



Census Reveals Increase in MN Home Ownership

Now that a significant portion of the 2000 Census data has been released, we are better able to examine the extent that various forces have shaped the housing market during the past decade. For those of us in the housing market research business, the propensity to own or rent housing, or "household tenure," is one of the most revealing pieces of information.

Minnesota has historically had a higher homeownership rate than the Country which can be linked to a more stable population base, high incomes, long-standing cultural preference toward owning, and tax laws that promote homeownership. The 2000 Census revealed that Minnesota's homeownership rate

Maxfield Research has over 18 years of experience in market research. The expertise we have gained throughout the years enables us to offer solutions to the many issues cities & developers face. The relationship we develop with our clients is a critical component to the success of our approach to housing research and allows us to serve as a source of direction and information during development and planning.

We provide research for smart development.

Homeownership Rate		
	1990	2000
Twin Cities Metro Area	67.8%	71.4%
Remainder of Minnesota	76.4%	78.3%
Minnesota	71.8%	74.6%
United States	64.2%	66.2%

increased significantly during the 1990s. We contribute this to three factors:

- 1) Historically low mortgage rates during the later half of the decade made owning more affordable.
- 2) The aging of the baby bust generation (persons born 1965 - 1976) caused a decline of almost 52,000 households during the 1990s. Because these younger householders comprise the greatest number of renters of any age group, the result was that the State lost 26,500 renter households ages 25 to 34 during the decade.
- 3) Rental housing construction did not keep pace with rental demand. Some of the factors limiting rental development included high non-homestead property taxes, high development costs, and lack of quality sites.

While home mortgage rates continue to be low, promoting home ownership, we expect that the overall home ownership rate will stabilize this decade. Pent-up rental demand is currently being addressed by renewed development of market rate apartments across Minnesota. Rental housing for independent seniors is becoming increasingly accepted as a positive alternative to seniors remaining in their single-family homes. Also, the aging of the baby boomlet into their early-20s will create additional demand for rental housing and will stimulate more apartment construction during this decade.

Since 1983, Maxfield has been helping cities and municipalities throughout the upper midwest plan to meet their housing needs. If you would like information on how Maxfield can help you make your planning decisions, or if you would like to be excluded from future editions of Maxfax, contact Jay Thompson at 612.904.7973.