

# Home Ownership Rates: It Depends on Whether You Are Married<sup>1</sup>

↪ By Alex J. Pollock

American political rhetoric endlessly repeats that home ownership is part of the “American Dream.” So it is for most people, especially if you are married, as we will see.

As part of promoting this “dream”, the U.S. Government has for many years created large subsidies for mortgage borrowing and huge government-sponsored financial institutions to expand mortgage lending. Most notable among these are Fannie Mae and Freddie Mac, which notoriously went broke in 2008 while following the government’s orders to make more so-called “affordable” loans, and survived only thanks to a \$189 billion taxpayer bailout.

Fannie and Freddie are still massive operations, featuring a combined \$5 trillion in assets (that’s “trillion” with a T), equity capital that is basically zero, and utter dependence on the credit of the U.S. Treasury.

Given these massive and extremely expensive efforts, how has the American home ownership rate fared? Let us look back 30 years to 1985, and compare it to 2015. Thus we can go past the housing bubble and collapse of the 2000s, as well as past the financial collapse of the savings and loans in the late 1980s, and observe what has happened over a generation.

What we see is that on average for the United States, from 1985 to 2015, despite all the efforts to push it up, the home ownership rate fell:

## Overall U.S. home ownership rate

1985	2015
<b>64.3%</b>	<b>63.5%</b>

However, it turns out that the overall average is composed of two completely different parts.

For married households, the home ownership rate is a lot higher *and* it has gone up:

## U.S. married household home ownership rate

1985	2015
<b>75.9%</b>	<b>78.2%</b>

If you are married Americans, you have a very high and improved probability of owning your own home. It is easy to think of reasons why home ownership would be more achievable and more important to you if you are married than if you are not.

All other households, those which are not-married, have a much lower home ownership rate. This seems logical. It is striking, however, that the home ownership rate for this group has also gone up a lot since 1985:

## U.S. not-married household home ownership rate

1985	2015
<b>36.0%</b>	<b>43.4%</b>

So here’s a puzzle: married household home ownership went *up*, and not-married household home ownership went *up*. Combined that is all the households there are. But the overall home ownership rate went *down*. How is that possible and what does it mean?

It means that the *mix* of married versus not-married households changed dramatically. Married households, with their far higher home ownership rate, fell remarkably as a percentage of all households. Not-married households, with their much lower home ownership rate, rose remarkably as a percentage of

households. So although both parts saw their home ownership rise, overall it fell. Here is the change in the mix of American households by marital status:

## U.S. married vs. not-married households

	1985	2015	CHANGE
Married Households	<b>71.1%</b>	<b>57.8%</b>	<b>-13.3</b>
Not-Married Households	<b>28.9%</b>	<b>42.2%</b>	<b>+13.3</b>

This change in the mix of households explains the paradoxical home ownership pattern.

The same pattern also holds strongly for U.S. demographic sub-groups. For example, married black households have home ownership of 64%, significantly up from 1985, and not-married black household home ownership is also up, but the overall black home ownership rate is down:

## Black household home ownership rate

	1985	2015
Married Households	<b>61.9%</b>	<b>64.0%</b>
Not-Married Households	<b>25.1%</b>	<b>30.7%</b>
Overall	<b>44.4%</b>	<b>42.9%</b>

Once again, this odd-looking result is explained by a dramatic shift in the mix of married versus not-married households:

## Black married vs. not-married households

	1985	2015	CHANGE
Married	<b>52.3%</b>	<b>36.7%</b>	<b>-15.6</b>
Not-Married	<b>47.7%</b>	<b>63.3%</b>	<b>+15.6</b>

<sup>1</sup> Sources for the data in this article: Current Population Survey, U.S. Census Bureau; IPUMS-USA, University of Minnesota; R Street Institute calculations.

There is an essential mathematical lesson in all this. You cannot tell what an average means unless you know how the mix of the population is changing. Equally important is the lesson in political economy. Home ownership, the most common modern form of

property ownership, is reasonably argued to have important advantages in social progress and stability for a democratic society. Marriage, as is well documented, has substantial economic and social advantages, especially for children. Marriage and the

rate of home ownership are strongly linked, at least in the United States.

It would be valuable if IUHF research could determine whether this pattern holds true across a range of other countries.