



## Freddie Mac Multifamily Apartment Investment Market Index Down in Second Quarter

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MCLEAN, Va., Sept. 08, 2022 (GLOBE NEWSWIRE) -- The [Freddie Mac](#) (OTCQB: FMCC) [Multifamily Apartment Investment Market Index](#)<sup>®</sup> (AIMI<sup>®</sup>) fell by 11.7% in the second quarter of 2022, with the index down 17.9% compared with the second quarter of 2021. AIMI decreased nationwide and in all 25 markets on both a quarterly and annual basis, driven primarily by record mortgage rate growth. The nation and 11 markets experienced their largest annual AIMI decline in the history of the index. Over the past year, property prices have experienced significant growth, rising by 21.8%, Net Operating Income (NOI) grew by 17.7% and mortgage rates increased by 1.31 percentage points, the largest increase in the history of AIMI.

“The impact of the rapid and substantial increase in both mortgage rates and property prices is evident in this quarter’s AIMI,” said Steve Guggenmos, vice president of Research & Modeling at Freddie Mac Multifamily. “Although higher rates and property prices have driven the index down, NOI growth remains strong. The drop in AIMI this quarter reflects moderating investment conditions brought about by changing trends in the broader economy. There still exists an overall housing shortage which is keeping vacancy rates low and rents high.”

Over the quarter, AIMI decreased in the nation and in all 25 markets. The primary driver behind the quarterly decline was higher mortgage rates.

- National NOI growth was 3.0% and every metro experienced growth. The fastest grower was Miami at 4.7% while the slowest grower was Phoenix at 0.5%.
- Property prices grew in the nation and in every market except for Philadelphia. Price growth moderated compared with last quarter but is still higher than the long-run average.
- Mortgage rates increased by 95 bps – the largest quarterly increase in the entire history of AIMI going back to 2000.

Over the year, AIMI decreased in the nation and in all 25 markets, driven by the large increase in mortgage rates. The nation and 11 metros experienced the largest annual AIMI percentage decline since the series started in 2000.

- NOI growth was universally positive and exceeded 10% in all but one metro (Minneapolis). New York led the way with 29.7% annual growth.
- Property prices grew in the nation and in every market. Like NOI growth, property price growth was astonishing. Only three metros grew by less than 10% (Minneapolis, Oakland and San Francisco) while 15 metros exceeded 20% growth.
- Mortgage rates increased by 131 bps – the largest annual increase in the entire history of AIMI going back to 2000.

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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