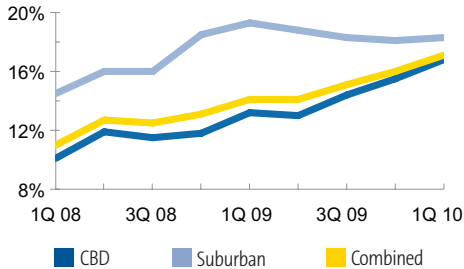
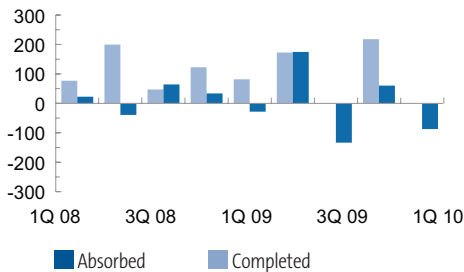


Vacancy Rate



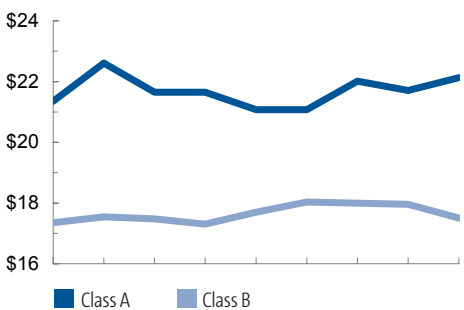
Completions vs. Absorption

(in Thousands of SF)



Asking Rental Rates

(\$/SF/Yr. Full Service)



Market Searching for the Bottom

Any chances for a quick recovery were put on hold as vacancy climbed to its highest level since the first quarter of 2004. Negative job growth in the financial and service sectors over the last few quarters are damping down demand for space. With the exception of health care and education, very few tenants are in growth mode right now. When given the opportunity, many tenants are opting for consolidations and downsizing of spaces.

Even with a small uptick in job growth the leasing market is still facing strong headwinds. Some tenants are effectively leaving the leasing pool by purchasing heavily discounted condominiums that were developed over the last two years. This strategy has worked well for medical tenants who are able to obtain more favorable lending terms. Productivity increases are also allowing companies to do more with fewer employees holding down demand for space. Facing dramatic budget cuts, many local and state government tenants are leaving leased spaces and moving into government owned facilities.

The market is flirting with finding the bottom and has almost worked through the rough patch of bankruptcies and downsizings. As asking lease rates trend downward, the opportunity to obtain the best terms should soon be realized by tenants. Since job growth is a lagging indicator, companies will not be ready to increase employment levels. Many will just un-furlough workers and bring them back to full-time employment. Given this trend landlords are likely to still experience tepid demand over the next two quarters.

FORECAST

- Market approaches the bottom
- Tenant market drives hard negotiating
- Shorter lease terms remain the norm

KEY TRANSACTIONS

Lessee/Buyer	Lessor/Seller	Property	Size (SF)/Price
Ardham Technologies, Inc.	HDIC	Century Theatre Block*	9,832
Heritage Home Healthcare	Brunancini & Son, LLC	3721 Rutledge NE	36,075

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

Office Trends Report—First Quarter 2010

Albuquerque, NM



By Submarket	Total SF	Vacant SF	Vacant %	NET ABSORPTION		Under Construction SF	ASKING RENT	
				Current	Year To Date		Class A	Class B
Downtown	2,642,619	482,790	18.3%	(10,583)	(10,583)	-	\$22.51	\$14.10
CBD Total	2,642,619	482,790	18.3%	(10,583)	(10,583)	-	\$22.51	\$14.10
Airport	1,249,852	142,791	11.4%	(16,890)	(16,890)	-	-	\$13.64
Far Northeast Heights	953,465	123,976	13.0%	(53,036)	(53,036)	33,734	-	\$15.48
Mesa del Sol	271,052	41,778	15.4%	-	-	-	-	\$23.00
North I-25	3,195,030	557,895	17.5%	(33,908)	(33,908)	-	\$24.00	\$19.35
North Valley	11,000	4,463	40.6%	-	-	-	-	\$10.67
Northeast Heights	878,264	173,569	19.8%	(243)	(243)	-	-	\$15.45
Rio Rancho	628,056	62,710	10.0%	3,129	3,129	-	-	\$20.96
Southeast Heights	594,440	139,678	23.5%	991	991	-	-	\$16.40
University	1,002,283	239,781	23.9%	20,816	20,816	-	-	\$16.91
Uptown	1,820,398	268,053	14.7%	(7,778)	(7,778)	-	\$19.42	\$18.39
West Mesa	326,128	78,579	24.1%	10,156	10,156	-	-	\$19.59
Suburban Total	10,929,968	1,833,273	16.8%	(76,763)	(76,763)	33,734	\$21.60	\$18.25
Totals	13,572,587	2,316,063	17.1%	(87,346)	(87,346)	33,734	\$22.13	\$17.51

By Class	Total SF	Vacant SF	Vacant %	Current	Year To Date	Under Construction SF	AVAILABLE FOR SUBLEASE	
							CBD	Suburban
Class A	1,386,055	174,505	12.6%	(5,860)	(5,860)	-	-	13,066
Class B	9,153,403	1,573,050	17.2%	(43,062)	(43,062)	33,734	3,351	132,068
Class C	3,033,129	568,508	18.7%	(38,424)	(38,424)	-	-	1,470
Totals	13,572,587	2,316,063	17.1%	(87,346)	(87,346)	33,734	3,351	146,604

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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.