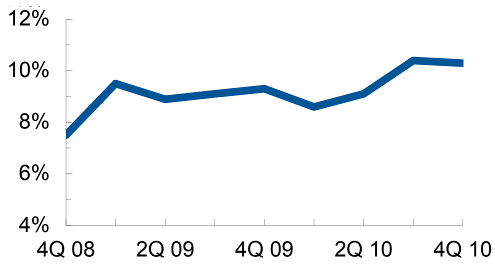
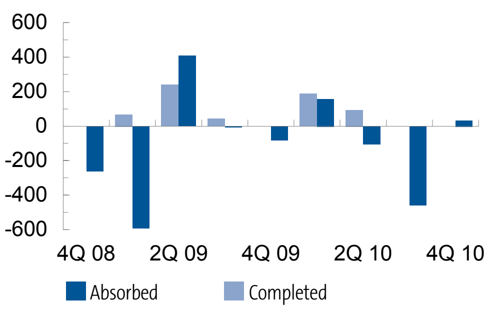
Industrial Trends Report—Fourth Quarter 2010
Albuquerque, NM

GRUBB & ELLIS. New Mexico

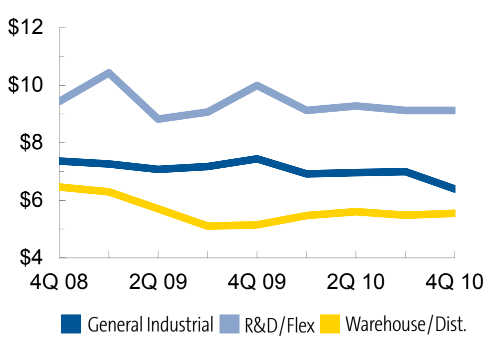
Vacancy Rate



Completions vs. Absorption
(in Thousands of SF)



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



Renewed Interest

The industrial market managed to eke out a slight improvement for the quarter. It was again being driven by non-traditional users taking advantage of attractively priced industrial properties. Relative to office and retail properties charter schools and churches have discovered that industrial properties can provide significant savings, especially on new first-generation spaces. Combined, over 100,000 square feet of positive space absorption occurred in non-traditional uses.

Overall activity appears to be trending positive. Traditional industrial users are slowly coming off the sidelines. Compared to the previous three quarters genuine interest is finally growing and more qualified prospects are exploring opportunities. Activity is being seen across a wider variety of users and not limited to just one specific sector like green energy. Demand for larger spaces over 20,000 square feet has also re-appeared.

The missing component required to spur a full-blown recovery is a sustainable and moderate increase in new single-family home construction starts. Until this occurs the market will likely remain a tenant's market. Landlords will still have to offer concessions to secure deals. Without single-family home construction growth, current activity levels can only increase so much. Either way look for tenants to begin locking in deal terms for longer periods of time.

FORECAST

- Tenants consider longer lease periods.
- Demand for larger spaces increases slightly
- Pricing concessions increase more for older properties.

KEY TRANSACTIONS

Lessee/Buyer	Lessor/Seller	Property	Size (SF)/Price
Airgas	Private Investor *	2929 Vassar Dr NE	39,000
Favorite Brands, LLC *	The Holding Place, LLC	2500 Solano St NE	16,000
Burke Engineering *	Private Investor	3501 Princeton Dr NE	15,000
Salmon Enterprises, LLC *	AART Properties, LLC *	8524 Paseo Alameda Dr NE	8,000

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 Qtr	Net Absorption Year To Date	Under Construction SF	Asking Rent WH/Dist	Asking Rent R&D/Flex
Airport	873,746	89,692	10.3%	4,768	18,313	-	$4.92	$11.25
Downtown	3,196,183	386,632	12.1%	933	139,690	-	$4.04	-
Far Northeast Heights	215,664	2,000	0.9%	-	-	-	-	-
Mesa Del Sol	639,334	6,704	1.0%	-	(6,704)	-	-	-
North I-25	15,960,325	1,360,044	8.5%	18,092	95,093	-	$6.40	$9.54
North Valley	1,577,368	121,873	7.7%	100	12,954	-	$4.23	$6.12
Northeast Heights	359,059	25,227	7.0%	16,000	35,484	-	$6.49	$3.45
Rio Rancho	6,072,679	151,116	2.5%	(10,834)	(56,124)	-	$4.50	$6.82
South Valley	2,574,876	904,107	35.1%	(36,717)	(630,747)	-	$4.59	-
Southeast Heights	1,483,861	209,119	14.1%	47,245	62,031	-	$5.09	$12.52
University	193,960	18,600	9.6%	-	(13,000)	-	$3.00	-
West Mesa	3,831,913	515,441	13.5%	-	(24,269)	-	$6.53	-
Totals	**36,978,968**	**3,790,555**	**10.3%**	**39,587**	**(367,279)**	**-**	**$5.53**	**$10.38**

By Property Type	Total SF	Vacant SF	Vacancy %	Current Qtr	Year To Date	Under Construction SF	Asking Rent
General Industrial	18,249,856	1,697,110	9.3%	(34,953)	(256,241)	-	$6.40
Incubator	12,000	-	-	-	-	-	-
R&D/Flex	4,105,103	545,094	13.3%	69,972	4,426	-	$10.38
Warehouse/Distribution	14,612,009	1,548,351	10.6%	4,568	(115,464)	-	$5.53
Totals	**36,978,968**	**3,790,555**	**10.3%**	**39,587**	**(367,279)**	**-**	**$6.60**

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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.*