

ALBUQUERQUE, NEW MEXICO

IMPROVING DEMOGRAPHIC & EMPLOYMENT ENVIRONMENTS EXPECTED THROUGH 2022

During the last half of 2020, Albuquerque's labor market began to rebound from the May 2020 employment low. By December, 17,100 jobs had been created or restored. Nevertheless, local payrolls were down 7.3% from December 2019. The rebound during the summer and fall was great enough to generate healthy apartment leasing activity prior to a seasonal slowdown in demand in the fourth quarter. By year-end 2020, average apartment occupancy was 96.1%, 80 basis points higher than one year earlier. At the same time, effective rent averaged \$909 per month, a 2.5% annual gain. Continued economic improvement is anticipated in 2021, albeit at a slower rate than the May to December 2020 rebound. While remaining positive, net apartment absorption in 2021 is forecast to decelerate because of slowing economic recovery and slackening household formation. The net absorption of 350 apartments is projected in 2021 as 423 new apartments are delivered. Apartment occupancy is forecast to dip 10 basis points during 2021 to 96.0% by year-end. Operators are expected to keep upward momentum on rent, increasing monthly effective rent an average of 2.5% year over year to \$932 in December. Household growth, net migration, and employment expansion in 2022 are projected to accelerate from 2021, fueling positive apartment absorption and improved fundamentals. Average apartment occupancy is forecast to reach 96.2% by year-end 2022, while effective rent rises 3.1% annually to \$961 per month.



2021 MARKET AT A GLANCE

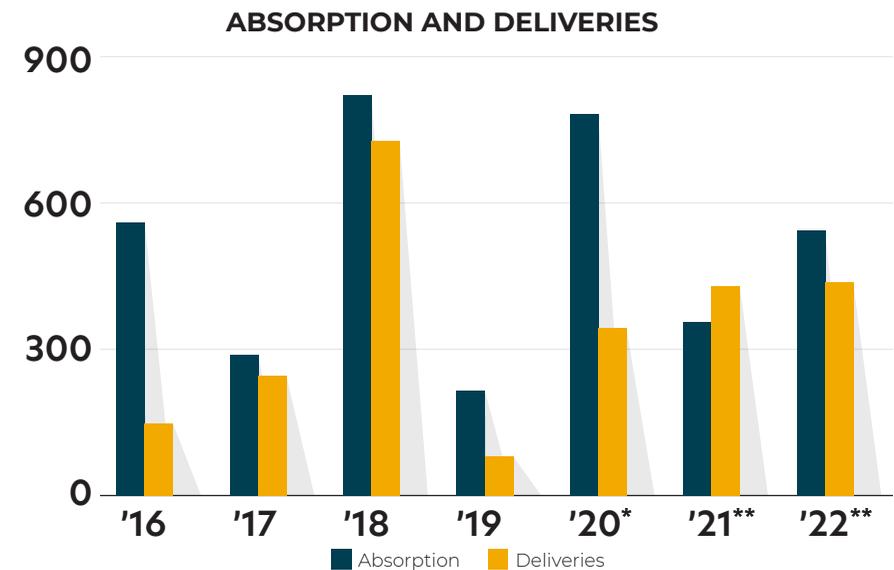
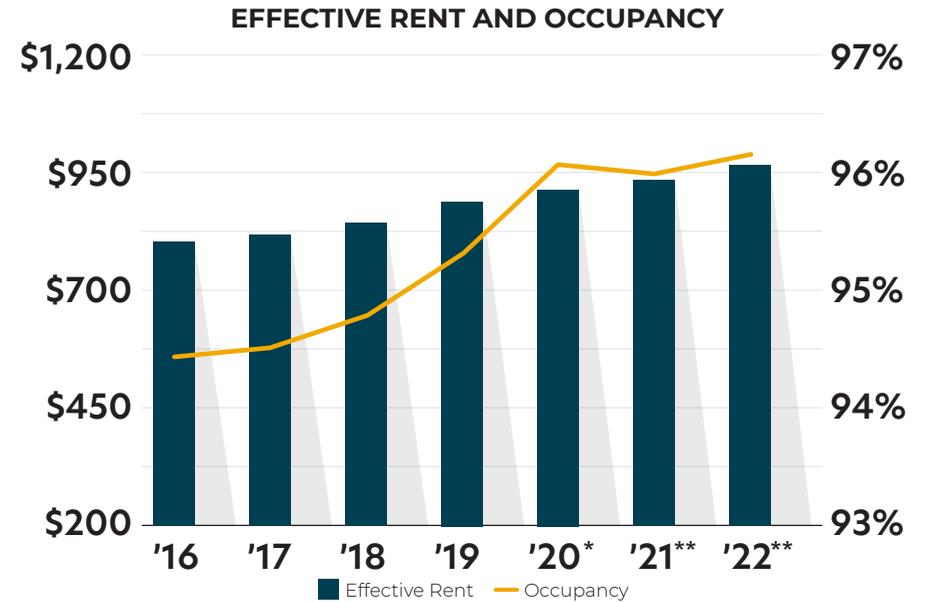
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OCCUPANCY RATE
96.0%
 Down 10 bps YOY
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EFFECTIVE RENT
\$932
 Up 2.5% YOY
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RENT SHARE OF WALLET
18.0%
 Up 30 bps YOY

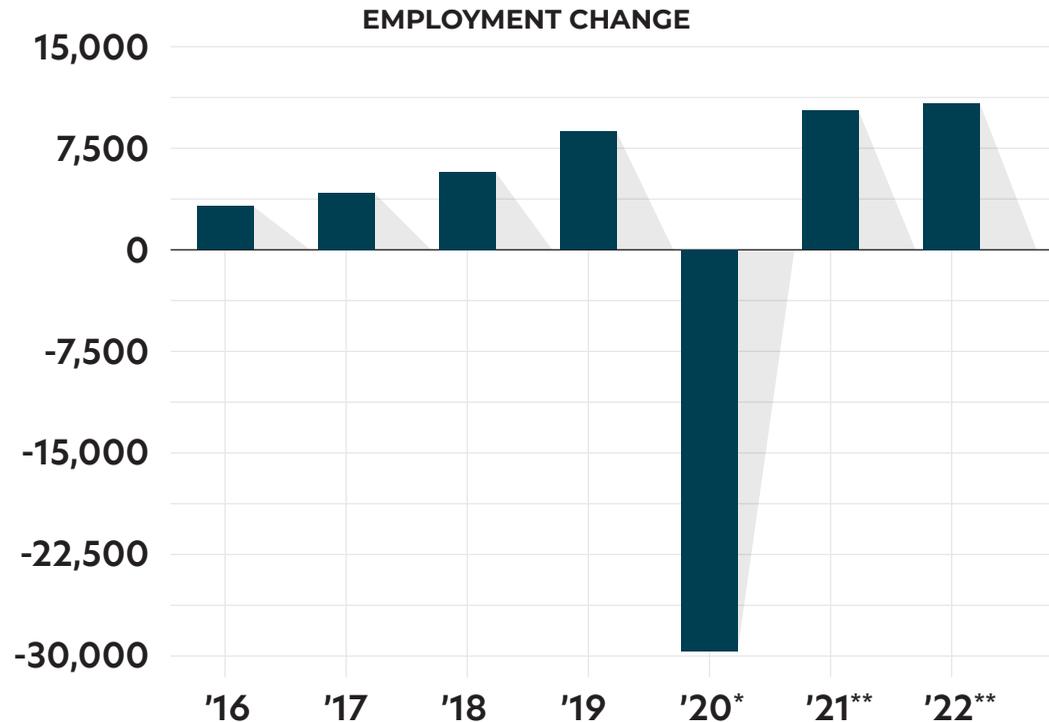
MARKET TRENDS



Data and images pertaining to employment, income, permits, population, rents, single-family housing, and occupancy are year-end figures. Absorption, construction, and apartment sales figures are full-year totals. *Numbers for 2020 are projected values; **2021/2022 figures are forecast projections. Apartment market data criteria and methodologies vary by market.

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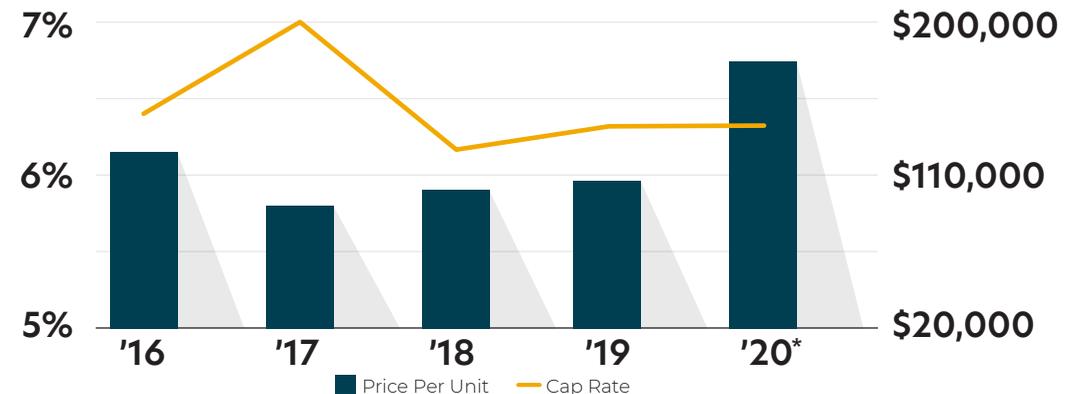
EMPLOYMENT TRENDS



EMPLOYMENT				
2019	YOY CHANGE	2020*	YOY CHANGE	2021**
404,500	-7.3%	374,800	2.6%	384,600
UNEMPLOYMENT RATE				
2019	YOY CHANGE	2020	YOY CHANGE	2021
4.1%	690 BPS	11.0%	-200 BPS	9.0%
POPULATION				
2019	YOY CHANGE	2020	YOY CHANGE	2021
917,800	0.2%	919,800	0.3%	922,600
HOUSEHOLDS				
2019	YOY CHANGE	2020	YOY CHANGE	2021
372,400	0.6%	374,800	0.6%	377,200
MEDIAN HOUSEHOLD INCOME				
2019	YOY CHANGE	2020	YOY CHANGE	2021
\$58,810	5.0%	\$61,778	0.5%	\$62,110

SALES TRENDS

PRICE PER UNIT		
2019	YOY CHANGE	2020*
\$107,207	63.0%	\$174,751
CAP RATE		
2019	YOY CHANGE	2020
6.3%	0 BPS	6.3%



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