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Social & Demographic Trends

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Five Years After the Bubble Burst

Home Sweet Home. Still.

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Five Years After the Bubble Burst

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I. Overview

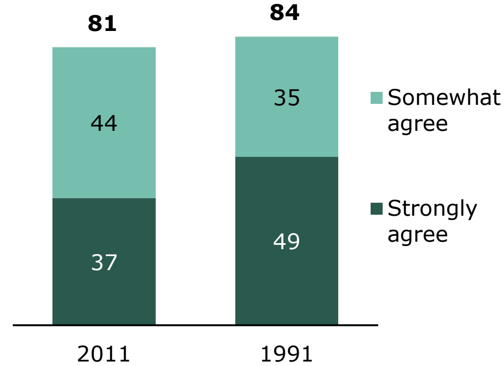
The five-year swoon in home prices has done little to shake the confidence of the American public in the investment value of homeownership. Fully eight-in-ten (81%) adults agree that buying a home is the best long-term investment a person can make, according a nationwide Pew Research Center survey of 2,142 adults conducted from March 15 to March 29, 2011.

There has been some falloff in the intensity of the public's faith. Today, 37% "strongly agree" while 44% "somewhat agree" that homeownership is the best investment a person can make. When this same question was asked two decades ago in a CBS News/New York Times survey, 49% "strongly agreed" and 35% "somewhat agreed."

Even so, confidence at any level these days is notable, given that the housing market is mired in the longest and deepest decline in modern American history. Home prices are down by 31% from their pre-recession peak in July 2006, according to the S&P/Case-Shiller Home Price Index.[1] After a pause last year, prices fell again in the first quarter of 2011.

Still the Best Investment

% who agree that buying a home is the best long-term investment a person can make



Note: 2011 results are from Pew Research survey conducted Mar15-29, N=2,142. 1991 results are from CBS News/New York Times, April 1991.

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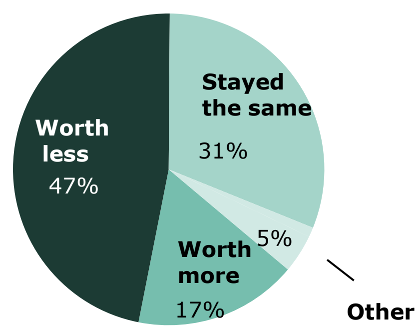
Homeowners Assess Value of their Home Since Start of Recession



Note: Based on homeowners, n=1,222.

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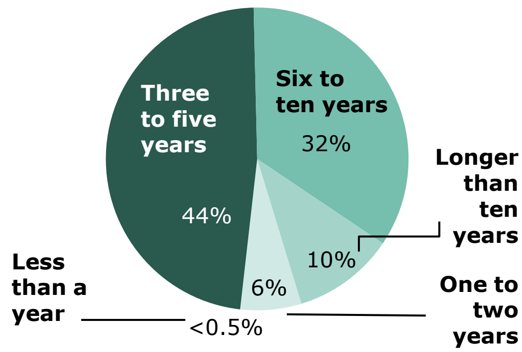
[1] Estimate based on the change in the quarterly, seasonally adjusted S&P/Case-Shiller national composite index of home prices.

Homeowners are not blind to what has happened to home prices, nor are they expecting a speedy recovery. Among the 1,222 homeowners in the nationwide Pew Research telephone survey, about half (47%) say their home is worth less now than before the recession began, and 31% say its value has stayed the same. Just 17% say their home is worth more.

Of those who say their home has lost value, 86% say they expect it to take at least three years for values to recover to pre-recession levels; 42% say it will take at least six years; and 10% say it will take more than 10 years.

The Long Recovery

How long will it take for home value to recover?



Note: Based on homeowners whose home is worth less now than before the recession, n=581.

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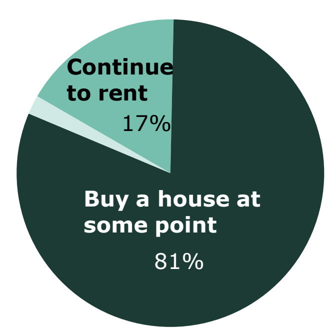
Still, fully 82% of homeowners who say their home is worth less now than before the recession began either strongly (37%) or somewhat (45%) agree that homeownership is the best long-term investment a person can make. Among homeowners whose home increased in value during the recession, this confidence is even more pronounced. Half (49%) strongly and 41% somewhat agree with this view.

Overall, homeowners are more positive than renters about the financial wisdom of owning a home; 41% of homeowners strongly agree that this is the best long-term investment a person can make, compared with just 31% of renters. (The survey sample included 57% of respondents who own a home and 30% who are renters; the remainder has other arrangements, such as living with family members.)

Rent or Buy?

What current renters would like to do in the future



Note: Based on renters, n=610. Don't know/Refused responses are shown but not labeled.

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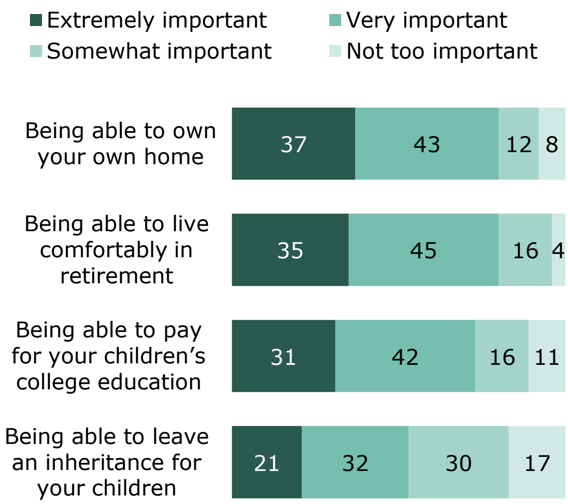
But renters are hardly immune to the allure of

homeownership, even in the face of the five-year decline in prices. Asked if they rent out of choice or because they cannot afford to buy a home, just 24% say they rent out of choice. And
when renters are asked if they would like to continue to rent or if they would prefer one day to buy a home, 81% say they would like to buy.

More evidence of the durability of Americans' belief in homeownership comes from a question in which respondents are asked to assess the importance of four long-term financial goals. Homeownership and "being able to live comfortably in retirement" are rated the highest; each is seen as being extremely or very important by 80% of respondents. Nearly as many (73%) say the same about being able to pay for their children's college education, and about half (53%) say the same about being able to leave an inheritance for their children. (These percentages do not include those who volunteered a "does not apply" response).

Long-Term Financial Goals

% saying that these goals are ...



Note: Based on respondents who gave a valid answer.

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The Pew Research survey did find that nearly a quarter (23%) of all homeowners say that if they had it to do all over again, they would not buy their current home. But six-in-ten who express these pangs of "buyer's remorse" cite complaints about the home itself (43%) or the location (17%). Just 31% cite financial factors. Of these, about half (16%) say their home has either lost value or failed to rise in value; others point to changes in the economy or their own financial circumstances.

The Bubble and its Aftereffects

The collapse in home prices since 2006 came on the heels of a 10-year period during which they more than doubled, rising by an unprecedented 137% from 1996 to 2006.[2] However, much of this run-up was a classic market "bubble," fueled by excesses and fraud in the mortgage industry. When the bubble burst, financial markets melted down and the Great Recession (December 2007-June 2009) began.

During its dramatic ascent, the bubble generated big changes in consumer behavior. The home is the biggest asset for most Americans, and the run-up in home prices created what economists call a "wealth effect" that led to surges in consumer spending and borrowing that proved unsustainable. Once the bubble burst, those tendencies were curtailed.

About the Survey

Results for this survey are based on telephone interviews conducted with a nationally representative sample of 2,142 adults ages 18 and older living in the continental United States. A combination of landline and cellular random digit dial (RDD) samples was used to represent all adults in the continental United States who have access to either a landline or cellular telephone. A total of 1,052 interviews were completed with respondents contacted by landline telephone and 1,090 with those contacted on their cellular phone. In addition, oversamples of adults 18 to 34 were achieved. The data are weighted to produce a final sample that is representative of the general population of adults in the continental United States. Survey interviews were conducted under the direction of Princeton Survey Research Associates International, in English and Spanish. For more details, see Appendix.

- Interviews conducted March 15-29, 2011
- 2,142 interviews
- Margin of sampling error is plus or minus 2.7 percentage points for results based on the total sample and 3.6 percentage points for homeowners at the 95% confidence level.

Note on terminology: Whites include only non-Hispanic whites. Blacks include only non-Hispanic blacks. Hispanics are of any race.

Whatever other impacts it has had on the public and the economy, the bubble may partly explain the resilience of Americans' faith in homeownership as an investment. Despite the sharp market declines of the past five years, the typical homeowner who has owned a home since 2002 or before still has seen its value rise (see charts on page 6). Not surprisingly, the Pew Research survey finds that the longer people have owned their home, the more likely they are to believe in the investment value of homeownership.

[2] S&P/Case-Shiller national composite index of home prices, first quarter 1996 to first quarter, 2006. (http://www.standardandpoors.com/home/en/us)

The big rise in home prices in the late 1990s and early 2000s may also explain this survey finding: Even with the five-year swoon in home prices, two-thirds of the public say that homeownership is not affordable to most young adults in their 20s and 30s. (This judgment may also reflect the public's recognition of the high current levels of unemployment among young adults.)[3]

[3] For further analysis of employment patterns by age group, see Pew Research Center's Social & Demographic Trends, "Recession Turns a Graying Office Grayer,'' September 3, 2009 (http://pewsocialtrends.org/2009/09/03/recession-turns-a-graying-office-grayer/).

Stock Market versus Housing Market

A home is more than a financial investment. It's a place to raise a family, an anchor of community life, a haven for retirement, an emblem of the American dream. When survey respondents say it's the best long-term investment a person can make, it's likely they are making evaluations that go beyond dollars and cents.

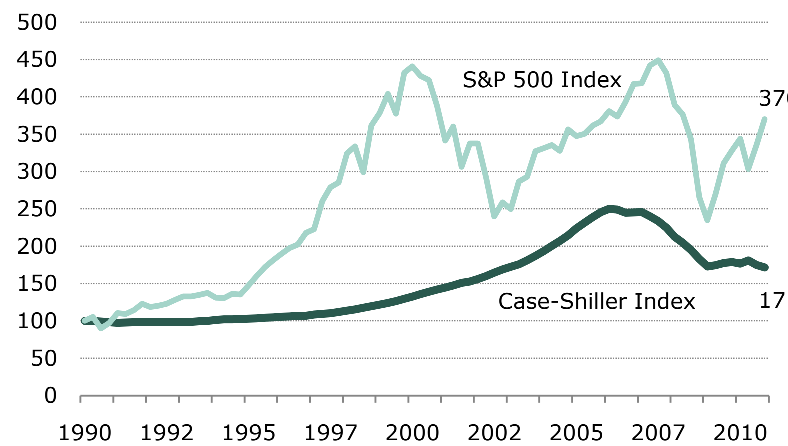
Nevertheless, dollars and cents matter. For most Americans, their biggest investments are their homes and their stock holdings, with the latter typically in the form of a 401(k) plan or some other retirement account.

How have these two investments stacked up against one another in recent times? Through most of modern economic history, the stock market has delivered the higher returns (but also more volatility). As the top chart shows, a person who invested $100 in a broad stock market index at the start of 1990 would have

Home vs. Stocks: Comparing Investments

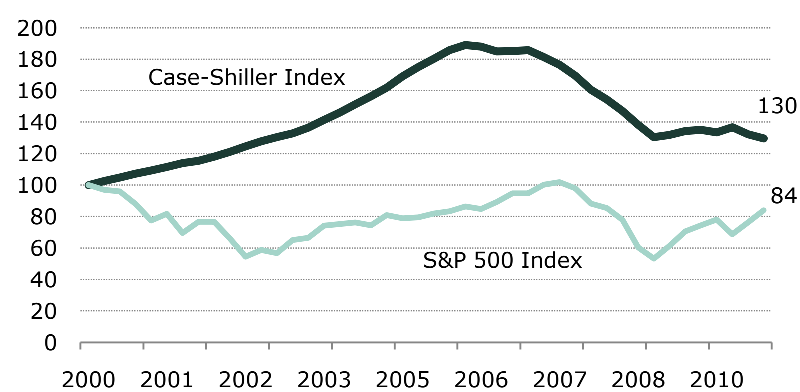
Historically, stock prices have been more volatile than home prices but have increased more in the long run. That was the case in the 20-year period from 1990 to 2010 …

1990, 1st quarter=100 **1990 to 2010**



… but in just the past 10 years, from 2000 to 2010, stock prices have fallen and home prices have increased. Both home and stock prices have been volatile this decade.

2000, 1st quarter=100 **2000 to 2010**



Notes: The S&P/Case-Shiller index is the quarterly, seasonally adjusted national composite index of home prices. The S&P 500 data are the index levels at closing on the final day of a quarter.

Source: The S&P 500 index was downloaded on April 5, 2011, from http://finance.yahoo.com/q/hp?s=%5EGSPC&a=00&b=1&c=1980&d=03&e=1&f=2011&g=m. The S&P/Case-Shiller index was downloaded on March 24, 2011, from http://www.standardandpoors.com/home/en/us

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$370 at the end of 2010 (along with a knot in his or her stomach from the roller-coaster ride through multiple peaks and valleys). By contrast, a person who invested $100 in a home in 1990 would have seen the value of that investment climb to $171—in other words, less than half as high.

But if those two $100 investments had been made in 2000, the story would have been reversed. The housing investment would be worth $130 at the end of 2010, while the stock investment would be worth just $84. To complicate matters still further, if the starting point were mid-decade—2005—the story reverses yet again. Since then, the stock index is up by 7%, while the housing price index is down by 23%.

Bottom line: Calculating the relative value of these two long-term investment options has been an unusually complicated and ever-changing exercise in the past two decades.

Demographic Patterns

On many of the questions posed in the survey, answers vary according to respondents' income level; region of the country; race and ethnicity; age; and the duration of homeownership. Here is a rundown of the key patterns:

Income

The survey finds that the recession-era decline in home values has hit those with higher annual household incomes harder than those with lower annual incomes. Some 57% of homeowners with incomes of $100,000 or more say their homes have lost value since the recession began, compared with just 37% of those with incomes below $30,000 and 49% of those with incomes of $30,000 to $75,000.

Nevertheless, those in higher and middle-income brackets have fewer regrets about buying their home than do those in lower brackets. Fully eight-in-ten of those with incomes of $75,000 and above say that if they had it to do all over again, they would buy their current home; just 62% of homeowners with incomes below $30,000 say the same.

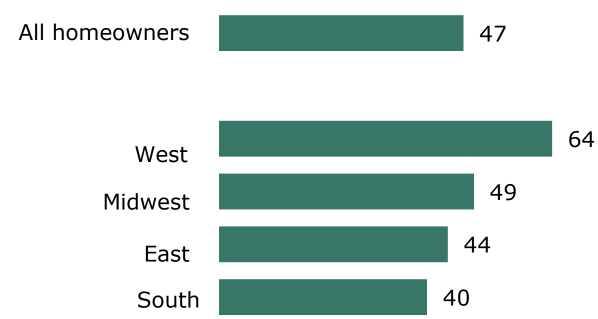
Region

Homeowners in the West are more likely than those in other regions to have seen their homes lose value during the recession. Some 64% of Western homeowners say this, compared with 49% of those in the Midwest, 44% of those in the East and 40% of those in the South.

Among those whose homes have lost value, Westerners and Midwesterners are more pessimistic about a speedy recovery than those living in the South and East. Roughly half (46% of Westerners and 51% of Midwesterners) say they think it will take at least six years for their home's value to return to pre-recession levels. Among Southerners whose homes have lost value, just 39% expect it will take six or more years to recover, and among Easterners, just 29% say this.

Is Your Home Worth Less Now than Before the Recession?

% saying yes



Note: Based on homeowners, n=1,222.

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Western homeowners are also more likely to report being "underwater"—meaning the current market value of their home is below what they owe on their mortgage. Some 22% of Western homeowners say this, compared with 13% of those in the South and Midwest and 9% of those in the East.

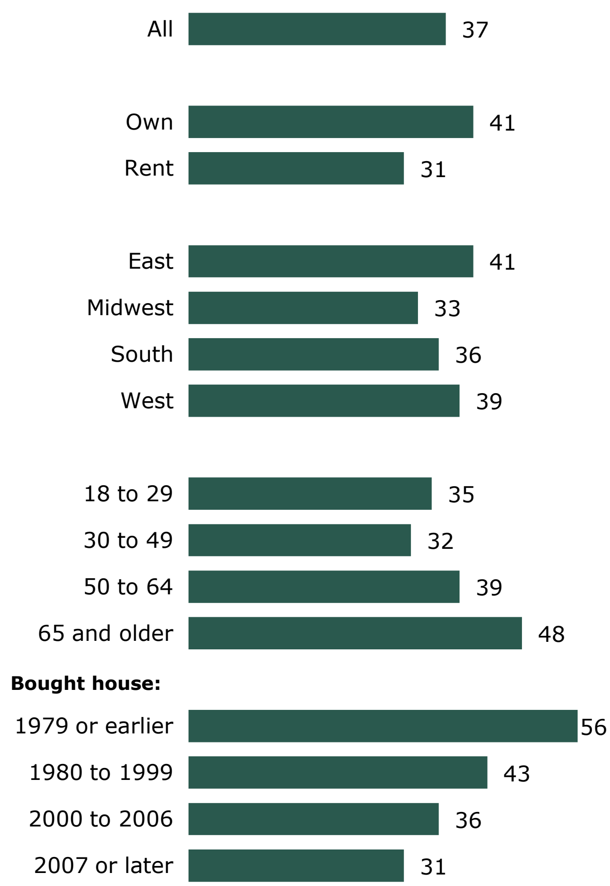
Age

Adults ages 65 and older are more sold on the investment value of homeownership than any other age group. Some 48% of this older cohort agree that homeownership is the best long-term investment a person can make, compared with 39% of those ages 50 to 64; 32% of those ages 30 to 49; and 35% of those ages 18 to 29.

Adults in the older age group are more likely to have owned their home a long time and to have paid off their mortgage. As a result, they're less exposed to being underwater because of the sharp decline in housing prices. The Pew Research survey finds that just 5% of older homeowners report being in this situation, compared with 13% of homeowners ages 50 to 64; 20% of homeowners ages 30 to 49; and 23% of homeowners ages 18 to 29.

Rating the Investment Value of Home Ownership

% who "strongly agree" it is the best long-term investment a person can make



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Race and Ethnicity

Hispanic and black homeowners have higher levels of buyer's remorse than do whites. Asked whether, if they had it to do all over again, they would buy their current home, 39% of Hispanics and 35% of blacks say they would not, compared with just 20% of whites.

According to the Pew Research survey, 33% of Hispanic homeowners report being underwater, compared with 15% of blacks and 13% of whites.

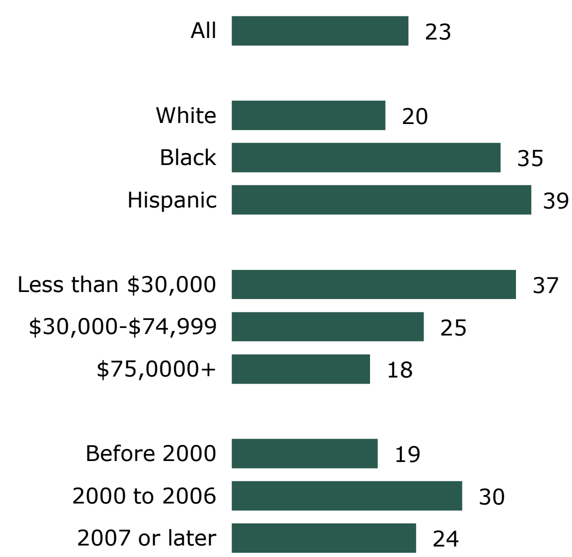
Duration of Homeownership

The longer someone has owned a home, the more likely that person is to trumpet the financial wisdom of homeownership. Among homeowners who have been in their current home since 1979 or earlier, 56% strongly agree that homeownership is the best long-term investment a person can make. This share falls to 43% among those who bought their current home between 1980 and 1999; to 36% among those who bought their home between 2000 and 2006; and to 31% among those who have owned since 2007 or later.

The highest level of buyer's remorse, however, is among homeowners who purchased their current home during the great run-up in prices, from 2000 to 2006. Some 30% of these homeowners say that, if they had it to do all over again, they would not buy their current home, compared with 19% of those who purchased their current home before 2000; and 24% of those who purchased their current home in 2007 or later.

Buyer's Remorse

% who would not buy their current home if they had it to do all over again



Note: Based on homeowners, n=1,222. Hispanics are of any race. Whites and blacks include only non-Hispanics.

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II. The Impact of Home Values on Personal Finances and Outlook

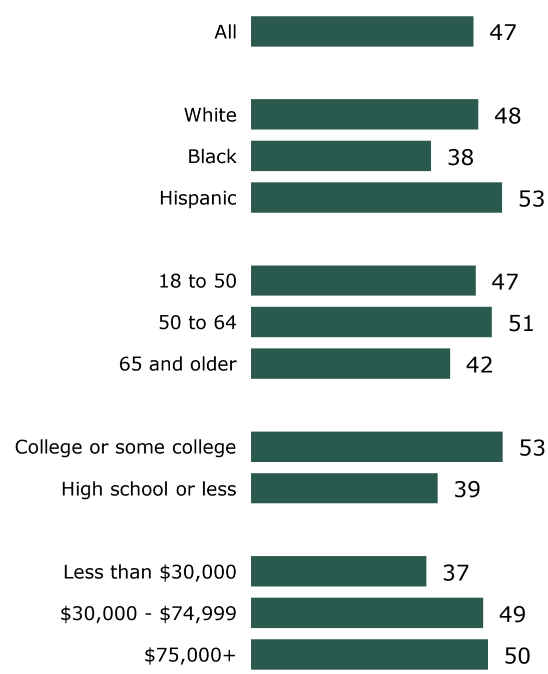
While the job losses associated with the Great Recession of 2007-2009 hit those at the lower end of the socioeconomic ladder particularly hard, the drop in home prices has been felt across the board, according to the Pew Research survey.[4]

For example, the survey finds that white, black and Hispanic homeowners say in roughly equal proportions that the value of their home has declined since the start of the recession(although Hispanics are more likely to report being underwater on their mortgage). Similarly, younger, middle-aged and older homeowners are equally likely to say their home has lost value.

Homeowners with at least some college education are more likely than those who never attended college to say their home has decreased in value. More than half of those with at least some college education (53%) say their home is worth less now than it was before the recession, compared with 39% of homeowners who never attended college. Similarly, higher and middle-income homeowners are more likely than those on the lower end of the income scale to say their home is now worth less than it was before the recession.

Whose Home Lost Value During the Recession?

% of homeowners saying their home is worth less now than before the recession



Note: Based on homeowners, n=1,222. Hispanics are of any race. Whites and blacks include only non-Hispanics.

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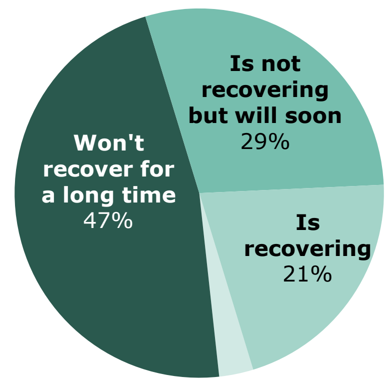
[4] For further analysis the impact of the recession, see "How the Great Recession Has Changed Life in America," June 30, 2010 (http://pewsocialtrends.org/2010/06/30/how-the-great-recession-has-changed-life-in-america/), and "One Recession, Two Americas," September 24, 2010 (http://pewsocialtrends.org/2010/09/24/one-recession-two-americas/).

For many homeowners, their experience in the housing market is a key element of their financial life. As the national economy moves tentatively into a period of recovery, those who have seen the value of their home drop substantially from pre-recession levels are among the most downbeat about their personal financial situation.

Overall, the public remains skeptical about the pace of the economic recovery. Only one-in-five (21%) say the economy is recovering, and an additional 29% say the economy is not recovering yet but will soon. Nearly half (47%) say it will be a long time before the economy recovers.

Public Assessments of the National Economy

The economy ...



Note: Don't know/Refused responses are shown but not labeled.

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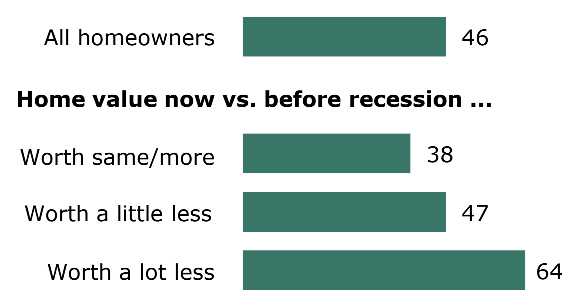
When it comes to personal finances, the pace of recovery is also slow, and here the impact of the housing crash is readily apparent. Overall, a plurality of homeowners (46%) say their household's current financial situation is worse than it was before the recession. Some 28% say their financial situation is better, and 24% say it's about the same. Among those who say their home is worth a lot less now than it was before the recession, nearly two-thirds (64%) say they are now in worse shape financially. This compares with only 38% of those who say their home is worth the same or more now compared with before the recession.

Falling Homes Values & Family Finances

% saying their household financial situation is worse now than before the recession



Note: Based on homeowners, n=1,222

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These negative assessments of personal finances among those who took a major hit on their home value are on par with the assessments of those who are out of work. Among adults ages 64 and under who are not working and not in school, 61% say their household finances are in worse shape now than before the recession.

Homeowners who were hardest hit by the burst housing bubble are also among the least optimistic about their short-term financial prospects. Among those who say their home is worth a lot less now than it was before the recession, 31% expect their household financial situation to get worse over the next year. This compares with only 21% of those who say the value of their home increased or stayed the same over the course of the recession.

In addition to these pre- and post-recession assessments, overall evaluations of personal finances follow a similar pattern. Among homeowners who say the value of their home has declined a lot since the start of the recession, only 19% are very satisfied with their personal financial situation. By contrast, nearly twice as many homeowners (37%) who say their homes lost little or no value during the recession are very satisfied with their financial situation.

Overall, personal financial satisfaction is up only marginally from the depths of the recession. Today, 28% of all adults say they are very satisfied with their personal financial situation, up from 23% in February 2009. The proportion saying they are dissatisfied with their personal finances is 31%—unchanged from 2009.

Underwater

For many homeowners hard hit by the housing crisis, their home has become a financial liability. Nearly six-in-ten (58%) of those who say their home is now worth a lot less than it was during the recession think it will take six years or longer for the value to recover to pre-recession levels. This compares with only 27% of those who say their home is worth a little less now than before the recession.

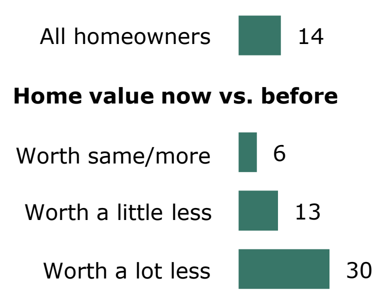
The hardest-hit homeowners are also the most likely to be underwater on their mortgage. Among those who say their home is now worth a lot less, 30% say the amount they currently owe on their mortgage exceeds their home's market value. This compares with 14% of all homeowners.

This hardest-hit group is also among the least likely to say that, if they had it to do all over, they would buy their current home again. Most (63%) of those who say their home is worth a lot less now than it was before recession say they would buy it again if given the chance. However, a sizable minority (37%) say they would not buy the same home again.

These remorseful buyers are as likely to cite financial reasons for not wanting to buy the same home again as they are to point to deficiencies in the home itself.

Who's Underwater on their Mortgage?

% saying they owe more on their home than they could sell it for today



Note: Based on homeowners, n=1,222.

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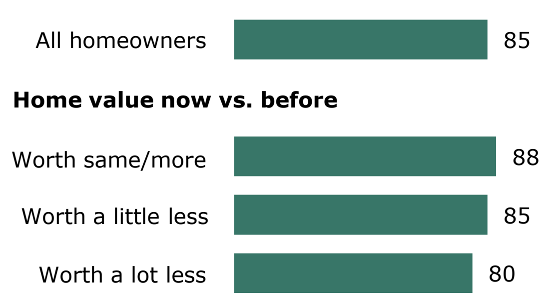
But Everyone Agrees, a Home Is a Good Investment

% saying buying a home is the best long-term investment



Note: Based on homeowners, n=1,222.

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In spite of all of this, even those who have seen their home values plummet are still committed to the idea that buying a home is a solid, long-term investment. Among those who say their home has lost a lot of its value, 80% agree that buying a home is the best long-term investment (36% strongly agree, 44% agree somewhat).

Homeowners whose home value has fallen only a little are equally enthusiastic about housing as a long-term investment: 85% say buying a home is the best long-term investment a person can make. Among those who say their home has maintained it value or increased in value, 88% agree.

PEW SOCIAL & DEMOGRAPHIC TRENDS
MARCH 2011 ECONOMY/HOUSING SURVEY
FINAL TOPLINE ON SELECTED QUESTIONS
March 15 – 29, 2011
TOTAL N=2,142

NOTE: ALL NUMBERS ARE PERCENTAGES. THE PERCENTAGES GREATER THAN ZERO BUT LESS THAN 0.5 % ARE REPLACED BY AN ASTERISK (*). COLUMNS/ROWS MAY NOT TOTAL 100% DUE TO ROUNDING. UNLESS OTHERWISE NOTED, ALL TRENDS REFERENCE SURVEYS FROM SOCIAL & DEMOGRAPHIC TRENDS AND THE PEW RESEARCH CENTER FOR THE PEOPLE & THE PRESS.

ASK ALL:

Q.2 Next, please tell me whether you are satisfied or dissatisfied, on the whole, with the following aspects of your life: (First/Next) **[READ AND RANDOMIZE] [IF NECESSARY**: Are you satisfied or dissatisfied?**]**

REQUIRED PROBE: Would you say you are VERY (dis)satisfied or SOMEWHAT (dis)satisfied?

		Very satisfied	Somewhat satisfied	Somewhat dissatisfied	Very dissatisfied	Doesn't Apply (VOL.)	DK/Ref (VOL.)
a.	Your family life	72	19	4	3	*	2
	Oct 2010	75	19	4	2	*	1
	Oct 2005	72	19	4	3	1	1
	Jan 1999	71	20	4	3	0	2
	Dec 1996	69	21	6	3	0	1
b.	Your personal financial situation	28	39	17	14	*	2
	Oct 2010	29	40	14	14	*	2
	Feb 2009	23	43	18	13	*	3
c.	Your present housing situation	56	29	7	5	*	2
	Feb 2009[5]	56	30	8	4	*	2
	Oct 2005	63	25	6	5	*	1
	Jan 1999	61	28	6	4	0	1
	Dec 1996	56	31	7	5	0	1

[5] In previous years, the item was "your housing situation." In Feb 2009, the question read "Please tell me whether, on the whole, you are very satisfied, somewhat satisfied, somewhat dissatisfied, or very dissatisfied with the following aspects of your life …"

ASK ALL:
Thinking now about the nation's economy …
Q.6 Which of these best describes your opinion: **[READ; READ CATEGORIES IN REVERSE ORDER FOR F2/ HALF THE SAMPLE]**?

	The economy is recovering	The economy is not yet recovering but will recover soon	It will be a long time before the economy recovers	DK/ Refused (VOL.)
Mar 2011	21	29	47	3
Feb 2011	24	33	42	2
Dec 2010	17	33	48	2
Aug/Sep 2010[6]	10	37	52	2
Jun 2010	13	35	50	2
Mar 2010	13	37	48	2

Trend for comparison:
How would you describe economic conditions in this country? Would you say the economy is now recovering OR that we are in a recession that will pass fairly soon OR that we are in an economic depression that will last a long time?

	Jan 2004	Mar 1994	Dec 1993	Jan 1993	Mar 1992	Jan 1992
The economy is now recovering	45	40	37	34	16	7
We are in a recession that will pass fairly soon	33	33	27	35	41	51
We are in a depression that will last a long time	18	21	29	27	40	38
Don't know/Refused **(VOL.)**	4	6	7	4	3	4

NO QUESTION 7

[6] In September 2010 and earlier, the first answer choice read "The economy is now recovering."

ASK ALL:
Q.8 Thinking about your household's current financial situation, are you in better shape or worse shape NOW than you were BEFORE the recession started in December 2007?

Mar 2011		May 2010[7]
28	Better	21
46	Worse	48
24	No different/Stayed the same **(VOL.)**	29
2	Don't know/Refused **(VOL.)**	2

ASK ALL:
Q.9 Over the course of the next year, do you think the financial situation of you and your family will improve a lot, improve some, get a little worse or get a lot worse?

	Improve a lot	Improve some	Get a little worse	Get a lot worse	Stay the same (VOL.)	DK/Ref (VOL.)
Mar 2011	12	51	15	6	13	3
May 2010	10	52	14	5	16	4
Mar 2010	9	52	15	8	12	4
Dec 2009	9	44	19	8	15	4
Late Oct 2009	6	50	19	8	13	4
Late Sep 2009	10	49	17	6	13	4
Aug 2009	8	47	17	8	15	5
Jun 2009	9	54	17	7	9	4
Feb 2009	7	47	22	7	13	4
Dec 2008	7	49	21	6	13	4
Early Oct 2008	8	51	20	6	9	6
Jul 2008	7	44	21	7	14	7
Mar2008	10	45	20	7	13	5
Jan 2008	11	49	16	6	14	4
Sep 2007	10	52	14	4	16	4
Feb 2007	11	52	12	3	19	3
Dec 2006	10	57	13	3	14	3
Jan 2006	10	51	14	5	16	4
Mid-May 2005	10	51	15	5	15	4
Jan 2005	10	54	14	4	15	3
Aug 2004	13	57	9	3	12	6
Sep 2003	11	53	15	4	14	3
Late Mar 2003	12	51	15	4	11	7
Jan 2003	9	51	18	5	13	4
Early Oct 2002	10	54	13	5	12	6
Jun 2002	11	55	15	4	11	4
Jan 2002	12	53	15	5	11	4
Late Sep 2001	9	46	16	4	17	8
Jun 2001	11	52	15	4	14	4
Jan 2001	11	46	18	9	12	4

[7] In May 2010, the question read "… are you in better shape or worse shape NOW than you were BEFORE the recession started?"

Q.9 CONTINUED…

Jan 1999	17	55	7	3	14	4
May 1997	12	56	10	2	17	3
Feb 1995	11	53	13	3	17	3
Mar 1994	10	57	11	3	16	3
Oct 1992 *U.S. News*	9	51	14	3	15	8
Aug 1992 *U.S. News*	6	50	20	5	14	5
May 1992 *U.S. News*	8	49	22	4	13	4
Jan 1992 *U.S. News*	9	46	19	5	16	5

NO QUESTION 10

ASK ALL:

Q.11 Now, I would like to read you a list of long-term financial goals. Whether or not you have already achieved some of these, please tell me how important each is for YOU PERSONALLY. First/Next, **[READ AND RANDOMIZE] [READ FOR FIRST ITEM, THEN REPEAT ONLY IF NECESSARY:** Is this extremely important for you, very important, somewhat important, or not too important for you?

a. Being able to own your own home

35 Extremely important
42 Very important
12 Somewhat important
7 Not too important
3 Does not apply **(VOL.)**
1 Don't know/Refused **(VOL.)**

b. Being able to live comfortably in retirement

34 Extremely important
45 Very important
16 Somewhat important
4 Not too important
* Does not apply **(VOL.)**
1 Don't know/Refused **(VOL.)**

c. Being able to pay for your children's college education

26 Extremely important
35 Very important
13 Somewhat important
10 Not too important
15 Does not apply **(VOL.)**
1 Don't know/Refused **(VOL.)**

Q.11 CONTINUED…

d. Being able to leave an inheritance for your children

20	Extremely important
30	Very important
28	Somewhat important
16	Not too important
5	Does not apply **(VOL.)**
1	Don't know/Refused **(VOL.)**

ASK ALL:
Now I have some questions about homeownership …
Q.48 Some people say that buying a home is the best long-term investment in the United States. Do you strongly agree, somewhat agree, somewhat disagree, or strongly disagree?

Mar 2011		May 2010	*CBS News/New York Times* April 1991
37	Strongly agree	39	49
44	Somewhat agree	41	35
12	Somewhat disagree	10	9
5	Strongly disagree	7	4
2	Don't know/Refused **(VOL.)**	3	3

ASK ALL:
Q.49 Do you think homeownership is affordable for most young adults in their 20s and 30s these days, or not?

30	Yes, affordable
66	No, not affordable
2	Depends **(VOL.)**
2	Don't know/Refused **(VOL.)**

ASK ALL:
OWNRENT Do you own or rent your home [**IF AGE < 30:** or do you live in a dorm or live with your parents]?

If Age >29: [n=1,523]

70	Own
25	Rent
5	Other arrangement **(VOL.)**
*	Don't know/Refused **(VOL.)**

If Age<30: [n=590]

15	Own
46	Rent
6	Live in a dorm
27	Live with parents
6	Other arrangement **(VOL.)**
0	Don't know/Refused **(VOL.)**

ASK HOMEOWNERS (OWNRENT=1): [n=1,222]
Q.50 What year did you buy your current home? **(OPEN-END, RECORD YEAR)**

18	2007-2011
31	2000-2006
48	Before 2000
4	Don't know/Refused **(VOL.)**

ASK RENTERS (OWNRENT=2): [n=610]
Q.51 Do you rent more as a matter of choice—that is, you could buy a home, but choose to rent instead—OR more as a result of circumstances—that is, you cannot afford to own a home right now?

24	Rent as a matter of choice
75	Rent as a result of circumstances
2	Don't know/Refused **(VOL.)**

ASK RENTERS (OWNRENT=2): [n=610]
Q.52 In the future, would you like to … **[READ AND ROTATE]**?

17	Continue to rent
81	Buy a house at some point
2	Don't know/Refused **(VOL.)**

ASK HOMEOWNERS (OWNRENT=1): [n=1,222]
Q.53 If you had to do it over again, would you buy your present home, or not?

76	Yes, would buy
23	No, would not
1	Don't know/Refused **(VOL.)**

ASK IF YES/NO in Q.53 (Q.53=1,2): [n=1,213]
Q.54 Why do you say that? **(OPEN-END; RECORD VERBATIM RESPONSE. PROBE ONCE IF RESPONDENT ANSWERS "DON'T KNOW"; ACCEPT UP TO THREE RESPONSES]**

Based on those who would buy their present home again (Q.53=1): [n=965]

53	**(NET) Home itself**
42	Like, love the home/Like the property/Happy with it
10	Right size/Fits my needs/Suits me/Good layout
4	Built, designed the home myself/Remodeled, renovated it
1	Good home for retirement/Downsized
28	**(NET) Financial factors**
15	Good price/Good deal/Affordable
9	Good long-term investment/Has grown in value
4	Have equity/Home is paid off
3	Better than renting
27	**(NET) Location**
25	Good area, location, community, neighborhood/Convenient/Safe
2	Good schools/Good place for kids
1	Grew up here/Raised my family here
4	Enjoy home ownership/American dream
2	Lived here a long time/It's home
1	Inherited the home
8	Other
2	Don't know/Refused **(VOL.)**

Based on those who would NOT buy their present home again (Q.53=2): [n=248]

43	**(NET) Home itself**
14	Don't like it/Not my style/Would buy a different, nicer home/Someone else picked it out
10	Too small/Would like a bigger house
10	Lots of problems/House is old/Needs repairs/Not good quality
6	Doesn't fit my needs/Need a house without stairs
5	Too big
31	**(NET) Financial factors**
16	Home has lost value/Hasn't gone up in value/Bought at top of market/Underwater
9	Recession/Economy/Personal financial situation has changed
8	Too expensive/Can't afford it/Would buy something less expensive
17	**(NET) Location**
16	Don't like the location, area, neighborhood/Area has declined
1	Not near family
7	Not what I expected/Should have given it more thought
1	Taxes are too high
8	Other
2	Don't know/Refused **(VOL.)**

ASK HOMEOWNERS (OWNRENT=1): [n=1,222]
Thinking about the recession, which began in December 2007 …

Q.55 Is your home worth more or less NOW than it was BEFORE the recession began, or is it worth about the same? [**IF WORTH MORE/LESS**: Is it worth (**INSERT RESPONSE**: a lot more/less) or just a little?]

7	Worth a lot more
9	Worth a little more
24	Worth a little less
23	Worth a lot less
31	Stayed same
1	Bought home recently/Don't know what it was worth in 2007 **(VOL.)**
4	Don't know/Refused **(VOL.)**

ASK IF HOME IS WORTH LESS (Q.55=3,4): [n=581]

Q.56 Considering everything, how long do you think it will take for the value of your home to recover to where it was before the recession started? Would you say it will take **[READ]**?

*	Less than a year
6	One to two years
44	Three to five years
32	Six to ten years
10	Longer than ten years
2	**[VOL. DO NOT READ]** Never
1	**[VOL. DO NOT READ]** Depends on how long economy stays bad
4	Don't know/Refused **(VOL.)**

ASK ALL HOMEOWNERS (OWNRENT=1): [n=1,222]

Q.57 Now I'd like you to think about how much you could sell your home for today and how much you still owe on your home. Do you currently owe more on your home than you could sell it for today, or not?

14	Yes, owe more
67	No
15	No mortgage/already paid it off **(VOL.)**
4	Don't know/Refused **(VOL.)**

Appendix: Survey Methodology

Prepared by Princeton Survey Research Associates International
for the Pew Social Trends & Demographics Project

March 2011

Results for the March 2011 Economy/Housing Survey are based on telephone interviews with a nationally representative sample of 2,142 adults living in the continental United States. The survey was conducted by Princeton Survey Research Associates International. Interviews were done in English and Spanish by Princeton Data Source from March 15-29, 2011. Statistical results are weighted to correct known demographic discrepancies. The margin of sampling error for the complete set of weighted data is ±2.7 percentage points.

Details on the design, execution and analysis of the survey are discussed below.

DESIGN AND DATA COLLECTION PROCEDURES

Sample Design

Interviews were conducted using a combination of RDD landline, RDD cell and callback samples. A total of 1,052 interviews were completed with respondents contacted by landline telephone and 1,090 with those contacted on their cellular phone. Five separate sample segments were used for data collection in order to obtain a representative sample while oversampling 18-34 year-olds.

Table 1. Sample Segments

Segment	Sample Type	Population	n=
1	Landline RDD	All adults	1,001
2	Cell RDD	All adults	805
3	Cell RDD screened for 18-34	18-34	204
4	Landline callback for 18-34	18-34	51
5	Cell callback for 18-34	18-34	81

Sample segment 1 consists of landline random-digit dialing (RDD) samples drawn using standard list-assisted methods, where telephone numbers were drawn with equal probabilities from all active blocks in the continental US. The cell samples used for segments 2 and 3 was not list-assisted, but was drawn through a systematic sampling from dedicated wireless 100-blocks and shared service 100-blocks with no directory-listed landline numbers. These RDD samples, both landline and cell, were disproportionately-stratified by county based on estimated incidences of African-American and Hispanic respondents.

The landline and cell callback samples used for segments 4-5 were drawn from recent PSRAI surveys and included people who were ages 18-34 at the time of the initial interview.

Questionnaire Development and Testing

The questionnaire was developed by the Pew Social Trends & Demographics Project. In order to improve the quality of the data, the questionnaire was pretested with a small number of respondents using RDD cell sample. The monitored pretest interviews were conducted using experienced interviewers who could best judge the quality of the answers given and the degree to which respondents understood the questions. Some final changes were made to the questionnaire based on the monitored pretest interviews.

Contact Procedures

Interviews were conducted from March 15-29, 2011. As many as 7 attempts were made to contact every sampled telephone number. Sample was released for interviewing in replicates, which are representative subsamples of the larger sample. Using replicates to control the release of sample ensures that complete call procedures are followed for the entire sample. Calls were staggered over times of day and days of the week to maximize the chance of making contact with potential respondents. Each phone number received at least one daytime call.

The introduction and screening procedures differed depending on the sample segment. For each contacted household in sample segment 1, interviewers asked to speak with either the youngest adult male or youngest adult female currently at home based on a random rotation. If no male/female was available at the time of the call, interviewers asked to speak with the youngest adult of the opposite sex. This systematic respondent selection technique has been shown to produce samples that closely mirror the population in terms of age and gender when combined with cell sample.

Sample segment 2 included interviews with all adults on cell phones. This segment was administered a standard cell phone screener which simply confirmed that the person was an adult and in a safe place to talk before continuing with the main interview. Sample segment 3 respondents were administered an age screener. Those who were between the ages of 18 and 34 were taken through the main interview while all others were screener out as age-ineligible.

For callback sample segments 4, interviewers started by asking to talk with the person in the household who had previously completed a telephone interview. The person was identified by age and gender. After the target respondent was on the phone, they were administered the age screener before continuing with the main interview. Callback cell sample segments 5 was administered the age screener before continuing with the main interview.

All cell phone respondents were offered $5 for their participation.

WEIGHTING AND ANALYSIS

Weighting is generally used in survey analysis to adjust for effects of the sample design and to compensate for patterns of nonresponse that might bias results. The weighting was accomplished in multiple stages to account for the different sample segments as well as the oversampling of 18-34 year-olds. Weighting also balanced sample demographic distributions to match known population parameters.

The first-stage weight is the product of three different adjustments that were made to the different sample segments. These adjustments are summarized in the following table.

Table 2. Adjustments made in the First-Stage Weight

Variable name	Description
SAMPWT	RDD Sample design weight. Corrects for disproportionately-stratified RDD samples in segments 1-3
OSADJUST	Adjustment to account for oversampling of 18-34 year-olds in segments 2,4 and 5
PUPSA	Phone Use/Probability of Selection Adjustment. Corrects for [a] overlapping cell and landline sample frames and [b] different probabilities of within household selection based on the number of eligible household members

This first-stage weight (WT2) was used as an input weight for the demographic raking. The data was raked to current population parameters for: sex by age; sex by education; age by education; race/ethnicity; census region; population density and household telephone usage.

The telephone usage parameter was derived from an analysis of recently available National Health Interview Survey data8. The population density parameter is county-based and was derived from Census 2000 data. All other weighting parameters were derived from the Census Bureau's 2010 Annual Social and Economic Supplement (ASEC).

This stage of weighting, which incorporated each respondent's first-stage weight, was accomplished using Sample Balancing, a special iterative sample weighting program that simultaneously balances the distributions of all variables using a statistical technique called the Deming Algorithm. The raking corrects for differential non-response that is related to particular demographic characteristics of the sample. This weight ensures that the demographic characteristics of the sample closely approximate the demographic characteristics of the population. Table 2 compares weighted and unweighted sample demographics to population parameters.

[8] Blumberg SJ, Luke JV. Wireless substitution: Early release of estimates from the National Health Interview Survey, January-June, 2010. National Center for Health Statistics. December 2010.

Table 3. Sample Demographics

	Parameter	Unweighted	Weighted
Gender			
Male	48.5	47.8	48.6
Female	51.5	52.2	51.4
Age			
18-24	12.8	16.6	13.2
25-34	17.9	20.4	18.4
35-44	17.6	12.0	16.7
45-54	19.4	15.9	19.3
55-64	15.4	15.6	15.1
65+	16.8	19.6	17.3
Education			
Less than HS Grad.	13.7	10.9	13.2
HS Grad., no PSE	31.0	23.3	30.0
Tech/Voc	4.0	3.0	3.8
Some College, no degree	19.3	19.2	19.7
Assoc degree	4.6	8.2	4.9
College Graduate	18.0	21.8	18.5
Post-grad training	9.3	13.7	9.9
Race/Ethnicity			
White/not Hispanic	68.3	61.8	67.3
Black/not Hispanic	11.5	14.2	12.0
Hispanic	14.0	15.0	14.2
Other/not Hispanic	6.2	9.1	6.5
Region			
Northeast	18.5	14.4	18.0
Midwest	21.9	18.0	21.6
South	36.9	45.2	37.5
West	22.6	22.4	23.0
County Pop. Density			
1 - Lowest	20.1	16.2	18.8
2	20.0	20.3	20.0
3	20.1	19.7	20.4
4	20.2	21.0	20.5
5 - Highest	19.6	22.8	20.2
Household Phone Use			
LLO	9.4	6.0	8.4
Dual - few, some cell	44.4	48.6	45.0
Dual - most cell	18.8	19.7	18.9
CPO	27.4	25.4	27.7

Effects of Sample Design on Statistical Inference

Post-data collection statistical adjustments require analysis procedures that reflect departures from simple random sampling. PSRAI calculates the effects of these design features so that an appropriate adjustment can be incorporated into tests of statistical significance when using these data. The so-called "design effect" or deff represents the loss in statistical efficiency that results from a disproportionate sample design and systematic non-response. The total sample design effect for this survey is 1.65.

PSRAI calculates the composite design effect for a sample of size n, with each case having a weight, wi as:

$$deff = \frac{n\sum_{i=1}^{n} {w_i}^2}{\left(\sum_{i=1}^{n} w_i\right)^2} \qquad \textit{formula 1}$$

In a wide range of situations, the adjusted standard error of a statistic should be calculated by multiplying the usual formula by the square root of the design effect (√deff). Thus, the formula for computing the 95% confidence interval around a percentage is:

$$\hat{p} \pm \left(\sqrt{deff} \times 1.96\sqrt{\frac{\hat{p}(1-\hat{p})}{n}}\right) \qquad \textit{formula 2}$$

where $\hat{p}$ is the sample estimate and n is the unweighted number of sample cases in the group being considered.

The survey's margin of error is the largest 95% confidence interval for any estimated proportion based on the total sample— the one around 50%. For example, the margin of error for the entire sample is ±2.7 percentage points. This means that in 95 out of every 100 samples drawn using the same methodology, estimated proportions based on the entire sample will be no more than 2.7 percentage points away from their true values in the population. It is important to remember that sampling fluctuations are only one possible source of error in a survey estimate. Other sources, such as respondent selection bias, question wording and reporting inaccuracy may contribute additional error of greater or lesser magnitude. Table 4 shows design effects and margins of error for key subgroups.

Table 4: Design Effects and Margins of Sampling Error

	Sample Size	Design Effect	Margin of Error
Total Sample	2,142	1.65	2.7 percentage points
18-34	781	1.62	4.5 percentage points
White, not Hispanic	1,305	1.65	3.5 percentage points
Black, not Hispanic	299	1.47	6.9 percentage points
Hispanic	316	1.53	6.8 percentage points

RESPONSE RATE

Table 3 reports the disposition of all sampled telephone numbers ever dialed from the original telephone number samples. The response rate estimates the fraction of all eligible sample that was ultimately interviewed.[9]

Table 5. Sample Disposition

Seg 1 - LL RDD 18+	Seg 2 - Cell RDD 18+	Seg 3 - Cell RDD 18-34	Seg 4 - LL callback	Seg 5 - cell callback	
1001	805	204	51	81	I=Completes
4496	5800	4238	145	126	R=Refusal and breakoff
1528	2303	2832	39	184	NC=Non contact
57	58	31	0	1	O=Other
16718	6711	5730	93	44	OF=Business/computer/not working/child's cell phone
1982	252	325	11	3	UH/UO=Unknown household/Unknown other
0.30	0.57	0.56	0.72	0.90	AAPOR's e=(I+R+NC+O)/(I+R+NC+O+OF)
13.0%	**8.8%**	**2.7%**	**21.0%**	**20.5%**	**AAPOR RR3=I/[I+R+NC+O+(e*UH/UO)]**

[9] PSRAI's disposition codes and reporting are consistent with the American Association for Public Opinion Research standards.