

Housing Sentiment Slightly Improves, But Affordability Concerns Remain

By Erin Delaney | Special to Banker & Tradesman | Jul 8, 2024 | [Reprints](#) | [Unlock Link](#) | [Print](#)



iStock illustration

Consumers are slightly more optimistic about homebuying and home-selling conditions despite continued concerns about affordability, according to [Fannie Mae's latest monthly Home Purchase Sentiment Index](#) survey.

The index's reading increased 3.2 points in June to 72.6, which is up 6.6 points compared to the same time last year.

The percentage of respondents who say it is a good time to buy a home increased from 14 percent to 19 percent (up from the survey low of 14 percent in May), while the percentage who say it is a bad time to buy decreased from 86 percent to 81 percent.

The percentage of respondents who say it is a good time to sell a home increased from 64 percent to 66 percent, while the percentage who say it is a bad time to sell decreased from 35 percent to 33 percent.

While the survey indicates that housing sentiment has generally increased, it shows consumer concerns about the affordability of housing persist.

Greater shares of consumers indicated that they expected home prices and mortgage rates to rise over the next 12 months. The percentage of respondents who say home prices will go up in the next 12 months increased from 42 percent to 45 percent, and the percentage of respondents who expect mortgage rates to go up increased from 31 percent to 33 percent.

“Affordability concerns remain the primary driver of consumer housing sentiment, even as the topline findings from our monthly survey showed a modest uptick in optimism on both homebuying and home-selling conditions,” Mark Palim, Fannie Mae vice president and deputy chief economist, said in a statement. “If mortgage rates decline through the end of the year, as we [currently forecast](#), we do think home sales activity will pick up, but progress on that front is likely to be slow due to the ongoing imbalance between supply and demand. A significant majority of consumers continue to tell us that it’s a ‘bad time’ to buy a home, and they’re also telling us that they expect both home prices and mortgage rates to move higher over the next 12 months. Taken together, in our view, this leaves little upside to overall sentiment until meaningful progress is made on affordability – most likely in the form of either lower rates or improved supply. Of course, the flip side to a difficult purchase market is an advantageous sales market, and respondents also maintained their position that it’s a generally good time to sell, pointing to high home prices as the primary reason.”

The Home Purchase Sentiment Index is constructed using answers to six of Fannie Mae’s National Housing Survey (NHS) questions. The NHS is a monthly attitudinal survey with more than 100 questions that polls the adult general population of the United States. The HPSI compiles information about consumers’ home purchase sentiment into a single number that reflects consumers’ current views and expectations of housing market conditions. The June 2024 NHS was conducted between June 1, 2024 and June 18, 2024.

The Warren Group | 2 Corporation Way, Suite 250 | Peabody, MA 01960 | 617-428-5100 |

www.thewarrengroup.com

Copyright © The Warren Group | All Rights Reserved | [Privacy Policy](#)