



June 1st, 2020

Good morning!

It was the best of times, it was the worst of times, why where you can impact your future investment decisions

I have a handful of updates for you this month. First, activity is breathtaking, second, small units are moving faster than toilet paper at Costco, third, prepackaged seems to be the way to go. We had 3 closings in the last 30 days where the investors bought sight unseen.

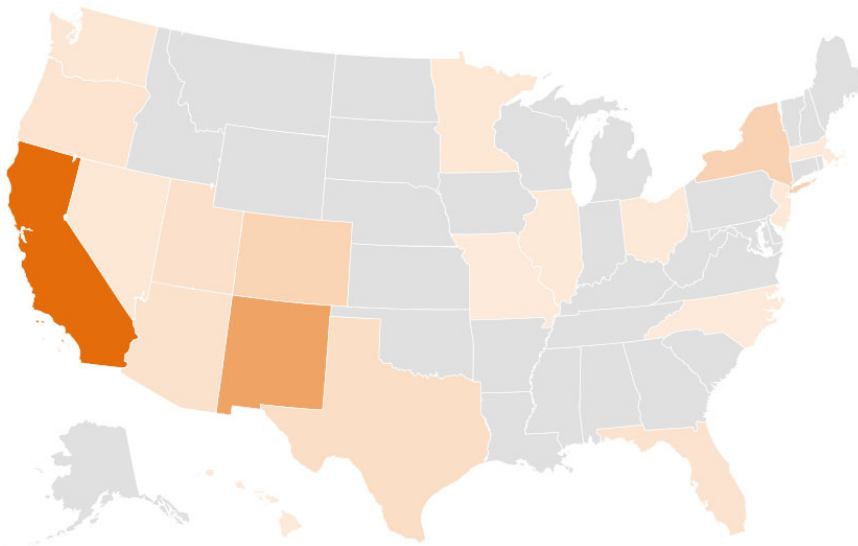
The worst of times – economic recovery is likely to be lumpy and the global pandemic has impacted some markets in a heavy way

The best of times – we have never been busier – with out of state investors who tell us they are moving their capital here first, and their families second.

Where Buyers are coming from:

We are now tracking 325 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 include 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.

Inbound Investors by State – Top 20



Impact of Covid 19 virus on NM Apartment Investors

During the last two months we have provided two client surveys on how the global pandemic is impacting NM apartment investments.

- Apartment investor activity in market has increased 46% (475 today, 325 in early March).
- Offers continue to roll in – driven by 1031 exchanges and owner occupants – if there is a cliff its 180 days out.
- Buyer to property ratio 11:1, but lumpy distribution.
- Buyers continue to close on deals and real estate continues to offer safe harbor.
- No mid-deal price modifications / Signs that pricing will continue to rise.
- NM has been identified as one of the best places during this crisis, and ABQ has been identified as one of the least impacted communities.
- Monthly Change in occupancy – 85% report same or higher (vs. 90% last month).
- Annual Change in occupancy – 90% report same or higher (vs. 85% last month).
- % residents in sample who have entered payment plan 3.0% (median) 4.9% (avg).
- Survey respondents believe the national recovery is a W curve.

We also have a teleconference/zoom call of those presentations at:

<http://www.nmapartment.com/covid19call> (this is a large 702 meg video file).

You can also register for this weeks call (and property update on 309 Girard SE) at www.nmapartment.com/girad309

Sold/Closed - recent sales

- ✓ Patios Apartments – 44 units – SE- 5% over ask price – buyer obtained financing at 2.95% - 1031 investors from CA.
- ✓ 7524 2nd NW – 12 units in north valley – at list price - buyer obtained financing at 3.55% - 1031 investors from CA.
- ✓ 1024 Madeira SE – fourplex near VA hospital – first time local investor.
- ✓ 1340 San Mateo SE – 7 units by VA hospital – repeat investors – 2nd investment fund.
- ✓ 10 units in Las Cruces – Newberry/College – 6 houses + 4plex - \$349,000 – repeat investors – 2nd investment fund.
- ✓ 540 Alvarado SE – handy man duplex – local Realtor bought to fixup and owner/occupy.
- ✓ 917 Amherst SE – same owner for 40+ years – local buyer works at Labs – property was value add.
- ✓ 2601 Rio Grande NW – 6 units in north valley – investors from OR came out of 1031 exchange (1st of 2).
- ✓ 201 Manzano/202 Quincy NE – 13 units – Nob Hill – Hawaiian investor in 1031 exchange.
- ✓ 608 8th NW #A townhouse – sold to local investor.
- ✓ 834 Griegos NW – 5 mixed use units – sold to out of state investor.
- ✓ 1018-1022 Silver SW – 11 units – downtown - Hawaiian investor in 1031 exchange.
- ✓ 3409 Tulane NE – Bart Prince designed 10 units - Hawaiian investor in 1031 exchange.
- ✓ 6005 Fortuna NW – triplex – westside – sold to owner occupant.
- ✓ 401 14th SW & 1313 Silver SE – portfolio of 22 units – CA based 1031 investor who sold 8 units in ABQ to acquire these 22 .

Pending – the following properties have recently gone under contract:

- ✓ 200-2 Aliso NE – Nob Hill duplex – OR based 1031 exchange investor.
- ✓ 622-4 San Pedro SE – Duplex – owner occupant.

- ✓ 220 Princeton SE – fourplex – owner occupant – sold in days.
- ✓ 300 La Veta NE – dozen units in Nob Hill – under contract to CO based 1031 investor moving funds from Oregon based property.
- ✓ 809 Aztec NW – sold to local investor.
- ✓ 4114 5th NW – sold to local investor.
- ✓ 1098 W Meadowlark Corrales – co-listing broker sold to owner/occupant.
- ✓ 4416 Marble NW – sold to Bay Area investors – repeat buyers in ABQ who like value add.
- ✓ 123 53rd NW – under contract to local investor.
- ✓ 324 Princeton SE – UNM/CNM triplex – accelerated marketing/bid process – inspections and virtual tour completed prior to going to market- mandatory buyer call on Tuesday, offer deadline following Thursday – under contract in 7 days - <http://www.nmapartment.com/apt/NMAA-Prince324SE.pdf>

Coming Soon

- ✓ The Austin - 36 units newly renovated units near Sandia High school - \$3.69M – 5.50% cap rate – draft of flyer at <http://www.nmapartment.com/apt/NMAA-Wyoming2713NE.pdf> .
- ✓ 8600 Zuni SE – increased rents, increased value – more soon.
- ✓ 317 15th NW – renovated fourplexes – increased rents, increased price – now at \$555,505 - <http://www.nmapartment.com/apt/NMAA-317-15thNW.pdf> (Did you know there are 11 fourplexes that have sold for more than \$400,000 and 3 that have sold for more than \$500,000 since 2019?).
- ✓ Cascade Crossings is working in on lease up – expect its offering memorandum in the coming week – 53 new construction units - \$7.7M – Amazing full floor virtual tour at www.nmapartment.com/cascadecrossing3d .
- ✓ Going to market today – 309 Girard SE – also under accelerated process - <http://www.nmapartment.com/apt/NMAA-Girard309SE.pdf>.

A quick review – NM Apartment Advisors every evolving marketing plan for the last couple of years has been:

In 2018, our firm focused on landing Chinese investors and assisted in bringing 150 to the market for a tour. Unfortunately, changes in Federal policies made closings virtually impossible.

In 2019 our focus was on landing any of the 6,000 new millionaires in Bay area - Silicon Valley IPOs.

In 2020, our focus has been 1031 investors. Would you like to sell but do not want to compete with those out of state 1031 investors? Let's talk about a pathway to DST. Finally, we have begun a new program of connecting with out of state brokers – focus on CA and NY – and how they can make commissions selling our listings to their clients. More on this initiative soon.

Sincerely,



Todd Clarke CCIM
CEO
NM Apartment Advisors