



## Freddie Mac Expects Multifamily Market to Remain Strong in 2016

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### Industry Originations to Reach up to \$260 Billion

MCLEAN, VA--(Marketwired - Feb 10, 2016) - Steady economic growth and key drivers will keep the multifamily market moving forward in 2016 based on the [Freddie Mac](#) (OTCQB: FMCC) Multifamily Outlook released today. A [video](#) preview along with the complete Outlook is available [here](#).

### 2016 Outlook Highlights

- New supply of multifamily units will continue to enter the market while plans for additional construction will continue to increase.
- Multifamily performance at the national level will remain robust into 2016, but some individual markets are starting to moderate.
- Favorable demographic trends, strength in the job market and reduced affordability of owning a home will continue to fuel strong demand for multifamily rental units.
- As more supply enters the markets, the national vacancy rate will increase slightly, but remain less than the historical average through 2016.
- Rent growth will remain strong and above the historical average until new supply can catch up with demand.
- Annual industry originations will grow to \$250-260 billion due to increasing property prices, new completions and maturities, along with favorable investment opportunities.
- Cap rate spreads will tighten to 300-330 basis points.

"We started 2016 with good momentum on the heels of a strong year," said Steve Guggenmos, Freddie Mac Multifamily vice president of research and modeling. "This year more multifamily supply will enter the market at a pace not seen since the 1980s. We expect the multifamily sector to continue to grow at a robust level, with the national vacancy rate staying below the historical average throughout 2016, and ending the year under 5 percent. As a result, rent growth will remain strong as new supply continues to be met with significant demand."

[Freddie Mac Multifamily](#) helps ensure an ample supply of affordable rental housing by purchasing and securitizing mortgages on apartment buildings nationwide. The loans range from \$1 million to several billions and roughly 90 percent support rental units for lower income households. Freddie Mac securitizes about 90 percent of the multifamily loans it purchases, thus transferring the vast majority of the expected credit risk from taxpayers to private investors.

Freddie Mac was established by Congress in 1970 to provide liquidity, stability and affordability to the nation's residential mortgage markets. Freddie Mac supports communities across the nation by providing mortgage capital to lenders. Today Freddie Mac is making home possible for one in four home borrowers and is the largest source of financing for multifamily housing. Additional information is available at [FreddieMac.com](#), Twitter [@FreddieMac](#) and Freddie Mac's blog [FreddieMac.com/blog](#).

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