



# New Mexico continues to Recover: Las Cruces Stalls

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# Economic Recovery

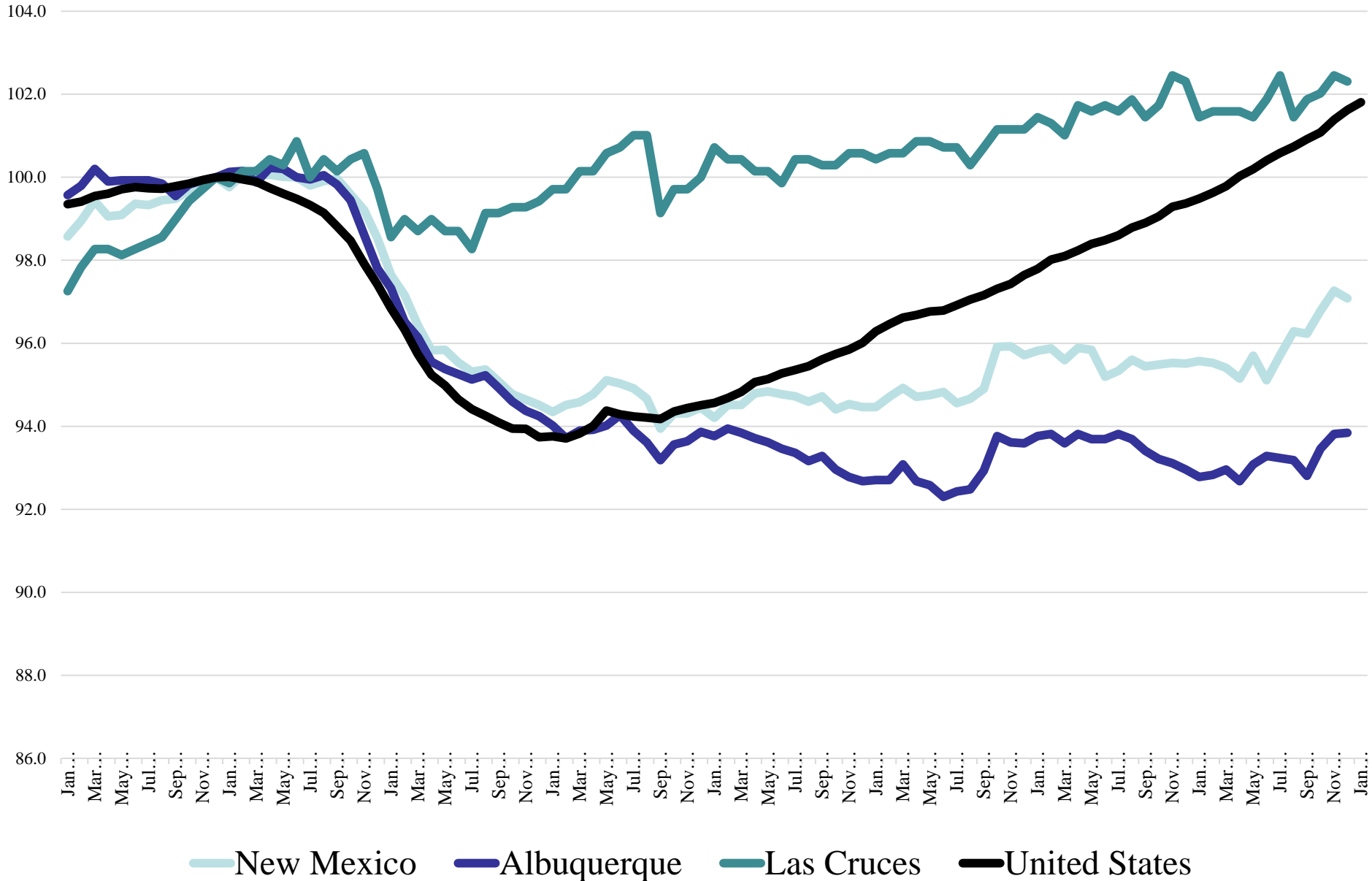
- Business Cycles associated with financial crisis, on average, last twice as long as typical cycles
- Recovery from a financial crisis is also slow, as we are experiencing
- National recovery right on track

# NM Recovery

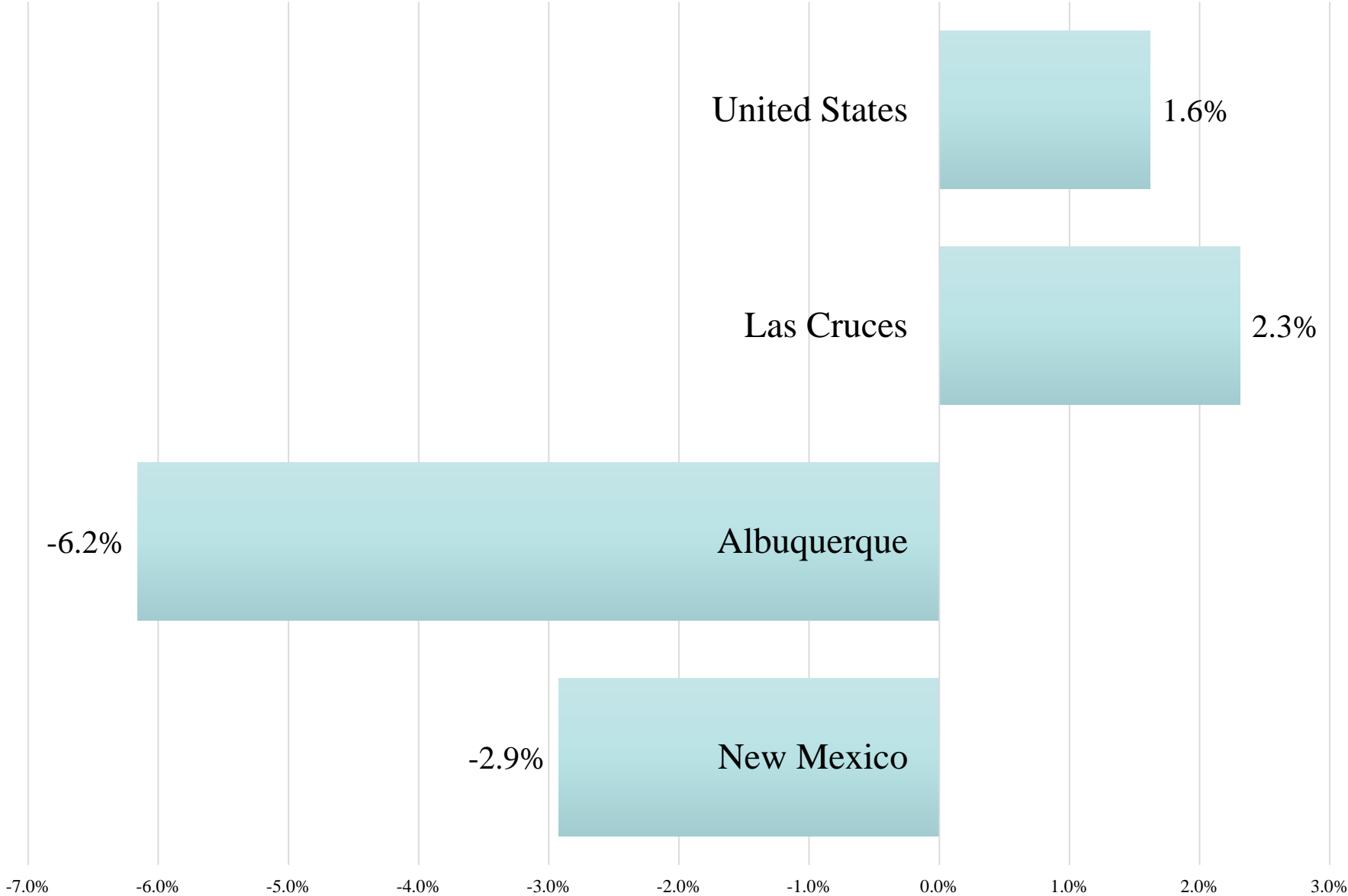
- Recovery is shakier in NM
  - Albuquerque is seeing problems in particular
- Las Cruces never really suffered from the deep recession experienced elsewhere
  - Thanks to federal employment

# Employment since the Recession

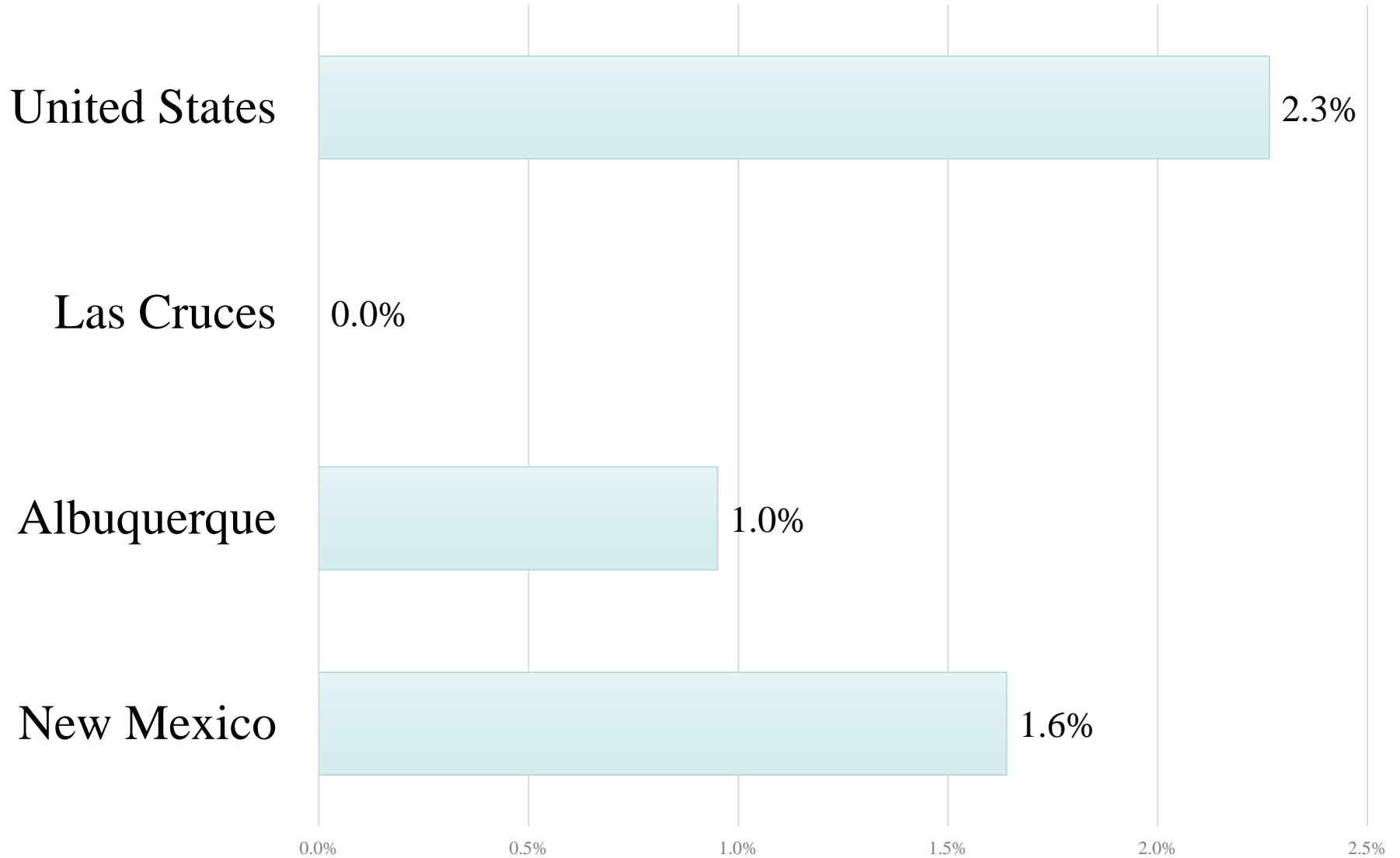
## December 2007 = 100



# Employment Growth since December 2007



# Employment Growth Last Twelve Months December 2013 to December 2014



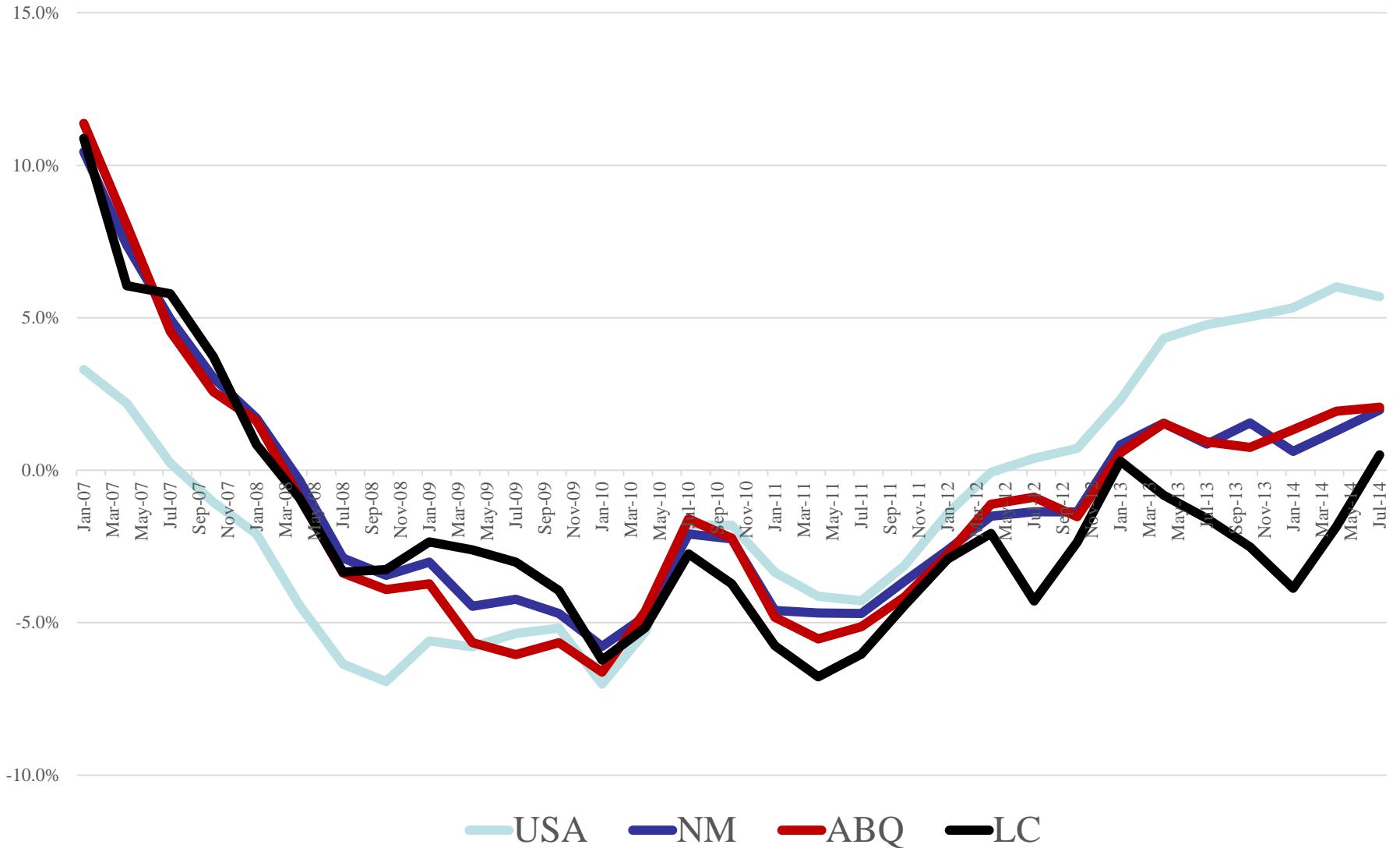
# Construction and Real Estate

- Construction and real estate continues a weak sector
  - The bursting of the housing bubble, of course, is what caused the recession
  - Recovery is slow in coming

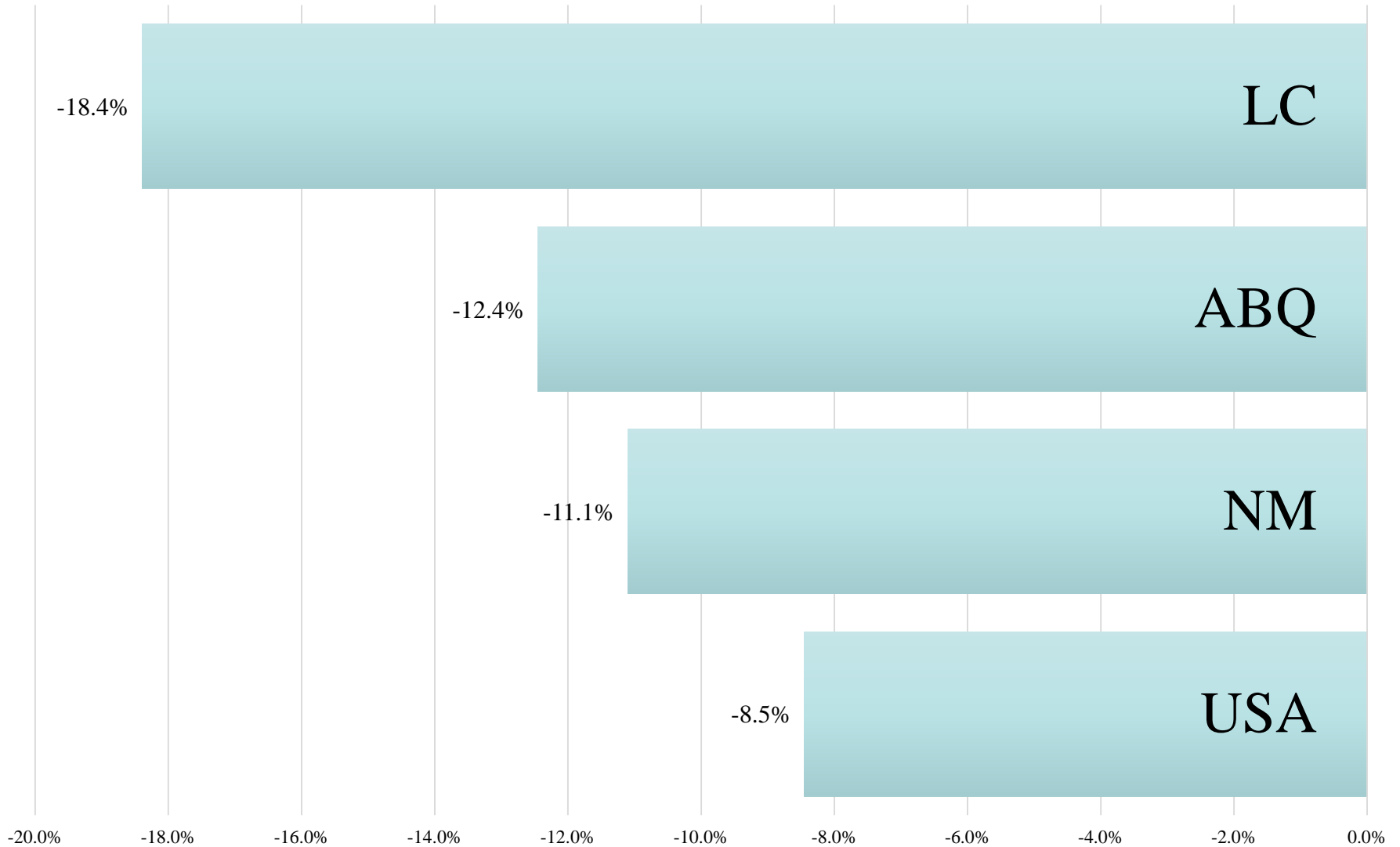




# Changes in Housing Prices Year-over-Year



# Decline in Housing Prices Since 2007 Q1

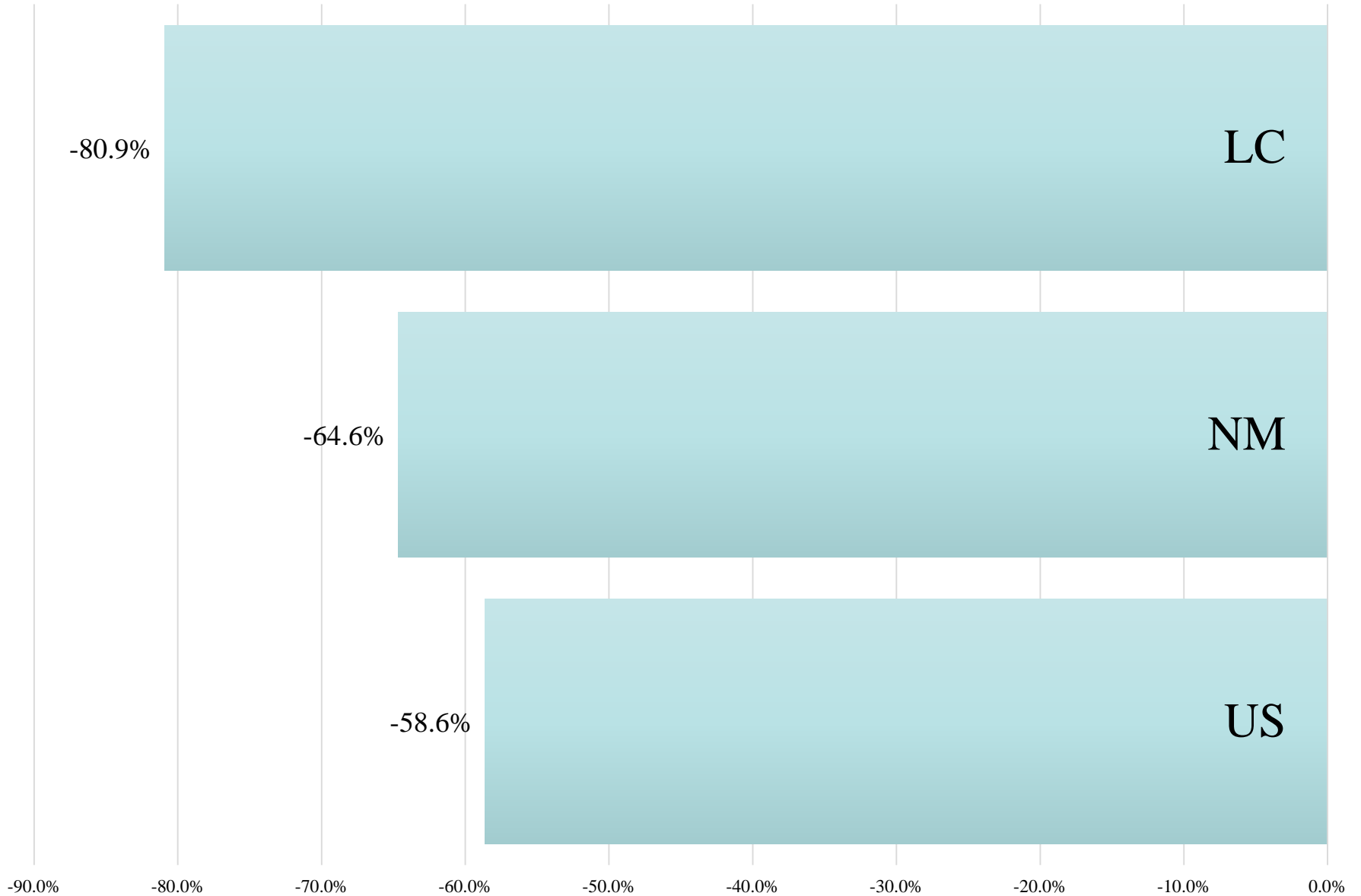


## Las Cruces Area - Percentage of New-Home Sales

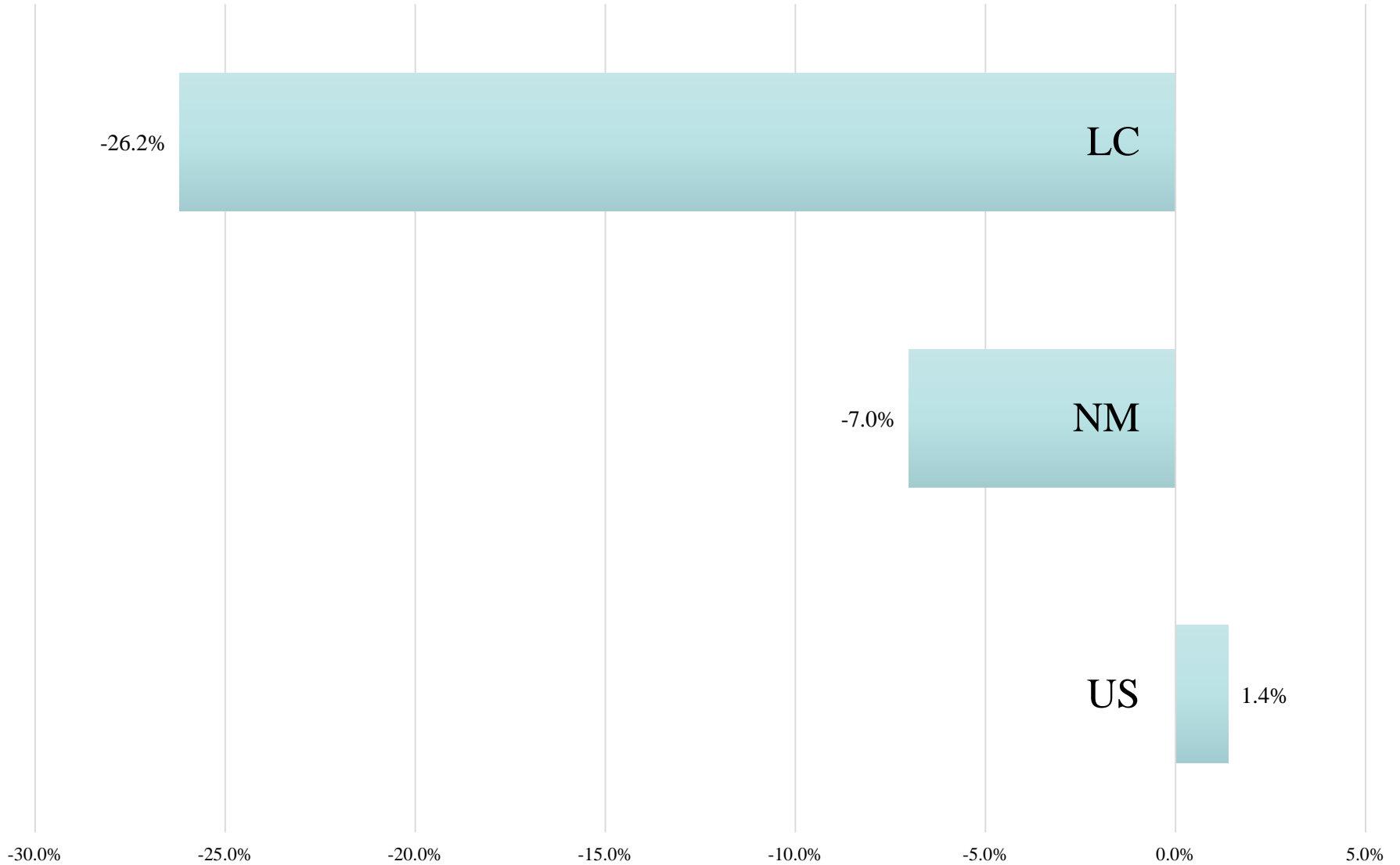
Year	# Sales	# New	% New	Avg Price	Med Price
2006	2303	615	26.7%	\$254,155	\$219,500
2007	1909	717	37.5%	\$248,061	\$203,000
2008	1312	405	30.9%	\$235,309	\$188,000
2009	1295	309	23.8%	\$200,834	\$162,500
2010	1152	251	21.8%	\$185,568	\$161,950
2011	1024	160	15.6%	\$181,407	\$161,250
2012	1256	146	11.6%	\$177,211	\$157,000
2013	1327	152	11.5%	\$198,553	\$175,000
2014	1388	127	9.1%	\$207,163	\$192,195

Source: Las Cruces Association of Realtors 02/07/2015

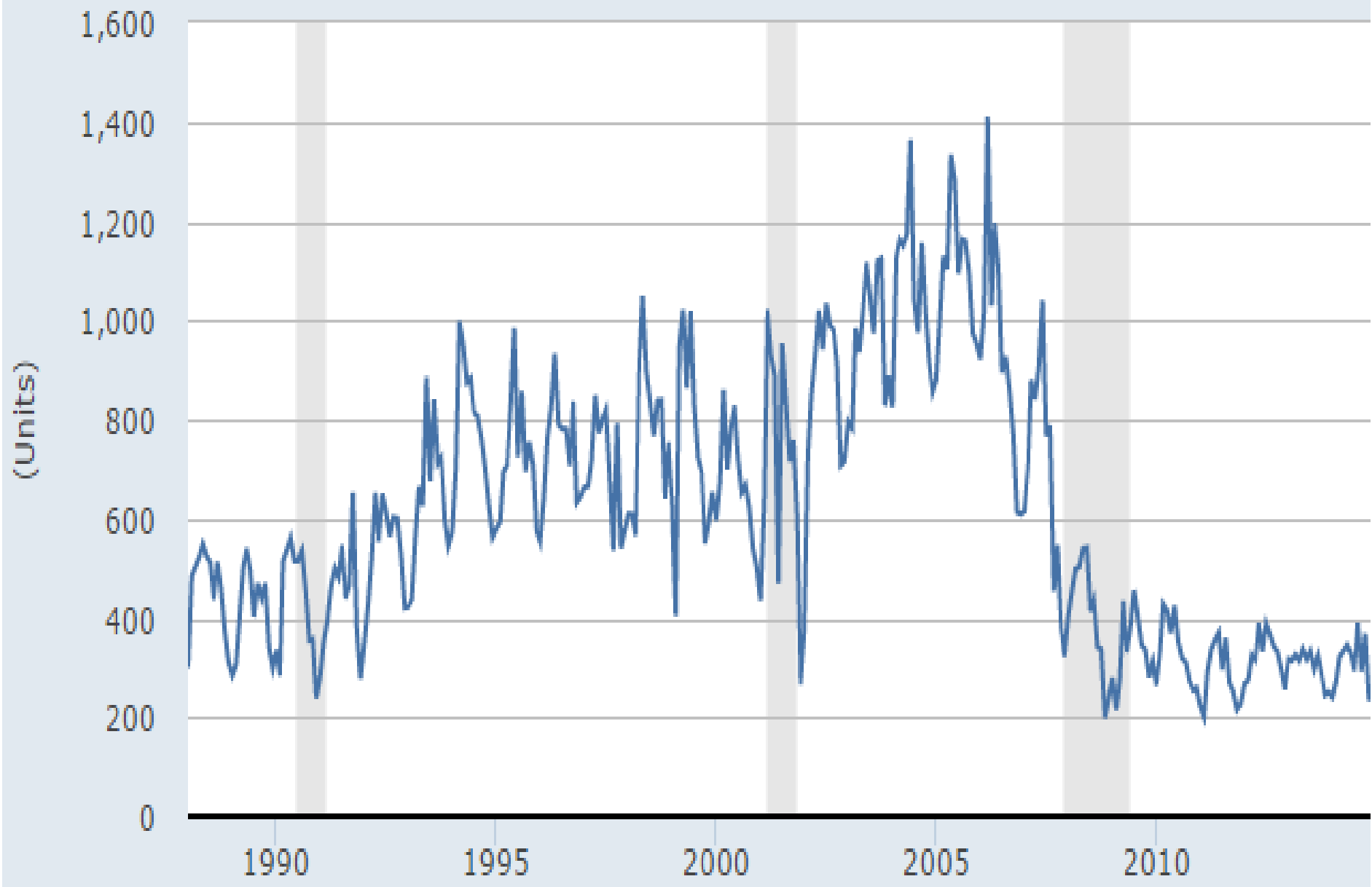
# Change in Housing Permits since 2006



# Changes in Housing Permits Issued 2014 compared to 2013

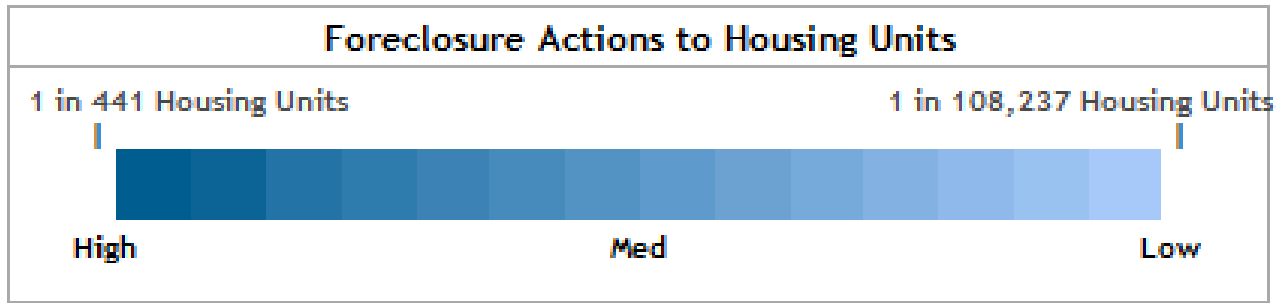
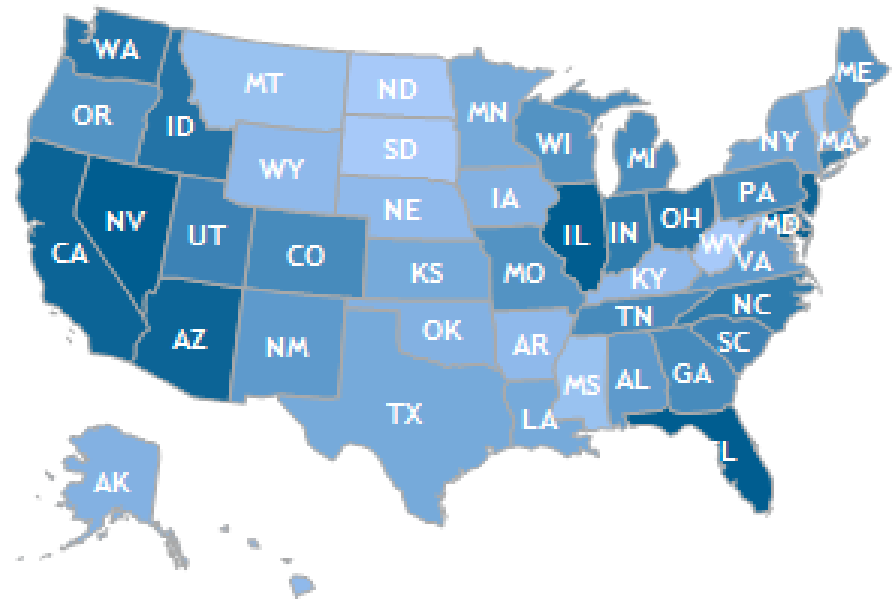


— Privately Owned Housing Starts Authorized by Building Permits: 1-Unit Structures for New Mexico

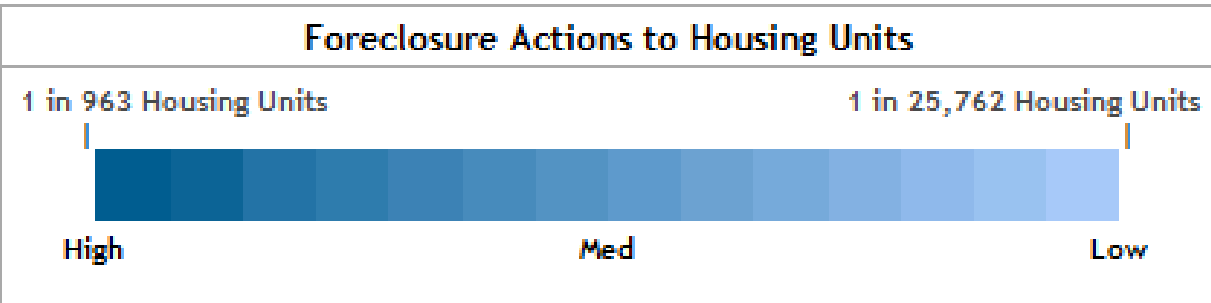
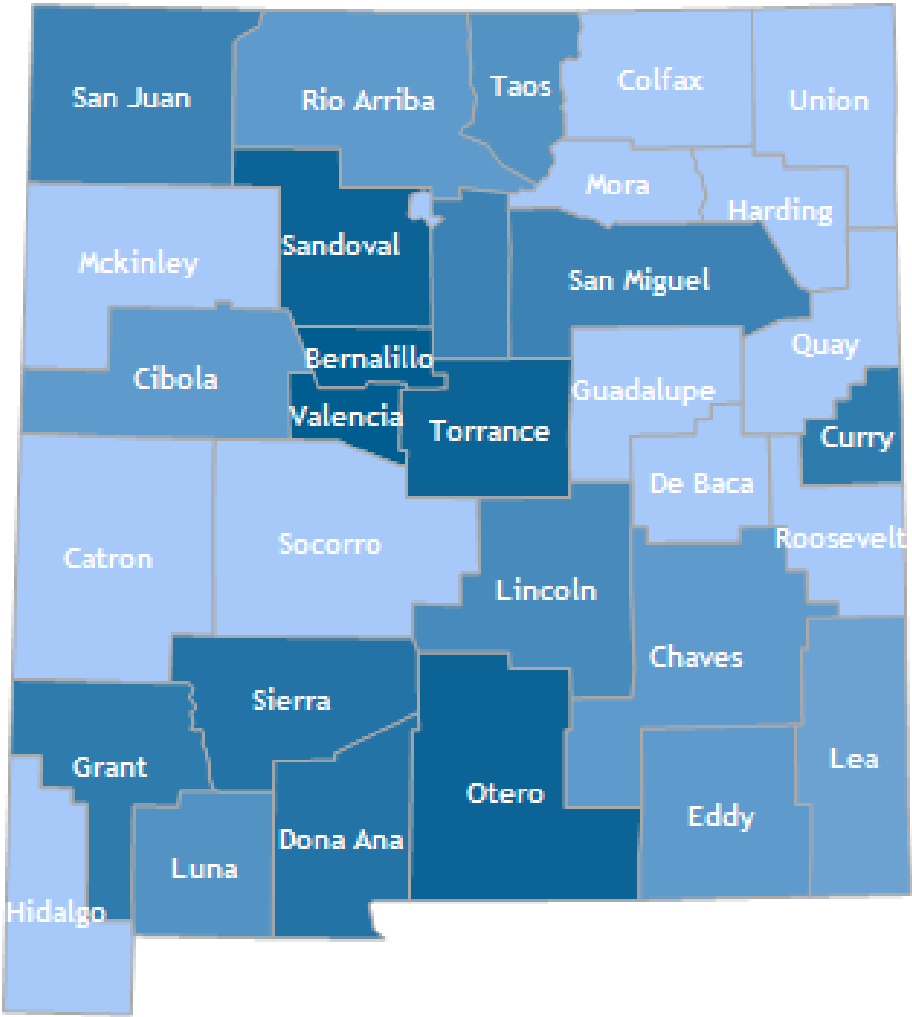




United States: 1 in 1102

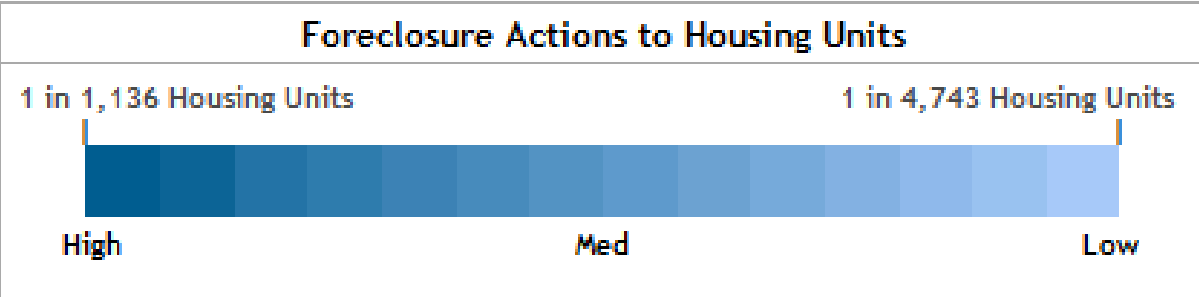
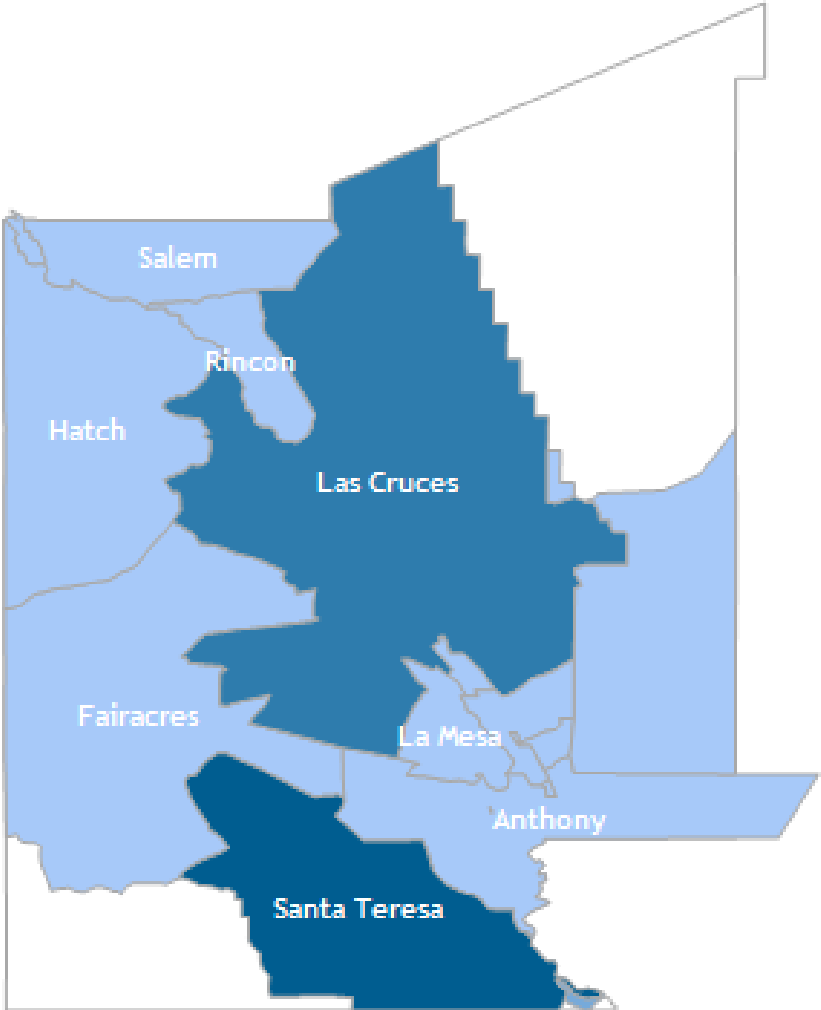


New Mexico: 1 in 1932

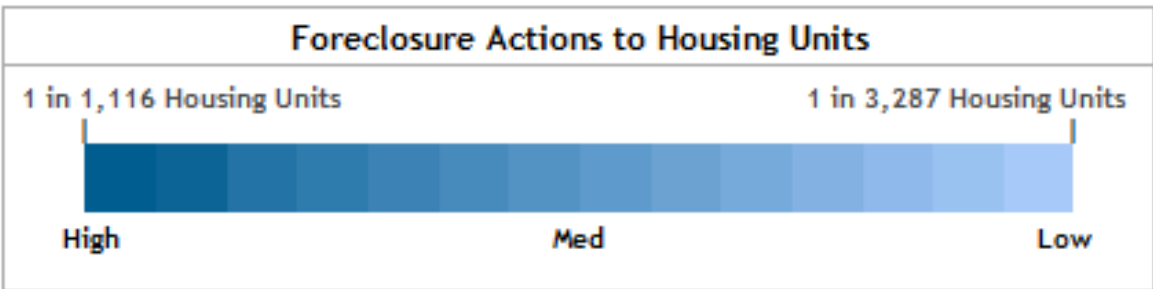
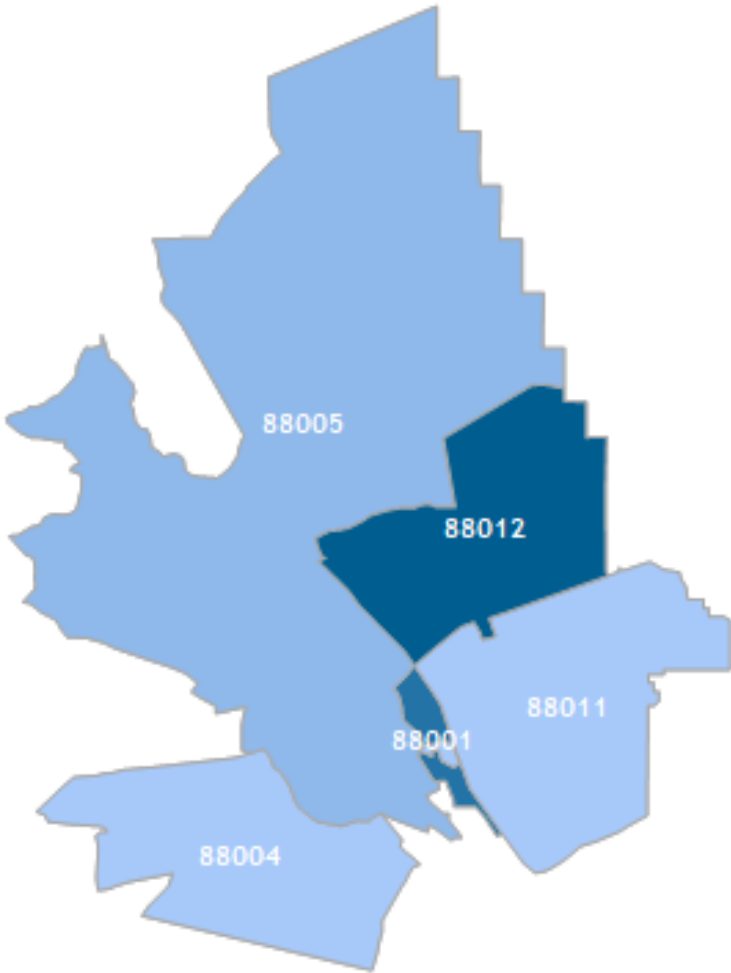




Dona Ana: 1 in 2024

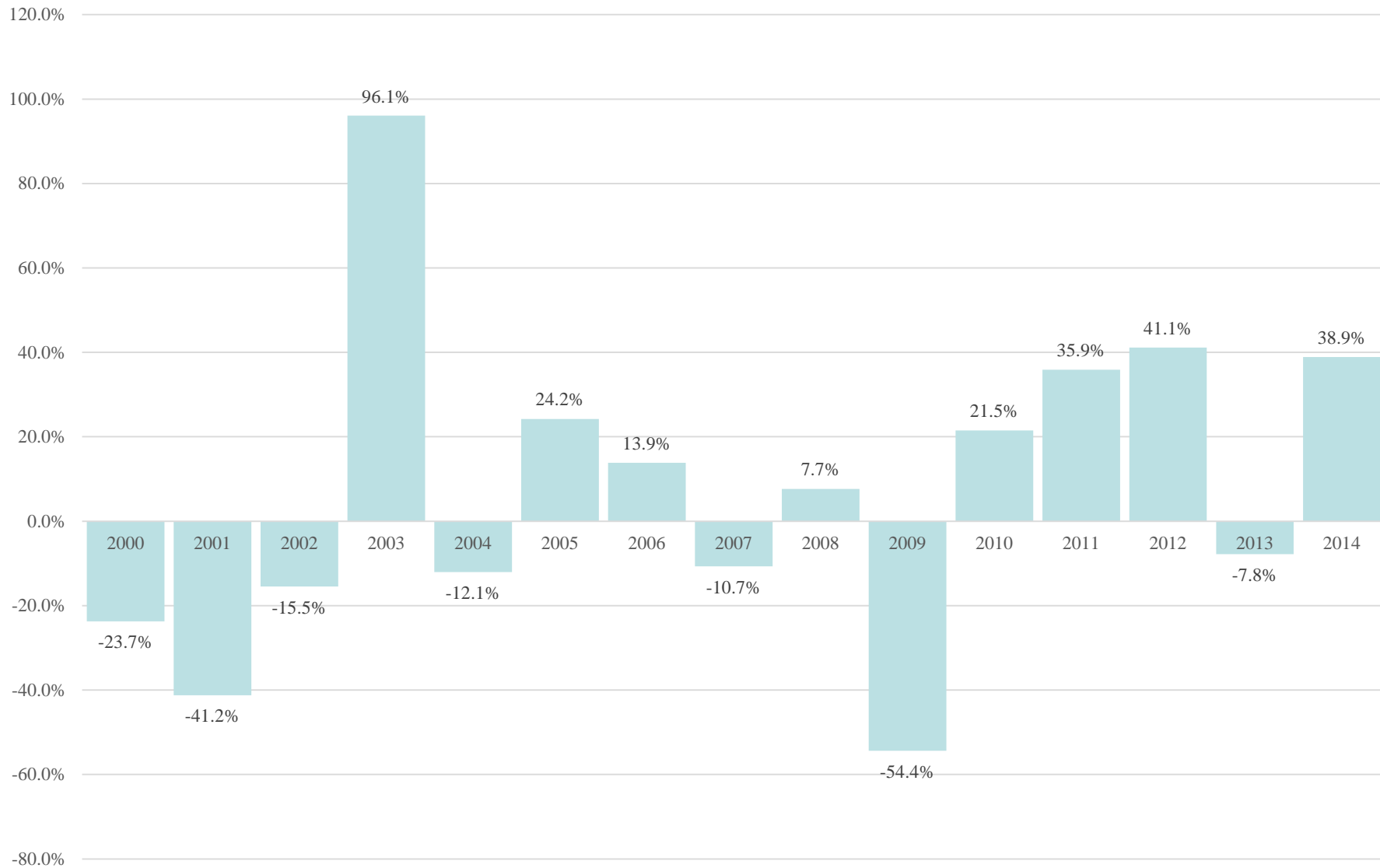


Las Cruces 1 in 1941

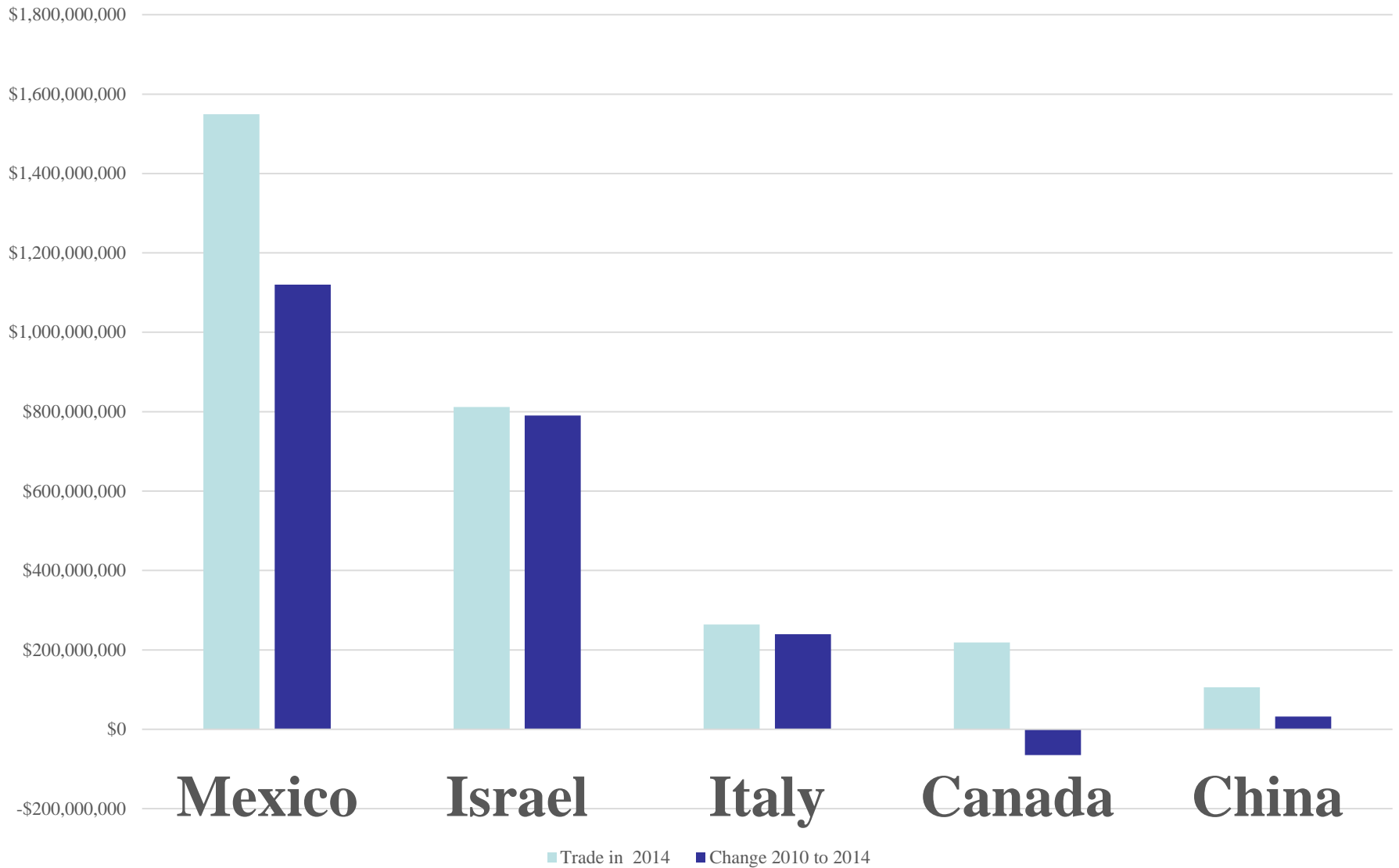


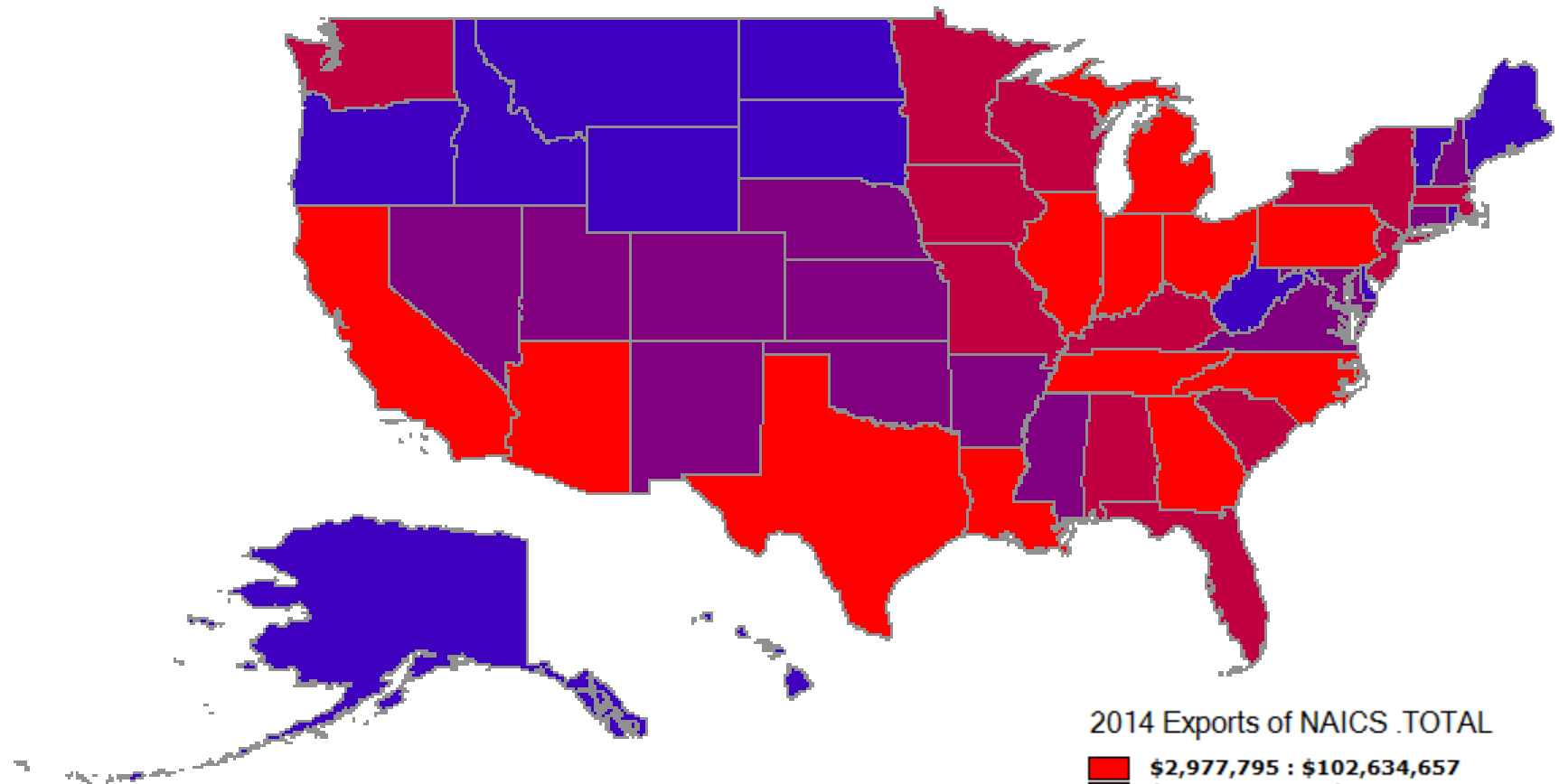


# New Mexico Goods Exports Percentage Change

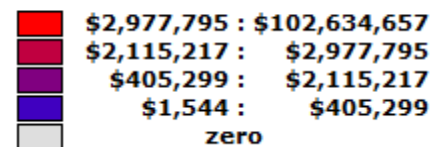


# New Mexico's Major Trading Partners 2014



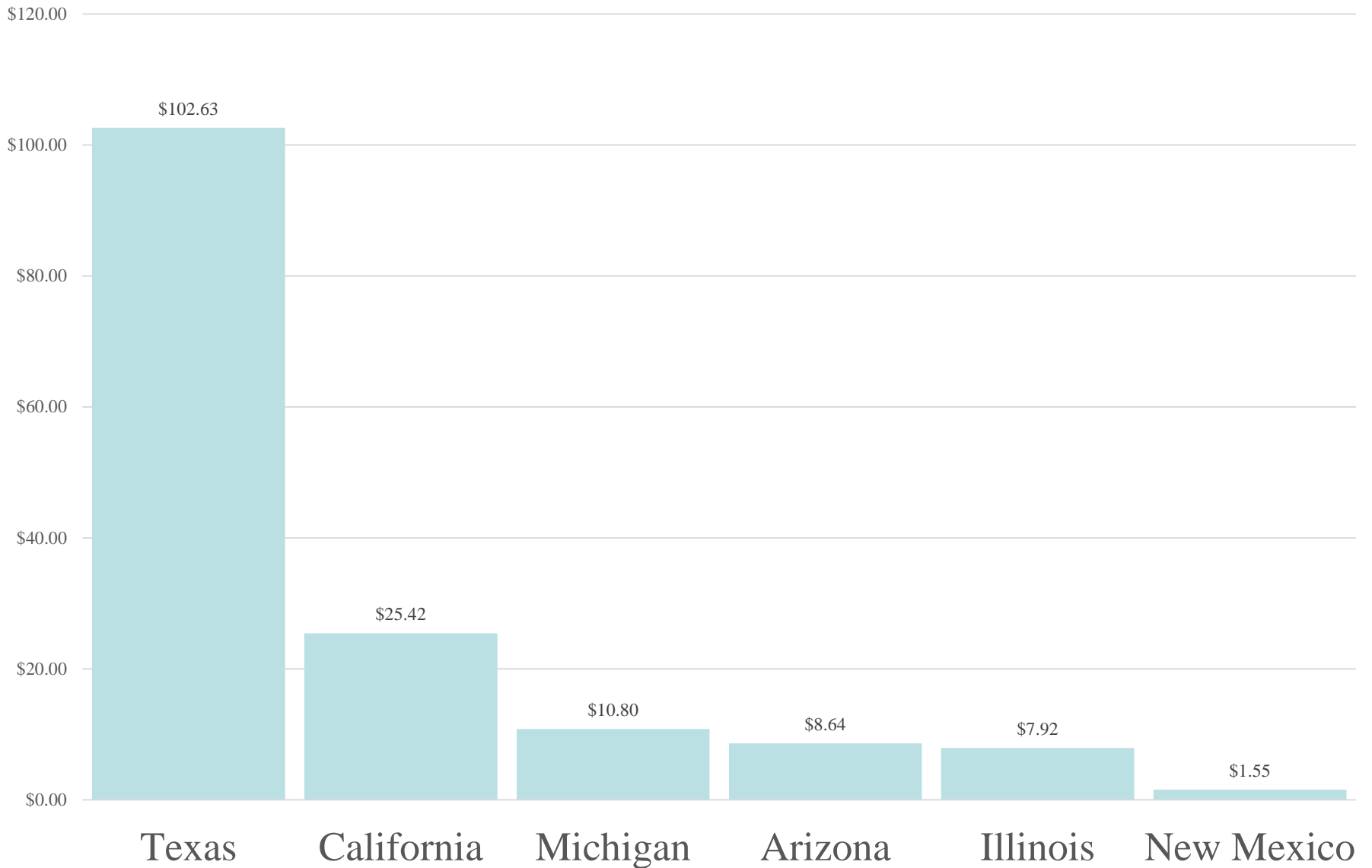


2014 Exports of NAICS .TOTAL

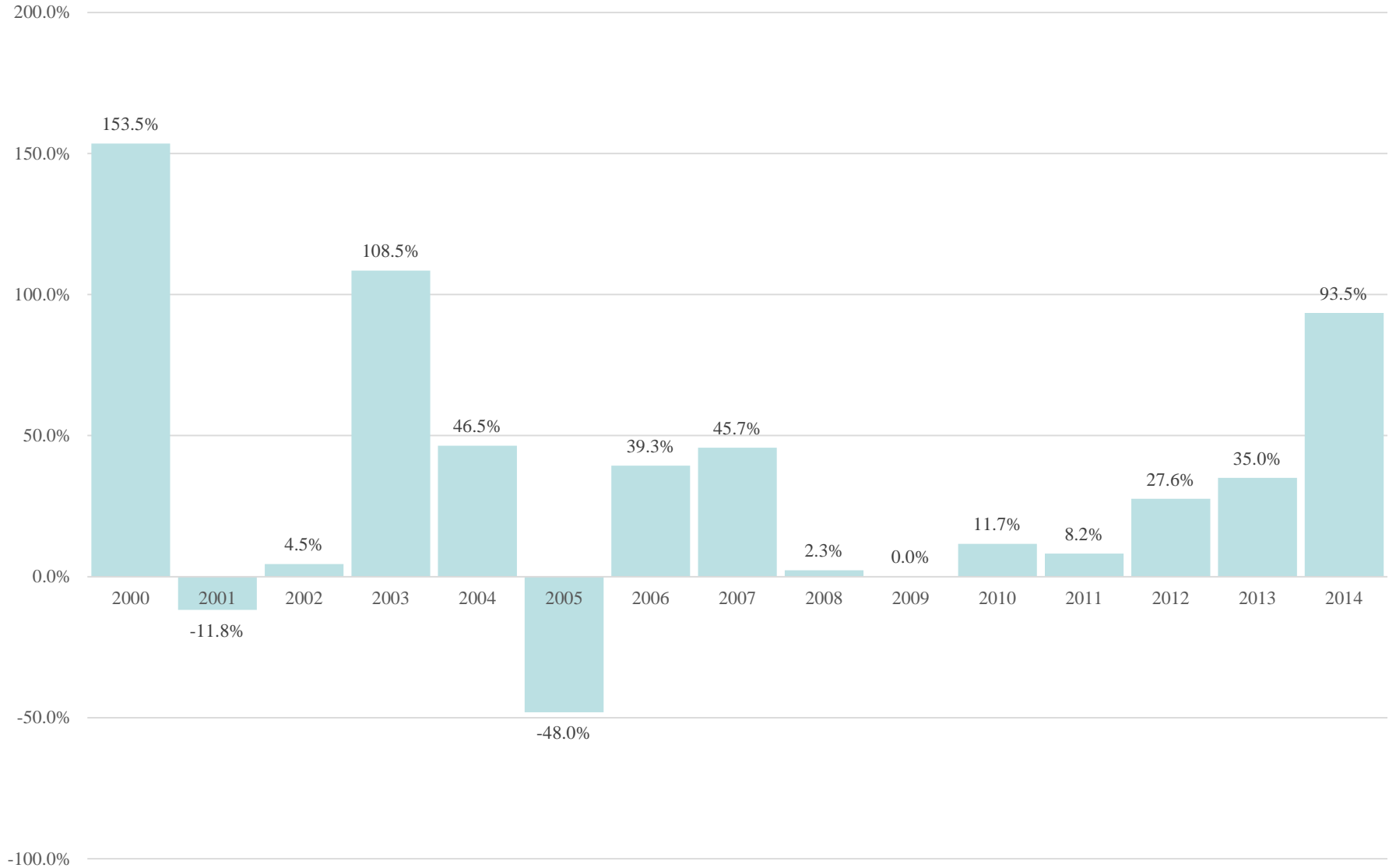


# Exports by State to Mexico, 2014

## Billions of \$



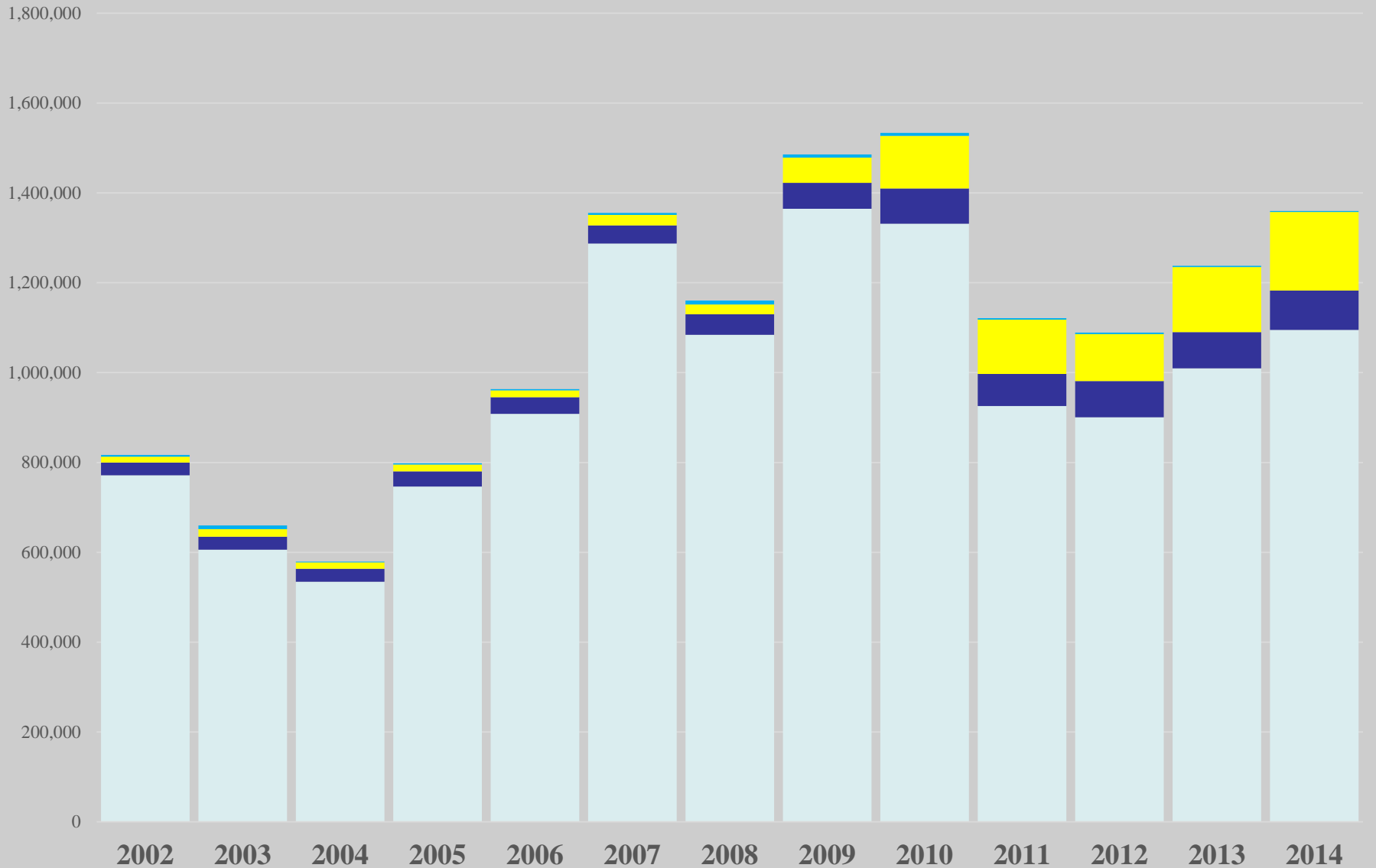
# New Mexico Goods Exports to Mexico Percentage Change



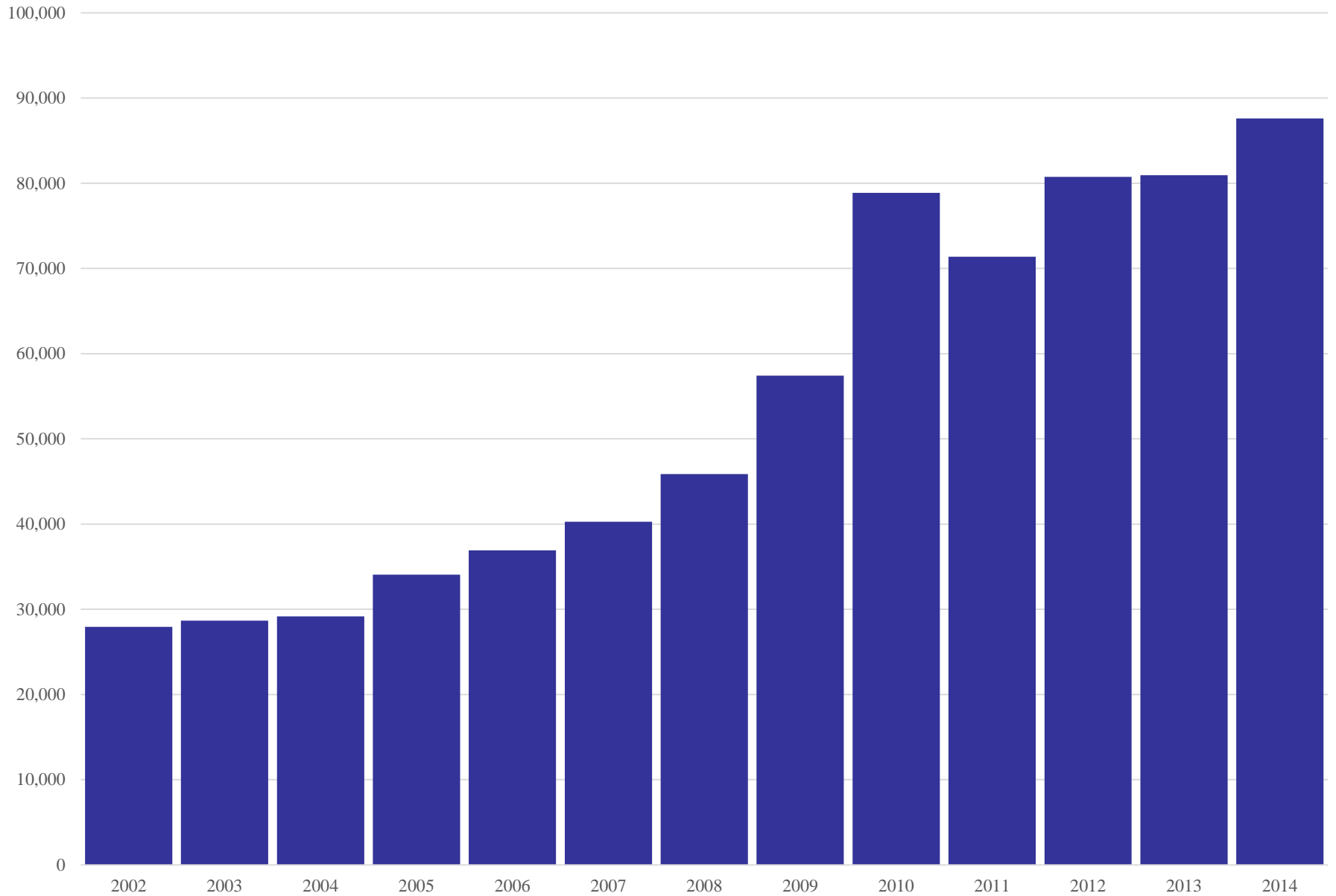


# Santa Teresa Crossings

Personal Vehicle Passengers   Trucks   Pedestrians   Bus Passengers



# Santa Teresa Truck Crossings



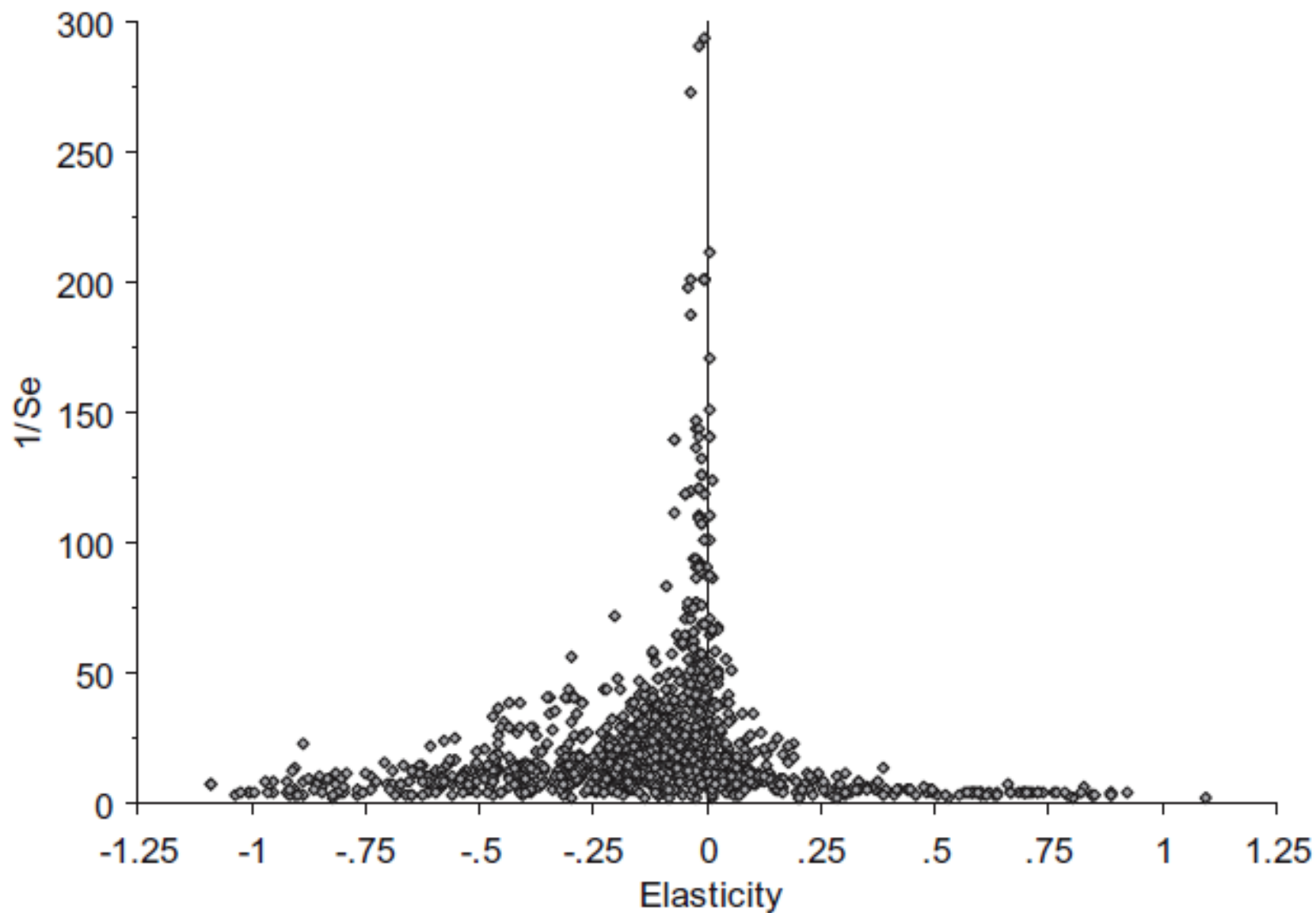
# Minimum wage

- New Mexico
  - Regular Wage: \$7.50
  - Tipped Wage: \$2.13, but if tips fall short of the minimum wage, the employer has to make up the difference
- National
  - Regular Wage: \$7.25
  - Tipped Wage: \$2.13

# Las Cruces Minimum Wage

- **Regular Wage: \$10.10** effective Jan 1, 2019
  - Phase in: \$8.40 as of Jan 1, 2015; \$9.20 as of Jan 1, 2017
  - Indexed to inflation after starting Jan 1, 2016
- **Tipped Wage: \$4.04** effective Jan 1, 2019
  - Phase in: \$3.36 as of Jan 1, 2015; \$3.68 as of Jan 1, 2017
  - Indexed to inflation after starting Jan 1, 2016

Trimmed Funnel Graph of Estimated Minimum-Wage Effects ( $n = 1,424$ ).



# Likely impact of proposed minimum wage

- Employment effect likely will be small
  - High: 2% less growth over five years
  - Low: No effect
- Small businesses that can't afford higher wages will lose market share
- Large business (Target, Walmart) will gain market share

# Likely impact of proposed minimum wage

- Impact of minimum wage on the standard of living of the working poor also likely to be muted
  - Working poor will receive less in ETC, SNAP, etc.
  - Reduced subsidy to businesses



	<b>Single Earner</b>	<b>Two Earners</b>
	<b>\$7.50 per hour</b>	
Annual Earnings	\$15,660.00	\$31,320.00
ETC	\$5,460.00	\$3,762.00
SNAP	\$350.00	\$0.00
	<b>\$10.10 per hour</b>	
Annual Earnings	\$21,088.80	\$42,177.60
ETC	\$4,777.00	\$1,477.00
SNAP	\$187.00	\$0.00

**Assumption:** Hours Worked: 2088 per year; Rent: \$500 per month; Utilities: \$50 per month; Assets: \$500 cash per earner.



# Strengths

- Real estate/construction lags the national recovery so room to improve
- The main effects of the sequester have already felt
- Border trade should continue to see growth

# Headwinds

- Continued slow growth of federal spending
- Minimum Wage
- Workforce Development
  - 4-Year graduation rate is very low (68.5%)
  - Test scores rank in bottom five states
- Failure of real estate/construction to recover

# Questions

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