

Going to Cancun, and a Hobbs Bank

By [Richard Metcalf](#)

Of the Journal

COMMERCIAL REAL ESTATE: American Property Management Corp., already one of the largest hotel operators in the country, expects to acquire \$1 billion in four- and five-star hotels over the next 12 months.

The company, which has strong New Mexico connections, will close at the end of this month on the \$100 million purchase of both its first five-star and first international property, the 216-room Le Meridien Resort & Spa in Cancun, Mexico.

Le Meridien, built in 1998, is regularly featured in glossy travel magazines. Condé Nast ranked it the No. 2 resort in Central America. The resort's 15,000-square-foot, marble-lined Spa del Mar is its best-known feature.

"One motivating factor for us was our strong level of confidence in the Cancun market," said Michael Gallegos, a northern New Mexico native and president of American Property.

Comparing Cancun to destinations such as New York City, Paris and Las Vegas, Nev., he said, "The entire market garners occupancies north of 90 percent. There's just a handful of markets like that in the world."

The Cancun transaction, as well as others, are off-market deals that result from "relationships we've built over our 16 years in business," Gallegos said.

Another deal expected to close later this week is the \$35 million purchase of the 163-room, four-star Hotel Zoso and Spa in Palm Springs, Calif.

American Property has also put under contract the 289-room Sheraton Hotel and Convention Center in Charleston, S.C. The \$33 million deal is expected to close by the end of November.

Both Palm Springs and Charleston are popular with leisure travelers, Gallegos said.

The buying spree is an expression of Gallegos' optimism about the travel industry.

The industry has rebounded from the post-9/11 slump, driven largely by a strong global economy, he said.

In addition, construction costs have risen high enough to discourage a lot of new hotel and resort construction.

Thus the law of supply and demand kicks in. With less competition from new product, room rates and occupancy will increase at existing hotels, he

said.

American Property's acquisition strategy going forward is to focus on four- and five-star properties, the luxury end of the market.

"For the most part, gone are the days when we'd take a three-star property and pour a ton of money and effort into it to reposition it as four-star," Gallegos said.

Gallegos, who founded American Property in Albuquerque in 1990, moved it to San Diego six years ago to be better positioned for growth. Several dozen New Mexicans made the trip as part of the corporate headquarters team.

American Property now has 45 hotels and counting. Hotel & Motel Management magazine ranked it the fifth largest third-party hotel management company in its June issue. National Real Estate Investor magazine ranked it the 14th largest hotel owner in its July issue.

"The growth is important to us, but more so because it provides opportunities for our team," Gallegos said. "It's also a ratification of our capability."

Two recently completed deals involving four-star properties in Dallas are the \$50 million purchase of the 258-unit Hilton Suites at the Galleria and the \$40 million purchase of the 310-room Wyndham Dallas at the Galleria.

In Albuquerque, American Property has embarked on a nearly \$20 million major overhaul of what is now the 312-room Park Plaza, formerly the Four Seasons, at Interstate 40 and Carlisle NE.

PURCHASING A LANDMARK: The former Moncor Bank building in Hobbs, ground zero to the biggest bank failure in New Mexico history, has been purchased by the city.

The 81,000-square-foot office complex, priced at \$2,950,000, will be converted into the Hobbs City Hall. The existing municipal building hall will continue in city use, housing the police and fire administrations as well as the motor vehicle department, said Mayor Monty Newman.

The original two-story bank building was built in 1972 for First National Bank of Lea County, with the three-story annex next door constructed in 1978.

In those days, the local economy was flush with oil money and the bank building reflects that wealth with its large, opulent lobby and escalator.

"This is a Class A building anywhere," said John Davidson of Metro Commercial Realty, who represented the foreign investor who sold the building. "The lobby makes a statement, but what office user really wants it or needs it?"

Investors in First National Bank of Lea County formed Moncor— short for "money corporation"— in 1981. Moncor sold stock and used the money to buy First National and five other banks around the state in 1982. The banks were rebranded as Moncor Bank.

Three years later, Moncor filed for bankruptcy court protection and five of its six banks failed, including the Hobbs bank. Investors lost their money. A prolonged federal investigation followed; charges were filed against a handful of executives but no one was ever convicted.

The office complex at 200 E. Broadway continued as a bank under new ownership for a few years, before lapsing into oblivion. For the past 12 years it's been empty, Newman said, but still commonly referred to as the Moncor building.

"It's kind of a landmark for us," Newman said.

Since the 1970s, the business center of Hobbs has moved to the north end of the city. Resurrection of the

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Moncor complex into city hall fits in with Hobbs' latest effort to revitalize nearby downtown with a more than \$6 million streetscape project.

OCCUPANCY DELAYED: Lockheed Martin's bilingual call center is running a couple of months behind schedule for opening in a floor of the seven-story Plaza Campana, also known as the Qwest building, in Downtown.

The call center, operated through a contract with U.S. Citizenship and Immigration Services, is now expected to go live in late November or early December, said Lockheed Martin spokesman Joe Wagovich. Training could begin by the end of this month.

There are currently about 20 managers and technical staff working at the center, Wagovich said. As soon as immigration services gives the go-ahead, hiring of about 250 employees— fewer than the 350 jobs announced last May— will begin, he said.

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