



January 2nd, 2020

Good morning and Happy New Year to you and yours!

Just a couple of quick updates for this morning:

- For the second year in a row, we did not experience a slowdown in deal activity or investor interest (normally things slow down between Thanksgiving to mid-January).
- We received a dozen offers in that time period and 3 more listings have gone pending.
- We continued to receive investor tour requests throughout the holidays - at the rate of 1 to 2 a week - this afternoon I have a tour from a Los Angeles based investor and another tomorrow from the Silicon Valley area.
- Recent articles in the San Francisco area indicate their real estate market did not experience as big of an appreciation as they had hoped (from the IPOs in 2019), BUT, I can tell you that our market has benefited from 1031 investors coming out of that market as they continue to pour in.
- The sweet spot for most investors who invest their time to be here in ABQ on a tour seems to fall into 2 groups:
 - \$500,000 to \$1,200,000 - partially driven by 1031 exchanges, and in part, capital looking for higher returns than surrounding states can offer.
 - \$2,000,000 to \$5,500,000 - mostly driven by 1031 exchanges.

These buyers like our economy, the fact that we are the 3rd best place in the country for film/tv, the recent investments from NetFlix and Facebook, and of course our spectacular quality of living. Although many of them originally found NM based on a search for higher returns, virtually none of them, are asking for a higher return than the market is offering (last year, the buy/sell spread was over 1.0%, this year it is virtually non-existent).

These investors are coming here, fleeing markets with rent control, property tax crazyness, or minimal appreciation potential. A majority of these investors are primarily focused on minimizing federal taxation (via 1031 exchanges), and after they complete their market tour, tell us how much they appreciate that New Mexico offers straight forward, candid, and honest property managers and brokers. They then go on to tell us how difficult their attempts were to do a deal in NV, CO, AZ, FL, etc.

Related to that, we are now tracking 176 active investors in the market, and those that come to our firm are drawn by the detailed, informative and fully complete flyers. The buyers tell us they are amazed at how many deals they have looked at that have little more than the MLS basic info, or at best a two page summary. Most of NM Apartment Advisors marketing materials run somewhere between 15 to 40 pages and includes the background story about the market, neighborhood, property with maps, photos, drone shots, financial analysis, comparable sales analysis and information on how to be an effective buyer in this market.

That is a long winded way to let you know that few of them are focused on the proforma (proforma is a catchword in other markets for flat out misleading information), or on beating up existing (NM) Sellers.

Based on the above, our strategy remains the same - to play the long game, and make your investment offering as appealing as possible to those buyers who are at the top of the pyramid, and are willing to pay a premium in the market.

The 4 unit and under market continues to do well - part of this continues to be driven by owner occupants who can't seem to find housing under \$250,000 - if your fourplex has good curb appeal and is priced under \$300,000, it is likely to go to an owner occupant. (Please see attached SWMLS report on the single family market stats and the lower than normal inventory of product).

This last Sunday, we ran a full page advertisement in the ABQ Journal (attached) and I am pleased to report it has led to a slew of calls and emails for additional info. I would be glad to mail you a copy of the advertisement. If you would prefer to have a physical version - just let me know.

When you have a chance - if you could send us your most recent rent roll and end of the year profit and loss statements, we will update the APOD and flyers for your property for this year. I know most of us won't have our year end reports ready for another month, so I will remind you again in a few weeks.

I am really excited about 2020 and where our market is going.

Sincerely,

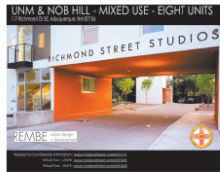


Todd Clarke CCIM
CEO
NM Apartment Advisors

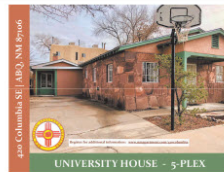


NM Apartment Advisors Inc. would like to thank the clients, brokers, lenders and title company closers who made 2019 one of the best years in the last three decades.

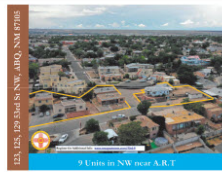
Available



High end Nob Hill Live/Work



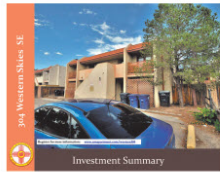
5 UNM Units - \$100,000/unit



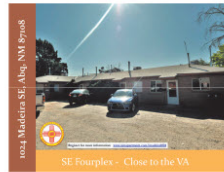
9 units NW Mesa



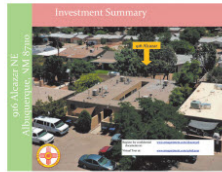
High end downtown fourplex



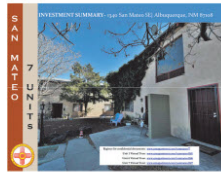
Singing Arrow Fourplex - \$233,500



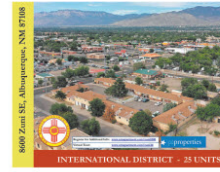
SE Heights Fourplex - \$189,500



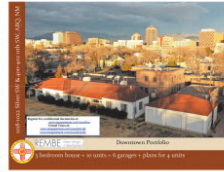
Side by Side Uptown Fourplexes



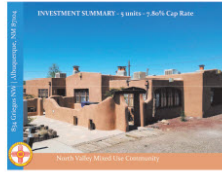
7 units near VA



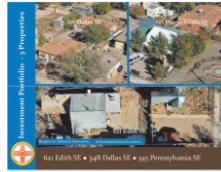
25 units—8.35% Cap rate



5 bedroom house + 10 units



North Valley 5 units mixed use



Seller financed portfolio of 7 units



Amazing downtown Fourplex



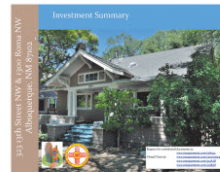
53 brand new construction units



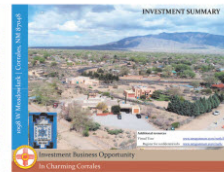
Adorable duplex w/garages



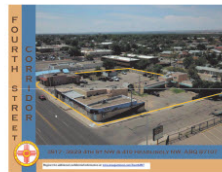
3 owner occupant units NW



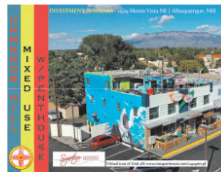
Downtown Triplex



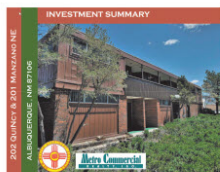
Corrales bed and breakfast



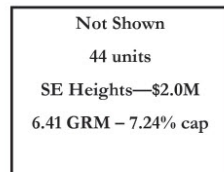
13 units in North Valley



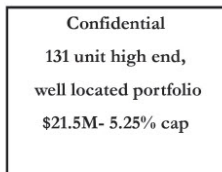
7 high end Nob Hill units



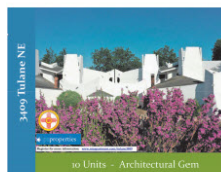
13 units Nob Hill - 5.31% cap rate



Not Shown
44 units
SE Heights—\$2.0M
6.41 GRM - 7.24% cap

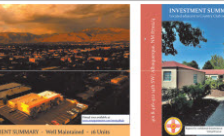


Confidential
131 unit high end,
well located portfolio
\$21.5M- 5.25% cap



Bart Prince designed 10 units

Pending



Sold in the last year

6 courtyard units in Old Town, two owner occupant fourplexes in NE Heights, 30 units near St. Pius to Silicon Valley engineer, 52 units in Alamogordo, 10 units in Downtown to Los Angeles based 1031 investor, 38 units in Hobbs, Old Town triplex to owner occupant, 12 units in north Downtown to Los Angeles based 1031 investor, high end fourplex near base of Tram to local investor, 5 units in EDO, four units near KAFB to local investor, 21 units in Nob Hill to Reno based 1031 investor, UNM sixplex to Northern NM investor, 20 units in SE Heights to local non-profit, 12 units in east downtown to CA investor, 50 units in Nob Hill, 8 NE Heights units to local 1031 investor, 8 units Downtown to 401K Santa Fe based investor, 12 units to local 1031 investor and 75 new construction units in North Valley sold to Bay Area 1031 investor.—Thank you one and all from **Todd Clarke CCIM CIPs**

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FINAL ★★



CNM President Kathie Winograd is working her final days as head of the community college.

GREG SORBER/JOURNAL

From coal mining town to college president

Erasing criminal history

Officials brace for surge in expungement requests under NM's sweeping new law

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BY COLLEEN HEILD AND KATY BARNITZ
JOURNAL STAFF WRITERS

A total of 181 people sought to expunge their criminal records — almost exclusively misdemeanors — with the New Mexico Department of Public Safety in fiscal 2017-18.

Now, court officials and prosecutors are bracing for a possible flood of people seeking to expunge their criminal records beginning Jan. 1 under new law passed by the Legislature and signed by Gov. Michelle Lujan Grisham.

New Mexico's new expungement law will be "one of the broadest record-closing authorities in the nation," says the Restoration of Rights Project, a national organization that tracks such laws by state.

Virtually all arrest and conviction records are now open to the public.

But under the new law, courts can limit public access to records of certain crimes.



Rep. Antonio Maestas