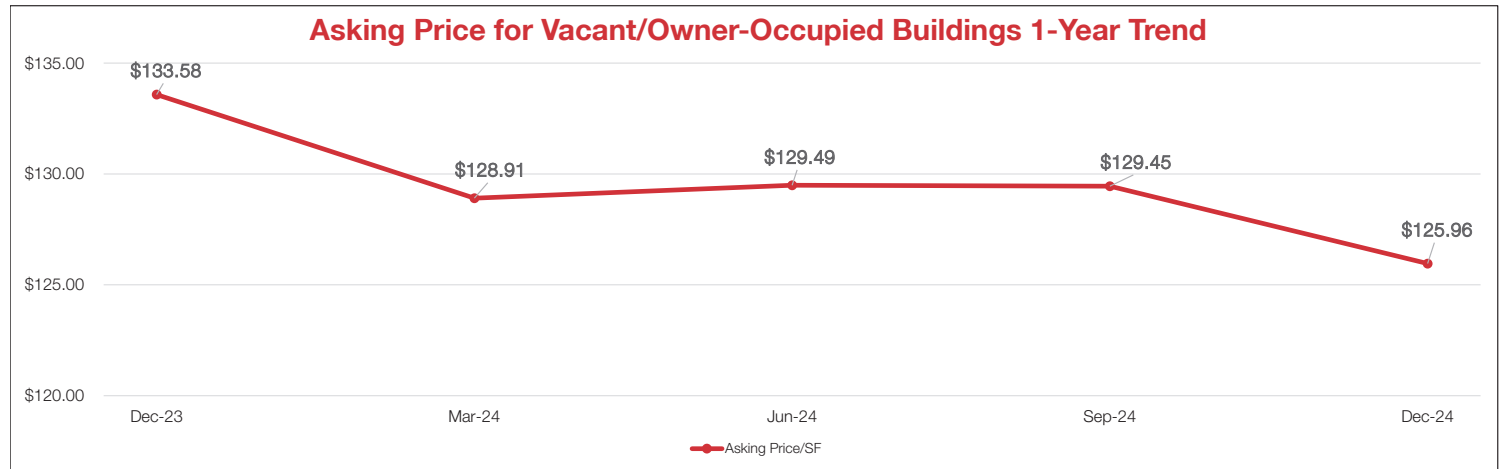


2024 Q4 Sale Market Overview

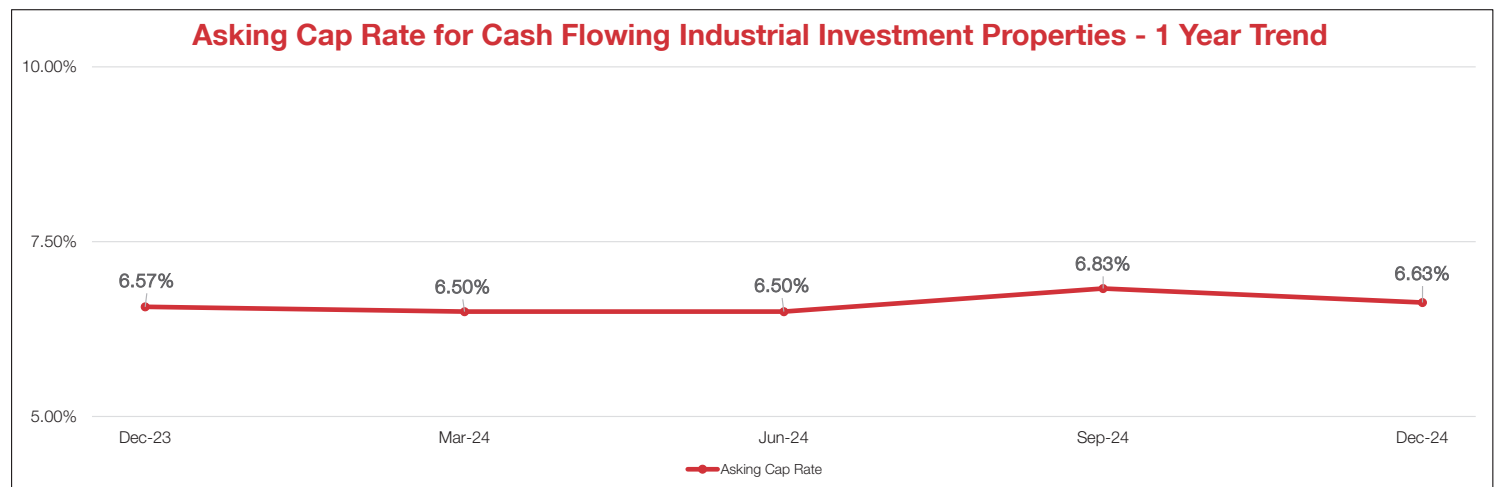
ALBUQUERQUE | INDUSTRIAL REAL ESTATE

Sale prices for vacant industrial real estate down slightly year over year

Throughout 2024, the median asking price for vacant, owner-occupied industrial buildings decreased by just under 6% from a high of \$133.58/SF at the end of last year to \$125.96/SF today.



For cash flowing industrial investment properties, the median asking price as measured by the property's capitalization (cap) rate was largely flat, floating between 6.50% and 6.83%. Due to elevated interest rates and the resulting drop off in sale activity for investment properties nationwide, the flat trend shown below can be mostly attributed to properties remaining on the market for most, if not all, of 2024.

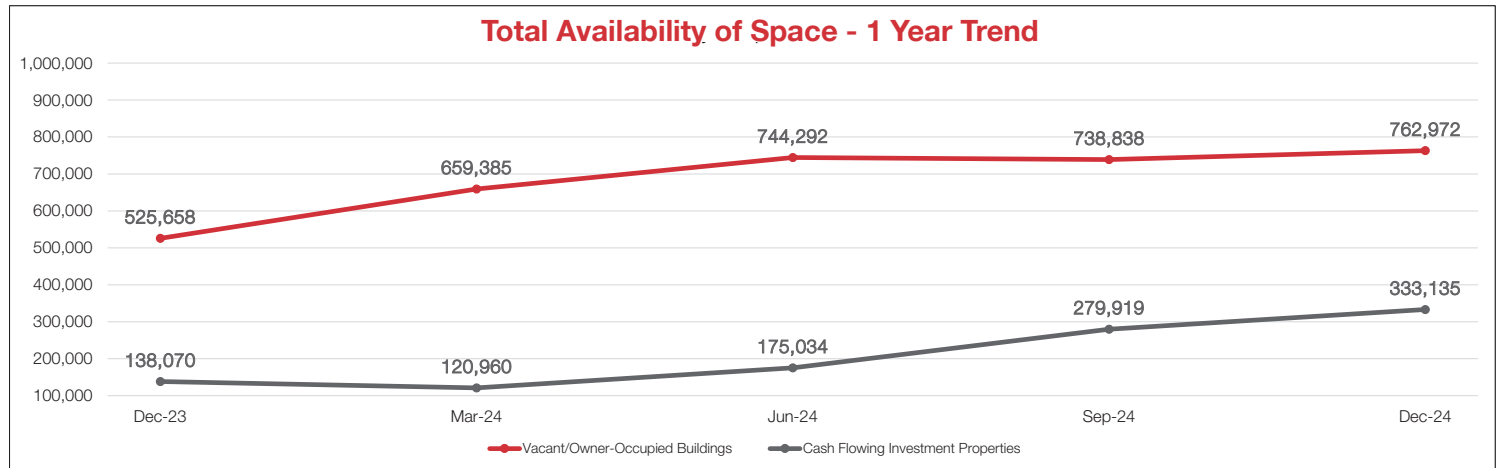


The availability of both vacant, owner-occupied properties and cash flowing investment properties is up year over year. As of this writing, 48 vacant, owner-occupied properties totaling 762,972 square feet are currently on the market while 17 cash flowing investment properties totaling 333,135 square feet are listed for sale. This increase in supply is one of several contributing factors to the drop in asking prices.

2024 Q4 Sale Market Overview

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Despite the increase in supply, certain types of industrial real estate remain in high demand. Those with excess yard space typically trade at prices significantly higher than the asking prices quoted above. While the definition of “excess” varies, if the building on an industrial site covers 20% of the total land area or less, its value on a price per square foot basis increases dramatically as compared to a building with less excess land area.



Location and submarket will always be important. Finding a space in the North I-25 corridor is the undisputed choice for most industrial business owners, though recent investments and expansions in the South Valley and West Mesa have made both submarkets more attractive in recent years. As the market continues to grow in those directions, property values there are likely to increase (making it an ideal time to get in). The North Valley is arguably the most stable submarket while the more affordable options (relative to the rest) can be found north of Downtown Albuquerque and near Kirtland Air Force Base.

Similar to the lease market for industrial real estate, the sale market has thus far held strong amidst some macro-economic challenges. Interest rate hikes, while not causing the market to implode, have slowed down transactions considerably as buyers are evaluating opportunities in a more measured manner, balancing expansion requirements with borrowing costs.

The impact of higher borrowing costs, though, has been mitigated by persistently high construction costs. For most, the cost to acquire land and build is prohibitive and buying/renovating an existing building is far more compelling by comparison.

As the interest rate environment hopefully settles in 2025, the sale market for industrial real estate should continue to perform well.

NAI SunVista understands the unique real estate needs of the land and industrial communities. Our Land and Industrial Division advisors have extensive experience in developing customized solutions for our clients in manufacturing, assembly, warehousing and distribution, as well as those looking for vacant land.



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