

Albuquerque Industrial Market Mid Year 2022

Featured Listings



CENTRAL TRAMWAY FLEX

14800-14820 Central SE



4,298 - 28,682
TOTAL SQUARE FEET



\$ 8.75 - \$ 12.75
RENT RATE



\$ 2,500,000
SALE PRICE

JEFFERSON FLEX

8509-8519 Jefferson NE



9,600 - 21,600
TOTAL SQUARE FEET



\$ 14.25
RENT RATE



\$ 3,000,000
SALE PRICE



REAL ESTATE
ADVISORS



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SIGNIFICANT LEASE TRANSACTIONS



10400 Gibson Ave SE			
Southeast Heights Submarket - Albuquerque, NM 87123			
Deal Type	New Lease	Suite Size	103,893 SF
Property Type	Industrial Class A	Tenant	BlueHalo

8600 San Mateo Blvd NE			
North I-25 Submarket - Albuquerque, NM			
Deal Type	New Lease	Suite Size	17,309 SF
Property Type	Industrial	Tenant	NM Manufacturing Extension Partnership



8500 Los Volcanes Rd NW			
West mesa Submarket - Albuquerque, NM 87121			
Deal Type	New Lease	Suite Size	11,553 SF
Property Type	Industrial Class A	Tenant	KSI Metal Inc.

WHY ISN'T THERE NEW INDUSTRIAL CONSTRUCTION?

With an industrial vacancy rate of 2% and dropping and rental rates having increased more than 20% over the last 24 months, why isn't there any new construction?

1. Cost of Construction Increases and Materials Pricing Fluctuation – Beyond inflation are supply chain disruptions and labor shortages that have made it almost impossible for contractors and developers to commit to competitive pricing for a project that will not be delivered for 9 to 18 months.
2. Increasing Interest Rates – Cost of debt has increased between 30% and 40% in the last six months with indications from the Fed that 50-75 bps increases in the Federal Funds Rate are imminent, and that further increases will continue until inflation is under control. Without knowing where interest rates will be when the project is completed and permanent financing is available, the debt cost component of the total occupancy cost/lease rate remains a moving target until permanent financing is obtained.
3. City of Albuquerque Delays and Obstacles – Politics aside, every contractor, architect and developer I talk to tells me that there has never been a time when City approvals take longer and planning staff is less responsive.
4. Pending Recession – with storm clouds on the horizon, what is the risk tolerance level of investors and developers who cannot predict what the economic impact will be on demand as well as the financial capability of users of industrial space?

So how does an industrial user needing a new facility overcome these hurdles? REA currently represents a client facing these challenges. The solution in this situation is the Developer and Tenant have agreed to a lease based on today's cost of construction and interest rates. The negotiated rental rate will then be adjusted up (or down) 90 days prior to completion of the project to compensate for changes in these costs. This arrangement is only possible due to a high level of trust, transparency, communication and experience. Although this is a unique situation and is not a viable alternative for many tenants and developers, it demonstrates that if there is a need, a knowledgeable and experienced team can overcome the impediments in today's industrial market.

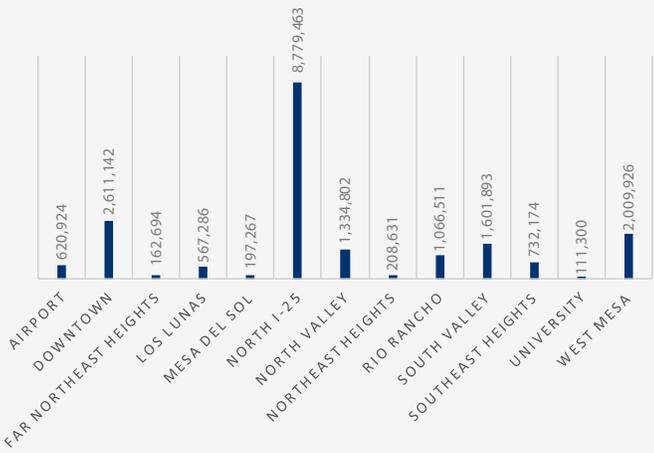
CLASS A	
Total Square Feet	818,818
Vacancy %	0.00%
Average Face Rate	\$9.75

CLASS B	
Total Square Feet	12,056,372
Vacancy %	3.46%
Average Face Rate	\$10.91

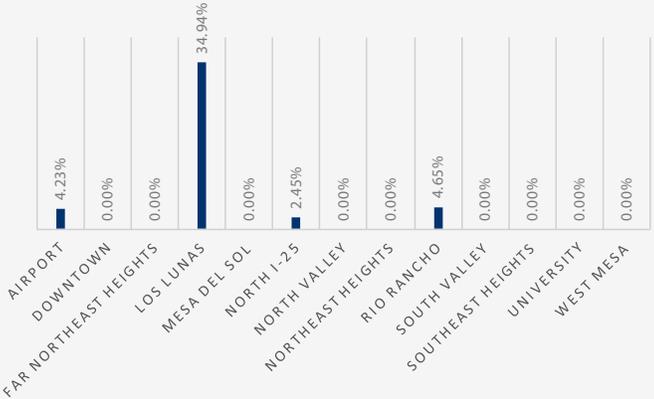
CLASS C	
Total Square Feet	7,128,737
Vacancy %	1.01%
Average Face Rate	\$9.41

SUBMARKET BREAKDOWN

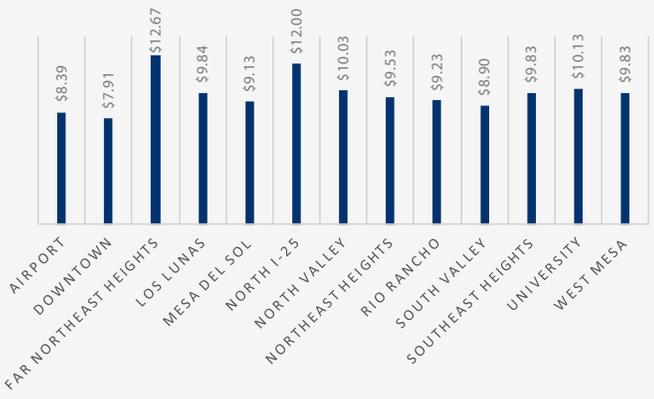
TOTAL SQUARE FEET



VACANCY %

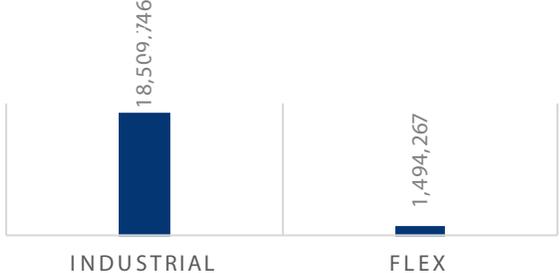


AVERAGE FACE RATE

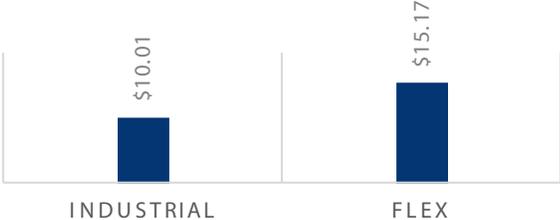


PRODUCT TYPE BREAKDOWN

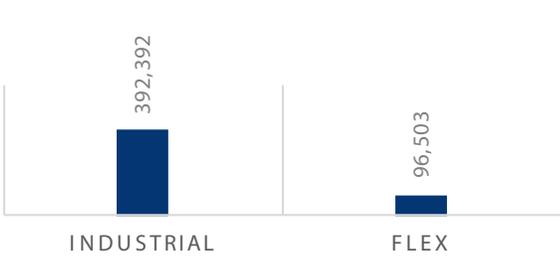
TOTAL SQUARE FEET



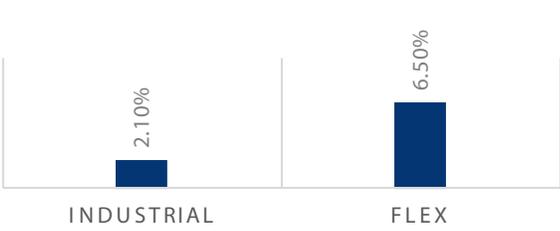
AVERAGE RENTAL RATE



AVAILABLE SPACE



VACANCY RATE



TOOLS FOR SUCCESS

Our reputation of 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 multimarket presence, our professionals are ready to help. At Real Estate Advisors, Your Success is Our Focus. Below is a list of tools for your use to help achieve this Success:



MARKET OVERVIEW AND BLOGS

As market leaders, we understand the value of knowing current market trends. Go to the **News** tab on our website for up-to-date, high-level information, trends and happenings in the Albuquerque/Santa Fe Office and Industrial markets. www.reanm.com/news/



PROPERTY SEARCH

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. To assist you in your research, we have provided you with the following **Property Search** link. www.reanm.com/property-search



SPACE CALCULATOR

You may determine your requirement with our Space Calculator. The first step to assist our clients in determining their real estate needs is defining their optimal space. www.reanm.com/space-calculator



OWN VS LEASE ANALYSIS

The primary economic consideration for any user evaluating whether to own vs lease is to determine whether the return on the investment in a property is greater than the return on the investment in their business. Real Estate Advisors has created a "back of the napkin" Own vs Lease Comparison Analysis along with a handout that highlights some the most common pros vs cons factors for commercial real estate users to consider when evaluating whether to purchase a property. These tools are available on our website below. [Own vs Lease Analysis 11.23.21.xlsx \(live.com\)](#)



MARKET INSIGHTS

Go to our Market Insights webpage for comprehensive information on the market and specific types of properties. www.reanm.com/market-insights

REA | Real Estate Advisors offers 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.



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