

Q3 2020 Market Review

Summary

Two quarters into the COVID-19 crisis and industrial real estate has yet to be seriously impacted. Sale activity is robust due to ultra-competitive lending terms, while lease activity, though not quite as strong is healthy in its own right.

The vacancy rate remains low as a result of several large transactions, most notably the sale of 6600 Gulton Ct. NE, a 79,900 square foot manufacturing and lab facility that was acquired late in the summer. At the time of its sale, 6600 Gulton was the largest industrial property for lease on the market.

Other notable developments include the completion of two new construction projects at 7901 Las Lomas Dr. NE and 7410 Washington St. NE both of which are available for lease at \$11 NNN and \$12 NNN, respectively. These rates exceed Q3 median NNN lease rates outlined below and would represent a significant shift in the market if agreed to by a tenant.

Median lease rates on a triple net (NNN) basis are up \$0.25 from the previous quarter, with September figures at \$7.75 per square foot. While increases to NNN rates have been slow and inconsistent, they are trending in the right direction as vacancy rates persist at historic lows. Median lease rates on a modified gross basis have experienced a more consistent upward trajectory as landlords have more leverage in lease negotiations due to the aforementioned status of space available to lease.

Fast Facts (NAI Maestas & Ward)

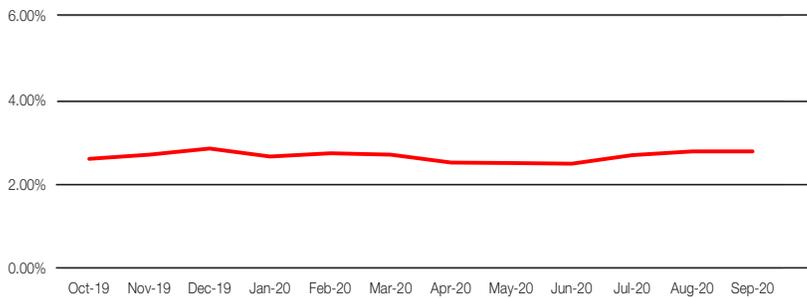
Largest Vacancy
 10800 Gibson Blvd. SE
 Albuquerque, NM
 72,784 SF
 R&D facility

Median Vacancy
 6100 Jefferson St. NE
 Albuquerque, NM
 5,259 SF
 Warehouse/storage space

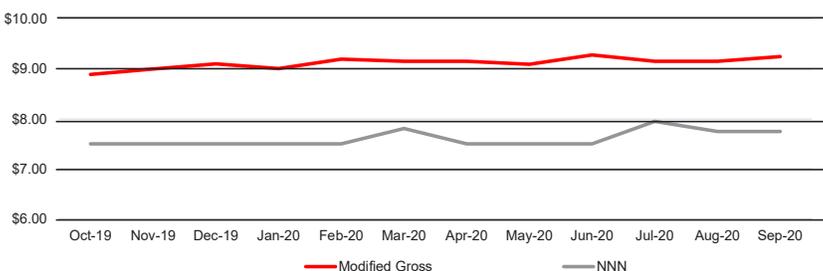
Smallest Vacancy
 3300 4th St.
 Albuquerque, NM
 1,160 SF
 Flex space

**Median Office/
 Warehouse Ratio**
 25:75

Vacancy - Trailing 12 Months



Median Lease Rates - Trailing 12 Months



Market Tracking - 12 Months

Month - Yr	Vacancy	Modified Gross	NNN Median
Oct-19	2.60%	\$8.89	\$7.50
Nov-19	2.70%	\$9.00	\$7.50
Dec-19	2.85%	\$9.11	\$7.50
Jan-20	2.66%	\$9.01	\$7.50
Feb-20	2.74%	\$9.20	\$7.50
Mar-20	2.70%	\$9.15	\$7.81
Apr-20	2.52%	\$9.15	\$7.50
May-20	2.51%	\$9.09	\$7.50
Jun-20	2.49%	\$9.28	\$7.50
Jul-20	2.69%	\$9.15	\$7.95
Aug-20	2.78%	\$9.15	\$7.75
Sep-20	2.78%	\$9.25	\$7.75

The information contained herein was obtained from sources deemed to be reliable. We have no reason to doubt the accuracy of information, however, we cannot, and do not, make any guarantees. The information and perspectives contained herein is not a substitute for a thorough due diligence investigation.