

Market squeezes first-time homebuyers

BY ABBY ROEDEL | NMGW STAFF

When Criss West moved back to Albuquerque from the exorbitant housing market of New York City three years ago, she thought she had finally arrived at a place where she could easily buy her first home whenever she was ready.

But, when the time came to start seriously looking six months ago, West began to realize that Albuquerque's housing market no longer welcomed people in her price range with open arms.

Having envisioned a housing search that afforded her plenty of options, West has been having trouble finding even one house where she could make a realistic offer. As a single, 32-year-old, finding a home in her price range of under \$90,000 is like finding a rent-controlled apartment in New York City. There are just not many of them out there.

Over the past two years, the median price for a new home in the northwest quadrant of the city, for example, has increased by about 49 percent. Far-



KIP MALON

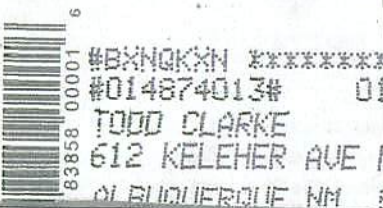
Standing outside of her Downtown apartment, Criss West figured finding a new home here would be an easy task, but she's discovered slim pickings in her price range.

ther south, the story is not much different. In southwest Albuquerque, the median new home price has shot up by approximately 46 percent, making

SEE FIRST TIME | 14

Landscape contractors

From fountains to flowers, these firms do it all.
LIST | 16



FIRST-TIME: Multi-family zoning scarcity, lack of available land put skids on low-cost housing

FROM PAGE 1

an entry-level home in that area around \$115,000 compared to about \$80,000 two years ago, says David Murphy, publisher of SalesTraq of New Mexico, a local data base of new home construction prices.

Prices up citywide

With the exception of custom-built homes, Murphy says there are currently no new detached, single family homes being built in the northeast or southeast heights. As for the overall median home price in Albuquerque, just 12 months ago, in February 2005, SalesTraq recorded the overall median home price as \$168,490 and today the median price is at \$194,798, a more than 15 percent increase.

And that's just the base price. Prospective home-owners will still have to factor in the closing costs and money for any upgrades and amenities.

"It's becoming a farther and farther grasp

for the buyer to get to the level where they can actually move into a home," Murphy says.

A waiting game

What once might have taken a buyer in West's price range about a month to find is now consuming at least six months and sometimes more than a year's time. Cathy Colvin, a Realtor with Vista Encantada Realtors LLC and the president of the Albuquerque Metropolitan Board of Realtors often tells clients in this price range to just hang in there and when something becomes available, they better be ready to jump on it.

In the meantime, people like West find themselves stuck in a rental market, adding to an occupancy rate that is expected to increase to at least 95 percent by the end of 2006. "The need for more multi-family properties is already so high that there is demand for about 1,500 new units every year," says Todd Clarke, the CEO of New Mexico Apartment Advisors. But in a good year, he says, Albuquerque has only seen about 700 new units added to the market.

Rents on the rise

"That is just one of the reasons why Clarke is predicting an 8 to 10 percent rise in rents, making 2006 the strongest year of rent increases since 1994. In 2004, the median rent in the city was \$583 and in 2005 it had increased to \$593, according to Mary Villanueva, research director for NMI Apartment Advisors.

"This year's projected rent increases, says Clarke, can be attributed to a growing work force, combined with a lack of available land to develop new apartment buildings in Albuquerque. "There are only a handful of parcels in the city that are owned by people who will potentially develop multi-family properties, including two on the Westside and one near Montgomery Boulevard and Interstate 25," says Clarke.

With the exception of properties included in Downtown's 2010 master-plan footprint, these are the only parcels zoned for multi-family use in the city. "The result," says Clarke, is a market in which rents will continue to rise until demand subsides or the city allows more zoning of multi-family properties.

However, if the housing market becomes increasingly more expensive, demand is not going to abate any time soon, keeping people like West in the rental loop, instead of making mortgage payments.

"I don't know how much longer I can take the disappointment," says West. "It makes you want to stop looking all together."

aroe@bizjournals.com | 348-8922

INSIDE

BIZ LEADS.....17	OPINION.....23
FOCUS.....13	STRATEGIES.....11
MOVERS.....8	WASHINGTON.....6