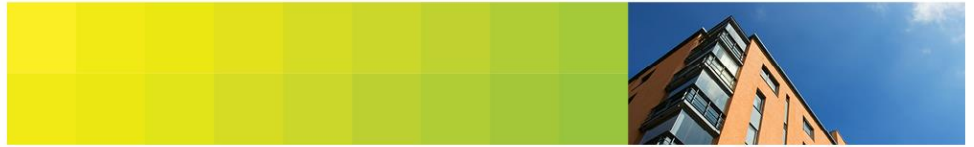




2021 Midyear Outlook

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Multifamily Research Center



Multifamily 2021 Midyear Outlook

The economic recovery continues as the COVID-19 pandemic appears to move into the collective rearview mirror. The vaccine is widely available, and more than half of the U.S. population has received at least one dose. With improving economic conditions and loosening restrictions throughout the country, the outlook for the apartment market has improved.

- Economic conditions are improving quickly, with employment levels, the unemployment rate, unemployment claims and gross domestic product (GDP) all showing signs of strength.
 - Additional unemployment benefits, when combined with stimulus, have helped stabilize renters' incomes. On average, state unemployment benefits would replace nearly 90% of the median renter income in more than half the country.
 - Demand for multifamily housing now exceeds pre-pandemic levels and is expected to remain strong for the rest of 2021, according to RealPage. Forecasted completions for 2021 are mixed; it is yet to be seen if they'll exceed the 2020 total, but they should remain elevated.
 - Investment activity spiked in Q4 2020 to a quarterly record of \$63 billion. For Q1 2021, investment totaled \$39 billion, about -4% below Q1 2020 and about equal to Q1 2019.
 - The National Multifamily Housing Council (NMHC) rent tracker indicated multifamily collections in large institutional investor-owned properties were holding up well during 2020, an average of -1.5% below 2019 levels. So far in 2021, collections have been off a bit more, an average of -2.0% lower than pre-pandemic levels.
 - As the economy has improved, our apartment market forecast for the rest of 2021 has as well. We expect the vacancy rate to decrease to 5.0%, while rents are predicted to rise 2.5%, which leads to an estimated overall 2.9% increase in gross income in 2021.
 - Nearly 90% of metros will see positive rent growth in 2021. The larger gateway markets of New York, San Francisco, the District of Columbia and Miami are expected to continue to see negative income growth, while the secondary and tertiary markets, generally located in the Midwest and Sun Belt sections of the country are expected to perform better.
 - While multifamily originations for 2020 are yet to be finalized, we forecast 2021 will see record-setting originations, in the range of \$385 billion to \$410 billion.
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Economic Conditions in 2021: The Light at the End of the Tunnel is Getting Brighter

After a tumultuous 2020, the economy appears to be on its way to recovery in 2021. A strong economic recovery will lead the way toward stronger conditions in the multifamily market. As the trajectory of the economic recovery has improved, the multifamily market has followed suit with rents in even some of the hardest hit markets starting to see the light at the end of the tunnel.

The economy bottomed out in the second quarter of 2020. A year later, GDP, total employment, unemployment rates and jobless claims have all improved significantly. As of June 2021, total non-farm employment has increased by more than 15.5 million jobs since April of 2020, but still more than 6 million jobs have not yet been recovered. The unemployment rate has been below 6.5% each month of 2021, and as of June sits at 5.9%.

The unemployment rate has been fluctuating on a monthly basis, which is to be expected as workers who previously became unemployed and left the workforce start looking for jobs and are again counted amongst the unemployed. Job gains in the month of June 2021 were at their highest level in nearly a year, totaling 850,000, above the expected 720,000. Despite a sometimes uneven path of recovery, economic projections for 2021 are extremely positive. Moody's Analytics predicts GDP growth in 2021 will be 6.4% and 5.3% in 2022; if these predictions turn out to be correct, the result will be the best two-year performance in more than 50 years.

Job gains in the leisure and hospitality sector, which was decimated by pandemic shutdowns in 2020, have been strong during 2021. In June, total employment in the sector increased by 343,000 jobs, and since the beginning of 2021, 1.6 million leisure and hospitality jobs have returned, although the sector is still down over 2 million jobs from its earlier level. As Americans feel safe to travel again, the sector is expected to continue its recovery.

The main concern about inflation over the past decade has been that it was too low, routinely below the Federal Reserve's stated target of 2% annually. Now the concern is centered on inflation being too high, with the price of some goods such as gasoline, building materials, food, and used cars and trucks accelerating quickly. The overall consumer price index rose to 5.3% from June 2020 to June 2021, but that comparison is nearly trough to peak. The Federal Reserve has indicated they believe the rise in inflation is temporary.

Since the onset of the COVID-19 pandemic, a total of nearly \$4 trillion in stimulus funding has been made available to the public through several acts of legislation. The latest was in early March 2021, when President Biden signed the American Rescue Plan Act with a total of about \$1.9 trillion in additional aid. This additional stimulus is expected to boost economic conditions and provide additional support for those out of work. The cumulative effects of stimulus disbursement have helped buoy the broader economy and those workers negatively impacted by the pandemic. Additional federal unemployment benefits have been especially important in supporting unemployed renters. We examined the topic in depth with our paper titled, [*The Effects of Expanded Unemployment Benefits and Stimulus on Unemployed Renters' Income During COVID-19*](#). Our analysis found that in more than half of all states, an unemployed renter earning median income would receive within 10% of their lost income in benefits.

With the Centers for Disease Control and Prevention's (CDC) eviction moratorium scheduled to expire at the end of July, there is concern some renters may lose their homes. However, as we found in our paper titled, [*Transitioning to Post Pandemic Normal*](#), federal assistance is likely sufficient to meet the needs of renters who have been affected by the pandemic so long as these funds are accessed in a timely manner. This, coupled with and improving economy, suggests potential for optimism.

The Housing Market in 2021: The Big Bounce

On a national level the multifamily market has endured the pandemic and associated economic downturn remarkably well. According to RealPage, rents in the second quarter of 2021 are up 4.3% from a year ago and 3.4% from the pre-pandemic high seen during the first quarter 2020. Most of the rent growth occurred during the second quarter of 2021, with rent increasing 4.1% over just three months.

Nationally, the trough in rent occurred in the fourth quarter of 2020, although some markets continued to see declines into the beginning of 2021. Yardi reports even better results; they indicate that overall rents are up 5.1% annually in the second quarter of 2021. Occupancy in the first quarter of 2020 stood at 95.5%, before dropping 20 basis points (bps) during the second quarter; it has since rebounded to 96.2% as of second quarter 2021, according to RealPage.

The NMHC releases bi-monthly data on rent collections, utilizing property management software to report the percentage of renters paying part or all of their rent. Rent collections for much of 2020 held up well, typically ending the month about one to two percentage points lower than the comparable month pre-pandemic, averaging 1.4 percentage points lower than the prior year. Collections in 2021 have been more varied, with collections off as much as -2.7% in March 2021 compared with March 2019, and as little as -0.4% in June of 2021 compared with two years prior. The strength of collections is at least partially attributable to the large governmental support available to the unemployed.

Demand for single-family ownership is at unprecedented levels, due to a combination of demographics, a preference for less dense living and low interest rates. As seen in Exhibit 1, despite home price appreciation, sharply falling interest rates meant monthly principal and interest (P&I) costs for a median priced home held relatively steady in 2020 at about \$1,250 a month, except for a dip at the height of the pandemic during Q2 2020. However, since the beginning of 2021 rising mortgage rates combined with increasing home prices has caused monthly P&I costs to rise drastically. From the end of 2020 to the end of March 2021, monthly P&I payments have increased \$155 a month, more than 12%, to nearly \$1,400 a month for a median-priced home. Even if mortgage rates stabilize, many who would like to buy a home may be unable to afford the increased monthly payments if home prices continue to rise.

Exhibit 1: Monthly Principal and Interest Costs for a Median-Priced Home

	Mortgage Rate	Median Home Price	Amount Financed	Monthly P&I
4Q 2019	3.74%	\$280,633	\$272,214	\$1,259
1Q 2020	3.50%	\$287,048	\$278,437	\$1,250
2Q 2020	3.13%	\$275,980	\$267,700	\$1,147
3Q 2020	2.90%	\$312,783	\$303,399	\$1,263
4Q 2020	2.67%	\$316,104	\$306,621	\$1,239
1Q 2021	3.17%	\$333,620	\$323,612	\$1,394

Sources: Freddie Mac, NAR

Note: For each period, assume a median-priced home, a 30-year mortgage and a 3% down payment.

Multifamily Performance During 2021

The pandemic impacted property types and unit sizes differently. In 2020, Class A properties saw the biggest hit to rent growth and occupancy, while Class C saw minor impacts. As the market recovers, second quarter data indicates a stronger rebound in Class A and B, given their steeper declines. As of June, year-over-year rent was up 5.7% in Class B properties and 0.6% in Class A properties, seen in Exhibit 2. Class C saw healthy growth of just under 2%. Meanwhile, over the past year Class A units saw the greatest increase in occupancy rates, up 1.2%, with Class B and C up 0.9% and 0.4%, respectively. Class A units spent the least time vacant, with an average of 20 days, but these operators are offering the highest concessions. There is a large divide between rent collections at Class A and B properties, which as of May 2021 are in the 94% to 95% range, while collections at Class C apartments are about 7% to 8% lower.

By unit type, studio units performed the poorest by every metric. This is intuitive, as more time is spent at home and living space is more valued. Studio rent over the past year fell -3.6%, while occupancy was the lowest of all unit types and was flat over the past year. Studio units also had the greatest percentage of units offering concessions and the highest concession level. As unit types got bigger, performance improved. Outside of studios, one-bedroom units performed the worst with rent up 3.2% and occupancy up 70 bps. Three-bedroom units performed the best, with the most rent growth, up 6.2% from second quarter 2020. They also saw the most improvement in occupancy, up 130 bps over the past year. Concessions followed a similar trend with the highest and most prevalent concessions found in studio units, while three-bedroom units saw the lowest rate of concessions and the smallest monthly concession.

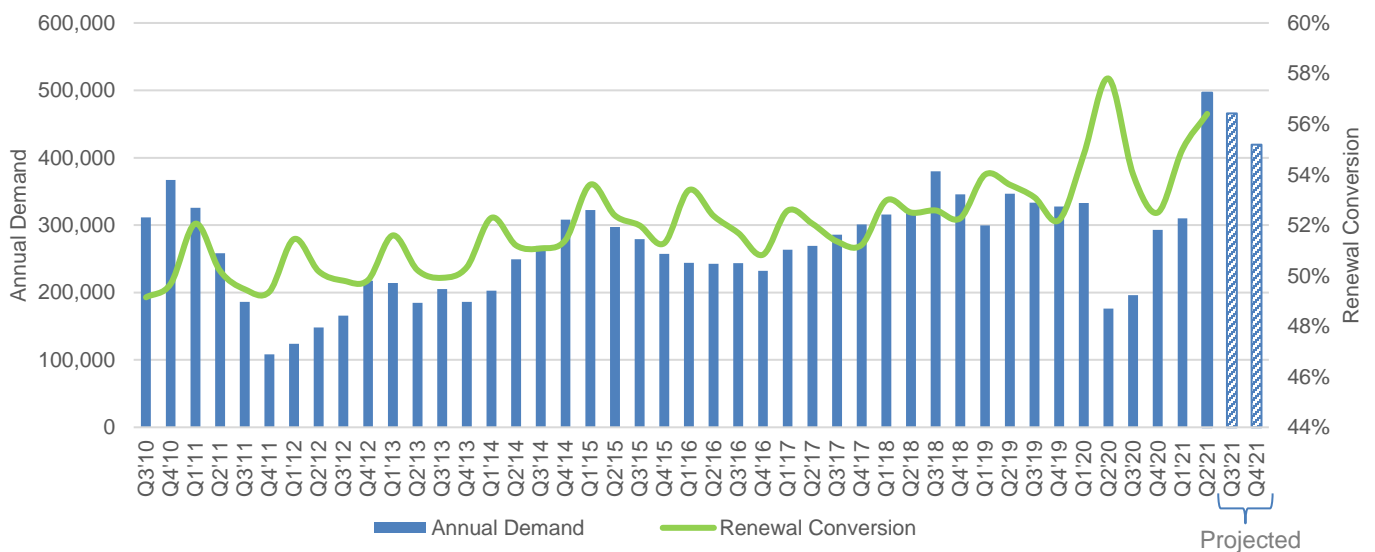
Exhibit 2: Rent, Occupancy and Lease Renewal Statistics by Class and Unit Size in Q2 2021

	Property Class			Unit Type			
	A	B	C	Studio	1BR	2BR	3BR
Rent Change Since (12 months)	0.6%	5.7%	1.9%	-3.6%	3.2%	5.4%	6.2%
Occupancy Rate	95.5%	96.3%	96.5%	94.4%	96.0%	96.5%	96.2%
Occupancy Change Since (12 months)	1.2%	0.9%	0.4%	0.0%	0.7%	1.0%	1.3%
Days Vacant on Turn	20	22	26	NA	NA	NA	NA
% of Units offering Concessions	14.7%	11.2%	11.5%	28.2%	19.8%	15.0%	10.6%
Rent % Concession	9.6%	8.0%	8.0%	7.8%	6.3%	5.8%	5.7%
Rent Collections (as of May 2021)	94.9%	93.9%	88.0%	NA	NA	NA	NA

Sources: RealPage, NMHC, Freddie Mac

Changing migration patterns and housing preferences have led to changes in multifamily demand and renewal rates. As seen in Exhibit 3, demand was off meaningfully in the second and third quarters of 2020 as the fallout from the pandemic slowed leasing. However, demand rebounded in the fourth quarter of 2020 to just under 300,000 units annually. This trend continued through the first quarter of 2021, when demand was about 315,000 units annually – strong, but still slightly below the four quarters prior to the onset of the pandemic (2019 Q2 to 2020 Q1). Demand in the second quarter was nearly 500,000 units annualized, the highest quarterly level in RealPage’s data set, which goes back to 2000. With many parts of the country re-opening, and a large number of tenants looking to move, we expect demand during the rest of 2021 to be strong, as evidenced by RealPage’s demand projection for the remainder of 2021. Lease renewal rates spiked during the second quarter of 2020, then returned to more normal levels during the second half of 2020. They were in the 52% to 53% range, but since then renewal rates have again increased and are currently at 56.4%.

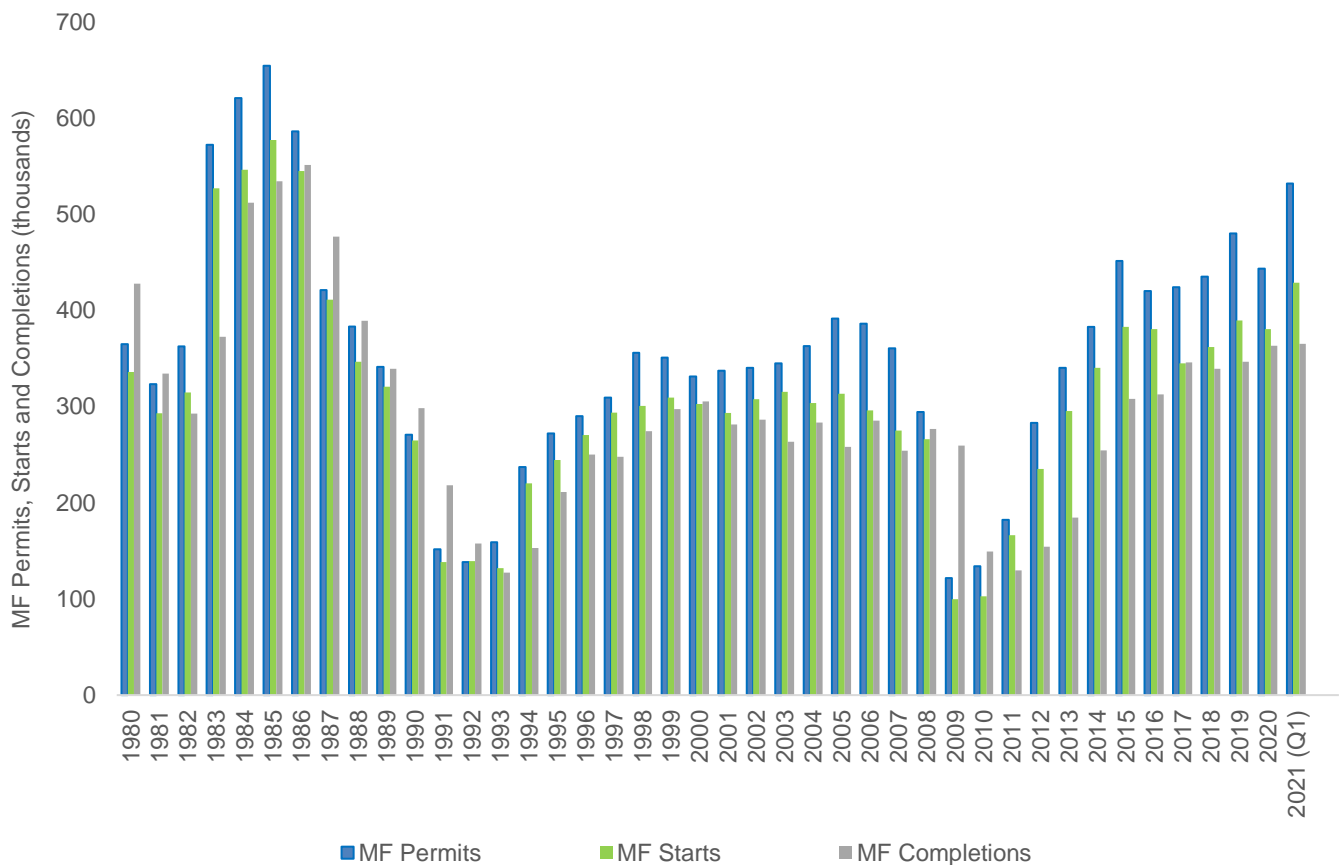
Exhibit 3: Annual Multifamily Absorptions and Renewal Rate



Sources: RealPage, Freddie Mac

According to the Census Bureau, completions totaled 363,000 in 2020, up about 5% compared with 2019, as shown in Exhibit 4. This indicates that new supply did not slow down meaningfully in 2020 despite the pandemic, while permits and starts were down about -8% and -2%, respectively. On an annualized basis, all three metrics were higher in the first quarter of 2021 than the levels seen in 2020. However, the costs of construction have increased significantly over the past year, which could impact property completion rates and lead to lower levels of multifamily permits, starts and completions.

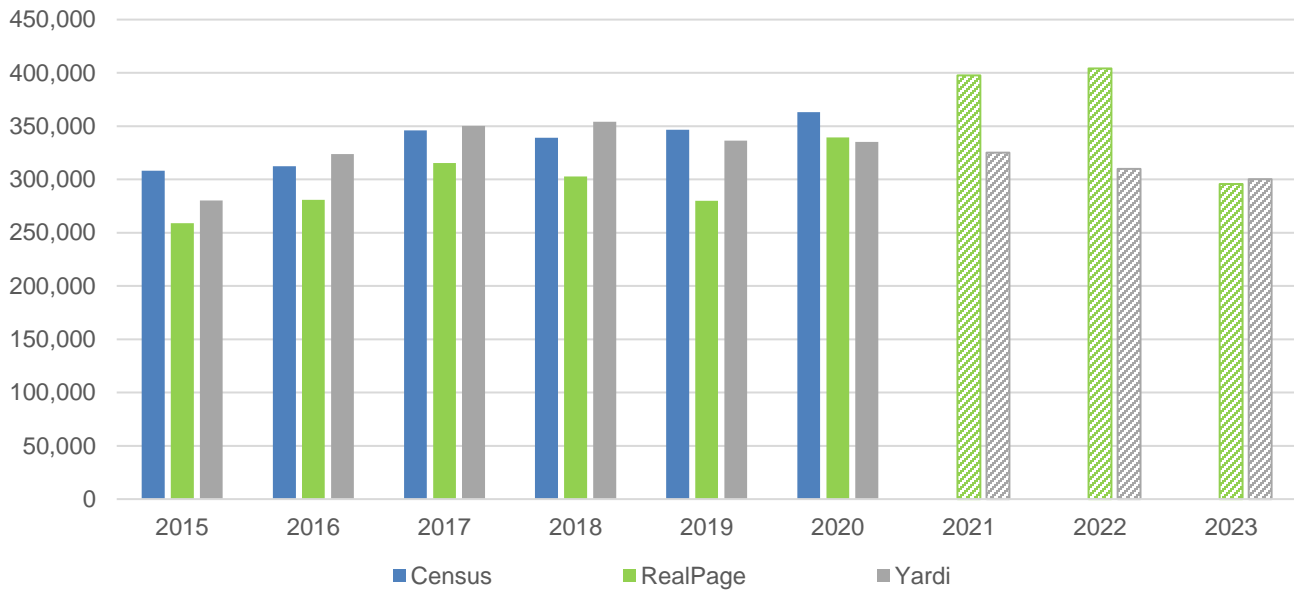
Exhibit 4: Multifamily Permits, Starts and Completions (5+ Units, thousands)



Sources: Freddie Mac, Census Bureau, Moody's Analytics

Looking across data provider forecasts, there is mixed sentiment on how much new supply is expected in 2021 and beyond, suggesting it is difficult to know when we did or will hit peak completions. Yardi estimates that completions will fall slightly in 2021, but RealPage expects deliveries to increase 17% to 398,000 units. In 2022 Yardi expects completions to fall, while RealPage predicts another increase to nearly 405,000 units for the year in 2022, before declining in 2023.

Exhibit 5: Historic and Projected Annual Units Delivered by Data Provider

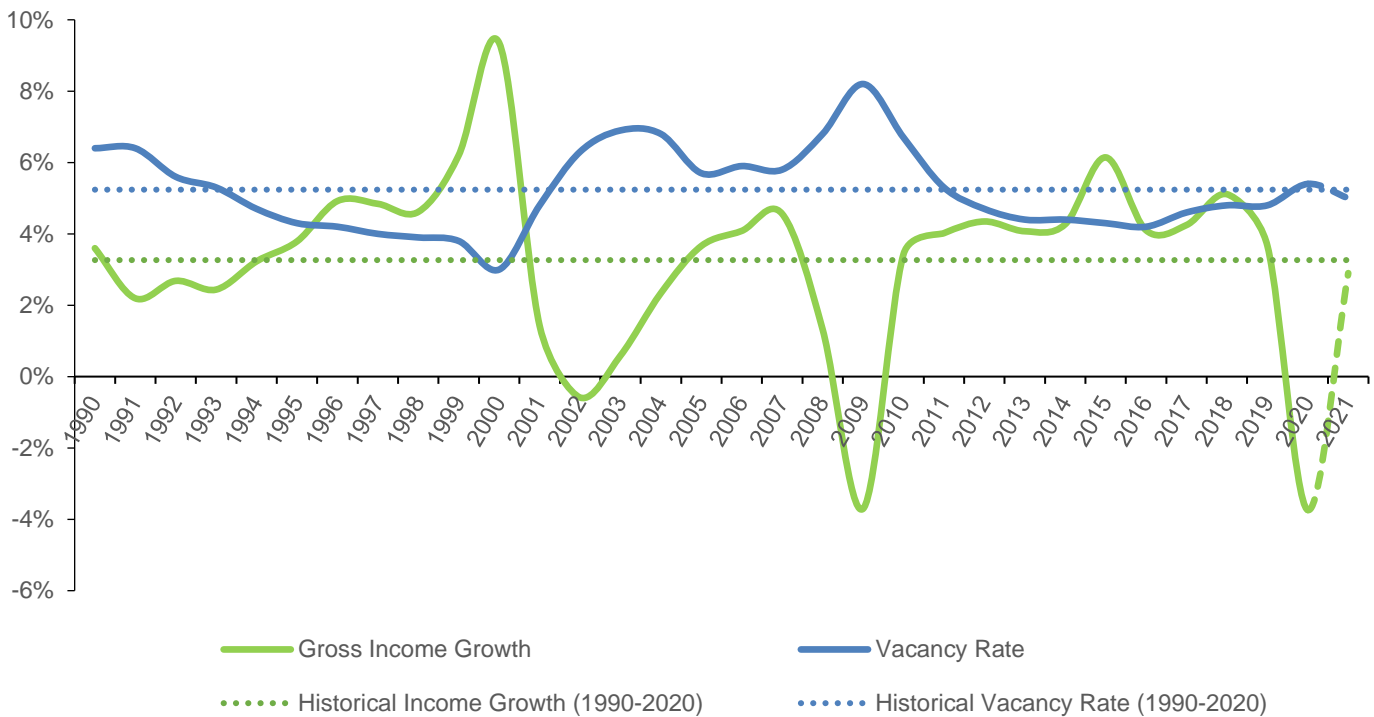


Sources: Freddie Mac, Census Bureau, RealPage, Yardi

Projected Multifamily Market Conditions

As economic conditions have improved, so have expectations for the apartment market in 2021. We project the vacancy rate for 2021 to decrease 40 bps to 5.0%. Rental rates are expected to increase 2.5% and gross income is projected to grow 2.9%, as shown in Exhibit 6. The general consensus is that the growth in the economy will continue through the rest of the year and likely into 2022. A significant yet unlikely risk is a resurgence of virus cases in the United States. More virulent strains of COVID-19 are circulating the globe, which could impact local economies, especially those with lower vaccination rates. However, the overall expectations are positive for both the economy and the multifamily apartment market.

Exhibit 6: Vacancy Rate and Gross Income Growth, History and Forecast

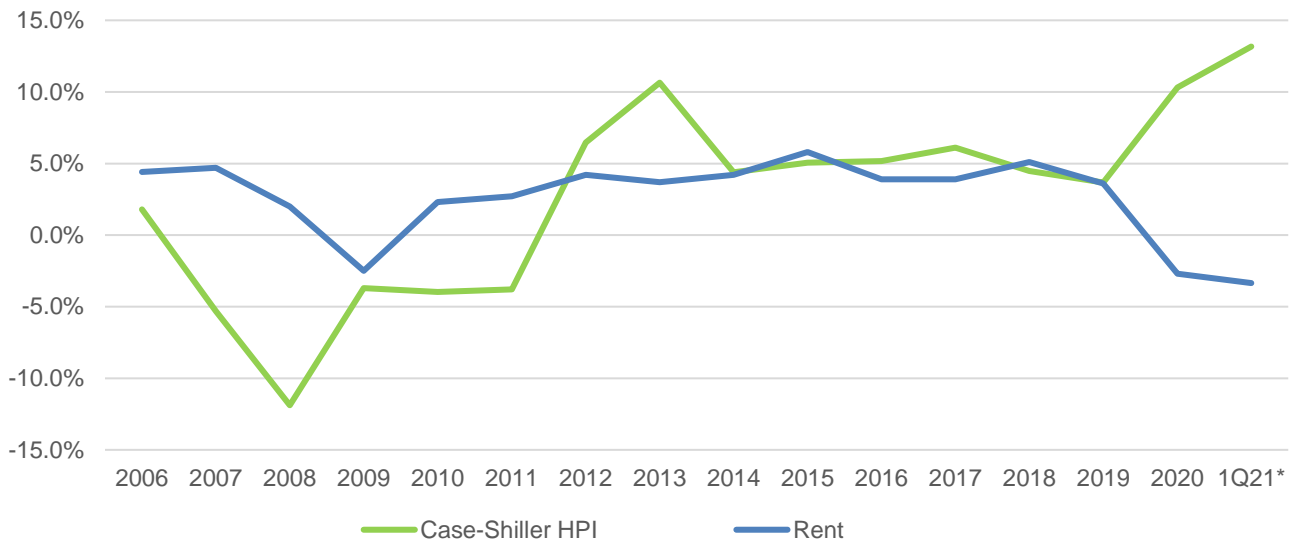


Sources: Reis, Freddie Mac projections for 2021 represented by the dashed lines.

The change in forecast can be attributed to the improving economic factors forecasted for 2021: employment, personal income and home price appreciation. Moody’s Analytics predicts inflation will rise considerably in 2021 before retreating slightly in 2022. The job growth projection for 2021 is robust, but is expected to slow a bit in 2022. Personal Income growth is expected to slow in 2021, compared with the stimulus-fueled income growth of 2020, and is essentially flat in 2022. Typically, stronger personal income growth would fuel stronger rent growth: as people earn more, they are likely to move or form households, increasing housing demand. However, the income growth expectations are partially due to the federal stimulus helping keep income levels up.

Another factor that influences multifamily performance is single-family home price appreciation. Typically, home prices and rent levels move together, as seen in Exhibit 7. Over the past year that pattern has not held, as home prices have increased by more than 10% while rents have declined. Given historical trends, rising house price growth suggests that rents will rebound.

Exhibit 7: Home Price Index Compared with Rent



* 1Q 2020 - 1Q 2021
Sources: Freddie Mac, Case-Shiller U.S. National Home Price Index, Reis

Multifamily Markets Analysis

The lifestyle changes driven by pandemic shutdowns changed migration patterns in 2020 significantly, with residents moving out of dense, coastal markets and into smaller, less expensive metro areas close to major cities and even throughout the country. A report by CBRE analyzed United States Postal Service permanent change of address forms to better understand the trends and confirmed that many more people left gateway markets in 2020. Moves in 2020 were up 4.4% nationally compared with 2019, however the gateway cities saw much higher rates of outmigration. Moves out of the New York City and the San Francisco metro areas increased about 24% in 2020, while moves out of Los Angeles increased more than 12% in 2020 compared with a year earlier.

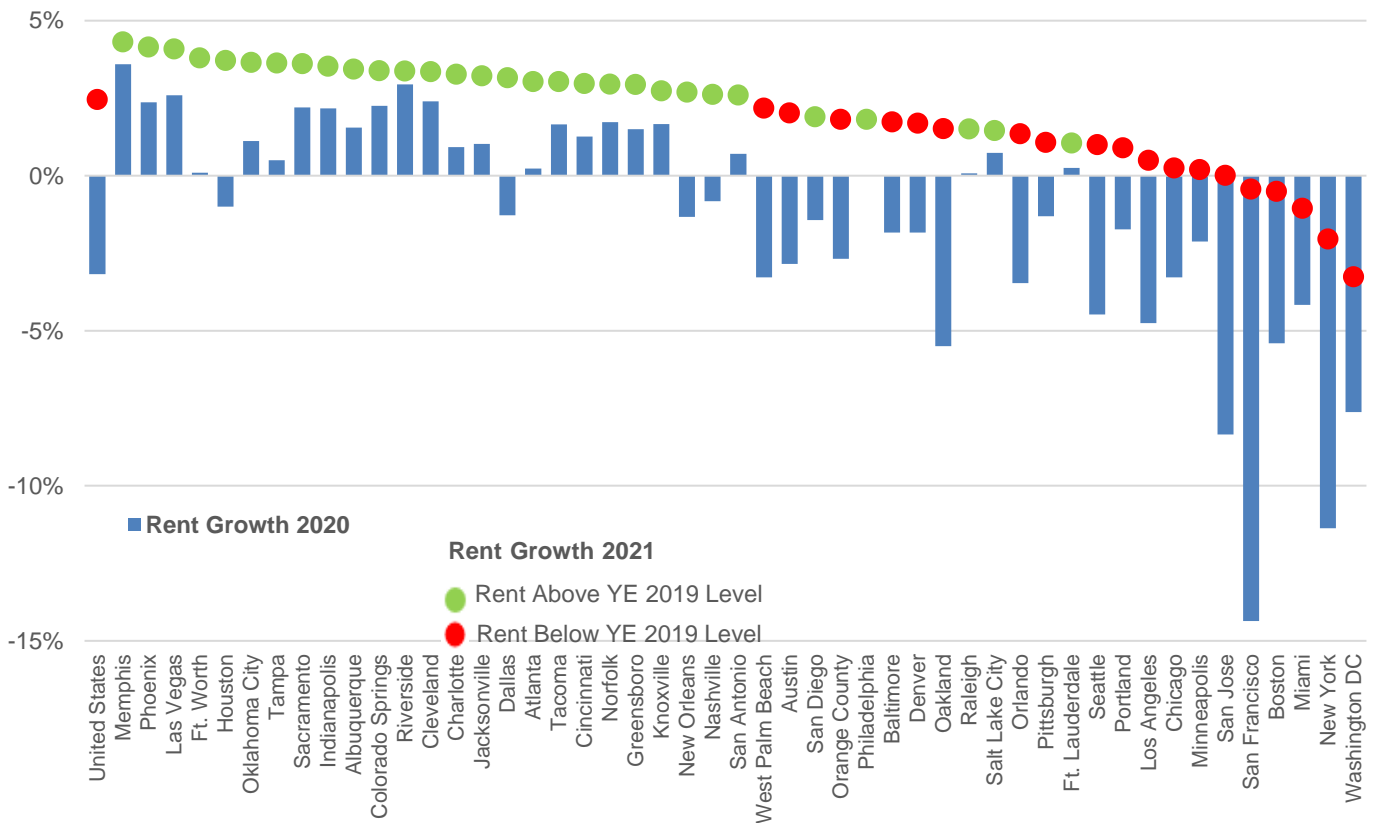
For 2021, we expect the vacancy rate to improve in about two-thirds of the markets we cover, while it is projected to remain unchanged or increase in about one-third of the markets. Generally speaking, in 2021 smaller, less expensive markets — particularly those that are a lower-cost alternative to a gateway market — as well Sun Belt markets are expected to perform well the rest of this year. The largest projected drops in vacancy are concentrated in the Northeast, with Fairfield County, Connecticut, and Buffalo, New York expected to show the largest decline in vacancy rates of 120 bps each.

Rent growth is expected to rebound in 2021 for many of the markets that were hit hardest in 2020. Exhibit 8 shows rent performance in 2020 (blue bars) for each market and rent expectations for 2021 (scatter plot). Despite the steep declines in the gateway markets, only about 50% of the metros covered experienced negative rent growth in 2020. The markets seen on the right-hand side of Exhibit 8 saw some of the steepest rent declines in 2020, such as San Francisco and New York City. Expectations in 2021 are for continued declines in some of these gateway markets, but at more moderate levels.

We expect positive rent growth in 2021 across the majority of metros, except in the six largest gateway cities. The forecasted rent growth rate for 2021 is depicted on the scatter plot points in Exhibit 8. Markets with the highest projected rent growth for 2021 include Memphis, Phoenix, Las Vegas and Fort Worth. The scatter plot below represents 2021 expected rent growth and are colored either green or red: A green dot means projected rent level by the end of 2021 is above year-end 2019 levels (the benchmark used to distinguish pre-pandemic) and red means rent is below pre-pandemic levels. Of those metros where rent declined in 2020, we expect nearly 50% to be in-line with or recovered by year end, and 20% of markets to be fully recovered. These markets were generally less affected by the virus, only seeing a slight dip in rents early on.

The national average rent level is not expected to exceed the pre-pandemic level by the end of 2021, despite rent levels exceeding year-end 2019 levels in a majority of markets. This is due to the size of the markets that saw the steepest rent declines. Those markets on the right side of the chart — New York, the Bay Area, Boston, Los Angeles, Chicago — include the largest apartment markets in the nation. On a dollar basis, the rent declines seen in a few of these markets were extreme. From peak to trough, monthly rent is down over \$700, \$550 and \$500 in San Francisco, New York and San Jose, respectively. These large markets with their dramatic rent loss dragged down the national average much more than the smaller markets on the left side of the chart brought it up.

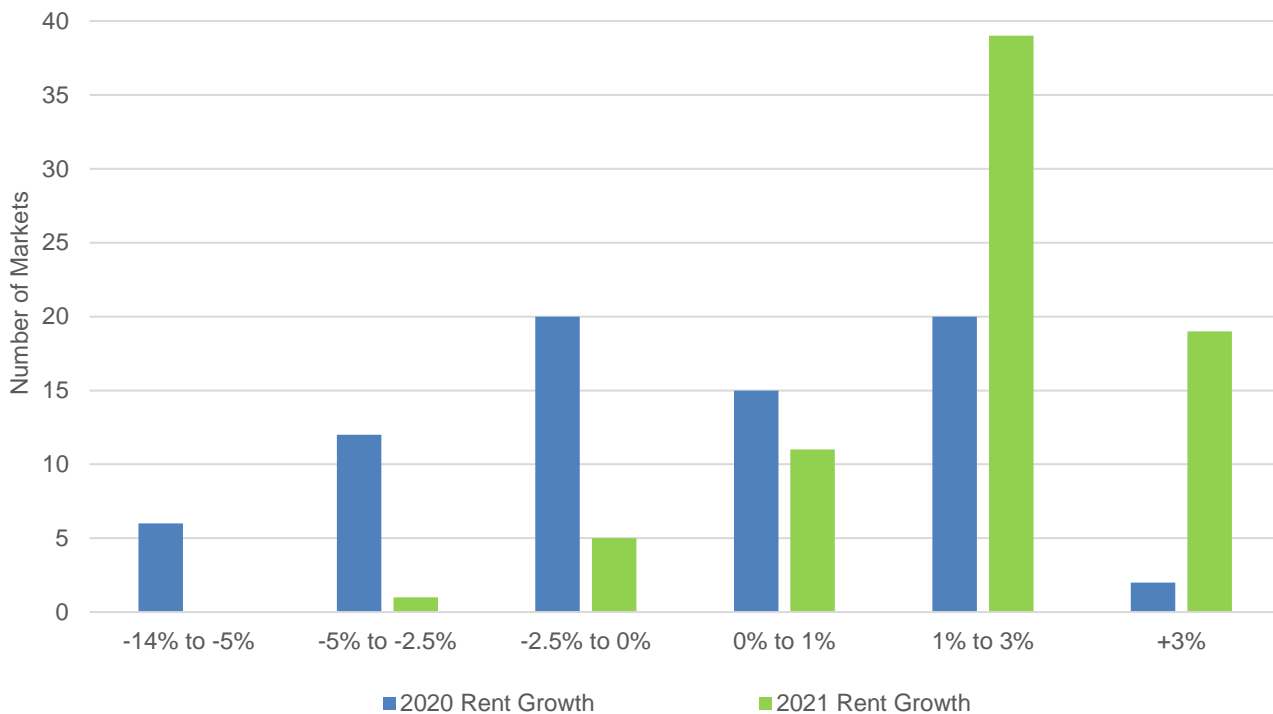
Exhibit 8: 2020 Rent Growth Projected, 2021 Rent Growth and Change in Rent Growth



Sources: Reis, Freddie Mac projections

Exhibit 9 illustrates that rent growth forecasts for 2021 are generally better than in 2020. In it, markets are grouped by rental rate growth for 2020 and 2021. In 2020, four markets had rent declines in excess of -5%, while 12 had declines of -2.5% to -5%. We project in 2021 that no market will decline more than -5% and just a single market will fall between -2.5% and -5%. About one-quarter of markets in 2020 experienced declines between -2.5% and 0%, while for 2021 we project less than 10% of markets will see any rent decline. Roughly half of all markets experienced rent growth during 2020 – in 2021 we expect over 90% of markets to achieve positive rent growth. More than half of markets are projected to see rent growth of between 1% and 3%, and 19 markets to have rent growth of 3% or higher.

Exhibit 9: Rent Growth Projection Comparison between 2020 and 2021



Sources: Reis, Freddie Mac projections

The 10 markets projected to perform best in 2021 by gross income growth are secondary and tertiary markets, generally concentrated in the Midwest and Sun Belt sections of the country. Continuing the trend from 2020, the bottom 10 markets by projected gross income growth are generally the larger coastal gateway markets: Washington, D.C.; New York City; the Bay Area; Miami; and Boston.

Exhibit 10: Top and Bottom 10 Metros by Gross Income Growth for 2021

Metropolitan Area Top 10	2021 Annualized Growth in Gross Income	2021 Vacancy Rate	Metropolitan Area Bottom 10	2021 Annualized Growth in Gross Income	2021 Vacancy Rate
Memphis	4.4%	4.8%	District of Columbia	-3.5%	9.9%
Albuquerque	4.3%	2.4%	New York (5)	-1.6%	3.9%
Las Vegas	4.3%	3.8%	San Francisco	-0.5%	5.1%
Cleveland	4.0%	3.5%	Miami	-0.4%	7.4%
Tampa	4.0%	4.5%	Boston	0.1%	6.0%
Phoenix	3.9%	5.4%	San Jose	0.2%	4.9%
Sacramento	3.8%	3.0%	Orlando	0.3%	7.2%
Oklahoma City	3.7%	6.1%	Minneapolis	0.4%	5.4%
Greensboro/Winston-Salem	3.7%	4.7%	Los Angeles	0.6%	4.4%
Indianapolis	3.7%	5.2%	Portland	0.9%	6.2%
United States	2.9%	5.0%			

Source: Freddie Mac projections

The top 10 metro areas are made up primarily of the stable midwestern markets and higher-growth Sun Belt areas. All but one of these 10 metros are expected to have a decrease in vacancy rates in 2021. However, seven of the 10 are expected to trail the overall national decline in vacancy of 40 bps. Rent growth among the top 10 markets is relatively strong as well, with all but one market expected to see rent increases of 3.4% or more. Each of the top 10 markets have vacancy rates below their long-term averages as of first quarter 2021, and all but two markets are expected to end the year with the vacancy rate below 5%. We expect these markets operating below their long-term vacancy rate will have more ability to increase rents and better weather new supply.

A common theme for nearly every one of the bottom 10 metros was a high number of new deliveries as a percentage of the total multifamily market. Many of these markets were also among the most affected by the virus and the subsequent vacating of urban areas. However, we see potential for positive growth in the gateway markets by the end of 2021. While first quarter data from 2021 shows rents continue to decline annually, monthly data indicates they may have hit bottom and are starting an upward turn. Exhibit 11 compares the annual and quarterly change as of the first quarter with the monthly change in rent and occupancy in May 2021, according to RealPage. The metros with the most negative 2021 rent projections are starting to see some rent growth take hold during the second quarter. However, the markets with substantial rent declines in 2020 could take years to fully recover.

Exhibit 11: Gateway Markets Rent Levels

	Rent Growth			Occupancy Change (bps)		
	YoY 1Q '21	QoQ 1Q '21	MoM May '21	YoY 1Q '21	QoQ 1Q '21	MoM May '21
Washington D.C.	-5.4%	-0.5%	1.5%	-130	-30	30
New York City	-14.4%	-1.0%	0.6%	-230	-70	30
San Francisco	-19.1%	0.1%	1.8%	-310	40	70
Miami	-0.8%	1.7%	1.8%	-50	40	40
Boston	-8.3%	-0.2%	2.3%	-260	-10	40
San Jose	-16.2%	-0.6%	2.4%	-100	10	30

Sources: Freddie Mac, RealPage

Note: YoY = year over year, QoQ = quarter over quarter, MoM = month over month

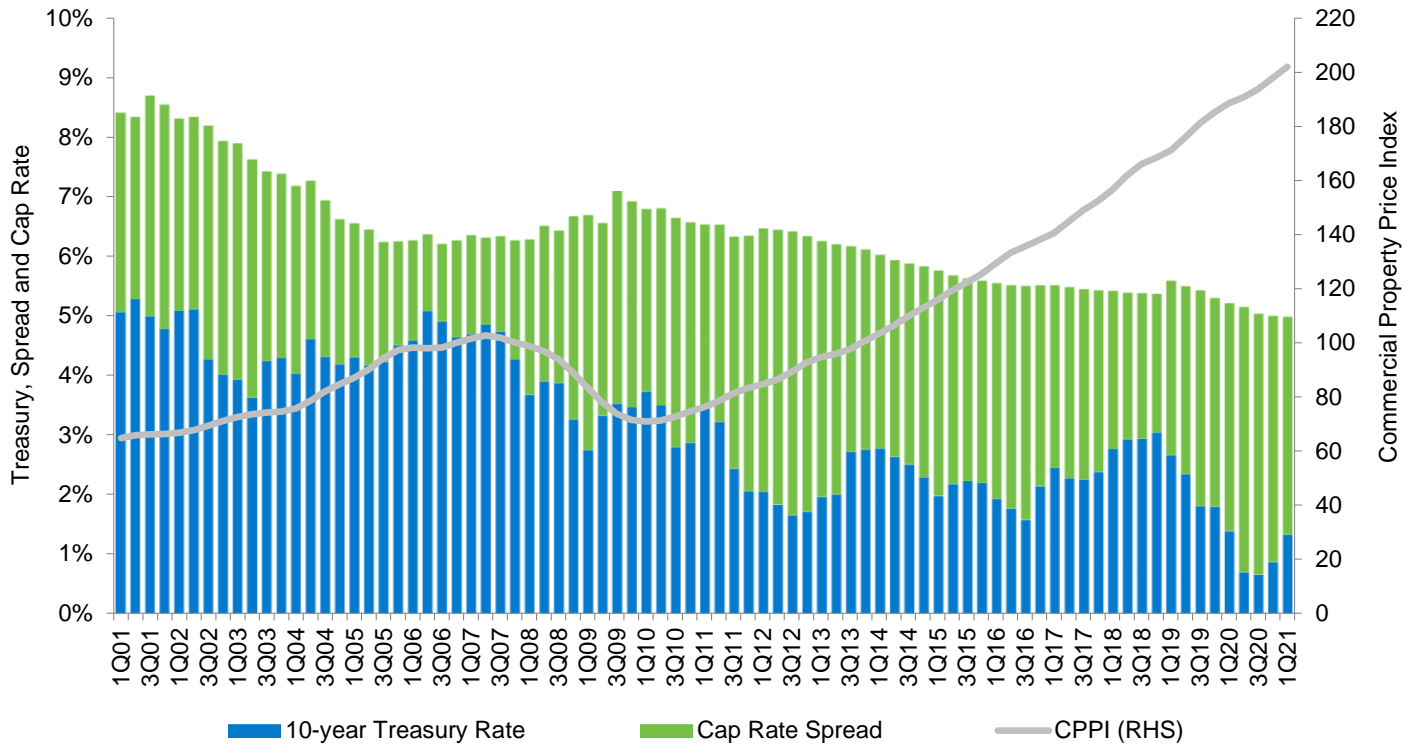
Multifamily Sales and Mortgage Origination Market

Multifamily investment sales volume bounced backed from the severe declines during the second and third quarters of 2020. During the fourth quarter of 2020, investment volume reached an all-time quarterly high of \$63 billion, an increase of 11% from fourth quarter 2019, according to Real Capital Analytics (RCA). There is some seasonality in investment volumes, which typically peak in the fourth quarter of the year. During the first quarter of 2021, multifamily investment volume totaled \$39 billion, which is off about -4% compared with first quarter 2020 and roughly equal to first quarter 2019 volume. The rebound in volume is attributable to extremely low interest rates, confidence in multifamily market fundamentals and expectations for an improving economy.

The 10-Year Treasury rate starts the second half of the year below 1.4% and RCA reported cap rates at 5.0%, which is down 20 bps from first quarter 2020, shown in Exhibit 12. The 5.0% cap rate indicates a cap rate spread above 350 bps, higher than the average of 320 bps going back to 2001. Given the recent strength of the multifamily market and continued low interest rate environment, we expect cap rates to remain steady for the remainder of 2021.

Over the past year, the multifamily Commercial Property Price Index (CPPI) as reported by RCA has seen continued positive growth, up 7.1% year over year and 2.1% during Q1 2021. We anticipate price appreciation to continue in 2021. The long-term fundamentals of the multifamily market and the demographics that feed it will continue to create strong investor demand for multifamily assets.

Exhibit 12: Multifamily Price Index, Cap Rate Spread and Treasury Rate

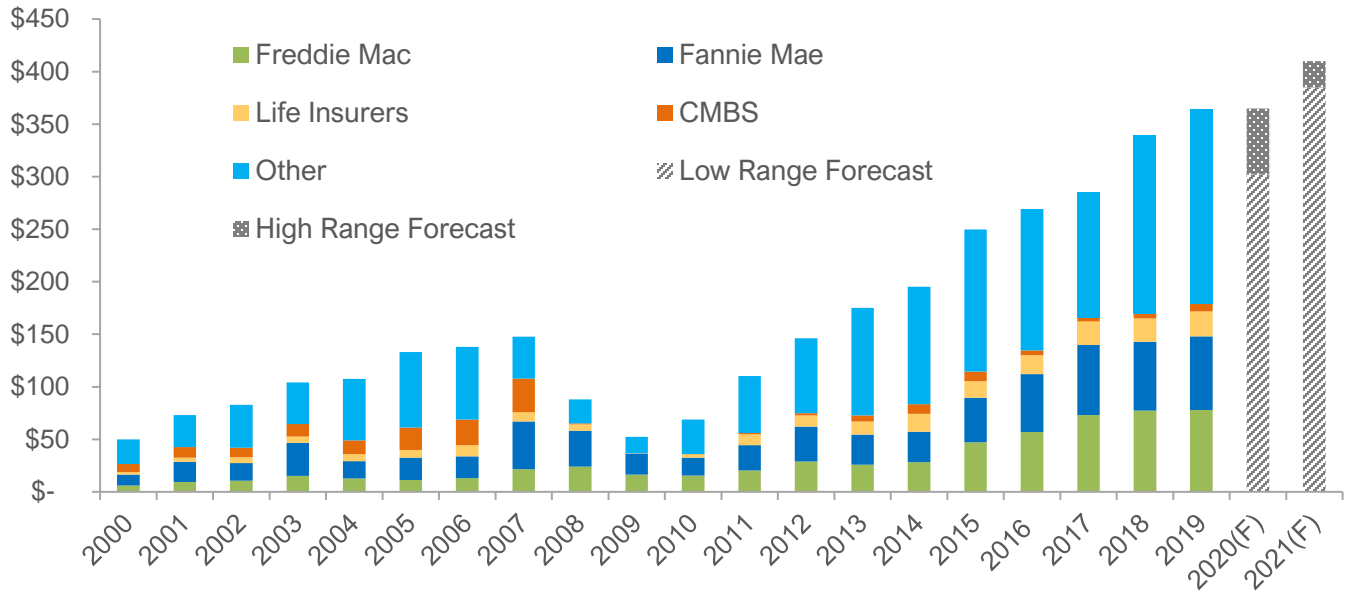


Sources: Freddie Mac, Real Capital Analytics CPPI, Federal Reserve Board, Moody's Analytics

Origination Market Forecast

Total origination volume for 2020 is not yet known and current forecasts have a wide variance due to the volatile year. The Mortgage Bankers Association predicts \$302 billion in 2020, which equates to a 17% decline from 2019. However, our forecasts do not anticipate a drastic decline and instead could see volume numbers as high as \$365 billion, which is flat from 2019 levels. Either way, origination market activity is robust in 2021 and we expect this year to see a record-breaking volume. Without final 2020 volume set, our 2021 forecasts can range from \$385 billion up toward \$410 billion. Regardless of the specific number, these forecasts indicate a very strong year for originations and record-setting volume in 2021. If 2020 volume is finalized on the low side of forecasts, we anticipate volume in 2021 of \$385 billion, which represents a strong 20% growth rate. If 2020 volume ends up higher, we forecast 2021 volume to be \$410 billion; a bit lower growth rate, but still strong around 13%.

Exhibit 13: Multifamily New Purchase and Guarantee Volume (\$ Billions)



Sources: Mortgage Bankers Association, Freddie Mac projections
 Note: 2020 projections by MBA of \$302 billion are as of February 2021. 2021 results of \$385 billion and \$410 billion are projections by Freddie Mac as of June 2021.

Economic and housing market indicators suggest that the economy is gaining positive momentum, which is benefiting the multifamily market. There are still some risks to the economy and the apartment market: elevated unemployment, more virulent strains of the virus, expiring eviction moratoriums and building costs. However, the outlook for the rest of 2021 is heading in a positive direction, with improving economic conditions expected and – outside of a limited number of markets – a stronger multifamily market.

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