



## MARKET INSIGHTS



Vacancy Rate  
**4.69%**



Market Rent/SF  
**\$11.72**



## CAPITAL MARKET



Average Cap Rate  
**7.3%**



Market Sale Price per SF  
**\$121**



US 10-year Treasury Note  
**4.54%**



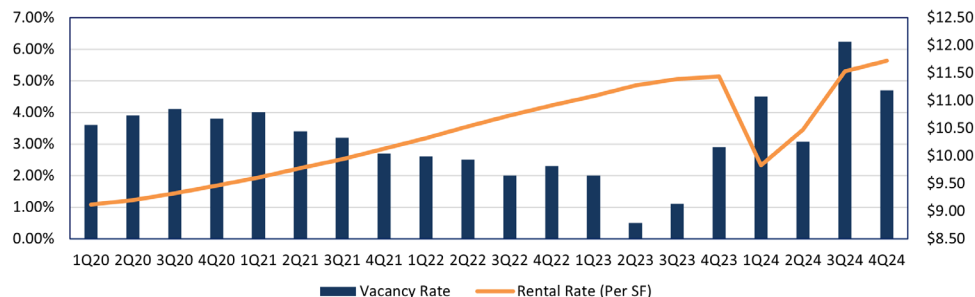
## INDUSTRIAL MARKET SNAPSHOT

- **Vacancy Rate Increased:** From 2.82% at YE 2023 reaching 6.23% in 3Q24, and stabilizing at 4.69% in 4Q24. This was primarily due to new speculative construction entering the market. Average rent hit \$11.72/SF, driven by demand for modern facilities, while the market sale price held at \$116/SF.
- **Rental Growth Resumed:** Market rents declined in early 2024 due to the influx of vacant space but rebounded to \$11.72/SF by 4Q24, reflecting strong absorption in modern industrial facilities. The total industrial inventory reached 32.46 million SF, with ongoing demand driving market stability.
- **Speculative Construction Wave:** Over 2 million SF of new Class A space was delivered in 2024, leading to a Class A vacancy rate of 24%, mostly in newer, high-quality assets.
- **North I-25 & West Mesa Dominate Demand:** These submarkets saw high leasing activity, while Los Lunas Corridor and Rio Rancho struggled with absorption, waiting for absorption.
- **Absorption Expected to Improve:** Class A space will likely lease up in 2025, as companies secure modern, well-located facilities.
- **Slower Development Pipeline:** Speculative construction has slowed, helping balance supply and demand.

## INDUSTRIAL INVESTMENT MARKET




- **Cap Rate Compression:** The cap rate dropped to 7.3% by YE 2024, signaling investor confidence despite higher borrowing costs.
- **Market Sale Prices Increased:** From \$103/SF in 2023 to \$121/SF by YE 2024, driven by strong investment demand.
- **Investment Market Remains Strong:** Institutional investors pulled back, while private buyers capitalized on reduced competition, focusing on below-market lease assets. Private cash buyers capitalized on the current market, benefiting from 1031 exchanges and reduced competition from institutional players.
- **Sustained Investor Demand:** Despite higher interest rates, industrial properties remain highly desirable for long-term leased assets.
- **Tenant Migration to Class A Properties:** Older Class B & C spaces saw rental rate stagnation, as tenants preferred newer, higher-quality options.

Vacancy Vs. Rental Rates








KEY SALES TRANSACTIONS

Property	Submarket	Buyer Type	RSF	List Price
 3205 Broadway Blvd SE	South Valley	Public	68,800	\$6,500,000
 2810 Karsten Ct. SE	Airport	Owner User	52,856	\$4,360,000
 14800 Central Ave SE	Far Southeast Heights	Private Investor	28,682	\$3,050,000

KEY LEASE TRANSACTIONS

Property	Submarket	Tenant	RSF
 9201-9301 San Mateo Blvd NE	North I-25	Maxon Solar	524,104
 9210 Daytona Rd NW	West Mesa	Ashley Furniture	61,191
 5321 Wilshire Ave NE	North I-25	American Fire Protection Group	44,800

CLASS SNAPSHOT

Class A		Class B		Class C	
Total Square Feet	1,975,546	Total Square Feet	17,147,042	Total Square Feet	12,595,488
Availability	24%	Availability	3.68%	Availability	3.32%
Avg. Face Rate	\$13.50	Avg. Face Rate	\$12.11	Avg. Face Rate	\$12.37

MARKET STATISTICS

Submarket Name	RBA	Available SF	Vacancy Rate	Face Rate
Airport	893,808	84,797	9.49%	\$11.50
Cottonwood	78,343	-	0.00%	-
Downtown	3,490,301	129,930	3.72%	\$9.25
Far Northeast Heights	246,954	-	0.00%	-
Los Lunas Corridor	1,012,240	201,637	19.92%	\$9.50
Mesa Del Sol	281,804	-	0.00%	-
North I-25	14,384,551	294,312	2.05%	\$13.56
North Valley	2,805,920	62,439	2.23%	\$12.47
Northeast Heights	379,392	960	0.25%	\$9.00
Rio Rancho	1,333,091	245,522	18.42%	\$11.40
University	288,654	-	0.00%	-
Uptown	-	-	0.00%	-
South Valley	3,583,691	203,504	5.68%	\$11.63
Southeast Heights	1,045,934	57,053	5.45%	\$13.37
West Mesa	2,637,548	242,676	9.20%	\$12.57
<b>Total</b>	<b>32,462,231</b>	<b>1,522,830</b>	<b>4.69%</b>	<b>\$11.72</b>

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.