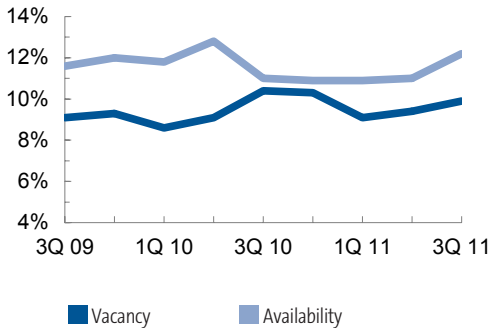
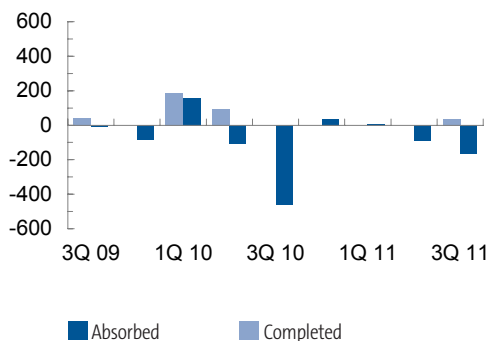


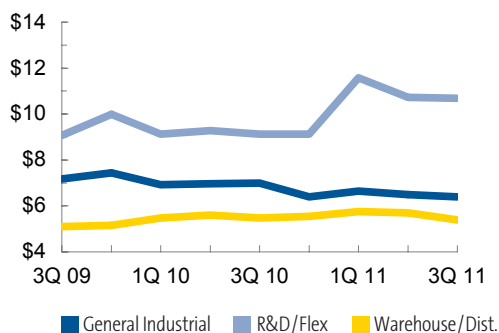
Vacancy & Availability Rates



Completions vs. Absorption (in Thousands of SF)



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



Stumbling Along

The industrial market failed to maintain its positive momentum from the previous quarter and more space was given back than occupied. A growing number of industrial users are taking advantage of falling rates and consolidating or downsizing into smaller spaces. Making these strategies attractive are reduced rental expenses and increased efficiencies. With vacancies remaining about 200 basis points over the five year quarterly average of 8 percent, many tenants are finding they can even improve their location and quality of space.

Unfortunately non-traditional industrial tenants such as charter schools, churches, and indoor sports have reappeared as the most active segment. Many are finding opportunities and values in older spaces that have been on the market for extended periods of time. This bottom feeder mentality is also common with investors looking for deals to purchase. The differential between buyer and seller expectations is quite large and deals are difficult to get done. Many sellers are waiting on the sidelines and will not consider selling until conditions improve.

One unique aspect is a shrinking number of large Class A warehouse distribution spaces over 30,000 square feet. Users searching for these types of spaces are finding a shortage of options that meet minimum standards for clear heights, yard space, truck parking, and proximity to the interstates. The abundance of older warehouse distribution properties on the market and priced competitively are a big factor driving the asking rates down.

FORECAST

- Value remains the primary driver.
- New construction starts decline.
- Older properties must reduce rates to be competitive.

KEY TRANSACTIONS

Brycon Construction
purchased
83,300 SF
at Park West Commercial Center
from *Bank of Amercia

***Langis Wholesale, Inc.**
leased
9,975 SF
at Broadbent Business Park
from *H.S. Rental Properties, Inc.

Oco Bio Medical
leased
8,202 SF
at 9550 San Mateo Blvd NE
from Mechenbier Construction

* Indicates Transaction Represented by Grubb & Ellis

Industrial Trends Report—Third Quarter 2011

Albuquerque, NM



By Submarket	Total SF	Vacant SF	Vacancy %	Available %	NET ABSORPTION		Under Construction SF	ASKING RENT	
					Current Qtr	Year To Date		WH/Dist	R&D/Flex
Airport	945,490	178,549	18.9%	19.9%	(49,315)	(81,838)	-	\$5.22	\$11.25
Downtown	3,197,780	403,397	12.6%	15.6%	(10,178)	(15,168)	-	\$4.37	-
Far Northeast Heights	215,664	2,000	0.9%	7.5%	-	-	-	-	-
Mesa Del Sol	639,334	6,704	1.0%	1.0%	-	-	-	-	-
North I-25	16,058,664	1,451,516	9.0%	10.4%	(88,557)	(56,711)	30,000	\$6.37	\$9.83
North Valley	1,577,368	97,380	6.2%	22.7%	(15,000)	24,493	-	\$4.46	\$5.11
Northeast Heights	351,219	55,685	15.9%	27.1%	-	(30,458)	-	\$6.83	\$3.45
Rio Rancho	6,086,180	279,013	4.6%	5.3%	1,150	(114,396)	-	\$4.50	\$7.00
South Valley	2,099,032	425,693	20.3%	24.9%	(12,690)	2,570	184,310	\$4.27	-
Southeast Heights	1,524,621	232,426	15.2%	17.4%	25,995	2,693	-	\$5.06	\$14.46
University	197,990	24,606	12.4%	12.4%	(1,976)	(1,976)	-	\$4.81	-
West Mesa	3,831,913	489,047	12.8%	13.8%	(13,292)	26,394	-	\$6.36	-
Totals	36,725,255	3,646,016	9.9%	12.2%	(163,863)	(244,397)	214,310	\$5.39	\$10.68

By Property Type	ASKING RENT								
General Industrial	17,911,236	1,449,097	8.1%	9.4%	(84,277)	(177,523)	79,310	\$6.39	
Incubator	12,000	-	-	-	-	-	-	-	
R&D/Flex	4,188,720	625,925	14.9%	16.4%	(7,923)	(45,521)	-	\$10.68	
Warehouse/Distribution	14,613,299	1,570,994	10.8%	14.5%	(71,663)	(21,353)	135,000	\$5.39	
Totals	36,725,255	3,646,016	9.9%	12.2%	(163,863)	(244,397)	214,310	\$6.63	

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INDUSTRIAL TERMS AND DEFINITIONS

Total SF: Industrial inventory includes all multi-tenant, single tenant and owner occupied buildings at least 10,000 square feet.

Industrial Buildings Classifications: Industrial buildings are categorized as warehouse/distribution, general industrial, R&D/flex and incubator based on their physical characteristics including percent office build-out, clear height, typical bay depth, typical suite size, type of loading and typical uses.

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. Industrial rents are expressed as triple net 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. The asking rent for each building in the market is weighed 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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