



MULTIFAMILY REPORT

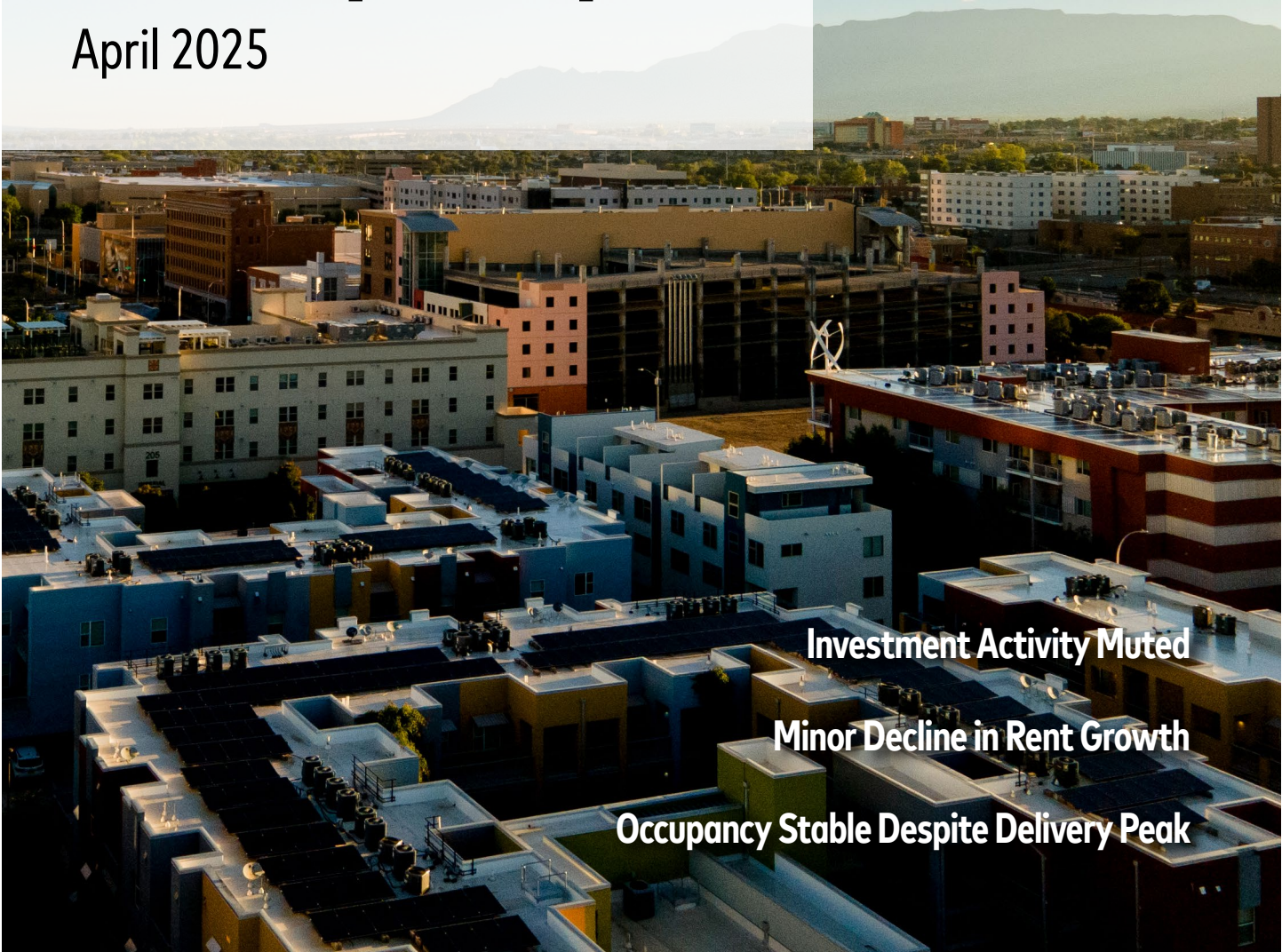
Spotty Growth In Albuquerque

April 2025

Investment Activity Muted

Minor Decline in Rent Growth

Occupancy Stable Despite Delivery Peak



ALBUQUERQUE MULTIFAMILY



Occupancy Endures Amid High Supply Wave

Albuquerque multifamily market's mixed performance throughout 2024 continued at the tail end of the slow leasing season. Following the seasonal pattern, rent growth moderated, down 0.1%, on a trailing three-month basis through February, to \$1,364, while year-over-year, it rose 2.9%, well above the 1.2% U.S. average. The occupancy rate in stabilized properties remained unchanged, at 94.8% year-over-year through February, while the rate was slightly down in the Lifestyle segment.

Employment growth in Albuquerque remained above the 1.3% U.S. average but decelerated 20 basis points month-over-month to 2.2% in December. Meanwhile, the unemployment rate stood at 3.7% in December, outperforming the state (4.3%) and the U.S. (4.1%), according to data from the Bureau of Labor Statistics. While three sectors lost 900 jobs combined, job growth was sustained by education and health services (3,000 jobs) and leisure and hospitality (1,200 jobs). The University of New Mexico opened new facilities in 2024 and started construction on a redevelopment and expansion project in the metro.

Developers delivered 318 units in 2025 through February and had 3,406 units underway. While stock growth will likely continue in 2025, transaction activity is lagging. In 2024, only \$105 million in multifamily assets traded in the metro, with the per-unit price up 7.1% year-over-year to \$143,956 in December.

Market Analysis | April 2025

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Recent Albuquerque Transactions

Villa Hermosa



City: Albuquerque, N.M.
Buyer: Dominion
Purchase Price: \$23 MM
Price per Unit: \$79,167

San Miguel Court



City: Santa Fe, N.M.
Buyer: Bascom Group
Purchase Price: \$14 MM
Price per Unit: \$141,667

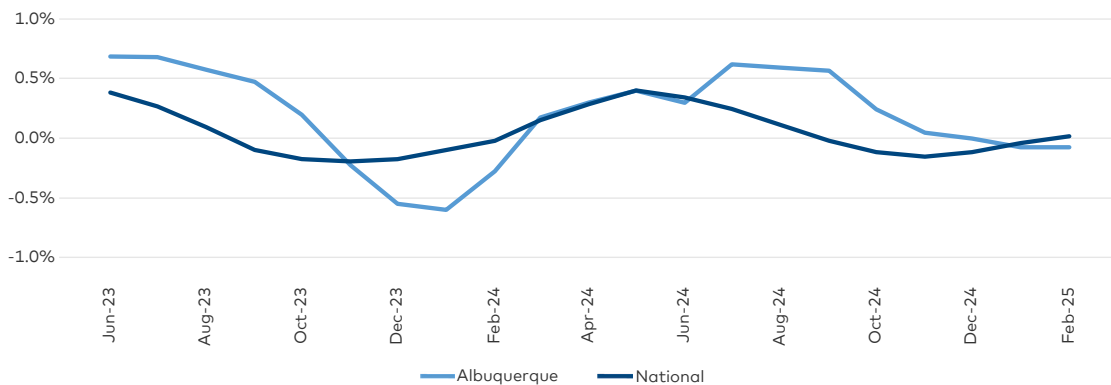
RENT TRENDS

- ▶ Average advertised asking rents in Albuquerque were down 0.1%, on a trailing three-month (T3) basis through February, to \$1,364. Meanwhile, the national average remained unchanged, at \$1,751. On a year-over-year basis, the average rent in the metro rose by 2.9% and was more than double the 1.2% U.S. rate.
- ▶ The minor decline in short-term rent growth was driven by rates in the Lifestyle segment, which were down 0.2%, on a T3 basis through February, to \$1,648, while the Renter-by-Necessity figure remained unchanged at \$1,218.
- ▶ Although 2024 marked a new peak in deliveries, Albuquerque's average overall occupancy rate in stabilized properties remained unchanged year-over-year, at 94.8% as of February, and slightly

above the 94.5% U.S. rate. Due to the recent influx of Lifestyle supply, occupancy in the segment inched down 0.2% year-over-year to 95.0%, while RBN occupancy stayed flat, at 94.7%.

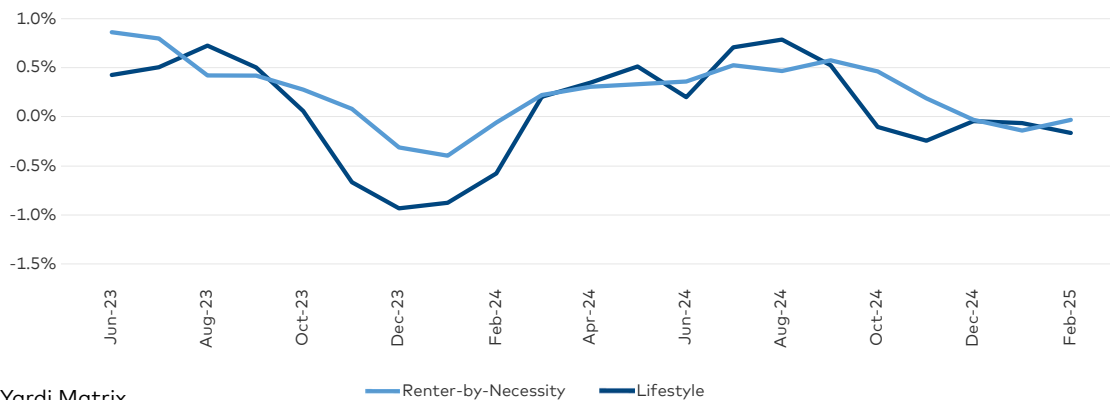
- ▶ On a year-over-year basis, rent growth was positive in all 21 submarkets tracked by Yardi Matrix. The most-sought-after areas remained Albuquerque-South (2.2% to \$1,884), Los Alamos (3.3% to \$1,800) and Santa Fe (1.9% to \$1,782). Strong rent growth was recorded in Albuquerque-Montgomery (8.6% to \$1,151), Albuquerque-Westside (5.0% to \$1,449) and Albuquerque-Academy (4.5% to \$1,384). Slower rent expansion was registered in Albuquerque-University (0.3% to \$1,165) and Albuquerque-South Valley (0.9% to \$1,182).

Albuquerque vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Albuquerque Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- ▶ Albuquerque's employment growth softened to a 2.2% year-over-year increase in 2024 but remained well above the 1.3% U.S. rate. The metro's job growth rate climbed above the 2.0% mark last June, following seven months in the 1.5% to 1.9% range. The unemployment rate improved 40 basis points in December, to 3.7%, leading the state (4.3%) and the U.S. (4.1%).
- ▶ Albuquerque gained 6,200 net jobs in 2024, with three sectors contracting—trade, transportation and utilities (-700 jobs), government (-100 jobs) and information (-100 jobs). Meanwhile, with more than 20 major educational institutions to sustain the economy through jobs while expanding the workforce, the education and health services sector led gains with the addition of 3,000 jobs. Next in line were leisure and hospitality (1,200 jobs) and mining, logging and construction (900 jobs).
- ▶ Among the projects that were completed in 2024 were The University of New Mexico Hospital's Behavioral Health Crisis Center, which was developed in a joint venture with Bernalillo County, and UNM's Health Sciences Center's College of Nursing & Public Health Excellence. The institution also started construction on a \$36 million replacement and expansion of New Mexico Hospital Children's Psychiatric Center, slated for completion in 2026. United Education Institute has also added a new learning campus south of Interstate 40.

Albuquerque Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	85	17.2%
70	Leisure and Hospitality	57.4	11.6%
15	Mining, Logging and Construction	32.8	6.7%
80	Other Services	17	3.4%
30	Manufacturing	18.9	3.8%
55	Financial Activities	23.2	4.7%
60	Professional and Business Services	73.9	15.0%
50	Information	6.2	1.3%
90	Government	97.1	19.7%
40	Trade, Transportation and Utilities	81.6	16.5%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- ▶ Albuquerque's population gained 53,803 residents between the 2010 Census and 2022, up 6.2% but trailing the 8.9% national rate.
- ▶ Population growth slowed, inching up 0.3% year-over-year in 2022, behind the U.S. average by 10 basis points.

Albuquerque vs. National Population

	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Albuquerque	912,108	915,986	913,388	915,968

Source: U.S. Census

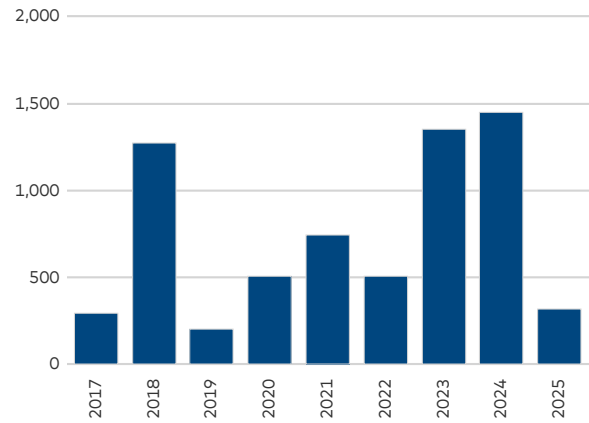
SUPPLY

- ▶ Developers had 3,406 units under construction in Albuquerque as of February, and another 10,600 in the planning and permitting stages. Lifestyle accounted for the bulk of the under-construction pipeline (69%), followed by fully affordable (16.8%) and RBN (14.2%) assets.
- ▶ Deliveries totaled 318 units through February, the equivalent of 0.5% of existing stock and above the 0.3% U.S. rate. The metro recorded supply growth rates of 2.4% in 2023 (1,353 units) and 2.5% in 2024 (1,450 units). Although those volumes were well below the national rate (2.9% in 2023 and 3.5% in 2024), they represented the peak years in Albuquerque's deliveries over the past decade. Last year's stock expansion consisted of Lifestyle (79% of deliveries) and fully affordable (21%) units.
- ▶ Activity is slowing down, as construction starts dropped to 982 units across seven properties in 2024, from 1,423 units across seven properties in 2023. With the majority of units underway as of February slated for completion throughout 2025, supply growth is anticipated to remain strong in the current year and slow down starting in 2026.
- ▶ Santa Fe led by volume of units under construction as of February, with 1,371 units. Well

behind that mark were Albuquerque–Academy with 563 units underway, and Albuquerque–North Valley with 474 units.

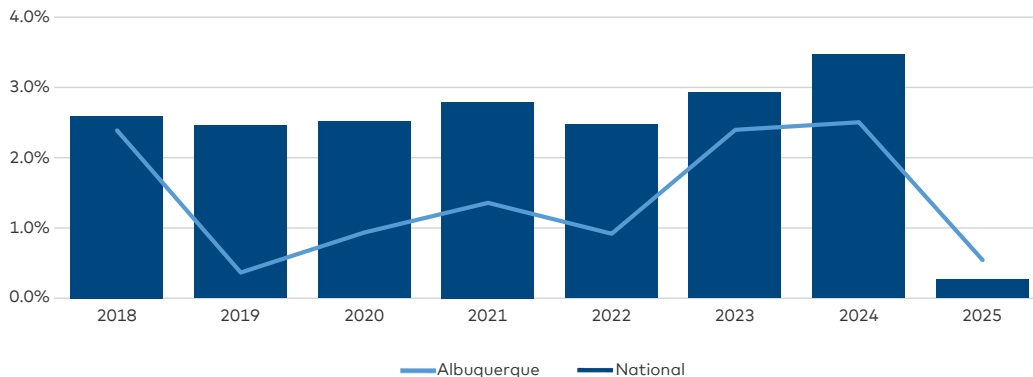
- ▶ The first property completed in the metro this year was a 381-unit Lifestyle property, in an Opportunity Zone in Albuquerque–South. The asset is owned by DiNapoli Capital Partners and holds a \$59 million construction loan originated by Hamblin Watsa Investment Counsel.

Albuquerque Completions (as of February 2025)



Source: Yardi Matrix

Albuquerque vs. National Completions as a Percentage of Total Stock (as of February 2025)



Source: Yardi Matrix

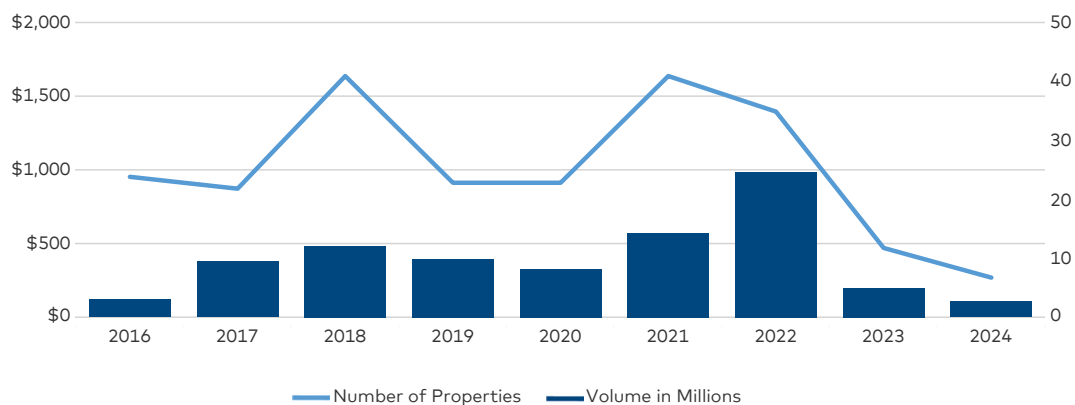
TRANSACTIONS

- ▶ Albuquerque posted minimal transaction activity in 2024, with \$105 million in multifamily sales. It was the lowest volume recorded in the past decade in both dollar amount and number of exchanged properties.
- ▶ Investors traded seven assets in 2024, totaling 1,170 units. Four sold in Santa Fe and three in northern Albuquerque. Investor interest was highest for fully affordable properties (four assets), followed by two RBN and one Lifestyle property. Albuquerque's average price per unit

rose 7.1% year-over-year to \$143,956 last year, lagging the U.S. rate, which increased 17.8% to \$228,671 during the first two months of 2025.

- ▶ Recent conventional sales include Dominion's acquisition of a fully affordable asset in Albuquerque–Westside built in 1996. ColRich Multifamily sold the 288-unit property for \$23 million, or \$79,167 per unit. The transaction was closed with aid from a \$17 million loan originated by Merchants Bank of Indiana.

Albuquerque Sales Volume and Number of Properties Sold (as of February 2025)



Source: Yardi Matrix

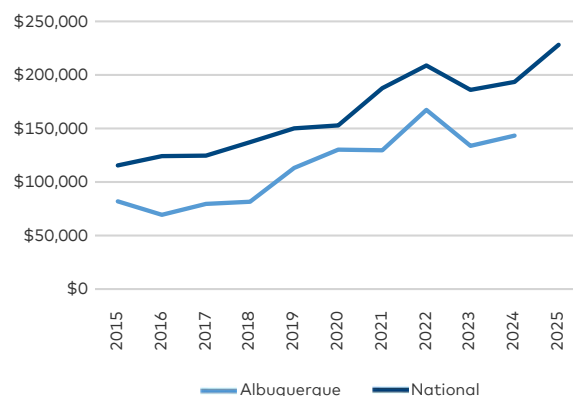
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Albuquerque–Westside	23
Santa Fe	14

Source: Yardi Matrix

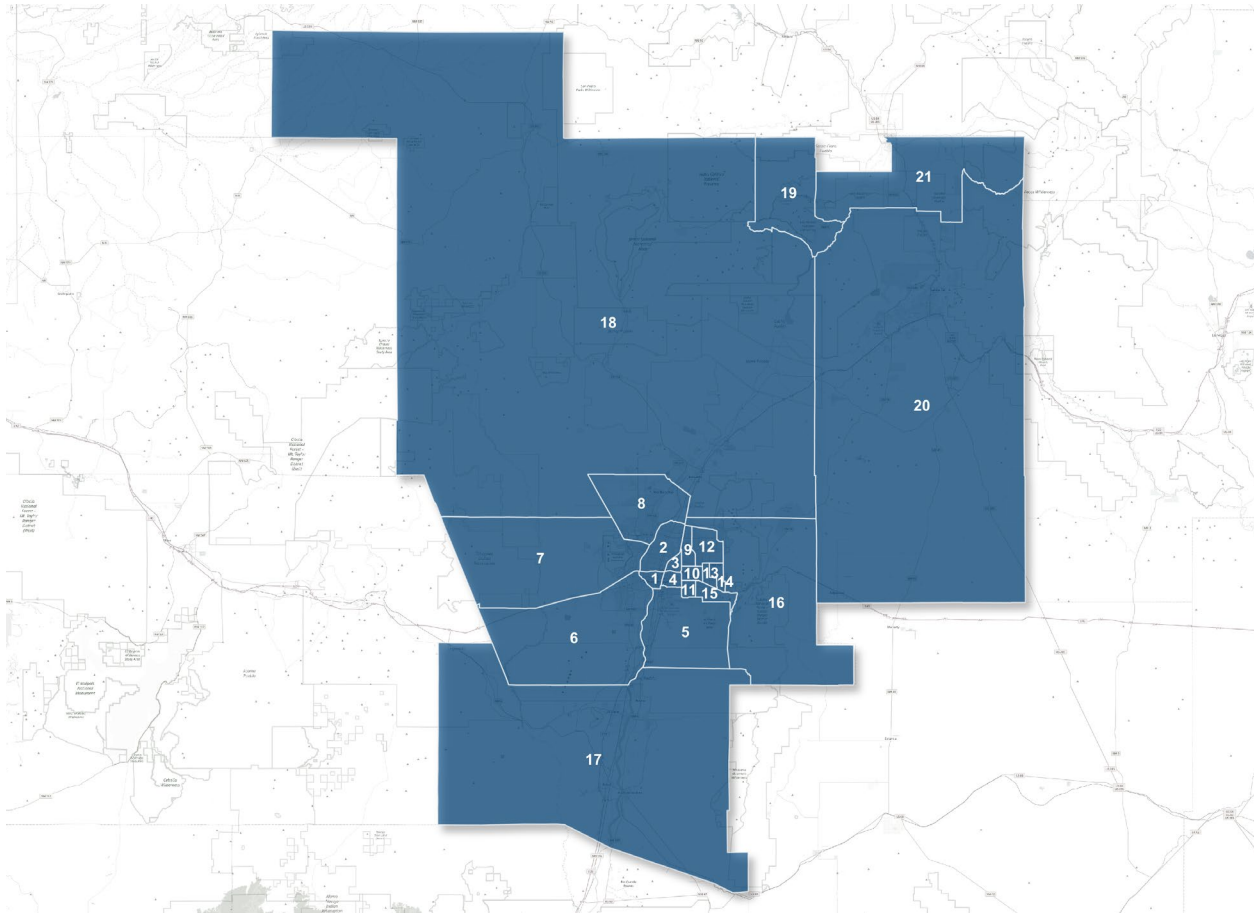
¹ From March 2024 to February 2025

Albuquerque vs. National Sales Price per Unit



Source: Yardi Matrix

ALBUQUERQUE SUBMARKETS



Area No.	Submarket
1	Albuquerque–Central
2	Albuquerque–North Valley
3	Albuquerque–Montgomery
4	Albuquerque–University
5	Albuquerque–South
6	Albuquerque–South Valley
7	Albuquerque–Westside
8	Albuquerque–Paradise Hills
9	Albuquerque–Academy
10	Albuquerque–Uptown
11	Albuquerque–International District

Area No.	Submarket
12	Albuquerque–Northeast
13	Albuquerque–La Cuesta
14	Albuquerque–Chelwood Park
15	Albuquerque–Southeast
16	Bernalillo County–East
17	Valencia County
18	Sandoval County
19	Los Alamos
20	Santa Fe
21	Espanola

DEFINITIONS

Lifestyle households (renters by choice) have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

Renter-by-Necessity households span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students*, who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households*, composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households*, which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

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