

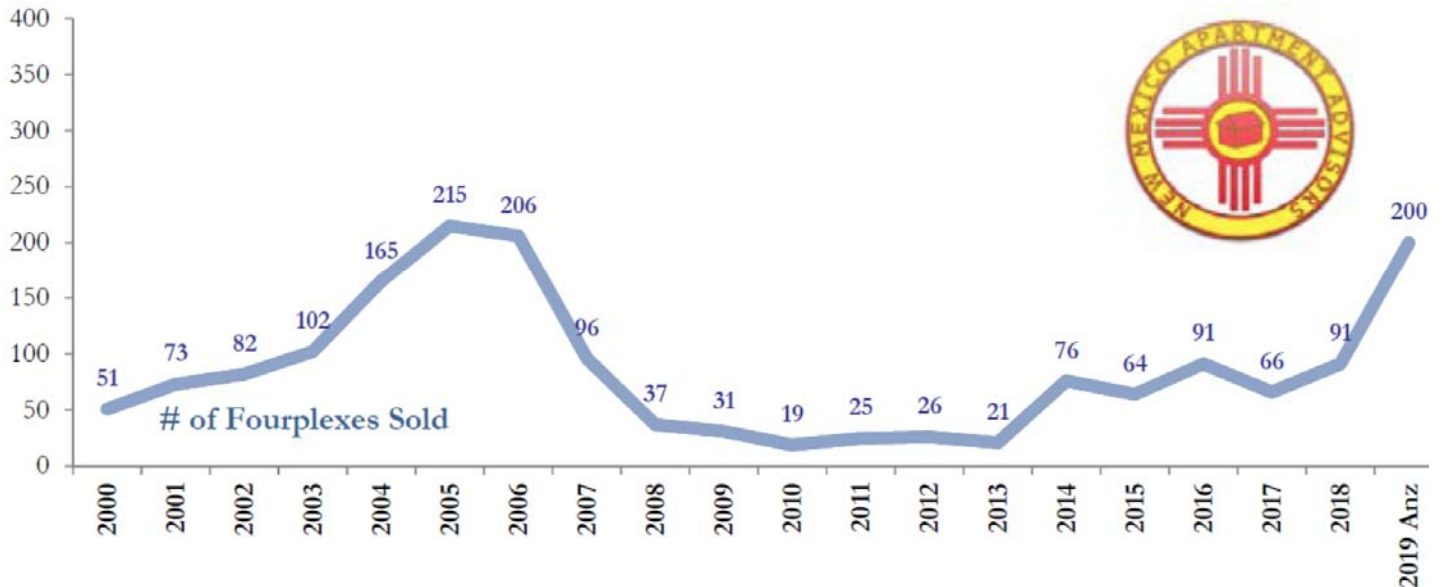
3/14/2019

Good evening! And Happy Pi day (you know, because its 3.14?)

Last month, we saw another increase in investor interest as measured by the number of investors that download flyer from our website. Last month averaged 124 downloads per property, with those properties with either a cap rate in excess of 7%, or in the old town, downtown, UNM/Nob Hill areas seeing the most activity. This is a eight fold increase three years ago and explains the cap rate compression the market experience in 2019.

As you may know, I also track fourplex sales as statically meaningful trend of market conditions.

Fourplex historical sales trends



Yesterday I updated our trend report based on closed and pending fourplex sales so far in 2019, and if I annualize those results, we could be reaching close to our past record of number of fourplex sales in the market. Part of this increased activity could be the 20% spike in appreciation the market experience in 2019 (average sales price went from \$185,729 to \$222,721). I think part of this trend is owner occupants who are having a hard time finding houses under \$250,000.

Investors active in market

- Repeat local investor relocating funds from Northeastern US – has \$350,000 down for 1031
- CA based investor looking for 100+ unit deals
- First time investor, inherited \$350,000, has poor credit, needs seller financing
- Inland empire based investor has \$2.5M to \$5M for 1031
- CA based 1031 investor under \$1M
- First time owner/occupant – in qualification process for four or under units
- Los Angeles based investor in 1031 - \$1.5M max
- AZ based investor looking for 100+ unit value add
- Regional investor, sold Ranch for \$25M, working with Santa Fe based (top-notch) broker to secure 1031 for investment real estate

Appraisals, possible solutions

- Last week's email contained the PowerPoint of info shared with appraisers – time will tell if will help with appraisals in 2019, but I have received positive feedback so far.

Property Tax update

- Our legislative session closes this weekend – its going to be a race to see if House Bill 647 (raising the 3% cap on multifamily properties) will pass or not. Our Apartment Association has been very active on addressing this bill. Email me if you want more info?

It is hard to believe the year is almost 25% gone, as the level of investor interest and scheduled tours are keeping us 100% busy.

Thanks,



Todd Clarke CCIM CIPs
CEO
NM Apartment Advisors Inc.