



## Tipping Point? Freddie Mac Research Shows That Rising Rents Aren't Necessarily Driving Homeownership

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### Some Still Believe They Can't Afford to Buy But Are Satisfied With Their Rental Experience

MCLEAN, VA--(Marketwired - May 18, 2015) - New [Freddie Mac](#) (OTCQB: FMCC) research sheds light on the question: Are rising rents driving residents to homeownership? The [research](#) shows that the majority of renters are staying put despite rising rents and favorable perceptions about renting are increasing.

Freddie Mac commissioned Harris Poll to survey more than 2,000 U.S. adults online in March 2015 to get their perceptions about renting.

"We've found that rising rents do not appear to be playing a significant role in motivating renters to buy a home," said David Brickman, EVP of Freddie Mac Multifamily. "This contradicts what some in the housing market think as they expect more renters ought to be actively looking to purchase a home. We believe rising rents are primarily a sign of increased demand rather than a signal that home purchases will be increasing."

Brickman added, "Growth in the number of renter households is occurring amid an improving job market and economy. The demand for rental housing is increasing and an estimated 440,000 new apartment units are needed each year to keep up with demand."

Rents rose 3.6 percent in 2014 and are expected to rise 3.4 percent above inflation this year. More than one-third of U.S. households now rent their homes, and renters account for all net new household growth over the last several years, according to the U.S. Census Bureau.

### Potential Effect of Rising Rents

More than a third (38 percent) of renters who have lived in their home two years or more experienced a rent increase in the last two years, while 6 percent experienced a decrease.

Of those who experienced a rent increase, 70 percent agreed they would like to buy a home but cannot afford to at this point. Half (51 percent) agreed with the statement that they now have to put off their plans to purchase a home. In addition, 44 percent indicated they'd like to buy a home and have started looking.

### High Satisfaction

A third of renters are very satisfied with their rental experience and another 30 percent indicate they are moderately satisfied.

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

Moreover, the results show some shared positive views across generations with no significant differences between Millennial, Generation X or Baby Boomer renters in their views that renting provides flexibility over where you live and protection against home price decline.

Despite increases to their rent, 53 percent say they are making no changes to their spending plans and 46 percent say they like where they live and will stay in their current place.

If renters are making adjustments due to increases in their rent, 61 percent indicate they are spending less on essentials or nonessentials, 28 percent are contemplating getting a roommate or moving into a smaller rental property (28 percent). Three in ten (31 percent) renters whose rent increased in the past two years agreed that they like where they live, but can no longer afford the rent.

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

### Survey Methodology

The 2015 survey was conducted online within the United States between March 26-30, 2015, among 2,030 adults (aged 18 and over), among which 646 were renters, by Harris Poll on behalf of Freddie Mac via its QuickQuery omnibus product. The 2014 survey was conducted online within the United States between August 7-11, 2014, among 2,044 adults (ages 18 and older), among which 672 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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