

2024 STATE OF
**HISPANIC
WEALTH**
REPORT

Dispelling Myths

nahrep

HISPANIC
WEALTH
PROJECT

DISPELLING MYTHS SURROUNDING Hispanic Household Wealth

Significant disparities exist between Hispanics and their non-Hispanic White counterparts in regard to wealth. However, these disparities are frequently exaggerated, fueling misleading narratives about the economic contributions of the Hispanic community. Such misconceptions not only perpetuate disinvestment in Hispanic communities but also stifle broader economic growth. In this report, the Hispanic Wealth Project challenges myths about Hispanic household wealth, critically examining common narratives and leveraging data to advocate for a more accurate understanding.

1 Myth: The wealth gap between Hispanic households and non-Hispanic White households is growing.

Fact: While the nominal difference in median net worth between Hispanic households and their non-Hispanic White counterparts remains significant, the proportional wealth gap is shrinking, and quite rapidly. Since 2013, the gap has closed proportionally by nearly half. In 2013, for every dollar held by Latino households, non-Hispanic White households had \$8.87, almost double what it is today (\$4.47).¹

While the growth in Hispanic household wealth over the last decade is significant, it does not fully account for a major factor: age. Latinos are significantly younger than the general population and their non-Hispanic counterparts. When accounting for age, the gap narrows even further with a proportion of \$1 to \$3.63 for households headed by someone under the age of 35.²

MEDIAN NET WORTH FOR HOUSEHOLDS HEADED BY SOMEONE UNDER 35

For every \$1 a Hispanic household holds...



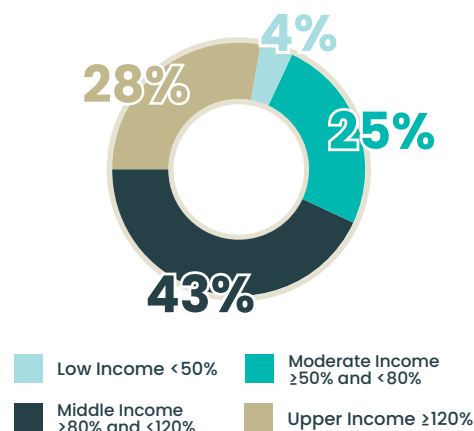
SOURCE: FEDERAL RESERVE SURVEY OF CONSUMER FINANCES, 2022 INFLATION-ADJUSTED DOLLARS, ANALYZED IN PARTNERSHIP WITH POLYGON RESEARCH.

2 Myth: Hispanics predominantly purchase real estate in low- to moderate-income neighborhoods.

Fact: The majority (71 percent) of real estate purchases financed by Hispanic borrowers in 2023 were bought in middle and upper-income census tracts. Only 4 percent of Hispanic purchase originations last year were made in low-income census tracts.³

Hispanic households are also concentrated in high-cost areas and purchase homes younger than their non-Hispanic counterparts. Home prices are above the national average in 4 of the top 5 Hispanic markets. Listing prices in the Los Angeles metro area, home to 9.2 percent of U.S. Hispanics, are nearly three times the national average.⁴ Additionally, nearly half (44.8 percent) of Latinos who purchased a primary residence with a mortgage in 2023 were under the age of 35, compared to 39.9 percent of non-Hispanic buyers.⁵

SHARE OF HISPANIC PURCHASE ORIGINATIONS BY CENSUS TRACT (2023)



SOURCE: 2023 HOME MORTGAGE DISCLOSURE ACT (HMDA) DATA, ANALYSIS OF PURCHASE ORIGINATIONS BY ETHNICITY AND TRACT MEDIAN FAMILY INCOME (MFI).

3 Myth: Very few Hispanic-owned businesses are employer firms.

Fact: Hispanic-owned employer businesses are growing at 10x the rate of overall employer businesses. Since the U.S. Census Bureau started collecting data on employer firms in 2017, the number of Hispanic-owned employer firms has grown by 26.1 percent — ten times faster than the growth in employer businesses overall.⁶

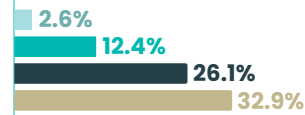
Hispanic-owned businesses outpace the market across multiple dimensions, including number of firms, employees, and revenue. As of 2021, the most recent data available, there were 406,086 Hispanic-owned employer firms in the U.S., employing 3 million people and generating \$573 billion in revenue.⁷

GROWTH IN EMPLOYER FIRMS

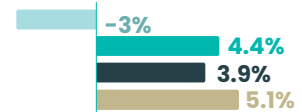
Percent change in number of firms, employees, and revenue of employer firms by ethnicity and gender (2017 – 2021)



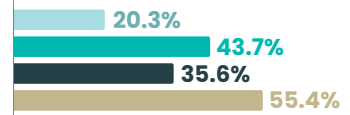
Number of Firms



Employees



Revenue



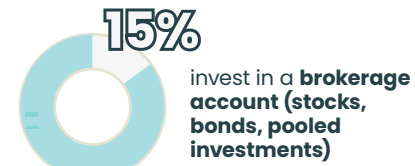
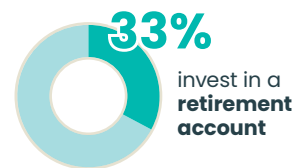
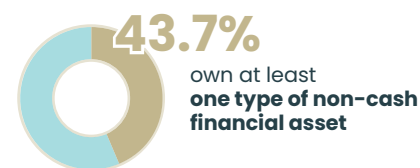
SOURCE: U.S. CENSUS BUREAU, 2022 AMERICAN BUSINESS SURVEY, STATISTICS FOR EMPLOYER FIRMS.

4 Myth: A high percentage of Hispanics are unbanked and don't utilize financial services.

Fact: Nearly all Hispanic households (96 percent) have a transactional account, or checking account, with a bank or financial services provider, indicating a strong foundation for financial engagement and cross-selling opportunities within the community.⁸

Research from McKinsey & Company highlights the untapped business opportunity of the Hispanic market. Financial services revenue from Hispanic households and small- to medium-sized businesses is projected to grow from \$170 billion today to \$265 billion by 2030, accounting for 8 percent of the total financial services market share. In 2030, revenue from Latino households' use of banking, insurance, and wealth management products is projected to reach \$240 billion.⁹

FINANCIAL ASSET OWNERSHIP AMONG HISPANIC HOUSEHOLDS



SOURCE: FEDERAL RESERVE SURVEY OF CONSUMER FINANCES, 2022 INFLATION-ADJUSTED DOLLARS, ANALYZED IN PARTNERSHIP WITH POLYGON RESEARCH.

5 Myth: Hispanics don't have enough wealth to pass to their heirs, so they don't need an estate plan.

Fact: Today, 1.2 million Hispanic households have a net worth of over \$1 million, making up a significant share of millionaires in the U.S.¹⁰ Similarly, a growing share of Hispanic households are considered high-income. In 2022, there were 641,000 households earning at least \$250,000 per year, accounting for 7.4 percent of households within that income bracket.¹¹

Procrastination on estate planning could put trillions of dollars in assets at risk. Collectively, Hispanic households control \$8 trillion in assets, including \$4.2 trillion in real estate assets, \$1.1 trillion in business assets, and \$2.2 trillion in cash and non-cash financial assets.¹²

HISPANICS MAKE UP SIGNIFICANT SHARE OF HIGH NET WORTH AND HIGH INCOME HOUSEHOLDS



1.2 MILLION

Hispanic households have a **net worth of at least \$1 million.**



641,000

Hispanic households earn an annual income of at least \$250,000.

SOURCE: FEDERAL RESERVE SURVEY OF CONSUMER FINANCES, 2022 INFLATION-ADJUSTED DOLLARS, ANALYZED IN PARTNERSHIP WITH POLYGON RESEARCH AND U.S. CENSUS BUREAU, 2022 AMERICAN COMMUNITY SURVEY.