

Americans still want a house

Contributed by Sam Stamper
Tuesday, 06 April 2010
Last Updated Tuesday, 06 April 2010

NEW YORK (CNMoney.com) -- Nearly two-thirds of Americans would still prefer to own a home, although the recent housing market turmoil and uncertain economy have made them a little more cautious about how and when, according to a survey released Tuesday. A nationwide survey conducted by mortgage lender Fannie Mae found 65% of the homeowners and renters believe there is still value in owning a home.

But the survey also suggests that potential home buyers have become more cautious in the years since the housing bubble burst, giving rise to a wave of foreclosures and a severe recession. "Consumers are still committed to owning a home, but are showing increased cautiousness," said Doug Duncan, chief economist at Fannie Mae. He said the downturn in the housing market has led to a "rebalancing" of consumer attitudes towards homeownership. Americans are adopting a more realistic approach and are now less willing to take risks, he said. The survey showed that home buyers are growing more concerned with longer-term priorities, as opposed to the house "flipping" mentality that characterized the market during the boom years. Over 40% said personal safety was their main consideration when buying a home, while a third indicated that the quality of local schools was the dominant factor. America's most overvalued cities One of the purposes of the survey is to try to more closely monitor the market, according to Duncan. That way, industry players and policy makers can take steps to stimulate the housing market when it slows too much and put the brakes on when it threatens to overheat. "This survey was done to get a level set about what the public is thinking about housing after the huge disruption," said Duncan. "We wanted to understand the current and expected behavior of borrowers, and how to help people who have had difficulties." 0:00 / 3:41 Trump: Don't fear a real estate collapse The survey showed that 60% believe buying a home today is harder than it was for their parents, and nearly seven in ten believe it will be even more difficult for their children. Still, about two-thirds of respondents believe now is a good time to buy a house, and nearly one in three said now is a very good time to buy a house. This is nearly as many who said it was a good time to buy in 2003, well before home prices peaked, Fannie Mae said. A full 70% said they believe buying a home continues to be one of the safest investments available. That's down from 83% in 2003. "The investment motive took a hit," said Duncan. Nearly three-quarters anticipate housing prices will go up or stay the same over the next year, according to the survey. That includes 37% who see prices will increase and 36% who feel prices will remain about the same. A majority of respondents said it is unacceptable for a homeowner to stop making payments on their mortgage when the value of the property falls below the balance of the loan, a condition known as being "underwater." However, the survey showed that 15% believe it is acceptable to stop making payments on an underwater mortgage if the homeowner is financially distressed. The survey was conducted by telephone this winter with 3,451 Americans age 18 and older.