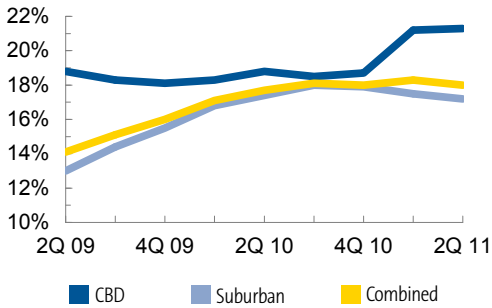


Office Trends Report—Second Quarter 2011

Albuquerque, NM



Vacancy Rate



Small Steps

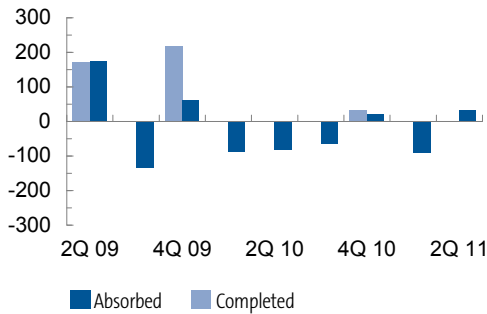
Last quarter's record setting vacancy failed to climb higher and even managed to post a slight improvement this quarter. The majority of deals are occurring in smaller spaces totaling less than 5,000 square feet. Cumulatively, this higher volume of smaller deals is not having a dramatic effect on reducing vacancy but it could be a harbinger of recovery. Overall activity appears to be increasing from previously subdued levels. More tenants are beginning to explore opportunities but this is not translating to more deals.

Another sign of positive momentum was a slight uptick in expansion activity occurring in the renewal process. Expansions have been a rarity over the last year and it appears a small number of tenants are gaining confidence to take advantage of market conditions. At this point in the recovery, landlords may find it hard to turn down offers from existing tenants who want to expand into spaces that have remained vacant for a year or more.

Affordability remains one of the key factors to making deals. Landlords have responded with lower asking rates which declined by 2.75 percent over the last year. Tenants who would typically lease office spaces are now considering alternative types of spaces. In some cases industrial and retail spaces are competing for office tenants. Learning institutions such as charter schools, trade schools, and colleges are making the move into more affordable industrial and retail space.

Completions vs. Absorption

(in Thousands of SF)

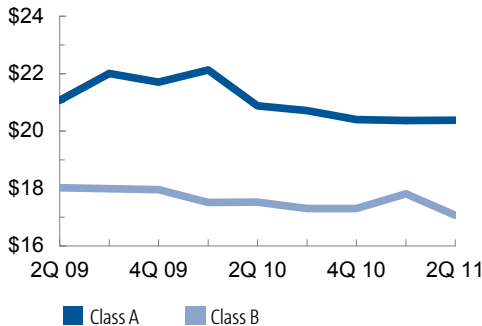


FORECAST

- Vacancy declines slightly.
- Tenants become more active searching for deals.
- Rate declines begin to stabilize.

Asking Rental Rates

(\$/SF/Yr. Full Service)



KEY TRANSACTIONS

<p>*Wayland Baptist University leased 9,457 SF at San Pedro Office Park Albuquerque, NM from Carlo, Inc.</p>	<p>Peterson Properties purchased 14,000 SF at 609 Gold Ave SW Albuquerque, NM from *Private Investor</p>	<p>Independent Living Services leased 10,000 SF at Pinetree Corporate Center Albuquerque, NM from Rosemont Realty</p>
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*Indicates Transaction Represented by Grubb & Ellis

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By Submarket	Total SF	Vacant SF	Vacant %	Available %	NET ABSORPTION		Under Construction SF	ASKING RENT	
					Current Qtr	Year To Date		Class A	Class B
Downtown	2,735,375	583,408	21.3%	23.5%	(3,702)	(29,180)	-	\$20.03	\$14.23
CBD Total	2,735,375	583,408	21.3%	23.5%	(3,702)	(29,180)	-	\$20.03	\$14.23
Airport	1,249,784	136,531	10.9%	10.9%	(321)	13,037	-	-	\$13.46
Far Northeast Heights	967,769	140,031	14.5%	16.0%	(6,166)	(8,395)	-	-	\$16.42
Mesa del Sol	271,052	41,778	15.4%	15.4%	-	-	-	-	\$23.00
North I-25	3,228,845	632,704	19.6%	22.7%	7,449	(28,261)	98,720	\$22.50	\$18.19
Northeast Heights	878,482	141,104	16.1%	23.3%	41,174	40,748	-	-	\$15.90
Rio Rancho	616,578	63,390	10.3%	10.3%	(4,630)	(4,273)	-	-	\$20.58
Southeast Heights	594,440	140,770	23.7%	26.4%	(817)	(1,738)	-	-	\$12.54
University	904,514	133,369	14.7%	21.4%	(1,333)	(1,164)	-	-	\$17.23
Uptown	1,824,745	332,356	18.2%	21.5%	(3,075)	(21,224)	-	\$18.95	\$18.09
West Mesa	326,128	101,358	31.1%	32.0%	3,675	(11,581)	-	-	\$18.53
Suburban Total	10,862,337	1,863,391	17.2%	20.1%	35,956	(22,851)	98,720	\$20.84	\$17.73
Totals	13,597,712	2,446,799	18.0%	20.8%	32,254	(52,031)	98,720	\$20.38	\$17.07

By Class	Total SF	Vacant SF	Vacant %	Available %	Current Qtr	Year To Date	Under Construction SF	AVAILABLE FOR SUBLEASE	
								CBD	Suburban
Class A	1,386,055	200,162	14.4%	17.6%	2,980	(11,371)	-	-	14,787
Class B	9,152,285	1,643,950	18.0%	20.7%	29,004	(33,340)	98,720	2,566	61,606
Class C	3,059,372	602,687	19.7%	22.4%	270	(7,320)	-	-	4,702
Totals	13,597,712	2,446,799	18.0%	20.8%	32,254	(52,031)	98,720	2,566	81,095

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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.

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.

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