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Home Permits Reach Metro Area Record

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Growth on the west side of the Rio Grande drove metro-area home building permits to a record in 2004, a 12 percent jump above the previous year.

The hottest spots in 2004 for new home construction compared with 2003 were Rio Rancho with 43 percent growth, the Southwest Mesa with 26.6 percent, and Valencia County with 46 percent.

Albuquerque's Northwest quadrant fell by a half-percent and the city grew by only 0.6 percent.

During 2004, 7,719 permits were issued in the metro area, according to the Home Builders Association of Central New Mexico. In 2003, 6,879 permits were issued.

"I knew we would be over last year's numbers, but not that much," said Jim Folkman, vice president of the association.

In addition to the cities of Albuquerque and Rio Rancho, the metro area includes Los Lunas and unincorporated Bernalillo and Valencia counties.

Rio Rancho, the West Side and the Southwest Mesa together accounted for 48 percent of the home building market last year. Of that, Rio Rancho accounted for about 22 percent of the market.

In the city of Albuquerque, 5,071 permits were issued— a 0.6 percent increase from 2003— and unincorporated Bernalillo County dropped 9.6 percent.

"Construction (within) Albuquerque has leveled off," Folkman said. "It doesn't take a rocket scientist to see that Rio Rancho construction is exploding."

Folkman is predicting Rio Rancho probably will issue more than 2,500 permits during 2005. The city is off to a fast start with 204 permits issued in January, according to the city's planning department.

Despite Albuquerque's lackluster growth, developers have not abandoned the Duke City. The Northwest quadrant accounted for 2,482 home construction permits during the year and the Southwest quadrant had 1,525.

What really isn't surprising, Folkman said, was that construction in Rio Rancho has increased. During 2004, 1,715 home building permits were issued, compared with 1,198 in 2003.

Los Lunas and Valencia County also had a record-breaking year with more than 46 percent growth in the number of permits.

The growth in Rio Rancho and Valencia County, he said, indicates builders are looking outside Albuquerque for land to develop. Albuquerque doesn't

have much land left for home construction and some builders complain about the difficulty of developing within the city, Folkman said. Outlying areas offer cheaper land and less restrictive development, he said.

Builders in Albuquerque expect 2005 to be as good as 2004. Mark Kinsley, president of KB Home's New Mexico Division, said he expects building in the Albuquerque area will continue at a steady pace.

During 2004, KB Home got construction permits for 606 homes compared to 452 in 2003. Kinsley said the company likes the area because it can count on growth.

"Some places tend to have peaks and valleys in home growth," he said. "Albuquerque has been slow and steady. It's a healthy market."

KB Home has started a new subdivision on the Southwest Mesa called Anderson Hills, which will have 1,300 houses, three parks and a trail system. The company will also continue work in Enchanted Hills in Rio Rancho, as well as several other smaller subdivisions.

"We are expecting a very good year," Kinsley said.

The top home builder in the metro area for 2004 was D.R. Horton Homes, which got 788 construction permits during the year. The company was also the top builder in 2003 with 750 permits issued.

Folkman said the overall new home market will probably slip in the coming year with interest rates the main culprit. For most of 2004, rates stayed under 6 percent for a home mortgage. Folkman said he expects rates to climb to at least 6.5 percent, which could drive some consumers out of the market.

"Some people just won't be able to pay the higher rates, which will trickle down to builders," he said.

