

FIGURES | ALBUQUERQUE INDUSTRIAL | Q2 2025

# Leasing activity normalized following the previous quarter’s record deal



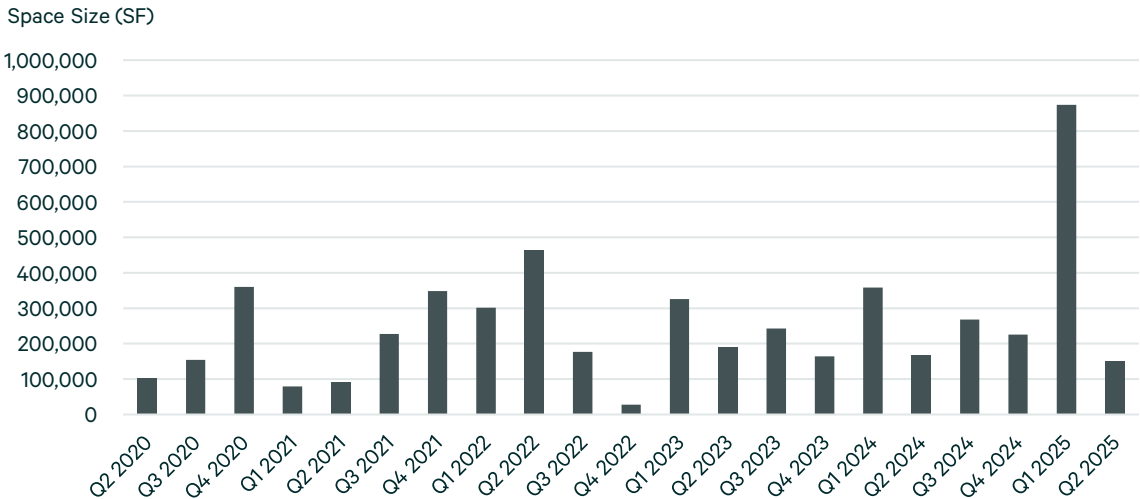
Note: Arrows indicate change from previous quarter.

MARKET OVERVIEW:

The Albuquerque industrial market showed signs of stabilization in Q2 2025, posting its first quarter of positive net absorption in over a year. This rebound in occupancy was supported by large-scale tenant activity across several submarkets, including major move-ins by AA Events and Tents, Pepsi, and Circuit U.S.A. The North I-25 submarket continued to lead in leasing volume, accounting for well over half of all space leased, driven by a mix of new leases and renewals. Availability tightened slightly quarter-over-quarter, and vacancy continued to exceed availability for the second consecutive quarter.

Meanwhile, the average direct asking rent saw a slight quarter-over-quarter decline, though still up year-over-year. West Mesa led all submarkets in pricing, reflecting sustained demand in the area. SE Heights, while not among the top three submarkets by market share, continued to command competitive rents, underscoring its convenient location to Kirtland Airforce Base and Sandia National Lab. The construction pipeline saw a minor decline from the volume of space under construction in Q1 2025 despite the entrance of the Oppidan Investments Data Center in West Mesa. A more significant increase in deliveries was observed quarter-over-quarter. Notable completions included ABB’s built-to-suit manufacturing facility in West Mesa and new spec suites entering the market at Cuesta Arriba in North I-25.

FIGURE 1: Total Area Leased (SF)



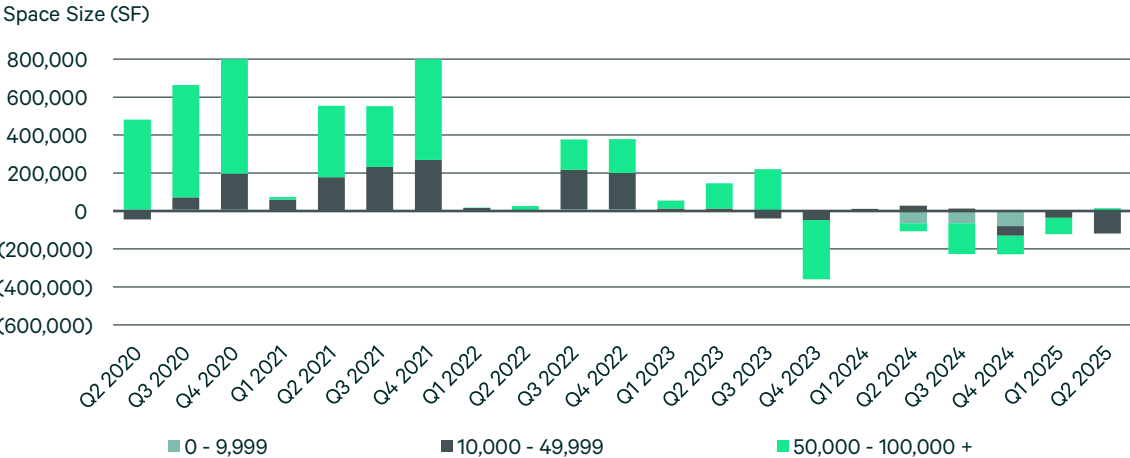
Source: CBRE Research, Q2 2025

## Net Absorption

Albuquerque's industrial market concluded the quarter with a narrow gain in net absorption. Despite over 204,000 sq. ft. of negative absorption from vacated spaces, the market recorded more than 220,000 sq. ft. of total positive absorption. This resulted in a final positive net absorption figure of just over 16,000 sq. ft. for the quarter. This healthy activity indicated consistent demand for industrial properties and marked the first overall positive quarterly absorption since Q1 2024.

Absorption gains in Q2 2025 were distributed across several key submarkets, highlighting broad market engagement. West Mesa emerged as a strong performer, driven by Pepsi's significant move-in and TCS Mechanical's absorption. The SE Heights submarket also saw a substantial contribution with Circuit U.S.A. occupying over 31,000 sq. ft. Meanwhile, the North I-25 submarket continued to attract activity, notably with SEM Sol absorbing a combined total of more than 30,000 sq. ft., alongside PSI Services' move-in. Additionally, the Downtown submarket benefited from AA Events and Tents absorbing 37,000 sq. ft., further diversifying the quarter's positive absorption.

FIGURE 2: Historical YTD Net Absorption (SF) by Size Range



Source: CBRE Research, Q1 2025.

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



Source: CBRE Research, Q2 2025.

FIGURE 4: Key Move-Ins

Tenant	SF Absorbed	Move-In Date	Address	Submarket
AA Events and Tents	37,000	6/2/2025	500 515 Broadway Blvd SE	Downtown
Pepsi	34,307	6/4/2025	540 Gallatin Pl NW	West Mesa
Circuit U.S.A	31,723	4/1/2025	502 General Chennault St SE	SE Heights
SEM Sol	30,704	4/28/2025	4500 Alexander Blvd NE	North I-25
TCS Mechanical	17,900	5/1/2025	531 Gallatin Pl NW	West Mesa
Opulence	14,300	4/1/2025	312 Industrial Ave NE	North Valley
Jasper Weller	12,000	4/1/2025	541 Airport Dr NW	West Mesa
PSI Services	11,578	4/1/2025	9550 San Mateo Blvd NE	North I-25
UniUni Logistics	10,010	4/4/2025	3300 2nd St NW	North Valley

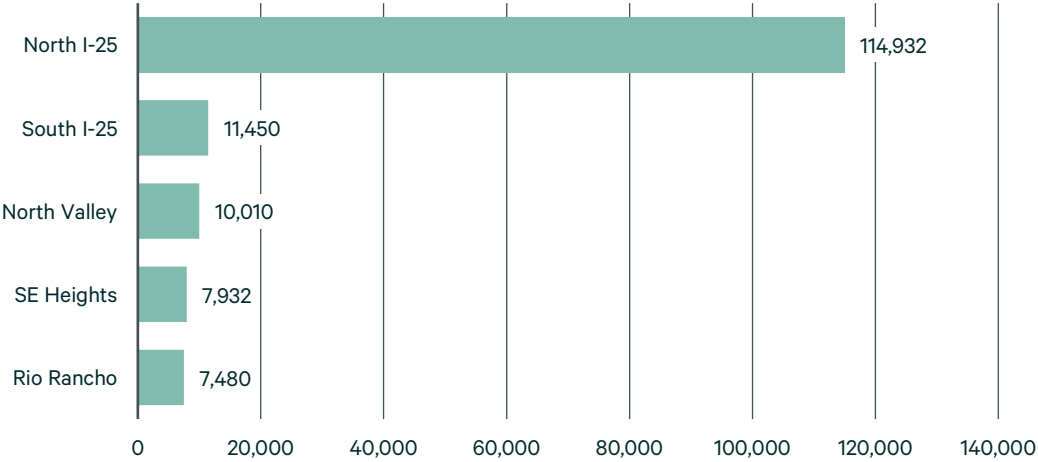
Source: CBRE Research, Q2 2025.

## Lease Activity

Albuquerque's industrial market in Q2 2025 observed a return to more normalized leasing volumes following the exceptional surge in Q1 2025. While the overall leasing activity naturally softened quarter-over-quarter without a comparable anchor deal, the market demonstrated steady engagement through smaller-to-mid-sized transactions.

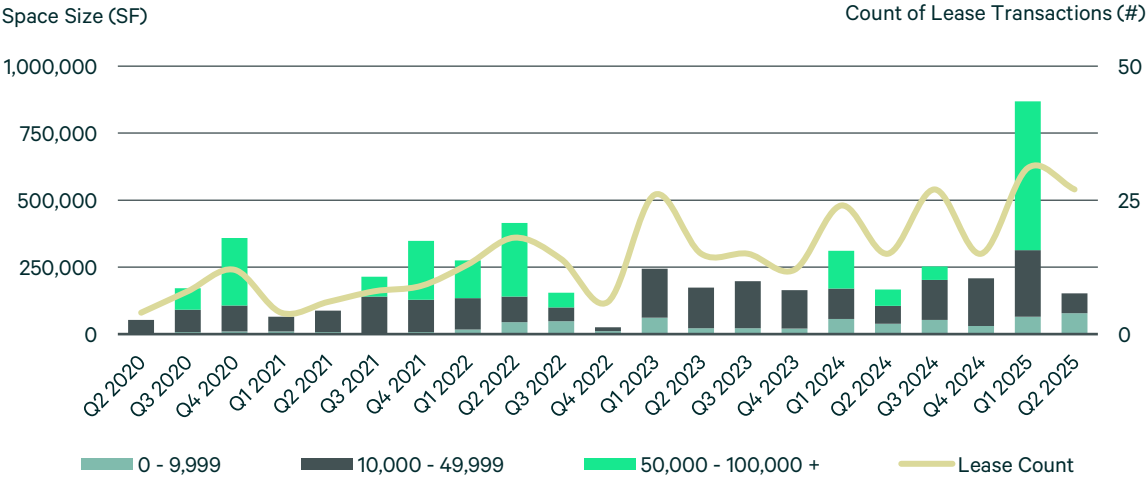
The North I-25 submarket continued to be a focal point for lease activity, ranking first in transacted space for the quarter, a trend observed since Q1 2024. Of the roughly 150,000 sq. ft. leased in Q2 2025, 75.7% originated from this submarket. This consistent performance, driven by multiple new leases from confidential tenants and a notable renewal from NCS Healthcare, underscored North I-25's enduring appeal for industrial occupiers. While leases such as UniUni Logistics' transaction of more than 10,000 sq. ft. in the North Valley and Reladyne's lease exceeding 8,000 sq. ft. in South I-25 suggested some diversification across submarkets, North I-25 consistently captured the lion's share of lease demand for industrial space, accommodating various size requirements ranging from 1,200 sq. ft. to over 28,000 sq. ft. during Q2 2025.

FIGURE 5: Total Area Leased by Submarket (SF)



Source: CBRE Research, Q2 2025.

FIGURE 6: Lease Activity by Size Range and Lease Count



Source: CBRE Research, Q2 2025.

FIGURE 7: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Confidential Tenant	28,600	New Lease	4931 Paseo Del Norte NE	North I-25
Confidential Tenant	19,439	New Lease	1500 N Renaissance Blvd NE	North I-25
Confidential Tenant	15,186	New Lease	2725 Broadbent Pkwy NE	North I-25
UniUni Logistics	10,010	New Lease	3300 2nd St NW	North Valley
Southern Wholesale NM	9,633	New Lease	4580-4600 Lincoln Rd NE	North I-25
NCS Healthcare	9,454	Renewal	9019 Washington St NE	North I-25
Confidential Tenant	8,104	New Lease	8916 Adams St NE	North I-25
Reladyne	8,100	New Lease	2112 2nd St SW	South I-25

Source: CBRE Research, Q2 2025.

## Availability Rate

The market experienced a slight tightening in availability during Q2 2025, with the total availability rate decreasing by 6.1% quarter-over-quarter. A submarket examination revealed that areas representing a smaller portion of the overall industrial inventory exhibited the highest availability rates. Valencia County continued to record the highest availability at 10.3%, followed by South I-25 at 7.7% and Airport at 6.6%. These figures represented the highest availability percentages within three submarkets that collectively accounted for only 15.9% of total industrial inventory. Conversely, the market remained tight in submarkets like NE Heights and SE Heights. Unchanged from the previous quarter, these submarkets registered low availability rates of 0.3% and 1.4% respectively, reflecting a pause in new inventory.

While extremely uncommon for a market's vacancy rate to exceed its availability rate, this trend persisted for the second consecutive quarter, this time with vacancy exceeding availability by 60 basis-points. This atypical occurrence remains anchored by the same significant lease transaction that was completed in Q1 2025, as the large space remained unoccupied by the conclusion of Q2 2025.

## New Vacancies

In Q2 2025, over 204,000 sq. ft. of move-in-ready space came to market, representing an 8.6% reduction from the amount of newly vacant space recorded in Q1 2025. While this moderated volume contributed to a slight decline in net negative absorption compared to the previous quarter, the market still saw several large-scale move-outs across various submarkets along with over 13,000 sq ft. of newly delivered space in North I-25.

Despite its strong leasing activity, the North I-25 submarket saw over 122,000 sq. ft. vacated in Q2 2025 across Paychex North America vacating over 30,000 sq. ft., Fidelitone Order Fulfilment releasing over 20,000 sq. ft., and Overhead Door giving back over 17,000 sq. ft. Beyond North I-25, other submarkets experienced significant additions to their vacant inventory as North Valley recorded the largest single vacancy for the quarter when AA Events and Tents downsized and relocated to Downtown. Rio Rancho also saw US Cotton vacate 36,000 sq. ft., while Ashley Furniture vacated 22,860 sq. ft. in West Mesa. The considerable volume of newly vacated space across submarkets offered expanded options for prospective industrial tenants.

FIGURE 8: Availability (%)



Source: CBRE Research, Q2 2025

FIGURE 9: New Vacancies

Tenant	Sq. Ft. Vacated	Date Available	Address	Submarket
AA Events and Tents	42,000	6/2/2025	303 Arvada Ave NW	North Valley
US Cotton	36,000	4/1/2025	451 Quantum Rd NE	Rio Rancho
Paychex North America	30,630	6/17/2025	4500 Alexander Blvd NE	North I-25
Ashley Furniture	22,860	6/18/2025	8551 Saul Bell Rd NW	West Mesa
Fidelitone Order Fulfilment	20,111	4/1/2025	4511 4525 Paseo Del Norte NE	North I-25
Confidential Tenant	17,694	6/10/2025	1501 12th St NW	Downtown
Overhead Door	17,256	6/17/2025	5656 Pasadena Ave NE	North I-25
New Delivery	13,465	5/1/2025	1320 Cuesta Arriba Ct NE	North I-25
Alliance Audio Visual	9,600	6/18/2025	6204 6208 Edith Blvd NE	North I-25
Gridworks	9,000	4/30/2025	4906 4946 Jefferson St NE	North I-25
Protective Logistic Company	5,697	6/6/2025	2715 Broadbent Pkwy NE	North I-25

Source: CBRE Research, Q2 2025

## Asking Rent

The average direct asking rent in Albuquerque's industrial market experienced a marginal 0.8% quarter-over-quarter decrease in Q2 2025, settling at \$10.58 per sq. ft. This represents a slight adjustment from the \$10.67 per sq. ft. recorded in Q1 2025 yet still marks a 6.4% increase from \$9.94 per sq. ft. in Q2 2024.

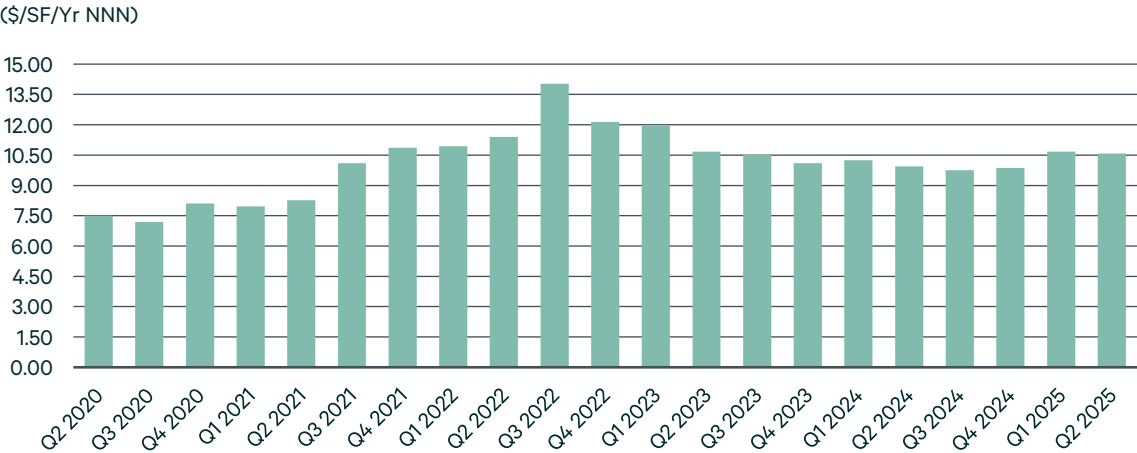
West Mesa continued to boast the highest average direct asking rent in Q2 2025, outperforming North I-25 and Rio Rancho for the second consecutive quarter to claim the top spot among submarkets with the most market share. This marks a notable shift in market dynamics, as West Mesa has steadily climbed from an average of \$7.97 in Q2 2022 to its current \$12.18 per sq. ft. rate, reflecting sustained demand in the area. Despite not ranking among the top three in market share, SE Heights has consistently commanded rents comparable to the leaders. Since Q3 2021, its average asking rent has remained above \$11.00, peaking at \$15.89 in Q4 2021 and settling at \$11.51 in Q2 2025.

## Construction Activity

Industrial construction maintained an active trajectory in Q2 2025, with over 578,000 sq. ft. under construction. The quarter also recorded a significant volume of new deliveries, bringing more than 103,000 sq. ft. of new industrial space to the market, a substantial 78.3% increase from the previous quarter's deliveries. Notably, ABB opened a \$40+ million manufacturing facility in West Mesa, spanning 90,000 sq. ft. Additionally, various suites of Cuesta Arriba delivered in May 2025, adding approximately 13,000 sq. ft. of vacancy to the North I-25 market.

The construction pipeline remained active, with several substantial projects such as the Array Technologies Expansion and New Overhead Door Building continuing to progress, which underscored the ongoing demand for modern industrial facilities. A new pipeline addition was the Oppidan Investments Data Center on Daytona Rd, which added 90,000 sq. ft. to the projects underway. PARIC Corporation expressed expectations to complete the data center by the winter of 2025. The consistent pipeline of projects underway and healthy flow of deliveries reflected a market actively working to accommodate demand for updated and expanded industrial inventory.

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



Source: CBRE Research, Q2 2025.

FIGURE 11: Historical Construction Volume and Deliveries (MSF)



Source: CBRE Research, Q2 2025.

Market Statistics by Size

	Building Count (#)	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Avg. Direct Asking Rate (\$/SF/Yr NNN)	QTD Net Absorption (SF)	YTD Net Absorption (SF)	YTD Deliveries (SF)	Under Construction (SF)
0-9,999 sq. ft.	2	16,429	0.0	0.0	0.00	0	0	0	0
10,000-49,999 sq. ft.	950	20,087,055	2.3	2.5	10.44	(82,570)	(119,159)	71,486	36,000
50,000-100,000+ sq. ft.	172	27,335,976	5.4	4.2	10.64	98,880	14,100	90,000	542,393
Total	1,124	47,439,460	4.1	3.5	10.58	16,310	(105,059)	161,486	578,393

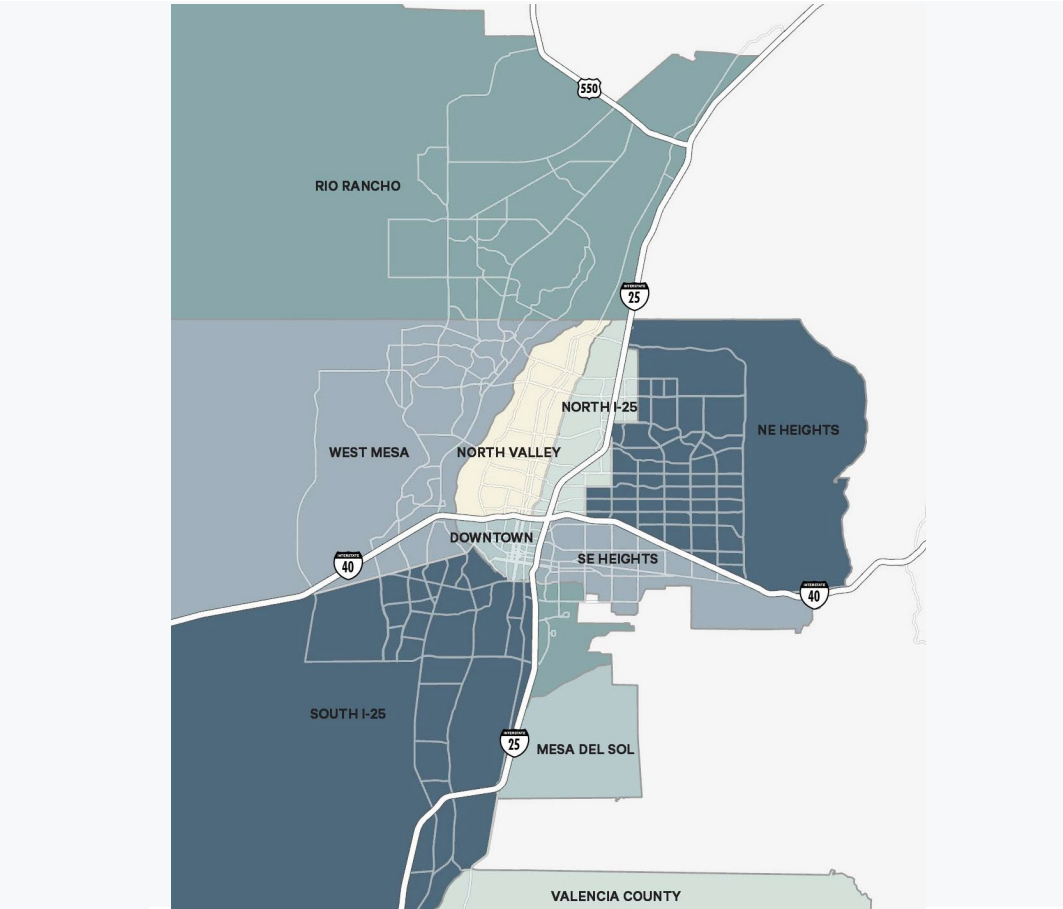
Market Statistics by Product Type

	Building Count (#)	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Avg. Direct Asking Rate (\$/SF/Yr NNN)	QTD Net Absorption (SF)	YTD Net Absorption (SF)	YTD Deliveries (SF)	Under Construction (SF)
Distribution / Logistics	382	18,108,104	3.5	3.4	11.81	(66,791)	(101,588)	54,846	429,047
Manufacturing	132	13,914,183	7.4	5.0	9.68	91,000	44,446	90,000	0
R&D / Flex	180	5,198,703	1.9	3.1	12.00	(13,794)	(30,649)	0	0
Other Industrial	430	10,218,470	1.7	1.8	9.43	5,895	(17,268)	16,640	149,346
Total	1,124	47,439,460	4.1	3.5	10.58	16,310	(105,059)	161,486	578,393

Market Statistics by Submarket

Submarket	Building Count (#)	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Avg. Direct Asking Rate (\$/SF/Yr NNN)	QTD Net Absorption (SF)	YTD Net Absorption (SF)	YTD Deliveries (SF)	Under Construction (SF)
Airport	34	1,113,585	7.3	6.6	10.09	3,507	(3,493)	0	21,000
Downtown	112	3,287,932	2.2	2.8	7.04	19,306	(15,009)	0	0
Mesa del Sol	10	693,896	0.0	0.0	0.00	0	0	0	124,346
NE Heights	24	482,381	0.0	0.3	0.00	2,460	960	0	0
North I-25	547	16,796,773	4.8	2.2	11.43	(99,704)	(96,219)	13,465	76,574
North Valley	92	2,599,450	1.7	1.7	10.81	24,267	(14,290)	0	0
Rio Rancho	56	6,554,789	2.5	4.5	11.31	(43,084)	(43,084)	0	0
SE Heights	59	1,511,743	1.9	1.4	11.51	30,338	21,391	0	0
South I-25	90	3,136,355	7.2	7.7	10.16	0	(8,100)	0	50,000
Valencia County	27	3,275,499	10.3	10.3	9.37	0	0	0	0
West Mesa	73	7,987,057	2.3	2.3	12.18	79,220	52,785	90,000	306,473
Total	1,124	47,439,460	4.1	3.5	10.58	16,310	(105,059)	103,465	578,393

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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