Freddie Mac Multifamily Apartment Investment Market Index Finishes 2023 Up Nationwide Despite Fourth Quarter Decline

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MCLEAN, Va., March 11, 2024 (GLOBE NEWSWIRE) -- The Freddie Mac (OTCQB: FMCC) Multifamily Apartment Investment Market Index® (AIMI®) decreased in the fourth quarter of 2023, but increased over the full year, with the annual gain indicating that investment conditions were better in the fourth quarter compared with one year prior.

With mortgage rates persistently high, AIMI fell nationally and in all 25 regional markets measured for the fourth quarter of 2023, as did net operating income (NOI) over the same period. Despite the fourth quarter dip, AIMI finished 2023 up for the year nationally and in the majority of regional markets.

“The end of 2023 was a tale of two directions for AIMI,” said Sara Hoffmann, senior director of Multifamily Research at Freddie Mac. “The index finished 2023 up overall for the year, but fourth quarter was down across the board. The market continues to adjust to the new reality of higher interest rates, which were offset by a steep contraction in property prices, while NOI was virtually flat when we look at 2023 as a whole. All in all, AIMI suggests that investors are paying less per dollar of property income compared with one year ago.”

Mortgage rates increased by 72 basis points in 2023, high by historical standards but the smallest annual increase since the first quarter of 2022. NOI results were mixed for 2023, with 10 markets experiencing growth and 14 markets experiencing declining NOI, while the nation and one market (Seattle) remained essentially flat. Property prices declined across the board, with the nation and all markets seeing contraction and nearly half of regional markets contracting by more than -12% for the year.

The trend downward was pronounced in the fourth quarter of 2023, with a decrease in NOI in the nation and in all markets. NOI contracted between -0.2% (Chicago) to -3.5% (Charlotte) in the fourth quarter of 2023. Property prices dropped in the nation and in all markets except for New York, which experienced a small gain of 0.2% over the quarter.

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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