



**PENN
SCHOEN
BERLAND**

FOR MORE INFORMATION:

DAVE HUGHES

619.709.4043

dhughes@ps-b.com

Homeowner aspiration remains strong among Americans

- Life events greatly influence families' decisions to rent
- Findings demonstrate need for affordable rental housing now and in the future

Washington, D.C., December 9, 2010 – WASHINGTON, DC — A new study released today by Fannie Mae finds that most Americans — both those who currently own their homes and those who rent — strongly aspire to own a home and to maintain homeownership, despite ongoing turmoil in the housing market. However, demographic trends such as fewer married couples and less families with children resulting in shrinking households — combined with financial caution among consumers — are contributing to an increased willingness to rent.

The [Fannie Mae 2010 Own-Rent Analysis](#) is based on extensive primary research with homeowners and renters (including focus groups and a quantitative survey), U.S. Census Bureau data, and micro- and macro- economic parameters, and explores the factors influencing consumers' decisions to buy or rent a home. Today's release highlights two of the four major themes of this analysis in reports titled, [Persistence of the Homeownership Aspiration](#) and [Housing Choices Throughout the Lifecycle and the Impact of Changing Demographics](#). The reports are available on www.fanniemae.com. The remaining two themes from this analysis will be announced next week.

According to the study findings, 51 percent of current owners and renters say that the housing crisis has not affected their overall willingness to buy a home. However, while homeownership aspirations are high for the long-term, Americans have near-term doubts about buying. Overall, according to Fannie Mae's National Housing Survey third quarter results, one-third of Americans (33 percent) would be more likely to rent their next home than buy, up from 30 percent in January 2010. Among renters, 59 percent said they would continue to rent in their next move, compared to 54 percent in January 2010.

The Fannie Mae National Housing Survey is an ongoing research initiative that surveys Americans' attitudes about housing on a monthly basis. The most recent installment of this

survey, released in November, showed that aspirations toward homeownership remain strong — well in excess of current homeownership rates — but decisions to buy are tempered by current consumers' cautious attitudes toward home buying in the current financial environment and a more conservative housing finance environment.

"Despite Americans' strong desire to own their homes, our study reveals that life events are greatly influencing families' decision to rent. This trend, coupled with the housing crisis, has caused consumers to approach homeownership with greater caution and thoughtfulness," said Doug Duncan, Fannie Mae Vice President and Chief Economist.

Fannie Mae's research analysis indicates that shifting U.S. demographic and lifestyle trends correlate to consumers' housing decisions, which may have long-term implications for the housing market. For example, married couples historically have been more likely to own than other households, but traditional married couples are a shrinking portion of the population. Additionally, having children has increased the propensity to own a home, historically, although many families with children (particularly single mothers) currently are renting because of financial constraints, and the percentage of households with children is declining overall.

"The data in the analysis aligns with what we're seeing in the market. More Americans are viewing rental housing as an attractive and sustainable housing option. As a result, we remain focused on helping America's working families — many of whom have incomes at or below the median in their communities — live in quality, sustainable, affordable rental housing," said Ken Bacon, Executive Vice President of Fannie Mae's Multifamily Mortgage Business.

The analysis, based on telephone survey interviews with 2,041 members of the United States general population (plus 1,566 additional respondents from geographic areas of interest) and rigorous research by Fannie Mae, compares current consumer actions, attitudes and financial considerations with historical consumer behaviors, market experience and economic conditions. The study identified four key themes of the "owning versus renting" decision-making process, and results are available in a series of themed reports that cut the data across consumer life stage; ethnicity/race/immigration status; and demographic, geographic, housing and economic status.

Overview of Key Findings

Desire for Homeownership Remains Strong, Despite Housing Turmoil

- Fifty-one percent of those surveyed reported the housing crisis had little or no impact on their intentions to buy or rent, versus 27 percent who said they are more likely to buy and 19 percent who said they are more likely to rent.
- The substantial majority of homeowners (89 percent), as well as nearly half of renters (44 percent) believe they would be better off owning their homes, given their current financial situations.

Decision to Rent is Driven Primarily by Financial Constraints

- Lifestyle considerations are more likely to influence consumers' decision to buy a home, while the decision to rent is driven primarily by financial considerations.
- More than half (57 percent) of renters believe financial benefits are the best reason for renting a home. Based solely on current household finances, 52 percent believe they are better off renting, compared to 24 percent among the population at large.
- From January 2010 to third quarter 2010, the percentage of renters who say they will probably continue to rent in their next move increased from 54 percent to 59 percent.

- Per Fannie Mae calculations, 64 percent of renters who do not plan to own and half (50 percent) of those who do plan to own probably do not have sufficient income to qualify for the mortgage on a median-priced home.

Americans' Housing Choices Impacted by Lifestyle and Stages of Life

- Single (unmarried) respondents are least likely to own and report the lowest level of satisfaction with their housing choices. After controlling for age, income, wealth and a number of other factors, regression analysis indicates that married/partnered couples are 2.5 times more likely to own than other respondents
- Respondents with children generally have higher homeownership rates than those without children after controlling for age and income, and having children is cited as a major reason to buy a home by approximately three quarters (76 percent) of the general population.
- Americans 50 and older are more likely to believe they are better off owning than renting than any other age group, and are increasingly able to realize homeownership aspirations as they age. A person age 65-74 is 3.5 times more likely to own than a person under 25.
- The housing crisis has had the greatest impact on younger Americans. Since the housing crisis, homeownership for those 25 to 29 years has declined 11 percent since peak rates, compared with a decline of 5 percent among those 35 to 44 and less for those 45 and older.

Changing Demographic and Lifestyle Trends May Create Shifts in Housing Market Over Time

- Married couples, statistically most likely to own a home, represent a shrinking portion of the population — 50 percent of households in 2009, compared with 56 percent in 1990.
- Although having children increases consumers' propensity to own a home, renters are more likely than owners to have children under 18 living at home.
- In particular, 58 percent of single mothers rent, versus 32 percent overall for households with children under the age of 18.
- The percentage of families with children is declining overall, and reached an all-time low of 45 percent in 2009.
- Homeownership rates increase with age, and the U.S. population is experiencing an aging trend fueled by the baby boomers. Thirty-eight percent of households were headed by someone 55 or older in 2009, versus 35 percent in 1990.
- Possibly reflecting changing demographics and economic caution, recently, the size of new homes has begun to decrease, reversing a long-standing trend of more space per person. There has been a 6 percent decline in median square footage of new homes from the peak of the housing bubble in 2006 to the second quarter of 2010.

Survey Methodology

Penn Schoen Berland, in partnership with Oliver Wyman, conducted telephone interviews with 2,041 members of the United States general population plus 1,566 additional respondents from geographic areas of interest. To inform the survey design, focus groups were held in Washington, DC and Phoenix, Arizona during July and August 2010. The telephone interviews were carried out during August and September 2010. In addition to the focus groups and telephone survey, additional research was conducted to evaluate the survey findings comparatively with historical market experience.

###

About Penn Schoen Berland

Penn Schoen Berland is a global research-based consultancy that specializes in messaging and communications strategy for blue-chip political, corporate and entertainment clients. PSB has over 30 years of experience leveraging unique insights about public opinion to provide clients with a competitive advantage. PSB executes polling and message testing services for Fortune 100 corporations and have helped elect more than 30 presidents and prime ministers around the world. Penn Schoen Berland is a part of Young & Rubicam Brands, a subsidiary of WPP, one of the world's leading communications services networks. More information is available at www.psbresearch.com

About Fannie Mae

Fannie Mae exists to expand affordable housing and bring global capital to local communities in order to serve the U.S. housing market. Fannie Mae has a federal charter and operates in America's secondary mortgage market to enhance the liquidity of the mortgage market by providing funds to mortgage bankers and other lenders so that they may lend to home buyers. Our job is to help those who house America.