

# Office Market Trends Albuquerque

Grubb & Ellis Research  
Fourth Quarter 2008



*Speculative construction projects should diminish dramatically...*

## Hunkering Down

The office market stumbled slightly as growing unemployment in the Albuquerque Metropolitan area facilitated higher vacancy. Compared to a year ago the unemployment rate increased 140 basis points going from 2.9 to 4.3 percent. Vacancy inched upward as companies downsized or ceased operations altogether. On an overall basis, 44 buildings experienced negative absorption of space while only 25 benefited from positive absorption.

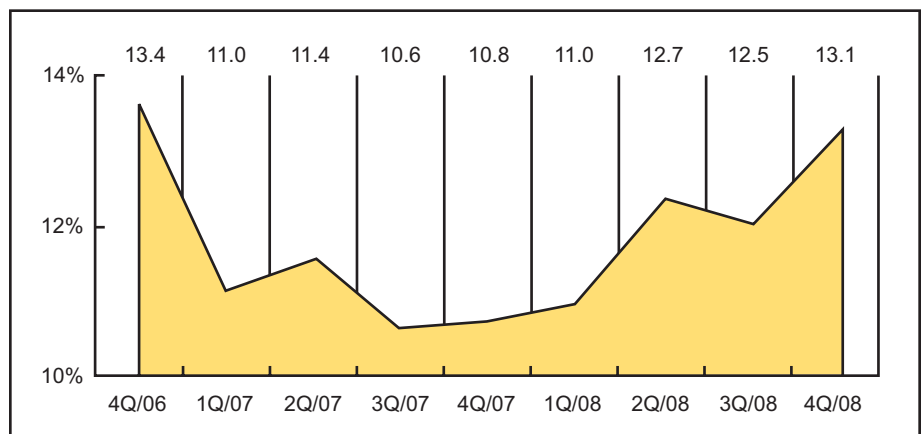
Companies appear to be hunkering down and putting excess space on the market. The amount of available space on the market is 1.9 million square feet, up by 97,000 square feet from the previous quarter and 356,000 square feet from a year ago. This would have been higher if not for Hewlett Packard Technical Service Center's move into 62,000 square feet of space in the North I-25 submarket. HP is temporarily occupying this space while its new location is being built in Rio Rancho's City Centre.

Another positive move during the quarter was Fidelity Human Resources occupying 105,000 square feet of build-to-suit space in Mesa Del Sol. Fidelity should occupy a similar amount of space in the first quarter of 2009 as phase II is completed. Look for new speculative construction starts to virtually come to an end for the balance of 2009. The existing 124,000 square feet of projects underway will likely meet existing needs. Combined with additional spaces hitting the market, developers may not be motivated to bring new speculative projects to the market. Any new construction activity will primarily be build-to-suit.

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**Office Vacancy Rate\***

*\*All Classes of Space*

# Office Market Snapshot Albuquerque Fourth Quarter 2008

By Submarket (All Classes)	Total (1)	Vacant (2)		Net Absorption		Under Const. (3)	Asking Rent (4)	
	SF	SF	Vacant %	Current Qtr	Year To Date	SF	Class A	Class B
Downtown	2,612,806	482,140	18.5%	(48,727)	(69,458)	-	\$21.90	\$15.06
<b>CBD Total</b>	<b>2,612,806</b>	<b>482,140</b>	<b>18.5%</b>	<b>(48,727)</b>	<b>(69,458)</b>	<b>-</b>	<b>\$21.90</b>	<b>\$15.06</b>
Airport	1,234,969	94,948	7.7%	3,852	30,962	-	-	\$14.21
Cottonwood	15,671	1,732	11.1%	1,000	1,000	-	-	\$16.50
Far Northeast Heights	921,325	95,363	10.4%	(19,640)	(21,890)	-	-	\$18.73
Mesa del Sol	105,000	-	-	105,000	105,000	166,052	-	-
North I-25	3,154,138	418,619	13.3%	73,249	149,652	42,354	\$21.00	\$19.21
Northeast Heights	758,588	124,177	16.4%	(4,423)	(10,034)	-	-	\$15.96
Rio Rancho	385,300	72,034	18.7%	(4,800)	821	-	-	\$19.38
Southeast Heights	592,914	63,227	10.7%	(25,072)	(38,501)	-	-	\$15.98
University	973,180	100,412	10.3%	(19,782)	(49,694)	-	-	\$16.94
Uptown	1,834,776	156,871	8.5%	(19,382)	9,970	-	\$21.50	\$18.32
West Mesa	309,301	81,176	26.2%	(7,584)	(31,222)	28,402	-	\$19.51
<b>Suburban Total</b>	<b>10,285,162</b>	<b>1,208,559</b>	<b>11.8%</b>	<b>82,418</b>	<b>146,064</b>	<b>236,808</b>	<b>\$21.37</b>	<b>\$18.08</b>
<b>Totals</b>	<b>12,897,968</b>	<b>1,690,699</b>	<b>13.1%</b>	<b>33,691</b>	<b>76,606</b>	<b>236,808</b>	<b>\$21.65</b>	<b>\$17.30</b>
<b>By Class (All Submarkets)</b>							<b>Available for Sublease</b>	
							<b>CBD</b>	<b>Suburban</b>
Class A	1,389,162	153,098	11.0%	10,435	4,566	-	1,843	21,846
Class B	8,471,102	1,151,032	13.6%	108,135	142,966	236,808	17,716	83,463
Class C	3,037,704	386,569	12.7%	(84,879)	(70,926)	-	-	1,625
<b>Totals</b>	<b>12,897,968</b>	<b>1,690,699</b>	<b>13.1%</b>	<b>33,691</b>	<b>76,606</b>	<b>236,808</b>	<b>19,559</b>	<b>106,934</b>

(1) Inventory includes multi-tenant and single-tenant buildings with at least 10,000 sq. ft.

(2) Vacant space includes both vacant direct and vacant sublease space.

(3) Space under construction includes speculative and build-to-suit for lease projects.

(4) Asking rates are per square foot per year, full service. Rates for each building are weighted by the size of 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

