

The Emotional Dividends of Homeownership

Real estate has always been a great conversation piece. But lately, it seems almost impossible to chat with someone without the topic coming up. Don't believe me? At your next holiday party, see how long it takes for someone to start talking about the market.

With most of the discussion these days seemingly centered on mortgages, home sales and prices, it seems one fundamental real estate principle has gotten lost in the shuffle. Regardless of market conditions, the path to the "American Dream" will always involve homeownership. That's because it's a dream based on more than just investment potential and economic gains. It also involves sharing your life with a significant other or having a place to raise your family. It includes finding a time and place to relax and enjoy life's special moments when you're not working hard to get ahead.

Yet, somehow during the recent real estate boom we lost sight of the personal, social and emotional benefits that accompany homeownership and got caught up in the monetary gains buying and selling houses offered instead. Don't get me wrong. I think it is great that people can amass personal wealth through real estate investments. And over the long-haul, real estate continues to be a sound financial decision. But it is short-sighted to look at one's own personal residence as only an investment.

Purchasing a home is always a worthwhile choice when you factor in the many positive life benefits that go with it. Much of our nation's culture is centered on the home. Therefore, it's no coincidence that many of life's milestones involve a home purchase. A new couple buys a condo to begin their life together. A single mom purchases a starter home to have a little more room to raise her family. Retirees buy that vacation property they always wanted to enjoy their golden years.

Owning a home offers so much more than just investment potential. A home gives a sense of self-worth and accomplishment. A home provides shelter. A home offers stability and security. A home offers a nurturing environment for children to grow. A home serves as a place to gather with family and friends. A home provides a feeling of belonging within the community. A home creates memories.

Homeownership isn't just a good thing for the individual either. Putting people in houses creates a stronger community as well. According to findings published by the National Association of Realtors, communities with higher homeownership had better educational performance, lower crime rates, more household participation in civic affairs and better household health.

Still, while financial advantages shouldn't be the first and only thing we consider when we think about owning a home, it would be foolish to discount these benefits altogether. The opportunity to take advantage of tax deductions for mortgage interest and property taxes or the ability to benefit from the capital gains exclusion on the sale of a home up to \$500,000 are just two examples of how owning a home provides real financial rewards.

Yet, the true benefit these financial dividends offer isn't a bigger number on your bank statement. It's the improved quality of life the additional money can provide. Whether that means having more to spend on necessities like food, utilities or healthcare or being fortunate enough to afford a new car, a vacation or a college education for your kids.

How many of us would evaluate our mutual funds, stocks and other investments on their ability to provide personal, social and emotional rewards? Then why judge the value of homeownership solely on investment potential? Remember, in addition to being a smart long-term financial decision, owning a home also pays big emotional dividends.

James M. Weichert is president and founder of Weichert, Realtors®, one of the nation's largest privately held real estate companies, with nearly 18,000 sales associates in over 500 company-owned and franchised sales offices in key markets throughout the U.S.