



# NM Apartment Advisors Client Update August 2023

## Bridge to the future housing market

### Market Dashboard

Avg. rent (ABQ)	<b>\$1,367</b>
Submarket with highest avg. rent:	<b>North I-25 \$1,618</b>
Fourplex appreciation since 2017	<b>75.3%</b>
Fourplex appreciation 2022	<b>12.3%</b>
Fourplex appreciation 2017-2022	<b>73.7%</b>
# of active investors in market	<b>2,216</b>
Increase in investor interest since 1st week of pandemic	<b>682%</b>

“Although vulture investors were hopeful that increasing interest rates would lead to increase cap rates, the market continues to see deals closing with 3.4% to 5.9% cap rates.”  
-Todd Clarke



AI art created by Todd Clarke using midjourney for this newsletter

Please accept my apologies that I have not done a market update in a few months. Every month, I keep a list of stories and articles that shape that months update with insights into how that might impact the housing market. Candidly, I have been buried with the overwhelming amount of information and changes in updates that happened monthly, weekly or sometimes daily basis.

I shared with my family recently that I felt like our market was on a bridge, the market had an optimistic future in front of us or the market could just disappear off a cliff. This months header graphic is my first

artificial attempt to create a visual metaphor for what the market has felt like for the last few months.

That said, as we start to exit August, I feel the market is on firmer ground as evidenced by:  
1. **2023 forecast video** – thanks to fellow Panelists Kevin Caudill, Marvid Charlson, Kyle Deacon and Peter Gineris for sharing their insights as to what the next year holds for our market – if you missed the presentation– you can watch it at <http://www.nmapartment.com/forecast2023>

2. **The Albuquerque area economic development activity** continues to improve with the announcements of 250 new jobs for a wind turbine manufacturer in Belen and 1,800 new jobs from Maxeon for solar silicon factory with the intent of being a 3 gigawatt production facility in Mesa Del Sol,

3. **UNM** continues its expansion efforts with the announcement of a \$65M fine arts building located due east of the architectural school. **CNM** is additionally adding a \$58M building for skills trade industry.

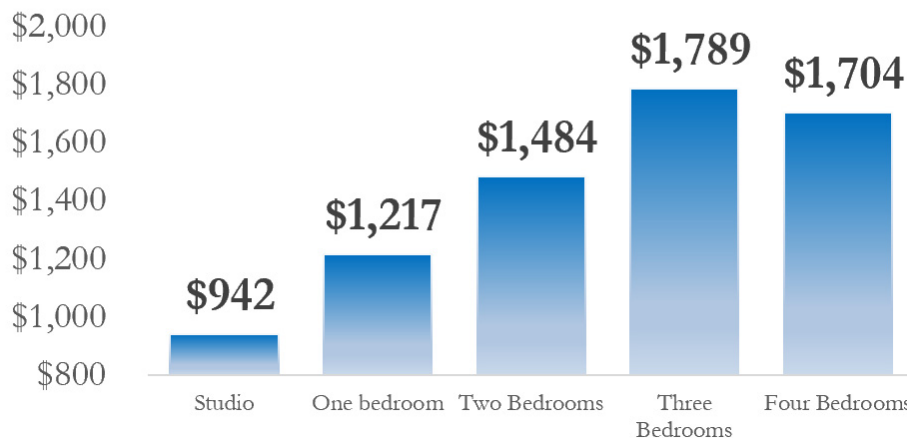
4. NM Apartment Advisor has revised its **housing shortage forecast** based on new job information. For the time period of **2024-2025**, the market will need an additional **18,545** rental units and this is over and above the 4,801 new units in the construction/lease-up/pipeline.

(continued on page 3)

Total units surveyed = 43,439



Albuquerque Average Monthly Rents by number of bedrooms



Rent survey info courtesy CASA NMPAC



# Latest info on employment growth, how it translates to housing demand and recent media coverage:

## EBA For Albuquerque Area

	# of new jobs	8/13/2023		Non Basic Jobs	Total Jobs
		Basic	Basic Jobs		
<b>F.A.A.(I).N.G effect</b>					
Facebook Construction (est.)	500	N		500	500
Facebook Data Center Operations	35	Y	35		35
Fidelity Investments	240	S	106	134	240
Amazon Fulfillment Center - Project Chico	1,500	Y	1,500		1,500
Amazon Sortation Center - Project Nico	200	Y	200		200
Amazon Los Lunas - Project Charlie	600	Y	600		600
Amazon Airport	?				
Intel Construction	1,000	N		1,000	1,000
Intel Expansion	750	Y	750		750
NBC Universal Studio	330	Y	330		330
NetFlix Construction	1,000	N		1,000	1,000
NetFlix Production	1,500	Y	1,500		1,500
Lancs Industries	70	Y	70		70
LQ Digital	100	Y	100		100
Blue Halo additional jobs (over 260)	64	Y	64		64
MTX Group Inc (Downtown)	250	Y	250		250
Manna Capital LL	950	Y	950		950
Curia	270	Y	270		270
Vexus Fiber Optic	200	N		200	200
Belen - WindTurbine Manufacturer	250	Y	250		250
Maxeon Solar at Mesa Del Sol - \$1B	1,800	Y	1,800		1,800
KAFB Space Force	100	Y	250		250
	11,709		9,025	2,834	11,859
<b>EBM (Bernalillo County)</b>			7.84	1.00	
<b>Total New Jobs</b>			70,753	2,834	73,587

P/E Ratio =	
Total New People	159,684
# of persons per household	2.52
Total New Households	63,367
% that own	65%
# of new single family residences needed	41,188
% that rent	35%
# of new apartments needed at 100% occupancy	22,178
<b>Occupancy Rate at ideal market balance</b>	95%
# of new apartments needed at 95% occupancy	23,346
# of apartments built in 2020-2024	4,801
<b>NEW Gap</b>	18,545



Midjourney AI rendition of what the housing of the future looks like in NM

## 10-story building up for auction

Two Park Central Tower on San Mateo currently going for \$600,000

BY ADRIAN GOMEZ  
JOURNAL ARTS EDITOR

One of Albuquerque's tallest buildings outside of Downtown is currently at auction — and Tuesday afternoon it was going for \$600,000.

Two Park Central Tower, 300 San Mateo NE, is being marketed as a redevelopment project for up to 115 apartment units, according to the listing. Much of the interior of what has historically been an office building has been gutted, said Todd Clarke, the broker on the sale.

"I think that's really its highest potential," Clarke said. "We've got a housing shortage of about 13,000 rental units and we're seeing rents go through the roof."

Standing 10-stories tall and 101,000-square feet, the building is six miles east of Albuquerque's downtown core.

"300 San Mateo Blvd NE offers the rare and profitable redevelopment option for savvy investment, with a major income generating prospective," the listing states.

Journal archives show that the building opened for occupancy in the summer of 1975 and the primary tenant was Traveler's Insurance Co.

Its construction reflects Albuquerque and Route 66 history, Clarke said. At the time it was built, developers were uncertain if the best places to build were along the new interstates or Route 66, which included Central Avenue.

"It ended up being a lot more than we expected," Clarke said.

See AUCTION >> A4



A massive office building on San Mateo auction.



A4 ALBUQUERQUE JOURNAL METRO & NM

## Arcosa seeks to fill 250 positions

Hiring event will take place June 27

BY MATTHEW NARVAZ  
JOURNAL STAFF WRITER

Arcosa Wind Towers will host a job fair in Belen, next week to help fill some of the 250 positions announced as part of its expansion into central New Mexico.

The event takes place from 11 a.m. to 6 p.m. Tuesday at the Belen Business Center, 719 S. Main St.

The company looks to hire anywhere from welders to maintenance and utility technicians, according to Indeed.

The job fair follows the expansion announcement from Texas-based Arcosa Inc. — the parent company of Arcosa Wind Towers — in March when it said it would open a wind tower production facility as soon as next year and hire 250 employees for the facility.

Arcosa's expansion into Belen — its soon-to-be open facility is located at the former Ketter build-

ing in the Rio Grande Industrial Park — is one of the largest announced in the state this year, as the company plans to pour \$55 million to \$60 million into the build-out.

The expansion is aided by \$4 million in Local Economic Development Act funds from the state, which will be disbursed as the company meets economic development benchmarks. And the City of Belen also plans to assist Arcosa's facility through industrial revenue bonds, or IRBs, which typically lower property and gross receipts taxes for expanding businesses.

"The expansion of Arcosa comes as the company prepares for \$750 million in wind tower orders, mostly in the southwest. Deliveries of these orders are expected to begin next year and go through 2028," the company said.

Matthew Narvaz covers the economy, companies and health care for the Albuquerque Journal. He can be reached at marnavaz@abqjournal.com or @matnavaaz on Twitter.



Arcosa plans to fill many of the 250 positions



The Cathedral Basilica of St. Francis of Assisi, near the Santa Fe Plaza, draws thousands of tourists each year. Santa Fe was named the No. 2 Best City in the United States by Travel + Leisure.

## Travel + Leisure survey ranks SF at No. 2 for best city in the US

Also named No. 21 best city in the world

BY ADRIAN GOMEZ  
JOURNAL ARTS EDITOR

Do you know the way to... Santa Fe? According to Travel + Leisure, the world does. The magazine's annual 2023 World's Best Awards reader survey ranks Santa Fe as the No. 2 Best City in the United States.

It's up one spot from the 2022 survey and behind Charleston, South Carolina.

On a larger scale, The City Different ranked No. 21 in the 25 Best Cities in the World Overall. Oaxaca, Mexico, came in at No. 1 in the category.

"Culture hubs with culinary appeal proved irresistible, with Oaxaca, Charleston, Istanbul, and Hobart all emerging victorious in their respective regions. Mexico earned five spots on the global list of favorites — the most of any country — while Japan came in close behind with three," the survey stated.

According to the magazine, spanning 122 category lists, this year's survey results yielded many surprises, including a new airline claiming the No. 1 spot for Best International Airline for the first time in 28 years and a new winner in the Best Mega-Ship Ocean Cruise Line category. Two categories were introduced this year, Best Luxury Villa Rental





# Seeding the market for new investors in 2023

Deal activity continues to flow:

“Our team has never been busier servicing all this new buyer activity and the ensuing management assignments”

- Kyle Deacon

Todd Clarke CCIM CIPS

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5. **Rents** – CASA NM PAC is in the process of finishing its bi-annual rent survey which indicates that average studio rents are \$942, one bedroom rents at \$1,217, two bedroom rents at \$1,789, three bedroom units at \$1,789 and four bedroom rents at \$1,704. Although annual rent growth may have decreased from double digits, our market is in the eye of the storm, waiting for the end of the writer/actors strike and the completion of the Netflix studios/campus.
6. **2023 Deal Examples** – February to June felt like the market was holding its breath, waiting for bad news. By July, investors were back in the market and participating in bidding wars. Recent BID process we have had included the sale of 2314 Garfield SE (6 units UNM area), 32 on tour, 9 offers, final price was 42% over the start price with the buyer closing in 9 days all cash. 5900 Marble NE had 36 registered for tour, 14 offers and a final (not yet closed) price 40% over the start price. Both properties shared a common feature in that the buyers saw a runway to acquire a property that after renovations, and market rents would likely be a 8.0%+ cap rate. NM Apartment Advisors and Ten-X also auctioned off the 101,000 square foot, 10 story tower at Copper/San Mateo, with plans for 100+ apartment units. Start price was \$500,000 and after 218 bidders, the final price ended up to being very close to 4 times the start price.
7. **Legislation review**— I pushed out an update this morning covering four new legislative issues as it relates to short-term rentals, residents bill of rights, accessory dwelling units in R-1 zoning and Santa Fe’s mansion tax. If you did not receive that email, and would like to be included in future updates, please email me.
8. **Thanks to KOAT TV** for providing fair coverage of the housing crisis, by offering ideas to mitigate its impact on residents.
9. **Marketing update** – our firm has used Expresscopy.com for decades for their high quality, jumbo size, laminated post-cards. In July, without announcement to their customers,

Expresscopy.com substituted the laminated versions with a more inexpensive postcard that smudges, wrinkles and appears to be a lower quality. We are researching another vendor and will keep you posted.

10. The **tax benefit of acquiring in 2023** will continue to trump the detriment of closing with a higher interest rate.
11. **Bot-buyers and seminar-script-cold-callers** continue to plague the market with their transactional focus on treating our unique (#1 in the country for rent growth) like any other commodity.
12. **Cavate emptor or buyer beware** continues for unsophisticated buyers who fall for the siren of off market deals. From these off market deals we are starting to see more and more legal liabilities from sellers and/or brokers who use off marketing to hide adverse material facts, including structural issues, or land use restrictions (a deed restriction that puts a ceiling in rent increases).
13. Saved for those who have **triskaidekaphobia**.
14. Please know I have another 11 pages of articles/links/**research** on inflation, global trends, industry presentations and conferences I have attended that indicate a generally positive trend for our market and the housing industry.

Whether you are a Seller or Buyer, the marketing is going to keep all of us busy until the end of the year. I remain grateful for the partnerships we have forged in the industry that allow us to help our clients.

Sincerely,

Todd Clarke CCIM CIPS  
CEO

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