



# **2018 Housing Wealth Gains Report**

## **Cumberland MD-WV**

## Homeownership and Wealth

*Homeownership is associated with higher wealth. In 2016, homeowners' median net worth was \$231,400, or 45 times the median net worth of renters. Housing was the largest source of wealth: the average net housing wealth was \$197,500 — 85 percent of median homeowners' net worth.*

### **Median Family Net Worth ( in Thous. \$)**

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Year	Homeowners	Renters	Ratio
1989	\$187.2	\$3.6	52.0
1992	\$165.8	\$5.4	30.7
1995	\$163.1	\$7.6	21.5
1998	\$194.9	\$6.3	30.9
2001	\$233.8	\$6.5	36.0
2004	\$234.9	\$5.1	46.1
2007	\$271.9	\$5.9	46.1
2010	\$192.8	\$5.6	34.4
2013	\$201.5	\$5.5	36.6
2016	\$231.4	\$5.2	44.5

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*Source: Federal Reserve Board, Survey of Consumer Finances*

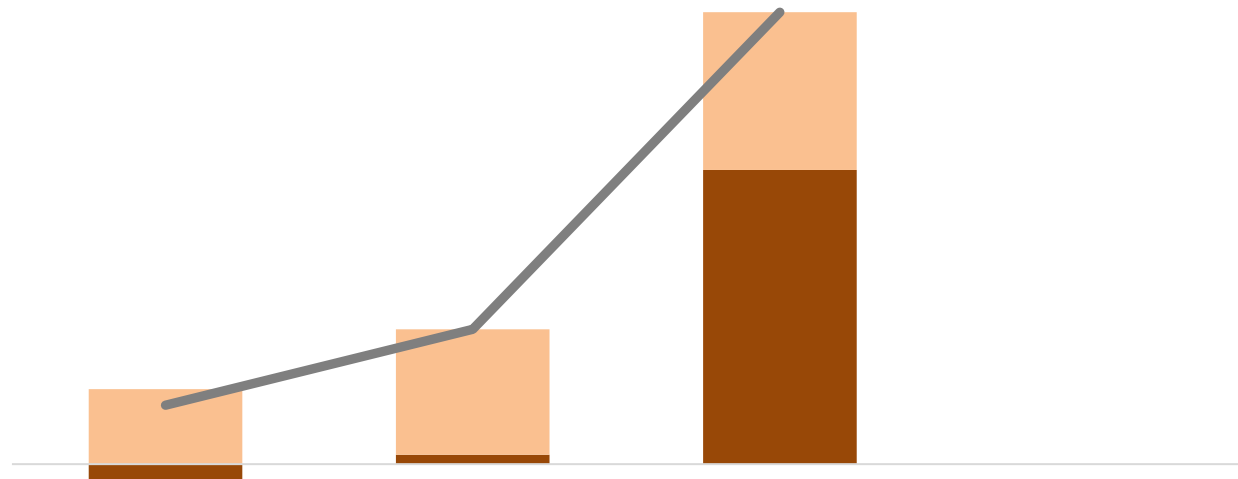
# Wealth (Equity) Gains in 2018 on a Typical Single-family Existing Home Purchased 5, 10, 15, 30 Years Ago

## United States



# Wealth (Equity) Gains in 2018 on a Typical Single-family Existing Home Purchased 5, 10, 15, 30 Years Ago

## Cumberland MD-WV



	5Y	10Y	15Y	30Y
Principal Payments	\$7,915	\$13,200	\$16,648	
Price Change	-\$1,700	\$1,000	\$31,000	
Total Equity Gains	\$6,215	\$14,200	\$47,648	

# 30-Year Average Annual Percent Price Change for a Single-family Existing Home in 2018

**Cumberland MD-WV**  
**United States**

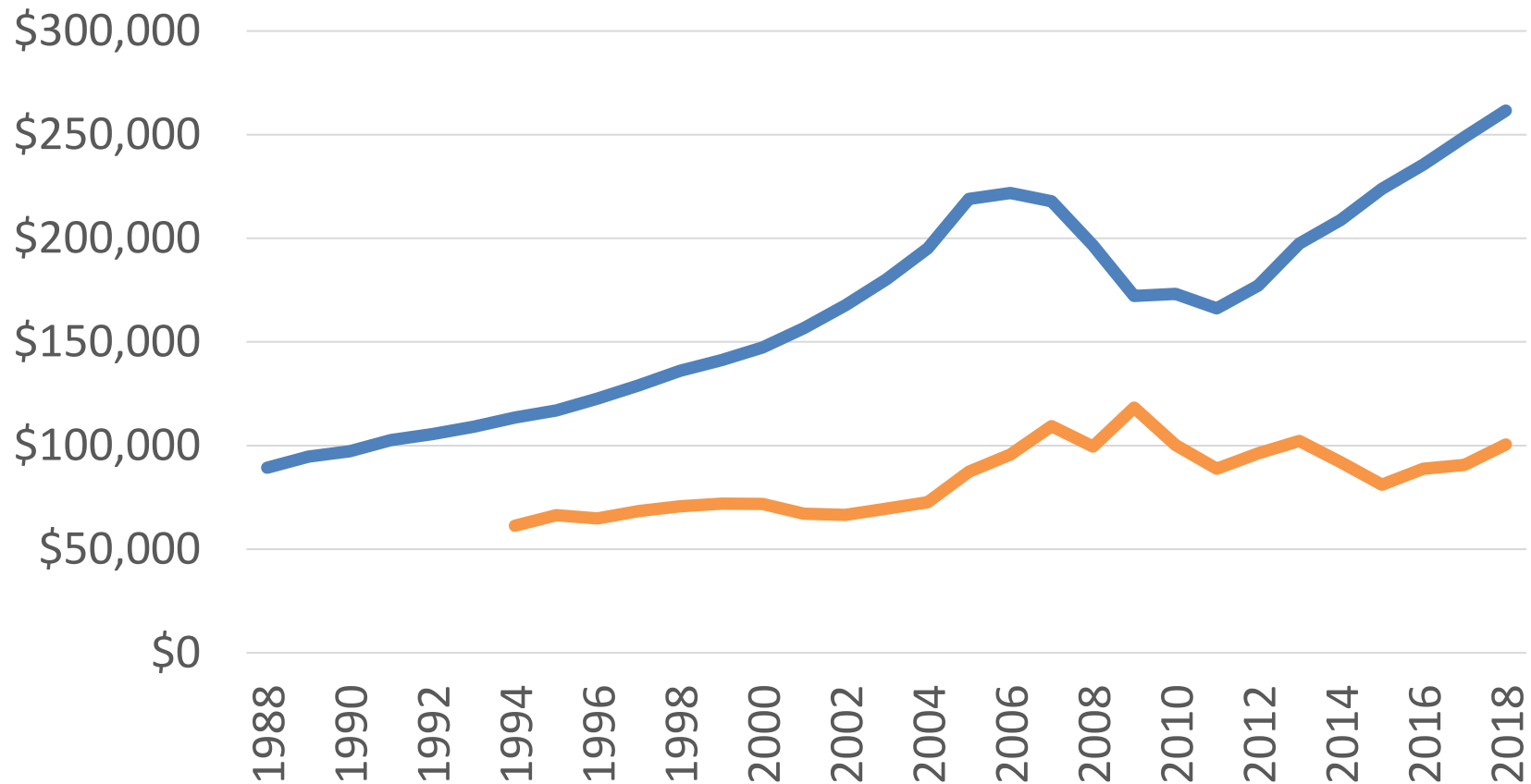
**#N/A**  
**3.6%**



# 2018 Median Sales Price, Single-family Existing Home

**Cumberland MD-WV**  
**United States**

**\$100,500**  
**\$261,600**



# Methodology

*Changes in home prices and principal payments lead to changes in housing wealth.*

*The National Association of REALTORS® calculated the wealth gains from purchasing a single-family existing home at the median sales price with a 30-year fixed rate mortgage financing and 20 percent downpayment over 5,10,15,30 year-holding periods. Metro area delineations change so data may not be available for some periods. The estimates are illustrative of the typical change in housing wealth; actual gains or losses will vary by property.*

## ***Calculation of change in housing wealth(equity) over holding period (n years):***

Housing wealth (Equity) = Assets - Liabilities

(1) Housing wealth (Equity) at time of Purchase = Market Value (Sales Price) - Loan

(2) Housing wealth (Equity) at Year n = Market Value at Year n - (Loan - Total Principal Payments)

Housing wealth (Equity) Gains at Year n= (2)- (1)

Housing wealth (Equity) Gains at Year n = (Market Value, Year n - Sales Price) + Total Principal Payments

## ***Calculation of annual percent change in home prices over 30 years:***

Compounded annual growth rate= $((\text{Market value at } n=30)/(\text{Market value at time of purchase}))^{(1/30)}-1$

In metro areas for which the data is not available in the last 30 years, the growth rate is calculated over the years for which data is available.

## ***Sources of data:***

NAR Median sale price for single-family existing home; Freddie Mac 30-year fixed mortgage rate;  
Federal Housing Finance Agency Home Price Index

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<https://www.pexels.com/photo/brown-wooden-welcome-wall-decor-1652402/>

