



MARKET INSIGHTS



Available Rate
14.93%



Market Rent/SF
\$20.12



CAPITAL MARKET



Average Cap Rate
8.72%



Market Sale Price per SF
\$144



US 10-year Treasury Note
4.49%



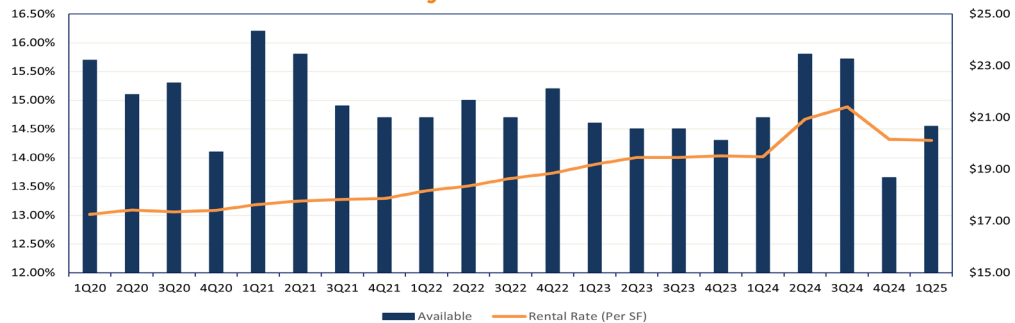
OFFICE MARKET SNAPSHOT

- **Availability Down Slightly:** The availability rate declined to 14.93%, continuing a gradual tightening trend supported by reduced inventory and limited new development.
- **Rents Trending Up:** Average rents reached \$20.12/SF, with Class A at \$27.02/SF, reflecting inflationary cost pressures and strong demand for high-end space.
- **Shrinking Inventory:** The total office multi-tenant market stands at 15.94M SF, down from previous quarters due to conversions and owner-user acquisitions.
- **Downtown Challenges:** Downtown remains the softest submarket with 27.95% availability, though premium buildings with parking see lower vacancy.
- **Shadow Space Risk:** Unmarketed, unoccupied space continues to be a hidden vacancy factor.
- **Leasing Led by Essential Services:** Government and professional services drove leasing activity, with notable deals in the North I-25 and Far NE Heights submarkets.

OFFICE INVESTMENT MARKET

- **Low Sales Volume:** Investment activity remains minimal, with Q1 marked by small owner-user deals.
- **Cap Rates Edge Up:** Average cap rate rose to 8.72%, reflecting cautious investor sentiment and rising financing costs.
- **Owner-Users Drive Market:** Owner-occupants remain active, seeking cost certainty as rents rise, supported by accessible financing.
- **Financing Remains Tight:** Institutional investment is subdued due to lending constraints and risk aversion toward multi-tenant properties.
- **Opportunity for Long-Term Buyers:** Elevated cap rates and below-replacement pricing present value opportunities for strategic investors.

Vacancy Vs. Rental Rates








KEY SALES TRANSACTIONS

Property	Submarket	Buyer Type	RSF	List Price
 2650 Yale Blvd SE	Airport	UNM Owner/User	25,082	\$1,662,354
 2350 Alamo Ave SE	Airport	UNM Owner/User	25,000	\$1,662,354
 2600 Yale Blvd SE	Airport	UNM Owner/User	24,480	\$1,662,354

KEY LEASE TRANSACTIONS

Property	Submarket	Tenant	RSF
 5411 Jefferson St NE	North I-25	Raven Defense	33,987
 6501 Americas Parkway NE	Uptown	Geo-Logic Associates dba DBSA	15,478
 8220 San Pedro NE	Far Northeast Heights	New Mexico Direct Care	11,929

CLASS SNAPSHOT

Class A		Class B		Class C	
Total Square Feet	1,966,748	Total Square Feet	11,778,038	Total Square Feet	2,195,482
Availability	19.20%	Availability	15.36%	Availability	8.78%
Avg. Face Rate	\$27.02	Avg. Face Rate	\$19.79	Avg. Face Rate	\$17.10

MARKET STATISTICS

Submarket Name	RBA	Available SF	Available Rate	Face Rate
Airport	912,513	83,195	9.12%	\$16.10
Cottonwood	147,973	4,498	3.04%	\$24.60
Downtown	3,290,044	919,550	27.95%	\$18.66
Far Northeast Heights	1,622,368	143,614	8.85%	\$21.21
Mesa Del Sol	335,313	30,228	9.01%	\$27.23
North I-25	3,987,498	533,815	13.39%	\$21.79
North Valley	161,694	20,702	12.80%	\$21.00
Northeast Heights	958,782	49,717	5.19%	\$16.80
Rio Rancho	965,871	245,929	25.46%	\$19.81
South Valley	61,157	-	0.00%	-
Southeast Heights	432,111	8,758	2.03%	\$14.58
University	916,584	71,131	7.76%	\$19.40
Uptown	1,810,711	263,384	14.55%	\$20.18
West Mesa	337,649	4,739	1.40%	\$20.38
Total	15,940,268	2,379,260	14.93%	\$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.

