

FIGURES | ALBUQUERQUE OFFICE | Q4 2025

Gains in Suburban Class B offset tempered fundamentals in top-of-market product

▲ 13.7%

Vacancy Rate

▼ (76,508)

SF Net Absorption

▶ 0

SF Construction Delivered

▶ 0

SF Under Construction

▼ \$20.90

FSG/YR Direct Lease Rate

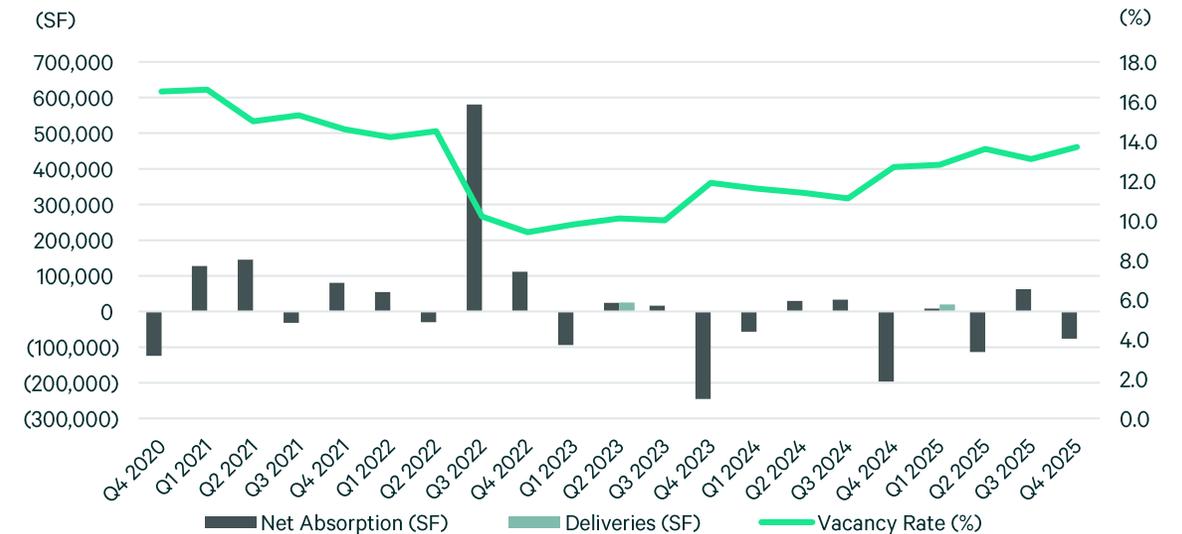
Note: Arrows indicate change from previous quarter.

MARKET OVERVIEW

The Albuquerque office market closed 2025 with modest fundamentals, following a year defined by uneven demand and concentrated corporate downsizing in the Downtown submarket. Leasing activity remained steady in the second half of the year, although absorption was negative. Active tenant industries included governmental, medical, and professional services users, with most activity concentrated in small- to mid-sized transactions.

The total vacancy rate increased slightly at year end, reflecting that market exits outpaced demand from occupier gains. However, the market remained bifurcated. Downtown vacancy stayed elevated as several large blocks remained unleased following major departures earlier in the year, while established suburban submarkets such as Uptown and North I-25 demonstrated greater resiliency. Asking rents finished the year slightly lower year-over-year, as increased Class A supply put downward pressure on overall market rents. Construction activity remained stagnant, with no new office product delivered or underway for the second year in a row.

FIGURE 1: Historical Absorption (SF), Deliveries (SF), and Vacancy (%)



Source: CBRE Research, Q4 2025

Vacancy

The overall vacancy rate held steady year-over-year at 13.7%, reflecting modest net absorption losses combined with another year of limited new supply. While vacancy has trended upward since 2023, the broader five-year view shows meaningful improvement, down from 16.5% at year-end 2020. Performance continued to vary significantly across both submarkets and asset classes.

Downtown and Class A vacancy remained the primary drag on market-wide metrics. Large vacancies created by corporate downsizing in early 2025 continued to weigh on overall performance, with limited backfill activity by year-end. In contrast, North I-25 and Uptown maintained comparatively stable vacancy rates, supported by consistent leasing velocity and reduced exposure to large single-tenant occupancies.

Asking Rent

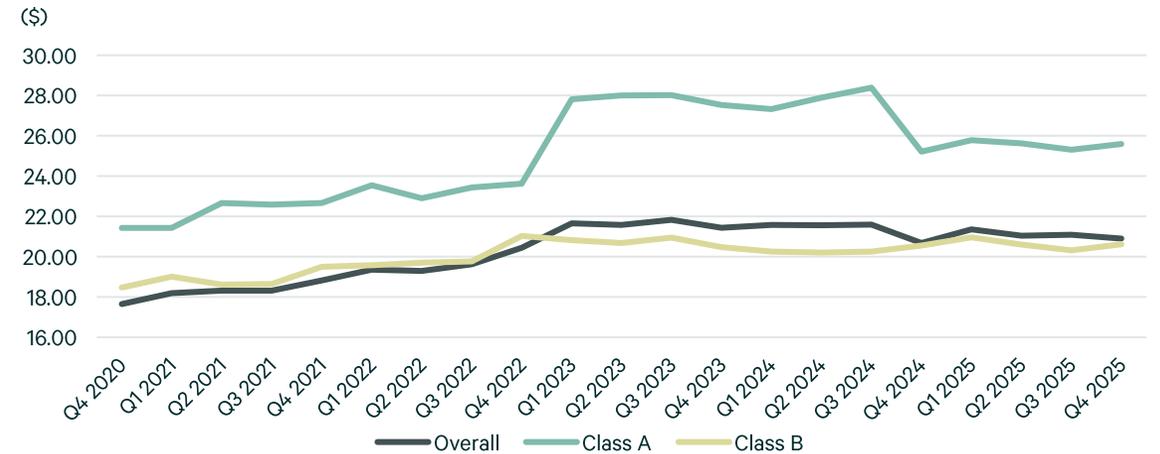
The overall average direct asking rent was largely flat through Q4 2025, ending the year at approximately the same level observed in mid-year. Pricing stability reflected a balance between landlord discipline and persistent vacancy pressures, particularly within the Class A segment. While asking rates saw little movement, effective rents were influenced by increased concession packages. North I-25 and Uptown remained the strongest pricing submarkets, while Downtown rents continued to trail market averages.

FIGURE 2: Vacancy Rates (%) by Class



Source: CBRE Research, Q4 2025

FIGURE 3: Avg. Direct Asking Rate (\$/SF/Yr FSG) by Class



Source: CBRE Research, Q4 2025

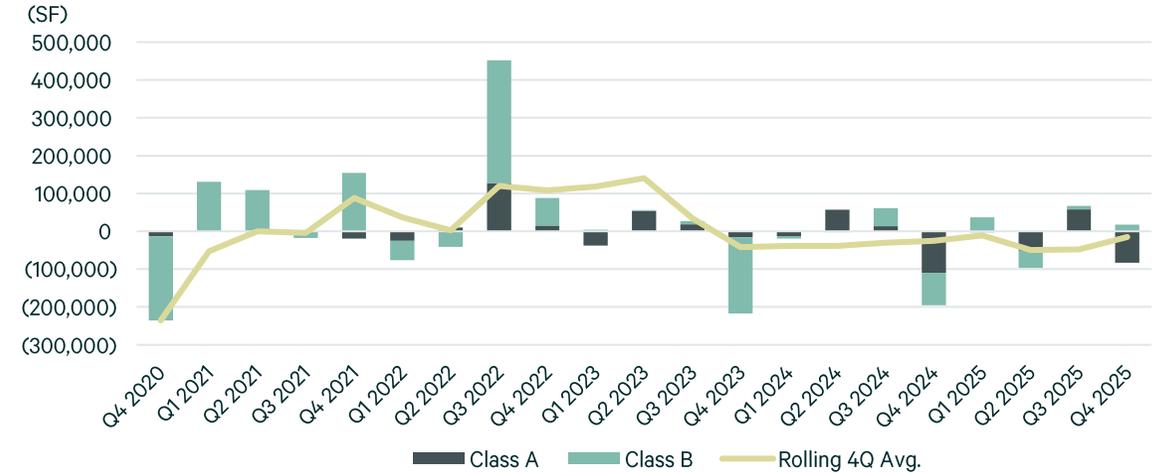
Net Absorption

The Albuquerque office market recorded negative net absorption of 76,508 sq. ft in Q4 2025, driven exclusively by Class A activity. Net absorption for all of 2025 remained negative, though the pace of losses slowed in the second half of the year. Class-level performance was mixed. Class A space continued to face offsetting pressures from elevated vacancy and selective lease-up, while Class B assets benefitted from comparatively stable demand tied to affordability and functional layouts. Class C performance remained uneven, reflecting ongoing tenant upgrades into newer or better-located properties. Submarket trends reinforced this divergence, as some submarkets recorded net gains over the second half of the year, while Downtown continued to experience net occupancy losses tied to previously announced corporate exits that preceded leasing momentum elsewhere in the market.

Construction Activity

Office construction activity remained inactive throughout 2025. No new projects delivered during the year, and no office properties were under construction by year-end. This extended pause in development continued to limit new supply additions and helped prevent further vacancy. The absence of new development positioned the market to gradually absorb existing vacancy as demand stabilized, though recovery was expected to remain gradual given the volume of available space carried forward into 2026.

FIGURE 4: Net Absorption Trend (SF)



Source: CBRE Research, Q4 2025

FIGURE 5: Construction Activity (SF)

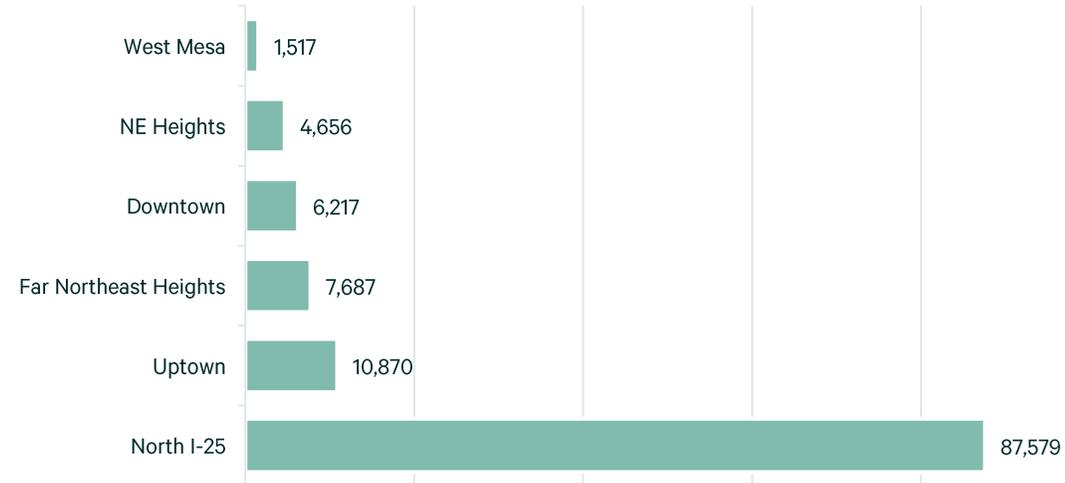


Source: CBRE Research, Q4 2025

Leasing Activity

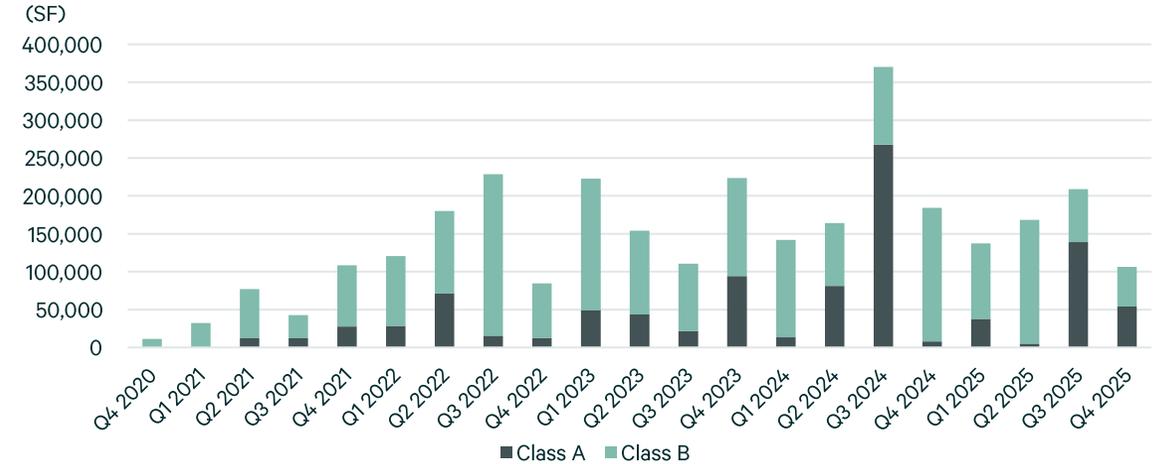
Leasing activity throughout 2025 slowed from post-pandemic highs, with Q4 2025 volume remaining below historical quarterly averages. Despite lower aggregate volume, tenant activity showed signs of durability, with new leases and expansions accounting for the majority of square footage signed during the year. Transaction sizes skewed small, and activity remained heavily weighted toward renewals, right-sizing relocations, and incremental expansions rather than large-scale corporate commitments. Submarket distribution remained broad, though Uptown and North I-25 continued to capture a disproportionate share of leasing volume, benefiting from strong amenity access, parking availability, and competitively priced inventory. Downtown leasing activity remained limited and highly selective, centered on smaller Class A transactions rather than meaningful absorption of large vacant blocks. Class B assets accounted for the largest share of total leasing activity in 2025, supported by their large inventory base and relative value positioning, while Class A leasing improved modestly in the second half of the year after a weaker start.

FIGURE 6: Leasing (SF) by Submarket



Source: CBRE Research, Q4 2025

FIGURE 7: Leasing Activity Trend (SF)



Source: CBRE Research, Q4 2025

FIGURE 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
State of New Mexico Regulation and Licensing Department	30,763	New Lease	100 Sun Ave NE	North I-25
Southwest Capital Bank	18,752	New Lease	4100 Osuna Rd NE	North I-25
Bank of Albuquerque	17,949	Renewal	100 Sun Ave NE	North I-25
Consensus Planning	6,217	Renewal	302 8th St NW	Downtown
Undisclosed Tenant	5,299	New Lease	7850 Jefferson St NE	North I-25
Undisclosed Tenant	5,015	New Lease	7850 Jefferson St NE	North I-25

Source: CBRE Research, Q4 2025

Market Statistics by Index

	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF/Yr FSG)	Q5 2025 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
SUBURBAN										
Class A	1,467,744	24.7	19.1	17.7	1.4	25.81	(82,524)	(70,179)	0	0
Class B	5,430,118	9.2	9.4	8.4	1.0	21.36	17,273	77,544	0	0
Class C	3,032,401	7.6	7.5	7.0	0.5	17.57	11,531	(37,336)	0	0
Total	9,930,263	11.0	10.3	9.3	0.9	21.75	(53,720)	(29,971)	0	0

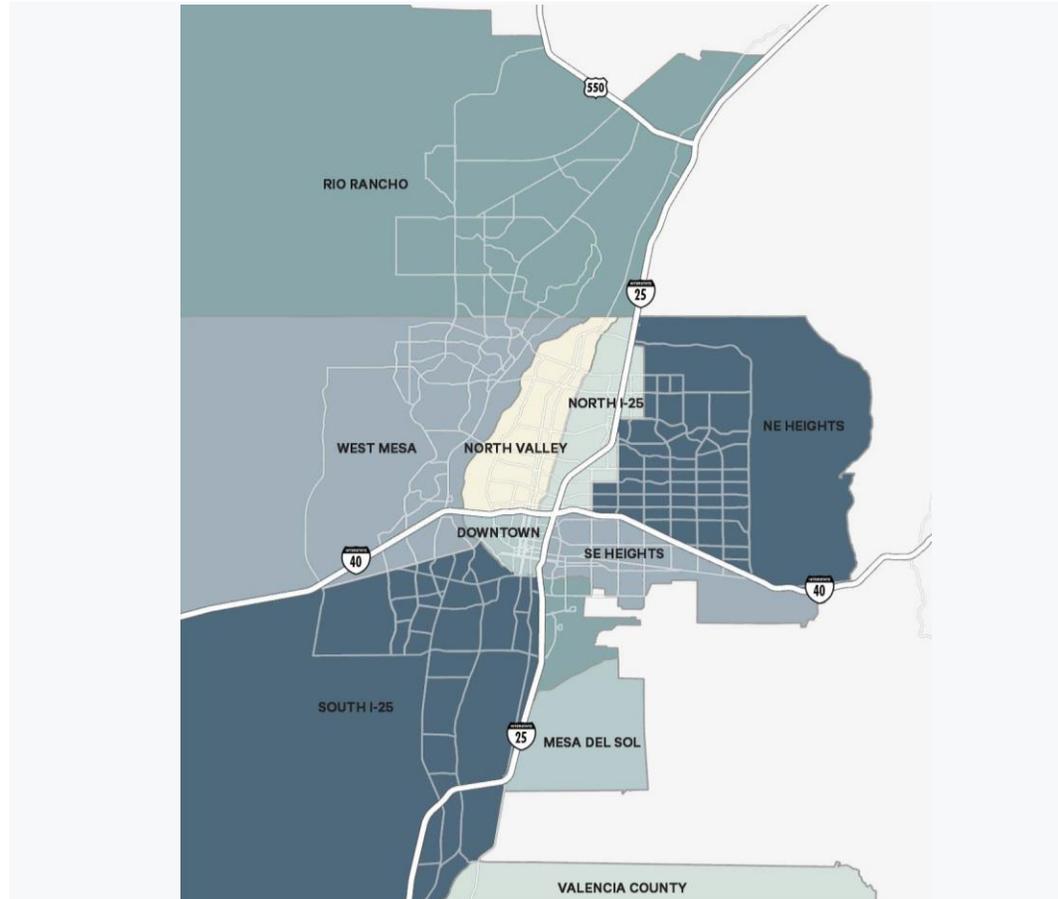
	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF/Yr FSG)	Q5 2025 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
DOWNTOWN										
Class A	578,053	12.6	16.4	13.4	3.0	24.50	(524)	(9,075)	0	0
Class B	1,164,957	37.5	37.5	37.5	0.0	19.85	0	(59,707)	0	0
Class C	1,057,953	14.3	14.3	12.8	1.5	17.24	(22,264)	(20,554)	0	0
Total	2,800,963	23.6	24.4	23.2	1.2	19.66	(22,788)	(89,336)	0	0

	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF/Yr FSG)	Q5 2025 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
METRO										
Class A	2,045,797	21.3	18.4	16.5	1.8	25.60	(83,048)	(79,254)	0	0
Class B	6,595,075	14.2	14.4	13.5	0.9	20.62	17,273	17,837	0	0
Class C	4,090,354	9.3	9.3	8.5	0.8	17.44	(10,733)	(57,890)	0	0
Total	12,731,226	13.7	13.4	12.4	1.0	20.90	(76,508)	(119,307)	0	0

Market Statistics by Submarket

	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF/Yr FSG)	Q5 2025 Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Airport	867,183	11.0	11.0	11.0	0.0	15.77	(7,383)	(11,966)	0	0
Downtown	2,800,963	23.6	24.4	23.2	1.2	19.66	(22,788)	(89,336)	0	0
Far Northeast Heights	1,271,686	13.9	10.6	10.5	0.1	20.84	9,936	(46,070)	0	0
Mesa del Sol	294,694	33.4	0.0	0.0	0.0		(98,500)	(98,500)	0	0
NE Heights	532,929	2.8	2.8	2.8	0.0	19.1	(1,655)	1,449	0	0
North I-25	3,313,983	9.7	9.0	7.3	1.7	23.43	15,304	87,334	0	0
Rio Rancho	725,465	17.8	17.8	17.8	0.0	25.0	3,597	17,744	0	0
SE Heights	445,858	4.9	4.9	4.9	0.0	20.73	0	(6,275)	0	0
University	317,952	11.9	33.2	28.6	4.6	20.28	0	(13,950)	0	0
Uptown	1,812,394	10.2	11.8	10.6	1.2	22.14	27,485	43,257	0	0
West Mesa	348,119	2.1	1.7	1.7	0.0	19.67	(2,504)	(2,994)	0	0
Total	12,731,226	13.7	13.4	12.4	1.0	20.90	(76,508)	(119,307)	0	0

Market Area Overview



CBRE ALBUQUERQUE

6565 Americas Parkway NE, Suite 825
Albuquerque, NM 87110

Survey Criteria

Includes all existing office buildings 10,000 sq. ft. and greater in size, in the Albuquerque metro market. Buildings which have begun construction are evidenced by site excavation or foundation work.

Methodology

Position absorption is calculated at time of occupancy, which allows for product to be vacant but no longer available. Lease rates are calculated using weighted average of asking lease rates for existing product with availability. Sublease space can be vacant or occupied. Total Vacancy includes both direct and sublease. Lease activity is the sum of the square footage of leases signed during a designated time period. Data published in previous reports is subject to change.

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