

# Value in Homeownership

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by Carla Hill, Managing Editor

Is there value in owning a home? The recently released 2010 National Association of REALTORS® Profile of Home Buyers and Sellers brings us some promising results. Today homeowners are living in their homes longer, and after several years of price declines, are seeing rises in home equity gains.

It was only earlier this decade that so many buyers jumped on the investment bandwagon. They bought and sold within incredibly short time frames, and walked away with profits. But as the booms busted, many sellers found they had bought at the top of the market and as prices corrected, they lost more than just dollars. Foreclosure rates skyrocketed. Historically, however, homeownership is a long term investment, and one that brings many rewards.

"Sellers who purchased at the top of the market and had to sell in a short time frame were hurt by the price correction, but the vast majority who are able to stay for a normal period of home ownership generally built enough equity to make a trade-up purchase," NAR 2010 President Vicki Cox Golder said. "Despite swings in the housing market in recent years, the fact is most long-term owners see healthy gains in the value of their property."

Golder also says the pattern of home buyers taking a long-term view has solidified over the past few years. "This underscores two simple facts – home ownership encourages stability, and the longer you own, the better your investment."

Americans are still buying, however. And surveys have found there are particular reasons behind these purchases. These include the desire to own a home, the desire for a larger home, a change in family situation and taking advantage of the home buyer tax credit, a job-related move, and then the current supply of affordable homes.

And once they buy, homeowners are staying put longer. A typical seller has been in their home for 8 years, but the survey reveals first-time buyers are planning to stay for 10 years, and repeat buyers for 15 years.

Even with several years of price declines, the typical seller who purchased a home eight years ago experienced a median equity gain of \$33,000, a 24 percent increase, while sellers who were in their homes for 11 to 15 years saw a median gain of 40 percent. So, once again buying for the long-term is steering its way back into value.

