



Property Price Growth Evident in Apartment Investment Market Index

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Freddie Mac releases AIMI first quarter update

MCLEAN, Va., July 19, 2018 (GLOBE NEWSWIRE) -- Continued property price growth has emerged as a key factor driving declines in the [Freddie Mac](#) (OTCQB:FMCC) Multifamily [Apartment Investment Market Index](#) (AIMI®) in the first quarter and annually. Increasing prices pushed up the cost of investing, though investors do benefit from solid multifamily fundamentals. 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 first quarter, AIMI decreased in 12 of the 13 markets it tracks. At the national level, AIMI declined 2.4%. Dallas (-4.5%) experienced the sharpest decline, while San Francisco (0.9%) was the only market to see an increase.

A number of factors affected the performance of AIMI in the first quarter. Quarterly property price growth was strong in the majority of the markets it tracks. Prices rose in ten of the markets and nationally. In two markets, Chicago and Houston, price growth was essentially flat, and prices in San Francisco declined. Also contributing to a lower AIMI were mortgage rates, which rose 13 basis points in the first quarter.

AIMI's Annual Results

On an annual basis, AIMI decreased nationally and in eight local markets. Nationally, AIMI declined by 3.4%. Locally, Seattle (-9.3%) and Boston (-8.4%) experienced the most significant annual declines in the Index. Houston (4.4%) saw the largest increase in the Index, with four additional markets – Orlando (0.8%), San Francisco (0.5%), Philadelphia (0.4%) and Chicago (0.1%) – experiencing increases as well.

Over the twelve-month period, property prices grew in 12 of the 13 markets AIMI tracks. Only one market, Chicago, did not see growth in property prices. A dozen local markets and the nation experienced annual growth in net operating income (NOI). As with property prices, Chicago was the only market that did not experience positive NOI growth.

In addition, mortgage rates decreased by 3 basis points over the year, which is attributable to contracting spreads offsetting the increase in the 10-year Treasury rate.

"While both mortgage rates and net operating income affected AIMI this quarter, the continued growth of property prices — driven by healthy demand and overall housing shortages — proved to have the most meaningful impact," said Steve Guggenmos, vice president of Freddie Mac Multifamily Research and Modeling. "While AIMI's quarterly and annual results were both slightly negative due to price appreciation, it continues to reflect the strong demand for multifamily investments, and illustrates the long-term strength and stability of the multifamily market."

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](#) is the nation's multifamily housing finance leader. Historically, nearly 90 percent of the eligible rental homes we fund are affordable to families with low to moderate incomes. Freddie Mac's [Duty to Serve](#) plan aims to expand affordability and address America's most persistent housing problems.

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](#).

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