Freddie Mac Multifamily Midyear Outlook Shows Moderation on Macro Headwinds

August 2, 2022

MCLEAN, Va., Aug. 02, 2022 (GLOBE NEWSWIRE) -- After six months of healthy growth in multifamily fundamentals, Freddie Mac (OTCQB: FMCC) projects the pace of growth will begin to moderate through the remainder of 2022. A contraction in multifamily origination volume to $440-450 billion is expected, down from the peak seen in 2021, driven by macroeconomic headwinds, including inflation and rising treasury rates.

“We believe the multifamily industry is well positioned to weather the economic uncertainty and interest rate volatility impacting the broader economy throughout the rest of the year,” said Steve Guggenmos, vice president of Multifamily Research & Modeling at Freddie Mac. “While we expect total volume projections will be down in 2022, rent growth and occupancy will still remain above their long run averages.”

The Multifamily Midyear 2022 Outlook from Freddie Mac’s Multifamily Research Center is available online here. The paper outlines several key findings:

- **Growth Continues but Moderates:** Multifamily growth continued to beat expectations through the first half of 2022 after coming off a record-breaking year in 2021.Freddie Mac expects gross income growth to moderate throughout the rest of the year but is on pace to outperform yearend inflation projections.
- **Gross Income Gains Across the Board:** Every market Freddie Mac tracks is projected to experience gross income gains. The Florida and Southwest markets are generally expected to outperform the nation, while the smaller markets in the Midwest and few gateway markets are generally expected to be among the comparatively weaker performers. Overall, gross income growth in 2022 is forecasted to be around 6.8% and vacancy rates are expected to remain flat at 4.8%.
- **Slight Contraction in Multifamily Lending:** Considering the heightened degree of economic uncertainty and volatile treasury rate environment, Freddie Mac expects originations in 2022 to experience a slight contraction to $440-450 billion, down 8-10% from 2021.

Multifamily’s outlook and additional related materials are available online here.

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.

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
Erin Mancini
(703) 903-1530
Erin_Mancini@FreddieMac.com