

Fannie Mae National Housing Survey

Hispanics: A Key Driver of Future Homeownership Demand

Topic Analysis 10/17/13

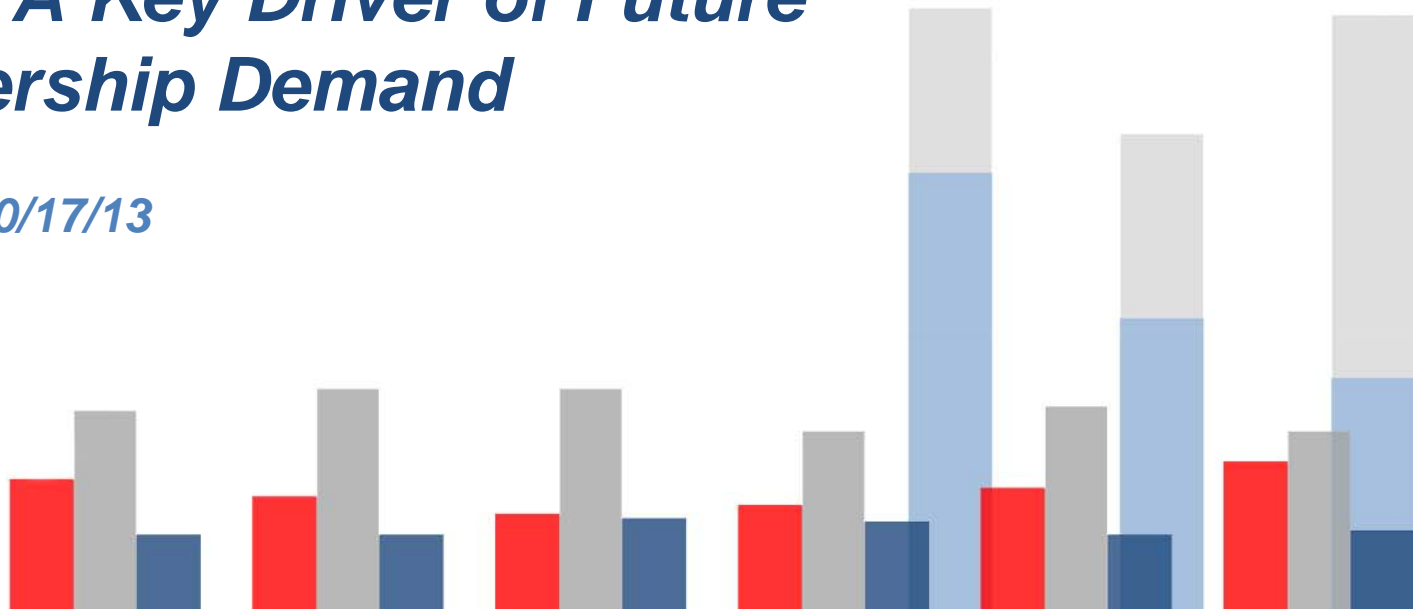


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Executive Summary

The Hispanic population is likely to be a substantial source of growth in homeownership demand in the U.S.

- Hispanics represent a sizeable and growing share of population and homeownership growth, and are projected to account for most of U.S. population growth through 2060

Hispanics are more likely than the general population to prefer owning and to expect to buy a home in the near term, despite concerns about getting a mortgage

- Hispanics are more likely than the general population to prefer owning, particularly for lifestyle reasons
- Hispanic Renters are more likely than renters as a whole to say owning makes more financial sense than renting
- Despite greater concern about their ability to get a mortgage, Hispanics are about as likely as the general population to plan to own in the future and more likely to expect to buy a home in the next three years

Research Methodology

- From October 4, 2012 to December 18, 2012, Penn Schoen Berland conducted 3,004 telephone interviews among the following audiences:

General Population Sample	Sample Size	Margin of Error
General Population (GP), including:	3,004	±1.79%
Owners		
• Own their home, with or without mortgage debt	1,953	±2.22%
Renters		
• Rent their home	991	±3.11%
Hispanics	481	±4.47%
Hispanic Owners	252	±6.17%
Hispanic Renters	217	±6.65%

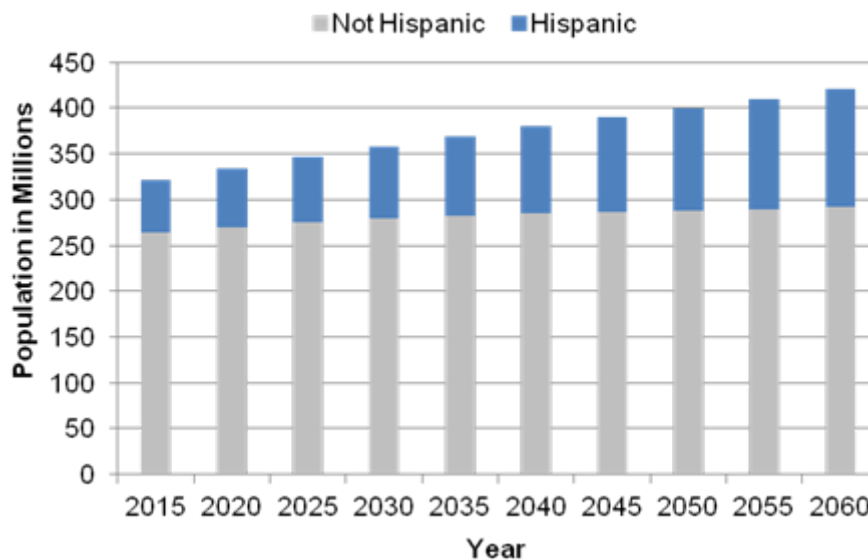
- *Similar studies were conducted in January 2010, June 2010, and on a monthly basis thereafter and are used as a baseline periodically throughout this report*
- *Note that on each question, respondents had the option to answer "don't know" (volunteered), which is why in some cases the total % may not equal 100*
- *The General Population data presented in this study has been weighted to make it reflective of the American Community Survey demographic statistics in terms of gender, age, race/ethnicity, income, education, and housing tenure.*

Research Background: Why a Focus on Hispanics?

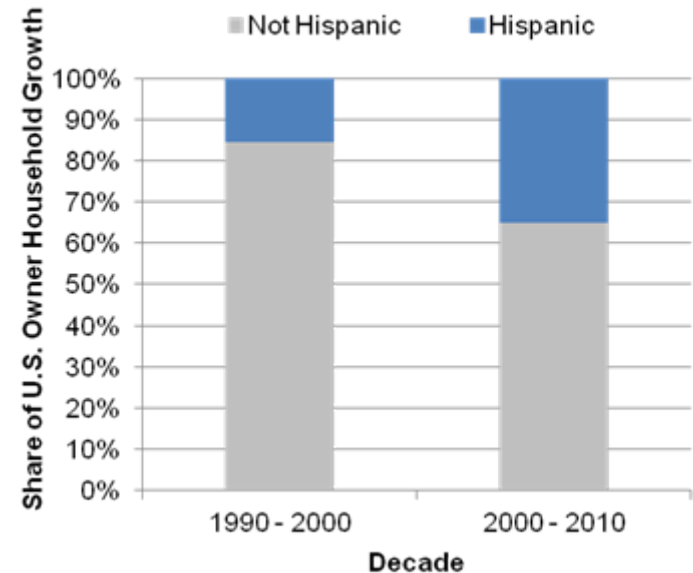
Hispanics are likely to be a substantial source of growth in homeownership demand, according to population projections and historical trends

- The Hispanic population is the fastest growing in the United States and is projected to account for most of U.S. population growth through 2060
- The Hispanic share of homeownership growth has increased substantially from 15 percent during the 1990s to 35 percent during the 2000s

Projected Population by Hispanic Origin

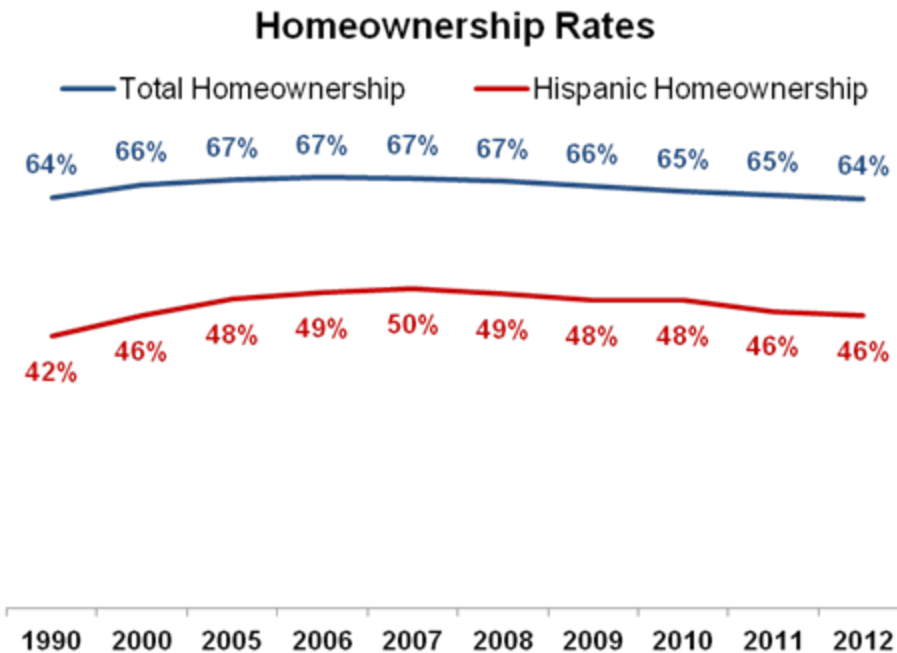


U.S. Homeownership Growth

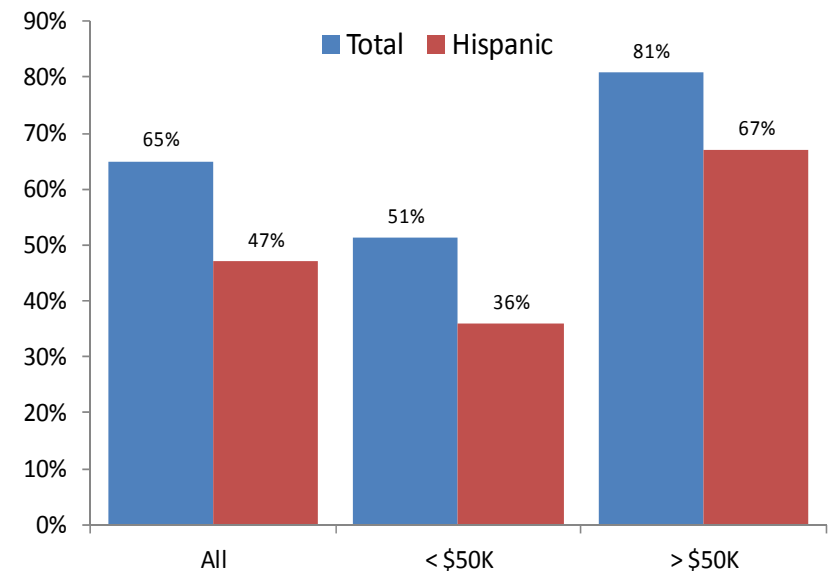


Both Hispanic homeownership rates and overall homeownership rates declined during the recession

- The difference between Hispanic and overall homeownership rates exists at various income levels



Homeownership Rates by Income – 2010*



* 2010 was the latest data available from the U.S. Census on homeownership rate by income and Hispanic ethnicity at the time of publication

Source: U.S. Census Bureau

Key Findings

Hispanics are more likely than the general population to prefer owning and to expect to buy a home in the near term, despite concerns about getting a mortgage

- Hispanics are more likely than the general population to prefer owning, particularly for lifestyle reasons
- Hispanic Renters are more likely than renters as a whole to say owning makes more financial sense than renting
- Despite greater concern about their ability to get a mortgage, Hispanics are about as likely as the general population to plan to own in the future and more likely to expect to buy a home in the next three years

Hispanics are much more likely to say that owning is a better option than renting in order to achieve various lifestyle benefits

- Hispanics see owning as the best way to have flexibility, less stress, and a good place to raise a family

To achieve this, are you better off owning or better off renting? <i>Showing % Q4-2012 Owning; Ranked by the Gap</i>	GP	Hispanic	Gap
Having flexibility in future decisions	64	82*	+18
Living in a convenient location	65	77*	+12
Having less stress	53	65*	+12
Living in a nicer home	82	89*	+7
Having a good place for your family or to raise your children	87	92*	+5
Living in a place where you and your family feel safe	84	89*	+5
Having a sense of privacy and security	89	93*	+4
Living in your preferred school district	73	77	+4
Feeling engaged in your community	83	86	+3
Having control over what you do with your living space	94	96	+2

* - Denotes a statistically significant difference between Hispanics and the general population at the 95% confidence level

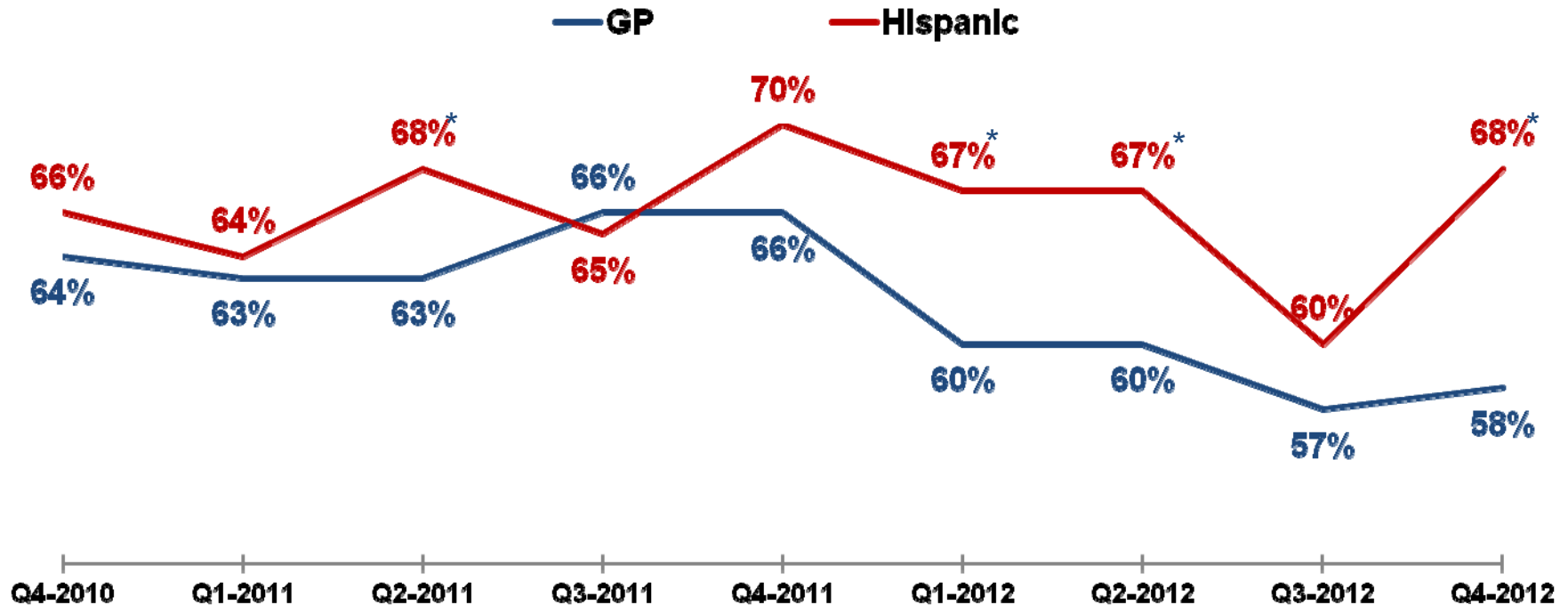
Note that GP data includes Hispanic population data

Over the last two years, Hispanics have become more likely than the general population to say that lifestyle benefits are the best reason to buy a house

Which of the following is the best reason to buy a house? Showing % Lifestyle Benefits Only

The financial benefits of homeownership, such as its value as an investment (especially compared to paying rent), its value as a way to build up wealth for retirement or to pass on to your family, and the tax benefit

The broader security and lifestyle benefits of homeownership, such as providing a good and secure place for your family and children, where you have the control to make renovations and updates if you want, and in a place that's in a community and location that you prefer



* - Denotes a statistically significant difference between Hispanics and the general population at the 95% confidence level

Hispanics are as likely to be drawn to the financial benefits of homeownership as the general population

- Nearly all Hispanics see homeownership as the best investment plan, a way to save for retirement, and a way to build up wealth

To achieve this, are you better off owning or better off renting? Showing % <u>Q4-2012 Owning</u> Ranked by the Gap	GP	Hispanic	Gap
Having the best investment plan	87	90	+3
Saving for retirement	81	84	+3
Having the best overall tax situation	73	75	+2
Living within your budget	65	67	+2
Being better off financially overall	80	81	+1
Making the best decision given the current economic climate	68	69	+1
Building up wealth	84	84	0

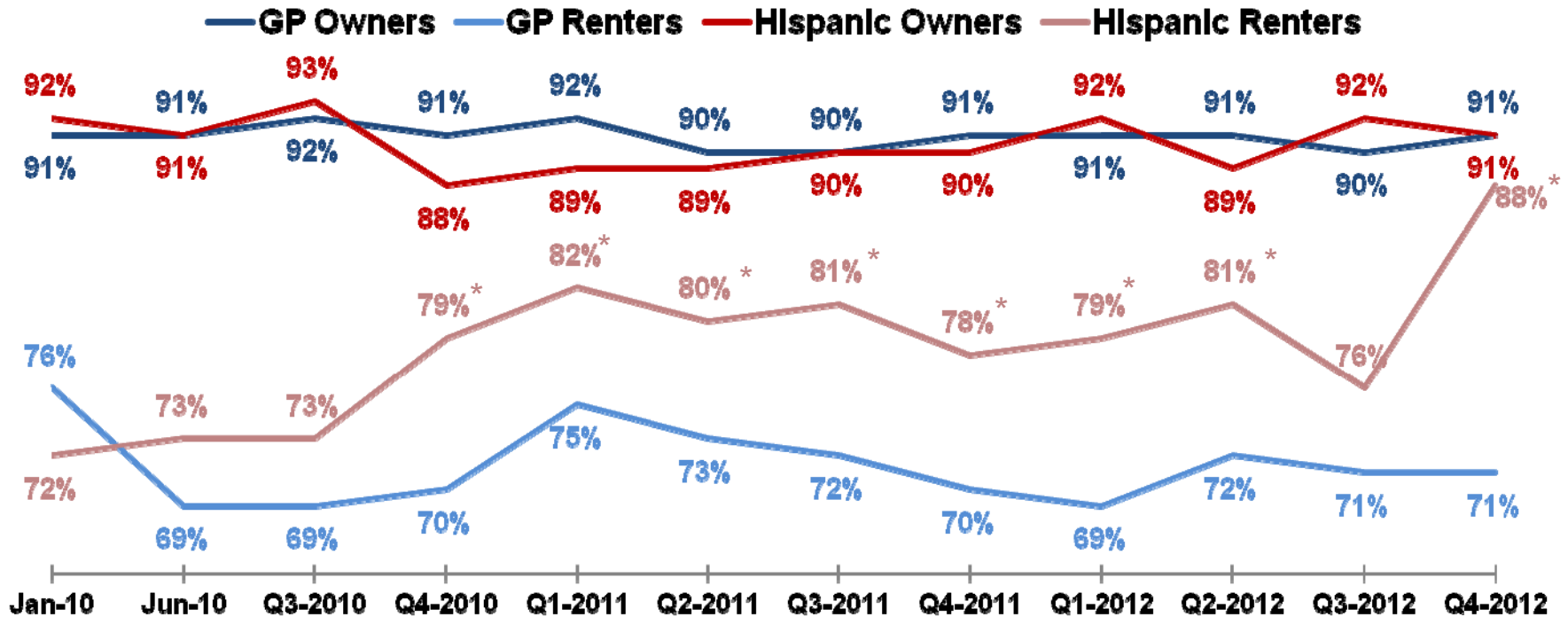
* - Denotes a statistically significant difference between Hispanics and the general population at the 95% confidence level

Hispanic renters are more likely than renters as a whole to say owning makes more financial sense than renting

Which is closer to your view? Showing % Owning Only

Renting makes more sense because it protects you against house price declines and is actually a better deal than owning.

Owning makes more sense because you're protected against rent increases and owning is a good investment over the long term.



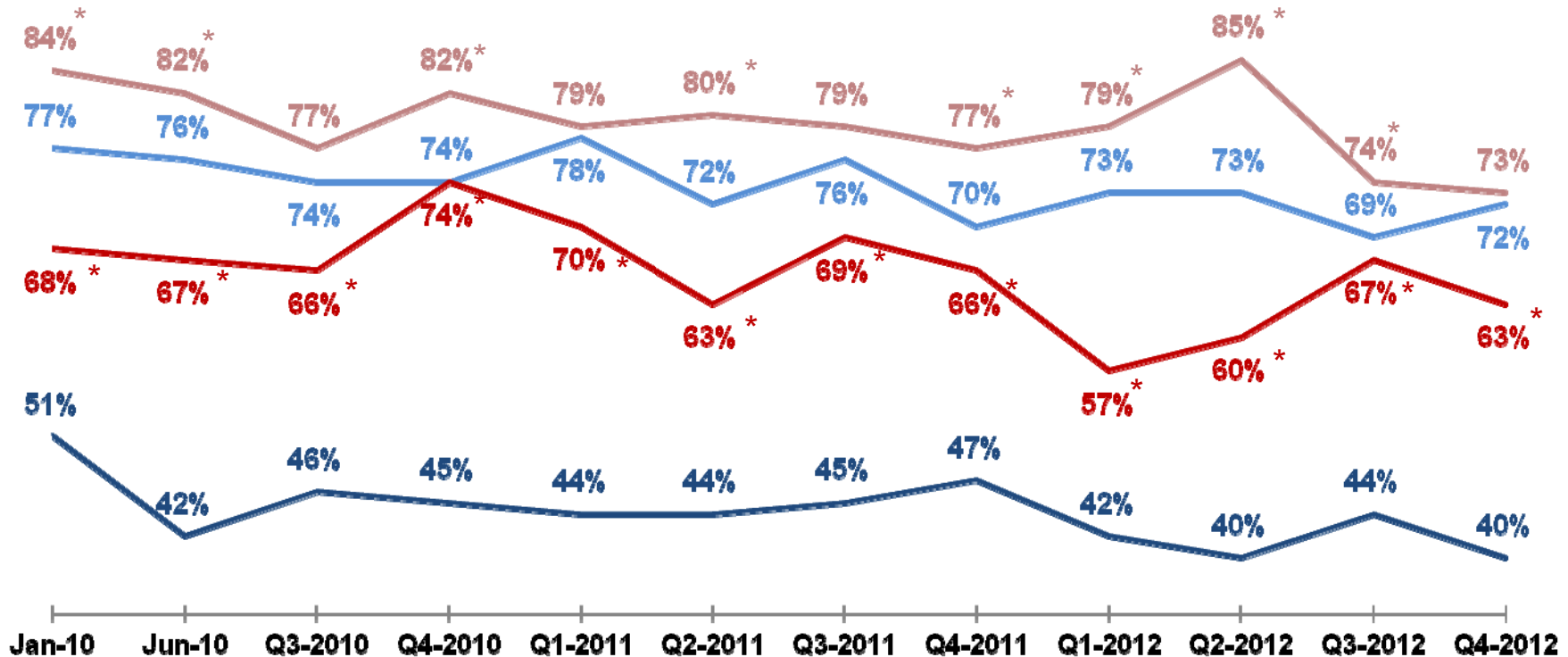
* - Denotes a statistically significant difference between Hispanics and the corresponding general population subgroup at the 95% confidence level

Hispanics consistently have been much more likely than the general population to think that it would be difficult for them to get a mortgage

Do you think it would be difficult or easy for you to get a home mortgage today?

Showing % Difficult

— GP Owners — GP Renters — Hispanic Owners — Hispanic Renters



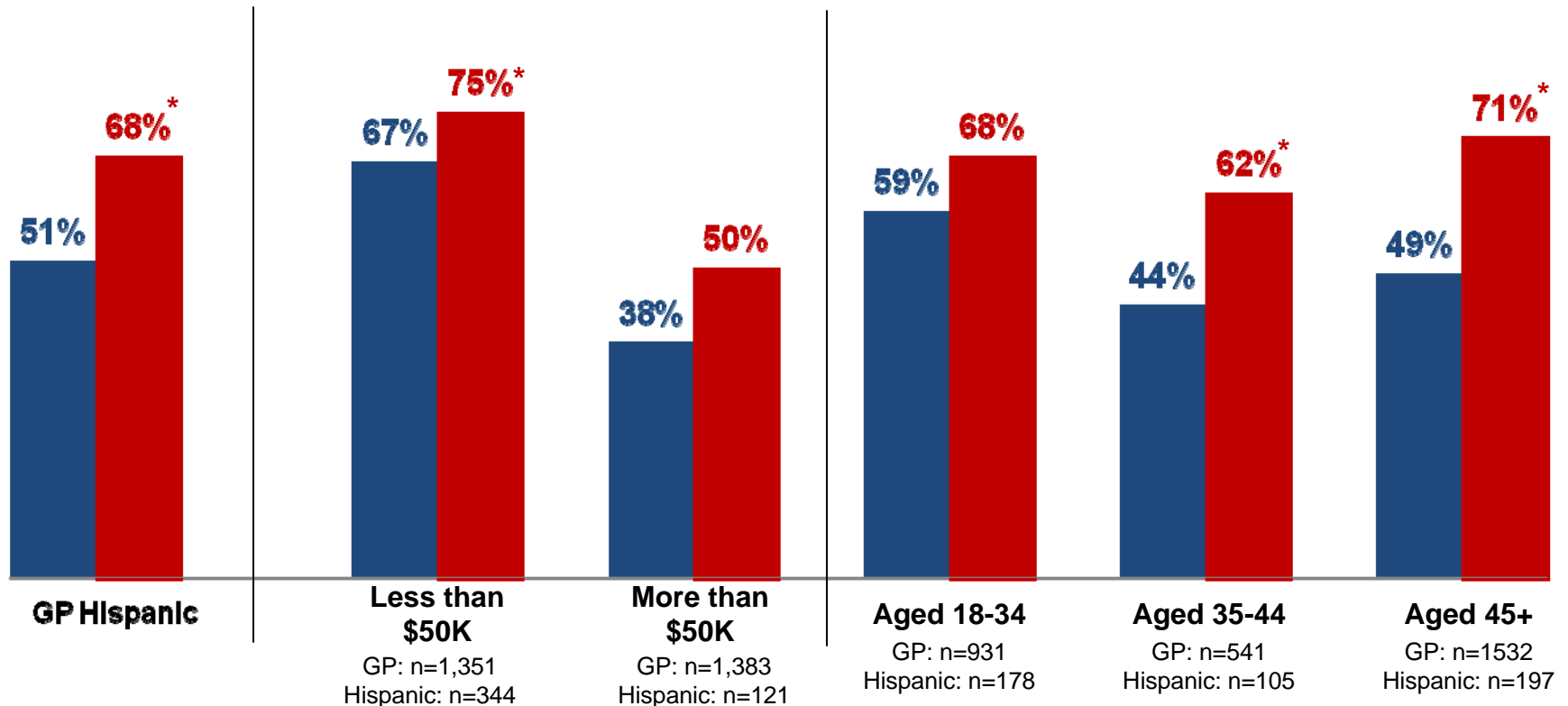
* - Denotes a statistically significant difference between Hispanics and the corresponding general population subgroup at the 95% confidence level

Note that the National Housing Survey does not collect data on the credit characteristics of survey respondents

The difference between Hispanics and the general population in perceived difficulty of getting a mortgage exists at various age and income levels

Do you think it would be difficult or easy for you to get a home mortgage today?
 Showing % Q4-2012 Difficult

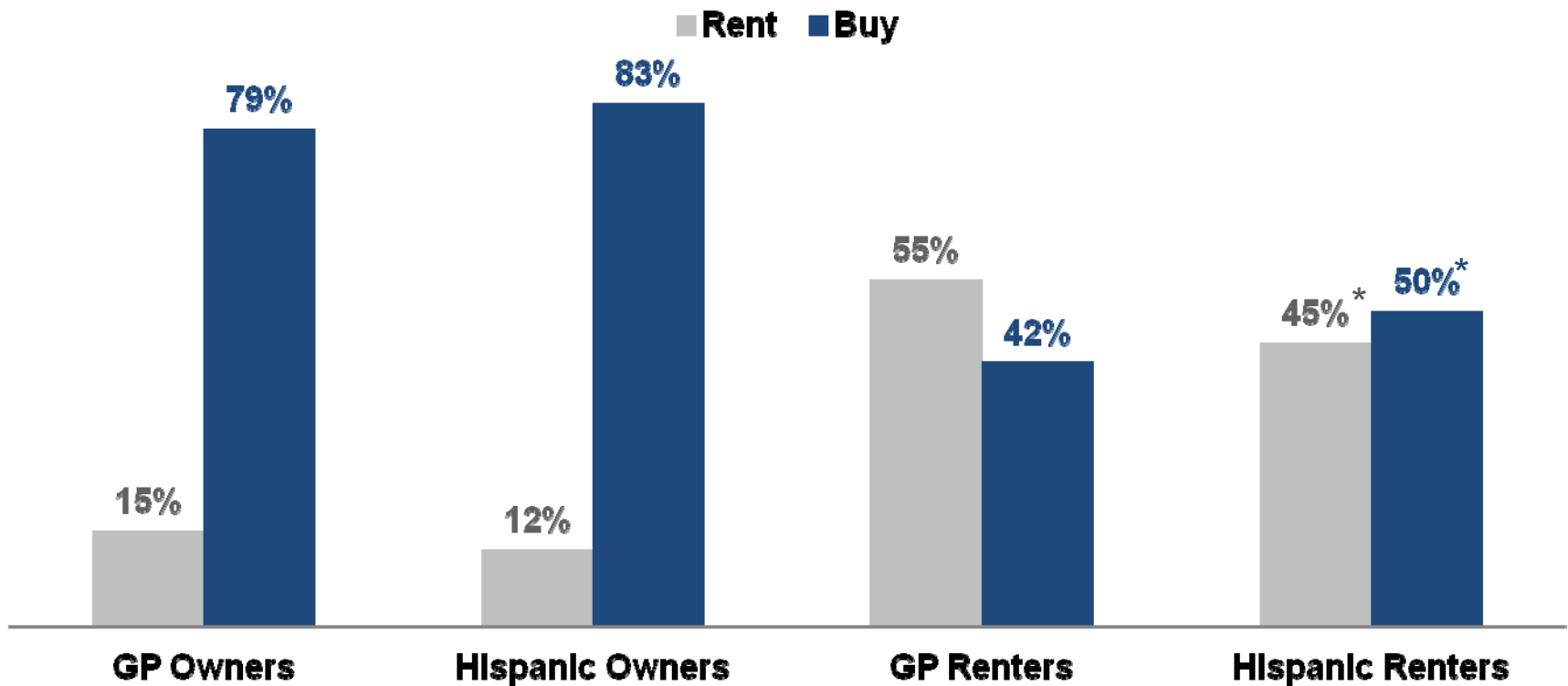
■ GP
 ■ Hispanic



* - Denotes a statistically significant difference between Hispanics and the corresponding general population subgroup at the 95% confidence level
 Note that the National Housing Survey does not collect data on the credit characteristics of survey respondents

Hispanic renters are more likely than renters as a whole to say that they would buy on their next move

If you were going to move, would you be more likely to buy or rent? Showing % Q4-2012



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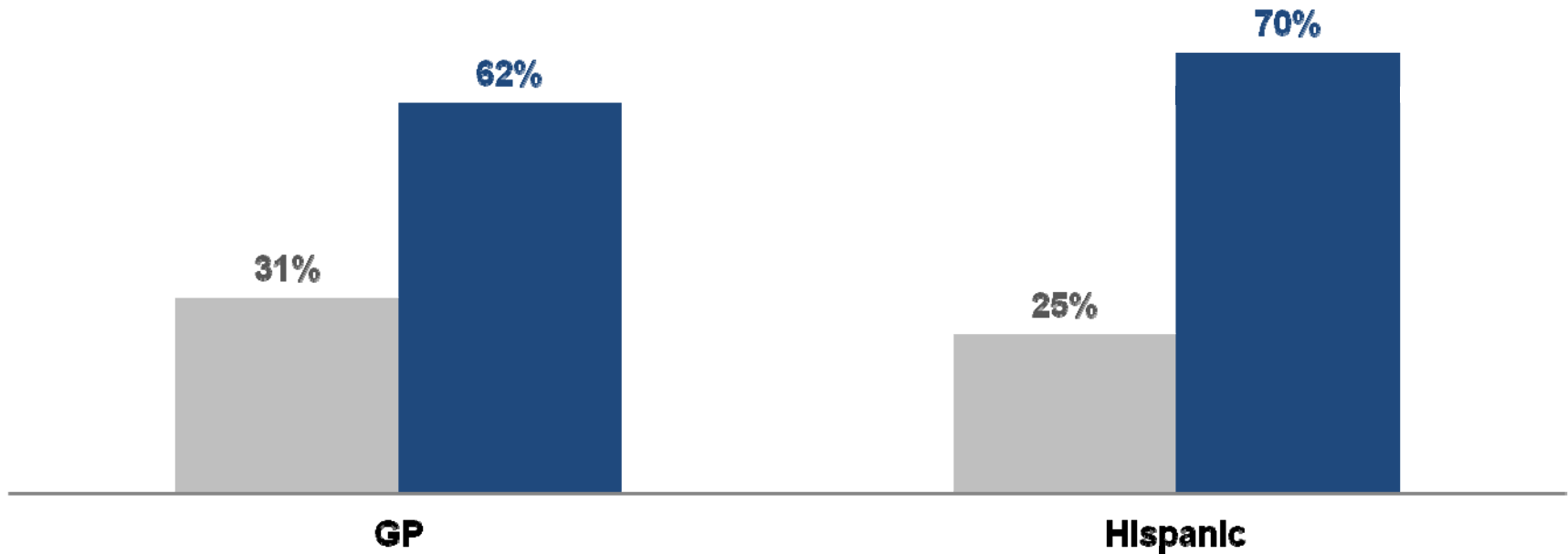
70% of Hispanics say they plan to buy at some point in the future, similar to the general population

IF RENT ON NEXT MOVE: In the future, are you more likely to...

Showing % Q4-2012

■ Always rent

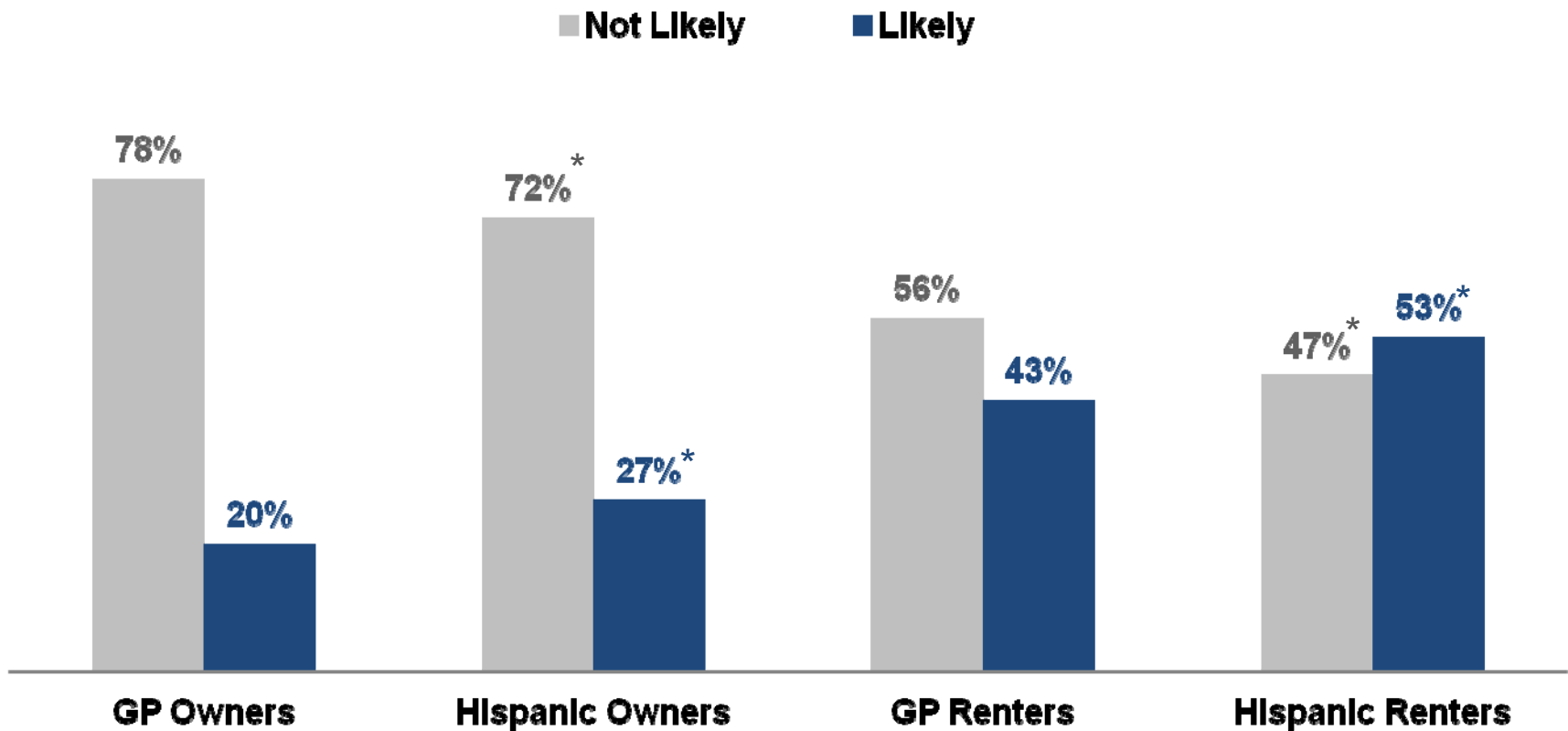
■ Buy at some point in the future



* - Denotes a statistically significant difference between Hispanics and the general population at the 95% confidence level

Hispanic owners and renters both are more likely than their general population counterparts to say they plan to buy in the next three years

How likely is it that you will buy a home in the next 3 years?^{**} Showing % Q4-2012



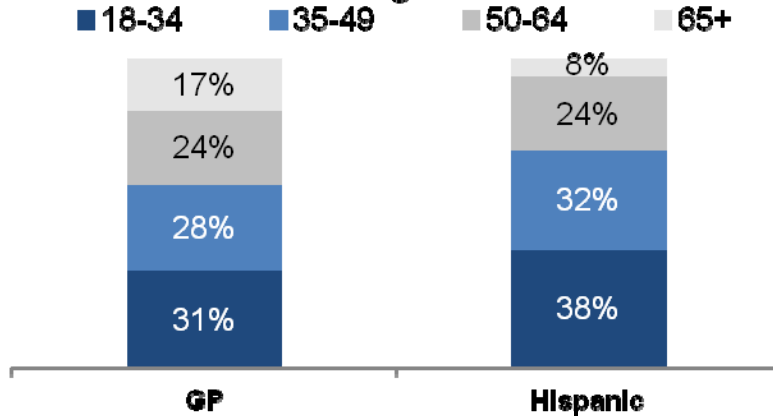
* - Denotes a statistically significant difference between Hispanics and the corresponding general population subgroup at the 95% confidence level

** - Note that this question is asked of all respondents, not just those currently renting their home

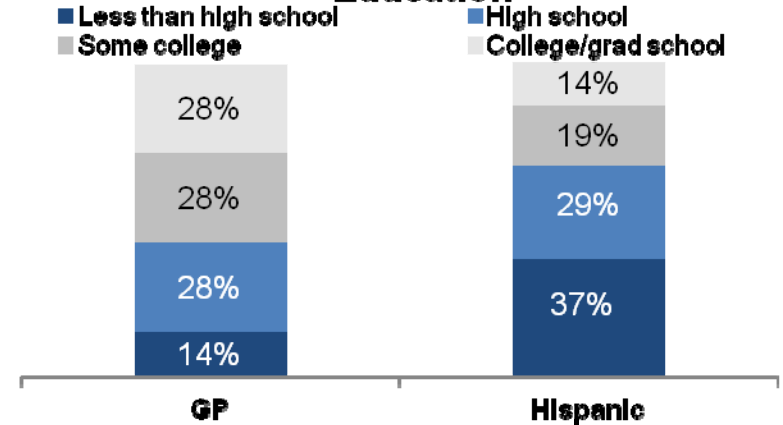
Appendix

Demographic Profile of Hispanics Versus the General Population in the National Housing Survey

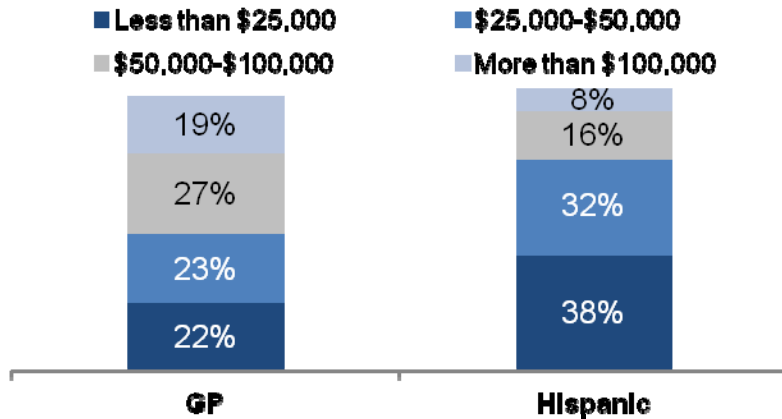
Age



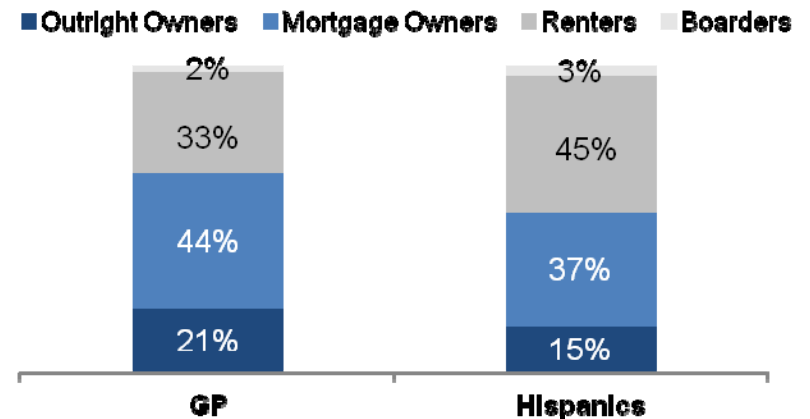
Education



Income



Homeownership Status



About the National Housing Survey

Background

- The Fannie Mae National Housing Survey is a monthly attitudinal survey, which polls the adult general population of the United States to track their attitudes toward owning and renting a home, home purchase and rental prices, homeownership distress, household finances, and overall confidence in the economy.
- Each respondent is asked more than 100 questions, making the Fannie Mae National Housing Survey the most detailed attitudinal survey of its kind.

Survey Methodology

- Each month, beginning in June 2010, approximately 1,000 live (not automated) telephone interviews with Americans age 18 and older are conducted by Penn Schoen Berland (PSB), in coordination with Fannie Mae.
- The margin of error for the total monthly sample is ± 3.1 percent at the 95 percent confidence level and larger for sub-groups.
- Telephone interviews are 75% landline and 25% mobile.
- Data collection occurs over the course of the first three weeks of each month.

Fannie Mae National Housing Survey – Monthly and Topic Analysis Reports

- On a monthly basis, 12 indicators of Americans' attitudes from the monthly survey are released publicly. Our most current and previous National Housing Survey monthly reports can be found at:
<http://www.fanniemae.com/portal/research-and-analysis/housing-survey.html>
- Topic Analysis Reports provide deeper insights into one or more issues based on the compilation of three monthly samples. The three monthly studies that make up any given report are identical in wording and placement of questions. Our most current and previous National Housing Survey Topic Analysis Reports can be found at: *<http://www.fanniemae.com/portal/research-and-analysis/consumer-research-analysis.html>*