HOUSING HIGHLIGHTS FROM THE 2014 ACS

Jed Kolko
Senior Fellow
Housing highlights from the 2014 ACS

1. Homeownership and household formation
2. Housing costs
3. Vacancy rates
4. Appendix: ACS vs HVS
5. About the data
The homeownership rate continues to slide

Homeownership rate

66.9% 67.3% 67.2% 66.6% 65.9% 65.4% 64.6% 63.9% 63.5% 63.1%

Homeownership higher in Midwest, lower in big coastal metros

<table>
<thead>
<tr>
<th>Homeownership rate, 2014, large metros</th>
</tr>
</thead>
<tbody>
<tr>
<td>HIGHEST</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>4</td>
</tr>
<tr>
<td>5</td>
</tr>
<tr>
<td>LOWEST</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>4</td>
</tr>
<tr>
<td>5</td>
</tr>
</tbody>
</table>
All growth in occupied housing units since 2006 has been in rentals

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-family owner-occupied</td>
<td>65.5</td>
<td>65.2</td>
<td>-0.3</td>
<td>-0.4%</td>
</tr>
<tr>
<td>Single-family renter-occupied</td>
<td>11.3</td>
<td>15.2</td>
<td>+3.9</td>
<td>+34%</td>
</tr>
<tr>
<td>Multi-unit owner-occupied</td>
<td>4.2</td>
<td>4.0</td>
<td>-0.2</td>
<td>-6%</td>
</tr>
<tr>
<td>Multi-unit renter-occupied</td>
<td>23.4</td>
<td>26.1</td>
<td>+2.7</td>
<td>+12%</td>
</tr>
<tr>
<td>All occupied housing units (includes other housing types)</td>
<td>111.6</td>
<td>117.3</td>
<td>+5.6</td>
<td>+5%</td>
</tr>
</tbody>
</table>
In past year, more of all housing types; but single-family rentals still lead

Change in occupied housing units, by type
2013-2014

- Single-family, rented: 2.1%
- Multi-unit, rented: 1.8%
- Multi-unit, owned: 0.8%
- Single-family, owned: 0.3%
No slowdown in single-family rentals

Rental share of occupied single-family detached homes

- 2005: 13.2%
- 2006: 13.1%
- 2007: 13.4%
- 2008: 14.0%
- 2009: 14.8%
- 2010: 15.1%
- 2011: 15.7%
- 2012: 16.4%
- 2013: 16.7%
- 2014: 17.0%

TERNER CENTER FOR HOUSING INNOVATION UC BERKELEY

SEPTEMBER, 2015
Finally, after several years, an increase in owner-occupied single-family homes

Owner-occupied single-family homes (millions)
Household formation volatile but remains consistently below 1.2m “normal” level

Household formation (change in # of occupied housing units, ‘000s)

2006 2007 2008 2009 2010 2011 2012 2013 2014
527 761 723 515 951 424 978 321 968
Housing highlights from the 2014 ACS

1. Homeownership and household formation
2. Housing costs
3. Vacancy rates
4. Appendix: ACS vs HVS
5. About the data
Overall housing cost burden at post-bubble low

% of all households spending 30% or more of income on housing

- 2005: 35.0%
- 2006: 36.3%
- 2007: 36.3%
- 2008: 36.7%
- 2009: 37.3%
- 2010: 38.1%
- 2011: 37.9%
- 2012: 36.0%
- 2013: 34.8%
- 2014: 34.6%
Almost half of LA & Miami households are cost-burdened

### % of households spending 30%+ of income on housing, 2014, large metros

<table>
<thead>
<tr>
<th></th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HIGHEST</strong></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Los Angeles-Long Beach-Anaheim, CA</td>
</tr>
<tr>
<td>2</td>
<td>Miami-Fort Lauderdale-West Palm Beach, FL</td>
</tr>
<tr>
<td>3</td>
<td>San Diego-Carlsbad, CA</td>
</tr>
<tr>
<td>4</td>
<td>New York-Newark-Jersey City, NY-NJ-PA</td>
</tr>
<tr>
<td>5</td>
<td>Riverside-San Bernardino-Ontario, CA</td>
</tr>
<tr>
<td><strong>LOWEST</strong></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Pittsburgh, PA</td>
</tr>
<tr>
<td>2</td>
<td>Oklahoma City, OK</td>
</tr>
<tr>
<td>3</td>
<td>Louisville/Jefferson County, KY-IN</td>
</tr>
<tr>
<td>4</td>
<td>Minneapolis-St. Paul-Bloomington, MN-WI</td>
</tr>
<tr>
<td>5</td>
<td>Kansas City, MO-KS</td>
</tr>
</tbody>
</table>
Lower mortgage rates have made owning less burdensome

% of households spending 30% or more of income on housing, by tenure & mortgage status

- Renters
- Owners with mortgage
- Owners without mortgage


- 47.3% 47.6% 47.2% 47.9% 49.6% 51.1% 51.6% 50.3% 49.9% 50.1%
- 34.9% 37.3% 37.9% 38.0% 37.9% 38.3% 37.2% 34.2% 32.1% 31.2%
- 16.2% 17.0% 16.0% 16.3% 16.4% 16.6% 17.0% 16.0% 15.4% 15.8%
Housing highlights from the 2014 ACS

1. Homeownership and household formation
2. Housing costs
3. **Vacancy rates**
4. Appendix: ACS vs HVS
5. About the data
Despite below-normal construction activity, vacancy rate holds steady.

Vacancy rate
(excl. seasonal; % of all housing units)


7.6% 8.3% 8.6% 8.8% 8.9% 9.1% 9.0% 8.5% 8.4% 8.4%
Vacancy rate high in slow-growing Detroit and fast-growing Vegas

<table>
<thead>
<tr>
<th>Vacancy rate, excluding seasonal, 2014, large metros</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HIGHEST</strong></td>
</tr>
<tr>
<td>1. Birmingham-Hoover, AL</td>
</tr>
<tr>
<td>2. Memphis, TN-MS-AR</td>
</tr>
<tr>
<td>3. New Orleans-Metairie, LA</td>
</tr>
<tr>
<td>4. Detroit-Warren-Dearborn, MI</td>
</tr>
<tr>
<td>5. Las Vegas-Henderson-Paradise, NV</td>
</tr>
<tr>
<td><strong>LOWEST</strong></td>
</tr>
<tr>
<td>1. San Jose-Sunnyvale-Santa Clara, CA</td>
</tr>
<tr>
<td>2. Denver-Aurora-Lakewood, CO</td>
</tr>
<tr>
<td>3. Portland-Vancouver-Hillsboro, OR-WA</td>
</tr>
<tr>
<td>4. Salt Lake City, UT</td>
</tr>
<tr>
<td>5. Minneapolis-St. Paul-Bloomington, MN-WI</td>
</tr>
</tbody>
</table>
Active vacant inventory is low, while inactive vacant inventory remains high.

**Vacancy rate**

(% of all housing units)

- **Active inventory (for sale/rent, sold, rented)**
  - 2005: 4.6%
  - 2006: 4.9%
  - 2007: 5.1%
  - 2008: 5.1%
  - 2009: 5.2%
  - 2010: 5.1%
  - 2011: 4.8%
  - 2012: 4.4%
  - 2013: 4.3%
  - 2014: 4.3%

- **Inactive inventory (off market incl. seasonal)**
  - 2005: 6.1%
  - 2006: 6.7%
  - 2007: 7.1%
  - 2008: 7.3%
  - 2009: 7.4%
  - 2010: 8.0%
  - 2011: 8.3%
  - 2012: 8.0%
  - 2013: 8.2%
  - 2014: 8.2%
Single-family vacancies are elevated and inching upward

Vacancy rate, single-family homes
(all vacancy reasons, incl. seasonal)

8.6% 9.4% 9.9% 10.2% 10.3% 10.8% 11.0% 10.6% 10.7% 10.7%

Multi-unit vacancies down below 2006 level

Vacancy rate, multi-unit buildings
(all vacancy reasons, incl. seasonal)

TERNER CENTER FOR HOUSING INNOVATION UC BERKELEY

September, 2015
Housing highlights from the 2014 ACS

1. Homeownership and household formation
2. Housing costs
3. Vacancy rates
4. Appendix: ACS vs HVS
5. About the data
ACS reports lower homeownership than HVS, but similar trend
ACS and HVS both showed 2014 household formation of ~1m

Household formation
(change in # of occupied housing units, ‘000s)

2006 2007 2008 2009 2010 2011 2012 2013 2014
0 200 400 600 800 1,000 1,200 1,400

ACS
HVS


SEPTEMBER, 2015
ACS reports much lower vacancy than HVS, but similar trend

**Vacancy rate**

(excl. seasonal; % of all housing units)

<table>
<thead>
<tr>
<th>Year</th>
<th>ACS</th>
<th>HVS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>9.6%</td>
<td>9.9%</td>
</tr>
<tr>
<td>2006</td>
<td>7.6%</td>
<td>8.3%</td>
</tr>
<tr>
<td>2007</td>
<td>10.4%</td>
<td>10.7%</td>
</tr>
<tr>
<td>2008</td>
<td>10.9%</td>
<td>10.6%</td>
</tr>
<tr>
<td>2009</td>
<td>10.9%</td>
<td>9.1%</td>
</tr>
<tr>
<td>2010</td>
<td>10.8%</td>
<td>9.0%</td>
</tr>
<tr>
<td>2011</td>
<td>10.4%</td>
<td>8.5%</td>
</tr>
<tr>
<td>2012</td>
<td>10.3%</td>
<td>8.4%</td>
</tr>
<tr>
<td>2013</td>
<td>10.0%</td>
<td>8.4%</td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Housing highlights from the 2014 ACS

1. Homeownership and household formation
2. Housing costs
3. Vacancy rates
4. Appendix: ACS vs HVS
5. About the data
About the American Community Survey

• Annually produced by the Census Bureau
• Most detailed and comprehensive regular source of housing data for the U.S. and local areas
  – Superior to quarterly Homeownership and Vacancy Survey (HVS), though less current
• 9/17/15 release: 1-year published tables. Still to come:
  – 1-year microdata (PUMS) for customized analysis: Oct ’15
  – 5-year published tables, for data on smaller geographic areas: Dec ’15
  – 5-year PUMS: Jan ’16
ACS issues

- These slides are based on the published ACS tables, which provide less detail than the microdata (PUMS) that will be published in October. Estimates from published tables often differ from estimates based on microdata.
- Metropolitan areas are Core Based Statistical Areas (CBSAs). Metro-ranking slides are based on the 51 CBSA with 2010 Census population of one million or more.
- Despite the large sample size of the ACS, differences between metro areas – and differences over time for a single metro area – might not be statistically significant. Many ACS published tables provide margin-of-error estimates for calculating statistical significance.
ACS data

- Homeownership and household formation: B25002, B25003
- Single-family vs multi-unit homes: B25024, B25032
- Housing cost burden: B25101, B25106
  - Our calculations differ from those published in table DP04. We include zero/negative income households as cost-burdened, and include no-cash-rent renters as not cost-burdened. Table DP04 excludes both of those groups and collectively counts them as “not computed.”
- Vacancies: B25002, B25004
  - Our calculations differ from the homeowner and renter vacancy rates published in table DP04. Those rates omit vacant units that are held off market / non-transacting, which are a large and growing component of vacancy.

- All slides based on ACS 1-year tables

HVS data

- All data: 7a (annual estimates of housing inventory)
Contact

www.jedkolko.com (website and email)
@jedkolko (Twitter)