Albuquerque Economic Roundtable

STATE OF THE ALBUQUERQUE ECONOMY AND FORECAST

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NEW MEXICO IS NOT RECESSION PROOF

ANNUAL GROWTH IN NON AGRICULTURAL EMPLOYMENT
NEW MEXICO AND THE UNITED STATES
VERTICAL BARS INDICATE NATIONAL RECESSIONS

SOURCE: US AND NM DEPARTMENTS OF LABOR
US BUREAU OF ECONOMIC ANALYSIS

UNM Bureau of Business and Economic Research
AND ALBUQUERQUE IS NOW EXPERIENCING ITS SECOND RECESSION OF THE DECADE

ANNUAL GROWTH IN TOTAL NONFARM EMPLOYMENT
ALBUQUERQUE MSA, NEW MEXICO, US

Total Net Change = 38,225 Jobs, for a compound annual rate of 1.5%

Source: NM Dept of Labor, Global Insight, Jan 09
FORUM, Jan 09
CHANCE IN ALBUQUERQUE MSA NONFARM EMPLOYMENT
2007 Q3 TO 2008 Q3

Total Net Change = -667 Jobs,
or -0.2% of 2007 Q3 Total

CHANCE IN ALBUQUERQUE MSA NONFARM EMPLOYMENT
2008 TO 2009

Total Net Change = -5,786 Jobs,
or -1.5% of 2008 Total
2010: RECOVERING ??

CHANGE IN ALBUQUERQUE MSA NONFARM EMPLOYMENT
2009 TO 2010

Total Net Change = 6,045 Jobs,
or 1.6% of 2009 Total

NM UNEMPLOYMENT RATES HAVE INCREASED
BUT REMAIN TOO LOW TO BE CREDIBLE

Source: Global Insight Jan
FOR-UNM Jan 07
TAKING A LOOK AT KEY SECTORS

PERCENT COMPOSITION OF NON-FARM EMPLOYMENT, 2007
ALBUQUERQUE MSA, NEW MEXICO, US

<table>
<thead>
<tr>
<th>Sector</th>
<th>Albuquerque MSA</th>
<th>New Mexico</th>
<th>United States (1,000's)</th>
<th>%</th>
<th>%</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Resources &amp; Mining</td>
<td>19,400</td>
<td>2.30</td>
<td>723</td>
<td>0.53</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td>30,300</td>
<td>7.66</td>
<td>58,900</td>
<td>6.99</td>
<td>7,616</td>
<td>5.53</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>23,700</td>
<td>5.99</td>
<td>37,100</td>
<td>4.40</td>
<td>13,883</td>
<td>10.09</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>13,300</td>
<td>3.36</td>
<td>23,800</td>
<td>2.82</td>
<td>6,028</td>
<td>4.38</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>44,700</td>
<td>11.30</td>
<td>95,700</td>
<td>11.35</td>
<td>15,487</td>
<td>11.25</td>
</tr>
<tr>
<td>Trans, Warehousing and Utilities</td>
<td>10,900</td>
<td>2.76</td>
<td>24,900</td>
<td>2.95</td>
<td>5,090</td>
<td>3.70</td>
</tr>
<tr>
<td>Information</td>
<td>9,200</td>
<td>2.33</td>
<td>15,800</td>
<td>1.87</td>
<td>3,029</td>
<td>2.20</td>
</tr>
<tr>
<td>Professional and Business Services</td>
<td>64,200</td>
<td>16.23</td>
<td>108,600</td>
<td>12.88</td>
<td>17,966</td>
<td>13.05</td>
</tr>
<tr>
<td>Educational and Health Services</td>
<td>49,100</td>
<td>12.41</td>
<td>111,400</td>
<td>13.21</td>
<td>18,327</td>
<td>13.32</td>
</tr>
<tr>
<td>Leisure and Hospitality</td>
<td>39,500</td>
<td>9.98</td>
<td>87,900</td>
<td>10.42</td>
<td>13,470</td>
<td>9.79</td>
</tr>
<tr>
<td>Other Services</td>
<td>12,300</td>
<td>3.11</td>
<td>29,500</td>
<td>3.50</td>
<td>5,491</td>
<td>3.99</td>
</tr>
<tr>
<td>Federal Government</td>
<td>14,500</td>
<td>3.67</td>
<td>30,300</td>
<td>3.59</td>
<td>2,727</td>
<td>1.98</td>
</tr>
<tr>
<td>State Government</td>
<td>25,500</td>
<td>6.45</td>
<td>59,500</td>
<td>7.06</td>
<td>5,125</td>
<td>3.72</td>
</tr>
<tr>
<td>Local Government</td>
<td>39,400</td>
<td>9.96</td>
<td>105,100</td>
<td>12.46</td>
<td>14,349</td>
<td>10.43</td>
</tr>
<tr>
<td><strong>Total Nonfarm Employment</strong></td>
<td><strong>395,600</strong></td>
<td><strong>100.00</strong></td>
<td><strong>843,200</strong></td>
<td><strong>100.00</strong></td>
<td>137,618</td>
<td>100.00</td>
</tr>
</tbody>
</table>

*a Combined with construction.

Source: New Mexico Department of Workforce Solutions, US Bureau of Labor Statistics
Update through November 2008, Bernalillo Co. const awards: overall down 19%, with weakness concentrated in housing (down 58%); non-res building up 21%; non-building, up 17%
CONSTRUCTION
CITY OF ALBUQUERQUE HOUSING UNITS PERMITTED

SALES OF EXISTING HOMES
ALBQ METROPOLITAN BOARD OF REALTORS
December 2008

<table>
<thead>
<tr>
<th>Class</th>
<th>Sales in December</th>
<th>Sales Year-to-Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2008</td>
<td>2007</td>
</tr>
<tr>
<td>R1</td>
<td>412</td>
<td>516</td>
</tr>
<tr>
<td>R2</td>
<td>52</td>
<td>51</td>
</tr>
<tr>
<td>Total</td>
<td>474</td>
<td>567</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Class</th>
<th>Average Price, Sept. 08</th>
<th>Median Price, Sept. 08</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2008</td>
<td>2007</td>
</tr>
<tr>
<td>R1</td>
<td>$218,633</td>
<td>$240,602</td>
</tr>
<tr>
<td>R2</td>
<td>$166,349</td>
<td>$171,535</td>
</tr>
</tbody>
</table>

Source: UNM Bureau of Business and Economic Research
CHANGES IN HOUSING PRICES - OFHEO
Western MSAs, Quarter Over Quarter Year Ago

MANUFACTURING
MANUFACTURING EMPLOYMENT IN ALBUQUERQUE
PERCENTAGE CHANGE IN MANUFACTURING EMPLOYMENT
ALBUQUERQUE MSA, NEW MEXICO AND US

-15.0%
-10.0%
-5.0%
0.0%
5.0%
10.0%
91 92 93 94 95 96 97 98 99 00 01 02 03 04 05 06 07 08 09 10 11

Source: US Bureau of Labor Statistics & NM Dept of Workforce Solutions
Global Insight, Jan 08; FORUMM, Jan 08

MANUFACTURING
NEW MEXICO EXPORTS TO OTHER COUNTRIES
QUARTERLY, IN MILLIONS OF DOLLARS

Source: MISER
US EXPORT BOOM SEEMS TO HAVE PASSED US BY
SERVICE INDUSTRIES
PROFESSIONAL & BUSINESS SERVICES EMPLOYMENT
ANNUAL GROWTH, ALBUQUERQUE, NEW MEXICO AND US

SO WHAT’S HAPPENING WITH THE FILM INDUSTRY?
INFORMATION SERVICES
ANNUAL GROWTH, ALBUQUERQUE, NEW MEXICO AND US

Global Insight and FOR-UNM, Jan 2009
GOVERNMENT
ALBUQUERQUE MSA GOVERNMENT EMPLOYMENT
ALL LEVELS INDEXED TO 1992

Source: FOR-UNM, Jan 09

THE PROBLEM WITH INCOME
BERNALILLO COUNTY PER CAPITA INCOME AND AVERAGE WAGE AS A PERCENT OF THE US

Source: US BUREAU OF ECONOMIC ANALYSIS
ECONOMIC OUTLOOK FOR ALBUQUERQUE

The Albuquerque economy has been on a continuous slide since the first quarter of 2006, with year-over-year growth now negative. The first half of 2009 should see employment shrink by two percent over the same period a year ago. Thereafter things begin to improve, although employment continues to be less than a year earlier until the first quarter of 2010. The length and depth of the current recession is unprecedented in recent history.

Albuquerque’s downturn preceded that of many communities around the country. Albuquerque was hit by layoffs at Intel just as housing activity began to fall off and major non-residential construction projects to wind down. While housing has been hit very hard, with housing prices currently in decline, Albuquerque was late in getting into the frenzy now recognized as a housing bubble and has been spared the severity of adjustment pains experienced by other major western cities like Las Vegas, Phoenix and Tucson. Albuquerque has been affected by the financial turmoil and the seizing up of credit markets. Planned investments have been put only hold. Potential difficulties in raising capital, whether to meet cash-flow needs or for planned expansions, pose a serious downside risk to any forecast.

Health care services continues to lead in terms of job growth, with strong performance also by local government (tribal: casinos and associated). Major new employers include Fidelity Investments, Hewlett Packard (technical support), & Schott (solar equipment mfg).