



## Most Renters Carry Debt Each Month, Downpayments on a Home Not a Top Priority

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MCLEAN, VA--(Marketwired - Nov 18, 2015) - Freddie Mac (OTCQB: FMCC)

- **Gen Xers more likely than Millennials or Boomers to buy a home**
- **Millennials more likely to save for short- and long-term goals**
- **Renters offset rent hikes by spending less on essentials and are considering getting a roommate**

Renters indicate they still feel challenged with their finances and 66 percent are carrying debt each month, according to a recent [Freddie Mac](#) (OTCQB: FMCC) survey. Yet, the majority of renters (56 percent) are optimistic about managing their debt. Renters are also saving money for numerous priorities and a down payment on a home is not at the top of their list. In addition, Gen Xers are more likely than Millennials or Boomers to buy a home in the next three years.

For the Freddie Mac quarterly online [survey](#), conducted in October on its behalf by Harris Poll, renters currently saving for all listed goals place a higher priority on saving money for an emergency/unexpected expense (59 percent), retirement (51 percent) and children's education (50 percent) than a down payment on a home (39 percent) or a vacation (26 percent). They also indicate that they are behind in saving for those things.

Looking across generations, Millennial renters are more likely to be saving for short- and long-term goals than Boomer and Gen X renters. For example, Millennial renters are more likely to be saving for a major purchase (92 percent) and a vacation (94 percent), when compared to Boomers (82 percent and 81 percent respectively) and Gen Xers (77 percent and 75 percent respectively).

"We know rents are rising faster than incomes and now we have data to show that many renters don't have enough to pay all their debts each month, which is forcing them to make tradeoffs, such as cutting spending on other items," said David Brickman, Freddie Mac executive vice president of Multifamily. "Despite this, some renters feel optimistic about managing their debt."

Brickman added, "Growth in the renter segment will most likely occur through multifamily properties as more than half of those currently renting single-family properties are planning to become homeowners in the near future. The data shows single-family renters are increasingly more dissatisfied than multifamily renters."

### Ways to Offset a Rent Hike

The many ways in which renters are making adjustments due to rent increases include:

- 51 percent are spending less on essentials, the same as last quarter.
- 52 percent put off plans to purchase a home, compared to 44 percent in June.
- 35 percent are contemplating getting a roommate, up from 29 percent in June.
- 26 percent say they need to move into a smaller rental property, compared to 20 percent in June.

### The Future Homebuyer

When broken out by generations, 58 percent of Gen X renters expect to purchase a home in the next three years, compared to 42 percent of Millennials and 33 percent of Baby Boomers.

Overall, almost half (48 percent) of renters in single-family properties are dissatisfied with renting, and are more likely to purchase a home in the next three years than multifamily renters (57 percent vs. 28 percent).

### Satisfaction with Rental Experience

The satisfaction rates from the March, October and June surveys this year are virtually unchanged, with a third of renters being very satisfied with their rental experience and almost a third (30 percent) indicating they are moderately satisfied. In the October survey,

- 70 percent of satisfied renters are likely to continue renting for the next three years, up slightly from 68 percent in the previous quarter.
- 30 percent of satisfied renters indicate they are more likely to buy a home, compared to 32 percent in the previous quarter.

In addition, the top favorable factors for renting remain about the same and are freedom from home maintenance (79 percent), more flexibility over where you live (74 percent) and protection against declines in home prices (68 percent).

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

### Survey Methodology

Freddie Mac commissioned Harris Poll to survey more than 2,000 U.S. adults online each quarter to get their perceptions about renting. The most

recent survey was conducted online within the United States between October 8-12, 2015, among 2,020 adults aged 18 and over of which 703 were renters, by Harris Poll on behalf of Freddie Mac via its QuickQuery omnibus product. The previous survey was conducted between June 19-23, 2015, among 2,024 adults ages 18 and older, of which 727 were renters. 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.

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