

CONSTRUCTION ACTIVITY



UNDER CONSTRUCTION **946**

UNITS DELIVERED (YTD) **766**

MARKET FUNDAMENTALS



VACANCY RATE **7.1%**

YEAR-OVER-YEAR CHANGE **-10_{bps}**

ASKING RENTS **\$1,291**

YEAR-OVER-YEAR CHANGE **-0.6%**

TRANSACTION ACTIVITY (YTD)



MEDIAN PRICE PER UNIT **\$91,400**

ALBUQUERQUE MULTIFAMILY Q2 2026

MARKET INSIGHTS

Fundamentals improve as new supply eases

HIGHLIGHTS

- Property fundamentals improved in recent months as the pace of deliveries slowed and demand was strong. Projects totaling 200 units came online during the second quarter, lagging the preceding three months by 64%.
- The vacancy rate declined by 30 basis points during the second quarter to 7.1%. This marked the third consecutive year where the vacancy rate tightened during the second quarter. Year over year, the rate is down 10 basis points.
- Asking rents advanced in recent months after declining for three consecutive quarters. Rents closed the mid-point of 2026 at \$1,291 per month, up 1.3% from the first quarter. Year over year, rents are down 0.6%.
- Sales activity has remained light this year, with first-half transactions closely tracking levels recorded in the same period of 2025. Pricing has softened, with the median sale price declining 35% from 2025 to \$91,400 per unit among transactions with recorded pricing.

ALBUQUERQUE MULTIFAMILY MARKET OVERVIEW

Solid seasonal performance led to vacancy trends reversing in the second quarter, as the vacancy rate in the Albuquerque multifamily market improved year over year for the first time since late 2022. While the annual change was a modest decrease, the quarterly decline of 30 basis points may ultimately be an inflection point in the market after vacancies trended higher for much of the past two years. Heightened demand was a strong contributor, as was a slower pace of deliveries from the first quarter to the second quarter. While the second quarter is traditionally a period of strong demand, the most recent one exceeded historical norms. Apartments recorded net move-ins for approximately 500 units during the past three months, more than double the average second-quarter absorption recorded over the past five years.

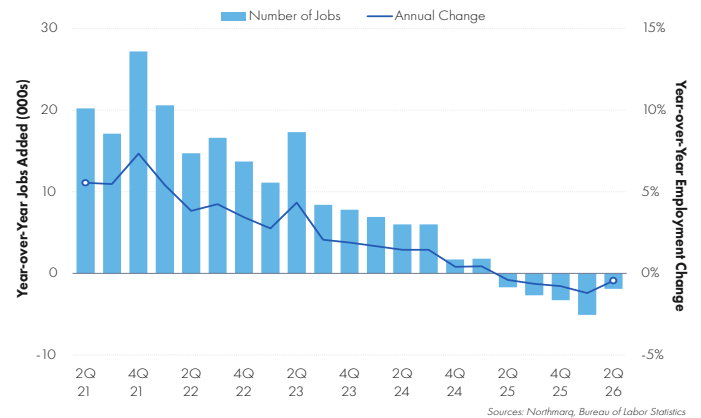
Multifamily transaction activity in Albuquerque has been limited to this point in 2026 and the sales mix has shifted away from market-rate complexes with affordable properties now accounting for a larger share of overall transaction volumes. In the market-rate properties that have traded in 2026, the average age has trended to older vintages, after properties built since 2014 accounted for roughly half of the sales in 2025. The shift toward older assets, as well as to affordable properties, has dragged on per-unit pricing. In transactions where pricing was available, the median sale price is \$91,400 per unit year to date. During the past five years, median pricing has ranged from \$130,000 per unit to roughly \$155,000 per unit. Cap rates for affordable properties have generally averaged in the mid-5% range, although most of these transactions closed prior to interest rates trending higher. More recent cap rates on market-rate properties were in the high-6% range.

EMPLOYMENT

- Total employment in Albuquerque has generally declined during the past few quarters. Year over year, area employers cut 1,900 positions, representing a decline of 0.5%. In 2025, the local labor market contracted by 3,300 jobs.
- Employment in the leisure and hospitality sector has trended higher during the past year as seasonal hiring was solid in recent months. This sector expanded by 1,300 workers year over year, an increase of 2.8%.
- Curia recently opened a fifth manufacturing line at its local campus located near Osuna Road and Jefferson Street NE. The facility currently employs 350 workers, but with an additional 70,000 square feet of space and a new line, Curia is positioned to create 250 additional jobs.
- **FORECAST:** Employment levels in Albuquerque are projected to soften in 2026. The local labor market is expected to lose 2,000 positions by year-end, a 0.5% decline.

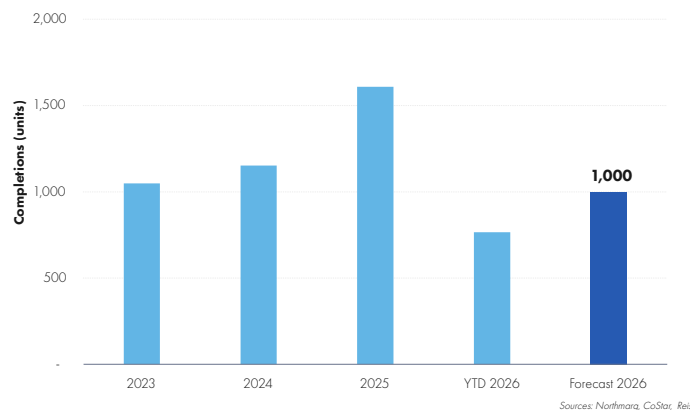
The leisure and hospitality sector expanded by 1,300 workers.

EMPLOYMENT OVERVIEW



Multifamily permitting slowed in recent months.

DEVELOPMENT TRENDS

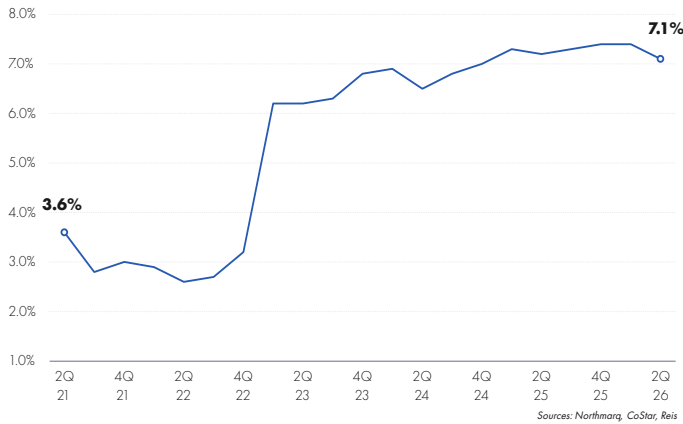


DEVELOPMENT & PERMITTING

- Supply growth slowed in the second quarter as roughly 200 units were delivered. Still, projects totaling more than 750 units have come online year to date, building on last year's peak of roughly 1,600 units.
- Projects totaling approximately 950 units were under construction in Albuquerque at the close of the second quarter, down 28% from one year ago. The majority of projects underway are being developed as affordable or partially affordable apartments.
- Multifamily permitting slowed in recent months. Developers pulled permits for approximately 100 units during the second quarter after permits for more than 400 units were issued at the start of 2026.
- **FORECAST:** Projects totaling 1,000 units are slated for completion in 2026, which would mark four consecutive years of deliveries reaching at least 1,000 units. From 2016 to 2022, new supply averaged fewer than 300 units per year.

Vacancy declined 30 basis points during the second quarter.

VACANCY TRENDS



VACANCY

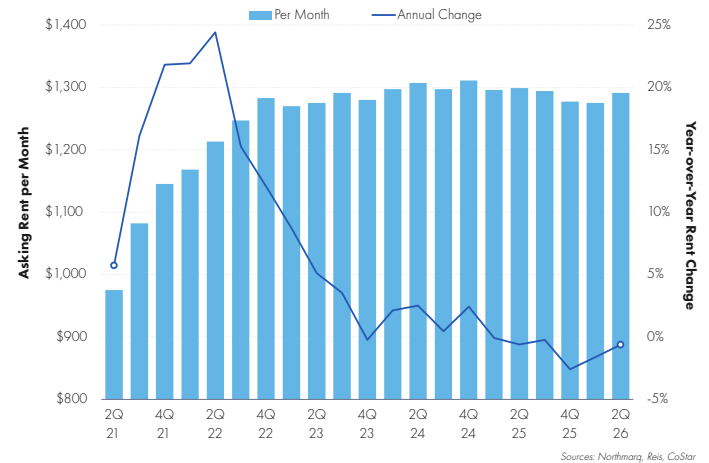
- After holding steady to begin the year, Albuquerque's vacancy declined 30 basis points during the second quarter to 7.1%. Compared with one year ago, vacancy is down 10 basis points.
- Renter demand was elevated during the second quarter. In the past three months, net move-ins for roughly 500 units were recorded, exceeding the same period of 2025 by 82%. This marked the second-highest quarterly total for net absorption during the past decade, trailing only the second quarter of 2024.
- While the rate remains above the overall market level, vacancy conditions for Class A properties have tightened in recent periods. The vacancy rate for top-tier assets closed the second quarter at 8.3%, down 30 basis points from levels recorded one year ago.
- **FORECAST:** Vacancy is forecast to finish 2026 at 7.0%, down 20 basis points from the end of last year and in line with the rate recorded at the end of 2024.

RENTS

- After declining for three consecutive quarters, asking rents advanced during the second quarter. In the past three months, asking rents in Albuquerque rose 1.3%, reaching \$1,291 per month. Still, rents have trended lower by 0.6% year over year.
- While rent growth has moderated in recent periods, average rents have remained near previous highs, holding onto the substantial gains recorded earlier this decade.
- Operators for Class A assets continue to prioritize occupancy in place of rent growth as they compete against other recently delivered properties. In the past year, Class A rents dropped 2.3% to \$1,500 per month.
- **FORECAST:** Asking rents are projected to advance by roughly 1.5% in 2026, closing the year at \$1,295 per month. In 2025, rents trended lower by 2.6%.

In the past three months, asking rents rose 1.3%.

RENTS TRENDS

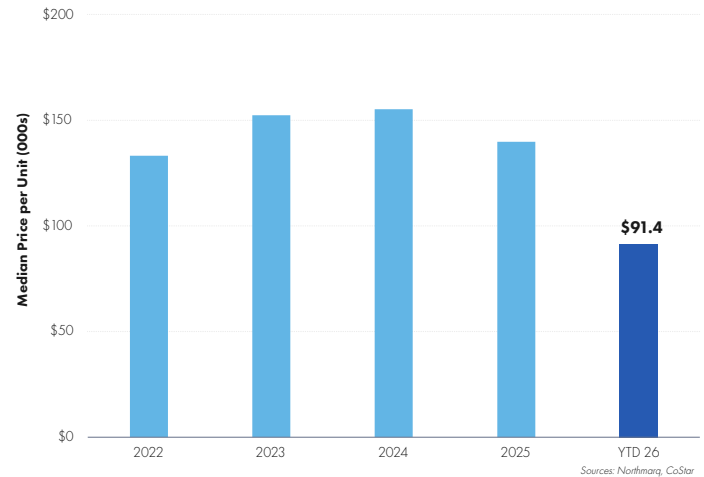


MULTIFAMILY SALES

- Sales velocity in the Albuquerque multifamily investment market slowed during the first half of 2026 following a fairly active period of transactions during the second half of 2025. Total sales during the first half of 2026 trailed levels recorded in the preceding six months by approximately 35%.
- In transactions where pricing was available, the median sale price to this point in the year is \$91,400 per unit. In 2025, the median price was nearly \$140,000 per unit, and prices peaked at more than \$155,000 per unit in 2023 and 2024.
- Cap rate data in recent periods has been mostly for affordable/partially affordable properties. During the past year, cap rates have averaged 5.8%, although cap rates in recently closed deals are at 6.5% or higher.

Cap rates in recently closed deals are at 6.5% or higher.

INVESTMENT TRENDS

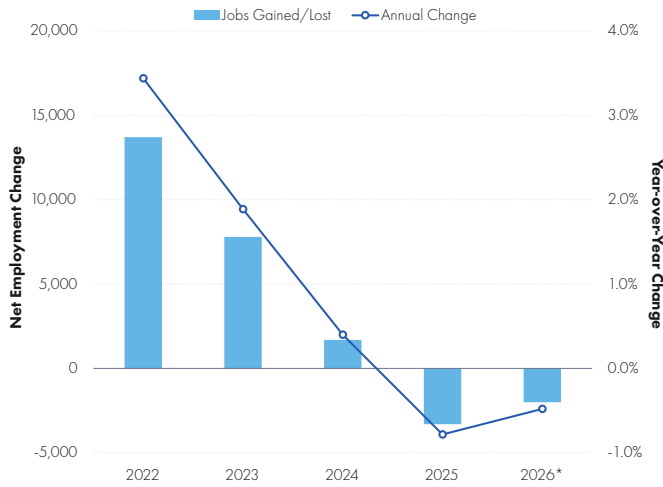


LOOKING AHEAD

Completions for the full year are expected to lag peaks recorded in 2025 by 38% but will closely track the totals recorded in 2023 and 2024. The construction pipeline is comprised mostly of affordable and partially affordable apartments; which is also the case for the planned pipeline. Inventory growth in the coming quarters and years will shift from the influx of market-rate apartments that have come online in recent years. This should bode well for market-rate fundamentals, as the strong completions of the past few years will face minimal competitive impact from the affordable and partially affordable assets that are set to deliver in the future. Vacancy is expected to hold at around 7% through the end of the year, and rents are expected to advance roughly 1.5% annually, helping to offset the losses recorded in 2025.

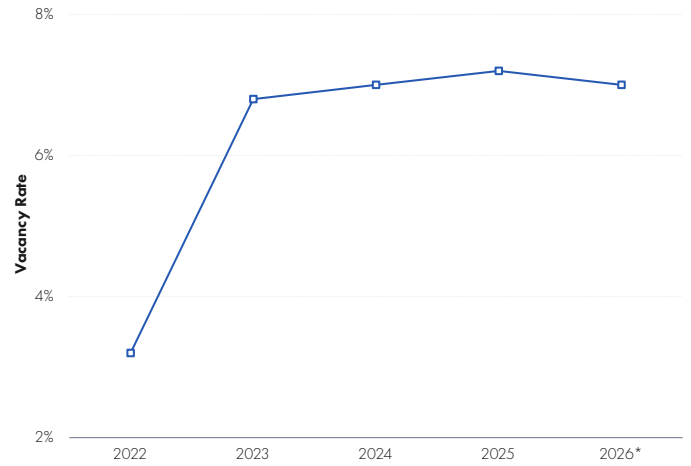
The pace of multifamily sales is likely to remain limited through the end of 2026, and activity for the full year is projected to finish below historical levels. There could be a modest increase in volumes involving new builds as these properties reach stabilization, although a higher interest rate environment may delay transactions until the rates outlook brightens. Aside from last year, very few assets built since 2020 have sold in a period where more than 4,500 units have come online. Additionally, of the 10 properties currently in lease-up in Albuquerque, almost none have changed hands. Some of these assets will likely be made available for purchase in the coming quarters and years. If cap rates push higher, there may still be investor demand for properties built from the 1970s to the 2000s, vintages that have traditionally accounted for the majority of sales in the region.

EMPLOYMENT FORECAST



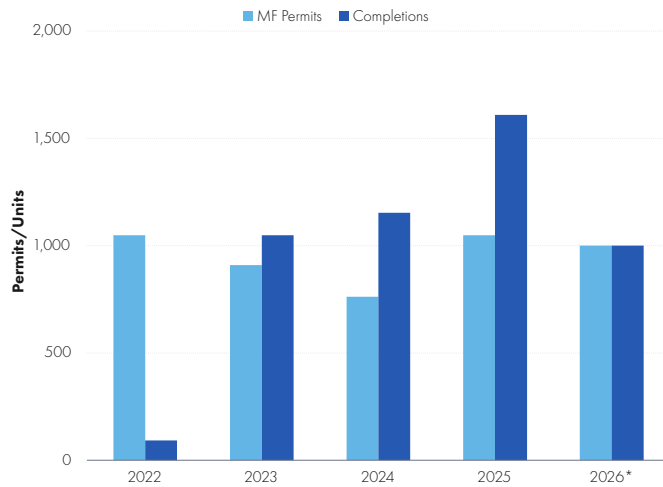
* Year-End Forecast
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



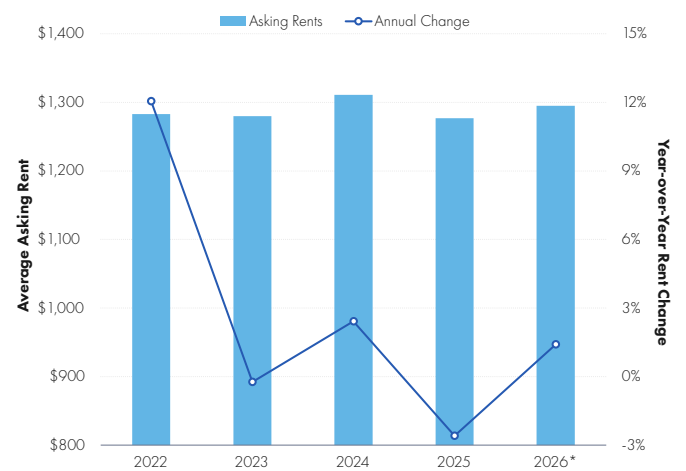
* Year-End Forecast
Sources: Northmarq, CoStar, Reis

CONSTRUCTION & PERMITTING FORECAST



* Year-End Forecast
Sources: Northmarq, Census Bureau, Reis

RENTS FORECAST



* Year-End Forecast
Sources: Northmarq, Reis



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