

2021 Q1 Market Review

Q1 Overview

The more things change, the more they stay the same.

One full year into the COVID-19 pandemic, the industrial real estate market continues its strong run, despite disruptions to just about every other industry in the US economy.

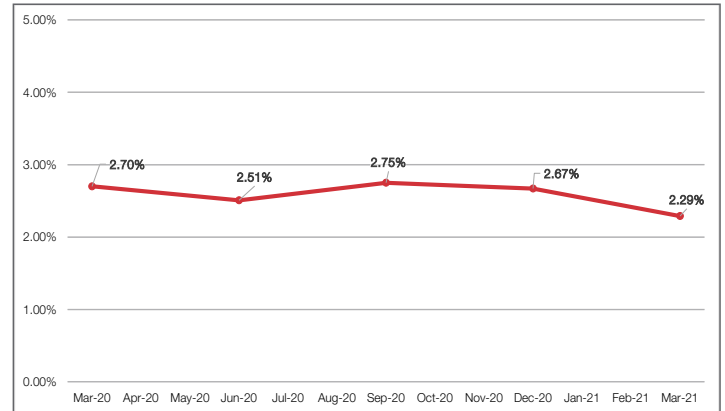
Vacancy rates have largely remained flat, though the current rate (2.29%) is roughly 0.4% less than it was 12 months ago (2.70%).

Lease rates—after a lengthy wait—seem finally to be trending upward with the median modified gross rate seeing 2.30% growth over the last 12 months and the median triple net (NNN) rate increasing 2.36% over the same period. While modest, this positive trajectory will hopefully promote new construction of industrial space that will restore vacancy rates to healthier, more sustainable levels.

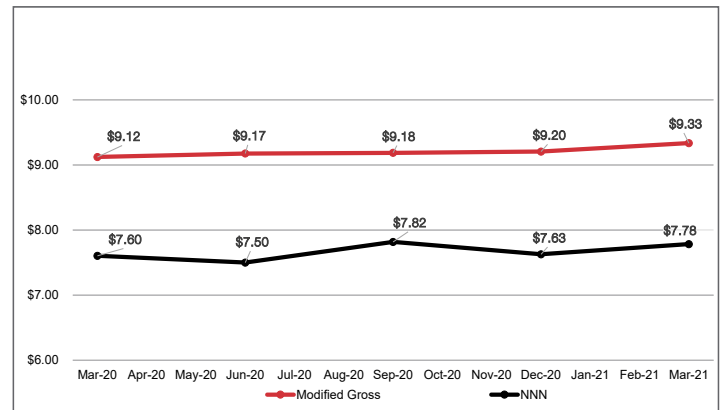
Several local developers are working to fill the void with new projects underway in the Albuquerque MSA including 7200 Bluewater Rd. NW, a 150,000 square foot speculative bulk distribution facility near Unser and I-40 and 1533 Stephanie Rd. SE, a 21,000 square foot speculative multi-tenant office/warehouse project in Rio Rancho. As of this writing, the property is 89% pre-leased and set to be completed in mid-April 2021.

Other developers should take notice—the market is hungry for projects like these.

Vacancy Rate - Trailing 12 Months



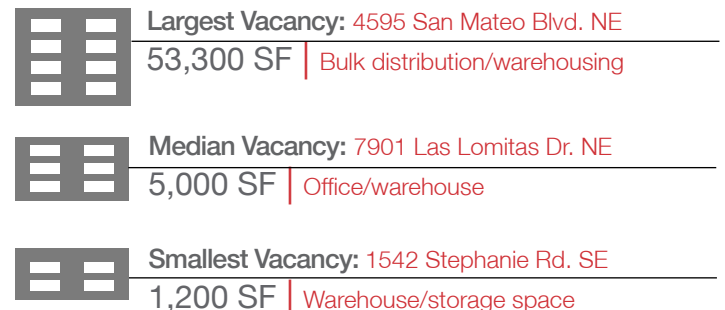
Median Lease Rates - Trailing 12 Months



Market Tracking - 12 Months

Mo - Yr	Vacancy	Modified Gross	NNN Median
Mar-20	2.70%	\$9.12	\$7.60
Jun-20	2.51%	\$9.17	\$7.50
Sep-20	2.75%	\$9.18	\$7.82
Dec-20	2.67%	\$9.20	\$7.63
Mar-21	2.29%	\$9.33	\$7.78

Fast Facts



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.