

College Graduates (Aged 25 to 29) Experienced Greatest Losses in Homeownership Rates

Between 2004 and 2019

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INTRODUCTION

- Clear educational attainment gap¹ in homeownership, with college-educated young adults more likely to own a home than those with lower levels of education (Hernandez and Mazur 2022; Drew 2015).
- Little research focused on the changes in this relationship following the 2008 Great Recession. Lower homeownership rates may be linked to greater economic insecurity, which evidence has shown increased at all education levels following this period (Farber 2011).
- Homeownership gaps may derive from differences in housing markets, which vary across states.

My research addresses three questions:

1. How did homeownership among young adults (aged 25 to 29) change between 2004 and 2019?
 - a. How does this trend differ by educational attainment?
2. What were the geographic differences across states in the education gap of young adult homeownership?
3. How did the magnitude of the effect of educational attainment on homeownership change for young adults over this 15-year span?

DATA AND METHODS

Data 2004², 2009, 2014, and 2019 American Community Survey, 1-year estimates.

Sample: Adults aged 25 to 29 who are householders at each timepoint.

Measures

Dependent Variables: Owns their home.

Main Independent Variable: Educational attainment (4 categories).

Control Variables: Sex, race/ethnicity, marital status, region, and income.

Methods:

Descriptive trends across four cohorts in 15-year period.

Mapping geographic differences between 2009 and 2019.

Modeling change in the effect of education (logistic regression).

RESULTS – TRENDS AND PATTERNS

Descriptive Findings: Declining homeownership rates for all education groups.

- The education gap grew between 2004 and 2009 (16.8% to 23.3%), then fell below initial 2004 levels in 2019 (13.1%).
- Persons with less than a high school education experienced sharp declines between 2004 and 2009, recovering slightly by 2019.
- Persons with at least a bachelor's degree experienced greater stability between 2004 and 2009. The bulk of decline occurred after the recession, and rates remained depressed.

Geographic Analysis: Education gap declined nationally; variation remains across states

- More states in 2019 experienced a non-significant education gap (13 states) in homeownership than in 2009 (7 states).
 - 7 states in the West and 4 states in the South had non-significant gaps.
- Fewer states in 2019 experienced an education gap of at least 25 percentage-points (10 states) in homeownership than in 2009 (29 states).

RESULTS

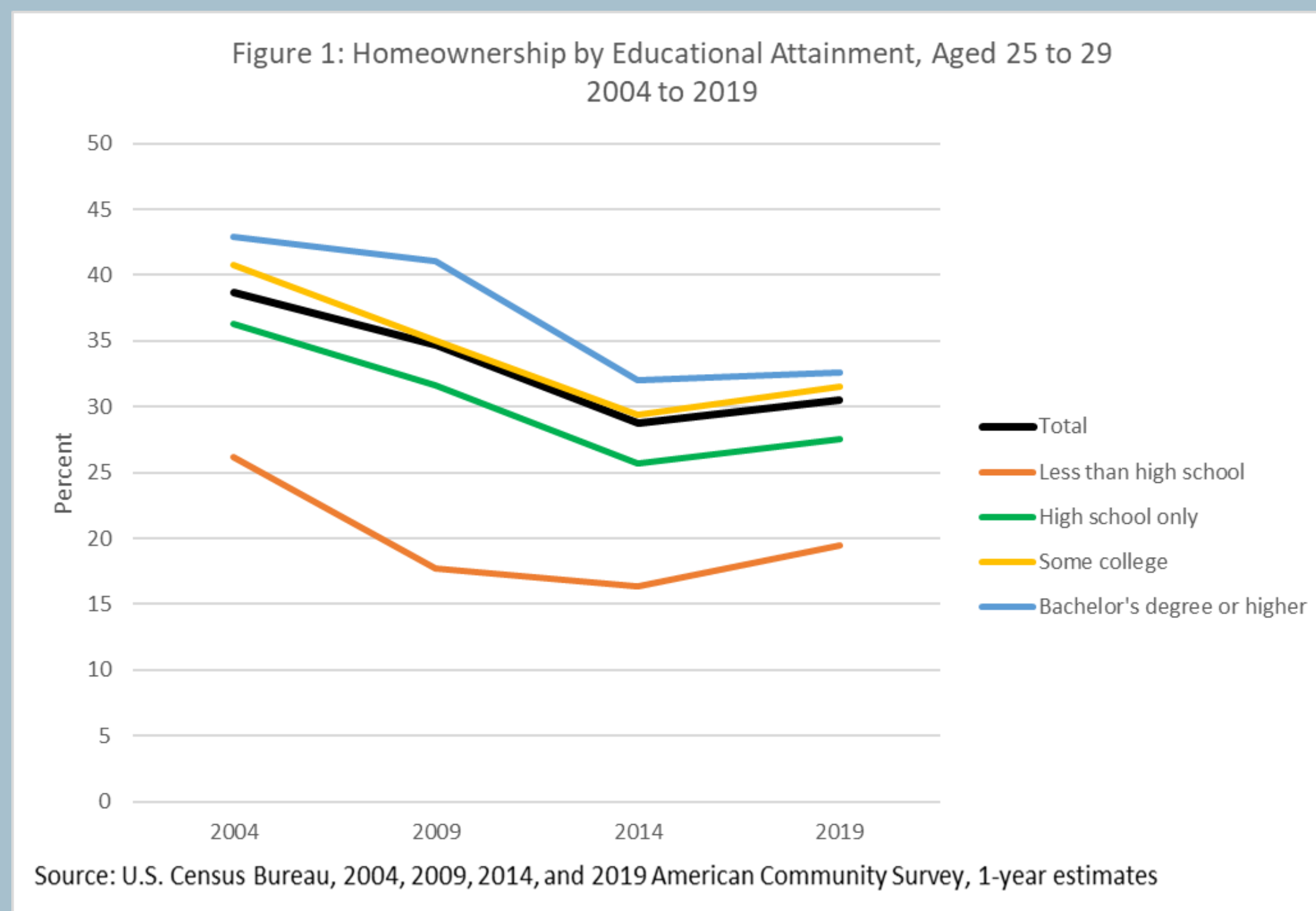


Table 1: Weighted Logistic Regression (Odds Ratios) for Homeownership

| Survey Year | Aged 25 to 29 by Cohort | | | |
|---------------------------------|-------------------------|---------------------|---------------------|---------------------|
| | 2004 (1975-1979) | 2009 (1980-1984) | 2014 (1985-1989) | 2019 (1990-1994) |
| Birth Cohort Year | | | | |
| Less than high school (omitted) | | | | |
| High school only | 1.15 *** | 1.65 *** | 1.37 *** | 1.32 *** |
| Some college | 1.25 *** | 1.77 *** | 1.36 *** | 1.51 *** |
| Bachelor's degree or higher | 1.48 *** | 2.94 *** | 2.01 *** | 2.03 *** |
| Pseudo R-Squared | 0.1996 | 0.1866 | 0.1564 | 0.1448 |

***p<.001 **p<.01 *p<.05

Note: Logistic Regression models includes sex, race-ethnicity, marital status, region, income and interaction between education categories and income.

Source: U.S. Census Bureau, 2004, 2009, 2014, and 2019 American Community Survey, 1-year

RESULTS – LOGISTIC REGRESSION

Logit Models: Positive effect of attainment on homeownership strengthens after the 2008 recession, but then weakens for later cohorts

- The odds of owning a home for college graduates compared to those with less than a high school degree were most similar in 2004 (48% higher) and most different in 2009 (194% higher).
- In later years (2014 and 2019), college graduates were roughly twice as likely to own a home compared to those without a high school diploma.

CONCLUSION

Major findings:

1. People with at least a bachelor's degree experienced greater loss in homeownership than those with less than high school degree (-10.4 vs -6.7 percentage-points), although the rate declined for all education groups.
2. The education gap varied across states and narrowed in most states between 2009 and 2019.
3. Differences in homeownership by education were greatest in 2009, just following the 2008 recession. While the education gap in descriptive findings is smaller in 2019 than in 2004, regression analysis finds the gap has yet to return to pre-recession levels.

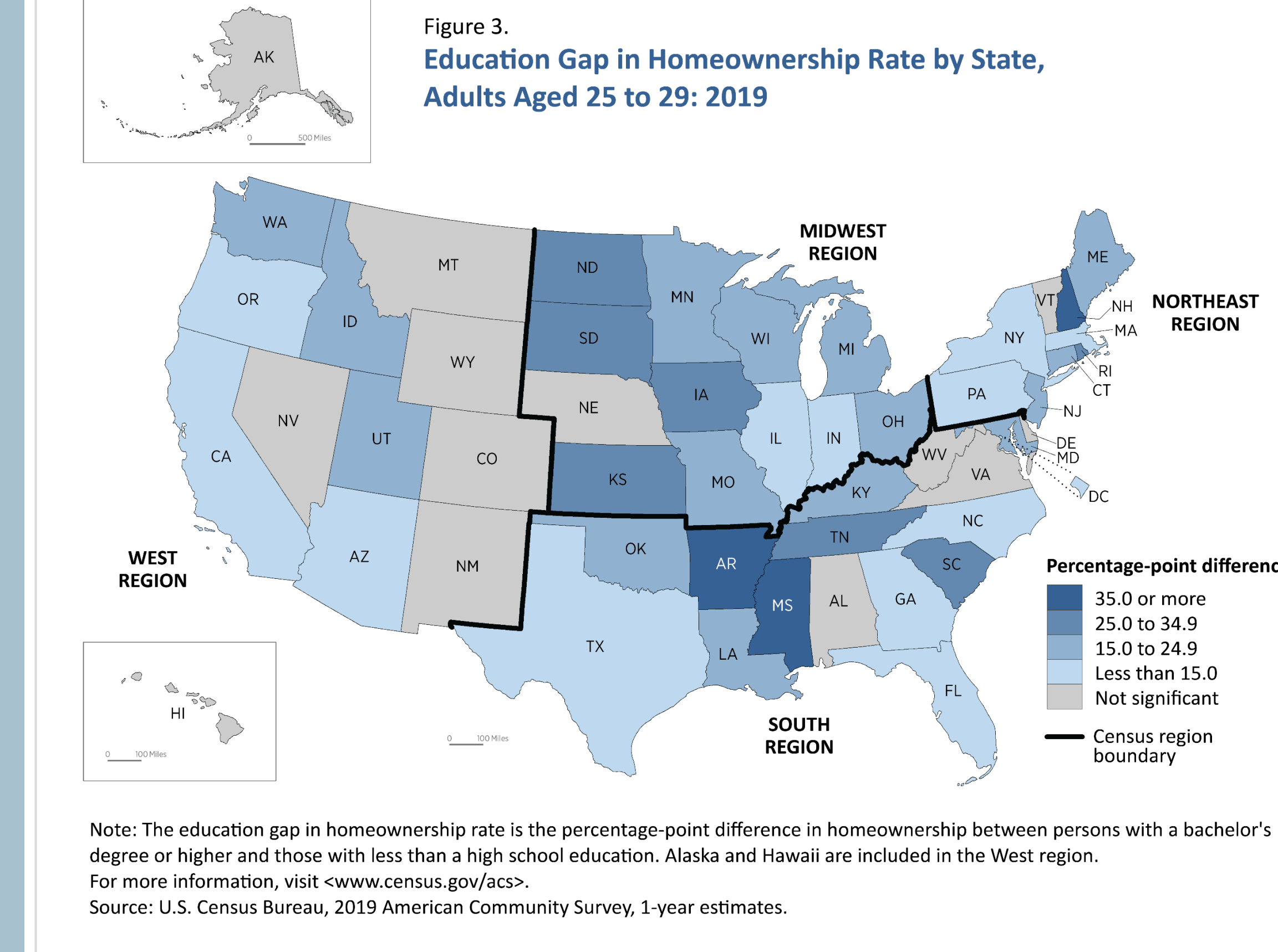
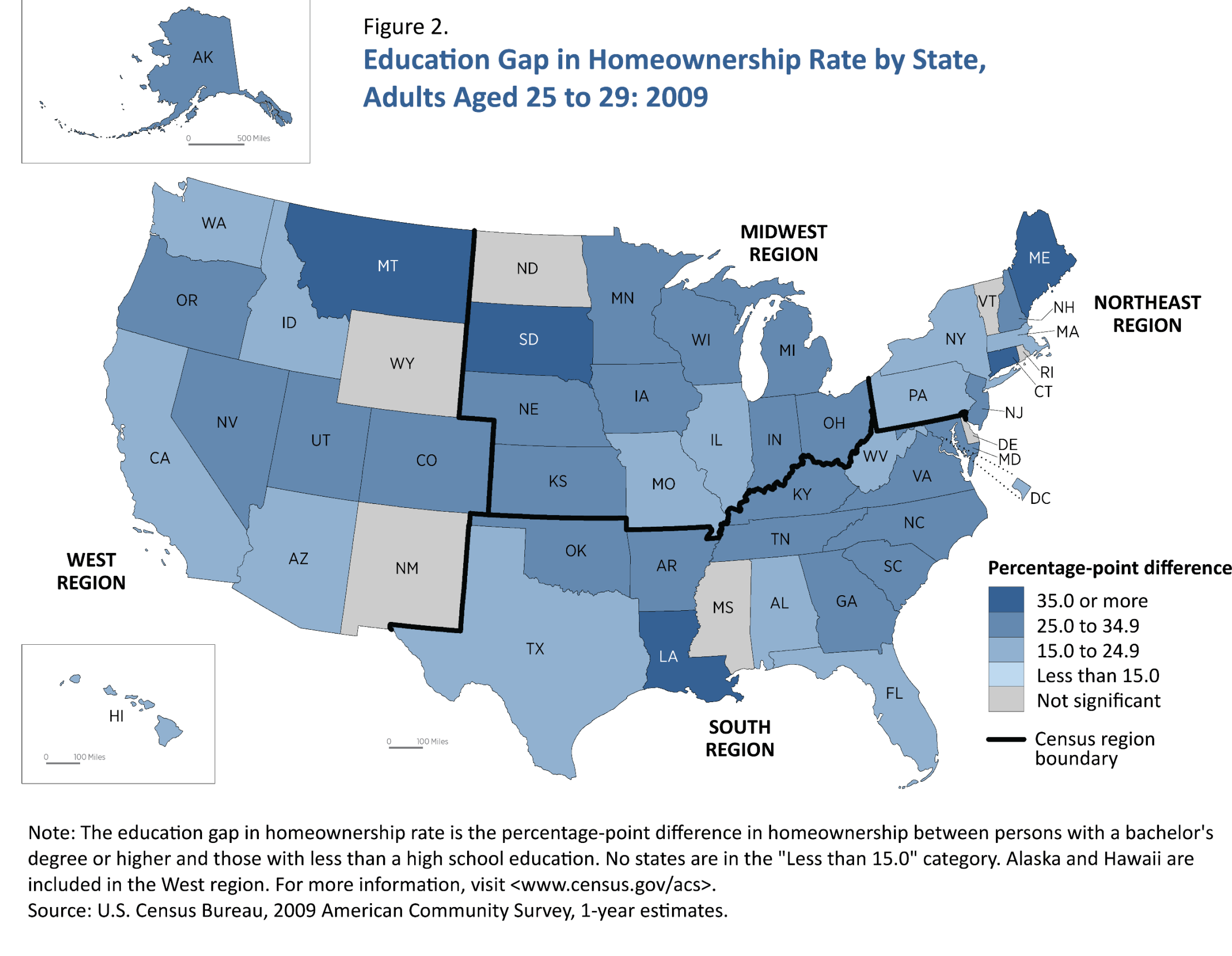
Future research should examine the mechanisms for declining homeownership among young adults. For example:

- Delays in marriage and childbearing may indicate young adults are less likely to "settle down".
- More years spent in higher education may postpone entering the labor and housing markets.
- Increasing house prices and slower growing wages paired with student debt may create financial delays in first-time homeownership.
- Stricter lending practices and credit standards may make it more difficult for first-time homebuyers to obtain a loan.
- The slowdown of new housing unit construction, as well as declines in moving to second-homes, may also keep young homeowners in entry-level homes longer, reducing affordable housing stock.

1. "Educational attainment gap" is defined as the difference in the proportion of people owning a home between those with a bachelor's degree or higher or those with less than a high school degree.
2. Limitation: The 2004 ACS was not run under full implementation. The sampling and sample size differ from later survey years.

References

- Hernandez, E.L., and Mazur, C. 2022 "Homeownership Among Young Households Still Below Pre-Great Recession Levels". America Counts Stories. U.S. Census Bureau.
- Drew, R. B. 2015. "Effect of Changing Demographics on Young Adult Homeownership Rates". Working Paper W15-2. Joint Center for Housing Studies of Harvard University.
- Farber, H.S. 2011. "Job Loss in the Great Recession: Historical Perspective from the Displaced Workers Survey, 1984-2010". Working Paper. National Bureau of Economic Research. <<http://www.nber.org/papers/w17040>>.



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