

Retail Market Trends Albuquerque

Grubb & Ellis Research
Fourth Quarter 2006



Albuquerque's first lifestyle center arrives... Finally!

Vacancy Inches Lower

Throughout 2006, vacancy hovered in the 8 percent range, consistently lower than in recent years. The fourth quarter posted the lowest vacancy yet, at 8.4 percent. Over a million square feet was absorbed during the year, more than twice that of 2004. Most of the new demand in the fourth quarter was due to tenants with pre-leased space taking occupancy of new construction completions.

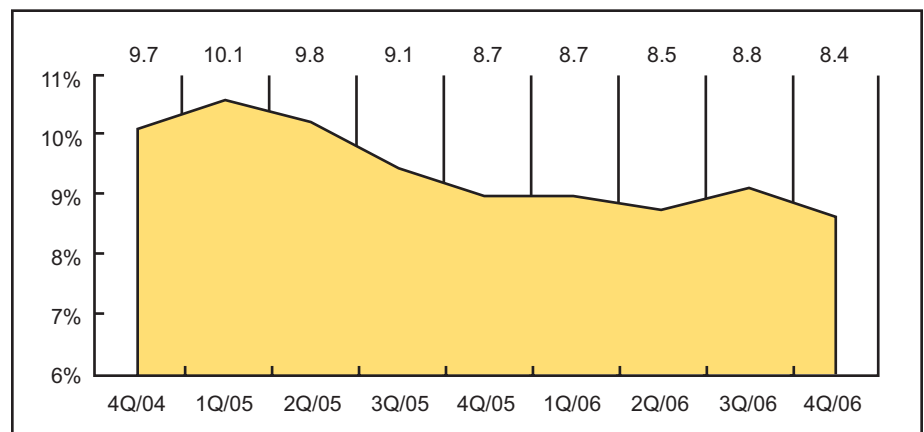
The opening of two Kohl's stores in Cottonwood and the Far Northeast Heights drove free-standing activity and accounted for almost 190,000 square feet of new construction and an equal amount of absorption. The second greatest activity was seen in a product type new to Albuquerque, the "specialty-theme" center. Often described as a "lifestyle center," this product type is characterized by restaurant, fashion and entertainment-oriented tenants. The opening of Phase I of ABQ Uptown brings 171,000 square feet of specialty-theme product online, as well as a host of prestigious national tenants that are new to New Mexico. Because it's the first of its kind in this area, ABQ Uptown is also expected to bring consumers from all over the state and give a boost to the retail shopping profile of Albuquerque. The remaining 121,000 square feet of new construction was distributed about evenly among community, neighborhood and strip centers.

The Albuquerque Metro area retail sector is strong, going into 2007. According to the UNM Bureau of Business and Economic Research, personal income growth increased to 8.0 percent in the second quarter of 2006 while the economy added 25,167 (net) new jobs from the third quarter of 2005 to the third quarter of 2006. These factors, combined with decreasing fuel costs, contribute to consumer confidence, which in turn, bodes well for both landlords and tenants.

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*All Classes of Space

