Real Estate Remains Americans’ Preferred Long-term Investment

Millennials avoid the stock market but prefer real estate more than every other generation

New York – July 17, 2019 – When it comes to how Americans prefer to invest long-term, real estate is still the most favored investment option with 31% of Americans saying it’s their preferred way to invest money they wouldn’t need for more than 10 years, according to a new poll by Bankrate.com.


While real estate has been among the top choices in each of the 7 years of polling on this question, 31% is the highest percentage to date. The stock market was a distant second, at 20%, while cash investments such as savings accounts or CDs was a close third at 19%. 11% pointed to gold or other precious metals, 7% to bonds, and 4% to Bitcoin or other cryptocurrency.

Contrary to the stereotype about Millennials and their propensity to not buy homes, Millennials (ages 23-38) do prefer real estate more than any other generation and the highest preference for cash has shifted to Baby Boomers. Millennials still have the lowest preference for the stock market among all generations. While real estate is the top pick among Millennials, Gen Xers (ages 39-54), and Baby Boomers (ages 55-73), the stock market and real estate are neck-and-neck among the Silent Generation (ages 74+).

“Millennials are higher on real estate than any other age group, have cooled a bit on cash, and still aren’t keen on the stock market when investing for more than ten years,” says Greg McBride, CFA, chief financial analyst for Bankrate.com. “Millennials in particular should be turning to the stock market for long-term investing, such as retirement. Through the power of compounding, every dollar invested can grow to $15 over a 40-year period – but only if compounding the higher returns that tend to come from the stock market over the long-term.”

The preference for real estate was virtually the same among all income groups, while households with income of $50,000 per year or more were more than twice as likely to cite the stock market than households with income below $50,000 per year. Lower income households (below $50,000 per year), do have a higher preference for cash investments and gold or other precious metals than households with income of $50,000 per year or more.

Last week, Federal Reserve Chairman Jerome Powell made the case for interest rate cuts later this month. However, a Fed rate cut may have little impact on consumer behavior and the broader economy, with a majority of Americans saying that lower interest rates will not make them more likely to invest in the stock market, borrow money, or put money into savings accounts or CDs.

40% said they would be more likely to put money in savings accounts or CDs as a result of declining interest rates. Only 33% said they would be more likely to invest in the stock market. Just 26% said they would be more likely to borrow money.

“A Fed interest rate cut is unlikely to influence how consumers manage their finances. Only a minority of Americans say they would save more, invest more, or borrow more as a result,” added McBride. “A rate
cut or two is certainly not a reason for consumers to panic. The Fed raised rates nine times in a three-year period. If they walk back one or two of those, savers are still far ahead of where they were for much of the past decade.”

**Methodology:** This study was conducted for Bankrate via telephone by SSRS on its Omnibus survey platform. The SSRS Omnibus is a national, weekly, dual-frame bilingual telephone survey. Interviews were conducted from June 25-30, 2019 among a sample of 1,015 respondents in English (980) and Spanish (35). Telephone interviews were conducted by landline (306) and cell phone (709, including 481 without a landline phone). The margin of error for total respondents is +/-3.35% at the 95% confidence level. All SSRS Omnibus data are weighted to represent the target population.

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