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## < NEW MEXICO FORWARD

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CAREER & WORKPLACE

# NEW MEXICO FORWARD

## What can Albuquerque learn from Phoenix?

Karla Moran, manager of economic development, Salt River Project



By [Meagan Nichols](#) – Editor-in-Chief, Albuquerque Business First  
Sep 26, 2024

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New Mexico is sometimes referred to as a “doughnut hole” – passed over for investment that lands in neighboring states like Arizona and Colorado.

But if a few solar manufacturing projects come to fruition in Mesa del Sol – like [Maxeon Solar Technologies Ltd.’s \\$1 billion plant](#) or [Ebon Solar’s \\$942 million facility](#) – could that analogy change? Albuquerque Business First held a panel on Sept. 19 that looked at the growth in Arizona, and specifically Phoenix, over the past several decades and what New Mexico could glean from some of its initiatives.

The event was part of Business First’s [multiyear New Mexico Forward series](#) that is focused on addressing one simple yet very complex question: How do we move New Mexico forward?

The panelists who took part in last week’s discussion included:

- Karla Moran, economic development manager, Salt River Project (based in Arizona)
- Sal Perdomo, director of acquisitions and development, Titan Development (based in New Mexico)
- Larry Pobuda, executive vice president and general manager, Opus Development Co. LLC (based in Arizona)

The panel was moderated by Meagan Nichols, editor-in-chief of Albuquerque Business First.

*The following discussion was edited for clarity and brevity.*

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**Meagan Nichols: Titan does work both in New Mexico and Arizona and then across the Southwest. What are some of the differences that you have noticed – positive, negative differences – between doing business in both New Mexico and in Arizona?**

**Sal Perdomo:** I’ll start at a macro level. I want to frame up a little bit of the size here. Phoenix metro has a population of about 5 million people. Phoenix is growing at about 50,000 to 75,000 people per year. Albuquerque metro, about a million people. Our gross population growth every year is approximately 5,000-7,500, so it’s 10 times less than Phoenix. When you look at doing business in a place like Phoenix versus a place like Albuquerque, your risk is a little bit insulated in Phoenix, because you have just this cascade of population that’s coming. If Opus or Titan develops a multifamily project, there’s a little bit higher probability that it will get leased up. If you build an industrial building, a little bit higher probability that it’ll get leased up as well.

From a micro perspective, so talking about housing, specifically, Phoenix has Class A multifamily apartment rents approximately \$100 to \$200 per month higher than Albuquerque. Home prices in Phoenix, \$480,000 median home price, Albuquerque, \$371,000 for your median home price here. On the positive, yes, our cost of living is much lower, that's great. From a business perspective, though, your revenues are higher, your sales prices are higher. In Albuquerque, your costs are higher, and your revenue's lower. And then also we are getting hit with property taxes. ... So doing business in Phoenix, it makes it a little bit easier, because your fundamentals are just better.

**It's not a secret that New Mexico's population over the past several decades has kind of flatlined, and we've seen Colorado and Arizona essentially skyrocket. What are some of those key initiatives that you've seen Arizona implement that has contributed to that positive growth?**

**Karla Moran:** Arizona's done a really good job of planning and organizing, especially around transportation. We have a sales tax ... that basically helped us build out freeways, and those freeways now are becoming employment corridors. We had that forethought of planning for transportation, but then also our city leaders looking at that land like we can make an employment corridor there. What do we want? What's the vision for that? How do we bring in the necessary resources to make that vision come true? We want a manufacturing corridor. What does that look like? What sectors? Very, very thoughtful on that, sometimes maybe too thoughtful, but lots of planning, lots of organizing and making sure it's aligned at multiple levels.

Coming from the utility, I spent a lot of time with my community partners at the cities making sure that we are aligned. Because if we are not, we're not going to be able to bring in projects and react quickly. The cities do a very good job of trying to make sure that their permitting is to a place where they can bring in projects and get them up and running quickly. And so, that's been a big initiative that has helped us win a lot of projects. And then, our university system has been just kind of the catalyst, really. ASU (Arizona State University) is the largest university in the U.S. Dr. [Michael] Crow is the president, and whatever he thinks, he just does. He's brought the university downtown. Our downtown was a ghost town. After five o'clock there was no one down there. He brought the university downtown; it is a vibrant downtown. ... There's been a lot of initiatives that focused around workforce that have really helped us, too, and a lot of it does come from the university and our community colleges.

**Larry Pobuda:** Karla talked about ASU and its growth, ASU has transformed itself. And I think it's interesting to take a look at what ASU does, how they do it, as opposed to a lot of other universities. And again, I'm a Midwesterner by birth, and a lot of those universities are more insular, kind of inside our ivy-covered walls, less externally oriented. ASU is incredibly externally engaged with the business community, with new users. They view themselves as a critical part of the economic development engine of the entire community. As Karla mentioned, what Dr. Crow wants, Dr. Crow largely gets. There have been a couple of things that he did that I think were significant. Light rail. He

was the impetus behind light rail and the connectivity from the Southeast Valley through Tempe all the way down to Mesa, through downtown and now extending north. That has connected and provided this vehicle for people to be more connected in a sprawling metropolitan area.

The other thing he did was he recognized this brain drain that was going on in Arizona and Phoenix at the time, and he was one of the sponsors behind the Barrett Honors College at ASU. The specific intent was to create a small liberal arts-like school within the greater Pac-12 university that had the benefits of the big university, but small Ivy League academic experience with the expressed idea of keeping those people here post-graduation. And the Barrett Honors College has been an unbelievable win in working with [Intel](#) and employers. Prospective employers fully recognize it as one of the key drivers. That along with the continued growth and investment in the [Ira A.] Fulton Schools of Engineering, which has really separated ASU from a lot of others, and many of the employers who are out in Phoenix really are significant recruiters at ASU and the Fulton Schools, and certainly a company like TSMC when they're evaluating a market like Phoenix, the presence of qualified engineering graduates is critically important.

**Of the people surveyed (as part of Business First's New Mexico Forward survey), 49% of these Phoenix respondents had a somewhat or very positive impression of New Mexico, and 43% said that they had considered doing business in New Mexico. How do we capitalize on that as New Mexico?**

**Moran:** It is interesting, in the Phoenix market, you're seeing a lot of the tourism ads for New Mexico. And when I moved to Phoenix, all of our state funding would go into tourism. Never went into economic development, it was all the tourism. It paid off and all of a sudden ... people started coming, they started seeing and started understanding. But then you have to invest in the business marketing, right? Making sure that people understand what business is here. That kind of progressed into that.

**Pobuda:** When I first moved to Phoenix in 2013, I was planning a 20-story apartment project right in Downtown Tempe, and I was visiting with a lot of folks, and of course, construction costs were not yet what they are today, but they were inching up. I was telling people that we're going to be building these apartments and collecting rents at \$2.46 a foot. People called me crazy to a person, and they said, 'You need to understand, Arizona is a \$2 per square foot market. We're not anything north of a \$2 per square foot market.' It was a self-imposed, limiting belief and we went ahead and kind of damned the torpedoes. We built this project, a 12-story tower and a 20-story tower. When we opened, within a year, we were collecting rents of \$2.57 a foot.

I share that story only because of the self-imposed how you talk about yourself is, first and foremost, important because others will catch on, others will hear, and others will believe it. I am a big believer in this book called "The Gap and the Gain," and whether you want to live in the gain or whether you want to live in the gap, and the mindset that

goes with each. I would really encourage you to think about all the things that are working, the things that you're growing, the things you can continue to leverage and highlight as competitive points of difference. That's going to be your trump card at the end of the day. But it all starts with you, and kind of the attitude, the spirit and the mindset that you share with people outside this room.

**In addition to your role with Titan, you are also involved in Generation Elevate New Mexico. ... Do you think we as a state need more of that pro-growth mindset to actually move forward?**

**Perdomo:** About six months ago, [we launched an organization] called Generation Elevate New Mexico. It is myself and eight other board members, mostly young professionals. Generation Elevate New Mexico ... is essentially an anti-NIMBY organization. ... Nimbyism is everywhere around the country. New Mexico has a particularly fond group of neighborhoods that like to fight projects around New Mexico, and it inhibits growth, and it prevents investment, it prevents growth in our community. We started Generation Elevate New Mexico as a way to kind of turn that tide.

Our membership, we have approximately 170 members ... and our membership basically gets geared up to write letters, speak and flood social media with support and positivity around certain key impactful development projects and governmental policies that might impact growth. And my example, I have an 11-week-old at the house. If he ends up leaving New Mexico, I want him to leave because he just found other opportunity, not because there was a lack of opportunity in New Mexico, and so that's why we started GENM.

**Karla, do you see that as one of the biggest differences between the states is just that pro-growth mindset?**

**Moran:** Yes. ... That's definitely something that's helped put Arizona where it's at, especially with the intentionality of where we want things, what we want them to be. So having a vision for employment corridors and making sure that we were communicating that externally. ... That was one of the reasons why I left [Albuquerque]. Intel and Sandia Labs were the largest employers. Wasn't going to be an engineer, not a scientist, not good at math. It was kind of like I didn't really see my future here.

**Pobuda:** On the tax front, and I want you all to be aware of this, because we're actively involved in an early stage project here in New Mexico. But tax implications, tax assessments and an assessor who is evaluating changes creates an unbelievable rain cloud over the economic investment community. And it's not one that all of a sudden you're going to hear people protesting or, outside of the state, you're not going to see people chiming in on it. They will simply go quiet. And institutional capital and the flow of institutional capital into a market like Phoenix and/or Albuquerque is critical. And when it shuts off, it's like a silent killer. You won't even know it's happening, but it's

happening, and right now, I'm just telling you, with the uncertainty surrounding the assessor and the potential changes, especially multifamily, institutional capital, as we're talking about our project, they're simply telling us, 'You know, right now, Larry, we're fully allocated. We're fully allocated in Albuquerque.' They don't want to engage in the debate. There's no win for a [Goldman Sachs](#) or a Principal or an Ares or big institutional money to weigh in on what's going on in the local market. They simply make other choices. The sooner that can be resolved, and you can bring an air of certainty to the underwriting, then we know the cards we're playing with, and we can move forward more productively.

**Obviously, New Mexico is not immune to climate change. We face the same challenges, but we haven't had that rapid growth. ... Is climate change an opportunity for New Mexico?**

**Perdomo:** You type in 'Phoenix' on Google and click on the news link, every third article says 113 days straight of 100 degrees or greater. If people made choices about where to live based on temperature and climate, they would be living in New Mexico, and they're instead living in Phoenix. I don't see that as a reason for people to move. I think it's one factor of many. I think the bigger factors are, do I have a job? Is the education system good? Do they have health care and is their crime low? I won't go down the obvious path of where that leads to with New Mexico, but I don't think climate has anything really to do with where people locate.

**Pobuda:** I say, play your game, play to your strengths, not necessarily the weaknesses of your neighbor – or the perceived weaknesses of your neighbors. Some people may make that choice, they may leave ... but again, continuing to play your game and leverage your strengths, I think, is going to be the story and the path forward. ... I spend a lot of time in Denver, Denver's water situation is as acute as Phoenix. It isn't the poster child for the water issue. It is as acute, and so we're dealing with that as much in Denver as we are in Phoenix. And investors are smart to that, as well. ... If indeed it becomes a competitive point of difference and an advantage for New Mexico, great, let that play out naturally. Don't outweigh or expect that to be your path forward in creating a greater sense of economic vitality.







# NEW MEXICO/ARIZONA

From population growth to industry breakdowns to median wages, this is how Albuquerque and Phoenix compare across some key economic metrics.

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## MEDIAN ANNUAL WAGES

ADP pay insights data for the state of New Mexico and Arizona

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## HOUSEHOLD CHARACTERISTICS

According to data compiled by the U.S. Census Bureau, here's how Albuquerque and Phoenix stack up in a few key household metrics.

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## METRO POPULATIONS

A look at Albuquerque and Phoenix's metro populations from 1950-2024

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## INDUSTRY BREAKDOWN

Industry overview for the civilian employed population 16 years and over

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## TYPES OF WORKERS

## Types of Workers

According to the U.S. Census Bureau, here's how the worker types compare.

SOURCES: ADP Pay Insights; Macrotrends Metro Areas Population 1950-2024, United Nations World Population Prospects;  
U.S. Census Bureau 2023 American Community Survey 1-Year Estimates