

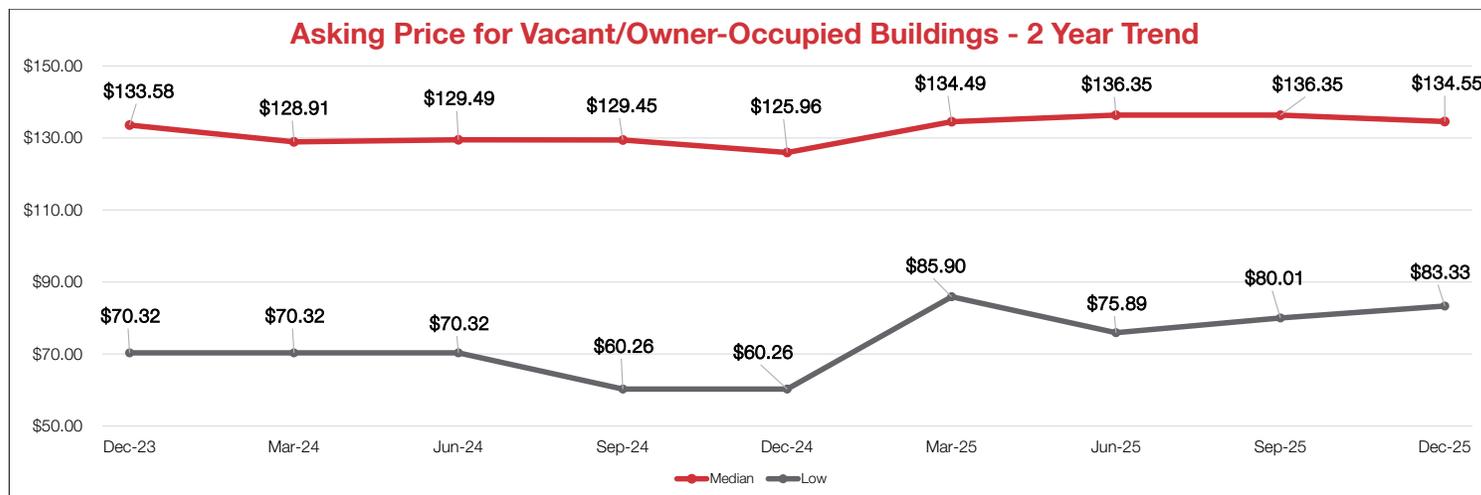
# 2025 Q4 Sale Market Overview

## ALBUQUERQUE | INDUSTRIAL REAL ESTATE

### Pricing holds in the middle of the market as investment activity reemerges

The median asking sale price for vacant and owner-occupied industrial buildings in Albuquerque finished Q4 2025 at \$135.55 per square foot. When compared to year-end figures from 2024 (\$134.49) and 2023 (\$133.58), it's evident that the “middle” of the market has held steady.

However, the lower end of the market has experienced meaningful appreciation in the same time period. Excluding outliers, the lowest priced industrial building at the end of 2023 was marketed at \$70.32/SF. Two years later, that figure has risen to \$83.33—an 18.5% increase. This trend suggests that even properties impacted by deferred maintenance, functional limitations, or less desirable locations are benefitting from broader market strength and limited supply.



The Southeast Heights\* submarket has been a primary beneficiary of this pricing momentum. Historically, industrial property values in the area have lagged other Albuquerque submarkets due to a predominance of 1960s and 1970s era construction as well as its adjacency to some of the most challenged stretches of the Central Avenue. corridor.

At the same time, the submarket benefits from its proximity to Kirtland Air Force Base, Sandia National Laboratories, and the Sandia Science & Technology Park. These entities outsource a substantial volume of work to machinists, advanced manufacturers, and specialized contractors, many of whom locate their operations near the air force base’s Wyoming and Eubank gates.

This proximity has helped support demand for functional warehouse and light manufacturing space despite broader location challenges.

In Q4 2025, two local contractors acquired industrial properties in the Southeast Heights to support defense and laboratory-related operations:

- 10111 Bell Ave. SE: ±10,800 square foot warehouse situated on ±0.6 acres; sold in October 2025
- 608 General Chennault St. SE: ±12,500 square foot warehouse situated on ±1.0 acres; sold in December 2025

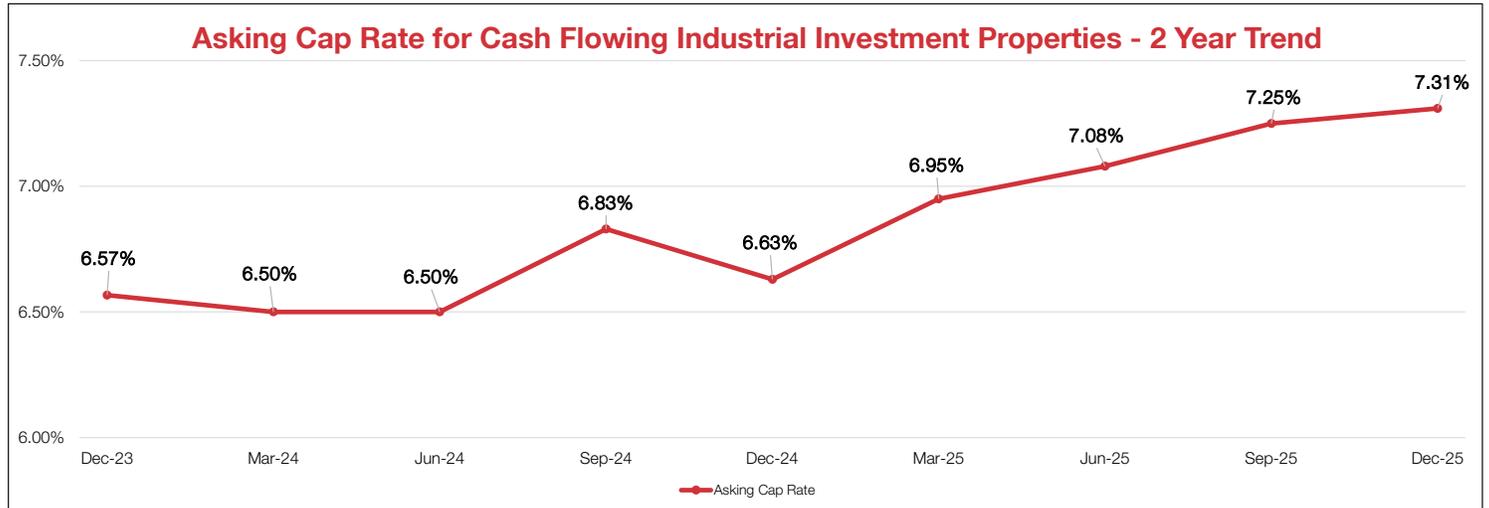
These transactions highlight the appeal of industrial properties that can accommodate the operational needs of businesses that serve Kirtland Air Force Base and Sandia National Labs, even when located in a submarket that has historically traded at a discount.

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### Cap rates continue to rise; Two large investment sales

The median asking capitalization rate for cash flowing industrial investment properties increased for the fourth consecutive quarter, reaching 7.31% by year-end.



The federal funds rate\*—which was reduced by the Federal Reserve three times in 2025—currently stands at a target range of 3.50% - 3.75%. While the impact of these reductions may take several quarters to fully materialize, they are generally supportive of investment real estate activity.

Interest rates charged by private lenders are closely tied to short term benchmark rates such as the federal funds rate; as those benchmarks decline, borrowing costs for real estate acquisitions typically follow, helping to improve deal feasibility and liquidity.

Two notable industrial investment sales closed during Q4:

- 4300 Alexander Blvd. NE/1700 Desert Surf NE: roughly 186,000 square feet of food production and manufacturing space, currently occupied by the Albuquerque Tortilla Company.
- 5321 Wilshire Ave. NE: roughly 44,800 square feet of office/warehouse space.

After a year of limited industrial investment sale activity in Albuquerque, these transactions are encouraging and may signal the early stages of a more active investment market in 2026.

### Definitions:

**Southeast Heights:** An industrial submarket of Albuquerque generally bounded by I-40 to the north, Tramway Blvd. to the east, Wyoming Blvd. to the west, and Kirtland Air Force Base to the south.

**Federal Funds Rate:** The overnight interest rate at which banks lend reserve funds to one another. Set by the Federal Reserve and reviewed eight times per year, it has a significant influence on interest rates charged for real estate, equipment, and other forms of financing.



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