



MARKET INSIGHTS



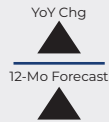
Vacancy Rate

8.18%



Market Rent/SF

\$18.46



CAPITAL MARKET



Average Cap Rate

7.7%



Market Sale Price per SF

\$158



US 10-year Treasury Note

4.24%



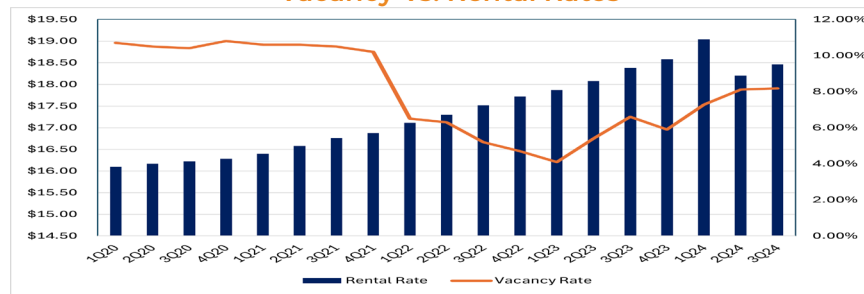
RETAIL MARKET SNAPSHOT

- **Vacancy Rates:** The overall vacancy rate stands at 8.18%, with a year-over-year increase projected over the next 12 months. This reflects Albuquerque's dynamic retail landscape with variable demand across different submarkets.
- **Market Rent Growth:** Average rent is \$18.46 per SF, marking a year-over-year increase. Continued growth is anticipated, indicating ongoing demand and limited availability in high-traffic retail areas.
- **Tenant Mix and Stability:** Albuquerque's retail sector is bolstered by a blend of national chains and local businesses, fostering stability and market resilience.
- **High-Demand Areas:** Demand remains strong in well-established, high-traffic locations, contributing to lower vacancy rates and higher rents in premium submarkets like Uptown.
- **Positive Growth Forecast:** Year-over-year growth trends are expected to persist, with forecasts suggesting that the market will maintain its upward trajectory in rental rates over the next 12 months.

RETAIL INVESTMENT MARKET

- **Capitalization Rates:** The average cap rate for Albuquerque retail properties is 7.7%, indicating attractive returns for investors within the market. Cap rates have increased year-over-year, with further upward movement expected.
- **Investor Confidence:** The buyer pool has shifted towards small private investors focused on single-tenant net-leased properties under \$5 million. These investors often complete cash transactions to leverage 1031 tax-deferred exchanges, reducing reliance on debt markets in a high-interest rate environment.
- **Market Pricing Variance:** Sale prices average \$158 per SF, with higher rates in submarkets like West Mesa and Northeast Heights due to elevated demand in these areas.
- **Positive 12-Month Forecast:** Expectations for the next 12 months include gradual increases in both rental rates and stable investment returns, signaling continued market strength.
- **Top Buyers and Sales Trends:** Private buyers dominate recent transactions, with significant sales such as the \$14.1 million Cottonwood Mall transaction at a 9.6% cap rate, showcasing investor interest in Albuquerque's retail assets.

Vacancy Vs. Rental Rates





KEY SALES TRANSACTIONS

Property	Submarket	Buyer Type	RSF	List Price
 12231 Academy Rd NE	Far Northeast Heights	Institutional Investor	81,500	Unpriced
 1605 Juan Tabo Blvd NE	Northeast Heights	Private Investor	34,866	Unpriced
 1594 Sara Rd	Rio Rancho	Private Investor	22,068	\$1,600,000

KEY LEASE TRANSACTIONS

Property	Submarket	Tenant	RSF
 3821 Menaul Blvd NE	Northeast Heights	Enzo Fitness	17,003
 6001 San Mateo Blvd NE	North I-25	Absolute Fitness	10,248
 2122 Central Ave SE	University	N/A	8,091

CLASS SNAPSHOT

Class A		Class B		Class C	
Total Square Feet	2,442,100	Total Square Feet	10,684,200	Total Square Feet	6,200,000
Availability	6.55%	Availability	8.26%	Availability	8.18%
Avg. Face Rate	\$23.39	Avg. Face Rate	\$20.00	Avg. Face Rate	\$17.22

MARKET STATISTICS

Submarket Name	RBA	Available SF	Vacancy Rate	Face Rate
Airport	58,300	11,800	20.3%	\$19.64
Cottonwood	2,000,000	179,000	8.8%	\$21.01
Downtown	812,000	142,000	17.5%	\$17.62
Far Northeast Heights	2,100,000	106,000	5.1%	\$21.66
Mesa Del Sol	-	-	-	-
North I-25	1,900,000	145,000	7.6%	\$18.22
North Valley	596,000	40,900	6.9%	\$16.19
Northeast Heights	3,000,000	285,000	9.6%	\$16.04
Rio Rancho	1,200,000	199,000	16.5%	\$18.36
University	960,000	149,000	24.7%	\$18.01
Uptown	2,300,000	66,200	2.8%	\$24.47
South Valley	1,200,000	65,300	5.3%	\$19.11
Southeast Heights	1,600,000	138,000	8.5%	\$16.00
West Mesa	1,600,000	52,800	3.2%	\$20.58
Total	19,326,300	1,580,000	8.18%	\$18.46

PRODUCT TYPE BREAKDOWN



RETAIL SNAPSHOT

Retail 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.