

Retail Market Trends Albuquerque

Grubb & Ellis Research
Third Quarter 2008



Asking rates decline in older centers...

Free-Standing Centers Lift Retail

Boosted by a new Lowe's Home Improvement store in Rio Rancho, absorption of retail space managed to post another back to back quarter of 100,000 plus square feet of space absorbed. Without this new store, absorption would have been slightly negative. The retail market began to experience some bumpy terrain but nothing too serious. Almost 95,000 square feet of space was vacated as result of retailers shuttering stores. Just over one third, or 35,000 square feet, was shuttered in the home furnishing category while another 20,000 square feet was lost in restaurants and full-service bars.

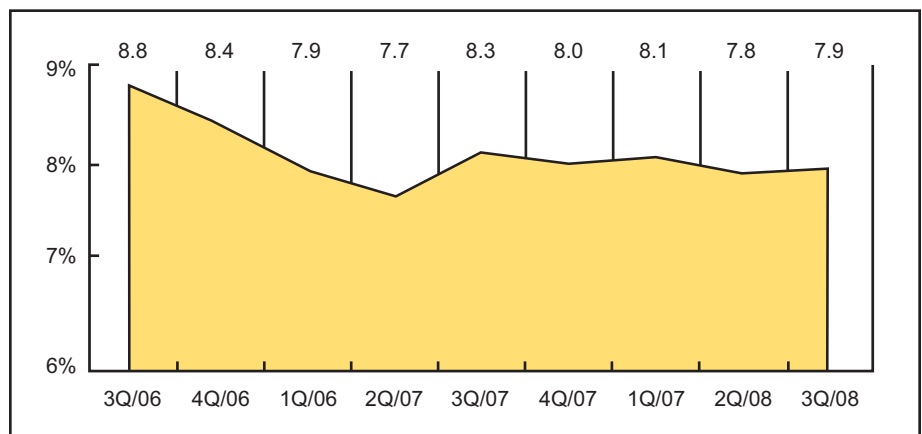
Compared to the same time last year, retail projects under construction fell by fifty percent or 205,000 square feet. This drop occurred primarily in free-standing and strip centers which were off by 240,000 and 100,000 square feet respectively. New speculative retail projects declined by 20 percent or 57,000 total square feet. Speculative strip centers saw the biggest drop and fell by 65 percent. A new Super Wal-Mart in the Northeast Heights just broke ground and will lift the level of projects under construction by 205,000 square feet.

The good news for tenants is that overall asking rates declined 4.2 percent from a year ago. Asking rates for Community centers experienced the biggest decline of almost 10 percent. Most of vacancy is occurring in older projects where landlords are more motivated to give better deals and is driving asking rates down. Newer projects completed since the beginning of the year have performed well leasing up 71 percent of space. In the face of the current economic slowdown they are likely to see slower absorption of space and more resistance to higher rates.

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Retail Vacancy Rate*
*All Product Types

Retail Market Snapshot Albuquerque Third Quarter 2008

By Submarket (All Property Types)	Total (1)	Vacant (2)	Net Absorption		Under Const. (3)	Asking Rent (4)		
	SF	SF	Vacant %	Current Qtr	Year To Date	SF	Neighborhood	Power
Downtown	588,005	108,665	18.5%	(3,483)	(1,602)	-	-	-
CBD Total	588,005	108,665	18.5%	(3,483)	(1,602)	-	-	-
Cottonwood	4,008,471	95,854	2.4%	29,017	56,162	28,553	\$19.98	-
Far Northeast Heights	3,756,052	241,686	6.4%	(15,983)	13,801	89,977	\$15.75	-
North I-25	3,092,435	151,315	4.9%	12,719	31,434	38,700	\$12.58	-
North Valley	948,704	69,205	7.3%	2,920	6,667	32,836	\$16.41	-
Northeast Heights	4,013,441	410,661	10.2%	18,912	27,433	36,284	\$14.84	-
Rio Rancho	1,748,573	86,906	5.0%	114,146	101,056	17,000	\$15.08	-
South Valley	1,017,327	84,933	8.3%	(15,600)	(22,659)	-	\$18.00	-
Southeast Heights	2,809,190	128,285	4.6%	(31,720)	(42,825)	-	\$13.31	-
University	979,241	91,248	9.3%	2,000	16,354	30,000	\$20.00	-
Uptown	2,405,896	424,051	17.6%	13,222	78,848	-	\$15.00	-
West Mesa	2,054,601	264,851	12.9%	(22,914)	92,361	-	\$22.45	-
Suburban Total	26,833,931	2,048,995	7.6%	106,719	358,632	273,350	\$16.83	-
Totals	27,421,936	2,157,660	7.9%	103,236	357,030	273,350	\$16.83	-

By Property Type (All Submarkets)

Asking Rent

Community	2,133,090	245,110	11.5%	(17,495)	(1,133)	-	\$13.13
Free-standing	7,839,887	348,524	4.4%	102,180	140,681	32,794	\$10.75
Neighborhood	6,900,690	727,998	10.5%	(6,148)	92,179	146,561	\$16.83
Power	832,382	5,600	0.7%	(4,771)	6,374	-	-
Showroom	1,811,468	35,721	2.0%	(2,500)	1,126	38,700	\$15.90
Specialty/Theme	171,000	17,290	10.1%	-	20,807	-	\$42.50
Strip	4,392,721	365,407	8.3%	25,772	46,328	55,295	\$13.57
Super-regional	3,064,213	310,420	10.1%	9,681	50,890	-	\$77.35
Urban Retail	276,485	101,590	36.7%	(3,483)	(222)	-	\$15.92
Totals	27,421,936	2,157,660	7.9%	103,236	357,030	273,350	\$16.45

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

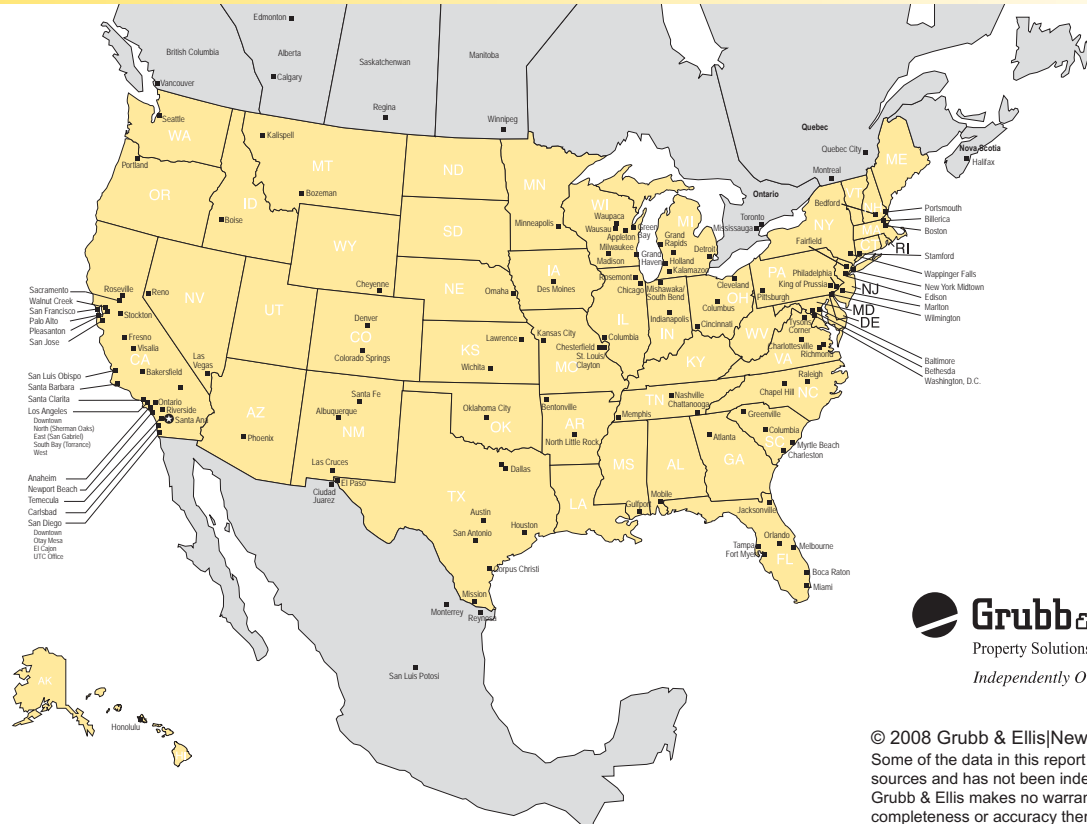
(2) Vacant space includes both vacant direct and vacant sublease space.

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

(4) Asking rates are per square foot per year, NNN. Rates for each building are weighted by amount of available space within 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



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