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# Home-Ownership Level Falls to 67.3%

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The percentage of Americans who owned their homes fell at the end of 2009 to the lowest point in nearly a decade, a reflection of continuing troubles in the housing market even as the sector showed signs of stabilizing.

In one upbeat sign, an index of pending sales of previously owned homes increased 1.0% to 96.6 in December, the National Association of Realtors said Tuesday, suggesting the housing market is steadying after sharp swings caused by the uncertain fate of a government tax credit.

Yet home ownership is sliding. Some 67.3% of Americans owned their homes in the fourth quarter of last year, based on seasonally adjusted data, the Commerce Department said Tuesday. That is the lowest percentage since the second quarter of 2000, when the same share of Americans owned homes.

"The home-ownership data I think really just underscores how this country as a whole became obsessed with getting people into homes," said Mike Larson, real-estate and interest-rate analyst at Weiss Research Inc., an investment-research firm. "You can do all kinds of things to get people into a house, which we did; the real problem is making it so they can stay there."

The home-ownership rate reached a high of 69% in 2004 as low interest rates and easy credit prompted large numbers of families to stop renting and purchase homes. But the rate began to fall two years later as some homeowners struggled to make their mortgage payments and eventually lost their homes to foreclosure. Between 2007 to 2009, nearly four million homes were lost to foreclosure. And home ownership rates are now moving closer to the level that was common in the 1990s.

Still, some economists had expected the home-ownership rate to stabilize or even rise slightly in the fourth quarter, because of the Obama administration's tax credit for first-time home buyers. The tax credit fueled a home-sales jump in September, October and November. But economists now believe that the number of foreclosures during the quarter overwhelmed rising home sales. "Had it not been for the tax credit, the home-ownership rate would have fallen even further," said Thomas Lawler, an independent housing economist.

The decline in home ownership reached all regions of the U.S. but was most pronounced in the South, where the level fell to 69.1% from 69.8% a year ago.

Meanwhile, the pending home sales index in December was 10.9% higher than its level of 87.1 in December 2008. Pending sales of existing homes include single-family homes and condominiums. A home sale is pending when the contract has been signed but the transaction hasn't closed. Pending sales typically close within one or two months of signing.

The tax credit helped sales last year, as did low prices and mortgage rates. The tax credit was due to run out Nov. 30 but was extended and expanded, through April 2010. But the market is still facing the problems of high unemployment and the difficulty many borrowers are having obtaining loans. While a Federal Reserve survey of

senior loan officers Monday showed that banks had largely stopped tightening loan standards, residential mortgages were an exception. Some 17% of banks said they were making mortgage-approval standards tougher even for borrowers with high credit scores and well documented credit histories.

By region, pending sales in the Northeast rose 2.3% in December and were 14.9% higher than a year earlier. The Midwest rose 5.2% in December and was 8.7% higher than a year earlier. The South climbed 2.2% in December and was 5.5% higher than December 2008. The West fell 3.8% in December but was 18.6% above a year earlier.

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