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Consolidation, Timing and Serendipity

By Richard Metcalf

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COMMERCIAL REAL ESTATE: Savio Engineering Inc., a manufacturer of water gardening supplies, is consolidating operations into the 44,000-square-foot building at 6701 Jefferson NE.

About 25 employees will begin moving into the building within a week. Riding the increasing popularity of water features such as ponds and waterfalls, Savio has a long-range projection of 200 employees, said marketing director Bill Lane.

"Savio is five years old," he said. "It's gone from nothing to a multimillion-dollar business in that time."

And the occupant of 6701 Jefferson for the past seven years, Action Trailer Depot, relocated this month to a three-acre site in the emerging retail hub around Central and Eubank SE.

The two moves are meshed together in what's described as a simultaneous closing of what was once the Envirco Inc. factory.

As often happens in commercial real estate, the twin deals at 6701 Jefferson resulted from word of mouth and good timing.

Action Trailer, then operating as Action RV Specialists, had leased the building on seven acres in 2000 with an option to buy, said owner Mark Podeyn.

"We hoped the area would be developed in a more retail fashion, but it was developed as high-density office," he said about the location just off the northwest corner of Jefferson and Osuna.

The site proved too big as the business evolved from RVs to the sale and service of trailers, he said. Although contemplating a relocation, Podeyn decided recently to exercise his option to buy the property as an investment.

At the same time, Savio was looking for a building to consolidate its corporate office, now in the 19-story Compass Bank Plaza in Downtown, and its warehouse and assembly operation, now in the La Cienega part of Santa Fe.

"We started to search in June," said Savio president Valerie Steele.

The company had leases pending on two different locations, but both deals eventually fell apart.

"We wanted to keep it in the North (I-25 corridor) because we'll have a lot of employees commuting from Santa Fe," she said. "But we were open."

Savio was one of the first tenants signed by Albuquerque-based Centurion Properties after its purchase of the Compass property in 2005.

"Savio has been a great tenant of ours for two years," Centurion president Aaron Hazelrigg.

One morning, Hazelrigg said, he shared an elevator with Steele in Compass Bank

Plaza. "She was talking to someone else about needing 45,000 to 50,000 square feet for an office and warehouse," he said.

At lunch on the same day, Hazelrigg said, he heard that the 44,000-square-foot building at 6701 Jefferson might be available. He added, "I thought, 'Hello-o-o.' "

One thing led to another. Hazelrigg was soon negotiating privately with Podeyn to purchase the property for the specific purpose of leasing it to Savio. The price was not disclosed.

"It was one of those fluke things," Hazelrigg said.

Podeyn hadn't yet closed on his option to purchase, so arrangements were made for the simultaneous closing on Feb. 8. In essence, Podeyn would buy the former Envirco site, then turn around and sell it to Centurion on the same day.

"I owned it for an hour or two," Podeyn said.

The simultaneous closing was triggered by the need to get Savio's warehouse and assembly operation relocated and running by April 1.

"We pushed for a quick close to get them into the warehouse for their shipping season," Hazelrigg said.

In the meantime, Podeyn was having a hard time finding a new location for Action Trailer. Under the gun to vacate 6701 Jefferson as soon as possible, he said, "It put us major deep in our stress zone."

Through a mutual acquaintance, Jeanette Carillo of Grubb & Ellis New Mexico heard Podeyn was looking for a new location.

An unused parcel at 9999 Central NE was being marketed for \$1,475,000 by an associate at Grubb & Ellis, Paul Martinez. Carillo said she thought, "It fit his (Podeyn's) profile perfectly."

Carillo represented Podeyn in purchasing the property, which includes 3,000 square feet of office and a 5,000-square-foot garage with five bays. The transaction closed on March 1. Action Trailer relocated to it seven days later.

"It was like moving my house 80 times in two days," Podeyn said.

For years, the property was home to Holiday World RV, which has long since relocated. When he was young, Podeyn worked for Holiday World for about a year.

As he was showing co-workers the site at 9999 Central NE prior to the purchase, Podeyn said, one of them told him, "You've just come full circle."

Established in 1987, Action has 12 employees and a second location in Phoenix, opened in 1998. In addition to Podeyn, shareholders in the company include his wife, Lonna Podeyn, and Allen Welch, general manager for the past 18 years.

For Savio, the consolidation solves a major space crunch at its 25,000-square-foot operation in Santa Fe.

The company is an off-shoot of International Pond Supply Inc., a 17-year-old wholesale distributor of water-gardening and pond supplies owned by Santa Fe native Chic Kelty.

Kelty was not satisfied with the quality of some equipment he was selling at

International Supply, so he launched Savio in 2002.

"He decided he wanted to take it to the next level," Steele said.

Savio's growth has been dramatic. The company currently has sales of \$10 million a year, Steele said, with \$35 million in sales projected in five years.

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