Strong Second Quarter for Freddie Mac's Apartment Investment Market Index

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MCLEAN, Va., Oct. 01, 2019 (GLOBE NEWSWIRE) -- The Freddie Mac (OTCQB: FMCC) Multifamily Apartment Investment Market Index® (AIMI®) rose by 4.8% in Q2 2019 as mortgage rates fell by their largest quarterly decline (28 basis points) in almost five years and net operating incomes (NOI) continued their decade-long rise. On an annual basis, AIMI jumped by 4.3%. The index change is an improvement over last quarter, when AIMI contracted by -2.9% on an annual basis.

"The across-the-board growth we are seeing is a response to falling mortgage rates and strong demand for rental units in a market that maintains strong occupancy," said Steve Guggenmos, vice president of Freddie Mac Multifamily Research and Modeling. "Overall, AIMI shows a healthy market for investors as sustained growth in net operating incomes continues to bolster the multifamily asset class."

Over the quarter, AIMI increased for the nation and every market:

- NOI experienced healthy growth in the nation and in all markets. New York and Houston were slower growers at 1.7% each, while Boston led the pack with an NOI growth of 4.2% — it's highest quarterly NOI growth in the past four years.
- Property price growth was mixed but generally positive. Nine metros and the nation experienced growth, although Los Angeles only grew by 0.1%. The remaining four metros experienced property price contraction, although Boston essentially remained flat at -0.01%.
- Mortgage rates decreased by 28 basis points. This was the largest quarterly decline in almost five years.

Over the year, AIMI increased in the nation and in every metro except for San Francisco, which experienced only a minor decline:

- NOI grew in the nation and in all markets. Houston's growth was low at 1.0%. Phoenix's growth rate of 11.4% was much higher than the second fastest growing metro (Atlanta at 7.4%).
- Property prices grew in the nation and in all markets except for Philadelphia. Just like for NOI growth, Phoenix was the only market to exceed 10% in property price growth.
- Mortgage rates decreased by 28 basis points. This was the first annual decrease in the last five quarters.

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.

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.

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 120% of 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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