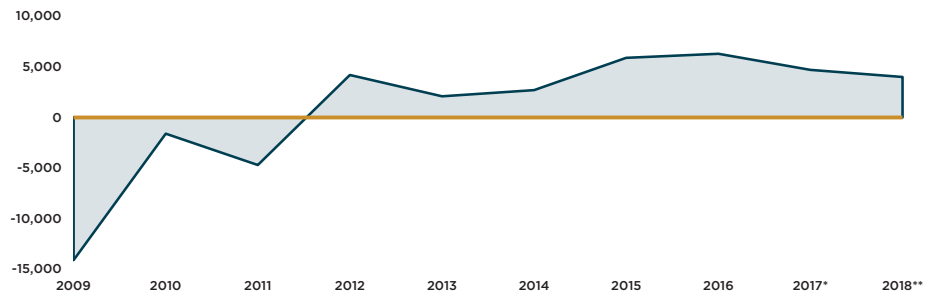


## 2017 REVIEW

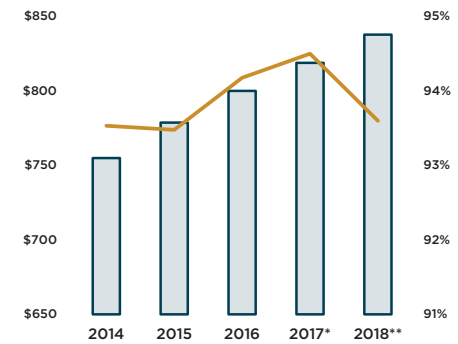
Favorable apartment fundamentals in Albuquerque persisted in 2017 amid modest employment gains compared to most metro areas in the country. While apartment absorption was down 24% from the prior year, leasing activity outpaced the 249 units that came online. Metrowide apartment occupancy averaged 94.5% by the end of the fourth quarter, the highest year-end occupancy rate since 2010. In the Northwest submarket, the area with nearly 90% of new apartment stock in 2017, the occupancy rate rose 40 basis points, a greater increase than any other submarket in the metro. During the same period, average effective rent across the metro appreciated 2.3% to \$819 per month in December. Continued job growth supported the local multifamily market. Albuquerque-area employment expanded 1.2% annually with 4,700 new workers. Net gains were recorded in seven employment sectors. Approximately 900 jobs were created in the financial activities segment, a 4.6% annual gain representing the highest rate of growth among the job sectors.

## EMPLOYMENT CHANGE



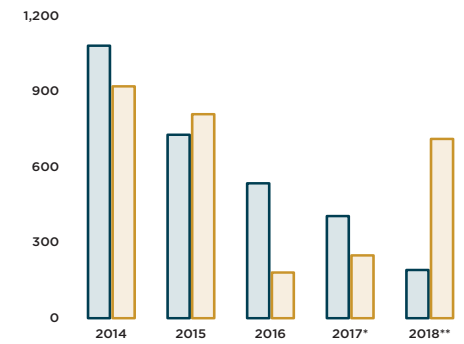
\*Estimate; \*\*Forecast | Source: Berkadia, Moody's Analytics

## EFFECTIVE RENT AND OCCUPANCY



\*Estimate; \*\*Forecast | Source: Berkadia, Axiometrics, Moody's Analytics

## ABSORPTION AND DELIVERIES



\*Estimate; \*\*Forecast | Source: Berkadia, Axiometrics, Moody's Analytics

## 2017 PERFORMANCE HIGHLIGHTS

### EMPLOYMENT

**4,700**  
▲ 1.2% YOY

### UNEMPLOYMENT RATE

**5.8%**  
▼ 30 BPS YOY

### OCCUPANCY

**94.5%**  
▲ 30 BPS YOY

### EFFECTIVE RENT

**\$819**  
▲ 2.3% YOY

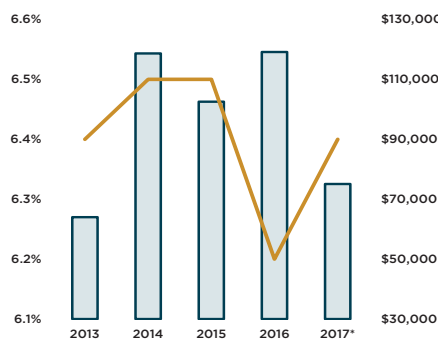
### ABSORPTION

**405 Units**

### CONSTRUCTION

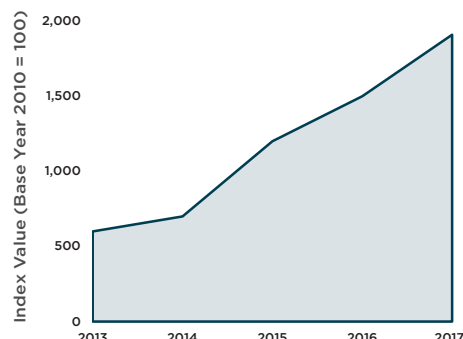
**249 Units**  
▲ 37.6% YOY

## CAP RATE | PRICE PER UNIT



\*Estimate | Source: Berkadia, CoStar Group

## SALES ACTIVITY INDEX



\*Estimate | Source: Berkadia, CoStar Group

## MARKET FACTS

### POPULATION

**913,700**  
YE 2017 ▲ 0.1% YOY

### HOUSEHOLDS

**371,000**  
YE 2017 ▲ 0.4% YOY

### MEDIAN HOUSEHOLD INCOME

**\$51,827**  
YE 2017 ▲ 2.4% YOY

### RENT SHARE OF WALLET

**19.0%**  
YE 2017 0 BPS YOY

## 2018 PREVIEW

Local businesses and institutions are forecast to add 4,000 net workers to payrolls in 2018. The new hires will represent a 1.0% year-over-year increase in employment. The job growth will be broad based, originating from manufacturing companies Flagship Food Group and The Raytheon Company, leisure and hospitality destination Santa Ana Star Casino, and the new Facebook data center in Los Lunas. More significant than the Facebook facility itself is its anticipated long-term, multiplier effect of new jobs in other employment sectors, particularly in the southern portion of the metro area.

Apartment demand will stay positive this year, although is forecast to trail deliveries by 73%. The supply imbalance will trigger a 90-basis-point reduction in occupancy to 93.6% by year-end. Multifamily developers, eager to avoid a prolonged supply imbalance, are expected to request permits for 418 apartments, 24% lower than average issuance during the previous five years. Meanwhile, operators will keep upward pressure on rents. Monthly effective rent is projected to reach \$838 by year-end, a 2.3% annual gain, matching the rate of increase in 2017.