

Tenant Insight: Survey says 27% never plan to own, 68% won't buy for 2 years

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Trulia released the results of its recent American Dream survey on attitudes toward home ownership. Government and industry experts agree: consumer interest in buying homes is an essential element of a healthy real estate market. However, 27 percent of renters indicated that they do not plan to buy a home - ever. Of those renters who do plan to purchase someday, 68 percent said it would be more than two years before they do. This reluctance to buy could potentially drag out the real estate market's recovery timeline further than many have predicted.

"Large numbers of people delaying their plans to buy a home, or not planning to buy at all, could have an enormous domino delaying effect on economic recovery in the U.S.," said Pete Flint, CEO of Trulia. "Renters converting into buyers are crucial to turning around the housing slump, but the current economic crisis is causing people to become very hesitant to get off the fence and buy a home. The government needs to focus more on job creation and job security, as well as stemming the foreclosure hemorrhage. Once that happens, the American public will once again have enough confidence in the real estate market and the economy, at large, to resume purchasing homes."

According to the study, many Americans do still maintain a core belief in the inherent value of owning a home. 72 percent of American adults still believe home ownership is part of their personal American dream. While this is a decline from 77 percent of adults six months ago, the result shows that the American Dream of home ownership is still alive.

This was not the only way in which American attitudes toward homeownership have changed; nearly one in five Americans (19 percent) stated that their attitude toward homeownership has grown more negative over the last six months. However, more Americans – 23 percent – said that their attitude toward owning a home has grown more positive in the same time frame.

Tipping Factors: From Renter to Buyer in One Year

Seventy-nine percent of the renters who do plan to buy homes at some point said something could inspire them to buy a home within the next 12 months. The changes in circumstance most frequently cited as the "tipping factors" that would make renters decide to buy within the next year were: being able to save enough money for a down payment, getting a new job, getting a promotion/raise, and interest rates staying low or getting even lower.

Factor that Would Encourage to Buy in Next 12 Months with Percent of Renters Who Plan To Buy Homes

Able to Save Enough for Down Payment 47%

Got a New Job 28%

Interest Rates Stay Low/Get lower 27%

Decide it Makes More Financial Sense to Buy Instead of Rent 24%

Got a Promotion/Raise 23%

Local Real Estate Market Stabilized 9%

The McMansion Era is Over

Americans are veering away from the "McMansions" that had grown popular before the recession. Those American adults for whom home ownership is part of the American Dream displayed a preference for smaller homes, with only 9 percent saying their ideal home size is more than 3,200 square feet– the same number of who said they'd like their home to be between 800 and 1,400 square feet. Fifty-five percent of Americans would prefer a home between 1,401 and 2,600 square feet.

This July 2010 survey was conducted online within the United States by Harris Interactive via its QuickQuery(SM) online omnibus service on behalf of Trulia between July 22-26, 2010 among 2,055 U.S. adults aged 18 years and older. The sample included 1,345 homeowners and 663 renters. Figures for age, sex, race/ethnicity, education, region and household income were weighted where necessary to bring them into line with their actual proportions in the population. Propensity score weighting was used to adjust for respondents' propensity to be online. This online survey is not based on a probability sample and therefore no estimate of theoretical sampling error can be calculated.

Tipping Factors – Remaining a Tenant

If there are tipping factors that would make a renter decide to buy, what makes them want to stay a tenant in your building? Sure, you cannot control a promotion or your tenant needing a bigger place, but there are some things you can do. Some suggest regular surveys of tenants to keep a pulse on needs and wants. Others, recommend subtly reminding tenants of the benefits of tenancy through a regular newsletter or the like.

What do you do to help keep tenants loving their place? What do you do to help make sure they will miss the place if they decide to move? Please share your thoughts on tenants, renting vs. owning and whether you think the economy has helped or hurt your own vacancy rates. We would love to hear from you!

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