

HOUSING FINANCE POLICY CENTER

AANHPI Homeownership and Wealth-Building Trajectories

*From Accumulation and Preservation to
Intergenerational Transfer over the Life Course*

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Executive Summary

Homeownership plays a central role in shaping wealth-building trajectories for Asian American, Native Hawaiian, and Pacific Islander (AANHPI) households. Between 1990 and 2023, the AANHPI homeownership rate rose from 52 percent to 63 percent, and this 11 percentage-point increase represents one of the most pronounced gains across various demographic groups. But gaining access to homeownership is only the first step. What matters for long-term economic security is what happens after households become homeowners and how their wealth trajectories evolve. Using longitudinal and cross-sectional data, the analysis highlights four core stages of life-cycle wealth building.

Homeownership serves as the anchor. AANHPI homeowners experienced sustained home equity growth over time, regardless of market entry period. Median home equity rises from approximately \$180,000 within the first five years after purchase to more than \$340,000 by years 6 through 10 and continues to grow with longer tenure.

Home equity extraction as a financial resource. As equity accumulates, home equity extraction emerges as an important part of wealth use, allowing households to meet education, family support, and health care needs. AANHPI households that extract equity tend to be income rich but liquidity constrained, and extraction years are associated with substantially higher spending on education, family support, and health care, with family support expenditures more than doubling and education expenditures nearly tripling compared with nonextraction years.

Portfolio expansion beyond housing. Wealth building increasingly extends beyond housing, as nonhousing assets such as retirement accounts, financial assets, and business equity grow in importance, particularly in later life. Among AANHPI homeowners with more than 20 years of tenure, median nonhousing wealth exceeds \$500,000. Notably, AANHPI households are the only group for which housing concentration declines after age 65, reflecting continued growth of nonhousing wealth in later life.

Intergenerational transfer. Wealth building culminates in intergenerational transfer, where accumulated assets can support long-term upward mobility for future generations. Nearly half of Asian homeowners ages 65 and older expect to leave an inheritance—a higher share than observed among Black, Hispanic, or white homeowners. At the same time, Asian first-time homebuyers are more likely than other groups to report using gifts or loans from family members to purchase their first home, showing the multigenerational nature of wealth building.

At each stage, however, the report identifies persistent structural, economic, and institutional barriers. AANHPI households face higher mortgage denial rates at market entry, language barriers, and limited access to public homeownership assistance programs. Asian first-time buyers use government or nonprofit assistance at less than half the rate of Black homebuyers. After purchase, disparities in refinance and cash-out lending constrain households' ability to leverage housing wealth. Nonhousing wealth, especially business equity, is often exposed to economic shocks and constrained by reliance on limited credit channels, with Asian-owned businesses disproportionately concentrated in cyclically sensitive industries, such as accommodation and food services. In later life, gaps in succession and estate planning impede the effective transfer of both housing and nonhousing wealth. Although nearly half of older Asian homeowners expect to leave an inheritance, only about 10 percent of Asian households report having received one—the largest gap between inheritance intention and realization observed across major racial and ethnic groups.

Together, these findings underscore that wealth building is not a single transaction but a lifelong process. The report points to policy implications that span this full trajectory: expanding equitable access to homeownership through improved underwriting flexibility and language access, enabling safe and sustainable use of housing wealth through monitoring of refinance market disparities, strengthening nonhousing asset resilience through diversified small-business financing channels, facilitating effective wealth transfer through accessible succession planning services, and strengthening data infrastructure to ensure AANHPI households are consistently and adequately represented in housing, credit, and wealth datasets, particularly for Native Hawaiian, Pacific Islander, and southeast Asian communities whose experiences may diverge from aggregate patterns. Addressing these interconnected barriers is essential to ensuring that homeownership-anchored wealth can deliver durable economic security and intergenerational mobility for AANHPI and for all households.

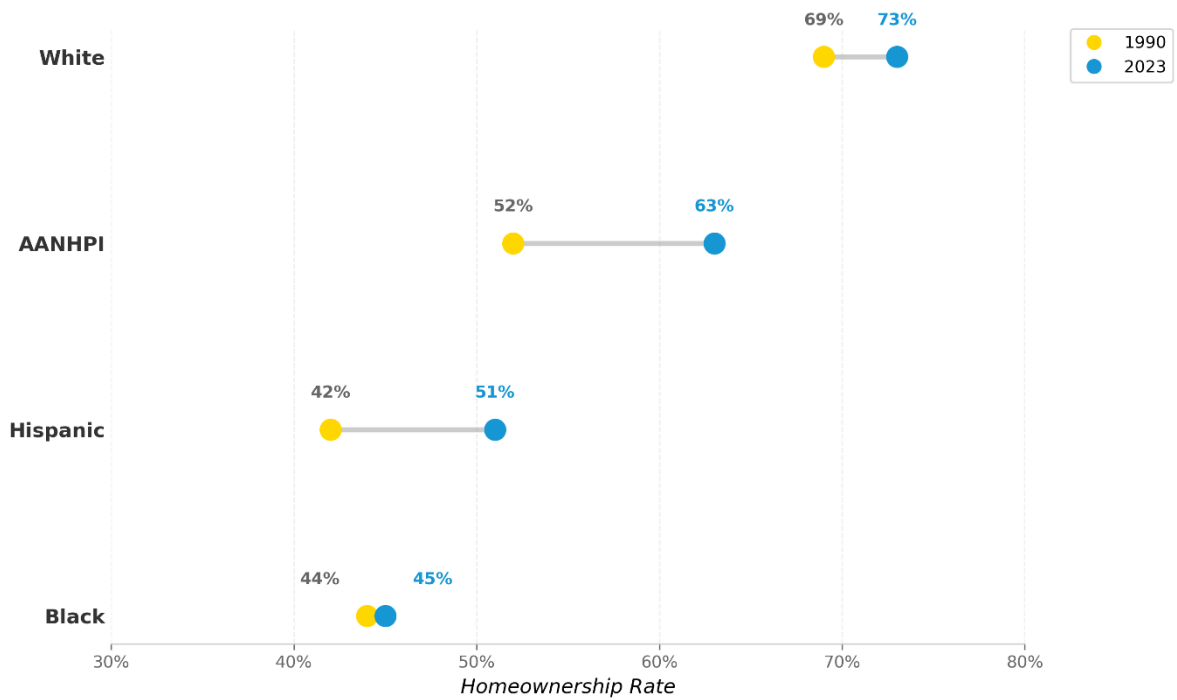
AANHPI Homeownership and Wealth-Building Trajectories

Homeownership has long occupied a central place in the American dream. For generations of households, owning a home has symbolized not only stability and security but a primary pathway to building wealth (Neal et al. 2023). Research has documented homeownership’s critical role in wealth accumulation, highlighting housing as the single largest asset for most US households and as a key driver of long-term financial well-being (Di et al. 2007; Flavin and Yamashita 2002; Goodman and Mayer 2018). Yet despite the prominence of homeownership in national conversations about wealth and opportunity, far less is known about how wealth accumulation actually unfolds once households become homeowners and how those postpurchase wealth trajectories differ across stages of the life course.

For Asian American, Native Hawaiian, and Pacific Islander (AANHPI) households in particular, the connection between homeownership and wealth building has remained largely understudied. AANHPI households have often been excluded from wealth research because of data limitations, small sample sizes, or being grouped into residual “other” categories in most publicly available datasets. As a result, the wealth-building experiences of this rapidly growing segment¹ of the US population have remained largely invisible in both research and policy discussions, despite their increasing importance to the housing market and broader economy.² Much of the contemporary AANHPI population is shaped by immigration following the 1965 Immigration and Nationality Act (Hart–Celler Act),³ after which many families entered the labor force, accumulated savings, and pursued homeownership as a foundation for economic security and upward mobility.

Over the past three decades, AANHPI households have experienced one of the most pronounced increases in homeownership rates among major racial and ethnic groups (figure 1). Between 1990 and 2023, the homeownership rate for AANHPI households rose 11 percentage points from 52 percent to 63 percent. This growth reflects the successful entry of many AANHPI households into homeownership, including both first-generation immigrants and their US-born children, and underscores the importance of housing as a cornerstone of economic participation for this group.

FIGURE 1
Homeownership Rates, by Race or Ethnicity, 1990–2023

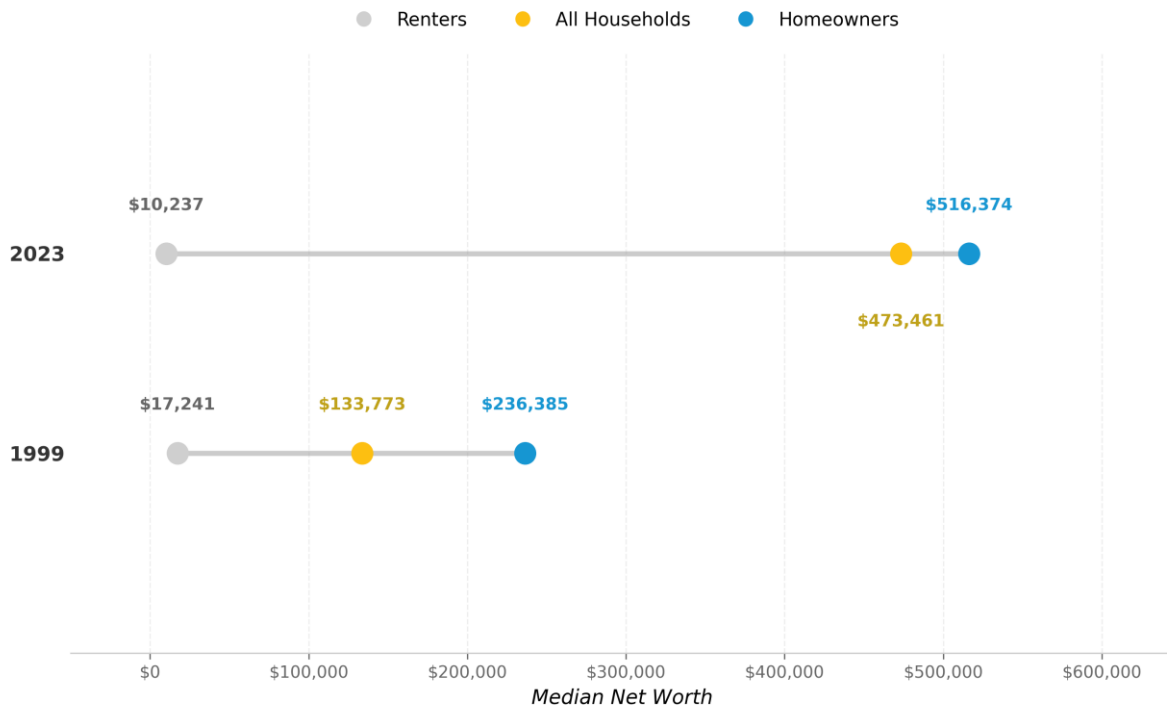


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Source: 1990–2023 decennial American Community Survey data.

But accumulating income and savings and gaining access to homeownership is only the first step. What matters for long-term economic security is what happens after households become homeowners and how their wealth trajectories evolve. Between 1999 and 2023, median total wealth among AANHPI homeowners increased dramatically, rising from roughly \$236,000 to more than \$516,000 in real terms (figure 2), a gain of nearly \$280,000 over two decades. Over the same period, median wealth among AANHPI renters remained limited and even declined slightly. As a result, by 2023, the typical AANHPI homeowner held hundreds of thousands of dollars in total wealth, while the typical AANHPI renter held only a small fraction of that amount. This divergence reflects the central role of homeownership in long-term wealth building.

FIGURE 2
AANHPI Median Total Wealth, by Housing Tenure, 1999–2023



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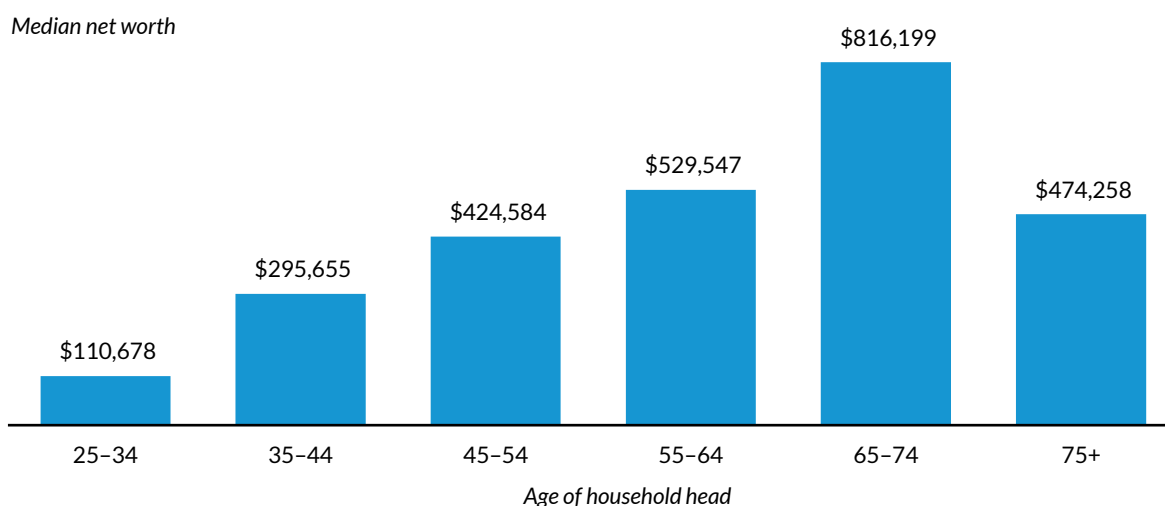
Source: 1999–2023 Panel Study of Income Dynamics data.

Looking beyond point-in-time comparisons, life-cycle patterns further illustrate how wealth accumulates over the life course among AANHPI households who become homeowners. Median net worth rises steadily from early adulthood through midlife, peaks around early postretirement age, and declines at older ages (figure 3). This pattern is broadly consistent with life-cycle theories of wealth accumulation, in which households build assets during their working years and rely on accumulated wealth to support consumption later in life (Modigliani and Brumberg 1954; Ando and Modigliani 1963). For many households, homeownership is not an endpoint but the beginning of a longer wealth-building process. These life-cycle dynamics underscore the importance of examining not only whether households become homeowners but how wealth evolves after home purchase across different stages of the life course.

A growing body of research has examined the mechanisms through which homeownership may influence these long-term wealth trajectories. Prior research suggests that owning a home can promote housing stability (Reid 2014), enable the accumulation of home equity (Neal et al. 2021), facilitate access to credit through home equity borrowing (Bhutta and Keys 2016), and support long-term

financial security. Homeownership may also play a central role in shaping intergenerational outcomes, as homeowners are more likely to expect to leave inheritances to the next generations (Zhu and Zinn 2024). Together, this literature highlights the multiple channels through which homeownership can shape wealth accumulation but offers limited insight into how these processes unfold dynamically after households enter homeownership over the life course.

FIGURE 3
AANHPI Median Total Net Worth over the Life Cycle



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Source: Urban Institute analysis of 1999–2023 Panel Study of Income Dynamics data.

Note: This filters to households who bought their first homes after 1984.

This study addresses this information gap by providing the first comprehensive, longitudinal trajectory analysis of wealth building anchored in homeownership for AANHPI households over the past two decades. Rather than focusing solely on wealth levels at a single point in time, we adopt a life-cycle wealth-building framework and empirically trace households' wealth trajectories from initial homeownership through subsequent stages of wealth accumulation and transfer. In this framework, households first access homeownership as an anchor for stability, accumulate home equity, potentially extract or leverage that equity, expand into nonhousing forms of wealth (e.g., financial assets), and transfer resources between generations.

This report makes two primary contributions. Conceptually, it advances a life-cycle framework for understanding wealth building anchored in homeownership, highlighting the sequential roles of housing access, equity accumulation, portfolio expansion, and intergenerational transfer. Empirically, the report operationalizes this framework through longitudinal trajectory analysis, tracing how wealth

accumulation actually evolves after households become homeowners rather than relying on static, point-in-time comparisons. These insights offer a critical lens for understanding both opportunity and constraint and inform policy discussions about how housing, mortgage, and wealth-building systems can better help households access homeownership but sustain and extend its benefits.

Although this report treats AANHPI households as a single analytic group, it is important to acknowledge substantial heterogeneity within the AANHPI population by ethnicity, country of origin, migration history, and geography. Aggregate trends can mask divergent experiences across groups. For example, the AANHPI community as a whole has experienced substantial gains in homeownership over the past three decades, but Native Hawaiian and Pacific Islander households have seen more limited progress or even slight declines over the same period. These differences reflect distinct historical, structural, and geographic contexts that shape housing access and wealth-building opportunities. This report adopts an aggregate approach to establish broad life-cycle wealth-building patterns anchored in homeownership. A companion report will provide disaggregated analyses to more fully document group-specific homeownership dynamics.

The remainder of the report proceeds as follows. We first describe the data and methods we use to track wealth and housing outcomes. We then examine each stage of the life-cycle wealth-building framework, focusing on wealth accumulation through homeownership, home equity extraction dynamics, nonhousing wealth trajectories, and intergenerational transfers. The report concludes by identifying key barriers AANHPI households face and discussing policy implications for strengthening wealth-building pathways anchored in homeownership.

Data

This analysis draws on four primary data sources: the Panel Study of Income Dynamics (PSID), the Survey of Consumer Finances (SCF), the National Survey of Mortgage Originations, and the Annual Business Survey (ABS). Together, these datasets allow us to examine wealth-building trajectories anchored in homeownership, as well as complementary dimensions of asset composition, mortgage financing, and entrepreneurial activity. Among these sources, the PSID serves as the backbone of the longitudinal trajectory analysis.

Panel Study of Income Dynamics

The PSID is a nationally representative longitudinal survey that has followed US individuals and families since 1968, collecting detailed information on demographics, income, housing, and wealth. The PSID's long panel structure and rich wealth modules make it uniquely suited for examining how households' economic circumstances evolve. Importantly for this study, the PSID allows researchers to observe the same households repeatedly, enabling direct analysis of wealth trajectories rather than relying on cross-sectional snapshots.

Although the PSID began in 1968, information identifying Asian households became consistently available only starting in 1985. In addition, detailed and comparable measures of household wealth—including housing assets, financial assets, debts, and net worth—have been collected at regular intervals since 1999. As a result, our wealth trajectory analysis focuses on the period from 1999 to 2023, spanning roughly two decades of observed wealth dynamics.

Our analysis is conducted at the household level. We identify first-time homebuyers and track their wealth accumulation following their initial transition into homeownership. To ensure that wealth trajectories can be observed from an early postpurchase period onward, we restrict the sample to households that purchased their first home in 1994 or later. This cutoff allows households that purchased between 1994 and 1999 to appear in the PSID wealth data beginning in 1999, when they are within five years of transitioning to homeownership, the earliest postpurchase interval analyzed in this study.

To capture different stages of wealth building after entering homeownership, we organize households' postpurchase experiences into time-since-homebuying bins: 0 to 5 years, 6 to 10 years, 11 to 15 years, 16 to 20 years, and 21 or more years. These bins are designed to approximate distinct phases of life-cycle wealth building following homeownership, from early stabilization to long-term accumulation and potential asset diversification. Appendix table A.1 provides the observation count for each bin.

Survey of Consumer Finances

To complement the longitudinal analysis in the PSID, we use data from the 2022 SCF. The SCF provides the most comprehensive cross-sectional information on household balance sheets in the United States, including detailed measures of assets, debts, and inheritance expectations and receipts. Notably, the 2022 SCF was the first wave to include Asian households as a separately identified racial category, enabling more direct analysis of inheritance dynamics for this population.

National Survey of Mortgage Originations

We draw on the National Survey of Mortgage Originations to examine how first-time homebuyers finance their home purchases. The survey contains detailed information on recent mortgage originations, including loan characteristics and funding sources. We use this dataset to identify the sources of down payment and financing first-time homebuyers use, providing insight into how households access homeownership and the role of family resources, savings, and credit markets in facilitating entry.

Annual Business Survey

Finally, we use data from the 2023 ABS to explore entrepreneurship among AANHPI households. The ABS provides nationally representative information on business ownership, industry concentration, and financing sources for AANHPI-owned firms. We use the ABS to examine the industries in which AANHPI business owners are most concentrated and the types of lending and financing sources they rely on, offering additional perspective on nonhousing wealth-building opportunities linked to business ownership.

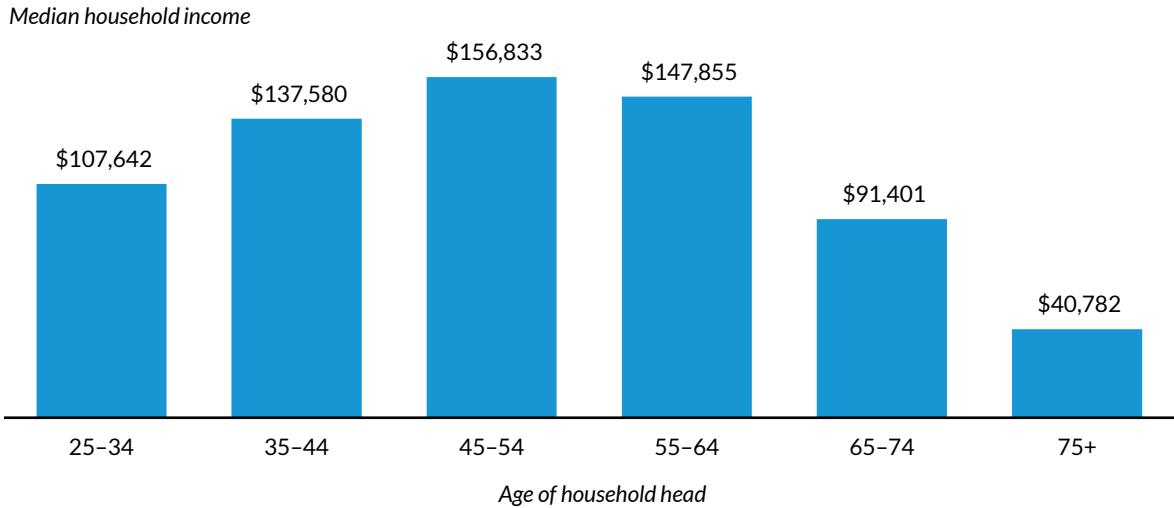
Life-Cycle Wealth-Building Trajectories Anchored in Homeownership

Life-cycle theories of household behavior emphasize that wealth accumulation unfolds over time, shaped by income growth, saving capacity, and key financial transitions. For AANHPI households who eventually become homeowners, income growth over the life course provides the foundation for saving, qualifying for mortgage credit, and entering and sustaining homeownership (figure 4). Household income rises through early and midcareer years, peaks during prime working years, and declines at older ages as households exit the labor force. This hump-shaped income pattern reflects a standard life-cycle earnings trajectory and highlights the role of sustained income in enabling long-term asset accumulation, including homeownership.

Building on this income foundation, the analysis that follows examines how wealth accumulates once AANHPI households enter homeownership. Homeownership marks a pivotal transition in the wealth-building process, shaping both the pace and composition of asset accumulation over the life course. In the following analysis, we trace how wealth evolves across four stages of the homeownership

life cycle, with homeownership serving as the central anchor for subsequent wealth accumulation, portfolio expansion, and intergenerational transfer.

FIGURE 4
AANHPI Households Median Household Income over the Life Course



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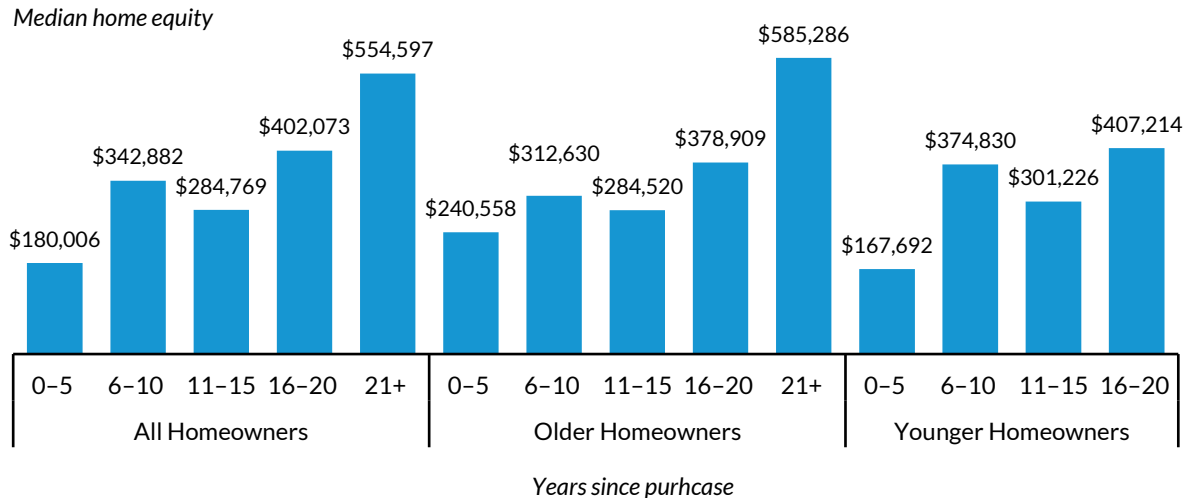
Source: Urban Institute analysis of 1999–2023 Panel Study of Income Dynamics data.

Note: This filters to households who bought their first homes after 1984.

Sustained Home Equity Growth Across the Homeownership Life Cycle Using Homeownership as the Anchor

Homeownership serves as the primary engine of wealth building for AANHPI households, largely through the steady accumulation of home equity. Figure 5 traces how median home equity evolves after households become first-time homeowners, revealing sustained equity gains as time since purchase increases. Once AANHPI households enter homeownership, housing wealth grows cumulatively with tenure.

FIGURE 5
Median Home Equity for AANHPI Homeowners, by Generation and Time Since Purchase



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Source: Urban Institute analysis of 1999–2023 Panel Study of Income Dynamics data.

Notes: Older generations include baby boomers (born 1946–64) and pre–baby boomer generations (pre-1946). Younger generations include Gen X (born 1965–80), millennials (1981–96), and Gen Z (1997–2012). The younger homeowners category contains only four tenure bins because of limited data.

Across all AANHPI first-time homebuyers between 1994 and 2023, median home equity rises sharply in the early years of homeownership and continues to increase with longer tenure. Within the first 5 years after purchase, median home equity is approximately \$180,000. By 6 to 10 years after purchase, median equity nearly doubles to more than \$340,000, reflecting a combination of mortgage amortization and home price appreciation. Equity continues to build in subsequent tenure phases, underscoring homeownership’s role as a long-term wealth-building platform rather than a one-time financial gain.

A central concern in discussions of housing and wealth is whether the timing of market entry fundamentally shapes households’ ability to build equity. To address this question, figure 5 also presents equity trajectories separately for older and younger generations of AANHPI homeowners. Given sample size constraints in a longitudinal dataset, generations are grouped into two broad cohorts. Older generations include pre–baby boomers and baby boomers (born before 1965), while younger generations include Generation X (born 1965–80), millennials (1981–96), and a small share of Generation Z (1998–2012). Because most younger households have not yet reached long postpurchase

horizons, their trajectories are observed through the first four tenure bins, while older generations are observed through 21 or more years since purchase.

The generational comparison reveals differences in the magnitude of equity accumulation, particularly in the early years of homeownership and because of market cycles. In this sample, most older-generation homeowners entered the housing market before 2000, while most younger generations entered homeownership after 2000, during periods characterized by greater housing market volatility and more pronounced price cycles. Younger generations experienced a sharper rise in median home equity shortly after purchase, reflecting entry during periods of rapid house price appreciation—most notably the early 2000s housing boom and the strong price growth observed in the early 2020s.⁴ Older generations, in contrast, exhibit continued equity growth over longer horizons, with substantial increases among households that have been homeowners for more than 20 years, illustrating the long-term wealth building effects of homeownership through cycles. Although the pace and level of growth vary by entry cohort, the overall trajectory remains upward across generations.

Home equity growth trajectories indicate that although market entry timing influences the scale of housing wealth, it does not fundamentally alter the role of homeownership as a durable wealth-building mechanism for AANHPI households. Once households gain access to homeownership, time in the market remains a critical driver of equity accumulation. Alongside ongoing income flows, this growing stock of housing wealth—distinctive in its scale and leverage—expands households’ financial capacity over the life cycle, shaping subsequent decisions such as the strategic use of home equity and the expansion into nonhousing forms of wealth.

Home Equity Extraction Translates Equity into Financial Capacity

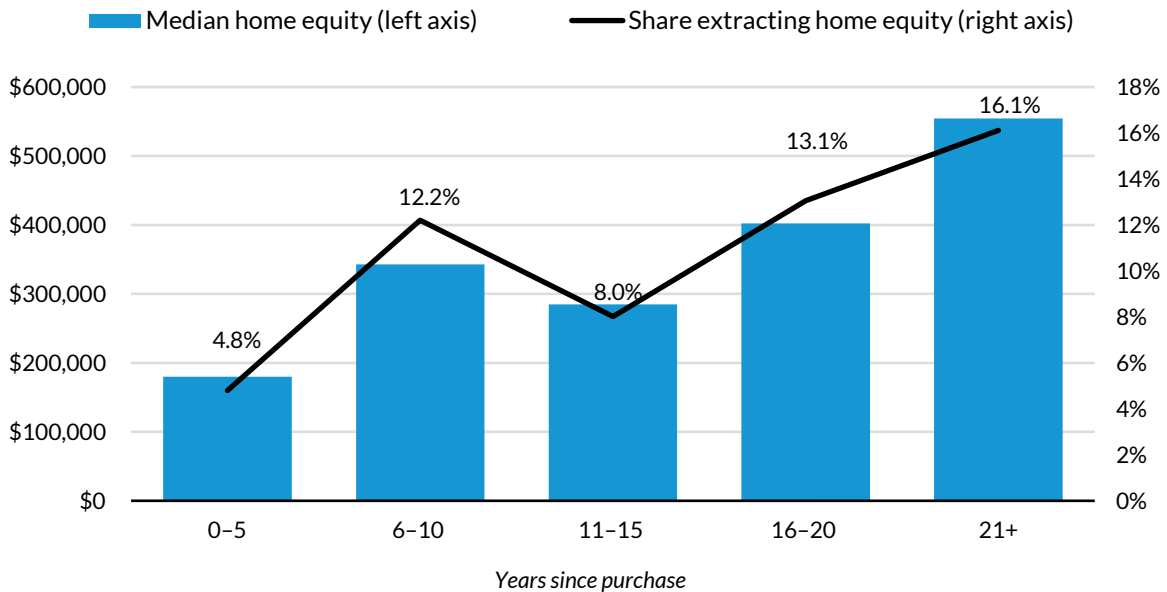
As home equity accumulates, it increasingly becomes a financial resource that homeowners can draw upon. Home equity extraction marks the point at which accumulated housing wealth is converted into liquidity. Figure 6 overlays median home equity levels with the share of homeowners who report having extracted home equity through home equity loans and home equity lines of credit within each time-since-purchase bin, illustrating how these two patterns move together as tenure lengthens.

In the early years of homeownership, both home equity levels and the prevalence of equity extraction are low. Within the first 5 years after purchase, median home equity remains limited, and fewer than 5 percent of AANHPI homeowners report having extracted equity. As equity accumulates in subsequent years, the share of homeowners who leverage their housing wealth increases. Between 6 and 10 years after purchase, when median home equity has risen substantially, more than 12 percent of

homeowners report having extracted home equity. Among long-tenured homeowners, the likelihood of equity extraction continues to rise, reaching over 16 percent among households that have been homeowners for more than 20 years.

Although figure 6 does not establish a causal relationship, the parallel movement between home equity growth and the prevalence of extraction suggests that as home equity builds, AANHPI homeowners become increasingly likely to leverage it.

FIGURE 6
Home Equity Accumulation and Home Equity Extraction over the Homeownership Life Cycle



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Source: Urban Institute analysis of 1999–2023 Panel Study of Income Dynamics data.

Income-Rich but Liquidity-Constrained Households Extract Equity

To better understand which households are most likely to extract home equity, table 1 compares the economic characteristics of homeowners who have ever extracted home equity with characteristics of homeowners who have never done so, across major racial and ethnic groups. All values reported are medians. Across groups, households that have extracted home equity tend to have higher household incomes than those that have not, suggesting that equity extraction is not concentrated among households with weak earnings capacity. At the same time, home equity levels are broadly comparable between extracting and nonextracting households, indicating that extraction does not simply reflect

unusually high levels of accumulated housing wealth. It is also important to interpret differences in home equity levels across racial and ethnic groups in light of geographic context: AANHPI households are disproportionately concentrated in high-cost metropolitan areas,⁵ where higher home values—and therefore higher equity levels—reflect local housing market conditions rather than systematically greater wealth accumulation.

A distinguishing feature of AANHPI households that extract home equity is their liquidity constraint. AANHPI households that have extracted home equity report substantially higher median incomes than their nonextracting counterparts, yet they hold fewer liquid assets and face lower liquidity ratios relative to income.⁶ Because liquidity is measured after extraction has occurred—when households may have temporarily increased cash holdings—the observed differences in liquidity constraints between extracting and nonextracting households likely represent a lower bound. This combination of relatively high earnings capacity alongside constrained liquid resources is more pronounced for AANHPI households than for other racial and ethnic groups, pointing to a unique balance sheet profile in which housing wealth plays an especially important role as a source of financial flexibility.

In addition, AANHPI households who have extracted home equity are more likely to hold student loan debt than those who have not. Although student loan exposure is observed across all groups, the share-with-student-loan gap between extracting and nonextracting households is notably larger among AANHPI homeowners than for other groups. The PSID does not allow us to distinguish whether student loans are held by the household head or are incurred to support children or other family members, but this pattern suggests that education-related financial obligations may be an important factor shaping the demand for liquidity among AANHPI households.

TABLE 1

Economic Characteristics of Home Equity Extractors and Nonextractors, by Race or Ethnicity

	AANHPI	Black	Hispanic	White
Household income				
Never extracted	\$121,348	\$64,631	\$74,690	\$87,399
Ever extracted	\$153,174	\$81,626	\$76,597	\$118,083
Home equity				
Never extracted	\$244,907	\$60,000	\$107,269	\$111,178
Ever extracted	\$238,298	\$76,172	\$120,667	\$119,891
Liquid assets				
Never extracted	\$24,982	\$1,243	\$1,485	\$12,431
Ever extracted	\$19,239	\$3,000	\$2,361	\$11,245
Share with student loans				
Never extracted	11%	29%	16%	22%
Ever extracted	22%	31%	21%	21%
Ratio of liquid assets to household income				
Never extracted	18%	2%	2%	12%
Ever extracted	13%	4%	2%	9%

Source: Urban Institute analysis of 1999–2023 Panel Study of Income Dynamics (PSID) data.

Notes: All values are medians. Liquid assets include checking and savings accounts, bonds, stocks, mutual funds, and certificates of deposit (CDs). This definition differs slightly from Bhutta and Dettling, who exclude CDs in their Survey of Consumer Finances–based measure of liquid assets (see Neil Bhutta and Lisa Dettling, “Money in the Bank? Assessing Families’ Liquid Savings Using the Survey of Consumer Finances,” *FEDS Notes*, Board of Governors of the Federal Reserve System, November 19, 2018, <https://www.federalreserve.gov/econres/notes/feds-notes/assessing-families-liquid-savings-using-the-survey-of-consumer-finances-20181119.html>). In the PSID (1999–2017), CDs are grouped together with checking and savings accounts and cannot be separately identified. Accordingly, CDs are included in our measure. The liquidity ratio is defined as the ratio of liquid assets to annual household income.

Table 2 further refines this picture by examining AANHPI households only and comparing extracting and nonextracting homeowners across stages of the homeownership life cycle. The results indicate that liquidity constraints and student loan exposure among equity-extracting AANHPI households are not concentrated in the earliest years of homeownership. Instead, these patterns become most pronounced in the middle and later tenure phases, particularly among households that have been homeowners for 11 to 15 years, 16 to 20 years, and more than 20 years. In these stages, extracting households exhibit substantially lower liquid asset holdings and liquidity ratios, alongside higher shares with student loan debt.

Taken together, these findings suggest that among AANHPI homeowners, home equity extraction appears to be most common among households with stable incomes but limited liquid resources, particularly in the middle and late stages of homeownership, when financial demands related to education, family support, and long-term planning may intensify. In this context, housing wealth

functions as a critical source of liquidity over the life cycle, helping households meet evolving financial needs as they age and as family responsibilities change.

TABLE 2
Economic Characteristics of AANHPI Home Equity Extractors and Nonextractors, by Years Since Home Purchase

	Years Since Purchase				
	0-5	6-10	11-15	16-20	21+
Household income					
Never extracted	\$116,304	\$160,117	\$109,666	\$123,575	\$155,457
Ever extracted	\$131,554	\$159,033	\$158,955	\$141,389	\$195,807
Home equity					
Never extracted	\$185,530	\$358,093	\$268,361	\$400,333	\$489,452
Ever extracted	\$173,999	\$312,249	\$318,369	\$403,477	\$780,953
Liquid assets					
Never extracted	\$18,635	\$40,762	\$33,144	\$39,350	\$126,316
Ever extracted	\$15,171	\$30,897	\$25,046	\$22,398	\$17,276
Share with student loans					
Never extracted	11%	17%	4%	12%	6%
Ever extracted	13%	18%	44%	24%	18%
Ratio of liquid assets to household income					
Never extracted	14%	20%	23%	23%	46%
Ever extracted	13%	14%	12%	17%	9%

Source: Urban Institute analysis of 1999–2023 Panel Study of Income Dynamics (PSID) data.

Notes: All values are medians. Liquid assets include checking and savings accounts, bonds, stocks, mutual funds, and certificates of deposit (CDs). This definition differs slightly from Bhutta and Dettling, who exclude CDs in their Survey of Consumer Finances–based measure of liquid assets (see Neil Bhutta and Lisa Dettling, “Money in the Bank? Assessing Families’ Liquid Savings Using the Survey of Consumer Finances,” *FEDS Notes*, Board of Governors of the Federal Reserve System, November 19, 2018, <https://www.federalreserve.gov/econres/notes/feds-notes/assessing-families-liquid-savings-using-the-survey-of-consumer-finances-20181119.html>). In the PSID (1999–2017), CDs are grouped together with checking and savings accounts and cannot be separately identified. Accordingly, CDs are included in our measure. The liquidity ratio is defined as the ratio of liquid assets to annual household income.

Home Equity Extraction Is Used for Education, Family Support, and Health Expenditures

To examine how households use extracted home equity, we compare key expenditure patterns during years in which households extracted home equity with years in which they did not, focusing on education, family support,⁷ and health care expenditures (table 3). These categories are selected because they are more likely to reflect long-term household and family investments and shock-related expenditures, rather than routine consumption such as food, transportation and clothing.⁸ All values reported are medians, and comparisons are made within households over time.

Across racial and ethnic groups, home equity extraction is associated with higher expenditures on family support, education, and health care, though the relative importance of each category varies by

group. Among AANHPI households in particular, extraction years are consistently associated with substantially higher spending on all three categories. Compared with nonextraction years, median education expenditures nearly triple, family support expenditures more than double, and health care spending rises during extraction years. This pattern suggests that extracted housing wealth is frequently directed toward investments with long-term implications for household well-being and family mobility.

Family support emerges as the most pronounced expenditure category across groups. For Black and Hispanic households, the gap between extraction and nonextraction years is largest for family support expenditures, highlighting the central role of interhousehold transfers when housing wealth is accessed. Among AANHPI households, both the level of family support expenditures and the likelihood of providing such support increase during extraction years, indicating that equity extraction not only raises the amount of financial assistance provided but expands the share of households engaging in family support.

TABLE 3
Household Expenditures in Extraction and Nonextraction Years Among Equity-Extracting Homeowners, by Race or Ethnicity

	AANHPI	Black	Hispanic	White
Education expenditures				
Nonextraction years	\$1,191	\$1,962	\$1,436	\$2,982
Extraction years	\$3,461	\$2,176	\$1,335	\$2,546
Family support expenditures				
Nonextraction years	\$2,809	\$3,576	\$1,712	\$4,181
Extraction years	\$7,487	\$7,764	\$2,196	\$3,599
Share of households that provide family support				
Nonextraction years	8%	14%	12%	11%
Extraction years	18%	28%	11%	10%
Health care expenditures				
Nonextraction years	\$4,352	\$3,132	\$3,008	\$4,609
Extraction years	\$6,345	\$3,438	\$2,862	\$4,672

Source: Urban Institute analysis of 1999–2023 Panel Study of Income Dynamics (PSID) data.

Notes: All values are medians. Expenditures are reported for extraction and nonextraction years within households. Family support is defined in the PSID as financial assistance given toward the support of anyone not living in the household, including child support, alimony, and money given to parents or other family members.

TABLE 4

Household Expenditures in Extraction and Nonextraction Years Among AANHPI Equity-Extracting Homeowners, by Years Since Home Purchase

	Years Since Purchase				
	0-5	6-10	11-15	16-20	21+
Education expenditures					
Nonextraction years	\$757	\$4,029	\$1,333	\$1,219	\$11,580
Extraction years	\$3,746	\$1,289	\$3,357	\$3,319	\$21,381
Family support expenditures					
Nonextraction years	\$2,766	\$2,229	\$5,841	\$0	\$0
Extraction years	\$1,289	\$8,157	\$16,070	\$4,126	\$37,450
Share of households that provide family support					
Nonextraction years	9%	14%	6%	0%	0%
Extraction years	6%	15%	14%	12%	56%
Health care expenditures					
Nonextraction years	\$3,931	\$4,071	\$4,916	\$6,680	\$3,265
Extraction years	\$4,123	\$5,475	\$5,807	\$11,098	\$12,232

Source: Urban Institute analysis of 1999–2023 Panel Study of Income Dynamics (PSID) data.

Notes: All values are medians. Expenditures are reported for extraction and nonextraction years within households. Family support is defined in the PSID as financial assistance given toward the support of anyone not living in the household at the time, including child support, alimony, and money given to parents or other family members.

Table 4 focuses on AANHPI households only and examines how expenditure patterns vary by homeownership tenure. The results show that family support obligations become increasingly salient in the middle and late stages of homeownership. Beginning 11 to 15 years after home purchase, extraction years are associated with sharp increases in both family support expenditures and the share of households providing financial assistance to family members. These patterns intensify further among households with longer tenures, suggesting that as AANHPI homeowners age, housing wealth increasingly functions as a mechanism for meeting family support needs.

Additional analysis further indicates that the direction of family support shifts over the homeownership life cycle, reinforcing the intergenerational role of housing wealth. In the early stages of homeownership (0 to 5 years and 6 to 10 years since purchase), more than 40 percent of family support provided by AANHPI households flows upward, primarily to parents or parents-in-law. In contrast, in later stages of homeownership, the pattern reverses: more than half of family support flows from older generations to younger generations, most commonly to children. Although these patterns are descriptive, they suggest that housing wealth may facilitate different forms of intergenerational support at different points in the life cycle—initially helping households meet obligations to older family members and later enabling support for younger generations.

Education expenditures also rise during extraction years across tenure phases, reinforcing the role of housing wealth in supporting investments in human capital. Although education-related spending is observed throughout the homeownership life cycle, it becomes especially prominent in later stages, consistent with periods when households may be supporting children and grandchildren's educational needs.

Health care expenditures show a particularly strong association with equity extraction in later life. Among long-tenured AANHPI homeowners, extraction years are associated with substantial increases in median health care spending, reflecting the growing financial demands of aging, including medical care, long-term health needs, and out-of-pocket expenses not fully covered by insurance. These patterns suggest that housing wealth plays an important role in helping households manage rising health-related costs as they age, especially when other liquid resources may be limited.

In combination, these patterns suggest that home equity extraction among AANHPI households is closely tied to intergenerational and life-cycle investments, rather than short-term consumption. Housing wealth is used to support education, provide financial assistance to family members, and address rising health care needs, with these uses becoming more pronounced as households progress through the homeownership life cycle. In this way, home equity serves not only as a store of wealth but as a flexible financial resource that enables households to respond to evolving family responsibilities and long-term planning needs.

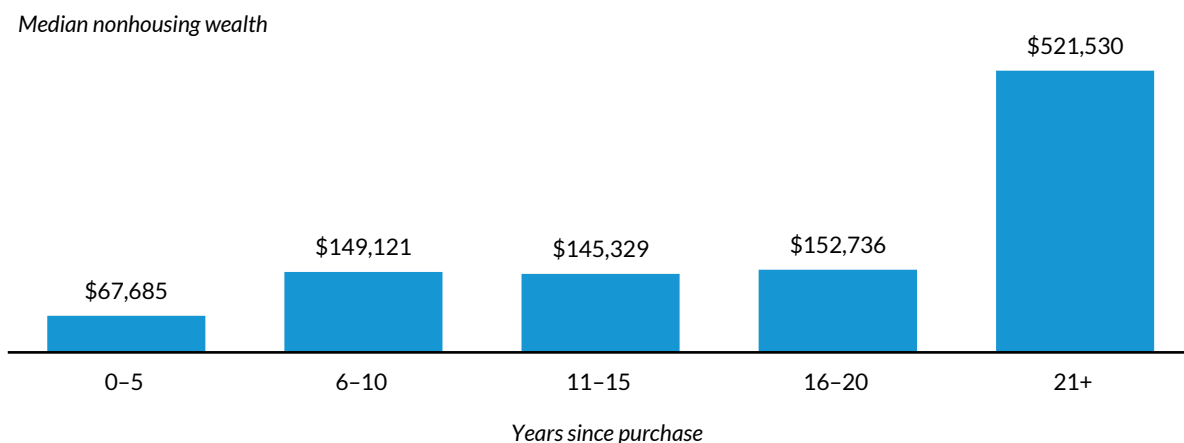
Growth of Nonhousing Wealth over the Homeownership Life Cycle

Although homeownership provides the primary foundation for wealth accumulation, households' balance sheets evolve. As homeowners age and spend more time in the housing market, wealth building increasingly extends beyond housing into nonhousing assets. Figure 7 traces the trajectory of median nonhousing wealth among AANHPI homeowners across stages of the homeownership life cycle, illustrating how portfolio expansion unfolds after households establish housing stability.

In the early years of homeownership, nonhousing wealth represents a smaller component of households' overall balance sheets. Among AANHPI homeowners within the first five years after purchase, median nonhousing wealth is just under \$70,000, as financial resources during this period are often concentrated in housing-related commitments, partially because homeownership is a highly leveraged asset.⁹ As tenure lengthens, nonhousing wealth begins to rise steadily, more than doubling by 6 to 10 years after purchase and continuing to grow through the middle stages of homeownership. The most pronounced growth in nonhousing wealth occurs in later stages of the homeownership life cycle.

Among AANHPI homeowners with more than 20 years of homeownership tenure, median nonhousing wealth rises sharply, reaching more than \$500,000.

FIGURE 7
Median Nonhousing Wealth Among AANHPI Homeowners



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Source: Urban Institute analysis of 1999–2023 Panel Study of Income Dynamics data.

Note: Nonhousing wealth is calculated as total net worth minus housing wealth.

Gradual Expansion and Diversification of Wealth Portfolios

Nonhousing wealth encompasses a broad set of financial and nonfinancial assets beyond owner-occupied housing. In the PSID, nonhousing wealth is defined as total net worth minus housing wealth and includes liquid assets (e.g., cash, checking and savings accounts, certificates of deposit, bonds, and Treasury bills), stocks, retirement accounts (e.g., individual retirement accounts and annuities), business equity, non-primary residence real estate equity, inheritance, vehicles, and other financial assets (e.g., bond funds, cash value in life insurance policies, valuable collections held for investment purposes, and rights in trusts or estates). All nonhousing debts—including auto loans, medical debt, credit card balances, student loans, and other unsecured liabilities—are netted out in the construction of nonhousing wealth. Understanding how households participate in these asset classes provides insight into how wealth portfolios expand and diversify over the homeownership life cycle.

Across racial and ethnic groups, homeowners differ in their likelihood of holding specific nonhousing asset types. AANHPI homeowners exhibit relatively high participation in several nonhousing asset classes, including stocks, retirement accounts, other real estate equity, and other financial assets (table 5). But participation in these asset classes should not be interpreted as a proxy for financial security or insulation from risk. Asset ownership varies widely in scale, liquidity, and

accessibility, and participation alone does not capture households' exposure to financial shocks or their ability to draw on assets when needed.

TABLE 5
Share of Homeowners Holding Nonhousing Asset Types, by Race or Ethnicity

	AANHPI	Black	Hispanic	White
Cash and cash-equivalent assets	87%	67%	63%	91%
Stocks	17%	11%	6%	16%
IRAs or annuities	41%	14%	12%	38%
Business equity	4%	3%	4%	9%
Other real estate	17%	8%	10%	14%
Other financial assets	39%	8%	6%	26%
Inheritances	4%	2%	1%	7%

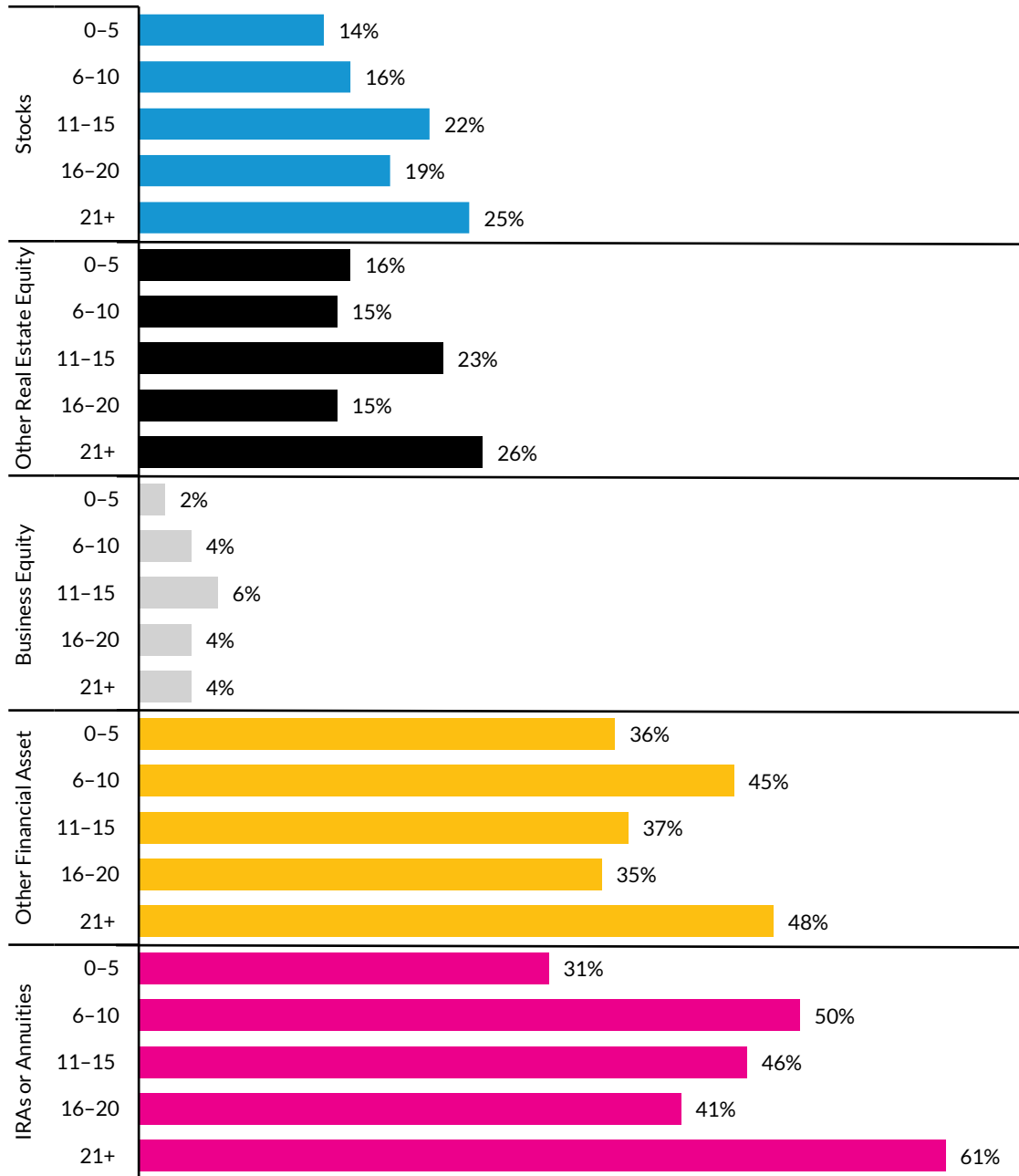
Source: Urban Institute analysis of 1999–2023 Panel Study of Income Dynamics data.

Notes: IRA = individual retirement account. Cash and cash-equivalent assets include checking and savings accounts, certificates of deposit, bonds, and Treasury bills.

Figure 8 illustrates how participation in key nonhousing asset classes evolves over the homeownership life cycle. In the early years after home purchase, few households hold stocks, business equity, or other real estate, while participation in retirement accounts and other financial assets remains limited. As homeownership tenure lengthens, participation gradually expands across most asset classes, reflecting incremental portfolio diversification rather than rapid accumulation. In addition, the share of AANHPI homeowners holding three or more distinct types of nonhousing assets rises from 31 percent in the early tenure years to 43 percent among those with 11 to 15 years of homeownership tenure and to 50 percent among homeowners with more than 20 years of tenure.

Several patterns are noteworthy. Participation in retirement accounts (e.g., individual retirement accounts and annuities) increases steadily with ownership tenure, becoming one of the most common forms of nonhousing wealth in later stages of homeownership. Although participation in stocks and other financial assets increases with tenure, ownership remains uneven even among households with long homeownership tenure. Holdings of real estate beyond the primary residence increase modestly over time, suggesting gradual expansion into property-based investments for some households.

FIGURE 8
Share of AANHPI Homeowners Holding Nonhousing Asset Types, by Years Since Home Purchase



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Source: Urban Institute analysis of 1999–2023 Panel Study of Income Dynamics data.

Note: IRA = individual retirement account. Other financial assets include bonds, rights in a trust or estate, cash value in a life insurance policy, or a valuable collection for investment purposes.

Importantly, the presence of diversified asset portfolios among some AANHPI homeowners does not imply the absence of financial constraints. Many of the asset classes observed (e.g., retirement accounts, real estate equity, or stocks) are illiquid, subject to market volatility, or difficult to access without incurring financial costs. These assets often coexist with limited liquid resources and substantial family financial obligations. In this context, portfolio diversification reflects long-term wealth-building strategies rather than short-term financial flexibility.

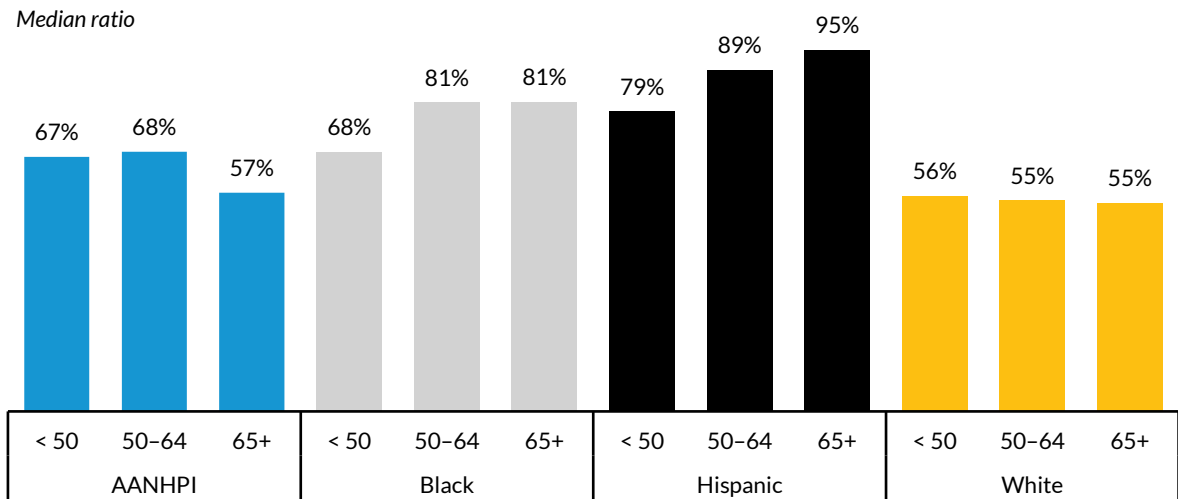
Moreover, even when accompanied by higher incomes, greater exposure to assets whose values are tied to financial and housing market conditions—such as equities, retirement accounts, and real estate—can increase households’ sensitivity to price volatility, market timing, and liquidity risk, underscoring the importance of wealth preservation alongside wealth accumulation. Research shows that households with higher shares of wealth held in equities and real estate may face heightened vulnerability to market downturns, timing risk, and liquidity risk, particularly in later life when income volatility rises and opportunities to rebuild wealth are more limited (Campbell 2006; Guiso et al. 2018). In this context, portfolio diversification among AANHPI homeowners reflects long-term wealth-building and preservation strategies rather than short-term financial flexibility, highlighting the need to consider not only asset ownership but also asset accessibility, risk exposure, and wealth preservation and resilience over the life course.

Housing Concentration Declines in Later Life

The expansion of nonhousing wealth also has implications for the role of housing within households’ overall balance sheets. As portfolios diversify, housing may account for a larger or smaller share of total wealth at different stages of life. Examining the share of net worth held in home equity helps illuminate how housing concentration evolves as households age (figure 9).

FIGURE 9

Median Ratio of Home Equity to Net Worth, by Race or Ethnicity and Age



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Source: Urban Institute analysis of 1999–2023 Panel Study of Income Dynamics data.

Across all age groups, AANHPI homeowners exhibit a lower share of net worth held in home equity than Black and Hispanic homeowners. This pattern indicates that, on average, AANHPI households hold a greater portion of their wealth in nonhousing assets, consistent with the nonhousing wealth growth and portfolio diversification shown in figure 7.

A particularly notable pattern emerges in late life. Among AANHPI homeowners, the share of net worth held in home equity declines after age 65, making AANHPI homeowners the only group for which housing concentration decreases in old age. This decline does not imply reduced housing wealth (figure 3) but rather reflects the continued growth or preservation of nonhousing wealth, resulting in a more balanced asset composition in later life.

In contrast, housing remains the dominant component of net worth for Black and Hispanic homeowners in old age, with home equity accounting for the vast majority of total wealth among households ages 65 and older. This high degree of housing concentration suggests more limited diversification outside of housing, which may shape households’ financial flexibility and wealth transfer capacity later in life.

The evolving ratio of home equity to net worth highlights meaningful differences in how housing fits into broader wealth portfolios across groups and across the life course. For AANHPI homeowners, housing serves as a foundational asset early on, while nonhousing wealth plays an increasingly

important role in later life. This shift in portfolio composition sets the stage for understanding how wealth is preserved and potentially transferred across generations.

Wealth Building as a Multigenerational Process

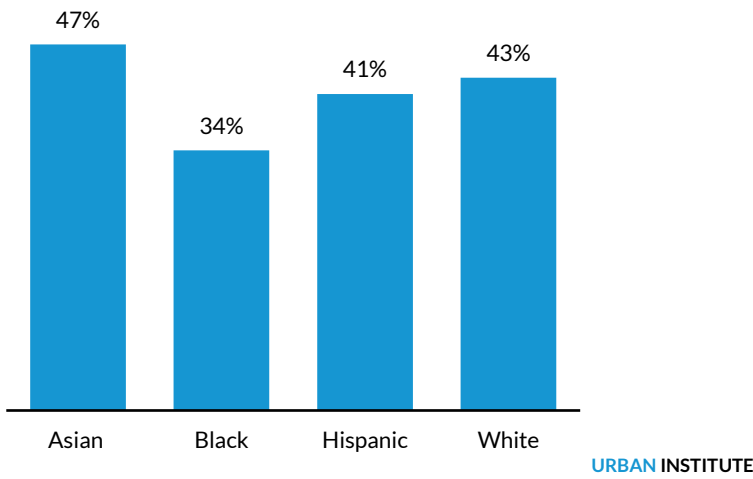
Wealth building over the life course does not end with accumulation. As households age, financial decisionmaking often shifts toward preserving assets and supporting the next generation. Homeownership and the wealth built around it function not only as individual economic milestones but as part of a broader multigenerational process shaped by family expectations, obligations, and intergenerational ties.

A substantial share of older AANHPI homeowners report expecting to leave an inheritance. Nearly half of Asian homeowners ages 65 and older expect to pass on wealth to future generations, a higher share than observed among Black, Hispanic, or white homeowners (figure 10). These expectations reflect a strong orientation toward intergenerational transfer and long-term upward mobility for the next generations. Importantly, expectations of leaving an inheritance capture intent rather than realized outcomes, but they nonetheless signal how wealth accumulation and preservation are often framed around supporting the economic prospects of subsequent generations.

Intergenerational wealth transfer also plays a critical role earlier in the life course, particularly in facilitating access to homeownership. Figure 11 shows that Asian first-time homebuyers are more likely than other groups to report using a gift or loan from family members to purchase their first home. This pattern highlights the importance of intergenerational financial support in overcoming up-front barriers to homeownership, such as down payment requirements and closing costs. These patterns suggest that transferable wealth serves as an important mechanism for enabling sustainable, long-term upward mobility across generations. By helping younger households access homeownership, weather financial shocks, and invest in education or other assets, intergenerational transfers can shape life-course trajectories in ways that compound.

FIGURE 10

Share of Homeowners Ages 65 and Older Expecting to Leave an Inheritance

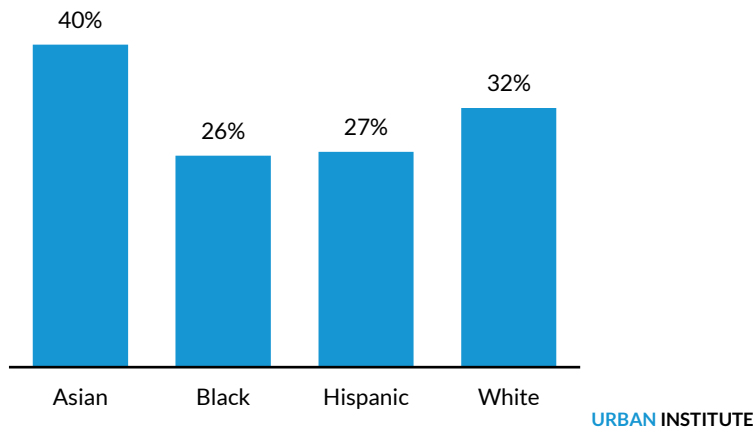


Source: 2022 Survey of Consumer Finances.

Note: The Asian category here does not include Native Hawaiians or Pacific Islanders.

FIGURE 11

Share of First-Time Homebuyers Who Used a Gift or Loan from Family to Buy Their Homes



Source: 2020–23 National Survey of Mortgage Originations.

Note: The Asian category here does not include Native Hawaiians or Pacific Islanders.

At the same time, the effectiveness of wealth transfer depends not only on the accumulation of assets but on how those assets are managed and passed on in later life. Succession planning and estate planning play a critical role in ensuring that accumulated housing and nonhousing wealth can be transferred efficiently, equitably, and in ways that align with households’ intentions. Research shows

that late-life financial planning shapes both the timing and the magnitude of intergenerational transfers, influencing whether accumulated assets ultimately translate into realized bequests, are directed toward charitable and philanthropic giving, or are eroded by health shocks, transaction costs, or legal and administrative frictions (Hurd and Smith 2002; Poterba et al. 2011; De Nardi et al. 2016).

Wealth building among AANHPI households is embedded within multigenerational family systems that span accumulation, preservation, and transfer. Housing anchors wealth accumulation early in the life course, accumulated assets are preserved and managed over time, and deliberate planning helps translate those assets into meaningful opportunities for future generations.

Barriers to Building Wealth for AANHPI Households

The wealth-building trajectories underscore the central role of homeownership in anchoring wealth accumulation, enabling portfolio expansion, and supporting intergenerational mobility for AANHPI households. At the same time, these trajectories unfold within a set of structural, economic, and institutional barriers that shape who can access homeownership, how housing wealth can be leveraged, and whether accumulated assets ultimately translate into long-term economic security and opportunity across generations.

Barriers to Accessing Homeownership Remain a Foundational Challenge

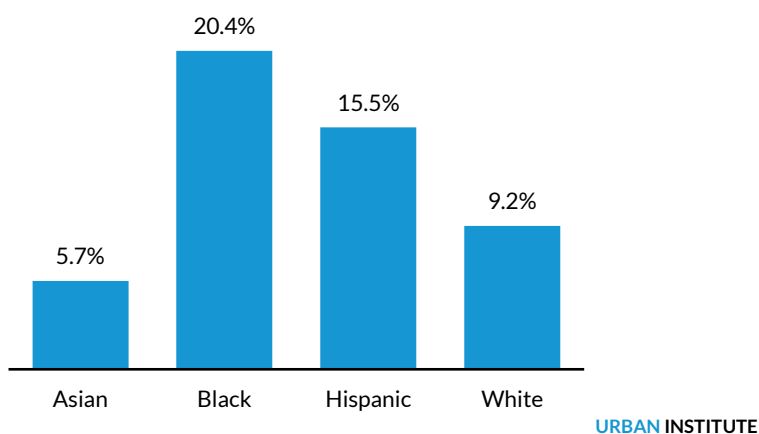
Despite strong demand for homeownership and having, on average, strong credit profiles, Asian mortgage applicants continue to experience higher denial rates than white applicants for both purchase and refinance loans.¹⁰ These gaps persist over time and across various interest rate environments,¹¹ suggesting that they reflect structural and institutional frictions. The most common denial reasons (i.e., high debt-to-income ratios, incomplete applications, and lack of collateral) point to barriers embedded in mortgage processes and underwriting requirements.

Language barriers and immigration status compound these challenges. According to the 2023 American Community Survey, AANHPIs are the only major racial group in which most individuals are foreign born, with particularly high shares among working-age adults. Language barriers, limited familiarity with US financial systems, and difficulties navigating documentation requirements can increase the likelihood of incomplete applications and reduce access to mortgage credit, even among otherwise qualified borrowers.

Limited access to public assistance programs represents an additional barrier at the point of market entry. Asian first-time homebuyers are substantially less likely than other racial and ethnic groups to report using assistance or loans from nonprofit or government agencies to purchase their homes (figure 12). More than 20 percent of Black first-time homebuyers and more than 15 percent of Hispanic first-time homebuyers report using such assistance, but the share among Asian first-time buyers is below 6 percent. Because these programs (e.g., down payment assistance and special purpose credit programs) are designed to help households overcome up-front affordability and underwriting barriers, lower utilization among Asian homebuyers may reflect multiple factors, including gaps in outreach, language accessibility, or program design, as well as greater reliance on family financial support or intergenerational transfers that reduce the need for public assistance.

FIGURE 12

Share of First-Time Homebuyers Who Used Assistance or a Loan from a Government or Nonprofit Agency



Source: 2020–23 National Survey of Mortgage Originations.

Note: The Asian category here does not include Native Hawaiians or Pacific Islanders.

Barriers to Sustaining and Leveraging Housing Wealth Persist After Homeownership

Even after achieving homeownership, barriers persist in households' ability to sustain and effectively leverage housing wealth. AANHPI homeowners frequently draw on accumulated home equity to meet major financial needs, including education expenses, family support obligations, and health care costs. But access to converting housing wealth into liquid financial resources—particularly cash-out refinancing and home equity borrowing—remains uneven. Research shows persistent denial rate gaps for Asian borrowers in refinance markets, with especially pronounced disparities in cash-out refinance

loans (Bhutta et al. 2025). Consistent with patterns observed for purchase loans, Home Mortgage Disclosure Act data indicate that high debt-to-income ratios and incomplete applications are among the most common denial reasons for cash-out refinances, suggesting that underwriting constraints and documentation requirements continue to limit households' ability to access housing wealth, even after entering homeownership.

AANHPI households that extract equity tend to be income rich but liquidity constrained, with extraction concentrated in middle and late homeownership stages when family support and health care obligations intensify. Barriers to refinancing therefore affect precisely those households whose wealth-building strategies depend on accessing home equity at critical life stages.

Limited access to equity extraction can have important downstream consequences. When households face constraints in refinancing or home equity borrowing, they may be forced to rely on high-cost credit, draw down limited liquid assets, or delay critical investments in education, health, or family support. These constraints can weaken the role of housing wealth as a stabilizing and adaptive financial resource, particularly for households navigating midlife and late-life financial pressures. As a result, these constraints undermine not only wealth utilization but the long-term sustainability and resilience of homeownership as a wealth-building pathway.

Challenges in Building and Preserving Nonhousing Wealth Further Constrain Long-Term Resilience, Particularly for Those Whose Wealth Is Tied to Small Business Ownership

Though only a relatively small share of AANHPI homeowners hold business equity at any given point (figure 8), 15.2 percent report owning a business,¹² according to the 2022 Survey of Consumer Finances. Business ownership plays an outsized role in the community's economic footprint. Although AANHPI populations compose roughly 6 percent of the US population, Asian-owned businesses account for approximately 11 percent of all US employer firms and about 8 percent of nonemployer firms, according to the 2023 Annual Business Survey. This underscores the importance of entrepreneurship as a pathway for income generation, asset accumulation, and community-level economic participation. For households that do rely on business equity as part of their wealth portfolio, the stability and preservability of that wealth depend on industry exposure and access to flexible sources of credit.

Industry concentration patterns underscore this vulnerability. Asian American-owned employer businesses are disproportionately concentrated in accommodation and food services, retail trade, and health care and social assistance—sectors that tend to be sensitive to economic cycles, consumer

demand, and labor market disruptions (figure 13). Native Hawaiian and Pacific Islander-owned businesses exhibit a different but similarly risk-exposed profile, with high concentration in construction, which is particularly sensitive to economic conditions and health risks. Despite differences in industry mix, both groups are overrepresented in sectors where revenues can be volatile and shocks can quickly erode business income and equity. The concentration of Asian-owned businesses in cyclically sensitive industries means that economic downturns can disproportionately affect this group, with potential spillover effects on housing wealth if business losses force homeowners to draw down equity.

Financing patterns further shape the vulnerability of business-based wealth for AANHPI households. Asian-owned employer firms rely much more heavily on traditional bank lending as their primary source of financing than other racial and ethnic groups, with comparatively limited use of alternative channels such as credit unions, fintech lenders, or community development financial institutions (table 6). This reliance on bank lending likely reflects a combination of preferences and constraints. On the preference side, Asian households are the least likely of any major racial or ethnic group to be unbanked (FDIC 2024), suggesting strong integration into the formal banking system and established relationships with traditional financial institutions. These relationships may make banks a more familiar or trusted source of credit, particularly for employer firms with longer operating histories.

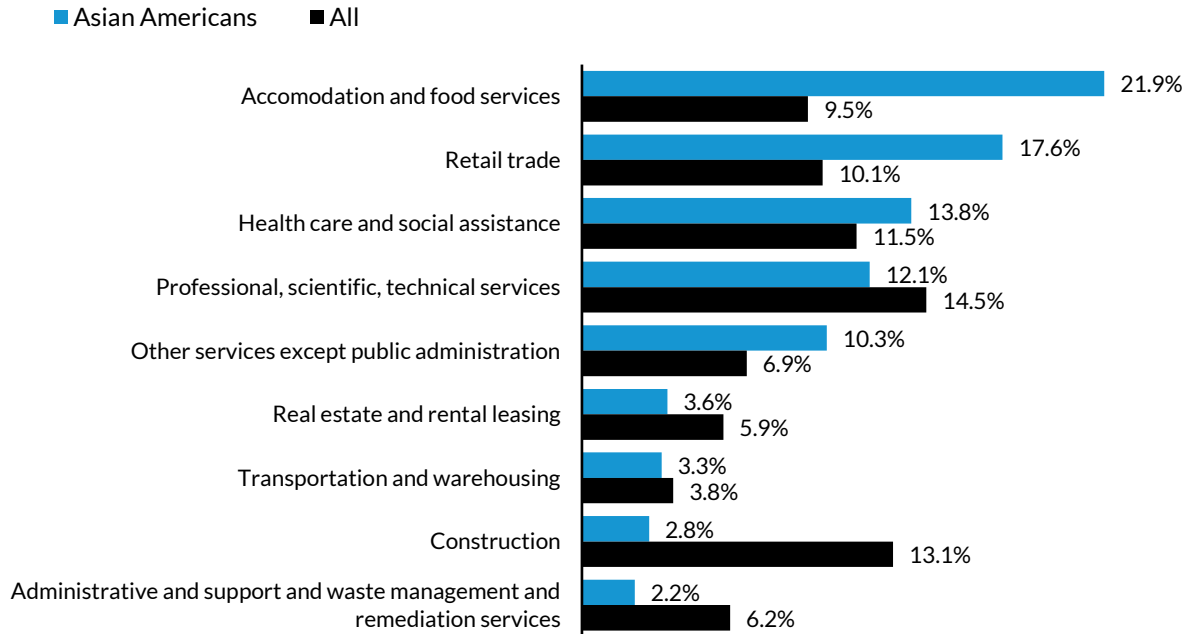
At the same time, heavy reliance on bank lending can become a constraint during periods of economic stress. Traditional banks tend to apply more rigid underwriting standards and place greater emphasis on documentation and collateral during downturns.¹³ For small businesses concentrated in cyclical or labor-intensive industries—such as accommodation and food services, retail trade, health care, and construction—these requirements can limit access to liquidity precisely when revenues are most volatile and financing needs are greatest. While alternative lenders often offer greater flexibility through cash flow-based underwriting, relationship lending, or targeted support during disruptions, Asian-owned firms appear less likely to access these channels, potentially reflecting limited outreach, weaker connections to nonbank lenders, or industry-specific lending frictions (Gopal and Schnabl 2022).

High exposure to economic shocks, concentration in cyclical industries, and limited diversification of lending channels create substantial vulnerability during economic downturns. These dynamics can undermine the stability of business equity as a wealth-building asset and limit households' ability to preserve and transfer wealth.

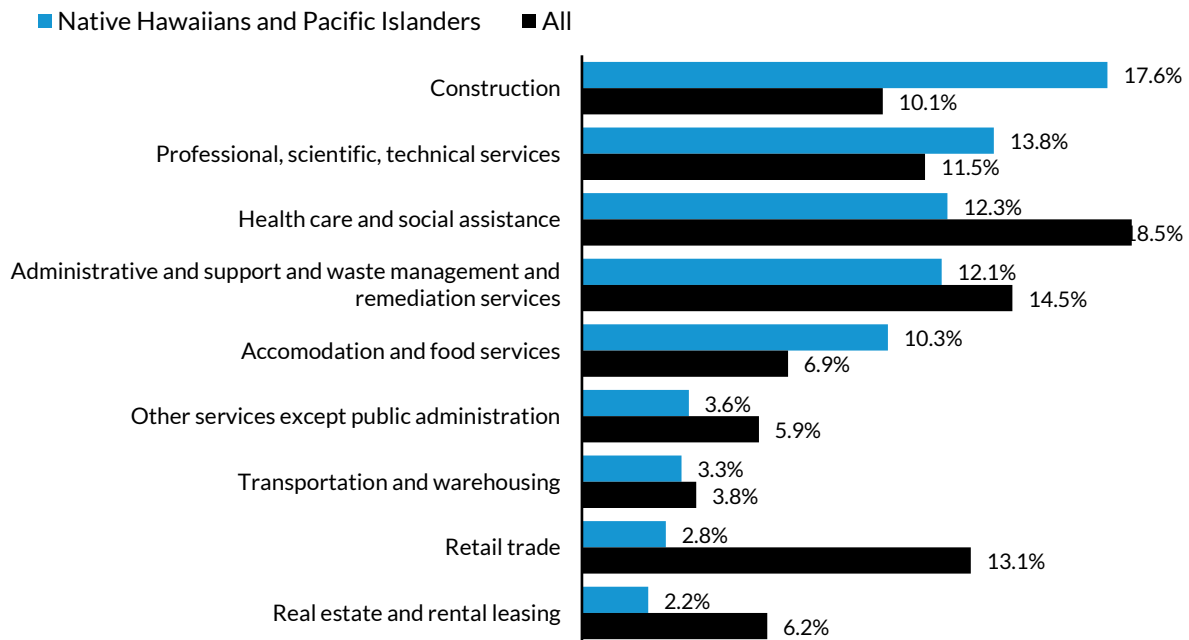
FIGURE 13

Employer Firm Industry Concentration

Firms owned by Asian Americans versus all firms



Firms owned by Native Hawaiians and Pacific Islanders versus all firms



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Source: Urban Institute analysis of 2023 Annual Business Survey data.

TABLE 6

Primary Sources of Small Business Financing, by Race or Ethnicity

	Asian	NHPI	Black	Hispanic	White
Bank	81%	63%	73%	71%	72%
Credit union	4%	11%	11%	7%	7%
Financial technology or online lender	7%	18%	17%	11%	9%
Finance company	15%	37%	22%	24%	24%
Community development financial institution	1%	N/A	3%	1%	1%
Not applicable	8%	10%	8%	9%	10%

Source: 2024 Annual Business Survey.

Note: N/A = not applicable.

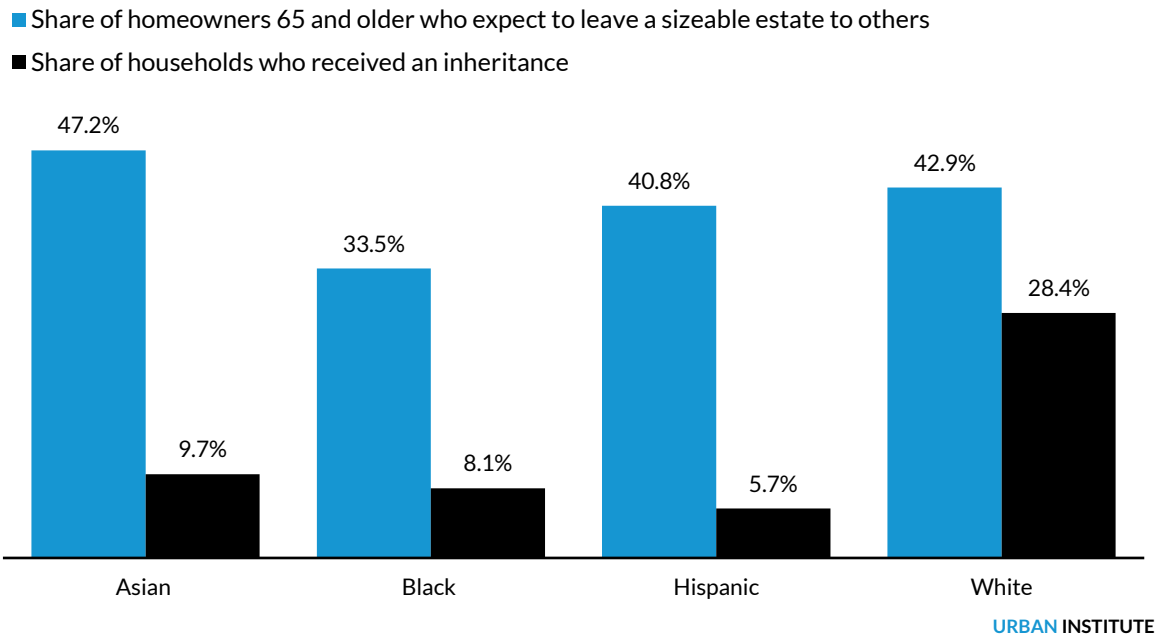
Barriers to Translating Accumulated Wealth into Intergenerational Opportunity Persist

Although AANHPI households exhibit strong intentions to support future generations—reflected in high expectations of leaving inheritances and substantial intergenerational financial assistance—the transition from wealth accumulation to effective wealth transfer is often constrained by institutional and structural frictions.

Evidence from the 2022 SCF shows that a gap between inheritance intentions and realized transfers exists across all racial and ethnic groups, but its magnitude varies substantially (figure 14). Nearly half of older Asian homeownership households report expecting to leave a sizeable estate, yet only about 10 percent report having received an inheritance, yielding a gap of roughly 38 percentage points. This intention–realization gap is notably larger than that observed among Hispanic households (about 35 percentage points), Black households (about 26 percentage points), and white households (about 15 percentage points). The larger gap among Asian households suggests that beyond timing effects common across groups, additional barriers may impede the translation of accumulated wealth into realized transfers, including challenges related to estate planning, intergenerational coordination, and the navigation of formal wealth transfer mechanisms, particularly among immigrant families.

FIGURE 14

Inheritance Intention versus Realization, by Race or Ethnicity



Source: 2022 Survey of Consumer Finances.

Note: The Asian category here does not include Native Hawaiians or Pacific Islanders.

These challenges are especially salient given the composition of wealth in later life. More than 40 percent of net worth among older AANHPI households is held in nonhousing assets, including financial assets, retirement accounts, and business equity. Even for households that prefer to age in place, the transfer of nonhousing wealth often requires succession planning, including wills, beneficiary designations, and estate planning—areas where access remains uneven. Language barriers, limited access to culturally and linguistically appropriate legal services, and the complexity of managing assets across multiple legal and financial systems can significantly limit access to formal estate and succession planning for Asian American households, particularly among immigrants.

Importantly, these succession planning challenges extend beyond nonhousing assets to housing wealth. These succession planning challenges extend to housing assets. Limited access to estate planning can result in unclear property titles and heirs' property arrangements, increasing the risk of legal disputes, barriers to refinancing or sale, and long-term erosion of housing wealth (Neal et al. 2025).

Gaps in succession planning can undermine the transferability of both housing and nonhousing wealth. Without adequate succession planning, accumulated wealth may be subject to legal delays, tax

inefficiencies, or administrative erosion, weakening its ability to support long-term upward mobility for the next generation. In this context, facilitating effective and accessible wealth transfer is not only a matter of preserving assets but a critical component of sustaining intergenerational economic mobility and maximizing the long-term returns on homeownership and wealth building.

Policy Implications

The findings point to the need for a holistic approach to wealth building. Current housing policy largely focuses on market entry and expanding homeownership access, but this study shows that barriers persist at every subsequent stage: utilization, preservation, and transfer. Policies must support households not only in accessing homeownership but in using housing wealth effectively, preserving diversified assets, and transferring wealth across generations. Responsibility for these policy actions spans multiple actors. Federal agencies set the regulatory and data infrastructure that shape housing, credit, and wealth systems; state and local governments administer many housing and small-business programs and provide direct services; financial institutions and intermediaries determine how credit and financial products are designed and delivered; and community-based organizations play a critical role in outreach, counseling, and implementation.

1. **Improving equitable access to homeownership as the foundation of wealth building:** Because homeownership anchors long-term wealth accumulation, reducing barriers at market entry remains a critical policy priority.
 - » Expand cash flow-based underwriting to better accommodate households with nontraditional income sources, including self-employed and small-business owners whose earnings may not be well captured by standard documentation.
 - » Improve language access throughout the mortgage process (e.g., translation services for application materials, disclosures, and servicing communications) to reduce incomplete applications and documentation-related denials.
 - » Strengthen the role of housing counseling agencies and community organizations in providing culturally and linguistically appropriate education on mortgage products, underwriting requirements, and available homeownership assistance.
 - » Increase awareness and accessibility of down payment assistance and special purpose credit programs within AANHPI communities, addressing gaps in outreach, program design, and community trust rather than differences in need. Asian first-time homebuyers use government or nonprofit assistance less than 6 percent of the time, less than half the

rate among Black first-time buyers. Better outreach and program design may enhance underutilization.

2. **Enabling safe and sustainable use of housing wealth over the life cycle:** As households age, housing wealth increasingly functions as a financial resource to meet education, caregiving, and health-related needs. Policies must ensure that homeowners can access this wealth safely and equitably.
 - » Monitor racial disparities in refinance and cash-out refinance markets, not only in home purchase lending, to understand barriers to accessing equity. Enforcement and fair lending oversight should extend to postpurchase credit markets where disparities may be more pronounced.
 - » Expand access to counseling at the refinance and equity-extraction stage, recognizing that households may seek guidance when navigating education expenses, family support obligations, or health shocks—not only at the point of home purchase. Given that AANHPI equity extraction peaks during middle and late homeownership stages when these needs intensify, counseling interventions should be timed to these life stages.
 - » Ensure that pathways to housing wealth utilization reduce reliance on high-cost or risky credit substitutes, particularly for households facing liquidity constraints but holding substantial home equity.
 - » Strengthen consumer protections and expand multilingual resources for reverse mortgage products (e.g., home equity conversion mortgages), which may become increasingly relevant as AANHPI homeowners age in place while facing rising health care costs.
3. **Strengthening nonhousing wealth preservation and small business resilience:** For some AANHPI households, nonhousing assets, particularly business equity, play an important role in wealth accumulation but are exposed to substantial risks.
 - » Integrate housing finance and small-business policy conversations, given the close links between business income stability, mortgage access, and household wealth preservation. Business losses can trigger cascading effects on housing wealth when owners must draw down equity or face default risk.
 - » Expand access to diversified and flexible small-business financing channels—including community development financial institutions, financial companies, and responsibly designed financial technology products—to provide greater flexibility with lending channels. The heavy reliance on traditional bank lending among Asian-owned firms (81 percent, compared with 72 percent for white-owned firms) suggests an opportunity to

expand awareness of alternative channels, particularly mission-driven lenders offering relationship-based underwriting suited to immigrant entrepreneurs.

- » Improve language access and targeted outreach in small-business finance, particularly for immigrant entrepreneurs navigating unfamiliar financial systems.
- » Encourage cash flow underwriting and underwriting flexibility for self-employed borrowers, recognizing volatility without penalizing long-term earning capacity.
- » Develop tools to protect high-risk small business owners during economic shocks, such as temporary forbearance mechanisms, emergency liquidity supports, or insurance-like products that help prevent cascading defaults affecting both business and housing assets.
- » Expand access to affordable wealth management and financial advisory services, particularly for households holding complex or illiquid asset portfolios but limited liquid reserves. This is especially critical given the high participation rate among AANHPI homeowners in stocks, retirement accounts, and other financial assets that require active management. These services could be delivered through fee-based or employer- and community-partnered models and integrated into existing housing counseling, small-business support, or aging-services programs.

4. **Facilitating effective wealth transfer and intergenerational mobility:** Accumulated wealth supports long-term upward mobility only if it can be preserved and transferred effectively across generations.

- » Expand access to affordable estate and succession planning services, particularly for immigrant households navigating language barriers and multiple legal or financial systems.
- » Increase availability of multilingual legal assistance for wills, beneficiary designations, and trust planning to reduce administrative and legal frictions.
- » Address heirs' property risks through title clearing assistance, probate modernization, and improved digital access, reducing the risk of housing wealth erosion across generations.
- » Integrate estate and succession planning into existing systems, including aging services, housing counseling programs, and wealth-building initiatives, rather than treating it as a stand-alone or late-stage intervention.

5. **Improving data infrastructure to support evidence-based policy:** Effective policy requires robust data, yet AANHPI households have historically been invisible in wealth research because of data limitations.

- » Expand federal data collection efforts to consistently identify AANHPI populations across housing, credit, and wealth surveys, enabling more precise analysis of barriers and outcomes.
- » Support oversampling of AANHPI households in longitudinal wealth surveys to improve statistical power for group analysis, particularly for Native Hawaiian, Pacific Islander, and southeast Asian populations whose experiences may diverge from aggregate patterns.

These five policy areas are interconnected and require coordinated action across levels of government, financial institutions, and community-based organizations. Barriers at market entry limit equity accumulation, constraints on equity extraction reduce financial flexibility during critical life stages, shocks to nonhousing wealth can destabilize housing security, and gaps in succession planning can erode decades of accumulated assets.

Conclusion

This report provides the first comprehensive, longitudinal analysis of wealth-building trajectories anchored in homeownership for Asian American, Native Hawaiian, and Pacific Islander households. Drawing on two decades of panel data, the analysis traces how wealth evolves after households become homeowners, revealing homeownership not as an end point but as the foundation for a longer process of accumulation, utilization, and transfer.

The findings are clear: Homeownership works as a wealth-building mechanism for AANHPI households. As households age, wealth increasingly extends beyond housing, supporting gradual expansion into nonhousing assets, and creates the foundation for intergenerational wealth transfer. Across cohorts and entry periods, AANHPI homeowners experience durable equity gains, underscoring housing's importance as a core wealth-building asset.

Yet the analysis also reveals that wealth building unfolds within meaningful structural, economic, and institutional constraints at every life stage. At market entry, AANHPI households face elevated mortgage denial rates, language barriers, and underutilization of public assistance programs. After purchase, disparities in refinance and cash-out lending limit households' ability to access accumulated equity precisely when family support, education, and health care needs intensify. AANHPI households frequently rely on home equity to meet education, family support, and health care needs, yet face uneven access to refinancing and equity extraction. As portfolios diversify, nonhousing assets play a growing role but often introduce exposure to liquidity constraints, market volatility, and economic

shocks. In later life, gaps in succession and estate planning further limit households' ability to translate accumulated wealth into realized intergenerational transfers. Although nearly half of older Asian homeowners expect to leave an inheritance, only about 10 percent of Asian households report having received one.

These findings highlight that wealth building is not a single transaction but a lifelong process that requires alignment across systems governing access, utilization, preservation, and transfer. Policies that focus solely on expanding homeownership miss critical opportunities to strengthen wealth sustainability and intergenerational mobility. A life-cycle approach—one that improves access to homeownership, enables safe use of housing wealth, supports nonhousing asset resilience, and facilitates effective wealth transfer—is essential to ensuring that homeownership-anchored wealth can deliver long-term economic security for AANHPI households and future generations.

Appendix

TABLE A.1

Observation Counts for Each Time-Since-Home-Purchase Bin

Time since home purchase	Observations
0–5 years	553
6–10 years	239
11–15 years	113
16–20 years	97
21+ years	65
All	1,067

Source: 1994 to 2023 Panel Study of Income Dynamics data.

Note: This is filtered to first-time homebuyers between 1994 and 2023.

Notes

- ¹ Jens Manuel Krogstad and Carlyne Im, “Key Facts about Asians in the U.S.,” Pew Research Center, May 1, 2025, <https://www.pewresearch.org/short-reads/2025/05/01/key-facts-about-asians-in-the-us/>.
- ² Cassandra Martinchek, Michael Neal, Mingli Zhong, and Wesley Jenkins, “A Snapshot of Asian Wealth in America,” Urban Institute, May 1, 2025, <https://apps.urban.org/features/asian-american-wealth-snapshot/>.
- ³ “Immigration and Nationality Act of 1965,” US House of Representatives Office of the Historian, accessed January 15, 2026, <https://history.house.gov/Historical-Highlights/1951-2000/Immigration-and-Nationality-Act-of-1965/>.
- ⁴ Robert McAllister, “Average Home Value Increase per Year in the US, 5 Years, 10 Years,” NCHstats, last updated October 14, 2025, <https://nchstats.com/average-home-value-increase-us/>.
- ⁵ Krogstad and Im, “Key Facts about Asians in the U.S.”
- ⁶ Liquidity constraints can also be measured using liquid assets relative to household expenses, reflecting the ability to cover near-term consumption needs. As a robustness check, we also constructed an alternative liquidity ratio, defined as liquid assets relative to total household expenditures. The qualitative patterns reported in the main text remain unchanged under this alternative specification, with households that extract home equity exhibiting lower liquidity buffers despite higher incomes.
- ⁷ In the PSID, family support refers to financial assistance provided to individuals not living in the household, including child support, alimony, and monetary transfers to parents, children, or other family members.
- ⁸ We also examined food and child care expenditure and do not find significant differences.
- ⁹ “The Hazards of Concentrating Wealth in Homeownership,” *On the Economy*, Federal Reserve Bank of St. Louis, January 16, 2018, <https://www.stlouisfed.org/on-the-economy/2018/january/hazards-concentrating-wealth-homeownership>.
- ¹⁰ Linna Zhu and Aniket Mehrotra, “Uncovering the Persistent White-Asian Mortgage Denial Rate Gap,” *Urban Wire*, Urban Institute, June 12, 2024, <https://www.urban.org/urban-wire/uncovering-persistent-white-asian-mortgage-denial-rate-gap>.
- ¹¹ Zhu and Mehrotra, “Uncovering the Persistent White-Asian Mortgage Denial Rate Gap.”
- ¹² Business ownership does not necessarily imply positive business equity. Business equity in the Panel Study of Income Dynamics reflects the net value of owned businesses after accounting for liabilities, which may be zero or negative because of start-up costs, outstanding debt, operating losses, or valuation challenges for closely held firms. As a result, reported business ownership does not always translate into positive business equity holdings.
- ¹³ Oksana Leukhina, “How Lending Standards Change across the Business Cycle,” *On the Economy*, Federal Reserve Bank of St. Louis, October 25, 2024, <https://www.stlouisfed.org/on-the-economy/2024/oct/how-lending-standards-change-business-cycle>.

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