



Facilitated by Todd Clarke CCIM

- 31 years selling apartments – listed/sold over 13,399 units in 562 transactions totaling \$529.2M
- Development consultant or property tax protest consultant on another \$2.5B
- International Award Winning CCIM ins
- AANM industry champion
- Total data geek and policy wonk



Tonight's topics:

- Market Metrics
- Trends
 - New Development
 - Buyer/Seller ratio
 - Seller Financing
 - Exchanges
 - First year for code of conduct
- Items to watch:
 - New Zoning (IDO)
 - Opportunity Zones (impact of)
 - Impact of F.A.N.G.
 - International Investors
- NMAA 2019 Changes
 - New Listing agreements dealing with Loopnet/Co-Star
 - New Marketing plan / budget



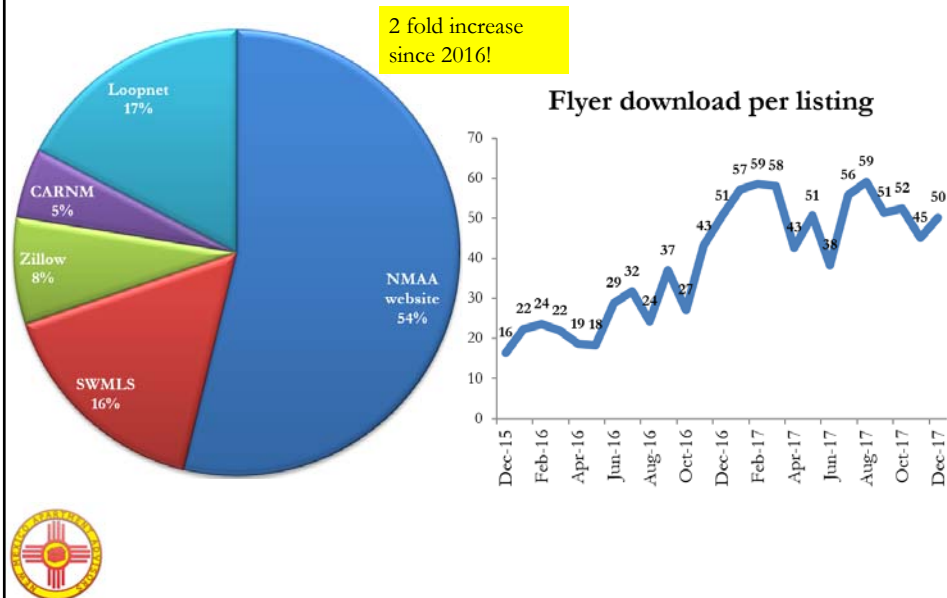
Introductions

- Who you are
- Where you live
- Why you came
- Pressing question?

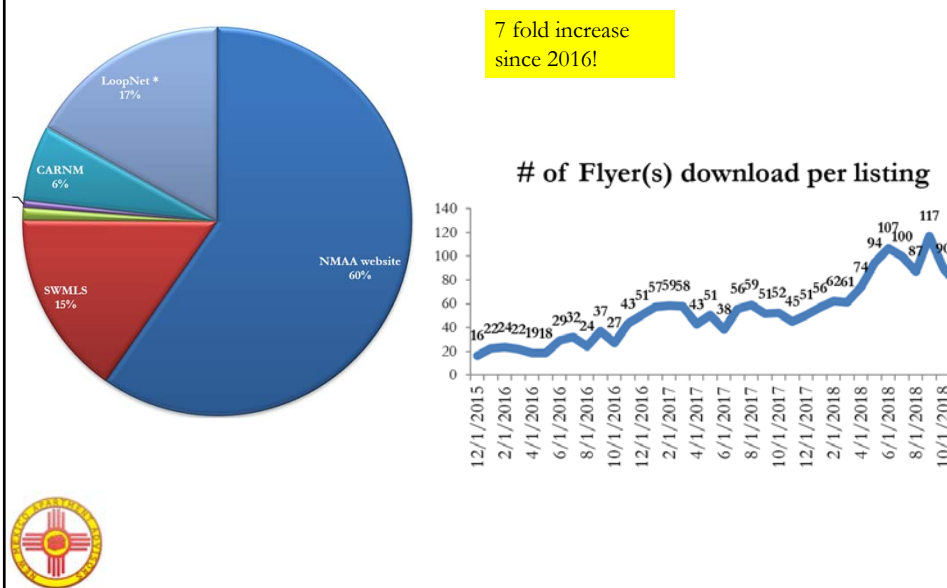


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Increase in market activity – EOY 2017



Increase in market activity – 11/2018



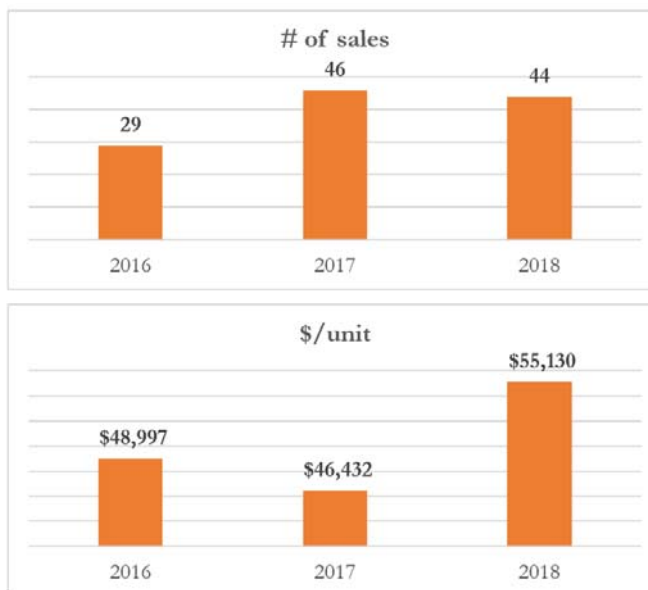
Trend Analysis

- 11 months into the year, it looks like 4% of the market has turned over (Sold), with cap rates ranging from 4.6% to 7.4%.
- Fourplex as a benchmark of market – we are ½ of the way of the last peak

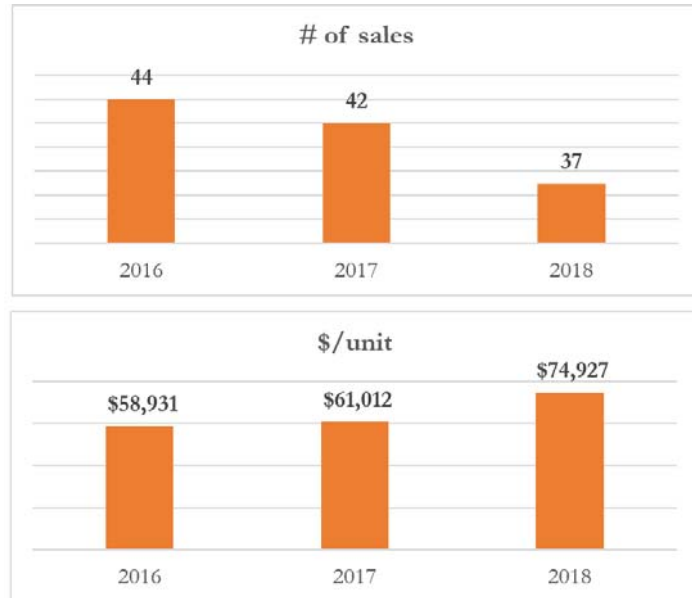
Fourplex historical sales trends



Duplex

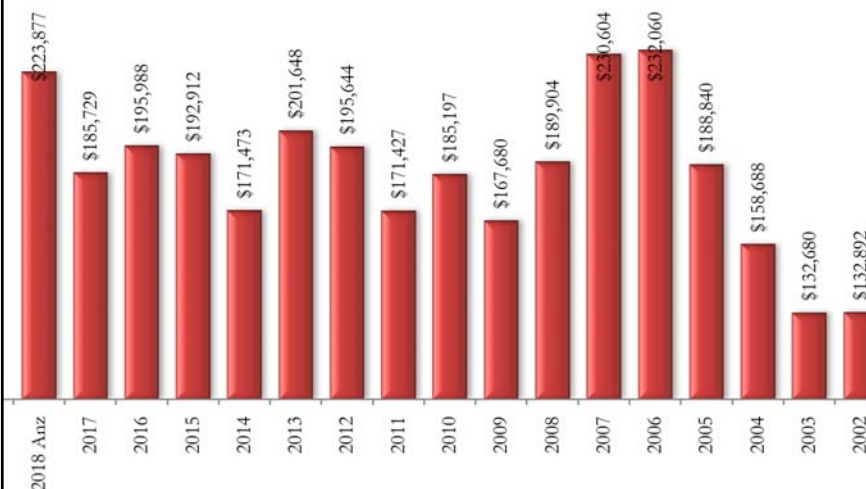


Triplex



Fourplexes

- Reads left to right



5 to 19 units



NM Apartment Advisors Metrics

- Current listings – 36 totaling \$87,858,590
- Postcard mailings 8 x 5,000 in mailing list – 40,000 touches
- Received/created 324 offers
- Hosted 10 apartment broker luncheons – over 150 participants
- Led apartment investment courses (IRR, 5 benchmark)
- Presented at a dozen industry events (AANM, ULI, Santa Fe, etc.)
- Met with International investors in NM and outside NM
- Volunteered at a loan fund that has loaned on \$6M in apartments
- Sold – 640 units in 21 transactions totaling \$31M
- 58% of buyers were in 1031 exchanges
- 45% of buyers were unrepresented
- Pending – currently 3 deals



- Pre-Pending/close by year end – 2 more
- Market activity has been brisk, and is getting ready to be a frenzy (Q2-2019)

Trends



Trend Analysis

- High Demand markets in NM:
 - Albuquerque needs 15,000 units for millennials
Largest demand is along transportation corridor (ART)
 - Santa Fe, needs 6,484 units
 - Rio Rancho, needs 5,742 new unit
 - Alamogordo – influx of military
 - At or near Border Crossing towns



New(er) Apartments



Anthea Downtown Millennial housing



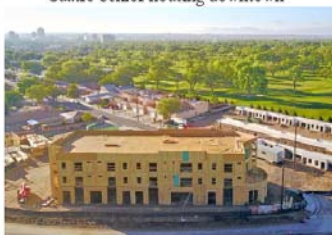
Cuatro Senior housing downtown



Sterling at 8th/Silver



Platinum Apartments in Nob Hill



El Vado at Central/Rio Grand River



Sawmill Lofts Mixed use



New(er) Apartments



1 Central-Bowling+restaurants+ housing



Menaul/Chelwood Apartment townhomes



RainForest Apartments in Innovate ABQ



Mixed use 4322 Fourth NW



Dreckin Phase III



Renovated Zia Tres now Q @ Nob Hill



It takes a Rainforest

- Innovation District, programing/maker space



Deal Trends

- 2018 experienced:
 - More seller financing deals
 - More direct exchanges
 - More 1031 exchanges
 - More people existing pre-1978 construction properties for new properties
 - More new properties for sale
 - More showcase deals



More Investors = CAP rate Compression

DOWNTOWN TOWER **MIXED USE** 18 UNITS

INVESTMENT SUMMARY - 510 2nd NW, Albuquerque, NM 87102

4.6% Cap rate

Quality product = quality price

UNM **NOB-HILL** **MIXED USE** **COMMUNITY**

INVESTMENT SUMMARY - 2929 Monte Vista NE | Albuquerque, NM

Quality product = quality price

The Offering

On behalf of the owner, NM Apartment Advisors Inc. and Signature Southwest Realty is pleased to present a rare opportunity to acquire an iconic mixed use community in the heart of Nob Hill district and adjacent to the University of NM in Albuquerque, New Mexico. This recently renovated building represents a new type of mixed use development that caters to millennials and baby-boomers and whose location is positioned to take advantage of the upcoming growth in Albuquerque.

The Property

Renovated in 2009, this three story, mixed use urban community contains a restaurant, five apartment units including a penthouse unit, and common area rooftop deck with seating for 50+ people.



City Address: 2929 MONTE VISTA BLVD NE
County Address: 2929 MONTE VISTA NE
11/8/2017
www.cabq.gov/gis
City of Albuquerque Property Report

Ownership Data from **Bernalillo County Assessor**

(County Assessor's data for tax year 2018)

Owner Name: SOLOMON ROY

Owner Address: 2929 MONTE VISTA BLVD NE, ALBUQUERQUE NM 87106

UPIC: 00160577332711204

Tax Year: 2016 Tax District: A1A

Legal Description: *3 12 MONTE VISTA ADD E PORT L 3 BEING 45.85FT OF 50

Property Class: C Document Number: 2009056710 052009 WD-E

Acres: 0.07

City Zoning and Services

Zoning: CCR-1

Zoning Description:

Land Use: COMMERCIAL RETAIL

Lot: 3 Block: 12 Subdivision: MONTE VISTA ADDN

Sector Plan: NOB HILL HIGHLAND Area Plan: N/A

Police Beat: 324 Area Command: SOUTHEAST

Jurisdiction: ALBUQUERQUE

Zone Atlas Page: K16 (opens in new window)

City Neighborhood Association: Nob Hill NA

Residential Trash Pickup: Wednesday

Political Districts

City Council District: 6 - Pat Davis

County Commission District: 3 - Maggie Hart Stebbins

NM House of Representatives: Gail Chasey

NM Senator: Cisco McSorley

School Districts

Elementary: MONTE VISTA

Middle: JEFFERSON

High School: ALBUQUERQUE

FEMA Flood Zone: X

For more information, please contact the CDA Franchising Manager at 814-288-6100 or email cdafranchise@cabq.gov



Address	2929 Monte Vista Albuquerque, NM 87106	
Number of Units	7	
Year of construction:	1950 Major renovation in 2010	
Bldg. Size		
Net Rentable	5,250 sf	Per 2015 appraisal
Gross	5,600 sf	
Parking	Shared parking with adjoining buildings	
Avg. Unit Size	774 square feet	
Avg. Rent	\$1,668 + utilities/ CAM	\$2.15/sf
Site	.1571 acres	
List Price	\$1,631,824	
\$/ unit	\$233.118	
\$/ sq ft	\$301.07	
GRM	11.65	
Cap Rate	5.84%	
Before reserves		
Cap Rate	5.76%	
After reserves		
Year 1 NOI	\$93,955	
IRR Before Tax	16.10%	
IRR After Tax	12.90%	
Amenities	Location, fully furnished, perfect vacation rental	

Example of Showcase deal

- 8 units
- \$328,963/
unit
- \$327/sf
- 4.44%
Cap rate

UNM & NOB HILL - MIXED USE - EIGHT UNITS
117 Richmond Dr SE, Albuquerque, NM 87106



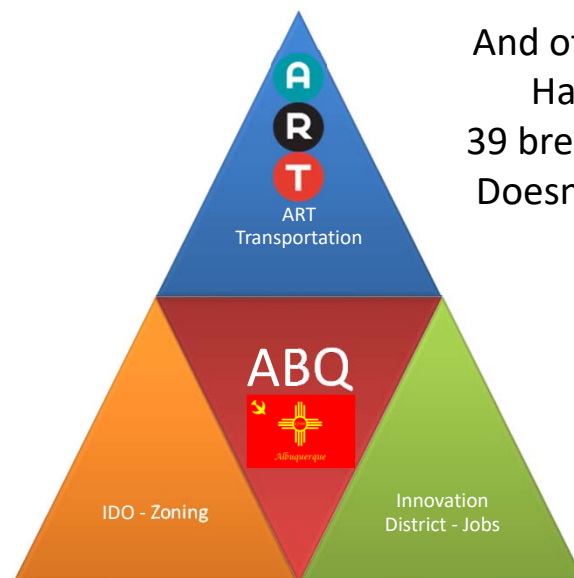
REMBE urban design + development



Items to watch



ABQ's 3 pronged platform for millennials



And of course
Having
39 brew pub's
Doesn't hurt!



Opportunity Zones (handout)

New Mexico Apartment Advisors Your Source for Real Estate Information

September 2018



Opportunity Zones and Real Estate Capital Gains

The "Tax Cuts and Jobs Act" Congress enacted in 2017 included a provision creating Opportunity Zones. The Opportunity Zone program is an economic development tool designed to drive long-term private investment in low-income urban and rural communities. The investment can be through newly issued stock, partnership interest, or investment in business property in an Opportunity Zone. The Opportunity Zone program offers qualified partnerships and corporations with Federal capital gains tax liabilities the deferment, reduction, elimination of capital gains taxes, or step-up in basis, all depending on how long the investment in the Opportunity Zone is held.

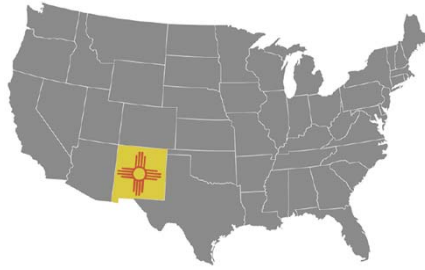


Impact of F.A.N.G.

- Facebook
- Apple/Amazon
- Netflix
- Google
- Albuquerque has received international attention for landing 2 of the 5 FAANG



Welcome! / BienVendio / 欢迎



- 5th biggest state in USA
- Diverse cultural history dating back centuries
- More PhD's per capita
- Very friendly with our Federal Government
- 3rd best place to film Movies / TV
- Technology Innovation center
- Land of Enchantment



US China Summit



Opening night photo booth – Movie producer pinned with Balloon Fiesta Pin



Economic Guru's – Gary O, Mayor Beery



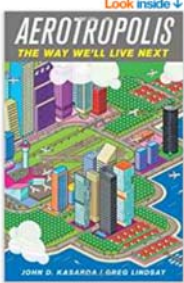
China intends to build 2,800 new airports, needs to train 50,000 new pilots – in the USA?

Follow-up visit in August 2018 – focus on zoning



US China Summit

- China intends to build 2,800 new airports, needs to train 50,000 new pilots – in the USA?



Aerotropolis: The Way We'll Live Next Hardcover – March 1, 2011
by John D. Kasarda * (Author), Greg Lindsay * (Author)
★★★★☆ 32 customer reviews

See all 14 formats and editions


Kindle \$9.99	Hardcover from \$1.29	Paperback \$12.00 <small>prime</small>
Read with Our Free App	53 Used from \$1.29 10 New from \$7.20 11 Collectible from \$8.43	54 Used from \$1.99 32 New from \$10.49

Note: This item is only available from third-party sellers (see all offers).


This brilliant and eye-opening look at the new phenomenon called the aerotropolis gives us a glimpse of the way we will live in the near future—and the way we will do business too.

Not so long ago, airports were built near cities, and roads connected one to the other. This pattern—the city in the center, the airport on the periphery—shaped life in the twentieth century, from the central city to exurban sprawl. Today, the ubiquity of jet travel, round-the-clock workdays, overnight shipping, and global business networks has turned the pattern inside out. Soon the airport will be at the center and the

[Read more](#)



See all 3 images



NMAA 2019 Changes



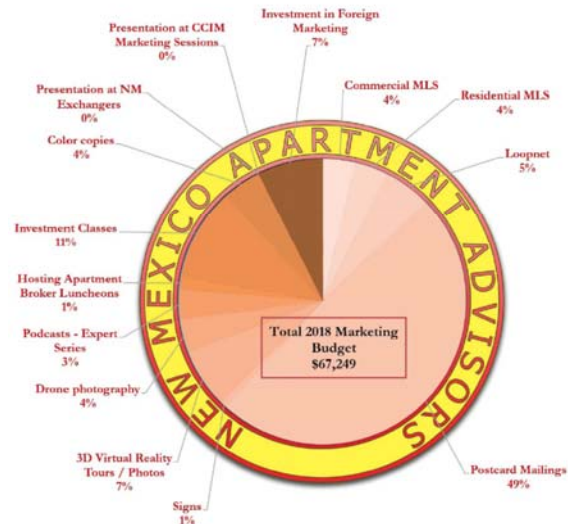
Marketing Budget

- 2018 -
\$67,249
- Postcards
- Marketing Flyers
- Recruiting investors
- Hosting Investor and Broker events



Did you know that the average real estate licensee earns \$44,090 a year, or \$23,149 less than NM Apartment Advisors annual marketing budget? - *source: Bigger Pockets*

NMAA MARKETING BUDGET



International Brand marketing

- Focus on Santa Fe / Albuquerque Corridor



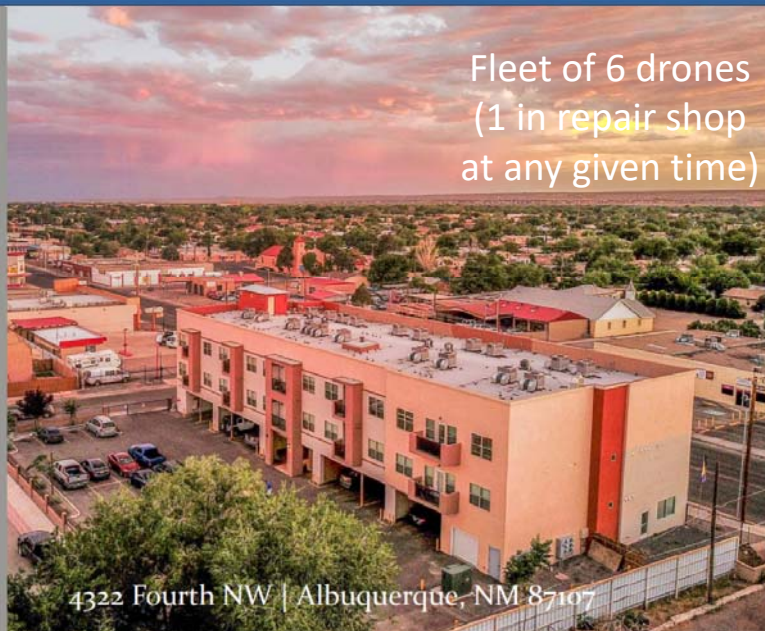
More:

- Drone photography
- Virtual Tours



Drone Photography

Fleet of 6 drones
(1 in repair shop
at any given time)



4322 Fourth NW | Albuquerque, NM 87107

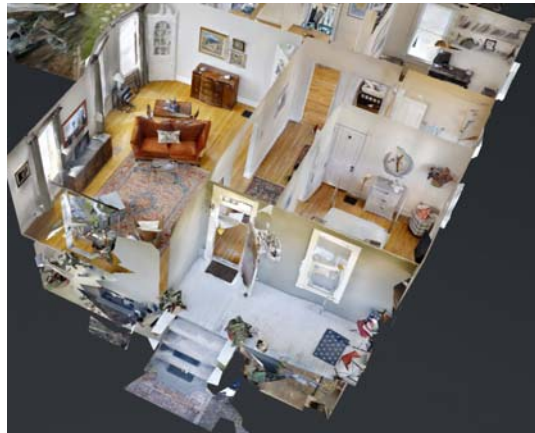
NORTH

FOURTH

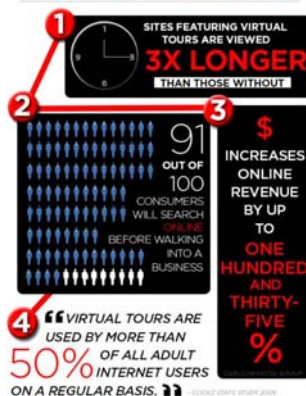
VILLAGE



Virtual Tours



4 REASONS WHY YOUR BUSINESS NEEDS A VIRTUAL TOUR



New Spin
COMPANION OF NEWSPHOTO.COM

Example: www.nmapartment.com/edith3d

Code of Conduct for Buyers Brokers



New Mexico Apartment Advisors Inc. – NM's Apartment Resource

My name is Todd Clarke CCIM and I am a commercial Realtor who has been selling apartment investments for over 30 years. In that time, I have sold over 11,000 units totaling \$450M. I also teach investment sales analysis for the CCIM institute (20 years, over 4,000 students in a dozen countries). I share this with you so you know that the balance of this document comes from experience, and my deals about how the apartment business runs.

Most of your Buyer's questions about rents, expenses, and property info can be answered by downloading the Ives & APOD (Apartment Operating Data) from the document center. **Please READ THE Ives & APOD before you come to an investment sale, I am glad to assist you, but please know:**

Showings/Tours

- Residents have rights under the New Mexico Landlord/Resident Relationship Act. Landlords take that law seriously.
- Many Landlords consider their residents their most important customers. It is hard to keep them happy. Any attempt by a 3rd party to show a property without the Landlord's prior written approval jeopardizes the Landlord's and Resident's happy customer relationship.
- Do not disturb the residents, do not walk the property.** It is considered rude to do either, and many Sellers will refuse to work with Buyers who violate this provision.
- Landlords (Sellers) rarely are willing to show a property prior to having an offer.
- Sellers suggest Buyers make an offer subject to inspection and that the buyers work hard to consolidate their inspections and appraisal review on the same business day.

BID Process

- If this property is being marketed with the BID process, then the ask (start) price is set low with the intention of garnering a lot of investor interest that will lead to multiple offers, a best and final round with a final close price that is considerably higher than the original ask price. This process may be new to you, but we have been using it for over 16 years. By participating in the BID Process, best case, your buyer becomes an owner, worst case they receive an education on current market conditions.
- If the property is being marketed using the BID process, the tour date and time is the only time the property is available for a viewing. This is not an open house, but a guided tour that lasts 10 to 20 minutes and allows you a chance to see the interior condition.

Commercial vs. Residential Real Estate sales

- Apartment investments are considered commercial real estate. Although the occasional apartment will sell to an owner/occupant, from the Seller's and Listing Broker's perspective, they approach the transaction in a business manner, where it's all about the numbers, and very little about the emotions.
- Commercial brokers work regular business hours during business days, and so do most of their clients. Please do not write an offer with an expiration date on a weekend, or a response period of anything less than 3 business days. Please do not text, or expect return phone calls after regular business hours.

Offers

- Commercial transactions often start with a two-page letter of intent or LOI – this allows the parties to share the skeleton of a deal. If they can reach a meeting of the minds, they will then flesh out the details in a purchase and sale agreement.
- The standard in commercial transactions is that the Buyer pays for their own inspections and financing costs, and issues raised by the lender are the Buyer's to deal with.

Client Control

- Your client's actions represent you in this transaction, and your actions represent them.
- When in doubt, please ask for permission via email, do not take action and expect forgiveness from a Seller. Please let your clients know that their actions will be considered by the Seller when they review offers and rank them in likelihood to close.

Please know that I love this business and I am glad to share my knowledge, expertise and enthusiasm with you and your Buyer. I want to help you, help them, to be a great landlord and investor.

I look forward to working on this transaction with you,

Sincerely,


Todd Clarke CCIM
CEO
NM Apartment Advisors Inc.

2018 Deal lessons:

- More 1031 buyers, and more 1031 sellers
- (major) Appraisal issues
- Seeing more and more non-refundable earnest money
 - One client secured \$5,000 when deal did not close
 - Another client secured \$130,000 to give investor 13 months to close deal (they did)
- Title issues coming up with more frequency:
 - One client this year – received multiple offers, buyer who could move quickly, seller's property was paid off (we thought) – decades old mortgage release was missing
 - Disputes on contractual language, timing and complexity of standard purchase agreements
 - Updated Surveys are becoming less common (title insures over)
 - Potential of solar issues
 - Seller financing will continue to be harder to do



New Listing to cover - Loopnet / Co-Star merger

- Co-Star – research Tool took over Loopnet listing tool – merger of data 10/2017
- Downplaying listing / marketing, encouraging selling of research tools
- Beware Powerbroker accidental disclosure of info > property taxes
- Loss of leads
- Lack of feedback / stats (top 10)
- Difficult user interface
- Incorrect info has so far been incurable
- Expensive
- Will work with them, but will also consider redirecting marketing funds



New(er) national service - CREXi

CREXi

For SaleFor LeaseAdd ListingsMy CREXiFAQs

Report

E-Blast

ToddNEW MEXICO APAL

DEALS

Pursuits

Acquisitions

Boards

Dispositions

Closing

MARKETING

Campaigns

Email Lists

TOOLS

Activity Feed

Leads

ACCOUNT

Profile

Notifications

Property Preferences

Messages









Memberships

DISPOSITIONS (33 properties)


REPORTE-BLASTADD PROPERTY

All Dispositions

Sort by: Default (Activity)

Properties	Asking Price	Recent Activity							Actions				
 300-28 Tennessee SE 16 Units \$38,750/unit Albuquerque, NM	ACTIVE \$620,000	80	Page Views	40	Visitors	7	Followers	16	OMs	1	Offers	Dashboard	...
 924 Valencia SE 20 Units \$74,512/unit Albuquerque, NM	ACTIVE \$1,490,240	144	Page Views	54	Visitors	5	Followers	25	Flyers	0	Offers	Dashboard	...
 Silver Court Apartments Rare treasure in downtown Albuquerque - a 10 unit apartment + a large 2,824 house and garages	ACTIVE \$1,212,000	137	Page Views	50	Visitors	4	Followers	25	Flyers	0	Offers	Dashboard	...
 2100-2160 Stardust Court 52 Units \$40,865/unit Almagordo, NM	ACTIVE \$2,125,000	97	Page Views	39	Visitors	6	Followers	18	OMs	0	Offers	Dashboard	...
 311 12th St SW 6 Units \$97,333/unit Albuquerque, NM	ACTIVE \$584,000	86	Page Views	30	Visitors	0	Followers	17	Flyers	0	Offers	Dashboard	...
 4419 Fourth NW 75 Units \$124,633/unit Albuquerque, NM	ACTIVE \$9,340,000	53	Page Views	24	Visitors	2	Followers	2	Flyers	0	Offers	Dashboard	...
 200 Hermosa NE 21 Units \$63,577/unit Albuquerque, NM	ACTIVE \$1,335,114	42	Page Views	16	Visitors	1	Followers	12	Flyers	0	Offers	Dashboard	...
 816, 1021, 1116 Coal SW 49 Units \$69,385/unit Albuquerque, NM	ACTIVE \$3,399,865	47	Page Views	21	Visitors	6	Followers	5	OMs	0	Offers	Dashboard	...

Growing new investors



21

New Loan product to serve 5 to 49 units



- NM based CDFI and non-profit focuses on providing below market rates for new construction or renovation/rehab
- 2017 Pilot project
Thresholds - 1 new loan – smaller deal < 24 months
- 2018 Pilot II – Encantada – just approved – longer term – permanent take out not required
- Must be affordable – encourages acquisition/renovation or new construction

NMAA is working on expanding

- Investor base
- Encourage more millennials to investor
- Bootcamp for young investors
- Matching retiring babyboomers (\$) with aggressive Millennial investors – ala Shark tank event
 - Delivering info in Millennial friendly format like Podcasts
- Featuring experienced investors like you



