

Q1 2022 Market Review

SANTA FE MARKET TRENDS

As we go into spring, the flowers are not the only items seen blooming in the beautiful landscape of Santa Fe. Apartment complexes are under construction, new businesses are emerging, and many new homes are being built. This first quarter made a statement in which the continuous growth of population in Santa Fe complements the increasing demand in Commercial Real Estate. The COVID variants continue and without a doubt, so does commerce as the economy is supplemented by tourism.

Hospitality. New Hotel projects are coming to downtown Santa Fe. At the end of last year, it was announced that a Spanish baroque-style hotel is expected to open in the summer of 2023. The project constitutes a four-story building with 50 rooms located adjacent to the Lensic theater parking lot and across the street from El Dorado Hotel. On the other end of downtown, a 19-room boutique hotel right next to the famous Loretto Chapel was approved in February. The building will have four floors accumulating to 31,000 square feet, consisting of 16 single-bed units and three two-bed units. There is also another 60-room hotel resort that has been approved in the north side of the city in Monte Sereno. Another hotel operator is leasing space in an office building for conversion to luxury hotel suites. These four projects confirm how strong tourism remains in the capital and how it continues to prepare for the future.

Retail. Developers are definitely doing their homework in the retail and restaurant sector. Twisters Burgers & Burritos and Dutch Bros have targeted prime locations on the main street of Cerrillos Rd. Both national companies being in approval and demolition stages to be in business very soon. The iconic inn & organic farm product company “Los Poblanos”, will be one block from the plaza, at the corner of Washington Ave. and Marcy St. After months of searching for a good location, they are planning to have a gin tasting room and a retail shop for their spa products. In the south side, the national barbecue restaurant Rudy’s “Country Store” and Bar-B-Q is just opened its doors to become the fourth location in the state. Taco Bell is planning to add additional stores at the south end of St Francis Drive and on Airport Road.

Office. The office market remains stable with an average lease rate around \$20.40 per square foot for lease and \$217.87 for sale. New Mexico’s largest credit union is expanding this year. On the north side of the city, Nusenda is working on setting up 2,000 square feet of the former Well Fargo Bank location at the DeVargas Center. Their third location will be on Herrera Dr. on the south side, with a 5,300 square-foot building with drive-up ATM estimated to be open in October. At the dead end of Galisteo Rd, the new 44,000 square foot building for the Department of Public Safety is making progress and is planning to be completed by the end of this year. The \$24.3 million forensic lab will have two series and will be one of the biggest buildings in the city. Speaking about big buildings, the iconic First Interstate Plaza building (now Washington Plaza) in downtown changed ownership at the end of last year. An out of state real estate investor has acquired the 137,000 square-foot asset for \$16.3 million. Washington Plaza holds as tenant’s: The Bull Ring, Regus, Deloitte, Morgan Stanley and it will be the future home of The New Mexican. Our director, Tai Bixby, is in charge of leasing the newly acquired property.

Industrial. The demand of industrial space in Santa Fe is still on the rise. Now is the moment for new warehouse/mix-use developments. The average \$/SF for lease exceed \$13.96 and \$126.17 for sale. The Richard Avenue Park will almost be fully developed with the construction of a new flex-use project at Parkway Dr. The project consists of 29 commercial condos in 8 buildings sitting on 2.3 acres and to be built in two phases. Commercial **land** is in high demand with average prices continuously growing and currently a little over \$8.08/SF, especially for I-1 and I-2 zoning lands due to the very small inventory.

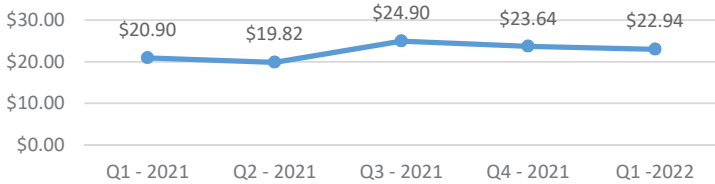
As we move forward, leaving the pandemic behind, we believe that the real estate market is stabilizing and will bring good opportunities for investors, sellers and business.

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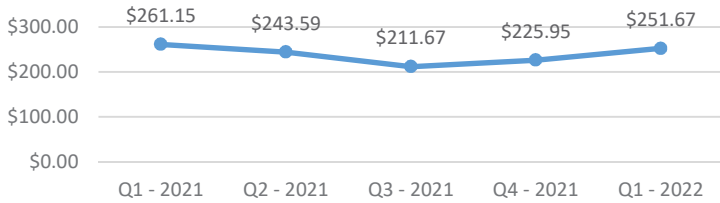
SANTA FE RETAIL

Lease - Average \$/SF



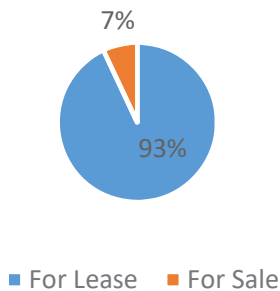
Average Size: 3,422 SF

Sale - Average \$/SF



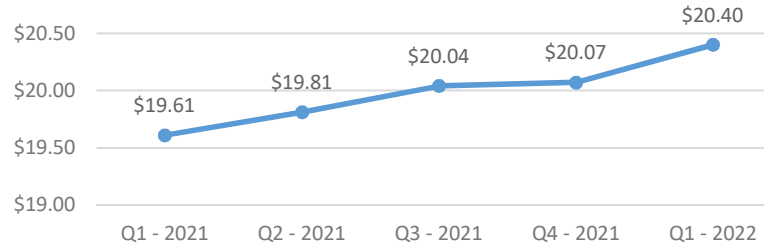
Average Size: 4,003 SF

Market % - Retail



SANTA FE OFFICE

Lease - Average \$/SF



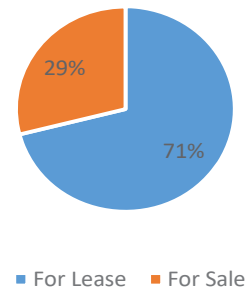
Average Size: 4,138 SF

Sale - Average \$/SF



Average Size: 6,221 SF

Market % - Office



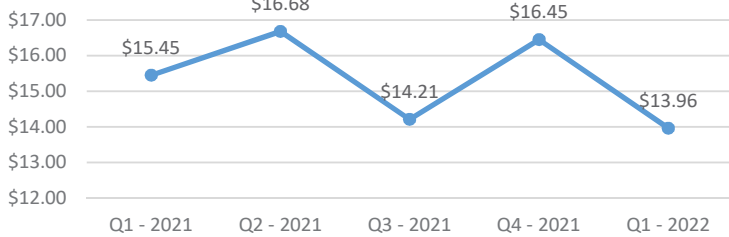
*Market vacancy rate was obtained by consulting available published market information and gathering information available from property owners and brokers.

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SANTA FE INDUSTRIAL

Lease - Average \$/SF



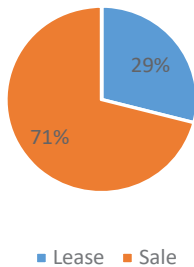
Average Size: 907 SF

Sale - Average \$/SF



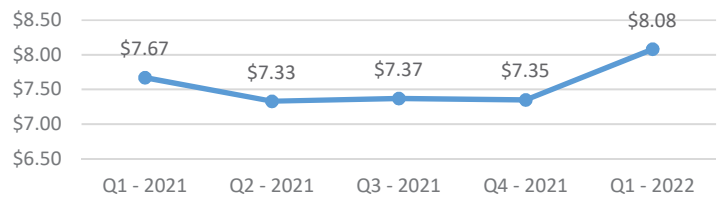
Average Size: 5,105 SF

Market % - Industrial



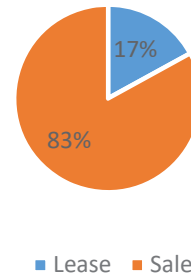
SANTA FE LAND

Sale - Average \$/SF



Average Size: 4.91 Acres

Market % - Land



Meet the Team

Carlos Garcia, Managing Partner | carlos@sunvista.com | 505 670 3181
Joel Cumplido, Advisor | joel@sunvista.com | 505 670 3328

Tai Bixby, COIM, Director | jonathon@sunvista.com | 505 577 3524
Jonathon Rivera, Advisor | jonathon@sunvista.com | 505 913 0957

Our service offerings include:

- 1031 Exchange
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- 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