

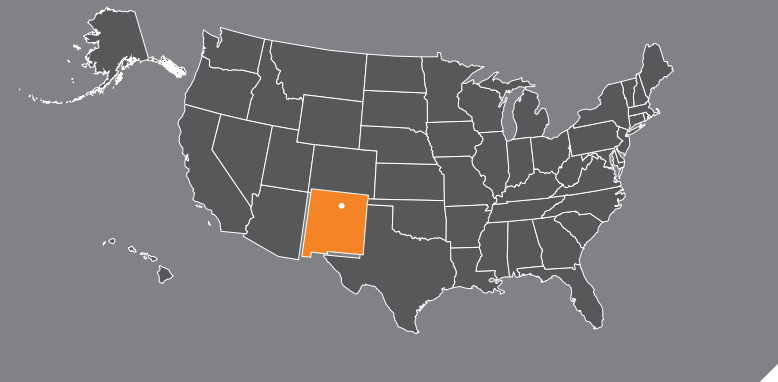
HUD PD&R Housing Market Profiles

Santa Fe, New Mexico



Quick Facts About Santa Fe

- **Current sales market conditions: soft.**
- **Current rental market conditions: slightly soft.**
- **Founded in 1607 by Spanish conquistadors, the city of Santa Fe is the oldest continuously inhabited state capital in the United States.**



By Felipe Chacón | As of May 1, 2014

Overview

The Santa Fe metropolitan area is coterminous with Santa Fe County in north-central New Mexico, approximately 60 miles northeast of Albuquerque between the southern edge of the Sangre de Cristo Mountain Range and the Valles Caldera National Preserve. The metropolitan area is the third most populous in the state, and the principal city of Santa Fe is the state capital.

- As of May 1, 2014, the population of the metropolitan area was estimated at 148,300, an increase of 1,000, or 0.7 percent, annually since April 1, 2010. The current growth rate is equal to the rate from 2000 through 2009.
- Since 2010, net in-migration to the metropolitan area has averaged 650 people annually, slightly more than the average of 590 people from 2000 through 2010.
- As of April 1, 2010, the city of Santa Fe had a population of 67,947, representing 47 percent of the population in the metropolitan area.



PD&R

Economic growth moderated in the Santa Fe area during the 3 months ending April 2014.

	3 Months Ending		Year-Over-Year Change	
	April 2013 (thousands)	April 2014 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	60.8	61.0	0.2	0.3
Goods-producing sectors	3.4	3.9	0.5	14.7
Mining, logging, and construction	2.6	3.1	0.5	19.2
Manufacturing	0.8	0.8	0.0	0.0
Service-providing sectors	57.3	57.1	-0.2	-0.3
Wholesale and retail trade	9.8	9.4	-0.4	-4.1
Transportation and utilities	0.7	0.7	0.0	0.0
Information	0.8	0.9	0.1	12.5
Financial activities	2.7	2.6	-0.1	-3.7
Professional and business services	4.3	4.3	0.0	0.0
Education and health services	10.3	10.3	0.0	0.0
Leisure and hospitality	9.0	9.1	0.1	1.1
Other services	3.0	3.0	0.0	0.0
Government	16.8	16.7	-0.1	-0.6
	(percent)	(percent)		
Unemployment rate	5.5	5.5		

Note: Numbers may not add to totals because of rounding.
Source: U.S. Bureau of Labor Statistics

Economic Conditions

Economic conditions in the Santa Fe metropolitan area have improved since late 2011, but nonfarm payrolls remained below the prerecession amount of 64,500 jobs recorded during the 3 months ending April 2008.

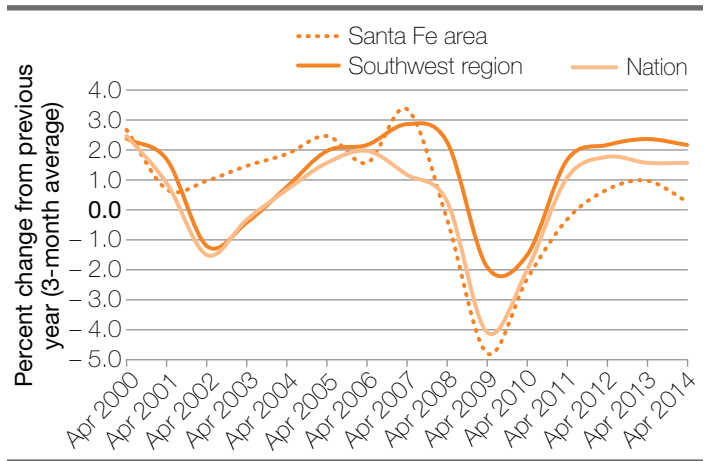
During the 3 months ending April 2014—

- Nonfarm payrolls averaged 61,000, an increase of 200 jobs, or 0.3 percent, from the same 3-month period in 2013.
- The government and the education and health services sectors were the two largest sectors by employment, with 27 and 17 percent of total payrolls, respectively.
- Job losses in the government sector of less than 100, or 0.6 percent, occurred exclusively in the federal government subsector, which accounts for an estimated 6 percent of government employment in the metropolitan area.
- State government employment comprised 50 percent of all government sector jobs in the metropolitan area, with 8,250 employees, unchanged from the previous year.
- The unemployment rate was unchanged at 5.5 percent from the same 3-month period a year earlier.

With multiple cultural and historical sites, skiing during the winter months, art attractions, and extensive bikeways and trails in and around the Santa Fe metropolitan area, tourism is an important part

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Nonfarm payrolls in the Santa Fe area have increased since mid-2011, although at a decreasing rate during the past year.



Note: Nonfarm payroll jobs.
Source: U.S. Bureau of Labor Statistics

Largest employers in the Santa Fe area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
State of New Mexico	Government	8,250
CHRISTUS St. Vincent Regional Medical Center	Education and health services	2,013
City of Santa Fe	Government	1,650

Note: Excludes local school districts.
Source: City of Santa Fe



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of the economy. During the 12 months ending April 2014, non-farm payroll jobs in the leisure and hospitality sector increased 0.9 percent, to 9,400 jobs, which represents 15 percent of all nonfarm payrolls in the HMA compared with 11 percent for the state and

10 percent nationally. The number of leisure and hospitality sector jobs has surpassed the prerecession peak of 9,100 recorded in 2008. Visitor spending was \$691 million in 2011 (the most recent data available), up 3.2 percent from the previous year.

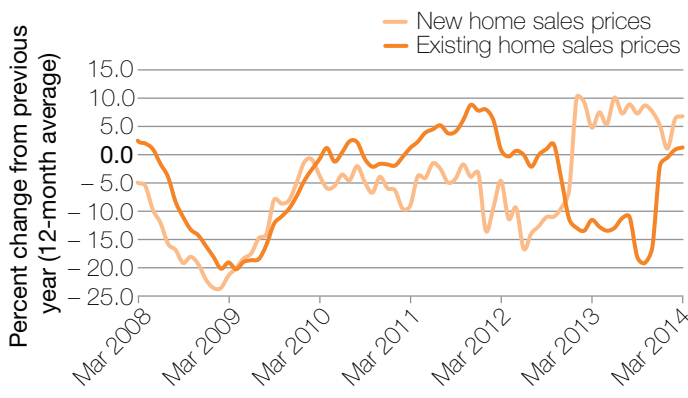
Sales Market Conditions

The sales housing market in the Santa Fe metropolitan area remains soft after the most recent economic recession, with an estimated sales vacancy rate of 2.0 percent, down from 2.6 percent in 2010. During the 12 months ending March 2014, sales of new homes (including single-family homes, townhomes, and condominiums) increased to 150 homes, up 7 percent from 140 homes sold during the preceding 12-month period (Metrostudy, A Hanley Wood Company).

The average new home sales price increased 7 percent, to \$252,600. Sales of existing homes increased 11 percent, to 3,075 homes, compared with the 2,775 homes sold during the 12 months ending March 2013. The average existing home sales price rose 1 percent, to \$294,300. Average sales prices for new homes were lower than for existing homes in the HMA during the past decade because custom homebuilding activity was limited and because newer developments

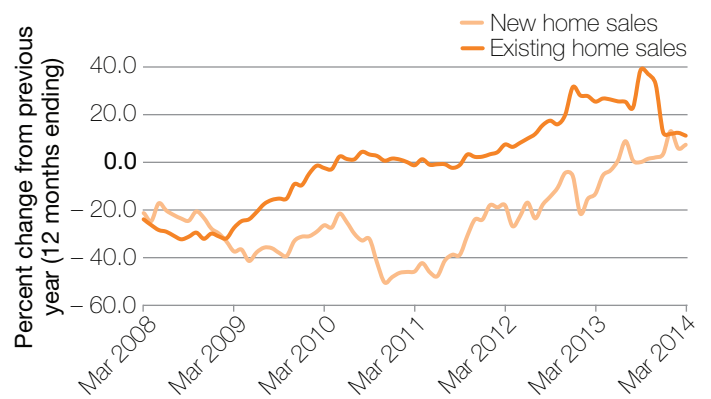
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The average new home sales price in the Santa Fe area has increased since late 2012, but existing home sales prices began increasing only in early 2014.



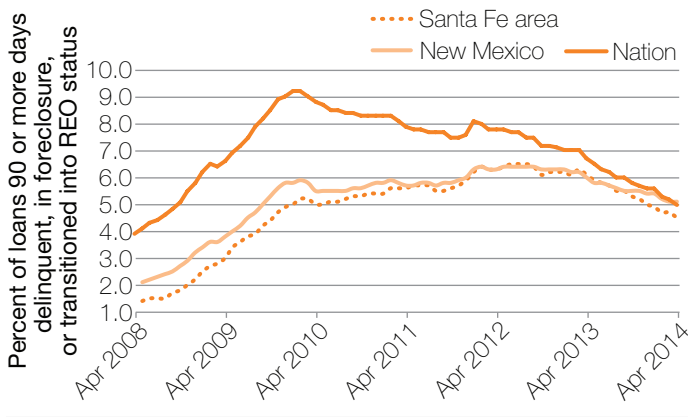
Note: Includes single-family homes, townhomes, and condominiums. Source: Metrostudy, A Hanley Wood Company

In mid-2013, new home sales in the Santa Fe area began increasing for the first time since 2006, while existing sales increases slowed substantially.



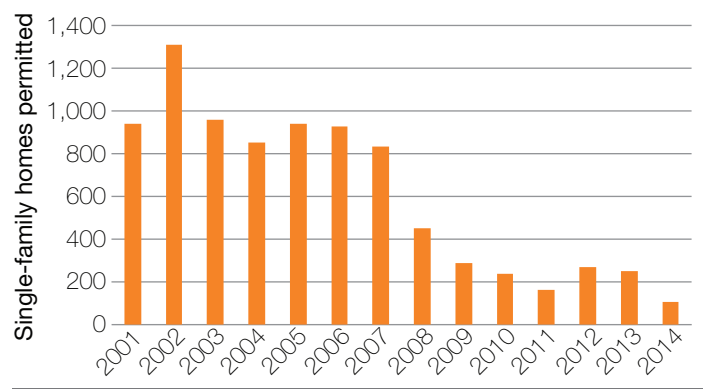
Note: Includes single-family homes, townhomes, and condominiums. Source: Metrostudy, A Hanley Wood Company

The distressed loan rate was lower in the Santa Fe area than in the nation, and it was closer to the state rate until recently.



REO = Real Estate Owned. Source: Black Knight Financial Services, Inc.

Single-family home permitting activity in the Santa Fe area has remained low since the national economic recession that began in late 2007.



Note: Includes preliminary data from January 2014 through April 2014. Source: The City of Santa Fe, Housing and Community Development



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were concentrated several miles to the south and southwest of the historic city center, at lower elevations. The current home sales level remains below the peak levels recorded in 2005 and 2006, when the number of new and existing homes sold averaged 5,325 annually.

- During the 12 months ending March 2014, nearly 95 percent of the new homes sold in the metropolitan area were in the city of Santa Fe.
- Distressed sales comprised 13 percent of all existing home sales in the metropolitan area during the 12 months ending March 2014, down from 15 percent the previous year. The average sales price of an REO (Real Estate Owned) home was \$248,800, 19 percent less than the average sales price of a regular existing home.
- The percentage of home loans in the metropolitan area that were 90 or more days delinquent, were in foreclosure, or transitioned into REO status declined from 6.1 percent in April 2013 to 4.5 percent in April 2014 (Black Knight Financial Services, Inc.).
- The inventory of homes for sale decreased slightly, to a 10.1-month supply during the first quarter of 2014 from the 10.3-month supply during the same quarter the previous year, its lowest level since mid-2006.

Single-family home construction activity, as measured by the number of single-family homes permitted, was unchanged during the 3 months ending April 2014 from the same period during the previous year. Permitting remained well below the level of activity recorded from 2001 through 2007 because the market has been persistently soft since 2008.

- During the 12 months ending April 2014, permits were issued for approximately 240 single-family homes, down 16 percent from the previous 12 months.
- From 2001 through 2007, the number of single-family homes permitted averaged 970 annually before declining to average 280 annually from 2008 through 2012.
- Tierra Contenta is a large, mixed-income, master-planned community in the southwestern part of the city of Santa Fe that broke ground in 1994. An estimated 2,050 of the 3,450 single-family homes that are expected on completion of the development have been built. Prices for two-bedroom, market-rate homes in Tierra Contenta start at \$220,000.

Rental Market Conditions

Rental housing market conditions in the Santa Fe metropolitan area are currently slightly soft despite the fact that renter household growth has outpaced the construction of new rental units and the conversion of single-family homes to rental units since 2010.

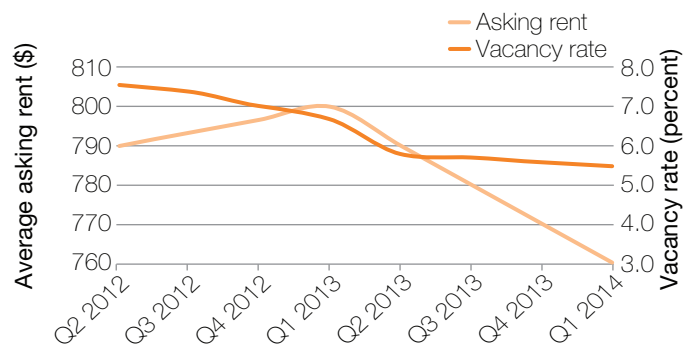
- The estimated vacancy rate for all rental units (including renter-occupied single-family homes, manufactured homes, and apartment units) was 7.0 percent as of May 1, 2014, down from 9.2 percent in April 2010.

- The apartment market, which represents an estimated one-third of all rental units in the metropolitan area, is slightly soft, with a vacancy rate of 5.5 percent in the first quarter of 2014, a decrease from 6.7 percent a year earlier (Apartment Association of New Mexico).
- In the first quarter of 2014, the average monthly asking rent for apartments was \$760, a 5-percent decrease from \$800 in the first quarter of 2013.

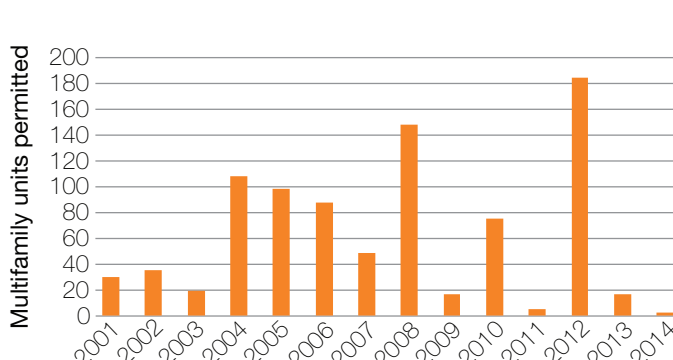
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Vacancy rates have decreased gradually in the Santa Fe area since 2012, and asking rents have decreased since the first quarter of 2013.

Multifamily permitting in the Santa Fe area has averaged 60 units annually since 2009 compared with an average of 100 annually from 2004 through 2008.



Sources: Apartment Association of New Mexico; estimates by analyst



Note: Includes preliminary data from January 2014 through April 2014. Source: The City of Santa Fe, Housing and Community Development



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Multifamily construction activity, as measured by the number of multifamily units permitted, declined during the 12 months ending April 2014, as the most recently completed project is still in lease up, and the rental market remains slightly soft after the recession.

- During the 12 months ending April 2014, approximately 15 multifamily units were permitted compared with the 190 units permitted during the same 12-month period ending in 2013, when the 176-unit San Isidro Apartments was permitted.
- With the exception of the 76 and 186 units permitted in 2010 and 2012, respectively, fewer than 20 units were permitted in every year beginning in 2009. From 2004 through 2008, by

comparison, an average of 100 multifamily units were permitted annually, and annual permitting was distributed more evenly throughout the period.

- Since 2000, an estimated 52 percent of all multifamily units permitted have been for apartments; condominium construction accounted for the remainder of multifamily units permitted, although no condominiums have been permitted since 2010.
- Construction of the 176-unit San Isidro Apartments in the southwestern portion of the city of Santa Fe was completed in late 2013. The property is currently in lease up and 82 percent occupied. Rents for the one-, two-, and three-bedroom units start at \$820, \$925, and \$1,295, respectively.