

Retail Market Trends Albuquerque

Grubb & Ellis Research
First Quarter 2007



*Sites and spaces
reevaluated...*

Construction Drives Absorption

Retail activity slowed during the first quarter and took a breath, not surprising since 2006 was one of the most vibrant years for retail. Compared to the first quarter of last year, absorption of space dropped 50 percent. New construction completions accounted for the majority of space being absorbed. The biggest was Cottonwood Commons, an 84,500-square-foot center anchored by PetCo, Cost Plus World Market, and Bed Bath & Beyond.

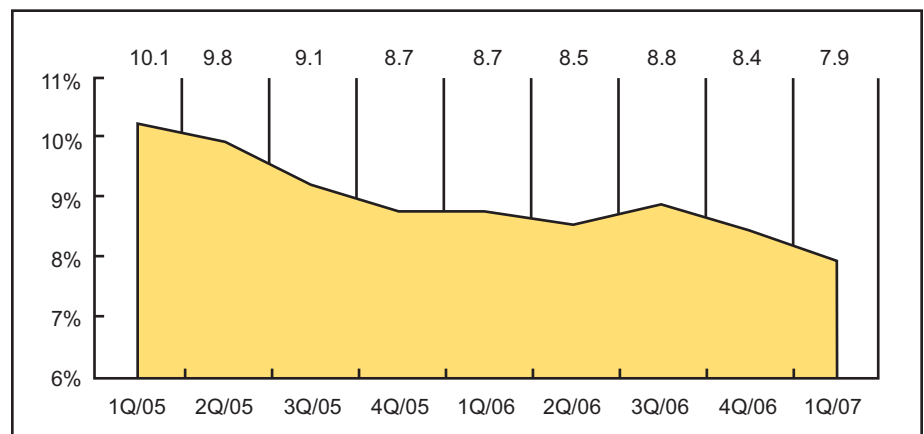
The retail construction pipeline remains very bullish. Over 900,000 square feet of space is in the planning stages and about one half of this could be underway by the year's end. As retail land gets more expensive, renovations and tear downs of existing facilities are becoming more popular. Yet higher construction costs and bringing facilities up to current building codes are not providing much pricing power for renovated centers.

Look for retailers to begin fine tuning their business models and redefine their business needs as the economy slows and gas prices remain high. Some may reevaluate their current locations and consider new sites as demographics change. Other retailers may seek smaller spaces and put excess space on the market for sublease. This has already begun to occur in the movie rental industry.

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Retail Vacancy Rate*

*All Classes of Space

Retail Market Snapshot Albuquerque First Quarter 2007

By Submarket (All Property Types)	Total (1)	Vacant (2)	Net Absorption		Under Const. (3)	Asking Rent (4)		
	SF	SF	Vacant %	Current	Year To Date	SF	Neighborhood	Power
Downtown	554,178	110,806	20.0%	7,746	7,746	-	-	-
Cottonwood	3,735,245	137,152	3.7%	110,955	110,955	42,357	\$15.92	\$21.50
Far Northeast Heights	3,645,904	194,897	5.3%	2,451	2,451	62,542	\$16.19	-
North I-25	2,971,989	94,931	3.2%	3,748	3,748	90,857	\$11.28	-
North Valley	761,168	67,132	8.8%	6,277	6,277	182,983	\$15.78	-
Northeast Heights	4,045,976	402,292	9.9%	(3,306)	(3,306)	14,522	\$12.72	-
Rio Rancho	1,543,675	58,559	3.8%	4,065	4,065	27,812	\$12.68	-
South Valley	992,798	62,971	6.3%	6,023	6,023	15,753	\$16.27	-
Southeast Heights	2,902,059	201,463	6.9%	30,980	30,980	-	\$9.96	-
University	959,351	89,781	9.4%	13,406	13,406	-	-	-
Uptown	2,346,923	420,822	17.9%	-	-	30,000	\$14.50	-
West Mesa	1,900,627	245,334	12.9%	(59,550)	(59,550)	-	\$19.01	\$21.00
Totals	26,359,893	2,086,140	7.9%	122,795	122,795	466,826	\$14.14	\$21.45

By Property Type (All Submarkets)							Asking Rent	
	SF	Vacant %	Current	Year To Date	SF	Neighborhood	Power	
Community	2,001,139	156,906	7.8%	(79,986)	(79,986)	-	\$13.92	
Free-standing	7,092,549	253,016	3.6%	81,557	81,557	268,166	\$11.06	
Neighborhood	6,847,212	645,591	9.4%	125,007	125,007	62,542	\$14.14	
Power	844,382	8,802	1.0%	-	-	-	\$21.45	
Showroom	1,749,253	100,000	5.7%	-	-	42,000	\$5.75	
Specialty/Theme	171,000	21,000	12.3%	-	-	-	-	
Strip	4,335,787	433,148	10.0%	(13,068)	(13,068)	94,118	\$12.36	
Super-regional	3,064,213	370,610	12.1%	-	-	-	\$77.22	
Urban Retail	254,358	97,067	38.2%	9,285	9,285	-	\$13.70	
Totals	26,359,893	2,086,140	7.9%	122,795	122,795	466,826	\$16.75	

(1) Inventory includes multi-tenant and single-tenant buildings with at least 10,000 sq. ft.

(2) Vacant space includes both vacant direct and vacant sublease space.

(3) Space under construction includes speculative and build-to-suit for lease projects.

(4) Asking rates are per square foot per year, full service. Rates for each building are weighted by the size of the building.

* Grubb & Ellis|New Mexico statistics are audited annually and may result in revisions to previously reported quarterly and final year-end figures.

Grubb & Ellis Office Locations

