



MARKET INSIGHTS



Available Rate
4.57%



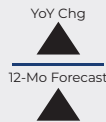
Market Rent/SF
\$25.01



CAPITAL MARKET



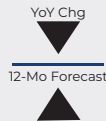
Average Cap Rate
10.7%



Market Sale Price per SF
\$163



US 10-year Treasury Note
4.25%



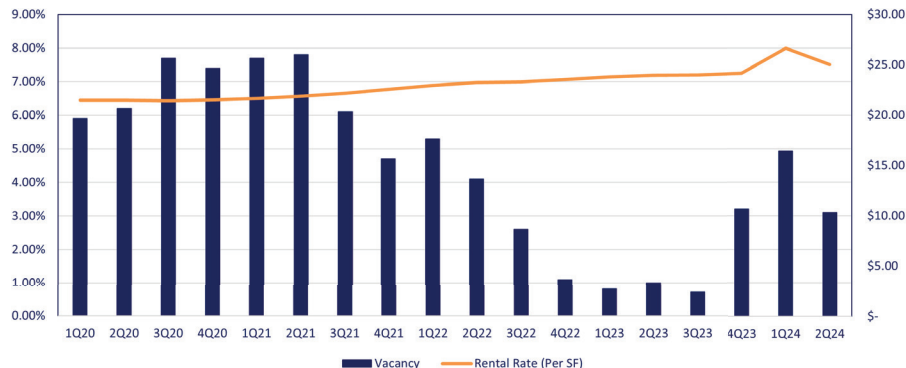
OFFICE MARKET SNAPSHOT

- The availability rate for the Santa Fe office market stands at 4.57%, reflecting a stable demand for office space across the region.
- The average rental rate is \$25.01 per square foot, indicating a slight increase in pricing pressures as the market remains competitive.
- A potential concern is the presence of shadow space, which accounts for approximately 6% of the market. This leased but unoccupied space is not included in the reported availability rates, potentially masking higher actual vacancy levels.
- The availability rate is projected to remain low due to the strong demand from key sectors. However, the market could experience some fluctuations depending on the absorption of shadow space and the introduction of new supply.
- Demand for office space in Santa Fe remains strong and steady, primarily driven by the finance, insurance, and real estate sectors, as well as professional and medical users.

OFFICE INVESTMENT MARKET

- The national average cap rate for office properties is 10.7%, with the US 10-year Treasury Note at 4.25%, reflecting broader economic conditions impacting investment decisions.
- The investment market is likely to remain attractive to private investors, particularly those looking to secure properties in well-performing submarkets. However, the scarcity of financing options may temper the overall volume of sales.
- Due to limited new supply and steady demand, average rental rates are expected to continue rising. Within the next year, these rates could reach \$26 per square foot, and in downtown submarkets, they may exceed \$30 per square foot.

Vacancy Vs. Rental Rates





KEY SALES TRANSACTIONS

Property	Submarket	Buyer Type	RSF	List Price
2001 Vivigen Way	Southwest	Private Investor	15,968	\$2,800,000
1620 Hospital Dr	Santa Fe	Institutional Investor	15,398	\$2,380,000
644 Don Gasper Ave	Santa Fe	Owner/User	946	Unpriced

KEY LEASE TRANSACTIONS

Property	Submarket	Tenant	RSF
4001 Office Ct	Southwest	N/A	6,924
4001 Office Ct	Southwest	N/A	1,853
343 W Manhattan Ave	Downtown	N/A	1,100

CLASS SNAPSHOT

Class A		Class B		Class C	
Total Square Feet	205,122	Total Square Feet	1,676,966	Total Square Feet	452,611
Availability	0.75%	Availability	6.20%	Availability	1.42%
Avg. Face Rate	\$30.74	Avg. Face Rate	\$26.58	Avg. Face Rate	\$19.92

MARKET STATISTICS

Submarket Name	RBA	Available SF	Available Rate	Face Rate
Southwest Santa Fe	868,206	30,439	3.51%	\$22.23
Santa Fe	896,496	43,292	4.83%	\$23.69
Downtown	549,997	32,140	5.84%	\$29.40
Total	2,314,699	105,871	4.57%	\$25.01

PRODUCT TYPE BREAKDOWN



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OFFICE SNAPSHOT

Office 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 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.