

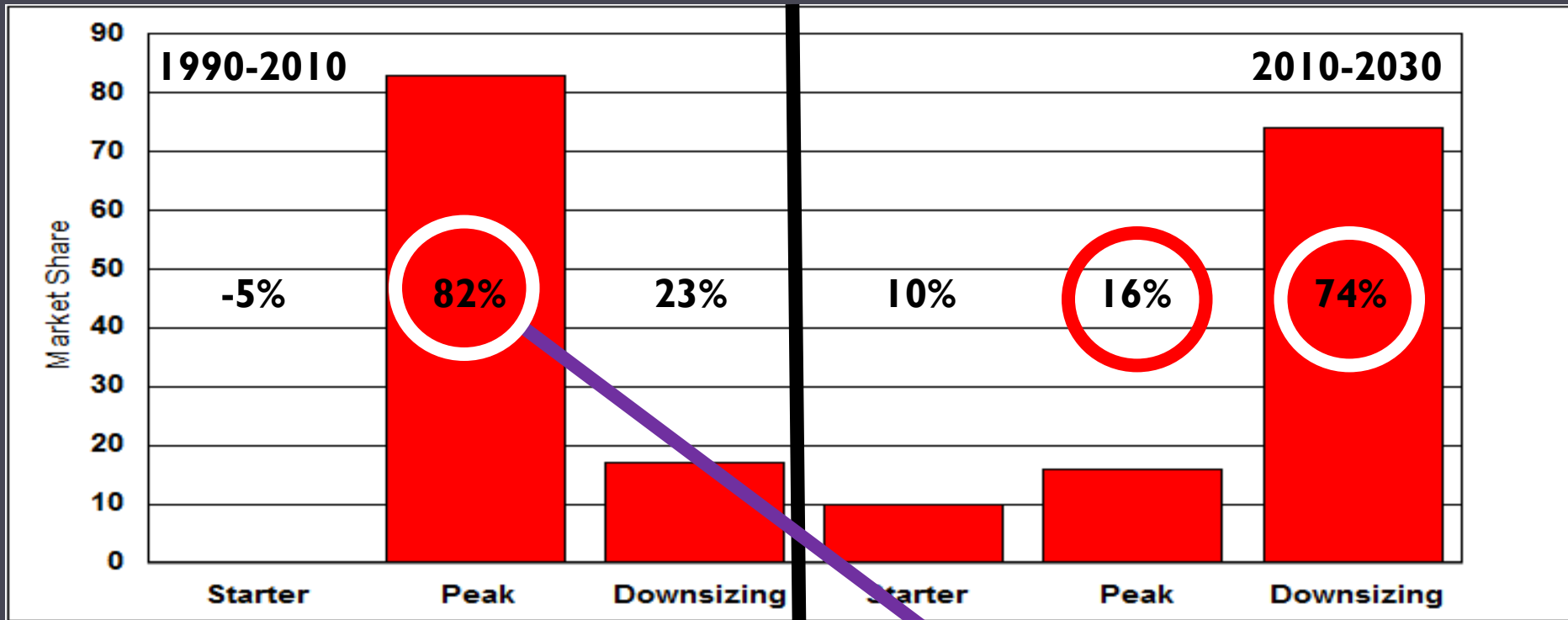
# **The Trends (Hardly Anyone) Are Paying Attention To**

**Arthur C. Nelson, Ph.D., FAcSS, FAICP  
Professor of Planning & Real Estate Development  
Professor of Geography and Development  
University of Arizona**

**RMLUI 2018**

**acnelson@ArthurCNelson.com**

# The National Mass Housing Market has Changed

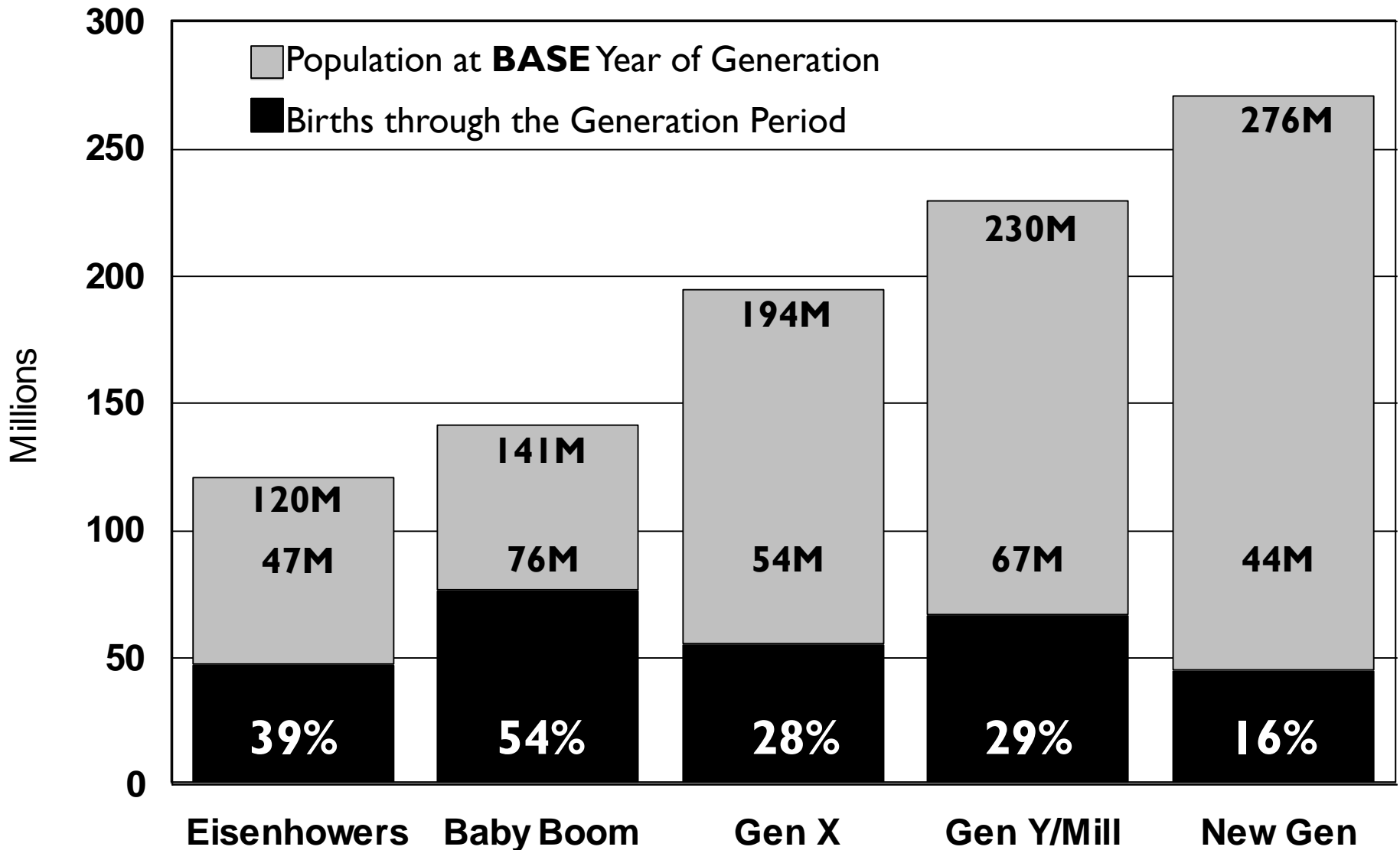


**Distribution of Residential Units Built, United States, 1989-2009**

Type	Volume (millions)	Total Share
Total New Units	24.5	85%
Detached Units	20.7	

Source: Adapted from American Housing Survey by Arthur C. Nelson, University of Arizona.  
Figures in millions of residential units.

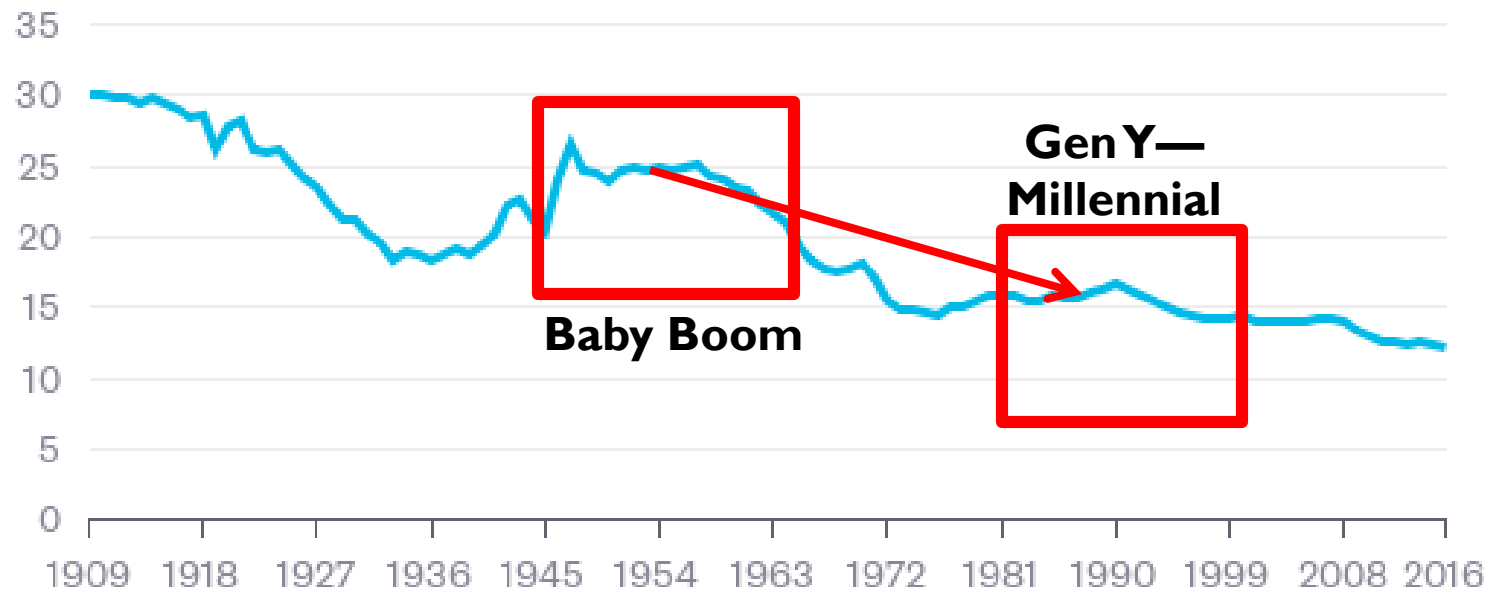
# Generation Shares of Population Base



# U.S. Birth Rate Trends 1909-2016

## The Great American Baby Bust

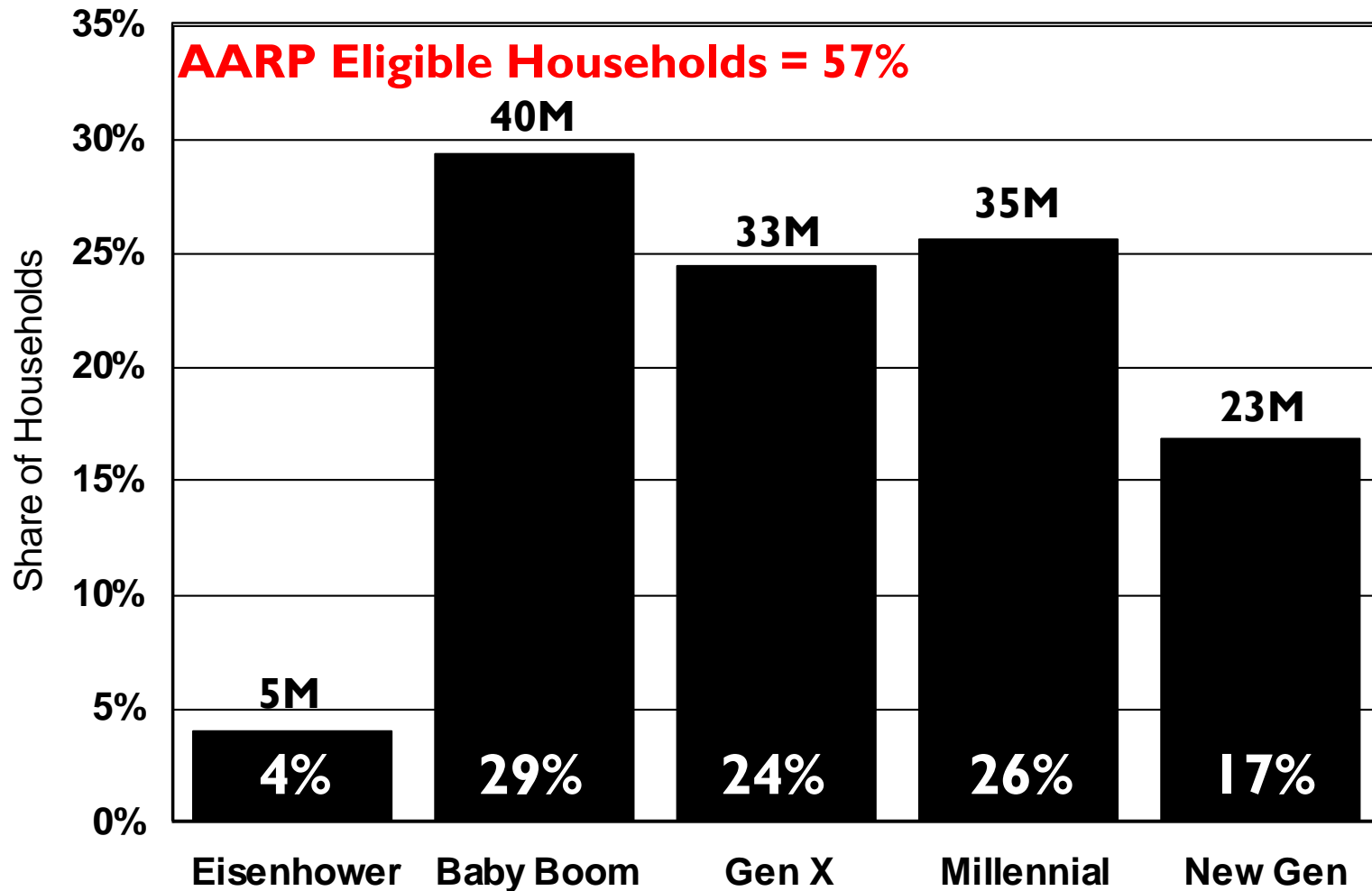
Births per 1,000 population



Sources: U.S. Census Bureau, Centers for Disease Control

BloombergView

# Do Not Over-state Millennial Demand → *Household Shares by Generation in 2030*



# Marrying Later Affects Home Buying

## Marital Status in 2014 at the Same Age

■ MARRIED ■ SEPARATED/DIVORCED ■ WIDOWED ■ NEVER MARRIED

Adult  
Millennials  
(ages 18-33)



Gen Xers  
(ages 34-49)



Boomers  
(ages 50-68)

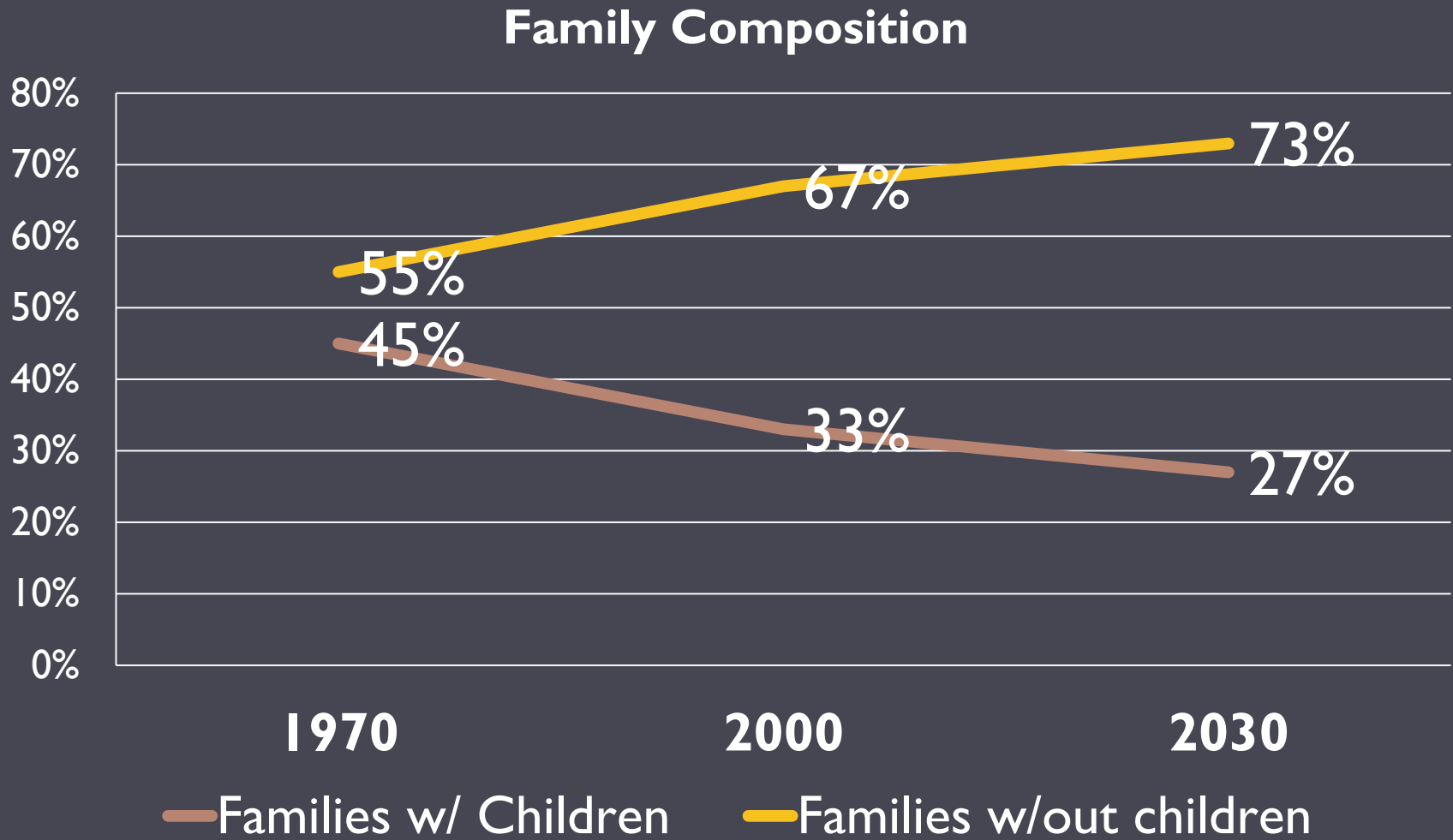


Silents  
(ages 69-84\*)



Ages shown are as of 2014. Members of the Silent generation were 69 to 86 in 2014. Since the Current Population Survey aggregates those age 85 and older into one category, results for 69 to 84 year-olds are shown. Figures may not add to 100% because of rounding. Shares less than 0.5% not shown.

# Having Children Later, Or Not at All, Affects Home Buying



# The Millennial Math of Home Buying

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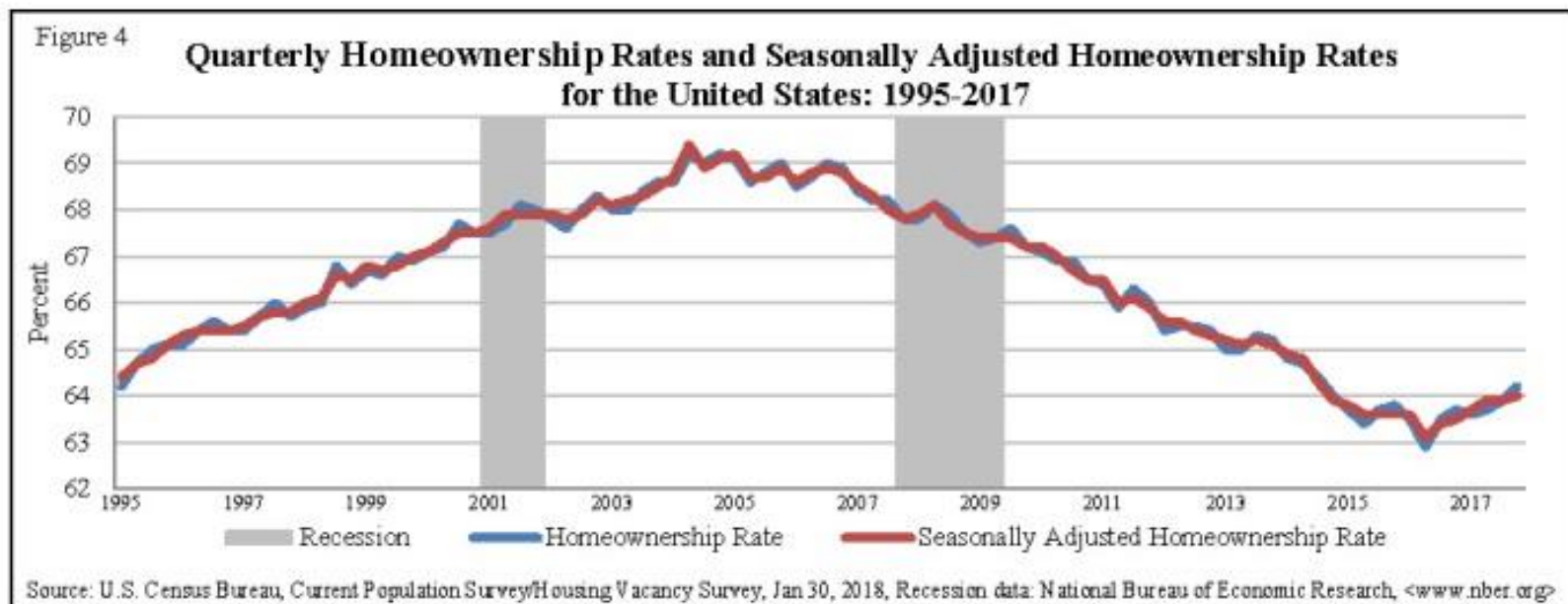
- ▶ Most millennials want to own, and expect to
- ▶ 65% of millennials want to own what 80% of boomers have→
  - ▶ ***The rest want to live in/near downtown, close-in, TODs, etc.***
- ▶ Higher mortgage qualification requirements challenges→
  - ▶ Since 2016, ***student debt*** is included in mortgage qualification
- ▶ Until married with children, want to “lock and leave”
- ▶ ***Worried if the home actually gain value***
- ▶ ***Economic mobility lost if the home has to be sold first***
- ▶ Because of sales-expense churning, home purchase makes sense if you plan to stay in the home for 20-30+ years.





# Home Ownership Rates 1965 through 2017

The homeownership rate of 64.2 percent was not statistically different from the rates in the fourth quarter 2016 (63.7 percent) or the third quarter 2017 (63.9 percent).

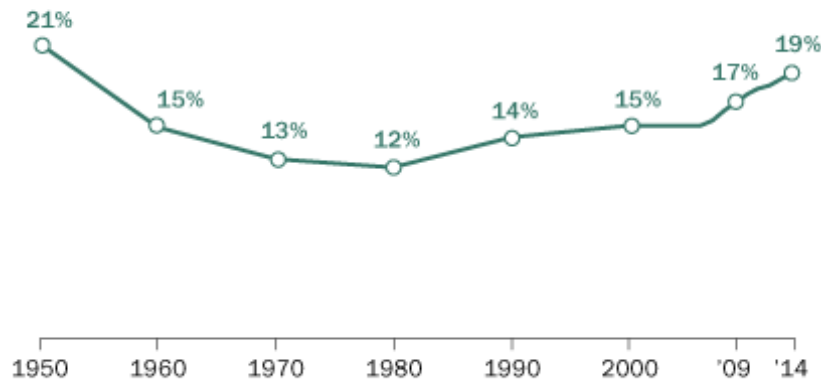


**Is the ownership rate rising? Not when adjusting for →  
Increasing household sizes as more working-age people stay home or double  
up to help pay home expenses.**

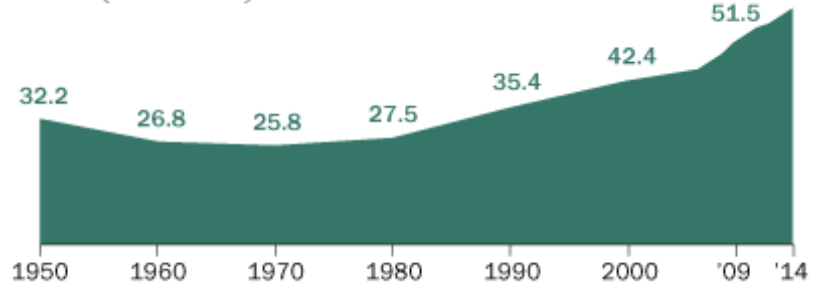
# Rising Ownership Rate Caused in Part by Larger Multi-Wage Earner Households

## Nearly one-in-five Americans lives in a multigenerational household

% of population living in a household with two or more adult generations or one that includes grandparents and grandchildren



Number (in millions)

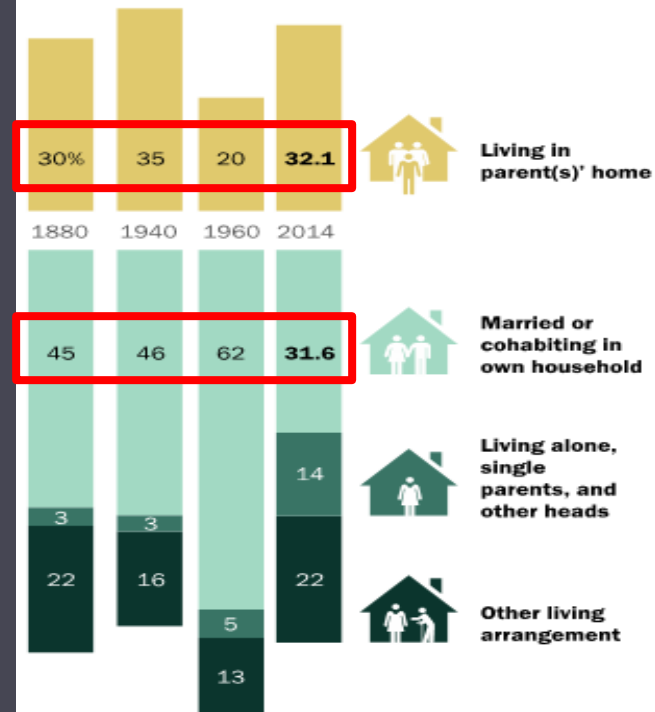


Source: Pew Research Center analysis of U.S. Decennial Census data, 1950-2000, and 2006-2014 American Community Survey (IPUMS).

PEW RESEARCH CENTER

## Living with a parent is the most common young adult living arrangement for the first time on record

% of 18- to 34-year-olds by living arrangement



Note: "Living in parent(s)' home" means residing in a household headed by a parent regardless of the young adult's partnership status. "Other heads" include young adults who are the household head and living with roommates or boarders. "Other living arrangements" include living in the home of a grandparent, an aunt/uncle or a sibling or residing in a group quarters living arrangement (college dormitory or correctional facility).

Source: Pew Research Center tabulations of the 1880, 1940 and 1960 U.S. decennial censuses and 2014 American Community Survey (IPUMS)

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Exhibit 1-7

**RACE/ETHNICITY OF HOME BUYERS**

(Percent of Respondents)

	AGE OF HOME BUYER					
	All Buyers	36 and younger	37 to 51	52 to 61	62 to 70	71 to 91
White/Caucasian	85%	85%	79%	88%	88%	93%
Hispanic/Latino	7	8	8	7	4	3
Black/African-American	5	4	6	5	4	3
Asian/Pacific Islander	4	6	7	1	2	2
Other	3	2	3	2	5	1

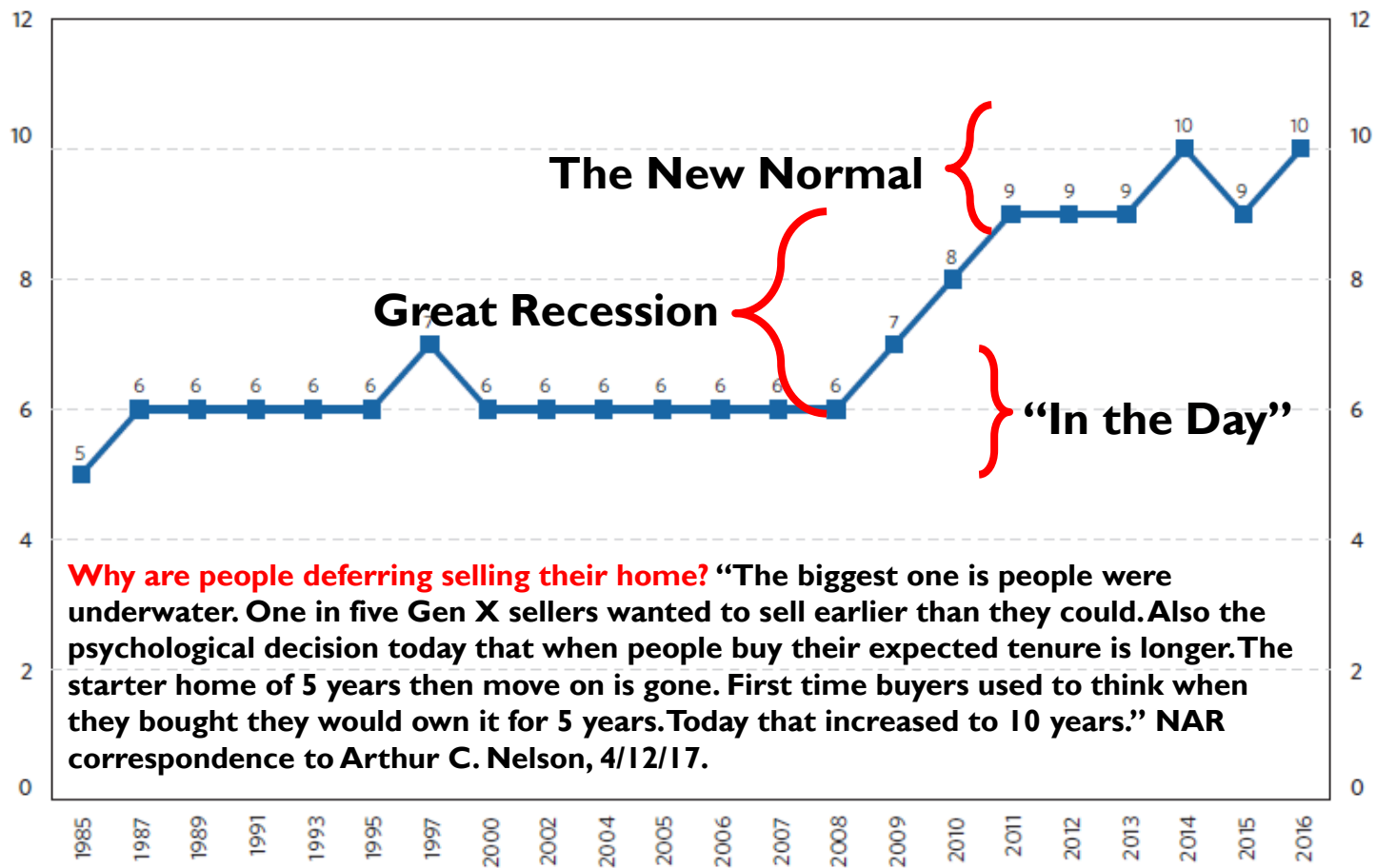
Source: 2017 Home Buyer and Seller Generational Trends, National Association of Realtors

Population	Figure
Population July 1, 2015	321,419
Population April 1, 2010	308,758
Population Change	12,661
<b>White not Hispanic July 1, 2015</b>	<b>197,994</b>
<b>White not Hispanic April 1, 2010</b>	<b>196,679</b>
White NH Population Change	1,315
Population Change Share	<b>10%</b>

<https://www.census.gov/quickfacts/table/PST045216/00>

## EXHIBIT 6-25 MEDIAN SELLER TENURE IN HOME, 1985-2016

(Median Years)



Source: National Association of Realtors provided to Arthur C. Nelson, 4/12/17.

# Household Change by Household Type 2015-2035

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Households	2015	2035	2015-2035	Percent	Share
With Children	35,265	39,576	4,310	12%	17%
2+ Person HH w/o Child	56,017	66,712	10,695	19%	43%
Single Person	33,584	43,633	10,049	30%	40%
Total	124,866	149,921	25,054	20%	

Source: Adapted by Arthur C. Nelson from *Updated Household Projections, 2015-2035*, Scenario 2, Harvard Joint Center for Housing Studies

**83%** of the new demand for housing 2015-2035 will be for households without children.



# Household Change by Householder Race/Ethnicity 2015-2035

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HH Race/Ethnicity	2015	2035	2015-2035	Percent	Share
White non-Hispanic	84,487	89,399	4,911	6%	20%
Black non-Hispanic	15,565	19,527	3,961	25%	16%
Hispanic	16,446	26,510	10,064	61%	40%
Asian/Other non-Hispanic	8,368	14,486	6,117	73%	24%
Total	124,866	149,921	25,054		

Source: Adapted by Arthur C. Nelson from *Updated Household Projections, 2015-2035*, Scenario 2, Harvard Joint Center for Housing Studies

**80%** of the new demand for housing 2015-2035 will be for  
“*New Majority*” households.



# Household Change by Householder Age 2015-2035

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Householder Age	2015	2035	2015-2035	Percent	Share
<35 (New Gen)	26,426	27,340	914	3%	4%
35-49 (Millennial)	32,736	38,481	5,746	18%	23%
50-69 (Gen-X)	45,513	45,712	199	0%	1%
70+ (Boomer +)	20,192	38,387	18,195	90%	73%
Total	124,866	149,921	25,054	20%	

Source: Adapted by Arthur C. Nelson from *Updated Household Projections, 2015-2035*, Scenario 2, Harvard Joint Center for Housing Studies

**74%** of the new demand for housing 2015-2035 will be for  
“AARP Eligible” households.



# Harvard Scenario 2

## Market Outcome 2015-2035

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Owner Supply/Demand	Units (000s)
Total Household Change	11,527
Starter/Downsizing Home Change in Demand	12,872
Peak Large Housing Demand	(1,345)

*What about those millions of McMansions?*





# Emerging Preferences

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Imagine for a moment that you are moving to another community. These questions are about the kind of community you would like to live in. Please select the community where you would prefer	All House-holds	House-holds with Children	2+ Person HHs without Children	People living Alone
Own or rent an <b>apartment or townhouse</b> , and have an easy walk to shops and restaurants and have a shorter commute to work. OR	<b>45%</b>	<b>38%</b>	<b>44%</b>	<b>54%</b>
Own or rent a detached, single-family house, and have to drive to shops and restaurants and have a longer commute to work.	<b>55%</b>	<b>62%</b>	<b>56%</b>	<b>47%</b>

Source: Adapted from National Association of Realtors/Portland State University (2015) by Arthur C. Nelson.

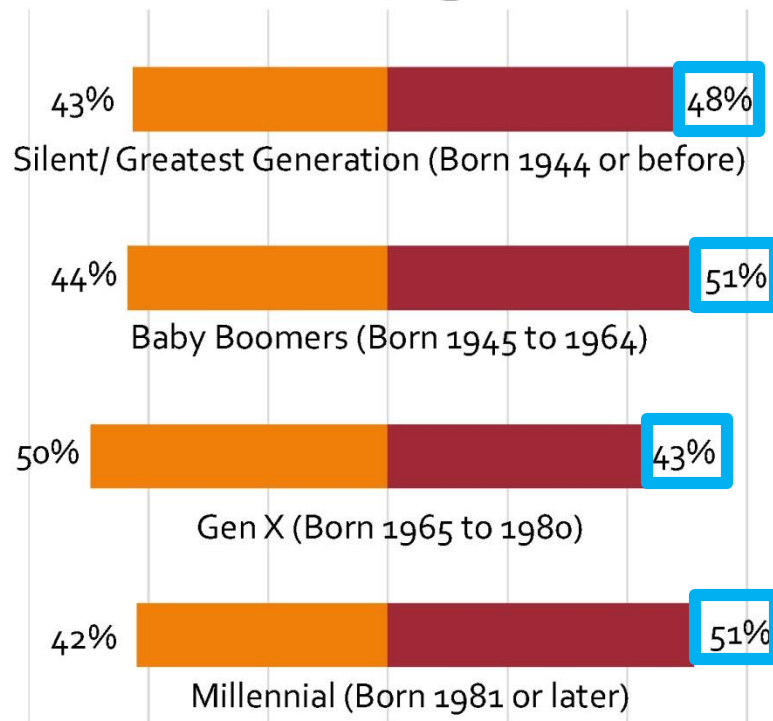


# Demand for Walkable Neighborhoods

## Millennials and Baby Boomers prefer smaller yards in walkable neighborhoods

**Community A:**  
(conventional suburb)  
Houses with large yards  
and you have to drive to  
the places you need to  
go.

Q17. Imagine for a moment that you are moving to another community. These questions are about the kind of community where you would like to live. Please select the community where you would prefer to live.



**Community B:**  
(walkable community)  
Houses with small yards  
and it is easy to walk to  
the places you need to  
go.

**Only 20% of  
HHs live in  
Walkable  
Neighborhoods**

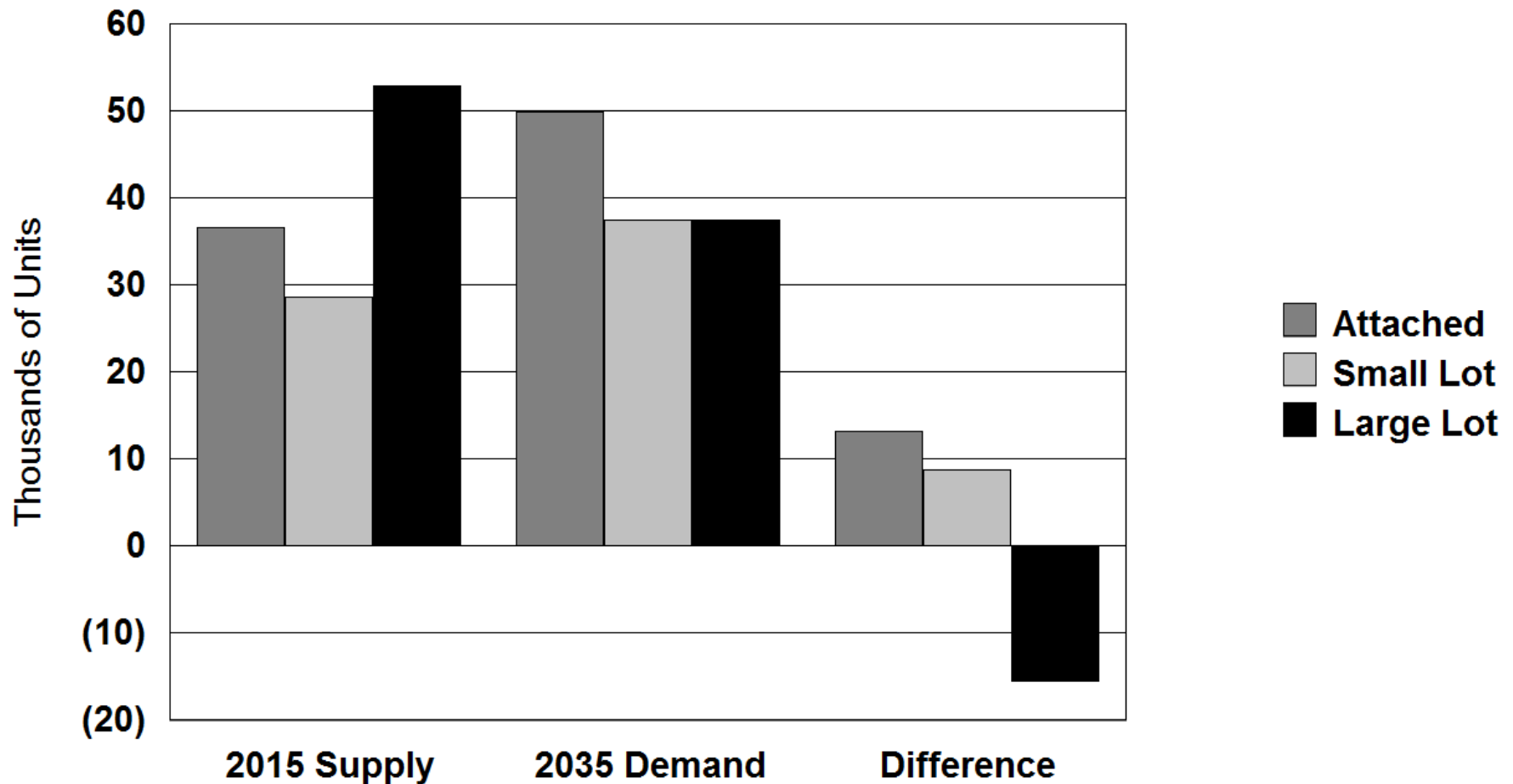
# Market Demand for Walkable Neighborhoods 2050

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- ▶ **Demand** by 45% of 170 million HHs 2050 = **77** million units
- ▶ **Supply** for 20% of 120 million HHs 2015 = **24** million units
- ▶ New housing demand = 50 million
- ▶ New Walkable Neighborhood demand = **53** million units
- ▶ **If every new home built in the US to 2050 were in walkable neighborhoods demand would not be met.**



# Supply & Demand Mismatch

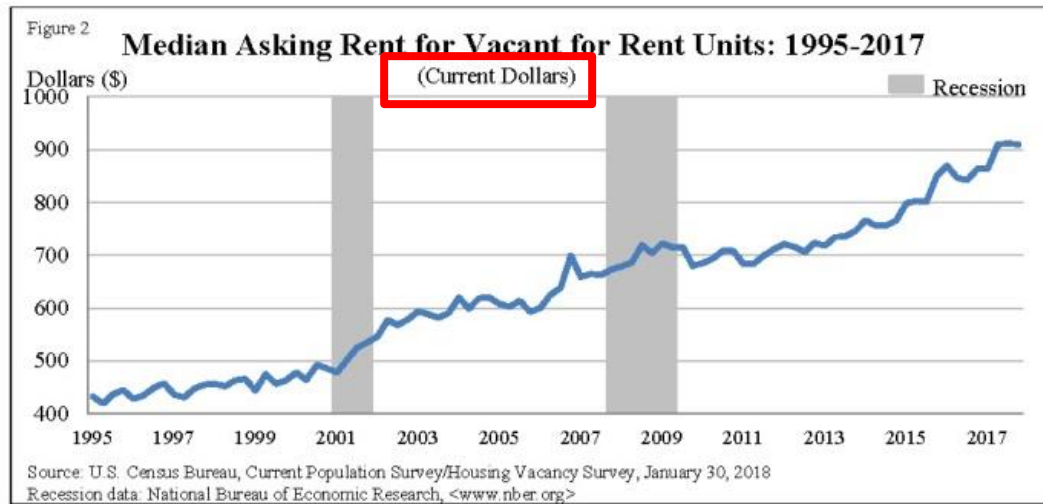


Source: Arthur C. Nelson



# Residential Rent & Price Trends

In the fourth quarter 2017, the median asking rent for vacant for rent units was \$910.



In the fourth quarter 2017, the median asking sales price for vacant for sale units was \$197,000.



1. Median asking rent and median asking sales price data for vacant units can be found in Historical Table 11A/B at <[www.census.gov/housing/hvs/data/histtabs.html](http://www.census.gov/housing/hvs/data/histtabs.html)>
2. The data in figures 2 and 3 are not adjusted for price changes.