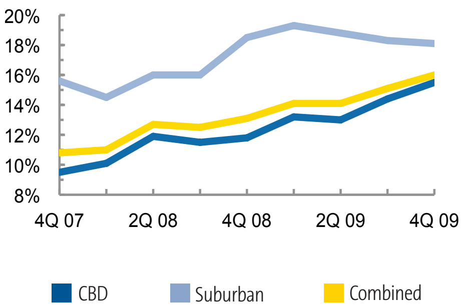
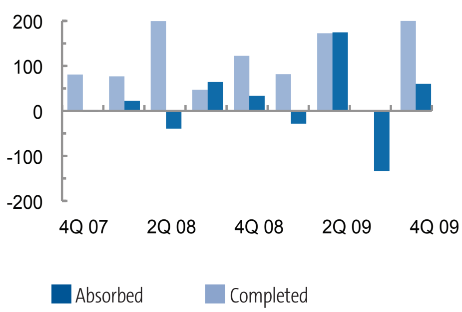
Office Trends Report—Fourth Quarter 2009
Albuquerque, NM

GRUBB & ELLIS. New Mexico

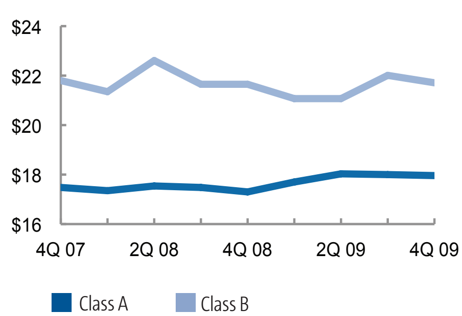
Vacancy Rate
Quarterly



Completions vs. Absorption
Quarterly (in Thousands of SF)



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



All That Glitters Is Not to Behold

The year ended with what appeared to be good news and posted 60,000 square feet of positive space absorption for the quarter. Accounting for the uptick in space occupied was the recent completion of Hewlett-Packard's new 218,000-square foot technical sales/support center in Rio Rancho. Hewlett-Packard was operating in 72,000 square feet of temporary space in the North I-25 submarket. This new office building is expected to be a major driver of other activity in Rio Rancho.

Build-to-suit projects buoyed the office market in 2009. The other big development to positively impact the numbers was the second phase of Fidelity Investments 112,000-square foot operations center. This project opened during the second quarter in Mesa Del Sol. Combined build-to-suit projects accounted for 330,000 square feet of space occupied during the year. Without them the total amount of space absorbed for the year would be a negative 271,000 square feet of space while vacancy would be 44 basis points higher.

The market is still seeking a bottom point. Many tenants are evaluating their options and the trend is to downsize space requirements during the renewal process or seek rate reductions to remain in existing suite sizes. To mitigate these effects landlords are looking at shorter lease periods and not wanting to lock in lower rates for longer terms. Tenants appear willing to accept shorter lease periods since it meets their risk reduction mindset.

FORECAST

- Vacancy will begin to stabilize
- Tenant improvements will become scarce
- Asking rates still feel downward pressure

KEY TRANSACTIONS

Lessee/Buyer	Lessor/Seller	Property	Size (SF)/Price
Hewlett-Packard	Titan Development	City Centre	218,000
Bernalillo County	A DBSI, Inc. TIC	2400 Wellesley	56,762
Enterprise Builders	8814 Horizon NE	C&S Equities, LLC	10,725

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

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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	472,207	18.0%	18.1%	3,501	(15,073)	-	$21.32	$14.74
CBD Total	**2,602,323**	**472,207**	**18.0%**	**18.1%**	**3,501**	**(15,073)**	**-**	**$21.32**	**$14.74**
Airport	1,246,469	121,913	9.7%	9.8%	(14,776)	(15,465)	-	-	$14.30
Far Northeast Heights	962,463	104,214	10.8%	10.8%	7,152	33,503	33,734	-	$19.03
Mesa del Sol	271,052	37,610	13.9%	13.9%	-	128,442	-	-	$23.00
North I-25	3,229,392	560,587	14.3%	17.4%	(82,955)	(93,716)	-	$24.00	$19.39
Northeast Heights	798,700	128,542	15.7%	16.1%	(6,274)	43,305	-	-	$14.98
Rio Rancho	628,056	65,839	10.5%	10.5%	215,252	224,195	-	-	$21.05
Southeast Heights	592,476	67,431	11.4%	11.4%	1,314	(11,404)	-	-	$16.40
University	997,419	242,646	23.4%	24.3%	(41,502)	(122,204)	-	-	$17.12
Uptown	1,837,102	260,275	13.2%	14.2%	(20,224)	(102,104)	-	$20.32	$18.46
West Mesa	353,374	107,673	29.1%	30.5%	(1,236)	3,637	-	-	$20.02
Suburban Total	**10,916,503**	**1,696,730**	**14.3%**	**15.5%**	**56,751**	**88,189**	**33,734**	**$22.22**	**$18.75**
Totals	**13,518,826**	**2,168,937**	**15.0%**	**16.0%**	**60,252**	**73,116**	**33,734**	**$21.71**	**$17.96**

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	168,645	11.2%	12.2%	(5,766)	(15,547)	-	-	13,066
Class B	9,091,964	1,535,091	15.5%	16.9%	97,553	144,595	33,734	2,716	134,050
Class C	3,040,706	465,201	15.3%	15.3%	(31,535)	(55,932)	-	-	-
Totals	**13,518,826**	**2,168,937**	**15.0%**	**16.0%**	**60,252**	**73,116**	**33,734**	**2,716**	**147,116**

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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.*