2018 Housing Wealth Gains Report

Houston-The Woodlands-Sugar Land TX

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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.
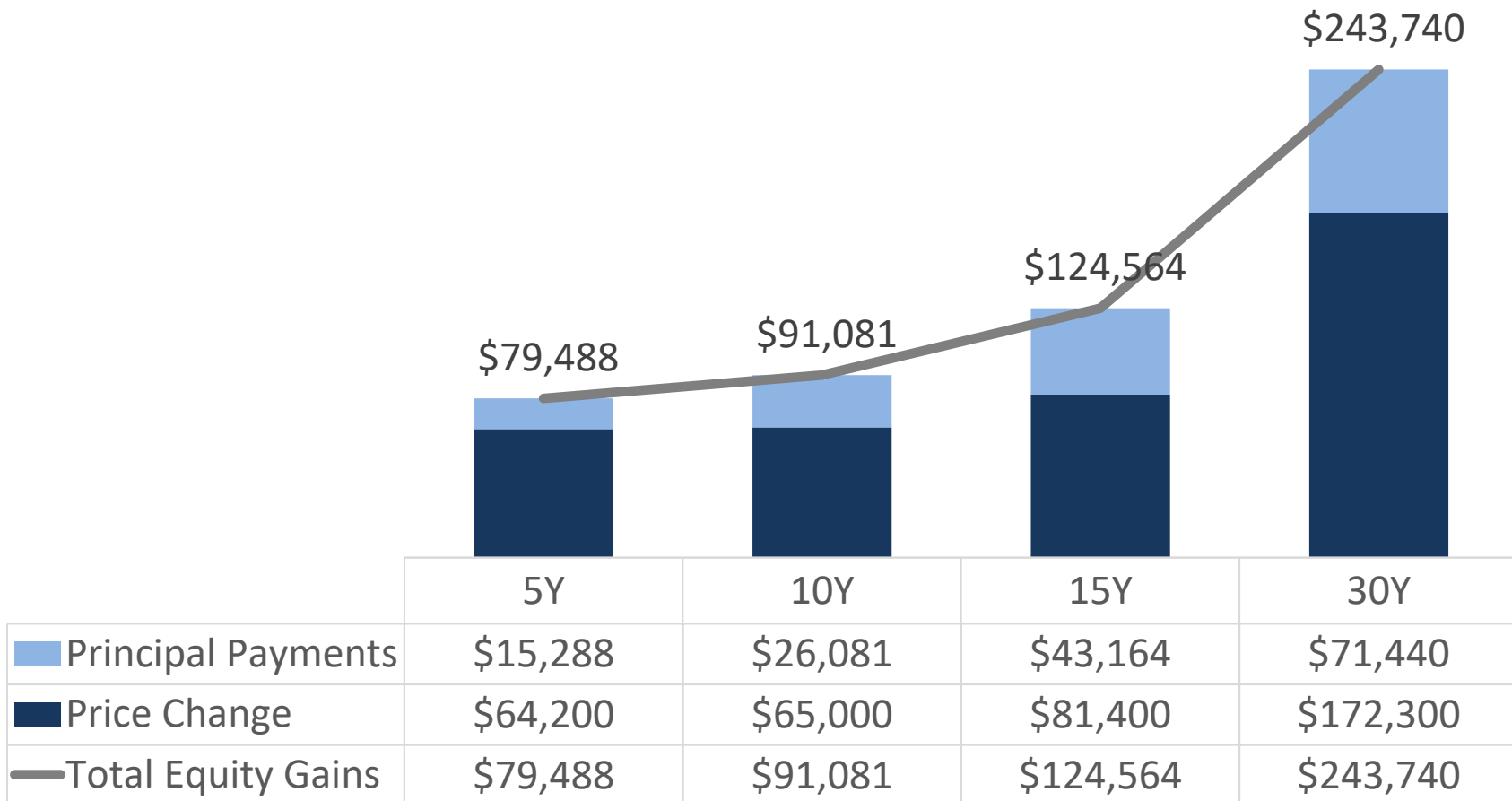
Median Family Net Worth (in Thous. $)

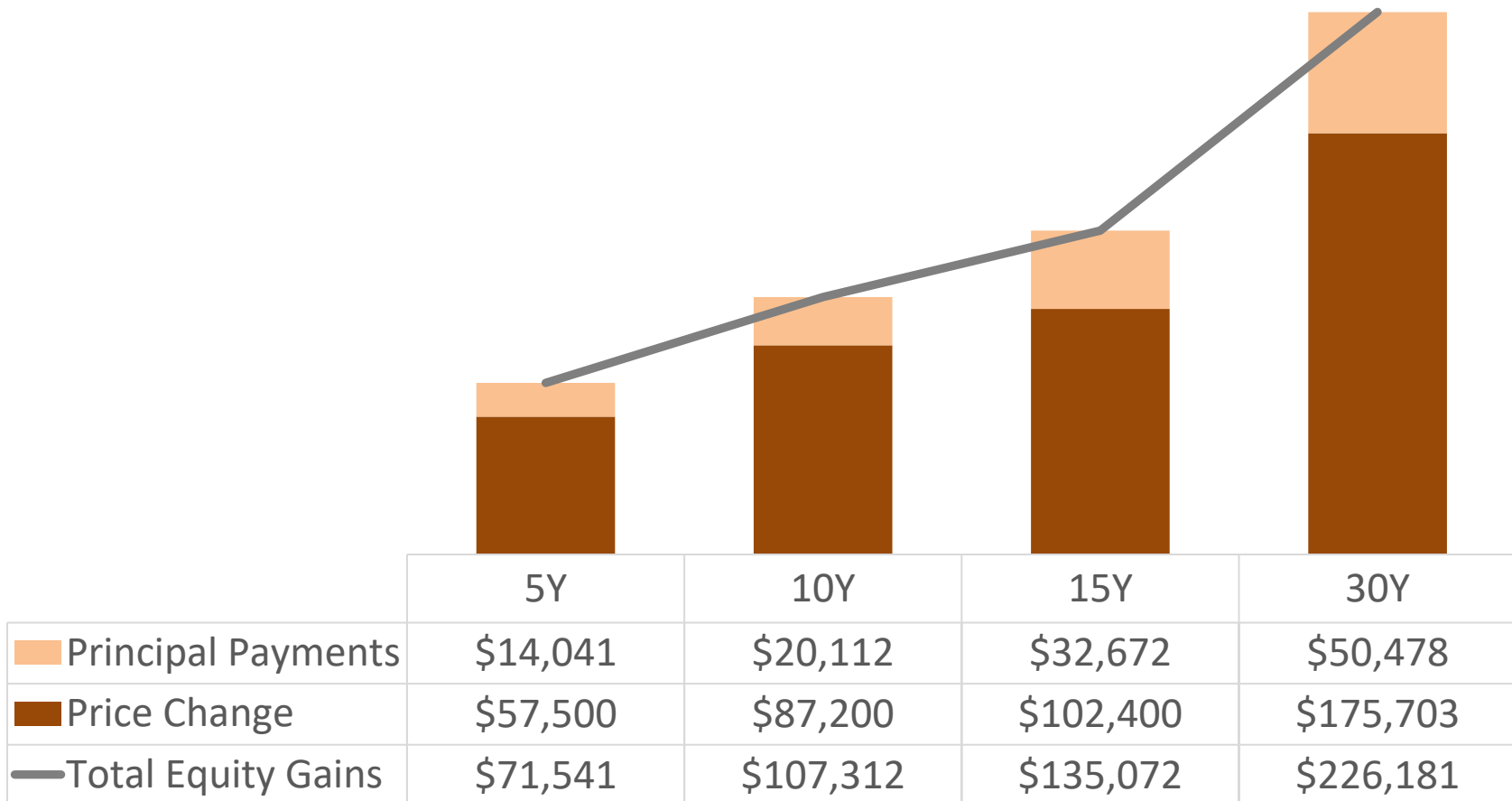| Year	Homeowners	Renters	Ratio
1989	$187.2	$3.6	52.0
1992	$165.8	$5.4	30.7
1995	$163.1	$7.6	21.5
1998	$194.9	$6.3	30.9
2001	$233.8	$6.5	36.0
2004	$234.9	$5.1	46.1
2007	$271.9	$5.9	46.1
2010	$192.8	$5.6	34.4
2013	$201.5	$5.5	36.6
2016	$231.4	$5.2	44.5

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

	5Y	10Y	15Y	30Y
Principal Payments	$15,288	$26,081	$43,164	$71,440
Price Change	$64,200	$65,000	$81,400	$172,300
Total Equity Gains	$79,488	$91,081	$124,564	$243,740

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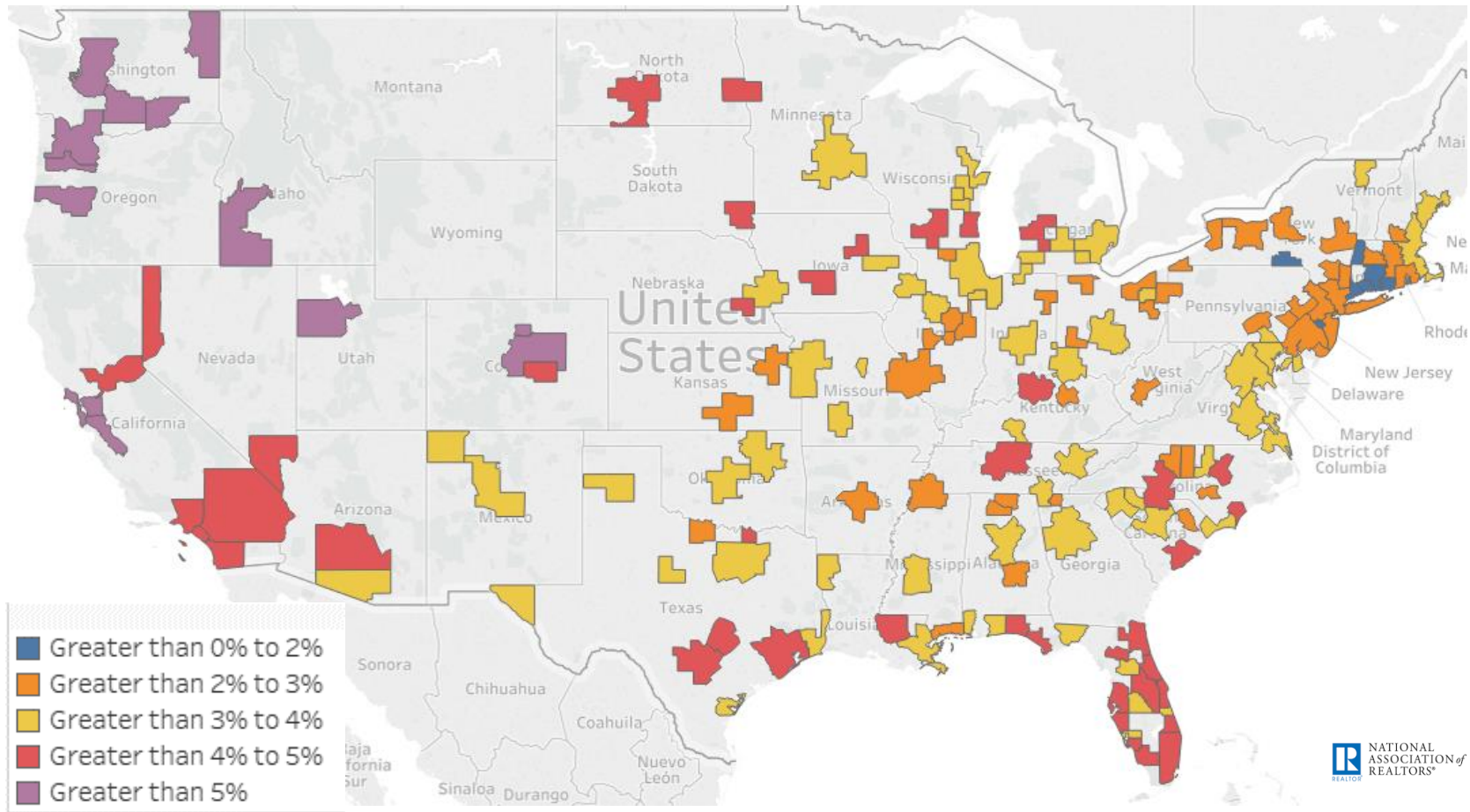|	5Y	10Y	15Y	30Y
Principal Payments	$14,041	$20,112	$32,672	$50,478
Price Change	$57,500	$87,200	$102,400	$175,703
Total Equity Gains	$71,541	$107,312	$135,072	$226,181

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

Houston-The Woodlands-Sugar Land TX   **4.5%**
United States   **3.6%**

Legend:
- Greater than 0% to 2%
- Greater than 2% to 3%
- Greater than 3% to 4%
- Greater than 4% to 5%
- Greater than 5%

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2018 Median Sales Price, Single-family Existing Home

Houston-The Woodlands-Sugar Land TX   **$238,800**
United States   **$261,600**

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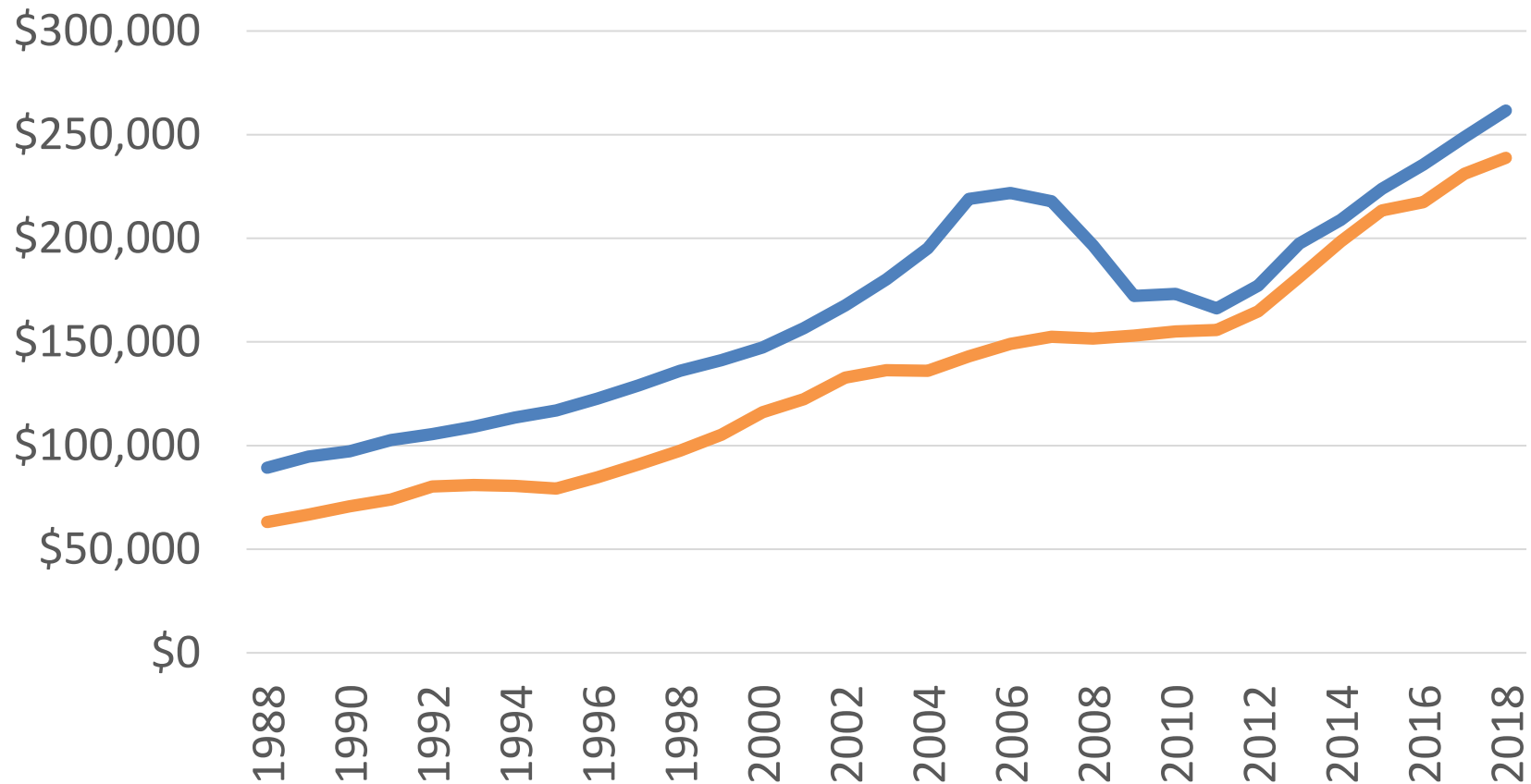
Methodology

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=((Market value at n=30)/(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/

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