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THE STATE
OF THE NATION'S
HOUSING

JOINT CENTER FOR HOUSING STUDIES
OF HARVARD UNIVERSITY

THE STATE OF THE NATION'S HOUSING 2025

Joint Center for Housing Studies of Harvard University

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EXECUTIVE SUMMARY

In 2025, households and housing markets face an ever-more challenging environment. High home prices and elevated interest rates reduced homebuying to its lowest level since the mid-1990s. Increases in both insurance premiums and property taxes have heightened financial stress on homeowners and landlords. And, despite an abundance of new apartments, high rents have left more people than ever cost burdened, and have contributed to a sharp rise in homelessness. Meanwhile, unprecedented destruction from wildfires has further highlighted the growing threat to the housing stock from climate-related disasters. At the same time, federal housing support is lessening, creating uncertainty regarding the availability of crucial assistance programs. The looming possibility of an economic downturn is exacerbating the nation's already-enormous housing challenges.

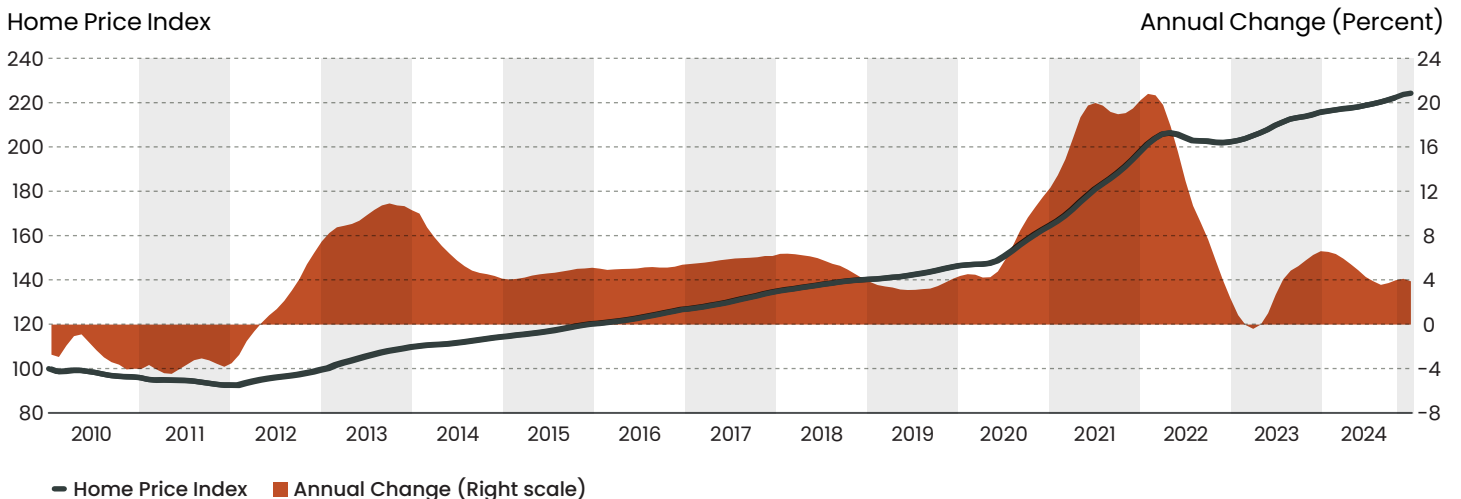
Home Prices Grow Along with Inventories

In the for-sale market, home prices grew again over the previous year across most of the country. As of early 2025, prices are up 60 percent nationwide since 2019 and still rising at a rate of 3.9 percent year over year, according to the S&P CoreLogic Case-Shiller US

National Home Price Index (**Figure 1**). Prices increased in all four regions and in 88 of the top 100 largest metro areas. Consequently, the US median existing single-family home price hit a new high of \$412,500 in 2024, according to the National Association of Realtors (NAR). This is a shocking five times the median household income and significantly above the price-to-income ratio of 3 that has traditionally been considered affordable.

Figure 1

Home Prices Continue to Grow



Source: JCHS tabulations of S&P CoreLogic Case-Shiller US National Home Price Index.



Inventories were up in 98 of the nation's 100 largest metros in early 2025.

As prices rose, existing home sales dropped to a 30-year low. Just 4.06 million home sales were recorded last year, the fewest since 1995. Contributing to the low rate of sales is the large share of existing homeowners with below-market mortgage rates who are disincentivized from selling in the higher-rate environment.

The slowdown in home sales has increased the for-sale inventory, which could help to moderate the rate of appreciation in prices. Although inventories remain low, the number of homes for sale rose 20 percent in March 2025. Inventories were up in 98 of the nation's 100 largest metros in early 2025, with some of the largest gains in metros that saw slower home price growth over the year.

While much of this growth in supply came from an increase in the number of days on market, modest gains in single-family construction also helped. Though existing home sales remained flat, new home sales increased by 3 percent last year. The growth of new home sales reflected rising construction levels. Single-family starts rose by 7 percent annually in 2024 to 1.01 million. Additionally, 1.02 million new single-family homes were completed in 2024, a meaningful increase on par with the 15-year high reached in 2022.

Contending with the same high costs and affordability pressures as existing home sellers, many builders responded by producing homes that were smaller or had fewer amenities. The median size of a new single-family home declined for the third consecutive year in 2024, to 2,150 square feet. As a result of these competitive adjustments, new construction constituted the largest share of all home sales since 2005 (16 percent). Additionally, the median sales price of new single-family homes fell for the second straight year to \$420,300, just \$7,800 above that of existing single-family homes in 2024. Many builders also cut prices or offered mortgage rate buydowns to facilitate sales. Going forward, however, these sorts of adjustments and incentives could be overshadowed by increases in interest rates or construction costs.

Barriers to Homeownership Rise

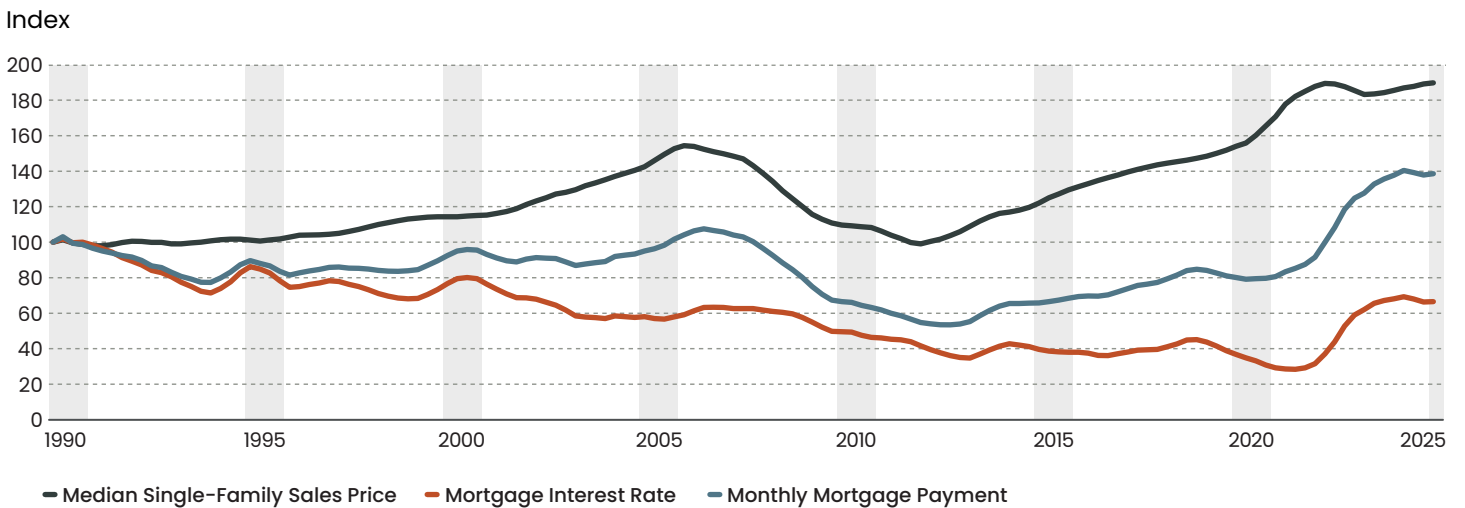
Home price appreciation combined with elevated interest rates to drive up homebuyers' mortgage payments, pricing less affluent households out of the for-sale market. With the interest rate on the 30-year mortgage only dipping from 6.8 percent on average in 2023 to 6.7 percent in 2024, monthly mortgage payments on the median-priced home rose by \$90 to \$2,570, assuming the loan terms typical for a first-time homebuyer (30-year fixed rate, 3.5 percent downpayment, and 3 percent closing costs). This record-breaking mortgage payment is about 40 percent higher than in 1990, after adjusting for inflation (Figure 2). Applying the standard lender affordability ratio of 31 percent debt to income, a buyer would need an annual income of at least \$126,700 to afford such a payment. As of 2023, only 6 million of the nation's nearly 46 million renters can meet this benchmark, according to the American Community Survey (ACS). While home prices vary by market, a buyer still needs to earn at least \$100,000 in more than half (53 percent) of all metro areas to afford the median-priced home, up from 11 percent in 2021.

Access to homeownership is further restricted by the large sums needed for a downpayment, which have grown in step with rising home prices. Inability to afford a downpayment was the primary reason households continued to rent, according to a 2024 report by the Federal Reserve. Last year, a buyer would need to possess \$26,800 in cash to cover both the closing costs and a 3.5 percent downpayment on the median-priced home, or \$95,000 in cash for closing costs and a 20 percent downpayment. It is perhaps, then, not surprising that first-time homebuyers were older and more affluent in 2024. Nevertheless, they increasingly relied on friends and family for help covering the downpayment, according to NAR's 2025 survey of homebuyers and sellers.

In this environment, annual growth in the number of homeowner households dropped from 1.25 million in 2023 to just 613,000 last year. The US homeownership rate fell in 2024 for the first time in eight years to 65.6 percent and continued downward to 65.1 percent in the first quarter of 2025. The largest decline occurred among households under the age of 35, dropping a full 1.4 percentage points in 2024. This downturn cut

Figure 2

Homeowner Costs Hit Record Highs

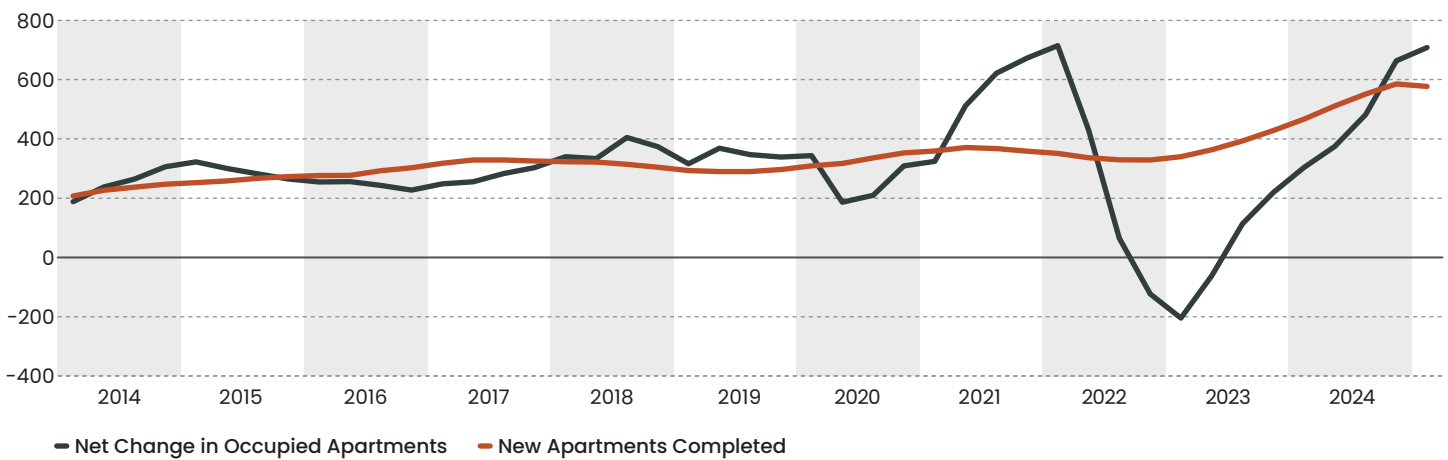


Notes: Payments and prices are adjusted for inflation using the CPI-U for All Items Less Shelter and a four-quarter rolling average. Monthly mortgage payments are on the median-priced home and assume a 3.5% downpayment on a 30-year fixed-rate loan and 0.55% mortgage insurance, 0.35% property insurance, and 1.15% property tax rates. Source: JCHS tabulations of Freddie Mac, Primary Mortgage Market Surveys; National Association of Realtors (NAR), Existing Home Sales.

Figure 3

Renter Household Growth Outpaces the Surge in Apartment Construction

Units in Professionally Managed Properties (Thousands)



Note: Estimates are four-quarter rolling totals for professionally managed apartment buildings with five or more units.
Source: JCHS tabulations of RealPage data.

short a rebound in homeownership rates that began in 2016, underscoring the obstacles facing would-be first-time buyers.

Deeply rooted disparities in incomes and intergenerational wealth perpetuate homeownership gaps between racial and ethnic groups. The difference between white and Hispanic homeownership rates inched up to 25.2 percentage points in 2024, while the white-Black gap remained stuck at 27.7 percentage points. By contrast, both of these measurements narrowed between 2019 and 2023.

Rental Demand Remains Strong as Supply Grows

As fewer households have been able to become homeowners, the renter population has grown, especially over the past two years. After increasing by an average of 171,000 per year between 2019 and 2022, the number of renter households jumped by 408,000 in 2023 and then another 848,000 in 2024, according to the Census Bureau's Housing Vacancy Survey.

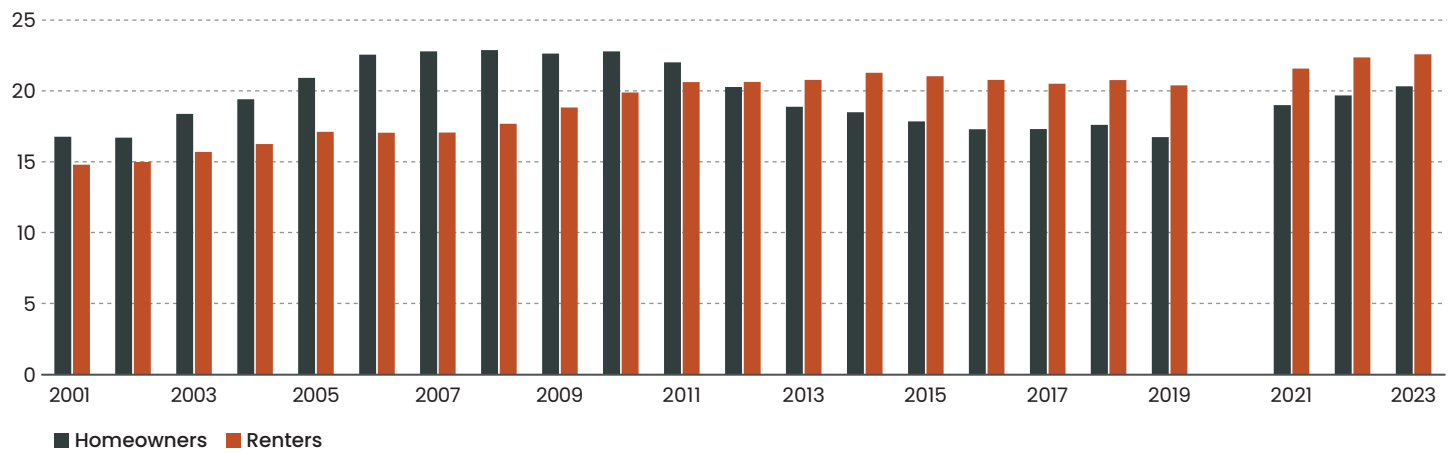
This demand is absorbing the wave of new multifamily rental units that have recently come online. In 2024, multifamily developers completed 608,000 new units, the most in nearly four decades and more than double the 298,000 annual completions averaged since 1990. According to RealPage, growth in the number of renters living in professionally managed apartments outpaced even the historically large number of new units added through early 2025 (**Figure 3**). Rising demand drove down rental vacancies over the last year, with the occupancy rate increasing in 89 percent of the 150 large markets tracked by RealPage.

Even as vacancies declined, the supply boost helped keep rent growth modest through early 2025, rising just 0.8 percent annually in the first quarter. That said, rates varied considerably by market, from a high of 6.6 percent in Lexington, Kentucky, to a drop of 7.4 percent in Cape Coral, Florida. Though rents climbed in most places, they fell in about a third of markets, primarily those with the most new construction.

Figure 4

Cost Burdens Continue Rising for Homeowners and Reach New High for Renters

Cost-Burdened Households (Millions)



Notes: Cost-burdened households spend more than 30% of income on housing and utilities. Estimates for 2020 are omitted due to data collection issues experienced during the pandemic.

Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

While new construction has grown the rental supply overall, it has failed to increase the stock of low-rent units, which has dwindled over time. Between 2013 and 2023, the number of units renting for less than \$1,000 per month after adjusting for inflation fell by more than 30 percent, from 24.8 million to 17.2 million. Instead, new construction focused primarily on higher-rent units, which helped to nearly triple the stock that rents for \$2,000 or more, from 3.6 million to 9.1 million during the same period.

The multifamily building boom has ended. Despite historically high rents, developers are struggling to finance new construction in the face of rising operating costs, modest income growth, and higher interest rates. Multifamily construction starts fell 25 percent in 2024 to just 354,000 units, on top of a 14 percent decline in 2023. With new supply ebbing and rental demand once again on the rise, the stage is set for rental markets to tighten over the coming years and for rent increases to accelerate, further stressing household budgets.

Rising Costs Encumber More Homeowners

Homeowners are increasingly burdened by rising homeownership costs. In 2023, the number of cost-burdened homeowners—those spending more than 30 percent of income on housing and utilities—rose by 646,000 to 20.3 million (**Figure 4**). They now represent 24 percent of all homeowner households. Burdens are rising most rapidly for homeowners with lower incomes and for the growing number of older homeowners. In 2023, a record-high 74.2 percent of the 10.9 million homeowners with incomes below \$30,000 were cost burdened, up from 68.7 percent in 2019.

The rising cost of homeownership is partially explained by steep increases in insurance premiums and property taxes. Home insurance premiums jumped 57 percent from 2019 to 2024, according to Freddie Mac. The sharpest increases were in areas with the greatest risk of a climate-related disaster. In Miami, annual premium rates average \$17.20 per \$1,000 of coverage,

according to the ICE Mortgage Monitor, or an annual payment of more than \$11,000 on the metro's median-priced home (of \$644,000).

Rising construction costs and the scale and frequency of disasters have prompted private insurers not only to raise premiums, but in some cases to reduce coverage or pull out of markets entirely, as in California, Florida, and Louisiana. In response, homeowners are turning to public Fair Access to Insurance Requirement plans and the National Flood Insurance Program. However, like private insurers, these programs face the threat of insolvency. Against this backdrop, the number of uninsured homeowners, estimated at 6.1 million households in 2021, has almost certainly risen.

Property taxes also increased an average of 12 percent between 2021 and 2023, lifting the average annual tax bill to \$4,380, according to the ACS. Some state and local governments have implemented tax abatement programs, typically targeted to low-income and older adult households. However, discounts are often limited, as property taxes are one of the few sources of local revenue.

Cost Burdens Hit Record Number of Renters

For the third consecutive year, the number of cost-burdened renters reached another record high in 2023 at 22.6 million renters (50 percent). This includes more than 12.1 million (27 percent) who are severely burdened, spending more than half of their income on housing and utilities.

As rental unaffordability has worsened, burdens have become more pervasive across the country. Between 2019 and 2023, the share of renters with cost burdens increased in 43 of 50 states and in 89 of the nation's 100 largest metro areas. More than half of all renters were burdened in 13 states and in 50 of the 100 largest metro areas.

While households with lower incomes constitute the bulk of burdened renters, the strain is creeping up the income ladder. Fully 83 percent of renters earning under \$30,000 were cost burdened in the most recent data, including an astounding 67 percent with severe burdens. But burden rates were also over 70 percent for renters earning \$30,000 to \$44,999, an increase of 15.0 percentage points since 2001. During the same period, burden rates doubled to more than 45 percent for renters earning \$45,000 to \$74,999.

As housing costs have grown, many households have less money available to cover other necessities. In 2023, renters with incomes below \$30,000 had a median of just \$250 per month left over after paying for housing. Many are forced to make difficult spending trade-offs between crucial needs, including healthcare, food, and retirement savings, according to the 2023 Consumer Expenditure Survey.

Demand Set to Slow

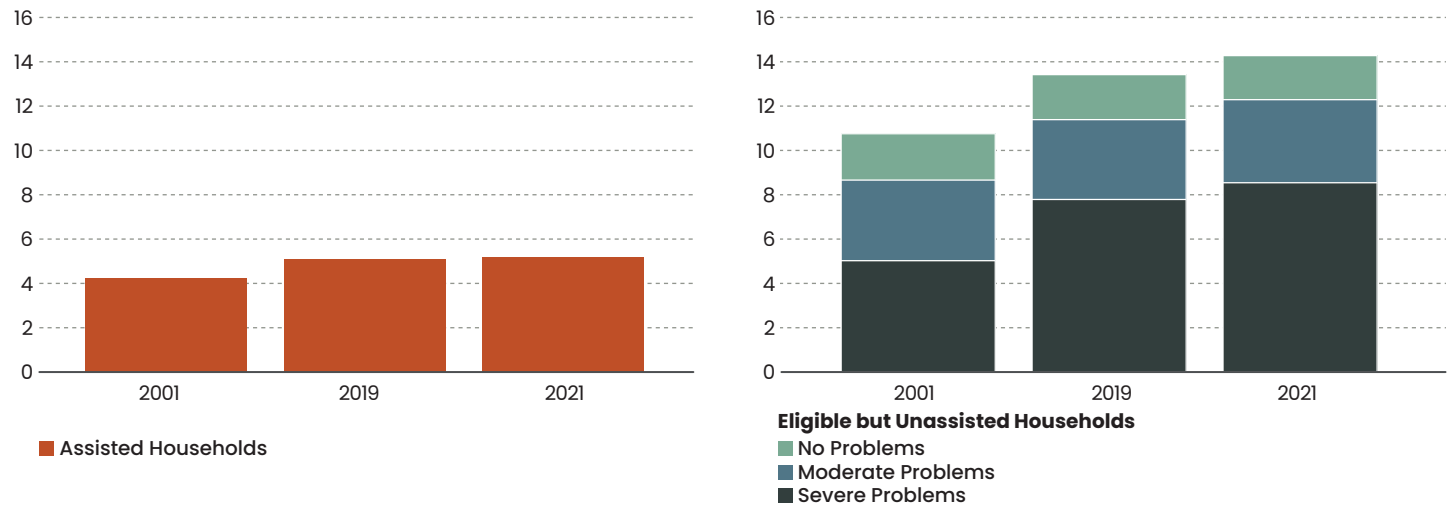
Net household growth decelerated for the second year in a row in 2024, and the underlying drivers suggest an extended slowdown is on the horizon. Last year, the US added just 1.56 million households, on the heels of 1.61 million in 2023. Growth has further slowed to 1.26 million households annually as of the first quarter of 2025. By contrast, the nation averaged 1.93 million annually between 2019 and 2022.

This downturn is occurring at a moment of increasing uncertainty regarding multiple drivers of household growth, including the employment rate, income growth, immigration levels, and shifting demographics. The immigration surge ended in early 2025, removing the largest source of population growth and, in turn, the largest driver of new housing demand. At the same time, demographics are becoming less favorable for further growth. Baby boomers will start to turn 80 in 2026 and will soon experience mortality rates that overshadow new household formations.

Figure 5

Housing Assistance Fails to Keep Up with Increasing Needs

Very Low-Income Renter Households (Millions)



Notes: Very low-income renters earn 50% or less of area median income. Severe problems include spending more than 50% of income on rent and utilities or living in severely inadequate housing. Moderate problems include spending 30–50% of income on rent and utilities or living in moderately inadequate housing.
Source: JCHS tabulations of US Department of Housing and Urban Development (HUD), Worst Case Housing Needs Reports to Congress.

More locally, household growth is also influenced by residential moves within markets and across states. Currently, the rate of residential mobility remains at a record low, with just 8.3 percent of households relocating in 2024, limiting another source of new housing demand. This decline reflects both the sharp drop in homeowner moves and a decrease in the relocations from large urban counties into outer suburbs and rural areas that surged during the pandemic.

Policy Responses to Address Growing Need

Even as the nation’s rental housing affordability challenges grow in urgency, the availability of federal housing assistance has not kept pace with rising need. It has long been true that only about one in four income-eligible renters are able to secure a subsidy, but the number that go without assistance has grown substantially in recent years. At last count in 2021, a record-high 8.5 million very low-income renter households experienced worst case housing needs,

including severe cost burdens or severely inadequate housing, an increase of 760,000 households since 2019 (**Figure 5**).

Proposed reductions in federal resources for crucial housing supports would leave even more households with severe housing problems. Rental assistance programs like Housing Choice Vouchers, public housing, and Low-Income Housing Tax Credits provide lifelines for roughly 5.1 million households. Most households assisted by the US Department of Housing and Urban Development (HUD) have extremely low incomes and include children, older adults, or a person with a disability. These programs, which assist vulnerable households and expand the supply of affordable housing, are already underfunded.

The potential pullback in federal resources comes at a time of record-high homelessness. In January 2024, fully 771,480 people were homeless, a 33 percent increase since January 2020. Of these, an all-time high of 152,590 people were chronically homeless, having been unhoused for at least a year or having

experienced episodic homelessness during the last three years. While the temporary surge in asylum seekers added to the rise in overall homelessness, much of the increase in housing instability comes from growing housing costs and a lack of affordable housing.

Some places, including Houston and Milwaukee County, have successfully reduced homelessness using housing first principles, a strategy that houses individuals and then provides supportive services to address other needs, such as mental health or substance abuse challenges. Delayed grant disbursements to homeless services providers are threatening this work as well as the viability of shelters, permanent supportive housing, and crisis hotlines.

The magnitude of unmet housing needs has prompted state and local governments to encourage development of lower-cost housing options. Many are reforming zoning laws to increase the construction of smaller apartment buildings and accessory dwelling units (ADUs). Fourteen states now preempt local limits on ADUs in some capacity, with Arizona, Colorado, Hawaii, and Massachusetts joining the list in 2024.

New financing mechanisms are also increasingly important. Last year, voters approved more than \$640 million in state and local affordable housing bonds. Eight places also passed ballot initiatives to levy lodging taxes in support of affordable housing, and three others increased or extended real estate transfer taxes. More than 800 state and local housing trust funds are also available to finance affordable housing. But flexible federal resources are often needed to buttress these efforts. States and localities will be far less effective in addressing the affordability crisis if federal funding declines.

In the current environment of rising costs, fewer households are able to access homeownership and its associated benefits. One major barrier is the downpayment. Despite the nearly 1,700 downpayment assistance programs identified by the Urban Institute in 2023, millions of would-be buyers simply do not have the necessary cash.

Another obstacle is the growth in monthly mortgage payments, made worse by elevated interest rates. The Federal Home Loan Banks can offer lower rates for homebuyers with modest incomes. FHLB Des Moines and FHLBank Boston both launched permanent rate buydown products in 2024, reducing interest rates by up to 2 percentage points.

Special purpose credit programs (SPCPs) can also increase access to homeownership by allowing lenders to offer products to populations and communities historically underserved by the mortgage market. While SPCPs were enabled by a law passed in the 1970s, it was guidance from HUD and the Consumer Financial Protection Bureau on compliance with the Fair Housing Act that spurred the development of these programs. In addition to expanding access to credit and downpayment assistance, SPCPs have broadened the market served by government-sponsored enterprises (GSEs) and for-profit companies. However, a recent directive from the Federal Housing Finance Agency (FHFA) will prevent Freddie Mac and Fannie Mae from continuing this work.


The Outlook

The outlook for housing is inextricably linked to that of the economy and federal policy. As such, much of its future is uncertain. Nonetheless, housing affordability will remain the primary challenge for both households and housing markets, and costs appear likely to rise. Homebuilders estimate that the newly imposed tariffs on construction materials will increase new home prices by \$10,900 apiece, according to an April 2025 survey by the National Association of Home Builders (NAHB). Changing interest rates could have an even greater impact on costs for builders and buyers of both single- and multifamily housing. And overall economic uncertainty surrounding the implications of recent policy changes could continue to slow market activity as consumer confidence languishes at near-record lows.


Meanwhile, proposed and implemented cuts to federal housing resources will weaken assistance programs that are already underfunded relative to the demonstrated need. Even when budgets are preserved, reductions in staff and delays in disbursing funds are hampering effectiveness. The diminishment of these critical supports threatens to exacerbate an already-unprecedented housing crisis, with record numbers of households facing rent burdens and experiencing homelessness. Pullback of the federal government funding that underpins state and local programs would also undermine regional efforts to promote more affordable housing options and assist income-eligible households.

The growing risk to the housing stock of increasingly frequent and severe climate disasters is impacting a broader range of geographies and households. It is also worsening the supply shortage and affordability crises. Here, too, addressing these challenges necessitates a level of federal support and resources that may soon be reduced.

Against this backdrop is the growing possibility of an economic downturn, a scenario that could significantly increase housing needs. Given the magnitude of the housing affordability challenges, the increasing economic uncertainty, and the potential federal retrenchment, there is an obvious imperative to preserve the existing housing supply and government resources. But even this could prove difficult in the current environment and is far short of what is required to ensure healthy housing markets and stable households. At this moment, when unprecedented numbers of households are unable to afford housing and the sector's economic contributions are suppressed, there must be a concerted effort to do more to address the affordability and supply crises. The potential consequences of inaction are simply too harmful to the macroeconomy and the millions of households striving for a safe, affordable place to call home.



Cuts to critical federal supports would worsen the national housing crisis.



HOUSING MARKETS

Home prices are growing modestly in 2024 despite elevated interest rates, homebuyer affordability challenges, and rising inventories. Persistent demand and lingering supply shortages continue to pressure for-sale markets. New single-family construction has grown in response, though only modestly. In the rental market, a wave of multifamily completions is moderating rent growth and maintaining vacancies well above pandemic-era lows. But markets vary tremendously, with rent levels increasing in those with minimal new supply and declining in those with higher deliveries. However, the surge in new rental units is ending amid strong rental demand, signaling future tightening for rental markets. After many years of underbuilding, rampant stock shortages persist. Unlocking new housing supply remains critical for alleviating affordability pressures and stimulating economic growth.

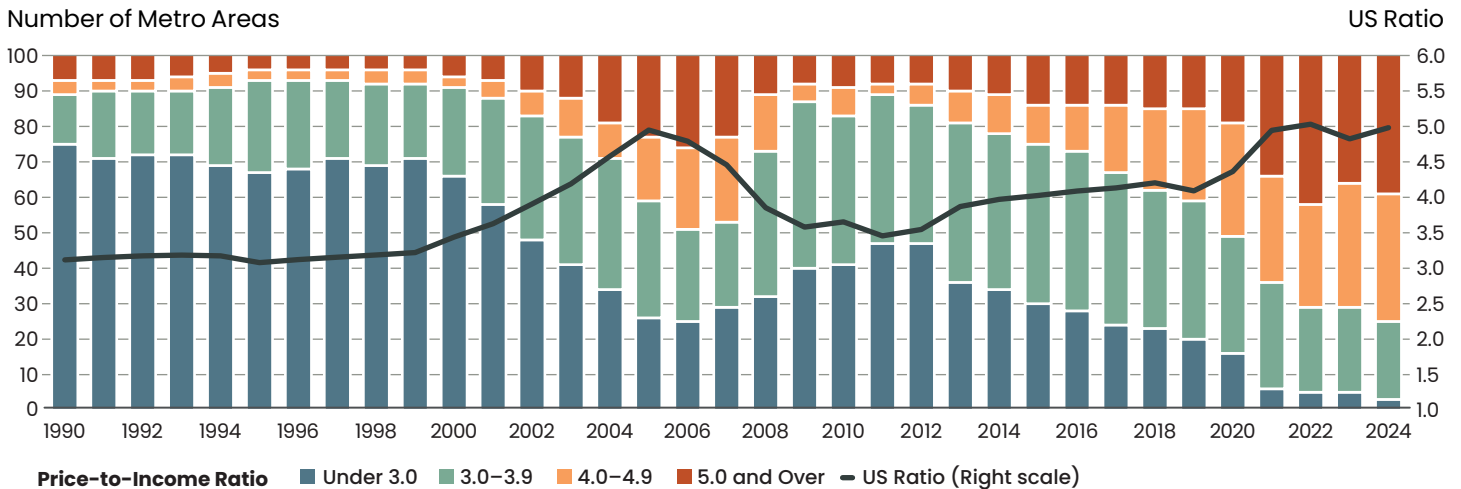
Home Price Increases Continue

Over the past year, home prices increased modestly for much of the nation. Prices grew by 3.9 percent year over year in February (1.9 percent after adjusting for inflation), according to Center tabulations of the

S&P CoreLogic Case-Shiller US National Home Price Index. By contrast, prices increased nationwide by 6.6 percent in February 2024 and 20.2 percent in the same month in 2022. In nominal terms, prices increased for 21 consecutive months after declining briefly in

Figure 6

Home Prices Are Historically High Relative to Incomes



Notes: Price-to-income ratios are for the 100 largest metro areas by population. Income data for 2024 are based on Moody's Analytics forecasts.

Source: JCHS tabulations of NAR, Metropolitan Median Area Prices; Moody's Analytics estimates.

mid-2023, pushing home prices up 60 percent since 2019 and 127 percent since 2010. The median sales price for an existing single-family home was \$412,500 in 2024, up \$137,900 from 2019, according to NAR.

These price increases have been widespread. Home prices rose annually in 88 of the 100 largest metro areas in the first quarter of 2025, according to Center tabulations of the Freddie Mac House Price Index. Gains were greatest in the Northeast, where prices rose by 6.8 percent on average, followed by the Midwest (5.2 percent), West (2.4 percent), and South (1.8 percent). Recent increases have pushed home prices up since 2019 between 57 percent (in the West) and 68 percent (in the Northeast). Yet some Southern and Western markets saw prices decline last year, mostly in areas where inventories increased substantially, including Cape Coral (down 6.2 percent year over year), North Port (down 4.2 percent), and Austin (down 2.1 percent).

In recent years, growth in home prices has greatly outpaced that of household incomes. In 2024, the price-to-income ratio hit 5.0, on par with the record high reached in 2022 and well above the pre-pandemic reading of 4.1 in 2019 (Figure 6). By contrast, price-to-income ratios averaged just 3.2

in the 1990s. Last year, this ratio was 5.0 or higher in 39 of the country’s 100 largest markets and below 3.0 in a record low of just three markets—Akron, McAllen, and Toledo.

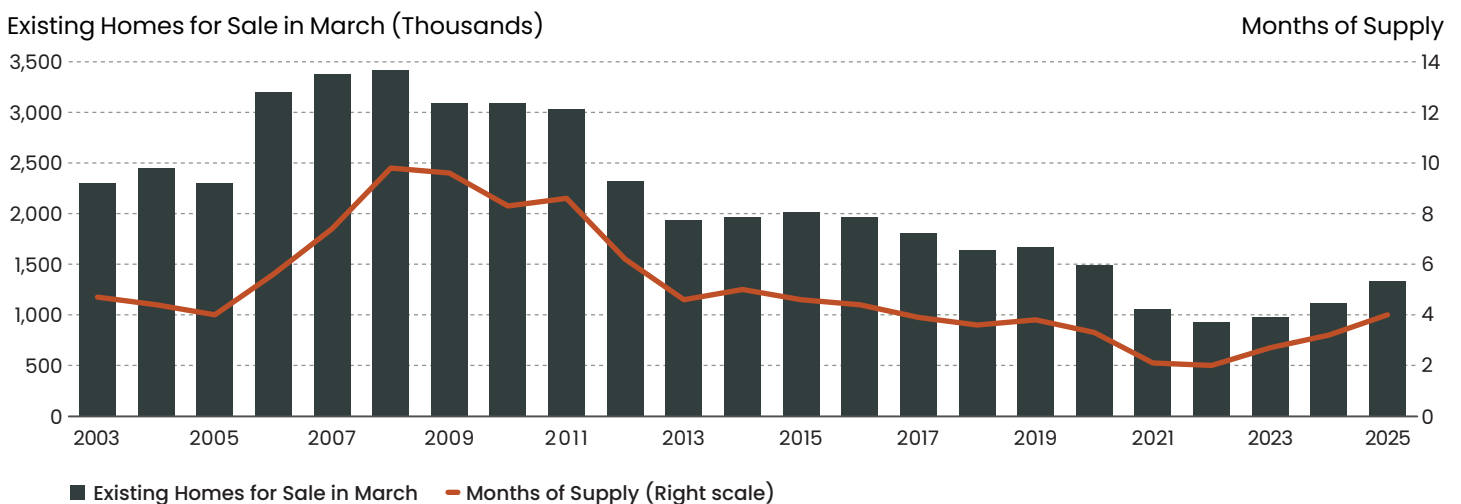
Inventories Are Low but Recovering

Recent home price appreciation is partly a response to an inventory shortage. Though the for-sale stock grew last year, it remains far below pre-pandemic levels. The number of existing homes available for sale rose 20 percent annually in March 2025 to 1.33 million, according to NAR (Figure 7). Despite these gains, this is 27 percent below the 1.82 million homes for sale averaged the same month each year between 2015 and 2019. Meanwhile, the months of supply—how long it would take to sell all available homes at the current sales rate—was 4.0, up from 3.2 the previous year but still down considerably from the 6 months characteristic of a healthy market.

Much of the inventory bump is attributable to an increase in the length of time that homes are available for sale. In the first quarter of 2025, the median number of days on market hit 64, according to Realtor.com. This is the highest first-quarter reading since 2020 and far above the 45 days averaged at the beginning of 2022.

Figure 7

Inventories Are Still Low but Climbing

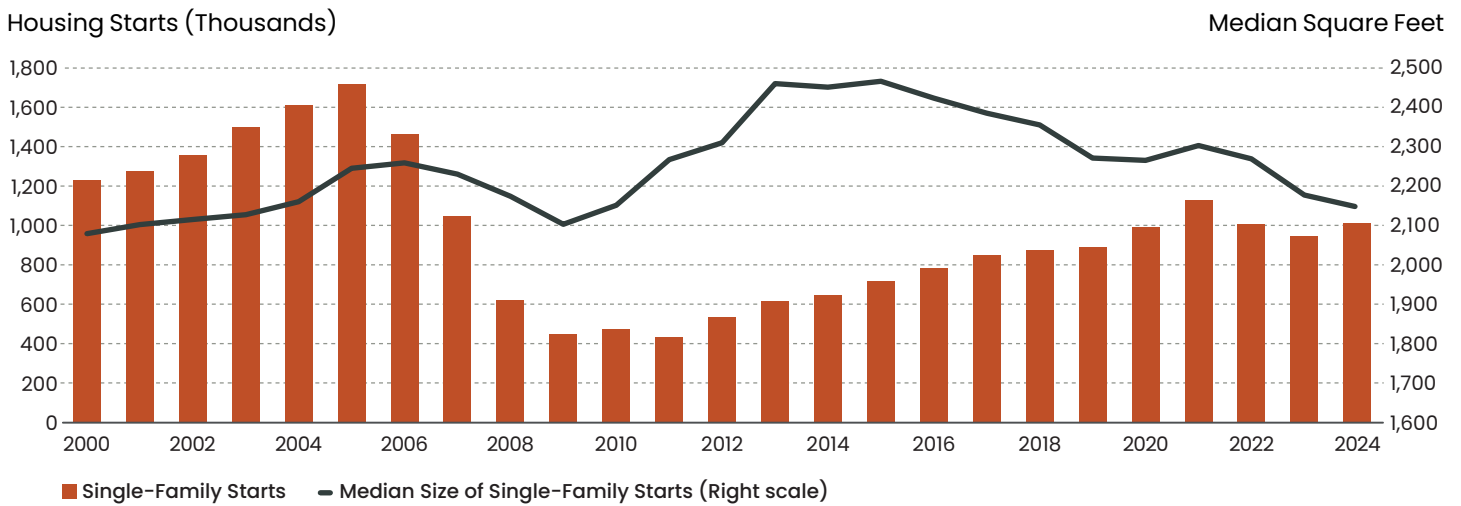


Notes: Months of supply measures the length of time needed at the present pace to sell all homes currently listed for sale. Six months of supply is typically considered to be a balanced market.

Source: JCHS tabulations of NAR, Existing Home Sales.

Figure 8

Single-Family Construction Ticked Up as Home Sizes Continued Shrinking



Source: JCHS tabulations of US Census Bureau, New Residential Construction.

With homes staying on the market longer, inventories increased across much of the country. Active listings rose annually in 98 of the nation’s 100 largest metro areas in the first quarter of 2025. The greatest inventory gains occurred in Western metros, increasing by more than 57 percent in Denver, Las Vegas, Stockton, and San Diego. Markets where active listings fell or stayed flat were generally smaller, more affordable metros in the Northeast, including Albany and Rochester. Nevertheless, active listings were still down 5 percent on average across large markets since the first quarter of 2020.

The limited inventory, coupled with sustained affordability challenges, has severely hindered homebuying. In 2024, existing home sales fell to a 30-year low of 4.06 million, including 3.67 million single-family homes and 391,000 condo and co-op units. This is a drop of 34 percent from the pandemic-era high of 6.12 million in 2021, and lower than the 5.24 million averaged since 2000. Compared to 2021, sales dropped by 40 percent in the West, 35 percent in the Northeast, 32 percent in the South, and 31 percent in the Midwest.

Single-Family Construction Is Increasing

Single-family starts increased by a modest 7 percent annually in 2024 to 1.01 million (Figure 8). Though down from the 1.13 million starts seen in 2021, when interest rates were nearly 3.8 percentage points lower, this rate is consistent with the 1.01 million averaged annually since 1990. Single-family starts remained at a 1.02 million unit annualized pace through the first quarter of 2025. Additionally, 1.02 million new single-family homes were completed in 2024, on par with the 15-year high reached in 2022.

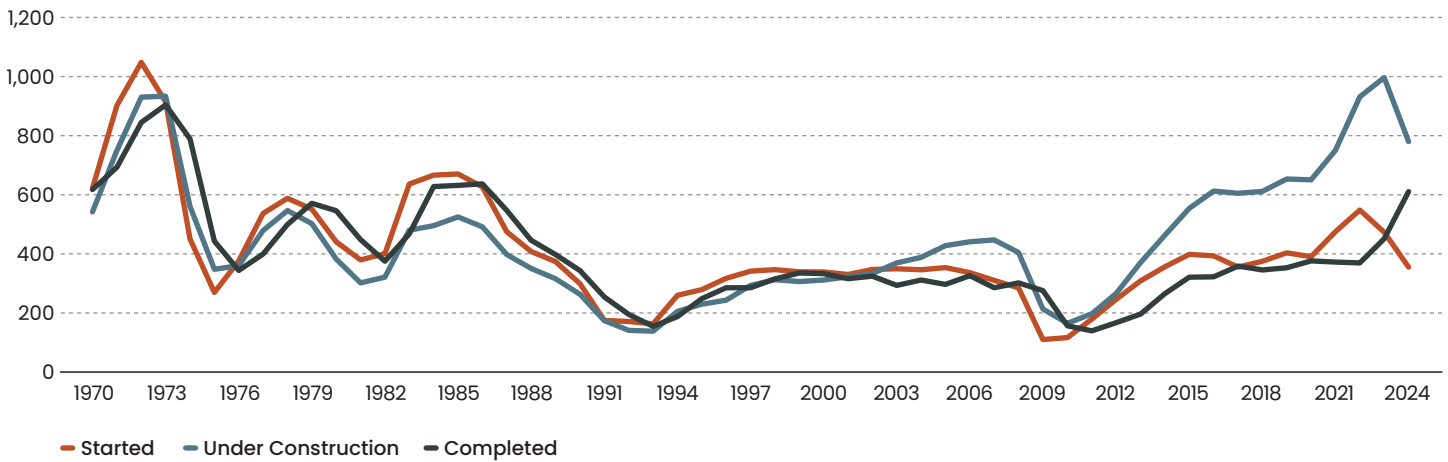
This new construction has helped to increase sales. About 686,000 new single-family homes sold in 2024, up 3 percent on an annual basis. Last year, new homes constituted 16 percent of all single-family home sales, the largest portion since 2005 and higher than the 12 percent averaged annually since 2004.

Home sales also grew in response to price cuts and other incentives from homebuilders. According to a May 2025 survey by NAHB, 61 percent of builders offered some kind of sales incentive and 34 percent reduced prices outright. The median sales price of new

Figure 9

Apartment Completions Soared as Starts Plunged

Multifamily Units (Thousands)



Source: JCHS tabulations of US Census Bureau, New Residential Construction.

single-family homes fell for the second straight year to \$420,300, only \$7,800 above that of existing single-family homes in 2024. This is the smallest recorded gap, far less than the \$65,700 difference averaged in the five years preceding the pandemic.

Homebuilders have also responded to affordability challenges by delivering slightly smaller homes. The median size of a new single-family home declined for the third straight year in 2024, down to 2,150 square feet. Likewise, there has been an enormous increase in the construction of townhomes, a housing type typically smaller than a detached single-family home. Last year, builders started 176,000 townhomes, 59 percent more than in 2019. Builders also started a record-high 93,000 single-family rental homes in 2024.

Still, the most affordable form of new construction is manufactured housing, which remains heavily underutilized. Excluding the cost of land, the average sales price in 2024 of a new manufactured home was \$123,000. While the number of manufactured home shipments increased 16 percent last year to 103,000 units, production lags historical rates. In the 1980s and 1990s, annual shipments averaged 247,000 and 291,000 homes, respectively.

Multifamily Construction Boom Is Ending

The number of multifamily completions soared last year. In 2024, developers completed 608,000 units, the most in nearly four decades (**Figure 9**). This is up from 450,000 units in 2023 and is more than double the 298,000 completions averaged annually since 1990. Completions rose markedly in every region, though they grew most—38 percent apiece—in the South (to 292,000 units) and West (to 162,000 units), where development has been strongest. Indeed, nearly half of multifamily completions (48 percent) were in the South alone. Last year, completions also increased in the Midwest by 32 percent (to 87,000 units) and in the Northeast by 24 percent (to 68,000 units).

The large volume of new units, along with high interest rates, placed downward pressure on multifamily construction. In 2024, developers started 354,000 units, down 25 percent year over year and 35 percent below the 30-year peak of 547,000 reached in 2022. These declines were widespread, with multifamily starts dropping precipitously in all regions over the past two years. Despite this slowdown, starts were 11 percent higher than the 318,000 averaged annually since 1990, a response to strong demand.

Given that decades-high completions were followed by dwindling starts, the number of multifamily units under construction tumbled in 2024. After climbing to an all-time high of 996,000 in 2023, the number of units under construction fell to 781,000 at the end of 2024, an annual decline of 22 percent.

Rents Rise Slowly but Vary by Market

The increased supply of multifamily units has helped to suppress rent growth. Asking rents in the professionally managed apartment sector rose 0.8 percent year over year in the first quarter of 2025, according to RealPage. While up from the 0.2 percent annual change posted a year ago, rent growth remains down from the same quarter in 2022, when rents rose a record-breaking 15.3 percent year over year. Across property classes, rents increased more for higher-quality apartments as growing numbers of more affluent renters were priced out of homeownership. Asking rents rose 1.8 percent in Class A apartments and 0.9 percent in Class B apart-

ments year over year. Rents in lower-quality Class C apartments dropped by 0.7 percent. But despite recent slowdowns, average monthly rents have trended up 32 percent since the same quarter in 2019 to \$1,830.

Meanwhile, rents for single-family homes picked up early in the year. According to Cotality, single-family rents rose by 2.9 percent annually in February 2025, though still down from a peak increase of 14.0 percent in early 2022. The Consumer Price Index (CPI) for rent of primary residence, which is slow to reflect changes in rent levels, decelerated to 4.0 percent annually in April 2025. This is a substantial decline from the 8.8 percent peak in 2023.

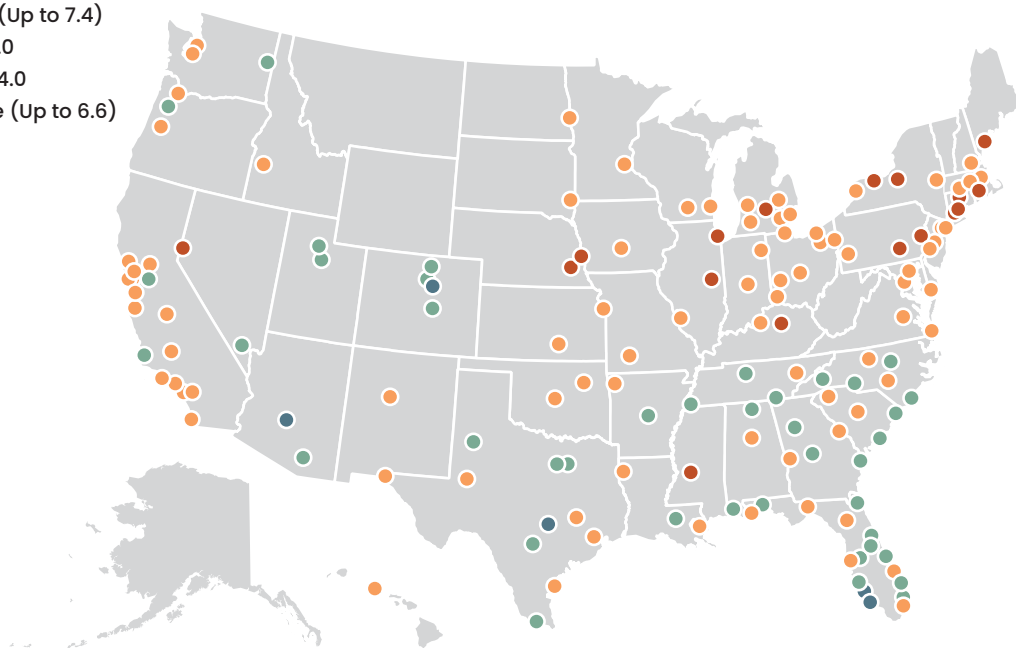
While rents grew modestly nationwide, the pace varied regionally. In the first quarter of 2025, asking rents rose faster year over year in the Midwest (3.1 percent) and Northeast (3.0 percent) than in the West (0.4 percent). During the same period, asking rents declined in the South by 0.5 percent. Much of this variation is a conse-

Figure 10

Rents Declined in Southern and Western Markets

Percent Change in Asking Rents 2024:1–2025:1

- Declined 4.0 or More (Up to 7.4)
- Declined Less Than 4.0
- Increased Less Than 4.0
- Increased 4.0 or More (Up to 6.6)



Note: Asking rents are for professionally managed apartments in buildings with five or more units.
Source: JCHS tabulations of RealPage data.

quence of development. Generally speaking, rent growth slowed or rents declined outright in areas with more apartment completions. Conversely, regions with faster rent growth had fewer new completions. Relative to the same quarter in 2019, strong rent growth pushed asking rents up 41 and 39 percent, respectively, in the Midwest and Northeast; 33 percent in the South; and 26 percent in the West.

Regional trends were largely mirrored in metro areas (**Figure 10**). In the first quarter of 2025, rents rose annually in all Northeast and Midwest markets, with especially sharp increases in smaller metros like New Haven (6.1 percent), Providence (5.8 percent), and Champaign-Urbana (5.1 percent). By contrast, in the South and the West, rents declined annually in 51 and 37 percent of markets, respectively. In the South, rent declines exceeded 4.0 percent in Cape Coral (7.4 percent), Austin (6.9 percent), and Naples (5.1 percent). In the West, asking rents dropped most swiftly in Denver (4.3 percent) and Phoenix (4.2 percent).

Vacancies Remain Elevated Amid Strong Demand

Last year's influx of new multifamily supply helped sustain elevated vacancy rates, even amid historically strong demand. According to the Census Bureau's Housing Vacancy Survey, the nationwide rental vacancy rate rose by 0.5 percentage points to 7.1 percent between the first quarters of 2024 and 2025. This reading is consistent with rates averaged in the five years before the pandemic and higher than the 5.6 percent recorded in 2021.

While vacancies rose nationwide, they fell in the professionally managed apartment sector, where demand has been especially strong and which frequently houses renters with higher incomes. The number of households living in these apartments rose by 708,000 annually in the first quarter of 2025,

according to RealPage. This is the strongest growth on record excepting 2022 and outpaced even the robust apartment completions. Simultaneously, apartment vacancy rates in this sector declined by 0.9 percentage points annually to 5.0 percent. Even with these declines, vacancy rates remained well above the record low 2.5 percent seen in early 2022.

Within the professionally managed sector, vacancy rate declines were geographically widespread at the beginning of the year, ranging from drops of 0.7 percentage points year over year in the Northeast to 1.0 percentage point in the South. But overall vacancy rates remained highest in the South (5.9 percent), where multifamily construction was strongest and rent declines most common, and lowest in the Northeast (3.7 percent), where less new supply has come online. In the West and Midwest, apartment vacancy rates were 4.7 percent and 4.5 percent, respectively.

The decline in apartment vacancies extended to most markets. Of the 150 large markets tracked by RealPage, 89 percent recorded a drop in vacancies in the first quarter of 2025, a sharp turnaround from just 10 percent the year prior. Such widespread declines in the vacancy rate are an early indicator that rental markets are beginning to tighten in the face of strong rental demand.

Stimulating Supply Remains Important

Substantial supply shortages endure despite recent increases in housing construction, owing largely to underbuilding following the Great Recession. Estimates of the housing shortfall vary from 1.5 million units according to NAHB to Freddie Mac's 3.7 million. In any case, the underlying message is clear: the US faces a significant housing shortage, especially in the single-family market. The result has been rent growth that strains household budgets and home price appreciation that pushes homeownership further out of reach.

Persistent underbuilding has also slowed economic growth, reducing gross domestic product (GDP) by trillions of dollars, according to NAR. Residential fixed investment—an indicator of the sector’s economic activity, including new housing production and investments in the existing stock—accounted for about 4.1 percent (\$1.2 trillion) of GDP in 2024. This is lower than the historical average of 4.8 percent from 1960 to 2007. Producing at this long-run average, the sector would have contributed an additional \$200 billion in GDP and started about 180,000 more housing units just last year. Reducing and removing barriers to new construction would spark substantial economic activity.

However, there are numerous obstacles to building more housing. According to a January 2025 NAHB homebuilder survey, 91 percent of builders identified elevated interest rates as an impediment to increased development. Other constraints included rising inflation (80 percent), buyer affordability expectations (77 percent), and the cost and availability of land (63 percent). Development may also be restricted by regulatory barriers, which can account for up to 41 percent of total multifamily development costs, according to a joint study by the National Multifamily Housing Council (NMHC) and NAHB.

Another challenge for residential developers is the shortage of construction workers. For the latest 12-month period ending in February 2025, the industry averaged 282,000 job openings. Although down from 399,000 a year earlier, the volume of unfilled positions remains historically high, with just 151,000 openings averaged before 2020. Reduced immigration could shrink the already-thin labor pool. According to Center tabulations of the ACS, a third of construction workers are foreign-born, about twice the rate of the overall labor force.

The rising cost of materials has further complicated efforts to build more housing, and proposed tariffs raise concerns that pressures may increase in 2025. The price of building materials grew by 36 percent between February 2020 and February 2025, according to the Bureau of Labor Statistics. Tariffs are expected to escalate these costs, considering that roughly 7 percent of construction materials are imported. According to one estimate by John Burns Research and Consulting, the tariffs will likely add \$12,800 to \$25,500 to the cost of building a new single-family home. Meanwhile, homebuilders anticipate that such tariffs will push up new home prices by \$10,900, as reported in a NAHB survey released in April.

The Outlook

Rising home prices, high interest rates, and limited inventories have kept home sales hovering near three-decade lows. While modest increases in single-family homebuilding have given homebuyers more options, ample new supply is needed to alleviate affordability pressures. Moderating interest rates could spur construction and induce sellers to put their homes on the market, increasing opportunities for potential buyers. But heightened economic uncertainty and low consumer confidence cloud the path ahead.

In the rental market, robust apartment construction has moderated rent growth and pushed vacancies well above pandemic-era lows. However, the boom in multifamily construction is ending. The slowdown in new construction, combined with high demand for rental housing, suggests rental markets are likely to tighten further in the near term.

DEMOGRAPHIC DRIVERS

Household growth has slowed from pandemic-era highs as surges in immigration and household formations by younger adults recede. The result is a steep decline in both the primary source of population growth and a major source of household growth. At the same time, domestic mobility has dropped to a historic low. Baby boomers continue to boost the ranks of older adults, transforming household composition while ushering in a long-term slowdown in population growth as mortality rates rise. Additionally, the strong economic growth and tight labor markets that supported robust housing demand over the past decade are threatened by rising economic uncertainty.

Household Growth Is Retreating

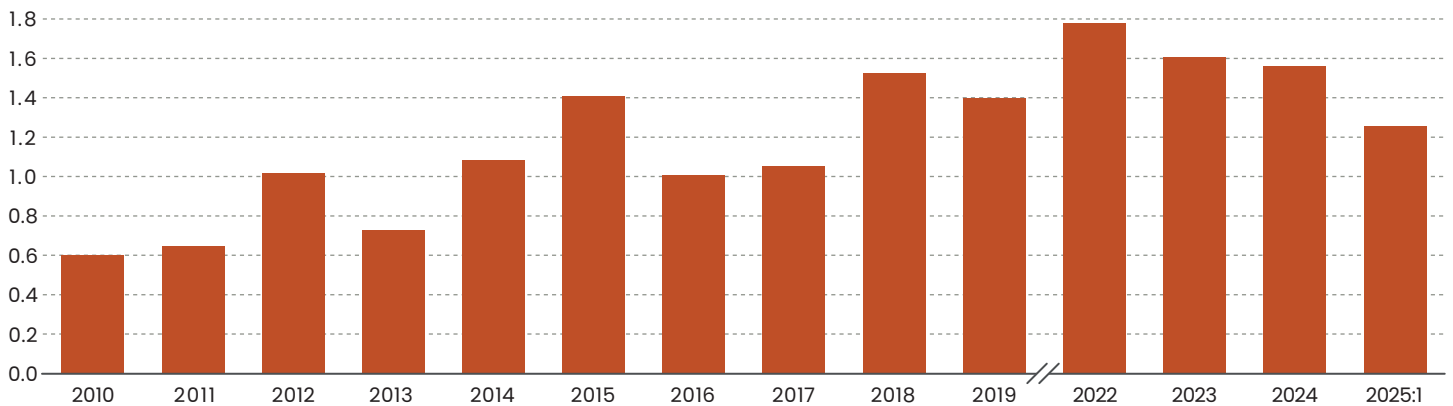
In 2024, the number of US households increased by 1.56 million to 131.7 million, according to the Housing Vacancy Survey. Though this rate of growth is historically high compared to average levels since the 1990s,

it is down slightly from the 1.61 million households in 2023 and far lower than the pandemic-era surge of 1.93 million households averaged annually between 2019 and 2022. And the annual rate continues to decline, dropping to 1.26 million households by the first quarter of 2025 (Figure 11).

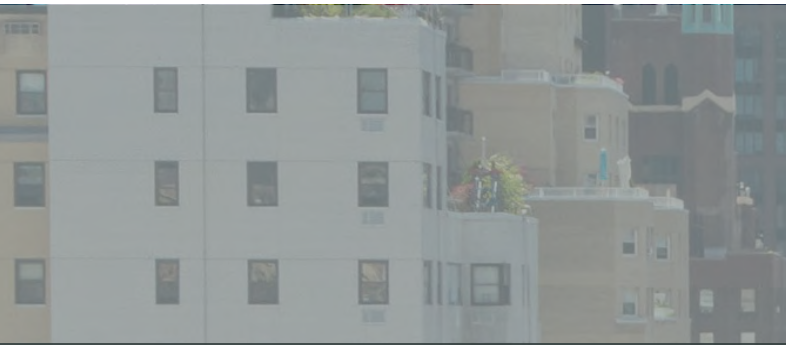
Figure 11

Household Growth Is Slowing from Recent Peaks

Annual Change in Households (Millions)



Note: Estimates for 2020 and 2021 are omitted due to data collection issues experienced during the pandemic. Source: JCHS tabulations of US Census Bureau, Housing Vacancy Surveys.



The return of “missing” households under age 45 lifted household growth by an additional 250,000 households per year between 2019 and 2023.



The slowdown is at least partially attributable to the end of an era of unusually accelerated growth among households headed by a younger adult. In a reversal of recent trends, in 2024, the annual increase in the number of households under age 45 slowed to 490,000. By contrast, between 2019 and 2023, households under age 45 increased by 690,000 per year, more than double the 300,000 averaged annually from 2014 to 2019. The bulk of these gains was among households aged 35–44, whose growth rate nearly quadrupled from an annual average of 130,000 new households between 2014 and 2019 to about 490,000 per year from 2019 to 2023.

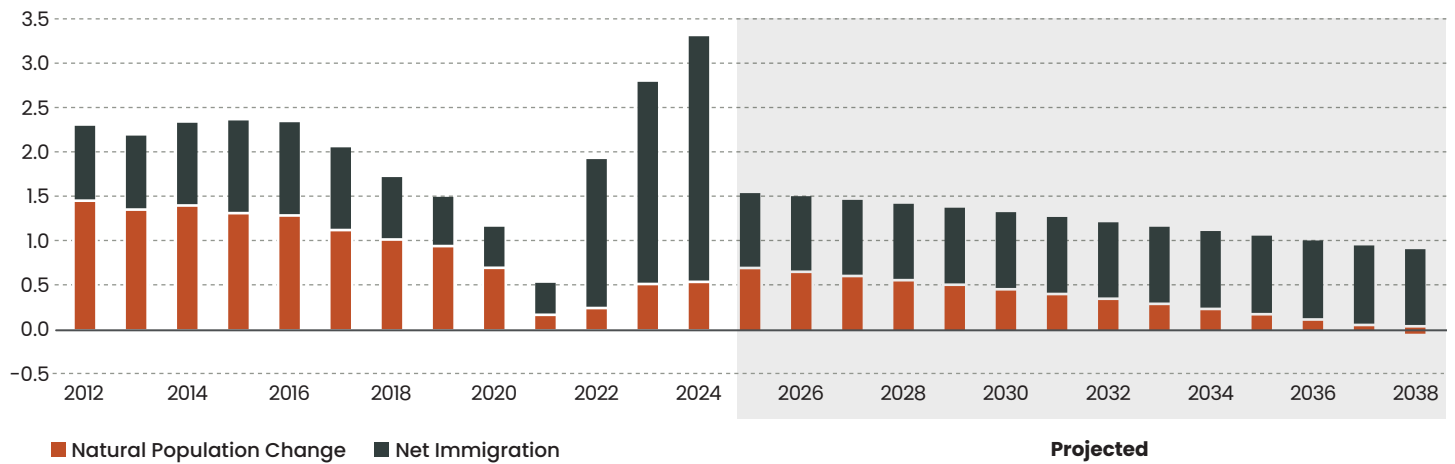
The outsized level of household growth among younger adults was largely due to an inherently temporary return of “missing” households whose formation was delayed by the Great Recession. These new households helped grow both the younger adult headship rate—the share of adults under age 45 who head a household—and household growth by an additional 1.0 million households, or 250,000 per year between 2019 and 2023. The remaining 430,000 additional younger adult households per year were due to the increase in the younger adult population. In 2024, however, the rebound in young adult headship rates ended, with formations among younger adults entirely driven by underlying population growth.

Meanwhile, the number of householders age 65 and over is growing significantly, up 5.2 million (16 percent) since 2019 to 37.4 million households, or 28 percent of all households. Unlike the recent growth in younger adult households, which was boosted by rising headship rates, the growth in older adult households is almost completely attributable to shifting demographics. The enormous generation of baby boomers (aged 61–79 in 2025) is replacing the smaller generation that preceded it. Driven by the life cycle, as opposed to the economic landscape, this form of household growth is steadier and more predictable. Nonetheless, this growth will slow over time as older householders move into group care facilities, pass away, or otherwise exit headship.

Figure 12

The Surge in Immigration Paused a Long-Term Decline in Population Growth

Annual Change in Population (Millions)



Note: Natural population change is the difference between births and deaths.

Source: JCHS tabulations of US Census Bureau, Population Estimates Program and 2023 National Population Projections.

Drop in Immigration Dampens Population Growth

After a three-year surge, immigration plunged in early 2025, slashing an increasingly crucial source of population and household growth as the native birthrate slows. From 2022 to 2024, immigration averaged a massive 2.3 million people per year, up from 830,000 immigrants annually throughout the previous decade, according to the Population Estimates Program (PEP). Meanwhile, gains from natural changes (births minus deaths) in the resident population averaged just 412,000 people per year between 2022 and 2024, as compared to an annual average of 1.2 million people from 2011 through 2020.

As such, immigration has become the primary source of population growth in both the nation and an increasing number of communities, helping to bolster growth in some areas and stem losses in others. In 2024, net international migration outpaced both natural population change and net domestic migration in 39 states and 40 percent (1,245) of all counties. Of these, immigration was the lone source of popula-

tion growth in 8 states and 557 counties, ranging from larger areas with over 1 million residents, including Palm Beach County, Florida, and Cuyahoga County, Ohio, to smaller ones, such as Bernalillo County, New Mexico, and Albany County, New York. Immigration was also the sole driver of growth in nearly a quarter of counties outside metro areas, most of which are rural.

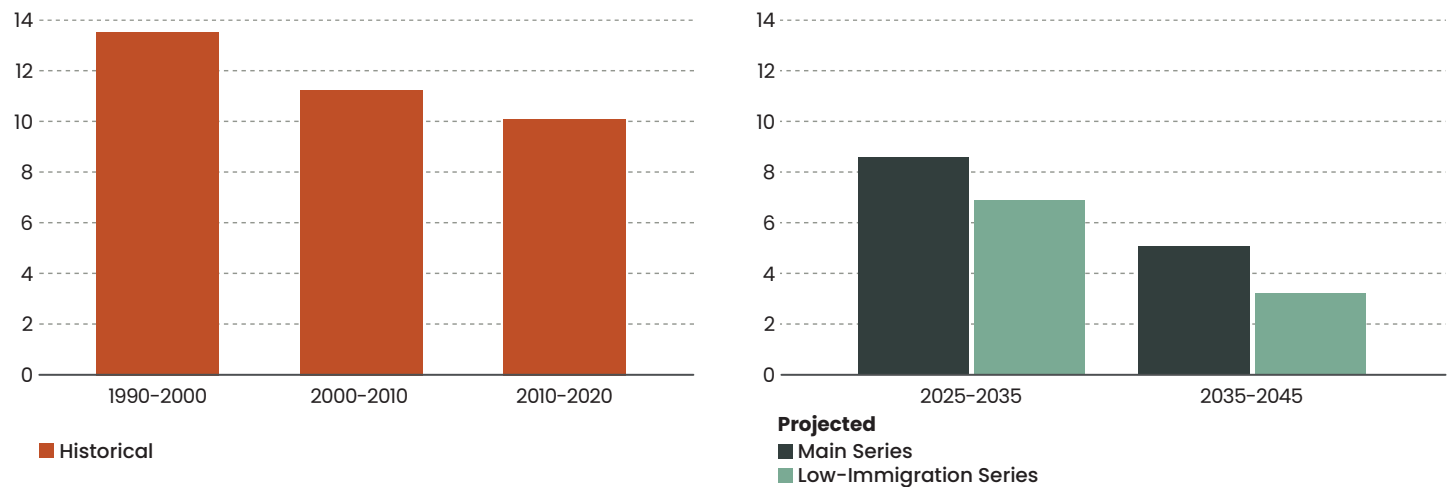
These recent outsized gains in population from immigration appear unlikely to continue. Border encounters of unauthorized migrants plummeted from 256,000 in February 2024 to 28,700 in February 2025, below even the 54,900 recorded before the pandemic in February 2020.

Meanwhile, natural growth in the resident population is expected to fall further. Recent immigration only temporarily reversed the long-term decline in population growth resulting from decreasing growth in the native population (**Figure 12**). As the large baby boom generation ages, deaths are projected to rise substantially. Absent any equivalent rise in the number of births, the natural increase in population will slow and then turn negative. The Census Bureau projects

Figure 13

Household Growth Is Projected to Slow

Change in Households (Millions)



Sources: JCHS tabulations of US Census Bureau, Decennial Censuses; and JCHS 2024 Household Projections.

that annual deaths will outnumber births by 2038. From that point forward, the only growth in population would come from immigration. The rate of population growth would then depend on whether immigration levels are sufficient to override native-born losses.

The Impending Slowdown in US Household Growth

The recent surge in immigration has helped lift household growth as recent arrivals establish their economic footing and rent or buy homes. The latest estimates from the ACS show immigrants adding more than 800,000 households in 2023 and accounting for 55 percent of annual household growth. This contribution exceeds that of the last decade (2010–2019), when immigrants constituted 35 percent of household growth and added an average of 300,000 households per year. But this recent increase in household growth could be short-lived, considering the sharp decline in immigration in early 2025.

New household growth projections from the Center suggest an impending slowdown over the next two decades, primarily driven by the underlying weakening of population growth. Under the Census Bureau’s main population projection, 8.6 million net new households will form between 2025 and 2035 and another 5.1 million households from 2035 to 2045, assuming that net foreign migration over the next two decades resembles the post-1990 historic average of roughly 900,000 immigrants annually. These levels are substantially lower than the 13.5 million and 10.1 million new households that formed in the 1990s and in the 2010s, respectively (**Figure 13**). If, however, immigration levels follow the Census Bureau’s projection that assumes an annual average of 422,000 people, the forecast changes significantly. In this low-immigration scenario, household growth is projected to total just 6.9 million households in the next decade and a scant 3.2 million from 2035 to 2045.

As the primary driver of housing demand, household growth is needed to stimulate economic activity and generate demand for new construction. Since the 1970s, the US has built an average of 16 million new housing units each decade. Under the Center’s main

household growth projection, the implicit new housing demand—the amount of housing needed to effectively address household growth, replace older homes, ensure a healthy supply of vacant stock, and satisfy demand for second homes—drops to 11.3 million units between 2025 and 2035. This is only marginally above the 9.9 million units produced in the sluggish post-Great Recession decade of 2010–2019. New housing demand would then fall to 8.0 million units in 2035–2045. Demand would shrink even further under the low-immigration projection, with an implied need for 9.5 million new units in 2025–2035 and 6.1 million in 2035–2045. These estimates do not account for the levels of construction required to address the nation’s existing housing shortage. Even so, including that additional production would still yield historically low levels of new construction.

Demographic Shifts on the Horizon

Not only will household growth slow in the coming decades, but households will also shift older. Most dramatically, the number of householders age 80 and over will double in the next two decades. The aging baby boomer generation will lift the number of households in this age group by 5.5 million in 2025–2035 and by an additional 4.1 million in 2035–2045 for a total of 19.2 million householders. Because older adults are more likely to live in smaller households, this growth will contribute to an increase in the number of households headed by a single person or a married couple living alone. These two household types are projected to grow by 6.1 million between 2025 and 2035, with householders age 65 or over responsible for all of the increase.

There are also projected shifts among younger adults. The number of householders aged 35–54 will grow by 3.0 million in 2025–2035 and a further 1.7 million in 2035–2045 as the large millennial generation replaces the smaller Gen X. These middle-aged households will contribute to the growing number of households with children, projected to rise by 1.1 million in the next decade.

Regardless of age, householders of color are projected to account for over 95 percent of net household growth from 2025–2035 and all of the growth from 2035–2045. At last measure in the 2023 ACS, households of color constituted roughly 37 percent of all households, led by Hispanic households (15 percent), followed by Black households (12 percent), Asian households (5 percent), and all others (5 percent). Notably, shares vary by age. Roughly 44 percent of householders under age 45 were people of color, compared to 38 percent of householders age 45–64 and only 25 percent of householders age 65 and over. As younger householders replace older ones, racial and ethnic diversity will increase; the share of households headed by a person of color is projected to grow to 40 percent by 2035 and 44 percent by 2045.

Residential Mobility Is Declining

In 2024, household mobility rates were the lowest on record since the 1970s. According to the Current Population Survey (CPS), approximately 8.3 percent of households (10.9 million) reported moving over the past year, unchanged from a year earlier and down from 9.8 percent (12.6 million) before the pandemic in 2019.

Some of the loss of mobility is due to fewer homeowners relocating. The homeowner mobility rate fell to an all-time low of 3.1 percent in 2024, as compared to 3.7 percent and 4.3 percent in 2023 and 2019, respectively. This decline translated into 24 percent fewer moves by homeowners in 2024 than in 2019 and significantly overshadowed the small recent uptick in renter mobility. Though renter mobility grew from 16.8 percent to 18.1 percent between 2023 and 2024, it remained below the pre-pandemic rate of 19.7 percent in 2019.

The overall decline in residential mobility is evident in the recent moderation of interstate migration. In North Carolina, Tennessee, and nine additional states, primarily in the South, migration from other states was the largest source of population growth in 2024 and constituted an average of two-thirds of statewide

gains, according to the PEP. But even then, net gains from migration fell in some of these states in 2024, down 17 percent in North Carolina and 20 percent in Tennessee, relative to a year earlier.

Meanwhile, in several states where out-migration typically surpasses in-migration, such as California and New York, net domestic outflows were less severe in 2024. Losses to moves out of California, for example, dropped by 30 percent in 2024, from -344,000 in 2023 to -240,000 in 2024. And New York State lost 121,000 people on net to interstate migration in 2024, roughly 30 percent fewer than in 2023 (-177,000) and 60 percent fewer than in 2022 (-296,000).

The decline in residential mobility in 2024 was also evident in a slowdown in moves out of urban centers, which had accelerated during the pandemic. Net moves from dense urban counties like those of New York City declined for the third year in a row in 2024, down 17 percent for the year (**Figure 14**). Meanwhile, net moves into suburban counties also fell 16 percent in 2024, and gains in smaller metros and non-metro counties declined by 12 percent and 31 percent over the

past year, respectively, according to the PEP. Nevertheless, net domestic migration into non-metro counties and smaller metropolitan areas remained elevated relative to pre-pandemic levels, continuing trends that started in 2021, due in part to increases in remote work and retirement moves by baby boomers to more rural areas.

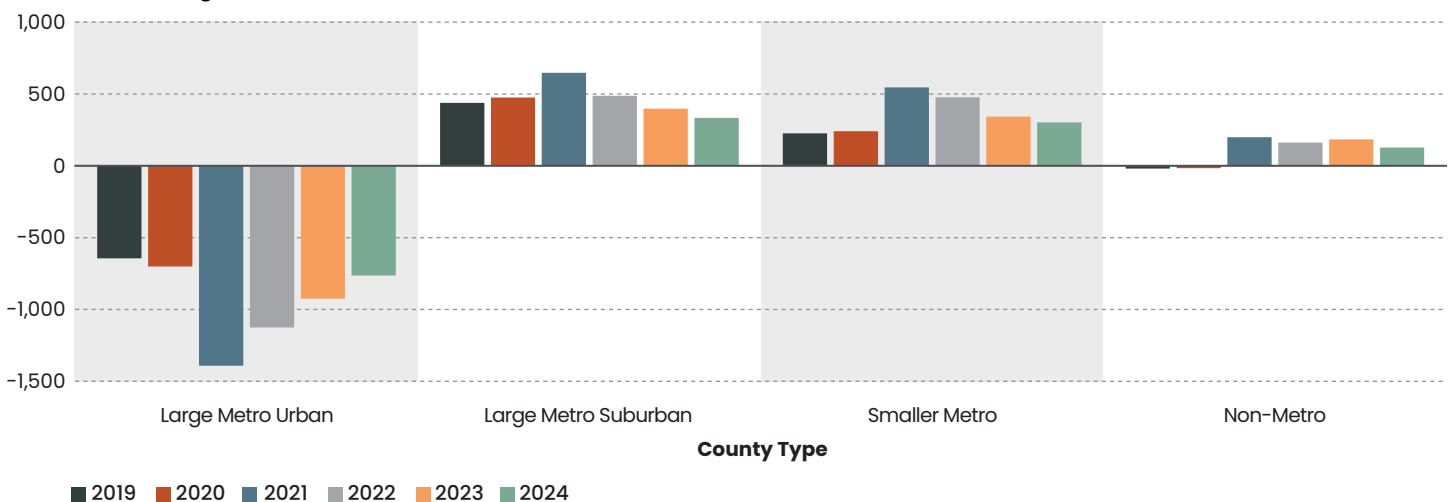
Economic Uncertainty Constrains Housing Demand

The combination of strong economic growth and tight labor markets has supported robust housing demand over the past decade. Despite setbacks during the pandemic, real household incomes rose 12 percent between 2013 and 2023, according to ACS data. Median personal incomes also jumped by an inflation-adjusted 20 percent per the CPS, helping to fuel housing demand. Personal income growth was fastest for young adults, with incomes up 24 percent for those aged 25–34. This trend was particularly beneficial in supporting the rebound over the previous decade in household formations by young adults.

Figure 14

Urban Counties Are Losing Fewer People to Suburban and Rural Areas

Net Domestic Migration (Thousands)



Note: Urban counties have at least 2,000 tract-weighted households per square mile, and large metro areas have at least 1 million residents.

Source: JCHS tabulations of US Census Bureau, Population Estimates Program.

Figure 15

Consumer Sentiment Has Dropped to a Near All-Time Low

Index of Consumer Sentiment



Note: Estimate for May 2025 is preliminary.

Source: University of Michigan, Survey of Consumers.

Other key metrics of household financial well-being also improved markedly over the past decade. The household poverty rate declined, dropping from 14.3 percent in 2013 to 11.2 percent in 2023, according to the CPS. And aggregate household wealth has almost doubled in the past decade, from \$82 trillion in fourth-quarter 2014 to \$160 trillion in fourth-quarter 2024, according to the Federal Reserve. However, fully 71 percent of this growth was among the top 20 percent of households by income. The top 1 percent gained more than \$18.8 trillion, while the aggregate wealth for the bottom 60 percent grew by \$13 trillion, driven by two extended periods of exceedingly tight labor markets.

However, as of early 2025, uncertainty is growing regarding the future direction of the economy. The Index of Consumer Sentiment, conducted by the University of Michigan to measure attitudes toward the economy, tumbled in early 2025 over worries about the economic impact of tariffs. The index is now at its second-lowest point on record since 1952 and lower than at any time during the Great Recession (**Figure 15**). Continued and deepening economic uncertainty itself is seen as a leading indicator of economic performance and could undercut housing demand by inspiring people to postpone household formations, residential moves, home purchases,

remodeling projects, and similar outlays. Such deferrals would contribute to and be compounded by a slowdown in the housing market and an actual economic downturn.

The Outlook

Demand for new housing faces severe headwinds in both the short and the long terms: an aging population, plunging immigration, slowing birth rates, decelerating residential mobility, and growing economic uncertainty. Affordability challenges could further dampen demand by hindering household formation, especially among younger adults and people of color, two populations that have fueled demand in recent years. The slowdown in household growth will be felt unevenly around the country, depending on natural population changes and net domestic and international migration. As other sources of population growth contract, domestic migration will become an even more important driver of changes in population and household growth. The substantial increase in the number of older adult households will have important implications not only for household composition but also for the housing stock, which generally lacks the accessibility features required to meet the changing needs of older householders.

HOMEOWNERSHIP

The recent surge in homeownership has stalled. The homebuying boom has slowed, and homeownership rates have dropped for the first time in eight years in response to ever-increasing home prices, elevated interest rates, and an extremely limited supply of inventory. Rising insurance premiums and property taxes are pushing up the number of cost-burdened homeowners, especially among those with low incomes, including many older adults. Still, home equity levels remain near record highs, a testament to both the potential wealth benefits of homeownership and the urgent need to ensure widespread access by addressing the affordability crisis.

Homeownership Rates Are Faltering

The growth of homeowner households slowed sharply in 2024. After increasing by an average of 1.5 million per year between 2016 and 2023, the number of homeowner households rose by just 613,000 in 2024 to 86.5 million (Figure 16). The past year's gains were

roughly half the 1.25 million added in 2023 and the lowest annual increase since 2016.

With fewer new homeowners, the US homeownership rate declined in 2024 for the first time since 2016, down 0.3 percentage points to 65.6 percent. Rates continued declining to 65.1 percent in the first quarter of 2025.

Figure 16

Homeowner Household Growth Slowed, Reducing the Homeownership Rate



Note: Estimates for 2020 are omitted due to data collection issues experienced during the pandemic.
Source: JCHS tabulations of US Census Bureau, Housing Vacancy Surveys.

Younger households, the fastest-growing group of homeowners in recent years, were especially hard hit. While homeownership rates remained relatively unchanged in 2024 for households age 45 and over, the homeownership rate dropped 1.4 percentage points to 37.1 percent among households under age 35, and 0.8 percentage points to 61.8 percent for households aged 35–44. These declines illustrate the toll of the affordability challenge on younger households, many of whom are priced out by home price appreciation, elevated interest rates, and limited inventory.

The slowdown also ended a series of gains in Black and Hispanic homeownership rates. Between 2016 and 2023, Black and Hispanic homeownership rates increased by 4.4 percentage points and 3.4 percentage points, respectively, as compared to 2.4 percentage points for white households. While this slightly narrowed the massive racial homeownership rate gaps, that progress has stalled. Homeownership rates have since slipped 0.1 percentage points for both white and Black households and declined 0.5 percentage points for Hispanic households. As of 2024, 74.2 percent of white households own their homes, as compared to 46.5 percent of Black households and 49.0 percent of Hispanic households. The resulting 27.7 percentage point gap in homeownership rates between white and Black households exceeds the 27.4 percentage point gap recorded in 1994 (the year the data series originated). Such persistent racial and ethnic homeownership disparities will suppress homeownership rates going forward as larger shares of household growth come from households of color.

Homebuyer Costs Continue to Rise

Homebuyer costs increased again in 2024 as sustained home price appreciation and stubbornly high interest rates pushed homeownership further out of reach for millions of households. Nationwide, the median existing single-family home sales price rose 4.7 percent in 2024 to \$412,500, according to NAR. Meanwhile, interest rates remained elevated, further driving up homebuying costs. The interest rate on the 30-year mortgage

began 2024 at 6.6 percent and temporarily dropped to 6.1 percent in September in anticipation of a rate cut by the Federal Reserve. However, by January 2025 the rate had jumped to 7.0 percent as inflation fears persisted. Despite these fluctuations, the average weekly 30-year interest rate in 2024 changed little from 2023, down from 6.8 percent to 6.7 percent, a decline too small to offset the increased costs from home price appreciation. Indeed, after rising over \$1,000 between 2021 and 2023, the average monthly mortgage payment on the median-priced home grew another \$90 in 2024, to \$2,570, well above the \$1,445 payment averaged just three years earlier (**Figure 17**).

The high costs of homebuying are felt in metro areas across the country. Total monthly payments on the median-priced single-family home grew between the first quarter of 2024 and the first quarter of 2025 in 86 percent of markets covered by NAR. In these metros, the average increase was 6 percent over the past year and 74 percent since the first quarter of 2021. These substantial increases over the past four years have

Figure 17

Homebuying Costs Continue to Rise

| | 2021 | 2023 | 2024 |
|-----------------------------|---------|---------|---------|
| Interest Rate (Percent) | 2.96 | 6.81 | 6.72 |
| Median Home Price (Dollars) | 357,100 | 394,100 | 412,500 |
| Downpayment & Closing Costs | 23,210 | 25,620 | 26,810 |
| Total Monthly Costs | 2,050 | 3,150 | 3,270 |
| Mortgage Payment | 1,445 | 2,480 | 2,570 |
| Other Costs | 600 | 670 | 700 |
| Required Annual Income | 79,330 | 121,860 | 126,670 |

Notes: Closing costs assume a 3.5% downpayment and 3% additional fees. Mortgage payments are based on a 30-year fixed-rate loan. Other costs include 1.15% property taxes, 0.35% property insurance, and 0.55% mortgage insurance fees. Required annual income assumes a 31% debt-to-income ratio. Source: JCHS tabulations of Freddie Mac, Primary Mortgage Market Surveys; NAR, Existing Home Sales.

been widespread across all metros, ranging from 39 percent in Peoria, Illinois, to fully 127 percent in New Bern, North Carolina.

First-Time Buyers Are Being Priced Out

As homebuying costs have increased, fewer households are able to afford homeownership. Today, a typical first-time homebuyer needs an annual income of at least \$126,700 to afford payments on the median-priced home (\$412,500), assuming a 31 percent housing debt-to-income ratio and a 30-year mortgage with a 3.5 percent downpayment. By comparison, that same buyer would have needed an annual income of \$79,300 in 2021. The growth of this income threshold effectively prices out the roughly 8 million renter households with incomes between \$79,300 and \$126,700, more than halving the number of income-eligible renter households from one in three (14 million households) to one in seven (6 million households). Most of these previously eligible renters are aged 25–44 and in their traditional prime home-buying years.

Buyers can reduce their monthly mortgage payments by providing larger downpayments. But as home prices have risen, so, too, have downpayments, further constricting access to homeownership. Continuing with the lending scenario described in the previous paragraph, a first-time homebuyer would need to provide \$26,800 in cash to cover the downpayment and 3 percent closing costs. Roughly 12 percent of renters can meet this requirement, according to the 2022 Survey of Consumer Finances. Should the buyers wish to make a 20 percent downpayment, they would need to provide \$95,000 in cash—an amount only 4 percent of renters possessed in 2022. Perhaps it is unsurprising, then, that a quarter of first-time buyers in 2024 reported using a gift or loan from family or friends to afford their downpayment, according to NAR.

In this environment, first-time homebuying remained constrained to older, higher-income households in 2024. According to the Urban Institute, the number of first-time homebuyer loans originated in 2024 dropped by 18 percent from the pre-pandemic level of 2019 and 32 percent from the recent peak in 2021. Concurrently, the median age of a first-time homebuyer hit a record-high 38 in 2024, and the median annual household income of first-time buyers was \$26,000 higher than it was just two years earlier, according to the NAR 2024 Survey of Buyers and Sellers.

The ever-growing affordability barrier has disproportionately priced out Black and Hispanic households. Continuing with the same lending terms described previously, just 7 percent of Black renters (0.6 million households) and 11 percent of Hispanic renters (1.1 million households) could afford payments on the median-priced home in 2024, compared to 15 percent of white renters (3.3 million households). Between 2021 and 2024, the number of income-eligible Black and Hispanic renter households dropped by 65 percent and 62 percent, respectively, versus a decline of 55 percent for their white counterparts.

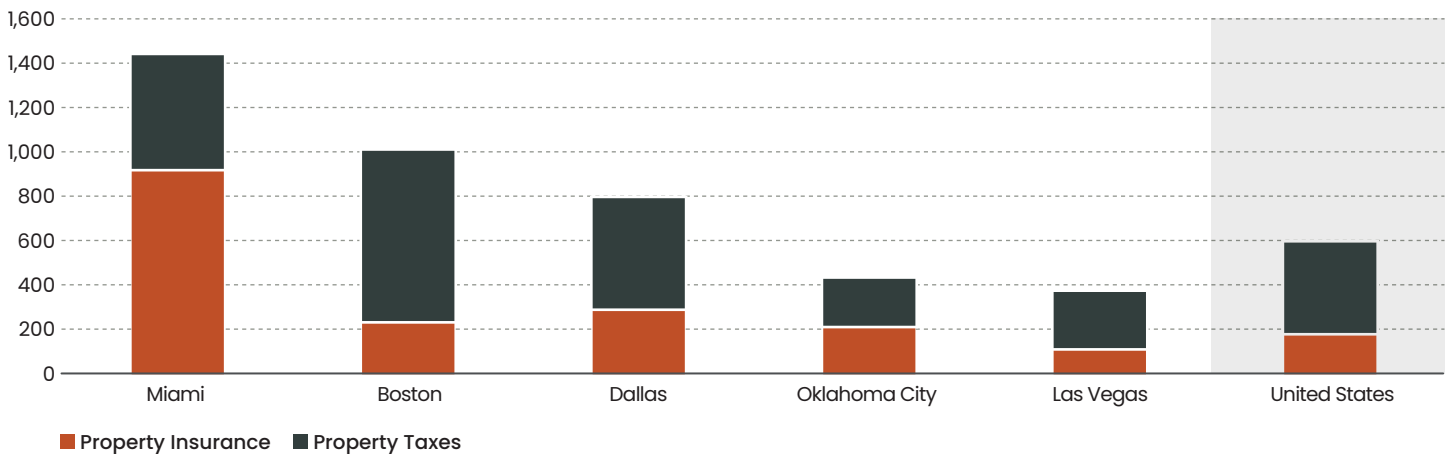
Homeowners Are Facing Growing Costs, Too

Similar to homebuying, homeownership is becoming more expensive, driven by sharp increases in home insurance premiums and property taxes. Home insurance costs have surged in response to rising replacement costs, industry and regulatory changes, and an increasing vulnerability to climate-related disasters. According to Freddie Mac, the average annual homeowner insurance premium grew by 14 percent (\$211) in 2024 alone and by 57 percent (\$636) over the past five years, to \$1,761 in 2024. That said, coverage costs vary widely by market, with the highest premiums associated with the areas most at risk of weather-related disasters. Premium rates range widely, from \$2.90 per \$1,000 of coverage in Las Vegas to \$17.20 per \$1,000 in Miami, according to the ICE Mortgage Monitor. For a median-priced Miami home purchased in the first

Figure 18

In Some Markets, Taxes and Insurance Costs Exacerbate Unaffordability

Monthly Costs on the Median-Priced Home (Dollars)



Note: Costs are based on applying metro area property insurance and tax rates to the metro area median sales price for single-family homes in 2025:1.
 Source: JCHS tabulations of ICE Mortgage Monitor, March 2025; NAR, Existing Home Sales; US Census Bureau, 2023 American Community Survey 1-Year Estimates.

quarter of 2025, this translates into an annual payment of more than \$11,000, or \$920 per month (**Figure 18**). The pace of increases also varies significantly by geography. In 2024 alone, annual premiums grew by as much as \$606 on average in Dallas and \$484 in Minneapolis, which was a shock to many homeowners.

Property tax payments are also up, a consequence of rising home values. Nationwide, average property tax payments increased 12 percent (\$455) between 2021 and 2023 to \$4,380, with state average increases ranging from 5 percent (Rhode Island) to 37 percent (Wyoming), according to the ACS. Likewise, statewide average annual property tax payments varied widely, from \$1,100 (Alabama) to \$10,100 (New Jersey) in 2023, with effective tax rates between 0.4 percent (Hawaii) and 2.1 percent (New Jersey) of estimated property values. As with insurance premiums, these increases can strain household budgets.

More Owners Are Cost Burdened

The growing cost of homeownership is pushing up the number of cost-burdened homeowners, those who spend more than 30 percent of household income

on housing and utilities. As of 2023, nearly a quarter (24 percent) of all homeowners are cost burdened. That year alone, the number of burdened homeowner households rose by 646,000 to 20.3 million. This latest annual increase confirms the reversal of a nearly 10-year trend of consistent declines in homeowner cost burdens between 2010 and 2019. The number of burdened homeowners is now up by 3.6 million households since 2019 and the cost-burden rate is 2.5 percentage points higher.

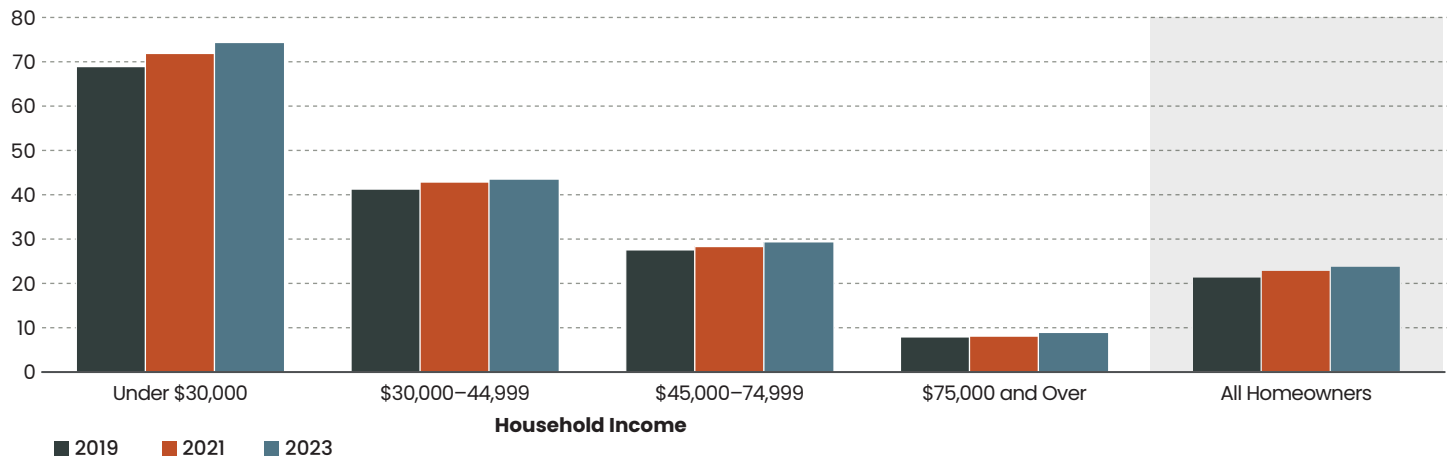
The recent growth in owner cost burdens has been widespread across metros, with increases since 2019 in 93 of the 100 largest metro areas. Much of the most significant growth was in areas that have traditionally been more affordable. Metros such as Milwaukee, Scranton, and Oklahoma City, which had homeowner burden rates under 20 percent in 2019, saw their share of burdened homeowners grow by greater than 5 percentage points between 2019 and 2023, more than twice the national rate during the same period.

Still, burden rates generally mirror home prices: highest in the costliest markets, lower in more affordable ones. As of 2023, homeowner cost burdens in Miami, one

Figure 19

Cost-Burden Rates Are Highest and Rising Fastest for Lower-Income Homeowners

Share of Homeowner Households with Cost Burdens (Percent)



Notes: Household incomes are adjusted for inflation using the CPI-U for All Items. Cost-burdened households spend more than 30% of income on housing and utilities.

Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

of the nation’s most expensive markets, topped the country’s 100 largest metropolitan areas at 35 percent. New York City and Honolulu also appeared in the 10 most cost-burdened metros, with rates of 32 and 31 percent, respectively. California was home to 6 of the top 10 metros with the highest homeowner cost-burden rates, with over 30 percent of owners burdened in Los Angeles, Riverside, San Diego, Bakersfield, Oxnard, and Stockton. With the exception of Bakersfield, each of these metros had median home prices far greater than those of the nation.

The burden of higher housing costs is felt mainly by owners with lower incomes (**Figure 19**). Nearly half (1.6 million) of the 3.6 million increase in burdened homeowners between 2019 and 2023 was among households with annual incomes under \$30,000. By 2023, 8.0 million, or nearly three-quarters (74.2 percent) of the 10.9 million homeowners in this income bracket were burdened, including more than half (55.0 percent) who were severely burdened, spending more than 50 percent of household income on housing and utilities. This is the highest burden rate for homeowners with low incomes on record dating back over twenty years.

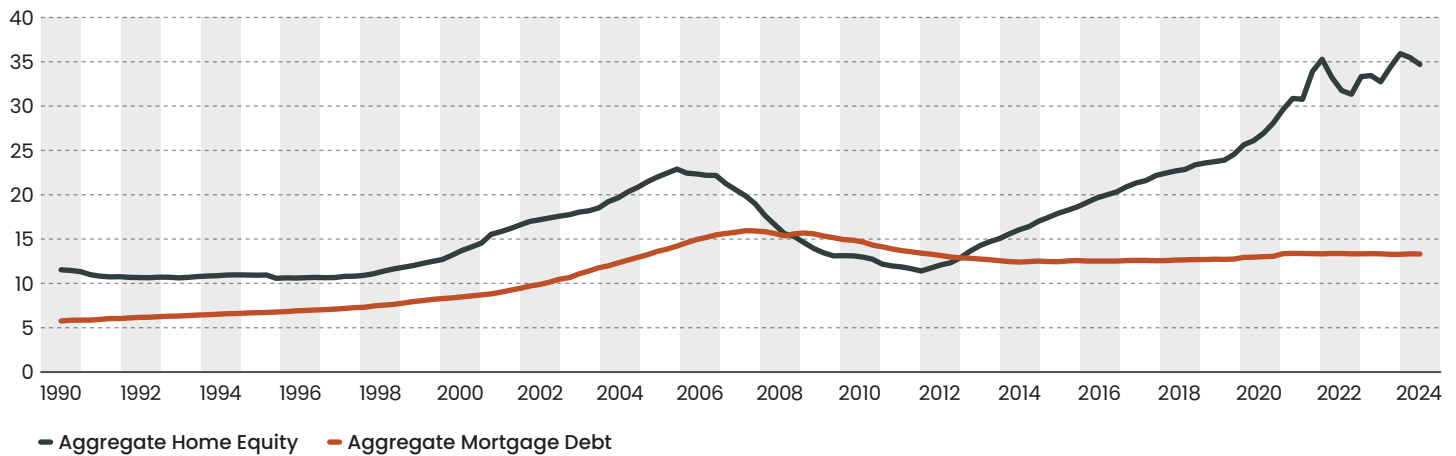
Burdens are also rising sharply among older households. Between 2019 and 2023, the number of cost-burdened homeowners age 65 and over rose by 1.7 million to 7.9 million households. This increase lifted the cost-burden rate for older adult homeowners from 24.2 percent in 2019 to 27.6 percent in 2023. Because older adults are more likely to live in older homes that require more maintenance, those who are cost burdened may not be able to maintain the upkeep, thus jeopardizing their health, safety, and ability to remain in their communities as they age.

Homeowners of color face higher than average cost-burden rates. Nearly a third of Black homeowners (32 percent) and 29 percent of Hispanic homeowners, as well as 26 percent of Asian, 25 percent of multi-racial, and 24 percent of Native American homeowners, were burdened in 2023, compared to 22 percent of white homeowners. These differences reflect ongoing racial inequities in incomes, wealth, and housing costs, themselves driven by a multitude of historical and current factors.

Figure 20

Home Equity Levels Are Near Record Highs

2024 Dollars (Trillions)



Note: Homeowner equity and mortgage debt are adjusted for inflation using the CPI-U for All Items Less Shelter.
Source: JCHS tabulations of Federal Reserve Board, *Financial Accounts of the United States*.

Some Owners Have Secured Massive Gains

Even as an increasing number of homeowners are cost burdened, many others are growing wealthier. Rising home values have helped millions of homeowners build a significant amount of home equity. In the fourth quarter of 2024, homeowner equity averaged a near-record high of \$35 trillion, or roughly \$400,000 per household. Gains have moved in tandem with the surge in home values, and real total equity has risen 41 percent since 2020 (**Figure 20**). Nationwide, aggregate homeowner equity is now more than double the aggregate mortgage debt level of \$13.3 trillion.

Many homeowners are also benefiting financially from the historically low interest rates available in 2020 and 2021. In the fourth quarter of 2024, the average market rate for a 30-year fixed-rate mortgage was 6.63 percent. Yet 77 percent of outstanding mortgages during that period carried interest rates of 5 percent or lower, including 45 percent with rates of 3.5 percent or lower, according to the Urban Institute. Although some of these lower-rate loans enabled purchases by borrowers who could not afford a home at higher

rates, many more were refinances by homeowners who capitalized on the opportunity to lower their mortgage costs. Indeed, the large volume of refinances drove down the median homeowner housing costs by 2 percent in real terms between 2013 and 2023, better positioning them to manage the recent increases in property taxes and insurance premiums.

However, such financial benefits have not been shared equally. For homeowners with annual incomes under \$30,000, median real housing costs rose 4 percent and median income declined by 9 percent between 2013 and 2023. Consequently, this income group's residual income—the amount left over after paying for housing and utilities—dropped 23 percent over the decade and has likely fallen further in recent years as insurance premiums and property taxes have risen.

Equity levels, too, remain highly uneven among homeowners, especially by race and ethnicity. According to the 2022 Survey of Consumer Finances, median home equity for white homeowners was fully \$82,000 (67 percent) higher than for Black homeowners, and \$70,000 (52 percent) higher than for Hispanics.

In this environment, delinquencies among financially vulnerable borrowers are inching upward. In 2024, loan performance declined for both Federal Housing Administration (FHA) and Veterans Affairs (VA) loans, mortgage products more heavily used by borrowers with lower incomes and credit scores. According to the Urban Institute, serious delinquency rates on FHA loans rose from 3.5 to 4.4 percent between May and December 2024, while those for VA loans jumped from 2.1 to 2.6 percent during the same period. Both loan portfolios now have serious delinquency rates greater than the FHA's 3.5 percent and the VA's 1.9 percent from the fourth quarter of 2019.

By contrast, serious delinquencies on GSE (government-sponsored enterprise) loans, which serve a wider range of homebuyers, often with higher annual incomes and credit scores, rose just 0.1 percentage points between May and December 2024. The rates for Freddie Mac (0.59 percent) and Fannie Mae (0.56 percent) loans both remained below their respective pre-pandemic values of 0.60 percent and 0.65 percent. This disparity in loan performance is yet another indicator of the disproportionate impact of the affordability crisis on households with more tenuous financial footing.

The Outlook

Left unaddressed, the high costs of homebuying will further reduce the growth in homeowner households and lower homeownership rates in the next decade. To

simply maintain current homeownership rates would require increasing first-time homebuying options for younger households, households with more modest incomes, and the millions of households of color that constitute growing shares of the younger generations.

Meanwhile, the ever-increasing costs of homeownership will further strain the millions of homeowners who are already cost burdened, particularly older homeowners and those with limited incomes. Projected growth in the number of older homeowners will likely increase the number who struggle to afford, maintain, and adapt their homes to address their changing needs, including potential accessibility modifications.

Homeowners of all ages may also need assistance to prepare their homes for the increasing possibility of natural disasters and to repair any associated damage. Policies to minimize increases in insurance and energy costs and reduce property tax burdens and other nonmortgage costs will be crucial to preserving homeownership, as will direct assistance to financially vulnerable households.

Increases in mortgage delinquency rates have thus far remained limited mostly to FHA and VA loans but may become more widespread in the future. With so many households in precarious financial positions, a downturn in the economy would further constrain homeowners' ability to make timely mortgage payments and could necessitate additional supports.

RENTAL HOUSING

As the number of renters facing affordability challenges climbs, cost burdens hit another record high in 2023. Lower-income renters have ever-less money to pay for non-housing essentials. Nevertheless, rental demand remained strong last year, particularly among higher-income households unable to transition to homeownership. Still, the dwindling supply of low-rent units limits more affordable options. Some relief could come from the recent wave of multifamily completions. However, persistent operating challenges and high interest rates are slowing multifamily starts.

Rental Unaffordability Hits All-Time High

For the third consecutive year, the number of cost-burdened renter households set a new high at 22.6 million in 2023. This is an increase of 2.2 million since 2019 and 7.8 million since 2001. The number of severely burdened renters also broke all previous records at 12.1 million households.

Consequently, the share of renters with affordability challenges has increased significantly, up 3.2 percentage points since 2019 and 9.0 percentage points since 2001. Half (50 percent) of renters were burdened in 2023, including 27 percent with severe burdens. This is just shy of the record-high 51 percent of renters who were cost burdened in 2011 in the aftermath of the Great Recession.

As rental unaffordability has worsened, cost burdens have become more prevalent nationwide. Between 2019 and 2023, the share of burdened renters increased in 43 of 50 states and in 89 of the nation's 100 largest metro areas. As a result, more than 50 percent of renters are cost burdened in 13 states and in exactly half of large metro areas.

Affordability challenges are most common in Florida and Western states, home to some of the biggest rent increases in recent years. Among the 100 largest metro areas, the 5 markets with the highest renter burden rates are in Florida, including Cape Coral (65 percent) and Miami (63 percent). Burdens are also exceedingly high (57–58 percent) in New Orleans, Riverside, and San Diego. Even in the metros where burden rates are lowest—Des Moines, Pittsburgh, and Wichita—42 percent of renters were cost burdened, as were 39 percent of renters in non-metro areas with significantly lower housing costs, reflecting the scope of the affordability crisis.

Renter Cost Burdens Move up the Income Scale

Though widespread, affordability challenges remain especially pervasive for renters with lower incomes. As of 2023, 83 percent of renters earning under \$30,000 are cost burdened, up 1.5 percentage points since 2019 and 5.2 percentage points over the past two decades. Among these households, two-thirds (67 percent) have severe burdens.

That said, burdens have risen most dramatically for renters toward the middle of the income scale as housing costs have grown faster than income. In 2023, fully 70 percent of renters earning \$30,000 to \$44,999 were burdened, an increase of 3.5 percentage points since 2019 and 15.0 percentage points since 2001 (Figure 21). Additionally, cost burdens have doubled to 45 percent since 2001 for households earning \$45,000 to \$74,999.

Even many higher-income renters have felt the strain of growing costs. In 2023, 13 percent of renters with incomes of \$75,000 and over were burdened, up considerably in recent years. Steady employment also increasingly fails to buffer against the increasing costs. Fully 36 percent of renter households headed by someone working full time—at least 35 hours per week for 50 weeks in the prior year—were cost burdened in 2023, up from 25 percent in 2001.

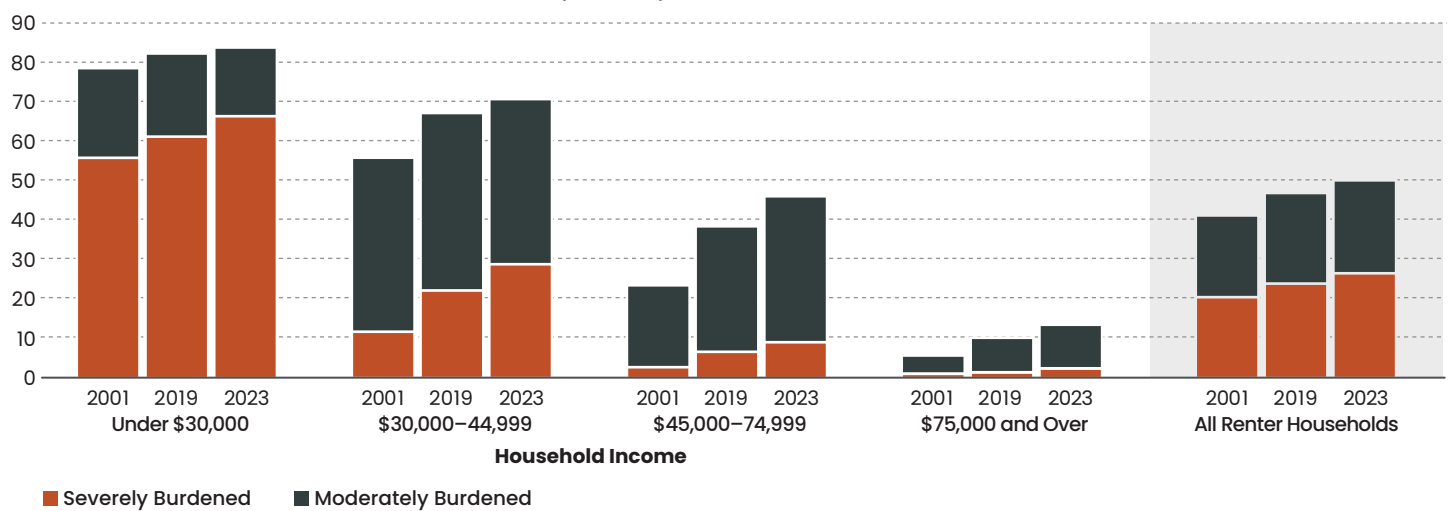
Still, affordability challenges disproportionately impact more vulnerable renters, including those with disabilities, who are less likely to secure full-time work, and older adults, who are more likely to live on a fixed income. In 2023, 60 percent of renter households headed by someone with a disability were cost burdened, compared to 47 percent of those without. Likewise, 58 percent of renters age 65 and older were cost burdened, compared to 46 percent of those aged 25–54.

Cost burdens are also disproportionately high for renter households headed by a person of color, due at least in part to discriminatory policies and practices in housing, education, and employment. As of 2023, 57 percent of Black renter households are burdened, as are 53 percent and 50 percent of Hispanic and multiracial renters, respectively. Burdens are generally less common but still pervasive among Native American (43 percent), Asian (45 percent), and white (46 percent) renters.

Figure 21

Renter Cost Burdens Are Rising Fastest Among Middle-Income Households

Share of Renter Households with Cost Burdens (Percent)



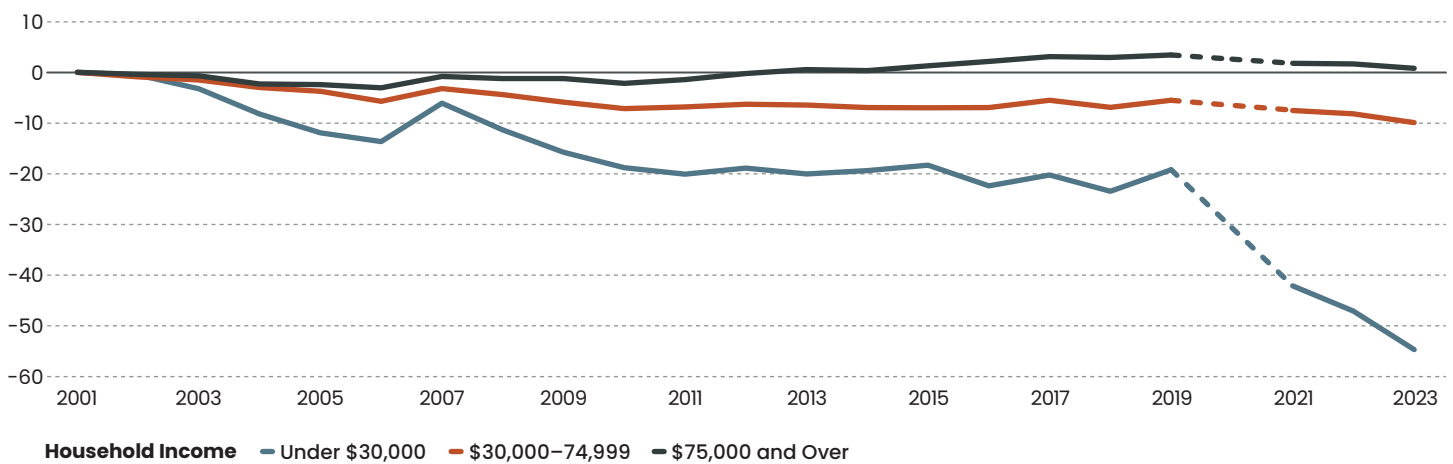
Notes: Household incomes are adjusted for inflation using the CPI-U for All Items. Moderately (severely) cost-burdened households spend more than 30% (more than 50%) of income on housing and utilities.

Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

Figure 22

Lower-Income Renters Have Experienced a Sharp Drop in Funds Left Over After Paying for Housing

Change in Residual Income Since 2001 (Percent)



Notes: Household incomes and residual incomes are adjusted for inflation using the CPI-U for All Items. Households that are not required to pay rent are excluded. Data for 2020 are based on 2019 and 2021 values due to data collection issues experienced during the pandemic. Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

Residual Incomes Continue to Fall

As rents have grown, household residual incomes—the amount left over after paying for housing and utilities—have fallen, in some cases to record lows. In 2023, renters with annual household incomes under \$30,000 had a median of just \$250 per month in residual income to spend on all other necessities, down 55 percent since 2001, with particularly steep declines since the pandemic (**Figure 22**). By comparison, households earning \$30,000 to \$74,999 saw their residual incomes fall 10 percent to \$2,700, while residual incomes for households earning at least \$75,000 increased a modest 1 percent to \$7,500.

With residual incomes largely falling, households increasingly struggle to afford other basic needs. Nearly two-thirds (65 percent) of working-age renters cannot cover their non-housing necessities, according to a Center analysis using spending estimates from the Economic Policy Institute. Many households are forced to make tough trade-offs to pay the rent, spending less on healthcare and food or relocating to unsuitable housing or neighborhoods far from transit, employment, or social networks.

Rental Demand Is Surging

Renter household growth was strong in 2024, up by 848,000, according to the Housing Vacancy Survey (**Figure 23**). Robust growth continued into 2025 as the number of renter households increased annually by 1.1 million to 46.1 million renters in the first quarter. This is nearly as high as the peak growth levels of the 2010s and pushed up the share of households that rent by 0.5 percentage points year over year to 34.9 percent.

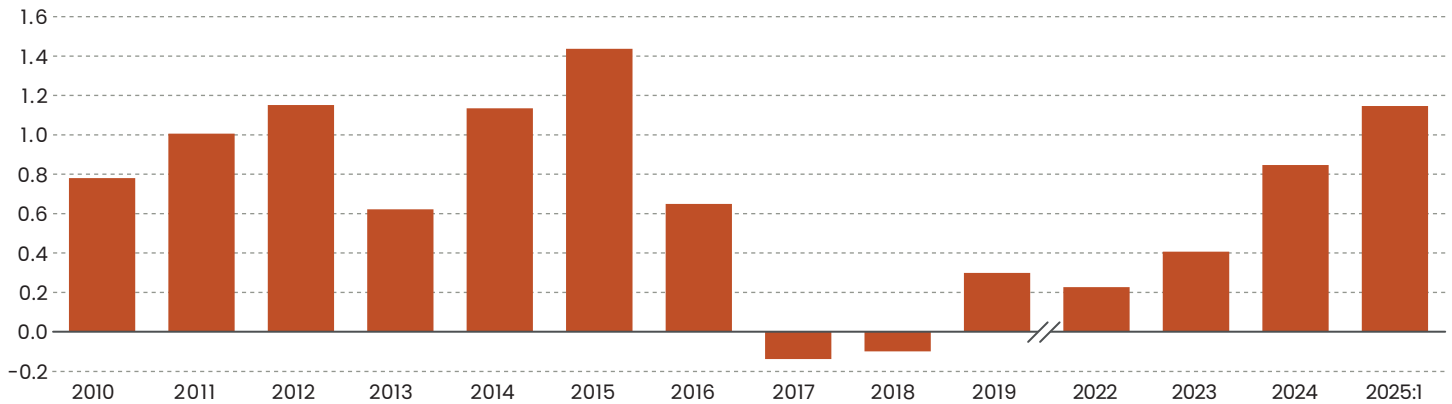
Rental demand was especially strong in the professionally managed apartment sector, where the growth in renters outpaced new construction. According to RealPage, an additional 663,000 households moved into professionally managed apartments in 2024, triple the 219,000 that relocated to such units in 2023. This signifies the sector’s biggest year of growth on record dating back to 2000, except the 2021 boom. The number of apartment renters continued to grow substantially through the first quarter of 2025.

Many factors have fueled demand for rental housing, including a robust labor market, rising incomes, and moderating inflation that has enabled household

Figure 23

Renter Household Growth Continues to Increase

Annual Change in Renter Households (Millions)



Note: Estimates for 2020 and 2021 are omitted due to data collection issues experienced during the pandemic.
Source: JCHS tabulations of US Census Bureau, Housing Vacancy Surveys.

formation, and remains an attractive option, offering amenities, flexibility, and locational choice. Demand is also driven by affordability challenges in the for-sale market that have suppressed homebuying. This is especially true among more affluent renters, whose ranks have ballooned as interest rates have risen. According to Center tabulations of the latest ACS, the number of renter households earning at least \$75,000 increased by 7.8 percent (1.1 million households) in 2023, continuing a longer-term trend briefly interrupted by the pandemic. These higher-income renters represented a record-breaking 33 percent of all renter households in 2023, up from 26 percent in 2013, after adjusting for inflation.

Many households in prime first-time homebuyer age cohorts are also continuing to rent. In 2023, people aged 35–44 were the fastest-growing group of renters, increasing 2.6 percent year over year. That said, gains of 2.0 percent and 0.8 percent, respectively, were also seen among those age 65 and over and under age 35. In contrast, the number of renter households aged 45–64 declined 0.6 percent.

While much of the most recent growth among renter households is among people who traditionally would be transitioning to homeownership, renter household growth has been strongest for older and younger renters over the past five years. Between 2019 and 2023, the number of renter households age 65 and older increased by 8.1 percent as baby boomers continued to age into older adulthood, and those under age 35 increased by 6.4 percent as Gen Z renters entered peak years for forming households. By contrast, the number of renter households aged 35–44 grew much more slowly, by 3.7 percent during the same period, while those aged 45–64 dropped by 2.6 percent.

The Higher-Rent Stock Is Growing

The number of higher-rent units has increased dramatically in response to the growing population of higher-income renters, the limited rental supply, and the wave of new construction targeting the higher-end market. In 2013, units renting for \$1,400 to \$1,999 were 14 percent of the stock and those renting for at least \$2,000 were 8 percent. Ten years later, these higher-rent units accounted for 24 percent and 20 percent of all units, respectively. During this period, the number of units renting for at least \$1,400 after

Figure 24

Stock of Lower-Rent Units Declines Further



Notes: Rents are adjusted for inflation using the CPI-U for All Items Less Shelter. Units that are occupied but do not receive payment are excluded. Contract rents exclude utility costs.
 Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

adjusting for inflation more than doubled, including 5.5 million additional units renting for at least \$2,000 (Figure 24).

At the same time, the number of lower-rent units has fallen substantially. Though some low-rent units exit the stock through demolition or conversion to homeownership or other uses, many more are lost to rising rents. These losses are especially alarming given that many lower-income households rely on the rental market. In 2023, the median income for renter households was \$50,000, about half that of homeowners. About 24 percent of renters have a household income below \$24,000 but only 14 percent of units (6.5 million) rent for under \$600, the level affordable to these households using the standard benchmark of 30 percent of income.

The number of units renting for under \$600 declined by 2.5 million (28 percent) between 2013 and 2023. Even more units renting for \$600 to \$999 have been lost, down 5.0 million (32 percent) over the past decade. These declines have left a dearth of affordable options, exacerbating affordability challenges.

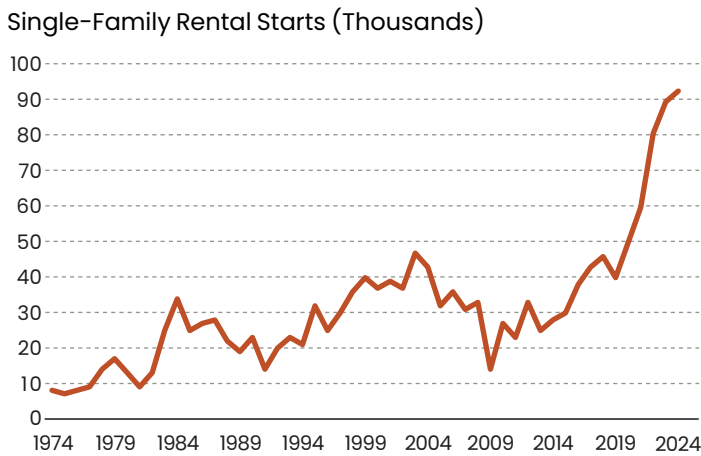
New Multifamily Supply Is Changing Markets

Fully 608,000 multifamily units came online in 2024, the most in nearly four decades, with the vast majority intended for the rental market. To be profitable, most of these units must command steep rents due to the high prices for land, building materials, and labor. According to the Census Bureau’s Survey of Market Absorption, the median asking rent for apartments completed in the fourth quarter of 2024 was \$1,900, affordable to a household earning \$76,000 annually. Over two-thirds of new apartments (68 percent) had asking rents of at least \$1,650, including 41 percent with asking rents above \$2,050. Absent subsidies, only higher-income renters can afford to live in these units.

New multifamily construction is often large buildings in denser urban areas where land is expensive and construction difficult, further driving up development costs. Since 2017, for example, more than half of apartment completions have been in multifamily buildings with at least 50 units. In 2024, two-thirds of multifamily development was permitted in large

Figure 25

Single-Family Rental Construction Hits a New Peak



Source: JCHS tabulations of US Census Bureau, *New Residential Construction*.

metro areas (compared to half of single-family construction), including 39 percent in denser core counties (compared to just 16 percent of single-family construction), according to the NAHB Home Building Geography Index.

Despite the higher rents, the supply surge can benefit households across the income spectrum. Markets with the most construction have experienced slower rent growth and, in many cases, outright declines as the new supply alleviates market pressures. Rents dropped in early 2025 an average of 2.5 percent in the 10 large metro markets that had the highest permitting rates between 2020 and 2023. By comparison, rents increased 2.9 percent on average in the 10 metros with the lowest permitting rates. The wave of apartment construction should have longer-term benefits as higher-income households move into newer apartments, freeing the existing stock for those with lower incomes. However, more housing is needed to moderate rent growth when housing markets are especially tight, like now.

Single-Family Rentals Are Gaining Ground

Single-family rental construction boomed during the pandemic and has remained elevated. Roughly 93,000 single-family rentals were started in 2024, a record high and more than double the 40,000 units started in 2019 (**Figure 25**). In fact, single-family units constituted an all-time high of 22 percent of rental starts last year.

Although single-family rental construction is soaring, single-family housing has long been an important part of the rental stock, providing larger homes more suitable to families and in neighborhoods that may lack rental housing options. At last measure in 2023, more than 14.2 million renter households (31 percent) lived in single-family homes.

Three-quarters of single-family rentals built between 2020 and 2023 had at least three bedrooms, compared to just 9 percent of newly constructed apartment units. As a result, the average number of people per new single-family rental was 2.7 in 2023, compared to 1.7 per new multifamily unit. New single-family rentals were also far more likely than new apartments to house children (38 percent versus 14 percent of households).

Single-family rentals are typically more affordable than their multifamily counterparts when accounting for the size of the unit, especially for construction built since 2020. On a per bedroom basis, the cost for new single-family rentals is about half that of a new apartment (\$730 versus \$1,340 per month) as of 2023. Still, single-family rentals tend to attract higher-income households because the larger unit translates to a higher monthly payment. In 2023, the median rent plus utilities was \$2,230 for new single-family rentals and \$1,850 for new multifamily units. Households in newer single-family rentals have higher incomes (\$86,700) than those living in newer apartment buildings (\$65,000), though far lower than those living in newly built owner-occupied single-family homes (\$125,000), despite similar household sizes.

Single-family rentals also provide housing in communities with few rental options. While single-family rentals constituted about a third of rental homes nationwide in 2023, they were a larger share in rural (45 percent) and suburban communities (35 percent) and are still a quarter (25 percent) of rentals in cities. Single-family rentals are also more common in lower-poverty neighborhoods, accounting for 38 percent of rental options in neighborhoods where the poverty rate is under 5 percent. And in rental deserts, where rentership rates are under 20 percent and rental housing options are scarcest, 59 percent of renter households live in single-family homes.

As investor activity in the single-family rental market increases, observers have voiced concerns that would-be homebuyers are losing the chance to purchase these properties. According to Cotality, investors bought nearly a third of single-family homes sold in the first quarter of 2025 (31 percent), much higher than the 19 percent purchased in the same quarter of 2019. Individuals struggle to compete with large investors that can buy homes with cash or more easily secure financing, close deals quickly, and purchase several properties in a single transaction. Such investors target modestly priced homes and have been especially active in growing Sun Belt markets. In response, lawmakers across several states have proposed legislation to prioritize sales to individuals.

Operating Challenges Strain Apartment Owners

The combination of high interest rates, increasing expenses, and the slowdown in rent growth has created challenges for many apartment owners. For example, operating expenses rose further in 2023, according to the National Apartment Association. Insurance costs remained a substantial driver of the growth, up 26 percent year over year and twice the previous year's rate. Other cost increases include repairs and maintenance (12 percent), administra-



According to Cotality, investors bought nearly a third of single-family homes sold in the first quarter of 2025.



tion (12 percent), property taxes (10 percent), and payroll (6 percent). And though management fees (4 percent) and utilities (1 percent) moderated, they also grew year over year.

Nevertheless, operating incomes continued to rise modestly. According to the National Council of Real Estate Investment Fiduciaries (NCREIF), net operating incomes increased 5.5 percent annually in the first quarter of 2025. This is slightly above the pace averaged over the past two years but well below the robust 24.6 percent growth experienced in 2021.

Together, rising costs and moderate income growth have dampened activity in the investment market. Apartment prices declined, though more slowly than in recent years. According to Real Capital Analytics, prices fell 0.9 percent annually in March 2025 after dropping 7.5 percent a year earlier. Falling apartment values also reflect rising capitalization rates as investors expect a greater return on equity to compete with growing treasury yields. According to NCREIF, cap rates for apartments rose from 3.7 at the start of 2023 to 4.4 in early 2025. However, they remain below other commercial real estate assets, such as offices and retail, signaling investors' willingness to accept a lower annual return from the multifamily market because of lower perceived risk.

Against this backdrop, transactions are subdued and loan refinancing is less readily available. Consequently, multifamily mortgage delinquencies increased again. The 30-day delinquency rate on commercial mortgage-backed securities (CMBS) rose year over year in the fourth quarter of 2024,

from 4.30 percent in late 2023 to 5.78 percent in late 2024, according to the Mortgage Bankers Association. Because CMBS tend to hold shorter-term loans, they are at greater risk of default in the face of rising interest rates. Still, delinquencies have also risen for mortgages held by the GSEs, though less swiftly, because their loans have longer terms and are thus less susceptible to the recent rate increase.

The current environment is also hindering new construction. Among developers experiencing delays in starts in the first quarter of 2025, 68 percent cited economic feasibility and 33 percent the availability of construction financing as a cause, according to a NMHC survey. By contrast, these challenges accounted for 18 percent and 7 percent, respectively, of delays in the first quarter of 2022, when interest rates were lower and competition from new development was more limited.

The Outlook

Following a wave of multifamily construction, the three-decade high in apartment completions has receded. Yet, demand for rental housing has picked up and should remain strong as Gen Z forms households and the high cost of homebuying prices out even those with higher incomes. Given these circumstances, rent pressures are likely to resume. These conditions could be more favorable to property owners, especially if interest rates moderate, again making rental construction more attractive. However, with unaffordability already at record highs and no relief in sight, the need to address rental affordability challenges has never been more urgent.

HOUSING CHALLENGES

The nation’s housing challenges are growing in urgency. Affordability has continued to erode for renters and homeowners, and a record-high number of people are unhoused. While increasing the housing supply will help to reduce the national shortage, modestly priced homes are especially needed. Affordability and supply problems are exacerbated by the increasing frequency and intensity of disasters. The pullback in federal resources amid rising economic uncertainty will only intensify these challenges and hamper state and local governments’ already-constrained efforts to address housing needs.

Preserving Rental Assistance

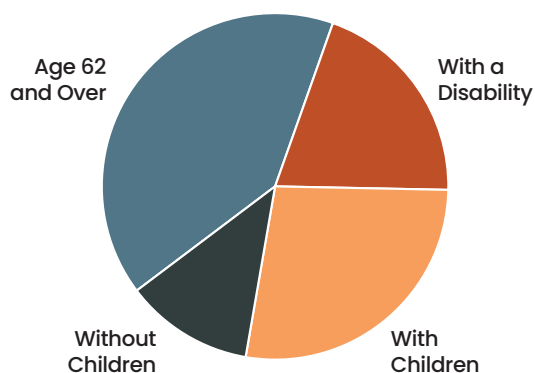
Renters with lower incomes face steep affordability challenges. Because rental assistance is not an entitlement, millions of income-eligible renter households go unassisted. At last measure in 2021, about 5.1 million

renter households earning no more than 50 percent of area median income received some form of rental assistance. That left about 14.2 million, or three out of every four, income-eligible renter households without help. This included a record-high 8.5 million unassisted renter households that were severely cost burdened or lived in severely inadequate housing.

Figure 26

Most Assisted Households Are Older, or Include Children or People with Disabilities

Share of HUD-Assisted Households (Percent)



Notes: Categories are based on the head of household or their spouse. Households age 62 and over may also have a disability or have children in the household. Households with a disability may also have children.

Source: JCHS tabulations of HUD, 2024 Public Use Microdata Sample.

Rental assistance is a lifeline for those who do receive it. On average, the subsidy reduces monthly rent payments to about \$430, allowing assisted households to pay a much lower share of income on rent than can be provided by the private market alone. The vast majority of these HUD-assisted households includes children, older adults, or a person with a disability (**Figure 26**).

Despite current shortfalls, federal resources have not increased enough to cover existing programs, and cuts to funding and staff may be on the horizon. Already, the continuing resolution passed in March that funds the federal government through September did not budget enough to cover renewals for all 2.3 million households that receive Housing Choice Vouchers. With rents projected to keep rising, the current funding level is expected to result in a net loss of 32,000 vouchers, despite the budget reflecting a slight increase over the previous year.

Similarly, funding levels are insufficient to address the estimated \$90 billion maintenance backlog for public housing, a program that serves 802,000 households. The Rental Assistance Demonstration (RAD) program enables public housing authorities to convert these units to longer HUD contracts that allow agencies to leverage additional funds for redevelopment. To date, nearly a quarter of a million public housing units have been converted to the HUD Section 8 funding platform through RAD. Even so, more funds are needed to retain the roughly 10,000 public housing units that HUD estimates are lost annually to disrepair.

Another crucial program is the Low-Income Housing Tax Credit (LIHTC), which since 1986 has financed the development or preservation of more than 3.8 million units for low-income households and contributes 100,000 to 150,000 apartments to the affordable stock each year. These units are intended to be affordable for at least 30 years. However, a loophole allows property owners to exit after the initial 15-year compliance period. Between 6,000 and 10,000 units are lost annually through this process, despite state agencies often requiring or incentivizing owners to participate for the full period.

In rural areas, the loss of USDA Section 515 units is an additional concern. The program finances apartments that are home to 375,000 households. Loans for new developments have not been issued since 2011, existing loans are nearing maturity, and prepayments are removing units from this stock. The Housing Assistance Council (HAC) estimates that about 2,000 units will exit the program each year through 2027, at which point the losses will increase to 16,000 units annually. Absent a substantial preservation effort, HAC estimates that all units will exit the program by 2050.

At a time of unprecedented need, current funding levels will not keep up with ever-increasing housing costs. Proposed budget cuts would severely weaken the housing safety net and further threaten the stability of the millions of households that rely on these crucial supports.

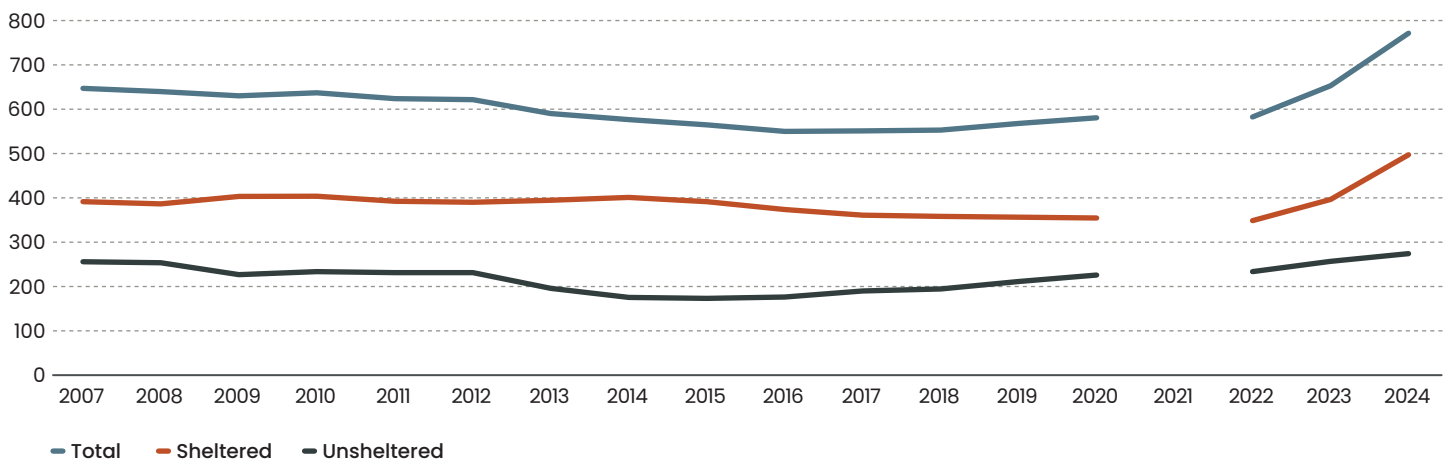
Stemming the Tide of Homelessness

A record-high 771,480 people experienced homelessness in January 2024, up 18 percent in just one year and 33 percent from January 2020 (**Figure 27**).

Figure 27

Homelessness Hits Another Record High

Number of People Experiencing Homelessness (Thousands)



Note: Because of the pandemic, complete unsheltered counts were unavailable in January 2021 and sheltered counts were artificially low due to reduced shelter capacity.

Source: JCHS tabulations of HUD, Annual Homeless Assessment Report Point-in-Time Estimates.

The number of people staying in shelters jumped by 25 percent last year to 497,260.

Some of the rise in homelessness may be temporary, resulting from the influx of migrants and asylum-seekers into shelters in cities like Boston, Chicago, and New York or from disasters like the Maui fires. But these factors alone cannot account for the growing homelessness across the country. Longer-term unaffordability is straining an already-taxed network of homelessness response providers. The steady and ongoing increase in both chronic and unsheltered homelessness, largely the product of market conditions, underscores this continued challenge.

An unprecedented 152,590 people were chronically homeless in 2024, nearly double the 2016 low. This count included people who have a disability and who have been homeless for at least a year or have experienced episodic homelessness during the last three years. The number of unhoused people staying in places not intended for human habitation also hit an all-time high of 274,220 after increasing each year since 2015.

Federal resources for homelessness are now in jeopardy, including \$3.6 billion awarded through the competitive Continuum of Care program, \$175 million to help communities develop affordable housing with services for people experiencing homelessness, and \$39.8 million in HUD-Veterans Affairs Supportive Housing. Though these funds have been awarded, disbursement has been delayed and remains uncertain.

While overall homelessness has increased, some places have successfully reduced homelessness using housing first principles, a strategy that emphasizes getting people into housing with supportive services before addressing mental health or substance abuse challenges. Houston managed a 33 percent decrease in unsheltered homelessness from January 2020 to 2024 through streamlined processes that move people into housing quickly and coordinate resource sharing across the region. Using a similar approach, Milwaukee County decreased its population of unhoused people

and saved \$3.5 million per year on health and criminal justice systems. Despite these successes, the federal government has signaled a move away from housing first policy, which could undermine many state, local, and nonprofit efforts to end homelessness.

The sharp rise in homelessness has led to growth in encampments across the country. Some communities have taken a punitive approach to addressing unsheltered homelessness, a trend that has only accelerated since the 2024 Supreme Court decision that enabled jurisdictions to penalize people experiencing homelessness. The ruling paved the way for more than 150 cities to pass laws that ban encampments. While homelessness encampments can pose public safety and health risks, prohibiting them without expanding shelter or affordable housing options harms those who are unhoused without solving underlying conditions.

Implementing State and Local Innovations

State and local governments play important roles in addressing housing needs, especially as the federal government contemplates a pullback in support. Nationwide, there are more than 800 state and local housing trust funds financing affordable housing, as well as more than 350 rental assistance programs. In 2024, eight localities passed ballot initiatives to levy lodging taxes in support of affordable housing, while three others increased or extended real estate transfer taxes. Additionally, bond issuances can fund affordable housing projects and assistance programs. Last year, voters approved more than \$640 million of these bonds. Multifamily private activity bonds can further boost financing for affordable homes and are often used in conjunction with LIHTC allocations. Such bond issuances hit a new record high of \$17.9 billion in 2022, according to the Council of Development Finance Agencies.

Other models for affordable housing have emerged, too. In Seattle, a measure passed early in 2025 taxes corporations in the city 5 percent on employee

compensation over \$1 million and is expected to raise about \$50 million annually to support the work of the Seattle Social Housing Developer. And Montgomery County, Maryland, has empowered its public housing agency to issue \$100 million in bonds to seed a revolving construction loan fund that will finance at least 6,000 new mixed-income units. Atlanta and Chicago are following a similar blueprint.

Some state and local efforts are responding to tenant calls for additional protections from sharp rent increases through legislative action. Laws passed in California, Oregon, and Washington, as well as in Saint Paul, Minnesota, restrict the rate at which property owners can increase rents, albeit with considerable exemptions for newer units. Meanwhile, San Francisco and Philadelphia prohibited algorithmic rent setting in 2024 over concerns about price fixing.

The ability of state and local governments to address the affordability crisis will be weakened by any decline in the federal resources that underpin many such efforts. The amount of funding states and cities can raise on their own pales in comparison to federal dollars provided through HUD programs and LIHTC.

Enabling an Increase in Supply

To help alleviate the housing shortage estimated at more than 1 million units, many states and cities are considering zoning reforms to remove barriers to new construction. California, Montana, and Vermont are among the states that have adopted sweeping legislation to allow small multifamily buildings in single-family districts. And Massachusetts has mandated that towns served by the Massachusetts Bay Transportation Authority designate a minimum area where multifamily homes are allowed by right.

Cities are also revisiting land-use policies. The Cambridge city council approved a zoning ordinance that allows four-story multifamily buildings by right in all residential areas. Austin enabled higher-density housing construction by reducing minimum lot sizes for single-family homes and adopting an inclusionary

zoning ordinance that grants density bonuses for projects with affordable unit set-asides. Additionally, New York City approved broad upzoning and reduced parking minimums with its City of Yes plan, which is expected to allow for an additional 80,000 homes over 15 years.

Zoning reforms, financing tools, and design assistance can also enable the construction of more modestly priced “missing middle” housing types like accessory dwelling units and small multifamily buildings. Fourteen states now preempt local limits on ADUs in some capacity. Concord, California, offers an innovative rebate of up to \$15,000 for homeowners adding ADUs. The rebate increases for those with deed restrictions that maintain affordability for low-income households. The Long Beach Backyard Builders Program provides no-interest loans for ADUs that will be rented to voucher holders or other individuals with low incomes, including family members or caregivers.

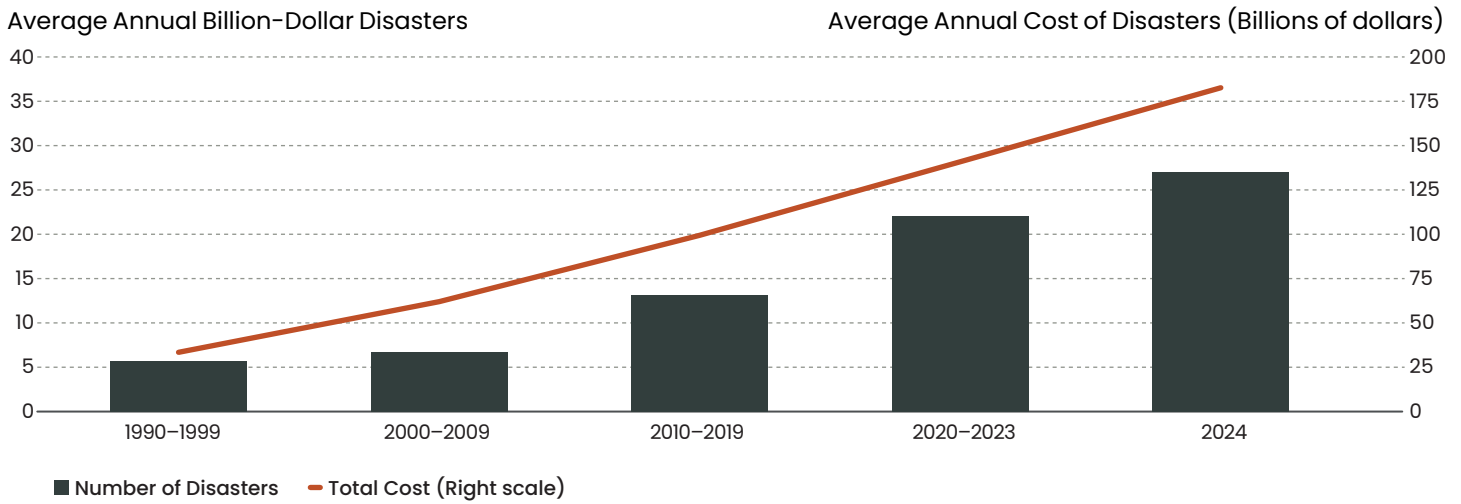
Cities and states have also removed other obstacles to missing middle housing. South Bend, Indiana, developed pre-approved plans for small apartments, townhomes, and stacked duplexes to encourage missing middle infill. Vermont similarly launched its Homes for All initiative to provide a toolkit for missing middle-housing that includes a builders’ workbook, a design guide, and neighborhood infill case studies.

Lower-cost off-site methods like modular or panelized construction can also encourage more modestly priced development. The Terner Center estimated that factory-built homes could reduce construction time by up to 50 percent, bringing down the cost of a three- to four-story multifamily building by as much as 20 percent. However, the up-front capital needed to establish factories and production makes it hard to expand off-site construction techniques. The current economic uncertainty makes ramping up even harder. Additionally, variations in state building codes can be difficult to navigate.

Similarly, manufactured housing is an established and efficient form of affordable housing that can

Figure 28

Climate-Related Disasters Are More Frequent and More Costly



Note: Costs are adjusted for inflation using the CPI-U for All Items.

Source: JCHS tabulations of National Oceanic and Atmospheric Administration, Billion-Dollar Weather and Climate Disasters.

reduce costs by as much as 65 percent compared to equivalent site-built homes. Shipments of manufactured homes have been low in recent decades. Zoning laws often prohibit placement in neighborhoods with single-family homes, typical chattel loan financing carries higher interest rates than traditional mortgages, and negative perceptions persist. Zoning reforms, financing tools, and events that showcase the features and aesthetics of modern manufactured homes are necessary to encourage widespread adoption.

Mitigating the Growing Cost of Disasters

The increasing frequency and severity of disasters are worsening the housing supply shortage. There were 27 billion-dollar weather and climate disasters in 2024, with damages totaling more than \$180 billion (**Figure 28**). More than 20,000 homes had major damage or were lost just from Hurricane Helene and the Palisades and Eaton wildfires.

In the wake of disasters, homes may be destroyed and rents can rise as displaced households seek temporary accommodations from an already-strained

stock. In 2023, more than 160,000 households had to move because of fires or other disasters, a process that can be particularly difficult for households with lower incomes and people with disabilities who may struggle to secure housing that meets their budget and needs. The Brookings Institution recently found that rents increase by about 6 percent after one disaster hits an area and by as much as 12 percent after three. These rent increases and stock losses can leave people homeless, creating a need for greater emergency shelter capacity.

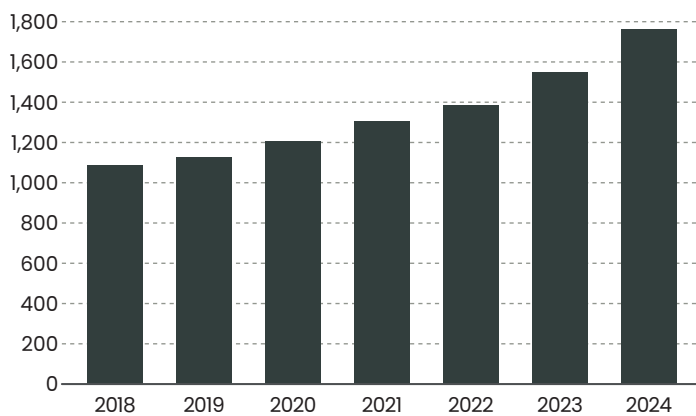
Considering shelter costs, temporary help for affected households, and rebuilding, disasters are expensive. The federal spending bill passed in December 2024 included a large but still insufficient \$110 billion in disaster relief, including \$29 billion for the Federal Emergency Management Agency’s (FEMA’s) Disaster Relief Fund, which assists in the immediate aftermath.

One important component of federal resources for disaster recovery is FEMA’s Individuals and Households Program, which funds hotel or short-term lodging reimbursements and home repairs, among other things, in affected areas. For disasters declared from 2019 to 2024, the program funded more than \$14.1 billion in assistance to 5.1 million households.

Figure 29

Rising Insurance Premiums Further Strain Affordability

Average Insurance Premiums (Dollars)



Notes: Estimates for 2024 are through August. Insurance premium estimates are for single-family owner-occupied properties with a fully amortizing 30-year fixed-rate mortgage funded by Freddie Mac.

Source: Freddie Mac.

Recent proposals to restructure FEMA and to increase the damage threshold for declaring disasters would imperil these efforts, putting additional burden on local governments that may lack the resources and staff to adequately assist residents when disasters strike.

The federal spending bill also included \$12 billion for disaster recovery through Community Development Block Grant Disaster Recovery (CDBG-DR) funds, which support longer-term rebuilding efforts as well as relocation and rental assistance. While CDBG-DR funds are crucial for helping communities rebuild, the March continuing resolution did not include additional appropriations for disaster recovery.

With most disaster policy focused on recovery after events, more resources are needed to minimize future losses. Nationwide, more than 61 million homes are located in areas with at least moderate hazard risk. FEMA supports a suite of programs that help communities increase resilience, reduce the risk of damage to properties, or voluntarily relocate. At \$2 billion annually, these programs cost much less than recovery efforts and yield greater savings over the long term.

Still, they are on the brink of being shut down. In the absence of FEMA programs, state initiatives like Strengthen Alabama Homes that help homeowners upgrade roofs and mitigate property damage will be increasingly important.

With disasters comes the question of how best to rebuild, given future vulnerabilities. Communities may need to change building and zoning codes to ensure that new development is located in lower-risk areas and that homes in higher-risk areas are adequately prepared for future disasters. There is also a need to effectively communicate hazard risks to consumers through prices and information. Zillow took a step in this direction in 2024 by adding First Street climate risk data to listings.

Over the longer term, the most effective way to minimize future losses is to address climate change. And the best way to do that is to reduce greenhouse gas emissions, which will also help decrease household energy costs. The residential sector accounts for nearly a fifth of US greenhouse gas emissions. The 2022 Inflation Reduction Act promised massive investments in energy efficient housing, including \$8.8 billion in household rebates, expanded tax credits for renewable energy improvements, and \$1 billion for energy and water efficiency projects in HUD-assisted housing. A one-time infusion of \$3.5 billion to the Weatherization Assistance Program has also helped households with low incomes make energy efficient upgrades while supporting thousands of jobs. However, the continuation of these programs and the availability of these funds are currently in question.

Sustaining Existing Homeowners

The scale and frequency of disasters have prompted private insurers to raise premiums, reduce coverage, or entirely exit markets like California, Florida, and Louisiana. This has contributed to the 62 percent increase in insurance premiums from 2018 to 2024 reported by Freddie Mac (**Figure 29**).

Because of rising costs and more limited coverage options, the number of homeowners going without insurance has almost certainly increased from the estimated 6.1 million households in 2021. Indeed, insurers have declined to renew some policies following major disasters, leaving even more households without coverage. To proactively confront this threat, California issued a one-year moratorium on insurance cancellations after the Los Angeles wildfires.

To access policies, homeowners are increasingly turning to public Fair Access to Insurance Requirements plans, with the number of policies in California's and Florida's state programs more than doubling from 2018 to 2023. But like private insurers, such programs face the threat of insolvency. California announced a \$1 billion shortage to cover claims from the recent wildfires, an amount it will raise by levying fees on private insurers (that can in turn pass on a portion of that cost to policyholders). The National Flood Insurance Program has similarly struggled with growing debt. The introduction of a new pricing system in 2021 better aligned premiums with the underlying flood risk but, in doing so, created additional affordability challenges for some homeowners.

Homeowner affordability is further stressed by property taxes, which increased by an average of 12 percent from 2021 to 2023. In response, some state and local governments have implemented tax abatement programs targeted to older adults and households with low incomes. In 2025, sweeping property tax relief legislation was passed in North Dakota and Wyoming.

Repair costs also strain household budgets. The Federal Reserve Bank of Philadelphia estimates that more than 27 million homeowners had unmet repair needs of nearly \$98 billion in 2022, an average of about \$3,600 per household. Repair programs can help address this challenge, especially for lower-income households that disproportionately live in substandard housing. In 2023, jurisdictions across the country received a total of \$487 million in CDBG funds for single-family home improvements. State housing finance agencies also offer households with low incomes programs with below-market financing options for home repairs.

Overcoming Barriers to Homeownership

Rapid home price growth and high interest rates have made it harder for first-time homebuyers to break into the market. One major obstacle to homeownership is the downpayment. Inability to afford a downpayment is the primary reason renters continue to rent, according to the Federal Reserve's most recent Economic Well-Being of US Households report. The Urban Institute identified nearly 1,700 downpayment assistance programs nationwide that help lower this hurdle, typically by offering a second mortgage with a loan forgiveness component. But navigating the complex web of programs can be difficult, and demand often exceeds funding.

Interest rate subsidies can also bring down the cost of homebuying. In a survey conducted by John Burns Research and Consulting in February 2025, homebuilders in many markets underscored the importance of rate buydowns in closing new home sales to consumers across a spectrum of incomes. The Federal Home Loan Banks also offer lower-rate mortgages for households with modest incomes. In 2024, FHLB Des Moines and FHLBank Boston both launched permanent rate buydown products that reduce interest rates by about 2 percentage points.

Another tool for increasing access to homeownership is special purpose credit programs (SPCPs), which allow lenders to provide homebuying products targeted to economically disadvantaged groups of people. SPCPs are often used to provide financing to people of color and communities underserved by the mortgage market. While SPCPs have been possible for decades, guidance in recent years from HUD and the Consumer Financial Protection Bureau spurred the development of these programs by clarifying implementation strategies consistent with the Fair Housing Act. SPCPs expand access to credit and provide downpayment assistance. In doing so, they also broaden the market that GSEs and for-profit companies can serve. A directive from FHFA this year will prevent Freddie Mac and Fannie Mae from continuing this work.

The Outlook

Looking forward, state and local governments will undoubtedly play a larger role in addressing record-breaking housing needs as the federal government contemplates the withdrawal of vital supports. Continued innovations by state and local governments regarding housing policies, regulations, and financing models will help. However, the federal government underpins many state and local programs, and the scale of that funding and assistance will be nearly impossible to replace. State and local governments simultaneously facing funding cuts for healthcare, education, and other crucial services may have to make difficult decisions about spending priorities.

The private sector will also need to innovate to deliver more affordable homes more quickly in a changing landscape. The mounting uncertainty around broader economic instability, including the extent and duration of tariffs, will likely deter significant investments in off-site construction techniques. Deportations could reduce the already-strained construction labor force. And declining consumer sentiment could slow housing demand.

The nation's overlapping housing crises have grown in urgency over the last two decades and can no longer go unaddressed. The costs, both to the economy and to households, are too steep. Proven solutions exist. The question is whether we will enact them.



INTERACTIVE DATA AND RESOURCES

Table A-1: Cost-Burdened Households by Tenure and Income: 2019, 2022, and 2023

The following interactive maps and data tables are a sample of the additional resources available at www.jchs.harvard.edu.

Interactive Maps and Data

Shares of Cost-Burdened Homeowner and Renter Households by Metro Area: 2023

Home-Price-to-Income Ratios by Metro Area: 1990–2024

Components of Population Change by State: 2023–2024

Homebuyer Mortgage Payment Affordability by Metro Area: 2025:1

Number of People Experiencing Homelessness by State: 2024

Excel Data

Housing Market Indicators for the US: 1980–2024

Cost-Burdened Households by Tenure and Income: 2019, 2022, and 2023

Shares of Cost-Burdened Homeowners and Renters by State and Metro Area: 2023

Homeownership Rates by Race/Ethnicity: 1994:1–2025:1

Domestic Migration by County Type and Region: 2019–2024

Table A-1

Cost-Burdened Households by Tenure and Income: 2019, 2022, and 2023

Households (Thousands)

| Tenure and Income | 2019 | | | | 2022 | | | | 2023 | | | |
|-----------------------|---------------|---------------------|-------------------|----------------|---------------|---------------------|-------------------|----------------|---------------|---------------------|-------------------|----------------|
| | Not Burdened | Moderately Burdened | Severely Burdened | Total | Not Burdened | Moderately Burdened | Severely Burdened | Total | Not Burdened | Moderately Burdened | Severely Burdened | Total |
| Owners | | | | | | | | | | | | |
| Under \$15,000 | 383 | 450 | 2,667 | 3,500 | 435 | 543 | 3,711 | 4,688 | 372 | 505 | 3,751 | 4,628 |
| \$15,000–29,999 | 2,538 | 1,429 | 1,878 | 5,844 | 2,583 | 1,621 | 2,193 | 6,397 | 2,432 | 1,580 | 2,214 | 6,225 |
| \$30,000–44,999 | 3,859 | 1,609 | 1,080 | 6,549 | 4,369 | 1,896 | 1,373 | 7,639 | 4,236 | 1,821 | 1,415 | 7,472 |
| \$45,000–74,999 | 10,227 | 2,863 | 990 | 14,079 | 11,240 | 3,192 | 1,176 | 15,608 | 10,925 | 3,190 | 1,312 | 15,427 |
| \$75,000 and Over | 45,051 | 3,262 | 506 | 48,819 | 46,448 | 3,383 | 585 | 50,416 | 47,487 | 3,838 | 692 | 52,018 |
| Total | 62,058 | 9,613 | 7,121 | 78,791 | 65,075 | 10,635 | 9,038 | 84,748 | 65,451 | 10,935 | 9,384 | 85,770 |
| Renters | | | | | | | | | | | | |
| Under \$15,000 | 1,078 | 633 | 4,808 | 6,519 | 1,117 | 635 | 5,614 | 7,366 | 1,020 | 594 | 5,372 | 6,987 |
| \$15,000–29,999 | 1,416 | 2,186 | 3,626 | 7,228 | 1,262 | 1,905 | 3,698 | 6,865 | 1,236 | 1,690 | 3,657 | 6,583 |
| \$30,000–44,999 | 2,035 | 2,726 | 1,354 | 6,115 | 2,175 | 2,897 | 1,796 | 6,869 | 1,983 | 2,759 | 1,924 | 6,666 |
| \$45,000–74,999 | 6,075 | 3,058 | 638 | 9,772 | 5,793 | 3,445 | 775 | 10,013 | 5,572 | 3,729 | 919 | 10,220 |
| \$75,000 and Over | 13,019 | 1,267 | 92 | 14,378 | 12,416 | 1,410 | 185 | 14,011 | 13,183 | 1,706 | 218 | 15,106 |
| Total | 23,623 | 9,870 | 10,518 | 44,012 | 22,763 | 10,292 | 12,068 | 45,123 | 22,994 | 10,478 | 12,090 | 45,563 |
| All Households | | | | | | | | | | | | |
| Under \$15,000 | 1,461 | 1,083 | 7,475 | 10,019 | 1,551 | 1,178 | 9,324 | 12,053 | 1,392 | 1,099 | 9,124 | 11,615 |
| \$15,000–29,999 | 3,954 | 3,615 | 5,504 | 13,073 | 3,845 | 3,526 | 5,891 | 13,262 | 3,669 | 3,270 | 5,871 | 12,809 |
| \$30,000–44,999 | 5,894 | 4,335 | 2,434 | 12,663 | 6,545 | 4,793 | 3,169 | 14,507 | 6,218 | 4,580 | 3,339 | 14,138 |
| \$45,000–74,999 | 16,301 | 5,921 | 1,628 | 23,851 | 17,033 | 6,637 | 1,951 | 25,621 | 16,496 | 6,919 | 2,231 | 25,647 |
| \$75,000 and Over | 58,070 | 4,529 | 598 | 63,197 | 58,863 | 4,793 | 770 | 64,427 | 60,670 | 5,544 | 910 | 67,124 |
| Total | 85,681 | 19,483 | 17,639 | 122,803 | 87,838 | 20,927 | 21,106 | 129,871 | 88,445 | 21,413 | 21,474 | 131,332 |

Notes: Moderately (severely) cost-burdened households spend more than 30% (more than 50%) of income on housing and utilities. Households with zero or negative income are assumed to be severely burdened, while renters paying no cash rent are assumed to be unburdened. Income cutoffs are adjusted to 2023 dollars using the CPI-U for All Items.

Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

The State of the Nation's Housing 2025 was prepared by the Harvard Joint Center for Housing Studies. The Center strives to improve equitable access to decent, affordable homes in thriving communities. We conduct rigorous research to advance policy and practice, and we bring together diverse stakeholders to spark new ideas for addressing housing challenges. Through teaching and fellowships, we mentor and inspire the next generation of housing leaders.

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