

## Developers turn their attention to the multifamily market, at last



RANDY SINNER | NMBW

The Aspens has expanded in phases over the past decade, and another expansion phase is under way.

BY STEVE GINSBERG | NMBW REPORTER

After decades of being dominated by out-of-state developers, Albuquerque-based multifamily entrepreneurs are emerging this year, and adding to a flurry of apartment construction.

There are at least 1,500 new market-rate units in the pipeline as developers from Arizona, Louisiana, California and Colorado are building new projects or expanding their existing holdings.

Home-grown developers include Allen Sigmon Real Estate Group, which has a 201-unit development called Eagle Vista on the city's West-

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side. The Lofts at Albuquerque High developer Rob Dickson is planning to convert the De Anza Motor Lodge into 50 market-rate apartments in a \$4.5 million project. Titan Development, a leading Duke City office/industrial developer, is formulating plans to do a multifamily project, but has sold a portion of its 58-acre Del Rey Mobile Home Park project to Phoenix's Alliance Residential Co. Alliance plans to build a 200-unit project called Santa Monica on the Northeast Heights property this spring, said Perry Reeves, Alliance's regional manager. A Titan spokesman said the company will unveil its own plans this June. The site is located at 7311 Louisiana Blvd. NE, in the far Northeast Heights.

Allen Sigmon appears to be leading the local flight to multifamily. It has plans for many units over the next five years, in the Duke City and in southern New Mexico.

"We feel we are unique, as there have been no major local apartment developers in the past. The developers from California and Texas often hire out-of-state builders and subcontractors, but we hire all locals and the dollars are staying here," Lance Sigmon said. "The impact fee reductions in Albuquerque really help us and saved us \$400,000 to allow us to do the project. Hats off to the city."

Dekker/Perich/Sabatini is doing Eagle Vista's architectural design, and Maranatha Construction Inc. will build the gated community, which will have a pool and clubhouse. Brad Allen and Sigmon broke from Roger Cox & Associates to form their brokerage and development company in 2011. In January, they acquired seven acres in a bankruptcy foreclosure.

They hope to break ground in July on Eagle Vista, at 9641 Eagle Ranch Road NW, and will submit construction drawings to Albuquerque planners next week. Financing for the \$16.5 million project is close to complete. The developers are seeking a loan from a local bank for the balance, Allen said, expressing confidence the loan will be arranged because the multifamily sector is outperforming the retail, office and industrial sectors of commercial real estate. The multifamily occupancy rate in the Duke City stands at 95 percent. Allen Sigmon owns 200 multifamily units in the Duke City and Belen, where vacancy is 2 percent.

Allen has plans to build another 400 units in Albuquerque and in southeastern New Mexico. Land is under contract for the Duke City project. He is convinced the era of multifamily development has arrived, and he predicts the state could add between 5,000 and 10,000 new units over the next five years, with Albuquerque landing 20 percent of those.

"Over the years, we didn't produce many multifamily buildings because land prices were high, the demand was not there and returns were not as attractive, but that has changed. We like multifamily. If a tenant

moves out, you're not hurt as much as if you own an industrial project and your anchor tenant leaves. The risk is more spread out."

Low interest rates and low construction prices are other inducements, Allen said.

New projects under way include a 166-unit expansion at the Aspens, a development by Newport Beach, Calif. developer Ernest Cohen and his American Real Corp. at 9677 Eagle Road NW. The 568-unit resort style complex, which is south of the Westside's Costco, is among the city's largest.

Louisiana developer Bay Hill Development LLC will break ground in July on Andalucia Villas, a 240-unit project on 16.5 acres at Coors and Montañito, according to Jim Hakeem, a broker at NAI Maestas & Ward who represents Bay Hill and managed the land sale.

Colorado-based Real Capital Solutions is adding several hundred units to its two Duke City projects, Diamond Mesa at 98th & Gibson SW, and Contada @ The Trails, which is near Ventana Ranch on the Westside.

"If you look at the overall market, the new construction is not a significant ripple. There is very little being built on the east side of Albuquerque, and anything new built on the Westside is readily absorbed. If we get 2,000 new units this year, the market is so saturated right now, they will get rented," said Billy Eagle, who, along with David Eagle, tracks the multifamily market for CB Richard Ellis.



Sigmon



Allen