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Confidence in value of homeownership persists through bust, survey shows

By Alejandro Lazo, Los Angeles Times
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The real estate bust appears to have done little to alter Americans' confidence in the investment value of homeownership.

A robust 81% of adults said buying a home is the best long-term investment a person can make, according to a national survey by the Pew Research Center in Washington.

"Owning a home is really a part of the American dream, and that is just part of the American psyche and something that people aspire to," said Kim Parker, associate director for the center and one of the study's authors.

The study's results were unexpected, given the deep plunge in home prices and the fallout from the mortgage crisis, she said. Homeownership topped the list of long-term financial goals for Americans, according to the study; respondents rated homeownership, as well as living comfortably in retirement, more important than sending children to college or leaving offspring an inheritance.

The public's faith in real estate has been bruised since the last time a comparable survey asked people about the wisdom of investing in real estate. A total of 37% of respondents said they "strongly agree" that homeownership is the best investment a person can make while 44% said they "somewhat agree." The same question was

asked by a CBS News/New York Times survey in 1991, and at that time 49% "strongly agreed" and 35% "somewhat agreed."

"The study results are surprising in that so many households still believe that homeownership is a good investment, even after the plunge in home values that has occurred over the past couple of years," said Celia Chen, a housing economist for Moody's Economy.com. "The preference for homeownership has deep roots in the history of this nation, and apparently even a severe correction in house prices can shake American's belief in homeownership only slightly."

The telephone survey was comprised of a nationally representative sample of 2,142 adults conducted from March 15 to March 29 by Princeton Survey Research Associates International. Interviews were done in English and Spanish. The margin of sampling error for the data is plus or minus 2.7%.

While home prices have entered a renewed decline after showing some improvements last year, many economists believe that the worst of the housing crisis is probably over. That sentiment could help to explain the resiliency in Americans' optimism.

"People may have the feeling that the worst

is behind us," Parker said.

Though other investments such as stocks tend to produce a better return, the housing market has generally avoided the wild swings that the stock market has over time, potentially helping to explain real estate's lasting allure, Parker added.

Homeowners in the survey were more positive about the financial wisdom of owning a home than were renters. But even among renters, the desire for homeownership remains strong, according to the survey's findings. Just 24% of renters surveyed said they rent out of choice and 81% said they would like to buy.

The decline in values has struck a wide swath of Americans. About half, or 47%, of homeowners said their property is now worth less than when the recession began, and 31% said the value of their home has not improved. Just 17% said their home is worth more than before the recession.

Of those who said their properties have lost value, 86% said they expect it to take at least three years for values to recover, 42% said at least six years and 10% said they expect a recovery in 10 years or more.

Despite those sentiments, 82% of homeowners who indicated their home is worth less than before the recession said homeownership is the best long-term investment a person can make.