

Retail Market Trends New Mexico

Grubb & Ellis Research
Fourth Quarter 2005



"New centers performing well"

Retail Thrives in 2005

The retail market ended 2005 on a positive note. The fourth quarter vacancy rate reached the lowest level seen since the first quarter of 2001. In addition, overall absorption was almost one million square feet of space. This represents a 75 percent increase over 2004's total absorption of 549,000 square feet. A major factor for the significant absorption of space in 2005 can be attributed to new free standing buildings being occupied upon completion.

New retail centers in growth areas also performed quite well and are experiencing faster lease up time when compared to older parts of the city. The Far Northeast Heights, Cottonwood, and West Mesa submarkets accounted for 91 percent of the fourth quarter's overall absorption level. These areas are experiencing significant residential growth and retail activity is following suit.

Look for Rio Rancho to post similar absorption levels in the first two quarters of 2006. A new Super Wal-Mart is scheduled to open in the spring of 2006 and has already spurred several strip center developments close by. The City of Rio Rancho has experienced a 70 percent increase in the number of single family housing permits in 2005 compared to 2004 levels. Albuquerque, on the other hand, saw its first decrease since 2000 and dropped 4.3 percent.

Albuquerque Industrial Market Trends

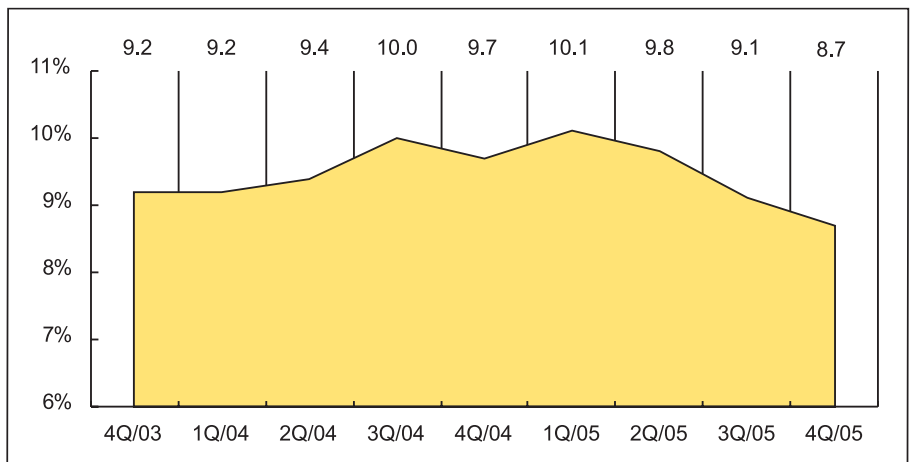
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