National

COMPREHENSIVE HOUSING MARKET ANALYSIS

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of January 1, 2020

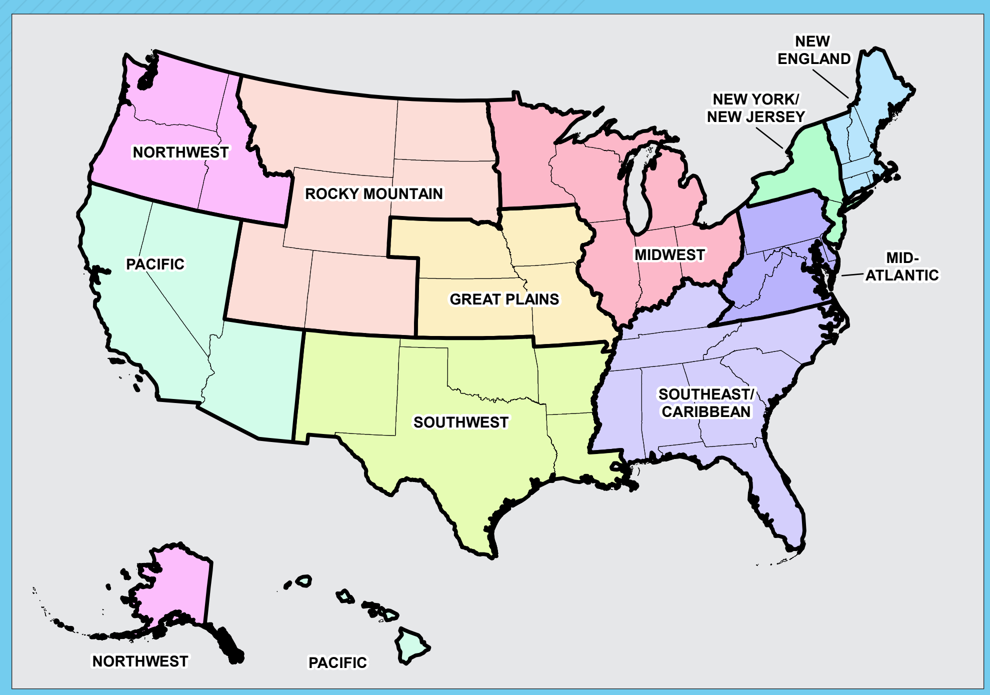
COVID-19 PANDEMIC DISCLAIMER

This National Comprehensive Housing Market Analysis report is dated January 1, 2020, well before the World Health Organization (WHO) declared COVID-19 a pandemic in March 2020. No updates were made to the analysis in this report in response to the pandemic. While the outlook for the economy has changed since the start of 2020, this report presents a picture of the strength of economic and housing market conditions in the United States going into the pandemic. It provides an important baseline analysis of the larger trends in the national housing market against which to measure the effects of the pandemic on the economy and housing as they are reflected in the data. At this time, the duration and depth of the economic disruption are unclear, as are the extent and effectiveness of countermeasures. HUD will continue to monitor market conditions in the nation and provide an updated report/addendum in the future.

Executive Summary

This report presents an analysis of the economic conditions, demographic trends, and housing markets in the United States from 2000 through the end of 2019. Forecasts of housing demand were made with the objective of bringing the sales and rental markets into balance during the next 3 years. This report discusses select data for the 10 HUD regions, which are defined in the "Terminology Definitions and Notes" section at the end of the report.

The population of the United States is currently estimated at 329.14 million.



Tools and Resources

Find interim updates for the United States, and select subnational geographies, at PD&R's Market-at-a-Glance tool.
Additional data for the United States can be found in this report's supplemental tables.
For information on HUD-supported activity throughout the country, see the Community Assessment Reporting Tool.

Market Qualifiers

Economy

Strong: During 2019, nonfarm payrolls increased by 2.03 million jobs, or 1.4 percent.

The number of jobs has increased in the nation since the end of 2010, with the rate of unemployment falling in 2019 to the lowest level it has been in more than 50 years. Gains have been broad-based in recent years, with all major nonfarm payroll sectors adding jobs. The transportation and utilities sector has added jobs at a faster pace than any other sector since 2011. The current economic expansion is the longest in the history of the United States, as measured by increases in gross domestic product (GDP). During the next 3 years, nonfarm payrolls are expected to increase an average of 1.0 percent a year.

Sales Market

Tight: The inventory of existing homes for sale was at a 25-year low in 2019 (National Association of Realtors® [NAR]).

The national sales housing market is currently tight, with a low inventory of homes for sale and rising sales prices. The median sales price for existing homes increased 8 percent in 2019, to $279,100—a rate similar to the increase during each of the previous 7 years (NAR). New home sales prices, however, declined 2 percent, to $320,700, in 2019—a reversal from the average annual increases of 6 percent from 2012 through 2018 (Census Bureau/ HUD). During the next 3 years, demand is estimated for 2.65 million sales units. The 479,900 units already under construction will meet a portion of that demand.

Rental Market

Slightly Tight: An increase in the construction of rental units during the past decade was not enough to keep up with demand from renter household growth.

The national rental housing market is slightly tight, with an estimated 6.1 percent vacancy rate, down from 9.2 percent in 2010, when the market was soft. More than one-half of the rental supply in the nation is in structures with two or more units, typically apartments, making those types of structures highly influential on overall rental market conditions. The average monthly apartment rent increased 5 percent in the past year to $1,409—slightly higher than the average annual increase of 4 percent from 2010 to 2018 (Axiometrics, a RealPage Company). Demand for rental units during the next 3 years is estimated at 1.37 million units. The 380,500 rental units already under construction will satisfy a portion of that demand.

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3-Year Housing Demand Forecast

		Sales Units	Rental Units
National	Total Demand	2,645,000	1,370,000
	Under Construction	479,900	380,500

Notes: Total demand represents the estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of January 1, 2020. The forecast period is January 1, 2020, to January 1, 2023.
Source: Estimates by the analyst

Economic Conditions

Largest sector: Education and Health Services

The economy of the United States is currently undergoing the longest expansion in the history of the country, with GDP increasing since the end of the Great Recession in June 2009 (National Bureau of Economic Research [NBER]).

Long-Term Economic Trends

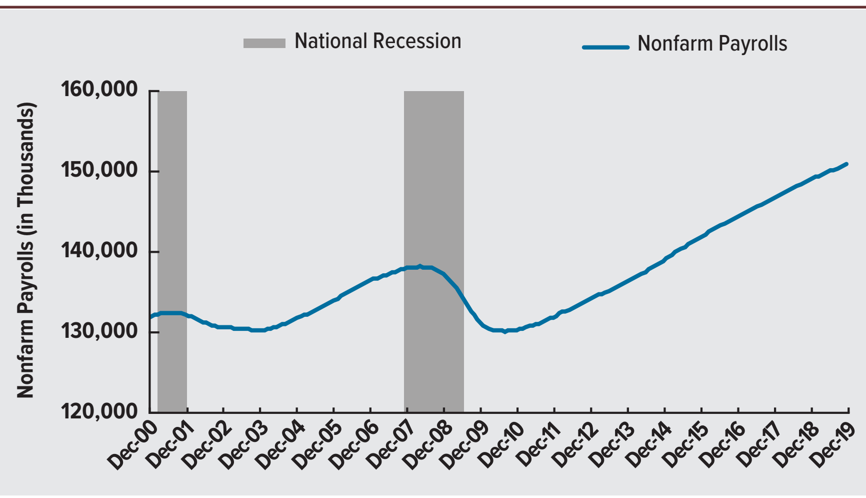
Since 2000, nonfarm payrolls in the nation have grown by an average of 0.7 percent, or 996,300 jobs, annually. Growth during that period was interrupted by two recessions, the dot-com recession from March to November 2001 and the Great Recession from December 2007 through June 2009. The years leading up to the Great Recession are often referred to as the housing boom; the economy received a boost from strong homebuilding and home sales activity. Although the Great Recession ended in June 2009, the U.S. economy continued to shed jobs through 2010. Since 2011, the economy has added jobs every year through 2019. Figure 1 shows the 12-month average of nonfarm payrolls in the country from December 2000 through December 2019.

During 2019, real GDP increased 2.3 percent compared with 2.9 percent in 2018. Since 2011, real GDP growth in the nation has averaged 2.2 percent a year.

Current Conditions—Nonfarm Payrolls

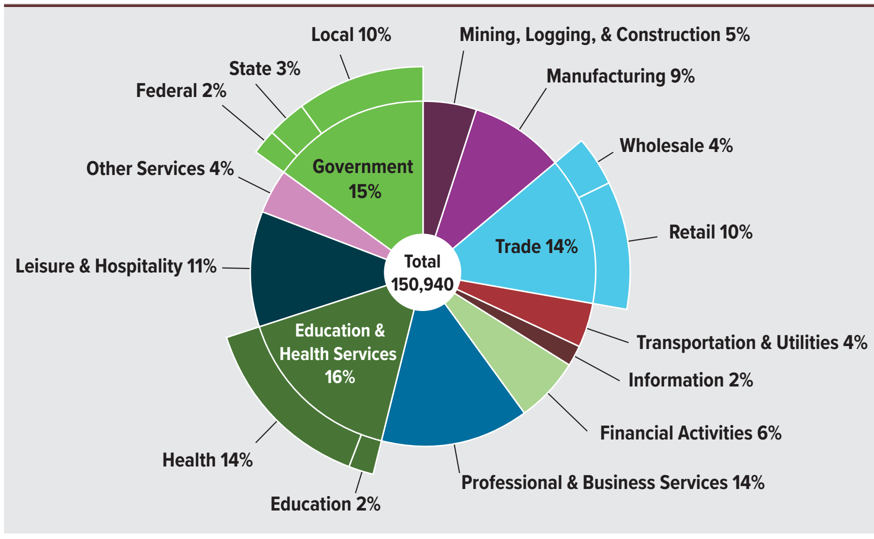
Job growth continued in 2019, albeit at a lower rate than 2018. During 2019, nonfarm payrolls were up 1.4 percent—or by 2.03 million jobs—to 150.94 million jobs, compared with an increase of 1.6 percent—or 2.30 million jobs—in 2018. The education and health services sector—the largest payroll sector in the nation, accounting for 16 percent of all jobs (Figure 2)—led gains, with 539,000 new jobs added—an increase of 2.3 percent. The transportation and utilities sector grew the fastest of all the sectors, with a rate of 3.1 percent and 187,800 new jobs added, as a result of the growing popularity of e-commerce. The mining, logging, and construction sector grew at the second-highest rate, with an increase of 2.6 percent, or 212,000 jobs. Nearly all of the gains in this sector occurred in the construction subsector, which was up by 203,800 jobs, or 2.8 percent. The professional and business services and the leisure and hospitality sectors were both up 1.7 percent, with additions of 363,000 and 281,000 jobs, respectively (Table 1). The only sector to lose jobs during 2019 was wholesale and retail trade, which was down 0.4 percent—or 79,800 jobs—as a result of the decline in traditional retail establishments throughout the country in response to the growth in e-commerce.

Figure 1. 12-Month Average Nonfarm Payrolls in the Nation



Note: 12-month moving average.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

Figure 2. Share of Nonfarm Payroll Jobs in the Nation, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 2019 annual data.
Source: U.S. Bureau of Labor Statistics

Table 1. Nonfarm Payroll Jobs (1,000s) in the Nation, by Sector

	2018	2019	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	148,908.0	150,940.0	2,032.0	1.4
Goods-Producing Sectors	20,704.0	21,067.0	363.0	1.8
Mining, Logging, & Construction	8,015.0	8,227.0	212.0	2.6
Manufacturing	12,688.0	12,839.0	151.0	1.2
Service-Providing Sectors	128,205.0	129,873.0	1,668.0	1.3
Wholesale & Retail Trade	21,627.2	21,547.4	-79.8	-0.4
Transportation & Utilities	5,979.8	6,167.6	187.8	3.1
Information	2,839.0	2,860.0	21.0	0.7
Financial Activities	8,590.0	8,746.0	156.0	1.8
Professional & Business Services	20,950.0	21,313.0	363.0	1.7
Education & Health Services	23,638.0	24,177.0	539.0	2.3
Leisure & Hospitality	16,295.0	16,576.0	281.0	1.7
Other Services	5,831.0	5,893.0	62.0	1.1
Government	22,455.0	22,594.0	139.0	0.6

Notes: Based on 2018 and 2019 annual data. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics

Current Conditions—Regional Nonfarm Payrolls

The rate of job growth varied significantly across the country during 2019, with the highest rates occurring in the south and the west (Map 1). The growth rate was highest in the Rocky Mountain region, at 2.0 percent, which was led by a 4.9-percent gain—or 10,900 jobs—in the transportation and utilities sector. The Northwest region had the second highest growth rate, with a 1.9-percent gain. The information sector led growth rates in the region—up 5.8 percent, or by 10,700 jobs. The Southwest and Southeast/Caribbean regions grew by 1.7 percent, followed by the Pacific region at 1.6 percent. The highest rate of growth in all three regions was in the transportation and utilities sector—up 5.4 percent in the Pacific region, 5.3 percent in the Southeast/Caribbean region, and 3.9 percent in the Southwest region.

The remaining five regions had rates of growth that were lower than the 1.4 percent national rate, ranging from 0.4 percent in the Midwest and Great Plains regions to 1.0 percent in the New York/New Jersey region. The transportation and utilities sector was the fastest growing sector in four of these regions, up 3.4 percent, or 35,800 jobs in the Midwest region; 3.3 percent, or 16,800 jobs in the New York/New Jersey region; 3.2 percent, or 18,400 jobs, in the Mid-Atlantic region; and 2.6 percent, or 5,400 jobs, in the New England region. In the Great Plains region, the construction subsector had the highest rate of growth, at 2.4 percent, or 7,700 jobs.

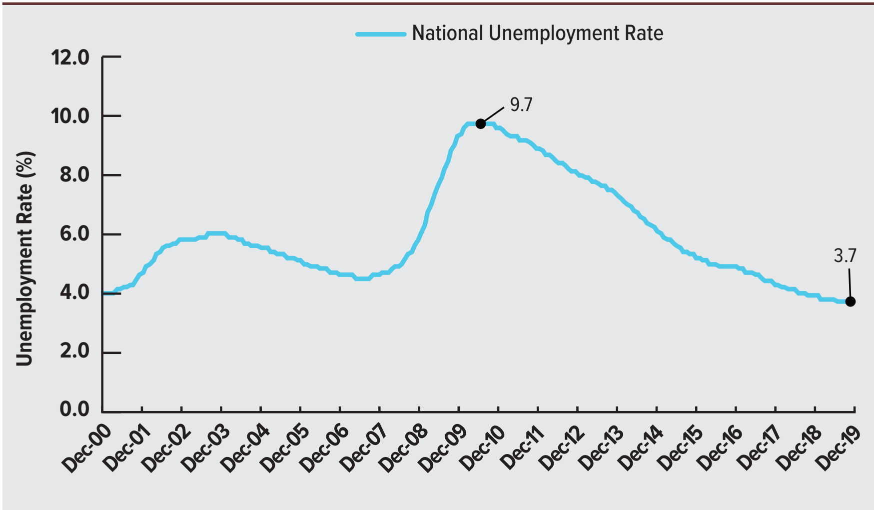
Map 1. Nonfarm Payroll Growth by HUD Region, 2018-2019

NEW ENGLAND 0.6%
NEW YORK/ NEW JERSEY 1.0%
NORTHWEST 1.9%
ROCKY MOUNTAIN 2.0%
PACIFIC 1.6%
MIDWEST 0.4%
MID-ATLANTIC 0.8%
GREAT PLAINS 0.4%
SOUTHEAST/ CARIBBEAN 1.7%
SOUTHWEST 1.7%
NORTHWEST 1.9%
PACIFIC 1.6%

Nonfarm Payroll Growth, 2018-2019
Nation: 1.4%
Under 1.4%
More than 1.4%

Source: U.S. Bureau of Labor Statistics

Figure 3. 12-Month Average Unemployment Rate in the Nation



Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

Current Conditions—Unemployment

The national unemployment rate is at the lowest level in decades. In 2019, the unemployment rate averaged 3.7 percent, down from 3.9 percent in 2018. The unemployment rate in 2019 is the lowest the nation has had since 1953, when the rate was 2.9 percent. The 12-month average unemployment rate was at a recent high of 9.7 percent during 2010, but it has declined steadily since that time. Figure 3 shows the 12-month average unemployment rate in the nation from 2000 through 2019.

Economic Periods of Significance

2000 Through 2004: Recession and Recovery

The recession in the early 2000s officially lasted 8 months, from March 2001 through November 2001 (NBER). During 2001, job growth in the nation was flat. The manufacturing sector experienced significant losses, declining by 822,000 jobs, or 4.8 percent. The wholesale trade subsector, the professional and business services sector, and the federal government subsector also had significant declines of 160,400, 190,000, and 101,000 jobs, or 2.7, 1.1, and 3.5 percent, respectively. The education and health services sector grew by 562,000 jobs, or 3.7 percent, during the year, offsetting some of the losses in other sectors.

Although the recession was officially over in 2001, the impacts on the labor market continued for the next 2 years. During 2002 and 2003, nonfarm payrolls declined by an average of 871,000 jobs, or 0.7 percent, annually. Losses were widespread, with 6 of the 11 nonfarm sectors declining. Declines in the manufacturing sector accelerated to an average of 966,000 jobs, or 6.1 percent, annually. Other sectors that lost an average of more than 200,000 jobs during those years were wholesale and retail trade, professional and business services, and information, which declined at average annual rates of 1.2, 1.5, and 6.3 percent, respectively. Growth continued in the education and health services sector—averaging 510,500 jobs, or 3.2 percent, a year—and the government sector added an average of 232,500 jobs, or 1.1 percent, annually.

During 2004, the economy added 1.44 million jobs, or 1.1 percent, despite continued—albeit smaller—declines in the manufacturing and information sectors. Gains were led by the professional and business services, education and health services, and leisure and hospitality sectors, which added 411,000, 395,000, and 320,000 jobs, or 2.6, 2.3, and 2.6 percent, respectively. Modest gains occurred in most other sectors, but the manufacturing sector was down by 194,000 jobs, or 1.3 percent, and the information sector lost 70,000 jobs, or 2.2 percent.

2005 Through 2006: The Housing Boom

The rate of job growth in the nation increased significantly in 2005 and 2006, averaging gains of 2.33 million jobs, or 1.8 percent, each year. The fastest growing sector during these years was the mining, logging, and construction sector—up an average of 5.2 percent, or 404,000 jobs, annually. Nearly all of the growth in that sector came from the construction subsector, which increased by 357,500 jobs each year. The nominal annual value of construction (residential and nonresidential) put in place averaged $1.14 trillion from 2005 through 2007—an increase of 31 percent compared with an average annual level of $875 billion during 2000 through 2004 (Census Bureau). Other sectors with significant payroll gains during 2005 and 2006 were the professional and business services, education and health services, and leisure and hospitality sectors, with average annual gains of 589,500, 462,000, and 308,500 jobs, or 3.5, 2.6, and 2.4 percent, respectively. Declines continued in the manufacturing and the information sectors, but the rates of decline slowed. The manufacturing sector lost an average of 80,000 jobs, or 0.6 percent, annually, and the information sector was down an average of 40,000 jobs, or 1.3 percent, annually.

2007: The Slowdown

Nonfarm payrolls continued to grow through 2007, but the rate of growth slowed to 1.1 percent, or 1.55 million jobs added. Growth continued in 7 of the 11 sectors during 2007, led by the education and health services sector, which was up by 522,000 jobs, or 2.9 percent. The professional and business services sector continued to grow at a strong pace of 2.2 percent, or 379,000 jobs, but that was a noticeable slowdown from growth during the previous 2 years. The leisure and hospitality sector also had significant gains of 317,000 jobs, or 2.4 percent, in 2007. The largest decline in jobs was in the manufacturing sector, down 276,000, or 1.9 percent. Small declines occurred in the mining, logging, and construction, the financial activities, and the information sectors, with average decreases ranging from 0.2 to 0.3 percent. The construction subsector had a decline of 0.8 percent, or 61,000 jobs, during 2007, as the housing market began to soften—partly offset by a gain of 40,000 jobs, or 5.8 percent, in the mining and logging subsector.

2008 Through 2010: The Great Recession

The Great Recession officially lasted from December 2007 through June 2009, or 18 months (NBER). It was the longest recession since the Great Depression, which lasted 43 months, from 1929 to 1933. The impacts from the Great Recession on the labor market lasted well into 2010. From 2008 through 2010, nonfarm payrolls in the country declined by an average of 2.55 million, or 1.9 percent, annually, and the nation lost a total of 7.6 million jobs. Every sector, with the exceptions of education and health services and government, lost jobs. The education and health services sector increased by an average of 433,000 jobs annually, or 2.3 percent, and the government sector remained relatively stable, with modest

growth averaging 90,700 new jobs, or 0.4 percent, annually. The most significant declines occurred in the goods-producing sectors: the manufacturing sector was down an average of 783,700 jobs, or 6.0 percent, annually, and the mining, logging, and construction sector lost an average of 710,300 jobs, or 9.3 percent, each year. Most notably, the construction subsector declined an average of 10.1 percent, or by 704,000 jobs, annually during this period because of significant declines in both residential and commercial construction. The nominal annual value of construction reached a trough from 2008 through 2011, when it averaged $895 billion—down 22 percent from the 2005-through-2007 average. Most remaining sectors had average annual declines ranging from 2.3 to 3.7 percent, with even smaller declines in the leisure and hospitality and the other services sectors. The wholesale and retail trade sector was down by an average of 547,100 jobs, or 2.6 percent, and the professional and business services sector declined by an average of 405,000 jobs, or 2.3 percent.

2011 Through 2016: The Expansion

Annual job gains resumed in 2011, and jobs have been added in the nation every year through 2019. From 2011 through 2016, nonfarm payrolls increased by an average of 2.33 million jobs, or 1.7 percent, annually. Every sector except for the government sector added jobs during that period. The professional and business services sector led growth, with an average of 555,200 jobs, or 3.1 percent, a year. The leisure and hospitality and the education and health services sectors each increased by an average of more than 400,000 jobs, or 3.1 and 2.1 percent, a year, respectively. The construction subsector was slower to recover, but by 2014 and 2015, the subsector was averaging gains of 5.0 percent, or 303,000 jobs, a year. Not until 2014 did the economy recover all the jobs lost from 2008 through 2010.

2017 Through 2019: Recent Growth

Job gains have slowed slightly since 2017—averaging gains of 2.20 million jobs, or 1.5 percent growth, annually from 2017 through 2019. Growth slowed as a result of fewer available workers as the nation had a historically low unemployment rate. Every sector added jobs during those 3 years except the wholesale and retail trade sector, which declined by an average of 23,700 jobs, or 0.1 percent. Average losses of 62,500, or 0.4 percent, in the retail trade subsector more than offset the increase of 38,800, or 0.7 percent, in the wholesale trade subsector. The education and health services, professional and business services, and leisure and hospitality sectors led gains during the period—up by average annual rates of 2.2, 1.9, and 1.9 percent, or 512,700, 399,700, and 305,300 jobs, respectively. The fastest rate of growth was in the mining, logging, and construction sector—up 3.6 percent, or 277,000 jobs, a year, followed by the transportation and utilities sector, up 3.5 percent, or 202,400 jobs. The transportation and utilities sector has been the fastest growing sector since the end of 2010, with a total gain of 30.3 percent through 2019, primarily resulting from the increase in e-commerce (Figure 4). As an example of this growth, Amazon.com, Inc., has grown from 12,000 employees in 2005 to 798,000 employees globally in 2019 (Amazon.com, Inc.).

Figure 4. Sector Growth in the Nation, 2011 to Current

Total Nonfarm Payroll Jobs
Goods-Producing Sectors
Mining, Logging, & Construction
Manufacturing
Service-Providing Sectors
Wholesale & Retail Trade
Transportation & Utilities
Information
Financial Activities
Professional & Business Services
Education & Health Services
Leisure & Hospitality
Other Services
Government

0 5 10 15 20 25 30 35
Change in Jobs (%)

Note: The current date is January 1, 2020.
Source: U.S. Bureau of Labor Statistics

Employment Forecast

During the next 3 years, nonfarm payroll jobs are anticipated to continue to grow at an average of 1.0 percent annually. Job growth is expected to slow each year—as it has since the end of 2015—because of the dwindling number of unemployed workers available to fill new jobs. Based on recent growth, job gains are expected to remain strong in the transportation and utilities, the professional and business services, the education and health services, and the leisure and hospitality sectors.

Post-Analysis Update: As of July 2020

Additional uncertainties have emerged recently for the economy in the United States. At the end of January 2020, the World Health Organization declared the global outbreak of COVID-19 to be a public health emergency of international concern. At the time of this writing, the effect that public health measures to limit the spread of COVID-19—as well as the effects of economic countermeasures—will have on the national economy is unclear. In March 2020, nonfarm payrolls declined by 1 million from February 2020. But in April, a total of 19.76 million jobs were lost relative to the March total. The unemployment rate in April rose to 14.4 percent from 4.5 percent in March and 3.8 percent in February. In May, the economy began recovering some of these lost jobs with gains of 3.12, 5.08, and 0.59 million jobs in May, June, and July, respectively, on a month-to-month basis. The unemployment rate declined to 13.0 percent in May, 11.2 percent in June, and 10.5 percent in July. Sustained recovery will depend upon continued reductions in COVID-19 cases and a reopening of the economy.

Population and Households

Current Population: 329.14 Million

> Net natural change has steadily declined since 2010, and net migration into the United States has fluctuated.

Population Trends

From 2000 to 2005, a period including the 2001 recession and subsequent moderate economic growth, the population in the United States grew by an average annual rate of 0.9 percent, or 2.69 million people (Census Bureau decennial census counts and population estimates as of July 1). Net natural change accounted for 61 percent of the growth, or an average of 1.64 million people annually, and net in-migration to the United States averaged 1.05 million people, accounting for 39 percent of the population gain. Population growth increased from 2005 to 2008, to an average annual rate of 1.0 percent, or 2.86 million, during a period encompassing the housing boom. Net natural change increased significantly during the period to an average of 1.84 million people, accounting for 64 percent of population growth, and net in-migration averaged 1.02 million, or 36 percent of the population gains.

From 2008 to 2010, when the United States lost jobs as a result of the Great Recession, population growth slowed to an average annual rate of 0.9 percent, or 2.62 million people. Net natural change declined to an average of 1.73 million people a year but accounted for 66 percent of population growth, as net in-migration slowed significantly to an average of 890,000 people a year, or 34 percent of population growth.

As the economy expanded from 2011 to 2016, the average level of net in-migration increased to 910,000 people a year, accounting for 40 percent of population growth. Net natural change continued to decline at a rather significant rate, however, averaging 1.36 million people a year, or 60 percent of population growth. In part, that decline was due to an aging population, with an increase in the number of deaths, along with birth rates remaining low following the recession. As a result, the total population increased by 2.27 million, or 0.7 percent, annually. The rate of population growth continued to slow, to an average annual rate of 0.5 percent, or 1.77 million people, from 2016 to the current date. Net in-migration slowed to an average increase of 760,000 people a year but accounted for 43 percent of the population gains during the period, as net natural change declined to an average of 1.01 million people, or 57 percent of growth.

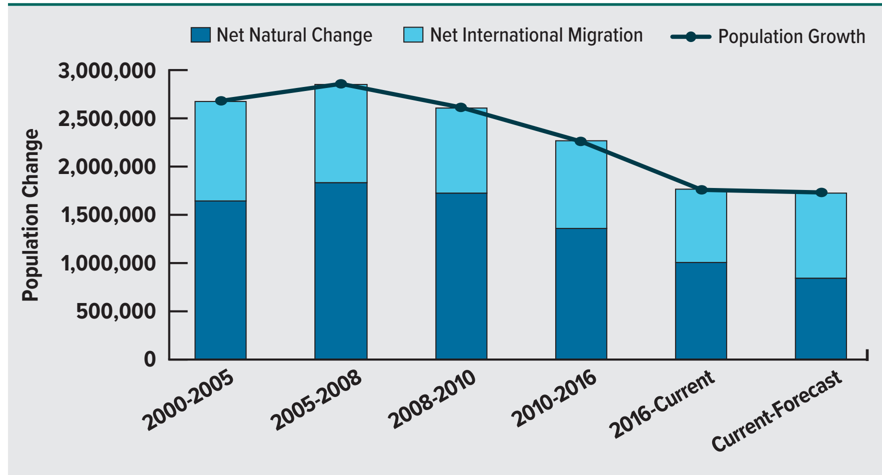
During the 3-year forecast period, the population is expected to increase at an average annual rate of 0.5 percent, or 1.74 million people, as job gains are expected to moderate with fewer workers available. Net natural change and net-in migration are expected to average 850,000 and 890,000, respectively (EMAD estimates). As a result of continued declines in net natural change, net in-migration is expected to account for more than one-half of the population growth during the forecast period. The population is expected to total 334.34 million by the end of the forecast period (Table 2). Figure 5 shows the components of population change from 2000 through the forecast period.

Table 2. Population and Household Quick Facts for the Nation

		2010	Current	Forecast
Population Quick Facts	**Population**	308,745,538	329,135,000	334,342,000
	Average Annual Change	2,732,000	2,091,000	1,736,000
	Percentage Change	0.9	0.7	0.5
		2010	**Current**	**Forecast**
Household Quick Facts	**Households**	116,716,292	126,538,000	129,180,000
	Average Annual Change	1,124,000	1,007,000	880,700
	Percentage Change	1.0	0.8	0.7

Notes: Average annual changes and percentage changes are based on averages from 2000 to 2010, 2010 to current, and current to forecast. The forecast period is from the current date (January 1, 2020) to January 1, 2023.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst

Figure 5. Components of Population Change in the Nation, 2000 Through the Forecast



Notes: Net natural change and net international migration totals are average annual totals over the time period. The forecast period is from the current date (January 1, 2020) to January 1, 2023.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

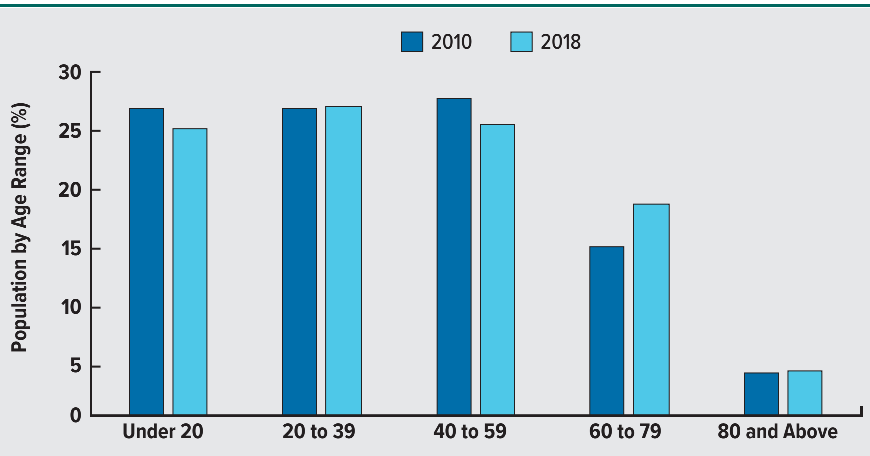
International Migration

In 2006, approximately 344,000 immigrants came to the United States from Mexico, accounting for nearly 31 percent of all immigrants into the country, far surpassing the number from any other country. India was the second highest source of immigrants, with 82,000, accounting for 7 percent of all immigrants (American Community Survey [ACS], 1-year data). In the years that followed, those trends changed rather dramatically, with the number of immigrants from Mexico declining while immigrants from China and India increased significantly. In 2013, the number of immigrants from China was 141,000, or 17 percent of all in-migration, whereas the proportion of immigrants from Mexico and India was each 15 percent, or 126,000 and 123,000 immigrants, respectively. In 2014, India surpassed Mexico as a source of immigration, with 149,000 immigrants, compared with 134,000 from Mexico, and the number of immigrants from China rose to 151,000. Those trends have continued through 2018, with China, India, and Mexico continuing to have the highest shares of immigration into the United States, accounting for 21, 17, and 17 percent of in-migration, respectively. Immigration from China was suspended in January 2020 as a result of COVID-19.

Age Cohort Trends

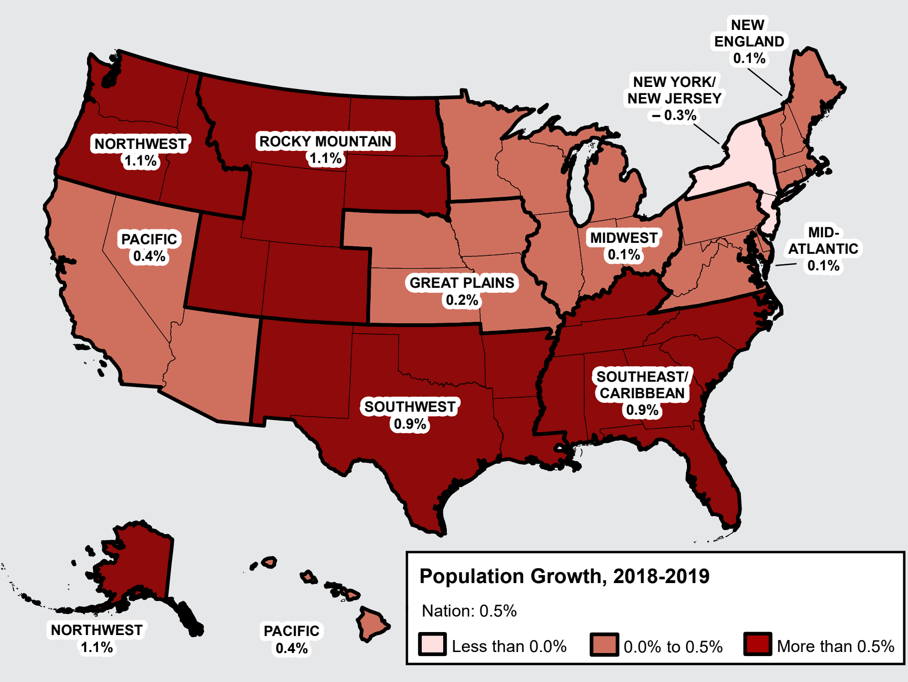
The median age in the United States in 2018 was 38.2 years, up from 37.2 years in 2010. The largest population by age range in the United States is the 20-to-39-year-old age cohort, which constituted 27.1 percent of the total population as of 2018, compared with 26.8 percent in 2010 (ACS 1-year data). The under-20 age cohort declined from 26.9 percent of the population in 2010 to 25.1 percent in 2018. In addition, the 40-to-59-year-old cohort also declined, from 27.7 percent of the total population to 25.4 percent during the same period. As the baby boom generation has aged, the 60-to-79-year-old age cohort has grown substantially. In 2010, this age group made up 14.8 percent of the total population, but by 2018 it had grown to 18.5 percent of the population. This helps to explain the steady growth in healthcare-related services throughout the country, as this age group tends to be a major consumer of health services. The 80-and-older age group remained relatively stable during the period, rising from 3.7 percent of the total population in 2010 to 3.8 percent in 2018. Figure 6 shows the population by age range in the United States for 2010 and 2018.

Figure 6. Population by Age Range in the Nation



Sources: American Community Survey 1-Year 2010, 2018

Map 2. Population Growth by HUD Region, 2018-2019



Source: Census Bureau population estimates as of July 1

Recent Regional Population Trends

From 2018 to 2019, the population increased in 9 of the 10 HUD regions. Map 2 shows the population growth rates by region. The national increase was 0.5 percent during that period. Population growth was highest in the regions where job growth was higher than the national average, as migrants were attracted to job prospects. Four regions had a rate of population growth higher than the national average, with the highest rates of 1.1 percent in the Northwest and Rocky Mountain regions. The population in the Southwest and Southeast/Caribbean regions grew 0.9 percent each. Five regions had population growth rates below the national average, with a rate of 0.4 percent in the Pacific region and 0.2 percent in the Great Plains region. The population of the Midwest, Mid-Atlantic, and New England regions increased 0.1 percent each. The population in the New York/New Jersey region declined 0.3 percent during the period.

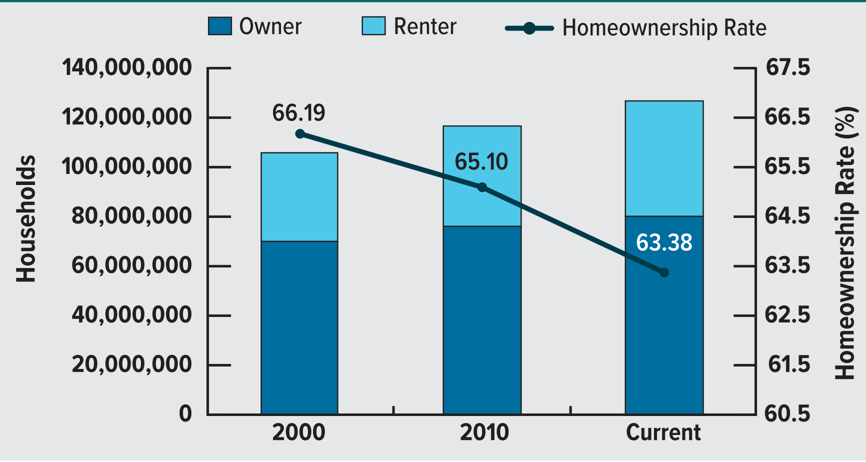
Household Trends

The number of households in the United States is currently estimated at 126.54 million— an average annual increase of 0.8 percent, or 1.01 million households, since 2010. From 2000 to 2010, the number of households increased at a somewhat faster average annual rate of 1.0 percent, or 1.12 million households, due in large part to higher population growth compared with that of the 2010s.

Since 2010, owner households have increased 0.6 percent a year, and renter households have increased 1.3 percent a year, compared with respective rates of 0.9 and 1.3 percent from 2000 to 2010. Owner household growth was more rapid during the previous decade, as the rate of homeownership increased significantly during the years of the housing boom. After the housing bubble burst and the economy entered the Great Recession, a shift in the overall tenure distribution among households, from ownership to renting, occurred throughout the country. In part, that shift occurred because younger households have been delaying homeownership compared with previous generations. In absolute terms, from 2000 to 2010, the number of owner households increased by an average of 617,000 per year, while renter households increased by 506,600 a year. Since 2010, owner household growth slowed to 432,700 a year, while renter household growth averaged 574,600. As a result, the rate of owner household growth has slowed since 2010, and the homeownership rate in the country has declined to a current estimated level of 63.4 percent, down from 65.1 percent in 2010 and down from a peak of 69.0 percent in 2004. Current homeowners are in better shape than homeowners in 2010, with lower mortgage delinquency rates and much higher levels of home equity. Currently, an estimated 80.21 million owner households and 46.33 million renter households reside in the United States.

Figure 7 shows the homeownership rate and households by tenure for 2000, 2010, and the current date. During the next 3 years, households are expected to increase by an average of 880,700, or 0.7 percent, annually, as the rate of population growth continues to slow.

Figure 7. Households by Tenure and Homeownership Rate in the Nation



Note: The current date is January 1, 2020.
Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst

Home Sales Market

Market Conditions: Tight

The home sales market in the nation has fully recovered from the housing market crash of the late 2000s, with home prices reaching new highs and mortgage delinquency rates down to 2001 levels.

Current Conditions

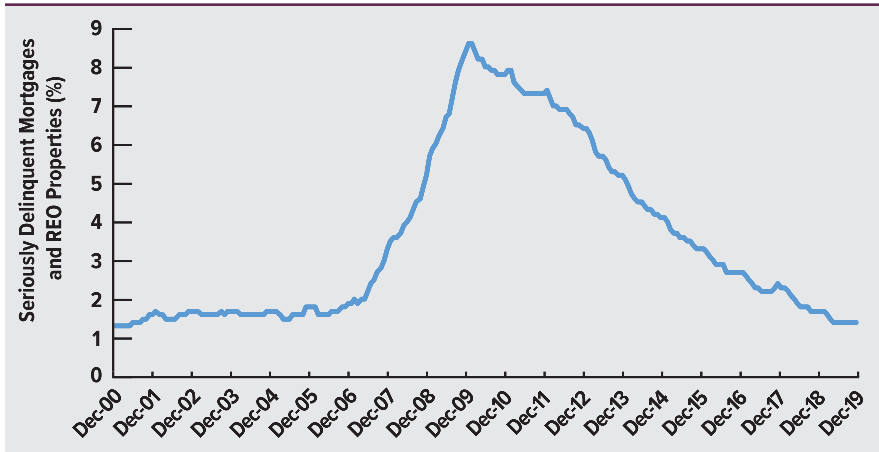
The national home sales market is tight, with low levels of existing homes for sale and the months' supply of homes hovering around 3.9 months for the past 3 years (NAR). The inventory of homes for sale has reached a 25-year low, averaging 1.39 million active listings on the market in 2019. This level of homes for sale is 61 percent below the home sales inventory at the onset of the Great Recession in 2007. In the past year, the low inventory levels limited the number of homes sold and, along with low unemployment and income growth, led to strong increases in sales prices. Although new home sales increased 10 percent, the number of existing home sales was unchanged. In addition, although new home sales prices declined 2 percent, existing home sales prices were up 8 percent (Table 3). New home sales prices have declined in part because new home sizes are shrinking. According to preliminary data, in 2019, the median size of a new, privately owned single-family home declined 3.5 percent, to 2,273 square feet, compared with the median size of the same type of home in 2018 (Census Bureau/ HUD). Existing homes make up most of the home sales in the nation—89 percent in 2019—making their trajectory a bigger measure of home sales market conditions than that of new home sales. As a further sign of the tight sales market in the nation, the percentage of seriously delinquent mortgages and real estate owned (REO) properties has stayed steady at 1.4 percent since May 2019—a low rate not seen since 2001 (Figure 8). The decline in mortgage delinquencies is, in large part, related to a decrease in underwater mortgages, or the percentage of residential properties with a mortgage in negative equity. As of September 2019, 3.7 percent of homes with a mortgage had negative equity, compared with 24.5 percent in September 2009 (CoreLogic, Inc.).

Table 3. Home Sales Quick Facts for the Nation

Home Sales Quick Facts		2018	2019
	Vacancy Rate	NA	1.2%
	Months Supply (Existing Homes)	4.0	3.9
	Existing Home Sales	5,340,000	5,340,000
	1-Year Change		0%
	New Home Sales	617,000	681,000
	1-Year Change		10%
	Existing Home Sales Price	$259,300	$279,100
	1-Year Change		8%
	New Home Sales Price	$326,400	$320,700
	1-Year Change		-2%
	Mortgage Delinquency Rate	1.7%	1.4%

NA = data not available.
Notes: The vacancy rate is as of the current date; prices shown are median for the year; and months of inventory and mortgage delinquency data are as of December 2019. The current date is January 1, 2020.
Sources: National Association of Realtors®; Census Bureau/HUD; CoreLogic, Inc.

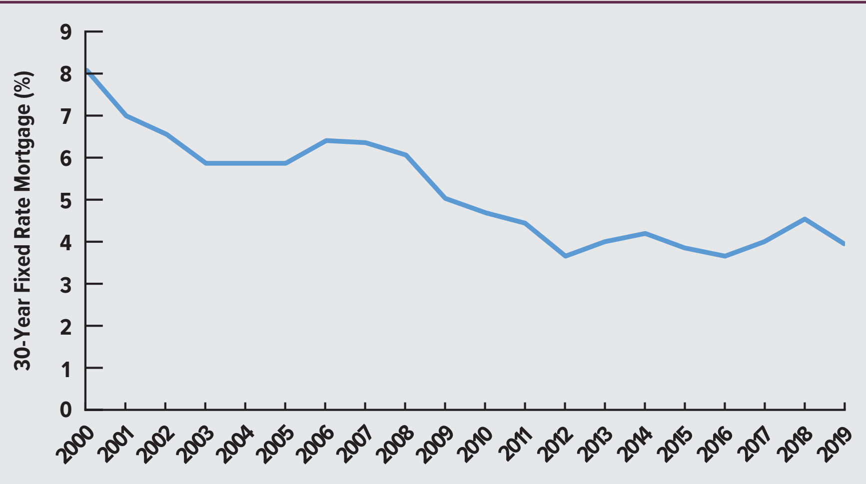
Figure 8. Seriously Delinquent Mortgages and REO Properties



Seriously delinquent = 90 or more days delinquent. REO = Real Estate Owned.
Source: CoreLogic, Inc.

Although home prices in the nation continue to increase, mortgage interest rates—another main factor in affordability—are favorable for homebuyers looking to finance their home purchase. According to Freddie Mac, the annual average interest rate for a 30-year fixed-rate mortgage was 3.94 percent in 2019, down from 4.54 percent in 2018 (Figure 9). A contributing factor to the tightening of the sales market after the national housing crisis was that annual average interest rates for 30-year fixed-rate mortgages during the 2010s remained below the rates of the 2000s for the entire decade.

Figure 9. Annual Average 30-Year Fixed Mortgage Rate in the Nation



Source: Freddie Mac

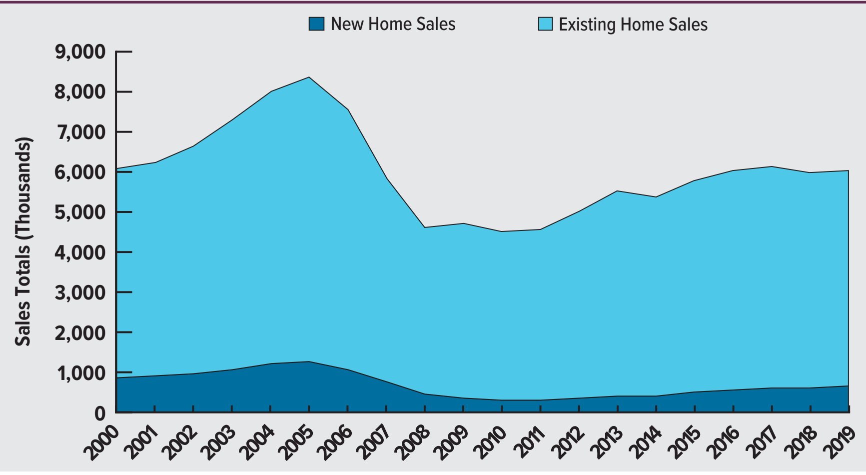
Current Regional Highlights

The sales housing markets in the 10 HUD regions had mixed conditions during the fourth quarter of 2019, ranging from slightly soft to tight. Sales markets in the Rocky Mountain region were tight, and sales markets in the New York/New Jersey region ranged from balanced to slightly soft. According to the CoreLogic home price index (HPI) for repeat sales, price appreciation was highest in the states in the Northwest region from December 2018 to December 2019. The HPI increased 10 percent in Idaho and 6 percent in Oregon. Home prices in the New York/New Jersey region had the smallest increases: the HPI in New York increased 1 percent, and the HPI in New Jersey increased 2 percent. Home price appreciation in the New York/New Jersey region was likely lower compared with other regions because payrolls in the region grew less than the national average, and the region had a decline in population from 2018 to 2019. For additional home sales market data by HUD region, visit the regional housing market information page on the PD&R U.S. Housing Market Conditions website.

Home Sales Trends: 2000 to Current

Before the housing crisis during the latter half of the 2000s, home sales growth in the nation was rapid, with home sales reaching a peak of 8.36 million in 2005 (Figure 10). During that period, home sales rose as mortgage lending standards were more relaxed and more mortgages were issued to riskier borrowers, which helped to inflate home sales. From 2001 through 2006, subprime and near-prime loans increased from 9 to 40 percent of all mortgage originations (US Economics Analyst, Goldman Sachs). During roughly the same period, from 2001 through their peak in 2005, existing home sales increased an average of 6 percent a year, and new home sales increased an average of 8 percent a year (NAR; Census Bureau/HUD). As mortgage interest rates increased in 2006, new and existing home sales declined 18 and 8 percent, respectively, with the decrease accelerating in 2007 after the housing bubble began to burst. For the next few years, the home sales market in the United States was extremely soft. As a result, new and existing home sales continued to decline, with existing home sales bottoming out in 2008 and new home sales bottoming out in 2011. From peak to trough, new home sales declined at an average annual rate of 8 percent, and existing home sales declined at an average annual rate of 28 percent. Since their respective lows, new and existing home sales have trended upward as the economy improved and

Figure 10. National Home Sales



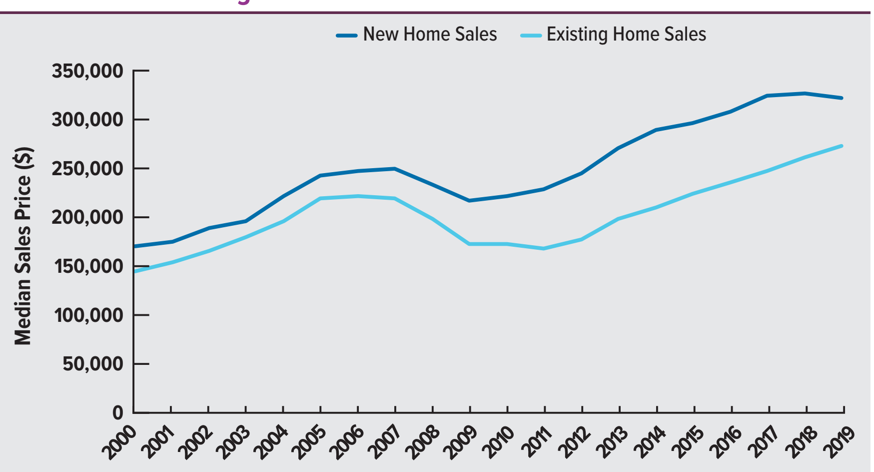
Sources: National Association of Realtors®; Census Bureau/HUD

sales market conditions tightened. Most of the sales growth during this period was concentrated in the early years of the recovery. From 2009 through 2016, existing home sales increased at an average annual rate of 4 percent, and from 2017 through 2019 existing home sales decreased at an average annual rate of 1 percent. New home sales followed a similar pattern, increasing at an average annual rate of 13 percent from 2012 through 2016 and slowing to an average annual rate of 7 percent from 2017 through 2019.

Home Sales Price Trends: 2000 to Current

Sales prices for new and existing homes have followed similar trajectories since 2000: increasing in the first half of the 2000s, declining during the housing crisis, and gradually increasing since then (Figure 11). From the peak in 2006 to the trough in 2009, the average sales price for all homes declined 21 percent (CoreLogic, Inc.). In the 10 years since 2009, the average home sales price increased 48 percent. The median existing home sales price increased an average of 8 percent a year from 2001 through the peak in 2006, whereas the median new home sales price peaked a year later, increasing an average of 6 percent a year from 2001 through 2007 (NAR; Census Bureau/HUD). Sales prices declined for both new and existing home sales in the years that followed; however, the peak-to-trough decline in existing home sales prices (25 percent) was more severe than the decline in new home sales prices (13 percent) and lasted nearly twice as long. From 2008 through 2009, the median price for new homes sold declined an average of 7 percent a year, and from 2007 through 2011, the median price for existing homes sold decreased an average of 6 percent a year. In large part, this was because the proportion of existing sales that were REO properties swelled during this time, and the relatively low prices for REO home sales created downward pressure on overall existing home sales prices. REO sales constituted a small proportion of existing home sales from 2000 through 2007, averaging around 3 percent (CoreLogic, Inc.). With the onset of the Great Recession, that percentage skyrocketed to 32 percent in 2009—a year when the average sales price for an REO was nearly one-half the price of a regular resale.

Figure 11. National Home Sales Prices



Sources: National Association of Realtors®; Census Bureau/HUD

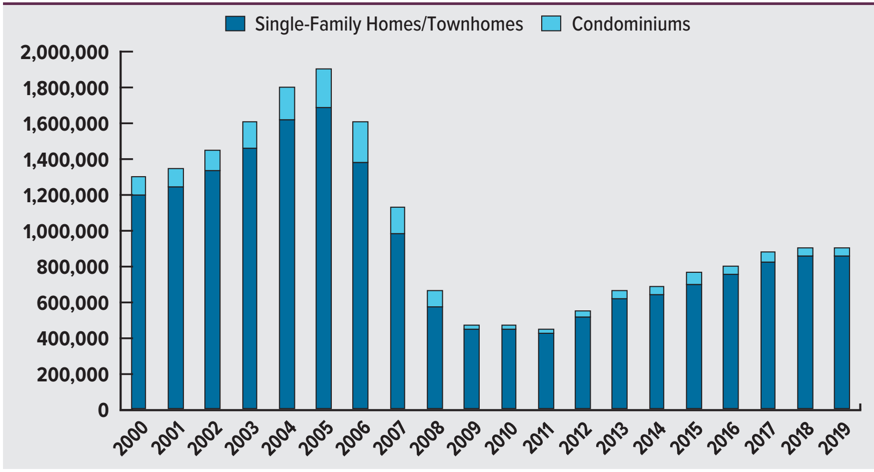
Since home sales prices reached lows of $216,700 for new homes in 2009 and $166,100 for existing homes in 2011, price growth has been relatively steady. The median home sales price for new homes increased an average of 4 percent a year from 2010 through 2019, and the median sales price for existing homes increased an average of 6 percent a year from 2012 through 2019. The total increase in home prices from trough to 2019 was 48 percent for new homes and 64 percent for existing homes.

Sales Construction Activity

Since 2010, sales construction activity, as measured by the number of sales units permitted, has trended upward for the nation, but sales construction activity is well below the construction levels throughout much of the 2000s, when the home sales market was overbuilding (Figure 12). From 2000 through 2005, when home sales and prices were increasing, the number of sales units permitted averaged 1.56 million units a year. During the next 5 years, the number of sales units permitted dropped precipitously, averaging 1.15 million units permitted a year, or a decline of 26 percent from the previous period. Sales building activity stabilized at low levels from 2009 through 2011, at 463,400 sales units permitted annually, as the housing market worked to absorb an excess supply of sales inventory. Since 2011, the number of sales units permitted has averaged 730,900 annually, an increase of 58 percent from the previous period. Although this increase in sales permitting is significant, it has not kept pace with demand and has contributed to the currently tight sales market conditions. From 2018 through 2019, the annual level of sales units permitted was relatively unchanged.

The number of condominiums permitted during the 2010s was less than half the level of condominiums permitted in the 2000s. Although condominiums were overbuilt in the 2010s as they were popular with investors during the housing boom, they are also an important source of sales housing; they provide an affordable option for first-time homebuyers and retirees, which frees up a portion of the supply of single-family homes. In 2019, HUD published its Condominium Project Approval Final Rule in the Federal Register (Docket No. FR-5715-F-02) for loans insured by the Federal Housing Administration (FHA). This rule implements a comprehensive revision to the FHA condominium approval process and facilitates increased opportunities for borrowers to purchase condominium units with FHA financing.

Figure 12. Average Annual Sales Permitting Activity in the Nation



Note: Includes single-family homes, townhomes, and condominiums.
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2018—final data and estimates by the analyst; 2019—preliminary data and estimates by the analyst

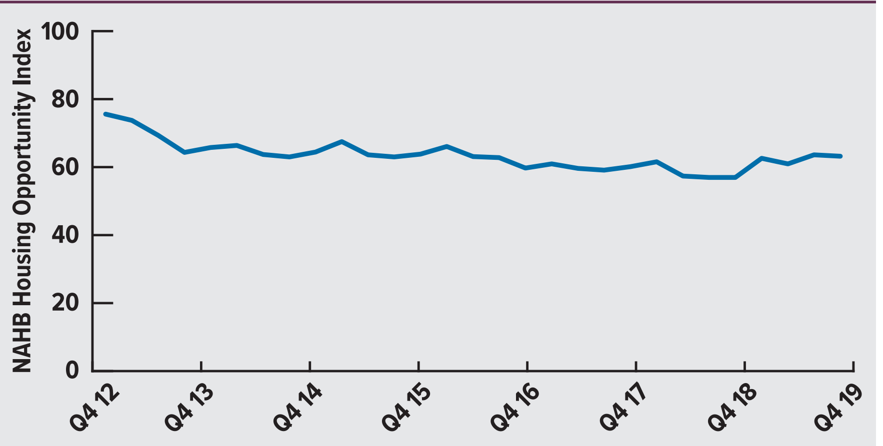
Housing Affordability: Sales

The affordability of owning a home in the United States varies significantly, depending on geography, but homeownership in general has become less affordable in the last decade. The National Association of Home Builders (NAHB)/Wells Fargo Housing Opportunity Index (HOI) for the United States, which represents the share of homes sold that would have been affordable to a family

earning the median income, was 63.2 during the fourth quarter of 2019, down from 75.6 during the fourth quarter of 2012 (Figure 13). Although the long-term trend is toward declining affordability, the HOI increased in 2019 from a low of 56.9 in the fourth quarter of 2018, because of a 1.1 percentage point decline in the fixed-rate 30-year mortgage interest rate, which reduced monthly housing costs. If not for the lower mortgage interest rate, the HOI would have declined from 2018 to 2019 because the median home price increased at a faster rate (6 percent) than the median income (5 percent) during the same period. During the fourth quarter of 2019, the most affordable large metropolitan area was Indianapolis-Carmel-Anderson, Indiana, with an HOI of 91.5, and the least affordable large metropolitan area was Los Angeles-Long Beach-Glendale, California, with an HOI of 11.3. Of the ten most affordable large metropolitan areas, four were in the Midwest Region, three were in the New York/New Jersey Region, two were in the Mid-Atlantic Region, and one was in the Great Plains Region. Of the ten least affordable large metropolitan areas, one was in the New York/New Jersey Region, one was in the Southeast/Caribbean Region, and the remaining eight were in the Pacific Region.

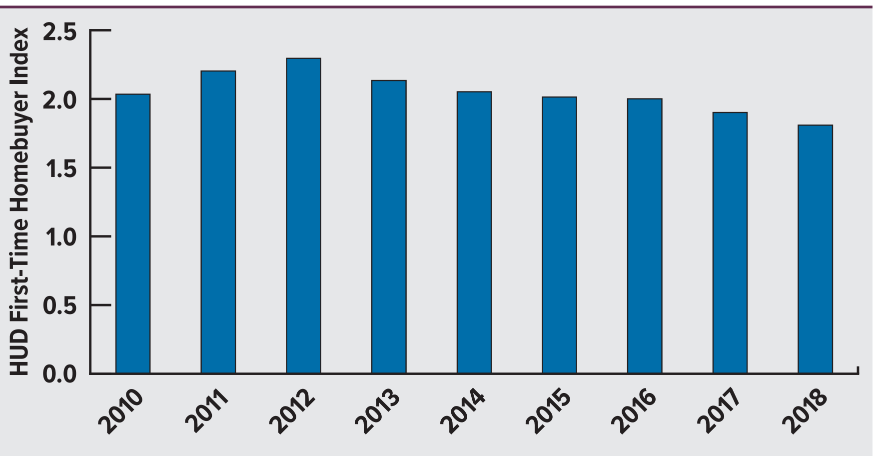
First-time homebuyers face many affordability challenges when it comes to purchasing a home, regardless of where they live. For the nation, homeownership has become less affordable for households in the 25 to 44-year age cohort, a prime group for first-time homebuyers. The HUD First-Time Homebuyer Affordability Index is a measure of the median household income for householders aged 25 to 44 years old, relative to the income needed to purchase the 25th percentile-priced home. After peaking in 2012 at 2.3, the index declined every year to 1.8 in 2018 (Figure 14). Of the ten most affordable large metropolitan areas for a first-time homebuyer in 2018, five were in the Midwest Region, two were in the Mid-Atlantic Region, two were in the New York/New Jersey Region, and one was in the Great Plains region. All ten of the least affordable large

Figure 13. NAHB Housing Opportunity Index for the Nation



NAHB = National Association of Home Builders. Q4 = fourth quarter.
Sources: NAHB; Wells Fargo

Figure 14. HUD First-Time Homebuyer Index for the Nation



Sources: American Community Survey, 1-year data; Federal Housing Finance Agency; and Metrostudy, A Hanley Wood Company

metropolitan areas for a first-time homebuyer in 2018 were in the Pacific Region, with nine areas in California and one in Hawaii.

The declining affordability for first-time homebuyers is reflected in homeownership rates by age range. While there is no consensus on what is the optimal homeownership rate for the nation, homeownership for all households has declined since 2000, the decline has been more severe in the 25 to 34 years and the 35 to 44 years age cohorts (Table 4). The decline in homeownership from 2010 to 2018 for all households held steady from the average annual decline of 0.1 percentage point during the 2000s. In contrast, the average annual decline between these two periods accelerated from 0.4 to 0.5 percentage point for householders aged 25 to 34 years, and from 0.4 to 0.6 percentage point for householders aged 35 to 44 years.

The affordability challenges reflect, in part, that housing supply has not responded to increased demand, particularly in areas with significant regulatory barriers to construction and development. The White House Council on Eliminating Regulatory Barriers conducted extensive outreach to identify opportunities to reduce unnecessary regulatory barriers and increase housing supply.

Table 4. Homeownership Rates by Age of Householder in the Nation

	2000	2010	2018
Householder Age 25 to 34 years	45.6	42.0	38.3
Householder Age 35 to 44 years	66.2	62.3	57.9
Total Households	66.2	65.1	63.9

Sources: 2000 and 2010 Decennial Census; American Community Survey 1-year estimates

Forecast

Despite an expected slowdown from the population and household growth rates of the 2010s, the outlook for the home sales market is positive due to an expectation that the long-term decline in the homeownership rate will level off during the next 3 years. Demand is expected for a total of 2.65 million sales units during the 3-year forecast period (Table 5). More than one-half of the demand during the first year will be met by units already under construction. Given the current economic and demographic forecast, demand should be relatively constant throughout the next 3 years.

Table 5. Demand for New Sales Units in the Nation During the Forecast Period

	Sales Units
Demand	2,645,000 Units
Under Construction	479,900 Units

Note: The forecast period is from January 1, 2020, to January 1, 2023.
Source: Estimates by the analyst

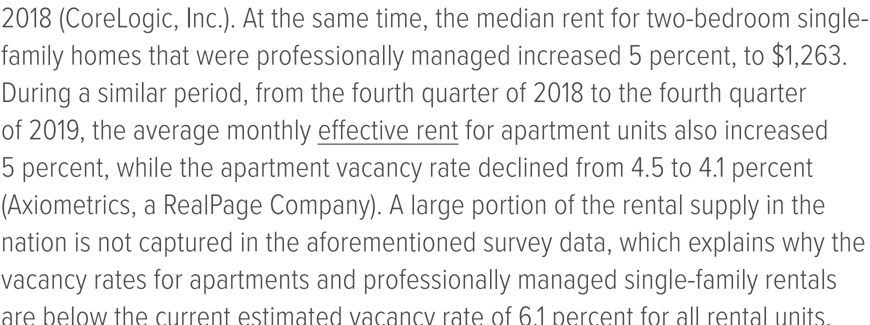
Rental Market

Market Conditions: Slightly Tight

For every 10 new households created in the past decade, 6 were renters, leading to a steady tightening of the market despite increased rental building activity.

Current Conditions and Recent Trends

The national rental market is slightly tight, with an estimated vacancy rate of 6.1 percent—down from 9.2 percent in 2010, when the market was soft (Table 6). Sixty-two percent of the national rental supply is in multifamily structures with two or more units, typically apartment properties (2018 ACS 1-year data). Attached and detached single-family homes are also an important source of rental supply in the nation, with 34 percent of renters residing in that type of unit as of 2018, unchanged from 2010. During December 2019, the vacancy rate for professionally managed single-family rental units was 2.8 percent, unchanged from December



2018 (CoreLogic, Inc.). At the same time, the median rent for two-bedroom single-family homes that were professionally managed increased 5 percent, to $1,263. During a similar period, from the fourth quarter of 2018 to the fourth quarter of 2019, the average monthly effective rent for apartment units also increased 5 percent, while the apartment vacancy rate declined from 4.5 to 4.1 percent (Axiometrics, a RealPage Company). A large portion of the rental supply in the nation is not captured in the aforementioned survey data, which explains why the vacancy rates for apartments and professionally managed single-family rentals are below the current estimated vacancy rate of 6.1 percent for all rental units.

Table 6. Rental and Apartment Market Quick Facts for the Nation

		2010 (%)	Current (%)
Rental Market Quick Facts	**Rental Vacancy Rate**	9.2	6.1
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	34.0	34.0
	Multifamily (2–4 Units)	19.0	17.0
	Multifamily (5+ Units)	43.0	45.0
	Other (Including Mobile Homes)	5.0	4.0

		Current	YoY Change
Apartment Market Quick Facts	**Apartment Vacancy Rate**	4.1	-0.4
	Average Rent	$1,409	5.0

YoY = year-over-year.
Notes: The current date is January 1, 2020. Percentages may not add to 100 due to rounding.
Sources: 2010 and 2018 American Community Survey, 1-year data; Axiometrics, a RealPage Company

Current Regional Highlights

Rental market conditions varied throughout the 10 HUD regions from balanced to tight, with a small number of soft markets around the country during the fourth quarter of 2019. All markets in the Pacific region were considered tight, and conditions for markets in the Southwest region ranged from slightly tight to soft. Metropolitan areas in the Pacific region had some of the fastest growth in rents in the nation, with many areas averaging a growth rate in monthly rent of greater than 5 percent from December 2018 to December 2019 (Axiometrics, a RealPage Company). Year-over-year rent growth was positive in much of the Southwest region; however, most metropolitan areas in the region had rent growth rates below the national average of 5 percent. Additional rental market data by HUD Region is available at the regional housing market information page on the PD&R U.S. Housing Market Conditions website.

The Revival of Renting

While the majority of households in the United States remain homeowners, rentership has had a resurgence after reaching a low of 30.8 percent in the fourth quarter of 2004—the lowest rate since before 1964 (Census Bureau, CPS/HVS). The apartment market tightened throughout much of the 2010s as the share of renter households grew at an increased rate in the wake of the Great

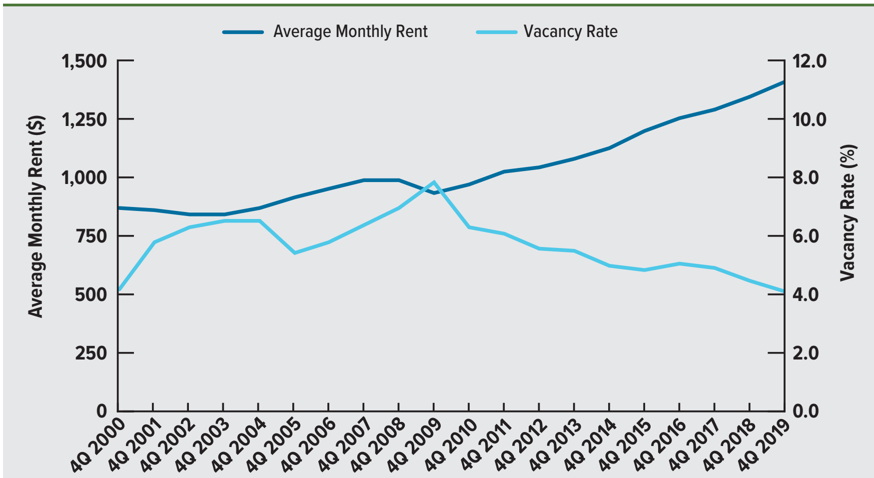
Recession. The percentage of renter households increased by 1.1 percentage points from 2000 to 2010, and 1.7 percentage points from 2010 through 2019. Rentership increased in all age cohorts from 2010 through 2019; however, the largest increase occurred in the 35 to 44 year-age cohort. For millennials, at least, the increase in rentership is not a matter of preference for renting. According to the results of an Apartment List survey, 9 out of 10 millennial renters would like to purchase a home, with 70 percent of those reporting that the high cost of homeownership was delaying their home purchase. Worsening the home affordability issue for millennials are student debt obligations. From the fourth quarter of 2009 to the fourth quarter of 2019, the value of outstanding student loans owned and securitized increased 113 percent to $1.6 trillion (Federal Reserve Bank of St. Louis). These affordability challenges to homeownership are a major reason there has been a steady increase in demand from renters since 2010, and it explains why the rental market remains slightly tight despite robust production of rental units during the same period.

Apartment Vacancy Rates and Rents Since 2000

During the 2000s, the national apartment market was more volatile than during the 2010s, when there was a steady tightening of market conditions. At the beginning of the 2000s, the apartment vacancy rate for the nation was a low 4.2 percent during the fourth quarter of 2000 before increasing to 6.5 during the fourth quarter of 2003 (Figure 15). During this period, the average monthly effective apartment rent declined an average of 1 percent annually. The rental market softened during this time because of an increased number of households shifting from renting to owning homes and an increased supply of single-family rentals that investors added to the market. The apartment vacancy rate and average monthly effective rent stayed relatively steady into the fourth quarter of 2004 before decreasing in the fourth quarter of 2005 by 1.1 percentage points and 5 percent, respectively. In the years that followed, the apartment vacancy rate increased by an average of 0.6 percentage point annually, and the average monthly effective rent increased an average of 1 percent a year through the fourth quarter of 2009. Similar to the sales market during that period, the national apartment market was soft in 2009, in part because apartments faced increased competition from condominiums and single-family homes entering the rental market. During the housing crisis, the increase in condominium and single-family rentals came from two main sources: 1) investors buying foreclosed properties and offering them for rent, and 2) households needing to relocate and move out of their homes but without enough equity to sell.

In the years since the Great Recession, the average apartment vacancy rate has consistently declined, while the average monthly effective rent in the nation has increased at a steady rate. From the fourth quarter of 2009 to the fourth quarter of 2019, the average apartment vacancy rate decreased from 7.8 to 4.1 percent, or an average of 0.4 percentage point a year (Axiometrics, a RealPage Company). During the same 10-year span, the average effective monthly rent increased an average of 4 percent, annually, from $934 to $1,409.

Figure 15. Apartment Rents and Vacancy Rates in the Nation

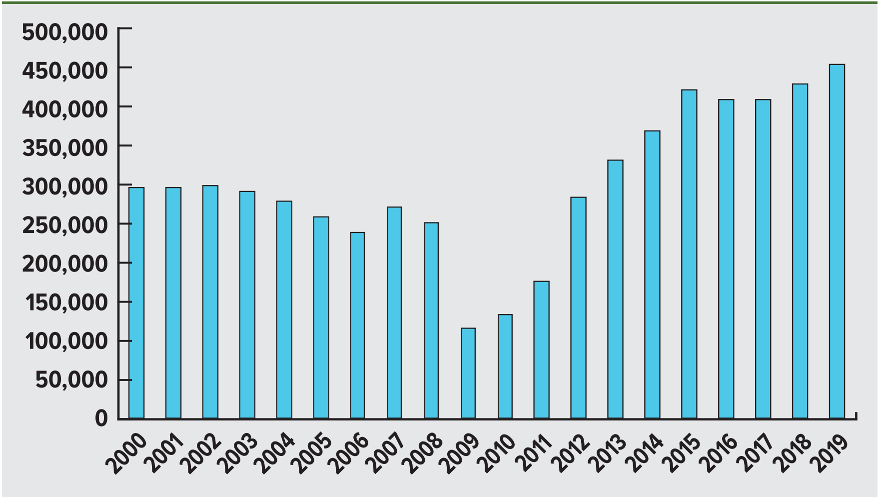


4Q = fourth quarter.
Source: Axiometrics, a RealPage Company

Rental Construction Activity

Rental building activity, as measured by the number of rental units permitted, averaged much higher levels during the 2010s in response to tighter rental market conditions compared with the previous decade. From 2000 through 2008, an average of 274,600 rental units were permitted annually (Figure 16). As the rental market softened considerably in 2009, rental permitting dropped and remained at relatively low levels for 3 years, averaging 140,500 units permitted, annually through 2011—a decline of nearly half from the average annual level during the previous 9 years. Rental building activity began to recover in earnest in 2012, to nearly 283,000 units, or more than double the average for the previous 3 years, and an average of 326,900 rental units were permitted annually during the 2012-through-2014 period. Since 2015, an average of 422,800 rental units have been permitted annually, an increase of 29 percent from the average annual level during the previous 3 years.

Figure 16. Average Annual Rental Permitting Activity in the Nation

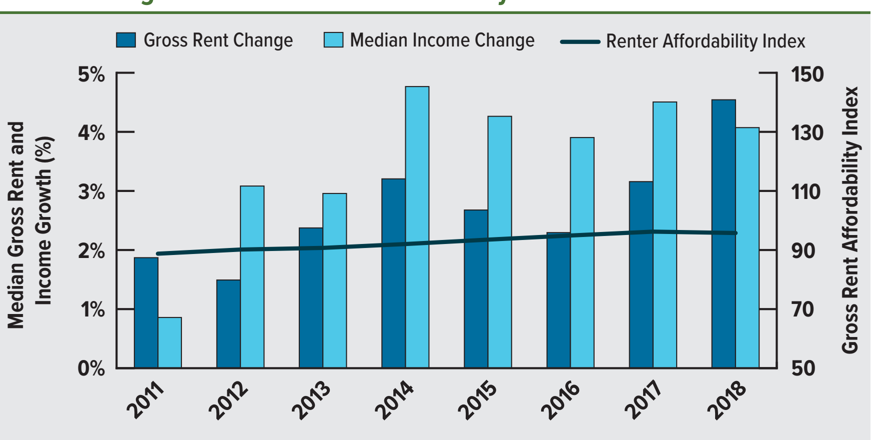


Note: Includes apartments and units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2000 through 2018—final data and estimates by the analyst; 2019—preliminary data and estimates by the analyst

Housing Affordability: Rental

For the nation as a whole, rental affordability has increased in the 10 years since the Great Recession, with the median income for renter households increasing at a faster rate than the median gross rent. From 2010 to 2018, the median income for renter households increased 32 percent, while the median gross rent increased 24 percent. As a result, the HUD Gross Rent Affordability Index for the nation, a measure of median renter household income relative to qualifying income for the median-priced rental unit, increased from 89.7 in 2010 to 95.8 in 2018 (Figure 17). The index decreased slightly from 2017 to 2018, by 0.4 percentage point, as rent growth slightly outpaced income growth. The efforts of the White House Council on Eliminating Regulatory Barriers to Affordable Housing should encourage greater production of housing supply, enabling the benefits of higher incomes to result in more affordability as regulatory barriers are reduced and more units can be created at lower costs.

Figure 17. Gross Rent Affordability Index for the Nation



Note: The Gross Rent Affordability Index differs from the HUD Rental Affordability Index published on the U.S. Housing Market Conditions website in that it is based on combined rent and utilities expenditure.
Source: American Community Survey, 1-year data

Although rental affordability has improved since 2010, a high proportion of renter households in the United States face some degree of cost burden, paying more than 30 percent of their income on rent. During the 2012 through 2016 period, an estimated 21.9 percent of all renter households in the nation were cost-burdened, spending between 30 and 49 percent of their income on rent, while 23.3 percent were severely cost-burdened, spending more than 50 percent of income towards rent (Table 7). The cost burdens are significantly worse for very low-income renter households. For renter households with incomes less than 50 percent of the Area Median Family Income (AMFI), 26.4 percent were cost burdened and 49.3 percent were severely cost burdened. Although data on cost burdens is only available through 2016, more recent data on households with worst- case housing needs (those with very low incomes that do not receive government housing assistance and pay more than one-half of their incomes toward rent, those that live in severely inadequate conditions, or both) show improvement because of strong economic growth. From 2015 to 2017, worst- case housing needs decreased 7 percent from 8.3 million households to 7.7 million households.

Low-Income Housing Tax Credit (LIHTC) is the primary source of funding for new affordable rental housing in the nation. From 2010 through 2017, a total of 693,739 LIHTC units have been placed in service, with 86 percent of those units reserved for low-income households with incomes at or below 80 percent of the local Median Family Income [MFI]. Of the total LIHTC units placed in service from 2010 through 2017, 21 percent were reserved for seniors. By comparison, from 2000 through 2009, 1.3 million LIHTC units were placed in service, with 87 percent reserved for households with incomes at or below 80 percent of MFI. During this period, 18 percent of all units were reserved for seniors. The popularity of the LIHTC program varies by HUD region: from 2010 through 2017, the ratio of LIHTC units to multifamily units permitted ranged from 8.6 percent in the Southwest region to 43.8 percent in the New York/New Jersey region.

In addition to LIHTC, income-eligible residents may qualify for project-based rental assistance (PBRA) or housing choice vouchers (HCV) through the local public housing authority (PHA). Nationwide, PHAs administered approximately 2.3 million HCVs in 2019, an increase of nearly 13 percent from 2010 (Picture of Subsidized Households). Although the number of households served has gone up since 2010, the monthly tenant contribution has increased 2.0 percent while the average monthly subsidy has gone down 1.7 percent (Table 8). Despite 4.6 million American households receiving rental assistance, three out of four eligible households do not receive housing assistance because of funding limitations.

Table 7. Percentage of Cost Burdened Renter Households by Income in the Nation, 2012-2016

	Cost Burdened: 30 — 49 Percent of Income Towards Rent	Severly Cost Burdened: More than 50 Percent of Income Towards Rent
Renter Households with Income <50%	26.4	49.3
Total Renter Households	21.9	23.3

Sources: Consolidated Planning/CHAS Data; American Community Survey 5-year estimates.

Table 8. National Picture of Subsidized Households, 2019

	Total	Change Since 2010
Total Assisted Households (2019)	4,619,488	4.3%
Total Housing Voucher Households (2019)	2,299,617	12.7%
Average HCV Tenant Monthly Contribution	$390	2.0%
Average Monthly HUD Subsidy	$807	-1.7%

Note: Dollar changes are inflation adjusted using the Consumer Price Index for All Urban Consumers (CPI-U).
Source: HUD Picture of Subsidized Households

In the United States, approximately 567,700 people were homeless in 2019, and 37 percent were unsheltered homeless (2019 Point-in-Time Count). The two states with the highest homeless populations, California and New York, account for 43 percent of the homeless population in the nation.

Forecast

During the 3-year forecast period, the tight rental market of the 2010s is expected to ease as the rate of renter household growth tempers. This slowdown will come from a decline in the overall rate of household growth and because the share of renter households is expected to level off. Demand for approximately 1.37 million rental units is expected nationwide for the next 3 years (Table 9). The 380,500 rental units already under construction will satisfy more than three-fourths of the estimated demand during the first year of the forecast. Demand is expected to remain relatively constant during the 3-year period, given the economic and demographic outlook presented in this report.

Table 9. Demand for New Rental Units in the Nation During the Forecast Period

	Rental Units
Demand	1,370,000 Units
Under Construction	380,500 Units

Note: The forecast period is January 1, 2020, to January 1, 2023.
Source: Estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Building Permits (Rental/Sales Construction Activity)	Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Cost Burdened	Spending more than 30 percent of household income on housing costs.
Demand	The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.
Effective Rent	The cost to rent an apartment, less concessions.
Forecast Period	1/1/2020–1/1/2023—Estimates by the analyst
Home Sales/ Home Sales Prices	Includes single-family, townhome, and condominium sales.
Millennial	A member of the generation born between 1981 and 1996. Most members of this generation currently fall into the 25-34 age cohort.

Net natural change	The difference between resident births and resident deaths.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.

B. Notes on Geography

1.	Puerto Rico, U.S. Virgin Islands, and Guam are served by HUD programs but are not included in this analysis due to data limitations.
2.	HUD is organized into 10 regions: New England (Region I): Connecticut, Vermont, Massachusetts, Maine, New Hampshire, Rhode Island New York/ New Jersey (Region II): New York, New Jersey Mid-Atlantic (Region III): Pennsylvania, Virginia, West Virginia, Maryland, Delaware, Washington, D.C. Southeast/ Caribbean (Region IV): Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee, Puerto Rico, U.S. Virgin Islands Midwest (Region V): Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin Southwest (Region VI): Arkansas, Louisiana, New Mexico, Oklahoma, Texas Great Plains (Region VII): Kansas, Iowa, Missouri, Nebraska Rocky Mountain (Region VIII): Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming Pacific (Region IX): California, Arizona, Hawaii, Nevada Northwest (Region X): Washington, Alaska, Idaho, Oregon

C. Additional Notes

1.	This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department
2.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments.
3.	The NAHB Housing Opportunity Index represents the share of homes sold in the HMA that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria.
4.	The national HUD First Time Homebuyer Index is a weighted average of the index for each metropolitan area, weighted by the total number of sales.
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