

# Industrial Market Trends Albuquerque

Grubb & Ellis Research  
First Quarter 2005



## Expansions Driving Absorption

The leasing market showed a minor improvement in activity during the first quarter. This activity was driven by expansions into larger spaces from a handful of tenants. The moves were predominantly into recently completed projects. An abundance of large vacant spaces over 25,000 square feet continue to remain on the market. Combined these account for 1.8 million square feet or almost 60 percent of the total vacant space currently available. Rate concessions are beginning to occur in some newly constructed projects, especially in the West Mesa submarket.

*"Desire to own continues"*

The good news is that when decisions are made to move, both tenants and owners are generally securing more space than previously occupied. This trend is supporting positive absorption of space especially with minimal downsizings or companies leaving the market. From a new construction standpoint, most of the activity is occurring in the North I-25 and West Mesa areas. As about 150,000 square feet of new projects are completed in the next two quarters, this will increase the amount of vacant space and drive up the vacancy rate slightly.

A desire to own continues to be the dominant focus for small to medium sized industrial companies. Even with interest rates inching up slightly, business owners still prefer to buy their facilities. Finding viable sites remains a big challenge. Companies seeking to purchase industrial buildings are finding abundant choices of older second and third generation buildings and higher priced office warehouse condominiums. Opportunities exist for those who are comfortable with executing a renovation strategy in older buildings.

### Albuquerque Industrial Market Trends

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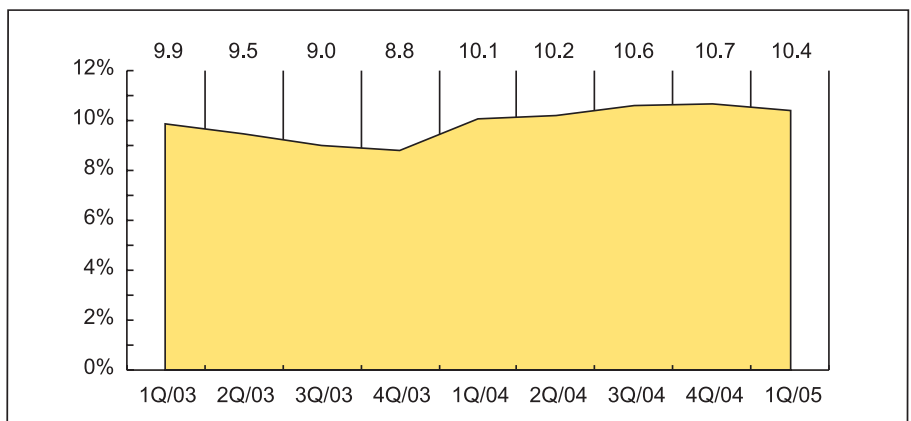
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**Industrial Vacancy Rate\***

*\*All Classes of Space*

## Industrial Market Snapshot Albuquerque First Quarter 2005

By Submarket (All Classes)	Total SF(1)	Vacant SF(2)	Vacant %	Net Absorption		Under Construction(3)	Asking Rent(4)	
				Current Qtr.	Year-to-date		WH/Dist.	R&D/Flex
Airport	808,723	81,566	10.1%	(5,066)	(5,066)	-	\$4.90	\$7.00
CBD (Downtown)	2,903,403	557,618	19.2%	1,984	1,984	-	\$4.18	\$8.89
Cottonwood	-	-	-	-	-	10,010	-	-
Far NE Heights	150,447	2,000	1.3%	3,100	3,100	-	\$6.44	-
North I-25	14,924,159	1,724,877	11.6%	(14,411)	(14,411)	149,410	\$5.97	\$8.90
North Valley	1,341,609	167,592	12.5%	(2,000)	(2,000)	-	\$7.35	-
Northeast Heights	343,609	12,254	3.6%	4,431	4,431	-	\$5.35	-
Rio Rancho	4,622,219	179,836	3.9%	55,916	55,916	-	\$5.00	\$9.50
South Valley	2,047,376	116,327	5.7%	(3,788)	(3,788)	-	\$4.52	-
Southeast Heights	814,301	80,976	9.9%	7,400	7,400	-	-	-
University	187,763	5,600	3.0%	-	-	-	\$3.00	-
West Mesa	2,180,197	236,923	10.9%	64,355	64,355	750,000	\$5.58	-
<b>Totals</b>	<b>30,323,806</b>	<b>3,165,569</b>	<b>10.4%</b>	<b>111,921</b>	<b>111,921</b>	<b>909,420</b>	<b>\$5.42</b>	<b>\$8.94</b>

By Product Type (All Submarkets)								Asking Rent by Product Type
General Industrial	14,097,459	1,622,873	11.5%	171,236	(290,149)	825,763	\$5.57	
R&D/Flex	3,059,297	279,031	9.1%	(16,759)	110,792	-	\$8.76	
Warehouse/Dist.	13,528,546	1,373,977	10.2%	66,189	149,857	219,899	\$5.48	
<b>Total</b>	<b>30,685,302</b>	<b>3,275,881</b>	<b>10.7%</b>	<b>220,666</b>	<b>(29,500)</b>	<b>1,045,662</b>	<b>\$5.86</b>	

- (1) Inventory includes multi-tenant and single-tenant buildings with at least 10,000 sq. ft.
- (2) Vacant space includes vacant sublease space.
- (3) Space under construction includes speculative and build-to-suit for lease projects and owner-built projects.
- (4) Asking rates are per square foot per year, NNN. Rates for each building are weighted by the amount of available space within the building.

## Grubb & Ellis Office Locations

