



The Cost of Staying Home:

Housing and the Economic Outlook for New Mexico



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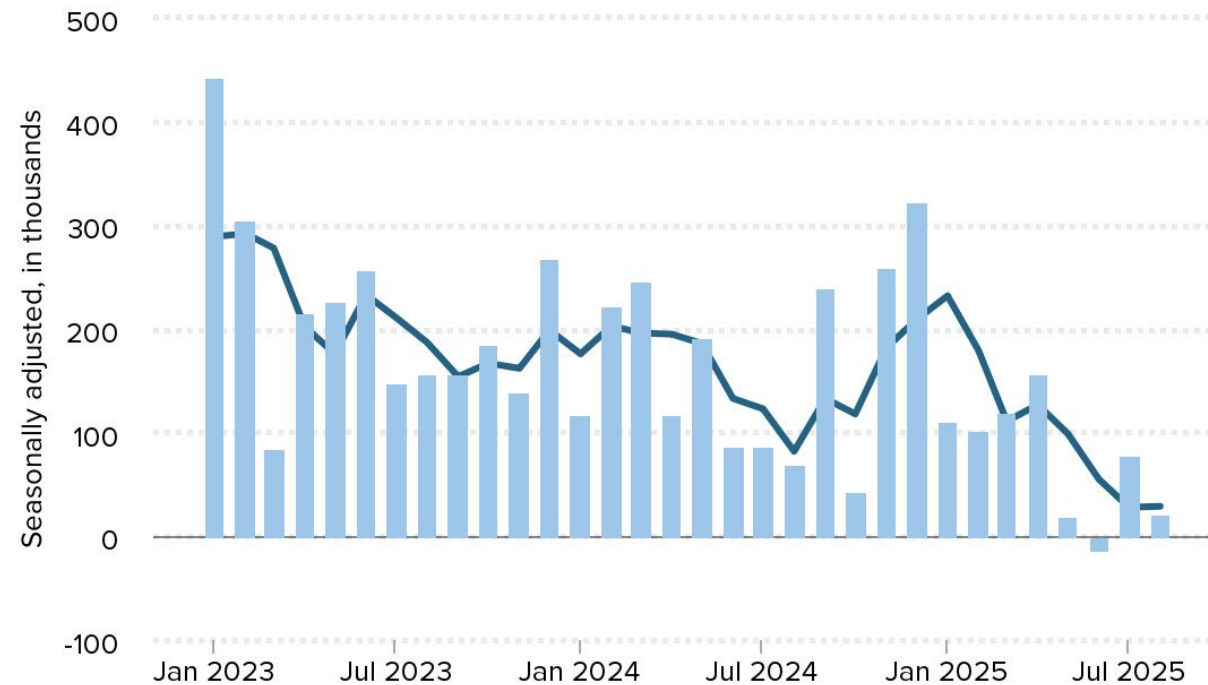


- **Associate Dean of Teaching and Learning** and tenured **Full Professor of Finance** at **UNM Anderson School of Management**
- Boards: Trustee, NMERB; Treasurer, Cancer Support Community Los Angeles; Voz Collegiate Preparatory Charter School
- Faculty Lead of \$5.6 million student-run Portfolio
- Academic credentials:
 - Ph.D., University of Connecticut
 - UMass Dartmouth (Finance)
- Published 20+ articles in leading finance & fintech journals (Physica A, JCF, IEEE, TFSC, JBF).
- Co-authored Financial Literacy for Immigrants and Refugees (translated into Spanish, Arabic, and Dari).
- Interviewed 400+ times since 2020 on economic and financial topics.

Highway Jobbery

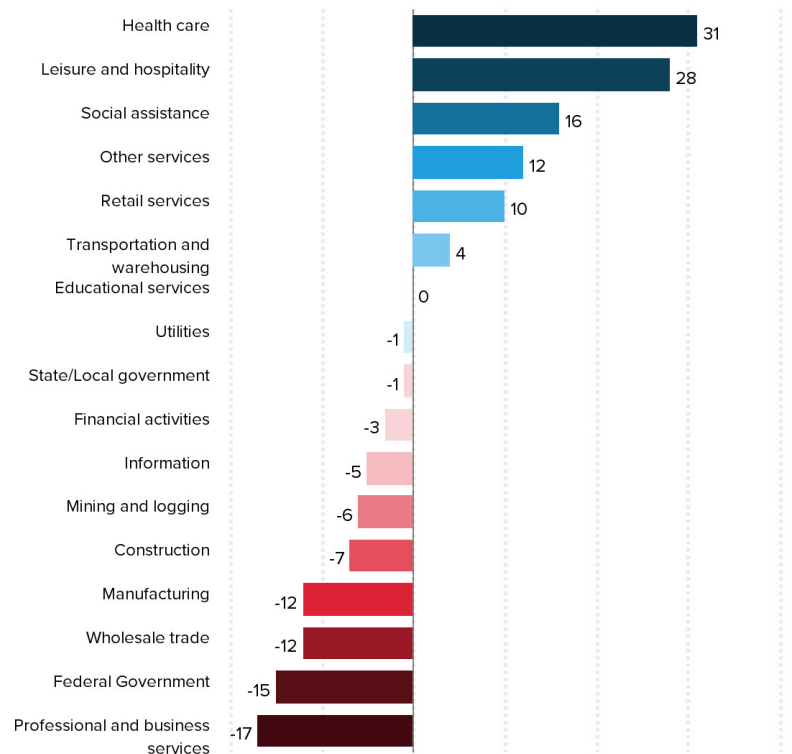
Employment numbers have been lagging

Monthly change and three-month moving average of payroll employment, January 2023–July 2025



Source: EPI analysis of Bureau of Labor Statistics' Current Employment Statistics public data series.

Employment change by industry (thousands) between July 2025 and August 2025

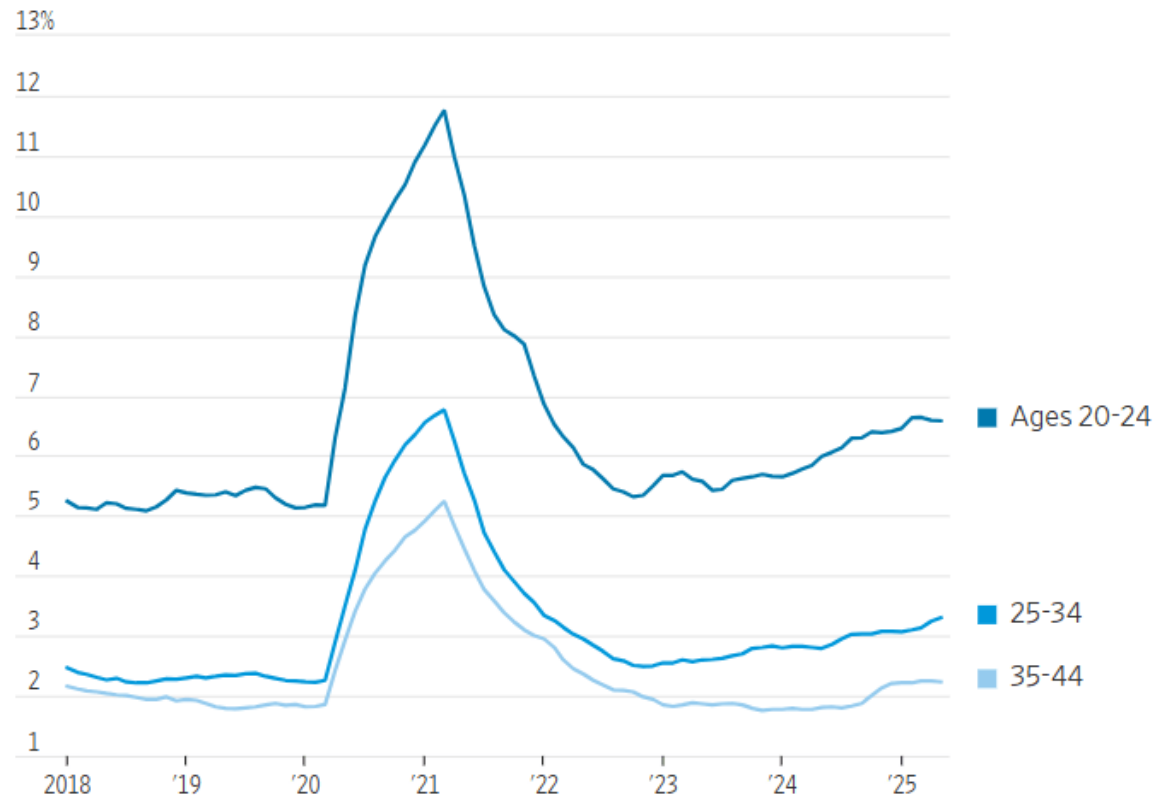


Source: Bureau of Labor Statistics' (BLS) Current Employment Statistics, Establishment Survey (CES) public data series.

Sector Space

Unemployment is rising in high skill areas

Unemployment rate by age, bachelor's degree



Note: 12-month moving average

Source: Labor Department via St. Louis Fed

Job Sectors With Growing Youth Unemployment

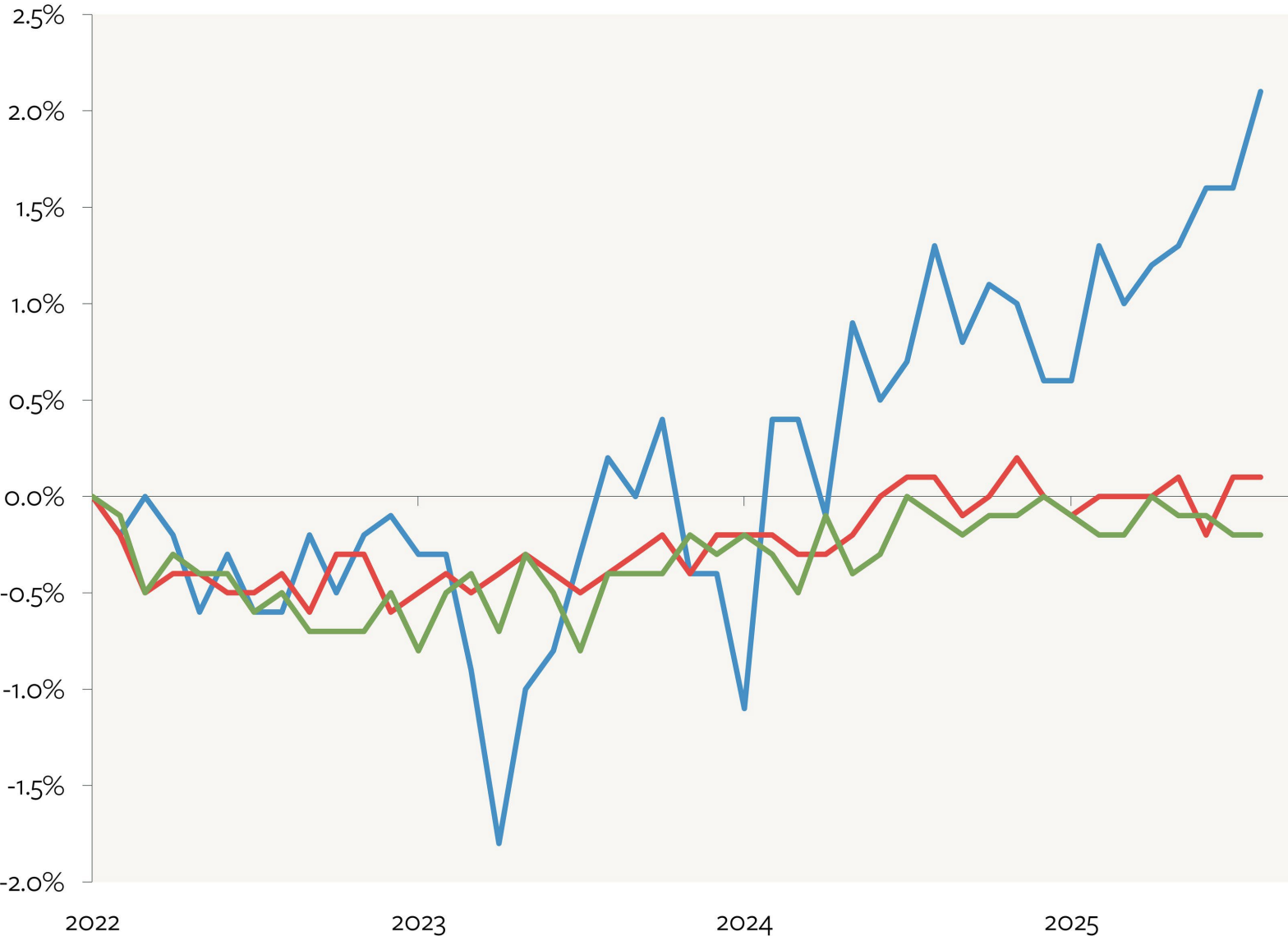
Change in unemployed recent graduates, 2022 to 2025



No Country for Young Men (and Women)?

Unemployment for most Americans has been flat to down since last summer. The same cannot be said for those under the age of 25, who are bearing the brunt of weak hiring.

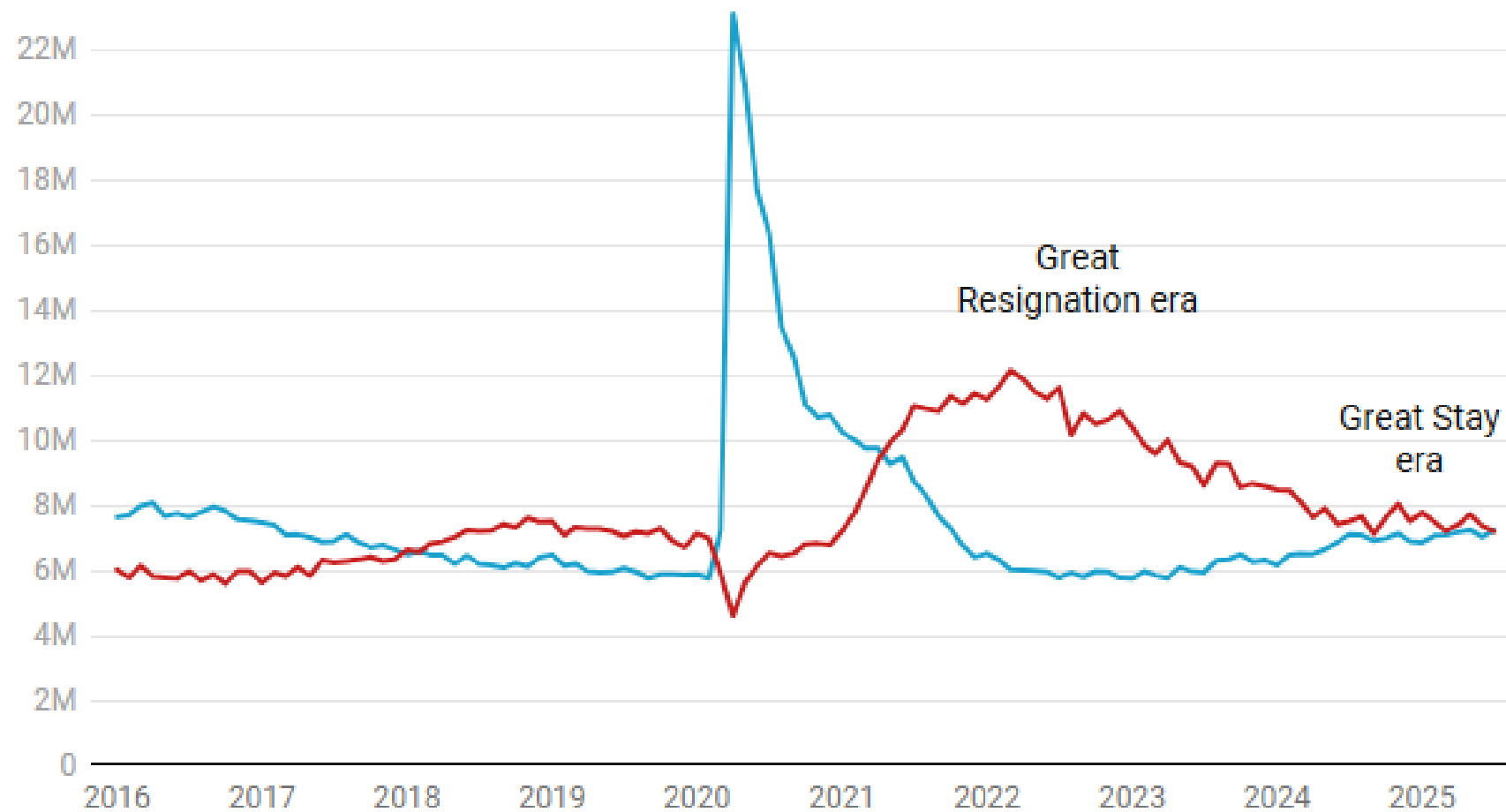
Unemployment rates by age, changes since January 2022 16-24 25-54 55+



The U.S. has more unemployed people than job openings for the first time since April 2021.

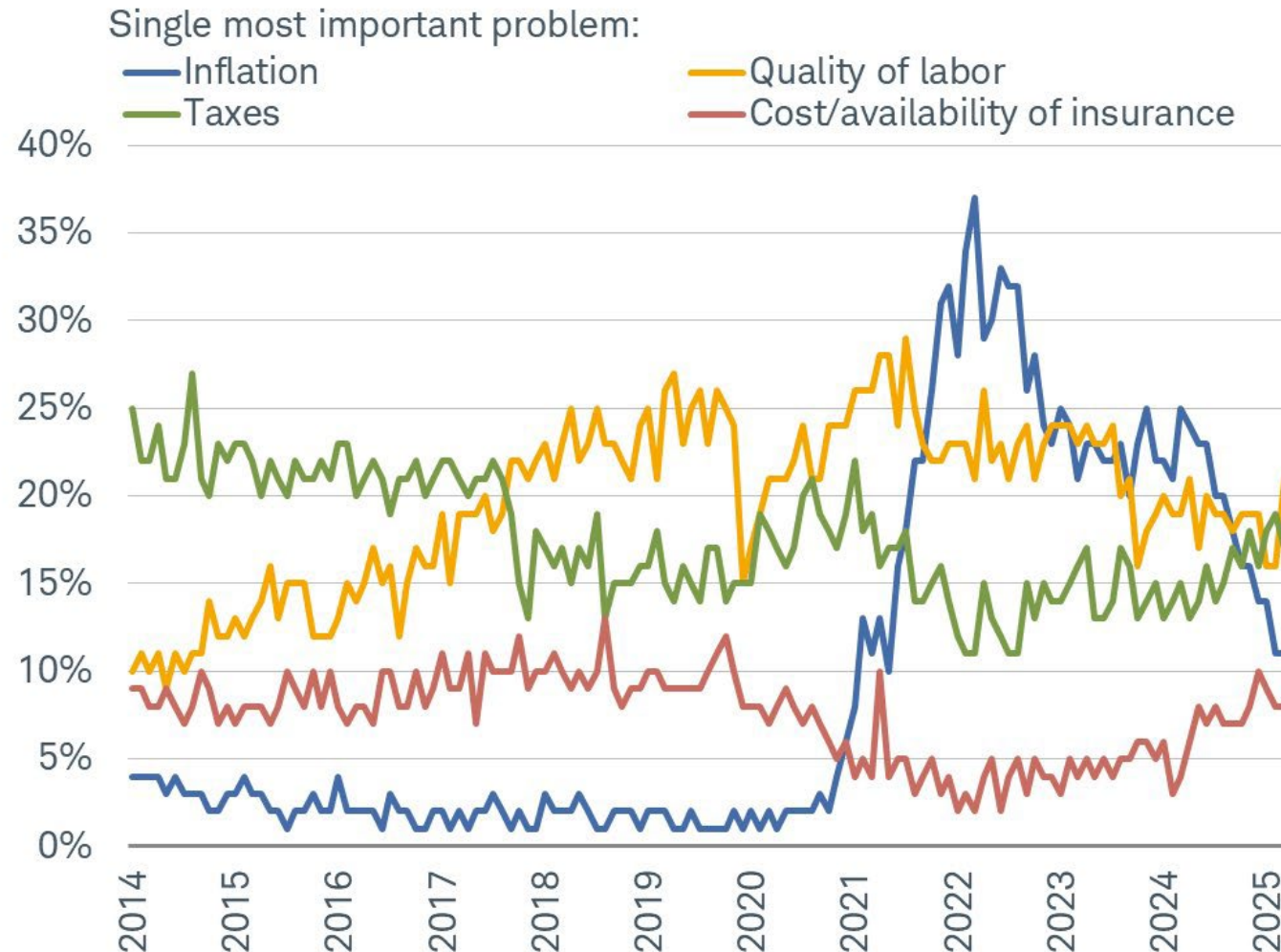
In July the U.S. had 7.18 million job openings and 7.24 million unemployed workers.

— Job openings — Unemployed



Betting your Problem Dollar

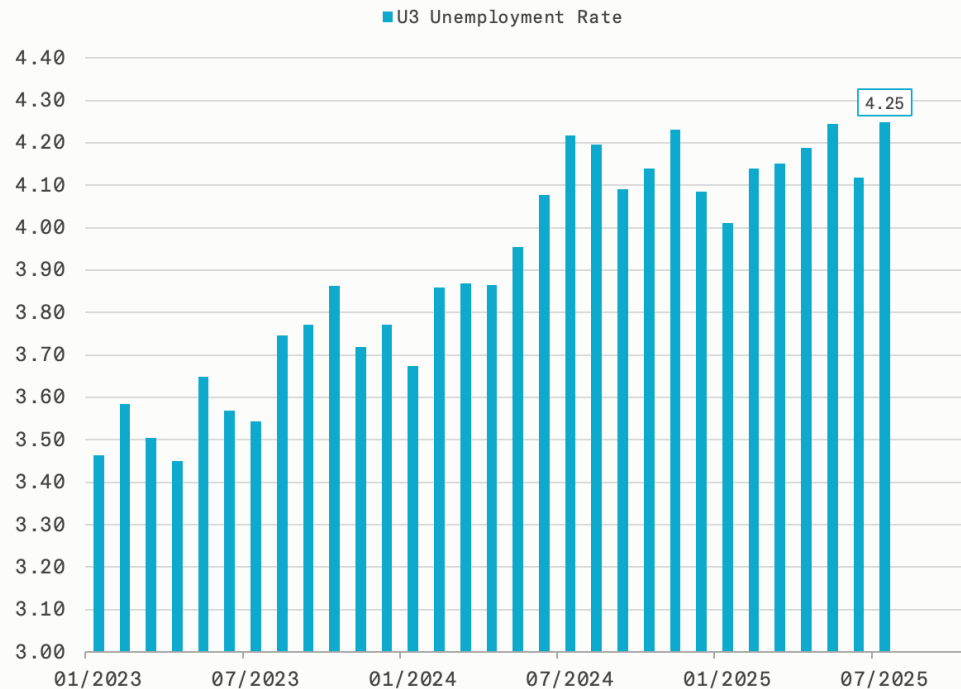
For the first time since 2021, inflation isn't business's biggest problem



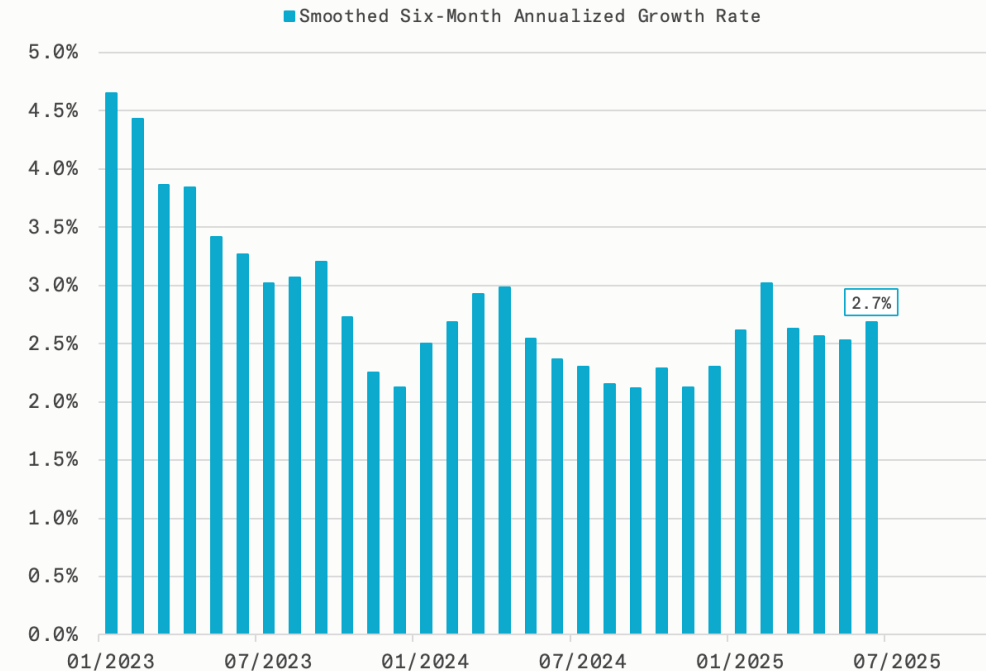
10 Things I Rate About You

The Fed's Dual Mandate on Display

Unemployment Rate: **Rising**

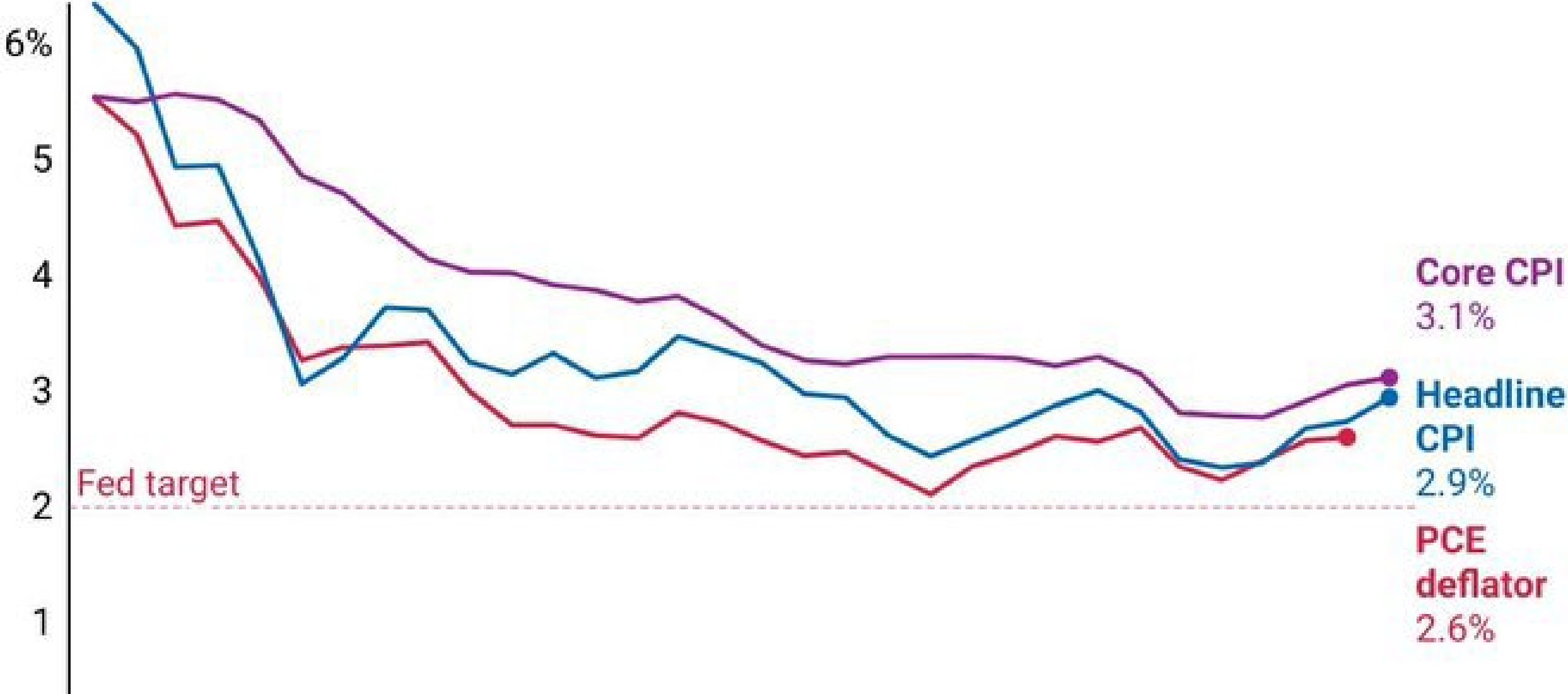


Headline PCE Inflation Rate: **Stalled**



Inflation is currently running at about 3%

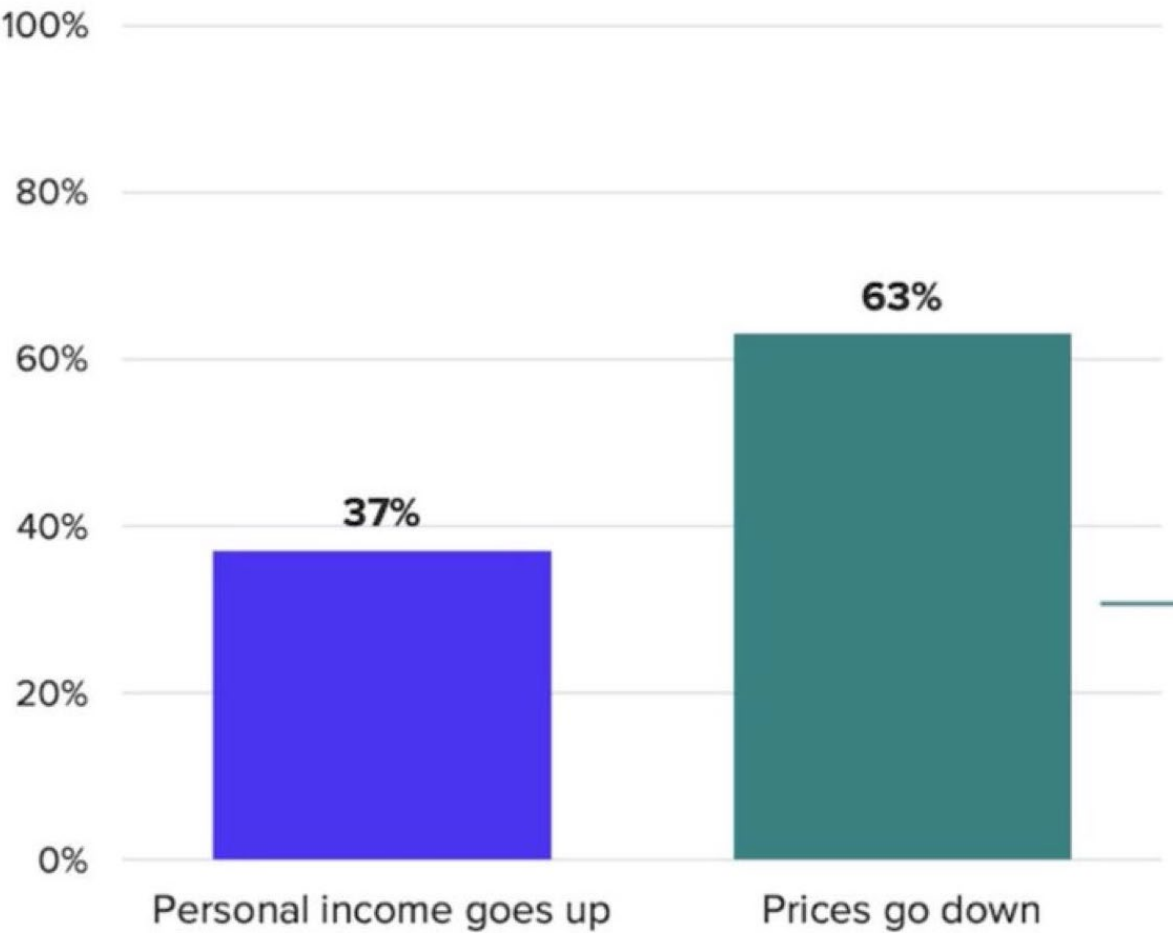
Annual inflation rate



The Election in One Chart

The Lasting Effects of Inflation

Share of consumers who said they would prefer that ...

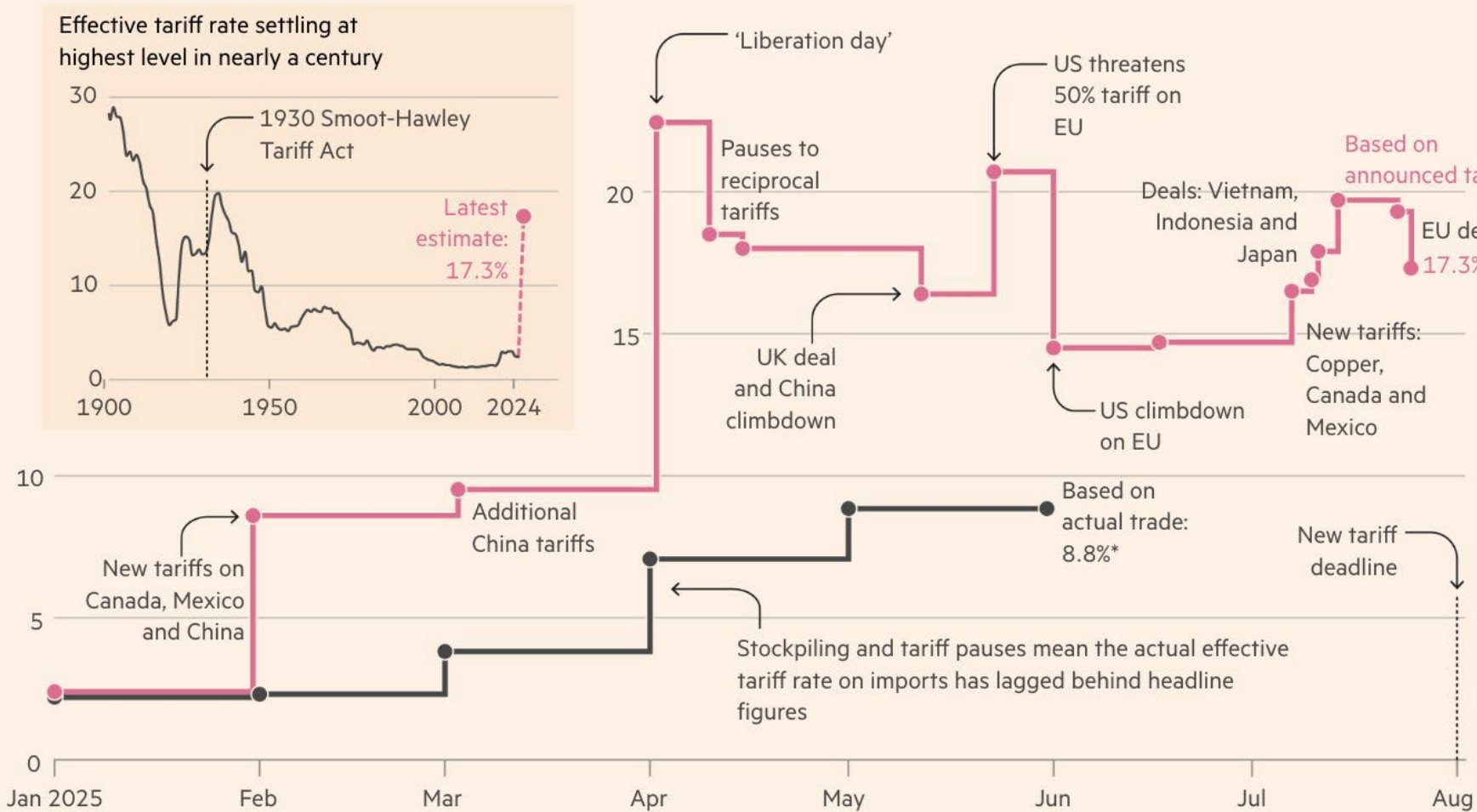


B18. Do you agree with the following statement? “If the government were to make a mistake next year, such as printing too much money, and created prices that are 20% higher than they are today, I think that they should try to reverse their mistake, and bring prices back down where they are today.”

	1	2	3	4	5	
	Fully agree		Undecided		Completely disagree	
U.S. all	46%	22%	22%	4%	6%	n=113
Economists	0%	3%	5%	28%	64%	n=76

Trading up: the progression of Trump's tariffs

Effective US global tariff rate (%)



Sources: Yale Budget Lab; US Census Bureau • **Actual trade' rate is customs duty revenue as a % of value of goods imported. 'Based on announced tariffs' is the estimate of the long-run effective tariff rate based on current announced policy, after accounting for consumption shifts

FREE TRADE

Ford Paid \$800 Million in Tariff Costs Over 3 Months, Despite Building Most of Its Cars in America

That should put an end to the Trump administration's silly talking point about how there is no tariff for products built in the U.S.

ERIC BOEHM | 8.5.2025 2:00 PM

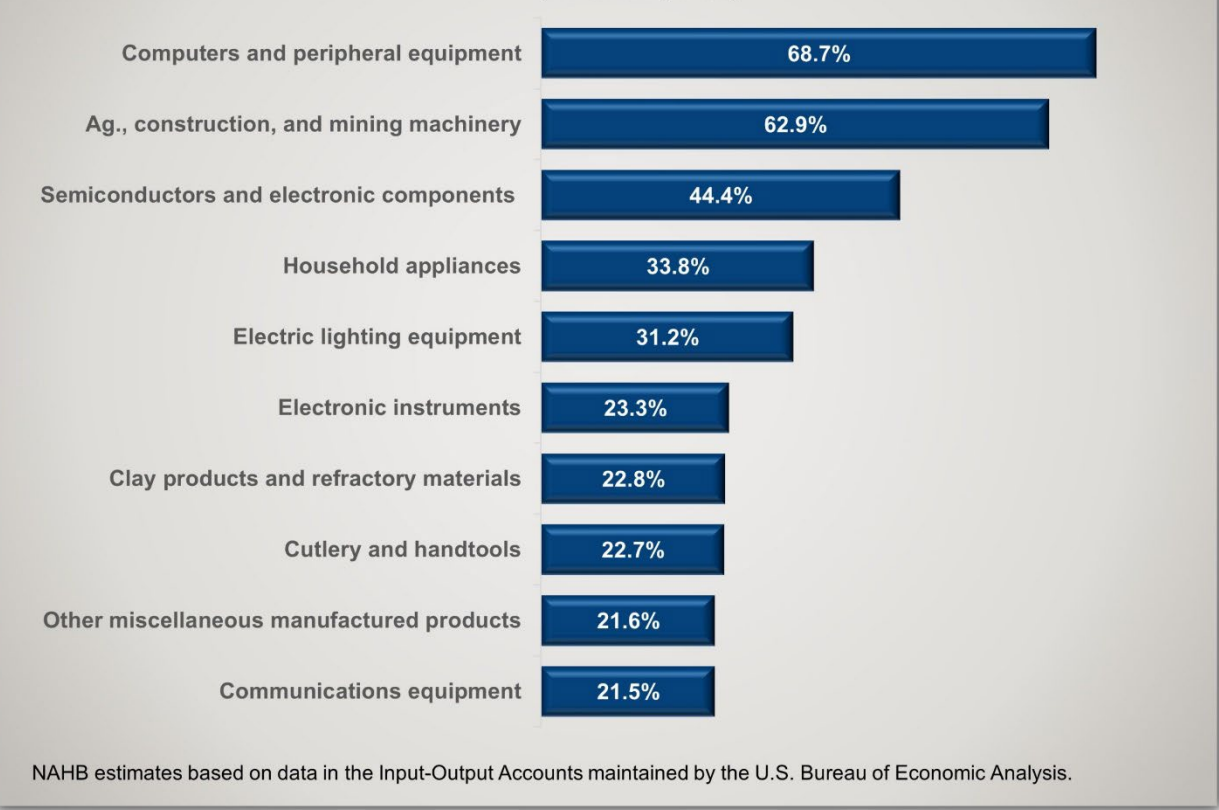


(Tia Dufour/White House/ZUMA Press/Newscom)

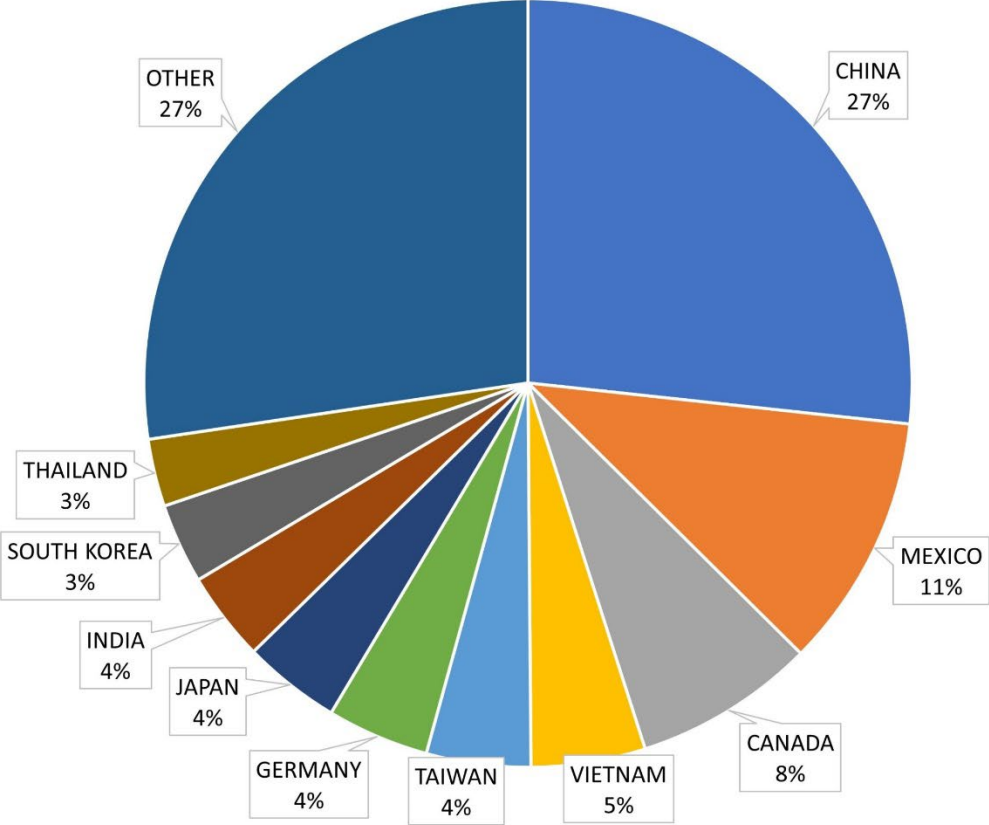
The Import-ance of Being Earnest

Some Construction Imports are vulnerable to tariffs

Building Products Most Often Imported in
New Residential Construction in 2023
(Percent Imported)



Share of Imports that are Used in Residential Construction
2023 Import Value Share

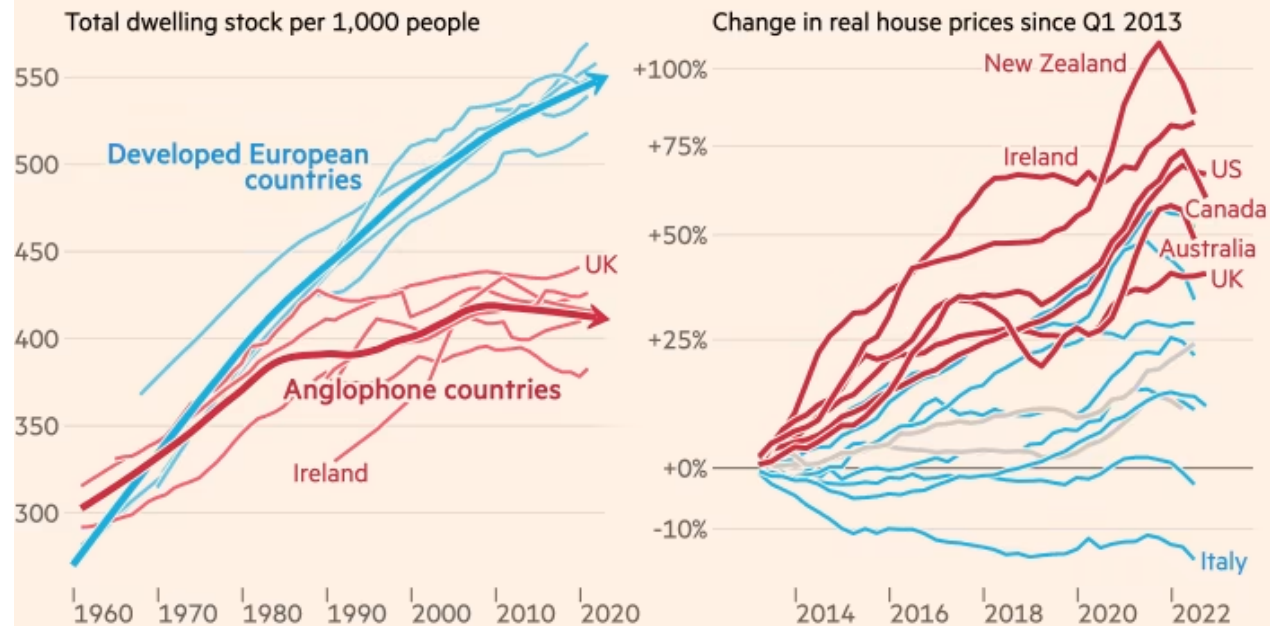


Fortune Dwelling

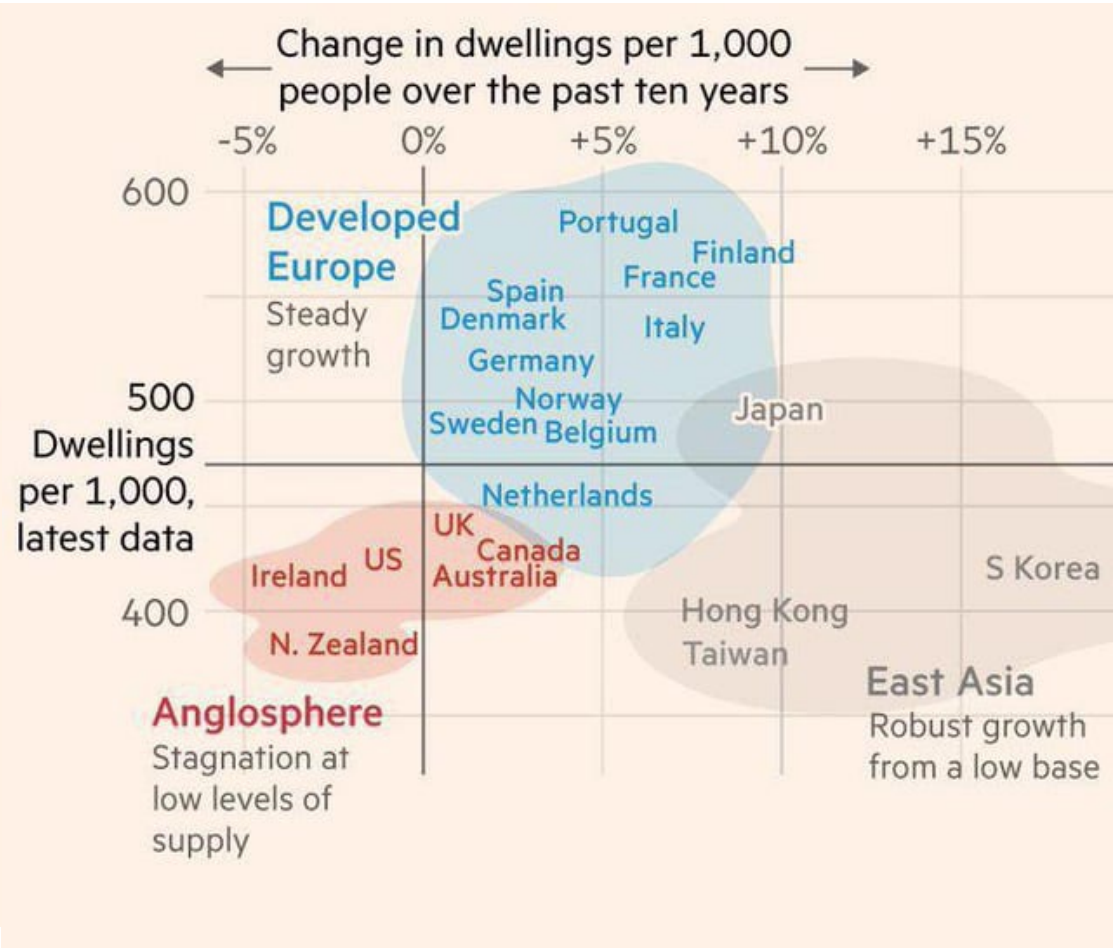
High real estate prices is primarily an Anglosphere problem

English-speaking countries have fared far worse at increasing housing supply than other developed nations, and have generally seen steeper price rises

Anglophone countries vs other OECD nations on various housing statistics



Sources: FT analysis of data from OECD, Australian Bureau of Statistics and James Gleeson's PublicHouse dataset
FT graphic: John Burn-Murdoch / @jburnmurdoch
© FT



Rocky Mountain High

Even while expensive, prices could yet go higher

	Median (in local currency)		Price/Income Ratio	What would the home price be at this P/I ratio...	
	Household Income	Home Price		based on U.S. income?	based on Albuquerque's?
US	\$ 83,730	\$ 410,800	4.91		
Canada	\$ 74,200	\$ 672,784	9.07	\$ 759,194.13	\$ 645,200.69
UK	£ 36,700	£ 299,331	8.16	\$ 682,915.11	\$ 580,375.01
Australia	\$ 116,000	\$ 920,000	7.93	\$ 664,065.52	\$ 564,355.70
New Zealand	\$ 122,500	\$ 763,000	6.23	\$ 521,518.29	\$ 443,212.01
	Median		Price/Income Ratio	What if the Price/Income ratio was equal:	
	Household Income	Home Price		to the U.S. average	to Canada
Albuquerque	\$ 71,158	\$ 343,000	4.82	\$ 349,118.14	\$ 645,200.69
Santa Fe	\$ 80,589	\$ 590,845	7.33	\$ 395,391.60	\$ 730,718.06
Roswell	\$ 54,267	\$ 164,826	3.04	\$ 266,248.38	\$ 492,050.15
San Francisco	\$ 152,620	\$ 1,640,000	10.75	\$ 748,792.45	\$ 1,383,833.58
New York	\$ 85,759	\$ 818,000	9.54	\$ 420,754.38	\$ 777,590.69

But Why is Housing so Expensive?

The Five-Sided Fistagon of Fiscal Frustration

Local Regulatory and Administrative Burdens

Regulations (single-family zoning, minimum lot sizes, height restrictions) created artificial scarcity in urban cores, combined with greater environmental review, permitting, and procedural hurdles – especially at the local level ('local vetocracy')

Demographics and Population Growth

Immigration and urbanization created high demand in limited geographic areas

Policy Incentives and Tax Treatment

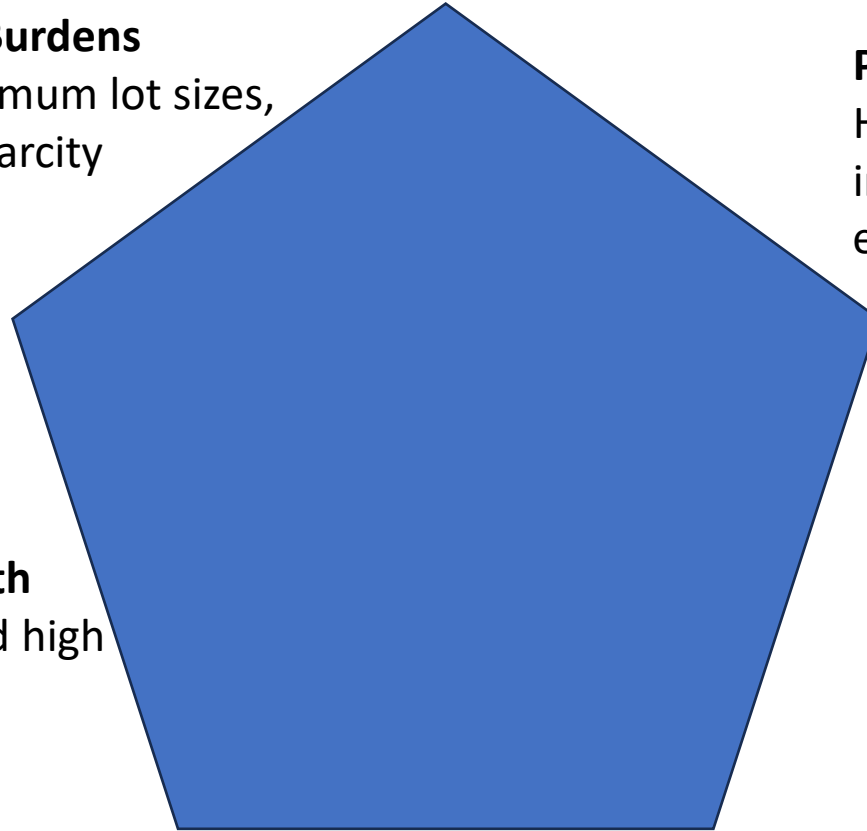
Homeownership subsidized via mortgage interest deductions, capital gains tax exemptions, and favorable property tax regimes

Judicial and Environmental Review

Strong environmental and historic preservation frameworks (e.g., CEQA in California) allow opponents to use lawsuits or appeals to stall projects indefinitely

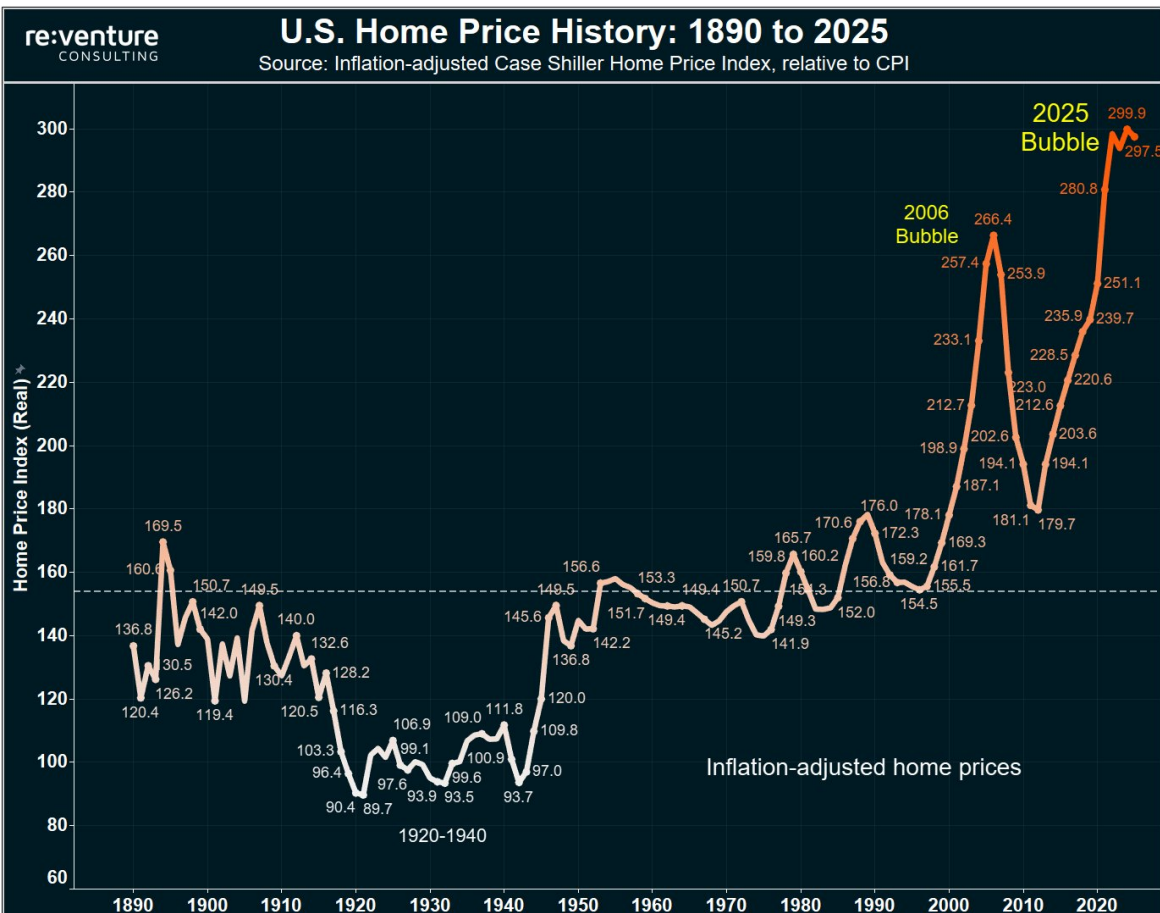
Construction Costs & Productivity

Unlike other industries, construction productivity has barely improved in 50 years. Labor shortages, rising material costs, and slow adoption of modular methods raise per-unit costs.



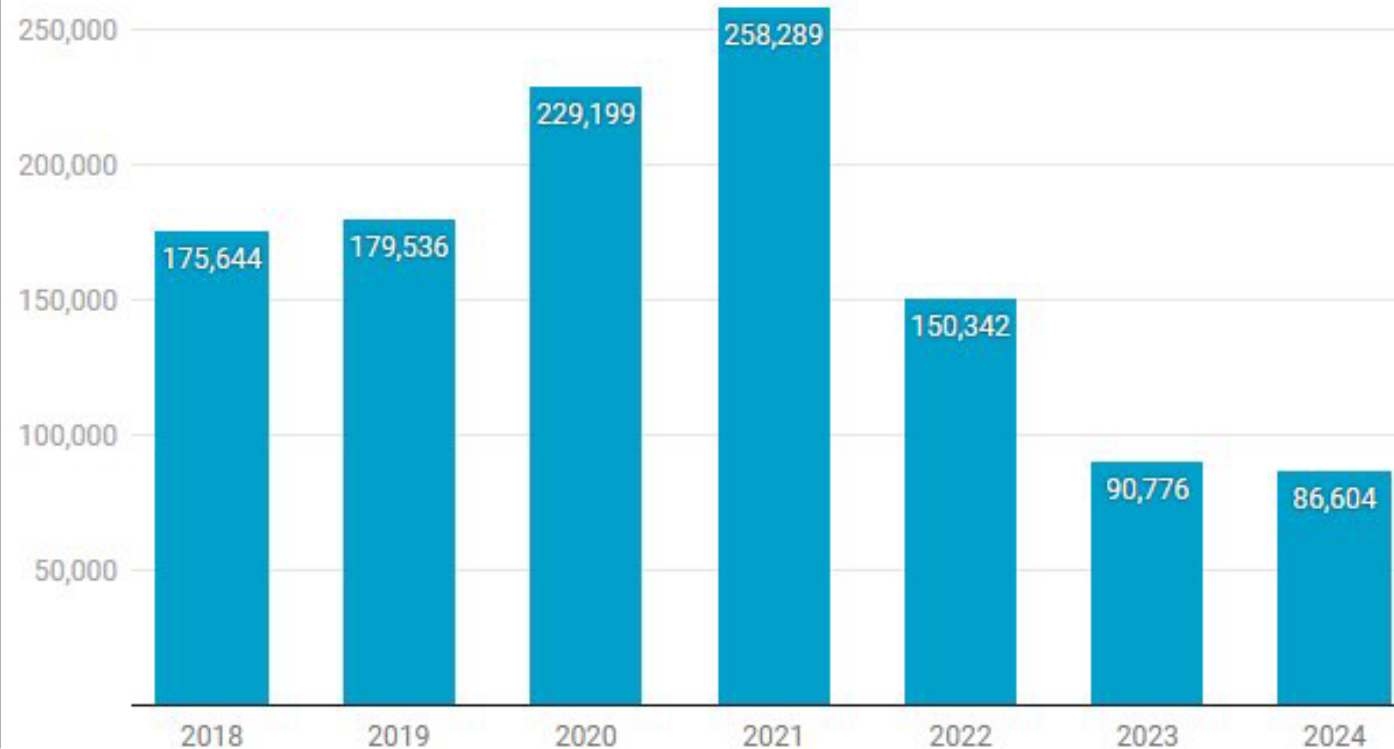
The Best Laid Schemes of Price and Men

It's really never been worse



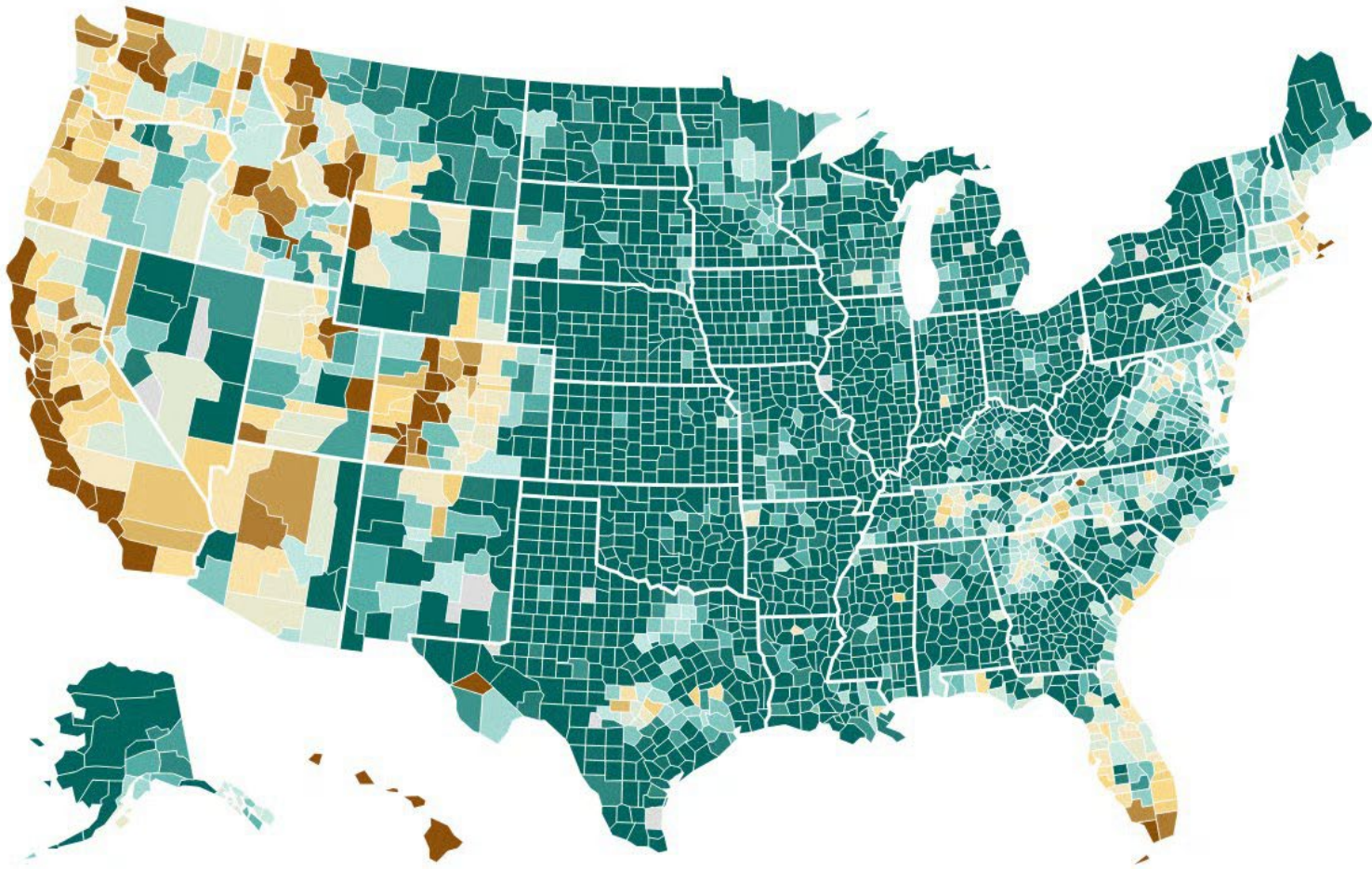
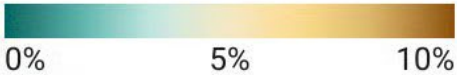
Demand For Second Homes Fell to 6-Year Low in 2024

Number of U.S. mortgage originations for second homes, by year (Source: HMDA)



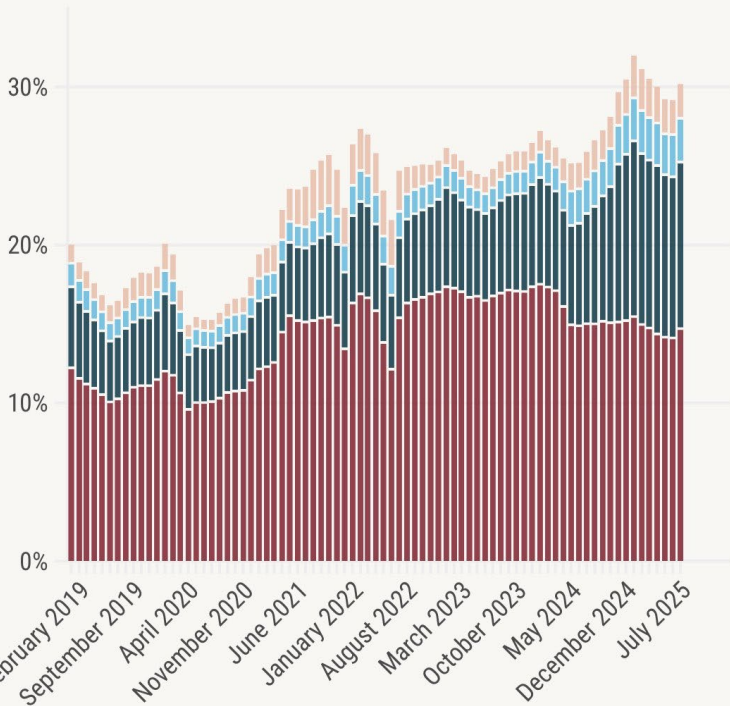
Housing “shortage” as a percent of current stock, according to AEI Housing Center's analysis

Dark green indicates limited or no “shortage”; dark brown indicates a larger “shortage”



Percentage of Single-Family Home Purchases by Investors, Monthly

Investors 3-9 properties Investors 10-99 Investors 100-999 Investors 1000+



Source: Cotality

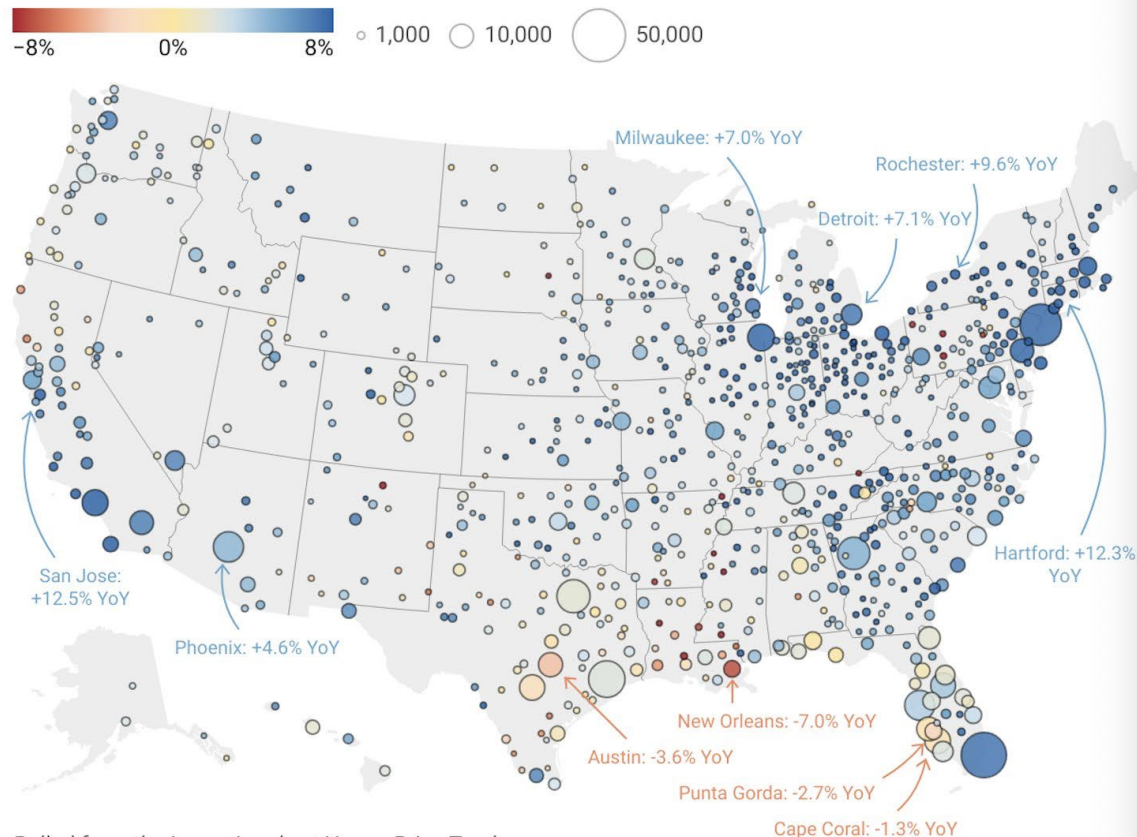
HOUSINGWIRE

In a Mirror, Softly

The Housing Market is undergoing a widespread softening

One-year change in metro-level home prices between April 2023 and April 2024

Circle size by number of active homes for sale in April 2024

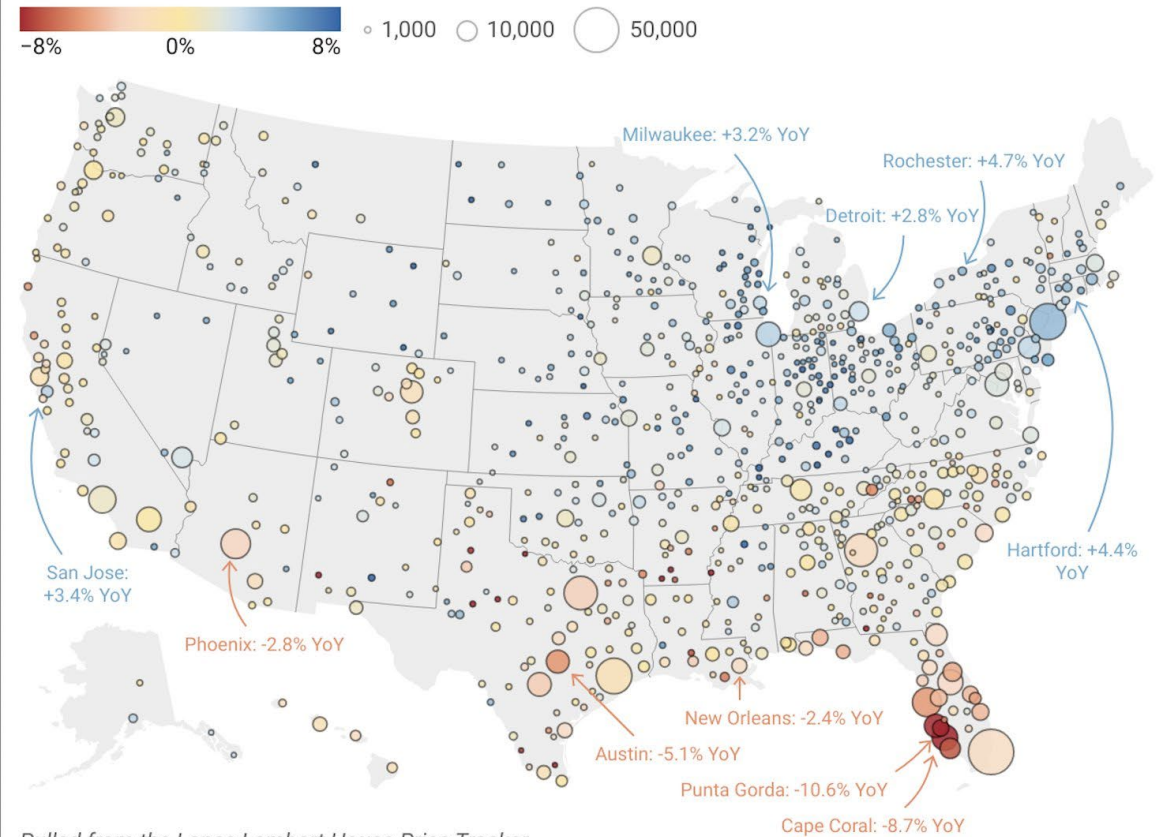


Pulled from the Lance Lambert House Price Tracker

Map: Lance Lambert • Source: ResiClub analysis using the Zillow Home Value Index • Created with Datawrapper

One-year change in metro-level home prices between April 2024 and April 2025

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Map: Lance Lambert • Source: ResiClub analysis using the Zillow Home Value Index through the April 2025 reading, published in May 2025 • Created with Datawrapper

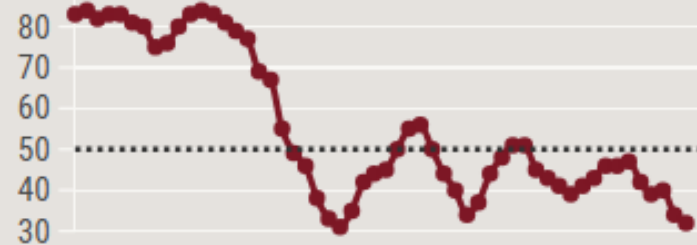
Bringing down the House

Homebuilders are facing few incentives to build

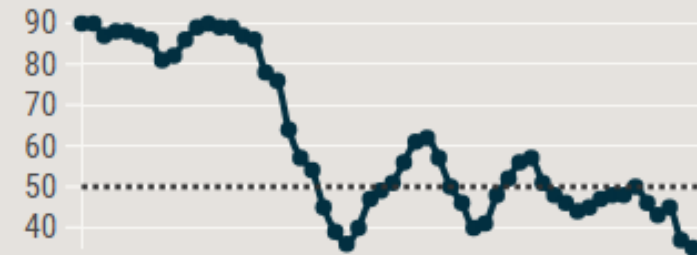
NAHB/Wells Fargo National HMI Components For June

Trade policy continues to weigh on builders

Builder Confidence HMI



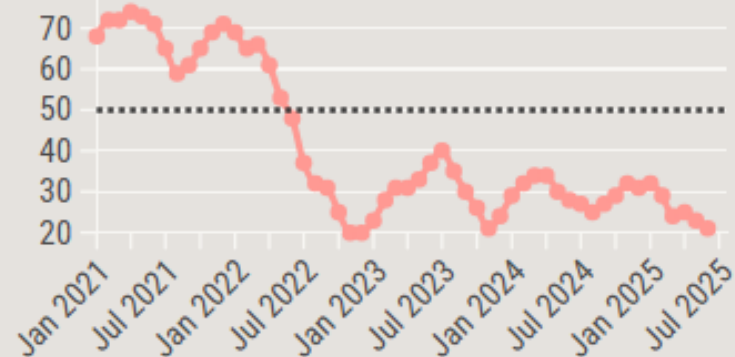
Present Sales



Next Six Months



Traffic of Prospective Buyers

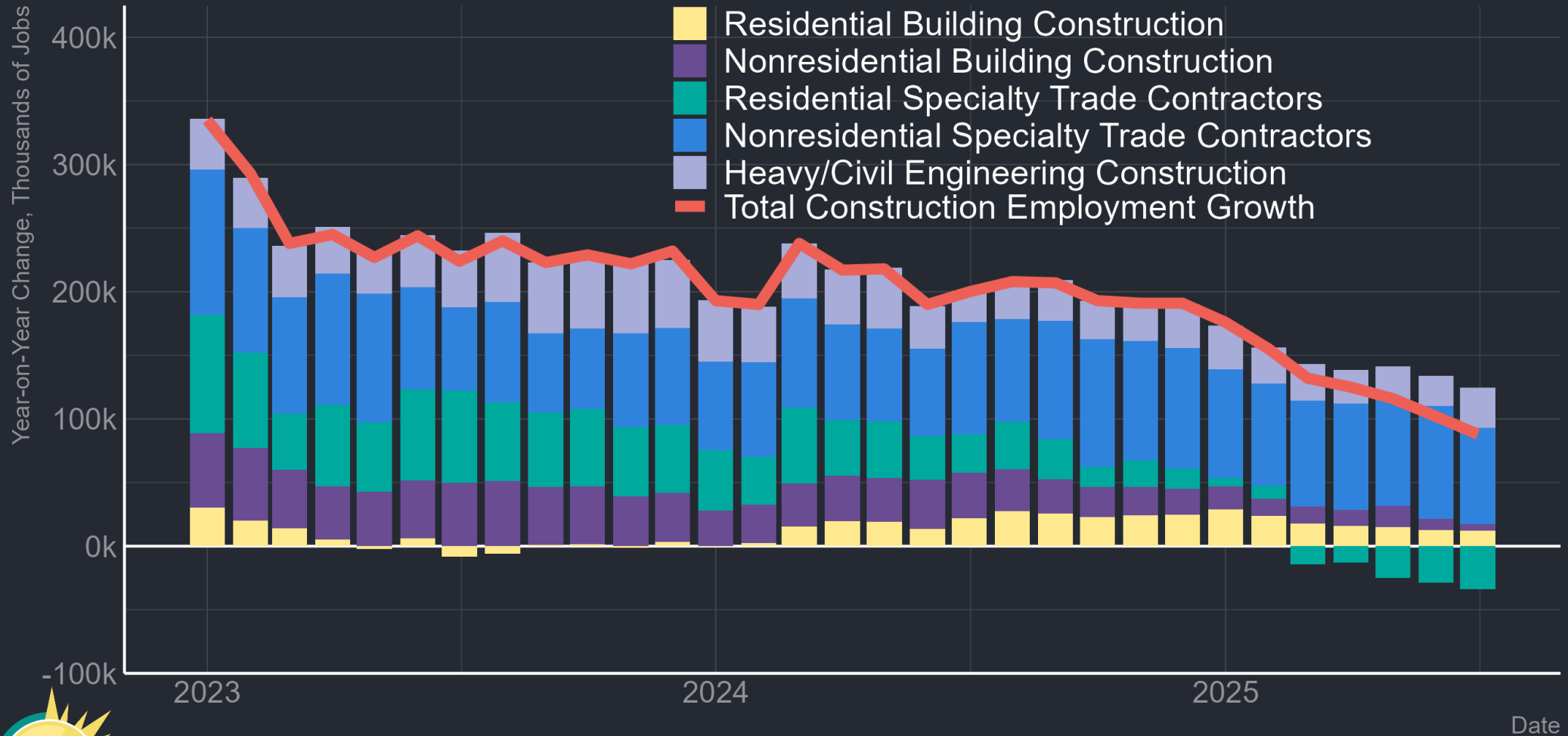


Data: NAHB, Wells Fargo • Index of 50 or higher indicates positive outlook

HOUSINGWIRE

Year-on-Year Change in US Construction Employment

American Construction Job Growth Is Slowing Down, Especially in the Residential Sector

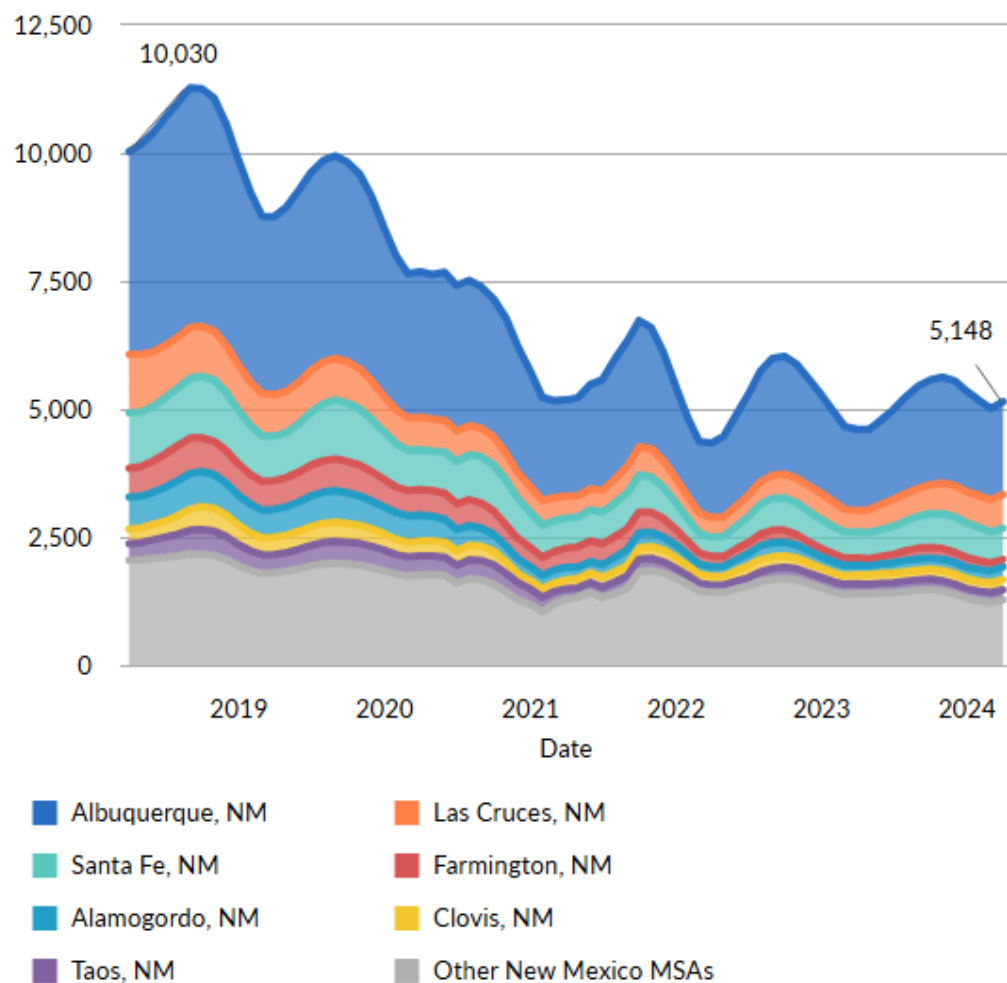


Graph created by @JosephPolitano using BLS data

Figure 1

New Mexico's Housing Inventory Is Half What It Was 6 Years Ago

Shortage of homes for sale is spread across metropolitan statistical areas



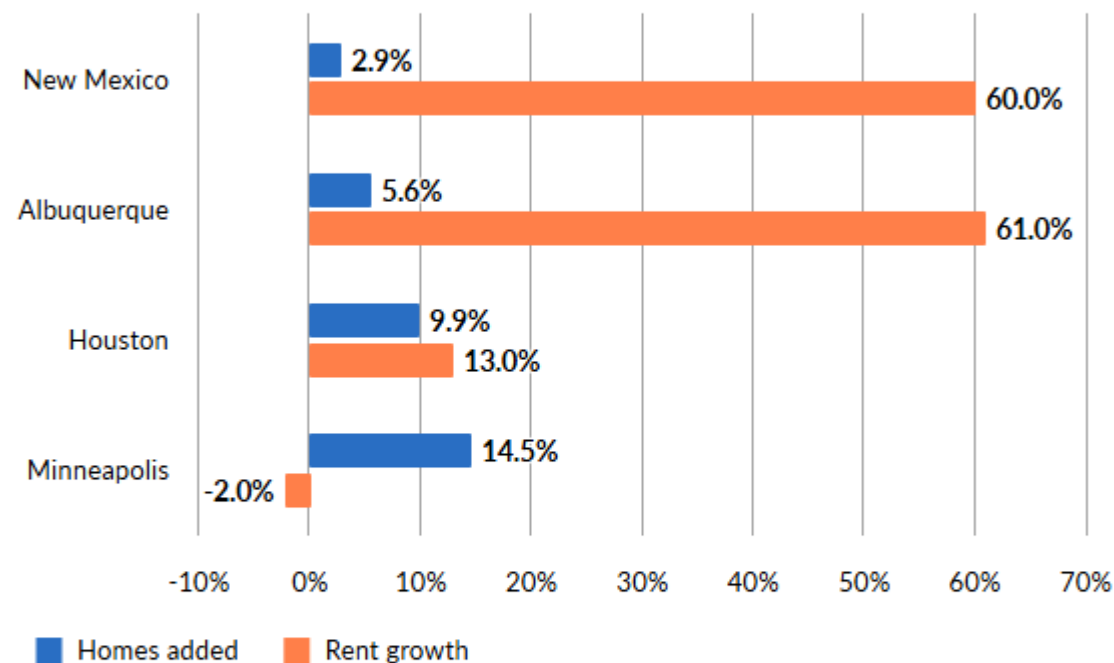
Source: Pew's analysis of Zillow's for-sale listings

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Figure 2

Modernizing Land-Use Regulations Helps to Stem Runaway Rent Growth

Percentage change in rents (2017-24) and housing units (2017-23)



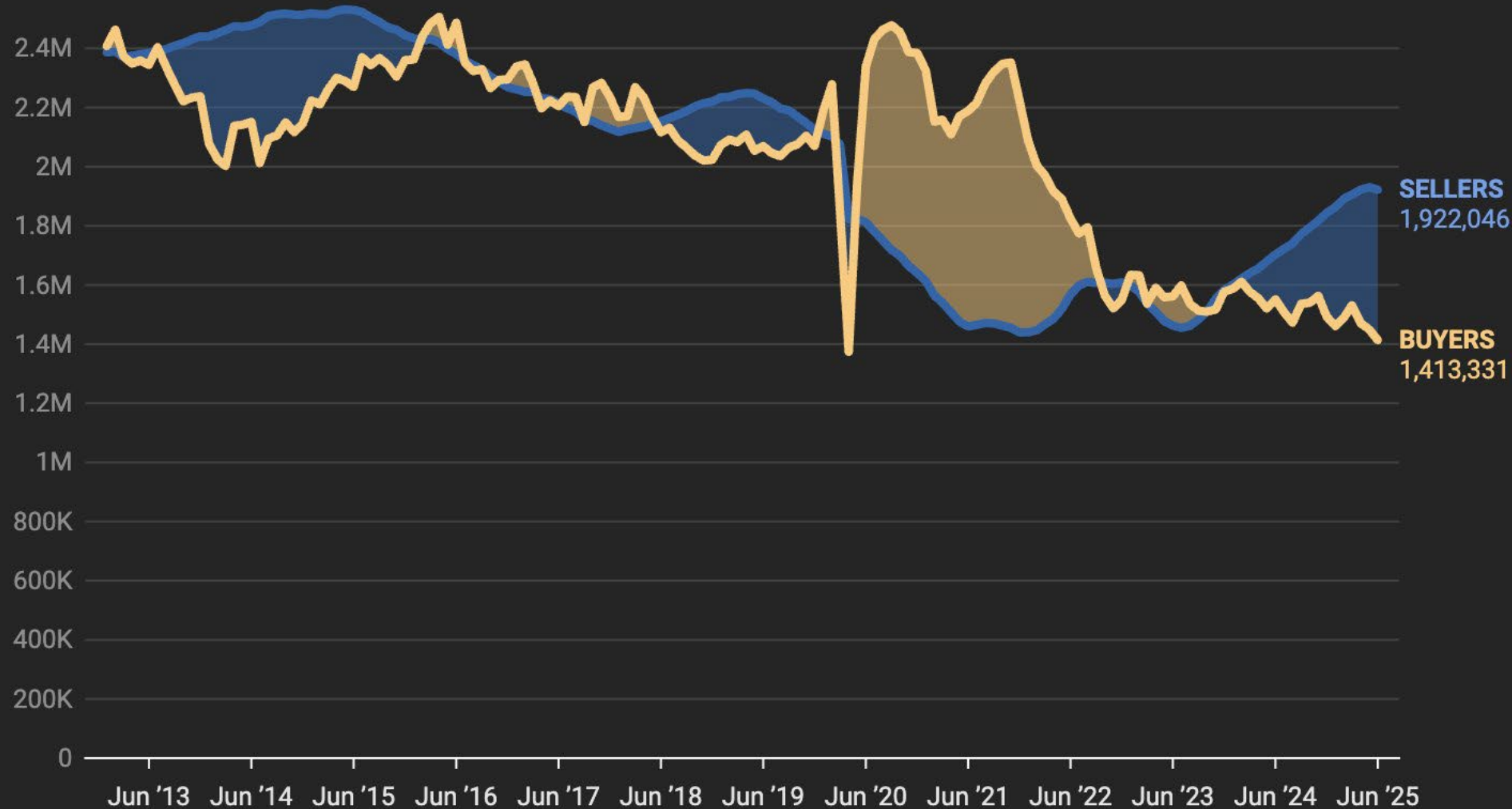
Note: Houston and Minneapolis have taken steps to implement strategies such as reducing minimum lot size requirements or eliminating parking requirements.

Source: Data on the number of housing units is from the U.S. Census Bureau's 2017 and 2023 American Community Survey one-year population estimates. Data on rents covers the period from October 2017 to October 2024 and comes from Apartment List, downloaded Dec. 6, 2024. Data on rents and housing units covers the named cities and state.

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Estimated number of U.S. homebuyers and sellers actively in the housing market

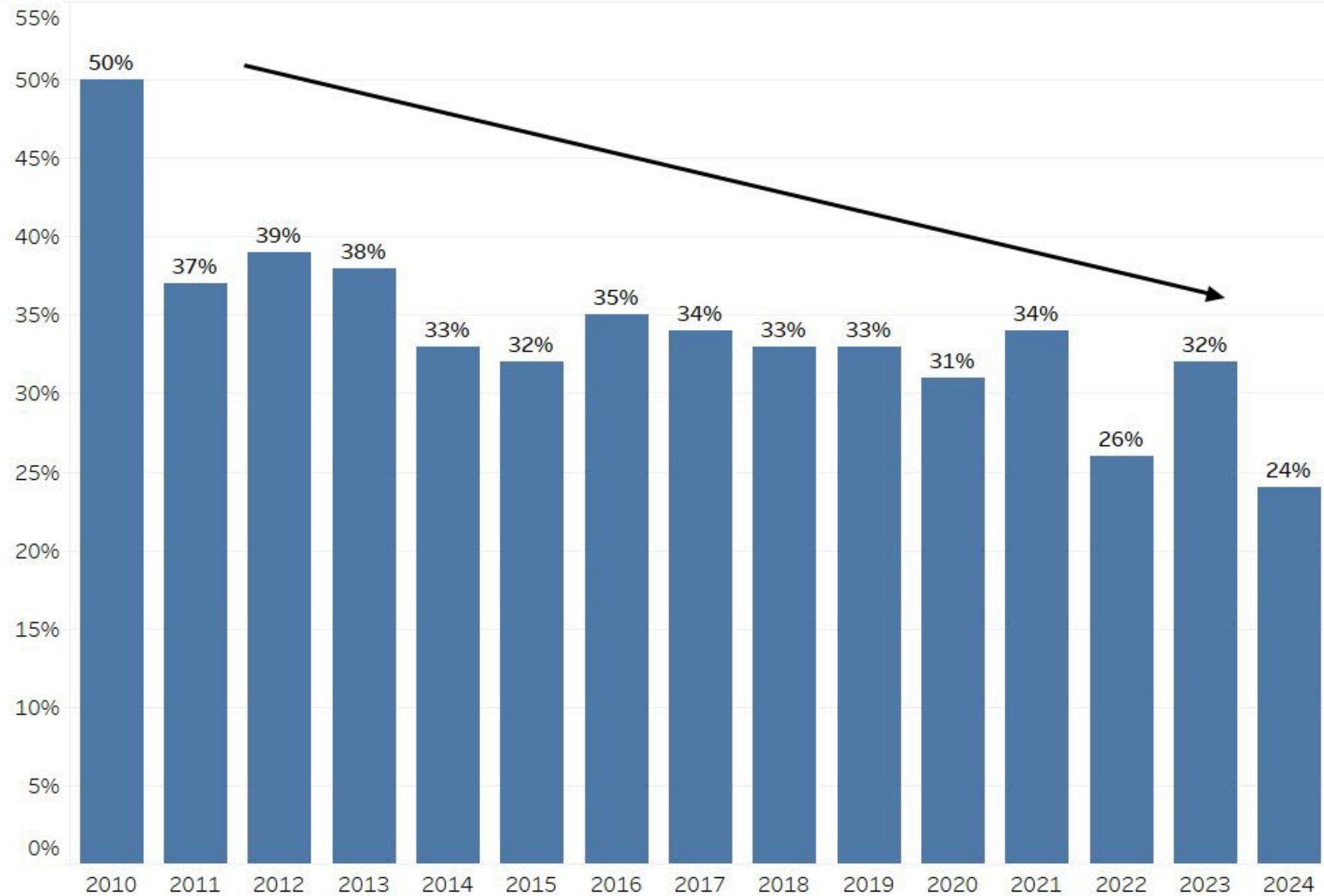
Redfin: In June 2025, there were 508,715 more U.S. home sellers than U.S. homebuyers



Market Share of First-Time Homebuyers

2010 - 2024

ARBOR DATA
SCIENCE

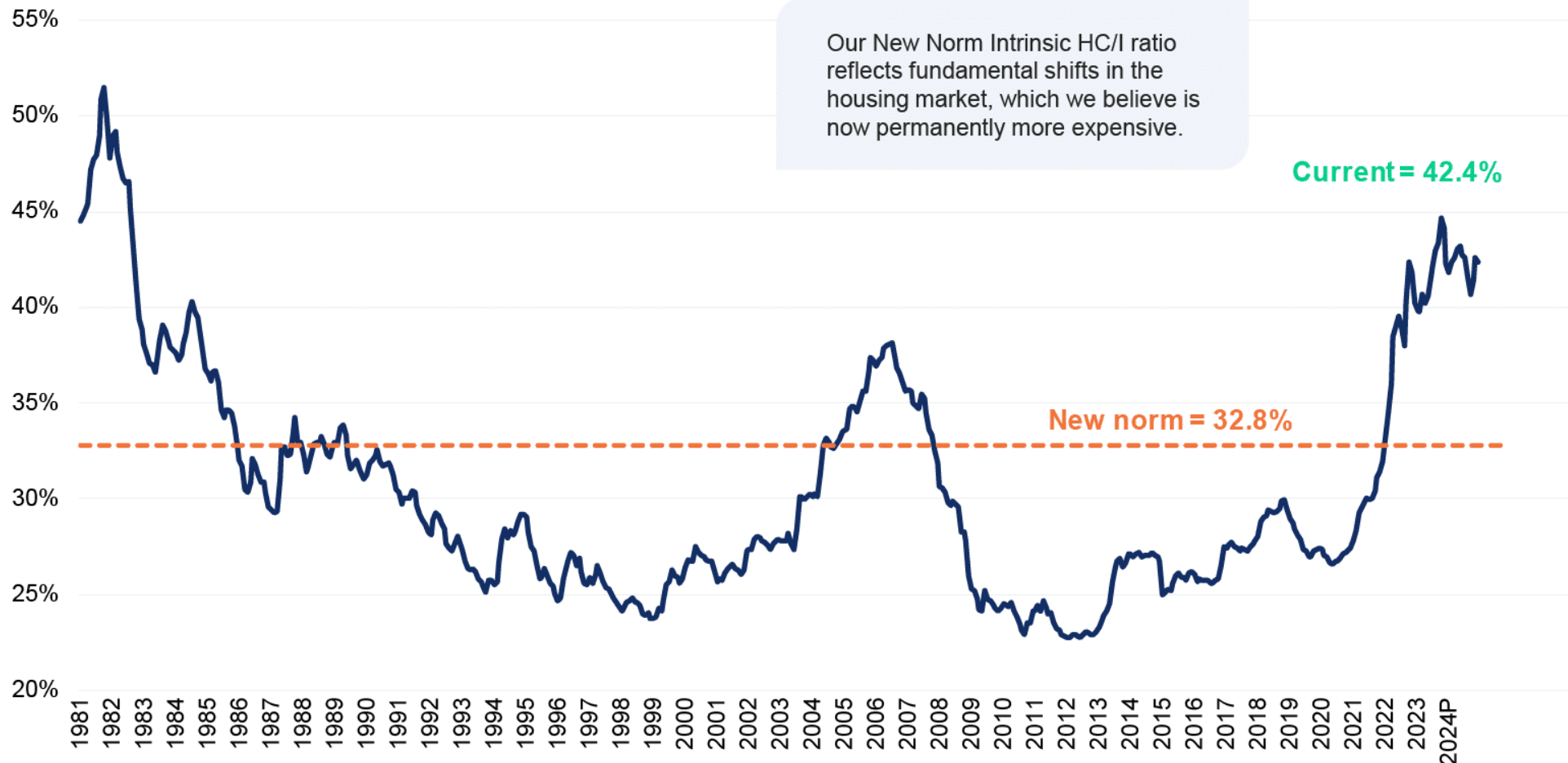


Data Source: National Association of REALTORS

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Burns Affordability Index™

Housing-cost-to-income ratio

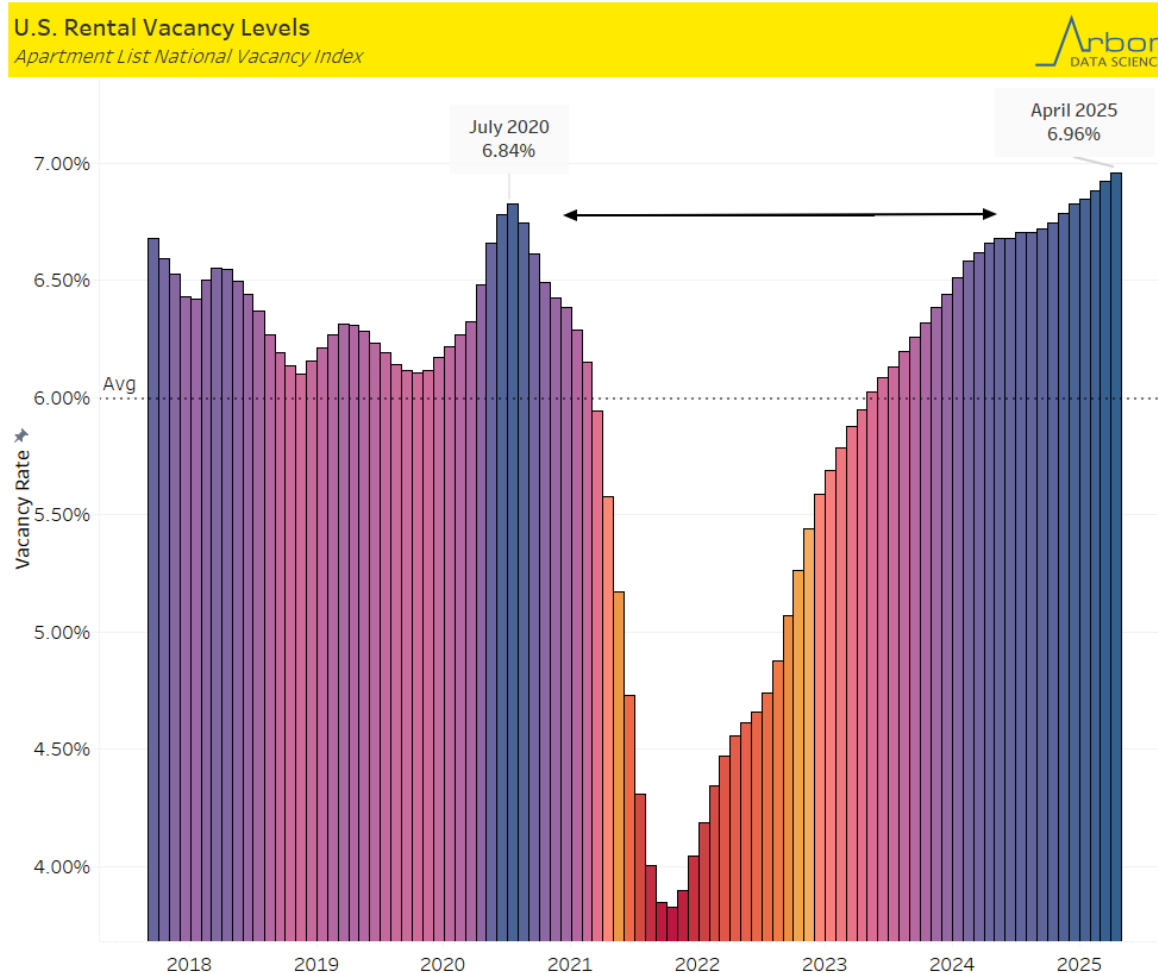


We calculate the housing cost to income ratio (HC/I ratio) by dividing the market's median monthly housing costs by 125% of the median income. Housing cost assumes the purchase of a home equal to the market's median-priced existing home with a 10% down payment and a 30-year, fixed-rate mortgage. Payment includes PITI (principal, interest, taxes and insurance) plus mortgage insurance. To determine the intrinsic HC/I ratio, we look at the long-term trend of the market's HC/I ratio, with an emphasis on recent history and our forecasts. This intrinsic adjuster (the spread between the intrinsic HC/I ratio and the historical median HC/I ratio) is representative of fundamental shifts in several markets we feel are now permanently more/less expensive due to increased/decreased demand or limited supply.



Rental Health

U.S. Rental Vacancies continue to rise



Data Source: Apartment List

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datascience.arborresearch.com

- Albuquerque's rents have risen 65% since the start of 2017, while Santa Fe County's rents have spiked 73% double the increase nationwide. Meanwhile, Albuquerque's office vacancy rate is 24%, above the national average of 20%.

Calireformia

CA has paved the way to reform – but it will take a while to see benefits

Reform

AB 130 & SB 131 (CEQA / Environmental Review Reform)

SB 79 (Transit-Oriented Housing / Upzoning Reform)

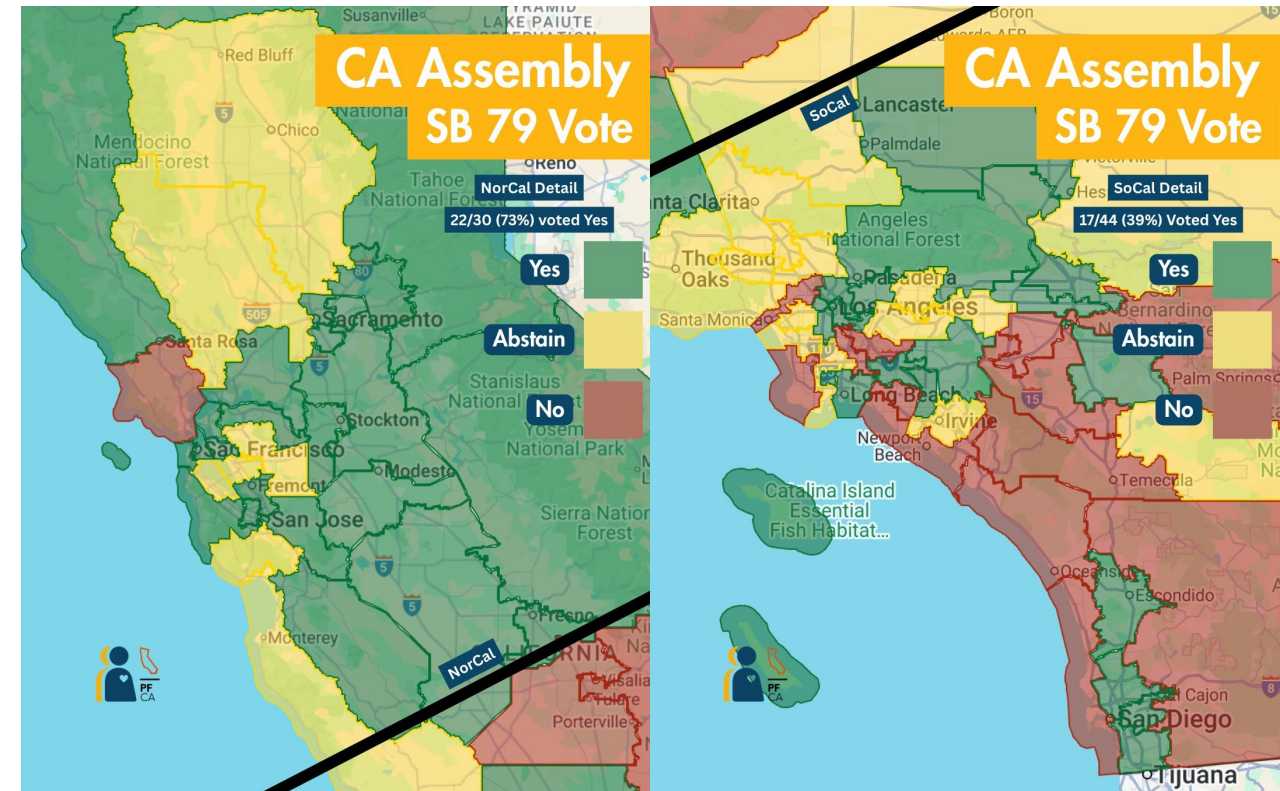
What It Does

- Creates new **CEQA exemptions** for qualifying infill housing and mixed-use residential projects.
 - Streamlines permitting & limits judicial review timelines.
 - Freezes new residential building standards through 2031 for many projects to reduce cost uncertainty.
 - Requires zoning near transit hubs to allow multifamily housing (up to 9 stories in some cases) within certain distances of rapid transit stops.
 - Provides streamlined or “by-right” approvals for projects meeting objective standards (height, density, affordability).
- Speeds up housing production in urban cores and infill areas.
 - Reduces costs and delays tied to environmental litigation and review processes.
 - Improves predictability for developers.
 - Encourages housing supply near public transit, improving affordability and reducing sprawl.
 - Could increase the number of housing units; helps align land use with transit investment.
 - Potentially lowers commuting costs, carbon emissions, etc.

Why It Matters / Expected Impact

Key Trade-Offs / Limits

- Some environmental groups worry about the loss of community input and impact mitigation.
- Exemptions don’t apply everywhere — hazardous zones, certain far-out or sensitive lands are still excluded.
- Benefit concentrated in locations that already meet density, zoning, and infrastructure prerequisites.
- Local resistance / loss of local control remains politically contentious.
- Implementation depends on infrastructure and transit capacity.
- Upzoning raises questions about displacement, design, and neighborhood character.



SB 79 passes the CA State Assembly on 9/11/25
In the Bay, 22 of 30 Assemblymembers voted Yes.
In SoCal, only 17 of 44 voted Yes.

Suite Serenity

Building anything – even luxury units - tends to lower prices

- **"Filtering" Effect:** Building new luxury apartments reduces rents across the housing market as higher-income renters move up, creating vacancies that lower rents for everyone. (Bratu et. al., 2023)

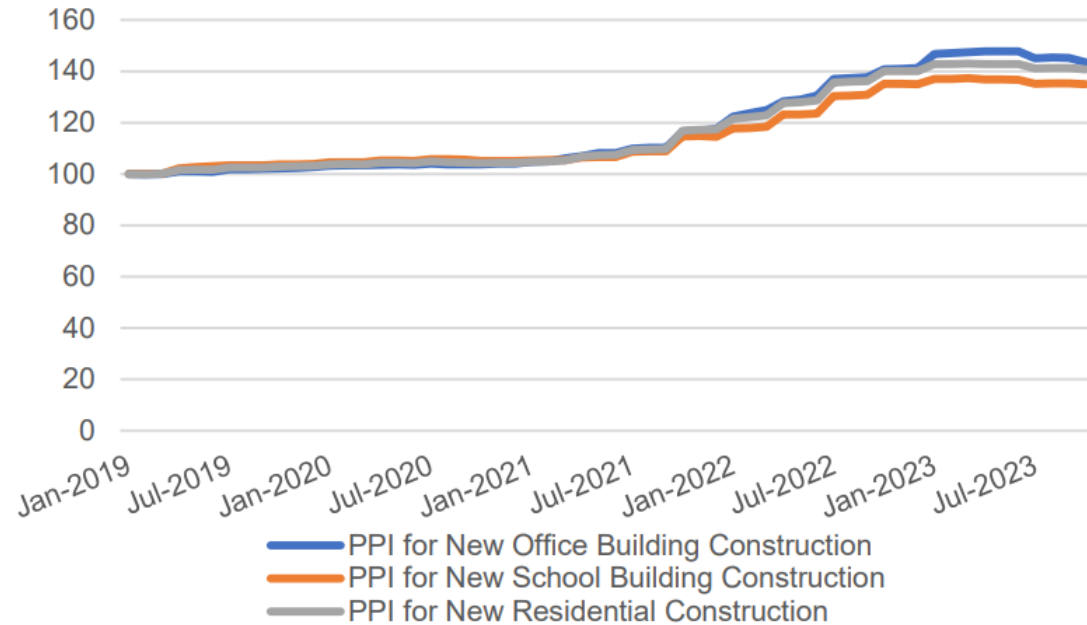


Data from the

A Bid in the Hand

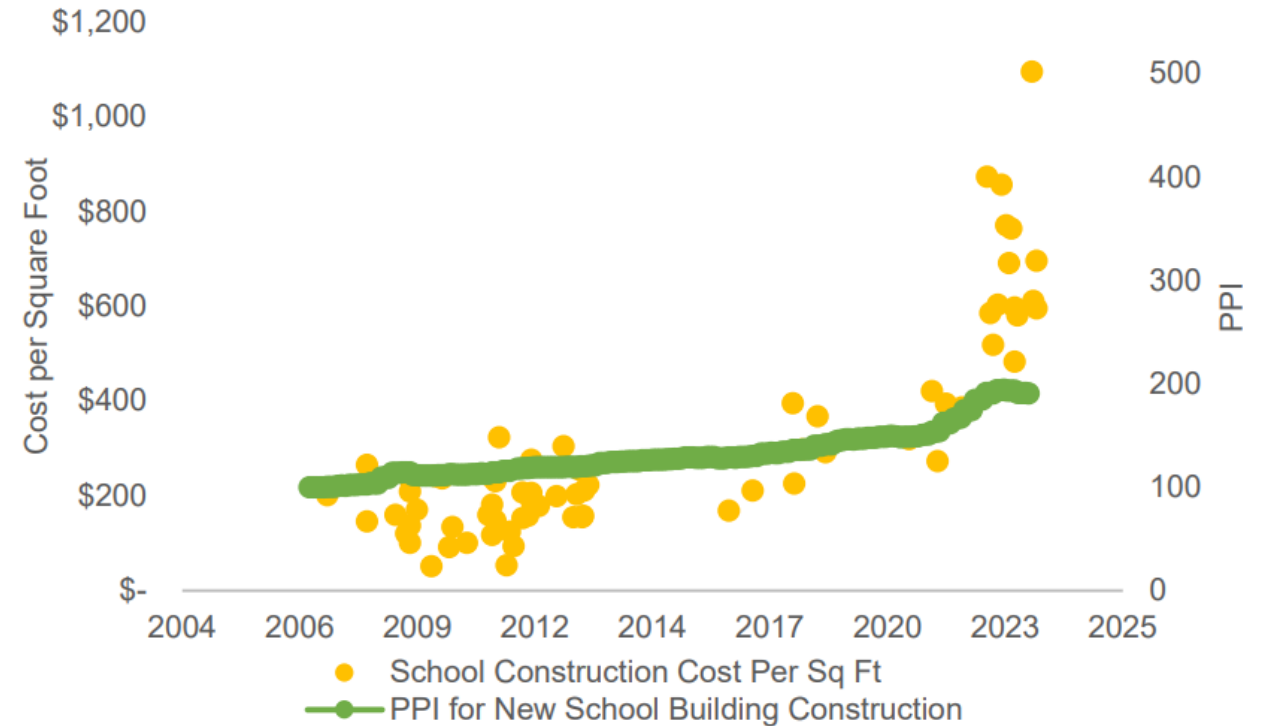
Construction Costs have risen dramatically over the last five years

Chart 1: Construction Bid Prices Have Increased Significantly Since the Pandemic
(percent of January 1, 2019 value)



Source: FRED

Chart 2: Public School Construction Costs in New Mexico Have Risen Faster than National Costs



Source: FRED and PSFA

Concluding Thoughts

Summarizing the Economic State of New Mexico Housing

- Housing affordability is strained by faster growth in rents and home prices than in incomes.
- Local regulation, demographics, policy incentives, environmental/judicial review, and financialization all constrain affordability.
- Credit quality, labor costs, and supply bottlenecks remain challenges, but state fiscal surpluses provide stability.
- Reforms must focus on *supply-side solutions* (zoning, permitting, construction productivity) alongside responsible demand-side supports.

New Mexico's future depends on making housing both attainable and sustainable — balancing growth, equity, and stability.

Thank you!

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Questions?

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