

America Household Demographics and the Housing Market

The composition of the American household, from a macro perspective, drives or should drive the housing market. The composition is described by the U.S. Census Bureau’s annual data report in its American Community Survey. The housing industry’s response to household composition, directly and indirectly, informs the number, type and location of new dwellings built, the number of existing dwellings bought and sold, the extent to which housing is affordable and the level of attention given to improving blighted neighborhoods.

Local markets where housing is dear spend more effort providing dwellings from all sources, including dramatic and gradual gentrification of blighted areas and creative applications of accessory units and other innovative housing types. Success for the housing industry and local communities comes from the correct matching of supply and demand in terms of the location, type and cost of shelter.

The American Community Survey reports several trends that are playing out in many local markets.

1. The size of households has stabilized over the last 20 years at 2.6 persons per household.
2. The percent of households without children in the home under the age of 18 is growing.
 - a. In 1970, 55% of all households had no children living at home; in 2017 this percent had grown to 72%...7 out of 10 households have no children living in the household.
 - b. Since 1970, the number of such households grew from nearly 35 million to over 85 million.

The American Household 1970, 1990, 2010, 2017 (1000's and (%))					
	1970	1990	2010	2017	(%)
Households, Total	63,401 (100)	93,347 (100)	117,538 (100)	118,826 (100)	
Family Households, Total	51,586 (81)	66,090 (71)	78,833 (67)	78,299 (66)	
▪ Families w/children at home less than 18 yrs. old	28,702 (45)	32,671 (35)	35,218 (30)	33,532 (28)	
• Families wo/children at home less than 18 yrs. old	22,844 (36)	33,419 (36)	43,615 (37)	44,747 (38)	
Non-Family Households, Total	11,919 (19)	27,257 (29)	38,705 (33)	40,527 (34)	
• Living w/non-relatives	1,078 (02)	4,258 (05)	7,306 (06)	7,663 (06)	
• Living Alone	10,841 (17)	22,999 (25)	31,399 (27)	32,864 (28)	
▪ Female	7,291 (11)	13,950 (15)	17,428 (15)	na	
▪ Male	3,550 (06)	9,049 (10)	13,971 (12)	na	
Total Households wo/children at home less than 18 years old	34,763 (55)	60,676 (65)	82,320 (70)	85,274 (72)	
Persons/Household	3.14	2.63	2.59	2.63	

Source: U.S. Census Bureau reported by wck | planning.
<https://data.census.gov/cedsci/table?d=ACS%205-Year%20Estimates%20Data%20Profiles&table=DP02&tid=ACSDP5Y2017.DP02&lastDisplayedRow=26>

Note: All percentages are calculated with Total Households as the base.

America Household Demographics and the Housing Market

3. The percentage of households with children under 18 years of age living at home, conversely, has fallen from 45% in 1970 to 28% in 2017; the total has grown only slightly from under 29 million households to a little over 33 million.
4. In 2017, over 10% of the households were people 65 years and older living alone.

The challenge is to match the supply of new and existing dwelling units to households that are dramatically different from those of the previous generation. The number of families with younger children in the home is not significantly growing. The house in the suburbs with the lawn and two car garage may not be what people need in the 21st century. The six generations usually found in demographic studies reflect the strong demand for housing by the Millennials.

Population distribution in the United States in 2018, by generation

Greatest Generation	(born before 1928)	0.64%
The Silent Generation	(born 1928-1945)	7.47%
Baby Boomer Generation	(born 1946-1964)	22.18%
Generation X	(born 1965-1980)	20.00%
The Millennial Generation	(born 1981-1996)	22.03%
Generation Z	(born 1997 and later)	27.68%

<https://www.statista.com/statistics/296974/us-population-share-by-generation/>

Demographic and economic changes in America are driving a change in traditional living environments. Factors to consider are:

- A. The first crop of Millennials is in their later thirties. With later marriages and later children, this group of people may become interested in an enhanced suburban lifestyle.
- B. As the population ages, there will be a growing number of households with people over 65 years of age; many of whom will be living alone. The last of the Boomers is now 55 years old.
- C. With the slow growth in household incomes over the last 4 to 5 decades and the increase in housing construction costs, affordability is a chronic problem.
- D. Land for new suburban subdivisions is becoming more scarce and remote in most metropolitan areas driving up commuting times and costs; encouraging household location decisions more focused on close-in locations in higher density settings.
- E. Existing “subdivisions” are being re-examined to explore the addition of “livability” enhancements such as sidewalk, trail and street connections to adjacent neighborhoods, pathways to schools, the addition of parks and playgrounds on vacant lots and the “quieting” of neighborhood streets.
- F. Retro-fitting neighborhoods is transcending its “cottage industry” beginnings to become a mainstream activity.

America Household Demographics and the Housing Market

- G. Abandonment and deterioration of the most inhospitable older subdivision may need special local government attention.
- H. Flexible attitudes from local governments will need to be adopted to accommodate more houses occupied by people not in the same family, home occupations, “granny flats” and other informal living arrangements that make shelter more affordable.
- I. The location of duplexes, “tandem” units and small apartments and condominiums in traditional single family neighborhoods will become more prevalent.
- J. The number of middle-to-upper income rental houses in established single-family owner-occupied neighborhoods will grow.
- K. The provision of higher quality urban schools, parks and neighborhood shopping districts is being driven by full-on gentrification, gentrification “lite” and the re-evaluation of the value of previously neglected properties.
- L. Infill development and the redevelopment of obsolete and marginalized properties is becoming more practical and accommodated by local government regulations.
- M. Land development codes are being modernized to accommodate the intensification and experimentation with new locations, adjacencies, types and styles of housing.
- N. Infrastructure and transportation systems are being modernized and expanded to accommodate new infill and redevelopment construction employing all types and prices of dwellings.

Conclusions.

1. The variety of styles, types and prices of housing necessary to meet the economic and demographic conditions in America are changing dramatically.
2. The housing industry will change their approach to housing types, sizes and costs to meet the changing market demand.
3. Local governments will change their codes and their approach to housing their residents by leading the necessary changes or resisting the inevitable.
4. The population cohorts now entering the family-formation stage of life will fall into two categories:
 - a. Many will desire to remain in an urban environment and choose higher density and high cost solutions to satisfy their housing needs.
 - b. Many will still desire the traditional house-yard-garage model and choose to reside in a suburban setting; however, the subdivisions of their choice will either be new offerings with urbanist features of walkability and proximity to schools, parks and shops, or they will find subdivisions without these features and proceed to upgrade their surroundings.
 - c. At the end of the day, more and more living environments, urban and suburban, will have livability features.
5. Housing affordability is a chronic American problem that will be improved, or not, by the housing industry and local governments but it will never be solved.
6. Small cities and towns of character will continue to work towards a more affordable community.