

ALBUQUERQUE METRO RETAIL OUTLOOK

Summary

The first quarter of 2020 began with retail activity from prospects moving into new construction; the majority of activity coming from restaurant and experiential users. Experiential concepts were a driving force in the retail sector of the Albuquerque MSA. National tenants such as Top Golf broke ground and Urban Air Park opened for business, reporting high volumes of users. Notable local brands including Revel Entertainment and Electric Playhouse also opened to the public, both providing the community with much needed entertainment venues.

Completed deals to highlight in the retail market include the Sawmill District who amid a "chaotic, but thrilling" grand opening brought needed retail and restaurants to the Old Town submarket. And while the US hits an all-time high of mall closures, local area malls are riding the wave and seeing additions from retail to restaurants throughout the City.

As the world struggles with the impact of the novel coronavirus (COVID-19) pandemic, the question looms how it will affect commercial real estate as there are more quarantines, limited gatherings, travel restrictions and business closures.

What were business perks a few weeks ago have quickly become the only way many brick-and-mortar retailers and restaurants can do business. Curbside pickup and delivery are allowing some restaurants to stay in business without putting customers and employees at risk for COVID-19 or violating increasingly common state-level lock-down orders. This is proving true for retailers beyond grocers and restaurants, as well. Retailers are having to think outside of the box to keep cash flow coming in during this lock-down time. More business will look to on-line stores and services to keep businesses.

Last week, Best Buy announced that its stores would now operate for curbside pickup only; customers are also able to order products on-line and have them delivered directly to their homes. In Albuquerque, Dick's Sporting Goods, discount shoe chain DSW, and video game retailer GameStop have all shifted to operating in a pickup and delivery-only capacity. This is in addition to a variety of mass retailers and grocers, which have been increasing their pickup and delivery fulfillment capabilities in recent years.

Despite the uncertainties, there are two statistics that should give the retail sector some confidence: There's practically no new retail construction, which has kept occupancy rates surprisingly high, and while e-commerce sales continue growing, brick-and-mortar sales have been rising, although modestly.

The coronavirus is likely to have significant impact on the market in the coming quarter. While retail and office sectors will be immediately affected, there may be opportunity for those who can quickly act. If it is possible to refinance, extend lines of credit, or renew lines of credit, now is the time to do so in anticipation of possible need. Finally, if one has the capital, there undoubtedly will be buying opportunities. The future is unknown, but the ability to look ahead to spot both risks and opportunities can prove to be invaluable.

Q1 Fast Facts

NAI MAESTAS & WARD RETAIL SNAPSHOT



Largest Submarket by Population

Rio Rancho
Population: 141,336

3,733 SF
\$15.35 PSF
Average Rates/Size



Smallest Submarket by Population

Uptown
Population: 5,821

5,520 SF
\$14.69 PSF
Average Rates/Size



Highest Asking Rates Submarket

Cottonwood
Population: 8,335

\$20.44 PSF
7,251 SF
Average Rates/Size



Lowest Asking Rates Submarket

University
Population: 40,683

\$11.43 PSF
4,090 SF
Average Rates/Size

Meet the Team

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Our service offerings include:

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- Portfolio evaluation
- Market analysis
- Due diligence consulting
- Site selection
- Excess property disposition
- Lease versus own analysis
- Economic incentives analysis and negotiations
- Financing
- Sale/leaseback transactions
- Relocation and move management
- Lease audit and administration

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