



MARKET INSIGHTS



Vacancy Rate
0.48%



Market Rent/SF
\$12.84



CAPITAL MARKET



Average Cap Rate
8.3%



Market Sale Price per SF
\$173



US 10-year Treasury Note
4.32%



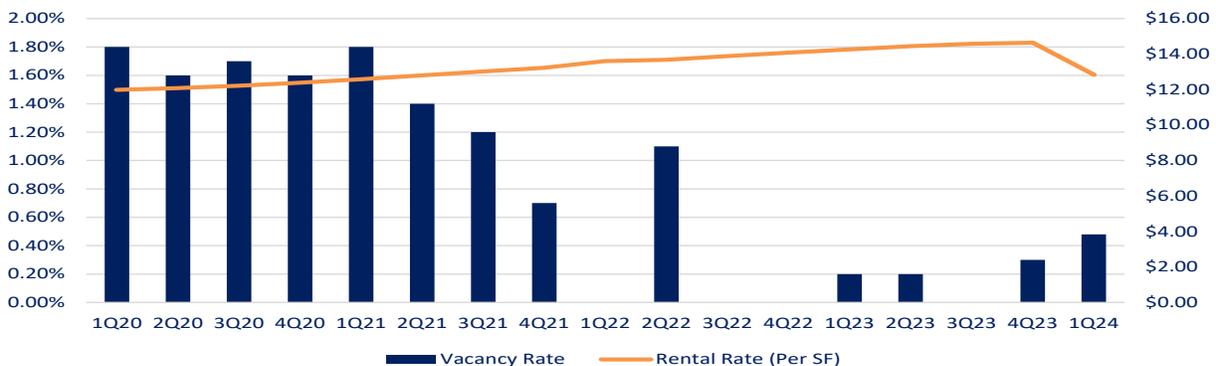
INDUSTRIAL MARKET

- The vacancy rate for Santa Fe's industrial market fell to 0.48% at the end of Q1 2024, a drop from 1% in the previous quarter.
- This decrease is due to strong demand from trades, contractors, and automotive tenants, continuing the absorption of industrial spaces.
- The market is experiencing a shortage, indicating it's a "landlord's market."
- Average rental rates sit at \$12.84/sf, a slight drop primarily due to inventory shortage and steady demand.
- With rents expected to reach \$13-14/sf within a year, speculative development is now attractive, marking the first entry in 20 years.
- PODS is constructing a 40,000sf facility at 4800 and 4900 Hart Road for storage, set to be completed in Q2 2024.
- An external developer plans to build a 60,000sf high-bay warehouse in Hart Business Park, near the airport.
- Groundbreaking for the new warehouse is expected in Q3 2024, with completion slated for the same quarter in 2025.

INDUSTRIAL INVESTMENT MARKET

- The Santa Fe Industrial market experienced its lowest sales levels in a decade during the last quarter, highlighting its limited liquidity over the past decade.
- A key reason for the low sales volume is investors holding onto their properties to renew leases or attract new tenants at higher rates, thereby increasing property values.
- A significant portion of sales have been to owner-users purchasing properties to secure their annual payments and avoid future rental rate hikes.

Vacancy Vs. Rental Rates





KEY SALES TRANSACTIONS

Property	Submarket	Buyer Type	RSF	List Price
25 Bisbee Crt Units G,H,I	Santa Fe	Owner User	7,841	\$1,050,000
2818 Industrial Rd	Santa Fe	Owner User	5,000	\$975,000
1189 Parkway Dr	Santa Fe	Owner User	1,585	\$489,900

KEY LEASE TRANSACTIONS

Property	Submarket	Tenant	RSF
1143 Siler Park Lane #107	Santa Fe	Unknown	5,000
7537 Old Airport Rd.	Santa Fe	Maximize Wraps	3,677
2778 Agua Fria St.	Santa Fe	Unknown	1,350

CLASS SNAPSHOT

Class A		Class B		Class C	
Total Square Feet	-	Total Square Feet	693,899	Total Square Feet	1,110,081
Availability	-	Availability	-	Availability	0.78%
Avg. Face Rate	-	Avg. Face Rate	\$12.75	Avg. Face Rate	\$12.58

MARKET STATISTICS

Submarket Name	RBA	Available SF	Available Rate	Face Rate
Santa Fe	677,453	5,000	0.74%	\$13.16
Southwest Santa Fe	1,113,996	3,667	0.33%	\$12.42
Downtown	12,531	-	0.00%	\$9.47
Total	1,803,980	8,667	0.48%	\$12.84

PRODUCT TYPE BREAKDOWN



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INDUSTRIAL SNAPSHOT

Industrial market data includes non-owner-occupied buildings of ≥10,000 square feet in the Santa Fe MSA. Availability reflects all space currently on the market as well as vacant space. Rent asking rates are based on NNN 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.