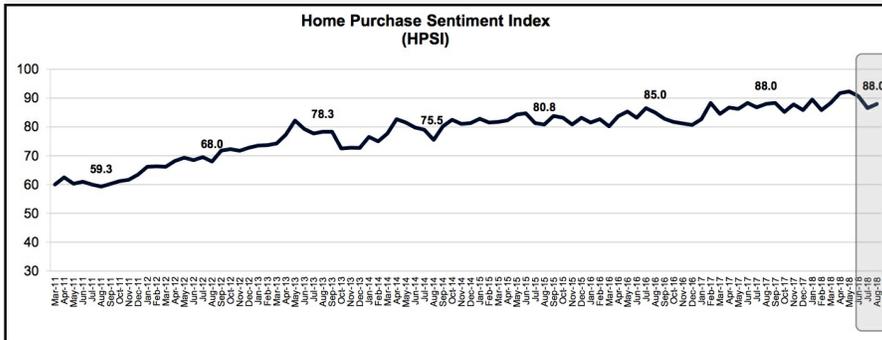


Employment Sentiment Buoy Consumer Sentiment Results

By: Jann Swanson | Fri, Sep 7 2018, 10:43 AM

Consumers appear to be increasingly upbeat about their jobs and their income, but dramatically **less so about getting involved in the real estate market**. After two months of depressed results, Fannie Mae’s Home Purchase Sentiment Index (HPSI) gathered some oomph, rising 1.5 points to 88.0. The Index, based on responses to the company’s National Housing Survey (NHS), rose despite continued negative sentiment in its housing components.



The net share of Americans who told survey takers they are not concerned about losing their jobs jumped 15 percentage points in August, more than recovering from an 11 point plunge in July and reaching a new survey high. Only 10 percent of respondents expressed any job insecurity. The net share of respondents who said their income has increased significantly over the last 12 months moved up by 1 percentage point to 22 percent, besting last month’s survey record.

Offsetting these strong numbers were responses to whether it is a good time to either buy or sell a home. The net share who think it is a good time to do **either fell 3 percentage points**. This put the net for the buy question at 21 percent while a net of 38 percent still say it is a good time to sell.

	August 2018*	Change Since Last Month	Change Since Last Year
August 2018 HPSI	88.0	+1.5	0.0
Good Time To Buy	21	-3	+3
Good Time To Sell	38	-3	+2
Home Prices Will Go Up (next 12 months)	38	-1	-10
Mortgage Rates Will Go Down (next 12 months)	-52	0	-7
Confidence About Not Losing Job (next 12 months)	80	+15	+6
Household Income Is Significantly Higher (past 12 months)	22	+1	+6

* Net percentages of the component questions used to calculate HPSI, e.g. (Percent Good Time to Buy – Percent Bad Time to Buy) = 21

A decreasing number of Americans think the rapid rise of home prices is going to continue. The net share of those who do dropped 1 percentage point to 38 percent, remaining below 40 percent for two consecutive months for the first time since December 2016. The net share of those who expect mortgage rates to decline was unchanged at a net negative of 52 percent.

“Consumers are attuned to the divergence between the slowing housing market and strong macro economy,” said Doug Duncan, senior vice president and chief economist at Fannie Mae. “Consumers were less optimistic this month about both homebuying and home selling conditions, while perceptions of **income growth and confidence about job security are at survey highs**. After years of robust home price growth outpacing income growth, consumers face significant housing affordability challenges at the low end of the market.”

The Home Purchase Sentiment Index (HPSI) distills information about consumers’ home purchase sentiment from six questions asked in

Fannie Mae's NHS into a single number. Those questions solicit consumers' evaluations of housing market conditions and address topics that are related to their home purchase decisions.

The NHS is a monthly phone survey of approximately 1,000 households, both home owners and renters, to assess their attitudes toward owning and renting a home, home and rental price changes, homeownership distress, the economy, household finances, and overall consumer confidence. Respondents are asked more than 100 questions used to track attitudinal shifts, six of which are used to construct the HPSI. The survey began in June 2010. The July 2018 National Housing Survey was conducted between August 1, 2018 and August 26, 2018. Most of the data collection occurred during the first two weeks of this period. Interviews were conducted by PSB, in coordination with Fannie Mae.

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