



2011 Forecast

Albuquerque

- Office
- Industrial
- Retail
- Investment
- Multi Housing



Albuquerque

Opportunities abound... If you know where to look.

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Access our 2011 Forecast information at: www.grubb-ellis.com/research/forecast2011

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RealFacts, Claritas

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Dear Clients and Colleagues:

Commercial real estate is influenced by a broad and complex set of factors that at times can be hard to predict. It's a fact that I've been reminded of frequently over the past several years.

As you'll read in our 2011 forecast reports, the U.S. economy and with it commercial real estate fundamentals are on the road to a sustainable recovery. The dark clouds that have hung over the industry for the past two years have passed, and rays of sunshine are starting to peek through. Over the coming year, one bright spot will be the continued recovery in commercial real estate values. At the same time, we caution that the pace of recovery will be constrained as owners and users continue to grapple with the pace of overall economic growth, with the level of unemployment topping their list of concerns.

Overall vacancy rates for all commercial property types have peaked and are slowly trending downward. Apartments have experienced and will continue to experience the most robust improvement in occupancy, while the industrial market will remain the most unpredictable due to the volatile effect of currency fluctuations on demand for U.S. exports. Retail vacancy rates will continue to firm, with retailers shifting locations to take advantage of lease repricing or even expanding in response to moderate improvement in sales. Absorption in the office sector will continue to trail the pack, although core markets are showing signs of turnaround. With the construction pipeline almost nonexistent, we should see an improvement in overall occupancy.

For investment property, while transaction volume continues to remain low by historic standards, it is clearly recovering. Investors still appear to be limiting their interest primarily to the two extremes of the quality spectrum – core assets in primary, supply-constrained markets and deeply distressed assets moving their way through the system. The ability of buyers and sellers to reach agreement on relative value along with the continued availability of reasonably priced capital will continue to play an important role in overall transaction volume in the coming year. Commercial real estate, in all property sectors, so long as it is properly sourced, underwritten and managed, is a compelling investment opportunity when compared with the alternatives in the broad equity and bond markets.

We hope this year's forecast provides insight into what we are seeing in the markets every day. Uncovering leasing, sale and investment opportunities and maximizing value at times like these is what Grubb & Ellis does best. We'd welcome the opportunity to discuss the factors influencing our views, and assist you in converting current opportunities into measurable results.

Sincerely,



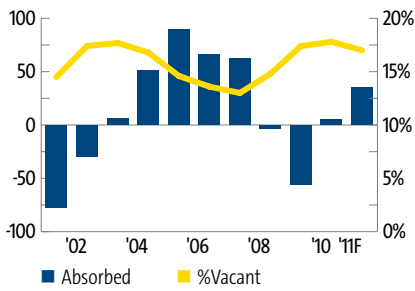
Thomas P. D'Arcy

President and Chief Executive Officer

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U.S. Office Vacancy and Absorption

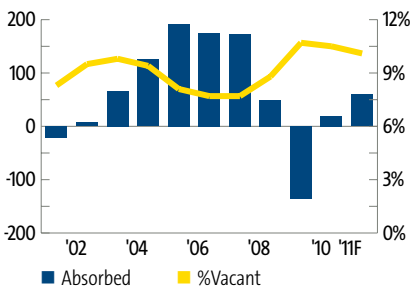
Year-End (in Millions of SF)



Source: Grubb & Ellis

U.S. Industrial Vacancy and Absorption

Year-End (in Millions of SF)



Source: Grubb & Ellis

Office and Industrial Review and Forecast

Year-End

	2010 Actual	2011 Forecast
Office Market		
Vacancy rate	17.8%	17.0%
Class A rental rate ¹	\$30.83	\$30.94
Class B rental rate ¹	\$22.61	\$22.64
Net absorption	5M SF	35M SF
Space completed	17M SF	8M SF
Industrial Market		
Vacancy rate	10.5%	10.1%
General industrial rental rate ²	\$5.03	\$5.03
R&D/flex rental rate ²	\$9.15	\$9.15
Warehouse/dist. rental rate ²	\$4.26	\$4.30
Net absorption	20M SF	60M SF
Space completed	17M SF	15M SF

¹ Asking rate per square foot per year full service

² Asking rate per square foot per year triple net

Source: Grubb & Ellis

Not as Bad as We Thought

2010: What a Difference a Year Makes

The commercial real estate leasing market hit bottom in 2010 while the investment market – segments of it – perked up faster than we thought possible a year ago at this time. Thanks to quick action by the Federal Reserve and, arguably, more than \$1 trillion dollars in stimulus spending, the Great Recession ended in June 2009, and employers added a modest 1 million net new payroll jobs in 2010. This was a fraction of the 8.4 million jobs lost from the peak of the labor market in December 2007 to the trough in December 2009, but it was enough to put a floor under the leasing market and generate some positive net absorption in the second half of the year.

In the investment market, rock-bottom interest rates, which the Federal Reserve aims to reduce even further through its plan to purchase \$600 billion of long-term Treasury securities – a strategy called quantitative easing, launched investors on a quest for better returns in riskier assets including commercial real estate. In 2010 investors purchased core properties and, at the other end of the quality spectrum, distressed properties priced for a quick sale, but not much in the higher-risk middle. Thus, yield-hungry real estate investors jumped back in the water in 2010, but they stayed in the shallow, low-risk end of the pool.

2011: Getting Better Slowly

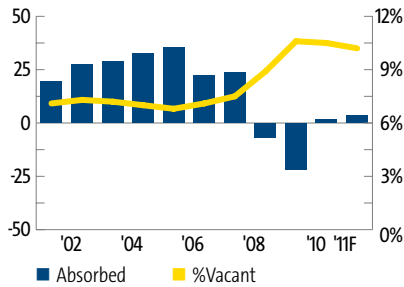
Grubb & Ellis expects GDP growth in the range of 2.5 to 3 percent in 2011, still a little below the economy's long-term growth potential of around 3 percent. U.S. companies are sitting on record cash reserves of nearly \$2 trillion, some of which they will deploy as demand from businesses and consumers expands modestly. Employers are likely to add 1.5 million net new payroll jobs, right at the level needed to accommodate the growing labor force, which means that the unemployment rate will remain stubbornly high. Moody's Econometrics forecasts employment growth of 1.4 percent in consumer and health services industries, 1.1 percent in finance and business services industries, 80 basis points in commodities industries and 60 basis points in manufacturing industries. Some of the fastest growing sub-sectors will be oilfield services and production at 4.9 percent, environmental services at 4.1 percent, aerospace and defense at 3.3 percent and biotechnology at 2.5 percent. Companies that export will enjoy a strong tailwind in the form of the weak dollar combined with global growth of 4.2 percent according to the International Monetary Fund. Growth will be particularly strong in emerging markets such as China at 9.6 percent, India at 8.4 percent, and in the Western Hemisphere, Brazil at 4.1 percent.

National Overview

continued

U.S. Retail* Vacancy and Absorption

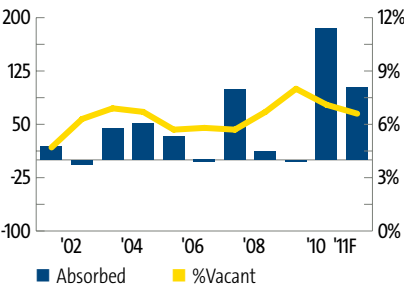
Year-End (in Millions of SF)



* Neighborhood & community centers
Source: Reis, Grubb & Ellis

U.S. Apartment Vacancy and Absorption

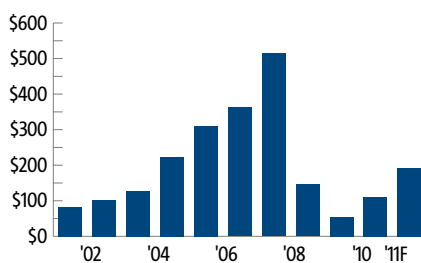
Year-End (in Thousands of Units)



Source: Reis, Grubb & Ellis

U.S. Commercial Property Sales

In Billions



Source: Real Capital Analytics, Grubb & Ellis

Expect the five major property types to recover in the following sequence:

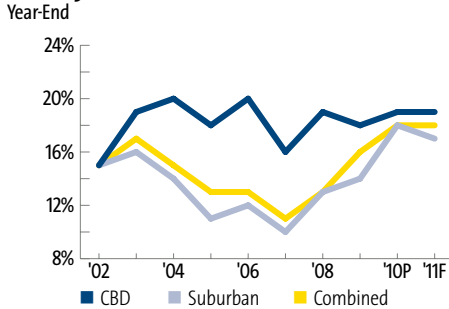
- 1. Multi housing:** Foreclosures continue to create renters faster than their former houses and condos are being added to the shadow supply of rental units. Modest job growth also is creating new renter households. Home prices remain soft, generating little urgency among renters who could afford to buy while mortgages, though historically cheap, are tough to get as lenders carefully scrutinize borrowers. *Biggest risk: an unforeseen surge in new construction.*
- 2. Industrial:** The weak dollar will spur exports, and moderately stronger consumer spending will boost imports, driving demand for space from tenants and owner/users. Manufacturers, wholesalers and retailers will continue to optimize their supply chains, creating demand for state-of-the-art distribution facilities in key logistics markets. *Biggest risk: rising protectionism in the form of currency devaluations, tariffs and other trade barriers.*
- 3. Hospitality:** Tourism and business travel will increase in 2011 as the economy slowly gains traction. Because rooms and facilities are re-priced daily, the hospitality industry will be among the first property sectors to see revenues increase, particularly in global gateway cities such as New York, Washington D.C., Boston and San Francisco where the weak dollar will attract overseas business. *Biggest risk: the economy stalls.*

4. Retail: Hit hard by the housing slump, retail has nonetheless surprised on the upside. Vacancy has come down slightly from its peak as retailers reposition stores, often moving up to better centers that were too pricey before the recession. Nimble retailers have figured out how to operate in “the new normal.” *Biggest risk: consumers are not finished deleveraging, and the housing market is still flat on its back.*

5. Office: Sluggish job growth will generate a half-speed recovery in the office market, meaning that vacancy will decline by about one percentage point in 2011 compared with the two-point annual decline typical for a recovery cycle. Shadow space will accommodate about one-third of the net new demand in 2011, which will weigh on net absorption. *Biggest risk: uncertainty over taxes and employer health care costs could discourage hiring, especially among small businesses; also, a renewed focus among tenants on minimizing occupancy costs.*

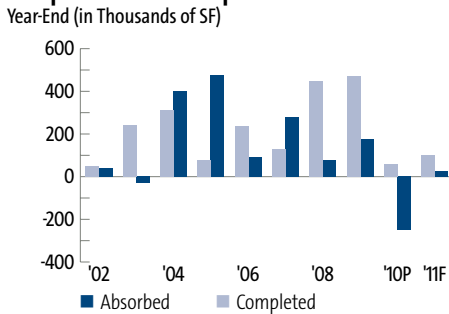
In the investment market, look for a gain in transaction dollar volume of around 75 percent in 2011 on top of the doubling recorded in 2010 as activity continues to recover from the unprecedented plunge in 2009. Whereas investors last year focused on minimizing risk, generating activity at the top and bottom of the quality scale, they will broaden their search parameters in 2011, leading to more activity in the higher-risk middle of the scale. Prices for the best properties will stay strong, although the national price indexes may be restrained by a greater volume of riskier properties in the sales mix.

Vacancy Rate



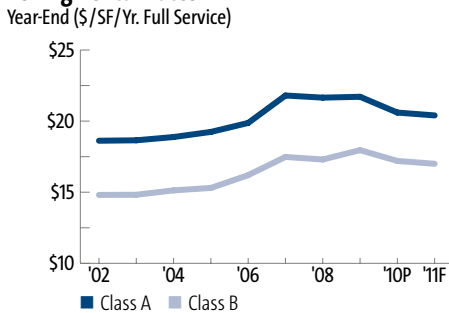
Source: Grubb & Ellis|New Mexico

Completions vs. Absorption



Source: Grubb & Ellis|New Mexico

Asking Rental Rates



Source: Grubb & Ellis|New Mexico

An abundance of space provides opportunities for tenants. Handling tenant improvements remains a big challenge to making deals.

The office market had a challenging year in 2010. Vacancy ascended to record levels as falling employment in the metro area receded back to 2005 levels. Weakness was felt across all property classes. Feeling the pressure, landlords quickly embraced strategies to keep existing tenants and stepped up with attractive rates and generous concessions.

Overall demand for space in 2011 is not expected to change much from 2010's weak levels. As the economy slowly gains momentum in 2011, it will likely have a minimal effect on the need for additional space. An excess amount of shadow space created during 2010 will temper demand. Shadow space is space that companies are leasing but not using and is not available for sublease. Many companies who have downsized operations can easily reinstitute unused shadow spaces as it becomes needed. This should minimize absorption of space in 2011 and keep vacancy relatively flat.

Competition should increase as the number of tenants in the market decreases. Adding to the supply of space is an overhang of condominium space that will be offered for lease. Over the last two years the market has accumulated over 200,000 square feet of unsold condominium space. While the number of large tenants will be scarce, a majority

of the activity will occur in smaller tenants seeking 2,000 square feet or less. Executive suites are also likely to experience increased demand.

Another challenge landlords may face is new accounting rules that will impact how lease terms and options are accounted for by tenants. The Financial Accounting Standards Board (FASB) issued new accounting rules scheduled to take effect in 2011. These new rules will likely have the biggest impact on lease terms of publicly traded companies who follow generally accepted accounting principles (GAAP). It is expected that tenants who use GAAP may seek shorter lease terms without options.

New speculative construction starts are again expected to remain dormant. Historically high vacancy, lender pre-leasing requirements over 50 percent, and high unemployment levels will keep the lid on new speculative construction starts. New speculative construction starts will be geared to medical uses. Excluding medical, speculative construction is not expected to return to the developer's vocabulary until at least 2012.

Any new office projects that will get started in 2011 will be primarily build-to-suit projects for government tenants. A few local companies are also likely to get started developing their own buildings.

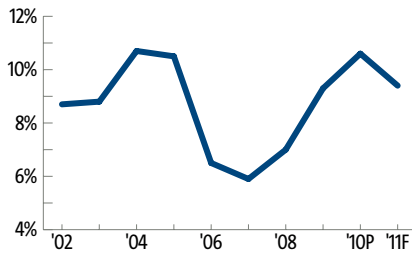
Key Leasing Transactions

2010

Lessee	Lessor	Property	Submarket	Size (SF)
U.S. Forest Service	Titan Development	4000 Masthead NE	North I-25	98,720
Outcomes, Inc.	Ashcraft Real Estate	Headline Pointe	North I-25	19,096
Breathe America	NM Cancer Center	4901 Lang NE	North I-25	9,155
Ardham Technologies	HDIC	Century Theatre Block	Downtown	9,832

Vacancy Rate

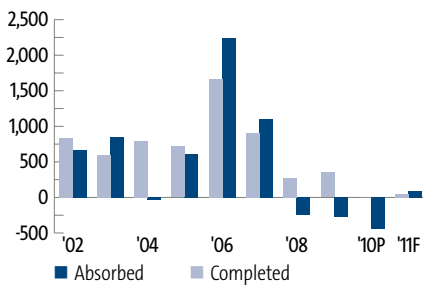
All Product Types, Year-End



Source: Grubb & Ellis|New Mexico

Completions vs. Absorption

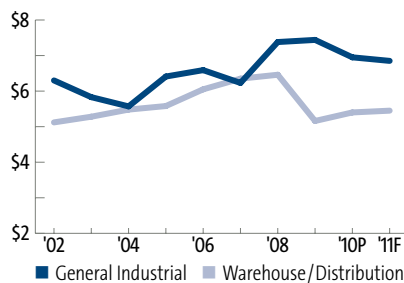
Year-End (in Thousands of SF)



Source: Grubb & Ellis|New Mexico

Asking Rental Rates

Year-End (\$/SF/Yr. Triple Net)



Source: Grubb & Ellis|New Mexico

2011 will feel like déjà vu for industrial users. Some will be in a position to grow while others will be struggling to hang on.

Throughout 2010, a lack of economic growth contributed to a substantial decline in leasing activity. The construction sector, a prime demand driver of industrial space, was especially hit hard. A dramatic drop in both new commercial and single-family projects served to minimize overall demand, forcing suppliers and sub-contractors to downsize or cease operations altogether.

The planned shuttering of a 470,000-square-foot General Electric aircraft manufacturing plant in the South Valley spiked vacancy higher toward the end of 2010. However, its impact should be short-lived since this 40 year-old obsolete plant will be razed during 2011. As a result, vacancy will decrease by 120 basis points from this move alone.

Non-traditional tenants discovering the affordability of industrial properties accelerated during 2010. Churches, charter schools and trade schools accounted for over 250,000 square feet of positive space absorption. This trend is expected to provide more positive activity during 2011 and provide value plays. The other active sector was clean energy which will again contribute positively to market activity.

Overall recovery is likely to occur very slowly. Tenant demand for space will feel very much like 2010 and be isolated to a few select industries, including clean energy, mining and recycling. A full-blown recovery will not occur until single-family housing construction begins to increase. Tenants will be balancing value against need. Functionally obsolete properties will likely require more aggressive landlord concessions and rate reductions compared to newer properties. More tenant improvement allowances will be required in older properties. Landlords of newer properties will still have to be generous with concessions but not as much as older properties.

Warehouse and distribution properties felt the biggest impact from the economic downturn. Asking rates for distribution spaces were trending downward but should begin to stabilize throughout 2011 as operating expenses increase disproportionately. Industrial land prices have fallen 30 to 40 percent over the last two years but are expected to stabilize at current levels. Even with attractive land prices, new speculative projects are likely to remain on hold for at least another year. Weak demand, difficulties preleasing space and financing challenges will limit the amount of new projects getting underway.

Key Leasing Transactions

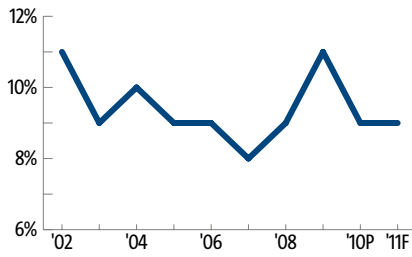
2010

Lessee	Lessor	Property	Submarket	Size (SF)
MSR-FSR	Forest City Covington	5600 University Blvd NE	Mesa Del Sol	45,892
Creamland Dairy	Private Investor	500 Broadway Blvd SE	Downtown	24,500
The ASK Academy	Private Investor	4311 Sara Rd SE	Rio Rancho	24,111
Academy of Trade & Technology	Private Investor	2511 Karsten Ct. SE	Airport	20,771

Source: Grubb & Ellis|New Mexico

Vacancy Rate

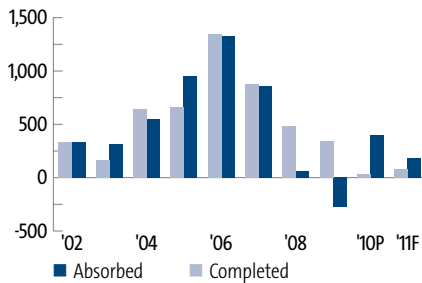
All Product Types, Year-End



Source: Grubb & Ellis|New Mexico

Completions vs. Absorption

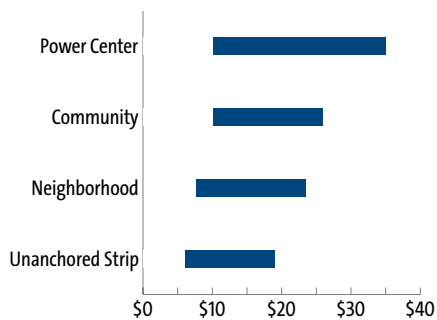
Year-End (in Thousands of SF)



Source: Grubb & Ellis|New Mexico

Average Asking Rent

Shopping Center Space, 2010 (\$/SF/Yr. Triple Net)

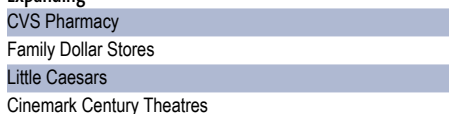


Source: Grubb & Ellis|New Mexico

Tenants Expanding

2010

Expanding



Source: Grubb & Ellis|New Mexico

Retail was the shining star of all commercial real estate property types this past year. 2011 is poised to present both opportunities and challenges.

At the beginning of 2009, the retail market went through a very tough period. Almost 700,000 square feet of space was vacated by a wide variety of retail tenants. Throughout 2010, retailers began to selectively take advantage of these former locations. Almost 400,000 square feet of space was backfilled pushing vacancy down by almost 200 basis points. The driving forces were the attractive asking rates being offered for well-established locations. About one-third of this activity occurred in former grocery store locations, which offered attractive sublease rates. Clothing, furniture and grocery were the categories driving this activity along with non-traditional uses such as churches, charter schools and fitness centers.

Older, unanchored properties are likely to experience the biggest challenges during 2011. Many tenants in older centers will be searching for upgrades to existing locations. Landlords of newer and established centers are likely to still be offering generous rates. Value will be a main theme and tenants will pay higher rates to improve or add new locations in Class A centers. Asking rates, however, are expected to remain flat and tenants will still demand attractive rates in order to make deals.

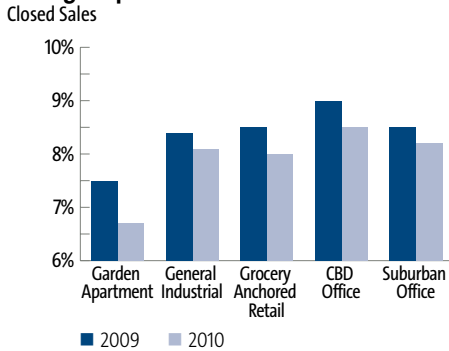
A trend that started in 2009 was a lack of new speculative construction projects. Over the last two years less than 40,000 square feet of new speculative space was

delivered. Of the new retail space inventory delivered since 2008, almost 150,000 square feet remains to be leased. As the economy begins to grow and consumer confidence increases, this could position 2011 for a strong recovery. A small uptick in demand could easily absorb the remaining spaces left in new projects.

The possibility for a shortage of new retail space could begin to loom toward the end of 2011. Financing new retail speculative projects should remain a big challenge for developers. Lenders are likely to maintain preleasing requirements of at least 50 percent in order to get financing. The majority of new projects will be developed in the Rio Rancho, Cottonwood and West Mesa submarkets. Rio Rancho is poised to be the epicenter of new development. Two national movie theatres are slated to get underway along with a new 66-bed Presbyterian Hospital and adjacent medical center.

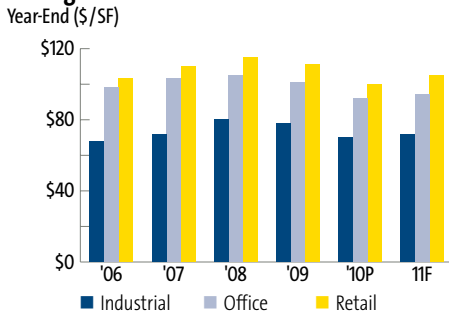
As the metro area population approaches 900,000 residents during 2011, a new group of retailers will begin planning for locations. Big-box retailers searching for larger spaces over 60,000 square feet will likely not find many viable options. Since retail land prices have declined and impact fee waivers were extended, this is likely to spur more build-to-suit opportunities to meet this demand.

Average Capitalization Rates



Source: Real Capital Analytics

Average Sales Price



Source: Grubb & Ellis|New Mexico

Demand for investment properties was strong throughout 2010. Well-capitalized investors in search of rock-bottom values will face a shortage of performing assets in 2011.

A growing number of value oriented buyers increased in 2010 as they searched for opportunities to purchase properties at substantial discounts below replacement costs. Market fundamentals favored this strategy as vacancy increased, effective lease rates fell and operating expenses rose. However, deal volume declined since investment property owners were not willing to sell at the rock-bottom prices buyers wanted.

The investment market is expected to remain out of equilibrium in 2011. The supply of quality investment offerings available will remain scarce while demand for investment properties is likely to increase during the year. Many investors will be looking to commercial real estate as a strategy to hedge inflation as the economy gains momentum. Supply issues will likely persist throughout the year. With a scarce supply, investors considering a sale will likely face difficulties finding viable 1031 exchange options that meet their risk profile. The number of triple net investment deals with corporate tenants and guarantees will be increasing. Potential investors will be able to find deals with capitalization rates of 7.25 percent and lower.

Even though capitalization rates are trending downward by 50 to 100 basis points, it will still not be enough to

motivate owners to sell at the price investors want. Without any changes to the capital gains tax rates, which will expire at the end of 2010, this could further reduce the supply of quality investments since investors will probably not want to pay higher capital gains taxes.

To find deals, investors will have to consider taking on additional risks. This includes buying properties with a high amount of vacancy or tenants with leases that have short remaining terms. The supply of riskier investments with these types of issues is expected to remain strong. Pricing will be the key to getting deals done. To pursue this type of strategy, it will likely require high amounts of equity and be limited to well-capitalized investors.

A growing number of commercial foreclosures are unlikely to provide below market opportunities. Lenders who have taken properties back through foreclosures or receiverships will be very patient and will generally not be agreeable to making deals at below market values. Many of these lenders are financially sound and will not want to dispose of these assets until the property is stabilized.

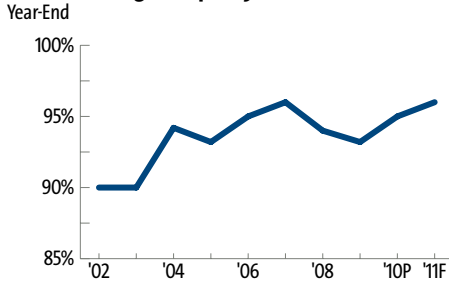
Key Investment Transactions

2010

Buyer	Seller	Property	Submarket	Size (SF)
Private Investor	Private Seller	The Summit Building	Rio Rancho	31,276
Government Properties Income Trust	Common Wealth REIT	435 Montano Rd NE	North I-25	29,045
Blackstone, et al.	Chetrit Group, et al.	Extended Stay America Portfolio	Albuquerque Metro	331 Units

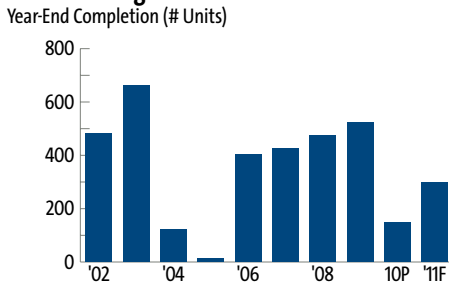
Source: Grubb & Ellis|New Mexico

Multi Housing Occupancy



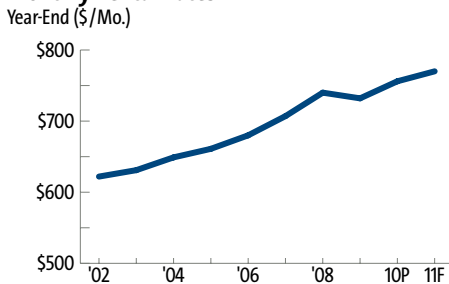
Source: Real Facts, Inc.

Multi Housing Construction



Source: Grubb & Ellis|New Mexico

Monthly Rental Rates



Source: Real Facts, Inc.

Large multi housing complexes are poised to gain momentum in 2011 while demand for smaller complexes improves at a slower pace.

2010 was a healing year for the multi housing market with fundamentals showing great improvements. Average occupancy rates increased steadily throughout the year while monthly rents followed suit. As a result, landlords were able to slowly take concessions off the table as the pool of renters increased.

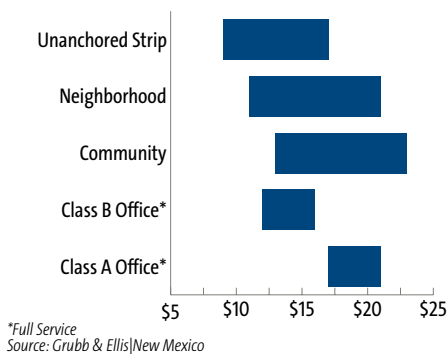
Owners of multi housing properties should experience a year of improving market fundamentals throughout 2011. Both rents and occupancy levels are expected to maintain their positive trends as the number of renters in the market is expected to increase. Fallout from the subprime lending crisis made it much harder to qualify for single-family loans. The number of renters who are able to meet more stringent lending requirements is likely to stay very low and force many potential home owners to remain renters. The pace of foreclosures in the single-family market is not expected to slow down and should ultimately drive some home owners back into the rental market. Lastly, many people have been living with roommates or family since the start of the recession. As the economy begins to slowly recover, many of these people will be more financially stable and gain confidence to re-enter the rental market.

Investment demand for high-quality multi housing complexes should increase while values still have room to

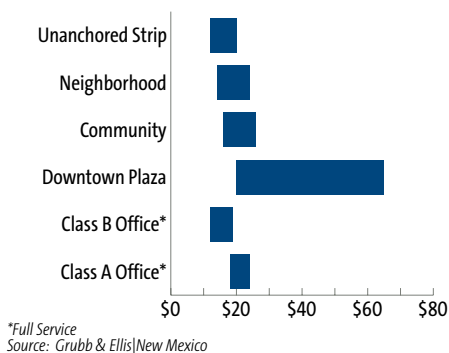
appreciate. From a capitalization standpoint, the market became bifurcated between large and small properties. For larger properties with over 50 units, the trend for rising capitalization rates reversed and deals were being made below capitalization rates of 7.5 percent. During 2011, larger complexes should see capitalization rates fall about 50 to 100 basis points and settle in the upper-6 to mid-7 percent range. Smaller properties with less than ten units experienced the opposite trend in 2010. In order to get deals done, investors were seeking capitalization rates over 8.5 percent. This trend should reverse slightly in 2011 with a projected 25 to 50 basis point decline in capitalization rates.

The supply of new units delivered to the market is expected to remain below 1,000 units. Based on population growth of 1 percent, the Albuquerque metro area could comfortably absorb around 1,500 units per year. This trend began over ten years ago and is not expected to change. A scarce amount of land zoned for multi housing uses exists in the market. The parcels that are available are not currently in the price range that is conducive for development. Most of the new units that will be delivered in 2011 are being developed for specialty uses such as assisted living and extended care facilities for senior citizens.

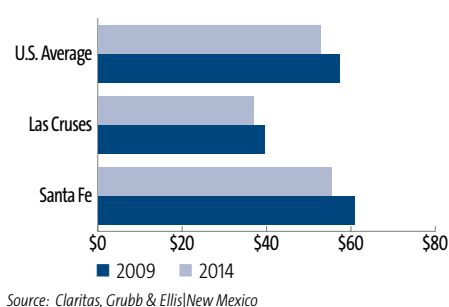
Las Cruces Asking Rent Range (\$/SF/Yr. Triple Net)



Santa Fe Asking Rent Range (\$/SF/Yr. Triple Net)



Median Household Income In Thousands



Las Cruces is laying the foundation for steady economic growth while Santa Fe has a variety of opportunities for new and existing tenants.

Las Cruces

Las Cruces is considered part of the “BorderPlex” just north of El Paso, Texas and Juarez, Mexico. The city’s proximity to El Paso and Juarez, and its location at the interchange of two interstate highways have combined to influence and increase the area’s industrial growth. Agriculture, construction, government, retail trade, tourism and services are other significant economic components. Las Cruces will also benefit from its lure as a retirement destination, leading to growth in the health care field.

Anchored by the new Foxconn maquila electronics manufacturing plant in Juarez, Santa Teresa should be able to attract both manufacturers as well as suppliers to those manufacturers. Foxconn now employs over 6,000 workers just across the border.

North of town, Spaceport America is moving forward as the world’s first facility designed specifically to launch commercial spacecraft. A major milestone was the completion of its nearly two-mile-long runway designed to handle virtually all commercial air traffic. Virgin Galactic expects to begin launching space tourists in the next few years.

The retail sector is poised to bounce back strong. Many infill opportunities will be present for pad site users and retailers looking to expand into previously vacated prime locations at attractive rates.

Santa Fe

Leasing activity has slowed across most retail centers, which has also caused vacancy rates to climb in the downtown “Plaza” area. In fact, more vacancy exists in the downtown area now than there has been in the last 20 years. As tourism declined in 2009, the downtown retailers that depended on tourist trade suffered and several have been forced to close their doors.

Downtown hotels are anticipating that 2011 occupancy rates will increase only marginally over those of 2010. If tourism-driven retail sales remain stagnant, vacancies are likely to increase. Some downtown landlords are offering lower rental rates in an effort to maintain tenants.

Due to the stagnant economic conditions and the difficulty in obtaining loans for commercial projects, only a small number of new developments are expected to occur in Santa Fe during 2011. The most significant project likely to move forward is a new community center anchored by Wal-Mart Supercenter on Cerrillos Road. A great lack of leasing activity in the office market will also remain a big challenge with downtown experiencing the highest vacancy rate. This is primarily due to Thornburg Mortgage leaving that area in 2009. The State of New Mexico is also considering moves into owned rather than leased buildings. If realized, it will also have a negative impact on vacancy rates.

Grubb & Ellis is continually evolving to help our clients meet today's real estate challenges.

Real Estate Services

- Agency leasing
- Asset management
- Capital markets
- Consulting
- Disposition services
- Engineering services
- Facility management
- Lease administration
- Portfolio rationalization
- Project/construction management
- Property management
- Site selection
- Strategic planning
- Tenant representation
- Valuation services

Investment Programs

- Public non-traded real estate investment trusts (REITs)
- Private client management
- Reg D private offerings
- Other securities offerings

Overview

Grubb & Ellis Company (NYSE: GBE) was founded in 1958. Over the last half century, the company has grown from a single office in San Francisco into one of the nation's largest and most respected commercial real estate services and investment firms. Its 6,000 professionals in approximately 120 company-owned and affiliate offices draw from a unique platform of real estate services, investment products and specialty practice groups to deliver integrated solutions to real estate owners, tenants and investors. The solutions Grubb & Ellis delivers to its clients are supported by proprietary market research and extensive local expertise.

From Fortune 500 multinational companies, institutional investors and government agencies to small and mid-sized businesses and individual investors, clients look to Grubb & Ellis for real estate solutions that meet their business objectives. We can assist with everything from selecting a location to do business, improving a property or portfolio's operating efficiency, increasing occupancy or otherwise maximizing the return on an investment. Our practice groups bring together professionals who have experience with particular property types and specific industries, seeking to ensure

clients' needs are clearly understood and the most effective solutions are implemented. Through its real estate investment and asset management subsidiaries, Grubb & Ellis is a leading sponsor of commercial real estate investment programs, including public non-traded REITs, private placements and other securities offerings. Grubb & Ellis' investment arm has completed acquisition and disposition volume totaling more than \$12.9 billion on behalf of program investors since its founding in 1998; in excess of \$10 billion of this volume has been transacted since 2005.

Structured Around the Needs of Our Clients

Grubb & Ellis has the people, platform and best-in-class processes to deliver superior service whether a client needs help with a single property or multiple global facilities. Our comprehensive real estate solutions include transaction services, management services, corporate services and a wide range of investment programs.

Possessing one of the largest and most experienced real estate brokerage sales forces in the country, Grubb & Ellis' teams of specialists cover all aspects of commercial real estate and work closely with clients to assess the ways

This is neither an offer to sell nor a solicitation of an offer to buy any security. Such an offer may be made only by means of an offering document. Investors should read the offering materials and review the risks associated with any offering prior to making an investment and should be able to afford the loss of their entire investment.

Company Profile

continued

Our emphasis on specialization means that we are equipped to help clients take advantage of unique market opportunities.

in which real estate issues relate to – and contribute to – an organization’s strategic business objectives. Last year, Grubb & Ellis and its affiliates completed more than 14,000 brokerage transactions throughout the country.

We deliver integrated property, facility and asset management services focused on cost-efficient operations, tenant retention and increasing property values to a host of corporate and institutional clients. In total, Grubb & Ellis and its affiliates manage a diverse portfolio of nearly 300 million square feet of space. This portfolio includes headquarters, facilities and Class A office space for major corporations, as well as industrial, manufacturing and warehouse facilities, data centers, retail properties, medical buildings and multifamily assets for real estate occupants and investors. Additionally, Grubb & Ellis provides consulting services that help clients better understand their real estate portfolio, the current operating environment, and future opportunities that exist through smart, strategic planning.

Recent Platform Enhancements

In 2010, Grubb & Ellis continued to enhance its platform to meet the changing needs of its clients. It announced seven new company-owned offices throughout the country,

significantly strengthened its capital markets offerings with additional institutional sales expertise as well as debt and equity capabilities, and grew its Financial Services Asset Management practice by supporting financial service firms in resolving issues, recovering value and managing risk in dealing with distressed real estate debt and properties.

The company also launched Grubb & Ellis Landauer Valuation Advisory Services in more than a dozen markets throughout the country. The fast-growing business provides clients with their appraisal and valuation needs – services that have become increasingly important in today’s uncertain environment.

To improve the services it offers its Management Services clients, Grubb & Ellis formed a strategic alliance with Manhattan Software, the global leader in enterprise real estate software. This relationship will ensure Grubb & Ellis can offer a true single-source solution when it comes to full-service property management.

These are just some of the ways we continue to evolve our business so that we can help our clients achieve their business objectives – no matter what the market conditions.

The direct or indirect purchase of real property involves significant risks. Investors should consult their own tax advisors and legal counsel. Always remember that each property is unique and past performance is no guarantee of future results.

Securities offered through Grubb & Ellis Securities, Inc. member FINRA/SIPC.

Practice Groups

- Automotive Properties
- Call Centers
- China
- Clean Energy
- Corporate Finance
- Data Centers
- Debt & Equity Finance
- Education
- Financial Services Asset Management
- Food & Cold Storage
- Government Services
- Global Logistics
- Healthcare & Medical Properties
- Hotel, Golf & Leisure
- Industrial Agency
- Institutional Capital Markets
- Institutional Multi Family
- Land
- Law Firms
- Life Sciences
- Manufactured Housing & RV Parks
- Office Agency
- Portfolio Restructure, Chapter 11
- Private Capital Markets
- Private Capital Multi Family
- Petroleum
- Religious Properties
- Retail Agency
- Retail Tenant Representation
- Self Storage
- Senior Housing
- Specialty Manufacturing Properties
- Technology
- Tenant Advisory

Capitalizing on real estate market opportunities starts with a clear perspective of what's happening on a micro and macro level.

Grubb & Ellis believes that sound real estate data and analysis underlies every smart real estate decision. There's little room for error when competition is fierce, margins are tight and organizations are trying to squeeze the most value out of their investments. Sound research helps ensure you are pursuing the most effective real estate strategies and evaluating the best possible solutions to achieve your business objectives.

This approach is nothing new for Grubb & Ellis. Research is part of our legacy, and we're known for delivering some of the highest quality research in the industry. We cover big-picture economic trends as well as specific drivers of local market demand for space. Our professionals regularly provide expert commentary to business organizations, government entities and the media on the forces shaping the commercial real estate landscape. We go beyond standard real estate statistics to explore how significant developments – such as election results, accounting rules or environmental legislation – may affect real estate owners, tenants and investors.

Our comprehensive insights are based on:

- Our professional research managers and their staff, whose critical function it is to build the base of market intelligence in each office and provide published reports and custom analyses to our clients. Grubb & Ellis pioneered the concept of hiring professional research managers to direct the company's research function. Our analysts undergo extensive training to ensure they understand the nuances of the real estate cycle, inflection points in the cycle, leading indicators, and the actions and advice that are appropriate for each phase of the cycle. Education and practical application of market data continues throughout our employees' careers.
- Our systems used to compile, maintain, analyze and disseminate our research. Grubb & Ellis was one of the first in the industry to use computerized market research and analysis and continues to make investments to improve and enhance the information available. In addition to subscribing to the top property databases, Grubb & Ellis maintains a proprietary, centralized web-resident data warehouse to track its property-specific data – including property details, images, available space, leasing and sales comparables and tenant information. This sophisticated system, which is thoroughly audited three times per year, is based on a rigorous set of research standards designed to ensure that data are consistent across markets.
- Our reports and publications through which we translate our extensive databases into analysis, insights and actionable recommendations for our clients. In addition to our annual national and local forecast reports, Grubb & Ellis produces quarterly Market Trends reports that analyze local and national market conditions by product type, a Weekly Market Insight electronic communication on a timely economic or real estate-related topic, a biannual Logistics Market Trends report and white papers on issues that are important to our clients.
- Our real estate professionals and extensive network of practice groups, whose familiarity with the people and the property in their submarkets and unique industry segments yields a daily, in-the-trenches grasp of changing market conditions. The creation of market intelligence is a team effort, with knowledge flowing constantly between our research teams, brokerage sales professionals, practice groups and investment specialists.
- Our strong research platform combined with the knowledge and expertise of our professionals enables us to deliver integrated solutions to our clients – from market to market and around the globe. It is a proven tool that forms the foundation of all the services we provide, allowing us to uncover opportunities when they may not be easily visible. And it's what gives Grubb & Ellis and our clients a competitive advantage in the marketplace.

We'd be happy to discuss the findings in this year's forecast or any of our publications. To keep abreast of research disseminated by Grubb & Ellis, please visit www.grubb-ellis.com/research.

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