



Mortgage Rates Drive Declines in Apartment Investment Market Index

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Freddie Mac releases AIMI fourth quarter update

MCLEAN, Va., April 05, 2018 (GLOBE NEWSWIRE) -- Significant increases in mortgage rates have driven declines in the [Freddie Mac](#) (OTCQB:FMCC) Multifamily [Apartment Investment Market Index](#) (AIMI®) across most markets for the fourth quarter of 2017 and over the year. Created by Freddie Mac, the widely used analytical tool combines multifamily rental income growth, property price growth and mortgage rates to provide a single index that measures multifamily market investment conditions.

A rise in AIMI from one quarter to the next implies an increasingly favorable environment for multifamily investment opportunities, while a decline suggests that attractive investment opportunities are becoming more difficult to find compared to the prior period.

AIMI's Quarterly Results

In the fourth quarter, AIMI experienced a decrease in 12 of the 13 markets it tracks. At the national level, AIMI declined approximately 3.57%. Seattle (-7.75%) and Boston (-7.15%) experienced the sharpest declines, while Houston (2.49%) stood as the sole market to see an increase, largely driven by the impact of the 2017 hurricanes.

Driving these declines were increases in mortgage rates over the fourth quarter. Moreover, negative quarterly net operating income (NOI) growth occurred nationally and in ten local markets—likely due to the seasonality of rents. Orlando and Houston had positive NOI growth over the quarter. Quarterly property price growth was strong, with increases in nine of the thirteen local markets and nationally. Three markets were essentially flat, while property prices in Chicago declined.

AIMI's Annual Results

On an annual basis, AIMI decreased nationally and in all local markets. Nationally, AIMI declined by 6.52%. Locally, Atlanta (-10.25%), Seattle (-9.93%) and Boston (8.68%) saw the most significant annual change in the index. Orlando (-0.15%) remained virtually flat.

Mortgage rates, which increased by 25 basis points over the year, again played a major factor in the magnitude of AIMI's decline. However, 12 local markets and the nation experienced annual NOI growth. In fact, only Chicago did not see positive NOI growth. Property prices grew in every market except Philadelphia. Several markets exhibited significantly lower price growth than their long-term average.

"Higher mortgage rates were a significant contributor to AIMI's virtually across-the-board declines," said Steve Guggenmos, vice president of Freddie Mac Multifamily Research and Modeling. "In the fourth quarter of 2017, we saw the seasonality of rents lead to declines in net operating income. However, annually, NOI growth was positive in nearly every market. Across both periods, AIMI illustrates the nature of the multifamily market—a competitive environment where property price growth is driven by tight supply and strong demand for rentals."

In addition to national and local values, AIMI also provides a [sensitivity table](#) that shows how the Index value adjusts based on changes in certain underlying variables. Additional information about [AIMI](#) is on the Freddie Mac Multifamily website and includes [FAQs](#) and a [video](#).

[Freddie Mac Multifamily](#) helps ensure an ample supply of affordable rental housing by purchasing and securitizing mortgages on apartment buildings nationwide. Roughly 90 percent of the mortgages purchased support rental units for lower income households. Freddie Mac securitizes about 90 percent of the multifamily loans it purchases, thus transferring the vast majority of the expected credit risk from taxpayers to private investors.

Freddie Mac makes home possible for millions of families and individuals by providing mortgage capital to lenders. Since our creation by Congress in 1970, we've made housing more accessible and affordable for homebuyers and renters in communities nationwide. We are building a better housing finance system for homebuyers, renters, lenders, and taxpayers. Learn more at [FreddieMac.com](#), Twitter [@FreddieMac](#) and Freddie Mac's blog [FreddieMac.com/blog](#).

MEDIA CONTACT: Christopher Spina
703-388-7031
Christopher_Spina@FreddieMac.com

 Primary Logo

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