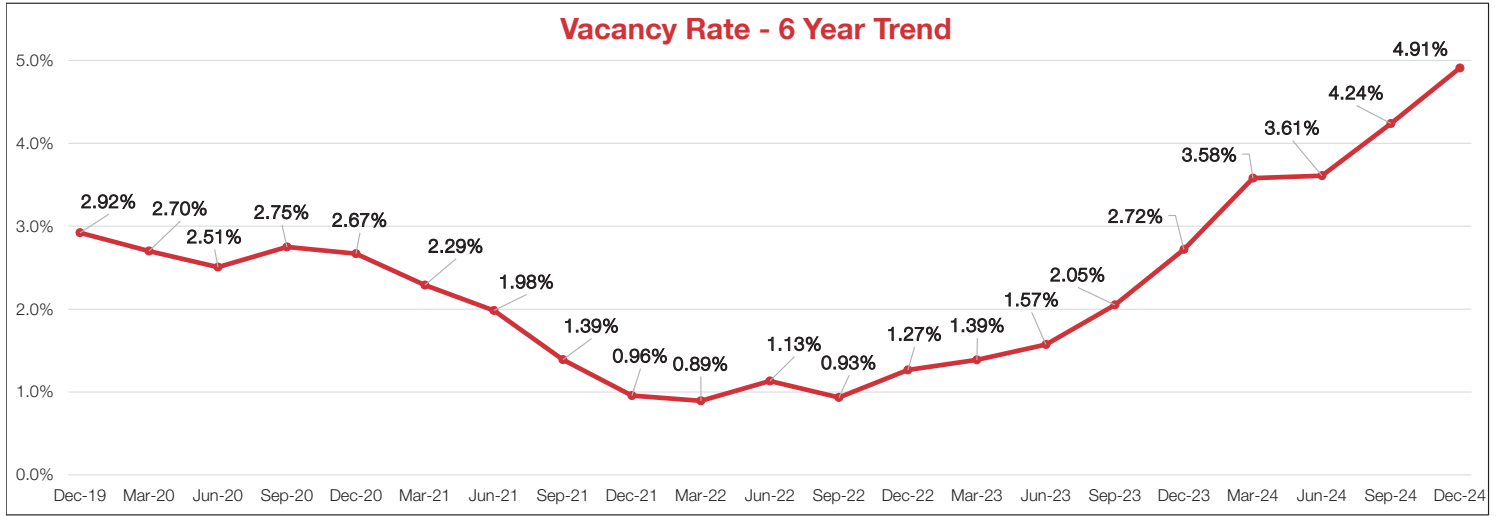


# 2024 Q4 Lease Market Overview

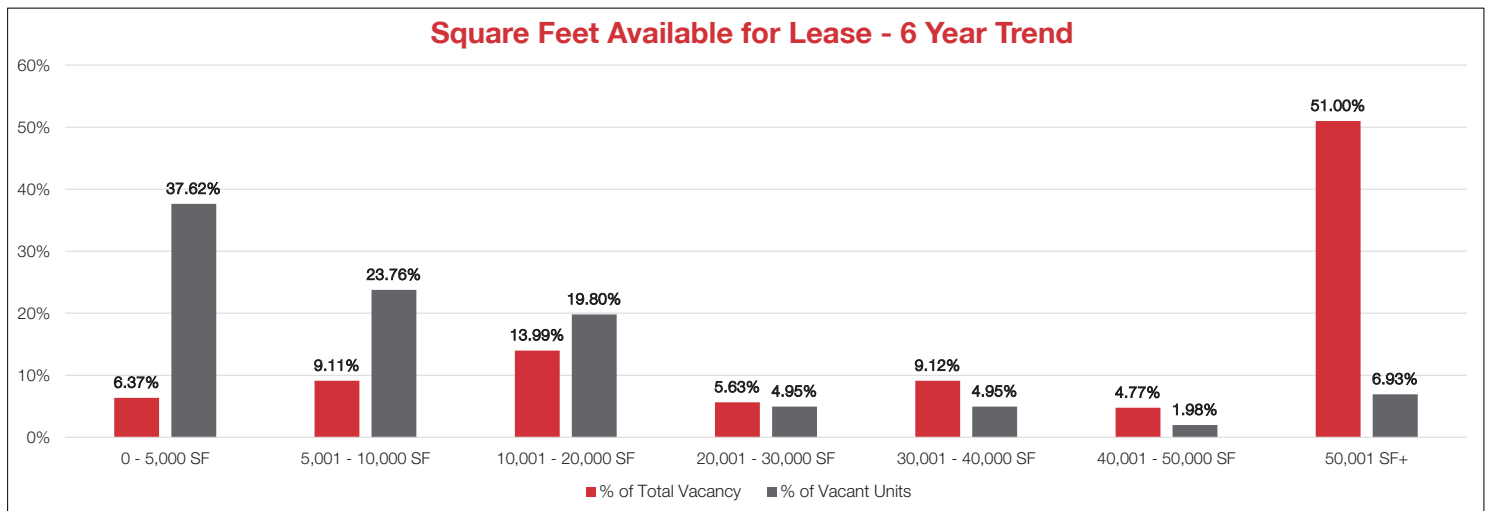
## ALBUQUERQUE | INDUSTRIAL REAL ESTATE

### Vacancy rises again—what's in store for 2025?

For the ninth consecutive quarter (dating back to September 2022), the vacancy rate for industrial real estate in Greater Albuquerque has increased. At 4.91%, the current figure is at a 6-year high and continues to be driven by bulk vacancies, though completion of some new construction has also played a role.



As referenced in previous editions of this report, vacancy in the market is top heavy. A handful of spaces larger than 30,000 SF (14 total) comprise well over half of total vacancy (just under 65%). This circumstance intensified in the fourth quarter when US Cotton announced that it was shutting down its operations in Rio Rancho and will soon be vacating just over 182,000 square feet spread across three buildings. Furthermore, a building products supplier brought to market its roughly 40,000 square foot space located near the intersection of Paseo del Norte and I-25 for sublease.



# 2024 Q4 Lease Market Overview

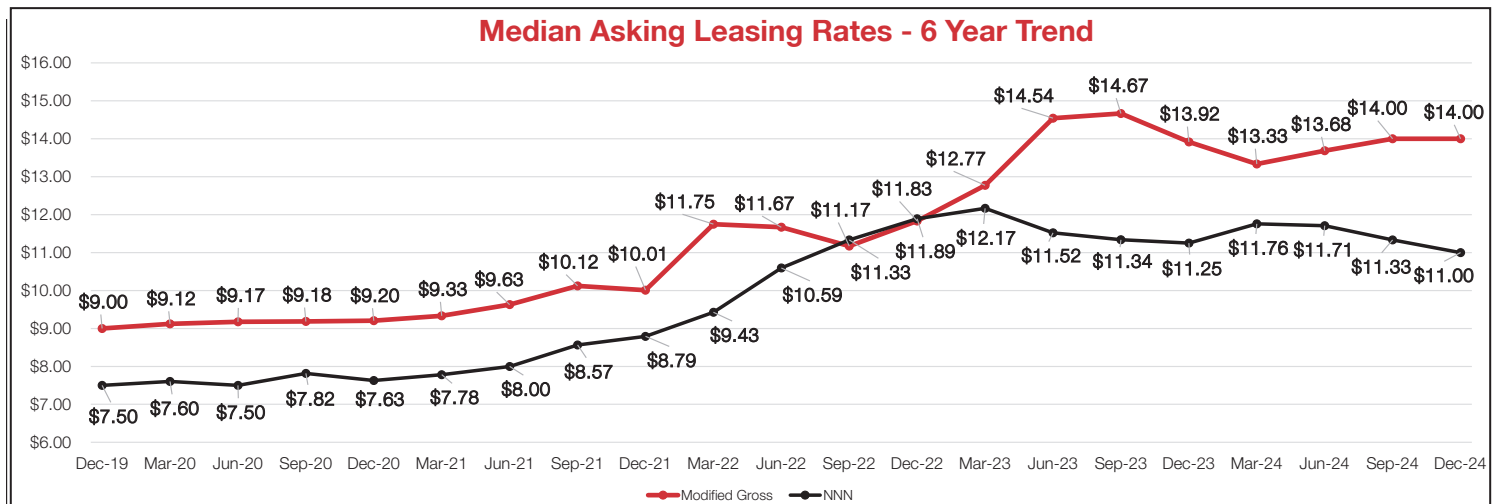
## ALBUQUERQUE | INDUSTRIAL REAL ESTATE

*Vacancy rises again—what's in store for 2025?*

Availability by Size	Total SF	Units	Average Unit Size
0 - 5,000 SF	125,749	38	3,309
5,001 - 10,000 SF	179,786	24	7,491
10,001 - 20,000 SF	276,102	20	13,805
20,001 - 30,000 SF	111,111	5	22,222
30,001 - 40,000 SF	179,907	5	35,981
40,001 - 50,000 SF	94,030	2	47,015
50,001 SF+	1,006,195	7	143,742
<b>Total</b>	<b>1,972,880</b>	<b>101</b>	<b>19,533</b>

Availability by Submarket	Total SF	Spaces	Units	% of Vacancy
Airport	120,590	6	20,098	7.09%
Bernalillo	15,000	1	15,000	0.88%
Downtown	172,846	13	13,296	10.16%
North I-25	753,931	33	22,846	44.30%
North Valley	93,644	16	5,853	5.50%
Rio Rancho	69,956	3	23,319	4.11%
South Valley	311,677	9	34,631	18.32%
Southeast Heights	52,709	6	8,785	3.10%
West Mesa	109,353	5	21,871	6.43%
Midtown	2,000	1	2,000	0.12%
<b>Total</b>	<b>1,972,880</b>	<b>101</b>		

Though vacancy continues to increase, asking lease rates remain relatively stable. The median triple-net (NNN) rate decreased from \$11.33/SF at the end of the third quarter to \$11.00/SF as of this writing. However, that rate has held steady at or above \$11.00/SF for the last nine consecutive quarters with only minor variances quarter to quarter. The median modified gross asking lease rate remains unchanged from the previous quarter and currently sits at \$14.00/SF.



# 2024 Q4 Lease Market Overview

## ALBUQUERQUE | INDUSTRIAL REAL ESTATE

### *Vacancy rises again—what's in store for 2025?*

New construction continues at a steady pace. An 86,000 SF building located at 541 Airport Dr. in the West Mesa submarket was completed in the fourth quarter while a slightly smaller building (76,000 SF) at 4000 Ellison St. in the North I-25 corridor continues to show signs of progress. Two small buildings (13,465 SF and 7,000 SF) are also underway in the North I-25 corridor and should complete sometime in 2025.

Leasing of new construction space remains slow, though. Two 150,000 square foot distribution warehouses which were completed in late 2023 still have not been fully leased. As of December 31, they have vacancies totaling 35,000 SF and 103,000 SF, respectively. The new building located at 541 Airport mentioned above is only 14% leased with 74,000 square feet currently available.

Throughout the last two years the industrial real estate market in Albuquerque has ably weathered the headwinds it has faced. Interest rate hikes, bulk vacancies, and slow absorption of new construction have only dampened an otherwise historically strong market. However, increases to the vacancy rate can only be sustained for so long before more of an impact on lease rates and overall demand is felt.

As a new presidential administration takes charge and the Federal Reserve tempers its efforts to mitigate inflation, the outlook for 2025 is one of cautious optimism.

#### NEW CONSTRUCTION OVERVIEW:

Under Construction	Q3 2024	Q4 2024	% Change
Total Square Footage	182,039	97,039	-87.59%
Number of Buildings	4	3	-
Average Project Size (SF)	45,510	32,346	-
Proposed/Marketed	Q3 2024	Q4 2024	% Change
Total Square Footage	910,021	903,021	-0.78%
Number of Buildings	12	11	-
Average Project Size (SF)	75,835	82,093	-

#### CONTACT FOR MORE INFORMATION:

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