



Freddie Mac's Apartment Investment Market Index Turns Positive in Q3 Despite Contractions in Some Major Metros

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MCLEAN, Va, Dec. 16, 2020 (GLOBE NEWSWIRE) -- The [Freddie Mac](#) (OTCQB: FMCC) [Multifamily Apartment Investment Market Index](#)[®] (AIMI[®]) rose by 1.9% in Q3 2020 after a quarterly decline (-0.3%) in Q2 2020. The change reflects a quarter with mixed net operating income (NOI) and property price growth after the COVID-19 pandemic drove negative NOI growth in Q2. On an annual basis, AIMI rose by 2.0% as mortgage rates decreased by 44 bps.

"AIMI rebounded in the third quarter as mortgage rates dropped and despite the stresses created by COVID-19, multifamily fundamentals have been relatively resilient to date," said Steve Guggenmos, vice president of Freddie Mac Multifamily Research and Modeling. "Nationally, AIMI continues to be positive on an annual basis, but some individual markets are experiencing significant contractions due to the local market impact of the pandemic."

Over the quarter, AIMI increased in the nation and in most markets. Nineteen markets experienced quarterly growth while six metros experienced quarterly contraction.

- NOI growth was very mixed. The nation and 12 markets experienced quarterly NOI growth while NOI contracted in 10 markets. NOI in three metros was virtually unchanged. New York and San Francisco experienced NOI contraction of -8.0% and -8.9%, respectively.
- Property price growth was also mixed. Prices grew in the nation and in 12 markets while prices dropped in 11 markets. Three markets experienced almost no property price change.
- Mortgage rates decreased by 16 bps.

Over the year, AIMI increased in the nation and in 17 markets, while eight markets experienced an AIMI drop.

- NOI dropped in the nation and in 18 markets. New York and San Francisco posted double-digit NOI losses. Seven markets posted annual NOI gains, including Jacksonville and Phoenix, which each exceeded 3% growth.
- The nation and 18 markets experienced property price growth, while seven metros experienced contraction.
- Mortgage rates decreased by 44 bps. This is a large drop, but not as severe as the annual rate dropped in each of the last four 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](#) 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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