

Albuquerque Office Market Mid Year 2022

Featured Listings

400 Tijeras NW Sublease
Recently Renovated Class A Building
15,261 to 94,529 SF
\$18.75/sf Full Service
Available through 5/31/2025



ALBUQUERQUE METRO MARKET



14,877,585
TOTAL SQUARE FEET



20.13%
VACANCY RATE



\$18.36
AVERAGE FACE RATE



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



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www.reanm.com

SIGNIFICANT LEASE TRANSACTIONS



US Bank Bldg			
111 Lomas Blvd NW			
Deal Type	New Lease	Suite Size	33,802 SF
Property Type	Government	Tenant	State of New Mexico Courts

1401 Old Coors Rd			
1401 Old Coors Rd SW			
Deal Type	New Lease	Suite Size	21,500 SF
Property Type	Education	Tenant	Rio Grande Performing Arts



CityPlace			
2155 Louisiana			
Deal Type	New Lease	Suite Size	14,500 SF
Property Type	General	Tenant	Parnell Law Firm

8801 Horizon			
8801 Horizon Blvd NE			
Deal Type	New Lease	Suite Size	13,848 SF
Property Type	Contact Center	Tenant	Convergys



THE INSIDE OUT OFFICE MARKET

The office market landscape seems permanently altered. Although the supply of available space is increasing because of decreasing demand, rent rates continue to rise, defying basic principles of economics.

Over the last 3 years vacancy rates have grown from approximately 12% to just over 20%, but rental rates have increased by about 10% over the same period*. With rising construction costs and inflation putting upward pressure on operating costs, there is downward pressure on NOI.

An example of the significance of increasing construction costs is in late 2020, an REA client leased office space with estimated tenant improvement costs of \$15 psf. When improvements were completed a year later based on the 2020 plans, the cost was \$22 psf erasing the benefit to the owner of the increase in rental rates.

The largest driver of vacancy growth may be remote work trends and the closure of national contact centers. Our market currently has over 1,000,000 sf of contact center space available, up from 400,000 sf the same time last year. With construction costs outpacing inflation, it is often not financially feasible to construct a new ground up project to accommodate an end users' facility needs. The silver lining is that many of these recently vacated contact center buildings can be adapted to alternative uses, and we anticipate about half of these available properties being absorbed through repurposing by the end of 2022.

To paraphrase Greg Schementi of Cresa, an industry leader in tenant representation, recent reports about large employers either adopting a permanent WFH (work from home) model or a forced return to the office only confuse the picture. Just because Tech Company A decides their employees will return to the office five days a week does not mean that model works for Financial Services Firm B. While these headlines influence the dialogue, every company must evaluate their workforce and their workplace and make the decision that fits them best. It's like the weather in another city, it is irrelevant

* Rental Rates are tracked and reported on a full-service basis, which includes building operating expenses.

CLASS A		CLASS B		CLASS C	
Total Square Feet	1,331,480	Total Square Feet	11,387,324	Total Square Feet	2,112,571
Vacancy %	28.86%	Vacancy %	19.89%	Vacancy %	16.40%
Average Face Rate	\$22.67	Average Face Rate	\$17.69	Average Face Rate	\$15.61

SUBMARKET BREAKDOWN

TOTAL SQUARE FEET



AVAILABILITY

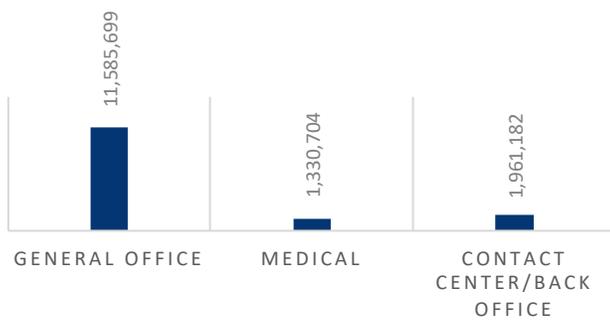


AVERAGE FACE RATE

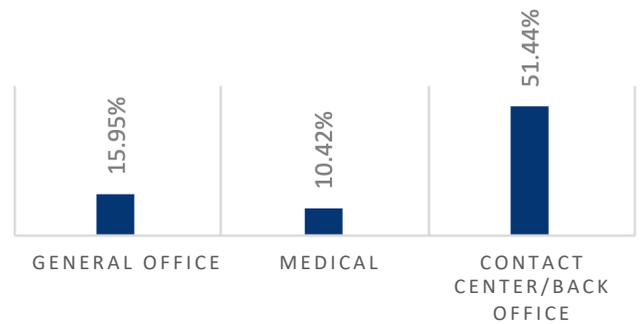


PRODUCT TYPE BREAKDOWN

TOTAL SQUARE FEET



AVAILABILITY



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. <https://reanm.com/are-you-better-off-owning-or-leasing/>



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.