

## Rental Demand Rising According to Market Report

Things are looking up for landlords according to a rental market report released this week by Freddie Mac.

Its U.S. Economic and Housing Market Outlook for October shows rental demand rising, apartment economics improving, and the multifamily sector serving as a strong positive signal for the U.S. housing industry.

Over the year ending mid-2011, the Census Bureau reported a net increase of 1.4 million households that moved into rental housing, a 4 percent rise in the number of tenant households in just one year.

U.S. homeownership rate has fallen about 1.5 percent over the past year (from 66.9 percent to 65.9 percent during the second quarter of 2011) with owner rates falling by 4.4 percent (to 21.9 percent) for those under 25 years of age and by 7 percent (to 34.7 percent) for those aged 25 to 29 years.

Apartment rents, which had been flat to falling in many projects during the 2008-2009 recession, have begun to rise, albeit slowly.

New construction starts of apartments in buildings with at least 20 dwellings has picked up this year, and in the second quarter was the highest since the end of 2008.

Ten-year constant-maturity Treasury yields averaged 1.98 percent in September, the lowest monthly average since the Federal Reserve's series began in 1953; these yields are a common benchmark for multifamily mortgage rates, and suggest that mortgage rates fell to new lows for multifamily lending in recent weeks.

According to Frank Nothaft, Freddie Mac VP and chief economist, "New construction starts are slowly picking up and multifamily lending appears to be rising as well with this year's origination volume stronger than 2010's. In part, the rise in originations is related to the low-level of mortgage rates, improving apartment-sector economics, and the return of traditional lenders that had curtailed activity during the recession."

SOURCE Freddie Mac

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