How well has housing production kept up with increases in the demand for housing?

This guidance identifies key data points that can be displayed (“visualized”) and woven into a narrative that presents basic facts that can shed light on the adequacy of the supply response over time to increases in the demand for housing in your jurisdiction.

**Key data points**

Increased demand for housing, regardless of the incomes of those driving the incremental demand, can drive up house prices and rents, especially in the absence of offsetting increases in the supply of housing at the desired price points. To analyze the adequacy of the supply response over time to increases in the demand for housing in your jurisdiction, we identify the following key data points that are relatively easy to gather from generally available data sources.

- **How much has employment and the adult population grown in recent years compared to the housing stock?** (Footnote/bubble: Increases in population or the number of households are not good indicators of the increase in demand because, by definition, the number of households can only increase faster than the number of housing units if the vacancy rate falls and/or homelessness increases, neither of which changed significantly over this period.)
- **How tight is the rental market as measured by the rental vacancy rate?**
- **How many households are severely crowded and how has this changed over time?**

**Weave together the relevant data points**

The data points can be woven together into a single narrative to show the adequacy of the supply response over time to increases in the demand for housing in your jurisdiction. The narrative can be illustrated by visualizing indicators of increased demand for housing and comparing those changes with the rate of growth of the housing stock. Further comparisons can benchmark the local changes to those in the nation as a whole, the rest of the region, or other near-by jurisdictions.

**Prototypical presentation: a New York City example**

The following example shows how data points can be displayed and woven together to show the adequacy of the supply response over time to increases in the demand for housing in New York City.

You can learn how to replicate these same visualizations using data for your locality by
The Rate of Growth of New York City’s Housing Stock Has Fallen Short of Increases in Demand

Housing Supply in New York City

While employment increased by 18 percent between 2006 and 2016, the housing stock increased by only 4.6 percent. Similarly, the growth of the adult population at 7.5 percent exceeded that of housing units. (A footnote/bubble here as well?: By definition, the number of households can only increase faster than the number of housing units if the vacancy rate falls and/or homelessness increases, neither of which changed significantly over this period.)

Index of Population, Employment, and Housing Units (2006=100), New York City

Source: American Community Survey (accessed via American Fact Finder), FRED

FOOTNOTE: The index start date (the year that the index is set to 100) is critical to being able to compare growth rates. Possible choices for the index start date might be a recent time when housing production faltered, e.g., at the time of the Great Recession, or when rents and housing prices began to climb strongly.

Housing Supply in New York City

The rental market has remained tight as indicated by a vacancy rate that averaged only 3.7 percent between 2006 and 2016, well below national levels and bordering on levels minimally possible given normal rates of unit turnover.
Housing Supply in New York City

Not surprising, therefore, despite the growth in the number of housing units, the number of severely crowded renter households (renter households with more than 1.5 persons per room) also grew citywide from 2006 to 2016 by over 45 percent, from about 67,500 to 98,000 households, even as the stock of housing grew, consistent with a continuing shortfall in the number of housing units needed to meet the increased demand.

Severely Crowded Renter Households, New York City

Source: American Community Survey (accessed via American Fact Finder)
See also:
Population, employment, and housing stock relative growth rates, New York City
Rental units vacancy rate, New York City
Severely crowded renter households, New York City