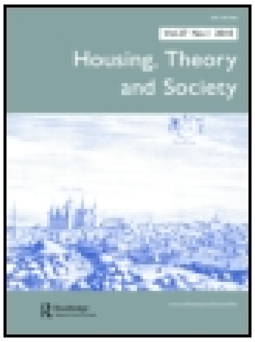

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ARTICLE

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ABSTRACT

In the context of rising housing costs, volatile housing markets and changing family structures, I examine the transition to ownership of young adults, and specifically the ownership paths of the Millennial generation. I examine the cohort ownership trajectories within the United States, between 2000 and 2015, and by region and race/ethnicity. The cohort transitions capture the strongly regional and ethnic outcomes of entry to ownership, and the effects of the financial crisis. All groups have much lower rates of ownership entry than earlier cohorts. There is likely to be an adjustment of the path to ownership in the long run and the current outcomes provide evidence that those trajectories will vary by region and race. It does appear that the changing trajectory of access will contribute further to the already growing inequality in cities.

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Introduction

Widespread homeownership in the United States and Europe is a relatively recent phenomenon. In the late nineteenth century, as urban areas grew rapidly, ownership was quite low and remained low during the first half of the twentieth century. It was only after the Second World War and the expansion of the US economy that ownership grew rapidly to its current levels. A similar story is true for the United Kingdom where ownership was relatively low until the twentieth century. After five decades, we are witnessing the first declines in ownership. Ownership was as high as 69% in the United States and the United Kingdom towards the end of the twentieth century but following the financial crisis of 2007–08, there has been a significant decline in the level of ownership. In the United States, average ownership declined to around 63% and a similar decline occurred in the United Kingdom as well.[1] These declines have raised the question of just how available ownership will be for new entrants to the housing market, and whether or not housing ownership will recover to previous levels. This is not just an academic question but it is also an important policy question – a question of how we will organize society, whether the inability of some groups to access ownership will increase inequality and what sort of cities and urban environment we are going to construct.

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Although this paper has a limited focus, that is the nature of access to the housing market for young adults, it has wider implications for housing provision and for the mix of ownership and renting. The study of the trajectories of young adults directly addresses that issue, and the wider issue of deepening inequality between those who can own and those who cannot, and the implications of these transformations for young adults.

Even before the recent financial crisis and the decline in ownership rates, there were concerns about housing affordability, and about the ratio of household incomes to owner-occupied housing prices, a ratio that increased steadily in the past 30 years. Now the questions are about how should we provide housing and at what level should we subsidize ownership. Is the aim to have homeownership available for all as is true in some societies (in Spain and Norway nearly 80%are owners), or is private rental housing a viable alternative? These are important academic and policy questions as they speak directly to the issues of affordability and equality. The experiment to create an ownership society with very low buyer input imploded when the speculative bubble in the housing market burst in the aftermath of the financial crisis. The subsequent retreat from ownership has differentially affected the population in US cities, but especially the younger cohorts and minorities within those cohorts. As housing has become increasingly costly, the issue of affordable housing has risen higher on the agendas of both local and national governments. The affordability issue underlies much of the discussion of who can access housing, as housing costs represent a significant proportion of most household expenses, and in turn affordability has implications for inequality, income distribution and housing production.

Questions about access to housing ownership matter if the outcomes are different for different groups. They matter if only some sectors of society can build housing wealth and create the access that brings security and privacy from ownership. They matter if access to good quality neighbourhoods and schools is available selectively (Rothwell 2012). There has been an argument that ownership is a "good" because owners are more connected to their communities and neighbourhoods and have greater social capital and social cohesion and in turn increase the viability of the urban experience.[2] But again, the question is to what extent it is selective and who, amongst younger adult cohorts in the Unites States, are able to access the homeownership market. The core of the research in the current paper is documenting how access varies by status. If housing access is an issue of equity and an issue of opportunity, how should we evaluate what is occurring in the market for young adults. It is in this context that I examine, at a micro and behavioural level, the issues of housing access for young adults. In the past, there had been small "bubbles" in housing prices but the sudden rise and following collapse in the 2000–2009 window emphasized just how much housing was a central element of social equity. The collapse of housing prices has created a series of questions about access, opportunity and equity which is the focus of the following research.

The Theoretical Context and the Ownership Debate

There is an ongoing debate in the housing research community about the nature and role of housing theory, indeed if such a theoretical undertaking is even possible.[3] Kemeny (1992) argued for bringing the power of disciplinary thinking to housing issues, and using social theory in general to inform our understanding of housing in society. Others, especially in a review and debate about housing theory in this journal emphasized a view in which interdisciplinarity is central in studying the complexity of housing and its role in society (Clapham 2009). King (2004, 2009) emphasized the analysis of the activity and experience of residents – a phenomenology of housing experience so to speak (Ruonavaara 2017). Bringing the power of disciplinary thinking is importantly central in the focus of this analysis of housing access, but because the study looks at the behaviour of individuals, it is actually about the experience of young adults in the housing market and reflects King's concern with experience in the housing market.

The theoretical theme which underpins the analysis in this paper is about changing economic contexts, growing inequality and different generational outcomes. The research also engages with the micro-scale and individual changes as emphasized by Graham and Sabater (2015) and the paths of individual mobility (Coulter and Van Ham 2013). The empirical analysis grows out of these themes and is informed by taking a generational perspective. First, the ability to experience ownership in the current context is clearly driven by resources and the economic lens is a powerful tool in understanding behaviour in the housing market and despite the criticisms of behavioural economics is especially important in connecting individuals to the housing market (Marsh and Gibb 2011). Resources, unsurprisingly, and as I will demonstrate in the empirical sections of the paper, are critical in housing outcomes. The role of resources is also pivotal in the McKee (2012) argument of how young people are being excluded from the housing ladder, staying in the parental home longer and potentially generating an intergenerational conflict between housing poor young people and their housing rich elders. Stagnating wages, precarious and non-permanent employment have disrupted the previous transitions of young adults from the parental home to rental housing and in turn ownership.

Second, the broader debates about how social support should be provided (including housing) also have resources at the core. In the United Kingdom, the debates are about the way in which ownership has privileged older owners at the expense of "generation rent" (McKee 2012; McKee et al. 2017; Hoolachan et al. 2016). As suggested in some of the discussions about collective welfare versus asset-based welfare, there has been an implicit shift in how social supports are provided and specifically that extensive homeownership seems to be contributing in complex ways to a reduction in public spending, lower government willingness to contribution to pension spending and in general a shift from collective to asset-based welfare. That issue is less direct in the United States but the complex issue of support for homeownership versus social housing and the role of the private rental sector in the United Kingdom is clearly related to rising inequality. As Murie and Williams (2015) note, the poorest and newest households are less likely to access or sustain homeownership and more likely to be concentrated in a private rented sector and in poor quality parts of that sector. And, there is evidence that housing wealth inequality is further exacerbated by the growth of rental property in the hands of the highest income quintile (Arundel 2017).

These foci emphasize the generational differences, the notion that now the young adult generations, and Millennials in particular, worry about whether for them home-ownership will generate equity sufficient to justify the mortgage commitment (Nelson 2016). The associated evidence of stagnating median household incomes and high student debt loads both in the United States and United Kingdom (Weidner 2016) which weigh on the ability of young adults to qualify for mortgage loans suggest caution in predicting a positive future for homeownership as the norm. As Myers and Lee (2016) point out, cohort momentum matters and the population is ageing and will continue to do so with a declining cohort of younger adults who will enter the housing market over the next two or three decades, even if they can afford to become owners. The housing market and access to that market are further influenced by the emergence of an international market for housing at least in the global cities. While once the behaviour of the market and in the market was largely a national process, it is no longer true. The data are limited, but it appears that some markets, London, New York, Los Angeles and other large metropolitan areas, are now part of an international system and this further complicates behaviour and access (Hamnett and Reades 2018).

The debates about the level and future of ownership have tended to be national in focus (Goodman, Pendall, and Zhu 2015) with much less attention to regional and racial variations, but as housing costs vary regionally and young adults who are minorities often do not have the parental backup to enter the housing market, it is important to view housing access across cohorts by racial and ethnic status and by geography. Why ownership declined is not much in-dispute, high housing prices, decline in young adult incomes, difficult mortgage qualifications and inadequate housing production, all play a role in these changes. However, while we know why the decline occurred, we have a much poorer understanding of the distributional outcomes of these changes. To explore the distributional outcomes, I ask the following three empirical questions:

(1) What is the rate of entry to ownership across the millennial generation by region and ethnicity?
(2) How do the regional and ethnic trajectories vary from the national trajectory to ownership? and
(3) What are the corollaries of entry to ownership? Who gets to be a homeowner amongst the millennial generation?

Changing Contexts – the Housing Market, Young Adult Transitions and Housing

Housing choices reflect individual desires and the structure of what is on offer in the housing market. The working behavioural relationship between households and housing has always emphasized the matching process as individuals and families choose the size of housing to meet their housing needs, in economic equilibrium terms, a match between household size and housing size but tempered by the quality of the space that the household can afford (Henderson and Ioannides 1983; DiPasquale and Wheaton 1996; Clark and Dieleman 1996; Mulder 2006). A large body of work has established how households choose from amongst the size, shape and quality of the housing on offer, both new and existing, and that households move for more space, more bedrooms, more entertaining space and access to yards and playing areas for children (Frenkel and Kaplan 2015).

The notion of a demographic link between households and housing captured the empirical events of expanding families of the baby boom and the surge in housing construction in the suburbs of US cities (Levy 1998). It was a period of very rapid growth in the construction of single family homes and in the rates of homeownership as affluence and policy combined to make ownership more widely available. It was a relatively stable period of modest increases in housing prices, and readily available low interest mortgages. For much of the twentieth century, the slow increase in housing prices created a "wealth cushion" and as families paid off their mortgage, it created a nest-egg for retirement. Housing in this context also provided, especially for the middle class, access to neighbourhoods with good schools, low crime and a set of community services. It also provided better quality residences in general than is provided by rental housing.

The families who occupied the new owner housing built in the 1950s and 1960s were the newly affluent post-war couples with relatively high fertility. The baby boom between 1946 and 1966 increased family size, maintained fertility and generated a new middle class of homeowners (Levy 1998). The story for the children of the baby boom generation is different. Of the premillennial and millennial generations, many are not married, fertility is significantly lower and the number of families with children is now only about 20% of all families. Even more problematic, as Fry (2017) reports in a study in the United States, the largest number ever, of 18–34-year olds are living with parents. These are the young adults who would have been homeowners or potential homeowners a generation earlier. A similar finding for the UK reports that more young adults are either still "at home" or living outside of the parental home but not in a family (Stone, Berrington, and Falkingham 2011), and recent evidence suggests that class inequalities further the divergent paths (Berrington, Duta, and Wakeling 2017).

What we are seeing now has been described as divergent lives (McLanahan 2004). While some young adults follow the paths of earlier generations into marriage, ownership and family formation, other young adults delay partnering and family formation, some from preferences but others because they have precarious employment, high student debt and other constraints that were less burdensome on previous generations. In the United Kingdom as in the United States, stricter mortgage lending requirements and larger required down payments have increased the likelihood of staying in the private rented sector (Kemp 2015; Powell 2015) and thus many aspiring homeowners are unable to realize their aspirations (Clapham et al. 2014). It is further argued that children (now young adults) who were born to the most educated women are more likely to gain resources, as opposed to those who are from families with less education and fewer resources who are losing ground (Cigdem-Bayram, Ong, and Wood 2017). The latter is likely to be true of minority families and informs the analysis of ethnic homeownership in the empirical sections of the paper.

Not only have family structures changed, but also the housing market is structurally different, more volatile and less affordable than the decades in which the baby boomers entered ownership (Clark 2011). Changing tastes, speculative behaviour and changing household behaviour have unhinged, or at least complicated, what was a matching process between families and housing. The bubble that occurred between 2000 and 2008 further destabilized the housing market and a decade after the bubble, there is a continuing decline in ownership in the United States (a drop of 8–9% in homeownership in a very short time period) which has fuelled a discussion about the future of homeownership, the nature of housing affordability and the role of housing in society more generally. From the perspective of this paper, how are the young adult millennials faring in this changing context?

Data

The data for this analysis are drawn from the US decennial census in 2000 and 2010 and the American Community Survey for 2005 and 2015. I measure the number of households at each of these points in time, and the number of households who report that they are owners. I do this by age cohort, 20–24, 25–29 … to 85 plus. The majority of the analysis focuses on the young adult cohorts from 20–24 to 35–39. I use a larger age in some initial diagrams to provide a context for changing trajectories into homeownership. The core of the presentation uses cohort trajectory diagrams to show the rate of ownership for a particular group of similarly aged households as they grow older over time. For example, if 1000/5000 households who are headed by a person age 20–24 are owners, the ownership rate is .2% or 20%. If we examine the same cohort 5 years later and ask how many are owners, we can assess the rate at which the cohort has transitioned to ownership. In our example, ageing the 20–24-year-old cohort to 25–29 when there are now 1500 owners out of 5000 households, the ownership rate is 30%.

Of course, the cohort is not completely stable as new immigrants arrive, others leave and a small number of the members of youthful cohorts die. In most contexts, these changes are relatively small in relationship to the size of the entire cohort, but we know in the United States that there was significant migration after the adjustment to the immigration rules for entry in 1965. To maintain substantial consistency of cohorts over time, I included only the population born in the United States and immigrants who arrived before 1980. This adjusted the overall household counts to between 99 and 103 million households across the 15-year interval from 2000 to 2015.[4] Although recent immigrants were removed from the cohort analysis, it is not possible to completely exclude all immigrants as the census and the American Community Survey does count undocumented populations where possible. Thus, we cannot have an exact count of the native born and pre-1980 immigrant population.

Analysis of the Cohort Changes

The core of the analysis of cohort changes in ownership focuses on (1) average rates of ownership over time by cohort, (2) trajectories of age cohort ownership change from 2000 to 2005, 2005 to 2010 and 2010 to 2015, and (3) changes in the absolute numbers of young adult owners.

Average Cohort Ownership

Average cohort ownership was approximately stable in the 1980s and 1990s but after 2000, the rates began a steady decline. This decline began even before the disruption of the housing crisis of 2006–2009, a response to increasing housing prices in the first decade of the twenty-first century (Table 1). While about a fifth of the youngest age cohort owned in 1980 and 1990, by 2015, only 13.4% owned. Similar declines are apparent for the other age cohorts as well. Even though the rates for 35–39-year olds approached average rates for the United States as a whole, which reflects the relatively rapid transition into ownership for younger age households in previous decades, they began a slow decline after 1990.[5] Following the stability of the 1980s and 1990s, housing markets exhibited much more volatility in the new century. For the first 5 years of the 2000–2015 period, there were modest increases in ownership for cohorts 25 years and older. Even though prices were escalating rapidly, ownership was also rising.

Graphing the average homeownership rates and the rates by race and ethnicity provides a more complete story of what was happening during the bubble window and after. Overall, the very modest increases from 2000–2005 were rapidly replaced by steep declines, declines which have continued even after housing market prices stabilized. For the 25–29 and 30–34 cohorts, there were proportionately more white and Hispanic owners after the housing boom of the first half decade of the 2000s. The gains for blacks were more modest. Those gains changed with the rapid decline in house prices and associated foreclosures after 2005. The changes for young cohorts after the volatile housing activity of the first half decade are striking. In general, and for the race and ethnic groups, there were rapid declines in average cohort ownership rates (Figure 1).

By 2010 and continuing in the following half decade, ownership declines have continued. The ownership levels for all young adult cohorts are remarkably lower in 2015 than they were in 2000. Indeed, they are, in 2015, lower than at any point in the past five decades. The declines were greater than 10 percentage points for Blacks, but even whites had substantial cohort losses in ownership. The steep declines capture first the rapid expansion of ownership under the stimulus of easy credit, reduced loan requirements and aggressive marketing of loans to minority populations, and then the inability to support that level of ownership. However, the bursting of the euphoria about future housing prices as a way to create equity and wealth had much more negative impacts on young minority households than on young white households. To put the ownership levels and changes into context, I plot the ownership rates for a section of the baby boomer population (60–64 years old). The average cohort ownership rates provide a cross-sectional analysis of change in ownership. They document at a cohort level what is well established about the declining ownership rates (Goodman, Pendall, and Zhu 2015). The following section considers the dynamics of the trajectories into ownership.

Table 1. Average cohort ownership rates 1980–2015.

Age cohort	1980*	1990*	2000**	2005**	2010**	2015**
20–24	22	20	19.2	18.8	15.6	13.4
25–29	42	41	38.9	41.6	35.9	30.7
30–34	61	60	56.0	57.4	51.6	46.9
35–39	70	68	66.2	66.3	61.9	56.5

Sources: *Native born cohort ownership rates Clark (2005). **Cohort ownership rates for the native born and immigrants who arrived before 1980.

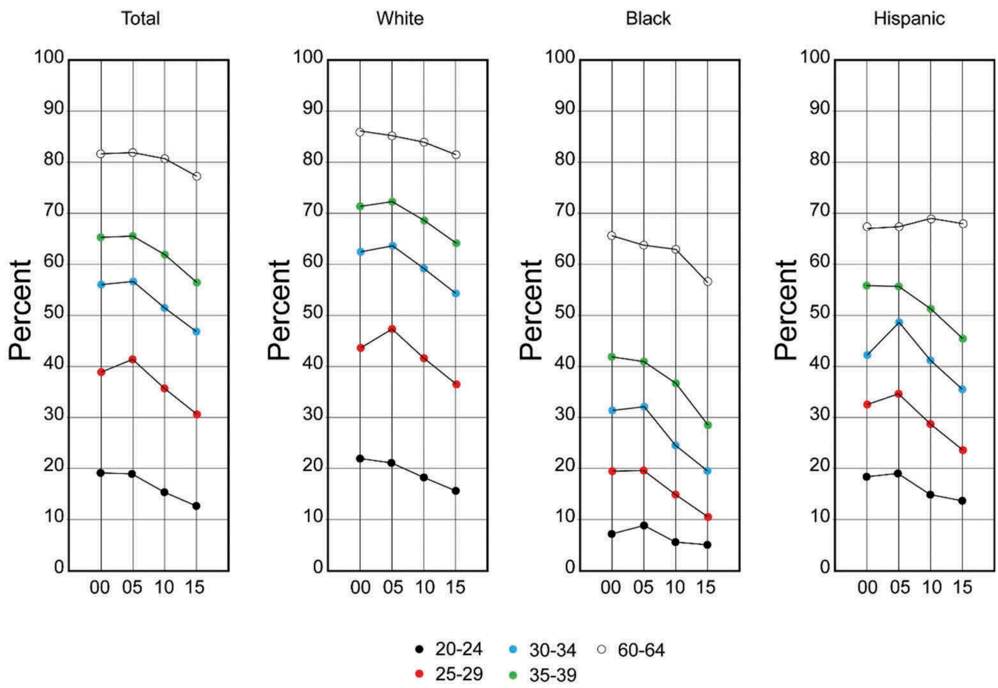

Figure 1. Changes in cohort ownership rates by age and period.

Trajectories to Ownership

By using trajectories of entry to ownership by cohort over time, we can provide a detailed picture of the movement to ownership. As in previous analyses of ownership trajectories (Clark 2011, Myers and Lee, 2016), the 2000–2005 trajectory to ownership followed a fairly consistent path with rapid movement into ownership as households transitioned from younger to older cohorts. Recall, as I discussed in the data section, that we are measuring who, of a particular age cohort, is an owner 5 years later. By age 40 (the 35–39 age cohort), approximately 70% of the cohort are owners (Figure 2). There are two important observations from the trajectories for the 2010–2015 period, the window after the housing crisis. First, the angle of the trajectory to ownership is much flatter in the 2010–2015 period, and the overall access to ownership sits below the overall trajectory for 2000–2005. Second, and in spite of the flattened trajectory, the overall picture is one of resilience in the access to ownership. Younger cohorts on average make gains in ownership although the gains are lower for older cohorts. It is notable that the gains after age 45 are such that the arriving cohort does not reach the average rate of the cohort that they age into. That is, they are not making the gains that previous cohorts were able to achieve and hence the lower overall trajectory to ownership. While the patterns for the population as a whole are broadly similar, how do the trajectories play out by race, ethnicity and geography? It is these patterns that we will examine in greater detail in the following sections on the specific paths by region and race.

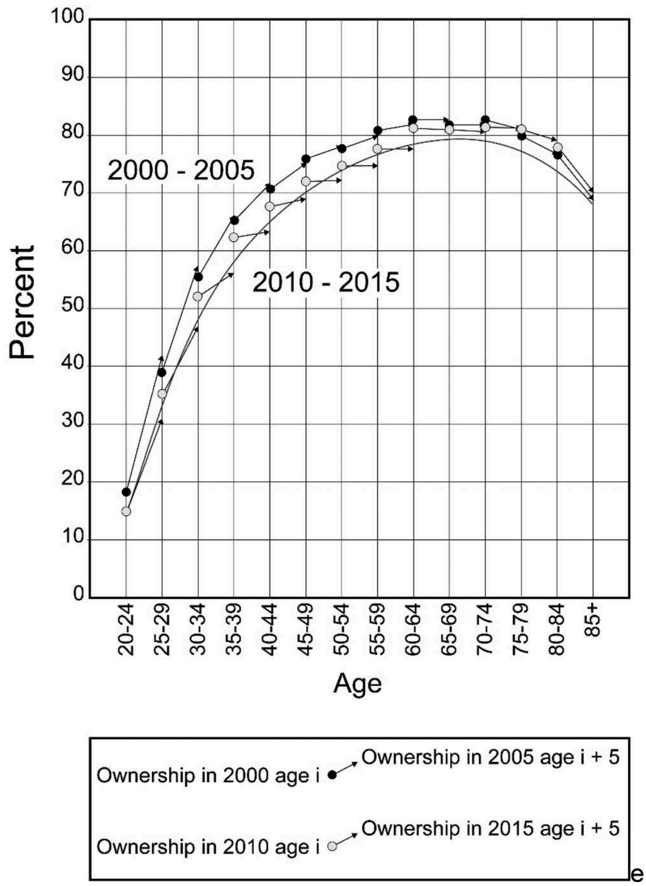

Figure 2. Trajectories to ownership before and after the housing crisis.

Examining the trajectory for the most youthful cohorts highlights the slower rate of access to ownership and the difference in achieved levels of ownership by the time when most households are likely to be owners (Figure 3 – total panel). The outcomes for these more youthful cohorts capture how entry to ownership has been impacted by the financial crisis. While 19.2% of the 20–24-year-old cohort owned in 2000, and they doubled their ownership rate 41.6% 5 years later, that same 20–24-year-old cohort had a change in ownership from 15.6% to 30.7% between 2010 and 2015. For the 25–29-year-old cohort, there was a much greater difference between ownership access before the financial crisis and afterwards. For 25–29-year olds, the increase in ownership as they aged to 30–34 years old was from just under 40% to 55% but the 25–29-year olds 10 years later increased their ownership from 36% to 51%. The trajectory graph captures the lower entry to ownership for the millennial cohort but still on average impressive access to ownership.

It is clear that millennials, on average, are accessing ownership at a reduced rate than was true of their previous matching cohorts but they are, to continue our perspective of resilience, getting to be owners. But how does this vary by geography and race/ethnicity and what are the implications for unequal outcomes. Geography matters, and as

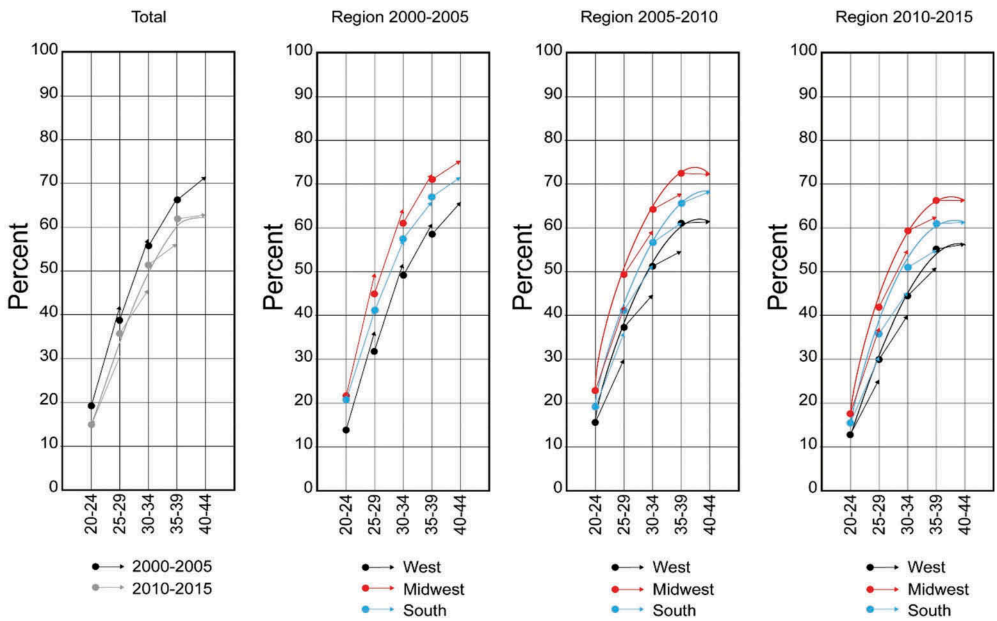

Figure 3. Cohort ownership trajectories for young adults by region – interpolated curves have been added to 2005–2010 and 2010–2015 data.

expected access is greater in lower priced markets and lower in higher priced markets. (Appendix Table provides a context on house price changes.) The west Census region, which includes California, Oregon and Washington, where house price rises have been significantly higher than for the United States as a whole. The same is true for the East though not shown to maintain visual clarity (Figure 3). The trajectories for 2000–2005 are again much like trajectories in the past, but the trajectories after the financial crisis are much flatter and suggest a much less positive picture about access. There is a greater disjunction for each cohort (i.e. the younger cohort does not reach the same level as their later cohort in the level of ownership) and the interpolated curve reflecting the rate of trajectory is both flatter and lower for the 2010–2015 movement. There is almost a 20% difference in the outcome between the national cohort trajectory in 2000–2005 and the path for the West in 2010–2015. The question which of course this raises is how future house price rises will continue to differentially impact access to ownership in expensive housing markets.

It is however the trajectories by race and ethnicity which focus attention on the potential for problematic outcomes in access to housing. It is a striking story of unequal access to housing (Figure 4). Black and Hispanic households even before the financial crisis had low rates of entry to ownership and reached lower levels of ownership, a finding already widely documented. In particular, there is growing evidence that because the major part of black wealth is held in home equity, the housing market downturn may have long-term consequences in their ability to pass on wealth across generations (Tesfai 2017).

While the path to ownership for white households did decline modestly, it is the downward shift for Hispanics and black households between 2000–2005 and 2010–2015

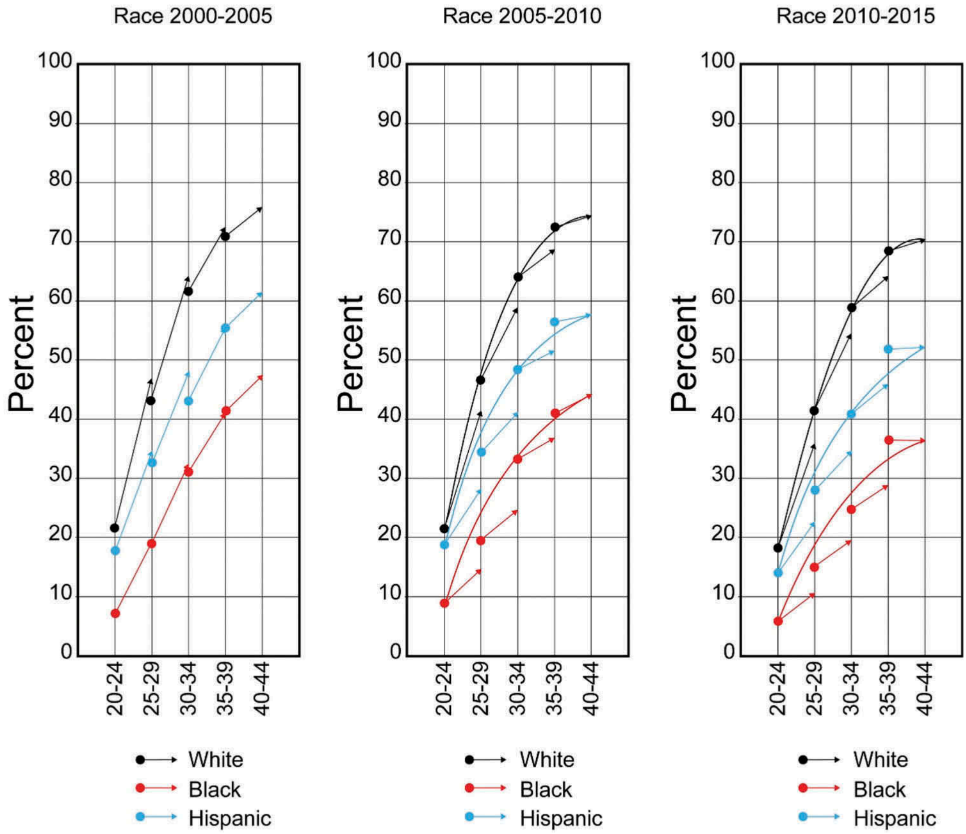

Figure 4. Cohort trajectories by race – interpolated curves have been added to 2005–2010 and 2010–2015 data.

that is striking. Simply put, by the age when young adults that we would expect to be in ownership (around 30–35 years of age), who would expect to have rates of around 55–60%, we find only 35% of African-Americans and 52% of Hispanics are owners. These unequal race and ethnic outcomes are important for understanding the process of becoming an owner, who can become an owner, and how price plays an important role in the outcome. The working rule of thumb in US contexts that households could (should) spend about a third of their income on housing is no longer a working rule. While it is true that the rule ignored other important dimensions in making a home purchase, it worked well enough for much of the period of rapid homeownership in the 1960s and 1970s but now is a poor measure of affordability. Stagnating wages, especially for minorities, and the inability to tap into parental resources are widening the divide between educated and affluent young white millennials and the rest.

How Many Owners?

The rates of ownership declined, and as important for the long-term state of the home owner market, the actual number of owners declined. There were just under a million 20–24-year-old owners in 2000, and by 2015, that number of owners (in the 20–24 cohort) had declined to less than half – a decline of 422,399 owners, 46.5% in a 15-year period. There were declines in all young cohorts though the declines are greater for whites and Blacks than they are for Hispanics who had quite small declines relatively (Table 2). There are more owners of course in the older cohorts. The trajectories are stories about the *progress into* ownership while the stories here are about who is an owner at a point in time for a cohort. But even in the 35–39-year-old cohort, there is a substantial decline in the actual number of owners. For the United States as a whole, the 35–39-year-old cohort had 5.9 million owners in 2000 but by 2015, the cohort (those who were 35–39 in 2015) had only 2.3 million owners, a decline of almost 40%. This statistic captures the ageing of owners – those who were owners in 35–39 five years later are owners who are 40–44, but those who aged into the 35–39 cohort were less likely to be owners.

Some of this decline is due to an ageing population with lower replacement in younger cohorts. You will recall that I stabilized the population by removing the 31.5 million new immigrants such that we are observing the movement though the system of a population which is largely dependent on natural growth. By adjusting for the immigrant growth, we are dealing with the movement through the system of the children of the baby-boomer population. Those children born in the 1970s to the 2000s are moving through the youthful cohorts. The populations in these youthful cohorts are all substantially smaller than their predecessor cohorts, a finding that is a direct response of lower birth rates 20–30 years earlier, and completed fertility rates, CFRs which bottomed in 1990 and then levelled off. The total population 20–24 declined by more than a million, a 23% decrease. Those decreases were small for the 25–29 and 30–34 age cohorts as we would expect, as their size is largely determined by the ageing of the 20–24 year-old cohort by 5 years. The percentage size of the decline is of course dependent on the size of the initial measurement in 2000. But across all the cohorts for white and black populations, the percentage decrease in size between 2000 and 2015 was negative. For Hispanics, the cohorts all had increases, a function of

Table 2. Where is ownership going? Number of homeowners and changes in population (000's) by decade.

Age cohort	2000	2005	2010	2015	% Owner change 2000–2015	% Pop. change 2000–2015
Total						
20–24	907.7	925.0	618.1	485.3	−46.5	−23.3
25–29	2929.8	3109.9	2514.8	2065.8	−29.5	−10.6
30–34	5001.3	4758.7	3945.7	3712.5	−25.8	−11.5
35–39	7129.7	6241.4	5127.9	4497.1	−36.9	−26.0
White						
20–24	737.1	742.4	486.5	367.8	−50.1	−29.8
25–29	2436.8	2549.7	2070.8	1684.9	−30.9	−17.1
30–34	4170.1	3818.3	3207.4	3020.9	−27.6	−17.7
35–39	6697.1	5067.7	4080.3	3570.3	−39.4	−32.6
Black						
20–24	52.2	64.4	34.1	27.9	−46.6	−20.1
25–29	194.4	215.8	144.1	101.3	−47.9	−3.2
30–34	393.3	393.7	274.6	217.4	−44.7	−9.4
35–39	579.8	550.8	450.8	334.4	−42.3	−14.4
Hispanic						
20–24	81.6	86.7	67.1	66.6	−15.3	+10.4
25–29	217.7	242.9	207.1	189.8	−12.8	+21.0
30–34	281.5	374.6	317.4	317.7	+12.8	+33.0
35–39	442.9	415.8	403.3	395.5	−10.7	+10.7

higher Hispanic birth rates by and large, but it also reflects the impact of the undocumented population in the US census.

Those who are arriving in the youthful cohorts, the millennials and their earlier generation X cohorts are a smaller population, poorer (in the case of Hispanics often immigrants) and less able to quality for the mortgages needed to buy into what are increasingly expensive housing markets.

Even adjusting for declines in cohort size, the decline in ownership is much greater than the decline in cohort membership. The decline in the 20–24-year-old cohort ownership was nearly twice the decline in the cohort population and for the 25 and 30-year-old cohorts, the decline approached 3 times the decline in the cohort population. The story is repeated for the Black population but for the Hispanic population, while there is a similar outcome for ownership, smaller losses to be sure, there is a growing cohort population. The summary of course is that the young adult ethnic populations are losing ground or, perhaps more properly, have lost ground compared to earlier cohorts and the question is whether they will make up this lost ground as they age into older cohorts.[6] The combination of rates of change and changes in absolute numbers of owners provides a more complete picture of what is happening to young adults in the US housing market, a story which is likely repeated in the UK context.

Interpreting Access to Ownership

It is not difficult to explain the decline in ownership, others have already drawn attention to the basic underlying dimensions – rising prices, stagnating wages and, in the United States, significant student debt (Haurin 2016). Here I examine who amongst millennial are becoming owners and the underlying role of resources. To do this, I construct simple logit models of own, not own for each of the four cohorts for each of the census years 2000, 2010, 2015, and interpret the coefficients as log odds. The independent variables include resources, income, education and whether there are two workers; family status including children in the family, ethnicity and region. Ideally, it would be important to measure the role of parental transfers as there is growing evidence that these transfers matter for first time owners (Spilerman and Wolff 2012; Hochstenbach and Boterman 2017). That data are not available in the US census data I use in this analysis.

Overall, as we would expect, resources matter across the cohorts (Table 3). The income values reported in the tables are adjusted to represent an increase of $10,000 in income and this shows that each increment of 10k income increases the odds of being an owner by about 20%, although the size of the coefficient is smaller for the 2010–2015 period. The proportion increase varies by cohort and year. Income matters and revealingly the role of two workers increases significantly after the housing recession especially for age groups older than 25. For the age groups 30–34, in both 2010 and 2015, the log odds are closer to or above 1.4. Clearly that second worker is making ownership more likely. Again, the resource benefits that come from more education also weigh in and increase the likelihood of owning.

Being married and having children, that is family status, is closely associated with ownership. The coefficients vary across cohorts and years but the story of family status is consistently related to ownership. Married couples are clearly focusing, to the extent

Table 3. Odds ratio estimates of associates with cohort homeownership.

	20–24	25–29	30–34	35–39
2000				
Family income (10k)	1.259	1.185	1.185	1.180
Married	1.462	2.284	2.185	2.343
Educ. HS_GED	1.057	1.263	1.320	1.499
Educ. some college	1.120	1.371	1.468	1.497
Educ. college	1.028	1.343	1.376	1.602
Has own children	1.408	1.695	1.875	1.514
Two workers	1.130	1.099	1.187	1.084
White non-Hispanic	2.176	2.475	2.641	2.447
West or NE	.606	.594	.647	.625
Per cent concordant	70.0	73.0	75.4	75.7
Per cent discordant	29.7	26.7	24.4	24.8
Somers' *D*	.404	.463	.510	.517
Gamma	.405	.464	.511	.519
Tau-*a*	.186	.229	.217	.179
2010				
Family income (10k)	1.246	1.185	1.127	1.184
Married	1.489	1.897	2.061	2.352
Educ. HS_GED	1.087	1.328	1.463	1.333
Educ. some college	1.108	1.345	1.907	1.492
Educ. college	1.282	1.639	1.898	1.934
Has own children	.976	1.495	1.751	1.548
Two workers	1 050	1.282	1.451	1.319
White non-Hispanic	1.813	2.193	2.323	2.152
West or NE	.643	.578	.578	.592
Per cent concordant	73.6	78.2	76.9	77.8
Per cent discordant	26.1	23.6	22.9	22.0
Somers' *D*	.475	.526	.540	.558
Gamma	.476	.527	.541	.559
Tau-*a*	.200	.263	249	.220
2015				
Family income (10k)	1.197	1.127	1.090	1.083
Married	1.437	1.778	2.043	2.239
Educ. HS GED	1.029	1.403	1.282	1.394
Educ. some college	1.187	1.471	1.337	1.464
Educ. college	1.292	1.710	1.671	1.907
Has own children	1.014	1.507	1.666	1.592
Two workers	.964	1.248	1.357	1.288
White non-Hispanic	1.653	2.353	2.319	2.219
West or NE	.631	.642	.629	.631
Per cent concordant	71.3	73.6	74.4	75.9
Somers' *D*	.434	.474	.491	.521
Gamma	.433	.475	.492	.522
Tau-*a*	.170	.236	.235	.227

they can, on becoming owners, even in a fraught housing market. It is a confirmation of the still powerful force to own. Whites are much more likely to be owners in contrast with Hispanics and Blacks – a consistent finding across the age cohorts. We are witnessing the unequal distribution of resources. As resources matter in the ability to become an owner and because resources are distributed unequally across the racial and ethnic groups, the outcomes are not surprising and suggest that the future will be a continuation of the dominance of young white professionals in the homeowner market, a finding which speaks to the existing and growing inequality in US metropolitan areas.

The geographic variation is captured by the division into the broad census regions – the Northeast and the West coast on one dimension and the interior of the United States on the other. Housing is much more expensive (of course with considerable variations across metropolitan areas and cities) in the coastal metropolitan areas than in cities and towns in the

Midwest and the South. In the expensive housing markets of the West and East coasts, the log odds coefficients show that the ownership rate is nearly half that of the mid-west and south.

The associations with ownership follow a path of intensification over time. For the 35–39 cohort, education, family status and two earners play a powerful role in creating (or being associated with) ownership. It is stable family households who are owners, especially if they are white and in the cities in the mid-west and the South of the United States. This suggests a bifurcation in the process of ownership in which selection matters in who becomes an owner, and who can maintain ownership status. There are no surprises, but the findings reiterate the path to ownership that was in evidence before the push for "universal ownership". Education and resources matter and they are creating ownership trajectories for families and advantaged households. That the coefficients for two workers increase and play a greater role over time further draws attention to the power of resources and advantage.

Cohort Transitions

In the logit models, family status was clearly important. Unpacking family status relationships with ownership provides some further interpretations of the logistic regression results. It also, by using the changes in the same cohort over time, avoids some of the problems that have been identified in the studies of generation rent in the United Kingdom (Graham and Sabater 2015). The first analysis compares ownership, marital status, family status and income at two points in time: at 2000 when the cohort age is 20–24 and then at 2015 when that cohort is 35–39. As expected, overall ownership has increased, the proportion of the cohort that is married has increased as has the proportion of households with children (Figure 5). Nominal income grew by five times in the 15-year period; inflation-adjusted income for the 20–24-year-old cohort 15 years later was nearly 4 times greater. These increases are a function of completing education and entering the labour market. It is this remarkable increase in nominal income which allows the movement to ownership. To put these income changes into perspective, the population as a whole had a less than 3% increase in inflation-adjusted income in the same period. For many young adults, despite the rapid increase in nominal and adjusted income, the problem is amassing the down payment to enter the housing market. Only with income transfers has it been possible for many young adults to enter the housing market. A report for Canada, from the Bank of Montreal which conducts annual surveys of first-time home buyers, has found that nearly half of young potential buyers expect a loan or gift from family over the past half-decade. This year (2016), the bank found that 44% of millennials expect to depend on parents or family for some or all of their first home purchase (The Globe and Mail, Canada, 25 May 2016).

The patterns observed for the total population also hold across the racial and ethnic groups, but there are important differences between the white, Hispanic and black outcomes with respect to marital status, family composition and income. These differences in part account for the low entry to ownership of the two large US minority populations, and the likelihood of remaining in rental status for these groups is much higher than for whites. Both whites and Hispanics make significant changes in their marital status and their family composition, along with significant increase in income. The contrast is between African-American households who do not marry but who have children early with relatively modest

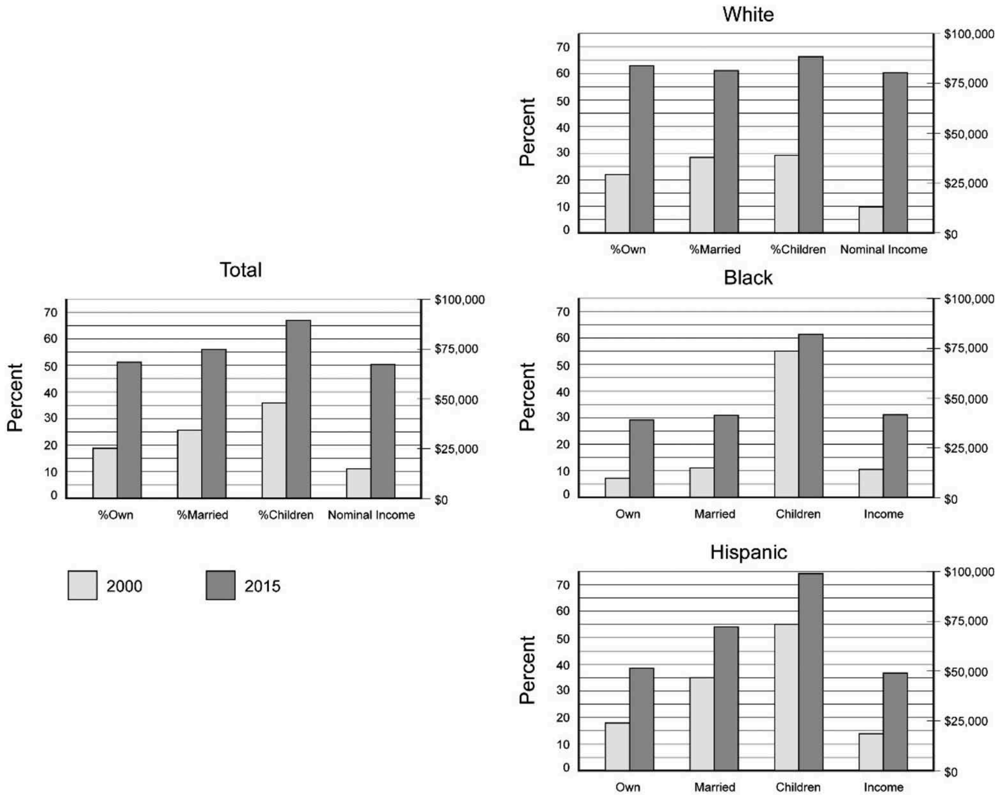

Figure 5. Cohort outcomes of the 20–24-year-old cohort 15 years later.

incomes, and whites who delay marriage and children. The difficulties of transitioning into ownership are likely much greater with early family formation and relatively lower incomes. The crucial difference between whites and Blacks and Hispanics, of course, is the increases in nominal income for whites compared to Hispanics and Blacks (this rapidly increasing income is also true for Asians but the numbers are somewhat small to provide definitive data). The difference in nominal income plays out in greater ownership as we have already observed in the trajectory analysis. While we cannot argue that delaying marriage and fertility is a causal pathway to ownership, we can postulate that delaying marriage and family formation is likely to allow greater capital formation and thus higher levels of entry to ownership, which is what we see for whites in comparison with Blacks and Hispanics (Figure 5).

To further explore the relationship of marriage and fertility, I consider marital status and the number of children in the youngest age cohorts, 20–24 and 25–29 in 2000 and 2015 (Figure 6). The graphs reiterate the changing nature of fertility and marriage during this period – a decline in both marriage rates by cohort and the number of households with children. There are racial and ethnic differences. Blacks as less likely to be married and the proportion declines over the 15-year period. Whites and Hispanics have higher marriage rates in the cohort but they too have declines in rates over time. Marriage increases for all groups but at a greater rate for Whites and Hispanics than Blacks. However, again, the overall trend is a decline in marriage in the 25–29 age cohort, that is a decline in family

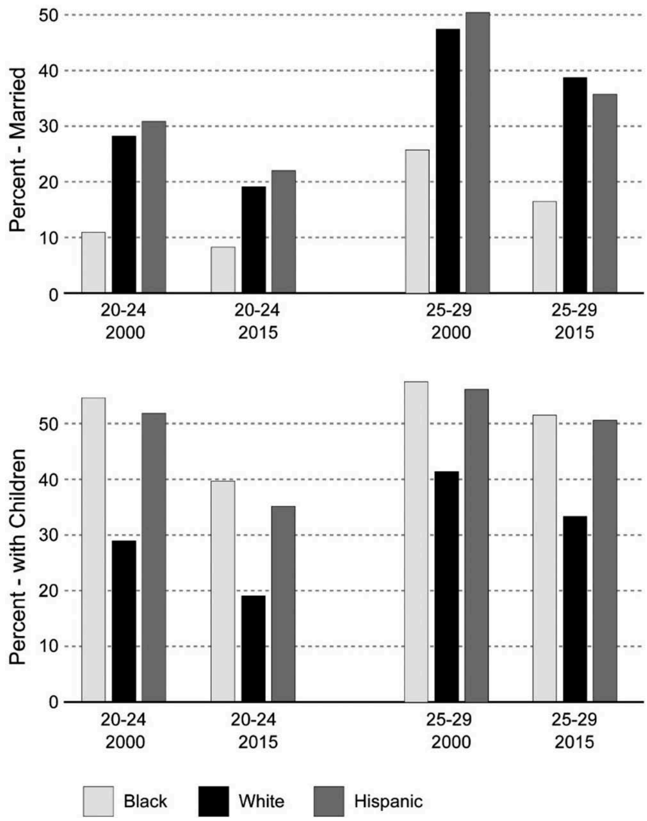

Figure 6. Cohort marital and family status change over time.

formation which in the past was the precursor to housing market entry. Fewer 25–29-year-old whites, Blacks and Hispanics are married in 2015 than were married in 2000. The percent of the cohort with children is higher in the 25–29 age cohort, as expected, but the percent has declined for all groups between 2000 and 2015. The shifting structure of households also reveals a difference across racial and ethnic lines. There is a closer matching of children and married families for whites than for Blacks and Hispanics. For whites, by and large children are in married (or cohabiting) families in these cohorts. This is not true for Blacks and even for Hispanics. The percent of the cohort heads with children is greater in both cases than are the number who are married. In effect, the figure is reflecting the proportion the cohort who are single parents. The data are consistent with national data which shows that 66% of black children are in single-parent homes, as are 42% of Hispanics and 25% of whites.[7] We cannot of course know the direction of causality, but to be sure, single parents are likely to be challenged in entering the homeowner market.

Observations and Conclusions

The empirical analysis outlines in detail what previously was only partially documented with national data, that the millennials are making different family composition choices and are much less likely to be owners than their parallel baby boomer cohorts. The average rates of ownership, the cohort trajectories and the number of owners are all much reduced from previous periods and cohorts. The empirical analysis also shows how these average rates vary across ethnicity and geography. The young adult Black and Hispanic population has real difficulty in entering the homeowner market and thus participate in the upward progress to housing equity. Even if we take the most optimistic view of the progress to ownership, the divide between white middle class and advantaged households and minority households is serious and growing. While whites are following a path which is close to the paths of previous cohorts, those paths are quite different for blacks and Hispanics. Is the story all negative, no, the evidence of access still demonstrates that by age 60 ownership is high and it is this finding which supports the positive view of the future of ownership.

While we can see support of a continuing if slowing progress to ownership, the actual numbers of potential owners suggest a long-term concern. At the simplest level who will buy the housing stock on the market and coming on the market. Thus far, it has been a "sellers-market" and evidence of insufficient supply. Even though the US population continues to grow, the question for the housing market is whether there will be enough young adults, and young buyers, who can afford the relatively high-cost US housing stock. Recent projections at the national level suggest a range of ownership outcomes between 53% and 63% homeownership, and lower in large metropolitan areas where there are large numbers of the "new majority–minority population" (Nelson 2016). The questions about millennials and ownership revolve around implications for the housing market, implications across geography and implications by race and ethnicity.

Implications for the Housing Market?

A central question, both in the United States and in the United Kingdom, is whether there will be a return to the past process of broad based ownership or will renting be the new market outcome for many millennials. The analysis in this presentation suggests that at one level there is evidence for enduring access, but many fewer owners. Viewed from an alternative perspective, it might be that the release of a large section of housing from the baby boomer cohort will not find buyers. The question revolves around the preference of new buyers, millennials in particular, who might prefer starter homes, smaller than what is currently being built, or recently built. From this perspective, the combination of financial constraints and changing tastes could fundamentally change the demand side of the housing market. Do millennials want large suburban houses? There is little focus on who might buy the 3000 plus square foot houses currently being built but clearly a shift in tastes or a lack of demand can affect housing prices and outcomes.

Millennials are much less likely to have children than the baby boomer generation (i.e. the emergence of the so-called childless city). Only about 9% of the boomer generation did not have children, but that compares with about 25% for the generation X and the Millennials. The proportion of households without children is high even in college educated households where nearly 50% do not have children, and many same sex households do not have children either. There are also more single parents who will likely never be able to afford ownership. And, as we noted earlier in the paper, millennials are on average poorer than the previous generations which in turn will make purchasing ownership that much more difficult.

What does it Mean Geographically?

Clearly, geography matters. Housing prices vary across regions in the United States and will have implications for who owns and who rents. Related to this issue is the changing pattern of migration as the rates of mobility decline. Fewer people move and that means that housing is more slowly released back into the market. The evidence from the migration slow down suggests that if the baby boomers age in place in greater numbers, it will be a slow process of housing access for new entrants. There is strong evidence, at least in the United States, that mobility rates are slowing. That means that there will be a slower release of older housing back into the stock. The implications are not clear but geographic variation is that housing prices will affect the ability of millennials to access housing in "high-cost" markets. While we do not know how this will play out in the long run, it does appear that there are significant variations in access across housing markets both in the United States and the United Kingdom. Will it be the "coasts versus the rest" in the United States, and "London versus the rest" in the United Kingdom? Will it be young relatively wealthy whites (located in cities) versus the rest and the consequent exacerbation of inequality?

What Does in Mean for Social Inequality and Social Policy?

I showed that resources matter, that access is quite different across race and ethnicity. Some whites from established home-owning families will continue to access ownership. The data on the moves into ownership for minority families suggest that it will be more complicated with outcomes which imply growing inequality. In a context when the home building industry is producing fewer houses than it did in the 1960s and 1970s, when demand is greater than supply, we might conclude that the current stock will continue to appreciate at least in the short run. Thus, it is likely that there are going to be owners, not as many, and more likely those whose parents are owners. That is, there will be a wealth transfer from those who are already owners to children and grandchildren. What we already know about these transfers is that they will favour advantaged families and households and further increase the differences by class and race.

Notes

1. The rate of home ownership in England peaked at 70.9% in 2003 and has fallen to 63.6% in 2014/15 DCLG, *English Housing Survey: Headline report 2014–15* (Chapter 1 figure and annex tables) Website link: https://www.gov.uk/government/statistics/english-housingsurvey-2014-to-2015-headline-report.
2. There are debates about whether ownership in and of itself is positive for economies and local communities. A recent paper examines the issues around the aspirations for ownership (O'Sullivan and Gibb 2012). The authors raise real questions about whether homeownership confers macroeconomic benefits. They question whether homeownership is in fact the appropriate policy for providing housing accommodation.
3. The debates have been extensively reviewed in a recently published piece in this journal (Ruonavaara 2017).

4. Approximately 31.5 million legal immigrants arrived in the United States between 1980 and 2014. This population is excluded from the cohort analysis. As many of these were youthful, and unlikely to initially be homeowners, their inclusion could bias the trajectories of ownership.
5. Somewhat higher ownership rates (and variable across cohorts) are reported by the Urban Institute but that data do not control for recent immigration which significantly depresses the homeownership rate of younger cohorts.
6. The Asian population is not of sufficient size at the cohort level to disaggregate the trajectory to ownership with confidence but the evidence that is available for ownership entry suggests that they are more similar to whites in their access than to other minority populations.
7. http://datacenter.kidscount.org/data/tables/107-children-in-single-parent-families.

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Appendix Table: US mean house prices (000'$) by Census region and year

Year	Northeast	Midwest	South	West
2000	274.8	199.3	179.0	238.9
2005	397.0	249.8	249.2	388.7
2010	415.8	232.8	244.9	316.6
2015	618.5	331.0	322.2	418.7

Source: Federal Housing Finance Agency (US) House price index.