

Hanley Wood Housing 360: Insights Into Homeownership

A National Survey of Homeowners and Renters

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Kent W. Colton, President, The Colton Housing Group
Senior Fellow, Harvard University Joint Center for Housing Studies

Basis of findings

- **Survey of 3,005 homeowners and renters (1,954 homeowners and 1,051 renters).**
- **Covering about 70 questions conducted during late June, early July.**
- **Six focus groups: Fairfax, Virginia (near Washington, DC), Seattle, San Diego, Des Moines, Tampa and Houston**

Overview of Findings: Americans Have Mixed Feelings About Today's Housing Market

- **Surprisingly upbeat in some areas, and respondents cling to traditional views**
- **It is a good time to buy, and a number of people are considering buying in the next two years**
- **Homeownership is still important**
- **But positive aspirations are tempered by harsh realities:**
 - Concern about the economy and job security
 - Challenges in the mortgage market
 - Concern about home equity and the direction of home prices

“It’s A Good Time to Buy”

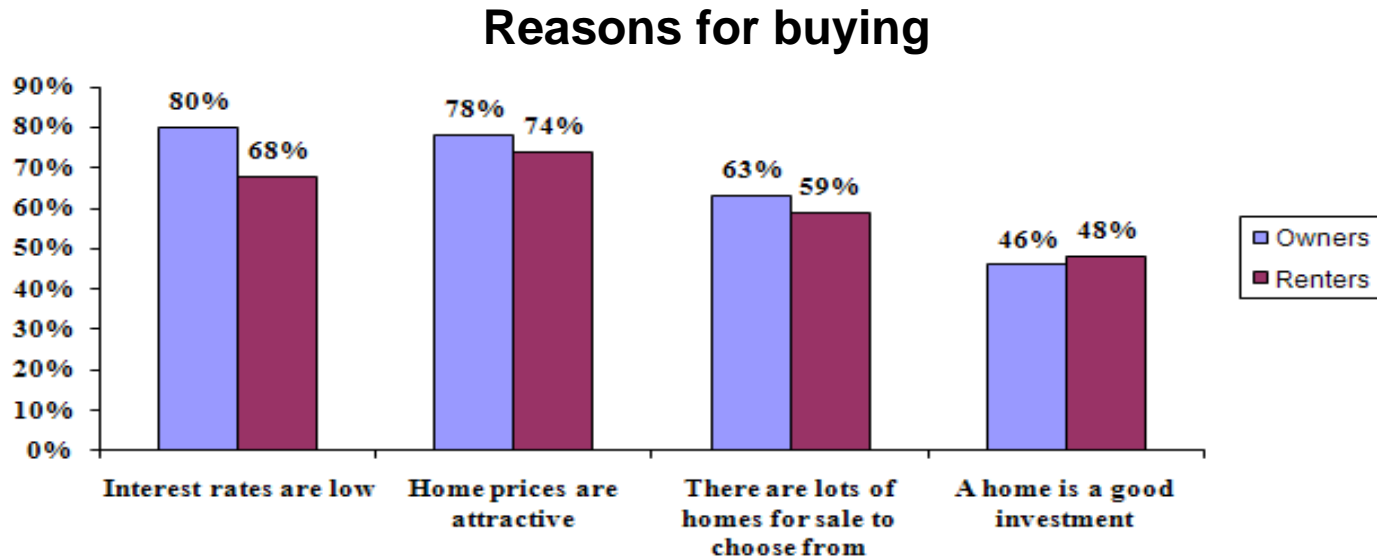
Is it a good time to buy?

	Owners	Renters
Very good time to good time	72%	59%
Bad time to very bad time	18	27
Not sure/Do not know	11	14



Reasons for Buying Now

- Home Prices Are Attractive, Interest Rates Are Low, and There Are Lots of Homes to Choose From



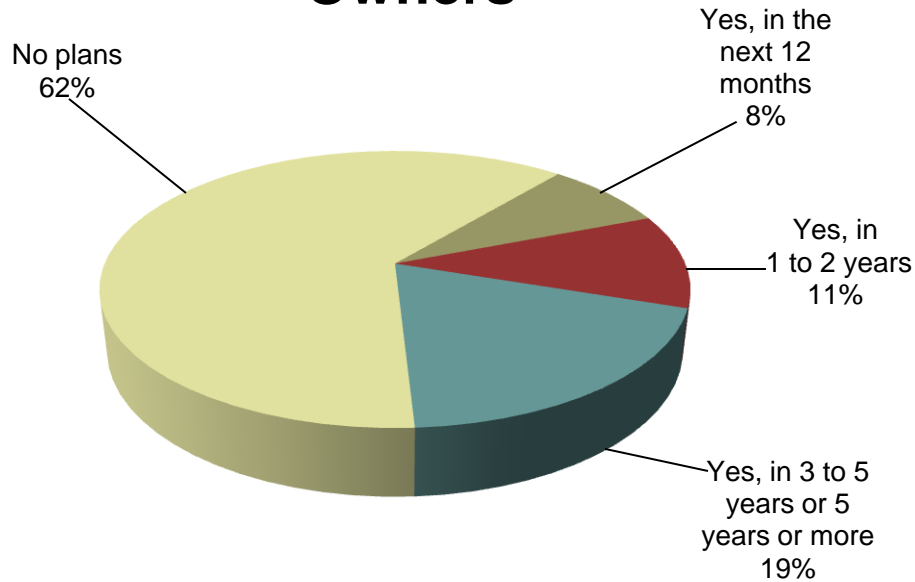
- **Other reasons include:**

- Homes will appreciate over time; home-sellers are offering incentives; builders are offering incentives

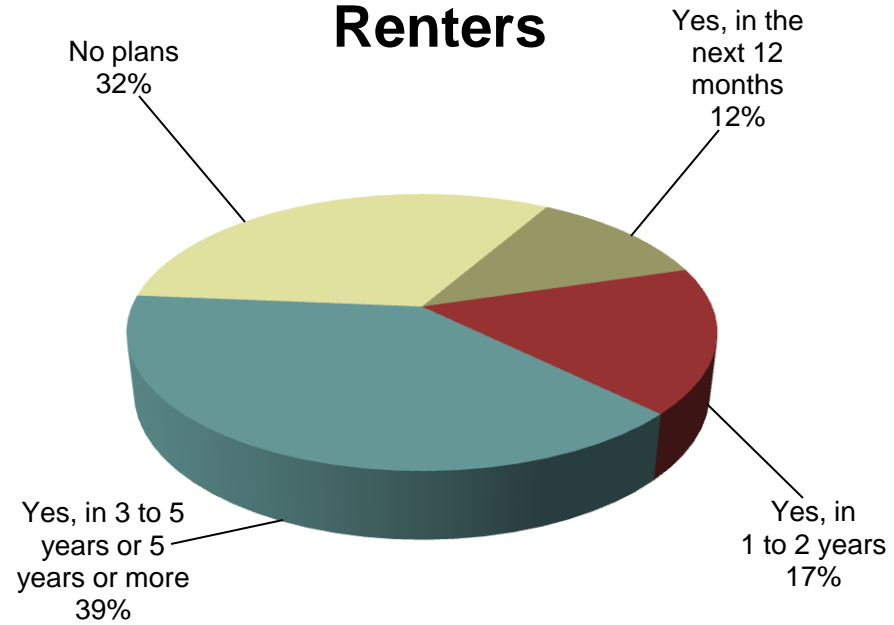
Home Buying Expectations Are Solid

Are you considering buying a home?

Owners

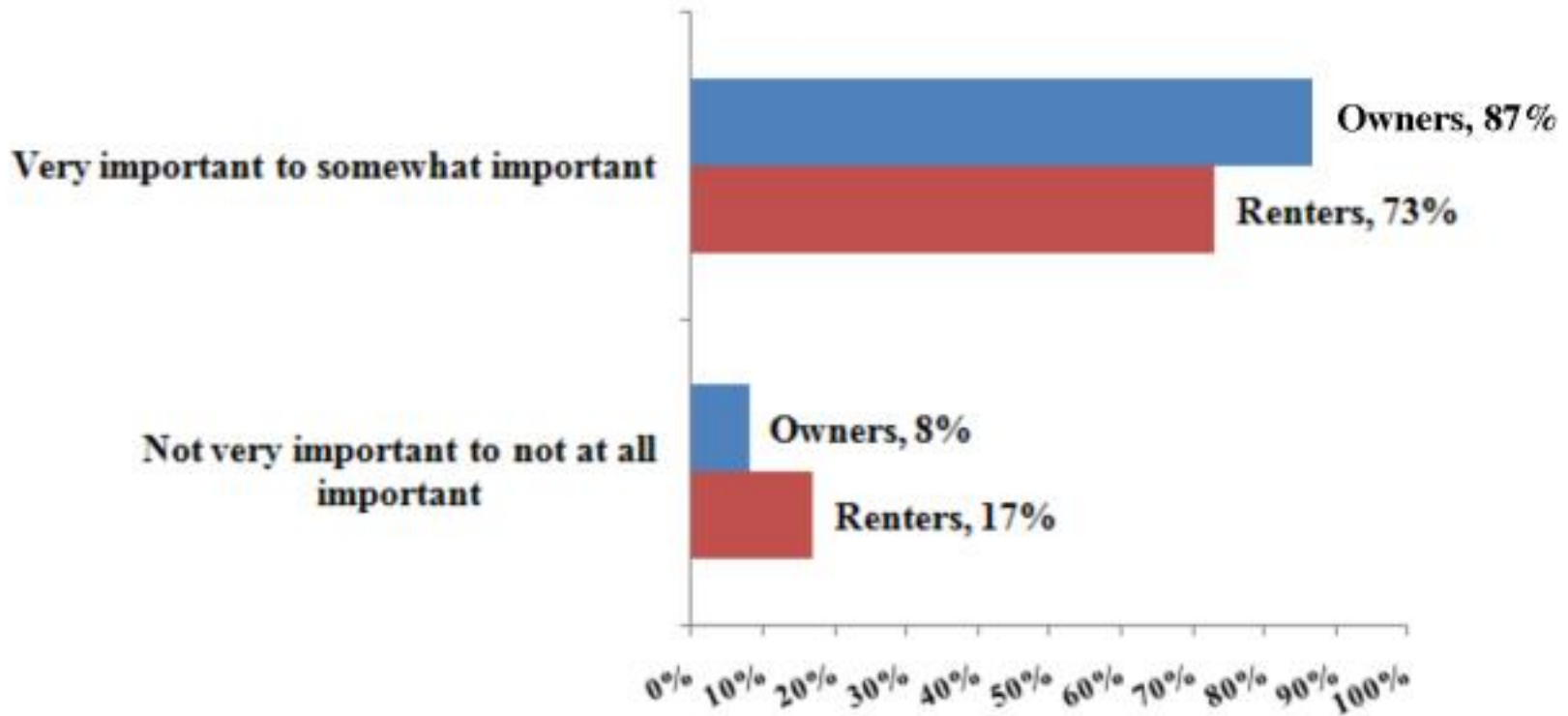


Renters



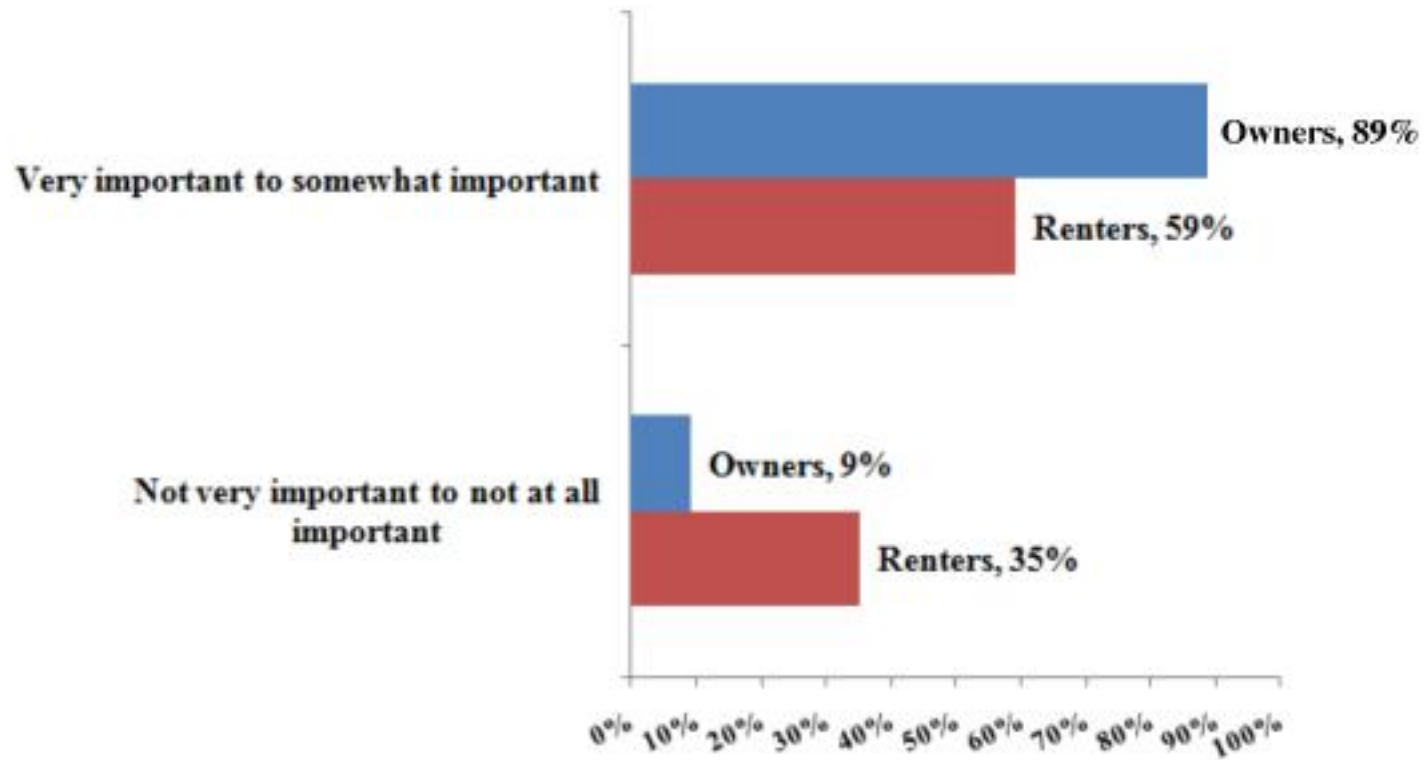
Homeownership Is Still Important

- **Housing's importance to national economy**



Homeownership Is Still Important

- Importance of homeownership to the American family

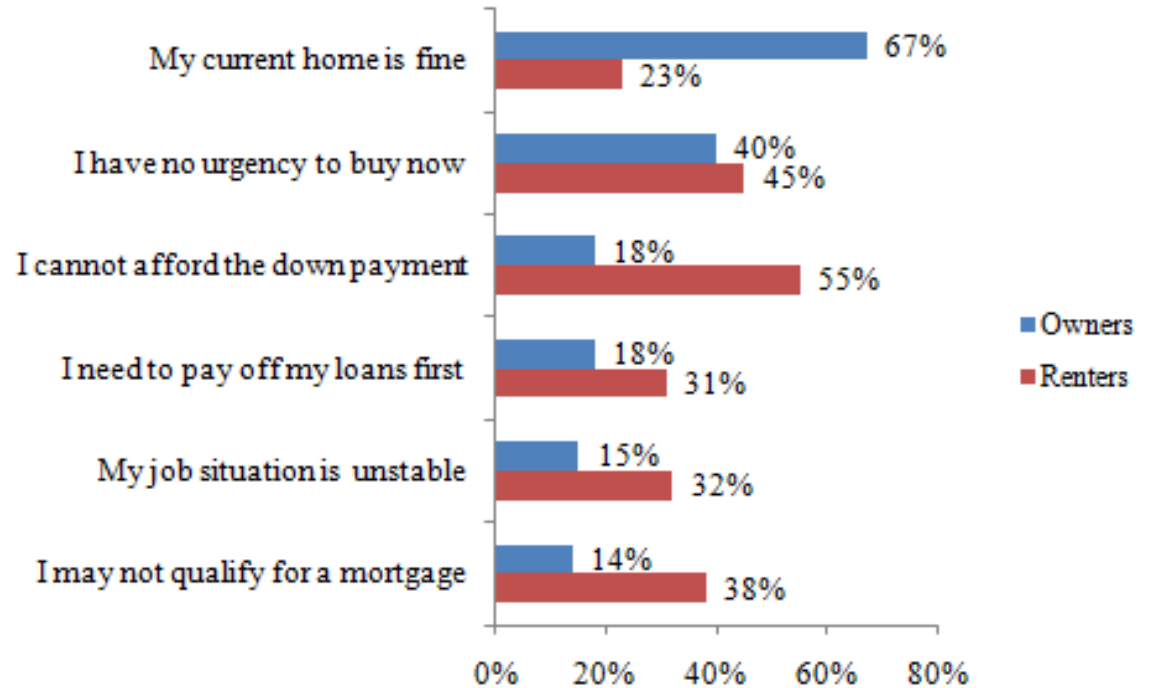


Why Are Potential Buyers Sitting on the Sidelines?

- Different Reasons for Owners and Renters



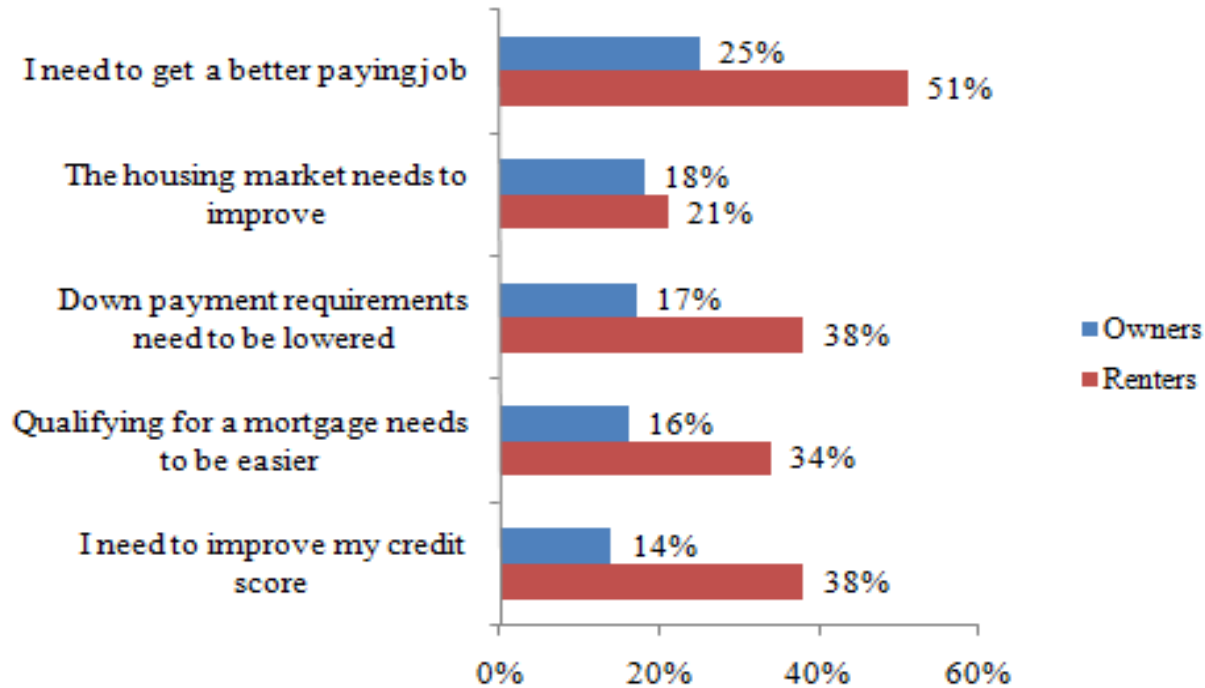
Reasons for staying out of the market



What Needs to Change to Stimulate Sales

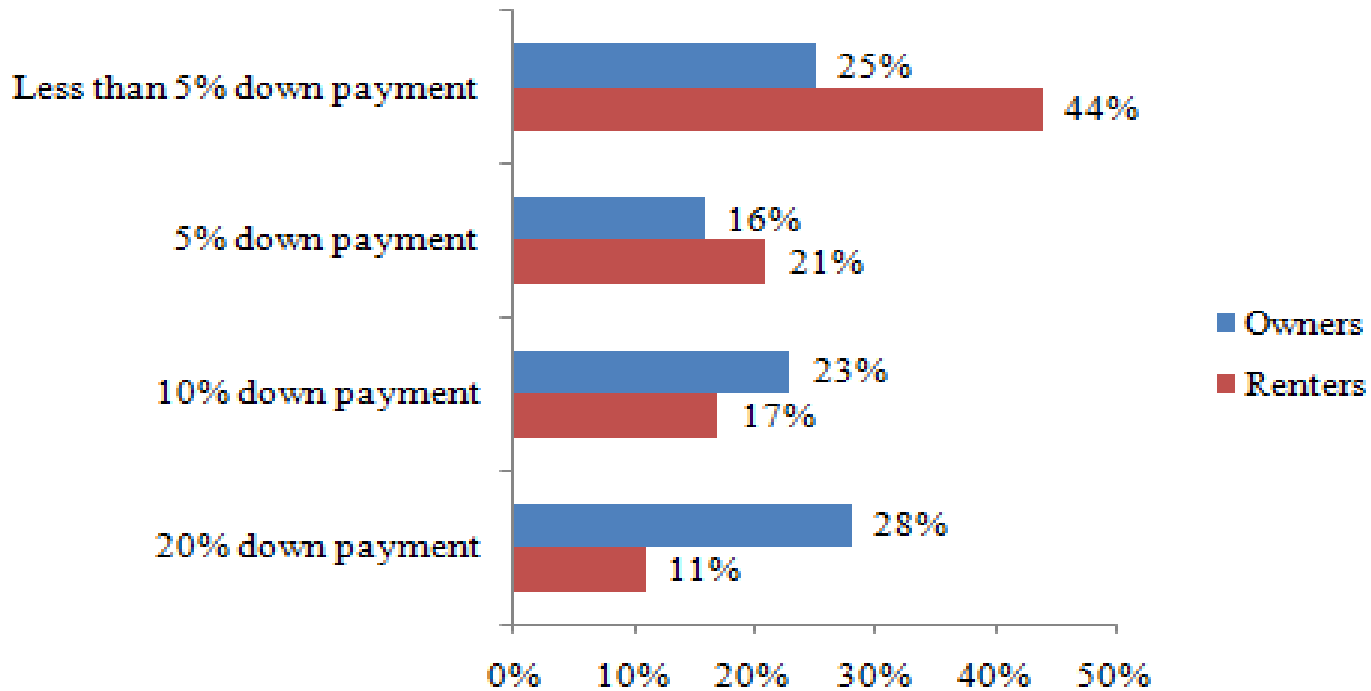
- **Differs for Owners and Renters**

— What needs to change?



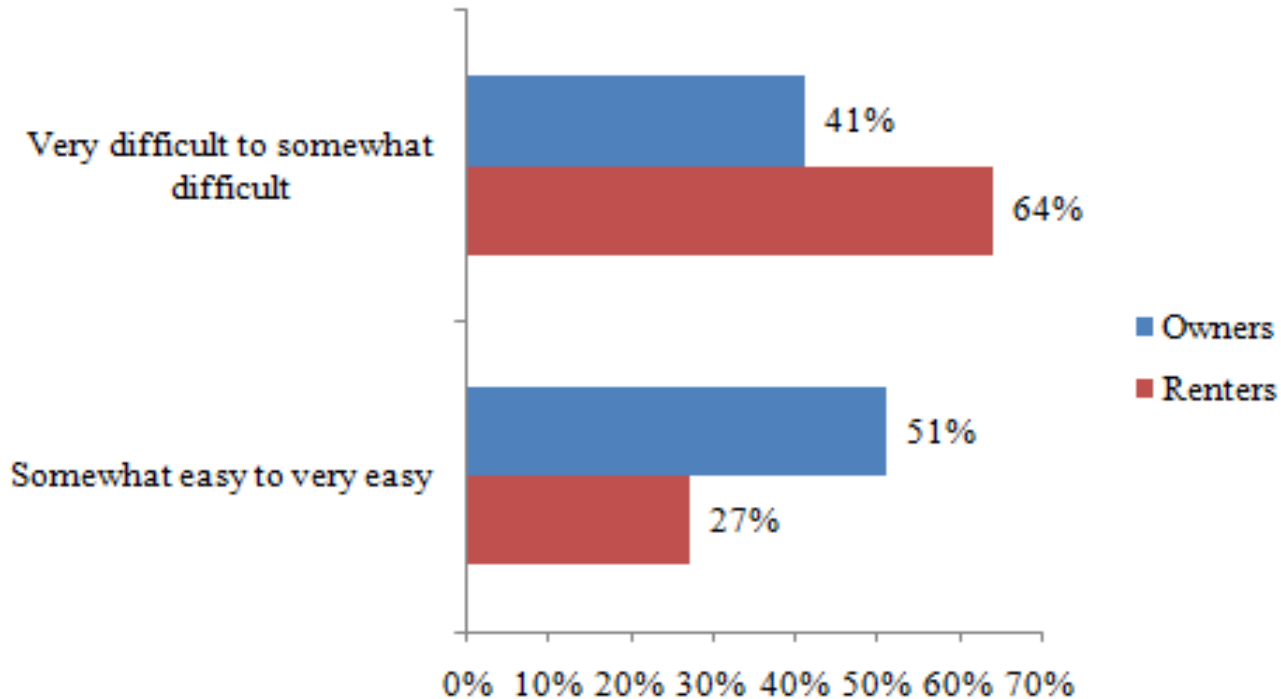
Major Problems Exist in the Mortgage Market, Especially for Renters

What's an affordable down payment?



Major Problems Exist in the Mortgage Market, Especially for Renters

Prospects for getting a mortgage



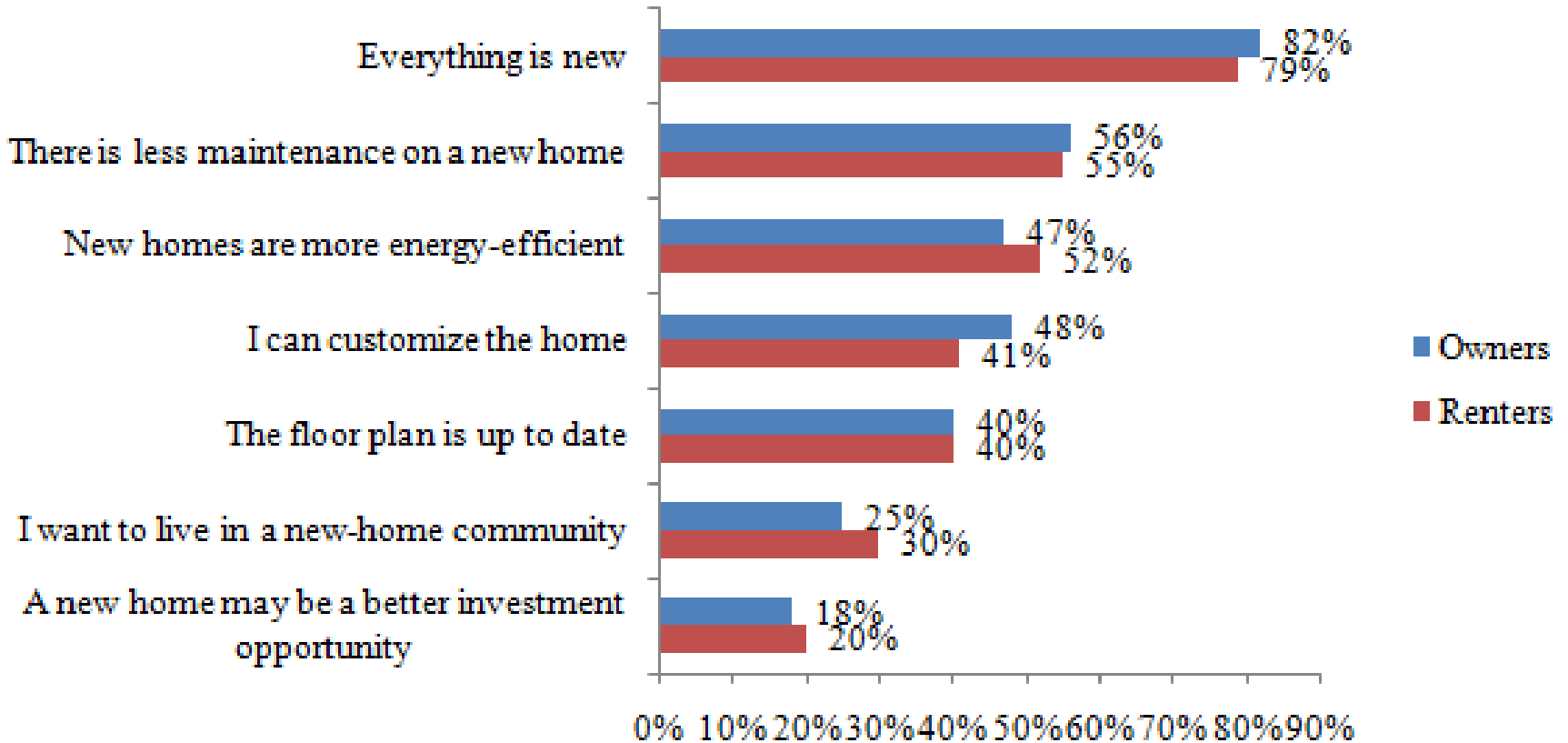
Preferences for Buying a New or Existing Home

Preferences for new or existing homes

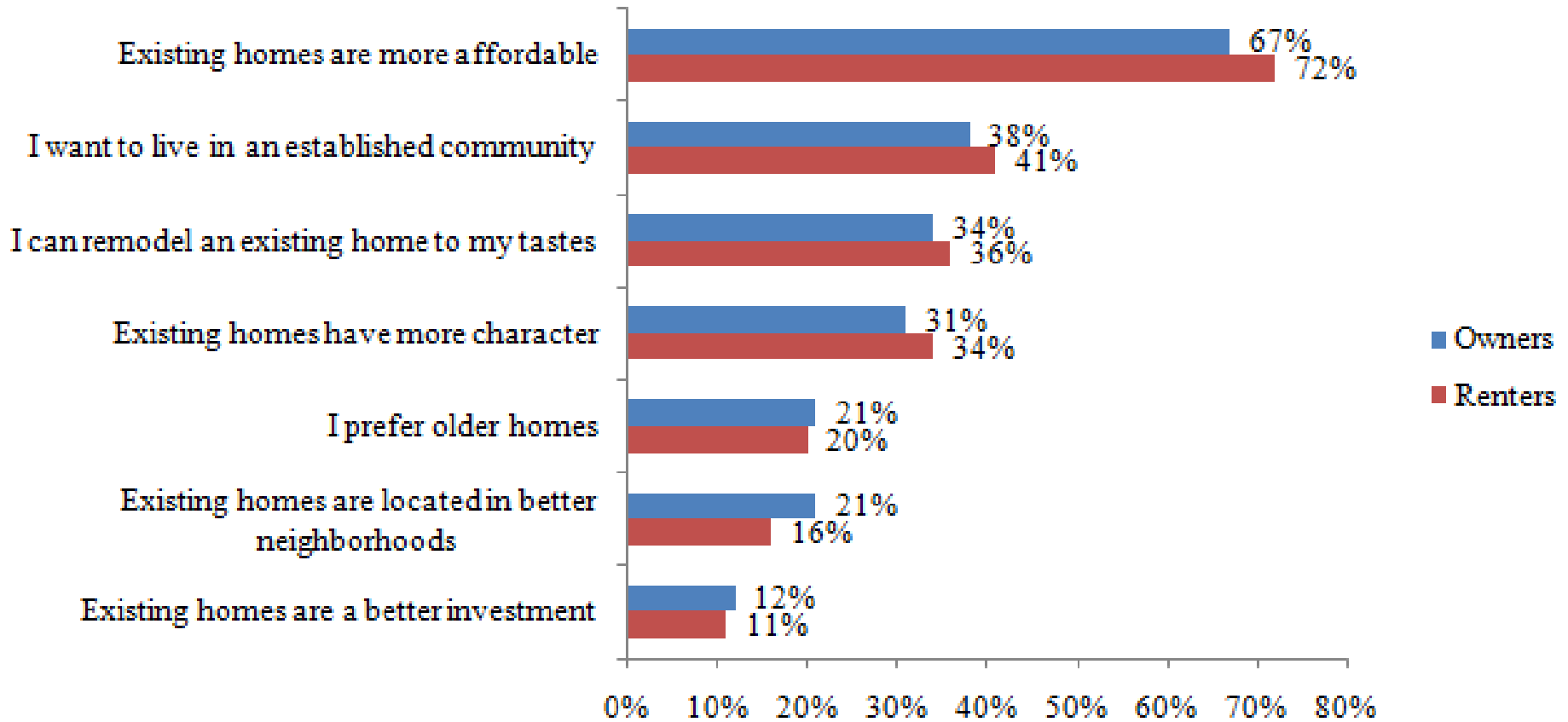
	Owners	Renters
Newly built home	29%	12%
Existing home	34%	41%
No preference	36%	47%



What People Like About New Homes

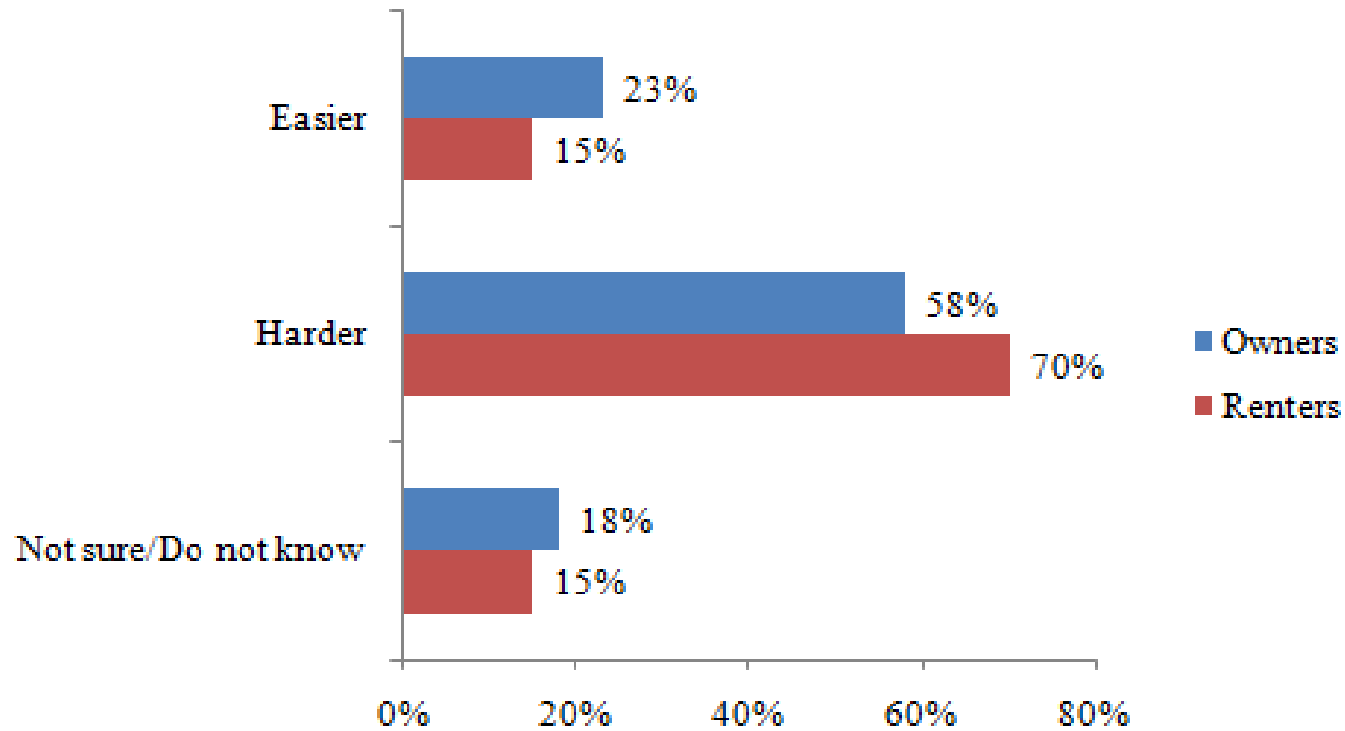


Reasons for Preferring an Existing Home



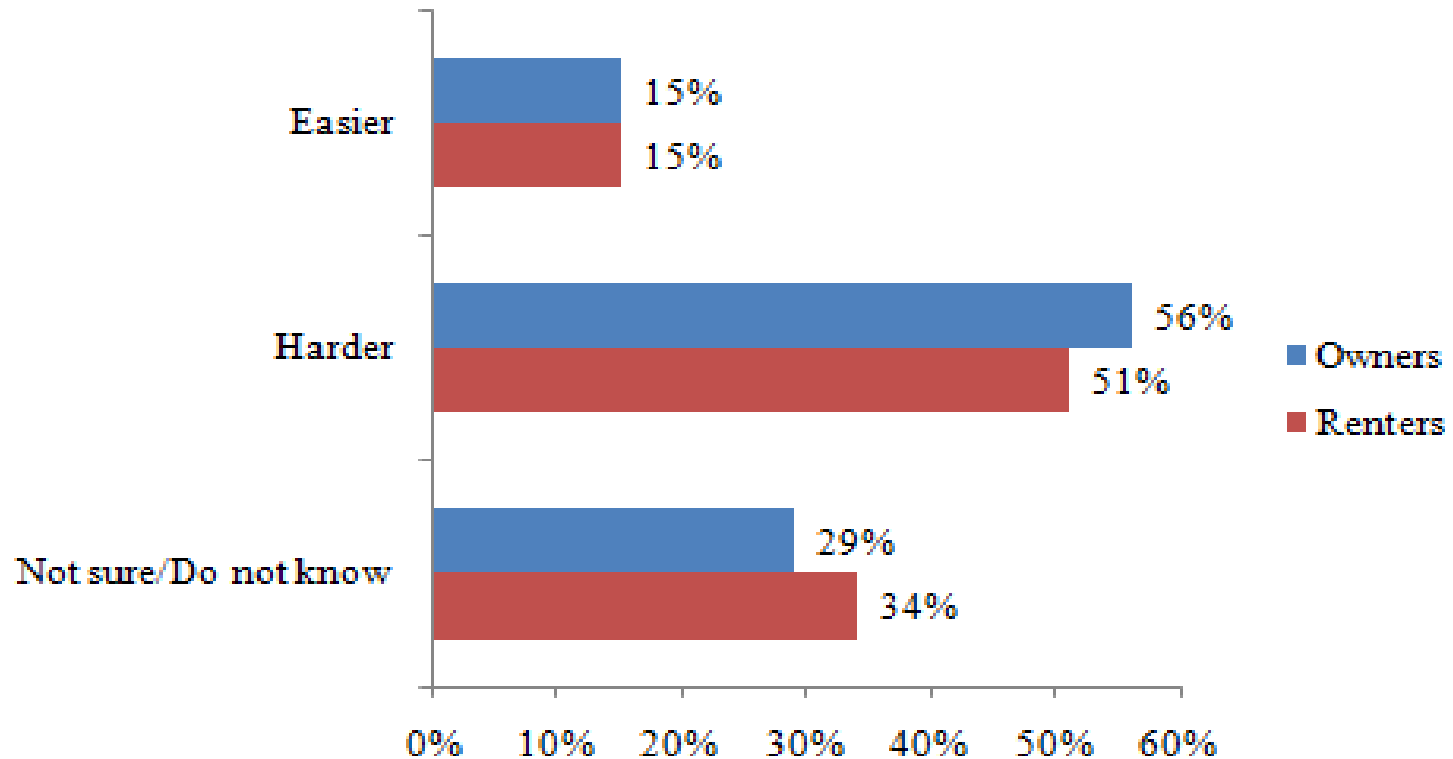
Achieving Homeownership Is Getting More Difficult

Harder to buy for current generation



Achieving Homeownership Is Getting More Difficult

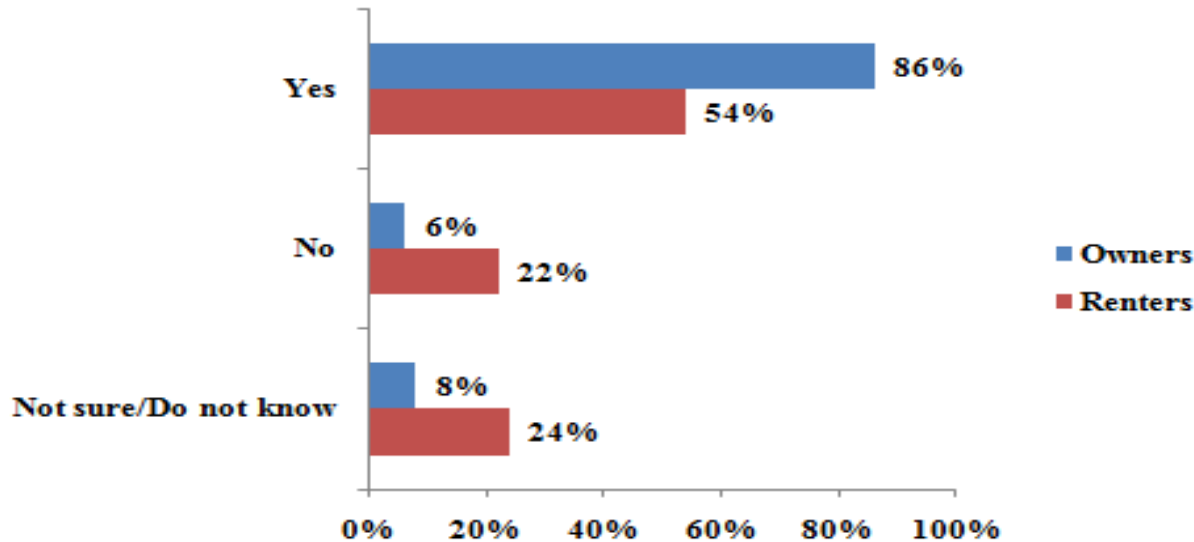
Easier to buy for next generation



Renting Is a Popular Option Among Some Renters

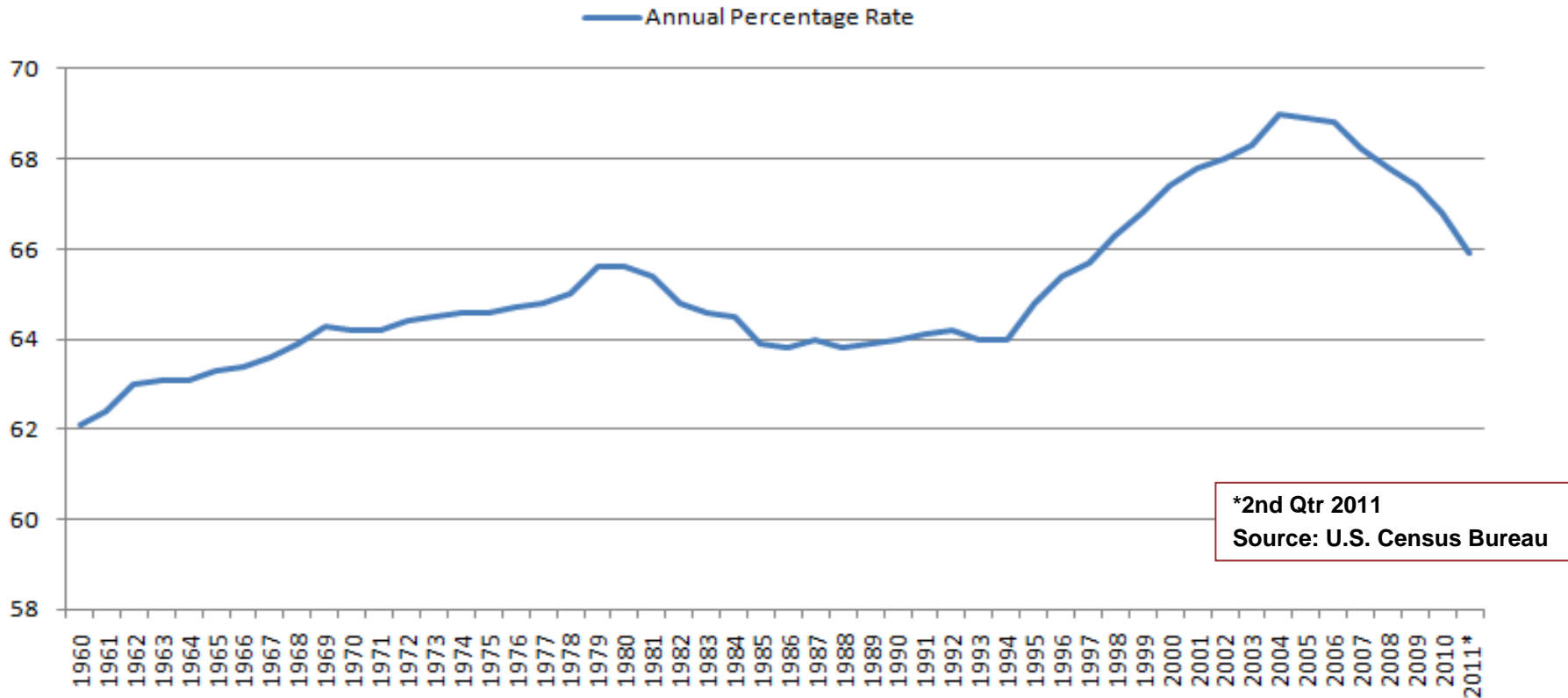
- If they moved to a new location, 62% of renters (only 10% of owners) said they would rent another unit

Does owning make more sense than renting?



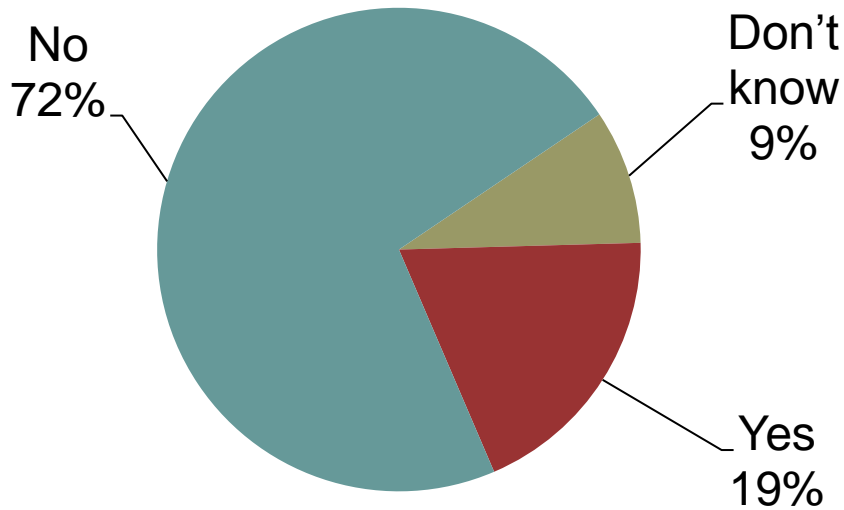
- Financial reasons were primary, but living in an apartment is more convenient, and the desire for flexibility is also key

Homeownership Percentages Will Continue to Decline, but They Will Stabilize Between 64% and 65%



Nearly One in Five Homeowners Are “Underwater” – but the Percentages Vary by Age Group and Region

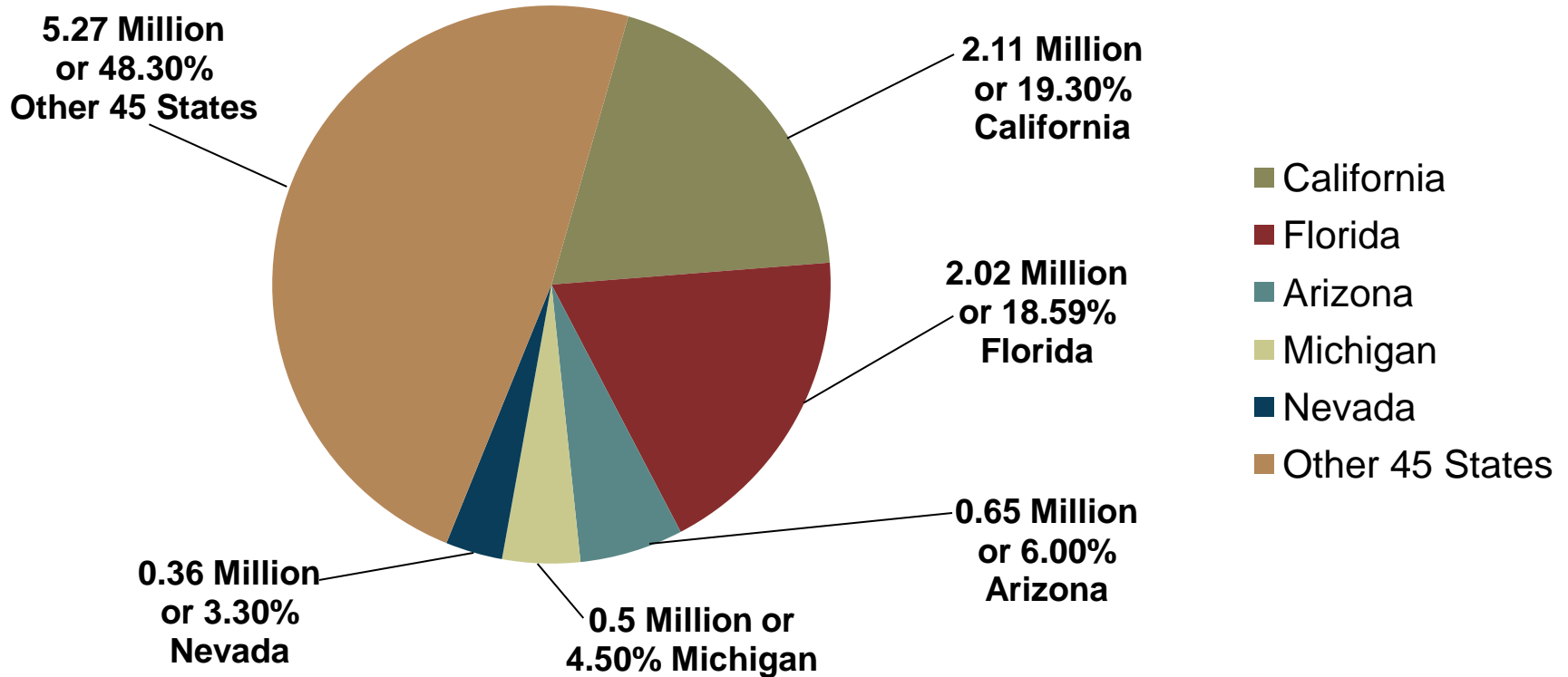
House underwater (percentage of respondents)



20-24 years	15%
25-34 years	20
35-44 years	21
45-64 years	23
65 years or more	16
Northeast	11
Midwest	17
South	13
West	19

Over Half (5.6 Million) of all Underwater Mortgages (10.9 Million) Are in Five States

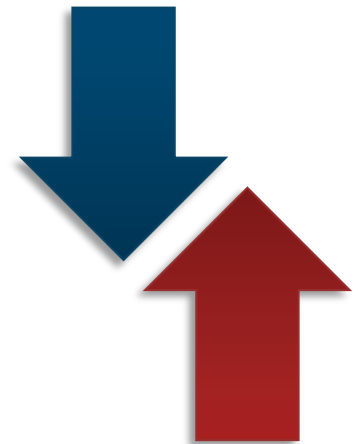
Underwater Mortgages



There Is a Split Opinion About Where House Prices Are Headed

Where prices are heading next year

	Total	Owners	Renters
Substantial decline to some decline	27%	28%	25%
No Change	41	40	42
Some increase to substantial increase	33	33	32



The Mortgage Interest Deduction Is Still Important to the Home Buying Decision

How important is the mortgage interest deduction?

	Owners	Renters
Very important to somewhat important	77%	78%
Not at all important	23	22

People Are Concerned About the Direction of the Economy

Is the economy on the right or wrong track?

	Owners	Renters
Right track	22%	26%
Wrong track	61	50
Not sure/Do not know	17	23



Homeowners and Renters Are Also Uneasy About Their Financial Future, but Are More Upbeat About Their Own Housing Situation

Satisfaction level with own financial situation

	Owners	Renters
Very satisfied to somewhat satisfied	53%	40%
Somewhat dissatisfied to very dissatisfied	46	59

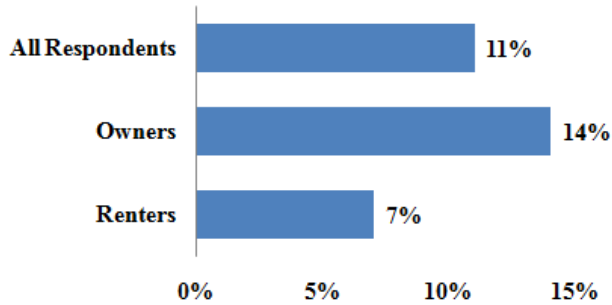
Satisfaction level with current housing situation

	Owners	Renters
Very satisfied to somewhat satisfied	77%	58%
Somewhat dissatisfied to very dissatisfied	22	39

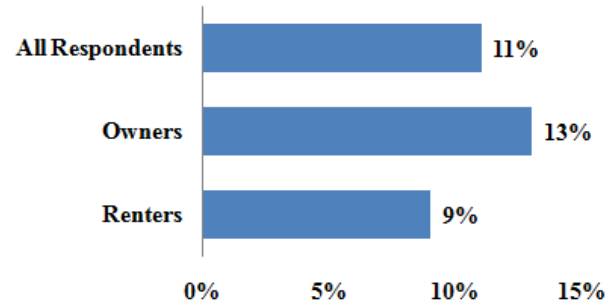
With the Housing Recession, Doubling-Up Trends Increased

Current living arrangements with adult children or parents

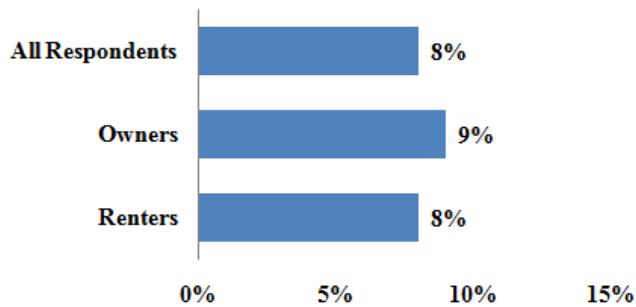
Your adult children (over 21) live with you



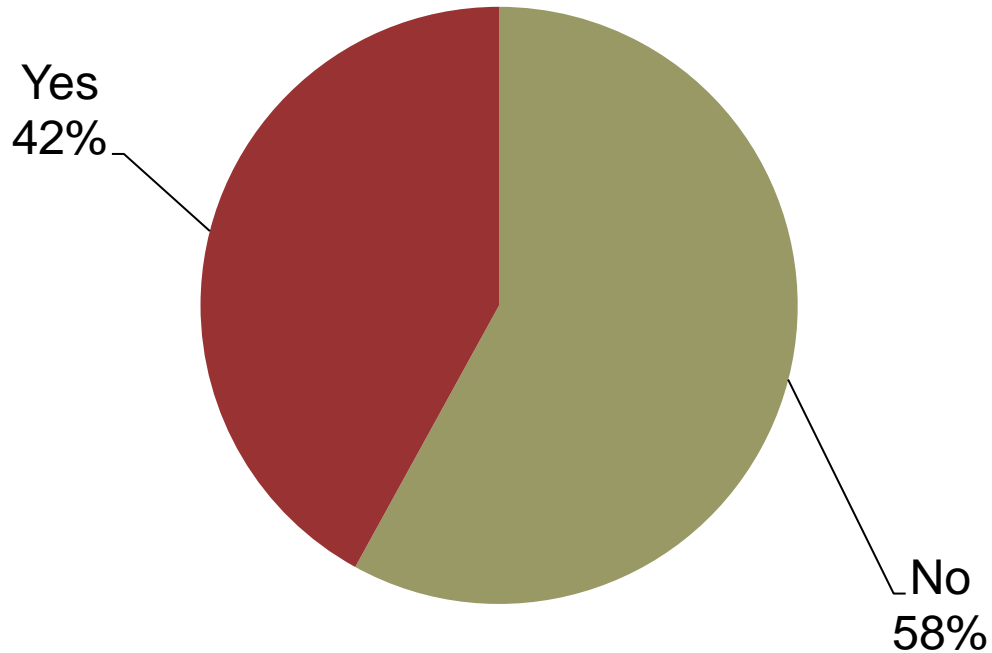
Your parents live with you



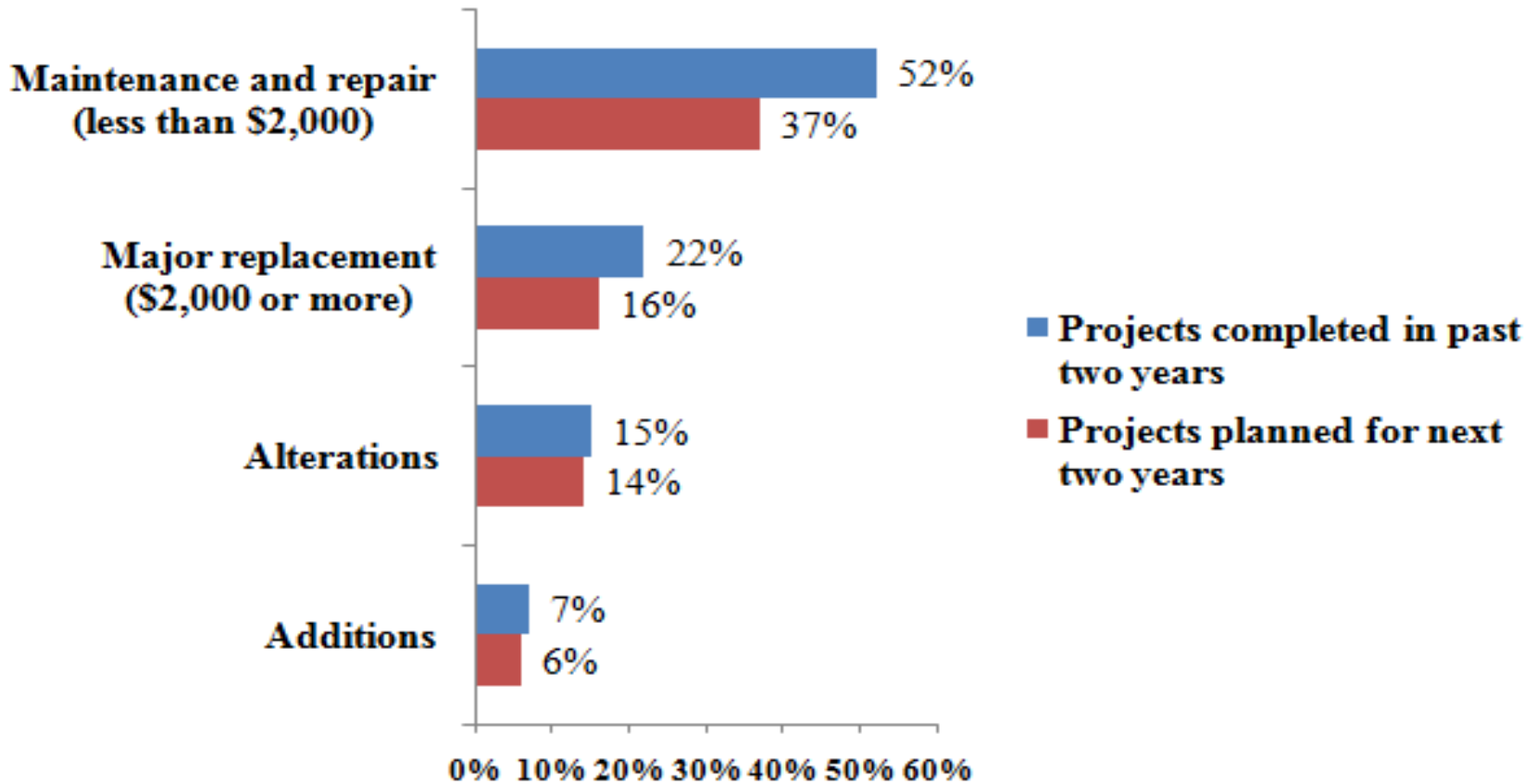
You live with your parents



Now Is A Good Time to Remodel



What Are the Types of Remodeling Projects?

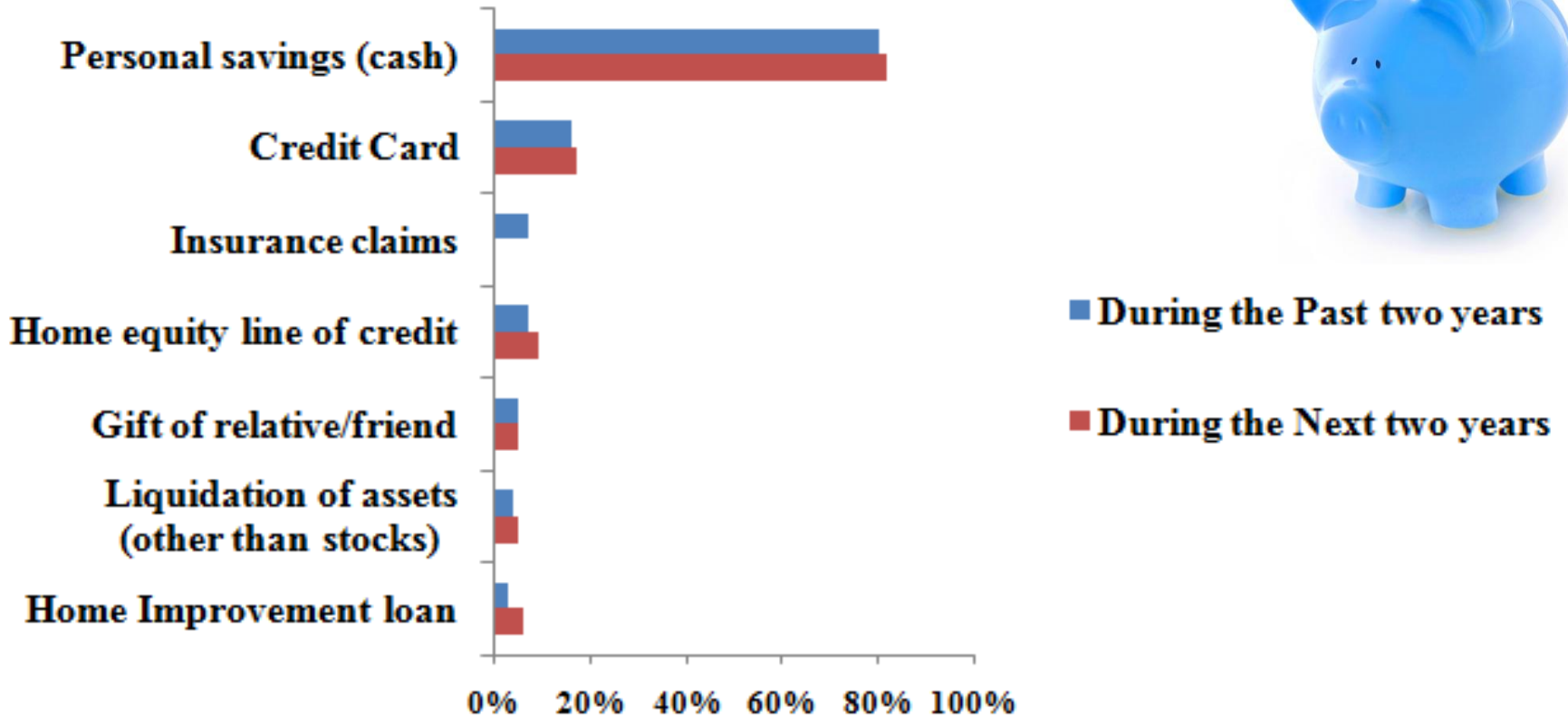


What Are the Reasons for Remodeling Projects?

	During the Past two years	During the Next two years
Needed maintenance/repair	65%	68%
To improve energy efficiency of the home	42	30
To reduce future maintenance	30	--
Wanted to increase the value of the home	30	--
Wanted to make home more modern looking	22	--
Wanted to add more amenities to the home	15	24
To incorporate new technology	12	8
Needed more space	12	12
Insurance repair	8	--
Remodeled instead of buying another home	8	20



Sources of Financing for Remodeling



Who Did the Remodeling Work?

	Who did the remodeling work	Who will do the remodeling work
Yourself (or with a friend)	47%	42%
Hired a professional Contractor	36	30
Partly myself and partly Contractor	17	24
Not sure		5



Housing Plans for Retirement

(Homeowners 50 and over)

	Total	Owners	Renters
Stay in current home for entire retirement	54%	60%	33%
Stay in current home first, buy another home later	18%	20%	10%
Move to a different home (brand new or existing) before retiring/or did buy after retiring	10%	8%	20%
Move to my second home before retiring/or did move after retiring	3%	3%	3%
Sell current home, move to rental property	4%	4%	3%
Other	10%	5%	32%
Base	1,001	801	200

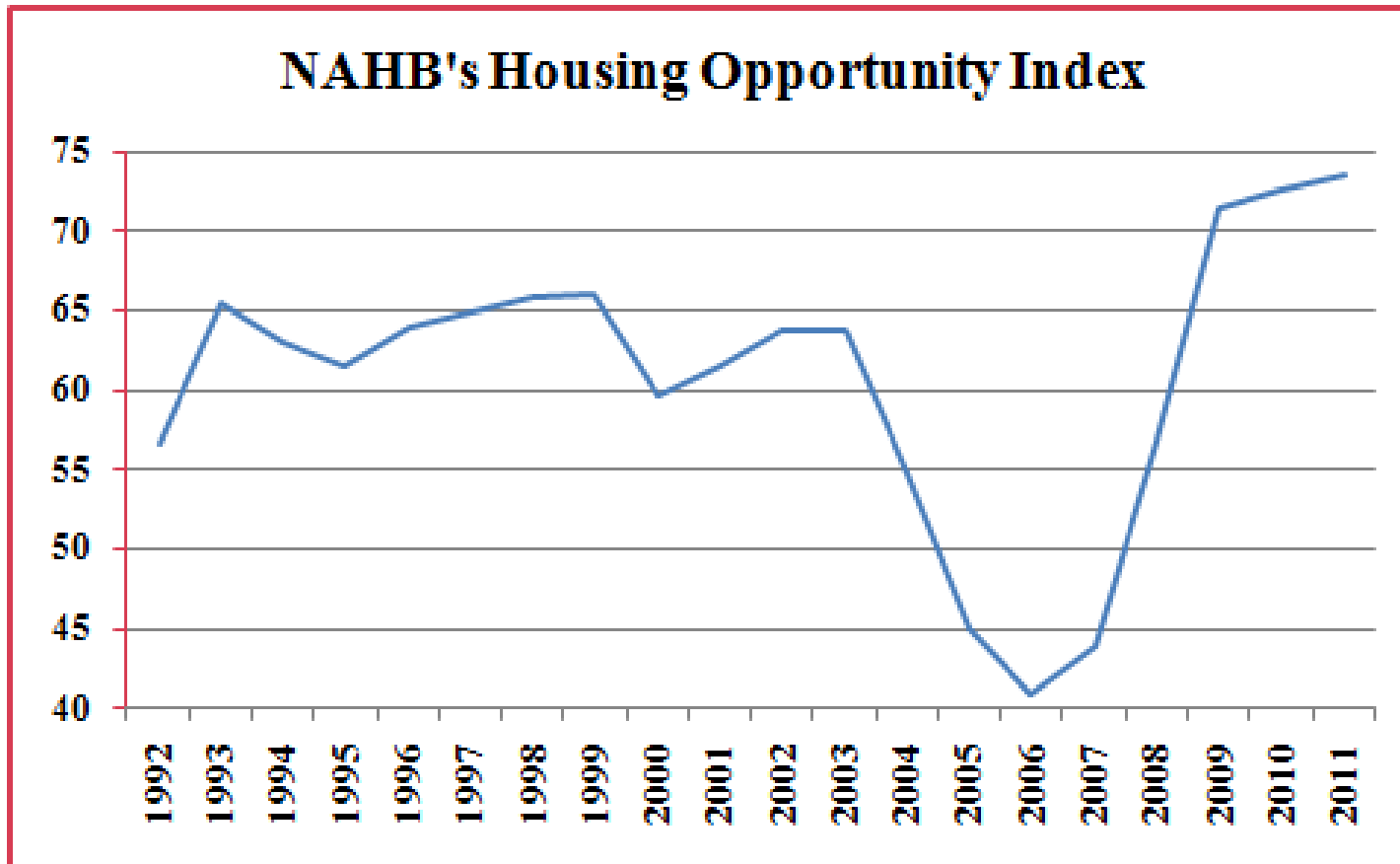
What Does All of This Mean to You?

- **In the short term, there is still an uncertain picture**
- **There is no urgency among owners and renters in the market**
- **The housing market will continue to be slow through 2012**
- **Policy changes are needed – particularly related to the mortgage market**

Over the longer term, things are much more positive

- Homeownership is still important
- People are interested in buying, believing it's a good time to buy
- Housing is very affordable, and interest rates are low
- Remodeling will continue to be strong
- In the future we will have a more sustainable housing market

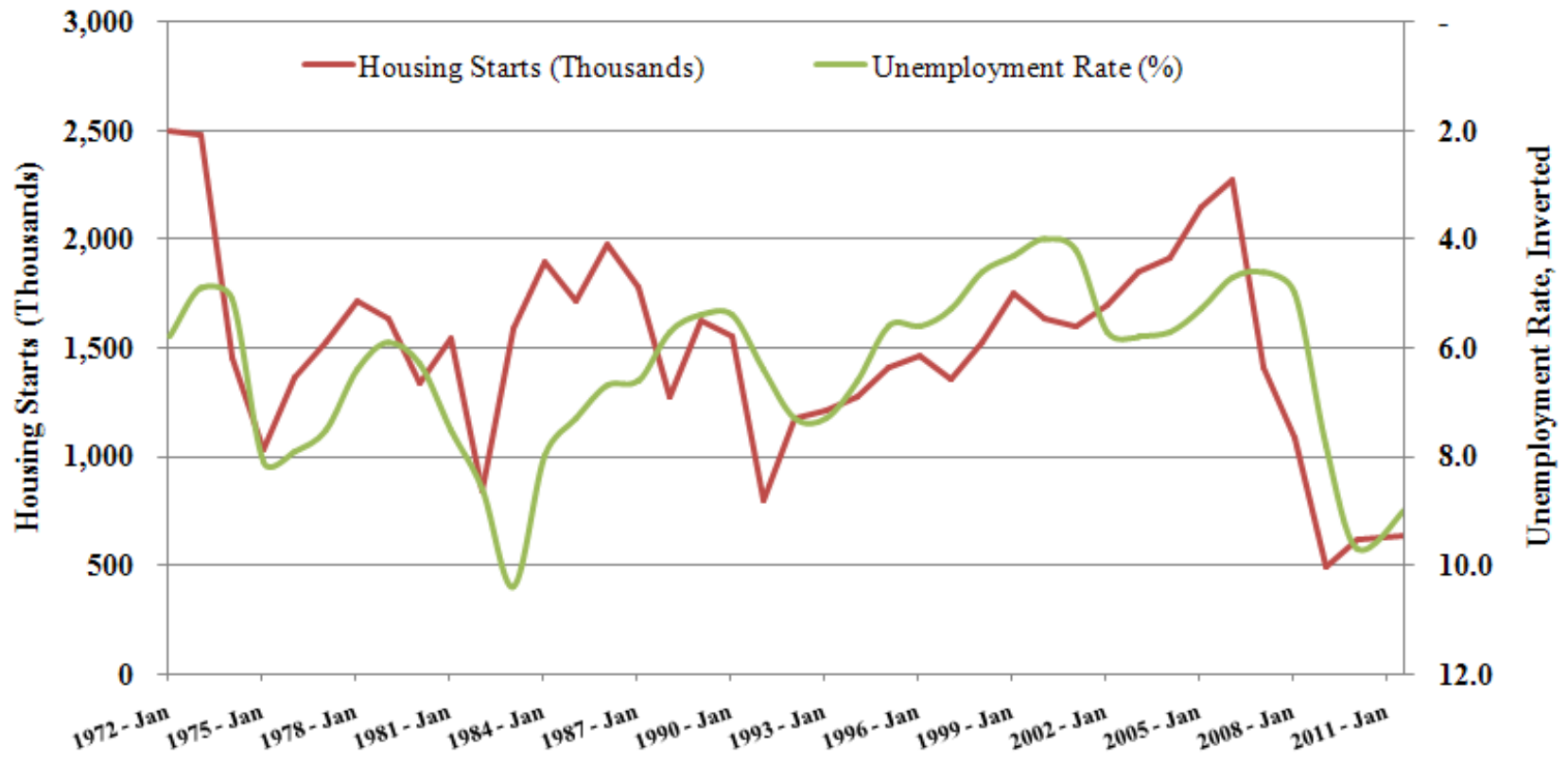
In the Future We Will Have a More Sustainable Housing Market



Note: Index calculates the share of homes actually sold that a household earning the median income could afford to buy.
Source: NAHB

Housing Is Key to the Economy and to Jobs

Housing Starts and Unemployment Rate



If I Were You, What Would I Be Doing?

- Recognize the importance of the first-time-buyer market (29% of renters are considering buying in the next 2 years compared with 19% of the owners)
- Realize the move-up market will stay slow due to loss of equity, lack of urgency, and economic and job concerns
- Recognize that remodeling will continue to be strong (considering we have more than 120 million housing units, and people want to maintain the value of their assets)
- Continue to survive. It will get better – but slowly!

*“This time, like all times is a very good one,
if we but know what to do with it.”*

– Ralph Waldo Emerson

