

## Fact Sheet

### Fannie Mae Own-Rent Analysis

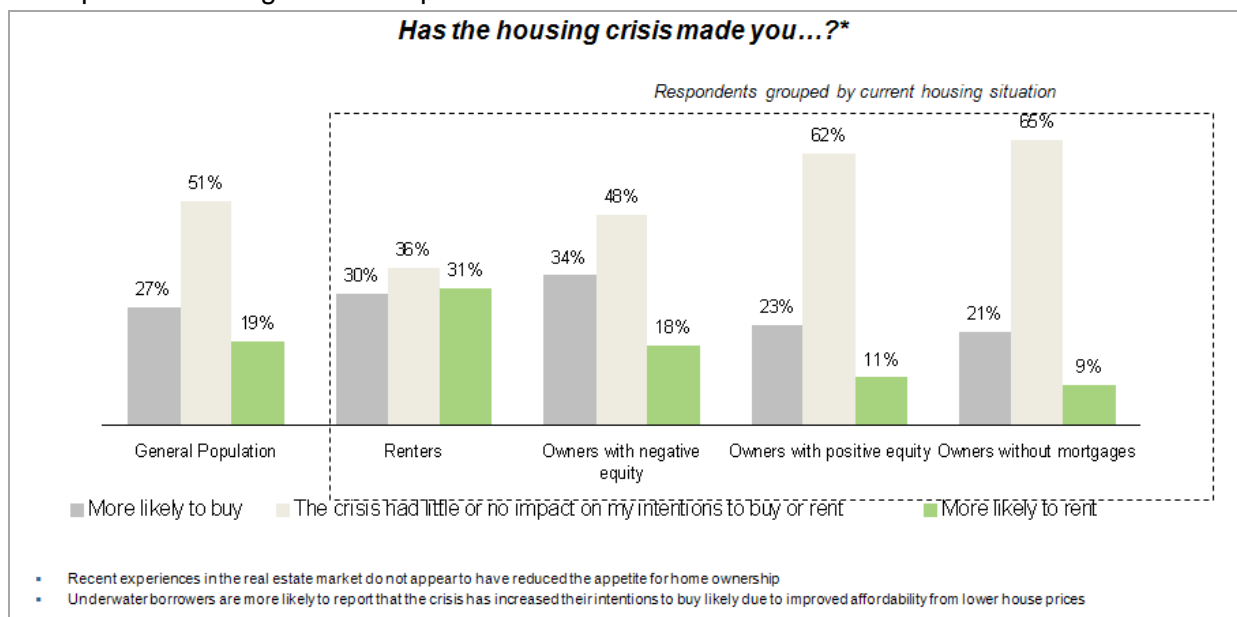
### Key Findings

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](http://www.fanniemae.com). The remaining two themes from this analysis will be announced next week.

## SURVEY FINDINGS

### *Impact of Housing Crisis*

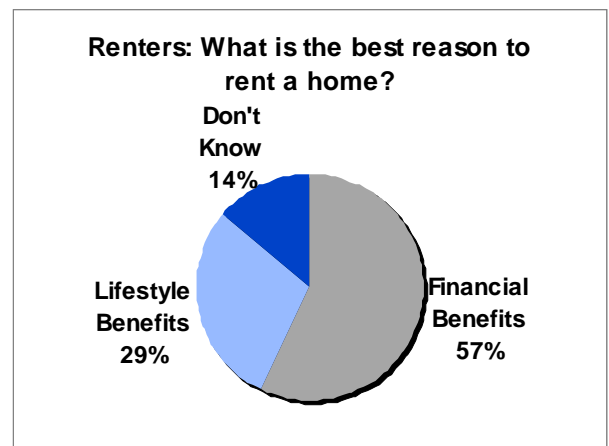
- Fifty-one percent of those surveyed reported the housing crisis has not affected their overall willingness to buy a home.
  - Twenty-seven percent of respondents said they are more likely to buy and 19 percent were more likely to rent.
  - Among renters, 31 percent say they are more likely to rent as a result of the housing crisis, compared to 19 percent among overall responses.



- The housing crisis has had the greatest impact on younger Americans. Since the housing crisis, homeownership for those 25 to 29 years old has declined 10 percent since peak rates, compared with a decline of 5 percent among those 35 to 44 and less for those 45 and older.
- Homeownership rates have fallen 3.3 percent from their highs in the fourth quarter of 2004 to 66.9 percent in the third quarter of 2010.
- The median square footage of new homes has declined 6 percent since the peak of the housing bubble in 2006.

### ***Owning vs. Renting***

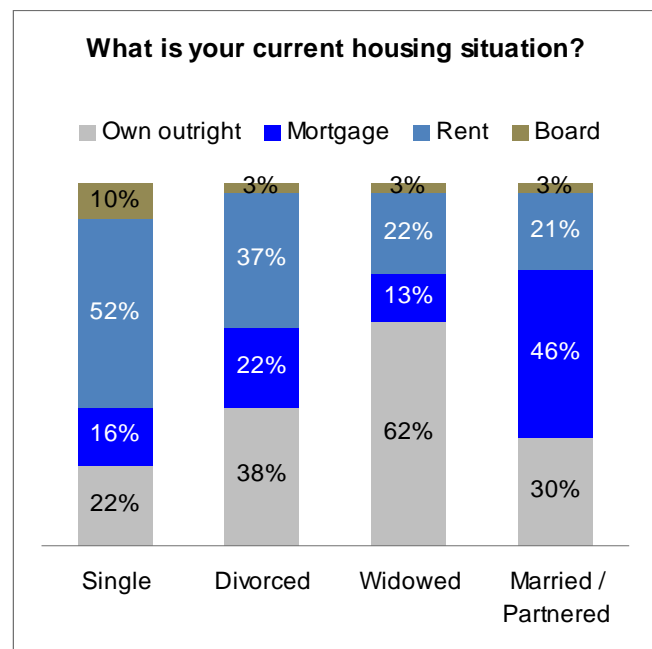
- The substantial majority of homeowners (89 percent), as well as nearly half of renters (44 percent), believe they would be better off owning their homes, given their current financial situations.
- One-third of Americans (33 percent) would be more likely to rent their next home than buy, up from 30 percent in January 2010.
- 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.
  - Thirty-six percent of renters think it is a bad time to buy, relative to 21 percent of mortgage holders and 28 percent of outright owners.
- When it comes to purchasing a home, lifestyle considerations such as a sense of security, having a good place to raise a family, location and quality of living space were more likely to influence consumers' decisions to buy.
  - Eighty percent of Americans would prefer to live in a neighborhood where most people own their homes.
- By contrast, the decision to rent is driven primarily by financial constraints. 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 of renters believe they are better off renting, compared to 24 percent who believe this is true among the population at large.
  - Per Fannie Mae calculations, 64 percent of renters who do not plan to own and half (50 percent) of those who do probably do not have sufficient income to qualify for the mortgage on a median-priced home.
- The most common barriers that renters identify as major reasons preventing them from transitioning to ownership include:
  - Not having good enough credit for a mortgage (major reason for 52 percent of renters).
  - Not being able to afford the purchase or upkeep of a home (major reason for 46 percent of renters).
  - Thinking it's not a good time economically to buy (major reason for 43 percent of renters).



## Demographic Trends' Impact on Housing Choices

### Marriage

- After controlling for age, income, wealth and a number of other factors, regression analysis indicates that married couples are 2.5 times more likely to own than other respondents.
  - Single (unmarried) respondents are least likely to own and report the lowest level of satisfaction with their housing choices.
- Married couples, statistically most likely to own a home, represent a shrinking portion of the population.
  - Married couples represented 50 percent of households in 2009, compared with 56 percent in 1990.



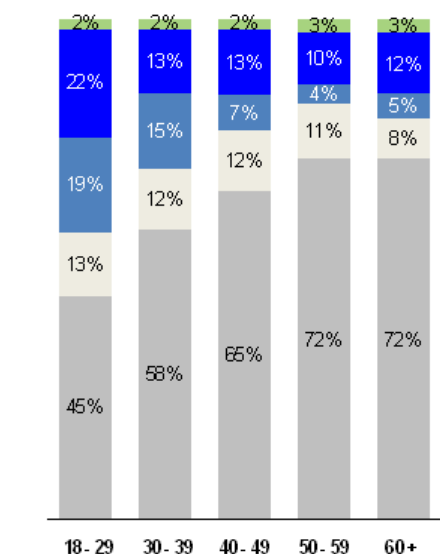
### Children

- Respondents with children generally have higher homeownership rates than those without children after controlling for age and income.
  - Having children is cited as a major reason to buy a home by approximately three quarters (76 percent) of all households.
- Although having children increases consumers' propensity to own a home, U.S. Census data indicate that the proportion of renters with children under 18 living at home is slightly greater than the proportion of homeowners who have children under 18 living at home.
  - In particular, 58 percent of single mothers surveyed by Fannie Mae 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.

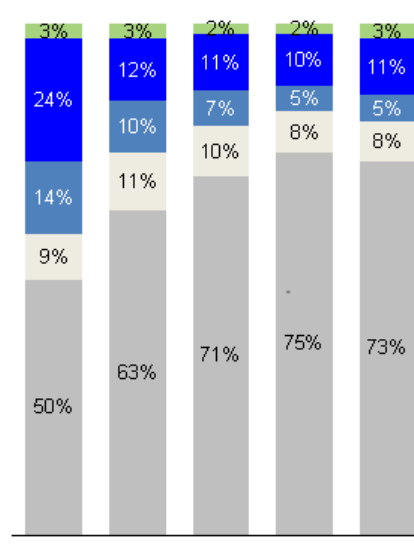
### Aging

- 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.
  - Someone 65-74 years old is 3.5 times more likely to own than someone under 25 years old. 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.

**Given your current household finances, do you think you would be better off renting your home or would you be better off owning your home?**



**Given your current lifestyle and family situation, do you think you would be better off renting your home or would you be better off owning your home?**



Much better off owning  
 Somewhat better off owning  
 Somewhat better off renting  
 Much better off renting  
 Don't know

## METHODOLOGY

Penn Schoen Berland, in partnership with Oliver Wyman, conducted telephone interviews with 2,041 members of the U.S. 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, AZ 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.

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.

For more information, visit [www.fanniemae.com/media/releases/own-rent-120910.jhtml](http://www.fanniemae.com/media/releases/own-rent-120910.jhtml)