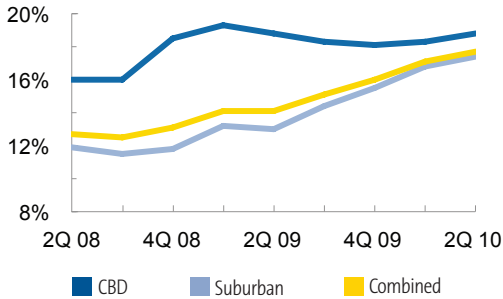


Vacancy Rate



Hitting the Wall

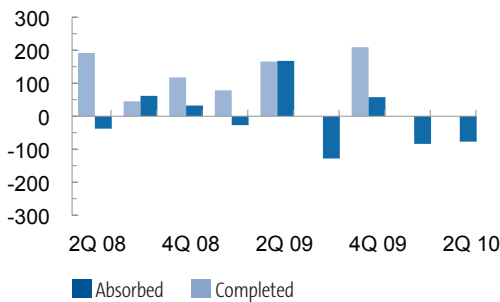
The office market is struggling to turn the corner and gain positive momentum. Any chances for even a small rebound appear to be slight at best. Vacancy again moved upward and surpassed last quarter's record-setting level. Even worse, compared to last year, the amount of available space grew by over 200,000 square feet and now exceeds 2.5 million square feet. With available space increasing, the probability for increased vacancy in the future becomes much higher.

A lack of sustained economic growth combined with record vacancy is making tenants very cautious about taking advantage of the weak market. Landlords appear to be ready to provide even more generous concessions, usually in the form of free rent. Tenant improvement allowances beyond basic paint and carpet are becoming tougher to provide and finance. Many landlords are lowering their asking rates. Overall asking rates declined 3.5 percent since last year. To minimize risk, landlords are seeking renewal commitments from tenants much earlier and are putting tenant spaces on the market for those who have yet to decide.

On the bright side, current market conditions are providing opportunities for tenants to expand or to upgrade their spaces. This appears to be occurring primarily in tenants who need smaller spaces less than 5,000 square feet. Larger tenants appear content to ride the storm out and not make any moves until positive market clarity returns.

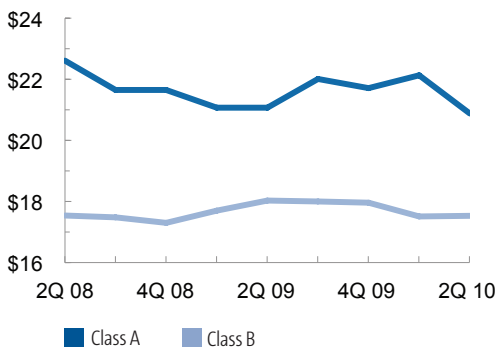
Completions vs. Absorption

(in Thousands of SF)



Asking Rental Rates

(\$/SF/Yr. Full Service)



FORECAST

- Concessions and rate reductions increase.
- New speculative construction languishes.
- Opportunities to expand or upgrade spaces grow.

KEY TRANSACTIONS

Lessee/Buyer	Lessor/Seller	Property	Size (SF)/Price
Parametrics	Stillbrooke Homes	Jefferson Place North	8,423
Albuquerque Spine Center	SCM Property Company, LLC	Jefferson Row	7,551
DG Headquarters, LLC	Private Investor	120 Vassar SE	12,830

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

Office Trends Report—Second Quarter 2010

Albuquerque, NM



By Submarket	Total SF	Vacant SF	Vacant %	NET ABSORPTION		Under Construction SF	ASKING RENT	
				Current Qtr	Year To Date		Class A	Class B
Downtown	2,642,619	497,083	18.8%	(14,293)	(24,876)	-	\$20.41	\$14.15
CBD Total	2,642,619	497,083	18.8%	(14,293)	(24,876)	-	\$20.41	\$14.15
Airport	1,249,852	144,931	11.6%	(2,140)	(19,030)	-	-	\$13.57
Far Northeast Heights	953,465	132,195	13.9%	(8,219)	(61,255)	33,734	-	\$15.44
Mesa del Sol	271,052	41,778	15.4%	-	-	-	-	\$23.00
North I-25	3,206,030	546,853	17.1%	15,505	(18,403)	-	\$23.84	\$19.20
Northeast Heights	878,264	167,441	19.1%	6,128	5,885	-	-	\$15.76
Rio Rancho	628,056	68,842	11.0%	(6,132)	(3,003)	-	-	\$20.62
Southeast Heights	594,440	135,752	22.8%	3,926	4,917	-	-	\$16.40
University	1,002,283	237,103	23.7%	2,678	23,494	-	-	\$17.23
Uptown	1,820,398	340,758	18.7%	(72,705)	(80,483)	-	\$19.42	\$18.12
West Mesa	326,128	83,615	25.6%	(5,036)	5,120	-	-	\$19.70
Suburban Total	10,929,968	1,899,268	17.4%	(65,995)	(142,758)	33,734	\$21.59	\$18.27
Totals	13,572,587	2,396,351	17.7%	(80,288)	(167,634)	33,734	\$20.88	\$17.53

By Class	Total SF	Vacant SF	Vacant %	Current Qtr	Year To Date	Under Construction SF	AVAILABLE FOR SUBLEASE	
							CBD	Suburban
Class A	1,386,055	185,707	13.4%	(11,202)	(17,062)	-	-	13,066
Class B	9,153,403	1,625,984	17.8%	(52,934)	(95,996)	33,734	2,716	96,047
Class C	3,033,129	584,660	19.3%	(16,152)	(54,576)	-	-	1,470
Totals	13,572,587	2,396,351	17.7%	(80,288)	(167,634)	33,734	2,716	110,583

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OFFICE TERMS AND DEFINITIONS

Total SF: 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.*