

More Renters Expect to Keep On Renting

[globest.com/sites/paulbubny/2017/04/11/more-renters-expect-to-keep-on-renting/](https://www.globest.com/sites/paulbubny/2017/04/11/more-renters-expect-to-keep-on-renting/)

Paul Bubny



Headquartered in McLean, VA, Freddie Mac says fewer renters have plans to relocate, whether to a house or another apartment.

MCLEAN, VA—Trading a rental for the dream of homeownership? Not so fast, according to the latest Freddie Mac survey of renters. An even larger majority of those surveyed said they expect to rent their next home: 59%, up from 55% six months ago.

Not surprisingly, the biggest gains in this cohort were seen among younger Millennials, for whom homeownership may be a foreign concept. Seventy-three percent of those surveyed said they planned to rent their next home, compared to 64% in September 2016. Another group that registered a preference for staying in the renter pool was suburban households, up from 48% six months ago to 57% in the most recent Freddie survey.

There were still renters among those surveyed for Freddie who aspire to homeownership, but fewer than last time. The percentage of renters who expect to eventually own declined to 41% from 45% in the previous survey. Along similar lines, the number of renters who said they were working toward homeownership fell from 21% in September to 15% this time around.

Freddie's latest survey also reveals a preference for living in urban areas even if it means moving into a smaller home. Seventy-five percent of the renters surveyed say they would consider downsizing in order to live in an urban area, with half of those saying they are either "very willing" or "fairly willing" to downsize.

While thoughts of downsizing may imply belt-tightening, that doesn't appear to be the case among respondents to the latest survey, which found that more renters feel pretty good about their financial situation. Forty-one percent of renters now say they have enough money to last beyond each payday, up from 34% this past September, while those who said they couldn't afford essentials fell from 20% to 14%. Those saying they had enough to cover

expenses from payday to payday was relatively unchanged at about 45%.

The more positive outlook on personal finances hasn't really moved the needle on relocation plans, though. Fifty-five percent of all respondents, and 60% of those ages 35 to 49, said they liked where they live and didn't plan to move if their rents rose.

"It would appear from our new survey that renters today feel better about their finances, like where they are living, and view renting favorably," says David Brickman, EVP of Freddie Mac Multifamily. "This is consistent with findings from earlier surveys that show a steadily growing number of renters have a positive view of renting."

Such favorable fundamentals for the long-term apartment outlook help underpin the GSE's outlook for multifamily originations this year. Freddie said this past Friday that lending volume in the sector could increase by 3% to 6% in 2017, depending on movement in the 10-year Treasury rate.

If the 10-year stays in the range of 2.5%, multifamily volume is estimated to grow to around \$295 billion for the year. Conversely, growth could slow to 3% if the 10-year rises more abruptly.

Observes Steve Guggenmos, Freddie Mac Multifamily VP of research and modeling, "The multifamily market is poised for growth and record origination volumes in 2017 under either interest rate scenario. This fact underscores the underlying strength of the multifamily sector thanks to a strong labor market, demand from new households and steady absorption rates." As a result, he adds, "a moderate rise in interest rates alone will not be enough to cause any significant disruption to the multifamily investment market."