

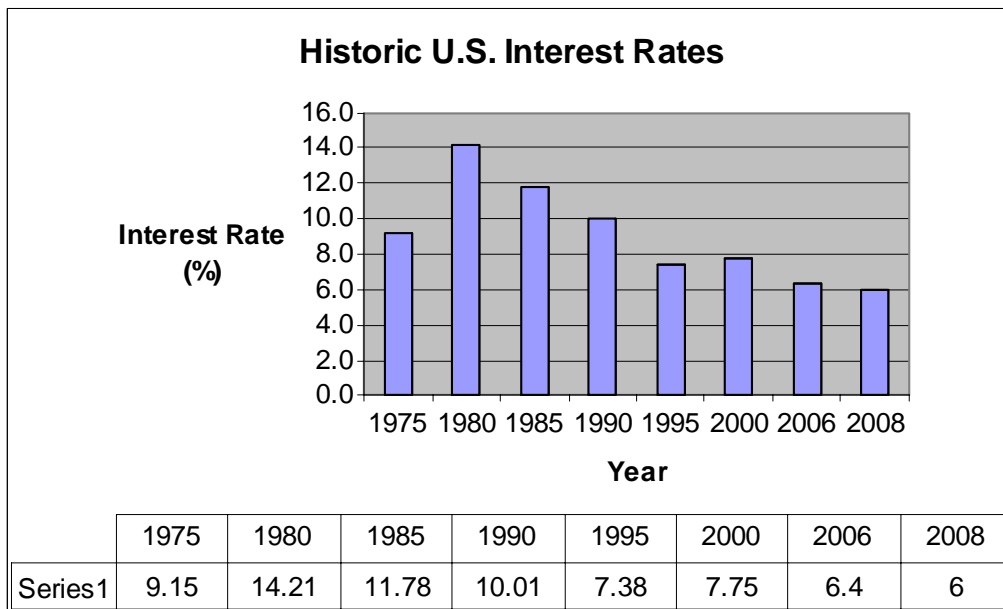
Talking Points: Homeownership Benefits

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. SAR statistics show that *“in Spokane County over the past 10 years, the annual price appreciation for single family homes on less than one acre has averaged 6% per year.”*

Homeownership 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.

The chart below shows that interest rates are currently at their lowest levels in 30 years. For those waiting for “the bottom of the market,” consider today’s value pricing and abundant inventory, along with *the best interest rates in three decades*, as three of the strongest “buy now” beacons that illuminate homeownership opportunity.



**Source: Conventional, conforming 30-year fixed-rate mortgage statistics by Freddie Mac. (All November rates, except October 08.)*

Despite recent slowdowns in some markets, 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 almost always result from prolonged localized economic downturns, often driven by job and population losses, *which is not the case in Spokane. According to*

Rich Hadley, CEO of Greater Spokane, Inc. (October, 2008), "We've created more than 19,000 new jobs in this region since 2005 and 18,000 more people are here. 75% of them are from the outside. That's a pretty good statement about where we're headed." Spokane residents with job stability and qualifying household incomes have the opportunity to choose home ownership by responding to housing incentives and affordable conditions that exist here.

Homeownership provides shelter and security to families, and fosters involvement in community life as well as participation in democratic institutions. Homeownership also provides important social and economic benefits. It is the cornerstone of a healthy community and the basis for positive community involvement.

Homeowners are motivated to stay abreast of local issues to protect their investment. Research reported in the NAR 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 helps prevent crime, improve childhood education and support neighborhood upkeep.

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 percent in the 1990s and about 15 percent in the 1980s.

Minorities' share of household growth has also been expanding. The Joint Center for Housing Studies at Harvard University 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 5 percent would return nearly 5 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. No paper investment provides this benefit.

According to the *2007 NAR Profile of Home Buyers and Sellers*, first-time home buyers made a median down payment of 2 percent, while repeat buyers who financed their purchase put 16 percent down, indicating the wealth-building effect of homeownership.

In areas across the country, conditions are favorable for home buyers, allowing many to achieve the American dream of homeownership.

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

Statistics from the U.S. Census Bureau suggest that homeownership is affordable for many. In the first quarter of 2008, 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 Spokane REALTOR®, who can help them begin to build their future through homeownership.

http://www.realtor.org/press_room_secured/public_affairs/tphomeownership

NAR Update: May 7, 2008

SAR Update: October 30, 2008