

Mid Year 2022 Capital Markets Overview

Featured Listing – Bank of America
Contact Center | 4330 Picabo St.



**+/- 76,768
BUILDING SF**



**SINGLE TENANT
NNN LEASE**



**8.5/1,000
PARKING RATIO**



**\$12.21/SF NNN
BELOW MARKET RENT**



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

505.539.3200

www.reanm.com

SIGNIFICANT OFFICE TRANSACTIONS



| 505 Marquette Ave NW | | | |
|--|------------|--------------|---------------------|
| Downtown Submarket - Albuquerque, NM 87102 | | | |
| Sale Date | Jun 2022 | Buyer | H 5 Data Center |
| List Price | Unpriced | Seller | 505 Marquette, LLC |
| Leased | 100% | PropertyType | Multi-Tenant Office |
| RBA | 270,000 SF | Sale Type | Investment |
| Year Built | 1970 | Renov. | 2007 |

| One Sun Plaza - 100 Sun Ave. NE | | | |
|---|------------|-----------|---------------------------------|
| North I-25 Corridor Submarket - Albuquerque, NM 87109 | | | |
| Sale Date | Apr 2022 | Buyer | Boyd Watterson Asset Management |
| List Price | Unpriced | Seller | Goodman Realty Group |
| Leased | 94.7% | Sale Type | Investment |
| RBA | 183,000 SF | | |
| Year Built | 1998 | | |



| Clifford Plaza - 4100-4200 Osuna Rd. NE | | | |
|---|-----------------------|-----------|---------------------|
| North I-25 Corridor Submarket - Albuquerque, NM 87109 | | | |
| Sale Date | May 2022 | Buyer | Fidencio Villalobos |
| List Price | \$17.3M (\$155.66/SF) | Seller | Carlo, Inc. |
| Leased | 92.2% | Sale Type | Investment |
| RBA | 110,823 SF | | |
| Year Built | 1984 | | |

| New Mexico Bank & Trust - 320 Gold Ave. SW | | | |
|--|-------------------|-----------|--------------------------------|
| Downtown Submarket - Albuquerque, NM 87102 | | | |
| Sale Date | Jan 2022 | Buyer | Alloy Real Estate Capital, LLC |
| List Price | \$8M (\$74.67/SF) | Seller | Gemini Rosemont |
| Leased | 91.40% | Sale Type | Investment |
| RBA | 106,942 SF | | |
| Year Built | 1967 | | |



| 6000 Uptown Blvd. NE | | | |
|--|-----------|-----------|--------------------------------|
| Uptown Submarket - Albuquerque, NM 87110 | | | |
| Sale Date | Apr. 2022 | Buyer | Watchlist Uptown, LLC |
| List Price | Unpriced | Seller | 6000 Uptown Blvd Nw Hldgs, LLC |
| Leased | 49.9% | Sale Type | Investment |
| RBA | 68,147 SF | Renov. | 2020 |
| Year Built | 1981 | | |

| 4101 Jefferson Plz NE | | | |
|--|-----------|-----------|--------------------------------------|
| North I-25 Submarket - Albuquerque, NM 87109 | | | |
| Sale Date | Apr. 2022 | Buyer | Boyd Watterson Asset Management, LLC |
| List Price | Unpriced | Seller | HPI Group |
| Leased | 100% | Sale Type | Investment |
| RBA | 62,890 SF | | |
| Year Built | 1995 | | |



Co-Star Office Market Data and REA Office Writeup



\$5.1 B

ASSET VALUE



\$71.5 M

12 MO SALES VOLUME



8.8%

MARKET CAP RATE



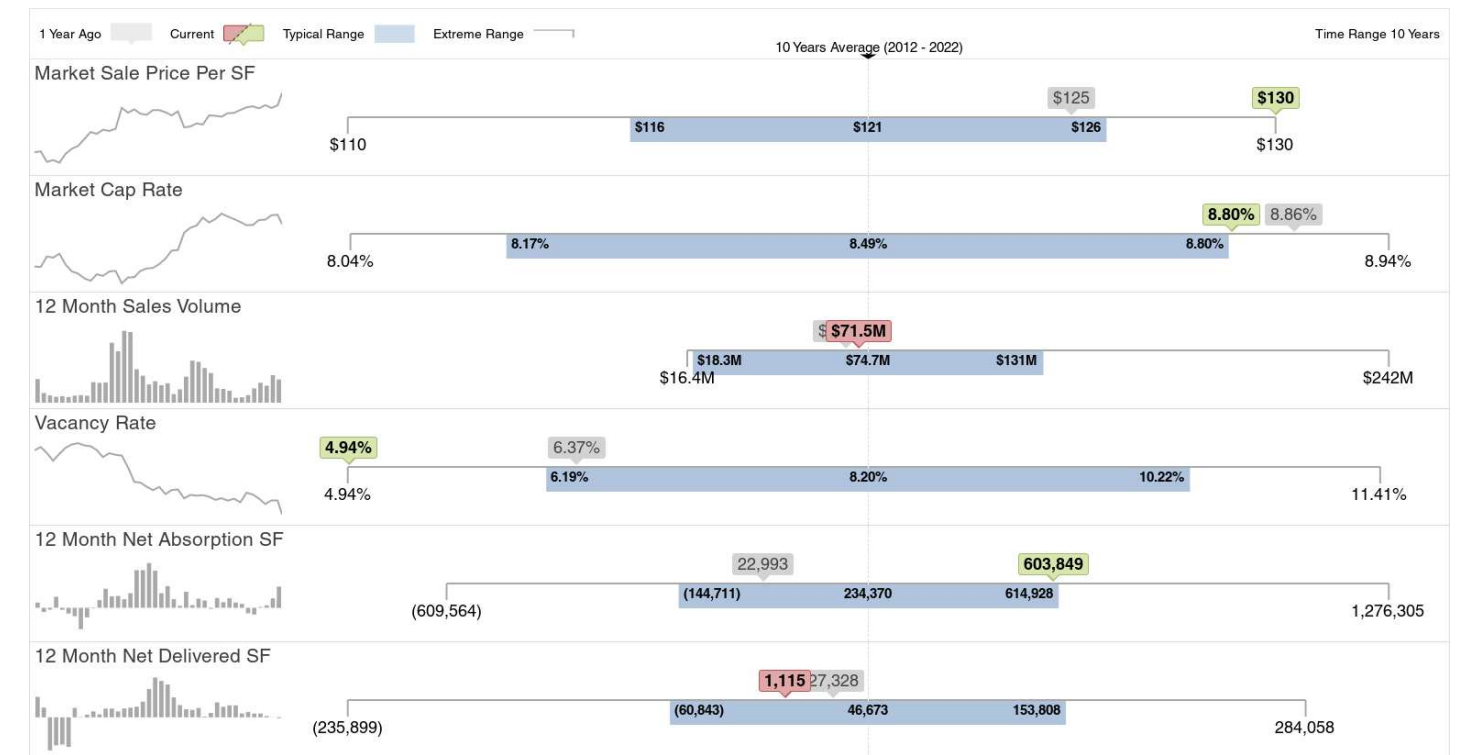
3.3%

MKT SALE PRICE/ SF CHG (YOY)

| 12 MO SALES VOLUME | TOTAL | LOWEST | HIGHEST |
|--------------------|----------|-----------|---------|
| Transactions | 187 | - | - |
| Sales Volume | \$71.5 M | \$359.9 K | \$7.8 M |
| Properties Sold | 159 | - | - |
| Transacted SF | 4 M | 888 | 270 K |
| Average SF | 21.6 K | 888 | 270 K |

| 12 MO SALES PRICE | AVERAGE | LOWEST | HIGHEST | MARKET |
|-----------------------|---------|-----------|---------|--------|
| Cap Rate | 7.8 % | 4.9 % | 9.8 % | 8.8 % |
| Sales Price/ SF | \$101 | \$31 | \$217 | \$130 |
| Sales Price | \$2.7 M | \$359.9 K | \$7.8 M | - |
| Sales Vs Asking Price | 22.2 % | -11.8% | 372.5 % | - |
| % Leased at Sale | 95.9 % | 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. Since that time, the Albuquerque market has seen a slow but steady increase in sales volume, from a 10-year low total sales in 2020 of \$25.6M. In the second 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. The sales activity for the last 12 months (Q3'21 through Q2'22), at \$71.5M, has been more in line with the 10-year historical average annual sales of \$74.1M. The average market price per square foot over this time was also at an all-time 10 year high of \$130 psf. Notably, a sizable portion of the activity over the last 12 months has come from government occupied properties acquired by out of state investors.

Some of the most significant multi-tenant office building sales were the 505 Marquette Building and 320 Gold in Downtown, and One Sun Plaza, Clifford Plaza and 4041 Jefferson in the North I-25 Corridor.

SIGNIFICANT INDUSTRIAL TRANSACTIONS



| 10500 Copper Ave. NE | | | |
|---|------------|-----------|---------------------------------|
| Northeast Heights Submarket - Albuquerque, NM 87123 | | | |
| Sale Date | Feb. 2022 | Buyer | Boyd Watterson Asset Management |
| List Price | Unpriced | Seller | Riley Industrial Services |
| Leased | 100% | Sale Type | Investment |
| RBA | 211,077 SF | Renov. | 2015 |
| Year Built | 1970 | | |

| 1501 12th St. NW | | | |
|--|-----------------|-----------|-----------------------|
| Downtown Submarket - Albuquerque, NM 87104 | | | |
| Sale Date | June 2022 | Buyer | 12th Street Ptns, LLC |
| List Price | \$3M (63.87/SF) | Seller | MAC Properties, LLC |
| Leased | 100% | Sale Type | Investment |
| RBA | 46,817 SF | Renov. | 2005 |
| Year Built | 1948 | | |



| 7111 Pan American Fwy. NE | | | |
|---|-----------|-----------|--------------------------------|
| North I-25 Corridor Submarket - Albuquerque, NM 87109 | | | |
| Sale Date | Feb. 2022 | Buyer | McIntosh Myers Deep Crk Props |
| List Price | Unpriced | Seller | Number Ten Pan American Bldg P |
| Leased | 0.2% | Sale Type | Investment |
| RBA | 42,935 SF | | |
| Year Built | 1972 | | |

| 5801 Jefferson St. NE | | | |
|---|---------------------|-----------|--------------------------|
| North I-25 Corridor Submarket - Albuquerque, NM 87109 | | | |
| Sale Date | May 2022 | Buyer | Weston Dev., LLC |
| List Price | \$2.9M (\$74.03/SF) | Seller | Wilshire Properties, LLC |
| Leased | 100% | Sale Type | Investment |
| RBA | 40,189 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 | Unpriced | Seller | United Insurance Co of America, Inc |
| Leased | 100% | Sale Type | Investment |
| RBA | 60,300 SF | | |
| Year Built | 1974 | | |

| 6817-6819 Academy Parkway West NE | | | |
|---|---------------------|-----------|------------------|
| North I-25 Corridor Submarket - Albuquerque, NM 87109 | | | |
| Sale Date | May 2022 | Buyer | William Gerguson |
| List Price | \$2.5M (\$85.37/SF) | Seller | Barry D Williams |
| Leased | 100% | Sale Type | Owner/User |
| RBA | 29,166 SF | | |
| Year Built | 1981 | | |



Co-Star Industrial Market Data and REA Industrial Writeup



\$6.6 B

ASSET VALUE



\$18.6 M

12 MO SALES VOLUME



7.0%

MARKET CAP RATE



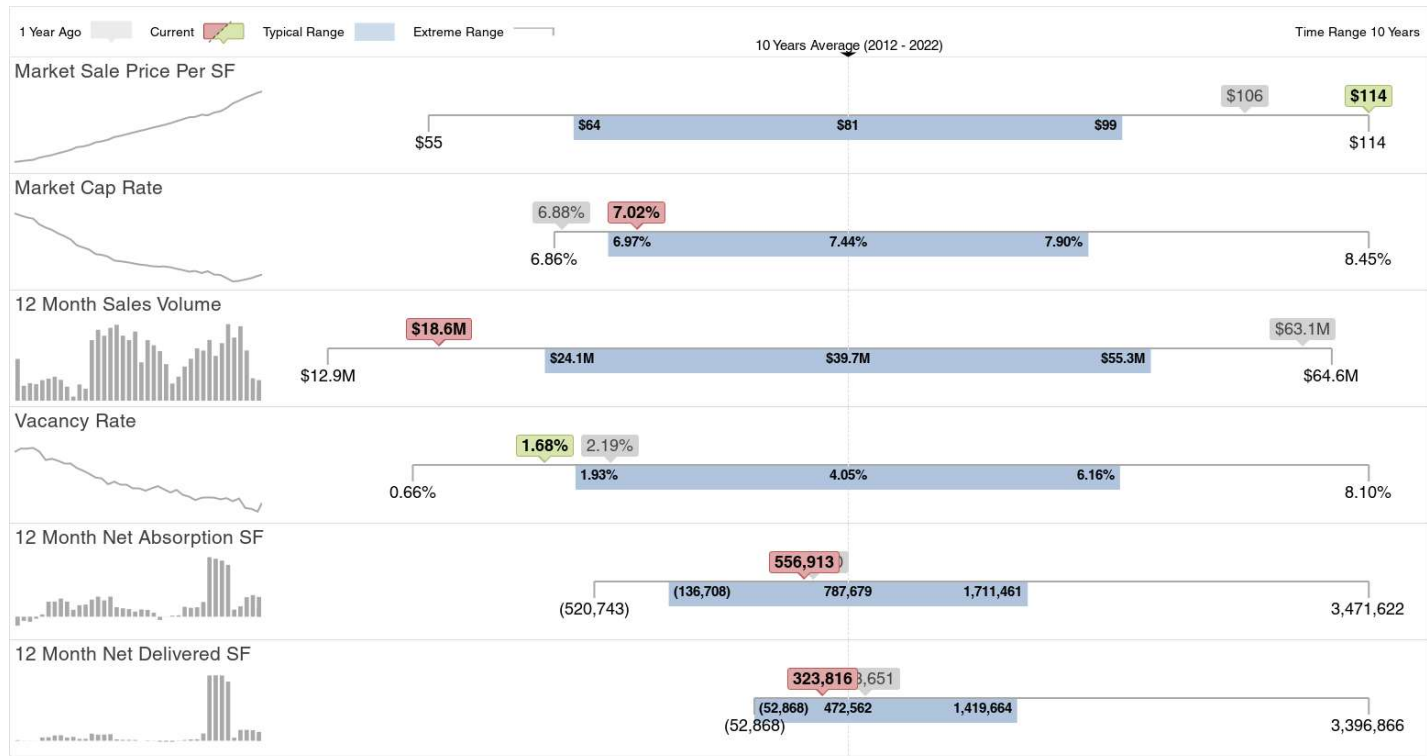
8.1%

MKT SALE PRICE/ SF CHG (YOY)

| 12 MO SALES VOLUME | TOTAL | LOWEST | HIGHEST |
|--------------------|----------|---------|---------|
| Transactions | 99 | - | - |
| Sales Volume | \$18.6 M | \$325 K | \$5.1 M |
| Properties Sold | 83 | - | - |
| Transacted SF | 2 M | 1.4 K | 210.3 K |
| Average SF | 19.8 K | 1.4 K | 210.3 K |

| 12 MO SALES PRICE | AVERAGE | LOWEST | HIGHEST | MARKET |
|-----------------------|---------|---------|---------|--------|
| Cap Rate | 5.5 % | 5.5 % | 5.5 % | 7.0 % |
| Sales Price/ SF | \$111 | \$78 | \$201 | \$114 |
| Sales Price | \$2.1 M | \$325 K | \$5.1 M | - |
| Sales Vs Asking Price | 28.1 % | -18.8 % | 71.9 % | - |
| % Leased at Sale | 98.4 % | 0.2 % | 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 each year. 2022 is on track to be the low water mark for sales volume with approximately \$18.4M in transactions in the first half of the year. 2020 was the high watermark with \$64.5M of property changing hands, compared to 2021 which saw a 32% decrease in sales volume and a total of \$44.1M of sales. The 2021 decrease was attributable to a lack of supply, which is evidenced by the 10% increase in price per square foot year over year to an all-time high of \$114 psf, which is approximately \$36 psf higher than the 10-year average of \$78 psf.

The sales figures are down in large part due to Sellers waiting to capitalize on lease roll over of existing tenants at higher rental rates, which is resulting in increased values.

SIGNIFICANT RETAIL TRANSACTIONS



| 300 Menaul Blvd. NW | | | |
|--|------------|-----------|--------------------------------|
| North Valley Submarket - Albuquerque, NM 87107 | | | |
| Sale Date | Jan 2022 | Buyer | Allen Sigmon Real Estate Group |
| List Price | Unpriced | Seller | Fourth Street & Menaul, Inc. |
| Leased | 100% | Sale Type | Investment |
| RBA | 106,000 SF | Renov. | 2005 |
| Year Built | 1966 | | |

| 3550 NM 528 Rd. NW | | | |
|--|-----------|-----------|-------------------------------------|
| Cottonwood Submarket - Albuquerque, NM 87114 | | | |
| Sale Date | Feb 2022 | Buyer | The Necessity Retail REIT, Inc. |
| List Price | Unpriced | Seller | CIM Real Estate Finance Trust, Inc. |
| Leased | 100% | Sale Type | Investment |
| RBA | 99,541 SF | | |
| Year Built | 1989 | | |



| Cottonwood Commons - 3601 Old Airport Rd. NW | | | |
|--|-----------|-----------|-------------------------------------|
| Cottonwood Submarket - Albuquerque, NM 87114 | | | |
| Sale Date | May 2022 | Buyer | The Necessity Retail REIT, Inc. |
| List Price | Unpriced | Seller | CIM Real Estate Finance Trust, Inc. |
| Leased | 17.9% | Sale Type | Investment |
| RBA | 82,600 SF | | |
| Year Built | 2007 | | |

| Conn's - 10000 Coors Bypass Blvd. NW | | | |
|--|-----------|-----------|--------------------------------|
| Cottonwood Submarket - Albuquerque, NM 87114 | | | |
| Sale Date | May 2022 | Buyer | Red Shamrock 4, LLC |
| List Price | Unpriced | Seller | Macerich Cottonwood Hldgs, LLC |
| Leased | 49.2% | Sale Type | Investment |
| RBA | 82,600 SF | | |
| Year Built | 1994 | | |



| Chuze Fitness - 9350 Eagle Ranch Rd. NW | | | |
|--|----------------------|-----------|-----------------|
| Cottonwood Submarket - Albuquerque, NM 87114 | | | |
| Sale Date | Jan 2022 | Buyer | Buzz Tail LLC |
| List Price | \$7.7M (\$118.49/SF) | Seller | Sedona West LLC |
| Leased | 100% | Sale Type | Investment |
| RBA | 65,520 SF | | |
| Year Built | 1990 | | |

| 2451 San Mateo Blvd. NE | | | |
|---|-----------|-----------|-------------------------------------|
| Northeast Heights Submarket - Albuquerque, NM 87110 | | | |
| Sale Date | Feb 2022 | Buyer | The Necessity Retail REIT, Inc. |
| List Price | Unpriced | Seller | CIM Real Estate Finance Trust, Inc. |
| Leased | 100% | Sale Type | Investment |
| RBA | 63,266 SF | | |
| Year Built | 2014 | | |



Co-Star Retail Market Data and REA Retail Writeup



\$11.4 B

ASSET VALUE



\$173.5 M

12 MO SALES VOLUME



7.0%

MARKET CAP RATE



7.5%

MKT SALE PRICE/ SF CHG (YOY)

| 12 MO SALES VOLUME | TOTAL | LOWEST | HIGHEST |
|--------------------|-----------|---------|----------|
| Transactions | 245 | - | - |
| Sales Volume | \$173.5 M | \$130 K | \$54.1 M |
| Properties Sold | 220 | - | - |
| Transacted SF | 3.6 M | 600 | 204 K |
| Average SF | 14.8 K | 600 | 204 K |

| 12 MO SALES VOLUME | AVERAGE | LOWEST | HIGHEST | MARKET |
|-----------------------|---------|---------|----------|--------|
| Cap Rate | 6.0 % | 4.0 % | 12.0 % | 6.0 % |
| Sales Price/ SF | \$356 | \$50 | \$2.9 K | \$199 |
| Sales Price | \$4.2 M | \$130 K | \$54.1 M | - |
| Sales Vs Asking Price | -2.9 % | -17.7 % | 0 % | - |
| % Leased at Sale | 95.3 % | 0.3 % | 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 and 2021 to about ½ the annual 10-year average. In the last 12 months retail sales have significantly exceeded the 10-year average sales volume of \$101M by over \$72M for a total of \$173M in sales transactions. There is now a sentiment with many investors that the last two and a half years has flushed out financially weaker retailers and the makeup of the overall retail market is stronger than before 2020. Evidence of this renewed confidence is that the average market sale price of \$199 psf is at a historical high.

Most of the retail sales activity was for NNN leased properties. Three of the largest sales in the market YTD were NNN Lease Properties that were occupied by Dicks, Conns, and Chuze Fitness. The largest sale in terms of square footage was the purchase of 300 Menaul NW by a local developer, Allen Sigmon Real Estate Group.



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San Gabriel Medical Complex
3900 Eubank Blvd. NE
Albuquerque, NM 87111
Medical Office Sale

RECENT CLIENT SUCCESS

LARGE VACANCY A BLESSING IN DISGUISE

CHALLENGE

San Gabriel Medical Complex is a dental/medical office building. After years of stability many of the tenants were retiring or selling their practices. This turnover required active engagement by ownership.

With the ownership group moving into new phases of their lives, and some having moved out of New Mexico, marketing, leasing, and tenant retention efforts had lost focus. A decision was made to sell the asset.

Ownership established a minimum sales price based on historical income, but that price could only be achieved if the occupancy rate was 85% or higher. Unfortunately, within weeks of the project achieving this occupancy rate, another tenant would provide notification that they would not be renewing their lease. This culminated at the end of 2020 when the largest tenant moved out of the project.



ACTION

With a significant vacancy, the sales strategy was expanded to target owner/users as well as investors. In addition to modifying the marketing package and on-line listings, REA, through mailings and cold calls, marketed the property directly to medical users in the market whose needs were in line with the property's features.

RESULT

- Increased level of activity by leveraging interest in property of owner/users.
- Received offers from both investors and owner/users.
- Sold property to a Dentist who occupies the largest vacancy for his practice and who leased an additional suite for lab space.
- Achieved the Sellers' pricing goal.

TESTIMONIAL



When we decided to sell the building, it was our goal to capitalize on the historical stable occupancy of this well-located medical building by selling to an investor. However, with a mature rent roll, some of the tenants with the longest tenancy began moving out. This created a challenge to meet our pricing expectations as every time we signed a new lease, another tenant would choose to not renew. After losing our largest tenant, our broker recognized the opportunity to sell the asset to local practitioners. REA stuck with us the entire time and by doing the direct marketing they ultimately found a way to increase both occupancy and sales price. Without the knowledge, experience, and hard work that REA brought to the transaction, we would never have achieved our target selling price. What REA did was heroic and well beyond the call.

Robert Whaley, Managing Partner



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