

# Housing Wealth Gains over Time

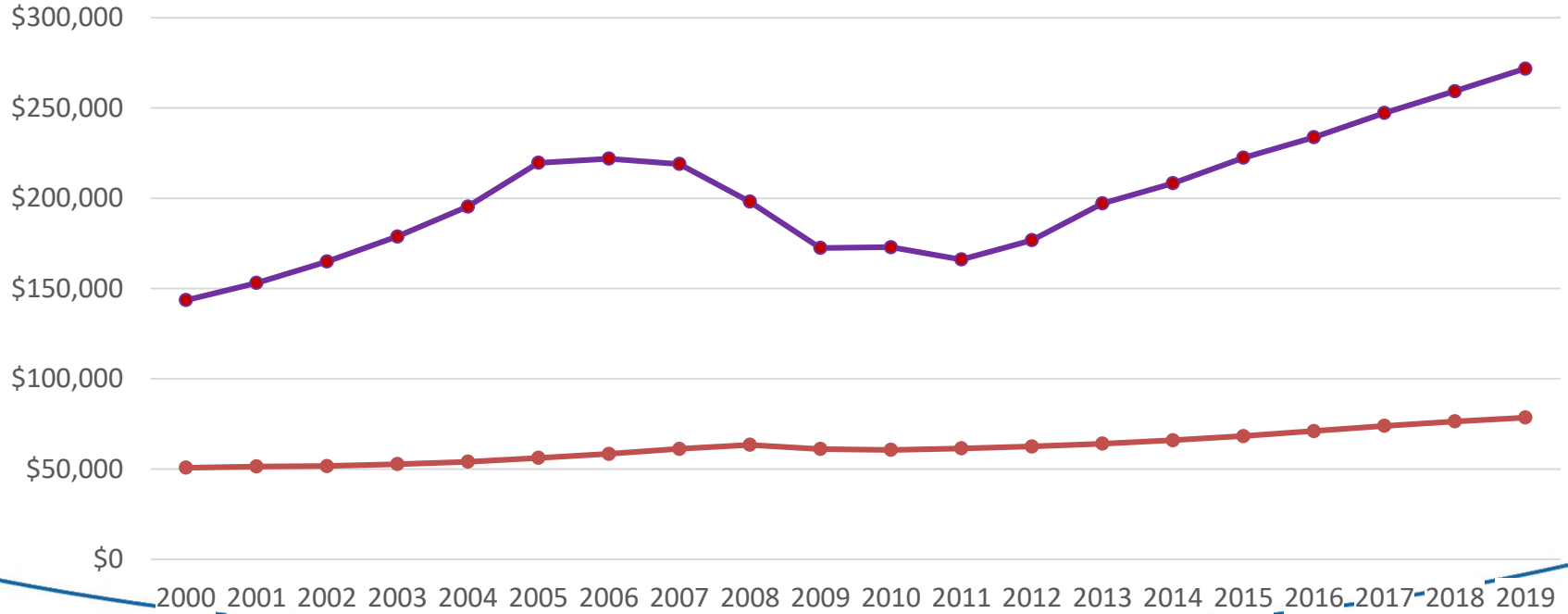
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Chief Economist, National Association of REALTORS®

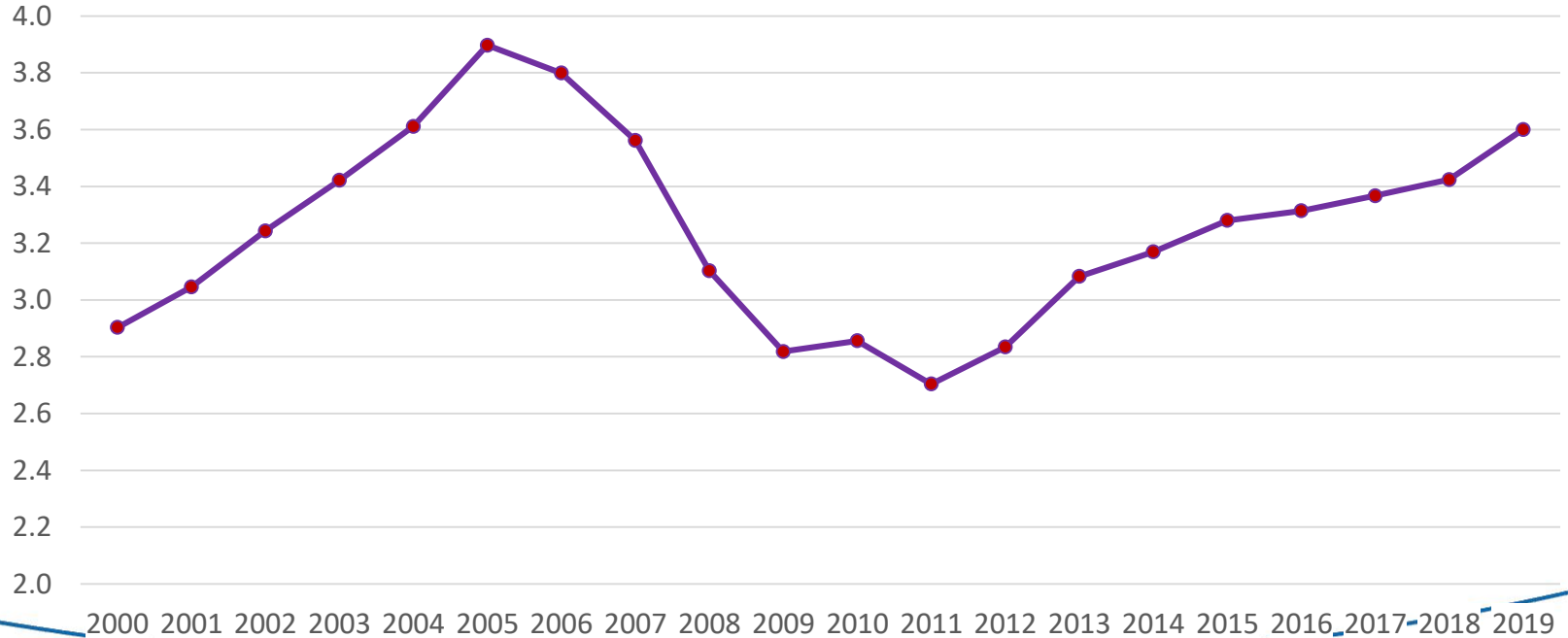
Presentation at NAR Policy Forum on Housing Affordability

February 6, 2020

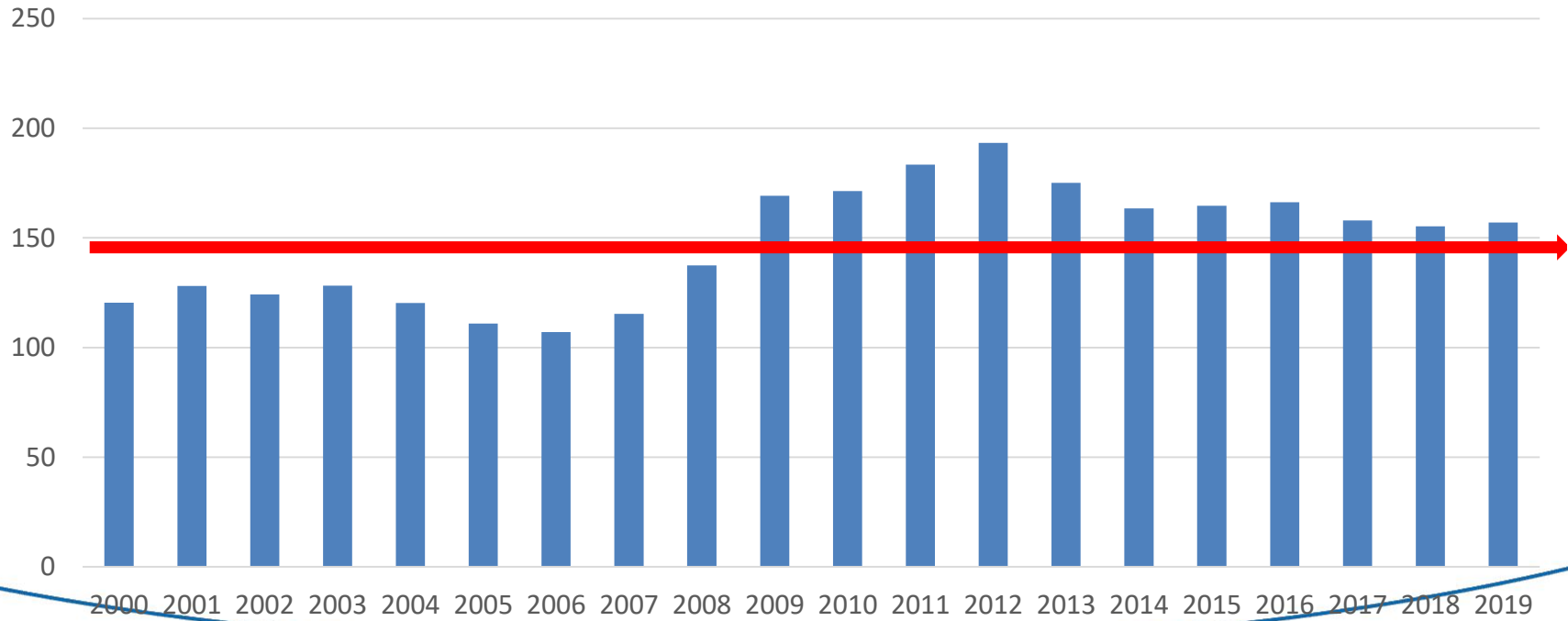
# Median Home Price and Income



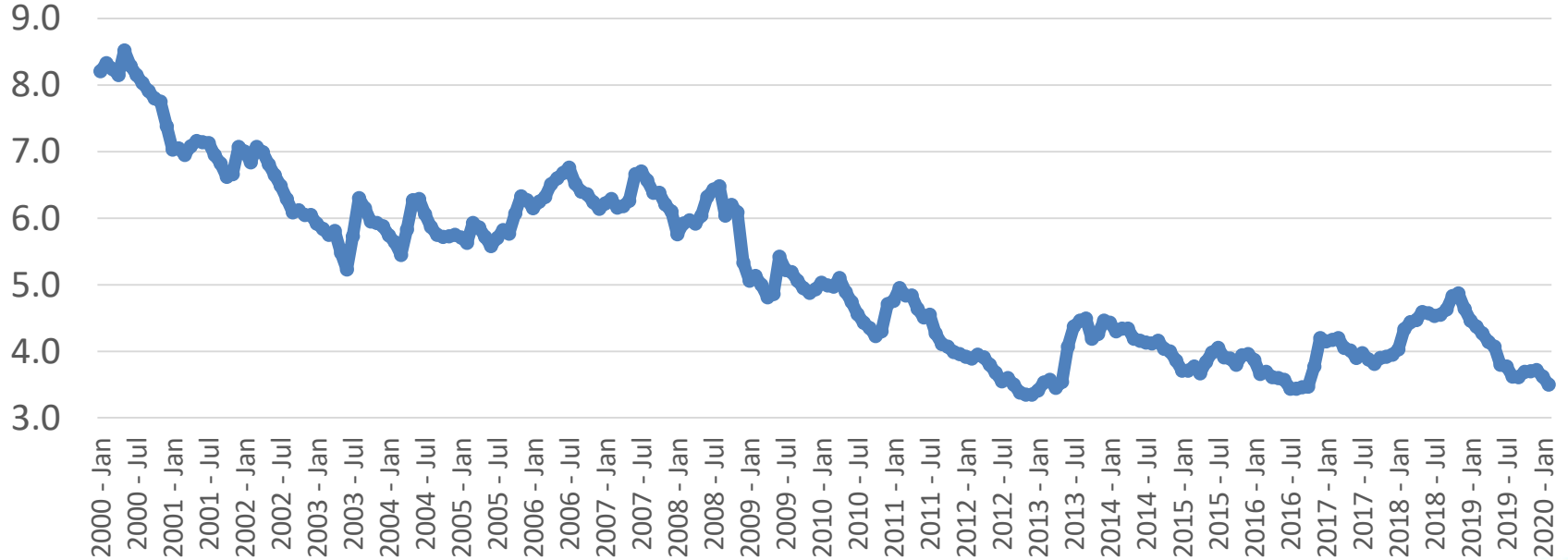
# Price-to-Income Ratio



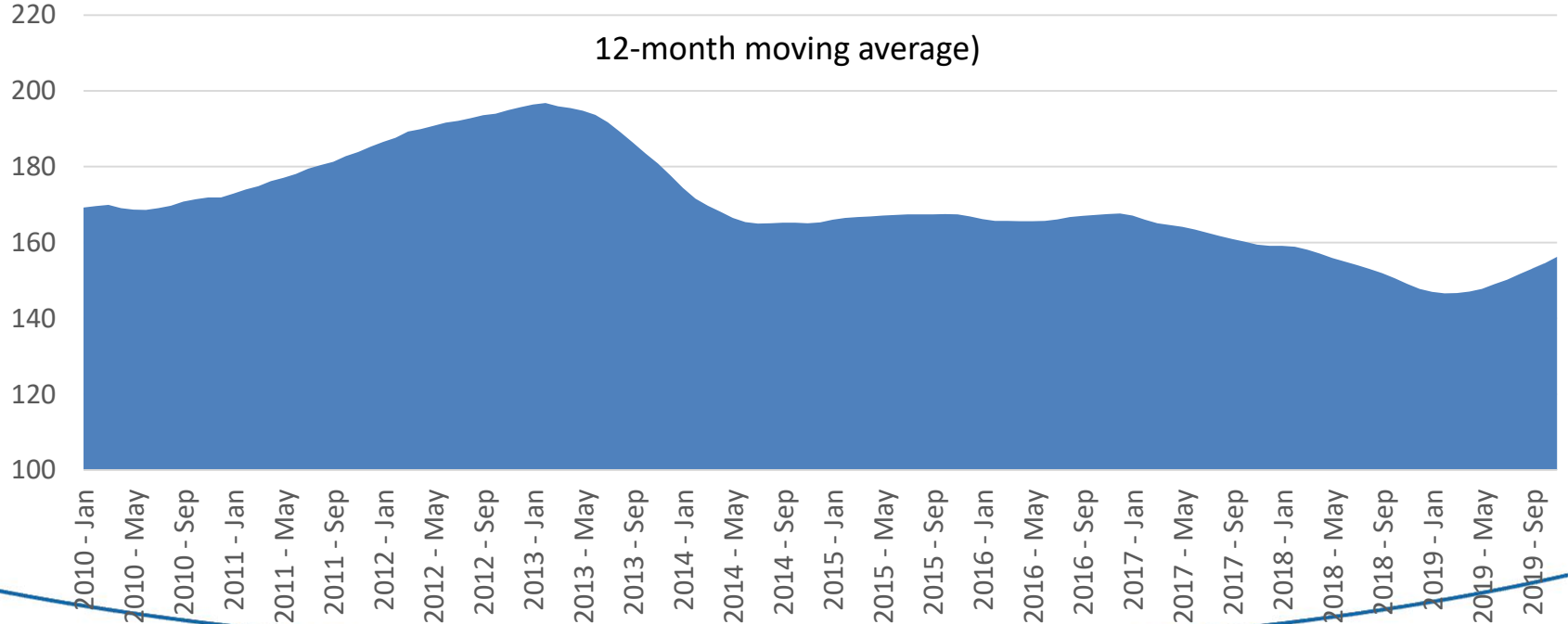
# Housing Affordability Index



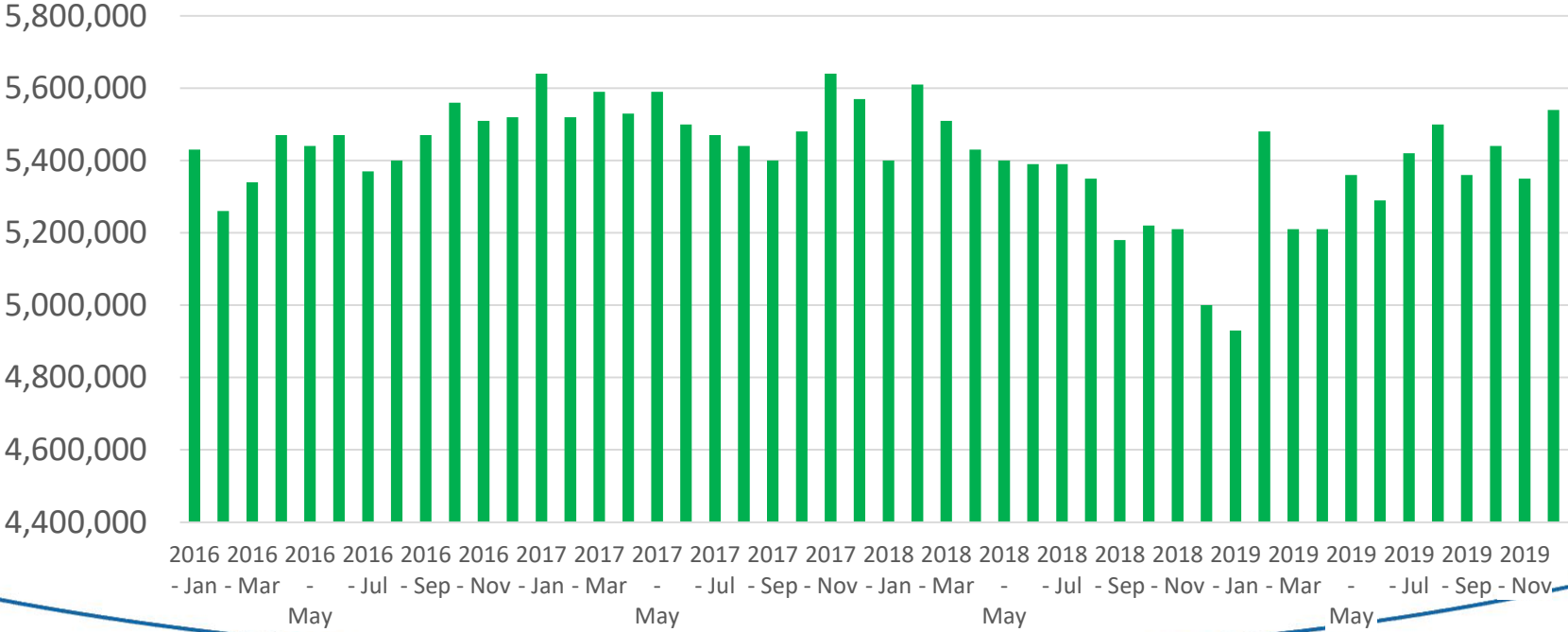
# 30-year Fixed Mortgage Rates



# Housing Affordability Index Weakening in Recent Years



# Recent National Existing Home Sales (Not Yet Breaking Higher)



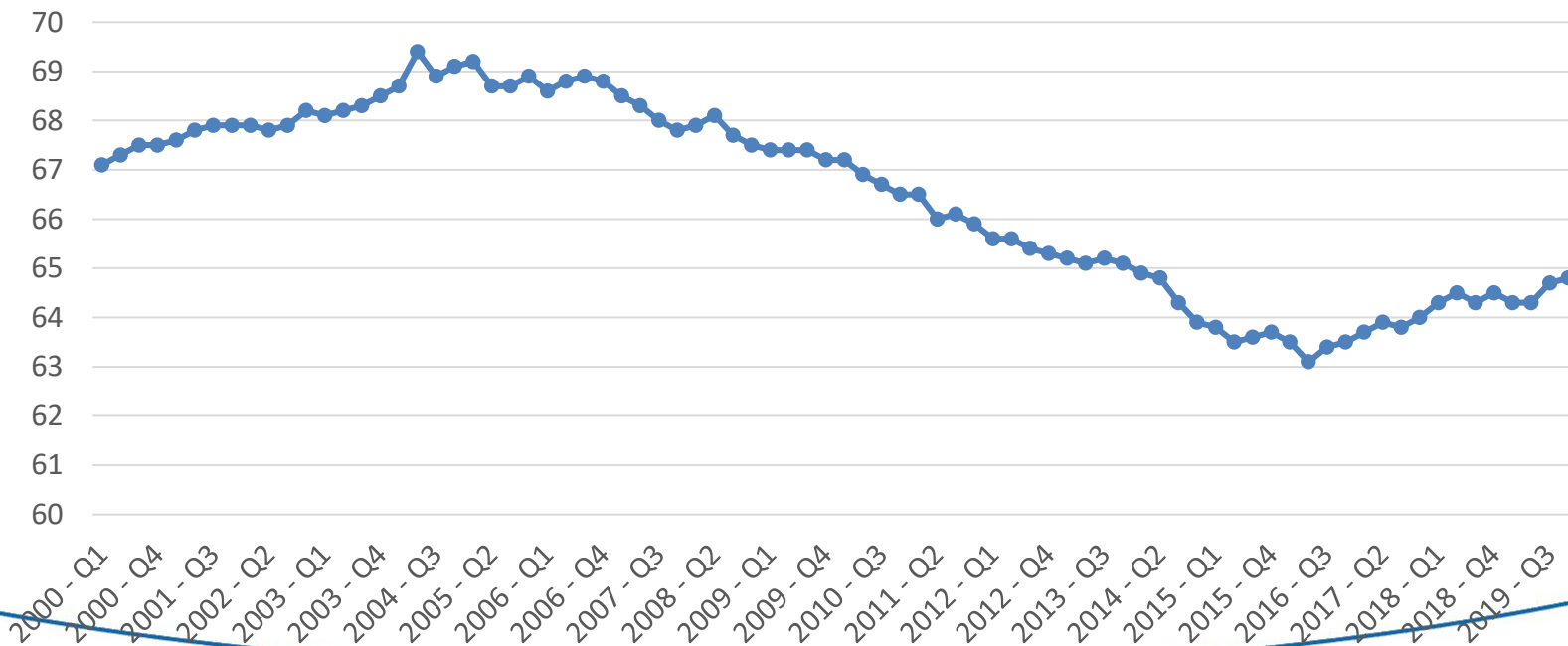
# Inventory of Homes for Sale





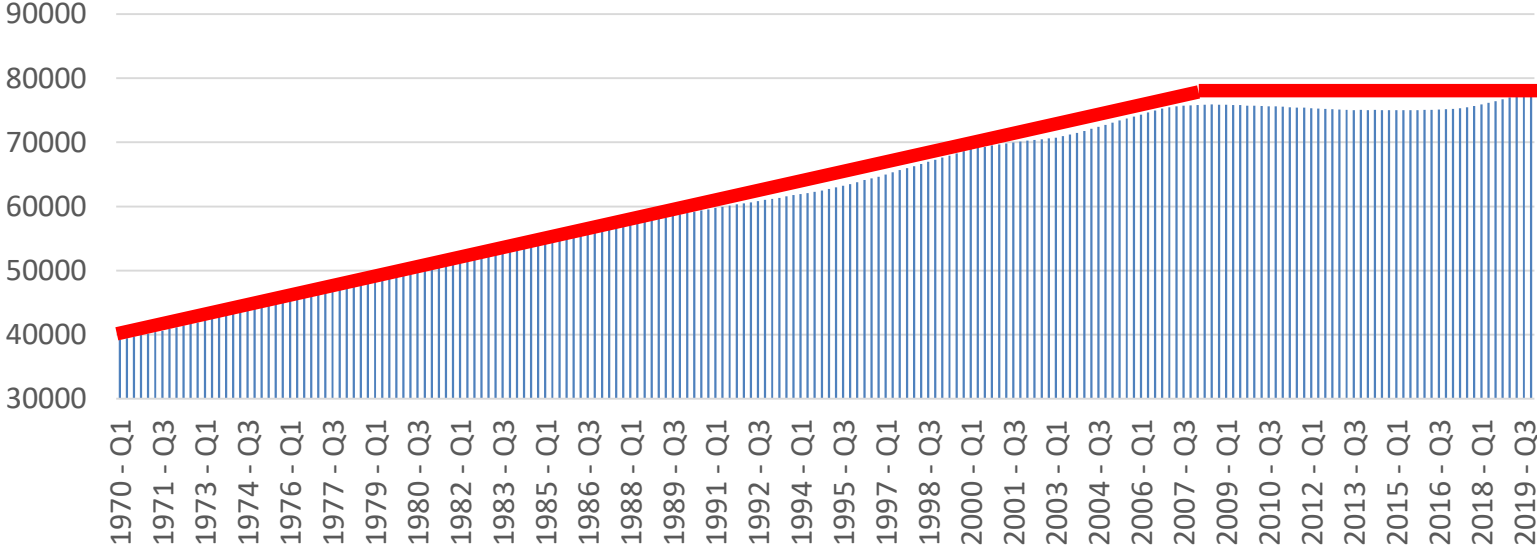
# Homeownership Rate Slow Recovery

## 70% to 63% to 65%

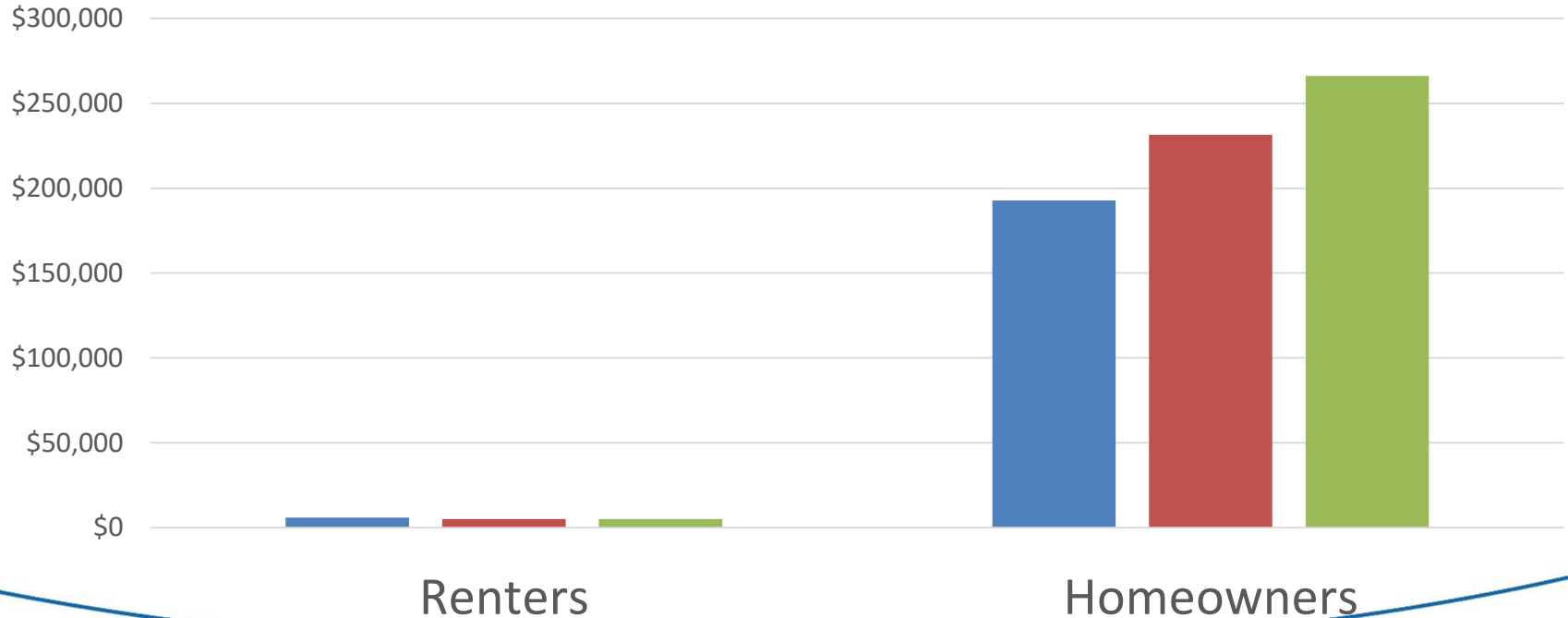


# Homeowners

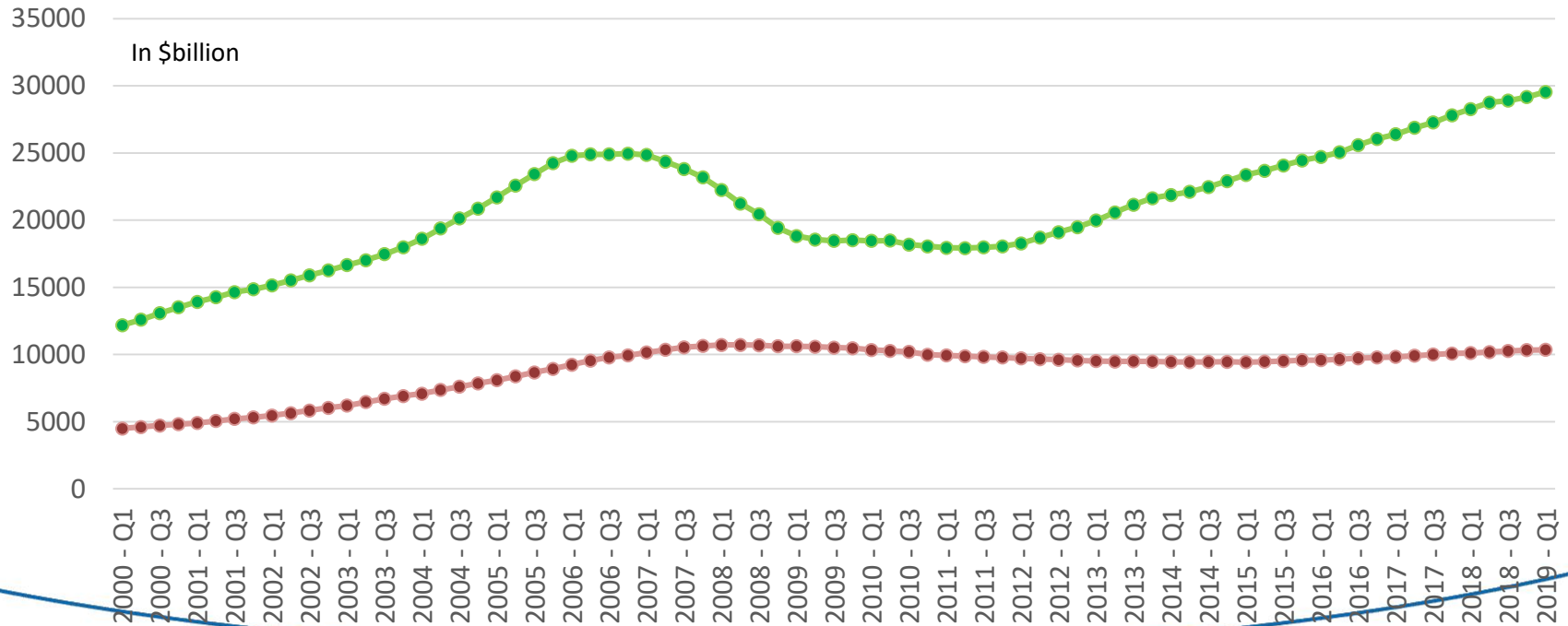
In thousands



# Wealth: From 2000 to 2016 to 2019

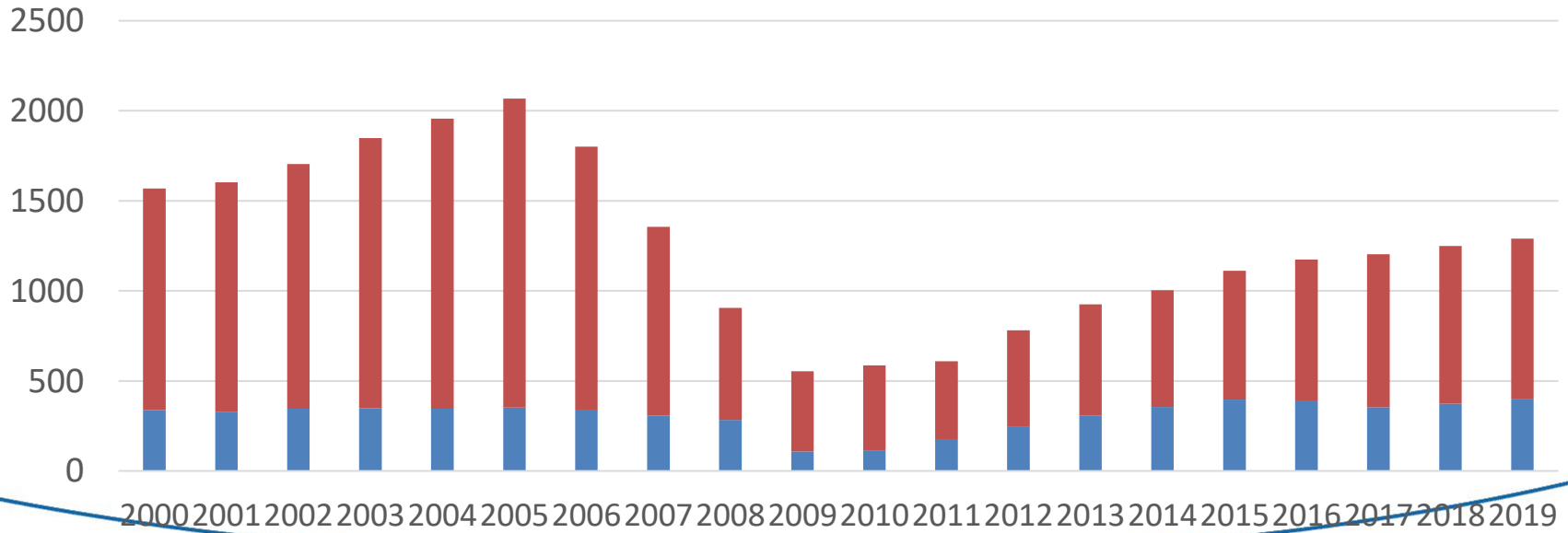


# Rising Home Price means Rising Real Estate Wealth (Total Asset – Outstanding Mortgage)



# U.S. Housing Starts ... Not Enough Short by 5 to 6 million units

■ Multifamily ■ Single-Family

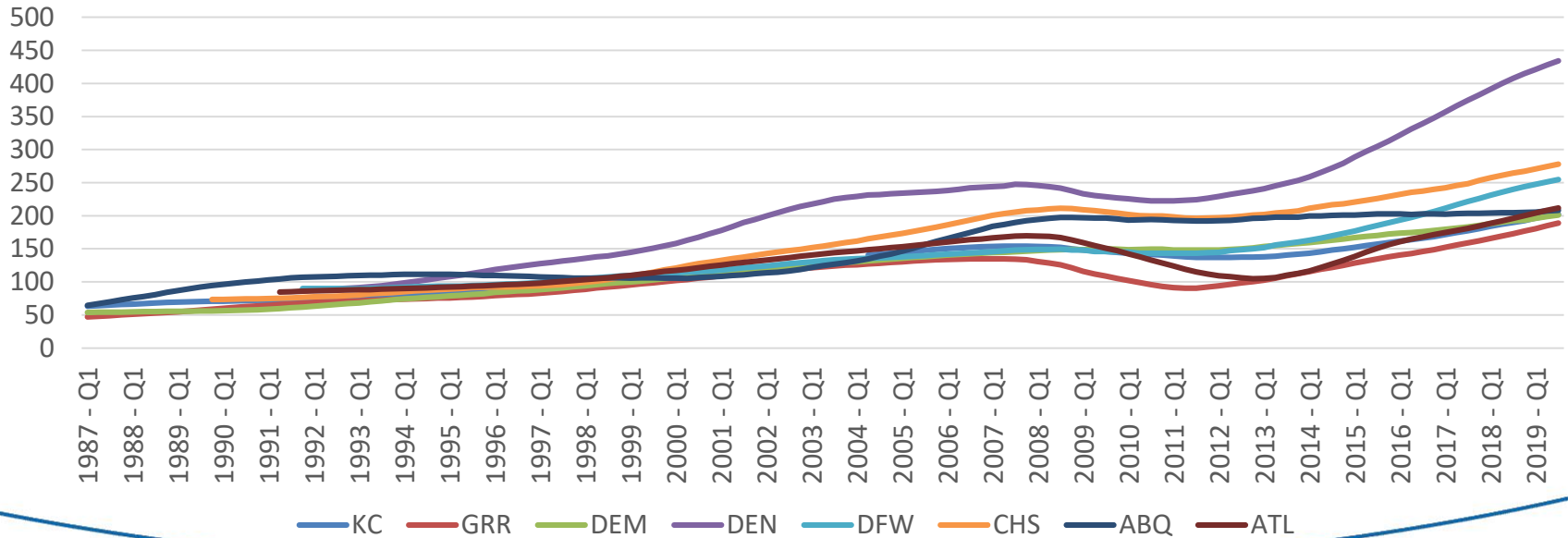


# 2000 versus 2019 comparison

	2000	2019	Comment
Housing Affordability	122	146	Better
30-year mortgage rate	8.1%	4.0%	Better
Population	282 million	329 million	Better
Population (16 yrs old and over)	218 million	263 million	Better
Households	103 million	122 million	Better
Jobs	132 million	152 million	Better
Total Home Sales (New + Existing)	6.1 million	5.9 million	Worse

# Des Moines and Kansas City ... Charleston and Dallas

Median Price



# Price Change and Equity Gains

Holding Period	Price Appreciation	Equity Gain
7 year	29%	\$38,000
8 year	32%	\$42,000
9 year	35%	\$45,600
10 year	39%	\$49,500



# Long-term Gains?

## (Bought and held for 7 to 10 years)

- Housing Equity Gains in 87% of time
  - Across all major metro markets from 1989 to 2019
- Longer holding period ... more gains
- Only price changes and not included principal mortgage payments
- Homeownership builds wealth

Thank You !