

# **Metro Albuquerque Residential Real Estate Report**

## 2008 MID-YEAR UPDATE

Albuquerque  
Rio Rancho  
Corrales  
Placitas  
Bernalillo  
Tijeras  
Cedar Crest  
Edgewood  
Moriarty  
Bosque Farms  
Los Lunas  
Belen

**COLDWELL  
BANKER** 

**LEGACY**



## *A Look at Albuquerque*

Albuquerque is one of the highest altitude major metro areas in the United States with an elevation ranging from 4,946 feet at the Rio Grande to 6,559 feet above sea level, and is bordered on its east side by the 10,678-foot-high Sandia Mountains. Residents enjoy an average of 310 days of sunshine per year, and are blessed with a mild, dry climate and four distinctly beautiful seasons. Very low humidity means that even when temperatures rise, summer is comfortable, and our sunny winters are comparatively mild. This makes Albuquerque an ideal location for both summer and winter outdoor activities.

The Albuquerque Metro area population is more than 830,000 people. The Metro's four counties are located in central New Mexico. The two largest cities within the metro area are Albuquerque and Rio Rancho, with a host of smaller towns and suburbs making up the remainder. Rio Rancho has grown rapidly since its incorporation in 1981, and today is home to more than 75,000 residents. The City of Albuquerque (population about 518,000) provides a central downtown district, a well-maintained historical area, an international airport, and the great majority of the industrial, commercial, and residential development in the state.

Historically, Albuquerque's residential real estate has been among the most affordable in the nation. The recent challenges in the market and slowing sales have meant a slight drop in average home prices during 2008. The nature of the Albuquerque economy and

the real estate market means that cyclical swings are less dramatic than elsewhere. HousingPredictor.com, an independent real estate market forecaster, places this area as one of the top 25 markets in the U.S. for 2008, citing the recent announcements of new businesses moving to Albuquerque. Albuquerque is one of the nation's five best places where "foreclosed properties might be a good investment," reports Forbes magazine at Forbes.com.

Albuquerque also continues toward the top of Forbes' list of the best cities for jobs.

## *Megapolitan Area ...Albuquerque and Santa Fe*

Observers of the Albuquerque Metro have remarked for years that Albuquerque and Santa Fe were integrating. Now the Brookings Institution, a Washington, D.C., think tank, has endorsed the idea. Brookings says, "The southern Intermountain West is rapidly pioneering new urban forms. Most notably, the region is home to five emerging 'megapolitan' areas (including Albuquerque and Santa Fe)—vast, newly recognized 'super regions' that often combine two or more metropolitan areas into a single economic, social, and urban system." Growth, diversity, knowledge industries and innovation characterize these five areas.

## Owners Experience Net Gains...

The booming real estate markets of 2004 through 2006 brought increased demand for homes that culminated in record-breaking sales of both resale and new homes. This period resulted in a strong seller's market. Buyers frequently had to compete with other buyers to 'win' the home of their choice by making offers over the asking price. The Metro area experienced record appreciation. However, the market downturn in 2007 gave buyers much more choice as inventory increased and slowed the pace of the previous two years.

The first half of 2008 continued the direction of 2007. The number of homes sold has continued to drop, increasing competition among sellers. This competition has, in turn, placed downward pressure on prices. Across the Metro, average prices declined 2.9 percent during the first half of 2008. The overall net gain in average sales price for the metropolitan area is nearly 30 percent since 2004. Few people would complain about an investment with that kind of return. Keep in mind the depreciation and appreciation noted in the chart below varies widely in the areas.

## Value & Depreciation Analysis

AREA	2005 APPRECIATION	2006 APPRECIATION	2007 DEP/APPREC	1 <sup>ST</sup> HALF 2008 DEP/APPREC	NET GAIN
Albuquerque	13.2%	11.3%	7.5%	- 4.0%	27.1%
Corrales	9.3%	9.1%	1.0%	7.2%	29.1%
Rio Rancho	21.0%	18.8%	2.9%	- 3.5%	42.7%
Bernalillo/Algodones	23.9%	21.7%	- 4.5%	- 1.4%	42.0%
Placitas	30.3%	19.2%	- 2.2%	- 0.3%	51.3%
East Mountains	15.4%	8.8%	5.0%	- 4.1%	26.4%
Valencia County	16.0%	13.0%	5.5%	- 4.1%	32.7%
Metro Area Average	12.8%	11.1%	6.3%	- 2.9	29.3%

Based on Published Report from Greater Albuquerque Association of Realtors®

## Average Sale Price Analysis

AREA	2004 AV PRICE	2005 AVG PRICE	2006 AVG PRICE	2007 AVG PRICE	1 <sup>ST</sup> HALF 2008 AVG PRICE
Albuquerque	\$186,696	\$206,640	\$229,905	\$247,108	\$237,333
Corrales	\$423,120	\$462,492	\$504,745	\$509,642	\$546,110
Rio Rancho	\$142,450	\$172,307	\$204,680	\$205,879	\$203,223
Bernalillo/Algodones	\$198,660	\$246,212	\$299,703	\$286,175	\$282,169
Placitas	\$336,481	\$438,412	\$522,433	\$510,843	\$509,138
East Mountains	\$202,324	\$233,560	\$254,003	\$266,692	\$255,794
Valencia County	\$133,504	\$154,880	\$174,988	\$184,671	\$177,106
Metro Area Average	\$182,490	\$205,805	\$228,616	\$234,917	\$235,969

Based on Published Report from Greater Albuquerque Association of Realtors®



## Existing Home Sales and More Inventory

The slowdown in the number of homes sold in Metro Albuquerque has resulted in increased inventory. As of June 2008, there were 6,428 residential listings—homes offered for sale—on the local Multiple Listing Service system. That’s down from the Metro record of more than 6,600 residential listings in January 2008. The June listings inventory figure represents a 13.3% increase from June 2007. However, the monthly rate of inventory increase has dropped for six months. And fewer homes are being offered for sale. June 2008 saw 1,878 new listings, about two-thirds of the 2,755 new listings in June 2007.

Because of the inventory, properties are on the market longer. For the second quarter of 2008, it took an average number of 67 days on the market for a property to sell compared to 39 days during the second quarter of 2007. Among neighborhoods, the number of days on the market varied from 38 to more than 100.

The additional inventory represents several market factors. The hesitancy of buyers to enter the market in light of recent mortgage industry problems is one.

More inventory means buyers have more choice, greater expectations and demand more incentives from sellers. Buyers expect properties to be in top condition—“as is” properties are being bypassed for “move-in condition” offerings. Homes cannot be “priced right”, they must be “priced aggressively”. Today’s market is complex and an experienced real estate professional is mandatory to assist sellers with staging, pricing, marketing and negotiating with buyers. Likewise, buyers benefit by working with a professional for strategizing and negotiating with sellers’ agents.

AREA	2006 AVG SALES PRICE	2006 SALES	2007 AVG SALES PRICE	2007 SALES	MID YR 2008 AVG SALES PRICE	MID YR 2008 SALES
Albuquerque	\$229,905	8,539	\$237,397	7,928	\$237,333	2,775
Corrales	\$504,745	121	\$509,642	83	\$546,110	35
Rio Rancho	\$204,680	1,981	\$205,879	1,669	\$203,223	595
Bernalillo/Algodones	\$299,703	60	\$286,175	60	\$282,169	19
Placitas	\$522,433	99	\$510,843	92	\$509,138	47
East Mountain	\$254,003	564	\$266,692	449	\$255,794	195
Valencia County	\$174,988	833	\$184,671	633	\$177,106	227
Metropolitan Area Avg	\$228,616	12,197	\$234,917	10,904	\$235,969	3,892

Based on Published Report from Greater Albuquerque Association of Realtors®



## Months Supply of Inventory

Months Supply of Inventory indicates the time it takes for the current supply of inventory to sell. Many factors would impact how long it would take for any particular property to sell, but this is a good indicator to gauge the market. The charts below include all areas in the Albuquerque metro area and are broken down by price range.

MONTHS SUPPLY OF INVENTORY - SINGLE FAMILY 1 <sup>ST</sup> HALF 2007 vs 1 <sup>ST</sup> HALF 2008		
PRICE RANGE	2007	2008
\$150,000-\$249,999	4.7	7.3
\$250,000-\$399,999	7.3	11.7
\$400,000-\$499,999	9.2	16.3

MONTHS SUPPLY OF INVENTORY - CONDO 1 <sup>ST</sup> HALF 2007 vs 1 <sup>ST</sup> HALF 2008		
PRICE RANGE	2007	2008
\$50,000-\$149,999	1.8	5.9
\$150,000-\$249,000	4.1	7.1
\$250,000-\$499,999	24.4	34.0

DAYS ON THE MARKET - SINGLE FAMILY 1 <sup>ST</sup> HALF 2007 vs 1 <sup>ST</sup> HALF 2008		
PRICE RANGE	2007	2008
\$150,000-\$249,999	42	70
\$250,000-\$399,999	48	76
\$400,000-\$499,999	53	77

DAYS ON THE MARKET - CONDO 1 <sup>ST</sup> HALF 2007 vs 1 <sup>ST</sup> HALF 2008		
PRICE RANGE	2007	2008
\$50,000-\$149,999	26	65
\$150,000-\$249,000	35	65
\$250,000-\$499,999	47	71

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## A Few Words About Mortgages

The wave of foreclosures in the sub-prime market has caused banks to tighten lending standards and become more reluctant to lend in light of this crisis. It is taking banks longer to process loans for borrowers, even those with good credit. However, interest rates remain low for qualified buyers.

### Foreclosures

In New Mexico, 375 homes had foreclosure filings during June 2008, according to RealtyTrac's U.S. Foreclosure Market Report. The number of foreclosure filings is down 17 percent from May, but up 111 percent from June 2007. For June 2008, RealtyTrac ranks New Mexico 39<sup>th</sup> among the 50 states in number of foreclosures. The appreciation rate and low unemployment mean more stability and low foreclosure rates. Lenders and advocacy groups are also helping owners facing foreclosure to find alternatives. To get a clearer picture of New Mexico's strength, the surrounding states of Arizona, Colorado and Texas are in the top ten states with the highest foreclosure rates nationally.

### New Home Pricing and Sales

Nationally, sales of new one-family houses in June 2008 were at a seasonally adjusted annual rate of 530,000, according to estimates from the Bureau of the Census. This is down a third from the June 2007 rate of 793,000. Also, the median price of a new home, nationally, was \$230,900; the average sales price was \$298,600.

Albuquerque fared a bit better. According to SalesTraQ of New Mexico, the June 2008 average price of a new home in Albuquerque was \$256,366; in June 2007 the average price was \$254,697—a increase of less than one percent. In Rio Rancho for the same period, the average price was \$311,826 and \$320,836 respectively—a decrease of 2.8 percent. At the time of this report, we estimate that around 10% of the homes listed for sale were new construction.



## Luxury Homes in Albuquerque

In Albuquerque, luxury homes are considered to be those priced at \$500,000 and above. This includes both existing and new properties. In 2007, 568 luxury properties were sold in the Albuquerque Metro with a median price of \$636,890. The first half of 2008 saw 197 luxury properties sold including 21 priced at more than \$1 million. Luxury properties represented five percent of all Albuquerque residential sales during the first half of 2008.

The most expensive luxury home built in the first half of 2008 was \$2,500,000 featuring 5 bedrooms, 6 baths and 6,048 square feet on 1.4 acres in Los Ranchos de Albuquerque. The second highest, which sold for \$1,749,000 on .79 acre in the North Valley was a

newer home with a Tuscan-Southwest flavor, 6,154 sq. ft., 4 or 5 bedrooms, 5 baths and a 540 sq. ft guest casita.



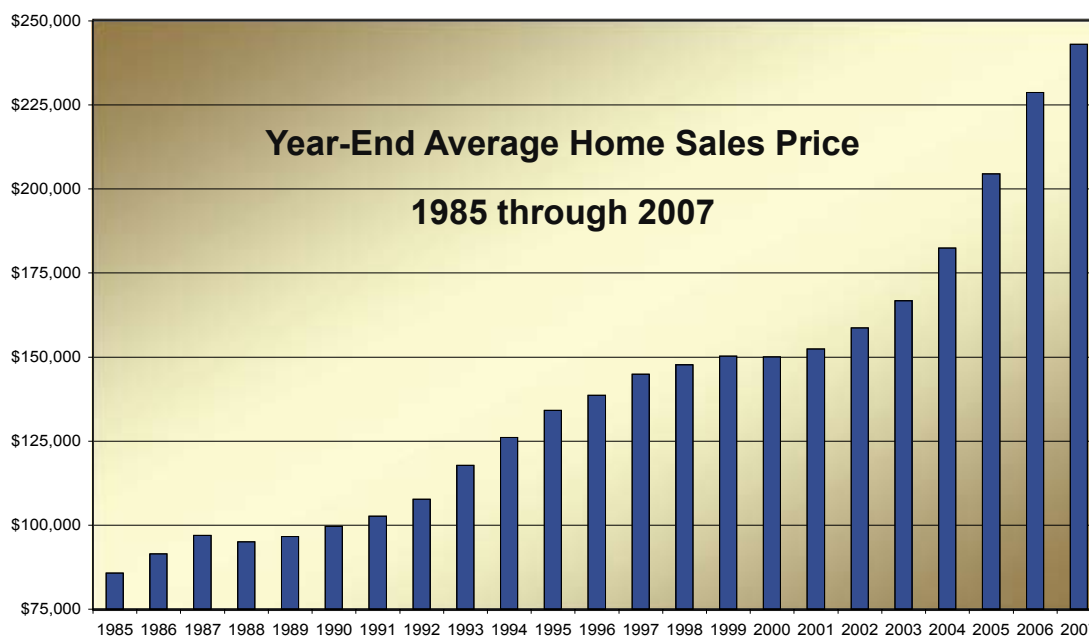
LUXURY HOME SALES - SINGLE FAMILY 1 <sup>ST</sup> HALF 2007 VS 1 <sup>ST</sup> HALF 2008		
	2007	2008
\$500,000-\$749,999	223	151
\$750,000-\$999,999	70	43
\$1,000,000-\$3,000,000	20	23

MONTHS SUPPLY OF INVENTORY - SINGLE FAMILY 1 <sup>ST</sup> HALF 2008 VS 1 <sup>ST</sup> HALF 2007		
	2007	2008
\$500,000-\$749,999	10.3	22.6
\$750,000-\$999,999	17.2	33.5
\$1,000,000-\$3,000,000	41.1	58.9

DAYS ON MARKET - SINGLE FAMILY 1 <sup>ST</sup> HALF 2007 VS 1 <sup>ST</sup> HALF 2008		
	2007	2008
\$500,000-\$749,999	52	79
\$750,000-\$999,999	81	93
\$1,000,000-\$3,000,000	83	93

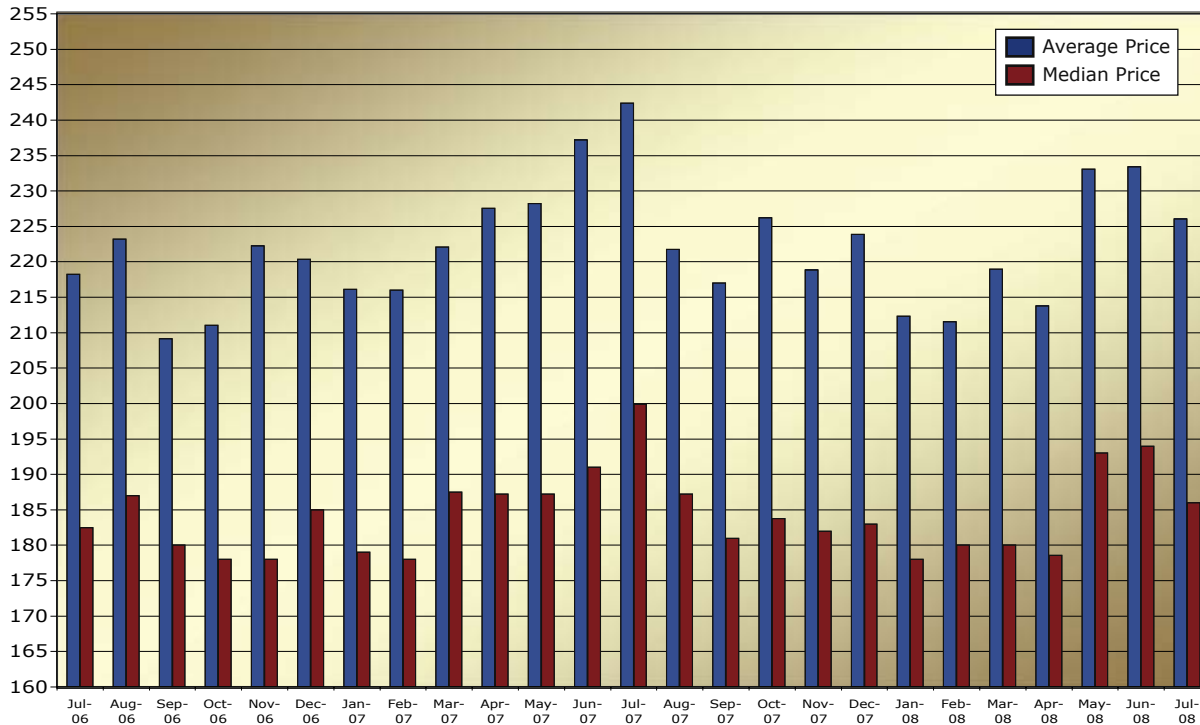
Based on Published Report from Greater Albuquerque Association of Realtors®

## Real Estate has proven to be a good Long-Term Investment



Based on Published Report from Greater Albuquerque Association of Realtors®

**Average vs Median Price – 2 Years (Monthly) July 2006 - July 2008**



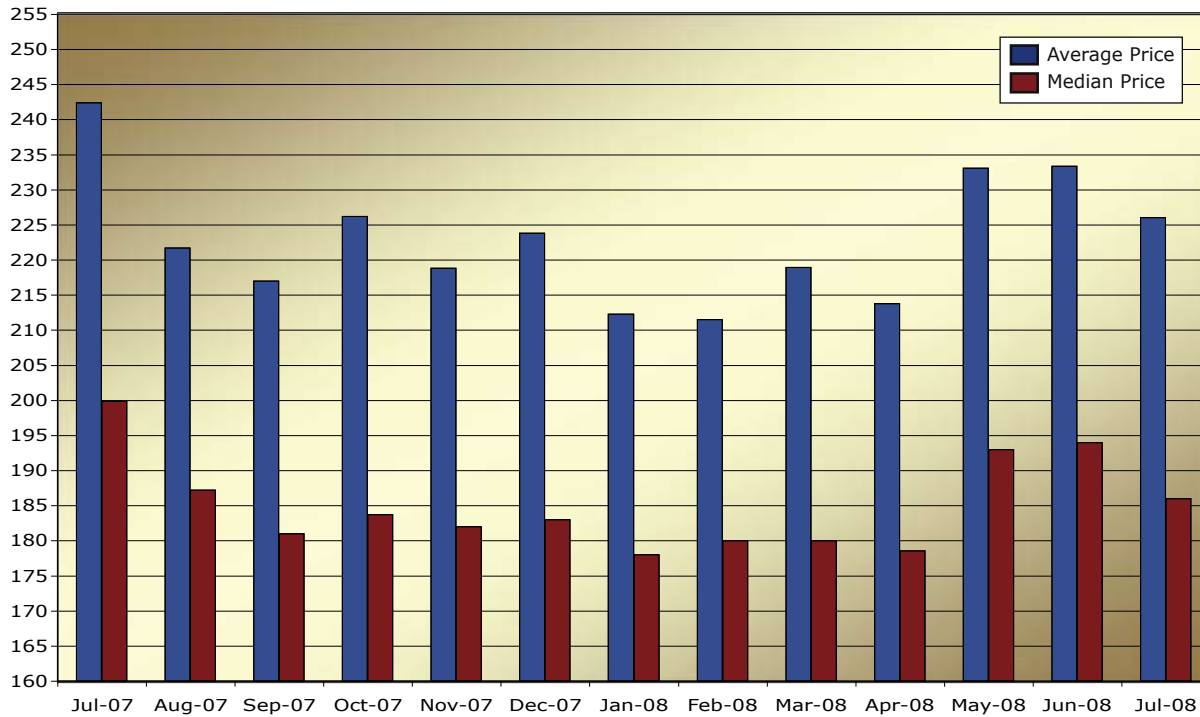
**Average Price**  
 July 2006 \$218,244  
 July 2008 \$226,053  
 Price Chg \$7,808  
 % Change 3.6%

Average +4%

**Median Price**  
 July 2006 \$182,502  
 July 2008 \$186,000  
 Price Chg \$3,498  
 % Change 1.9%

Average +2%

**Average vs Median Price – 1 Year (Monthly) July 2007 - July 2008**



**Average Price**  
 July 2007 \$242,397  
 July 2008 \$226,053  
 Price Chg -\$16,344  
 % Change -6.7%

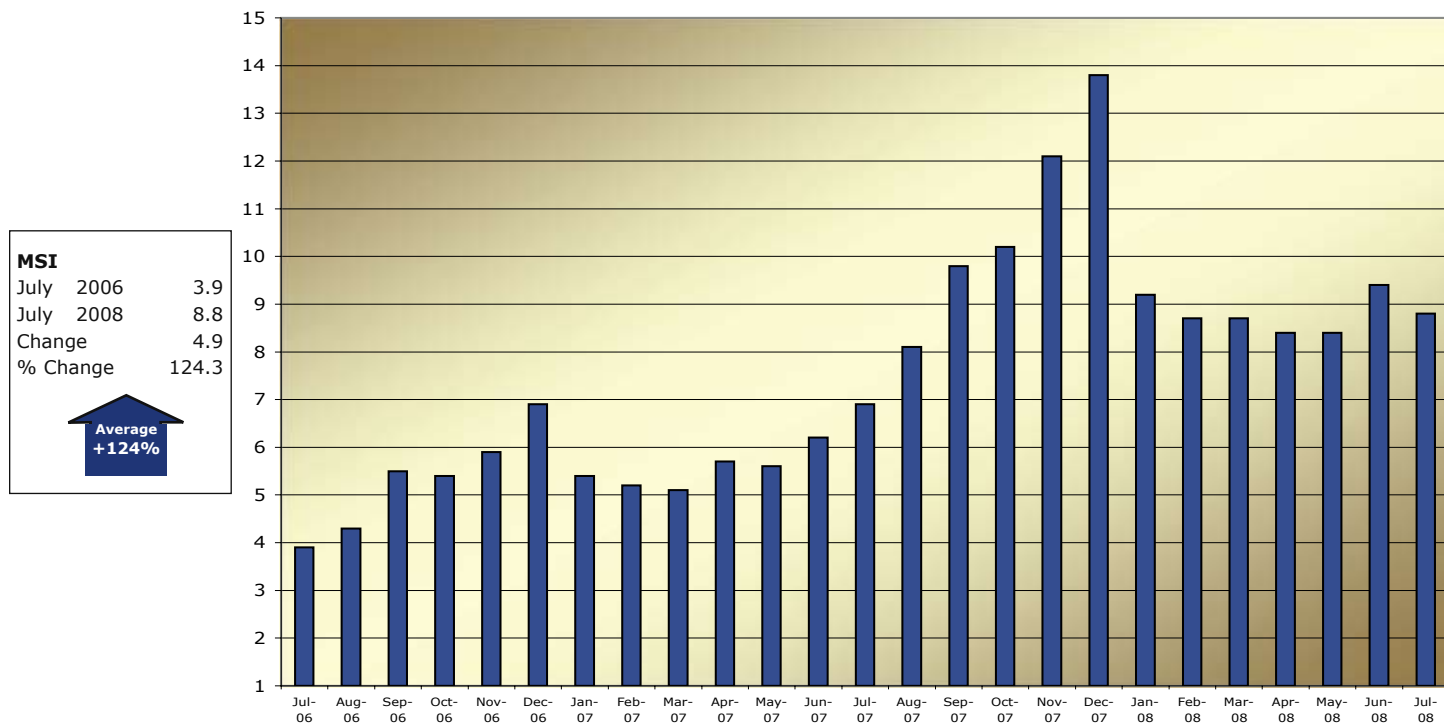
Average -7%

**Median Price**  
 July 2006 \$199,900  
 July 2008 \$186,000  
 Price Chg -\$13,900  
 % Change -7.0%

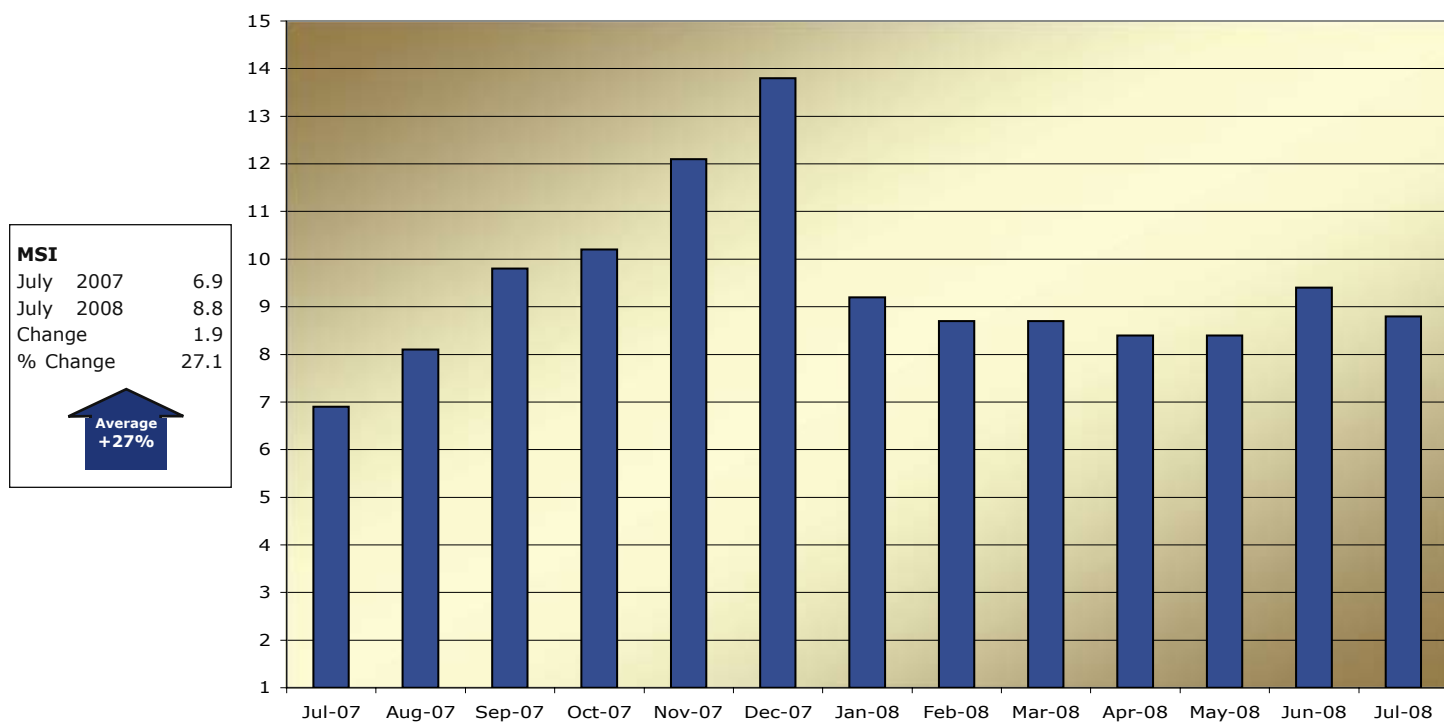
Average -7%

Information obtained from Broker Metric\*

**Months Supply of Inventory – 2 Years (Monthly) July 2006 - July 2008**

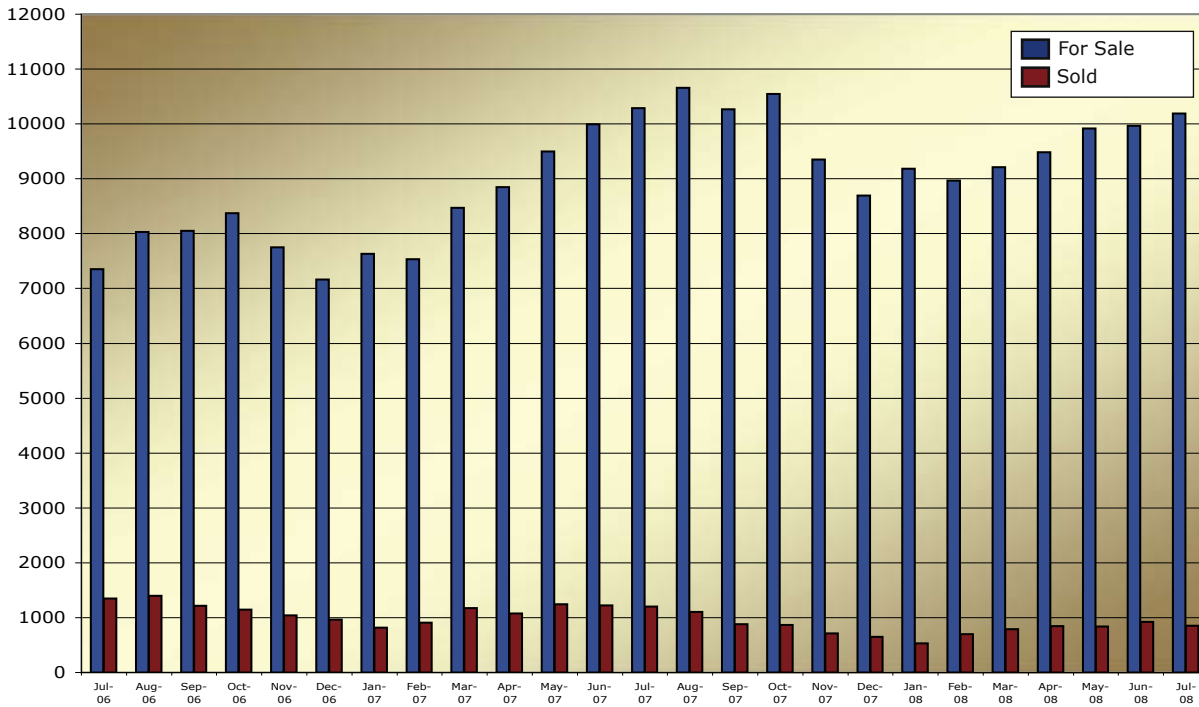


**Months Supply of Inventory – 1 Year (Monthly) July 2007 - July 2008**



Information obtained from Broker Metric\*

### Supply & Demand – 2 Years (Monthly) July 2006 - July 2008



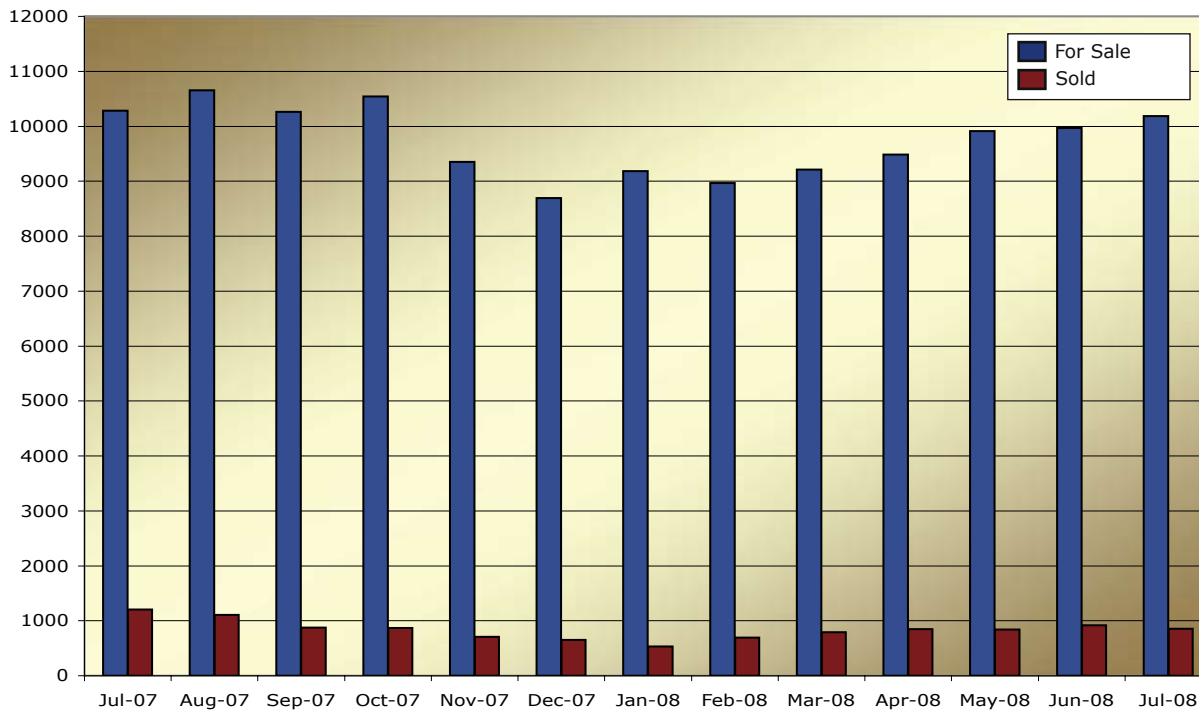
**For Sale**  
 July 2006 7,352  
 July 2008 10,179  
 Change 2,827  
 % Change 38.5%



**Sold**  
 July 2006 1,350  
 July 2008 854  
 Change -496  
 % Change -36.7%



### Supply & Demand – 1 Year (Monthly) July 2007 - July 2008

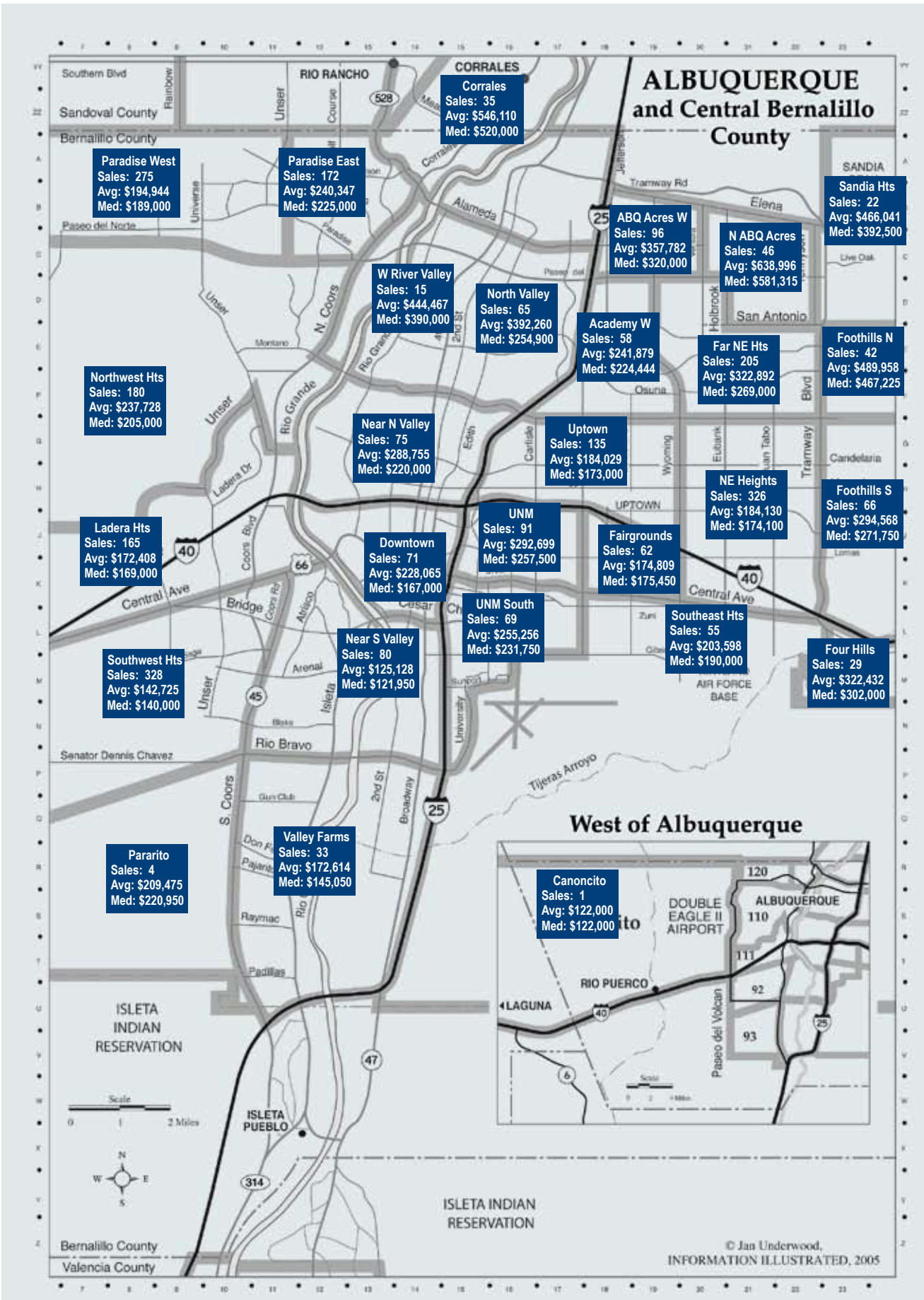


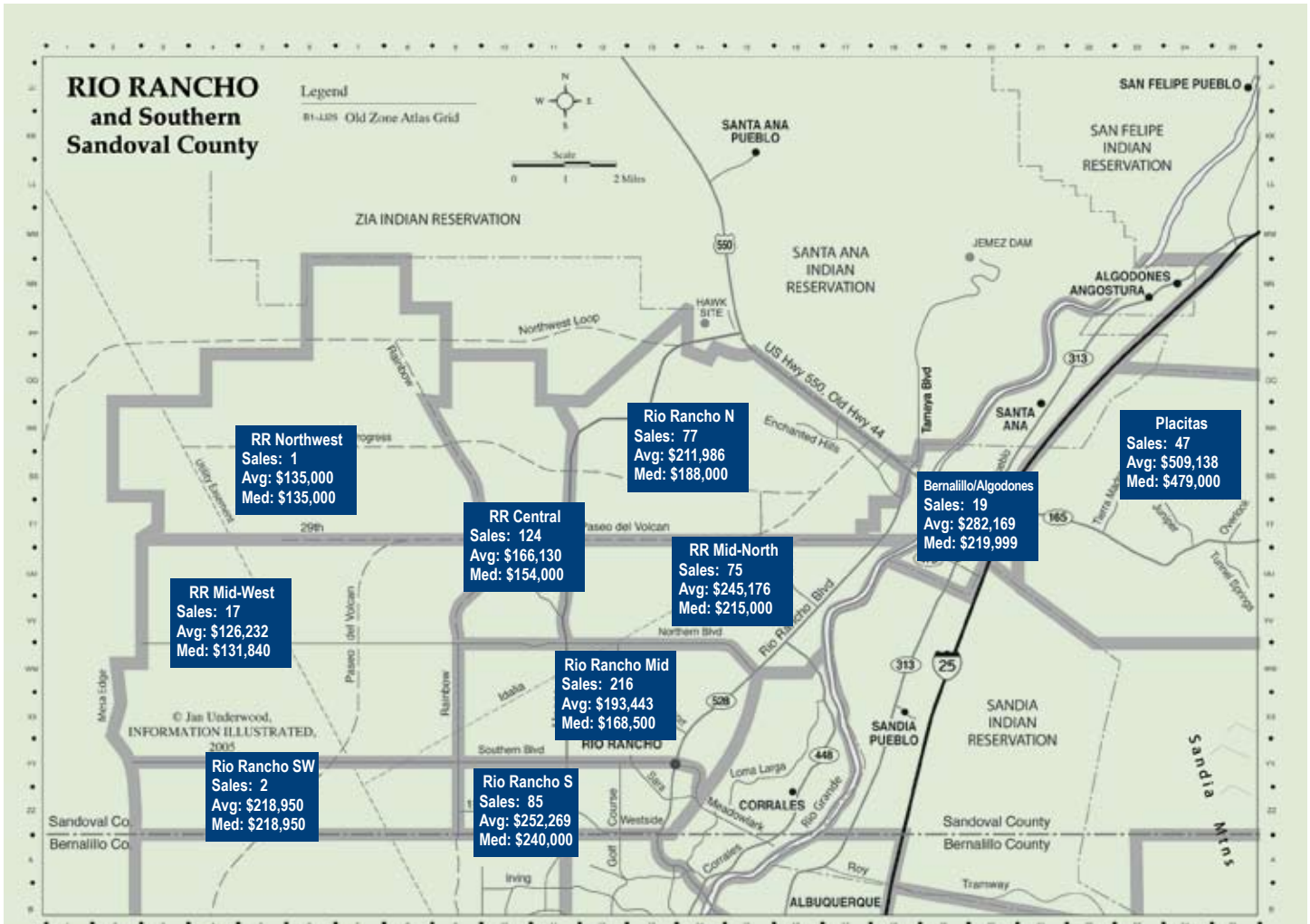
**For Sale**  
 July 2007 10,286  
 July 2008 10,179  
 Change -107  
 % Change -1.0%



**Sold**  
 July 2007 1,202  
 July 2008 854  
 Change -648  
 % Change -29%

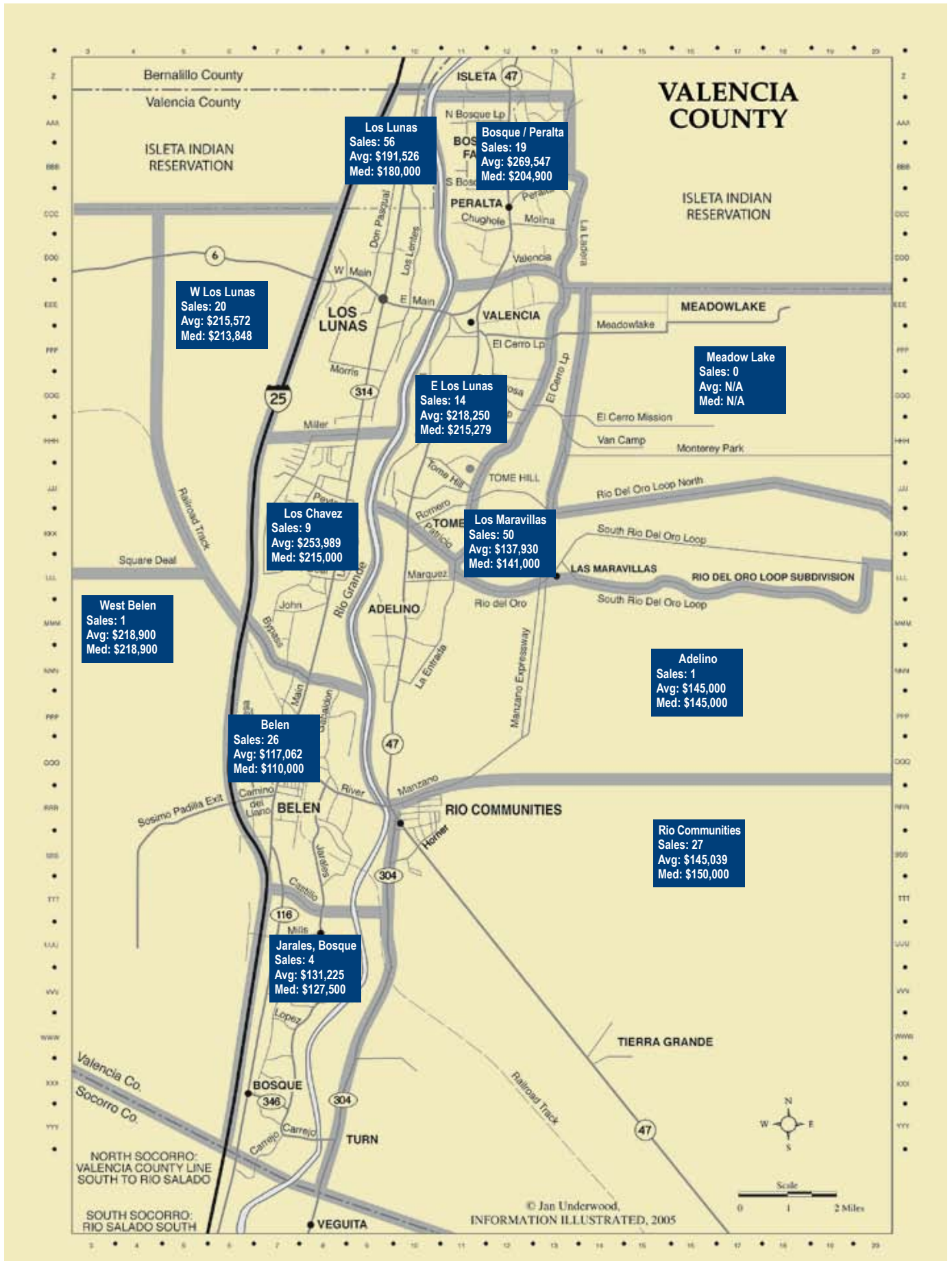


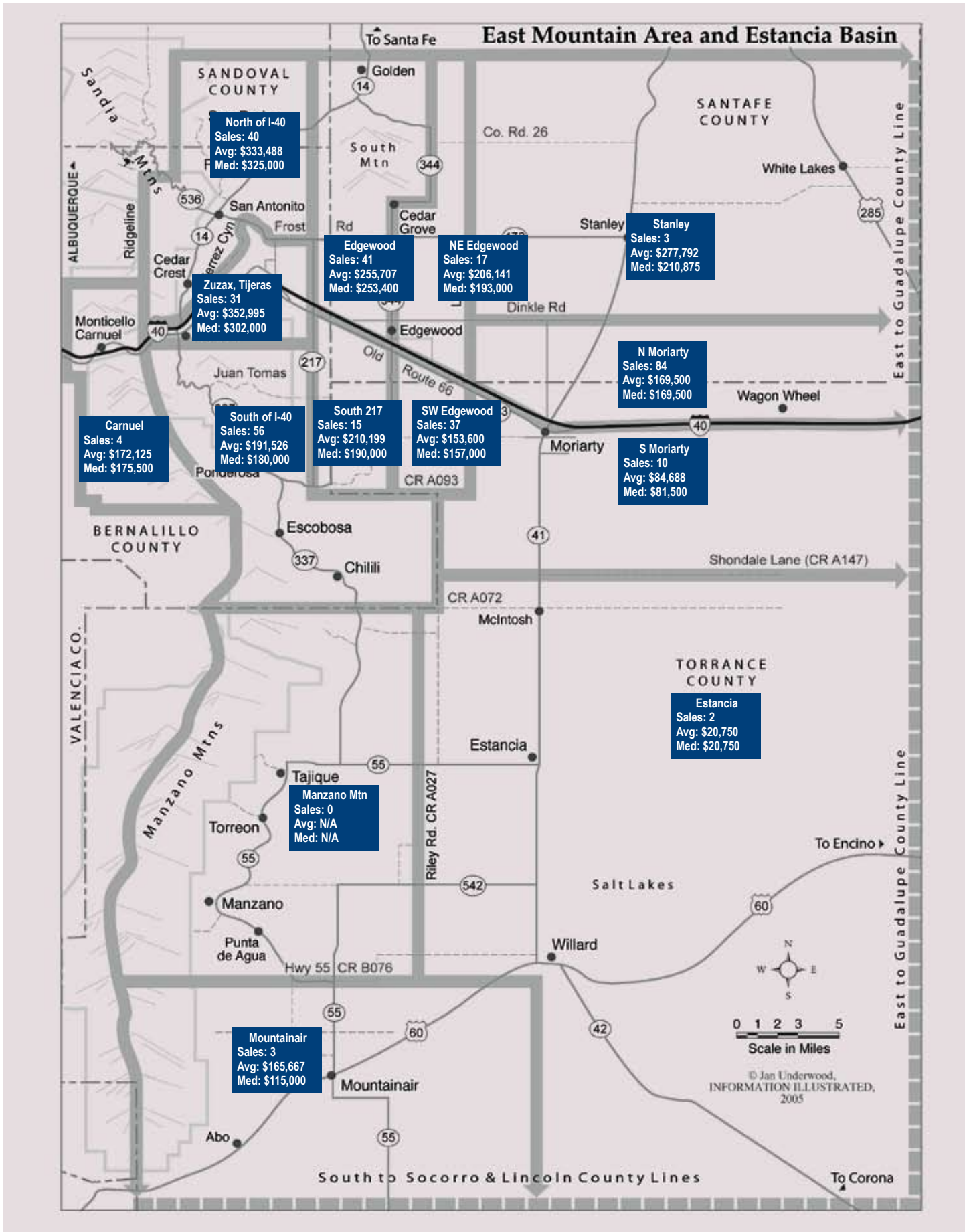




New Coldwell Banker Legacy Rio Rancho office at 500 Unser Blvd. SE







## *Albuquerque— A Sustainable Future and A Solid Investment*

Albuquerque is a great, green place to live and work. The pleasant weather, beautiful vistas and strong economy make Albuquerque the place in the Southwest. It's getting even better considering our city and state leaders' shared, a bold vision to become national leaders in the development and implementation of strategies that ensure energy sustainability through innovative conservation measures and by becoming a major generator and exporter of clean energy.

Albuquerque's leaders have led the charge to guide our community in becoming a national model in energy conservation, clean energy production and sustainable economic development. The city has clear initiatives for recycling, clean air and water, green building practices for all new and remodeled city buildings, "green power", including wind and solar, and alternative powered city vehicles. Also, the Green Building Initiative is a program to encourage residential builders and home buyers to consider "green" building options.

### *Employment in Albuquerque*

The Albuquerque metro area accounts for nearly half of all the economic activity in New Mexico. Employment in wage jobs approaches 400,000 in the Metro. Albuquerque's seasonally adjusted unemployment rate was 4.0 percent in June 2008. The June 2007 unemployment rate was 3.4 percent. The national unemployment rate of 5.0 percent is higher than New Mexico's rate of 3.7 percent. New Mexico added 8,200 jobs between June 2007 and June 2008, and ranked 12th for job growth among the states (data provided by New Mexico Department of Workforce Solutions.) Below are some of the key growth industries or areas for Albuquerque.

#### **Mesa del Sol: The Future of Albuquerque**

The future of Albuquerque's business and residential expansion is closely intertwined with the 20 square mile development on our South Mesa. This mixed use plan calls for a mosaic of businesses, homes, schools, parks, shops, restaurants and open spaces. Two key companies are already there--Albuquerque Studios and Advent Solar. Three more companies—Fidelity Human Resources Services Co., Schott Solar and Sony Pictures Imageworks have committed to join them by 2009. These businesses represent up to 6,600 new jobs for Albuquerque with retail and services needed to support them. Business development like this will support the strength of the existing home market in the near future while fueling new home building in the mid and long term.



#### **Film Industry**

In addition to Albuquerque Studios and Sony Imageworks, Rio Rancho will soon be the home for Lions Gate Studios. Supporting businesses are beginning to move to the Metro Area as well. This industry will continue to grow due to the State and City incentives offered to production groups. Additionally, the Central New Mexico Community College has begun designing programs to train below the line crew, and UNM is developing an interdisciplinary digital/media arts program to support the burgeoning industry.

#### **AeroSpace**

Eclipse Aviation, AeroParts Manufacturing, Aspen Avionics, GE Aircraft Engines, Sun Country Industries, Aero Mechanical Industries, Devore Aviation, Vibrant Corp and the expansion of Double Eagle II Airport represent new and growing aerospace companies in the Metro Area.

#### **Solar Power**

Schott Solar and Advent Solar in Mesa del Sol join Emcore, UniRac, Sterling Energy and several other companies in researching, developing and delivering advanced solar power. This is an industry that clearly supports our sustainability initiatives for the City of Albuquerque.

#### **New Projects**

Qwest Communications downtown Albuquerque office building will get a \$40 million cybercenter. With the center, Qwest's corporate customers will have a secure, controlled environment to store computer equipment and to backup data.

Hewlett-Packard will open a state-of-the-art customer service and technical support center in Rio Rancho in the northwest Metro in 2009. Employment is expected to grow to 1,300 over four years.

## Albuquerque Is In the News

As a place to build personal wealth, Albuquerque ranks fifth among 69 cities - Salary.com's 2008 Salary Value Index, June 2008.

- Named #1 for the Place Where Homes Prices are Likely to Rise – *Forbes*, August 2008
- UNM Anderson School Ranked in Global 100 – *Aspen Institute*, October 2007
- Forbes Ranks Albuquerque #8 in Best Cities for Jobs – *Forbes*, October 2007
- UNM Schools Ranked Among Best – *Hispanic Business*, September 2007
- Albuquerque Named 25th Among America's Hottest Job Markets - *Washington Business Journal (Bizjournal)*, September 2007
- Named Among the 50 Best Adventure Towns – *National Geographic Magazine*, September 2007
- Albuquerque Named #1 City for Climate Protection Program – *U.S. Conference of Mayors*, June 2007
- New Mexico Ranked Fifth Nationally for Manufacturing Momentum – *Business Facilities*, June 2007
- Albuquerque Ranked #9 Among Cities for Most Educated Workforce – *Business Facilities*, June 2007
- New Mexico Ranked #7 for Pro-Business Climate (#1 in the Southwest) – *Business Facilities*, June 2007
- Albuquerque Ranked #2 Arts Destination – *AmericanStyle Magazine*, June 2007
- Albuquerque Named Among the Top 20 Metros for Nanotech – *Wilson Center's Project on Emerging Nanotechnologies*, May 2007
- Albuquerque Named One of the Top 20 Midsize Cities for Doing Business – *Inc.com*, April 2007
- Albuquerque – *Fittest City in the Nation*, *Men's Fitness*, March 2007
- Albuquerque One of America's 50 Hottest Cities – *Expansion Management*, February 2007
- Albuquerque Named a Top 10 City for Movie Making – *MovieMaker Magazine*, Winter 2007
- New Mexico Ranks 8th for Jobs in High-Tech fields – *The 2007 State New Economy Index*, 2007
- Albuquerque Ranked #13 for Business and Careers – *Forbes*, March 2008

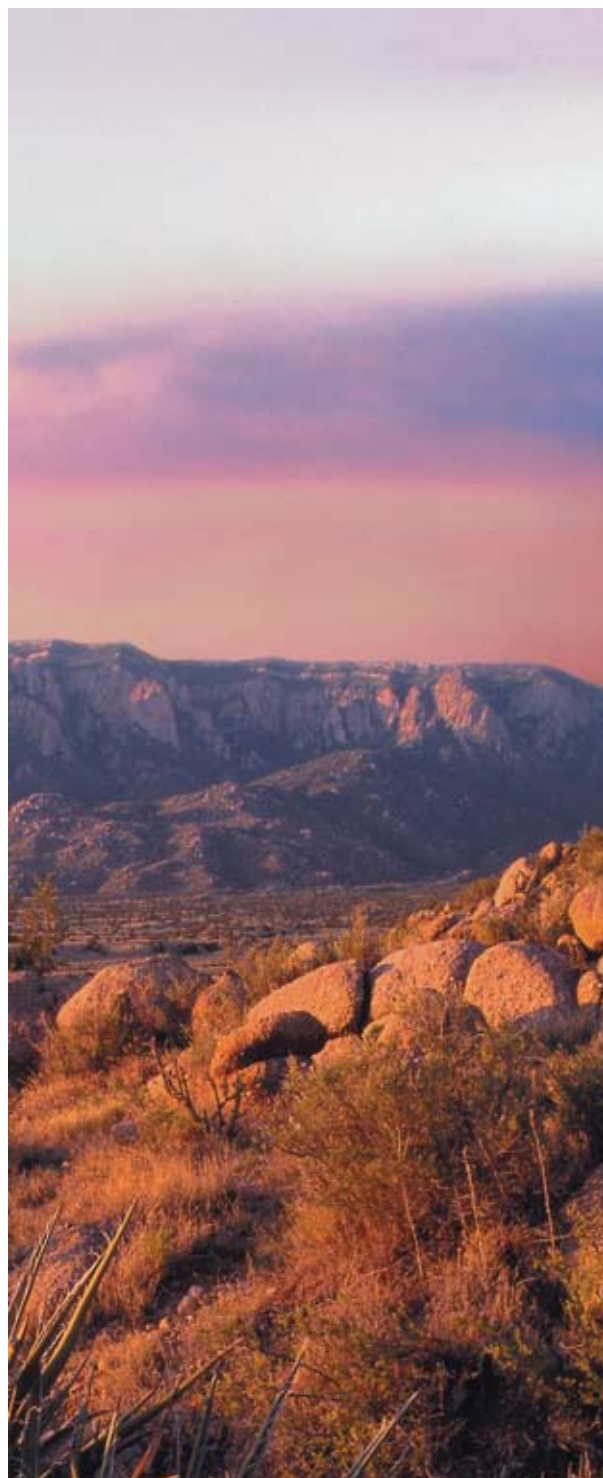
### Useful Websites

Albuquerque Economic Development .....	abq.org
Albuquerque Green .....	abq.org/sustainability
Coldwell Banker .....	coldwellbanker.com
Coldwell Banker Legacy .....	ColdwellBankerLegacy.com
Greater Albuquerque Association of Realtors .....	abqrealtors.com
Housing Predictor .....	HousingPredictor.com
Mesa del Sol .....	mesadelsolnm.com
RealtyTrac .....	realtytrac.com



## Top 11 Reasons it's a Good Time to Buy Real Estate

1. **Selection, Selection, Selection.**
2. **Reduced Competition.** You will find relatively little competitive bidding for property.
3. **Make An Offer.** Sellers are more willing to negotiate with buyers than in the past. However, average sales prices are only about 3% below average list price.
4. **Patience Is Allowed.** Have you looked at a couple of homes that you like? It's okay to take a breath and weigh your choices before writing that offer.
5. **Due Diligence is Welcomed.** Go ahead, request all the necessary inspections. Sellers know they need them in this market. (Some may already have them.)
6. **Go Ahead and Request Repairs.** If you received the inspection reports back with recommended repairs, negotiate with the seller to get them resolved. It never hurts to ask.
7. **Plenty of Spec Homes.** While new home construction permits have slowed, there are still plenty of new homes waiting for buyers.
8. **Continued Appreciation.** The Albuquerque market is one of the strongest in the nation. Take advantage and buy now before all those movie folk start moving in.
9. **Financing is Available.** NINJA (No Income, No Job or Assets) loans are gone. Fixed rates and low interest rates are back. And there are still products for veterans, first time buyers, teachers, nurses, firefighters and police officers.
10. **Location, location, location!** Look for homes in areas that are convenient to your lifestyle. Would you like to be closer to work, school, open space or transit lines? Don't wait, start looking. Go to [ColdwellBankerLegacy.com](http://ColdwellBankerLegacy.com) to begin your search.
11. **Recently Passed.** As part of the "Housing and Economic Recovery Act of 2008" that was recently signed into law, Congress has created a new, temporary federal income tax credit to provide an incentive for first-time homebuyers. The amount of the federal tax credit is for 10% of the cost of the home, up to a maximum credit of \$7,500. In essence, this is an interest-free loan that enables consumers to receive a tax credit on a dollar-for-dollar basis on their personal income tax return in the calendar year following the year of closing on their home.



10400 Academy Rd. NE  
Albuquerque, NM 87111  
(505) 293-3700

10300 Cottonwood Park NW  
Albuquerque, NM 87114  
(505) 898-2700

1775 Main St. NE  
Los Lunas, NM 87031  
(505) 865-5500

12500 Montgomery NE, Suite 151A  
Albuquerque, NM 87111  
(505) 298-1600

6767 Academy Rd. NE  
Albuquerque, NM 87109  
(505) 828-1000

12042 North Highway 14  
Cedar Crest, NM 87008  
(505) 821-0000

2400 Rio Grande Blvd. NW  
Albuquerque, NM 87104  
(505) 244-1600

ColdwellBankerLegacy.com  
1-800-866-8700

8200 Carmel Ave., Suite 103  
Albuquerque, NM 87122  
(505) 292-8900

617 West Santa Fe Ave.  
Grants, NM 87020  
(505) 876-2222

500 Unser Blvd. SE  
Rio Rancho, NM 87124  
(505) 892-1000

