



## Client update letter – October 2019

October 9th, 2019

Good morning!

Please accept my apologies – I generally like to get these updates out to you during the first week of each month. Unfortunately, I have not had a lot of desk time. Fortunately, its because:

- ✓ We received 15 offers in last 10 days
- ✓ We have had 5 investor tours (not including 3 more today)
- ✓ We have a dozen investors who are scheduling tours between now and years end
- ✓ Increased Silicon Valley interest – our advertising leads totaled 216 visits in September 2019, double what they were the month prior
- ✓ Renewed interest from San Diego based investors – thanks in part to the new statewide rent control in California
- ✓ While our thoughts and sympathy are with those 800,000 Californian's who are without power this week, you have to wonder how much more Californians want to put up with natural catastrophes, rent control, and other factors – making New Mexico all the more attractive
- ✓ Albuquerque was ranked as the 6<sup>th</sup> based rent growth market in the nation with annual rent growth of 4.30% – behind Tacoma, Colorado Springs, Tucson, Long Island, and Louisville (Yardi)
- ✓ Currently we are tracking 99 active investors in the market – up 100% from the 50 last month.

### Attached graph

I had a client ask me last month “With decreasing Cap rates in your market, why would investors continue to invest there?”. If you are a visual person, our answer is illustrated in this graph, if you are a word person, I could summarize it in these bullets:

- ✓ Blue bar shows price per unit - you could buy old, tired product in CA or CO for \$400,000 to \$1,383,000 per unit or you could come to NM and get brand new product for \$165,000 to \$200,000 per unit
- ✓ Orange bar shows Cap rates – CA and CO are offering **proforma** cap rates between 1.75% to 3.96% - New Mexico offers actuals 4.44% to 8.89%
- ✓ Green line shows rent growth potential – keep your money trapped in a government restricted control on rents, or move to NM and reposition, re-manage a property with rents anywhere from 7% to 38% under market.  
\* Please note this is not an empirical study, but rather anecdotal information gleaned from listings advertising in the market today.

### Recent closings and current Pending Sales

- ✓ 1808 Old Town NW - 6 units Sold at \$602,500 to a vacation rental operator
- ✓ 306 Walter SE 5 units - out of state investor repeat investor – sold to value add investor - \$337,400 – 6.70% cap rate
- ✓ 1401 Silver SE - 5 units – Sold to local value add investor – (closes Friday)
- ✓ 570 Jane NE – fourplex– Sold to local investor – Seller exchanged into rental home in Uptown Area
- ✓ 1501 Pennsylvania NE – ridiculously large fourplex– Sold to local investor – closes Friday
- ✓ Pines Apartments in Alamogordo – 52 units – ABQ Investor with family ranch near property
- ✓ 311 12<sup>th</sup> SW – 6 units downtown – out of state investor (Silicon Valley) with local foot print – all cash buyer
- ✓ 4119 Fourth NW 75 units - Bay area 1031 buyer – Sold and Closed – priced not disclosed

- ✓ 4322 Fourth NW 24 units - local 1031 buyer – complicated multifaceted exchange - closes first week of December
- ✓ 4201 Atrisco NW 30 units– California based buyer – just obtained bridge loan (thanks to Peter Gineris lender at CBRE)
- ✓ 2604 Muriel NE – fourplex - \$275,000- received 5 offers in first 48 hours on market – under contract to investor
- ✓ 12209 Eric NE – fourplex - \$275,000- received 5 offers in first 48 hours on market – under contract to owner/occupant

### **New Listings**

- ✓ New construction – Cascade Crossing - 53 units – 3308 Fourth NW – construction finishes end of the year - \$7.7M – 5.25% cap rate – <http://www.nmapartment.com/apt/NMAA-Fourth3308NW.pdf>
- ✓ Q portfolio – market lead, iconic brand, best in market rents and systems – 130 units \$21,595,699 - <http://www.nmapartment.com/apt/Q.pdf>
- ✓ High cap rate 25 units in International District – 8600 Zuni SE - <http://www.nmapartment.com/apt/NMAA-Zuni8600SE.pdf>
- ✓ Amazing family style compound - 1112 & 116 Palomas SE – gated, renovated, secluded/private - <http://www.nmapartment.com/apt/NMAA-Palomas1112-1116SE.pdf>
- ✓ 544 Palomas SE – coming to market early next week – fourplex under \$200,000!

### **Changes in Listing**

- ✓ Recent rent increases at Bart Prince designed 3409 Tulane NE – improved cap rate to 6.97% - <http://www.nmapartment.com/apt/NMAA-Tulane3409NE.pdf>
- ✓ We have new virtual tours for the units at 11<sup>th</sup>/Silver - <http://www.nmapartment.com/apt/NMAA-1022SilverSW.pdf>
- ✓ Need an office? Amazing price drop – 2823 Richmond NE – 6,200 sf – now at \$520,000 - <http://www.nmapartment.com/apt/NMAA-rich2823.pdf>

### **Out of town**

Kahleetah and I will be in Tucson from October 15<sup>th</sup> to October 22<sup>nd</sup>, visiting her parents, but will be working daily.

We are working hard to make the balance of the year profitable and rewarding for you and your property.

Sincerely,



Todd Clarke CCIM CIPs  
CEO  
NM Apartment Advisors Inc.



The New Glass Ceiling on price per unit for apartment investments

#	Property	\$/unit	Cap Rate	Avg. Rent	Potential Rent	Potential Increase Rent Income as %
CA1	California Prices - 1.75% cap - closer to water	\$1,383,333	1.75%	\$ 4,011		0%
CO1	Colorado Prices - 3% to 4% cap	\$694,444	3.00%	\$ 3,430		
CO2	Colorado Prices - 3% to 4% cap	\$625,000	3.00%	\$ 2,063		
CA2	California Prices - 3.96% cap - north Hollywood	\$436,875	3.96%	\$ 2,885		0%
ABQ1	ABQ High end lifestyle newer construction - Richmond Studios - 4.44% C:	\$328,963	4.44%	\$ 1,531	\$ 1,531	0%
ABQ2	ABQ High end Nob Hill mixed use	\$233,118	5.79%	\$ 1,675	\$ 1,675	0%
SF1	Santa Fe - high end new construction sale	\$200,000	3.00%	\$ 1,400	\$ 1,456	4%
ABQ3	ABQ - High end - new construction - Uptown apartments	\$198,500	5.00%	\$ 1,410	\$ 1,466	4%
ABQ4	ABQ - Q portfolio renovation / rehab	\$167,692	5.25%	\$ 1,096	\$ 1,121	2%
ABQ5	ABQ - New Construction North Valley	\$145,283	5.28%	\$ 1,027	\$ 1,027	0%
ABQ6	ABQ - NE Heights Condo Quality - 1980s	\$120,000	5.30%	\$ 864	\$ 1,013	17%
ABQ7	ABQ - Downtown 11th/Silver Compound	\$110,182	6.28%	\$ 1,009	\$ 1,084	7%
ABQ8	ABQ - NE Heights Condo Quality - renovated - Wellesley	\$102,500	5.59%	\$ 771	\$ 973	26%
ABQ9	ABQ - High end but dated Old Town Compound	\$100,417	5.00%	\$ 767	\$ 883	15%
ABQ10	ABQ - Downtown 12th street portfolio	\$88,379	5.75%	\$ 691	\$ 849	23%
ABQ11	ABQ - Downtown 14th street portfolio	\$79,205	5.80%	\$ 587	\$ 812	38%
ABQ12	ABQ - Nob Hill/UNM portfolio w/garages	\$63,577	5.25%	\$ 651	\$ 719	10%
ABQ14	ABQ - SE heights - The Patios	\$44,705	7.25%	\$ 586	\$ 710	21%
Alamo1	Alamgordo - Pines apartments	\$40,865	8.89%	\$ 472	\$ 530	12%

