

Albuquerque remains a smooth and steady apartment market. Strong demand has mitigated upward pressure on vacancies from a recent uptick in deliveries, keeping the vacancy rate below its historical average of 6.5%.

Although development has picked up in recent quarters, the near-term pipeline is relatively bare. However, the local economy has started to gain steam and population growth is trending closer to the national average, which could brighten the demand outlook for developers on the sidelines.

One of Albuquerque's main draws is affordability. The average rent is a fraction of the national index, and modest rent growth this cycle has allowed household incomes to keep pace with any increases in rent. But a tightening market has accelerated rent gains in the past several quarters.

Albuquerque has become a highly liquid tertiary market, with more than 17% of inventory traded last year and plenty of capital flowing from outside of the state.

MARKET OVERVIEW



2,472

units of positive net absorption since 2015



2.9%

average annual effective rent growth since 2015



\$823

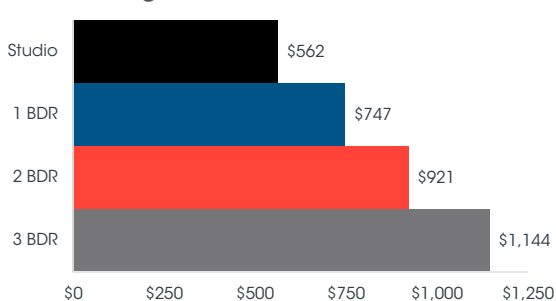
average asking rent per unit as of Q2 2019



2,411

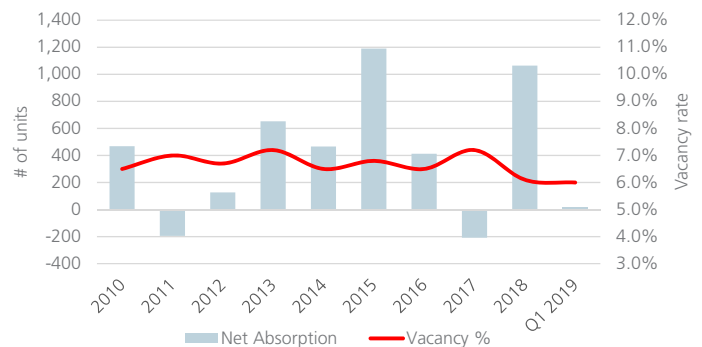
units delivered since 2015 (127 units under construction as of Q1 2019)

Average Market Rent Per Month

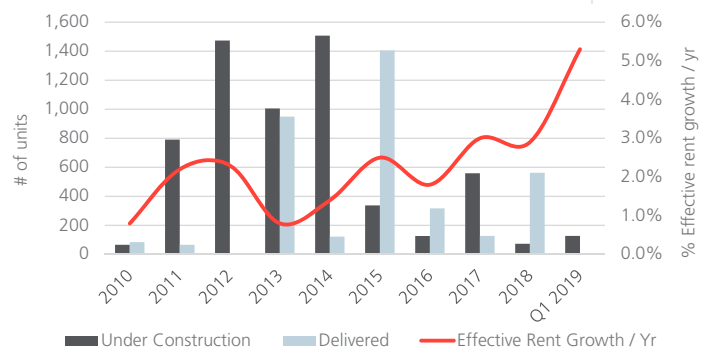


RENTAL OVERVIEW

Net Absorption vs Vacancy



Pipeline vs Effective Rental Rate Growth



CLASS BREAKDOWN



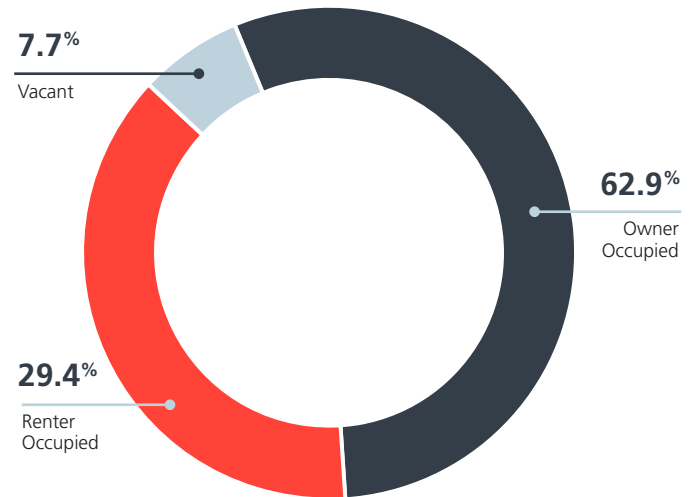
ALBUQUERQUE MSA	Class A	Class B	Class C	Overall
Effective Rent Growth (Y-O-Y)	7.9%	5.6%	3.6%	5.3%
Vacancy Rate	5.0%	5.6%	7.0%	6.0%
Net Absorption (12-Month Trailing)	585	276	(71)	790

KEY ECONOMIC INDICATORS

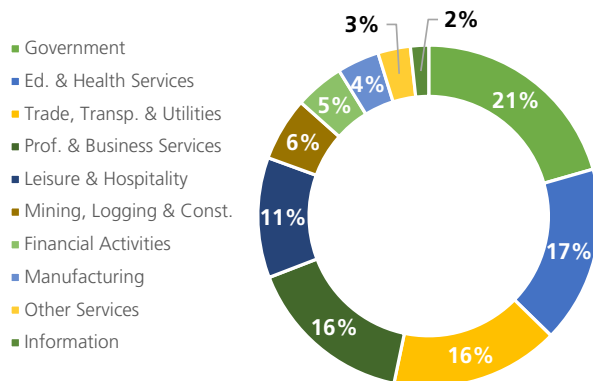
LABOR	Q1 2018	Q1 2019	Change
EMPLOYMENT	408,050	416,000	+1.9%
UNEMPLOYMENT RATE	4.4%	4.2%	-0.2%

PEOPLE	2010	2018	2023 Projection
POPULATION	887,077	931,402	961,704
% CHANGE	—	+5.0%	+3.3%
HOUSEHOLDS	347,366	360,330	370,291
% CHANGE	—	+3.7%	+2.8%
HOUSING UNITS	374,404	390,501	405,510
OWNER-OCCUPIED	233,628	245,625	253,849
RENTER-OCCUPIED	113,819	114,807	116,381
MEDIAN HH INCOME	\$49,182	\$52,667	\$57,219
% CHANGE	—	7.1%	8.6%

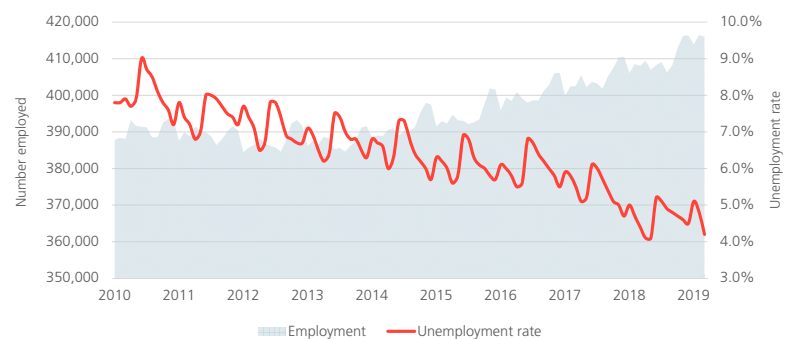
HOUSING PROFILE



EMPLOYMENT SECTORS



EMPLOYMENT VS UNEMPLOYMENT RATE



INVESTMENT SALES

DOUG BANERJEE
Senior Managing Director
469.518.5038
dbanerjee@greysteel.com

ANDREW HANSON
Director
469.518.8375
ahanson@greysteel.com

JACK STONE
Senior Investment Associate
469.458.8545
jstone@greysteel.com

DEBT & STRUCTURED FINANCE

DANIEL HARTNETT
Director
469.453.0194
dhartnett@greysteel.com



10000 N. Central Expressway / Suite 750 / Dallas, TX 75231 469.518.5040 / www.greysteel.com

New York / Los Angeles / Dallas / Fort Worth / Washington D.C. * / Philadelphia / Phoenix / Denver / Baltimore / Norfolk / Oklahoma City

*Corporate Headquarters and Transaction Services Center