US homeownership rate hits lowest level since 1967

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Last month marked six years since the official end of the 2007-2009 recession, and, if official commentators are to be believed, six years since the beginning of the economic "recovery."

Yet by many indicators, American households are actually far worse off than they were during the depths of the 2008 crisis.

According to data released on Tuesday by the US Census Bureau, the share of Americans who own their homes has fallen to the lowest level since 1967.

Only 63.4 percent of American households owned their homes in the second quarter of 2015. This was a decline of 1.1 percentage points over only twelve months, and 5.8 percentage points less than the peak of 69.2 percent reached in 2004.

In June, median existing-home prices reached a new record of $236,400, after rising for the 40th consecutive month, exceeding the record high reached in July 2006 during the real estate bubble. Meanwhile, median household income was 8 percent below its pre-recession levels, at only $51,900 in 2013.

Economists expect homeownership rates to plummet even further as the rise in housing costs continues to outstrip wage levels. "We may have another percentage point to go before we see a bottom," Mark Vitner, senior economist at Wells Fargo Securities, told *Bloomberg Business* this week. Such a drop would mean the lowest homeownership rate since Census records began in 1965.

Unable to purchase a home, many Americans, especially young people, have turned to rental housing as a cheaper alternative, causing rental prices to steadily climb. The real estate industry, however, rather than building new affordable rental units to meet the increased demand, has focused disproportionately on luxury apartments for the rich. A study by one real estate research firm, as reported by the *Wall Street Journal*, found that 82 percent of the 370,000 rental units built in major metropolitan areas between 2012 and 2014 were luxury units. In some cities, such as Atlanta, Georgia, this figure reached nearly 95 percent.

Young people, one of the segments of the population hardest-hit by the recession, are increasingly responding to the bleak prospects for affordable housing by electing to live with their families. At the beginning of 2015 only 67 percent of adults aged 18-34 lived independently from their parents, a fall of 4 percentage points from 2007, according to a recently released Pew Research Center study. While the total number of people in this age bracket has increased by nearly 3 million, the number of young adults living on their own has actually decreased slightly, from 42.7 million to 42.2 million.

Those who do strike out on their own find themselves spending a large fraction of their income just to pay rent. Between 2003 and 2013, the percentage of renters aged 25 to 34 considered "cost-burdened," or spending more than 30 percent of their income on rent, increased from 40 to 46 percent, according to a study by Harvard University's Joint Center for Housing Studies.

The decline in the official unemployment rate, routinely touted in the press as a sign of economic recovery, is in large measure due to the collapse in the labor force participation rate, currently at 62.6 percent, its lowest level in 38 years. Male labor force participation has fallen to its lowest level on record. The official unemployment rate is so at odds with the reality of mass unemployment in the United States that Jim Clifton, the head of the Gallup polling agency, this year called unemployment figures a "Big Lie."

The jobs that have been added to the economy since the end of the recession are overwhelmingly in low-wage sectors. Despite modest job growth in the manufacturing industry, itself predicated on the slashing of wages in order to compete with low-wage countries such as China, there are still 1.5 million fewer manufacturing jobs in the United States than before the recession.

Despite the millions of jobs lost during the 2007-2009 recession, the US economy has grown at a relatively anemic pace during the so-called recovery. On Thursday the US Commerce Department said that the US economy grew at an annualized rate of 2.3 percent in the second quarter of this year, below Wall Street analysts' expectations of 2.7 percent.

The report also revised downward the government's growth estimates from 2011 to 2014, from 2.3 percent to 2 percent, meaning that the most anemic post-recession period since the Great Depression has been even worse than initially thought.

The report noted that business investment continued to shrink in the second quarter. This has taken place despite the fact that American corporations are currently sitting on a cash hoard of $1.4 trillion. Rather than invest this money in new productive capital, raise wages, or hire workers, they are instead using it to buy back shares, increase dividends, and conduct ever-larger mergers and acquisitions.

Meanwhile, the ongoing slump in commodity prices is leading to mass layoffs in the mining and oil sectors. Last week, British mining conglomerate Anglo American announced plans to lay off one-third of its workforce, or 53,000 people, over the next few years. Oil companies, for their part, have slashed new investments and laid off more than 150,000 workers worldwide, as oil continues to trade under $50 per barrel.

The mounting poverty and inequality in the United States, which continues to grow unabated six years into the official "recovery," finds noxious expression in all aspects of American society. The 2016 elections, which are on track to cost some $10 billion, are characterized by the emergence of individual billionaires directly bankrolling their own candidates. Meanwhile police violence against workers and poor people, the most visible expression of the violent and exploitative social relations within the United States, continues unabated, with 675 people having been killed by police so far this year.