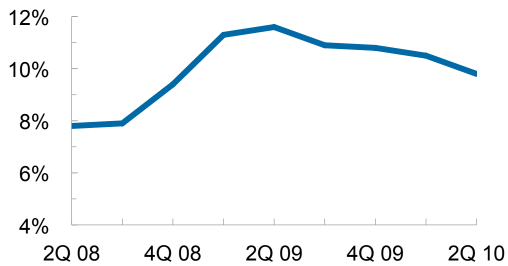
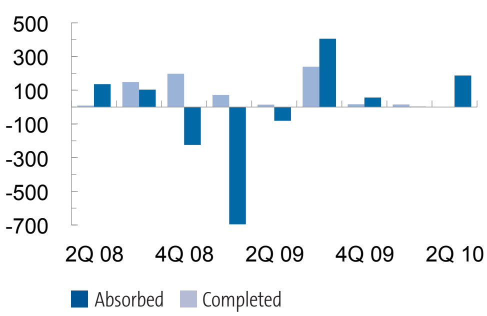
Retail Trends Report—Second Quarter 2010
Albuquerque, NM

GRUBB & ELLIS. New Mexico

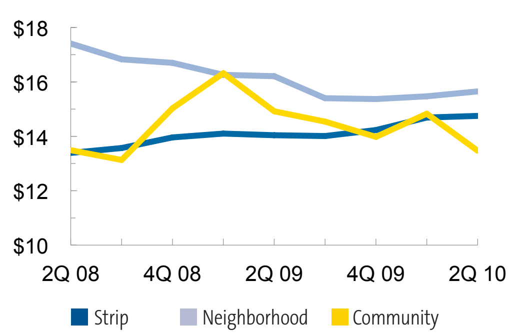
Vacancy Rate



Completions vs. Absorption
(in Thousands of SF)



Asking Rental Rates
($/SF/Yr. Triple Net)



Hint of Recovery

Unlike the office and industrial sectors, the retail market appears to be in recovery mode. Absorption of vacant space came roaring back across most property types. The good news is a majority occurred in existing spaces and was not driven by large free-standing projects. Retailers are beginning to take advantage of established locations that have sat vacant since the beginning of 2009. Grocery and home furnishing stores accounted for nearly one half of the space absorbed with the balance occurring in clothing, restaurants, and discount retailers.

To take advantage of prime locations, major renovations are being undertaken to bring the spaces up to the retailers' requirements. For example, a former grocery store was remodeled into junior anchor space for a clothing store with the excess space turned into adjacent in-line strip space. Landlords are offering some tenant improvement allowances but mainly in the form of rent abatement during the construction period and primarily for national retail tenants.

Non-traditional tenants such as trade and charter schools are now taking former retail anchor and junior anchor locations. The abundant parking, surrounding retail amenities, and attractive lease rates make these types of sites very appealing. Since many of these sites have been very slow to lease up, landlords are looking at all users. Even fitness centers, who were often seen as undesirable, are now doing deals in centers that previously would not consider them.

More good news is the retail pipeline appears to be flush with deals. The amount of available space is less than the amount of vacant space. This means more retail space is slated to be occupied in the future. In order to make this a full-blown recovery, consumer confidence needs to be increased from current levels.

FORECAST

- Landlord concessions grow for older spaces.
- Asking rates begin to stabilize.

KEY TRANSACTIONS

Lessee/Buyer	Lessor/Seller	Property	Size (SF)/Price
Ross Dress For Less	Albertsons, LLC *	2200 Juan Tabo NE	40,594
Sunflower Market	Goodman Realty Group	11201 Montgomery NE	41,000
Sandia Design Resources *	Albertsons, LLC *	4401 Wyoming NE	41,975
Charter School	Albertsons, LLC *	13201 Lomas NE	58,145

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

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By Submarket	Total SF	Vacant SF	Vacancy %	Net Absorption Current	Net Absorption Year To Date	Under Construction SF	Asking Rent Neighborhood	Asking Rent Power
Cottonwood	4,070,851	350,584	8.6%	29,502	23,179	-	17.21	24.00
Downtown	552,038	128,123	23.2%	(7,006)	16,697	-	-	-
Far Northeast Heights	3,887,636	311,724	8.0%	2,456	13,137	-	19.18	-
North I-25	3,200,883	239,988	7.5%	60,262	40,512	-	12.22	-
North Valley	968,540	51,270	5.3%	12,793	8,418	-	13.69	-
Northeast Heights	4,257,339	582,284	13.7%	71,210	112,172	-	15.54	-
Rio Rancho	1,790,271	142,838	8.0%	(30,686)	(47,026)	-	14.05	-
South Valley	1,017,346	102,199	10.0%	(532)	(532)	-	9.87	-
Southeast Heights	2,757,869	180,442	6.5%	13,179	(17,464)	-	13.50	-
University	1,018,295	77,130	7.6%	(1,270)	4,730	-	-	-
Uptown	1,952,699	359,225	18.4%	9,792	8,077	-	15.00	-
West Mesa	2,087,767	187,296	9.0%	27,427	27,104	-	19.07	18.50
Totals	**27,561,534**	**2,713,103**	**9.8%**	**187,127**	**189,004**	**-**	**15.65**	**18.92**

By Property Type	Total SF	Vacant SF	Vacancy %	Net Absorption Current	Net Absorption Year To Date	Under Construction SF	Asking Rent
Community	2,148,992	170,199	7.9%	41,075	39,447	-	13.47
Free-standing	7,819,812	381,466	4.9%	91,941	121,219	-	13.05
Neighborhood	7,063,622	1,024,413	14.5%	21,402	5,982	-	15.65
Power	1,299,062	17,531	1.3%	-	-	-	18.92
Showroom	2,006,156	114,651	5.7%	52,488	30,738	-	15.78
Specialty/Theme	171,000	-	-	9,792	10,016	-	-
Strip	4,558,112	474,616	10.4%	(27,135)	(15,885)	-	14.75
Super-regional	2,190,336	392,427	17.9%	-	(4,242)	-	37.38
Urban Retail	304,442	137,800	45.3%	(2,436)	1,729	-	16.65
Totals	**27,561,534**	**2,713,103**	**9.8%**	**187,127**	**189,004**	**-**	**17.47**

RETAIL TERMS AND DEFINITIONS

Total SF: Retail inventory includes all multi-tenant and single tenant buildings at least 10,000 square feet. Shopping malls are not included in calculations.

Retail Building Classifications: Super Regional Centers are properties with greater than two million square feet of space, drawing from a trade area encompassing multiple smaller submarkets. Sub Regional centers include centers of 500,000 square feet or greater that service one main submarket exclusively. Single Tenant retail includes power center tenants in free-standing centers as well as stand-alone retailers. Large Strip Centers are car oriented strip retail centers of 150,000 square feet or greater. Small Strip Centers are centers of 50,000 to 150,000 square feet, and include many local and grocery anchored centers.

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. Retail rents are reported on a triple net basis where all costs including, but not limited to, real estate taxes, insurance and common area maintenance are borne by the tenant on a pro rata basis.

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