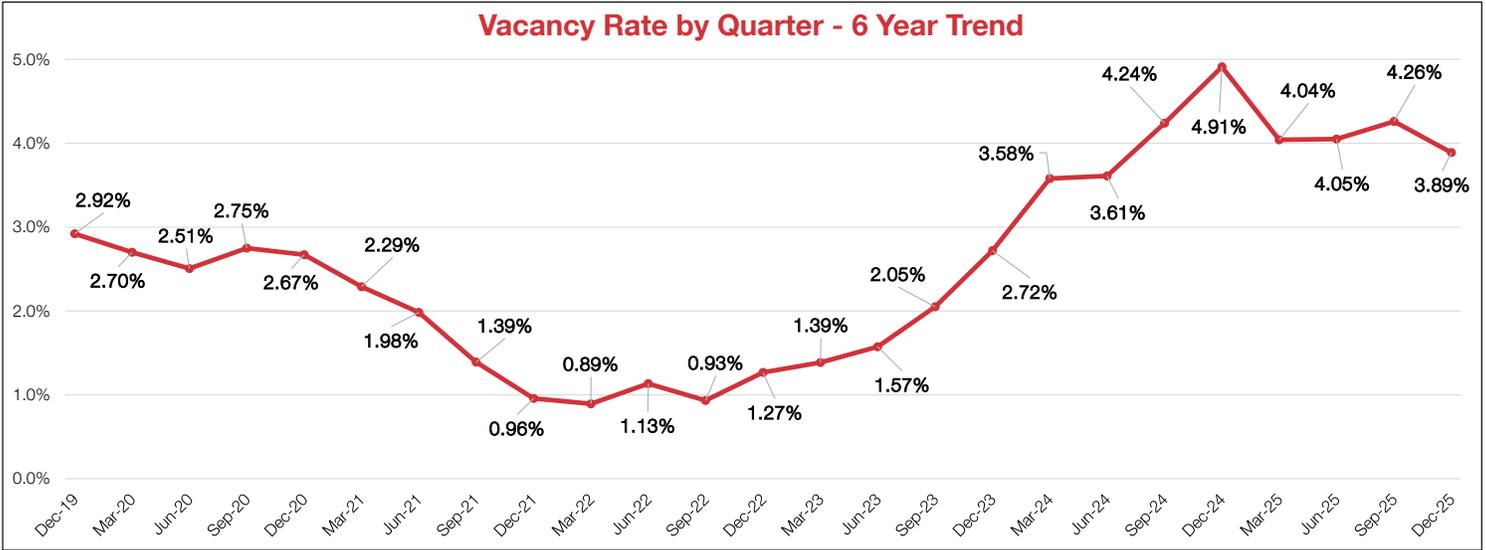


2025 Q4 Lease Market Overview

ALBUQUERQUE | INDUSTRIAL REAL ESTATE

Vacancy drops below 4% as new leases outpace new vacancies

The vacancy rate for industrial real estate in Greater Albuquerque finished the year at 3.89%, its lowest level since the end of Q2 2024.

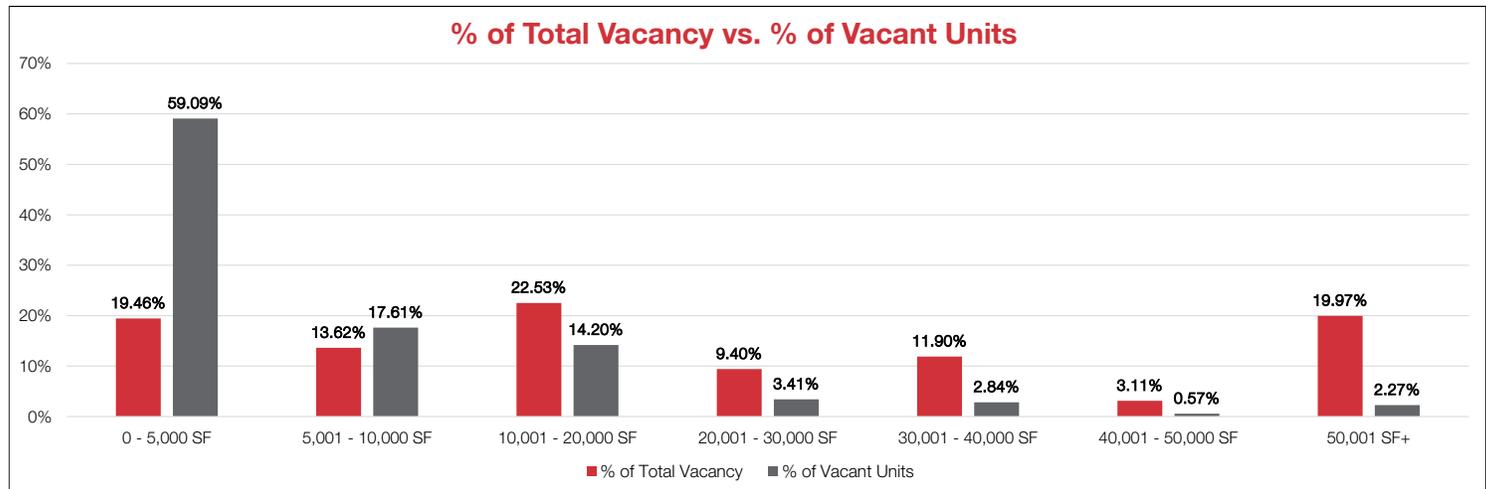


Roughly one third of the quarter-over-quarter reduction in vacancy can be attributed to three notable leases:

- 4931 Paseo del Norte NE: 31,000 square feet of bulk distribution space; leased to a local third party logistics (3PL) company.
- 3005 Broadway Blvd. SE: 25,000 square feet of bulk distribution space; leased to BZO Wheels, a Houston, Texas based wholesale distributor of wheels and tires.
- 541 Airport Rd. NW: 74,000 square feet of bulk distribution space leased to a single-tenant industrial occupier.

In a market the size of Albuquerque, leasing activity in spaces larger than 20,000 square feet can have an outsized impact on overall vacancy. The absorption of three spaces in this size range within a single quarter is a positive demand indicator.

In contrast, the availability of smaller units between 1,000 and 5,000 square feet continues to rise, both in absolute terms and as a share of total vacancy. As of this writing, nearly 20% of total market vacancy is concentrated in this segment of the market.



2025 Q4 Lease Market Overview

ALBUQUERQUE | INDUSTRIAL REAL ESTATE

This trend has been evident for several consecutive quarters and appears most pronounced in older product, particularly buildings with higher office buildouts or less efficient layouts. Should this pattern persist, the competitive balance for smaller industrial spaces is likely to continue shifting in favor of tenants.

Landlords operating in this segment should be prepared to respond by closely monitoring asking rent amounts while also planning for potential modifications to make their spaces viable for as wide a pool of potential occupants as possible.

One potential strategy involves reassessing the ratio of office space to warehouse space. Office requirements for tenants of industrial buildings vary widely and often increase incrementally over the course of time. When such buildings are vacated, portions of the existing office buildout may exceed current market demand. Planning for selective demolition of surplus office space can broaden the pool of potential tenants.



Lease rates have remained stable. Q4 2025 marked the 14th consecutive quarter in which the median triple-net asking lease rate has held at or above \$11.00 per square foot.

NEW CONSTRUCTION OVERVIEW:

Under Construction	Q3 2025	Q4 2025	% Change
Total Square Footage	30,000	30,000	0.00%
Number of Buildings	2	2	0.00%
Average Project Size (SF)	15,000	15,000	0.00%
Proposed/Marketed	Q3 2025	Q4 2025	% Change
Total Square Footage	973,730	973,730	0.00%
Number of Buildings	8	8	0.00%
Average Project Size (SF)	121,716	121,716	0.00%

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