

If housing inventory is so tight, why are so many homes vacant?

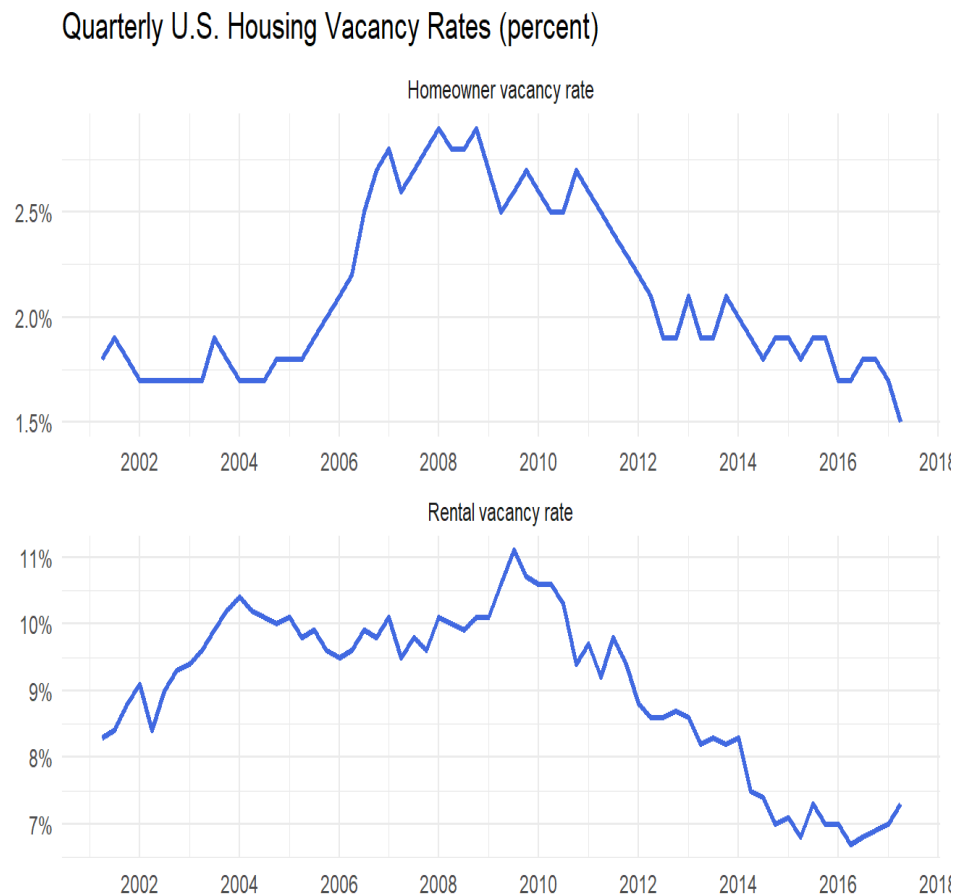
A PowerPoint Summary of
<http://lenkieferr.com/2017/09/17/housing-vacancy-trends/>

Summary

- Earlier this year we talked about how limited housing supply was helping to drive accelerating house prices across the country. In such an environment you would expect to see housing vacancies decline. Indeed, if you look at the rate of rental or homeowner vacancies you see a substantial reduction. But if we look a little closer at the housing inventory data something curious emerges.

Homeowner and rental vacancy rates have declined

During the Great Recession homeowner vacancy rates spiked, and gradually came back down. Rental vacancy rates did not spike nearly as much, but also came down in recent years as housing markets have gotten pretty tight.

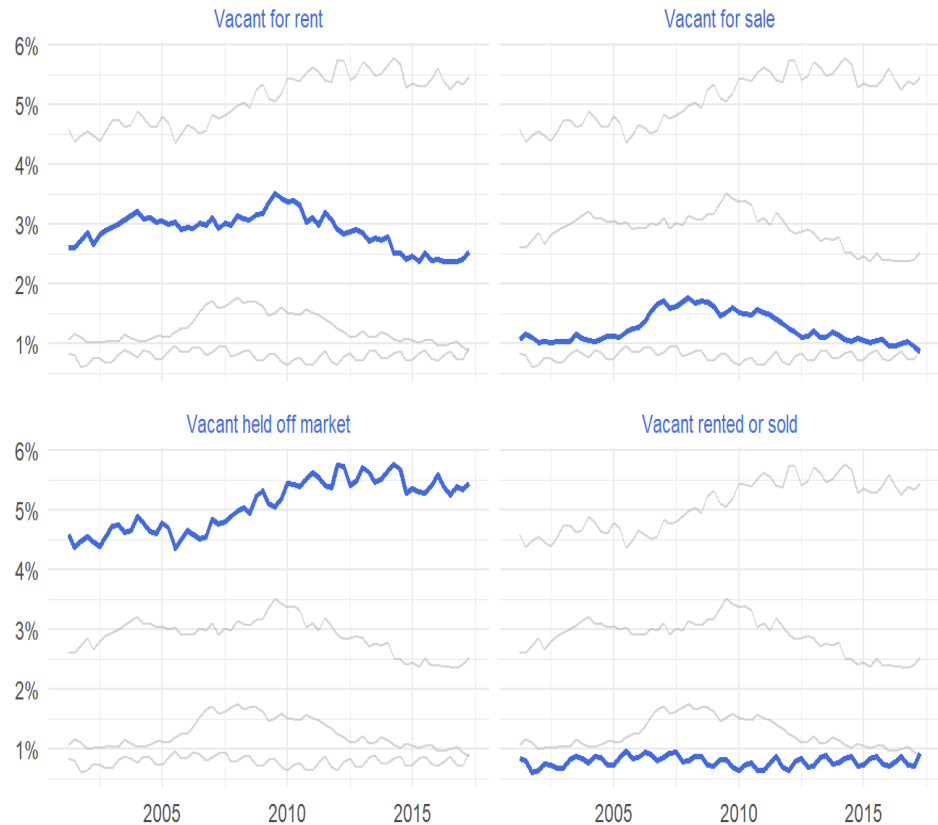


@lenkieferr Source: U.S. Bureau of the Census, Housing Vacancy Survey; retrieved from FRED, Federal Reserve Bank of St. Louis, September 17, 2017.

More homes held off market

The top two panels show the vacant for rent vacant for sale units that make up the rental and homeowner vacancy rates. The bottom right panel shows year-round vacant units which have been rented or sold but the new renters or owners have not moved in yet. That has a pretty clear seasonal pattern, matching the rhythm of the U.S. housing market, but remains constant at a little under one percent. The bottom left panel shows the share of housing units that are vacant and held off the market.

U.S. Housing Inventory: Year-round vacant units as share of total housing stock

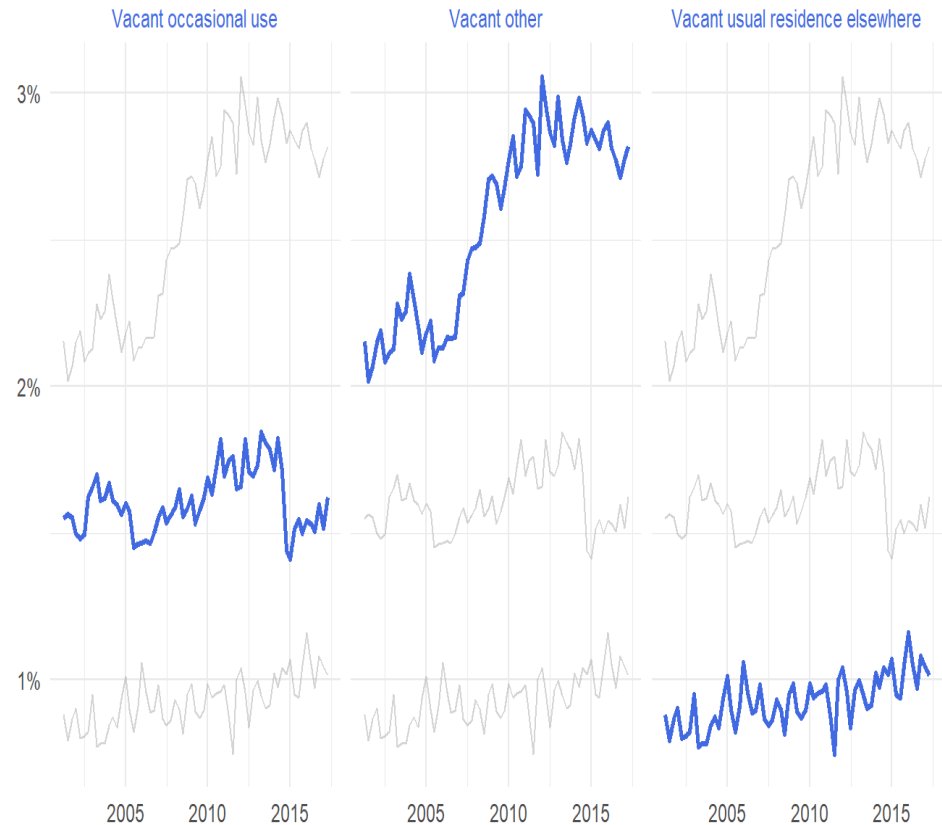


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Growth comes from other category

The year-round vacant other category has increased almost a full percentage point since 2005. Just to be clear, that's a lot of housing units. A one percentage point increase corresponds to over one million housing units. The largest component, taking up about a quarter are those units vacant due to personal/family reasons. This includes situations where the owner is in assisted living and not occupying the unit.

U.S. Housing Inventory: Year-round vacant units as share of total housing stock

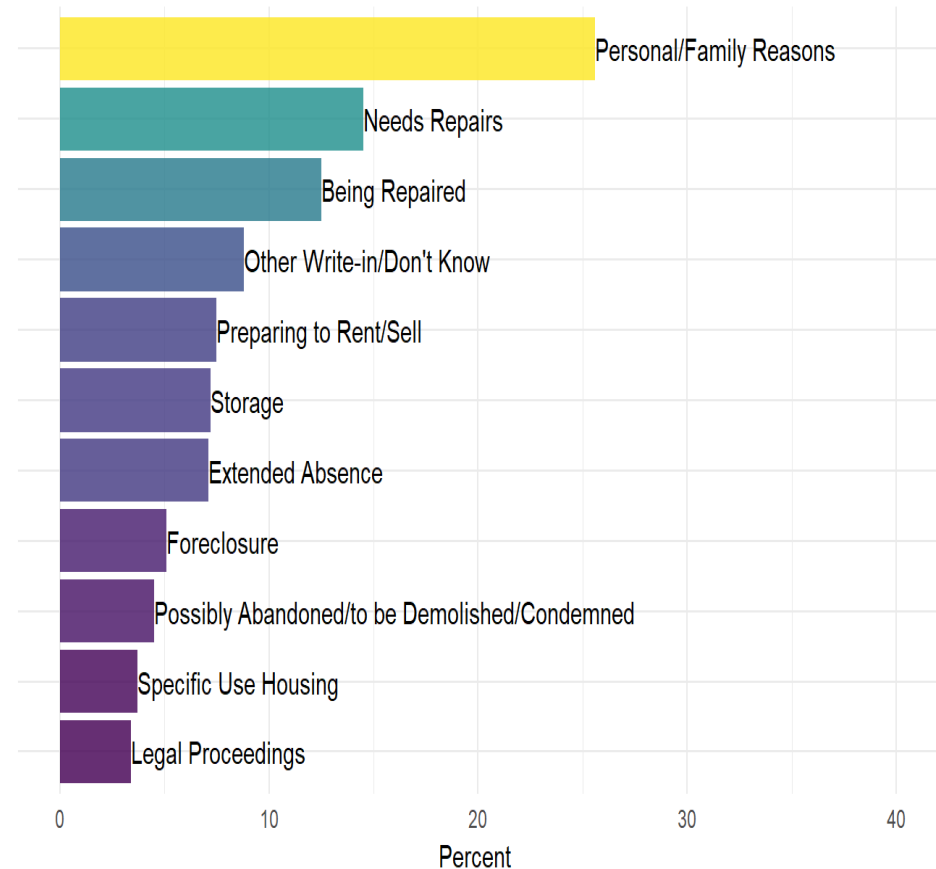


@lenkiefier Source: U.S. Bureau of the Census, Housing Vacancy Survey; retrieved from FRED, Federal Reserve Bank of St. Louis, September 17, 2017.

Breakdown of the other category

The U.S. Census Bureau began tracking a breakdown of the other category since 2012. This chart shows the breakdown of the percent distribution for the second quarter of 2017.

Quarterly Percent Distribution of Other Vacant Housing Units for the United States
2nd Quarter of 2017

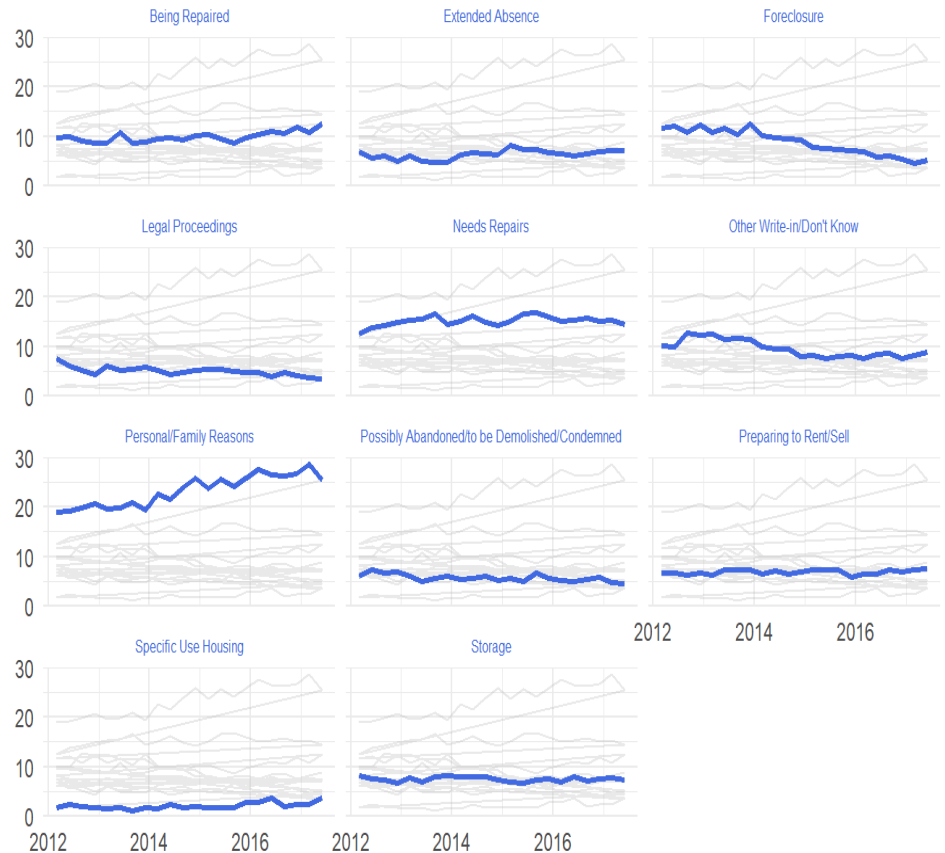


@lenkieferr Source: U.S. Bureau of the Census, Housing Vacancy Survey: Table 18

Distribution of other category over time

The share vacant due to foreclosure has declined quite a lot since 2012 when the U.S. housing market was still early in recovery. Those foreclosed housing units have largely moved through the system.

Quarterly Percent Distribution of Other Vacant Housing Units for the United States



@lenkieferr Source: U.S. Bureau of the Census, Housing Vacancy Survey: Table 18