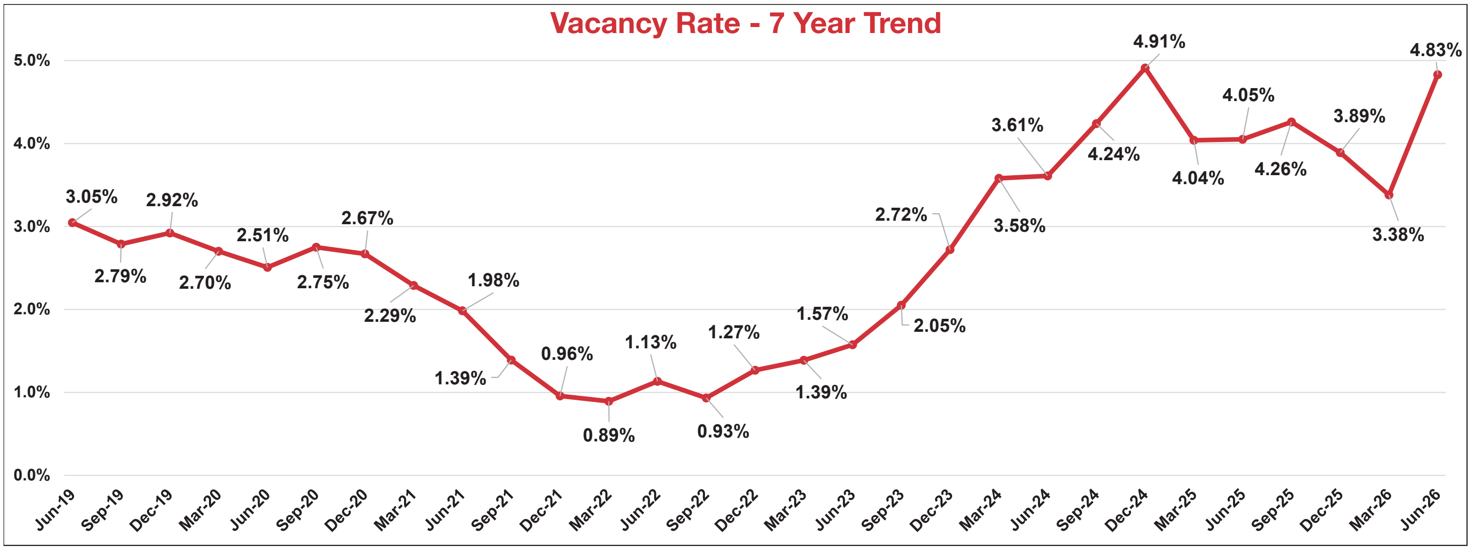
2026 Q2 Lease Market Overview

ALBUQUERQUE | INDUSTRIAL REAL ESTATE

Vacancy jumps but fundamentals remain solid

After several quarters of positive net absorption*, the vacancy rate shot up during the second quarter from 3.38% to 4.83%. This is a substantial increase, but a closer look at the data reveals it is almost exclusively attributable to a single property.

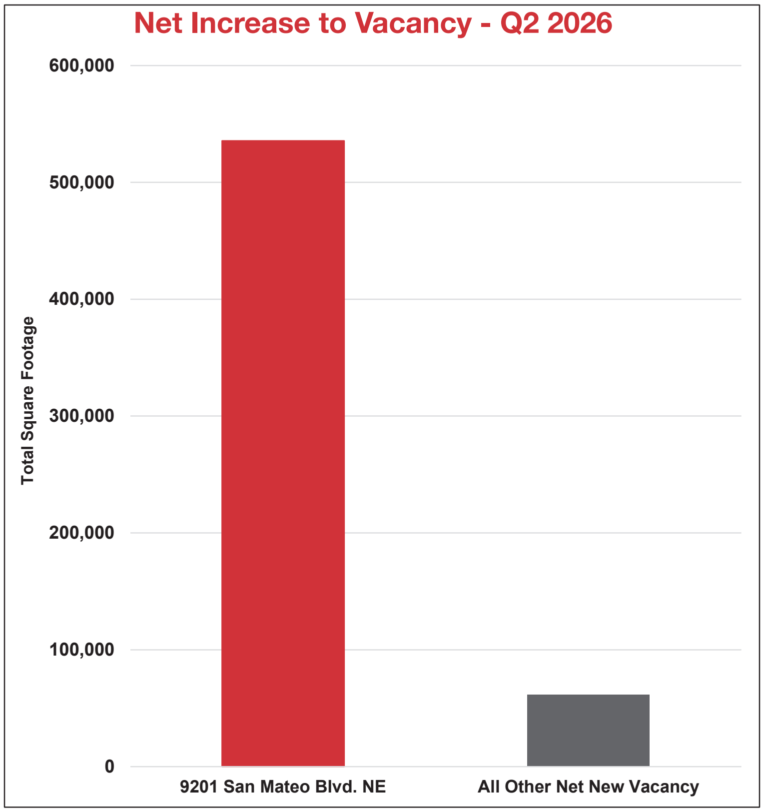


Several years ago, Maxeon Solar Technologies made big headlines. The company announced it was planning to build a $1 billion solar panel manufacturing facility in Mesa del Sol, just south of the airport. Once complete, it would employ 1,800 people.

Significant developments like these are undoubtedly exciting, but they warrant a fair degree of skepticism. Case in point, just over a year later no construction activity was underway. And in much less heralded fashion, it was then reported that Maxeon signed a lease for a 535,000 square foot multi-purpose facility located at 9201 San Mateo Blvd., which formerly was owned and occupied by Honeywell.

Though that property was taken off the market for about a year, the lease is proving to be just as real as the plans to build a facility. Today, 9201 San Mateo is vacant and back on the market, and Maxeon's previously announced expansion plans in NM have yet to materialize.

So, while total vacancy in the market has shot up by over 40% in the last three months, 90% of that increase is tied to just one building. Remaining net vacancy (about 61,500 SF) falls within recent ranges.



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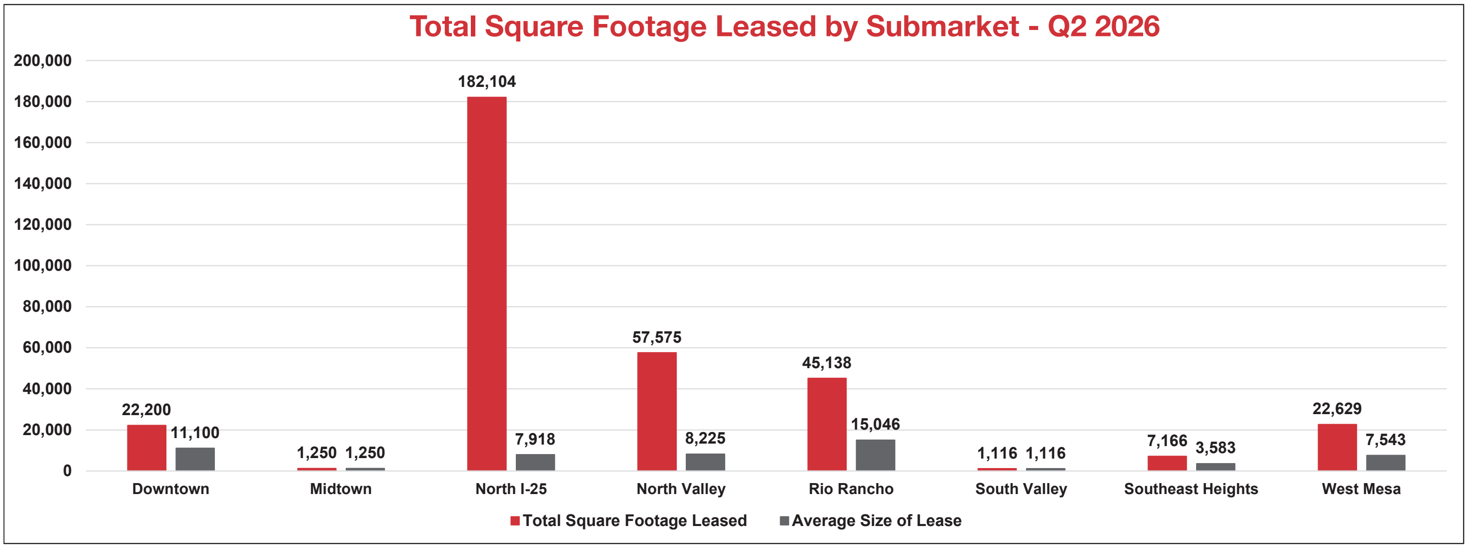
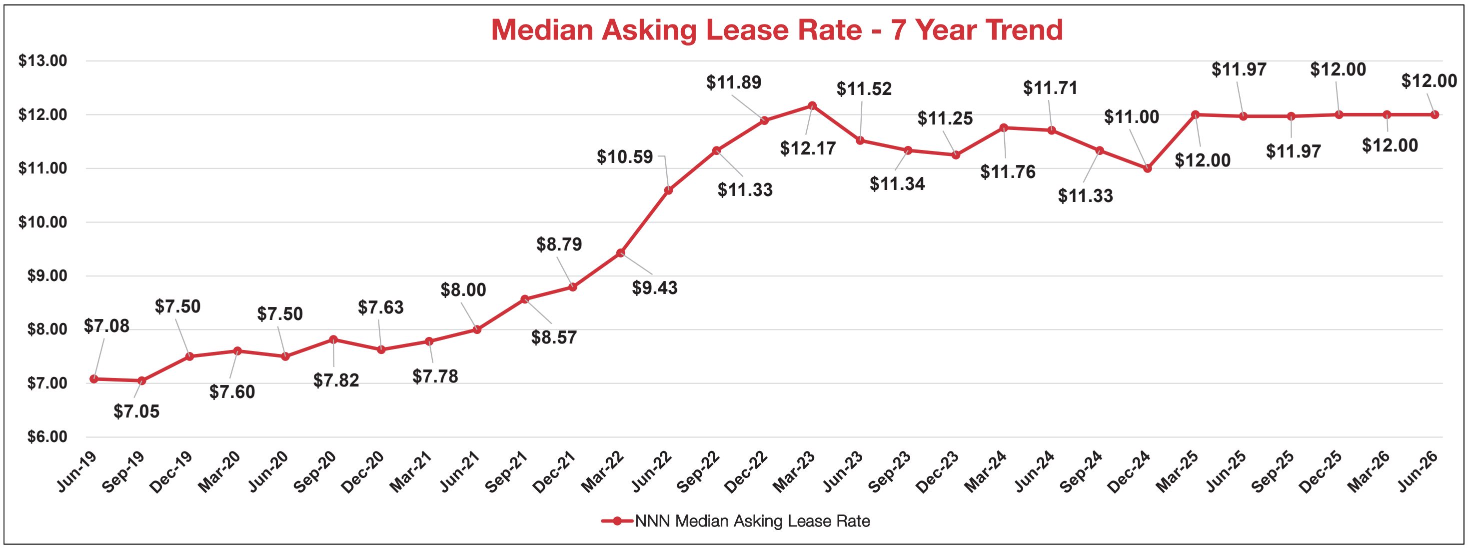
Maxeon aside, the lease market was active in the second quarter with just under 340,000 square feet of space leased or otherwise removed from the market**. Noteworthy leases include a 38,860 square foot distribution warehouse located at 451 Quantum Rd. in the Rio Rancho submarket as well as a 39,375 square foot office/warehouse building located at 4601 Paseo del Norte in the North I-25 submarket.



The median triple-net (NNN) asking lease rate has flatlined. It currently sits at $12.00 per square foot and has barely deviated from that number for the last six quarters.



Definitions:

***Positive Net Absorption:** the amount of space leased by tenants that exceeds the amount of space vacated during a given period. It indicates that demand for space is outpacing move-outs, resulting in increased occupancy and lower vacancy.

** This report tracks industrial properties available for lease throughout Greater Albuquerque. Some properties are marketed for both sale and lease. When one of these properties sells, it is removed from the lease inventory, affecting the reported vacancy rate even though the space was not leased.

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