



MARKET INSIGHTS



Vacancy Rate
6.23%



Market Rent/SF
\$11.53



CAPITAL MARKET



Average Cap Rate
7.5%



Market Sale Price per SF
\$116



US 10-year Treasury Note
4.24%



INDUSTRIAL MARKET SNAPSHOT

Vacancy Trends:

- The vacancy rate surged from 2.82% at year-end 2023 to 4.5% in 1Q24, driven by the addition of a nearly 500,000-square-foot manufacturing facility with below-market asking rates.
- By 3Q24, the market vacancy rate climbed to **6.23%**, driven by the completion of nearly **2 million square feet** of speculative new construction, significantly expanding inventory.
- **The Class A vacancy rate of 24%** is somewhat misleading, as the majority of this available space consists of newly constructed speculative properties, highlighting the market's growth in high-quality facilities.

Rental Rates:

- The below-market rental rates of the large manufacturing facility in 1Q24 temporarily reduced the overall average asking rent.
- By 3Q24, the introduction of high-priced speculative space lifted the average asking rate to a record high of \$11.53/SF, showcasing strong tenant demand for modern facilities.

INDUSTRIAL INVESTMENT MARKET

Cap Rates and Pricing:

- The average cap rate decreased to 7.5% in 3Q24, indicating continued strong demand despite higher financing costs.
- Market sale prices per square foot increased to \$116/SF, a reflection of investor preference for quality industrial assets.

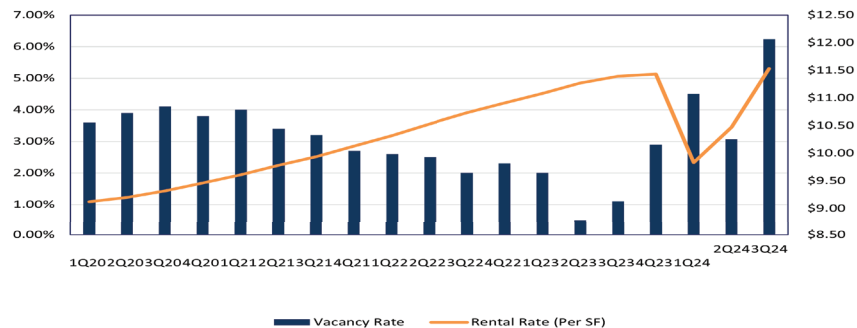
Investment Trends:

- Owner-occupant buyers accounted for over 80% of industrial sales, with investment transactions representing less than 20% of all deals in 2024.
- Investors remain focused on high-quality, stabilized assets, while speculative activity for new product scheduled to come online in 2025 has been tempered by higher borrowing costs.

Supply Pipeline:


- The speculative development boom in 2024 has significantly expanded inventory, providing opportunities for tenants and owner-occupants while reshaping market dynamics.

Vacancy Vs. Rental Rates








KEY SALES TRANSACTIONS

| Property | Submarket | Buyer Type | RSF | List Price |
|---|------------|------------------------|--------|---------------|
|  6211 Chappell Dr NE | North I-25 | Investor | 31,424 | Not Disclosed |
|  4810 Pan American East Fwy NE | North I-25 | Owner/User | 20,041 | \$2,500,000 |
|  5801 Midway Park Pl NE | North I-25 | Institutional Investor | 17,376 | \$1,095,000 |

KEY LEASE TRANSACTIONS

| Property | Submarket | Tenant | RSF |
|--|------------|----------------------|--------|
|  9210 Daytona Rd NW | West Mesa | Ashley Furniture | 61,191 |
|  1425-1525 Candelaria Rd NE | North I-25 | RIE | 25,447 |
|  540 Silver Creek Rd NW | West Mesa | Interior Logic Group | 12,983 |

CLASS SNAPSHOT

| Class A | | Class B | | Class C | |
|-------------------|-----------|-------------------|------------|-------------------|------------|
| Total Square Feet | 1,975,546 | Total Square Feet | 17,861,894 | Total Square Feet | 12,598,138 |
| Availability | 24% | Availability | 5.89% | Availability | 3.92% |
| Avg. Face Rate | \$13.17 | Avg. Face Rate | \$11.95 | Avg. Face Rate | \$11.08 |

MARKET STATISTICS

| Submarket Name | RBA | Available SF | Vacancy Rate | Face Rate |
|-----------------------|-------------------|------------------|--------------|----------------|
| Airport | 893,808 | 136,563 | 15.28% | \$11.25 |
| Cottonwood | 78,343 | - | 0.00% | - |
| Downtown | 3,490,301 | 156,627 | 4.49% | \$9.57 |
| Far Northeast Heights | 246,954 | - | 0.00% | - |
| Los Lunas Corridor | 1,012,240 | 198,219 | 19.58% | \$9.50 |
| Mesa Del Sol | 281,804 | - | 0.00% | - |
| North I-25 | 14,384,551 | 1,020,693 | 7.10% | \$11.87 |
| North Valley | 2,809,736 | 52,241 | 1.86% | \$12.46 |
| Northeast Heights | 379,392 | 960 | 0.25% | \$9.00 |
| Rio Rancho | 1,303,788 | 63,888 | 4.90% | \$12.33 |
| University | 288,654 | - | 0.00% | - |
| Uptown | - | - | 0.00% | - |
| South Valley | 3,582,525 | 182,367 | 5.09% | \$11.50 |
| Southeast Heights | 1,045,934 | 20,459 | 1.96% | \$13.75 |
| West Mesa | 2,637,548 | 188,553 | 7.15% | \$12.98 |
| Total | 32,435,578 | 2,020,570 | 6.23% | \$11.53 |

PRODUCT TYPE BREAKDOWN



INDUSTRIAL SNAPSHOT

Industrial 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.