



## MARKET INSIGHTS



Available Rate  
**15.65%**



Market Rent/SF  
**\$20.31**



## CAPITAL MARKET



Average Cap Rate  
**10.6%**



Market Sale Price per SF  
**\$112**



US 10-year Treasury Note  
**4.25%**



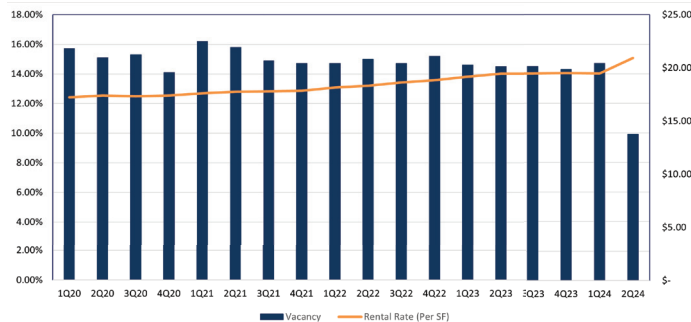
## OFFICE MARKET SNAPSHOT

- **Stable Market Conditions:** The Albuquerque multi-tenant office market availability rate remains stable. This trend is expected to continue in the coming quarters, with potential minor adjustments depending on broader economic conditions.
- **Market Square Footage Decline:** A key reason for the steady availability rate is a decrease in total market square footage, from 16,452,483 square feet at the end of 2023 to 15,697,950 square feet by the end of the second quarter of 2024. This decline is due to the purchase of several large, previously vacant Class C office buildings by developers for redevelopment into other uses, such as multi-family housing, and the absorption of some properties by owner-users.
- **Flat Availability Rate:** The removal of these assets from the office market has resulted in a flat availability rate. This is despite numerous office tenants vacating or downsizing their spaces, as the office market has been unsettled since the COVID-19 pandemic. Many companies are re-evaluating their office space needs, and the rise of remote work has impacted demand.
- **Rising Rental Rates:** With the reduced inventory of low-priced Class C space, rental rates have increased. The average rate per square foot rose from \$19.18 to \$19.71 in the last quarter.

## OFFICE INVESTMENT MARKET




- **Office Sales Activity:** Apart from the active owner/user market, office sales have experienced a significant decline. This downturn is attributed to rising interest rates and ongoing uncertainties within the office sector.
- **Investment Landscape:** Despite the reduction in sales activity, investors are likely to continue exploring opportunities in Albuquerque. Properties are trading at higher capitalization (cap) rates, driven by national trends in increasing interest rates and economic forecasts. This shift towards higher cap rates may present more attractive entry points for investors, balancing the risks associated with market volatility.

### Vacancy Vs. Rental Rates








**KEY SALES TRANSACTIONS**

Property	Submarket	Buyer Type	RSF	List Price
 2203-2205 Columbia Dr SE	Airport	Private Investor	15,488	\$2,250,000
 6715 Academy RD NE	Far Northeast Heights	Private Investor	11,800	\$2,060,000
 2551 Coors Blvd NW	West Mesa	Private Investor	12,553	\$1,600,000

**KEY LEASE TRANSACTIONS**

Property	Submarket	Tenant	RSF
 500 Marquette Ave NW	Downtown	FBT Architects	17,837
 4101 Indian School Rd NE	University	Mayer LLP	13,356
 8220 San Pedro NE	Far Northeast Heights	New Mexico Orthopedic	11,929

**CLASS SNAPSHOT**

Class A		Class B		Class C	
Total Square Feet	1,624,935	Total Square Feet	11,907,685	Total Square Feet	2,163,330
Availability	19.11%	Availability	16.50%	Availability	9.47%
Avg. Face Rate	\$25.89	Avg. Face Rate	\$18.92	Avg. Face Rate	\$18.13

**MARKET STATISTICS**

Submarket Name	RBA	Available SF	Available Rate	Face Rate
Airport	937,931	212,415	22.65%	\$16.00
Cottonwood	141,105	975	0.69%	\$24.60
Downtown	3,290,044	789,058	24.79%	\$18.48
Far Northeast Heights	1,665,747	178,132	10.84%	\$20.95
Mesa Del Sol	123,473	30,228	24.48%	\$27.23
North I-25	3,876,589	444,926	12.79%	\$21.12
North Valley	148,187	-	0.00%	-
Northeast Heights	949,215	52,610	5.54%	\$13.29
Rio Rancho	1,005,447	291,922	29.03%	\$19.81
South Valley	61,157	-	0.00%	-
Southeast Heights	432,111	6,864	1.90%	\$12.98
University	916,584	32,151	3.51%	\$19.10
Uptown	1,810,711	305,508	18.86%	\$19.84
West Mesa	337,649	14,239	5.18%	\$20.38
<b>Total</b>	<b>15,695,950</b>	<b>2,359,028</b>	<b>15.80%</b>	<b>\$20.31</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.