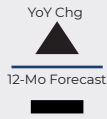




### MARKET INSIGHTS



Available Rate  
**9.77%**



Market Rent/SF  
**\$25.00**



### CAPITAL MARKET



Average Cap Rate  
**8%**



Market Sale Price per SF  
**\$272.09**



US 10-year Treasury Note  
**4.16%**



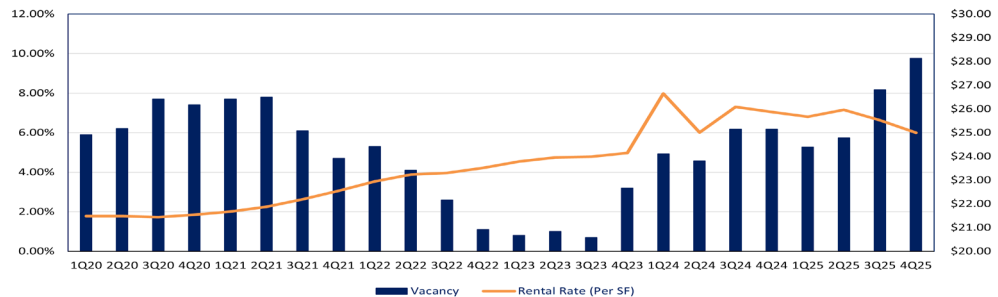
### OFFICE MARKET SNAPSHOT

- **Market Conditions:** Availability increased to 9.77% (vs. 6.18% at YE 2024), driven by 4200 Beckner Road (95,915 SF Class A medical office) going 100% vacant in December 2025. Market rent adjusted to \$25.00/SF
- **Demand Drivers:** Healthcare and professional services remain steady users; however, tenants are increasingly cost-conscious and leveraging higher-quality vacancy to negotiate rates and concessions.
- **Barriers to New Development:** Zoning constraints, historic preservation, and high costs continue to limit new supply, though planned public-sector projects may add future inventory, including a proposed 240,000 SF State building on Don Gaspar.
- **Demand Drivers:** Healthcare and professional services remain steady users; however, tenants are increasingly cost-conscious and leveraging higher-quality vacancy to negotiate rates and concessions.

### OFFICE INVESTMENT MARKET

- **Trends:** Lease momentum remains strongest in higher-quality projects, highlighted by a newly executed 10,000 SF lease at the New Mexico Innovation Hub within the Santa Fe Midtown Campus (30,000 SF Class A office), signed as a five-year NNN lease at \$30.00/SF base rent plus triple nets, with delivery anticipated in 2027. Additionally, future public-sector expansion including a planned 240,000 SF State office building on Don Gaspar, signals continued long-term institutional commitment to the Santa Fe core.
- **Outlook:** Despite cap rate expansion, improving capital market conditions may support transaction momentum heading into 2026, as the 10-year Treasury declined from 4.54% (YE 2024) to 4.16% (4Q25). Buyers are expected to remain selective, favoring well-leased properties and core submarkets with limited supply pressure.
- **Investment Appeal:** Santa Fe remains a resilient investment market due to development barriers and limited competitive supply; however, increased Class A vacancy, particularly from medical office space, may create near-term acquisition opportunities for investors seeking well-located assets positioned for lease-up or repositioning strategies.

Vacancy Vs. Rental Rates





KEY SALES TRANSACTIONS

Property	Submarket	Buyer Type	RSF	List Price
 1216 Parkway Drive	Santa Fe	Owner/User	5,208	\$875,000
 510 Don Gaspar Avenue	Downtown	Owner/User	2,768	\$1,300,000
 309 Johnson Street	Downtown	Private Investor	2,536	\$902,000

KEY LEASE TRANSACTIONS

Property	Submarket	Lease Rate	RSF
 535 Cerrillos Road #A-1	Santa Fe	\$23/PSF	4,476
 125 Lincoln Avenue #223	Downtown	\$27.57/PSF	3,159
 321 Paseo De Peralta	Santa Fe	\$22/PSF	3,028

CLASS SNAPSHOT

Class A		Class B		Class C	
Total Square Feet	300,122	Total Square Feet	1,720,931	Total Square Feet	488,972
Availability	32.20%	Availability	8.59%	Availability	1.09%
Avg. Face Rate	\$31.00	Avg. Face Rate	\$25.24	Avg. Face Rate	\$17.75

MARKET STATISTICS

Submarket Name	RBA	Available SF	Available Rate	Face Rate
Southwest Santa Fe	947,131	81,837	8.64%	\$25.56
Santa Fe	1,005,413	128,472	12.78%	\$24.16
Downtown	604,456	39,455	6.53%	\$26.58
<b>Total</b>	<b>2,557,000</b>	<b>249,764</b>	<b>9.77%</b>	<b>\$25.00</b>

PRODUCT TYPE BREAKDOWN



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OFFICE SNAPSHOT

Office 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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