

# Immigrants Buoy the Housing Market

By Miriam Jordan

March 6, 2013

Immigrant homebuyers have bolstered the housing market across the country in the past decade and will continue to fuel demand at least through 2020, according to a new study.

Foreign-born buyers accounted for the bulk of growth in homeownership in states with large immigrant populations and helped offset a decline of purchases by U.S. natives in other areas, according to the report prepared by University of Southern California demographers for the Mortgage Bankers Association.

All told, the number of foreign-born homeowners in the U.S. has increased each decade since 1990. Immigrants, who represent about 13% of the U.S. population, accounted for 39% of net growth in homeowners between 2000 and 2010. They will represent 36% of that growth in the 2010-2020 span, the report projects.

"The pool of homebuyers is much more diverse than in the past," said Mike Fratantoni, vice president of research at the association. "Immigrant demand is important nationally and in many more markets than the man on the street would surmise."

Immigrants are more likely to buy a home after they become settled and economically stable in the U.S., typically after renting for a few years. Of the Hispanics who arrived in the U.S. during the 1980s, homeownership jumped from 15% in 1990 to 53% in 2010, and is projected to reach 61% in 2020, the report said.

Although growth of the immigrant populations of California and New York has fallen below their peaks of the 1980s and '90s, respectively, the growth in foreign-born homeowners ascended to historically high rates between 2000 and 2010.

Immigrants represented 82% of the growth in homeownership in California and 65% in New York during that period.

In Texas and Florida, the number of foreign-born homeowners continued to climb between 2000 and 2010 even while growth in the immigrant population leveled off. In those years, immigrants also accounted for a major share of net growth in owner households in Illinois, New Jersey, Pennsylvania, Massachusetts, Ohio and Michigan, according to the report.

In the Southeast, which began experiencing a wave of immigration in the 1990s, the foreign born accounted for 34% of the growth in homeowners in Georgia and 25% in North Carolina between 2000 and 2010.

Recent immigrants are playing a role similar to baby boomers who entered the housing market in large numbers in the 1970s and '80s, said John Pitkin, senior research associate in the USC Population Dynamics Research Group who co-authored the study.

"Immigrants moving into homeownership are a crucial and continuing source of demand," Mr. Pitkin said.

Brazilian Ruy Martins, who arrived in Atlanta in 1999, rented a two-bedroom apartment for two years while working in construction and cleaning houses with his wife. In 2001, the couple secured a mortgage on a three-bedroom house in Alpharetta, Ga. After Mr. Martins started a business as a subcontractor restoring homes for insurance companies, they bought a larger house in Gainesville, Ga., in 2007.

"We live an American-style life now," says Mr. Martins, a 41-year-old father of three, who has a tenant in the smaller home.

The Mortgage Bankers study, which used U.S. census data, doesn't distinguish between legal and illegal immigrants. Undocumented immigrants often secure a mortgage using an individual taxpayer identification number, known as an ITIN, or by using an intermediary.

The trend toward homeownership accounts for a slowdown in growth of immigrant renter households after 2000, according to the study.

Yet the homeownership rate among immigrants remains below that of the native born—52.4% compared with 67%.

And after the real-estate meltdown, a study last year by the Pew Hispanic Center found that the steep decline in housing prices had 28% of Latino homeowners, who include many immigrants, underwater on their mortgages—double the share of homeowners in the general population.

Still, "the expansion of foreign-born ownership demand was vital for keeping the slump from being even worse," the Mortgage Bankers report said.

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