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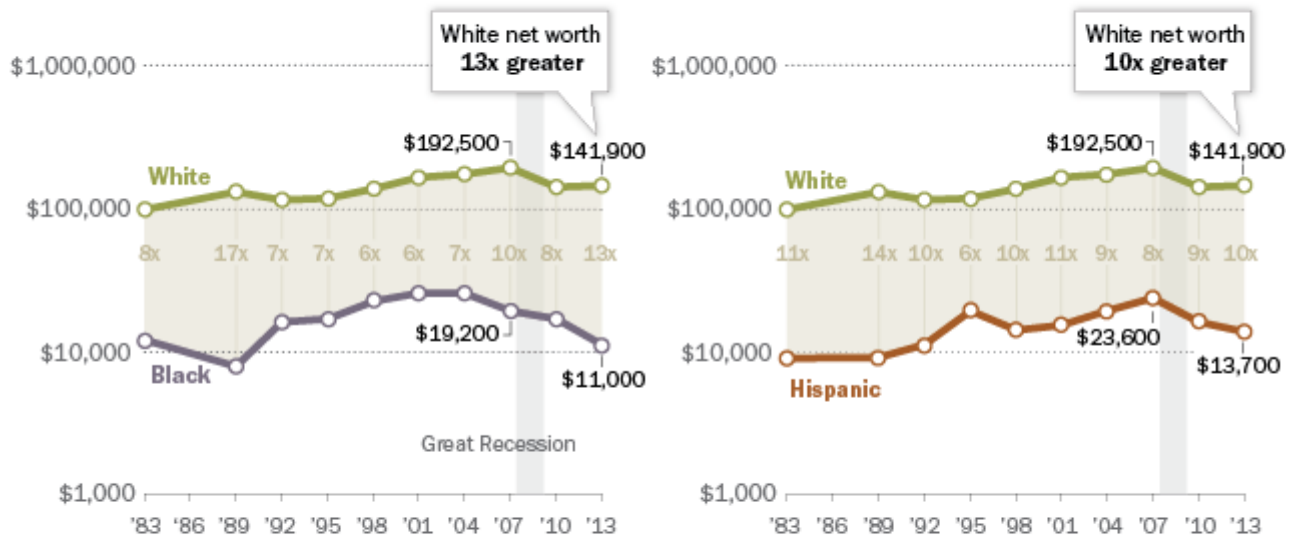
DECEMBER 12, 2014

## Wealth inequality has widened along racial, ethnic lines since end of Great Recession

BY RAKESH KOCHHAR AND RICHARD FRY

### Racial, Ethnic Wealth Gaps Have Grown Since Great Recession

Median net worth of households, in 2013 dollars



Notes: Blacks and whites include only non-Hispanics. Hispanics are of any race. Chart scale is logarithmic; each gridline is ten times greater than the gridline below it. Great Recession began Dec. '07 and ended June '09.  
 Source: Pew Research Center tabulations of Survey of Consumer Finances public-use data

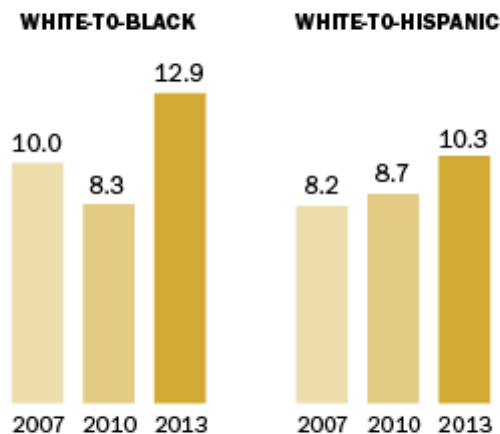
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The Great Recession, fueled by the crises in the housing and financial markets, was universally hard on the net worth of American families. But even as the economic recovery has begun to mend asset prices, not all households have benefited alike, and wealth inequality has widened along racial and ethnic lines.

The wealth of white households was 13 times the median wealth of black households in 2013, compared with eight times the wealth in 2010, according to a new Pew Research Center analysis of data from the Federal Reserve's [Survey of Consumer Finances](#). Likewise, the wealth of white households is now more than 10 times the wealth of Hispanic households, compared with nine times the wealth in 2010.

## Wealth Inequality by Race and Ethnicity Has Grown Since 2007

*Median wealth ratios*



Note: Blacks and whites include only non-Hispanics.

Hispanics are of any race.

Source: Pew Research Center tabulations of Survey of Consumer Finances public-use data

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The current gap between blacks and whites has reached its highest point since 1989, when whites had 17 times the wealth of black households. The current white-to-Hispanic wealth ratio has reached a level not seen since 2001. (Asians and other racial groups are not separately identified in the public-use versions of the Fed's survey.)

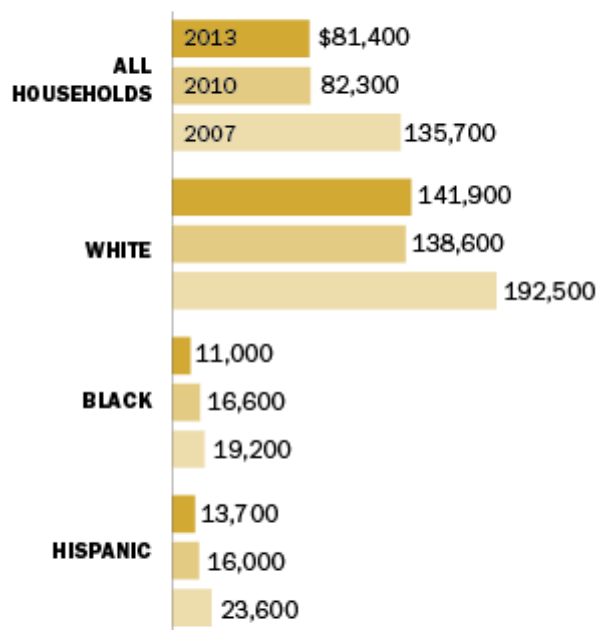
Leaving aside race and ethnicity, the net worth of American families overall — the difference between the values of their assets and liabilities — held steady during the economic recovery. The typical household had a net worth of \$81,400 in 2013, according to the Fed's survey — almost the same as what it was in 2010, when the median net worth of U.S. households was \$82,300 (values expressed in 2013 dollars).

The stability in household wealth follows a dramatic drop during the Great Recession. From 2007 to 2010, the median net worth of American families decreased by 39.4%, from \$135,700 to \$82,300. Rapidly plunging house prices and a stock market crash were the immediate contributors to this shellacking.

Our analysis of Federal Reserve data does reveal a stark divide in the experiences of white, black and Hispanic households during the economic recovery. From 2010 to 2013, the median wealth of non-Hispanic white households increased from \$138,600 to \$141,900, or by 2.4%.

## Wealth by Race and Ethnicity, 2007-13

*Median net worth of households, in 2013 dollars*



Note: Blacks and whites include only non-Hispanics.

Hispanics are of any race.

Source: Pew Research Center tabulations of Survey of Consumer Finances public-use data

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Meanwhile, the median wealth of non-Hispanic black households fell 33.7%, from \$16,600 in 2010 to \$11,000 in 2013. Among Hispanics, median wealth decreased by 14.3%, from \$16,000 to \$13,700. For all families — white, black and Hispanic — median wealth is still less than its pre-recession level.

A number of factors seem responsible for the widening of the wealth gaps during the economic recovery. As the [Federal Reserve notes](#), the median income of minority households (blacks, Hispanics and other non-whites combined) fell 9% from its 2010 to 2013 surveys, compared with a decrease of 1% for non-Hispanic white households. Thus, minority households may not have replenished their savings as much as white households or they may have had to draw down their savings even more during the recovery.

Also, financial assets, such as stocks, have recovered in value more quickly than housing since the recession ended. White households are much [more likely](#) than minority households to own stocks directly or indirectly through retirement accounts. Thus, they were in better position to benefit from the recovery in financial markets.

All American households since the recovery have started to reduce their ownership of key assets, such as homes, stocks and business equity. But the decrease in asset ownership tended to be proportionally greater among minority households. For example, the homeownership rate for non-Hispanic white households fell from 75.3% in 2010 to 73.9% in 2013, a percentage drop of 2%. Meanwhile, the homeownership rate among minority households decreased from 50.6% in 2010 to 47.4% in 2013, a slippage of 6.5%.

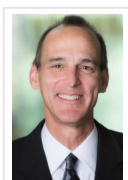
While the current wealth gaps are higher than at the beginning of the recession, they are not at their highest levels as recorded by the Fed's survey. Peak values for the wealth ratios were recorded in the 1989 survey — 17 for the white-to-black ratio and 14 for the white-to-Hispanic ratio. But those values of the ratios may be anomalies driven by [fluctuations in the wealth of the poorest](#) — those with net worth less than \$500. Otherwise, the racial and ethnic wealth gaps in 2013 are at or about their highest levels observed in the 30 years for which we have data.

Topics [Hispanic/Latino Demographics](#), [Economic Recession](#), [Wealth](#), [African Americans](#), [Economics and Personal Finances](#)



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