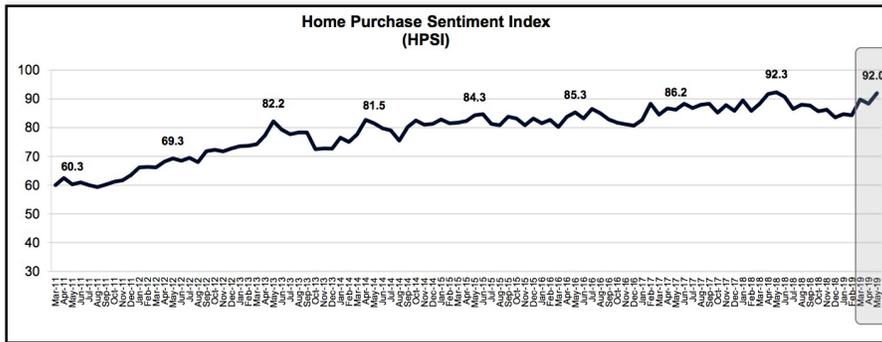


Consumer Survey: Good Time to Buy, Prices Will Increase

By: Jann Swanson | Fri, Jun 7 2019, 2:31 PM

Americans became **decidedly more bullish about buying a home** in May. Fannie Mae said its Home Purchase Sentiment Index (HPSI) nearly matched its survey high set in May Of 2018, largely due to a 13- point increase in net positive responses to whether it is a good time to buy.

The HPSI jumped 3.7 percent to 92.0, just shy of the 92.3 peak set exactly one year earlier. In addition to the increase in the net for the Good Time to Buy component, consumers who responded to the May National Housing Survey also showed **increased confidence that home prices would increase** while mortgage rates would move lower.



The percentage of respondents who thought it is a **good time to buy** rose 6 points from April to 60 percent resulting in a net (positive responses minus negative ones) of 27 percent, 1 point lower than its level in May 2018. The corresponding question as to whether it is a good time to sell was unchanged at 43 percent, down 3 points from the same time last year.

The net of those who **expect home prices to increase** over the next year increased by 5 points to 41 percent. This is still 8 percentage points lower than in May 2018. The average annual appreciation expected by those who think prices will increase, while not a component of the index, also jumped from 2.4 percent in April to 3.1 percent in May. Rents are also expected to rise by 65 percent of the respondents. They anticipate a much greater increase, an estimate of 5.4 percent over the next 12 months compared to an estimate of 4.6 percent a month earlier.

The **slide in mortgage rates has not gone unnoticed**; the net share of those who expect further declines rose 3-points. The net is still a negative 37 percent compared to -59 percent last May.

The questions related to respondent's personal finances while still positive did little to move the HPSI. The net share of Americans who say they are not concerned about losing their job over the next 12 months increased 2 percentage points to 76 percent but is down 2 percentage points from the same time last year.

The sixth question from which the Index is calculated, whether household income has increased significantly over the last year, decreased 1 point to 21 percent and is unchanged year-over-year.

"Another sharp rebound in the 'Good Time to Buy' component lifted the HPSI nearer its survey high set during last year's homebuying season, though several uncertainties remain," said Doug Duncan, Senior Vice President and Chief Economist at Fannie Mae. "While consumers' more favorable mortgage rate outlook suggests continued support for housing affordability, potential homebuyers still face supply constraints. Additionally, while the survey recently resumed its upward trend, consumers' sense of income growth and job security have moved lower from the highs established earlier in the year, which, **if sustained, could weigh on the housing market** in the second half of the year."

Fannie Mae's 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 form 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. The May 2019 survey

was conducted between May 1 and April 22, 2019.

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