



The Economics of Building in New Mexico

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Dr. Reilly S. White

Associate Dean, UNM Anderson

First, the Good News

The Construction Industry in NM has demonstrated robust growth in workers

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Construction Employment: Texas and New Mexico Lead Gains, California and Washington Face Losses

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The construction industry in the United States has seen a mixed bag of employment trends over the past year, with some states experiencing significant job gains while others face substantial losses. According to a recent analysis by the Associated General

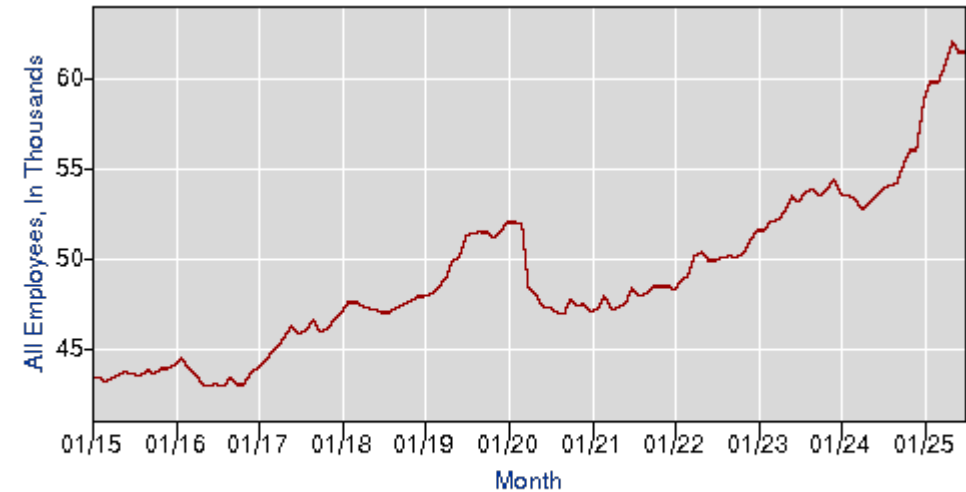
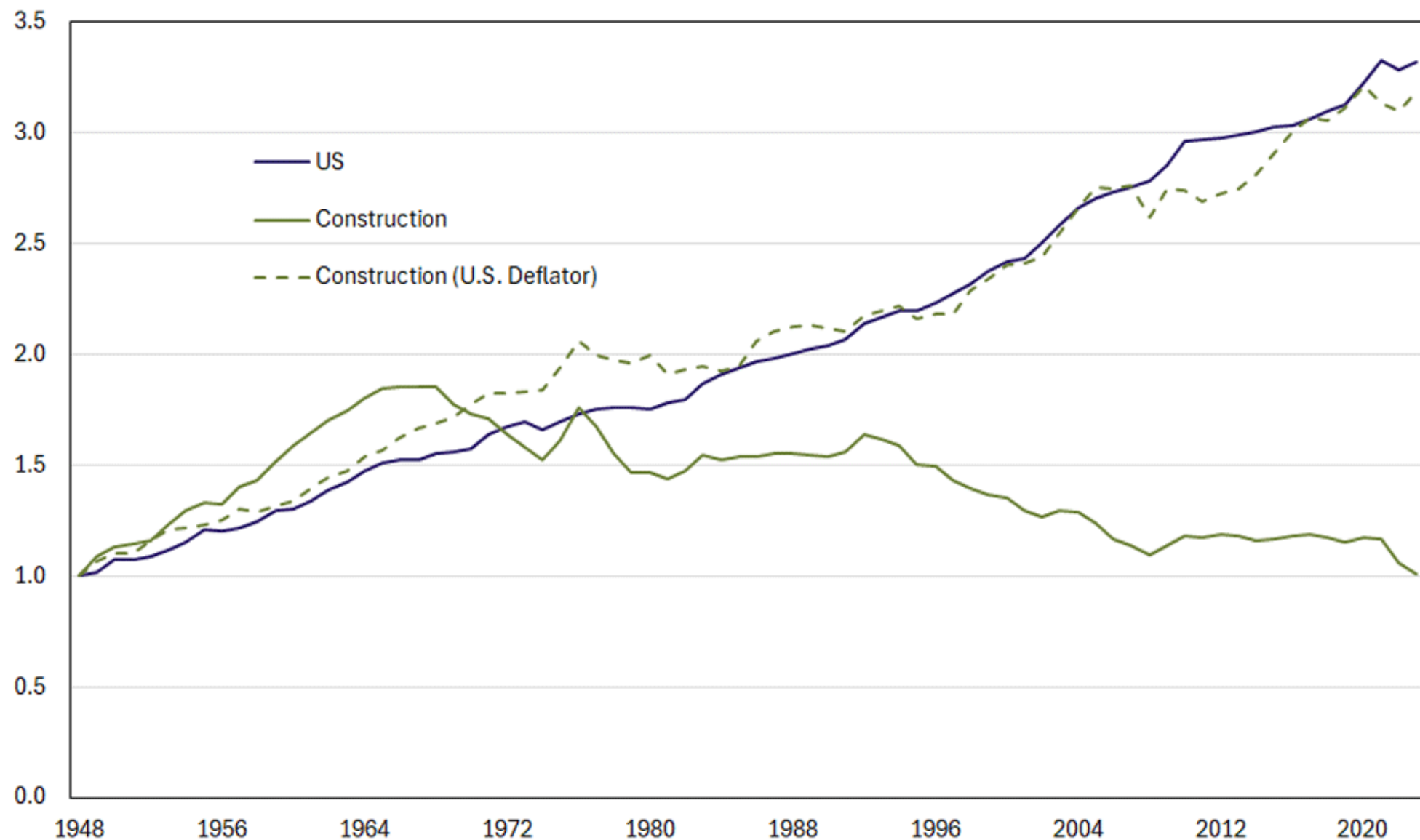


Figure 1: Value Added Per Worker
U.S. Economy and the Construction Sector



Notes: Time series are normalized to their respective values in 1948. The solid green line shows the value added per worker for the construction sector with the value added being deflated with a chain-type price index specific to the construction sector. The dashed green line shows the same data as the solid green line but deflated with a chain-type price index for the whole U.S. economy.

Source: Bureau of Economic Analysis and author's calculations.

Millions of Dollars

160,000

140,000

120,000

100,000

80,000

60,000

40,000

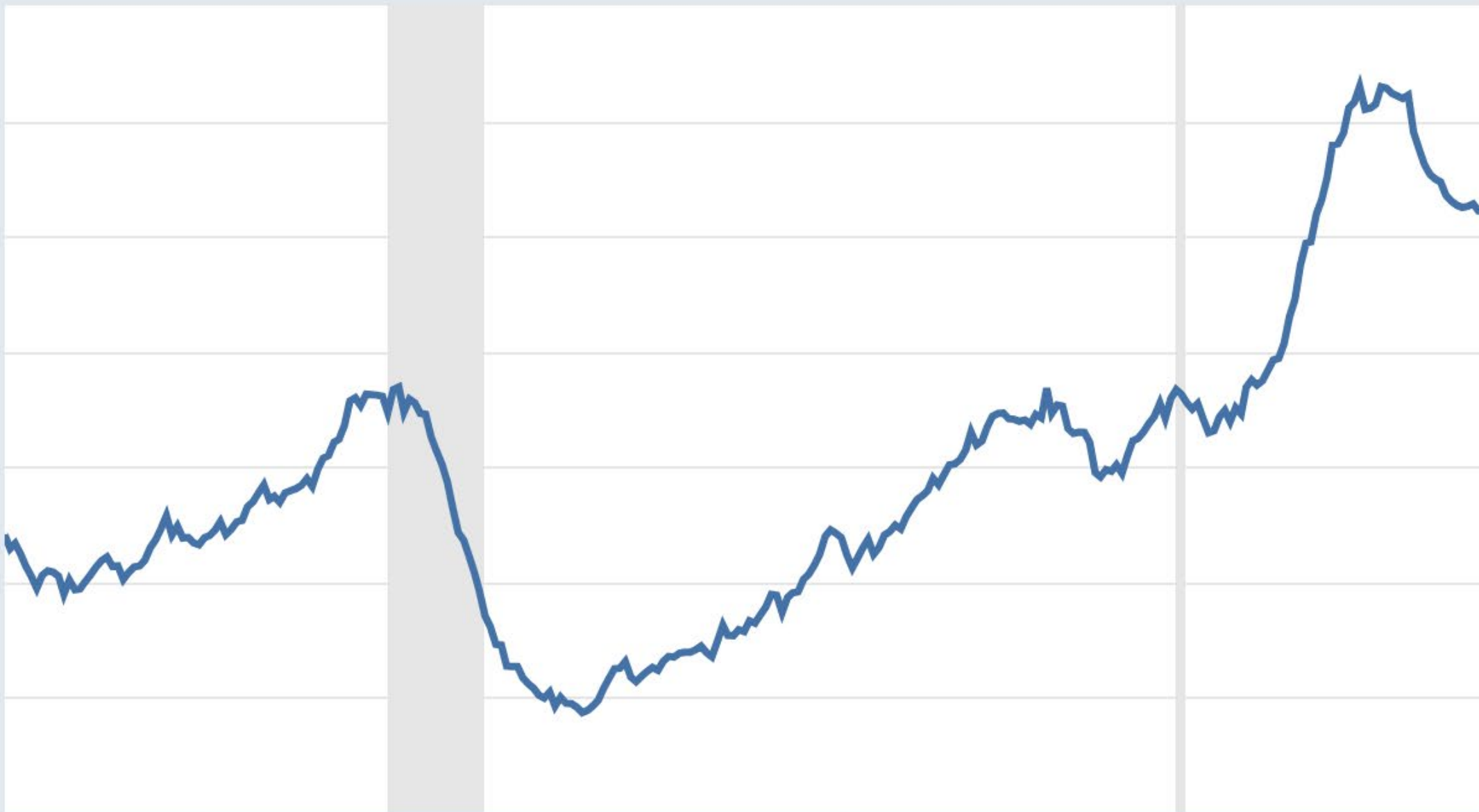
20,000

2005

2010

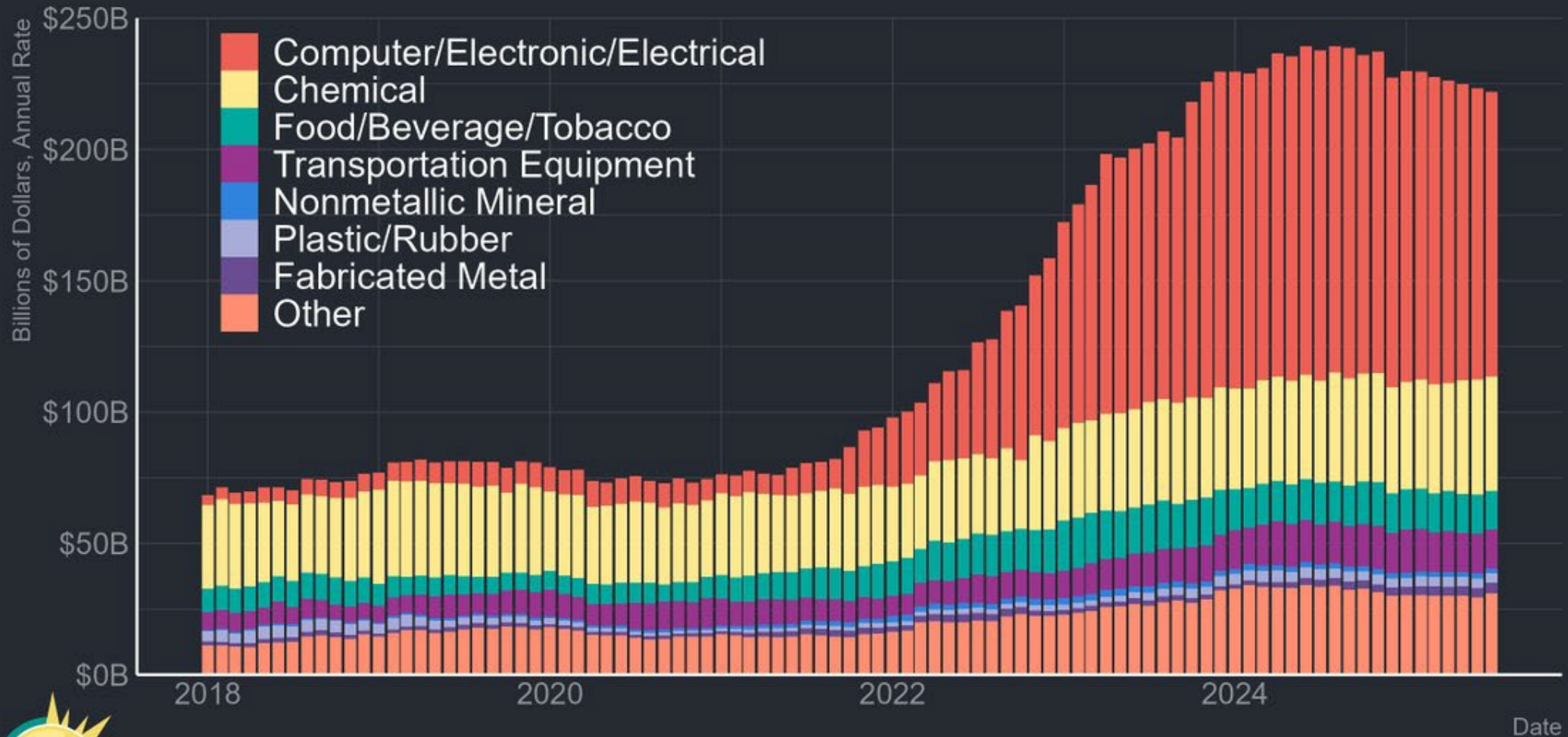
2015

2020



US Manufacturing Construction Spending

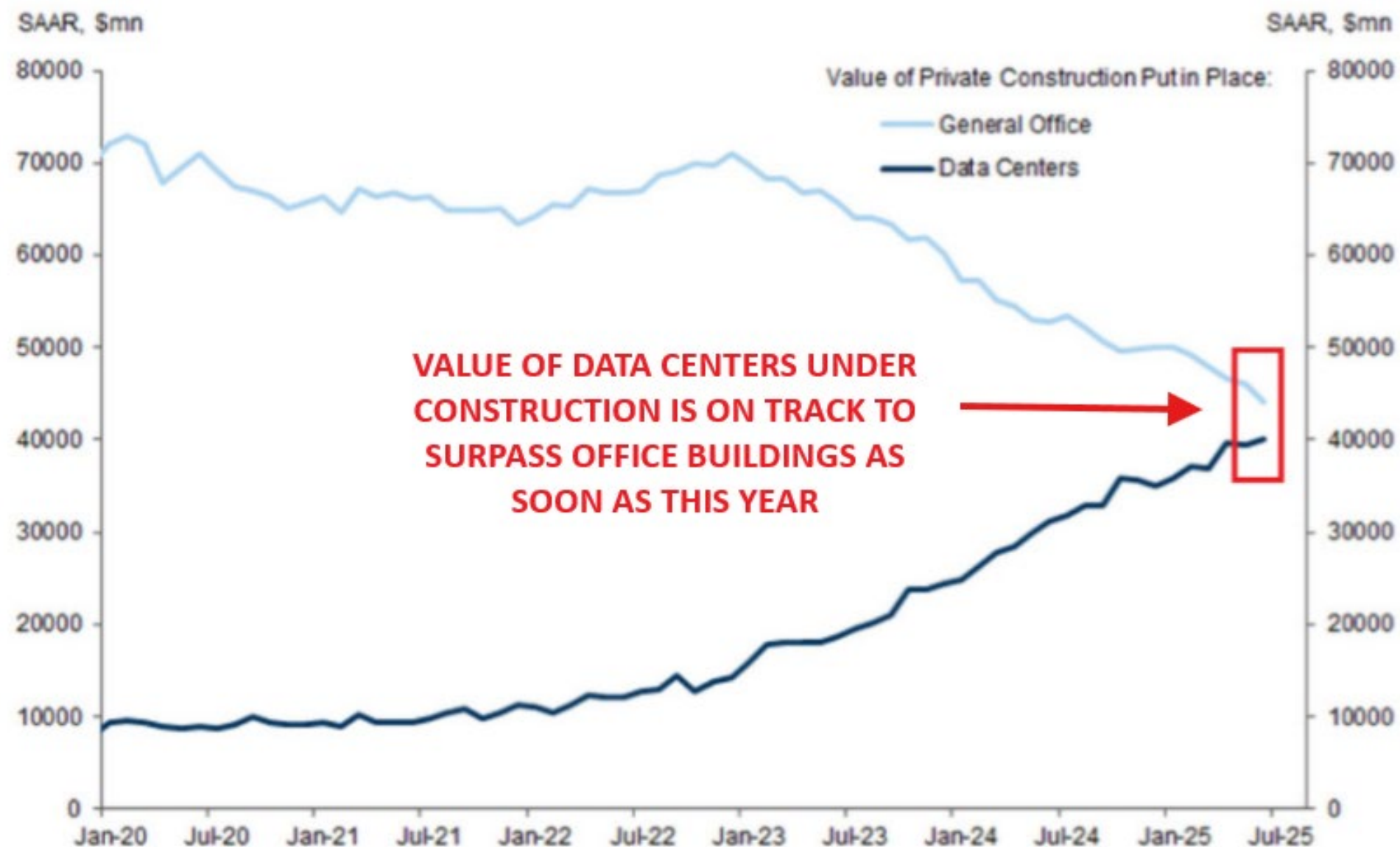
Computer/Electronic Manufacturing Now Makes Up Nearly 60% of Manufacturing Construction



Graph created by @JosephPolitano using US Census data



Exhibit 7: Data center construction soon to surpass general office construction

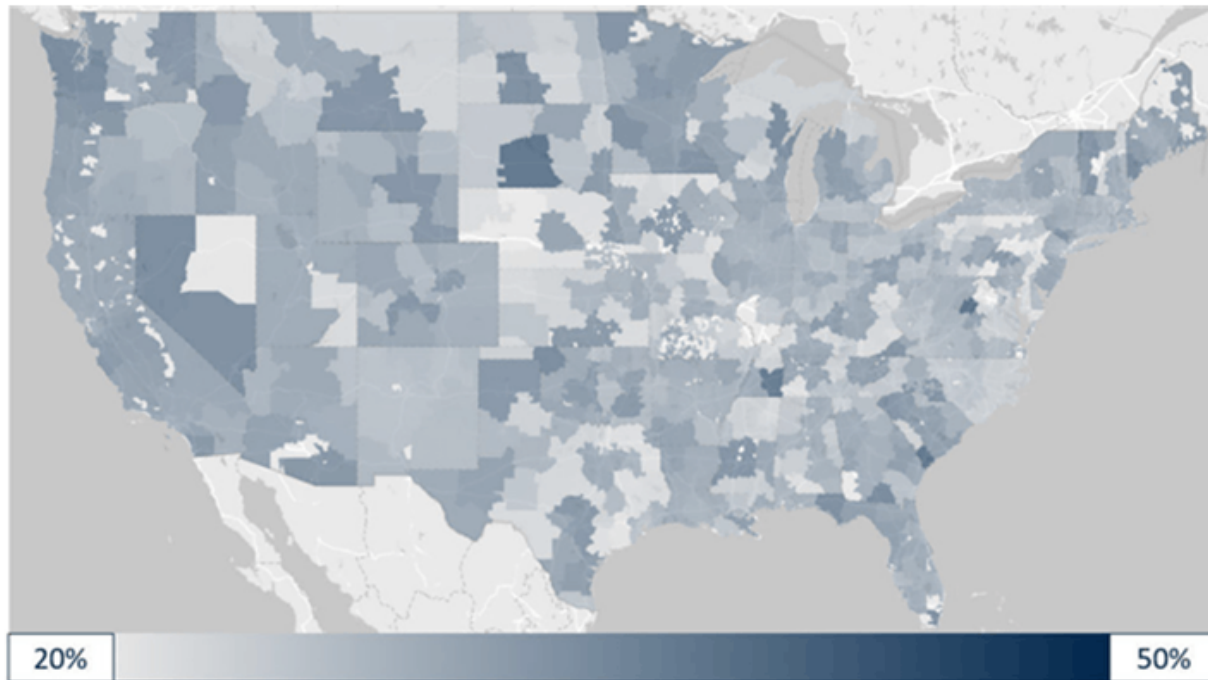


Source: Haver Analytics, Goldman Sachs Global Investment Research

War and Lease

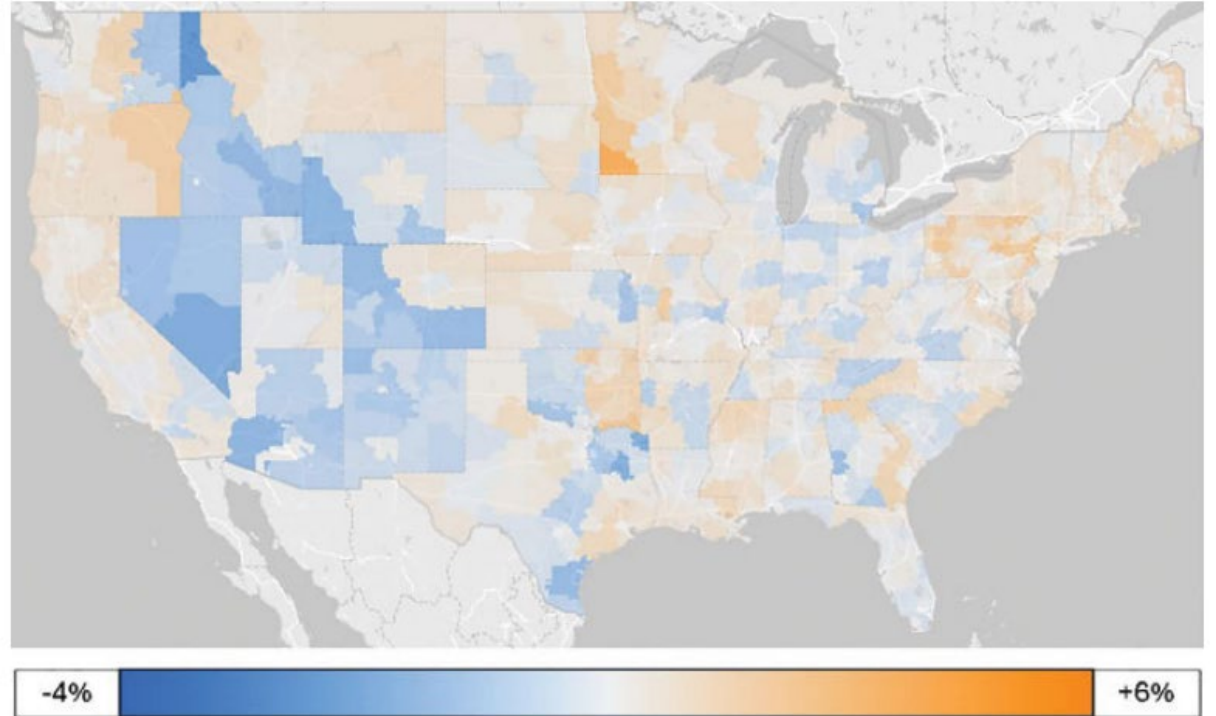
Install Costs rise in the East, but fall in the West

Install Cost Growth, 2018 to 2023



Source: Gordian's RSMeans Data

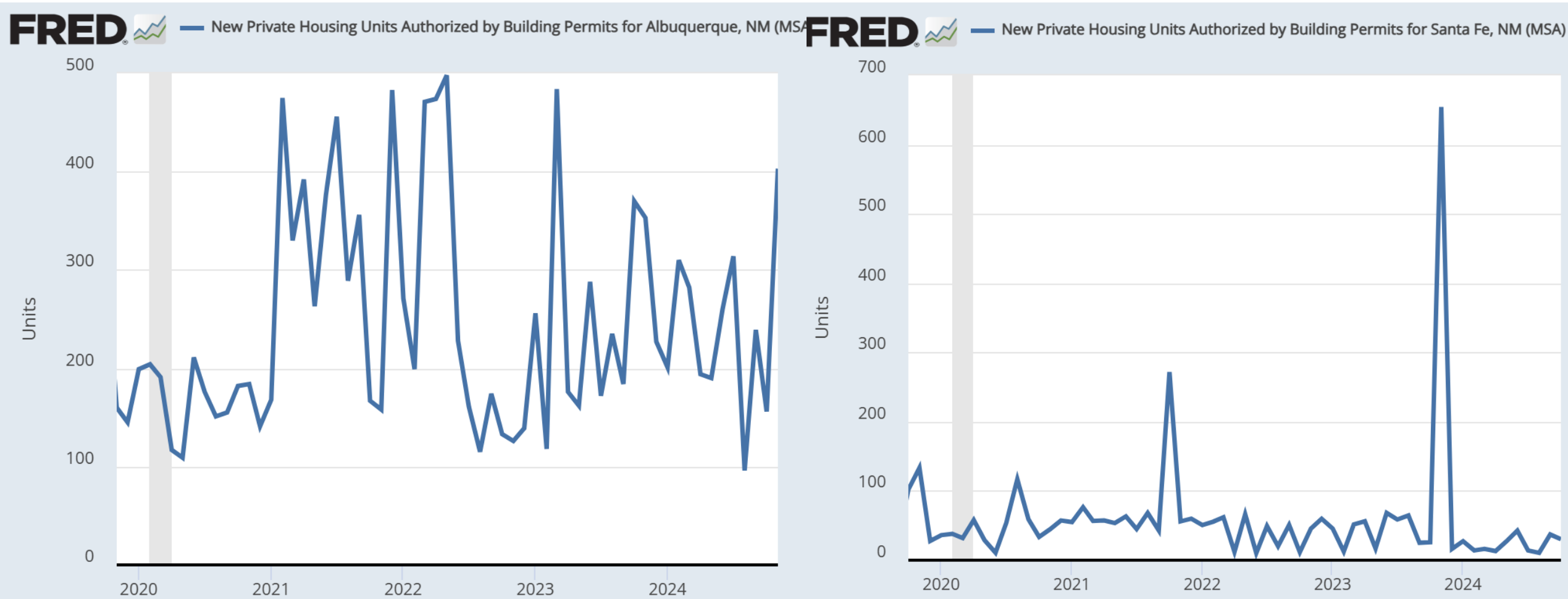
Map 1



USA

Building Permits, New Private Housing

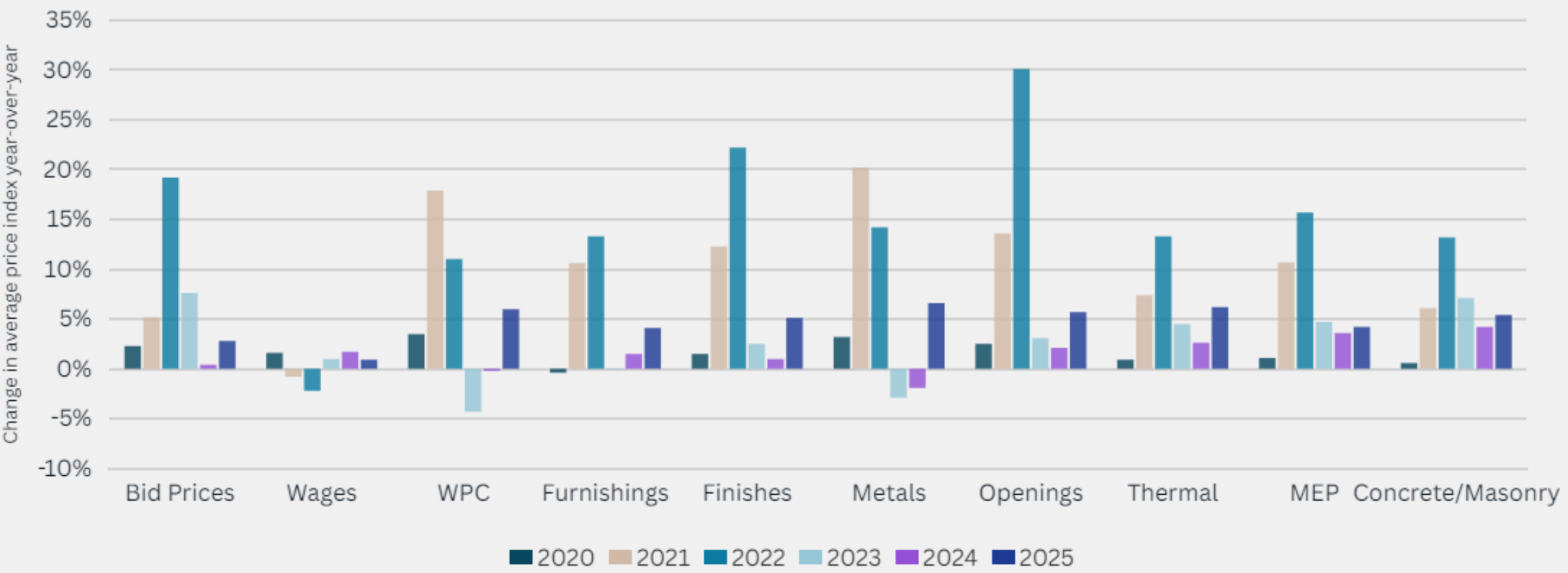
Despite high prices, we're not building enough



Cost and Effect

JLL: higher cost growth in '25 vs '24

Construction cost growth and forecasts

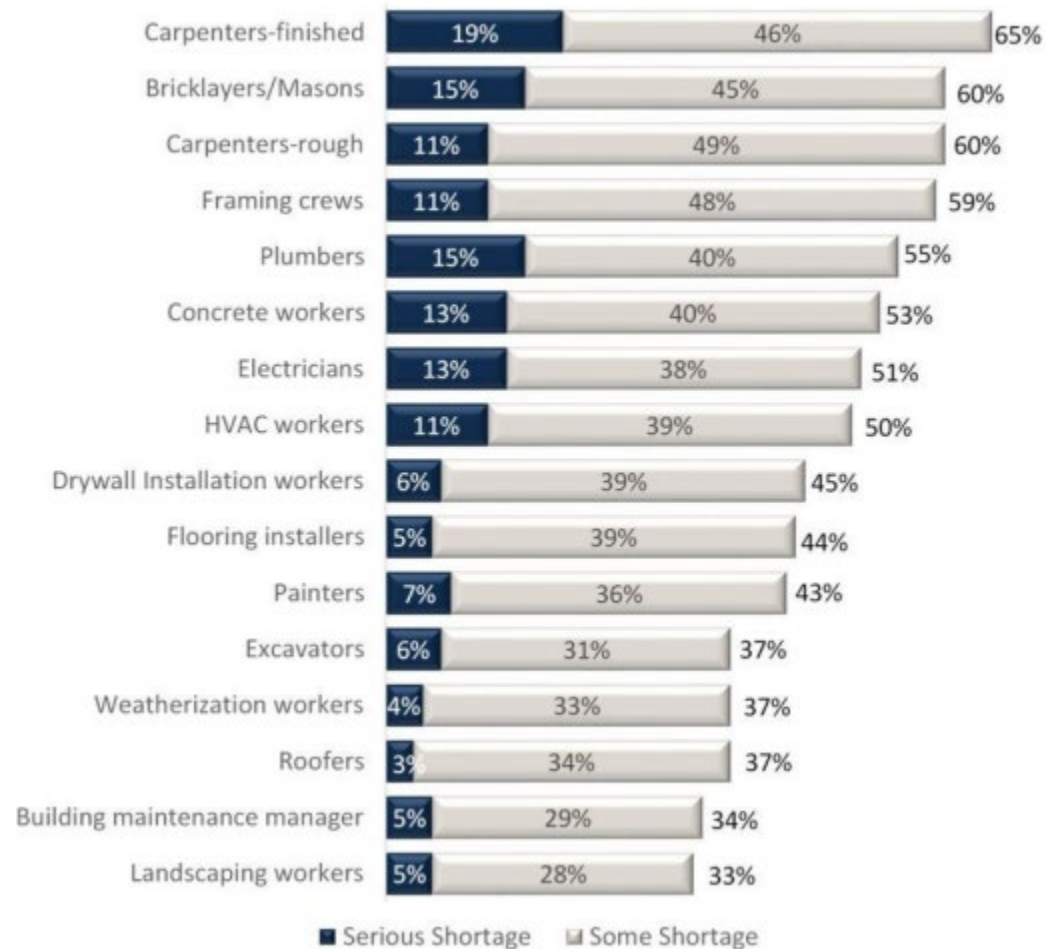


Cost growth in 2025 will be reasonable overall but varied by cost center and material division. The average increase in price may not reflect local or project-specific nuances. Some additional considerations should be made when planning for the next year and beyond.

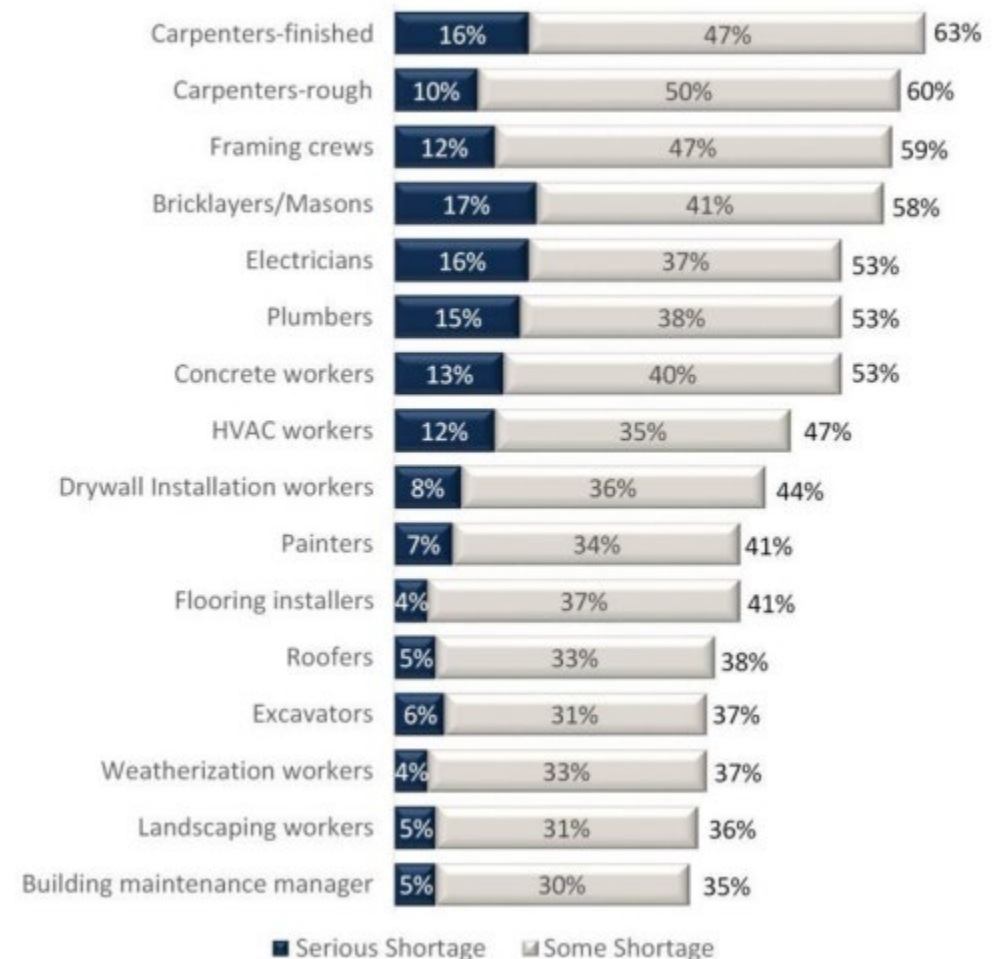
Department of Labor

Shortages of personnel are everywhere, especially in New Mexico

Percent of Builders Reporting Shortages of Labor (Directly Employed)

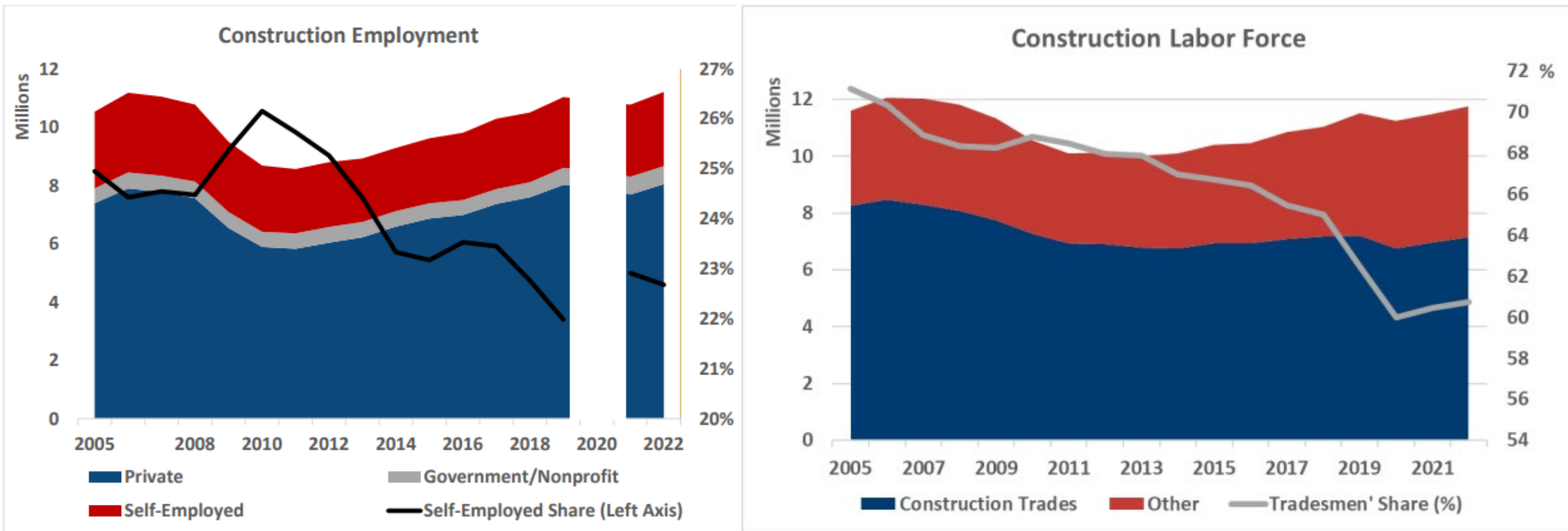


Percent of Builders Reporting Shortages of Subcontractors



Built in Action

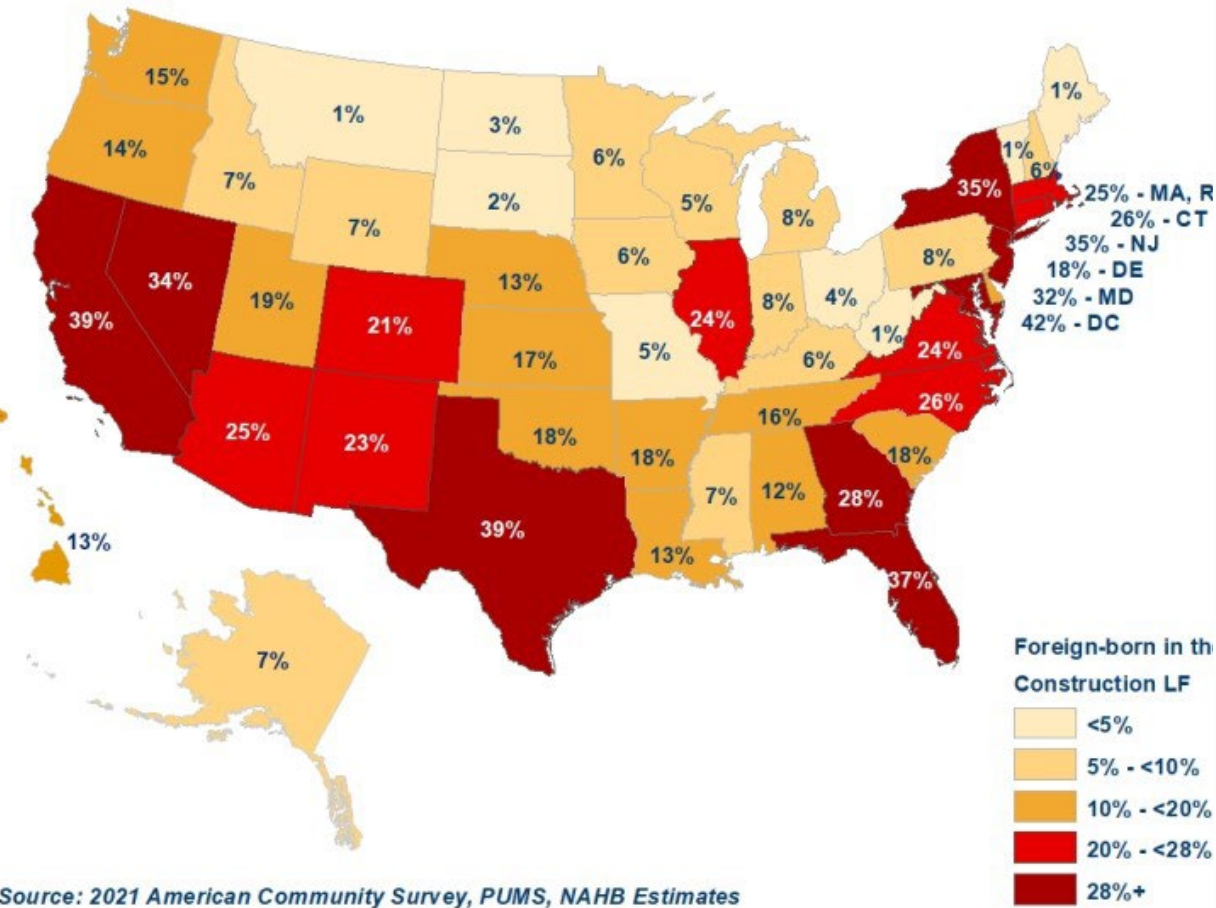
Self-employment becomes less prevalent when construction labor shortages worsen



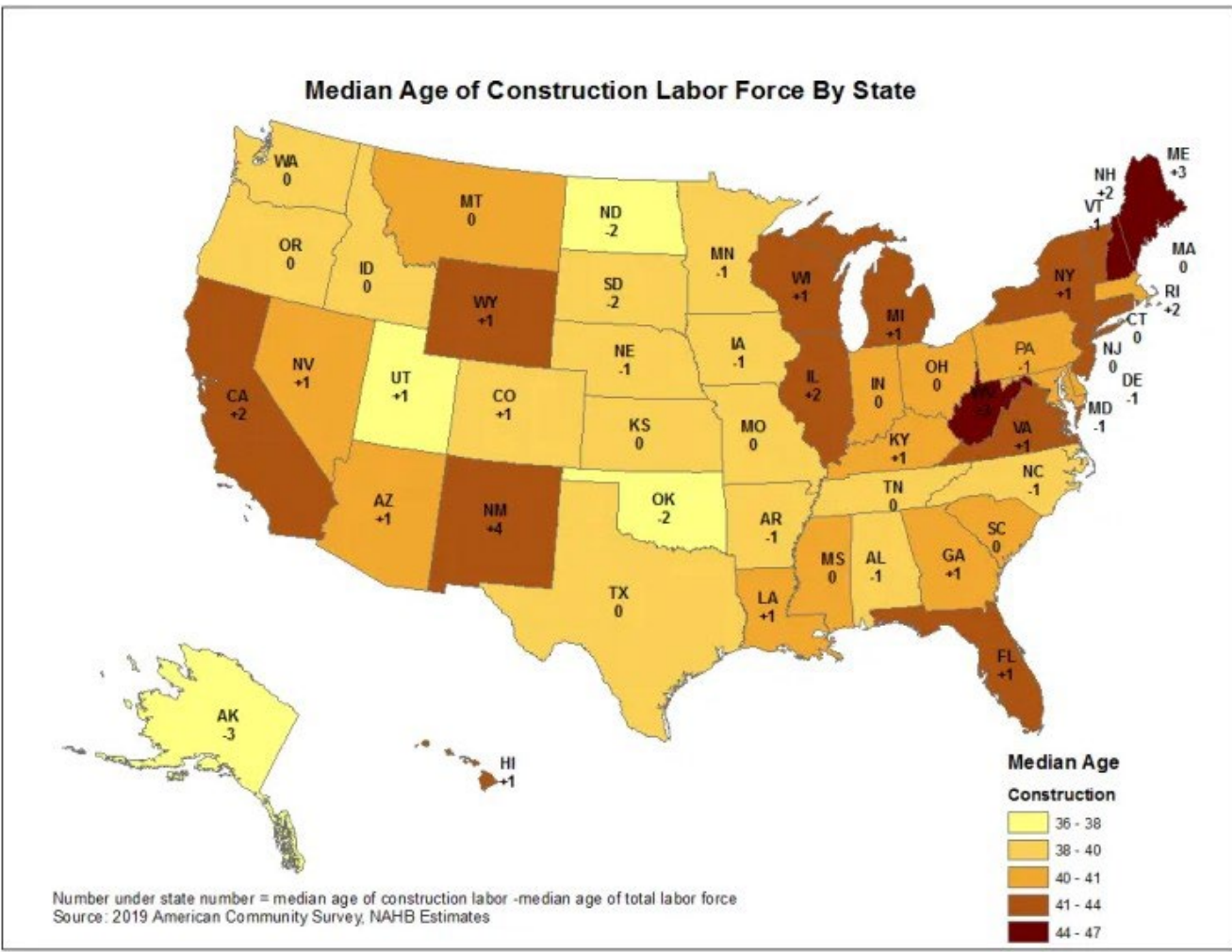
Working it Out

NM relies more on immigrants and older workers for construction labor

Immigrant Workers in the Construction Labor Force, 2021



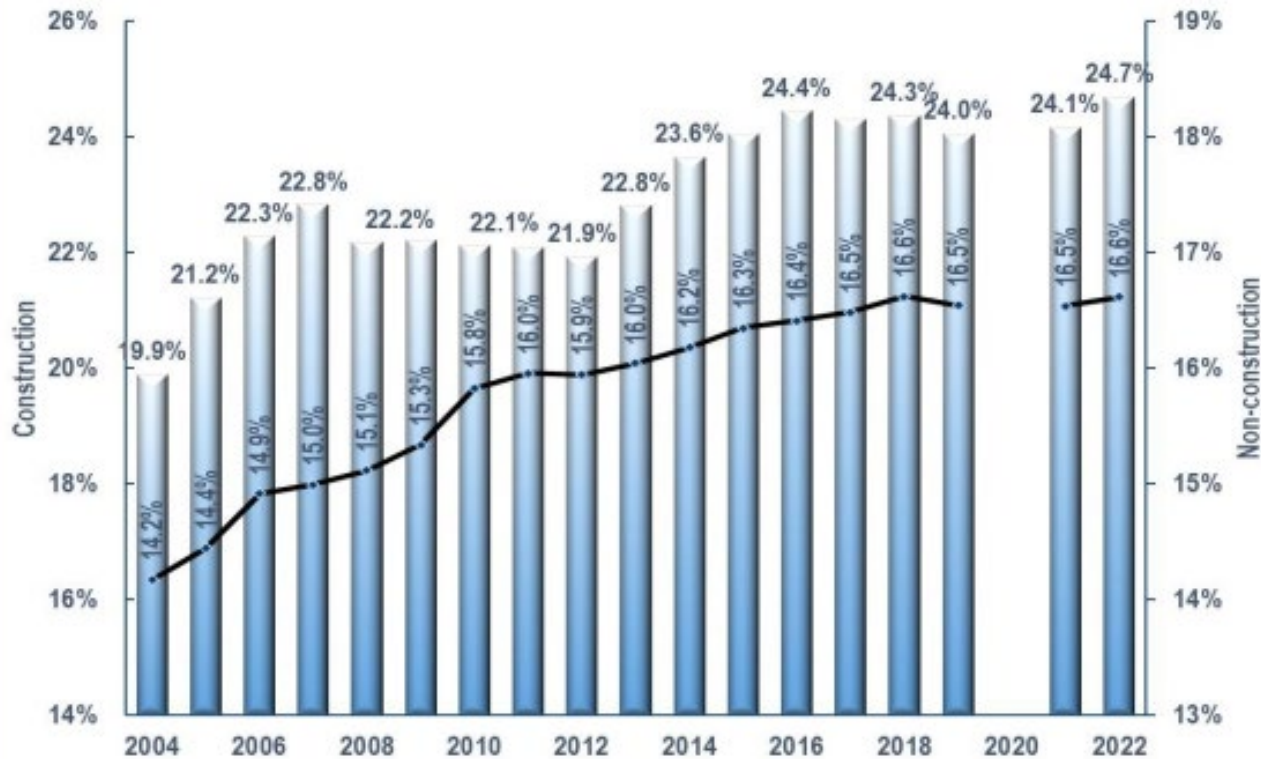
Median Age of Construction Labor Force By State



Immigration Man

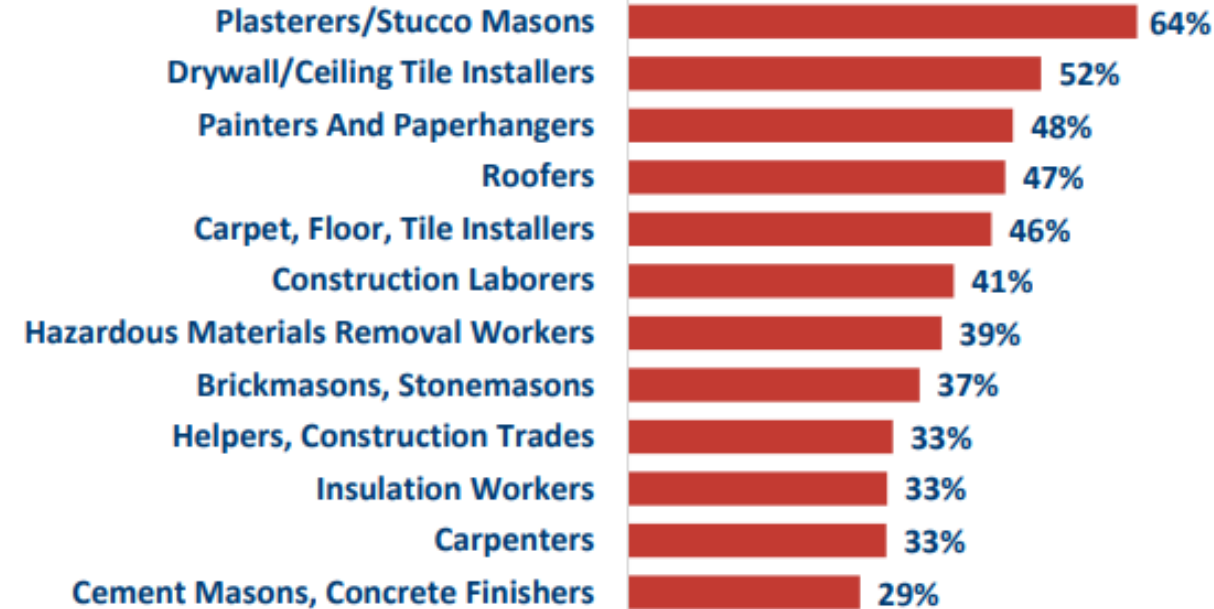
Immigration fuels growth in construction labor

Immigrants in the US Labor Force



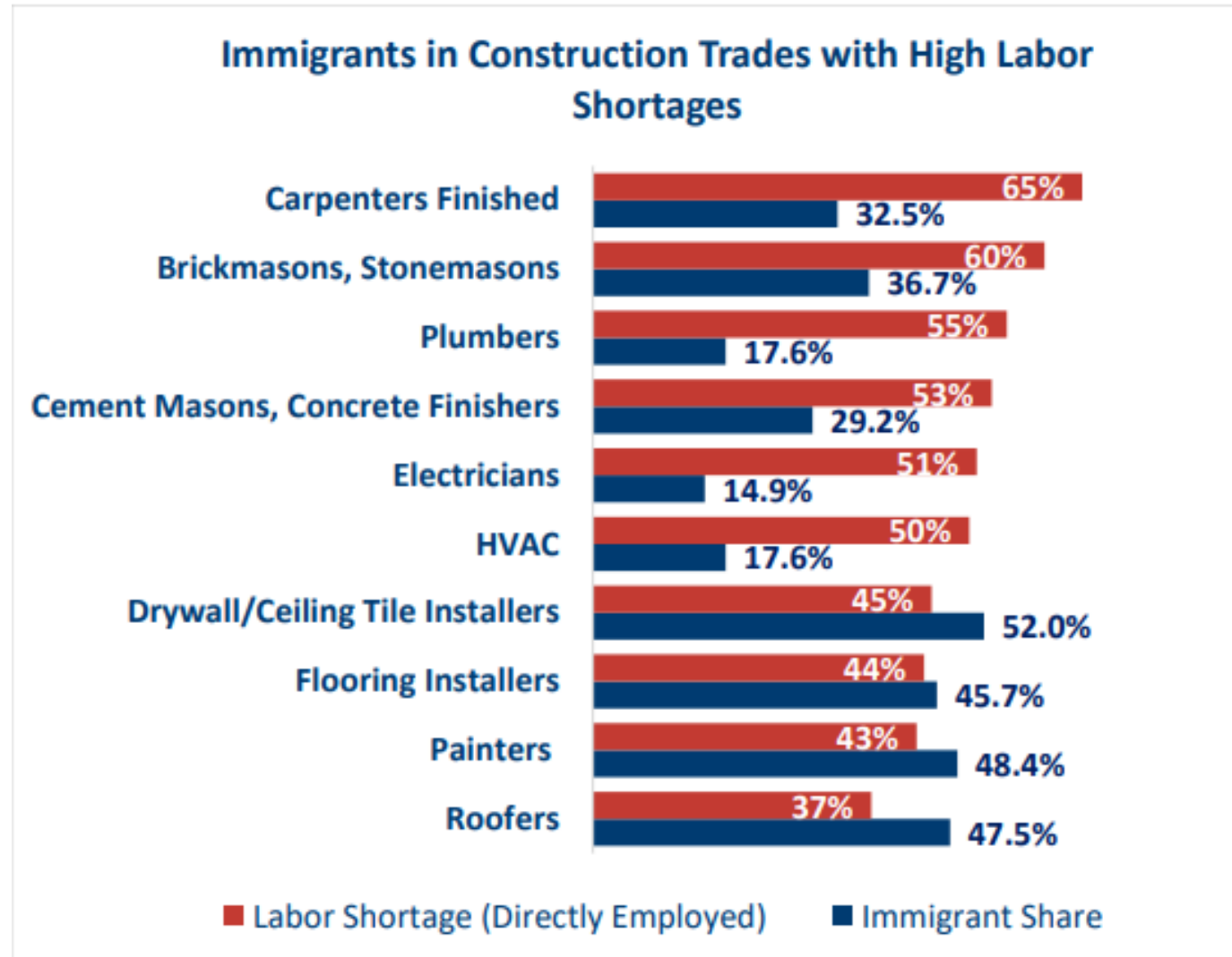
Construction Trades Most Reliant on Immigrants

Share of Immigrants in Labor Force, 2022



Immigration Man

Immigration fuels growth in construction labor



Economics of Building Outlook: Summary

- **Residential Construction** is deeply needed, but persistent high mortgage rates in '25 will dampen demand.
- **Health Care, Education, and Roads and Highways** should see significant expenditure from \$7 billion in committed capital outlays.
- **Office Growth** may be limited, and **Retail** starts (relying on high spending) may begin to fall off.
- **Labor shortages will exacerbate** due in part to the immigration deficit of the last few years.
- **A limited pool of subcontractors** contributes to rising construction costs. Expanding this pool could help lower costs, but many workers are reluctant to make the leap into running their own businesses.