



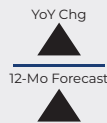
## MARKET INSIGHTS



Available Rate  
**0.77%**



Market Rent/SF  
**\$11.65**



## CAPITAL MARKET



Average Cap Rate  
**7.2%**



Market Sale Price per SF  
**\$166**



US 10-year Treasury Note  
**4.24%**



## INDUSTRIAL MARKET SNAPSHOT

### Vacancy Trends:

- The vacancy rate declined to 0.77% at the end of Q3 2024, down from 1.02% in Q2 but slightly above the 0.57% recorded at year-end 2023. This trend reflects subtle shifts in available space driven by market dynamics rather than the addition of significant new inventory.
- Despite the modest decrease, the market remains exceptionally tight, with demand consistently outstripping supply.

### Rental Rates:

- Average market rent dropped to \$11.65/SF in Q3 2024, primarily due to higher-priced properties being leased during the second quarter. As a result, the current on-market supply reflects lower-priced options.

### Market Dynamics:

- Trades, contractors, and specialized tenants remain key drivers of absorption, with a continued shortage of industrial space keeping the market firmly in favor of landlords.
- Barriers to entry, including zoning restrictions and high construction costs, have limited speculative development, resulting in only 60,000 square feet of new space proposed in a 1,961,137-square-foot market.

## INDUSTRIAL INVESTMENT MARKET

### Cap Rates and Pricing:

- The average cap rate declined to 7.2% by 3Q24, signaling strong investor confidence despite higher interest rates. Market sale prices rose to \$166/SF, reflecting the scarcity of available product and robust demand.

### Investment Trends:

- Owner-occupant buyers dominate the market, especially in the under-30,000-square-foot category, as businesses seek stability and long-term cost control amid rising rents.
- Limited liquidity persists, with investors opting to hold properties to renew leases at higher rates, further driving up market values.

### Supply Pipeline:

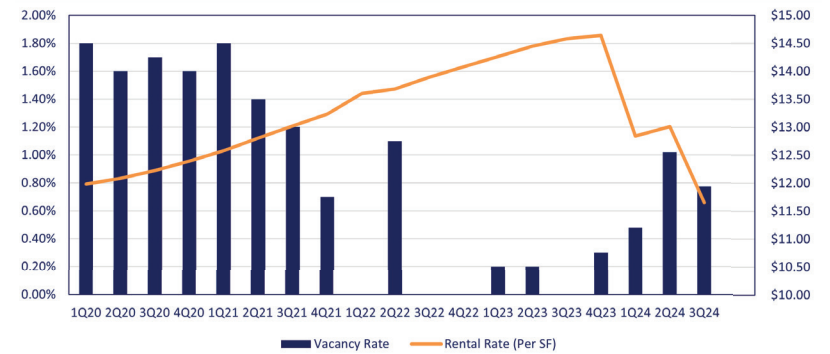
- The limited pipeline of 60,000 square feet of proposed construction highlights the ongoing constraints in Santa Fe's industrial market, emphasizing the need for new inventory to support demand and growth



**KEY SALES TRANSACTIONS**

Property	Submarket	RSF	List Price
 715 St Michaels Dr	Santa Fe	7,269	\$1,900,000
 2921 Rufina	Santa Fe	3,900	\$610,000
 1189 Parkway Dr #G3	Santa Fe	1,585	\$525,000

**VACANCY VS. RENTAL RATES**



**CLASS SNAPSHOT**

Class A		Class B		Class C	
Total Square Feet	-	Total Square Feet	824,631	Total Square Feet	1,147,127
Availability	-	Availability	1.47%	Availability	1.20%
Avg. Face Rate	-	Avg. Face Rate	\$19.13	Avg. Face Rate	\$13.00

**MARKET STATISTICS**

Submarket Name	RBA	Available SF	Vacancy Rate	Face Rate
Santa Fe	732,677	12,399	1.69%	\$10.00
Southwest Santa Fe	1,215,929	2,782	0.23%	\$19.00
Downtown	12,531	-	0.00%	-
<b>Total</b>	<b>1,961,137</b>	<b>15,181</b>	<b>0.77%</b>	<b>\$11.65</b>

**PRODUCT TYPE BREAKDOWN**



**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 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.



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