

NH&RA

Spring Developers Forum

Keynote Address



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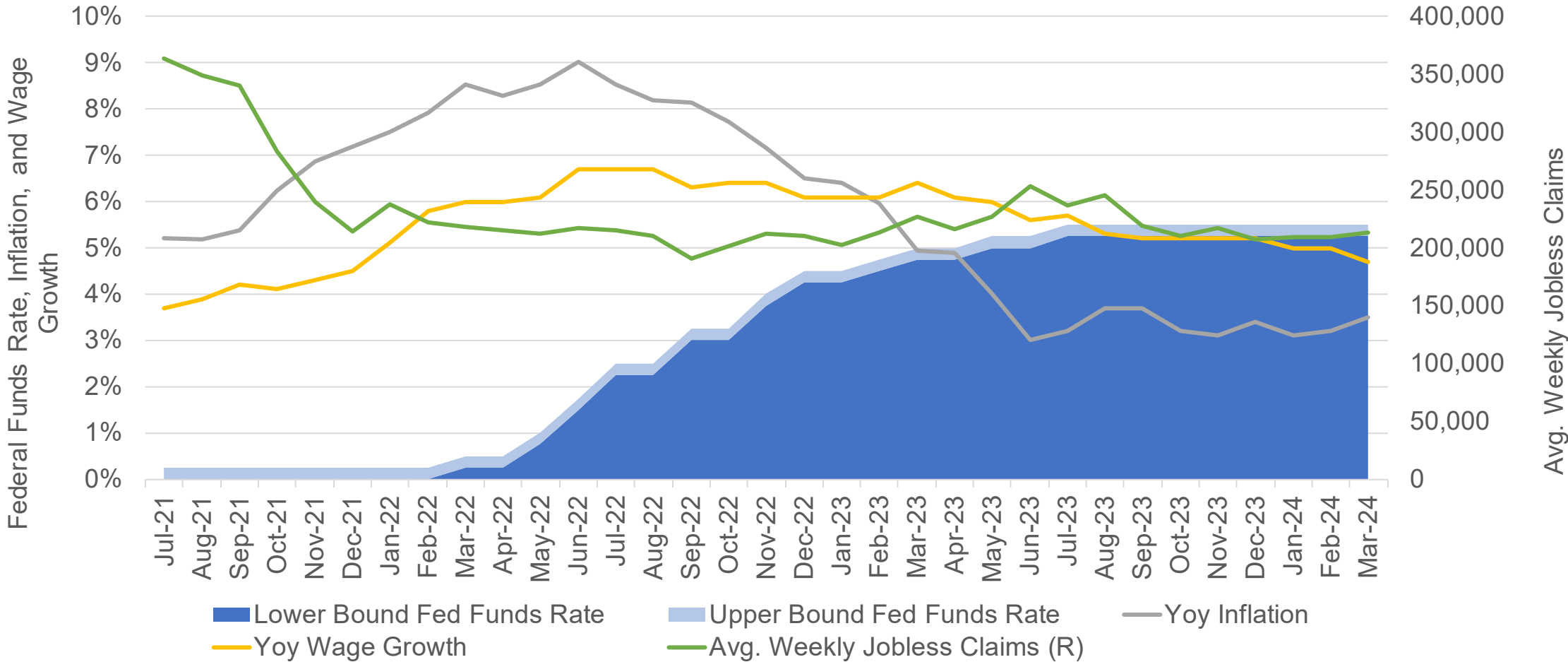
Multifamily Snapshot

Sara Hoffmann

Sr Director Multifamily Research, Freddie Mac

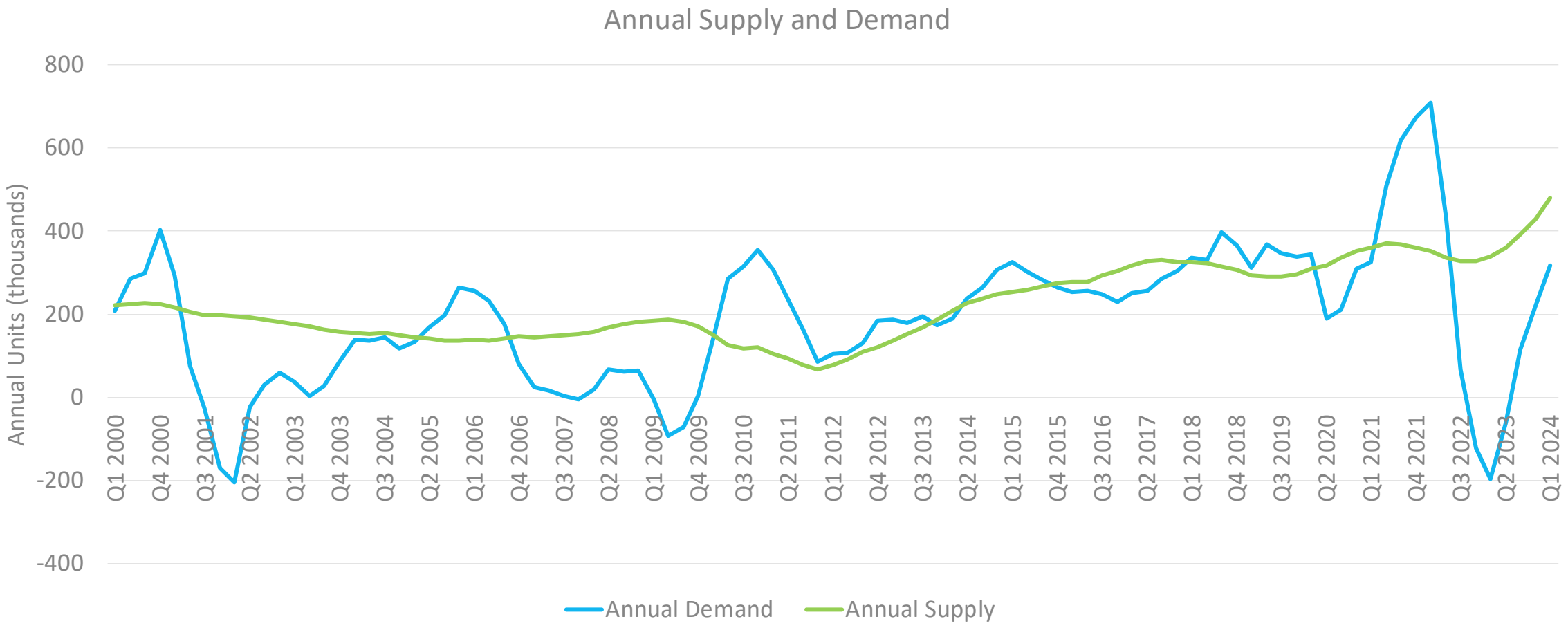


Inflation is stubbornly above 3% while job growth remains robust. Fed has pivoted, but rate cuts may be fewer and come later than anticipated...



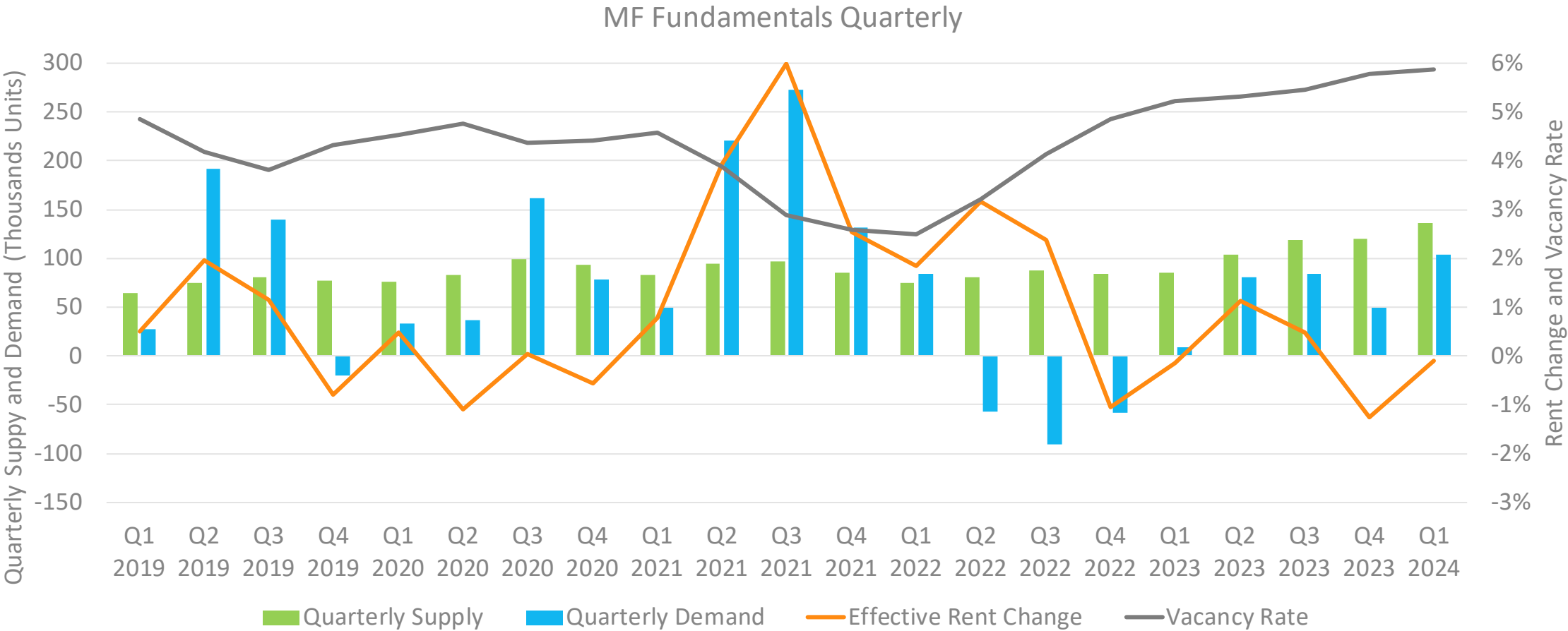
Sources: Moody's Analytics, U.S. Bureau of Labor Statistics (BLS), Federal Reserve Bank of Atlanta, Federal Reserve Bank of St. Louis, Freddie Mac

Demand has rebounded in recent quarters, but new supply eclipses the healthy demand



Sources: RealPage, Freddie Mac

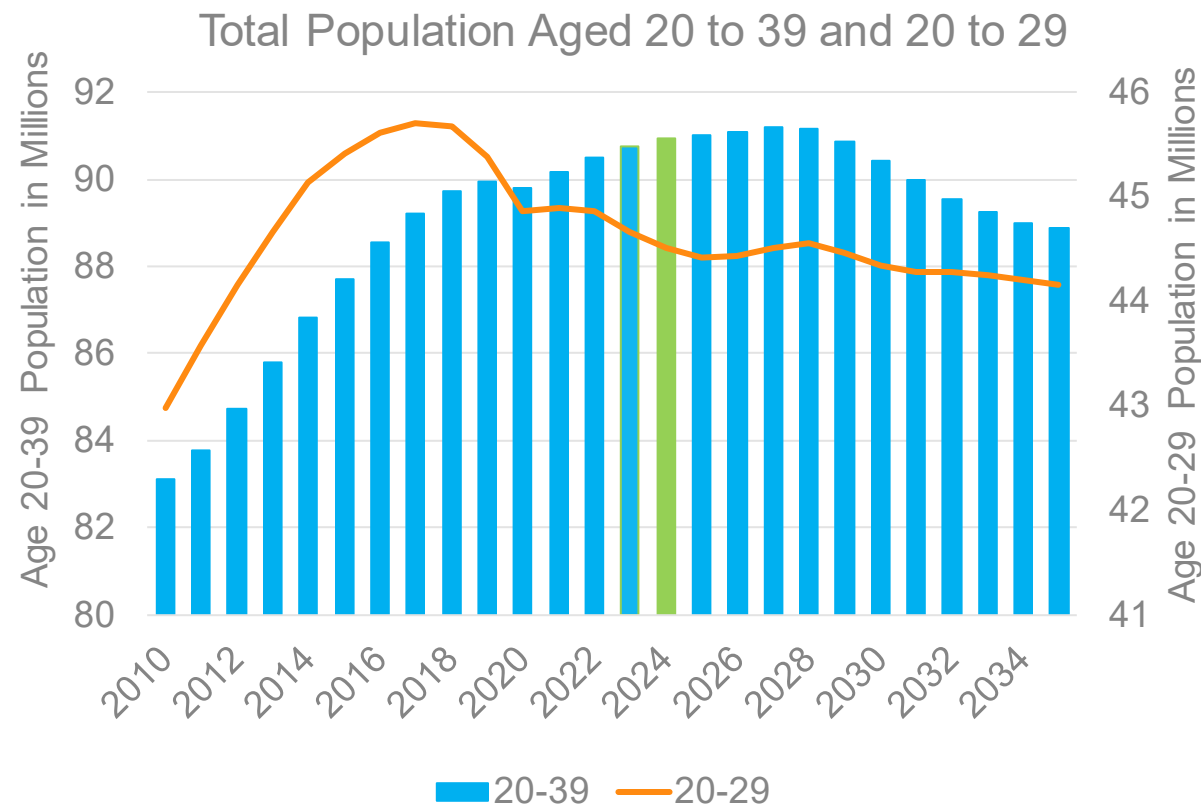
As a result of supply outpacing demand, rents have slowed and vacancy rates have increased



Sources: RealPage, Freddie Mac

Demographics and expensive single-family market continues to create tailwinds for multifamily in the near term

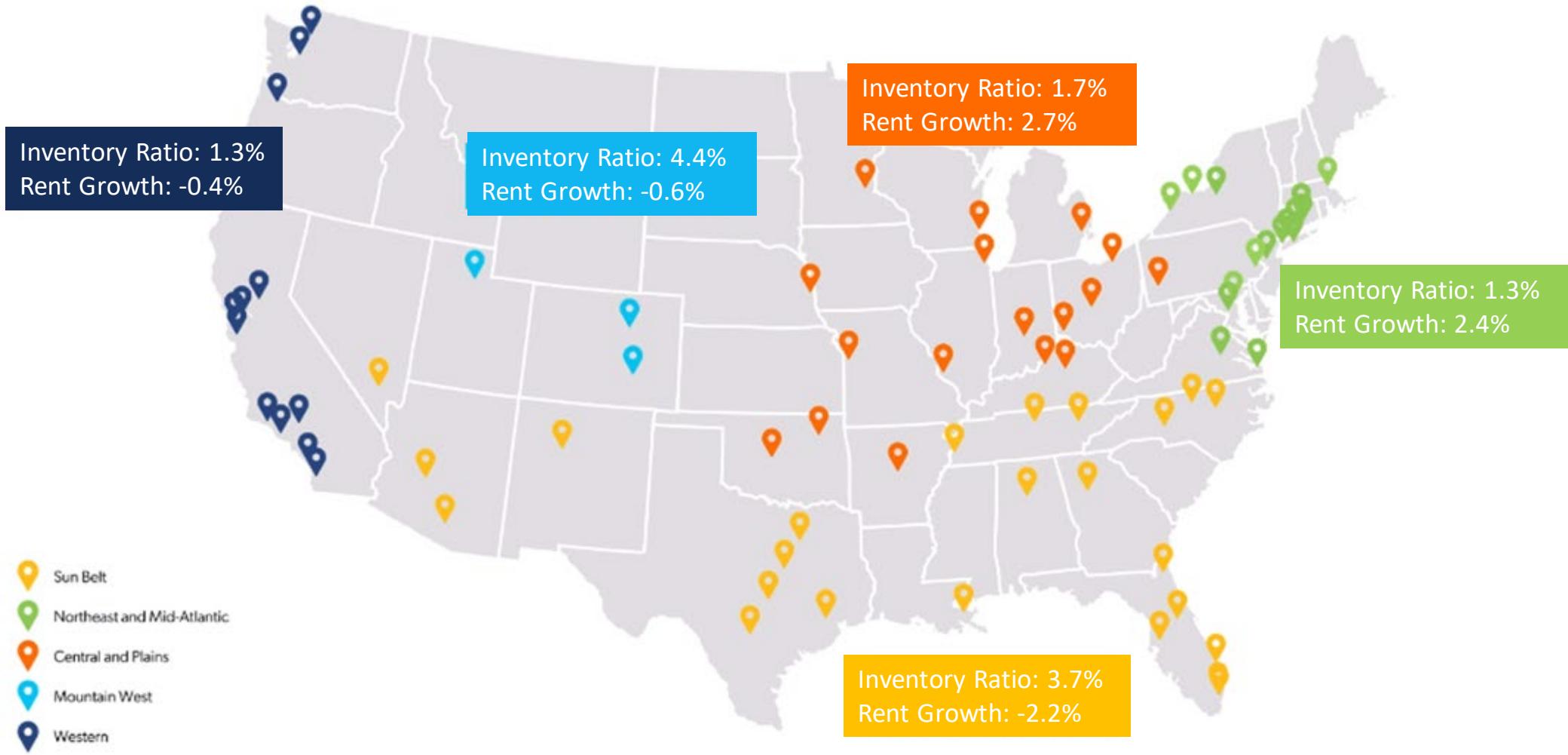
Year/ Quarter	For-Sale				Multifamily Monthly Rent	Multifamily YoY Rent Growth	YoY Wage Growth
	Mortgage Rate	Median Sales Price	Monthly P&I	YOY Change			
2020	3.1%	\$298,485	\$1,012	-17.6%	\$1,426	0.0%	3.6%
2021	3.1%	\$352,048	\$1,199	18.6%	\$1,535	6.9%	3.8%
1Q 2022	4.7%	\$383,695	\$1,586	37.4%	\$1,676	15.3%	6.0%
2Q 2022	5.7%	\$390,796	\$1,815	54.7%	\$1,740	14.5%	6.7%
3Q 2022	6.7%	\$383,470	\$1,980	65.2%	\$1,793	10.6%	6.3%
4Q 2022	6.4%	\$379,882	\$1,905	49.9%	\$1,783	6.6%	6.1%
1Q 2023	6.3%	\$379,473	\$1,883	18.7%	\$1,785	4.5%	6.4%
2Q 2023	6.7%	\$386,928	\$1,999	10.2%	\$1,810	2.4%	5.6%
3Q 2023	7.3%	\$392,881	\$2,157	9.0%	\$1,824	0.4%	5.2%
4Q 2023	6.6%	\$395,477	\$2,023	6.2%	\$1,806	0.2%	5.2%
1Q 2024	6.8%	\$397,780	\$2,072	10.1%	\$1,807	0.2%	4.7%
Change Since 2020	3.74%	\$99,295	\$1,061	101.0%	\$381	19.6%	22.1%



Sources: Moody's Analytics, Freddie Mac

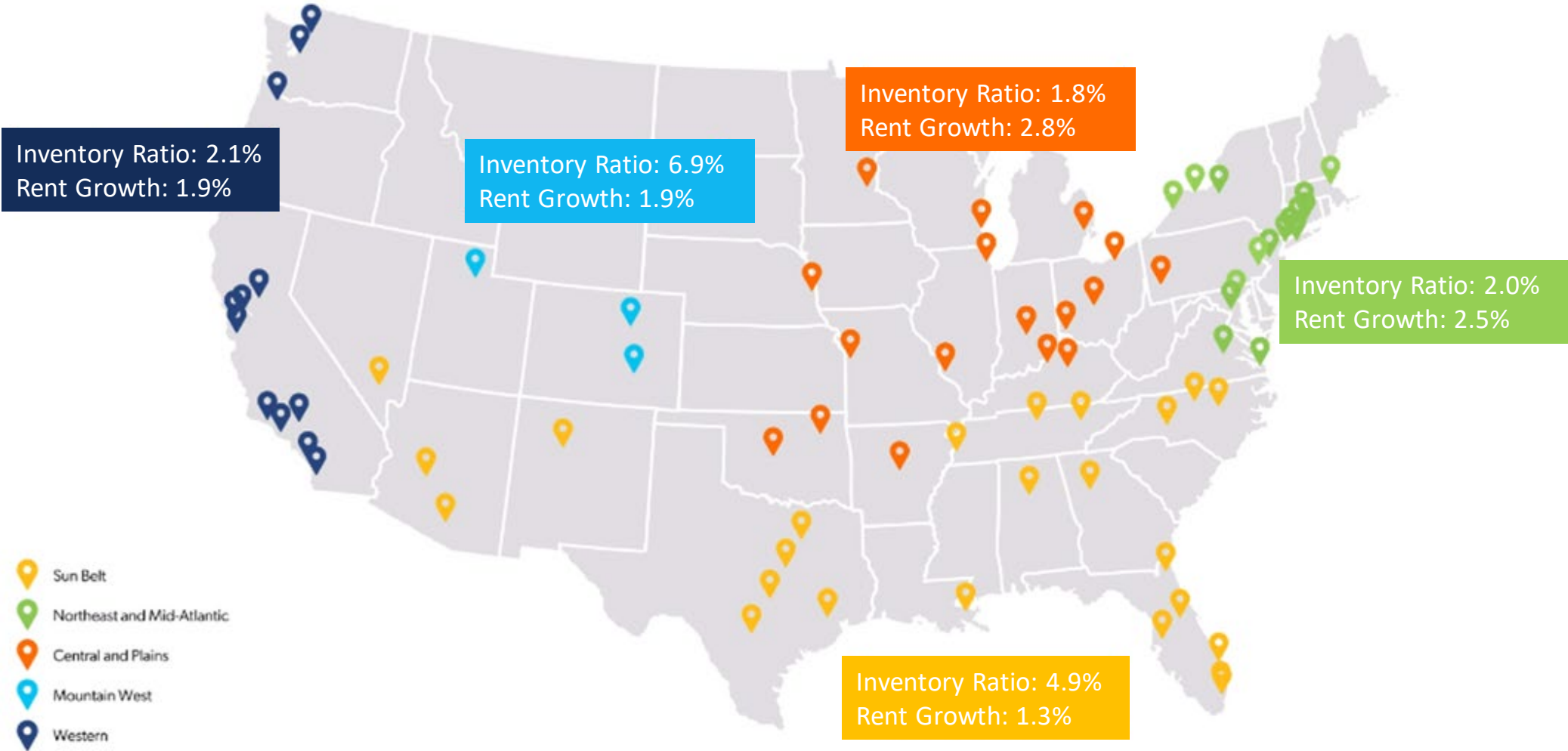
Sources: Freddie Mac, National Association of Realtors, RealPage

Year-over-year rent growth as of 1Q24 is correlated to the amount of new supply...



Sources: RealPage, Freddie Mac

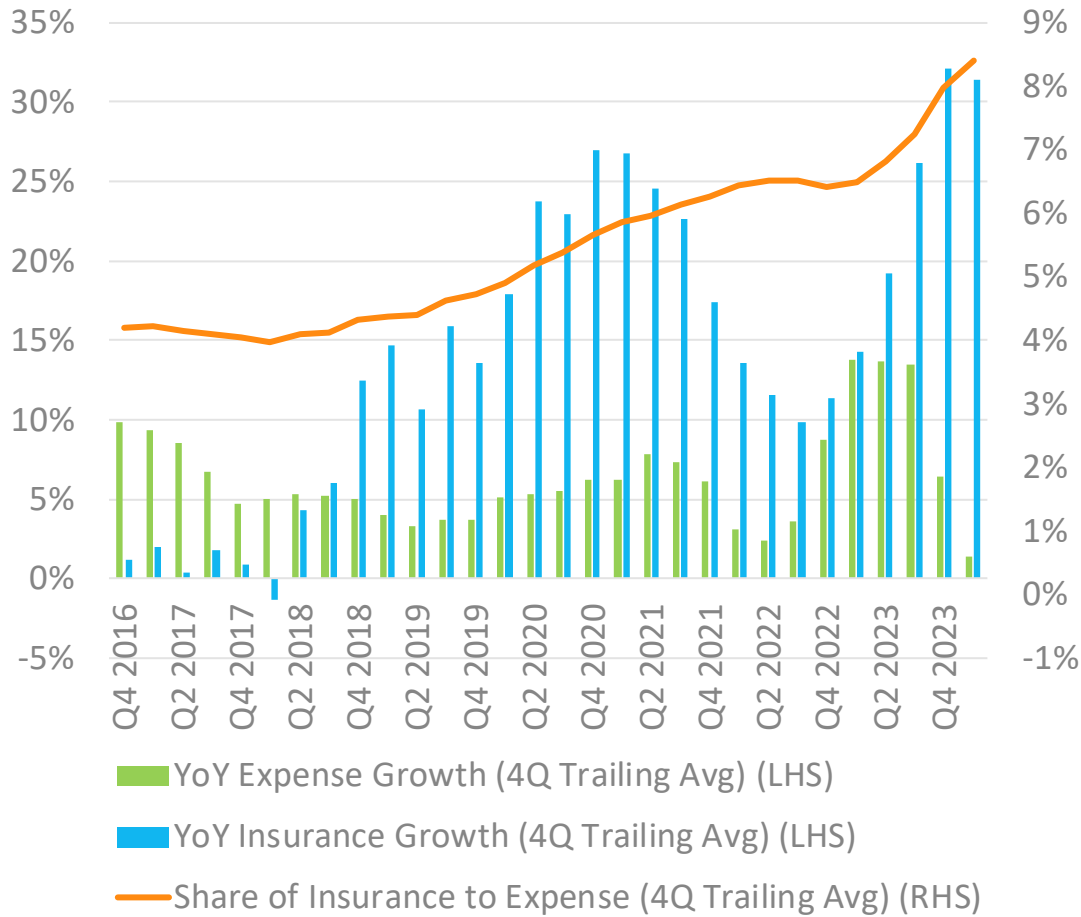
Year-over-year rent growth as of 1Q24 is correlated to the amount of new supply...and expected to continue through 2024



Sources: RealPage, Freddie Mac

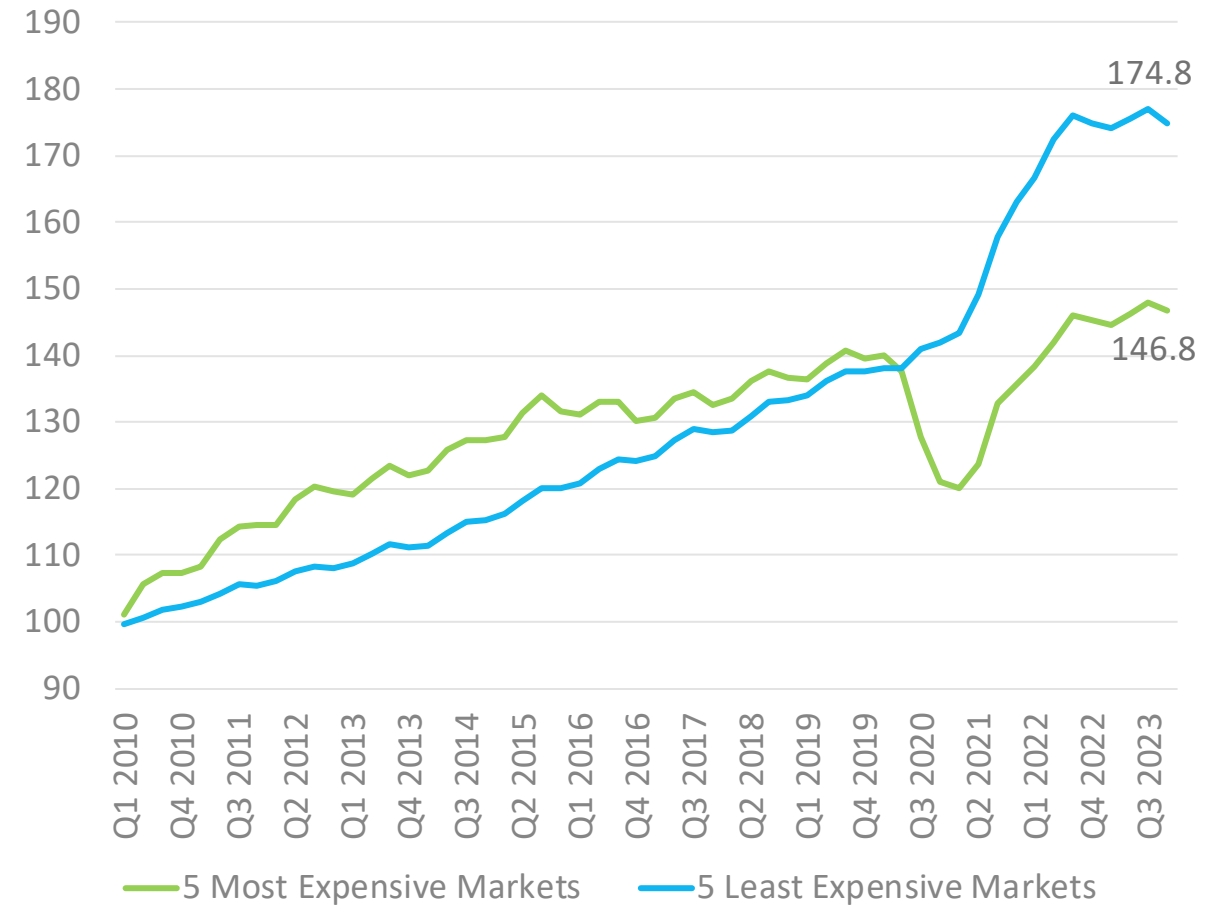
Rising expenses and affordability continue to create headwinds for the rental market

Expense and Insurance Growth



Sources: RealPage, Freddie Mac

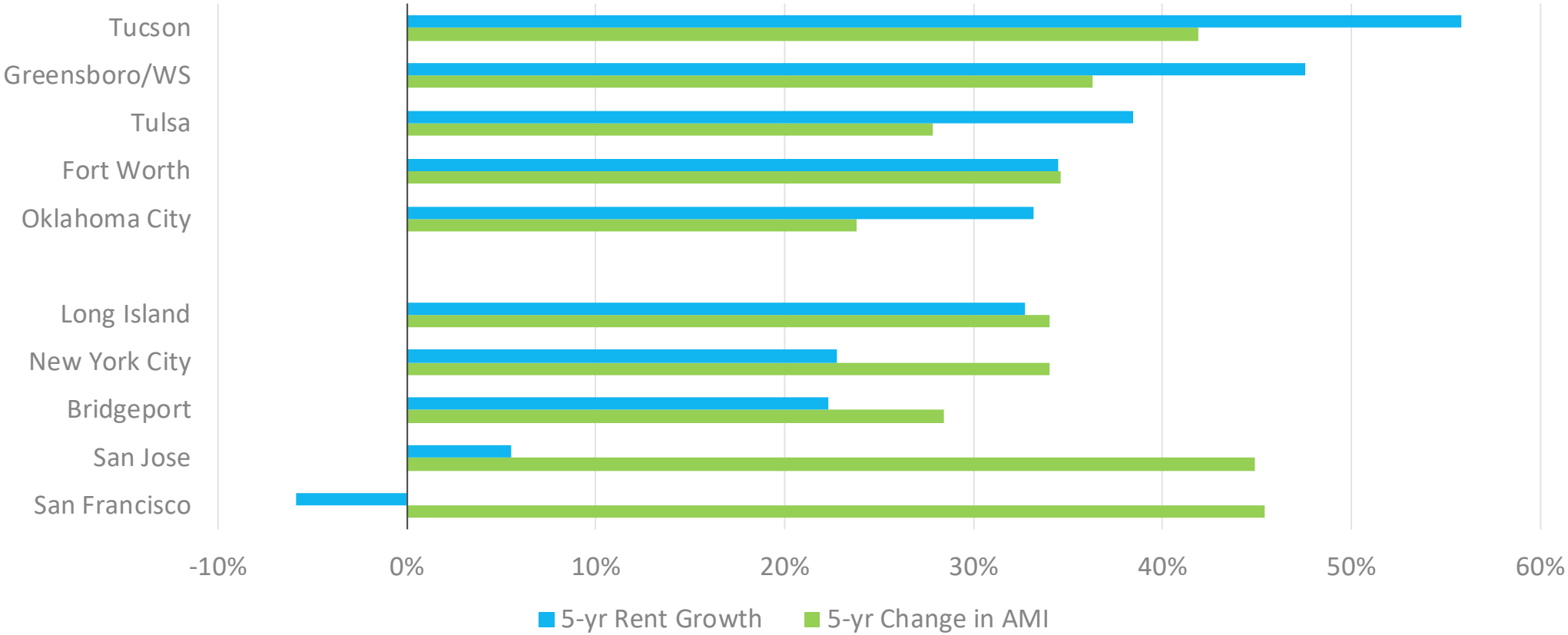
Indexed Rent Growth



Sources: RealPage, Freddie Mac

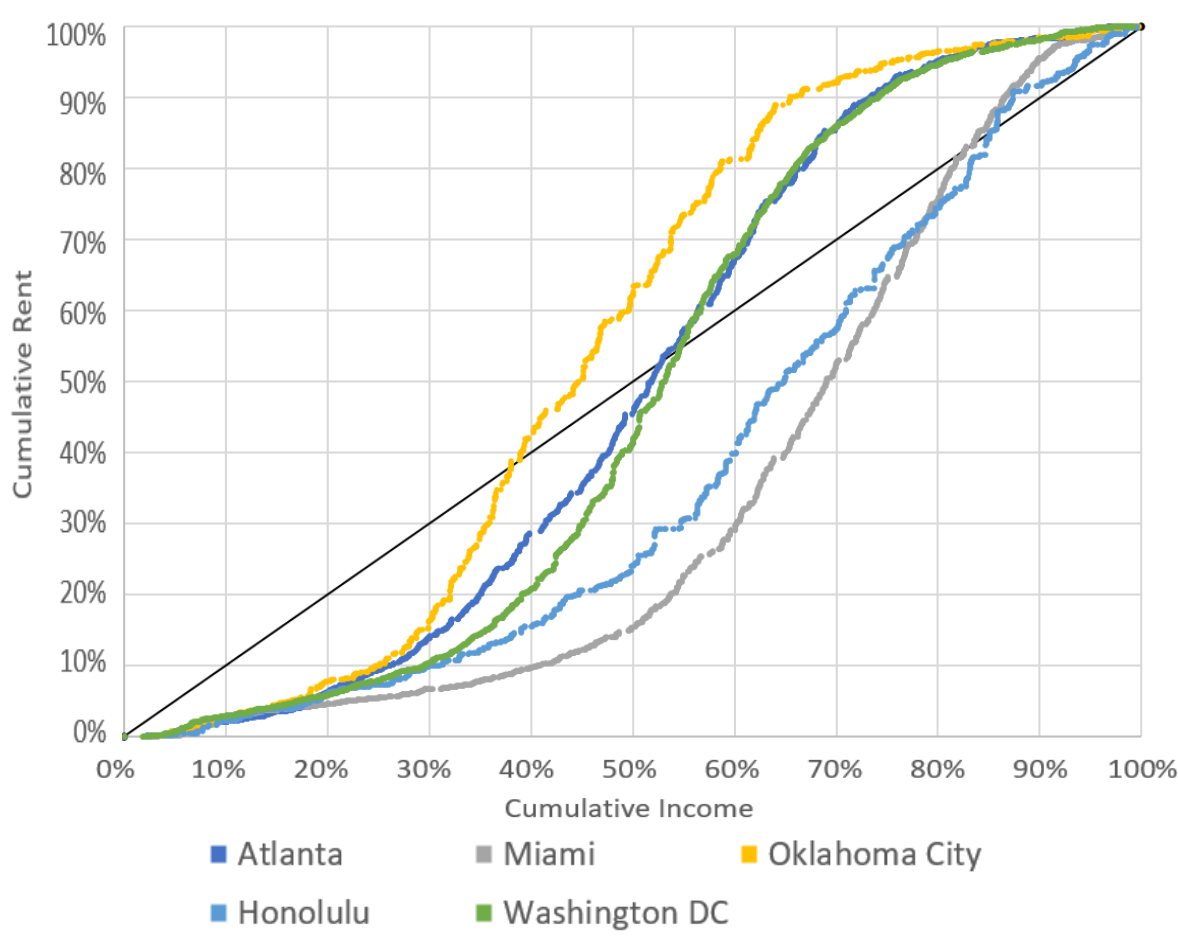
Rental affordability remains constrained although incomes have recently outpaced rent growth in some areas

Rent and Income Change Over the Last 5 Years



Sources: RealPage, Freddie Mac

The shortage of affordable housing is present further up the curve, outside the income levels typically covered by subsidies



- Cumulative representation of the shortage of rental housing across the income spectrum
- Addresses the need for affordable housing above 50%-60% AMI

Metro Areas	50th Percentile	Intersection		Largest Disparity	
		Percentile	AMI %	Percentile	AMI %
Atlanta	45%	53%	69%	28%	40%
Honolulu	23%	85%	114%	50%	57%
Miami	15%	83%	132%	50%	68%
Oklahoma City	62%	38%	51%	27%	38%
Washington DC	41%	55%	62%	36%	41%
National	44%	60%	69%	29%	34%

Source: Freddie Mac tabulations of 2021 American Community Survey PUMS data and 2021 BEA regional price parities.

LIHTC properties are at risk of potentially leaving the program but found many that have left remained relatively affordable

Affordable At...	Unit Count			Rate		
	Conventional	Non-Programmatic	Programmatic	Conventional	Non-Programmatic	Programmatic
50% AMI	332,716	11,321	824	14.1%	42.1%	26.1%
60% AMI	409,225	5,155	2,330	17.4%	19.2%	73.9%
70% AMI	387,908	3,795	0	16.5%	14.1%	0%
80% AMI	404,504	1,250	0	17.2%	4.6%	0%
100% AMI	485,744	3,782	0	20.6%	14.1%	0%
>100% AMI	332,836	1,581	0	14.1%	5.9%	0%
Average AMI	76%	61%	55%			

Source: Freddie Mac tabulations of HUD, NHPD and Yardi Matrix data. The programmatic population comes from Freddie Mac's 2021 equity portfolio.

Graph source goes here and placed where needed

Questions?



Thank You

