

Industrial Market Profile



ALBUQUERQUE | NEW MEXICO



1 Million+

Population Within a 60-Minute Drive



3 Times

More Concentrated than the National Avg. in Semiconductor and Electrical Component Manufacturing



4.6%

Annual Operating Cost Savings on Industrial Production

Albuquerque MSA - Cost savings against sample metropolitan average with a total annual operating cost for a 150K SF industrial production facility with 250 full-time employees.



ESRI 2022 Demographics

Industrial Market Profile

Top Performing Industrial Sectors

32%
Job Growth
(2016-2021)

\$1.7 Billion
Exported Sales
(2021)

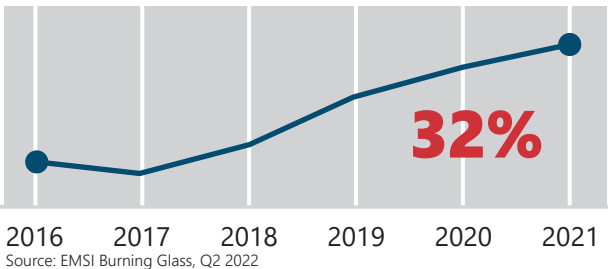
65%
Exported Sales
(2021)

In Greater Albuquerque, top-performing industrial sectors are defined as those with greater than 100 jobs in 2016 and have experienced greater than or equal to 10% job growth from 2016 to 2021.

In aggregate, these top-performing sectors are export-oriented industries, employ 10,630, and expanded 32% from 2016 to 2021. Combined, these sectors outpaced national growth influences by 1,700 jobs, indicating a unique regional value proposition for these sectors.

Aggregate Job Growth

Top Performing Industrial Sectors (2016 to 2021)



Top Performing Industrial Sub-Sectors

Industry Description	5-Year Job Growth (2016-2021)	Average Industry Wage
Pharmaceutical and Medicines	89.6%	\$53,705
Electric Lighting Equipment	57.6%	\$58,779
Couriers and Express Delivery Services	52.7%	\$44,008
Fruit and Vegetable Preserving and Specialty Foods	52.6%	\$32,803
Other Fabricated Metal Products	42.7%	\$54,880
Beverage Manufacturing	22.8%	\$30,083
Semiconductor and Other Electronic Components	22.3%	\$102,175
Specialized Freight Trucking	18.2%	\$45,246
Medical Equipment and Supplies Mfg.	13.0%	\$49,500
Plastics Product Manufacturing	10.2%	\$44,280
Greater Albuquerque Region	32.0%	\$64,214

SUCCESS STORY

Blue Halo

National Security and Technology

- \$65 million total capital investment
- 324 jobs
- \$90,000 average salary
- 163,000 SF of total space in Albuquerque



SUCCESS STORY

Curia

Drug Research & Development

- \$93.1 million total capital investment
- 674 jobs
- \$50,000 average salary
- 65,000 SF expansion in Albuquerque



Competitive Regional Operation Costs

Operation Cost Case Study

REAL ESTATE PROFILE

Building Type: Industrial Manufacturing
Building Size: 150,000 SF
Status: Lease

WORKFORCE PROFILE

Machine Operators and Assemblers:	170
Administrative Support:	30
Operations Management and Supervisors:	20
Business Operations Specialists:	20
Transportation and Material Moving:	10
Total Workforce:	250

Operational Cost Comparison

4.6% Total Operating Cost Savings

2.4% Payroll Cost Savings

16% Real Estate Cost Savings

Operational Cost Comparison | Industrial Production

Total Annual Operating Cost, City Names Reflect Metro Areas



SUCCESS STORY

Amazon

Global On-line Retailer

- \$200 million total capital investment
- 3,500 new jobs
- New facilities in Albuquerque and Los Lunas
- 4 million SF of warehouse space



SUCCESS STORY

Manna Capital Partners

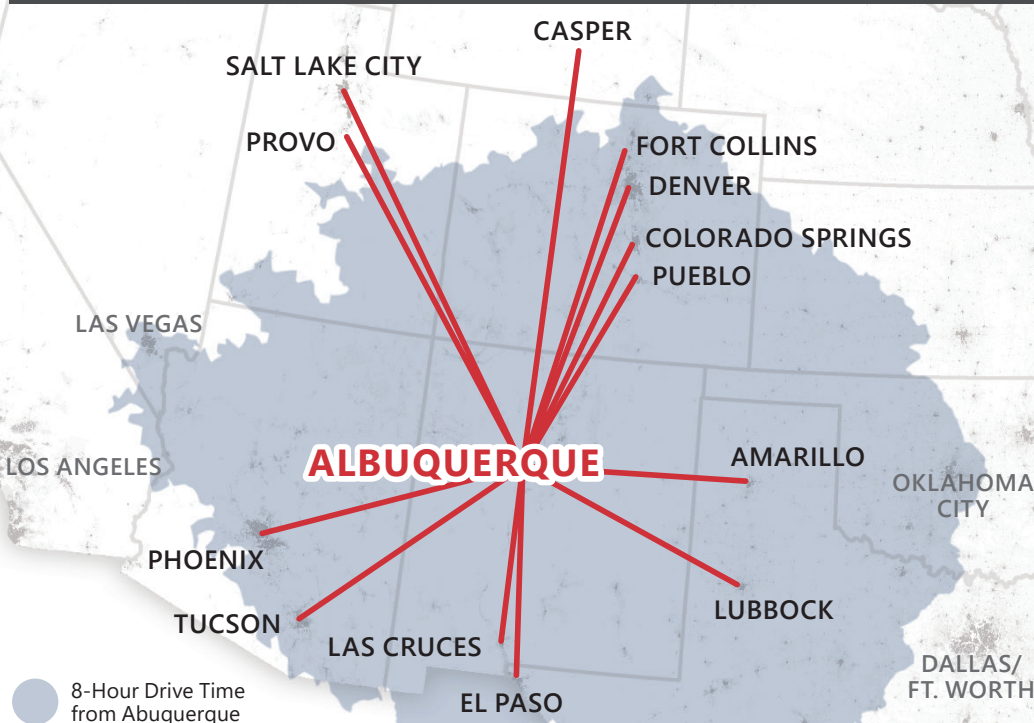
Business Enterprise & Investment

- Aluminum sheet rolling mill
- \$2.17 billion total capital investment
- 969 new jobs
- 1,300 acre parcel in Los Lunas



Timing and Location Matter

Easy Access to Major Regional Markets



One-Day Drive

Albuquerque is one of eight cities that combined serves 95% of the United States population within a one-day drive.

- **Albuquerque, NM**
- Bloomington, IL
- Fresno, CA
- Huntington, WV
- Jacksonville, FL
- Newark, NJ
- Spokane, WA
- Waco, TX



The West I-40 corridor is home to many of the region's largest distributors. Its ability to serve all New Mexico markets and beyond make this trade area one of the elite locations for large industrial users.

amazon

+TEMPUR-PEDIC

FedEx

Coca-Cola



Labatt
FOOD SERVICE

Flagship
FOOD GROUP

THE ALBUQUERQUE ADVANTAGE

- Skilled workforce
- Business incentives
- Quality of life
- Cost of living
- Innovation central
- On the cutting edge of technology

Low-Risk Location

Extreme weather and natural disasters can cause disruption to company operations. That's why locating in a low-risk area such as Albuquerque is a great choice.



310
Sunny Days
Per Year



AREA & NAI SunVista Partnership

AREA is a strong leader and driving force in the Albuquerque region. NAI SunVista is honored to work hand-in-hand to bring greater prosperity and growth to our region. We believe in the potential of this effort and are strong advocates for success and progress.



NAI SunVista

CONTACT US

Alex Pulliam

Senior Advisor
NAI SunVista
alex@sunvista.com
505 350 5729

Genieve Posen

Advisor
NAI SunVista
genieve@sunvista.com
505 998 1568

Danielle Casey

President & CEO
AREA
dcasey@abq.org
505 705 3785

Grant Taylor

Director of Business Development
and Analytics, AREA
gtaylor@abq.org
505 705 3787

Learn more
about the
NAI SunVista
Industrial
Team



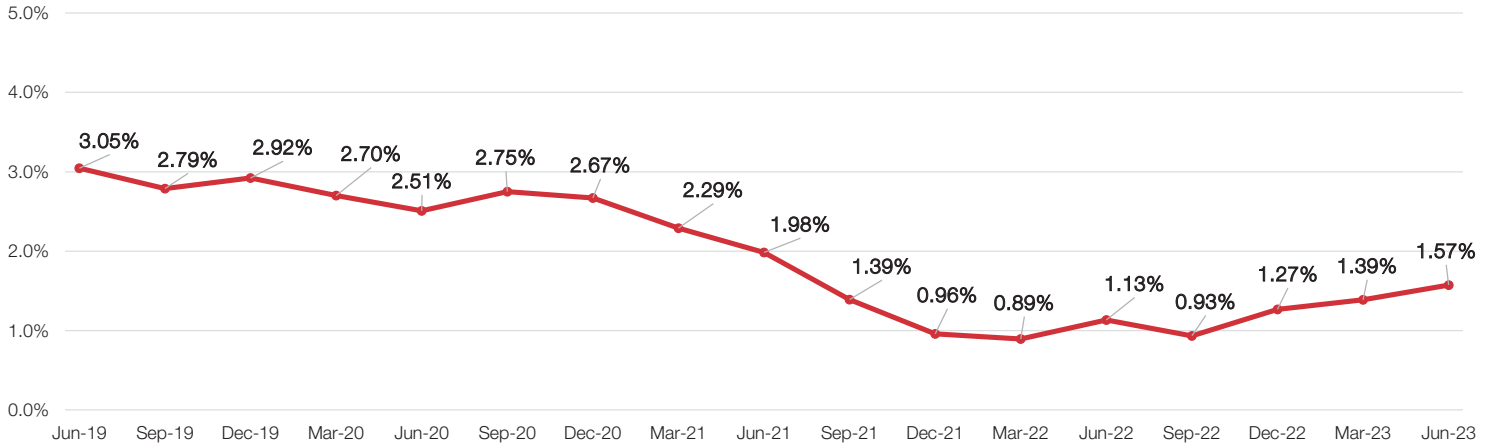
2023 Q2 Lease Market Overview

ALBUQUERQUE | INDUSTRIAL REAL ESTATE

The vacancy rate is increasing, but it's still well below the historical average

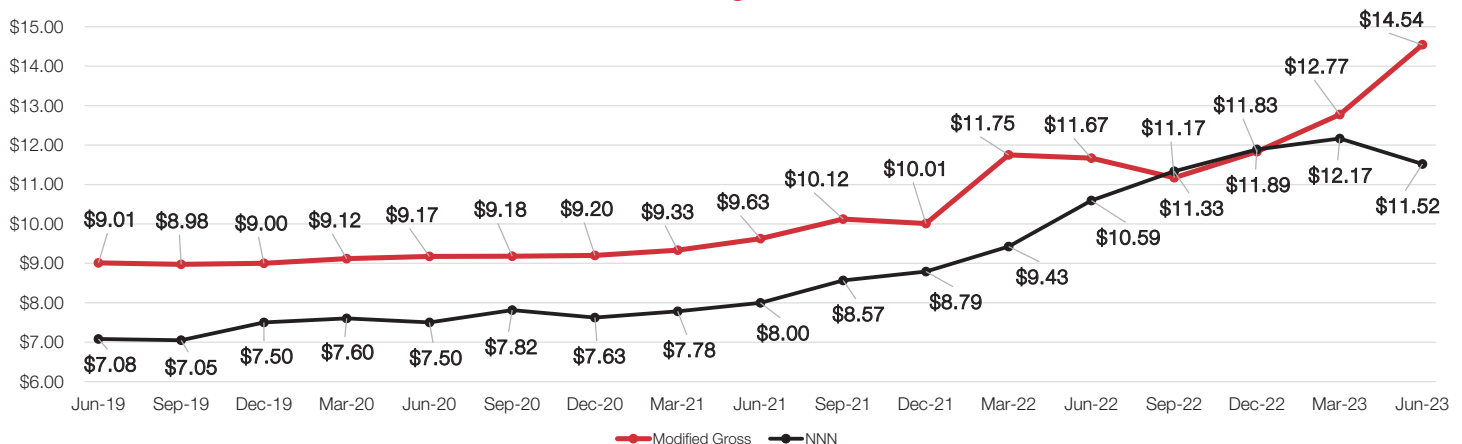
Since the end of Q3 2022, the vacancy rate has steadily increased from a record low of just under 1% to its current level, roughly 1.6%.

Vacancy Rate



- About 625,000 square feet of space is currently available, up from 550,000 at the end of the first quarter. The North I-25 corridor continues to have the highest amount of vacant space (roughly 280,000 square feet) while submarkets west of the river remain very short on space. The largest existing vacancy (a manufacturing facility in the North I-25 corridor) is just under 45,000 square feet. The smallest existing vacancy (1,075 SF) is an office/warehouse building in the South Valley.
- The median triple-net (NNN) asking lease rate has decreased from the previous quarter's record high (\$12.17/SF) to \$11.52/SF. This is likely in response to the vacancy rate increase, though 80% of all spaces currently being marketed still have a price tag at or higher than \$10.00/SF.

Median Asking Lease Rates



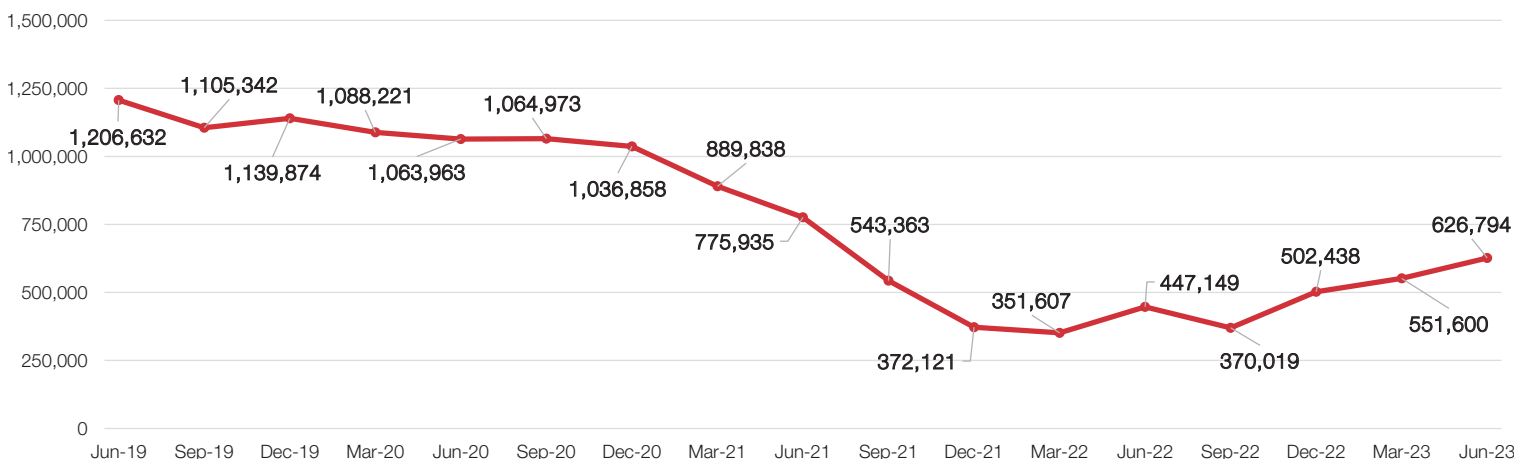
- New construction of industrial space continues but is slowing. A ±60,000 square foot building in the North I-25 corridor was completed in the second quarter. As of this writing it is about 70% leased. Two other buildings are well underway and should be delivered to the market in the third quarter: a ±150,000 square foot distribution center located in the West Mesa submarket and a ±150,000 square foot distribution center in the South Valley. Both buildings are about 30% preleased. While several other new construction projects are being marketed, none have yet broken ground.

2023 Q2 Lease Market Overview

ALBUQUERQUE | INDUSTRIAL REAL ESTATE

- In late June, a ribbon cutting ceremony was held to celebrate the opening of the Sunport Blvd. interchange which now links the intersection of Broadway Blvd. and Woodward Rd. to I-25. This project has been in the works for decades and dramatically improves accessibility to and from the area. While industrial property owners along the Broadway corridor north of Rio Bravo and south of Gibson stand to benefit the most, this is another benchmark improvement for the South Valley submarket which has seen several hundred million dollars in new investments (public and private) in the last five years.

Square Feet Available for Lease



Macroeconomic trends remain a challenge. The interest rate environment is unlikely to improve this year, but it also may not get worse. Inflation is tapering but not yet at the 2% target rate. Construction costs are still high. These and other factors may cause the industrial real estate market in Albuquerque to stabilize further but overall, the local market remains strong.

NEW CONSTRUCTION UPDATE:

Under Construction	Q1 2023	Q2 2023	Quarterly Change
Total Square Footage	375,745	298,214	-20.63%
Number of Buildings	4	2	-50.00%
Average Project Size (SF)	93,936	149,107	58.73%

Proposed/Marketed	Q1 2023	Q2 2023	Quarterly Change
Total Square Footage	3,043,729	1,533,413	-49.62%
Number of Buildings	23	16	-30.43%
Average Project Size (SF)	132,336	95,838	-27.58%

CONTACT FOR MORE INFORMATION:

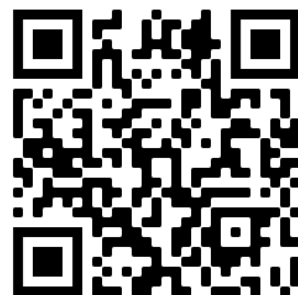
Riley McKee

Director, Industrial Real Estate
riley@sunvista.com
505 998 1656

NAI SunVista understands the unique real estate needs of industrial property owners and users. Our Industrial Division advisors have extensive experience in developing customized solutions for our clients in manufacturing, assembly, warehousing and distribution.



Scan below to learn more about the NAI SunVista Industrial Team:



The information contained herein was obtained from sources deemed to be reliable. We have no reason to doubt the accuracy of information, however, we cannot, and do not, make any guarantees. The information and perspectives contained herein is not a substitute for a thorough due diligence investigation.