Appendix B

Economic, Demographic, and Market Analysis

Draft Report

Bridge Boulevard Community Challenge Planning Grant

Economic, Demographic and Market Analysis

The Economics of Land Use

Prepared for:

Bernalillo County

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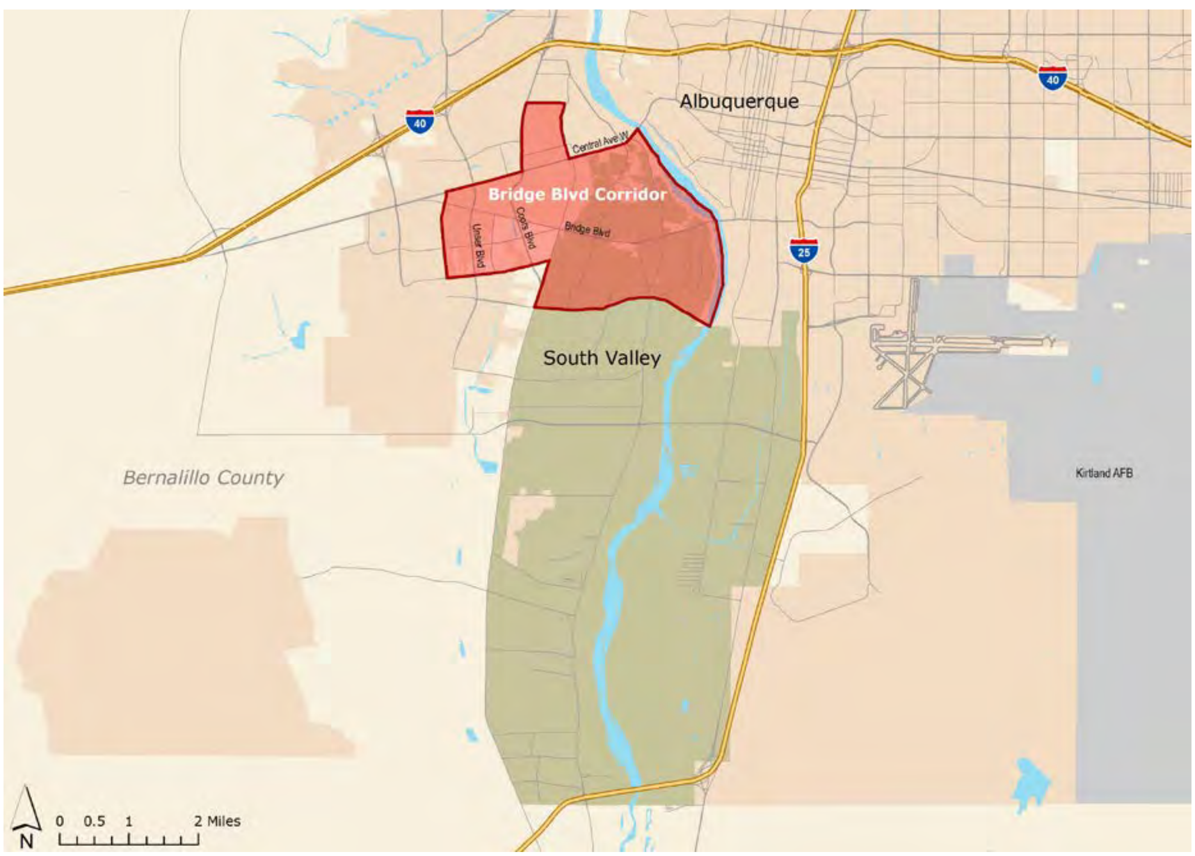
1. ECONOMIC AND DEMOGRAPHIC FRAMEWORK

Introduction

This chapter of the report reviews economic and demographic trends and forecasts for the Bridge Boulevard Market Area and the larger Albuquerque region. Bridge Boulevard is located in the southwestern quadrant of Albuquerque in Bernalillo County. While portions of the Bridge Boulevard study area are within the Albuquerque city limits, most of the corridor is in unincorporated Bernalillo County. **Figure 1** depicts the aggregation of census tracts that cover the study corridor, which are the basis for much of the economic and demographic profile that follows.

To provide a contextual understanding of Bridge Boulevard, the data in this chapter are shown for the study area and then contrasted to the South Valley and Bernalillo County as a whole. It should be recognized that there is some overlap between the aggregated census tracts and the South Valley Census Designated Place (CDP), as shown in the map below. This overlap has been reconciled for projections to ensure that the market area and corresponding population are not overstated when evaluating market potentials. For historical analysis, the two sets of geographies provided by the Census accurately depict the trends for the area.

Figure 1
Bridge Boulevard Corridor and South Valley CDP Boundaries
Bridge Boulevard Corridor Analysis



Employment

Total wage and salary employment in Bernalillo County was approximately 312,250 as of the third quarter of 2011, as shown in **Table 1** on the following page. Employment in Bernalillo County peaked in 2007 with a total of 333,500 wage and salary jobs. Following national trends, employment in the County decreased between 2007 and 2010 by nearly 22,000 jobs or 6.5 percent of the total. Preliminary third quarter numbers for 2011 indicate that employment has leveled off and may be on a path to positive job growth. Industries experiencing the greatest annual growth between 2001 and 2011 include Educational Services (5.7 percent) Health Care and Social Assistance (3.5 percent), and Government and Government Enterprises (2.3 percent), as shown in **Table 1**.

As of the third quarter of 2011, the top four employment sectors, accounting for 45 percent of total Bernalillo County employment, are Health Care (45,000 employees), Retail Trade (35,000 employees), Accommodation and Food Services (33,000 employees), and Professional and Technical Services (28,000 employees), as shown in **Figure 2**.

Figure 2
Wage and Salary Employment, Bernalillo County, Q3 2011
Bridge Boulevard Corridor Analysis

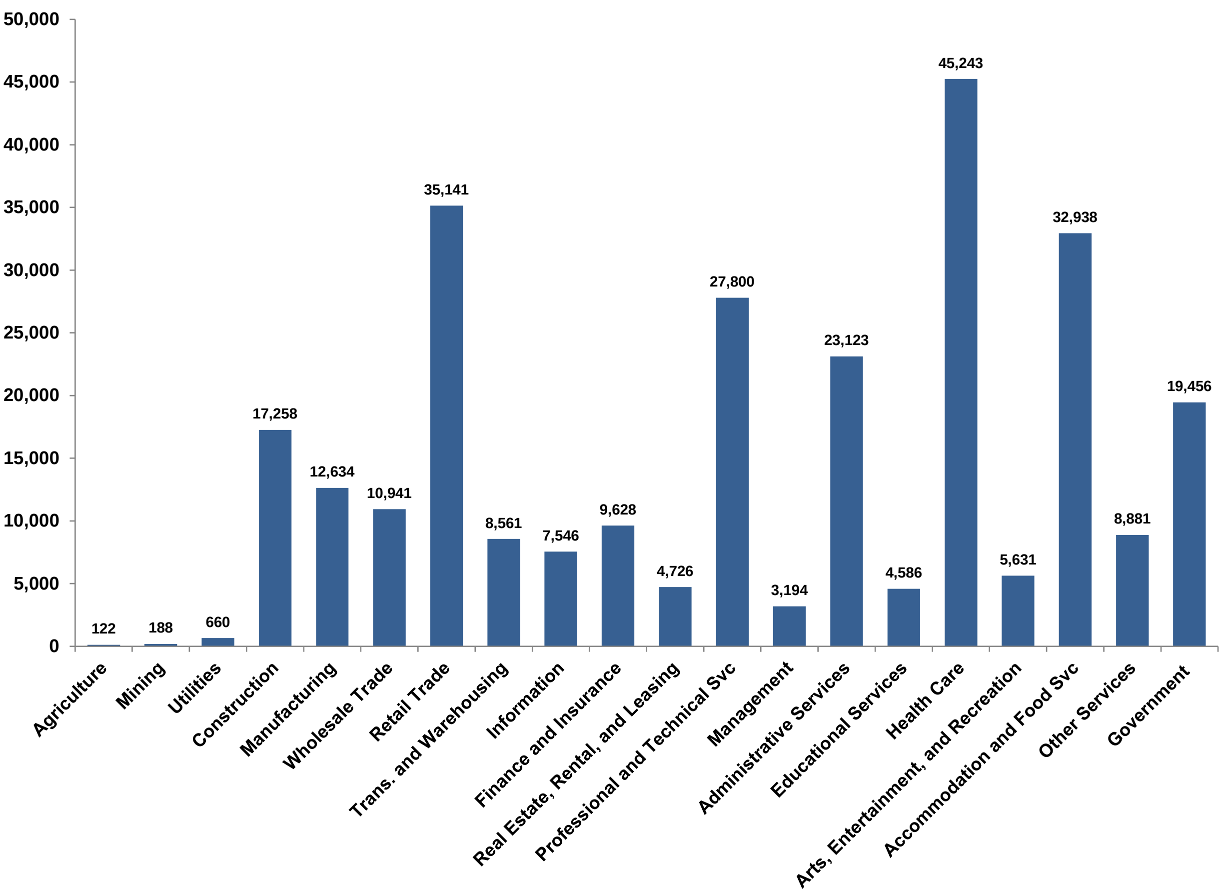


Table 1
Wage and Salary Employment by Industry, Bernalillo County, 2001-3Q 2011
Bridge Boulevard Corridor Analysis

												2001-2011		
Industry	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011** [1]	**Total #**	**Ann. #**	**Ann. %**
Agriculture	167	184	205	188	173	162	140	145	158	168	122	-45	-5	-3.1%
Mining	72	249	250	56	81	76	100	146	142	139	188	116	12	10.1%
Utilities	1,220	1,002	947	188	500	482	467	448	667	627	660	-560	-56	-6.0%
Construction	20,997	19,914	20,863	22,740	24,923	27,063	26,725	24,510	20,372	18,474	17,258	-3,739	-374	-1.9%
Manufacturing	19,425	17,451	16,490	15,147	15,588	16,217	16,830	16,378	13,298	12,685	12,634	-6,791	-679	-4.2%
Wholesale Trade	13,319	13,076	12,563	12,317	12,351	12,809	12,710	12,507	11,165	10,927	10,941	-2,378	-238	-1.9%
Retail Trade	36,894	37,447	37,120	37,885	38,809	38,221	38,893	38,296	35,584	35,035	35,141	-1,753	-175	-0.5%
Transportation and Warehousing	10,593	10,538	10,480	2,665	10,345	10,556	10,864	10,493	9,369	8,829	8,561	-2,032	-203	-2.1%
Information	10,124	9,848	9,327	8,954	8,025	8,773	8,442	350	8,333	7,958	7,546	-2,578	-258	-2.9%
Finance and Insurance	12,500	11,579	11,500	11,134	11,209	10,963	10,709	10,517	10,478	10,044	9,628	-2,872	-287	-2.6%
Real Estate, Rental, and Leasing	4,794	4,906	4,788	4,866	5,039	5,203	5,403	5,258	4,798	4,723	4,726	-68	-7	-0.1%
Professional and Technical Services	26,264	26,717	27,755	28,290	29,012	29,504	30,257	31,086	30,417	28,120	27,800	1,536	154	0.6%
Management of Companies and Enterprises	4,441	4,136	3,807	3,325	3,580	3,956	3,688	3,341	3,183	3,173	3,194	-1,247	-125	-3.2%
Administrative and Waste Services	25,352	24,624	23,758	24,625	24,913	26,490	26,982	26,748	24,085	22,629	23,123	-2,229	-223	-0.9%
Educational Services	2,634	2,637	2,693	2,930	3,016	3,220	3,527	3,714	3,965	4,307	4,586	1,952	195	5.7%
Health Care and Social Assistance	32,158	33,639	34,496	36,702	37,370	38,236	38,882	40,054	42,345	43,250	45,243	13,085	1,309	3.5%
Arts, Entertainment, and Recreation	5,436	6,186	6,274	6,384	6,481	3,099	3,104	5,457	5,142	5,143	5,631	195	20	0.4%
Accommodation and Food Services	28,179	28,666	29,462	29,410	29,595	31,186	31,249	33,154	32,378	32,191	32,938	4,759	476	1.6%
Other Services, Except Public Administration	8,791	8,883	9,020	9,073	9,074	9,258	9,388	9,661	9,175	9,094	8,881	90	9	0.1%
Government and Government Enterprises	15,574	15,986	16,254	16,688	17,109	17,487	17,821	18,464	19,025	19,706	19,456	3,882	388	2.3%
Total	**309,166**	**308,128**	**309,386**	**314,071**	**319,561**	**329,960**	**333,466**	**332,615**	**318,223**	**311,725**	**312,251**	**3,085**	**309**	**0.1%**
% Change	**---**	**-0.3%**	**0.4%**	**1.5%**	**1.7%**	**3.3%**	**1.1%**	**-0.3%**	**-4.3%**	**-2.0%**	**0.2%**			

[1] Total employment for 3Q 2011

Source: Bureau of Labor Statistics; Economic & Planning Systems

H:\21823-Bernalillo County Bridge Boulevard\Data\[21823-BLS Employment.xls]TotalEmployment

Population and Households

According to the 2010 Census, the population of the Bridge Boulevard Corridor is approximately 32,700, as shown in **Table 2**. Approximately 11,000 households reside in the Corridor, representing an average household size of nearly 3.0. The Bridge Boulevard Corridor comprises approximately 5.4 percent of the total population and approximately 4.2 percent of the total households in Bernalillo County. The South Valley CDP has 41,000 residents and 13,800 households. Average households size in the Bridge Boulevard Corridor and South Valley is approximately 3.0 persons per household, which is larger than the average for Bernalillo County of 2.5 persons per household. This suggests a proportionally higher number of families reside on the Corridor and in the South Valley as compared to the County as a whole.

The Bridge Boulevard Corridor added 5,600 residents between 2000 and 2010 and grew at a rate of 1.9 percent per year, as shown in **Table 2**. The Corridor captured 5.4 percent of the total population growth that occurred in Bernalillo County between 2000 and 2010. The number of households on the corridor increased by 1,900 over the 10 year period, also representing an annual growth rate of 1.9 percent. This results in a capture of approximately 4.2 percent of the County's total household growth.

The South Valley added 1,900 residents between 2000 and 2010 and grew at a rate of 0.5 percent per year. The area captured 1.8 percent of Bernalillo County's total population growth between 2000 and 2010. The number of households increased by nearly 1,000, or at a rate of 0.7 percent per year. Household growth in South Valley accounted for 2.2 percent of total household growth in the County.

Table 2
Population and Households, 2000-2010
Bridge Boulevard Corridor Analysis

	2000	2010	2000-2010		
			Total	Ann. Avg.	% Capture
Population					
Bridge Blvd Corridor [1]	27,021	32,686	5,665	1.9%	5.4%
South Valley CDP	39,060	40,976	1,916	0.5%	1.8%
Bernalillo County	556,678	662,564	105,886	1.8%	100.0%
Households					
Bridge Blvd Corridor [1]	9,083	10,970	1,887	1.9%	4.2%
South Valley CDP	12,820	13,802	982	0.7%	2.2%
Bernalillo County	220,936	266,000	45,064	1.9%	100.0%
Household Size					
Bridge Blvd Corridor [1]	2.97	2.98			
South Valley CDP	3.05	2.93			
Bernalillo County	2.52	2.49			

[1] Census Tracts 23, 24.02, 43, 44.01, 47.40

Source: US Census; Economic & Planning Systems

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Housing Units

According to the Census, the Bridge Boulevard Corridor has approximately 11,800 housing units, as shown in **Table 3**. The majority of housing units (62 percent) are owner-occupied, 31 percent are renter-occupied, and 7.0 percent are vacant. The South Valley has 14,800 housing units, and like the Corridor, the majority of units (67 percent) are owner-occupied. Both the Corridor and the South Valley have higher ownership rates than Bernalillo County where 59 percent of units are owner-occupied. The vacancy rates are comparable for all three areas, ranging from 6 to 7 percent of total units.

Table 3
Housing Units, 2010
Bridge Boulevard Corridor Analysis

2010	Bridge Blvd Corridor [1]	South Valley CDP	Bernalillo County
Total Housing Units	**11,766**	**14,784**	**284,234**
Owner-Occupied	7,329	9,950	167,995
Renter-Occupied	3,641	3,852	98,005
Vacant	796	982	18,234
Total Housing Units	**100%**	**100%**	**100%**
% Owner-Occupied	62%	67%	59%
% Renter-Occupied	31%	26%	34%
% Vacant	7%	7%	6%

[1] Census Tracts 23, 24.02, 43, 44.01, 47.40

Source: US Census; Economic & Planning Systems

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Demographics

Ethnicity

The majority of residents in the Bridge Boulevard Corridor, approximately 84 percent, are Hispanic or Latino, as shown in **Table 4**. In the South Valley, 80 percent of residents are Hispanic or Latino. In Bernalillo County a smaller percentage of residents identify as Hispanic or Latino, 48 percent, compared to 52 percent of Non-Hispanic or Latino residents.

Table 4
Bridge Boulevard Corridor Ethnicity, 2010
Bridge Boulevard Corridor Analysis

2010	Bridge Blvd Corridor	South Valley CDP	Bernalillo County
Ethnicity			
Hispanic or Latino	27,546	32,860	317,089
Non-Hispanic or Latino	5,140	8,116	345,475
Total	**32,686**	**40,976**	**662,564**
% of Population			
Hispanic or Latino	84%	80%	48%
Non-Hispanic or Latino	16%	20%	52%
Total	**100%**	**100%**	**100%**

[1] Census Tracts 23, 24.02, 43, 44.01, 47.40

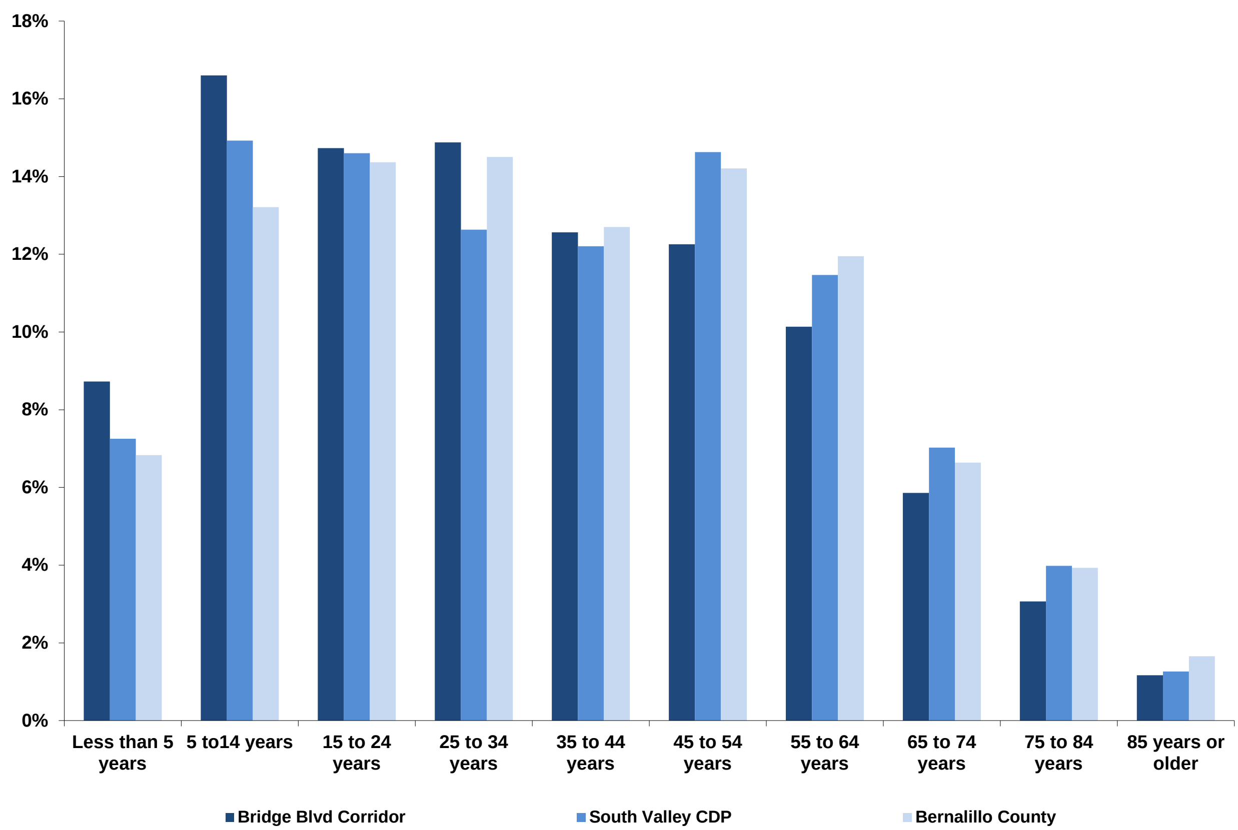
Source: US Census; Economic & Planning Systems

H:\21823-Bernalillo County Bridge Boulevard\Data\[21823-Census Data.xls]Ethnicity

Age

The age distribution for the Bridge Boulevard Corridor, South Valley CDP, and Bernalillo County is provided in **Figure 3**. On average, residents of the Bridge Boulevard Corridor are younger than residents of the South Valley and Bernalillo County. The median age of residents in the Bridge Boulevard Corridor is 32.4 years of age while the median age of Bernalillo County residents is 35.8 years of age. Approximately 55 percent of the population in the Bridge Boulevard Corridor is less than 35 years of age, compared to 49 percent of the population in the South Valley and Bernalillo County. The Bridge Boulevard Corridor has a lower percent of residents aged 55 to 64, with 20 percent of residents compared to 24 percent of the population in Bernalillo County. The trend towards a younger population is most evident with the age cohorts under 14 years, as approximately one-quarter of all residents in the study corridor are children under 14.

Figure 3
Bridge Boulevard Age Distribution, 2010
Bridge Boulevard Corridor Analysis



Income

Average household income in the Bridge Boulevard Corridor is approximately $44,000 per year, which is approximately $20,000 less per year than the average household income of $63,700 for Bernalillo County as a whole, as shown in **Table 5**. Over 65 percent of Corridor households earn less than $50,000 per year compared to 64 percent of households in South Valley and 54 percent of households in Bernalillo County. Households earning $75,000 or more per year comprise 13 percent of households in the Corridor, 17 percent of households in the South Valley, and 28 percent of households in Bernalillo County.

Table 5
Income Distribution, 2010
Bridge Boulevard Corridor Analysis

2010	**Bridge Blvd Corridor**	**South Valley CDP**	**Bernalillo County**
Less than $15,000	2,638	2,187	34,071
$15,000 - $34,999	4,209	3,756	62,076
$35,000 - $49,999	2,831	2,214	42,874
$50,000 - $74,999	2,685	2,342	50,174
$75,000 - $99,999	1,085	1,051	28,903
$100,000 - $149,999	650	831	28,638
$150,000 or more	176	284	15,349
$75,000 or more	1,911	2,166	72,890
Median HH Income	**$36,537**	**$37,639**	**$47,209**
Average HH Income	**$44,100**	**$48,195**	**$63,660**
% of Households			
Less than $15,000	18%	17%	13%
$15,000 - $34,999	29%	30%	24%
$35,000 - $49,999	20%	17%	16%
$50,000 - $74,999	19%	18%	19%
$75,000 - $99,999	8%	8%	11%
$100,000 - $149,999	5%	7%	11%
$150,000 or more	1%	2%	6%
$75,000 or more	13%	17%	28%

[1] 2000 Census Tracts 23, 24.02, 43, 44.01, 47.05

Source: US Census; Economic & Planning Systems

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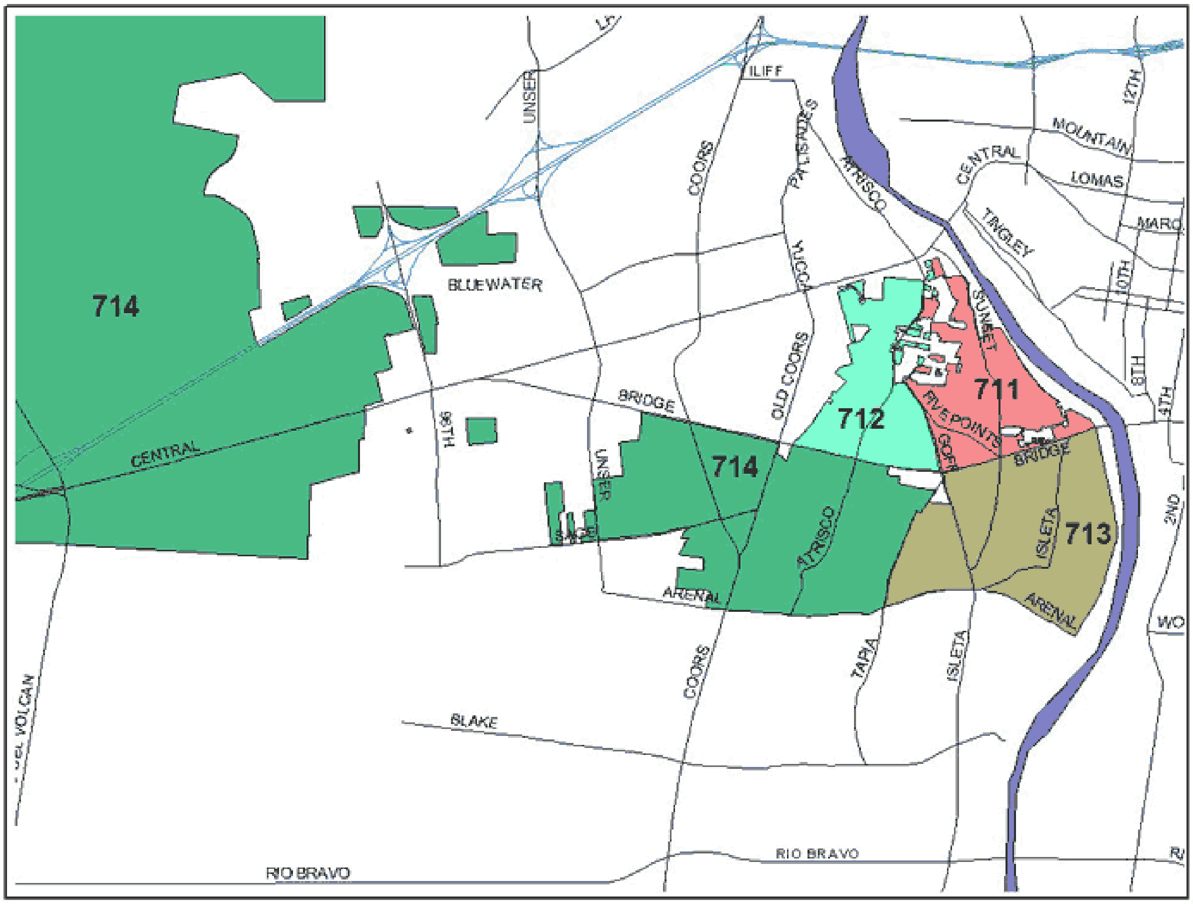
Crime Statistics

The majority of the Bridge Boulevard Corridor falls within the jurisdiction of the Bernalillo County Sherriff's Department, designated by the precincts 711 through 714 shown in **Figure 4**. The remaining section of the corridor is policed by the Albuquerque Police Department.

Figure 4
Bernalillo County Sherriff's Department Beats
Bridge Boulevard Corridor Analysis



During interviews with local residents and business owners, crime was cited as an impediment to development along the Bridge Boulevard Corridor. Although perspectives varied in terms of the prevalence and significance of the type of crime, it is reasonable to conclude that the perception of high crime rates exists. Approximately 22 percent of all crimes reported in unincorporated Bernalillo County are located in the Corridor, as shown in **Table 6**. This is a relatively high percentage of the total crime; however, it should be noted that criminal activity is generally concentrated in commercial corridors like Bridge Boulevard.

Table 6
Bridge Boulevard Crime Statistics, 2010
Bridge Boulevard Corridor Analysis

	Bridge Blvd Corridor [1]	**% of Unincorporated Bernalillo County**
Arson	0	0%
Assault/Aggr.	104	23%
Auto Theft	51	23%
Burglary	215	24%
Drug/Narcotic	153	25%
Homicide	3	30%
Larceny	231	19%
Rape	1	4%
Robbery	29	30%
Simple Assault	290	21%
Traffic Offenses	494	24%
Vandalism	123	20%
Weapons Violation	3	9%
Total	**1,697**	**22%**

[1] Includes 711, 712, 713, 714 Bernalillo County Beats
Source: Bernalillo County Sheriff's Department; Economic & Planning Systems
H:\21823-Bernalillo County Bridge Boulevard\Data\[21823-Crime Statistics.xls]Crime Stats

In fact, crime rates are declining in almost all categories, as shown in **Table 7**. Based on County crime statistics, the total number of reported crimes decreased by 805 incidences between 2006 and 2010, or at an annual rate of 9 percent, as shown in **Table 7**. The most notable decreases occurred in traffic offenses, vandalism, and aggravated assault.

Table 7
Bridge Boulevard Crime Trends, 2006-2010
Bridge Boulevard Corridor Analysis

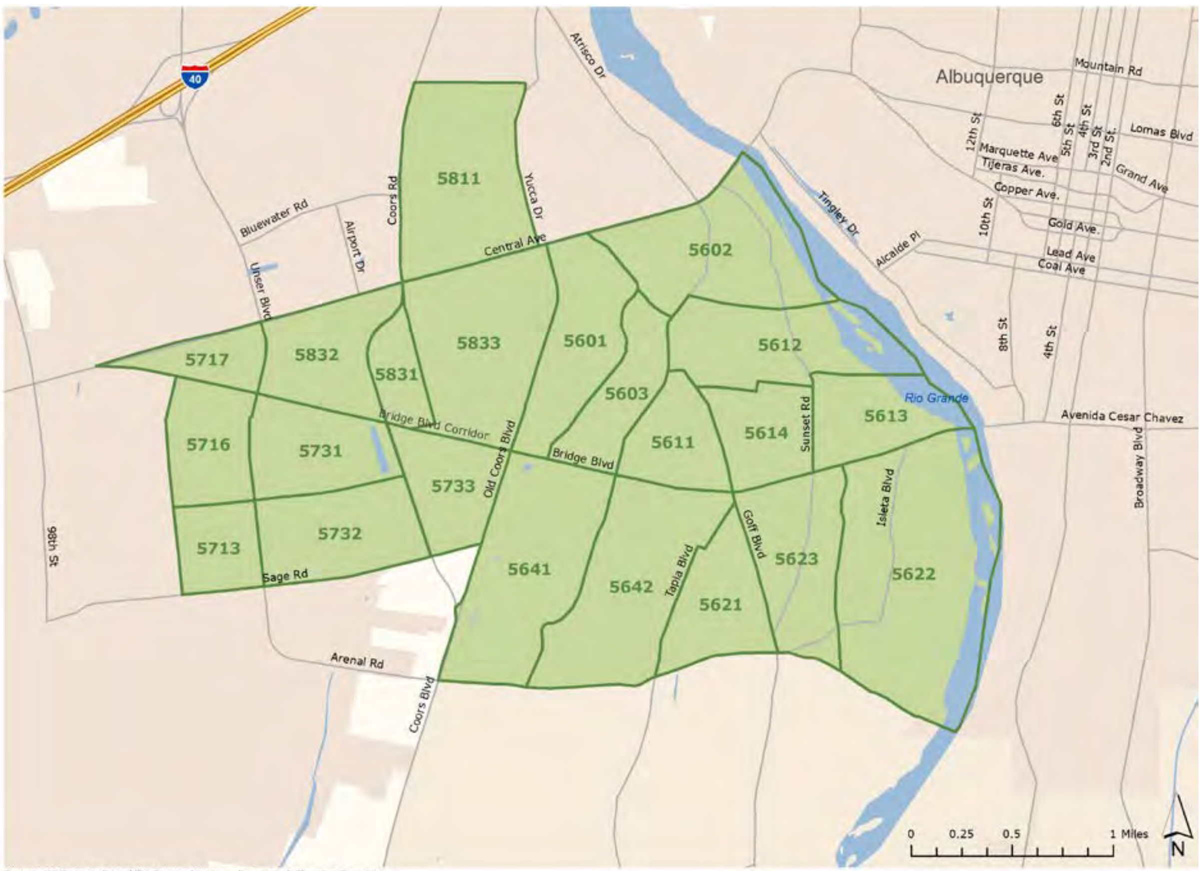
						2006-2010		
Bridge Blvd Corridor [1]	**2006**	**2007**	**2008**	**2009**	**2010**	**Total #**	**Ann. #**	**Ann. %**
Arson	2	6	4	3	0	-2	-1	-100%
Assault/Aggravated	158	232	167	116	104	-54	-14	-10%
Auto Theft	89	112	85	67	51	-38	-10	-13%
Burglary	189	202	185	141	215	26	7	3%
Drug/Narcotic	162	224	115	131	153	-9	-2	-1%
Homicide	4	1	4	0	3	-1	0	-7%
Larceny	267	338	278	217	231	-36	-9	-4%
Rape	16	9	13	4	1	-15	-4	-50%
Robbery	29	62	42	23	29	0	0	0%
Simple Assault	224	338	245	273	290	66	17	7%
Traffic Offenses	1,118	1,550	690	471	494	-624	-156	-18%
Vandalism	218	329	133	111	123	-95	-24	-13%
Weapons Violation	26	21	7	4	3	-23	-6	-42%
Total	**2,502**	**3,424**	**1,968**	**1,561**	**1,697**	**-805**	**-201**	**-9%**

[1] Includes 711, 712, 713, 714 Bernalillo County Beats
Source: Bernalillo County Sheriff's Department; Economic & Planning Systems
H:\21823-Bernalillo County Bridge Boulevard\Data\[21823-Crime Statistics.xls]Crime Stats Trend

Forecast

Socioeconomic forecasts were prepared for the four-county Albuquerque Metro Area by the Mid-Region Council of Governments (MRCOG) in 2008. Employment and population forecasts are available for years 2015, 2025, and 2035. Forecasts are calculated at a micro level in geographic units called Data Analysis Subzones, or DASZs. The Bridge Boulevard Corridor contains 22 DASZs, as shown in **Figure 5**. The aggregated boundary of these DASZs is consistent with the aggregated boundary of Census tracts shown previously in **Figure 1**.

Figure 5
Bridge Boulevard Socioeconomic Data Analysis Subzones
Bridge Boulevard Corridor Analysis



Source: US Census; Bernalillo County Assessor; Economic & Planning Systems
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The DASZ boundary for the Bridge Boulevard Corridor and South Valley Trade Area is illustrated in **Figure 6** on the following page. Forecasts are provided for the Bridge Boulevard Corridor, the South Valley, and the combined Bridge Boulevard Corridor and South Valley Trade Area. Some overlap exists between the Bridge Boulevard Corridor and the South Valley; therefore the forecast totals for the combined trade area are not additive.

Figure 6
Bridge Boulevard Corridor and South Valley Socioeconomic Data Analysis Subzones
Bridge Boulevard Corridor Analysis

Source: US Census; Bernalillio County Assessor; Economic & Planning Systems
I:\Data\GIS\21823-Bernalillo County Bridge Blvd\21823-DASZ_S Valley

Employment

MRCOG provides employment forecasts in three simplified sectors: basic, retail, and service. Basic employment includes agricultural, mining, utilities, construction, manufacturing, wholesale trade, transportation, warehousing, information, and military sectors. Retail employment includes retail trade and eating and drinking sectors. Service employment consists of government, education, health, arts, recreation, financial, insurance, real estate, administration, management, professional/technical employment and other services.

Employment in the Bridge Boulevard Corridor is projected to increase by 3,100 jobs, at an annual rate of 1.8 percent, between 2008 and 2035, as shown in **Table 8**. Basic employment is forecasted to decrease by approximately 600 jobs while retail and service employment is expected to increase by 3,700 jobs. The net growth is estimated to be approximately 3,100 jobs, or 115 jobs per year for the 27-year period.

Employment in the South Valley, which includes the Bridge Boulevard Corridor, is projected to increase by over 8,200 jobs, at a rate of 1.6 percent per year (305 jobs annually). Of this total, approximately 40 percent will be located in the Bridge Boulevard Corridor. There is a projected reduction of Basic employment in the northern portion (which covers Bridge Boulevard) that will reduce the growth potential for non-basic employment in the area (retail and service jobs). Nevertheless, basic employment for the South Valley is projected to be positive with 741 new jobs, resulting in a net positive gain for the combined areas of 206 basic jobs. Retail and Service employment for the combined geography is estimated to grow by 8,000 jobs, for a total gain of 8,200 jobs over the 27-year period.

Table 8
Bridge Boulevard Corridor Employment Forecast, 2008-2035
Bridge Boulevard Corridor Analysis

					2008-2035		
	2008	**2015**	**2025**	**2035**	**Total #**	**Ann. #**	**Ann. %**
Bridge Blvd Corridor							
Basic Employment	2,080	1,931	1,794	1,491	-589	-22	-1.2%
Retail Employment	1,129	1,078	1,589	1,745	616	23	1.6%
Service Employment	1,964	2,318	3,708	5,032	3,068	114	3.5%
Total Employment	**5,173**	**5,327**	**7,091**	**8,268**	**3,095**	**115**	**1.8%**
South Valley							
Basic Employment	5,671	5,196	5,985	6,412	741	27	0.5%
Retail Employment	2,212	2,213	2,836	3,300	1,088	40	1.5%
Service Employment	4,572	4,986	6,453	8,148	3,576	132	2.2%
Total Employment	**12,455**	**12,395**	**15,274**	**17,860**	**5,405**	**200**	**1.3%**
Bridge Blvd Corridor and South Valley							
Basic Employment	7,145	6,586	7,218	7,351	206	8	0.1%
Retail Employment	2,710	2,675	3,801	4,412	1,702	63	1.8%
Service Employment	5,384	6,151	8,869	11,720	6,336	235	2.9%
Total Employment	**15,239**	**15,412**	**19,888**	**23,483**	**8,244**	**305**	**1.6%**

Source: MRCOG; Economic & Planning Systems

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Population and Households

EPS created a tailored set of forecasts based on the 2008 MRCOG regional forecasts. EPS applied the growth rate projected by MRCOG from 2008 to 2035 to 2010 Census numbers to calculate household, population, and housing unit growth along the Bridge Boulevard Corridor, South Valley, and the Combined Bridge Boulevard and South Valley Trade Area. Based on EPS estimates, the Bridge Boulevard Corridor is projected to add over 900 residents between 2010 and 2030, or increase at a rate of 0.1 percent per year, as shown in **Table 9**. Population in the South Valley is expected to increase by 5,200 residents, or at a rate of 0.6 percent per year. The combined Bridge Boulevard and South Valley Trade Area is expected to increase by 6,500 residents between 2010 and 2030, representing a growth rate of 0.5 percent per year. This is in contrast to the population growth forecast for Bernalillo County (1.7 percent).

Overall, the Bridge Boulevard Corridor is expected to capture approximately 30 percent of the forecasted growth of the study area. Household growth is expected to outpace population growth due to a decrease in household size over the 20-year forecast period. Households in the Bridge Boulevard Corridor are expected to increase by 1,200, or at an annual rate of 0.5 percent. In the Combined Bridge Boulevard and South Valley Trade Area, households are projected to increase by 3,700 or at a rate of 0.8 percent per annum. EPS projects housing units along the Bridge Boulevard Corridor will increase by 1,300, or at an annual rate of 0.5 percent per year. Housing units will increase in the South Valley by 3,100 or at a rate of 1.0 percent per year. In the combined trade area, housing units are expected to increase by 4,300 or at an annual rate of 0.9 percent.

For the combined geography, there will be an estimated additional 187 households annually. This compares to an incremental increase of 190 households for the past 10 years based on Census data (recognizing some differences in boundaries for those used for the historical analysis compared to the future projections). The South Valley and Bridge Boulevard are projected to grow consistently with historical performance. Projected growth in employment and households has implications for market demand, to be addressed in the following chapter.

Table 9
Revised Population and Household Forecast, 2010-2030
Bridge Boulevard Corridor Analysis

	2010	2015	2020	2025	2030	2010-2030 Total #	Ann. #	Ann. %
Population								
Bridge Blvd Corridor	32,686	32,914	33,143	33,374	33,606	920	46	0.1%
South Valley	40,976	42,227	43,517	44,846	46,215	5,239	262	0.6%
Bridge Blvd Corridor and South Valley	62,370	63,937	65,543	67,190	68,878	6,508	325	0.5%
Households								
Bridge Blvd Corridor	10,970	11,250	11,537	11,832	12,134	1,164	58	0.5%
South Valley	13,802	14,438	15,103	15,799	16,528	2,726	136	0.9%
Bridge Blvd Corridor and South Valley	20,767	21,645	22,560	23,513	24,507	3,740	187	0.8%
Housing Units								
Bridge Blvd Corridor	11,766	12,082	12,407	12,740	13,083	1,317	66	0.5%
South Valley	14,784	15,509	16,270	17,067	17,904	3,120	156	1.0%
Bridge Blvd Corridor and South Valley	22,182	23,177	24,216	25,303	26,437	4,255	213	0.9%

Source: MRCOG; Economic & Planning Systems

H:\21823-Bernalillo County Bridge Boulevard\Model\[21823-Housing Unit Forecast.xls]Rev EPS Pop Forecast

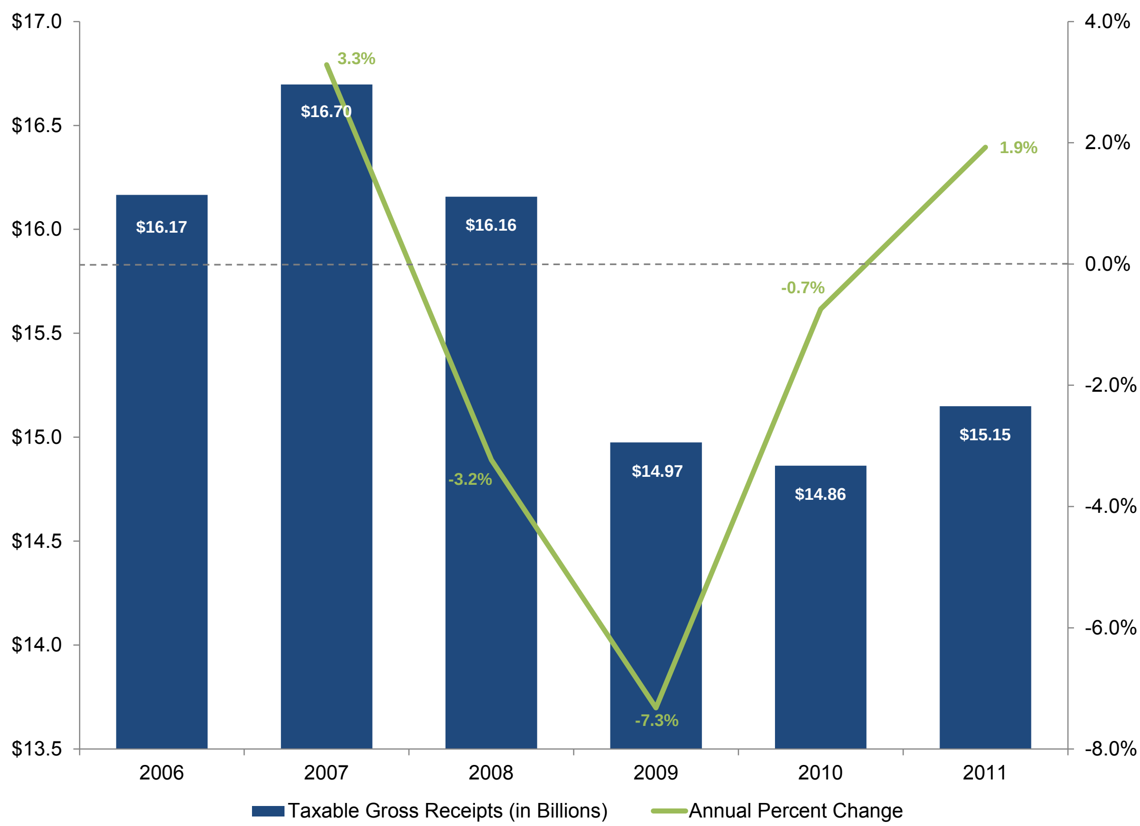
2. COMMERCIAL MARKET CONDITIONS

The purpose of this chapter is to document demand for commercial uses along the Bridge Boulevard Corridor over the 20-year planning horizon. The findings are based on population growth estimates using data from the previous chapter, leakage capture estimates based on findings from a survey fielded to Corridor residents, and historic information addressing trends in Gross Receipts as well as previous development and business formation rates.

Taxable Gross Receipts

In regards to demand for retail, one of the key factors used to evaluate market conditions is Gross Receipts Tax (GRT) trends. In 2011, Bernalillo County Taxable Gross Receipts, or total taxable sales in the County, was $1.5 billion less than 2007 peak levels, representing a decrease of 9.3 percent over the five-year period, as shown in **Figure 7**. From a high of $16.7 billion in 2007, the total volume of transactions fell to $15.15 billion in 2011. It is significant to note that in 2011 GRT saw net gains and increased by $286 million, or 1.9 percent, from 2010 levels. First quarter data for 2012 indicates further recovery; GRT increased 2.5 percent from first quarter 2011.

Figure 7
Bernalillo County Taxable Gross Receipts, 2006-2011
Bridge Boulevard Corridor Analysis



Retail Supply

Regional Inventory

The South Valley retail subarea, as defined by Grubb & Ellis, has slightly more than one million square feet of retail space and composes 3.8 percent of the 28 million retail square feet in Albuquerque Metro Area, as shown in **Table 10**. More than 100,000 square feet in the South Valley, or 10.2 percent of total retail inventory, is vacant. Average rent per square foot is slightly higher in the South Valley at $14.74 per square foot than the Albuquerque average of $13.97 per square foot.

Table 10
Retail Inventory, 1Q 2012
Bridge Boulevard Corridor Analysis

	South Valley	Albuquerque
Total SF	1,062,944	28,061,889
Vacant SF	108,824	2,618,620
%Vacant	10.2%	9.3%
SF Under Construction	6,000	34,800
Rent per SF	$14.74	$13.97

Source: Grubb & Ellis; Economic & Planning Systems

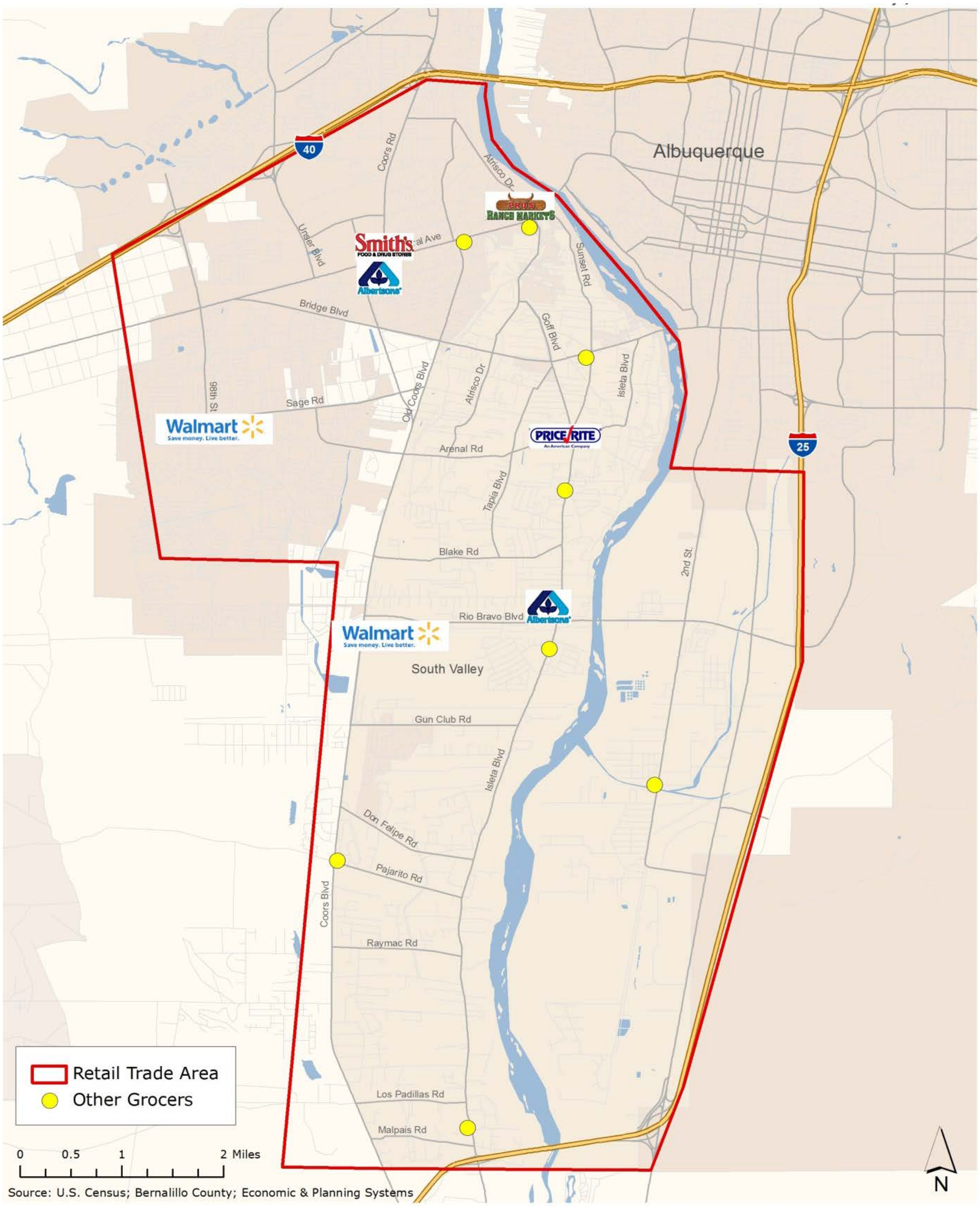
H:\21823-Bernalillo County Bridge Boulevard\Data\[21823-Broker Data.xls]Retail 4Q 2012

Trade Area

A retail trade area is a geographic area from which a store or collection of stores draws the majority of its business. The South Valley Retail Trade Area is defined as the portion of Albuquerque west of the Rio Grande and south of Interstate 40, unincorporated areas of Bernalillo County surrounding the Bridge Boulevard Corridor, and all of the South Valley CDP, as shown in **Figure 8**. For points of reference, the major grocery anchors are shown as well.

Sales from visitors as well as residents who live outside the primary trade area (in the larger secondary trade area) are referred to as “inflow.” Purchases made outside the trade area by residents living within the trade area are referred to as “outflow” or “leakage.” For this analysis, retail development potentials will be estimated for the trade area as a whole, then calibrated for the Bridge Boulevard Corridor as a submarket of the South Valley.

Figure 8
SouthValley Retail Trade Area
Bridge Boulevard Corridor Analysis



Local Inventory

EPS compiled an inventory of retailers within the trade area based on industry standards, Bernalillo County's Assessor database, and on the ground research conducted by EPS staff.

In total, EPS estimates there are 178 retail establishments and 1.2 million square feet of retail space in the Trade Area, as shown in **Table 11**. Based on a detailed evaluation of Assessor's data cross-referenced with field research, EPS has captured approximately 10 percent more supply than shown by Grubb and Ellis data (shown previously). The high number is due to the comprehensive approach and research techniques that capture properties which fall below the threshold of relevance for the commercial brokerage.

In the Convenience Goods category, there are approximately 42 establishments and 507,000 square feet of retail space. Eleven supermarkets are located in the trade area for a total of 353,000 square feet. Two Albertsons stores and one location of Pro's Ranch Market, Price Rite, and Smith's Food and Drug are included in the total. There are approximately 21 convenience stores (38,700 square feet), three liquor stores (14,000 square feet), and seven health and personal care stores (101,000 square feet) that include four Walgreens and one CVS.

There are 42 Shopper's Goods establishments that total over 500,000 square feet. The General Merchandise category includes a Big Lots, Kmart, Wal-Mart, and Wal-Mart Supercenter. Smaller, locally-owned businesses are represented in the Clothing & Accessories category. The Miscellaneous Retail category includes two micro-retail mercados located on Bridge Boulevard.

EPS estimates 94 Eating and Drinking establishments are located in the trade area for a total of 144,500 square feet. There are no Building Material and Garden establishments in the trade area.

Table 11
Trade Area Retail Inventory
Bridge Boulevard Corridor Analysis

Store Type	# of Est.	2010 Exist. Inv.
Convenience Goods		
Supermarkets / Grocery	11	353,000
Convenience Stores	21	38,700
Beer, Wine, & Liquor Stores	3	14,000
Health and Personal Care	7	101,300
Total Convenience Goods	**42**	**507,000**
Shopper's Goods		
General Merchandise	12	417,000
Clothing & Accessories	12	67,300
Furniture, Furnishings, & Appliances	9	38,400
Electronics & Appliances	4	10,900
Sporting Goods, Hobby, Book, & Music Stores	1	2,000
Miscellaneous Retail	4	17,000
Total Shopper's Goods	**42**	**552,600**
Eating and Drinking	**94**	**144,500**
Building Material & Garden	**0**	**0**
Total Retail Goods	**178**	**1,204,100**

Source: 2007 Census of Retail Trade; Economic & Planning Systems

H:\21823-Bernalillo County Bridge Boulevard\Model\[21823-TPI&Sales.xls]Inv Summary

Retail Demand

Retail demand is calculated based on retail expenditure potential within the trade area. EPS estimated retail demand based on Total Personal Income (TPI) and the percent of TPI households spend in each retail category, as established by the US Census of Retail Trade.

Retail expenditure is determined by the number of households and the average household income within the trade area. To determine retail spending potential in the trade area, Total Personal Income (TPI) is calculated. TPI is determined by multiplying total households by average household income.

In 2010, TPI in the trade area is estimated at approximately $1 billion, as shown in **Table 12**. Based on EPS forecasts, TPI will increase by $180 million, or 0.8 percent annually between 2010 and 2030, due to an increase of 3,700 households. Average household income is held constant for the forecast period, and estimates are calculated in 2010 dollars. The forecasts are therefore conservative, recognizing that there will be growth in nominal income but assuming no growth in real income.

Table 12
Trade Area Total Personal Income
Bridge Boulevard Corridor Analysis

				2010-2030 Change	
Place	**2010**	**2020**	**2030**	**Total**	**Annual**
Trade Area					
Households [1]	20,767	22,560	24,507	3,740	0.8%
Average HH Income [2]	$48,195	$48,195	$48,195	$0	0.0%
Estimated TPI ($000's)	**$1,000,866**	**$1,087,266**	**$1,181,125**	**$180,259**	**0.8%**

[1] Includes South Valley and Bridge Corridor Census Tracts
[2] South Valley Average HH Income
Source: US Census; Economic & Planning Systems
H:\21823-Bernalillo County Bridge Boulevard\Model\[21823-TPI&Sales.xls]TPI

Household expenditure potential in the trade area was calculated based on 2007 Economic Census of Retail Trade data for the state of New Mexico, as shown in **Table 13**. The average statewide TPI expenditures for each retail category is applied to TPI for the trade area to determine total expenditure potential. EPS estimates household expenditure potential in the trade area is $413 million. Shopper's Goods compose the majority of local retail spending potential, or 19.2 percent. Convenience Goods compose 11.4 percent, Eating and Drinking composes 6.2 percent, and Building Material & Garden 4.5 percent. In total, 41 percent of household income is spent on retail purchases. Based on forecasted household growth, expenditure on retail goods is estimated to be $448 million in 2020 and $487 million in 2030.

Table 13
Trade Area Household Expenditure Potential
Bridge Boulevard Corridor Analysis

Store Type	Pct. Of TPI	2010 ($000s)	2020 ($000s)	2030 ($000s)
Total Personal Income	---	**$1,000,866**	**$1,087,266**	**$1,181,125**
Convenience Goods				
Supermarkets / Grocery	5.7%	$56,866	$61,775	$67,107
Convenience Stores (inc. gas)	2.9%	$29,002	$31,505	$34,225
Beer, Wine, & Liquor Stores	0.3%	$2,563	$2,785	$3,025
Health and Personal Care	2.6%	$25,560	$27,766	$30,163
Subtotal	**11.4%**	**$113,991**	**$123,831**	**$134,521**
Shopper's Goods				
General Merchandise	10.9%	$109,085	$118,501	$128,731
Clothing & Accessories	2.1%	$21,165	$22,993	$24,977
Furniture, Furnishings, & Appliances	1.4%	$13,669	$14,849	$16,131
Electronics & Appliances	1.4%	$13,977	$15,183	$16,494
Sporting Goods, Hobby, Book, & Music Stores	1.1%	$11,336	$12,314	$13,377
Miscellaneous Retail	2.2%	$22,472	$24,412	$26,520
Subtotal	**19.2%**	**$191,704**	**$208,253**	**$226,230**
Eating and Drinking	**6.2%**	**$62,214**	**$67,584**	**$73,419**
Building Material & Garden	**4.5%**	**$44,921**	**$48,799**	**$53,012**
Total Retail Goods	**41.2%**	**$412,830**	**$448,467**	**$487,181**

Source: 2007 Census of Retail Trade; Economic & Planning Systems

H:\21823-Bernalillo County Bridge Boulevard\Model\[21823-TPI&Sales.xls]Expend

In total, an estimated 1.5 million square feet of retail is supportable by trade area residents, as shown in **Table 14**. The amount of supportable retail space is estimated by dividing expenditure potential by average annual sales per square foot estimates for each store category. Sales per square foot estimates are based on industry standards and calibrated for local market conditions in the Trade Area. EPS estimates that 338,000 square feet of Convenience Goods, 681,000 square feet of Shopper's Goods, 277,000 square feet of Eating and Drinking establishments, and 150,000 square feet of Building Material & Garden establishments can be supported by trade area residents. The amount of supportable retail space is expected to increase by 122,000 net new square feet by 2020 and an additional 138,000 net new square feet by 2030.

Table 14
Trade Area Supportable Retail, 2010
Bridge Boulevard Corridor Analysis

Store Type	$/SF	2010	2020	2030	Total
Convenience Goods					
Supermarkets / Grocery	$300	190,000	16,000	18,000	34,000
Convenience Stores	$800	36,000	3,000	4,000	7,000
Beer, Wine, & Liquor Stores	$250	10,000	1,000	1,000	2,000
Health and Personal Care	$250	102,000	9,000	10,000	19,000
Total Convenience Goods		**338,000**	**29,000**	**33,000**	**62,000**
Shopper's Goods					
General Merchandise	$300	364,000	31,000	34,000	65,000
Clothing & Accessories	$200	106,000	9,000	10,000	19,000
Furniture, Furnishings, & Appliances	$250	55,000	4,000	6,000	10,000
Electronics & Appliances	$500	28,000	2,000	3,000	5,000
Sporting Goods, Hobby, Book, & Music Stores	$300	38,000	3,000	4,000	7,000
Miscellaneous Retail	$250	90,000	8,000	8,000	16,000
Total Shopper's Goods		**681,000**	**57,000**	**65,000**	**122,000**
Eating and Drinking	**$225**	**277,000**	**23,000**	**26,000**	**49,000**
Building Material & Garden	**$300**	**150,000**	**13,000**	**14,000**	**27,000**
Total Retail Goods		**1,446,000**	**122,000**	**138,000**	**260,000**

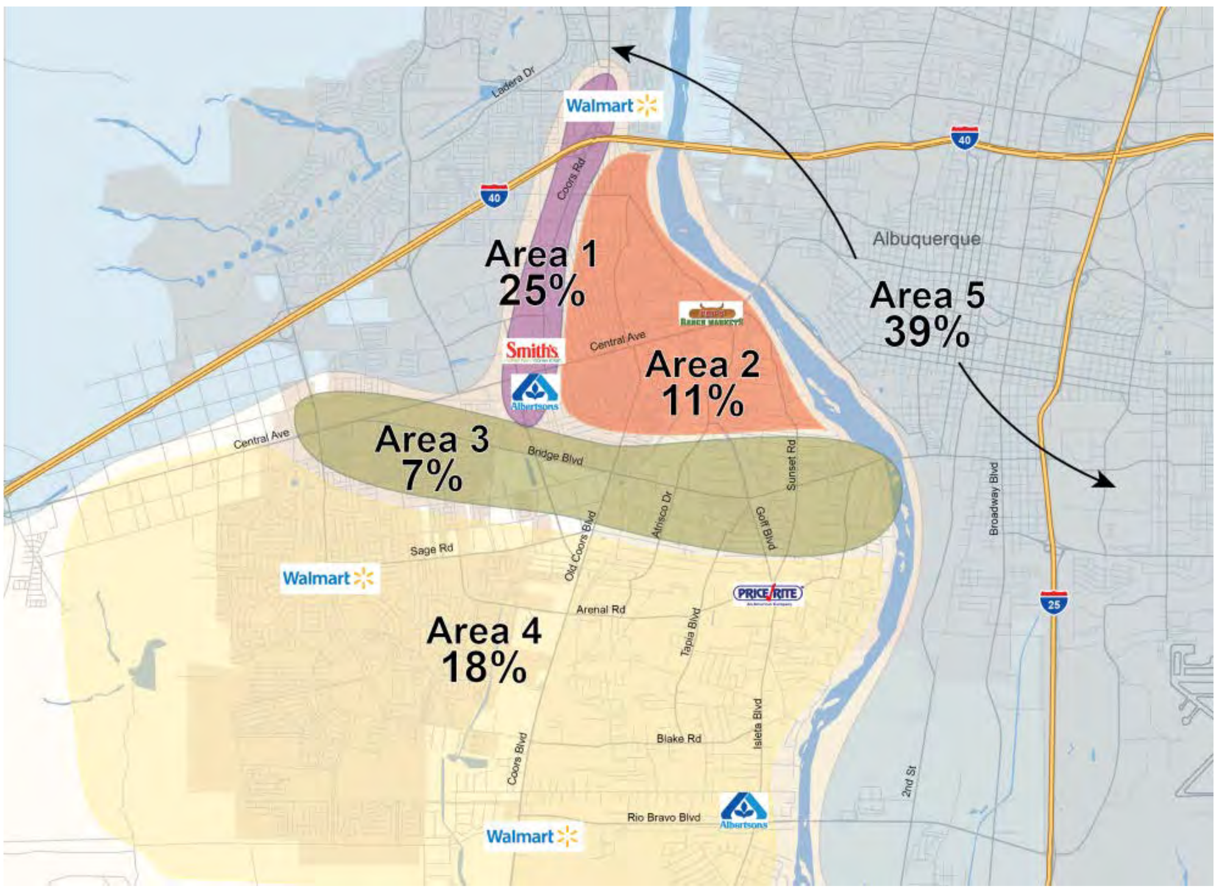
[1] Includes Electronics, Sporting Goods, Hobby Supplies, Books and Music
Source: 2007 Census of Retail Trade; Economic & Planning Systems

H:\21823-Bernalillo County Bridge Boulevard\Model\[21823-TPI&Sales.xls]Supportable SqFt

Household Survey Results

The project team conducted a household survey of residents of the Bridge Boulevard Corridor to understand the perspective of local residents and to document their retail purchasing patterns. A total of approximately 170 surveys were returned and provide a base for leakage and capture estimates used in the Retail Analysis. As shown on a series of maps in the following exhibits, the South Valley was divided into four areas that generally reflect areas of retail concentration. A fifth option covered the remainder of the Albuquerque area. When asked about their shopping patterns for grocery purchases, 61 percent of survey respondents purchase groceries within the Bridge Boulevard Trade Area, as shown in **Figure 9**.

Figure 9
Grocery Purchase Areas
Bridge Boulevard Corridor Analysis



Residents make approximately 29 percent of Clothing purchases within the Trade Area; 71 percent of Clothing is purchased outside the Trade Area, as shown in **Figure 10**.

Figure 10
Clothing Purchase Areas
Bridge Boulevard Corridor

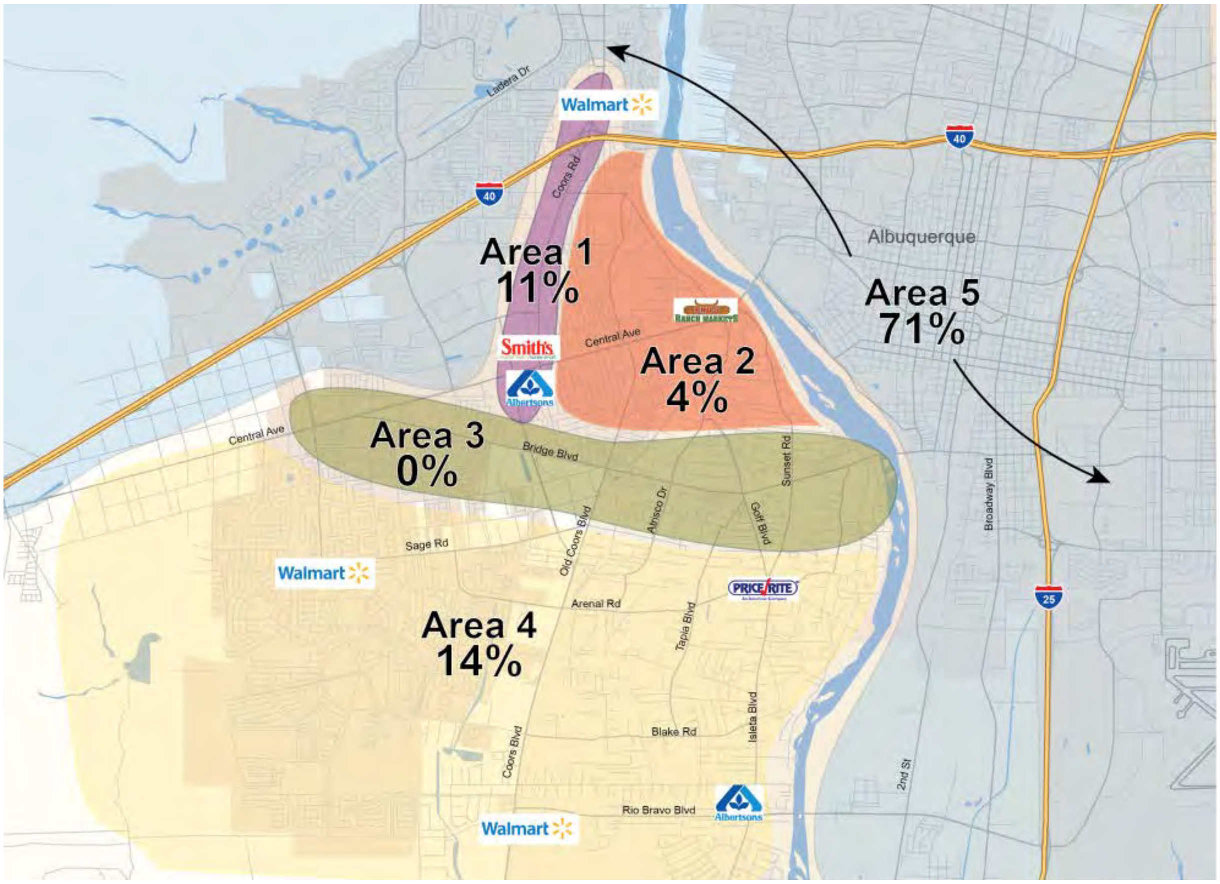
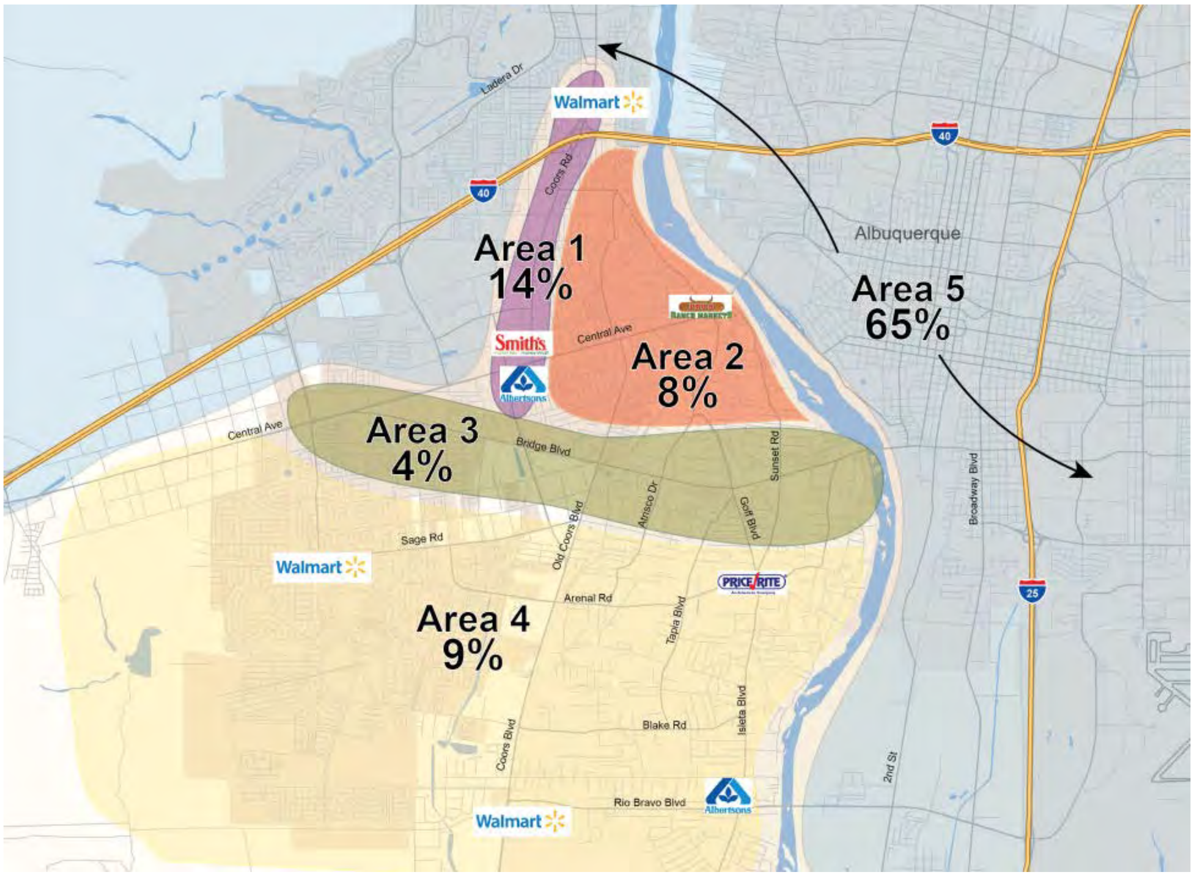


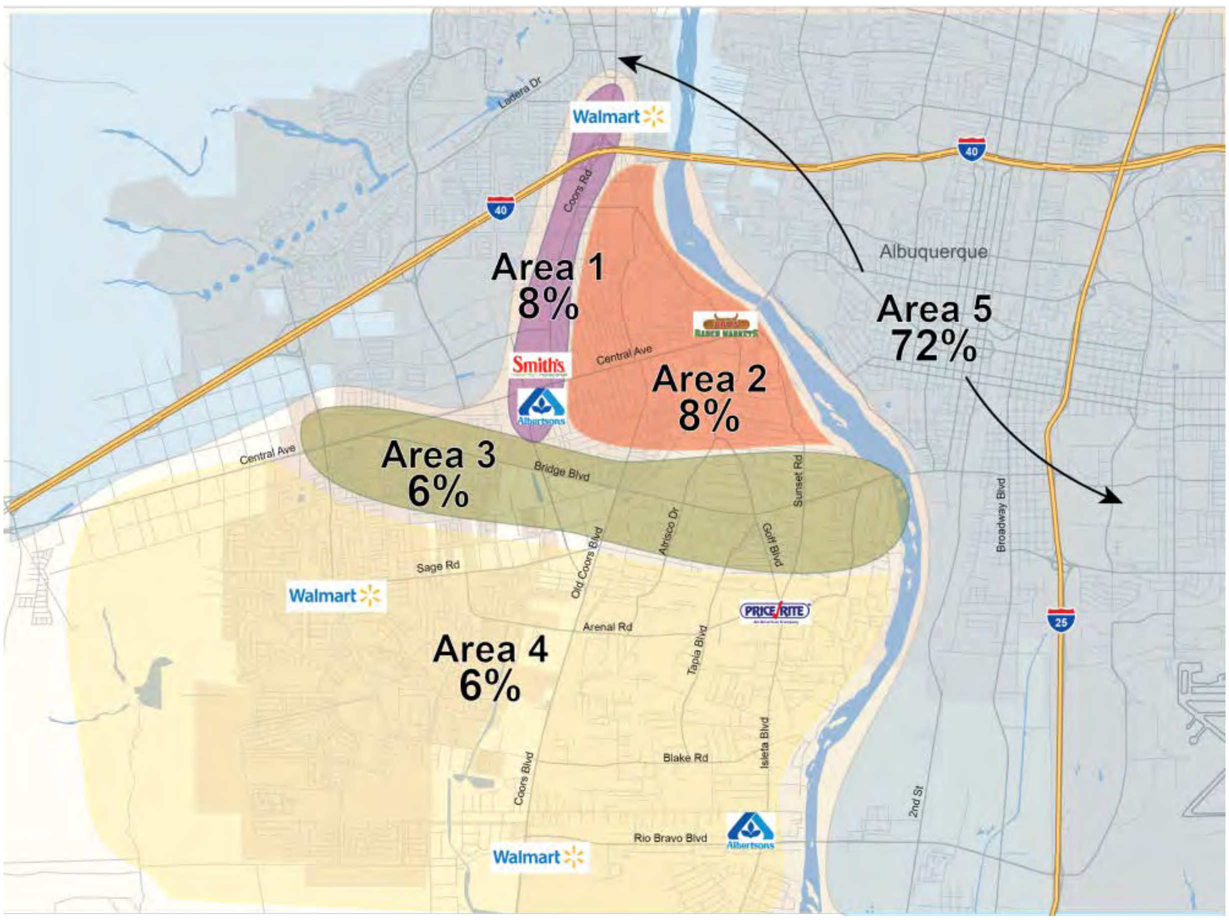
Figure 11 shows that 35 percent of all Other Retail purchases are made within the Trade Area, and 65 percent of purchases occur outside the Trade Area.

Figure 11
Other Retail Purchase Areas
Bridge Boulevard Corridor Analysis



Finally, 28 percent of residents' Eating and Drinking purchases are made in the trade area and 72 percent occur in areas other than Bridge Boulevard, as shown in **Figure 12**. The primary survey data show that the South Valley, and in particular the Bridge Boulevard Corridor, experience a high level of leakage. Given that the South Valley is in many aspects integrated into the larger Albuquerque region, it is reasonable to expect a high level of both inflow and outflow between this community and the rest of the region. Nevertheless, with leakage estimates ranging from 60 to 70 percent for some categories, it is clear that the retail supply in the South Valley is not proportional to the demand.

Figure 12
Eating and Drinking Purchase Areas
Bridge Boulevard Corridor Analysis



Retail Sales Flows

Nearly 1.5 million square feet of retail can be supported in the trade area, as shown in Column A in **Table 15**. This represents total retail potential. Every trade area experiences leakage (Column B), which represents purchases made outside the trade area, and inflow, which are purchases made in the trade area by nonresidents. Based on data from household and business surveys, EPS estimates there is a high percentage of leakage in the trade area. Leakage estimates shown in Column B by store types are as follows: 33 percent of Convenience Goods purchases, 50 percent of Shopper's Goods purchases, 70 percent of Eating and Drinking purchases, and 100 percent of Building Material & Garden purchases. Approximately 760,000 square feet of supportable retail space is lost due to leakage (Column A multiplied by Column B). Based on the above, EPS estimates 45 percent local residents' retail purchases are captured in the trade area (Column C), representing approximately 650,050 square feet of supported retail space in the trade area.

Table 15
Trade Area Outflow-Leakage, 2010
Bridge Boulevard Corridor Analysis

Store Type	2010 Supp. Inventory A	% Leakage B	Total Leakage A*B	% Local Capture C	2010 Adj. Inventory A*C
Convenience Goods					
Supermarkets / Grocery	190,000	40%	76,000	60%	114,000
Convenience Stores	36,000	10%	3,600	90%	32,400
Beer, Wine, & Liquor Stores	10,000	5%	500	95%	9,500
Health and Personal Care	102,000	30%	30,600	70%	71,400
Total Convenience Goods	**338,000**	**33%**	**110,700**	**67%**	**227,300**
Shopper's Goods					
General Merchandise	364,000	30%	109,200	70%	254,800
Clothing & Accessories	106,000	70%	74,200	30%	31,800
Furniture, Furnishings, & Appliances	55,000	55%	30,250	45%	24,750
Electronics & Appliances	28,000	70%	19,600	30%	8,400
Sporting Goods, Hobby, Book, & Music Stores	38,000	95%	36,100	5%	1,900
Miscellaneous Retail	90,000	80%	72,000	20%	18,000
Total Shopper's Goods	**681,000**	**50%**	**341,350**	**50%**	**339,650**
Eating and Drinking	**277,000**	**70%**	**193,900**	**30%**	**83,100**
Building Material & Garden	**150,000**	**100%**	**150,000**	**0%**	**0**
Total Retail Goods	**1,446,000**	**55%**	**795,950**	**45%**	**650,050**

Source: 2007 Census of Retail Trade; Economic & Planning Systems

H:\21823-Bernalillo County Bridge Boulevard\Model\[21823-TPI&Sales.xls]Exist. Supp. (2)

Given that the trade area has a current inventory of 1,204,100 square feet of retail area, the difference between local expenditure and existing floor area represents the amount of inflow, or the amount of total retail purchases made in the trade area by non-trade area residents. Inflow and outflow reflect different origins in terms of trade areas. The goal of any trade area is to increase the amount of inflow as it represents an effective method for increasing the amount of economic activity in a given market. At the same time, a corresponding goal is to reduce leakage to capture those dollars within the trade area. Leakage capture corresponds to the sales potentials that would occur locally, given the right mix of retail supply.

As shown below in **Table 16**, inflow accounts for 46 percent of all sales, or 554,000 square feet of supportable retail area. EPS assumes that a large portion of inflow can be attributed to retail purchases made by residents of neighborhoods west of the trade area. Approximately 55 percent of Convenience Goods, 39 percent of Shopper's Goods, and 42 percent of Eating and Drinking inventory is supported by residents outside the trade area. Additionally, interviews with major retail anchors on Central Boulevard, such as Pro's Ranch Market, indicate that their draw extends well beyond the South Valley and, in some cases, brings shoppers from outside Albuquerque to the South Valley. Fifty-four percent of the existing retail inventory, or 650,000 square feet, is supported by local expenditures.

Table 16
Trade Area Supported Inventory, 2010
Bridge Boulevard Corridor Analysis

Store Type	2010 Exist. Inv.	% Inflow	Inflow	% Local Expend.	Local Expend
Convenience Goods					
Supermarkets / Grocery	353,000	68%	239,000	60%	114,000
Convenience Stores	38,700	16%	6,300	90%	32,400
Beer, Wine, & Liquor Stores	14,000	32%	4,500	95%	9,500
Health and Personal Care	101,300	30%	29,900	70%	71,400
Total Convenience Goods	**507,000**	**55%**	**279,700**	**67%**	**227,300**
Shopper's Goods					
General Merchandise	417,000	39%	162,200	70%	254,800
Clothing & Accessories	67,300	53%	35,500	30%	31,800
Furniture, Furnishings, & Appliances	38,400	36%	13,650	45%	24,750
Electronics & Appliances	10,900	23%	2,500	30%	8,400
Sporting Goods, Hobby, Book, & Music Stores	2,000	5%	100	5%	1,900
Miscellaneous Retail	17,000	-6%	-1,000	20%	18,000
Total Shopper's Goods	**552,600**	**39%**	**212,950**	**50%**	**339,650**
Eating and Drinking	**144,500**	**42%**	**61,400**	**30%**	**83,100**
Building Material & Garden	**0**	**0%**	**0**	**0%**	**0**
Total Retail Goods	**1,204,100**	**46%**	**554,050**	**54%**	**650,050**

Source: 2007 Census of Retail Trade; Economic & Planning Systems

H:\21823-Bernalillo County Bridge Boulevard\Model\[21823-TPI&Sales.xls]Adj. Inv.

The South Valley represents significant development potential. As shown below in **Table 17**, a total of approximately 665,000 square feet could be developed over the 20-year planning horizon. This figure is based on a reasonable capture of current leakage as well as supportable square footage attributed to South Valley population growth.

Concerning leakage capture, the estimates are conservative. Other established regional retail destinations have superior locations (based on transportation networks, adjacent employment centers, household incomes, etc.) and are likely to attract national retailers. In addition, retail establishments in the trade area are predominantly locally-owned and locally serving businesses. Due to these factors, leakage capture rate estimates are as follows: 75 percent for Convenience Goods, 50 percent for Shopper's Goods, 50 percent for Eating and Drinking, and 75 percent of Building Material and Garden. Assuming these leakage capture rates, the trade area could support 464,000 square feet of new retail space.

Factoring in projected household growth, the trade area could support up to 665,000 square feet of new retail by 2030. This includes 139,000 square feet of Convenience Goods, 263,000 square feet of Shopper's Goods, 129,000 square feet of Eating and Drinking establishments, and 134,000 square feet of Building Material & Garden.

Table 17
Trade Area Adjusted Supportable Retail, 2010-2030
Bridge Boulevard Corridor Analysis

Store Type	Leakage 2010	Leakage Capture	New 2010	New Potential 2020	2030	Total 2010-2030
Convenience Goods						
Supermarkets / Grocery	76,000	75%	57,000	14,000	16,000	87,000
Convenience Stores	3,600	75%	3,000	3,000	4,000	10,000
Beer, Wine, & Liquor Stores	500	75%	0	1,000	1,000	2,000
Health and Personal Care	30,600	75%	23,000	8,000	9,000	40,000
Total Convenience Goods	**110,700**		**83,000**	**26,000**	**30,000**	**139,000**
Shopper's Goods						
General Merchandise	109,200	50%	55,000	26,000	29,000	110,000
Clothing & Accessories	74,200	50%	37,000	6,000	7,000	50,000
Furniture, Furnishings, & Appliances	30,250	50%	15,000	3,000	4,000	22,000
Electronics & Appliances	19,600	50%	10,000	1,000	2,000	13,000
Sporting Goods, Hobby, Book, & Music Stores	36,100	50%	18,000	2,000	2,000	22,000
Miscellaneous Retail	72,000	50%	36,000	5,000	5,000	46,000
Total Shopper's Goods	**341,350**		**171,000**	**43,000**	**49,000**	**263,000**
Eating and Drinking	**193,900**	50%	**97,000**	**15,000**	**17,000**	**129,000**
Building Material & Garden	**150,000**	75%	**113,000**	**10,000**	**11,000**	**134,000**
Total Retail Goods	**795,950**		**464,000**	**94,000**	**107,000**	**665,000**

Source: 2007 Census of Retail Trade; Economic & Planning Systems

H:\21823-Bernalillo County Bridge Boulevard\Model\[21823-TPI&Sales.xls]Capture

One of the more challenging aspects of the retail market analysis is to apportion development potentials by corridor within the South Valley market. As shown below in **Table 18**, it is estimated that Bridge Boulevard could capture between one-quarter and one-third of the South Valley development potential. A key factor in estimating the capture rate is based on population projections. MRCOG's DASZ projections indicate that approximately 30 percent of household growth in the South Valley will occur in the Bridge Boulevard Corridor over the 20-year planning horizon. Additionally, key market attributes such as population concentration, the consistent traffic volume in the Corridor, and the historic place that Bridge Boulevard represents in the South Valley, all suggest that it can play a major role in the future of retail in the South Valley. Based on these factors, EPS estimates capture rates as high as 50 percent for certain categories (such as convenience stores, liquor, and eating and drinking) and as low as 10 percent for others (building materials). These capture estimates reflect current levels of leakage and potential recapture and, in aggregate, result in a net capture of 24 to 33 percent. This range provides a low and high estimate for likely commercial development on the corridor.

Table 18
Bridge Corridor Potential Capture
Bridge Boulevard Corridor Analysis

Store Type	Total 2010-2030 Sq. Ft.	Corridor Capture Low	Corridor Capture High	Corridor Low	Corridor High
Convenience Goods					
Supermarkets / Grocery	87,000	30%	30%	26,100	26,100
Convenience Stores	10,000	50%	50%	5,000	5,000
Beer, Wine, & Liquor Stores	2,000	50%	50%	1,000	1,000
Health and Personal Care	40,000	40%	40%	16,000	16,000
Total Convenience Goods	**139,000**	**35%**	**35%**	**48,100**	**48,100**
Shopper's Goods					
General Merchandise	110,000	20%	30%	22,000	33,000
Clothing & Accessories	50,000	20%	30%	10,000	15,000
Furniture, Furnishings, & Appliances	22,000	20%	30%	4,400	6,600
Electronics & Appliances	13,000	20%	30%	2,600	3,900
Sporting Goods, Hobby, Book, & Music Stores	22,000	20%	30%	4,400	6,600
Miscellaneous Retail	46,000	20%	30%	9,200	13,800
Total Shopper's Goods	**263,000**	**20%**	**30%**	**52,600**	**78,900**
Eating and Drinking	**129,000**	**35%**	**50%**	**45,200**	**64,500**
Building Material & Garden	**134,000**	**10%**	**20%**	**13,400**	**26,800**
Total Retail Goods	**665,000**	**24%**	**33%**	**159,300**	**218,300**

Source: Economic & Planning Systems

H:\21823-Bernalillo County Bridge Boulevard\Model\[21823-TPI&Sales.xls]Corridor

3. RESIDENTIAL MARKET CONDITIONS

This chapter summarizes the market conditions for new residential development along the Bridge Boulevard Corridor. Historical construction activity is first documented, followed by an analysis of residential sales using Multiple Listing Service (MLS) data. Based on this information, EPS forecasted the magnitude and type of new housing units projected for the corridor over the next 20 years and the corresponding price points which reflect current market conditions.

Housing Supply

Construction Activity

Between 2000 2000 and 2010, Bernalillo County issued building permits for approximately 40,000 new housing units, or an annual average of just under 4,000, as shown in **Table 19**. The peak of construction activity occurred in 2003, with approximately 6,570 new permits issued. In 2009, only 1,064 new permits were issued, representing the low of permit activity over the decade. Construction activity was up in 2010 with approximately 1,130 new permits issued. Over the decade, single family detached units represented the majority of new housing units, or 86 percent, versus just 14 percent as attached units. For the purpose of this analysis, attached product includes condominiums, townhomes, apartments, and other types of attached units.

Table 19
Residential Building Permits by Type, 2001-2010
Bridge Boulevard Corridor Analysis

Description	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001-2010 Total	2001-2010 Avg.	2001-2010 %
Unit Type													
Single-Family Detached	4,023	4,606	5,472	5,506	5,102	3,833	2,349	1,263	905	931	33,990	3,399	85%
Single-Family Attached	0	0	298	0	0	0	6	2	0	0	306	31	1%
Multifamily	670	1212	799	378	314	757	665	478	159	202	5,634	563	14%
Total	**4,693**	**5,818**	**6,569**	**5,884**	**5,416**	**4,590**	**3,020**	**1,743**	**1,064**	**1,133**	**39,930**	**3,993**	**100%**

Source: SOCDS Building Permits; Economic & Planning Systems
H:\21823-Bernalillo County Bridge Boulevard\Data\[21823-Building Permits.xls]Sheet1

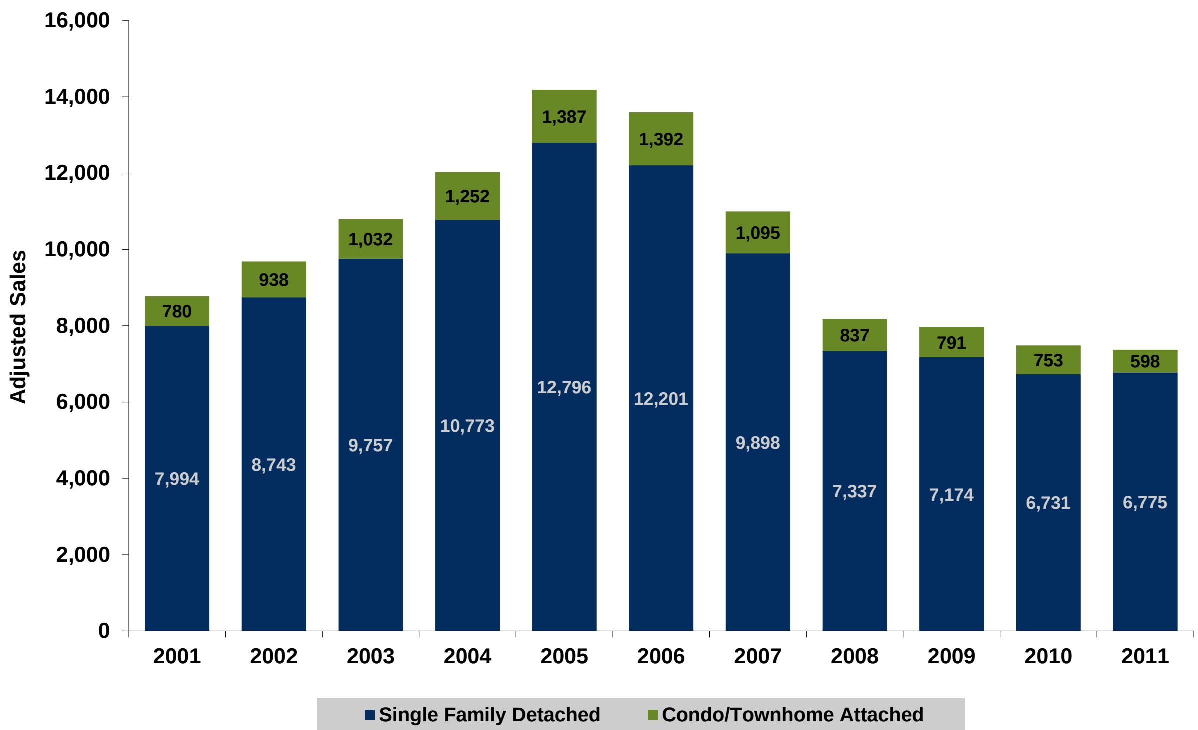
Sales Activity

EPS analyzed both regional and local residential sales activity using historical sales data from the MLS database.

Regional Sales Activity

The Albuquerque region has averaged approximately 10,100 annual sales since 2001, as shown in **Figure 13**. Approximately 90 percent of these sales were single family detached units, compared to 10 percent attached units (i.e., condominium and townhomes). In 2011, the region saw 7,373 sales compared to a peak year in 2005 with 14,183 sales.

Figure 13
Greater Albuquerque Area Home Sales, 2001-2011
Bridge Boulevard Corridor Analysis



The average price for a single family detached home in 2011 was just over $201,000 versus $138,000 for a condominium or townhome, as shown in **Table 20**. The median price in 2011 is slightly lower, or $167,000 for a single family home versus $135,000 for condominium or townhome. The peak for single family homes was $243,000 in 2007, while the peak for a condominium or townhome was $163,000 in 2008, as shown graphically in **Figure 14.** Overall, average sales prices are down approximately 17 percent in 2011 from a peak of $235,000 in 2007. Despite this dip, homes have appreciated approximately 2.7 percent annually since 2001.

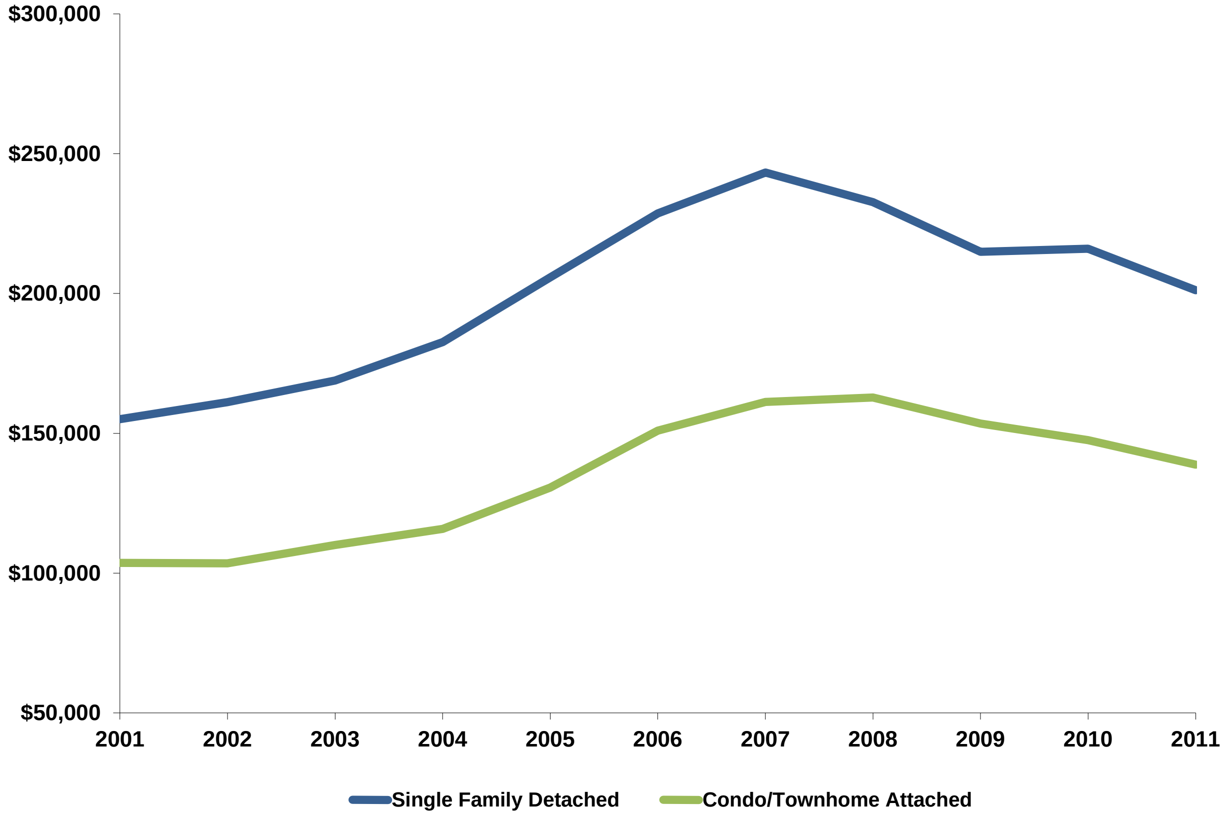
Table 20
Greater Albuquerque Area Home Sales, 2001-2011
Bridge Boulevard Corridor Analysis

Description	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Average	Ann %
Sales	**8,774**	**9,681**	**10,789**	**12,025**	**14,183**	**13,593**	**10,993**	**8,174**	**7,965**	**7,484**	**7,373**	**10,094**	**-1.7%**
Single Family Detached	7,994	8,743	9,757	10,773	12,796	12,201	9,898	7,337	7,174	6,731	6,775	9,107	-1.6%
Condo/Townhome Attached	780	938	1,032	1,252	1,387	1,392	1,095	837	791	753	598	987	-2.6%
Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	---
Single Family Detached	91.1%	90.3%	90.4%	89.6%	90.2%	89.8%	90.0%	89.8%	90.1%	89.9%	91.9%	90%	---
Condo/Townhome Attached	8.9%	9.7%	9.6%	10.4%	9.8%	10.2%	10.0%	10.2%	9.9%	10.1%	8.1%	10%	---
Average Price	**$150,493**	**$155,519**	**$163,263**	**$175,641**	**$198,382**	**$220,715**	**$235,057**	**$225,514**	**$225,514**	**$209,105**	**$196,116**	**$195,938**	**2.7%**
Single Family Detached	$155,066	$161,101	$168,893	$182,589	$205,731	$228,671	$243,228	$232,668	$214,867	$215,989	$201,176	$200,907	2.6%
Condo/Townhome Attached	$103,629	$103,488	$110,041	$115,854	$130,583	$150,977	$161,199	$162,802	$153,461	$147,571	$138,800	$134,400	3.0%
Median Price	**$128,000**	**$130,000**	**$137,000**	**$143,250**	**$162,000**	**$182,900**	**$192,500**	**$187,000**	**$175,000**	**$175,000**	**$164,000**	**$161,514**	**2.5%**
Single Family Detached	$131,000	$134,900	$140,000	$148,000	$166,500	$188,900	$198,477	$192,000	$180,000	$179,000	$167,000	$165,980	2.5%
Condo/Townhome Attached	$98,000	$100,000	$105,000	$109,900	$118,000	$138,000	$149,000	$154,000	$144,900	$141,000	$135,000	$126,618	3.3%

Source: Greater Albuquerque Association of REALTORS; Economic & Planning Systems

H:\21823-Bernalillo County Bridge Boulevard\Data\[21823-ABQ Housing Trends.xls]Housing Trends

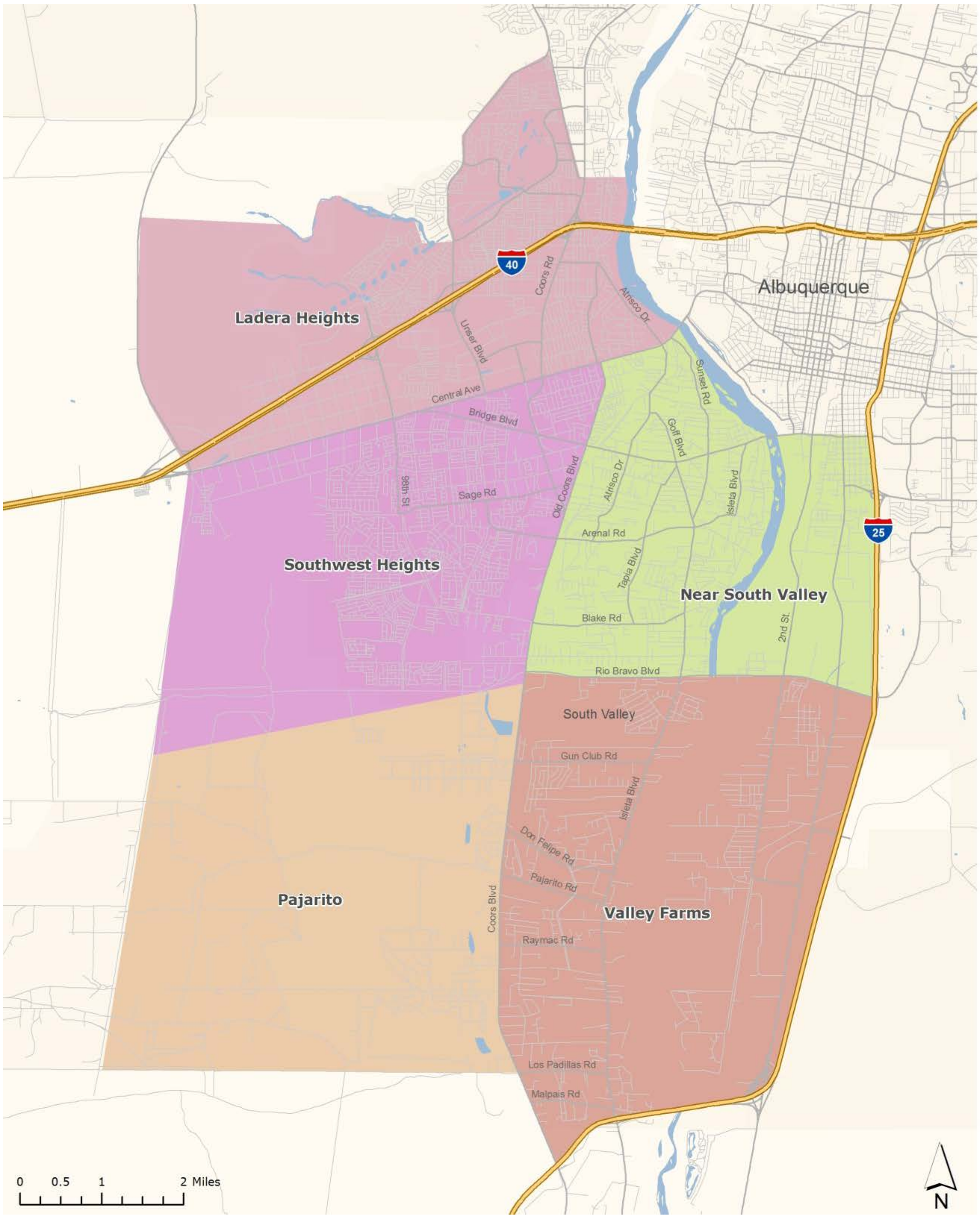
Figure 14
Greater Albuquerque Area Average Home Price, 2001-2011
Bridge Boulevard Corridor Analysis



South Valley Sales Activity

The South Valley market area is composed of five MLS neighborhoods. These neighborhoods include Near South Valley, Valley Farms, Southwest Heights, Pajarito, and Ladera Heights, as shown in **Figure 15**. Most of the Bridge Boulevard Corridor study is captured within the Near South Valley MLS neighborhood.

Figure 15
South Valley Market Area
Bridge Boulevard Corridor Analysis



Between 2001 and 2011, approximately 15,650 homes were sold in the South Valley market, or 1,400 per year, as shown in **Table 21**. The largest share of these sales occurred in Southwest Heights (43 percent) and Ladera Heights (38 percent). Combined, these neighborhoods compose approximately 80 percent of sales in the South Valley market. With a total of 1,986 sales over the decade, the Near South Valley submarket captured approximately 13 percent of the sales in the study area, resulting in an average of approximately 181 sales annually.

Table 21
Sales Volume by Submarket, 2001-2011
Bridge Boulevard Corridor Analysis

Area	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2001-2011 Total	%	Ann #
Near South Valley	140	200	199	232	202	285	232	153	115	107	121	1,986	13%	181
Valley Farms	65	73	98	102	116	132	101	57	48	69	68	929	6%	84
Southwest Heights	214	260	416	552	910	1,184	853	589	602	534	566	6,680	43%	607
Pajarito	10	17	21	29	23	17	17	10	10	16	3	173	1%	16
Ladera Heights	406	443	542	625	838	781	640	405	476	361	364	5,881	38%	535
South Valley	**835**	**993**	**1,276**	**1,540**	**2,089**	**2,399**	**1,843**	**1,214**	**1,251**	**1,087**	**1,122**	**15,649**	**100%**	**1,423**

Source: Multiple Listing Service; Economic & Planning Systems
H:\21823-Bernalillo County Bridge Boulevard\Data\MLS\[21823-MLS South Valley.xls]Sales Volume

On a unit type basis, single family detached units accounted for approximately 90 percent of all residential sales activity in the South Valley versus just 10 percent for attached units, as shown in **Table 22**. This proportion reflects the same split between attached and detached seen on a regional basis.

Table 22
Sales Volume by Type, 2001-2011
Bridge Boulevard Corridor Analysis

Unit Type	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2001-2011 Total	%	Ann #
Single Family - Detached	730	864	1,132	1,350	1,885	2,182	1,676	1,121	1,148	1,013	1,050	14,151	90%	1,286
Single Family Attached	100	123	139	183	200	202	160	84	96	66	65	1,418	9%	129
Multifamily	5	6	5	7	4	15	7	9	7	8	7	80	1%	7
Total	**835**	**993**	**1,276**	**1,540**	**2,089**	**2,399**	**1,843**	**1,214**	**1,251**	**1,087**	**1,122**	**15,649**	**100%**	**1,423**

Source: Multiple Listing Service; Economic & Planning Systems
H:\21823-Bernalillo County Bridge Boulevard\Data\MLS\[21823-MLS South Valley.xls]Sales Vol Type

In 2010, the average sale price of a home in the South Valley was approximately $139,000, as shown in **Table 23**. This is approximately 33 percent lower than the regional average of $209,000. In 2011, sales prices continued to drop from previous years to an average of $115,000. Overall, sales prices are down approximately 29 percent from a peak of $162,000 in 2007. Despite this fact, overall sales prices in the South Valley appreciated approximately 0.8 percent annually since 2001. Valley Farms had the highest sales price on a unit basis of approximately $148,000 in 2011. Pajarito had the lowest average unit price of $81,000. On a per square foot basis, Valley Farms and Ladero had the highest average price of approximately $86.00 and $91.00 respectively. The Near South Valley had the lowest average price per square foot of $72.00.

Table 23
Sales Price by Submarket, 2001-2011
Bridge Boulevard Corridor Analysis

Area	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2001-2011 Avg.	2001-2011 Ann. %	2001-2011 Total %
Unit Price														
Near South Valley	$83,919	$88,480	$89,962	$101,746	$107,437	$122,647	$134,339	$122,062	$107,385	$111,205	$93,447	$105,693	1.1%	11.4%
Valley Farms	$131,222	$122,636	$127,749	$146,148	$156,811	$178,645	$209,976	$179,442	$159,119	$156,753	$147,964	$156,042	1.2%	12.8%
Southwest Heights	$87,095	$89,877	$90,906	$101,532	$118,610	$138,032	$146,977	$140,018	$128,256	$124,205	$113,317	$116,257	2.7%	30.1%
Pajarito	$115,915	$102,916	$126,641	$141,271	$147,836	$148,876	$148,332	$177,630	$108,875	$154,895	$81,433	$132,238	-3.5%	-29.7%
Ladera Heights	$114,519	$111,838	$117,610	$125,054	$142,434	$171,287	$172,766	$165,170	$157,985	$149,712	$138,109	$142,408	1.9%	20.6%
South Valley	**$106,534**	**$103,149**	**$110,573**	**$123,150**	**$134,626**	**$151,897**	**$162,478**	**$156,865**	**$132,324**	**$139,354**	**$114,854**	**$130,528**	**0.8%**	**7.8%**
Change from Prev. Year		**-3.2%**	**7.2%**	**11.4%**	**9.3%**	**12.8%**	**7.0%**	**-3.5%**	**-15.6%**	**5.3%**	**-17.6%**			
Price per Sq. Ft.														
Near South Valley	$59	$59	$61	$67	$76	$84	$92	$87	$76	$73	$62	$72	0.6%	6.3%
Valley Farms	$73	$66	$73	$79	$84	$97	$118	$97	$87	$89	$80	$86	0.8%	8.8%
Southwest Heights	$66	$67	$69	$73	$84	$97	$100	$94	$85	$80	$69	$80	0.5%	4.7%
Pajarito	$61	$66	$75	$72	$83	$98	$103	$104	$84	$81	$62	$81	0.0%	0.4%
Ladera Heights	$73	$75	$78	$82	$92	$105	$112	$104	$98	$95	$83	$91	1.3%	13.6%
South Valley	**$67**	**$67**	**$71**	**$75**	**$83**	**$96**	**$105**	**$97**	**$86**	**$84**	**$71**	**$82**	**0.7%**	**7.1%**
Change from Prev. Year		**0.1%**	**6.8%**	**4.9%**	**11.8%**	**15.4%**	**9.0%**	**-7.5%**	**-11.5%**	**-2.5%**	**-15.0%**			

Source: Multiple Listing Service; Economic & Planning Systems

H:\21823-Bernalillo County Bridge Boulevard\Data\MLS\[21823-MLS South Valley.xls]Sale Price

The data can also be evaluated in terms of unit type. In this section, data for single family units are compared to attached product type. As shown in **Table 24**, the average sale price for single family homes in the South Valley) in 2010 was approximately $136,000. In 2011, the average sale price decreased nearly 11 percent to $123,000. Single family attached product averaged $100,000, and multifamily sale prices averaged $63,000. Single family attached prices in the South Valley peaked in 2007 at $158,000, and have decreased 24 percent since. Single family detached and multifamily sales prices peaked in 2008 and have decreased 23 percent and 49 percent respectively. Despite the recent decrease, single family detached and single family attached sale prices appreciated at 1.6 and 0.7 percent per year between 2001 and 2011, although below the Albuquerque Metro Area annual appreciation of 2.6 percent and 3.0 percent during the same time period. Overall, multifamily product has experienced the greatest decline in value, decreasing at a rate of 0.9 percent per year.

Table 24
South Valley Sales Price by Type, 2001-2011
Bridge Boulevard Corridor Analysis

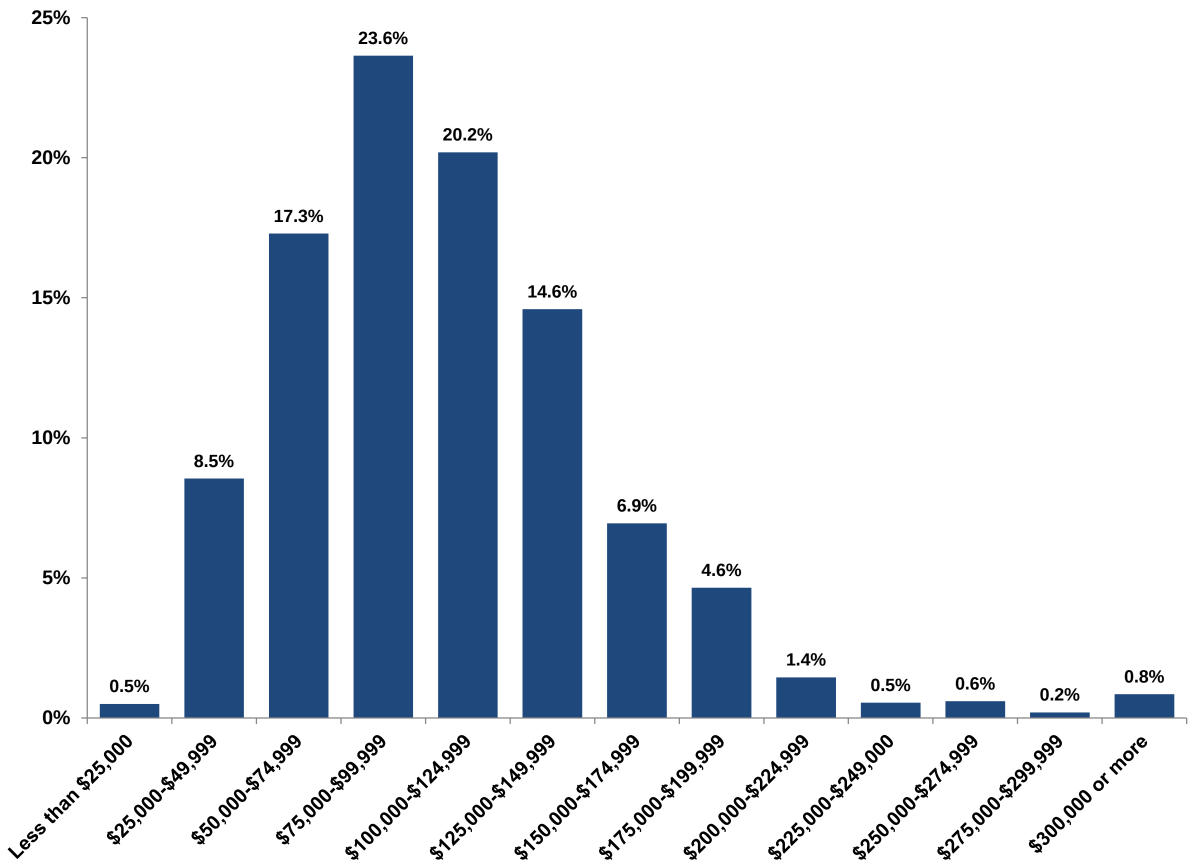
Unit Type	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2001-2011 Avg.	2001-2011 Ann. %	2001-2011 Total %
Unit Price														
Single Family - Detached	$105,245	$104,261	$107,645	$117,781	$131,567	$151,723	$160,720	$149,863	$140,214	$135,738	$122,926	129,789	1.6%	17%
Single Family Attached	$93,977	$88,200	$89,893	$95,089	$110,963	$126,640	$130,349	$130,709	$125,863	$114,672	$100,356	109,701	0.7%	7%
Multifamily	$68,760	$63,333	$75,900	$74,466	$97,600	$108,630	$101,071	$122,600	$67,713	$61,750	$62,566	82,217	-0.9%	-9%
Total	**$103,677**	**$102,024**	**$105,519**	**$114,814**	**$129,530**	**$149,342**	**$157,806**	**$148,307**	**$138,679**	**$133,914**	**$121,232**	**127,713**	**1.6%**	**17%**
Change from Prev. Year		**-1.6%**	**3.4%**	**8.8%**	**12.8%**	**15.3%**	**5.7%**	**-6.0%**	**-6.5%**	**-3.4%**	**-9.5%**			
Price per Sq. Ft.														
Single Family - Detached	$69	$69	$72	$76	$86	$98	$104	$96	$89	$85	$74	$83	0.6%	6%
Single Family Attached	$68	$69	$71	$73	$84	$95	$105	$103	$95	$92	$77	$85	1.2%	13%
Multifamily	$54	$56	$65	$61	$78	$96	$109	$112	$70	$63	$58	$75	0.8%	8%
Total	**$69**	**$69**	**$72**	**$76**	**$86**	**$98**	**$104**	**$96**	**$89**	**$85**	**$74**	**$83**	**0.7%**	**7%**
Change from Prev. Year		**-0.3%**	**4.6%**	**5.7%**	**13.4%**	**13.9%**	**6.4%**	**-7.6%**	**-7.7%**	**-4.4%**	**-13.5%**			

Source: Multiple Listing Service; Economic & Planning Systems

H:\21823-Bernalillo County Bridge Boulevard\Data\MLS\[21823-MLS South Valley.xls]Sale Price Type

Between 2001 and 2011, approximately 50 percent of the 2,000 homes sold in the Near South Valley submarket were priced below $100,000, as shown in **Figure 16**. Nearly 85 percent of sales over the 10 year period were below $150,000, and approximately 4 percent of homes in the Near South Valley sold for more than $200,000 with a small percentage selling above $300,000.

Figure 16
Near South Valley Home Sales by Price, 2001-2011
Bridge Boulevard Corridor Analysis



Rental Supply

There are few for-rent apartment complexes in the Bridge Boulevard Trade Area. Two apartment communities are located on Bridge Boulevard. One complex contains market rate apartments, and one complex is an income-restricted affordable housing development. There are three additional apartment complexes in the Bridge Boulevard and South Valley Trade Area. The communities range in size from 70 units to 350 units and are approximately 15 years or older. None of the for-rent options appear to be of high construction quality and few provide amenities. Rents range between approximately $450 per month for a studio apartment to over $700 per month for a three-bedroom apartment, or approximately $0.65 to $1.10 per square foot.

Housing Demand

As summarized in Chapter 1, MRCOG projects the addition of 5,800 new housing units in the study area (Bridge Boulevard and the South Valley) by 2030. EPS generated a modified forecast by applying the 2008 to 2035 annual average growth rates provided by MRCOG to more accurate 2010 Census base population, household, and housing unit numbers. Using this methodology, EPS projects an adjusted 3,740 new households and 4,200 new housing units in the Bridge Boulevard Corridor and South Valley study area by 2030, as shown in **Table 25**.

Table 25
Adjusted Forecasts, 2010-2035
Bridge Boulevard Corridor Analysis

						2010-2030		
	2010	**2015**	**2020**	**2025**	**2030**	**Total #**	**Ann. #**	**Ann. %**
Population								
Bridge Blvd Corridor	32,686	32,914	33,143	33,374	33,606	920	46	0.1%
South Valley	40,976	42,227	43,517	44,846	46,215	5,239	262	0.6%
Bridge Blvd Corridor and South Valley	62,370	63,937	65,543	67,190	68,878	6,508	325	0.5%
Households								
Bridge Blvd Corridor	10,970	11,250	11,537	11,832	12,134	1,164	58	0.5%
South Valley	13,802	14,438	15,103	15,799	16,528	2,726	136	0.9%
Bridge Blvd Corridor and South Valley	20,767	21,645	22,560	23,513	24,507	3,740	187	0.8%
Housing Units								
Bridge Blvd Corridor	11,766	12,082	12,407	12,740	13,083	1,317	66	0.5%
South Valley	14,784	15,509	16,270	17,067	17,904	3,120	156	1.0%
Bridge Blvd Corridor and South Valley	22,182	23,177	24,216	25,303	26,437	4,255	213	0.9%

Source: MRCOG; Economic & Planning Systems

H:\21823-Bernalillo County Bridge Boulevard\Model\[21823-Housing Unit Forecast.xls]Rev EPS Pop Forecast

Based on residential construction and sales activity, the majority of households in the South Valley live in single family units. However, as the Valley continues to develop, limited new land will be available for single family development. In addition, national shifts in demographics and the recent housing and financial crisis have driven an increased demand for new attached units. Thus, going forward EPS projects a greater share of attached units will be in demand than in the past and assumes a conservative shift of new housing units to a distribution of 70 percent single family detached and 30 percent attached, including apartments, condominiums, and townhomes. Of the nearly 4,300 additional new units projected in the study area, EPS estimates the potential for approximately 3,000 new single family and approximately 1,300 new attached units, as shown in **Table 26**.

Table 26
New Housing Units, Bridge Blvd Corridor and South Valley 2010-2030
Bridge Boulevard Corridor Analysis

Unit Type	Description	% Mix	2010-2020 New Units	2020-2030 New Units	2010-2030 New Units
New Units					
Single Familiy Detached	House	70%	1,424	1,555	2,979
Single Family Attached	Condo/Townhome/Apt.	30%	610	666	1,277
Total		**100%**	**2,034**	**2,221**	**4,255**

Source: MRCOG; Economic & Planning Systems

H:\21823-Bernalillo County Bridge Boulevard\Model\[21823-Housing Unit Forecast.xls]HU Forecast (2)

The Bridge Boulevard Corridor is mostly a commercial corridor with limited land available for new residential development; however, there is likely some potential to capture a share of attached units. Based on MRCOG DASZ forecasts, the Bridge Boulevard Corridor will capture just over 30 percent of new housing unit growth in the study area. Thus, based on a conservative capture rate of 20 to 30 percent applied to the 1,300 new attached unit projection, there is potential for construction of 255 to 383 new attached units in the Bridge Boulevard Corridor, as shown in **Table 27**. Given the slump in sales activity and prices, EPS anticipates that the majority of projected new housing units will be rental.

Table 27
New Housing Units-Bridge Blvd Corridor, 2010-2030
Bridge Boulevard Corridor Analysis

Description	2010-2020 New Units	2020-2030 New Units	2010-2030 New Units
Trade Area Attached Units	**610**	**666**	**1,277**
Corridor			
Low Capture	20%	20%	20%
High capture	30%	30%	30%
Low Units	**122**	**133**	**255**
High Units	**183**	**200**	**383**

Source: MRCOG; Economic & Planning Systems

H:\21823-Bernalillo County Bridge Boulevard\Model\[21823-Housing Unit Forecast.xls]Capture

4. CORRIDOR DEVELOPMENT POTENTIALS

This chapter focuses on the economic development opportunities in the Bridge Boulevard Corridor based on the market analysis provided in the previous three chapters. The material summarizes the estimated trade area demand for new retail and residential development and estimates the potential capture of this demand in the Bridge Boulevard Corridor based on existing conditions, potential economic drivers, and identified market concepts and land use designs developed in the charrette process.

Summary of Demand Potentials

As summarized in **Table 28**, EPS estimates demand for a total of 665,000 square feet of new retail in the trade area through 2030, of which approximately 159,000 to 218,000 square feet could reasonably be captured in the corridor (See Chapter 2). EPS also estimates demand for just fewer than 1,300 new housing units in the trade area, of which approximately 255 to 383 could reasonably be captured in the corridor (See Chapter 3). These figures represent EPS' estimates for reasonable capture on the Bridge Boulevard Corridor. While each forecast is based on independent data, they reflect comparable capture rates of between 20 and 30 percent.

Table 28
Summary of Trade Area Demand, 2010-2030
Bridge Boulevard Corridor Analysis

Description	Low	High
Retail (Sq. Ft.)		
Trade Area Total	**665,000**	**665,000**
Potential Capture		
Convenince Goods	48,100	48,100
Shopper's Goods	52,600	78,900
Eating and Drinking	45,200	64,500
Building Material & Garden	13,400	26,800
Subtotal	**159,300**	**218,300**
% Capture	24%	33%
Residential (Attached Units)		
Trade Area Total	**1,277**	**1,277**
Potential Capture	**255**	**383**
% Capture	20%	30%

Source: Economic & Planning Systems

H:\21823-Bernalillo County Bridge Boulevard\Model\[21823-Summary Potentials.xls]Summary Potentials

Existing Conditions

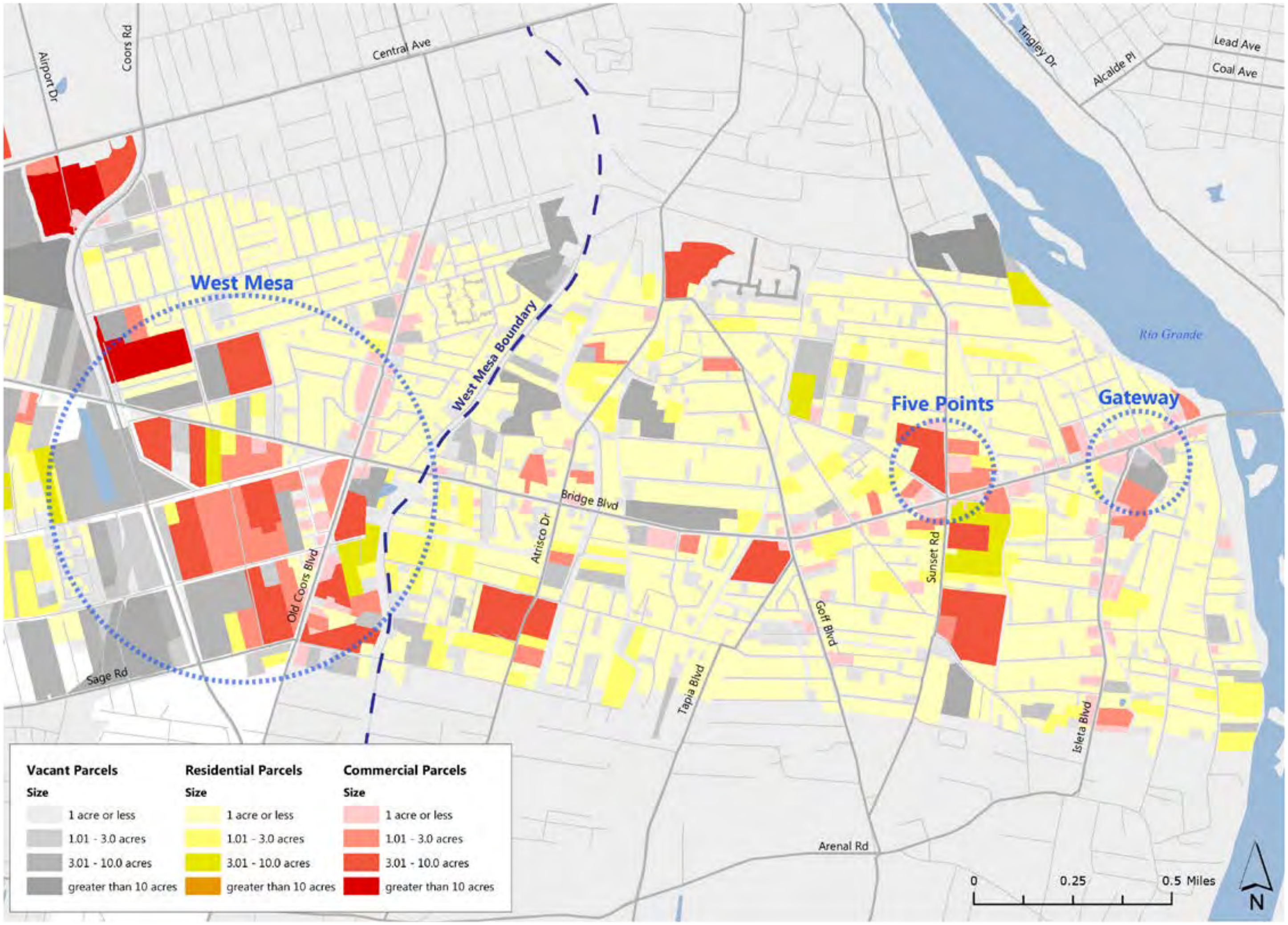
The potential capture of estimated trade area demand will primarily depend on the ability of the County, property owners, and local developers to work together to implement desired economic development goals. In addition, the existing conditions on each end of the corridor play an important role for defining future development opportunities.

As shown in **Figure 17**, the eastern portion of the corridor, extending from the river to the mesa, (see dashed line) is generally cohesive with common commercial and residential uses. With the exception of the Five Points and Goff shopping centers, parcels along this portion of the corridor are small with a number of street-fronting retail businesses. The western portion of Bridge Boulevard, from the mesa to Coors Boulevard, is more industrial in nature, with a number of storage and manufacturing uses along Tower Road. Generally, the parcel sizes are much larger, development density is lower, and the access to north-south arterials is better. Based on the existing conditions on the corridor, EPS developed three distinct nodes to guide potential development capture. These nodes include the Gateway area, Five Points, and the West Mesa district, as shown in **Figure 17** and defined below.

- **Gateway District -** The Gateway District, or the segment immediately west of the river, possesses a number of street-fronting retail businesses with a more traditional "main street" feel. Thus, potential capture on the eastern portion of the corridor primarily depends on the ability to assemble properties and create the critical mass necessary to achieve a true "sense of place."
- **Five Points District** – The Five Points District, or the area surrounding the intersection of Bridge Boulevard and Sunset Street, offers the largest parcels under ownership of active local developers and is of sufficient size to accommodate larger uses. Potential catalytic projects anticipated for the Five Points areas include horizontally-mixed use development, with a high level of emphasis on walkability, sustainable land use concepts, and synergistic qualities with existing land uses in the corridor.
- **West Mesa District –** The West Mesa District includes the area from the mesa west to Coors Boulevard. As mentioned, West Mesa's large parcel sizes, lower development density, and superior access to north-south arterials (Coors Boulevard) creates the ability to draw from a larger trade area with larger-scale redevelopment opportunities. Thus potential catalytic projects are more autonomous and auto-oriented, including regional retail, large-scale residential, or more campus-format office and employment uses. The specific program will depend on the motivation of property owners and the ability to attract users from the western portion of the Albuquerque region. The sites in this area could also be integrated into the larger Albuquerque Economic Development (AED) plans to leverage regional efforts.

Figure 17
Bridge Boulevard Existing Conditions
Bridge Boulevard Corridor Analysis

Bridge Boulevard Corridor Land Use



Economic Drivers

Based on the estimated trade area market demand and existing conditions and character along the corridor, EPS developed a set of economic themes or “drivers” to guide potential land use concepts. These economic drivers include:

- Capture the income that already exists in the South Valley and enable greater circulation of those dollars, resulting in greater economic activity and benefit to South Valley businesses and residents;
- Import new economic activity by positioning the South Valley as a compelling destination for residents of the larger Albuquerque area; and
- Evaluate the breadth of market opportunities represented on the western end of the corridor, including the West Mesa and tap into regional market interest for retail, office, and residential uses.

Market Concepts

EPS used each of the economic drivers to define market concepts for catalytic development nodes at the Gateway, Five Points, and the West Mesa. Potential development concepts are summarized in the following section.

Authentic Albuquerque (Gateway District)

Goal: To attract dollars from the larger metropolitan area (or from out of state).

- Draw new/outside visitors to Bridge Boulevard to experience the “real” Albuquerque.
- Locate the core of activity on the far eastern edge of the corridor to simplify (and shorten) drive time for visitors and serve as a gateway to the rest of the corridor and South Valley.
- Leverage visitor traffic from the National Hispanic Cultural Center. This facility has an extensive events calendar and includes many civic events that already draw people from around the Albuquerque region.
- Create a collection of restaurants to serve as an activity anchor and destination for visitors from the entire region. A single site could have as many as five to seven restaurants with approximately 15,000 square feet. Program elements should include:
  - A common plaza for outdoor dining to enhance the sense place and provide a critical mass of activity in the corridor.
  - A supplemental activity node with ancillary space for retail and service businesses, ranging from 15,000 to 30,000 square feet.
- Leverage the recently completed park at Bridge and Isleta as a regional attraction by creating a large farmers’ market and authentic sense of place.
- Support the emergent sector of local agriculture in the South Valley with the facilities needed for this sector to succeed.
- Enhance and promote access to the one of the best assets of the region: the direct frontage on the Bosque.

- Develop market rate multifamily and/or townhomes adjacent to potential river access and retail node to stimulate activity.

South Valley Node of Commerce (Five Points District)

Goal: To keep South Valley dollars circulating in the community and reduce the current level of leakage.

- Serve local needs with merchants geared to the South Valley market.
- Create economic "barbell" with larger anchors supporting smaller local retailers.
  - Develop an anchor consisting of a Hispanic grocer (25,000 square feet) and drug store (15,000 square feet).
  - Incorporate a movie theatre complex for locals (four to six screens), since the South Valley is currently underserved given its population levels.
    - Based on the number of screens, the building could range from 11,000 to 23,000 square feet, with a total site area of 73,000 to 150,000 square feet.
  - Consider outdoor plaza between Five Points Road and Sunset Road that could be lined with micro-merchandizing (10,000+ sq. ft.) and create a pedestrian core and sense of place.
  - Include more traditional ancillary retail (10,000+ sq. ft.) for larger tenants.
- Leverage the adjacent post office and bank to reinforce Five Points' market position as a node of commerce.
- If site design can accommodate, consider a senior low-income tax credit project in the rear portion of the site to provide for a greater mix of uses and enhance pedestrian accessibility.
- Include medical office space to complement drug store and potential senior housing.

Regional Services and Employment District (West Mesa District)

Goal: To diversify the Bridge Boulevard market and consider more conventional development patterns that address market needs of the larger West Mesa area.

- Recognize importance and growth potential of adjacent West/Southwest Mesa.
- Work with AED to understand how local land supply fits with the larger Albuquerque regional economic development strategy for potential large employment users.
- Leverage proximity to the West and Southwest Mesa residential areas and direct frontage on Coors Boulevard to capture a portion of retail market share. Recognize competitive position relative to recently approved regional retail development to the south (Las Estancias) and seek smaller scale retail (40,000 to 60,000 sq. ft.) to serve more immediate trade area.
- Leverage views of West Mesa and relatively larger development parcels for large-scale residential development, including 250 to 500 units of attached or semi-attached housing at a range of densities.
- In the event the central location does not have sufficient land supply, create potential senior housing development that provides the full continuum of care (independent living to congregate care).

- Consider a development anchored by social services and/or healthcare, based on proximity of existing County services building and expected growth in this industry.

Corridor Development Potentials

EPS summarized the specific opportunities for each district based on the above market concepts and the resulting initial designs developed in the charrette process (see *Charrette Report* dated June 2012), as shown in **Table 29**. The site specific design concepts result in potential capture of between 36 and 57 percent of total residential demand based on the potential for a sizeable residential opportunity at the West Mesa. For this concept to proceed, it will need to be positioned as a regional project, drawing from the larger Albuquerque area, such as a senior housing project featuring the full continuum of care. Potential retail capture is estimated between 27 and 37 percent of trade area demand and generally falls in the identified range of reasonable capture summarized in **Table 29**. Total potential office capture is “to be determined” pending the specific employment user(s) that can be attracted to the West Mesa.

Table 29
New Housing Units by District, 2010-2030
Bridge Boulevard Corridor Analysis

	Residential	Retail	Office
Gateway			
Low	70	42,750	13,400
High	85	75,000	60,000
Five Points			
Low	135	100,000	25,000
High	140	110,000	25,000
West Mesa [1]			
Low	250	40,000	tbd
High	500	60,000	tbd
Total			
Low	455	182,750	tbd
High	725	245,000	tbd
Regional Projections	1,277	665,000	923,250
Corridor Capture Rate			
Low	36%	27%	tbd
High	57%	37%	tbd

[1] Potentials to be determined based on continuing research of market conditions and site analysis

Source: Economic & Planning Systems

H:\21823-Bernalillo County Bridge Boulevard\Model\[21823-Summary Potentials.xls]Summary II

Next Steps

EPS will work with the project team to refine and adjust the initial design concepts to leverage future investment and potential right of way acquisition based on the identified transportation alternatives. EPS will test the financial feasibility of the development concepts based on market inputs derived from Chapters 2 and 3 of this report and identify potential public financing tools to enhance feasibility and catalyze new development. Finally, EPS, upon request from Bernalillo County, will work with local property owners and the AED to identify potential retail and employment users and economic incentives for each development node.

Appendix

Residential Survey for the Bridge Boulevard Corridor Redevelopment Plan

Table of Contents

Residential Survey for the Bridge Boulevard Corridor Redevelopment Plan

Introduction

The residential or community survey instrument, as shown on pages 3 and 4, was developed by HDR and EPS with input from Bernalillo County Public Works Division (BCPWD) and the full project team from December 2011 through March 2012. Approximately 1800 copies of the survey were printed and distributed to residences along and around the Bridge Boulevard Corridor from approximately March 9 through March 23, 2012. Distribution entailed hand carrying the survey to door fronts and the entryways to residences along and adjacent to the corridor within the area shown in the figure on page 5. When possible, project representatives engaged residents to provide an overview of the project and to underscore the importance of the survey. As an incentive to complete and return the survey, the survey included this statement, "Return this survey by April 14 to be entered into a drawing for one of five Albertsons gift cards!" Approximately 170 completed surveys were received. The drawing was held and gift cards were made available for pick up at BCPWD on Broadway in the South Valley. The survey results were tabulated and analyzed using Statistical Package for the Social Sciences (SPSS), a widely used and accepted program for statistical analysis in social science. The survey questions and results of the statistical analysis are presented in the tables and charts beginning on page 6.

1. **How long have you lived in the Bridge Boulevard area?**

☐ Less than one year
☐ 1 to 4 years
☐ 5 to 9 years
☐ 10 to 19 years
☐ 20 years or more

2. **On a daily basis, what transportation mode do you primarily use?**

☐ Walking
☐ Bicycling
☐ Public Transit (ABQ Ride)
☐ Light Motorized Vehicles (scooters, etc.)
☐ Motorized Vehicles (cars, carpools, etc.)
☐ Heavy Duty Vehicles (semi trucks, etc.)

3. **What barriers prevent you from using alternative transportation?**

☐ Bus stops too far away
☐ Not ADA accessible
☐ No sidewalks/ bike lanes/trails
☐ Safety/security
☐ Other

4. **Please rate the importance of the following corridor improvement issues in the Bridge Boulevard Corridor. (Use a scale from 1 to 5 where 1 means "not an issue" and 5 means "a critical issue.")**

	Not a Priority Issue	Low Priority Issue	Moder-ate Issue	Serious Issue	Critical Issue
Traffic speed limits	1	2	3	4	5
Traffic controls (lights, turn signals)	1	2	3	4	5
Bicycle access	1	2	3	4	5
Pedestrian access	1	2	3	4	5
Transit (bus) service	1	2	3	4	5
Crime/Safety	1	2	3	4	5
Street lighting	1	2	3	4	5

5. **Please mark the box that reflects your shopping experience on Bridge Boulevard, as compared to other places you shop.**

BRIDGE BOULEVARD IS:	Better	About the same	Worse
Variety and selection	☐	☐	☐
Quality of merchandise	☐	☐	☐
Price of merchandise	☐	☐	☐
Parking availability	☐	☐	☐
Attractiveness of stores	☐	☐	☐
Quality of service	☐	☐	☐
Safety	☐	☐	☐
Hours of operation	☐	☐	☐

6. **What is most in need of improvement that would make a difference in how much you shop on Bridge Boulevard? (Check up to 3 choices)**

☐ Variety and selection
☐ Quality of merchandise
☐ Price of merchandise
☐ Parking availability
☐ Attractiveness of stores
☐ Quality of service
☐ Safety
☐ Hours of operation
☐ Access (both car and pedestrian) to shops
☐ Other (please identify): ______________________________

7. **What new retail store would you like to see added to Bridge Blvd?**

____

8. **Please rate the importance of the following corridor improvement issues in the Bridge Boulevard Corridor. (Use a scale from 1 to 5 where 1 means "not an issue" and 5 means "a critical issue.")**

	Not a Priority Issue	Low Priority Issue	Moder-ate Issue	Serious Issue	Critical Issue
Types of commercial uses	1	2	3	4	5
Availability of retail stores	1	2	3	4	5
Outdoor storage uses	1	2	3	4	5
Sign and storefront design	1	2	3	4	5
Landscaping and beautification	1	2	3	4	5
Additional residential growth	1	2	3	4	5
Trails and Open Space	1	2	3	4	5

9. **How many times per month do you (Circle one):**

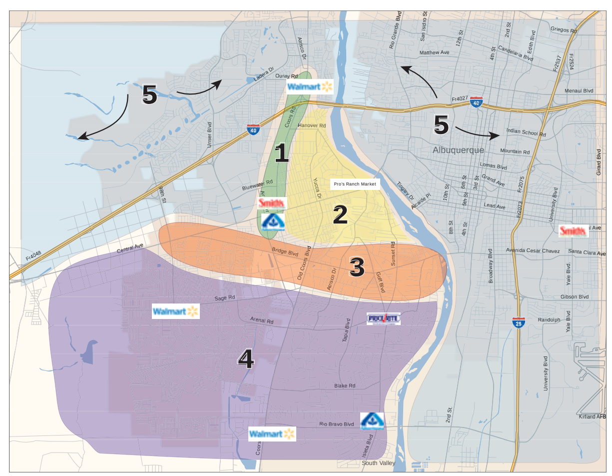
	Time per month						
Buy groceries	0	1	2	3	4	5	6+
Eat at a restaurant	0	1	2	3	4	5	6+
Buy clothing	0	1	2	3	4	5	6+
Purchase other retail items	0	1	2	3	4	5	6+

10. **Please estimate how much your household spends per month on retail purchases (examples: groceries, alcoholic beverages, going out to eat at restaurants, apparel, furniture, hardware, sporting goods, etc.).**

☐ 0 - $499
☐ $500 - $749
☐ $750 - $999
☐ $1,000 - $1,249
☐ $1,250 - $1,499
☐ $1,500 - $1,749
☐ $1,750 - $1,999
☐ $2,000 or more

11. **Referring to the map, in what area do you purchase the majority of the retail items listed in the table below? Please also identify where you work and live. (Check one.)**

	Area 1	Area 2	Area 3	Area 4	Area 5	N/A
Clothing	☐	☐	☐	☐	☐	☐
Restaurants/Bar	☐	☐	☐	☐	☐	☐
Grocery	☐	☐	☐	☐	☐	☐
Other Retail	☐	☐	☐	☐	☐	☐
I work in	☐	☐	☐	☐	☐	☐
I live in	☐	☐	☐	☐	☐	☐



The following questions are very important. Your answers will be kept anonymous, confidential, and reported in group format only. Responses are critical to understanding Bridge Boulevard's economy.

12. **Is your residence:**

☐ Owned by you or a family member
☐ Rented from a landlord
☐ Other: ________________

13. **What are the ages of individuals living in your household? Enter the number of people in each age group.**

______ Under 11
______ 11 to 17
______ 18 to 25
______ 26 to 45
______ 46 to 65
______ Over 65

14. **What is your total monthly RENT and/or MORTGAGE PAYMENT (excluding utilities)?**

☐ 0 - $249
☐ $250 - $499
☐ $500 - $749
☐ $750 - $999
☐ $1,000 - $1,249
☐ $1,250 - $1,499
☐ $1,500 or more
☐ Do not pay rent or mortgage
☐ Mortgage paid off

15. **What is the average cost of your monthly household utilities (including gas, electricity, water, trash/recycling, but not phone or TV)?**

☐ 0 - $49
☐ $50 - $99
☐ $100 - $149
☐ $150 - $199
☐ $200 or more
☐ Included in rent

16. **What was your gross annual household income last year (before taxes)?**

☐ Less than $15,000
☐ $15,000 to $29,999
☐ $30,000 to $49,999
☐ $50,000 to $74,999
☐ $75,000 to $99,999
☐ $100,000 or greater

Don't forget to provide your contact information in order to be eligible for the drawing for one of five $75 grocery gift cards. Surveys must be postmarked before April 6, 2012 to be eligible for the drawing.

If you have any questions, please call Kelly Sims, HDR Engineering, Inc., at 830-8845.

THANK YOU FOR YOUR PARTICIPATION!

BRIDGE BLVD
CORRIDOR REDEVELOPMENT PLAN

NAME: ______________________________

ADDRESS: ______________________________

____

____

E-MAIL: ______________________________

PHONE: ______________________________

- ○ Please add me to the Bridge Boulevard Corridor Redevelopment Plan mailing list.
- ○ Please add me to the Bridge Boulevard Corridor Redevelopment Plan e-mail list.
- ○ I do not wish to be added to any distribution list but would like to submit a comment or question and be entered into the drawing for a $75 gift card.

COMMENT: ______________________________

____

____

____

____

____

____

____

____

____

____

Personal information will be used strictly for the Bridge Boulevard Corridor Redevelopment Plan and will not be shared or sold to other parties.

Please tape edges prior to mailing.

NO POSTAGE NECESSARY IF MAILED IN THE UNITED STATES

BUSINESS REPLY MAIL
FIRST-CLASS MAIL PERMIT NO. 5515 ALBUQUERQUE, NM

POSTAGE WILL BE PAID BY ADDRESSEE

HDR ENGINEERING INC
BRIDGE BOULEVARD CORRIDOR REDEVELOPMENT PLAN
2155 LOUISIANA BLVD NE STE 9500
ALBUQUERQUE NM 87110-9918

BRIDGE BLVD
CORRIDOR REDEVELOPMENT PLAN

Bernalillo County, in cooperation with the **U.S. Department of Housing and Urban Development** and **U.S. Department of Transportation**, is working on a redevelopment plan for the Bridge Boulevard Corridor from Coors Boulevard to the Barelas Bridge. The Bridge Boulevard Corridor Redevelopment Plan will identify appropriate improvements and areas for development to transform Bridge Boulevard into a mixed-use, pedestrian- and transit-friendly corridor that honors and maintains the unique history and character of the community. The plan will include long-term planning recommendations to increase safety, reduce traffic congestion, revitalize local businesses, and improve housing availability and affordability.

We Need Your Input!

Bernalillo County is conducting a survey to collect information on existing transportation habits, retail spending trends, housing, and demographics. The County would like input from residents to help inform the Corridor Plan. All information will be kept confidential, and will only be reported when combined with other responses for statistical analysis.

Return this survey by April 6 to be entered into a drawing for one of five $75 Albertsons gift cards!

Contact information must be provided to be eligible to win.

Continued participation

Your participation in the process is vital to successfully representing the community's vision for the future of Bridge Boulevard. There are multiple ways to get involved in the plan development process:

- Sign up for our project mailing list to receive updates on the project and be notified of upcoming meetings and events.
- Attend and participate in focus groups, public meetings, and a charrette that will be scheduled.
- Access our project website (www.bridgeboulevard.com) to stay up-to-date on plan progress, upcoming meetings and events, review documents, and submit comments.
- "Like" us on Facebook: www.facebook.com/bridgeboulevard.

Residential Survey Distribution Areas

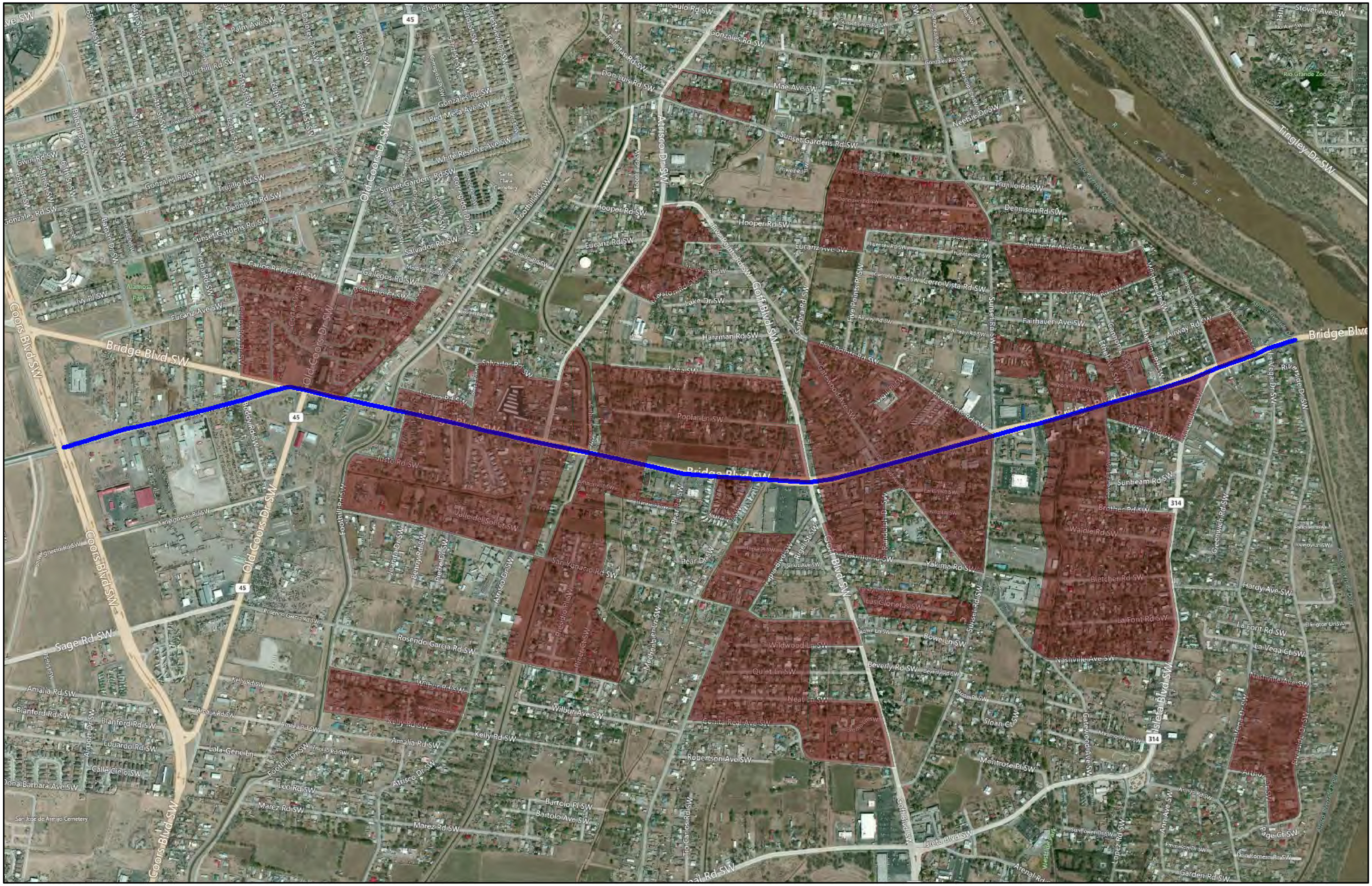


Figure prepared by:

HDR Engineering, Inc.

Legend

Residential Survey Distribution Area

Project_Area

0 410 820 1,640 2,460 3,280 Feet

BRIDGE BLVD
CORRIDOR REDEVELOPMENT PLAN

Table 1
How long have you lived in the Bridge Boulevard area?
Bernalillo County

	#	%
Answers		
Less than one year	5	3%
1 to 4 years	18	11%
5 to 9 years	25	16%
10 to 19 years	31	20%
20 years or more	76	48%
n/a	2	1%
Total	**157**	**100%**

Table 2
On a daily basis, what transportation mode do you primarily use?
Bernalillo County

	#	%
Answers [1]		
Walking	17	9%
Bicycling	20	10%
Public transit	12	6%
Light motorized	4	2%
Motorized vehicles	142	72%
Heavy duty vehicles	3	2%
Total	**198**	**100%**

[1] Multiple responses given.

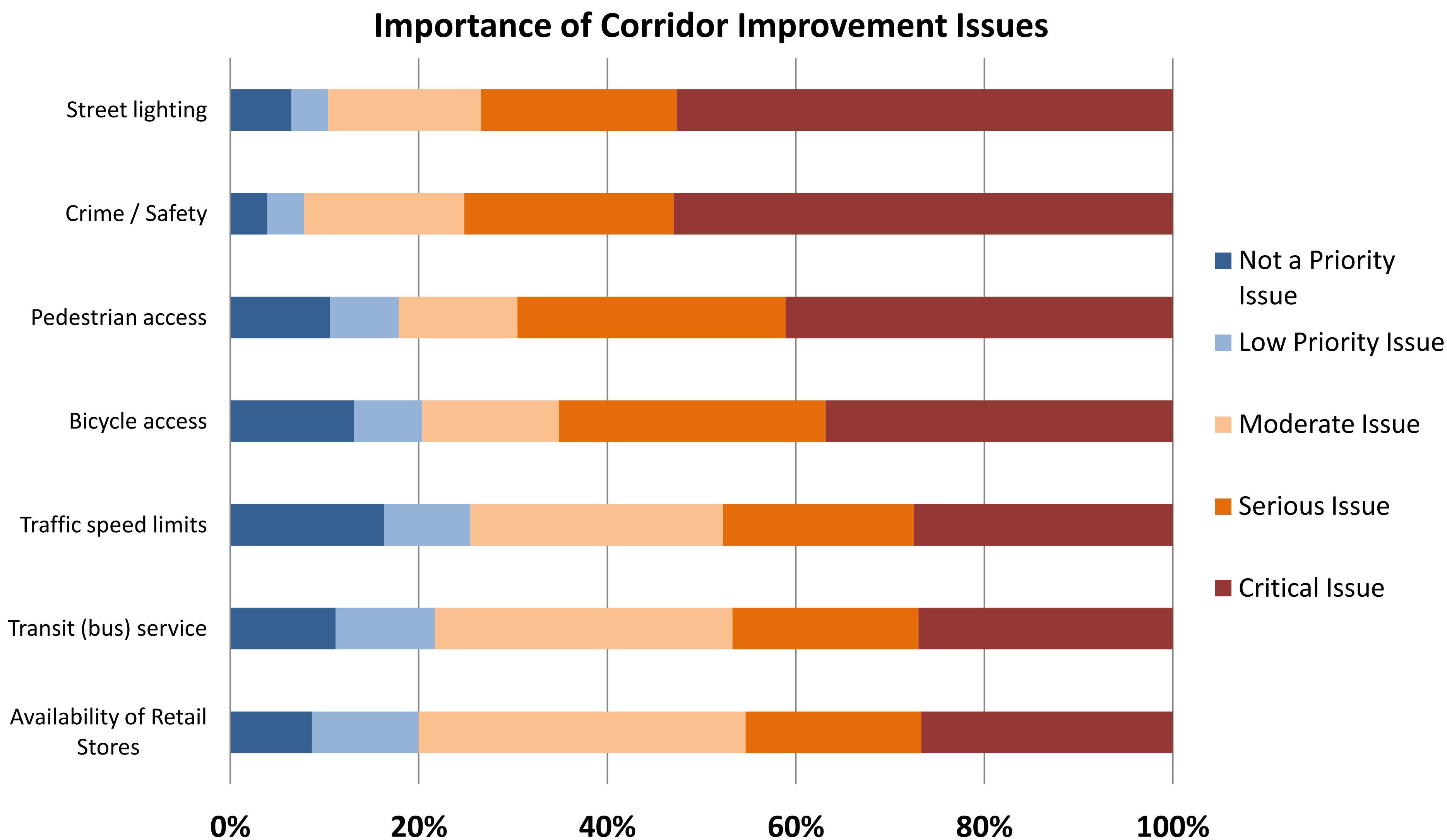
Table 3
What barriers prevents you from using alternative transportation?
Bernalillo County

	#	%
Answers [1]		
Bus stops too far away	41	19%
Not ADA accessible	9	4%
No sidewalks	64	29%
Safety	71	32%
Other	36	16%
Total	**221**	**100%**

[1] Multiple responses given.

Table 4
Rate the importance of the following corridor improvement issues in the Bridge Blvd Corridor.
Bernalillo County

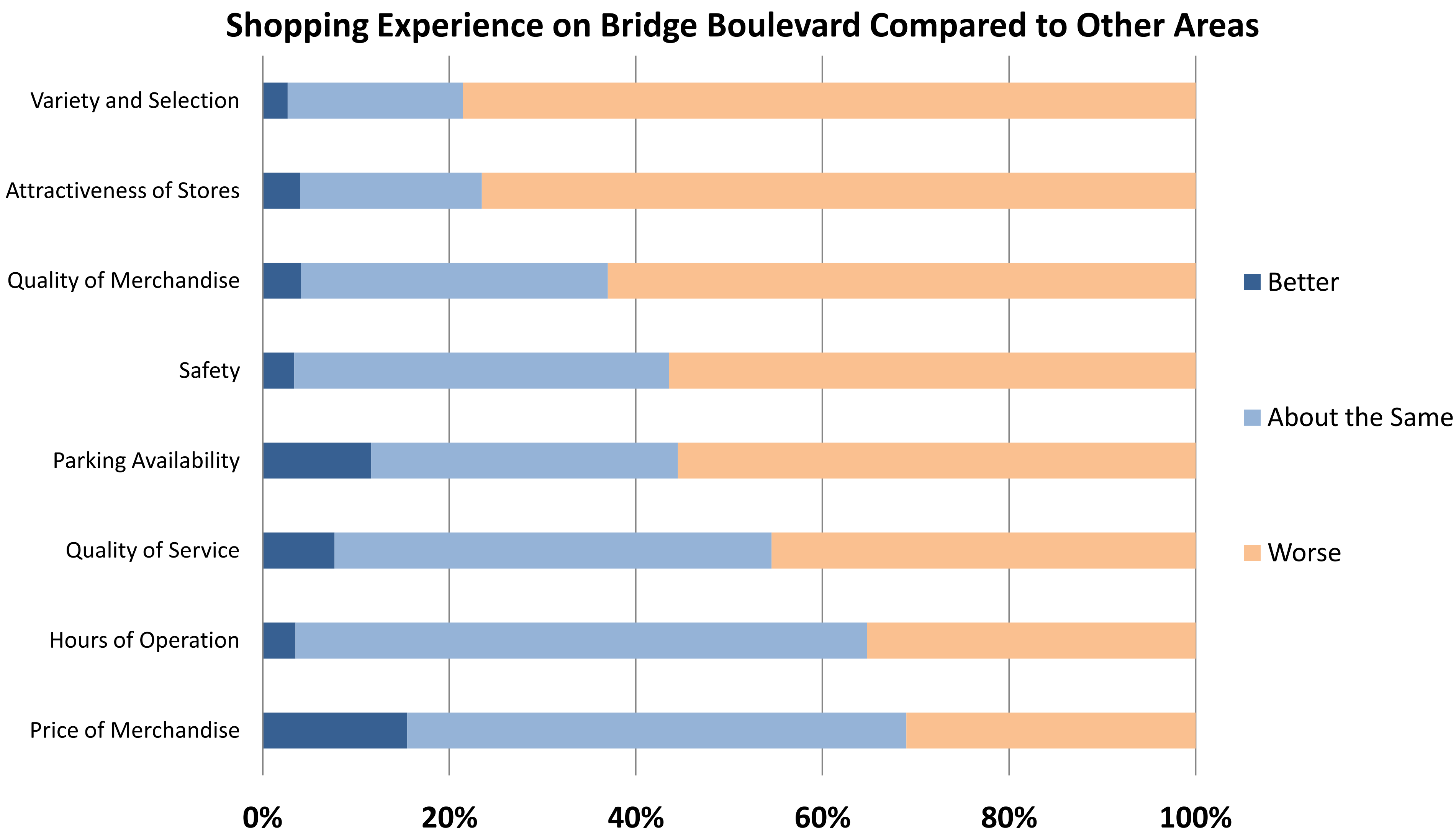
	Not a Priority Issue	Low Priority Issue	Moderate Issue	Serious Issue	Critical Issue
Answers					
Availability of Retail Stores	13	17	52	28	40
Transit (bus) service	17	16	48	30	41
Traffic speed limits	25	14	41	31	42
Bicycle access	20	11	22	43	56
Pedestrian access	16	11	19	43	62
Crime / Safety	6	6	26	34	81
Street lighting	10	6	25	32	81
Answers					
Availability of Retail Stores	8%	11%	33%	18%	25%
Transit (bus) service	11%	10%	31%	19%	26%
Traffic speed limits	16%	9%	26%	20%	27%
Bicycle access	13%	7%	14%	27%	36%
Pedestrian access	10%	7%	12%	27%	39%
Crime / Safety	4%	4%	17%	22%	52%
Street lighting	6%	4%	16%	20%	52%



Source: Economic & Planning Systems

Table 5
Please mark the box that reflects your shopping experience on Bridge Blvd, as compared to other places you shop.
Bernalillo County

	Better	About the Same	Worse
Answers			
Price of Merchandise	22	76	44
Hours of Operation	5	87	50
Quality of Service	11	67	65
Parking Availability	17	48	81
Safety	5	59	83
Quality of Merchandise	6	48	92
Attractiveness of Stores	6	29	114
Variety and Selection	4	28	117
Answers			
Price of Merchandise	14%	48%	28%
Hours of Operation	3%	55%	32%
Quality of Service	7%	43%	41%
Parking Availability	11%	31%	52%
Safety	3%	38%	53%
Quality of Merchandise	4%	31%	59%
Attractiveness of Stores	4%	18%	73%
Variety and Selection	3%	18%	75%



Source: Economic & Planning Systems

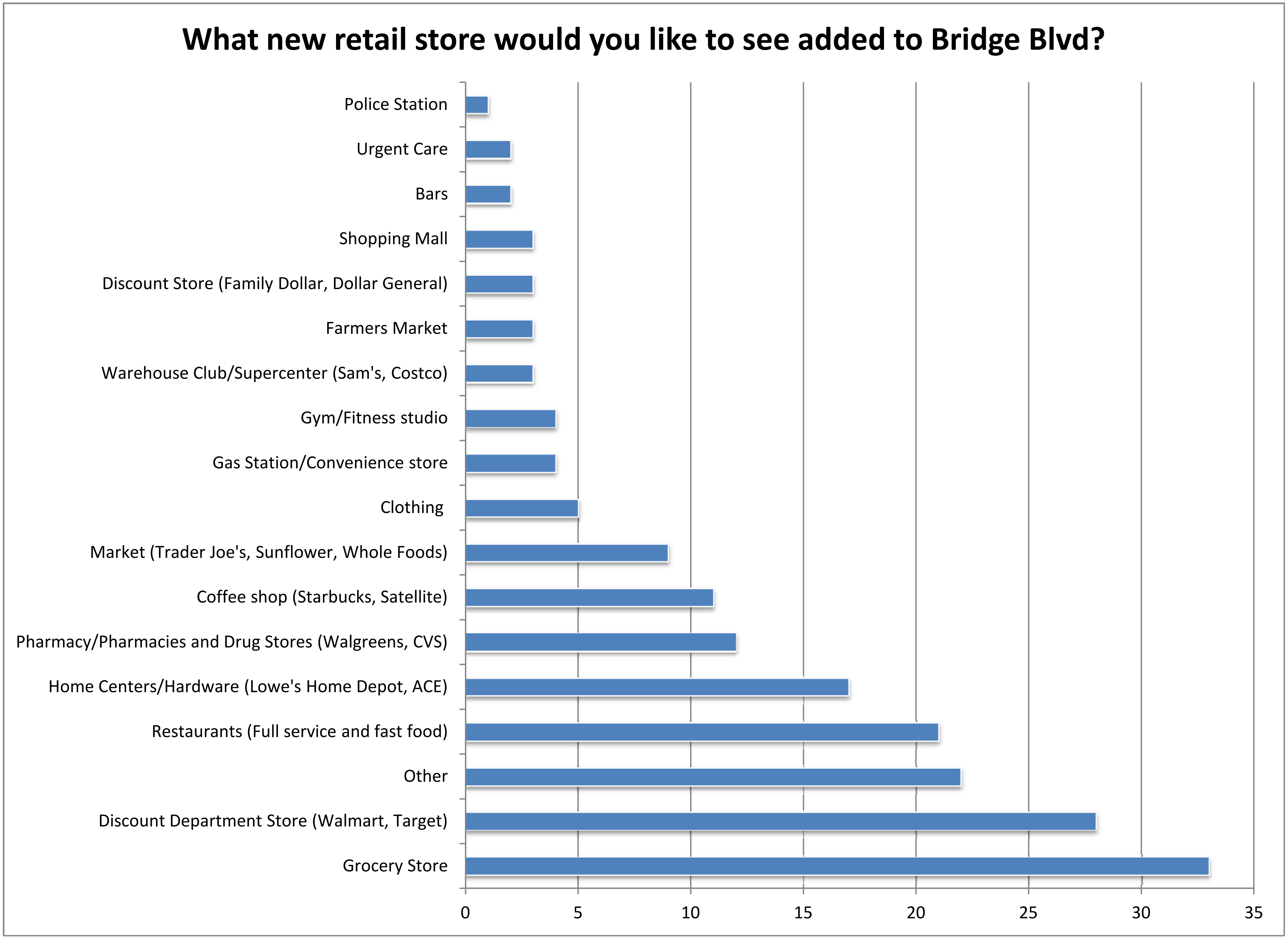
Table 6
What is most in need of improvement that would make a difference in how much you shop on Bridge Blvd?
Bernalillo County

	#	**%**
Answers [1]		
Variety and Selection	92	21%
Quality of Merchandise	56	13%
Price of Merchandise	25	6%
Parking Availability	38	9%
Attractiveness of Stores	82	19%
Quality of Service	30	7%
Safety	83	19%
Hours of Operation	22	5%
Access (both car and pedestrian) to Shops	59	14%
Total	**428**	**100%**

[1] Multiple responses given.

Table 7
What new retail store would you like to see added to Bridge Blvd?
Bernalillo County

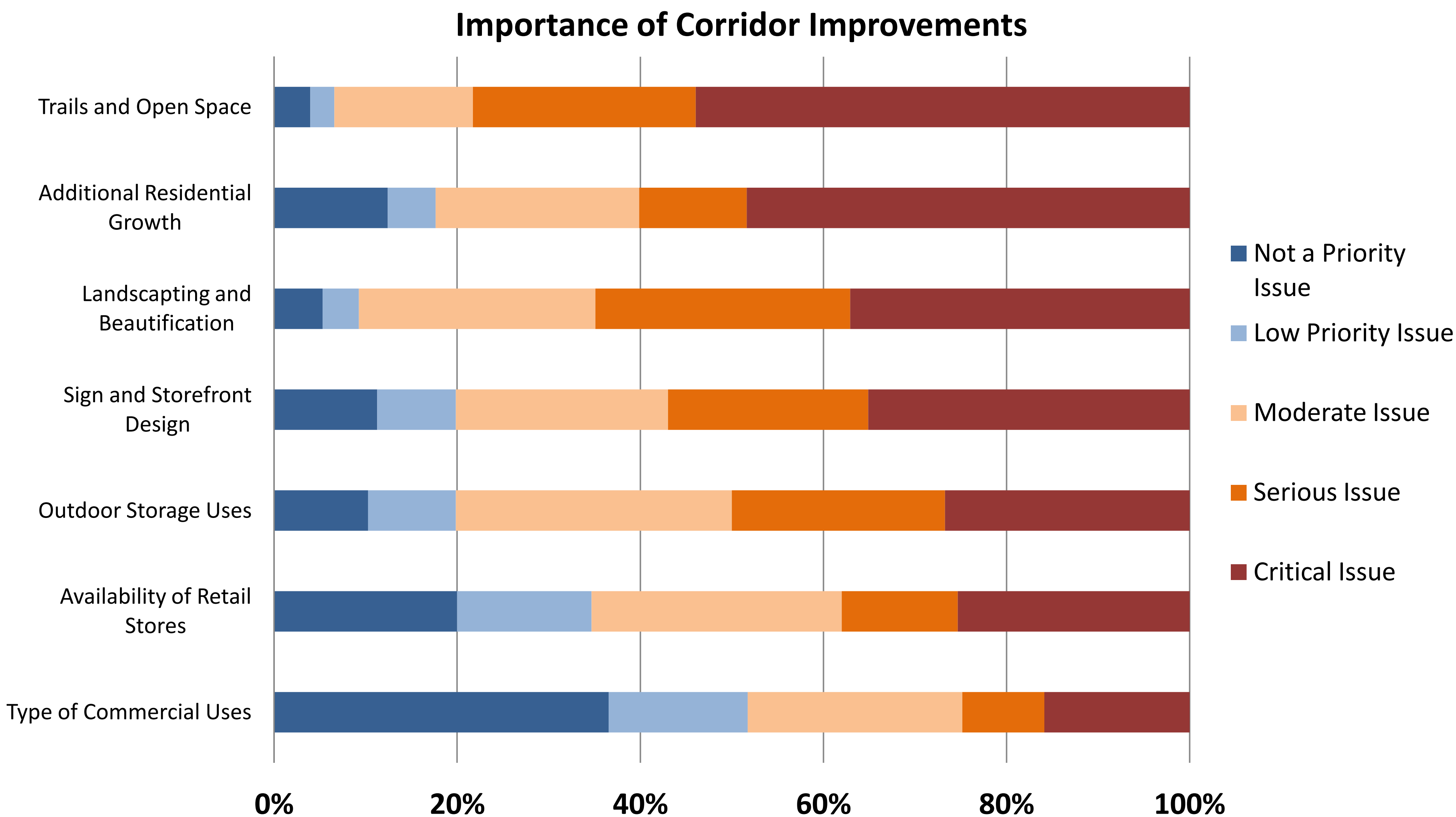
Grocery Store	33
Discount Department Store (Walmart, Target)	28
Other	22
Restaurants (Full service and fast food)	21
Home Centers/Hardware (Lowe's Home Depot, ACE)	17
Pharmacy/Pharmacies and Drug Stores (Walgreens, CVS)	12
Coffee shop (Starbucks, Satellite)	11
Market (Trader Joe's, Sunflower, Whole Foods)	9
Clothing	5
Gas Station/Convenience store	4
Gym/Fitness studio	4
Warehouse Club/Supercenter (Sam's, Costco)	3
Farmers Market	3
Discount Store (Family Dollar, Dollar General)	3
Shopping Mall	3
Bars	2
Urgent Care	2
Police Station	1



What new retail store would you like to see added to Bridge Blvd?
Police Station
Urgent Care
Bars
Shopping Mall
Discount Store (Family Dollar, Dollar General)
Farmers Market
Warehouse Club/Supercenter (Sam's, Costco)
Gym/Fitness studio
Gas Station/Convenience store
Clothing
Market (Trader Joe's, Sunflower, Whole Foods)
Coffee shop (Starbucks, Satellite)
Pharmacy/Pharmacies and Drug Stores (Walgreens, CVS)
Home Centers/Hardware (Lowe's Home Depot, ACE)
Restaurants (Full service and fast food)
Other
Discount Department Store (Walmart, Target)
Grocery Store
0
5
10
15
20
25
30
35

Table 8
Please rate the importance of the following corridor improvement issues in the Bridge Blvd Corridor
Bernalillo County

	Not a Priority Issue	Low Priority Issue	Moderate Issue	Serious Issue	Critical Issue
Answers					
Outdoor Storage Uses	53	22	34	13	23
Additional Residential Growth	30	22	41	19	38
Type of Commercial Uses	15	14	44	34	39
Sign and Storefront Design	17	13	35	33	53
Availability of Retail Stores	8	6	39	42	56
Trails and Open Space	19	8	34	18	74
Landscaping and Beautification	6	4	23	37	82
Answers					
Type of Commercial Uses	34%	14%	22%	8%	15%
Availability of Retail Stores	19%	14%	26%	12%	24%
Outdoor Storage Uses	10%	9%	28%	22%	25%
Sign and Storefront Design	11%	8%	22%	21%	34%
Landscapting and Beautification	5%	4%	25%	27%	36%
Additional Residential Growth	12%	5%	22%	11%	47%
Trails and Open Space	4%	3%	15%	24%	52%

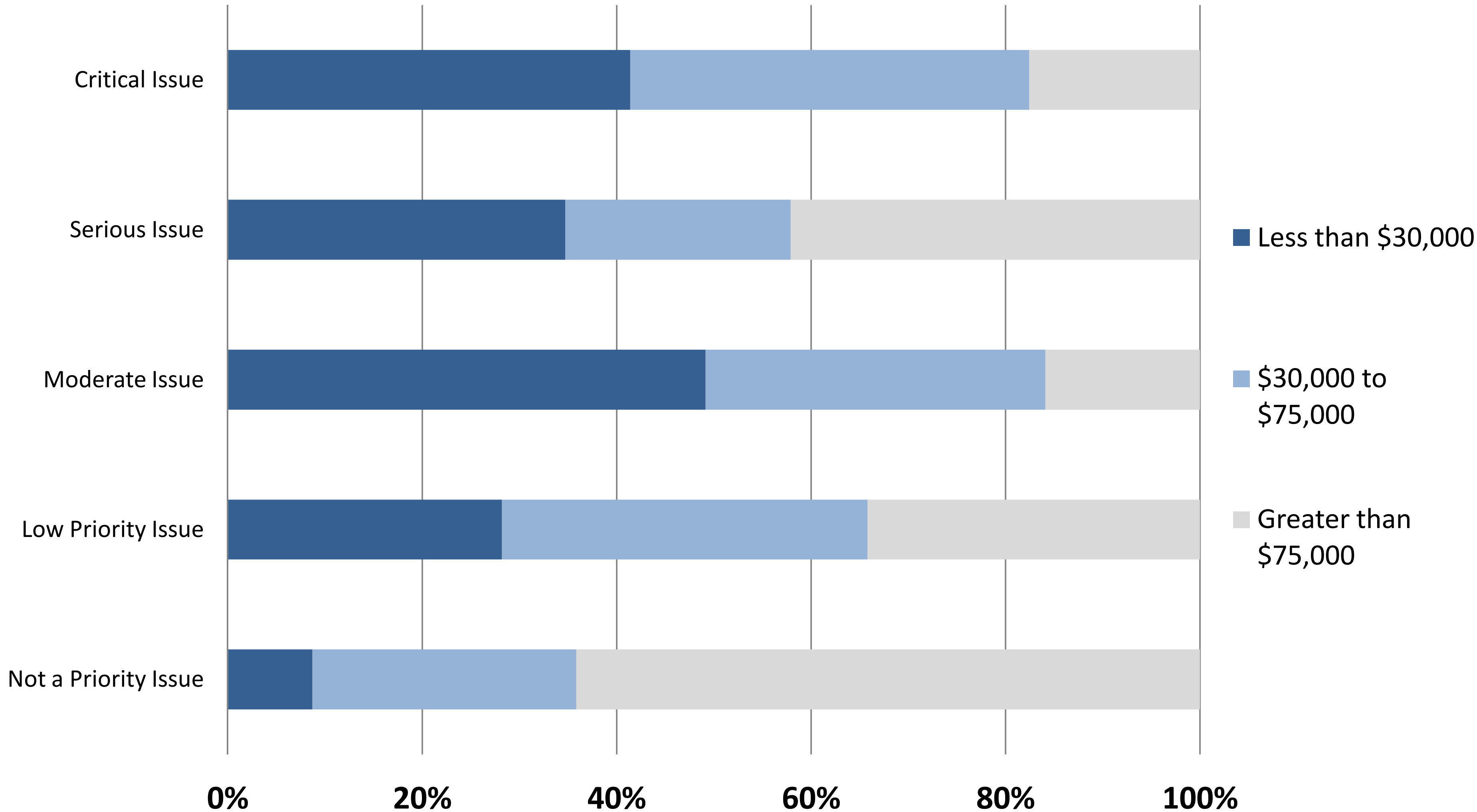


Source: Economic & Planning Systems

Table 9
The importance of corridor improvements in the Bridge Blvd Corridor, cross tabulated by household income
Bernalillo County

	Not a Priority Issue	Low Priority Issue	Moderate Issue	Serious Issue	Critical Issue	Not a Priority Issue	Low Priority Issue	Moderate Issue	Serious Issue	Critical Issue
Types of Commercial Uses										
Less than $30,000	5	6	14	9	16	9%	11%	25%	16%	29%
$30,000 to $75,000	7	6	17	15	15	12%	10%	28%	25%	25%
Greater than $75,000	1	2	12	9	7	3%	6%	36%	27%	21%
Total	**13**	**14**	**43**	**33**	**38**	**9%**	**9%**	**29%**	**22%**	**26%**
Availability of Retail Stores										
Less than $30,000	3	1	12	11	27	5%	2%	21%	20%	48%
$30,000 to $75,000	2	4	15	20	18	3%	7%	25%	33%	30%
Greater than $75,000	1	1	10	10	10	3%	3%	30%	30%	30%
Total	**6**	**6**	**37**	**41**	**55**	**4%**	**4%**	**25%**	**28%**	**37%**
Outdoor Storage Uses										
Less than $30,000	19	4	13	3	14	34%	7%	23%	5%	25%
$30,000 to $75,000	17	10	15	7	5	28%	17%	25%	12%	8%
Greater than $75,000	13	7	5	2	4	39%	21%	15%	6%	12%
Total	**49**	**21**	**33**	**12**	**23**	**33%**	**14%**	**22%**	**8%**	**15%**
Sign and Storefront Design										
Less than $30,000	7	6	10	10	22	13%	11%	18%	18%	39%
$30,000 to $75,000	5	6	12	14	21	8%	10%	20%	23%	35%
Greater than $75,000	3	1	11	9	8	9%	3%	33%	27%	24%
Total	**15**	**13**	**33**	**33**	**51**	**10%**	**9%**	**22%**	**22%**	**34%**
Landscaping and Beautification										
Less than $30,000	2	2	10	8	33	4%	4%	18%	14%	59%
$30,000 to $75,000	3	2	9	17	28	5%	3%	15%	28%	47%
Greater than $75,000	0	0	2	10	20	0%	0%	6%	30%	61%
Total	**5**	**4**	**21**	**35**	**81**	**3%**	**3%**	**14%**	**23%**	**54%**
Additional Residential Growth										
Less than $30,000	3	7	21	7	16	5%	13%	38%	13%	29%
$30,000 to $75,000	10	10	16	5	17	17%	17%	27%	8%	28%
Greater than $75,000	13	5	4	5	4	39%	15%	12%	15%	12%
Total	**26**	**22**	**41**	**17**	**37**	**17%**	**15%**	**28%**	**11%**	**25%**
Trails and Open Space										
Less than $30,000	9	3	11	4	29	16%	5%	20%	7%	52%
$30,000 to $75,000	7	0	18	7	27	12%	0%	30%	12%	45%
Greater than $75,000	0	3	4	7	17	0%	9%	12%	21%	52%
Total	**16**	**6**	**33**	**18**	**73**	**11%**	**4%**	**22%**	**12%**	**49%**

Importance of Additional Residential Growth by Income Level



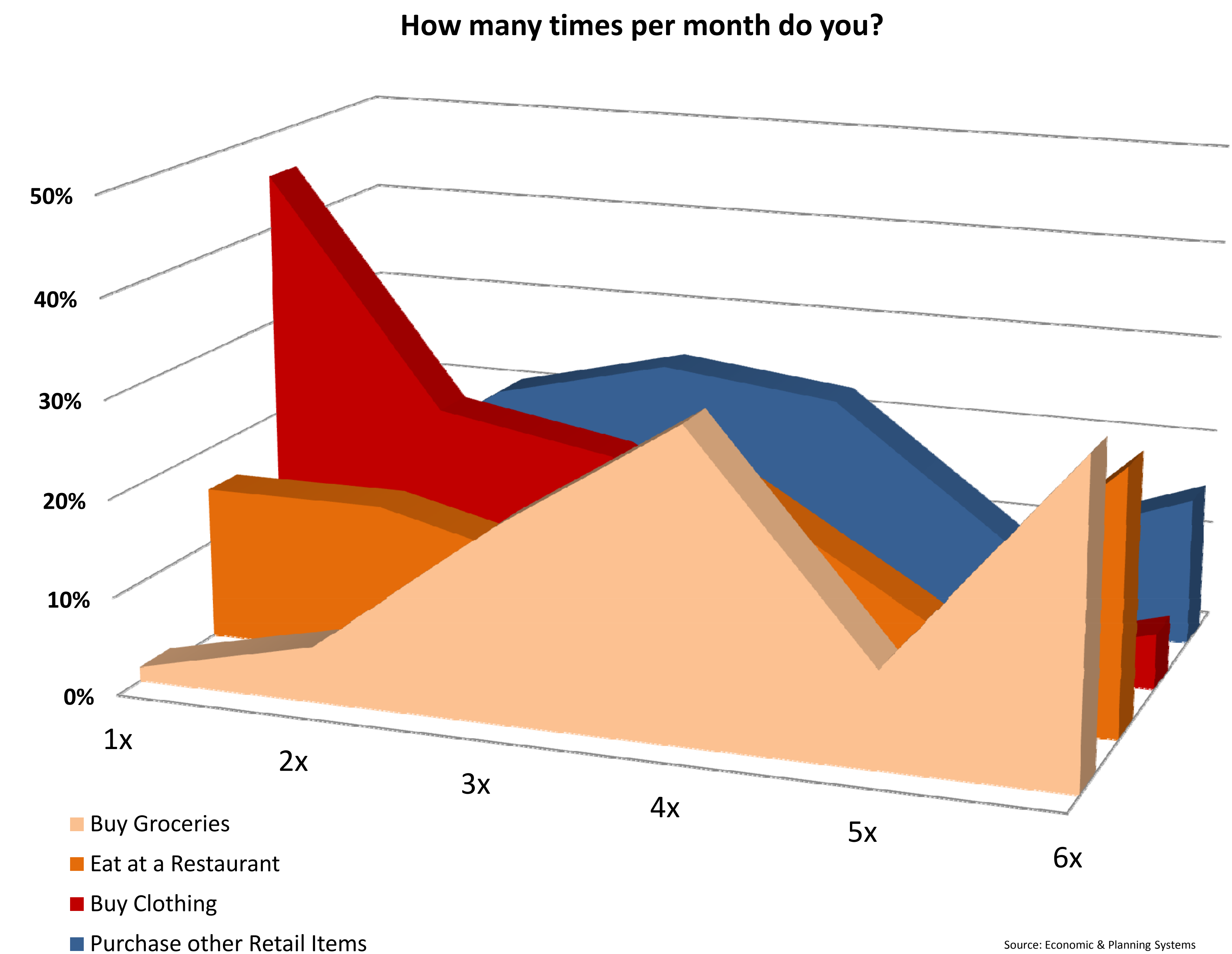
Source: Economic & Planning Systems

Table 10
The importance of corridor improvements in the Bridge Blvd Corridor, cross tabulated by type of household
Bernalillo County

	Not a Priority Issue	Low Priority Issue	Moderate Issue	Serious Issue	Critical Issue	Not a Priority Issue	Low Priority Issue	Moderate Issue	Serious Issue	Critical Issue
Types of Commercial Uses										
Family with Children	3	6	18	13	14	5%	11%	32%	23%	25%
Family with No Children	5	7	21	17	18	7%	10%	30%	24%	25%
Seniors	4	1	3	3	5	19%	5%	14%	14%	24%
Total	**12**	**14**	**42**	**33**	**37**	**8%**	**9%**	**28%**	**22%**	**25%**
Availability of Retail Stores										
Family with Children	2	4	17	13	19	4%	7%	30%	23%	34%
Family with No Children	2	2	16	24	25	3%	3%	23%	34%	35%
Seniors	4	0	2	4	9	19%	0%	10%	19%	43%
Total	**8**	**6**	**35**	**41**	**53**	**5%**	**4%**	**24%**	**28%**	**36%**
Outdoor Storage Uses										
Family with Children	18	9	14	5	6	32%	16%	25%	9%	11%
Family with No Children	23	13	11	6	13	32%	18%	15%	8%	18%
Seniors	10	0	4	2	3	48%	0%	19%	10%	14%
Total	**51**	**22**	**29**	**13**	**22**	**34%**	**15%**	**20%**	**9%**	**15%**
Sign and Storefront Design										
Family with Children	3	6	16	14	15	5%	11%	29%	25%	27%
Family with No Children	8	6	16	12	28	11%	8%	23%	17%	39%
Seniors	5	1	1	7	5	24%	5%	5%	33%	24%
Total	**16**	**13**	**33**	**33**	**48**	**11%**	**9%**	**22%**	**22%**	**32%**
Landscaping and Beautification										
Family with Children	1	0	8	15	31	2%	0%	14%	27%	55%
Family with No Children	4	4	10	14	38	6%	6%	14%	20%	54%
Seniors	1	0	2	8	8	5%	0%	10%	38%	38%
Total	**6**	**4**	**20**	**37**	**77**	**4%**	**3%**	**14%**	**25%**	**52%**
Additional Residential Growth										
Family with Children	11	4	18	7	15	20%	7%	32%	13%	27%
Family with No Children	11	14	17	9	17	15%	20%	24%	13%	24%
Seniors	5	4	4	2	4	24%	19%	19%	10%	19%
Total	**27**	**22**	**39**	**18**	**36**	**18%**	**15%**	**26%**	**12%**	**24%**
Trails and Open Space										
Family with Children	1	4	14	9	27	2%	7%	25%	16%	48%
Family with No Children	10	3	12	7	37	14%	4%	17%	10%	52%
Seniors	7	1	5	2	6	33%	5%	24%	10%	29%
Total	**18**	**8**	**31**	**18**	**70**	**12%**	**5%**	**21%**	**12%**	**47%**

Table 11
How many times per month do you purchase retail goods, crosstabulated by household income
Bernalillo County

	Times per Month						
	1x	**2x**	**3x**	**4x**	**5x**	**6x**	
Buy Groceries							
Less than $30,000	1	7	15	13	3	14	53
$30,000 to $75,000	0	1	11	22	5	19	58
Greater than $75,000	1	0	2	10	6	13	32
Total	**2**	**8**	**28**	**45**	**14**	**46**	**143**
	1%	6%	20%	31%	10%	32%	100%
Eat at a Restaurant							
Less than $30,000	12	15	6	6	2	6	47
$30,000 to $75,000	8	5	5	14	8	15	55
Greater than $75,000	1	1	4	8	3	15	32
Total	**21**	**21**	**15**	**28**	**13**	**36**	**134**
	16%	16%	11%	21%	10%	27%	100%
Buy Clothing							
Less than $30,000	22	9	4	7	0	1	43
$30,000 to $75,000	22	8	14	2	1	4	51
Greater than $75,000	12	10	5	0	0	2	29
Total	**56**	**27**	**23**	**9**	**1**	**7**	**123**
	46%	22%	19%	7%	1%	6%	100%
Purchase other Retail Items							
Less than $30,000	8	12	10	13	4	2	49
$30,000 to $75,000	3	14	14	9	5	12	57
Greater than $75,000	1	2	10	9	3	7	32
Total	**12**	**28**	**34**	**31**	**12**	**21**	**138**
	9%	20%	25%	22%	9%	15%	100%

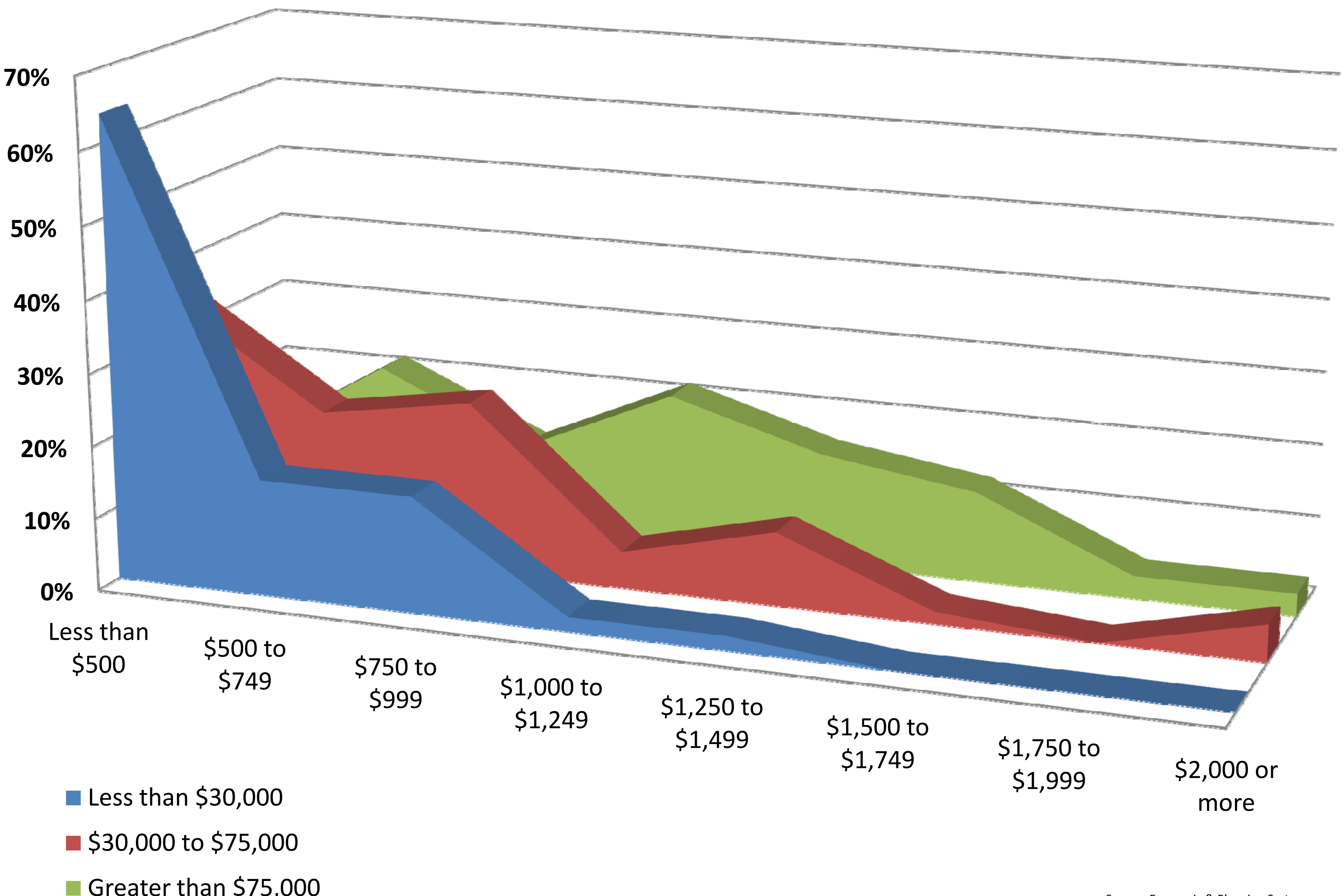


Source: Economic & Planning Systems

Table 12
Estimation of the amount spent per month on retail purchases (examples: groceries, alcoholic beverages, going out to eat at restaurants, apparel, furniture, hardwar, sporting goods, etc.), segmented by household income.
Bernalillo County

	Spent on Retail per Month							
	Less than $500	**$500 to $749**	**$750 to $999**	**$1,000 to $1,249**	**$1,250 to $1,499**	**$1,500 to $1,749**	**$1,750 to $1,999**	**$2,000 or more**
Income Category								
Less than $30,000	32	8	8	1	1	0	0	0
$30,000 to $75,000	20	12	14	3	6	1	0	3
Greater than $75,000	3	7	4	7	5	4	1	1
Total	**55**	**27**	**26**	**11**	**12**	**5**	**1**	**4**
	39%	19%	18%	8%	9%	4%	1%	3%
Income Category								
Less than $30,000	64%	16%	16%	2%	2%	0%	0%	0%
$30,000 to $75,000	34%	20%	24%	5%	10%	2%	0%	5%
Greater than $75,000	9%	22%	13%	22%	16%	13%	3%	3%
Total								

Monthly Retail Spending by Income Level



Source: Economic & Planning Systems

Table 13
Area in which resident purchases the majority of the retail items
Plese also identify where you work and live.
Bernalillo County

	Area 1	Area 2	South Valley Area 3	South Valley Area 4	Area 5	Total
Clothing						
Live in South Valley [1]	4	2	0	14	45	65
Live Outside Corridor	9	3	0	2	39	53
Total	**13**	**5**	**0**	**16**	**84**	**118**
as % of Total	11%	4%	0%	14%	71%	100%
Restaurants / Bar						
Live in South Valley [1]	4	1	6	6	46	63
Live Outside Corridor	5	8	1	1	35	50
Total	**9**	**9**	**7**	**7**	**81**	**113**
as % of Total	8%	8%	6%	6%	72%	100%
Grocery						
Live in South Valley [1]	12	3	8	21	27	71
Live Outside Corridor	19	11	1	2	22	55
Total	**31**	**14**	**9**	**23**	**49**	**126**
as % of Total	25%	11%	7%	18%	39%	100%
Other Retail						
Live in South Valley [1]	12	1	2	9	40	64
Live Outside Corridor	4	8	2	1	33	48
Total	**16**	**9**	**4**	**10**	**73**	**112**
as % of Total	14%	8%	4%	9%	65%	100%
Employment Location						
Live in South Valley [1]	2	0	8	6	27	43
Live Outside Corridor	1	4	0	3	26	34
Total	**3**	**4**	**8**	**9**	**53**	**77**
as % of Total	4%	5%	10%	12%	69%	100%

[1] South Valley is defined as Areas 3 and 4.

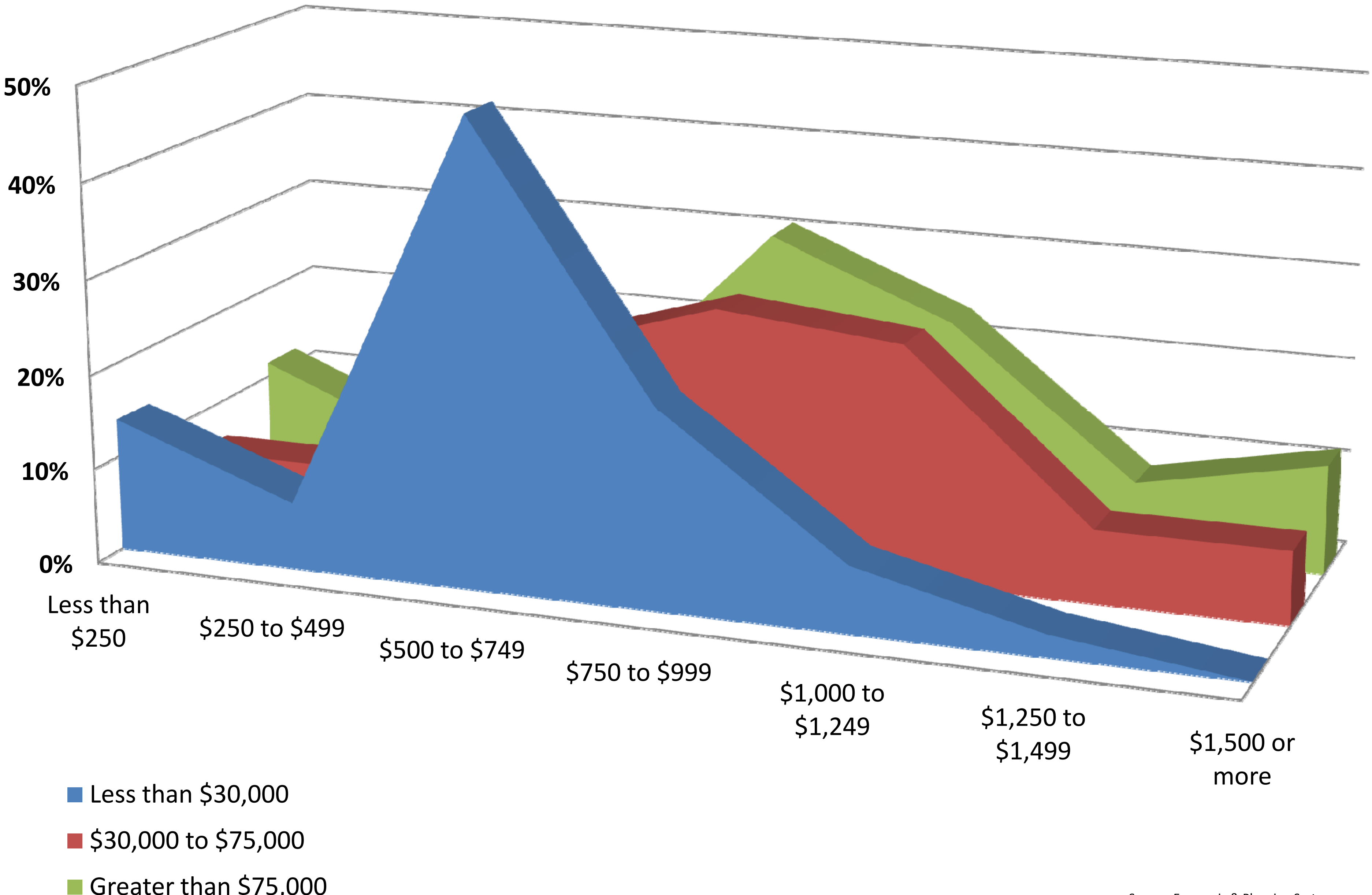
Table 14
Is your residence: Owned by you or a family member; Rented from a Landlord; Other?
Bernalillo County

	Own	Rent	Total	Own	Rent
Income Category					
Less than $30,000	38	17	55	69%	31%
$30,000 to $75,000	54	4	58	93%	7%
Greater than $75,000	32	1	33	97%	3%
Total	**124**	**22**	**146**	**85%**	**15%**
Household Type Category					
Family with Children	45	9	54	83%	17%
Family with No Children	61	9	70	87%	13%
Seniors	20	1	21	95%	5%
Total	**126**	**19**	**145**	**87%**	**13%**
Outdoor Storage Uses					
Less than 5 years	14	7	21	67%	33%
5 to 19 years	45	10	55	82%	18%
20 or more years	69	5	74	93%	7%
Total	**128**	**22**	**150**	**85%**	**15%**

Table 15
What is your total monthly RENT and/or MORTGAGE payment (excluding utilities), segmented by income.
Bernalillo County

	Rent / Mortgage Payment per Month							
	Less than $250	**$250 to $499**	**$500 to $749**	**$750 to $999**	**$1,000 to $1,249**	**$1,250 to $1,499**	**$1,500 or more**	**Total**
Income Category								
Less than $30,000	6	3	21	9	3	1	0	43
$30,000 to $75,000	3	3	11	14	13	4	4	52
Greater than $75,000	3	1	3	8	6	2	3	26
Total	**12**	**7**	**35**	**31**	**22**	**7**	**7**	**121**
Income Category								
Less than $30,000	14%	7%	49%	21%	7%	2%	0%	100%
$30,000 to $75,000	6%	6%	21%	27%	25%	8%	8%	100%
Greater than $75,000	12%	4%	12%	31%	23%	8%	12%	100%
Total	**10%**	**6%**	**29%**	**26%**	**18%**	**6%**	**6%**	**100%**

Monthly Rent / Mortgage by Income Level



Source: Economic & Planning Systems

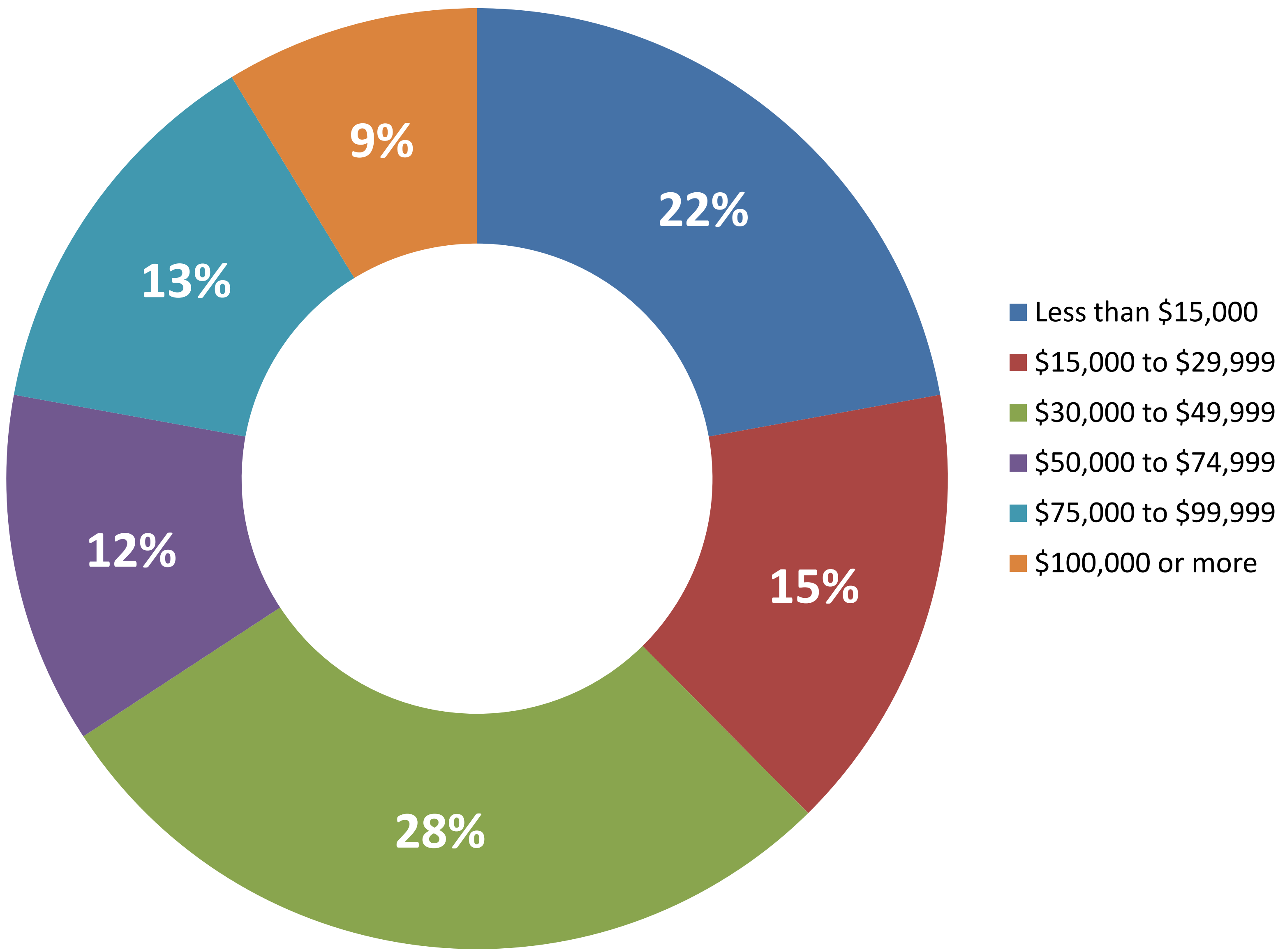
Table 16
Cost Burden Analysis -- Income and Housing Payments
Bernalillo County

	Rent / Mortgage Payment per Month								Cost Burdened by Income Level
	Less than $250	**$250 to $499**	**$500 to $749**	**$750 to $999**	**$1,000 to $1,249**	**$1,250 to $1,499**	**$1,500 or more**		
	125	**375**	**625**	**875**	**1125**	**1375**	**1750**		
	1500	**4500**	**7500**	**10500**	**13500**	**16500**	**21000**		
Income Category									
Less than $15,000	3	1	12	7	0	0	0	23	
$15,000 to $29,999	3	2	9	2	3	1	0	20	
$30,000 to $49,999	3	2	10	8	8	2	3	36	
$50,000 to $74,999	0	1	1	6	5	2	1	16	
$75,000 to $99,999	1	0	1	8	5	1	2	18	
$100,000 or more	2	1	2	0	1	1	1	8	
Total	**12**	**7**	**35**	**31**	**22**	**7**	**7**	**121**	
	10%	6%	29%	26%	18%	6%	6%	100%	
% Income Spent on Rent									
Less than $15,000	20%	60%	100%	140%	180%	220%	280%		
$15,000 to $29,999	7%	20%	33%	47%	60%	73%	93%		
$30,000 to $49,999	4%	11%	19%	26%	34%	41%	53%		
$50,000 to $74,999	2%	7%	12%	17%	22%	26%	34%		
$75,000 to $99,999	2%	5%	9%	12%	15%	19%	24%		
$100,000 or more	1%	4%	6%	8%	11%	13%	17%		
Income Category									
Less than $15,000	13%	4%	52%	30%	0%	0%	0%		**87%**
$15,000 to $29,999	15%	10%	45%	10%	15%	5%	0%		**75%**
$30,000 to $49,999	8%	6%	28%	22%	22%	6%	8%		**36%**
$50,000 to $74,999	0%	6%	6%	38%	31%	13%	6%		**6%**
$75,000 to $99,999	6%	0%	6%	44%	28%	6%	11%		**0%**
$100,000 or more	25%	13%	25%	0%	13%	13%	13%		**0%**

Table 17
What was your gross annual household income last year (before taxes)?
Bernalillo County

	#	%
Answers		
Less than $15,000	33	22%
$15,000 to $29,999	23	15%
$30,000 to $49,999	42	28%
$50,000 to $74,999	18	12%
$75,000 to $99,999	20	13%
$100,000 or more	13	9%
Total	**149**	**100%**

Survey Response Household Income Distribution



Source: Economic & Planning Systems

Appendix B

Five Points Financial Feasibility Evaluation And Public Finance Tools

FIVE POINTS FINANCIAL FEASIBILITY EVALUATION AND PUBLIC FINANCE TOOLS

The consultant team identified three key catalytic nodes along the Bridge Boulevard Corridor for potential redevelopment. These nodes include the Gateway District, the Five Points District, and the West Mesa/Tower Employment District, as shown in **Figure 1** on the following page. Based on the market demand projections and local economic conditions, the consultant team developed a potential development program for each node. As a result of its current ownership, larger parcel sizes and strategic location along the corridor, EPS believes that the Five Points District has the most potential for moving forward in the short to mid-term. Therefore, the feasibility evaluation is focused on the development programs outlined for this area, as shown graphically in **Figure 2** and summarized in **Table 1**.

Table 1
Summary Development Program

Description	Tract A		Tract B	
Land	**6.66**	Acres	**4.13**	Acres
	290,110	Sq Ft.	179,903	Sq Ft.
Program				
Retail				
Grocery Store	25,000	Sq Ft.	0	Sq Ft.
Drugstore	10,000	Sq Ft.	0	Sq Ft.
Outparcels	10,000	Sq Ft.	0	Sq Ft.
Mercado	6,000	Sq Ft.	0	Sq Ft.
Total	**51,000**	Sq Ft.	**0**	Sq Ft.
Residential				
Units	0	Units	76	Units
Avg. Size	800	Sq Ft.	800	Sq Ft.
Total	**0**	Sq Ft.	**60,800**	Sq Ft.
Density				
FAR	0.18		0.34	
DU/Acre	--		18.40	
Parking	**274**	**Spaces**	**84**	**Spaces**

Source: Economic & Planning Systems

H:\21823-Bernalillo County Bridge Boulevard\Model\Feasibility Models\[21823-Bridge Blvd Five Points Feasibility120312.xlsx]Program

Figure 1
Bridge Boulevard Corridor

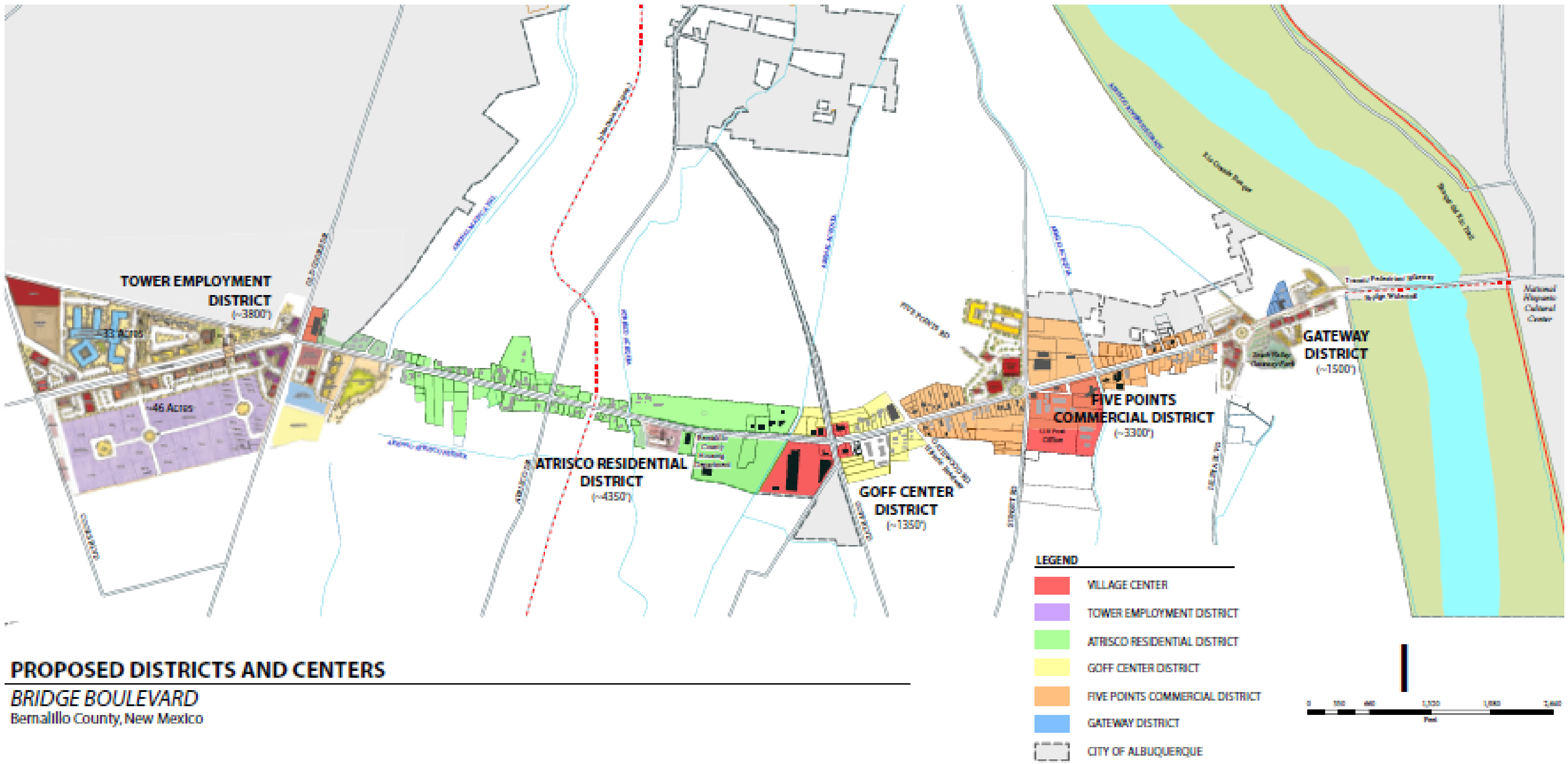


Figure 2
Five Points District

Parcel ID	Parcel Size (sf)	Parcel Size (acres)	FAR	Building SF	# Units	Building Stories	Required Parking	Provided Parking
Tract A	167,706	3.85	0.30	51,000		1	255	274
Tract B	179,903	4.13		60,600	76	1	95	84 (On-street parking)
	347,609	8		111,600	76		350	358

Methodology

When reading this evaluation, it is important to keep in mind that EPS made several assumptions for the sake of analysis. The analysis that follows will vary slightly depending on numerous factors such as the number of parcels involved in any new development, and interest from current landowners. While the numbers in the following pages might look concrete, they really form the basis for starting a conversation with landowners and will benefit from vetting by existing property owners in the corridor. Remember, the goal of such an evaluation, intrinsically, is to show concepts that cross property lines. The resulting form differs from what would be done independently, and thus provides focus for the corridor. Finally, one take-away from the analysis is that public or civic improvements warrant public investment.

In order to understand the underlying economics and potential financial gaps of the project, EPS tested the financial feasibility of the Five Points program against current market conditions using a static feasibility analysis methodology. Static feasibility analysis compares potential project costs to the capitalized value of potential project revenues to determine feasibility. Rather than a discounted cash flow analysis methodology that compares the timing of future costs and revenues over time, static feasibility compares costs and revenues at one point in time, typically the anticipated year of stabilization. Static feasibility analysis is best used when more detailed information is not available and the timing of development is uncertain. Thus, assumptions about detailed costs and revenues, future growth and/or inflation, and the "time value of money" are not required.

For income-producing operating properties, such as apartments and typical office and retail space where a property owner generates rent from tenants, capitalized value is estimated by forecasting annual stabilized net operating income (rent revenue less operating expenses) and dividing by a direct capitalization rate. The capitalization rate, or "cap rate," represents the annual return required by a real estate investor, and ultimately, the value investors place on the potential annual income. Cap rates can be extracted from the local market and vary depending on building type (residential, retail, office), quality, local market conditions, and overall risk. The capitalization rate is an inverse ratio. Thus, the higher the rate, the lower the resulting value; while the lower the rate, the higher the resulting value. By definition, the cap rate approach can only be used for development that generates an ongoing revenue stream (i.e., rents). Thus, it cannot be applied to land (other than unusual cases in which parcels are under long-term leases), or for-sale components of a given project (i.e., townhomes).

EPS applied static feasibility analysis to the identified development program, comparing potential capitalized value to potential project costs, including required return but exclusive of land. The resulting comparison yields the residual land value of the site, or the remaining land value of the site that could be supported by potential project revenues after subtracting out project costs. EPS then compared this value to estimated market values for land in the surrounding South Valley using various comparable land sales, listings, and discussions with local brokers. If the estimated residual land value is equal to or greater than the estimated market value of the land, then the project is estimated to be feasible. If the estimated residual land value is negative or less than the estimated market value of land, the project is estimated to be infeasible. A summary of the methodology is shown in **Table 2**.

Table 2
Summary Static Feasibility Methodology

Item		Operating Property
Project Revenue		Rent ($ per Sq. Ft.)
		Size (Sq. Ft.)
		Gross Potential Income (GPI)
		<Less> Vacancy
		Effective Gross Income (EGI)
		<Less> Operating Expenses
		Net Operating Income (NOI)
		<Divided by> Capitalization Rate
	(A)	**Capitalized/Market Value**
Project Costs		Site Development Costs
		<Plus> Vertical Development Costs
		<Plus> Hard Costs Contingency
		<Plus> Soft Costs
	(B)	**Development Costs**
Residual Land Value		Market Value (A)
		<Less> Total Development Costs (B)
	(C)	**Residual Land Value**
Market Land Value	**(D)**	**Market Land Value**
Feasibility		(C) > (D) = Feasible
		(C) < (D) = Infeasible

Source: Economic & Planning Systems
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KEY ASSUMPTIONS

The following section outlines the key assumptions utilized in the feasibility analysis, including project revenues and capitalized value, project costs, and underlying market land values. These assumptions are based on current market conditions and development costs. A summary of the key assumptions and project feasibility for Tract A is first provided, followed by a feasibility analysis of Tract B.

TRACT A – RETAIL FEASIBILITY

Project Revenue

Operating Revenue

The development program for Tract A contains four distinctly different retail prototypes. Retail anchors, such as grocery stores and drugstores, are large users that drive demand for other retail uses by generating automobile and foot traffic, allowing shoppers to combine major shopping trips with other services, and providing for more casual window shopping, all which result in cross shopping and greater expenditure. Because retail anchors are generally critical to a project's success, these retail users generally pay less than other ancillary retail (services and soft goods). In this case, the development program includes a small-size grocery store (likely to be a compact national prototype, or alternative grocer such as a natural foods or Hispanic grocer), a drugstore (national chains generally averaging 10,000 to 15,000 square feet), and more typical ancillary retail (likely to include a mix of retail shops, services, and restaurants). In addition to these more traditional retail types, the concept also includes an outdoor Mercado designed for a variety of local "micro-retailers," or very small (250 to 500 square feet) businesses, similar to concepts you would find at indoor Mercados throughout the South Valley (and currently at the site). The overall program concept is to provide a full-spectrum of retail offerings, creating synergy between larger retail anchors and retail at the smallest level, so that the local community benefits from the investment in larger retailers, creating a unique retail destination in the South Valley.

Based on research of local listings and discussions with brokers, annual retail rents for traditional ancillary space in the South Valley generally ranges from $12.00 to $20.00 per square foot (excluding outliers), as shown in **Table 3** on the following page.

Table 3
Tract A Rent Comparables

Location	Description	Class	Space Min	Space Max	Rate	Type[1]	Listing	Source
111 Coors Blvd.		Newer	2,633	5,063	$12-$20	NNN	Active	Loopnet
3211 Coors Blvd.		Newer	2,427	13,672	$ 12.00	NNN	Active	Loopnet
3211 Coors Blvd.		Newer	7,936	13,672	$ 14.00	NNN	Active	Loopnet
Los Volcanes & Unser		New (Not yet built)	1,200	14,750	$ 18.00	NNN	Active	Loopnet
1625 Rio Bravo		Medium	2,140	15,740	$ 18.00	NNN	Active	Loopnet
1625 Rio Bravo		Medium	13,600	15,740	$ 14.00	NNN	Active	Loopnet
1720 Bridge Blvd.	Goff Center	Old-Renovated	1,000	18,800	$ 12.00	NNN	Active	Loopnet
4201 Central Blvd	Pros Ranch	Medium	1,987	19,021	$ 10.00	NNN	Active	Loopnet
4201 Central Blvd	Pros Ranch	Medium	10,103	19,021	$ 14.00	NNN	Active	Loopnet
4208 Central Ave.	K-Mart Center	Old	20,000	20,000	$ 7.50	NNN	Active	Loopnet
Central and Unser	Bridge Blvd. west of Coors	New (Not yet built)	1,000	42,000	$ 30.00	NNN	Active	Loopnet
Los Volcanes & Unser		New (Not yet built)	1,200	133,000	$ 15.00	NNN	Active	Loopnet
2720 Isleta		Old	370		$ 16.00	MG	Active	Loopnet
		Min.	**Max.**	**Avg.**	**Median**			
Bridge Corridor	Per Sq. Ft. (Annual)	$4.62	$19.20	$9.22	$10.00	NNN	In Place	Survey

[1]Type refers to lease type. NNN represents "Triple Net" lease where tenants are responsible for all assoc. operating expenses. MG represents "Modified Gross" where the tenant and landlord share in the operating expenses.

Source: Economic & Planning Systems

H:\21823-Bernalillo County Bridge Boulevard\Model\Feasibility Models\[21823-Bridge Blvd Five Points Feasibility120312.xlsx]Comm. Leases

Considering the importance of a larger retail anchor to the project, EPS estimates supportable annual retail rent for a new grocery anchor to be approximately $8.00 per square foot "triple net" (NNN), with the tenant paying all additional operating expenses. EPS estimates retail rent for the drugstore to be slightly higher, or $17.00 per square foot NNN and the accompanying ancillary to be even higher, or $20.00 per square foot NNN. Because the leasable space in the outdoor Mercado is designed for mircorretailers that require much smaller space for each individual business, retail rent on a per square foot basis is anticipated to be much higher than typical ancillary retail. Based on the stated rents of the indoor Mercados in the area, EPS estimates the outdoor Mercado space could be rented for as much as $40.00 per square foot gross, with the landlord paying all operating expenses. EPS assumed a 5.0 percent vacancy rate for the traditional retail space and a 10.0 percent vacancy rate for the Mercado space, as these leases will be more short-term and more turnover is anticipated.

Operating Expenses

Typical operating expenses include utilities, taxes, insurance, property management, and market/ advertising. All commercial development, with the exception of the outdoor Mercado, is anticipated to be leased on a NNN basis with all expenses incurred by the future tenants. Thus, no operating expenses are to be incurred by landlords. Because of the anticipated turnover of local microretailers in the outdoor Mercado, as well as the relatively small size of each business, EPS believes it will likely be more efficient for the landlord to pay operating expenses. Because these spaces will require relatively little interior upkeep and utilities, EPS estimates annual operating expenses for the outdoor Mercado will average approximately $5.00 per square foot.

Market Value

As stated in the methodology section of this Appendix, to determine the market value of an operating property, net operating revenues must be divided by an estimated market capitalization rate. Capitalization rates represent the annual rate of return generated from net operating revenue. The required return varies based on a number of factors, including use, location, and overall building quality. As a new retail development in an economically-challenged portion of Albuquerque, the project will likely require a higher capitalization rate than a project in a more economically proven location in other parts of Albuquerque or other larger institutional investor markets where national investors frequently invest (Los Angeles, Chicago, Dallas, etc.). The higher rate is required to account for the perceived higher levels of risk associated with the unfamiliarity of a smaller market, limited local transaction data, and fewer economic drivers. As such, limited data is available on typical cap rates in the Albuquerque market.

According to a 2012 CBRE investor survey, retail cap rates for neighborhood or community retail range from 7.25 percent to 9.0 percent depending on the quality and location of the asset. The proposed project will be a new construction property, but in an untested retail market. Thus, EPS believes a cap rate of 8.5 to 9.5 percent is reasonable.

Dividing estimated net operating income by an estimated cap rate of 9.0 percent results in an estimated market value of approximately $8.1 million, or $158 per square foot as shown in **Table 4.**

Table 4
Tract A Program Revenue/Market Value

Description	Grocery Store	Drugstore	Outparcel Retail	Mercado	Total
Sq. Ft.	**25,000**	**10,000**	**10,000**	**6,000**	**51,000**
Rent (PSF)	$8.00	$17.00	$20.00	$40.00	
Gross Potential Income (GPI)	**$200,000**	**$170,000**	**$200,000**	**$240,000**	**$810,000**
Vacancy	5.0%	5.0%	5.0%	10.0%	6.5%
Effective Gross Income (EGI)	**$190,000**	**$161,500**	**$190,000**	**$216,000**	**$757,500**
OE	$0	$0	$0	$5.00	$30,000
Net Operating Income (NOI)	**$190,000**	**$161,500**	**$190,000**	**$186,000**	**$727,500**
Cap Rate					9.0%
Market Value					**$8,083,333**
Per Sq. Ft.					$158

Source: Economic & Planning Systems

H:\21823-Bernalillo County Bridge Boulevard\Model\Feasibility Models\[21823-Bridge Blvd Five Points Feasibility120312.xlsx]Revenue

Project Costs

Site Development Costs

Demolition

The site is currently improved with a mix of commercial and residential uses. The primary structure is just over 30,000 square feet and currently houses a large furniture store and two clothing stores. Structures to the west of Five Points Road include a single-story office building, several smaller auto-oriented commercial buildings, and a cluster of single-family homes. In total, there is almost 40,000 square feet of existing commercial building improvements. In order to provide sufficient space for the identified development program, all of these parcels will need to be acquired and all of the current structures will need to be razed. Based on its experience, EPS estimates demolition costs to average approximately $2.00 per square foot.

Site Development

Project site development costs represent the expenditure associated with preparing the land for development. Potential costs include remediation, grading, utilities, drainage, landscaping, paving, curb and gutter, etc. Site development costs will also include the outdoor plaza related to the outdoor Mercado. In some cases these costs can be substantial (significant drainage issues and/or remediation of environmental contamination); however, given the current active uses on site, extraordinary costs have not been included. Assuming a certain level of quality for the outdoor plaza, EPS estimates site development costs to average approximately $3.00 per square foot.

Parking

Parking costs represent the cost of paving and striping the onsite spaces and in the case of structured parking, the construction costs of the parking structure (supports, ramps, etc.). The identified development program utilizes 274 surface parking spaces. EPS estimates the cost of parking to average approximately $2,500 per space.

Retail Vertical Development Costs

Vertical development costs represent the construction-specific costs (materials, labor, and overhead) associated with the development of a new project. Vertical development costs include the building's structural shell and systems, as well as the interior finishes.

Core and Shell

Core and shell costs represent the construction costs of the structural-frame, interior building systems (HVAC, plumbing, elevators, etc.), and the interior finish (flooring, lighting, etc.) of common areas (lobby, hallways, stairwells, etc.). Core and shell costs are greatly contingent on the required structural material (steel or wood-frame) necessary to support the use. In this case the commercial buildings will likely require steel-frame construction. Because of the size of the grocer, EPS estimates hard costs will be slightly lower on a per square foot basis than the other uses, or $75 per square foot. All other uses are estimated to average approximately $80 per square foot.

Tenant Improvements

Tenant improvements represent the interior finish of tenant space, including flooring, lighting, and a portion of attached furniture, fixtures, and equipment (FFE). Tenant finishes are often negotiated as part of retail or office lease terms, so the ultimate amount to be paid by the developer can vary. For the purposes of this analysis, EPS estimates tenant improvements to be incurred by the developer will cost approximately $20 per square foot of leasable area. The outdoor Mercado will generally not provide interior space for customer use. Thus, no tenant improvements are assumed for this space.

Hard Cost Contingency

A hard cost contingency represents budgeted dollars to account for any potential cost overruns. While not guaranteed to be spent, contingency funds are frequently fully-utilized. Based on EPS' experience, hard cost contingencies typically average 5.0 to 10.0 percent of hard costs, depending on the particular developer. Thus, EPS estimates a hard cost contingency of 5.0 percent of hard costs (including site and vertical development costs).

Soft Costs

Soft costs include all of the non-construction costs associated with the development of a project. These costs include entitlement costs, building permits/fees, architectural fees, legal fees, other consultant fees, and financing costs (interest). Soft costs can vary greatly depending on the project. However, a general rule of thumb is between 25 and 35 percent of project hard costs. Thus, for the purposes of this analysis, EPS assumes soft costs of approximately 25.0 percent of total hard costs.

EPS estimates project costs, excluding land, total $8.5 million, or $167 per square foot, as shown in **Table 5**.

Table 5
Tract A Program Project Costs, excluding land

Description	Factor	Grocery Store	Drugstore	Outparcel Retail	Mercado	Total
Site Costs						
Demolition [1]	$2.00					$78,000
Site Prep/Utilities/Landscaping/Plazas [2]	$3.00					$870,000
Parking	$2,500					$685,000
Total Site Costs						**$1,633,000**
Building Costs						
Sq. Ft.		**25,000**	**10,000**	**10,000**	**6,000**	**51,000**
Core and Shell		$75.00	$80.00	$80.00	$80.00	
Core and Shell Subtotal		**$1,875,000**	**$800,000**	**$800,000**	**$480,000**	**$3,955,000**
Tenant Improvements		$20.00	$20.00	$20.00	$0.00	
Tenant Improvements Subtotal		**$500,000**	**$200,000**	**$200,000**	**$0**	**$900,000**
Total Building Costs		**$2,375,000**	**$1,000,000**	**$1,000,000**	**$480,000**	**$4,855,000**
Total Hard Costs						**$6,488,000**
Contingency	5.0%					$324,000
Total Hard Costs						**$6,810,000**
Soft Costs	25.0%					**$1,703,000**
Total Costs						**$8,516,000**
Per Sq. Ft.						$167

[1] 38,898 sq. ft. of existing buildings
[2] 290,110 sq. ft. of land
Source: Economic & Planning Systems
H:\21823-Bernalillo County Bridge Boulevard\Model\Feasibility Models\[21823-Bridge Blvd Five Points Feasibility120312.xlsx]Costs

Land Value

In addition to hard and soft costs, the acquisition of the underlying land is a significant project cost to any real estate development. Land values are determined by a number of factors, including location, size, access, zoning, required site development costs, and the potential future use. To determine potential feasibility requirements, EPS compared the residual land value, or the remaining supportable land cost after all project costs are netted from estimated market value, to the estimated market value of the land for a given site.

To estimate the market value of land in the South Valley and, more specifically, Bridge Boulevard, EPS compiled a list of comparable land sales and listings in the area, as shown in **Table 6** on the following page.

Recent land sales in the South Valley and West Mesa areas ranged from as little as approximately $9.00 per square foot to as much as $50.00 per square foot, depending on size and location. The Five Points property development concept is based on an aggregated parcel of approximately 6.66 acres, much larger than any of the available land sales listings. Currently, the land is held under five separate ownerships, ranging in size from 0.01 acres to 4.15 acres. Current land sale listings range in size from 0.25 acres to as much as 18.0 acres. List prices for raw (unprepared) land greater than 1.0 acres but less than 4.0 acres generally average between $8.50 and $15.75 per square foot. However, most of the parcels considered for this project are on the smaller side of this range and parcels in the Five Points area tend to be inferior to those along Coors Boulevard in terms of access and visibility. Given these factors, coupled with insight from a local commercial broker, EPS believes land acquisition for this project is likely to be around $6.00 per square foot.

Table 6
Tract A Land Comparables

Description	Address	Zoning	Size		Price		Sale/Listing	Sale Date	Source
			Acres	SqFt	Total	Per Sq. Ft.			
Bridge Blvd.	1116 Bridge Blvd.	Commercial	0.06	2,614	$131,250	$50.22	Sale	8/24/2012	Loopnet
Bridge Blvd.	1116 Bridge Blvd.	Commercial	0.06	2,614	$106,250	$40.65	Sale	6/21/2012	Loopnet
	1525 Hooper Rd.	Commercial	0.07	3,049	$124,033	$40.68	Sale	1/3/2011	Loopnet
	1809 Lake Dr.	Commercial	0.14	6,098	$71,875	$11.79	Sale	3/30/2012	Loopnet
	6432 Dennison Rd.	Commercial	0.14	6,098	$71,250	$11.68	Sale	3/25/2012	Loopnet
	65th St.	Commercial	0.38	16,553	$144,100	$8.71	Sale	12/30/2010	Loopnet
	1527 Airway Rd.	Commercial	0.50	21,780	$337,500	$15.50	Sale	5/4/2012	Loopnet
	806 Old Coors Dr.	Commercial	0.66	28,750	$625,000	$21.74	Sale	3/19/2012	Loopnet
	1214 Bridge	Commercial	0.23	10,019	$75,250	$7.51	Listing	Active	Loopnet
SE Corner of Bridge and Coors	Coors Blvd.	Commercial	1.23	53,579	$455,000	$8.49	Listing	Active	Loopnet
SE Corner of Bridge and Coors	Coors Blvd.	Commercial	1.32	57,499	$488,000	$8.49	Listing	Active	Loopnet
Las Enstancias Pads	Coors and Rio Bravo	Commercial	1.71	74,488	$1,696,827	$22.78	Listing	Active	Loopnet
Las Enstancias Pads	Coors and Rio Bravo	Commercial	1.75	76,230	$1,561,953	$20.49	Listing	Active	Loopnet
Tower and Coors			3.85	167,706	$2,640,000	$15.74	Listing	Active	Loopnet
	139 Old Coors	Commercial	4.12	179,467	$708,895	$3.95	Listing	Active	Loopnet
Coors and Tower	Coors Blvd.	Commercial	7.41	322,780	$2,420,847	$7.50	Listing	Active	Loopnet
Coors and Gun Club Rd.	4408 Coors Blvd	Commercial	7.50	326,700	$975,000	$2.98	Listing	Active	Loopnet
Central	7226 Central Ave.	Commercial	13.50	588,060	$2,499,255	$4.25	Listing	Active	Loopnet
Coors Town Center		Commercial	18.00	784,080	$15,000,000	$19.13	Listing	Active	Loopnet

Source: Economic & Planning Systems

H:\21823-Bernalillo County Bridge Boulevard\Data\LoopNet\[21823-Loopnet Land Sales.xlsx]Land Sales

Feasibility Results

EPS applied the outlined assumptions to the identified development program to test its overall financial feasibility. As stated, feasibility is determined by comparing the residual land value of each program with the estimated market value of the associated land. If the residual land value is equal to or greater than the estimated market land value, the development is determined to be feasible. If the residual land value is less than the estimated market land value, the development is determined to be infeasible. Based on the given assumptions, current rental rates do not support a sufficient land value to trigger new development at this time, as shown in **Table 7**. However, this does not preclude potential development from occurring in the future and requires a sensitivity analysis to determine the required changes in key market assumptions.

Table 7
Tract A Feasibility Results Summary – Scenario #1

Description		Total
Market Value		$8,083,333
Project Costs		$8,516,000
Residual	**($1.49)**	**($432,667)**
Land Value	$6.00	**$1,740,658**
Feasibility		**No**
Gap/Required Subsidy		**($2,173,324)**

Source: Economic & Planning Systems
H:\21823-Bernalillo County Bridge Boulevard\Model\Feasibility Models\[21823-Bridge Blvd Five Points Feasibility120312.xlsx]Feasibility

Rent Sensitivity Testing

Scenario #2

While current estimated rents and sales prices cannot support new development at this time, sufficient future demand should begin to grow revenue to levels necessary to support new development. Thus, holding all other assumptions constant, EPS determined the necessary rent levels (Scenario #2) to support new development in the future. As shown in **Table 8**, in order to achieve the minimum market land values, the following rents must be achieved.

- $11.00 per square foot for the Grocery Store (an increase of $3.00 per square foot or 37.5%)
- $22.00 per square foot for the Drugstore (an increase of $5.00 per square foot or 29%)
- $26.00 per square foot for the Outparcel Retail (an increase of $6.00 per square foot or 30%)
- $45.00 per square foot for the Mercado (an increase of $5.00 per square foot or 12.5%)

Table 8
Tract A Sensitivity Summary for Future Rent Levels – Scenario #2

Description		**Total**
Rents (PSF)		
Grocery Store		$11.00
Drugstore		$22.00
Outparcel Retail		$26.00
Mercado		$45.00
Market Value		**$10,336,111**
Project Costs		$8,516,000
Residual	**$6.27**	**$1,820,111**
Land Value	$6.00	**$1,740,658**
Feasibility		**Yes**
Gap/Required Subsidy		**---**

Source: Economic & Planning Systems
H:\21823-Bernalillo County Bridge Boulevard\Model\Feasibility Models\[21823-Bridge Blvd Five Points Feasibility120312.xlsx]Sensitivity

Scenario #3

While current estimated rents and sales prices cannot support new development at this time, an alternative development program that increases ancillary retail space to 20,000 square feet reduces the financing gap necessary to support new development. Thus, holding all other assumptions constant, EPS determined adding an additional 10,000 square feet of outparcel retail space reduces the Gap/Required Subsidy to approximately $1.4 million, as shown in **Table 9.**

- 20,000 square feet of Outparcel Retail (an increase of 100%)

Table 9
Tract A Sensitivity Summary for Alternative Development Program– Scenario #3

Description		**Total**
Rents (PSF)		
Grocery Store		$8.00
Drugstore		$17.00
Outparcel Retail		$20.00
Mercado		$40.00
Market Value		**$10,194,444**
Project Costs		$9,828,000
Residual	**$1.26**	**$366,444**
Land Value	$6.00	**$1,740,658**
Feasibility		**No**
Gap/Required Subsidy		**($1,374,213)**

Source: Economic & Planning Systems
H:\21823-Bernalillo County Bridge Boulevard\Model\Feasibility Models\[21823-Bridge Blvd Five Points Feasibility120312.xlsx]Sensitivity

Feasibility Implications

Scenario #1

Based on the current rent assumptions, EPS estimates that the project is financially infeasible and requires some form of public assistance. One method to address the feasibility gap is tax increment financing (TIF). Assuming a 20-year bond and the proposed development program outlined in Table 1, EPS believes sufficient future assessed value exists to fill approximately one-half of the financing gap with TIF dollars, as shown in Table 10.

Table 10
Tract A Feasibility Implications with Proposed Development Program – Scenario #1

Description		**Total**
Gap[1]		**($2,173,324)**
Potential Sources		
Tax Increment Financing (TIF)		
Current Assessed Value[2]		$441,777
Future Assessed Value		$2,691,750
Increment		**$2,249,973**
Annual Revenue	40.24 Mills	**$90,543**
20-year Total		$1,810,868
Bond/Upfront Payment[3]	5.0% Interest Rate	$1,071,953
Total Gap Financing		**$1,071,953**
Feasibility		**No**

[1] Calculated from Table 7 Feasibility
[2] Based on Bernalillo County Assessor
[3] Assumes 20-year Bond and a 5.0% admin fee
Source: Economic & Planning Systems
H:\21823-Bernalillo County Bridge Boulevard\Model\Feasibility Models\[21823-Bridge Blvd Five Points Feasibility120312.xlsx]Gap Options

Scenario #3

Based on the alternative development program described above, which includes an additional 10,000 square feet of outparcel retail development, EPS calculates that the financing gap would be approximately $1,376,000 as shown in Table 9. EPS believes this is a realistic alternative as the original proposed development plan has a parking ratio of 5.5 spaces per 1,000 square feet. With the additional 10,000 square feet of retail space in the alternative program, the parking ratio is 4.5 spaces per 1,000 square feet, providing adequate parking for this type of development. Assuming an additional 10,000 square feet of outparcel retail, EPS believes sufficient future assessed value exists to "fill the gap" with TIF dollars, as shown in Table 11.

Table 11
Tract A Feasibility Implications with Alternate Development Program – Scenario #3

Description		Total
Gap[1]		**($1,374,213)**
Potential Sources		
Tax Increment Financing (TIF)		
Current Assessed Value[2]		$441,777
Future Assessed Value		$3,394,750
Increment		**$2,952,973**
Annual Revenue	40.24 Mills	**$118,834**
20-year Total		$2,376,671
Bond/Upfront Payment[3]	5.0% Interest Rate	$1,406,882
Total Gap Financing		**$1,406,882**
Feasibility		**Yes**

[1] Calculated from Table 7 Feasibility
[2] Based on Bernalillo County Assessor
[3] Assumes 20-year Bond and a 5.0% admin fee
Source: Economic & Planning Systems
H:\21823-Bernalillo County Bridge Boulevard\Model\Feasibility Models\[21823-Bridge Blvd Five Points Feasibility120312.xlsx]Gap Options

Tract B – Residential Feasibility

Project Revenue

Operating Revenue

The development program for Tract B includes 76 residential units across three one-story buildings, featuring a small community plaza/amenity space. Because of the economic conditions of the corridor, EPS believes a catalyst residential project in the Five Points area would most likely require some level of affordability to generated demand. Traditionally, affordable multifamily projects are developed through the use of federal low income tax credits (LIHTC). This program is the largest financier of privately-developed affordable multifamily project, providing federal tax credits to developers of affordable housing. Developers then sell these credits to investors to raise capital (or equity) for their projects, which reduces the debt that the developer would otherwise have to borrow, enhancing project feasibility. Provided the property maintains compliance with the program requirements, investors receive a dollar-for-dollar credit against their federal tax liability each year over a period of 10 years. The amount of the annual credit is based on the amount invested in the project and the level of affordability targeted. While total project costs do not equate to eligible basis, the LIHTC program is structured to cover 40 or 90 percent of eligible costs. In other words a "4.0 percent" tax credit provides the potential for up to 40 percent of new construction eligible basis, while a "9.0 percent" tax credit provides the potential for up to 90 percent of eligible basis.

Local income limits are defined by HUD and are tied the county-wide Average Median Income (AMI). As of 2012, the HUD defined AMI for a family of four in Bernalillo County is $61,900, as shown in **Table 12**. The AMI for a family of 1.5, or the average households size anticipated for a multifamily unit is $46,450. All affordability limits are expressed in terms of percent of AMI.

Table 12
Bernalillo County AMI

% of AMI	1 Person	1.5 Person	2 Person	2.5 Person	3 Person	3.5 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30%	$13,000	$13,900	$14,850	$15,750	$16,700	$17,600	$18,550	$20,050	$21,500	$23,000	$24,500
40%	$17,350	$18,550	$19,800	$21,050	$22,300	$23,500	$24,750	$26,750	$28,700	$30,700	$32,650
50%	$21,650	$23,200	$24,750	$26,300	$27,850	$29,400	$30,950	$33,450	$35,900	$38,400	$40,850
60%	$26,000	$27,850	$29,700	$31,600	$33,450	$35,300	$37,150	$40,100	$43,100	$46,050	$49,050
65%	$28,200	$30,200	$32,200	$34,200	$36,250	$38,250	$40,250	$43,450	$46,700	$49,900	$53,150
80%	$34,650	$37,150	$39,600	$42,100	$44,550	$47,050	$49,500	$53,450	$57,400	$61,400	$65,350
100%	$43,350	$46,450	$49,500	$52,600	$55,700	$58,800	$61,900	$66,850	$71,800	$76,750	$81,700

Source: HUD; Economic & Planning Systems

H:\21823-Bernalillo County Bridge Boulevard\Model\Feasibility Models\[21823-Bridge Five Points Residential.xls]14-Income Limits

In order to qualify for the maximum credit, EPS assumes a potential unit mix featuring one-third of the units targeted to households earning 40 percent of AMI, one-third of units targeted to households earning 50 percent of AMI, and one-third of the units targeted to households earning 60 percent of AMI. This results in monthly rents ranging from $496 to $760. On a per square foot basis, this translates to a monthly rental range of $0.63 to $0.95. In total, monthly rents average $630 or $0.79 per square foot. Based on discussions with local brokers, apartment rents for newer projects in Albuquerque generally rent for $1.00 per square foot. Thus, as a result of the income limits, the project would lease for below market rents for the County. In the South Valley, market research shows a range from $0.60 to $1.14 per square foot. Most rents cluster around the high $0.70 to low $0.80 per square foot with an average of $0.81. Given that the project rents will average $0.79, the project is expected to mirror current housing costs in the South Valley, which are generally well below regional averages. The primary goal is to increase the supply of housing on the corridor with high quality new development. EPS assumes an average annual vacancy of 5.0 percent.

Operating Expenses

Typical operating expenses include utilities, taxes, insurance, property management, and market/advertising. Residential development is typically rented on a gross basis, with the exception of utilities directly related to individual units. Based on discussions with multifamily developers, operating costs can range from $3,500 to $5,000 per unit annually depending on size (# of units), amenities, target tenants, and geography. Considering the above, EPS estimates annual operating expenses of approximately $4,500 per unit.

Market Value

As stated in the methodology section of this Appendix, to determine the market value of an operating property, net operating revenues must be divided by an estimated market capitalization rate. Capitalization rates represent the annual rate of return generated from net operating revenue. The required return varies based on a number of factors, including use, location, and overall building quality. As a new income-restricted multifamily project in an economically-challenged portion of Albuquerque, the project will likely require a higher capitalization rate than a project in a more economically proven location in other parts of Albuquerque that would be considered by institutional investors. The higher rate is required to account for the perceived higher levels of risk associated with the unfamiliarity of a smaller market, limited local transaction data, and fewer economic drivers. As such, limited data is available on typical cap rates in the Albuquerque market.

According to a 2012 CBRE investor survey, multifamily cap rates in Albuquerque range between 5.75 to 8.25 percent depending on the quality and location of the asset. Thus, EPS believes a cap rate on the high end, or 8.25 percent is reasonable.

Dividing estimated net operating income by an estimated cap rate of 8.25 percent results in an estimated market value of approximately $2.5 million, or $41 per square foot as shown in **Table 13**.

Table 13
Tract B Program Revenue/Market Value

Description	40% of AMI	50% AMI	60% AMI	Total
Units	**25**	**25**	**26**	**76**
Household Income	$21,050	$26,300	$31,600	**$26,400**
Monthly Rent	$496	$628	$760	**$630**
Rent (PSF)	$0.62	$0.78	$0.95	**$0.79**
Gross Potential Income (GPI)	**$148,875**	**$188,250**	**$237,120**	**$574,245**
Vacancy	5.0%	5.0%	5.0%	5.0%
Effective Gross Income (EGI)	**$141,431**	**$178,838**	**$225,264**	**$545,533**
Operating Expenses (OE)	$4,500 /Unit	$4,500 /Unit	$4,500 /Unit	$342,000
Net Operating Income (NOI)	**$28,931**	**$66,338**	**$108,264**	**$203,533**
Cap Rate				8.25%
Market Value				**$2,467,064**
Per Unit				$32,461
Per Sq. Ft.				$41

Source: Economic & Planning Systems
H:\21823-Bernalillo County Bridge Boulevard\Model\Feasibility Models\[21823-Bridge Five Points Residential.xls]4-Revenue

Project Costs

Site Development Costs

Demolition

The site is currently improved with an indoor Mercado (former grocery store) that will need to be razed in order to prepare the site for redevelopment. This building totals approximately 22,000 square feet. Based on its experience, EPS estimates demolition costs to average approximately $2.00 per square foot.

Site Development

Project site development costs represent the expenditure associated with preparing the land for development. Potential costs include remediation, grading, utilities, drainage, landscaping, paving, curb and gutter, etc. AEPS estimates site development costs to average approximately $3.00 per square foot.

Parking

Parking costs represent the cost of paving and striping the onsite spaces and in the case of structured parking, the construction costs of the parking structure (supports, ramps, etc.). The identified development program utilizes 84 surface parking spaces. EPS estimates the cost of parking to average approximately $2,500 per space.

Vertical Development Costs

Vertical development costs represent the construction-specific costs (materials, labor, and overhead) associated with the development of a new project, including the building's structural shell and systems, as well as the interior finishes.

Core and Shell

Core and shell costs represent costs associated with the structural-frame, interior building systems (HVAC, plumbing, elevators, etc.), and the interior finish (flooring, lighting, etc.) of common areas (lobby, hallways, stairwells, etc.). Core and shell costs are greatly contingent on the required structural material (steel or wood-frame) necessary to support the use. In this case the commercial buildings will likely require wood-frame construction. Because of the size of the grocer, EPS estimates hard costs to be $95 per square foot.

Tenant Improvements

Unlike in retail development where tenant improvements can vary greatly and often are contingent on lease negotiations with the commercial tenant, residential construction costs (are generally inclusive of all tenant finishes ($95 per square foot). Thus, no additional tenant improvements are assumed.

Hard Cost Contingency

A hard cost contingency represents budgeted dollars to account for any potential cost overruns. While not guaranteed to be spent, contingency funds are frequently fully-utilized. Based on EPS' experience, hard cost contingencies typically average 5.0 to 10.0 percent of hard costs, depending on the particular developer. Thus, EPS estimates a hard cost contingency of 5.0 percent of hard costs (including site and vertical development costs).

Soft Costs

Soft costs include all of the non-construction costs associated with the development of a project. These costs include entitlement costs, building permits/fees, architectural fees, legal fees, other consultant fees, and financing costs (interest). Soft costs can vary greatly depending on the project. However, a general rule of thumb is between 25 and 35 percent of project hard costs. Legal and administration costs associated with tax credit syndication create higher costs than typical private development projects. Thus, for the purposes of this analysis, EPS assumes soft costs of approximately 35.0 percent of total hard costs.

EPS estimates project costs, excluding land, total $9.3 million, or $153 per square foot, as shown in **Table 14**. Only certain development costs qualify under federal law to generate tax credits to the project. Three primary costs include financing costs, tax credit administration costs, and land. Excluding these cost items, the project has an eligible basis of $8.1 million.

Table 14
Tract B Program Project Costs, excluding land

Description	Factor	Total
Site Costs		
Demolition [1]	$2.00 /Sq. Ft.	$45,000
Site Prep/Utilities/Landscaping/Plazas [2]	$3.00 /Sq. Ft.	$540,000
Parking	$2,500 /Space	$209,000
Total Site Costs		**$794,000**
Building Costs		
Sq. Ft.		**60,800**
Core and Shell	$95.00 /Sq. Ft.	$5,776,000
Core and Shell Subtotal		**$5,776,000**
Tenant Improvements	$0.00 /Sq. Ft.	$0
Tenant Improvements Subtotal		**$0**
Total Building Costs		**$5,776,000**
Total Hard Costs		**$6,570,000**
Contingency	5.0% of BC	$329,000
Total Hard Costs		**$6,899,000**
Soft Costs	32.0% of HC	**$2,208,000**
Total Costs		**$9,107,000**
Per Unit		$119,829
Per Sq. Ft.		$150
Eligible Basis[3]		**$8,141,000**

[1] 22,479 sq. ft. Indoor Mercado
[2] 179,903 sq. ft. parcel
[3] Excludes Financing and Tax Credit Administration (Soft Costs) and Land

Source: Economic & Planning Systems
H:\21823-Bernalillo County Bridge Boulevard\Model\Feasibility Models\[21823-Bridge Five Points Residential.xls]6-Costs

LAND VALUE

In addition to hard and soft costs, the acquisition of the underlying land is a significant project cost to any real estate development. Land values are determined by a number of factors, including location, size, access, zoning, required site development costs, and the potential future use. To determine potential feasibility requirements, EPS compared the residual land value, or the remaining supportable land cost after all project costs are netted from estimated market value, to the estimated market value of the land for a given site. Based on discussions with local brokers in the area, EPS estimates multifamily land values in the South Valley to average approximately $4.25 per square foot.

Feasibility Results

In order to test the project's overall financial feasibility, EPS applied the outlined assumptions to the identified development program. As stated previously, feasibility is determined by comparing the residual land value of each program with the estimated market value of the associated land. If the residual land value is equal to or greater than the estimated market land value, the development is determined to be feasible. If the residual land value is less than the estimated market land value, the development is determined to be infeasible.

Based on the given assumptions, EPS estimates the project could qualify for a 9.0 percent tax credit allocation, generating approximately $7.4 million of upfront equity to the project as shown in **Table 15**. Without the tax credit equity the income-limited rents are not sufficient to support local land values. However, including the potential $7.4 million of tax credit equity, the project could support a land value of approximately $4.45 per square foot. This is greater than the estimated land value of $4.25 per square foot. Thus, the project is determined to be feasible.

Table 15
Tract B Feasibility Results Summary

Description		Without Tax Credits	With Tax Credits
Market Value		$2,467,064	$2,467,064
Project Costs		$9,107,000	$9,107,000
Residual		**($6,639,936)**	**($6,639,936)**
Tax Credit Equity[1]		$0	$7,440,000
Net Residual		**($6,639,936)**	**$800,064**
Per Sq. Ft.		($36.91)	$4.45
Land Value	$4.25 /Sq. Ft.	**$764,587**	**$764,587**
Feasibility		**No**	**Yes**
Gap/Required Subsidy		**($7,404,523)**	**---**

[1]Assumes 9.0 percent tax credit allocation and $0.95 per credit

Source: Economic & Planning Systems

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Public Finance Tools Introduction

This portion of the Appendix summarizes the available public finance tools in the State of New Mexico and provides recommendations on their applicability along the Bridge Boulevard Corridor.

A significant component of the Bridge Boulevard Corridor Plan is to generate redevelopment along the corridor, creating and expanding new jobs and services. Given that land aggregation costs and new construction costs result in aggregate costs that exceed the level of debt that can be supported with project Net Operating Income (NOI), some form of public financing is needed. EPS conducted a review of available public finance tools to catalyze redevelopment and support new and existing businesses along the Bridge Boulevard corridor. EPS then evaluated the tools for applicability along the corridor and established recommendations for inclusion and next steps to be included in the final corridor plan.

Based on EPS' review, the primary public finance tools with applicability on the corridor include:

- Local Economic Redevelopment Act (LEDA)
- New Mexico MainStreet Program (NMMP)
- Tax Increment Development Districts (TIDD)
- Metropolitan Redevelopment Agency (MRA)
- Infrastructure Development Zone (IDZ)
- Business Improvement District (BID)

EPS provided a brief summary of each tool, as shown in **Table 16**, followed by a recommendation for potential use on the corridor, as shown in **Table 17**.

Local Economic Development Act (LEDA)

The New Mexico Local Economic Development Act (LEDA) was passed by the state legislature in 1994 based on the idea that economic development is best addressed at the local level where local officials and community members are most familiar with the challenges facing a particular community. The act gives local governments the authority to participate in economic development efforts, including the ability to raise revenue through the sale of bonds to finance land acquisition, building construction, or infrastructure to support business retention, growth and development. More specifically local governments may purchase, lease, grant, construct, or reconstruct buildings or infrastructure; acquire or convey land; provide direct loans or loan guarantees for land, buildings or infrastructure; and provide public works essential to location and expansion of business. According to the legislation, retail and farming businesses are ineligible for LEDA funds.

LEDA requires local governments to adopt an economic development plan or a comprehensive plan with an economic development component. Based on the Bernalillo County economic development plan adopted in 2008, a proposal must do the following to receive LEDA funding:

- Stop economic leaks in the community
- Attract high quality, sustainable jobs to Bernalillo County
- Address the needs of small business and agricultural activity
- Strengthen small business activity
- Assure cultural preservation of the of historic areas
- Meet the local retail and service needs of underserved communities
- Promote the economic viability of agriculture
- Provide jobs, livable wages and employment opportunities in Bernalillo County
- Assure a net increase flow of dollars within the local economy
- Create local corporate activity

The County will give additional priority to qualifying projects that specifically encourage the expansion or relocation of new or existing businesses, assist business start-ups, create new jobs, assist economic clusters identified in the economic development plan, and/or add value to the knowledge base of the local labor force. LEDA applications are reviewed by a group of identified County departments, and applicants are subject to a public hearing before the County Commissioners for consideration for a local adoption ordinance. Once the local ordinance is adopted, the applicant enters into an Economic Development Agreement with the County and is still subject to local land use review.

Two primary revenue sources are available for LEDA projects: general funds reserved for economic development and revenue bonds backed by an Infrastructure Gross Receipt Tax (I-GRT). General Fund revenue available for LEDA funding is capped at 5.0 percent of total local General Fund expenditures. I-GRT is limited to 1/4 of 1.0 percent tax for cities and 1/8 of 1.0 percent for counties and requires approval of the majority voters in the specific local government. In addition to economic development, a local government may use I-GRT funds to replace, repair, or construct infrastructure, for general municipal or county services, to pay debt service on bonds, or expand or improve public transportation. Bernalillo County currently does not levy I-GRT.

New Mexico MainStreet Program (NMMP)

The New Mexico MainStreet Program (NMMP) is an organization that provides resources, education, training, and technical services for qualifying MainStreet organizations. Initiated in 1985, there are currently 23 MainStreet projects and six Arts and Cultural Districts throughout the state. Primary program services include organized public outreach and professional marketing of the MainStreet district, including assistance in visitor website design, as well as eligibility to receive MainStreet Capital Outlay Funds for master planning, infrastructure upgrades, and building restoration improvements. Last, businesses in a MainStreet district are eligible for low interest loans to restore, preserve and bring building up to code. The MainStreet Revolving Loan Fund is managed by the New Mexico Historic Preservation Division.

The NMMP does not require any qualifying building form, street configuration, or design standards and is provided free of charge to qualifying districts by the State of New Mexico. However, municipalities and private sources are expected to cover various expenses such as administrative and personnel costs. To be eligible for the MainStreet Revolving Loan Fund, local businesses must have an adopted Business Plan and a design concept. Total loan proceeds are limited to $75,000.

To qualify as NMMP, a district must navigate a three-phase application process. Phase I, the Emerging MainStreet Program, requires that communities raise local capital from public and private sources and create a local, volunteer organization. After one year, communities are eligible for Phase II, the Start-Up MainStreet phase. During this two-year phase, organizations must hire paid staff, and NMMP provides ongoing training. Communities also become eligible for Capital Outlay Funds during this phase. The availability of these funds varies from year to year based on approvals from the New Mexico legislature. The final phase, Certified MainStreet Phase, begins the fourth year and continues in perpetuity. The MainStreet organization staff focuses on ongoing management of the district, increasing the strength of organization and complexity of local projects. During this phase, the MainStreet organization continues to be eligible for Capital Outlay Funds.

Tax Increment Development Districts (TIDD)

The Tax Increment Development Act was passed by the New Mexico legislature in 2006. The act allows for cities and counties to create Tax Increment Development Districts (TIDDs) to fund public improvements that will promote economic development and encourage job creation. For the purposes of TIDDs, public infrastructure includes sanitary and sewerage systems, drainage and flood controls, water systems, highways/streets/roads/bridges, parking, trails, pedestrian and transit facilities, landscaping, public buildings and facilities, electric generation, natural gas distribution, lighting, telecommunications, traffic control, school sites and facilities, libraries and cultural facilities, equipment related to identified facilities (including vehicles), construction and planning services, workforce housing, and any other unidentified improvement deemed “for the use or benefit of the public." TIDDs do not have the power of eminent domain, but do have the ability to acquire land in support of tax increment development projects.

Public infrastructure funding is available through tax increment financing (TIF) for both GRT and property tax. The state, county, and municipality can pledge up to 75 percent of GRT and property tax within the TIDD for a maximum of 25 years to pay debt service on bonds issued to cover upfront infrastructure costs. Municipalities, counties, and the state can pledge separate GRT dedications. The City of Albuquerque requires a "no net expense" stipulation, limiting available TIF funds to excess revenue over and above the cost of local service provision. Bernalillo County does not have this stipulation. Additional TIDD funding can be generated through a property tax assessment limited to $5 on each $1,000 of net taxable value for a maximum of four years.

The establishment of a TIDD requires the approval of a minimum of 50 percent of real property owners in the boundaries of the district or can be initiated by a local government. In both cases, the establishment of TIDD requires the creation of a tax increment development plan, public hearing, and adoption of a local resolution.

Metropolitan Redevelopment Act (MRA)

The Metropolitan Redevelopment Act allows municipalities to create Metropolitan Redevelopment Areas (MRAs) to address blight and disinvestment. MRAs are established to promote industry and develop trade and other economic activity, mitigate the threat of serious unemployment, and maintain a balanced and stable economy. The legislation authorizes MRAs to:

- Acquire, either by construction, purchase, gift, devise, lease or sublease; to improve and equip; and to finance, sell, lease projects or part of projects
- Issue revenue bonds as provided by the Metropolitan Redevelopment Code
- Enter into a financing agreement with others in order to provide revenue to pay the bonds
- Lease, sell, or otherwise dispose of any/all projects upon terms and conditions agreeable to the local governing body
- Have the option to renew any lease or other agreement and to grant options to buy any project at a price approved by the local governing body
- Local governments are not intended to operate commercial enterprises in the redevelopment area, however they can own operate housing facilities, healthcare facilities, utilities, recreation facilities, etc. within the MRA.

MRAs can enter into development agreements, create/revise zoning regulations, assemble land, and improve services and infrastructure. As with TIDDs, MRAs can utilize tax-increment financing (TIF) to fund public improvements, but MRAs are limited to property taxes only. Revenue bonds, with a maximum term of 20 years, may also be issued and do not require voter approval. Also similar to TIDDs, MRAs cannot use eminent domain to acquire property for economic development. MRAs can also provide property tax deferrals and/or credits.

The MRA is governed by an appointed, unpaid board of directors. Cities can have multiple redevelopment areas and an MRA may be located outside of municipal boundaries, but must be within five miles. The City of Albuquerque utilizes one central department, the Metropolitan Redevelopment Agency to administer all of its MRAs.

Infrastructure Development Zone (IDZ)

Infrastructure Development Zones (IDZs) are quasi-municipal corporations created to fund infrastructure construction or upgrades. Property owners within an IDZ (requires 30 percent approval) agree to an additional property tax to fund infrastructure needs, creating a system where infrastructure is funded directly by property owners rather than local government. An IDZ can enter into contracts, issue debt, and tax.

An IDZ may be noncontiguous (within 3 miles) and cover land within multiple cities and counties. IDZs are allowed for commercial or residential purposes. Specific permissible improvements include:

- sanitary sewage systems, including collection, transport, storage, treatment, dispersal, effluent use and discharge;
- drainage and flood control systems;
- water systems for domestic, commercial, office, industrial, irrigation, municipal, fire protection or other purposes;
- highways, streets, roadways, bridges, crossing structures and parking facilities;
- trails and areas for pedestrian, equestrian, bicycle or other non-motor vehicle use;
- pedestrian malls, parks, recreational facilities and open space areas;
- landscaping;
- public buildings, public safety facilities and fire protection and police facilities;
- electrical and energy generation, transmission and distribution facilities including renewables;
- natural gas distribution facilities;
- lighting systems;
- cable or other telecommunications lines and related equipment;
- traffic control systems and devices;
- public educational or cultural facilities;
- equipment, vehicles, furnishings related to the items listed in this subsection;
- inspection, construction management and program management costs; and
- solid waste and garbage collection and disposal

Projects are financed through several channels: general obligation bonds (they must be approved in an election), funds contributed by a municipality or county, annual property taxes or special assessments, state or federal grants or contributions, private contributions, user, landowner and other fees, tolls and charges, proceeds of loans or advances, and any other legally permissible sources.

Business Improvement District (BID)

Business Improvement Districts (BIDs) are special districts that allow for a property assessment to finance supplemental services and improvements to maintain and enhance commercial areas and provide services that the local government is unable to provide. Potential services include security, maintenance, marketing, business recruitment and retention, urban design regulation, parking administration, and capital improvements.

Property owners agree to an additional surcharge, or mill rate, in addition to their existing property tax rate. Private non-residential properties are assessed additional mills, while governments, non-profits, and residential owners are exempt from additional mils. Revenue from property taxes fund services and improvements within the district. If upfront investment is required, local governments may issue revenue bonds. Debt service is paid with the additional property tax revenue. BIDs can be managed by a quasi-public agency with a board of directors or a nonprofit agency.

To create a Business Improvement District, property owners and business owners must submit a petition to the local government demonstrating support from 51 percent of property owners within the proposed district. For the district to realize maximum potential, it is recommended that 70 percent or more of business owners support the creation of the BID. Local business owners petition City Council, appoint a planning group, and prepare a BID management plan. After public hearing, a local ordinance is adopted and a management committee is appointed.

Table 16
New Mexico Public Finance Tools Summary

Item	General Purpose	Stated Purpose	Abilities	Requirements	Implementation	Agency	Funding Source	Assessment/Tax	TIF	Bonds
LEDA	Job Creation	Allows local governments to participate in economic development efforts	Purchase, lease, grant, construct buildings or infrastructure, acquire land, loan guarantees, public works	Not for retail; focused on small business, jobs, and livable wages	Local government must adopt economic development plan (Bernalillo County 2007)	Local government (city or county)	General Fund (5.0 percent cap)	Yes; .0025 GRT Tax for cities; .00125 GRT Tax for counties	No	Yes
NMMP	Small business support and tourism	Provides resources, education, training, and technical services to local business communities	Outreach/Branding (visitor websites), low interest small business loans, eligible for state Capital Outlay Funds	No building form or cultural requirements	Phase I requires a local volunteer organization; Phase II requires paid staff	Local MainStreet staff	Local agency (staff/operations); State of New Mexico technical services, loan programs, capital funds	No	No	No
TIDD	Job Creation	Allows cities and counties to fund public infrastructure to promote ED and job creation	Fund on and offsite public improvements, no land acquisition	Apply to local municipality, county, and/or state, City of Albuquerque requires "No Net Expense"	Requires 50% private property approval or can be initiated by City; File a resolution to a adopt a district with each jurisdiction (city/county/state); Establish a Tax Increment Development Plan	City or County	Tax-Increment Financing (TIF)	No	Yes; GRT and Property Tax	Yes
MRA	Redevelopment	Address blight and disinvestment	Acquire land, construct development, own housing/healthcare/recreation facilities, tax rebates	Establish blighted conditions on corridor	Designate area, establish blighted conditions, establish MRA plan, Adoption by City Council	Local government (City of ABQ Metropolitan Redevelopment Agency, potential county staff)	Tax-Increment Financing (TIF)	No	Yes; Property Tax only	Yes
IDZ	Infrastructure	Fund public infrastructre	Fund public infrastructre	Can be non-contiguous (within 3 mile radius)	Requires 30% of property ownership in the district, Adoption by City Council	Quasi-municipal corporation	Property Tax	Yes; Property Tax	No	Yes
BID	Small business support	Promote and preserve businesses in district	Service debt, provide security, perform maintenance, marketing, business recruitment, urban design	None	City Council petition with 51% of property and business owners, establish planning group and BID Management plan, Adoption by City	Quasi-municipal agency or non-profit agency	Property Tax/Assessment (non-residential only)	Yes; Property Tax	No	Yes

Source: Economic & Planning Systems

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Public Finance Tool Recommendations

EPS evaluated each tool for potential use on the corridor based on the purposes, abilities and implementation requirements described in **Table 16**. EPS summarized its recommendations for each tool, as described below and shown in **Table 17** on the following page.

- **Local Redevelopment Act (LEDA)** – Because of its focus on large scale job creation, LEDA is best applied to large employment uses. The Tower Employment/West Mesa District is the portion of the corridor best suited for employment growth given the size of the parcels available. Thus, EPS believes LEDA would be best applied to the Tower Employment/West Mesa District.
- **New Mexico MainStreet Program (NMMP)** – NMMPs provide a unique set of services that would be beneficial to the types of businesses and urban form located at the Gateway, including marketing and small business assistance, as well as the potential for Capital Outlay funds. Establishing an NMMP requires the commitment of local staff. EPS believes the South Valley EDC is best equipped to lead the application process and would likely need to hire a paid employee by the second phase of application. Other areas on the corridor lack the historical and cultural character of the Gateway and likely contain insufficient clustering of small businesses to benefit from NMMP services.
- **Tax Increment Development Districts (TIDD)** – Similar to LEDA, TIDDS are primarily focused on large-scale economic development. The Tower Employment/West Mesa District is the only portion of the corridor with sufficient land to support large-scale development and/or new employers. Thus, EPS believes TIDD would be best applied to the Tower Employment/West Mesa District.
- **Metropolitan Redevelopment Agency (MRA)** – Because of the redevelopment focus of MRAs, this tool is best applied to redevelopment areas of sufficient critical mass. The Five Points Village Center offers the best potential for mid- to large-scale redevelopment and could likely generate sufficient increment to fund necessary public improvements. A potential MRA district could extend from Five Points to the Gateway. While primarily not located in the City, the corridor is within the City MRA's extraterritorial boundaries, making it eligible for MRA assistance. As with other extraterritorial areas identified for future MRA designation, the County will need to initiate the process and work with the City in some capacity to administer MRA services. EPS believes that the expertise of the Bernalillo County Office of Economic Development would increase the effectiveness of the MRA and use of the staff should be addressed in the discussion between the City and County.
- **Infrastructure Development Zone (IDZ)** – As a result of property owner approval requirements (30 percent of property owners), IDZs are best initiated by large landholders in underdeveloped areas with inadequate infrastructure to support large-scale development. The Tower Employment/West Mesa District is the only district that offers sufficient land and could benefit from large-scale infrastructure improvements.

- **Business Improvement District (BID)** – While BID services would likely benefit portions of the corridor, such as the Gateway, local property owners on the corridor generally lack the desire to organize. BIDs require a minimum of 51 percent business approval with a goal of 70 percent to function best. This is likely prohibitive to implement over the short or medium term. Thus, EPS believes this tool would not have much applicability until greater business activity is achieved.

Table 17
Potential Bridge Boulevard Public Finance Tools

Item	Gateway	Five Points Village Center	Tower Emplyment/ West Mesa
LEDA			X
NMMP	X		
TIDD			X
MRA	X	X	
IDZ			X
BID			
LIHTC		X	X
NMTC	X	X	X
221d4	X	X	X

Source: Economic & Planning Systems
H:\21823-Bernalillo County Bridge Boulevard\Data\Public Financing Tools\[21823-Public Financing Tools Summary Matrix.xlsx]Potential Use