

Demographic Trends: Uncertainty and Openness to Policy

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Big uncertainties

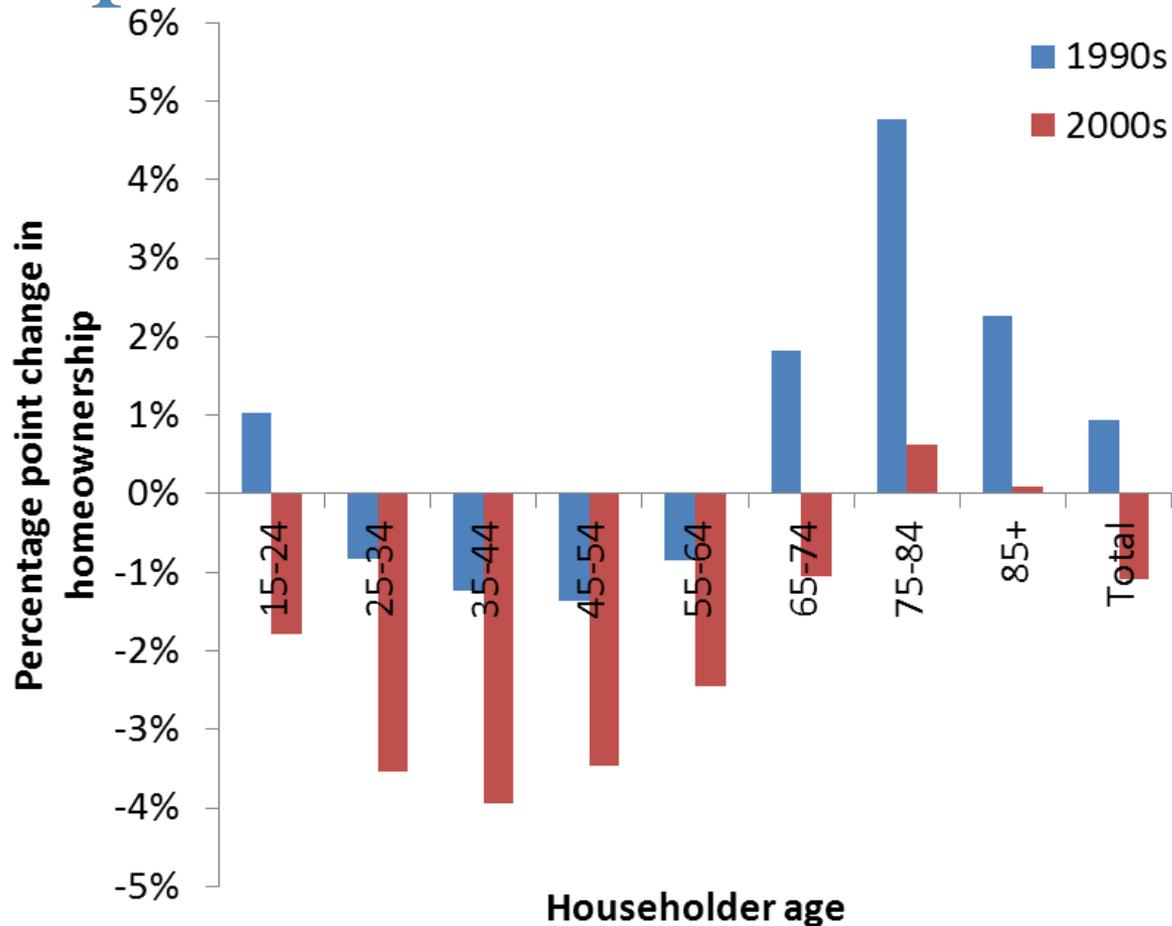
- The “post-crisis” reality
 - How soon and how much will household formation recover?
 - How soon, how much, and for whom will homeownership recover?
- The longer-term future
 - What will become of Baby Boomers’ owned housing in areas with few Millennials?



2000-2010: Household formation off for those under 55, up for 55+

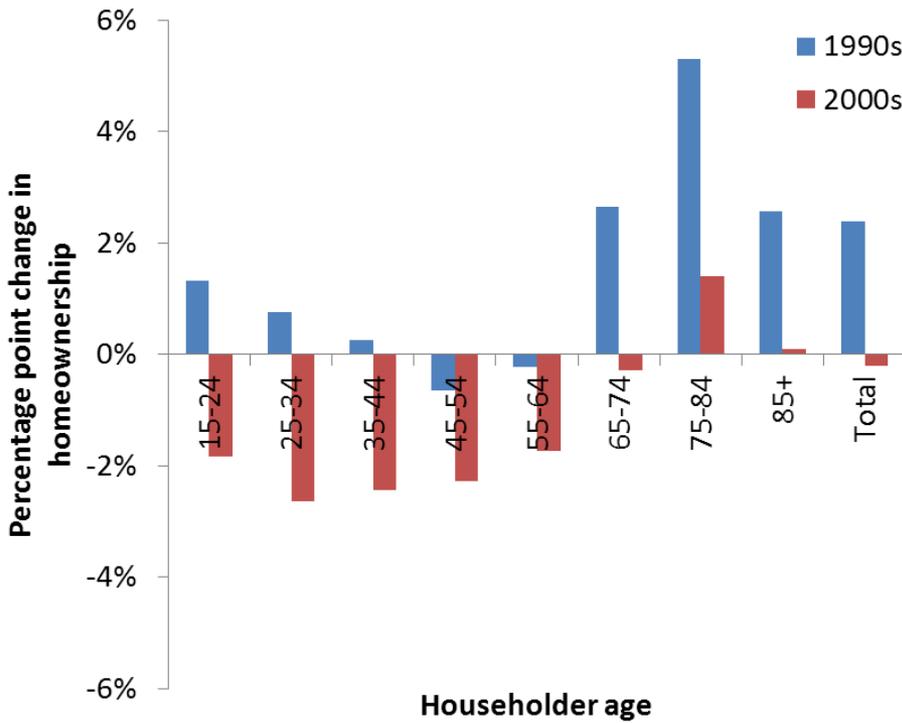


Homeownership rates fell for all except oldest Americans, 2000s

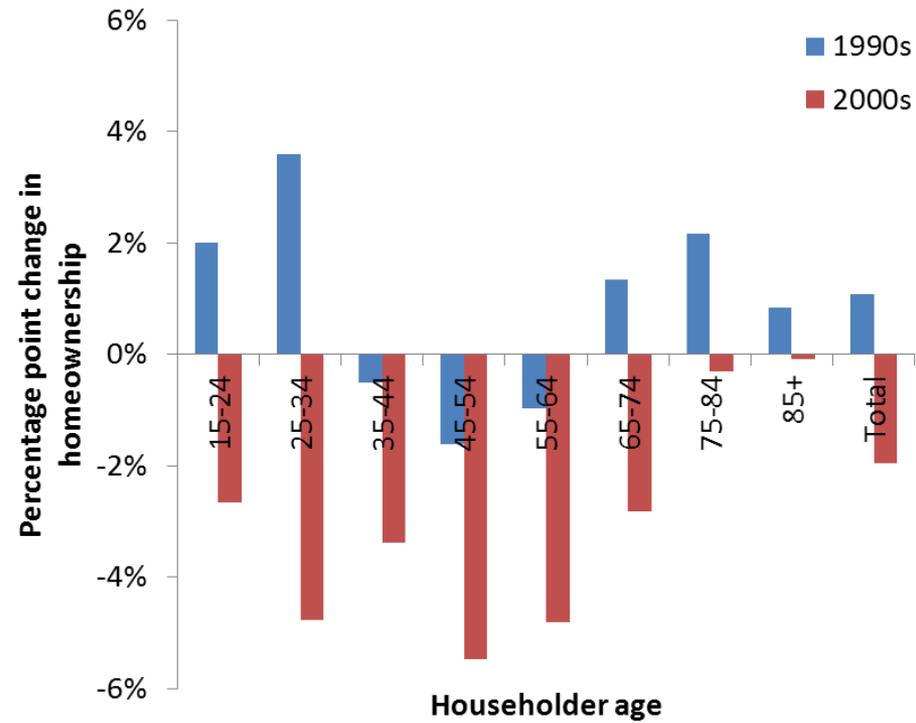


White & black non-Hispanic homeownership rates hard-hit

White non-Hispanic



Black non-Hispanic

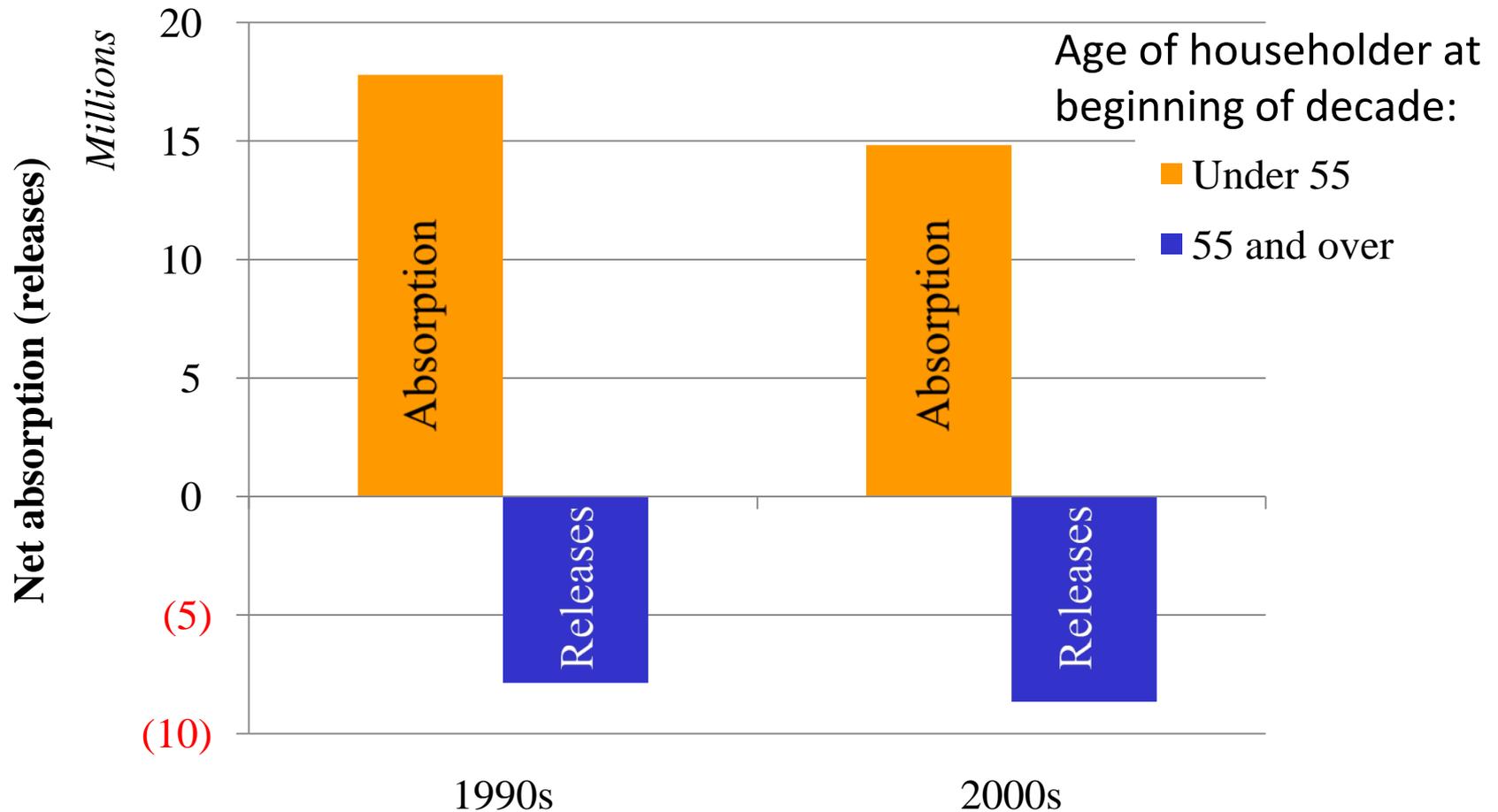


A potential challenge: Absorption of housing “supply” released by seniors

- On net, seniors “release” owner-occupied units...
 - Moves into the homes of family members, friends
 - Moves to nursing homes (“group quarters”)
 - Death
- ...while younger households “absorb” them.
- Ratio of releases to absorption shapes housing markets
 - Few releases, much absorption →
Higher prices, more new construction
 - Many releases, little absorption →
Lower prices, less new construction



Releases of owner-occupied units grew in the 2000s; absorption fell



In many states, young households already lag in absorption

