

TABLE III
HOUSING DEMAND
1970 - 1980
(in thousands)

<u>FACTOR</u>	<u>1970</u>	<u>1975</u>	<u>1980</u>
Net Households Formations	1100	1250	1350
Net Removals	700	770	850
Change in Vacancies and Second Homes	200	250	300

SOURCE: NAHB

COMPONENTS OF DEMAND

Household Formation

Housing demand is largely a function of the change in households.

The net change in household formations is made up of new family formations less family losses attributable to death or divorce with an adjustment for changes in single-person households, i.e., to unmarried individuals, formerly living together, moving to separate apartments.

Net household formations presently average 900,000 to 1,000,000 per year. By 1975, it is expected that household formations will have increased to 1,250,000 per year.

Removal of Units

The second most significant contribution to housing demand is generated by the net removal of units from the inventory. Presently, it is estimated that 660,000 units are removed annually. Nearly half of these removals are from demolition. The balance is made up of losses through other means such as fire, flood, other disasters, abandonment, change in use from residential to nonresidential, the merger of two or more units into a single unit or the conversion of