

SNAPSHOTS

Albuquerque, NM

Industrial Q3 2023



Market Insights

YoY Chg 12-Mo. Forecast

3.55%

Vacancy Rate



843,942

Vacant SF



\$11.22

Market Rent/SF



CAPITAL MARKET

YoY Chg 12-Mo. Forecast



8.4%

Average Cap Rate



\$106

Market Sale Price per SF



INDUSTRIAL MARKET OVERVIEW

As of approaching 2024, the U.S. industrial market is slowing down, with a current national vacancy rate of 5.5%, below the 20-year average of 7.3%. This is partly due to increased industrial developments since mid-2022, raising the rate from its previous low of 3.9%.

Contrastingly, Albuquerque's industrial market stands out with a lower vacancy rate of 3.5%, attributed to consistent demand outpacing limited supply over the past decade, maintaining a robust market despite the national slowdown.

Higher interest rates in 2023 have significantly reduced new industrial projects, potentially leading to fewer completions by 2024. Albuquerque's rent growth has been strong at 4.6%, although slightly below the national average of 6.6%.

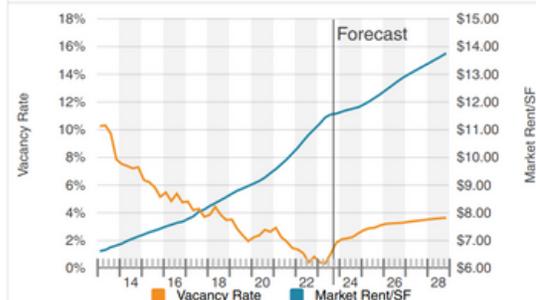
The industrial investment market, despite a 50% drop from late 2021 peaks, showed resilience with transaction volumes in H1 2023 exceeding the pre-Covid five-year average by 12%. However, Q2 2023 marked a slowdown, the slowest since Q2 2017.

Property valuations have seen a rise in cap rates by 100 to 150 basis points, indicating a changing landscape in property investment values. Albuquerque's industrial market has been relatively illiquid, with less than 5% of inventory trading annually. Investment activities in Albuquerque have focused on rent growth in a tight market and owner-occupant purchases to stabilize long-term occupancy costs amidst rising rental rates.

CLASS SNAPSHOT:

| Class | Total SF | Available | Face Rate |
|-------|------------|-----------|-----------|
| A | 1,800,000 | 8.30% | \$11.19 |
| B | 15,000,000 | 0.90% | \$12.18 |
| C | 8,400,000 | 2.00% | \$10.45 |

Vacancy & Market Rent Per SF



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MARKET STATISTICS:

| Submarket Name | RBA | Available | Direct Vacancy | Face Rate |
|-----------------------|-----------|-----------|----------------|-----------|
| Airport | 698,000 | 135,942 | 19.48% | \$8.98 |
| Downtown | 2,700,000 | 32,310 | 1.20% | \$12.50 |
| Cottonwood | 0 | 0 | 0.00% | 0.00 |
| Far Northeast Heights | 163,000 | 0 | 0.00% | \$13.80 |
| Mesa Del Sol | 199,000 | 36,600 | 18.39% | \$10.38 |
| North I-25 | 9,900,000 | 299,728 | 3.03% | \$12.96 |
| North Valley | 1,800,000 | 25,400 | 1.41% | \$10.90 |
| Northeast Heights | 209,000 | 0 | 0.00% | \$10.34 |
| Rio Rancho | 941,000 | 5,900 | 0.63% | \$10.48 |
| South Valley | 3,300,000 | 123,000 | 3.73% | \$9.53 |
| Southeast Heights | 711,000 | 59,392 | 8.35% | \$11.36 |
| University | 174,000 | 0 | 0.00% | \$10.02 |
| Uptown | 0 | 0 | 0.00% | \$0.00 |
| West Mesa | 3,000,000 | 125,670 | 4.19% | \$11.12 |

KEY SALES TRANSACTIONS:

| Property | Submarket | Buyer Type | RSF | List Price |
|---------------------------------|------------|----------------|--------|-------------|
| 7801 Tiburon St NE | North I-25 | Owner Occupant | 53,097 | Unpriced |
| 4521 Osuna Rd NE | North I-25 | Investor | 49,500 | Unpriced |
| 1201-1221 S Renaissance Blvd NE | North I-25 | Owner Occupant | 44,248 | \$7,400,000 |

KEY LEASE TRANSACTIONS:

| Property | Submarket | Tenant | SF | Type |
|---------------------------|--------------|----------------------|--------|-----------|
| 8440 Washington St NE | North I-25 | Comcast | 27,160 | New Lease |
| 8509 Jefferson NE | North I-25 | Maintenance Services | 9,600 | New Lease |
| 312-314 Industrial Ave NE | North Valley | Kiva Lighting | 21,450 | Renewal |

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