

NEXT WAVE OF AMERICAN DREAMERS

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Body

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BILLERICA, Mass. - Patricia Ortiz and her husband Sebastian cut back on dining out, nights at the movies, and even opted for a civil wedding ceremony instead of a big church affair so they could afford to buy their \$389,000 three-bedroom colonial.

In doing so, the Panamanian natives helped lift the nation's slumping housing market.

With rising purchasing power, the nation's growing number of foreign-born residents is keeping the bottom from falling out. And amid slow demand from an aging and slow-growing native population, immigrants are fueling predictions of a rebound.

Assuming Congress doesn't impose further restrictions, immigrants - both legal and illegal - and their native-born children are forecast to provide the bulk of coming years' growth in homebuying demand, nudging the market back up and aiding the broader economy.

U.S. household growth from 2005 through 2015 is projected to reach about 14.6 million - about 2 million greater than in 1995-2005 - primarily because of greater numbers of immigrants, according to a recent analysis by Harvard University's Joint Center for Housing Studies. Most native-born children of immigrants are classified as minorities, and minorities' share of new U.S. households - a key driver of housing demand - is expected to rise from a little more than two-thirds now to more than three-quarters by 2020, according to an earlier Harvard study.

"As we come out of this housing recession, immigrants will continue to have an ever-larger role," said Dowell Myers, a University of Southern California professor who studies immigrants' upward mobility. "If you were to stop immigration, it would be devastating, because it would eventually pull this huge chunk out of the housing market's foundation."

For immigrants who've left behind their families and cultures for a chance at a better life, homebuying is another risk worth taking. Patricia Ortiz and her husband took out an adjustable-rate mortgage to buy last year in the Boston suburb of Billerica, figuring the risk of seeing their current \$3,000 monthly payments rise is offset by the value of having a place they and their newborn daughter can call home.

"Once you take the jump, you find ways to make it work," said Ortiz, 31, a supervisor at a dental-insurance provider and a naturalized citizen. "But it's always in the back of my mind that if I don't make it, I am going to have to pack up and go back to Panama. You kind of feel like you have to strive for everything you do."

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Immigrants formed more than 40 percent of the new households the nation added from 2000 to 2005, up from a less than 30 percent share of net new households in the 1990s and about 15 percent in the 1980s, the Harvard center found in its latest annual housing market study.

"The number of new homes being built is sensitive to the number of households added, which is why immigration is so important to the housing market," said Eric Belsky, the center's executive director.

From 2000 to 2005, the nation added more than 1.2 million immigrants per year, the Harvard study found. That boosted the nation's foreign-born to more than 12 percent of overall population, a level last seen in the 1930s.

Although immigrants remain less likely to own a home and more likely to rent than native-born people, the Harvard study found that the foreign-born accounted for 13.8 percent of all homebuyers in 2005 who had moved in within the preceding four years, up from 11.4 percent in 2001.

The numbers are much higher in some immigrant-rich states. In California, nearly one-third of recent homebuyers were foreign-born in 2005. For New York, New Jersey and Florida, the figures were between one-quarter and one-fifth.

Beyond the numbers, names tell the story: In 2000, the most common surnames among U.S. homebuyers were Smith, Johnson, Brown, Williams and Miller. In 2005, Rodriguez and Garcia bumped out Brown and Miller, according to DataQuick Information Systems, a San Diego firm that analyzed deeds and county assessment data records across most of the U.S.

Immigrants tend to be younger than the native-born residents, and thus are more likely to be at an age when they're looking for starter homes.

"Immigrants are buying up the bottom of the housing market," said Myers, the USC professor. "And if the bottom is soft, prices collapse. "

Looking more than a decade ahead, immigrants and their children are being counted on to buy up much of the forecasted glut of homes for sale when baby boomers enter their 70s - an age when many will move to retirement communities and assisted living centers or die.

"There are not going to be enough white, native-born people to buy all those homes," said Myers, the USC professor. "It's their kids that are going to be the ones who save us when the baby boomers are going to retire."

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