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Examining the Rental Cost Burden in the Albuquerque MSA, 2019-2022

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Background and Goals

- Housing affordability has been a hot topic recently
- Understand differential impact of housing costs, specifically on rental affordability, for workers in six major occupational groups in the Albuquerque Metropolitan Statistical Area (MSA) over time

Timeframe

- Examine the extent of New Mexicans who were rental cost burdened
 - Before COVID, 2019
 - Between the peaks in new cases, December 2020 and December 2021
 - During and after the decline in the number of new cases from the December 2021 high

Definitions, Data, and Assumptions

Rent Burden

- Renter households that pay more than 30 percent of their income for housing and related costs are classified as rent burdened (US Department of Housing and Urban Development, HUD)
- Rent burdened households have fewer available financial resources to allocate toward other products and services, such as food, clothing, transportation, and entertainment

Focus on Rental Housing

- This analysis focuses on rental housing because comparable data for non-renters (i.e., homeowners with, or without, a mortgage) are not available

Fair Market Rent

- The 40th percentile of gross rents, or total cost of shelter, including major utility costs, for each MSA HUD)
 - Using this cost likely underestimates the number of workers that are rent burdened because 60 percent of rents for each type of unit pay more in rent than this
- This research only analyzed rent for efficiency units, and one- and two-bedroom units

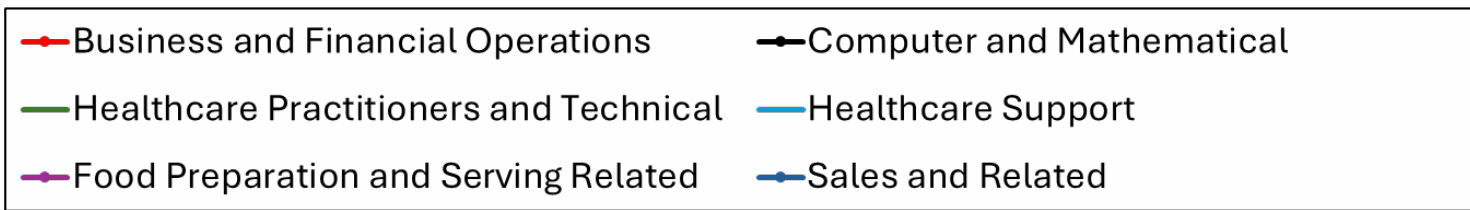
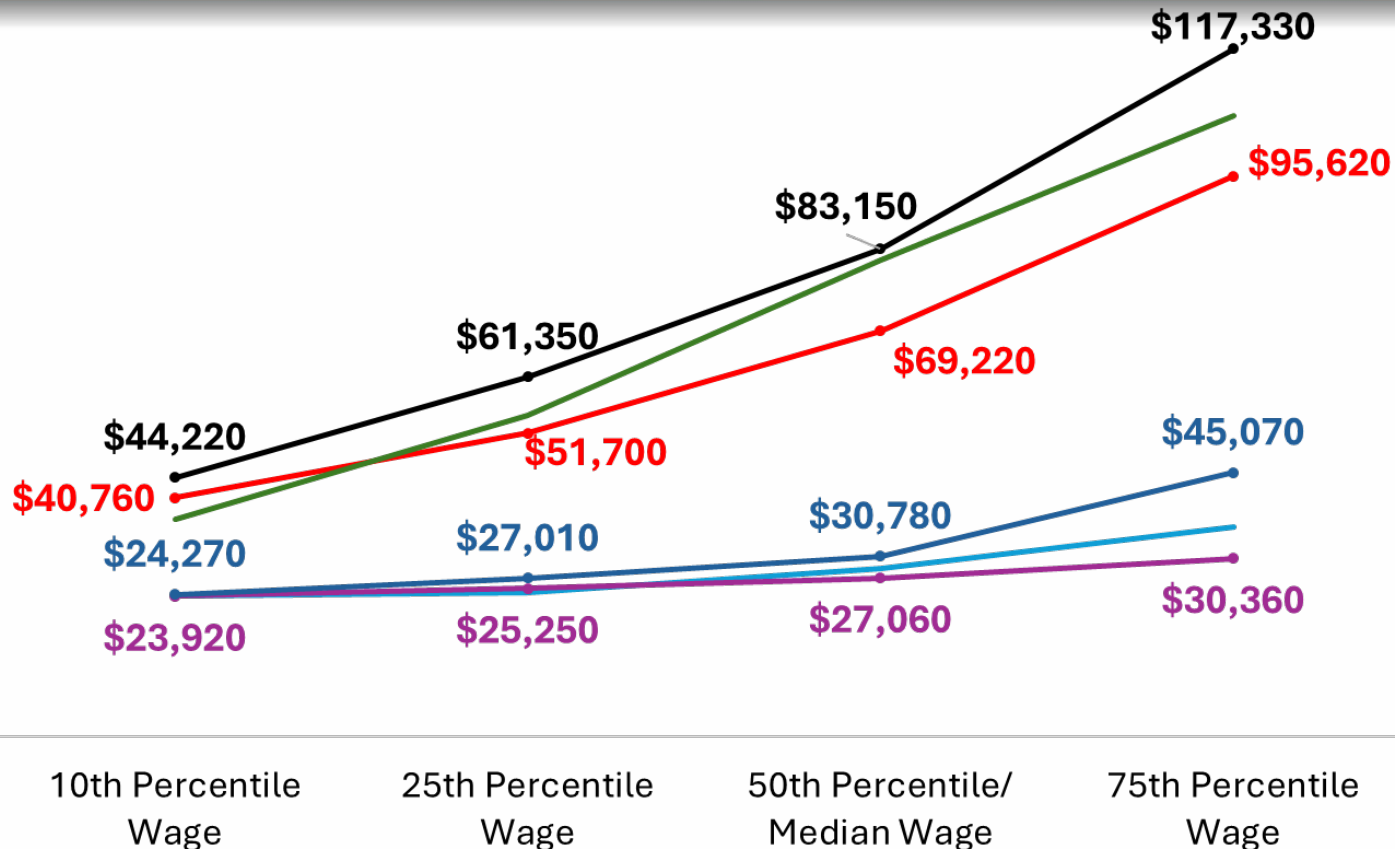
Wages

- The assumption for this analysis is that there is only one wage earner per household
 - With a labor force participation rate of 56.7 percent in 2021, it is not an unreasonable assumption
 - However, multiple wage earners will increase the household's total wages and reduce their likelihood of being rent burdened in some units but not in other, more expensive, units

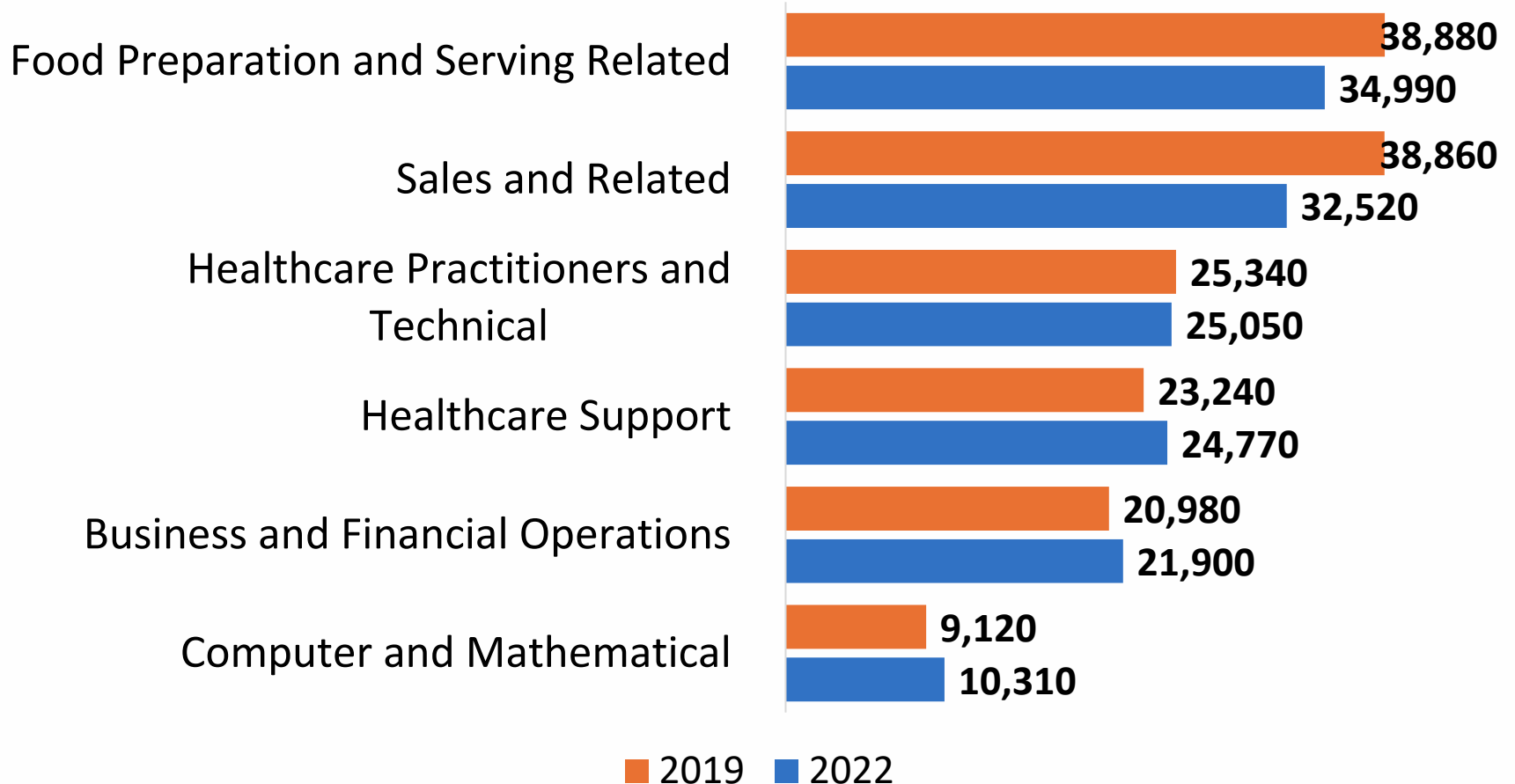
Wages

- This analysis uses the US Bureau of Labor Statistics (BLS) Occupational Employment and Wage Statistics (OEWS) data for six major occupational groups
- Wage data for the 10th, 25th, 50th, and 75th percentiles are used in this analysis
 - This approach underestimates the number and percentage of rent burdened workers because the upper value of the percentile is the one used to calculate rent burden

OEWS 2022 annual wages for selected occupations in the Albuquerque MSA



Employment in the Albuquerque MSA in selected major industry categories, 2019 and 2022



Source: Occupational Employment and Wage Statistics (OEWS)

Fair Market Rent, 2019-2022, Albuquerque MSA

Year	Efficiency	One-Bedroom	Two-Bedrooms
2019	\$563	\$711	\$877
2020	\$571	\$713	\$877
2021	\$621	\$770	\$940
2022	\$666	\$821	\$996
# change, 2019–2022	\$103	\$110	\$119
% change, 2019–2022	18.30%	15.50%	13.60%

Source: U.S. Department of Housing and Urban Development's Office of Policy Development and Research

Annualized Fair Market Rent, 2019-2022, Albuquerque MSA

Year	Efficiency	One-Bedroom	Two-Bedrooms
2019	\$6,756	\$8,532	\$10,524
2020	\$6,852	\$8,556	\$10,524
2021	\$7,452	\$9,240	\$11,280
2022	\$7,992	\$9,852	\$11,952
# change, 2019–2022	\$1,236	\$1,320	\$1,428
% change, 2019–2022	18.30%	15.50%	13.60%

Source: U.S. Department of Housing and Urban Development's Office of Policy Development and Research

Estimated Number of Rental Units, by Number of Bedrooms, in the Albuquerque MSA

	2019	2022	# Difference	% Difference
Total:	354,359	379,471	25,112	7.10%
Owner occupied:	240,025	270,261	30,236	12.60%
Renter occupied:	114,334	109,210	-5,124	-4.50%
No bedroom	6,935	8,221	1,286	18.50%
1 bedroom	27,797	28,523	726	2.60%
2 bedrooms	41,021	40,309	-712	-1.70%

Source: U.S. Census Bureau, 2019 and 2022 American Community Survey 1-Year Estimates, Table B25041

Note: The number of units with bedrooms 3 and over were excluded from the table.

Efficiency units

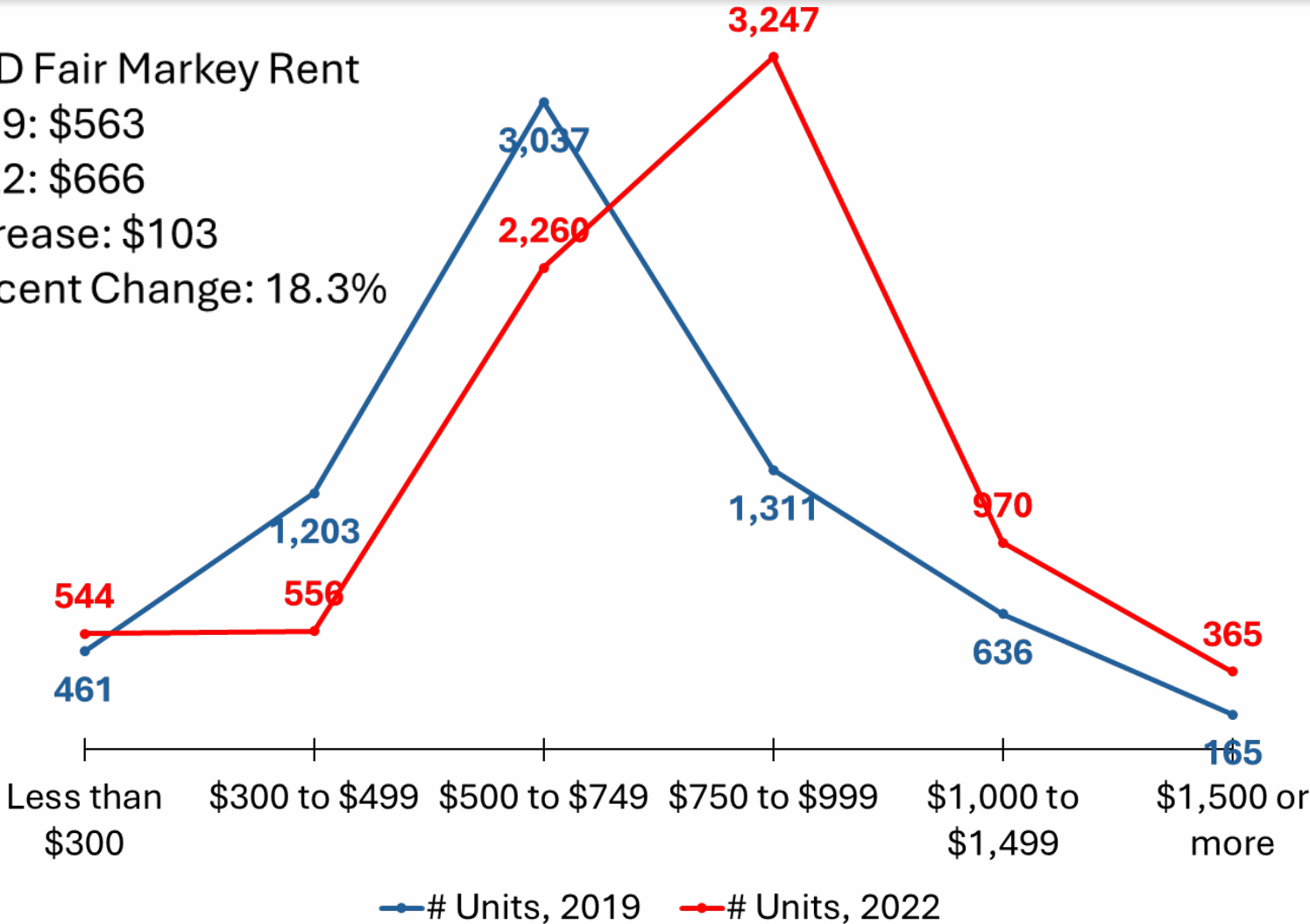
HUD Fair Market Rent

2019: \$563

2022: \$666

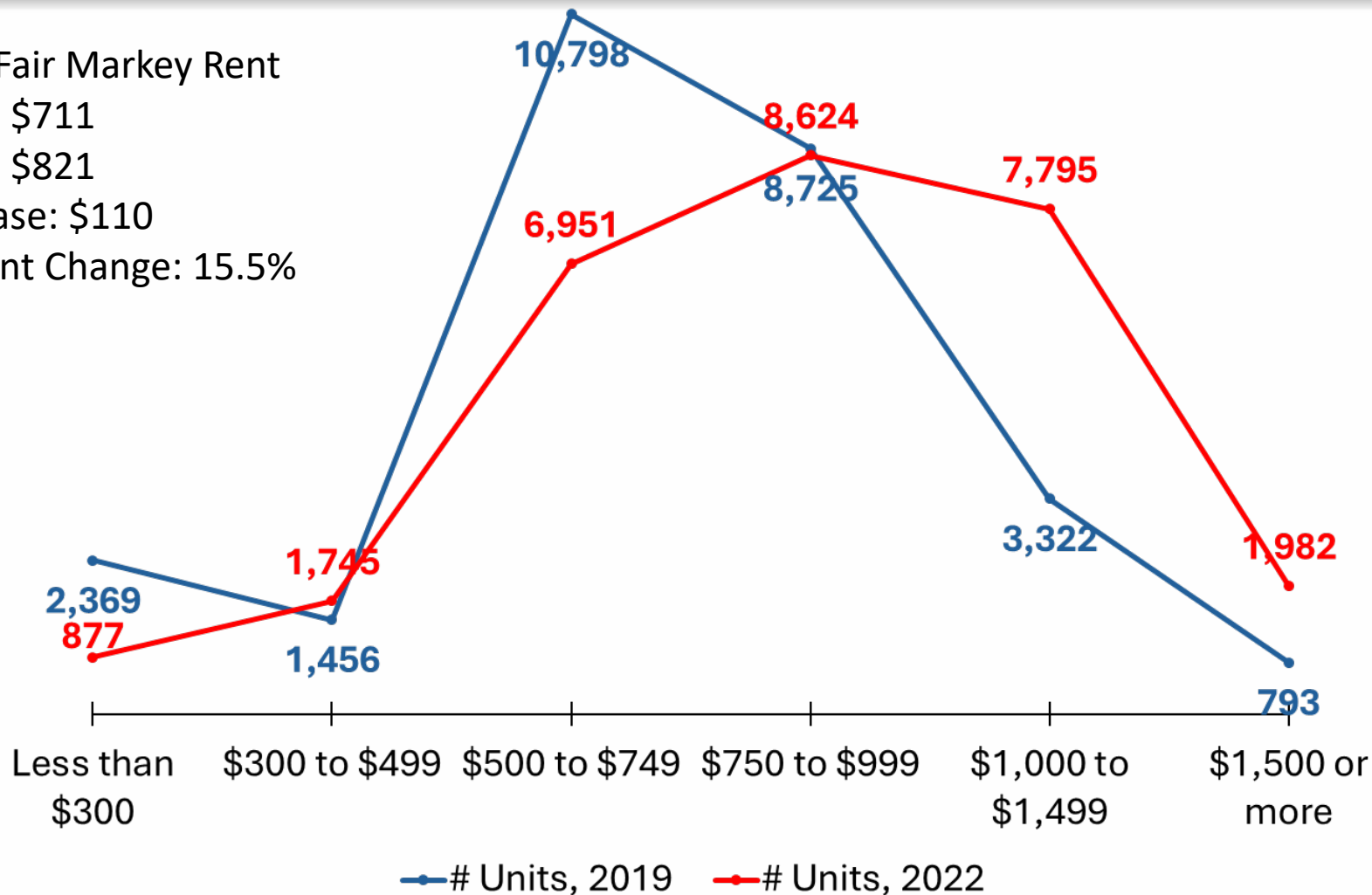
Increase: \$103

Percent Change: 18.3%



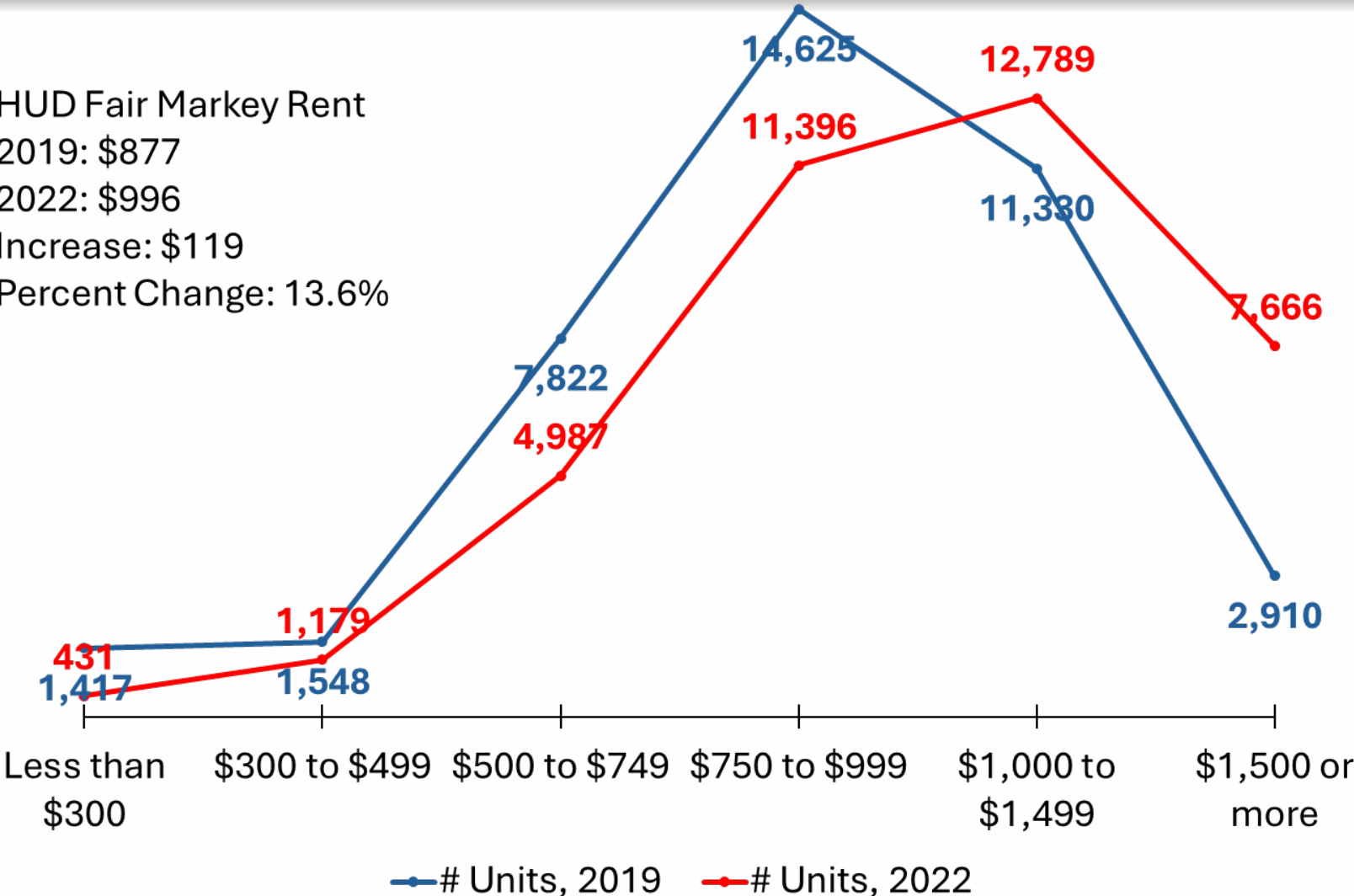
1 Bedroom units

HUD Fair Market Rent
2019: \$711
2022: \$821
Increase: \$110
Percent Change: 15.5%



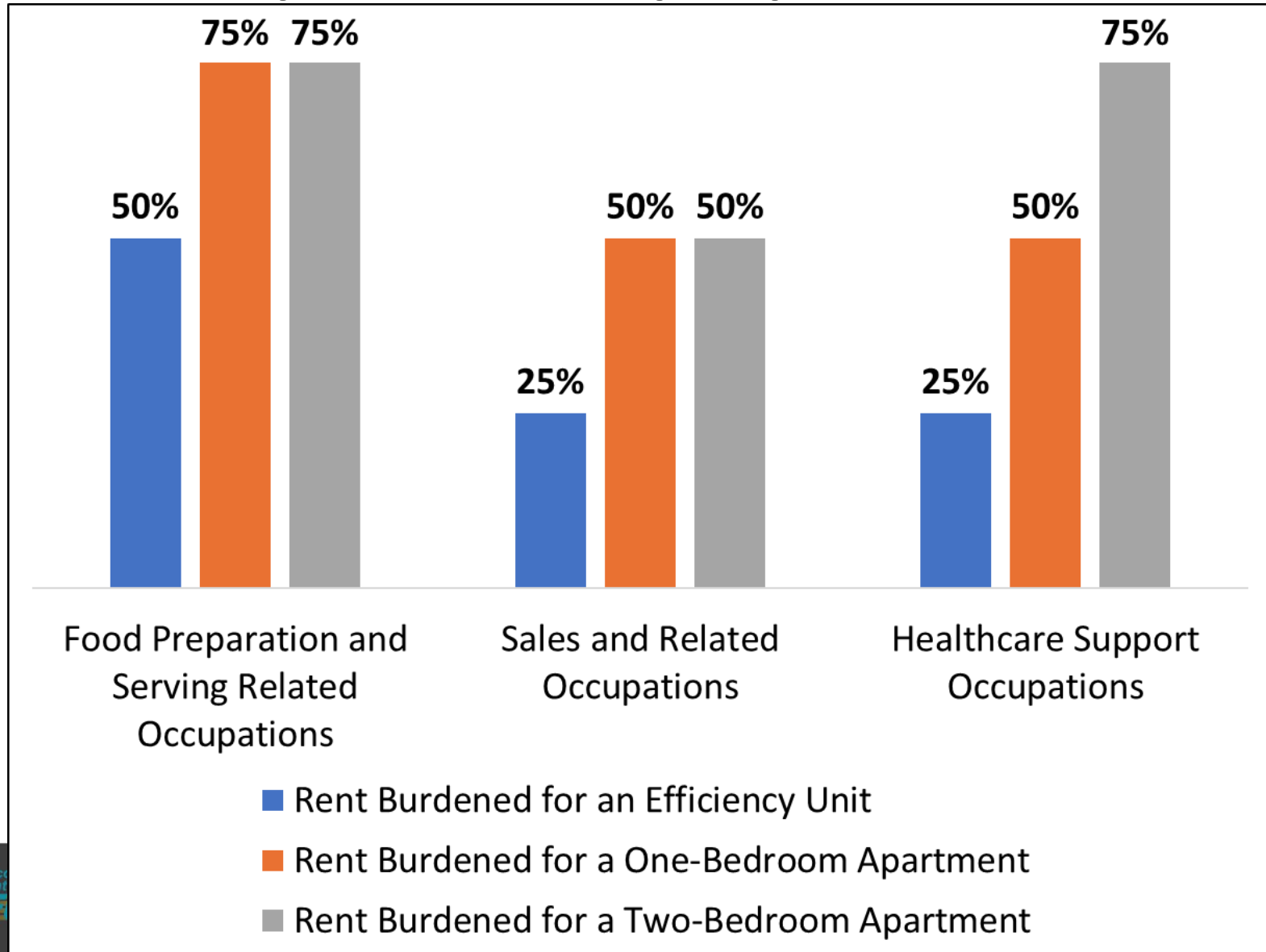
2 Bedroom Units

HUD Fair Market Rent
2019: \$877
2022: \$996
Increase: \$119
Percent Change: 13.6%

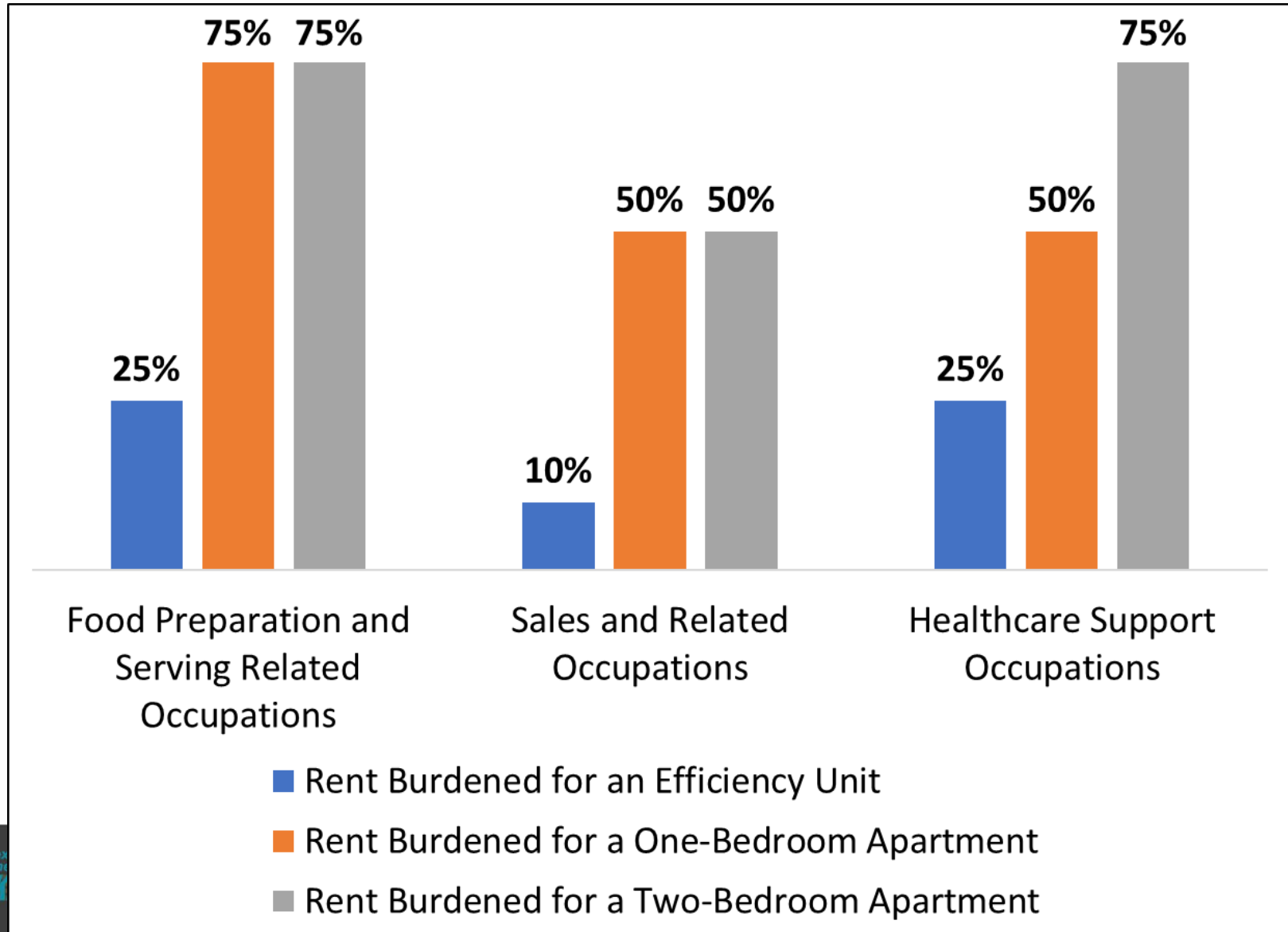


— # Units, 2019 — # Units, 2022

2 Estimated Percentage of Rent Burdened Workers by Number of Bedrooms, in Selected Major Occupational Groups, in the Albuquerque MSA, 2019



2 Estimated Percentage of Rent Burdened Workers by Number of Bedrooms, in Selected Major Occupational Groups, in the Albuquerque MSA, 2022



Estimated Number of Rent Burdened Workers in the Albuquerque MSA by Wage Percentile, Number of Bedrooms, and Year

Albuquerque MSA	0 to 10th Wage Percentile	10th to 25th Wage Percentile	25th to 50th Wage Percentile	50th to 75th Wage Percentile	Total Number of Rent Burdened Workers in the 0 to 75th Wage Percentiles
2019, Efficiency Units	25,168	18,119	9,720	0	53,007
2019, 1-Bedroom Units	29,769	37,766	30,199	9,720	107,454
2019, 2-Bedroom Units	32,302	43,590	54,450	20,484	150,826
2022, Efficiency Units	15,362	11,469	0	0	26,831
2022, 1-Bedroom Units	28,202	32,907	27,396	8,747	97,252
2022, 2-Bedroom Units	31,110	42,322	53,690	19,266	146,388

**Thank you.
Questions?**



The larger report, which analyses rental affordability for all four of New Mexico's MSA, is:

Rental Cost Burden in New Mexico's Metropolitan Statistical Areas 2019-2022

It can be accessed at:

[https://www.dws.state.nm.us/Portals/0/DM/LMI/Rental Cost Burden in NM MSAs.pdf](https://www.dws.state.nm.us/Portals/0/DM/LMI/Rental%20Cost%20Burden%20in%20NM%20MSAs.pdf)