

A Reprint from *Tierra Grande*

## analyze this . . . homeowners are happier

By Jack C. Harris

**R**esidential real estate agents are in the business of selling homeownership. First-time buyers need to be persuaded of the advantages of becoming homeowners, and current owners have to be convinced that owning a home remains a sound financial strategy.

Owning a home is a pillar of the American way of life. That makes the job easier.

Happily, research documents many of the social and economic benefits attributed to owning a home.

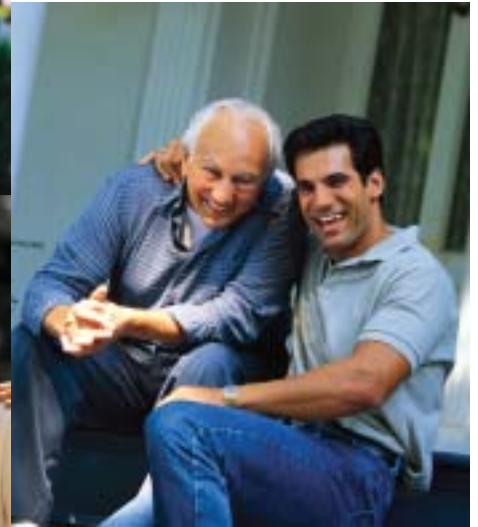
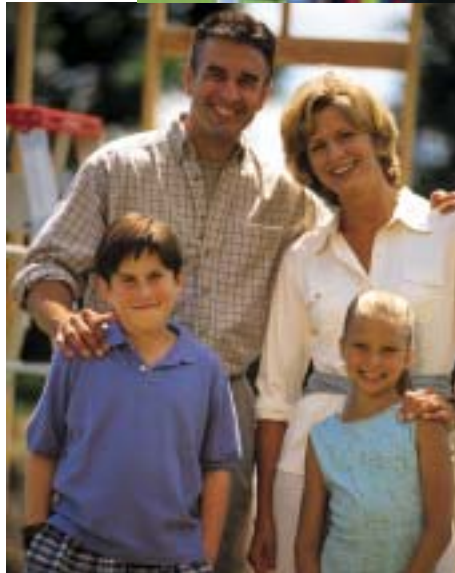
**Homeowners are happier.** A 1994 study surveyed a group of Baltimore homeowners 18 months after they bought their homes. Homeowners rated their life satisfaction significantly higher than did renters responding to the same poll. Moreover, homeowners' satisfaction remained higher in a follow-up survey three years after their home purchase.

Part of this satisfaction stems from the fact that homeowners exercise more control over their environment. They can repair and remodel their property as they wish; renters must get the landlord's approval.

A 1995 study surveyed a large nationwide sample and found homeowners were significantly more satisfied with their homes than renters. This study statistically controlled for differences in demographics, features of the housing units and neighborhood characteristics.

Studies show that satisfaction also derives from the elevated status homeowners enjoy. In 1996, researchers interviewed people who received homeownership assistance through a lease-purchase program in Cleveland, Ohio. The interviews indicated that the ability to own a home provided a significant improvement in self-image.

Another national study in 1996 found that homeowners were more likely to



agree with the statement, "I do things as well as anyone," which is considered an indicator of self-esteem. In the Baltimore study mentioned earlier, 85 percent of homebuyers said that being a homeowner made them feel better about themselves.

**Homeowners make good neighbors.** Homeowners tend to move much less often than renters. A 1999 study indicated a typical homeowner remains in one residence for 13 years compared with two and a half years for a renter. Homeowners consequently are more committed to a location and the surrounding neighborhood.

**T**his commitment finds expression in citizens' community involvement. A number of studies, including one in 1999, have concluded that homeowners are more likely to participate in voluntary civic organizations and be politically active, even when differences in income, education and other socioeconomic characteristics are taken into account.

Homeowners have a financial stake in their neighborhood and do what is needed to maintain property values. In 1996, researchers used Census data from 1980 and 1990 and found a significant correlation between neighborhood homeownership rates and property value appreciation. On average, each percentage point increase in homeownership was associated with a \$1,600 increase in average home value over the decade.

**Homeownership represents solid investment.** Homeowners realize how important their homes are to their financial future. In 1995, equity in a home represented 44.4 percent of the average homeowner's net worth. Moreover, the value of home equity is remarkably stable.

A 1998 study found that returns on housing investments over time are one-fourth as variable as stock returns and entail relatively low risk. Homeownership also offers the subjective benefits of autonomy, pride of ownership, freedom to customize the home and a means of self-expression.

For a list of studies referenced in this article, send an e-mail request to the author. ✦

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