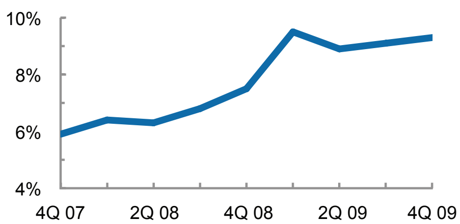
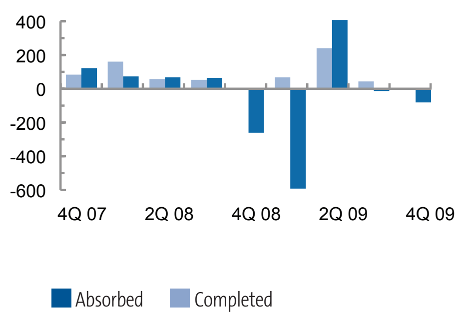
Industrial Trends Report—Fourth Quarter 2009
Albuquerque, NM

GRUBB & ELLIS. New Mexico

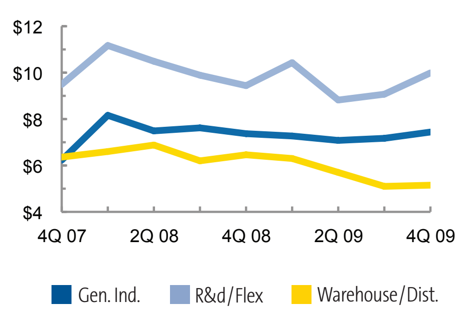
Vacancy Rate
Quarterly



Completions vs. Absorption
Quarterly (in Thousands of SF)



Asking Rental Rates
Quarterly ($/SF/Yr. Full Service)



Glimmers & Gluts

A small glimmer of good news occurred during the quarter. Vacancy increased slightly, a mere 20 basis points. It appears the pace of increases have slowed down dramatically and are moving towards stabilization. Although demand is still sluggish in the overall market, compared to the last few quarters, activity levels in a few sectors have picked up. Bright spots include environmental, alternative energy, education, medical supply, and government.

The glut of excess warehouse space is providing opportunities for non-traditional users. Historically low rates in warehouse properties combined with tight budgets are attracting the interest of non-traditional users. Charter schools, trade schools and secondary colleges are taking advantage of the affordability offered in warehouse spaces. The challenge is making the spaces work without significant tenant improvements. Look for other types of users to consider lower cost industrial properties for their space requirements.

Capitulation can be a harbinger of recovery and reinforce signs of market stabilization. Many landlords are prepared to be very aggressive in lease negotiation and are ready to do anything to get the deal done. Discounted rates for shorter terms are working to benefit of both landlords and tenants. Landlords can secure tenants and generate discounted lease revenue for the short term. Once the economy picks up, more favorable terms can be negotiated. Tenants are more comfortable committing to shorter terms at lower rates which serves to minimize risk.

FORECAST

- Landlords and tenants both embrace shorter lease periods
- Non-traditional users consider more affordable industrial properties

KEY TRANSACTIONS

	Lessee/Buyer	Lessor/Seller	Property	Size (SF)/Price
Leasing	Light Solar Technologies	Private Investors	5300 Eagle Rock NE	24,000
Sales	JTC Painting & Plating.	Private Investors	248 Woodward SE*	28,000
Leasing	Sandia Paper	Private Investors	5801 Jefferson NE	41,000

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

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By Submarket	Total SF	Vacant SF	Total Vacancy %	NET ABSORPTION Current	NET ABSORPTION Year To Date	Under Construction SF	ASKING RENT WH/Dist	ASKING RENT R&D/Flex
Airport	844,176	98,005	11.6%	(19,165)	(22,400)	-	-	-
Downtown	3,345,673	626,085	18.7%	(75,030)	(154,199)	-	$3.87	-
Far Northeast Heights	215,664	2,000	0.9%	2,000	-	-	-	-
Mesa Del Sol	639,334	-	-	-	225,000	-	-	-
North I-25	15,675,654	1,270,050	8.1%	33,403	(190,903)	93,686	$5.68	$9.00
North Valley	1,591,795	184,987	11.6%	6,200	40,451	12,394	$4.35	-
Northeast Heights	358,801	75,232	21.0%	(4,000)	(10,451)	-	$4.69	$3.45
Rio Rancho	6,072,679	94,992	1.6%	19,855	61,780	-	-	$10.16
South Valley	2,514,632	314,775	12.5%	(62,213)	(185,042)	-	$4.78	-
Southeast Heights	1,492,713	258,525	17.3%	21,839	11,583	-	$5.25	$11.61
University	193,960	5,600	2.9%	-	4,800	-	$3.00	-
West Mesa	3,873,253	491,172	12.7%	(4,022)	(52,067)	-	$6.73	-
Totals	**36,818,334**	**3,421,423**	**9.3%**	**(81,133)**	**(271,448)**	**106,080**	**$5.16**	**$9.99**

By Property Type	Total SF	Vacant SF	Total Vacancy %	Net Absorption Current	Net Absorption Year To Date	Under Construction SF	ASKING RENT
General Industrial	18,007,955	1,268,561	7.0%	(61,293)	336,169	106,080	$7.44
Incubator	12,000	-	-	-	-	-	-
R&D/Flex	4,145,802	597,508	14.4%	50,524	(61,538)	-	$9.99
Warehouse/Distribution	14,652,577	1,555,354	10.6%	(70,364)	(546,079)	-	$5.16
Totals	**36,818,334**	**3,421,423**	**9.3%**	**(81,133)**	**(271,448)**	**106,080**	**$6.88**

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INDUSTRIAL TERMS AND DEFINITIONS

Inventory: 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.*