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N.M.'s Economy Continues To Buck National Trends

By [Winthrop Quigley](#)

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New Mexico continues to buck national economic trends by posting stronger employment and personal income growth than the rest of the country.

While the national economy registered virtually no growth in nonfarm employment year over year, employment in New Mexico grew 1.1 percent in the 12 months that ended June 30. Personal income in the 12 months that ended March 31 (the most recent period for which income data are available) grew 5.5 percent in New Mexico, compared to 4.8 percent nationally.

Job growth in Albuquerque, hampered by slowing residential construction and job losses in manufacturing, was just 0.4 percent in the 12 months ending June 30.

The scope of state-level job growth "is a little weird," said Lee Reynis, director of the University of New Mexico Bureau of Business and Economic Research. The BBER produces Economy Watch, a quarterly snapshot of state and local economic performance, for the Journal.

New Mexico was able to overcome some serious manufacturing job losses and continued flat performance in the residential construction sector to achieve the growth.

More surprising, Reynis said, is that the second-quarter growth is a reversal of a more than yearlong trend. Year over year job growth was an anemic 0.6 percent in the first quarter of 2008 and the rate of growth had been declining every quarter since late 2006.

"There continue to be a number of sectors that are doing fine," Reynis said. The health care and social assistance sectors of the economy added 3,800 jobs in the 12 months ending June 30. Local government jobs grew 1.9 percent in the period, most of the growth thanks to Indian casino hiring. Indian casinos are tribal government-

operated enterprises, so casino jobs are classified as government hiring.

Information sector hiring was up 1,300 jobs year over year. Some of the hiring was in call centers, but film production contributed a good share of jobs, Reynis said. She added that film production is probably a bigger contributor to the economy than the hiring numbers show. A lot of the production workers hired locally are self-employed, so their activity isn't completely captured in payroll data, Reynis said.

Construction continues to be the economy's weak spot. Reynis said statewide job growth in the construction sector year over year was a paltry 300 jobs. In the heady days of early 2006 construction was adding thousands of jobs, she said.

Still, even that performance is an improvement on recent activity. It's the first time the sector has added jobs in four quarters, Reynis said.

Commercial construction is propping up the sector, she said. The value of residential building permits issued statewide and in Albuquerque have declined each quarter year over year for almost two years.

One slightly positive note in an otherwise dismal housing sector picture is residential real estate prices in Albuquerque, Reynis said. The Albuquerque Board of Realtors reports that home prices shrank 6 percent between August of 2007 and 2008. "We have seen nothing like Las Vegas or Phoenix or Tucson, which have had plunging home prices for some time now," she said. "We also didn't see 40 percent increases in prices."

Manufacturing employment statewide is down 2,000 jobs in the 12-month period, hit by reductions at major employers like Intel. Job growth in the mining sector, which includes oil and gas extraction, has been flat.

Reynis is sceptical of the amazingly low unemployment rates for Albuquerque and New Mexico, which are 3.8 percent and 3.9 percent respectively. Unemployment rates are based on surveys of people who say they are actively looking for work. When people stop looking for work because jobs in their field are impossible to find, they are excluded from the calculation, which skews the rate downward.

Reynis expects the state and local economies to continue to outperform the national economy, but growth will remain sluggish.

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