

# ALBUQUERQUE BUSINESS FIRST

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## For rent: The new American dream

How apartment living overtook  
two-car garages and picket fences

From young professionals to baby boomers, a lot of people just don't want a yard or a mortgage. They want urban living and lots of amenities, and they're driving a major boom in the apartment sector. Sure, the housing crisis played a big role, but the demographic trends were already moving in that direction. Damon Scott reports on the rise of the apartment.

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## COVER STORY

# Apartments take center stage

BY DAMON SCOTT | ALBUQUERQUE BUSINESS FIRST REPORTER

When the housing market began its collapse and the recession hit the Albuquerque area hard in 2009, the apartment market benefited. Multifamily has been the best-performing commercial real estate sector in the economic downturn, not just in the Albuquerque area but in many parts of the country.

But even before the recession hit, attitudes were changing about apartment living—the hard times just accelerated those attitude changes.

Echo boomers, the younger set sometimes referred to as millennials or Generation Y, were already on their way to preferring smaller spaces—studios and one-bedrooms—with amenities and cool locations. Now the baby boomers are firmly in that mix as well.

"Many baby boomers lost a significant part of their portfolio, their net worth, in the recession and have taken a second look at owning a large home," said Todd Clarke, an Albuquerque multifamily expert and director of the Apartment Association of New Mexico. "My parents last leased an apartment in El Paso probably 40 years ago, and now they're talking about how that would be a preferred lifestyle. How it

would be neat to have a coffee shop in the lobby."

Clarke has tracked the preferences of those in apartment living for decades. He said in the case of the echo boomers, it's not only a desire for amenities and location, but also for smoother, less intensive transactions.

"They don't want to sign a massive 50-page lease and have to jump through a bunch of hoops," he said. "The attitude carries over to other purchases like cars as well."

Clarke said younger professionals, generally those born in the 1980s, have grown up renting just about everything, whether it's music, movies or games.

"They don't want to go through a bunch of negotiations; they want seamless transactions," he said.

Clarke added that even if we hadn't ex-



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*"Many baby boomers lost a significant part of their portfolio ... and have taken a second look at owning a large home."*

**Todd Clarke**  
Director, Apartment Association of New Mexico

perienced the housing market collapse and the resulting economic downturn, echo boomers would have led that path to apartment living. And, ironically, it's

apartments that baby boomers now prefer, in part, because they aren't interested in having extra room that might entice their children to move back in with them.

## 96.05%

Downtown ABQ apartment  
occupancy rate

## \$419

Average monthly rent  
for an ABQ studio apartment

## \$668

Average monthly rent  
for a one-bedroom

## \$941

Average monthly rent  
for a two-bedroom

Source: Apartment Association of New Mexico





# amid housing market changes

As residents and newcomers to the city consider planting roots Downtown over the next several years, many of them will be renting apartments.

Downtown Albuquerque is in the midst of several multifamily developments that total hundreds of living units, many organized by the New Mexico Mortgage Finance Authority. The head of the MFA, Jay Czar, said his group has financed 10 projects equaling almost 600 units in Albuquerque in the past seven years.

While there are single-family homes for sale in the corridor, and Duke City real estate agents do promote those traditional homes, apartment living is attracting both singles and families.

Romero Rose is one of the most visible Downtown developers of subsidized projects designed to attract families.

Silver Gardens I and II include more than 100 units that take up an entire city block. The nearby \$16.2 million Casitas de Colores is in the construction phase. The projects are close to the site for a new Downtown grocery store, an important amenity not only

for families, but for attracting those echo and baby boomers.

Other Downtown apartment-style projects that have come online this year include the resurrection of the Anasazi high-rise, which is preselling residential units and pushing for ground floor retail leases. Just to the west of Anasazi, the Silver Moon Lodge development is in full swing and will bring even more workforce multifamily units to the area.

Nob Hill's restaurants and boutiques and Downtown's culinary and shopping options also make a case for new projects.

Fold in the relatively inexpensive average rents across the city and a mortgage is just not on the horizon for many, particularly those who have taken an income hit in recent years.

Titan Development has been moving quickly on its latest Broadstone developments, an ongoing collaboration with Alliance Residential. Alliance is a massive Phoenix-based developer that has worked with Titan for many years.

Broadstone Santa Monica near San An-

tonio and San Pedro Drives is not yet completed, but has had brisk preleasing activity and is set to launch a nearby second phase in north Albuquerque. Broadstone Cottonwood broke ground on the Westside a few months ago on 13 acres and will have about 254 units near the Presbyterian Rust Medical Center.

Not all the apartment projects are hundreds of units, either. There are several developers working in the Duke City on smaller infill-style projects that are one or two stories high and range between 20 and 50

units in scale.

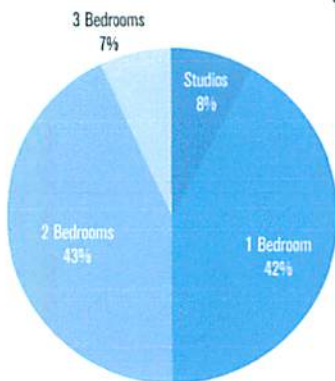
Endeavor Development is one of those companies. Its latest project is near Interstate 40 and Juan Tabo Boulevard, a 46-unit townhouse-style apartment development seeking LEED Platinum green building status.

Rob McKinley and Jason Buchanan at Endeavor said they target young professionals, primarily, and have additional small-scale projects in the North Valley.

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## What's in the mix of ABQ apartment stock

Q2 2013



The majority of Albuquerque's apartments are two-bedroom units, while studios comprise a much smaller percentage. However, echo boomers, who are among the biggest drivers of new apartment construction, tend to prefer those studios and one-bedroom units. What they want and what is available in the Albuquerque market doesn't always match.

▼ The Silver Gardens project, foreground, takes up an entire city block Downtown, while the Casitas de Colores project, far right, takes shape across the road.

## Some key players



**Louis Kolker**  
Executive director  
Greater Albuquerque Housing Partnership

One of the partnership's latest projects is the Plaza Ciudadana development on the corner of Indian School Road and

Broadway Boulevard. Plaza Ciudadana is a 68-unit affordable housing project. The partnership focuses on revitalization projects in Albuquerque's urban neighborhoods. Kolker has headed the partnership since 1998, overseeing 11 developments that include 134 multifamily units.



**John Bloomfield**  
Executive director  
NewLife Homes

Bloomfield is known for rehabilitating historic properties that once were lodges or hotels along Central Avenue into affordable housing.

Two of his latest projects are the Luna Lodge and Sundowner Motel. The Sundowner development is 93 percent complete and 40 percent preleased. Bloomfield has proposed a \$12 million, 76-unit mixed-use/mixed-income development that targets veterans near Tramway Boulevard and Central Avenue, called Gateway 66.



**Joseph Montoya**  
Deputy director of programs  
NM Mortgage Finance Authority

Montoya has been at the MFA for seven years. He was previously the community development director for the city of Santa Fe. Montoya

has worked on Downtown Albuquerque revitalization efforts and was a consultant for the McCune Foundation. The MFA has financed many projects in Downtown Albuquerque using housing tax credits, including the Silver Gardens and Casitas de Colores developments.



**Rob McKinley**  
Co-owner  
Endeavor Development

Along with co-owner Jason Buchanan, McKinley develops smaller multifamily projects designed to appeal to young professionals. Although

vacant land is scarce within the city, McKinley looks for ways to do infill projects throughout the metro. Current projects include a 46-unit townhouse-style apartment development near Juan Tabo Boulevard and Interstate 40; 22 units on 9th Street and Griegos Road; and 16 units on 10th Street and Candelaria Road.



**David Eagle**  
Senior vice president  
CBRE Now Mexico

Eagle heads the multihousing brokerage team with his son, Billy Eagle. He has more than 35 years of commercial real estate and finance

experience in apartment sales in New Mexico, California, Nevada, Florida, Arizona and Texas. Eagle founded and manages the CBRE apartment market survey of rents and occupancy for the Albuquerque and Santa Fe markets, a report that the industry uses extensively.



**Drew Dolan**  
President  
Titan Development

Titan Development is involved in most of the large-scale private multifamily developments in Albuquerque. It has developed several Broad-

stone projects with Phoenix's Alliance Residential. Its latest are the 280-unit first phase of Broadstone Santa Monica in north Albuquerque and Broadstone Cottonwood, a 254-unit multifamily project on Albuquerque's Westside near the Presbyterian Rust Medical Center.



RANDY SNIER | ALBUQUERQUE BUSINESS FIRST



## COVER STORY

# Could a new steel high-rise be on ABQ's horizon?

Apartment industry analysts in Albuquerque often talk about the age of much of the city's apartment stock. And loans to rehabilitate many of the older properties are not readily available. So why not build a brand new high-rise in the Duke City? And a steel one at that?

The question might seem a bit premature in a market that has suffered the loss of tens of thousands of jobs in the recession — a recession the city has yet to fully shake off.

"Let's first agree that a high-rise development in Albuquerque would be considered a mid-rise compared to most major metros," said Todd Clarke, the founder of Cantera Consultants & Advisors and New Mexico Apartment Advisors. "But we finally have the zoning in place in Downtown and Uptown to potentially support such a project."

It's not only the zoning that has to be in place, Clarke said, referencing the Downtown 2010 and Uptown 2009 Sector Development Plans, but the magic \$2 per square foot mark. Albuquerque's rents have slowly been moving into the \$1.35 to \$1.85 per square foot range, and at \$2, steel high-rise construction starts to enter the conversation with potential developers and investors.

"We're close to a milestone that would push conditions from stucco to steel in the next decade in Albuquerque," Clarke said.

There are steel high-rises in Albuquerque, and one is in the midst of rehabilitation — Downtown's Anasazi. But at nine stories, Anasazi might not even be considered a mid-rise in a city like Denver or Phoenix, let alone Los Angeles or New York City.

Other steel high-rises in Albuquerque include Alcalde Place near Downtown on 14th Street and Lead Avenue, and in the Uptown area, the Landmark Apartment Homes and Uptown Square Apart-

ments. The Towers Apartments near Del Norte High School on Montgomery Boulevard offers sweeping views, especially to the north during Balloon Fiesta.

But Clarke said some of these structures were built 50 years ago, and even the newer ones were built in the 1970s and early 80s.

"Steel is the magic deal. The whole world opens up as it relates to lifestyle and amenities and density drives all of it," Clarke said.

He said a steel high-rise in the Downtown or Uptown area could have a hotel on the top, condominiums, penthouses and a mix of restaurants and retail, as

well as an office component. Clarke said being located along transportation lines would be essential.

The rate of future rent hikes, which would push the city ever closer to that \$2 per square foot landmark, will be tied closely to the creation of new jobs, Clarke added.

## Raising rents without raising eyebrows

The economy in the Albuquerque area is recovering slowly, but it's recovering. And if the positive movement continues as expected, apartment rents will inevitably go up.

An industry event Sept. 26 will explore how professionals can successfully pull off leases and renewals in that environment.



Blake

National multifamily expert and speaker Toni Blake is scheduled to keynote the Apartment Association of New Mexico's Education Conference and Trade Show at the

Hyatt Regency Albuquerque.

Blake will present 28 tactics for getting those leases without "raising eyebrows," she says, and she'll also discuss inflation, the cost of business and other methods of what she calls "value positioning."

"She not only suggests the use of certain tools, she actually employs the methods that she presents," said Kelle Senye, the executive director of AANM and the point person for the event. "Toni is also a comedienne, so you would be hard pressed not to have a great time while learning oodles from her."

There will be some local names of note at the conference as well. Don Miller, the co-founder and first president of AANM,

will lead one of the breakout sessions. Miller is a member of the Institute of Real Estate Management and has served on the national faculty of IREM and the New Mexico Real Estate Commission for 30 years. In addition, David Eagle of CBRE New Mexico's multifamily team will discuss linking property value to income.

"Don is fabulous because he is a previous owner and manager of communities right here in Albuquerque and David really knows how to drill down to the specific decisions that property managers make on a daily basis," Senye said.

The event, expected to draw about 300 attendees, also includes 57 exhibitors.

For ticket information and pricing, go to [aanm.org](http://aanm.org), or contact Senye at [kelle@aanm.org](mailto:kelle@aanm.org).

### ► AVG. APARTMENT RENT

#### Downtown

\$1.63-\$1.93 per square foot

#### University area

\$1.22-\$1.42

#### Uptown

\$1.32-\$1.62

#### Far NE Heights

\$0.95-\$1.35

Source: Apartment Association of New Mexico  
Amounts do not include all multifamily developments located in a particular corridor.

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