



## Freddie Mac October 2016 Insight

October 12, 2016

MCLEAN, VA--(Marketwired - Oct 12, 2016) - [Freddie Mac](#) (OTCQB: FMCC) released today its October [Insight](#) questioning the pessimistic tone of the projections of leading experts of future homeownership rates. These projections provide a reasonable guide to what may occur if current age and demographic patterns in homeownership persist. They do not -- nor do they claim to -- incorporate the impact of future macroeconomic disruptions, significant policy changes, or shifts in social attitudes.

### Insight Highlights

- The national homeownership rate has been declining for over a decade. According to experts from the Joint Center on Housing Studies and Urban Institute, we can expect further declines, and if they're right homeownership rates below 60 percent are not out of the question according to these projections.
- However, the projections by both experts ignore potential macroeconomic influences that might arise that are likely to have a significant impact on the homeownership rate:
  - First, the future of housing finance has yet to be sorted out. The GSEs are in their eighth year of conservatorship -- a tenure that was not foreseen by anyone when they entered conservatorship in September 2008.
  - Second, Millennials may finally commence to marry, start families, and buy homes at the faster pace posted by previous generations.
  - Third, the factors accounting for the lower homeownership rates of non-white demographic groups may be overcome.

**Quote:** Attributed to Sean Beckett, Chief Economist, Freddie Mac.

"Twenty years in the future, today's Millennial 35-year-olds will not act exactly like today's Baby Boomer 55-year-olds. Or perhaps they will. And this is where experts from the Joint Center on Housing Studies and the Urban Institute begin to part ways in their projections of the homeownership rate.

"Both approaches project future homeownership rates by, in essence, applying some fancy arithmetic to current conditions. These approaches do not -- nor do they claim to -- incorporate future macroeconomic disruptions, significant policy changes, or shifts in social attitudes in their calculations. These types of influences ultimately will determine how accurate or off-target their projections are.

"In either case, we believe their projections may be overly pessimistic. The income and education gaps that are responsible for some of the differences may be narrowed or eliminated as the U.S. becomes a 'majority minority' country. And as these types of potential home buyers comprise a larger and larger share of the population, it will become increasingly expensive to overlook them. Profit-oriented financial institutions will be motivated to find better ways to serve them."

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 one in four home borrowers and is the largest source of financing for multifamily housing. Additional information is available at [FreddieMac.com](#), Twitter [@FreddieMac](#) and Freddie Mac's blog [FreddieMac.com/blog](#).

The financial and other information contained in the documents that may be accessed on this page speaks only as of the date of those documents. The information could be out of date and no longer accurate. Freddie Mac does not undertake an obligation, and disclaims any duty, to update any of the information in those documents. Freddie Mac's future performance, including financial performance, is subject to various risks and uncertainties that could cause actual results to differ materially from expectations. The factors that could affect the company's future results are discussed more fully in our reports filed with the SEC.