

Yardi® Matrix

Albuquerque's Lengthy Recovery

Multifamily Report Winter 2018

**Renter-by-Necessity
Segment Leads Gains**

Job Growth Trails U.S. Average

Deliveries Hit Cycle Low

ALBUQUERQUE MULTIFAMILY

Yardi® Matrix

Market Analysis

Winter 2018

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Duke City Struggles on Recovery Path

Although underperforming, the Albuquerque multifamily market is on the mend. Tepid activity is partially due to a lagging pipeline and modest demographic expansion. And even though some of the metro's core submarkets show signs of growth, the suburbs continue a slow recovery from the most recent downturn.

Financial activities and education and health services led job gains in the 12 months ending in October 2017, adding a total of nearly 3,000 positions. Due to an aging population, the health-care industry is set to become the state's primary job driver by 2020, according to the University of New Mexico's Bureau of Business & Economic Research. At the same time, the construction of the \$119 million Albuquerque Rapid Transit bus system on the metro's iconic highway Route 66 may prove a catalyst for new projects along its way. Facebook's data center in Los Lunas could also prove crucial in attracting a factor key to the metro's future economic development: Millennials. This would be a sign that the local real estate market is ready to overcome its post-downturn slump. Despite fundamentals slowing in 2017, Albuquerque's growth is in line with historical averages.

Construction decelerated quickly after 2015's cycle high of 1,223 units. As of December, almost 1,320 units were underway, but Yardi Matrix projects that only 137 units will come online in 2018. As a result, we expect that rents in Albuquerque will likely continue their slow climb, appreciating by 2.7% in 2018.

Recent Albuquerque Transactions

Mountain Run



City: Albuquerque, N.M.
Buyer: Gelt
Purchase Price: \$51 MM
Price per Unit: \$107,277

Spain Garden



City: Albuquerque, N.M.
Buyer: DiNapoli Capital Partners
Purchase Price: \$40 MM
Price per Unit: \$80,444

The Retreat at Candelaria



City: Albuquerque, N.M.
Buyer: DiNapoli Capital Partners
Purchase Price: \$36 MM
Price per Unit: \$70,437

Prairie Hills



City: Albuquerque, N.M.
Buyer: Chartwell Capital Partners
Purchase Price: \$24 MM
Price per Unit: \$91,344

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