

New Colors Bring New Tenants

Empty apartments filled and rents rose after Resource Real Estate Management, LLC, added some color to the apartments at Santa Fe Place. By Bendix Anderson



Color me fully occupied. The El Paso market has responded well to the youthful color scheme at Santa Fe Place, including local seniors, who now make up roughly one-fifth of the residents, according to Stuart Galkin, vice president of asset management for Resource Real Estate Management, LLC.

El Paso, Texas—Here's how a fresh coat of paint helped raise the average rent at Santa Fe Place by about \$50 per month.

When Resource Real Estate Management, LLC, bought the property in 2006, its 19 putty-colored buildings blended in with the other Class B apartments on its street and in the rest of the city.

"You don't see a whole lot of color in the architecture of that market," said Stuart Galkin, vice president of asset management for Resource. "A lot of brown and tans."

But that changed at Santa Fe Place after Resource spent thousands of dollars to hire a special consultant to choose the color of paint for the property.

Charles Powell is a colorist and the president of Details, Ltd., based in Virginia Beach, Va. He visited all of the competing apartment projects in El Paso, and even lunched with a property manager at the only other brightly painted community in the market.

Powell hung around the clubhouse at Santa Fe Place for two days and talked to the young professionals and students that live at the property, including many who recently came from Mexico. He drove through the project's parking lot at midnight on a Saturday when all the tenants would be home, just to check out their clean and tidy compact cars, mostly Hondas and Toyotas.

"The cars tell me a lot about the target market," he said. "If you're

going to design for an end user, you have to know who they are."

Eventually, Powell picked out a bright but tasteful palette influenced by the strong colors of Mexico that would look right under the blistering El Paso sun.

Resource declined to say how much they paid Powell, but \$5000 to \$10,000 is typical for this kind of job, Galkin said. Powell said he sometimes charges as much as \$20,000. That might seem like a lot of money just to choose some paint colors. But it's a fraction of the cost to paint the 272-unit complex, which came out to \$8,000 per building for 19 buildings, or \$150,000.

"Why spend money if you're not going to garner a marketing edge?" Powell asked.

The fresh coat of paint did wonders for the property. Empty units filled up, pushing the percentage of occupied apartments from roughly 92 percent a year ago to 98.2 percent in February 2007. That's high for the El Paso market, according to the apartment analysts at Hendricks & Partners, who put the average occupancy rate here at 95.5 percent in their third quarter 2006 report.

Even better, rents have grown by about \$50 per unit, to reach \$465 a month for a 513-square-foot studio and \$660 for a 924-square-foot two-bedroom unit, according to posted rents.

Still many Class B property managers pick out their own paint colors, with mixed results. Powell can sometimes recognize them by their blues and grays that don't quite match and that look sickly under overcast skies. ■