



Freddie Mac Multifamily Midyear Outlook Projects Robust Rental Market, Higher Origination Volume

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MCLEAN, Va., Aug. 08, 2019 (GLOBE NEWSWIRE) -- The [Freddie Mac](#) (OTCQB: FMCC) [Multifamily 2019 Midyear Outlook](#) projects a robust rental market and strong multifamily volume growth in 2019. The rental market remains well positioned to absorb new supply due to vacancy rates continuing to beat out projections and rent growth remaining above the rate of inflation, according to the report. This strong growth along with low interest rates put originations on pace to grow by 8% over 2018. Freddie Mac released a companion [video](#) and [viewpoint](#) with the [report](#).

"A strong labor market and a persistent housing shortage have continued to fuel a robust rental market," said Steve Guggenmos, who leads Freddie Mac Multifamily's research and modeling team. "As of June, multifamily completions outpaced the prior two years, but demand remains high in the majority of markets allowing them to absorb most of the new supply. These strong fundamentals and lower than anticipated interest rates have supported growth in multifamily originations, which are forecasted to grow to \$336 billion in 2019."

Key Findings:

- **Strong economic growth and robust labor markets continue to support the strength of the multifamily market.** Performance in the multifamily market ended 2018 much stronger than anticipated and has remained relatively healthy through the first half of 2019 despite a slower first quarter. Fundamentals are expected to remain strong throughout the rest of the year, but vacancy rates could continue their slow march up as more supply enters the market. Rent growth is expected to grow around 4% for the full year.
- **We continue to see an overall shortage in housing as demand outpaces supply, despite multifamily construction churning at elevated levels.** The U.S. Census Bureau reports five-plus unit multifamily completions are on pace in 2019 to exceed the previous few years; up to 365,000 units annualized as of June, compared with 345,000 units seen in each of the prior two years. As the 2019 leasing season picks up, the multifamily market remains in a good position to absorb most of the new supply.
- **Multifamily originations are expected to set another record year in 2019 due to strong fundamentals, continued demand for multifamily investments and low interest rates.** Actual volume for 2018 will not be available until the fall of 2019, but our expectations are for total origination volume in 2018 to rise by 9.1% to \$311 billion. With interest rates declining through the first half of 2019 and projected to remain low for the remainder of the year, we anticipate strong volume growth through 2019. If interest rates remain on average around 2.2% for the rest of the year, we forecast volume in 2019 to increase by 8% to \$336 billion.

[Freddie Mac Multifamily](#) helps ensure an ample supply of affordable rental housing by purchasing and securitizing mortgages on apartment buildings nationwide. Roughly 90% of the mortgages purchased support rental units for households earning area median income or below. 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.

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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