

# CRE CREDIT INVESTMENT *THE FREDDIE MAC Q-SERIES* *HGI WHITE PAPER*

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# 1. INTRODUCTION

**T**he Freddie Mac Q-Series (Q-Deal®) securitization program is a specialized platform designed to provide liquidity to the multifamily housing market by securitizing third-party originated loans. Unlike traditional Freddie Mac securitizations, Q-Deals involve loans not underwritten by Freddie Mac at origination, offering flexibility for lenders and investors while supporting affordable housing initiatives.

In a typical Q-Series securitization, the loan originator keeps 10-25% of the bond and the remaining 75-90% is sold to investors. Senior bonds that are sold are fully guaranteed by Freddie Mac. The Retention Holder (loan originator) keeps the residual interest after Freddie Mac guarantees fees and after bond holders are paid.

## KEY HIGHLIGHTS

- Expands liquidity for multifamily housing finance
- Transfers credit risk to investors
- Supports affordable housing initiatives
- Aligns with ESG and Social Bond frameworks



## 2. MARKET ANALYSIS

The multifamily housing finance market is undergoing a period of rapid evolution, shaped by rising rental demand, persistent affordability pressures, and continued urbanization. As lenders seek ways to relieve balance sheet constraints and reinvest in new development, investors are simultaneously looking for structured products that deliver compelling risk-adjusted returns and align with ESG priorities.

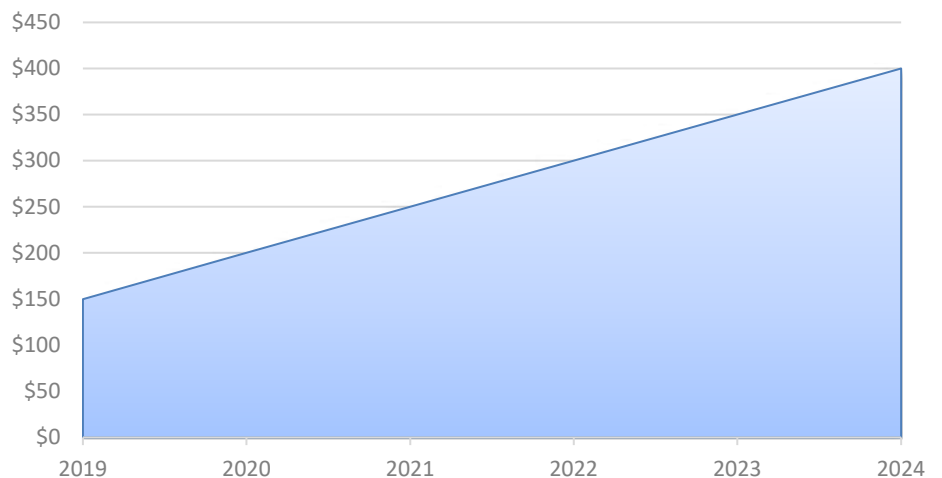
Within this environment, the Q-Series has emerged as a critical tool, expanding third-party loan securitization beyond traditional channels, enhancing diversification through multi-contributor pools, and creating much-needed liquidity that enables capital to flow more efficiently across the sector.



### ROLE OF THE Q-SERIES

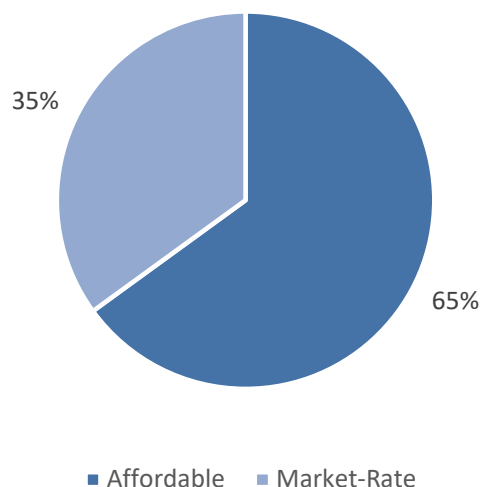
Third-party loan securitization is expanding the market beyond Freddie Mac-originated loans, opening the door to a wider range of contributors and asset types. This approach enhances diversification by pooling loans from multiple lenders, creating broader exposure across different geographies and property categories. At the same time, it generates meaningful liquidity, allowing lenders to redeploy capital more efficiently and support continued growth in the multifamily sector.

Q- Series Issuance Volume (\$M)



Source: Freddie Mac Q-Deal Program Overview, Sept. 30, 2025.

Unit Composition: Affordable vs. Market-Rate (%)



Source: Freddie Mac Q-Deal Program Overview, Sept. 30, 2025.

# 3. CASE STUDIES

## Q026 (2024 HGI INVESTMENT)

**Deal Size:** Multi-contributor transaction with seven loans.

**Significance:** First multi-contributor Q-Deal, demonstrating program scalability.

## Q029 (2024)

**Deal Size:** \$383.5M across nine loans.

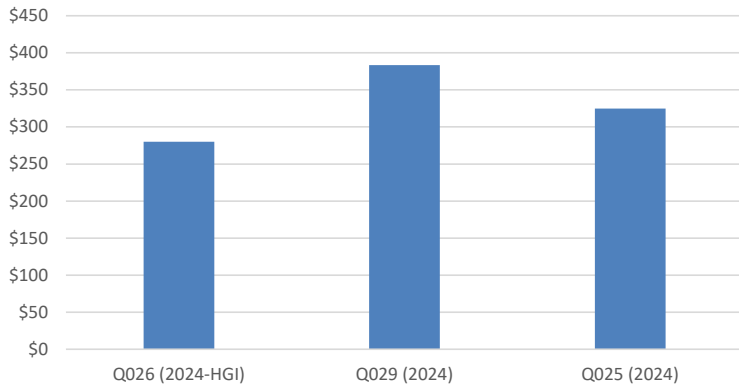
**Significance:** Largest Q-Series deal in two years, showcasing investor confidence.

## Q025 (2024)

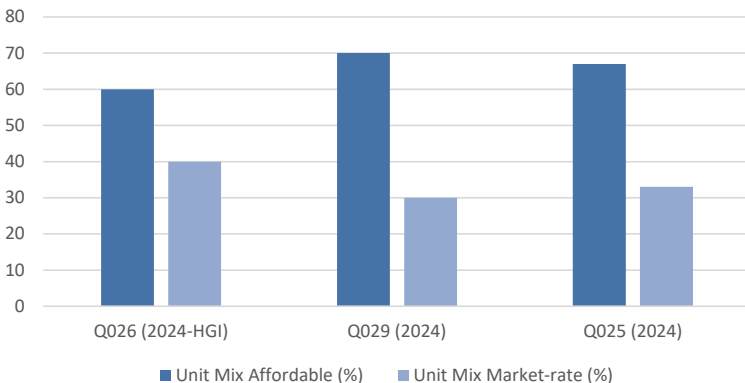
**Deal Size:** \$324.6M securitization of 13 properties.

**Significance:** 67% of units affordable to households earning below 80% AMI.

Q-Series Deal Sizes (\$M)



Unit Mix by Deal



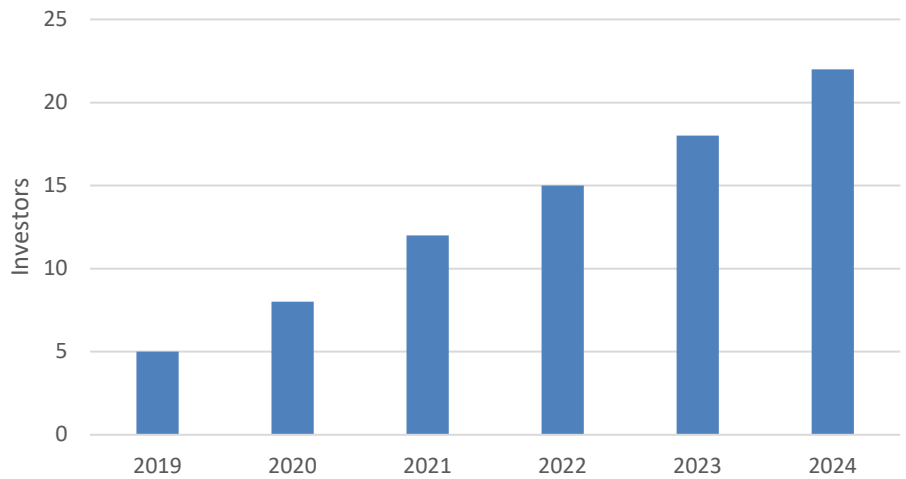
Source: Freddie Mac Q-Deal Program Overview, Sept. 30, 2025.

# 4. Q-DEAL GROWTH AND STRUCTURE

Since the Q-Deal program's inception in 2014, the investor base has continued to grow. Investors look to benefit from geographic diversity while encouraging the development of affordable housing thanks to liquidity expansion.

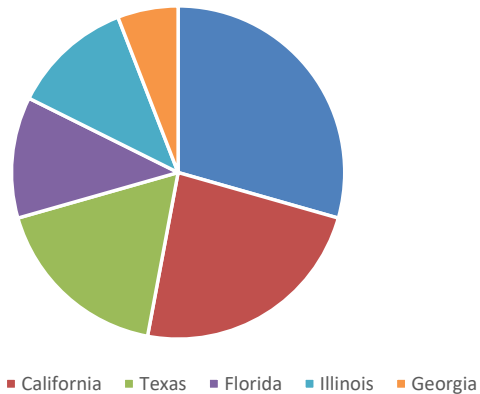
Liquidity expansion frees lender capital that can be redirected into new affordable housing projects, supporting continued development across the sector. At the same time, risk transfer mechanisms shift credit exposure to investors, contributing to greater financial stability. The structure's ESG alignment—particularly its eligibility as a Social Bond—draws impact-focused investors seeking both returns and measurable social outcomes. Together, these features create more resilient and diversified loan pools, strengthening the overall housing finance system.

### Investor Participation



Source: Freddie Mac Q-Deal Program Overview, Sept. 30, 2025.

### Geographic Distribution of Q-Series Properties



Source: Freddie Mac Q-Deal Performance Report, Nov. 30, 2025.

# 5. CONCLUSION

The Freddie Mac Q-Series securitization program provides for portfolio diversity as it continues to reshape multifamily housing finance. By securitizing third-party loans, it enhances liquidity, supports affordability, and aligns with ESG investment strategies. Its evolution toward larger, multi-contributor deals underscores its growing importance in the capital markets and its role in addressing America's housing affordability challenge.



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## HARBOR GROUP INTERNATIONAL, LLC

HGI and its affiliates control an investment portfolio of ~\$21 billion<sup>1</sup> including 5 million square feet of commercial space throughout the United States and the United Kingdom and 65,000 apartment units<sup>2</sup> in the United States. In addition to its corporate headquarters in Norfolk, Virginia, HGI maintains offices in New York City, Baltimore, Los Angeles, Tel Aviv, and Hong Kong.<sup>3</sup>



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Certain statements made herein reflect the subjective views and opinions of HGI and its personnel. Such statements cannot be independently verified and are subject to change.

<sup>1</sup>As of 9/30/2025. AUM represents the total capitalized value of underlying assets, which includes direct and indirect real estate and real estate related investments, and the AUM of HGI's affiliate, HGI Capital Management, LLC.

<sup>2</sup>Includes multifamily direct and preferred equity investments.

<sup>3</sup>Hong Kong office opened subsequent to quarter-end.