

Industrial Market Trends Albuquerque

Grubb & Ellis Research
Third Quarter 2007



*Spec Construction Is On
The Upswing...*

Absorption Is Steady

The industrial market remained relatively stable during the third quarter, rising only 30 basis points to the current vacancy rate of 6.0 percent. Because of the significant portion of new construction becoming owner-occupied upon completion, absorption was positive in spite of increased vacancy rates. The West Mesa submarket saw the greatest gains as Shamrock Foods vacated its building in the North I-25 submarket to move into its new 185,000 square foot facility and Eclipse Aviation opened a new 41,500 square foot customer training facility at Double Eagle Airport.

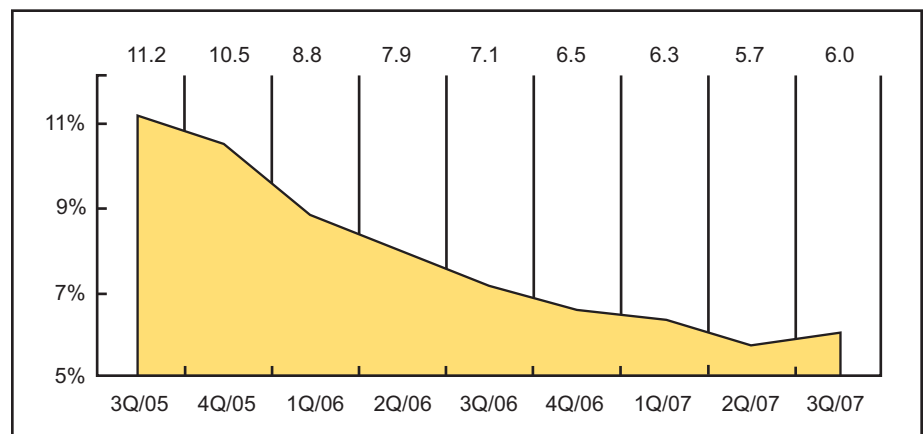
Speculative construction is gradually increasing. Just over 190,000 square feet of projects are currently underway with a majority in the Rio Rancho and West Mesa submarkets. Many are smaller projects, including condos that are tailored to small to medium sized users seeking space between 2,000 and 12,000 square feet. Very little speculative construction is occurring in warehouse and distribution properties. These tenants often require clear ceiling heights greater than 30 feet to accommodate the new racking systems as well as modern fire suppression sprinklers.

Asking rates for new construction projects are still climbing and have broken the \$7 per square foot mark. It remains to be seen whether tenants will accept these rates or opt for older spaces with fewer amenities.

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Industrial Vacancy Rate*

*All Product Types

Industrial Market Snapshot Albuquerque Third Quarter 2007

By Submarket (All Property Types)	Total (1)	Vacant (2)		Net Absorption		Under Const. (3)	Asking Rent (4)	
	SF	SF	Vacant %	Current Qtr	Year To Date	SF	WH/Dist	R&D/Flex
Airport	850,979	77,166	9.1%	865	(30,428)	-	\$12.00	-
Downtown	3,044,079	504,699	16.6%	(157,550)	(94,804)	-	\$4.38	\$9.00
Far Northeast Heights	215,664	72,000	33.4%	-	(68,700)	-	-	\$12.00
Mesa Del Sol	414,334	-	-	-	326,738	100,000	-	-
North I-25	15,459,573	941,334	6.1%	(50,138)	392,031	61,670	\$7.01	\$8.31
North Valley	1,447,163	152,554	10.5%	74,100	22,100	64,474	\$5.82	-
Northeast Heights	395,134	33,443	8.5%	10,180	10,046	-	\$3.90	-
Outside Metro Area	12,160	-	-	-	-	-	-	-
Rio Rancho	5,768,777	26,200	0.5%	22,636	7,036	51,300	-	-
South Valley	2,461,310	81,508	3.3%	79,150	264,250	32,400	\$5.50	-
Southeast Heights	1,222,044	35,352	2.9%	12,882	(54,746)	-	-	\$17.75
University	193,960	23,400	12.1%	-	-	-	\$3.00	-
West Mesa	3,531,078	148,274	4.2%	197,035	209,062	41,760	\$7.60	-
Suburban Total	35,016,255	2,095,930	6.0%	189,160	982,585	351,604	\$6.48	\$9.33
Totals	35,016,255	2,095,930	6.0%	189,160	982,585	351,604	\$6.48	\$9.33

By Property Type (All Submarkets)	Asking Rent							
General Industrial	17,066,155	967,326	5.7%	(115,573)	514,271	223,934	\$5.84	
Incubator	12,000	-	-	-	-	-	-	
R&D/Flex	3,860,075	354,218	9.2%	8,265	248,569	100,000	\$9.33	
Warehouse/Distribution	14,078,025	774,386	5.5%	296,468	219,745	27,670	\$6.48	
Totals	35,016,255	2,095,930	6.0%	189,160	982,585	351,604	\$6.78	

(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|New Mexico statistics are audited annually and may result in revisions to previously reported quarterly and final year-end figures.

Grubb & Ellis Office Locations

