

■ MULTIFAMILY HIGHLIGHTS

# Investors still shopped for multi-family deals during Q2

BY KATHI SCHROEDER | NMBW STAFF

In spite of what Moody's Investors Services said in July about Albuquerque being one of the worst commercial real estate markets in the nation, investors continued shopping for multi-family deals here during the second quarter of 2003.

Back in May, **GB Richard Ellis'** Managing Director, Steve Monroe, noted that "the Albuquerque [apartment] market is stronger than virtually all of the major cities around us, like Phoenix or Dallas, but Santa Fe is even stronger."

And New Mexico's capital city is tighter for deals because its multi-family properties, which are relatively few in number, rarely turn up for sale. But the 160-unit San Mateo of Santa Fe Apartments at 601 West San Mateo did.

No price was announced in part because it's a seller's market in New Mexico and the complex's Chicago owners wanted to see what sorts of offers might turn up.

Meanwhile, New Mexico's capitalization rates are also better than most nearby states, but especially California's, so buyers from that state keep showing up here, money in hand, to give the state an investment gander; according to local brokers like Todd Clarke, **NM Apartments**, First Commercial Real Estate's Joe Romero,



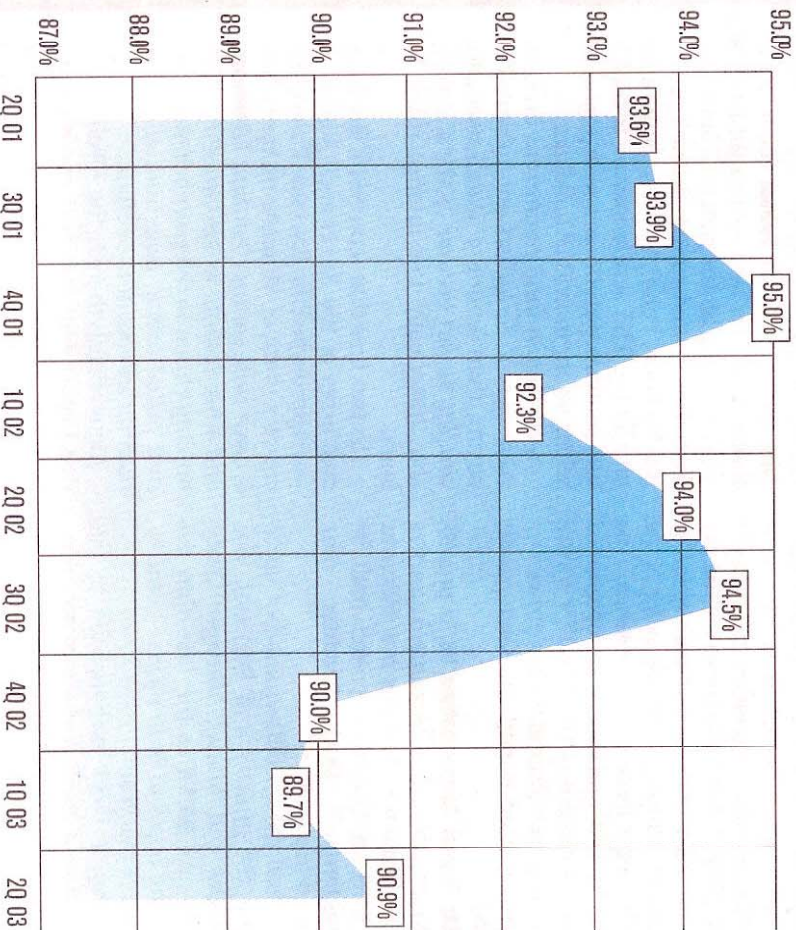
KIP MALONE | NMBW

**San Mateo apartments sold in Santa Fe.**

president of the Albuquerque chapter of the Certified Commercial Investment Members (CCIM), says sales of four-plex units rose significantly during the quarter. "Every segment of the market has had some activity. On average, owners are getting \$50,000 a door," he says.

That's up almost 10 percent in the past five years. Four-plex dwellings in the far

■ Office submarket occupancy rates, Q2 2003



As more tenants turned into home buyers, apartment occupancy dropped.

SOURCE: APARTMENT ASSOCIATION OF NEW MEXICO



Northwest Heights are selling, on average, he says, for another five to 10 percent above the citywide average of \$205,000 to \$210,000.

Romero also notes that many buyers are trading properties, using the Internal Revenue Service's 1031 Exchange tax deferred option to obtain the smaller, four-unit complexes.

One reason the region's apartment occupancy rates dipped to 90.9 percent during Q2 2003, says Clarke, is because of the historically low interest rates available for fixed-rate mortgages, which caused more apartment dwellers to become first-time home buyers. As of early August, some multi-family

commercial, real estate veterans were starting to see a negligible slowing in first-time home buying activity because the slide in mortgage interest rates was starting to hit bottom. If true, that's good news for multi-family landlords because those residents unable to purchase a home will be looking for an apartment to rent.

And because so few new units are being built this year, a phenomenon acknowledged by the Apartment Association of New Mexico, it will produce more of a squeeze on apartment occupants because they'll be paying higher rents.

The Association's 2nd Quarter 2003 report notes that 2003 is the fourth worst year in 10 years, so far, for new construc-

tion of apartment units, further adding to a crunch for apartment residents looking for newer or nicer places to live.

Among the larger properties that sold during the quarter, the 216-unit **Pinnacle View Apartments** at 7600 Montgomery Blvd. NE was purchased by a New York investor.

From April to June, two complexes located across the street from each other, the **Sunridge Village Apartments** at 3100 Jane Place NE and the **Candlewick Apartments** at 3011 Jane Place NE, both sold to California investors, says Bill Fox of **Hendricks & Partners, Together**, the two sold for \$19 million.

# Dropping rates meaning rising rooftops

BY KATHI SCHROEDER | INMEX STAFF

Interest rates for fixed-rate mortgages remained at levels not seen in nearly five decades through the second quarter of 2003. The spread of rooftops showed no signs of stopping along Albuquerque's fringes, where most housing activity, with the exception of the ongoing development of the Vista Del Norte project north of Osuna and west of I-25, is taking place. Half of the metro area's new housing subdivisions that opened during the second quarter of 2003 were in Rio Rancho.

**Stivage Thomas Homes** introduced home shoppers to three new neighborhoods in

June: its Alta Tierra Del Norte subdivision in Vista Del Norte; Sierra Norte in Rio Rancho and The Reserve at Four Hills. In April, **Richard Fuller Homes** opened Hunning Ranch in Los Lunas, and The Crossing, a residential community being built by **Tiffany Homes** and Fuller in Albuquerque's northwest quadrant.

Also during April, **DR. Horton** welcomed home buyers to its Vittoria at Ventana Ranch subdivision; **Artistic Homes** launched Los Milagros in Rio Rancho; and **Longford Homes** invited home buyers to see its Sunrise Ranch South in Albuquerque's southwest quadrant.

In May, **Wallen Builders** opened Christopher

Pointe and **KB Home** presented Legacy Ridge to single family home shoppers looking in Rio Rancho.

Rio Rancho drew the bulk of subdivision openings in June, with KB Home's Bellasera at Enchanted Hills; Wallen Builders' Chaco Ridge; **Westbrook Homes'** Westbrook Hills; and Sage Point by **Vantage Homes**. During the second quarter of 2003, the Seville subdivision found **Artistic Homes** and **Charter Building and Development** breaking ground on new single family product lines, notes David Murphy, publisher of **SalesTraq of New Mexico**.

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