

# Office Market Trends Albuquerque

Grubb & Ellis Research  
Second Quarter 2005



## Strong Activity Continues

The office market remained vibrant during the second quarter. Almost one-half of the space absorbed occurred in new construction completions. Just over 40,000 square feet of space was occupied in the 60,000 total square feet that was delivered. The balance of activity transpired in several modest moves into 10,000 – 20,000 square foot spaces.

*“New Class B Competing with Class A Buildings”*

The remaining vacant space in the newly delivered Class B buildings will be competing with Class A buildings. New Class B buildings are now offered above Class A building rates. To justify this rate differential, Class B buildings are usually well located and offer first generation build outs. As long as tenant improvement costs are kept at modest levels, Class A buildings may have a competitive advantage. Older Class B buildings should also experience increased significant activity from tenants seeking better values. The amount of unabsorbed first generation vacant space delivered through the end of the years is expected to be approximately 50,000 square feet.

Opportunities still exist in the Airport and Downtown submarkets for tenants. These two areas have had the largest amount of vacant space available over the last six quarters. The Airport area offers the most affordable space in the metro area. Downtown on the other hand has the most affordable Class A space. At these rates, look for the two areas to show increased activity from value conscious tenants.

### Albuquerque Office Market Trends

is a newsletter published quarterly by Grubb & Ellis|New Mexico. To obtain additional copies or other Grubb & Ellis|New Mexico publications, please contact:

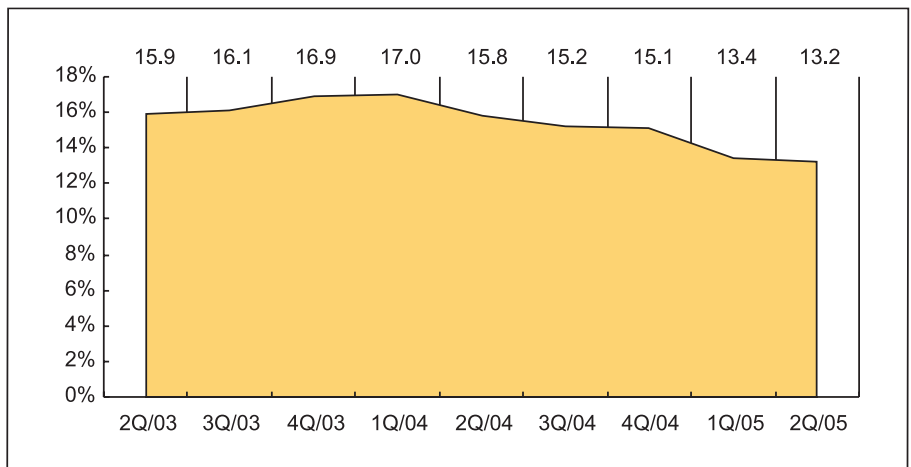
#### Ken Schaefer

Director of Brokerage Operations  
E-mail: ken.schaefer@grubb-ellis.com

Grubb & Ellis|New Mexico  
2400 Louisiana Blvd NE  
Bldg 1, Suite 300  
Albuquerque, NM  
Phone: 505.883.7676

Internet: www.genewmexico.com

Independently Owned and Operated



Office Vacancy Rate\*

\*All Classes of Space



# Office Market Snapshot Albuquerque Second Quarter 2005

By Submarket (All Classes)	Total SF(1)	Vacant SF	Vacant %	Net Absorption		Under Construction(2)	Asking Rent(3)	
				Current Qtr.	Year-to-date		Class A	Class B
CBD (Downtown)	2,767,440	505,622	18.3%	(13,812)	(11,043)	-	\$17.80	\$14.02
Airport	1,222,492	327,391	26.8%	(3,145)	28,341	-	-	\$13.33
Cottonwood	-	-	-	-	-	-	-	-
Far NE Heights	913,339	85,322	9.3%	(658)	3,239	10,205	-	\$17.37
North I-25	2,758,662	220,139	8.0%	57,446	135,911	63,964	-	\$16.44
Northeast Heights	754,494	104,989	13.9%	8,177	1,309	-	-	\$14.51
Rio Rancho	279,928	35,653	12.7%	2,600	8,448	-	-	\$16.74
Southeast Heights	566,847	30,110	5.3%	(877)	(4,937)	28,650	-	\$15.77
University	990,573	65,621	6.6%	7,227	6,101	18,900	-	\$13.50
Uptown	1,773,556	197,605	11.1%	30,959	42,723	-	\$19.08	\$16.23
West Mesa	266,713	52,041	19.5%	8,012	28,403	-	-	\$17.06
<b>CBD (Downtown)</b>	<b>2,767,440</b>	<b>505,622</b>	<b>18.3%</b>	<b>(13,812)</b>	<b>(11,043)</b>	<b>-</b>	<b>\$17.80</b>	<b>\$14.02</b>
<b>Suburban</b>	<b>9,526,604</b>	<b>1,118,871</b>	<b>11.7%</b>	<b>109,741</b>	<b>249,538</b>	<b>121,719</b>	<b>\$19.08</b>	<b>\$15.77</b>
<b>Total</b>	<b>12,294,044</b>	<b>1,624,493</b>	<b>13.2%</b>	<b>95,929</b>	<b>238,495</b>	<b>121,719</b>	<b>\$18.41</b>	<b>\$15.19</b>
By Class (All Submarkets)							Available for Sublease	
							CBD	Suburban
Class A	1,527,591	134,020	8.8%	21,803	75,086	-	5,000	25,210
Class B	7,500,482	1,020,584	13.6%	63,613	133,869	121,719	15,680	81,098
Class C	3,265,971	469,889	14.4%	10,513	29,540	-	-	16,065
<b>Total</b>	<b>12,294,044</b>	<b>1,624,493</b>	<b>13.2%</b>	<b>95,929</b>	<b>238,495</b>	<b>121,719</b>	<b>20,680</b>	<b>122,373</b>

- (1) Inventory includes multi-tenant and single tenant buildings with at least 10,000 sq. ft.
- (2) Space under construction includes speculative and build-to-suit for lease projects.
- (3) Asking rates are per square foot per year, full service. Rates for each building are weighted by the size of the building.

## Grubb & Ellis Office Locations

