



Falling Mortgage Rates Boost Freddie Mac's Apartment Investment Market Index in Q3

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MCLEAN, Va., Dec. 19, 2019 (GLOBE NEWSWIRE) -- The [Freddie Mac](#) (OTCQB: FMCC) [Multifamily Apartment Investment Market Index®](#) (AIMI®) rose by 5.5% in Q3 2019 as mortgage rates experienced their largest quarterly decline (39 basis points) in five years and net operating incomes (NOI) continued their decade-long rise. On an annual basis, AIMI continued to experience positive growth and rose by 9.6% after growing by 4.3% last quarter.

"Another strong quarter of net operating income growth and a continued decline in mortgage rates resulted in the AIMI index increasing on an annual basis for the second consecutive quarter," said Steve Guggenmos, vice president of Freddie Mac Multifamily Research and Modeling. "These strong numbers indicate a robust market for investors and demand for new multifamily housing."

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

- NOI growth was positive in the nation and every metro. Growth was by far the lowest in two of the gateway markets – New York and San Francisco. Meanwhile, Boston experienced the highest growth at 2.6%.
- Property prices grew in the nation and in 8 of the 13 markets. New York and Philadelphia contracted more than 1% each. Phoenix grew by 3.2%, which was by far the highest of all metros.
- Mortgage rates decreased by 39 bps. This was the largest quarterly drop since the third quarter of 2014.

Over the year, AIMI increased by a significant percentage (>=6.2%) in the nation and in every metro:

- NOI grew in the nation and in every metro. Only New York and Houston did not grow by at least 3.0%. Phoenix was the only metro to surpass 10% growth.
- Property prices grew in the nation and in 10 of the 13 markets. Like with NOI growth, Phoenix was the only metro to surpass 10% property price growth.
- Mortgage rates decreased by 70 bps. This was the largest annual drop since third quarter 2010.

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](#).

MEDIA CONTACT: Mike Morosi
(703) 918-5851
Michael_Morosi@FreddieMac.com