Freddie Mac Multifamily Apartment Investment Market Index Rises Again in Second Quarter of 2023

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MCLEAN, Va., Sept. 21, 2023 (GLOBE NEWSWIRE) -- The Freddie Mac (OTCQB: FMCC) Multifamily Apartment Investment Market Index® (AIMI®) rose by 5.1% in the second quarter of 2023, marking the second straight quarter of AIMI increasing nationwide and in all 25 markets. Over the year, AIMI decreased in the nation and in 23 markets, although this quarter's drop of -2.6% year over year was significantly smaller than last quarter's national annual drop of -17.6%.

"This quarter's results show that AIMI is rebounding," said Sara Hoffmann, director of Multifamily Research at Freddie Mac. "The index experienced a sharp annual decline in each of the prior four quarters, but a pullback in property prices and moderating mortgage rates are helping AIMI regain its footing. Over the past quarter, the index increased due to the confluence of net operating income growth, property price depreciation and lower mortgage rates relative to recent trends."

Over the quarter, AIMI increased in the nation and in all 25 markets. This quarter's national growth rate is the highest since the third quarter of 2019. This quarter:

- Net Operating Income (NOI) increased in the nation and in most markets. No markets were deeply negative, with the lowest performer being Phoenix at -0.8%.
- Property prices dropped in the nation and in all but two markets, Miami and Nashville. However, these two markets saw minimal growth of 0.1% and 0.5%, respectively.
- Mortgage rates dropped by 20 bps. This is the largest quarterly decrease since the first quarter of 2020.

Over the year, AIMI decreased in the nation and in 23 markets. Last quarter, the national annual drop was -17.6%, compared with -2.6% this quarter. Year over year:

- NOI growth was mixed. Nationally, NOI grew by 1.8% but nine markets experienced declines.
- Property prices declined for all markets, and prices nationally contracted by 10.1%. The national price decline is only the second annual decline since the second quarter of 2010.
- Mortgage rates increased by 131 bps. This is high by historical standards, but considerably lower than last quarter's 246-bps annual increase.

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 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's mission is to make home possible for families across the nation. We promote liquidity, stability, affordability and equity in the housing market throughout all economic cycles. Since 1970, we have helped tens of millions of families buy, rent or keep their home. Learn More:
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