

State of the housing market and wider economy



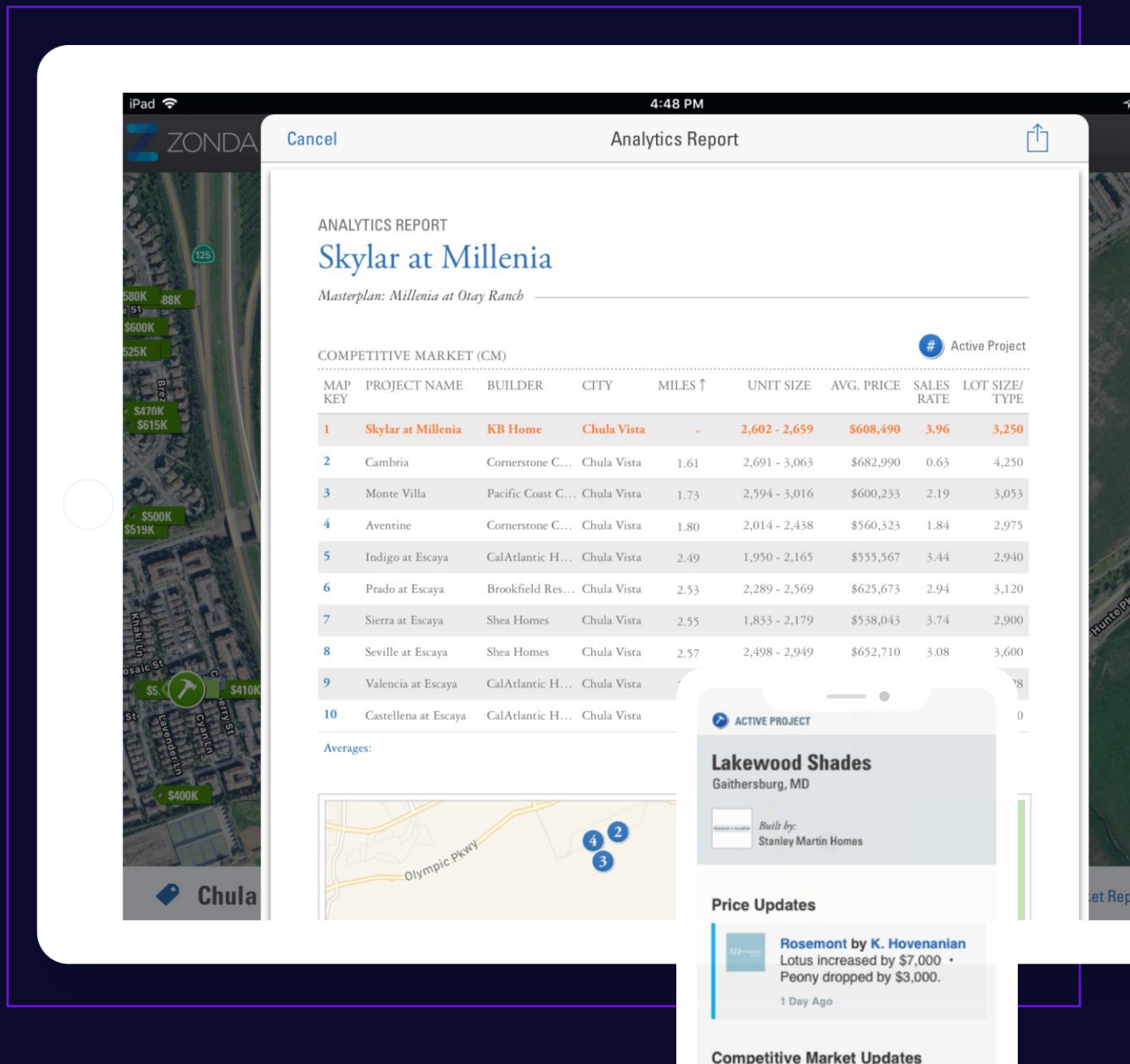
Ali Wolf

Chief Economist

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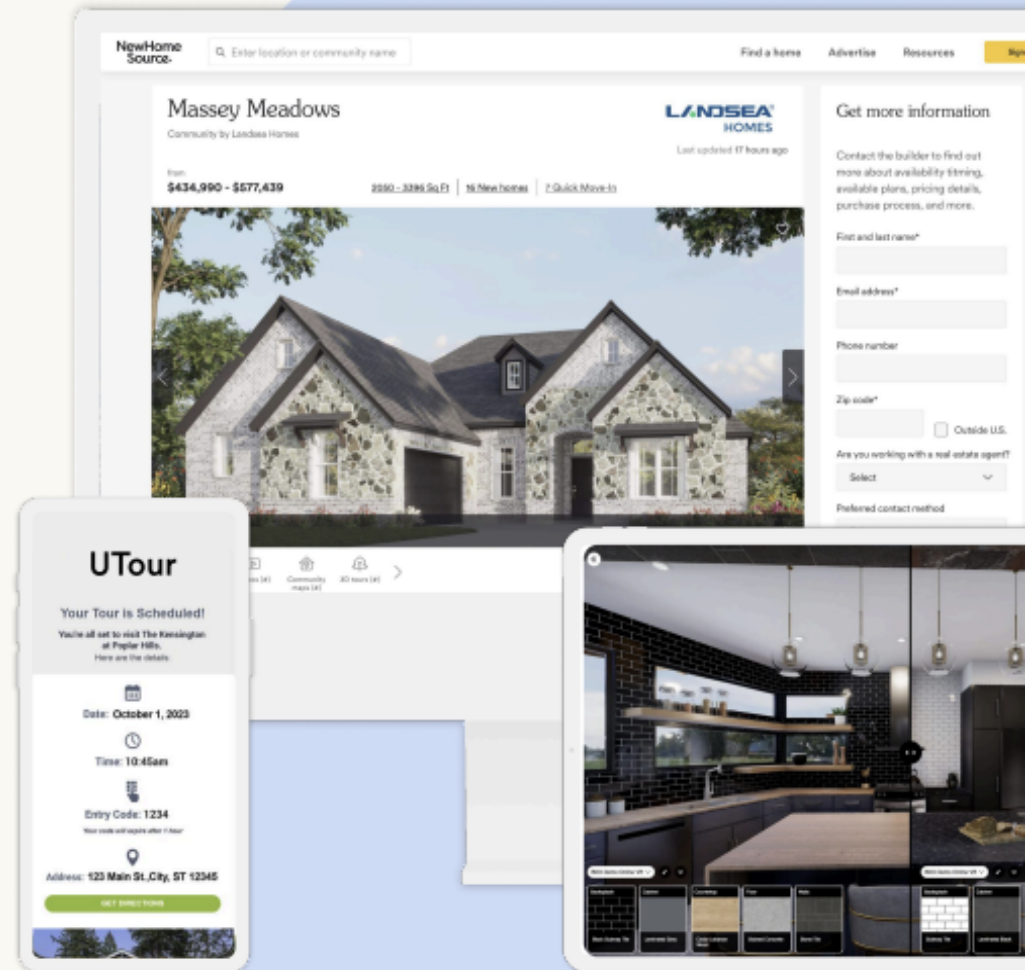


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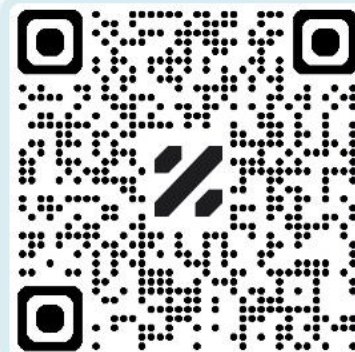
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Today's Agenda

1. The economy, tariffs, and rates
2. Housing trends
3. New Mexico fundamentals
4. Forecasts and final thoughts

The economy, tariffs, and rates

Hard data versus soft data

B D

How do consumers feel?

Sharp deterioration in expectations/short-term views (well below recessionary threshold)

- The Expectations Index (consumers' short-term views on income, business, and labor conditions) reached lowest level in 12 years (-9.6 points to 65.2); 80 is recessionary.

Note last data collected from the Conference Board on March 19, before some of the tariffs were implemented

72% of Americans are “extremely or very concerned” about the economy entering a recession

- 55% say the economy is getting worse for their family

Fox News

What about businesses?

Record-high small business uncertainty; labor costs are a top concern.

- National Federation of Independent Businesses (NFIB) Uncertainty Index reached highest level on record (dating back to 1973) with their most recent data released back in Feb.

CEO confidence in current and future conditions plummets.

- Rating of current business conditions fell 20% from January to the lowest level since Spring 2020.
- Forecast for conditions in 12 months fell by 28% to the lowest level since November 2012.

The trade war is playing a part

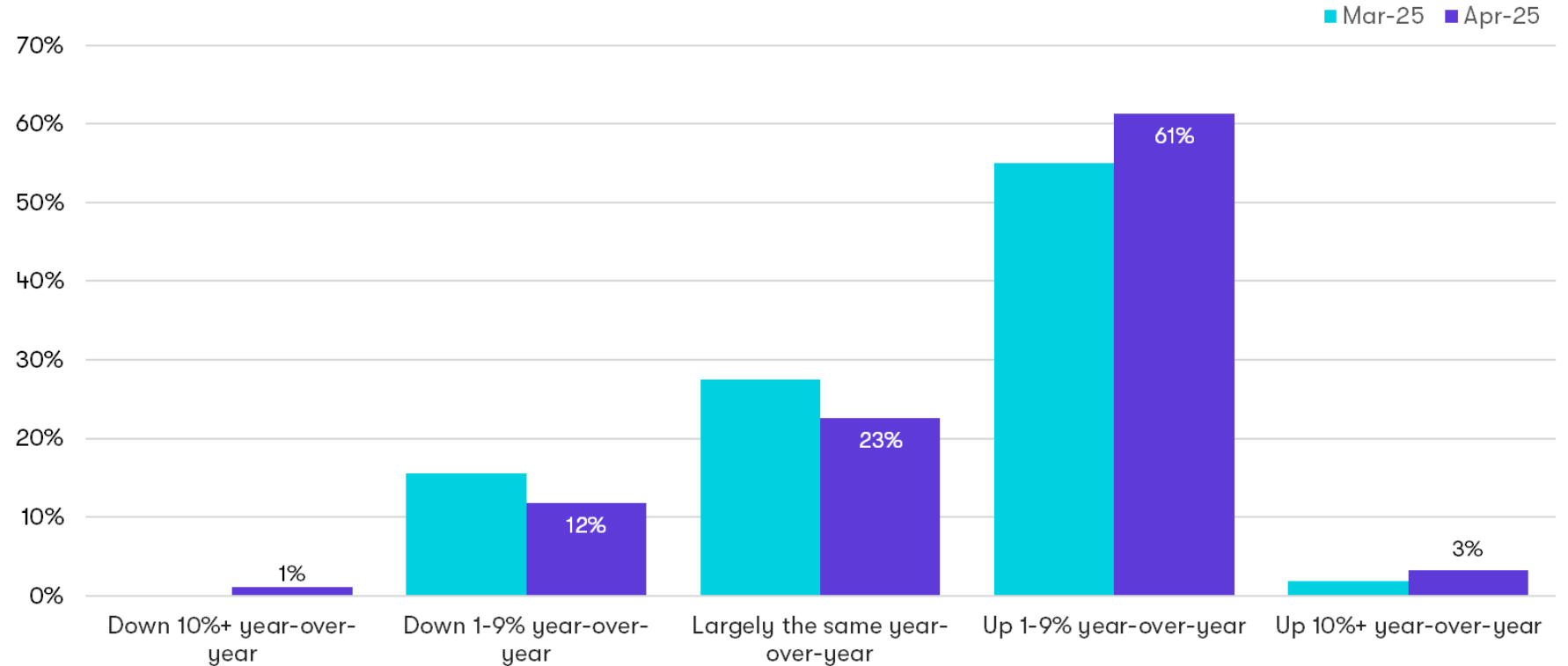
1. Continued uncertainty, low spending, slower growth
2. Stagflation (rising costs in a slower economy with rising unemployment)
3. Recession (global pause)
4. Domestic supplier growth
5. More FDI and/or onshoring (takes time, potentially less efficient, potentially more expensive output, automation/robotics)
6. Turns out to be a great negotiation tool + there's a partial or full reversal

90% of builders are worried about tariffs

Builders' top concerns:

1. Nervous about their impact on housing costs
2. Nervous about their impact on housing demand
3. Nervous about their impact on the stock market

What has happened to the total cost of building a home?



Source: Zonda

Estimates are \$5-10K added to the total cost of a home

What has been the impact on rates?

Factors putting upward pressure on rates



- Firm inflation + higher expectations
- Fed policy and the federal funds rate
- Rising debt levels
- Distrust in the US as a safe haven?
- Concerted selloff of bonds
- Alternative investments (e.g. hold cash)

Factors putting downward pressure on rates



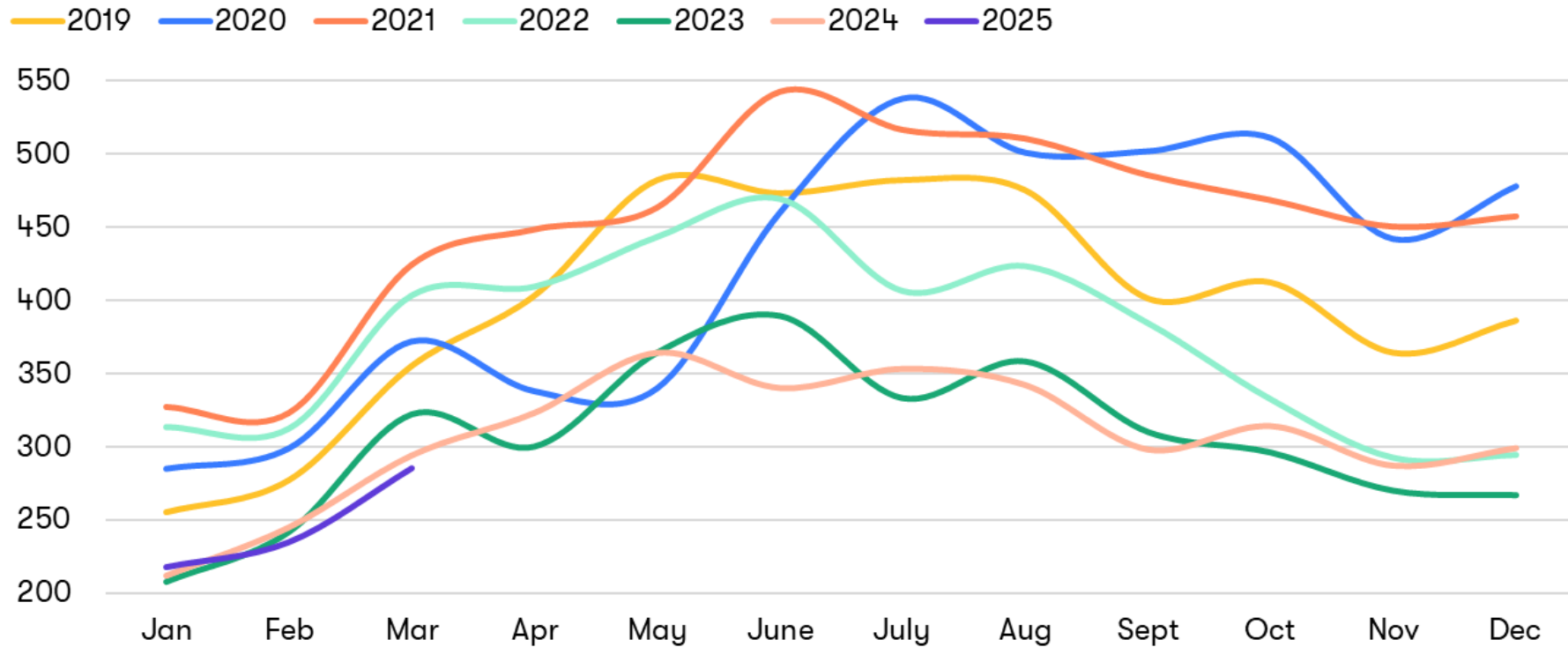
- Economic uncertainty (tariffs and policy changes, recession watch)
- Slow (er/ing) economy
- Narrowing spread between 10 year and FRM

Base case: Volatility and higher for longer

Housing trends

Weak sales (-3% YOY, -20% from '19)

Total Existing Home Sales (000s, NSA)

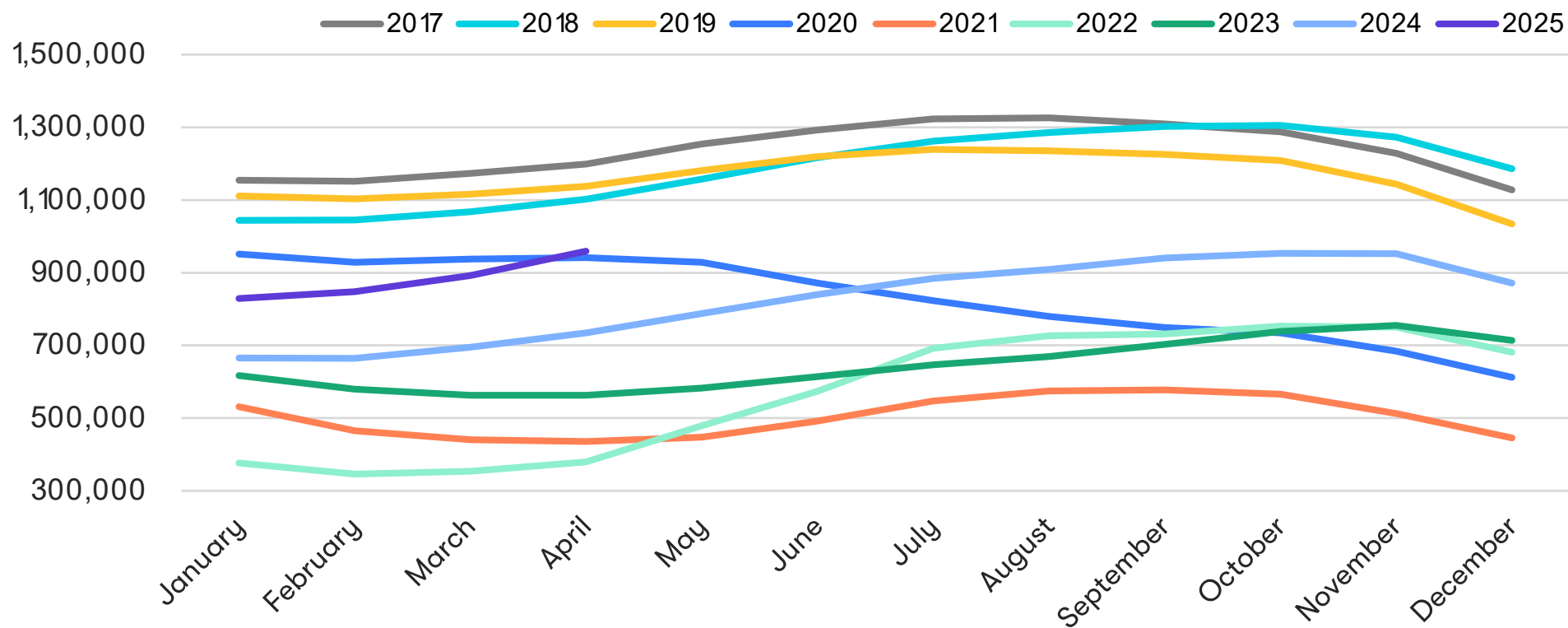


Source: NAR; Zonda

Down nationally and locally

National listings: +31% YOY, -16% from '19

Active Listings

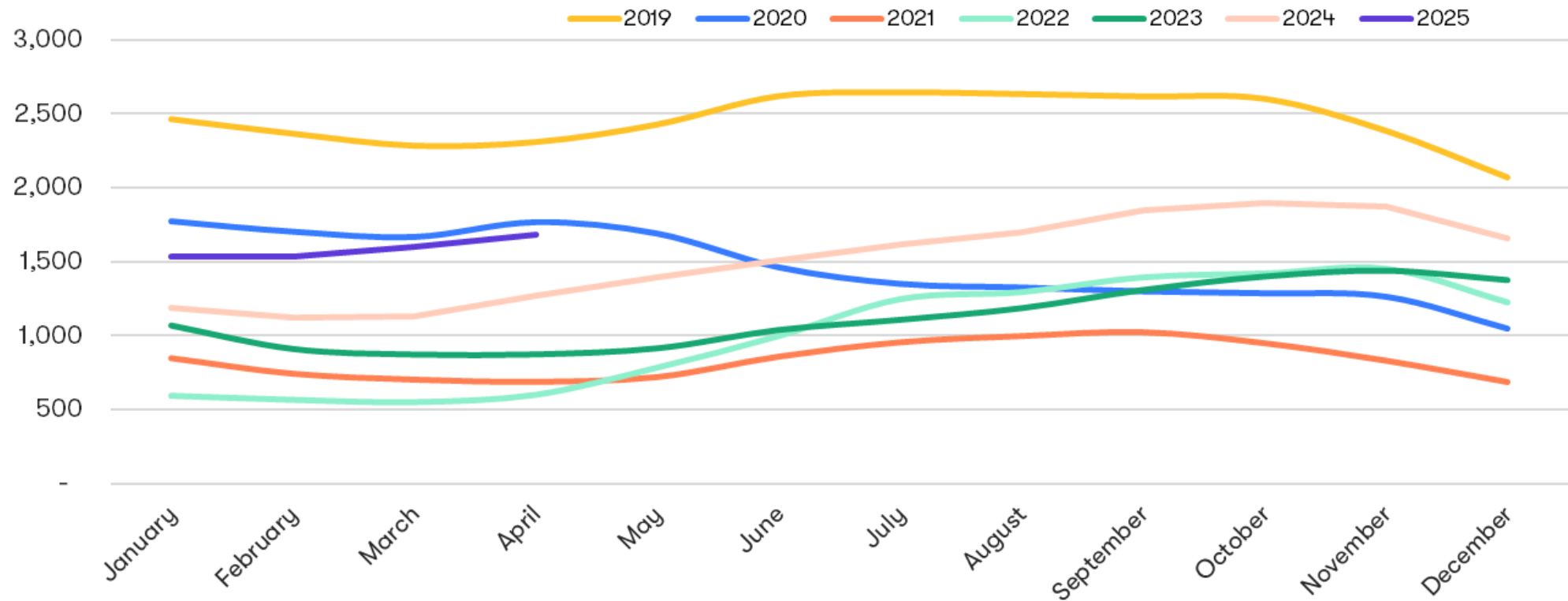


Source: Realtor.com; Zonda

54% up from 2019 and 46% down

ABQ listings: +33% YOY, -27% from '19

Albuquerque Active Listings



Source: Realtor; Zonda

The supply story is no longer uniform

Mix of **buyer's**, **seller's**, and **balanced** markets

Housing Market Conditions

Is Albuquerque, NM a buyer's or seller's market?

Seller's
Market



Buyer's
Market

Albuquerque is a
Seller's Market



Buyer

Balanced

Seller



Albuquerque, NM is a **buyer's market** in March 2025, which means that the supply of homes is greater than the demand for homes. 

Realtor.com

Rocket Mortgage

- 54 DOM, +6% from a year ago, +20% from 2019
- Competitive index of 59 “somewhat competitive” per Redfin

Balanced market that takes work

Sales rate is reasonable

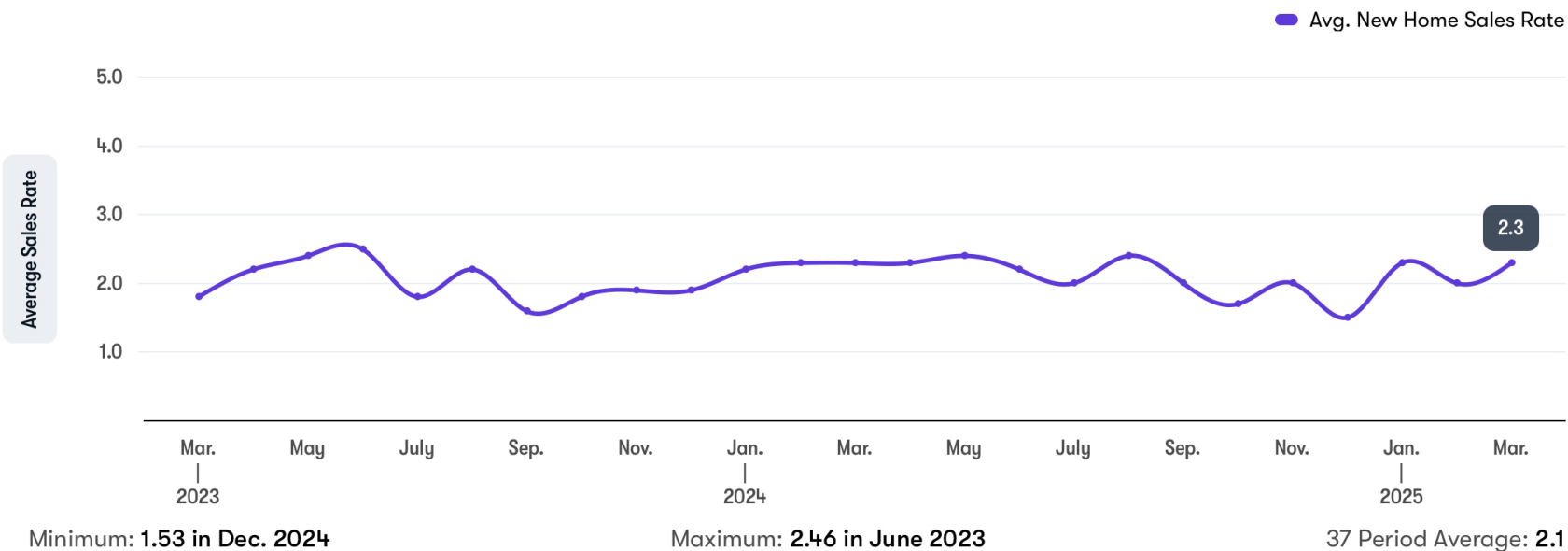
Sales rate is a function of supply and incentives

Albuquerque, NM CBSA

Avg. New Home Sales Rate: **2.3** ↑

Updated May 12, 2025

Change over 2024: **0 pts** | Change over month: **0.30 pts**



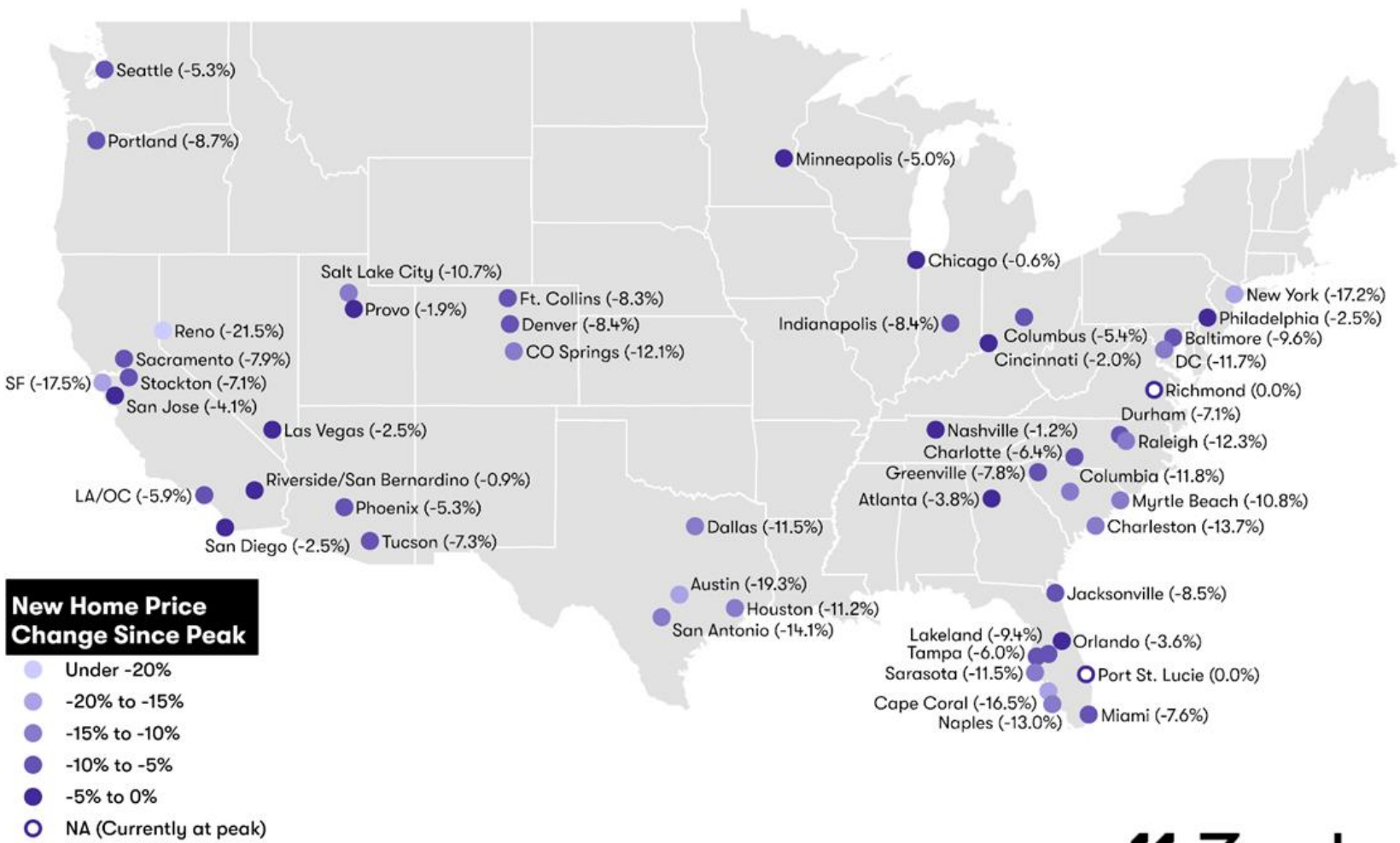
Major headwinds:

1. Incentives aren't driving urgency.
2. Incentives are expensive.
3. Consumers expect incentives PLUS.

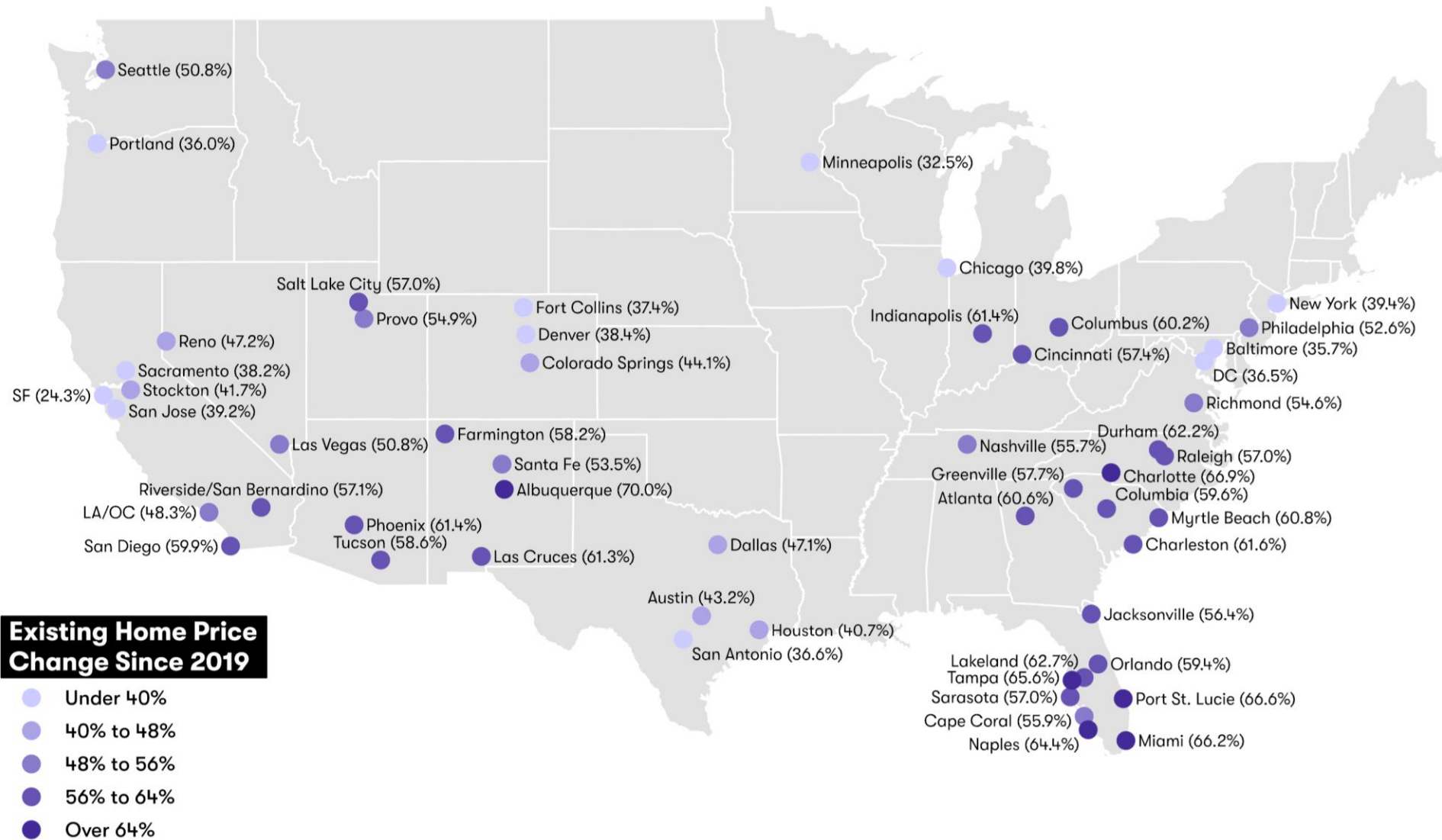
Prices are down 7.8% from peak in ABQ

-16.2% in Santa Fe
-5.0% in Las Cruces

35% of builders are reporting lowering prices



Zonda. Collectively, prices are still up from '19



Note: Map displays the change in existing home price from March 2019 to March 2025.

Source: Zillow; Zonda

Good if you own, tough if you don't

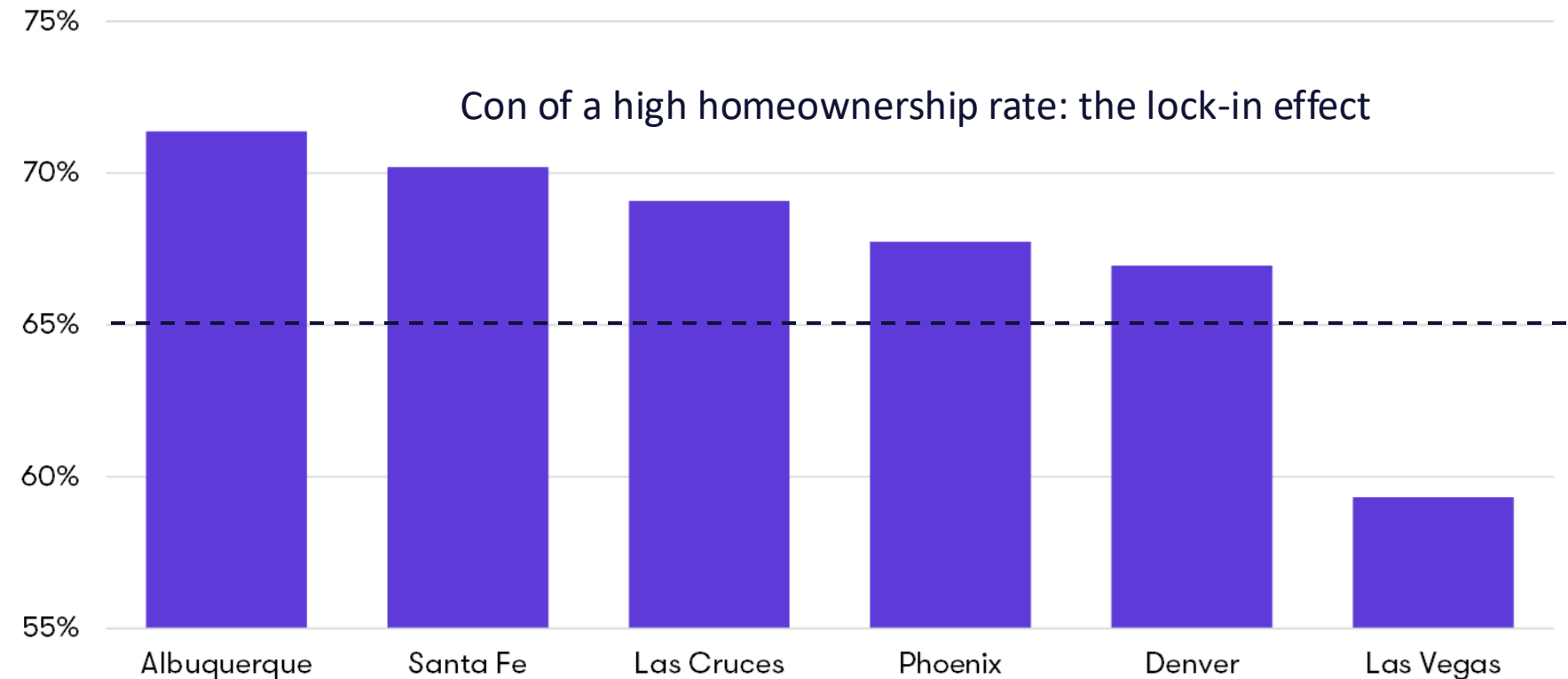
Albuquerque generational
ownership breakdown:

61% Millennials

76% Gen X

85% Boomers

Homeownership Rate by Market

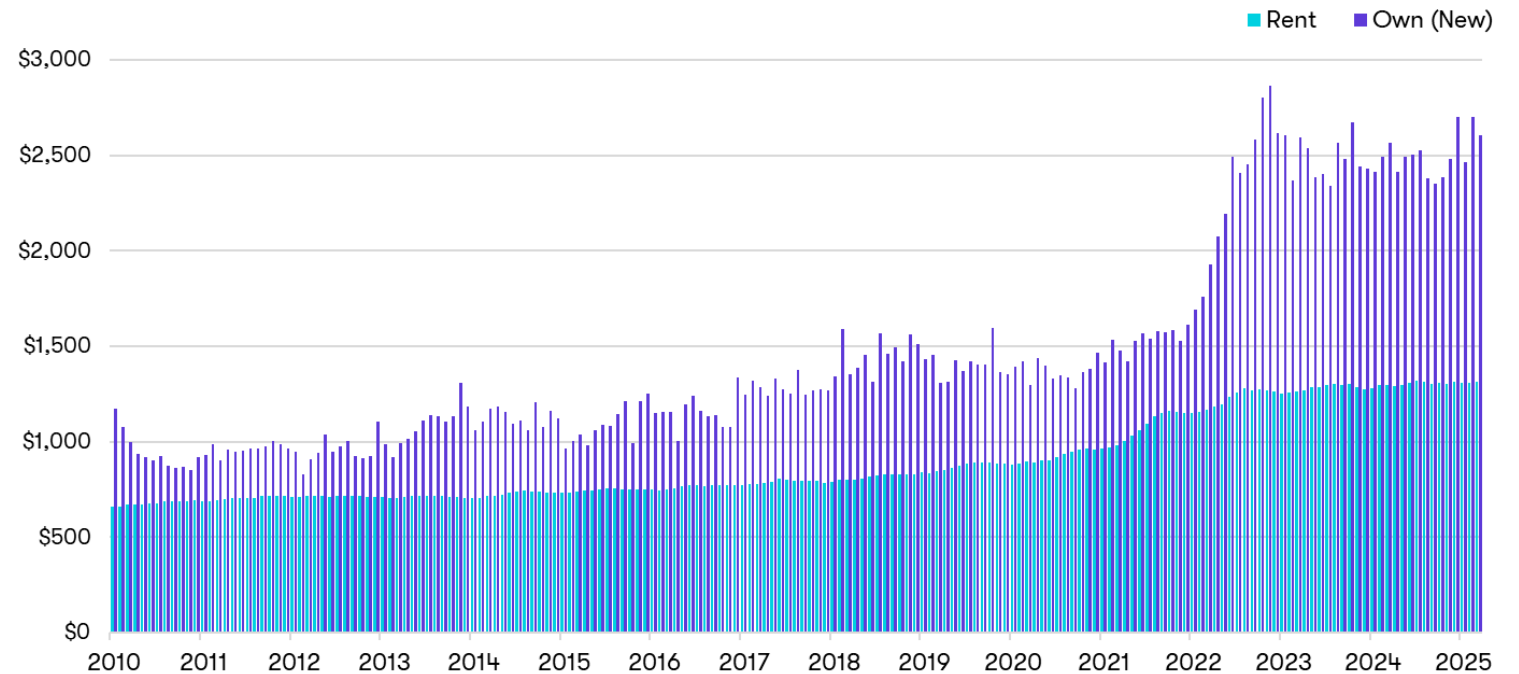


Source: IPUMS (2023); Zonda

- Local rents are up 57% since pre-pandemic (33% nationally)
- Effective rent up 3.7% YOY
- Albuquerque has 97% occupancy
- Concessions sit at 6.7% of asking rent

The math heavily favors renting today

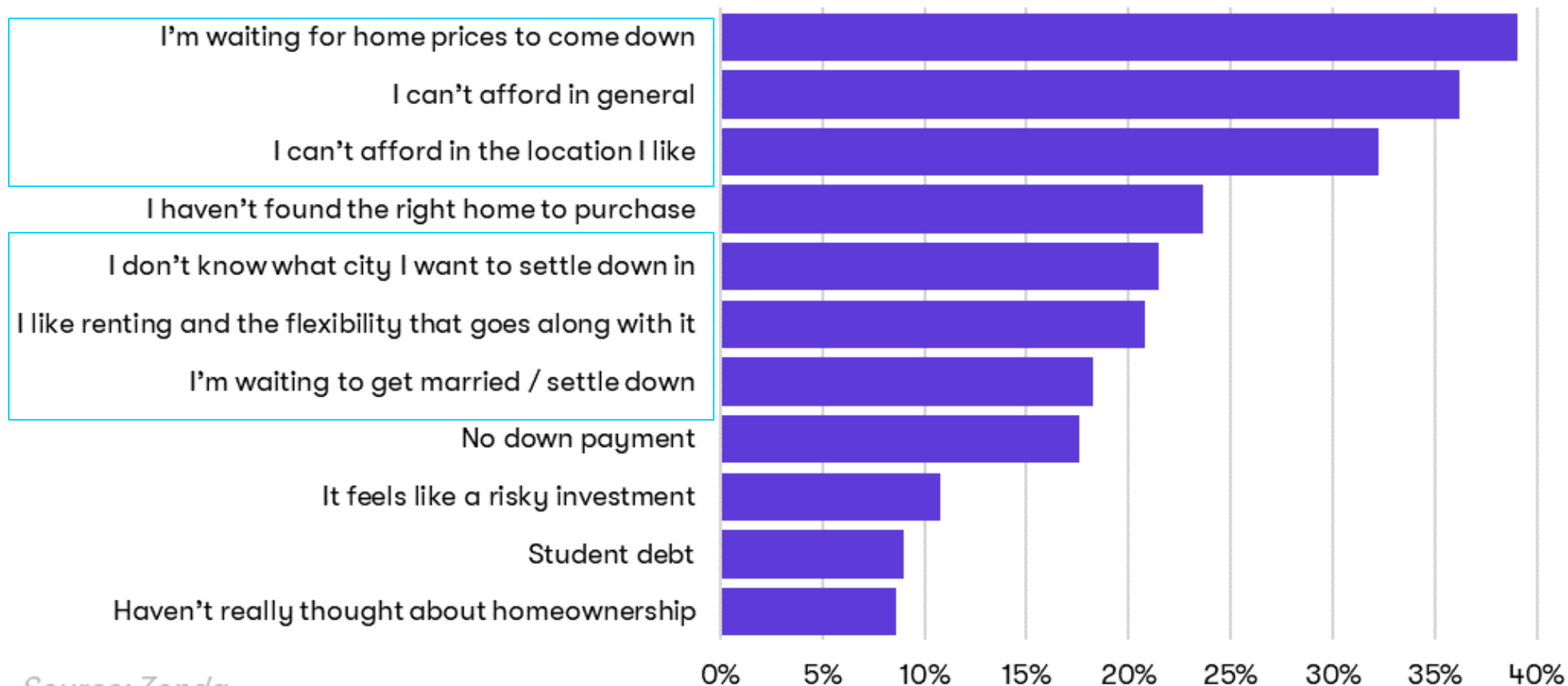
Albuquerque, NM Rent vs Own - 5% Down



Sources: Public Record Data; RealPage; Zonda *assumes 5% down, PMI, taxes, and insurance

Prices, prices, prices

What is your main reason for renting?



Source: Zonda

New Mexico (but mostly ABQ) fundamentals

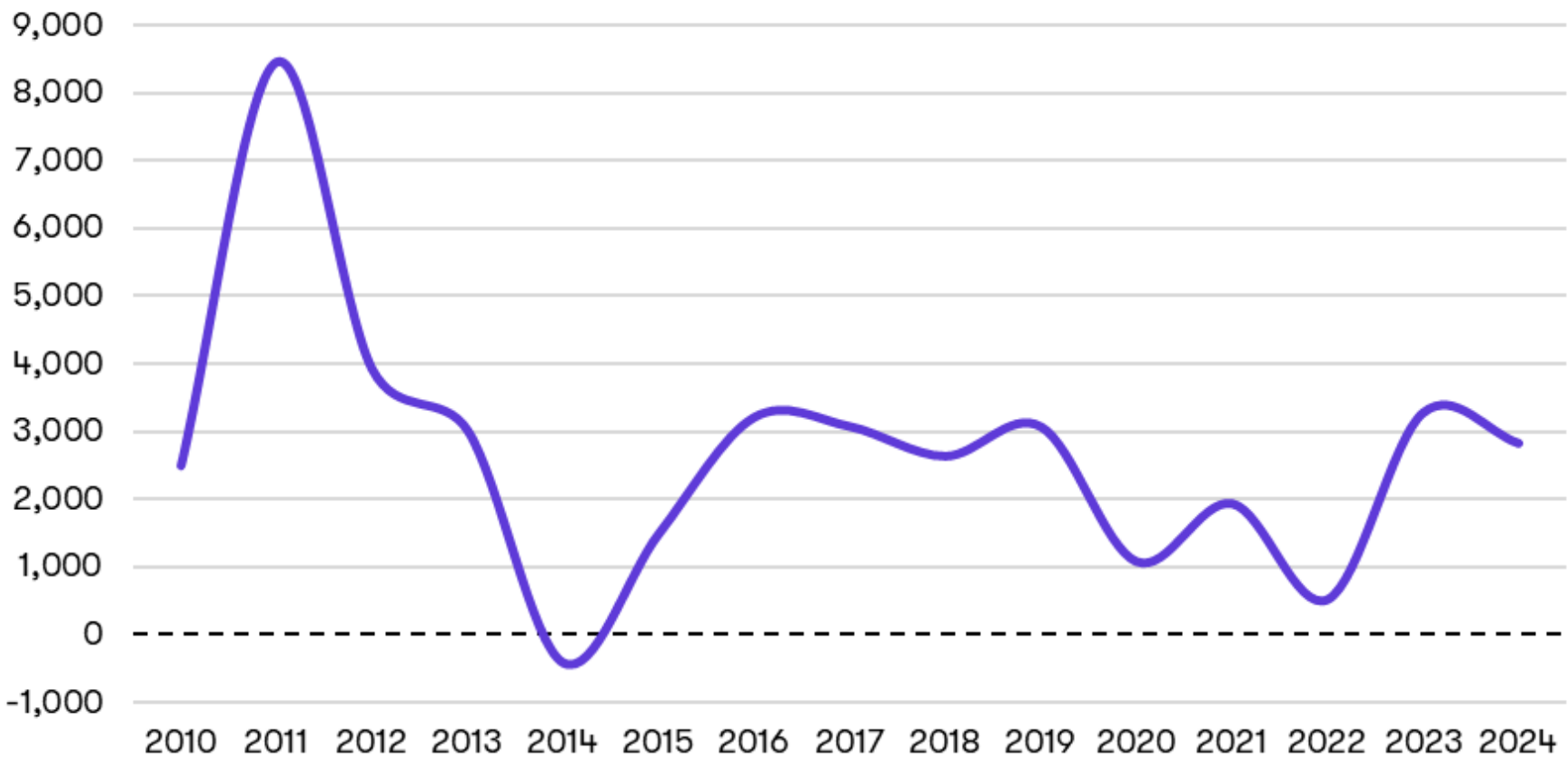
Albuquerque's population is up 1% YOY

Population change =

(births  deaths) + (in-migration - out  migration)

Births-deaths

Albuquerque MSA Natural Population Change

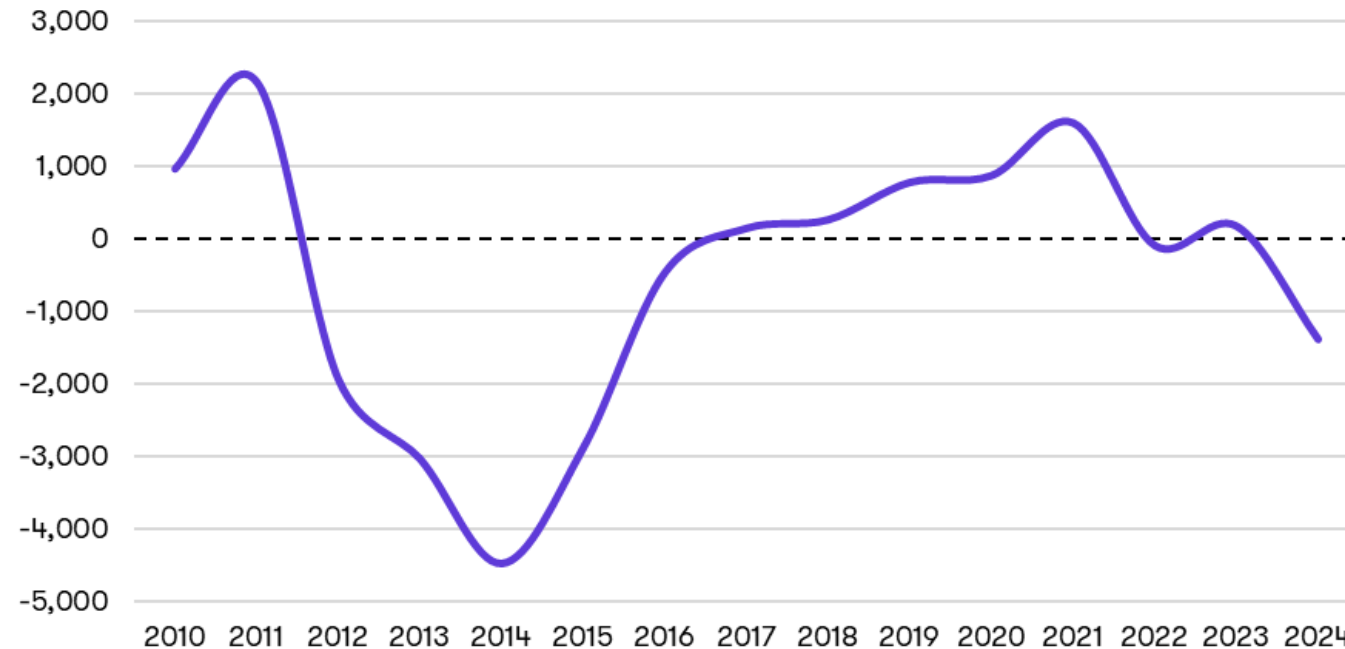


For context: six of Florida’s ten fastest-growing markets experience a natural decrease

Source: US Census Bureau; Zonda

Domestic numbers have been inconsistent

Albuquerque MSA Net Domestic Migration



Source: US Census Bureau; Zonda

1. Minneapolis
2. Des Moines
3. El Paso
4. Columbus
5. Tucson

Source: Redfin

Affordability, culture, weather, jobs, family

What about those coming in?

Top 10 Metros Moving to Albuquerque

Albuquerque price: \$341K

| Rank | Metro | Net Inflow | Median Price | Difference in Price | % Difference |
|------|--------------------|------------|--------------|---------------------|--------------|
| 1 | Los Angeles, C A | 443 | \$978,226 | -\$637,132 | -65.1% |
| 2 | Seattle, W A | 328 | \$761,165 | -\$420,071 | -55.2% |
| 3 | Dallas, TX | 191 | \$373,541 | -\$32,447 | -8.7% |
| 4 | San Francisco, C A | 179 | \$1,172,774 | -\$831,680 | -70.9% |
| 5 | Denver, C O | 164 | \$593,100 | -\$252,006 | -42.5% |
| 6 | Phoenix, AZ | 109 | \$455,466 | -\$114,372 | -25.1% |
| 7 | Austin, TX | 95 | \$449,181 | -\$108,087 | -24.1% |
| 8 | San Diego, C A | 78 | \$953,830 | -\$612,736 | -64.2% |
| 9 | Chicago, IL | 76 | \$330,683 | \$10,411 | 3.1% |
| 10 | Boston, M A | 54 | \$708,240 | -\$367,146 | -51.8% |

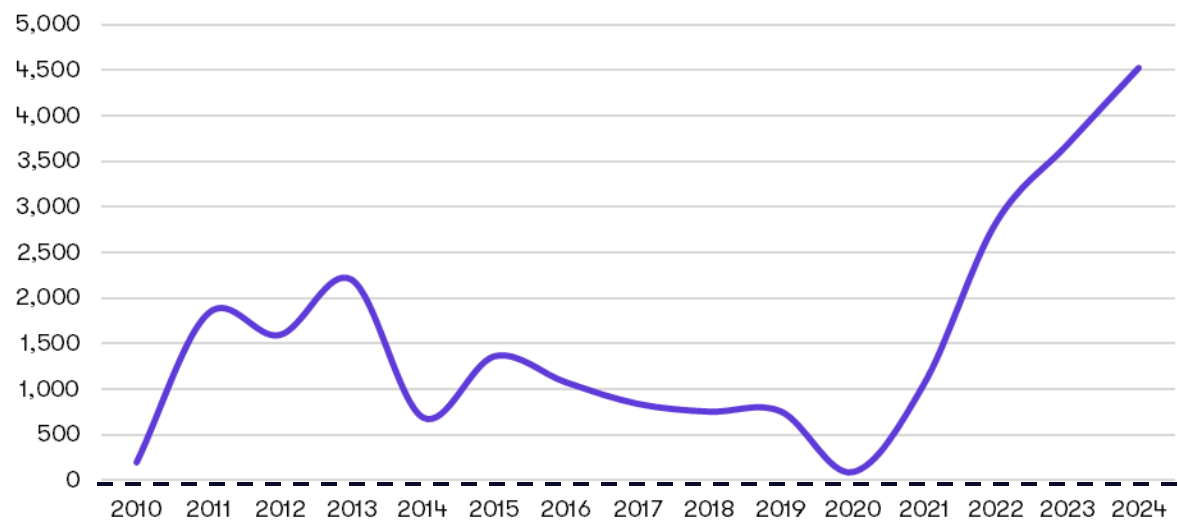
Source: Redfin; Zillow; Zonda

Methodology

This data does not reflect actual moves. The latest migration analysis is based on a sample of about two million Redfin.com users who searched for homes across more than 100 metro areas. To be included in this dataset, a Redfin.com user must have viewed at least 10 homes in a three month period. This dataset excludes all rentals data.

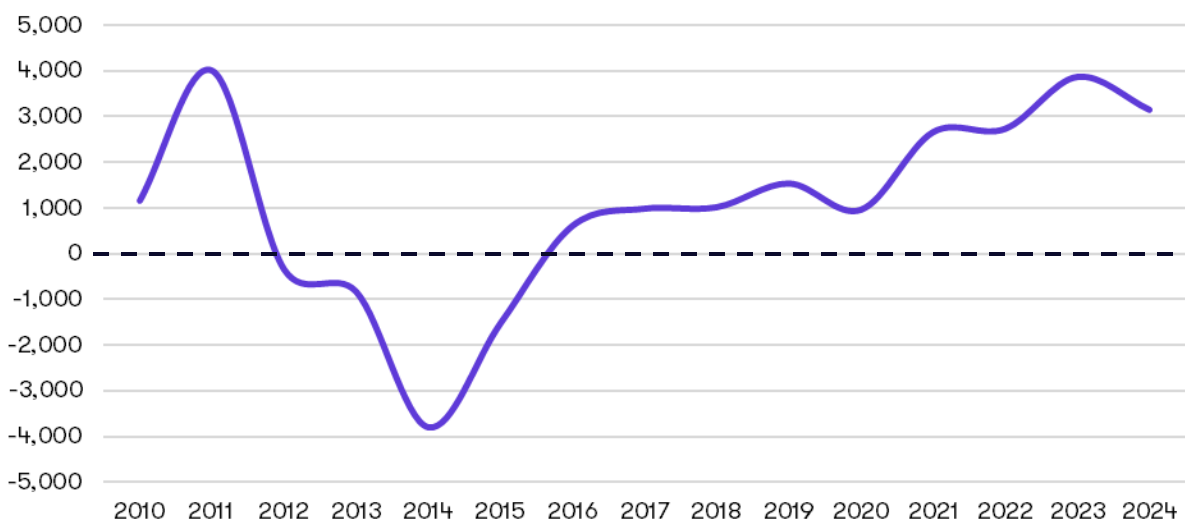
They are also from outside the country!

Albuquerque MSA Net International Migration



Source: US Census Bureau; Zonda

Albuquerque MSA Net Migration



Source: US Census Bureau; Zonda

Aligns with UVL data

New Mexico

Total Inbound: 54.7%
Total Outbound: 45.3%

Primary Reason for Moving

| INBOUND | | OUTBOUND | |
|---------|------------|----------|--|
| 17.20% | retirement | 15.10% | |
| 3.40% | health | 5.50% | |
| 23.00% | family | 30.10% | |
| 11.50% | lifestyle | 8.20% | |
| 35.60% | job | 31.50% | |
| 1.10% | cost | N/A | |

Source: United Van Lines; Zonda

New Mexico

Total Inbound: 54.7%
Total Outbound: 45.3%

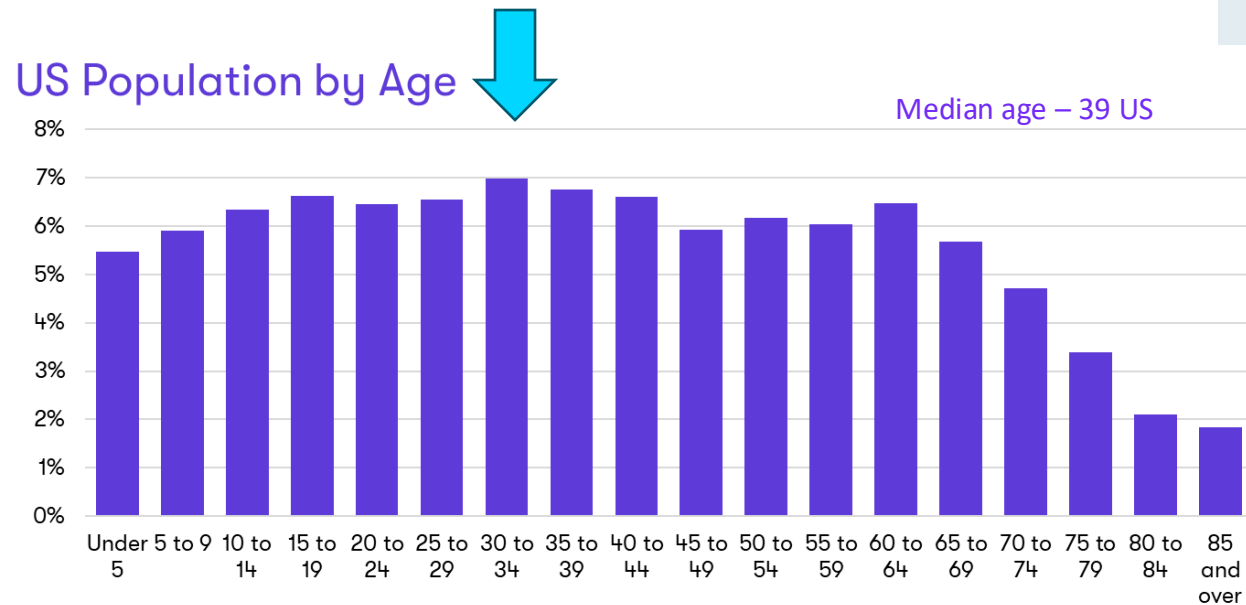
Primary Reason for Moving

Age Ranges

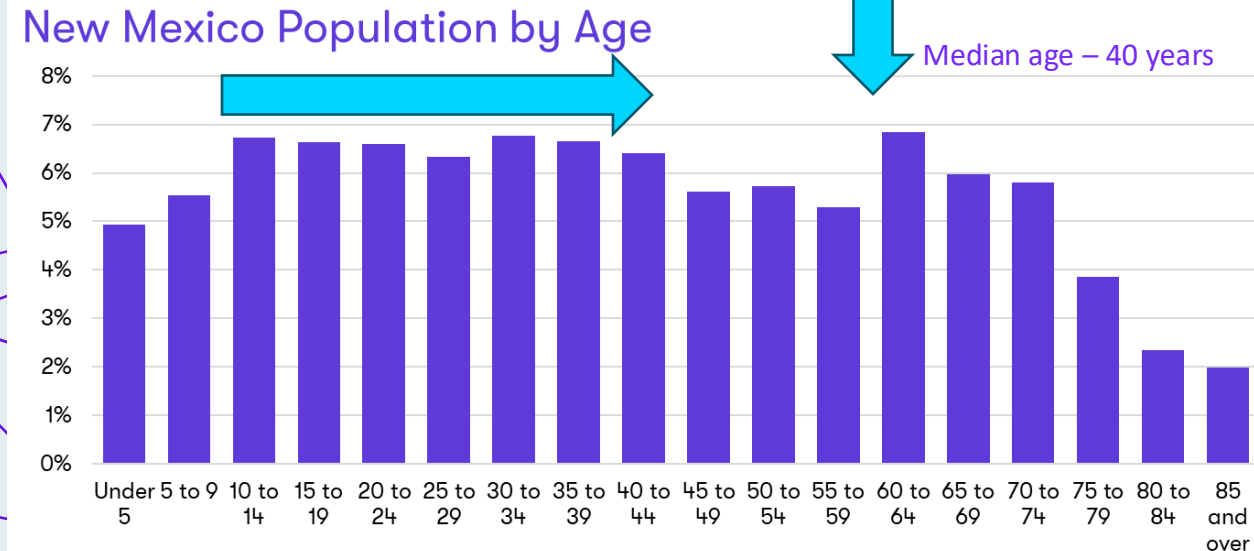
| INBOUND | | OUTBOUND | |
|---------|-------------|----------|--|
| 9.70% | <18 to 34 | 9.80% | |
| 15.30% | 35 to 44 | 11.50% | |
| 19.40% | 45 to 54 | 18.00% | |
| 30.60% | 55 to 64 | 14.80% | |
| 25.00% | 65 or older | 45.90% | |

Better than AZ (5%) and NV (5%), worse than UT (18%), CA (17%), TX (15%), and CO (10%)

New Mexico is the 20th oldest state



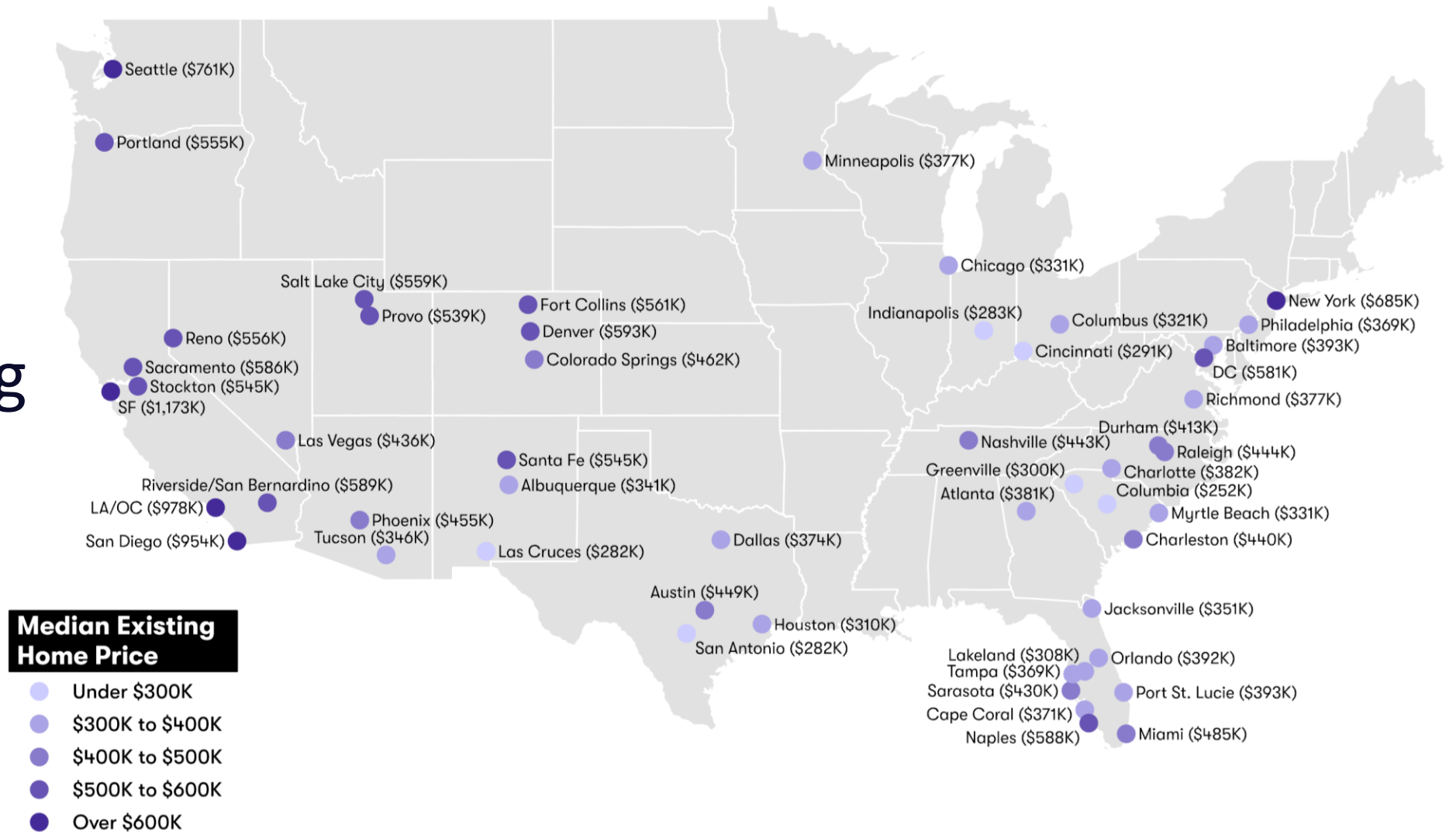
Source: US Census Bureau; Zonda



Source: US Census Bureau; Zonda

How do we get keep younger folks here + get on the radar of others? Reasonable housing options, interesting employment options, marketing

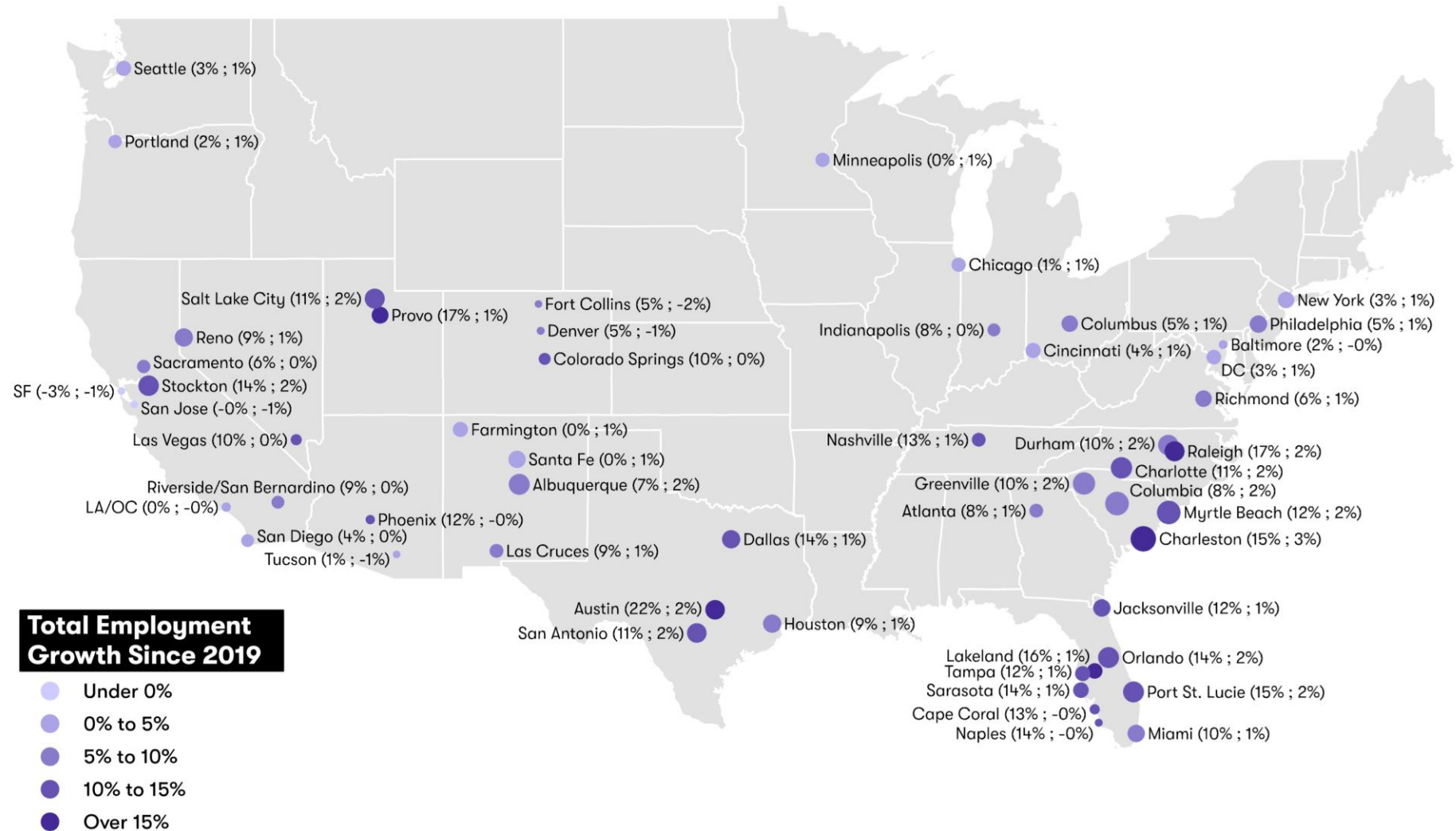
Relative pricing
looks good



Note: Map displays the median existing home price in March 2025.

Source: Zillow; Zonda

Albuquerque labor market: +7.1% from '19 and still growing



Note: Color of the dot corresponds to growth since 2019 (1st percentage in label); size of the dot corresponds to YOY employment growth (2nd percentage in label). Data is as of March 2025.

Source: Moodys; Zonda

62nd largest market, 31st for job growth

| Rank | Market | Current Total Nonfarm | YOY Change | YOY % |
|------|--|-----------------------|------------|-------|
| 1 | New York-Newark-Jersey City, NY-NJ-PA | 10,046,800 | 112,200 | 1.1% |
| 2 | Dallas-Fort Worth-Arlington, TX | 4,303,700 | 59,100 | 1.4% |
| 3 | Houston-The Woodlands-Sugar Land, TX | 3,475,200 | 48,500 | 1.4% |
| 4 | Philadelphia-Camden-Wilmington, PA-NJ-DE-MD | 3,139,800 | 39,700 | 1.3% |
| 5 | Miami-Fort Lauderdale-Pompano Beach, FL | 2,993,000 | 38,100 | 1.3% |
| 6 | Chicago-Naperville-Elgin, IL-IN-WI | 4,745,600 | 32,800 | 0.7% |
| 7 | Orlando-Kissimmee-Sanford, FL | 1,525,200 | 28,900 | 1.9% |
| 8 | Charlotte-Concord-Gastonia, NC-SC | 1,399,500 | 27,200 | 2.0% |
| 9 | Washington-Arlington-Alexandria, DC-VA-MD-WV | 3,401,800 | 25,700 | 0.8% |
| 10 | Austin-Round Rock-Georgetown, TX | 1,374,100 | 22,800 | 1.7% |
| 31 | Albuquerque, NM | 428,100 | 8,100 | 1.9% |

Source: BLS; Moody's Analytics; Zonda

Albuquerque's high-income employment +2.4% since 2019

Not in the top 100 for high-income YOY...

What about marketing efforts?



Forecasts and final thoughts

50, 50, 53, 50, 51

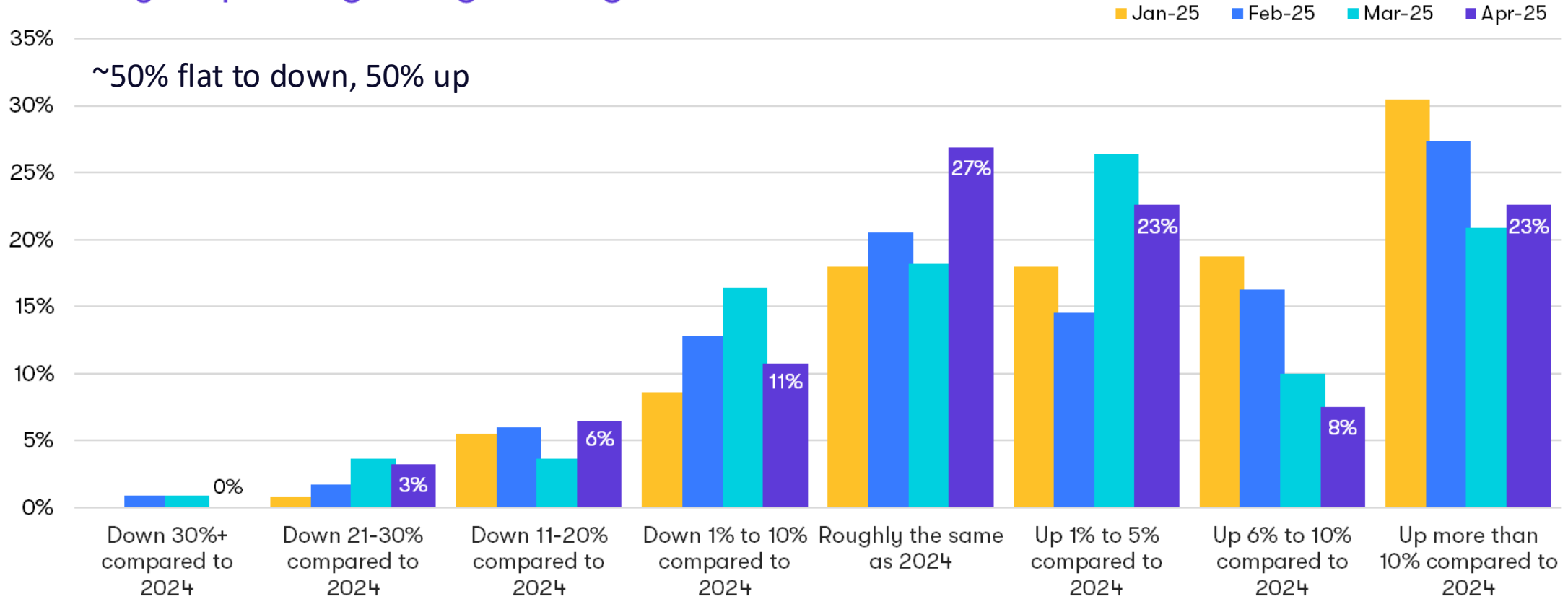
Annualized Housing Starts Volume by Market

| Rank | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 26 | Sarasota | Indianapolis | San Francisco | Indianapolis | Sacramento | Philadelphia | Lakeland | Boise | Provo | Philadelphia | Provo |
| 27 | Baltimore | Sacramento | Sarasota | Boise | Portland | Provo | Sacramento | Philadelphia | Seattle | Boise | Portland |
| 28 | New York | New York | New York | Salt Lake City | Provo | Lakeland | Philadelphia | Los Angeles/O C | Boise | Provo | Philadelphia |
| 29 | Sacramento | Boise | Boise | Provo | San Francisco | Portland | Portland | Portland | Punta Gorda | Portland | Los Angeles/O C |
| 30 | Boise | Baltimore | Provo | Portland | Salt Lake City | San Francisco | Salt Lake City | Salt Lake City | Deltona | New York | San Diego |
| 31 | Cape Coral | Salt Lake City | Salt Lake City | New York | Lakeland | Salt Lake City | Cobrado Springs | Deltona | Portland | Punta Gorda | Stockton |
| 32 | Salt Lake City | Naples | Baltimore | Baltimore | Baltimore | Baltimore | Baltimore | San Francisco | New York | Cape Coral | Port St. Lucie |
| 33 | Provo | Provo | Cobrado Springs | San Diego | New York | Cobrado Springs | San Francisco | Tucson | Cape Coral | Deltona | Salt Lake City |
| 34 | Naples | Cape Coral | Cape Coral | Lakeland | Cobrado Springs | New York | Cape Coral | Cobrado Springs | Port St. Lucie | Port St. Lucie | Punta Gorda |
| 35 | Lakeland | San Diego | Lakeland | Cobrado Springs | Cape Coral | San Diego | Tucson | Stockton | Salt Lake City | Salt Lake City | The Villages |
| 36 | Cobrado Springs | Cobrado Springs | Naples | Cape Coral | San Diego | Tucson | Greeley | Naples | Naples | Tucson | Tucson |
| 37 | The Villages | Lakeland | San Diego | San Jose | Greeley | Cape Coral | Ogden | Greeley | San Francisco | Fresno | Deltona |
| 38 | San Jose | Greeley | Greeley | Tucson | Tucson | Greeley | Stockton | Fresno | Tucson | Baltimore | Baltimore |
| 39 | San Diego | San Jose | Durham | Durham | Durham | Durham | Fresno | Baltimore | San Diego | San Diego | New York |
| 40 | Bakersfield | Durham | Tucson | Fresno | Deltona | Naples | New York | The Villages | Ocala | San Francisco | Ocala |
| 41 | Fresno | Fresno | Fresno | Naples | Naples | Ogden | Deltona | Punta Gorda | Cobrado Springs | Naples | Cape Coral |
| 42 | Durham | Ogden | San Jose | Greeley | St. George | Fresno | St. George | Cape Coral | Baltimore | Stockton | Fresno |
| 43 | Fort Collins | Tucson | Fort Collins | Reno | San Jose | The Villages | San Diego | New York | Greeley | Cobrado Springs | St. George |
| 44 | Greeley | Bakersfield | Ogden | Ogden | Stockton | Deltona | Port St. Lucie | Port St. Lucie | Palm Bay | Ocala | Cobrado Springs |
| 45 | Tucson | Fort Collins | Bakersfield | Stockton | Fresno | St. George | Durham | Ogden | St. George | Palm Bay | Greeley |
| 46 | Ogden | Reno | Abuquerque | Deltona | Ogden | Stockton | The Villages | San Diego | Stockton | St. George | Durham |
| 47 | Abuquerque | St. George | St. George | Fort Collins | The Villages | Bakersfield | Naples | St. George | The Villages | Greeley | Palm Bay |
| 48 | Reno | Stockton | Stockton | St. George | Reno | San Jose | Reno | Durham | Durham | Durham | Bakersfield |
| 49 | St. George | Abuquerque | Deltona | Bakersfield | Bakersfield | Port St. Lucie | Fort Collins | Reno | Fresno | Winston-Salem | Naples |
| 50 | Deltona | Deltona | Palm Bay | The Villages | Fort Collins | Reno | Abuquerque | Abuquerque | Ogden | Abuquerque | Ogden |

Note: Data for each period covers October of the year prior through September of the current year. In order to capture smaller growth markets, population cut-off was expanded to 100K+ in 2023. Markets are color-coded by state/region: green represents Florida, yellow represents Mountain West (Utah and Colorado), blue represents California, and gray represents all other areas.

Where does the market go from here?

What is your plan regarding housing starts in 2025?



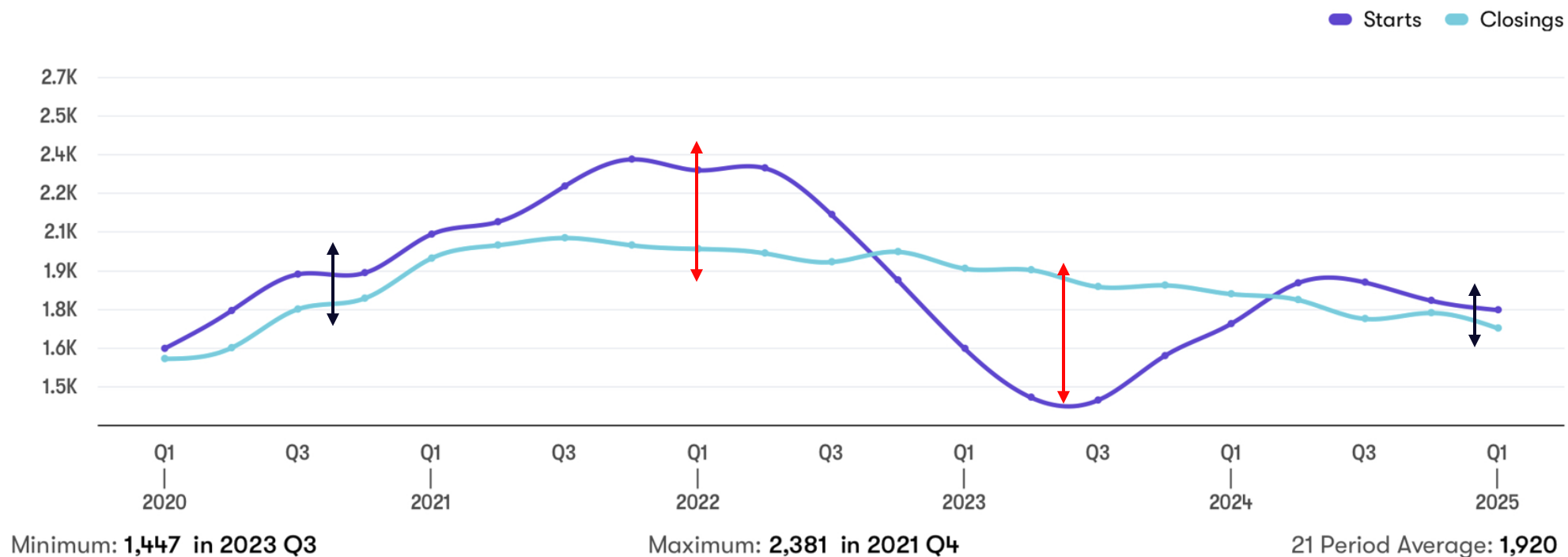
Starts are expected to stay aligned with closings

Albuquerque, NM CBSA

Starts vs Closings: **1,799** ↑

Updated Apr. 28, 2025

Change over 2024: **3.0%** | Change over quarter: **-2.0%**



New forecast: -5% SF starts YOY

Factors slowing growth

- Pullback in spec starts
- Slower consumer demand/economic recession
- Challenges in top markets
- Increased competition
- Revised expectation from top builders
- Increased costs without the ability to raise prices

Market is expected to be bumpy, but...

- Demographics are still favorable
- The new vs existing price spread has narrowed (partly because of changing product)
- Aged housing stock – new allows you to avoid problems
- Incentives
- Customize and design
- Housing is hyper local

Now more than ever, we must figure out **who** our buyers are and what they **want** in their home/community.

Why do people move (applies to the for-sale and for-rent markets)? **Emotion!**

Great design, community engagement, and little moments of shock and joy go a long way, even in a choppy market.

Thank you

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