



Where Are Future Homebuyers Hiding? In Single-Family Rental Properties

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People Renting Single-Family Properties Are More Likely to Buy Than Those in Apartments

MCLEAN, VA--(Marketwired - Aug 25, 2015) - New [Freddie Mac](#) (OTCQB: FMCC) research provides insight into the question of which renters are likely to buy a home? The [research](#) shows that people renting single-family properties (renting a house/townhouse or condo) may be more likely to buy than those in apartments. In the U.S. about 15 million households rent a single-family house and 25 million rent an apartment, according to U.S. Census Data.

The latest research, conducted in June, shows fifty-five percent of renters, both of single-family and multifamily properties, plan to continue to rent in the next three years. Single-family renters are significantly more likely to say they expect to buy than multifamily renters (53 percent vs 36 percent) when asked about their plans in the next three years.

In addition, satisfaction with one's rental experience may be a factor when deciding to buy a home. According to the June survey, renters who are most satisfied with their rental experience are more likely to continue renting (68 percent) than to purchase a home (32 percent). Sixty-seven percent of apartment renters report being satisfied compared to 60 percent of single-family property renters.

"As we gather data each quarter, we are finding the old perception that renting is something people do until they buy is not always true. The trend shows that satisfied renters are more likely to continue renting, even as we are seeing rising rents in the market," said David Brickman, executive vice president of Freddie Mac Multifamily. "Dissatisfaction may drive renters to buy, and we are seeing a slight decrease in satisfaction among single-family renters. We will continue to monitor this for stronger indicators and trends, but for now, the single-family rental home market may be a good place to look to find potential home buyers."

Brickman added, "The number of U.S. renter households is up again for the tenth straight year, according to the U.S. Census Bureau. More households of all sizes, income levels and age ranges now rent their homes. Renters are leading household formations, which are expected to keep climbing due to the improving economy, Millennials continuing into adulthood and immigration."

Potential Effect of Rising Rents

Forty-four percent of renters who have lived in their home for two years or more say they experienced a rent increase in the last two years, compared to 38 percent in March. Of those who experienced a rent increase, 70 percent agreed that they would like to buy a home but cannot afford to at this point while 44 percent indicate they'd like to buy a home and have started looking. This response was about the same in both the June and March surveys. Forty-nine percent say they like where they live and will stay regardless of rent increases, similar to 46 percent in March. Forty-four percent agreed with the statement that they now have to put off their plans to purchase a home, compared to 51 percent in March.

High Satisfaction

The June satisfaction rates are virtually unchanged from March, with a third of renters being very satisfied with their rental experience and almost a third indicating they are moderately satisfied.

In addition, the top favorable factors for renting remain the same with the strength of these favorable views rising slightly in June. The top favorable factors about renting remain freedom from home maintenance, more flexibility over where you live and protection against declines in home prices.

If renters are making adjustments due to increases in their rent, 51 percent are spending less on essentials, 29 percent are contemplating getting a roommate and 20 percent say they need to move into a smaller rental property. Despite increases to their rent, 55 percent say they are making no changes to their spending plans and 49 percent say they like where they live and will stay in their current place.

Additional details about the [research](#), 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 2015 survey was conducted online within the United States between June 19-23, 2015, among 2,024 adults (aged 18 and over), among which 727 were renters, by Harris Poll on behalf of Freddie Mac via its QuickQuery omnibus product. The previous survey was conducted online within the United States between March 26-30, 2015, among 2,030 adults (ages 18 and older), among which 646 were 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 homeowners and renters nationwide by providing mortgage capital to lenders. Today Freddie Mac is making home possible for approximately one in four home borrowers and is one of the largest sources of financing for multifamily housing. Additional information is available at [FreddieMac.com](#), Twitter [@FreddieMac](#) and Freddie Mac's blog [FreddieMac.com/blog](#).

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