

SBL Update



FreddieMac
MULTIFAMILY

Underwritten Vacancy Rates

We are seeing vacancy rates increasing in certain submarkets around the country that may impact the physical and economic vacancy rates used for underwriting. In some cases, although a property may be performing at a low physical vacancy rate, the overall market may be showing signs of weakness and a higher underwritten physical vacancy rate may be appropriate. To avoid changes to loan terms resulting from variances in underwritten lender and Freddie Mac vacancies, please keep in mind that physical vacancy should generally be underwritten to the greatest of:

- 5%
- the subject's current actual physical vacancy
- the physical vacancy as determined by the appraiser
- REIS vacancy (submarket or vintage support)

If REIS data is not available, other multifamily market data providers, such as CoStar or Axiometrics, may be used. If a loan is being underwritten with a lower physical vacancy than the criteria provided, please include an explanation and analysis supporting the deviation.

In addition to the physical vacancy, please evaluate the historical trends for concessions and bad debt or delinquencies over the preceding 12 months. If concessions are prevalent in the market or have been offered at the subject, or if the subject has a history of tenant delinquencies or evictions, it may be

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appropriate to increase the underwritten economic vacancy by adding an allowance to the physical vacancy.

Develop the Developer

Through the Develop the Developer program, aspiring developers, including women and Black, Indigenous, and people of color (BIPOC) developers, are connected with the tools and resources they need to build up their own communities.

Learn more about the program [here](#) and check out the recently released [video](#).

Independence Day

Next week, Freddie Mac offices will close early on Wednesday, July 3 and will be closed on Thursday, July 4. We hope you enjoy time off for the holiday!