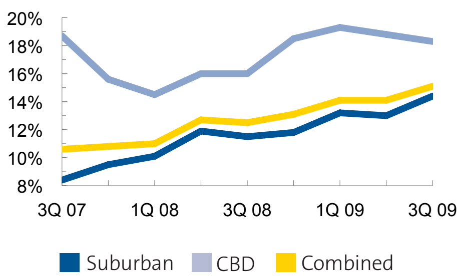
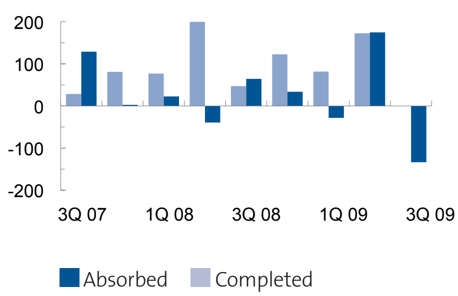
GRUBB & ELLIS New Mexico

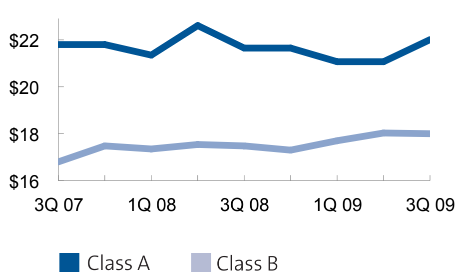
Vacancy Rate
Quarterly



Completion vs. Absorption
Quarterly (in Thousands of SF)



Asking Rental Rates
Quarterly ($/SF/Yr. Full Service)



Searching for Direction and Optimism

The positive momentum achieved last quarter was short-lived as the office market failed to produce back-to-back vacancy decreases. Overall the market held up fairly well but is having trouble making up its mind where it wants to go. Vacancy inched upward and was fueled by consolidations. Negative job growth levels around minus 2.5 percent are dramatically inhibiting companies from seeking larger spaces.

The amount of available space, space companies have slated to vacate in the near future but are still occupying and paying rent, has grown substantially. Compared to a year ago, total available space increased by over 500,000 square feet bringing the overall amount of available space to 2.4 million square feet. A majority of these spaces are over 50,000 square feet and should help to meet a shortage of large contiguous spaces in the market. The amount of sublease space on the market, however, is virtually unchanged and appears to be holding steady.

Another positive sign is an uptick in activity from companies outside of New Mexico searching for office spaces in the Albuquerque Metro area. Several companies that provide secondary education and health care services have actively been looking. The U.S. Government has also issued a request for proposal for a large Forest Service operations office.

For renewing tenants, landlords are making every possible effort to strike a deal. Concessions are becoming more prevalent. Tenant improvement allowances are harder to secure and finance. Shorter lease terms are becoming common and providing shelter from dramatic rate reductions.

FORECAST

- Vacancy increases as more available space empties
- Concessions get more prevalent for renewals
- Asking rates begin to decline

KEY TRANSACTIONS

Lessee/Buyer	Lessor/Seller	Property	Size (SF)/Price
Healthcare for the Homeless	7 Broadway, LLC	707 Broadway NE*	6,516
Kiewit Corporation	Ashcraft Real Estate	7471 Pan American	15,894

Leasing Sales (R) = Renewal (S) = Sublease ** Indicates Transaction Represented by Grubb & Ellis*

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Office Trends Report—Third Quarter 2009
Albuquerque, NM

GRUBB & ELLIS. New Mexico

By Submarket	Total SF	Vacant SF	VACANCY % Direct	VACANCY % Total	NET ABSORPTION Current	NET ABSORPTION Year To Date	Under Construction SF	ASKING RENT Class A	ASKING RENT Class B
Downtown	2,602,323	475,708	18.1%	18.3%	13,209	(18,574)	-	$21.81	$14.78
CBD Total	**2,602,323**	**475,708**	**18.1%**	**18.3%**	**13,209**	**(18,574)**	**-**	**$21.81**	**$14.78**
Airport	1,246,469	107,137	8.5%	8.6%	(2,434)	(689)	-	-	$14.26
Far Northeast Heights	962,463	111,366	11.6%	11.6%	1,386	26,351	33,734	-	$20.12
Mesa del Sol	271,052	37,610	13.9%	13.9%	4,168	128,442	-	-	$21.00
North I-25	3,229,392	477,632	12.3%	14.8%	(16,100)	(10,761)	-	$24.00	$18.86
Northeast Heights	798,700	122,268	14.9%	15.3%	(5,082)	49,579	-	-	$15.13
Rio Rancho	410,056	63,091	15.4%	15.4%	4,474	8,943	-	-	$21.12
Southeast Heights	592,476	68,745	11.6%	11.6%	4,203	(12,718)	-	-	$15.76
University	997,419	201,144	18.8%	20.2%	(86,945)	(80,702)	-	-	$17.53
Uptown	1,837,102	240,051	12.6%	13.1%	(49,702)	(81,880)	-	$20.14	$18.77
West Mesa	353,374	106,437	26.9%	30.1%	(718)	4,873	-	-	$20.14
Suburban Total	**10,698,503**	**1,535,481**	**13.2%**	**14.4%**	**(146,750)**	**31,438**	**33,734**	**$22.28**	**$18.72**
Totals	**13,300,826**	**2,011,189**	**14.2%**	**15.1%**	**(133,541)**	**12,864**	**33,734**	**$22.01**	**$18.00**

By Class	Total SF	Vacant SF	VACANCY % Direct	VACANCY % Total	NET ABSORPTION Current	NET ABSORPTION Year To Date	Under Construction SF	AVAILABLE FOR SUBLEASE CBD	AVAILABLE FOR SUBLEASE Suburban
Class A	1,386,156	162,879	11.2%	11.8%	(39,149)	(9,781)	-	-	7,300
Class B	8,873,964	1,414,644	14.7%	15.9%	(85,620)	47,042	33,734	2,716	147,639
Class C	3,040,706	433,666	14.2%	14.3%	(8,772)	(24,397)	-	-	-
Totals	**13,300,826**	**2,011,189**	**14.2%**	**15.1%**	**(133,541)**	**12,864**	**33,734**	**2,716**	**154,939**

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OFFICE TERMS AND DEFINITIONS

Inventory: Office inventory includes all multi-tenant and single tenant buildings at least 10,000 square feet. Owner-occupied, government and medical buildings are not included.

Office Building Classifications: Grubb & Ellis adheres to the BOMA guidelines. Class A properties are the most prestigious buildings competing for premier office users with rents above average for the area. Class B properties compete for a wide range of users with rents in the average range for the area. Class C buildings compete for tenants requiring functional space at rents below the area average.

Vacancy and Availability: The vacancy rate is the amount of physically vacant space divided by the inventory and includes direct and sublease vacant. The availability rate is the amount of space available for lease divided by the inventory.

Direct Vacant: This is the vacancy rate in space offered on the market directly by the landlord in single and multi-tenant buildings. This excludes vacant space offered for sublease and vacant space that is not offered on the market, for whatever reason.

Net Absorption: The net change in physically occupied space over a period of time.

Asking Rent: The dollar amount asked by landlords for available space expressed in dollars per square foot per year in most parts of the country and dollars per square foot per month in areas of California and selected other markets. Office rents are reported full service where all costs of operation are paid for by the landlord up to a base year or expense stop.. The asking rent for each building in the market is weighted by the amount of available space in the building.

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