Despite debt, college grads more likely than peers to buy homes

In May 2016, the Brookings Institution, a nonprofit research and policy organization, released a report finding that while those with college debt entered the housing market later than those who graduated with no debt, this difference had essentially vanished by both groups’ 30s. They further found that while the non-college-educated entered the housing market robustly in their early 20s, a home ownership gap began to form in their late 20s that only widened over time. While the exact data used by Brookings is not available for the local area, there is some comparable data in the U.S. Census Bureau American Community Survey.

Data showing home ownership versus renting by age for the Pensacola MSA is shown below. It illustrates the percentage of owned housing units by age group and the percentage of rental housing units by age group.

![Housing Tenure by Age](chart.png)

Source: U.S. Census Bureau ACS 2012-16 five-year estimates

At first blush this data tends to support the notion that debt might be keeping college completers from purchasing a home. It shows that the largest users of rental properties are young adults and that home ownership increases in Pensacola after age 35.

However, when home ownership is cross tabulated with educational attainment, a different pattern emerges.
That educational attainment plays a role in Pensacola home ownership is reinforced when the 2016 five-year estimates are compared to data from 2005 – before the housing bubble burst.

Source: U.S. Census Bureau ACS 2012-16 five-year estimates.

Source: US Census Bureau ACS 2005 estimate
A comparison of the two charts indicates that while other groups have seen home ownership rates decline in the aftermath of the housing crisis, those with Bachelor’s degrees or higher have retained their ability to own a home.

Of course there are many reasons why young adults might delay purchasing a home, and higher debt amounts might certainly impact individual decisions and abilities to purchase. The data does indicate, however, that it is not necessarily a systemic problem in regards to home ownership and that the higher earning ability of the better educated seems to also be a driving force in ownership versus rental decisions.

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