

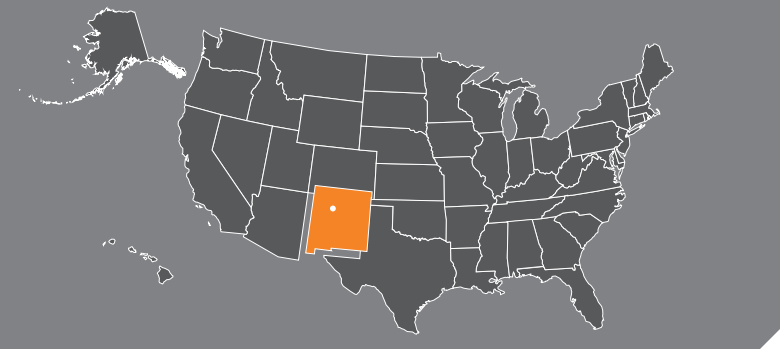
HUD PD&R Housing Market Profiles

Albuquerque, New Mexico



Quick Facts About Albuquerque

- **Current sales market conditions: slightly soft.**
- **Current apartment market conditions: balanced.**
- **The city of Albuquerque was founded in 1706 as a Spanish colonial outpost slightly west of the Sandia Mountains, at an elevation of 5,300 feet. The area has a mountainous, semiarid climate with more than 300 days of sunshine per year, which makes the area attractive to tourists and to semiconductor and photovoltaic cell manufacturers.**



By [Fernando L. Ramirez](#) | As of May 1, 2016

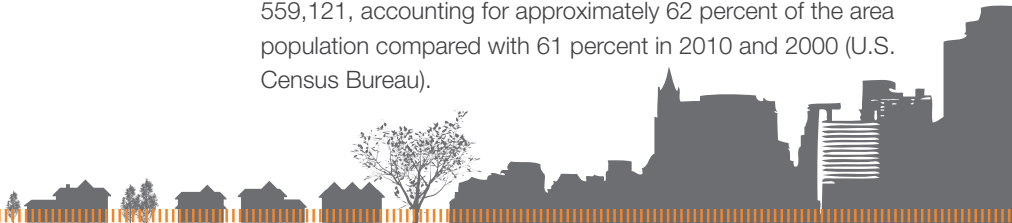
Overview

The Albuquerque, NM Metropolitan Statistical Area (hereafter, the Albuquerque metropolitan area) is in central New Mexico, approximately 60 miles southwest of Santa Fe, and consists of Bernalillo, Sandoval, Torrance, and Valencia Counties. The metropolitan area is a center for government research laboratories, semiconductor and photovoltaic cell manufacturers, tourism, and the film industry. The city of Albuquerque is home to the University of New Mexico (UNM), Kirtland Air Force Base (AFB), Sandia National Laboratories, and Albuquerque Studios. The area is also known for the tramway, trails, and ski facilities at Sandia Peak.

- As of May 1, 2016, the population of the Albuquerque metropolitan area is estimated at 909,600, reflecting an average annual increase of 3,700, or 0.4 percent, from 887,077 on April 1, 2010. By comparison, from 2000 to 2010, the population increased by an average of 15,570, or 2.0 percent, annually.
- Net migration accounted for 56 percent of population growth before 2010 but has become a negative contributor to growth since 2011, because of slow job growth coupled with declines in enrollment at UNM, which began in 2012.
- As of July 1, 2015, the city of Albuquerque had a population of 559,121, accounting for approximately 62 percent of the area population compared with 61 percent in 2010 and 2000 (U.S. Census Bureau).



PD&R



Job growth occurred in most sectors in the Albuquerque area during the past 12 months.

	3 Months Ending		Year-Over-Year Change	
	April 2015 (thousands)	April 2016 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	378.0	382.6	4.6	1.2
Goods-producing sectors	36.4	36.1	- 0.3	- 0.8
Mining, logging, and construction	20.0	20.0	0.0	0.0
Manufacturing	16.4	16.1	- 0.3	- 1.8
Service-providing sectors	341.6	346.5	4.9	1.4
Wholesale and retail trade	53.1	53.2	0.1	0.2
Transportation and utilities	10.0	9.8	- 0.2	- 2.0
Information	8.1	8.4	0.3	3.7
Financial activities	17.9	18.0	0.1	0.6
Professional and business services	56.5	57.4	0.9	1.6
Education and health services	61.5	64.3	2.8	4.6
Leisure and hospitality	41.1	41.1	0.0	0.0
Other services	11.5	11.6	0.1	0.9
Government	81.9	82.7	0.8	1.0
	(percent)	(percent)		
Unemployment rate	6.1	5.4		

Note: Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

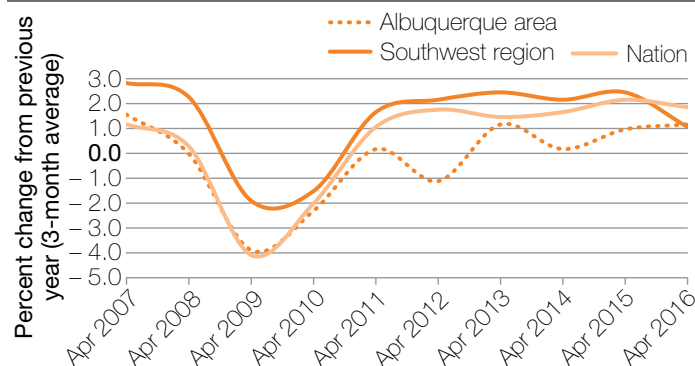
Economic Conditions

Nonfarm payrolls in the Albuquerque metropolitan area have grown at a slow rate every year since 2013, after 5 consecutive years of job losses from 2008 through 2012, when the national recession affected the economy of the metropolitan area. Despite the recent gains, the area has not fully recovered from the effects of the national recession, and nonfarm payrolls remain below the peak of 397,900 jobs in 2007.

During the 3 months ending April 2016—

- Nonfarm payrolls increased by 4,600 jobs, or 1.2 percent, from the same 3-month period a year earlier to an average of 382,600 jobs, after increasing by an average of 3,200 jobs, or 0.9 percent, annually from 2013 through 2015.
- The education and health services sector led job growth, increasing by 2,800 jobs, or 4.6 percent, from the same 3-month period a year earlier. In December 2015, Presbyterian Rust Medical Center in the city of Rio Rancho opened the first phase of a new \$86 million patient tower that will eventually contain 120 beds and that created an additional 100 jobs in the sector.
- The manufacturing sector recorded more losses from the same 3-month period a year earlier than did any other sector, declining by 300 jobs, or 1.8 percent. In October 2015, DPW Solar, a solar panel mounting solutions firm, announced layoffs totaling 50 to 60 employees, which contributed to losses in the sector.

Nonfarm payrolls have been recovering at a slow rate in the Albuquerque area since 2013.



Note: Nonfarm payroll jobs.

Source: U.S. Bureau of Labor Statistics

- The unemployment rate decreased to an average of 5.4 percent from 6.1 percent during the same 3-month period a year earlier because increases in employment outpaced labor force growth.

The government sector is the largest sector in the metropolitan area, accounting for 22 percent of nonfarm payrolls, which provides a degree of stability to the economy of the metropolitan area. UNM, which enrolls 27,350 students, is the largest employer in the metropolitan area, with 15,350 employees. The university had an economic impact of approximately \$204 million, and the UNM Hospitals and UNM Medical Group had an additional impact of \$415 million, on the state of New Mexico in fiscal year 2010,

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the most recent data available (UNM Bureau of Business and Economic Research). The university's main campus in the city of Albuquerque, the Health Sciences Center, and UNM Hospitals account for most of that impact, with total salaries and benefits estimated at \$474 million. Kirtland AFB covers more than 80 square miles in southeast Albuquerque and is the second largest employer in the metropolitan area, with approximately 10,150 employees, of which an estimated 55 percent are civilian personnel. In 2014, the base had an economic impact of \$3.8 billion within a 50-mile radius of the base, including \$1.1 billion in local job creation (Kirtland AFB).

Largest employers in the Albuquerque area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
University of New Mexico	Government	15,350
Kirtland Air Force Base	Government	10,150
Sandia National Laboratories	Professional and business services	9,850

Notes: Excludes local school districts. Data include military personnel, who generally are not included in nonfarm payroll survey data.

Source: Albuquerque Economic Development

Sales Market Conditions

Despite recent improvement, the sales housing market in the Albuquerque metropolitan area is currently slightly soft because of slow population growth since 2008. Although home prices have been recovering since 2012, they remain less than the average of \$227,000 from 2005 through 2008, a period of moderately strong population growth.

- During the 12 months ending April 2016, sales of new and existing homes increased by 1,575, or 17 percent, to 11,100, and the average sales price increased by \$3,400, or 2 percent, to \$211,400 (Greater Albuquerque Association of Realtors®).
- Condominiums and townhomes comprised 9 percent of all sales during the 12 months ending April 2016, up from 8 percent during the previous 12 months but down from 10 percent in 2008. Average sales prices for condominiums and townhomes in the metropolitan area increased less than 1 percent,

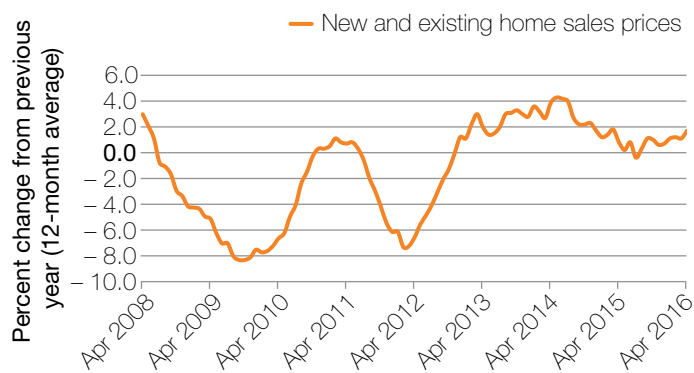
to \$147,700, during the 12 months ending April 2016 but were down significantly from the most recent peak of \$162,900 in 2008 (Greater Albuquerque Association of Realtors®).

- In April 2016, 4 months of inventory were on the market, down from 5 months in April 2015 (Greater Albuquerque Association of Realtors®).
- In March 2016, the most recent data available, 4.2 percent of mortgage loans in the metropolitan area were seriously delinquent (90 or more days delinquent or in foreclosure) or had transitioned into real estate owned status, down from 4.8 percent in March 2015 and from the peak of 6.8 percent in August 2012 (CoreLogic, Inc.).

New home construction has recovered from the low of 1,525 homes permitted annually from 2008 through 2013, but it remains well below the average of 5,750 homes permitted annually from 2000 through 2007, when the sales market was historically strong because of job and population gains during the period.

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Home sales prices in the Albuquerque area generally have been increasing since 2013 after declining in 2011 and 2012.



Note: Includes single-family homes, townhomes, and condominiums.
Source: Greater Albuquerque Association of Realtors®

Home sales in the Albuquerque area have increased after a slight decline in 2014.



Note: Includes single-family homes, townhomes, and condominiums.
Source: Greater Albuquerque Association of Realtors®

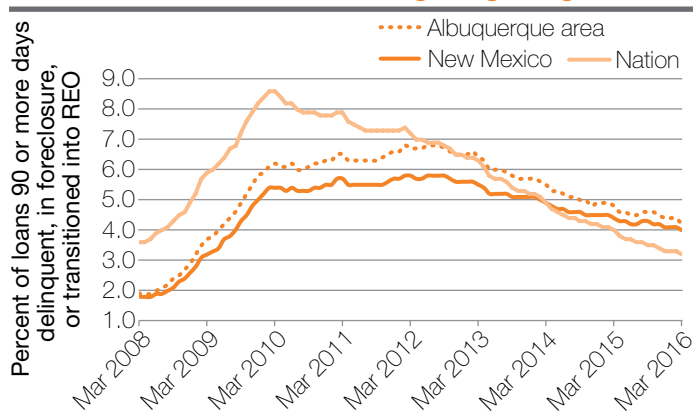
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- Single-family construction activity, as measured by the number of homes permitted, totaled 2,000 during the 12 months ending April 2016, a decrease of 50 homes, or 2 percent, from the previous 12-month period (preliminary data), because of a slowdown in development at Mesa del Sol.
- Mesa del Sol, a 13,000-acre, master-planned, mixed-use community currently is under development in the city of Albuquerque and is expected to include 37,000 homes, in addition

to apartments, retail stores, and office parks by the time it is complete between 2040 and 2055. In phases I and II, 213 homes have been completed, with prices starting at \$198,000.

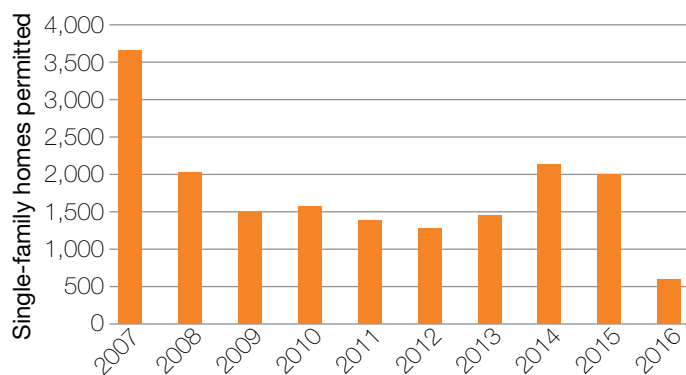
- In March 2016, development began on Las Terrazas, a 118-home development in the city of Los Lunas; the first phase, comprising 64 homes, is expected to be complete by the fall of 2016, although starting prices have not yet been announced.

The Albuquerque area was significantly affected by the housing crisis, and the slow recovery caused the percentage of seriously delinquent loans and REO properties to exceed the national average beginning in 2013.



REO = real estate owned.
Source: CoreLogic, Inc.

Single-family home permitting in the Albuquerque area began to increase in 2013 but remained well below previous peak levels.



Note: Includes preliminary data from January 2016 through April 2016.
Sources: U.S. Census Bureau, Building Permits Survey; analyst estimates

Apartment Market Conditions

Apartment market conditions in the Albuquerque metropolitan area are balanced because of moderate job growth since 2013 coupled with the addition of 864 apartment units during the past year, which were completed roughly on pace with demand. As of the first quarter of 2016, the most recent data available, the apartment vacancy rate was 5.5 percent, down from 6.3 percent in the first quarter of 2015 but up slightly from 5.3 percent in the first quarter of 2010 (MPF Research).

In the first quarter of 2016, the most recent data available—

- The average asking rent for an apartment was \$753, an increase of \$13, or 1.8 percent, from \$740 in the first quarter of 2015 and up from \$665 in the first quarter of 2010.
- Apartment vacancy rates in the six MPF Research-defined market areas within the metropolitan area ranged from 3.8 percent in the Downtown Albuquerque/University market area to 6.5 percent in the North Valley market area.

- Average apartment rents ranged from \$656 in the Uptown market area to \$836 in the Northeast Heights market area.
- Concessions were offered at 8.6 percent of units, down from 9.3 percent a year ago and down significantly from 41.1 percent in the first quarter of 2010, when job losses resulted in soft apartment market conditions.

Multifamily construction activity, as measured by the number of units permitted, increased during the 12 months ending April 2016 as developers responded to modest increases in rents and occupancy rates.

- During the 12 months ending April 2016, approximately 460 multifamily units were permitted, an increase of 90 units, or 23 percent, compared with the number permitted during the previous 12 months (preliminary data and analyst estimates).
- Multifamily permitting averaged 400 units annually from 2008 through 2009 and increased to an average of 820 from 2010

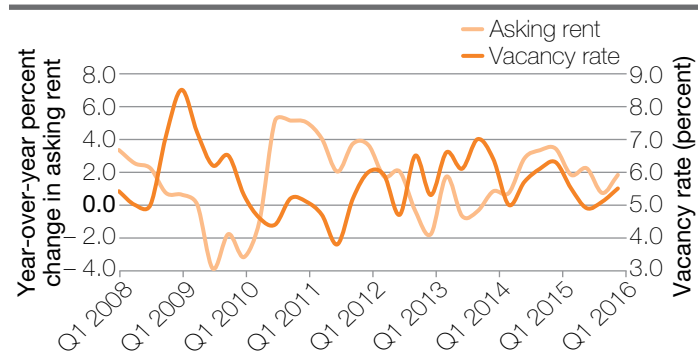
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through 2015, as developers responded to decreasing vacancy rates and an increased preference for rental housing during the period.

- A total of 1,003 apartment units are under construction in the metropolitan area (MPF Research). Although new construction starts are distributed throughout the metropolitan area, the greatest concentrations are in the Downtown Albuquerque/University and the North Valley market areas, which account for 60 and 30 percent, respectively, of units currently under construction.

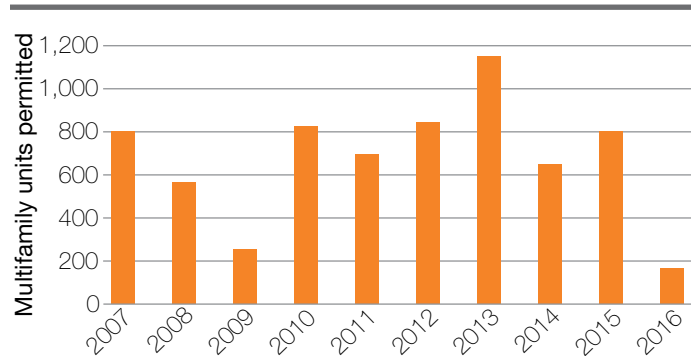
Since 2010, rents in the Albuquerque area generally have increased at a moderate rate, and the vacancy rate has remained between 4 and 7 percent.



Source: MPF Research

- In downtown Albuquerque, the conversion of a dry cleaning facility into a mixed-use development, including affordable apartments, is currently under way and expected to be complete in June 2016. The development, known as the Imperial Building, will include a combined 74 units when completed, with rents starting at \$788 for a one-bedroom, market-rate unit.
- The 180-unit Broadstone Promenade, which is expected to be complete in June 2016 with rents starting at \$1,075 for a one-bedroom unit, is also under construction in the city of Albuquerque.

The number of multifamily units permitted in the Albuquerque area began to recover in 2010 after substantial decreases in 2008 and 2009.



Note: Includes preliminary data from January 2016 through April 2016.

Sources: U.S. Census Bureau, Building Permits Survey; analyst estimates