

Business

# Outlook

MONDAY, MARCH 26, 2007

**GOOD TIMING**

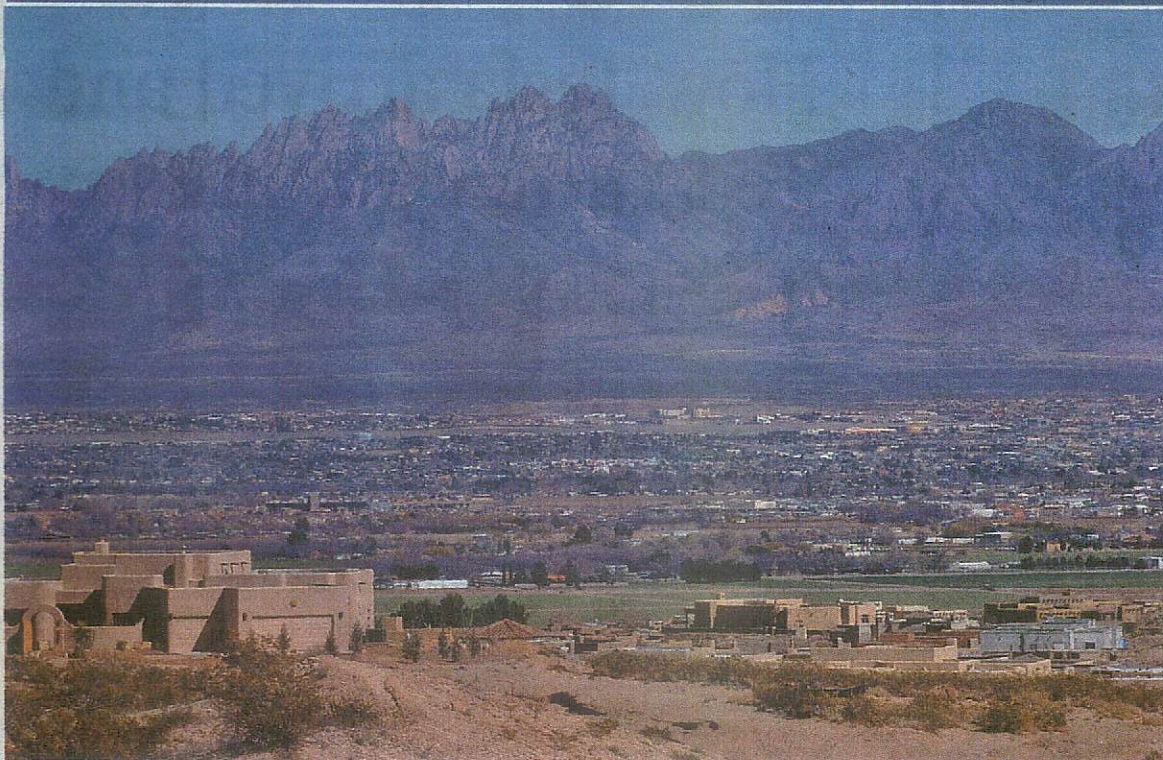
Commercial real estate and  
a company's consolidation

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# SOUTHERN MAGNET

Houses sprout like spring flowers as people move to Las Cruces



The Organ Mountains tower above Las Cruces, which has seen a housing boom. Hundreds of homes have sprung up in the area, as seen from the west mesa.

RICHARD PIPES/JOURNAL

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Albuquerque Journal

By JACK KING  
Journal Staff Writer

**L**AS CRUCES — When Minnesota native Jack Hokkanen retired in 2002, he had four criteria for a town in which to retire. Las Cruces met every one.

"I was looking for reasonably priced real estate and a small amount of precipitation. But I also wanted a place where you could live 12 months out of the year ... meaning it wasn't unbearable in the summer like Palm Springs or Phoenix," he said.

"Another (criterion) was reasonably priced golf ... I had a friend who retired to Palm Springs, and, when he came back the first year, I said, 'Do you play a lot of golf?' He told me, 'No. It's really expensive.' "

"I thought, 'Why would you want to go some place where what you like to do is so expensive you can't do it?'"

Hokkanen is one of many retirees who have helped fuel strong housing and commercial growth in this southern New Mexico city.

Las Cruces enjoyed a record year for home sales in 2006 — up slightly over 2005 and up nearly 50 percent since 2002.

Last year, 2,139 houses — new and used — were sold at an average price of \$216,432, according to figures from the Las Cruces Association of Realtors.

Those are very strong numbers compared with 2002, when 1,440 homes sold with an average price of \$133,705, said

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Heavy equipment clears land in Las Cruces for homes along the east mesa.

# SOUTHERN MAGNET

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Las Cruces realty agent Gary Sandler, who writes a weekly real estate column for the Las Cruces Bulletin and does a weekly program on the subject for KSNM radio.

## 40 subdivisions

David Steinborn, former Las Cruces mayor and president of Steinborn GMAC Real Estate, the city's largest real estate company, estimated that more than 40 subdivisions are being built in the city's northeast corner, east of Interstate 25 and along U.S. Highway 70, heading toward the Organ Mountains.

As early as the 1980s, a few national-level executives had retired to Las Cruces, he said.

But development really got a boost in 2001, when *Where to Retire* magazine identified the area as one of America's top 100 retirement spots.

It's been helped along as Las Cruces has collected such designations as "one of the best places to retire" by *Money Magazine* in 2002; "one of the five best college towns to retire in" by *Money Magazine* in 2005; and "one of the top five places to retire" by the American Association of Retired Persons in 2006.

The migrating retirees don't come from any one region of the country.

"Predominately, people are relocating from colder climates, but we're seeing quite a few come from California for a more economical neighborhood. We've had some relocate

from Florida to get out of the hurricane belt," said builder and developer Eddie Binns.

A tiny segment of his customers, "less than 2 percent," has come from Albuquerque and Rio Rancho, seeking a slower-paced community, he said.

For Steinborn, 8 percent to 10 percent of the customers for his Sonoma Ranch developments come from other parts of New Mexico. A survey by his company found other customers come primarily from Texas, Arizona and Colorado.

But the newcomers aren't all retirees.

"For a long time, the growth did come from retirees, and that's still important," said Michele Marshall, executive officer of the Las Cruces Home

Builders Association. "But what we're beginning to see is that as the town grows there are more construction workers, retail salespeople, health care workers, teachers — all kinds of lower- and middle-income people, all of whom need some place to live."

Sandler noted that approximately 59 percent of the houses sold in 2006 sold for less than \$200,000.

## Commercial growth

Steve Vierck, CEO of the Mesilla Valley Economic Development Alliance, said Las Cruces has always been a trade center for the southwestern part of the state.

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## Las Cruces growth

Closings on new and existing homes:

- 2006 — 2,139 at average price of \$216,432
- 2005 — 2,136, average \$199,106; a 21 percent jump over previous year
- 2004 — 1,771, average \$167,664; a 49 percent jump over previous two years
- 2002 — 1,440, average \$133,705; a 68 percent jump over previous two years
- 2000 — 1,277, average \$125,377

— Data from Las Cruces Association of Realtors and Las Cruces realty agent Gary Sandler



RICHARD PIPES/JOURNAL

A new 105-acre commercial development is anchored by Mountainview Regional Medical Center, shown here, and Earnest Healthcare's Rehabilitation Hospital of Southern New Mexico.

# SOUTHERN MAGNET

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As Deming and Silver City have grown, they've helped drive demand for retailers such as Barnes and Noble, Mens' Wearhouse and Old Navy, which have come to Las Cruces in the last three years, he said.

The alliance has also helped lure 24 new high-tech and manufacturing companies to the area, creating 873 jobs as of December 2006, he added.

In addition, Earnest Healthcare of Albuquerque opened a rehabilitation hospital in Las Cruces in 2004 and plans to open an advanced care hospital in 2007, he said.

"Hospitals are like aircraft carriers. When they come, they bring a host of professions and services with them," Vierck said.

Still, most builders, developers and real estate agents refused to call the growth a boom.

"Our population is growing at 2.5 to 3 percent a year. It's about twice the national average. Twice the national average isn't a boom; it's just a good, healthy growing community," Binns said.

Census data put the city's population growth at 7 percent since 2000, with about 80,000 people within the city limits and about 190,000 in all of Doña Ana County, including Las Cruces.

Sandler said total home sales in Las Cruces were down in January, with 117 closings, compared with approximately 140 closings in January 2006. However, he said it is too early to predict whether the difference means sales will be down in the coming year.

"Typically, sales peak in the summer, then go back down in the fall and winter. One month's production at this time of the year is not a very good indicator," he said.

"Pending sales — an indicator of demand — have dropped off in line with the national trend. However, around Jan. 10, that decline bottomed out and began to climb.



Minnesota natives Jack and Marsha Hokkanen, who retired in 2002, say Las Cruces was the ideal choice.

"Inventory continues to increase — also in line with the national trend — but not as quickly as the increase in pending transactions. Overall, I'm optimistic."

## Las Cruces area projects

A sample:

■ **Del Prado**

Subdivisions 3, 4 and 5, with 168 lots of townhouses and larger homes, priced from \$216,000 to \$275,000, to be available in July and August.

■ **Sonoma Ranch**

Sonoma Ranch East 2, phase three, homes priced at \$300,000 to \$500,000, currently available.

Sonoma Ranch North, along Sonoma Ranch Boulevard, is a commercial development, with the First National Bank, 24 Hour Fitness center and two large convenience stores as its first tenants.

■ **Rancho del Rey**

The project, on Las Cruces' East Mesa, has four subdivisions, with a total of 800 homes/lots in development, priced from \$130,000 to \$500,000.

■ **Rancho del Rey: Stone Gate**

With homes priced from \$180,000 to \$280,000, the subdivision will open in the next two months.

■ **Rancho del Rey: The Eagles**

Homes priced from \$300,000 to \$500,000, will open in six months.

■ **Rancho del Rey: The Meadows**

Homes priced from \$130,000 to \$180,000, will open in six to eight months.

■ **Thurston Homes**

A total of 637 homes and lots in six subdivisions, with the homes priced between \$125,000 and \$200,000. Lots are available in the Parkhill subdivision, just east of Interstate 25, for 200 homes priced between \$140,000 and

\$200,000. Also available are lots in the Sandhill subdivision, in northeast Las Cruces, for 50 homes priced between \$135,000 and \$190,000.

Lots in Rincon Mesa, in the city's far northeast, with 158 lots for homes priced between \$125,000 and \$175,000 will be available in March.

■ **Alameda Property Group**

Part of a company developing 3,000 acres of land on Las Cruces' East Mesa that it bought from the city of Albuquerque in the early 1980s.

APG has 700 acres in various stages of development, including 320 acres of commercial property, 12 acres of manufacturing sites, 111 acres of multifamily residential property, and 261 acres of single-family residential property, said project manager Melissa Gorham.

The company's 105-acre commercial subdivision, South Fork Village, is anchored by Mountainview Regional Medical Center and Earnest Healthcare's Rehabilitation Hospital of Southern New Mexico.

Its 100-acre Pueblo de las Alamedas commercial subdivision, still under development, will be about 1 mile east of the intersection of U.S. Highway 70 and Interstate 25, she said.

APG's 500-acre mixed-use subdivision Rinconada Ranches contains single-family, multifamily and commercial real estate. The project's first phase, High Desert, has sold out and its second phase, Las Palmas, is 50 percent sold.