

# Recession slashing commercial prices

Commercial real estate prices are being slashed all over the country and now it's happening here.

The 20,000-square-foot North-25 Commons building, a speculative industrial condo project that broke ground three years ago in Las Lomas Business Park, was originally priced at \$150 a square foot. Today, its asking price is \$89 a square foot for heated shell condo space. The price for the entire 18,000 square feet that's available is even lower at \$79 a square foot.

The drop in price was due in part to a low appraisal when the project shifted from construction financing to permanent financing, said Kevin S. Albert, owner of Universal Water Systems who built the spec building on the side. As much as anything else, he said the price was dropped just to get the building sold.

And at \$79 a square foot, Albert acknowledges that he'll lose money on the project. "Real estate is not my forté," he said. "I'd just as soon get on with what my real business is, water purification. It's a successful business."

The commercial real estate market was peaking when Albert broke ground on North-25 Commons in February 2007. But the market changed by the time the shell was completed nine months later. The original asking price of \$150 a square foot was quickly dropped to \$135. One 2,000-square-foot condo sold and then interest died off.

"We started slowly reducing it from \$135 over the last eight months," he said. "Market trends forced us to do this."

The building is at 1311 Cuesta Abajo NE, off El Pueblo just east of Edith and within walking distance of the Rail Runner station. Robert Grebe and Lisa Sellers of Grubb & Ellis New Mexico are marketing the property.

While Albert is a novice developer, seasoned pros are also recognizing the need to slash prices in order to get property moving.

Austin-based St. Croix Capital has slashed the asking price by 50 percent on three of its nine buildings at



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The asking price at the North-25 Commons building, in the Las Lomas Business Park off El Pueblo NE, has dropped to as low as \$79 a square foot for heated shell space.

## Commercial Real Estate



RICHARD METCALF  
Of the Journal

Parkwest Commerce Center on Unser near 98th NW.

The new price is \$67 a square foot for a cold shell, down from the original price range of \$125-\$140 when the 83,160-square-foot industrial condo project hit the market a little over two years ago. Not one condo has sold in that time.

"The bottom line is we've had no activity," said Ken Satterlee, who founded St. Croix Capital in 1982. "We want to jump start the marketing of the project by offering some of the buildings as loss leaders."

While only three buildings are priced at \$67 a square foot, Satterlee said an offer at that price can be made on any of the project's nine buildings. Grebe and Sellers

are also marketing Parkwest Commerce Center.

The trend of dramatic price drops will likely thaw the commercial market, Grebe said. "What we've had is a frozen river," he said. "Sellers have refused to reduce the price on properties and buyers have said, 'We're not going to do anything.'"

## A bright spot

The recent sale of 42.8 vacant acres in the South Valley is a bright spot in an otherwise stagnant market for land sales in the Albuquerque metro.

The site at 3413 Broadway SE, just less than a mile north of Rio Bravo Boulevard, was purchased by an undisclosed buyer that was described as a national company planning to expand its existing operation in Albuquerque.

The asking price was \$3.9 million, which was down by more than one-third from its asking price in 2007 due to a new appraisal, said Bill Robertson, who marketed the property with associate Tim MacEachen of Grubb & Ellis New Mexico.

decision," said Genrich, who is married with a six-year-old son. "My wife is from Portland and ever since our son was born, she's wanted to move back."

This is Genrich's third stint with Los Angeles-based CBRE. After first arriving in Albuquerque with the Trammell Crow Co. in 1986, he worked in property management for the local CBRE office from 1993-94, then as an office broker from 1997-2004. In 2004, he co-founded Real Estate Advisors with Tom Jenkins and Mark Friedman, where he did both office and industrial real estate brokerage.

Genrich was one of less than 20 commercial brokers in New Mexico with the Society of Industrial and Office Realtors professional designation.

"Dave is one of the most highly respected, knowledgeable and well-liked brokers in town," said Terri Dettweiler of CBRE, chair of the state SIOR chapter. "His professionalism and calm demeanor will be Portland's gain and he will be missed by all of his colleagues here in Albuquerque."

Working out of an office on the 30th floor of a highrise in downtown Portland, Genrich will focus on flex industrial space and, to a lesser extent, office/warehouse space in one of the city's submarkets. At 198 million square feet, Portland's industrial market is almost six times the size of Albuquerque's.

"It's a huge industrial market," he told the Journal. "You can make a living focusing on one specialty in one submarket."

Now living at a small horse farm outside of Portland, Genrich has traded a six-minute work commute in Albuquerque for a 50-minute commute "on a good day." But the lifestyle suits him.

"I've got the big city - big-time sports, great microbrews - but at night I'm living out in the country," he said.

Ten years ago, the 42.8-acre site leaped into the limelight when the U.S. Postal Service bought it from Schwartzman Properties Inc. for a proposed 400,000-square-foot regional mail-processing center. The Postal Service dropped the plan in early 2002 and eventually put the property on the market.

The recent purchase is one of the biggest raw land deals in the metro in the past year or more, Robertson said, noting that there hasn't been a lot of land changing hands.

"It's a sign of the recession," he said. "There's not a lot of buyers capable of taking that much land (because) you can't get financing."

The buyer was represented in its purchase by Trevor Hatchell, Mike Schiffer and Jim Smith of CB Richard Ellis.

## Moving on

Veteran commercial real estate broker David Genrich, until recently qualifying broker at Real Estate Advisors, has relocated to Portland, Ore., and taken a job with CB Richard Ellis.

"It was a quality of life

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