

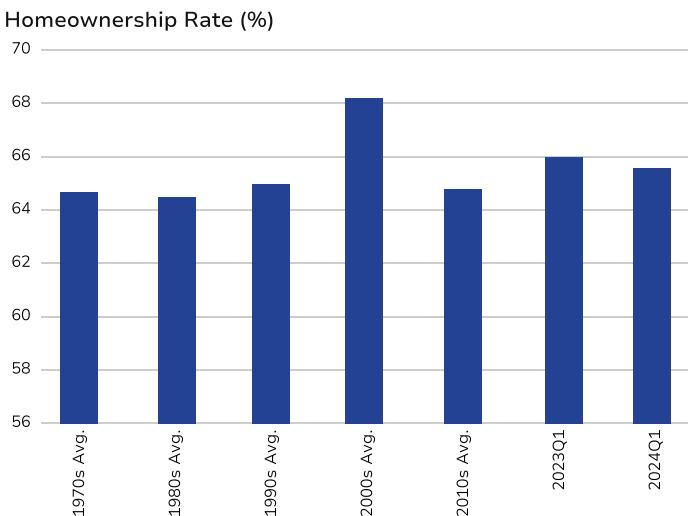
U.S. Homeownership Holding Up

Given the legitimate concerns around housing supply and affordability in the U.S. and the variety of editorializations around institutional investors buying up homes, U.S. Census Bureau data provide a good reality check on homeownership. The Current Population Survey/Housing Vacancy Survey (CPS/HVS) gives us a quarterly look at homeownership based on a sample of 72,000 addresses across the country.

Here are some key takeaways:

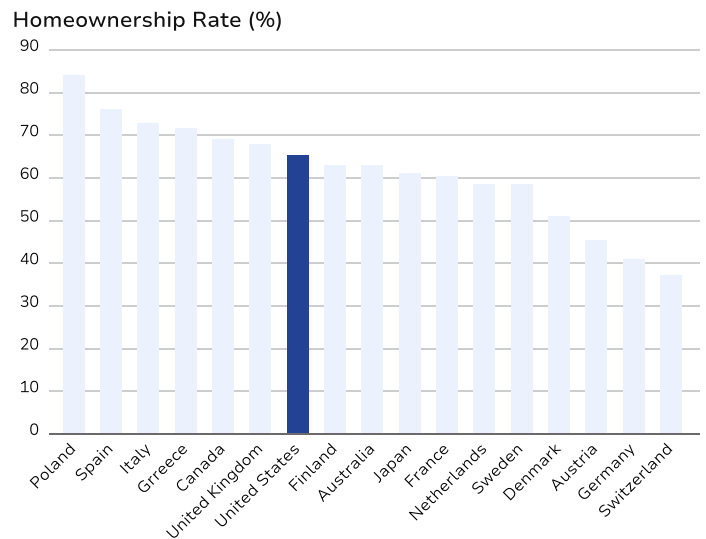
- The homeownership rate was 65.6% in 24Q1 vs. 66.0% in 23Q1, according to the CPS/HVS.
- This change was not statistically significant per the U.S. Census Bureau (i.e., within the survey’s margin of error).
- 65.6% is not materially different from the average over the past five years of 65.7%.
- Homeownership was lower, averaging less than 65.0%, in the 1970s, 1980s, 1990s, and 2010s.
- Homeownership was higher during the 2000s, with the housing boom pushing the average above 68.0%.
- The survey shows a nearly 550,000 increase in owner-occupied housing units over the past year and a 7.5 million increase over the past five years.
- Owner-occupied housing units grew at 5.7x the 1.3 million increase in renter-occupied housing units over the past five years, per the CPS/HVS.

Homeownership Has Held Up Well Despite High Prices & Mortgage Rates



Source: U.S. Census Bureau CPS/HVS, Roofstock Research

U.S. Homeownership Rate Higher Than Many Other Countries



Source: Organization for Economic Cooperation and Development (OECD), Brookings Institution, Roofstock Research

Note: Data from 2022 or latest available

While homeownership and resilient home price data show that we do not have an ownership crisis in the U.S., we do not discount the affordability and availability challenges facing prospective homeowners. For many households, current housing market conditions do represent a crisis, particularly at the younger end of the age spectrum where ownership has been slipping. Households under the age of 35 saw the largest percentage point decrease in homeownership over the past year (1.6), followed by those ages 35-44 (1.2). Available entry-level housing stock is particularly scarce.

Further, the data are also a reminder that roughly one-third of households rent their primary residence (and about a third of those rent detached or attached single-family homes). Ownership could be a long-term goal for many of these households, but affordability and stage of life may not make that practical today. Many households begin as renters and eventually become owners.

Also, people rent for a myriad of reasons and price to purchase is not the only deciding factor. A desire or need for geographic mobility and financial flexibility are two notable contributors to households choosing to rent instead of own. Some people simply prefer the renter lifestyle.

State and federal housing policies should consider the equally valid desires of renter households to have access to high quality, affordable options to rent the type of home they want in a neighborhood they would like to live in. Homeownership is traditionally included as an aspect of achieving the American Dream, but it may not be the right or desired choice for every household.

For perspective here, we have also charted homeownership rates in some other developed nations, as reported by the OECD. Homeownership is less common in a number of developed economies across the world than it is in the U.S. The homeownership rate in France is ~5 percentage points lower than it is in the U.S. The difference is even more extreme in Germany where the homeownership rate is less than 41.0%.

U.S. homeownership likely faces headwinds in the months ahead due to high prices, elevated mortgage rates, limited new supply, and a scarcity of existing homes for sale. But homeownership has not cratered and remains above historical average levels. Growth in the number of owners has been relatively strong and it is important that government policies and public and private investment not ignore the roughly one-third of households that rent their primary residence.



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