

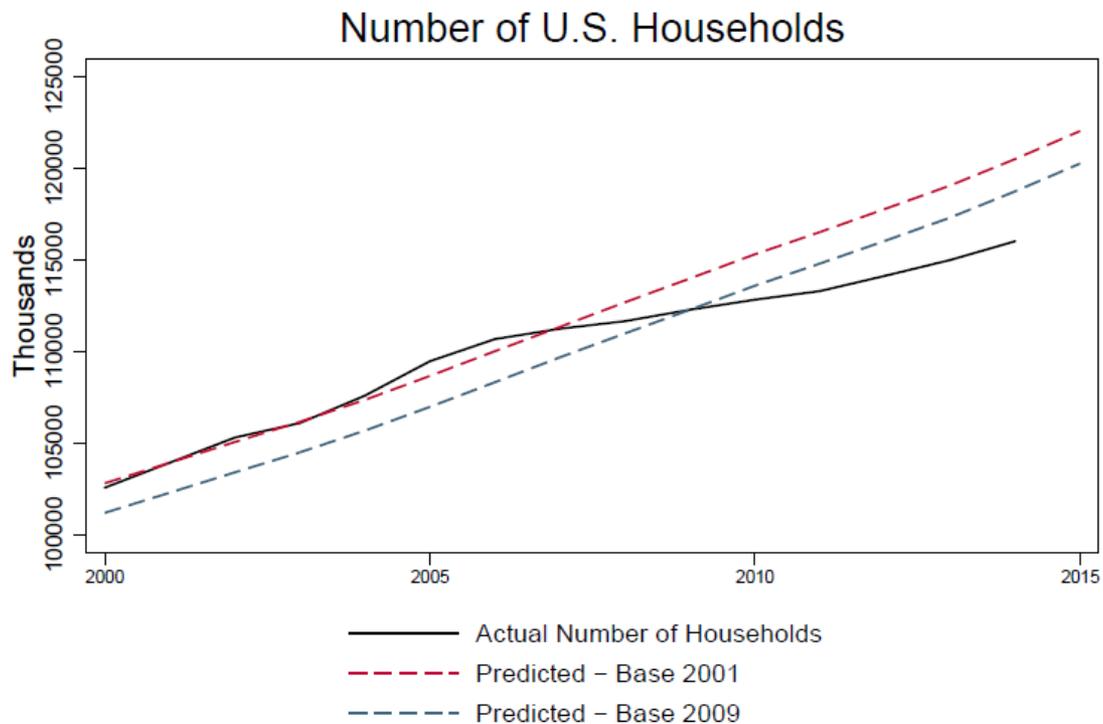
## Fiscal Highlights

### Are Millennials Buying Houses? - Clare Tobin Lence

The National Conference of State Legislatures (NCSL) recently held a training seminar for fiscal analysts in Portland, Maine. Among the plenary session topics was a [report](#) on the U.S. economic outlook from Daniel Cooper of the Federal Reserve Bank of Boston, which included data and projections on the rates of household formation, or home purchases by first-time buyers. Household formation represents an important economic driver, both nationally and in Utah.

The recent economic downturn stalled home purchasing across demographic sectors, but the trend was most pronounced among Millennials, those individuals born after 1980. A difficult job market and tighter restrictions on mortgage qualifications, among other factors, were expected to be the cause of household formation rates that were below expectation for those currently aged 18-34, as compared to previous generations.

However, household formation rates remain below projections despite gains in housing prices and reductions in the rate of foreclosures. This likely contributes to weak rates of new housing starts and residential investment, and thus a slower overall recovery of the housing market.



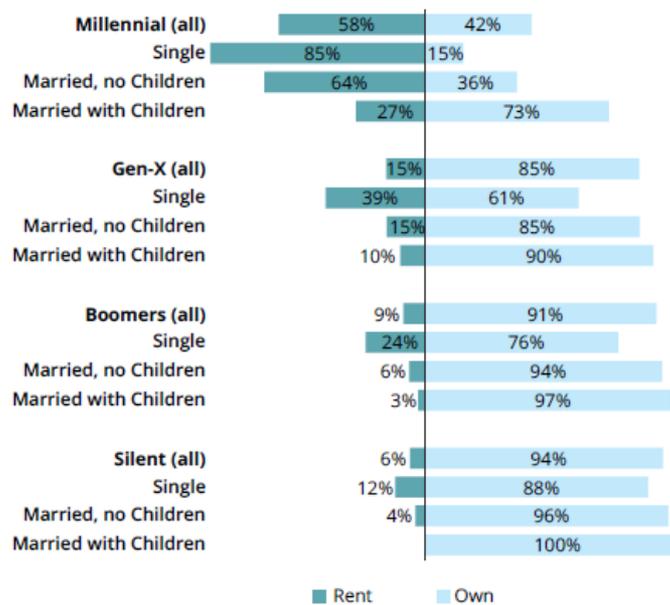
Source: Author's calculations using Census data

Economists and others have speculated as to whether the slow rate of household formation represents "pent up" demand, such that Millennials are still delaying buying homes but that they will eventually do so. Conversely, it may be possible that significant debt (often from student loans) and continuing weak wages will prevent Millennials from forming households at the same rate as previous generations. Millennials may have less confidence or interest in home ownership, having

witnessed the housing market crash at a formative age. There may also be cultural differences across generations that could limit household formation among Millennials over the long term, such as preferences for urban living and smaller family size.

A recent [report](#) by [Utah Foundation](#) found that Millennials in Utah are more likely to own a home than Millennials in any other state except one. Whereas nationally 30 percent of Millennials own their home, 41 percent of Utah Millennials own their home. The report also considers possible factors in Millennial household formation, such as the impact of marital and family status, through survey data.

**Figure 27: Tenure by Marital and Parental Status by Generation in Utah**



Note: The sample size for several of these categories is small.  
Source: Utah Foundation Survey.