

FIGURES | ALBUQUERQUE INDUSTRIAL | Q4 2024

North I-25 continues to dominate in market share and absorption

▼ -178,685

SF YTD Net Absorption

▲ 3.3%

Total Vacancy

▲ \$9.85

NNN / Avg. Asking Lease Rate SF/Yr

► 246,385

SF Under Construction

▲ 151,000

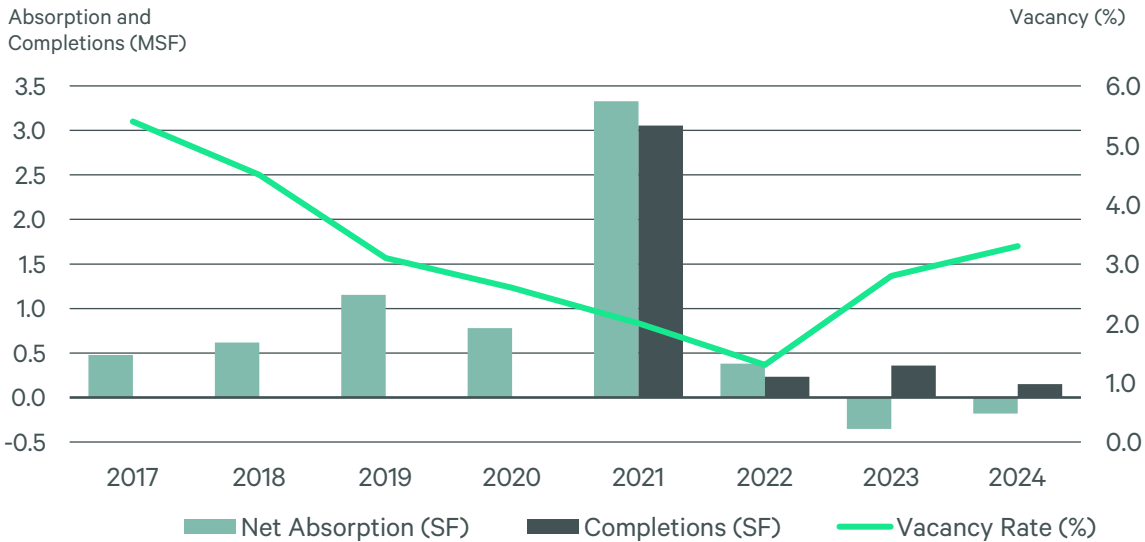
YTD SF Completions

Note: Arrows indicate change from previous quarter.

HIGHLIGHTS

- While 2024 absorption remained negative for the second consecutive year, it showed improvement over 2023 by approximately 278,000 sq. ft.
- Vacancy has increased by nearly 203,000 sq. ft. since Q4 2023 with the largest vacancy shifts primarily in Valencia County, West Mesa, and Downtown.
- 2024 saw a total of 828,316 sq. ft. of transactional activity, reflecting a 6.2% increase in lease activity year-over-year. Lease activity was concentrated in North I-25 and West Mesa.
- Availability jumped from 2.9% in Q4 2023, landing at 4.0% by Q4 2024, reflecting a 551,457-sq.-ft. change. Availability increased significantly in the Rio Rancho submarket due to over 177,000 sq. ft. becoming available in Rio Rancho which U.S. Cotton plans to vacate in 2025.
- The predominately speculative 541 Airport Dr. NW building and Curia’s expansion at 4401 Alexander NE, added 151,000 sq. ft. of new construction to the market in 2024.
- Looking ahead, the increase in vacant space in 2024 is likely to result in record-breaking lease activity this year. Activity levels are strong going into 2025 led by Maxeon Solar which is expected to lease over 500,000 sq. ft. of space in the North I-25 submarket.

FIGURE 1: Net Absorption (SF), Completions (SF), and Vacancy Rate (%)

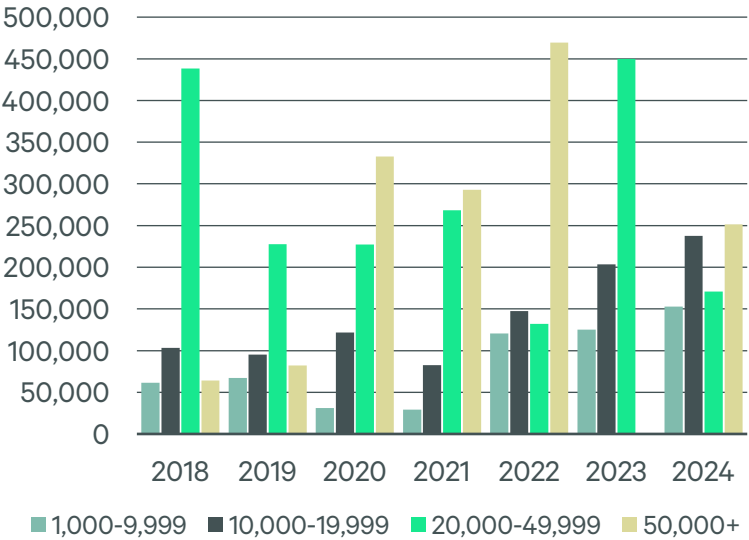


Source: CBRE Research, Q4 2024

Market Overview

Accounting for 35% of Albuquerque's market share, the North I-25 submarket experienced 26,111 sq. ft. of YTD absorption with 64.7% more transactional activity than 2023. The overall market saw a 15.2% increase in vacancy from the same period last year adding 202,953 sq. ft. A majority of the supply growth took place in Valencia County with Trinseo vacating 93,500 sq. ft., West Mesa also saw 87,919 sq. ft. of vacant space come onto the market, spearheaded by the new building at 541 Airport Dr. NW and Ashley Home Storage vacating 8551 Saul Bell Rd NW. Following a year with no deals exceeding 50,000 sq. ft., 2024 saw a resurgence in this segment. However, overall activity is still below the elevated levels of the 2020-2022 industrial boom.

FIGURE 2: Historical Lease Activity (SF) by Deal Size Range



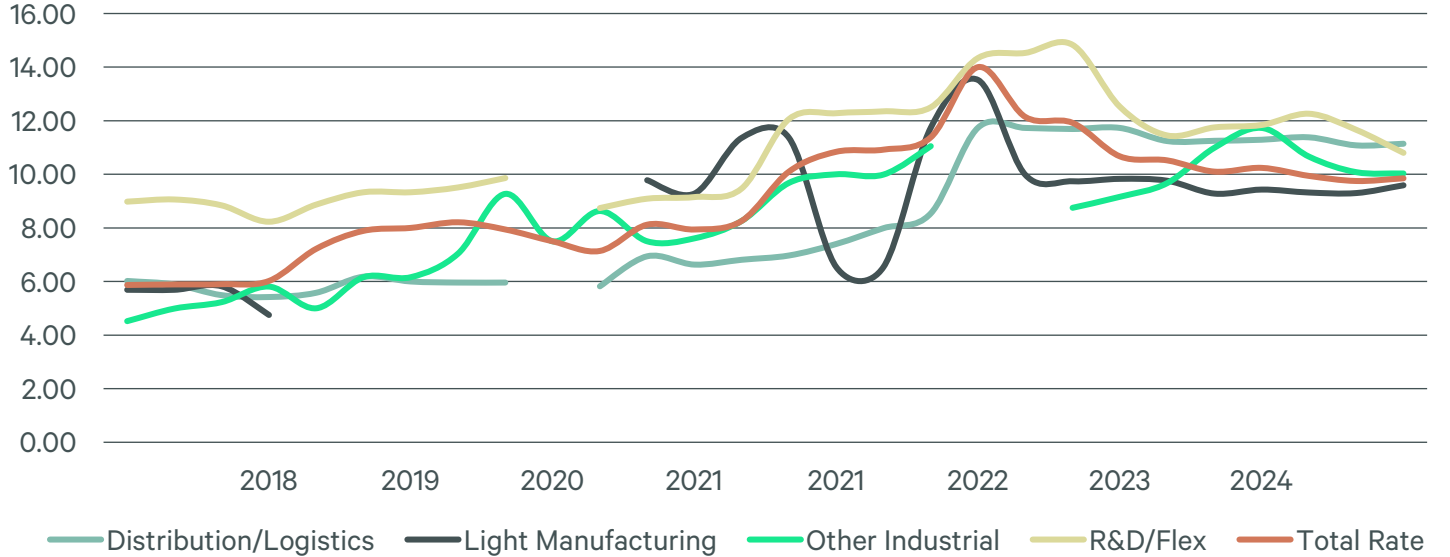
Source: CBRE Research, Q4 2024

FIGURE 3: Market Statistics by Property Type

| Property Type | Net Rentable Area (SF) | Vacancy Rate (%) | YTD Deliveries (SF) | Under Const. (SF) | YTD Net Absorption (SF) | Avg. Direct Asking Rate (NNN/Yr) |
|--------------------|------------------------|------------------|---------------------|-------------------|-------------------------|----------------------------------|
| Logistics/Dist. | 18,038,323 | 2.2 | 86,000 | 76,574 | (78,680) | 11.14 |
| Manufacturing | 13,794,348 | 7.1 | 0 | 0 | (86,175) | 9.59 |
| Special Purpose | 10,216,230 | 1.3 | 0 | 59,346 | (49,578) | 10.03 |
| R&D/Flex | 5,086,174 | 0.6 | 65,000 | 0 | 35,751 | 10.80 |
| Metro Total | 47,135,075 | 3.3 | 151,000 | 246,385 | (178,685) | 9.85 |

Source: CBRE Research, Q4 2024

FIGURE 4: Average Asking Lease Rate (\$/SF/Yr NNN)



Source: CBRE Research, Q4 2024

* Missing values indicate no available product within that property subtype

Market Activity

Several large exits took place in Q4 2024, amounting to 6.7% of the total market availability. Notably, Pacific Mutual Door & Window vacated 4601 Paseo Del Norte NE making their entire 39,376-sq.-ft. warehouse available for sublease in Q4 2024. Halbert Custom Cabinet Manufacturing vacated 35,000 sq. ft. at 502 General Chennault St SE and The Center for Hands-On Learning (206 Frontage Rd NE) was fully vacated, adding 15,300 sq. ft. of negative absorption. Additionally, Cunningham Distributing vacated 14,552 sq. ft. at 615 Haines Ave NW., Conn's Appliances vacated 11,721 sq. ft. at 540 Silver Creek Rd NW, and Border States Industries, Inc. vacated 10,819 sq. ft. at Midway Business Center.

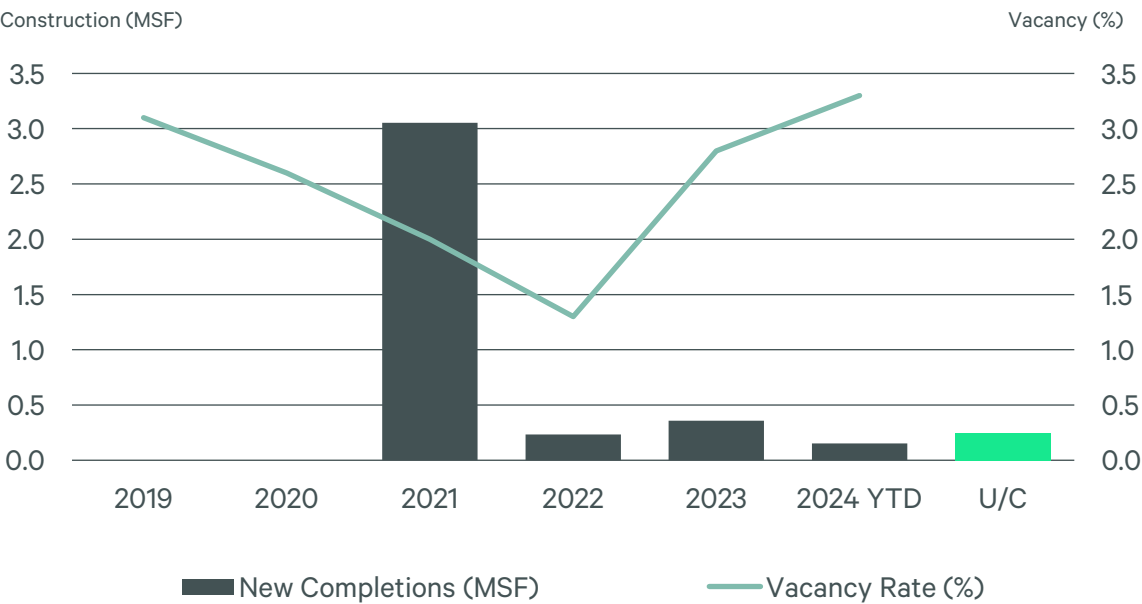
Roughly 170,000 sq. ft. broke ground in 2024, with significant activity in Mesa Del Sol and South I-25. Notable projects include Kairos Power's Salt Production Facility and Netflix's studio expansions. Additionally, two ground-breakings in South I-25 are set to add over 60,000 sq. ft. of new industrial supply to the market in 2025. However, difficulties in providing additional power in a timely fashion continues to inhibit site readiness for high-demand, tech-focused construction projects.

FIGURE 5: Key Lease Transactions

| Tenant | Sq. Ft. Leased | Transaction Type | Address | Submarket |
|--------------------------------|----------------|------------------|------------------------|------------|
| American Fire Protection Group | 44,800 | New Lease | 5321 Wilshire Ave NE | North I-25 |
| Confidential Tenant | 17,825 | New Lease | 540 Silver Creek Rd NW | West Mesa |
| Glass Roots Construction | 15,000 | New Lease | 601 Haines Ave NW | Downtown |

Source: CBRE Research, Q4 2024

FIGURE 6: Historical Construction Completions (MSF) and Vacancy Rate (%)



Source: CBRE Research, Q4 2024

FIGURE 7: Historical YTD Net Absorption (MSF)

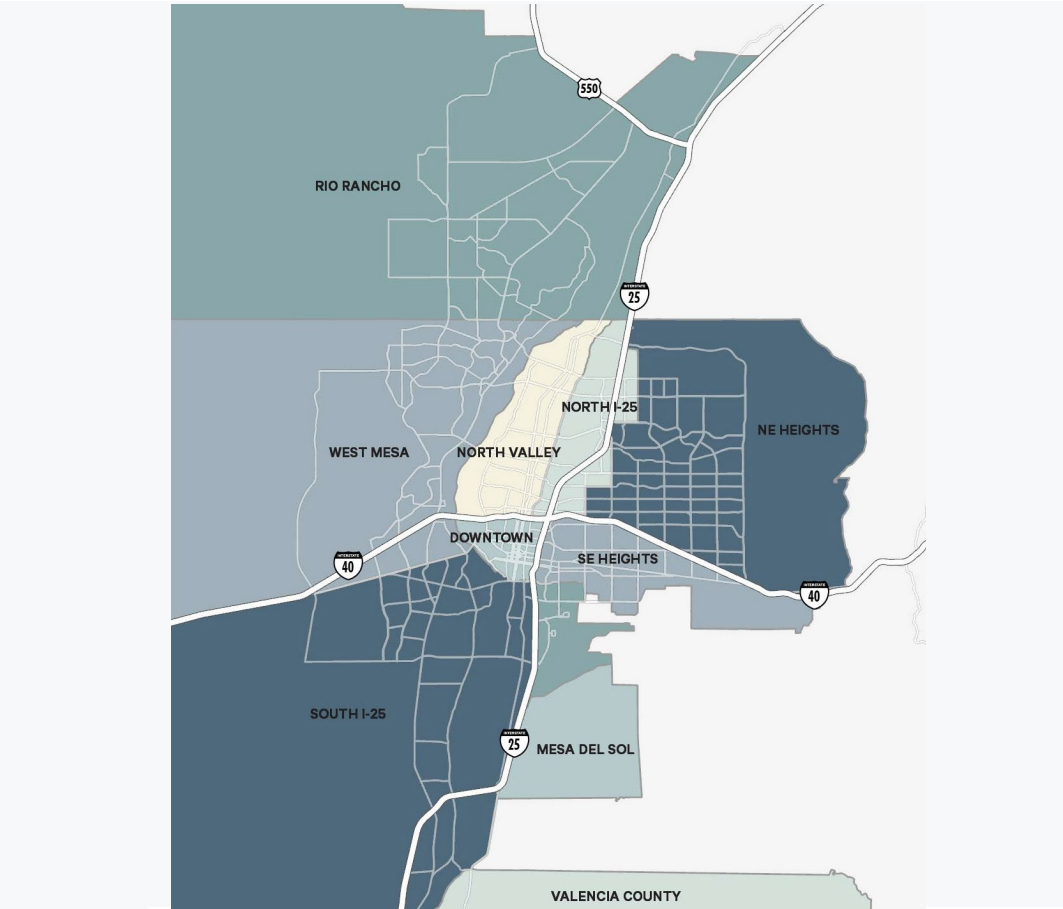


Source: CBRE Research, Q4 2024

Market Statistics by Submarket

| | Net Rentable Area | Total Vacancy | Total Availability | Avg. Direct Asking Rate (NNN/Yr) | Current Quarter Net Absorption | YTD Net Absorption | Deliveries | Under Construction |
|-----------------|-------------------|---------------|--------------------|-------------------------------------|-----------------------------------|--------------------|----------------|--------------------|
| Airport | 1,113,585 | 7.0 | 7.6 | 10.81 | (3,508) | 17,725 | 0.0 | 0.0 |
| Downtown | 3,287,932 | 1.7 | 2.9 | 8.85 | (11,691) | (50,887) | 0.0 | 0.0 |
| Mesa del Sol | 693,896 | 0.0 | 0.0 | 0.0 | 0.0 | 36,608 | 0.0 | 109,346 |
| NE Heights | 482,381 | 0.2 | 0.2 | 9.00 | 0.0 | 0.0 | 0.0 | 0.0 |
| North I-25 | 16,733,539 | 3.7 | 4.0 | 9.24 | 10,027 | 26,111 | 65,000 | 90,039 |
| North Valley | 2,599,515 | 1.1 | 1.4 | 10.79 | 0.0 | (82,305) | 0.0 | 0.0 |
| Rio Rancho | 6,539,789 | 0.2 | 2.9 | 11.61 | (15,000) | (9,700) | 0.0 | 0.0 |
| SE Heights | 1,511,743 | 2.9 | 3.6 | 11.41 | (30,083) | (26,183) | 0.0 | 0.0 |
| South I-25 | 3,106,520 | 7.0 | 8.9 | 10.30 | 53,372 | 5,365 | 0.0 | 47,000 |
| Valencia County | 3,234,118 | 9.1 | 9.3 | 8.84 | 0.0 | (93,500) | 0.0 | 0.0 |
| West Mesa | 7,897,057 | 2.3 | 2.4 | 11.33 | (11,591) | (1,919) | 86,000 | 0.0 |
| Total | 47,200,075 | 3.3 | 4.0 | 9.85 | (8,474) | (178,685) | 151,000 | 246,385 |

Market Area Overview



CBRE ALBUQUERQUE

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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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