



## So You Think Owning a Home Will Make You Happy? Don't Be Too Sure

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For generations, owning a home has been viewed as the cornerstone of the American Dream, the foundation for a happy family life and long-term financial security. Now, a new research paper challenges that conventional wisdom. Wharton's [Grace Wong Bucchianeri](#), a professor of real estate, says her research shows that while homeowners do experience significant joy, they also face more aggravation, spend less time with friends and are even heavier than renters living in comparable homes.



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Past research into the mood of homeowners showed that people felt a sense of pride and comfort in having their name on a deed. Bucchianeri argues that her research shows, however, that once the data are controlled for a range of variables, owning a home appears to deliver no more happiness than signing a monthly rent check.

In a working paper titled, "[The American Dream or The American Delusion? The Private and External Benefits of Homeownership](#)," Bucchianeri examines survey data from some 600 women in Ohio and weighs it across tax records and census data to study how homeownership affects the moods and feelings of individuals as well as their social interactions. "Homeowners report more positive results, but if you control for basic characteristics such as income, how nice the home is and health status, those results go away," explains Bucchianeri. "This suggests that our perception that homeowners are better off than renters might be fueled only by casual observations. The conventional wisdom might not hold up so well when you look at the data carefully."

### Misery and Subprime Mortgages

Bucchianeri's research seems particularly relevant today because the bursting of the housing bubble has led to a good deal of stress -- both financial and psychological. As a result of the subprime mortgage crisis, she says her findings may help potential homebuyers take a deeper look at their motives for owning a home. They should not pursue homeownership because it is perceived to be a key ingredient in a meaningful and successful life. Renters may lack some freedom and flexibility in their lives and there are some financial risks to long-term renting. "Still, there are financial risks we are now seeing connected with homeownership," she adds.

Interestingly, Bucchianeri's research is based on 2005 data collected before the housing crash. Even in a period of optimism about housing as a financial investment, she found that homeownership does not necessarily represent the fulfillment of a dream. "Overall, I found little evidence that homeowners are happier by any of the following definitions: life satisfaction, overall mood, overall feeling, general moment-to-moment emotions and affect at home," Bucchianeri writes. "The average homeowner, however, consistently derives more pain (but no more joy) from a house and home."

A homeowner herself since 2005, Bucchianeri says, "I know there are aspects of homeownership that are not so enjoyable. My thought is homeownership might not be financially -- or emotionally -- for everyone."

Bucchianeri says her research may be helpful in counteracting the widely accepted belief that homeownership carries with it many personal and social benefits. She notes that in a 2003 survey conducted by Fannie Mae, 74% of the respondents said they believe "owning something of your very own" is a reason to buy a home. Bucchianeri notes that without more careful analysis, important public policy matters, such as preserving the mortgage interest tax deduction or other support for housing programs, may be impacted by incomplete, or misleading, information. "This romantic view of

homeownership alludes to important private and external benefits of homeownership, separate from the benefits of housing consumption on its own," the paper states.

Bucchianeri explored both subjective and objective measures to determine the private benefits of homeownership and civic engagement. The basis of much of her research is a survey of well-being, demographics and time use reported by women in Franklin County, Ohio, which includes Columbus, the state's largest city. The survey respondents logged their activities in various time periods, or episodes, each day. They then reported the intensity of 10 feelings during each time segment: Impatient, Competent/Confident, Tense/Stressed, Happy, Depressed/Blue, Interested/Focused, Affectionate/Friendly, Calm/Relaxed, Irritated/Angry. Bucchianeri ran that data against other survey data and objective measures such as property tax records to gauge the quality of the home to control for differences in the quality of the housing.

Bucchianeri also examined the intensity of the emotions for each episode to create a net measure of mood for each respondent in the Ohio survey for the entire day. In addition to the episode data, survey respondents were asked broader questions about the level of general satisfaction in their lives. They were also asked about the amount of joy or pain they derive from various aspects of their lives including their neighborhood, house and home, children, family and community activities.

### **Joy versus Pain**

In her analysis Bucchianeri focused on the individual responses and general satisfaction questions, particularly those most relative to her inquiry into homeownership, such as the amount of joy or pain derived from house and home. She used 2000 census data to factor in education, household income and average housing prices to add additional controls that would help her boil down the data to determine whether homeownership itself makes people happier and more satisfied with their lives.

At first glance, the findings reflect the conventional wisdom that homeowners on average tend to be more satisfied with their lives as well as their neighborhoods and homes. However, even on an unadjusted basis, it is clear that homeowners also derive as much pain from their home that is similar in magnitude and significance to the joy they gain from homeownership. Bucchianeri's research indicates that even after controls are applied for financial insecurity -- which is often cited in prior research as the main negative of homeownership -- homeowners report more pain associated with their home. The research also tends to rebut theories that homeowners are happier because they enjoy greater self-esteem and a greater sense of control in their lives.

The average homeowner tends to spend less time on active leisure or with friends, experiences more negative feelings during time spent with friends, derives less joy from love and relationships and is also less likely to enjoy being with people, according to the research paper. Bucchianeri notes that these results do not support the perception that homeowners are "gregarious" but they also do not paint homeowners as being overly burdened with housework. The average homeowner spends less time on leisure -- around three percentage points -- compared to the average respondent in the sample who spends 13.4% of her time awake on active leisure.

On top of all else, the average homeowner tended to be 12 pounds heavier, according to the research. The study found no significant differences in sleep quality, or the use of sleeping pills or depression medication.

### **Homeownership and Social Participation**

**In addition to investigating these private, or individual, benefits, Bucchianeri also examined civic aspects of homeownership. Again, she found that despite the conventional wisdom, homeowners are not significantly different in terms of civic participation or social connectedness than renters. The paper states that the most striking finding in regard to social interaction is that average homeowners spend 4% to 6% less time interacting with friends and neighbors and experience more negative feelings when they are with other people. At the same time, these homeowners spend a similar amount of time with their spouses as renters do and less time with their parents and relatives. "So far, my results are contrary to the intuition that homeownership fosters more**

**involved or better family lives. Indeed, it points to less active and less enjoyable social lives,"  
Bucchianeri writes.**

When it comes to homeownership and civic participation and social connectedness, Bucchianeri compared indicators such as volunteer work, joy or pain experienced from activities in the community and pain from politics -- but she finds no significant differences by homeownership status. She also discovers little difference between homeowners and renters in participation in religion or satisfaction derived from it.

When Bucchianeri examines civic participation of homeowners against the rate of homeownership in the respondent's neighborhood, she finds evidence that higher ownership rates in the respondents' own demographic and household income groups leads to lower reported pain from the neighborhood. "I do find results that if you are surrounded by people who are homeowners like you, that makes you enjoy the neighborhood and contributes to a positive attitude," says Bucchianeri. She adds that these findings suggest that looking at homeowners versus renters in this context may be too narrow an approach. "It may be more fruitful to look at the mechanics to capture the interactions among homeowners."

Bucchianeri notes that despite the evidence that homeowners do not appear to be living as if they are in a dream, her results would actually tend toward an upward bias in well-being outcomes for homeowners. Homeownership may also open up new opportunities for pain that Bucchianeri can study in the future, including the joy or disappointment homeowners experience as a result of their relative housing position. She says it is difficult to pull out solid findings, "but I think that on average people like living in zip codes with a higher median housing value so they can live in reflected glory."

Bucchianeri cautions that her research should not be used as an argument against homeownership, just as the abstract notion of the American Dream should not be used as an across-the-board endorsement for buying a home. People should balance what they are hoping to get from homeownership itself," she says. "It's really difficult, but more thinking should go into this rather than just accepting the conventional wisdom and going into homeownership by default."

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