# Freddie Mac's Apartment Investment Market Index® Stabilizes in Q3 after Rate Hikes Drive Sharp Declines in Prior Quarters

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**AIMI® Down More than 7 Percent Year over Year**

MCLEAN, Va., Jan. 04, 2019 (GLOBE NEWSWIRE) -- The Freddie Mac (OTCQB: FMCC) Multifamily Apartment Investment Market Index (AIMI®) indicates the environment for apartment investment was stable in the third quarter of 2018. Mortgage rates and property incomes were relatively flat, driving the result. The widely cited AIMI measure experienced significant declines earlier in the year, driven by rising mortgage rates in the first half of the year. Year over year, the index is down by more than seven percent.

AIMI® is an analytical tool that 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 with the prior period.

***AIMI's Quarterly Results***
In the third quarter, AIMI held relatively stable, with increases in seven markets and declines in six markets measured by the index. All markets experienced positive net operating income growth, except for San Francisco, which experienced a slight decrease. Property prices grew nationally over the quarter, but New York, Washington, DC, and Philadelphia all experienced price contraction. Price growth compared with past third quarter numbers was atypically low, posting the worst Q3 growth since 2009. Mortgage rates remained essentially flat over the quarter, following sharp quarterly increases earlier in the year.

***AIMI's Annual Results***
Year over year, AIMI is down by 7.21 percent, with Dallas (-11.84 percent), Seattle (-11.78 percent) and Phoenix (-11.62 percent) experiencing the most significant drops. The declines were driven by the largest annual increase in mortgage rates since 2014. Nationally, NOI grew by the highest amount since the second quarter of 2016. Property price increased nationally and in all markets except for Chicago and New York. Three markets saw double-digit property price increases: Seattle, Orlando and Phoenix.

"After interest rate driven declines in the first two quarters of 2018, the Freddie Mac Multifamily Apartment Investment Market Index remained essentially flat in Q3," said Steve Guggenmos, vice president of Freddie Mac Multifamily Research and Modeling. "The good news for investors is that almost every market continues to experience healthy net operating income growth. Multifamily remains a competitive market that is driven by strong fundamentals girded by a tight supply and strong demand for rentals."

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, including 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 households earning area median income or below. Freddie Mac securitizes about 90 percent of the multifamily loans it purchases, thus transferring the 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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