



New Freddie Mac Apartment Index Helps Determine if It's a Good Time to Invest

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MCLEAN, VA--(Marketwired - May 16, 2016) - How does investing in Multifamily properties today compare to past quarters? Is it a favorable time to invest in Multifamily properties? The New [Freddie Mac](#) (OTCQB: FMCC) Multifamily [Apartment Investment Market Index](#) (AIMI(SM)) is a free online analysis tool that combines key multifamily-specific economic indicators to spot trends and provide insight into investment conditions in select major metros and nationally over time.

"It is important that investors and other industry stakeholders stay on top of the shifting multifamily investment environment with the latest trend analysis and market insight that AIMI provides," said Steven Guggenmos, vice president of Freddie Mac Multifamily Research and Modeling.

Updated quarterly, AIMI portrays how the relative value of investing in multifamily properties changes over time by combining three factors important to market observers and investors -- rental income, multifamily property price growth and multifamily mortgage rates -- to create a view of investment conditions in certain markets and nationally.

The relative value of investing is estimated by comparing the growth in net operating income (NOI) to the growth in property debt service. Mortgage rates and growth rates in property prices are used to determine changes in the debt service, while rental income growth (which includes changes in rent growth and vacancies) is used to determine changes in NOI.

AIMI also features commentary on the national market and on each of the 13 metros it tracks. Insights could include how the three variables are impacting the markets, a summary of current values and trends, and macroeconomic factors such as employment growth and housing construction.

Guggenmos added, "Together with our internal analysis, AIMI offers investors a unique insight into understanding the multifamily investment landscape. AIMI gives investors an opportunity to combine a few of the market drivers and track trends."

When comparing AIMI's values over two quarters for a specific metro, an increase implies the value of investing was more favorable, while a decrease implies a less favorable investment.

For example, since AIMI's current value for Atlanta is 111 and previously was 131 during the first quarter of 2011, then the relative value of investing in Atlanta's multifamily properties is less favorable now than it was in the first quarter of 2011.

Nationally, AIMI is at 107 as of the fourth quarter of 2015. The national index has been trending down over the past several quarters due to the increase in property values exceeding the growth in NOI, while mortgage rates remained relatively flat. The cost of investing has become more expensive, indicating it may be more difficult to find attractive investment opportunities in the market.

AIMI also provides a [sensitivity table](#) that shows how the Index value changes based on changes in the underlying variables.

The 13 metro areas AIMI tracks are: Atlanta, Austin, Chicago, Dallas, District of Columbia, Houston, Los Angeles, New York, Orlando, Philadelphia, Phoenix, San Francisco and Seattle.

Additional information about [AIMI](#) is on the Freddie Mac Multifamily website and includes [FAQs](#) and a [video](#).

[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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