



Freddie Mac Multifamily 2021 Outlook Projects Rebound in Origination Volume Boosted by Smaller Markets

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MCLEAN, Va., Jan. 25, 2021 (GLOBE NEWSWIRE) -- [Freddie Mac](#) (OTCQB: FMCC) projects that overall multifamily origination volume will rebound in 2021, growing to \$340 billion by year-end as the economy is boosted by another federal stimulus package. The recovery is supported in part by growth in smaller metropolitan markets, like Phoenix and Tampa, with larger cities expected to recovery more gradually. The overall market is bolstered by sustained demand for multifamily properties as investors take the long-view of rents and vacancies, which although temporarily impacted by the pandemic are expected to rebound in a move toward reestablishing the trends of the past decade, according to the report.

"We believe the market is set up for a solid year in 2021 after facing many challenges in 2020 brought on by the COVID-19 pandemic," said Steve Guggenmos, Freddie Mac's vice president for multifamily research and modeling. "The impact of the pandemic is more severe in larger gateway markets, such as New York and San Francisco, but many smaller cities and secondary markets continued to see rent growth through 2020 and will perform well in the year ahead. Multifamily entered the pandemic on a very strong footing, so although the impact of the crisis was felt, the industry as a whole performed well given the circumstance."

The Multifamily 2021 Outlook from Freddie Mac's Multifamily Research Center is available online [here](#). The paper outlines several key findings:

- **Market Predicted to Rebound in 2021:** The multifamily market and greater economy were heavily impacted by COVID-19, however, improving conditions and the passage of another stimulus is expected to boost the economy in 2021.
- **Year-Over-Year Rent Growth to Remain Positive in Most Markets:** Multifamily construction is expected to match 2019 levels despite a slow spring and summer. Nearly half of all metros are projected to have positive rent growth in 2021, however large markets like New York, San Francisco, the District of Columbia and Miami will continue to see falling rents. The net effect is projected to be an increase in vacancy rates to 5.8% and an overall estimated decline in gross income of -0.5%.
- **Investor Demand is Strong Despite Drop in Originations:** Investment activity rebounded significantly in the second half of 2020 after a sharp decline in the first six months. Cap rates remained stable and property prices continue to increase, indicating strong investor demand. Total multifamily origination is expected to decline by roughly 20% from 2019 to \$287 billion in 2020, but is expected to rebound to \$340 billion in 2021.

[Freddie Mac Multifamily](#) is the nation's multifamily housing finance leader. Historically, more than 90% of the eligible rental units we fund are affordable to families with low-to-moderate incomes earning up to 120% of area median income. 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.

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