

Add this as a graphic ..., if I make any mistake in this video, let me know and I'll address it in a pinned comment. I also have a source document linked in the description.

Script

Audio		Sources
<p>INTRODUCTION:</p> <p>People can't afford houses anymore. And if the American Dream means owning your own place, then that dream is a fantasy.</p> <p><u>The media</u> tells <u>that story</u> every <u>day</u>. I <u>believed it</u>. Public <u>opinion polls</u> show <u>MOST people</u> believe it, and <u>you probably</u> do too, because <u>that message</u> is <u>EVERYWHERE</u>. But in just a few minutes, you'll see how they mislead you.</p> <p>Hey. I'm Ken LaCorte. I research tricky questions and do my best to give you BALANCED insight. The channel isn't about easy answers or dunking on the other guys, it's about trying to understand how the world actually works.</p> <p>So after seeing DOZENS of headlines saying that <u>homeownership was in the toilet</u>, I researched to see how bad it was. And was actually shocked that ... it just isn't true. The data tells a completely different story.</p>		<p>https://nypost.com/2024/03/13/real-estate/m-any-us-renters-believe-the-dream-of-homeowne-rship-is-dead/</p> <p>https://www.theguardian.com/society/2024/mar/12/renters-poll-owning-home</p> <p>https://investors.redfin.com/news-events/press-releases/detail/1082/redfin-reports-nearly-40-of-renters-think-theyll-never</p> <p>https://www.google.com/search?hl=en&q=homeownership%20in%20the%20us%20over%20time</p>
<p>STATS ON HOME OWNERSHIP:</p> <p>One of the first sites I came to was Federal Reserve statistics which completely undermined that narrative.</p> <p>This is the homeownership rate in the United States over the past 60 years and as you see, it's pretty consistent. And the CURRENT homeownership rate is 65.6 percent. That's almost two-thirds of the country, and only 3 and a half percent behind the ALL-TIME high which was right before the housing crash of 2008 ... driven by banks giving loans to people who clearly couldn't pay them.</p>		

What if we go a bit further back in history when houses were so much cheaper? Actually, back in the "good old days" when my parents were growing up, the homeownership rates were substantially lower. In 1940, it sat at just 43.6%. After World War II it rose to the 60% range, and never looked back.

Then I wondered if maybe it was a generational thing. Old people living longer in their homes. Certainly younger people have a harder time until they can afford [a home](#), but [this chart](#) shows that by the time people hit 40 years old, the homeownership rates have been pretty similar, with GenX a bit higher than Baby Boomers or Millennials.

Homes are expensive, but a homeownership crisis just doesn't exist.

Ok, so I need to geek out a bit for a second here. The national homeownership rate isn't EXACTLY the percentage of people who own their own home, but the percentage of HOMES THEMSELVES that are occupied by an OWNER. It's a close proxy, and it's how House Garage Driveway - Free photo on Pixabayeveryone tracks this because things are more clear when looking at family units. That way, kids living with their parents don't get counted as renters.

And how does the US compare to the rest of the world? We're in the middle of the pack. We're very similar to Europe or the rest of the industrialized world.

These numbers clearly make the point that homeownership is alive and well in America, but I certainly don't want to give the impression that it's CHEAP or easy for the average person. FAR from it. It's a hurdle.

And it's a higher hurdle than it's ever been ... homes HAVE gotten more expensive, which is the root cause of the media freakout.

Those details are pretty interesting, but first, give me a minute to answer the question: does it matter? Renting is pretty easy, so should we care if people own their homes?

WHY DOES IT MATTER?:

Long term homeownership rates:
<https://dqydj.com/historical-homeownership-rate-united-states/>

[Generational numbers.](#)

https://en.wikipedia.org/wiki/List_of_countries_by_home_ownership_rate

The truth is, it matters a LOT, both to communities and to individuals. Let me give you a personal example.

When I was young I rented in New York City and eventually saved up enough money to buy a small house near Los Angeles. I poured my entire life savings into a down payment, and committed to a scary thirty-year loan. I was committed. A few months after I settled in, I saw a young man selling flags on a nearby corner and he'd tied up samples of them on a chain link fence. All of them were fine, except one ... a Nazi flag. In New York, I would've walked by and maybe given him a look (emulate it) ... but this was now "my" neighborhood, and I pulled the car over – it was LA, nobody walks – and I let him know he needed to take that Nazi flag down, right then. And he did. He wasn't a bad kid ... he'd bought a pack of a hundred flags and just didn't think about it. But I was surprised by MY action. I'm not a "you have to do this" (finger wave) type of guy, but that frickin flag was coming down one way or the other.

Once I was locked into my community, I cared about it like never before. And THAT'S why when people own their homes, they're nicer neighborhoods. Fresher paint. Less litter. Cute plants out front. As humans, we TAKE BETTER CARE of things we own.

That's why all smart governments encourage it. The biggest tax break in the United States is the home loan deduction. AND, that helps make owning your home a great way to build wealth over your lifetime.

HOMES ARE GETTING LESS AFFORDABLE:

Ok, so the media hyperventilation.

At the heart of the matter is that [homes ARE](#) getting [more expensive](#), like everything is. [But even more](#) ... they've [gotten substantially](#) more expensive in comparison to people's incomes. They're [LESS AFFORDABLE](#) for the average person, and the press turns up to an 11.

I love this one. In Las Vegas, most of [the homes](#) that someone evidently afforded were unaffordable.

["Princess Bride SOT"](#): You keep using that word. I do not think it means what you think it means.

And right now I should be confusing you. If homes are less affordable than the past, why do more people own them NOW? What gives?

I looked into it and some say it's because we have more two-income households now– which is true – but the affordability numbers are based on combined HOUSEHOLD incomes.

The answer is that people can spend more of their money on housing ... because OTHER big expenses have been dropping. The biggest? Food.

In the 50s, households spent about 30% of their income on food, about what we spend on housing today. That's a LOT of money for food... and they didn't eat out nearly as often. Today, that number is 12.8%, because food got cheaper. Clothes too. I was surprised that households used to spend 10% of their income on clothes and jewelry ... today it's just 3%.

So why have so many things become more affordable, but not homes? Part of that is LAND. You can grow more tomatoes but you can't grow more real estate where people want to live. But two factors to look at are BUILDING REGULATIONS ... and the fact that homes today are hugely BIGGER and BETTER than they've ever been.

BUILDING CODES:

If you've ever tried to build a home, dealing with the government regulations can be a nightmare. Regulations are far stricter. In the 50s, building codes focused on basic structure. Today, homes are required to withstand higher winds, earthquakes, and fire resistance. Many governments mandate energy efficiency and accessibility features for the disabled, setbacks from the street and aesthetic regulations.

It's good homes are safer, but that doesn't come for free. And its home buyers, especially NEW home buyers, that pay that bill.

Why do I say NEW home buyers? Because any action that makes all homes more expensive actually HELPS people who already own one.

50's era expenditures: [Perplexity links](#). Info on [USA](#). [Britain](#).

Take an hypothetical: a suburban town makes it expensive to build or maybe just says “no more, we're full.” As the region grows, the laws of supply and demand make those homes shoot up in value. If you own one ... that's great. If you don't, you either PAY or look somewhere else.

TODAY'S HOMES ARE RADICALLY DIFFERENT:

My last point is one that my dad always told me, but I never fully appreciated until I studied it ... it's hard to even compare the average home in 1950 with one today.

They were SMALL. The average size of a single-family home built in 1950 was 983 square feet. Today it's 2,400 square feet, about two-and-a-half times bigger. And FAMILIES were bigger then too, usually sharing one bathroom and stacking kids into a small bedroom.

Ten percent of homes today have swimming pools, something super rare back then. As was air conditioning, dishwashers, marble, attached garages, good insulation, large windows, sprinkler systems ... and a lot of luxuries we take for granted today.

So ... homes are expensive, but more people own them now than in the past because they CAN, because they're BETTER, and because they're still a good investment.

It's hard to fully evaluate that past, but for homes, which era would you rather live in? I vote for air conditioners, but that's just me.

I hope I gave you some interesting things to think about. I did my best to give it to you fairly.

If you liked this video, you may be interested in [this one](#) about penises. (chuckle). Ok, it's actually less about ding-dongs, but a short one on how the media ... AND scientists let clicks and fame interfere with their judgment. And, like this story, create a completely false impression.

Come back again.

Home sizes [then](#). [And now](#), 2383 sf.

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@joesc777 makes a noteworthy point in the comments:

“In the past the household income came from 1 person working and now it is often 2. So houses are less affordable than ever even with a 2nd income in many households.

If you compared single income households from your parent's day and today you would see that affordability has gotten way worse. Using combined household income actually hides how bad it is.”

He’s right, and I should have spent more time discussing it. The oldest data I found showed that in the ‘60s, about 47% of couples were dual-income, rising to over 70% in the late 90’s and settling down to 66% in the last decade. Incomes – adjusted for inflation – grew during that time as well for other reasons as well.

Dual-income households and rising income are definitely a reason why more expensive homes are still being bought. The overall point holds that homes are definitely less affordable than than the 1950s, yet more people – both numerically and per capita – are able to afford and buy them.

Dual-income %s:

<https://taxfoundation.org/data/all/federal/america-has-become-nation-dual-income-working-couples>)

US household incomes have risen beyond the “dual-income” numbers::

<https://economistwritingeveryday.com/2022/06/22/us-households-have-a-lot-more-income-than-1967-and-its-probably-not-just-because-of-the-rise-of-dual-income-households/>