

Fannie Mae National Housing Survey

What Parents Tell Us About Their Adult Children Living At Home

July 2014

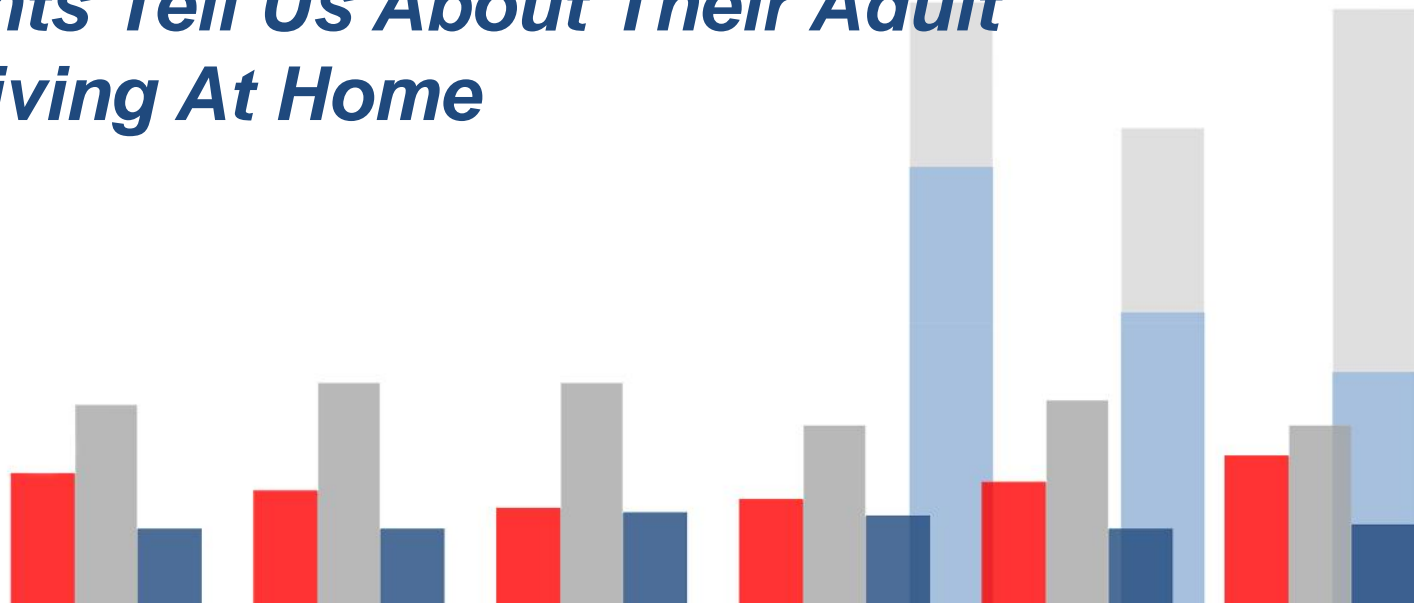


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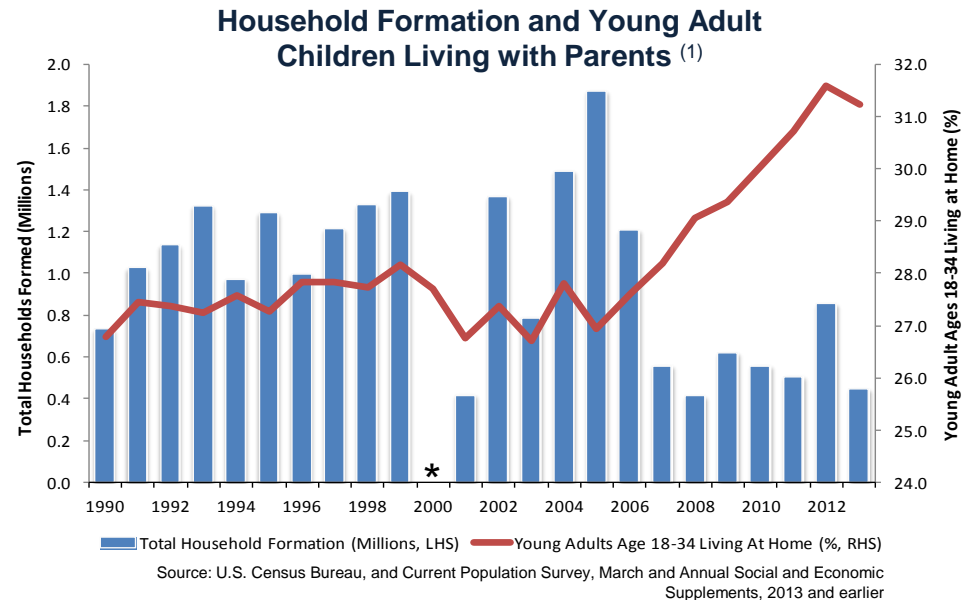
Business Context

The share of the young adult population who are living with parents has increased since the Great Recession in 2007

- Even after the recession ended in 2009, the number of adult children living with parents continued to grow from 29% in 2009 to 31% in 2013
- Total household formation continues to lag in part due to the decreasing percent of 18-34 year olds that are the head of a household (“Headship Rate”)

Headship Rates, (%)			
	18-22	23-34	35-99
2006	13.0	42.9	56.6
2007	12.8	42.6	56.4
2008	12.4	42.1	56.3
2009	12.2	41.4	56.2
2010	11.3	40.9	56.2
2011	10.8	39.9	56.1
2012	10.4	39.5	56.1

Source: U.S. Census Bureau, American Community Survey



“ .. the level of household formation is very depressed, has been very depressed for some time. There are a lot of kids who were shacking up with their families and probably would like to be going out and acquiring places of their own.. ”

- Janet Yellen ⁽²⁾

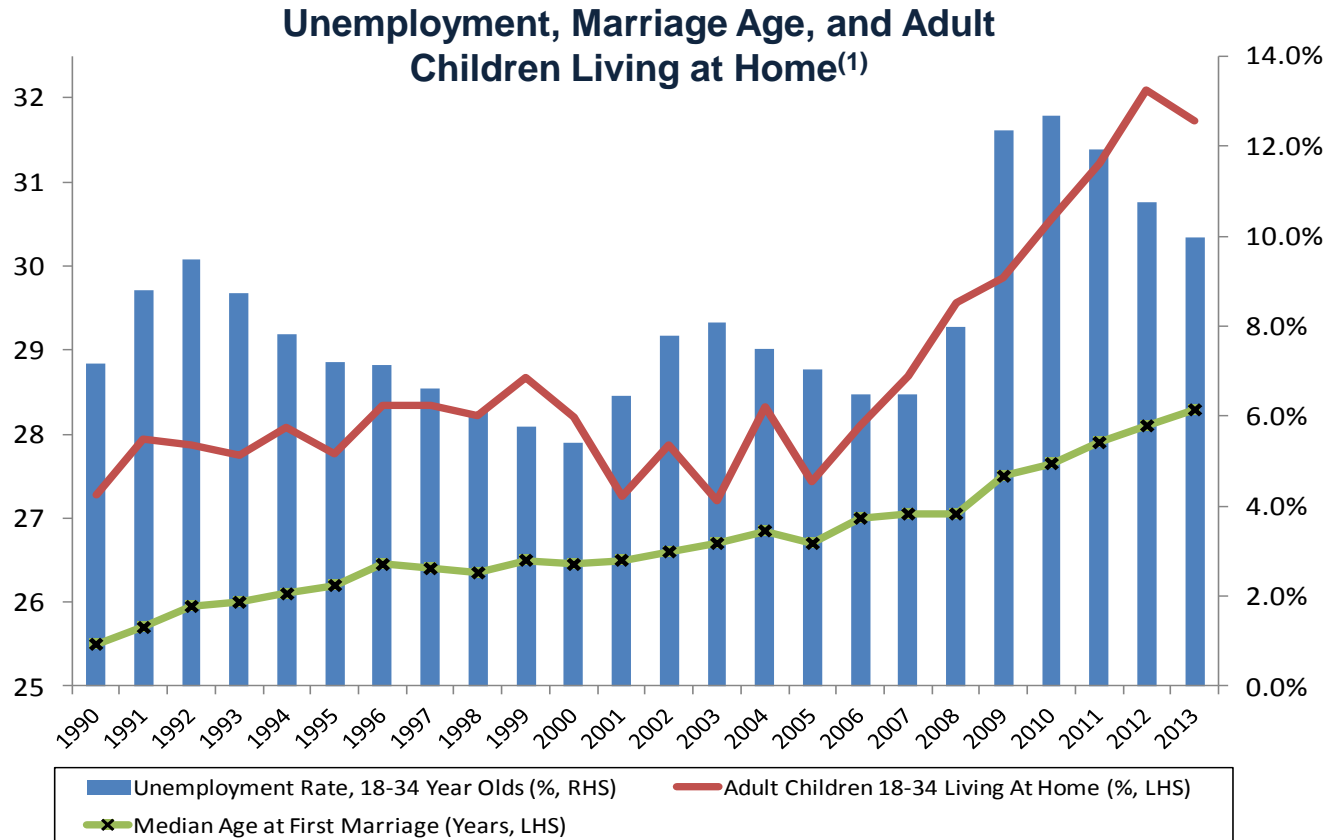
(1) In CPS data, unmarried college students living in dormitories are counted as living in their parent(s) home

(2) Source: <http://www.federalreserve.gov/mediacenter/files/FOMCpresconf201403>

* Due to the Census Bureau's methodology change in 2000, data for this year is excluded

Business Context

As the percent of young adults living at home remains elevated, the unemployment rate among 18-24 year olds has continued to stay above pre-crisis levels and age at first marriage has steadily increased



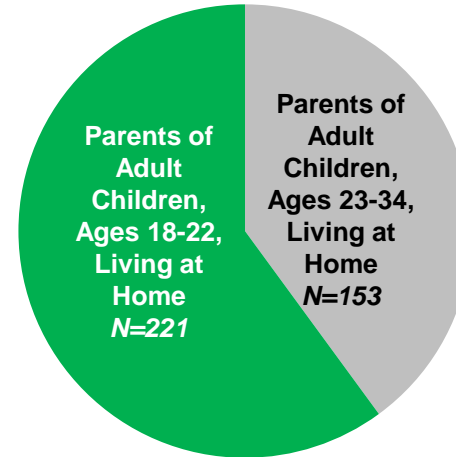
Source: U.S. Census Bureau, Current Population Survey, March and Annual Social and Economic Supplements, 2013 and earlier

(1) In CPS data, unmarried college students living in dormitories are counted as living in their parent(s) home

Q4 2013 Sample Population



Parents of Young Adult Children Living at Home*
N=368



Sample Q4-2013	Sample Size	Margin of Error
Parents with Young Adult Children at Home GP** that have at least one child between the ages of 18-34 living in their house	368	± 5.11%
Parents with Adult Children 18-22 at Home GP that have at least one child between the ages of 18-22 living in their house	221	± 6.59%
Parents with Adult Children 23-34 at Home GP that have at least one child between the ages of 23-34 living in their house	153	± 7.92%

Please note: The set of questions about adult children living at home (Q131a-131ggg) were asked of parents for each of the adult child living in their home. There are 250 responses about Adult Children Living at Home ages 18-22 and 189 about Adult Children Living at Home ages 23-34 in these questions for a total of 439 responses.

• Responses do not always add up to 100 percent because of rounding and “don’t know” percentages which are not displayed.

* One parent can have more than one adult child living with them in different age groups or the same age group

** General Population

Executive Summary

There are some key differences between adult children living at home ages 18-22 and adult children living at home ages 23-34

Adult Children Living at Home Ages 18-22

Adult Children Living at Home Ages 23-34

They are most likely to...



not be currently employed



be living at home primarily because they're saving money while enrolled in school



be expected to move out in more than two years



not list "marriage" as a primary reason for living at home



have parents that are more optimistic about their own financial situation, with more than half of these parents being employed full-time



be employed in a full-time job



be living at home primarily because they don't have enough income to live in their own home



be expected to move out in less than two years



have "not being married yet" as one of the primary reasons for living at home



have parents that are less optimistic about their own financial situation, with less than half of these parents being employed full-time



Have parents who would rather they continue living at home instead of moving out



Key Findings

Most adult children living with their parents are under the age of 25, and more likely to be male

Adult Children Living at Home Ages 18-22

59% Male



41% Female

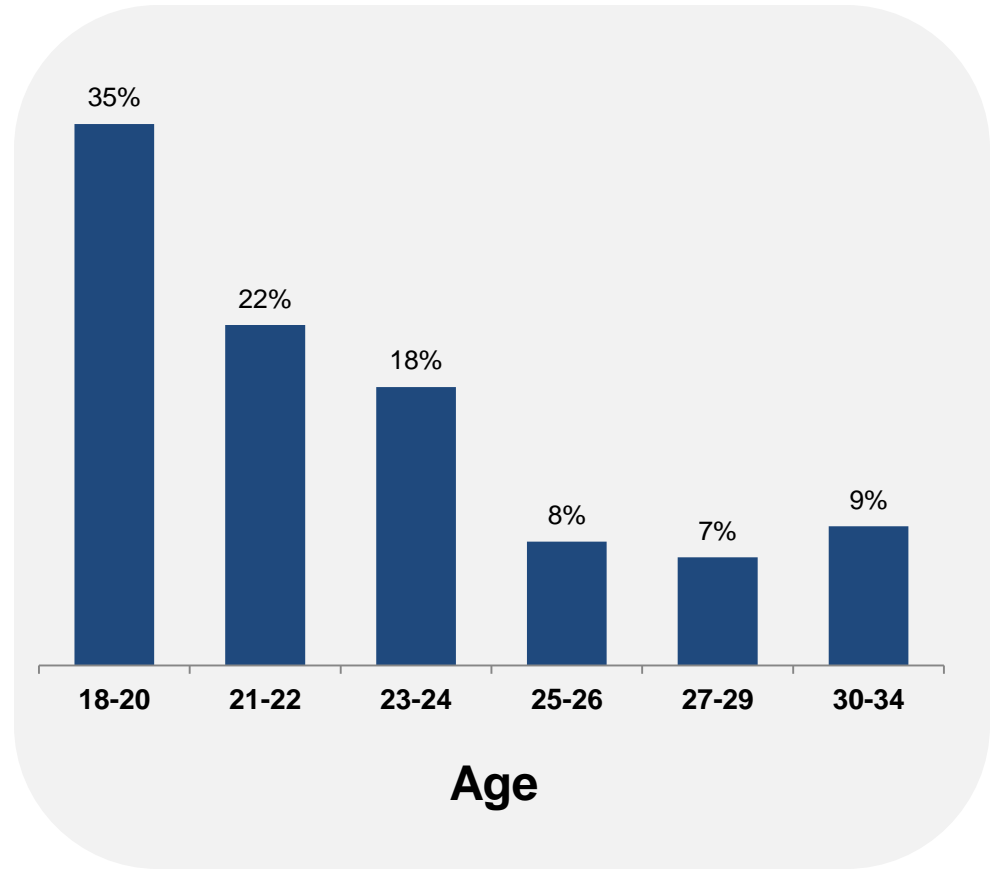


Adult Children Living at Home Ages 23-34

66% Male



34% Female



Thinking about the adults in your household...

Q: What is [his/her] gender?

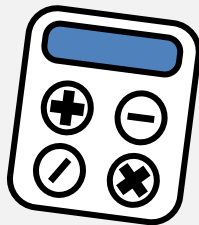
Q: What is [his/her] age? *Showing All Adult Children Living at Home*

** Denotes a statistically significant difference between adult children living at home 18-22 and adult children living at home 23-34 at the 95% confidence level*

Most adult children are living with their parents primarily for financial reasons

Primary Reason Adult Children Live with their Parents

Showing all adult children (ages 18-34) living at home



29% say they are saving money while enrolled in school



23% say they do not have enough income to live in their own home



10% say they are not yet married



9% say they prefer to share the same home

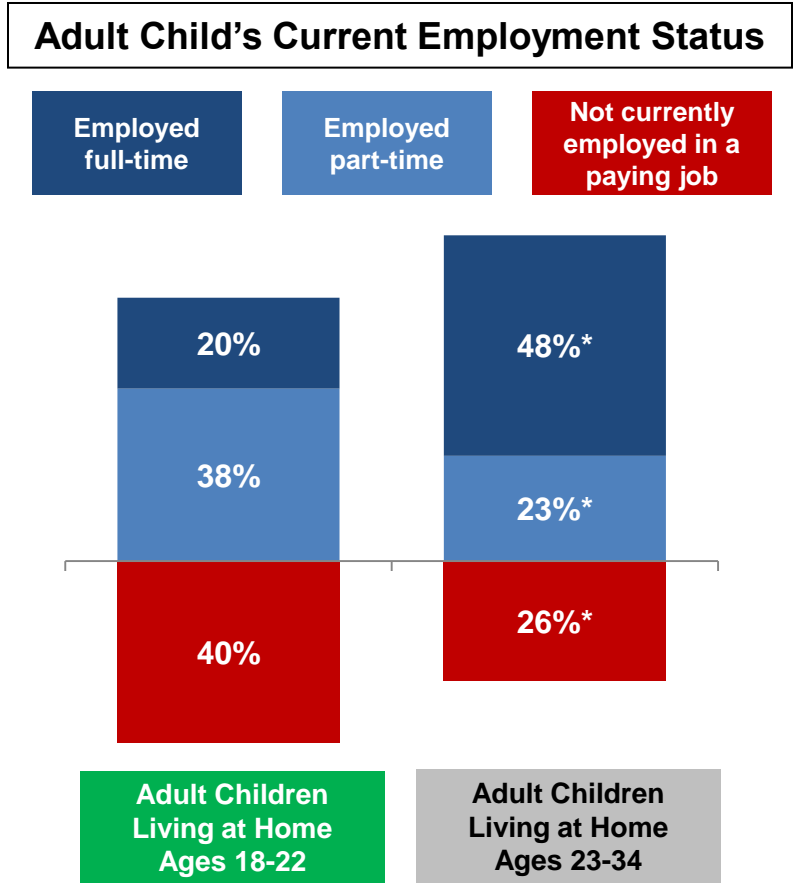


8% say they are saving money for the future

Please tell me the <u>primary</u> reason [he/she] does not live in a separate home. (Showing %)	All Adult Children Living at Home	Adult Children Living at Home Ages 18-22	Adult Children Living at Home Ages 23-34
They are saving money while enrolled in school	29%	40%	14%*
They do not have enough income to live in their own home	23	23	24
They are not yet married	10	6	16*
We prefer to share the same home	9	9	9
They are saving money for the future	8	6	11
They are helping you pay for the household expenses	4	2	7*
They are sick	2	2	3

* Denotes a statistically significant difference between adult children living at home 18-22 and adult children living at home 23-34 at the 95% confidence level

Adult children living at home ages 23-34 are more than twice as likely to be employed full-time than adult children living at home ages 18-22



Q: Please tell me which of the following best describes [his/her] current employment status.

* Denotes a statistically significant difference between adult children living at home 18-22 and adult children living at home 23-34 at the 95% confidence level

Full-time employed adult children living at home often cite insufficient income or marital status, while those who are employed part-time or not currently employed in a paying job are often saving money while enrolled in school

Please tell me the <u>primary</u> reason [he/she] does not live in a separate home. (Showing %)	All Adult Children Living at Home	Employed full-time N=141	Employed part-time OR Not currently employed in a paying job N=288
They are saving money while enrolled in school	29%	12%	38%*
They do not have enough income to live in their own home	23	23	23
They are not yet married	10	16	6*
We prefer to share the same home	9	14	7*
They are saving money for the future	8	11	7
They are helping you pay for the household expenses	4	5	3
They are sick	2	0	4

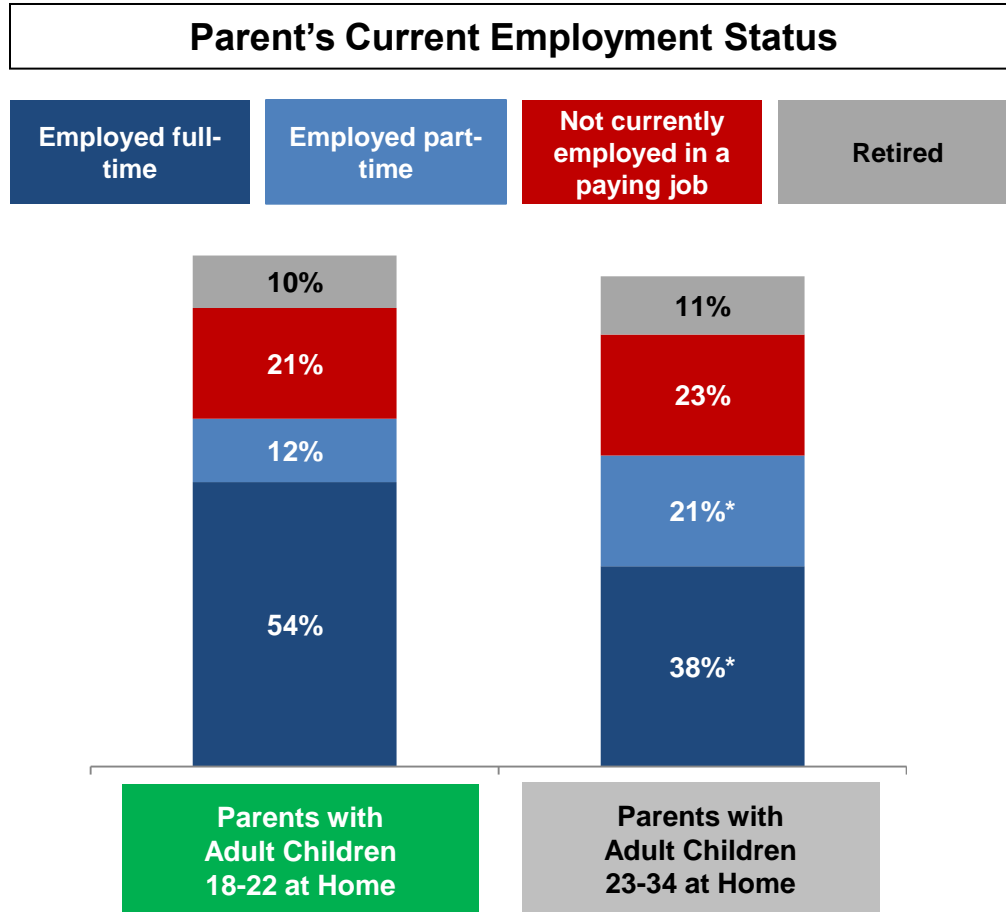
** Due to the size of the sample, breaking down the primary reason for living at home by both age and employment status does not yield conclusive results

Thinking about the adults in your household...

Q: Please tell me which of the following best describes [his/her] current employment status.

* Denotes a statistically significant difference between adult children living at home who are employed full-time and employed part-time or not currently employed in a paying job at the 95% confidence level

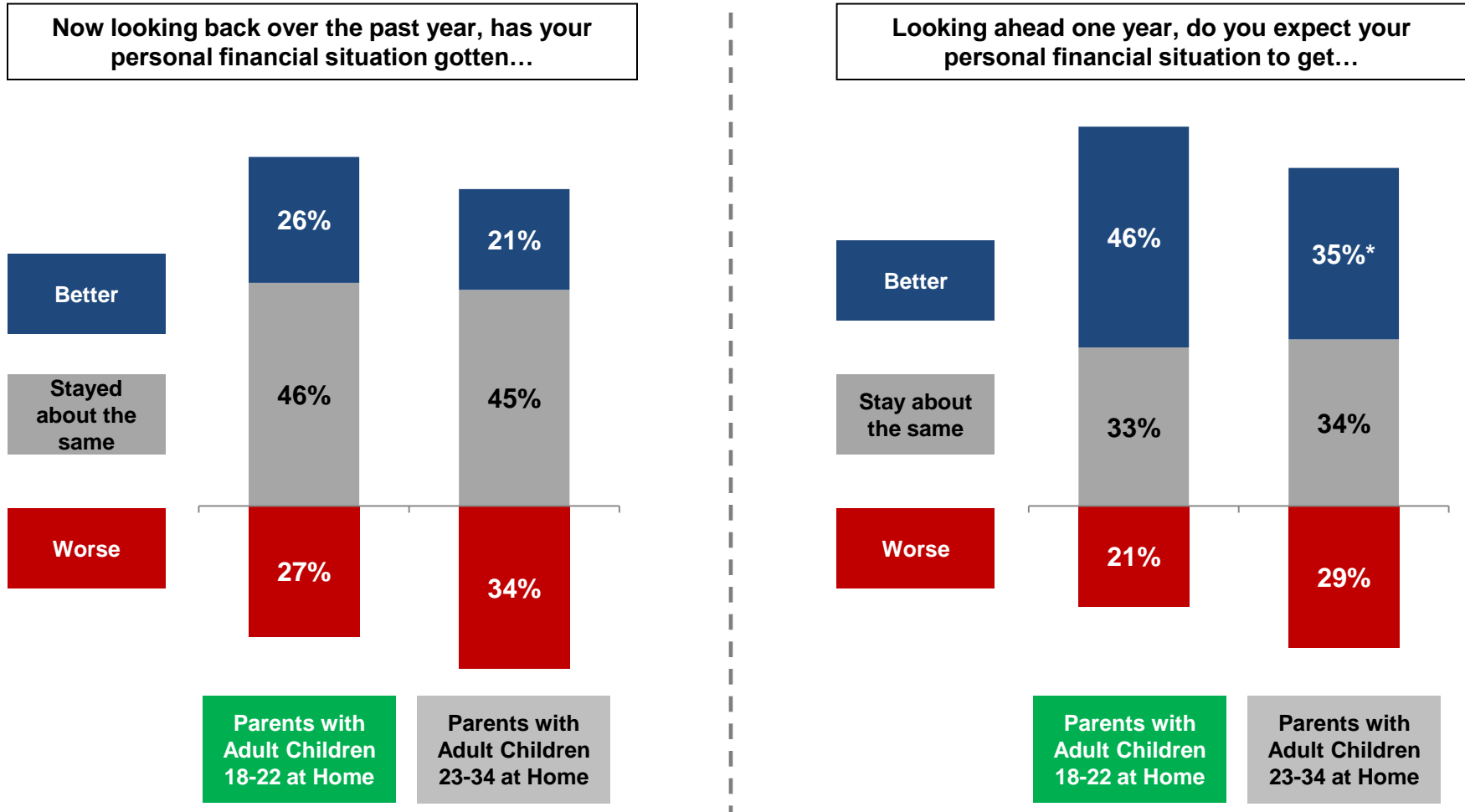
Parents with adult children at home, ages 18-22, are significantly more likely to be employed full-time



Q: Please tell me which of the following best describes your current employment status.

* Denotes a statistically significant difference between parents with adult children 18-22 at home and parents with adult children 23-34 at home at the 95% confidence level

Parents with adult children at home, ages 18-22, are more optimistic about their own personal financial situation than parents with adult children at home ages 23-34



* Denotes a statistically significant difference between parents with adult children 18-22 at home and parents with adult children 23-34 at home at the 95% confidence level

Parents would prefer their adult children to stay at home rather than find alternative living arrangements



68%

would prefer their child continue living in their home



24%

would prefer their child find alternate living arrangements

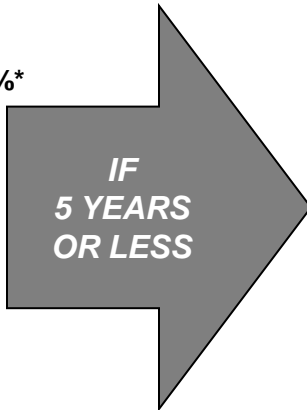
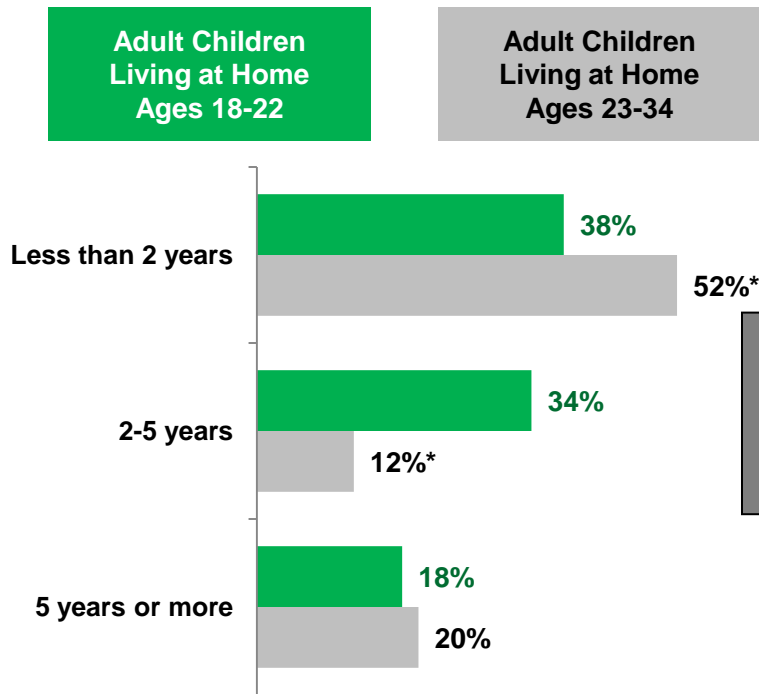
Please tell me whether you would prefer that [he/she] continues to live in your home or finds alternate living arrangements not in your home. <i>Showing %</i>	All Adult Children Living at Home	Adult Children Living at Home Ages 18-22	Adult Children Living at Home Ages 23-34
I prefer that they continue to live in my home	68%	72%	63%*
I prefer that they find alternate living arrangements not in my home	24%	20%	30%*

* Denotes a statistically significant difference between adult children living at home 18-22 and adult children living at home 23-34 at the 95% confidence level

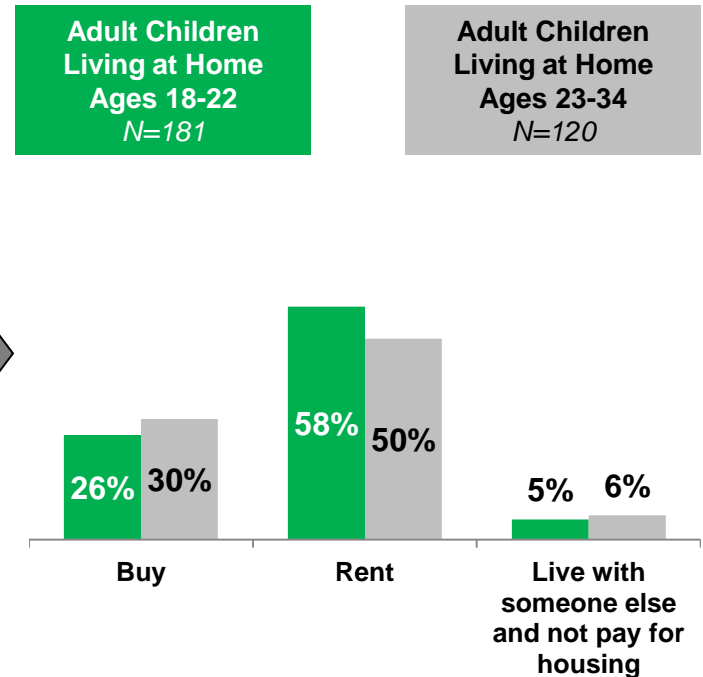
Most adult children are expected to rent after they move out of their parents' home

- Older adult children (23-34) are expected to move out sooner than younger adult children (18-22)

Please tell me how long you expect that [he/she] will continue living with you.



Please tell me whether you think [he/she] will buy [his/her] next home, rent, or live with someone else and not pay for housing.



* Denotes a statistically significant difference between adult children living at home 18-22 and adult children living at home 23-34 at the 95% confidence level

Conclusion/Commentary

- Interestingly, the 2012 American Community Survey (ACS) shows for those householders 34 years old and younger that the percentage of those renting was 67 percent and the homeownership rate was 33 percent. When we adjust Fannie Mae's National Housing Survey results to be more comparable to the ACS results by considering only the rent and buy populations, the data show 66 percent are more likely to rent and 34 percent are more likely to buy for those 34 years old and younger – very similar to the ACS results. This could imply that young adults currently living with their parents may not have a substantial impact on shifting the near-term homeownership rate when they do move out of their parent's home. It is important to note, however, that a recent [National Housing Survey study](#) found that more than 90 percent of young renters said they are likely to buy a home at some point in the future.
- Overall, results suggest that a combination of personal financial constraints, age of the adult child, and parental preferences encourage young adults to live with their parents. Given most parents' preference for the adult children to remain at home and the potential for a mutually beneficial experience, we will see if this becomes a more permanent lifestyle trend that slows household formation even as the economy improves. Given that financial reasons account for the vast majority of parents' responses for why their young adult children are living with them, it seems likely that these young adult children, especially older young adults, will start to form their own households once they feel confident about their financial situation and future prospects.

Appendix

Employed young adult children living at home often do so due to marital status or insufficient income, while those employed part-time or less are often saving money for school

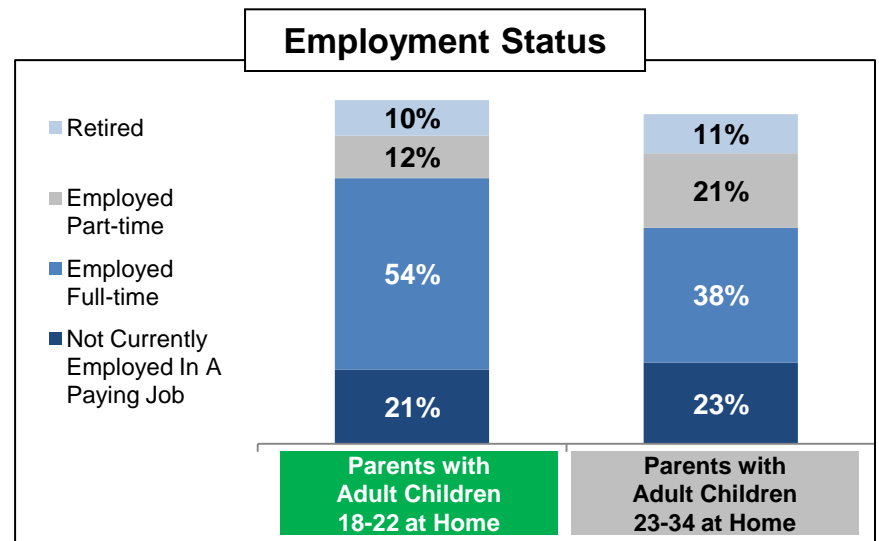
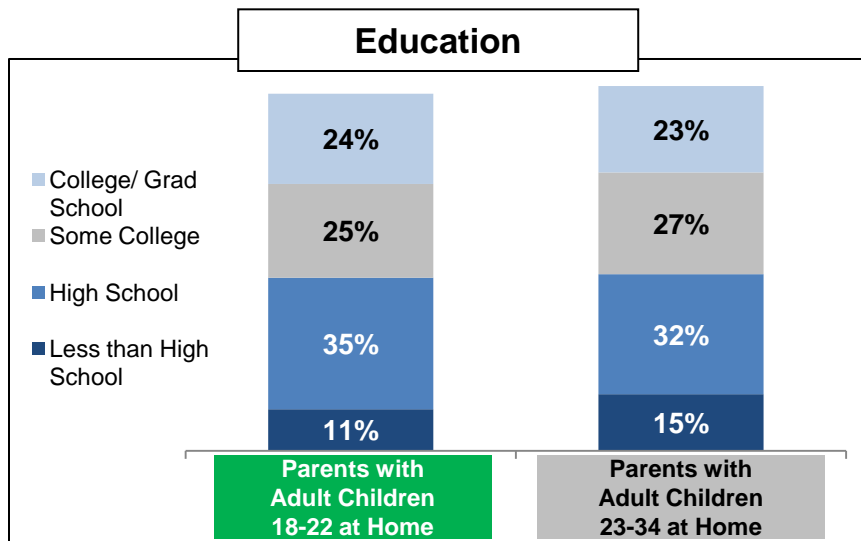
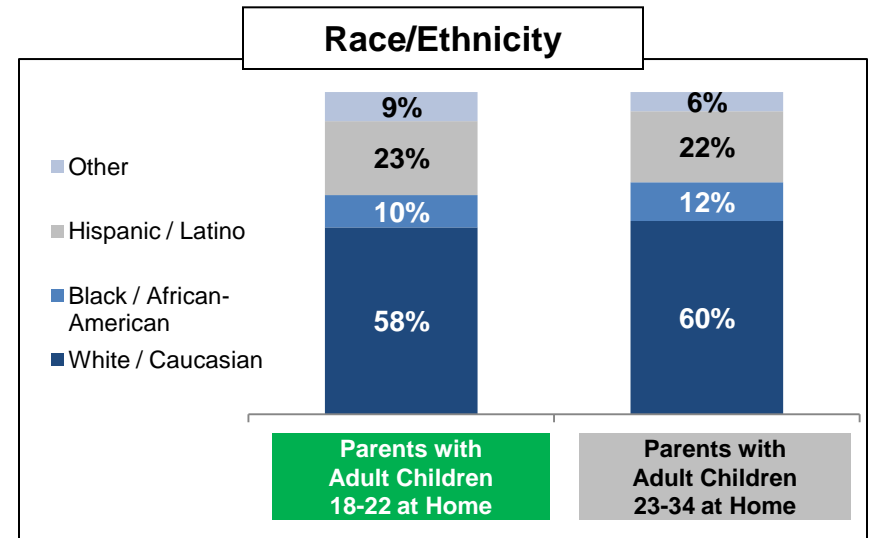
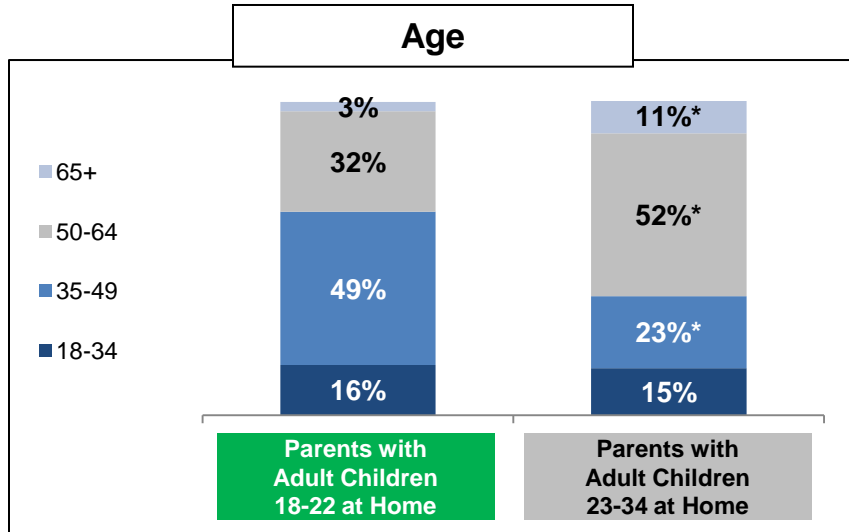
Please tell me the <u>primary</u> reason [he/she] does not live in a separate home. (Showing %)	All Adult Children Living at Home	Employed full-time N=141	Employed part-time OR Not currently employed in a paying job N=288
	A	B	C
They are saving money while enrolled in school	29% B	12%	38% A B
They do not have enough income to live in their own home	23	23	23
They are not yet married	10	16 C	6
We prefer to share the same home	9	14 C	7
They are saving money for the future	8	11	7
They are helping you pay for the household expenses	4	5	3
They are sick	2	0	4

Thinking about the adults in your household...

Q: Please tell me which of the following best describes [his/her] current employment status.

A/B/C - Letters denote a statistically significant difference with other employment groups at the 95% confidence level

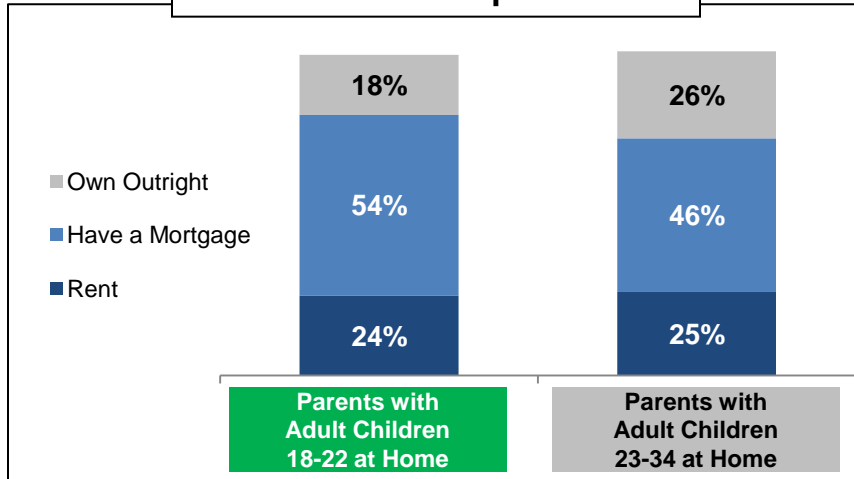
Parents with Young Adult Children at Home: Demographics



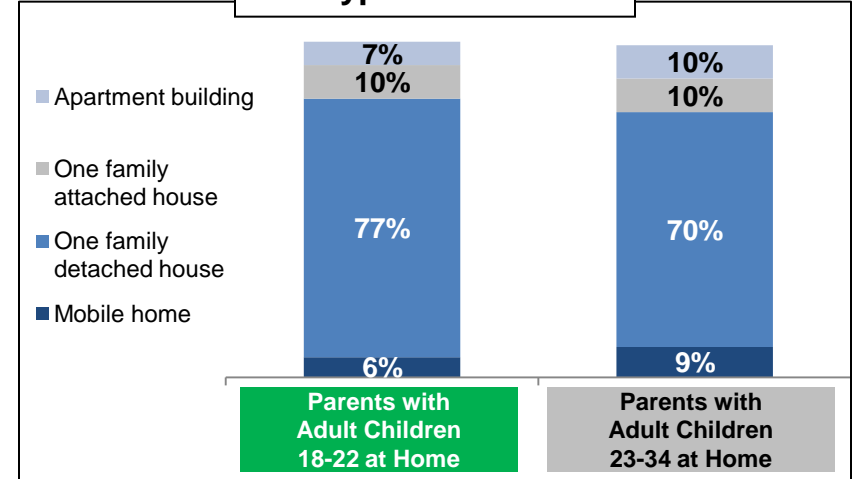
* Denotes a statistically significant difference between parents with adult children 18-22 at home and parents with adult children 23-34 at home at the 95% confidence level

Parents with Young Adult Children at Home: Demographics

Homeownership Status

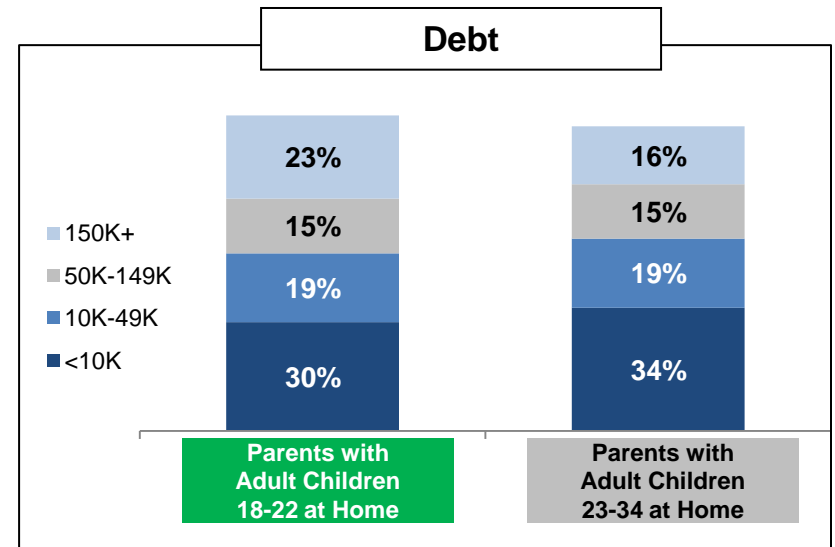
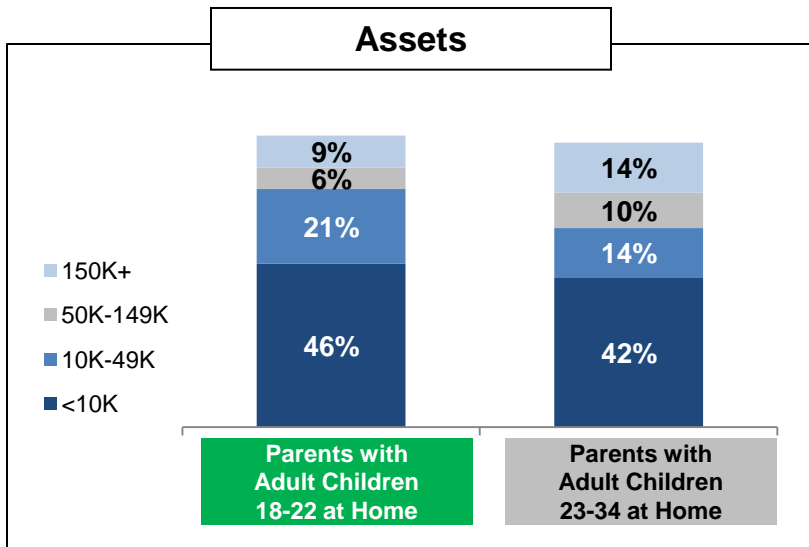
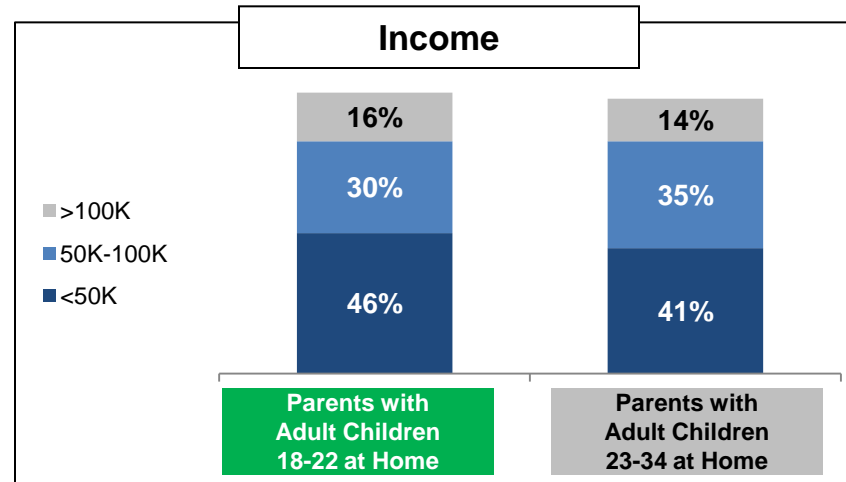


Type of Home



* Denotes a statistically significant difference between parents with adult children 18-22 at home and parents with adult children 23-34 at home at the 95% confidence level

Parents with adult children living at home ages 18-22 have similar income, assets and debt as parents with adult children living at home ages 23-34



* Denotes a statistically significant difference between parents with adult children 18-22 at home and parents with adult children 23-34 at home at the 95% confidence level

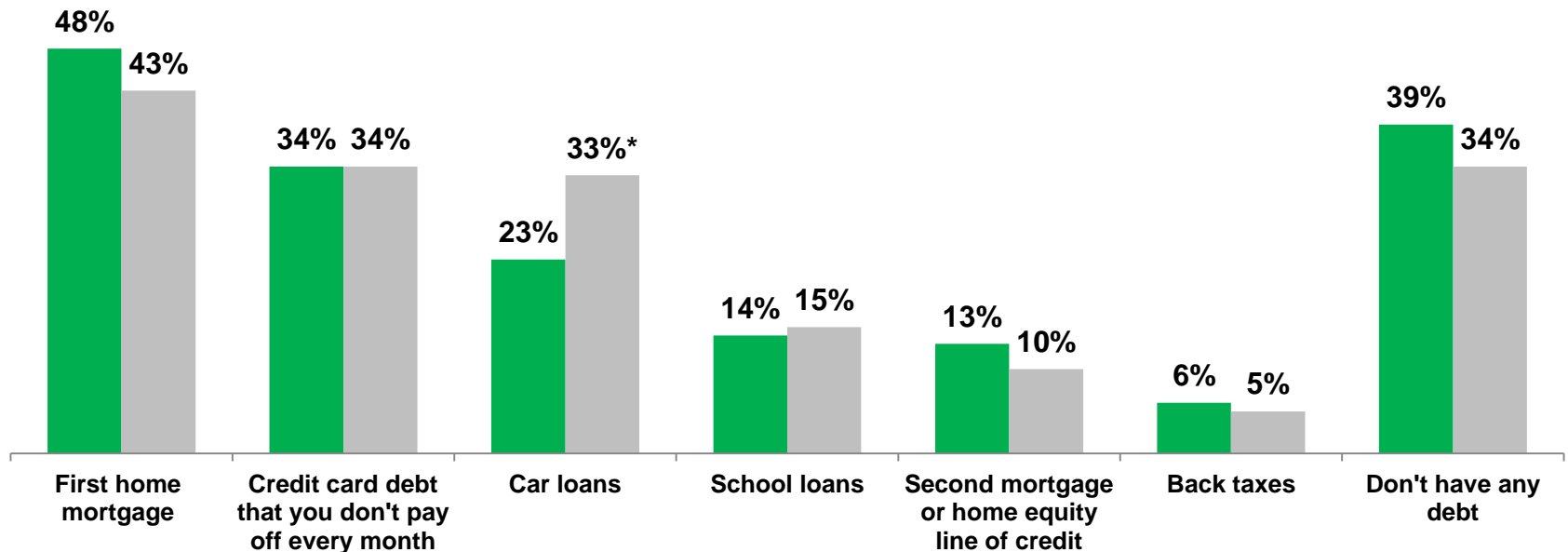
Parents with young adult children at home are most likely to have a mortgage or credit card debt that they don't pay off every month, regardless of the age of the adult child living at home

- More than a third of parents don't have any debt

Which if any of the following do you currently have?

Parents with
Adult Children
18-22 at Home

Parents with
Adult Children
23-34 at Home



* Denotes a statistically significant difference between parents with adult children 18-22 at home and parents with adult children 23-34 at home at the 95% confidence level

Total Adults Living at Home (Not a Spouse or Partner): Age Breakout

Age	# of Adults Living at Home (Not a Spouse or Partner)
18-22	250
23-34	189
35-49	88
50+	102



Analysis Population

We'd now like to get a sense of the people in your household. Please tell me how many of each of the following live in your house, other than yourself and your spouse or partner...

Q: Children age 18-22?

Q: Children age 23 or older?

Q: Parents of you or your spouse or partner?

Q: What is [his/her] age?

National Housing Survey

Background

- The Fannie Mae National Housing Survey is a monthly attitudinal survey, which polls the adult general population of the United States to assess their attitudes toward owning and renting a home, home purchase and rental prices, homeownership distress, household finances, and overall confidence in the economy.
- Each respondent is asked more than 100 questions, making the Fannie Mae National Housing Survey the most detailed attitudinal survey of its kind. The survey is conducted on a monthly basis to track attitudinal shifts that occur among homeowners and renters in the United States.

Survey Methodology

- Each month, beginning in June 2010, approximately 1,000 live (not automated) telephone interviews (75 percent landline and 25 percent cell phone) with Americans age 18 and older are conducted by Penn Schoen Berland (PSB), in coordination with Fannie Mae. The margin of error for the total monthly sample is ± 3.1 percent at the 95 percent confidence level and larger for sub-groups. Data collection occurs over the course of the first three weeks of each month although most occurs in the first two weeks of the month.

Monthly and Topic Analyses and Research Briefs

- Monthly reports provide a timely view of trends in consumers' attitudes using twelve key indicators.
<http://www.fanniemae.com/portal/research-and-analysis/housing-survey.html>
- Topic analyses provide deeper insights into one or more issues based on the compilation of three monthly samples. The three monthly studies that make up any given topic analysis are identical in wording and placement of questions. Additionally, research briefs are occasional and rigorous research reports, conducted internally or by external partners such as academics, exploring attitudes and behaviors on key issues.
<http://www.fanniemae.com/portal/research-and-analysis/consumer-research-analysis.html>