



Subject: Rise in Household Assets  
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It is of some interest to document recent trends in the values of financial and non-financial assets held by U.S. households. The table below shows the median values of owned homes and stock holdings in nominal dollar values and as a percentage of the household's income as well as the change from 2016 to 2020. An accurate accounting of asset holdings across all households requires the assignment of zeros in these calculations for those who did not own a home or had no stock holdings. Moreover, all debts corresponding to these assets were ignored so as to isolate trends in gross asset values rather than their contribution to net household wealth. Changes in asset values reflect personal financial decisions, investment preferences, market returns, and in recent years, monetary policies that have had an important impact on asset prices. Fed policies have kept home mortgage rates near record lows and equity prices near record highs. While the Fed has indicated that monetary policy will be unchanged in the next few years, those intentions are data dependent. Needless to say, it is of some importance for evolving fiscal as well as monetary policies to determine which households have benefitted the most from higher asset prices, and which households would bear the greatest risks from an unexpected falloff in asset prices in the years ahead.

Across all households, median home values rose from \$130 thousand to \$175 thousand, or by \$45 thousand from 2016 to 2020. Home values as a percentage of household income rose from 170% of income to 193%, a gain of 23 percentage points. The median value of stock holdings rose from \$17 thousand to \$30 thousand from 2016 to 2020, a gain of \$13 thousand. Stock holdings as a percentage of income rose from 25% to 36%, a gain of 11 percentage points. The median amount of both home and stock assets rose from \$170 thousand to \$241, a gain of \$71 thousand. The combination of both home and stock assets as a proportion of household income rose from 256% to 300%, a rise of 44 percentage points from 2016 to 2020.

The data indicate several key findings. The demographic groups that benefitted the least from the overall rise in asset values were those under age 35, those with the least education, and households with the lowest incomes. Those who benefitted the most were the oldest households, the most educated, and those with the highest incomes. These results reflect the well known facts of rising inequality. There were some intriguing shifts, including the rise in home values as a percent of incomes of those in the broad middle of the income distribution. When combined with the growing gap in stocks as a percent of income, this suggests that the longstanding finding that home assets (excluding second homes) were distributed more equally than stocks is still true. Note that if both assets were combined, the sharp growth in holdings as income rose largely disappeared when calculated as a percent of income because incomes also rose more rapidly from the bottom to top income quartiles.

The potential impact of financial risks from future changes in asset prices was nowhere greater than among those aged 65 or older. As a percentage of their income, stock holding grew by 63 percentage points from 2016 to 2020, the largest gain of any group. This group now encompasses nearly the entire baby boom generation. In comparison, those under age 35, the millennial generation, who are now the largest generation, have been virtually excluded from the recent rise in asset prices.

<b>Change in Assets: Median Values of Homes and Stock Holdings, 2016 to 2020</b>																		
(Excludes outstanding mortgages and margin account loans; zeros included for non-ownership of homes, stocks, or both)																		
	Home Values						Stock Values						Combined Home and Stock Values					
	Home Values (Nominal Thousands)			Home Values As Percent Income			Stock Values (Nominal Thousands)			Stock Values As Percent Income			Home+Stock Values (Nominal Thousands)			Home+Stocks As Percent Income		
	2016	2020	Δ	2016	2020	Δ	2016	2020	Δ	2016	2020	Δ	2016	2020	Δ	2016	2020	Δ
<b>All Households</b>	\$130	\$175	+45	170%	193%	+23	\$17	\$30	+13	25%	36%	+11	\$170	\$241	+71	256%	300%	+44
<b>Age</b>																		
18 - 34	\$2	\$1	-1	2%	5%	+3	\$1	\$3	+2	2%	6%	+4	\$22	\$25	+3	37%	41%	+4
35 - 44	\$150	\$200	+50	162%	188%	+26	\$39	\$37	-2	41%	36%	-5	\$201	\$274	+73	235%	275%	+40
45 - 54	\$149	\$225	+76	166%	199%	+33	\$41	\$72	+31	56%	66%	+10	\$217	\$325	+108	279%	329%	+50
55 - 64	\$175	\$202	+27	212%	218%	+6	\$50	\$99	+49	67%	100%	+33	\$269	\$352	+83	374%	402%	+28
65 or older	\$173	\$227	+54	279%	307%	+28	\$25	\$75	+50	53%	116%	+63	\$249	\$369	+120	456%	557%	+101
<b>Education</b>																		
High School or less	\$59	\$61	+2	111%	119%	+8	*	*	*	*	*	*	\$66	\$70	+4	143%	160%	+17
Some College	\$101	\$125	+24	154%	166%	+12	\$1	\$5	+4	4%	10%	+6	\$125	\$150	+25	208%	238%	+30
College Degree	\$176	\$225	+49	187%	202%	+15	\$49	\$66	+17	54%	68%	+14	\$250	\$330	+80	300%	341%	+41
Graduate Studies	\$249	\$301	+52	211%	234%	+23	\$119	\$188	+69	111%	131%	+20	\$424	\$531	+107	385%	412%	+27
<b>Income</b>																		
Bottom 20%	\$1	*	-1	4%	3%	-1	*	*	*	*	*	*	*	\$1	+1	*	4%	+4
Second 20%	\$45	\$76	+31	114%	151%	+37	*	\$2	+2	*	5%	+5	\$68	\$99	+31	165%	206%	+41
Middle 20%	\$149	\$180	+31	213%	229%	+16	\$23	\$37	+14	35%	45%	+10	\$184	\$251	+67	283%	317%	+34
Fourth 20%	\$222	\$284	+62	210%	240%	+30	\$94	\$104	+10	86%	91%	+5	\$349	\$450	+101	334%	373%	+39
Top 20%	\$344	\$451	+107	182%	190%	+8	\$204	\$311	+107	112%	150%	+38	\$629	\$879	+250	339%	380%	+41
Top 10%	\$429	\$574	+145	182%	185%	+3	\$301	\$496	+195	128%	166%	+38	\$809	\$1,148	+339	350%	382%	+32

Note that \* indicates less than 1,000 dollars or less than 1%. The annual figures represent the combined data from twelve monthly surveys.