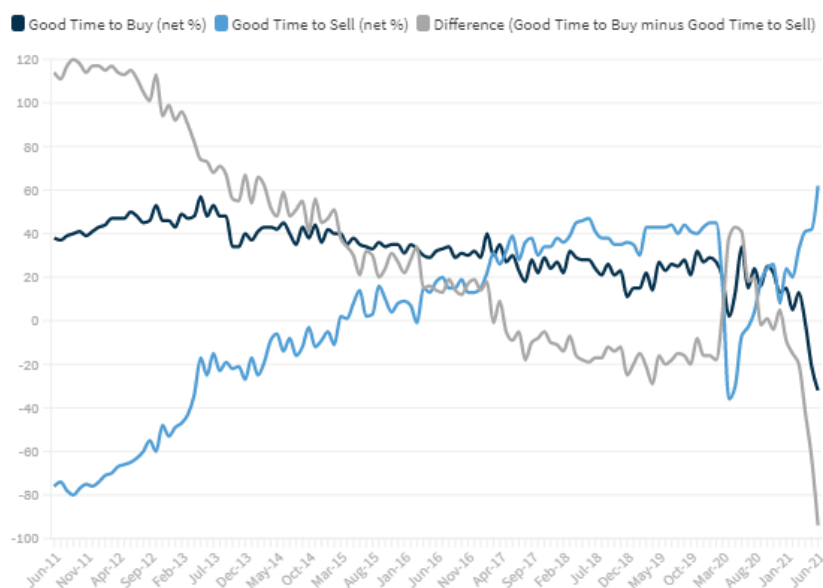




Attitudes About Buying and Selling Continue to Diverge

Fannie Mae said "Consumers are increasingly adamant that it's a good time to sell, bad time to buy a home" as it released its June Home Purchase Sentiment Index (HPSI). The index, based on the company's monthly National Housing Survey, shows a **growing difference** in the number of consumers who hold one or another of those opinions.



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The HPSI was largely unchanged in June, dipping from 80.0 in May to 79.7, but questions of whether it is a good time to buy a home or to sell one produced notable results. Only 32 percent of survey respondents said it was a good time to buy, down from 35 percent in May and with an 8 point increase in those who thought it was not. As a result, the net who were upbeat about buying fell 11 points to -32 percent, 66 points lower than in June 2020. Conversely, the net who said it was a good time to sell rose 20 points in June to 62 percent and was 69 points higher than at the same time last year.

"The HPSI remained flat this month, although its underlying buy and sell components continued to diverge, setting record positive and negative readings, respectively," said Doug Duncan, Fannie Mae Senior Vice President and Chief Economist. "Consumers also continued to cite high home prices as the predominant reason for their ongoing and significant divergence in sentiment toward homebuying and home-selling conditions. While all surveyed segments have expressed greater negativity toward homebuying over the last few months, renters who say they are planning to buy a home in the next few years have demonstrated an even steeper decline in homebuying sentiment than homeowners. **It's likely that affordability concerns are more greatly affecting those who aspire to be first-time homeowners** than other consumer segments who have already established homeownership."

The percentage of respondents who say home prices will go up in the next 12 months gained one point to 48 percent while the percentage who expect a decline went from 17 percent to 21 percent. There was a 4 point increase in those who expect no change. The net who expected an increase was 27 percent, down 3 points for the month but 18 points higher than last June.

More than half of respondents expect mortgage rates to go up, resulting in a net of -52 percent who expect further declines. This is 8 points lower than May.

Job confidence increased slightly. The number of respondents who said they were concerned about losing their jobs dipped 1 point to 11 percent with a corresponding increase in the share who said they were not. The net who were not concerned rose 2 points to 77 percent.

There was, however, **a net decline in those who said their household income had increased significantly over the last year**. More than half of respondents reported no change with the net who said their situation had improved was down 2 points to 14 percent.

Duncan continued: "Despite the pessimism in homebuying conditions, we expect demand for housing to persist at an elevated level through the rest of the year. Mortgage rates remain not too far from their historical lows, and consumers are expressing even greater confidence about their household income and job situation compared to this time last year, when the pandemic had shut down wide swaths of the economy."

The HPSI is up 3.2 percent compared to June 2020.

The National Housing Survey from which the HPSI is constructed, is conducted monthly by telephone among 1,000 consumers, both homeowners and renters. In addition to the six questions that are the framework of the index, respondents are asked questions about the economy, personal finances, attitudes about getting a mortgage, and questions to track attitudinal shifts.