



## Freddie Mac Multifamily's 2024 Outlook Forecasts Tempered Growth, Increased Volume for Year Ahead

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### Short-term headwinds include high supply and moderating economic growth, but long-term outlook remains positive

MCLEAN, Va., Dec. 19, 2023 (GLOBE NEWSWIRE) -- Freddie Mac (OTCQB: FMCC) released its 2024 Multifamily Outlook projecting the year ahead will bring positive growth despite continued headwinds for the multifamily industry, and that the long-term forecast for the asset class remains positive.

The Outlook indicates an elevated multifamily supply pipeline, with peak completions predicted in 2024, will moderate potential rent gains, which are expected to be positive in the year ahead, although below longer-run averages. The Outlook also forecasts 2024 vacancy rates will be modestly higher than average but notes a more stable interest rate environment could help spur transaction volume in 2024, with demand for rentals driven by prevailing demographic trends and expensive for-sale housing.

"The economy appears to be on track for a soft landing, although it may be bumpy throughout next year," said Sara Hoffmann, director of Multifamily Research at Freddie Mac. "In 2024, the multifamily market may see additional strain from high levels of new supply and continued high interest rates but remains a favorable asset class given the state of the for-sale market and long-term demographic trends."

The Freddie Mac Multifamily [2024 Outlook](#) projects an expected gross income growth of 2.1% for the year. Specific forecasts include:

- Multifamily demand is expected to remain positive but weaker compared with pre-pandemic rates.
- The 2024 baseline forecast is for rent growth of 2.5% for the year, slightly below the annual average from 2000 to 2022. The impacts of high supply vary across the country, with the Sun Belt and Mountain West regions expected to see the highest levels of new supply and the most pressure on rent growth.
- Vacancy rates will remain relatively stable in 2024 despite a predicted peak year for deliveries. The 2024 forecasted vacancy rate is 5.7%, 40 basis points higher than the 2000 to 2022 average.

Although interest rates are expected to remain elevated in 2024, additional stability should result in stabilized cap rates and property values. By allowing buyers and sellers to agree on asset value, this trend could help drive transaction volume in the multifamily market.

The Outlook predicts volume growth will return in 2024, up to \$370 billion-\$380 billion, which is in line with 2019 volume but well below the post-pandemic years of 2021 and 2022.

[Freddie Mac Multifamily](#) is the nation's multifamily housing finance leader. Historically, more than 90% of the eligible rental units we fund are affordable to families with low-to-moderate incomes earning up to 120% of area median income. Freddie Mac securitizes about 90% of the multifamily loans it purchases, thus transferring the majority of the expected credit risk from taxpayers to private investors.

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