



MARKET INSIGHTS



Available Rate
0.84%



Market Rent/SF
\$20.39



CAPITAL MARKET



Average Cap Rate
7.25%



Market Sale Price per SF
\$187.55



US 10-year Treasury Note
4.16%



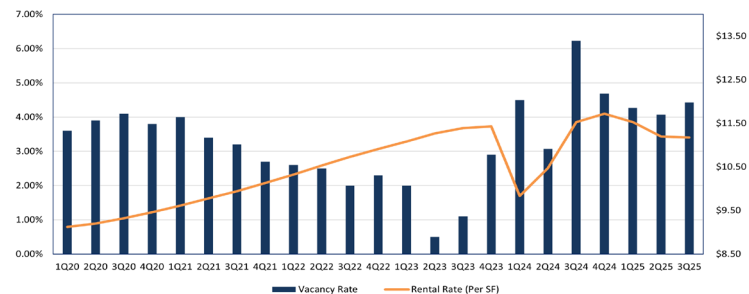
INDUSTRIAL MARKET SNAPSHOT

- **Market Conditions:** Availability finished at 0.84%, tightening from 1.28% at YE 2024, while market rents increased to \$20.39/SF (up from \$16.46/SF).
- **Demand Drivers:** Santa Fe continues to see steady demand driven by local and regional users, with limited available space keeping leasing activity competitive and supporting continued rent growth.
- **Barriers to New Development:** New supply remains limited, with inventory increasing only modestly to 2.00M SF, reinforcing long-term constraints tied to land availability, development limitations, and a small industrial pipeline.
- **Outlook:** With availability remaining below 1%, Santa Fe's industrial market is positioned to sustain elevated rent levels, though tenant decision-making may become more selective as pricing continues to rise and replacement options remain limited.

INDUSTRIAL INVESTMENT MARKET

- **Trends:** Sale pricing strengthened in 4Q25, with the average market sale price increasing to \$187.55/SF (up from \$160/SF at YE 2024), while cap rates moved slightly higher to 7.25% (vs. 7.0%), reflecting continued investor caution alongside resilient market fundamentals.
- **Outlook:** Despite cap rate expansion, improving capital market conditions may support transaction momentum into 2026, as the 10-year Treasury declined from 4.54% (YE 2024) to 4.16% (4Q25). Buyers are expected to remain selective, favoring functional assets with stable tenancy and limited competitive supply.
- **Investment Appeal:** Santa Fe remains attractive due to structural barriers to new industrial development and consistently low availability, supporting long-term rent stability and insulating values relative to larger industrial markets experiencing higher volatility.

VACANCY VS. RENTAL RATES





KEY SALES TRANSACTIONS

Property	Submarket	RSF	List Price
 1259 Siler Road	Santa Fe	21,400	\$3,719,286
 20 Arroyo Cuyamungue Rd	Santa Fe	12,399	\$1,860,000
 1197 Parkway Drive	Santa Fe	11,329	\$2,501,111



CLASS SNAPSHOT

Class A		Class B		Class C	
Total Square Feet	-	Total Square Feet	813,754	Total Square Feet	1,210,910
Availability	-	Availability	1.19%	Availability	0.59%
Avg. Face Rate	-	Avg. Face Rate	\$18.18	Avg. Face Rate	\$20.00

MARKET STATISTICS

Submarket Name	RBA	Available SF	Vacancy Rate	Face Rate
Santa Fe	732,677	2,200	1.12%	\$16.36
Southwest Santa Fe	1,257,866	14,615	1.54%	\$21.00
Downtown	12,531	-	0.00%	-
Total	2,003,074	16,815	0.84%	\$20.39

KEY LEASE TRANSACTIONS

Property	Submarket	RSF	Lease Rate
 1143 Siler Park Lane, Unit #107	Santa Fe	5,000	\$15.00/SF
 1291 Clark Rd. #B	Santa Fe	3,882	\$16.00/SF
 2778 Agua Fria St. #6	Santa Fe	2,400	\$22.00/SF

PRODUCT TYPE BREAKDOWN



INDUSTRIAL SNAPSHOT

Industrial market data includes non-owner-occupied buildings of ≥10,000 square feet in the Santa Fe MSA. Availability reflects all space currently on the market as well as vacant space. Rent asking rates are based on full service per square foot per year. All information is obtained from sources deemed reliable. While we make every effort to ensure the accuracy of our data, we cannot guarantee accuracy. Readers should consult a real estate professional before making investments decisions based on this data.



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