1. DEFINING AMERICAN HOUSING MARKETS:
TEN TYPES OF NEIGHBORHOODS

Lynn M. Fisher, PhD
Vice President, Research & Economics
Mortgage Bankers Association

Jamie Woodwell
Vice President of Commercial/Multifamily Research
Mortgage Bankers Association
American popular culture is littered with different types of neighborhoods. There are the urban apartment towers of Friends and Big Bang Theory; the urban neighborhoods of Sanford & Son and Sesame Street; the suburban communities of the Brady Bunch and E.T.; the exurban and rural areas of Green Acres and Stranger Things.

Art imitates life.

Every community and housing market in America is different, but they come in types. To better understand America’s housing markets, we segment its neighborhoods by the type and density of housing. We choose to look at the built environment, as opposed to the characteristics of neighborhood occupants or features which may be closely related, because these structural aspects of our cities are enduring, lend themselves to different sorts of living arrangements and different types of financing.

The first report in this series is a reference for how we group neighborhoods into types. Subsequent reports utilize that typology as a window through which we view different housing outcomes. Follow the series here: www.mba.org/news-research-and-resources/research-and-economics/industry-articles-from-mba-research
To do this, we categorize census tracts by key elements of their built environment. Housing markets are defined at the Census Tract level as:

- Urban,
- Suburban, or
- Exurban/rural

...based on the number of households per square mile of land area (with rural defined as census tracts located outside of metropolitan areas).\(^1\)

Tracts are further segmented by the share of their physical housing stock that is in single-family or multifamily buildings, and the share of households living in buildings with 50 or more separate residences, where multifamily buildings are defined as having five or more units. (See table for market definitions.)

---

\(^1\) Data come from the 5-year period estimates of the American Community Survey for 2011–2015 obtained via the IPUMS National Historical Geographic Information System. The advantage of using the 5-year period data is that it provides for a greater degree of geographic disaggregation.

<table>
<thead>
<tr>
<th>Density</th>
<th>25% or More of HH in 50+ Unit Buildings</th>
<th>Top Third of Tracts in % Multifamily</th>
<th>Middle Third of Tracts in % Multifamily</th>
<th>Bottom Third of Tracts in % Multifamily</th>
<th>Outside of Any MSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban</td>
<td>Apartment Towers</td>
<td></td>
<td>High Density Downtown Neighborhoods</td>
<td>Eclectic Urban</td>
<td>City Neighborhoods</td>
</tr>
<tr>
<td>Top Density Quartile</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suburban</td>
<td>Apartment Suburbs</td>
<td>Eclectic Suburban</td>
<td></td>
<td>Suburban Communities</td>
<td></td>
</tr>
<tr>
<td>2nd Density Quartile</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3rd Density Quartile</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bottom Density Quartile</td>
<td>Off the Beaten Path</td>
<td>Off the Beaten Path</td>
<td></td>
<td>Exurban Areas</td>
<td></td>
</tr>
<tr>
<td>Outside of Any MSA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Rural</td>
</tr>
</tbody>
</table>
The result is a set of 10 basic housing market types in the United States in which “Eclectic” is used to describe areas with a greater degree of mixing of single family and multifamily housing than found in typical American neighborhoods.

The markets range from Urban Apartment Towers — which take up just 0.05% percent of America’s land area but hold 5.6 million households (5 percent of the nationwide total) — to Rural housing markets — which house one-third more households than the apartment tower markets but take up more than 1,000 times their land area.

Brief profiles of each housing market type are provided on the following pages.

**Urban housing markets:**
- Apartment Tower communities
- High Density Downtowns
- Eclectic Urban markets
- City Neighborhoods

**Suburban housing markets:**
- Apartment Suburbs
- Eclectic Suburban markets
- Suburban Communities
- Off the Beaten Path

**Exurban/Rural housing markets:**
- Exurban
- Rural
1. Apartment Towers

Apartment Tower housing markets are defined by big buildings — with more than a quarter of area households living in structures with 50 or more separate housing units. On average, these markets house 7,500 people per square mile with a full three-quarters living in structures with five or more units. Not surprisingly, Apartment Tower markets are concentrated in dense, high-cost cities — places like New York City, Los Angeles, Washington DC and Miami. While clustered in downtowns, Apartment Tower housing markets can also be found outside of central business districts, particularly at key transportation nodes that boost land values and promote larger development projects.
2. High Density Downtown

High Density Downtown housing markets are in the top quarter of census tracts in terms of density, and in the top third of tracts in terms of share of households living in multifamily housing. Collectively, these markets have the greatest population density, with more than 10,000 people per square mile. In an average High Density Downtown, 43 percent of households live in structures with five or more units. High Density Downtown housing markets tend to be the most common housing market type in large metro areas and are also common in many college towns.
3. Eclectic Urban

Eclectic Urban housing markets are areas of population density and a mix of housing types. On average 9,000 people live per square mile — with 90 percent of households living in single-family housing and 10 percent living in multifamily structures. Eclectic Urban housing markets are most commonly found in many California metro areas — San Jose, Los Angeles, Stockton, San Francisco, Modesto all trail only Loredo Texas in the share of their households that live in Eclectic Urban housing markets.
4. City Neighborhood

City Neighborhood housing markets are urban areas with high population density and almost exclusively single-family homes. On average 8,600 people live per square mile — with almost all (98 percent) households living in single-family housing. Metro areas like Salt Lake City, Las Vegas and New Orleans contain higher shares of City Neighborhoods.
5. Apartment Suburbs

Apartment Suburbs housing markets are areas of medium population density and a high concentration of households living in multifamily structures. Apartment Suburbs are the second most common housing market type — with 17 percent of all households living in them. They are the most dense of the suburban housing markets, with an average of 2,200 people per square mile. Like the nation as a whole, roughly 1/3 of Apartment Suburb households live in multifamily structures, and 2/3 live in single-family housing. Apartment Suburbs are the most common housing market type in many college towns, and are also a part of the housing markets in a range of different metro areas.
6. Eclectic Suburbs

Eclectic Suburb housing markets are areas of medium population density and a mix of housing structures. Eclectic Suburbs are the most common housing market type — with 19 percent of all households living in them. Eclectic Suburbs house an average of 1,800 people per square mile, with 87 percent of households living in single-family structures, and ten percent living in multifamily structures. They are the most common housing market type in many smaller towns — places like Hereford and Sweetwater Texas — and are found in nearly every metropolitan areas.
7. Suburban Communities

Suburban Community housing markets are areas of medium population density and almost exclusively single-family housing structures. Home to 12 percent of all households, Suburban Communities are the least common suburban housing market, but are more common than any of the urban housing market types. Suburban Communities house an average of 1,600 people per square mile, with 95 percent of households living in single-family structures, one percent living in multifamily structures, and four percent living in other structure types (e.g., manufactured housing). Suburban Communities are found in a range of metro areas — from The Villages and Punta Gorda Florida to Grand Junction Colorado and Sumter South Carolina.
8. Off the Beaten Path

Off the Beaten Path are housing markets within a metro area that have both low density and a relatively high share of people living in structures with five or more units. Nine percent of all households live Off the Beaten Path. Off the Beaten Path housing markets house an average of 80 people per square mile, with 80 percent of households living in single-family structures, 11 percent living in multifamily structures, and nine percent living in other structure types (e.g., manufactured housing). Off the Beaten Path housing markets are found in nearly every metro area and house the majority of households in many smaller micropolitan areas like Breckenridge CO, Weatherford OK and Vernon TX.
9. Exurban Areas

Exurban Areas are housing markets within a metro area that have both low density and a relatively low share of people living in structures with five or more units. A full 15 percent of all households live in these housing markets. Exurban Area housing markets house an average of 40 people per square mile, with 84 percent of households living in single-family structures, just one percent living in multifamily structures, and 16 percent living in other structure types (e.g., manufactured housing). Exurban Area housing markets are found in nearly every metro area, with Atlanta having a greater share of households living in Exurban Areas than any other metro.
10. Rural

Rural Areas are housing markets outside of a metro area. Six percent of all households live in Rural housing markets, which house an average of 14 people per square mile. Eighty percent of Rural households live in single-family structures, four percent live in multifamily structures, and 16 percent live in other structure types (e.g., manufactured housing). Rural housing markets make up 45 percent of US land area.