Summary and Overview

• Homeownership has finally begun to recover after historic decline over last decade
  – Data suggest persistent changes in behavior.
• Housing prices and wealth have re-attained previous peaks.
• Wealth rising across the population of borrowers.
• But housing wealth has shifted since 2006.
DYNAMICS OF HOMEOWNERSHIP
A Historic Cycle for US Homeownership Rate

Source: Census Bureau via Haver Analytics

Note: Shading shows NBER recessions.
Homeownership Rates Vary by Region

Source: Census Bureau via Haver Analytics

Note: Shading shows NBER recessions.
Homeownership rate is seasonally adjusted.
Homeownership Rates Vary by Age

Ages 55-65 (Right Axis)

Ages 45-55 (Right Axis)

Ages 35-45 (Right Axis)

Under 35 (Left Axis)

Note: Shading shows NBER recessions. Homeownership rate is seasonally adjusted.

Source: Census Bureau via Haver Analytics
Share of U.S. Population Aged 16 and Over

Source: U.S. Census Bureau.
Headship Rate (Households per capita)

Source: U.S. Census Bureau.
Homeownership Rate by Age

Source: Census Bureau via Haver Analytics

Note: Shading shows NBER recessions. Homeownership rate is seasonally adjusted.
Homeownership Projections Depend on Scenario

Source: U.S. Census Bureau.

<table>
<thead>
<tr>
<th>Age of Household Head</th>
<th>Percent Fewer Homeowners in 2015**</th>
</tr>
</thead>
<tbody>
<tr>
<td>16 to 24:</td>
<td>24.5</td>
</tr>
<tr>
<td>25 to 34:</td>
<td>29.0</td>
</tr>
<tr>
<td>35 to 44:</td>
<td>23.8</td>
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<tr>
<td>45 to 54:</td>
<td>16.5</td>
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<tr>
<td>55 to 64:</td>
<td>14.2</td>
</tr>
<tr>
<td>65 to 74:</td>
<td>9.2</td>
</tr>
<tr>
<td>75 plus:</td>
<td>9.5</td>
</tr>
</tbody>
</table>

**relative to counterfactual.

Age-cohort-specific headship rates at 2003 levels and homeownership rates at 2004 levels

15.2 million (16.9 percent) fewer homeowners

Age-cohort-specific headship rates and homeownership rates at 1994 levels

Age-cohort-specific headship rates and homeownership rates at 2015 levels
HOUSING WEALTH
House Prices Have Recovered

Source: CoreLogic
Owner's Equity (Housing Wealth) Has Recovered

Source: Federal Reserve Board of Governors
Loan-to-Value Distribution Has Improved
LTV Distributions Vary over Time and Region

- **Sand States (CA, NV, AZ, FL)**
  - CLTV >= 80%
  - CLTV >= 100%
  - CLTV >= 120%

- **East North Central (WI, IL, MI, OH, IN)**
  - CLTV >= 80%
  - CLTV >= 100%
  - CLTV >= 120%

- **West South Central (OK, TX, AR, LA)**
  - CLTV >= 80%
  - CLTV >= 100%
  - CLTV >= 120%

- **Northeast (CT, RI, MA, VT, NH, ME, NJ, NY, PA)**
  - CLTV >= 80%
  - CLTV >= 100%
  - CLTV >= 120%
Housing wealth increasingly concentrated

Source: BlackKnight, CoreLogic
Conclusion

• Slight recovery in homeownership rates after long and steep decline.
• Outlook for homeownership unclear.
• Home prices and housing wealth have recovered in aggregate.
• But aggregate masks differences across age and credit score groups.
REFERENCE
Total Equity vs. Equity Withdrawal

Sources: Financial Accounts of the United States (Flow of Funds); New York Fed Consumer Credit Panel.