

## Homeownership benefits

**Homeownership offers immediate benefits and long-term value. Homeowners accumulate wealth for the future, while enjoying the benefits of a shelter that they can use, improve and sell. Their home is a safe haven for investment.**

Buying a home should be approached as a good long-term investment, providing both equity accumulation and tax benefits over time. Home ownership is how many American families begin to accumulate wealth. According to data from the Federal Reserve Board, a homeowner's net worth is 46 times that of a renter's.

Homeownership provides shelter and security to families and also provides important social and economic benefits. It is the cornerstone of a health community and the basis for positive community involvement.

Homeowners are motivated to stay abreast of local issues to protect their investments. Research reported in the National Association of Realtors study, *Social Benefits of Homeownership and Stable Housing*, shows that homeowners are more likely to vote and that they volunteer time for political and charitable causes more frequently than renters.

According to data from the U.S. Census Bureau, owners do not move as frequently as renters, providing more neighborhood stability. In turn, involvement in community quality-of-life issues help prevent crime, improve childhood education and support neighborhood upkeep.

**Despite recent market slowdowns, housing remains a good long-term investment, and demographic demand favors housing over the long term.**

Local housing markets may experience temporary price declines as well as rapid price increases in the short term, but over a typical six-year period of homeownership, home values usually rise at a normal, gradual pace. Exceptions to this general trend most always result from prolonged, localized economic downturns, often driven by job and population losses.

The children of the baby boomer generation, often called echo boomers, are the second largest generation in U.S. history, comprising about 75 million people born from 1982 to 1995. The oldest of these echo boomers are now entering the years in which people typically buy a first home, while the country's 78 million baby boomers remain in peak earning years.

Immigration continues to rise. According to the Joint Center for Housing Studies at Harvard University, net U.S. immigration has averaged about 1.2 million annually since 2000, and the foreign-born represented more than 40 percent of net household formations in the first half of this decade, up from less than 30 share of household growth has also been expanding. The Joint Center for Housing Studies at Harvard estimates that minorities will comprise 68 percent of the projected household growth between 2005 and 2015.

**Dollar for dollar, the rate of return on an individual's cash down payment on a house is substantial. Buyers typically use their own money to cover only a small portion of the purchase price, but the home appreciation they realize is based on the total value of the property.**

Homeowners benefit from the power of leverage. Over 10 years, a \$10,000 investment in the stock market at a normal 10 percent market rate of return would yield \$23,600. The same investment as a down payment on a \$200,000 home at a normal appreciation rate of five percent would return nearly five times the stock market return at \$110,300.

Housing is not a quick-in, quick-out investment. When purchased for the long term, housing is one of the safest investments consumers can make. In addition to the savings accumulated through a buildup of equity and tax advantages, a home provides shelter – something no paper benefit can provide.

According to the *2007 NAR Profile of Home Buyers and Sellers*, first-time home buyers made a median down payment of two percent, while repeat buyers who financed their purchase put 17 percent down, indicating the wealth-building effect of homeownership.

**Current conditions are favorable for home buyers, allowing many to achieve the American dream of home ownership.**

Over the past two years, housing affordability has improved, with home prices falling and conforming mortgage rates at near historic lows.

Statistics from the U.S. Census Bureau suggest that home ownership is affordable for many. In the fourth quarter of 2007, the national homeownership rate was 67.8 percent – more than two in every three households in America own their own home.

Consumers who are considering buying a home should contact a Realtor can help them begin to build their future through home ownership.

For more information, visit [www.NEFAR.com](http://www.NEFAR.com) and click on "Put Your Money Where Your Life Is."