

Real Estate Newsletter

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Homeownership Still Pays

Home-equity snapshots paint a bright picture.

~By Robert Freedman

Many Americans have taken a hit to their home equity over the past couple of years, and some may wonder if it's really the smartest financial decision to own a home. Good news—a recent analysis of Federal Reserve data by the NATIONAL ASSOCIATION OF REALTORS® shows the answer is yes.

In comparison with renters, home owners have much greater household wealth, says NAR's April commentary on the Fed's Survey of Consumer Finances. Owners' wealth exceeds that of renters by a factor of 50-to-1: a median of \$205,200 versus a median of \$4,200. The main wealth difference between the two is home equity, of course. No news there. But even for households who've owned their home only since 2003, home equity gains are the rule rather than the exception—and in some cases, equity gains have been significant. Households who bought five years ago in Honolulu, for instance, already average nearly \$272,000 in equity. In Northern California (San Francisco and Oakland), the comparable figure is \$105,000.



Times are tougher for home owners in a handful of economically struggling markets like Detroit and other parts of the industrial Midwest. Households in these areas who've owned their home for five years or less are facing negative equity, although typically not a lot. Hardest hit are households in Detroit who have been owners only since 2003; they're underwater by a typical \$39,000. That's significant. But in other markets where equity is negative, the numbers tend to be much smaller—\$1,000 in Indianapolis, for example.

Yet the doom and gloom ends there. In all 150 markets tracked by NAR, including hard-hit markets, households who've owned their home for 10, 15, and 20 years have uniformly enjoyed strong equity gains despite the recent downturn. In Honolulu, 20-year owners have accumulated \$485,000 in equity; in Northern California, the comparable figure is \$481,000.

Even markets in the hard-hit industrial Midwest are holding up well. In Detroit, equity for 10-year owners is more than \$10,000; that figure jumps to \$60,000 for 15-year owners and to \$78,000 for 20-year owners. In Indianapolis, the 10-, 15-, and 20-year equity gains are \$19,000, \$47,000, and \$68,000, respectively.

The data clearly show that homeownership remains the biggest store of wealth for the typical household, even when markets are buffeted by some admittedly very rocky years.

~By Robert Freedman, senior editor of REALTOR® magazine.

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A Father's Love

Fathers seldom say "I love you"
Though the feeling's always there,
But somehow those three little words
Are the hardest ones to share.
And fathers say "I love you"
In ways that words can't match -
With tender bedtime stories -
Or a friendly game of catch!
You can see the words "I love you"
In a father's boyish eyes
When he runs home, all excited,
With a poorly wrapped surprise.
A father says "I love you"
With his strong helping hands -
With a smile when you're in trouble
With the way he understands.
He says "I love you" haltingly,
With awkward tenderness -
(It's hard to help a four-year-old into a party dress!)
He speaks his love unselfishly
By giving all he can
To make some secret dream come true,
Or follow through a plan.
A father's seldom-spoken love
Sounds clearly through the years -
Sometimes in peals of laughter,
Sometimes through happy tears.
Perhaps they have to speak their love
In a fashion all their own.
Because the love that fathers feel
Is too big for words alone!

Happy Father's Day from The Buffhams!



Buffham's[↑] Bulletin

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Tim & Pat Buffham



~ Monthly Featured Homes ~

12336 Zealand Circle N, Champlin



Fabulous 3 bedroom, 2 bath Townhouse located in quiet, private, well maintained neighborhood two doors away. Impeccably maintained floor laundry, spacious master, lots of closet space.

11984 Saint Albans Hollow Drive, Minnetonka



Open bright home on a private lot and secluded cul-de-sac. Main floor Master Suite has 2 walk-in closets & large Master Bath. Great Room is vaulted with cozy gas fireplace. Three bedrooms in lower level & Family Room with walkout to wooded view. Large kitchen with center island & breakfast area. Close to walking and biking trails.

If you or anybody you know might be interested in one of these featured homes, please give us a call at 952-945-3109.