



# Profile of Today's Renter Multifamily Renter Research

Market Insights, Corporate Communications & Marketing

September 2016



## Highlights: Financial Picture for Renters



- **Over the past year, more renters are feeling financially constrained.**
  - » Renters of both multifamily and single-family properties increasingly feel they sometimes don't have enough money for basics until the next payday.
  - » Renters are struggling with managing their debt and over one-third are either extremely or very concerned about potential rent increases in the next 12 months.
  - » Fear of eviction because of rising rents is now a reality for at least 1 in 5 Americans.
- **Despite increased financial stress, renters are still saving for many goals. Renters still place higher priority on saving for an emergency and their retirement rather than a down payment for a home.**
- **While much of the media focus is on Millennials financial challenges, it is the Gen X population of renters who are feeling the tightest squeeze.**
  - » Their desire to move from renting to homeownership is strongest and they are most likely to be making saving for a down payment a higher priority.
  - » This doesn't mean they are unhappy with their rental experience. To the contrary, Gen Xers are more satisfied with their experience renting than any other generation.
  - » Among those Gen Xers who believe their next move will still be to a rental property, they are the most likely to consider both small multifamily properties (apartments with 50 or less units) and large multifamily properties (apartments for with more than 50 units).

## Highlights: Energy Efficiency



- **More renters are concerned about potential increases in their utility bills than rent or other essentials.**
  - » Close to 4 in 10 say they are extremely/very concerned about potential increases in these expenses. This is particularly true for renters in the Western region.
  - » Likewise, the majority expect that these increases will have at least some impact on their income.
  
- **While the vast majority of renters see the benefits of energy efficient features, slightly fewer are willing to pay more to rent an environmentally friendly home.**
  - » Many would rather rent an environmentally friendly home and feel they are generally better places to live.
  - » However, although they feel an energy/water efficient home would help to reduce their utility bills, seven in ten renters view these types of properties as more expensive to rent.
  - » At the end of the day, more than four in ten agree they would be willing to pay more in rent for a energy/water efficient home.

# Highlights: Future Housing for Renters



- **With the American renter population facing affordability challenges, moving has become a reality for a large number of renters.**
  - » The majority of renters continue to see renting as a more affordable option for them today.
  - » Four out of seven renters say they will move in the future and many are thinking about their finances, not lifestyle, when choosing where to live/go next. The majority expect their future residence to be the same or less expensive.
  - » However, many renters are just simply unsure of when they might move next.
  
- **Despite the burden of rent increases and plans to move, this quarter saw positive changes in satisfaction with rental experience, especially among Gen X.**
  - » Renters are equally satisfied with not only their overall rental experience but also the community in which they live, their house/apartment and current quality of life.
    - When compared to other generations, Millennials feel less strongly about their rental experience. However, they report the same levels of satisfaction regarding their community and the apartment/house they live in when compared to Boomers and Gen-Xers.

# More Renters are Feeling Strained with Their Finances and Debt



**Q: Which of the following statements best describes your household's general financial situation?**  
**Q: Which of the following statements best describes your general feelings about your current debt?**

## Managing Finances

■ Have enough money to go beyond each payday   ■ Live payday to payday   ■ Sometimes don't have enough money for basics



## Managing Debt

■ Don't current have any debt   ■ Manage debt without any set back   ■ Occassional difficulties, but making progress   ■ Never able to make any progress

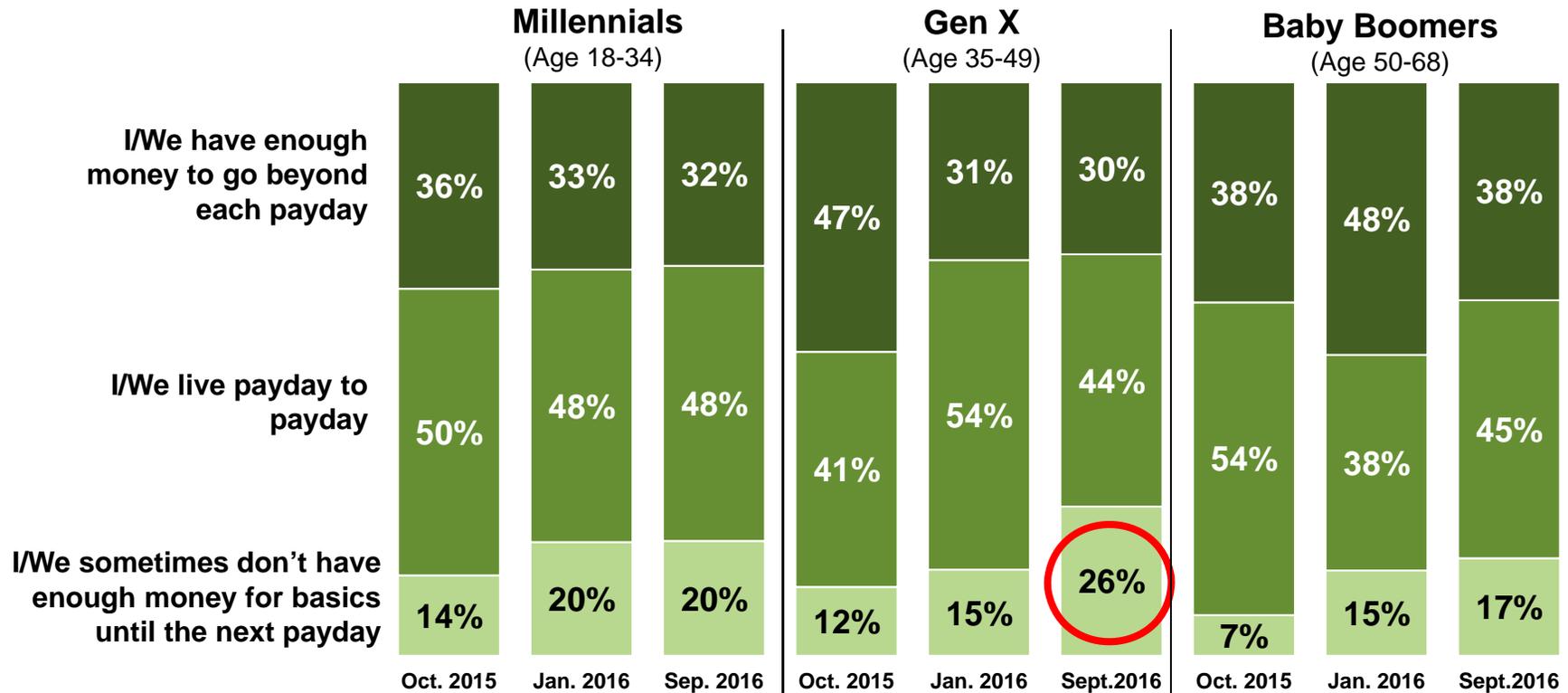


(September 2016 Base = 1,362 total renters)

# Renters Across All Generations Show Increases with Struggles with Finances



Q: Which of the following statements best describes your household's general financial situation?

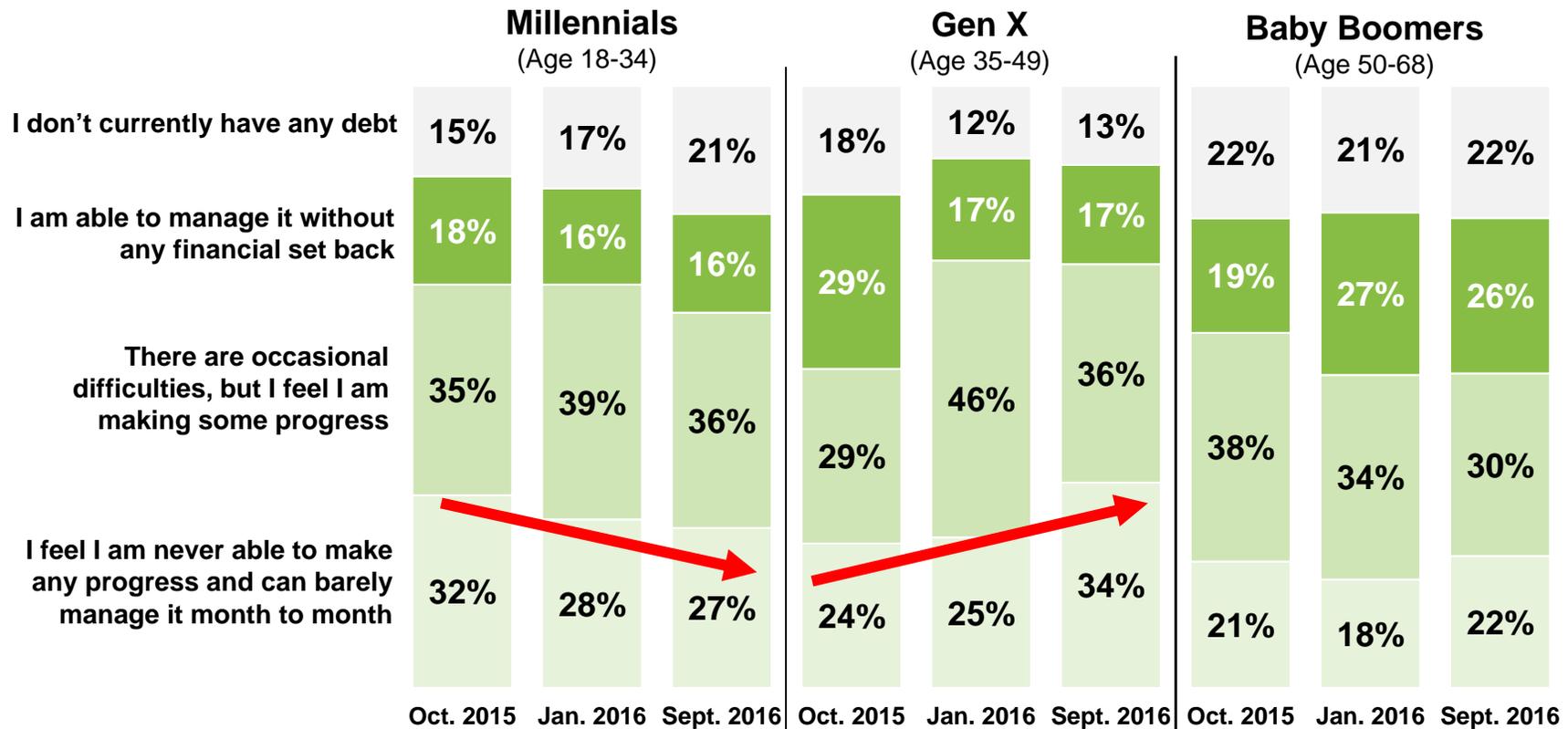


(September 2016 Base = 497 Millennials, 405 Gen X and 371 Baby Boomers  
Excludes "Mature" generational renters (Age 69+) given extremely small sample size.

# Gen Xers Continue to Struggle with Debt, While Millennials Show Improvement



**Q: Which of the following statements best describes your general feelings about your current debt?**

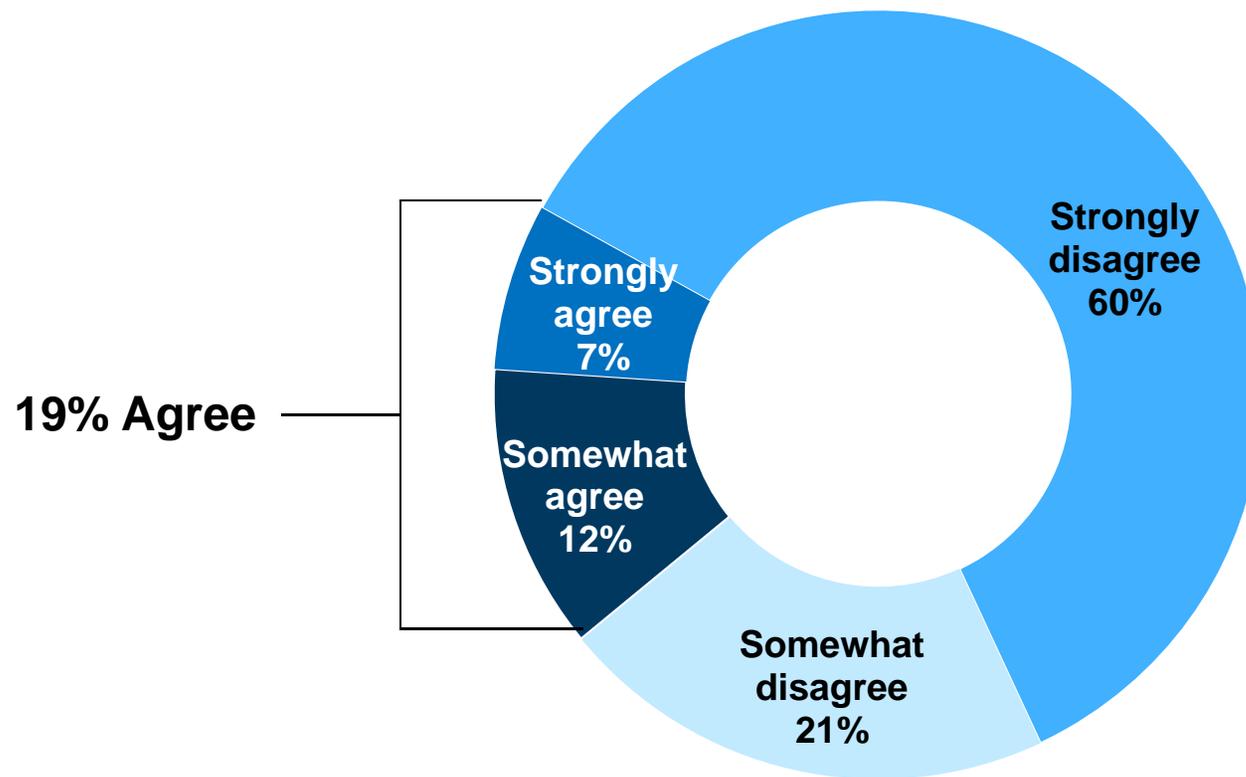


*(September 2016 Base = 497 Millennials, 405 Gen X and 371 Baby Boomers)  
Excludes "Mature" generational renters (Age 69+) given extremely small sample size.*

# Fear of Eviction is a Reality for Some Renters



**Q: Given the recent changes in your rent, please indicate how much you agree or disagree with each statement regarding what, if any, changes you have had to make or how this change has impacted you. I fear eviction because I can no longer afford rent.**

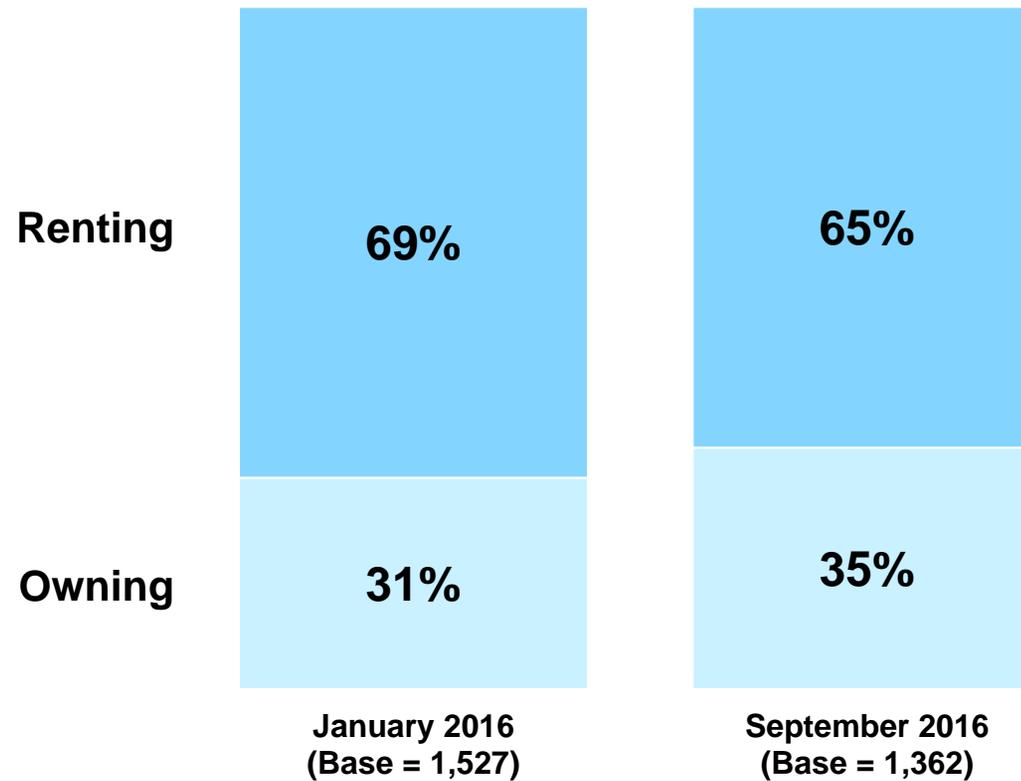


*(Base = Total renters)*

# For Renters, Many Still See Renting as More Affordable Than Owning



Q: Overall, which do you think is more affordable for you today?



(Base = Total renters)

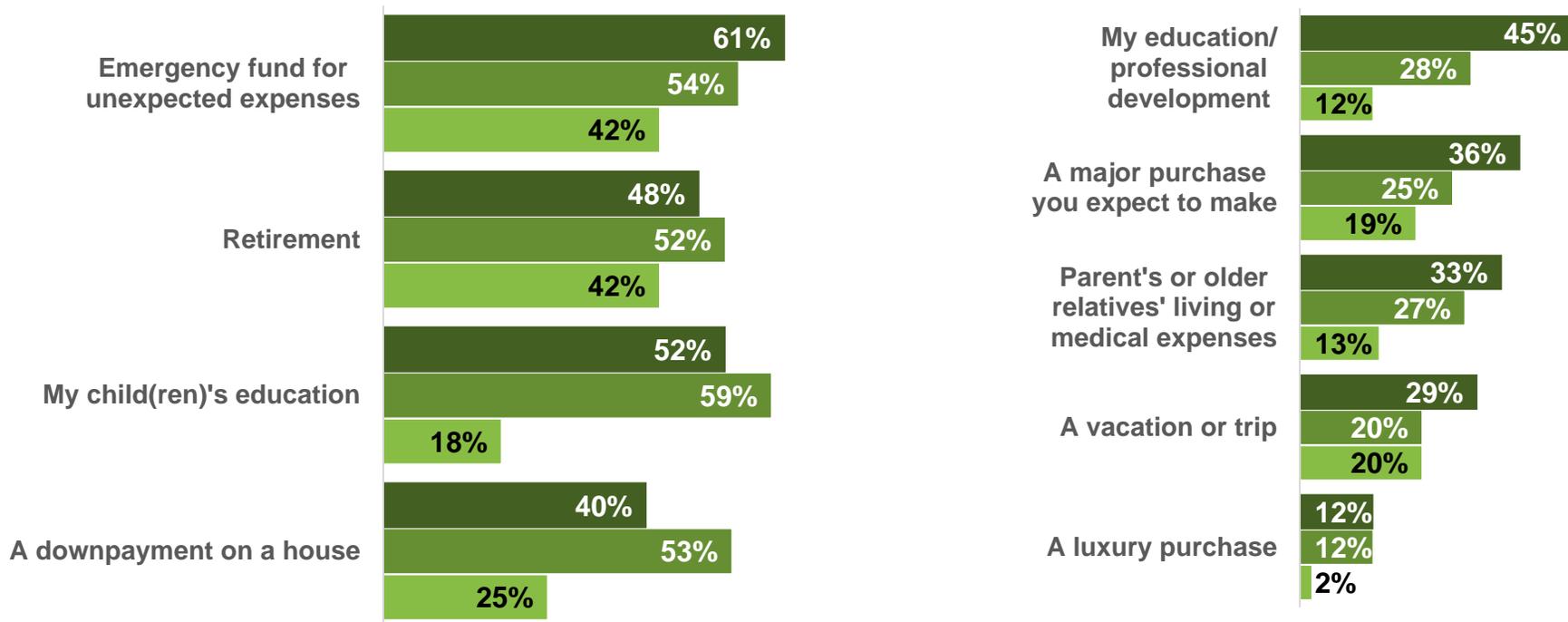
# Gen Xers, More Than Millennials, Place a Priority on a Down Payment for a House



Q: Thinking about your current saving goals, please rate how much of a priority each of following is to you.

## % Absolutely Essential/High Priority

■ Millennials ■ Gen X ■ Baby Boomers



(September 2016 Base = 258 Millennial renters, 213 Gen X renters, 177 Boomer renters)  
Includes only renters currently saving for **ALL** listed goals  
October 2015 comparison data not shown due to small sample size)

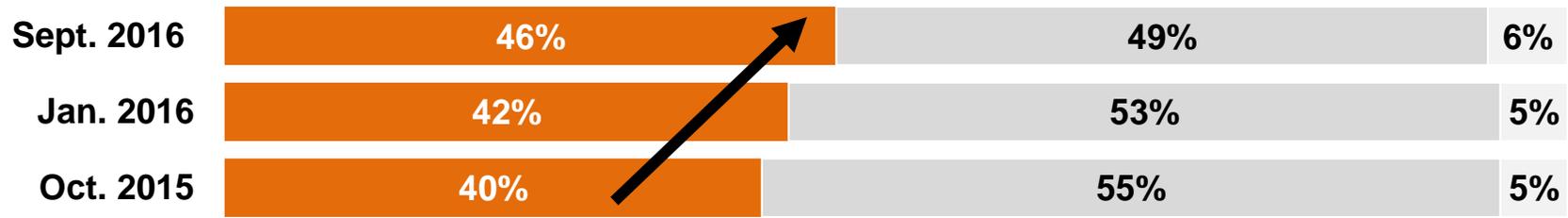
# Those With Past Rent Increases are More Likely to be Concerned About Future Increases



Q: How much, if at all, has the rent for your current home changed in the past 2 years?  
 Q: How concerned are you about potential increases in the following types of bills in the next 12 months?

## Rental Change In Past Two Years

■ Increase ■ Same ■ Decrease



## Concern Over Rent Increases

■ Extremely/very concerned ■ Moderately concerned ■ Slightly concerned ■ Not at all concerned

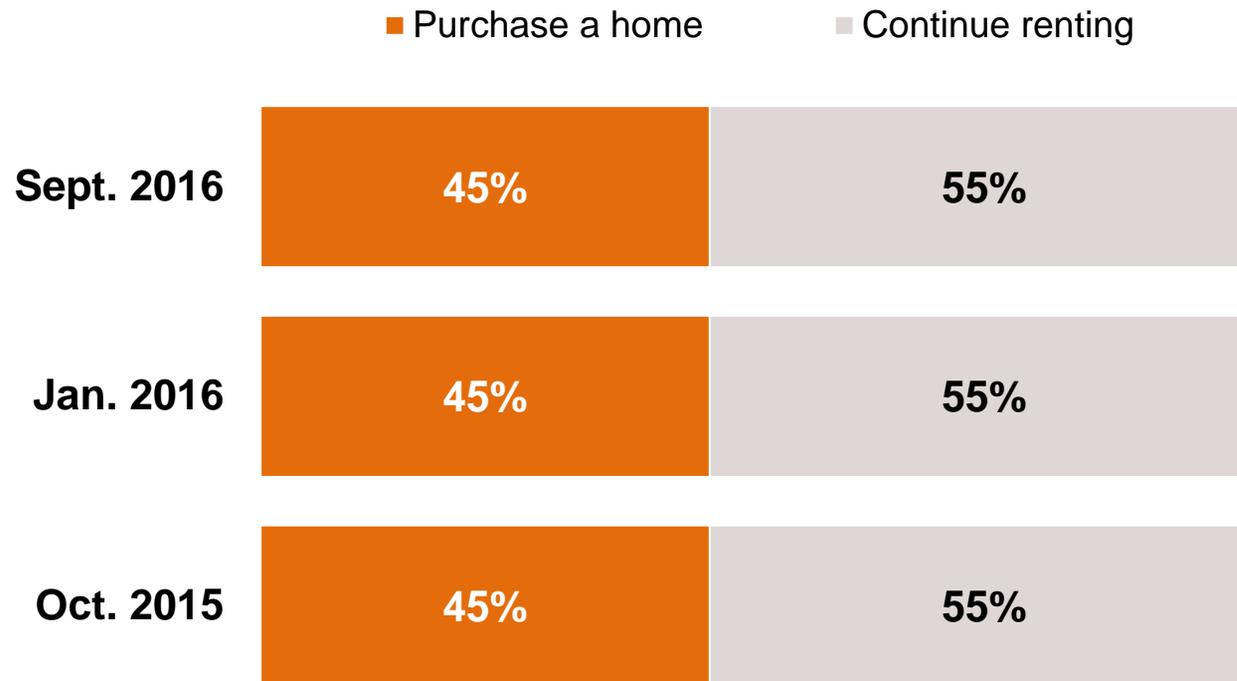


*(September 2016 Base = 1,174 renters who indicate they have been in their current home two years or more)  
 Excludes renters whose rent has decreased in the past two years given extremely small sample size.*

# Plans To Buy Or Rent are Virtually Unchanged in the Past Year



Q: For your next residence, do you expect to...? We realize you may be unsure, but please provide your best assumptions.\*



*(September 2016 Base = 1,362 enters who plan to move or don't know)*

*\*Question was changed so that it did not specify time frame in Q3-4*

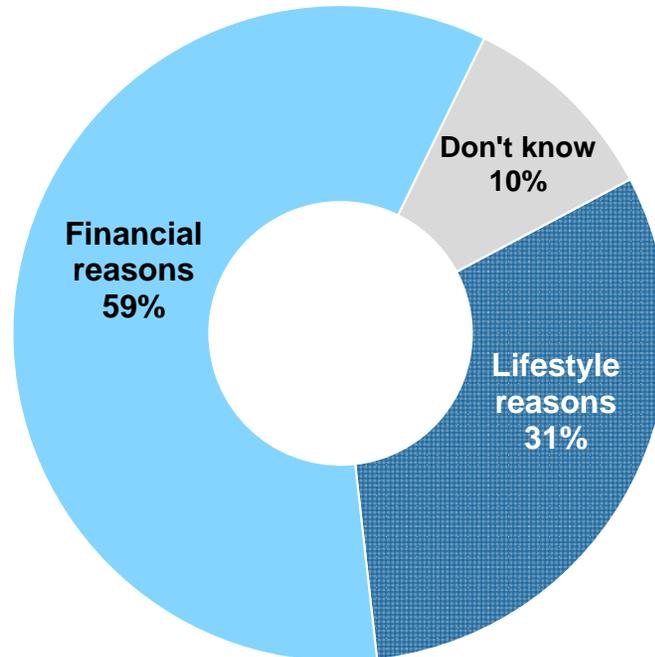
*\*\*Excludes renters who selected "Other" type of rental dwelling given extremely small sample size.*

# Financial Reasons are a Bigger Driver of Future Expectation to Rent



**Q: Is your expectation to be renting for your next residence driven more by financial reasons or lifestyle reasons?**

## Factors Driving Desire to Rent

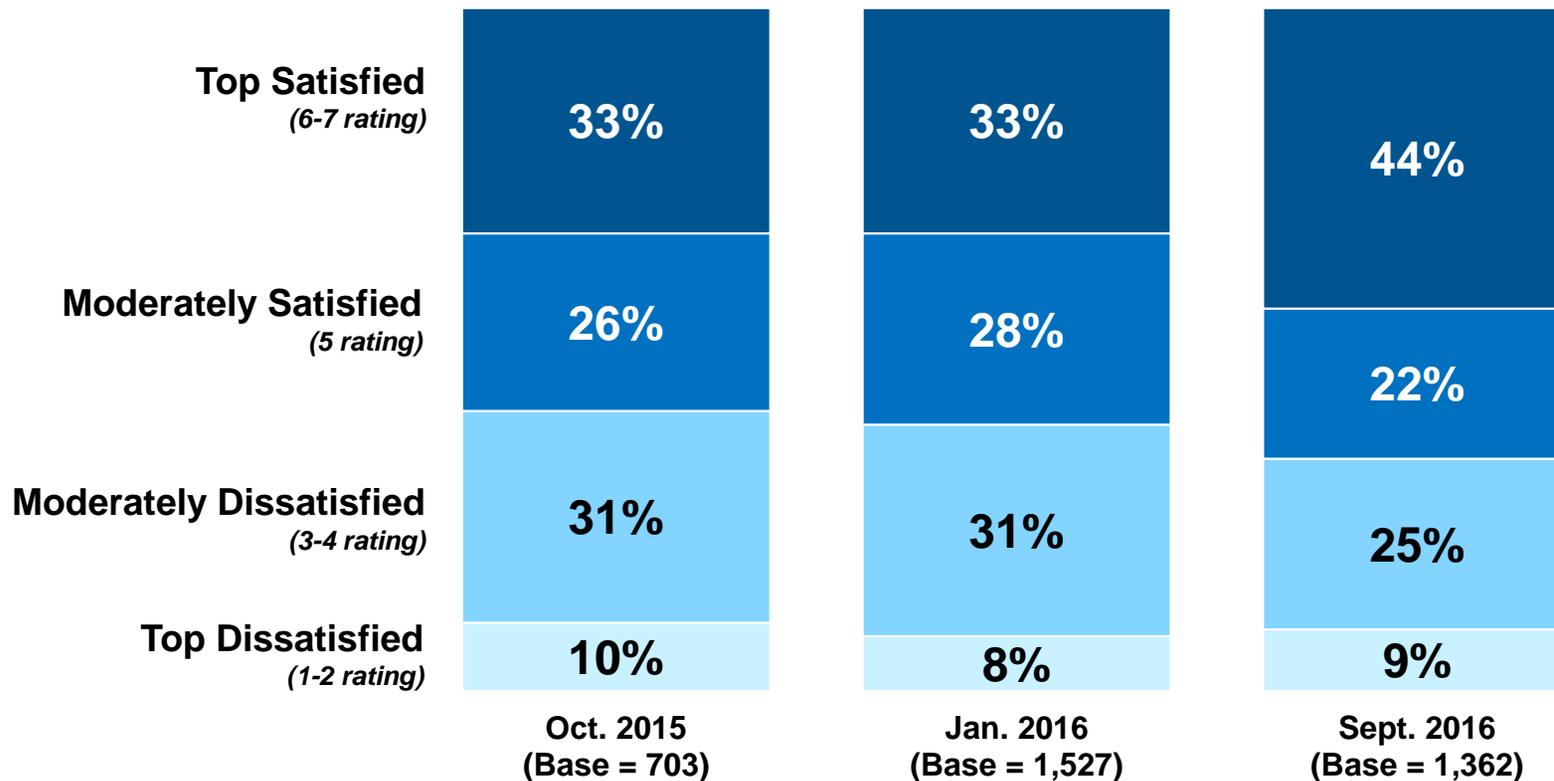


*(Base = 660 Renters who plan to rent next residence)*

# Rental Experience Satisfaction Rises Significantly Higher



Q: How satisfied have you been with your overall rental experience?

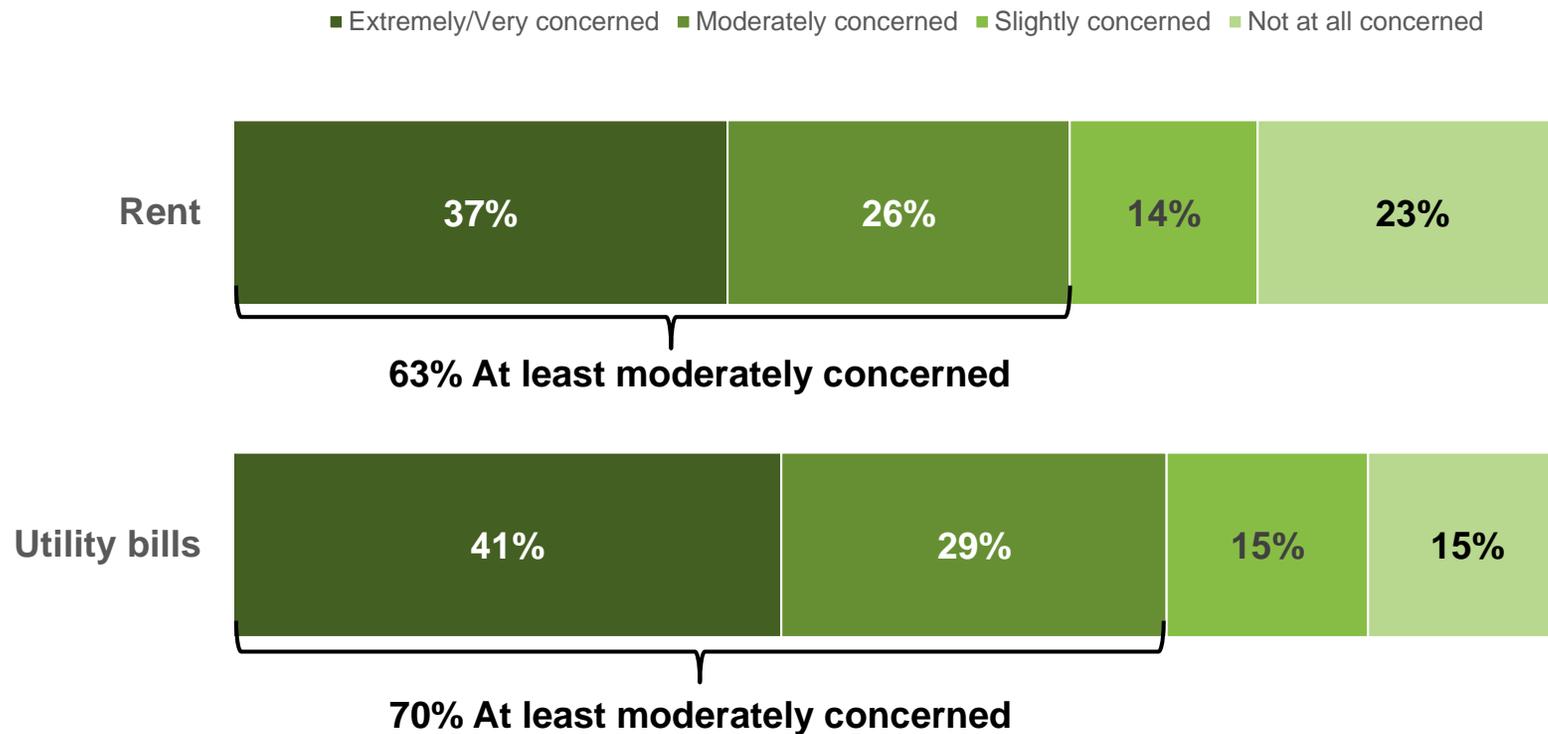


(Base = Total renters)

# More Renters Concerned About Potential Increases in Utility Bills Than Rent



Q: How concerned are you about potential increases in the following types of bills in the next 12 months?



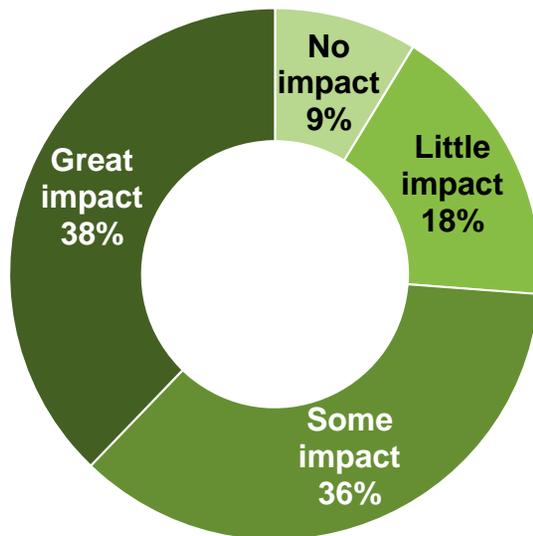
(Base = Total renters)

# Most Renters Say Increases in Utilities or Rent Would Have Some Impact Financially

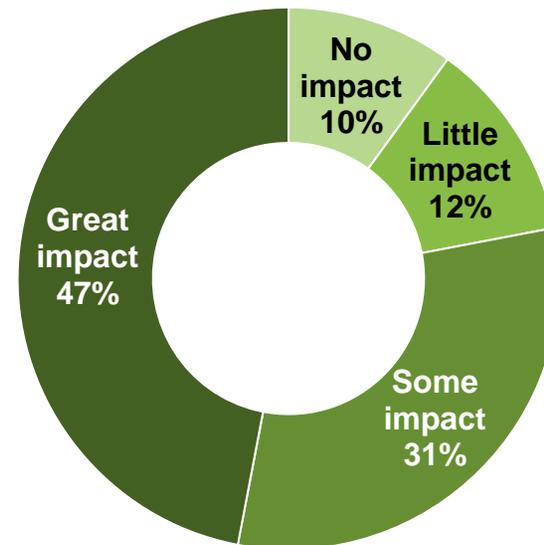


Q: How much of an impact would increases in these bills have on you financially?

### Impact of Higher Utilities



### Impact of Higher Rents



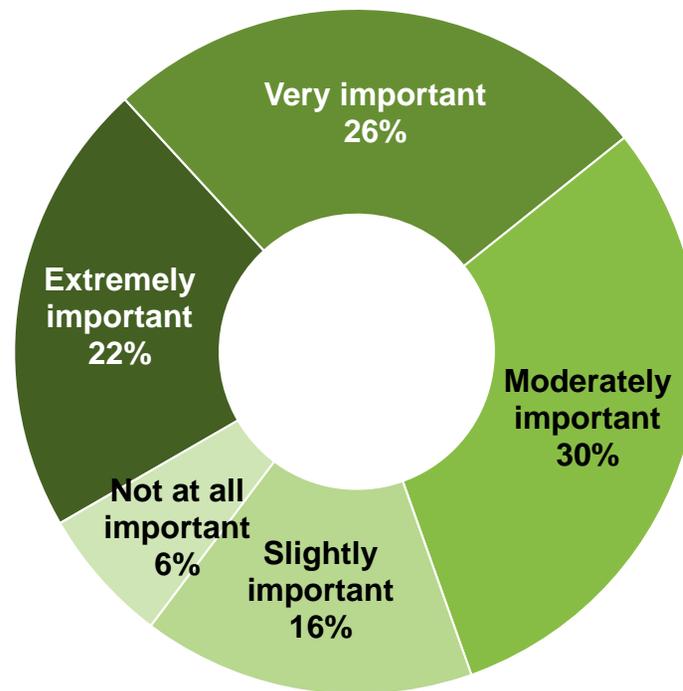
(Base = 1,362 total renters)

# Energy/Water Efficient Features Are Important for Many Renters



Q: How important is having a home with energy/water efficient features when deciding on where you live?

## Importance of Energy/ Water Efficient Features



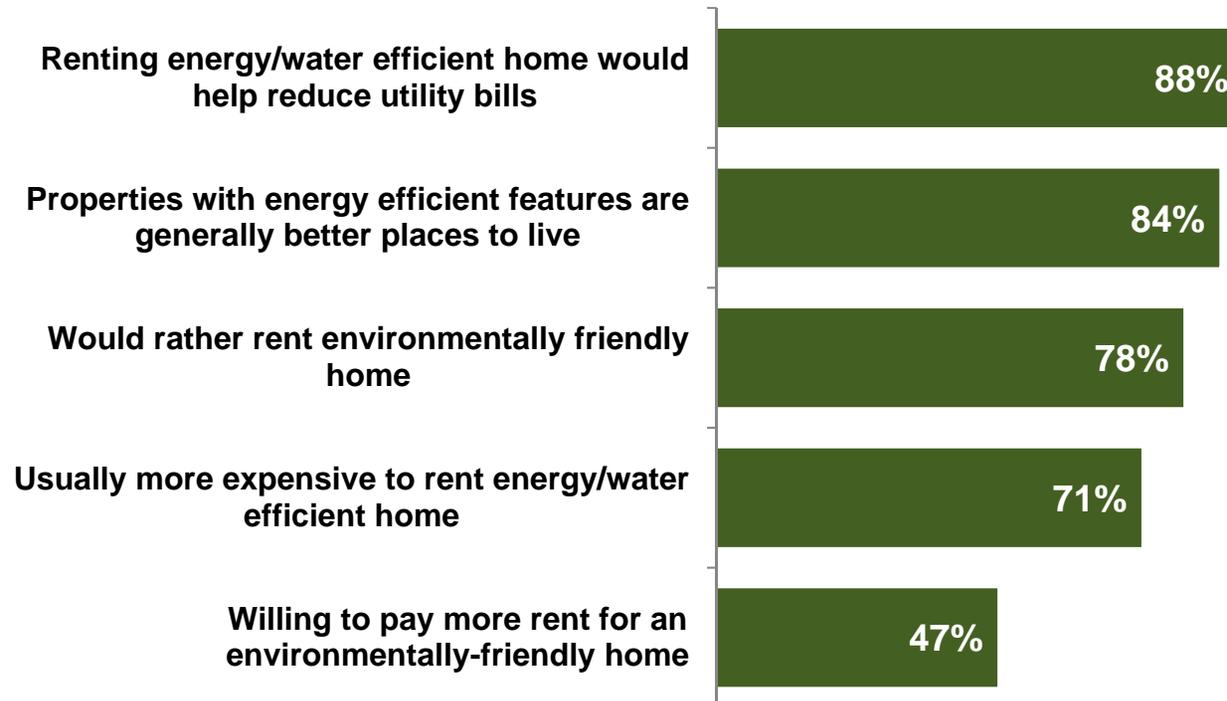
(Base = 1,362 total renters)

# Many Renters See Benefits of Energy Efficiency But Slightly Fewer are Willing to Pay More



**Q: The list below contains some views people have about energy/water efficient features. Some efficient features include water-conserving systems, efficient lighting and appliances, renewable electric power generation, high efficiency heating and cooling, etc. Please indicate how much you agree or disagree with each statement.**

## % Strongly/Somewhat Agree



(Base = 1,362 total renters)

# Housing Continuum for All Renters



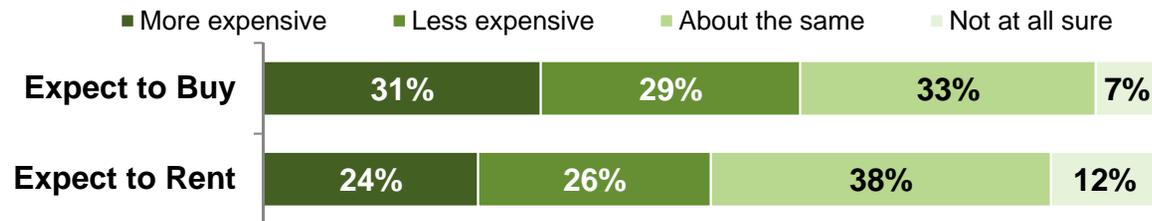
## When Expect to Move



## Expect to Rent or Buy



## Will Your Next Move Be to a Property That is...



## Type of Future Property to Rent



(Base = Total renters who plan to rent or buy)  
 \*Other category includes mobile homes

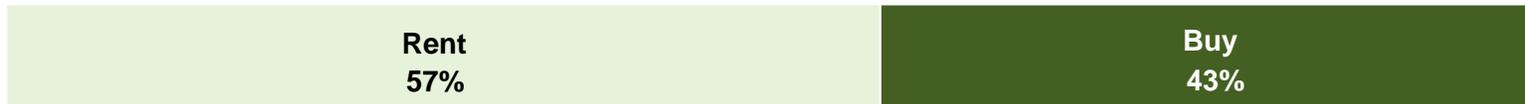
# Housing Continuum for Millennial Renters



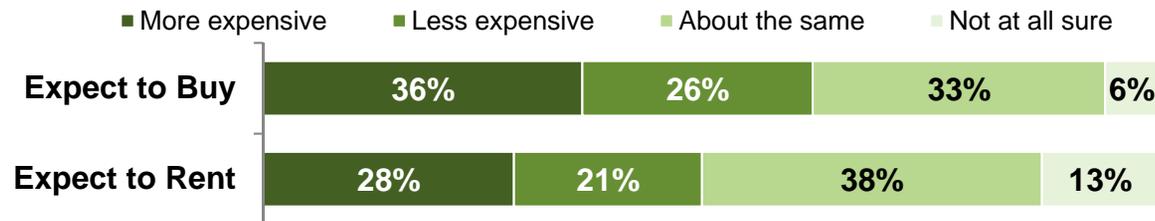
## When Expect to Move



## Expect to Rent or Buy



## Will Your Next Move Be to a Property That is...



## Type of Future Property to Rent



(Base = 246 Millennial renters who plan to rent or buy)

\*Other category includes mobile homes

# Housing Continuum for Gen X Renters



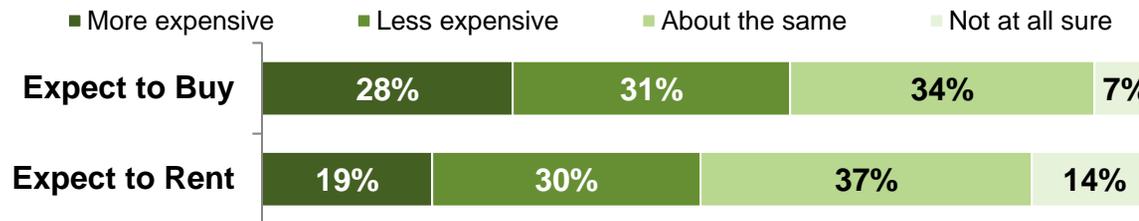
## When Expect to Move



## Expect to Rent or Buy



## Will Your Next Move Be to a Property That is...



## Type of Future Property to Rent



(Base = 175 Gen X renters who plan to rent or buy)

\*Other category includes mobile homes

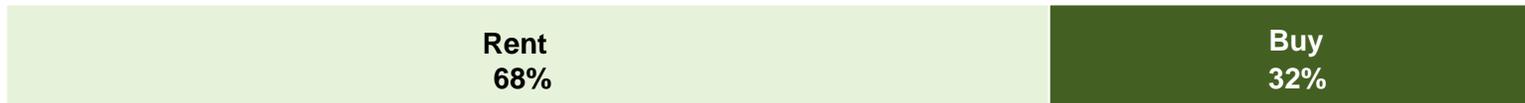
# Housing Continuum for Baby Boomer Renters



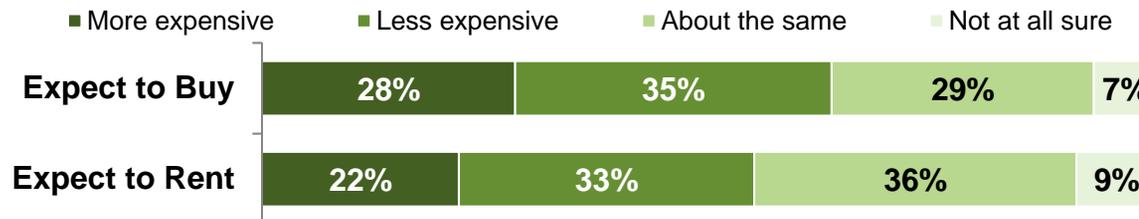
## When Expect to Move



## Expect to Rent or Buy



## Will Your Next Move Be to a Property That is...



## Type of Future Property to Rent



(Base = 204 Baby Boomer renters who plan to rent or buy)

\*Other category includes mobile homes

# Housing Continuum for Homeowners Moving to Renting



## Expect to Rent or Buy



## When Expect to Move



## Will Your Next Move Be to a Property That is...

- More expensive
- Less expensive
- About the same
- Not at all sure



## Type of Future Property to Rent

- Complex with <50 apartments
- Complex with 50+ apartments
- Single-family home
- Townhouse
- Condo
- Other\*



(Base = 342 Homeowners who expect to rent next home)

\*Other category includes mobile homes

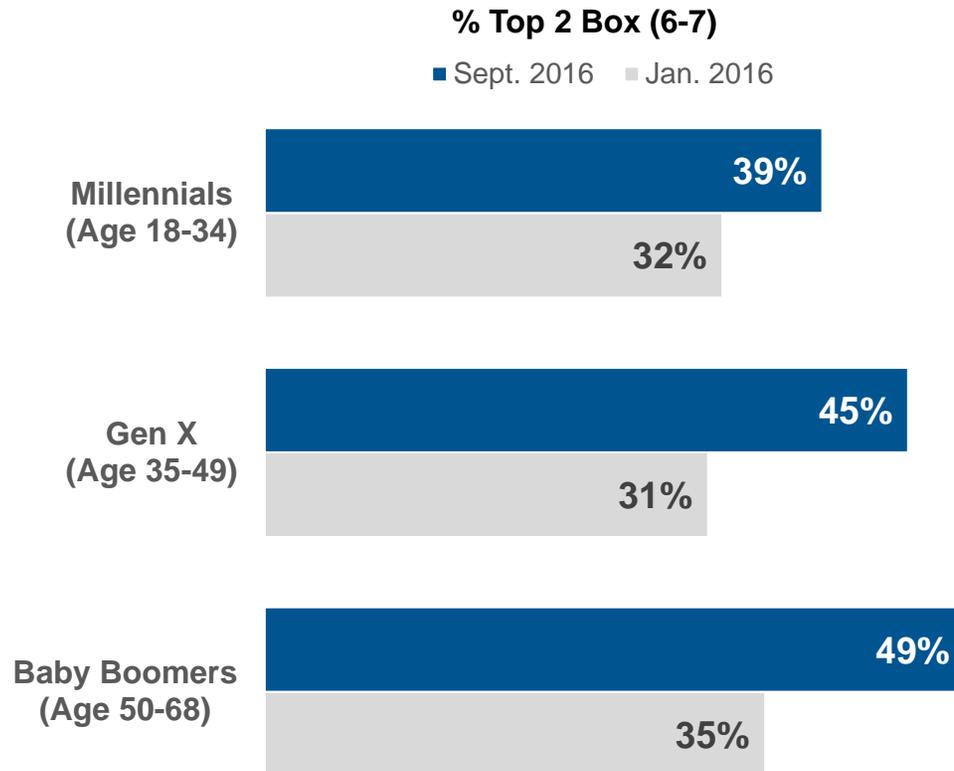
# Appendix A:

## Detailed Results

# Rental Satisfaction is Rising



**Q: How satisfied have you been with your overall rental experience?**

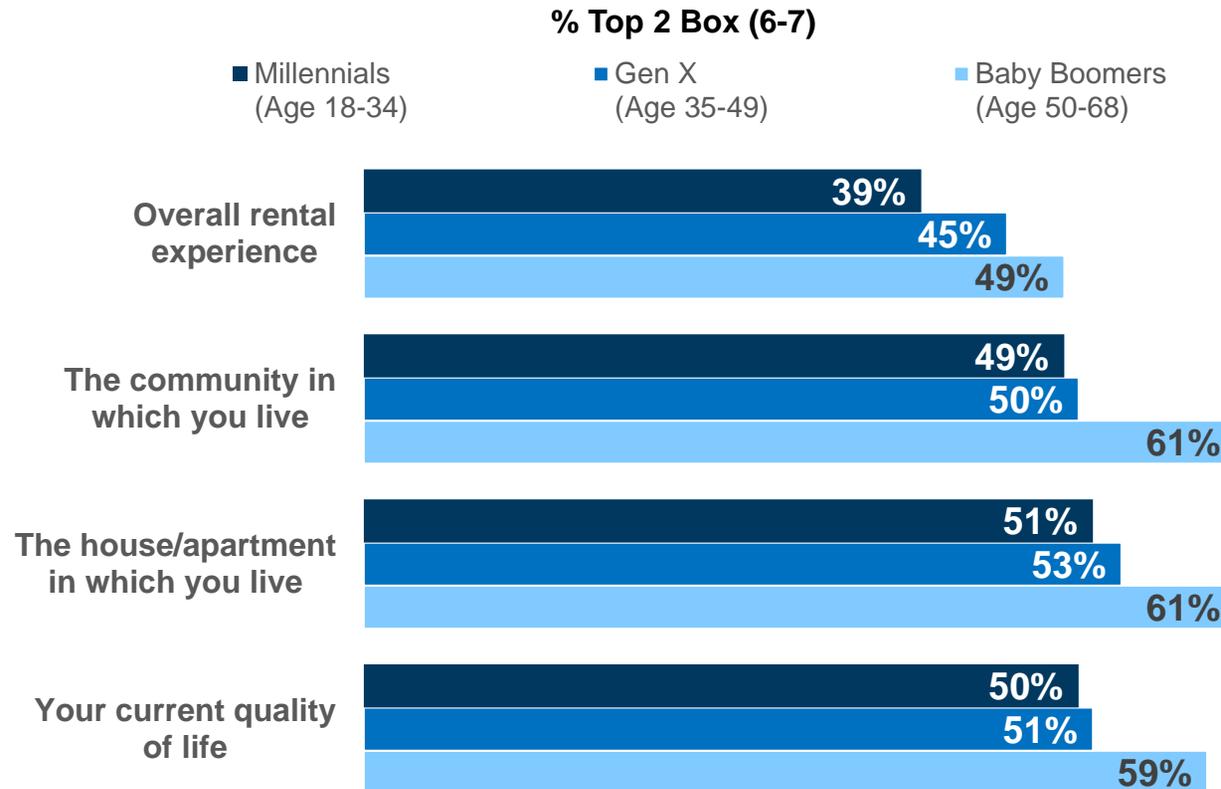


*(September 2016 Base = 587 Millennials, 405 Gen X and 371 Baby Boomers)  
Excludes "Mature" generational renters (Age 69+) given extremely small sample size.*

# Younger Renters Less Satisfied with Rental Experience, Community, Home and Quality of Life



Q: How satisfied have you been with ...

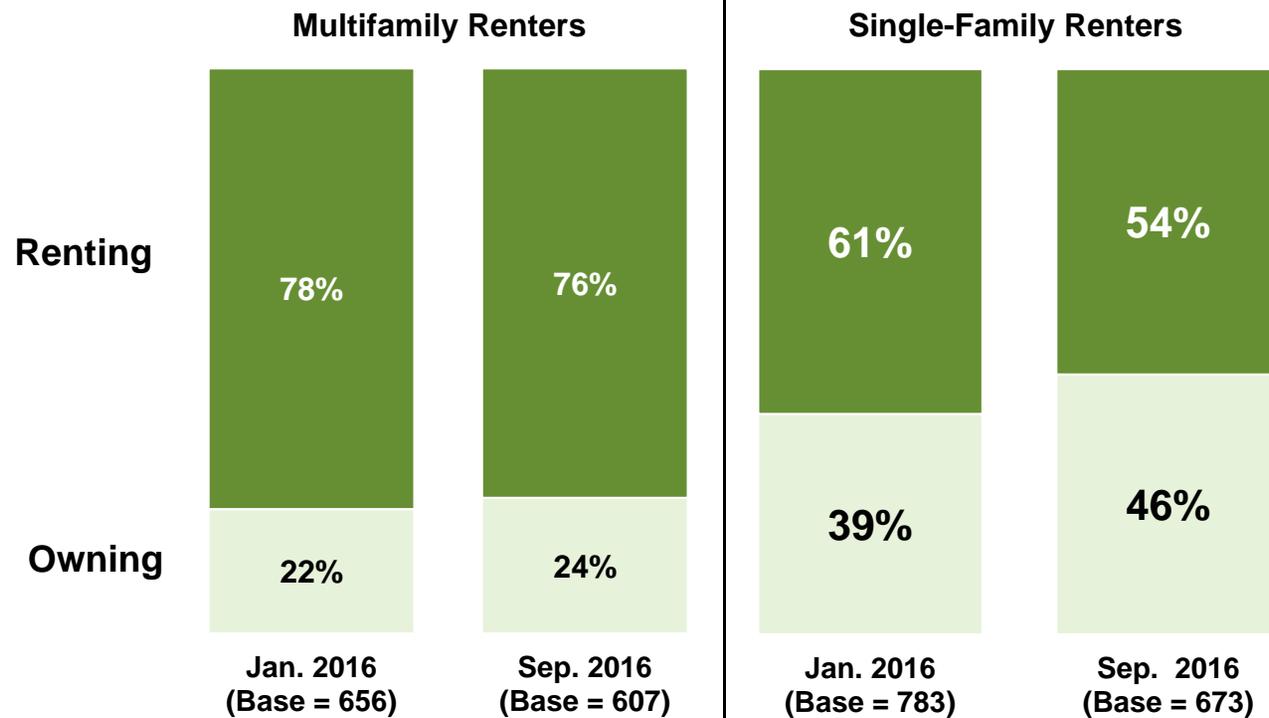


(September 2016 Base = 587 Millennials, 405 Gen X and 371 Baby Boomers)  
 Excludes "Mature" generational renters (Age 69+) given extremely small sample size.

# Multifamily Renters, Though Struggling with Debt and Finances, Still View Renting as More Affordable



Q: Overall, which do you think is more affordable for you today?



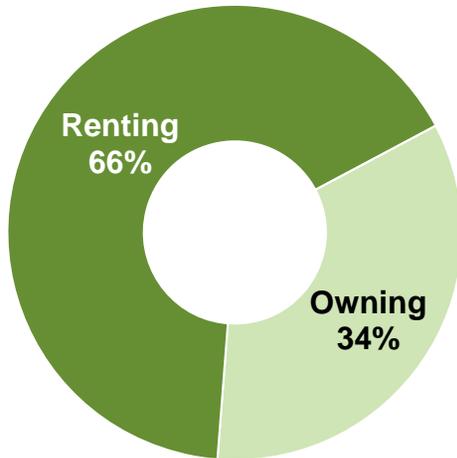
*Excludes renters who selected "Other" type of rental dwelling given extremely small sample size.  
(Base = Total renters)*

# Millennials and Boomers Hold Similar Views of Renting Being More Affordable Than Owning

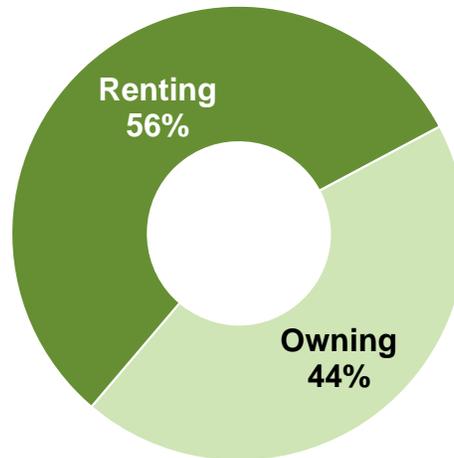


Q: Overall, which do you think is more affordable for you today?

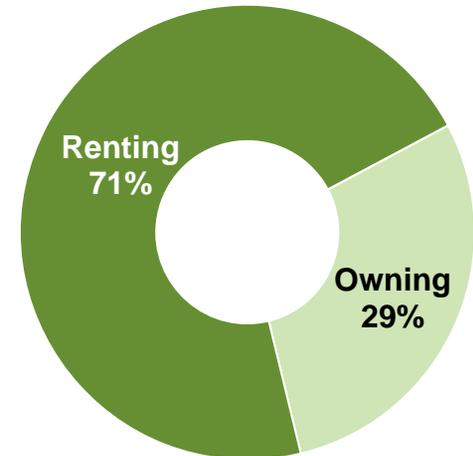
**Millennials**  
(Age 18-34)



**Gen X**  
(Age 35-49)



**Baby Boomers**  
(Age 50-68)

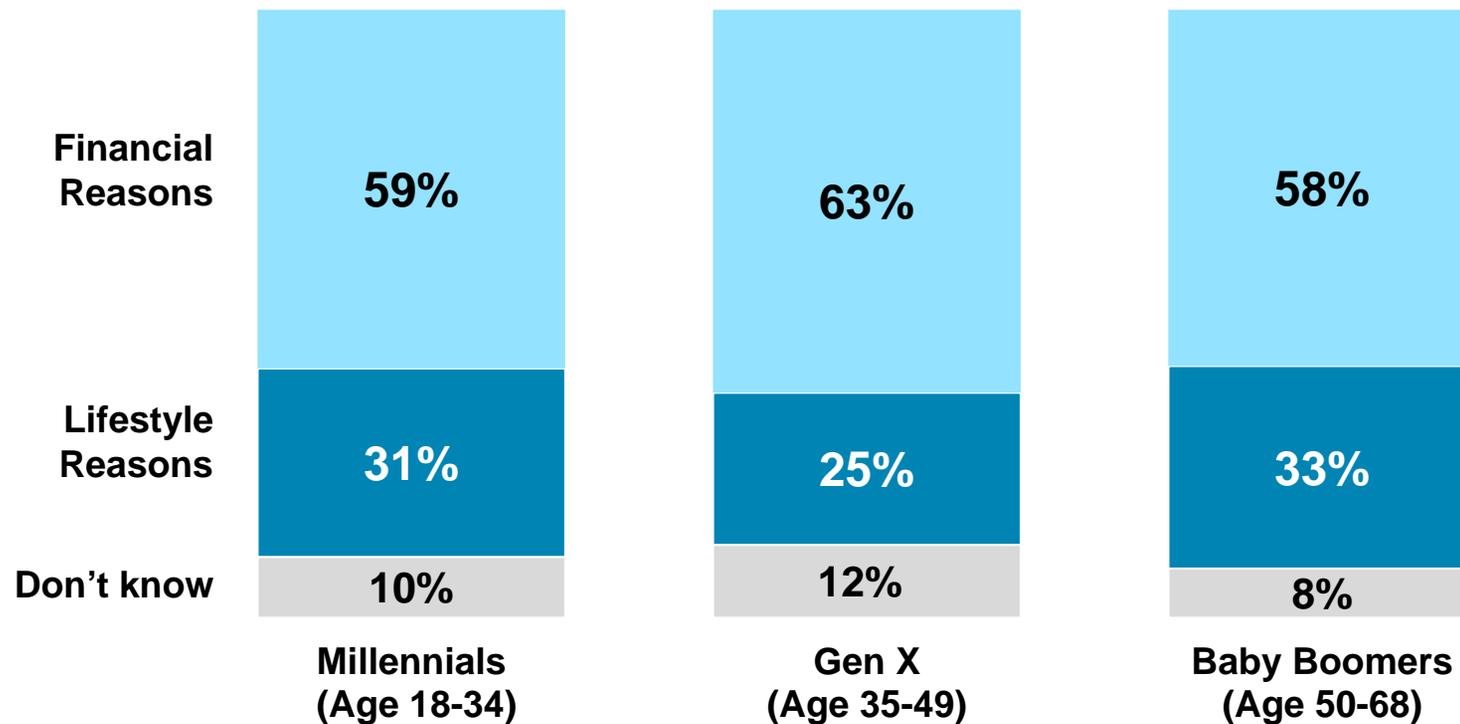


*(September 2016 Base = 497 Millennials, 405 Gen X, and 371 Baby Boomers)  
Excludes "Mature" generational renters (Age 69+) given extremely small sample size.*

# Regardless of Age Many Expect to be Renting Next Residence for Financial Reasons



Q: Is your expectation to be renting your next residence driven more by financial reasons or lifestyle reasons?



(Base = 246 Millennials, 175 Gen X and 204 Baby Boomers who expect to rent their next residence)

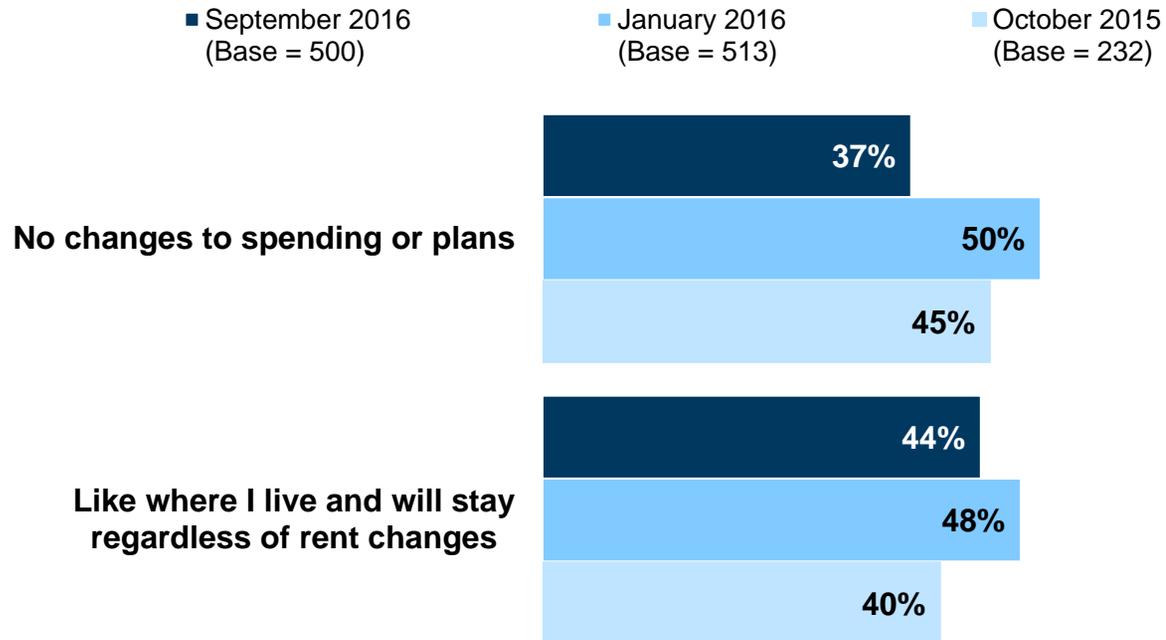
# Renters Less Likely to Report No Changes to Spending or Plans



**Q: Given the recent changes in your rent, please indicate how much you agree or disagree with each statement regarding what, if any, changes you have had to make or how this change has impacted you.**

## No Spending/Plan Changes

*% Strongly Agree/Somewhat Agree*



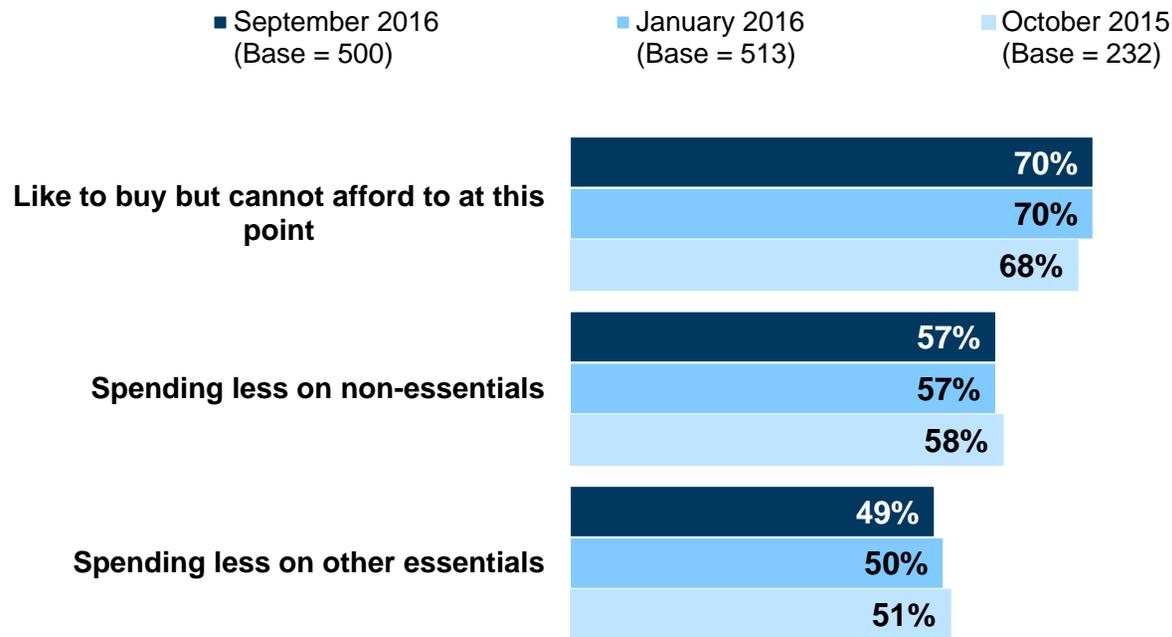
*(Base = Renters who indicate they have experienced a rent increase in the past two years)*

# Renters Show Minimal Change in Financial Decisions



**Q: Given the recent changes in your rent, please indicate how much you agree or disagree with each statement regarding what, if any, changes you have had to make or how this change has impacted you.**

## Financial Decisions/Changes % Strongly Agree/Somewhat Agree



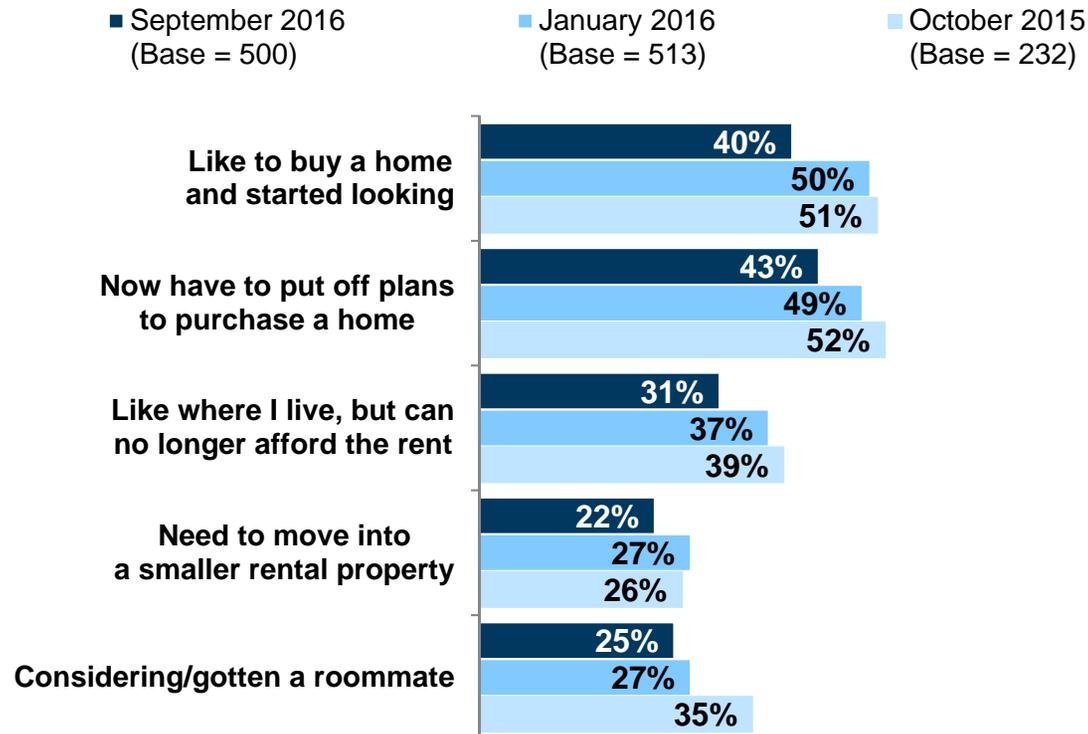
*(Base = Renters who indicate they have experienced a rent increase in the past two years)*

# Renters Less Likely to Make Changes to Their Living Situation



**Q: Given the recent changes in your rent, please indicate how much you agree or disagree with each statement regarding what, if any, changes you have had to make or how this change has impacted you.**

## Living Situation Changes % Strongly Agree/Somewhat Agree

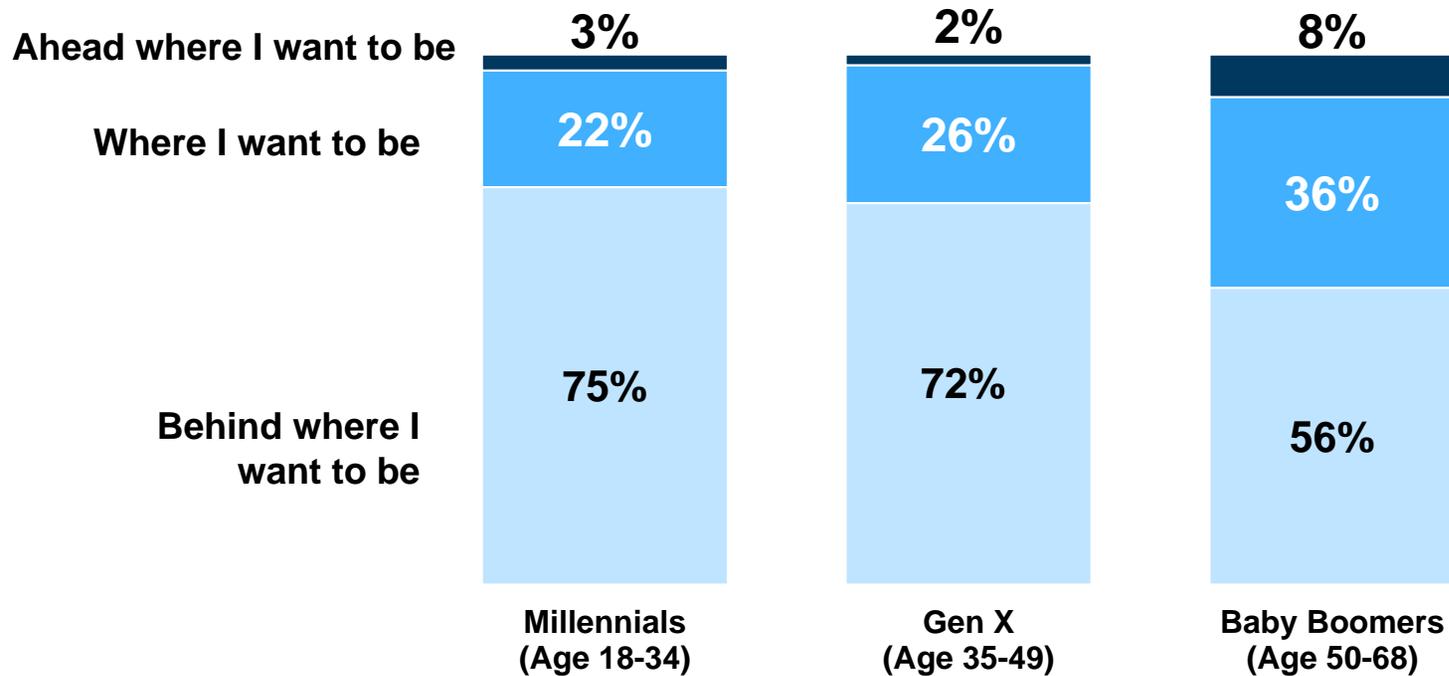


*(Base = Renters who indicate they have experienced a rent increase in the past two years)*

# Progress On Saving For A Down Payment By Generation



Q: How do you feel about the progress you have made so far in saving for a down payment on a home?

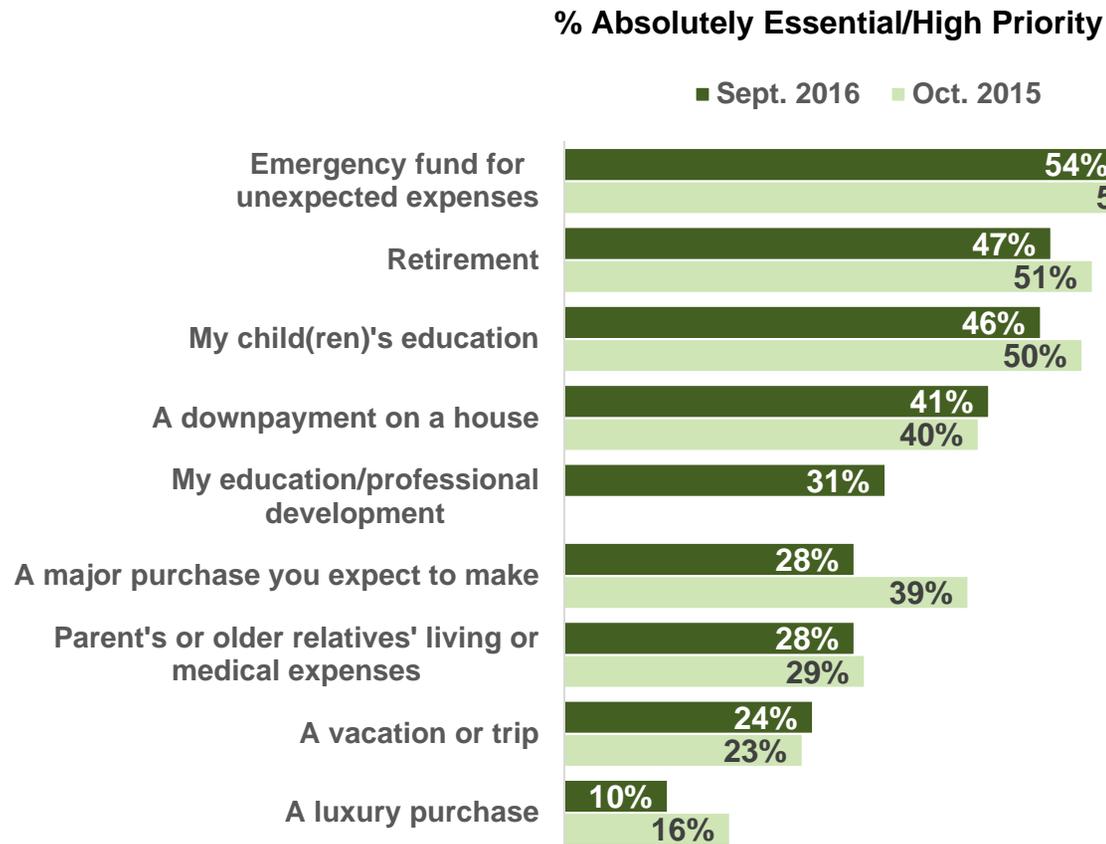


(Base = 408 Millennial, 301 Gen X and 245 Baby Boomer renters)  
Includes only renters who are currently saving for a down payment on a home

# Despite Financial Stress, Renters Continue to Place High Priority on Saving for Emergencies and Retirement



**Q: Thinking about your current saving goals, please rate how much of a priority each of following is to you.**



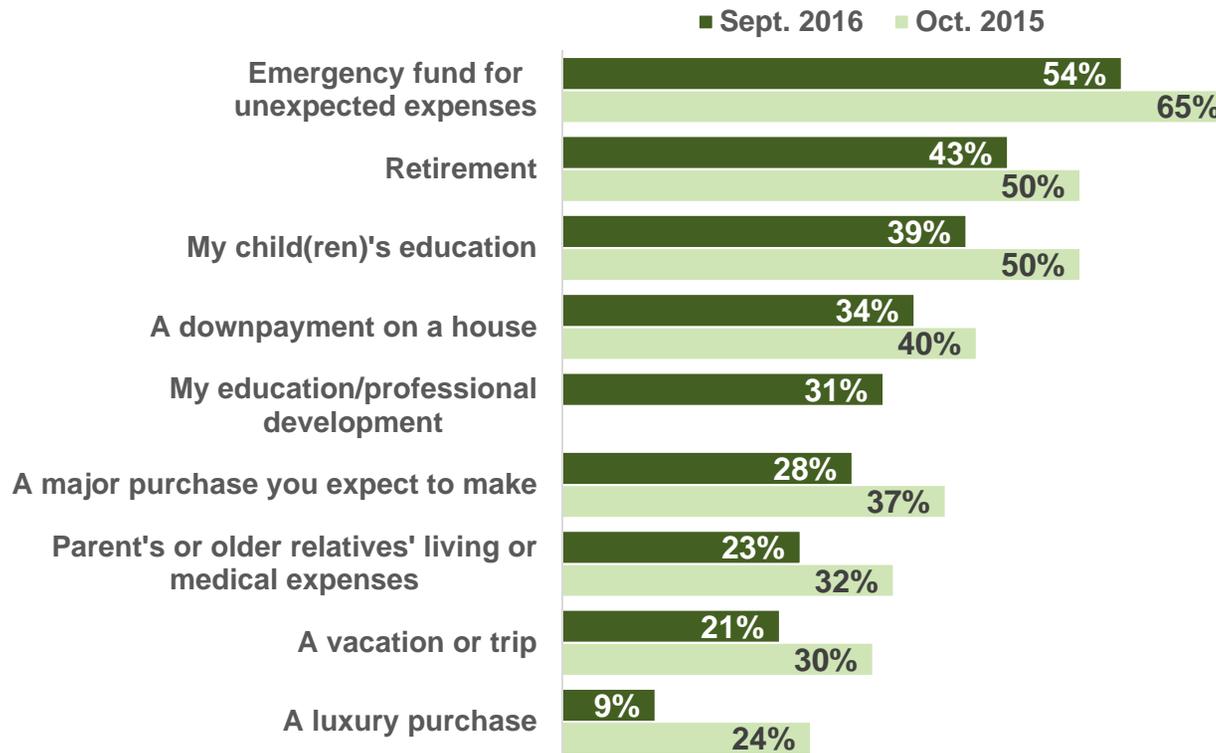
*(September 2016 Base = 689 renters; October 2015 Base = 378)  
Includes only renters currently saving for **ALL** listed goals*

# All Savings Goals Show Declines in Priority for Multifamily Renters



**Q: Thinking about your current saving goals, please rate how much of a priority each of following is to you.**

**% Absolutely Essential/High Priority**



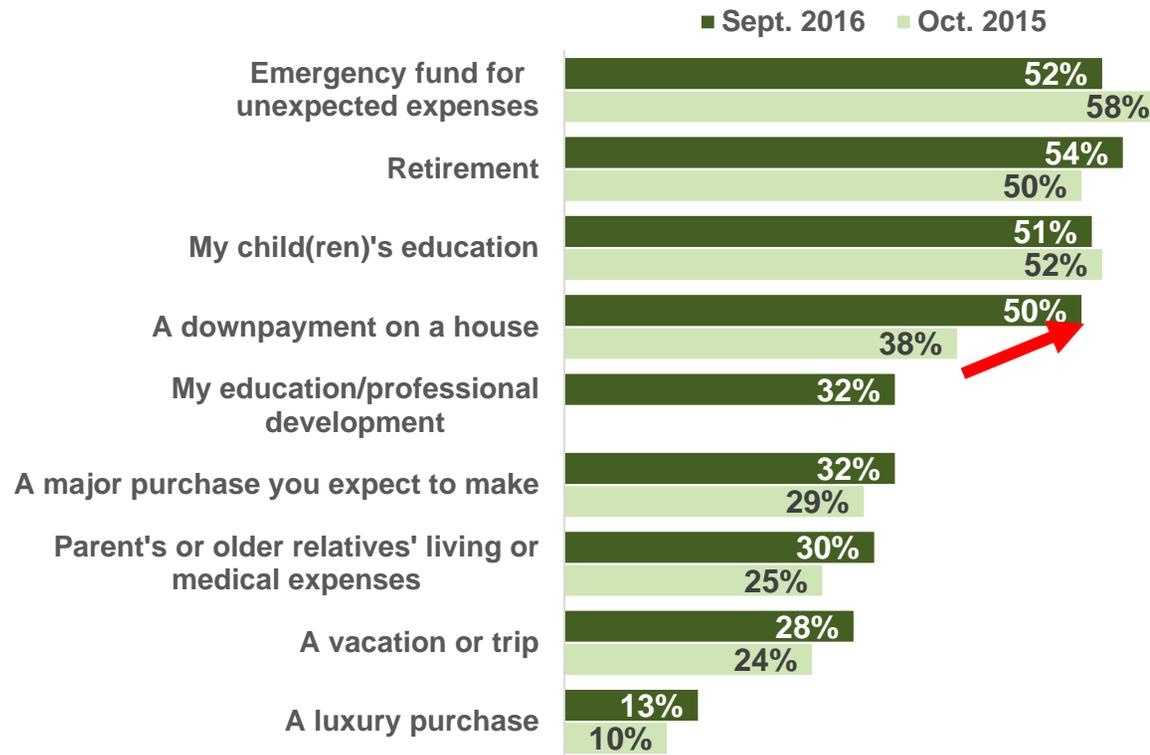
*(September 2016 Base = 292 Multifamily renters, October 2015 Base = 124 Multifamily renters)  
Includes only renters currently saving for **ALL** listed goals*

# More Single-Family Renters Say Down Payment on a House is a High Priority



Q: Thinking about your current saving goals, please rate how much of a priority each of following is to you.

% Absolutely Essential/High Priority



(September 2016 Base = 356 Single-Family renters, October 2015 Base = 229 Single-Family renters)  
Includes only renters currently saving for **ALL** listed goals

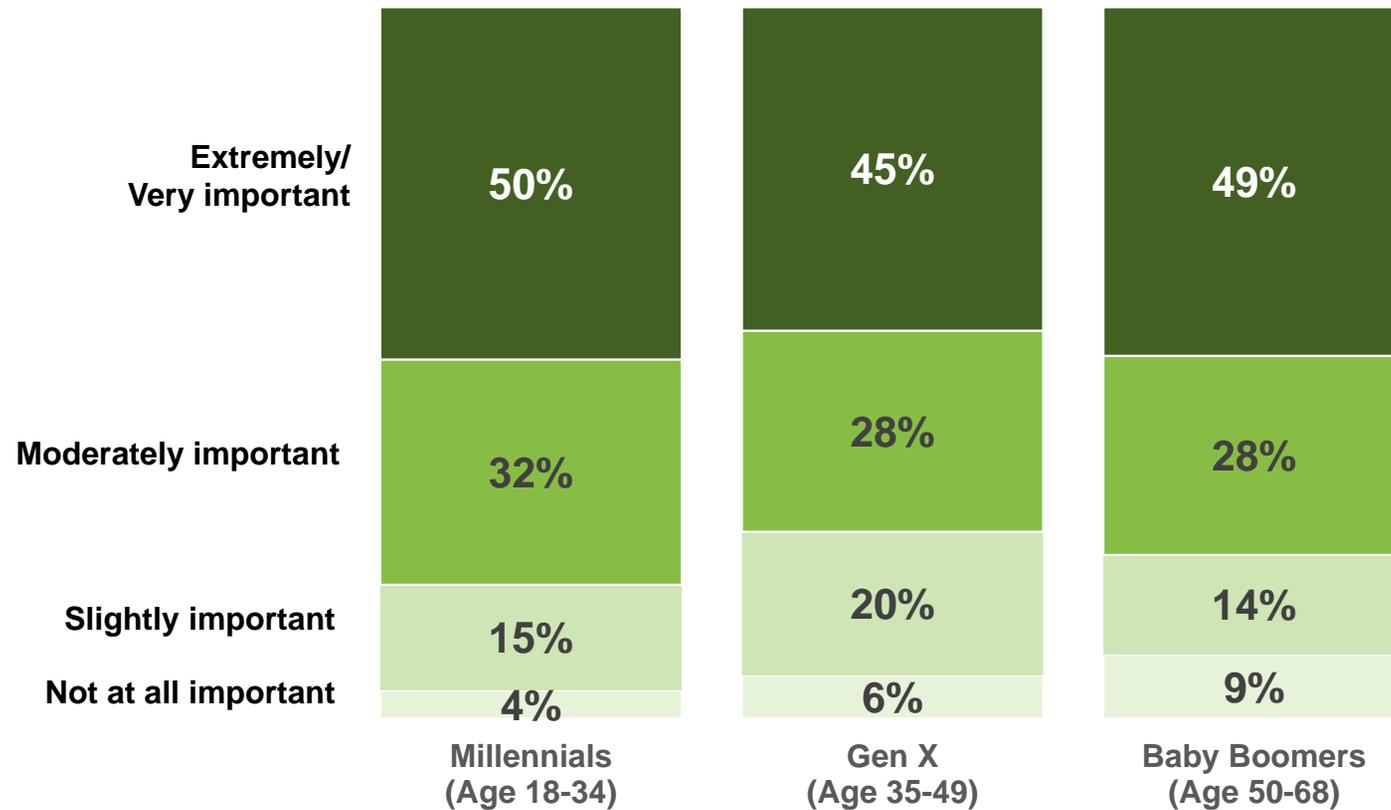
# Appendix B:

## Energy Efficient Features

# When Considering Housing, Energy Efficiency is Important For All Generations



Q: How important is having a home with energy/water efficient features when deciding on where you live?



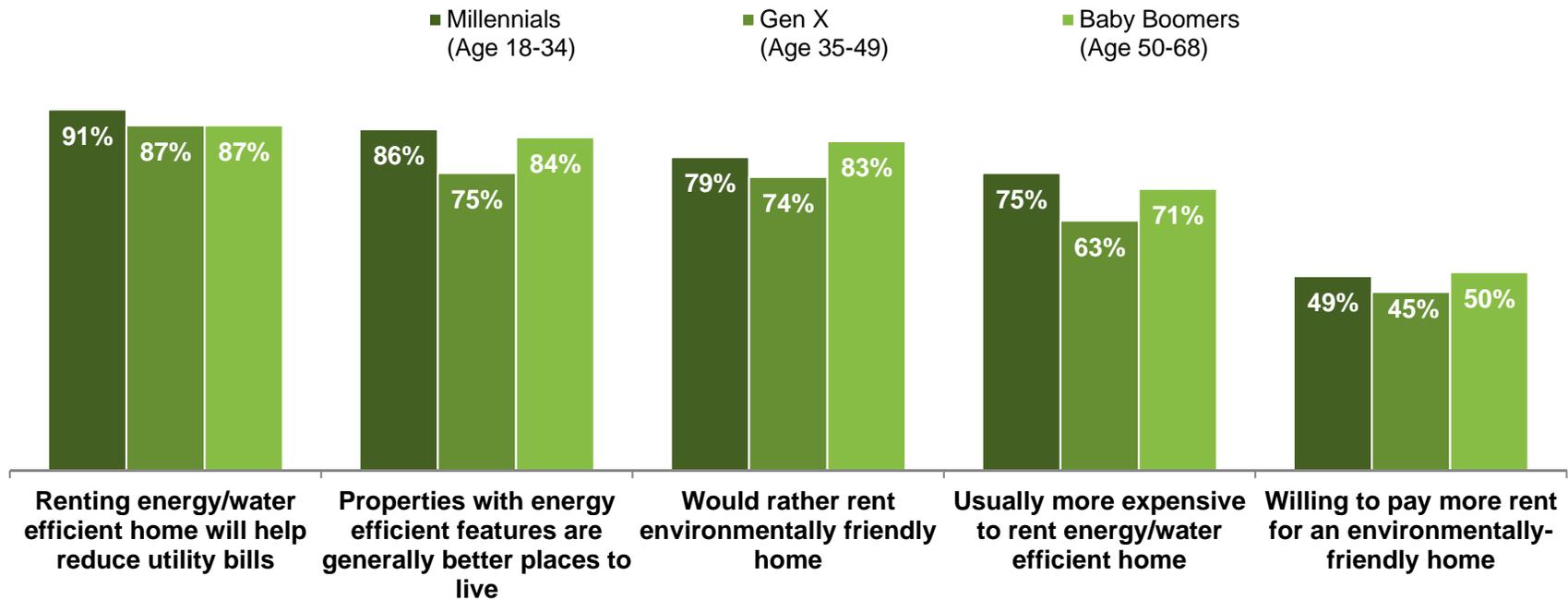
(Base = 384 Millennials, 405 Gen X and 371 Baby Boomers  
Excludes "Mature" generational renters (Age 69+) given extremely small sample size.)

# Millennials and Boomers Share Similar Views on Energy/Water Efficient Features



**Q: The list below contains some views people have about energy/water efficient features. Some efficient features include water-conserving systems, efficient lighting and appliances, renewable electric power generation, high efficiency heating and cooling, etc. Please indicate how much you agree or disagree with each statement.**

## % Total Agree

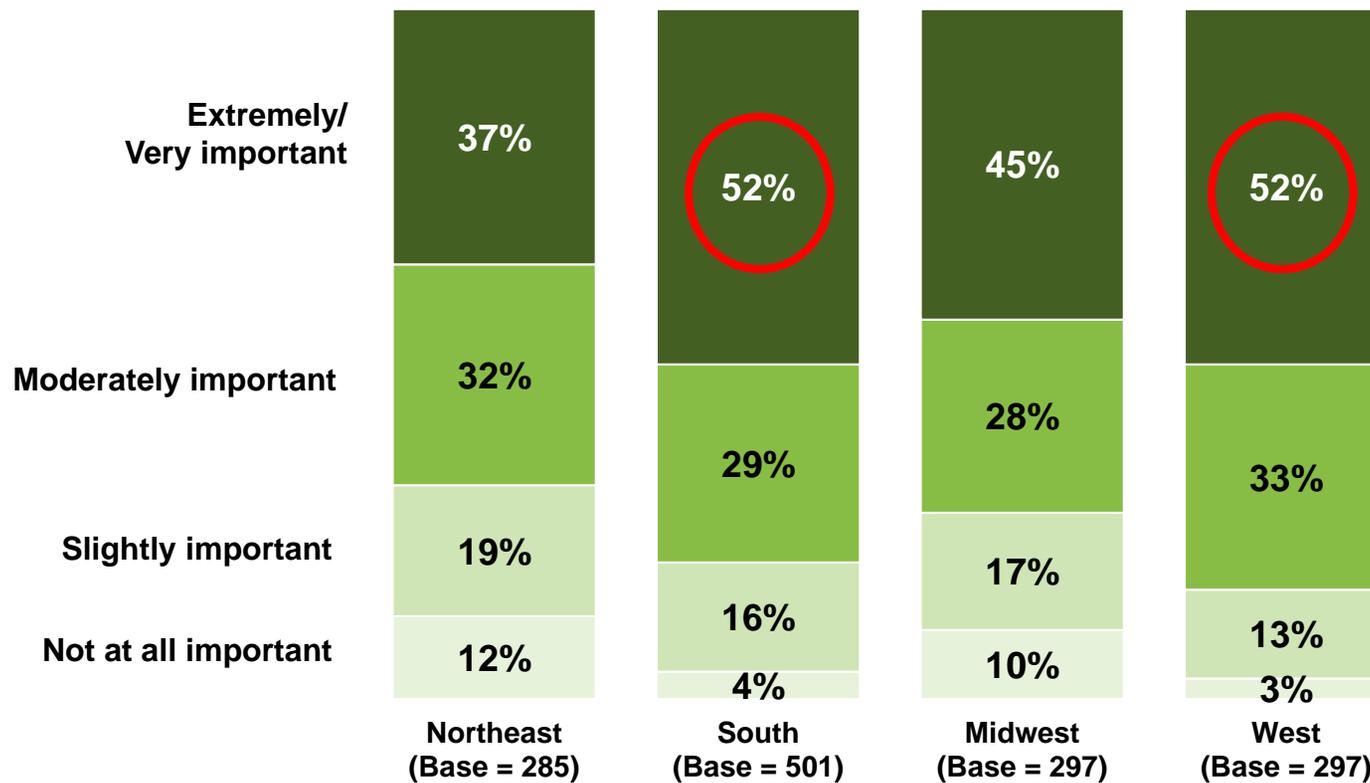


Base = 497 Millennials, 405 Gen X and 371 Baby Boomers  
 Excludes "Mature" generational renters (Age 69+) given extremely small sample size

# Energy Efficient Features are More Important to Renters in the South and West



Q: How important is having a home with energy/water efficient features when deciding on where you live?

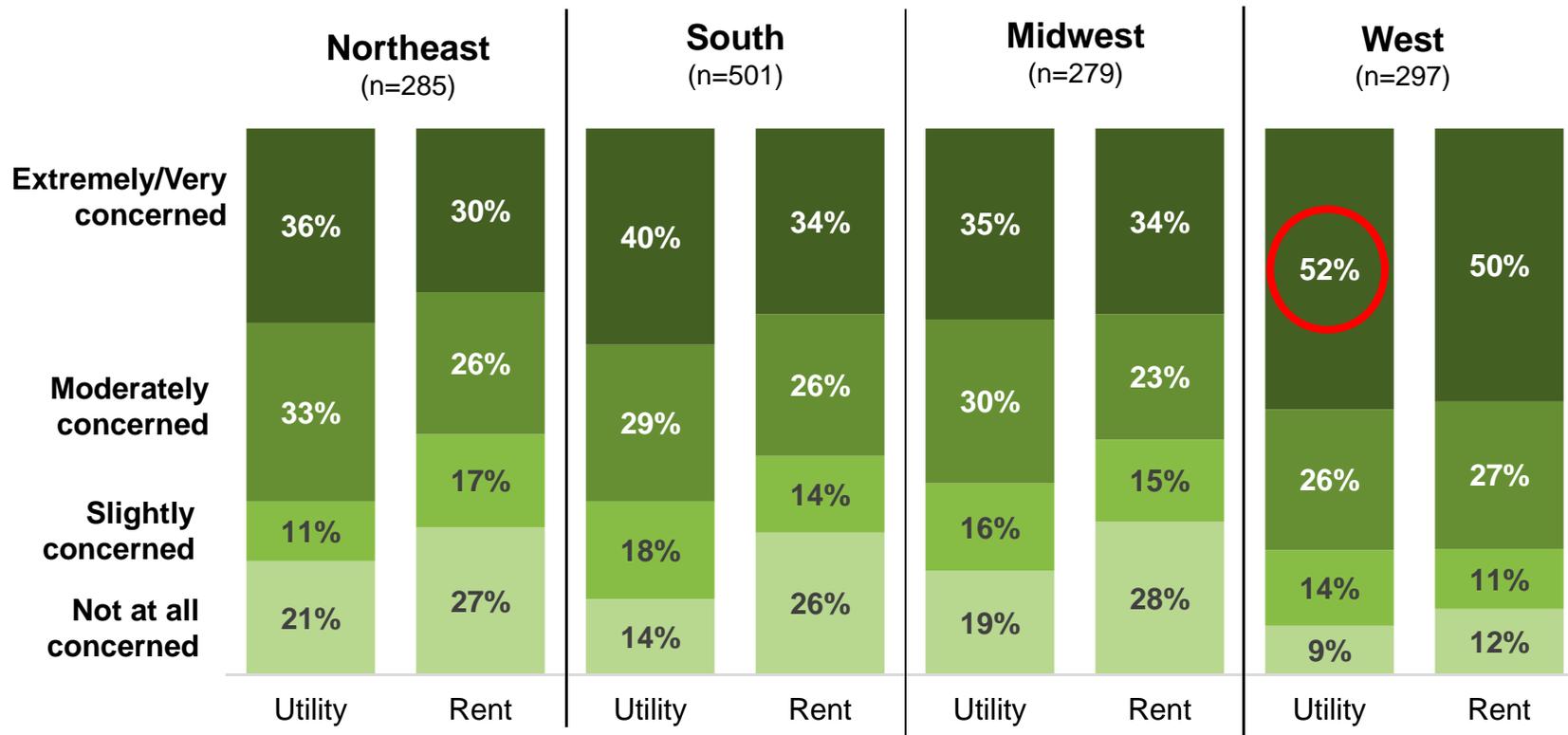


(Base = Total renters)

# Higher Costs For Utility Bills are a Concern, Particularly In The West



Q: How concerned are you about potential increases in the following types of bills in the next 12 months?



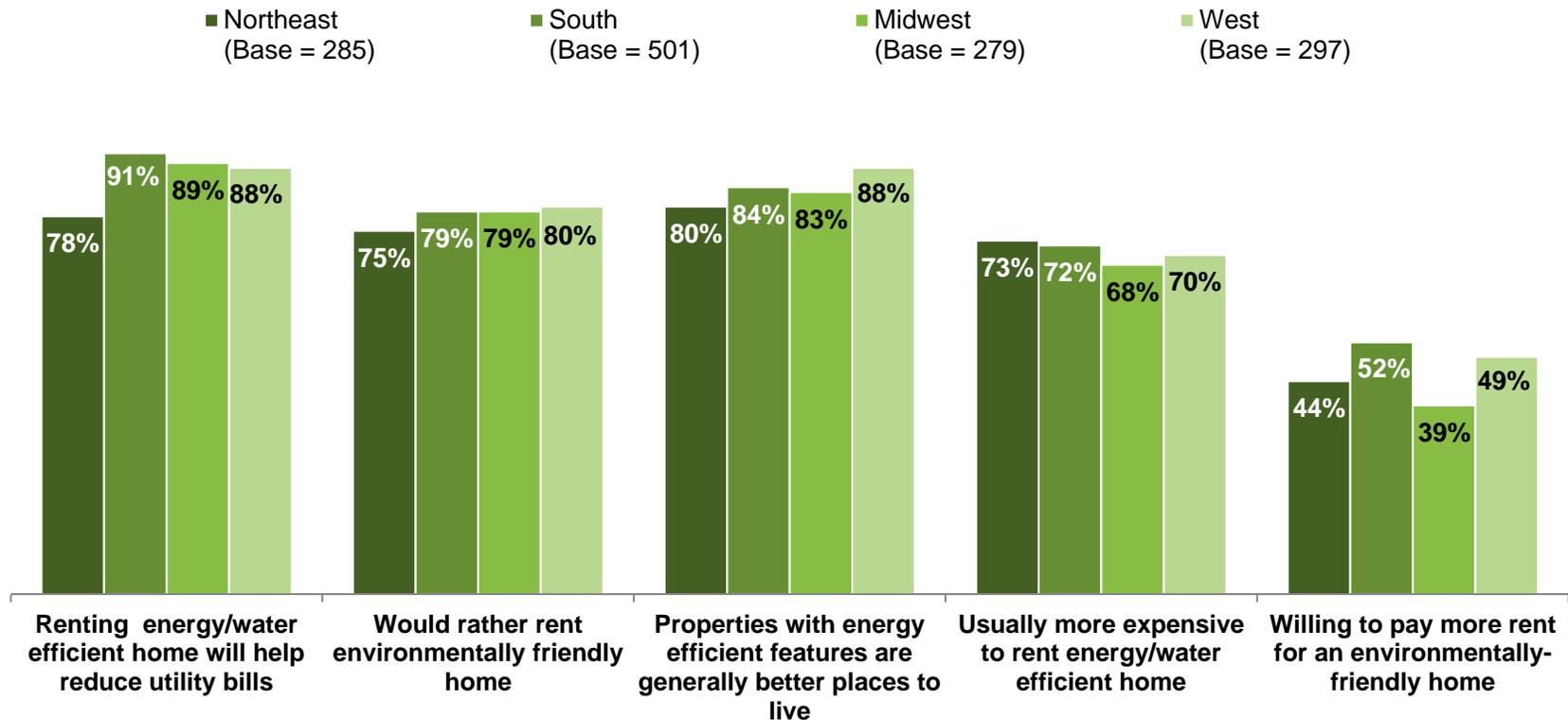
(Base = Total renters)

# Northeast Renters Less Likely to Believe Energy/ Water Home Will Help Reduce Utility Bills



**Q: The list below contains some views people have about energy/water efficient features. Some efficient features include water-conserving systems, efficient lighting and appliances, renewable electric power generation, high efficiency heating and cooling, etc. Please indicate how much you agree or disagree with each statement.**

## % Strongly/Somewhat Agree



(Base = Total renters)

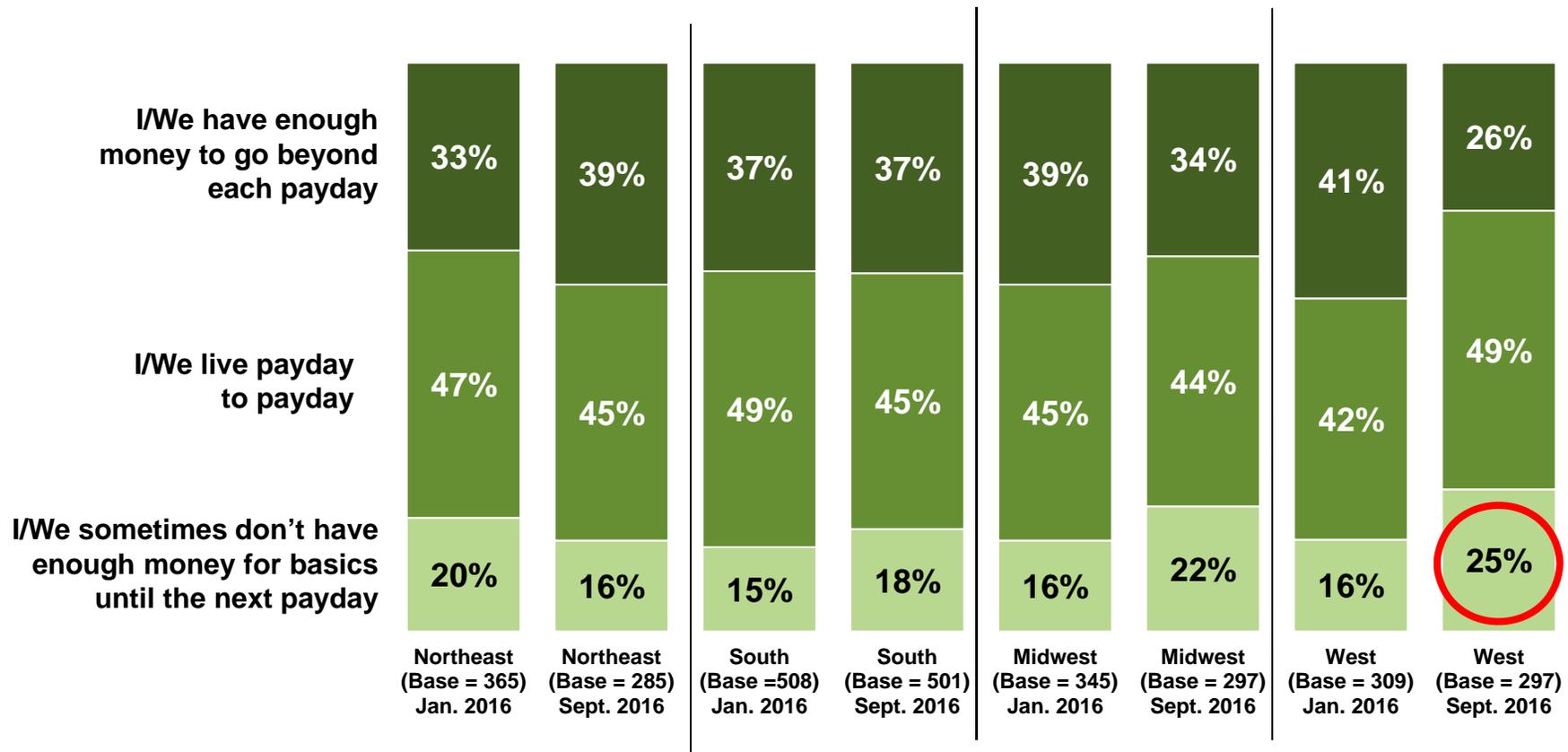
# Appendix C:

## Analysis by Region

# General Feelings About Financial Situation By Region



Q: Which of the following statements best describes your household's general financial situation?

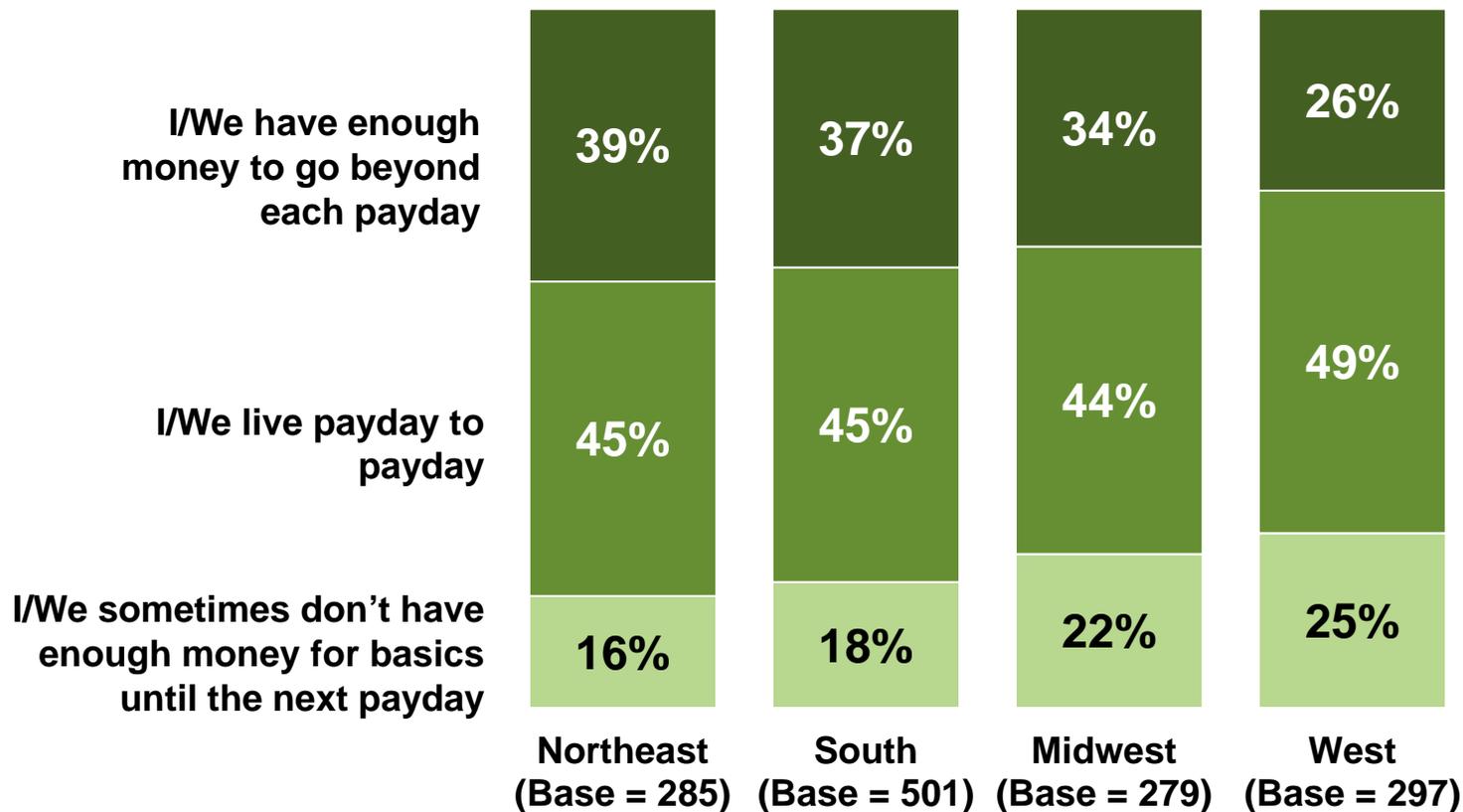


(Base = Total renters)

# Renters Living In the West More Likely to Say They are Living Payday to Payday



Q: Which of the following statements best describes your household's general financial situation?

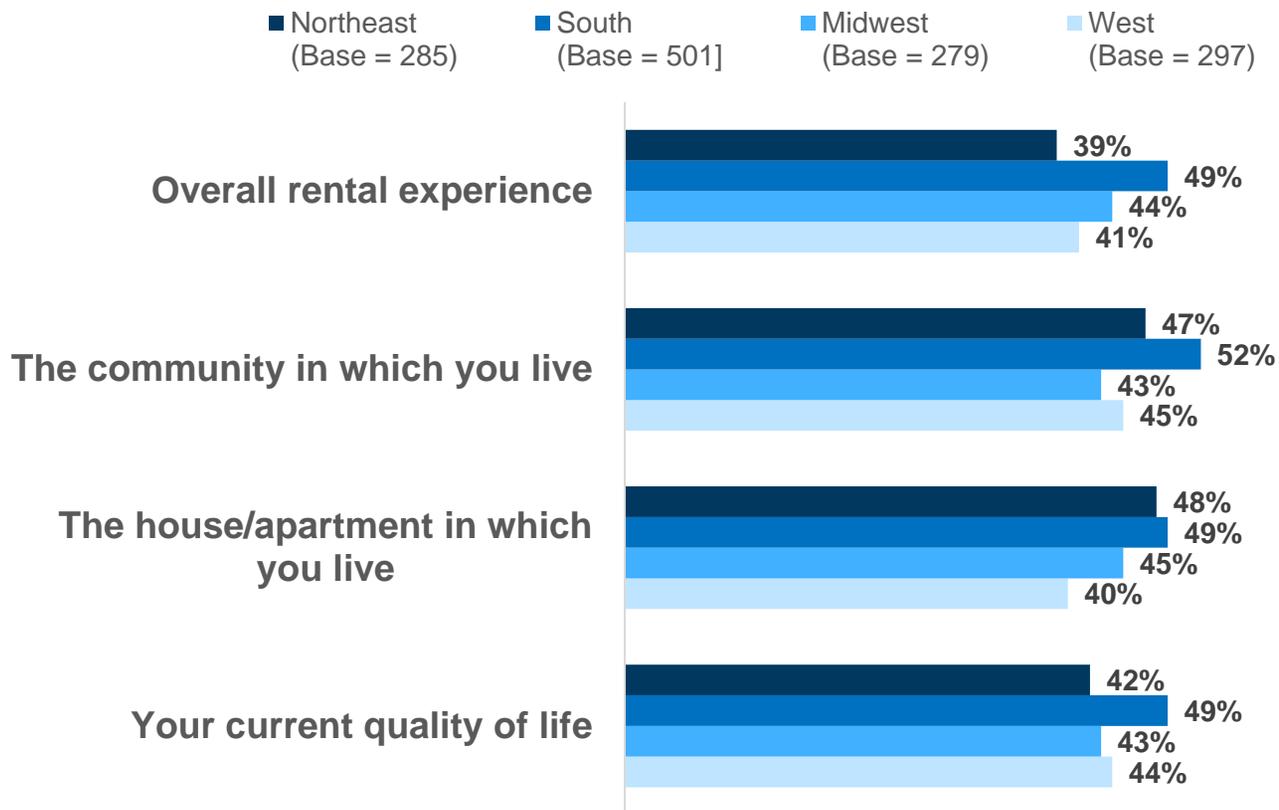


(Base = Total renters)

# Renters Living in the South are Most Likely to be Satisfied



**Q: How satisfied have you been...**

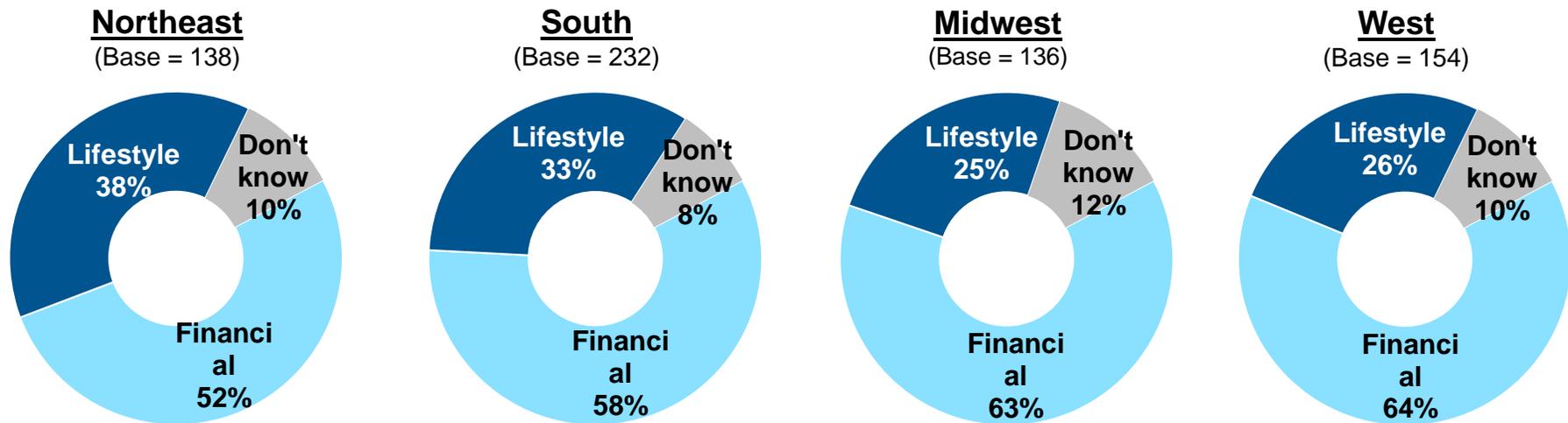


(Base = Total renters)

# Lifestyle Reasons Drive Decision to Rent for Those Living in the Northeast



Q: Is your expectation to be renting your next residence driven more by financial reasons or lifestyle reasons?

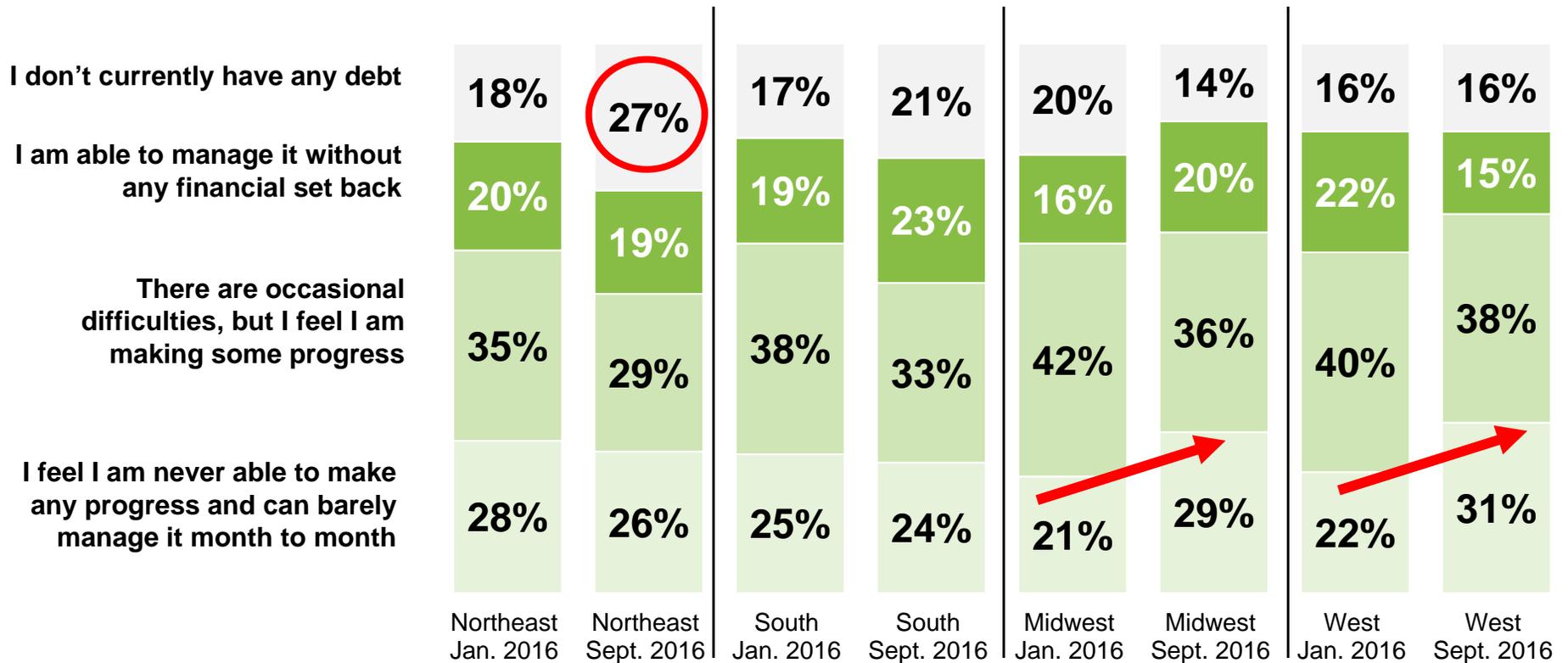


(Base = Includes only those who plan to rent)

# Renters in the West and Midwest Regions More Likely to Struggle with Their Debt



Q: Which of the following statements best describes your general feelings about your current debt?



(September 2016 Base = 285 Northeast renters, 501 South renters, 279 Midwest renters and 297 West renters)

# Appendix D:

## Background and Methodology

- Freddie Mac has commissioned Harris Poll to survey more than 4,000 U.S. adults to get their perceptions about renting in the post financial crisis marketplace.
- Freddie Mac has conducted this research to learn about renters':
  - » Preferences towards the housing choices available to them;
  - » Financial views and behavior;
  - » Constraints preventing them from obtaining housing and,
  - » The drivers for their housing decisions.

- Harris Poll on behalf of Freddie Mac conducted an online survey within the United States via its QuickQuery product six different times between August 2014 – September 2016:
  - » The September 2016 survey was conducted in two waves between August 31 – September 6, 2016 among 4,105 adults (aged 18 and over), among which 1,362 were renters.
  - » The January 2016 survey was conducted in two waves between January 26-February 1, 2016 among 4,063 adults (aged 18 and over), among which 1,527 were renters.
  - » The October 2015 survey was conducted between October 8-12, 2015 among 2,020 adults (aged 18 and over), among which 703 were renters.
- For all surveys 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.
- Due to rounding, percentages may add up to 100% +/-1%