



Renters More Concerned About Utility Bills Than Rents, Give High Marks to Environmentally-Friendly Properties

November 15, 2016

MCLEAN, VA--(Marketwired - Nov 15, 2016) - The latest [Freddie Mac](#) (OTCQB: FMCC) [research](#) shows more renters are worried about rising utility bills than rising rents and nearly half of the renters surveyed say they are willing to pay more for rentals with cost-saving water and energy features.

Compared to earlier surveys, the new research also shows more renters saying they are satisfied with their rental experience, but worried about their financial situations. A majority of renters also say they put more importance on saving for emergencies, children's education or retirement than on downpayments for a home. There was also no change in the propensity to rent, with 55 percent saying they expect to rent their next home.

"We will continue to monitor the sentiment of renters closely," said David Brickman, executive vice president of Freddie Mac Multifamily, "but for now it appears renter concerns about household finances and rising rents may be stimulating less interest in buying a home and more on renting one with cost-saving features."

Conducted in September for Freddie Mac by the Harris Poll, the findings are based on responses from 1,362 renters including Millennials (aged 18-34), Gen-X'ers (35-49) and Baby Boomers (50-68).

Concerns About Utility Bills

For the first time, the Freddie Mac survey included questions about renter perceptions and concerns about utility costs. Seventy percent of renters say they are moderately to greatly concerned about higher utility bills. By contrast, only 63 percent shared the same levels of concern about potential rent increases. Seventy-four percent say higher utility bills would have some impact or a great impact on their household finances, almost as many as those who said the same (78 percent) about higher rents.

A large majority (88 percent) agreed multifamily properties with green energy- and water-saving features would help reduce their utility bills, with 84 percent saying green properties are generally better places to live.

Nearly half (47 percent) say they are willing to pay more for an environmentally-friendly rental. Renters in the South (52 percent) and West (49 percent) were more likely to say they would pay more than those in the Midwest (39 percent) or Northeast (44 percent).

"Our research confirms the opportunity for investments in energy efficiency to provide a competitive advantage to Multifamily property owners and managers," said Brickman. "Given the significant burden already posed by rising rents, it is striking that so many are apparently willing to pay more for properties with features they believe will reduce their utility bills."

Brickman noted the results also underscore the value of [Freddie Mac Multifamily's Green Advantage](#), which enables borrowers to increase the size of their loan to finance. Energy- and water-saving features in workforce housing and older properties.

Renter Satisfaction Continues to Rise

Other significant findings from the new research show:

Most renters say the rental experience is satisfying and affordable.

There was an increase in the percentage of renters who said they are satisfied with the rental experience. Specifically, 44 percent of renters said in September they were very satisfied, up from 33 percent in January 2016. Adding in those who are moderately satisfied increases the overall percentage of satisfied renters to 66 percent in the latest research. At the same time, the number of respondents who say renting is more affordable than owning fell from 69 percent in January to 65 percent in September.

More than half expect to rent their new home.

Fifty-five percent of the respondents expect to rent their next residence while 45 percent expect to buy. This is unchanged from renter surveys in January 2016 and October 2015. Of those who plan to move, Gen-Xers are the only cohort where a majority (58 percent) say they plan to buy their next home, but they are also the group most likely to worry about their household financial situation.

Concern about household finances is rising.

By generation, Gen-Xers' showed the biggest increase in concern about household financial situations over the past year (53 percent to 70 percent), followed by Millennials (64 percent to 68 percent) and Baby Boomers (61 percent to 62 percent). Overall, the percentage of renters who say they have enough money to go beyond each payday fell from 41 percent to 34 percent over the past year. The percentage of renters who say they either live payday to payday, or don't have enough for basics between paychecks, rose from 59 percent to 66 percent. In addition, nearly one in five renters (19 percent) worry about eviction because they can no longer afford the rent.

Downpayments are ranked below other savings goals.

Renters, including Millennials and Gen-Xers, are less likely to say saving for a home downpayment is absolutely essential compared to saving for emergencies or education. Asked to rank essential saving goals, Millennials put emergencies first (61 percent) followed by children's education (52 percent), retirement (48 percent), professional development (45 percent) and a home downpayment (40 percent). For Gen-Xers, the rankings were

childhood education (59 percent), emergency funds (54 percent), downpayment (53 percent) and retirement (52 percent). Among Baby Boomers, saving for emergencies and retirement was tied (42 percent), followed by downpayment (25 percent).

Said Brickman: "This new data confirms several ongoing trends found in our earlier research. Specifically, that satisfaction with renting is increasing among renters overall and that renters in their prime homebuying years -- Millennials and Gen-Xers -- see saving for education and other life goals as a higher priority than saving for a downpayment. This provides further evidence that the increased propensity to rent that we have seen over the past 10 years is both broad based and is likely to continue into the future."

Additional details about the [research pdf](#), including charts, are on the Freddie Mac website.

Survey Methodology

Freddie Mac's custom renter research is based on a survey conducted online Aug. 31-Sept. 6 among 4,105 adults aged 18 and over, including 1,362 renters, by Harris Poll, on behalf of Freddie Mac, via its QuickQuery omnibus product. The previous survey was conducted online within the U.S. Jan. 26-Feb. 1 among 4,036 adults aged 18 and older, including 1,527 renters, by Harris Poll on behalf of Freddie Mac via its QuickQuery omnibus product. Figures for age, sex, race/ethnicity, education, region and household income were weighted where necessary to bring them into line with their actual proportions in the population. Propensity score weighting was used to adjust for respondents' propensity to be online.

About Freddie Mac

Freddie Mac was established by Congress in 1970 to provide liquidity, stability and affordability to the nation's residential mortgage markets. Freddie Mac supports communities across the nation by providing mortgage capital to lenders. Today Freddie Mac is making home possible for approximately one in four home borrowers and is the largest source of financing for multifamily housing. Additional information is available at FreddieMac.com, Twitter [@FreddieMac](https://twitter.com/FreddieMac) and Freddie Mac's blog FreddieMac.com/blog.

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