

ALBUQUERQUE, NM

2022 MARKET AT A GLANCE

Occupancy Rate

96.6%



DOWN 70 BPS YOY

Effective Rent

\$1,236



UP 8.4% YOY

Rent Share of Wallet

25.5%



UP 120 BPS YOY

Albuquerque's Lifestyle Amenities to Drive Robust Rent Growth in 2022

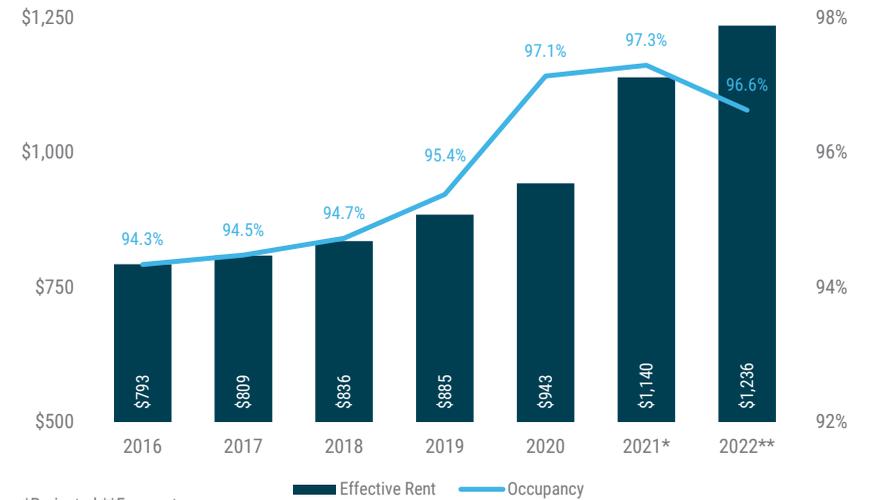
Albuquerque's low cost of living and rebounding economy spurred the formation of 3,100 households in the metro area in 2021, the highest annual number since 2012. In 2022, Moody's forecasts the formation of another 3,500 households. Looking forward, the area's low, 87.3 cost-of-living index and its mild weather and laid-back lifestyle will make it a contender for Americans looking to relocate away from the costlier, congested cities on both coasts. Apartment operators capitalized on these advantages of the metro area, ramping up effective rent 20.9% in 2021 to \$1,140 per month. This blistering pace of rent growth will subside in 2022, though is projected to remain considerably higher than the historical average. Average monthly effective rent is forecast to reach \$1,236 by year-end 2022, an 8.4% climb. Builders are scheduled to complete 610 apartment units in the metro area in 2022, all in the three highest-rent, most-desirable submarkets in the metro area: Westside/Rio Rancho, Northeast Heights, and North Valley. The change in local employment is anticipated to decelerate from 2021's 5.3% growth to a 2.2% year-over-year pace in 2022. Apartment demand is expected to mirror this trend, with net absorption totaling 214 apartments, thereby trailing the elevated deliveries. Consequently, apartment occupancy is projected to decrease to 96.6% by the fourth quarter, still 80 basis points higher than average year-end occupancy from 2017 to 2021. In the long term, Albuquerque will become increasingly attractive to outsiders as the area is featured in numerous small- and large-screen programs and films produced by the burgeoning Netflix and NBC Universal Studios in the area.

Unless noted otherwise, data and images pertaining to rent, occupancy, employment, unemployment, income, price per unit, and cap rate are year-end figures. Absorption and construction figures are full-year totals, unless noted otherwise. Numbers for 2021 are projected values. 2022 figures are forecast projections. The apartment sales information represents transactions of apartment properties with a sales price of \$2.5 million or more, unless otherwise indicated.

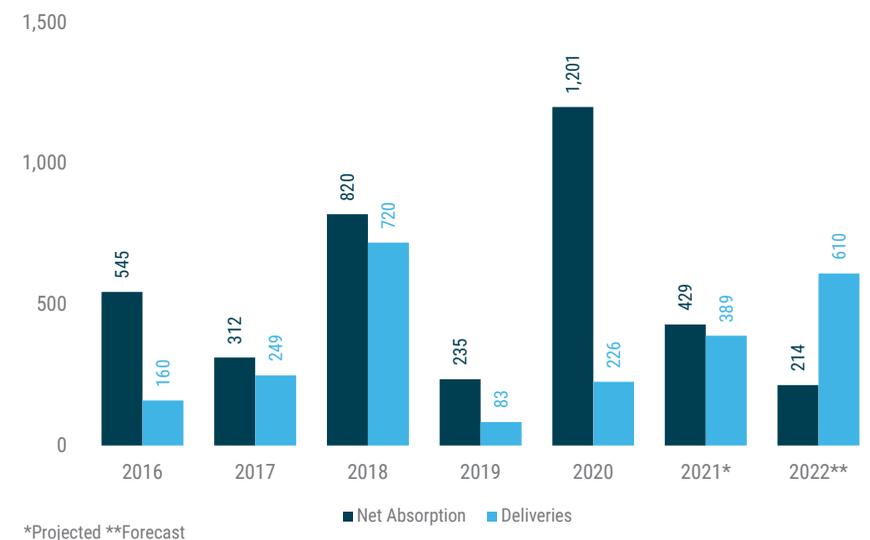
2022 FORECAST

APARTMENT TRENDS

Effective Rent & Occupancy



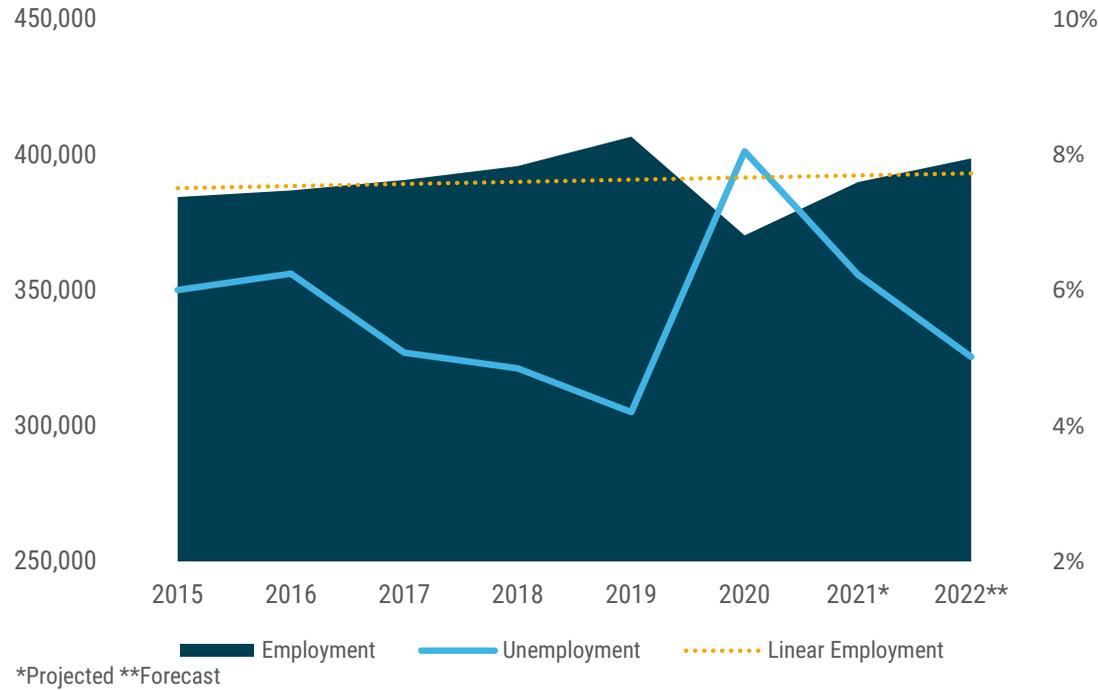
Absorption & Deliveries



ALBUQUERQUE, NM

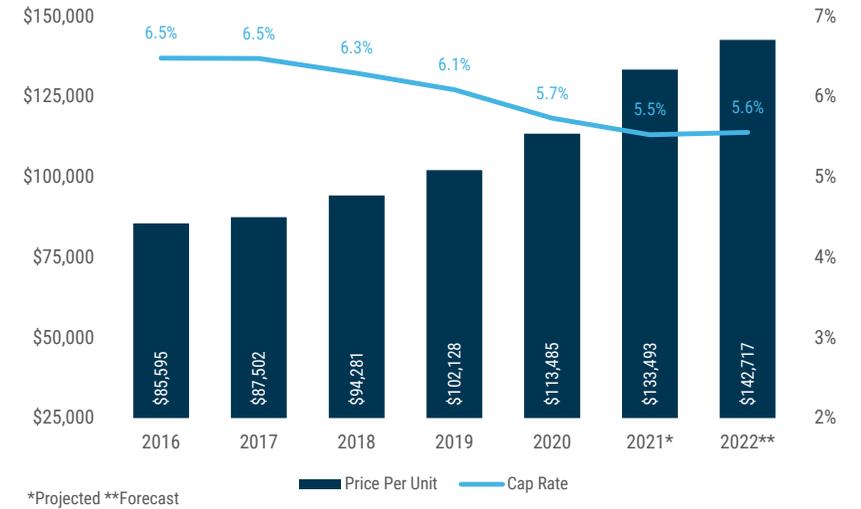
EMPLOYMENT TRENDS

Market Employment Trends



SALES TRENDS

Price Per Unit & Cap Rate



| | | |
|---|---|---|
| <p>Employment</p> <p>398,700</p> <p>↑</p> <p>UP 2.2% YOY</p> | <p>Unemployment</p> <p>5.0%</p> <p>↓</p> <p>DOWN 120 BPS YOY</p> | <p>Median Household Income</p> <p>\$58,099</p> <p>↑</p> <p>UP 3.1% YOY</p> |
|---|---|---|

| | |
|---|--|
| <p>Price Per Unit</p> <p>\$142,717</p> <p>↑</p> <p>UP 6.9% YOY</p> | <p>Cap Rate</p> <p>5.6%</p> <p>↑</p> <p>UP 10 BPS YOY</p> |
|---|--|