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FannieMae

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Consumer Attitudes Improve in December

More Americans Think Economy is on the Right Track; More Respondents Expect Home Prices to Improve

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WASHINGTON, DC – Americans' attitudes on a variety of issues are marginally better than one month ago, according to results from Fannie Mae's December National Housing Survey. Despite overall low levels of optimism among Americans, consumer sentiment trended in a positive direction in the final months of 2011. Americans who say the economy is on the right track rose by 6 percentage points since November, while the percentage who say the economy is on the wrong track dropped by 6 percentage points. When asked about housing, more Americans expect home prices to increase compared to November and, on average, Americans expect home prices to increase by 0.8 percent over the next year, up from an expected 0.2 percent increase last month. On the personal finance side, for the first time since February 2011 more respondents say their financial situation will get better over the next year than say it will stay the same. In turn, the share of consumers who say their income is significantly higher than it was a year ago rose 5 percentage points since last month.

"December attitudes have rebounded from the lows seen during the debt ceiling debate and economic deterioration of Europe this past summer. There is marked improvement in consumer sentiment regarding the direction of the economy, personal finances, and future home price expectations," said Doug Duncan, vice president and chief economist of Fannie Mae. "This improvement is in line with the modest fourth-quarter pickup in the U.S. economy. However, while December results show that more Americans think the economy is on the right track, consumer attitudes are still at depressed levels, with more than two-thirds saying that the economy is on the wrong track."

SURVEY HIGHLIGHTS

The Economy and Household Finances

- Twenty-two percent of Americans say the economy is on the right track (up by 6 percentage points since November). The percentage who say the economy is on the wrong track dropped to 69% (a decline of 6 percentage points).
- For the first time since February 2011, a larger share of respondents (40%) say their personal financial situation will get better over the next 12 months than say it will stay the same (39%).
- Twenty-one percent of respondents say their income is significantly higher than it was 12 months ago (up 5 percentage points since November), while 59% say it has stayed the same (down 7 percentage points).
- Eleven percent say their household expenses have decreased over the past 12 months (up 3 percentage points since November), while 39% say their expenses have increased significantly. 49% report that their expenses are about the same compared to 12 months ago (down 5 percentage points since November).

Homeownership and Renting

- On average, Americans expect home prices to increase by 0.8% over the next 12 months, up from 0.2% in November.
- Twenty-six percent of respondents expect home prices to increase over the next 12 months (up 4 percentage points since last month), while 18% say they expect home prices to decline (down 4 percentage points since last month). 52% say prices will stay the same.
- Thirty-six percent of Americans say that mortgage rates will go up over the next 12 months, up 3 percentage points from November and even with October.
- Seventy-one percent of respondents say it is a good time to buy a home (up 3 percentage points since last month), and 11% say it is a good time to sell.
- On average, Americans expect home rental prices to increase by 3.5% over the next 12 months,

- up from 3.2% in November.
- Five percent expect a decline in home rental prices over the next 12 months (tying May 2011 as the lowest point in the past 12 months), while 43% of respondents believe that home rental prices will increase.
- Thirty-one percent of Americans say they would rent their next home, while 64% say they would buy, up 1 percentage point from last month.

The most detailed consumer attitudinal survey of its kind, the Fannie Mae National Housing Survey polled 1,000 Americans via live telephone interview to assess their attitudes toward owning and renting a home, mortgage rates, homeownership distress, the economy, household finances, and overall consumer confidence. Homeowners and renters are asked more than 100 questions used to track attitudinal shifts (findings are compared to the same survey conducted monthly beginning June 2010). Fannie Mae conducts this survey and shares monthly and quarterly results so that we may help industry partners and market participants target our collective efforts to stabilize the housing market in the near-term, and provide support in the future.

For detailed findings from the December 2011 survey, as well as technical notes on survey methodology and the questions asked of respondents associated with each monthly indicator, please visit the [Fannie Mae Monthly National Housing Survey site](http://www.fanniemae.com/portal/research-and-analysis/housing-monthly.html?) (<http://www.fanniemae.com/portal/research-and-analysis/housing-monthly.html?>). Also available on the site are quarterly survey results, which provide a detailed assessment of combined data results from three monthly studies. The December 2011 Fannie Mae National Housing Survey was conducted between December 1, 2011 and December 20, 2011. Interviews were conducted by Penn Schoen Berland, in coordination with Fannie Mae.

Fannie Mae exists to expand affordable housing and bring global capital to local communities in order to serve the U.S. housing market. Fannie Mae has a federal charter and operates in America's secondary mortgage market to enhance the liquidity of the mortgage market by providing funds to mortgage bankers and other lenders so that they may lend to home buyers. Our job is to help those who house America.

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