Homeownership rates at historic lows for young people in the US

Nick Barrickman
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Recent reports on the US housing market have revealed that homeownership levels in the US have dropped to record lows in the wake of the 2008 financial crisis.

A report released last week by the Pew Research Center shows homeownership rates are at the lowest level in over 20 years, while US Census data evaluated by real estate firm Trulia show that young people aged 18-24 are living with their parents in numbers not seen since 1940, the year after the Great Depression officially ended.

According to the data accumulated by Trulia, and reported by the *Wall Street Journal*, the share of young people living with parents in the US in 2016 was nearly 40 percent. Noting that homeownership "is closely correlated with housing affordability and income," the *Journal* states that the only other period in which comparable rates were seen was over 75 years ago. In contrast, only 24.1 percent of young people were living with their parents in 1960.

Those 18 to 24 years old, known as "millennials," have surpassed Baby Boomers (ages 51-69) as the country's largest living generation. However, the *Journal* notes a Harvard Joint Center for Housing Studies report, which found that despite the number of people under the age of 30 increasing by over 5 million since 2006, there are less than 200,000 new homeowners within this group today.

A report released by Pew provides a more detailed breakdown of the loss in homeownership affecting broad sections of the working class. In 2004, homeownership in the US hit a modern peak of 69 percent. By contrast, the homeownership rate had fallen to 63.5 percent in 2016. Current homeownership rates have sunk to levels lower than in 1994, the period prior to the "dot-com" boom, when home values began their rapid growth.

Significantly, the Pew study shows that young people have suffered the most under today's conditions. In 2004, 43 percent of people under the age of 35 owned homes. Today, that number has fallen to 35.2 percent, a drop of 18 percent from 12 years earlier. Homeownership for people age 35-44 declined by 16 percent in this same period.

When based upon income, the collapse was also stark. The report notes that homeownership for people with household incomes lower than $44,000 fell from a high of 52.9 percent in 2005 to 47.1 percent in 2015. This was in contrast to better-off homeowners, making yearly incomes of between $44,000 and $132,000, and high-income homeowners making over $132,000, who saw a drop from 73.8 to 68.3 percent and from 86.6 to 80.3 percent, respectively.

The Pew report found that African Americans were the hardest hit racial group in the US, with homeownership rates falling from a peak of 49.1 percent in 2004 to 41.3 percent today. Whites and Hispanics also saw their homeownership rates plummet, from 76 percent to 71.9 percent and from 48.1 percent to 47 percent, respectively. In addition, the number of loan applications has collapsed since 2004. According to Pew, housing loans for whites have fallen by 45 percent; 77 percent for African Americans and 76 percent for Hispanic residents.

The 2008 collapse of the housing market precluded millions of people from ever obtaining ownership of a home, an aspiration long-associated with the "American Dream." The report notes that nearly 72 percent of all renters wish to own their homes, but are blocked from doing so by stringent rules put in place to curb the illegal lending practices that occurred in the lead-up to the housing collapse.

A report released two weeks ago by the Center for Disease Control and Prevention found that life expectancy fell for the entire US population for the first time in over 20 years in the period from 2014-2015, the last year on record. A recent study produced by economists Thomas Piketty, Emmanuel Saez and Gabriel Zucman show a vast growth in total income inequality in the US since 1980, with the top 1 percent obtaining the same percentage of income today that the bottom 50 percent of the US population held in 1980.

A study released in early December by economists from Harvard, Stanford and the University of California at Berkeley found that the percentage of Americans making more in income than their parents had collapsed from over 90 percent in 1970 to only 51 percent in 2014.

These reports and others released in the recent period further undermine President Barack Obama's claim that Americans are doing "pretty darn great" thanks to his administration's policies. The decline in support from people 18-29 was among the key factors in the November 8 defeat of Democratic presidential nominee Hillary Clinton, who had promised to continue the policies of the Obama administration.