

# Retail Market Trends Albuquerque

Grubb & Ellis Research  
Second Quarter 2006



## Free-Standing Driving Activity

*"No End in Sight"*

The retail market cruised through the second quarter with no major bumps in the road brought on by rising gas prices. Absorption of space continued to be driven by new free-standing buildings, which have significantly contributed to absorption levels for the last six quarters. This quarter, the new Super Wal-Mart in Rio Rancho was responsible for a majority of space absorbed. Look for this Free-standing absorption trend to continue for at least the next 18 months. Two new, 85,000 square foot, Kohl's Stores should be delivered prior to the holiday season in the Far Northeast Heights and Cottonwood submarkets. Additionally, a new 150,000 square foot Lowe's Home Improvement Warehouse is ready to start construction in the third quarter in the North Valley area by I-40.

Activity levels for other retail property types remained steady. Interest remained high for the West Mesa, Cottonwood, and Rio Rancho submarkets. New construction continues to be the preference for many tenants despite having much higher asking rates. Retail centers in established areas like the Northeast and Southeast Heights, remained stable for the quarter in terms of activity and deals being made.

Other than rising gas prices depleting consumer pocket books, the Albuquerque Metro area retail market should remain strong throughout the end of the year. The unemployment rates for the Albuquerque metro was 3.7 percent in May, down from 4.9 percent a year earlier. The long awaited ABQ Uptown Lifestyle Center is scheduled to open in the fall and its premiere, new to New Mexico tenant list, should attract shoppers from many areas of the state.

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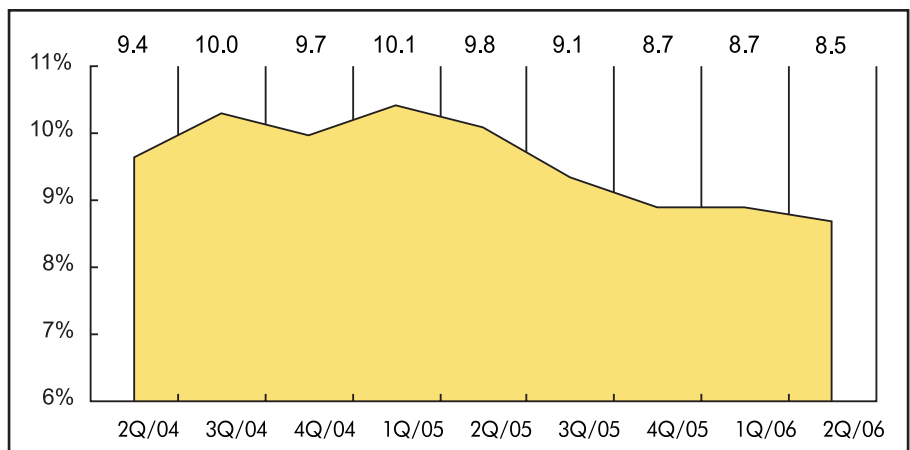
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**Retail Vacancy Rate\***

*\*All Classes of Space*

