



# Santa Fe Market Report

APARTMENT RENTAL RATES

3RD QUARTER 2022

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## Recent Team Transactions

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### 3807 Gold St, Los Alamos, NM

- 60 Units
- Built 1955
- Price \$6,250,000
- Price/Unit \$104,100



### 509 Kiva St, Los Alamos, NM

- 32 Units
- Built 1950
- Price \$3,250,000
- Price/Unit \$101,560



### 153 E Lupita Rd, Santa Fe, NM

- 4 Units
- Built 1965
- Price \$750,000
- Price/Unit \$187,500



### 757 Baca St, Santa Fe, NM

- 5 Units
- Built 1964
- Price \$540,000
- Price/Unit \$108,000



### 813 Calle Anaya, Santa Fe, NM

- 3 Units
- Built 2002
- Price \$590,000
- Price/Unit \$196,600

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After a banner period for multifamily properties, fundamentals are projected to improve even further, albeit at a more typical pace. Santa Fe has seen a record 1,248 apartment units delivered, 614 units under construction and an additional 3,601 units awaiting city approvals. The new inventory has increased vacancy rates but they remain at historic lows.

Difficulties obtaining some raw materials and labor do, however, increase the chance that some projects could be delayed. The health crisis accelerated household migration from dense urban cores to more suburban settings increasing the population of Santa Fe to 92,000 residents. These new residents have helped to absorb new units and increase rental demand.

The widespread shortage of supplies, ranging from raw materials to finished products, contributed substantially to historic inflation. Fewer goods relative to demand, combined with added production expenses and transportation costs, drove inflation to its highest level in more than 30 years. Rising inflation has caused the Federal Reserve to raise rates faster than any time in the last 40 years. This has started to curtail sales volume as investors are seeing lower yields caused by higher interest rates. Yet inflation worries highlight the strong potential of multifamily properties as a favorable option to protect capital. Appreciating property values and the ability to adjust rents contribute to the stable outlook of multifamily and are likely to bring new buyer demand.

Housing affordability continues to increase rental demand underscoring an ongoing housing shortage that is even more acute for entry-level options. Homebuying picked up last year, aided by low mortgage rates, but a drop in sales inventory lifted prices, ultimately making homeownership more expensive. As mortgage rates rise, the demand for multifamily housing will be reinforced.

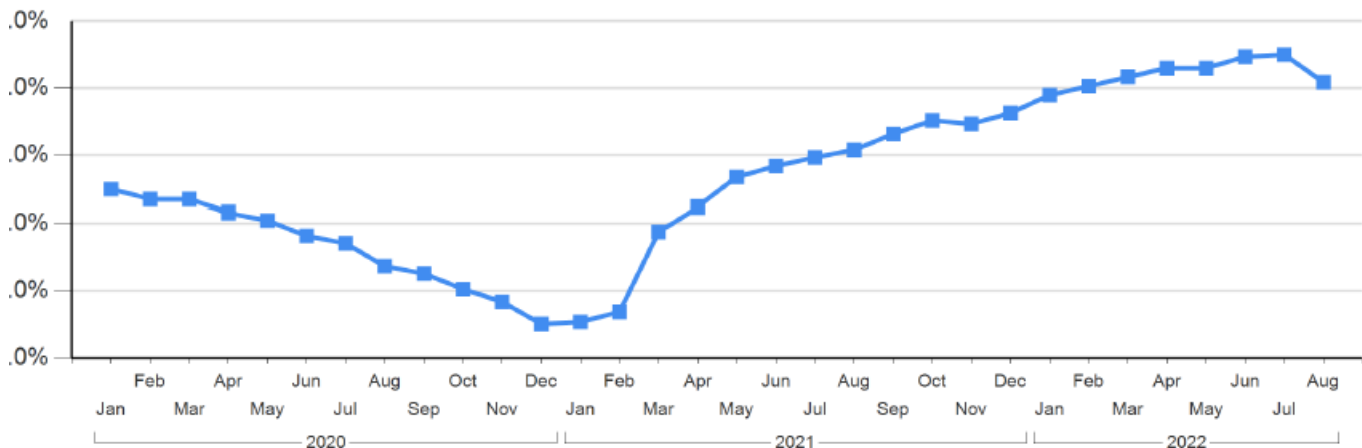


Rent growth over the course of this year continues to outpace the pre-pandemic trend, even as it has slowed significantly from last year's peaks. So far in 2022 rents are up by a total of 6.8 percent, compared to 17.1 percent at this point in 2021.

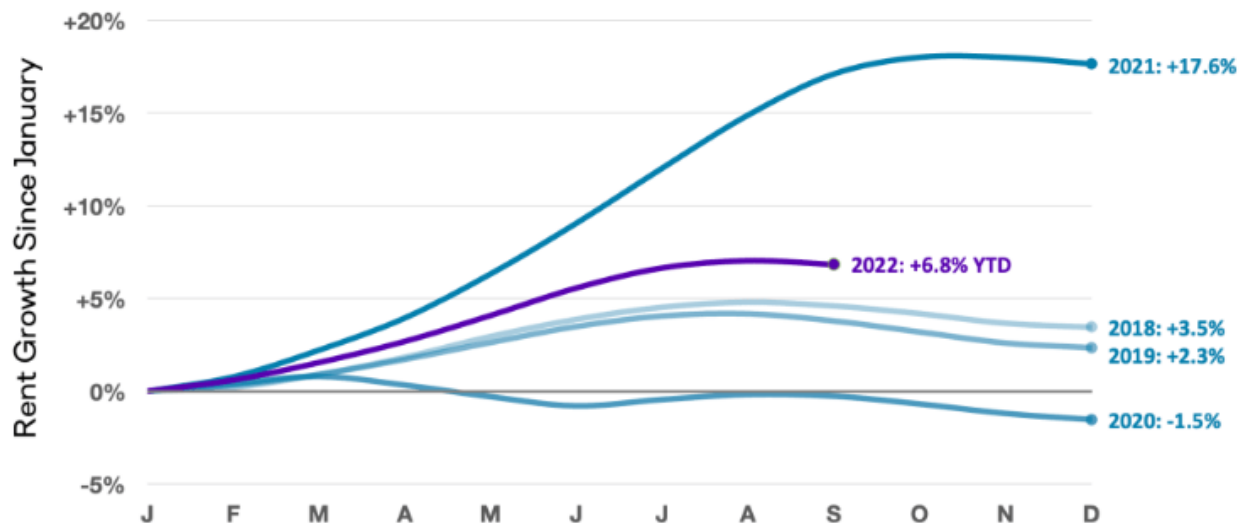
This cooldown in rent growth is being mirrored by continued easing on the supply side of the market. After nearly a year of gradual increases our vacancy index now stands at 3 percent. Today's vacancy rate remains well below the pre-pandemic norm, and spiking mortgage rates that continue sidelining first-time homebuyers could contribute additional tightness to the rental market.

Average rent for private, non-institutional, market is \$1,348 for a 1 Bedroom, \$1,471 for a 2 Bedroom 1 Bath and \$1,500 for a 2 bedroom 2 Bath apartment.

Occupancy Rate Trends



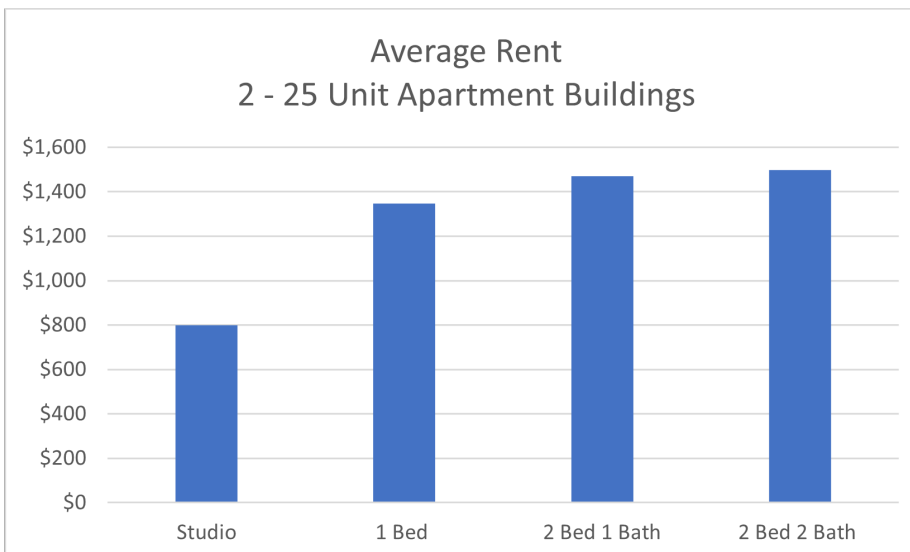
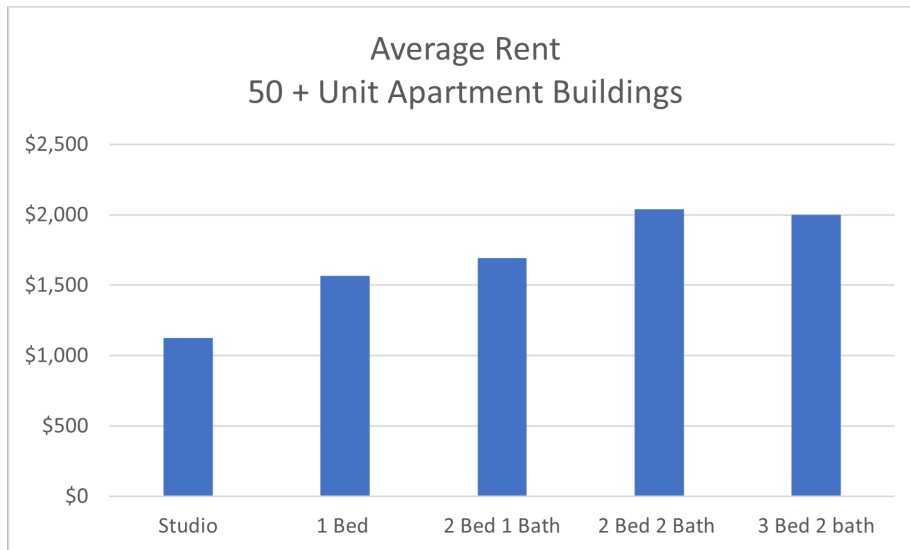
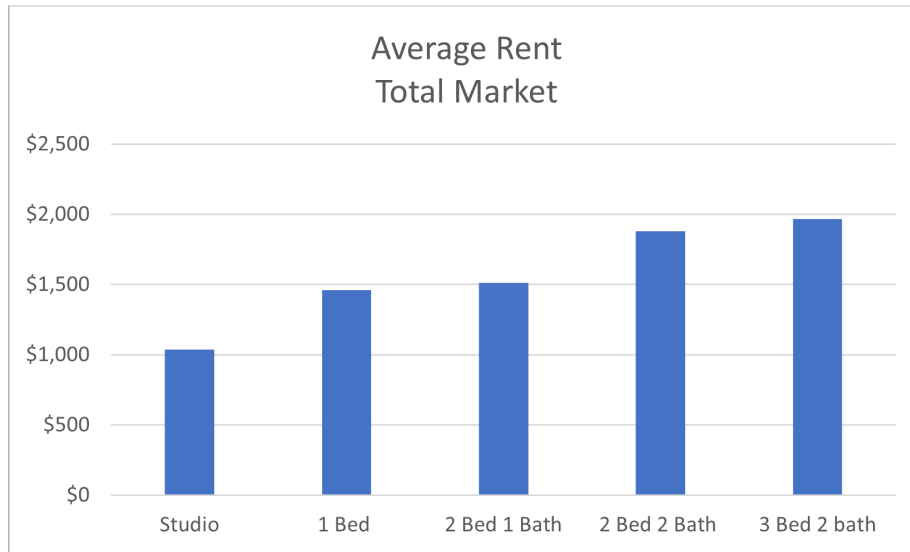
Annual Change in Median Rent  
United States: 2018-Present



Source: Apartment List Rent Estimates

Available: <https://www.apartmentlist.com/research/category/data-rent-estimates>

Apartment List



\* Rent comps based on 150 property survey.

## Sales Trends

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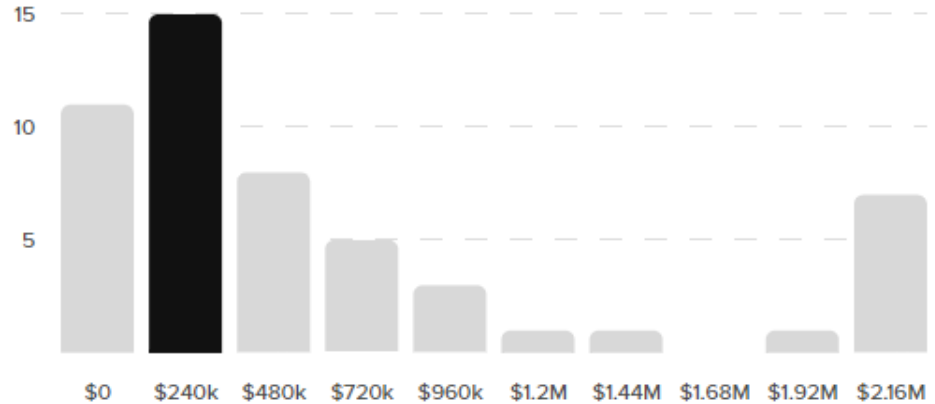
### Sold Price

**\$477k**

Median Price

**\$108M**

Total



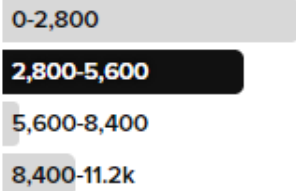
### Square Footage

**2,900**

Median SqFt

**146k**

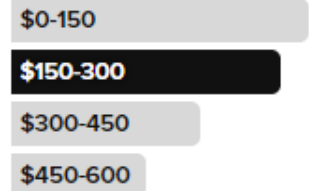
Total SqFt



### Sold Price / SqFt

**\$207**

Median Price / SqFt



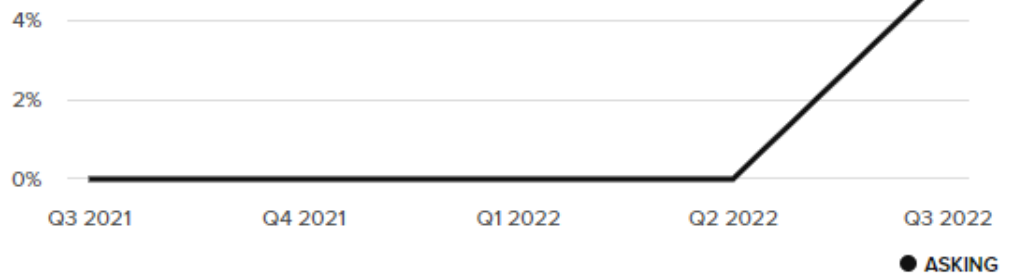
### Cap Rate

**6**

Median Sold Cap Rate

**5.2**

Median Asking Cap Rate





## Property Search

To Assist you in your research, we have provided you with the following Property Search link. Our Value Creation Marketing Strategy is a proactive Data Driven Marketing Platform relating to the leasing and sale of income properties. Our unique process is designed to increase achievable rental rates and sales price by expanding the number of prospects, lower leasing and sale cost and increase market knowledge. Whether you are an investor or occupier of commercial real estate, knowledge of available properties and space in the market is critical to understanding your market position.

[www.reanm.com/property-search](http://www.reanm.com/property-search)

## Market Insights

Go to our Market Insights webpage for comprehensive information on the market and specific types of properties. Our Capital Markets Value Maximizer is a disciplined approach to owner representation based on the philosophy that results are the product of in-depth market knowledge, good planning and timely implementation.

[www.reanm.com/market-insights](http://www.reanm.com/market-insights)

Our reputation, for creating sound solutions for our clients' challenges through application of our knowledge and experience, is widely respected. Whether you are an occupier of commercial real estate, a private owner in our local market or an institutional investor with a multimarket presence, our professionals are ready to help.