



Freddie Mac Releases Multifamily Mid-Year Outlook

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Market Headed for Record \$280 Billion Year Despite Moderating Fundamentals

MCLEAN, VA--(Marketwired - Aug 2, 2016) - The [Freddie Mac](#) (OTCQB: FMCC) Multifamily Research Group today released its [Multifamily Mid-Year Outlook pdf](#) for 2016. A video preview along with the complete Outlook is available [here](#).

Outlook Highlights:

- Nationally, multifamily origination volumes are on track to increase seven percent and set a new annual record of \$280 billion in 2016. Nevertheless, origination growth is moderating compared to the same period in 2015, when volumes rose by 35 percent.
- Most markets are still growing strong, but moderating.
- Multifamily construction rates are elevated, but no longer growing. Multifamily starts and permit volumes moderated during the first half of 2016 compared to the same period last year, reflecting a convergence of supply and demand.
- Rising household formations combined with sustainable growth in the job market continue to drive strong baseline demand for multifamily rental units.
- Vacancy rates are expected to remain below 5 percent while rent growth is expected to moderate as new supply is delivered in 2016, but rise in 2017 as supply and demand converge.
- Multifamily property prices rose in the first quarter at a slower rate than in prior years.
- Gross income growth is expected to remain near its historical average for the rest of the year.
- Cap rates decreased to 5.7 percent in the first quarter, in line with declining interest rates, and are unlikely to be affected by short-term movement in the 10-year Treasury.

"We entered a period of positive moderation during the first half of 2016 that is natural at this point in the economic cycle," said Steve Guggenmos, Freddie Mac Multifamily vice president of research and modeling. "Rather than indicating overproduction, current and projected supply levels show a measured response to market changes and demand from Millennials and other groups with high propensities to rent. We expect the multifamily sector to continue to grow at above pre-recession levels, although market differences will continue to vary."

Freddie Mac Multifamily helps provide quality, affordable rental housing across the nation through innovative financing that transfers the vast majority of the credit risk to the private market. In 2015, we funded nearly \$50 billion in loans and roughly 90 percent of the units were affordable to low- and moderate-income families. For more information, visit us at www.freddiemac.com/multifamily/.

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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