

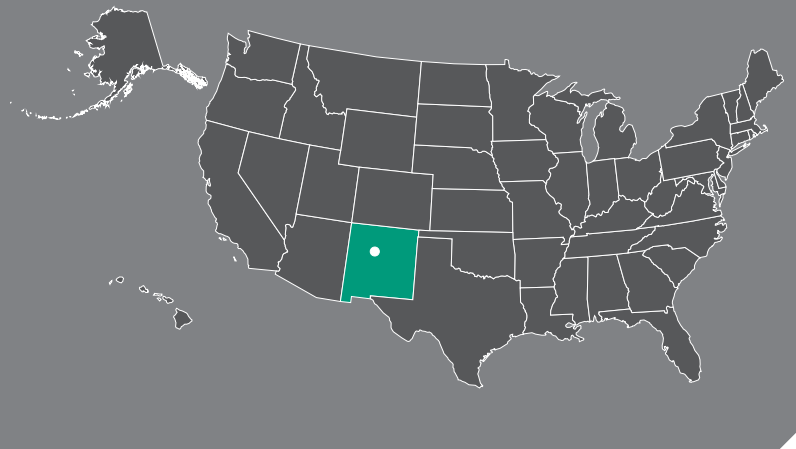
HUD PD&R Housing Market Profiles

Albuquerque, New Mexico



Quick Facts About Albuquerque

- Current sales market conditions: tight
- Current apartment market conditions: slightly tight
- The city of Albuquerque is home to The University of New Mexico (UNM), Kirtland Air Force Base (AFB), Sandia National Laboratories, and Netflix, Inc., which moved its production hub to the metropolitan area in 2019.



By Cameron Ehrlich | As of April 1, 2023

Overview

The Albuquerque metropolitan area, in central New Mexico, is coterminous with the Albuquerque, New Mexico Metropolitan Statistical Area and consists of Bernalillo, Sandoval, Torrance, and Valencia Counties. The principal city of Albuquerque is in Bernalillo County. The metropolitan area is a popular tourist destination because of its location near the Sandia Mountains and its semiarid climate, which includes more than 300 days of sunshine each year. The metropolitan area is a center for government research laboratories, manufacturers, health care, tourism, and an expanding film industry. Approximately 6.2 million people visit the metropolitan area annually, resulting in an economic impact of more than \$2.0 billion (Visit Albuquerque).

- The population of the metropolitan area is estimated at 920,600 as of April 1, 2023, representing an average increase of 1,350, or 0.1 percent, annually since April 2020. Net natural change turned negative during that 3-year period, largely because of an increased number of deaths attributable to the COVID-19 pandemic, with an average net natural decline of 1,425 people a year (U.S. Census Bureau and estimates by the analyst). Since 2020, increased work-from-home opportunities attracted many people into the metropolitan

continued on page 2



continued from page 1

area from neighboring metropolitan areas (Albuquerque Regional Economic Alliance), and net in-migration averaged 2,775 people a year throughout the period.

- Between 2010 and 2020, the population of the metropolitan area increased by an average of 2,950, or 0.3 percent, annually. Net natural change accounted for all population growth during that period, with an average gain of 2,975 people per year.
- From 2010 to 2020, Sandoval County, the northernmost county in the metropolitan area, added the most people

annually, increasing by an average of 1,725, or 1.2 percent, annually. Since 2020, Sandoval County has continued to add more people than any other county and is the fastest growing in the metropolitan area, increasing by an average of 2,025, or 1.4 percent, annually.

- The populations of Bernalillo and Sandoval Counties account for an estimated 74 and 16 percent of the total population of the metropolitan area, respectively, and the remaining two counties account for a combined 10 percent.

Economic Conditions

The economy in the Albuquerque metropolitan area is stable following a full recovery from the pandemic-related downturn in March and April 2020. During the first quarter of 2023, nonfarm payrolls averaged 403,900, representing an increase of 7,000, or 1.8 percent, from the first quarter of 2022. By comparison, jobs during the first quarter of 2022 increased 5.8 percent year over year, following a 6.2-percent decrease during the first quarter of 2021. During the first quarter of each year from 2014 through 2019, nonfarm payrolls in the metropolitan area increased an average of 1.0 percent annually.

During the first quarter of 2023—

- Eight of the 11 nonfarm payroll sectors added jobs in the metropolitan area. The leisure and hospitality and the education and health services sectors added the most jobs, expanding by averages of 2,900 and 2,300 jobs, or

7.2 and 3.5 percent, respectively, from the previous year. The \$260 million Presbyterian Hospital expansion downtown, which was completed in February, supported gains in the education and health services sector.

- Job gains were notable in the professional and business services sector, increasing by an average of 1,200, or 1.9 percent. That increase represents a slowdown from the same period the previous year when the professional and business services sector expanded by 2,300, or 3.6 percent.
- Despite overall job growth, nonfarm payrolls in the government and the transportation and utilities sectors declined by 200 and 900 jobs, or 0.3 percent and 5.8 percent, respectively.
- The unemployment rate in the metropolitan area averaged 3.3 percent, down from the 4.6-percent rate during the

continued on page 3

Nonfarm payroll growth occurred in 8 of the 11 employment sectors in the Albuquerque metropolitan area during the first quarter of 2023.

	3 Months Ending		Year-Over-Year Change	
	March 2022 (Thousands)	March 2023 (Thousands)	Absolute (Thousands)	Percent
Total Nonfarm Payrolls	396.9	403.9	7.0	1.8
Goods-Producing Sectors	42.1	42.9	0.8	1.9
Mining, Logging, & Construction	25.6	26.0	0.4	1.6
Manufacturing	16.5	16.9	0.4	2.4
Service-Providing Sectors	354.8	361.0	6.2	1.7
Wholesale & Retail Trade	52.9	53.1	0.2	0.4
Transportation & Utilities	15.4	14.5	-0.9	-5.8
Information	5.6	5.6	0.0	0.0
Financial Activities	19.8	20.2	0.4	2.0
Professional & Business Services	64.6	65.8	1.2	1.9
Education & Health Services	65.7	68.0	2.3	3.5
Leisure & Hospitality	40.5	43.4	2.9	7.2
Other Services	11.3	11.7	0.4	3.5
Government	79.0	78.8	-0.2	-0.3
Unemployment Rate	4.6%	3.3%		

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



continued from page 2

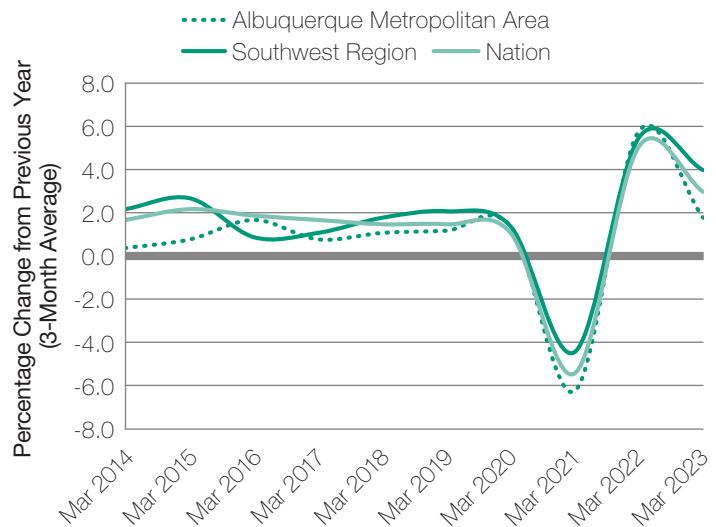
same period a year ago and substantially below the 7.6-percent rate during the first quarter of 2021. By comparison, the nationwide unemployment rate averaged 3.8 percent during the first quarter of 2023, down from 4.1 percent a year ago and from 6.5 percent during the first quarter of 2021.

Major employers, including Kirtland AFB, Sandia National Laboratories, and UNM, contribute to the local economy of the metropolitan area. Kirtland AFB employs approximately 4,100 active-duty military personnel, with the remaining 19,400 employees being a combination of guard reserve, civil service, and contract employees (military personnel generally are not included in nonfarm payroll survey data). In fiscal year 2020, the base had a statewide economic impact of \$6.2 billion (Economic Impact of Military Installations in New Mexico on the State, Bureau of Business and Economic Research, 2022). Max Q, a mixed-use development on vacant land at the base, is currently under construction to create 1 million square feet of office, laboratory, and commercial space. The presence of the base supports the national aerospace and defense industries, including research laboratories. Sandia National Laboratories, with approximately 14,400 employees, had an economic impact of \$4.2 billion on the state economy during 2022, with approximately \$483 million dollars awarded to subcontractors in New Mexico (Sandia National Laboratories, 2022). Sandia National Laboratories has several partnership agreements with various academic institutions, including UNM, another large employer. UNM enrolls 23,750 full-time students at its main campus in the city of Albuquerque and branch campus in Valencia County. The university has approximately 7,625 employees (excluding student employees) and had an estimated economic impact of \$5.2 billion on the state of New Mexico in fiscal year 2020 (The Statewide Economic Impact of The University of New Mexico, 2020). A combined 6,425 physicians and staff are also employed at the UNM Health Sciences Center, and several UNM centers are located throughout the metropolitan area. Development in the health services and high-tech industries has spurred the growth of the professional and business services and the manufacturing sectors. In

Sales Market Conditions

Sales housing market conditions are tight in the Albuquerque metropolitan area. The estimated sales vacancy rate is currently 1.1 percent, down from 2.1 percent as of April 1, 2010, when conditions were soft. The inventory of homes for sale in the metropolitan area as of March 2023 was approximately 990, up 36 percent from a year earlier (Greater Albuquerque Association of REALTORS®). Sales housing market conditions have eased slightly from very tight conditions during 2021 and 2022, when

Nonfarm payroll growth in the Albuquerque metropolitan area was below the Southwest Region and national averages during the first quarter of 2023.



Source: U.S. Bureau of Labor Statistics

Largest Employers in the Albuquerque Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Kirtland Air Force Base	Government	23,500
Sandia National Laboratories	Professional & Business Services	14,400
The University of New Mexico	Government	14,050

Notes: Excludes local school districts. Kirtland’s employment number includes active-duty military, guard reserve, civil service, and contract employees. Military personnel are generally not included in nonfarm payroll survey data.
Source: New Mexico Department of Workforce Solutions, local employers

2022, Intel Corporation began construction of its \$3.5 billion expansion in the city of Rio Rancho, which is expected to create 700 new jobs. Currently, 1,900 workers are employed at its Rio Rancho facility. Drug manufacturer Curia, formerly AMRI, is currently constructing its \$100 million expansion in the city of Albuquerque, with plans to be operational by 2025, employing an additional 274 people.

strong home sales demand resulted in lower levels of unsold home inventory. As of March 2023, the metropolitan area had a 1.3-month supply of homes for sale, up from 1.0 month of supply the previous year and 1.1 months as of March 2021 (Redfin, a national real estate brokerage, with adjustments by the analyst). By comparison, the supply of homes for sale in the nation and the state was 2.1 and 1.7 months, respectively.

continued on page 4

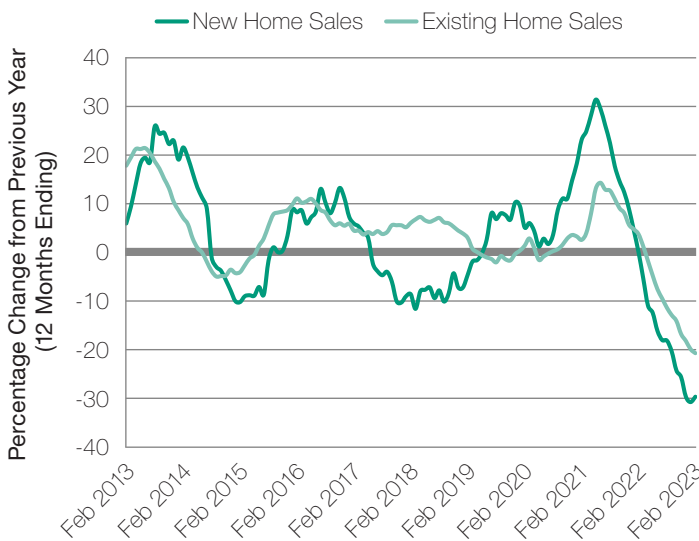


continued from page 3

During the 12 months ending February 2023—

- New home sales totaled 1,200, reflecting a decrease of 500, or nearly 30 percent, from the previous 12 months, and the average sales price increased by \$66,750, or 18 percent, to \$431,000 (CoreLogic, Inc., with adjustments by the analyst).
- Existing home sales totaled 16,950, representing a decline of 4,425, or nearly 21 percent, compared with a 4-percent increase a year earlier (CoreLogic, Inc., with adjustments by the analyst). The average existing home sales price increased by \$23,000, or 7 percent, to \$334,100.
- The most expensive home prices in the metropolitan area were in Sandoval County, the fastest growing county. During the 12 months ending February 2023, average sales prices in the metropolitan area ranged from a low of \$212,900 in Torrance County, which is approximately 65 miles southeast of the city of Albuquerque, to a high of \$370,600 in Sandoval County (CoreLogic, Inc., with adjustments by the analyst).
- Approximately 24 percent of home sales during the first quarter of 2023 were attributed to investor purchases, up slightly from 23 percent a year ago and up from a recent high of 20 percent during 2016 (John Burns Research and Consulting, LLC).
- Seriously delinquent mortgages in the metropolitan area declined after rising during 2020, following the onset of the

After accelerating from mid-2020 to mid-2021, the number of new and existing home sales has declined in the Albuquerque metropolitan area during the past year.

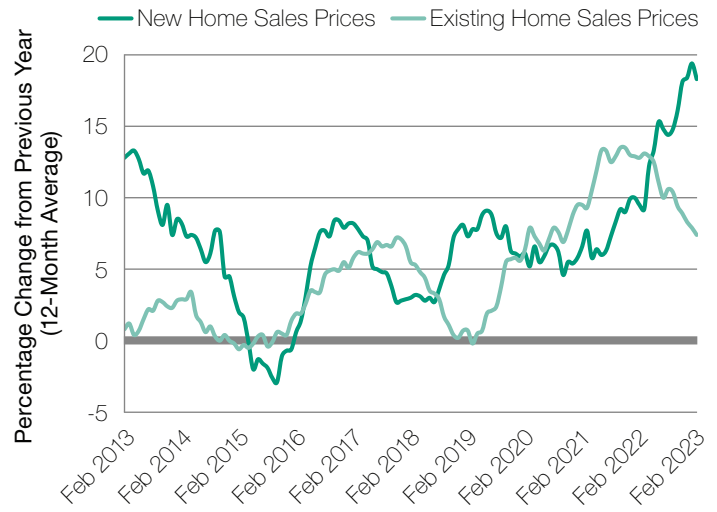


Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc.

COVID-19 pandemic. The rate of home loans that were 90 or more days delinquent, in foreclosure, or had transitioned to REO (real estate owned) status was 1.2 percent during February 2023, down from 1.7 percent a year earlier and the recent high of 4.0 percent in August 2020 (CoreLogic, Inc.).

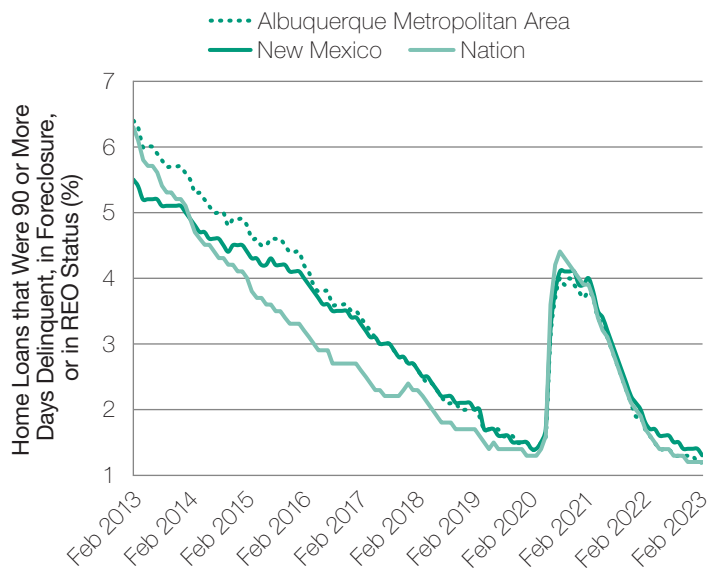
continued on page 5

Existing home sales price growth in the Albuquerque metropolitan area has moderated since peaking in October 2021.



Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc.

The share of seriously delinquent home loans and REO properties in the Albuquerque metropolitan area has been less than the state since early 2020.



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

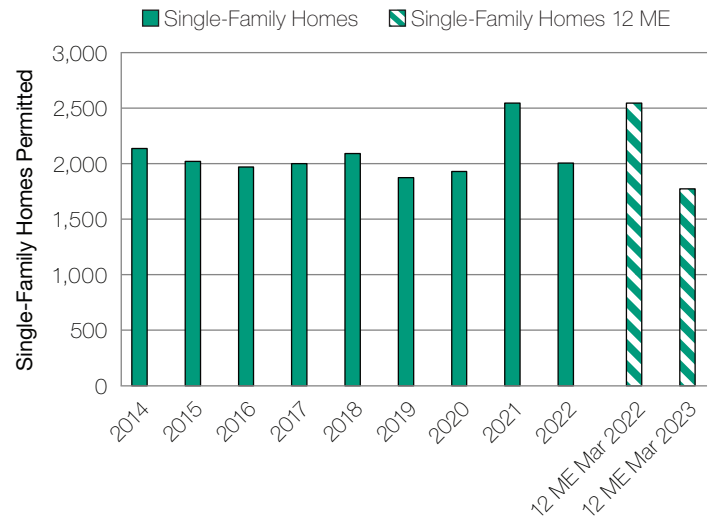


continued from page 4

In response to rising interest rates during 2022, demand for home sales declined, contributing to a recent decline in sales construction activity, as measured by the number of single-family homes, townhomes, and condominiums permitted.

- During the 12 months ending March 2023, single-family permitting totaled 1,775 homes, down 775, or 30 percent, from the previous 12 months (includes preliminary data). Approximately 54 and 37 percent of single-family permitting during the period occurred in Bernalillo and Sandoval Counties, respectively, up from 51 percent in Bernalillo County and down from 42 percent in Sandoval County from 2019 through 2021.
- During 2021, single-family home construction activity increased by 620 homes, or 32 percent, to 2,550 homes permitted, compared with 2020. A large increase in new home sales demand during the second quarter of 2021, stemming from a surge of net in-migration combined with historically low mortgage interest rates, contributed to the increase in single-family home construction in the metropolitan area during the period.
- Mariposa East, a master-planned community with more than 650 completed homes and 2,500 total homes planned at buildout, is preselling at the Seasons at Monarch subdivision in Northern Rio Rancho near the Mariposa Preserve. Site work began in early 2022, and the subdivision is expected to have 174 homes, with prices starting in the upper \$300,000s for three or more bedrooms, ranging in size from 1,600 to 2,650 square feet.

In response to a tightening sales market, single-family permitting in the Albuquerque metropolitan area during 2021 reached the highest annual level in more than a decade.



12 ME = 12 months ending.

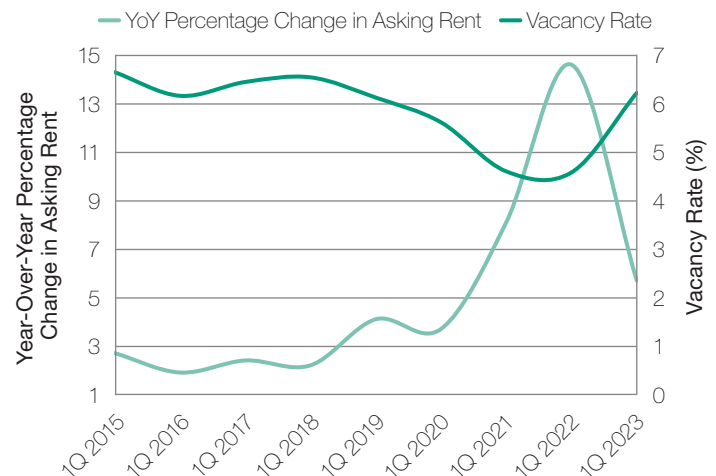
Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Apartment Market Conditions

Apartment market conditions are currently slightly tight, easing from tight conditions a year ago. Strong apartment construction activity during 2021, combined with reduced apartment demand in the past year, contributed to the rise in average vacancy rates. The stabilized apartment vacancy rate averaged 6.2 percent as of the first quarter of 2023, up from 4.6 percent a year earlier (CoStar Group). The average rent as of the first quarter of 2023 was \$1,167, up by \$63, or nearly 6 percent, compared with the first quarter of 2022, when average rents increased nearly 15 percent and the stabilized vacancy rate was 4.6 percent. From the first quarter of 2015 through the first quarter of 2020, average rent increases were nearly 3 percent annually. During the first quarter of 2021, the average rent increased 8 percent, partly because the stabilized vacancy rate fell to 4.6 percent during the period after ranging from 5.6 to 6.6 percent from the first quarter of 2015 through the first quarter of 2020.

continued on page 6

From 2021 through 2022, rent growth reached record levels as the apartment market tightened in the Albuquerque metropolitan area.



1Q = first quarter. YoY = year-over-year.

Source: CoStar Group



continued from page 5

During the first quarter of 2023—

- The vacancy rate for class A apartments in the Albuquerque metropolitan area increased slightly to 5.0 percent, up from 4.9 percent a year earlier, and the average rent was \$1,628, up 6 percent from a year earlier. The vacancy rate for class B and C apartments was 6.4 percent, up from 4.7 percent a year earlier, and the average rent for class B and C units increased 6 percent to \$1,117.
- Market conditions across the 14 CoStar Group-defined market areas were mixed, ranging from tight to soft. Vacancy rates ranged from 1.3 percent in the Eastern Outer Bernalillo County market area to 8.4 percent in the Midtown Albuquerque market area as of the first quarter of 2023. Average apartment rents ranged from \$775 in the South Valley market area to \$1,620 in the Eastern Outer Bernalillo County market area, which had the lowest apartment unit inventory at 224 units.
- The fast-growing Rio Rancho submarket area, where the apartment inventory is low, had one of the lowest vacancy rates in the metropolitan area at 3.0 percent, compared with 2.2 percent as of the first quarter of 2022. Average rents in the submarket were \$1,399, up \$118, or more than 9 percent, from the previous year.
- The vacancy rate increased to 6.1 percent for apartment properties in the CoStar Group-UNM market area, up from 4.8 percent a year ago. Average rents increased approximately 5 percent to \$879.

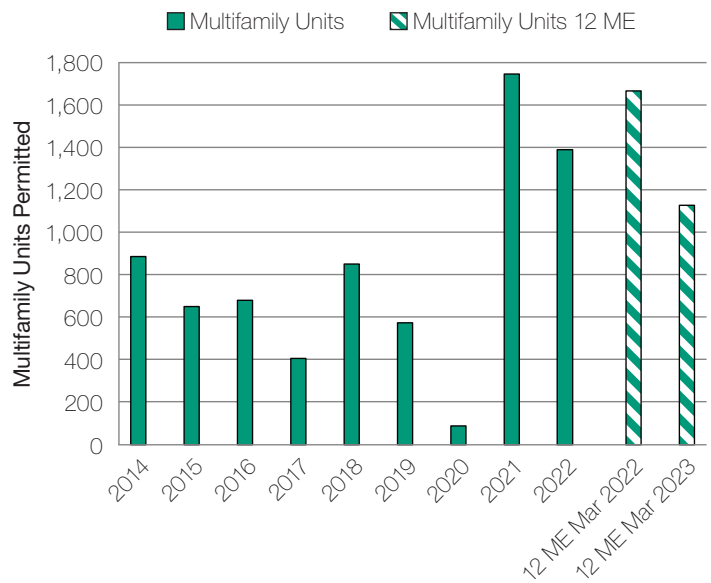
Multifamily construction activity in the Albuquerque metropolitan area, as measured by the number of multifamily units permitted, fluctuated from 2014 through 2020, with annual building activity ranging from 90 units in 2020 to 890 units in 2014. Multifamily building activity increased substantially during 2021 to 1,750 units in response to strong renter household growth following decreasing levels of multifamily construction in 2019 and 2020.

- Multifamily construction activity totaled an estimated 1,125 units during the 12 months ending March 2023, down by 540 units, or 32 percent, compared with 1,675 units permitted a year earlier (preliminary data, with adjustments by the analyst).
- Approximately 3,675 multifamily units are currently under construction in the metropolitan area, of which

approximately 3,150, or 86 percent, are dispersed throughout the city of Albuquerque.

- Among the units currently underway are those at Wintergreen, an apartment community northwest of downtown Albuquerque near Rio Rancho. Construction began on the 208-unit complex in October 2022, with completion anticipated in November 2023. Average rents are expected to range from \$1,575 to \$2,100 for 654-square-foot studios, 885-square-foot one-bedroom units, and 1,203-square-foot two-bedroom units.
- The Allaso High Desert, an apartment community, is currently under construction and expected to be complete in June 2023. The development will include 281 apartment units in the Northeast Heights submarket, north of Interstate 40 and east of Interstate 25. Rents are expected to range from \$1,836 to \$2,373 for 110 one-bedroom, 145 two-bedroom, and 26 three-bedroom units.

Multifamily construction in the Albuquerque metropolitan area reached a record low during 2020 as the COVID-19 pandemic impacted development.



12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst



Terminology Definitions and Notes

A. Definitions

Apartment Vacancy Rate/Apartment Rent	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including only those that are stabilized. An apartment property is stabilized once an occupancy rate of 90 percent or above is reached, or at least 18 months pass since the property was completed.
Building Permits	Building permits do not necessarily reflect all residential building activity. 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.
Existing Home Sales	Includes resales, short sales, and REO (real estate owned) sales.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Change	Resident births minus resident deaths.
Net Natural Decline	Resident deaths are greater than resident births.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.

B. Notes on Geography

1.	The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018.
----	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------