Measured tenant demand supported market stability

▼14.1%	▲13.0%	▼(6,000)	▶0	▶0	▼$20.38
Availability Rate	Vacancy Rate	SF Net Absorption	SF Construction Delivered	SF Under Construction	Avg. Direct Asking Rate (FSG/YR)

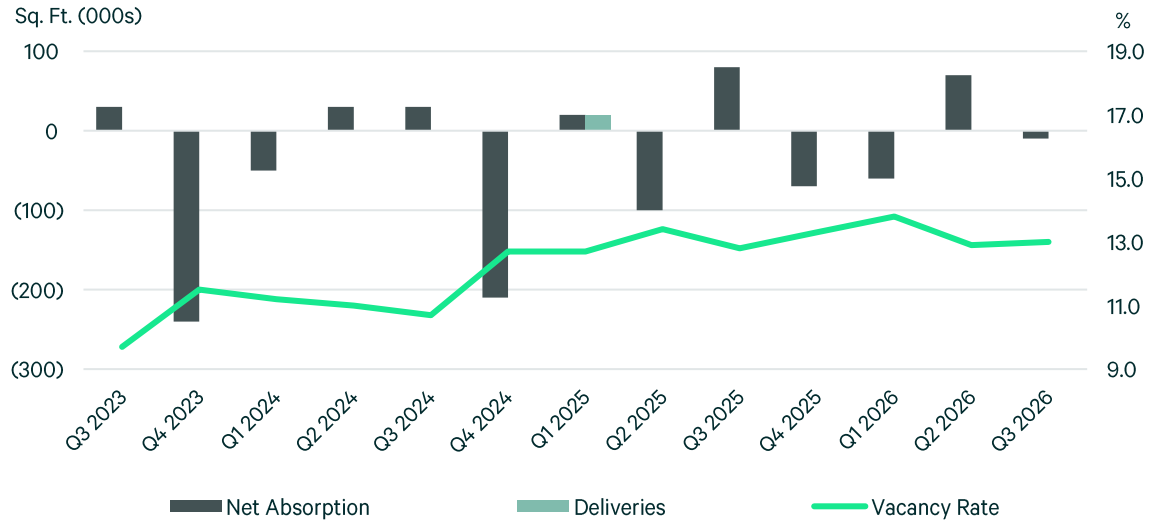
Note: Arrows indicate change from previous quarter.

Market Overview

The Albuquerque office market experienced a modest pause in momentum during Q3 2026 following the occupancy gains recorded in the previous quarter. While overall demand softened somewhat, market fundamentals remained relatively stable as tenants continued to prioritize well-located, high-quality space and landlords benefited from the absence of new supply. Market conditions remained largely balanced, with only limited movement in overall occupancy levels. At the same time, the decline in availability suggested that a portion of the space marketed in recent quarters had been absorbed, even as some properties continued to face leasing challenges.

Performance continued to vary considerably by location. Several submarkets recorded healthy occupancy gains, particularly those with limited available inventory and established tenant demand. Conversely, a handful of larger move-outs weighed on overall market performance and contributed disproportionately to the quarter's softer results. Leasing activity remained steady, reflecting continued tenant interest despite a more selective environment. Asking rents softened slightly during the quarter as landlords competed for a finite pool of active tenants, though pricing remained relatively stable across many of Albuquerque's most established office submarkets.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q3 2026

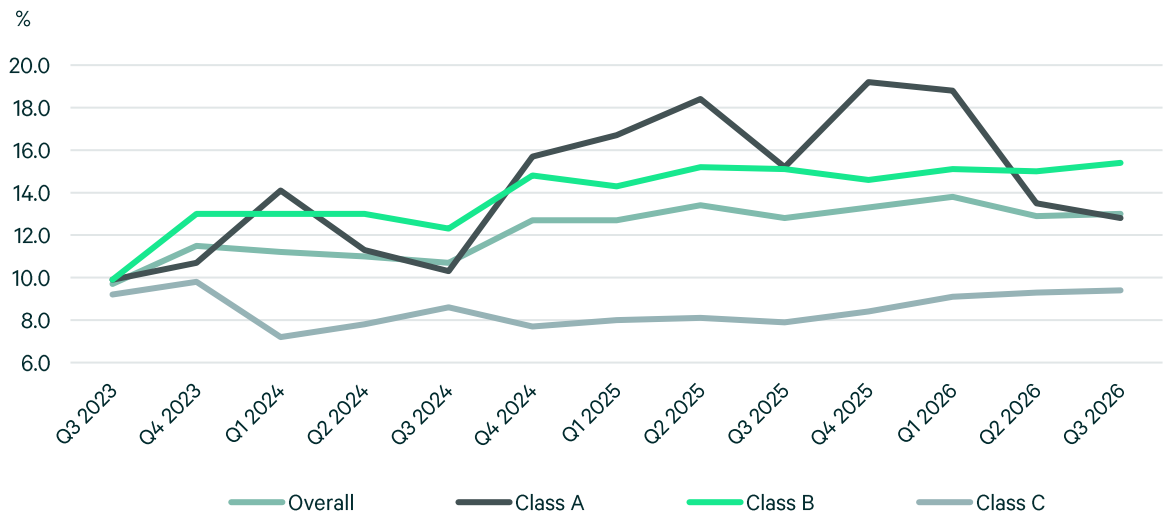
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Vacancy

Vacancy increased to 13.0% in Q3 2026, rising 10 basis points from the previous quarter but remaining 50 basis points below the rate recorded one year ago. The modest increase reflects a quarter in which occupier contractions slightly outpaced expansion activity, while overall market conditions remained relatively stable. A limited number of large vacant blocks continued to influence market-wide vacancy, including roughly 215,000 sq. ft. that remained vacant at Century Plaza in the Downtown submarket and nearly 60,000 sq. ft. across two buildings at Clifford Plaza in the North I-25 submarket. Even so, higher-quality office properties continued to outperform much of the market as tenants prioritized workplace quality and operational efficiency in their leasing decisions.

Vacancy trends remained highly dependent on location. Several submarkets continued to maintain relatively tight conditions, while Downtown, University, and portions of Rio Rancho faced elevated vacancy driven in part by a handful of larger unoccupied spaces. As has been the case for several quarters, a relatively small group of properties accounted for a disproportionate share of market vacancy, contributing to performance differences across submarkets. Looking ahead, vacancy is expected to remain relatively rangebound as tenant demand continues to favor high-quality space, while older and less competitive properties face a longer leasing timeline.

Figure 2: Vacancy Rates by Class



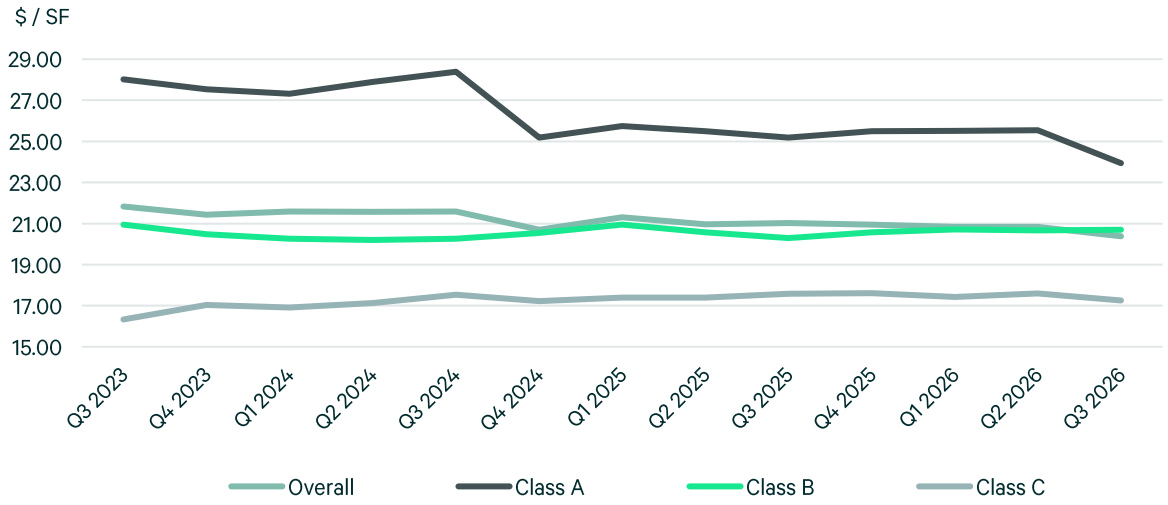
Source: CBRE Research, Q3 2026

Asking Rent

Average asking rents declined to $20.38 per sq. ft. full service in Q3 2026, decreasing 2.2% from the previous quarter and 3.0% from one year earlier. The decline reflects a market where landlords continue to compete for a tenant base that remains active but selective, while occupiers increasingly prioritize functionality, flexibility, and value in their real estate decisions. Despite softer pricing, rent levels generally remain supportive of existing assets, particularly as the market continues to operate without any new office construction underway.

Pricing continued to vary significantly across the metro area. Established office nodes such as Uptown and North I-25 maintained some of the strongest rental positions in the market, supported by tenant preference for amenitized locations and concentrations of institutional-quality inventory. Meanwhile, more affordable alternatives continued to attract cost-conscious occupiers, creating a broad range of options that has helped sustain leasing activity across multiple segments of the market. While rents have moderated somewhat over the past year, well-located and highly functional office properties have generally maintained their competitive position within the market.

Figure 3: Average Direct Asking Rate by Class



Source: CBRE Research, Q3 2026

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Net Absorption

Occupier demand softened during Q3 2026, as net absorption turned negative at approximately 6,000 sq. ft. following 68,000 sq. ft. of positive absorption in the prior quarter and 80,000 sq. ft. one year earlier. The decline was driven largely by a handful of larger occupancy changes rather than a broad slowdown in leasing activity. Most notably, approximately half of the nearly 110,000-sq.-ft. Altura Office Complex in the University submarket was vacated during the quarter, outweighing gains elsewhere in the market. Despite the weaker absorption figure, overall fundamentals remained relatively stable, supported by declining vacancy and the absence of new supply additions.

Leasing performance continued to vary by tenant size and location, with activity concentrated among smaller and mid-sized occupiers rather than large-block users. Tenants remained selective, prioritizing quality, flexibility, and value when evaluating space options. Notable leasing activity included a 54,000-sq.-ft. move-in at 5338 Montgomery Boulevard NE in the Far Northeast Heights submarket, demonstrating that demand remained present for well-located and competitive properties. With no projects under construction and vacancy remaining below year-ago levels, the market remains positioned for gradual improvement despite quarter-to-quarter fluctuations in absorption.

Figure 4: Net Absorption Trend



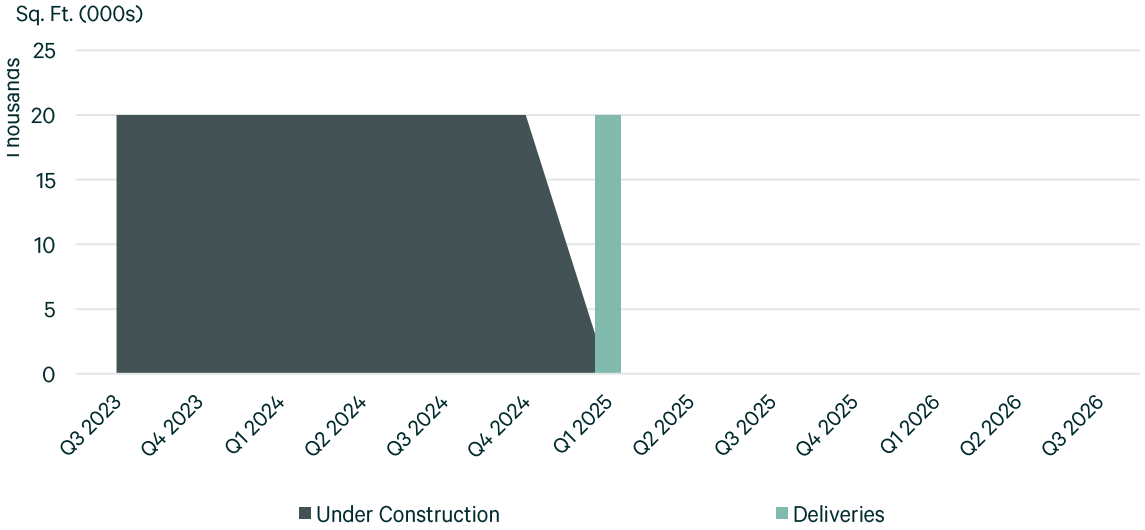
Source: CBRE Research, Q3 2026

Construction Activity

No development activity was recorded during Q3 2026, extending a multi-quarter trend within the Albuquerque office market. Elevated construction costs, financing constraints, and rental rates that remained below levels necessary to support new speculative projects continued to limit development opportunities. With no projects under construction and no new deliveries since early 2025, the market's inventory has remained unchanged, keeping the focus on the leasing, absorption, and repositioning of existing office space rather than the introduction of new supply.

The absence of new development has helped provide stability for existing landlords, particularly owners of well-maintained Class A and upper-tier Class B properties. While tenant demand has remained measured, limited competitive supply has prevented additional pressure on vacancy and rental rates and allowed occupiers to gradually absorb existing availabilities. As Albuquerque continues to work through several larger blocks of vacant space, the lack of new construction should support gradual improvements in market fundamentals over time. Future gains will likely depend less on supply-side changes and more on sustained leasing activity, tenant expansions, and the continued backfilling of existing vacancies across the market.

Figure 5: Construction Activity



Source: CBRE Research, Q3 2026

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Market Statistics

Figure 6: Suburban Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	1,500,000	15.3	17.3	15.3	2.0	23.85	12,000	122,000	-	-
Class B	5,300,000	10.5	11.4	10.5	0.8	21.43	(29,000)	(86,000)	-	-
Class C	3,000,000	6.9	8.2	7.7	0.5	17.49	6,000	(13,000)	-	-
Total	**9,800,000**	**10.1**	**11.3**	**10.4**	**0.9**	**21.04**	**(11,000)**	**23,000**	**-**	**-**

Figure 7: Urban Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	578,000	6.5	6.5	6.5	-	24.50	1,000	9,000	-	-
Class B	1,200,000	37.6	37.6	37.6	-	19.75	4,000	(9,000)	-	-
Class C	1,100,000	16.5	18.0	18.0	-	16.90	-	(17,000)	-	-
Total	**2,800,000**	**23.3**	**23.8**	**23.8**	**-**	**19.34**	**5,000**	**(18,000)**	**-**	**-**

Figure 8: Metro Market Statistics by Class

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	2,100,000	12.8	14.3	12.8	1.4	23.94	13,000	131,000	-	-
Class B	6,500,000	15.4	16.1	15.4	0.7	20.69	(25,000)	(96,000)	-	-
Class C	4,100,000	9.4	10.7	10.3	0.4	17.26	6,000	(30,000)	-	-
Total	**12,600,000**	**13.0**	**14.1**	**13.4**	**0.7**	**20.38**	**(6,000)**	**5,000**	**-**	**-**

Source: CBRE Research, Q3 2026

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Market Statistics by Submarket

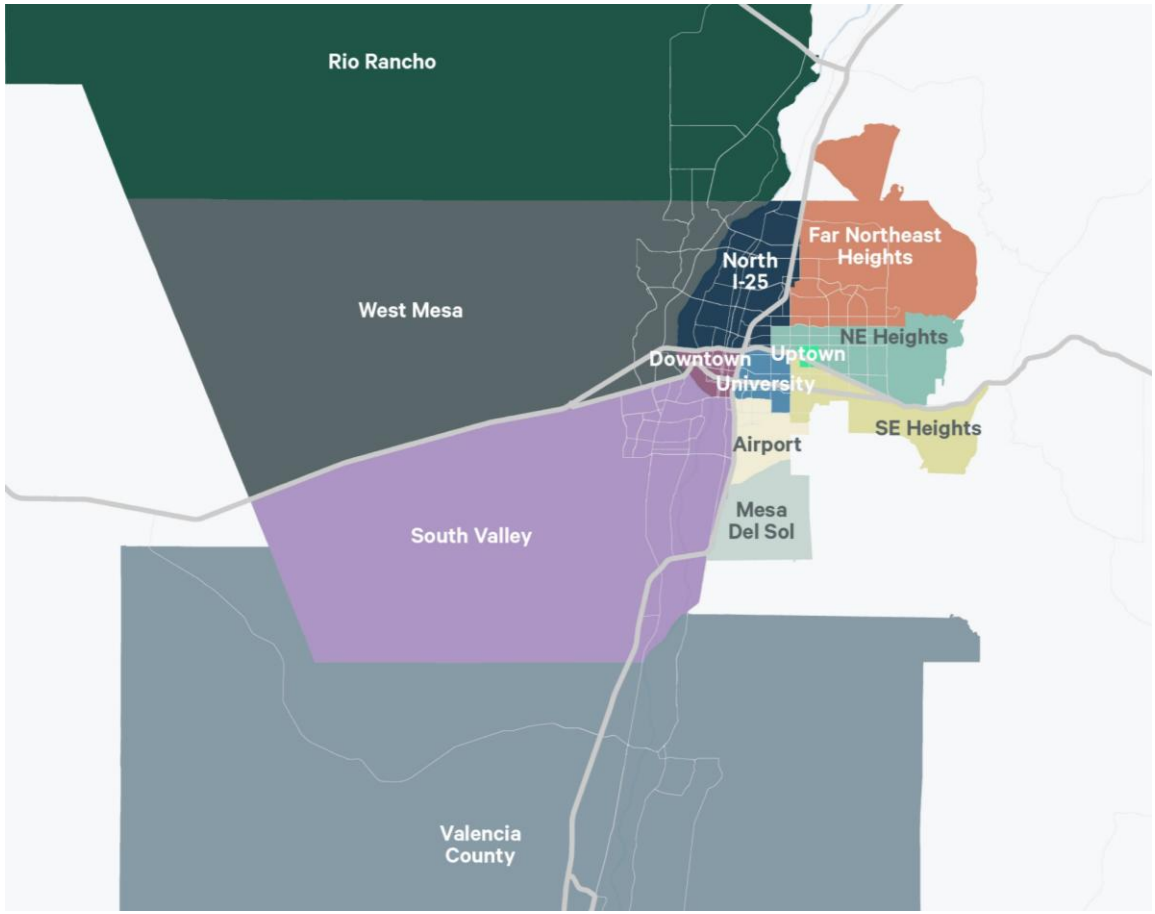
Figure 9

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Airport	870,000	10.8	10.8	10.8	-	16.32	(3,000)	(16,000)	-	-
Downtown	2,800,000	23.3	23.8	23.8	-	19.34	5,000	(18,000)	-	-
Far Northeast Heights	1,300,000	10.2	10.6	10.2	0.4	20.85	58,000	59,000	-	-
Mesa del Sol	295,000	-	-	-	-	-	-	99,000	-	-
NE Heights	533,000	2.4	3.0	2.4	0.7	20.28	(1,000)	1,000	-	-
North I-25	3,300,000	8.1	10.5	8.6	1.8	22.14	25,000	22,000	-	-
Rio Rancho	725,000	17.8	17.8	17.8	-	22.20	-	-	-	-
SE Heights	334,000	4.0	4.0	4.0	-	16.63	(1,000)	(6,000)	-	-
University	318,000	34.0	38.6	34.0	4.6	20.86	(53,000)	(79,000)	-	-
Uptown	1,800,000	12.2	12.9	12.5	0.4	21.42	(35,000)	(48,000)	-	-
West Mesa	348,000	4.7	4.7	4.7	-	21.87	(2,000)	(9,000)	-	-
Total	**12,600,000**	**13.0**	**14.1**	**13.4**	**0.7**	**20.38**	**(6,000)**	**5,000**	**-**	**-**

Source: CBRE Research, Q3 2026

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Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the "drip line" of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the "net" costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days.

Numbers presented throughout this report have been rounded for readability. As a result, individual line items may not sum to totals shown. All figures should be considered approximate.

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.

Contacts

Shona Martinez
Market Leader
+1 505 837 4819
shona.martinez@cbre.com

Laura Wilhelm
Senior Field Research Analyst
+1 702 369 4861
laura.wilhelm@cbre.com

Sierra Hoffer
Associate Research Director
+1 801 869 8022
sierra.hoffer@cbre.com

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