

Albuquerque Investment Market

2021 Year End

Featured Listing – Paseo Nuevo

2008 WINNER OF SOUTHWEST
CONTRACTOR MAGAZINE "BEST OFFICE & GREEN PROJECT" AWARD
2008 AGC BEST BUILDING AWARD



111,242
TOTAL RENTABLE SF



18
TENANTS



470
PARKING SPACES



96%
OCCUPANCY



901 Rio Grande Blvd NE
Suite D-224
Albuquerque, NM 87104



505.539.3200
www.reanm.com

SIGNIFICANT OFFICE TRANSACTIONS



500 Marquette Ave NW - Five Hundred Marquette

Downtown Submarket - Albuquerque, NM 87102

Sale Date	Dec 2021	Buyer	Argus Investment Realty
List Price	Unpriced	Seller	The RMR Group
Leased	50%	Property Type	Multi-Tenant Office
RBA	231,135 SF	Sale Type	Value Add
Year Built	1985		

111 Lomas Blvd NW

Downtown Submarket - Albuquerque, NM 87102

Sale Date	Jun 2021	Buyer	Garcia Automotive Group
List Price	\$6.2M	Seller	Saipan Investment Group LLC
Leased	50%	Property Type	Multi-Tenant Office
RBA	102,000 SF	Sale Type	Value Add
Year Built	1970		



6301 Indian School Rd NE - The Citadel

Uptown Submarket - Albuquerque, NM 87110

Sale Date	Sep 2021	Buyer	Watchlist Citadel LLC
List Price	\$7.95M	Seller	Citadel Associates LP
Leased	85.6%	Property Type	Multi-Tenant Office
RBA	96,118 SF	Sale Type	Investment
Year Built	1985		

5421 Jefferson St NE

North I-25 Corridor Submarket - Albuquerque, NM 87109

Sale Date	Sep 2021	Buyer	Sentinel T-mobile LLC
List Price	Unpriced	Seller	Abq Office LLC
Leased	100%	Property Type	Single Tenant
RBA	61,477 SF	Sale Type	Investment Triple Net
Year Built	2004		



4700 Jefferson St. NE

North I-25 Corridor Submarket - Albuquerque, NM 87109

Sale Date	Jul 2021	Buyer	MCR Companies (USA)
List Price	\$3.3 M	Seller	Cygnus Capital (USA)
Leased	20%	Property Type	Multi-Tenant Office
RBA	31,647 SF	Sale Type	Redevelopment
Year Built	1996		

3900 Eubank Blvd NE - San Gabriel Plaza

Far Northeast Heights Submarket - Albuquerque, NM 87111

Sale Date	Sep 2021	Buyer	Geltmore, Inc. (USA)
List Price	\$2.4M	Seller	FMW, LLC (USA)
Leased	77%	Property Type	Multi-Tenant Office
RBA	24,941	Sale Type	Value Add
Year Built	1980		



Co-Star Office Market Data and REA Office Writeup



\$4.8 B

ASSET VALUE



\$56.1 M

12 MO SALES VOLUME



9.0%

MARKET CAP RATE



0.2%

MKT SALE PRICE/ SF CHG (YOY)

12 MO SALES VOLUME	TOTAL	LOWEST	HIGHEST
Transactions	165	-	-
Sales Volume	\$56.1 M	\$77.1 K	\$15M
Properties Sold	146	-	-
Transacted SF	3 M	566	599.1 K
Average SF	18.2 K	566	599.1 K

12 MO SALES VOLUME	AVERAGE	LOWEST	HIGHEST	MARKET
Cap Rate	8.0 %	4.7 %	10.4 %	9.0 %
Sales Price/ SF	\$55	\$27	\$560	\$122
Sales Price	\$ 2.1 M	\$77.1 K	\$15M	-
Sales Vs Asking Price	- 7.7 %	-18.2 %	61.6 %	-
% Leased at Sale	93.9 %	0 %	100 %	-

KEY PERFORMING INDICATORS



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OFFICE INVESTMENT SUMMARY

For 15 months from the beginning of the COVID-19 outbreak, office investors sat on the sidelines and few properties were brought to market. Consequently, there were few transactions. Total sales volume for 2022 was \$25.6M. However, in the 2nd half of 2021, there was an increase in the number of sales including several significant multi-tenant office building transactions, bringing the 2021-year end sales value to \$56.1M. This second half of 2021 activity level was more in line with the 10-year historical average annual sales of \$74.1M. The 2021 average market price per square foot was at an all-time 10 year high of \$122 psf.

Most of the activity has come from Investors that are within the state. Some of the most significant multi-tenant office building sales were the 500 Marquette Building and 111 Lomas in Downtown and The Citadel in Uptown. 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. The City plans to reposition the Center to multiple uses for the homeless population.

SIGNIFICANT INDUSTRIAL TRANSACTIONS



1300 Desert Willow Rd - Los Morros Business Park

Los Lunas Submarket - Los Lunas, NM 87031

Sale Date	Dec 2021	Buyer	Corniche Capital
List Price	Unpriced	Seller	Rio Real Estate Investment
Leased	50%	Sale Type	Value Add
RBA	231,135 SF		
Year Built	1985		

4500 Alexander Blvd NE

North I-25 Corridor Submarket - Albuquerque, NM 87107

Sale Date	Apr 2021	Buyer	Strategic Equity Solutions
List Price	\$13.3M	Seller	TOCU VI LLC
Leased	79.8%	Sale Type	Investment
RBA	102,523 SF		
Year Built	1988, Renov 1995		



3205 Broadway Blvd SE - Ben E Keith Distribution Center

Downtown Submarket - Albuquerque, NM 87105

Sale Date	Jun 2021	Buyer	New Mexico Distribution Realty
List Price	\$6.5M	Seller	Ben E Keith Company
Leased	0%	Sale Type	Owner/User
RBA	68,800 SF		
Year Built	1980		

3520-3540 Pan American Fwy NE

North I-25 Corridor Submarket - Albuquerque, NM 87109

Sale Date	Jul 2021	Buyer	1 Asmbawa LLC
List Price	\$4.25M	Seller	United Insurance Co of America, Inc
Leased	100%	Sale Type	Investment
RBA	60,300 SF		
Year Built	1974		



1 Claremont Ave NW

North Valley Submarket - Albuquerque, NM 87107

Sale Date	Jun 2021	Buyer	Asada LLC
List Price	\$3.9M	Seller	Asada LLC
Leased	0%	Sale Type	Owner/User
RBA	46,050 SF		
Year Built	1976		

7300 Meridian Pl NW

West Mesa Submarket - Albuquerque, NM 87121

Sale Date	Sep 2021	Buyer	KW Fund Vi-last Mile Albuquerque
List Price	Unpriced	Seller	Brunacini Dev Ltd Co
Leased	100%	Sale Type	Investment Triple Net
RBA	45,000 SF		
Year Built	2003		



Co-Star Industrial Market Data and REA Industrial Writeup



\$6.1 B

ASSET VALUE



\$44.1 M

12 MO SALES VOLUME



7.2%

MARKET CAP RATE



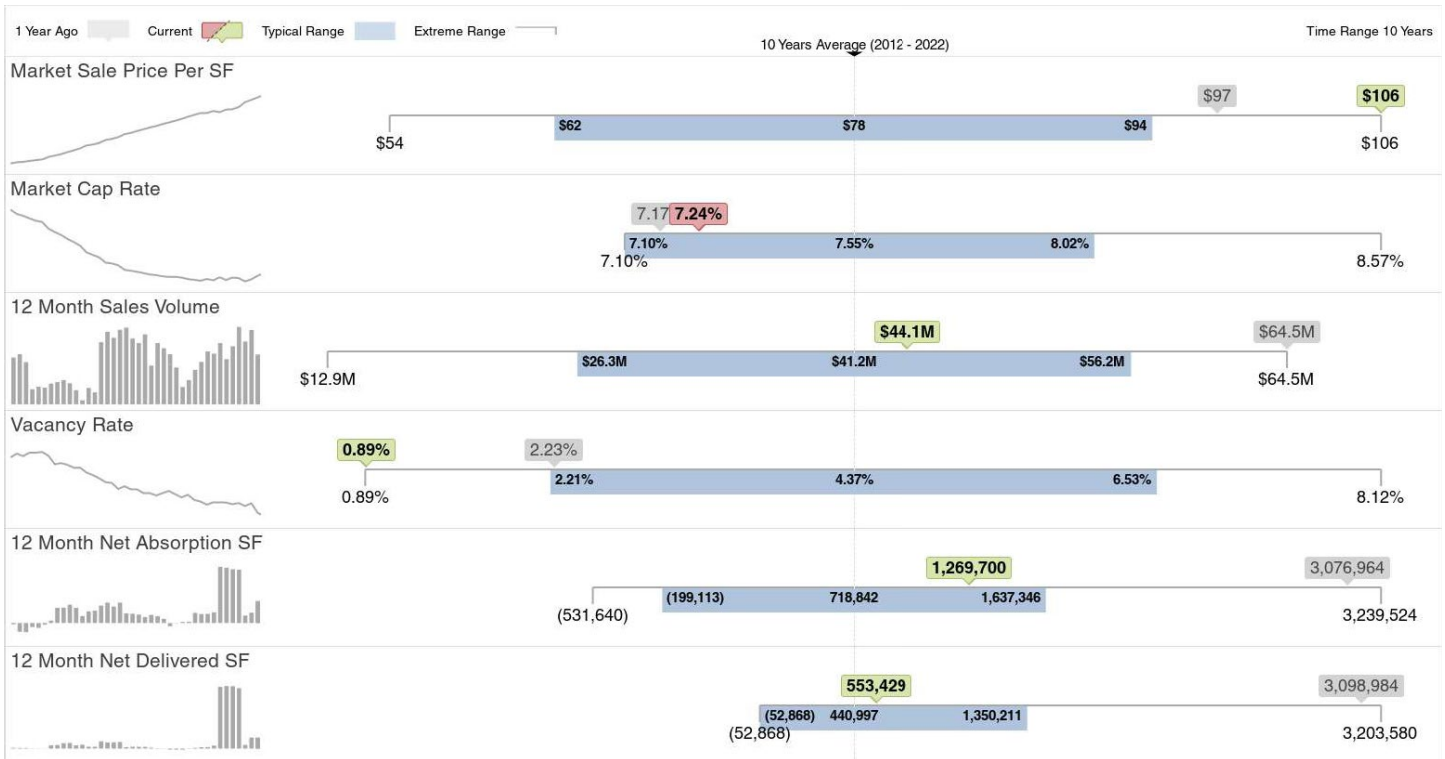
9.8%

MKT SALE PRICE/ SF CHG (YOY)

12 MO SALES VOLUME	TOTAL	LOWEST	HIGHEST
Transactions	112	-	-
Sales Volume	\$44.1 M	\$325 K	\$18 M
Properties Sold	95	-	-
Transacted SF	3 M	1.5 K	713 K
Average SF	27.1 K	1.5 K	713 K

12 MO SALES VOLUME	AVERAGE	LOWEST	HIGHEST	MARKET
Cap Rate	7.7 %	6.9 %	8.5 %	7.2 %
Sales Price/ SF	\$47	\$25	\$272	\$106
Sales Price	\$ 3.4 M	\$325 K	\$18 M	-
Sales Vs Asking Price	- 13.4 %	-18.8 %	0 %	-
% Leased at Sale	97.9 %	0 %	100 %	-

KEY PERFORMING INDICATORS



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INDUSTRIAL INVESTMENT SUMMARY

Historically the industrial sales market has not been particularly liquid as it has been rare for more than 5% of the inventory to trade in a given year. 2020 was the high watermark in terms of sales volume with \$64.5M of property changing hands. In 2021 there was a 32% decrease in sales volume for a total of \$44.1M of sales. This decrease was attributable to a lack of supply and not demand, which is evidenced by the 10% increase in price per square foot year over year to an all time high of \$106 psf, which is approximately \$30 psf higher than the 10-year average of \$78 psf.

The sales figures are exclusive of Flex Buildings (such as 4500 Alexander and 3520-3540 Pan American) which were some of the largest sales transactions in the market. The biggest trade of 2021 was New York-based Cornich Capital's acquisition of the 361,187sf Niagara Bottling facility at 1300 Desert Willow in Los Lunas. Most deals involve smaller logistic assets trading between local investors and owner/users.

SIGNIFICANT RETAIL TRANSACTIONS



45 Hotel Cir NE

Northeast Heights Submarket - Albuquerque, NM 87123

Sale Date	Mar 2021	Buyer	Gardenswartz Hotel Circle LLC
List Price	\$6.25M	Seller	Top Terraces Inc
Leased	50%	Sale Type	Value Add
RBA	80,149 SF		
Year Built	1987		

13110-13130 Central Ave SE - A

Southeast Heights Submarket - Albuquerque, NM 87123

Sale Date	Aug 2021	Buyer	S & K Cinema Holdings Group Inc
List Price	Unpriced	Seller	Montgomery Plaza Partners LLC
Leased	100%	Sale Type	Investment
RBA	75,013 SF		
Year Built	1986, Renov 1995		



5151 Lang Ave NE - Cabela's

North I-25 Corridor Submarket - Albuquerque, NM 87109

Sale Date	Jun 2021	Buyer	
List Price	\$6M	Seller	Titan Journal Center Investors LLC
Leased	100%	Sale Type	Triple Net Investment
RBA	70,000 SF		
Year Built	2017		

4595 San Mateo Blvd NE - Bldg H

North I-25 Corridor Submarket - Albuquerque, NM 87109

Sale Date	Oct 2021	Buyer	Store Trade, LLC
List Price	\$4.5M	Seller	Montgomery Plaza Holdings LLC
Leased	0%	Sale Type	Owner User
RBA	53,670 SF		
Year Built	1971, Renov 2006		



1450 N Renaissance Blvd NE

North I-25 Corridor Submarket - Albuquerque, NM 87107

Sale Date	Mar 2021	Buyer	Alpine Income Prop OP LP
List Price	\$7.7M	Seller	Kneivel Kenneth D & David A
Leased	100%	Sale Type	Investment Triple Net
RBA	48,211 SF		
Year Built	2004		

1405-1409 N Renaissance Blvd NE - Galleria at Renaissance

North I-25 Corridor Submarket - Albuquerque, NM 87107

Sale Date	Oct 2021	Buyer	Alpine Income Prop OP LP
List Price	\$5.36M	Seller	Springer Thomas J & Jeanine
Leased	100%	Sale Type	Investment Triple Net
RBA	40,000 SF		
Year Built	1999		



Co-Star Retail Market Data and REA Retail Writeup



\$10.5 B

ASSET VALUE



\$84.5 M

12 MO SALES VOLUME



7.3%

MARKET CAP RATE



3.1%

MKT SALE PRICE/ SF CHG (YOY)

12 MO SALES VOLUME	TOTAL	LOWEST	HIGHEST
Transactions	243	-	-
Sales Volume	\$84.5 M	\$130 K	\$7.1 M
Properties Sold	220	-	-
Transacted SF	3.3 M	600	204 K
Average SF	13.7 K	600	204 K

12 MO SALES VOLUME	AVERAGE	LOWEST	HIGHEST	MARKET
Cap Rate	6.3 %	3.9 %	8.7 %	7.3 %
Sales Price/ SF	\$183	\$50	\$2.9 K	\$182
Sales Price	\$ 2.1 M	\$130 K	\$7.1 M	-
Sales Vs Asking Price	-1.4 %	-17.7 %	7.1 %	-
% Leased at Sale	98.0 %	31.1 %	100 %	-

KEY PERFORMING INDICATORS



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RETAIL INVESTMENT SUMMARY

Investment activity dropped off in the immediate aftermath of the pandemic, but sales picked up later in 2020 amounting to \$56M traded assets in the year, about ½ the annual 10-year average. In 2021 sales of Retail properties outperformed expectations with sales of \$84.5M. Before Covid there was a steady growth in ecommerce resulting in numerous soft good retailers closing in the first 9 months of the pandemic more retailers closed their doors than at any time in our history. There is now a sentiment with many investors that the last 2 years have flushed out financially weaker retailers and the makeup of the overall retail market is now stronger than before 2020. Evidence of this renewed confidence is that the average market sale price of \$182 psf is at a historical high.

Most of the retail sales activity was for NNN leased properties followed by user driven acquisitions. Three of the largest sales in the market in 2021 were NNN Lease Properties located in the North I-25 Corridor that were occupied by Cabela's, Sportsman Warehouse and Office Depot. Three significant user driven acquisitions were 45 Hotel Circle (Verus Research) 13110-13130 Central (ICON Motion Pictures) and 4595 San Mateo (Dions).

Despite a hazy outlook on the future of commercial real estate, sales volume and pricing are back to, and in some sectors, exceeding pre-pandemic levels. Fueling commercial real estate investment activity are fears of inflation, historically low interest rates and a shortage of supply.

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. This 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.

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 in the property increases.

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

REA | Real Estate Advisors offer real estate services to owners, investors, and occupiers of commercial real estate. Our mission is creating and enhancing value for our clients, associates, and partners through the implementation of well executed commercial real estate strategies. As leaders in the industry, we provide investors and occupiers with solutions to their commercial real estate needs. Our professionals advise clients on market conditions, create value in the positioning and marketing of properties for lease and sale and represent firms in their search for new space.