



2. UNDERSTANDING AMERICAN HOUSING MARKETS: SEVEN KEY FINDINGS

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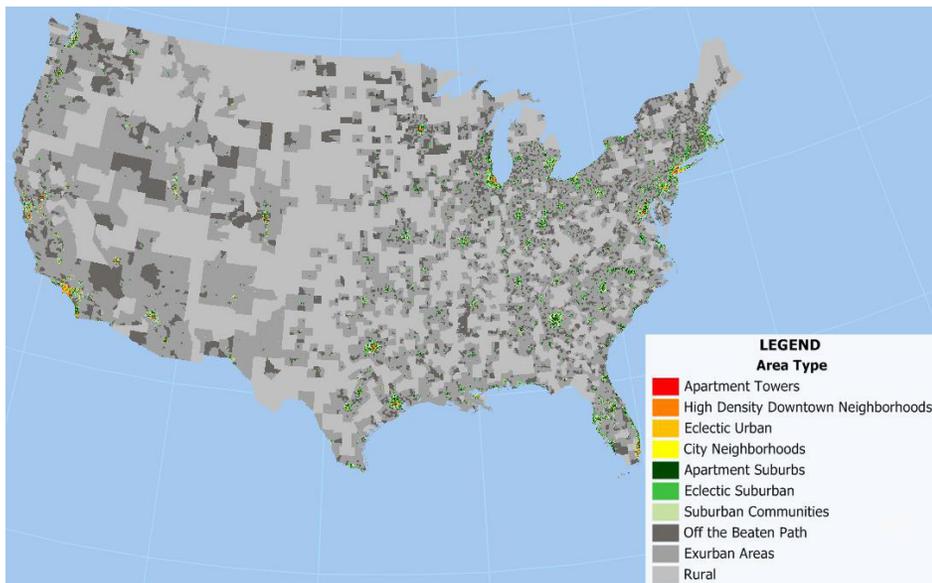
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About the Series

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

7 Key Findings about American Neighborhoods

In our introduction to this series we describe how we segment neighborhoods by the type and density of housing in order to arrive at 10 basic housing market types in the United States. This Brief provides highlights of analysis of these different housing market types. In particular, we discuss seven findings that are apparent when we look at where and how Americans live:

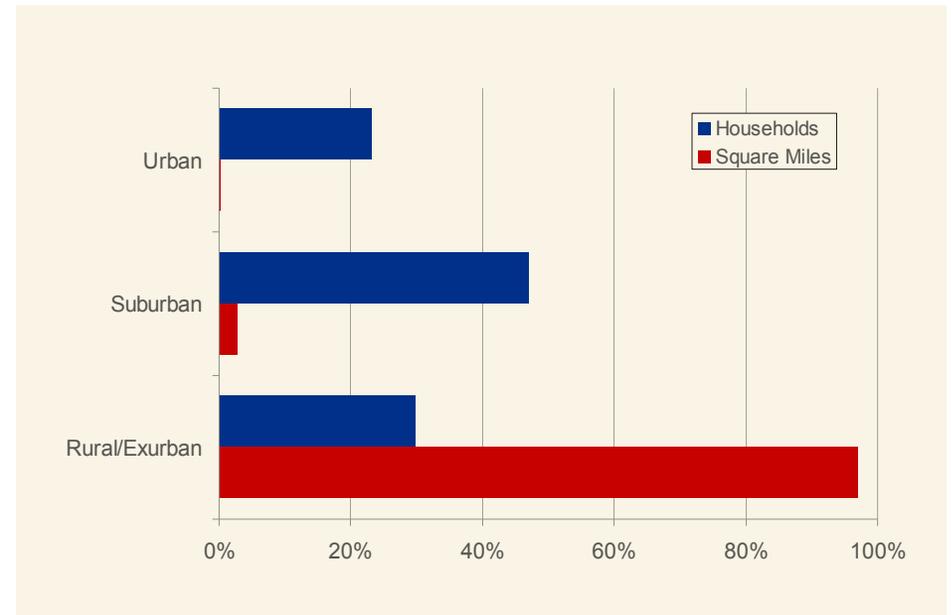
1. Almost one-half of U.S. households live in the suburbs, more than in either urban or exurban/rural communities
2. More households live in suburbs with a mix of housing types than in suburbs with predominately single-family housing
3. Urban housing markets tend to be diverse — in terms of housing type, race, ethnicity and more
4. Owning and renting are both widespread, and each more common in certain types of markets
5. Apartment Tower markets are different than other dense urban areas
6. Given its size, there are more Exurban and Off the Beaten Path households in the New York metro area than in any other
7. Millennials are drawn to dense urban areas, but are a large part of all housing markets; Retirees are less common in urban areas (except Apartment Towers)

1. Almost one-half of U.S. households live in the suburbs, more than in either urban or exurban/rural communities

Almost one-half of all US households (47 percent) live in suburban housing markets.

These are census tracts that are located within a metropolitan statistical areas and have a density more than 594 people per square mile and less than 5,742 people per square mile. Urban housing markets — defined as metropolitan statistical area census tracts with a density of 5,742 households per square mile or more — hold almost one-in-four US households (23 percent). Exurban and rural housing markets are home to almost one-in-three households (30 percent).

Distribution of Households and Land Area (Share of Total U.S.)

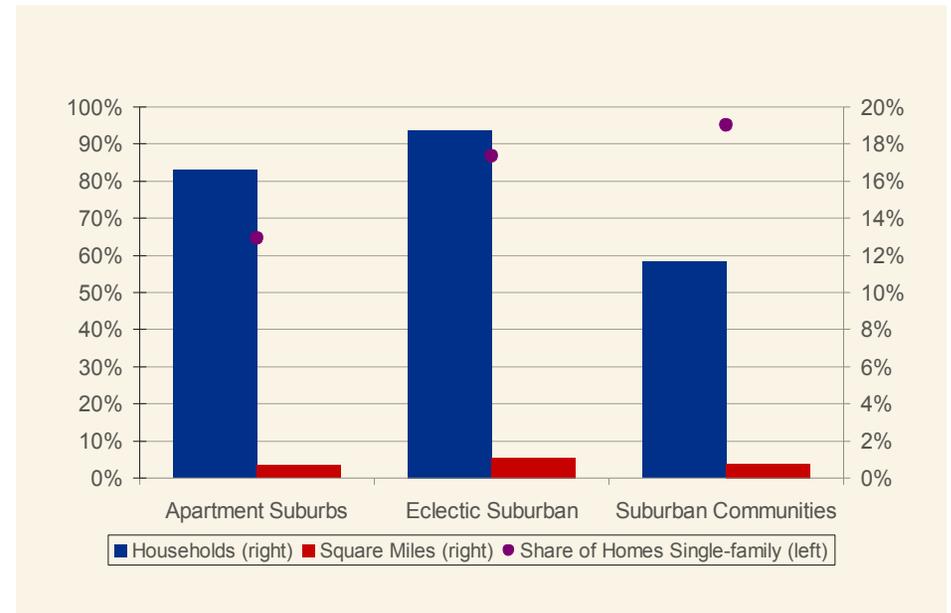


To put these numbers in context, the suburbs, with 47 percent of the nation's households, make up 3 percent of its land area. Urban markets, with 23 percent of the nation's households, make up 0.3 percent of its land area. Exurban and rural markets, with 30 percent of the nation's households, make up 97 percent of its land area.

2. More households live in suburbs with a mix of housing types than in suburbs with predominately single-family housing

Only 25 percent of households that live in the suburbs live in Suburban Communities, which are predominantly single-family housing. Forty percent of suburban households (and almost one-in-five of all households) live in Eclectic Suburbs, which are relatively dense with a mix of single-family, multifamily and other housing types. An additional 35 percent of suburban households (17 percent of all households) live in Apartment Suburbs.

Distribution of Suburban Households and Land Area (Share of Total U.S.)

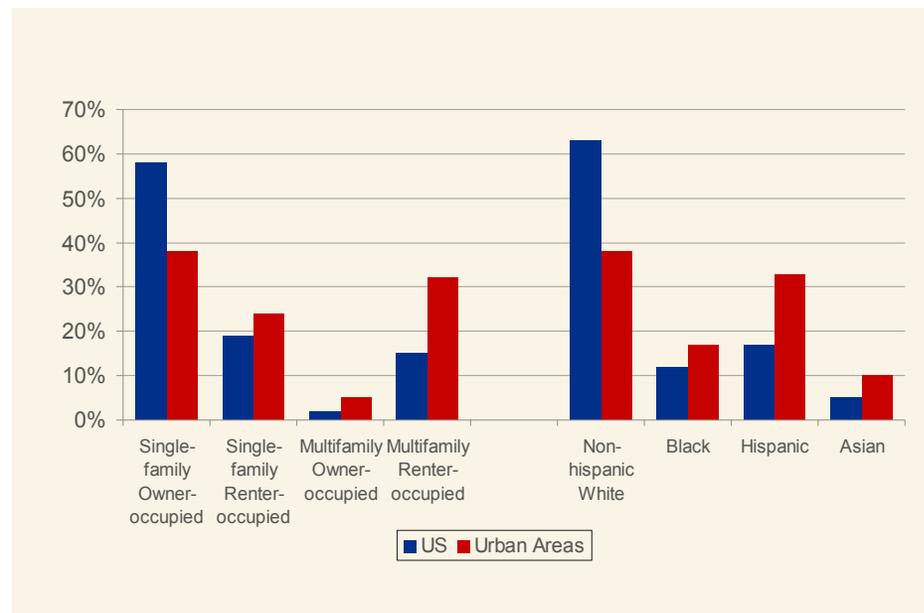


In Suburban Communities, 95 percent of occupied homes are in single-family structures and less than one percent are in multifamily buildings. By comparison, one-in-ten occupied homes in Eclectic Suburbs is in a multifamily structure, as is one-in-three households in Apartment Suburbs.

3. Urban housing markets tend to be diverse — in terms of housing type, race, ethnicity and more

Urban housing markets bring together a variety of housing types, races and ethnicities. Urban households are more than twice as likely as suburban households to live in multifamily housing — with 37 percent of urban households and 16 percent of suburban households living in such units. Even with the increased role of multifamily, urban housing markets are still largely single-family in nature — with nearly two-thirds (62 percent) of urban households living in buildings with 1 to 4 units.

Distribution of Housing Types, Race & Ethnicity — Urban Areas and the U.S.



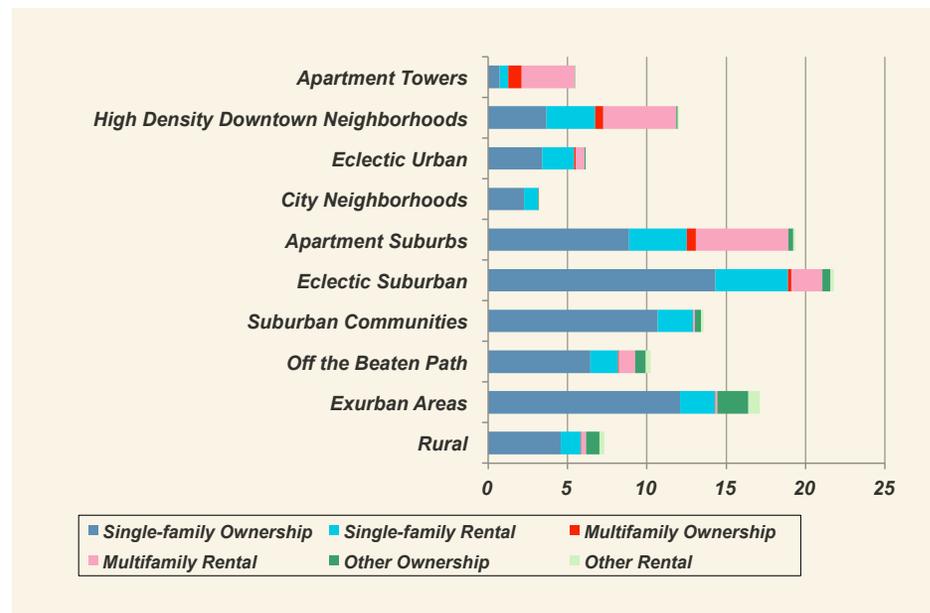
The diversity of urban housing markets can also be seen in their racial and ethnic make-up. Among the population of urban housing markets, 33 percent is Hispanic (compared to 17 percent of the nation as a whole), 17 percent is Black (compared to 12 percent of the nation as a whole), 10 percent is Asian (compared to 5 percent) and 3 percent is from other non-Hispanic, non-White racial and ethnic groups (compared to 3 percent). While 63 percent of the U.S. population identifies as non-Hispanic White, the same can be said for only 38 percent of the population in urban housing markets.

4. Owning and renting are both widespread, and each more common in certain types of markets

The homeownership rate is one of the most watched indicators of the housing market, with roughly 64 percent of U.S. households owning and 36 percent renting their homes. But that high-level statistic tells only part of the story. For a host of reasons, homes in multifamily structures are more likely to be renter-occupied, and single-family homes are more likely to be owner-occupied.

Housing type and tenure vary significantly by housing market. In urban housing markets, the homeownership rate is 44 percent (and the rentership rate 56 percent). Homeownership in urban markets gets a significant boost from High Density Downtown Neighborhoods (which hold a large number of single-family homes, most of which are owned) and even from Apartment Tower markets (which are dominated by multifamily housing, but also have a high share of those homes owner- rather than renter-occupied).

Distribution of Housing Types and Tenure (Millions of Households)

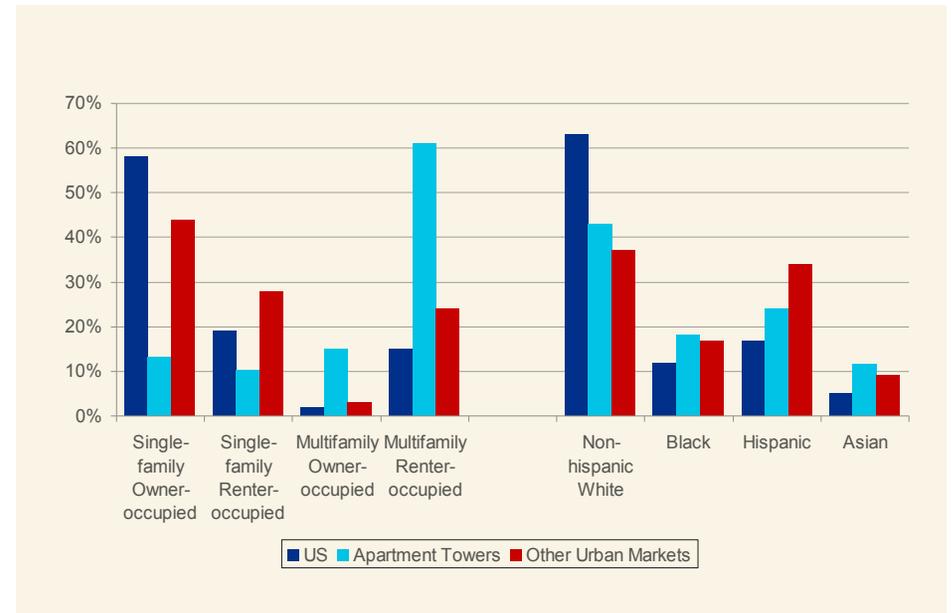


In Suburban housing markets, the homeownership rate is 66 percent and 34 percent of households rent. In exurban and rural housing markets, the homeownership rate rises to 77 percent, with a large number of “other” housing types (including manufactured housing and mobile homes) tipping the balance.

5. Apartment Tower markets are different than other dense urban areas

Markets with large numbers of buildings with 50 or more housing units are distinct from other high-density urban markets. These Apartment Tower markets have a greater proportions of Whites and Asian households, as well as millennials and retirees. Apartment Tower markets also tend to house lower shares of Hispanics and school-aged children than other dense urban markets.

**Distribution of Housing Types, Race & Ethnicity —
Apartment Towers and Other Urban Housing Markets**

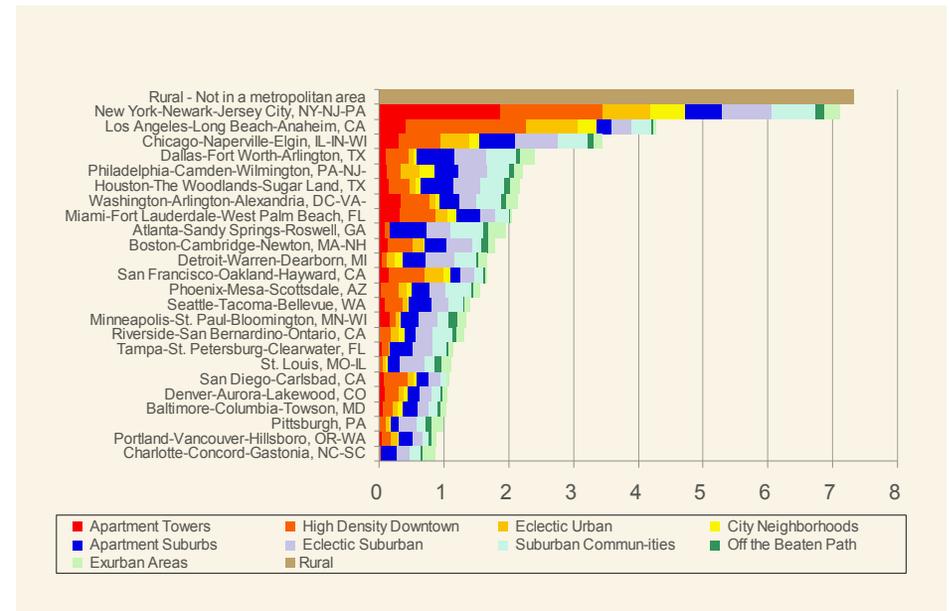


6. Given its size, there are more Exurban and Off the Beaten Path households in the New York metro area than in any other

In general, however, Apartment Towers and High Density Downtowns are more prevalent in larger metro areas while Off the Beaten Path and Exurban Areas make up greater shares of smaller metro areas. That being said, given its size, there are more Exurban and Off the Beaten Path households in the New York metro area than in any other.

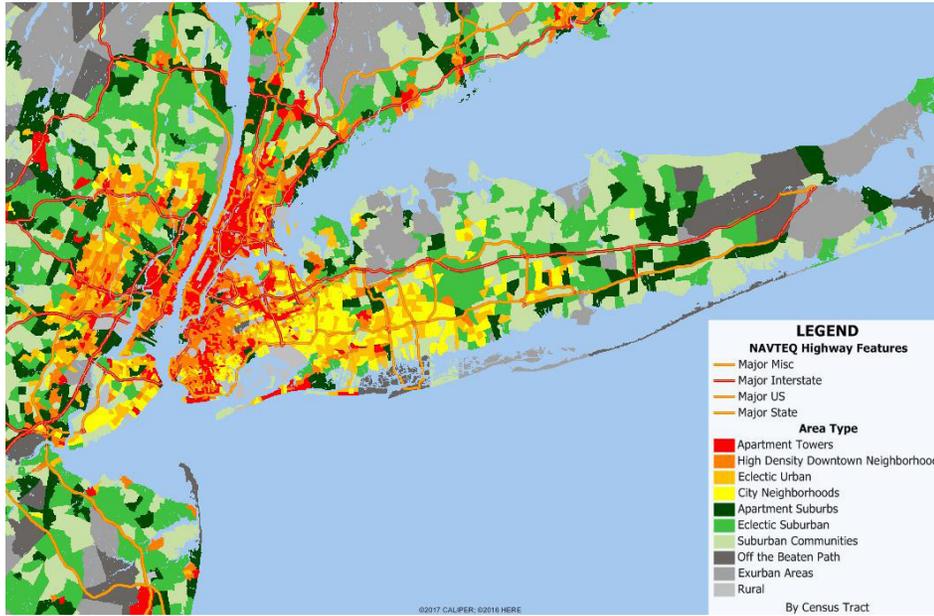
New York, with one-in-four (26 percent) household living in Apartment Tower housing markets, has the greatest share of its households living in such markets, followed by the metro areas of Miami FL (16 percent), Washington DC (16 percent), Minneapolis/St. Paul MN (12 percent), San Jose CA (11 percent) and Los Angeles CA (10 percent). Los Angeles CA, San Jose CA and San Francisco CA have the highest shares of their households living in High Density Downtown Neighborhoods. Laredo TX, Santa Cruz CA and Los Angeles CA have the highest proportion in Eclectic Urban.

Distribution of Housing Market Types Among Major Metro Markets (Millions of Households)

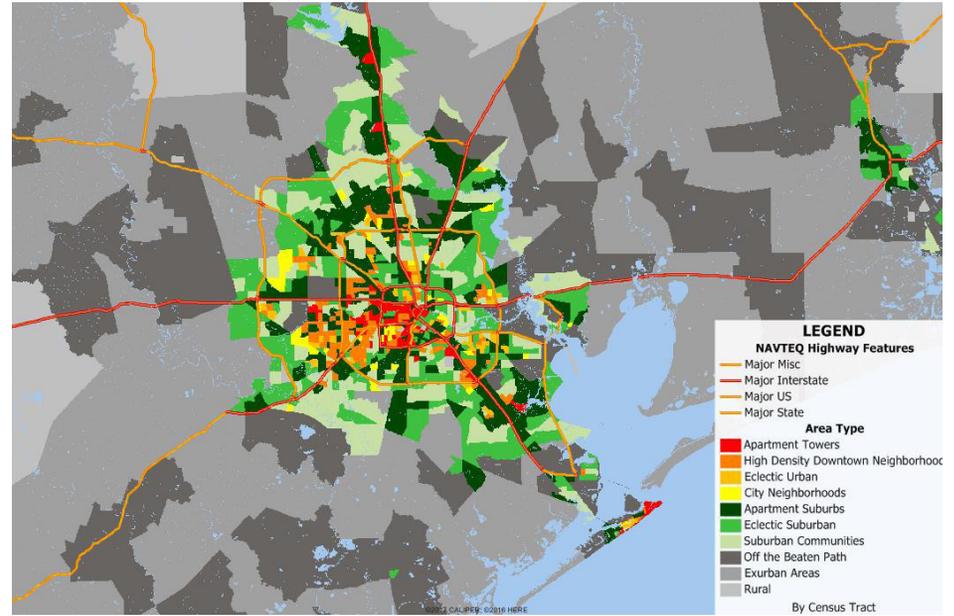


San Jose CA, Stockton CA, Las Vegas NV, and Philadelphia PA lead in City Neighborhoods. Naples FL as well as and Greenville NC and Lawrence Kansas (both college towns) have the highest shares in Apartment Suburbs. Cheyenne WY, Coeur D'Alene ID and Pensacola FL lead in Eclectic Suburbs. The Villages FL, Grand Junction CO and Lakeland FL have the greatest share of households living in Suburban Communities. Micro areas dominate the list of Off the Beaten Path places (such as Breckenridge CO, Pierre SD and Vernon TX) and Exurban Areas (Pahrump NV, Espanola NM and Shelton WA).

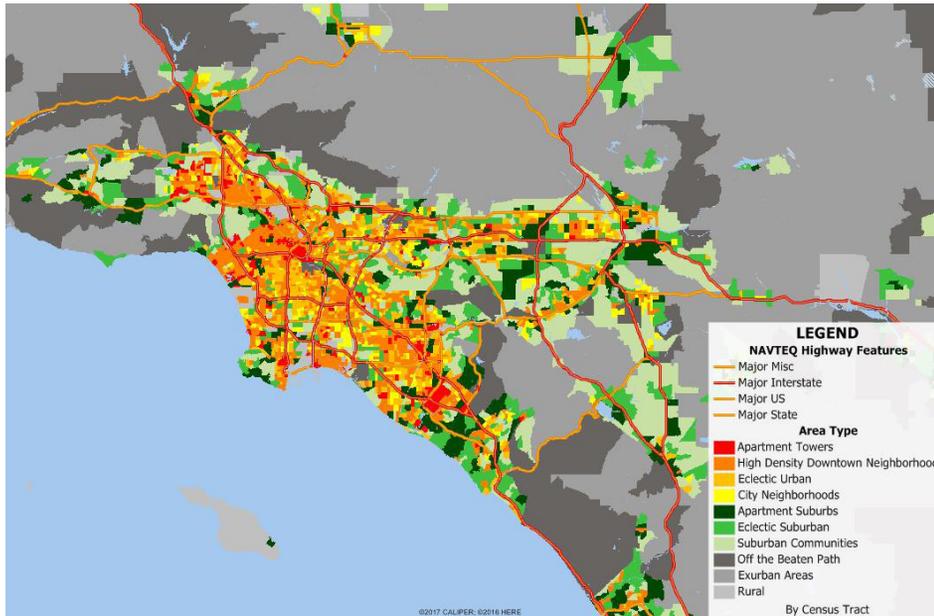
New York, NY



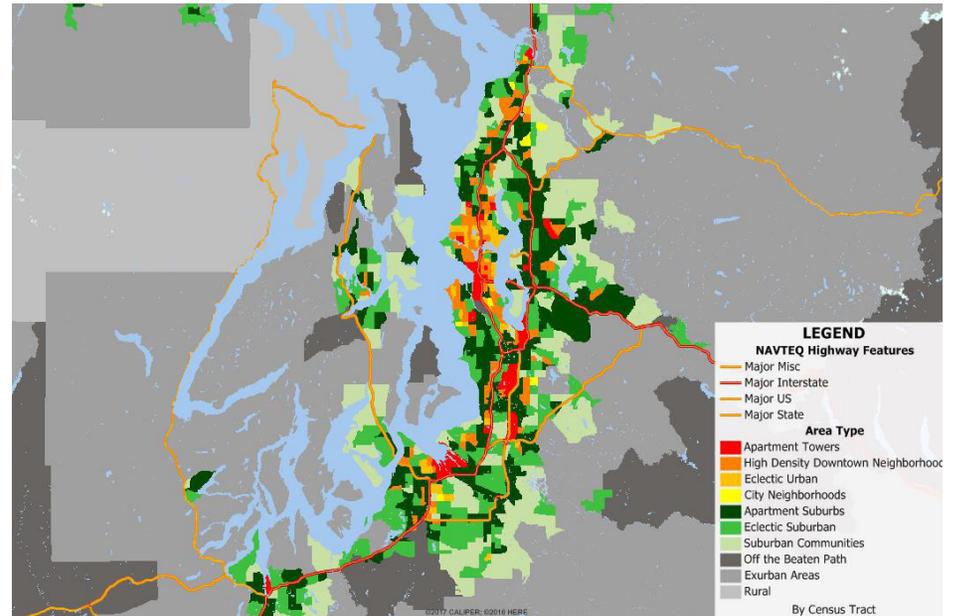
Houston, TX



Los Angeles, CA



Seattle, WA



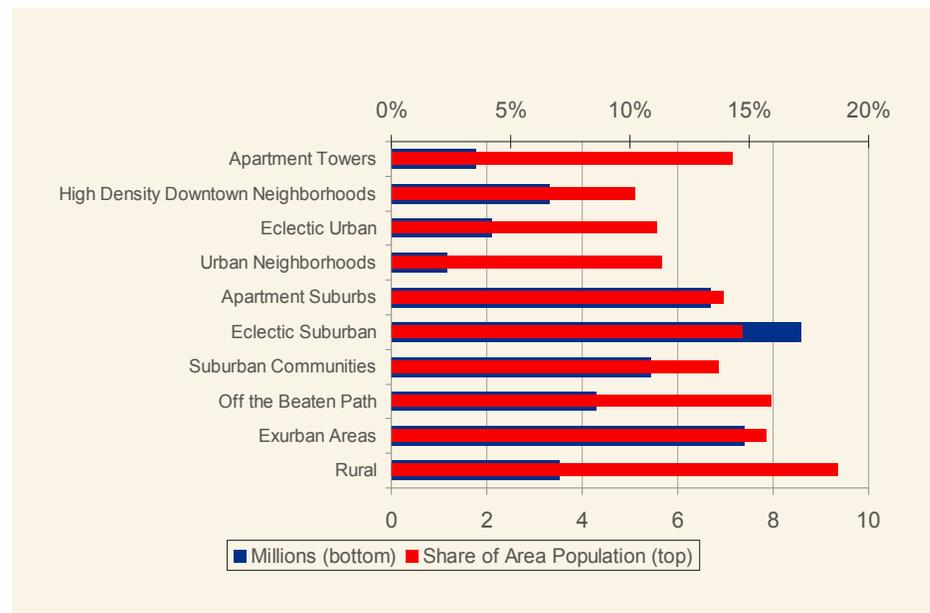
7. Millennials are drawn to dense urban areas, but are a large part of all housing markets; Retirees are less common in urban areas (except Apartment Towers)

Share of Area Population and Total Number of Millennials



The stereotype of millennials massing in apartments in dense downtown areas is partially supported, and partially rebutted, by the facts. Millennials make up a greater share of Apartment Towers (33 percent) and High Density Downtown (31 percent) households than of any other housing market type. But in absolute numbers, there are more millennials in Apartment Suburbs and in Eclectic Suburbs than in any other market type.

Share of Area Population and Total Number of Retirees



Retirees also make up a relatively large share of residents of Apartment Tower neighborhoods, but in absolute numbers there are fewer retirees there than in any other housing market type except Urban Neighborhoods. In general, one tends to get a greater share of retirees in housing market types with lower densities and more single-family housing. In absolute numbers, there are more retirees in Eclectic Suburban, Exurban and Apartment Suburbs than in any others.

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