

Q2 2021 Market Review

Summary

Santa Fe Market Trends

The second quarter of this year made three things clear to us: 1. Good opportunities have to be taken advantage of immediately; 2. Businesses must renew or they will not be in business; and 3. Life and business goes on after COVID-19.

Redevelopment. In 2019 the Residence Inn hotel was converted into a 120-unit apartment. Now Santa Fe Suites at South St. Francis Dr. & W Zia Rd will be converted as well. This site was bought last year by a non-profit organization out of New York that has the goal of converting the 123 units into an apartment complex for low-income residents. On the other end of town, the location of the Vital Spaces artist studios at 220 Otero Street is in the process of becoming a short-term rental-style hotel. The proposed Washington Inn is planning to add a second story (11,175 SF) to the original 8,589 SF building located on one acre of property. At the Railyard, the new owners of the vacant Alvord Elementary School have plans in the near future for a fully residential property in the 2.8 Acre site.

The **retail** division was hot in Q2, especially food service businesses. The legendary Bobcat Bite returned to Old Las Vegas Highway in May under a new ownership after having closed in 2013. The Agora Shopping Center in El Dorado obtained two new restaurants: Le Pommier a french cuisine and Native Wings Coffee House. Downtown just off the Plaza, Lone Spur Cafe a cowboy-themed restaurant chain based in Arizona is planning to open in the former San Francisco Street Bar & Grill space. This will be the first Lone Spur in New Mexico. El Paisano Supermarket is building a 17,485 SF supermarket at Airport Rd. where it will be closer to the Hispanic community. This will be their third location, having one in Espanola and another on Cerrillos Rd. Los Dos Amigos Sports Mexican Restaurant is taking the former Souper Salad on Cerrillos Road. Los Dos Amigos will have an extensive Mexican menu including sea food and live-music on the weekends. The

vacant Marcy Street Card Shop space on Canyon Road was replaced by Rothermel Gallery.

The **office** market remains stable with an average \$/SF around \$20 for lease and \$200 for sale. This quarter the bank business took the lead in new office space development. Del Norte Credit Union broke ground April 7 on its second Española branch and will be a 5,100 SF facility to hold 15-20 employees. In addition, State Employees Credit Union will start construction soon on a three-story, 29,000 SF building at St. Michaels Dr. and Calle Lorca. Sandia Area Credit Union based in Albuquerque is building a full-service branch on Santa Fe's south side at Cerrillos Road and Tierra Contenta Drive in the Entrada Contenta Center. The 3,500 SF building will have four teller windows, two drive-thru lanes and a drive-up ATM.

Industrial space demand is on the rise. In recent years, the demand has increased especially in buildings having more than 10,000 SF. Average \$/SF for lease exceeded \$16 and \$130 for sale. In the same way, commercial **land** average prices remain high at little over of \$7/SF, especially for I-1 and I-2 zoning lands due the very small inventory.

The **housing market** in New Mexico is booming. Santa Fe is experiencing one of the tightest housing markets, with a rental vacancy rate close to zero and inflated prices out of reach for midlevel buyers. According to the Santa Fe Planning & Land Use Department there are approximately 5,000 residential units either under construction or in the development pipeline, in addition to 1,700 completed since 2019. In April, Santa Fe City Council approved the Zia Station development. This mixed-use project of 21 Acres around Zia Station by St. Francis Dr. will have 384 dwelling units, 84,000 SF of office space and 36,000 SF of retail.

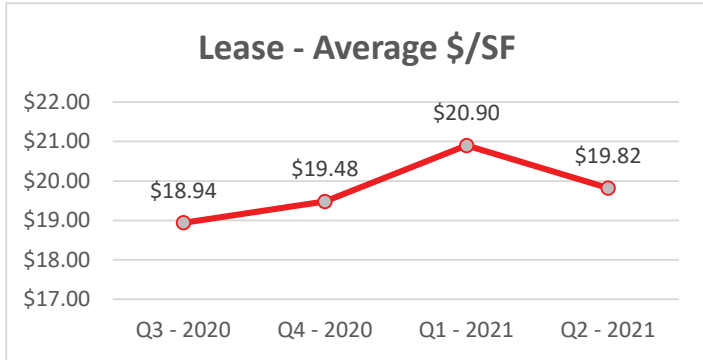
The first half of 2021 is gone, and we believe the City Different will continue to be much different with great commercial & residential projects in the pipeline for the third quarter.

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.

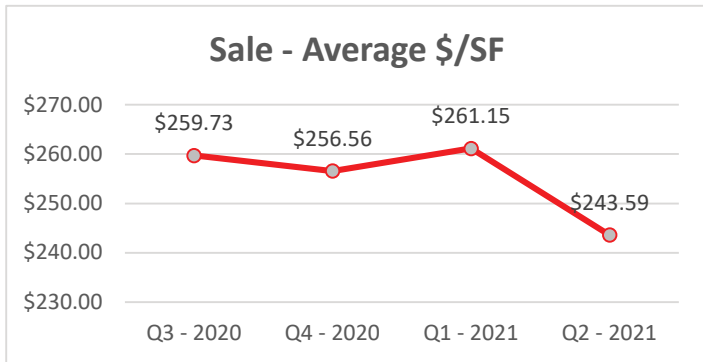
Q2 2021 Market Review



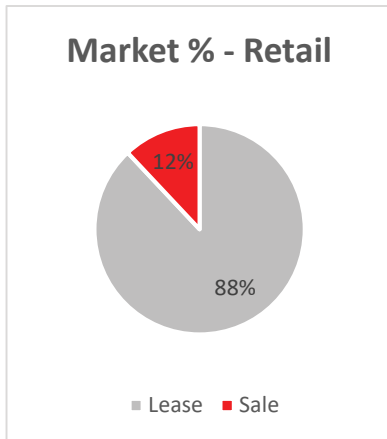
SANTA FE RETAIL



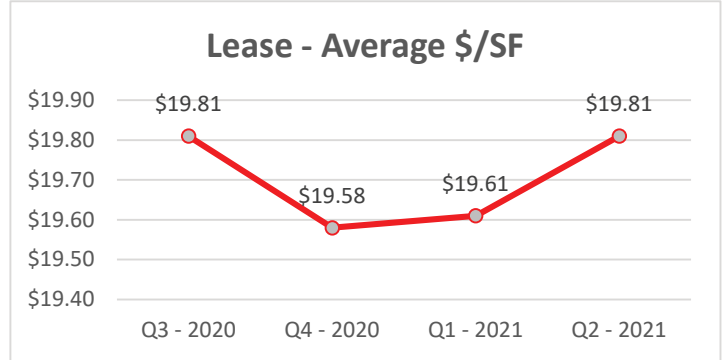
Average Size: 2,999 SF Average DOM: 795



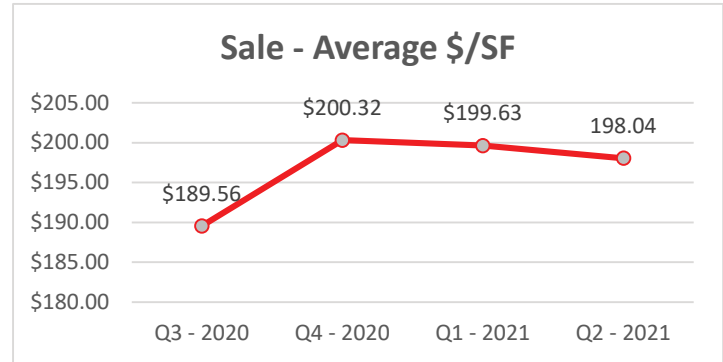
Average Size: 3,459 SF Average DOM: 434



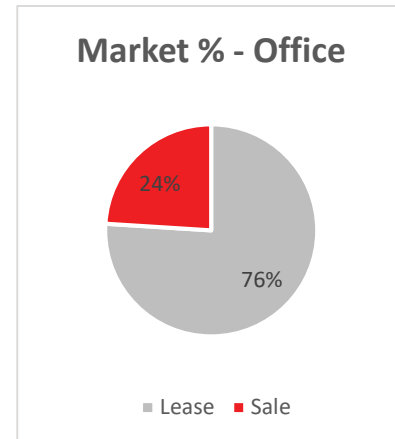
SANTA FE OFFICE



Average Size: 2,740 SF Average DOM: 808



Average Size: 5,734 SF Average DOM: 530

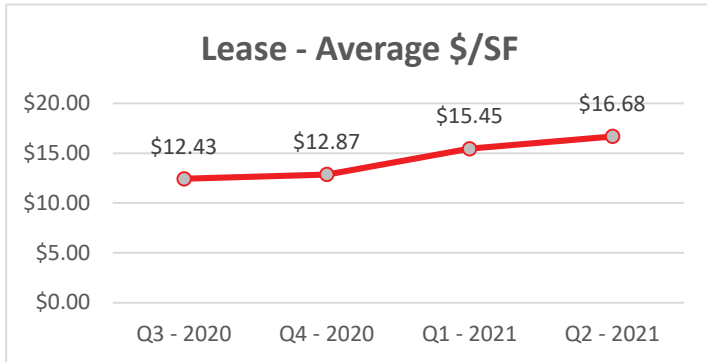


*Market vacancy rate was obtained by consulting available published market information and gathering information available from property owners and brokers.

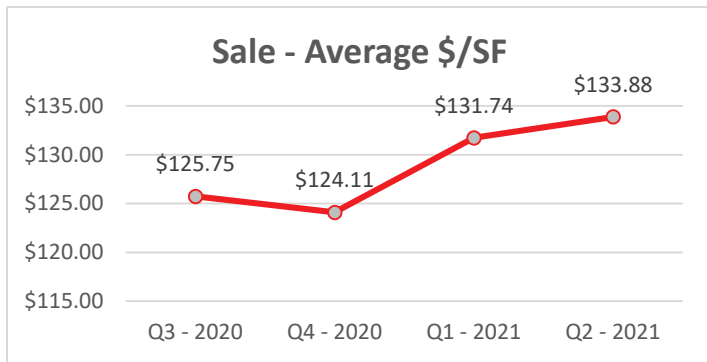
Q2 2021 Market Review



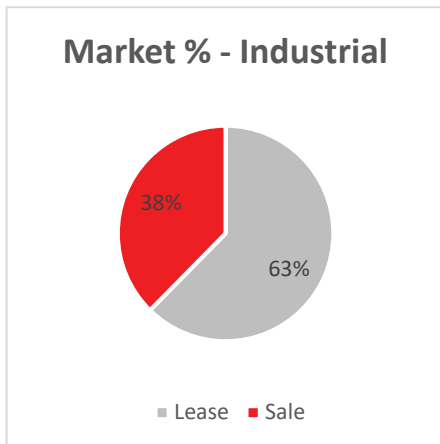
SANTA FE INDUSTRIAL



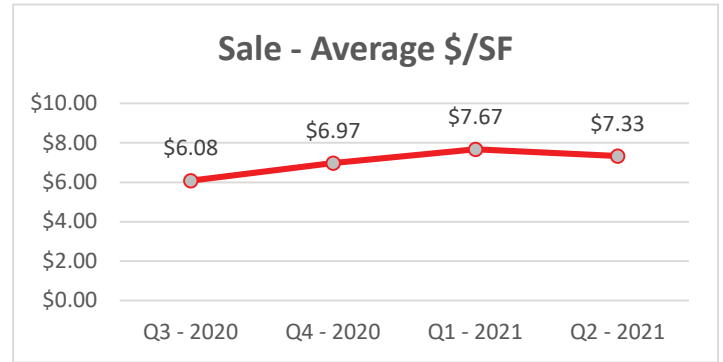
Average Size: 2,331 SF Average DOM: 239



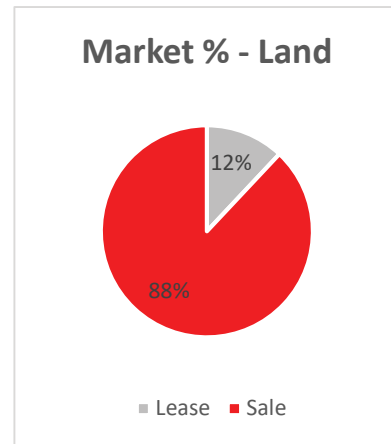
Average Size: 6,336 SF Average DOM: 287



SANTA FE LAND



Average Size: 16.76 Acres Average DOM: 1070



Meet the Team

Carlos Garcia, Qualified Broker
carlos@sunvista.com | 505 473 3434

Joel Cumplido, Advisor
joel@sunvista.com | 505 819 5126

Tai Bixby, CCIM, Director
tai@sunvista.com | 505 577 3524

Our service offerings include:

- 1031 Exchange
- Acquisition/ Disposition
- Landlord Representation
- Market Analysis
- Sale/Leaseback Transactions
- Site Selection | Benefit Analysis
- Subleasing
- Tenant Representation
- Build-to-Suit
- Portfolio Evaluation
- Land Development
- Zoning consultations
- Highest and Best use
- Demographic and traffic pattern