

LEASEHOLD INTEREST & IMPROVEMENTS FOR SALE

CARGO TECTURE / ARKITAINER FLEX COMMERCIAL BUILDING

1226 FLAGMAN WAY, SANTA FE, NM 87505



\$1,520,000 (\$293/SF) | BUILDING: 5,182 ± SF | LAND: 0.354 ±
BCD COMMERCIAL ZONING IN THE BACA RAILYARD

REA | REAL ESTATE ADVISORS
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PRESENTED BY:

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PROPERTY SUMMARY

1226 FLAGMAN WAY | SANTA FE, NM 87505



Property Summary

Price:	\$1,520,000
Building SF:	5,182
Occupancy: Available	Vacant
SF:	5,182
Lot Size of parcel LL:	0.35 Acres
Parking:	9
Year Built:	2010
Renovated:	2025
Ground Rent + CAM:	\$3,538/MO±

Property Overview

1226 Flagman Way is a 5,182 SF two-story cargotecture commercial building in the Baca District of the Santa Fe Railyard – a rare contemporary architectural statement comprehensively renovated and expanded between 2022 and 2025. The offering comprises ownership of the improvements and the leasehold interest from the SF Railyard Community Corp. and the City.. The building includes a gallery-quality main floor, a mezzanine level, an interior elevator, three separate electric meters allowing potential delineation into up to three units, and a private studio apartment with dedicated HVAC. Close to SITE Santa Fe, the Farmers Market, Violet Crown Cinema, and the Rail Runner station – a signature address for a gallery, design studio, creative-economy business, or owner-occupant.

Location Overview

The Santa Fe Railyard is the most ambitious mixed-use redevelopment project in modern Santa Fe history anchoring the city's cultural, commercial, and civic life. Sited where the first train pulled into Santa Fe in 1880, the Railyard has been reimagined over the past two decades into a walkable district of contemporary architecture, art galleries, restaurants, public open space, residential lofts, design studios, and creative-economy businesses, all near the historic Plaza and Canyon Road. The project is divided into the North Railyard along Guadalupe Street and the Baca portion along Baca Street and Flagman Way. This property sits in the Baca portion of the district.

DETAILS AT-A-GLANCE

1226 FLAGMAN WAY | SANTA FE, NM 87505



PROPERTY DETAILS

- 5,182 SF total building area – 2,950 SF main floor (gallery / open showroom) and 2,232 SF mezzanine
- Two stories with an interior elevator, three full restrooms in the main building, and a three-quarter bath in the apartment
- Self-contained studio apartment with dedicated HVAC – supports a live-work program or a separately leased rental
- Three separate electric meters – flexible delineation as one, two, or three independent units
- Steel-container construction on a concrete foundation; metal exterior; metal-frame dual-pane windows and skylights; two cisterns; gas-fired packaged forced-air HVAC plus a mini-split
- Adequate on-site and on-street parking; the surrounding Railyard offers substantial public parking
- FEMA Zone X – area of minimal flood hazard
- Zoned BCD-RED (Business Capital District Railyard); Allows retail, office, residential, gallery and more, located within the Railyard Master Plan In-Between – Baca subdistrict, supporting 2 story scale with flat-roof heights below 27 feet and pitched-roof heights to 34 feet
- Built 2010 & recently renovated
- On a 50 year ground lease (2007 to 2057) with 4 renewal terms of 10 years each
- Building owner will pay ground rent CAM

PROPERTY DESCRIPTION

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Flex Commercial in the Railyard

1226 Flagman Way is a singular piece of contemporary architecture in one of the most desirable submarkets in Santa Fe. The two-story, 5,182 square-foot building sits on a 15,417 SF parcel one lot northwest of Cerrillos Road, fronting Flagman Way at the heart of the Baca portion of the Santa Fe Railyard. Walk out the front door and you are immediately in the cultural and commercial life of the district – surrounded by galleries, design studios, restaurants, breweries, the weekly Farmers Market, and a steady stream of locals and visitors drawn to the Railyard's distinctive mix of contemporary art, architecture, food, and live performance.

The building is a fully realized example of contemporary cargotecture – also called arkitainer – using steel intermodal shipping containers as its principal structural system. The architectural language is industrial in vocabulary and gallery-quality in execution: metal exterior cladding, expansive metal-framed dual-pane windows and skylights, exposed ductwork, and a clean palette of concrete, painted plywood, sheetrock, and painted metal interior finishes. The result is an exceptionally well-lit, flexible, and visually arresting space that simply does not exist anywhere else in Santa Fe at this scale and quality.

Originally built in 2010, the building was acquired in 2022 and then comprehensively reimaged and expanded between 2022 and 2025. Two areas of the building shell were enclosed to add square footage – a single-story addition at the north end and a two-story addition at the south end. A self-contained studio apartment with dedicated HVAC was built out at the south end, allowing a true live-work configuration. An interior elevator was installed. The entry, interior stairway, lighting, kitchen, and bathrooms were upgraded; a fire and security system was added; and three separate electric meters were installed to allow the building to be operated as up to three independent units if a future owner so chooses.

VICINITY MAP

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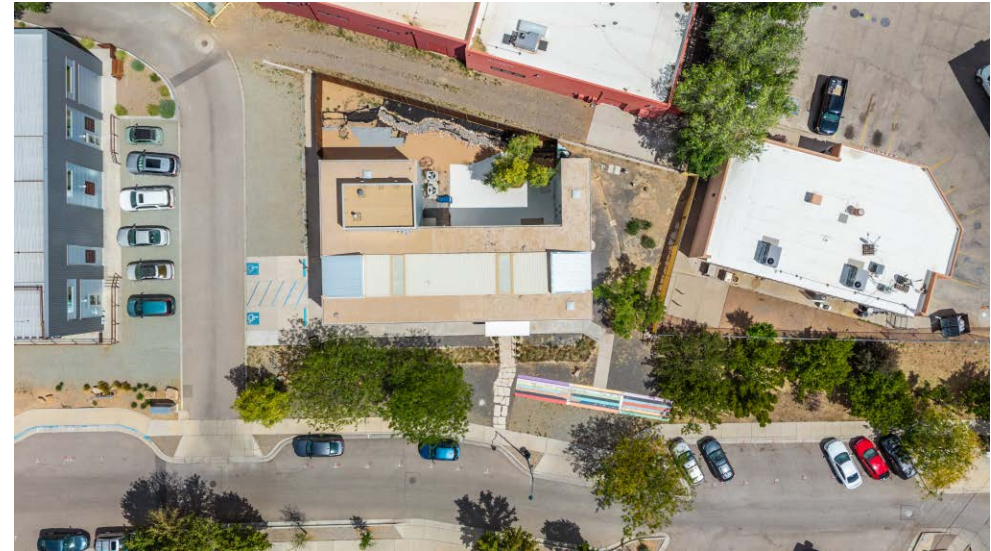


SITE
 1226 FLAGMAN WAY
 ZONING: BCD-RAILYARD
 BUILDING: 5,182 SF±
 GROUND LEASE: 0.354 AC±

NEW MEXICO DEPARTMENT OF TRANSPORTATION
 ALTA VISTA STREET
 TACO BELL
 MONTEREY DR.
 BAKED BREW
 GERILLOS ROAD 35,000 VPD
 THE RAVEN
 SPEEDWAY
 PMS CONSIGNMENT BOUTIQUE
 counter culture cafe
 ARTIFACT CONSIGNMENT BOUTIQUE
 LIQUID LIGHT GLASS
 BACA STREET
 Constellation HOME ELECTRONICS
 FLAGMAN WAY
 1226 Flagman Way
 DAVID NAYLOR INTERIOR DESIGN
 TEMPLE SANTA FE HOME GOODS
 SANTA FE ART AUCTION
 SALON DEL MAR
 UNDISPUTED FITNESS

PROPERTY PHOTOS

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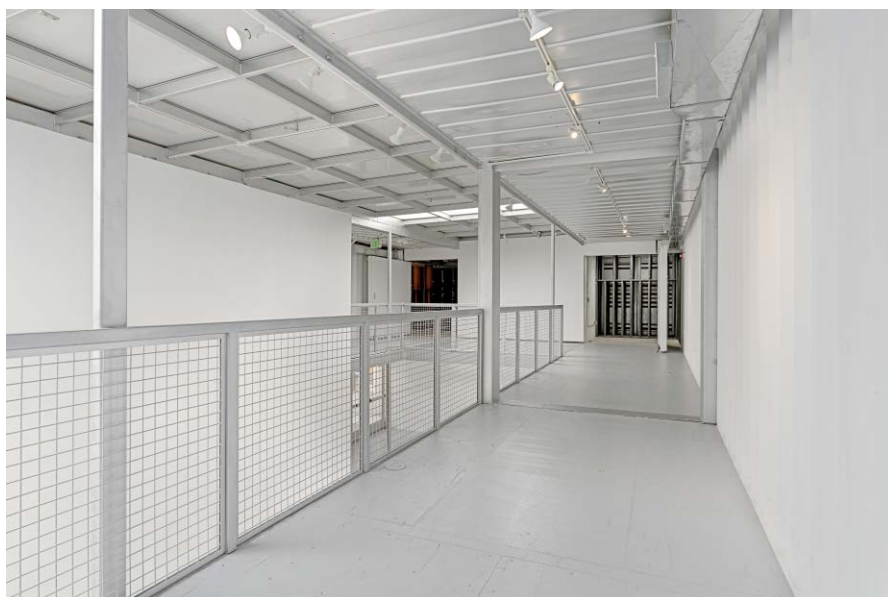
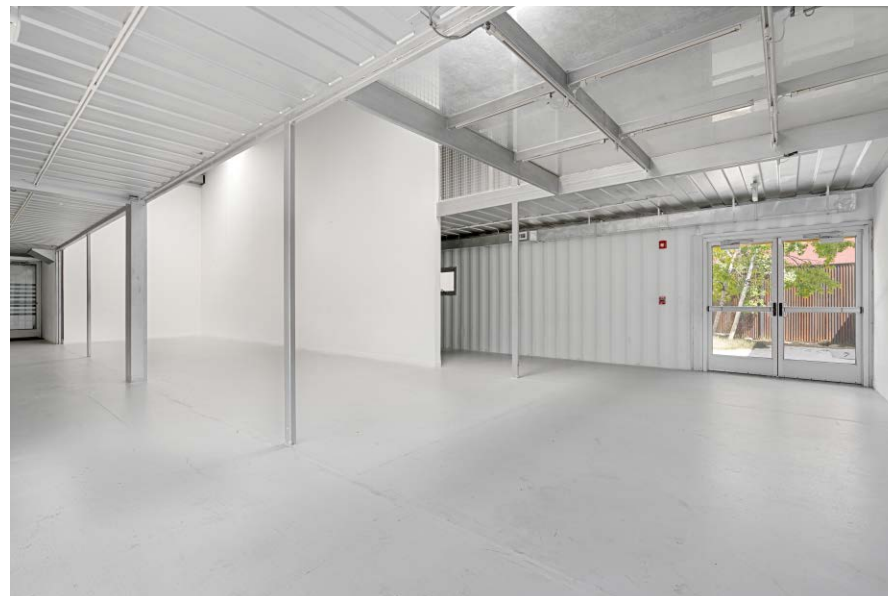
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PROPERTY PHOTOS

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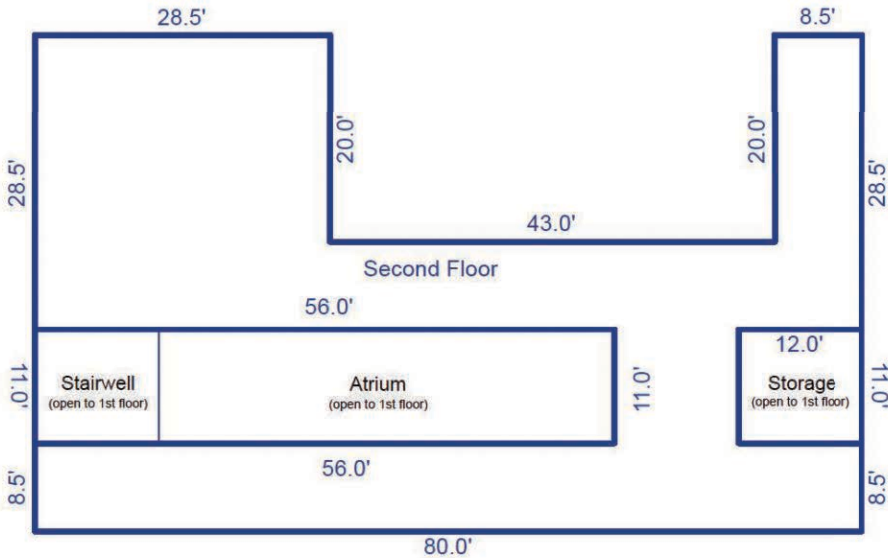
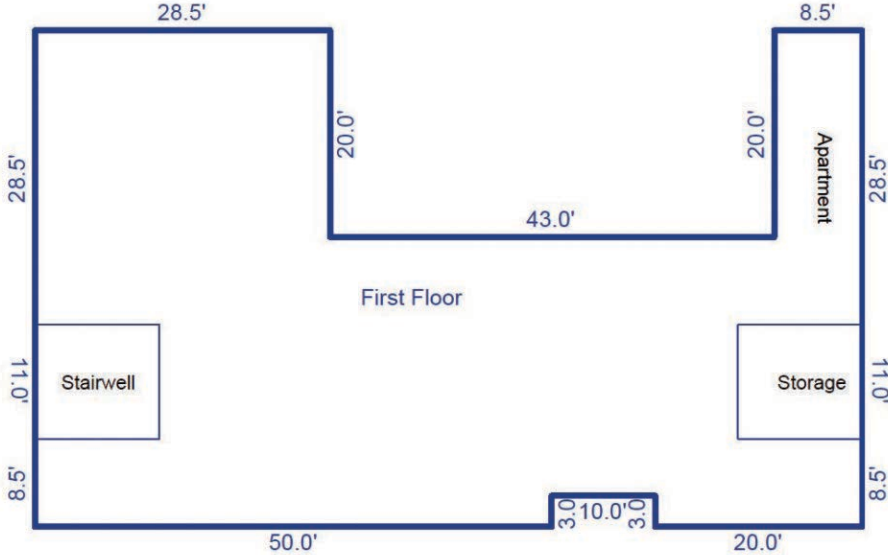
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APPRAISER'S FLOORPLAN - 5,182 SF±

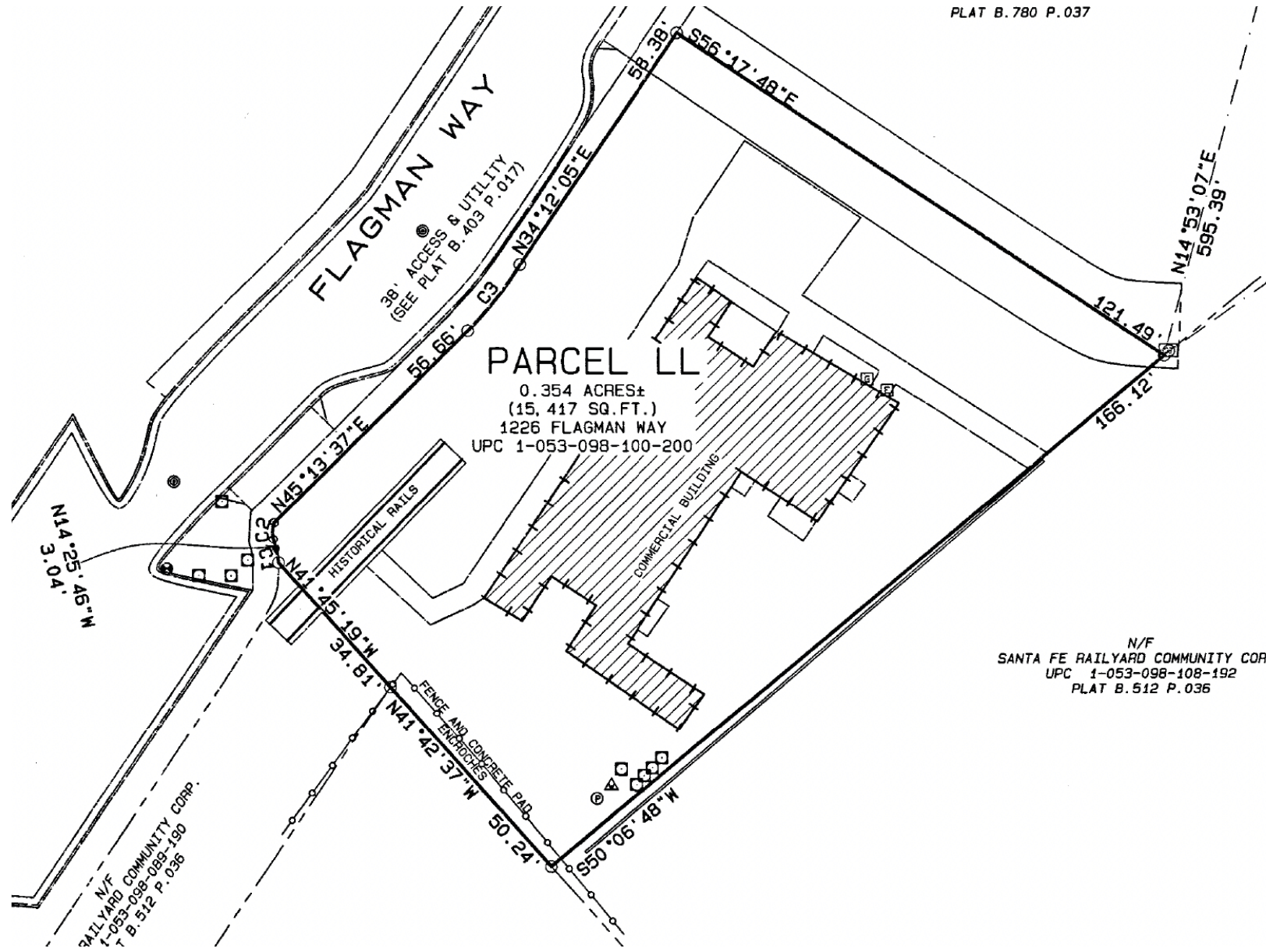
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Sketch by ApexSketch

SURVEY

1226 FLAGMAN WAY | SANTA FE, NM 87505



THE GROUND LEASE

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What Is Being Sold

What is being conveyed in this transaction is the leasehold interest in the underlying parcel together with ownership of all of the improvements built upon it – that is, the building, the systems, the fixtures, and everything that makes 1226 Flagman Way a building rather than a piece of ground. The buyer does not acquire the underlying land. The land is owned by the City of Santa Fe and master-leased to the Santa Fe Railyard Community Corporation, which in turn sub-leases the parcel through assignment to the owner of the improvements. This structure is the norm throughout the Santa Fe Railyard, and it is the same structure under which every privately developed building in the Railyard operates.

What a Leasehold Interest Means

A leasehold interest is the legal right to use and occupy a piece of real estate for a defined period of time under the terms of a written lease. The leasehold owner—the tenant—holds an exclusive possessory right to the land for the length of the lease and any exercised renewal options, may construct improvements on the land, may finance, sell, lease, and operate those improvements, and otherwise enjoys virtually all of the practical attributes of fee ownership during the term. What the leasehold owner does not own is the underlying land itself or the residual value of the improvements after the lease ends – at lease expiration, possession of the land (and ownership of the improvements still on it) reverts to the lessor. In commercial practice, leasehold interests at properties like 1226 Flagman Way are bought, sold, financed, and operated very much like fee-simple commercial real estate, with appropriate attention to the economics and the remaining term of the underlying lease.

The Original Lease

The original ground lease for 1226 Flagman Way was signed on May 17, 2007 between Molecule, LLC, a New Mexico limited liability company, as Tenant, and the Santa Fe Railyard Community Corporation, as Lessor. Molecule, LLC developed the original building on the parcel, opening in 2010. On June 29, 2022, Molecule, LLC assigned its entire interest in the lease to 725 Canyon Road LLC, with the assignment expressly approved by the Santa Fe Railyard Community Corporation pursuant to Article 9 of the lease. The leasehold passed by sale to Hauptman, LLC in May 2025 and is now held by his estate, the current Seller. The lease has an initial term of fifty (50) years from its commencement date of February 1, 2008, together with four (4) ten-year renewal options exercisable by the tenant, giving a fully exercised lease horizon out to 2098. Base rent is approximately \$3,501± per month plus a modest common-area maintenance contribution. Annual rent escalations are tied to the CPI for All U.S. Cities and may not result in a decrease. Fair rental is reset by reappraisal every ten years. The lease is in good standing and has not been modified except by the 2022 assignment and the standard CPI escalations. Buyer must confirm ground rents and CAM with SFRCC.

About the Santa Fe Railyard Community Corporation (SFRCC)

The Santa Fe Railyard Community Corporation is the non-profit organization created in 2002 to oversee the redevelopment, leasing, and ongoing stewardship of the City of Santa Fe's 50-acre Railyard property. SFRCC operates under a long-term master lease and management agreement with the City and is the entity that prepares, negotiates, and administers all of the long-term ground leases that govern the private commercial buildings in the district. SFRCC's mission is to ensure that the Railyard continues to function as a vibrant, mixed-use, design-coherent district that prioritizes locally-owned businesses, the arts, public space, and the long-term character of Santa Fe. Day-to-day, SFRCC is a knowledgeable and accessible landlord; over more than two decades of operation, it has successfully stewarded the leasing relationships with the district's privately developed buildings while preserving the Railyard's distinctive identity.

SFRCC Approval of the Sale and of Future Uses

The lease requires that any sale or other transfer of the improvements – and therefore the assignment of the underlying ground lease – be approved in advance by the Santa Fe Railyard Community Corporation. This is a routine, well-understood process that SFRCC has administered consistently across many Railyard transactions, including the prior 2022 and 2025 transfers of this property. In addition, all permitted uses of the building are governed by the Railyard Master Plan and the Railyard Design Guidelines; new tenants and new commercial uses are subject to SFRCC review for consistency with the Master Plan. In practice, this approval process protects the long-term character of the district and is one of the reasons the Railyard has remained one of the most distinctive and successful mixed-use districts in the American Southwest. Prospective buyers should plan to introduce themselves and their intended use early in due diligence.

ABOUT THE SANTA FE RAILYARD

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Map and Illustration by Daniel Bish & Steve Oles
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SANTA FE RAILYARD - BACA DISTRICT

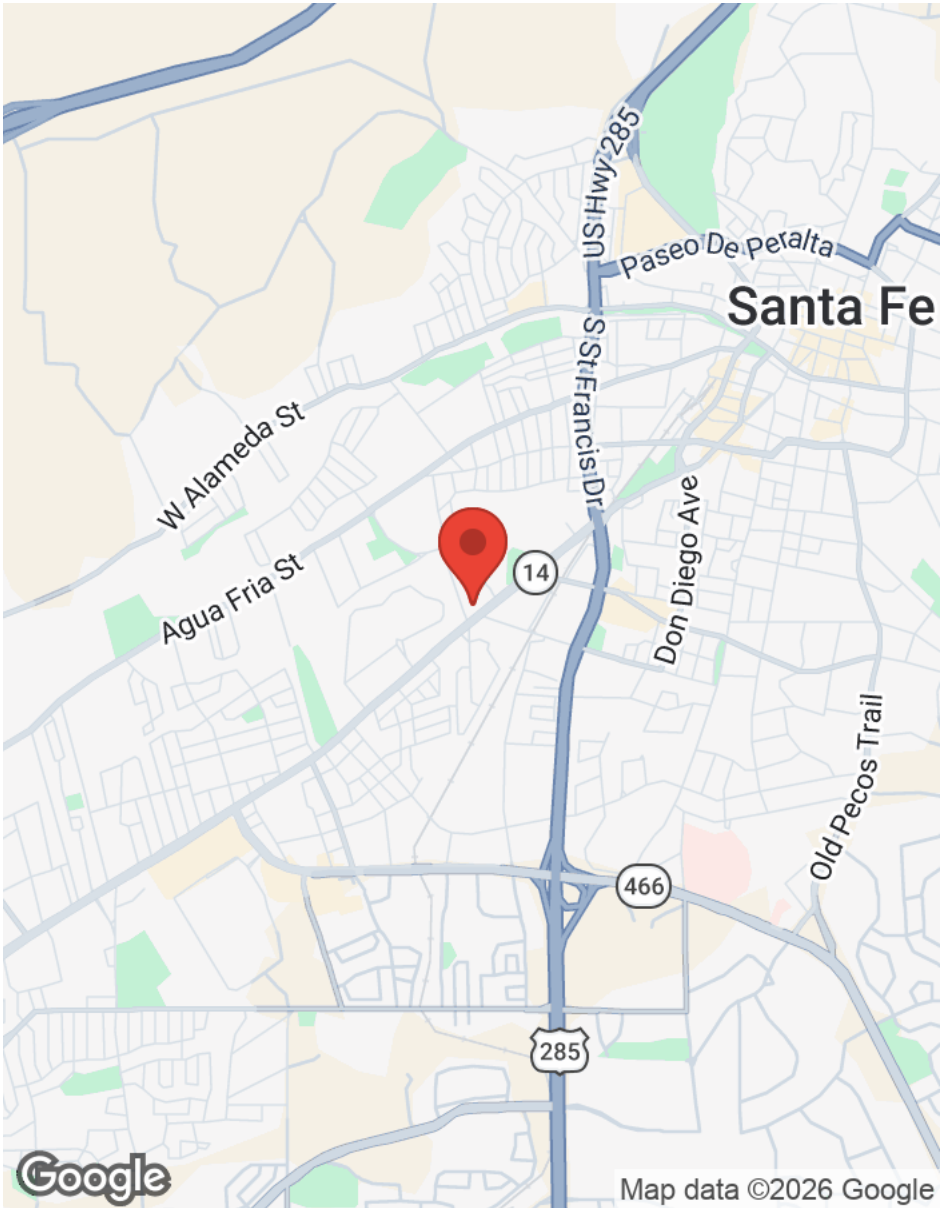
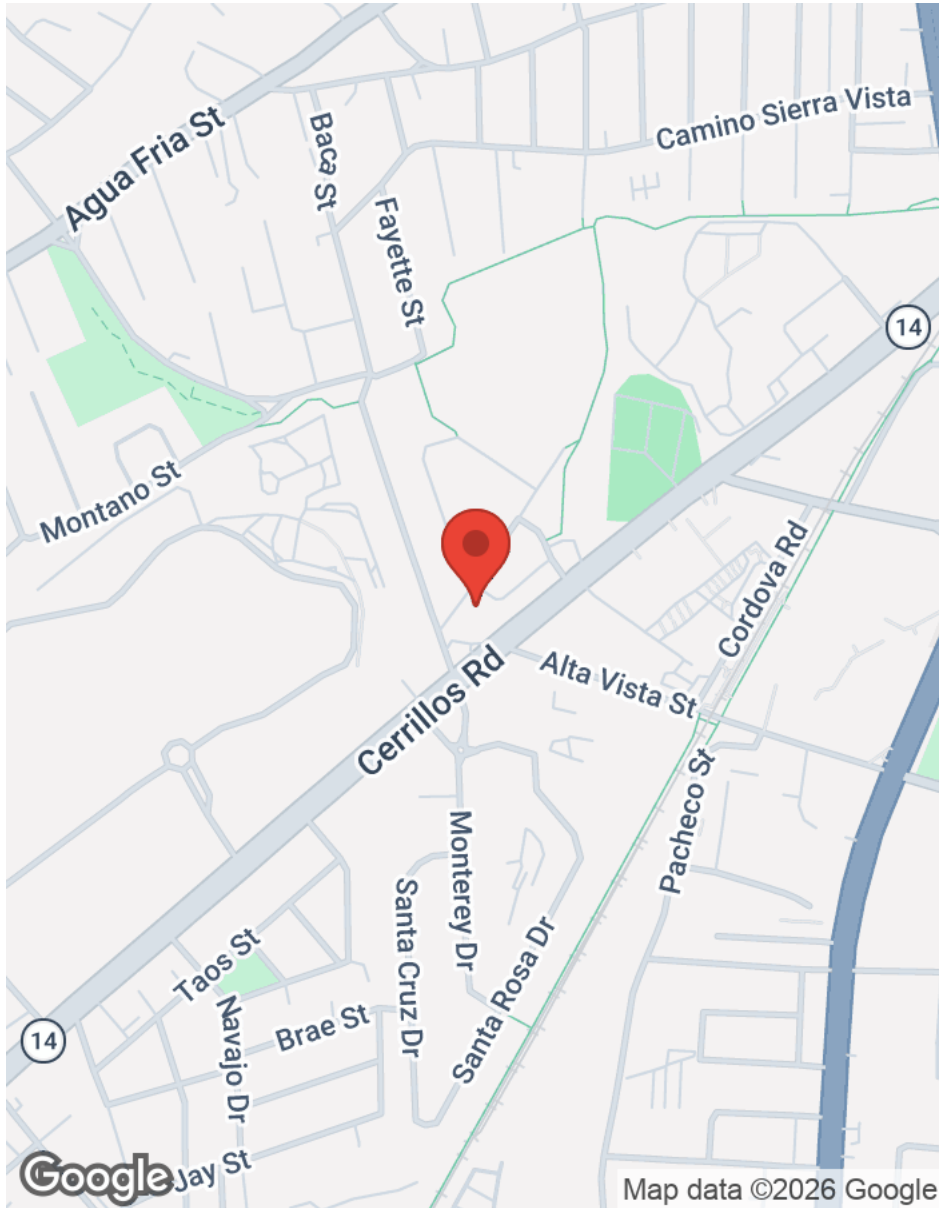
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In February 2002, exactly 122 years to the month after that first train arrived, the City of Santa Fe approved the Railyard Master Plan and entered into a long-term lease and management agreement with the Santa Fe Railyard Community Corporation. Construction on the infrastructure and the first wave of buildings began in 2006, and the district held its grand reopening in September 2008. Total project investment to date is approximately \$144 million – roughly \$74 million in public-sector investment and roughly \$70 million in private-sector investment – and the district continues to grow. Of the 50 acres, 13 are protected public space under conservation easement – the Railyard Park, the Plaza, the Alameda, the Children's Play Area, and the Railyard's signature outdoor performance space. The remaining 37 acres are commercial development, divided into the North Railyard along Guadalupe Street and the Baca portion along Baca Street and Flagman Way. 1226 Flagman Way sits in the Baca portion of the district, in the Railyard Master Plan's In-Between subdistrict – the zone between the historic Gross Kelly Warehouse area to the north and the Baca commercial edge to the south. The Railyard is operated under a leasing-preference framework that gives priority to locally owned and operated businesses serving the local and visitor communities. The result over more than two decades has been a remarkably distinctive and stable tenant mix – a district that feels like Santa Fe, not like an airport terminal. New leases and assignments of leases within the Railyard are reviewed by the Santa Fe Railyard Community Corporation to maintain this character, which protects the long-term economic and cultural value of every building in the district, including 1226 Flagman Way.

Owning a building in the Santa Fe Railyard is owning a piece of a curated, irreplaceable district. The Baca portion of the Railyard – where 1226 Flagman Way sits – has matured into the district's most creative and design-forward neighborhood. There are not many buildings of this caliber that come to market here.

LOCATION MAPS

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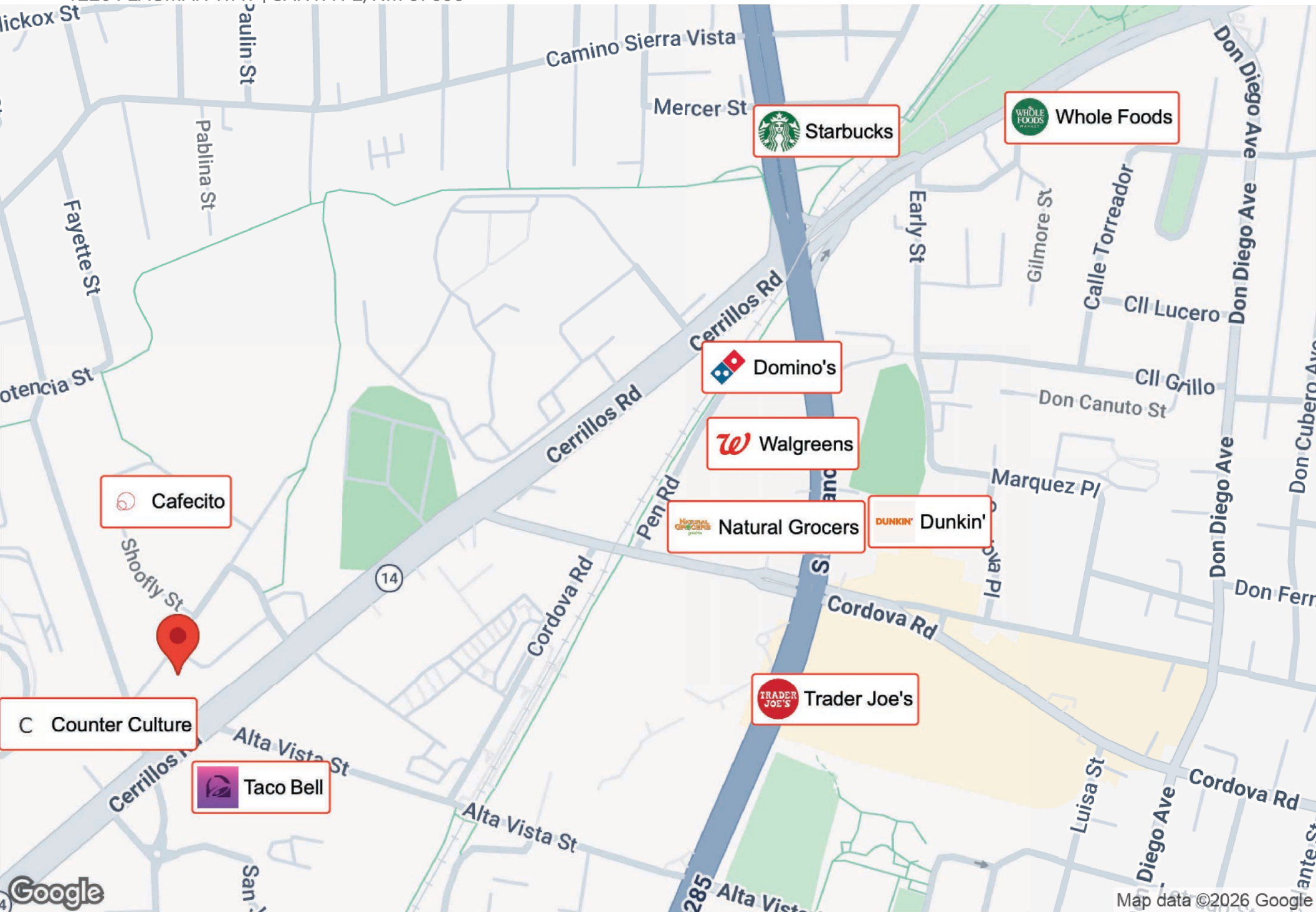


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BUSINESS MAP

1226 FLAGMAN WAY | SANTA FE, NM 87505



 Whole Foods

 Starbucks

 Domino's

 Walgreens

 Natural Grocers

 Dunkin'

 Trader Joe's

 Cafecito

 Counter Culture

 Taco Bell

REGIONAL MAP

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AERIAL MAP

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TAI BIXBY CCIM, SIOR

PARTNER, NM LICENSE 40315

PROFESSIONAL EXPERIENCE

Tai has joined Real Estate Advisors in the Santa Fe Division with over 18 years of experience. He has been in real estate since 2004, working in residential and commercial brokerage, as well as development. Earning his CCIM designation in 2012, Tai has been involved with commercial real estate exclusively since 2018.

Tai's experience includes real estate brokerage, office/industrial/retail sales/leasing, land sales both residential and commercial, 1031 tax deferred exchanges, financial/market/leasing analysis in the Santa Fe/Albuquerque real estate markets. In addition, Tai has extensive experience in investment management/analysis on behalf of both partnership and clients with passive and active investments.

Tai enjoys working in commercial real estate because he likes problem solving and helping people achieve their business and financial goals. His work in commercial real estate also allows him the ability to have fun and meet interesting people.

When Tai is not at work, you can find him snowboarding, mountain biking, sailing and traveling internationally. He balances his work/life schedule by focusing first on what matters most in his life; his faith and his family.

PROFESSIONAL AFFILIATIONS/ACCREDITATIONS

- Certified Commercial Investment Manager (CCIM)
- Society of Industrial and Office Realtors (SIOR)
- Member of Agua Fria Planning Committee for Santa Fe County Planning Department 2015-2016
- 2004 President of Commons on the Alameda Homeowner's Association
- National Association of Realtors
- Realtors Association of NM,
- Santa Fe Association of Realtors (SFAOR)
- Commercial Association of Realtors (CARNM)

ACHIEVEMENTS

- CCIM Mega Deal of the Year 2024
- LIN Lease of the year over \$500,000



DISCLAIMER

1226 FLAGMAN WAY

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