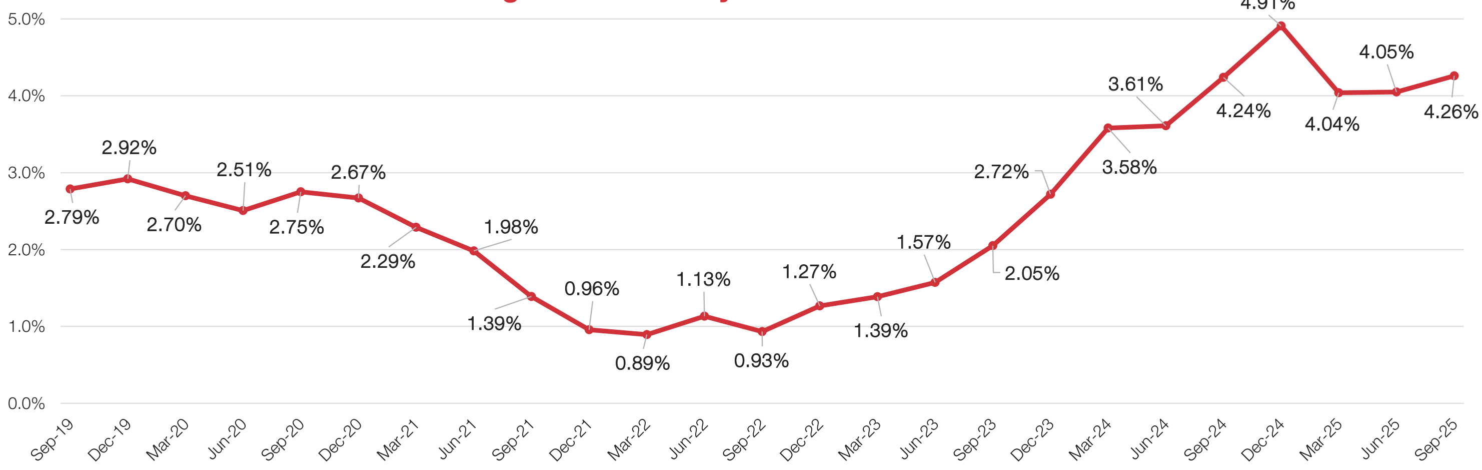
2025 Q3 Lease Market Overview

ALBUQUERQUE | INDUSTRIAL REAL ESTATE

Surplus of sub-5,000 SF space available; New construction fades away

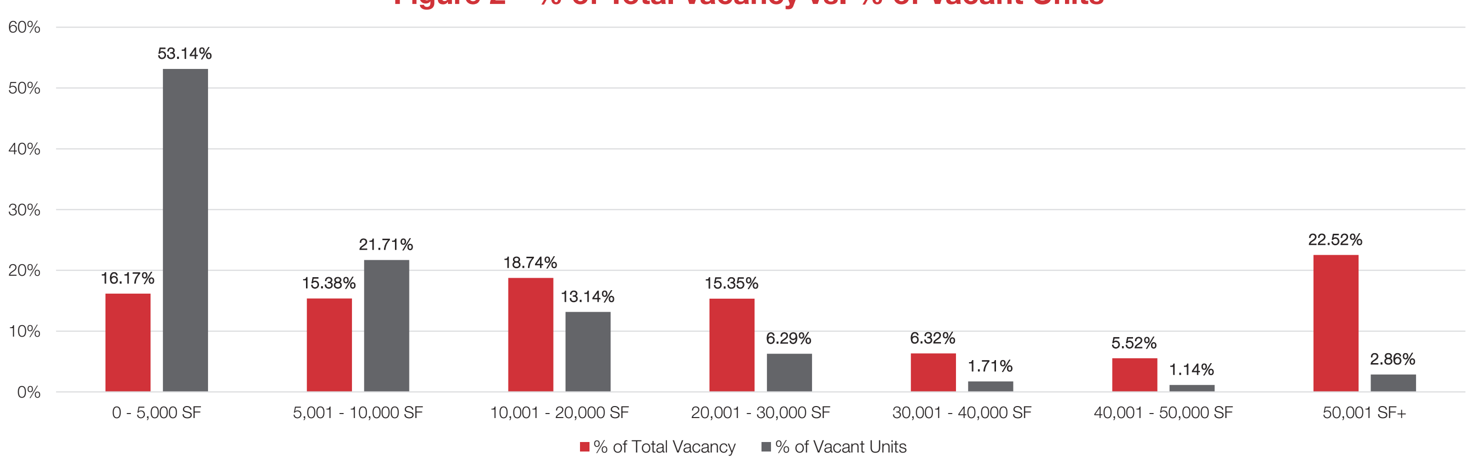
The vacancy rate for industrial real estate in Albuquerque increased slightly between the second and third quarters of 2025. However, its current level (4.26%) is nearly identical to what it was at the same time last year (4.24%).

Figure 1 - Vacancy Rate - 7 Year Trend



The distribution of available space continues to be heavily tilted toward buildings/suites that are 5,000 square feet in size or smaller. Many of the vacant spaces in this category are located in multitenant industrial buildings and industrial parks. Those with layouts that align with conventional industrial tenant requirements (10% - 15% office, 12'+ ceiling heights, overhead door access, etc.) tend to re-lease quickly. Spaces impacted by functional limitations (e.g., too much office space relative to warehouse space), located in challenged submarkets (Downtown and Southeast Albuquerque) or priced based on construction costs are taking longer to fill.

Figure 2 - % of Total Vacancy vs. % of Vacant Units



Rent payments for newly built space in this size range can range anywhere from $14/SF to $16/SF, which outpaces the median asking lease rate by 20–30% (see Figure 3 below).

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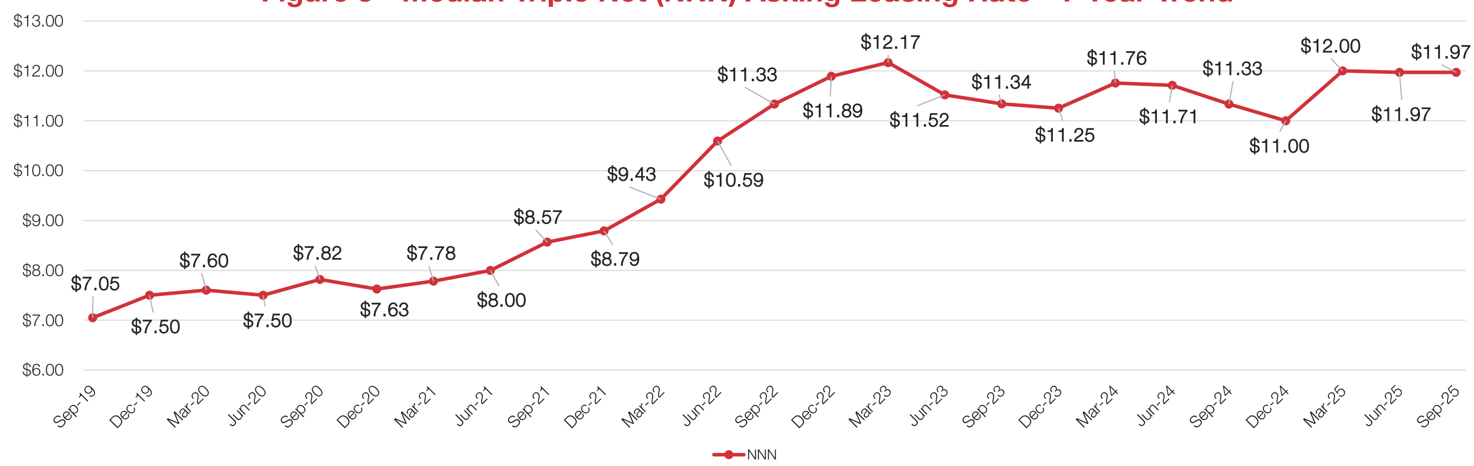
The market for space in the 20,000+ square foot range continues to be tepid. While a handful of noteworthy leases have been signed in 2025 (28,500 SF at 4931 Paseo del Norte and 32,500 SF at 502 General Chennault St., among others), supply has outpaced demand for new and existing buildings in this category for the last couple of years. This is likely to continue as long as interest rates remain elevated.

Figure 3 - Median Triple Net (NNN) Asking Leasing Rate - 7 Year Trend



Market rents are largely unchanged from quarter to quarter with the median triple-net (NNN) asking lease rate steady at $11.97/SF.

New construction of industrial space has all but disappeared. Three projects (a 76,000 SF bulk distribution warehouse located at 4000 Ellison St.; a 13,465 SF multi-tenant office/warehouse located at 1320 Cuesta Arriba Ct.; and a 7,000 SF office/warehouse located at 3876 Bogan Ave.) were completed in the third quarter and remain fully or partially available for lease.

As of this writing, only one other project is actively underway: a 30,000 square foot multi-tenant office/warehouse complex located at 7501 La Morada Pl.

NEW CONSTRUCTION OVERVIEW:

Under Construction	Q2 2025	Q3 2025	% Change
Total Square Footage	97,039	30,000	100.00%
Number of Buildings	3	2	-50.00%
Average Project Size (SF)	32,346	15,000	-115.64%
Proposed/ Marketed	**Q2 2025**	**Q3 2025**	**% Change**
Total Square Footage	722,721	953,730	24.22%
Number of Buildings	7	8	12.50%
Average Project Size (SF)	103,246	119,216	13.40%

CONTACT FOR MORE INFORMATION:

Riley McKee, CCIM, SIOR
Director, Industrial Real Estate
riley@sunvista.com
505 998 1656

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