

# Sales activity shifts toward newer vintages

## CONSTRUCTION ACTIVITY



UNDER CONSTRUCTION **1,006**

UNITS DELIVERED (YTD) **1,609**

## MARKET FUNDAMENTALS



VACANCY RATE **7.2%**

YEAR-OVER-YEAR CHANGE **+20bps**

ASKING RENTS **\$1,277**

YEAR-OVER-YEAR CHANGE **-2.6%**

## TRANSACTION ACTIVITY (YTD)



MEDIAN PRICE PER UNIT **\$139,800**

## ALBUQUERQUE MULTIFAMILY Q4 2025

### HIGHLIGHTS

- Supply growth in the Albuquerque multifamily market has been elevated in recent periods. Projects totaling approximately 1,600 units came online in 2025, after roughly 1,150 units were completed in 2024.
- Since rising throughout the second half of 2024 and into early 2025, vacancy has remained flat. After inching lower during the second quarter, vacancy paused at 7.2%. Still, the rate is up 20 basis points annually.
- Apartment rents trended lower by 1.3% during the fourth quarter to \$1,277 per month. For the full year, rents declined 2.6%, compared with a 2.4% increase in 2024.
- While activity picked up throughout the year, the pace of multifamily sales in 2025 closely tracked the limited levels recorded in 2023 and 2024. In transactions where pricing was available, the median sale price during the past 12 months was \$139,800 per unit, down 10% from 2024. Cap rates averaged 5.5%, down 100 basis points from last year.

### ALBUQUERQUE MULTIFAMILY MARKET OVERVIEW

Supply growth in the Albuquerque multifamily market has been elevated in recent years, a trend that continued in 2025 but shows signs of reversing in the coming quarters. More than 1,600 units delivered in 2025, after a combined 2,200 units came online in 2023 and 2024. While supply growth persisted in 2025, vacancies largely leveled off, rising during the first quarter and then holding in a tight range for the remainder of the year. Area vacancy has remained at roughly 7.2% in each of the past three quarters; in the nine months prior, the rate rose 80 basis points. The vacancy rate in the Rio Rancho submarket has fluctuated in response to shifting supply trends. The rate spiked in 2024 after more than 600 units came online from September 2023 to March 2024. As development leveled off in this area, vacancy came down, with the rate improving by 310 basis points during the past 12 months.

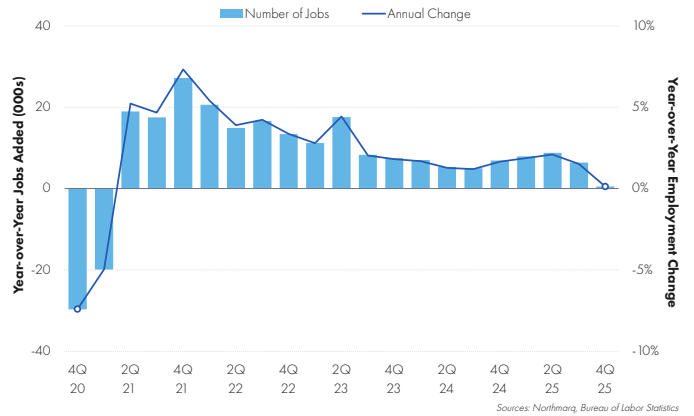
Despite the pace of multifamily sales accelerating throughout the year, total sales in the Albuquerque multifamily investment market during 2025 tracked the light levels recorded in the preceding two years. Pricing declined in recent periods as LIHTC deals were prominent. In transactions where pricing was available, the median price for the full year was \$139,800 per unit, down 10% from levels recorded last year. In the market rate deals with available transaction pricing, Poblana Place sold for roughly \$212,500 per unit, highlighting pricing for recent construction. Sales of more recently completed properties made up a larger share of activity. Properties built since 2014 accounted for half of all sales during the past 12 months, while these same vintages made up just one-third of the transactions in the previous year.

## EMPLOYMENT

- After increasing in the first half of the year, total employment in Albuquerque declined during the second half, nearly offsetting the earlier gains. In 2025, area employers added 500 workers, an increase of 0.1%.
- While many industries lost jobs, the financial services sector posted solid growth. Total employment in this sector increased by 900 positions during the past 12 months, an increase of 4.6%.
- Meta will be expanding the company’s existing presence in Los Lunas over the next decade. In December, Meta purchased nearly 475 acres adjacent to its existing data center. The Los Lunas Village Council recently approved incentives for public infrastructure improvements related to the next development.
- **FORECAST:** The pace of new hires is expected to return to trend in the coming quarters after minimal growth in 2025. Area employers are forecast to expand payrolls by 4,000 workers during 2026, an annual increase of roughly 1%.

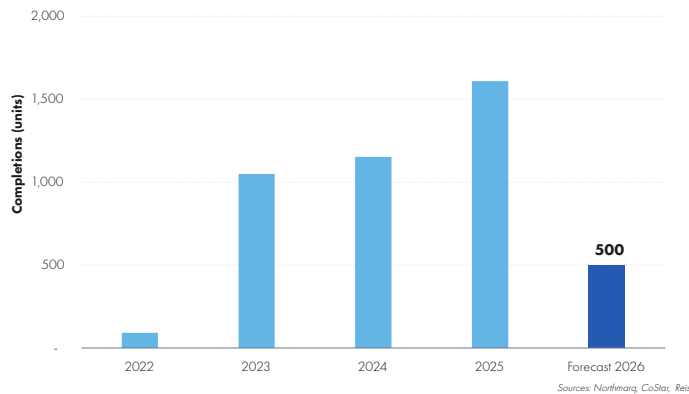
*In 2025, area employers added 500 workers.*

### EMPLOYMENT OVERVIEW



*Projects totaling only about 1,000 units are under construction.*

### DEVELOPMENT TRENDS

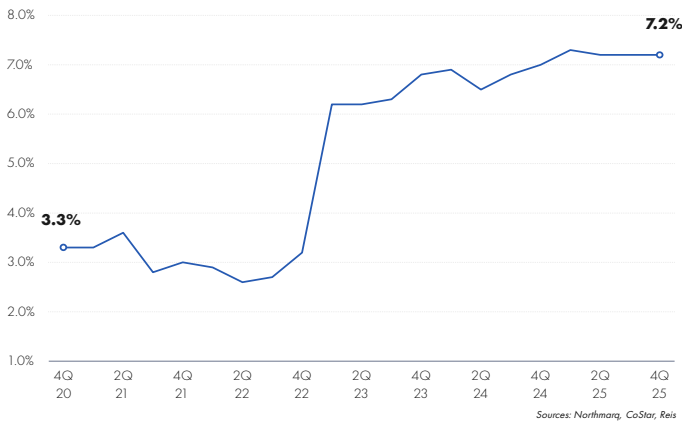


## DEVELOPMENT & PERMITTING

- Projects totaling 1,609 units came online in 2025, marking the third consecutive year of elevated deliveries. Developers delivered more than 1,150 units in 2024 and projects totaling 1,050 units in 2023.
- The development pipeline continued to taper off during the past year. Projects totaling only about 1,000 units are currently under construction in the region.
- Multifamily permitting has trended higher in recent quarters from previously lighter levels. Developers pulled permits for roughly 1,050 units during the past year, up 38% from 2024.
- **FORECAST:** The pace of multifamily deliveries is expected to slow in 2026. Projects totaling 500 units are slated for completion in the coming year. This would mark a return closer to the average annual construction activity that prevailed from 2015 to 2020.

Vacancy remained at 7.2% during the second half of 2025.

VACANCY TRENDS



VACANCY

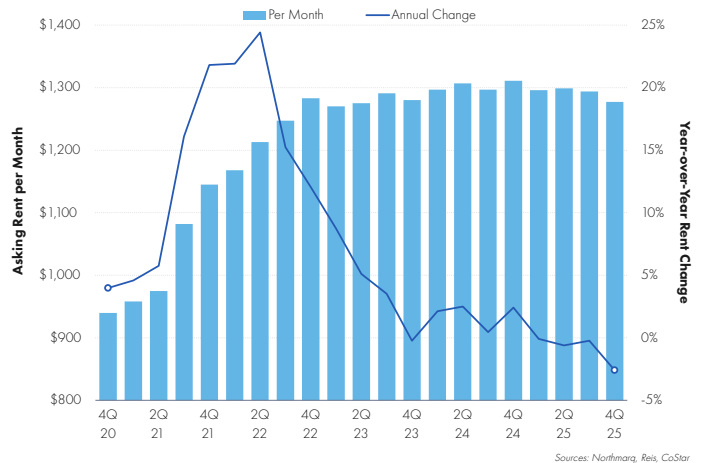
- Vacancy conditions in Albuquerque stabilized in recent quarters after rising during the second half of 2024 and into early 2025. Vacancy remained at 7.2% during the second half of the year. Despite the rate leveling off, area vacancy inched higher by 20 basis points in 2025.
- Trends are reversing in Rio Rancho after rapid completions in 2023 and 2024 drove the submarket’s vacancy rate higher. In 2025, vacancy in Rio Rancho improved by 310 basis points, reaching 5.7%.
- Following steep increases during the first six months of 2025, top-tier vacancy conditions improved during the last six months. Class A vacancy ended the year at 8.1%, down 60 basis points from the second quarter.
- **FORECAST:** Area vacancy is projected to remain stable in 2026, as the market has absorbed the rapid deliveries of the past three years. The vacancy rate is forecast to finish the year at 7.2%.

RENTS

- Asking rents in Albuquerque dipped during the second half of the year. During the fourth quarter, rents declined 1.3% to \$1,277 per month. For the full year, area rents trended lower by 2.6%, offsetting the growth recorded in 2024.
- While rents declined in most submarkets during 2025, the losses in the Far Northeast Heights submarket were less extreme. Asking rents in this area ended the year at \$1,411 per month, down 0.8% from a year earlier.
- The added inventory over the past three years has pressured rent growth for Class A assets. Top-tier rents trended lower by 4.4% during the past 12 months to \$1,467 per month.
- **FORECAST:** Rent growth is expected to rebound in 2026. Apartment rents are projected to advance roughly 1.5% in the coming year to \$1,295 per month.

Rent growth is expected to rebound in 2026.

RENTS TRENDS

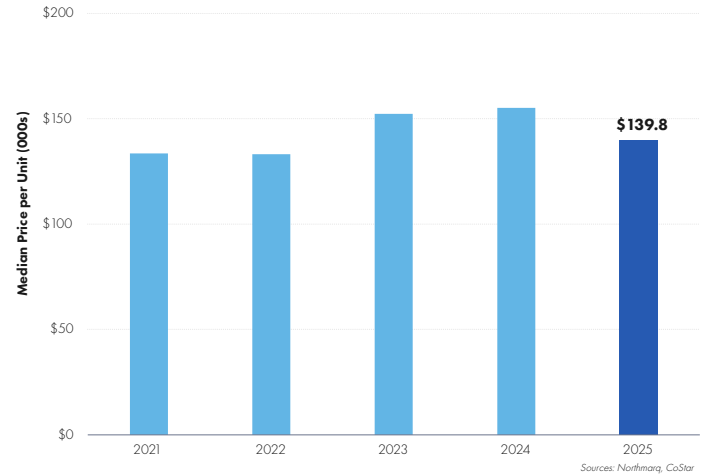


## MULTIFAMILY SALES

- While activity in the Albuquerque multifamily investment market picked up during the second half of 2025, total volumes remained light, continuing the trend of the previous two years. Sales activity during the last six months of the year more than doubled the limited levels recorded in the first half.
- Pricing trended lower in 2025, as LIHTC deals made up a large portion of the sales mix. For transactions where pricing was available, the median sale price in 2025 was \$139,800 per unit, down 10% from 2024.
- Cap rates declined in recent months after averaging in the mid-6% range from early 2024 through the second quarter of 2025. During the second half of the year, rates averaged 5.5%.

*The median sale price in 2025 was \$139,800 per unit.*

### INVESTMENT TRENDS

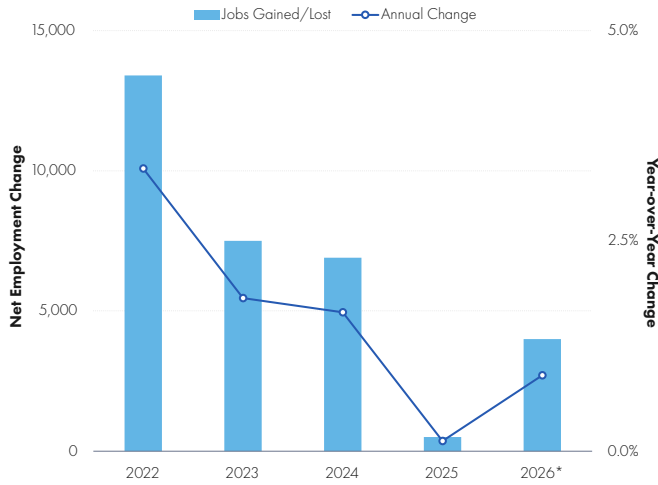


## LOOKING AHEAD

After three consecutive years of elevated delivery totals, the pace of new supply growth is forecast to slow significantly in 2026. Projects totaling just 500 units are forecast to come online in the coming year, similar to the region’s historical average annual inventory growth trends. Recent permitting trends suggest delivery totals ranging between 500 units and 750 units per year may be the future trend in Albuquerque. With supply growth remaining relatively modest, the vacancy rate should hold in the low-7% range in the coming quarters after rising for four consecutive years. Rent growth is forecast to resume, as vacancy conditions remain stable. Since spiking in 2022, rents have posted uneven performance, with years of minimal gains or slight losses.

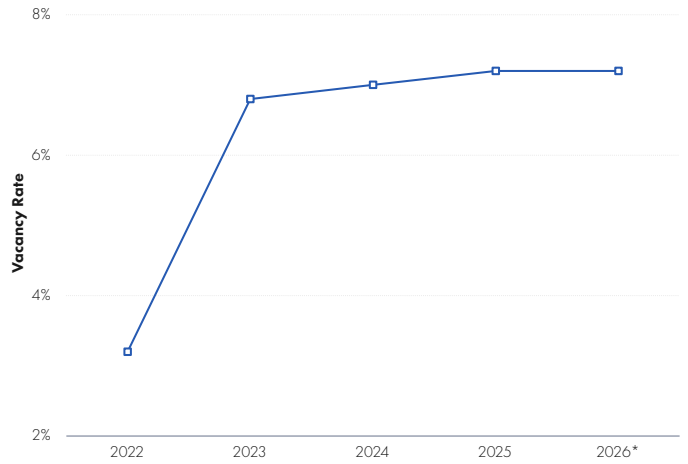
Sales activity in the Albuquerque multifamily investment market should increase in the coming quarters following lighter activity in recent years. While the region traditionally records LIHTC deals at a strong clip, the recent split between LIHTC sales and market rate deals was skewed heavily towards the former, as market rate deals have been at a near standstill. If vacancy remains stable and rent growth resumes, the pace of sales for market rate properties should accelerate in the coming year, which may bring overall sales activity back to traditional levels. Recent supply growth should also create new opportunities, as the more than 3,800 units that have come online during the past three years continue to gain occupants. Every property that came online in 2023, and more than half of the properties that delivered in 2024, have completed lease-up.

### EMPLOYMENT FORECAST



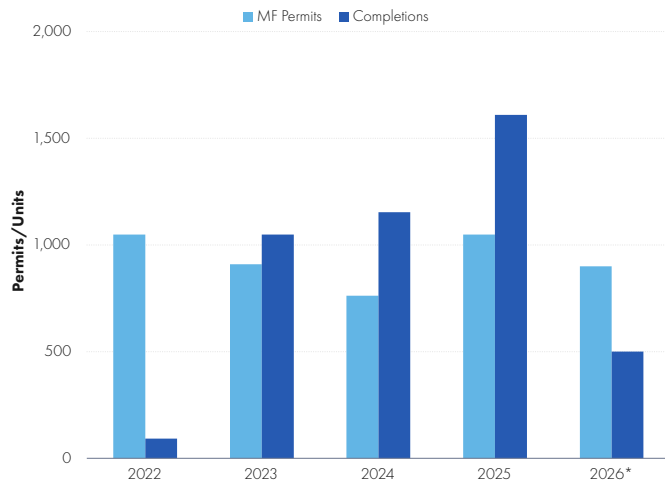
\* Year End Forecast  
Sources: Northmarq, Bureau of Labor Statistics

### VACANCY FORECAST



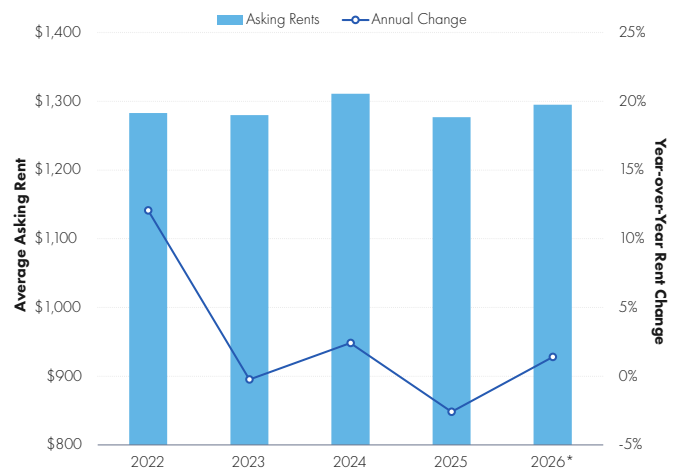
\* Year End Forecast  
Sources: Northmarq, CoStar, Reis

### CONSTRUCTION & PERMITTING FORECAST



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

### RENTS FORECAST



\* Year End Forecast  
Sources: Northmarq, Reis



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