

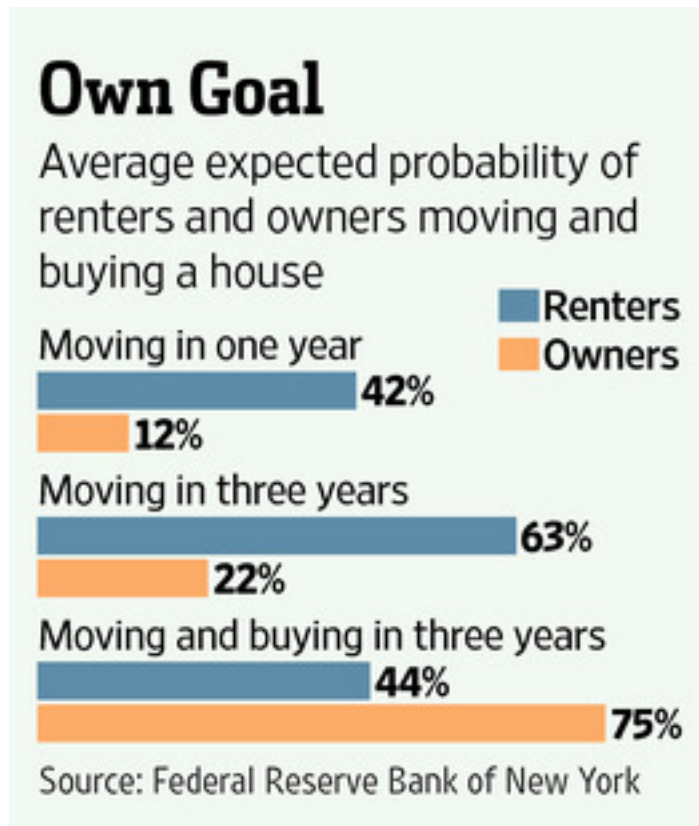
Why Bullish Renters Still Aren't Buying

Fed Survey Highlights Disconnect Between Ambition to Buy and Ability to Do So

By JOHN CARNEY
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The American dream of owning a home is still alive and well among Americans who rent. Unfortunately, that isn't likely to become a reality for many of them anytime soon.

The reason doesn't have to do with a turn against homeownership or a belief in the wake of the financial crisis that buying a home is a bad investment. A recent report from the Federal Reserve Bank of New York showed that a [survey of renters](#) found 60% thought buying property in their ZIP Code is a good investment, compared with just 12% who rate it a bad one.



Although many would like to buy a home, the level of those who actually expect to buy is far lower. The average renter, the survey found, believes he or she has a 63% chance of moving in the next three years but only a 44% chance of buying when moving.

Why the disconnect? In a word: fundamentals.

A majority of renters believe their balance sheets are weak because of low levels of savings or high levels of debt. Fifty-three percent think their income is too low and 41% say their credit isn't good enough. About two-thirds believe it would be difficult to get a mortgage.

This suggests that without a significantly stronger economy or easier credit standards, the pace of renters flowing into home buying is unlikely to pick up.

That means recent stagnation in housing—sales of both new and existing homes in the first half of the year were about 5% lower than the period a year ago, while mortgage applications are the lowest they have been since the turn of the century—may be a drag for quite a while.

Not the stuff personal, or economic, dreams are made of.