2020 Q4 Housing Wealth Gains Report

Allentown-Bethlehem-Easton, PA-NJ

NATIONAL ASSOCIATION OF REALTORS®

Homeownership and Wealth

Homeownership is associated with higher wealth. In 2019, homeowners' median net worth was $255,000, or 40 times the median net worth of renters of 6,300. Among homeowners, the median value of primary residences in 2019 ($225,000) accounted for 57% of the median homeowners' assets ($393,230).

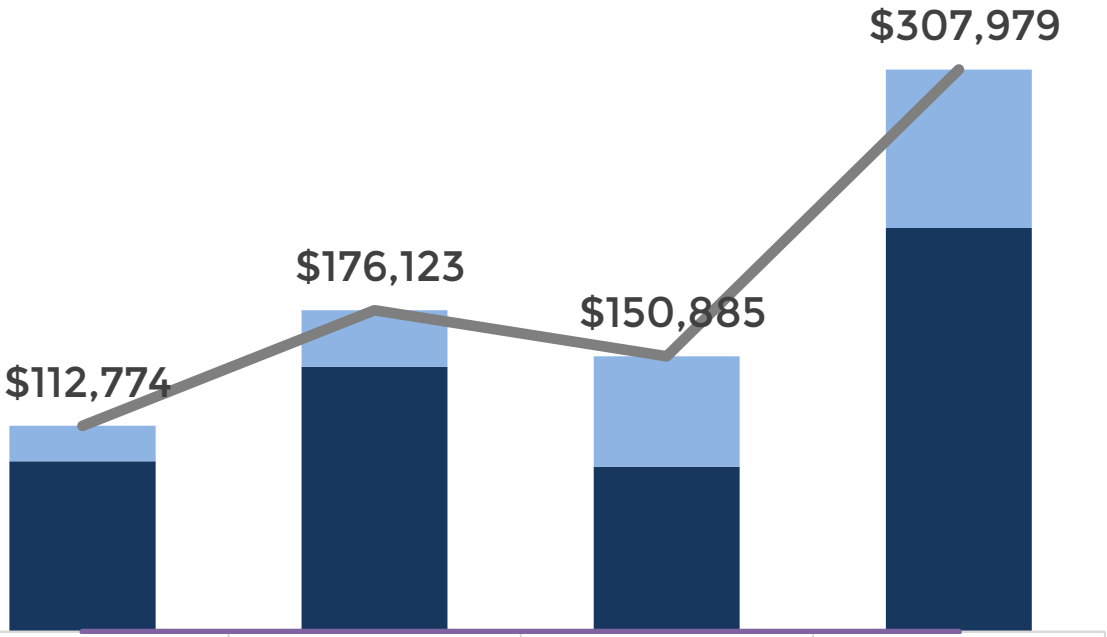
Median Family Net Worth (in Thous. $)

Year	Homeowners	Renters	Ratio
1989	$199.5	$3.9	51.2
1992	$176.8	$5.8	30.5
1995	$173.8	$8.1	21.5
1998	$207.8	$6.7	31.0
2001	$249.2	$6.9	36.1
2004	$250.4	$5.4	46.4
2007	$289.9	$6.3	46.0
2010	$205.6	$6.0	34.3
2013	$214.6	$5.9	36.4
2016	$246.2	$5.3	46.5
2019	$255.0	$6.3	40.5

Source: Federal Reserve Board, Survey of Consumer Finances

Wealth (Equity) Gains in 2020 Q4 on a Typical Single-family Existing-home Purchased 5, 10, 15, 30 Years Ago

United States



	5Y	10Y	15Y	30Y
Principal Payments	$19,374	$30,990	$60,519	$86,779
Price Change	$93,400	$145,133	$90,367	$221,200
Total Equity Gains	$112,774	$176,123	$150,885	$307,979
Annual price growth	7.3%	6.4%	2.3%	4.1%

Data may not be available for all years

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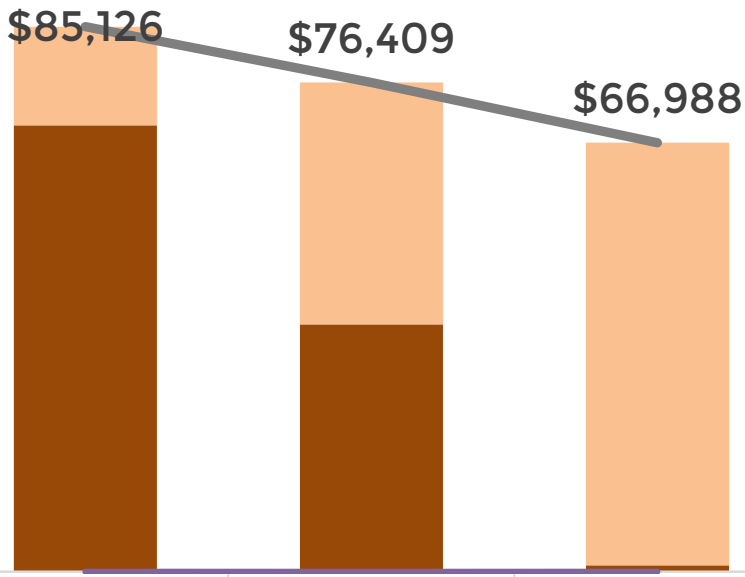

	5Y	10Y	15Y	30Y
Principal Payments	$15,426	$37,809	$65,988	
Price Change	$69,700	$38,600	$1,000	
Total Equity Gains	$85,126	$76,409	$66,988	
Annual price growth	6.9%	1.7%	0.0%	

Data may not be available for all years

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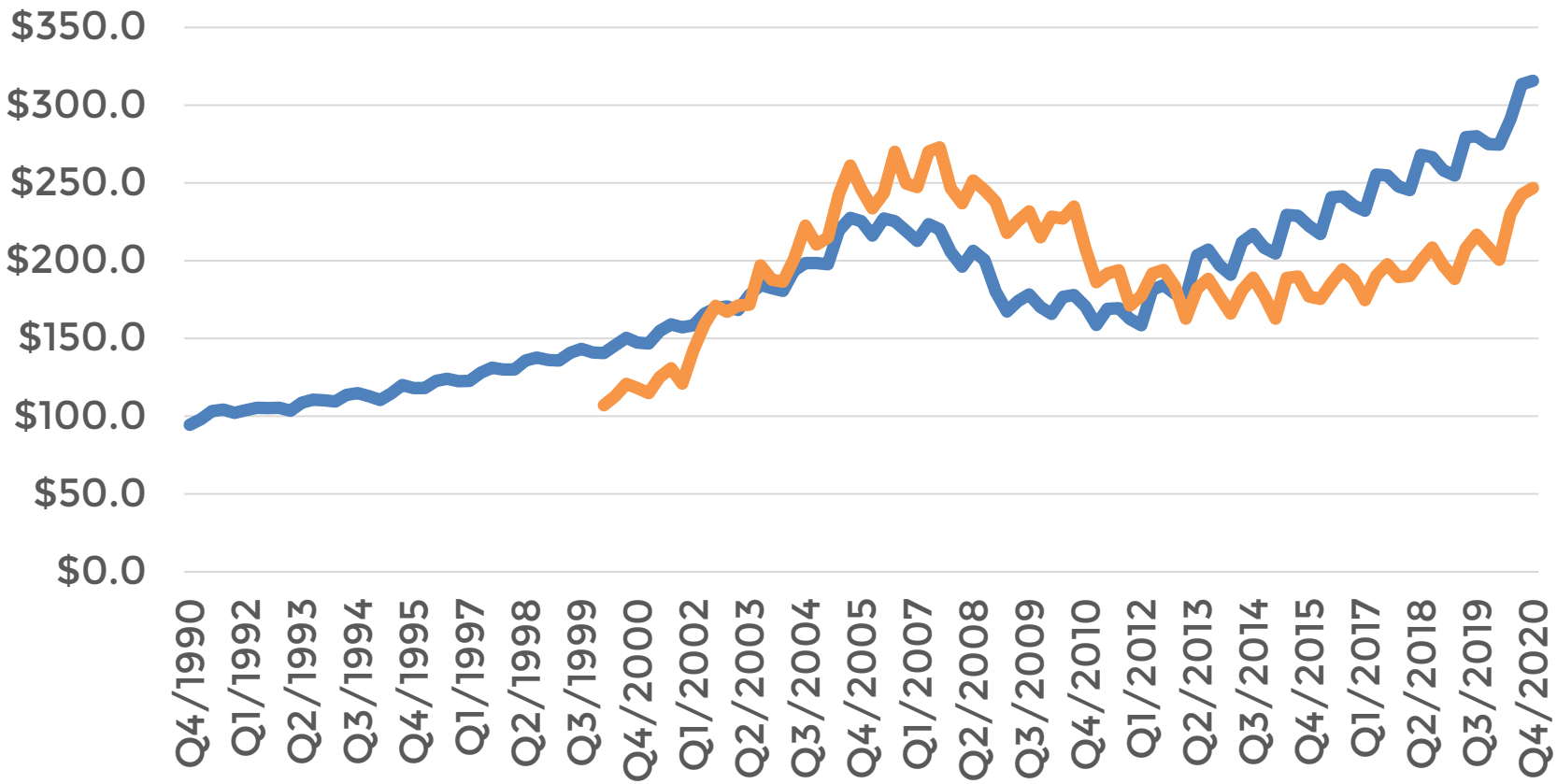
2020 Q4 Median Single-family Existing Home Sales Price

Allentown-Bethlehem-Easton, PA-NJ	$246,700
United States	$315,700



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Methodology

Changes in home prices and principal payments lead to changes in housing wealth.
The National Association of REALTORS® calculated the wealth gains from purchasing a single-family existing home at the median sales price with a 30-year fixed rate mortgage financing and 10 percent downpayment over 5,10,15,30 year-holding periods. Metro area delineations change so data may not be available for some periods. The estimates are illustrative of the typical change in housing wealth; actual gains or losses will vary by property.

Calculation of change in housing wealth(equity) over holding period (n years):
Housing wealth (Equity) = Assets - Liabilities
(1) Housing wealth (Equity) at time of Purchase = Market Value (Sales Price) - Loan
(2) Housing wealth (Equity) at Year n = Market Value at Year n - (Loan -Total Principal Payments)
Housing wealth (Equity) Gains at Year n= (2)- (1)
Housing wealth (Equity) Gains at Year n = (Market Value, Year n - Sales Price) + Total Principal Payments

Calculation of annual percent change in home prices over 30 years:
Compounded annual growth rate=((Market value at n=30)/(Market value at time of purchase))^(1/30))-1

Sources of data:
NAR Median sale price for single-family existing home; Freddie Mac 30-year fixed rate mortgage and fees and points
Cover photo by Peter Boccia

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