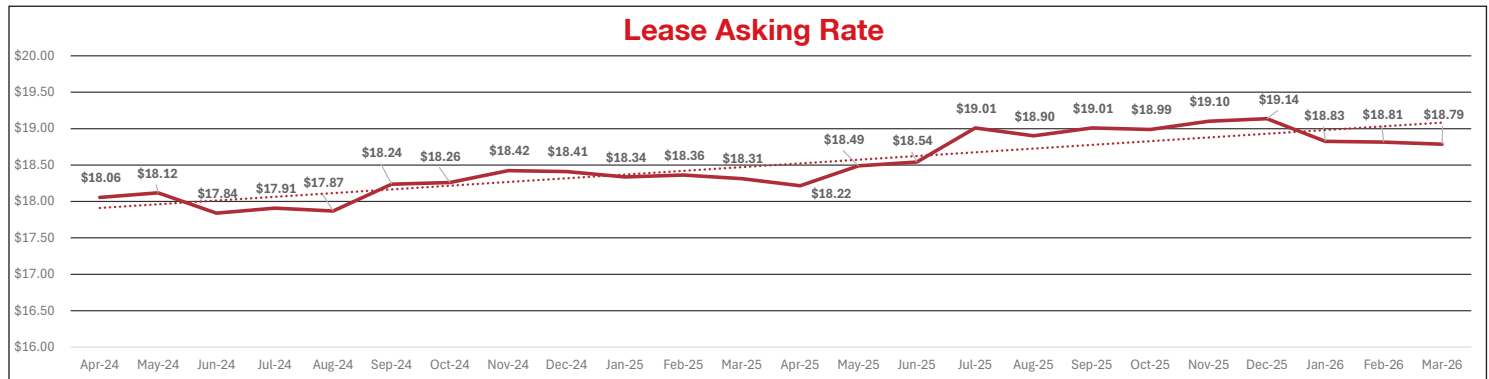


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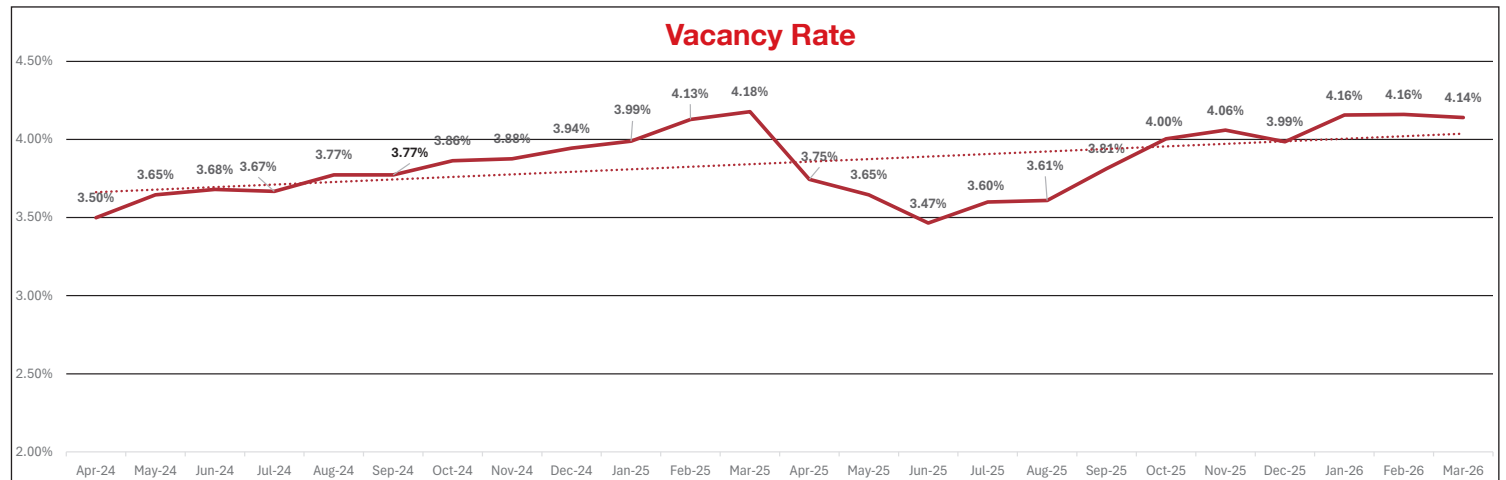
### Q1'26 Recap: Stable Vacancy, Premium Spaces Push Prices Upward

Albuquerque's retail market continued its steady, fundamentally healthy performance through the first quarter of 2026. While many national markets are still working through elevated construction costs, higher interest rates, and evolving consumer spending patterns, Albuquerque has remained comparatively stable, with only modest movement in vacancy and asking rents over the last several quarters. Retail fundamentals across the metro continue to be driven more by individual deals, corridor quality, and limited availability in high-performing trade areas than by broad market swings. Overall, Q1 reflected a market that remains disciplined, balanced, and resilient rather than overheated or distressed.

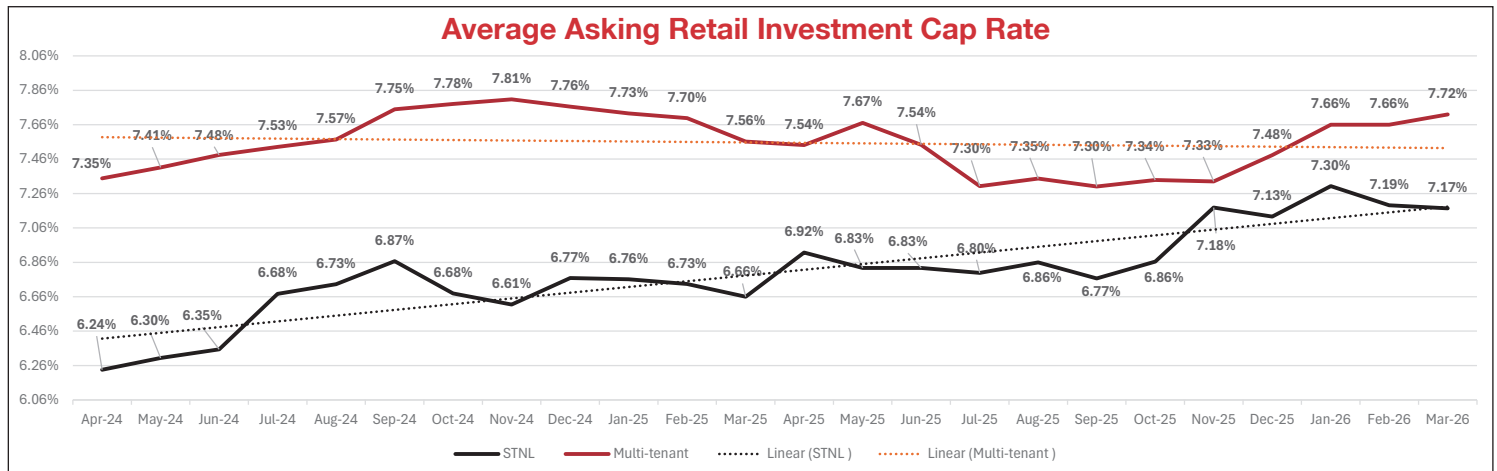
As indicated in this report's headline, the Albuquerque retail market is deal-driven, not necessarily rising uniformly, when we look at lease rates. New construction and premium corridors represent the spikes, followed by reversion, in average lease rates shown in the graph below. Both owners and tenant's can generally expect base rents to land in the upper teens to low 20's on retail shop space, depending on location and size, reflecting a two-tier retail market. 3% annual increases on base rent are without a doubt par for the course on all new lease transactions, with minimal exceptions.



Retail vacancy remains among the tightest across all asset classes, effectively below 1% in the Far Northeast Heights and Northwest trade areas. As reflected in the below graph, supply has remained stable over the last 24 months. We have not see any major shock during the time period mentioned in the last paragraph, although a large delivery of fully leased retail space is expected near the end 2027 thanks to the Lobo Crossing development on Gibson and I-25, which is a Target-anchored power center. Ultimately this stable vacancy environment paired with modest rent growth signals that absorption is steady, not aggressive when looking at the market in aggregate. For space sub-1,500 square feet in tight trade areas like Rio Rancho and the Far NE Heights, landlord's tend to have more pricing power relative to the greater Albuquerque area.



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Following a season of a wider bid-ask-spread, we are beginning to see signals of the gap closing: product is being absorbed, although we are seeing fewer owners bring assets to market, which may indicate that product is being held on the sidelines until the macro-economic environment settles further. As the market for multi-tenant investments appears to be tightening without major value deterioration, we see an indication of market re-stabilization, rather than market softening.

As evidenced in the trendline for STNL, we can also deduce that the bid-ask spread may already be narrowing. It's interesting to note what isn't indicated in this data: rapid cap rate expansion, inventory flooding the market, and major volatility. Owners are not under pressure to unload assets and largely speaking, debt stress has not translated into distress sales.

Several notable transactions, shown below, occurred in Q1 of '26, including a Single Tenant Net Leased Dutch Bros. Coffee, an indoor swim school in the North Valley, Single Tenant Net Leased Pinon Coffee on the Westside.

