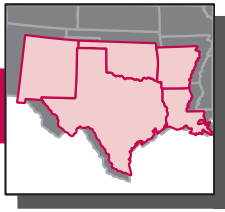


# Housing Market Profile



Southwest • HUD Region VI

## Albuquerque, New Mexico

The Albuquerque metropolitan area comprises Bernalillo, Sandoval, Torrance, and Valencia Counties in central New Mexico. As of October 1, 2012, the population was estimated at 910,100, an average annual increase of approximately 9,200, or 1.0 percent, since April 2010. By comparison, from 2006 through 2010, the population increased at an average annual rate of 14,700, or 1.7 percent. Since 2010, net in-migration has slowed to 4,025 people annually, down from 9,925 people annually from 2006 through 2010, likely because of the declining economy.

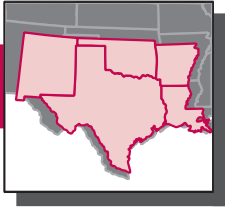
The economy of the Albuquerque metropolitan area has continued to decline since going into recession in late 2008, although at a slower rate. During the 12 months ending August 2012, nonfarm payrolls decreased to 370,500 jobs, down 1,100 jobs, or 0.3 percent, from the same period a year ago. This slight decrease follows average nonfarm payroll losses of 7,725 jobs, or 2.0 percent, on an annualized basis from 2008 through 2011. The greatest payroll gains during the 12 months ending August 2012 were in the education and health services and the manufacturing sectors, which grew by 3,100 and 500 jobs, or 5.6 and 2.7 percent, respectively. In addition to broad-based hiring across the education and health services sector, the opening of Presbyterian Healthcare Services' Rust Medical Center in October 2011 and the University of New Mexico (UNM) Sandoval Regional Medical Center in July 2012 added close to 400 and 500 permanent jobs, respectively.

The government sector, which is the largest employment sector in the metropolitan area, accounting for approximately 22 percent of nonfarm payrolls, recorded a decline of 1,600 jobs, or 1.9 percent, to 81,700 jobs. The local government subsector accounted for nearly 80 percent of the net job loss as cities and municipalities reduced payrolls in response to limited tax revenue as a result of ongoing weak economic conditions. Kirtland Air Force Base, including Sandia National Laboratories, is the largest employer in the area, with an estimated 3,400 military and 17,850 civilian personnel, followed by UNM and Presbyterian Healthcare Services, with 15,600 and 7,300 employees, respectively. UNM enrolled 27,300 students during the spring 2012 semester and, according to an economic impact study by the Bureau of Business and Economic Research at UNM, the university had a direct

economic impact of approximately \$620 million on the state of New Mexico in fiscal year 2010. The school'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 to be \$474 million. During the 12 months ending August 2012, the unemployment rate averaged 7.3 percent compared with the rate of 8.1 percent averaged during the previous 12 months.

The sales housing market in the Albuquerque metropolitan area is soft but improving, with a current estimated vacancy rate of 1.9 percent, down slightly from 2.1 percent in April 2010. According to data from Hanley Wood, LLC, the number of new and existing home sales during the 12 months ending August 2012 was up nearly 4 percent from the previous year, to 12,950 homes. Home sales averaged nearly 25,600 annually from 2005 through 2008. The average sales price of new and existing homes increased more than 1 percent, to \$189,300, during the most recent 12-month period after an increase of approximately 8 percent during the previous 12 months. By comparison, home sales prices averaged \$192,500 from 2005 through 2008. According to LPS Applied Analytics, as of August 2012, 7.2 percent of home loans in the metropolitan area were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), up from 6.7 percent a year earlier and compared with the rate of 7.5 percent nationally as of August 2012.

Single-family homebuilding activity in the metropolitan area also increased during the 12 months ending August 2012, after it declined by an average of 610 homes permitted annually during the 4 previous years in response to the slowdown in home sales, for which the decline in net-migration and the strict lending standards were partially responsible. Based on preliminary data, during the 12 months ending August 2012, the number of single-family homes permitted increased by 300, or 22 percent, to 1,675 homes compared with the number permitted during the previous 12-month period. Building activity peaked between 2003 and 2005 at an average of 6,875 homes permitted annually but had declined since, until the most recent 12-month period. Mesa del Sol, a 12,000-acre master-planned, mixed-use development that broke ground in March 2011 in southeast Albuquerque, offers new single-family homes starting at \$180,000. As of July 1, 2012, the first phase had sold 34 of the 215 available lots, and the developer plans to sell the remaining lots during the next 18 months.



The rental housing market in the Albuquerque metropolitan area is currently balanced, with an estimated overall vacancy rate of 5.9 percent compared with the rate of 7.1 percent in April 2010. A period of decreased construction from 2009 through 2011 allowed for the absorption of a portion of the vacant available units. The apartment market, however, is tight, with an average vacancy rate of 3.7 percent during the third quarter of 2012, down from 4.1 percent during the third quarter of 2011, according to Reis, Inc. Average asking apartment rents were up nearly 2 percent, to \$740, during the third quarter of 2012 compared with asking rents during the third quarter of 2011. According to information from CB Richard Ellis, despite the tightening apartment market, nearly 30 percent of complexes, unchanged from the previous year, continue to offer concessions such as 1 month free of rent. Students who attend UNM currently comprise an estimated 7 to 9 percent of the overall rental market in the metropolitan area. As of the fall 2012 semester, the university housed an estimated 4,000 students in on-campus dormitories. Multiple apartment complexes that

surround UNM cater predominantly to students, with rent for a one-bedroom unit starting at as little as \$350 per month and going up to the mid-\$800s. The average vacancy rate in these complexes is estimated to be the same as in the overall apartment market. Andalucia Villas Apartments, a complex southwest of the downtown area that is in the final planning stages, will have 240 units with proposed rents starting at \$1,085, \$1,200, and \$1,440 for one-, two-, and three-bedroom units, respectively. The project is expected to be complete by the end of 2013. Based on preliminary data, during the 12 months ending August 2012, the number of multifamily units permitted increased by 110, or 42 percent, to 360 units compared with the number of units permitted during the previous 12-month period. Multifamily building activity averaged 260 units annually from 2009 through 2011, down from 850 annually from 2006 through 2008. Multifamily construction activity peaked at an average of 1,300 units permitted annually from 2001 through 2005.