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Changes and Foreclosures

By Richard Metcalf

Of the Journal

COMMERCIAL REAL ESTATE: The New Mexico Heart Institute's central billing office is moving into the former library building at the old Albuquerque High School campus.

The 11,000-square-foot library at 200 Broadway NE is the only commercial space on the campus, which has been redeveloped over the past five years or so into residential lofts.

The Heart Institute's billing office, which has 42 employees, is in a growth mode as it contracts with independent physician groups to provide billing services, said Tina Cleveland, the office's director.

"We're taking up valuable clinical space that could be used to treat patients," she said about the office's present 6,600 square feet at the institute's headquarters at 502 Elm NE. "Plus we don't have much expansion room."

The institute was formed in 1994 by three local cardiac care practices and now has 13 locations in the state. Its main building, which opened in 2003, is just up the hill from the old high school campus.

The institute had looked at the former library a year or so ago but wasn't quite ready to relocate at that time, Cleveland said. The building's appeal was in the main floor's 14-foot ceilings, large windows for ample natural light and restored oak and tile finishes.

"We're just going to move our cubicles in with a different configuration, but otherwise leave the interior the way it is," she said. The building will also be wired with fiber-optic line, she said.

The high school's library, built in 1940, was never seriously considered for conversion to residential lofts, said Rick Davis of R. Davis Cos., who redeveloped just the library on the campus. "It doesn't lend itself to being divided up," he said.

But as commercial space, Davis said, he figured the property wouldn't be a quick turnaround. The building has had a "For Lease" sign on it for about three years but has only been in some stage of interior renovation for the past two.

"I fully expected it to take two years to lease out, between the high vacancy rate Downtown and this being a very unique building," he said.

"We needed the right tenant."

The asking lease rate was \$13 a square foot.

Oddly, the fact the building was for rent— not for sale— was an issue, said Dave Hill, who marketed the building with associate Karen Hudson of Maestas & Ward Commercial Real Estate. "My biggest hurdle was most people who saw the building wanted to buy it," he said.

Another hurdle was marketing the building in its entirety. The main floor attracted far more interest than the basement, which was left as a shell pending tenant-driven improvements.

Some possible tenants didn't grasp the potential of the basement, Hill said. "The main floor looked very nice and pristine, then you walked downstairs and went, 'Hmmm,'" he said.

BIZ MAKEOVER: The three partners in Western Dermatology Consultants and The Spa at WDC are giving their own business a makeover.

Dermatologists Barbara Einhorn, Leslie Glass and Sara Mills are buying a 10,000-square-foot building at 10151 Montgomery NE in Bear Canyon Business Park.

"We've been thinking about doing this for some time," Glass said. "Real estate is a solid investment and everything came together when we knew we needed more space."

The medical office and spa now occupy side-by-side but separate suites, totaling 5,000 square feet of leased space, at 4700 Jefferson NE.

The new building, under construction at a cost of \$1.2 million, will integrate dermatological treatments and cosmetic services into the same area for greater efficiency. The medical office and spa will occupy 8,500 square feet, with the remainder to be leased, Glass said.

The new location is closer to a large number of patients and spa clients, although Glass noted, "We see people from all over the state." The move is tentatively scheduled for early February, she said.

The relative quickness of the move is due in part to the pad site's being ready for construction, said Karen Hudson of Maestas & Ward Commercial Real Estate, who represented the three dermatologists. "We were a little ahead of the game," she said.

The practice's West Side office remains open at 4801 McMahan NW.

Western Dermatology's building is the third and final one at the 2.2-acre park. Although space was marketed for sale as either professional or medical offices, only health care-related users were interested, said John Davidson of Metro Commercial Realty.

Davidson represented the park's developers, who are health-care professionals.

FORECLOSURE DATA: The foreclosure picture in the Albuquerque metro area has brightened considerably since early this year.

Albuquerque ranked 66th out of the country's 100 largest metros for having the highest foreclosure rate in the third quarter, according to Irvine, Calif.-based RealtyTrac.

One in every 508 households in the Duke City was in some stage of foreclosure in the quarter, compared with a national average of one in every 363 households.

In the first three months of 2006, Albuquerque ranked 20th with one in every 181 households in foreclosure, according to RealtyTrac.

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