

# INVESTMENT MARKET OVERVIEW ALBUQUERQUE, NM

<b>Industrial</b>	<b>12 Mo Sales Volume</b>	<b>Market Cap Rate</b>
	\$58.7M	7.3%

<b>Office</b>	<b>12 Mo Sales Volume</b>	<b>Market Cap Rate</b>
	\$55.3M	8.7%

<b>Retail</b>	<b>12 Mo Sales Volume</b>	<b>Market Cap Rate</b>
	\$69.1M	7.4%

Photo by Hesweoltime on flickr

## Industrial

### 12 Mo Sales Volume

**\$58.7M**

### Market Cap Rate

**7.3%**

12 MO SALES VOLUME	Total	Lowest	Highest	12 MO SALES PRICE	Average	Lowest	Highest	Market
Transactions	88	-	-	Cap Rate	7.7%	6.9%	8.5%	7.3%
Sales Volume	\$58.7M	\$488.5K	\$18M	Sale Price/SF	\$58	\$30	\$272	\$101
Properties Sold	82	-	-	Sale Price	\$5.3M	\$488.5K	\$18M	-
Transacted SF	2.2M	1.5K	600K	Sale vs Asking Price	-13.5%	-16.3%	0%	-
Average SF	25.2K	1.5K	600K	% Leased at Sale	98.8%	43.6%	100%	-

With the exception of 20Q03, investment activity has remained robust throughout the pandemic. Trailing 12-month investment volume totals \$58.7 M, above the 10-year annual average of \$40.7 million. This has not been a particularly liquid market this past decade, and it has been rare for more than 5% of inventory to trade in a given year.

The biggest trade year-to-date was New York based Corniche Capital's acquisition of a 381,000 SF manufacturing building in Los Lunas \$18M (\$89/SF) from Rio Real Estate Investment.

## Office

### 12 Mo Sales Volume

**\$55.3M**

### Market Cap Rate

**8.7%**

12 MO SALES VOLUME	Total	Lowest	Highest	12 MO SALES PRICE	Average	Lowest	Highest	Market
Transactions	158	-	-	Cap Rate	7.8%	4.7%	1.1%	8.7%
Sales Volume	\$55.3M	\$77.1K	\$15M	Sale Price/SF	\$47	\$10	\$560	\$129
Properties Sold	149	-	-	Sale Price	\$1.9M	\$77.1K	\$15M	-
Transacted SF	2.3M	566	559.1K	Sale vs Asking Price	-6.7%	-18.2%	0%	-
Average SF	14.5K	566	559.1K	% Leased at Sale	93.5%	0%	100%	-

Office investors were fairly active in Albuquerque over the past decade according to CoStar's research. More than 6% of inventory has traded annually in three of the past four years. Investors are primarily coming from within the state.

The biggest trade since the beginning of the COVID-19 outbreak was the City of Albuquerque's acquisition of the 572,000 SF Gibson Medical Center for \$15M (\$26/SF) in April. The city plans to reposition the buildings to multiple uses for the homeless population, including a 24/7 emergency shelter, and facilities to transition the homeless residents to stable permanent housing, as well as providing access to long-term services that will reduce the number of people living on the streets.

## Retail

### 12 Mo Sales Volume

**\$69.1M**

### Market Cap Rate

**7.4%**

12 MO SALES VOLUME	Total	Lowest	Highest	12 MO SALES PRICE	Average	Lowest	Highest	Market
Transactions	192	-	-	Cap Rate	6.5%	3.9%	8.8%	7.4%
Sales Volume	\$69.1M	\$168.2K	\$7.1M	Sale Price/SF	\$156	\$29	\$2.7K	\$10
Properties Sold	173	-	-	Sale Price	\$2M	\$168.2K	\$7.1M	-
Transacted SF	1.8M	649	101.4K	Sale vs Asking Price	-4.1%	-47.3%	7.1%	-
Average SF	9.4K	649	101.4K	% Leased at Sale	98.8%	34.5%	100%	-

The largest sale year-to-date belongs to Alpine Property Trust's acquisition of 1450 N. Renaissance Blvd. for \$7.1M (\$147/SF) from a private investor. The 48,000 SF freestanding retail building was 100% leased at the time of sale to Sportsman's Warehouse.

Market statistics provided by CoStar®



**1300 Desert Willow Rd.**  
**Sale Date:** March 2021  
**Sale Price:** \$18M (\$30/SF)  
**Leased:** 44%  
**RBA:** 381,000 SF  
**Year Built:** 2006

**Buyer:** Corniche Capital  
**Seller:** Rio Real Estate Investment  
**Broker:** Rio Real Estate Investment  
**Sale Type:** Investment  
**Sale Cond.:** High Vacancy Property



**8000 Bluewater Rd. NW**  
**Sale Date:** Dec. 2020  
**Sale Price:** \$17.1M  
**(\$85/SF)**  
**Leased:** 71%  
**RBA:** 201,720 SF  
**Year Built:** 2000

**Buyer:** Starwood Capital Group  
**Seller:** EJM Development Co.  
**Broker:** CBRE  
**Sale Type:** Investment  
**Sale Cond.:** Bulk/Portfolio Sale



**4500 Alexander Blvd. NE**  
**Sale Date:** Apr. 2021  
**Sale Price:** \$12M (\$117/SF)  
**Cap Rate:** 8.5% (Actual)  
**Leased:** 80%  
**RBA:** 201,720 SF  
**Year Built:** 1988 (Renov. 1995)

**Buyer:** Strategic Equity Solutions  
**Seller:** TOCU VI LLC  
**Broker:** Real Estate Advisors  
**Sale Type:** Investment  
**Sale Cond.:** Investment Triple Net



**Sale Date:** Dec. 2020  
**Sale Price:** \$2M (\$51/SF)  
**Leased:** 0%  
**RBA:** 38,872 SF  
**Year Built:** 1960

**Buyer:** PurLife  
**Broker:** RESOLUT RE  
**Seller:** Proven Land Management  
**Broker:** RESOLUT RE  
**Sale Type:** Owner User





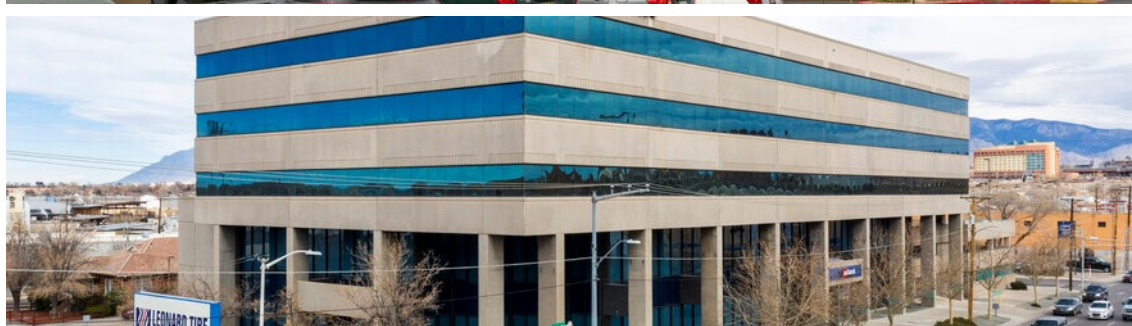
**5400 Gibson Blvd. SE**  
**Sale Date: Apr. 2021**  
**Sale Price: \$15M (\$27/SF)**  
**Leased: N/A**  
**RBA: 559,054 SF**  
**Year Built 1980**

**Buyer: City of Albuquerque**  
**Seller: Gibson Medical Center**  
**Sale Type: Owner User**  
**Sale Cond.: Redevelopment Project**



**111 Lomas Blvd. NW**  
**Sale Date: June 2021**  
**Sale Price: \$4.3M (\$42/SF)**  
**Leased: 50%**  
**RBA: 102,000 SF**  
**Year Built: 1970 (Renov. 1989)**

**Buyer: Garcia Q027**  
**Seller: Bartley A. Jackson**  
**Sale Type: Investment**



**4700 Jefferson St. NE**  
**Sale Date: July 2021**  
**Sale Price: \$3M (\$96/SF)**  
**Leased: 30%**  
**RBA: 31,647 SF**  
**Year Built: 1996**

**Buyer: MCR CIC ABQ LLC**  
**Broker: CBRE**  
**Seller: ABQ Med, LLC**  
**Broker: Real Estate Advisors, LLC**  
**Sale Type: Investment**



**2500 Parkway Ave. NE**  
**Sale Date: June 2021**  
**Sale Price: \$1.4M (\$83/SF)**  
**Leased: 0%**  
**RBA: 16,308 SF**  
**Year Built: 2007**

**Buyer: Osmium Partners**  
**Broker: Excalibur Realty & Investments, Inc.**  
**Seller: Ab Southwest LLC**  
**Broker: R1 Commercial**  
**Sale Type: Investment**  
**Sale Cond.: Building in Shell Condition, REO Sale**





**1450 N. Renaissance NE**  
**Sale Date: Mar. 2021**  
**Sale Price: \$7.1M (\$147/Sf)**  
**Cap Rate: 8.0% (Actual)**  
**Leased: 100%**  
**RBA: 48,211 SF**  
**Year Built: 2004**

**Buyer: Alpine Income Property Trust**  
**Broker: Real Estate Advisors**  
**Seller: Agnes R. Koldewey**  
**Livingston Real Estate & Development**  
**Sale Type: Investment**  
**Sale Cond.: Investment Triple Net**



**3300 San Mateo Blvd. NE**  
**Sale Date: Sept. 2021**  
**Sale Price: \$5.6M (\$118/SF)**  
**Cap Rate: 7.5% (Actual)**  
**Leased: 100%**  
**RBA: 47,551 SF**  
**Year Built: 1962**

**Seller: Gardenswartz East LP**  
**Broker: RESOLUT RE**  
**Sale Type: Investment**  
**Sale Cond.: Investment Triple Net**



**45 Hotel Cir. NE**  
**Sale Date: Mar. 2021**  
**Sale Price: \$5M (\$62/SF)**  
**Leased: 50%**  
**RBA: 80,149 SF**  
**Year Built: 1987**

**Buyer: Arthur Gardenswartz**  
**Broker: RESOLUT RE**  
**Seller: Top Terraces, Inc.**  
**Broker: Roger Cox & Assoc.**  
**Sale Type: Investment**



**913-955 San Pedro Dr. NE**  
**Sale Date: July 2021**  
**Sale Price: \$2.2M (\$54/SF)**  
**Leased: 100%**  
**RBA: 41,738 SF**  
**Year Built: 1956**

**Buyer: Greg Stier**  
**Seller: Bruce Geist**  
**Sale Type: Investment**



## What is Fueling Commercial Real Estate Investment Activity?

Despite a hazy outlook on the future of the workplace, Industrial and Office Building sales volume and pricing are back to, and in some sectors, exceeding pre-pandemic levels. According to Costar, “Except for 20Q3, Albuquerque industrial investment activity has remained robust throughout the pandemic. Trailing 12-month investment volume totals \$58.7 million, above the 10-year annual average of \$40.7 million.” Office investors were active in Albuquerque. According to CoStar's research. “More than 6% of inventory has traded annually in three of the past four years” with Investors primarily coming from within the state.

“Investment activity in the retail sector dropped off in the immediate aftermath of the pandemic, but sales picked up later in the year amounting to \$56 million in traded assets in 2020, compared with \$96 million that traded in 2019” according to Co-Star. Thru the 1st half of 2021, sales activity totals \$30 million.

Fueling commercial real estate investment activity are fears of inflation, historically low interest rates and a shortage of supply. As the Federal Reserve continues to inject money into the economy, many investors believe that inflation is on the horizon. When inflation occurs, the value of the US dollar weakens; in turn, causing an increase in price of goods and services.

While inflation can hurt intangible investments and those subject to daily market fluctuations, it can actually strengthen commercial real estate investments. Unlike bonds and cash, which lose purchasing power when prices for goods and services are rising, commercial real estate is generally a fantastic hedge against inflation because it holds intrinsic value, is in limited supply and is a yielding asset. In the commercial real estate space, investors can mitigate risks and take advantage of inflationary protections in a few different ways:

### 1. Increase in Labor and Material Costs Creates Barrier to Entry

With costs of labor and materials on the rise, new projects become very expensive, which leads to a limited supply of buildings at a relatively lower cost basis (compared to expected costs for new building development). In the short run, this causes a rise in both rental rates and property value.

## What's Fueling Our Market

### 2. Lease Structure Protects Property Owners

Most commercial real estate leases are structured that either the Tenant is responsible for all the operating expenses or there is a base amount the Landlord pays, and the Tenant is responsible for all increases above the base. These lease structures help protect property owners from the increase in expenses due to inflation.

### 3. Property Value Increases with Ability to Adjust Rent Prices

Inflation will typically have an upward pressure on rents. More rent means more income. More income means higher sale value.

### 4. Locking in Historically Low Interest Rates

With interest rates at historic lows, borrowers can lock in long-term debt at low interest fixed rates. Combining increasing cash flows with low cost of capital effectively enhances your return and the equity on the property increases.

Commercial real estate is a good hedge against inflation. As the market leader in commercial real estate investment sales, at Real Estate Advisors we welcome the opportunity to discuss with you any of your commercial real estate





3900 Eubank Blvd. NE



## Property Highlights

- 25,379 dental/medical office building
- Upside potential
- Historically very low turnover, stable and dependable cash flow
- Prime Northeast Heights location in close proximity to major shopping center and dense residential neighborhoods
- Visible location with significant frontage on Eubank Blvd less than one block south of Montgomery Blvd

## Property Features

Available SF:	6,749
Building SF:	25,379 SF
Lot Size:	2.20 Acres
Lease Rate:	\$17.25/SF/YR
Price:	\$2,300,000.00
Zoning:	MX-T
Parking:	4.8:1,000
# of Tenants	13
# of Vacancies	4



## Property Search

To Assist you in your research, we have provided you with the following Property Search link. Our Value Creation Marketing Strategy is a proactive Data Driven Marketing Platform relating to the leasing and sale of income properties. Our unique process is designed to increase achievable rental rates and sales price by expanding the number of prospects, lower leasing and sale cost and increase market knowledge. Whether you are an investor or occupier of commercial real estate, knowledge of available properties and space in the market is critical to understanding your market position.

[www.reanm.com/property-search](http://www.reanm.com/property-search)

## Space Calculator

You may determine your requirement with our Space Calculator. Our goal in our Right Fit Solution representation of Tenant and Owner Occupants is to save our clients' money and time as well as reduce their risk. The first step is assisting our clients is determining their real estate is defining the optimal space need.

[www.reanm.com/space-calculator](http://www.reanm.com/space-calculator)

## Market Insights

Go to our Market Insights webpage for comprehensive information on the market and specific types of properties. Our Capital Markets Value Maximizer is a disciplined approach to owner representation based on the philosophy that results are the product of in-depth market knowledge, good planning and timely implementation.

[www.reanm.com/market-insights](http://www.reanm.com/market-insights)

## Phone: (505) 539-3200

Our reputation, for creating sound solutions for our clients' challenges through application of our knowledge and experience, is widely respected. Whether you are an occupier of commercial real estate, a private owner in our local market or an institutional investor with a multi-market presence, our professionals are ready to help.

[www.reanm.com/contact](http://www.reanm.com/contact)