

2022

Housing Wealth Gains for the Rising Middle-Class Markets

National Association of REALTORS® Research Group

Housing Wealth Gains for the Rising Middle-Class Markets: Providence-Warwick, RI



Which income group gained wealth from homeownership?

- **Objective**

How did the distribution of housing wealth change from 2010 through 2020? What metro areas had the highest increase in middle-income homeowners?

- **Who is the middle-class?**

Households with median household income of over 80% to 200% of the area median income

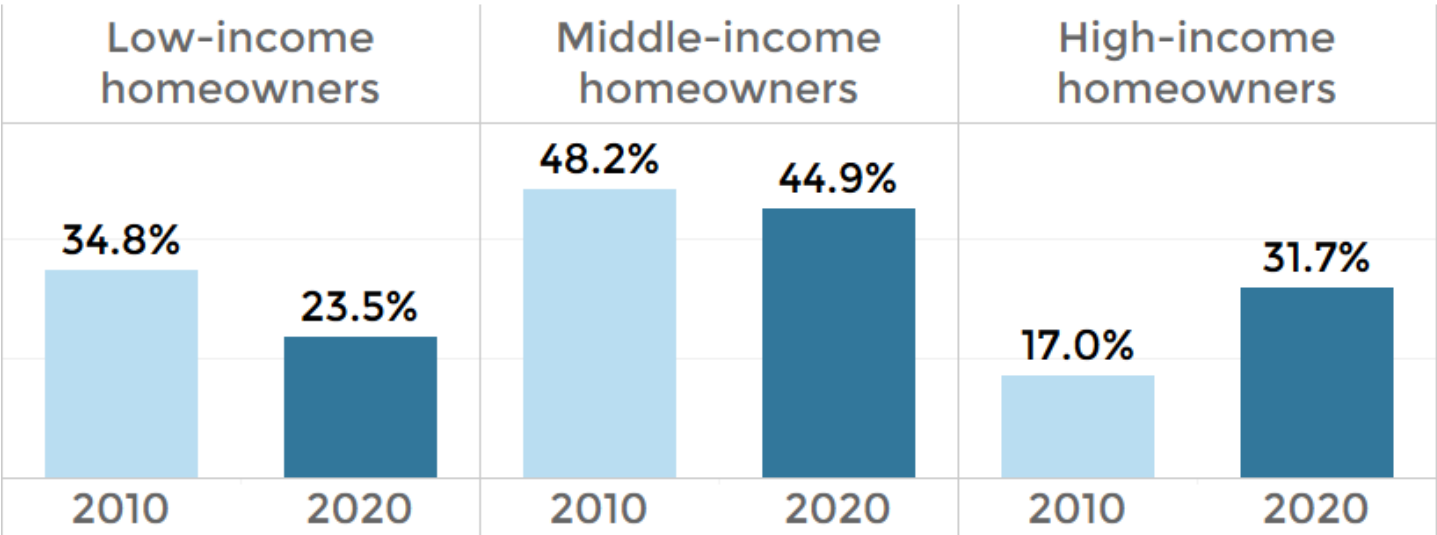
- **Aggregate housing wealth**=number of homeowners x average price

- **Sources of data**

American Community Survey 1-year PUMS, 2010, 2020 data for 917 metropolitan/micropolitan areas; NAR metro median prices

29,700 more homeowners in 2020 vs. 2010, but a decline in low-income homeowners in Providence-Warwick

Distribution of homeowner households across income groups

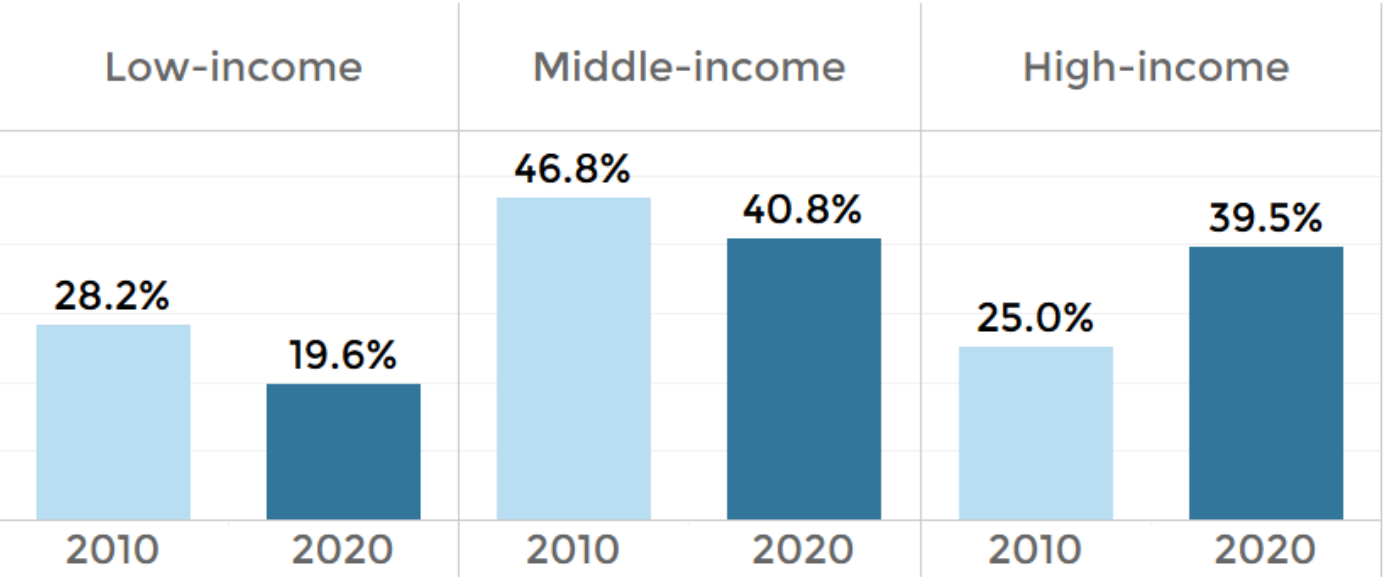


Middle-income homeowners

	2010	2020
Low-income	131,072	95,421
Middle-income	181,544	182,455
High-income	64,251	128,789

50% of \$66 Billion in aggregate housing wealth gains went to high-income group in Providence-Warwick

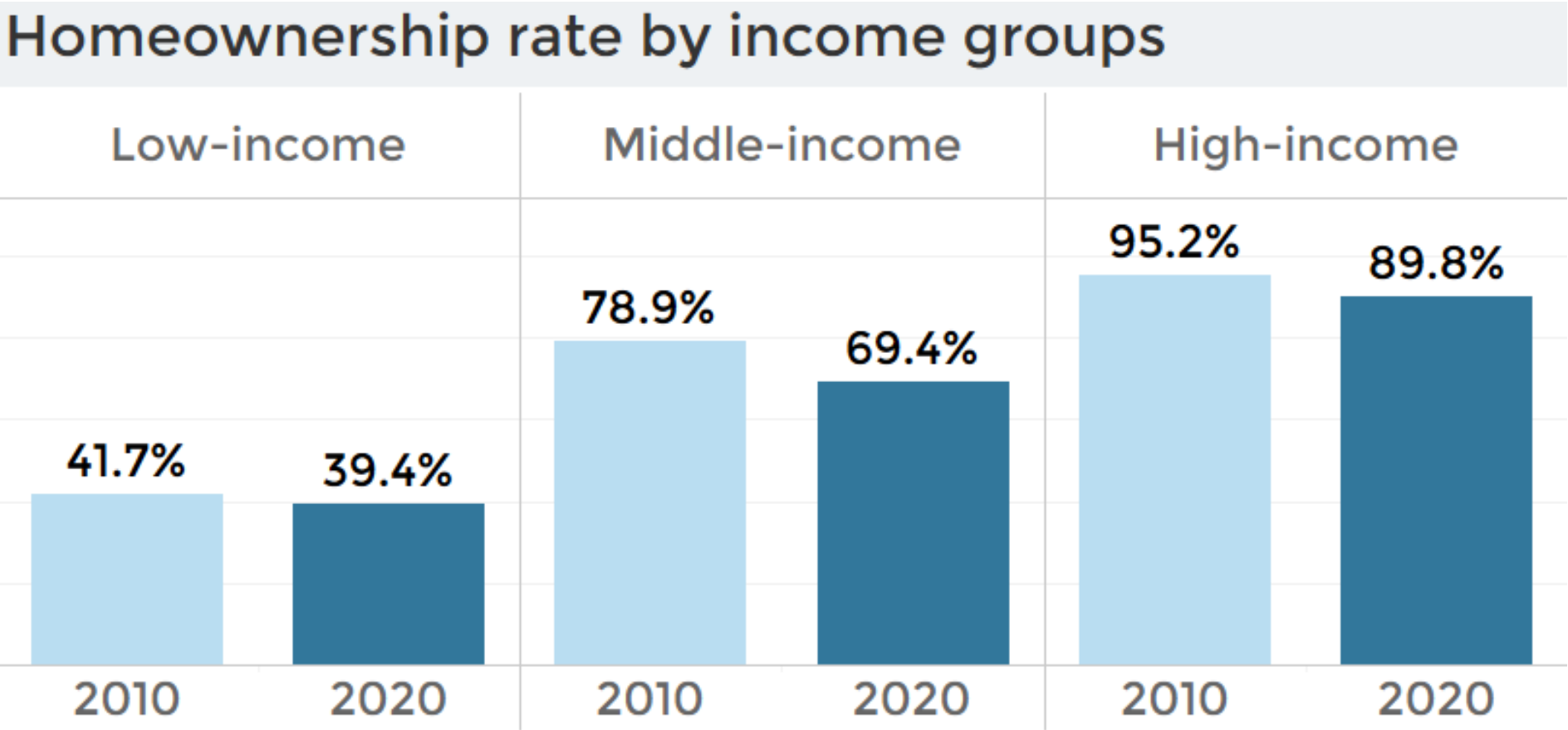
Distribution of housing wealth across income groups



Owner-occupied housing wealth in billion dollars

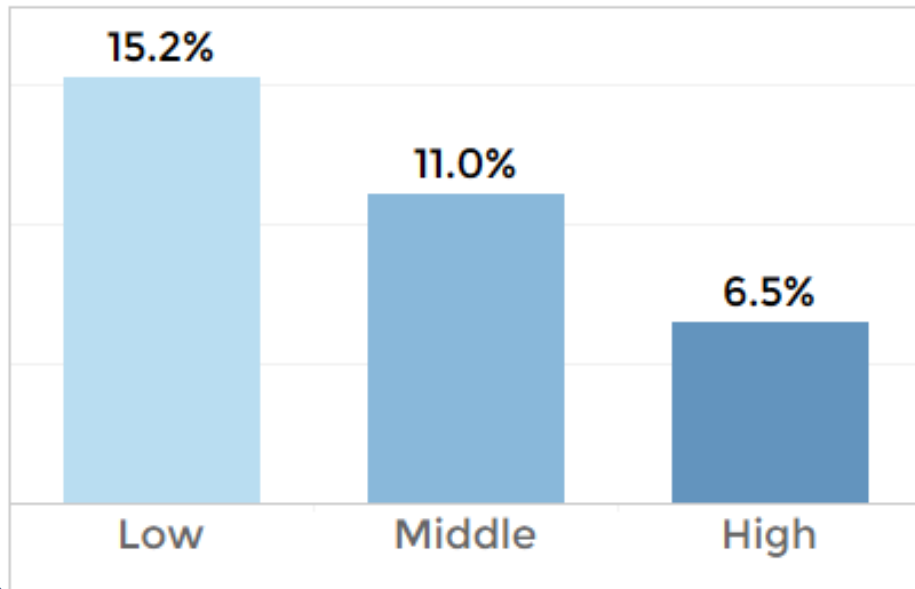
	2010	2020
Owned by low-income group	\$33B	\$30B
Middle-income housing wealth	\$55B	\$62B
Owned by high-income group	\$30B	\$60B
Total	\$119B	\$152B

Homeownership rate declines the most among middle-income in Providence-Warwick

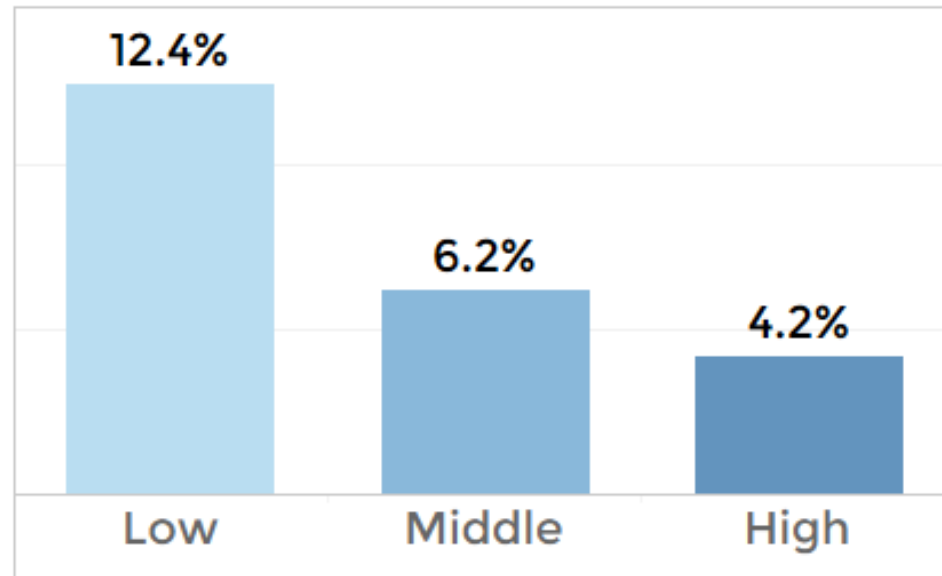


Home prices appreciated at the fastest pace relative to income among middle-income homeowners in Providence-Warwick

Percent change in median value of property from 2010 to 2020



Percent change in median family income from 2010 to 2020



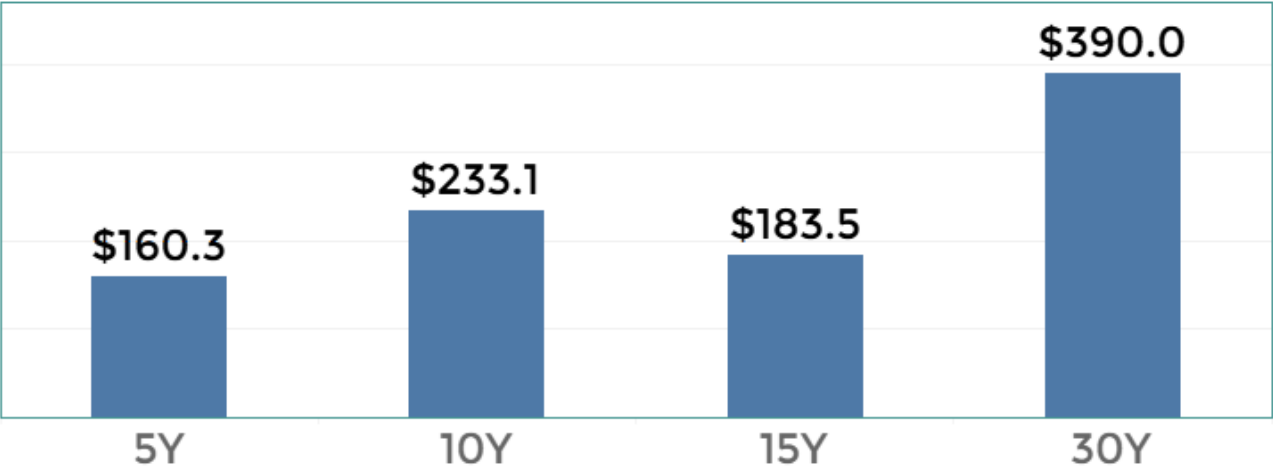
Housing statistics by income group in Providence-Warwick

Housing statistics		
	2010	2020
Median property value: low income	\$234,681	\$270,321
Median property value: middle income	\$269,239	\$298,891
Median property value: high income	\$371,056	\$395,159
Median family income: low income	\$27,469	\$30,886
Median income (2020)	\$81,721	\$86,796
Median family income: high income*	\$164,906	\$171,817
Mortgage to income: low income	48.1%	40.7%
Mortgage to income: middle income	18.6%	16.0%
Mortgage to income: high income	12.7%	10.7%
Price to income: low income	8.5	8.8
Price to income: middle income	3.3	3.4
Price to income: high income	2.3	2.3

Home equity gains from homeownership on a typical home in Providence-Warwick

Housing Wealth Gains on a Typical Single-family Existing Home Purchased 5, 10, 15, 30 Years Ago as of 2021 Q4 (\$'000)

Providence-Warwick, RI-MA



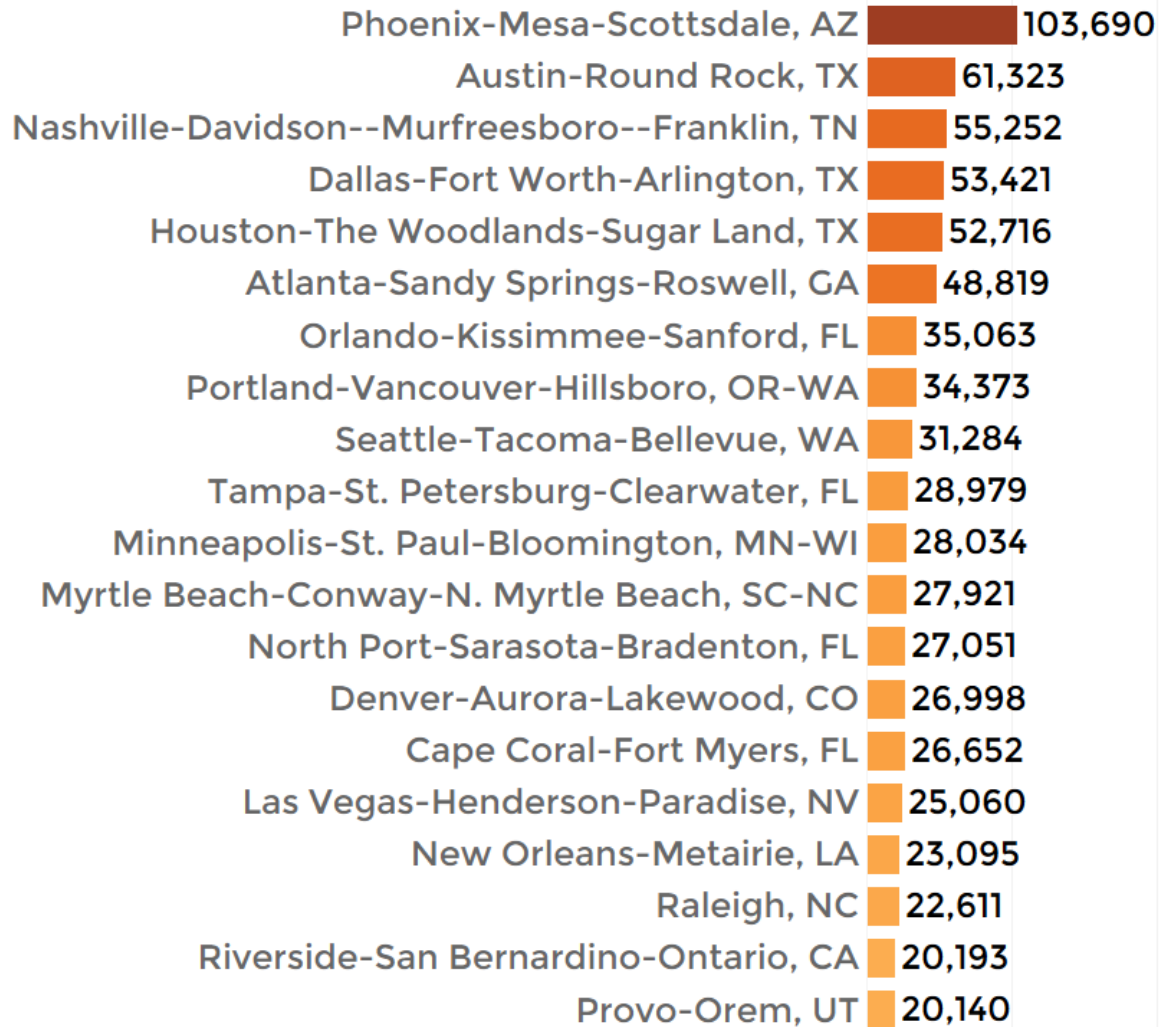
Home Equity Gains = Principal Payment + Price Gains

	Housing wealth gains	Principal payment	Price gain	% Annual price chg.
30 years	\$390.0	\$114.7	\$275.3	4.0%
15 years	\$183.5	\$74.3	\$109.2	2.1%
10 years	\$233.1	\$39.8	\$193.3	6.8%
5 years	\$160.3	\$23.4	\$136.9	8.7%

Source: NAR calculations. Principal repayment is based on a 30-year fixed rate 10% down payment mortgage. The annual percent change is a compounded annual growth rate.

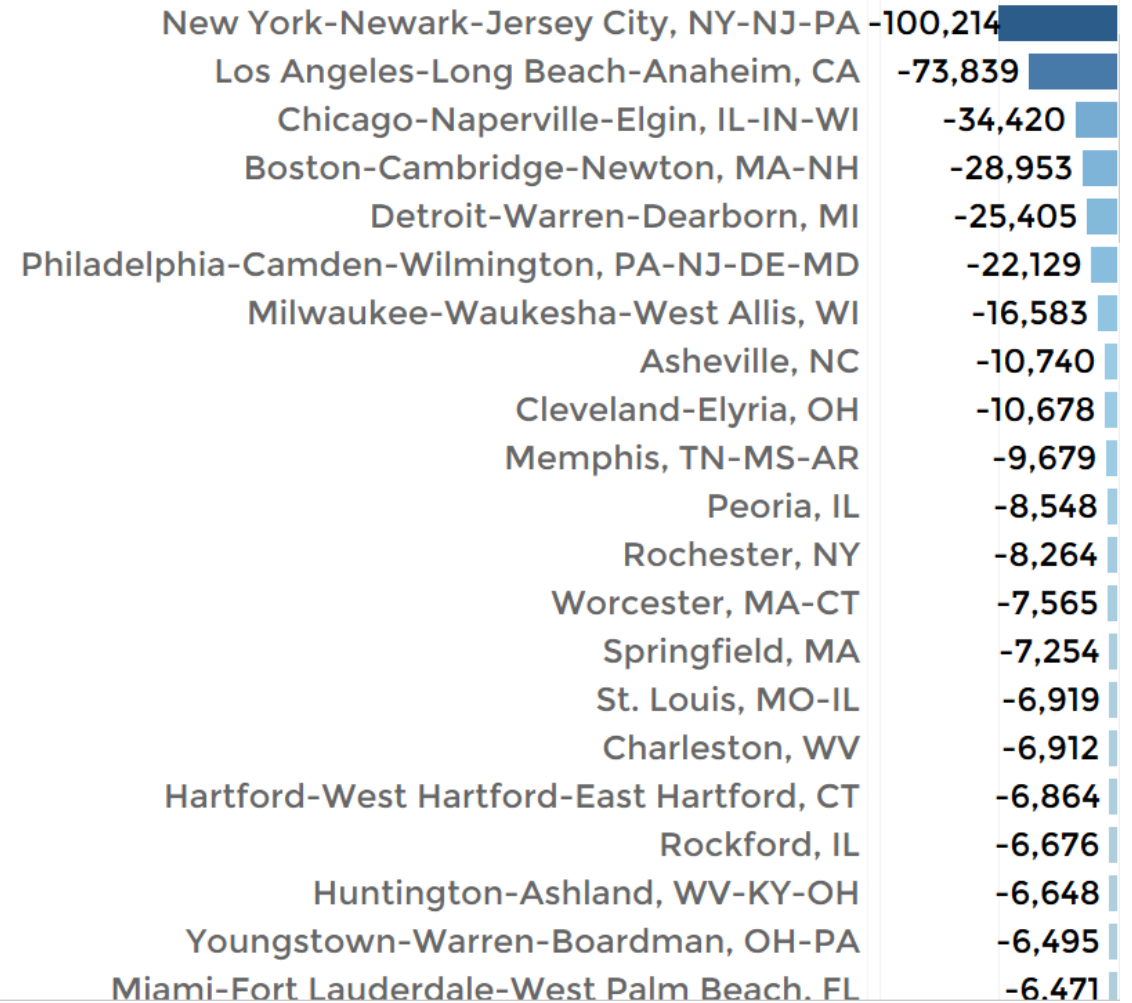
Top 20 Rising Middle-Class Housing Markets

Change in middle-income homeowner households in 2010-2020



Top 20 Declining Middle-Class Housing Markets

Change in middle-income homeowner households in 2010-2020



THANK YOU.



NARdotRealtor



nar.realtor

THAT'S WHO WE 

 NATIONAL
ASSOCIATION OF
REALTORS®