Examining Views on Housing and Homeownership Since the Recession

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The Big Question: Have views on housing changed in fundamental ways since the recession and start of foreclosure crisis?

- **The Answer:** We don’t know exactly, but...
  - Indications are that homeownership and home buying are still seen favorably
  - Remodeling looks to be holding strong
  - New data will let us develop a more nuanced assessment
Perceptions of Home Buying Markets Fluctuate Over Time

Source: Fannie Mae, National Housing Survey.
As the Housing Market Neared its Peak, Risk Became a Bigger Concern

Respondents Reporting a Sense of Risk Involved with Home Buying in their Market

Owning is Still Favored

Source: Fannie Mae, National Housing Survey, pooled data from January 2010 through August 2011 (data on importance to the economy is available through December 2010 only).
Reasons to Own a Home

- Provides good place to raise children
- Provides a safe place to live
- Can have more space for family*
- Have control over living space
- Renting is bad investment
- Provides good financial opportunity*
- Can build up wealth
- Can have a nicer home*
- Provides a retirement investment
- Can live in a convenient location*
- Can live in community with same values
- Provides tax benefits
- Can borrow against equity
- Provides a symbol of success*
- Encourages more engaged citizenship

Source: Fannie Mae, National Housing Survey, pooled data from January 2010 through August 2011 (data on reasons marked with an asterisk (*) were first collected in June 2010).
Who Values Having Control?

Share that believe ‘having control over living space’ is a major reason to own

By Age

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<thead>
<tr>
<th>Age</th>
<th>40%</th>
<th>45%</th>
<th>50%</th>
<th>55%</th>
<th>60%</th>
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By Income

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Source: Fannie Mae, National Housing Survey, pooled data from Q1 2010 through August 2011.
Remodeling Prospects are Still Good

- Many still see remodeling as a good investment
  - 42% think it is a good time to remodel
  - 22% have remodeled in past two years or plan to remodel in next two years
  - 30% of recent remodelers did so to increase the value of their home
- Of those planning to do a project in next two years, **20%** will do so instead of buying a new home

So What Does This Mean?

- Most American still aspire to homeownership
- Personal benefits and control are important reasons to own a home
- Interest in remodeling is strong across age and income distributions
- Additional research still needed
On-going Research: How Views on Homeownership Vary with Exposure to Recession and Foreclosure Crisis

- Measuring views on homeownership
  - Does owning or renting make more sense?
  - Who plans to buy in next few years?

- Key variables
  - Underwater on mortgage
  - Know someone in default
  - High foreclosure rates in neighborhood