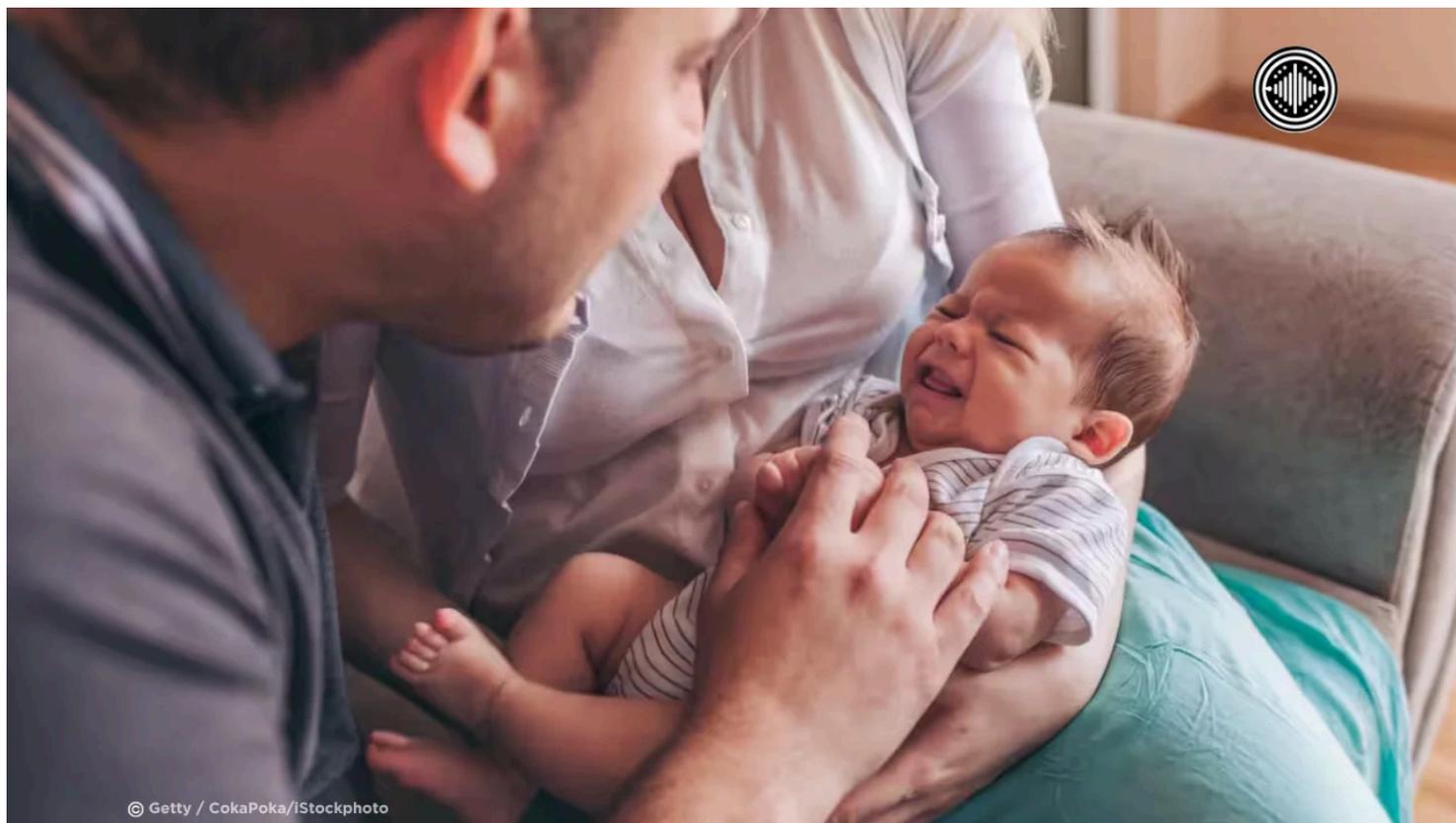


## Soaring Housing Costs Play Key Role in America's Declining Birth Rate

July 31, 2025

– Categories: Real Estate



Download IPFS

The rising cost of housing is becoming one of the most significant barriers to family formation in the United States, contributing to the nation's declining birth rate, according to a report from *Business Insider*. From young couples putting off parenthood to families opting not to have more children, the high price of homes and rent, along with childcare expenses and economic uncertainty, is reshaping decisions about having children.

Ayanna and Nakhaz Gay, a married couple in Orlando, Florida, represent a growing number of Americans who are delaying or reconsidering parenthood due to housing-related financial pressures. Although they eventually chose to start a family, Ayanna admits it was never a financially comfortable decision. They purchased a home in 2022, but with both parents working remotely and a baby on the way, they're already considering whether a larger home is necessary. The cost of that upgrade may limit them to one child.

This trend is far from isolated. According to the Institute for Family Studies (IFS), a conservative-leaning think tank, housing costs are now the top financial factor discouraging Americans from having as many children as they would like. In a recent IFS survey of over 8,000 adults aged 18 to 54, a quarter cited housing costs as a key concern influencing family size. By comparison, 30% noted childcare costs, and 26% wanted more leisure time, but housing had the most significant overall impact.

Data shows a strong correlation between expensive housing markets and reduced fertility. Birth rates have declined most steeply in areas where housing costs have surged. Research from the National Bureau of Economic Research found that a 10% rise in home prices corresponded with a 1% drop in births among non-homeowners in the late 1990s and early 2000s. Conversely, policies that made homeownership more accessible in the 1930s helped trigger the post-war baby boom, contributing over three million additional births, according to economists Lisa Dettling and Melissa Schettini Kearney.

Today, the median age of a first-time homebuyer is 38, an all-time high. Homeownership is increasingly out of reach for younger Americans, with 60% of Generation Z expressing concern that they may never afford a home. Affordable family-sized housing, in particular, is becoming scarcer. Experts attribute this to a combination of restrictive zoning laws, outdated building codes, and developer incentives that favor either sprawling suburban homes or compact urban apartments, with few options in between.

Lyman Stone, director of the Pronatalism Initiative at IFS and co-author of the housing impact report, emphasized that access to more spacious housing directly influences fertility choices. "It really is the case that if you give people more bedrooms in their apartments, they're more interested in having children," Stone noted.

For some families, like parenting influencer Paige Connell in Massachusetts, access to an affordable three-bedroom home was key to having the number of children they wanted.

Connell and her husband secured a favorable 3% mortgage rate in 2020. She believes that if housing costs had been higher then, they would not have had their fourth child.

Meanwhile, in urban centers like San Francisco, even high-income families are feeling the squeeze. Catherine, a physician in the Bay Area, and her husband earn roughly \$500,000 annually but worry that adding a third child could jeopardize their financial stability. Their \$1.7 million home purchase in 2023 locked them into a high fixed cost, making it risky to reduce work hours or absorb additional childcare expenses. Despite living in an area with excellent schools and amenities, the high cost of housing remains their greatest deterrent to expanding their family.

Some policymakers are beginning to address these pressures. President Donald Trump and Vice President JD Vance have both raised concerns about America's falling birth rate. Their pro-family proposals include expanded child tax credits and a \$5,000 "baby bonus." They have also supported efforts to open federal land for housing development aimed at increasing supply and bringing down costs.

Republican lawmakers recently proposed a bill to raise the child tax credit from \$2,000 to \$2,200 per child and introduced a "baby bonus" plan that would grant \$1,000 investment accounts to every child born between 2025 and 2028. These policies signal a growing recognition, particularly among conservative leaders, that housing affordability is central to reversing the country's declining fertility trends.

But experts warn that tax credits alone won't resolve the issue. Emily Hamilton, a researcher at the libertarian-leaning Mercatus Center at George Mason University, pointed out that families face greater difficulty absorbing housing costs than single adults, who can more easily share living spaces. Developers are also rarely incentivized to build mid-sized, affordable family housing due to outdated regulations and financing structures.

Seattle-based architect Michael Eliason emphasized that the current model of urban development fails to meet the needs of growing families. The lack of "middle housing", such as townhouses and small apartment buildings, means affordable family options are pushed to remote exurbs or rural areas.