



MARKET AT A GLANCE



OCCUPANCY RATE **95.0%**
Up **100 bps** since 2Q18



EFFECTIVE RENT **\$829**
Up **4.4%** since 2Q18

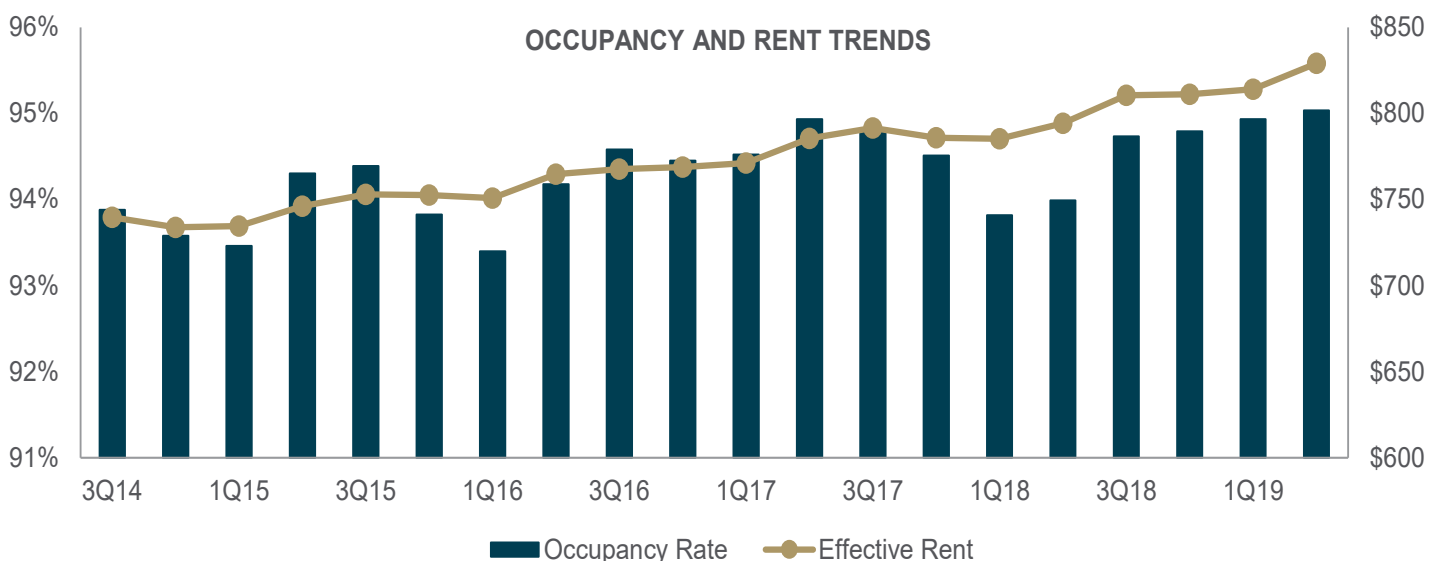


TOTAL INVENTORY **56,249**

OCCUPANCY AND RENT TRENDS

BRISK APARTMENT DEMAND FUELS 4.4% ANNUAL RENT GROWTH

Healthy apartment leasing activity in the last half of 2018 continued in the first half of 2019 and propelled apartment fundamentals in Albuquerque. During the most recent 12 months, renters newly occupied 859 apartments, 40% of which were in the North Valley submarket where the majority of new inventory emerged. Metrowide, builders delivered 289 apartments since mid-2018, a 41% reduction from the prior 12-month period. The excess renter demand helped push up average occupancy 100 basis points annually to 95.0% in June of this year, the highest quarterly occupancy rate since mid-2011. In this environment, operators were able to increase average effective rent 4.4% year over year to \$829 per month in June. During the next 12 months, 211 units are scheduled to come online, of which all 58 units at The Franz apartment community in the Downtown Albuquerque/University submarket will be delivered. The remaining units at two other multifamily developments will be completed in the first half of 2020. Additionally, three apartment communities representing a total of 626 units are anticipated to break ground later this year, but the first units will not begin leasing until late 2020.



ALBUQUERQUE

MULTIFAMILY REPORT

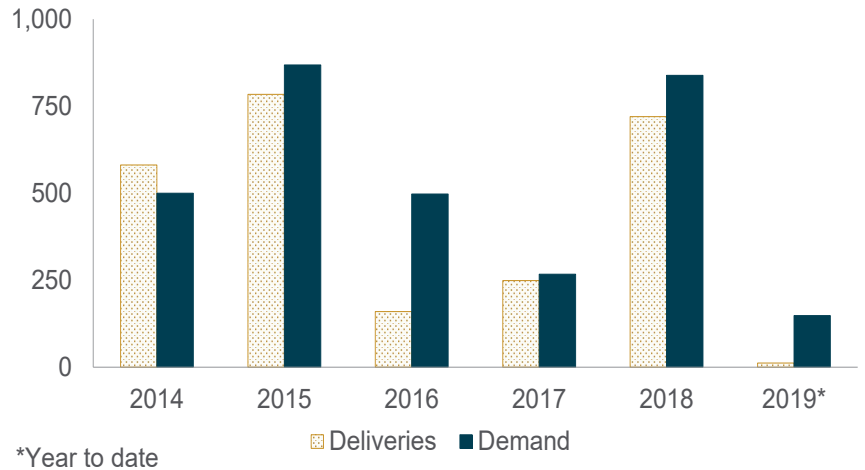
DELIVERIES AND DEMAND



DELIVERIES 12
Units YTD



NET ABSORPTION 148
Units YTD



ECONOMIC TRENDS

2018 **UNEMPLOYMENT*** 2019
4.6% **10 BPS CHANGE** 4.7%

2018 **EMPLOYMENT*** 2019
392.3k **0.9% CHANGE** 395.7k

2018 **EXISTING SFH SALES**** 2019
14.6k **-2.7% CHANGE** 14.2k

2018 **MEDIAN SFH PRICE**** 2019
\$205.2k **4.0% CHANGE** \$213.5k

2018 **10-YEAR TREASURY**** 2019
2.91% **-80 BPS CHANGE** 2.07%

Local employers hired 3,400 new workers in the 12-month period ending in April 2019, equating to 0.9% year-over-year expansion. Growth was present in four employment sectors, though layoffs in the remaining sectors partially offset that growth. Businesses in the leisure and hospitality industry led hiring with 2,000 new jobs, a 4.6% annual increase. The industry was boosted by the initial hiring of 150 new workers following completion of a \$40 million restaurant and gaming floor expansion at Isleta Resort & Casino in southern Albuquerque. Institutions in the education and health services sector also filled 2,000 new positions, a 3.1% year-over-year gain. In the professional and business services sector, employment grew 1.5% with 900 recruits. Many of these workers were high-paid scientists and technicians at Sandia National Laboratories. The sector's near-term outlook is also favorable, as Sandia Labs is in the process of filling 1,100 positions by year-end 2019. This influx of workers is expected to create additional apartment demand, particularly in eastern Albuquerque.

*April; **June



ALBUQUERQUE

MULTIFAMILY REPORT

SUBMARKET BREAKDOWN

SUBMARKET NAME	OCCUPANCY		AVG RENT CHANGE		AVG RENT		NET ABSORPTION		DELIVERED UNITS	
	2Q18	2Q19	2Q18	2Q19	2Q18	2Q19	2Q19	ANNUAL	2Q19	ANNUAL
Downtown Albuquerque/University	94.0%	94.7%	0.9%	5.4%	\$785	\$827	-21	148	12	78
Kirtland/Four Hills	94.9%	95.7%	2.3%	3.8%	\$717	\$744	7	55	0	0
North Valley	93.4%	94.8%	0.6%	4.7%	\$843	\$883	72	340	0	211
Northeast Heights	94.4%	95.9%	1.7%	4.9%	\$861	\$902	100	124	0	0
Uptown	92.5%	92.1%	-1.4%	2.6%	\$663	\$680	-203	-39	0	0
Westside/Rio Rancho	95.0%	97.2%	2.4%	4.3%	\$877	\$915	115	229	0	0
TOTALS	94.0%	95.0%	1.1%	4.4%	\$794	\$829	69	859	12	289

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