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U.S.

## Percentage of Young Americans Living With Parents Rises to 75-Year High

Household formations by millennials lag behind other economic recoveries; high rents, mortgage standards cited

By **CHRIS KIRKHAM**

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Almost 40% of young Americans were living with their parents, siblings or other relatives in 2015, the largest percentage since 1940, according to an analysis of census data by real estate tracker Trulia.

Despite a rebounding economy and recent job growth, the share of those between the ages of 18 and 34 doubling up with parents or other family members has been rising since 2005. Back then, before the start of the last recession, roughly one out of three were living with family.

The trend runs counter to that of previous economic cycles, when after a recession-related spike, the number of younger Americans living with relatives declined as the economy improved.

The result is that there is far less demand for housing than would be expected for the millennial generation, now the largest in U.S. history. The number of adults under age 30 has increased by 5 million over the last decade, but the number of households for that age group grew by just 200,000 over the same period, according to the Harvard Joint Center for Housing Studies.

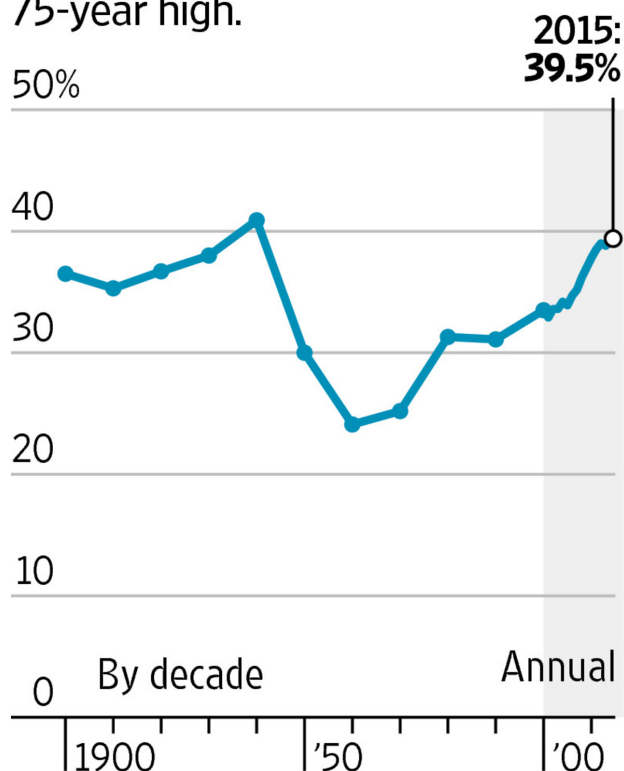
Analysts point to rising rents in many cities and tough mortgage-lending standards as the culprit, making it difficult for younger Americans to strike out on their own.

“I don’t think those are challenges that are going to keep young households permanently out of the housing market, but it may keep their homeownership rate near historic lows for likely the indefinite future,” said Ralph McLaughlin, Trulia’s chief economist.

The share of young Americans living with parents hit a high of 40.9% in 1940, just a year after the official end of the Great Depression, and fell to a low of 24.1% in 1960. It hovered between about 31% and 33% from 1980 to the mid-2000s, when the rate started climbing steadily.

# Welcome Home

The percentage of 18- to 34-year-olds living with parents and other family members hit a 75-year high.



Notes: 1900 to 1970 data are from the Decennial Census records, 1980 to 2015 from Current Population Survey; Including stepparent, grandparent, other relative(s)  
Sources: U.S. Census Bureau; Trulia

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The census data on living arrangements goes back annually to 1980, and prior to that was collected each decade.

Household formation is closely correlated with housing affordability and income. Among those aged 25 to 34, 40% of those earning less than \$25,000 headed their own household. The share rose to 50% for those earning between \$25,000 and \$50,000, and 58% for those with incomes above \$50,000, according to the Harvard Joint Center.

Census data also show younger Americans are getting married and having children later in life than previous generations. Even so, economists project the historically large millennial generation will more than double its current number of households through 2025.

Still, delayed household formation has kept home builders guessing about their behavior in coming years. Tim Kane, president of California builder MBK Homes, said it is obvious that household formation is slower for millennials. That leaves him to wonder: “Is it going to happen at the same rate, and is it going to happen at all for homeownership?”

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