

Homeownership Shapes Views of Capitalism and Free Markets

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Consider programs that encourage saving for a down payment.

Safety capitalism, pursuing the benefits of markets while rejecting the principles that lead to their potential downside, has many sources including entitlement, risk aversion, lack of experience, and lack of education. It also stems from a perception that some markets, including education (and childcare), healthcare, and housing, are not working well. Homeownership is a core feature of capitalism and the American Dream. For most Americans, real estate is their most valuable asset. Around 1900, 46.5% of Americans owned homes. By 2000, that figure was 66.2%. Just over 20 years later, with some ups and downs, it was back to 66% in Q1 of 2023.

The current housing market in America is a big mess. There are many reasons. As described in a recent [Economist podcast](#), the number of new homes built is not keeping up with demand, especially in urban areas where affordable housing is desperately needed. After sitting below 5% for the last decade, 30-year fixed rate mortgages are currently around 7.5%. Christina was recently reminded by a couple who bought their first home about 40 years ago that mortgage rates surpassed 18% in the fall of 1981. In this post, however, we are talking about the perceptions of a group of people who were, at most, 1 year old in 1981. The safety capitalism environment of the last decades means younger Americans have different perceptions of normal.

A March 2022 survey conducted by [YouGov for Bankrate.com](#) found that 74% of adults say owning a home is important to them. Homeownership was more important than retiring, having a successful career, owning a vehicle, having children, or getting a college degree! One might ask, do homeowners feel better about free markets and capitalism? We looked at our November 2022 sample and found that the short answer seems to be yes. As shown in the Charts 1 and 2, both Older Millennial (33-41) and Older Gen Z (18-26) homeowners have more positive views of capitalism and free markets and more negative views of socialism, the welfare state, and universal basic income (UBI). Overall, Older Millennials are more positive or negative than Gen Zs, and the impact of homeownership is most pronounced among Older Gen Z homeowners.

Likely, ideology and attitude both play a role. In our sample, political ideology is related to the likelihood of owning a home. About one-third of Millennials and Gen Z who identify as liberal own a home while half of those who identify as conservative own a home. Conservatives are more likely to support capitalism. This could drive economic behavior related to home ownership. Older Millennial homeowners are also more likely than average and more likely than renters to think that welfare recipients should work and that people who work hard can get ahead. So, another idea is that there is a link between homeownership and views of one's ability to succeed through work. The relationship between capitalism, homeownership, and success in work may be mutually reinforcing. In other words, positive views of capitalism and work may drive more interest in homeownership, and homeownership, along with other factors such as age and experience, may increase confidence in work and capitalism.

Offering affordable housing and a reasonable way to obtain it is a big step toward helping citizens access the American Dream. When Christina lived in Mexico, most people could not access loans and literally built their homes over years, brick by brick or adobe by adobe. Most Americans would freak out if their neighbor did this. While not every American wants to own a home, most do. Removing artificially low interest rates also means home loans will be less accessible and saving will be more important. Years ago, a simple solution, automatically having Millennials opt into retirement accounts, set many of them on track to be in a [better retirement situation](#) than their parents. Matching funds help. It might be time for employers to think about programs that encourage saving for a down payment.

Chart 1. Older Gen Z and Older Gen Z homeowner views of capitalism, free markets, socialism, the welfare state, and universal basic income (UBI).

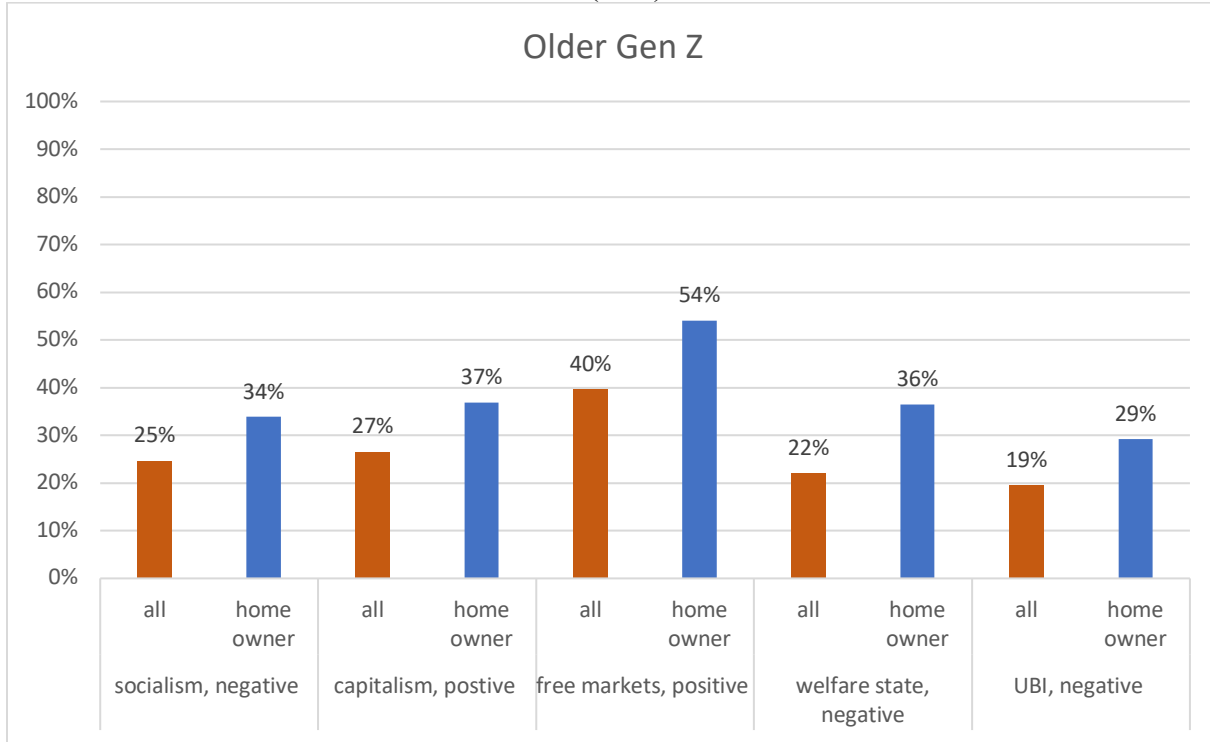
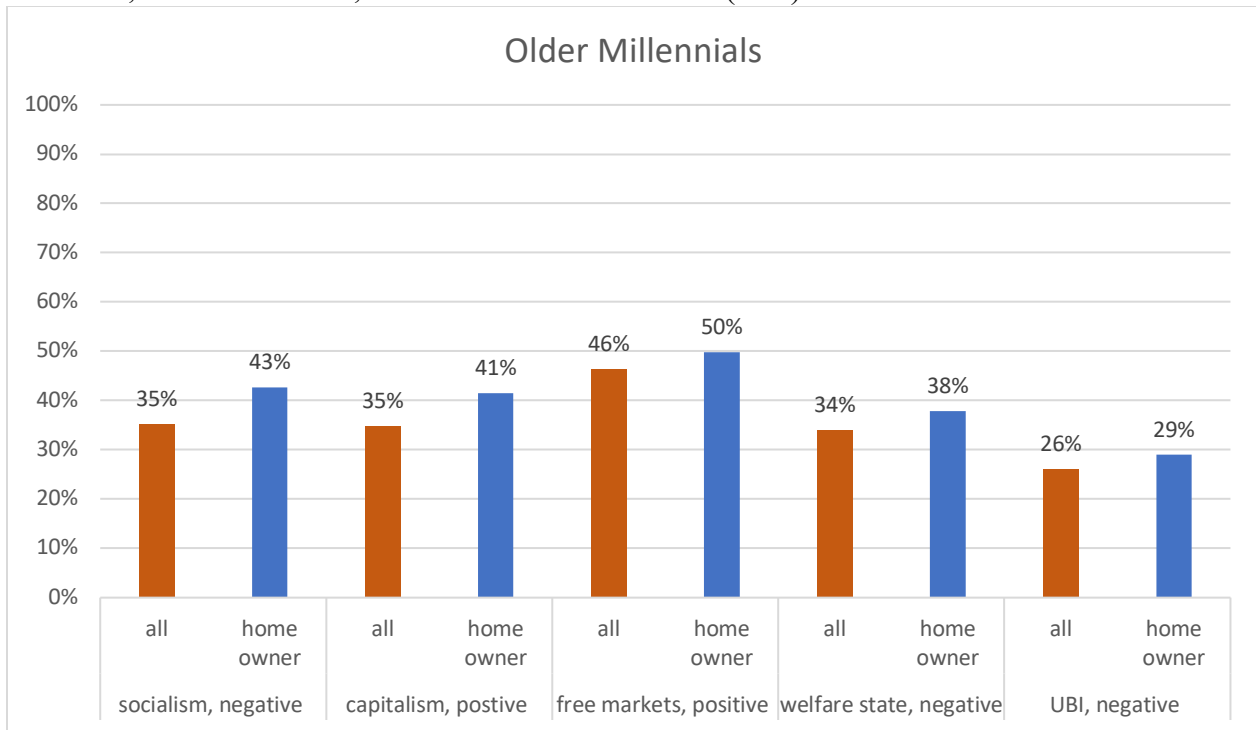


Chart 2. Older Millennial and Older Millennial homeowner views of capitalism, free markets, socialism, the welfare state, and universal basic income (UBI).



Descriptive Data

The sample for this study is three demographically representative samples of Americans: 667 Older Millennials aged 33-41; 666 Younger Millennials aged 27-32; and 666 Older Gen Zs aged 18-26. The data were collected for us by You Gov in November 2022. The margin of error for the 2022 survey is +/- 2.36% at the 95% level of confidence.

Homeownership

Among Older Gen Zs, 17% reported not living independently compared to 6% of Older Millennials. Neither gender nor having a family income above or below \$70,000 made any difference. Of those who do live independently, Older Gen Zs were 60% renters, 40% owners, and 53% of owners were white. Among Older Millennials, 46% were renters, 54% were owners, and 68% were white. These data reflect existing racial disparities in ownership. Nationally, adult [homeownership in 2022](#) was highest for whites at 74% and lowest for blacks at 45%.

Views about capitalism, free markets, socialism, the welfare state, and UBI

We ask these groups if they have positive, neutral, or negative perceptions of capitalism, free markets, socialism, the welfare state, and universal basic income. One reason we include neutral is to gauge a lack of strong feelings, interest, or engagement. We would like to see if patterns shift over time, with age, and in relationship to economic trends. Generally, our data show that age and experience impact attitudes related to work and capitalism, so we are not surprised to see the same trends regarding how these groups rate capitalism, free markets, socialism, the welfare state, and universal basic income. Chart 2 and Chart 3 compare Older Gen Zs and Older Millennials. With age, negative views of socialism, the welfare state, and universal basic income increase, while positive views of capitalism and free markets increase.

Chart 2. Older Gen Z views of socialism, the welfare state, capitalism, free markets, and universal basic income.

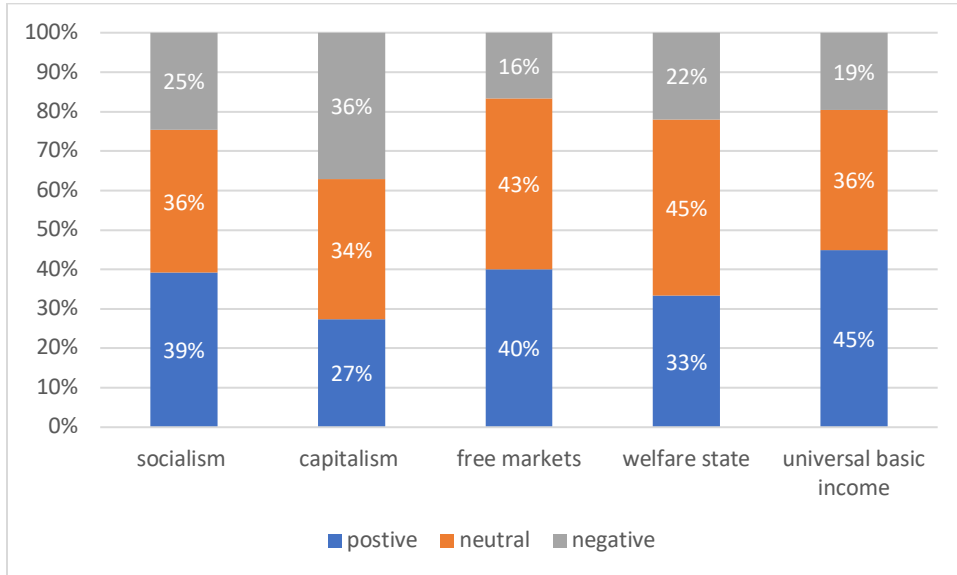
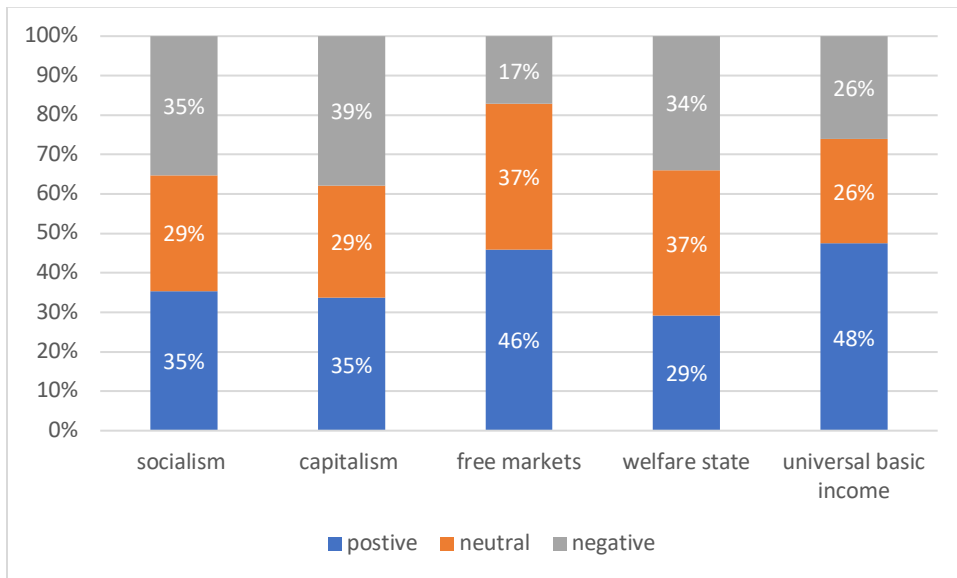


Chart 3. Older Millennial views of socialism, the welfare state, capitalism, free markets, and universal basic income.



Ideology, attitudes toward work, age, and homeownership

As we have described elsewhere, Older Millennials appear more moderate and conservative than Gen Z, a trend likely due to age and experience. Ideology is a strong determinant of many attitudes, so it makes sense to see if it is related to home ownership. Through the lens of ideology, Figure 1 shows that 37% of Millennials and Gen Z who identify as liberal own a home while 54% of those who identify as conservative own a home. From the lens of attitudes about the relationship between work, entitlement, and reward, Figure 2 shows that homeowners are more likely than average and more likely than renters to agree with specific statements.

Figure 1. Older Gen Zs and Millennials by self-reported Ideology and homeownership.

Ideology	Percent claiming ideology	Percent owning a home
Liberal	35%	37%
Conservative	32%	54%
Moderate	20%	45%
Not sure	14%	28%

Figure 2. Older Gen Zs and Millennials attitudes about work, entitlement, and reward.

AGREE	Anyone who accepts government welfare should be required to do some kind of work.	Most people who want to get ahead can make it if they are willing to work hard.
Average	49%	58%
Own home	56%	63%
Rent	46%	56%
White	49%	58%
Hispanic	51%	79%
Black	53%	57%
Conservative	74%	77%
Moderate	54%	64%
Liberal	34%	44%

A note on “not sure” as an ideology: Among people who chose “not sure” for ideology and were willing to describe their ideology, no clear dominant view emerged with socialist, libertarian, anarchist, national socialist, green, and humanist all getting multiple supporters while themes encapsulated by the statements “sick of this garbage,” and “whoever is the most (expletive) reasonable” also were popular.