BBER is the recognized economic expert in providing socioeconomic data and forecasting in New Mexico. With more than 70 years of experience, BBER’s research team provides economic forecasting as well as research services and communication tools tailored to the needs of clients – public, private, nonprofit, and philanthropic – seeking to understand and shape public policy on the regional, state and local levels.

BBER’s services and research help leaders in New Mexico to identify and understand trends and changing economic markets across New Mexico in order to inform decision making.

NEW MEXICO’S ECONOMY: RECENT DATA AND FORECAST
PREPARED FOR NEW MEXICO BANKERS ASSOCIATION
JEFFREY MITCHELL, PH.D.
JEFFM@UNM.EDU
MARCH 29, 2018
New Mexico Current Economic Situation

- Data indicates that New Mexico is recovering from the oil-induced decline, but the situation remains tentative.

- According to CES survey results, NM added 5,500 jobs (0.6%) in 2017, which each quarter an improvement over the previous.

- CES survey data has over-estimated actuals over the past two years; adjusting for this, FOR-UNM estimates 3,500 jobs (0.4%)

- By end-year, complete reversal of 2015-16 patterns – jobs in mining (4.8%), construction (5.3%), professional & business services (3.5%). Slow growth of healthcare (0.5%) and hospitality (0.3%). Retail fell sharply (-2.2%). Government cuts deepen (-2,250 jobs, -1.2%).

- Biggest improvement in non-metro areas, especially Oil Patch.

- Much improved state finances, largely due to oil (including GRT)

- Labor force growth slightly stronger (0.7%), unemployment at 6.0%.
Santa Fe Current Economic Situation

- Labor market in Santa Fe MSA (county) has failed to recover from the Great Recession – employment remains 6.4% below pre-recession levels.
- Showed signs of recovery in 2015 and early-2016, but lost jobs since.
- Cuts to State government employment has hurt recently, but local government has fallen as well and the private sector has been flat.
- Retail and Wholesale trade have been particularly hard hit – losses have offset all other gains.
- Long overdue expansion of Business & Professional services in 2017 (2.4%)
- Leisure & hospitality (comprised of 1) Arts, Entertainment and Recreation; and 2) Accommodations & Food Services). Over the past 5 years the first has been galloping (5.8%/yr), but hospitality has trailed (2.4%/yr). AirBnB?
- Unemployment rate – always below the state rate – was 4.5% in December and 4.8% in January.
- Unemployment rate is held down by very slow growth of the labor force.
Population by Age, New Mexico and City of Santa Fe

Population by Age, 2016

Population Growth by Age, 2010-2016

Source: US Census, ACS 5-year estimates 2012-2016)
Residential Characteristics of SF Workers

Source: US Census, Longitudinal Employer-Household Dynamics
## Residential Characteristics of SF Workers

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working in City of Santa Fe</td>
<td>48,739</td>
<td>100.0%</td>
</tr>
<tr>
<td>Living In City of Santa Fe</td>
<td>22,929</td>
<td>47.0%</td>
</tr>
<tr>
<td>Living Outside City of Santa Fe</td>
<td>25,810</td>
<td>53.0%</td>
</tr>
<tr>
<td>Living Outside City of Santa Fe</td>
<td>25,810</td>
<td>100.0%</td>
</tr>
<tr>
<td>Aged 29 or younger</td>
<td>5,027</td>
<td>19.5%</td>
</tr>
<tr>
<td>Aged 30 to 54</td>
<td>13,858</td>
<td>53.7%</td>
</tr>
<tr>
<td>Aged 55 or older</td>
<td>6,925</td>
<td>26.8%</td>
</tr>
<tr>
<td>Earning $1,250 per month or less</td>
<td>5,486</td>
<td>21.3%</td>
</tr>
<tr>
<td>Earning $1,251 to $3,333 per month</td>
<td>10,007</td>
<td>38.8%</td>
</tr>
<tr>
<td>Earning More than $3,333 per month</td>
<td>10,317</td>
<td>40.0%</td>
</tr>
<tr>
<td>&quot;Goods Producing&quot;</td>
<td>1,472</td>
<td>5.7%</td>
</tr>
<tr>
<td>&quot;Trade, Transportation, and Utilities&quot;</td>
<td>4,875</td>
<td>18.9%</td>
</tr>
<tr>
<td>&quot;All Other Services&quot;</td>
<td>19,463</td>
<td>75.4%</td>
</tr>
<tr>
<td>Total All Jobs</td>
<td>48,739</td>
<td>100.0%</td>
</tr>
<tr>
<td>Less than 10 miles</td>
<td>28,381</td>
<td>58.2%</td>
</tr>
<tr>
<td>10 to 24 miles</td>
<td>4,863</td>
<td>10.0%</td>
</tr>
<tr>
<td>25 to 50 miles</td>
<td>5,462</td>
<td>11.2%</td>
</tr>
<tr>
<td>Greater than 50 miles</td>
<td>10,033</td>
<td>20.6%</td>
</tr>
</tbody>
</table>

Source: US Census, Longitudinal Employer-Household Dynamics
Employment in SF, ABQ and NM (2008=100)

Source: BLS Quarterly Census of Employment and Wages
Employment by Industry, SF and NM

Santa Fe MSA

- Agriculture: 0%
- Manufacturing: 1%
- Construction: 4%
- Whole & Retail Trade: 15%
- Transportation: 1%
- Information: 1%
- Financial Activities: 4%
- Business & Prof Services: 8%
- Educational Services: 3%
- Healthcare & Social Asst: 15%
- Leasure & Hospitality: 18%
- Local Gov't: 11%
- State Gov't: 2%
- Federal Gov't: 2%

New Mexico

- Agriculture: 1%
- Manufacturing: 3%
- Construction: 6%
- Whole & Retail Trade: 14%
- Transportation: 2%
- Information: 3%
- Financial Activities: 2%
- Business & Prof Services: 4%
- Educational Services: 1%
- Healthcare & Social Asst: 15%
- Leasure & Hospitality: 12%
- Other Services: 3%
- Local Gov't: 6%
- State Gov't: 4%
- Federal Gov't: 4%
- Mining & Utilities: 3%
- Construction: 6%

Source: BLS, QCEW
Santa Fe MSA, Job Growth by Sector, 2017

Source: BBER FOR-UNM, January 2018
Residential Real Estate Trends

February 2018

<table>
<thead>
<tr>
<th></th>
<th>Santa Fe County</th>
<th>Bernalillo County</th>
<th>New Mexico</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018 YTD Sales</td>
<td>390</td>
<td>1,331</td>
<td>3,468</td>
</tr>
<tr>
<td>Annual Change</td>
<td>81%</td>
<td>52%</td>
<td>39%</td>
</tr>
<tr>
<td>Median Sales value</td>
<td>$350,000</td>
<td>$192,000</td>
<td>$190,400</td>
</tr>
<tr>
<td>Change (2017-2018)</td>
<td>-3%</td>
<td>1%</td>
<td>5%</td>
</tr>
<tr>
<td>February Listings</td>
<td>1,243</td>
<td>3,008</td>
<td>14,599</td>
</tr>
<tr>
<td>February Days on Market</td>
<td>96</td>
<td>55</td>
<td>86</td>
</tr>
</tbody>
</table>

Source: NM Realtors Association
City of SF, Gross Receipts & Taxes 2017

Gross Receipts

- Wholesale & Retail Trade: 1,876,149 (39%)
- Construction: 503,678 (10%)
- Manuf: 150,904 (3%)
- Other Services: 425,930 (9%)
- Leisure & Hosp: 505,959 (10%)
- Healthcare: 257,269 (5%)
- Education Services: 26,126
- Bus & Prof Srvs: 636,664 (13%)
- Financial Activities: 200,687 (4%)
- Information: 134,724 (3%)

Gross Taxes

- Wholesale & Retail Trade: 74,953 (31%)
- Construction: 30,175 (12%)
- Manuf: 4,323 (2%)
- Other Services: 23,214 (10%)
- Leisure & Hosp: 19,250 (16%)
- Healthcare: 12,226 (5%)
- Bus & Prof Srvs: 26,438 (11%)
- Financial Activities: 11,478 (5%)
- Information: 10,478 (4%)

Source: NM TRD RP-80s
### City of SF Change in Gross Receipt Taxes, 2016-2017

<table>
<thead>
<tr>
<th>Sector</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agric &amp; Mining</td>
<td></td>
<td></td>
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<tr>
<td>Utilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manuf</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wholesale &amp; Retail Trade</td>
<td></td>
<td></td>
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<tr>
<td>Transportation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information</td>
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<td></td>
</tr>
<tr>
<td>Financial Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bus &amp; Prof Srvs</td>
<td></td>
<td></td>
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<tr>
<td>Educ Services</td>
<td></td>
<td></td>
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<tr>
<td>Healthcare</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leisure &amp; Hosp.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Services</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** NM TRD, Calculations by BBER
Total Gross Receipt Taxes, City & County, 2017

Source: NM TRD, RP-80s
New Mexico Economic Outlook: 2018-2023

- Forecast 8,450 jobs (1.0%) in 2018; 9,875 jobs (1.2%) in 2019; and average 8,675 jobs (1.0%) after.


- Income forecast marked down further – 2.7% in 2018, average 4.2% in 2019-2022. This forecast marked down -0.8% in 2018 and -0.3% 2019-2022 due to weaker jobs forecast, lower investment/proprietors’ incomes (from IHS Global Insight) and very weak transfers.

- Little reason to expect turn-around in residential construction.

- Oil production to increase gradually, given slightly weaker price outlook.

- Impacts of pessimistic (20%) greater than optimistic (15%) scenario.
Employment Gains/Losses by Region, 2017-2023

Source: BBER FOR-UNM, January 2018
Job Growth by Sector, 2018

Mining
Construction
Manufacturing
Wholesale Trade
Retail Trade
Transport. & Warehsng.
Information
Finance & Insurance
Real Estate & Leasing
Prof.& Tech. Svs.
Admin. & Waste Mgmt.
Edu. Svs.
Healthcare & Soc. Asst.
Arts & Recreation
Accom. & Food Svs.

Local Govt.
State Govt.
Fed. Govt.

Source: BBER FOR-UNM, January 2018
Santa Fe Economic Outlook: 2018-2022

- Forecast 464 jobs (0.8%) in 2018; 674 jobs (1.1%) in 2019; and average 577 jobs per year (0.9%) after.

- After negative growth in 2017 (-1.0%), income growth should turn positive in 2018 (1.5%), and will slowly accelerate until reaching its peak in 2021 (4.1%).

- Most recent forecast generally similar to forecasts produced in mid- and end-2017, indicating little change in our expectations for the Santa Fe economy.

- State and local government are near-term drags, but both subsectors should give way to positive, but slow, growth beginning in 2019.

- Most of the private sector is expected to gradually move ahead throughout the forecast window.

- In the Santa Fe economy, as in the statewide economy, both impact and probability of pessimistic scenario (20%) greater than optimistic scenario (15%).
Santa Fe Employment Forecast

Source: BBER FOR-UNM, January 2018
Santa Fe MSA, Job Growth by Sector, 2018

Source: BBER FOR-UNM, January 2018
Santa Fe MSA, Job Growth by Sector, 2019

Source: BBER FOR-UNM, January 2018
Santa Fe MSA Job Growth by Sector, 2020-2023

Source: BBER FOR-UNM, January 2018
Santa Fe Employment Forecast: Alternative Scenarios

Source: BBER FOR-UNM, January 2018
BBER’s New Mexico economic forecast is used to guide decision making and budget planning processes.

- Used by NM’s State government for revenue projections.
- Covers employment, income, housing and industry-specific indicators.
- Provides national, regional and metropolitan levels of detail.
- Quarterly meetings with opportunities to engage with private and public sector leaders.
- Forecast and analysis narrative and electronic data access.
- Subscription Based
BBER's Data Dashboards tell your story.

- Completely Customizable
- Up-to-date
- Reliable
- Documented
- Informative: Used Internally or Externally
- Web-based Subscription
BBER's Research applies an understanding of global and national trends to address the needs New Mexico.

- Backed by UNM's research resources.
- Authoritative, objective and non-partisan.
- Supports decision-making in business and government.
- PhD and Masters level researchers who know New Mexico's institutions and history.
BBER’s Data Bank supports the New Mexico Economic Forecast (FOR-UNM), Data Dashboard and Research services.

- New Mexico’s lead agency for U.S. Census Bureau’s State Data Center Program.

- Data Bank knows where data comes from, what it means and where it can go wrong.

- State of art technology to collect, manage and disseminate accurate data.
<table>
<thead>
<tr>
<th>Issues We Track</th>
<th>Additional Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Development</td>
<td>Data Curation</td>
</tr>
<tr>
<td>Public Finance</td>
<td>Survey Research</td>
</tr>
<tr>
<td>Finance and Micro-lending</td>
<td>Economic Forecasting</td>
</tr>
<tr>
<td>Insurance</td>
<td>Economic Impact Analysis</td>
</tr>
<tr>
<td>Natural Resources and Energy</td>
<td>Fiscal Impact Analysis</td>
</tr>
<tr>
<td>Real Estate, Housing and Land Use</td>
<td>Feasibility Analysis</td>
</tr>
<tr>
<td>Transportation</td>
<td>Cost-Benefit Analysis</td>
</tr>
<tr>
<td>Arts and Culture Industries</td>
<td>Market Research</td>
</tr>
<tr>
<td>Demography and Migration</td>
<td>Labor Market Research</td>
</tr>
<tr>
<td>Community and Regional Development</td>
<td>Program Evaluation</td>
</tr>
</tbody>
</table>
“Trustworthy, unbiased market research based on accurate data and analytics is the only way for business owners to see where they’re going. New Mexico is fortunate to have the University of New Mexico Bureau of Business and Economic Research or BBER.”

-Santa Fe New Mexican

“BBER is the most credible and independent source of economic data and analysis in New Mexico. Our company has a membership with BBER so that we have limitless access to information that analyses the current state of the economy in or state such that we can make informed business decision on where to focus our attention and manage our business.”

-Norm Becker, President + CEO, New Mexico Mutual

“BBER was really helpful and knowledgeable in working with the City of Santa Fe to create a data dashboard that appears on the city’s home page. If you’re a proponent of transparency and believe key data should be available to everyone, a data dashboard is the way to go. BBER has the tools and know-how to get it done.”

-Reed Liming, Division Director, Long Range Planning, City of Santa Fe

“UNM-BBER has been an invaluable partner with New Mexico MainStreet and Arts & Cultural District organizations. They set a firm economic foundation from which our affiliated communities can transform their local economy and the priority economic development project for implementation to move their vision to reality.”

-Rich Williams, Director, New Mexico MainStreet