



MARKET INSIGHTS



Available Rate
13.65%



Market Rent/SF
\$20.15



CAPITAL MARKET



Average Cap Rate
8.61%



Market Sale Price per SF
\$115.41



US 10-year Treasury Note
4.54%



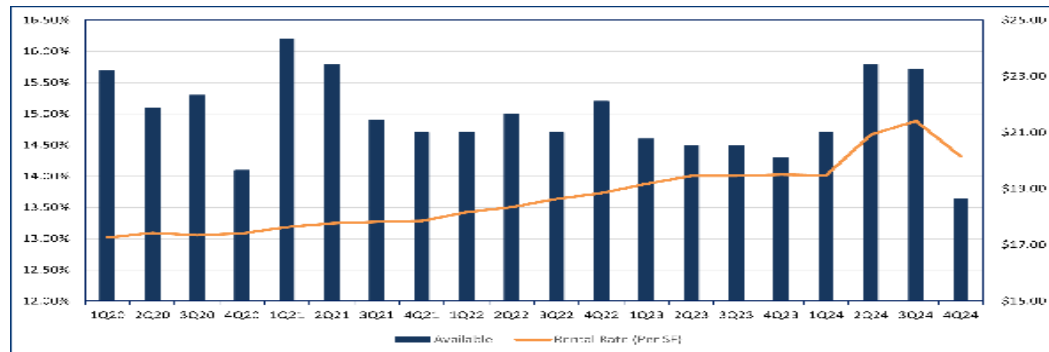
OFFICE MARKET SNAPSHOT

- **Vacancy Below National Levels:** Albuquerque's 13.65% availability rate remains below the national average, supported by limited construction over the past 15 years and ongoing repurposing conversions to residential, schools and churches.
- **Rising Rental Rates:** Average rents increased to \$20.15/SF, with further substantial hikes expected as current rates fall short of the levels needed to support new construction after a 40% rise in costs over the past five years.
- **Shrinking Market Size:** Total multi-tenant office inventory decreased to 15.7 million SF in 2024 due to redevelopment and owner-user absorption, helping maintain steady vacancy despite evolving office needs.
- **Shadow Space Risk:** An estimated 690,000 sf of shadow space, could impact future vacancy rates if it re-enters the market.
- **Near-Term Rental Pressure:** The gap between current rental rates and rising construction costs will likely fuel further rent hikes as landlords seek to meet economic feasibility.

OFFICE INVESTMENT MARKET




- **Historic Low in Sales Activity:** 2024 saw the lowest office investment sales since 2010, although owner-user activity remained strong.
- **Owner-User Stability:** Financing for owner-users allowed them to secure properties below replacement costs, offering long-term cost advantages compared to leasing.
- **Rising Cap Rates Present Opportunity:** Cap rates reached 8.61%, creating attractive acquisition opportunities for buyers looking to capitalize on expected rental appreciation.
- **Strategic Buying Opportunity:** With rents expected to rise substantially, investors acquiring properties at current rates could benefit from significant future appreciation.

Vacancy Vs. Rental Rates





KEY SALES TRANSACTIONS

Property	Submarket	Buyer Type	RSF	List Price
 5301 Central Ave. NE	Southeast Heights	Auction/Repurpose	170,000	\$4,564,250
 344 4th St SW	Downtown	Owner/User	25,842	\$3,975,000
 7520 Montgomery Blvd NE	Far Northeast Heights	Private Investor	23,494	Off Market

KEY LEASE TRANSACTIONS

Property	Submarket	Tenant	RSF
 5411 Jefferson St NE	North I-25	Raven Defense Corporation	33,987
 5700 Pasedena Ave NE	North I-25	NM Human Services Department	23,000
 500 Marquette Ave NW	Downtown	FBT Architects	17,837

CLASS SNAPSHOT

Class A		Class B		Class C	
Total Square Feet	1,662,453	Total Square Feet	11,815,566	Total Square Feet	2,195,482
Availability	20.42%	Availability	13.82%	Availability	9.39%
Avg. Face Rate	\$26.93	Avg. Face Rate	\$19.59	Avg. Face Rate	\$17.23

MARKET STATISTICS

Submarket Name	RBA	Available SF	Available Rate	Face Rate
Airport	912,513	90,753	9.95%	\$16.10
Cottonwood	147,973	975	0.66%	\$24.60
Downtown	3,290,044	697,205	21.19%	\$18.66
Far Northeast Heights	1,622,368	193,636	11.94%	\$21.21
Mesa Del Sol	123,473	30,228	24.48%	\$27.23
North I-25	3,926,971	536,163	13.83%	\$21.79
North Valley	161,694	20,702	12.80%	\$21.00
Northeast Heights	964,382	51,754	5.84%	\$16.80
Rio Rancho	965,871	137,898	14.28%	\$19.81
South Valley	61,157	-	0.00%	-
Southeast Heights	432,111	7,424	1.72%	\$14.58
University	916,584	42,967	6.20%	\$19.40
Uptown	1,810,711	314,794	18.02%	\$20.18
West Mesa	337,649	14,239	5.18%	\$20.38
Total	15,673,501	2,138,738	13.65%	\$20.15

PRODUCT TYPE BREAKDOWN



OFFICE SNAPSHOT

Office 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.