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The American Southwest Is Finally Starting to Embrace Vertical Living

New building codes and zoning laws are paving the way for development in the desert, which has long been an oasis of single-family homes

By [Cecilie Rohwedder](#) [Follow](#) | Photographs by [Tag Christof](#) for *The Wall Street Journal*

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When Kayla and Derrick Perry II moved to Albuquerque, N.M., in January, they decided against living in one of the low-slung adobe and craftsman-style houses typical for their new hometown. Instead, they rented a triplex at Allaso High Desert, a recent addition to the growing number of multistory apartment and condo complexes now changing the silhouette of the Southwestern city.

From her office on the top floor of the three-bedroom, 1,300-square-foot unit, Perry, 31, sees the rugged Sandia Mountains. In the evenings, she and her husband, 30, walk their Australian Shepherd Jojo in the foothills hiking trails. The apartment costs \$2,580 a month and has a desert feel, with accent walls in sage green and terracotta red. The 281-unit development comes with a “bark park” for Jojo and an “adventure room,” where residents can borrow mountain bikes, snowshoes or a kayak.



Derrick Perry II and his wife, Kayla Perry, in the dining area of their triplex apartment with a view of the Sandia Mountains

“I get the space and feel of a home, but also the security of being part of an apartment community,” says Perry, a program manager at a technology company. Until she and her husband, a data analyst at Sandia National Laboratories, are sure they like Albuquerque, she adds, “this is the easiest for us.”

Multistory buildings are multiplying in Albuquerque and across the Southwest. To address their share of a national housing shortage, desert cities are going for density. Long happy to sprawl into undeveloped land, many are changing building codes and zoning laws to promote multifamily development, easing restrictions on height and the number of units allowed per site.



Zocalo, a multifamily community, backs up to an arroyo in northern Santa Fe.

Joseph Montoya, deputy director of Housing, Family and Community Services with the City of Albuquerque, says apartment buildings are more carbon-friendly than single-family homes by concentrating energy and water use and cutting down on car trips to distant developments. Albuquerque, its growth constrained by mountains, Native American land and an Air Force base, is short 30,000 housing units, he says. Through a plan called Housing Forward ABQ, the city wants to create 5,000 more units, adding to private development, by 2025. Cities in Utah, Colorado and Arizona are pursuing similar policies promoting multifamily living. On its website, the city of Tempe, Ariz., declares it is “growing up, not out.”

What cities have done in recognizing the housing shortage is that they have increased density,” says Josh Rogers, a partner with Titan Development, a real-estate development and investment firm in Albuquerque that has completed multifamily projects across the Southwest, including the Perrys’ new home, Allaso High Desert.



The Perrys' apartment complex has amenities such as a virtual golf room and a clubhouse with games.

In 2019, Rogers says the firm started seeing strong rent growth in the Sunbelt region, fueled by migration from other states and then, a need for new homes as households split up during the pandemic. “Everyone was trying to build as quickly as possible,” he recalls. In New Mexico, a 2023 amendment to the state building code increased maximum building heights.

“We always had apartment living, but very low density—two-story, three-story walk-ups,” says Hannah Feil Greenhood, principal for multifamily communities with architecture firm Dekker Perich Sabatini in Albuquerque. Outside her office window, workers are hammering away at the wood framing of a new multistory apartment building. “We’re now able to go five stories of wood-frame construction over a concrete podium. Once you build the footprint, the ability to go higher brings all the density.”



Accent walls in terracotta red give the Perrys' apartment a southwestern feel.

Most of the cranes in Southwestern skylines sit on sites started in the building boom between the beginning of the pandemic and the rate hikes in 2022. Fast-growing Western markets such as Phoenix added so many apartment buildings that rent growth has slowed, according to real-estate data firm Yardi Matrix. Along with the surge in supply, growing construction costs, high interest rates and a looming downturn are now causing a pause in building activity. At the same time, Jeff Adler, Yardi Matrix's vice president, says demand for housing will remain high, and as fewer apartments get built, rents will rise again, drawing renewed investment.



The midrise El Vado Place complex on historic Route 66 in Albuquerque rises above a nearby neighborhood.

Few multifamily construction starts will be down 70% nationwide this year from their peak in the second quarter of 2022, according to research by real-estate firm CBRE Group. Many of the buildings started in 2022 were completed at the end of last year, now new additions to city silhouettes. As job

growth continues, what looks like an oversupply in some cities will eventually be needed, says Matt Vance, CBRE senior director and Americas head of multifamily research. In addition, he says, southwestern cities are just beginning to increase the share of multifamily housing in their overall markets. In 2022, the most recent figures available, single-family homes still made up 75% of the housing inventory in the Phoenix/Mesa/Glendale area and 79% of the inventory in each Albuquerque and Santa Fe, according to CBRE. For all the new housing being built in those cities today, multifamily units account for only around 55% of new construction, Vance says.

We're still in the early stages of this," he notes. "Many decades of development have put so many single-family homes in place that the ramp up in multifamily is coming from a relatively small base."

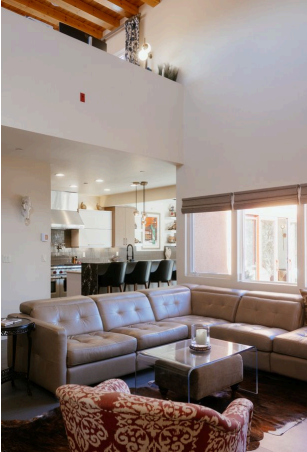


Local homeowner Karen Gerwin in her condominium with Havanese rescue dog, Bear

In Santa Fe, Karen and Josh Gerwin bought a three-bedroom, 2,400-square-foot condominium at Zocalo, a Pueblo-style development with colorful buildings grouped around small squares, for \$634,000 in February 2021. In the foothills of the Sangre de Cristo Mountains, the multifamily community was designed by Mexican architect Ricardo Legorreta in collaboration with Albuquerque's Dekker Perich Sabatini. Zocalo was started in 2002 but remained partly unfinished, with 191 for-sale units completed. A decade later, Titan Development and Scottsdale-based Alliance Residential bought the rights to develop the rest. The company created 54 rental units in 2015 and is now adding 56 more units for sale. So far, four are completed, and 16 are under construction.

From their bedroom window, the Gerwins have a sweeping view of the valley below, with the Ortiz and Sandia Mountains in the distance. The living room has a 19-foot ceiling that reaches up to a loft with a view of the Sangre de Christos, where Gerwin, a 53-year-old employee-relations specialist at Los Alamos National Laboratory, goes skiing every week in the winter. Her husband, 45, is a chef who owns Dr. Field Goods, a farm-to-table restaurant with locations in Santa Fe and Albuquerque. A \$150,000 renovation of the condo included an 8-foot kitchen island, an extra-large Subzero

refrigerator and a wine refrigerator, plus an outdoor pizza oven. Josh is sharing walls for the first time.



After buying their home in 2021, the Gerwins installed porcelain-tile flooring in the living area, renovated the kitchen and put flagstone paving on the outside patio.

"You've got this sense of community and neighbors instead of being in the middle of nowhere," he says.

Some neighbors have become such good friends that the Gerwins have vacationed in Mexico and France with them. Homeowners have each other's keys and gather for impromptu taco nights or Wine-Down Wednesdays. The Gerwins, who live with daughter Savannah, 17, and Havanese rescue dog Bear, 5, also like the convenience of multifamily living.

"We've both had single-family homes," Karen says. "We'd be doing it all. I don't miss the 4 acres I lived on."



Josh Gerwin on the garden patio with his outdoor cooker

The building boom that created the multitude of midrise buildings now dotting Santa Fe took off in 2016. That year, the city passed a new housing ordinance that allowed developers to pay a fee to the city's Affordable Housing Trust Fund, replacing a previous requirement that 15% of the units in any new project had to be affordable. The city also relaxed its building code, including previous height restrictions, to "incentivize multifamily residential development," according to the ordinance.

Santa Fe Mayor Alan Webber says the city is pursuing several strategies to create more housing but also wants to preserve Santa Fe's small-town feel, architectural heritage and mountain views.

"Our version of density is three stories," he quips.

In Gilbert, Ariz., southeast of Phoenix, Kaeli Savage and her fiancé, Julian Esparza, both 25, moved into a one-bedroom apartment on the third floor of The Tyler, a five-story complex with 320 units, in 2021. Savage made her first friend in the building touring the space in March of that year: a neighbor with a young child the same age as her own daughter Remi, who turns 3 in March. Since then, the young family has found more friends at The Tyler, which has a pool with cabanas, social programming for residents and borders a planned neighborhood with farmland, a community garden and chickens that Remi likes to visit.



The Tyler, a five-story complex with 320 units in Gilbert, Ariz.

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Savage, who is expecting her second daughter, says with current home prices and mortgage rates, she and Esparza, a transportation broker at a logistics company, never considered a single-family house. Living in their 760-square-foot apartment means being around other families and children playing in communal areas. In addition, Savage says, they wouldn't want the financial responsibility of a house, or to be tied down if they wanted to move.

"No one is judging you for renting anymore," she says.



Maelynn Savage, her fiancé, Julian Esparza and their daughter, Remi, live in a one-bedroom apartment at The Tyler. Remi is preparing to be a big sister. PHOTO: KAMMIE JONES

Brandon Rich, senior managing director of real estate with Greystar Real Estate Partners, a Charleston, S.C.,-based company that manages The Tyler and more than 2,900 other rental communities worldwide, says multifamily buildings have changed the landscape of the Phoenix metro area and given people more housing options. In 2020, town officials in Gilbert realized that the town needed a greater variety of housing types, including multifamily buildings, and changed zoning laws accordingly. Three more major multifamily developments are under way.

Few apartment buildings are even transforming Route 66, the historic highway that crosses the U.S. Moving to Albuquerque last April, Christian Halstead and Brett Mitchell rented a 1,100-square-foot, one-bedroom apartment for \$1,999 a month at Broadstone Nob Hill, a four-story building on a downtown stretch of Route 66. Around Mitchell, the 68-year-old pastor at nearby La Mesa Presbyterian Church, and 65-year-old Halstead, who retired as product manager with a truck company, the city is changing. Smoke shops, auto-parts stores and Asian massage parlors abut an eclectic neighborhood with vintage clothing stores, modern furniture shops and upscale eateries. On the couple's contemporary building, only an outside mural alludes to the area's romantic past. It shows a figure resembling actor James Dean, leaning against a red vintage car next to a neon motel sign. A Latina woman with a red rose in her dark hair towers over the scene. The background is a desert landscape at sunset.



A mural on the Broadstone Nob Hill, an apartment building on Route 66 in Albuquerque, evokes the dad's romantic past.

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