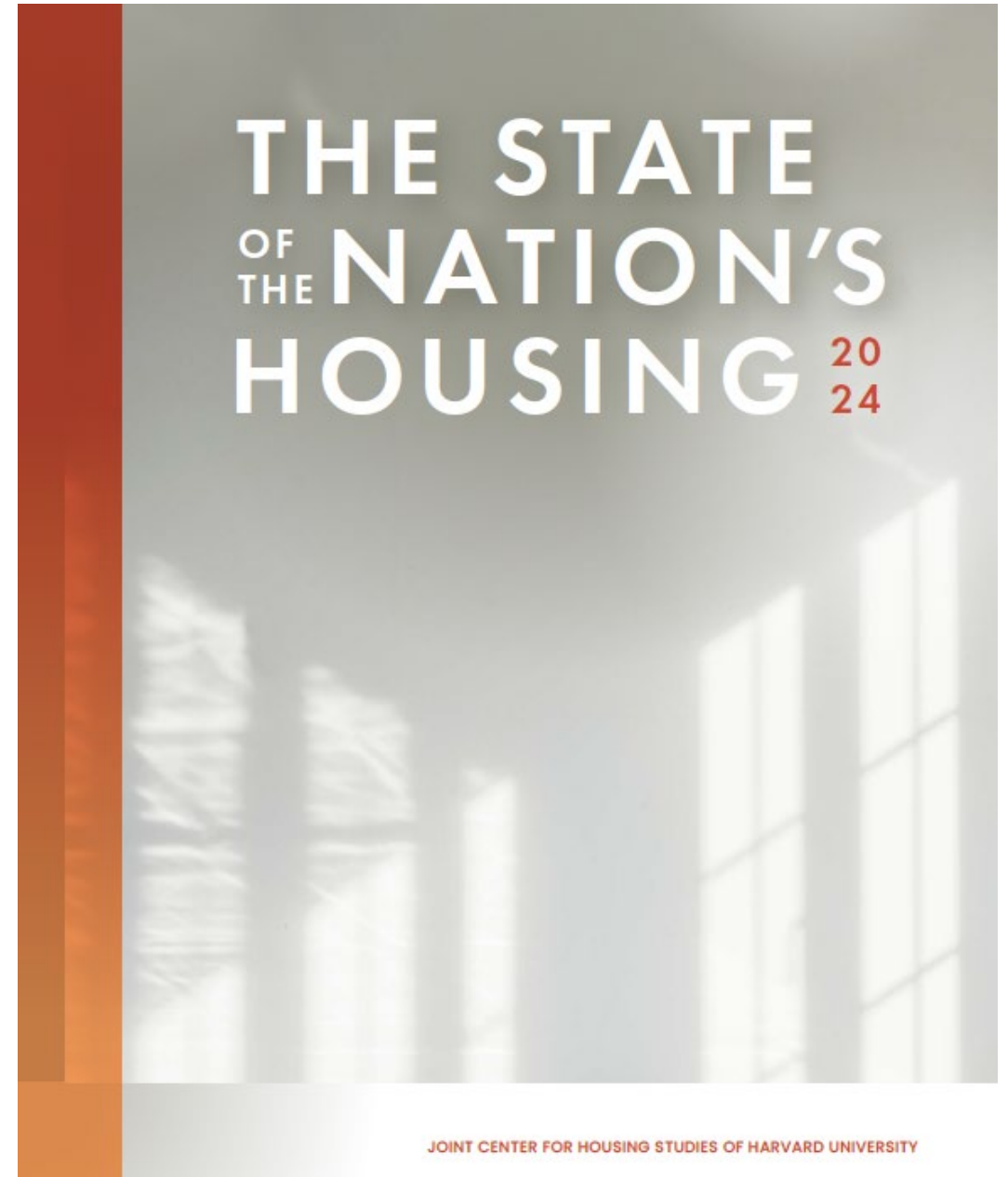


The State of the Nation's Housing 2024

JCHS Friday Housing Research Seminar
September 2024

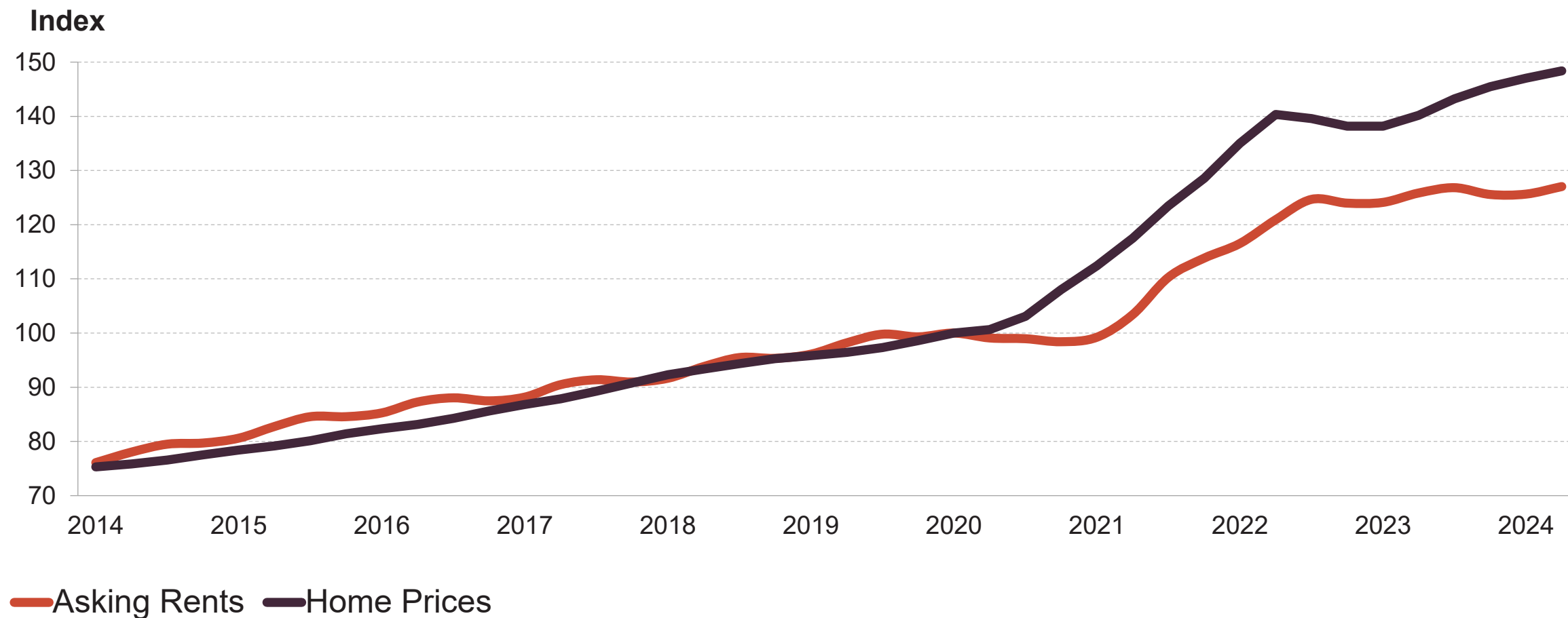
Major Themes for 2024

Rising Housing Costs and Unaffordability
Costs Push Homeownership Out of Reach
Surge in Apartments Softens Rental Markets
Drivers of Housing Demand Remain Strong
Challenges Ahead for Housing Policy



Rising Housing Costs and Unaffordability

Housing Costs Remain Elevated After Pandemic-Era Surges

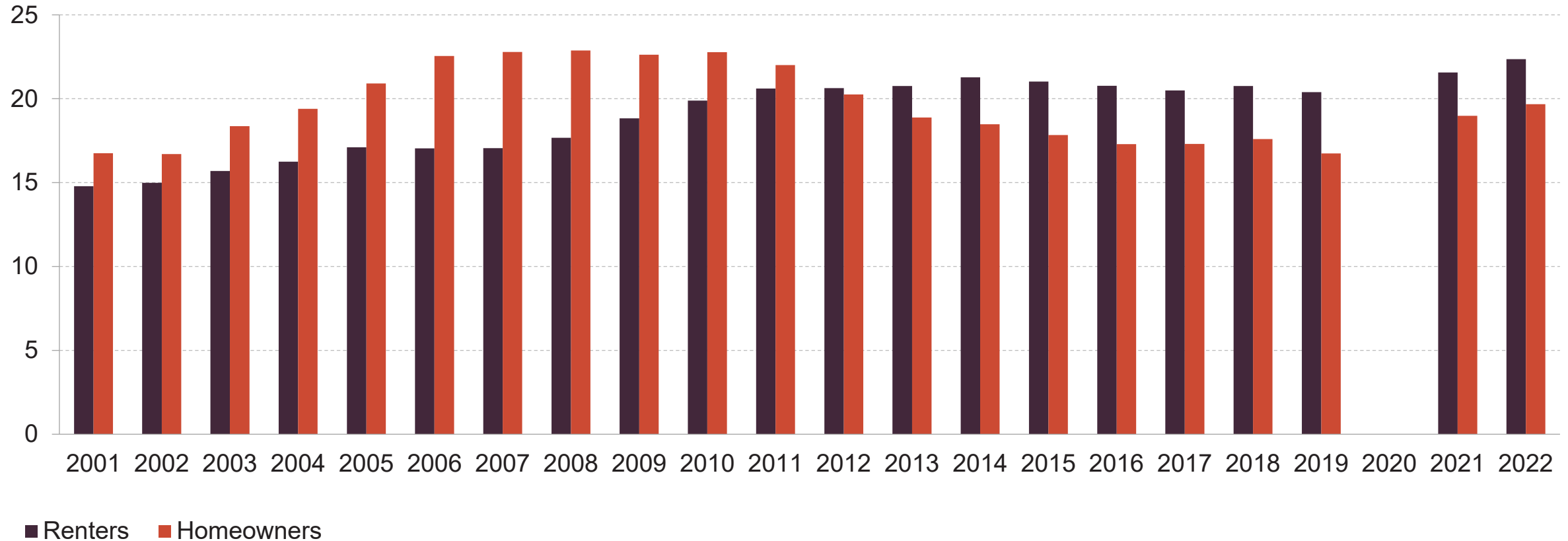


Notes: Asking rents are for professionally managed apartments in buildings with five or more units. Prices and rents are indexed to 100 in 2020:1. Home prices are seasonally adjusted.

Source: JCHS tabulations of RealPage data; S&P CoreLogic Case-Shiller US National Home Price Index.

Cost Burdens Hit New High for Renters While Also Rising for Homeowners

Cost-Burdened Households (Millions)

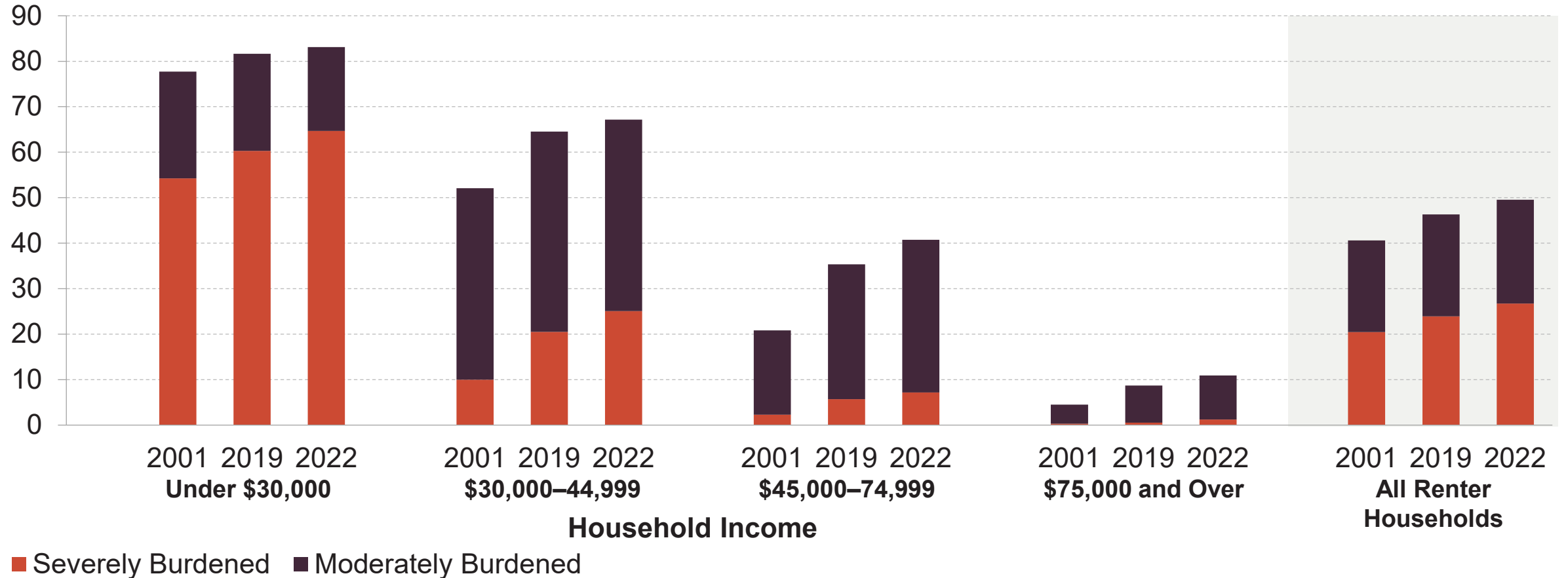


Notes: Cost-burdened households spend more than 30% of income on housing and utilities. Estimates for 2020 are omitted due to data collection issues experienced during the pandemic.

Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

Renter Cost Burdens Are Rising Fastest Among Middle-Income Households

Share of Renter Households with Cost Burdens (Percent)



Notes: Household incomes are adjusted for inflation using the CPI-U for All Items. Moderately (severely) cost-burdened households spend more than 30% (more than 50%) of income on housing and utilities. Households with zero or negative income are assumed to have severe burdens, while households paying no cash rent are assumed to be unburdened.

Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

The Rental Stock Is Shifting Towards Higher-Rent Units



Notes: Rents are inflated to 2022 dollars using the CPI-U for All Items Less Shelter. Units that are occupied but do not receive payment are excluded. Contract rents exclude utility costs.
Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

The Rental Stock Is Shifting Towards Higher-Rent Units

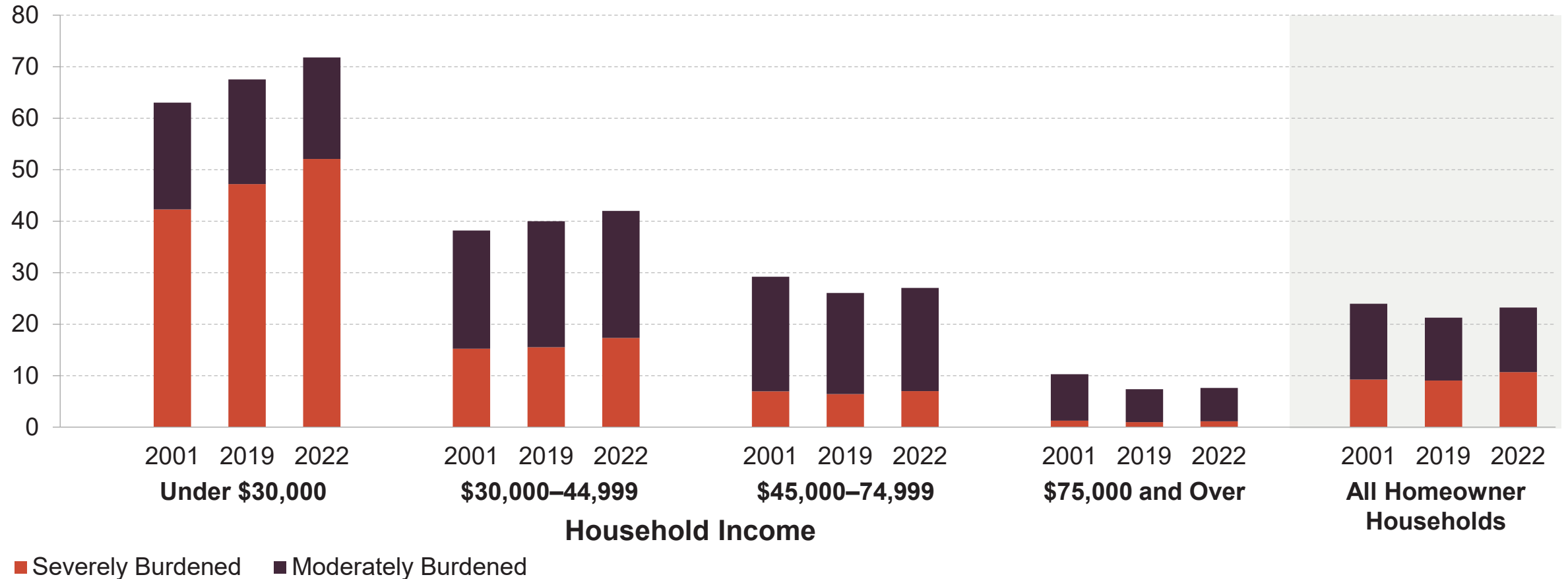


Notes: Rents are inflated to 2022 dollars using the CPI-U for All Items Less Shelter. Units that are occupied but do not receive payment are excluded. Contract rents exclude utility costs.

Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

Cost-Burden Rates Continue to Rise Among Homeowners with Lower Incomes

Share of Homeowner Households with Cost Burdens (Percent)



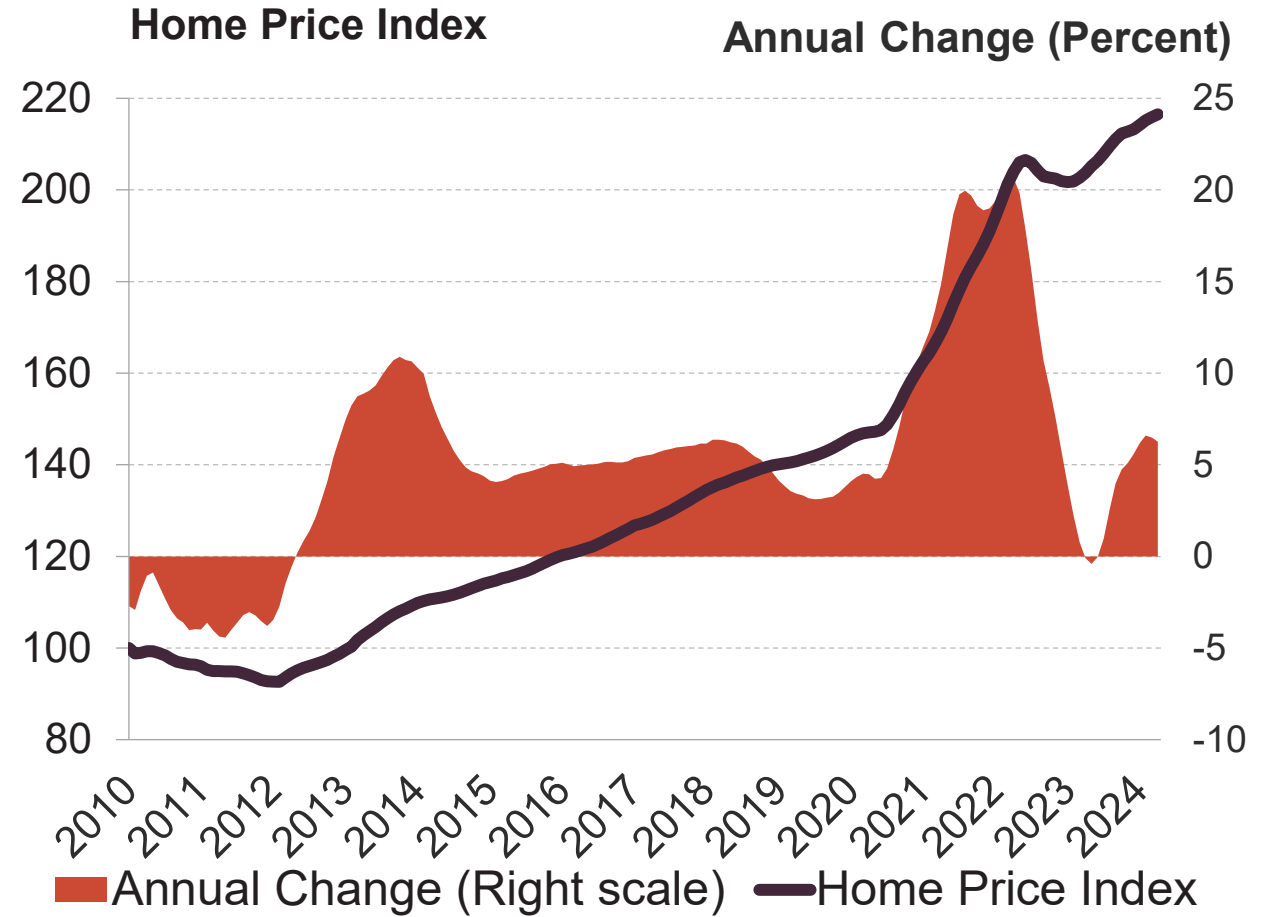
Notes: Household incomes are adjusted for inflation using the CPI-U for All Items. Moderately (severely) cost-burdened households spend more than 30% (more than 50%) of income on housing and utilities. Households with zero or negative income are assumed to have severe burdens, while households paying no cash rent are assumed to be unburdened.

Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

Costs Push Homeownership Out of Reach

After a Brief Dip, Home Price Growth Has Resumed

After a Brief Dip, Home Price Growth Has Resumed



Source: JCHS tabulations of S&P CoreLogic Case-Shiller US National Home Price Index.

Price Increases Have Negated the Impact of Interest Rate Declines on Affordability

Homebuyer Costs on the Median-Priced US Home

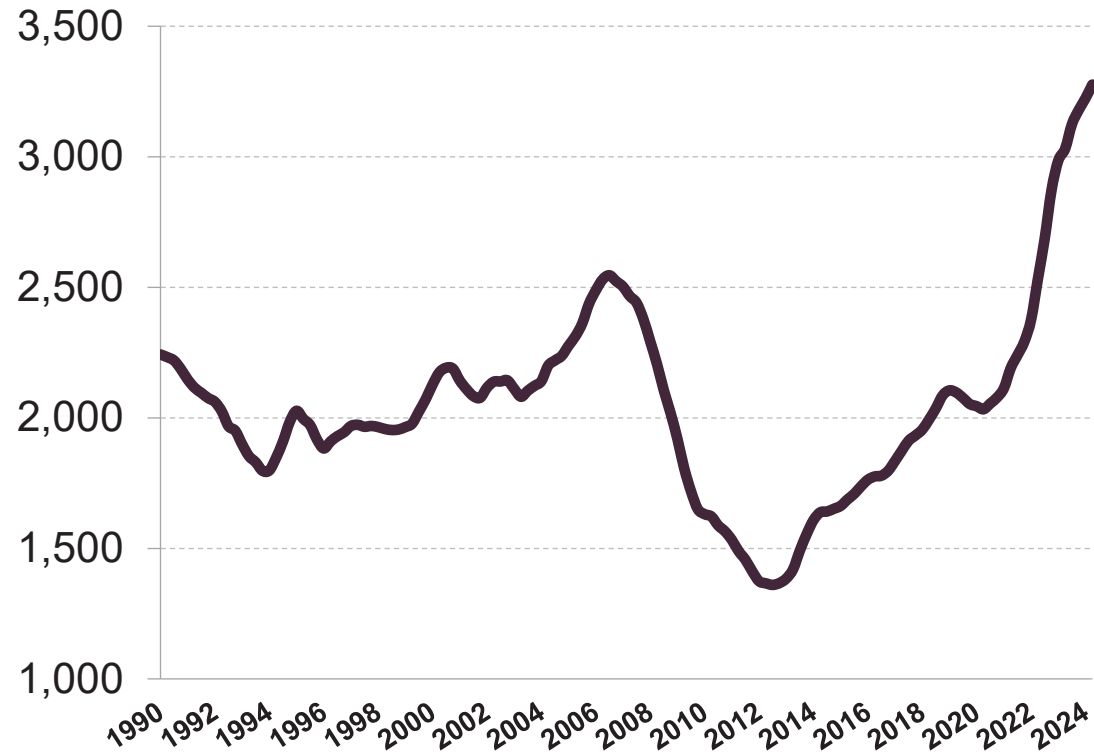
	January 2024		Current
Median Home Price (Dollars)	382,900		400,513
Interest Rate (Percent)	6.64		6.2
Total Monthly Owner Costs (Dollars)	3,018		3,045
Monthly Owner Mortgage Payment	2,370		2,367
Other Monthly Owner Costs	648		678
Annual income needed at 31 percent max DTI ratio	116,833		117,869
Total Cash Needed at Closing (Dollars)	24,889		26,033

Notes: Monthly payments assume a mortgage with a 3.5% downpayment on a 30-year fixed rate loan with zero points and 0.55% mortgage insurance, 0.35% property insurance, and 1.15% property tax rates. Current home price is the 4.6% Jan-June indexed increase to the January NAR median sf home price.

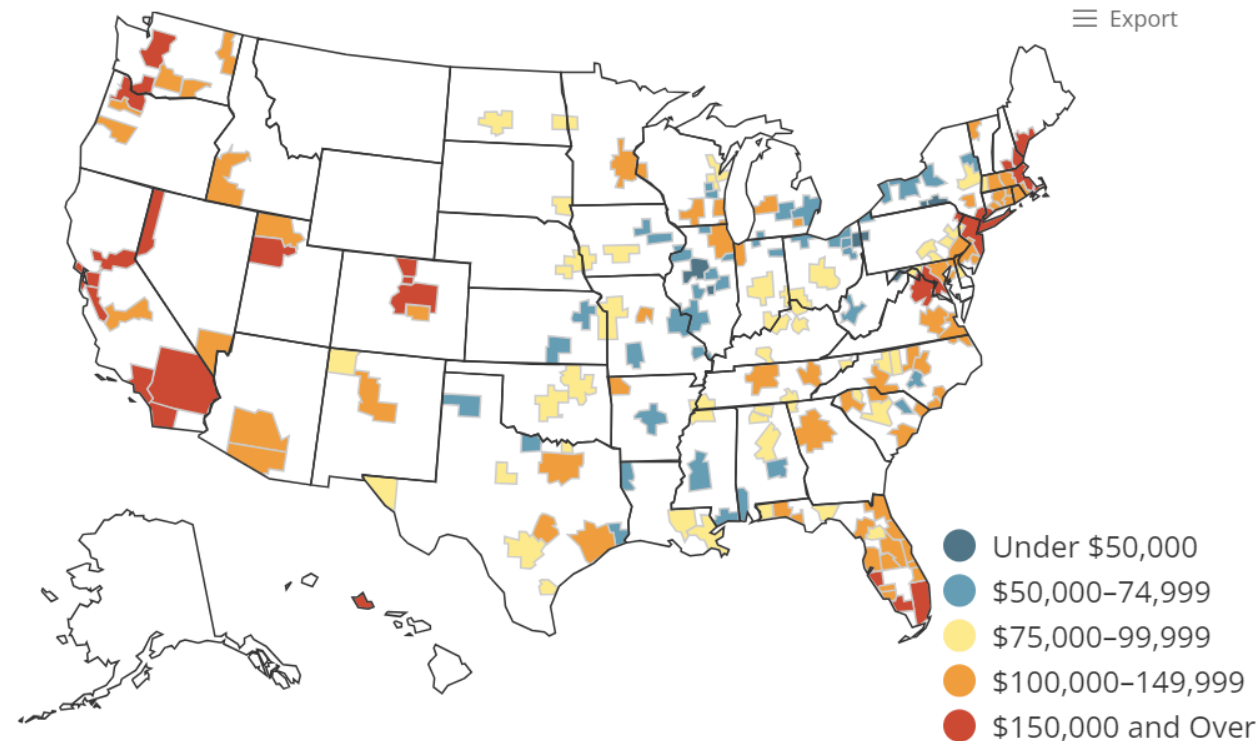
Source: JCHS tabulations of Freddie Mac, Primary Mortgage Market Surveys; National Association of Realtors, Existing Home Sales.

Homebuyers Need High Incomes to Afford Monthly Payments

Monthly Housing Payment on Median-Priced US Home (2024 dollars)



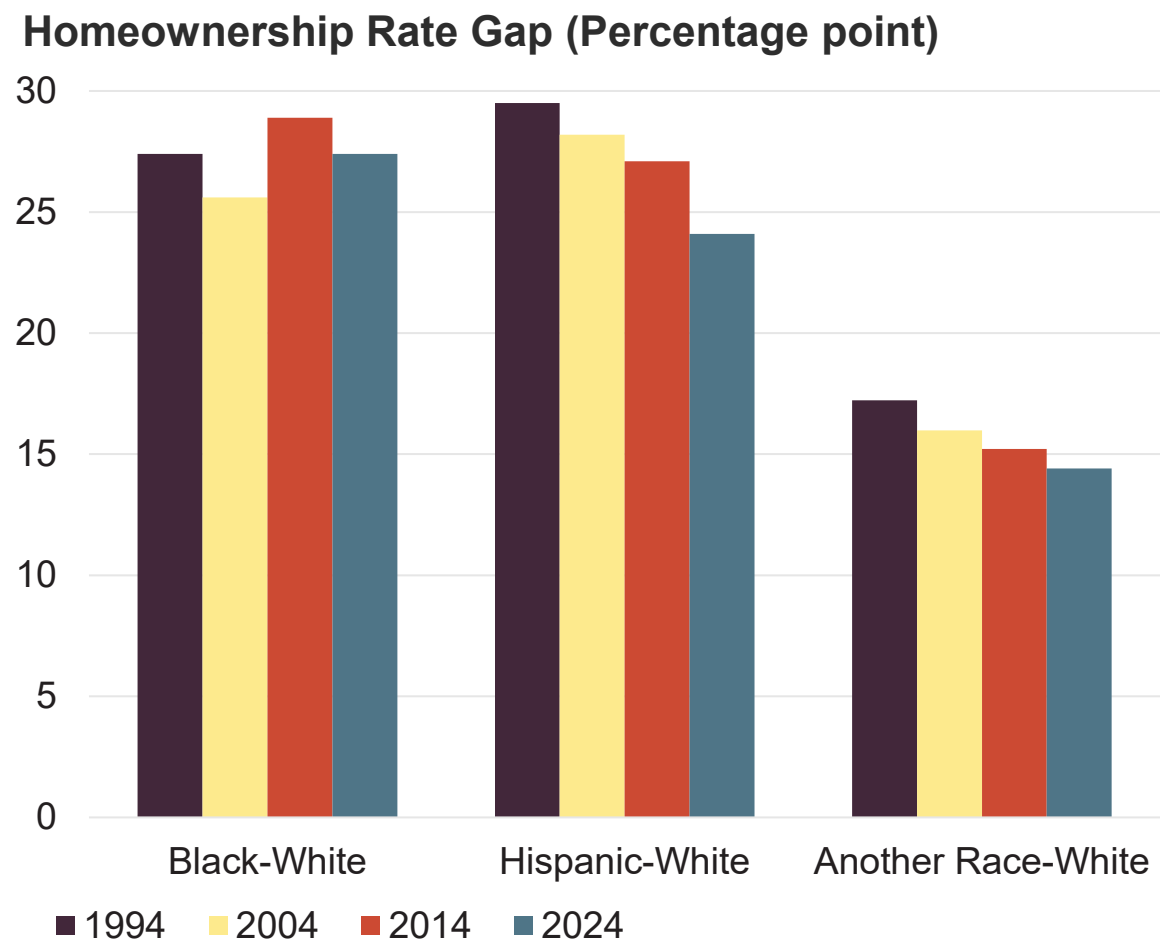
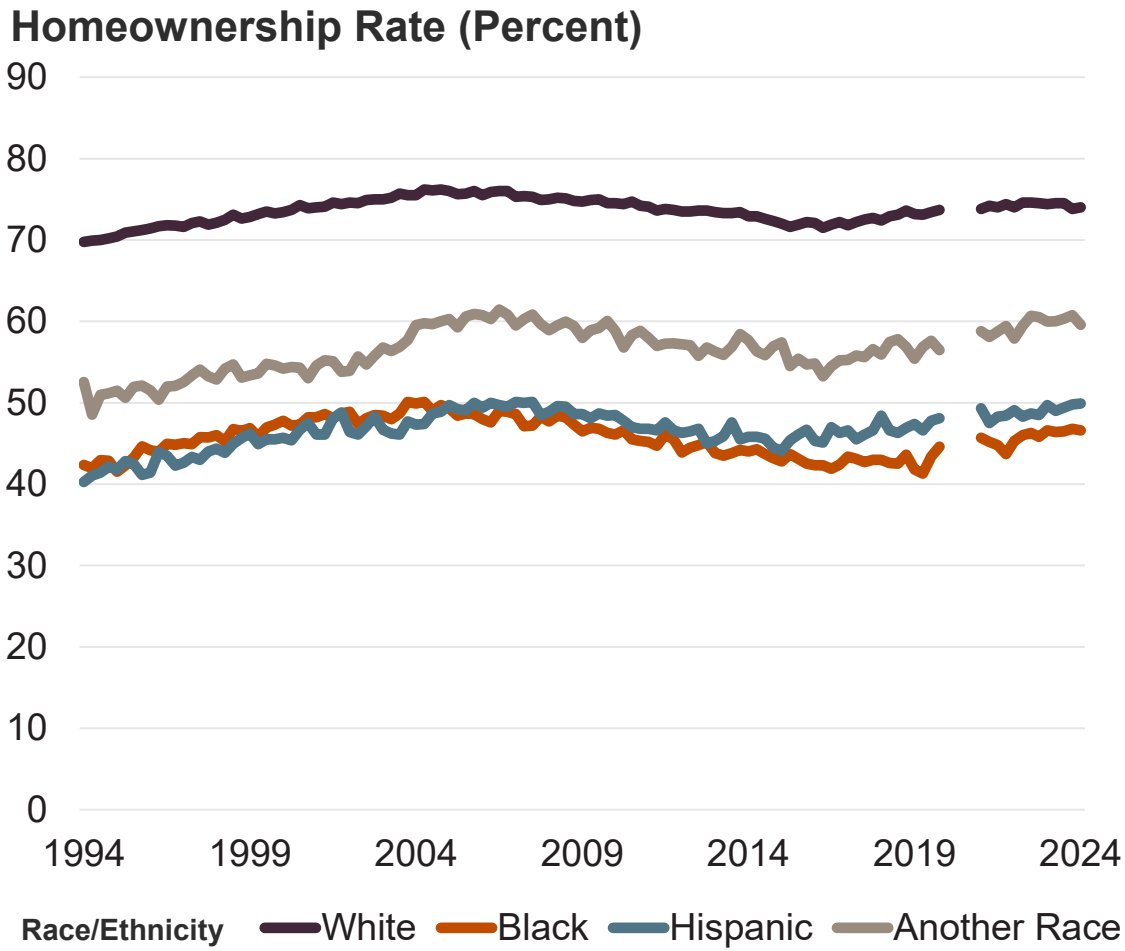
Annual Income Required to Afford the Median-Priced Home in Metro (2024 dollars)



Notes: Payments are 4-quarter averages inflation adjusted using the CPI-U for All Items Less Shelter. Monthly payments assume a mortgage with a 3.5% downpayment on a 30-year fixed rate loan with zero points and 0.55% mortgage insurance, 0.35% property insurance, and 1.15% property tax rates.

Source: JCHS tabulations of Freddie Mac, Primary Mortgage Market Surveys; National Association of Realtors, Existing Home Sales.

Wide Racial Homeownership Gaps Have Improved Little in Decades

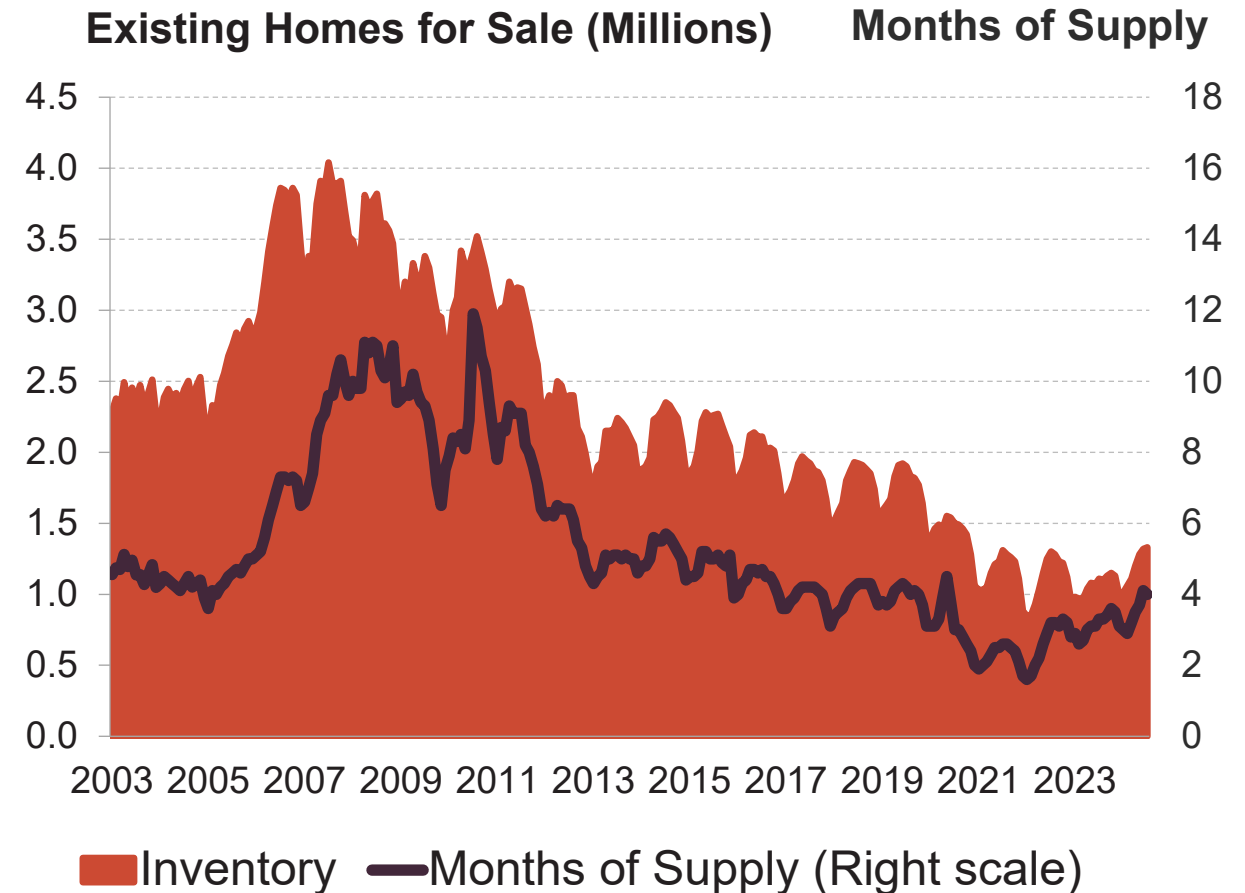


Notes: White, Black, and another race householders are non-Hispanic. Hispanic householders may be of any race. “Another race” householders are Asian, multiracial, or of another race. Rate gaps shown in right panel are from the first quarter of each year. Estimates for 2020 are omitted due to data collection issues experienced during the pandemic
Source: JCHS tabulations of US Census Bureau, Housing Vacancy Surveys.

Despite Slight Gains, For-Sale Inventories Are Still Near Record Lows

After a Brief Dip, Home Price Growth Has Resumed.

Inventories of Homes For Sale Rising, But Remain Low



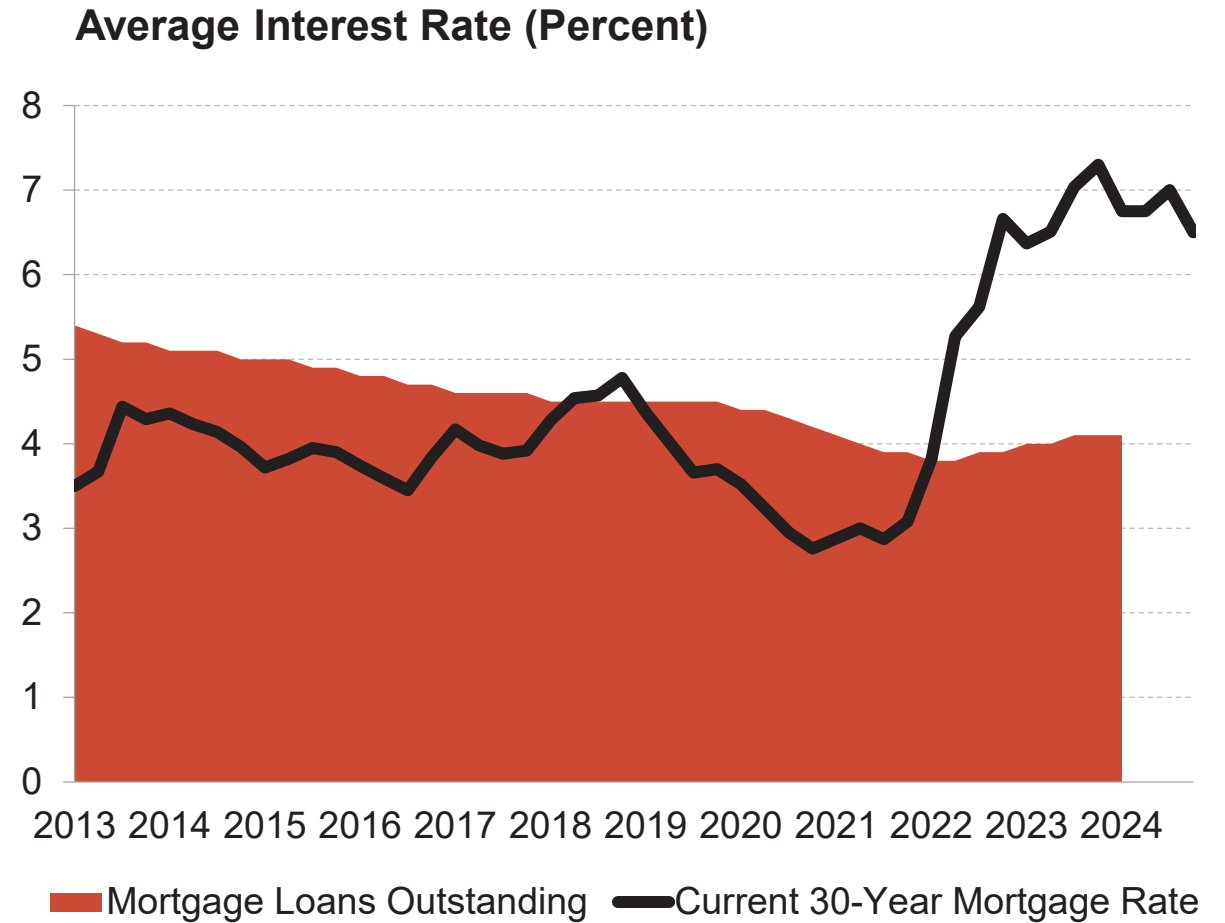
Notes: Months of supply measures the length of time needed at the present pace to sell homes currently listed for sale. A balanced market is typically considered six months.
Source: JCHS tabulations of National Association of Realtors, Existing Home Sales.

Homeowners' Average Mortgage Rate Is far Below the Current Market Rate

After a Brief Dip, Home Price Growth Has Resumed.

Inventories of Homes For Sale Rising, but Remain Low

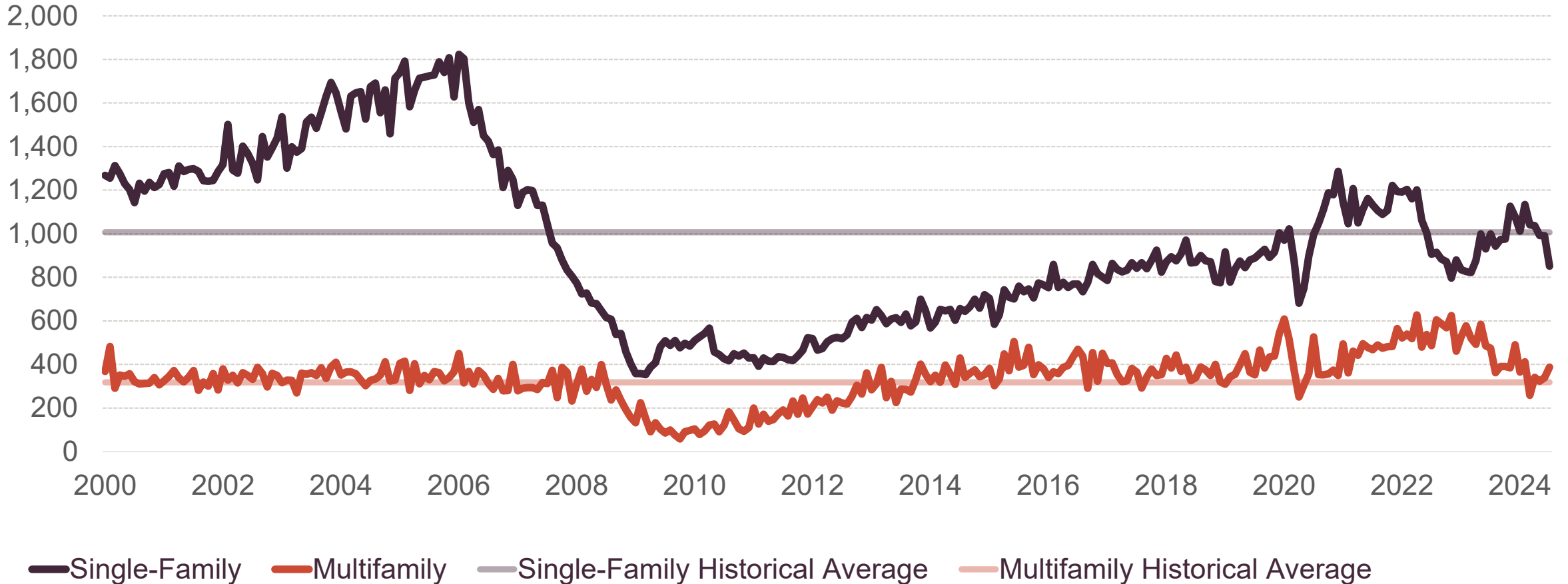
Interest Rates Falling, but Remain Elevated



Source: JCHS tabulations of Federal Housing Finance Agency, National Mortgage Database; Freddie Mac, Primary Mortgage Market Surveys.

Strength in Single-Family Construction Faded While Multifamily Development Decline Continued

Annualized Housing Starts (Thousand of units, seasonally adjusted)

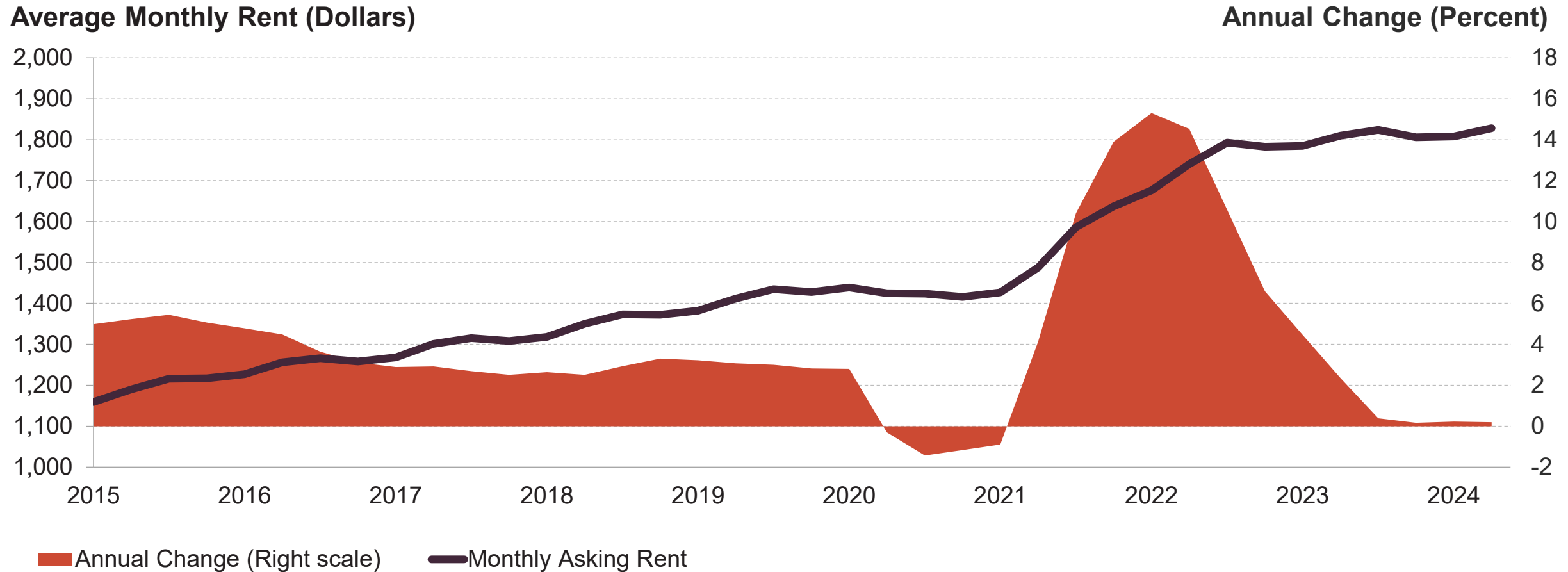


Note: Single-family and multifamily historical averages are of seasonally adjusted monthly data from January 1990 to March 2024.

Source: JCHS tabulations of US Census Bureau, New Residential Construction.

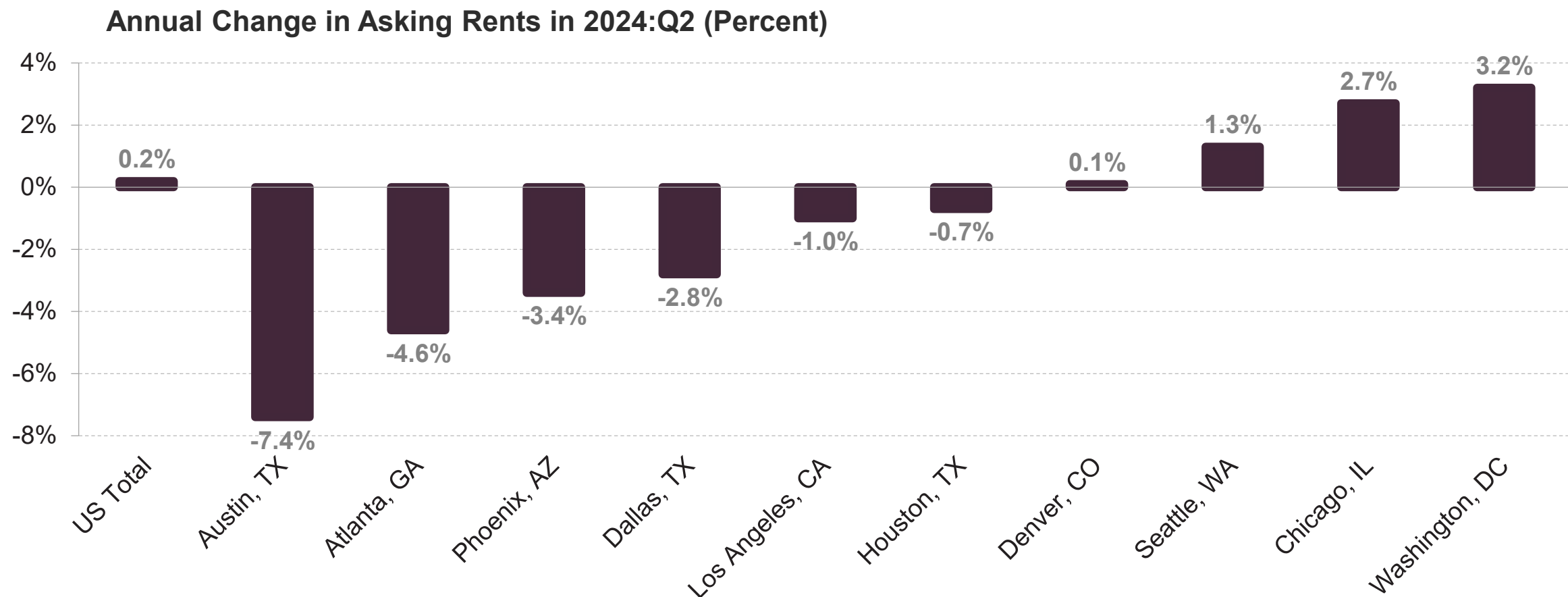
Softening of Rental Markets

Even as Rent Growth Has Moderated, Asking Rents Remain High



Note: Asking rents are for professionally managed apartments in buildings with five or more units.
Source: JCHS tabulations of RealPage data.

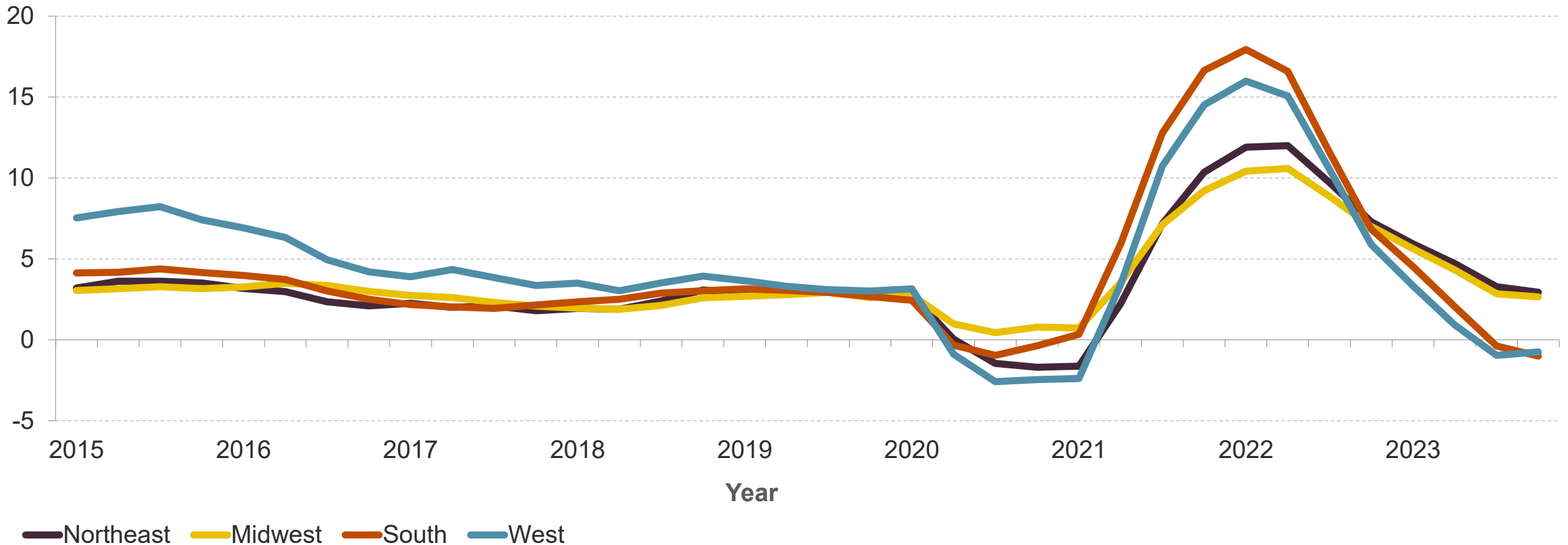
Rent Growth Has Varied Widely Across Metro Areas



Note: Asking rents are for professionally managed apartments in buildings with five or more units.
Source: JCHS tabulations of RealPage data.

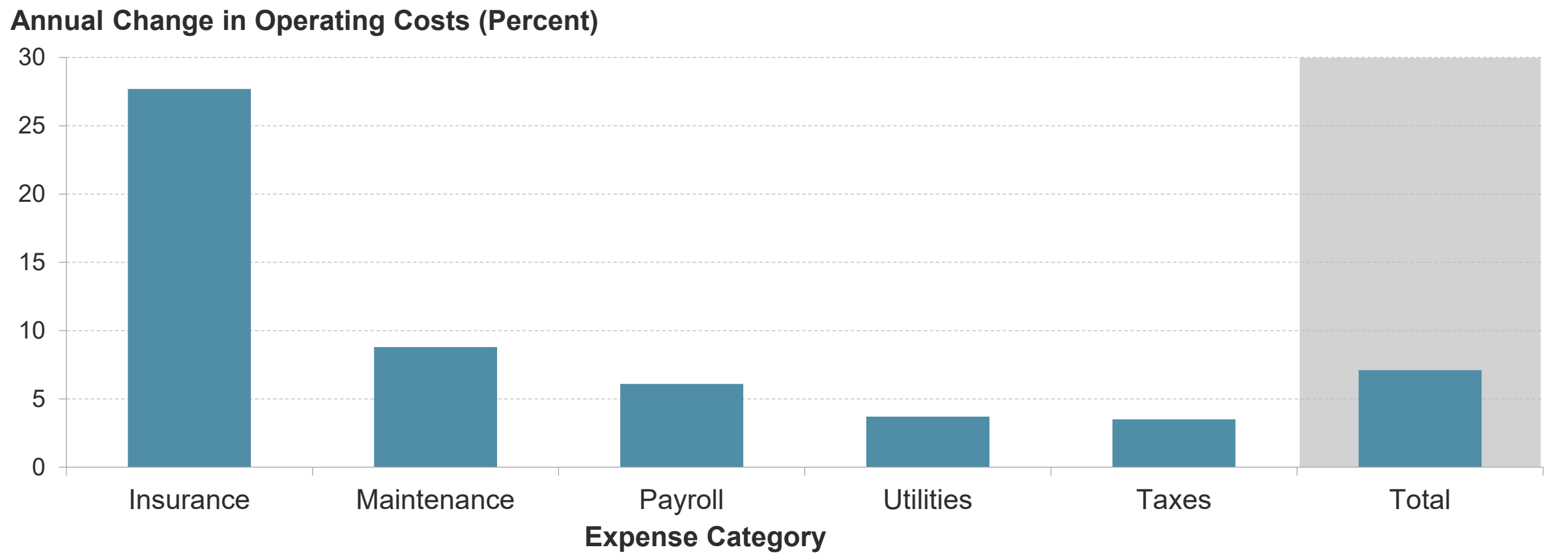
Rent Growth has Slowed Most Where Past Gains Were Highest

Annual Rent Change (Percent)



Note: Rent growth is for same-store asking rents. Data cover professionally managed apartments in buildings with five or more units.
Source: JCHS tabulations of RealPage data.

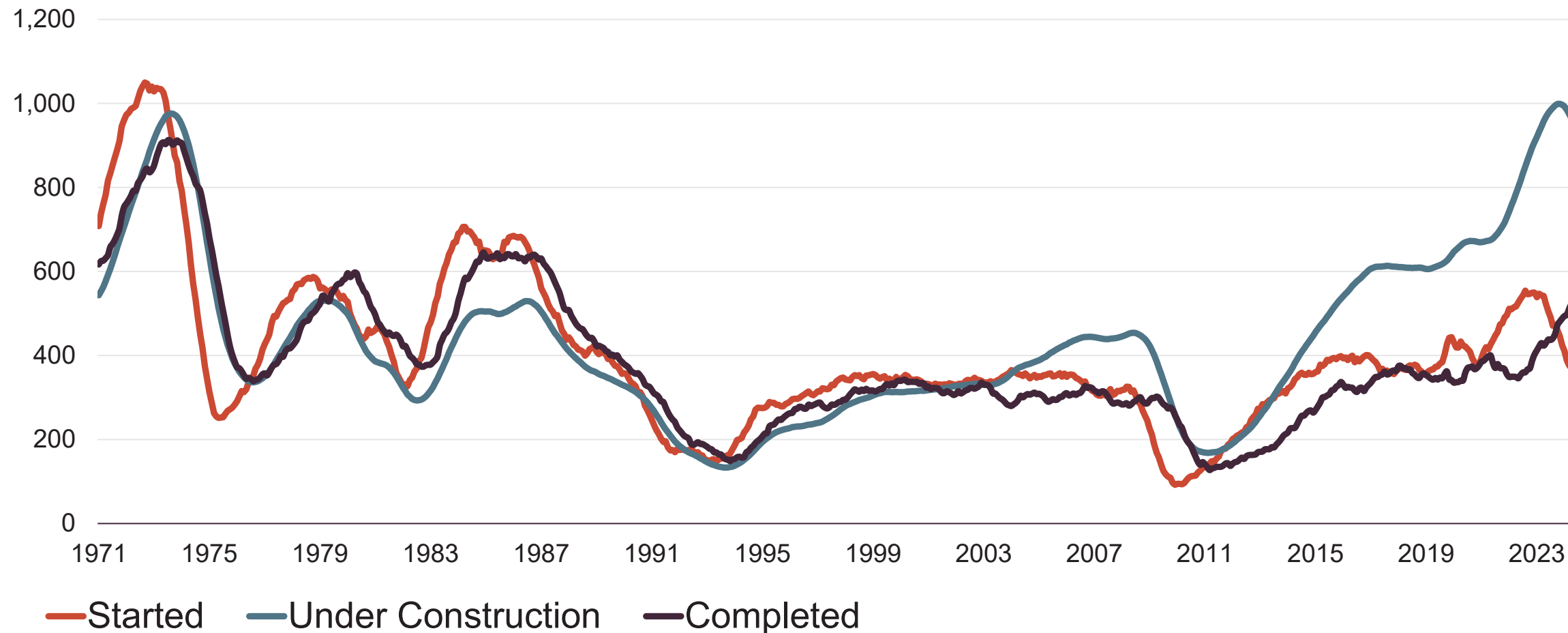
Insurance Costs for Multifamily Properties Are Up Significantly



Note: Estimates are for the 12 months ending January 2024.
Source: Yardi Matrix Research Bulletin, Multifamily Expenses.

Apartment Completions Continue to Rise Even as Multifamily Starts Decline

Annualized Multifamily Units (Thousands, seasonally adjusted)

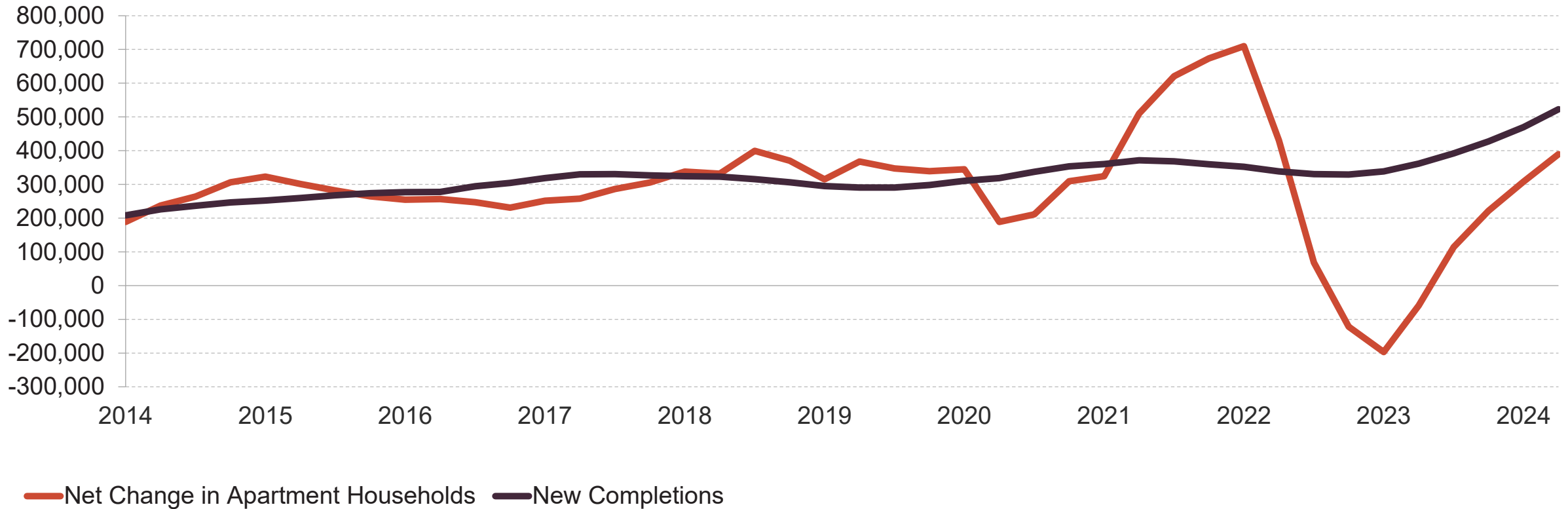


Note: Estimates are a 12-month trailing average.

Source: JCHS tabulations of US Census Bureau, New Residential Construction.

Rental Demand is Strong, but Outpaced by New Supply

Units in Professionally Managed Properties (Thousands)



Note: Estimates are four-quarter rolling totals for professionally managed apartment buildings with five or more units.
Source: JCHS tabulations of RealPage data.

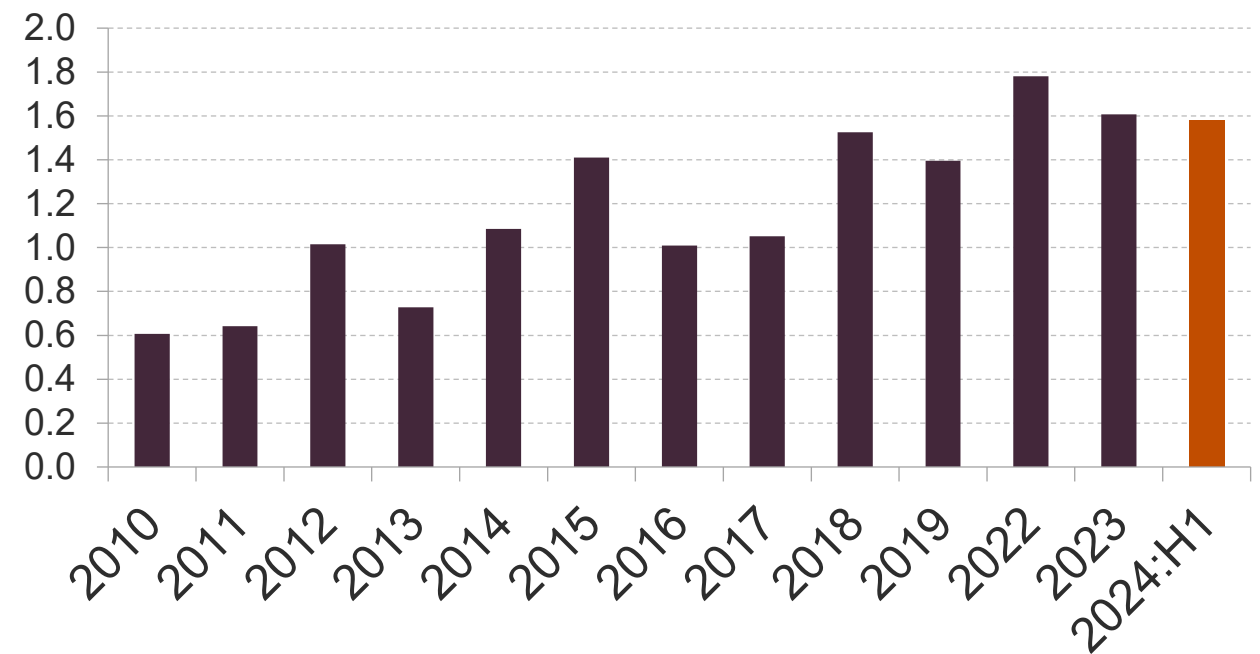
Drivers of Demand Remain Strong

High Demand for Housing

- Gen Z Rapidly forming New Households
- Millennials Boosting Middle Age Populations
- Boomers Driving up Older Populations

Household Growth Remains Strong

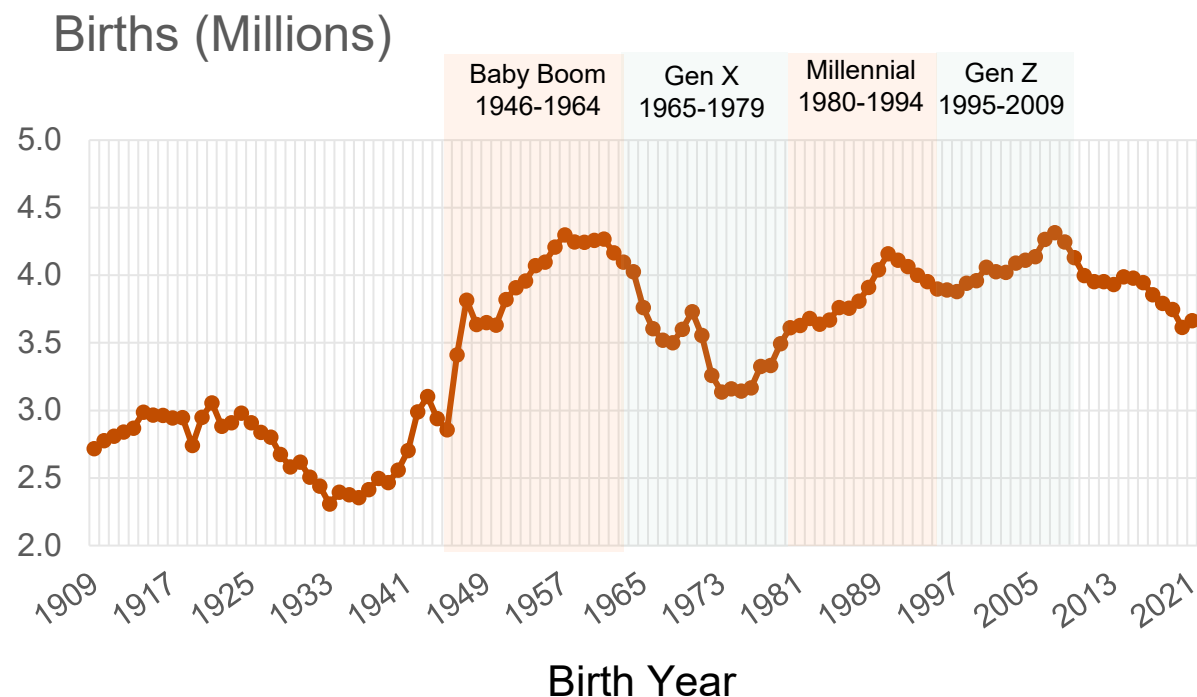
Change in Households (Millions)



Gen Z (Born 1995-2009) Driving Up Housing Demand

- Gen Z Rapidly forming New Households
- Millennials Boosting Middle Age Populations
- Boomers Driving up Older Populations

Births in US Peak in 2007 (Currently aged 17)



Gen Z (Born 1995-2009) Driving Up Housing Demand

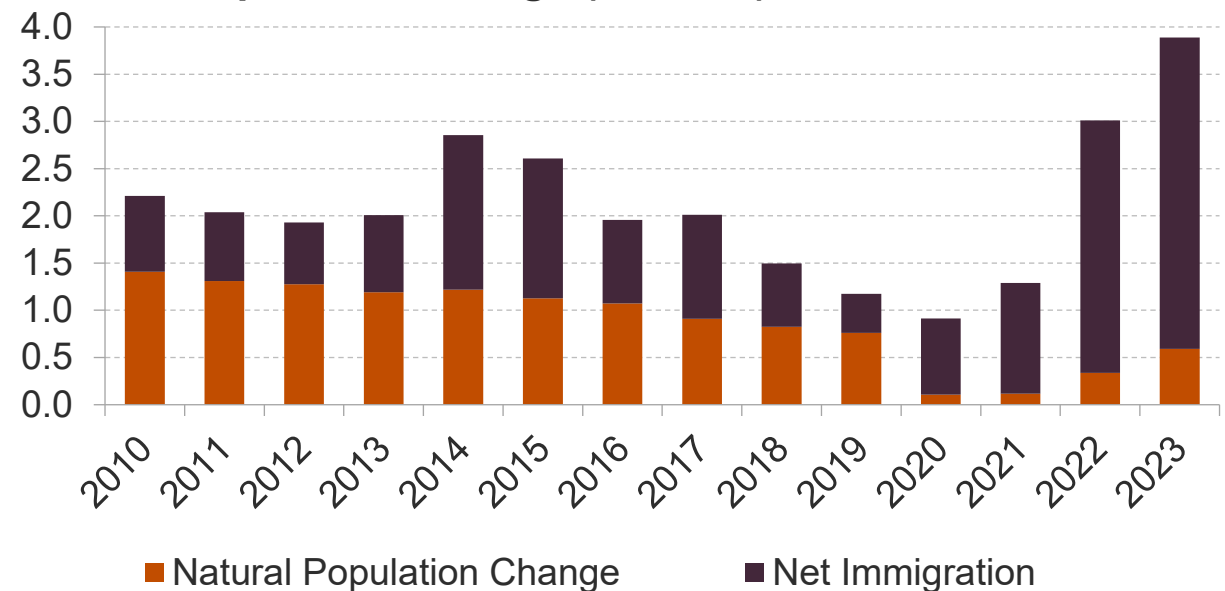
- Gen Z Rapidly forming New Households
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Also:

- Surge in Immigration

Immigration Surge Boosts Population Growth

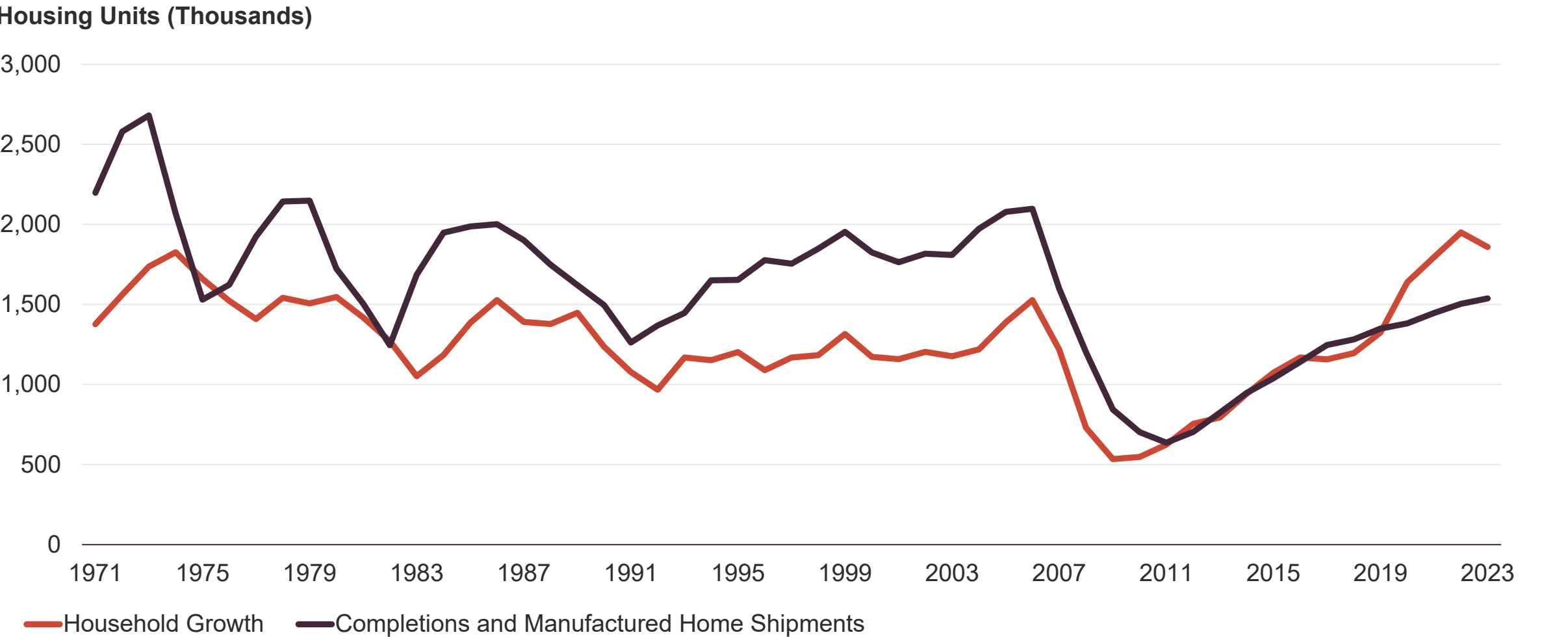
Annual Population Change (Millions)



Note: Natural population change is the difference between births and deaths.
Source: JCHS tabulations of Congressional Budget Office, The Demographic Outlook: 2024 to 2054.

Challenges Ahead for Housing Policy

Construction Levels Failing to Keep Up with Demand Growth



Note: Household growth estimates are based on three-year trailing averages.
Source: JCHS tabulations of US Census Bureau, Housing Vacancy Survey, New Residential Construction, and Manufactured Housing Survey data.

Unlocking the Constrained Housing Supply

Growing momentum for reforms at local level

- Eliminating single-family-only zoning
- Allowing for residential uses in commercial areas
- Legalizing low-cost options like ADUs and manufactured homes
- Removing mandated parking minimums
- Streamlining review and approval processes
- Repurposing underutilized land

Growing list of states that pre-empt local zoning

- Montana, Vermont, Washington, California, Maine, Oregon, Massachusetts.

Some federal-level actions to remove constraints

- \$35 billion in financing for transit-oriented office-to-residential projects



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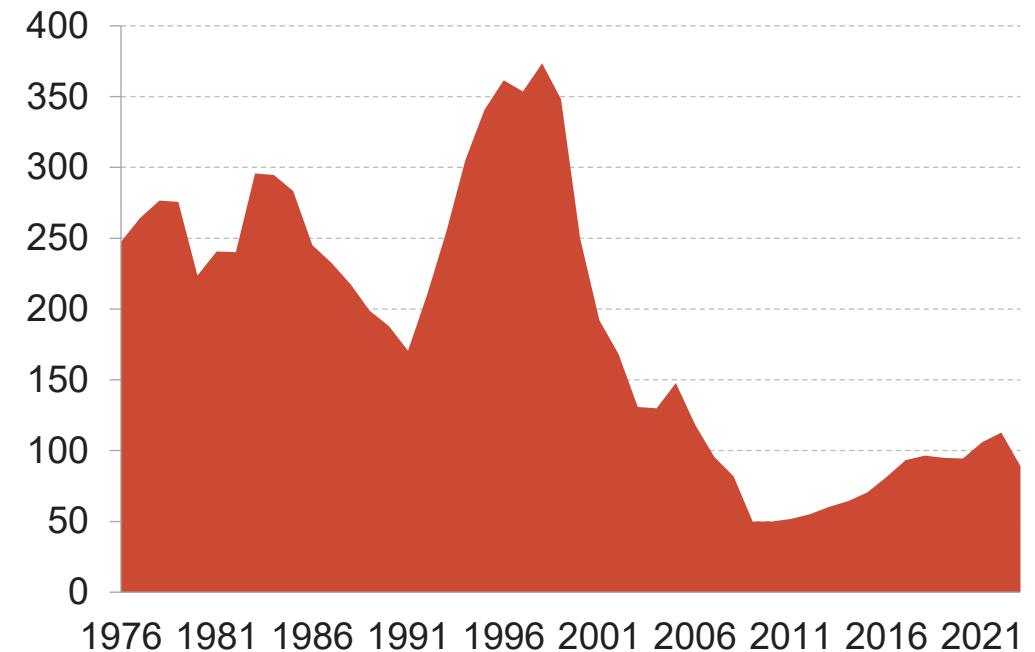
- Montana, Vermont, Washington, California, Maine, Oregon, Massachusetts.

Some federal-level actions to remove constraints

- \$35 billion in financing for transit-oriented office-to-residential projects

Manufactured Home Production Is Still Well Below 1990s Levels

Manufactured Home Shipments (Thousands)



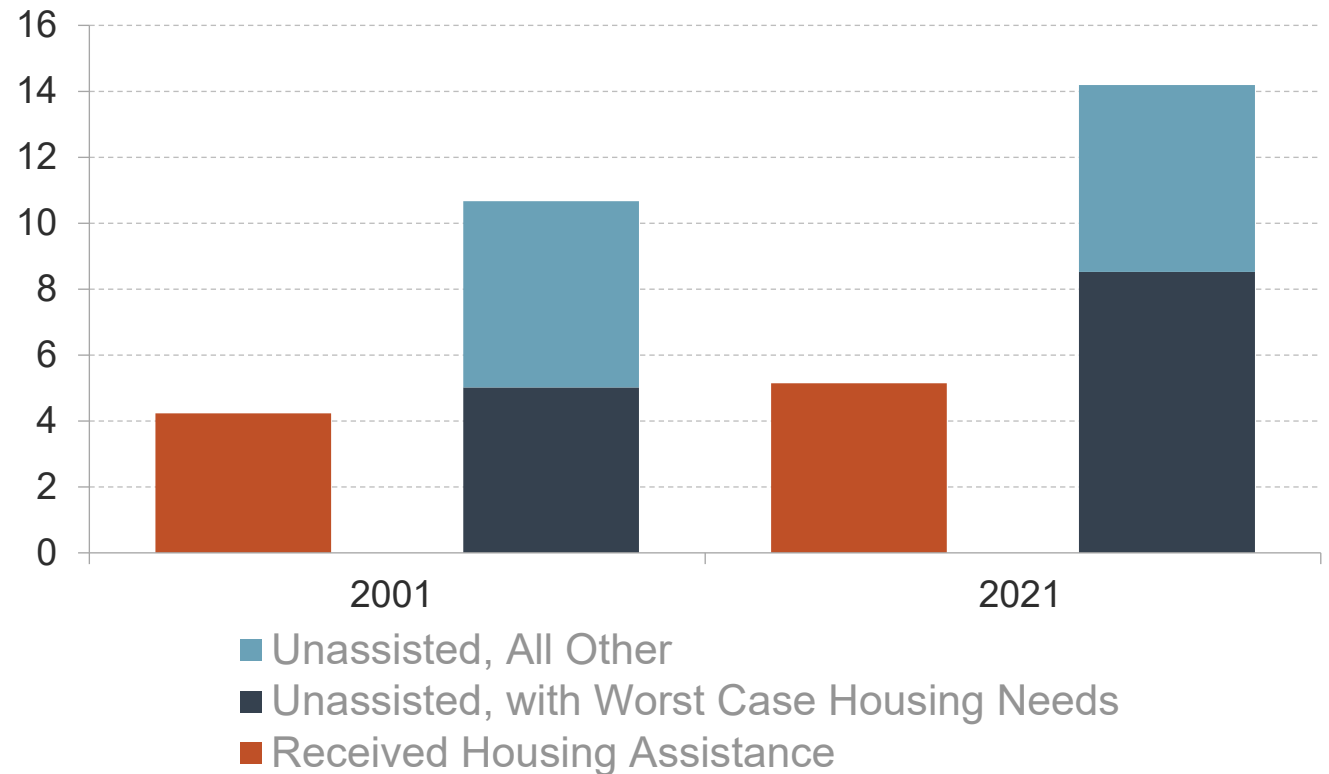
Source: US Department of Housing and Urban Development, Manufactured Home Survey via FRED.

Even as Need Surges, Rental Assistance Has Essentially Stalled

Between 2001 and 2021:

- The number of assisted households increased by 0.9 million
- The number of income eligible renter households increased by 4.4 million

Households with Very Low Incomes (Millions)

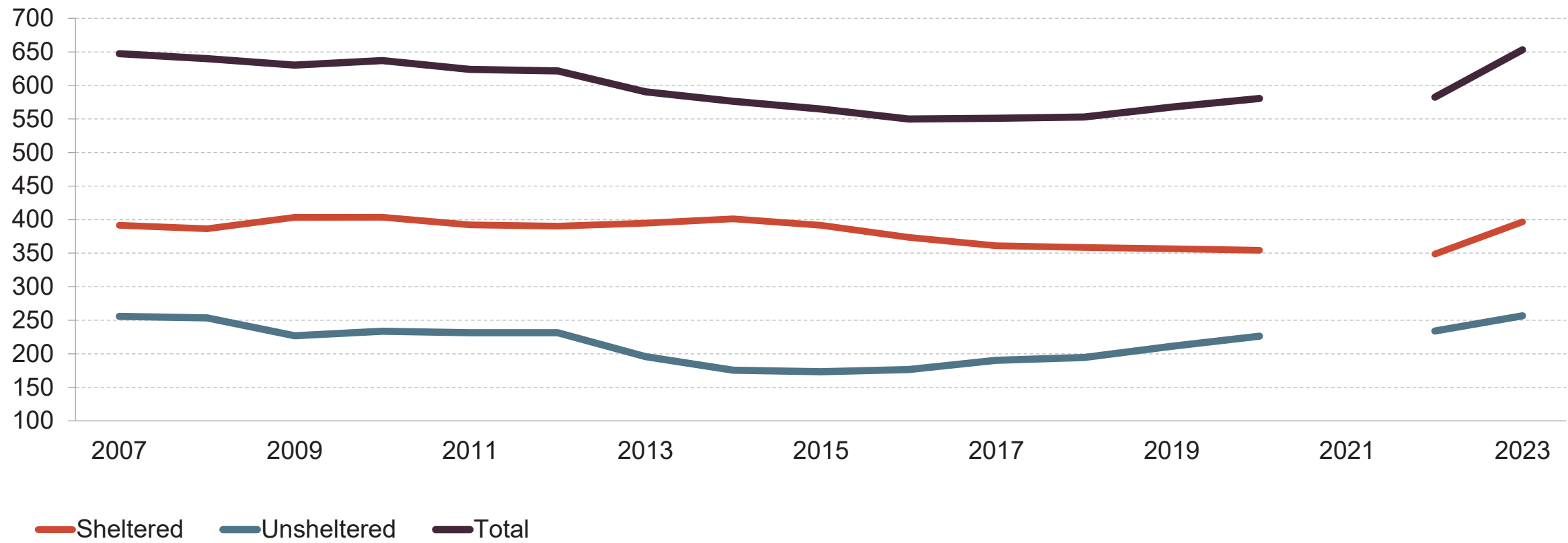


Notes: Households with very low incomes earn 50% or less of area median income. Worst case needs include spending more than 50% of income on rent and utilities or living in severely inadequate housing.

Source: JCHS tabulations of HUD, Worst Case Housing Needs Reports to Congress.

A Record Number of People Are Unhoused

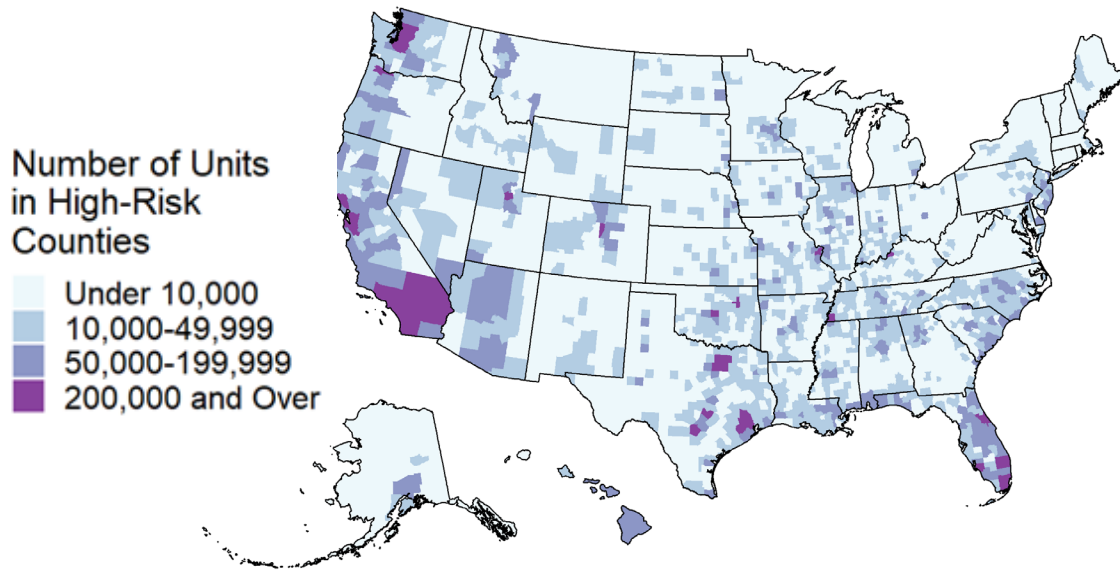
People Experiencing Homelessness (Thousands)



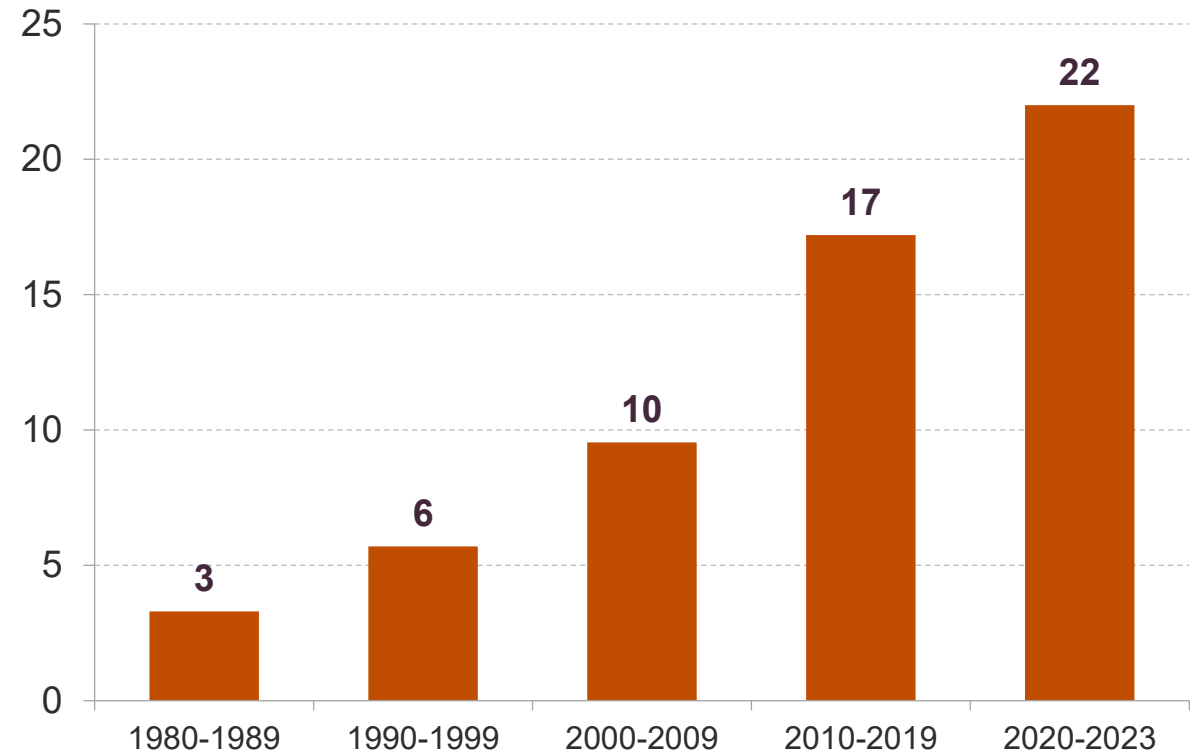
Notes: Because of the pandemic, complete unsheltered counts were unavailable in January 2021 and sheltered counts were artificially low, likely because of reduced shelter capacity.

Source: JCHS tabulations of US Department of Housing and Urban Development, Annual Homeless Assessment Report Point-in-Time Estimates

More than 60 Million Homes Are at Risk of Environmental Hazards



Average Annual Number of Billion-Dollar Disasters



Notes: High-risk areas are census tracts with a relatively moderate, relatively high, or very high expected annual loss (EAL) score. EAL represents the average economic loss in dollars resulting from natural hazards each year. The number of units in high-risk areas is aggregated to the county level.

Sources: JCHS tabulations of Federal Emergency Management Agency, July 2023 National Risk Index EAL data; US Census Bureau, 2021 American Community Survey 5-Year Estimates; National Oceanic and Atmospheric Administration (NOAA), Billion-Dollar Weather and Climate Disasters

Report and Additional Materials:

<https://www.jchs.harvard.edu/state-nations-housing-2024>

