

Retail Market Trends New Mexico

Grubb & Ellis Research
Third Quarter 2005



“Exciting new retail projects underway”

Separation of Classes

Momentum in the retail market continued to increase across most sectors. As in previous quarters, free-standing retail continued to deliver the lion's share of absorption activity. The third quarter experienced healthy absorption in neighborhood and strip centers as well. While the overall increase in activity occurred in most areas across the city, it is particularly active in the Cottonwood and Paseo Del Norte areas.

A separation of classes is beginning to form in the retail market divided by lease rates. New retail construction continues to attract national retailers who do not blink an eye at paying above average rents. First generation retail centers are getting lease rates above \$24 per square foot on an annual triple net basis in most areas. Retailers, however, can still find good value in older, well located neighborhood centers. These centers have lease rates that are often 50 percent below those of new construction and are especially attractive to local retailers.

Two long awaited national retailers are expanding into the Albuquerque area. A new 14,000 square foot Trader Joe's Grocery is currently under construction at the northwest corner of Paseo Del Norte and Ventura. Kohl's Department Store is planning to open two locations. One is slated for the northwest corner of Paseo Del Norte and Louisiana and the other on Cottonwood Drive near Alameda. Kohl's are typically about 86,000 square feet. A major retail lifestyle center called ABQ Uptown has begun construction at the northeast corner of Louisiana and Indian School. Phase I consists of 220,000 square feet of retail and restaurant space and will open by Fall of 2006.

Albuquerque Industrial Market Trends

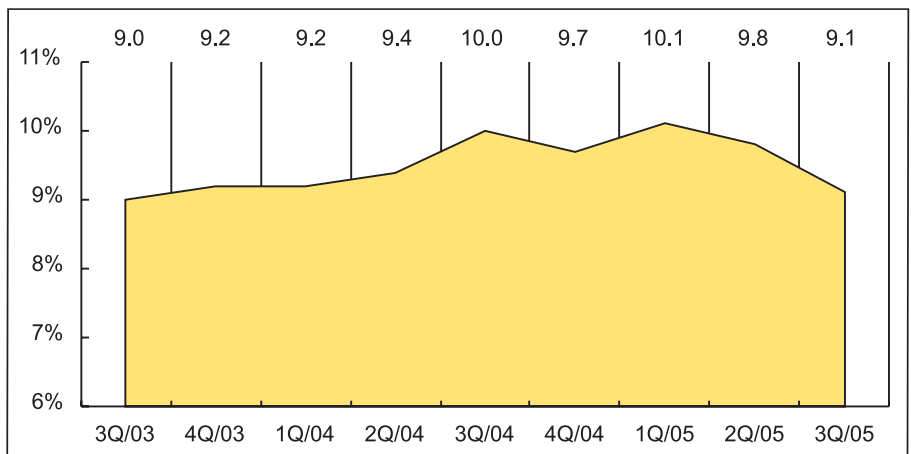
is a newsletter published quarterly by Grubb & Ellis|New Mexico. To obtain additional copies or other Grubb & Ellis|New Mexico publications, please contact:

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



Retail Vacancy Rate*
* All Classes of Space

