



MULTIFAMILY REPORT

Duke City's Hot Air Balloon Ride

Spring 2021

Development Remains Tepid

Transaction Activity Sluggish

Limited Inventory Aids Rent Performance

ALBUQUERQUE MULTIFAMILY



Rent Growth Softens, Still Above Nation

Albuquerque multifamily rebounded in the second part of 2020, aided by steady demand and limited supply growth. A softening trend marked the beginning of 2021, with rents rising 0.3% on a trailing three-month basis through February to \$994, still 20 basis points above the national level. Meanwhile, the occupancy rate in stabilized properties underpinned steady demand, rising 150 basis points to 96.3% in the 12 months ending in January.

Unemployment slid to 6.4% in November, following two spikes in job losses. Still, January preliminary data pointed to a further hike to 8.6%. Employment contracted 4.8% in 2020, outperforming the U.S. rate by 200 basis points. Three sectors saw gains last year, led by the metro's largest—the public sector—which added 4,500 positions. The metro's economic development department made \$10 million in grants available to small businesses in late October. On the heels of more recent federal aid, another promising sign came from Netflix, which announced a proposed expansion estimated to generate some 1,000 jobs over the next decade.

Following 509 units completed in 2020, the metro had 188 units delivered in the first two months of the year and an additional 1,412 units underway. Investment activity nearly halved in 2020—amounting to \$254 million—for a price per unit that rose 11.2% to \$128,840.

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Recent Albuquerque Transactions

Rio Volcan



City: Albuquerque, N.M.
Buyer: Lakeside Capital Advisors
Purchase Price: \$25 MM
Price per Unit: \$104,089

Vista Linda



City: Santa Fe, N.M.
Buyer: Peak Capital Partners
Purchase Price: \$20 MM
Price per Unit: \$185,933