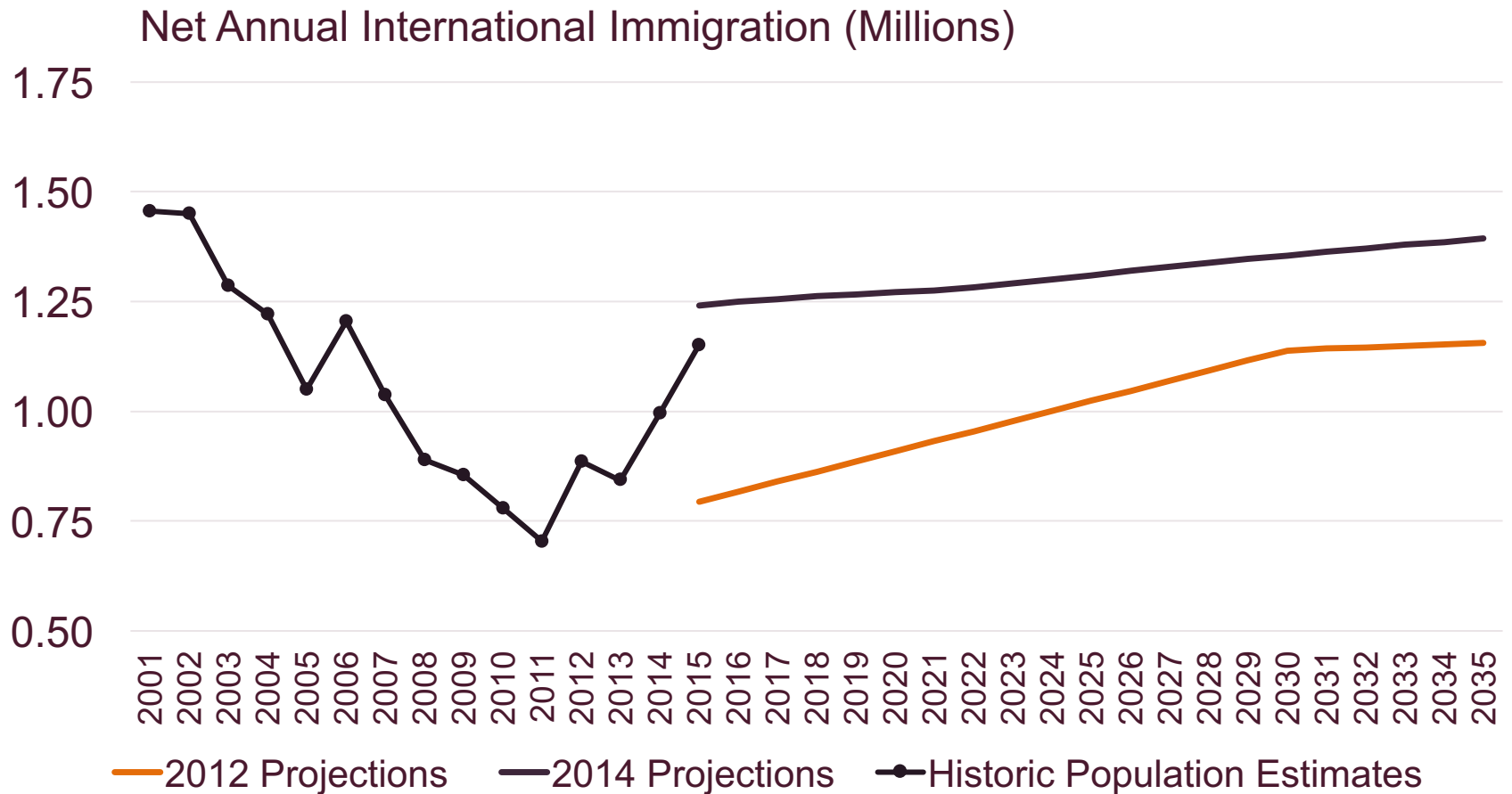


Source: US Census Bureau, 2014 Population Projections.

New JCHS Household Projections Factor in Changing Household Formation Rates

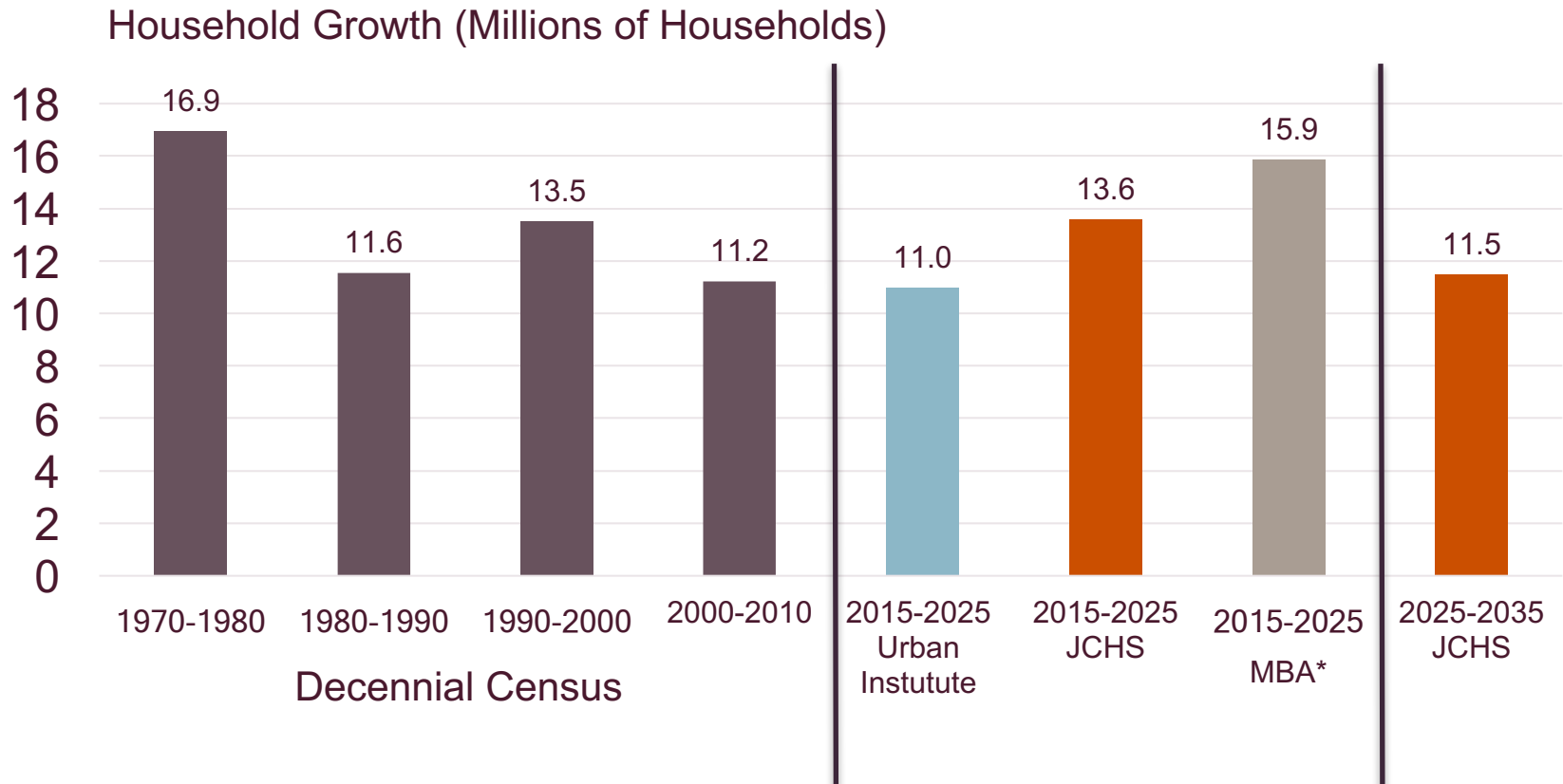


Latest Population Projections Boosted by Upward Adjustment in Immigration Levels



Source: US Census Bureau, Population Estimates and 2014 Population Projections.

JCHS Projections for 2015-2025 Fall In Between Others' Estimates, and are Consistent with Historic Growth Levels from the 1990s



Note: MBA Projections are for 2014-2024.

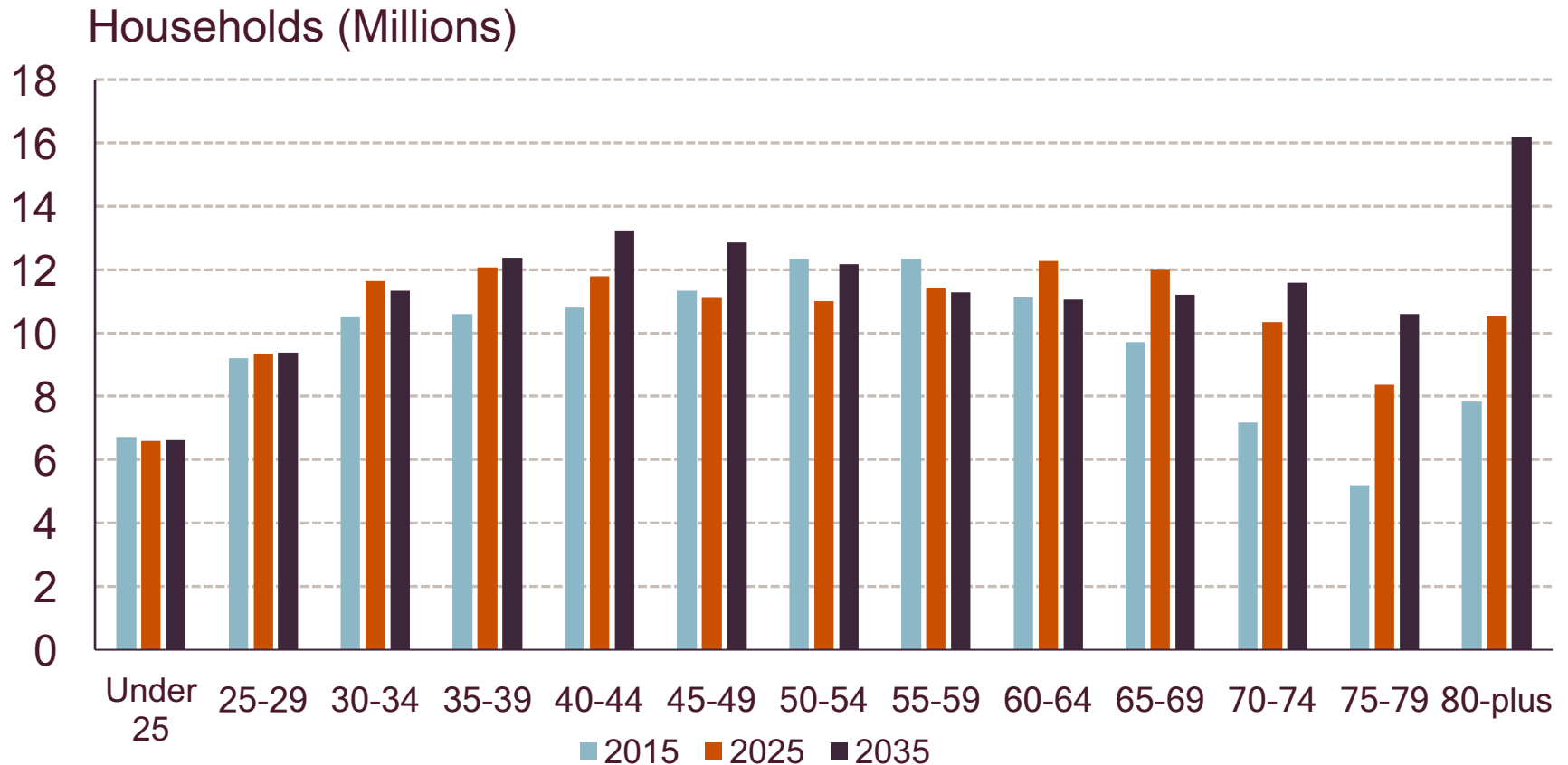
Sources: Urban Institute (2015) *Headship and Homeownership, What does the Future Hold*; Mortgage Bankers Association (2015) *Housing Demand: Demographics and the Numbers Behind the Coming Multi-Million Increase in Households*; and JCHS tabulations of 2016 JCHS Household Projections.

Implications for Housing of a Rapidly Aging Population



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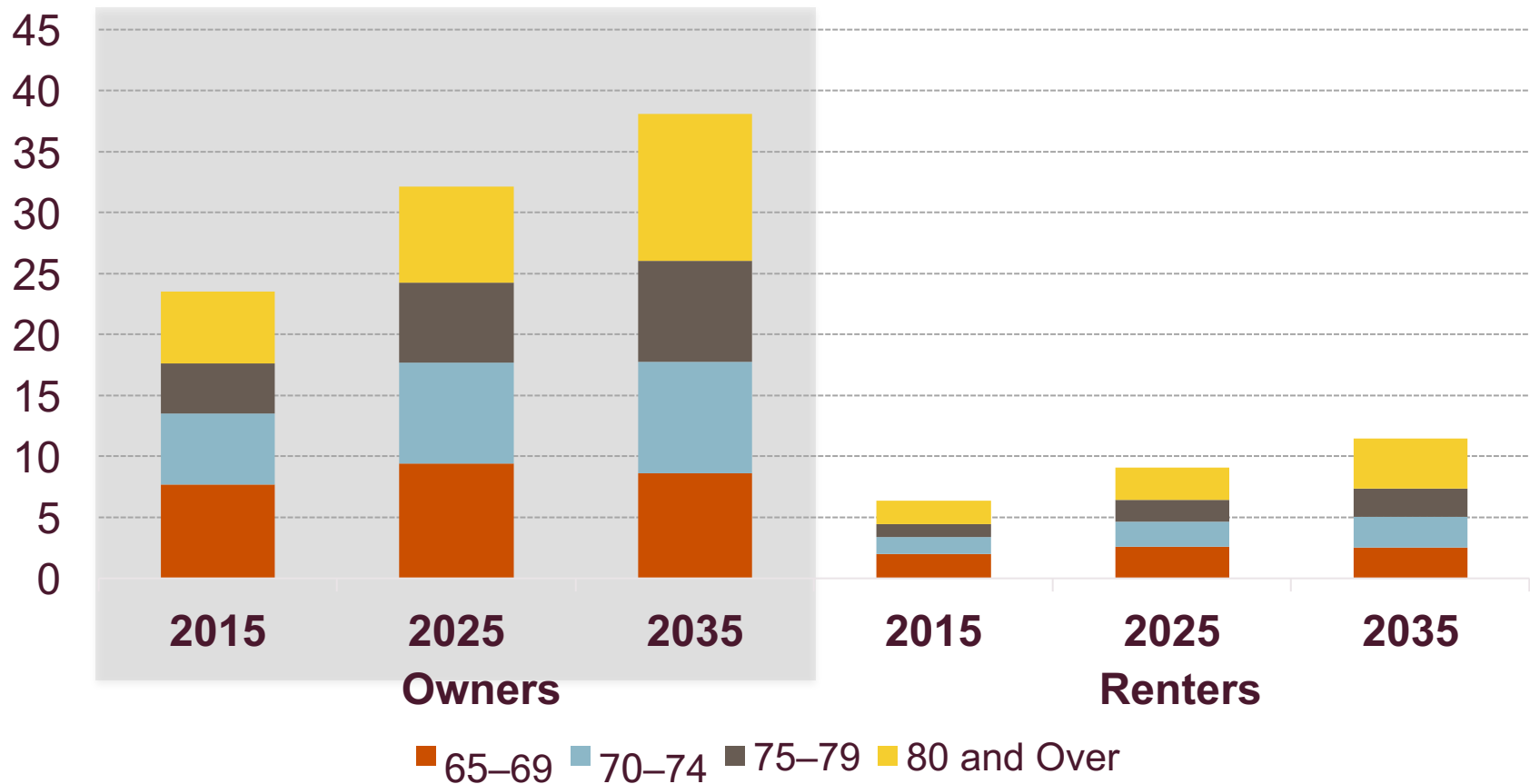
By 2035 One in Three Households Will be 65+ and One in Ten Will be 80+



Source: 2016 JCHS Household Projections

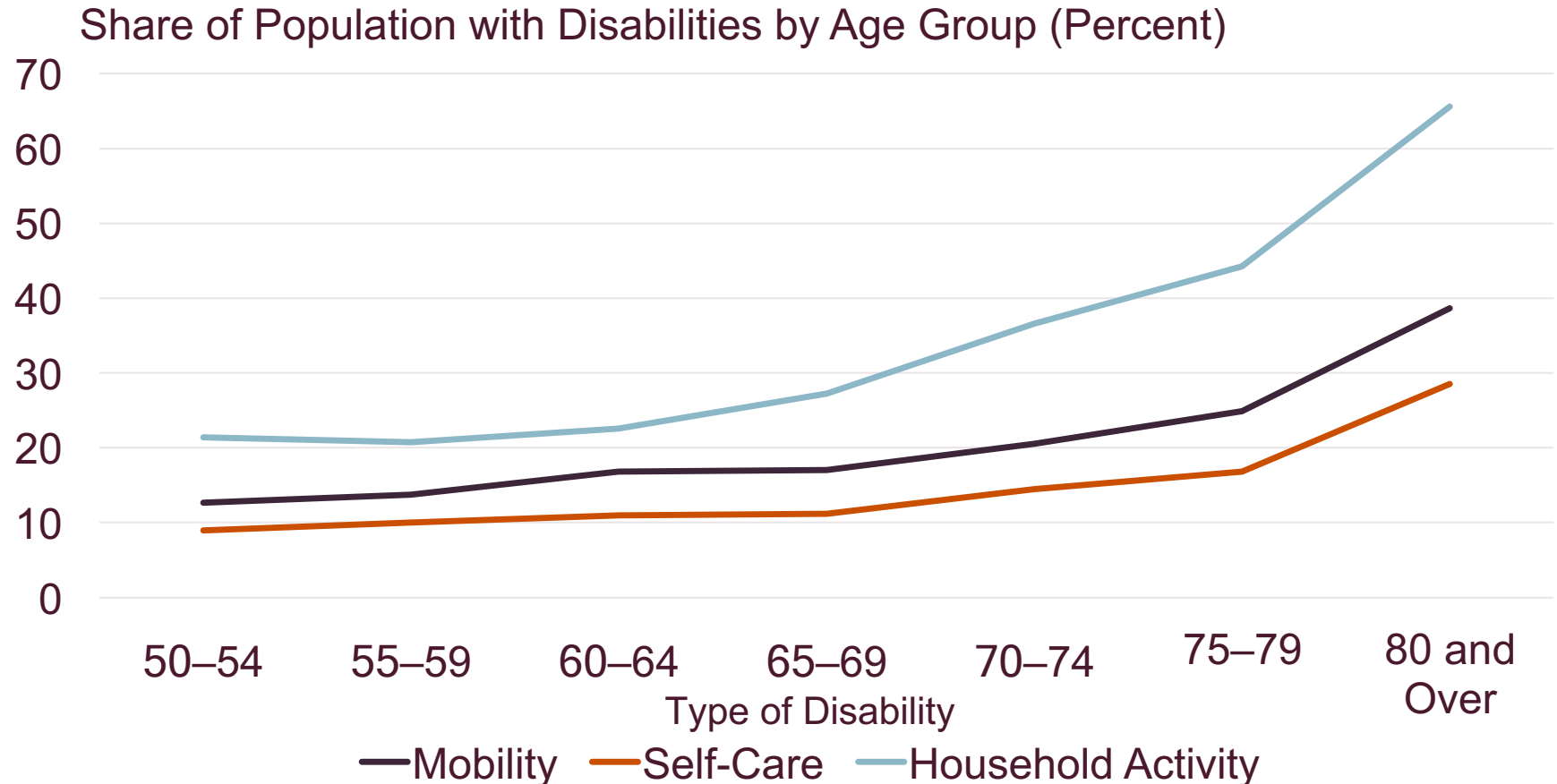
Numbers of Owner and Renter Households Over 80 Will Double

Projected Older Households by Age Group (Millions)



Source: 2016 JCHS Household and Tenure Projections.

Disability Prevalence Increases with Age

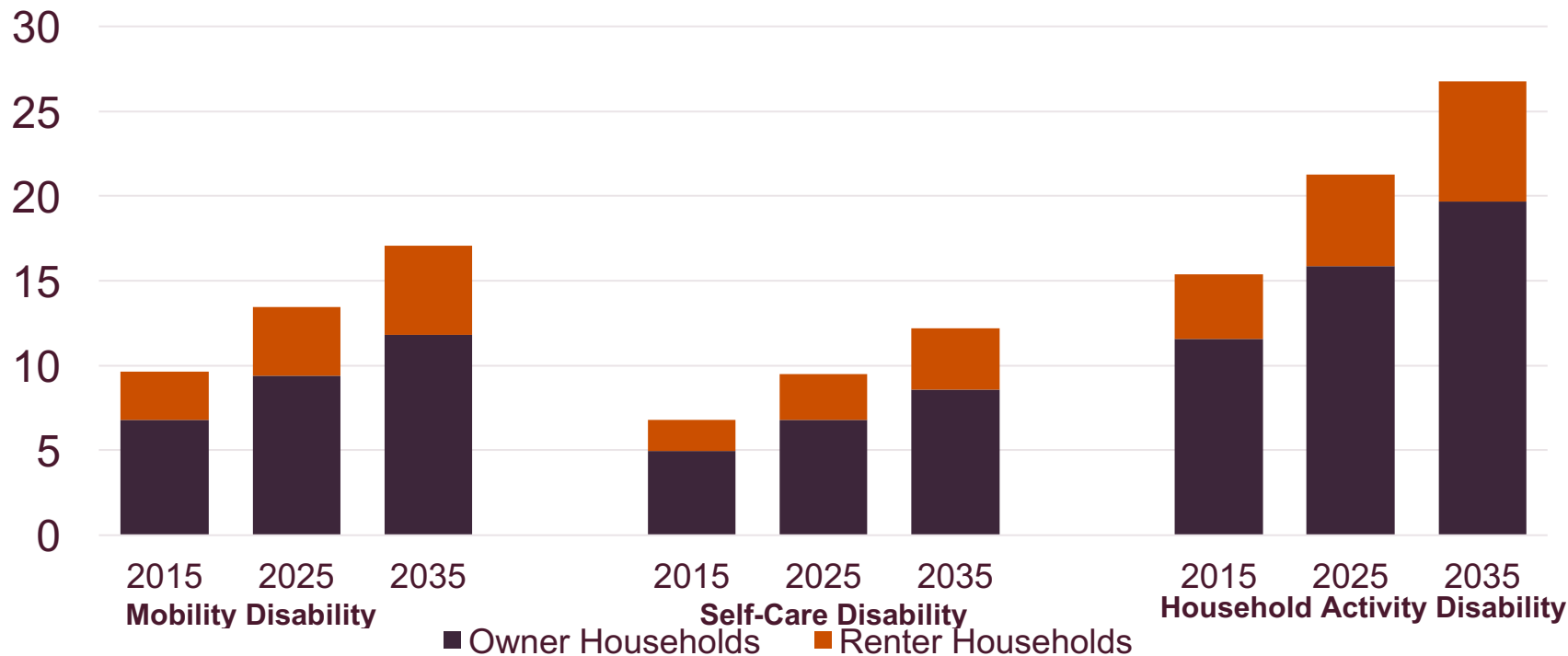


Notes: Mobility disability is defined as difficulty walking, getting in and out of bed, and climbing one flight of stairs; self-care disability as difficulty eating, dressing, toileting, and bathing; and household activity disability as difficulty with meal preparation, food shopping, using the telephone, taking medication, money management, housework, and driving.

Source: JCHS tabulations of University of Michigan, 2014 Health and Retirement Survey.

The Number of Households With a Disability Will Increase Substantially by 2035

Number of Disabled Households Aged 65+ in 2014 and 2035, by Type of Disability (Millions)

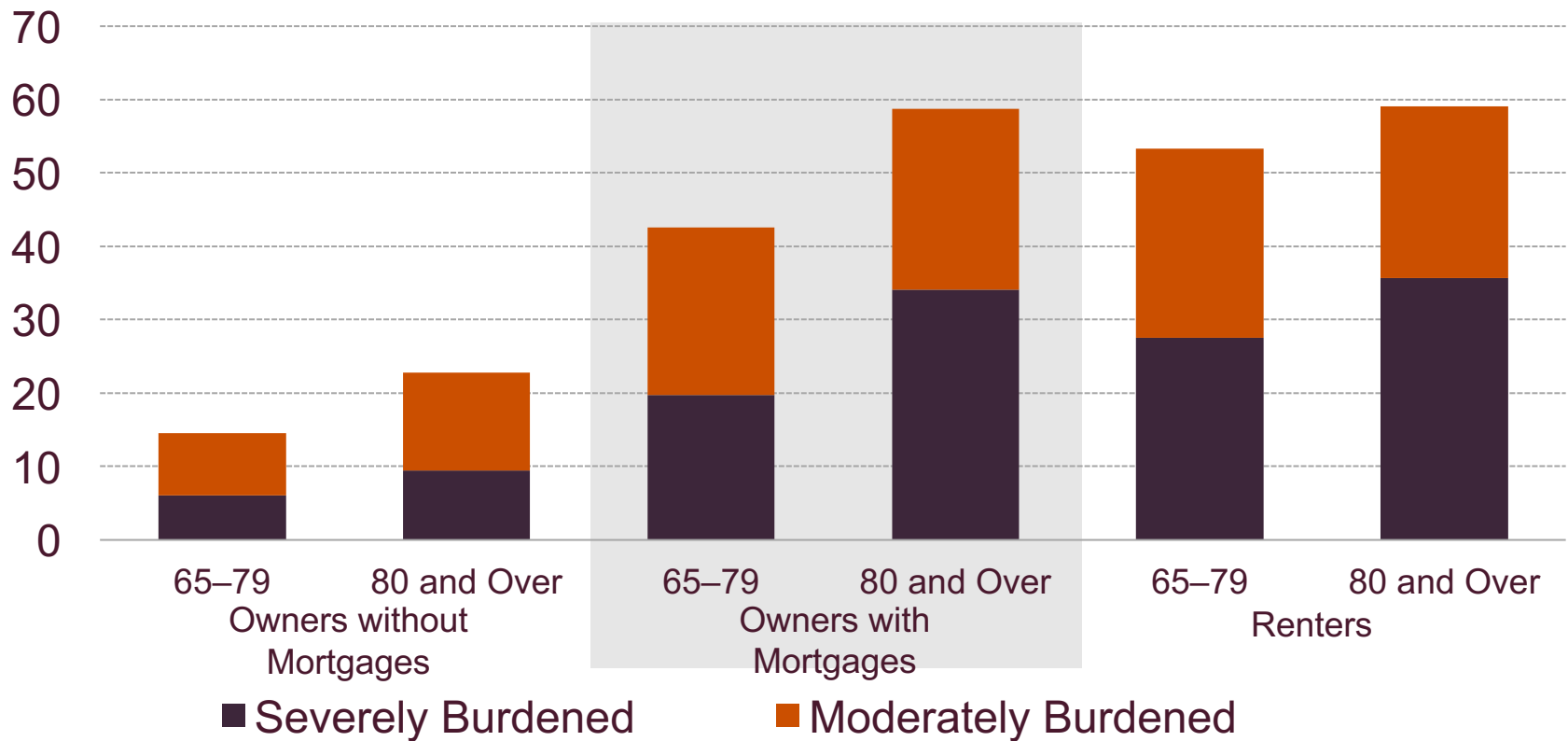


Notes: “Mobility disability” includes difficulty walking, getting in and out of bed, and climbing one flight of stairs. “Self-care disability” includes difficulty eating, dressing, toileting, and bathing. “Household activity disability” includes meal preparation, food shopping, using the telephone, taking medication, money management, housework, and driving.

Source: JCHS tabulations of 2014 Health and Retirement Survey data and JCHS Household and Tenure Projections.

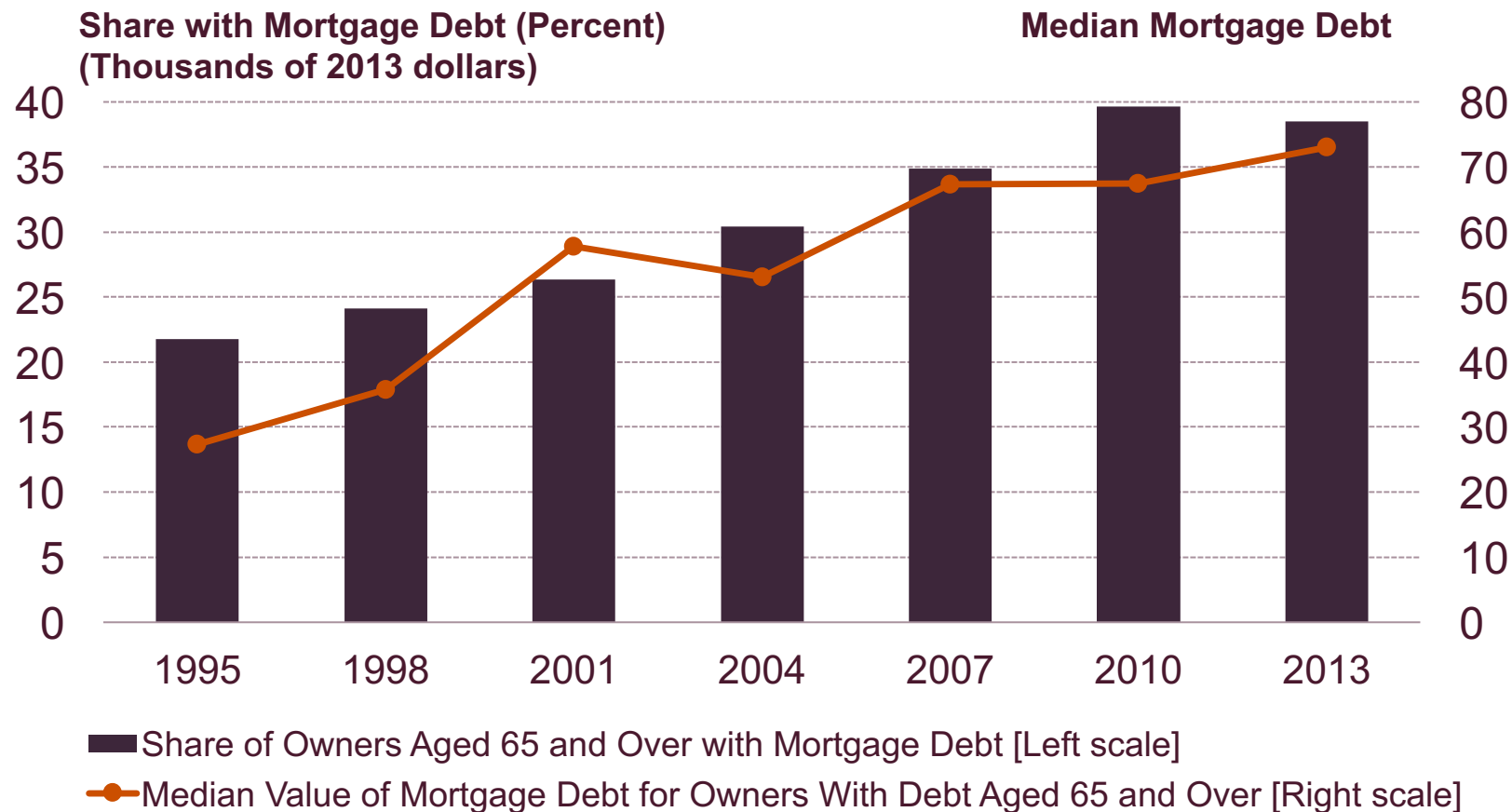
Cost Burdens are Lowest among Owners without Mortgages

Share of Households by Age Group (Percent)



Notes: Moderately / severely cost burdened is defined as paying 30–50% / over 50% of income on housing.
 Source: JCHS tabulations of US Census Bureau, 2014 American Community Survey 1-Year Estimates.

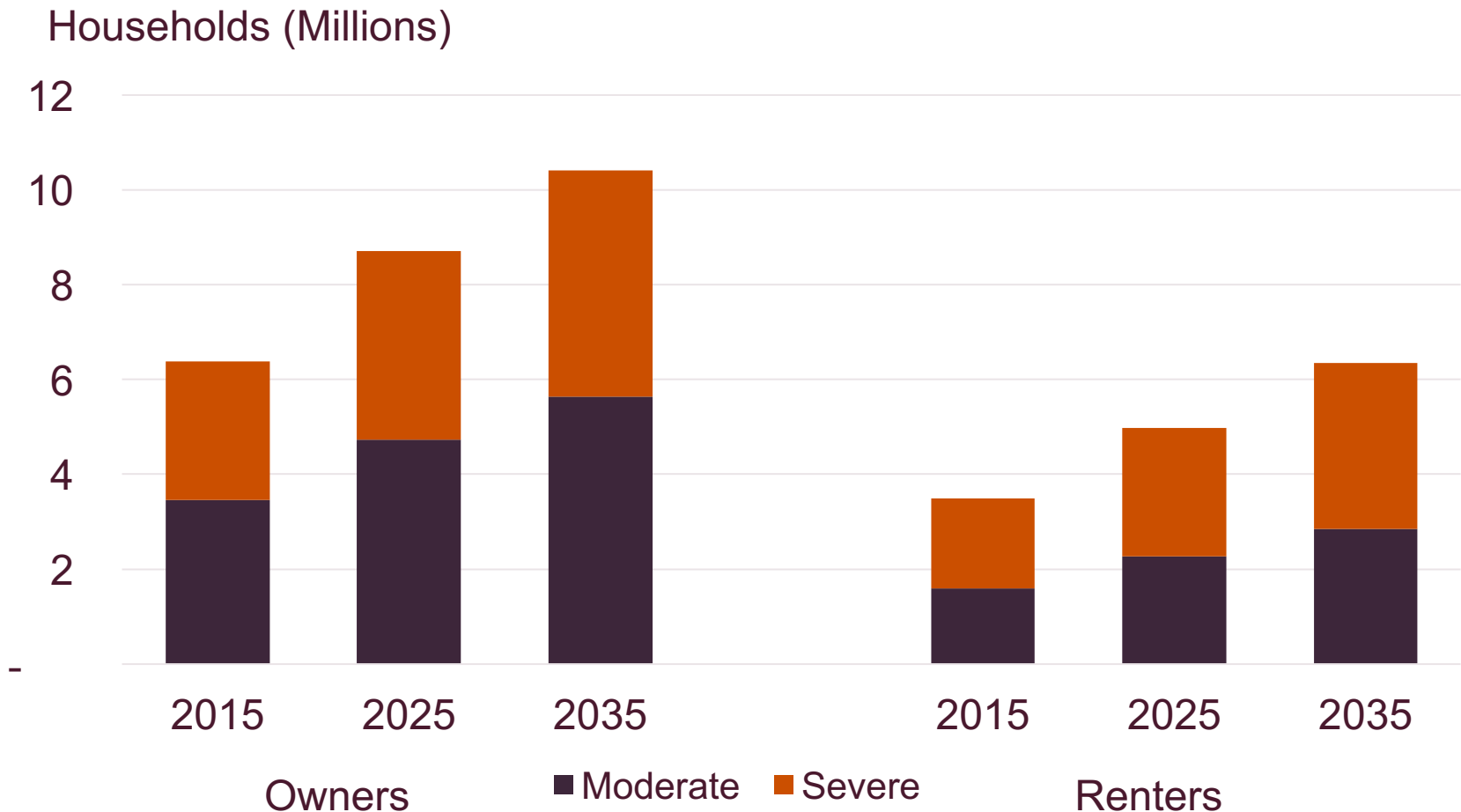
More Older Households are Carrying Higher Amounts of Mortgage Debt into Retirement



Notes: Mortgage debt is debt on a primary residence. The share with mortgage debt is among owners only. Median value of mortgage debt is among owners with mortgage debt only and in constant 2013 dollars adjusted for inflation using the CPI-U-RS.

Source: JCHS tabulations of US Federal Reserve Board, 2013 Survey of Consumer Finances.

By 2035 17 Million Older Households Will Be Cost Burdened, 8 Million Severely So



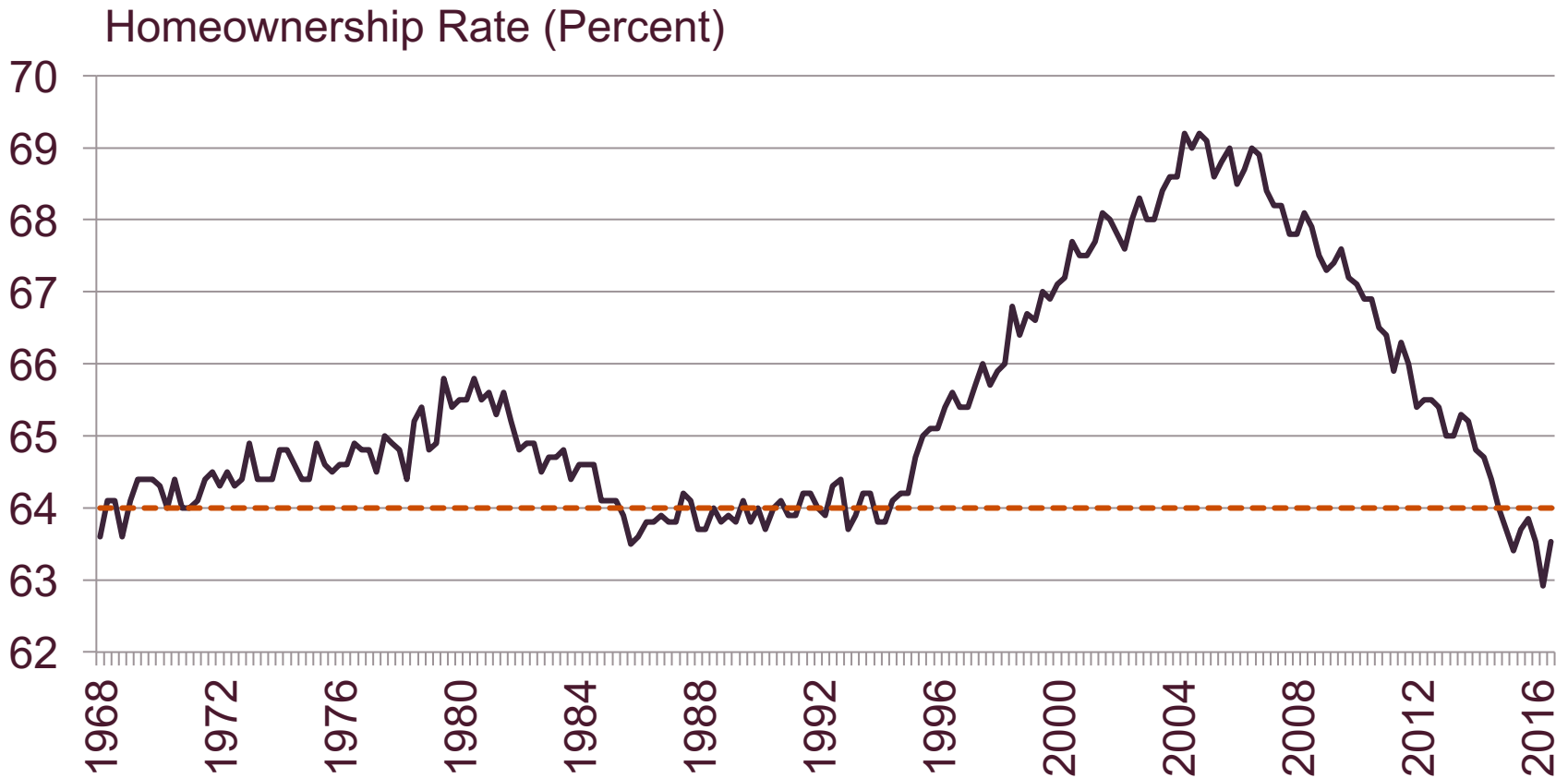
Source: JCHS projections.

Potential Future Paths for Owning and Renting



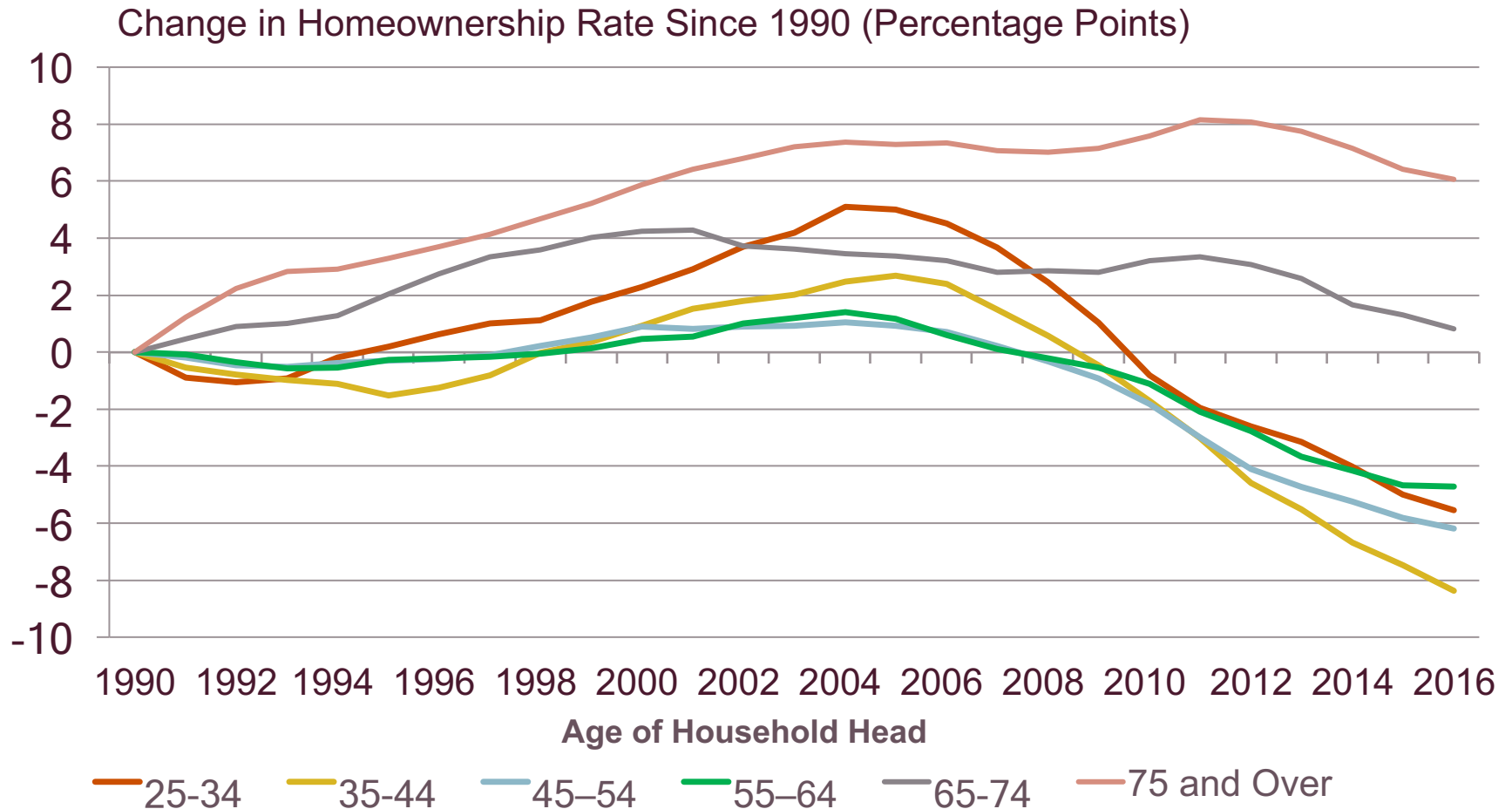
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The National Homeownership Rate Has Fallen Back to Early 1990s Levels...and Beyond



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

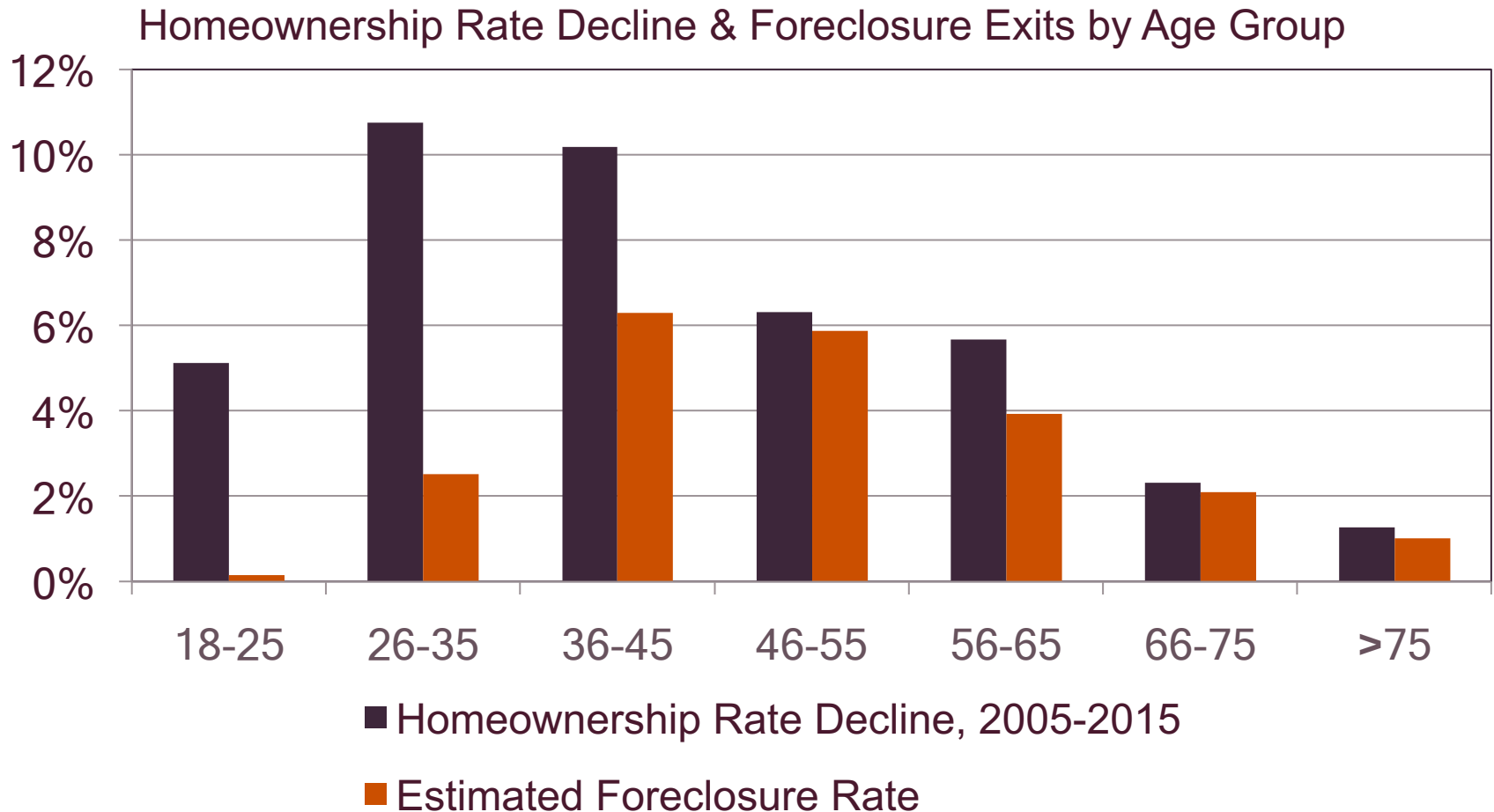
But Rates Have Fallen Well Below Early 1990s Rates for All But Oldest Age Groups



Note: Based on 3-year annual average rates.

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

Foreclosure-Related Exits Account for Most of the Decline in Owning Among Older Households



Source: JCHS tabulations of CPS ASEC and CoreLogic data on foreclosure completions.

Homeownership Rate Projection Scenarios

1. Base Scenario:

- 2015 constant rates by age, race/ethnicity, & family type

2. Low Scenario:

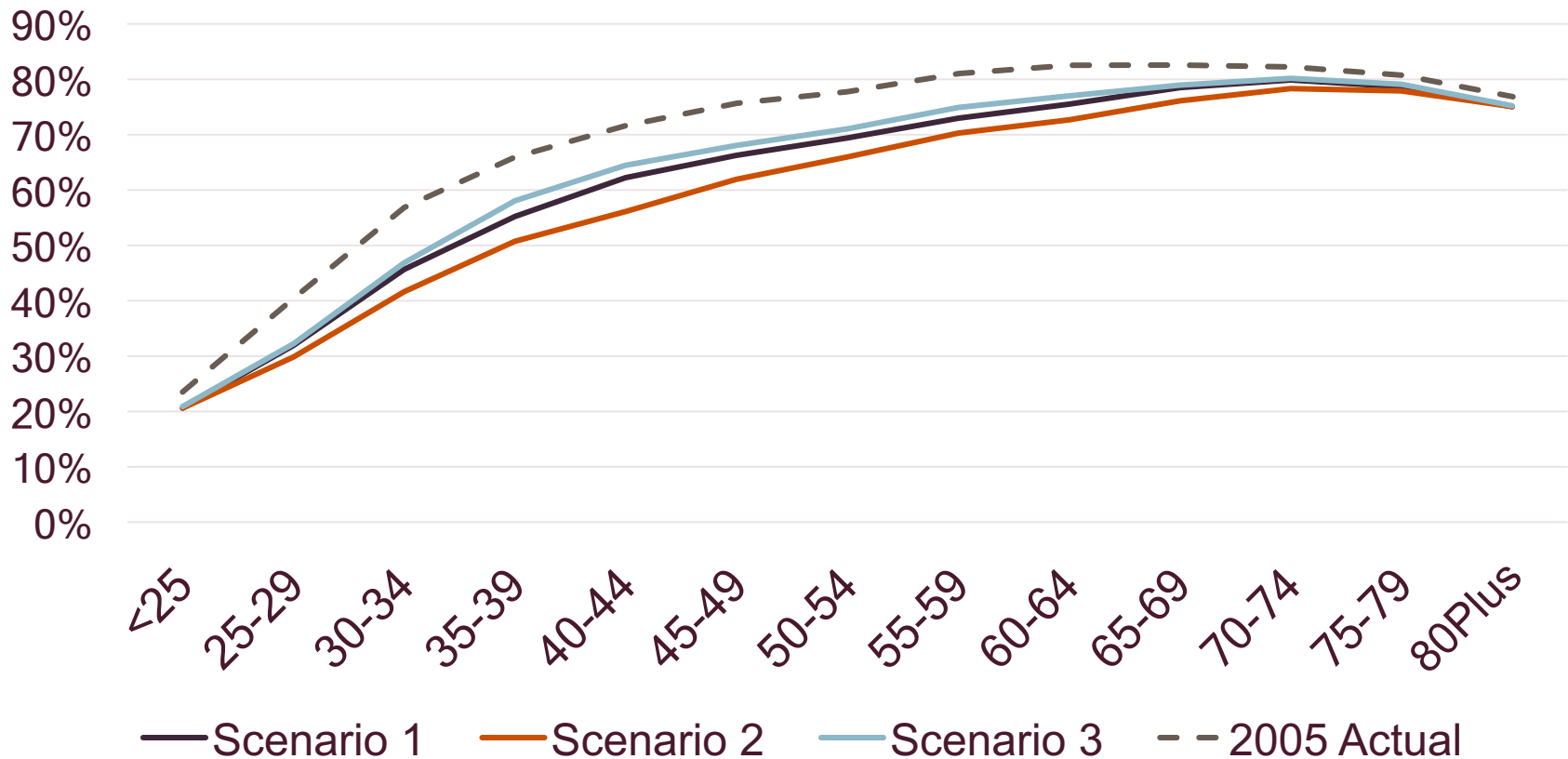
- Continue 2010-15 cohort trend through 2020
- Constant 2020 rates thereafter

3. High Scenario:

- Rates rebound to higher of 1995 vs. 2015 rate

Scenarios Differ Most at Middle Ages

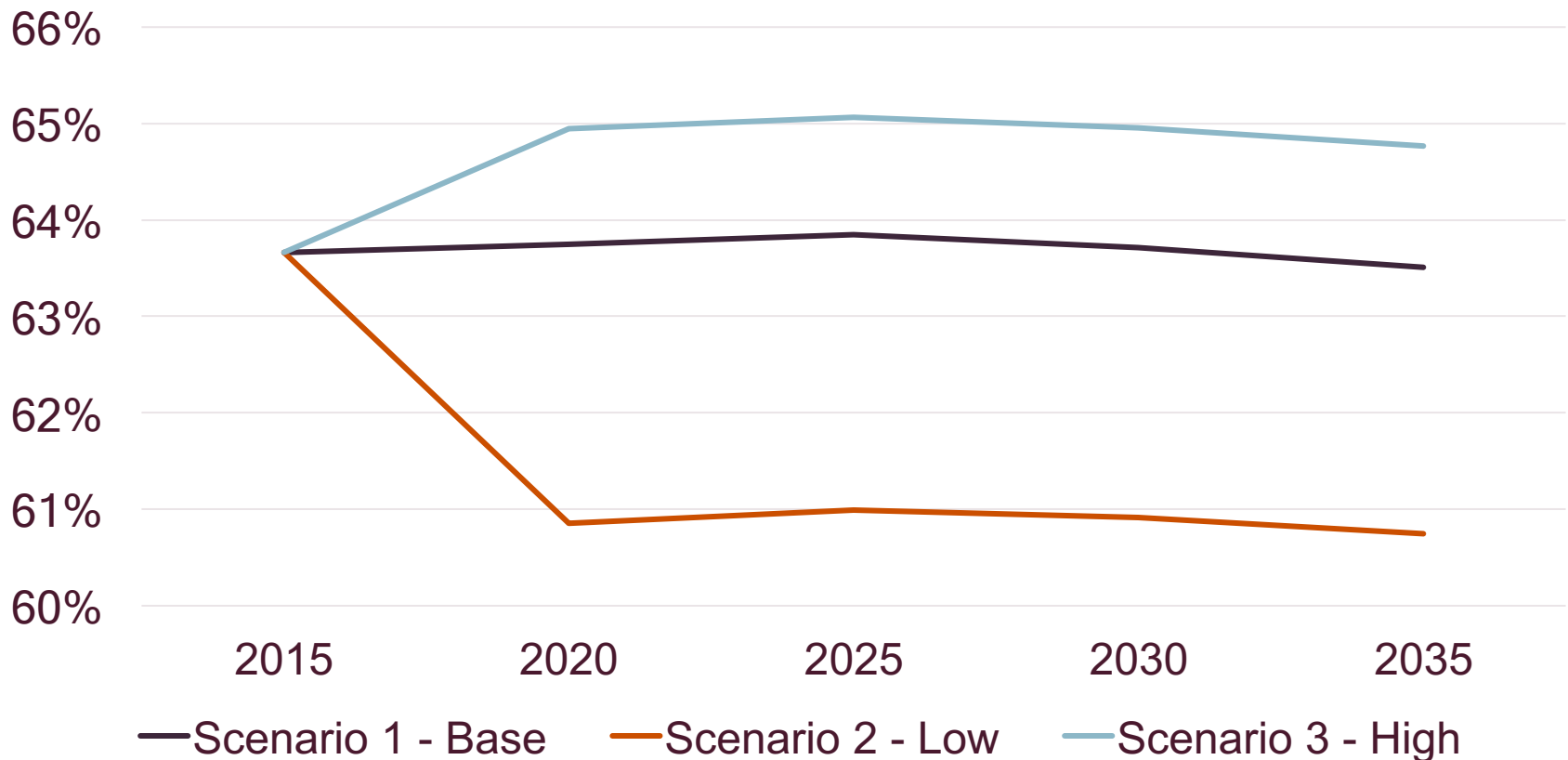
Projected Homeownership Rate by Age in 2025.



Source: JCHS projections based on CPS ASEC and Census population projections.

Projection Scenarios Produce a 2025 Range from 61 to 65 Percent

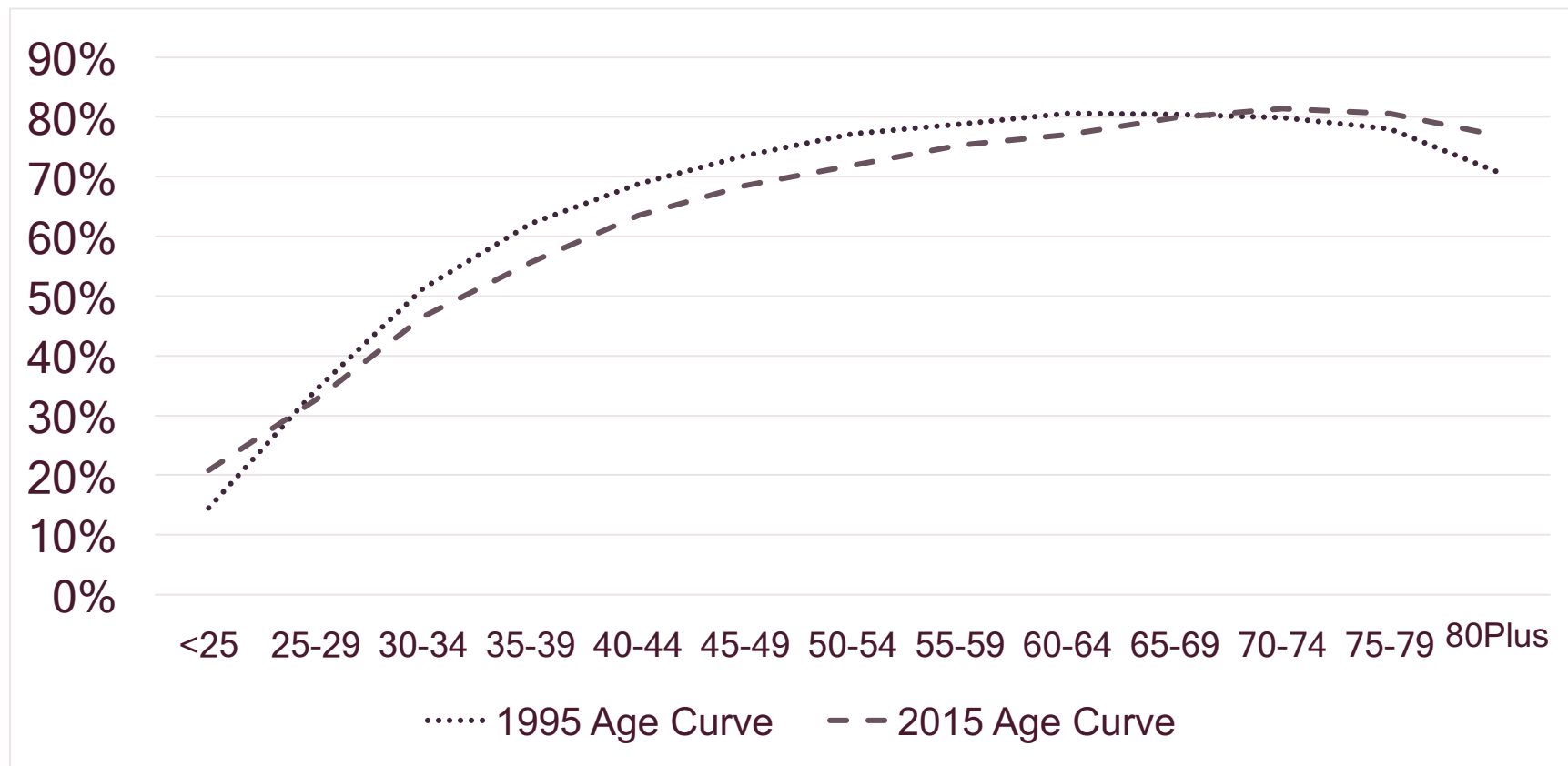
Projected Homeownership Rate, 2015-2035.



Source: JCHS projections.

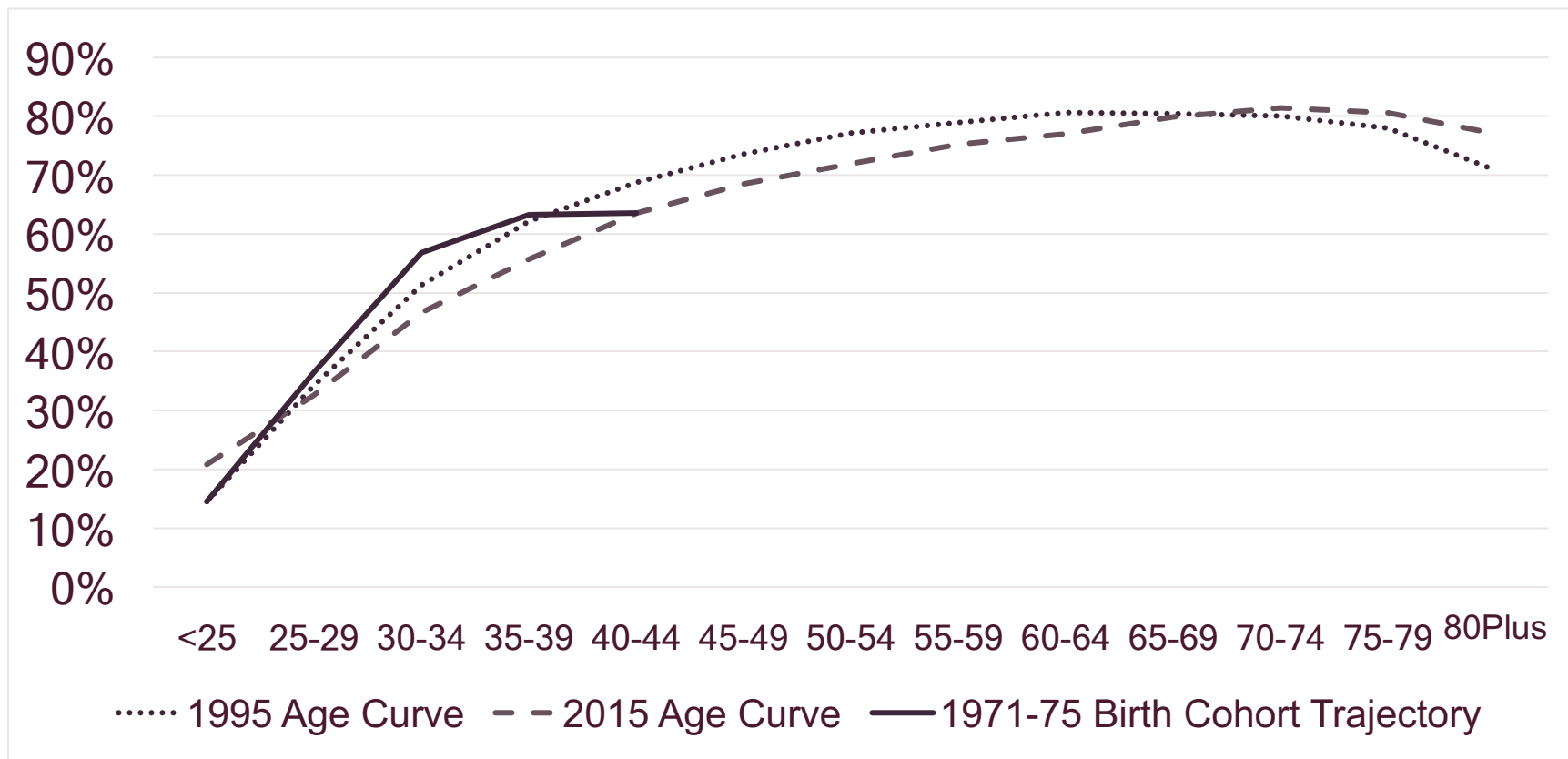
Three Scenarios Present Very Different Trajectories for Future Homeownership Rates by Age

Homeownership Rate



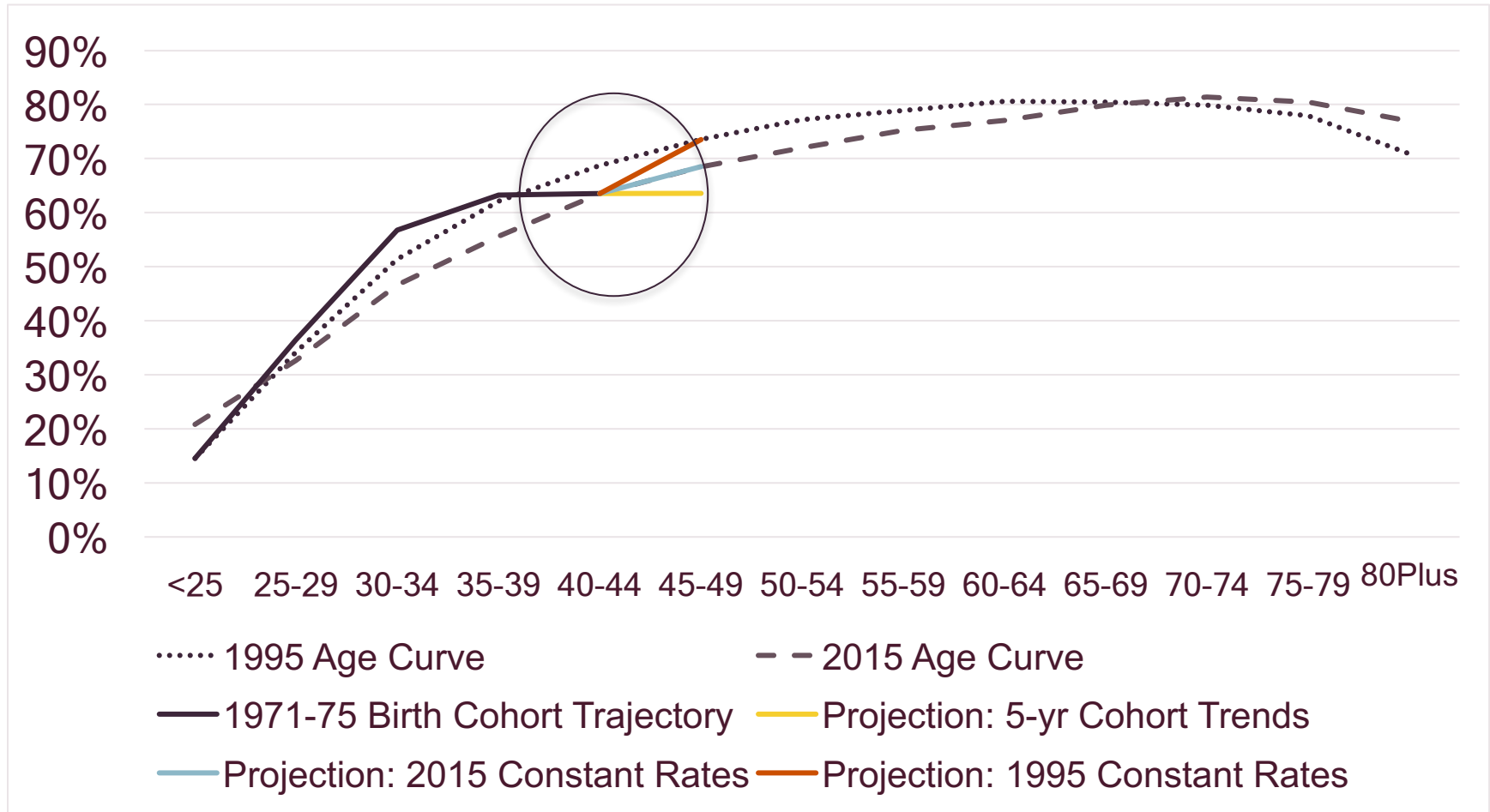
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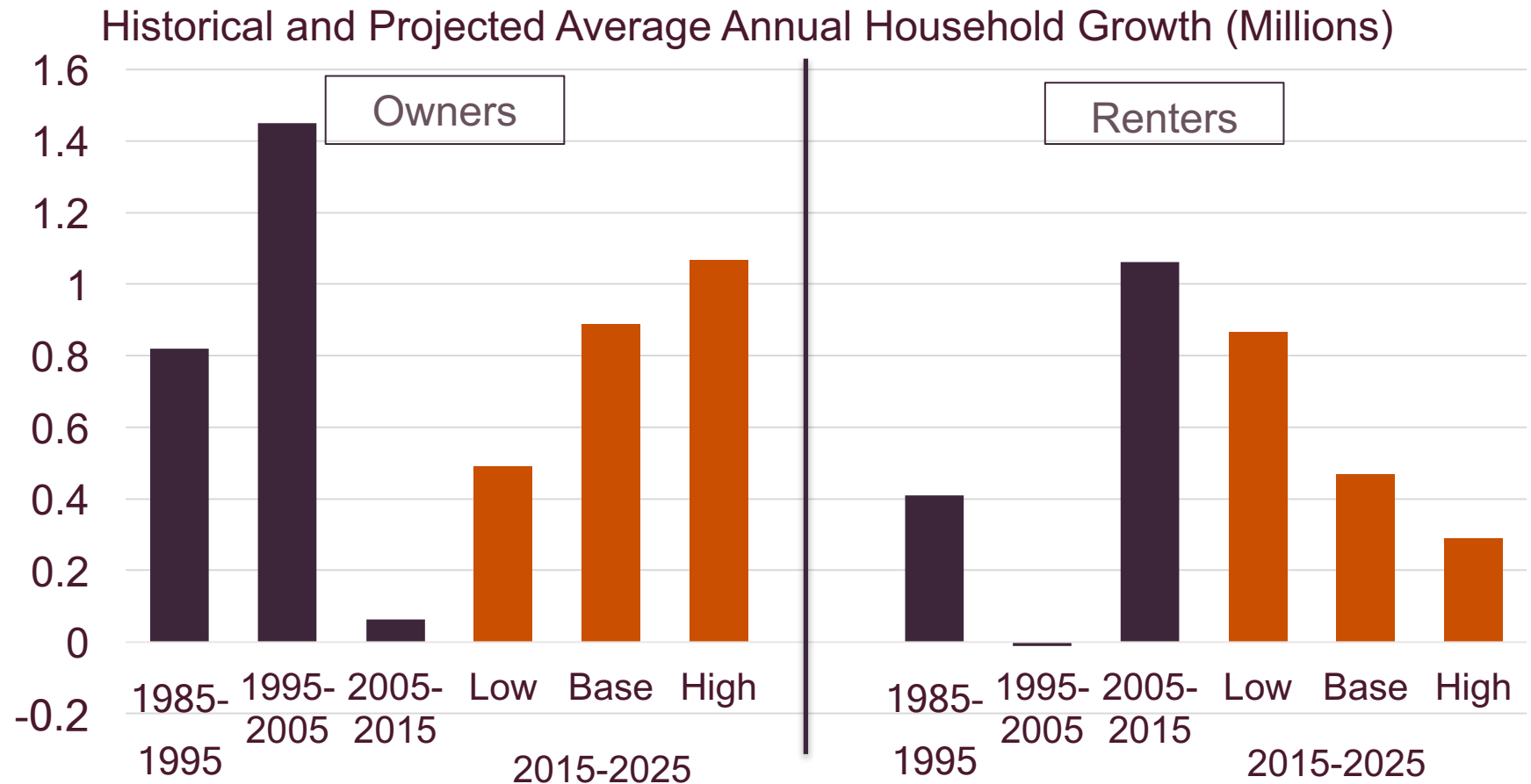


Three Scenarios Present Very Different Trajectories for Future Homeownership Rates by Age

Homeownership Rate



Under Base Projections Owner and Renter Growth Would be Similar to 1985-1995 Period



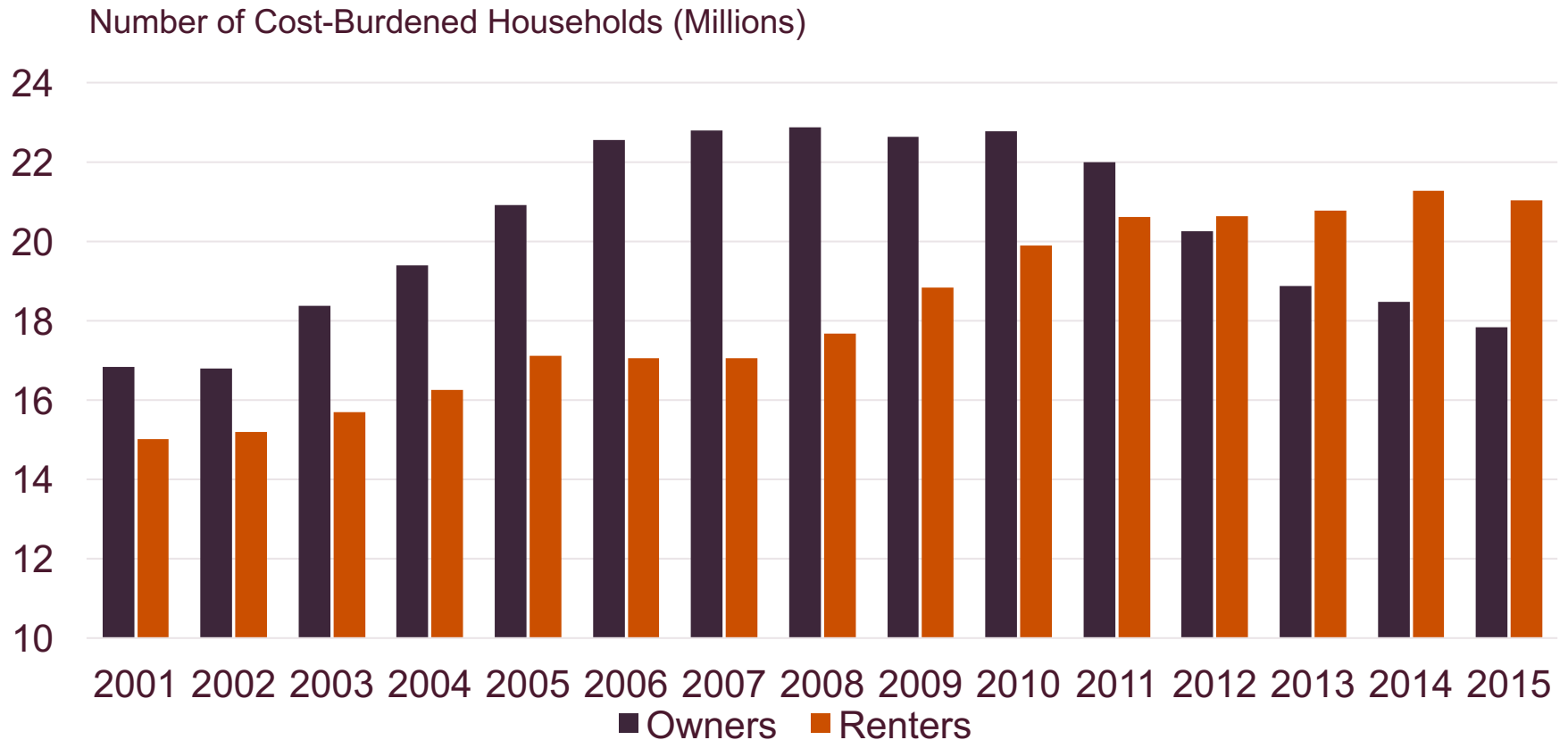
Source: JCHS projections.

Rethinking How We Measure Housing Affordability



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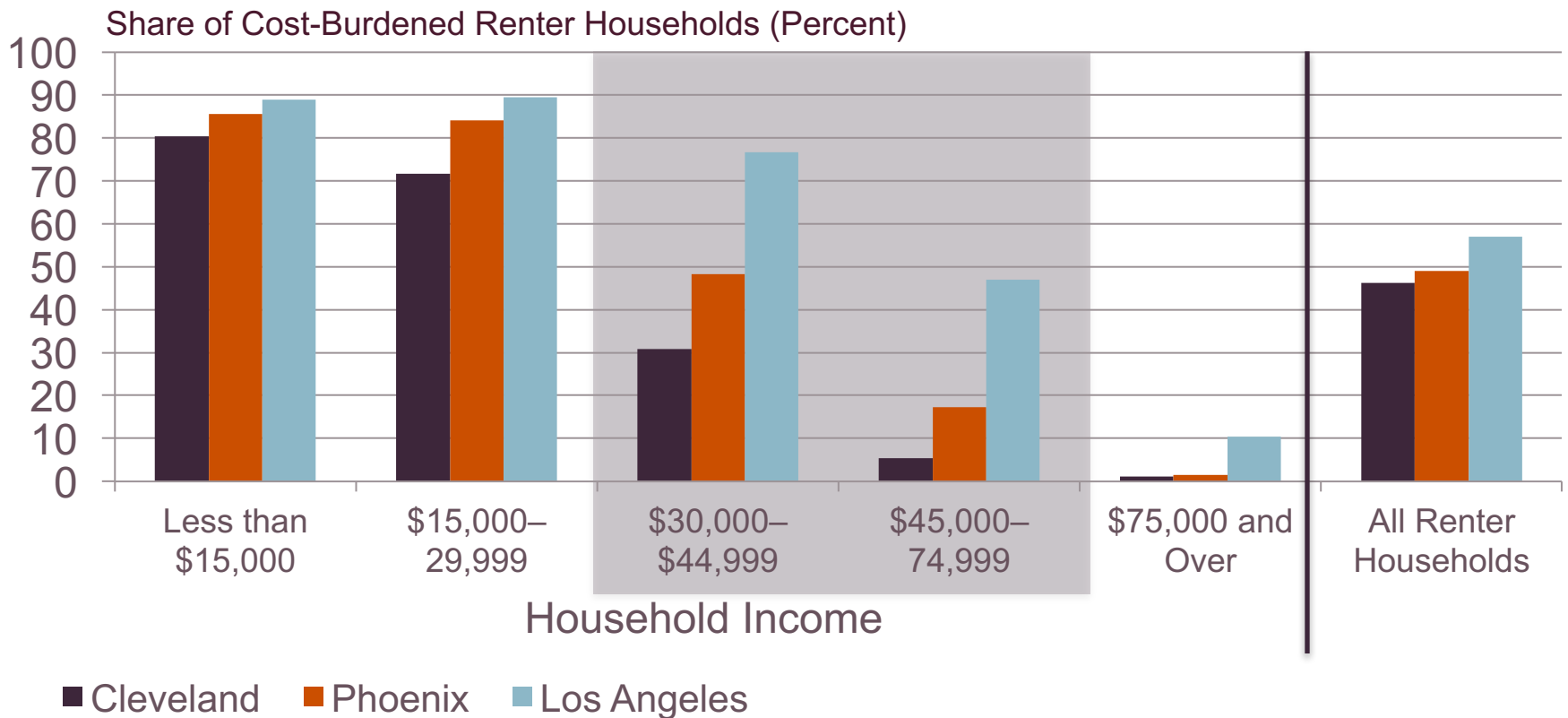
Number of Cost-Burdened Renters Still Near Record High while Number of Cost-Burdened Owners Continues to Fall



Note: Cost burdens are defined as housing costs (rent and utilities) that are more than 30 percent of household income.

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

Even Moderate Income Renters Struggle to Afford Housing, Particularly in High-Cost Metros

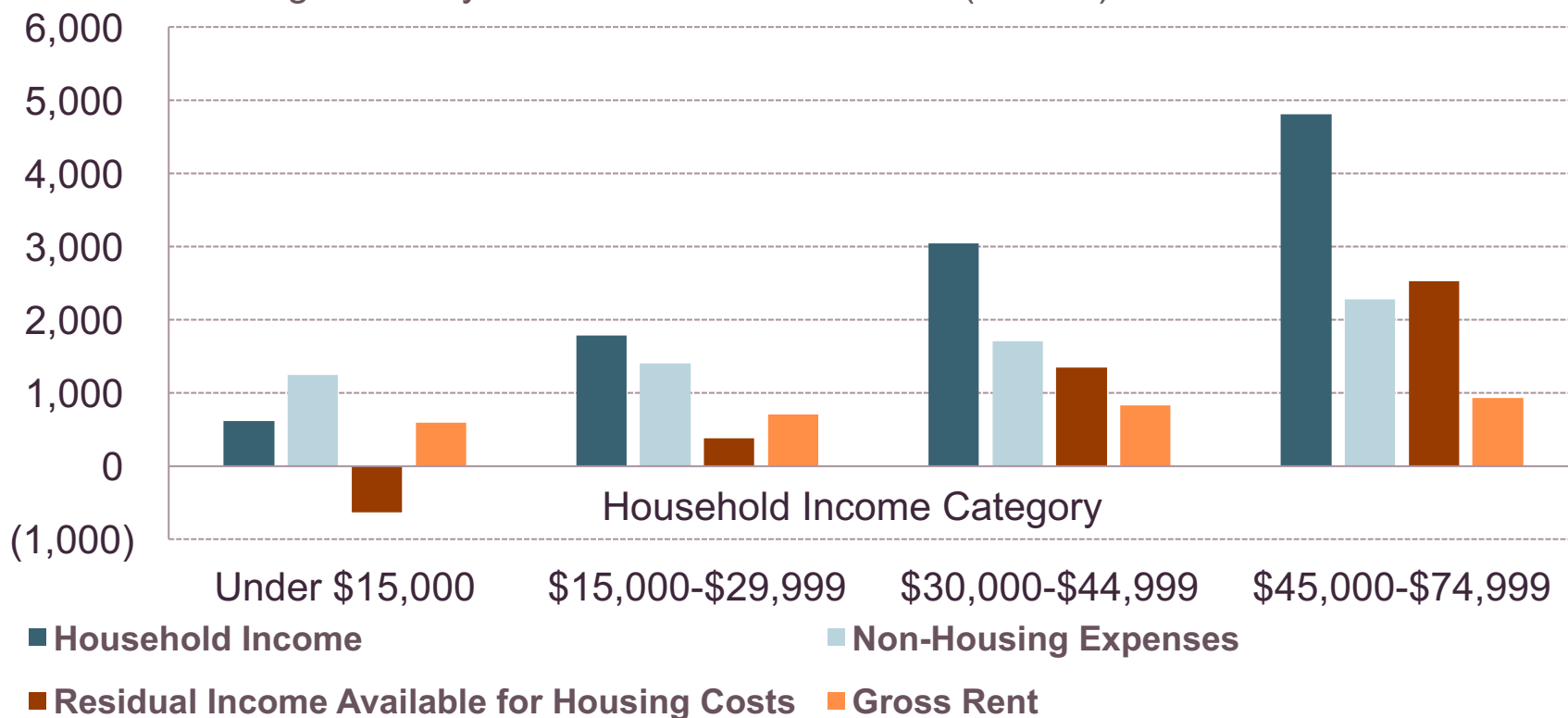


Notes: Cost burdens are defined as housing costs of more than 30% of household income. The top ten high-cost metros are based on metro rankings by median monthly gross rents.

Source: JCHS tabulations of the American Community Survey, 2013.

A Residual Income Approach to Assessing Cost Burdens Illuminates Extreme Challenges Facing Lowest-Income Households

Average Monthly Income and Costs in 2015 (Dollars)

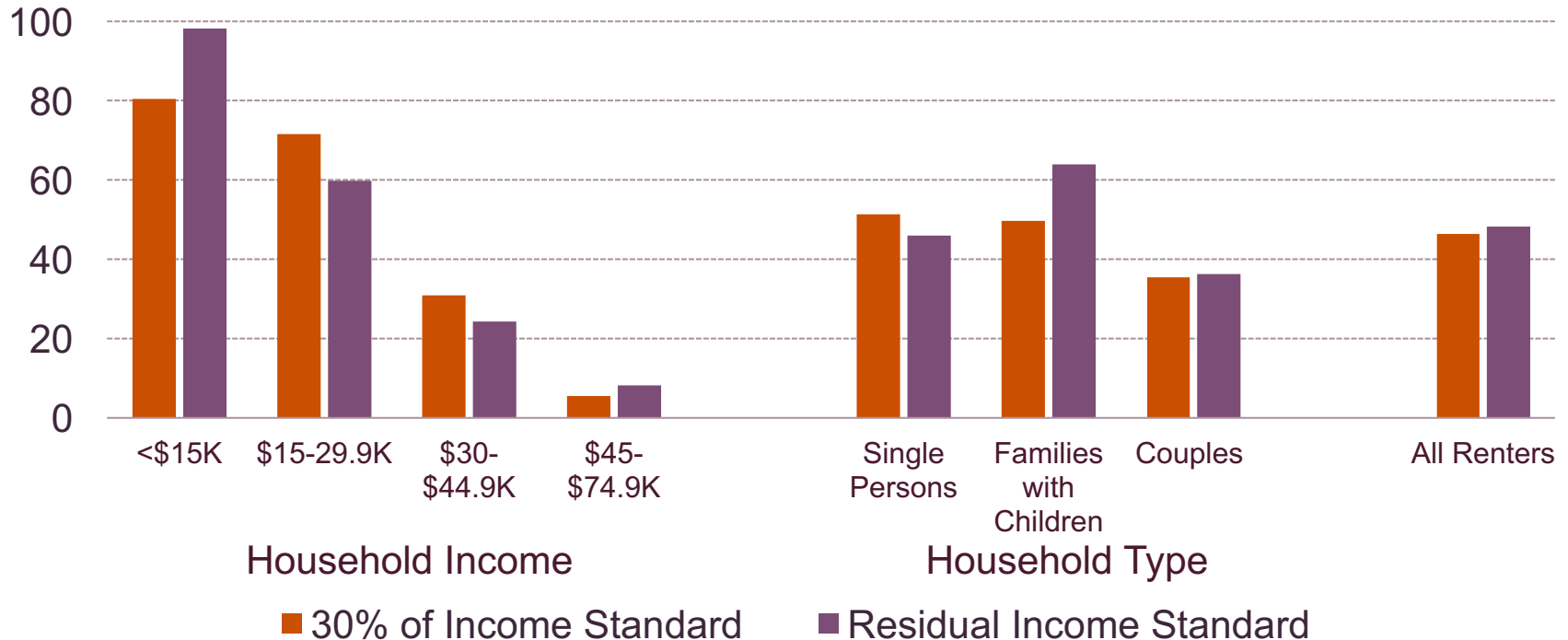


Notes: Extremely (Very Low, Low and Moderate) incomes are defined as less than 30 percent of area median income (30-49.9%, 50-79.9%, 80-99.9%). Residual income is household income less non-housing expenses. Renters include only households with up to four members.

Sources: Harvard Joint Center for Housing Studies tabulations of data from US Census Bureau, American Community Survey 2015, Center for Women's Welfare self-sufficiency standards, Urban Institute and Brookings Tax Policy Center.

Share of Cost Burdened Renters in Cleveland Based on 30% of Income Standard and Residual Income Approach

Cost Burdened Renters in 2015 (Percent)

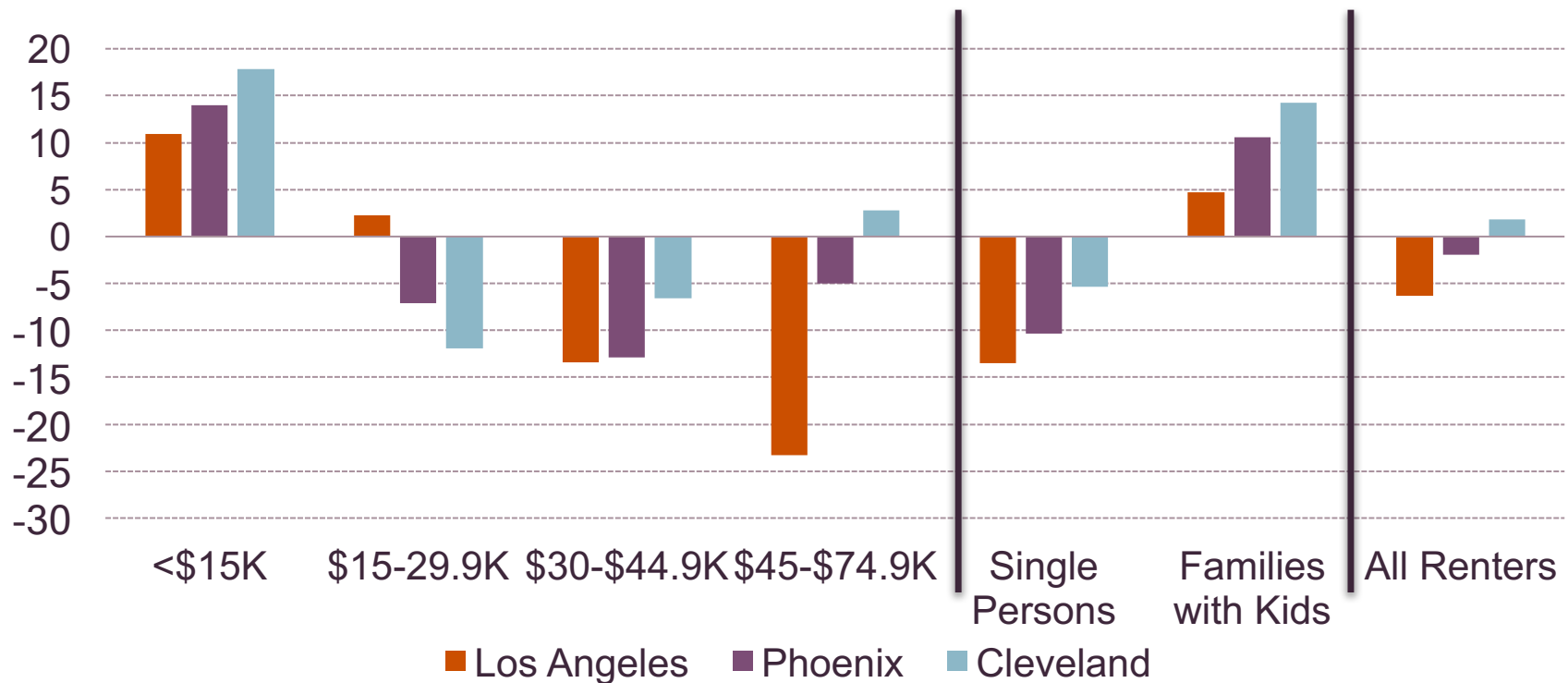


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A Residual Income Measure Produces a Different Pattern of Affordability in Low and High Cost Areas

Impact of Switching to Residual-Income Method on Renter Cost Burden Rates (Percent)



Notes: Differences in burdens are relative to those using the traditional 30% of income standard. Extremely (Very Low, Low and Moderate) incomes are defined as less than 30 percent of area median income (30-49.9%, 50-79.9%, 80-99.9%). Residual income is household income less non-housing expenses. Renters include only households with up to four members.

Sources: Harvard Joint Center for Housing Studies tabulations of data from US Census Bureau, American Community Survey 2015, Center for Women's Welfare self-sufficiency standards, Urban Institute and Brookings Tax Policy Center.