Albuquerque Economic Roundtable

STATE OF THE ALBUQUERQUE ECONOMY AND FORECAST

January 15, 2009

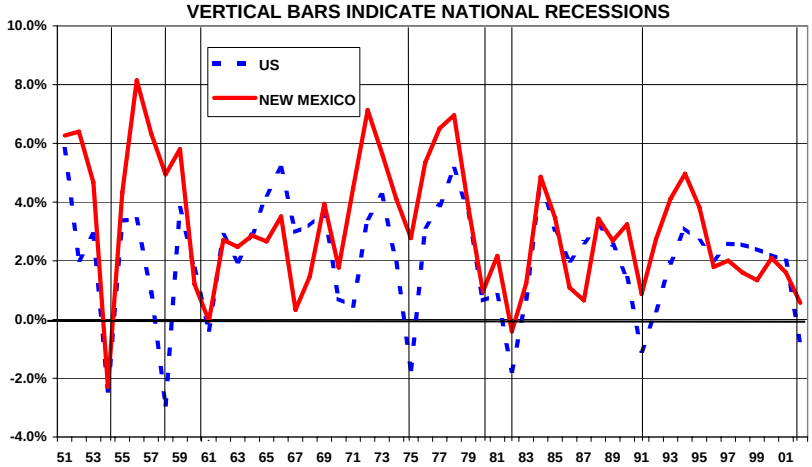
Dr. Lee A. Reynis, Director
lreynis@unm.edu

THE UNIVERSITY of NEW MEXICO

University of New Mexico
Bureau of Business and Economic Research
303 Girard Blvd NE, Suite 116
Albuquerque, NM 87131
(505) 277-2216
http://www.unm.edu/~bber/

NEW MEXICO IS NOT RECESSION PROOF

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

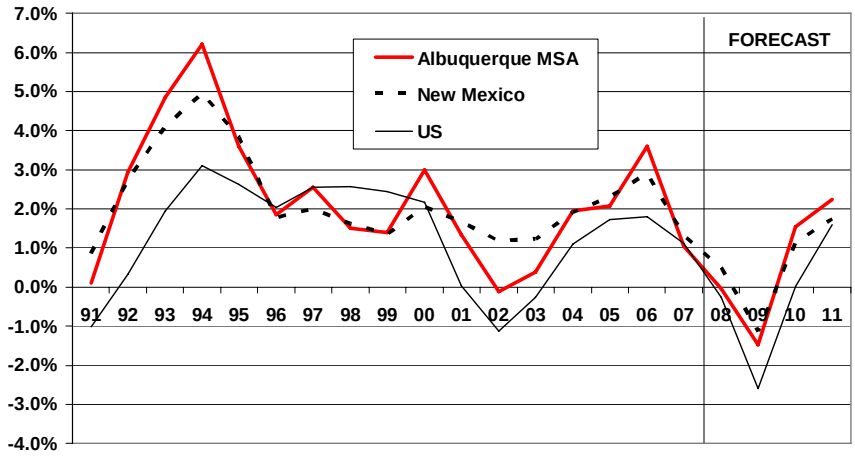


SOURCE: US AND NM DEPARTMENTS OF LABOR
US BUREAU OF ECONOMIC ANALYSIS

UNM Bureau of Business and Economic Research

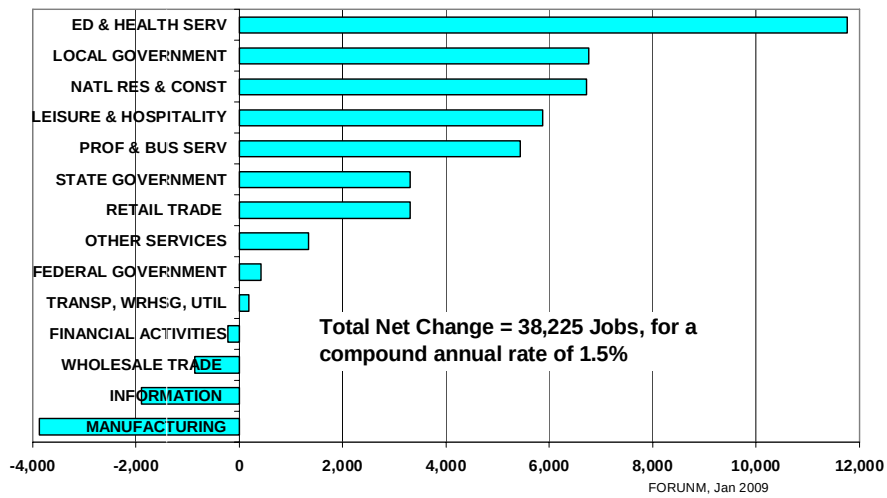
AND ALBUQUERQUE IS NOW EXPERIENCING ITS SECOND RECESSION OF THE DECADE

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



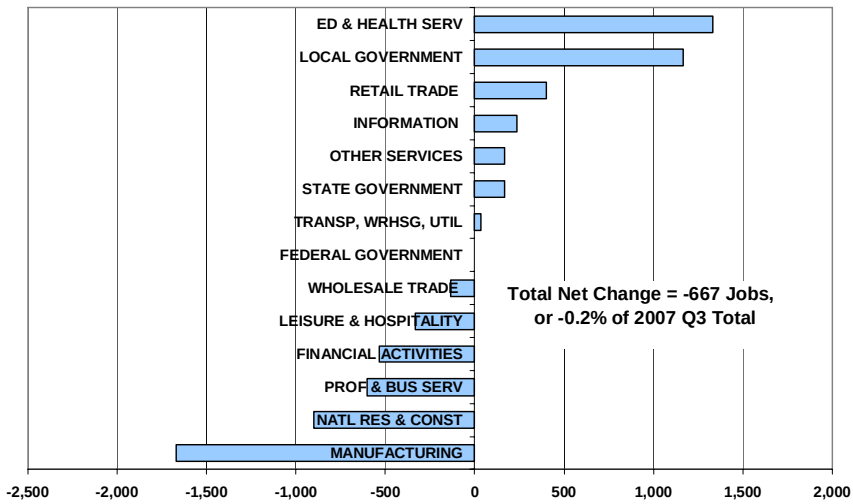
Source: NM Dept of Labor, Global Insight, Jan 09
FORUNM, Jan 09

ALBUQUERQUE MSA
CHANGE IN NONFARM EMPLOYMENT
2000 TO 2007

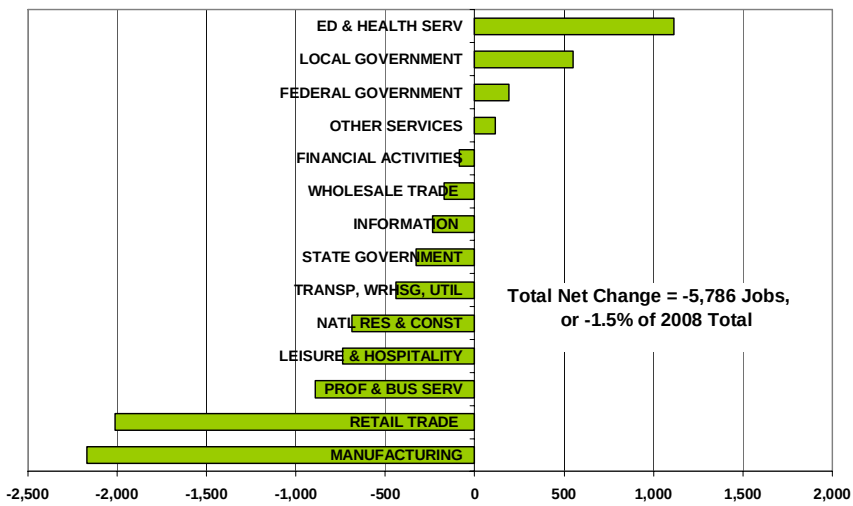


FORUNM, Jan 2009

CHANGE IN ALBUQUERQUE MSA NONFARM EMPLOYMENT
2007 Q3 TO 2008 Q3

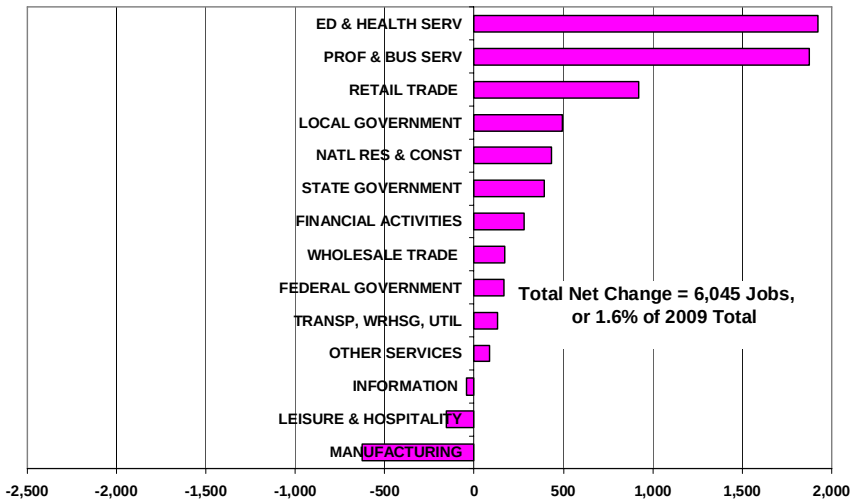


CHANGE IN ALBUQUERQUE MSA NONFARM EMPLOYMENT
2008 TO 2009



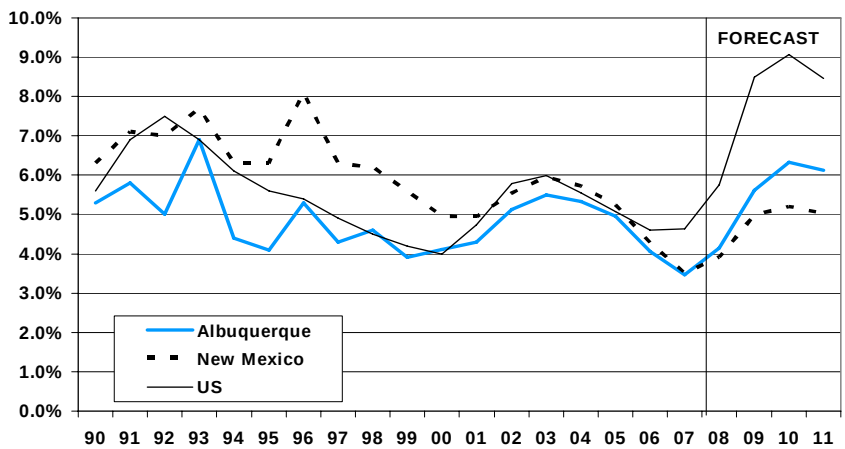
2010: RECOVERING ? ? ?

CHANGE IN ALBUQUERQUE MSA NONFARM EMPLOYMENT
2009 TO 2010



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

UNEMPLOYMENT RATES



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

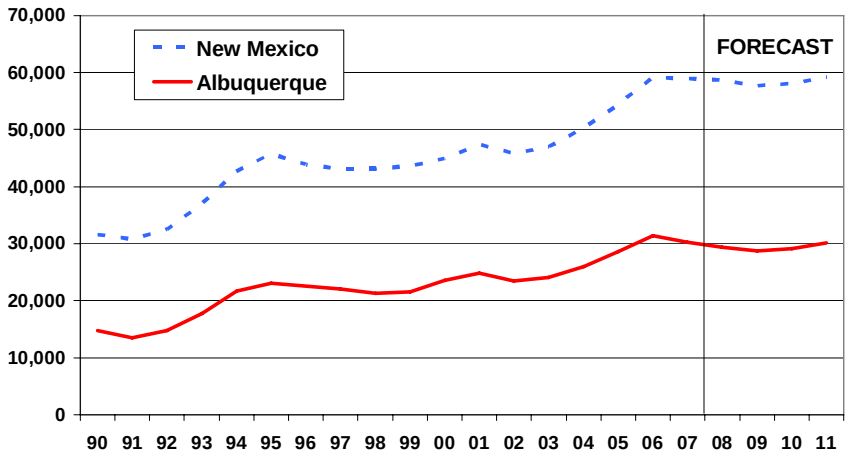
	Albuquerque MSA	%	New Mexico	%	United States (1,000's)	%
Natural Resources & Mining	a		19,400	2.30	723	0.53
Construction	30,300	7.66	58,900	6.99	7,616	5.53
Manufacturing	23,700	5.99	37,100	4.40	13,883	10.09
Wholesale Trade	13,300	3.36	23,800	2.82	6,028	4.38
Retail Trade	44,700	11.30	95,700	11.35	15,487	11.25
Trans, Warehousing and Utilities	10,900	2.76	24,900	2.95	5,090	3.70
Information	9,200	2.33	15,800	1.87	3,029	2.20
Financial Activities	19,200	4.85	35,300	4.19	8,310	6.04
Professional and Business Services	64,200	16.23	108,600	12.88	17,966	13.05
Educational and Health Services	49,100	12.41	111,400	13.21	18,327	13.32
Leisure and Hospitality	39,500	9.98	87,900	10.42	13,470	9.79
Other Services	12,300	3.11	29,500	3.50	5,491	3.99
Federal Government	14,500	3.67	30,300	3.59	2,727	1.98
State Government	25,500	6.45	59,500	7.06	5,125	3.72
Local Government	39,400	9.96	105,100	12.46	14,349	10.43
Total Nonfarm Employment	395,600	100.00	843,200	100.00	137,618	100.00

a Combined with construction. -

Source: New Mexico Department of Workforce Solutions, US Bureau of Labor Statistics

CONSTRUCTION

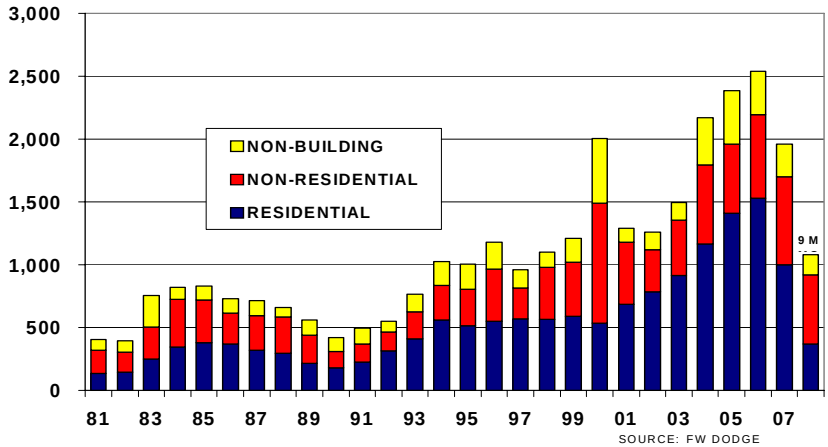
CONSTRUCTION EMPLOYMENT
NEW MEXICO & ALBUQUERQUE



Source: FOR-UNM, Jan 2009

CONSTRUCTION

ALBUQUERQUE MSA $ VALUE OF CONSTRUCTION AWARDS
($000,000)

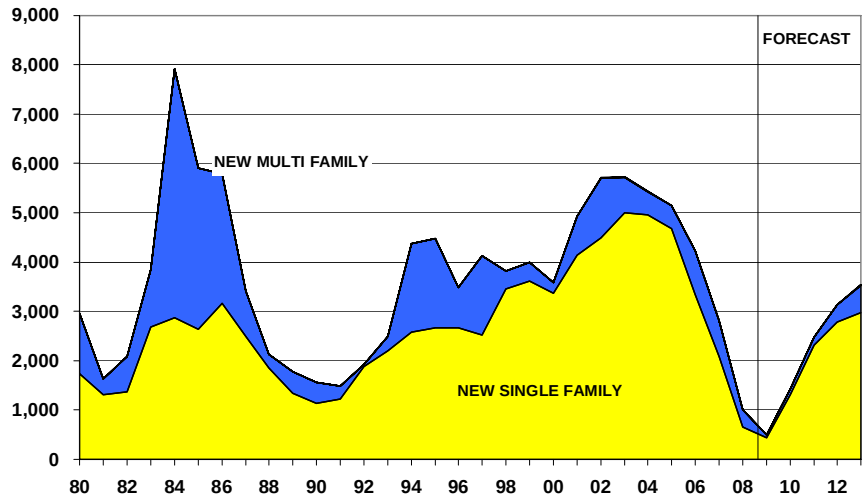


Update through November 2008, Bernalillo Co. const awards: overall down 19%, with weakness concentrated in housing (down 58%); non-res building up 21%; non-building, up 17%

UNM Bureau of Business and Economic Research

CONSTRUCTION

CITY OF ALBUQUERQUE HOUSING UNITS PERMITTED



Source: BBER FORUNM, Jan 2009

SALES OF EXISTING HOMES
ALBQ METROPOLITAN BOARD OF REALTORS
December 2008

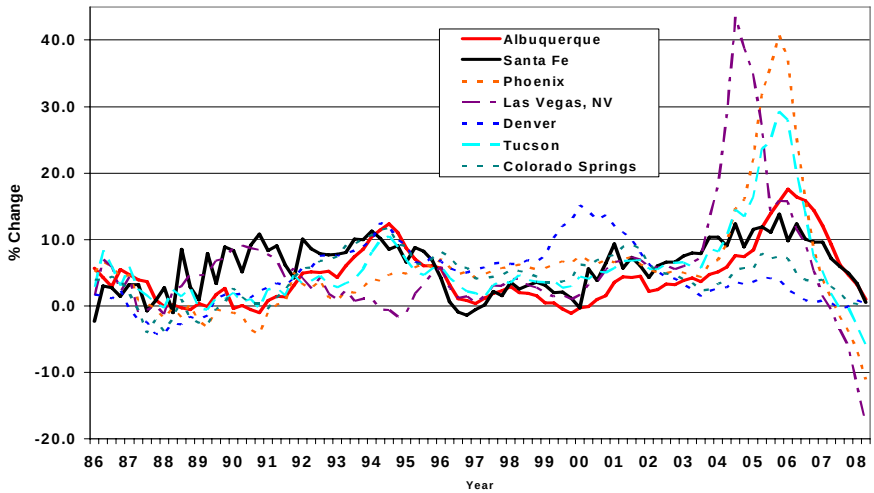
	Sales in December			Sales Year-to-Date		
Class	2008	2007	% chg	2008	2007	% chg
R1	412	516	-20.2%			
R2	52	51	- 2.0%			
Total	474	567	-16.4%	7,644	10,671	-28.4%

	Average Price, Sept. 08			Median Price, Sept. 08		
Class	2008	2007	% chg	2008	2007	% chg
R1	$ 218,633	$ 240,602	- 9.1%	$ 179,900	$ 200,000	-10.1%
R2	$ 166,349	$ 171,535	- 3.1%	$ 164,000	$ 145,000	-13.1%

UNM Bureau of Business and Economic Research

CHANGES IN HOUSING PRICES - OFHEO

Western MSAs, Quarter Over Quarter Year Ago



UNM Bureau of Business and Economic Research

MANUFACTURING

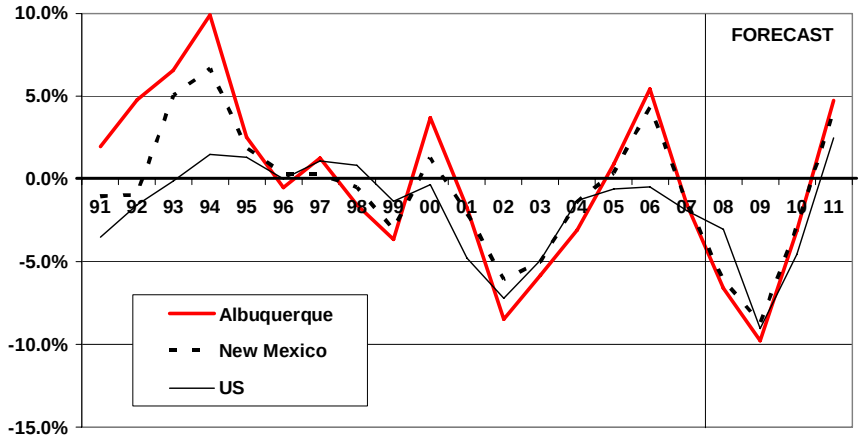
MANUFACTURING EMPLOYMENT IN ALBUQUERQUE



FOR-UNM, Jan 2009

MANUFACTURING

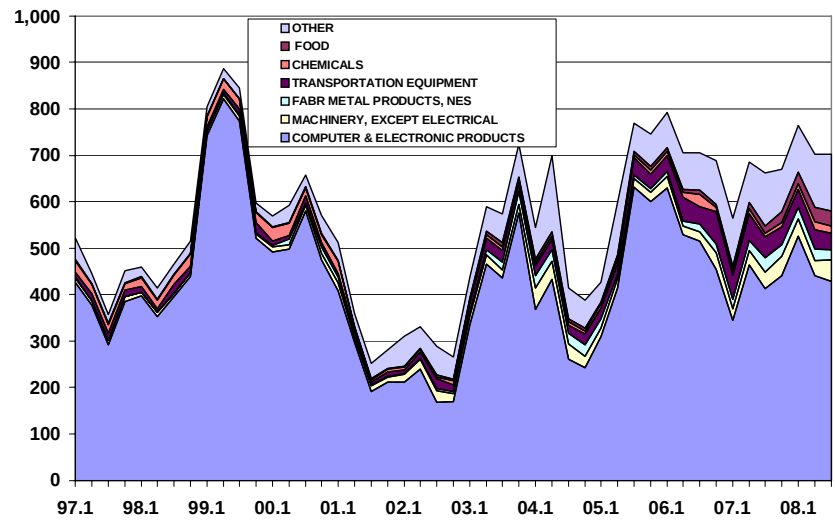
PERCENTAGE CHANGE IN MANUFACTURING EMPLOYMENT
ALBUQUERQUE MSA, NEW MEXICO AND US



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

US EXPORT BOOM SEEMS TO HAVE PASSED US BY

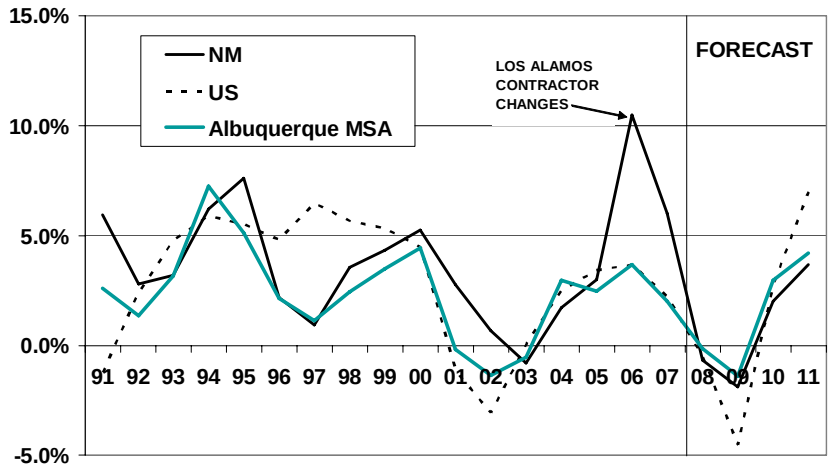
NEW MEXICO EXPORTS TO OTHER COUNTRIES
QUARTERLY, IN MILLIONS OF DOLLARS



Source: MISER

SERVICE INDUSTRIES

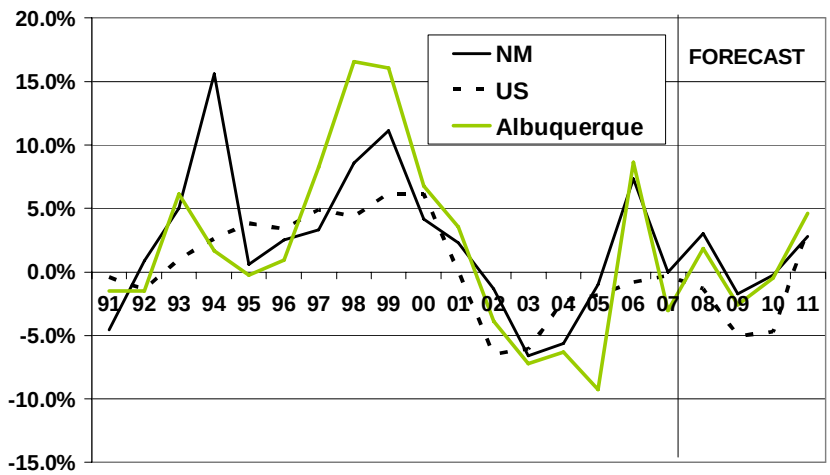
PROFESSIONAL & BUSINESS SERVICES EMPLOYMENT
ANNUAL GROWTH, ALBUQUERQUE, NEW MEXICO AND US



Global Insight and FOR-UNM, Jan 2009

SO WHAT'S HAPPENING WITH THE FILM INDUSTRY?

INFORMATION SERVICES
ANNUAL GROWTH, ALBUQUERQUE, NEW MEXICO AND US

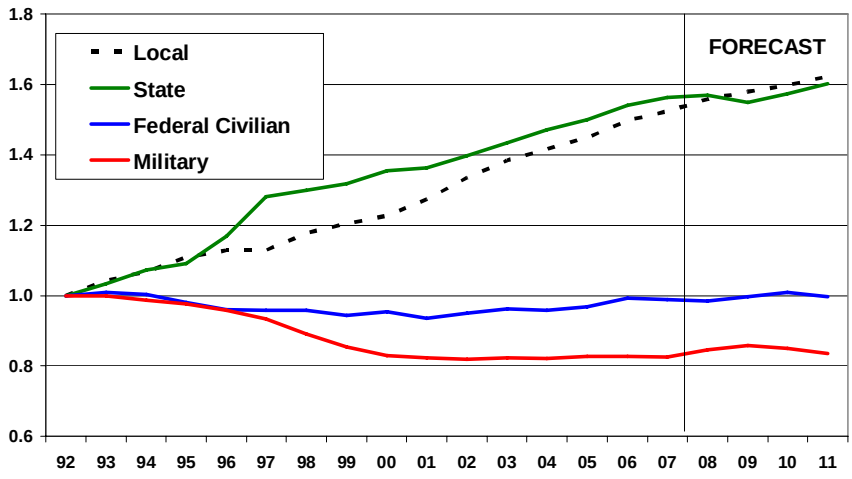


Global Insight and FOR-UNM, Jan 2009

GOVERNMENT

ALBUQUERQUE MSA GOVERNMENT EMPLOYMENT

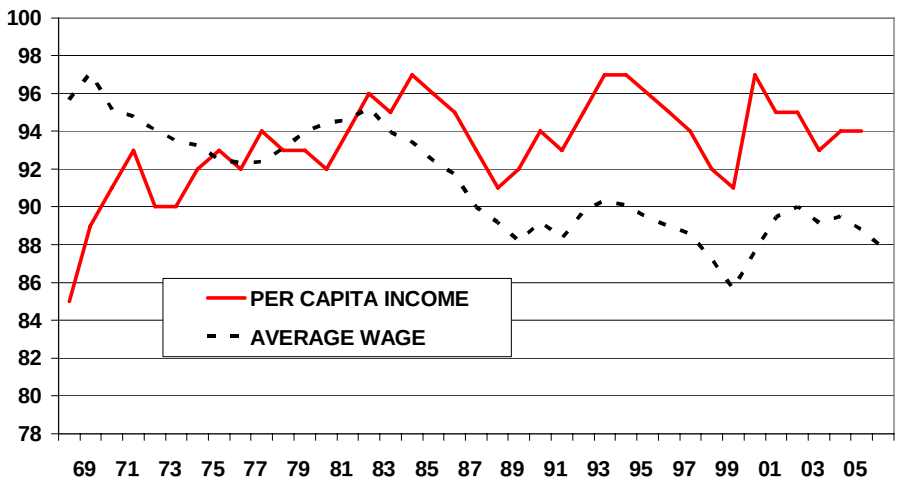
ALL LEVELS INDEXED TO 1992



Source: FOR-UNM, Jan 09

THE PROBLEM WITH INCOME

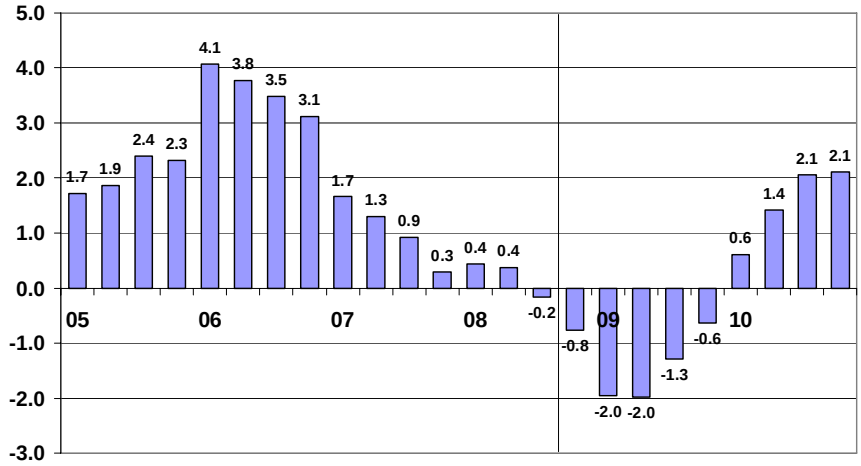
BERNALILLO COUNTY PER CAPITA INCOME AND AVERAGE WAGE AS A PERCENT OF THE US



SOURCE: US BUREAU OF ECONOMIC ANALYSIS

RE-CAP

TRAJECTORY: ALBUQUERQUE MSA ECONOMY
Quarterly Nonfarm Employment Growth Year-Over-Year



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).

UNM Bureau of Business and Economic Research