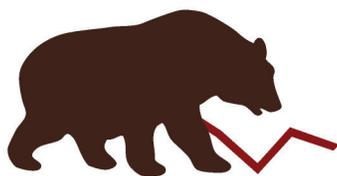


It's good to be in apartments

Multifamily asset prices experienced record appreciation, including its largest single quarter growth in the history of the Freddie Mac index: In the last year, property prices grew by 19.6 percent, mortgage rates increased 6 basis points and NOI (net operating income) grew by 17.7 percent.

But finding new deals... that's going to be tough

In addition to NOI, prices have also risen dramatically



AIM Index ▼ 4.8%

The Freddie Mac Multifamily Apartment Investment Index fell in 2021 Q4; down 2.4 percent y/y in 24/25 markets



▲ 3.5%

National NOI grew 3.5 percent and every metro experienced growth



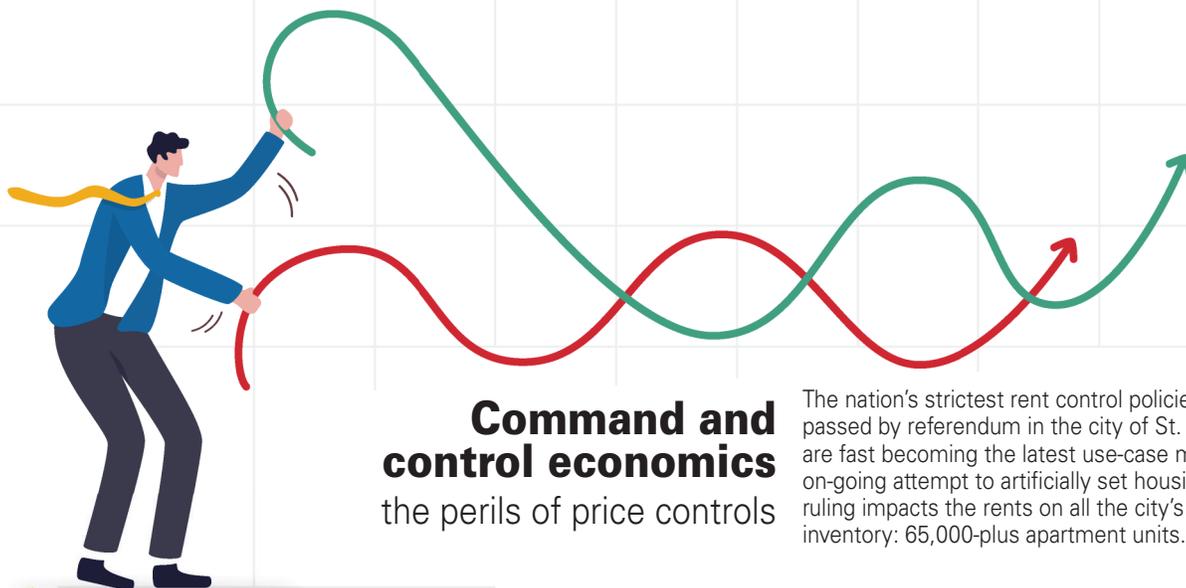
▲ 7%

Property prices were up in every market. Top three grew by **10 percent**: Las Vegas, Phoenix, Raleigh, NC



▲ 12bps

Mortgage rates saw the largest increase since 2018 Q4



Command and control economics the perils of price controls

The nation's strictest rent control policies recently passed by referendum in the city of St. Paul, Minnesota, are fast becoming the latest use-case model in the on-going attempt to artificially set housing prices. The ruling impacts the rents on all the city's housing inventory: 65,000-plus apartment units.

RENT CONTROL'S IMPACT: ST. PAUL

1 **3% cap/year**
Rent increases are capped on all existing and new properties regardless of rates of inflation or property rights law

2 **permits ▼ 80%**
Multifamily building permits are down y/y even while other construction is up with the shift in the economy

3 **investor drift**
Investors are leaving St. Paul due to the added risk of rent control and vacating deals once ready to go

PRO / CON RESPONSE

Every single city that we can find with the rent stabilization policy in place provides an exemption to incentivize construction of new housing units and so should St. Paul. We cannot afford to lose the thousands of housing units currently on pause while we wait for bureaucratic processes at City Hall to run their course.

St. Paul Mayor Melvin Carter

I don't understand what a backward-looking exemption—what kind of problem that's trying to solve at all. It's not that the developers are going to unbuild the buildings that they have.

Margaret Kaplan, president, St. Paul-based Housing Justice Center.

SOURCE: THE RESULTS OF ST. PAUL'S RENT CONTROL EXPERIMENT ARE IN—AND THEY'RE DISASTROUS. JON MILTMORE, FEE.ORG;

