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Real Estate Market and Business Issues

Over the last 40 years, North Fourth Street has become a major thoroughfare, not a destination. The street lacks a positive identity.

A. Real Estate Market Analysis

Key to this project was conducting a real estate market analysis to determine issues and barriers to successful business conditions on North Fourth Street. This effort was followed by a series of in-depth interviews with local businesses to determine their issues, challenges and levels of support for change.

Physical Links

North Fourth Street connects to various parts of Albuquerque. The street has links to numerous trails to the Rio Grande and the Sandia Mountains, used by hikers, bikers, and equestrians. These links include the Rio Grande Nature Preserve and the bosque (North America's largest cottonwood forest). Downtown and Old Town have historic and cultural links to North Fourth Street. Bridges at Alameda and Montano provide links between North Fourth Street and the West Side.

Trade Area

The Trade Area is that area from which the preponderance of business will come from to support the property's intended use. The primary North Fourth trade area has 2% of the population and households in Albuquerque. The population age ranges reflect the city breakdown. There is 7% less home ownership within the trade area as compared to the rest of the city.

Within Albuquerque, the trade area has:

- 9% of wholesale trade
- 8% of auto dealers
- 7% of manufacturing
- 7% of public administration (County/Utility)
- 5% of the construction trade
- 4% of retail trade
- 4% of restaurants
- 4% of the employment base
- 2% of finance, insurance, & real estate

The majority of family expenditures leave the trade area, except for auto sales and pharmacy sales. Most services are provided outside of the trade area, except for legal services, advertising and auto repair.

North Fourth Street intersections have 25% to 50% of the businesses located along the corridor. Using a one mile radius as a defined trade area for each of the major North Fourth Street intersections, none of them has the minimum of 25,000 people needed by most lower order retailers to be successful (Daytime population ranged from slightly less than 8,000 persons at Fourth Street & Solar to almost 11,000 persons at Fourth Street and Aztec as of 2000). Only by going out two miles, which is outside of the trade area (across the river, across the freeways, and other areas), does the population increase enough to lay a foundation for a sound retail business.



Map of
Primary Trade Area

To revitalize the area economically, retail needs to be rejuvenated by increasing population densities, creating a destination, and/or encouraging a large anchor to move into the area. Business turnover is high along North Fourth Street, mainly because the threshold population does not exist for providing the lowest order goods and services. Most businesses need more people to draw from to be successful. While density increases would increase the threshold population, many local residents perceive the area as rural and wants to keep a rural “feel,” that is, with a low population density.

North Fourth Street Study: Rank III Corridor Plan

Review Draft - 6/06

Over the last 40 years, North Fourth Street has become a major thoroughfare, not a destination. The street lacks a positive identity. A recent trend in the area is the opening of arts oriented institutions and businesses. Beginning with this base and seeking assistance through organizations such as Nextgen’s artist cluster program, North Fourth Street could develop an identity as an art corridor and destination. This approach to economic development is highly favored among area residents.

The lack of an anchor and destination-based traffic has led to decreasing demand for real estate, increasing vacancies, decreased rents and decreasing property values. Encouraging a large anchor to move into the area is one method for revitalizing local area economies and possibly reversing these trends. However, many local residents have expressed their opinion that they don’t want big-box stores as anchors in the North Valley. Other anchors such as grocery stores may be more popular with the community.

An opportunity to attract a major anchor may have been missed with the conversion of the former K-Mart. While the facility looks great physically, the selection of lower order tenants has discouraged major anchors (beyond another Dollar store) from opening at the site.

Real Estate Market

Real estate market analysts have lumped the North I-25 market together with the North Valley market. While the vacancy rate is lower and the rents are higher in this combined market, if North I-25 is removed, the vacancy rate is higher and rents are lower in the North Valley than the city average.

At the present time, buildings on North Fourth Street, north of I-40, can be purchased for 30% less than similar buildings south of I-40. Being known for its inexpensive space may be a contributing factor in the “dumping” of shelters, half-way houses, and other similar facilities in the North Fourth Street trade area. The area also appears to be heavy with payday loan offices and dollar stores.

Traffic Issues

While community members believe traffic is heavy along North Fourth Street, traffic counts show that it is half the volume of the traffic that is along Central Avenue in the Nob Hill area. This

perception may be due to morning and afternoon rush hour traffic passing through the corridor. Other times of day may not be as busy. If traffic is minimized for local residents by changing the physical configuration of North Fourth Street and/or moving traffic over to Second Street, it will kill the remaining businesses along the corridor.

North Fourth Street is identified as a major transit corridor by the City and is slated for transit-oriented development (TOD), but current densities will not support mixed uses around TOD.

Community Identity

While many residents expressed a desire for community identity, differences in income and education levels and demographics make cohesiveness difficult.

Opportunities for North Fourth Street Revitalization

- Inexpensive real estate makes it easier for someone to purchase and redevelop a property.
- There is a history that can be drawn upon for developing an identity.
- It may be possible to clear large parcels of land for future development.
- The market is ripe for apartments, single-family housing, townhouses, and small office buildings.

Recommendations

- Divide the North Fourth Street trade area into smaller, more manageable units that reflect local demographics and neighborhood desires
- Integrate planning efforts with consistent landscaping/streetscape improvements
- Encourage infill zoning and fast approval process for designated nodes
- Educate local residents regarding increased population density, increased traffic volume, and creating a destination as necessary for business success

B. Merchants' Issues

Participation from merchants and property owners is essential in developing support for changes to North Fourth Street, yet merchants have proven to be the most challenging group to involve. The 2002 study process included one-on-one interviews with local merchants and property owners. For the new plan, this process was continued and updated, with twenty-two interviews conducted.

The study group consisted of people who had participated in the original process, as well as others new to this planning. The group included both property owners' businesses and renter businesses. Some had been on North Fourth Street for decades, while others were just setting up. Their numbers of employees varied from two to 400.

The interviews consisted of open-ended questions regarding business conditions and barriers to success, as well as close-ended questions about support for various changes to the street. Summary results are:

Building Upgrades: Two-thirds of the businesses had done or were doing some type of renovation or expansion, including use of the City's façade programs

Trade areas: trade areas varied from international to New Mexico as a whole to the Albuquerque region. Only seven businesses said that they catered just to North Valley/Downtown/West Side.

Business Trend: most participants said business was either up or steady.

Attitudes: Overall, attitudes were more positive than three years ago. Merchants felt that police response had improved, although crime, e.g., vandalism was still high and the homeless were a problem.

Positive Changes: Respondents mentioned the following as positive changes to Fourth Street: renovation of the Kmart property at Fourth and Menaul NW, the new courthouses along Lomas Boulevard, Walgreen's at Fourth and Griegos, some new businesses, and the façade program

Negatives: Concerns included the sense that traffic is much worse, there is a lack of street lighting at south end of corridor, a perceived increase in number of homeless, lack of parking, an increase in payday loan and tattoo businesses, as well as continued high business turnover rates. These things were seen as barriers to reinvestment in the corridor.

A new merchants group for North Fourth Street? In 2001, ARCA, located on Fourth Street, received a grant to organize a business group to improve the street. The Camino Real Merchants Group functioned for several years, but ultimately failed. Survey respondents were asked whether it is now appropriate to re-establish a merchants group. Three-quarters of the group believe that a merchants group would be a useful tool to improving the economic conditions of the street. However, the group was split on whether there should be one association for the entire street or several subarea groups. A strong recommendation from those who had participated in the original association was that specific projects with achievable objectives should drive the majority of the group's efforts.

Merchants' Support for Actions and Projects on North Fourth Street: Merchants were questioned on their levels of support for a list of potential actions. The merchants rated the ideas on a scale from one to four, with one being not important, two being somewhat important, three being important and four being very important. The actions listed below were ranked at a level of 2.5 or higher:

Zoning or Regulatory Changes:

- Allow for more mixed use development
- Adopt design standards for a more attractive appearance
- Streamline the development permitting process
- Provide parking exemptions and other incentives to redevelop

Street Design

- Provide intersection improvements
- Provide more crosswalks, sidewalks and pedestrian areas
- Install street furniture
- Provide trees, shade landscaping improvements

Business Assistance

- Provide more loans for start-up and expansion

North Fourth Street Study:

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- Provide technical assistance and training
- Provide marketing tools
- Provide networking opportunities for businesses
- Organize North Fourth Street events
- Provide grants for facade improvements
- Create a Metropolitan Redevelopment Area
- Create a Business Improvement District.

Community Services

- Improve transit services
- Provide better police response
- Improve street maintenance
- Improve trash collection and graffiti clean-up.

These findings have helped to craft the direction of the implementation recommendations in this plan. They are supplemented by the extensive community process that has included all interested persons affected by corridor change, as well as the findings and recommendations of the City and Project Team staff members.