

Demographic monitor: housing cost trends, 2012

montgomery county

Since 2008, the percentage of Montgomery County homeowners facing burdensome mortgage costs, typically defined as when a household spends 35 percent or more of its income on a mortgage, declined as mortgage costs decreased. The median monthly mortgage in 2012 was \$2,385, decreasing 4.7 percent from the previous year, and 12.6 percent since peaking at \$2,728 in 2009. Dropping median housing values (down 9.6 percent since 2008 to \$440,600 in 2012), as well as lower mortgage interest rates, contributed to declining mortgage costs since 2008. The percentage of mortgaged households spending 35 percent or more of their income on housing decreased 13.3 percent from 27.0 percent in 2011 to 23.4 percent in 2012, after six years of persistent high rates of housing cost burden. An estimated 43,606 owner-occupied households met the guideline for being mortgage-cost burdened in 2012, about 12,700 fewer or a 22.6 percent decrease since 2008.

Renting is typically more affordable than buying in Montgomery County; the median monthly rent (\$1,563) was about two-thirds the median mortgage in 2012. Following a 5.1 percent (\$74) median rent increase in 2009 from the previous year, it remained unchanged for three years. Between 2008 and 2012, the County gained an estimated 26,600 renter-occupied households (a 28.4 percent increase). As the number of renter-occupied households reached 120,218 in 2012, the number of renters facing burdensome housing costs increased by 23.6 percent, from 38,085 households in 2008 to 47,081 in 2012. Despite the rising numbers of cost burdened renters, Montgomery County did not see an increase in its percentage of burdened renter households during this period (the 2012 estimate is not significantly different at the 90 percent confidence interval from the previous four years). Two out of five renters in the County paid 35 percent or more of their household income on monthly rent, unchanged between 2008 and 2012.

region

In the Washington region, 245,742 households with mortgages spent 35 percent or more of their income on housing in 2012. Over half of these households are located in the region's most populous counties of Prince George's (20.9 percent), Montgomery (17.7 percent), and Fairfax (16.6 percent). The percentage of mortgaged households meeting the housing cost burden guidelines in Prince George's County (33.0 percent), Washington, D.C. (24.9 percent), and Montgomery County (23.4 percent) all exceeded the regional mark (23.0 percent) in 2012. With the lowest median income for owner-occupied households (\$90,297) among peers, but its relatively low mortgage costs (\$2,021), Prince George's County still had the highest concentration (33.0 percent) of mortgage-burdened households in the region. The high median income of homeowners in Alexandria (\$135,377) helped offset the mortgage burden for all but 17.3 percent of its mortgaged households.

In the Washington region 288,541 renter households (38.9 percent of all renter households) were burdened by housing costs in 2012. Even though rental units only comprised 37.1 percent of all households in the region, rent-burdened households outnumbered mortgage-burdened households by 42,799 (17.4 percent). Arlington County, where the majority of housing is rental (58.0 percent), had the lowest rental cost burden (31.5 percent) among regional peers in 2012. With the highest median income (\$77,422) for renter households in the Washington area, renters in Arlington County

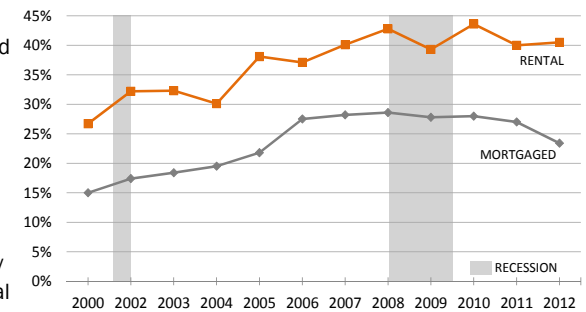
The median mortgage and the percent of owner-occupied households burdened by monthly mortgage costs in Montgomery County declined between 2008 and 2012. During this period, the percentage (a significant 40.5%) of renter households meeting the housing cost burden threshold remained unchanged, while median rent stabilized over the last three years.

were able to better afford the region's highest rents (\$1,713). Montgomery County was one of four jurisdictions where the percentage of rent-burdened households was at least 40 percent. The others were Prince George's County (41.1 percent), Washington, D.C. (40.2 percent), and Howard County (40.0 percent).

state and nation

Montgomery County's median monthly mortgage (\$2,385) and median annual household income for homeowners (\$121,364) were well above those for Maryland (\$1,918 mortgage and \$90,577 income) and the nation (\$1,460 mortgage and \$65,514 income) in 2012. The ratio of mortgage cost to household income in the County was lower than the state and nation (respectively, 23.4 percent, 24.9 percent, and 25.8 percent). While the percentage of households burdened with rental costs (40.5 percent) in Montgomery County was lower than Maryland (41.1 percent) and the nation (43.1 percent) it is still a significant proportion of the County's renters. Renters in Montgomery County paid \$679 more than the national median rent of \$884, but they also had a higher median income, almost \$26,000, to address the higher rental costs.

PERCENT OF HOUSEHOLDS SPENDING AT LEAST 35% OF INCOME ON HOUSING COSTS



Source: 2000 U.S. Decennial Census, 2002-2012 American Community Survey 1-year estimates, U.S. Census.

REGIONAL INCOME AND HOUSING COSTS (2012)

	OWNER-OCCUPIED HOUSEHOLDS				RENTER-OCCUPIED HOUSEHOLDS				rental share of all households
	median income	median mortgage	mortgage burdened	% burdened	median income	median rent	rent burden	% burdened	
Alexandria	\$135,377	\$2,487	3,764	17.3%	\$55,529	\$1,467	13,769	36.0%	60.0%
Arlington	\$143,863	\$2,623	6,749	21.2%	\$77,422	\$1,713	17,187	31.5%	58.0%
Fairfax	\$132,561	\$2,496	40,839	19.4%	\$69,223	\$1,656	45,494	36.5%	33.3%
Frederick	\$97,832	\$1,942	10,610	20.7%	\$50,275	\$1,188	8,177	39.7%	25.4%
Howard	\$127,937	\$2,413	12,653	19.6%	\$66,689	\$1,509	10,913	40.0%	25.7%
Loudoun	\$130,983	\$2,576	16,257	21.3%	\$70,282	\$1,628	7,606	35.1%	20.9%
Montgomery	\$121,364	\$2,385	43,606	23.4%	\$57,774	\$1,563	47,081	40.5%	33.3%
Prince George's	\$90,297	\$2,021	51,283	33.0%	\$47,471	\$1,223	46,738	41.1%	39.1%
Washington, D.C.	\$109,266	\$2,262	21,585	24.9%	\$43,655	\$1,235	59,671	40.2%	58.5%
Maryland	\$90,577	\$1,918	267,484	24.9%	\$43,742	\$1,170	282,366	41.1%	33.5%
Washington region	\$112,287	\$2,242	245,742	23.0%	\$55,529	\$1,424	288,541	38.9%	37.1%
United States	\$65,514	\$1,460	12,484,535	25.8%	\$31,888	\$884	16,663,827	43.1%	36.1%

Source: 2012 American Community Survey 1-year estimate, U.S. Census.



housing cost burden: tenure, age of householder, and location

The cost burden of owning a home, as gauged by households spending 35 percent or more of their monthly income on housing costs can vary by the age of the householder. For ages 25 to 34 it is 17.0 percent, while for ages 65 and over it is 23.1 percent; compared to 20.9 percent countywide, irrespective of age.

About one quarter of the owner-occupied households in Montgomery County was headed by someone age 65 years or older in 2012. Of these 58,440 senior households, 13,493 spent more than 35 percent of their income on monthly owner costs, slightly higher than countywide. However, only 17.0 percent of a small group of householders age 25 to 34 (7.5 percent of all owner-occupied units), or 3,083 households, exceeded the cost burden threshold. Over two-thirds of all owner-occupied households in the County were headed by a person age 35 to 64 in 2012. One in five of these households (33,517 out of 162,882) experienced monthly costs exceeding the threshold; about the same as the countywide rate.

Among renter households by age in the County there was a wider variation in the housing cost burden. The most affected were householders age 65 and older, with 62.0 percent spending more than 35 percent of their household income on rent. The majority (57.0 percent) of young renters ages 15 to 24 was also burdened; 3,000 out of 5,260 households headed by a renter under 25 years old allotted more than 35 percent of income for rent in 2012. Householders age 25 to 34, with the lowest rate of rental burden at 29.6 percent, had a comparatively better balance of rent to income. Just over half (52.0 percent) of householders renting in the County were between the ages 35 to 64 years old. An estimated 23,901 households, 39.5 percent of this age group, met the standard for rental burden, coming close to the still high countywide rate of 40.5 percent.

Most owner-occupied households experiencing a cost burden were located in areas where median incomes were below \$95,000 in 2012. Even so, a scattering of burdened owners occurred in the County's relatively higher income areas. Burdened rental households were found along main roads, where most rental housing in the County is concentrated. Consistent with the lower median income (\$57,774) among renters, the location of burdened renters coincides with lower median income areas. Householders age 65 and older burdened by monthly owner costs were found across the County and few areas had seniors with incomes in the upper brackets. Senior-headed households spending more than 35 percent of their income on rent intermingled with other cost burden renters and located in areas with senior housing such as Leisure World, Silver Spring, and Fairland.

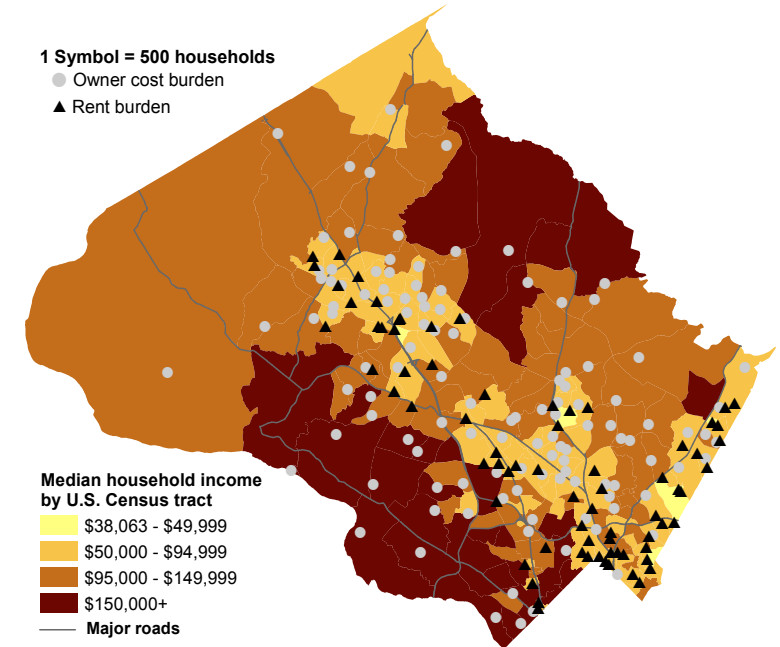
AGE OF HOUSEHOLDER BY TENURE AND HOUSING COST BURDEN, 2012

	15 to 24	25 to 34	35 to 64	65+	total
Owner-occupied households*	382	18,099	162,882	58,440	239,803
Age group % of households	n.a	7.5%	67.9%	24.4%	100.0%
Owner costs 35%+ of income	n.a	3,083	33,517	13,493	50,219
% of owners burdened	n.a	17.0%	20.6%	23.1%	20.9%
Renter-occupied households*	5,260	34,411	60,486	16,127	116,284
Age group % of households	4.5%	29.6%	52.0%	13.9%	100.0%
Renter costs 35%+ of income	3,000	10,181	23,901	9,999	47,081
% of renters burdened	57.0%	29.6%	39.5%	62.0%	40.5%

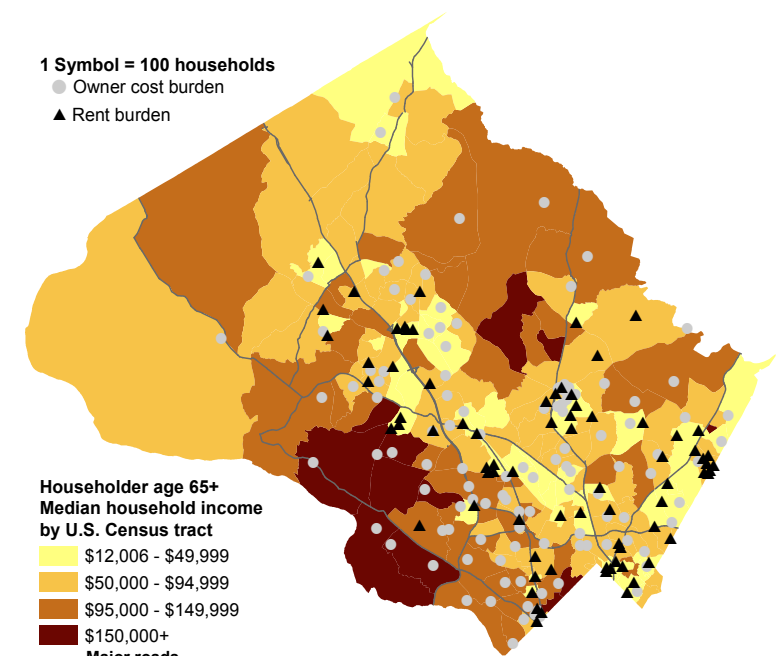
*Households where housing costs as a percentage of income could be calculated.

Source: 2012 American Community Survey 1-year estimate, U.S. Census.

ALL HOUSEHOLDERS, 2011



HOUSEHOLDERS AGE 65+, 2011



Source: 2007-2011 American Community Survey 5-year estimate, U.S. Census.