



MARKET INSIGHTS



Available Rate
13.98%



Market Rent/SF
\$21.59



CAPITAL MARKET



Average Cap Rate
7.58%



Market Sale Price per SF
\$176.21



US 10-year Treasury Note
4.16%



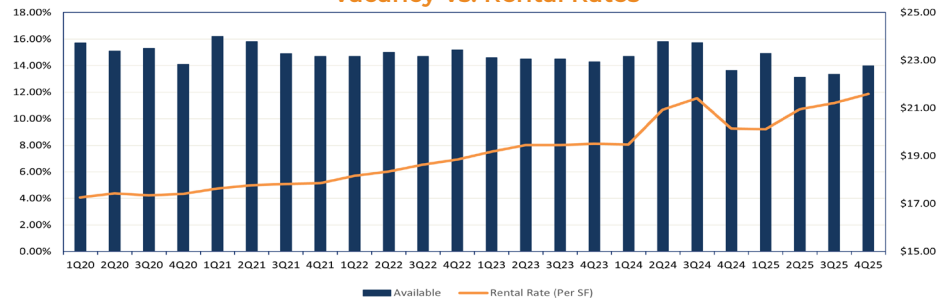
OFFICE MARKET SNAPSHOT

- **Vacancy Ticked Up Slightly YoY:** Office availability increased to 13.98% at YE 2025, up from 13.65% at YE 2024, reflecting limited net absorption and the gradual return of shadow space. Vacancy remains below national averages, supported by minimal new construction and long-term inventory constraints.
- **Rents Continued to Rise:** Average asking rents increased to \$21.59/SF, up from \$20.15/SF at YE 2024, driven by inflationary pressures, rising operating costs, and ongoing tenant flight to higher-quality space.
- **Inventory Stabilized After Prior Contraction:** Total multi-tenant office inventory expanded modestly to 15.86 million SF, following several years of contraction caused by redevelopment and owner-user absorption. This slight expansion contributed to upward pressure on availability in 2025.
- **Shadow Space Remains a Structural Risk:** An estimated 4.4% of inventory was leased but unoccupied at year end, increasing the risk of future vacancy if economic conditions soften.

OFFICE INVESTMENT MARKET



- **Investor inactivity defined the 2025 investment market,** with only eight reported investment sales across the entire year. This lack of institutional engagement was the most significant drag on overall market performance.
- **Owner-users dominated,** accounting for 80% of all office sales. These buyers, seeking to fix occupancy costs amid rising rents, drove what limited transaction volume occurred.
- **The absence of investors had the deepest impact on Albuquerque's office market in 2025,** limiting liquidity, suppressing competition, and stalling momentum across multi-tenant and repositioning opportunities.
- **Outlook for 2026:** With expected Fed rate cuts on the horizon, there is cautious optimism that investor confidence may return in the coming year. As borrowing costs decline, sidelined capital could re-enter the market, especially for well-located assets priced below replacement cost. Until then, owner-users will continue to anchor demand.

Vacancy Vs. Rental Rates





2025 KEY SALES TRANSACTIONS

| Property | Submarket | Buyer Type | RSF | List Price |
|--|-----------------------|------------------------|--------|-------------|
|  5411 Jefferson St NE | North I-25 | Institutional Investor | 56,000 | \$9,561,400 |
|  6020 Academy Rd NE | Far Northeast Heights | Owner/User | 25,688 | \$2,750,000 |
|  7930 Wyoming Blvd NE | North I-25 | Owner/User | 8,348 | \$2,235,000 |

2025 KEY LEASE TRANSACTIONS

| Property | Submarket | Tenant | Lease Type | RSF |
|--|------------|---------------|---------------------|--------|
|  4500 Alexander Blvd NE | North I-25 | Sem-Sol | Expansion/Extension | 50,012 |
|  5411 Jefferson St NE | North I-25 | Raven Defense | New Lease | 33,987 |
|  4400 Masthead St NE | North I-25 | Lovelace | New Lease | 27,540 |

CLASS SNAPSHOT

| | Class A | Class B | Class C |
|-------------------|-----------|------------|-----------|
| Total Square Feet | 1,966,748 | 11,693,630 | 2,197,004 |
| Availability | 22.84% | 13.35% | 9.45% |
| Avg. Face Rate | \$27.41 | \$19.84 | \$18.95 |

MARKET STATISTICS

| Submarket Name | RBA | Available SF | Available Rate | Face Rate |
|-----------------------|-------------------|------------------|----------------|----------------|
| Airport | 859,643 | 72,074 | 8.38% | \$15.27 |
| Cottonwood | 147,973 | - | - | - |
| Downtown | 3,231,942 | 827,661 | 25.61% | \$19.36 |
| Far Northeast Heights | 1,642,385 | 126,148 | 7.68% | \$19.79 |
| Mesa Del Sol | 335,313 | 128,688 | 38.38% | \$27.23 |
| North I-25 | 3,925,573 | 486,277 | 12.39% | \$22.08 |
| North Valley | 161,694 | 20,702 | 12.80% | \$22.00 |
| Northeast Heights | 954,382 | 48,201 | 5.05% | \$18.73 |
| Rio Rancho | 1,042,639 | 129,237 | 12.40% | \$23.75 |
| South Valley | 61,157 | - | 0.00% | - |
| Southeast Heights | 432,111 | 8,198 | 1.90% | \$16.01 |
| University | 916,584 | 134,885 | 14.72% | \$19.78 |
| Uptown | 1,813,937 | 224,505 | 12.38% | \$20.77 |
| West Mesa | 337,649 | 11,283 | 3.34% | \$20.00 |
| Total | 15,862,982 | 2,217,859 | 13.98% | \$21.59 |

PRODUCT TYPE BREAKDOWN



OFFICE SNAPSHOT

Office market data includes non-owner-occupied buildings of ≥10,000 square feet in the Albuquerque 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.

