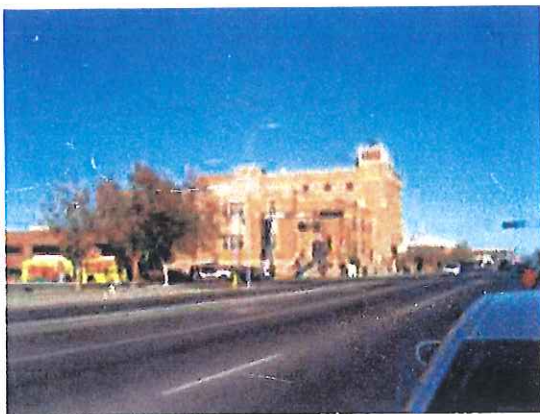


**SELF-CONTAINED APPRAISAL REPORT
FIRST BAPTIST CHURCH COMPLEX DOWNTOWN**

101 Broadway Boulevard NE
Albuquerque, New Mexico 87103
Appraisal File #A09310

First Baptist Church & Classrooms



Noon Day Center



EFFECTIVE DATE OF VALUE:
December 10, 2009

DATE OF REPORT:
December 30, 2009

PREPARED FOR:

City of Albuquerque, Albuquerque Council Services
Attention: Jon K. Zaman, Senior Policy Analyst
P.O. Box 1293, Room 9087
Albuquerque, New Mexico 87103
Phone: (505) 768-3163 or (505) 554-9900
Email: jzaman@cabq.gov

Prepared By:



2420 Midtown Place NE, Suite A
Albuquerque, New Mexico 87107
(505) 343-0400 / FAX (505) 343-0330



December 30, 2009

City of Albuquerque, Albuquerque Council Services
Attention: Jon K. Zaman, Senior Policy Analyst
P.O. Box 1293, Room 9087
Albuquerque, New Mexico 87103
Phone: (505) 768-3163 or (505) 554-9900
Email: jzaman@cabq.gov

RE: Self-Contained Appraisal Report
First Baptist Church Complex Downtown
101 Broadway Boulevard NE
Albuquerque, New Mexico 87103
Appraisal File #A09310

Mr. Zaman:

In accordance with your request, I have prepared a Self-Contained Appraisal Report on the above-referenced property. The purpose of this appraisal is to provide my opinion of the "as is" market value of the fee simple interest in the subject as of November 20, 2009. The intended use is to assist the client, City of Albuquerque, Albuquerque Council Services, in possible purchase of the property.

This letter of transmittal is not to be misconstrued as an appraisal, but merely indicates the final opinion of value developed in the following Self-Contained Appraisal Report, which was prepared in conformance with the current requirements of the Appraisal Foundation as set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), and with the requirements of the federal bank regulating agencies. I have appraised the real estate only, without valuing the furnishings, fixtures, or equipment (FF&E).

The appraisal is made subject to general assumptions and limiting conditions stated in the body of the report. The Certification and Assumptions and Limiting Conditions are presented in the *Addenda* and are considered an integral part of the report. Considering analysis presented herein, the following value estimate for the subject property has been reconciled:

Opinion of Fee Simple Market Value: \$11,300,000

This opinion of market value includes the real estate only, without valuing the business enterprise (if any), or furnishings, fixtures, and equipment (FF&E).

Respectfully submitted,

AMERICAN PROPERTY - Consultants & Appraisers, Inc.

A handwritten signature in blue ink, appearing to read "Mario J. Del Curto", is written over a horizontal line.

Mario J. Del Curto, MAI, ARA
NM General Certified Appraiser #000204-G

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SUMMARY OF IMPORTANT FACTS & CONCLUSIONS

PROPERTY IDENTIFICATION

First Baptist Church Facility Downtown
101 Broadway Boulevard NE
Albuquerque, Bernalillo County, New Mexico 87103

LEGAL DESCRIPTION

Tracts Lettered "A", "B", "C", and "D" of a: Plat of Tract "A", "B", "C", "D" and "E", LANDS OF THE FIRST BAPTIST CHURCH OF ALBUQUERQUE, NEW MEXICO, Albuquerque, Bernalillo County, New Mexico as the same are shown and designated on the plat thereof, filed in the Office of the County Clerk of Bernalillo County, New Mexico on September 27, 1988, in Plat Book C37, page 107

EFFECTIVE DATE OF VALUE

"As Is" – December 10, 2009

DATE OF REPORT

December 30, 2009

PROPERTY RIGHTS

Fee Simple Estate

OWNER OF RECORD

First Baptist Church of Albuquerque

SITE DATA

SITE AREA

Tract A (improved) – 3.14 acres, or 136,889 SF
Tract B (vacant) – 1.22 acres, or 52,941 SF
Tract C (improved) – 1.49 acres, or 64,898 SF
Tract D (vacant) – 1.11 acres, or 48,375 SF
Totals 6.96 acres 303,103 SF

TOPOGRAPHY

Gentle slope from north to south and east to west

FLOOD ZONE

FEMA Map 35001C0334 G (Map 35002, Panel 0334 Suffix G), dated September 26, 2008, the property is within flood zone unshaded "X". A property within flood zone unshaded "X" is an area determined to be outside the 0.2% annual chance floodplain.

ZONE ATLAS PAGE

K-14

ZONING

SU-3 for Mixes Uses - Downtown 2010 Sector Development Plan. Compatible office, institutional, residential, retail, commercial, educational and other uses are encouraged along this district. The SU-3 zone is the most lenient within the Downtown Sector, with no height restrictions and the most permissive uses.

IMPROVEMENT DATA

	CHURCH SANCTUARY	CLASSROOMS WING	GYMNASIUM (NOON DAY BLDG.)	
	OFFICES/CLASSROOMS			
Ground Level (SF)	11,038	24,218	9,730	
2 nd Level (SF)	4,370	24,218	N/A	
3 rd Level	4,370	N/A	N/A	
4 th Level	4,370	N/A	N/A	
5 th Level	<u>4,370</u>	<u>N/A</u>	<u>N/A</u>	
Totals	28,518	48,436	9,730	86,684

EFFECTIVE AGE	35	25	20
TYPICAL BUILDING LIFE	50	50	40
QUALITY	Good	Good	Good
CONDITION	Fair	Average	Average
FLOOR AREA RATIO	0.29 (86,684 SF all structures / 303,103 square-foot site)		

HIGHEST & BEST USE**AS THOUGH VACANT**

High density residential, or educational support uses within parameters presented by the Downtown 2010 Sector Plan

AS IMPROVED

Existing, or similar use - The existing improvements would be well suited for an educational complex such as a large charter school, or other educational facility. The church portion would be suited for administrative offices, the auditorium for a similar use, the educational wing for similar classroom use, and the gymnasium for a similar use.

SUMMATION OF OPINIONS OF VALUE "As Is" Improved (November 20, 2009)

SITE VALUE <i>(for redevelopment)</i>	\$7,578,000
SITE VALUE <i>(as developed)</i>	\$6,062,000
COST APPROACH	\$11,300,000
SALES COMPARISON APPROACH	N/A
INCOME APPROACH	\$11,300,000

FINAL VALUES

Opinion of Fee Simple Total Property Market Value – "As Is": \$11,300,000

This opinion of market value includes the real estate only, without valuing the business enterprise, or furnishings, fixtures, and equipment (FF&E).

APPRAISAL PREFACE

I have performed an appraisal on a church/classroom/gymnasium facility, dba Fist Baptist Church of Albuquerque; located at 101 Broadway Boulevard NE, Albuquerque, Bernalillo County, New Mexico, 87103.

An *appraisal* is defined as being...

*"1) An analysis, opinion, or conclusion relating to the nature, quality, value, or utility of specified interests in, or aspects of, identified real estate (Code of Professional Ethics of the Appraisal Institute). In this usage, appraisal covers a variety of assignments, including valuation, consulting, and review. 2) The act or process of developing an opinion of value; an opinion of value."*¹

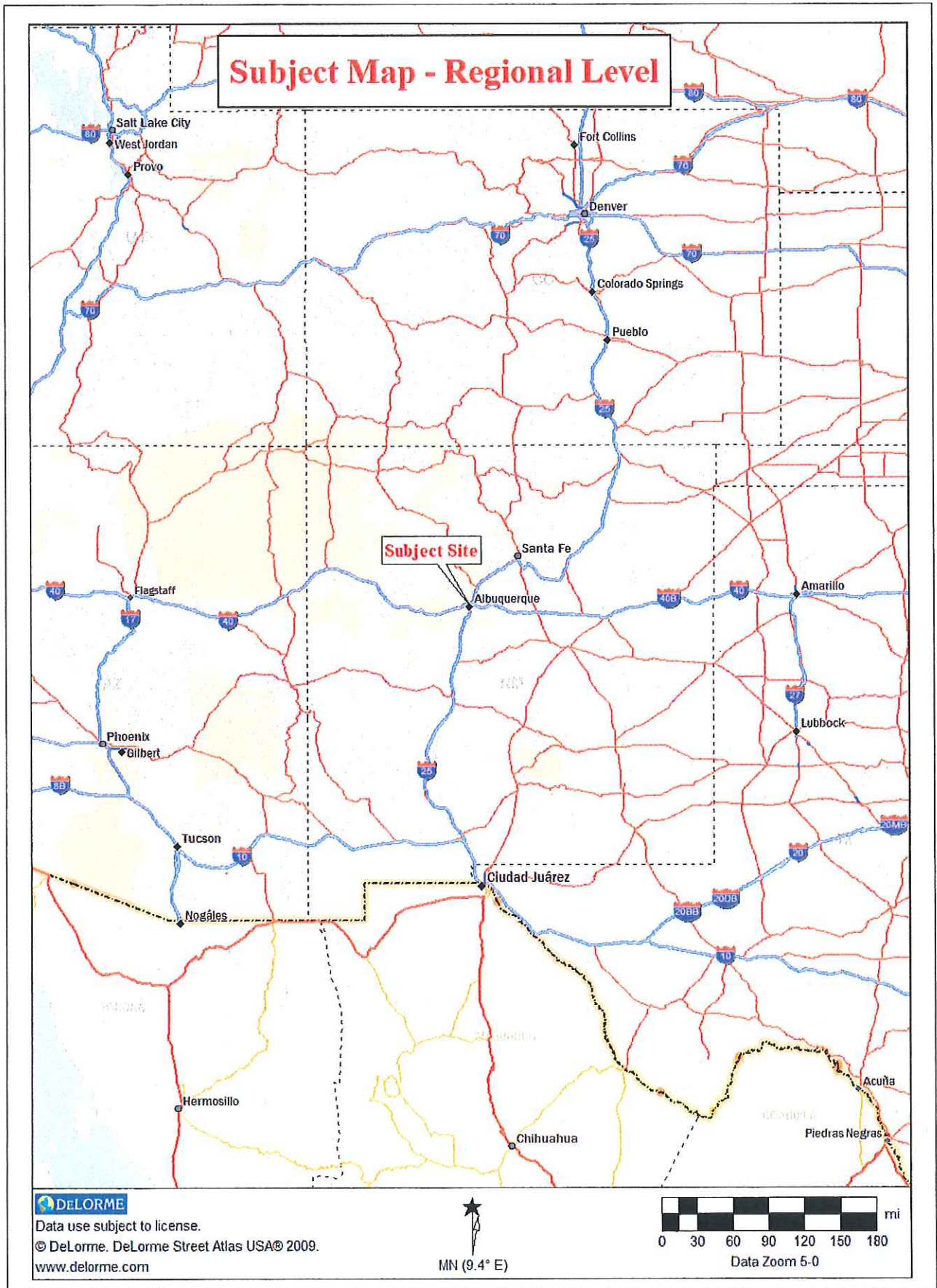
The following text is an *appraisal report*, defined as:

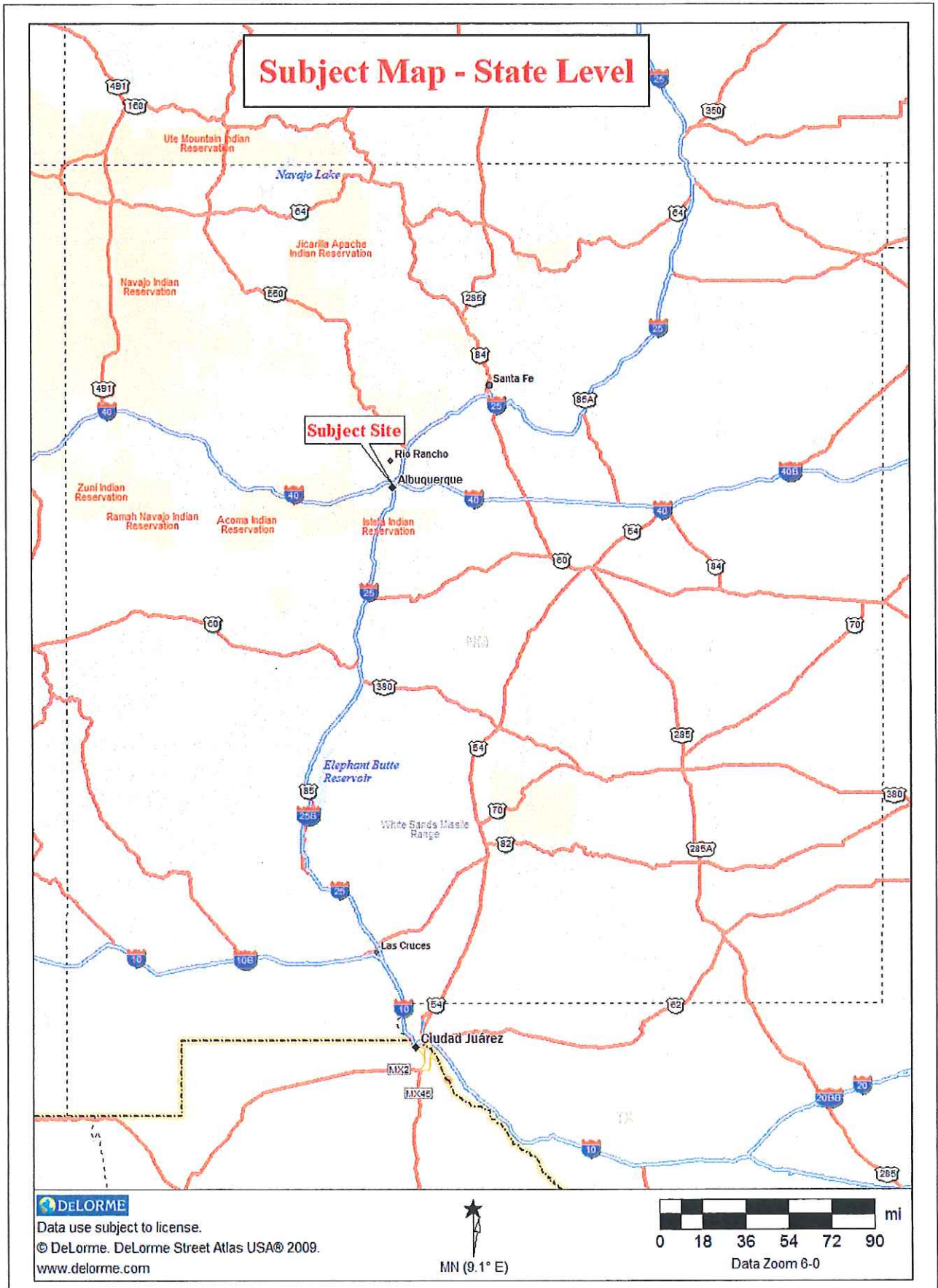
*"The written or oral communication of an appraisal; the document transmitted to the client upon completion of an appraisal assignment. Reporting requirements are set forth in the Standards Rules in Standard 2 of the Uniform Standards of professional Appraisal Practice."*²

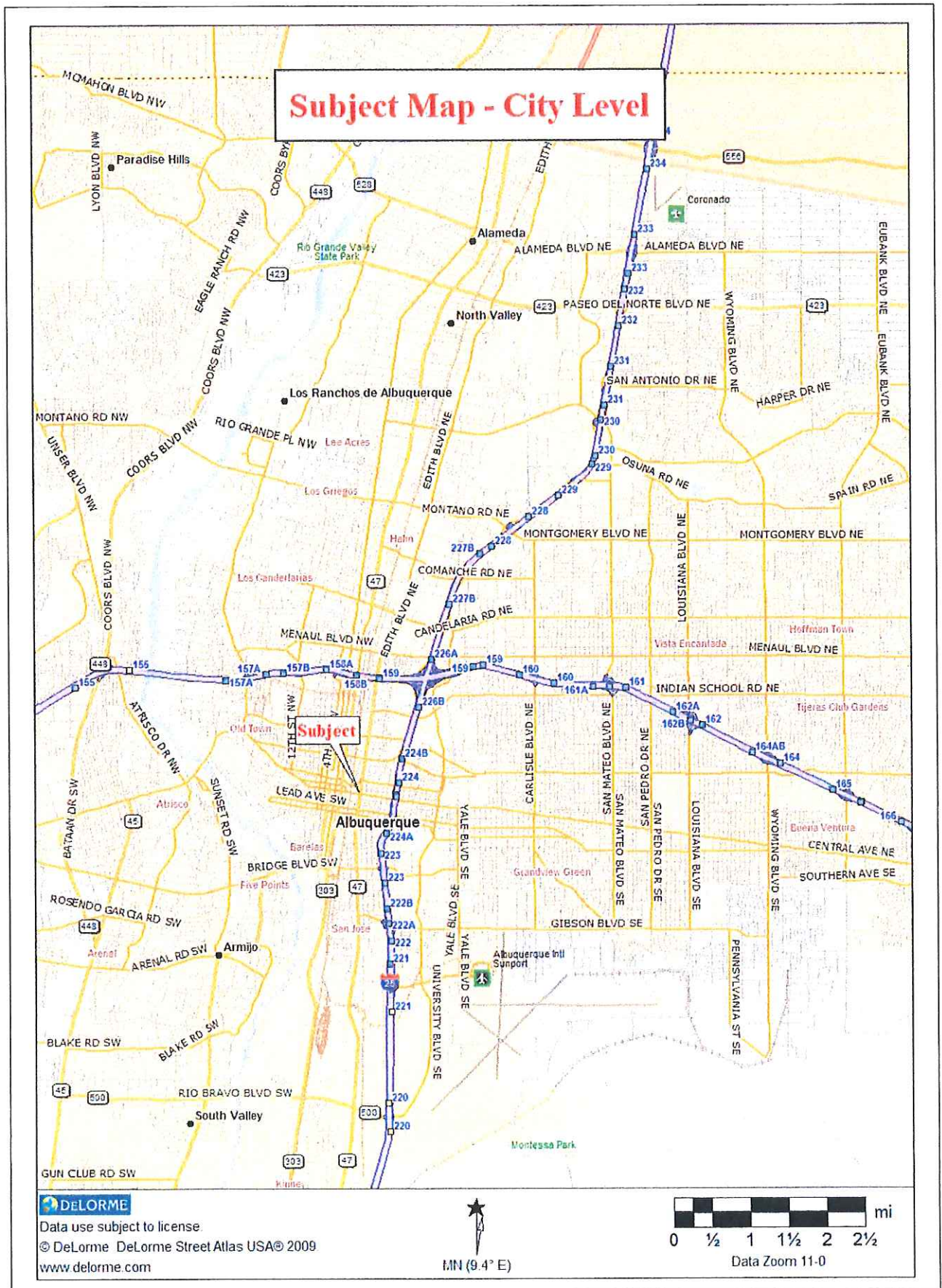
The preface contains maps identifying the location of the appraised property on regional, state, and local levels. Photographs of the property follow the maps.

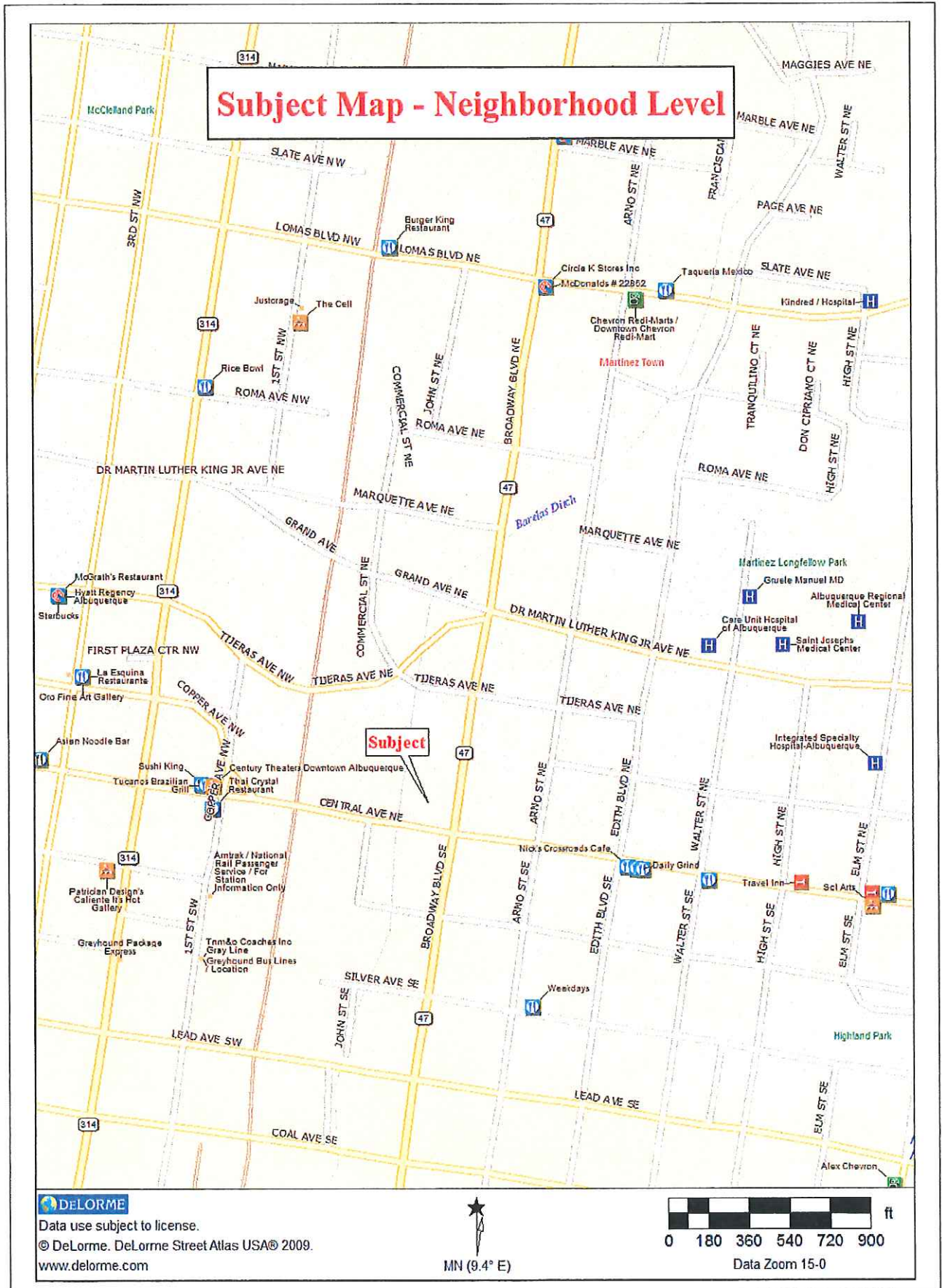
¹ Appraisal Institute, The Dictionary of Real Estate Appraisal, Fourth Edition, 2002, page 15

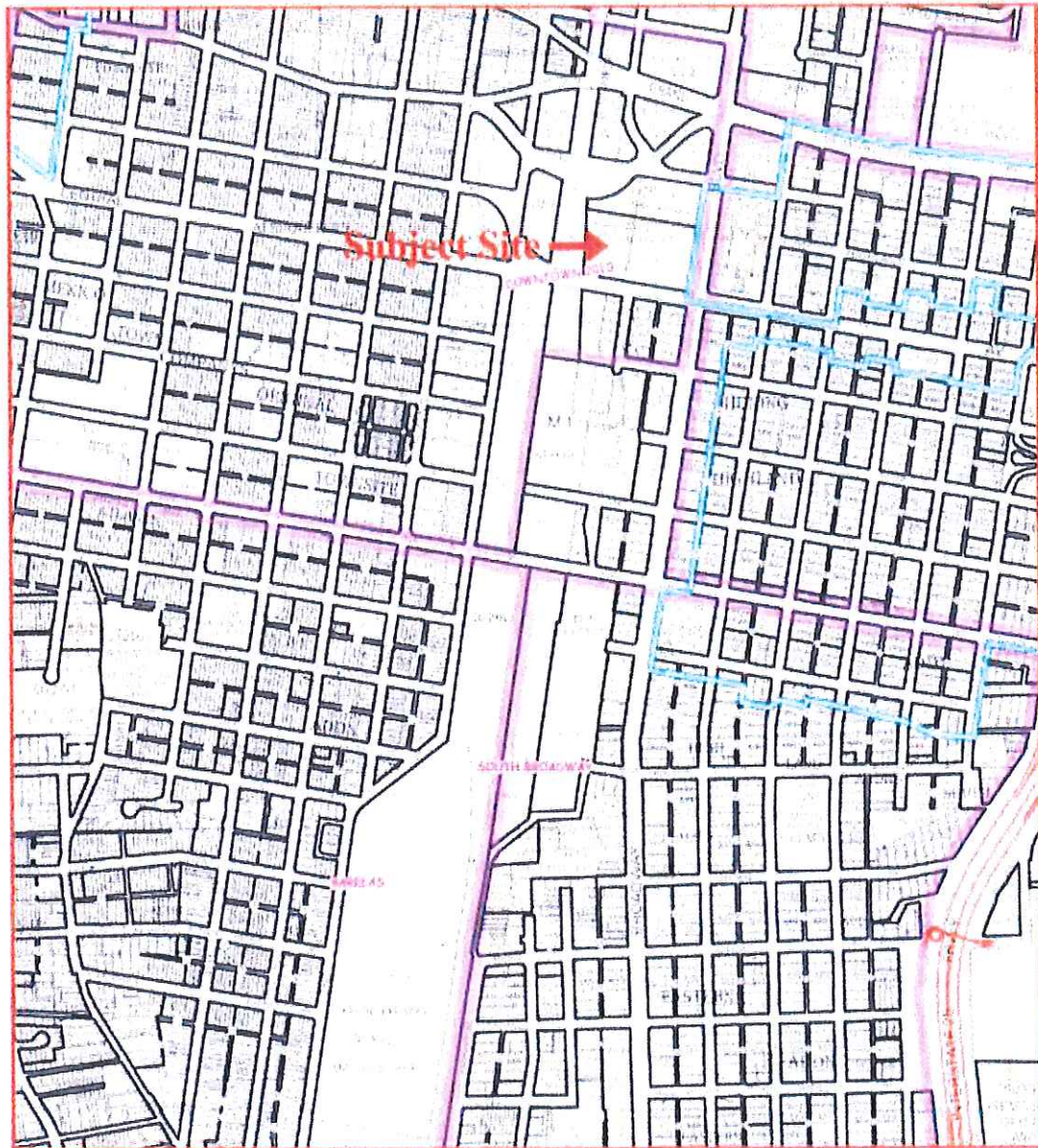
² Ibid, page 16











For more current information and more details visit: <http://www.cabq.gov/gis>





C37-1076

SP-10-06-585

C37-1076

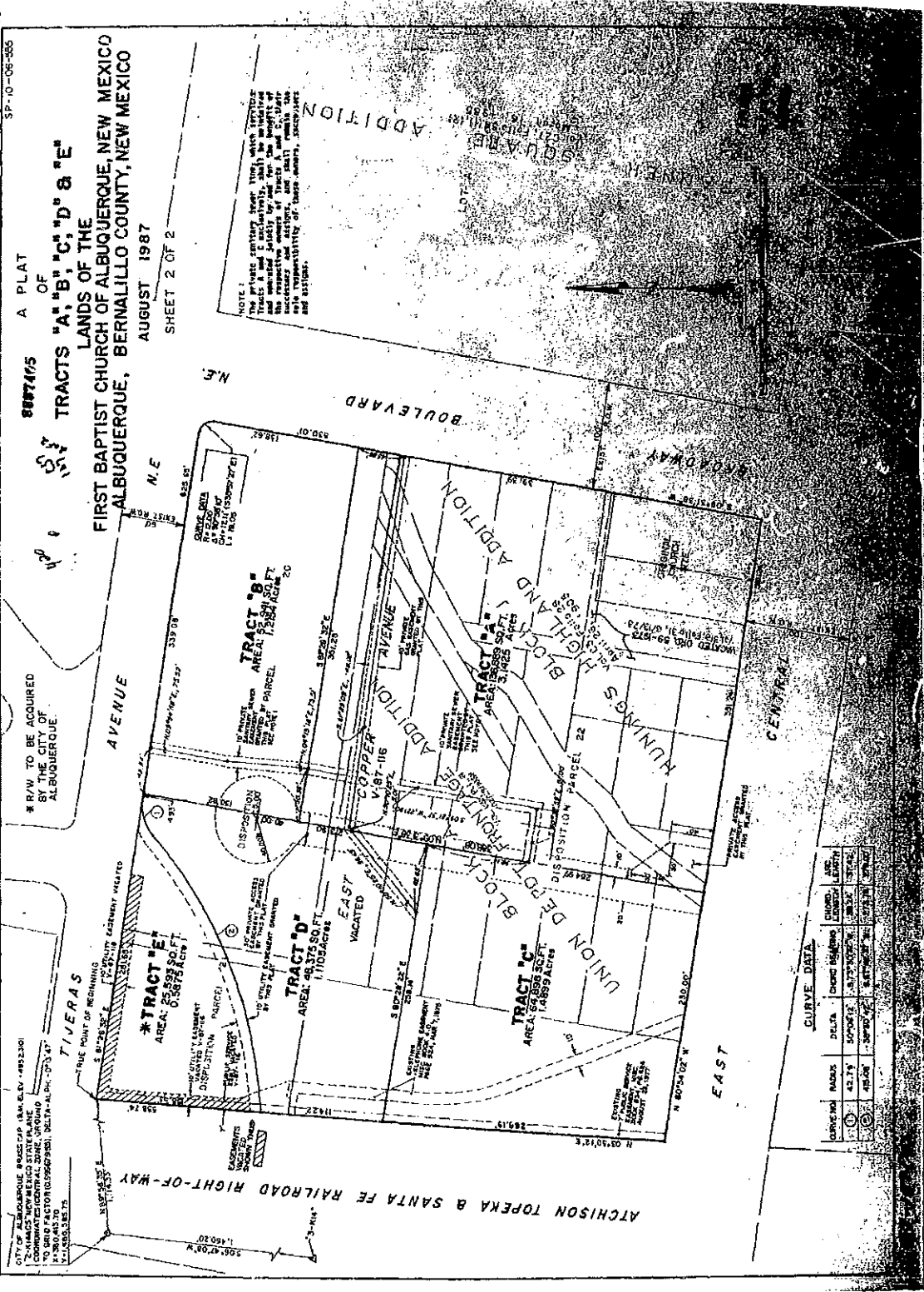
CITY OF ALBUQUERQUE, NEW MEXICO
PLAT OF TRACTS "A", "B", "C", "D", "E" & "F"
COMPREHENSIVE ZONING, URBAN
NO. 017 ACTOR (09667950), DELTA-ALPH, D-75 47
1-1-1980, 3-81-75

88874/5 A PLAT

OF TRACTS "A", "B", "C", "D" & "E"

LANDS OF THE
FIRST BAPTIST CHURCH OF ALBUQUERQUE, NEW MEXICO
ALBUQUERQUE, BERNALILLO COUNTY, NEW MEXICO
AUGUST 1987

SHEET 2 OF 2



**PHOTOGRAPHS OF SUBJECT PROPERTY
NWC CENTRAL & BROADWAY NW**

(PHOTOGRAPHED DECEMBER 10, 2009)

1. VIEW NORTH ON BROADWAY – SUBJECT ON LEFT



2. VIEW EAST ON CENTRAL – SUBJECT ON LEFT



3. VIEW WEST ON TIJERAS – SUBJECT ON LEFT



4. VIEW SOUTH ON BROADWAY – SUBJECT ON RIGHT



5. VIEW WEST ALONG INTERIOR ACCESS ROAD TO SITE (IMPROVEMENTS ON LEFT, PARKING ON RIGHT)



6. VIEW NW OF CHURCH BUILDING CENTER OF PHOTO, & EDUCATIONAL WING ATTACHED TO THE LEFT



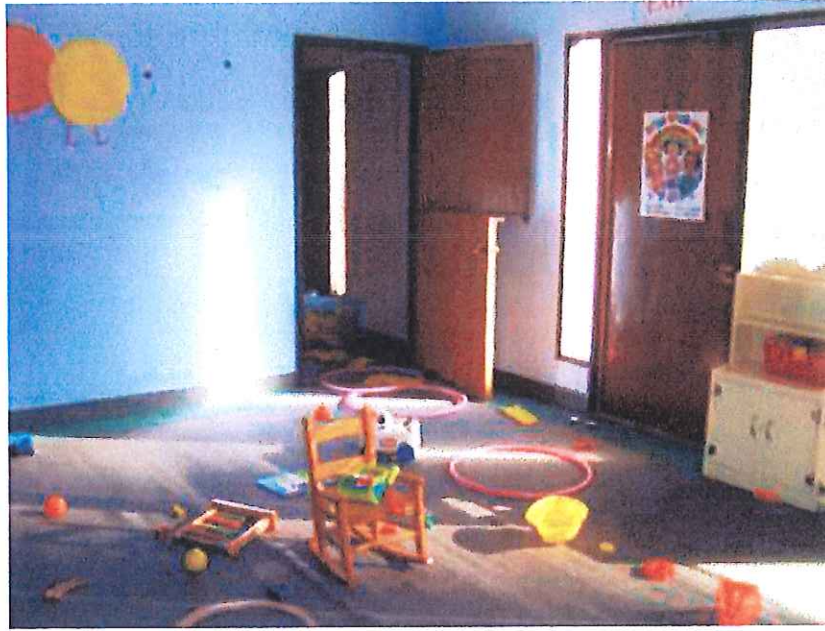
7. CLOSE-UP VIEW SW OF EDUCATIONAL WING



8. VIEW WEST OF NOON DAY CENTER (GYMNASIUM)



9. EDUCATIONAL WING – PRESCHOOL CLASSROOM 2ND LEVEL



10. EDUCATIONAL WING – TYPICAL HALLWAY 2ND LEVEL



11. EDUCATIONAL WING – RESTROOM 2ND LEVEL



12. EDUCATIONAL WING – TYPICAL HALLWAY 2ND LEVEL



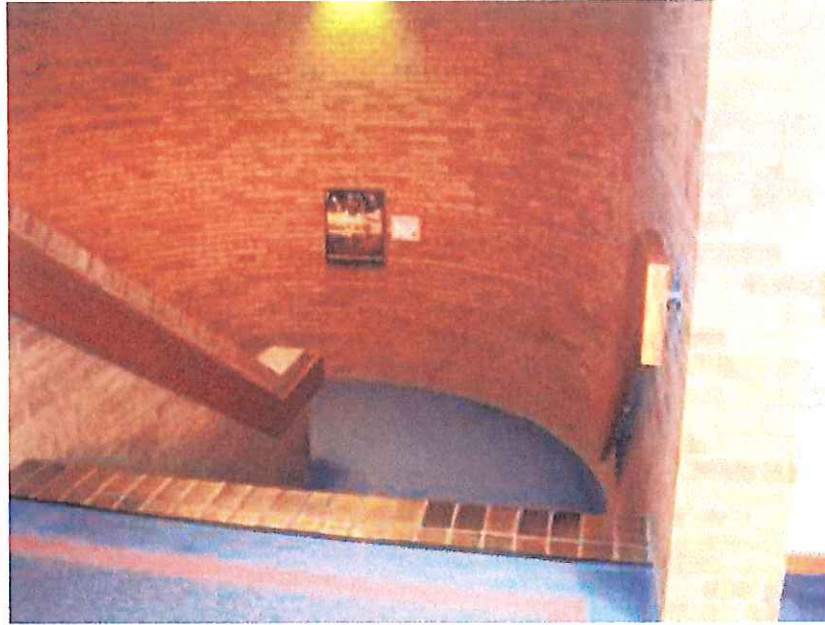
13. EDUCATIONAL WING – TYPICAL CLASSROOM 2ND LEVEL



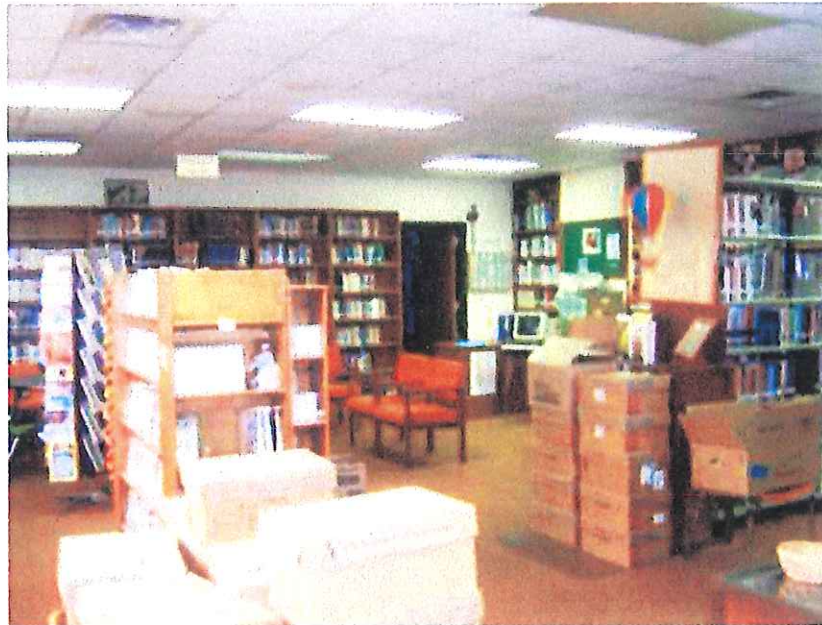
14. CHURCH – MAIN ENTRANCE VIEW FROM 2ND LEVEL DOWN TO 1ST LEVEL



15. CHURCH – TOWER STAIRWELL DOWN FROM 2ND LEVEL



16. CHURCH – LIBRARY



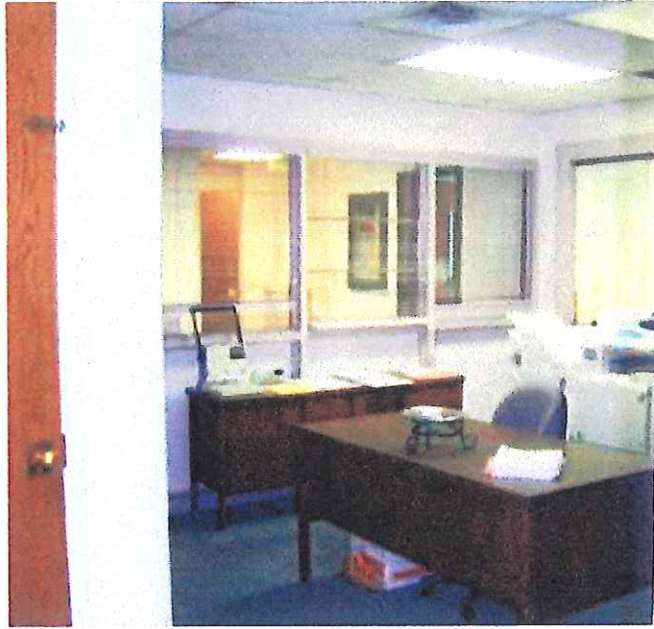
17. CHURCH – 2ND LEVEL BALCONY, AUDITORIUM



18. CHURCH – PULPIT, AUDITORIUM 1ST LEVEL



19. CHURCH – ADMINISTRATIVE OFFICES 1ST LEVEL



20. CHURCH – CONFERENCE ROOM 1ST LEVEL



21. CHURCH – MAIN ENTRANCE 1ST LEVEL



22. CHURCH – KITCHEN AREA OFF FELLOWSHIP HALL



23. CHURCH – SMALL BASEMENT AREA



24. CHURCH – PARLOR ROOM 1ST LEVEL

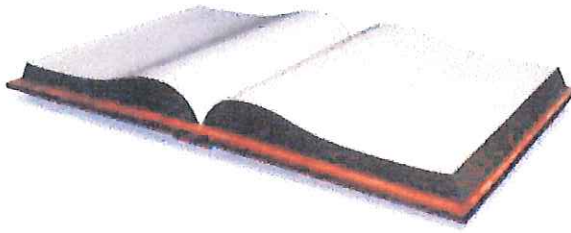


25. GYMNASIUM – PLAYING/SEATING AREA (NOON DAY CENTER)



26. GYMNASIUM – MUSIC ROOM





Introduction

Introduction...

This appraisal is divided into 10 distinct, but interrelated sections:

- (1) *Introduction*, which sets forth the purposes and objectives of the appraisal;
- (2) *Area, City, and Neighborhood*, where regional, local and neighborhood influences on the subject property are detailed;
- (3) *Market Overview*, which explains the specific market conditions affecting the subject and competing property types such as vacancy and absorption rates, as well as rental rates and new construction activity;
- (4) *Property Analysis*, where the site is described, the improvements are detailed, and the highest and best use of the property is analyzed;
- (5) *Valuation Methodology*, which elaborates on the specific valuation procedures followed in the report;
- (6) *Cost Approach*, which, if applicable, estimates the current cost of reproducing or replacing the improvements, minus the loss in value from depreciation, plus site value;
- (7) *Sales Comparison Approach*, which, if applicable, compares recent sales of similar properties to the subject, which follows an adjustment process to equate property differences into a value conclusion;
- (8) *Income Approach*, which, if applicable, estimates value for the subject by various capitalization methods that can be applied to the subject's earning power;
- (9) *Reconciliation and Final Estimate of Value*, where the approaches used in the valuation process are summarized, and a final estimate of value is concluded based on market-supported reasoning; and,
- (10) *Addenda*, which contains certain exhibits and data crucial to the report, but best presented in this section to avoid interrupting the narrative portions of the report.

This particular section of the appraisal report is the Introduction, which begins with Property Identification where the subject is identified by as many different means as possible, including legal descriptions, address, physical location, etc., so that it cannot be confused with any other parcel of real estate. This section is followed by Purpose of the Appraisal, which communicates the objective of the appraisal assignment and defines the type of value sought in the appraisal. Next we discuss the Property Rights Appraised which define the particular rights or interests being valued. After this section we discuss the Function of the Appraisal, which involves a discussion of the intended use of the report. This leads to the Date of Value Estimate, which is the date the value determined by the appraisal is valid. This is followed by the Date of Report, which is the date the appraisal report is delivered to the specified client. The Scope of the Appraisal section encompasses the methodology utilized in the collection and reporting of market data. Finally, the History section elaborates on recent and current transactions involving the appraised property as well as present ownership.

PROPERTY IDENTIFICATION

The appraised property is an existing church and educational complex, which includes a separate gymnasium facility; located at the northwest corner of Broadway Boulevard and Central Avenue NW. The improved site is addressed as 101 Broadway Boulevard NE, in Albuquerque, Bernalillo County, New Mexico 87103. Following is the legal description of the subject property:

LEGAL DESCRIPTION

TRACTS LETTERED "A", "B", "C", AND "D" OF A: PLAT OF TRACT "A", "B", "C", "D" AND "E", LANDS OF THE FIRST BAPTIST CHURCH OF ALBUQUERQUE, NEW MEXICO, ALBUQUERQUE, BERNALILLO COUNTY, NEW MEXICO AS THE SAME ARE SHOWN AND DESIGNATED ON THE PLAT THERE OF, FILED IN THE OFFICE OF THE COUNTY CLERK OF BERNALILLO COUNTY, NEW MEXICO ON SEPTEMBER 27, 1988, IN PLAT BOOK C37, PAGE 107

PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to estimate the "as is" market value of the fee simple interest in the subject property as of the effective date noted. Following is the definition of "market value" as defined by the Office of the Comptroller of the Currency Regulation 12 CFR Part 34:

MARKET VALUE DEFINITION

"the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;*
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;*

- (3) A reasonable time is allowed for exposure in the open market;*
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and,*
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."*

PROPERTY RIGHTS

I am appraising the subject's property interests "as is" as of December 10, 2009, the date of my final drive-by physical inspection of the site. The interest appraised is defined as follows:

FEE SIMPLE ESTATE

"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."¹

INTENDED USE/USER OF THE APPRAISAL

My client, the City of Albuquerque, Albuquerque Council Services, is the intended user of this report. The appraisal is intended to assist my client, the City of Albuquerque, Albuquerque Council Services, in possible acquisition of the property.

EFFECTIVE DATE OF VALUE

The effective date of value is December 10, 2009, the date of the property inspection and photographs.

DATE OF REPORT

The report was completed on December 30, 2009, and signed by Mario J. Del Curto, MAI, ARA.

¹ The Dictionary of Real Estate Appraisal, Third Edition., page 113

SCOPE OF THE APPRAISAL

Preceding and following the final inspection of the appraised property, I collected available data concerning recent sales, listings, and leases of vacant land and improved properties that compare with the subject property. Confirmation of the data was obtained through personal interviews or by telephone conversations with grantors, grantees, tenants, or real estate brokers. When possible, two or more parties involved with each transaction were questioned to enhance the validity of the data. Often only one party was available to provide the data. After pertinent information was confirmed, the data was entered into the body of this report to provide the groundwork for a thorough analysis of the factors affecting the market value of the appraised property as of the effective date of this appraisal. The data was then analyzed by various accepted appraisal methods and techniques in the Cost, Sales Comparison and Incomes Approaches to value. Opinions and conclusions based on the analysis of the gathered data were applied to the subject property's characteristics, and market values were concluded.

Additionally, when possible and necessary, complete on-site inspections of the comparable properties were performed. Knowledgeable investors, developers, and real estate brokers were surveyed for supply and demand relationships, comparable sales, listings and rentals, typical marketing times, and current market conditions.

County records were searched, and city and county officials interviewed for pertinent data relating to the appraised property and the surrounding areas.

The appraisal report has been prepared in a manner to meet the standards of the Appraisal Institute and in accordance with the current guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) by the Appraisal Foundation.

Per request of the client, I were engaged to appraise the Fee Simple "As Is" market value of the subject property.

Understanding that New Mexico is a non-disclosure state, information used in the report is as reliable as practical.

STATEMENT OF OWNERSHIP & HISTORY

The current owner of record is First Baptist Church of Albuquerque, who has owned the property since its construction many years ago.

A copy of an option and purchase agreement between First Baptist Church of Albuquerque (seller) and Hunt Development Corporation (buyer) dated September 30, 2008, indicates a net purchase price for the property of \$15,500,000. The sale did not consummate.

No other transactions, offers for purchase, or listings for sale within the last three years are known, or have been reported.

City Data

Metropolitan Statistical Area (MSA) Data...

According to the Census Bureau's 2000 census counts, Albuquerque, New Mexico is the 38th largest City in the United States, and the largest City and commercial center in New Mexico. The metropolitan statistical area encompasses the City of Albuquerque and surrounding areas within Bernalillo County; Rio Rancho and Corrales within Sandoval County; and, Los Lunas, Bosque Farms, Belen, and Rio Communities within Valencia County.



The City of Albuquerque is located in the geographical center of the State, and is equidistant from Los Angeles, California to Kansas City, Kansas; from New Orleans,

Louisiana to San Francisco, California; from Phoenix, Arizona to Denver, Colorado; and, from Salt Lake City, Utah to Dallas, Texas. All of the bordering states (Colorado to the north; Texas to the east; Mexico to the south; and, Arizona to the west) have major cities within a day's travel or a few hours of flying time. Comprising 121,510 square miles, New Mexico is the fifth largest state in the U.S. Current Albuquerque boundaries total about 133 square miles, which constitutes 0.109% of the State's total area. With an average elevation

RAIL RUNNER



of 5,314 feet, Albuquerque is the highest metropolitan City in the contiguous United States. The *Preface* presents maps identifying the location of Albuquerque on both Regional and State map levels.

Physical Characteristics

Situated in the Rio Grande Valley, natural barriers form the east and west boundaries of the City; i.e., the Sandia and Manzano Mountain ranges to the east and southeast, and the volcanic escarpment formation which is approximately four miles west of the Rio Grande.



The north boundary of the City is established by the Sandia Indian Pueblo, and the south by the Isleta Indian Pueblo and Kirtland Air Force Base.

The Sandia and Manzano Mountain ranges reach altitudes of just under 11,000 feet above sea level, and some 4,000 to 6,000 feet above the elevations of the City. Along the western slope of these mountain ranges, a mile or so away from the foot of the mountains, deposition of the plain has resulted in a nearly featureless, semi-arid slope devoid of significant vegetation. Well-developed alluvial fans have been formed over time at the base of these mountains and create a gradual sloping plain extending to the river basin of the Rio Grande. Large arroyos that originate in the mountains drain the plains and finally empty into the Rio Grande. As a result of this process, decomposed granite underlain by clay and rock, constitute the primary soil and subsoil conditions that are generally suitable for most types of building construction.

The Sandia Mountains provide a buffer from the extreme temperatures of the eastern plains; resulting in relatively mild, dry seasons. Annual rainfall averages about eight inches; relative humidity averages 43%; and temperatures generally range between a low of 23 degrees Fahrenheit and a high of 95 degrees Fahrenheit. Because of the City's arid climate, a unique variety of plants can exist on 10 inches of rainfall annually. The combination of climatic conditions allows the State, and Albuquerque in particular, a favorable position in attracting industry, tourism and population growth.

Transportation

The State contains approximately 1,000 miles of interstate highway systems. Albuquerque is well positioned within this national highway system, with Interstate 40 (I-40) bisecting the City in an east-to-west direction, and Interstate 25 (I-25) in a north-to-south direction. Railway travelers are serviced by AMTRAK. Greyhound Bus Lines is currently the only nationally recognized bus carrier in the City, with TNM&O (Texas, New Mexico and Oklahoma) Coaches being a large carrier to the adjoining states identified by its name. Many chartered and rental bus lines do exist to serve the area. Within the City, municipal buses provide services to most areas on an adequate schedule. In 2006 the Rail Runner Express was added as a way to ease congestion due to significant growth in and around the Albuquerque area. The Rail Runner Express currently runs from Santa Fe to the north to Belen to the south. The Santa Fe Southern Railway Company, as well as several large trucking firms and airfreight carriers provide commercial and industrial transportation.

Albuquerque is served by seven major commercial carriers: American, U.S. Airways, Continental, Delta, Northwest, Southwest, and United. Regional airline service is provided by Frontier Airlines. It also receives regular service from commuter airliners: Great Lakes Airlines and New Mexico Airlines. Freight service is provided by Empire, Federal Express, Southwest Aero Service, and UPS. In addition to the Albuquerque International Airport, light aircraft have the use of two general aviation airports, which are the Double Eagle Airport, west of the City, and Sandia Airpark, east of the City, in Edgewood.

The State has another international airport in Las Cruces (southern part of the State) that comprises a significantly smaller amount of air traffic in comparison to Albuquerque International. Albuquerque International has captured approximately 95% of the State's total departures since 1990.

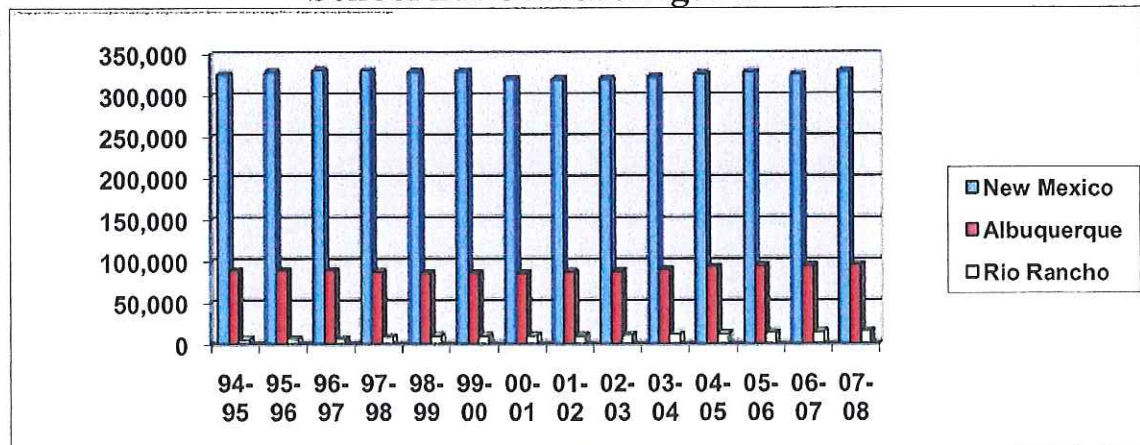
Utilities & Services

The Public Service Company of New Mexico, a state-regulated public utility company, provides electricity, and New Mexico Gas Company provides natural gas. In addition to police and fire protection, water, sewer and garbage services are provided by the City, and are universally available to established areas of the City. The fire protection service and strict building codes help keep fire insurance rates comparable with other cities in the Southwest Region of the United States. Qwest Communications is the major provider of telephone exchanges.

Education

The Albuquerque Public School System (APS) is the 24th largest in the United States and includes Bernalillo County and a portion of Sandoval County. With substantial growth on the West Mesa, APS has added new elementary and middle schools to this area in recent years. The district serves 87 elementary schools, 26 middle schools, 13 regular high schools, 10 alternative high schools, 40 charter schools and a Career Enrichment Center for a total of 176 schools and approximately 95,965 students (school year 2007-2008). Neighboring Rio Rancho adds another 15,653 students to the fold. There are also private and parochial schools at all grade levels. About 11% of Albuquerque's children attend over 80 private or parochial schools in the community. The following chart illustrates school enrollment counts for grade levels kindergarten through 12th grade for the State, Albuquerque, and the City of Rio Rancho. Of note, prior to the 1994-95 school year, Rio Rancho was serviced by APS. In July of 1995 Rio Rancho established its own school district. To date, the Rio Rancho School District includes 17 schools.

School Enrollment Figures



Source: NM Public Education Department @ , www.ped.state.nm.us & ww2.aps.edu
Rio Rancho Public Schools @ , www.rtps.net

Higher education is provided by the University of New Mexico (UNM) in Albuquerque. Additionally, flexible college curriculums are available through branches of the University of Phoenix, the College of Santa Fe, National American University and Webster University. Central New Mexico Community College (CNM) is the second largest post-secondary school in New Mexico, with an enrollment of more than 24,000 students. Other vocational schools provide very specific forms of education. As reported by the New Mexico Commission on Higher Education, University of New Mexico's 2008 fall semester enrollment was reported as being 25,820 students, representing an increase of 0.28% as compared to 2007 fall semester levels of 25,749.

Government

Albuquerque has a Mayor-City Council form of government. The mayor is elected at large to a four-year term, currently without term limits. The nine-member, non-partisan council is elected from geographic districts to four-year terms, with the council president selected by the councilors among their number. Bernalillo County has a manager with five elected commissioners. The County commissioners are elected by the district for terms of four years. The County manager is hired by the commission, and conducts the day-to-day business of the County.

Recreation

Albuquerque offers year-round opportunities for social and cultural enrichment. One of the most spectacular events is the annual International Balloon Fiesta held in the fall. Albuquerque is known as the "Hot-Air Balloon Capitol of the United States", because it hosts the largest

international hot-air balloon competition in the world each October.

Various cultural activities are available at the annual New Mexico State Fair held in September. Horse racing and betting are available at the Downs of Albuquerque (on the State Fairgrounds in the center of the City) during various times of the year.

Albuquerque has a very diverse array of museums. The New Mexico Museum of Natural History is within walking distance of the Historic Old Town Plaza and minutes away from the Rio Grande Zoological Park, Albuquerque Aquarium and Rio Grande Botanic Gardens. Art museums include The Albuquerque Museum and the Johnson Gallery and University Art Museum at the University of New Mexico. Scientific museums include the National Atomic Museum, the Lodestar Astronomy Center and, for children, Explora. Cultural museums reflecting the area's three cultures include the Indian Pueblo Cultural Center Museum, the National Hispanic Cultural Center of New Mexico, sponsored by the government of Spain, and Casa San Ysidro, the Colonial Spanish Historic House of the Albuquerque Museum.

An aerial tramway just east of Tramway Boulevard (eastern fringe of the City) stretches 2.7 miles into the Sandia Mountains. This tramway has the longest span of any tram on earth.

The Petroglyph National Monument on Albuquerque's West Mesa was signed into legislation in 1990. This 7,369-acre monument has 65 geologic and archaeological sites, along with some 15,000 petroglyphs (prehistoric

drawings pecked or carved into the rocks by Indians). This is one of the most impressive displays of its kind in the Southwest.

Casinos have become a very important entertainment and economic activity in New Mexico and specifically in the Albuquerque area. The Albuquerque area is home to four pueblo owned casinos, each providing hotel accommodations, and three with golf courses. All four casinos provide nationally recognized entertainment.

The Sandia Mountains provide two distinct climate zones within a very short distance. There are four City owned public golf courses plus the University of New Mexico course and some private courses, all of which are open year-round. Skiing is available a short distance away at the Sandia Peak Ski Area in the Sandia Mountains, most seasons.

Albuquerque is home to the New Mexico Scorpions, a professional hockey team, the Albuquerque Thunderbirds, a professional basketball team, and the Albuquerque Isotopes baseball team. The Isotopes are a Triple-A affiliate of the Los Angeles Dodgers and a member of the Pacific Coast League. Their stadium, Isotopes Park, can seat over 12,000 fans.

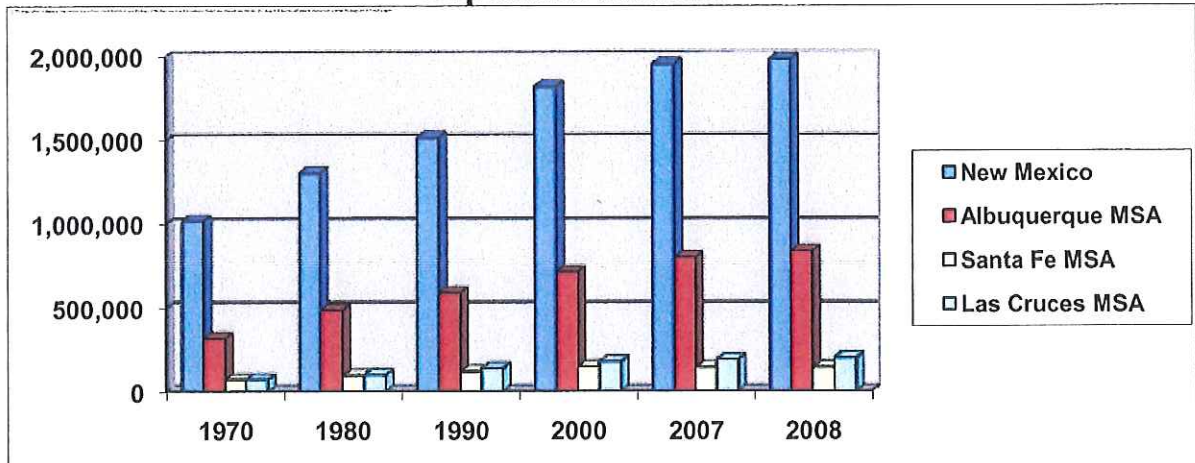


Population Statistics

The Albuquerque Metropolitan Statistical Area (MSA) comprises all of Bernalillo, and portions of Sandoval and Valencia Counties. The Albuquerque MSA is the largest metropolitan area in New Mexico. Between 1970 and 1980, New Mexico's population increased 28.1% (2.8% per year), and 16.2% (1.6% per year) between 1980 and 1990's census counts. Population counts for the State as of year 2000 indicate a 20% increase in population since 1990, or 2% per year. Albuquerque's population increased 53.7% (5.4% per year) from 1970 (315,774 people) to 1980 (485,429 people) surpassing Santa Fe and Las Cruces MSAs for the same time period, which increased 33.1% and 38.1%, respectively. Between 1980 and the 1990 census counts, Albuquerque's population increased 21.4% (2.1% per year) to 589,131 people, while Santa Fe and Las Cruces increased 25.7% and 40.7%, respectively, for the same time period. Between 1990 and 2000, Albuquerque's population increased to 712,738 people. This represents a 20.98% increase (approximately 2.10% per year) over 1990 figures. Santa Fe and Las Cruces increased 26.14% and 28.91% respectively, during the same time period.

The estimated population for the Albuquerque MSA in 2008 was 835,120, representing a 17.17% increase since 2000, or 2.15% per year. Based on the data presented, Albuquerque's MSA should continue to increase in population at a relatively steady rate of approximately 1% to 2% per year. State figures from 2000 to 2008 indicate a 9.09% increase in population, or 1.14% per year.

Population Statistics



Source: United States Department of Commerce, Bureau of the Census, Capital Report New Mexico
2008 Figures Represent Most Current Data Available

Within the Albuquerque MSA, Rio Rancho (in Sandoval County) experienced dramatic growth from 1980 census counts of 9,985 people to 1990 counts of 32,512, an increase of 225.6%, or 22.6% per year. This City is the State's newest municipality, which was established in 1981. Between 1990 and 2000, Rio Rancho's population increased to 51,765, an increase of 59.22% (5.92% per year). The estimated population for the Rio Rancho in 2007 was 75,978, representing a 46.77% increase since 2000, or 6.68% per year. 2008 figures will not be available until July of 2009. Rio Rancho is considered the third largest and fastest growing community in New Mexico and one of the fastest growing in the Southwest.

Socioeconomic Profile

The following table details the socioeconomic profile of New Mexico's population. From the data presented, approximately 26% of the persons in New Mexico are under the age of 18 years, with approximately 12.4% of the population comprising individuals 65 years and older. The median family income increased at a rate of 6.8% per year from 1980 to 1990 and at a rate of 9.66% from 1990 to 2000. Per Capita Income for 2000 has been reported as being approximately \$21,788, representing a 45.8% increase from 1990 levels. Following this table is a chart depicting per capita income levels for the United States, Southwest and Rocky Mountain Regions in comparison to Albuquerque, Santa Fe & Las Cruces MSAs. The trends shown lean favorably toward steady economic patterns within the foreseeable future.

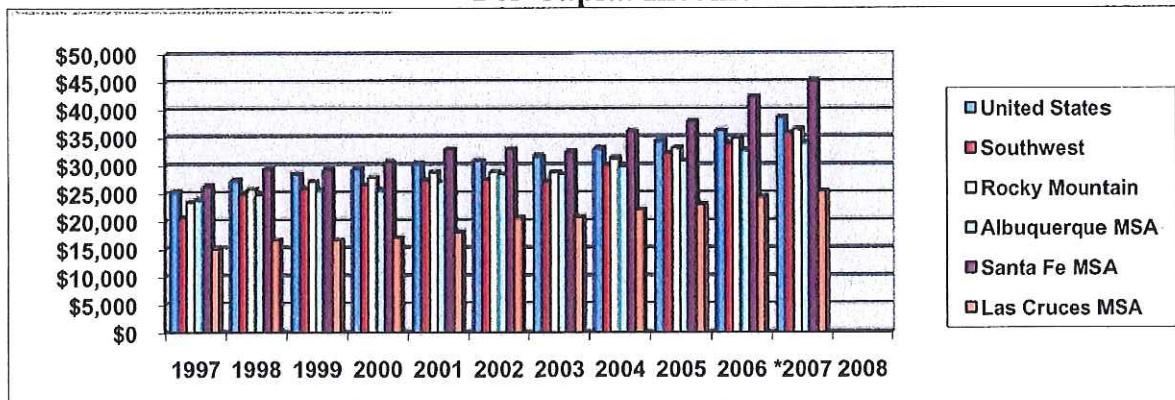
New Mexico Socioeconomic Profile

	1990	2000	10-Year % Change
Total Population	1,515,069	1,819,046	20.06%
Persons Per Household	2.74	2.63	-4.01%
Persons in Households	1,486,262	1,782,739	19.95%
Households	542,709	677,971	24.92%
White	1,146,028	1,214,253	5.95%
Black	30,210	34,343	13.68%
American Indian *	134,355	173,483	29.12%
Asian or Pacific Islander	14,124	20,758	46.97%
Other	190,352	309,882	62.79%
Ethnicity			
Hispanic (# or %)	579,224	765,386	32.14%
Non-Hispanic	935,845	1,053,660	12.59%
White	764,164	813,495	6.46%
Median Age	31.10	34.6	11.25%
Persons Under 18 (# or %)	29.6%	28%	-5.41%
Persons 65 & Older (# or %)	10.7%	11.7%	9.35%
% High School Graduate or Higher	75.1%	77.52%	3.22%
% Bachelor's Degree or Higher	20.4%	21.75%	6.62%
Per Capita Income	\$14,944	\$21,788	53.24%
% of Families Below Poverty	20.9%	19.3%	-7.66%

Source: US Dept. of Commerce, Bureau of the Census & US Dept. of Housing & Urban Development, Bureau of Economic Analysis@www.bea.doc.gov

* American Indian includes Eskimos & Aleuts

Per Capita Income



Source: <http://bber.unm.edu/econ/sttpipci.htm> & www.bea.gov
Year-End 2008 Information Available March 24, 2009

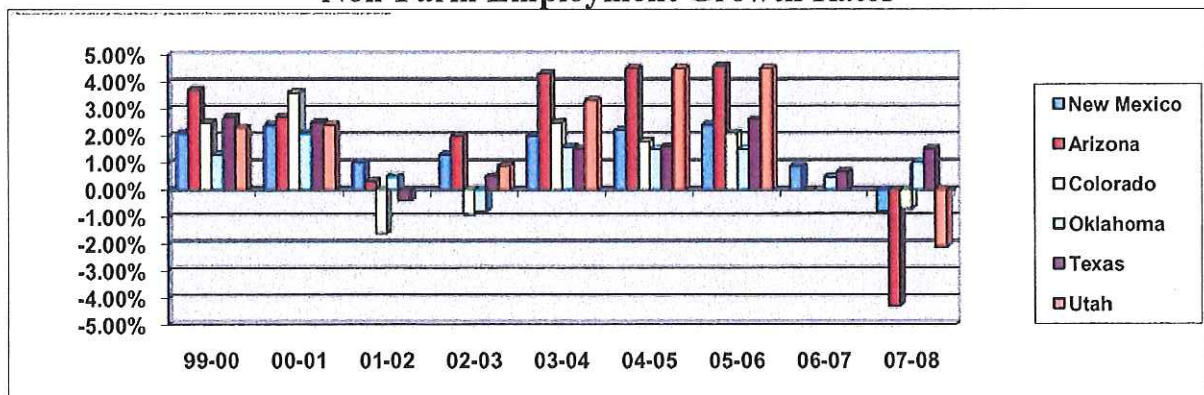
Employment

The following chart illustrates non-farm employment growth rates for New Mexico and contiguous states. Most recently, from December of 2007 to December of 2008, New Mexico's non-farm employment growth rate has decreased by approximately 0.80% (from 851,100 to 844,300), down significantly from previous years where the growth rate increased between 1% and 3% per year. New Mexico's job growth has not been negative since June 1991, seventeen years ago. Even with this negative growth, the state ranks fifteenth highest nationally as the U.S. economy posted its twelfth consecutive month of job losses.

The New Mexico Department of Workforce Solutions reported that the State had a net loss in employment for year-end 2008 of 6,800 jobs, with a year-end unemployment rate of 4.9%, ranking New Mexico the 8th lowest unemployment rate of all 50 states. At the same time, Albuquerque's net loss in employment was 1,600 jobs, with a year-end unemployment rate of 5.3%. Industries showing strong job growth are educational & health services and government.

Affordable real estate prices relative to neighboring states, demand for natural resources, particularly oil and gas, and business-friendly local and state government should provide New Mexico with a less volatile climate and a better chance of employment gains.

Non-Farm Employment Growth Rates



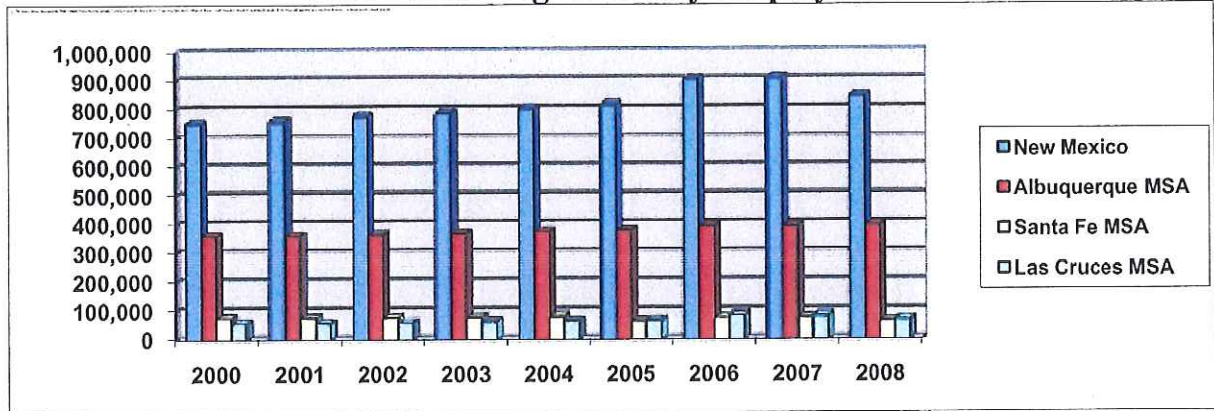
Source: US Dept. of Labor (Bureau of Labor Statistics)

In the context of wage and salary employment statistics, the following chart shows Albuquerque continually surpassing the Santa Fe and Las Cruces MSAs. Albuquerque's non-farm wage and salary employment constitutes roughly 47% of the State's total non-farm employment.

The second chart shows that the majority of employment is found in "Services and Miscellaneous" industries which account for personal, business, health, social, engineering and management services, etc. Ranking second is the "Trade" industry that includes wholesale and retail services and leisure and hospitality, of which retail trade is the dominant force. The "Governmental" industry ranks third, and includes the federal and

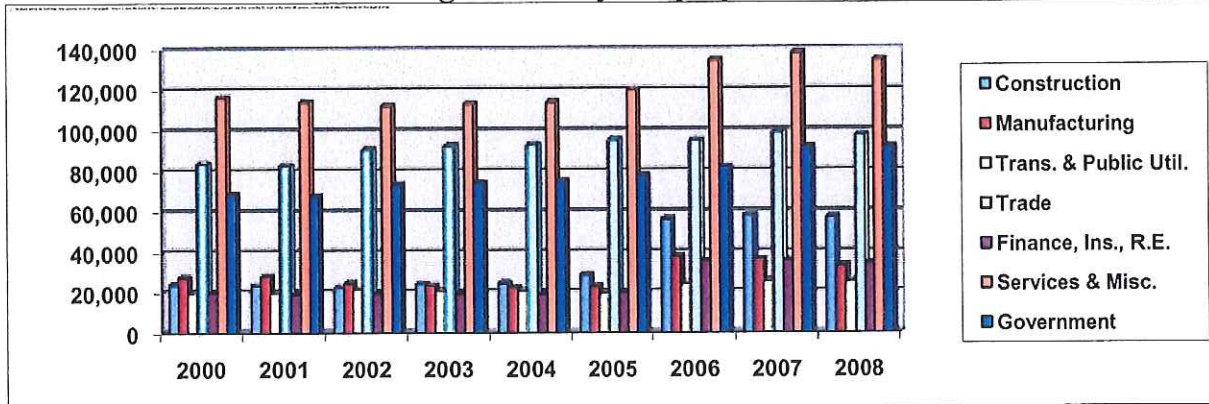
state sectors of government, including Los Alamos National Laboratories. Within this industry, local government continues to surpass employment in both state and federal agencies. Local government increased employment from 107,300 in 2007 to 108,300 in 2008. All three of these industries have experienced steady growth since 2000. The growth within the construction industry is directly related to the housing boom experienced over the last several years. Because of the housing slow down nationally and locally in 2008, 2009 figures for construction are anticipated to be far below 2008 figures. As the housing market cools, construction employment reduction is expected.

Non-Farm Wage & Salary Employment



Source: New Mexico Department of Workforce Solutions, U.S. Bureau of Labor Statistics

Non-Farm Wage & Salary Employment by Industry

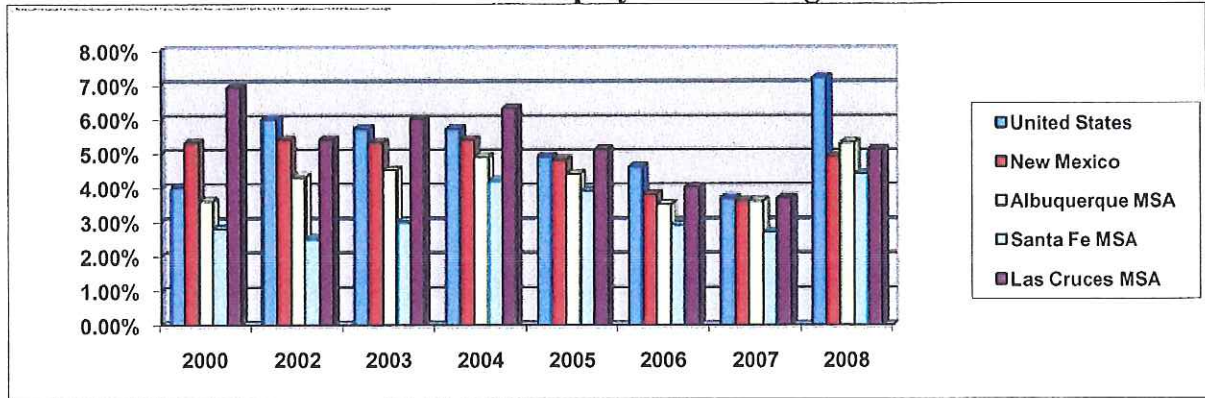


Source: New Mexico Department of Workforce Solutions

Unemployment

The New Mexico Department of Workforce Solutions reported that the State had a net loss in employment for year-end 2008 of 6,800 jobs, with a year-end unemployment rate of 4.9%, up from a rate of 3.6% in 2007. At the same time, Albuquerque's net loss in employment was 1,600 jobs, with a year-end unemployment rate of 5.3%. The revised year-end 2008 rate for the entire US was 7.2%, ranking New Mexico the 8th lowest unemployment rate of all 50 states.

Labor Unemployment Ratings



Source: New Mexico Department of Workforce Solutions

Business & Industry

The top 40 employers in Albuquerque, representing 135,325 employees, account for about 34% of the total nonagricultural employment. Over 120,000 in the top 40 are in categories that are mostly resistant to fluctuations in the economy, such as education, health care, military, government, casinos and Sandia National Labs. Manufacturing is one of the smaller categories in the top 40 with employment at 5,600 representing 1.4% of the total with most of the employment in the sector. The employment data obtained does not reference any major retail employers. However, retail industries represent a small proportion of overall employment within the Albuquerque MSA. While retail is an elastic industry, and highly sensitive to overall economic fluctuations, the overall risk to the Albuquerque MSA is limited.

Albuquerque has achieved national recognition by providing research and development from Sandia National Labs. From the standpoint of employment, the defense industry field represents one of Albuquerque's largest employers. Following is a summary of employment by industry and percentage ratios to total employment.

Employment by Industry (Year-End 2008)

Industry	Employment	Percent
Government	82,400	20.8%
Business Services	63,900	16.1%
Education & Health Services	51,800	13.0%
Retail Trade	46,300	11.7%
Leisure & Hospitality	38,700	9.8%
Mining & Construction	27,900	7.0%
Manufacturing	21,400	5.4%
Financial Activities	18,700	4.7%
Wholesale Trade	13,100	3.3%
Other Services	12,200	3.1%
Transportation & Utilities	11,100	2.8%
Information	9,300	2.3%

Following is the most current list of major employers in Albuquerque:

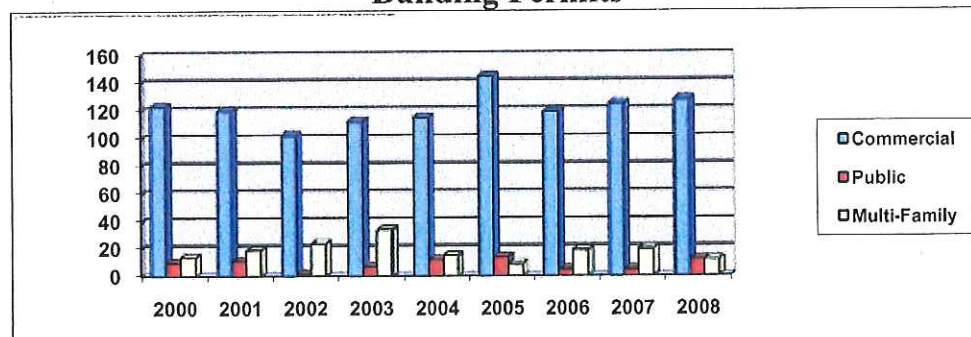
Company Name	Employment	Description
Kirtland Air Force Base (Civilian) includes Sandia National Labs	35,690	Air Force Materiel Command Research Development
University of New Mexico	15,435	Educational Institution
Albuquerque Public Schools	14,000	Public School District
Presbyterian	7,315	Hospital/Medical Services
City of Albuquerque	6,500	Government
State of New Mexico	5,605	Government
Kirtland Air Force Base (Military Active Duty)	4,860	Air Force Materiel Command
UNM Hospital	4,595	Hospital/Medical Services
Lovelace	3,400	Hospital/Medical Services
Intel Corporation	3,300	Semiconductor Manufacturer
Bernalillo County	2,300	Government
Central New Mexico Community College	1,870	Educational Institution
Rio Rancho Public Schools	1,835	Educational Institution
NM Veterans Affairs Healthcare System	1,805	Hospital/Medical Services
Sandia Resort & Casino	1,755	Resort & Casino
T-Mobile	1,700	Customer Service Center
US Post Office	1,600	Government
Public Service Company of New Mexico	1,585	Utilities Provider

Source: Albuquerque Economic Development, Inc. @ www.abq.org

Building Permits

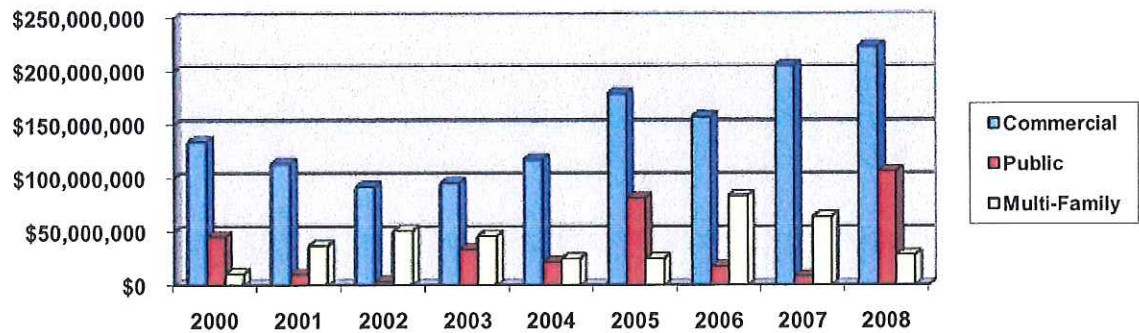
The following charts illustrate the number of building permits and related valuations of those permits for the Albuquerque MSA. The number of building permits issued in 2008 increased in commercial facilities, increased in public facilities, and decreased in multi-family units and single family homes from 2007 figures. Single-family units will be discussed in more detail in the Housing Market section. The total value of all new permits (including single-family units) in 2008 was \$477,543,814, a decline of 22.85% from the 2007 value of over \$669,517,523. The public facility values were unusually high in 2008 due to several new schools built on the west side of town.

Building Permits



Source: City of Albuquerque Planning Department@www.cabq.gov/planning/building&safety

Building Permit Valuations



Source: City of Albuquerque Planning Department@www.cabq.gov/planning/building&safety

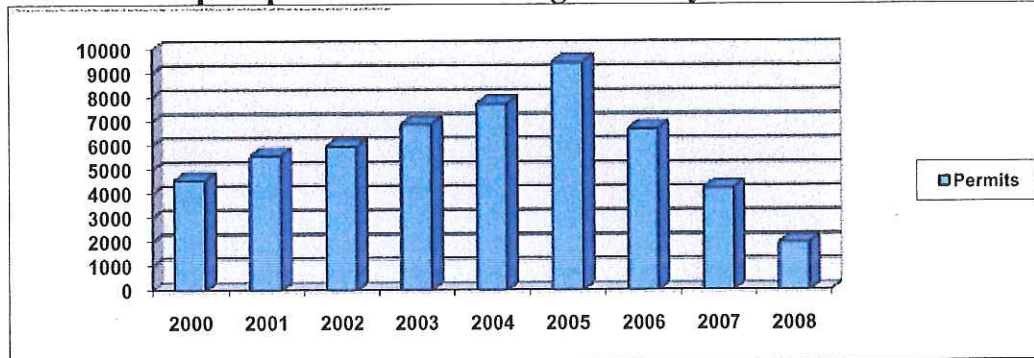
Single-Family Permits by Market Area

Single-Family Permits by Market Area - 1997, 1998, 1999 and 2000										Year End 2003	
	City of Albuquerque	UABD (Bernalillo)	Unincorporated Bernalillo County	City of Rio Rancho	Village of Los Lunas	Unincorporated Valencia County	Village of Corrales	Town of Bernalillo	Total Metropolitan Area		
	Number of Permits	Change	Number of Permits	Change	Number of Permits	Change	Number of Permits	Change	Number of Permits	Change	
1997	2,433		600		516				3,549		
1998	1,693	-24.2%	496	-17.2%	561	8.6%			1,412	-17.6%	
1999	1,336	-20.1%	396	-15.0%	656	16.0%	78		2,569	N/A	
2000	1,127	-15.6%	337	-15.4%	411	-17.3%	64	30.0%	2,073	-19.2%	
1997	1,226	8.6%	297	11.2%	605	47.2%	62	27.8%	147	0.7%	
1998	1,074	-12.6%	426	27.1%	631	4.3%	100	14.0%	147	0.6%	
1999	2,197	37.2%	479	10.1%	1,043	47.3%	145	45.0%	276	25.8%	
2000	2,576	17.3%	791	36.6%	953	15.2%	176	23.4%	341	23.6%	
1997	2,674	3.6%	663	16.2%	600	5.3%	166	17.3%	430	16.1%	
1998	2,645	-1.1%	606	-8.1%	735	21.6%	190	8.4%	529	23.0%	
1999	2,625	-0.8%	614	1.3%	664	6.7%	187	3.0%	516	-2.3%	
2000	3,446	30.6%	346	12.9%	627	-6.6%	180	-8.5%	733	24.6%	
1997	3,602	4.4%	368	6.7%	513	18.7%	143	23.1%	213	10.1%	
1998	3,373	-6.1%	501	34.4%	673	31.1%	181	43.6%	146	-31.6%	
1999	4,178	23.3%	727	24.6%	829	16.2%	160	42.5%	161	42.5%	
2000	4,411	5.5%	396	5.4%	935	12.8%	114	39.5%	131	19.2%	
1997	5,041	12.2%	430	12.3%	1,150	43.0%	78	31.6%	124	4.0%	
1998	5,071	0.6%	311	-23.0%	1,215	5.6%	116	13.0%	168	40.6%	
1999	4,961	-2.0%	627	44.4%	2,023	66.6%	496	103.3%	270	59.3%	
2000	3,430	-30.1%	5	-97.8%	2,350	16.3%	490	13.3%	501	36.3%	
2007	2,158	-37.3%	0	-100.0%	1,350	-42.6%	205	-58.6%	35	-92.3%	
4th Qtr 2007	291		0		294		72		24		
4th Qtr 2008	85	-67.2%	0		621	60.5%	9	-75.0%	11	-64.2%	
YTD 2007	2,158		0		1,346		205		45		
YTD 2008	682	-68.4%	0		713	11.3%	159	-45.0%	10	-77.8%	

Village of Corrales and Town of Bernalillo are new reporting towns. There is no historical data provided information for these market segments.

Source: Home Builders Association of Central New Mexico @ www.hbacnm.com

Albuquerque Metro Area Single Family Permits Issued



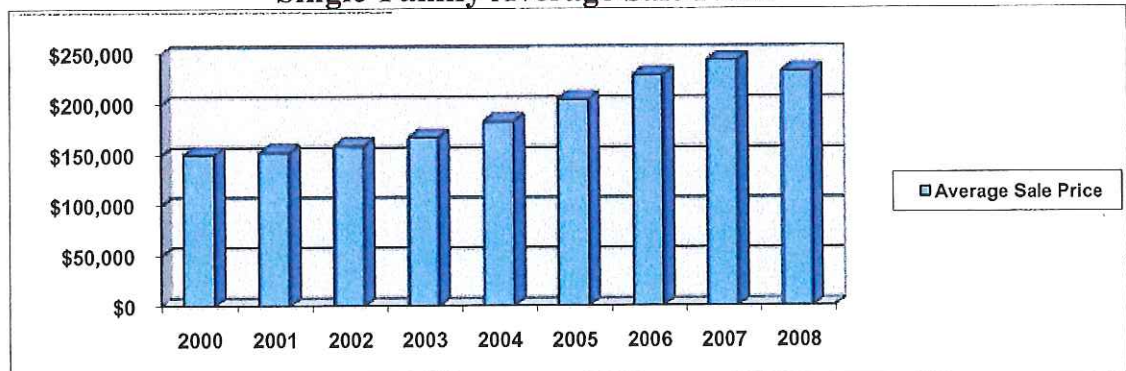
Source: Home Builders Association of Central New Mexico @ www.hbacnm.com

Housing Market

As shown above, single-family permits within the Albuquerque metro area have declined in recent years from 9,445 in 2005 to 6,675 in 2006 (-29.3%) to 4,216 in 2007 (-36.8%), to only 1,954 in 2008 (-53.7%). The most dramatic increases in building permits by year-end 2003, 2004 and 2005 were reported in Rio Rancho, which includes a large portion of Sandoval County. However, by year-end 2006 through 2008, all market areas experienced significant reductions in the number of single-family building permits issued.

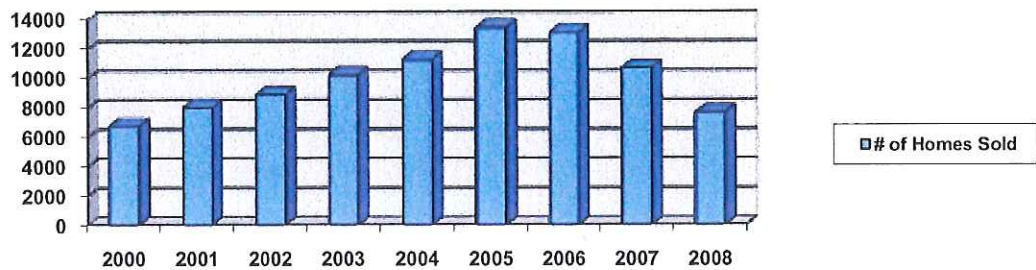
The following charts depict the single-family average sale prices and the number of single-family housing units that have sold in the greater Albuquerque area. Albuquerque experienced downward trends in the number of homes sold in 2007 which continued through 2008. Home sales in 2008 were below 2007 figures by 3,027 homes. In 2007 home sales were below 2006 figures by 2,421 homes. The unusual thing about the housing market in Albuquerque, is that although home prices in other markets around the country took a huge beating in 2007 and 2008, average home prices in Albuquerque actually increased in 2007 by 6.3% over 2006 figures; however, the national economy seems to have caught up to Albuquerque in 2008 as average home prices in Albuquerque decreased by 4.3% in comparison to 2007. Most realtors express home marketing periods have doubled or tripled over recent good years when homes would sell in one to three months, unlike today where marketing times are more often three to twelve months.

Single-Family Average Sale Price



Source: Greater Albuquerque Association of REALTORS @ www.gaar.com

Single-Family Homes Sold



Source: Greater Albuquerque Association of REALTORS @ www.gaar.com

Real Estate Market

Albuquerque's economic growth over the last couple of years has been fueled by the migration of new businesses to the area, including many high-tech manufacturers, telemarketing firms and technical support centers along with several back office accounting operations. The stability in the local real estate market is attributed to several factors - affordable real estate, low property taxes, affordable healthcare, low interest rates and reasonable labor costs. The local business community is made up largely of small businesses that have not faced the corporate downsizing of larger firms, while the national laboratories, defense contractors, and military bases have been spared from *major* national cutbacks. Following is a brief summary of the market groups within the commercial sector of the City (i.e., office, retail, industrial, multi-family, and hospitality. CB Richard Ellis - Commercial Real Estate Group and Grubb and Ellis have been the major sources of the statistical data presented).

OFFICE – The office market experienced a 21.40% increase in vacancy rates in 2008 from the previous year with a citywide vacancy rate of 13%. Due to the economic slowdown, companies appear to be downsizing or ceasing operations.

This has put excess space of 1.9 million square feet on the market, up by 356,000 square feet from a year ago. Speculative construction will virtually come to an end in 2009 and is expected to be at historical lows. Any new construction will primarily be build-to-suit where state and federal government tenants will be the majority of these projects. The decline of speculative construction will help keep vacancy from spiking upward; however, additional sublease space is forecasted to increase which in turn will slightly increase the vacancy rate. During the current recessionary period, tenant improvements are expected to be challenging for both tenants and landlords in 2009. Tenants will view the market moving to their advantage and expect landlords to offer larger allowances for building improvements. As lenders become more cautionary with lending, landlords may find it difficult to finance tenant improvements and tenants may be forced to take space "as is," with possible rent adjustments. In addition, higher activity levels will be experienced in Class C buildings as tenants seek more economical options. Asking rental rates across all product classes are projected to remain steady in 2009.

At this time, the outlook for the Albuquerque office market depends largely on the overall US economy and the City's ability to attract new employers.

RETAIL – The vacancy rate for the retail market for 2008 increased to 9.40% from 2007 figures in the mid 8% range. Troubles in the national retail market are contributing to this local vacancy increase. Many of the closed national retail chains in Albuquerque are located in very desirable areas and aren't expected to stay vacant for long. However, vacancy is expected to moderately increase in 2009 as the market adjusts to poor holiday sales of national retailers. New speculative projects will further increase vacancy rates as landlords are having difficulty filling spaces. This is expected to be short-lived and will likely improve by the end of 2009. Older centers should see an increase in activity due to their more affordable rental rates.

Lease rates for newer centers should remain relatively stable and are expected to continue through 2009, while older centers will need to lower rates as tenants demand greater concessions. As Albuquerque continues to grow, and while many rural cities within a 100-mile radius continue to view Albuquerque as a shopping destination, interest from national retailers should remain strong, particularly in the Uptown and Far Northeast Height's areas. The northwest market will slow a bit given the large number of affordable homes and the current credit crunch impacting lower-middle income families. The southwest part of the city could be in for strong growth given the undersupply of retailers. The

decline in new construction should help stabilize all sectors of the market.

INDUSTRIAL – The industrial market increased its vacancy rate by 25% from the mid 6% range in 2007 to a year-end rate of 7.5% in 2008. A majority of the negative absorption of space occurred in the fourth quarter of 2008, which may indicate a sign of continued deterioration. Much of this increase can be attributed to national companies downsizing or closing operations. The nation's current economic recession is having an enormous effect on speculative construction. Only 10 percent of all industrial construction is speculative, the lowest levels seen in the last ten years. Future speculative construction will be further restrained by higher and more stringent financing standards. The good news for the overall market is that new construction will be limited, which can help decrease industrial inventory. As construction costs decrease, in conjunction with excess labor from the residential housing market, landlords may begin to provide more attractive build outs in the leasing market and tenants may begin seeing more generous tenant improvements and attractive rental rates. In addition, with excess industrial/warehouse condominiums on the market, industrial users who cannot purchase due to increased lender requirements, may be allowed the opportunity to lease these unsold units. The North I-25 submarket continues to demand high rental and occupancy rates. North I-25 accounts for roughly 43% of the industrial inventory while Rio Rancho has the second highest concentration at around 17%, placing the West Mesa sector third at approximately 10%.

It is anticipated that the South Valley submarket is likely to see strong demand and increased activity from tenants due to their close proximity to the Mesa Del Sol submarket.

APARTMENTS –Occupancy within the City for year-end 2008 had an overall weighted occupancy rate of 91%, down about 5% from 96% in 2007. Albuquerque has not experienced major job losses or experienced overbuilding like many other cities. The unusually large occupancy decrease is directly related to the national economy. The City has not experienced significant concessions in recent years, but as occupancy drops below 93%, expect to see more concessions and move-in specials on the rise in 2009.

Less expensive efficiency and one-bedroom units continued to lead the market, with two- and three-bedroom units also showing healthy occupancy and rents. Of note, Albuquerque occupancy tends to increase through the summer and decrease somewhat during the winter months. Albuquerque has not yet experienced any significant rental to condominium conversions as have many of its Southwest sister communities. CB Richard Ellis expects to see conversions occurring within three (3) to five (5) years, but most likely in moderately priced units located in the northeast quadrant of the city. Albuquerque conversions eventually will be driven by the desire for affordable housing in the most desirable areas of the city.

HOSPITALITY – The most concentrated areas of hospitality development in Albuquerque are located along Interstates 25 and 40, and proximate to the Albuquerque International Airport. City-wide occupancy rates between 2007 and 2008 declined slightly, from 63.1% to 62.1%, while the average daily room rates increased from \$86.94 to \$89.20. Because there was a slight decline in occupancy levels, the revenues per available room increased from \$54.82 in 2007 to \$55.43 in 2008. The increase in the revenue per available room, though minimal, suggests the hospitality market is relatively strong at this time.

Conclusion

Albuquerque is a viable community that has experienced steady economic growth over the past few years. 2008 brought relative stability in rental/asking rates throughout all market sectors. In the near future, market wide vacancy rates are expected to increase slightly and asking rates are anticipated to experience relative stability. The worst sector is the single-family housing market where new home sales are far below previous years, housing starts are way down, and the national economy shows no trend toward improvement in the near future in this arena due to the current credit crunch. These trends are anticipated to continue into the upcoming year.