



Freddie Mac's Apartment Investment Market Index Experienced Strong Annual Growth Despite Fourth Quarter Decline

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MCLEAN, Va., March 16, 2020 (GLOBE NEWSWIRE) -- The [Freddie Mac](#) (OTCQB: FMCC) [Multifamily Apartment Investment Market Index](#)[®] (AIMI[®]) annual growth rose to 11.5% – the largest increase since Q3 2010. The growth is largely attributed to mortgage rates, which saw their largest annual decline (96 bps) in AIMI history. AIMI experienced a modest quarterly decline of 1.4% in Q4 2019 as mortgage rates remained fairly stable and net operating incomes (NOI) were negative. The annual growth in AIMI indicates that it may be easier to find attractive investment opportunities compared with the prior year.

"AIMI experienced impressive growth over the course of the year due to the significant rate drop and strong annual net operating income growth indicating a strong market for investors," said Steve Guggenmos, vice president of Freddie Mac Multifamily Research and Modeling. "Despite the quarterly decline in AIMI due to a seasonal contraction of net operating income coupled with property price appreciation, the index continues to reflect strong demand for multifamily investments."

Over the quarter, AIMI decreased in the nation and in 10 markets. Three markets saw a quarterly increase (Boston, New York and Philadelphia).

- NOI growth was negative in the nation and in every metro except for Phoenix, which saw healthy growth. NOI performance is typically worst in the fourth quarter so the result is not surprising.
- Property prices grew in the nation and in 10 markets. Boston and New York saw a decline (-1.8% and -1.6%, respectively) while Philadelphia remained essentially flat.
- Mortgage rates remained relatively stable during the quarter, only moving 7 basis points.

Over the year, AIMI increased by a significant amount in the nation and in every metro. Only four metros did not post a gain of at least 10%, and Philadelphia reached 20% growth. Every metro except for Atlanta, Chicago and Orlando experienced its largest annual AIMI increase since Q3 2010.

- NOI grew in the nation and in every metro. Growth ranged from 1.8% in New York to 10.6% in Phoenix.
- Property prices grew in the nation and in all but three metros (New York, Philadelphia and Houston). As with NOI growth, Phoenix was the only metro to surpass 10% (with 13.8% growth).
- Mortgage rates experienced a substantial drop of 96 bps. This was the largest decline in the entire history of AIMI.

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](#).

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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