



NM Apartment Advisors Client Update

June 2024

Bridge to the future housing market

Market Dashboard

Avg. rent (ABQ)	\$1,394
Submarket with highest avg. rent:	Up-town \$1,540
Avg. Price Fourplex	\$426,341
Fourplex appreciation 2024	6.3%
Fourplex appreciation 2017-2024	92.7%
# of active investors in market	2,521
Increase in investor interest since 1st week of pandemic	776%

“Although transaction volume is steady, it does feel like we are in the eye of the storm, with buyers waiting for a nod from the Federal reserve that would lead to decreased interest rates.”
-Todd Clarke



Waiting in the Eye of the storm—AI art created by Todd Clarke using Midjourney for this newsletter

For the last quarter, I have felt like the housing industry is in the eye of the when-will-the-interest rates change storm.

Every month I have buyers who reach out to us and indicate that if only interest rates would dip a bit, they would nibble on a deal.

While our industry collectively waits to see if the June 12th or July 31st Federal Reserve meetings might lead to a decrease in interest rates, which in my antcoldat survey of buyers has been the #1 issue holding them back from making deals.

In the interim, I wanted to put the #1 issue we identified in the last newsletter as an impediment to getting deals done - the rising costs of insurance.

According to Elliot Eisenberg, The Bow-Tie economist - “Despite higher premiums, reduced coverage, higher deductibles, and leaving entire states, over the last decade insurers paid more in homeowners insurance claims than they collected in premiums. Recently, this has been meaningfully exacerbated by rising reinsurance rates that insurers pay for insurance. To wit, in 2023 insurers lost money on homeowners’ coverage in 18 states, well up from eight states in 2013 and 2014 and 12 in 2017 and 2018.—Ellot Esienber—Botwie Economist -<https://econ70.com/blogs/>

blogs/)

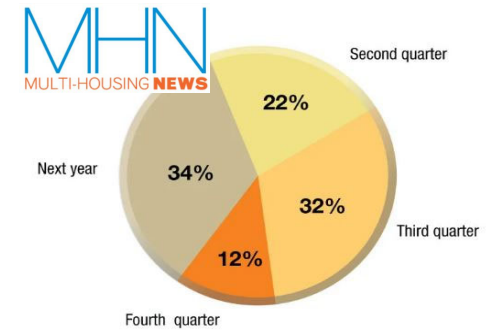
That said, as we start to begin to see the end of Q2-2024, and with the current volume of deals that have gone pending (11 of our 54 listings,) I remain optimistic about the market and the level of activity that spring has brought to us.

That said, we finding those deals that have the most success are be-spoke-custom crafted

for each buyer and seller as we spend a lot of time aliging buyers and sellers interest.

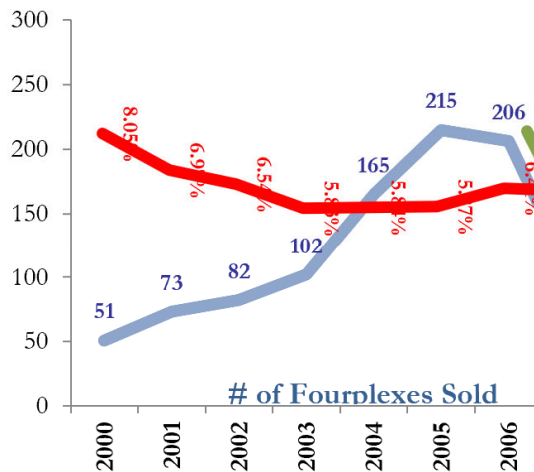
Sincerely,

Todd Clarke CCIM CIPS CEO
NM Apartment Advisors Inc.



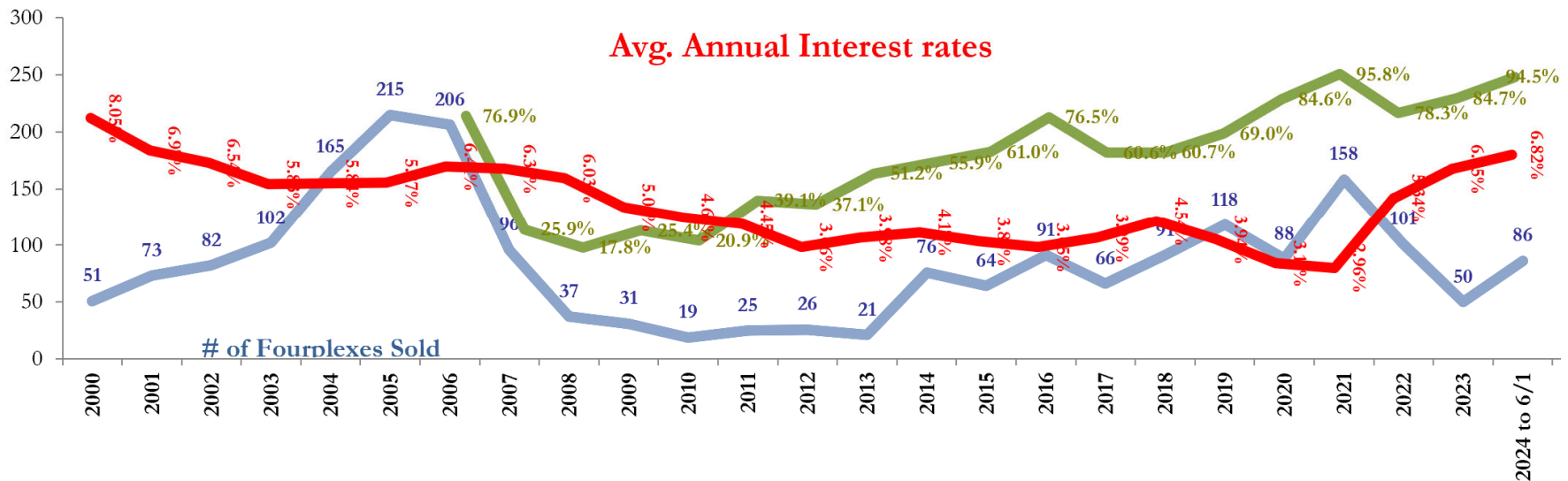
When do you think the pace of financing and transactions will pick up?

Fourplex historical sales trends



% of fourplexes that sold

Avg. Annual Interest rates





NM Apartment Advisors Client Update June 2024 Dashboard

20,771 units

Demand based on next 3 years of employment (see page 3)

8th

ABQ is the #8 most affordable city to live in (per Red Fin—2/20/2024)- <https://www.redfin.com/blog/affordable-places-to-live-in-the-southwest/>

41M

Increase in population for USA between 2024 to 2054, based on Congressional Budget Office report - <https://www.cbo.gov/system/files/2024-01/59697-Demographic-Outlook.pdf>

41%

of consumers feel uncertain about their ability to pay rent or their mortgage payment (as of 9/2023) which is up from 35% in August of 2021.

\$1,672

Highest two bedroom rent in ABQ - FAR NE heights submarket.

\$515,600/unit

For recent sale in Irvine, CA from Denver based REIT buyer <https://www.globest.com/2024/02/20/herere-the-six-priciest-apartments-sold-in-2023/>

Todd Clarke CIPS

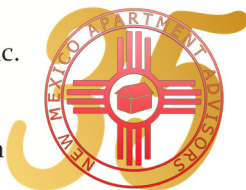
CEO

NM Apartment Advisors Inc.

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Years. As we enter our 35th year of selling apartment investments, we wanted to thank our clients for allowing us to serve you in the sale of your apartment investments.
- Todd & Kahleetah Clarke

Film & TV

City	Spot	Category
Albuquerque	#2	Big Cities
Santa Fe	#1	Small Cities
Las Cruces	#8	Small Cities

“Best Places to Live/Work” as a Filmmaker according to Movie Maker Magazine

1.25-2.5 days

of work days American's prefer to work remotely (Economist)

Rents Across NM

Las Cruces	vs.	ABQ
\$1,331		\$1,503
Average two bedroom rent per CASA NM PAC Survey		

Top Issues for 2024

#1

Insurance - the industry is seeing 2-4 fold increases in premium, and in some cases, outright cancellations.

#2

Property tax/disclosure and transfer tax - the assessor's are aggressively going after short term rentals, commercial properties and full disclosure of all sales.

#3

Voting/politics
According to the economist, 51% of Earths population votes this year (and in the USA, 66% believe thir is not an adequate supply of affordable homes, and 78% of them believe its due to high housing costs) *NAR/Morning Consult report

#4

Small Plateau in rental market until full recovery is in place from actors/writers strike - likely beginning of Q3-2024

#5

NAR Settlement - Potential changes for buyers brokers/ buyers agency.

36%

Number of single family homes for rent that are asking \$2,100 or higher. Total count 124 down to 64 from December 2023 to April 2024

24

Fourplexes for sale in ABQ Area residential MLS Increased from 7 December 2023

66%

Of American's who believe there is not an adequate supply of affordable housing.

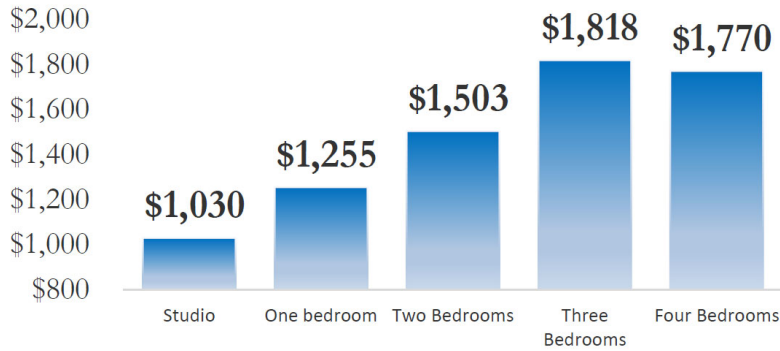
78%

Of American's believe high housing costs are the primary cause lack of affordable housing.



NM Apartment Advisors Client Update June 2024

Albuquerque Average Monthly Rents by number of bedrooms



Rent survey info courtesy CASA NM PAC

Key dates for 2024

- 6/12/2024 CPI data released
- 6/12/2024 Federal Reserve meets
- 7/11/2024 CPI data released
- 7/31/2024 Federal Reserve meets
- 8/14/2024 CPI data released
- 9/11/2024 CPI data released
- 9/18/2024 Federal Reserve meets
- 10/20/2024 CPI data released
- 11/5/2024 Federal Elections
- 11/6/2024 Federal Reserve meets
- 11/13/2024 CPI data released
- 12/11/2024 CPI data released
- 12/18/2024 Federal Reserve meets

REGISTER TODAY

MULTIFAMILY UPDATE



Come join us for insightful session featuring a diverse panel of multi-family experts. Todd Clark will be leading the discussion as the moderator, as they discuss Build-to-Rent, Tax Incentives, and Ground Leases.



Tuesday, June 11, 2024
Virtual

Panelist: Michal Kuca, Jim Dobbie,
Felipe Rael, Rahim Kassam



Thank you to our sponsor

June 11, 2024 | 10:00 a.m. - 12:00 p.m. | Online | 2 CE Credits
Location: Virtual
Moderator: Todd Clarke, CCIM, CIPS

Total units surveyed = 42,966



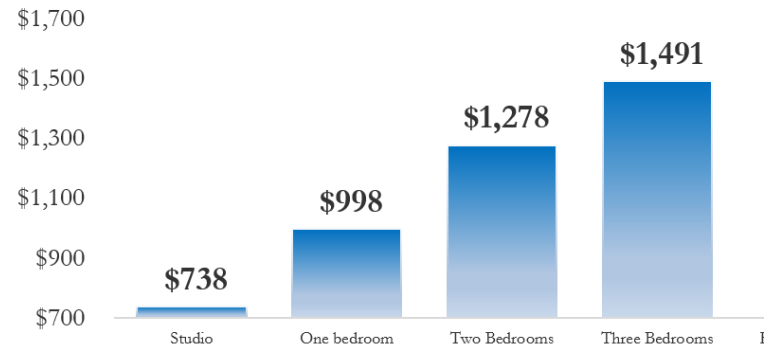
Rent Survey - Q1-2024 Greater Albuquerque Metro Area

SubMarket	Unit Type				
	Studio	One bedroom	Two Bedrooms	Three Bedrooms	Four Bedrooms
Airport	\$ -	\$ 1,245	\$ 1,419	\$ 2,050	\$ -
Cottonwood	\$ 1,237	\$ 1,314	\$ 1,635	\$ 1,805	\$ 2,600
Downtown	\$ 1,038	\$ 1,242	\$ 1,513	\$ 1,959	\$ -
East Gateway	\$ 832	\$ 1,023	\$ 1,208	\$ 1,538	\$ -
Far NE	\$ 997	\$ 1,333	\$ 1,672	\$ 2,039	\$ -
Lovelace	\$ 810	\$ 955	\$ 1,125	\$ 1,300	\$ -
Mid NE	\$ 878	\$ 1,032	\$ 1,246	\$ 1,612	\$ -
North I25	\$ 1,320	\$ 1,387	\$ 1,567	\$ 1,858	\$ -
North Valley	\$ 1,174	\$ 1,037	\$ 1,434	\$ 1,141	\$ -
Rio Rancho	\$ -	\$ 1,242	\$ 1,562	\$ 1,767	\$ -
S. Valley	\$ -	\$ -	\$ 1,136	\$ -	\$ -
St. Pius	\$ 1,460	\$ 1,221	\$ 1,398	\$ 1,877	\$ 1,250
University	\$ 973	\$ 1,243	\$ 1,533	\$ -	\$ -
Uptown	\$ 977	\$ 1,412	\$ 1,567	\$ 2,205	\$ -
West NE	\$ 855	\$ 1,116	\$ 1,368	\$ 1,754	\$ 1,461
City wide Average	\$ 1,030	\$ 1,255	\$ 1,503	\$ 1,818	\$ 1,770

Rent Survey - Q1-2024 Great Las Cruces Area

SubMarket	Unit Type				
	Studio	One bedroom	Two Bedrooms	Three Bedrooms	Four Bedrooms
City wide Average	\$ 738	\$ 998	\$ 1,278	\$ 1,491	\$ -

Las Cruces Average Monthly Rents by number of bedrooms



Sampling of 55 communities



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

EBA For Albuquerque Area

5/24/2024

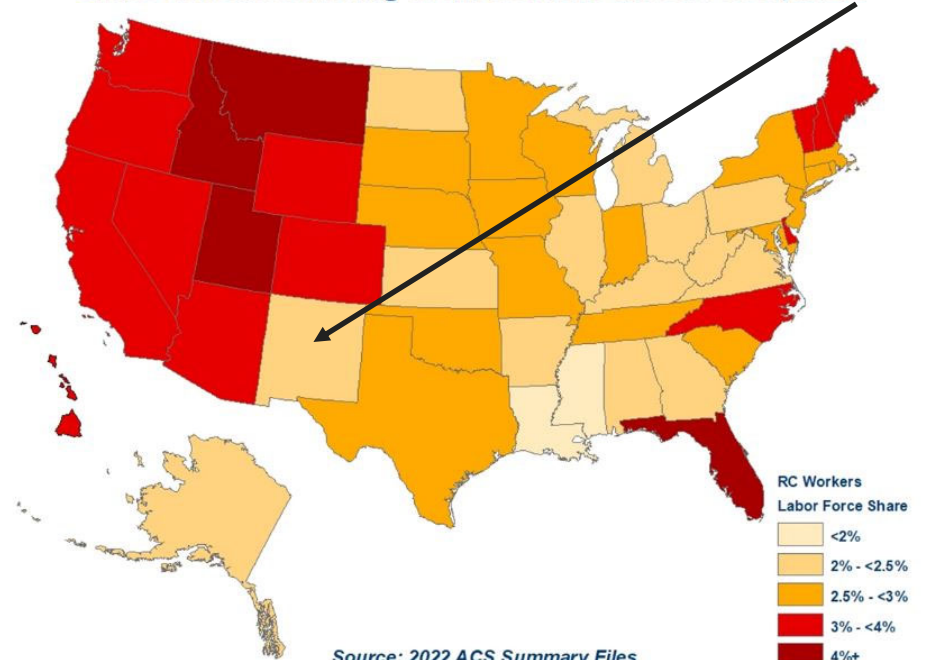
	# of new jobs	Basic	Basic Jobs	Non Basic Jobs	Total Jobs
F.A.A.(I).N.G effect					
Facebook Construction (est.)	500	N		500	500
Facebook Data Center Operations	35	Y	35		35
Fidelity Investments	240	S	106	134	240
Amazon Fulfillment Center - Project Chico	1,500	Y	1,500		1,500
Amazon Sortation Center - Project 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
Bright Green Grants Expansion					
Mtex Antenna Tech (Germany)	62	Y	62		62
Kairos Power	25	Y	25		25
Australia based hydrogen company- Star Scientific Ltd.	200	Y	200		200
New Westside Film Studio/Sound Stage/Mill (Mesa Studios)					
UNM Hospital Critical Care Tower	700	N	700		700
Array Solar HQ -- \$50M	300	Y	300		300
CineLease \$95M expansion	12	Y	12		12
Wind farm on 9 acres on west Central - Sun Lasso - \$2C	1	Y	1		1
Spring Oaks Capital LLC	200	N		200	200
KAFB Space Force	100	Y	250		250
	13,209	-	10,325	3,034	13,359
EBM (Bernalillo County)			7.84	1.00	

EBM (Bernalillo County)

Total New Jobs	80,945	3,034	83,979
P/E Ratio =			2.17
Total New People			182,235
# of persons per household			2.52
Total New Households			72,315
% that own			65%
# of new single family residences needed			47,005
% that rent			35%
# of new apartments needed at 100% occupancy			25,310
Occupancy Rate at ideal market balance			95%
# of new apartments needed at 95% occupancy			26,643
# of apartments built in 2020-2024			5,872
NEW Gap			20,771

New Mexico's biggest issue to get new housing built? Lack of labor force...

Share of Home Building Workers in the Labor Force, 2022



Source: 2022 ACS Summary Files

“Today's investment environment feels like 2009 all over again, but this time we have all of the capital we need to buy into this incoming wave and I pity the investor that continues to sit on the sidelines during the oncoming tsunami.”

-Sam Kunzman