

Multifamily End of Year 2023

Market
Insights

	YoY Chg	12-Mo. Forecast
8.6% Vacancy Rate	↑	—
1,356 New Deliveries, Units	↑	↑
2,429 Under Construction Units	↓	—
\$1,184 Market Rent, Per Unit	↑	↑

CAPITAL MARKET

	YoY Chg	12-Mo. Forecast
 6.1% Average Cap Rate	↑	↑
 55,092 Inventory Units	↑	↑

MULTIFAMILY MARKET:

- Apartment demand in Albuquerque is decreasing.
- Population growth, a key demand factor, has slowed down post-pandemic peak.
- Net absorption is lower compared to historical averages.
- The decline in demand coincides with a surge in apartment construction.
- Nearly 2,400 units are in the construction pipeline, nearing an all-time high.
- Albuquerque's inventory is expected to increase by 4.4% once these units are completed.
- Vacancy rate has risen to 8.6% in the past year.
- Apartment delivery timeline may push vacancies to record levels.
- Over 80% of the current construction pipeline is luxury projects.
- Competition for renters is increasing, impacting property managers' ability to raise rates.
- Rent growth in luxury segments is underperforming compared to more affordable segments.
- Despite the construction boom, market-level rents have increased by 0.9% in the past year, surpassing the national benchmark.
- Annual rent growth has declined from 15.3% to 0.9%, particularly in the 4- and 5-Star segments.
- Albuquerque has become a top market for smaller multifamily investors post-pandemic.
- Investment in Albuquerque's apartment market has reduced, likely due to stricter lending standards and high debt costs, despite the lack of clear investment data due to New Mexico's non-disclosure status.

Multifamily End of Year 2023

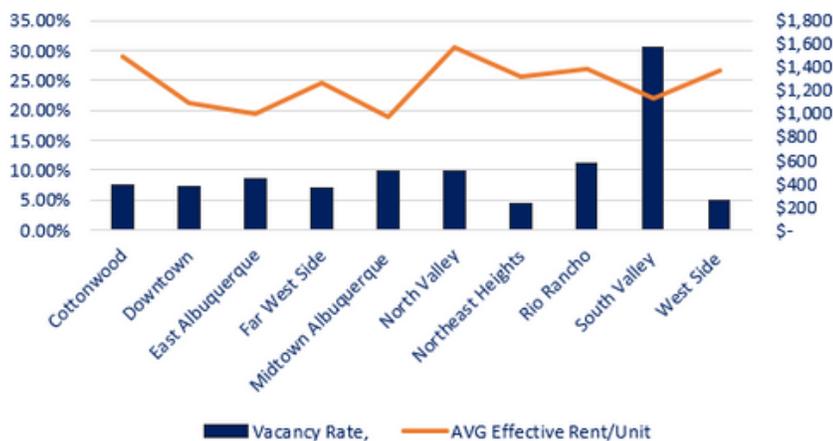
MARKET STATISTICS:

Submarket	Inventory (Units)	Vacancy Rate	YOY Vacancy Rate Change	AVG Effective Rent/Unit	Avg Effective Rent PSF	YOY % Effective Rent Growth
Cottonwood	4,923	7.50%	3.74%	\$ 1,490	\$ 1.61	0.20%
Downtown	2,445	7.20%	2.30%	\$ 1,096	\$ 1.61	4.40%
East Albuquerque	22,670	8.60%	0.49%	\$ 991	\$ 1.39	2.00%
Far West Side	1,297	6.90%	0.63%	\$ 1,266	\$ 1.45	5.70%
Midtown Albuquerque	1,629	9.80%	2.53%	\$ 974	\$ 1.41	1.70%
North Valley	1,929	9.80%	6.14%	\$ 1,563	\$ 1.74	1.00%
Northeast Heights	14,426	4.40%	2.57%	\$ 1,313	\$ 1.54	0.10%
Rio Rancho	1,163	11.20%	7.98%	\$ 1,383	\$ 1.62	0.60%
South Valley	1,115	30.40%	27.56%	\$ 1,133	\$ 1.33	6.60%
West Side	2,551	5.00%	0.82%	\$ 1,373	\$ 1.46	0.60%

KEY SALES TRANSACTIONS:

Property	Submarket	Buyer Type	Units	List Price
5123 Prospector Way NW - Resort at Sandia Village	Rio Rancho	Institutional Investor	120	\$ 24,130,000
8911 Northeastern Blvd NE - Arlo	North East Heights	Institutional Investor	118	\$ 13,690,000
13101-13115 Wenonah Ave SE - Via Tijeras	Southeast Heights	Private Investor	128	\$ 10,000,000

OVERALL VACANCY & ASKING RENT:



Jacob *Rocker*, CCIM

(505) 226-3929

Jacob@reanm.com

Real Estate Advisors, LLC 1227 Paseo de Peralta
Santa Fe, NM 87501

<https://reanm.com/home/>

REA | Real Estate Advisors specialize in the sale of commercial and multifamily properties, as well as offering leasing services for property owners and tenants. We are dedicated to delivering unparalleled value to our clients, associates, and partners through strategic commercial real estate solutions. As industry front-runners, we guide investors and tenants alike, advising on market trends, optimizing property marketing for sale or lease, and representing businesses in their quest for the ideal commercial space.