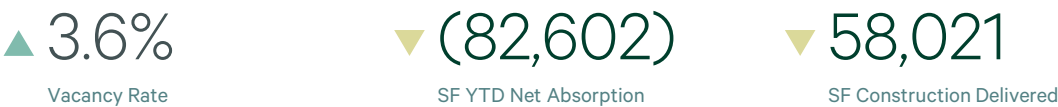


FIGURES | ALBUQUERQUE INDUSTRIAL | Q1 2025

North I-25 transaction drives record high leasing activity in the market



Note: Arrows indicate change from previous quarter.

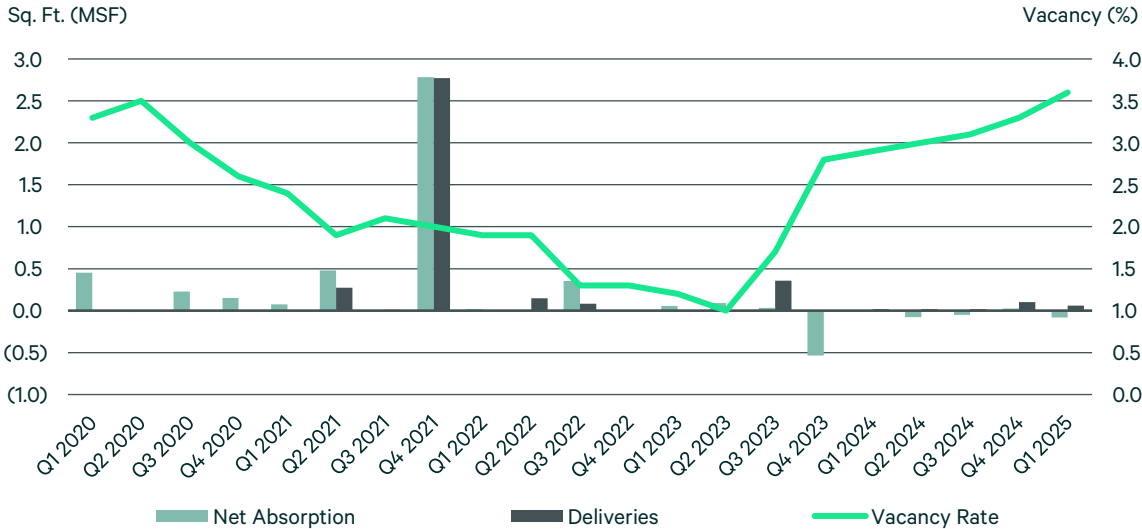
MARKET OVERVIEW

The Albuquerque industrial market continued to face headwinds in Q1 2025. However, increased lease activity characterized the period, rising by 180% year-over-year to a total of 777,035 sq. ft. This surge was largely driven by Maxeon Solar Technologies leasing 505,388 sq. ft. in the North I-25 submarket. Despite this growth, the total vacancy rate continued to increase gradually for the seventh consecutive quarter, rising by 30 basis points (bps) quarter-over-quarter and by 70 basis points year-over-year to 3.6%. Delayed leasing decisions and a slowdown in leasing activity in prior quarters hindered occupancy gains in Q1 2025, resulting in 82,602 sq. ft. of negative net absorption, a decline from the positive occupancy gains observed in Q4 2024 and during the same period the previous year.

The average direct asking rent continued to rise in Q1 2025, increasing by 8.2% quarter-over-quarter and by 4.2% year-over-year, reaching \$10.67 per sq. ft. Meanwhile, the construction pipeline continued to expand over the previous 12 months. By the end of Q1 2025, the total sq. ft. under construction had more than doubled year-over-year, with eight projects underway. Additionally, the market witnessed the completion of two new industrial properties in Q1 2025, including the 16,640 sq. ft. Duke City Sports Complex, which was 100% pre-committed.



FIGURE 1: Historical Net Absorption, Deliveries, and Vacancy



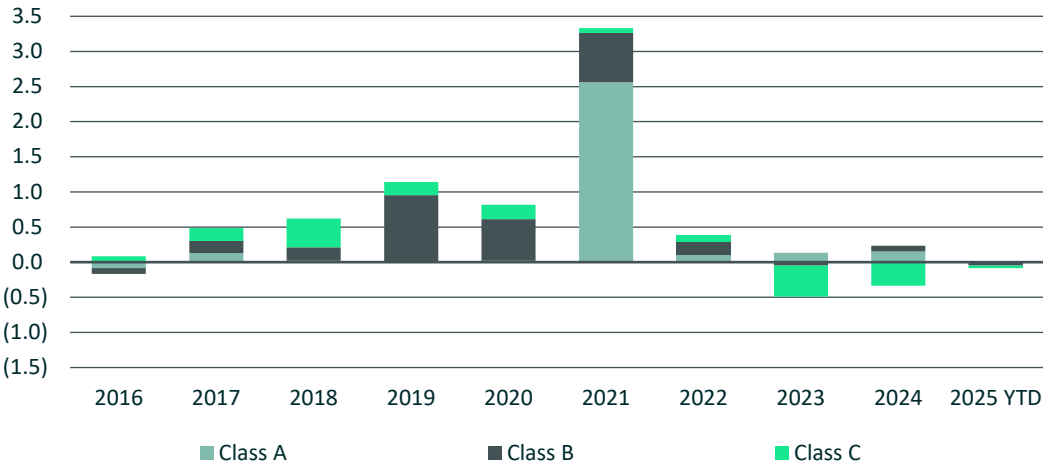
Source: CBRE Research, Q1 2025.

Net Absorption

The Albuquerque industrial market recorded 82,602 sq. ft. of negative net absorption in Q1 2025, marking a slight decline from the positive 6,378 sq. ft. recorded in Q1 2024. Over the past five years, absorption peaked in Q4 2021, driven by Amazon occupying its 2.5 million-sq.-ft. fulfillment center in West Mesa. However, net absorption had since remained relatively tepid and had not exceeded 100,000 sq. ft. Downtown was the sole contributor of positive absorption in Q1 2025, with 2,685 sq. ft. due to Glass Roots Construction occupying 15,000 sq. ft. at 601 Haines Ave NW. Looking ahead, net absorption is expected to turn positive in the near-term, driven by Maxeon Solar Technologies occupying 505,388 sq. ft. at 9201 San Mateo Blvd NE.

Industrial occupancy gains were heavily concentrated in the North I-25 submarket in Q1 2025, accounting for nearly 80% of all confirmed move-ins. A notable example of this trend was Pacific Mutual Door subleasing 39,376 sq. ft. of vacant space to Hot Shot Services in January. Additionally, positive absorption in this submarket was bolstered by collective move-ins from a confidential tenant, Kingdom Muay Thai, and Enersys Company, which together accounted for approximately 20,000 sq. ft.

FIGURE 2: Historical Net Absorption by Asset Class (MSF)



Source: CBRE Research, Q1 2025.

FIGURE 3: Historical Net Absorption in Three Key Submarkets (MSF)



Source: CBRE Research, Q1 2025.

FIGURE 4: Key Move-Ins

Tenant	SF Absorbed	Move-In Date	Address	Submarket
Hot Shot Services	39,376	1/15/2025	4601 Paseo Del Norte NE	North I-25
Glass Roots Construction	15,000	1/9/2025	601 Haines Ave NW	Downtown
Confidential Tenant	12,600	2/15/2025	8333 Washington Pl NE	North I-25
Kingdom Muay Thai	5,120	1/13/2025	8520 Pan American Fwy NE	North I-25
Enersys Company	2,400	1/1/2025	4415 Hawkins St NE	North I-25

Source: CBRE Research, Q1 2025.

Availability Rate

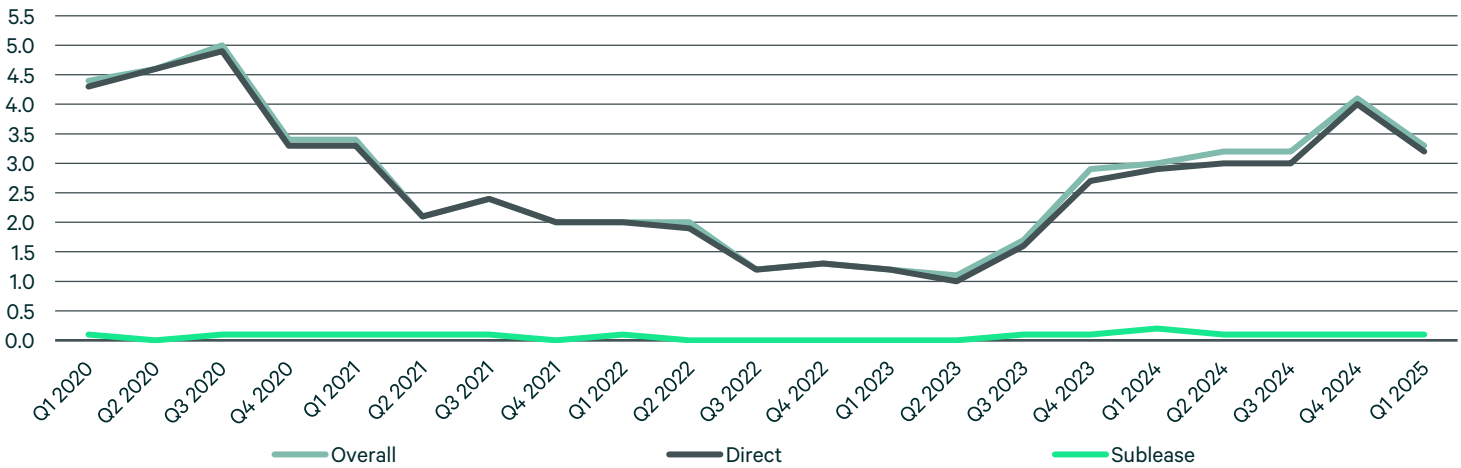
Total availability decreased by 80 bps quarter-over-quarter to 3.3% in Q1 2025. Despite availability having increased marginally over the previous six quarters, the surplus of available industrial space remained tight and was 170 bps below its peak of 5.0% in Q3 2020. Key drivers of this drop in availability included healthy demand, limited supply, and strong pre-leasing of new developments. The Valencia County and Airport submarkets exhibited the highest availability rates at 10.3% and 8.2%, respectively, while NE Heights and SE Heights remained tight, registering the lowest availability rates of 0.3% and 1.4%.

Real estate markets typically observe availability rates that exceed the market’s vacancy rate as spaces tend to be put on the market prior to when the current tenant vacates. However, Q1 2025 saw the vacancy rate exceed the availability rate by 30 bps. The total vacancy rate increased for the seventh consecutive quarter in Q1 2025, rising by 22 bps quarter-over-quarter and 62 bps year-over-year to 3.6%.

Key Exits

The rising vacancy rate coincided with a notable drop in occupancy in the North I-25 submarket in Q1 2025, which recorded 57,758 sq. ft. of negative net absorption. This was driven by five significant move-outs that resulted in over 55,000 sq. ft. of vacated space. Additionally, North Valley and West Mesa experienced substantial dips in absorption, with negative 32,891 sq. ft. and 14,844 sq. ft., respectively. Specifically, Denco Sales, 1-800-PACK-RAT, and El Pueblo Woodworking collectively vacated over 28,000 sq. ft. in North Valley, while Cinelease Lighting & Grip vacated their 23,100 sq. ft. warehouse in West Mesa.

FIGURE 5: Historical Direct, Sublease, and Total Availability (%)



Source: CBRE Research, Q1 2025.

FIGURE 6: Key Exits

Tenant	Sq. Ft. Vacated	Date Available	Address	Submarket
Cinelease Lighting & Grip Albuquerque NM	23,100	3/31/2025	531 Gallatin Place NW	West Mesa
Multiple Tenants	16,625	1/14/2025	3600 Osuna Rd NE	North I-25
Denco Sales	14,355	1/22/2025	2211 Commercial St NE	North Valley
NM Talent	12,300	3/10/2025	1450 Candelaria Rd NE	North I-25
Affordable Solar	12,000	1/13/2025	4924 Jefferson St NE	North I-25
1-800-PACK-RAT	10,032	2/28/2025	3300 2nd St NW	North Valley
Narrow Road Transportation and Warehousing	10,000	3/1/2025	3201 University Blvd SE	Airport
Quelab	9,554	1/10/2025	680 Haines Ave NW	Downtown
Vibrant Corporation	8,104	2/18/2025	8916 Adams NE	North I-25

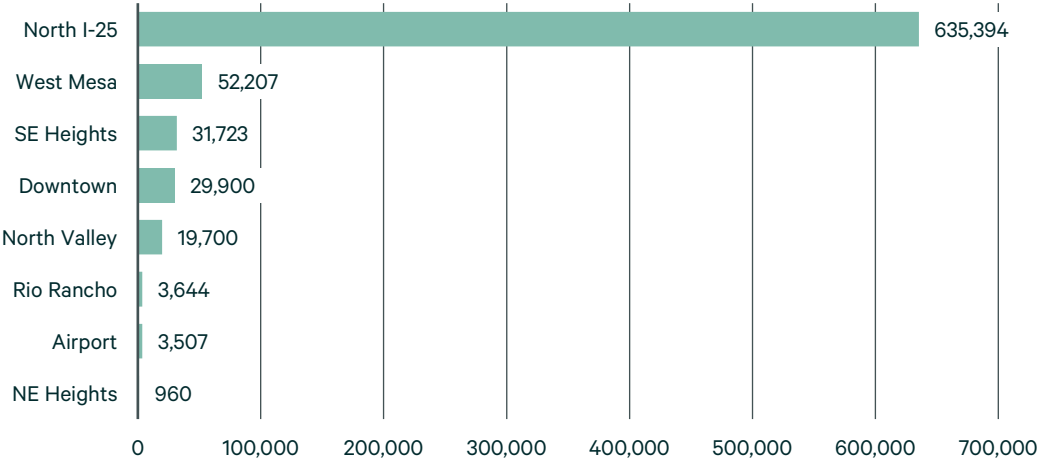
Source: CBRE Research, Q1 2025.

Lease Activity

Albuquerque's industrial market experienced significant fluctuations within the past five years showing a gradual rise from slower activity in H1 of 2021 to a prior peak in Q2 2022. While the market experienced cyclical fluctuations throughout this period, the most prominent trend is the exceptionally high surge in leasing volume observed in Q1 2025 which more than doubled the quarter-over-quarter and year-over-year leasing activity.

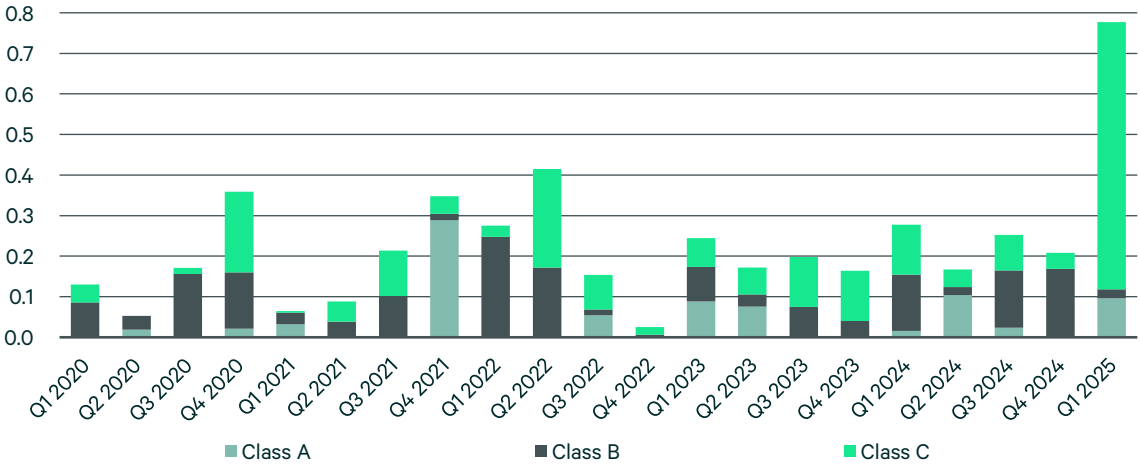
Maxeon Solar's 500,000-sq.-ft. lease at 9201 San Mateo Blvd NE was the primary catalyst for Albuquerque's record-breaking lease activity in Q1 2025. Although the specific timeline for Maxeon's occupancy remains to be determined, this transaction represents a significant resurgence in large-scale leasing, marking the first individual lease exceeding 100,000 sq. ft. in the Albuquerque industrial market since Q2 2022. Even excluding the impact of Maxeon's substantial lease, the North I-25 submarket would have still registered over 135,000 sq. ft. of leasing activity for the quarter, further cementing it as the strongest submarket for leasing volume.

FIGURE 7: YTD Total Area Leased by Submarket (SF)



Source: CBRE Research, Q1 2025.

FIGURE 8: Total Area Leased YTD (MSF)



Source: CBRE Research, Q1 2025.

FIGURE 9: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Maxeon Solar Technologies	505,388	New Lease	9201 San Mateo Blvd NE	North I-25
Overhead Door	50,000	New Lease	4000 Ellison St NE	North I-25
Hot Shot Services	39,376	Sublease	4601 Paseo Del Norte NE	North I-25
Pepsi Co.	34,307	Expansion	540 Gallatin Pl NW	West Mesa
Unknown Tenant	31,723	New Lease	502 General Chennault St SE	SE Heights
RAKS Building Supply	18,000	Renewal	1401 12th St NW	Downtown
TCS Mechanical	17,900	New Lease	531 Gallatin Pl NW	West Mesa
Unknown Tenant	14,300	New Lease	312 Industrial Ave NE	North Valley
Confidential Tenant	12,600	New Lease	8333 Washington Pl NE	North I-25
PSI Services	11,578	New Lease	9550 San Mateo Blvd NE	North I-25

Source: CBRE Research, Q1 2025.

Asking Rent

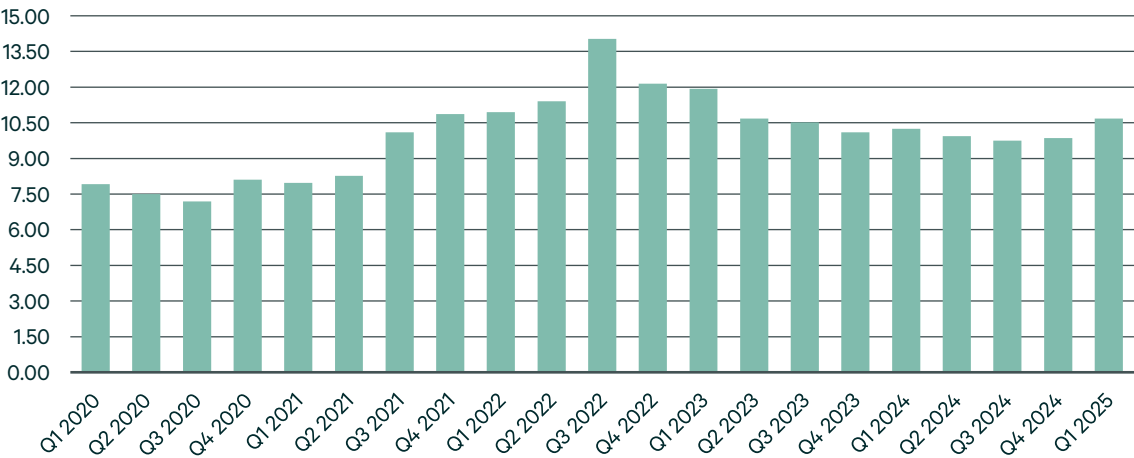
The average direct asking rent rose in Q1 2025, increasing by 8.2% quarter-over-quarter and by 4.2% year-over-year, reaching \$10.67 per sq. ft. However, there were notable differences across the city's submarkets. The SE Heights submarket had the highest average lease rate at \$12.91 per sq. ft., likely due to the renovated Restored Route 66 Warehouse at 10901-10921 Central Ave NE. The NE Heights submarket saw the most significant increase, with average lease rates rising by 33.3% quarter-over-quarter, from \$9.00 to \$12.00 per sq. ft., driven by the Midtown Warehouse entering the market at 2520 Jefferson St NE. Conversely, the Downtown submarket experienced a 17.7% decline in average lease rates, dropping from \$8.85 to \$7.28 per sq. ft., making it the lowest average direct asking rate across the metro. Looking ahead, suburban properties are expected to see further rent growth due to strong demand for limited new top-quality space. Meanwhile, Downtown listings with high availability will continue to offer more negotiation leverage in the near term, as landlords become more flexible to attract tenants amid growing disinterest in the urban core.

Construction Activity

The Albuquerque industrial market demonstrated fluctuating construction activity over the past five years, peaking in Q4 2021 with the delivery of the Amazon Fulfillment Center in West Mesa. After a temporary lull in construction during Q3 and Q4 2023, activity stabilized, ensuring a consistent stream of industrial projects. By 2025, the total existing industrial inventory had surpassed 47.3 million sq. ft., bolstered by the recent addition of over 58,000 sq. ft. of new space. This included two new deliveries in Q1 2025: the 16,640 sq. ft. Duke City Sports Complex, which was 100% pre-committed, and the 41,381 sq. ft. property at 450 Sandsage St.

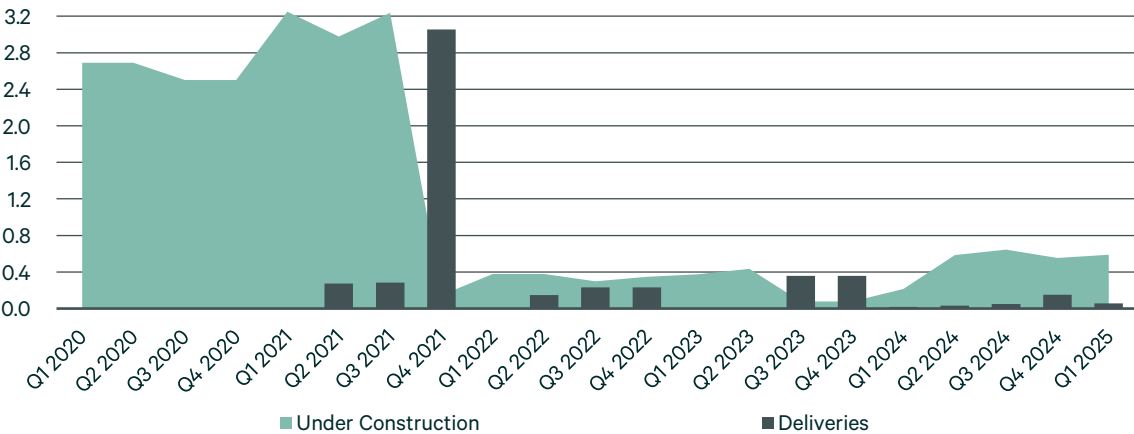
The construction pipeline continued to expand with an additional 36,000 sq. ft. added in Q1 2025. Notable groundbreakings were concentrated in the Mesa Del Sol and Airport submarkets. This included a new warehouse at 1800 Randolph Rd SE, with an estimated interior buildout delivery of 21,000 sq. ft. in Q3 2025, and Kairos Power's Salt Production Facility, set to deliver 15,000 sq. ft. in Q1 2026. Despite previous fluctuations, Albuquerque's industrial inventory remains poised for mid-term growth, driven by an aging existing inventory and a steady demand for newer, high-quality industrial spaces. However, broader economic uncertainty, including tariffs, may deter developers from initiating new projects in 2025.

FIGURE 10: Avg. Direct Asking Rate (\$/SF/Yr NNN)



Source: CBRE Research, Q1 2025.

FIGURE 11: Historical Construction Volume and Deliveries (MSF)



Source: CBRE Research, Q1 2025.

Market Statistics by Size

	Building Count (#)	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Avg. Direct Asking Rate (NNN/YR)	QTD Net Absorption (SF)	YTD Net Absorption (SF)	YTD Deliveries (SF)	Under Construction (SF)
Under 100,000 sq. ft.	1,061	27,560,210	2.6	3.8	11.02	(80,287)	(80,287)	58,021	282,385
100,000-199,999 sq. ft.	41	5,524,501	4.9	5.5	10.12	(2,315)	(2,315)	0	0
200,000-299,999 sq. ft.	11	2,678,044	0.0	0.0	0.00	0	0	0	216,473
300,000-499,999 sq. ft.	4	1,529,491	13.2	13.2	9.50	0	0	0	0
500,000-749,999 sq. ft.	2	1,058,214	47.8	0.0	0.00	0	0	0	0
750,000 sq. ft.	4	9,000,000	0.0	0.0	0.00	0	0	0	0
Total	1,123	47,350,460	3.6	3.3	10.67	(82,602)	(82,602)	58,021	498,858

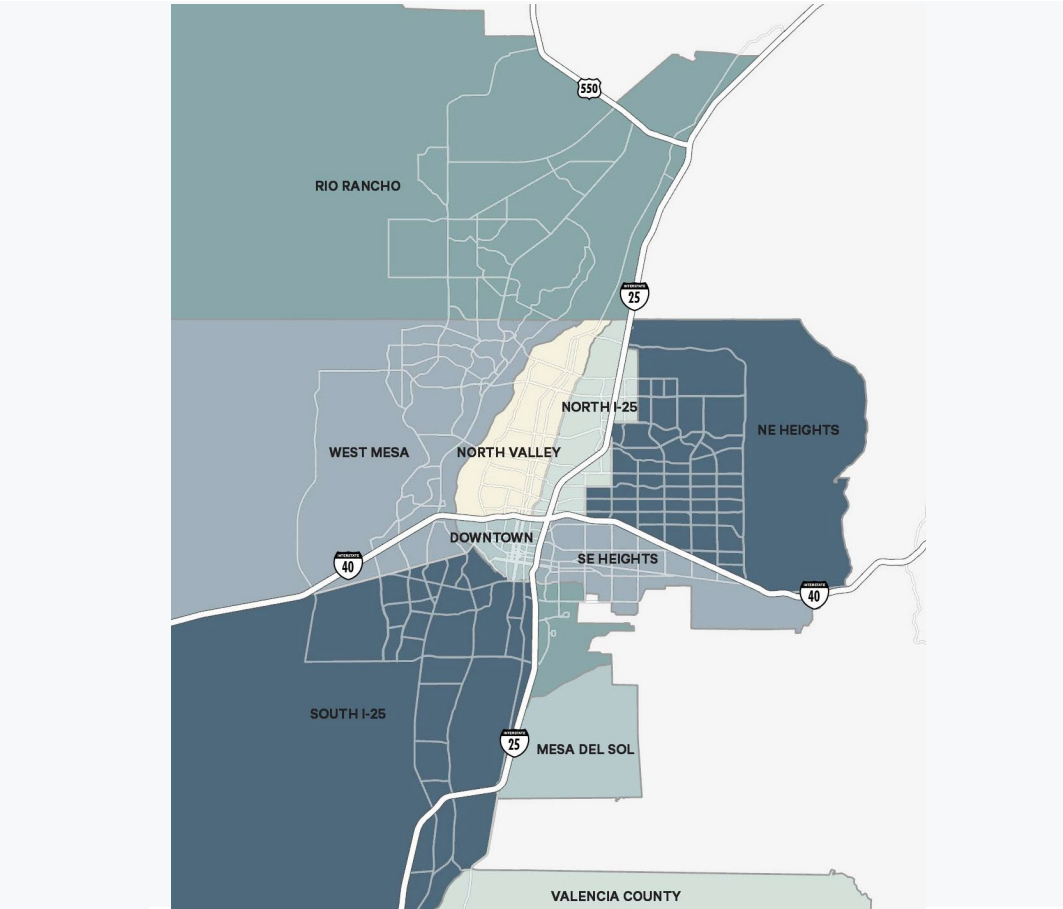
Market Statistics by Product Type

	Building Count (#)	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Avg. Direct Asking Rate (NNN/YR)	QTD Net Absorption (SF)	YTD Net Absorption (SF)	YTD Deliveries (SF)	Under Construction (SF)
Distribution / Logistics	383	18,094,704	2.6	3.0	12.04	(47,097)	(47,097)	41,381	439,512
Manufacturing	131	13,824,183	7.2	4.8	9.86	(9,554)	(9,554)	0	0
R&D / Flex	180	5,198,703	0.7	3.0	11.07	(8,454)	(8,454)	0	0
Other Industrial	429	10,232,870	1.7	2.0	10.19	(17,497)	(17,497)	16,640	59,346
Total	1,123	47,350,460	3.6	3.3	10.67	(82,602)	(82,602)	58,021	498,858

Market Statistics by Submarket

	Building Count (#)	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Avg. Direct Asking Rate (NNN/YR)	QTD Net Absorption (SF)	YTD Net Absorption (SF)	YTD Deliveries (SF)	Under Construction (SF)
Airport	34	1,113,585	7.6	8.2	10.56	(7,000)	(7,000)	0	21,000
Downtown	112	3,287,932	1.6	2.2	7.28	2,685	2,685	0	0
Mesa del Sol	10	693,896	0.0	0.0	0.00	0	0	0	124,346
NE Heights	24	482,381	0.5	0.3	12.0	(1,500)	(1,500)	0	0
North I-25	547	16,797,708	3.9	2.2	11.61	(414)	(414)	16,640	90,039
North Valley	92	2,599,515	2.4	2.4	10.93	(32,891)	(32,891)	0	0
Rio Rancho	56	6,554,789	0.5	3.3	11.51	0	0	0	0
SE Heights	59	1,511,743	3.5	1.4	12.91	(8,947)	(8,947)	0	0
South I-25	90	3,136,355	7.2	7.2	9.74	(8,100)	(8,100)	0	47,000
Valencia County	27	3,275,499	10.3	10.3	9.37	0	0	41,381	0
West Mesa	72	7,897,057	2.2	2.1	12.38	(26,435)	(26,435)	0	216,473
Total	1,123	47,350,460	3.6	3.3	10.67	(82,602)	(82,602)	58,021	498,858

Market Area Overview



CBRE ALBUQUERQUE

6565 Americas Parkway NE, Suite 825
Albuquerque, NM 87110

Survey Criteria

Includes all existing industrial buildings 10,000 sq. ft. and greater in size, in the Albuquerque metro market. Buildings which have begun construction are evidenced by site excavation or foundation work.

Methodology

Position absorption is calculated at time of occupancy, which allows for product to be vacant but no longer available. Lease rates are calculated using weighted average of asking lease rates for existing product with availability. Sublease space can be vacant or occupied. Total Vacancy includes both direct and sublease. Lease activity is the sum of the square footage of leases signed during a designated time period. Data published in previous reports is subject to change.

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