New Mexico and Las Cruces Economic Outlook
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WSJ.com - Breaking Bad: New Mexico Looks to Diversify Employer Mix
New Mexico and the Nation

New Mexico per capita income as percent of US per capita income: 1962 to 2012


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NM and the Nation

Percent Change in Per Capita Income: New Mexico and the United States 1962 to 2012

Source: Bureau of Economic Analysis
NM and the Nation

Percent change in Non-farm Payroll Employment: 1970 to 2012
(1,000s of Jobs)

Where are we?

Cumulative change in non-farm payroll employment: NM and US

(1,000s of jobs)

Source: Bureau of Labor Statistics and Author Computations
Breaking Bad?

Percent change in non-farm payroll employment June 2009 to November 2013
Selected States

<table>
<thead>
<tr>
<th>State</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>AZ</td>
<td>4.58</td>
</tr>
<tr>
<td>CO</td>
<td>6.21</td>
</tr>
<tr>
<td>NM</td>
<td>-0.27</td>
</tr>
<tr>
<td>OK</td>
<td>4.17</td>
</tr>
<tr>
<td>TX</td>
<td>9.58</td>
</tr>
<tr>
<td>UT</td>
<td>8.87</td>
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</tbody>
</table>

Source: Bureau of Labor Statistics and Author Computations

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Where are we?

Percent Change in Real GDP 2011-2012: Selected States

Arizona: 2.60
Colorado: 2.11
New Mexico: 0.24
Oklahoma: 2.10
Texas: 4.82

Source: Bureau of Economic Analysis
Where are we?

Months to regain Dec 2007 jobs total
Assuming 1 percent annual growth

- New Mexico: 60.3 months in January 2019
- United States: 8.5 months in August 2014

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NM Employment by Sector

New Mexico Employment by Sector (November 2013)
(1,000s of jobs)

Source: Bureau of Labor Statistics and Author Computations
Employment Change

Change in non-farm employment in New Mexico: Dec 2007 to November 2013
1,000s of jobs

Source: Bureau of Labor Statistics and Author Computations

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Employment Change

Change in non-farm employment in New Mexico: June 2009 to November 2013
1,000s of jobs

Source: Bureau of Labor Statistics and Author Computations
A Leading sector

New Mexico Crude Oil Production: 2000 to 2013
(millions of barrels per year)

2009 = 61.1 mm bbls
2013 = 97.4 mm bbls

Source: Energy Information Administration.
2013 estimated by the author based on production through October 2013
A Lagging sector

New Mexico Government Employment (Federal, State, and Local)
January 2008 to November 2013
(1,000s of Jobs)

Source: Bureau of Labor Statistics
Las Cruces

Non-farm payroll employment in Las Cruces: January 08 to November 2013
(1,000s of jobs, seasonally adjusted)

Source: Bureau of Labor Statistics
Red or Green?

Non-farm payroll employment in Las Cruces and New Mexico: June 09 to November 2013
(1,000s of jobs, seasonally adjusted)

Source: Bureau of Labor Statistics and Author Computations
Las Cruces Employment by Sector (November 2013)
(1,000s of jobs)

Source: Bureau of Labor Statistics and Author Computations
Public sector employment as percent of total
(November 2013)

Median Household Income (2012)

- United States: $51,371
- New Mexico: $42,558
- Dona Ana County: $37,566

Source: American Community Survey (2012, 1 year estimates)
Poverty

Percent of persons below poverty level

United States: 15.9
New Mexico: 20.8
Dona Ana County: 27.1

Source: American Community Survey (2012, 1 year estimates)
Youth Poverty

Percent of persons under age 18 below poverty level (2012)

- United States: 22.6%
- New Mexico: 29.3%
- Dona Ana County: 41.4%

Source: American Community Survey (2012, 1 year estimates)
Educational Attainment

Percent of persons 25 years old and older without a high school diploma 2012

<table>
<thead>
<tr>
<th></th>
<th>United States</th>
<th>New Mexico</th>
<th>Dona Ana County</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012 Percentage</td>
<td>13.7</td>
<td>15.6</td>
<td>21.1</td>
</tr>
</tbody>
</table>

Source: American Community Survey (2012, 1 year estimates)
Southern New Mexico Recent Activity

• Santa Teresa inter-modal facility (Union Pacific)
  – $400 million investment about half completed
  – W Silver recycling and Twin Cities warehousing 70 jobs announced in July
  – 56 room hotel (Oak Tree Inn) and Penny’s all night diner under construction
  – Total employment 2,000 as of July

• SunZia transmission line $1.2 billion??
  – two single-circuit 500 kV AC lines.
  – The controversy?

• Luna County
  – Macho Springs (First Solar) 5mw plant (18k homes)
  – 800 construction jobs?

• Border Zone expansion by Department of Homeland Security
  – From 25 miles to 55 miles No I-94 required
  – $51 million in increased sales and 340 jobs
Southern New Mexico Recent Activity Continued

• Spaceport (Upham)
  – $200 million investment
  – Spacex – three year lease (Grasshopper Rocket testing)
  – Branson (Virgin Galactic) ?

• Solaro (--manufacturer of residential and commercial solar products)
  – headquarters in Socorro 100 jobs?

• WSMR solar project (Solar City)
  – 13.2 mw 100 jobs power to 4.7k homes

• Pegasus – CITE ???
Reasons for Optimism

• Faster national growth
  – Probably no repeat of the debt ceiling crisis
  – The energy boom
  – Strong auto sales / housing market recovery

• New Mexico
  – FY15 state budget increase (3% Governor 4.3% LFC)
  – Energy boom continues?
    • San Juan oil production?

• Las Cruces
  – Small expansion in government employment
  – Commercial and residential real estate expansion?
A fearless forecast

- New Mexico in 2014
  - Employment growth = 1.0 to 2.0 %
    - Strongest sectors
      - education and health care services
      - Oil and gas extraction and support activities
      - Leisure and Hospitality
    - Oil production exceeds 100 mmbbls
- Las Cruces
  - Employment growth 2.0% +
    - Strong sectors education, retail, and real estate

Cubs Win!!!
Who won?
Thank you!
Questions?