



Single Family Development

Trends and Perspectives

Garret Price - Price Land Development Group

Mackenzie Bishop - Abrazo Homes

Johanna Gilligan - Homewise

Residential Lot Development Pricing Trends

Anatomy of a Lot Development Budget

PRE-ACQUISITION & ENTITLEMENTS

SOFT COSTS & PERMITTING

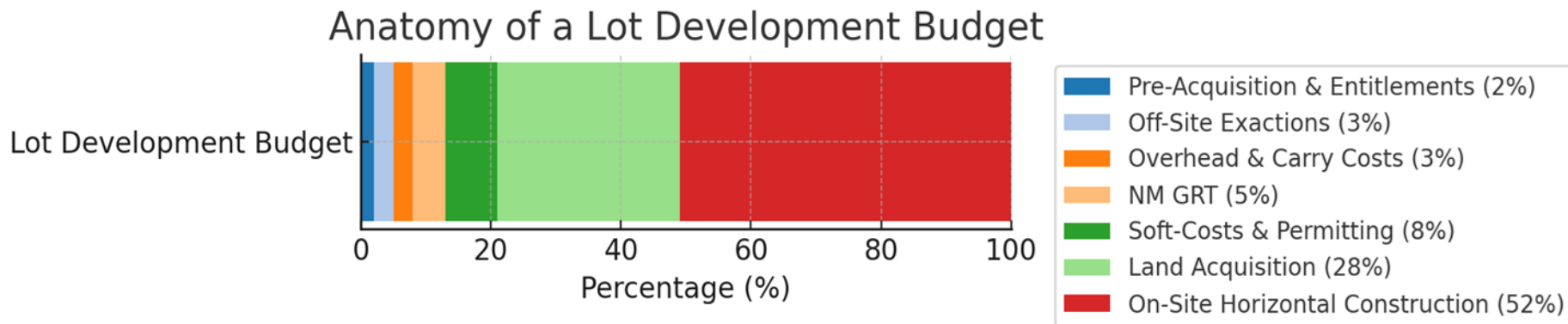
ON-SITE HORIZONTAL CONSTRUCTION

OFF-SITE EXACTIONS

OVERHEADS & CARRY COSTS

Residential Lot Development Pricing Trends

Anatomy of a Lot Development Budget

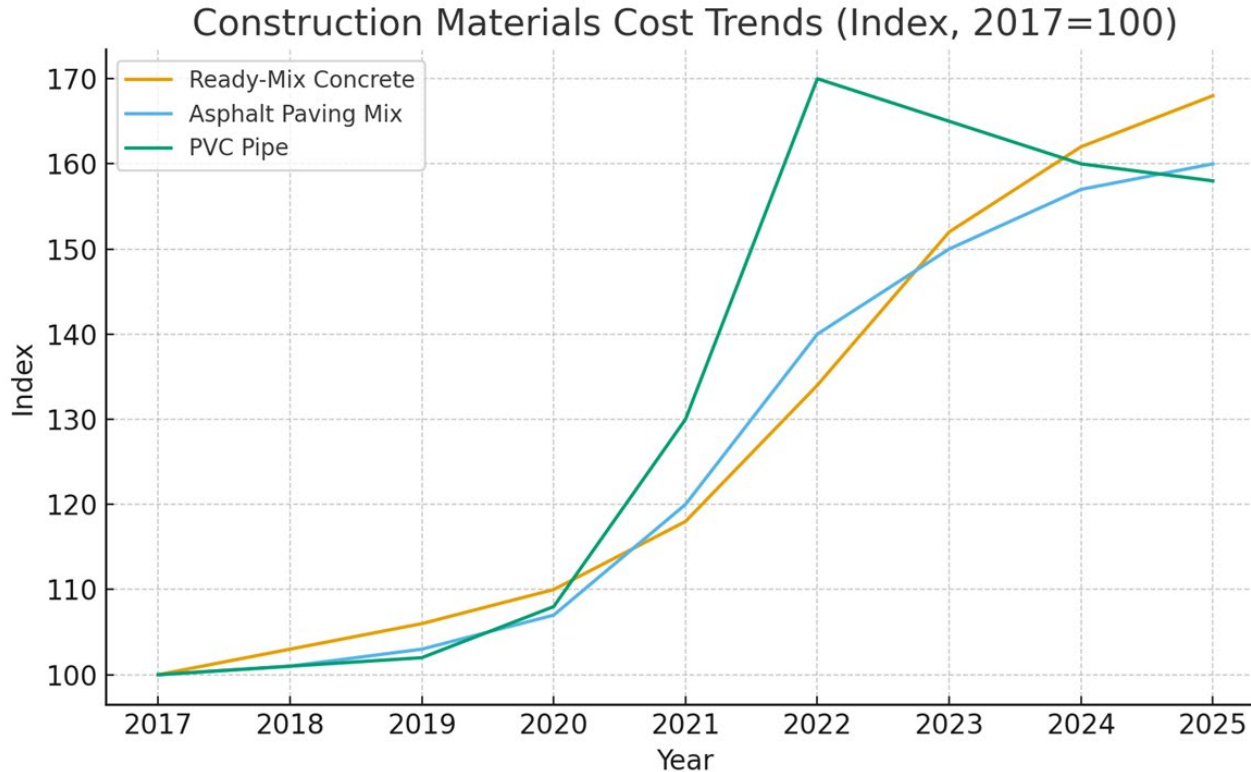


Source: Price Land Development Group (PLDG) recent +/- 500 lot master plan located in Abq, NM with home ASP's ranging from \$350k - \$400k

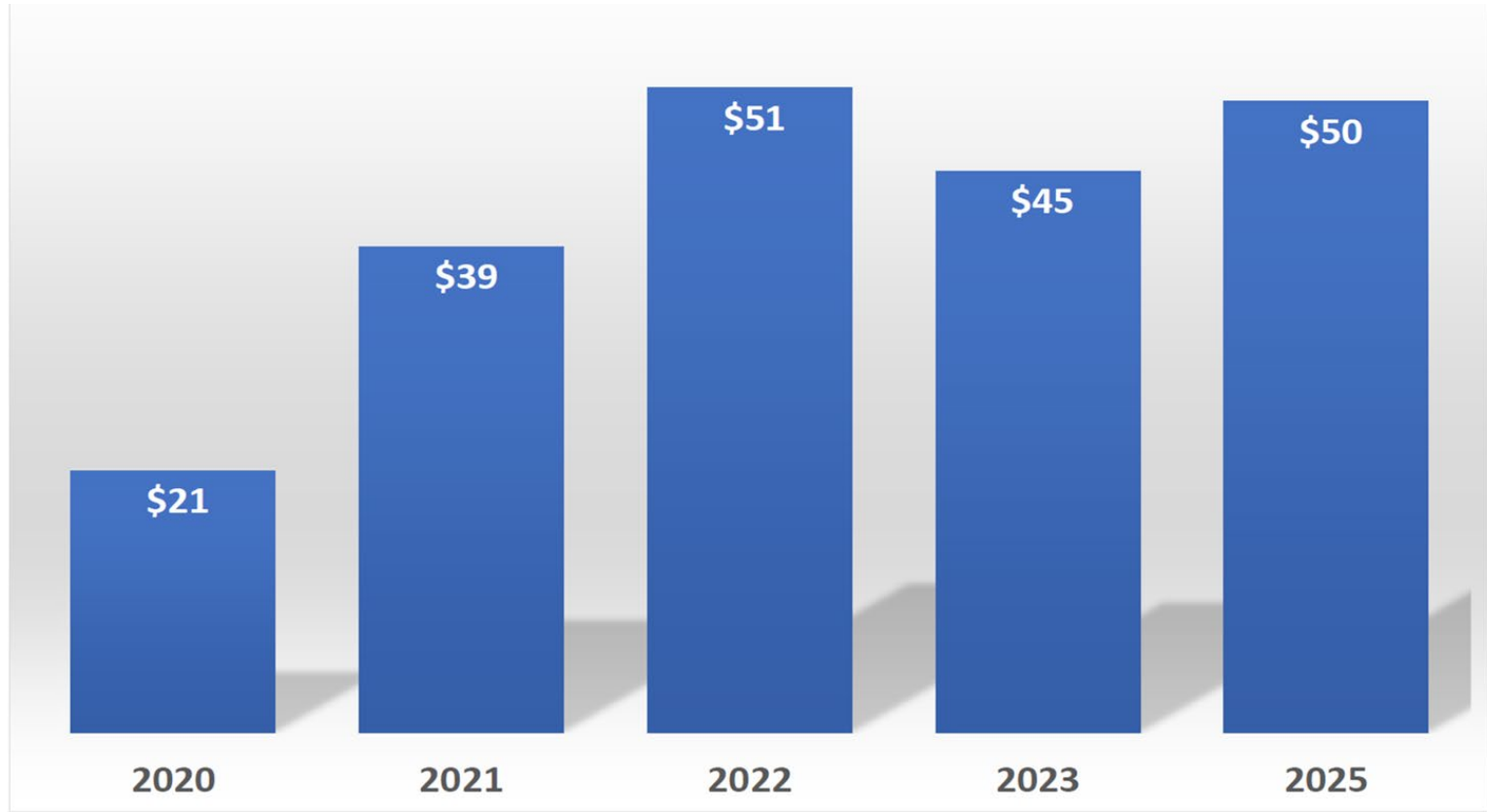
Note: In this example, Off-Site Exactions represents \$1,000,000 in offsite transportation improvement expenses. Offsite Exactions can represent as much as 8% to 10% of the total Lot Development Budget in some cases.

Key Cost Components of Lot Development

(Ready-Mix Concrete, Asphalt Paving Mix & PVC Pipe)



8" Waterline (\$/LF)

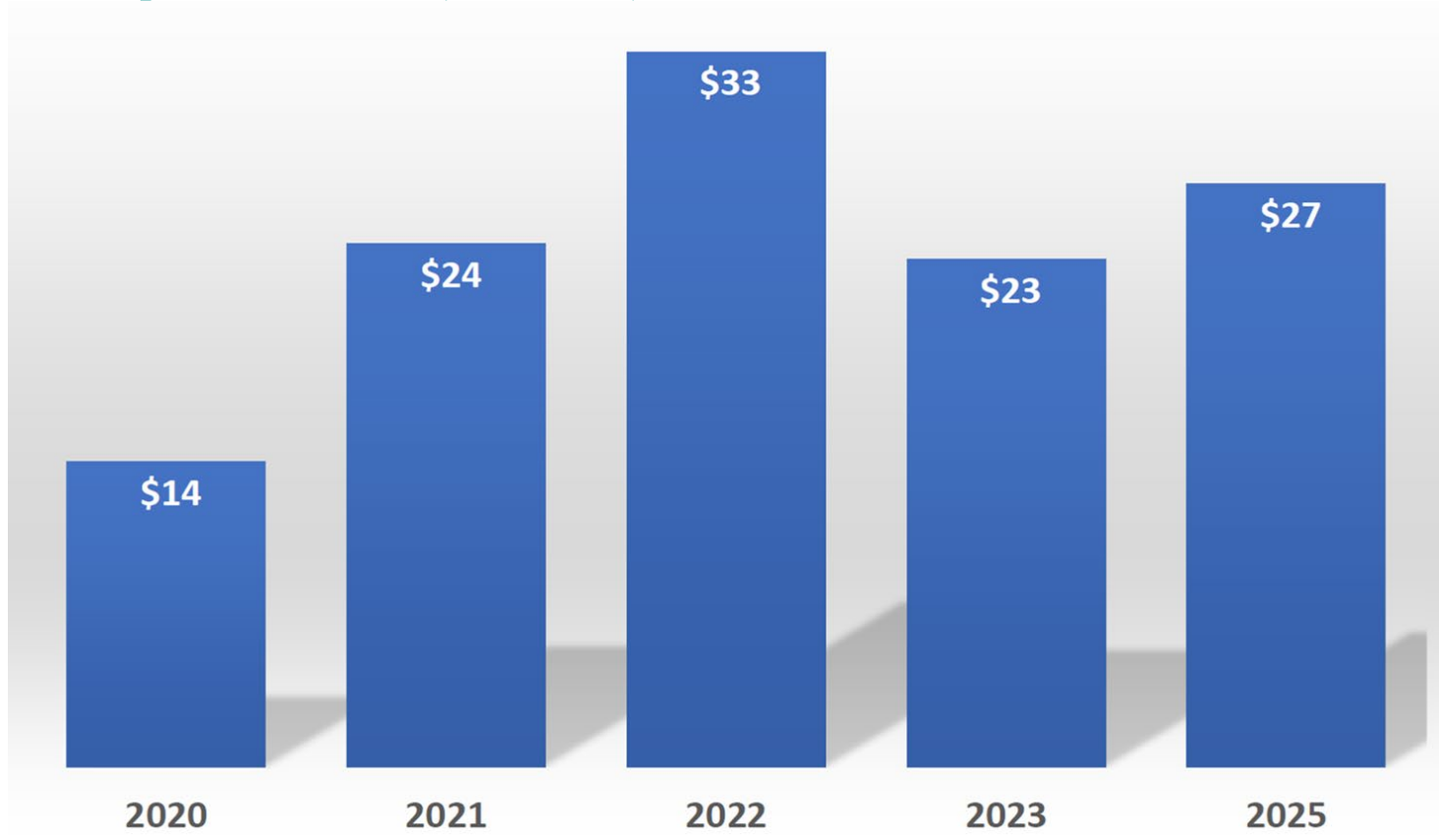


Source: Contracted unit prices by PLDG

138% Increase

Garret Price

8" Sanitary Sewer (\$/LF)



Source: Contracted unit prices by PLDG

93% Increase

Garret Price

Concrete Curb and Gutter (\$/LF)

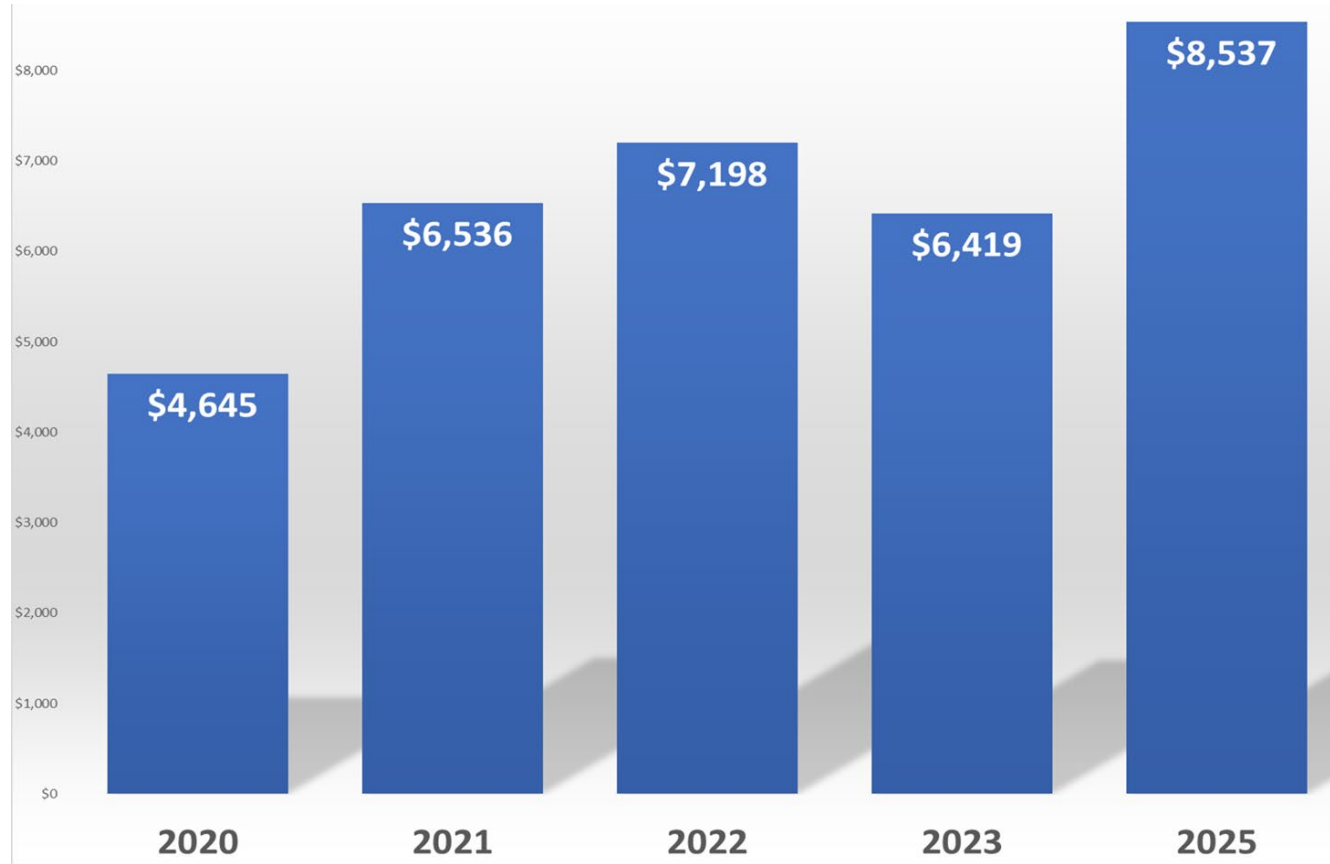


Source: Contracted unit prices by PLDG

53% Increase

Garret Price

4' Dia Sewer Manhole

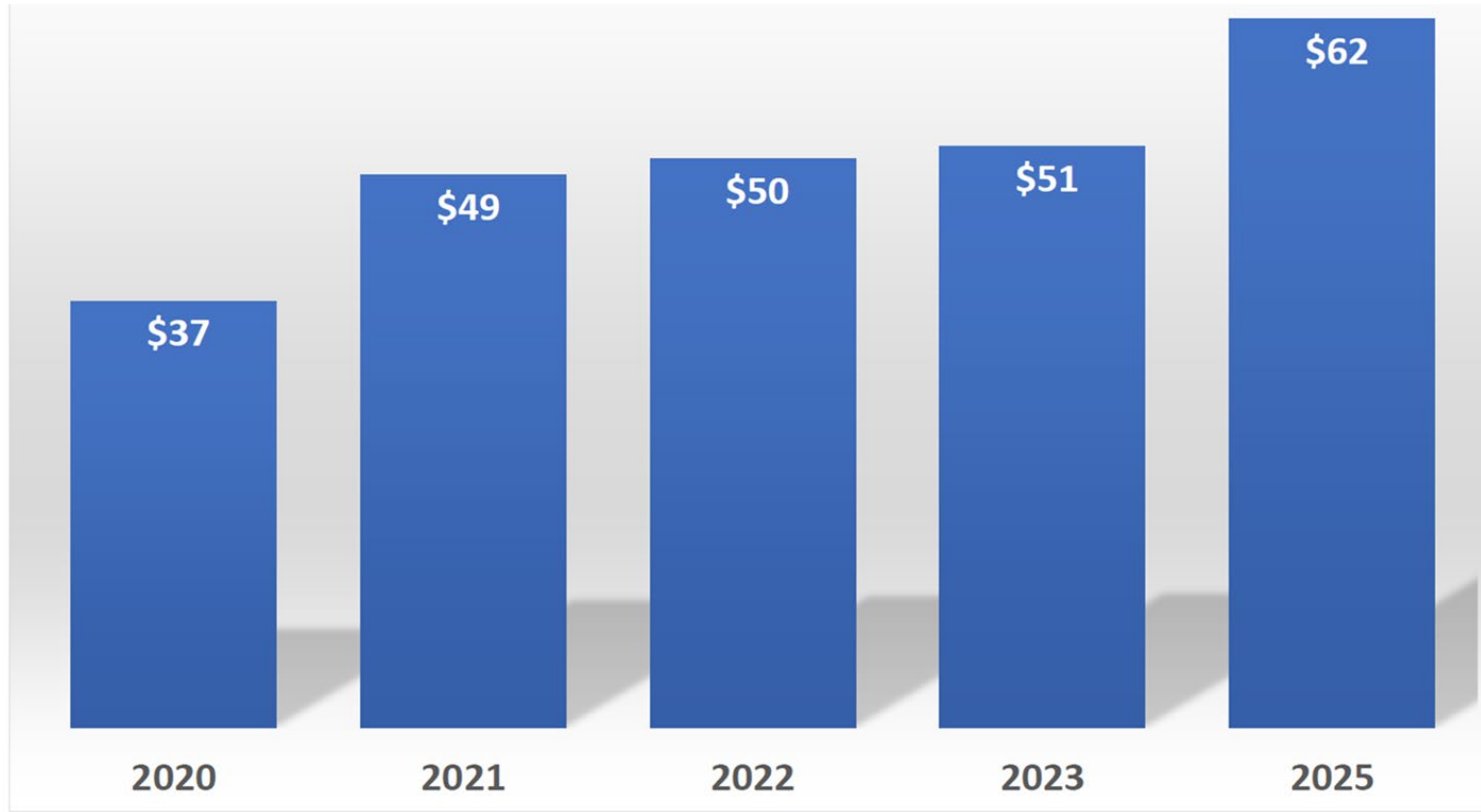


Source: Contracted unit prices by PLDG

84% Increase

Garret Price

4" Sidewalk (\$/SY)



Source: Contracted unit prices by PLDG

68% Increase

Garret Price

Opportunities for Lot Development Price Reduction

Control the Controllables

- Collaborate with municipalities and the State of NM on cost-sharing for backbone infrastructure, potentially unlocking thousands of residential lots for homebuilders.
- Streamline entitlement processes with state and local governments (Master Plans, Pre- and Final Plats, Development Permits, etc.) to reduce costs and timelines.

Preserve and support effective tools such as Public Improvement Districts (PIDs) *Public Improvement District Act, NMSA 1978, Sections 5-11-1 to -27 (2001, as amended through 2019)*

Homebuilding Trends in 2025

- Prolonged high-rate environment taking a toll.
 - Reduced starts (2024 – 2100 permits, 2025 – 1700 permits est)
 - Losing skilled trades again
 - Exacerbates affordability challenges
- Sticky Prices = New Normal.
- High Incentive Environment = Depressed Margins & Reduced Builder Reinvestment.
- Overall builder ecosystem favors large publicly traded builders.
 - Smaller private builders adapting to survive

Sample House - \$400k, 1400 sq ft, 3/2/2

Finished Lot	\$110,000	
Municipal Fees & Permits	17,500	
Vertical Construction Cost	189,000	\$135 psf
NMGRT - <u>Vertical Only</u>	15,175	7.625%
Total House Cost	331,675	
<u>Gross Margin</u>	<u>\$68,325</u>	<u>17.1%</u>
<i>Less: selling costs, rate buydowns, etc</i>	(24,000)	~6%
<i>Less: cost of capital</i>	(20,000)	~5%
<u>True Contribution Margin</u>	<u>\$24,325</u>	<u>6.1%</u>

Sample House - \$400k, 1150 sq ft, 2/2/2

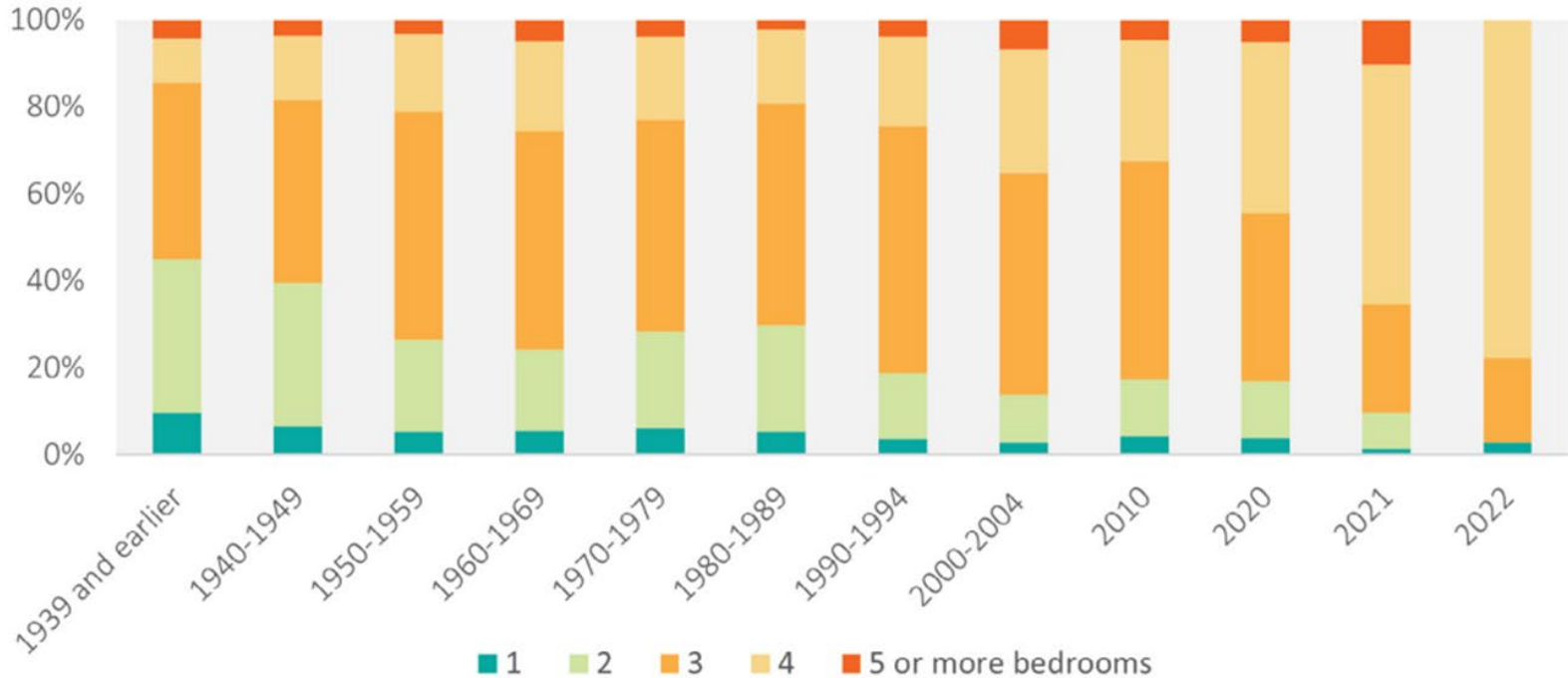
Finished Lot	\$110,000	
Municipal Fees & Permits	17,500	
Vertical Construction Cost	166,750	\$145 psf
NMGRT - <u>Vertical Only</u>	13,475	7.625%
Total House Cost	307,725	
<u>Gross Margin</u>	<u>\$92,275</u>	<u>23.1%</u>
<i>Less: selling costs, rate buydowns, etc</i>	(24,000)	~6%
<i>Less: cost of capital</i>	(20,000)	~5%
<u>True Contribution Margin</u>	<u>\$48,275</u>	<u>12.1%</u>

Overcoming Affordability Barriers

- Reduce Municipal Fees (Impact Fees, Hookups, Utility Expansion Fees).
- Scale back onerous offsite infrastructure obligations during development.
- Double down on trade worker development initiatives.
- Reform NM Gross Receipts Tax.
 - Levied on all labor AND material – material only in other states.
 - % Markup on cost – compounds input cost escalation.
 - Largest input cost behind the lot in a new home.
 - 2x tax burden compared to other states.

Coming Soon: New Attainable Housing Tax Credit

NM Single Family Homes: Number of Bedrooms by Year of Construction



Scenario - \$400K House

Mortgage Cost	
Sales Price	\$400,000
Down Payment (2%)	-\$8,000
Closing Costs (4%)	\$15,680
Total Loan Amount	\$407,680
Interest Rate	6.38%
Principal and Interest	\$2,544
Taxes and Insurance	\$650
Monthly Payment	\$3,194

100% AMI for ABQ	Household size	Max Pmts at 38% Housing Ratio
\$64,000	HHS 1	\$2,027
\$73,200	HHS 2	\$2,318
\$82,300	HHS 3	\$2,606
\$91,400	HHS 4	\$2,894
80% AMI for ABQ		
\$51,200.0	HHS 1	\$1,621
\$58,560.0	HHS 2	\$1,854
\$65,840.0	HHS 3	\$2,085
\$73,120.0	HHS 4	\$2,315

Challenges of Existing Subsidy Sources

- Subsidy sources impose requirements that increase project costs.
- Subsidy timelines create deployment delays.
- Capital stacks are complex and slow to assemble.
 - Making funds available as loan capital rather than subsidy reduces costs, but not by enough.
- Subsidy creates high overhead and legal fees.

New Homes for New Mexico

- Incentivizes developers to build more starter homes.
- Provides homebuyer assistance to low and moderate income buyers.





Panel Discussion