

FIGURES | ALBUQUERQUE INDUSTRIAL | Q3 2026

Industrial market fundamentals stabilize amid limited supply growth

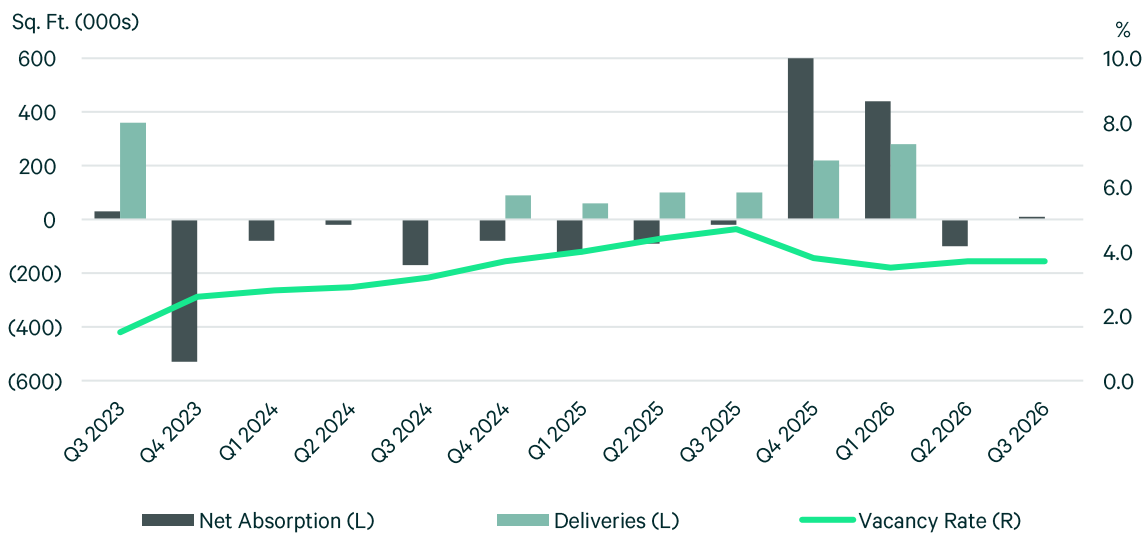


Market Overview

The Albuquerque industrial market maintained relatively stable conditions in Q3 2026 as occupier demand rebounded following a softer second quarter. Market fundamentals remained healthy, supported by limited availability, steady leasing activity, and the absence of new supply additions. While conditions had moderated from the exceptionally tight environment experienced several years ago, the market continued to benefit from a supply-constrained inventory base that helped preserve occupancy levels and support rental rate growth. Vacancy remained low by historical standards, reflecting the resilience of demand across the metro's industrial corridors.

Market performance during the quarter suggested a return to greater stability following the occupancy fluctuations recorded earlier in the year. Tenant demand remained present, although occupiers continued to be selective in their leasing decisions and focused on space that aligned with evolving operational requirements. Limited inventory growth helped keep future supply pressures in check, allowing existing space to accommodate demand without significant competition from new projects. As a result, Albuquerque's industrial market remained well-positioned at quarter-end, supported by low vacancy, rising rental rates, and a development environment that favored landlords.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q3 2026

Vacancy Rate

Overall vacancy held steady at 3.7% for the second consecutive quarter in Q3 2026, reflecting generally stable market conditions. While vacancy remained above the historic lows recorded during 2022 and early 2023, it continued to compare favorably with recent years and remained well below the 4.7% recorded one year ago. The stable vacancy rate, coupled with a return to positive absorption, suggested that market fundamentals continued to stabilize following fluctuations experienced throughout 2024 and 2025. Although tenant demand had become more selective, demand remained sufficient to maintain healthy occupancy levels despite several larger blocks of available space across the market.

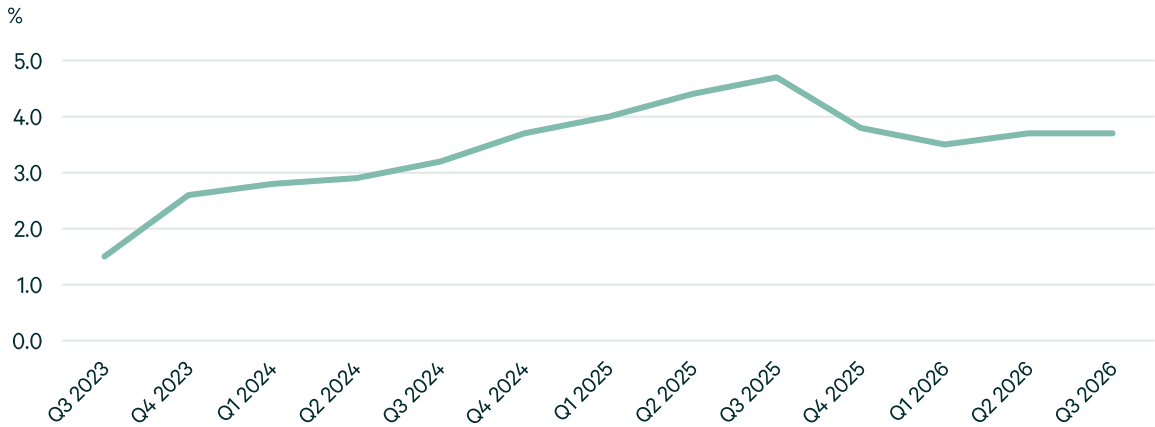
The Airport and North I-25 submarkets posted the market's highest vacancy rates at 8.1% and 6.0%, respectively, while South I-25, SE Heights, and West Mesa remained among Albuquerque's tightest industrial corridors. North I-25's vacancy rate was influenced in part by the continued availability of a block of space exceeding 500,000 sq. ft. that remained unleased during the quarter, while a roughly 150,000 sq. ft. vacancy in Rio Rancho also continued to contribute to available inventory within the market. In contrast, South I-25's vacancy rate measured just 0.7%, reflecting limited availability and sustained tenant demand. While tenants had more options than during the market's exceptionally constrained conditions several years ago, the supply of quality industrial space remained relatively limited across Albuquerque's core industrial areas.

Asking Rent

Average direct asking rents increased to \$11.40 per sq. ft. NNN in Q3 2026, up from \$11.10 per sq. ft. in the prior quarter and approximately 4.1% above year-ago levels. The increase reflects continued support from relatively low vacancy, limited supply growth, and steady occupier demand. While rental growth has moderated from the rapid pace experienced earlier in the cycle, landlords generally maintained pricing power during the quarter due to the limited amount of quality industrial inventory available throughout much of the market.

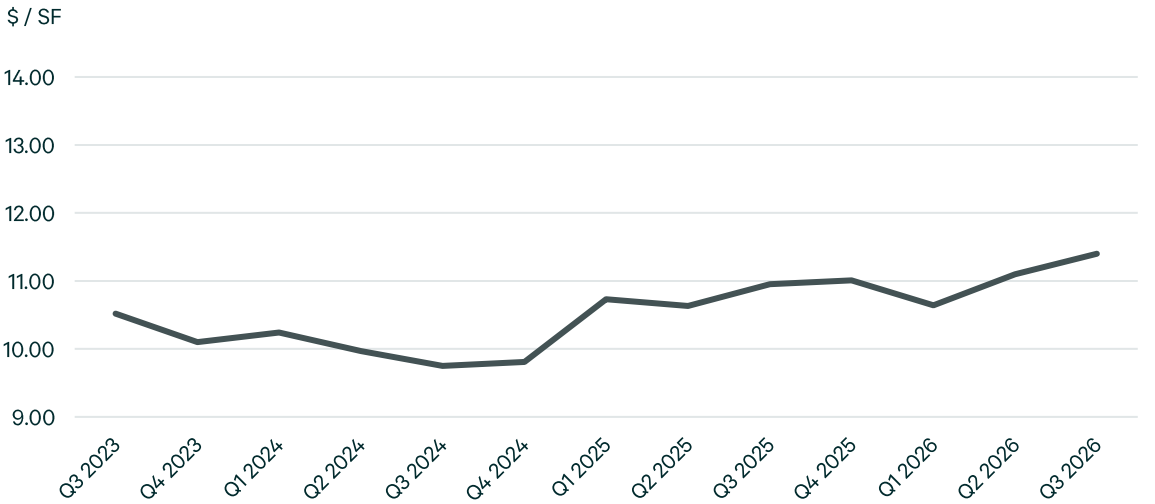
Rental rates continued to vary by location and asset quality. The SE Heights and South I-25 submarkets commanded the highest asking rents in the market at \$13.23 and \$13.00 per sq. ft. NNN, respectively, while Airport also maintained above-average pricing. More affordable options remained available in submarkets such as Downtown, Rio Rancho, and West Mesa. This variation in pricing reflects occupiers' willingness to pay a premium for functional industrial facilities in well-located submarkets, particularly where available inventory remains limited. With no new supply currently underway, rental rates should remain generally supported moving forward.

Figure 2: Vacancy Rate



Source: CBRE Research, Q3 2026

Figure 3: Average Direct Asking Rate



Source: CBRE Research, Q3 2026

Net Absorption

Following the occupancy losses recorded in Q2 2026, the Albuquerque industrial market returned to positive territory in Q3 2026 with approximately 6,000 sq. ft. of net absorption. While the quarterly gain was modest, it represented a notable improvement from the negative 93,000 sq. ft. recorded during the prior quarter and helped stabilize overall market conditions. Year-to-date net absorption remained positive at approximately 345,000 sq. ft., indicating that occupier demand continued to support market fundamentals despite periodic quarter-to-quarter volatility and several large occupancy shifts during the quarter.

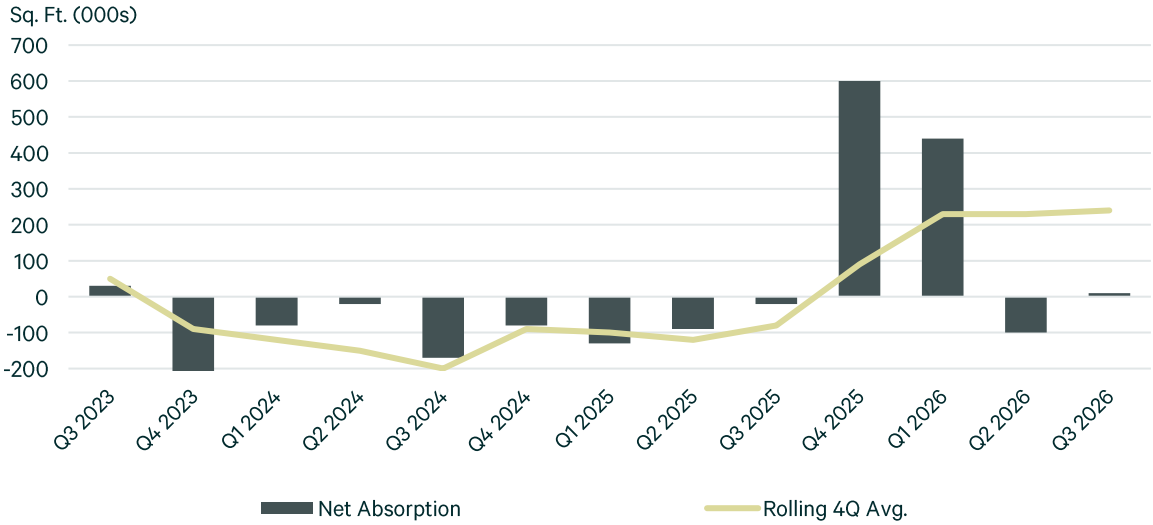
Absorption performance varied across submarkets during the quarter. South I-25 led the market with nearly 50,000 sq. ft. of positive absorption, driven largely by a mining and manufacturing company taking occupancy of space there. Meanwhile, North I-25 recorded one of the metro's largest occupancy declines as American Tire Distributors vacated approximately 109,000 sq. ft., contributing to negative absorption in the submarket. Airport and West Mesa also posted occupancy gains, partially offsetting losses in North I-25 and North Valley. Overall, the variation in performance suggests occupiers remained active but increasingly selective, often prioritizing specific locations and building characteristics that best align with operational needs. Despite mixed results at the submarket level, demand remained sufficient to support stable market fundamentals throughout the quarter.

Construction Activity

Industrial development activity remained inactive during Q3 2026, with no projects under construction and no deliveries completed during the quarter. As a result, Albuquerque's industrial inventory remained unchanged, continuing a trend of limited supply growth that has characterized the market over the past year. The absence of new development has helped preserve relatively tight market conditions despite fluctuations in quarterly leasing activity and occupancy trends, allowing existing inventory to accommodate current tenant demand.

Compared with many larger industrial markets, Albuquerque has avoided the wave of supply expansion seen in recent years, resulting in a more measured inventory environment. Consequently, tenants seeking modern, high-quality industrial space continue to encounter limited options in several of the metro's most sought-after submarkets. While vacancy has edged upward from historic lows, the lack of significant inventory growth has helped support asking rents and maintain overall market stability. Future development activity will likely depend on sustained tenant demand and conditions that support new construction activity.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q3 2026

Figure 5: Construction Activity



Source: CBRE Research, Q3 2026

Market Statistics by Submarket

Figure 6

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Airport	1,100,000	8.1	9.4	9.4	-	12.87	21,000	8,000	-	-
Downtown	3,200,000	3.4	5.6	5.6	-	10.54	-	2,000	-	-
Mesa del Sol	818,000	-	-	-	-	-	-	65,000	-	-
NE Heights	472,000	3.4	3.4	3.4	-	11.26	-	(16,000)	-	-
North I-25	16,900,000	6.0	6.6	6.4	0.2	11.64	(47,000)	(116,000)	-	-
North Valley	2,700,000	2.7	3.5	3.2	0.3	10.91	(15,000)	(60,000)	-	-
Rio Rancho	6,500,000	3.1	5.3	3.1	2.2	10.75	(2,000)	1,000	-	-
SE Heights	1,500,000	0.8	1.8	0.8	1.0	13.23	(5,000)	5,000	-	-
South I-25	3,100,000	0.7	0.7	0.7	-	13.00	47,000	127,000	-	-
Valencia County	3,300,000	4.0	4.0	4.0	-	11.49	-	4,000	-	-
West Mesa	8,300,000	1.1	1.1	1.1	-	10.92	6,000	324,000	-	-
Total	47,900,000	3.7	4.5	4.0	0.4	11.40	6,000	345,000	-	-

Source: CBRE Research, Q3 2026

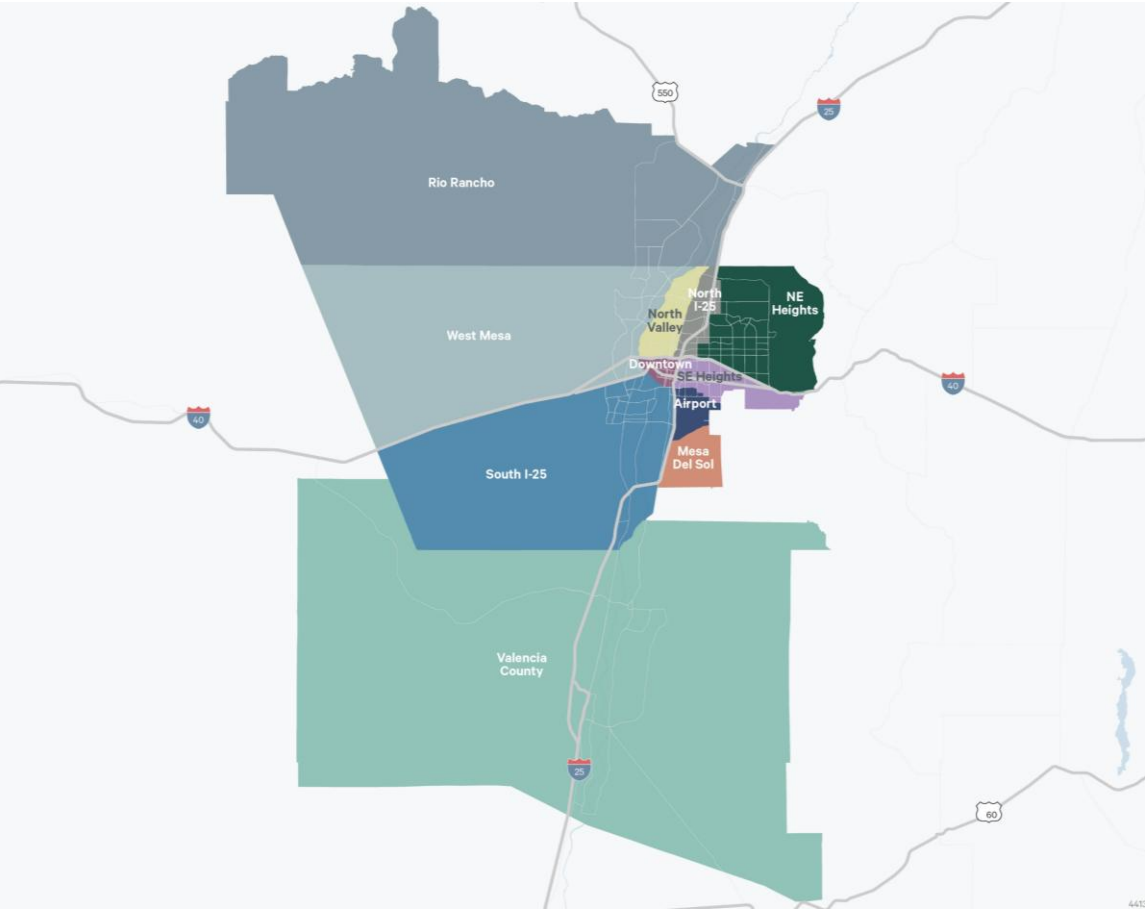
Market Statistics by Size

Figure 7

Size Range	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50K SF	20,200,000	2.3	3.3	3.0	0.3	12.80	68,000	70,000	-	-
50K-99,999 SF	7,700,000	5.0	6.9	5.1	1.9	11.67	46,000	98,000	-	-
100K-249,999 SF	7,100,000	5.6	6.2	6.2	-	11.17	(109,000)	177,000	-	-
250K-499,999 SF	2,900,000	-	-	-	-	-	-	-	-	-
500K-749,999 SF	1,100,000	47.8	47.8	47.8	-	9.75	-	-	-	-
750,000 SF +	9,000,000	-	-	-	-	-	-	-	-	-
Total	47,900,000	3.7	4.5	4.0	0.4	11.40	6,000	345,000	-	-

Source: CBRE Research, Q3 2026

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 industrial 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.

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