



Mortgage Rates Drive Declines in Apartment Investment Market Index

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Freddie Mac releases AIMI second quarter update

MCLEAN, Va., Oct. 16, 2018 (GLOBE NEWSWIRE) -- Significant increases in mortgage rates once again have driven declines in the [Freddie Mac](#) (OTCQB: FMCC) Multifamily [Apartment Investment Market Index](#) (AIMI®) across most markets for the second quarter of 2018 and over the past 12 months. 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 second quarter, AIMI experienced a decrease nationally and in 12 of the 13 local markets it tracks. At the national level, AIMI declined approximately 2.6%. Locally, Phoenix (-4.77%), Houston (-3.79) and Atlanta (-3.36%) experienced the sharpest declines, while Boston was the only market to see a minor AIMI increase (0.39%).

Driving these declines was a 29 basis point increase in mortgage rates over the second quarter. However, net operating income (NOI) grew in every market and the nation, which is largely consistent with rapid NOI increases typically experiences in the second quarter. By far, Seattle saw the fastest NOI growth, with a quarterly increase of 4.6%. Property prices in Boston and Chicago contracted, while all other markets and the nation experienced growth.

AIMI's Annual Results

In addition, over the past 12 months, AIMI saw decreases in every local market and nationally. This included substantial decreases in Seattle (-13.35%), Dallas (-11.38%) and Phoenix (-10.26%), which experienced the sharpest declines. Mortgage rates again drove AIMI's decline, shooting up by 38 basis points over the past 12 months. This increase in rates and high property price growth are the primary reasons for the across-the-board AIMI declines.

Nationally, NOI grew in every market and nationally over the past 12 months. Orlando and Houston were the two top income growers at 8.3% and 9.2%, respectively. Moreover, Property price grew in every market except for Chicago. Prices in Seattle, Orlando, and Phoenix grew by over 10 percent.

"Once again, mortgage rates were a primary driver of AIMI's declines over the course of the quarter and the last 12 months," said Steve Guggenmos, Vice President of Freddie Mac Multifamily Research and Modeling. "However, the Index continues to show that multifamily is a competitive market that is driven by tight supply and strong demand for rentals. For example, in almost every market across the quarter and annually, net operating income growth was positive and property price growth continued to increase significantly."

In addition to national and local values, a [sensitivity table](#) is available that captures 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](#).

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