Apartments are all about…

- People
- Ideas
- Capital
People – Albuquerque’s Math

• Demand = Population / persons per house \times % of population that rents

OR

The Albuquerque MSA needs 1 apartment units for every 10 people
Based on that, we need

- Albuquerque – ok today, needs 1,350 units a year
- Rio Rancho – underserved by 4,600 units
- Los Lunas – underserved by 796 units
$250B in 2007 to $12B in 2008
What is the impact when you move from Excess liquidity to none?

Annual percentage of total apartment inventory sold 1990-2010
Cantera Consultants & Advisors Inc. Commercial Real Estate Market Survey - Albuquerque, Las Cruces, Rio Rancho, Santa Fe and New Mexico

Survey compiled by Todd Clarke CCIM - respondents were surveyed June/July 2010 - 82 responses from NM's leading brokers, owners, investors and appraisers

State of the Market 2005 to 2010
That’s a 15% decrease
Rent’s have to increase
More than that to restore
Values to 2005 levels
The renter of 2010

• Grandkids of the babyboomers

• Never known a world without Internet

• Google has been their go to resource since age 10, today’s go to resource is Facebook (27% of them use FB as THE resource for recommendations)

• Likely to have 10 to 14 jobs by the age of 38
What about apartment sites?

- 1980’s - hundreds
- 1990’s - dozens
- 2000’s – a handful
- 2010’s – thanks to TOD zoning, MRA plans, and Rio Rancho – back up to two dozen
Idea communities = ideal communities
  - Live / Work
  - Live / Leave / Green
  - Live / Shop
  - Live / Learn

Idea communities = niche

Unfortunately, the herd mentality of lender’s encourages sameness.
Idea #1: Live / Leave / Green

“Leased ahead of schedule – market rate and under 30% of income units leased first”
- Developer/Owner
Idea #2: Live / Learn

Brick Light District

These urban apartment homes were designed for people who choose to be free from boring traditional apartment living, and can easily leave their car if so desired. Located in a dense pedestrian corridor, across from the University and is within walking distance to unique shops and restaurants. Finally you can put a stop to mundane living!

New Courtyard Apartments: 505.712.4357

Unique design and location, top rents
Idea #3: Live / Shop

Superior design and location, top rents, top sales price

“this property out performed the market by $0.50/sf and the consultant’s proforma by 20%”
Idea #4: Live / Work

Superior design, focus on resident base and location top rents

“I think we could Build these all Day long”
- Mark Allison
What isn’t working…

• Warmed over 1980’s vintage design
• Focus on unit size vs. quality/design
• Any location
Lender’s don’t want to hear this

The niche product is outperforming the market product by 2 to 1

Any location
Forecast

• Double Digit Rent increases
• Values will begin to recover when capital is abundant
• Niche Play’s (i.e. idea communities) will continue to outperform