



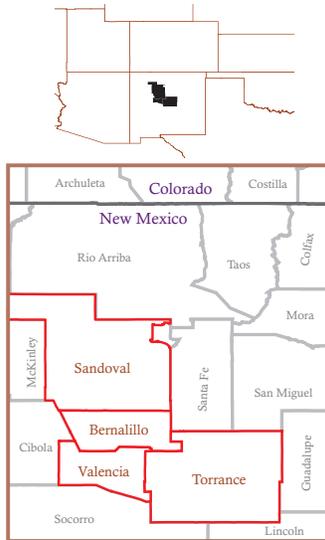
Albuquerque, New Mexico

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of June 1, 2008



Summary

Housing Market Area



The Albuquerque, New Mexico Housing Market Area (HMA), located in central New Mexico approximately 60 miles southwest of Santa Fe, consists of Bernalillo, Sandoval, Torrance, and Valencia Counties. The area has a current estimated population of 850,700 and is home to Kirtland Air Force Base (AFB) and The University of New Mexico (UNM), the two leading employers in the HMA, as well as numerous recreational areas such as the Petroglyph National Monument and Sandia Peak.

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Economy

Nonfarm employment growth slowed in the Albuquerque HMA in early 2007 after nearly 5 years of increasing rates of growth. During the 12 months ending May 2008, total nonfarm employment grew by 2,400 jobs, or 0.6 percent. In contrast, during the 12-month period ending May 2007, employment grew by 2.6 percent. During the forecast period, nonfarm employment is expected to increase by 4,700 jobs, or 1.2 percent, annually. Table DP-1 at the end of this report provides employment data for the HMA.

Sales Market

Sales housing market conditions in the HMA are currently balanced. During the 12 months ending May 2008, the average home sales price was \$242,100, a 2-percent increase compared with the average price recorded during the previous 12-month period. For the 12 months ending May 2008, sales of new and existing homes totaled 8,200 units, a decline of 27 percent compared with the number of homes sold during the

previous 12 months. During the 3-year forecast period, demand is expected for approximately 18,100 new homes (see Table 1).

Rental Market

The rental housing market in the Albuquerque HMA has improved but is still moderately soft. From 2000 to the current date, the rental vacancy rate declined from 11.5 to 8.0 percent as increased rental demand, partly due to tighter lending standards in the sales housing market, helped lower vacancy rates. During the forecast period, demand is expected for approximately 3,000 new rental units (see Table 1).

Table 1. Housing Demand in the Albuquerque HMA, 3-Year Forecast, June 1, 2008 to June 1, 2011

	Albuquerque HMA	
	Sales Units	Rental Units
Total Demand	18,100	3,000
Under Construction	880	510

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of June 1, 2008. Source: Estimates by analyst

Economic Conditions

Nonfarm employment grew by 2,400 jobs during the 12 months ending May 2008 to total 396,400 jobs. This figure represents a 0.6-percent increase when compared with the number of jobs recorded during the previous 12-month period (see Table 2). After the HMA lost jobs in 2001, the rate of nonfarm employment growth increased consistently from mid-2002 through the end of 2006, led by job gains in the goods-producing and service-providing

sectors. Growth peaked during the 12 months ending December 2006, when employment grew by 3.6 percent, or 13,600 jobs. Since then, employment growth has steadily slowed to its current rate of 0.6 percent because the goods-producing sector has recorded job losses. During the 12 months ending May 2008, the unemployment rate was 3.5 percent. See Figure 1 for trends in the labor force, resident employment, and unemployment rate in the HMA from 1990 to 2007.

Table 2. 12-Month Average Employment in the Albuquerque HMA, by Sector

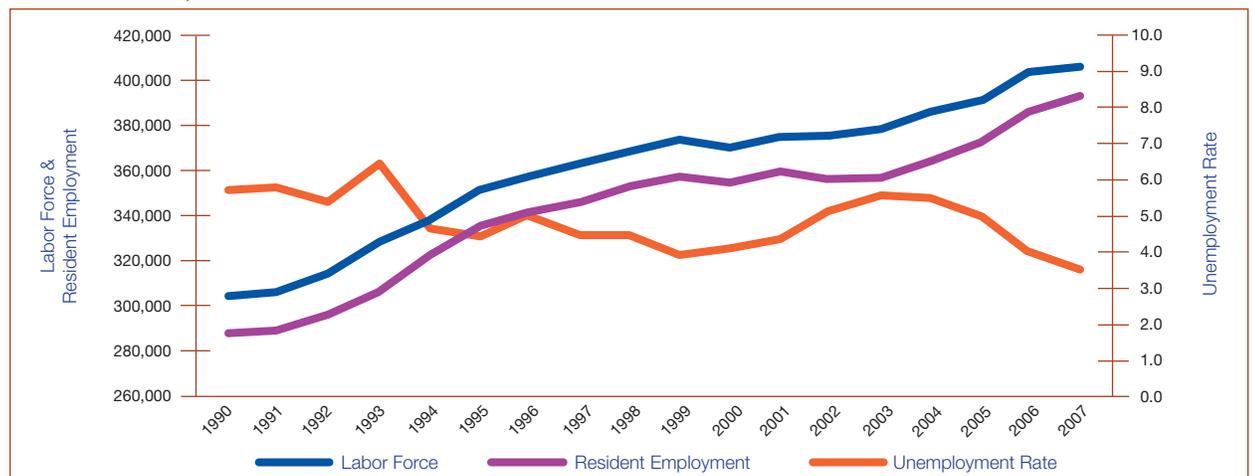
	12 Months Ending May 2007	12 Months Ending May 2008	Percent Change
Total Nonfarm Employment	394,000	396,400	0.6
Goods Producing	55,400	52,900	-4.5
Natural Resources, Mining, & Construction	31,200	29,800	-4.5
Manufacturing	24,100	23,100	-4.1
Service Providing	338,700	343,500	1.4
Wholesale & Retail Trade	57,400	58,300	1.6
Transportation & Utilities	10,700	11,000	2.8
Information	9,400	9,300	-1.1
Financial Activities	19,200	19,200	0.0
Professional & Business Services	63,400	64,300	1.4
Education & Health Services	48,500	49,700	2.5
Leisure & Hospitality	39,100	39,600	1.3
Other Services	12,200	12,400	1.6
Government	78,900	79,400	0.6

Notes: Based on 12-month averages through May 2007 and May 2008. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

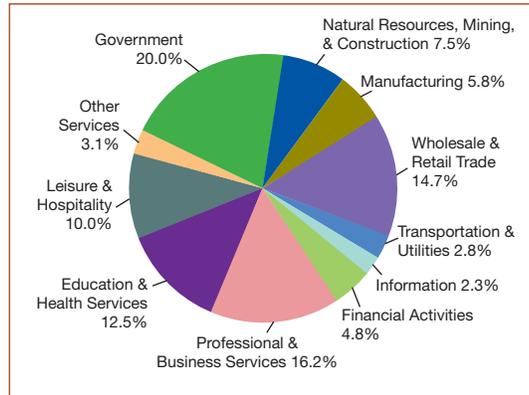
The education and health services sector and the natural resources, mining, and construction sector together accounted for nearly 50 percent of the growth in nonfarm employment from mid-2002 through the end of 2006, when hiring in the sectors increased by 7,500 and 7,300 jobs, respectively. Job growth in the natural resources, mining, and construction sector occurred mainly as a result of a high volume of single-family home construction and several large-scale commercial developments. Figure 2 shows that the education and health services sector and the natural resources, mining, and construction

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Albuquerque HMA, 1990 to 2007



Source: U.S. Bureau of Labor Statistics

Figure 2. Current Employment in the Albuquerque HMA, by Sector

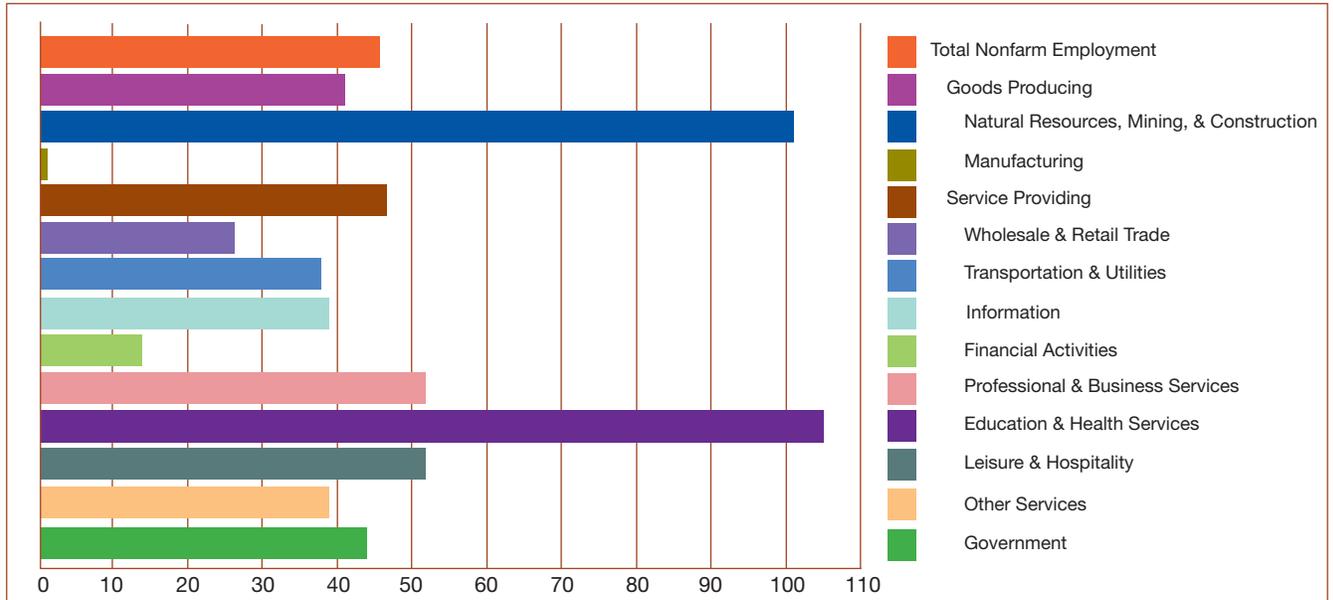


Note: Based on 12-month averages through May 2008.
Source: U.S. Bureau of Labor Statistics

sector currently account for 20 percent of the total jobs in the HMA. Both of these sectors have led nonfarm employment growth in the HMA since 1990, as Figure 3 illustrates.

The leading employer in the HMA is Kirtland AFB (see Table 3). In 2006, the base employed approximately 4,875 military and 35,700 civilian workers and had an estimated total economic impact of \$8.2 billion on the area, according to the base. Of the 35,700 civilian workers, approximately 7,100 are civilian federal

Figure 3. Sector Growth in the Albuquerque HMA, Percentage Change, 1990 to Current



Note: Current is based on 12-month averages through May 2008.
Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Albuquerque HMA

Name of Employer	Employment Sector	Number of Employees
Kirtland Air Force Base	Government	40,550
The University of New Mexico	Government	14,295
Presbyterian Healthcare Services	Education & Health Services	6,670
Lovelace Health System	Education & Health Services	5,200
UNM Hospitals	Government	4,596
Intel Corporation	Manufacturing	3,500
PNM Resources	Transportation & Utilities	1,815
New Mexico VA Health Care System	Government	1,805
Central New Mexico Community College	Government	1,770
T-Mobile USA	Professional & Business Services	1,700

Source: Albuquerque Economic Development

employees but more than 80 percent work as contractors for private-sector companies such as Sandia National Laboratories, a research and development company employing more than 8,700 workers. Employment at Kirtland AFB is expected to remain relatively stable during the next 3 years.

UNM is the second leading employer in the area. The university employs 14,300 faculty and staff and enrolled 26,300 students in the fall of 2007. According to an economic impact

study by the Bureau of Business and Economic Research at The University of New Mexico, in 2003, the university had a direct economic impact of approximately \$641 million on the state of New Mexico. Most of this impact is attributed to the school's main campus in Albuquerque and the UNM hospitals located in the Albuquerque HMA.

During the 12-month period ending May 2008, small employment gains in the service-providing sectors, led by an increase of 1,200 jobs in the education and health services sector, were partially offset by job declines in the goods-producing sectors. Employment in the manufacturing sector declined by 1,000 jobs, due partly to the loss of approximately 2,000 jobs since mid-2006 at the Intel Corporation plant located in Rio Rancho,

north of Albuquerque. The natural resources, mining, and construction sector lost 1,400 jobs as a result of the slowdown in new home construction and the completion of several major commercial construction projects, including UNM Children's Hospital and two large high-technology facilities.

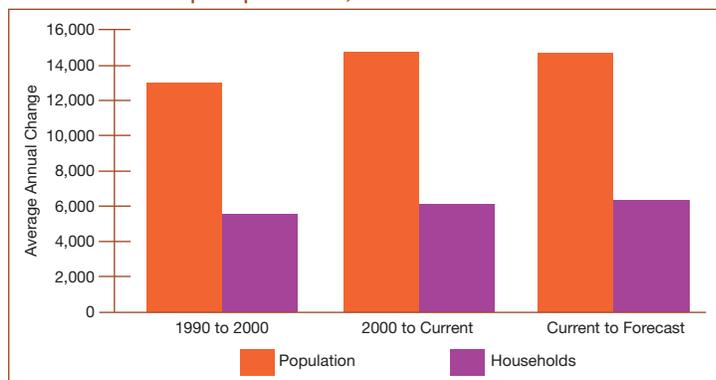
The overall anticipated long-term growth trend for the HMA's economy is positive, with new jobs being added and unemployment rates declining. During the 3-year forecast period, nonfarm employment is expected to increase by an average of 1.2 percent a year. Growth will be more moderate than that recorded during the mid-2002-through-2006 period due to expected continued declines in the construction industry and slower growth in other industries.

Population and Households

The steady economic growth of the 1990s led to increased population in the Albuquerque HMA as more people migrated to the area seeking employment. During the

1990s, the population expanded by an annual average rate of 2 percent, or 13,000, with approximately 55 percent of this increase resulting from net in-migration. Despite sluggish economic conditions early in the decade, this trend has continued since 2000, with the population growing by an average rate of 1.9 percent, or 14,800 annually. The rate of growth attributed to net in-migration since 2000 increased to approximately 60 percent. Figure 4 illustrates population and household growth in the HMA from 1990 to the forecast period. Figure 5 shows components of population change in the HMA from 1990 to the forecast period. As of June 1, 2008, the

Figure 4. Population and Household Growth in the Albuquerque HMA, 1990 to Forecast



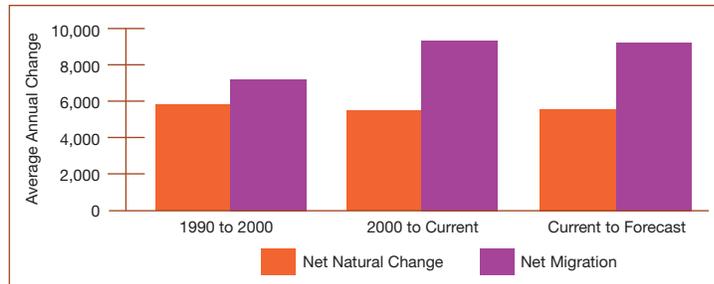
Sources: 1990 and 2000—1990 Census and 2000 Census; current and forecast—estimates by analyst

population of the Albuquerque HMA is estimated at 850,700.

During the forecast period, moderate employment growth is expected to cause net in-migration to remain at approximately 9,250 people annually,

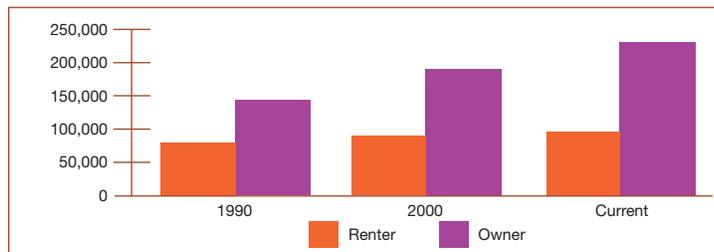
the same average level recorded from 2000 to the current date. The population is expected to increase by an average of 14,800, or 1.7 percent, annually and will reach an estimated 895,000 by June 1, 2011.

Figure 5. Components of Population Change in the Albuquerque HMA, 1990 to Forecast



Sources: 1990 and 2000–1990 Census and 2000 Census; current and forecast—estimates by analyst

Figure 6. Number of Households by Tenure in the Albuquerque HMA, 1990 to Current



Sources: 1990 and 2000–1990 Census and 2000 Census; current—estimates by analyst

During the 1990s, the rate of household growth in the HMA mirrored the rate of population growth. During the decade, the number of households increased by approximately 5,575, or 2.2 percent, annually. Since 2000, the rate of household growth has slowed slightly to 2 percent annually, corresponding to the small decrease in the rate of population growth in the HMA. During the forecast period, the rate of household growth is expected to remain similar to the rate recorded since 2000, mirroring the rate of population growth recorded between 2000 and the current date. The number of households is expected to grow by an average of 1.9 percent, or 6,325, during the forecast period. Figure 6 shows the number of households by tenure in the HMA from 1990 to the current date.

Housing Market Trends

Sales Market

Sales housing market conditions in the Albuquerque HMA are currently balanced, following tight conditions recorded during the 2004-through-mid-2006 period. During the 12 months ending May 2008, the total number of homes sold was 8,200, a 27-percent decline from the 11,200 homes sold during the previous 12-month period and 35 percent below the number of homes

sold during the 12 months ending May 2006. According to data from the Greater Albuquerque Association of REALTORS®, during the 8 months ending May 2008, homes for sale remained on the market for an average of 63 days compared with 43 days on the market during the 8 months ending May 2007. The average home sales price has continued to increase in the HMA, although at a slower rate

Housing Market Trends

Sales Market *Continued*

than it did during the past 2 years. During the 12 months ending May 2008, the average price of a home sold was \$242,100, up 2 percent from the price recorded during the previous 12-month period. During the previous two 12-month periods, the average price increased by 12 and 6 percent, respectively.

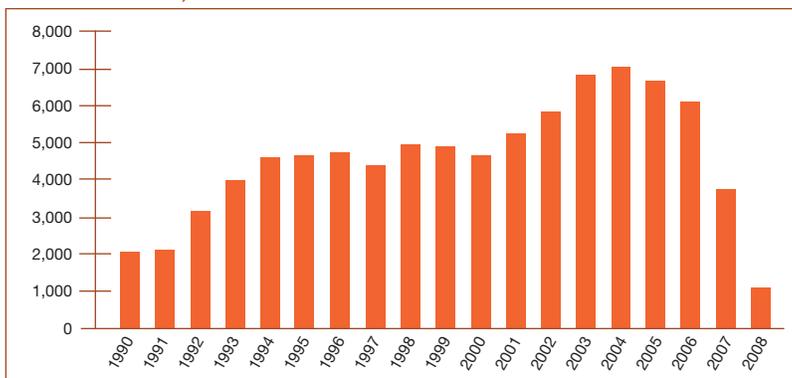
Single-family home construction activity, as measured by the number of single-family building permits issued, declined dramatically in the HMA during the 12 months ending May 2008 following a period of high activity earlier in the decade. From mid-2002 through mid-2006, annual construction activity nearly doubled from levels recorded throughout much of the 1990s (see Figure 7). The large number of single-family homes permitted during this period reflected increased demand resulting from low interest rates and attractive financing terms coupled with solid employment and population growth in the HMA. After reaching a peak of 7,425 homes permitted during the 12 months ending May 2006, single-family home construction activity steadily declined. Slowing job growth and tighter lending standards during the past 12 months have

combined to reduce the demand for single-family homes, and builders have responded by reducing the level of new home construction. During the 12 months ending May 2008, permits were issued for a total of 3,025 single-family homes. This figure represents a decline of approximately 30 percent compared with the number of single-family homes permitted during the previous 12-month period and a decline of nearly 60 percent compared with the peak volume recorded during the 12-month period ending May 2006.

Despite the slowdown in single-family homebuilding activity, several new subdivisions are currently under construction or in development. One of the largest is Mesa del Sol, a 13,000-acre, master-planned community in southeastern Albuquerque. The project, currently in development, is expected to be built over the next 35 to 50 years; when completed, it will include an estimated 38,000 homes, plus schools, stores, and as much as 18 million square feet of office and industrial space. The first homes are expected to be available for occupancy in the fall of 2009. Mesa del Sol plans call for approximately 400 housing units to be built during the first year of residential development and an additional 400 to 500 units to be completed in each subsequent year. Units will include a broad range of housing styles and prices, including condominiums, townhomes, and single-family homes. Prices will range from \$150,000 for a 900-square-foot condominium to \$700,000 or more for a 4,000-square-foot, single-family home.

Because the number of owner households is expected to grow due to employment and population growth, annual demand for new sales units is

Figure 7. Single-Family Building Permits Issued in the Albuquerque HMA, 1990 to 2008



Notes: Includes only single-family units. Includes data through May 2008.

Source: U.S. Census Bureau, Building Permits Survey

Housing Market Trends

Sales Market *Continued*

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Albuquerque HMA, June 1, 2008 to June 1, 2011

Price Range (\$)		Units of Demand	Percent of Total
From	To		
100,000	124,999	1,810	10.0
125,000	149,999	1,450	8.0
150,000	174,999	1,810	10.0
175,000	199,999	1,270	7.0
200,000	224,999	1,450	8.0
225,000	249,999	900	5.0
250,000	299,999	2,350	13.0
300,000	349,999	1,450	8.0
350,000	399,999	1,090	6.0
400,000	499,999	900	5.0
500,000	749,999	2,350	13.0
750,000	and higher	1,270	7.0

Source: Estimates by analyst

expected to increase during the 3-year forecast period when compared with the number of new single-family sales units constructed during the 12 months ending May 2008. Total demand during the forecast period for the Albuquerque HMA is estimated to be for 18,100 new sales units, or approximately 6,025 units a year. Currently, an estimated 880 units are under construction. Table 4 shows estimated demand for new market-rate sales housing in the HMA categorized by price range. Most of the demand is expected to occur in the \$250,000-to-\$299,999 price range.

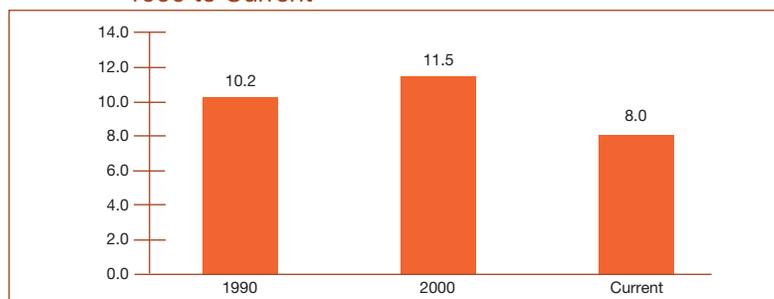
Rental Market

Although the rental housing market in the HMA is moderately soft, with a current rental vacancy rate of 8.0 percent, it has tightened compared with the 11.5-percent vacancy rate recorded in 2000 (see Figure 8). Increased demand for rental housing, partly due to recently tightened lending standards in the sales housing market, has helped lower vacancy rates in the past 12 months. The overall rental vacancy rate, which includes single-family and mobile home rental units, is estimated to be somewhat higher than the apartment vacancy rate. Single-family and mobile homes make up approximately

40 percent of all rental stock in the HMA. According to Reis, Inc., during the second quarter of 2008, the apartment vacancy rate averaged 5.4 percent. The apartment market has tightened since the vacancy rate reached a peak of 6.7 percent in early 2006. Between the first quarter of 2006 and the second quarter of 2008, average monthly rents increased consistently, from \$630 to \$700, posting a 4.9-percent average annual gain. Since 2000, average rents have increased by approximately 2.3 percent annually.

Both Kirtland AFB and UNM have a significant influence on the local rental housing market. Kirtland AFB houses 40 percent of its 4,875 military employees in 830 dormitory-style, single-occupancy rooms and approximately 1,075 privatized on-base units owned and managed by Kirtland AFB Family Housing, LLC. Approximately 60 percent of the base's military employees reside in the private housing market. UNM currently houses 2,200 students in eight residence halls and

Figure 8. Rental Vacancy Rates in the Albuquerque HMA, 1990 to Current



Sources: 1990 and 2000—1990 Census and 2000 Census; current—estimates by analyst

Housing Market Trends

Rental Market *Continued*

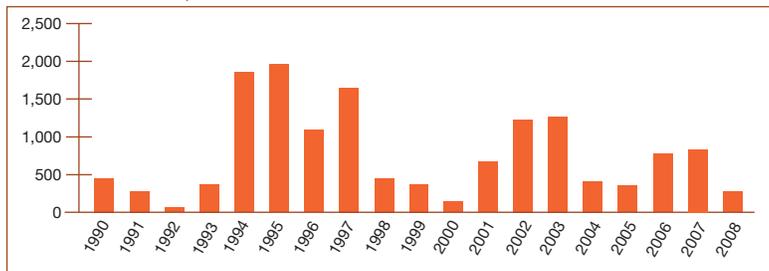
another several hundred students in family and graduate-student housing. Many of the other approximately 26,000 students enrolled at the university live off campus in nearby condominiums or apartment complexes. Rents for a one-bedroom unit near the campus start at approximately \$450 a month.

Multifamily construction activity, as measured by the number of units permitted in the HMA, declined to 640 units during the 12 months ending May 2008 compared with 910 units permitted during the previous 12 months. After a surge of construction activity in the mid-1990s, permitting activity has moderated

since 2000 (see Figure 9). During the decade 5,675 multifamily units, or an annual average of approximately 670 units, have been permitted so far. Approximately one-third of the multifamily units permitted in the HMA are intended for sale.

During the forecast period, demand is estimated for approximately 3,000 rental units. The annual average forecast demand of 1,000 units represents a substantial increase compared with the level of rental unit construction recorded during the 12-month period ending May 2008. Demand for rental housing is expected to be generated by employment and population growth and will continue to be supported by a combination of stable employment at Kirtland AFB, steady enrollment at UNM, and tighter lending standards for would-be homebuyers. Table 5 shows estimated demand for new market-rate rental housing in the HMA categorized by rent level and number of bedrooms. Approximately 510 rental units are currently under construction and expected to come on line during the first year of the forecast period.

Figure 9. Multifamily Building Permits Issued in the Albuquerque HMA, 1990 to 2008



Notes: Includes all multifamily units in structures with two or more units. Includes data through May 2008.

Source: U.S. Census Bureau, Building Permits Survey

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Albuquerque HMA, June 1, 2008 to June 1, 2011

One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
450	1,050	575	1,500	725	450
500	920	625	1,250	775	400
550	850	675	1,150	825	360
600	770	725	1,020	875	310
650	670	775	890	925	260
700	570	825	750	975	230
750	470	875	630	1,025	200
850	380	975	510	1,125	150
950	300	1,075	330	1,225	110
1,050	240	1,175	230	1,325	80
1,150	190	1,275	150	1,425	60
and higher		and higher		and higher	

Notes: Distribution above is noncumulative. Demand shown at any rent represents demand at that level and higher.

Source: Estimates by analyst

Data Profile

Table DP-1. Albuquerque HMA Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Resident Employment	288,040	355,580	393,200	2.1	1.4
Unemployment Rate (%)	5.7	4.1	3.5		
Nonfarm Employment	271,400	357,400	396,400	2.8	1.4
Total Population	599,416	729,649	850,700	2.0	1.9
Total Households	225,289	281,052	330,600	2.2	2.0
Owner Households	145,517	190,981	231,650	2.8	2.4
Percent Owner (%)	64.6	68.0	70.1		
Renter Households	79,772	90,071	98,950	1.2	1.2
Percent Renter (%)	35.4	32.0	29.9		
Total Housing Units	246,561	305,840	361,530	2.2	2.1
Owner Vacancy Rate (%)	1.9	2.0	1.5		
Rental Vacancy Rate (%)	10.2	11.5	8.0		
Median Family Income	NA	NA	\$58,000		

NA = Data are not available.

Notes: Employment data represent annual averages for 1990, 2000, and the 12 months through May 2008. Median family income (MFI) data are for 2008. No comparable data are available for MFI for 1990 and 2000 due to the definitional change of the metropolitan statistical area in 2003.

Sources: Estimates by analyst; U.S. Census Bureau; U.S. Department of Housing and Urban Development

Data Definitions and Sources

1990: 4/1/1990—U.S. Decennial Census

2000: 4/1/2000—U.S. Decennial Census

Current date: 6/1/2008—Analyst's estimates

Forecast period: 6/1/2008–6/1/2011—Analyst's estimates

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_AlbuquerqueNM_08.pdf.

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This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (HUD) in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to www.huduser.org/publications/econdev/mkt_analysis.html.