

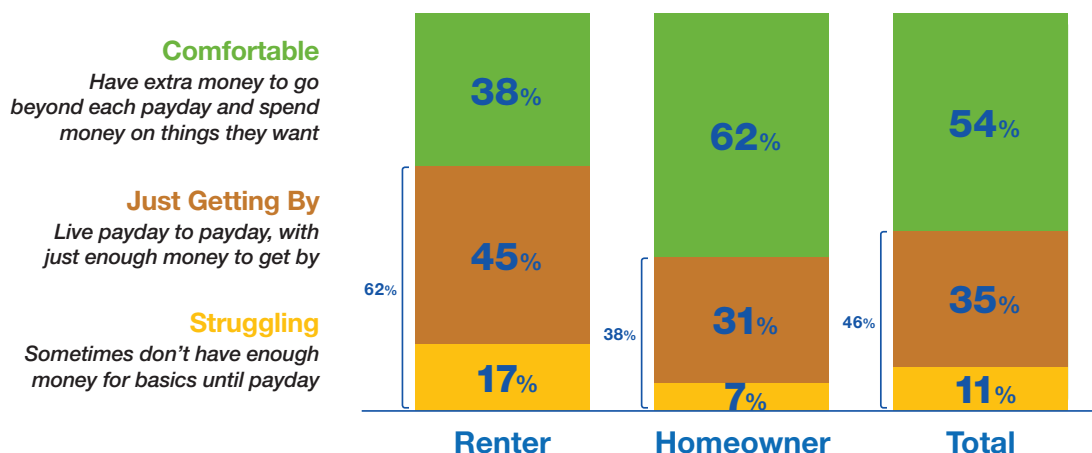
Perceptions of Renting and Homeownership

- Are renters struggling financially?
- Which rental segments are likely to buy a home?
- Which ones are likely to remain renters for the next few years?
- What's good about renting or owning a home?

Freddie Mac commissioned Harris Poll to survey more than 2,000 U.S. adults online in August 2014 to get their perceptions on renting in the post financial crisis marketplace. Freddie Mac intends to do this type of research quarterly to learn about renters' preferences towards the housing choices available to them, the constraints preventing them from obtaining housing that they think would better suit their needs and the drivers for their decisions. In addition, the ongoing research can show if renters' views change over time and could become a valued source of industry information on housing choice decisions.

Financial Situation

- Many renters say they tend to live payday to payday. 45% of renters say they have just enough money to get by and 17% do not have enough money for basics, like food and housing, until the next payday. However, only 38% of homeowners indicated a similar financial hardship.



Perceptions About Renting

- According to renters, the top three favorable factors about renting (among the available choices) are:
 - Provides freedom from home maintenance responsibilities (78% strongly or somewhat agreed);
 - Allows more flexibility over where you live (68% strongly or somewhat agreed);
 - Protects against home price declines (66% strongly or somewhat agreed).

Renters’ views about renting (Strongly/Somewhat Agree): Respondents were asked to indicate how much they agree or disagree with each statement.

POSITIVE	
Renting provides freedom from home maintenance responsibilities.	78%
Renting allows you to have more flexibility over where you live.	68%
Renting provides protection against declines in home prices.	66%
Renting a home is less stressful than owning a home.	65%
Renting makes it more affordable to be closer to a major city and the “action” there.	57%
It costs less to rent a home than to own a home.	55%
Renting gives you more independence and control than owning a home.	41%
Renting a home is much more appealing to me than buying a home.	37%
Renting makes you feel like part of a community.	39%
NEGATIVE	
When you rent you are subjected to the whims of a landlord.	80%
Renting feels like you are throwing your money away.	61%

Perceptions About Owning

- According to renters, the top three favorable factors about home ownership (among the available choices) are:
 - Something of which to be proud (91% strongly or somewhat agreed);
 - Can be passed on to your children (90% strongly or somewhat agreed);
 - Allows more flexibility to design it the way you want (89% strongly or somewhat agreed).

Renters’ views about owning (Strongly/Somewhat Agree): Respondents were asked to indicate how much they agree or disagree with each statement.

POSITIVE	
Owning a home is something to be proud of.	91%
A home that you own is something that can be passed on to your children.	90%
Owning a home allows more flexibility to design it the way you want.	89%
Owning a home gives you more privacy.	86%
Owning a home provides protection against rent increases.	86%
Home ownership gives you more independence and control.	81%
Home ownership is an investment opportunity that builds long-term wealth.	80%
Owning a home provides stability and/or financial security.	77%
Owning a home provides a better home life for children.	76%
Home ownership is a sign of success.	76%
Owning a home makes you feel more like part of a community.	74%
Owning a home allows you to live in a better, safer neighborhood.	60%
NEGATIVE	
Home ownership is too much responsibility.	50%
I have no interest in ever owning a home.	25%

Prospects for Renting or Owning

- Overall, 39% of all renters say they expect to purchase a home in the next three years, while 61% believe they will continue to rent in the next three years. Younger renters are more likely than older renters to indicate they expect to purchase homes in the next three years. For example, 47% of renters aged 25-34 and 58% of renters aged 35-44 responded they will purchase a home in three years, compared to 27% for people 45-64 years old and only 21% of those 65 or older.

In the next three years, do you expect to continue renting or purchase home?

	Total	Age 18-24	Age 25-34	Age 35-44	Age 45-54	Age 55-64	Age 65+
Continue renting	61%	69%	53%	42%	72%	74%	79%
Purchase a home	39%	31%	47%	58%	28%	26%	21%

- For many renters who expect to continue renting in the next three years, there is an expectation that they will still be renting due to a perceived lack of ability to afford the down payment (50%) or monthly mortgage payments (38%), and poor credit history (31%). But there is also a segment of renters who expect to continue renting simply because they do not want the responsibilities of owning a home (39%) or who feel that buying a home in the current market is not a good investment (14%). Financial constraints for renters aged 25-44 are major factors that keep them from buying, while older renters (aged 55+) indicate a reluctance for taking additional responsibilities.

What are the main reasons you expect to still be renting in the next three years? (More than one answer could be selected). Asked among renters who plan to continue renting in the next three years.

	Total	Age 18-24*	Age 25-34*	Age 35-44*	Age 45-54*	Age 55-64*	Age 65+*
Cannot afford a down payment for a mortgage	50%	44%	62%	61%	53%	47%	22%
Do not want the responsibilities of owning a home	39%	41%	29%	28%	33%	47%	73%
Cannot afford a monthly mortgage payment	38%	40%	47%	50%	25%	35%	24%
Do not have a good enough credit history	31%	31%	36%	40%	31%	28%	11%
Buying a home in the current market is not a good investment	14%	11%	19%	12%	11%	18%	13%
Other	17%	21%	12%	15%	20%	19%	14%

* Note: low base size (<100); results should be interpreted as directional in nature.

Methodology

This survey was conducted online within the United States between August 7-11, 2014 among 2,044 adults (aged 18 and over), among which 672 were renters, by Harris Poll on behalf of Freddie Mac via its Quick Query 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.

All sample surveys and polls, whether or not they use probability sampling, are subject to multiple sources of error which are most often not possible to quantify or estimate, including sampling error, coverage error, error associated with nonresponse, error associated with question wording and response options, and post-survey weighting and adjustments. Therefore, the words "margin of error" are avoided as they are misleading. All that can be calculated are different possible sampling errors with different probabilities for pure, unweighted, random samples with 100% response rates. These are only theoretical because no published polls come close to this ideal.

Respondents for this survey were selected from among those who have agreed to participate in our surveys. The data have been weighted to reflect the composition of the adult population. Because the sample is based on those who agreed to participate in the online panel, no estimates of theoretical sampling error can be calculated.