



Good morning-



Given the turbulent times we live in, I am often asked if investors are still active in the market and the simple answer is yes with 2,854 active buyers in the market, plus another thousand bot-buyers...but, the deeper answer is that many of those investors are waiting for interest rate relief as well as some signs of less turbulence in the economy. This has been reflected locally as the metrics from the post card mailing, we did last week show a 50% jump in flyers downloaded on our website, but the number of buyer registrations has remained flat.

This month's market update has been organized into those items that are holding it back, known as head winds and those carrying the market forward, known as tail winds.

Head winds include:

- Interest rates (national)
- Buyer brokers are uncertain if they will be paid as a fall-out of the NAR/DOJ lawsuits
- Property insurance premiums (regional) continue to increase, 200% to 400% and quotes for new policies are often predicated on pre-inspections
- Property taxes (state wide) – notices of value have been mailed out and we are seeing a 100% increase in many commercial values and a 100% to 400% increase in recently sold apartment investments
- Local legislative efforts for rent control and
- National viral social media posts like this one <http://www.nmapartment.com/YouTubeABQView> which focuses on some of Albuquerque's toughest neighborhoods
- Appraisal standards are narrowing in time and geography and focusing on the worst of comparable sales as many recent sales are a reflection of those who have to sell vs. those who would like to sell.

And Tail Winds:

- Continued announcements in new job growth pushing the overall demand up to 28,934 units needed by 2027.
- Strong demand in the market for housing, despite historic increase in supply of new housing.
- Active investors in the market continue to expand as they escape overly regulated markets.
- Hope for additional tax benefits for real estate from the Federal Government in its new budget.
- Pricing of similar product in markets where buyers in NM are coming from (examples on page 4).
- New Mexico is #9 with 8.5% of its GDP represented by exports: <http://www.nmapartment.com/tarriff>
- Hope that the hard work we put into the 2025 legislative session bears fruit in 2026 and 2027. An overview/recap of the session can be found here – <http://www.nmapartment.com/recap> (thanks to NMAR!)
- State/City wide deployment of community policing with national guard deployment with a focus on cleaning up Albuquerque's streets

Rents - are holding ground, even as new construction continues, and the market absorbs over 2,000 new units each year. The soft spot in the rental market continues to be those housing units that rent for more than \$2,100 as supply has increased from all of the home owners who did not sell their houses in 2024 for the price they wanted, pivoted to a hold-and-rent-and-wait attitude, dumping over 250 rental units on the market in late 2024. Most of those have since been absorbed.

Public Service announcement – please read your property tax notices of value

I met with the assessor for Bernalillo County late last week and I have some additional insights into the notices of value that were mailed out on May 1st. First, please be sure and read your notice of value and/or send it to me for review.

Second, thanks in part to Property Tax Consultants for working hard to stop legislation and a flawed legislative finance report, there will be no legislative solution that will assist our industry, and if there is one, the calvary will not likely arrive until Spring of 2027.

Third, I believe it is very likely that Buyers will be likely forced to disclose sales prices with an affidavit at closing AND that Seller's will have to start modeling the Buyers first full year of ownership based on a property tax bill of 85% of the purchase price. I am also hopeful that when the dust settles on the property tax protest cases in 2025, we find that number is closer to 70% to 75%. Our firm has setup a do-it-yourself property tax protest portal for properties under \$1M at <http://www.toddclarke.net/do-it-yourself-property-tax-protest/>

And we are glad to review your notice of value and represent you as a property tax consultant – please note the deadline to file a protest is June 2nd, and we would need to review your notice of value **by Monday, May 26th, 2025.**

If fourplexes are the canary in the apartment investment mine, then the canary keepers are showing signs of panicking...

Although fourplex appreciation is up 13.1% over last year, and values have increased 102.4% since 2018, of the 26 fourplexes currently available for sale in SW Multiple listing service, 42% have decreased their price since going to market, 8% have increased and 50% have remained the same. This despite the fact that the average price of \$499,852 is only 4.6% higher than the average closed price for 2025 of \$476,107.

Metrics from investors who call our firm

Overall investor activity, across the board for all size deals, was down 50% from Q4-2024 to Q1-2025 (103 to 52 calls/emails), in large part because many were waiting to see if we were going to get some interest rate and property tax legislative relief. That is also down 50% from Q1-2024 (106 calls/emails).

Mortgage applications: “Mortgage application volumes in the US sank by 4.2% from the previous week on the period ending April 25th, extending the 12.7% drop earlier, which was the sharpest in six months. The sharp drop in application volumes took place despite the marginal pullback in benchmark mortgage rates, reflecting the impact of economic uncertainty and evidence of a softening labor market in the US on housing demand. Applications for a mortgage to purchase a new home were 4% lower on the week and 7% lower on the month, even though mortgage rates have dropped substantially since late March. In turn, Applications to refinance a home loan, which are more sensitive to short-term changes in interest rates, dropped by 4% on the week. source: Mortgage Bankers Association of America”

--<https://tradingeconomics.com/united-states/mortgage-applications>

Home Builders Sentiment

“Growing economic uncertainty stemming from tariff concerns and elevated building material costs kept builder sentiment in negative territory in April, despite a modest bump in confidence likely due to a slight retreat in mortgage interest rates in recent weeks. Builder confidence in the market for newly built single-family homes was 40 in April, edging up one point from March, according to the National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI) released today. “The recent dip in mortgage rates may have pushed some buyers off the fence in March, helping builders with sales activity,” said NAHB Chairman Buddy Hughes, a home builder and developer from Lexington, N.C. “At the same time, builders have expressed growing uncertainty over market conditions as tariffs have increased price volatility for building materials at a time when the industry continues to grapple with labor shortages and a lack of buildable lots.”

“Policy uncertainty is having a negative impact on home builders, making it difficult for them to accurately price homes and make critical business decisions,” said NAHB Chief Economist Robert Dietz. “The April HMI data indicates that the tariff cost effect is already taking hold, with the majority of builders reporting cost increases on building materials due to tariffs.”

-- <https://www.nabb.org/news-and-economics/press-releases/2025/04/builder-confidence-levels-indicate-slow-start-for-spring-housing-season>

Overall metrics we are tracking include total views from the Multiple Listing Services (MLS), Commercial Information Exchanges (CIE) and our website are down 2% in April from March of 2024. We currently have 8 listings that are in pending status and each listing is averaging 3 offers, down from 6 in 2024.

One last note, later this week I will be sending out an excel spreadsheet tool that will allow you to model, analyze and visualize the impact of the tail winds on a property's investment value.

Sincerely,

Todd Clarke CCIM CIPS
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If pictures are worth a thousand words, then this snapshot of properties available in other states buoys my optimism as NM investment properties continue to look like a bargain in price per unit, price per square foot and overall cap rates.



LINCOLN WAY TERRACE

Coeur d'Alene, ID
Multifamily | 4.70% CAP | 18 Units

PROPERTY FLYER

DETAILS

Asking Price	\$3,690,000	NOI	\$172,752
Property Type	Multifamily	Units	18
Subtype	Apartment Building	Year Built	1979
Class	C	Permitted Zoning	CDA-R-12 Residential District
Square Footage	14,613	Lot Size (sq ft)	21,707
Cap Rate	4.70%		



570 N MADISON AVE - PRICE IMPROVEMENT \$2,999,999

Pasadena, CA
Multifamily | 9 Units | HUGE ADU Potential in PRIME Pasadena!

Offering Memorandum

DETAILS			
Asking Price	\$2,999,999	Units	9
Property Type	Multifamily	Year Built	1963
Subtype	Apartment Building	Buildings	1
Investment Type	Value Add	Stories	2
Square Footage	7,222	Permitted Zoning	PSR1
Price/Sq Ft	\$415.40	Lot Size (sq ft)	12,685
Cap Rate	5.04%	Price/Sq Ft (Land Value)	\$526/SF
Pro-Forma Cap Rate	9.23%	Broker Co-Op	Yes
Occupancy	100%	APN	5731-006-024
NOI	\$151,289	Price/Unit	\$333,333.22
Pro-Forma NOI	\$461,705	Ground Lease	No

3815 Heffron Dr, Burbank

THE MOST PRIDE-OF-OWNERSHIP TRIPLEX YOU'LL FIND IN ALL OF BURBANK | MOMENTS FROM WHOLE FOODS | A+++ LOCATION



4.78% Pro Forma CAP RATE	3,094 SQUARE FEET
3 UNITS	2 DELIVERED VACANT

Investment Highlights

➤ Rare Opportunity To Own One Of The Nicest Triplexes In Burbank

➤ Moments From Whole Foods And Talaris, A+++ Location.

➤ Two Vacant Units At Close!

View the Marketing Package

Offered at \$1,975,000
location, and upside, this is a property that truly stands out.

INVESTMENT HIGHLIGHTS



4-UNIT BUILDING

Washington, DC
Multifamily | 4 Units

PROPERTY FLYER

DETAILS

Asking Price	\$800,000	Units	4
Property Type	Multifamily	Year Built	1941
Subtype	Apartment Building	Permitted Zoning	R4
Class	A	Lot Size (sq ft)	2,960
Square Footage	2,960	Parking (spaces)	2
Net Rentable (sq ft)	2,640	Broker Co-Op	Yes
Occupancy	Vacant	Sale Condition	For sale by owner