



## MARKET INSIGHTS



Available Rate  
**15.78%**



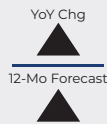
Market Rent/SF  
**\$19.18**



## CAPITAL MARKET



Average Cap Rate  
**10.3%**



Market Sale Price per SF  
**\$117**



US 10-year Treasury Note  
**4.32%**



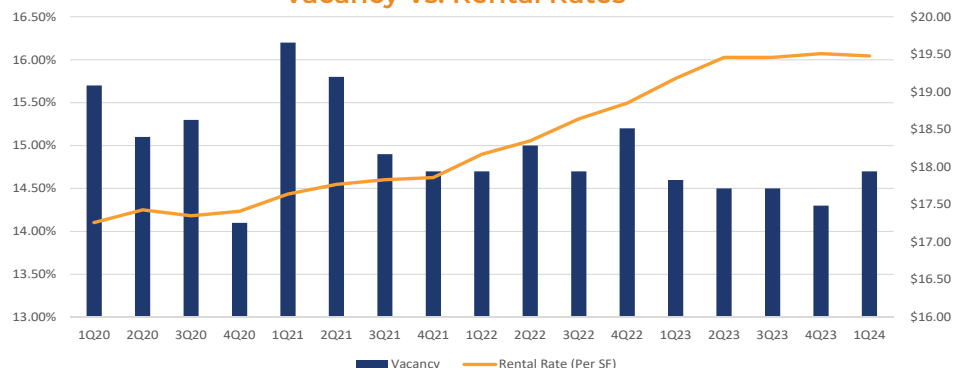
## OFFICE MARKET SNAPSHOT

- The Albuquerque office market remains strong and steady, contrasting with the volatility seen in 1st tier markets, primarily coastal metropolitan areas.
- The current availability rate stands at 15.78%, closely aligning with pre-pandemic levels.
- Rental rates have increased by more than \$2.00 per square foot over the past five years, despite a flat market in terms of occupancy.
- This increase in rental rates is due to landlords' efforts to keep pace with inflation in operating expenses and tenant improvement construction costs.
- The highest vacancy rate is observed in contact centers, where vacancies exceed 50%. Despite this vacancy rate, these centers also command the highest asking rates to account for potential re-tenanting costs for alternative uses, like charter schools.
- A potential concern in the office sector is over 4.4% of office space in the market, primarily in the Class C segment, is leased but unoccupied or is vacant but not being actively marketed (a phenomenon known as shadow space). Shadow space is not included in the availability rates being reported.

## OFFICE INVESTMENT MARKET

- Office building sales activity has significantly slowed, with an estimated sales volume 74% less than the previous year.
- Lenders view all office investment properties, regardless of location, as an undesirable asset class, greatly challenging acquisitions.
- The scarcity of available financing has led to investment sales occurring at discounts, often below seller expectations.
- Sales to owner-users remain relatively stable, as buyers aim to secure fixed occupancy costs amidst rising rental rates.
- Lenders are still providing loans to owner-users for office sales, and while these buyers aren't seeing discounted prices, they can still purchase buildings below the replacement cost.

Vacancy Vs. Rental Rates





**KEY SALES TRANSACTIONS**

Property	Submarket	Buyer Type	RSF	List Price
 5301 Central Ave. NE	Southeast Heights	Auction	170,000	\$4,564,250
 1900 Randolph Rd. SE	Airport	Developer	15,805	\$1,900,000
 1209 Mountain Rd. NE	Northeast Heights	Private Investor	12,543	\$890,000

**KEY LEASE TRANSACTIONS**

Property	Submarket	Tenant	RSF
 10500 Copper Ave. NE	Southeast Heights	Archfield	13,000
 4041 Jefferson Plz NE	North I-25	Parametrix, Inc.	8,000
 2400 Monroe St. NE	Northeast Heights	Great Livin'	6,918

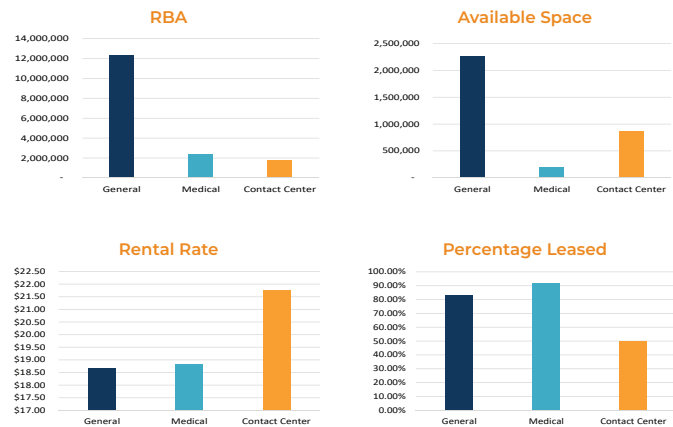
**CLASS SNAPSHOT**

Class A		Class B		Class C	
Total Square Feet	1,624,935	Total Square Feet	12,323,403	Total Square Feet	2,504,145
Availability	26.97%	Availability	15.00%	Availability	12.35%
Avg. Face Rate	\$25.25	Avg. Face Rate	\$17.03	Avg. Face Rate	\$15.06

**MARKET STATISTICS**

Submarket Name	RBA	Available SF	Available Rate	Face Rate
Airport	1,025,550	172,574	16.83%	\$15.98
Cottonwood	157,143	2,350	1.50%	\$20.64
Far Northeast Heights	1,702,273	162,744	9.56%	\$19.32
Mesa Del Sol	123,473	30,228	24.48%	\$27.23
North I-25	3,863,616	553,726	14.33%	\$20.57
North Valley	148,187	-	0.00%	\$17.65
Northeast Heights	949,215	43,227	4.55%	\$15.98
Rio Rancho	1,016,372	286,772	28.22%	\$20.21
South Valley	61,157	-	0.00%	\$15.00
Southeast Heights	710,357	187,760	26.43%	\$15.27
University	1,013,812	41,533	4.10%	\$19.59
Downtown	3,487,753	777,077	22.28%	\$18.46
Uptown	1,813,211	312,509	17.24%	\$19.88
West Mesa	380,364	25,834	6.79%	\$19.69
<b>Total</b>	<b>16,452,483</b>	<b>2,596,334</b>	<b>15.78%</b>	<b>\$19.18</b>

**PRODUCT TYPE BREAKDOWN**



**OFFICE SNAPSHOT**

Office market data includes non-owner-occupied buildings of ≥10,000 square feet in the Albuquerque MSA. Availability reflects all space currently on the market as well as vacant space. Rent asking rates are based on full service per square foot per year. All information is obtained from sources deemed reliable. While we make every effort to ensure the accuracy of our data, we cannot guarantee accuracy. Readers should consult a real estate professional before making investments decisions based on this data.