

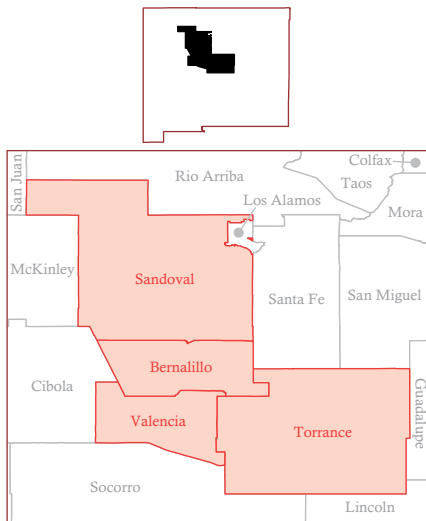


Albuquerque, New Mexico

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of April 1, 2016



Housing Market Area



The Albuquerque Housing Market Area (HMA) in central New Mexico, approximately 60 miles southwest of Santa Fe, consists of Bernalillo, Sandoval, Torrance, and Valencia counties. The HMA has a current estimated population of 909,300 and is home to Kirtland Air Force Base (AFB), the University of New Mexico (UNM), Sandia National Laboratories, and Albuquerque Studios.

Market Details

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Summary

Economy

The economy of the Albuquerque HMA has been recovering slowly since 2013, but nonfarm payrolls remain below the peak of 397,900 jobs recorded in 2007. During the 12 months ending March 2016, total nonfarm payrolls in the HMA grew by 3,800 jobs, or 1.0 percent, to 381,500 jobs. During the 3-year forecast period, nonfarm payrolls are expected to increase by an average annual rate of 1,050 jobs, or 0.3 percent.

Sales Market

The sales housing market in the HMA is slightly soft, with an estimated vacancy rate of 1.8 percent, down from 2.1 percent in April 2010. During the forecast period, employment and population gains are expected to support demand for 2,250 new homes (Table 1). The 430 homes currently under construction and a portion of the 19,700 other vacant units in the HMA that may reenter the market will satisfy some of the demand.

Rental Market

The rental housing market in the HMA is balanced, with an estimated overall rental vacancy rate of 7.0 percent, down slightly from 7.1 percent in April 2010. The apartment market also is balanced, with an apartment vacancy rate of 5.5 percent as of the first quarter of 2016, down from 6.3 percent a year ago (MPF Research). During the forecast period, demand is expected for 1,075 new market-rate rental units (Table 1). The 1,000 units currently under construction will satisfy nearly all of the forecast demand.

Table 1. Housing Demand in the Albuquerque HMA During the Forecast Period

	Albuquerque HMA	
	Sales Units	Rental Units
Total demand	2,250	1,075
Under construction	430	1,000

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of April 1, 2016. A portion of the estimated 19,700 other vacant units in the HMA will likely satisfy some of the forecast demand. Sales demand includes an estimated demand for 40 mobile homes. The forecast period is April 1, 2016, to April 1, 2019.

Source: Estimates by analyst

Economic Conditions

Nonfarm payrolls in the Albuquerque HMA 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 impacted the economy of the HMA. During the 12 months ending March 2016, total nonfarm payrolls in the HMA grew by 3,800 jobs, or 1.0 percent, to 381,500 jobs (Table 2). A significant number of job losses in the manufacturing sector and in the construction subsector contributed to the slow pace of the recovery. Despite gains, nonfarm payrolls remain below the peak of 397,900 jobs in 2007. During

the 12 months ending March 2016, the unemployment rate averaged 6.0 percent, down from 6.4 percent a year ago. By comparison, from 2010 through 2014, the unemployment rate averaged 7.2 percent. Figure 1 shows trends in the labor force, resident employment, and the unemployment rate in the HMA from 2000 through 2015.

From 2001 through 2007, nonfarm payrolls in the HMA increased by 5,400 jobs, or 1.4 percent, annually. The education and health services sector led job gains during that period, increasing by 1,700 jobs, or 4.0 percent, annually. The government sector also posted strong gains, increasing by 1,500 jobs, or 2.0 percent, annually.

The 2007 opening of the UNM Children's Hospital, a \$234 million investment, created 400 jobs in the sector.

During the same period, the mining, logging, and construction sector grew by 1,000 jobs, or 3.8 percent, annually; the gains were almost entirely in the construction subsector because of the increase in home construction during the period. From 2008 through 2012, the HMA lost jobs for 5 consecutive years, and nonfarm payrolls declined by 5,400 jobs, or 1.4 percent, annually. The mining, logging, and construction sector lost more jobs than any other sector, with losses averaging 2,300 jobs, or 9.0 percent, annually. All of the losses occurred in the construction subsector because of the sudden decline in residential construction at the beginning of the period. During the same period, the professional and business services sector and the manufacturing sector also recorded significant losses, averaging 1,800 and 1,200 annually, or 2.9 and 5.6 percent, respectively. In January 2009, Intel Corporation announced layoffs at its Rio Rancho facility

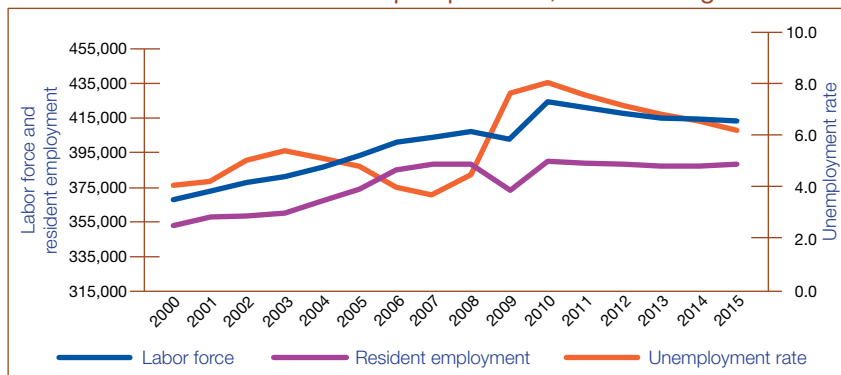
Table 2. 12-Month Average Nonfarm Payroll Jobs in the Albuquerque HMA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	March 2015	March 2016		
Total nonfarm payroll jobs	377,700	381,500	3,800	1.0
Goods-producing sectors	36,800	36,700	-100	-0.3
Mining, logging, & construction	20,400	20,400	0	0.0
Manufacturing	16,500	16,300	-200	-1.2
Service-providing sectors	340,900	344,800	3,900	1.1
Wholesale & retail trade	53,600	54,100	500	0.9
Transportation & utilities	9,900	9,800	-100	-1.0
Information	8,000	8,300	300	3.8
Financial activities	17,800	18,100	300	1.7
Professional & business services	57,200	57,300	100	0.2
Education & health services	60,100	62,300	2,200	3.7
Leisure & hospitality	41,200	41,700	500	1.2
Other services	11,700	11,700	0	0.0
Government	81,400	81,500	100	0.1

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through March 2015 and March 2016.

Source: U.S. Bureau of Labor Statistics

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Albuquerque HMA, 2000 Through 2015



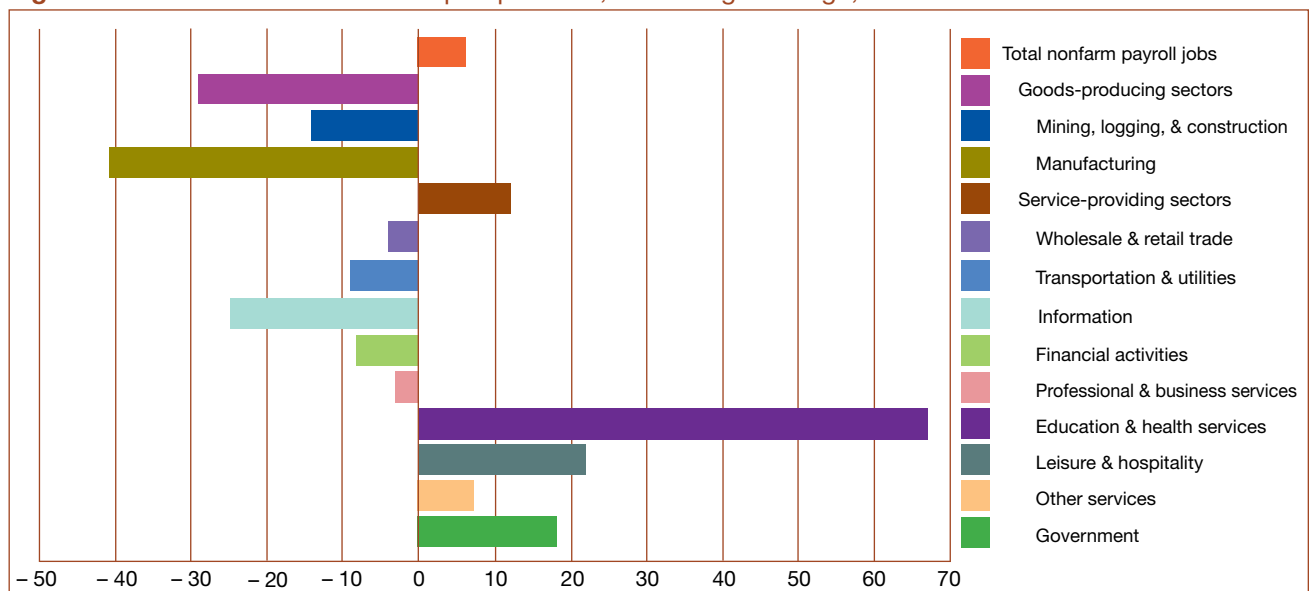
Source: U.S. Bureau of Labor Statistics

totaling 200 jobs, which contributed to losses in the manufacturing sector. Despite overall job losses during the period, the education and health services sector and the government sector gained an average of 1,500 and 500 jobs, or 2.8 and 0.6 percent, respectively. Presbyterian Rust Medical Center opened in October 2011 and UNM Sandoval Regional Medical Center opened in July 2012, adding nearly 400 and 500 permanent jobs to the education and health services sector and to the government sector, respectively. From 2013 through 2015, the HMA gained an average of 3,200 jobs, or 0.9 percent, annually. Gains were concentrated in the education and health services sector and in the leisure and hospitality sector, which gained an average of 1,700 and 1,000 jobs annually, or 3.0 and 2.5 percent, respectively. In August 2013, Prime Therapeutics announced the opening of a new pharmacy resource center in Albuquerque, which added 80 jobs to the education and health services sector by the end of the year. Despite gains during the period, several

sectors lost jobs, led by the manufacturing sector, which lost an average of 500 jobs, or 2.7 percent, annually.

During the 12 months ending March 2016, most nonfarm payroll sectors added jobs. The education and health services sector led job growth, gaining 2,200 jobs, or 3.7 percent. In December 2015 Presbyterian Rust Medical Center in Rio Rancho opened the first phase of a new \$86 million patient tower that will eventually contain 120 beds, and which created an additional 100 jobs in the sector. Since 2000, the sector has increased by 67 percent, more than any other sector (Figure 2). The leisure and hospitality sector and the wholesale and retail trade sector also recorded significant growth during the past 12 months, adding 500 jobs, or 1.2 percent, and 500 jobs, or 0.9 percent, respectively. In 2014, the most recent data available, direct visitor spending in the HMA totaled \$2.3 billion, up 3 percent from 2013; and direct tourism employment in the HMA was estimated at 20,150 jobs in 2014, up less than 1 percent from

Figure 2. Sector Growth in the Albuquerque HMA, Percentage Change, 2000 to Current



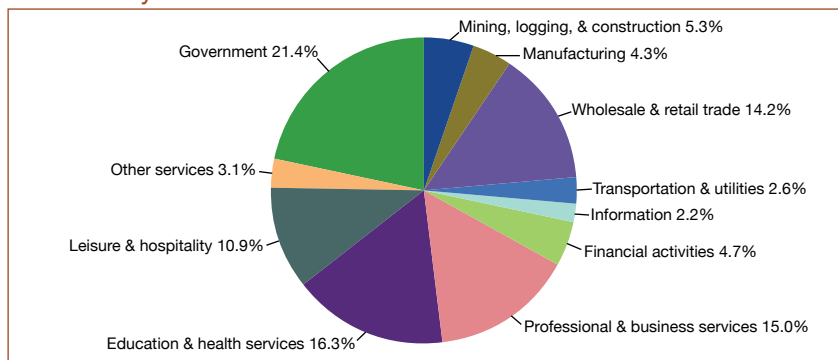
Note: Current is based on 12-month averages through March 2016.

Source: U.S. Bureau of Labor Statistics

2013 (Tourism Economics, an Oxford Economics company). During the 12 months ending March 2016, the manufacturing and the transportation and utilities sectors were the only sectors to post losses, which totaled 200 and 100 jobs, or 1.2 and 1.0 percent, respectively. 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. Since 2000, the manufacturing sector has contracted by 41 percent, more than any other sector. In 2013, Intel Corporation laid off 1,000 workers, which contributed to the steady losses in the sector since 2000. In 2009, Advent Solar, Inc., a photovoltaic cell manufacturer, laid off 55 employees, which also contributed to those losses.

The city of Albuquerque is home to several governmental facilities and institutions, such as the flagship campus of UNM, Kirtland AFB, and Sandia National Laboratories. As a result, the government sector is the largest sector in the HMA (Figure 3), accounting for 21.4 percent of nonfarm payrolls. UNM, which enrolls 27,350 students, is the largest employer in the HMA, with 15,350 employees (Table 3). An economic impact study revealed that the university had an impact of approximately \$204 million, and the UNM Hospitals and UNM Medical Group had an additional impact of \$415 million on New Mexico in fiscal year 2010, 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 the 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 HMA, 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). Sandia National Laboratories, located within Kirtland AFB, is the third largest employer, with 9,850 employees, and in 2014 had a local economic impact of \$3.6 billion (Kirtland AFB). The laboratories opened in July 1945 as Z Division—the ordnance design, testing, and assembly arm of Los Alamos National Laboratory—as part of the Manhattan Project. Although the laboratories are a governmental facility, most of the employees are private-sector contractors.

Figure 3. Current Nonfarm Payroll Jobs in the Albuquerque HMA, by Sector



Note: Based on 12-month averages through March 2016.

Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Albuquerque HMA

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 & business services	9,850
Presbyterian Healthcare Services	Education & health services	7,300
University of New Mexico Hospitals	Government	5,960
City of Albuquerque	Government	5,500
State of New Mexico	Government	4,950
Lovelace Health System	Education & health services	4,000
Intel Corporation	Manufacturing	2,800
Bernalillo County	Government	2,425

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

Source: Albuquerque Economic Development

During the 3-year forecast period, nonfarm payrolls are expected to increase by an average annual rate of 1,050 jobs, or 0.3 percent, partly because the trend of weak or negative job growth in the manufacturing sector is expected to continue during the forecast period, and no major corporate relocations to the HMA are expected. The education and health

services sector is expected to gain 100 to 200 jobs when Presbyterian Rust Medical Center completes the final phases of its new \$86 million patient tower. Intel Corporation is expected to lay off 215 workers in its Rio Rancho facility by July 2015, which is expected to contribute to slow job growth during the forecast period.

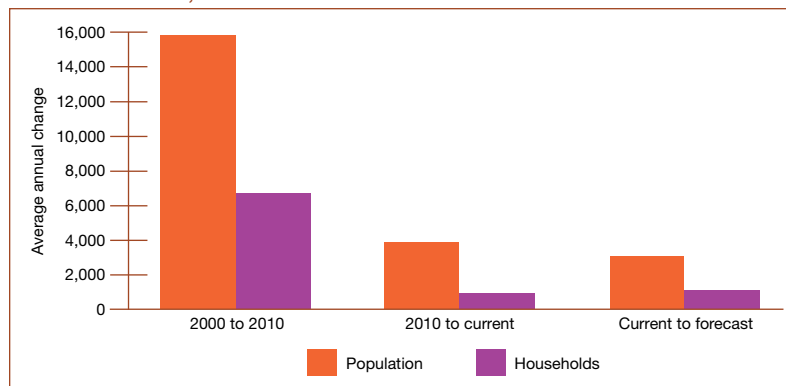
Population and Households

As of April 1, 2016, the population of the Albuquerque HMA is estimated at 909,300, 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 15,750, or 2.0 percent, annually. During the 2000s, the population grew at a moderate rate until 2007, when growth slowed significantly because of job losses that began in 2008 and from which the HMA has not fully recovered. From 2000 through 2007, a period of moderate job growth, the population grew by an average of 16,550 or 2.1 percent, annually (Census

Bureau, July 1 estimates). From 2007 to 2010, population growth slowed to an average of 13,600, or 1.6 percent, annually, in response to job losses caused by the national recession. From 2010 to 2012, population growth further slowed to an average of 6,225, or 0.7 percent, annually, as a result of cumulative job losses. Since 2012, the rate of population growth has continued to slow, despite growth in nonfarm payrolls, because the economy remains comparatively weak and enrollment at UNM has declined. From 2012 to 2015, population growth averaged 2,075, or 0.2 percent, annually. During the 3-year forecast period, the population of the HMA is expected to increase by an average of 2,925, or 0.3 percent, annually, to 918,100 by April 1, 2019 (Figure 4).

Net migration was the primary component of population growth before 2010 but has become a negative contributor to growth since 2010 (Figure 5). From 2000 to 2007, a period of moderate job and population growth, net in-migration averaged 10,950 people annually, and net natural increase (resident births minus resident

Figure 4. Population and Household Growth in the Albuquerque HMA, 2000 to Forecast



Notes: The current date is April 1, 2016. The forecast date is April 1, 2019.

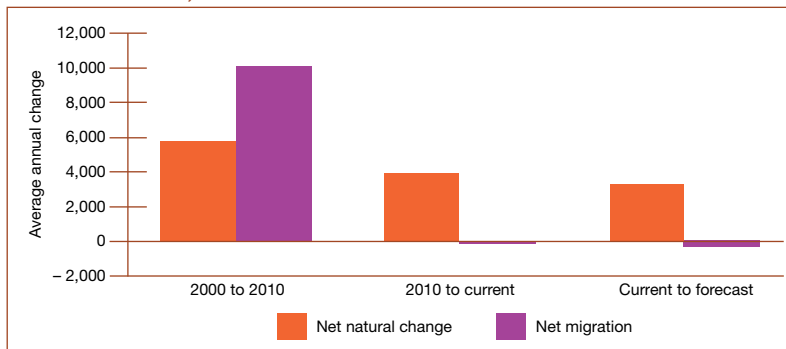
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

deaths) averaged 5,600 per year. From 2007 to 2010, when the HMA recorded substantial job losses, net in-migration slowed to an average of 7,600 annually, and net natural increase averaged 6,000 per year. During that period, the decline in in-migration was partly offset by gains in student enrollment at UNM, which increased by an average of 1,000 annually, to 28,750 students. As job losses continued to mount, from 2010 to 2012, net in-migration slowed further to an average of 1,675 annually, and net natural increase averaged 4,550 per year. During the period, enrollment at UNM increased by an average of 170 students annually, to 29,100, which partially offset the decline in in-migration. The

migration flow reversed from 2012 to 2015 because of job losses during the early part of the period coupled with declines in student enrollment at UNM, which resulted in net out-migration during the period averaging 1,375 annually, whereas net natural change averaged 3,450 per year. During the period, enrollment at UNM declined by an average of 580 annually, to 25,800 students. During the forecast period, net out-migration from the HMA is expected to slow to an average of 280 annually as nonfarm payrolls grow slowly and enrollment at UNM stabilizes.

Since 2010, the number of households in the HMA has increased at a much slower rate than it did during the previous decade because of slow job and population growth. The number of households since 2010 has increased by 770, or 0.2 percent, annually compared with an average annual increase of 6,625, or 2.1 percent, during the past decade. The rate of household growth since 2010 has slightly lagged the rate of population growth because out-migration and slow job growth during the period disproportionately suppressed household formation. The number of households in the HMA currently is estimated at 352,000. Figure 6 illustrates the number of households by tenure in the HMA for 2000, 2010, and the current date. During the forecast period, the number of households in the HMA is expected to increase by 970, or 0.3 percent, annually to approximately 354,900 households by April 1, 2019. Table DP-1 at the end of this report provides additional demographic data for the HMA.

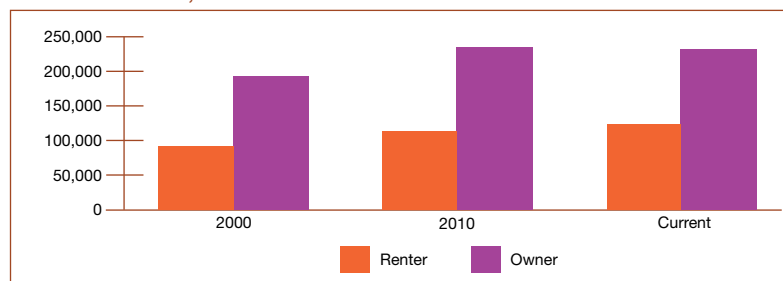
Figure 5. Components of Population Change in the Albuquerque HMA, 2000 to Forecast



Notes: The current date is April 1, 2016. The forecast date is April 1, 2019.

Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 6. Number of Households by Tenure in the Albuquerque HMA, 2000 to Current



Note: The current date is April 1, 2016.

Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

Housing Market Trends

Sales Market

The sales housing market in the Albuquerque HMA is slightly soft because of slow population growth since 2008. The current home sales vacancy rate is estimated at 1.8 percent, down from 2.1 percent in 2010, because of job growth since 2012. During the 12 months ending March 2016, the number of new and existing homes sold in the HMA (including single-family homes, townhomes, and condominiums) increased 17 percent, to 11,000 homes sold, compared with the number sold during the previous 12 months because of job gains during the period (Greater Albuquerque Association of Realtors® [GAAR]). The current level of sales remains below the average of 12,400 homes sold annually from 2005 through 2007, when the HMA posted strong job and population growth. From 2008 through 2011, new and existing home sales decreased to an average of 7,400 homes sold annually in response to job losses during the period coupled with a slowdown in the rate of population growth. From 2012 through 2015, home sales increased to an average of 9,425 homes sold annually, partly because of job gains since 2012. Condominiums and townhomes comprised 9.0 percent of all sales during the 12 months ending March 2016, up from 8.4 percent during the previous 12 months but down from 10 percent in 2008. Despite the recent increase in home sales, the current homeownership rate in the HMA is estimated at 65.2 percent, down from 67.2 percent in April 2010 because of an increased preference for rental housing coupled with tighter mortgage lending standards.

During the 12 months ending March 2016, the average sales price for new

and existing single-family homes, townhomes, and condominiums in the HMA increased 2 percent, to \$211,400, compared with prices during the previous 12 months (GAAR). Although home prices in the HMA have begun to recover, they remain below the average of \$227,000 from 2005 through 2008, a period of moderately strong population growth. As the national recession mounted, from 2009 through 2012, home prices declined to an average of \$209,100 because of job losses during the period coupled with a slowdown in population growth. Subsequently, the HMA began to recover, and from 2013 through 2015, home prices increased to an average of \$212,900 because of job gains during the period.

Home prices vary significantly within the HMA, with the highest prices generally found in northern Albuquerque and the lowest in southwest Albuquerque, partly because households in the northern portions of the HMA tend to have higher incomes than households in other parts of the HMA. During the first quarter of 2016, prices were highest in the North Albuquerque Acres GAAR-defined market area, averaging \$598,000, up 51 percent from the first quarter of 2015. Conversely, prices were lowest in the Near South Valley GAAR-defined market area, which averaged \$121,700, down 17 percent from the first quarter of 2015. Average sales prices for condominiums and townhomes in the HMA decreased less than 1 percent to \$145,700 during the 12 months ending March 2016, remaining well below the peak of \$162,900 in 2008. During the 12 months ending March 2016, the available inventory of new and existing homes

Housing Market Trends

Sales Market *Continued*

in the HMA averaged a 4.4-month supply, down from a 6.3-month supply a year ago and down significantly from the 10.6-month supply recorded in 2008.

In March 2016, 4.2 percent of mortgage loans in the HMA were 90 or more days delinquent, were in foreclosure, or had transitioned into real estate owned (REO) status, down from 4.8 percent in March 2015 and down from the peak of 6.8 percent in August 2012 (CoreLogic, Inc.). By comparison, in March 2016, 4.0 percent of mortgage loans in New Mexico were 90 or more days delinquent, were in foreclosure, or had transitioned into REO status, down from 4.4 percent in March 2015 (CoreLogic, Inc.). During the 12 months ending March 2016, REO sales accounted for 17 percent of all home sales, down from 20 percent during the previous 12-month period and down significantly from the peak of 25 percent in 2011, but well above the average of 4 percent that prevailed from 2005 through 2007.

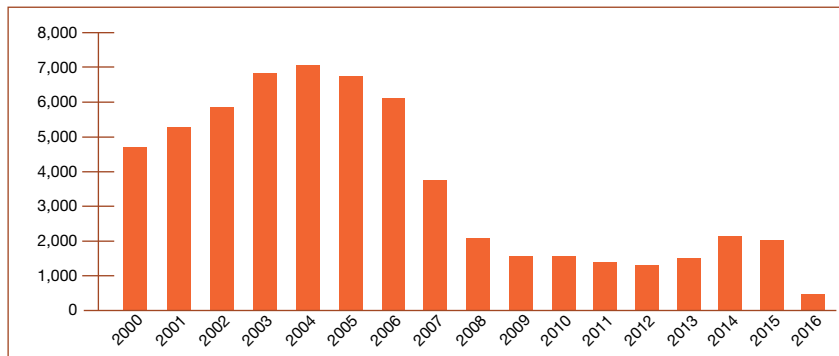
Single-family homebuilding activity, as measured by the number of single-family homes permitted, decreased slightly in the HMA during the 12 months ending March 2016. The number of single-family homes

permitted decreased 2 percent, to 2,000 homes, compared with 2,050 homes permitted during the previous 12 months (preliminary data), partly because of development delays at Mesa del Sol. The current level of permitting activity 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 that period (Figure 7). Subsequently, from 2008 through 2013, single-family permitting activity decreased to an average of 1,525 homes annually because of job losses and a slowdown in population growth during the period. More recently, from 2014 through 2015, single-family permitting activity increased to an average of 2,075 homes annually because of job gains during the period.

Sales prices for new single-family homes start at approximately \$90,000, but the lowest prices are found primarily in the outlying areas. Ongoing developments include Mesa del Sol, a 13,000-acre, master-planned, mixed-use community located in the city of Albuquerque near Albuquerque Studios and Kirtland AFB. The development is expected to include 37,000 homes, in addition to apartments, retail establishments, and office parks, by the time it is complete between 2040 and 2055. To date, 213 homes have been completed in phases I and II, with prices starting at \$198,000. In March 2016, construction 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; starting prices have not yet been announced.

During the next 3 years, demand is expected for 2,250 new homes in the HMA (Table 1). The 430 homes

Figure 7. Single-Family Homes Permitted in the Albuquerque HMA, 2000 to Current



Notes: Includes townhomes. Current includes data through March 2016.

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

Housing Market Trends

Sales Market *Continued*

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Albuquerque HMA During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
90,000	149,999	220	10.0
150,000	199,999	620	28.0
200,000	249,999	440	20.0
250,000	299,999	380	17.0
300,000	399,999	380	17.0
400,000	and higher	180	8.0

Notes: The 430 homes currently under construction and a portion of the estimated 19,700 other vacant units in the HMA will likely satisfy some of the forecast demand. Demand for 40 mobile homes during the forecast period is excluded from this table. The forecast period is April 1, 2016, to April 1, 2019.

Source: Estimates by analyst

currently under construction and a portion of the estimated 19,700 other vacant units that likely will reenter the sales housing market will meet some of that demand. Demand is expected to remain relatively stable during the 3-year forecast period. An estimated 48 percent of the demand is expected to be for homes priced between \$150,000 and \$249,999 (Table 4).

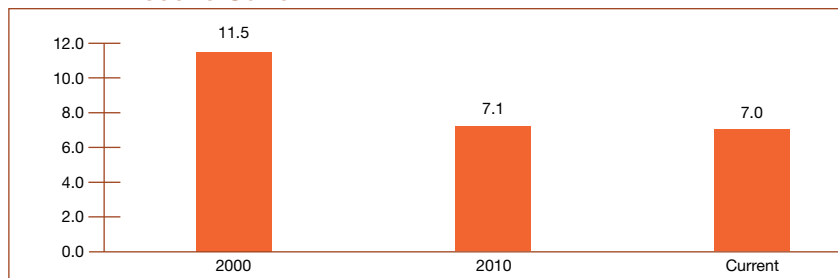
Rental Market

Rental housing market conditions in the Albuquerque HMA are balanced because of moderate job growth since 2013. The current overall rental vacancy rate is estimated at 7.0 percent, down slightly from 7.1 percent in April 2010 (Figure 8). An estimated 42 percent of renter-occupied housing units consist of single-family homes, up slightly from 39 percent in 2010. Apartments, defined as units in buildings with three or more units in structure, comprise an estimated 47 percent of the occupied rental inventory, down from 52 percent in 2010. Approximately 25 percent of apartment units are in buildings with three or four units in structure. The apartment market also is balanced. The apartment vacancy rate as of the first quarter of 2016 was 5.5 percent, down from 6.3 percent a year ago

(MPF Research). Apartment vacancy rates in the six MPF Research-defined market areas within the HMA range from 3.8 percent in the Downtown Albuquerque/University market area to 6.5 percent in the North Valley market area. Student households comprise an estimated 7 percent of renter households in the HMA. Currently, 25,300 students are enrolled at UNM, of which 92 percent live off campus. The effect of students on the rental market is greatest in the Downtown Albuquerque/University MPF-defined market area, containing UNM and approximately 60 percent of new apartments under construction. Current apartment asking rents in the HMA average \$672, \$831, and \$1,010 for one-, two-, and three-bedroom units, respectively. The average asking rent for all apartment units was \$753, up 2 percent from \$740 a year ago and up from \$665 in the first quarter of 2010.

Although rents increased in every market area, rent levels varied significantly among regions. Average rents ranged from \$656 in the Uptown market area to \$836 in the Northeast Heights market area, partly because

Figure 8. Rental Vacancy Rates in the Albuquerque HMA, 2000 to Current



Note: The current date is April 1, 2016.

Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

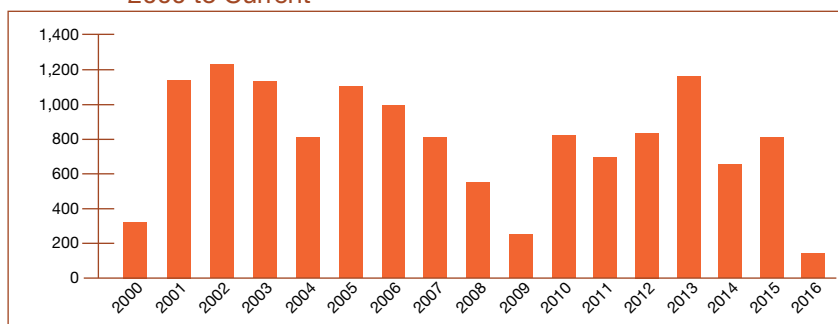
the higher income levels in northern Albuquerque can better support Class A apartment developments. In the first quarter of 2016, concessions were offered at 8.6 percent of units, down from 9.3 percent a year ago and down significantly from 41.1 percent in the first quarter of 2010, when job losses coupled with an increase in the number of single-family homes offered for rent resulted in soft apartment market conditions. Asking rents are significantly higher for units completed since 2000, averaging \$904, up less than 1 percent from a year ago. By comparison, asking rents averaged \$686, \$674, \$713, and \$891 for units built before 1970, and units built in the 1970s, 1980s, and 1990s, respectively. Rent growth also was moderate in the single-family rental market. In March 2016, the median rent for single-family homes in the HMA was \$1,175, up 2 percent from \$1,150 in March 2015 and up from \$1,100 in March 2014 (Yahoo!-Zillow Real Estate Network).

The median household income in the HMA is relatively low compared with the median for the nation and has recorded minimal increases since 2010. As a result, the income-restricted market constitutes a significant portion of the rental market in the HMA. In 2014, the most recent data

available, the median household income in the HMA was \$47,581, up less than 1 percent, annually, from \$47,383 in 2010. By comparison, the national median household income in 2014 was \$53,657, up 1.8 percent, annually, from \$50,046 in 2010 (U.S. Census Bureau). Income-restricted units comprise an estimated 17 percent of the apartment inventory in the HMA. The apartment vacancy rate for income-restricted units currently is 5.4 percent, down from 7.8 percent a year ago (ALN Apartment Data, Inc.). Asking rents for income-restricted units currently average \$625, \$738, and \$870 for one-, two-, and three-bedroom units, respectively. The average asking rent for income-restricted units of all sizes increased 2 percent to \$703.

Since 2010, multifamily construction activity, as measured by the number of units permitted, generally has remained below the levels recorded in the HMA from 2001 through 2007 (Figure 9). During the 12 months ending March 2016, 580 multifamily units were permitted, a 142-percent increase from the 240 units permitted during the previous 12 months (preliminary data; analyst's estimates), as developers responded to moderate increases in rents and occupancy rates. The current level of activity is below the average of 1,025 units permitted annually from 2001 through 2007, as developers responded to a decline in vacancy rates from 7.0 percent in the fourth quarter of 2001 to 4.9 percent in the fourth quarter of 2007, which was caused by moderately strong job and population growth during the period. From 2008 through 2009, construction activity slowed to an average of 400 units annually, as developers responded to an increase in vacancy rates from 4.9 percent in the fourth

Figure 9. Multifamily Units Permitted in the Albuquerque HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through March 2016.

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

quarter of 2007 to 6.5 percent in the fourth quarter of 2009 because of job losses during the period coupled with excess single-family inventory offered for rent.

From 2010 through 2015, construction activity recovered to an average of 820 units annually because excess single-family inventory was absorbed by 2010 and developers responded to a decrease in the vacancy rate from 6.5 percent in the fourth quarter of 2009 to 5.1 percent in the fourth quarter of 2015, the result of an increased preference for rental housing coupled with tight mortgage lending standards. Although new construction starts are distributed throughout the HMA, 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 (MPF Research; analyst's estimates). Developments currently under construction

in the city of Albuquerque include the 240-unit Villages at Avalon, an income-restricted property that is expected to be complete in June 2017, although rents have not yet been announced; and the 180-unit Broadstone Promenade apartment community, which is expected to be complete in June 2016, with rents starting at \$1,075 for a one-bedroom unit.

During the 3-year forecast period, demand is estimated for 1,075 new market-rate rental units in the HMA. The 1,000 units currently under construction will satisfy all of the forecast demand for the first and second years and part of the demand for the third year (Table 1). Additional units do not need to be constructed until the third year of the forecast period. Demand is expected to remain relatively stable during the forecast period. Table 5 shows the estimated demand for new rental units by number of bedrooms and rent levels.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Albuquerque HMA During the Forecast Period

Zero Bedrooms		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	Monthly Gross Rent (\$)	Units of Demand
870 to 1,069	10	710 to 909	110	730 to 929	90	840 to 1,039	15
1,070 or more	10	910 to 1,109	50	930 to 1,129	75	1,040 to 1,239	25
		1,110 to 1,309	180	1,130 to 1,329	190	1,240 to 1,439	120
		1,310 to 1,509	10	1,330 to 1,529	80	1,440 to 1,639	50
		1,510 to 1,709	10	1,530 to 1,729	15	1,640 to 1,839	10
		1,710 or more	10	1,730 or more	10	1,840 or more	10
Total	20	Total	370	Total	460	Total	230

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 1,000 units currently under construction will likely satisfy some of the estimated demand. The forecast period is April 1, 2016, to April 1, 2019. Source: Estimates by analyst

Table DP-1. Albuquerque HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	352,990	390,888	389,100	1.0	- 0.1
Unemployment rate	4.1%	8.0%	6.0%		
Nonfarm payroll jobs	359,800	373,500	381,500	0.4	0.4
Total population	729,649	887,077	909,300	2.0	0.4
Total households	281,052	347,366	352,000	2.1	0.2
Owner households	190,981	233,579	229,400	2.0	- 0.3
Percent owner	68.0%	67.2%	65.2%		
Renter households	90,071	113,787	122,600	2.4	1.3
Percent renter	32.0%	32.8%	34.8%		
Total housing units	305,840	374,404	385,200	2.0	0.5
Owner vacancy rate	2.0%	2.1%	1.8%		
Rental vacancy rate	11.5%	7.1%	7.0%		
Median Family Income	\$46,100	\$59,500	\$57,800	2.6	- 0.6

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through March 2016. Median Family Incomes are for 1999, 2009, and 2014. The current date is April 1, 2016.

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

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
2010: 4/1/2010—U.S. Decennial Census
Current date: 4/1/2016—Analyst’s estimates
Forecast period: 4/1/2016–4/1/2019—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.

Other Vacant Units: In the U.S. Department of Housing and Urban Development’s (HUD’s) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this

additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_AlbuquerqueNM_16.pdf.

Contact Information

Fernando L. Ramirez, Economist
Fort Worth HUD Regional Office
817-978-9415
fernando.l.ramirez@hud.gov

This analysis has been prepared for the assistance and guidance of 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 huduser.gov/portal/ushmc/chma_archive.html.