

Housing Market Profile

Southwest • HUD Region VI



Albuquerque, New Mexico

The Albuquerque metropolitan area is located in central New Mexico, 60 miles south of Santa Fe, and consists of Bernalillo, Sandoval, Torrance, and Valencia Counties. The two leading employers in the metropolitan area are Kirkland Air Force Base (KAFB), which includes Sandia National Laboratories, and the University of New Mexico (UNM). As of July 1, 2010, the population of the metropolitan area was estimated at 868,700. The population increased by 10,800, or 1.3 percent, during the 12 months ending May 2010, a decline compared with an average annual increase of 14,000, or 1.7 percent, since 2005.

Economic conditions have weakened since 2008 following strong economic growth from 2003 to 2007. During the 12 months ending May 2010, nonfarm employment in the metropolitan area declined by 13,800 jobs, or 3.5 percent, to an average of 376,500 jobs, compared with the decline of 5,800 jobs, or 1.5 percent, recorded during the previous 12 months. In contrast, from 2003 through 2007, nonfarm employment increased by an average of 8,200 jobs, or 2.2 percent, annually. During the 12 months ending May 2010, the professional business services, manufacturing, and mining and logging sectors lost 3,800, 3,400, and 3,400 jobs, or 6, 16, and 13 percent, respectively. Job losses occurred in every sector except the education and health services and government sectors, which increased by 1,800 and 800 jobs, or 3 and 1 percent, respectively. Gains in the government sector resulted, in part, from an increase of 1,000 jobs at UNM, which currently has 15,300 employees and has an annual economic impact of \$2 billion on the local economy, according to the UNM FY 2008–09 Operating and Capital Budget Plans. Employment at KAFB has remained virtually unchanged during the past 3 years, with 35,700 civilian workers and 4,875 military personnel. According to the KAFB Economic Impact Statement FY 2008, KAFB has a local economic impact of \$3 billion annually. During the 12 months ending May 2010, the unemployment rate averaged 8.2 percent, up from 5.5 percent during the 12 months ending May 2009. The unemployment rate was below 5 percent for the Albuquerque metropolitan area from 2004 through 2008.

Home sales market conditions in the Albuquerque metropolitan area are currently soft, due to the slowdown in economic activity and despite recent increases in home sales activity resulting from the first-time

homebuyer tax credit program. According to data from the Greater Albuquerque Association of REALTORS®, during the 12 months ending May 2010, approximately 7,350 new and existing single-family homes were sold, an increase of 15 percent compared with the number sold during the previous 12 months. The average sales price of single-family homes, during the 12 months ending May 2010, declined by 5 percent, to \$212,400, down 12 percent from the peak, which occurred in 2008. According to Lender Processing Services Mortgage Performance Data, the percentage of mortgage loans in foreclosure, 90 or more days delinquent, or in REO (Real Estate Owned) in the Albuquerque metropolitan area during May of 2010 was 6 percent, up from the 4-percent rate recorded a year earlier. Even with the inventory of unsold homes decreasing to an 8.3-month supply in May 2010 from a 9.4-month supply in May 2009, the estimated sales vacancy rate is 2.5 percent as of May 2010, unchanged from the rate reported in the 2008 ACS data. According to data from the Greater Albuquerque Association of REALTORS®, condominium sales averaged 75 units a month during the 12 months ending May 2010, up from 55 units sold a month during the previous 12-month period. The average home sales price during the 12 months ending May 2010 declined by 6 percent, to \$150,600, from the previous 12-month period, and declined by 9 percent from the peak in May 2008. The Elements Urban Townhomes includes 72 two-bedroom units, located near UNM, priced from \$223,600 to \$489,900, and is expected to be completed in September 2011.

Reflecting increased home sales and a reduced inventory of unsold homes, single-family home construction activity, as measured by the number of single-family building permits issued, increased during the past year. Based on preliminary data, about 1,625 single-family homes were permitted during the 12 months ending May 2010, a 6-percent increase compared with the number permitted during the previous 12 months. Between 2005 and 2008, an average of 5,000 single-family homes was permitted annually in the metropolitan area. Due to the economic downturn, Mesa Del Sol, the largest development in Albuquerque with a total of 37,500 homes planned over the next 20 to 30 years, delayed the start of residential construction from the fall of 2009 to December 2011. Prices will range from about \$125,000 to \$290,000. Another development, the Orchards, will begin building the first of 91 homes at the end of July 2010, with prices starting at \$130,000. At Loma Colorado, where homes are priced from \$170,000 to \$370,000, approximately



425 of the planned 990 homes have been built since August 2007.

The Albuquerque metropolitan area rental housing market is currently balanced, despite slowed economic activity. Due to limited multifamily building activity, the average apartment vacancy rate declined slightly during the first quarter of 2010 to 6.4 percent, down from 6.8 percent a year earlier, according to Reis, Inc., but the average apartment asking rent remained relatively unchanged at \$710. During the 12-month period ending July 2010, multifamily construction activity, as

measured by the number of units permitted, totaled 140 units compared with 370 units permitted during the previous 12-month period, based on preliminary data. Multifamily construction activity averaged 500 units a year from 2005 to 2008. The most recent project, Las Mananitas Apartments Phase II, consisting of 88 market-rate apartments in northwest Albuquerque, was completed in May 2010. Las Mananitas offers one-bedroom units starting at \$925, two-bedroom units starting at \$1,200, and three-bedroom units starting at \$1,600.