

New Mexico's Housing Shortage And Lessons from Policy Outcomes Elsewhere

Alex Horowitz
Director, Housing Policy Initiative
The Pew Charitable Trusts

August 12, 2025

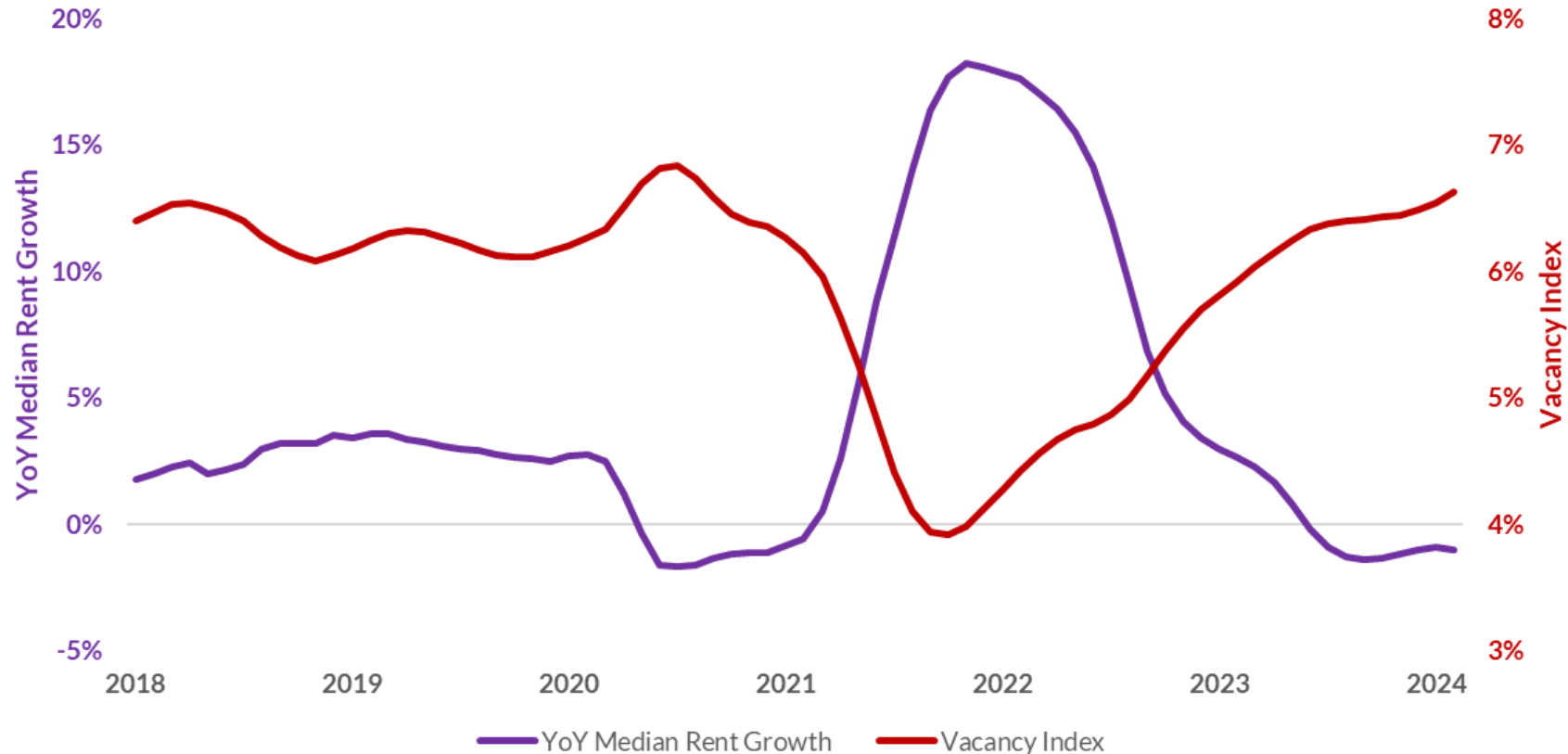
Pew

Rents Nationally Have Reached an All-Time High in the Past Year

- 50% of U.S. renters are spending 30% or more of their income on rent (50% in New Mexico)
- 27% of U.S. renters are spending 50% or more of their income on rent (27% in New Mexico)
- U.S. household size at an all-time low: 2.50 (New Mexico: 2.44)
- 63% of U.S. households have 1 or 2 people (New Mexico: 67%)
- U.S. housing shortage estimated at 4-7 million homes

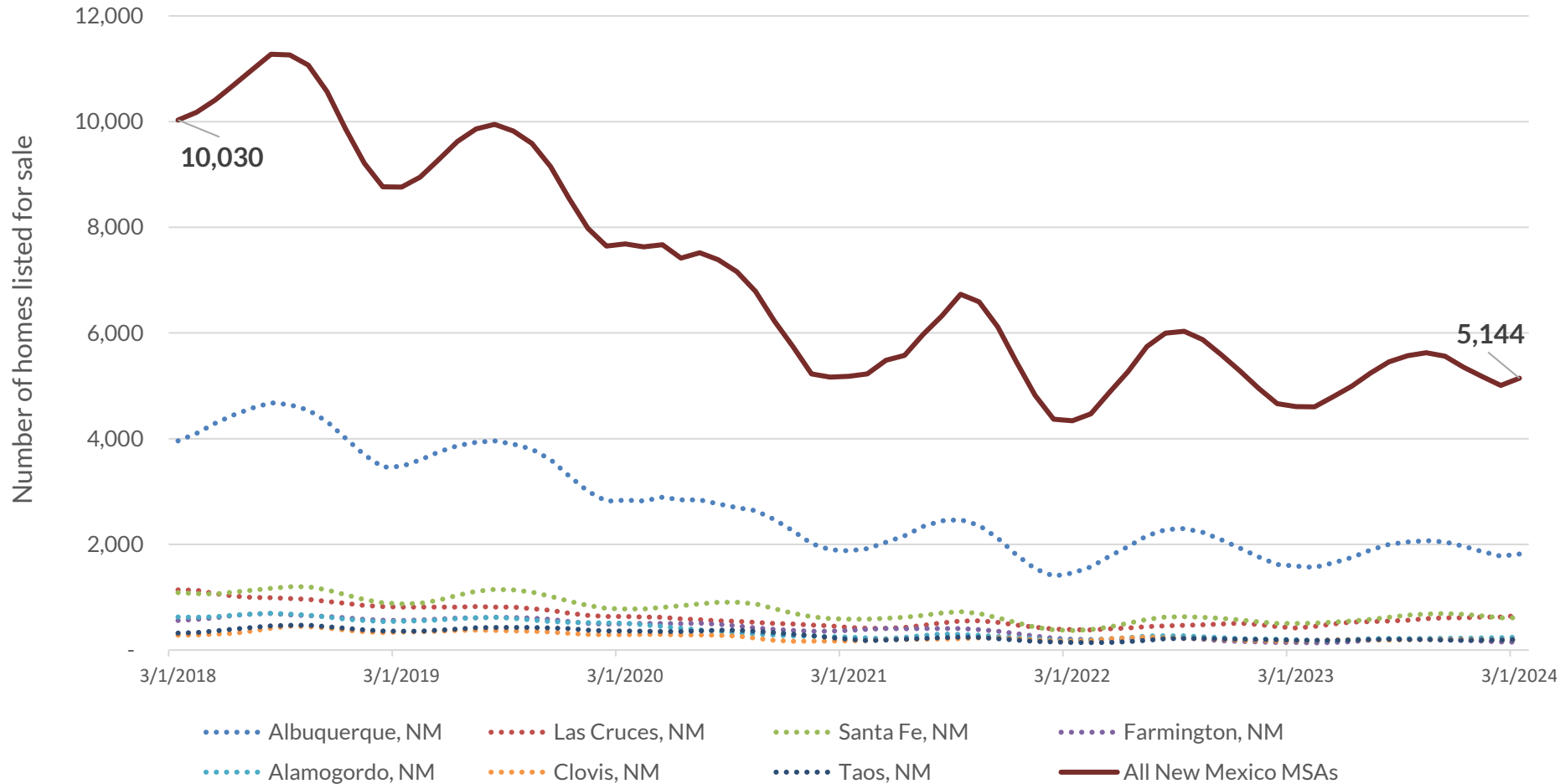
Rents Rise Quickly When Shortages Occur

Rent Growth vs. Vacancy Rate in the United States



Source: Data from Apartment List

New Mexico's Housing Inventory Half of 2018 Level

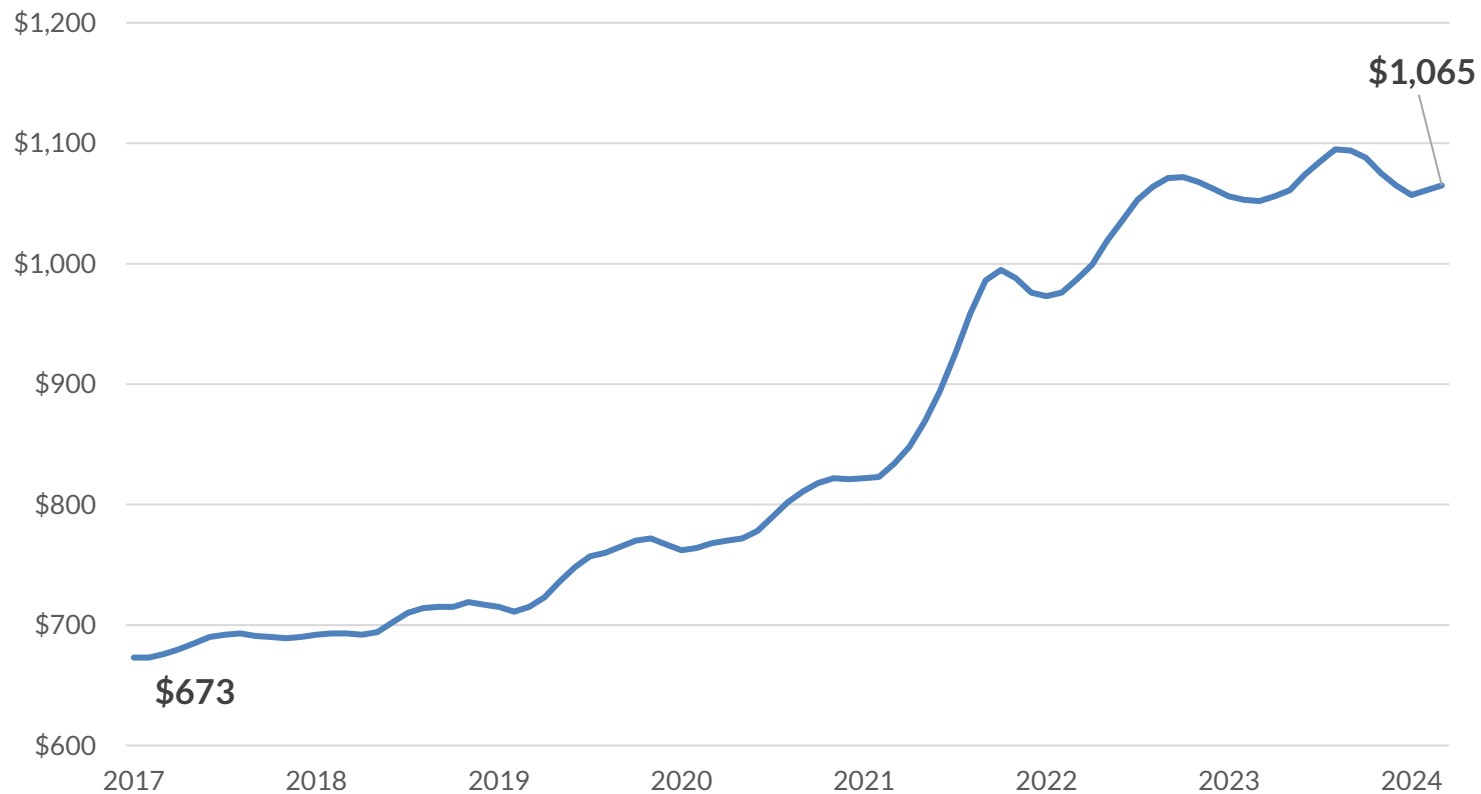


**New Mexico
median home cost:**
Dec. 2018: \$186k
Dec. 2024: \$302K

Source: Zillow Data

New Mexico Rents Rise Amidst Shortage

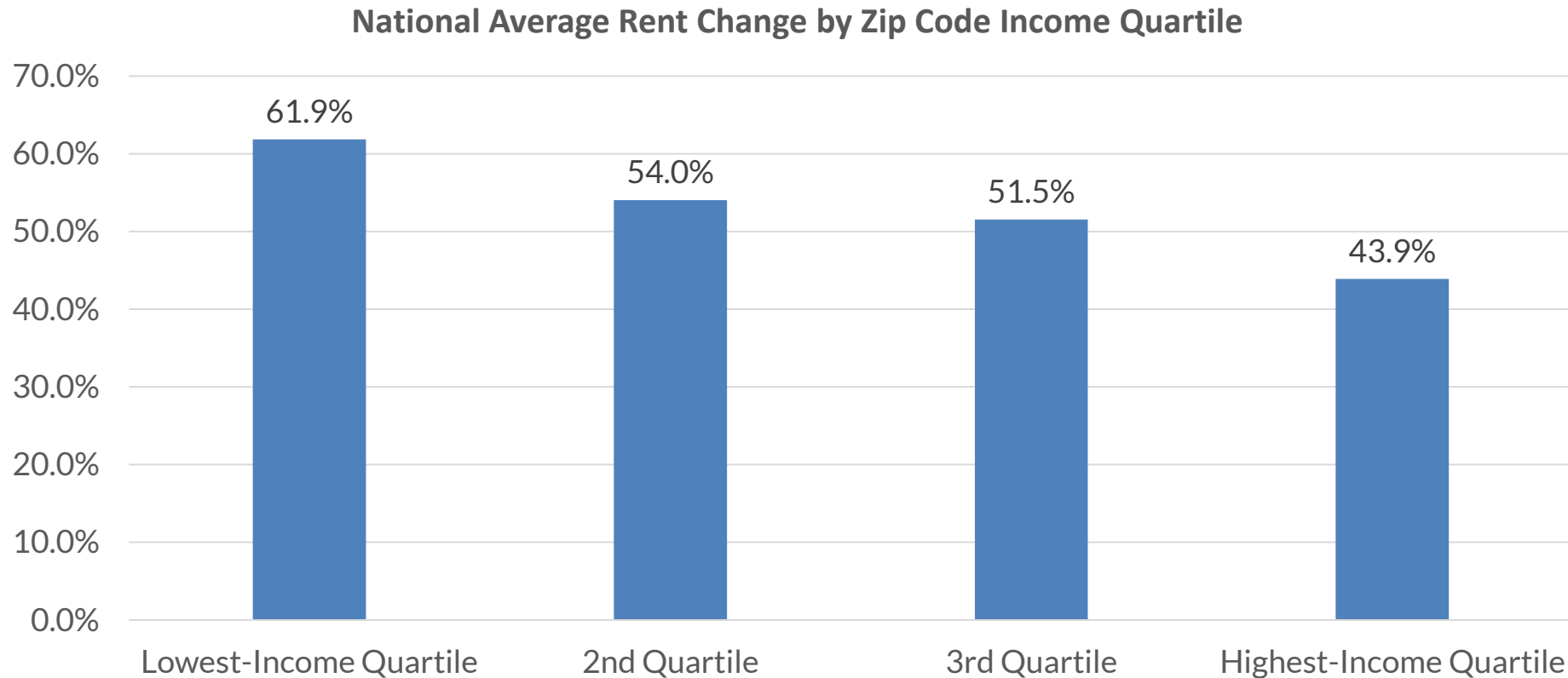
Median Monthly Rent in New Mexico
Increased 58% from Mar. 2017 to Mar. 2024



U.S. = 29%
N.M.=58%
Albuquerque= 58%
Santa Fe= 74%

Source: Apartment List Rent Estimate data

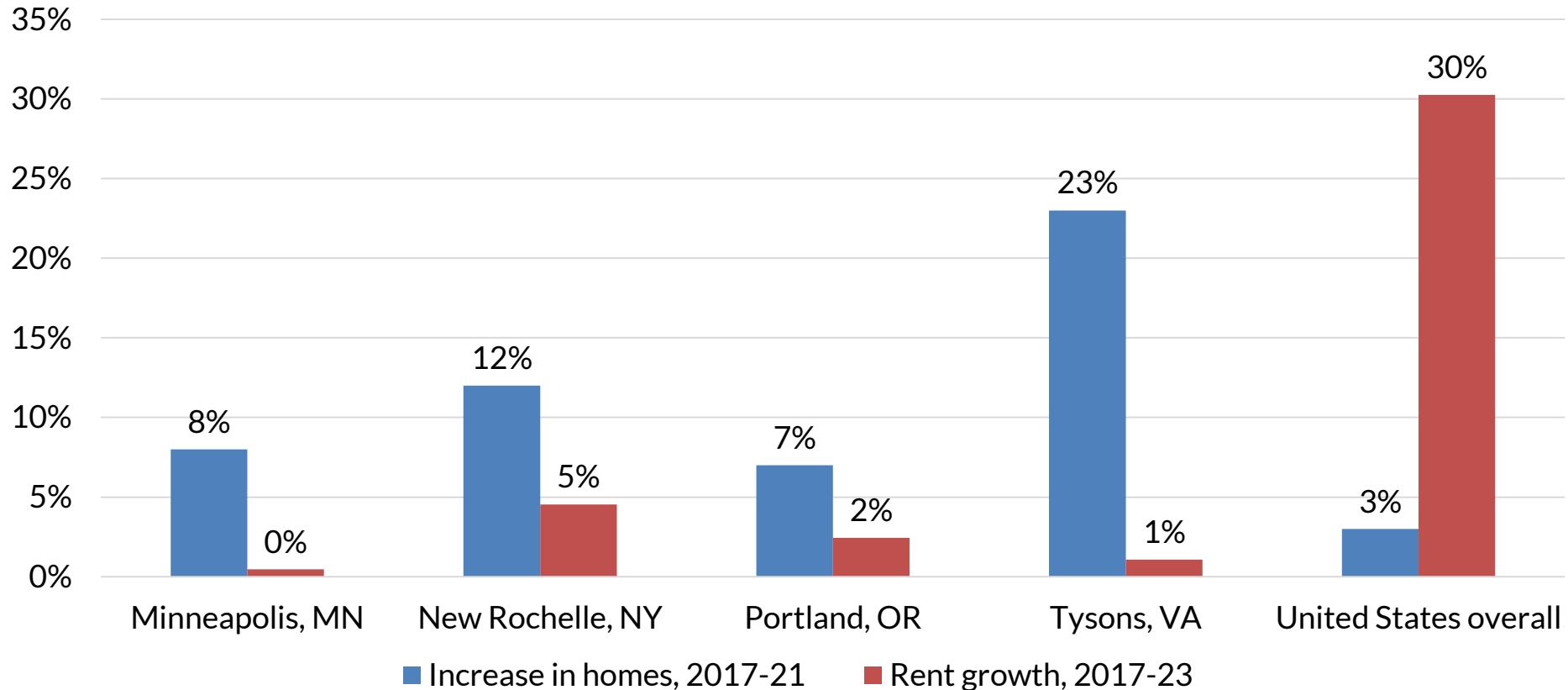
Housing Shortage Hurts Low and Moderate-Income Households Most



Source: Pew's analysis of Zillow rent estimate data (Sep. 2017-Sep. 2024) and IRS Income by ZIP Code data (2017)

New Data Confirms More Supply = Lower Housing Costs

Rent Growth Is Low Where Housing Has Been Added

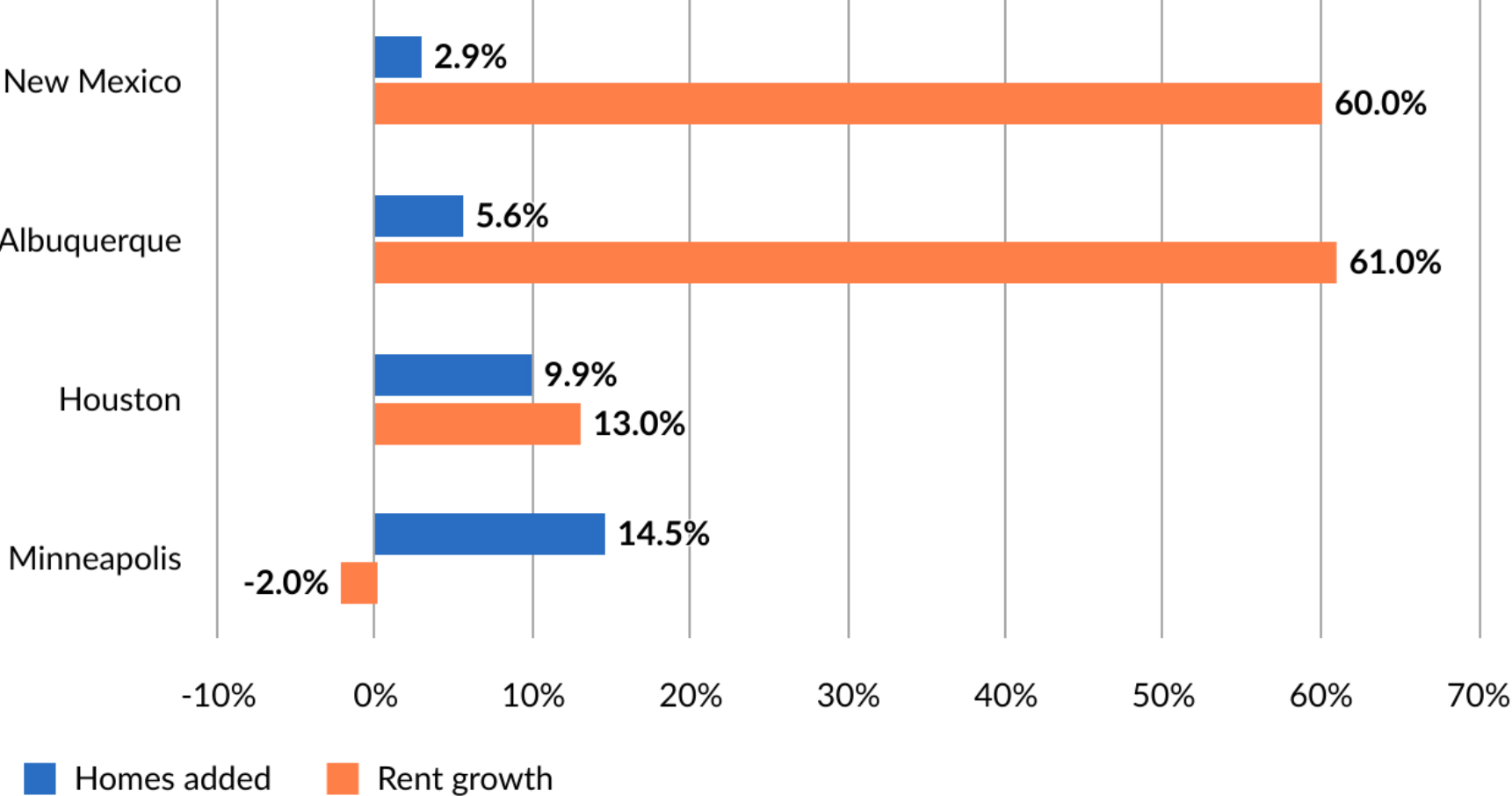


The four local jurisdictions shown added proportionally more households than the U.S. overall from 2017-21—indicating low demand was not the cause of their slow rent growth.

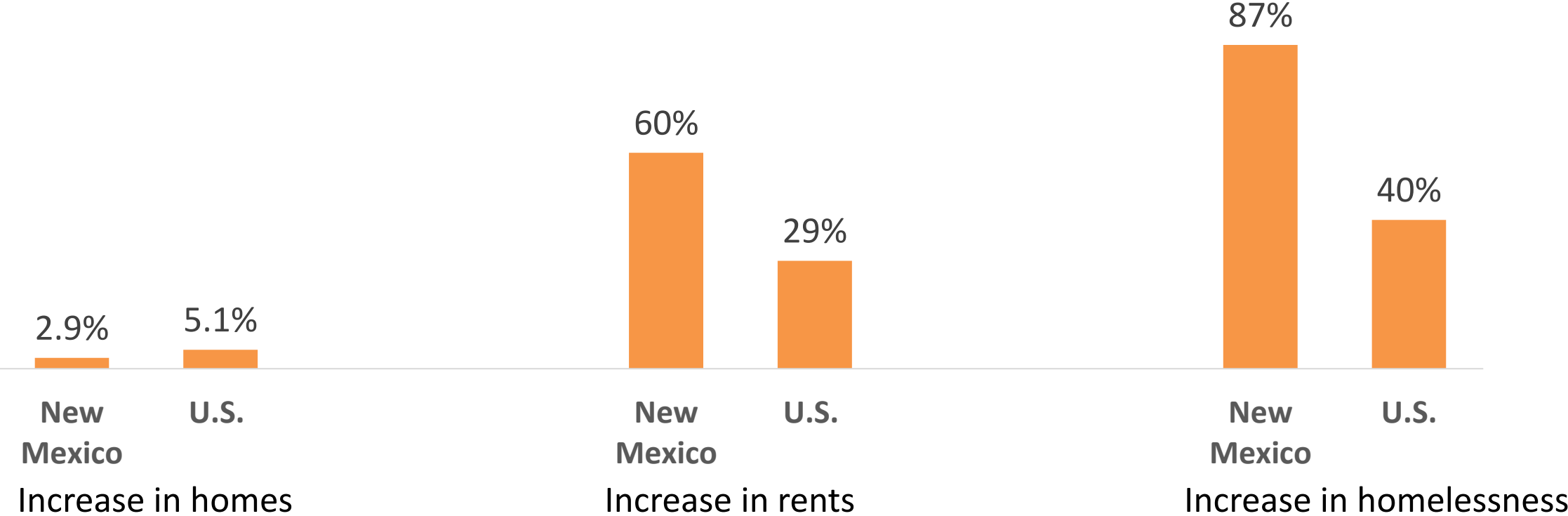
Source: Pew's analysis of Apartment List rent estimate data (Jan. 2017-Jan. 2023) and U.S. Census data on housing units (2017-2021)

Land-Use Reform Boosts Supply, Affordability

Homes added (2017-2023) and rent growth (Oct. 2017-Oct. 2024)



New Mexico Added Less Housing Than U.S., Saw Rents & Homelessness Rise More
Homes Added cover 2017-2023, Rents & Homelessness cover Oct. 2017-Oct. 2024



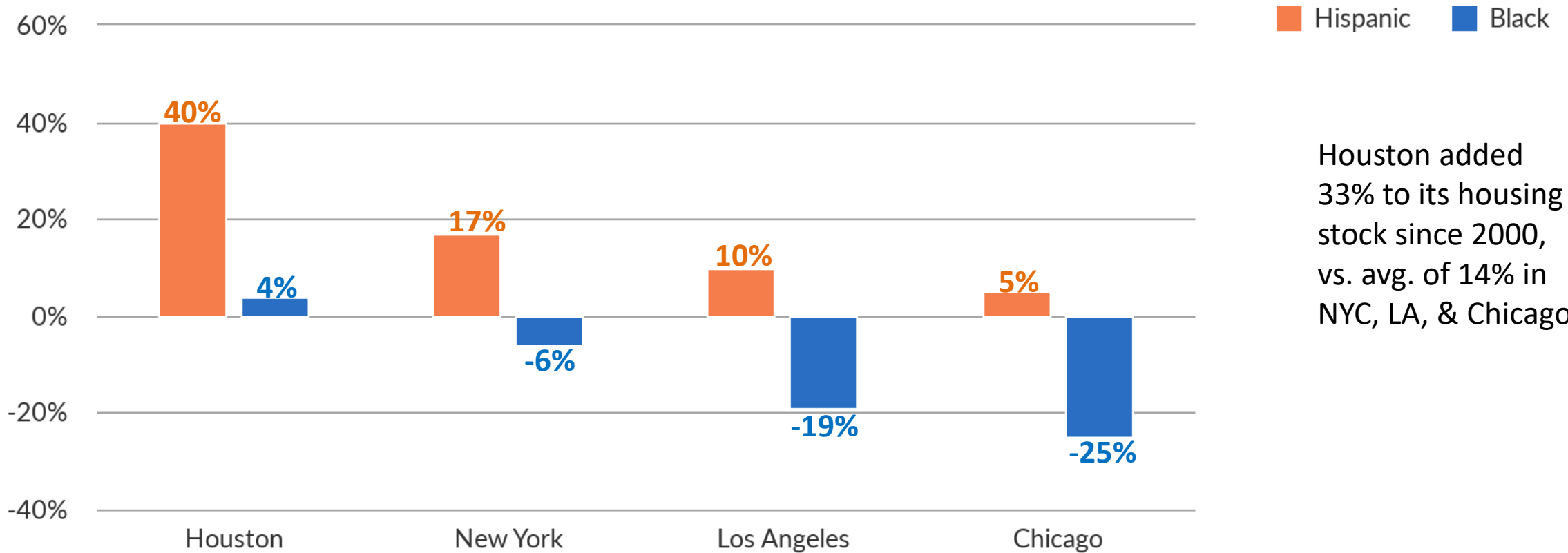
In High-Supply Housing Markets, Low-Income Renters Have Benefitted Most

Market	Effective Rent Change in 2023			
	Market Average	Class A	Class B	Class C
Austin	-6.0%	-4.4%	-5.7%	-7.9%
Dallas	-1.4%	-0.4%	-1.9%	-1.5%
Orlando	-4.0%	-2.9%	-5.1%	-3.1%
Phoenix	-4.3%	-1.9%	-3.9%	-7.2%
Salt Lake City	-3.4%	-1.9%	-3.9%	-3.6%
San Antonio	-2.9%	-1.7%	-3.6%	-2.8%

Source: RealPage rent data

Allowing More Housing Reduces Displacement

Percentage change in Black and Hispanic populations by city, 2000-21

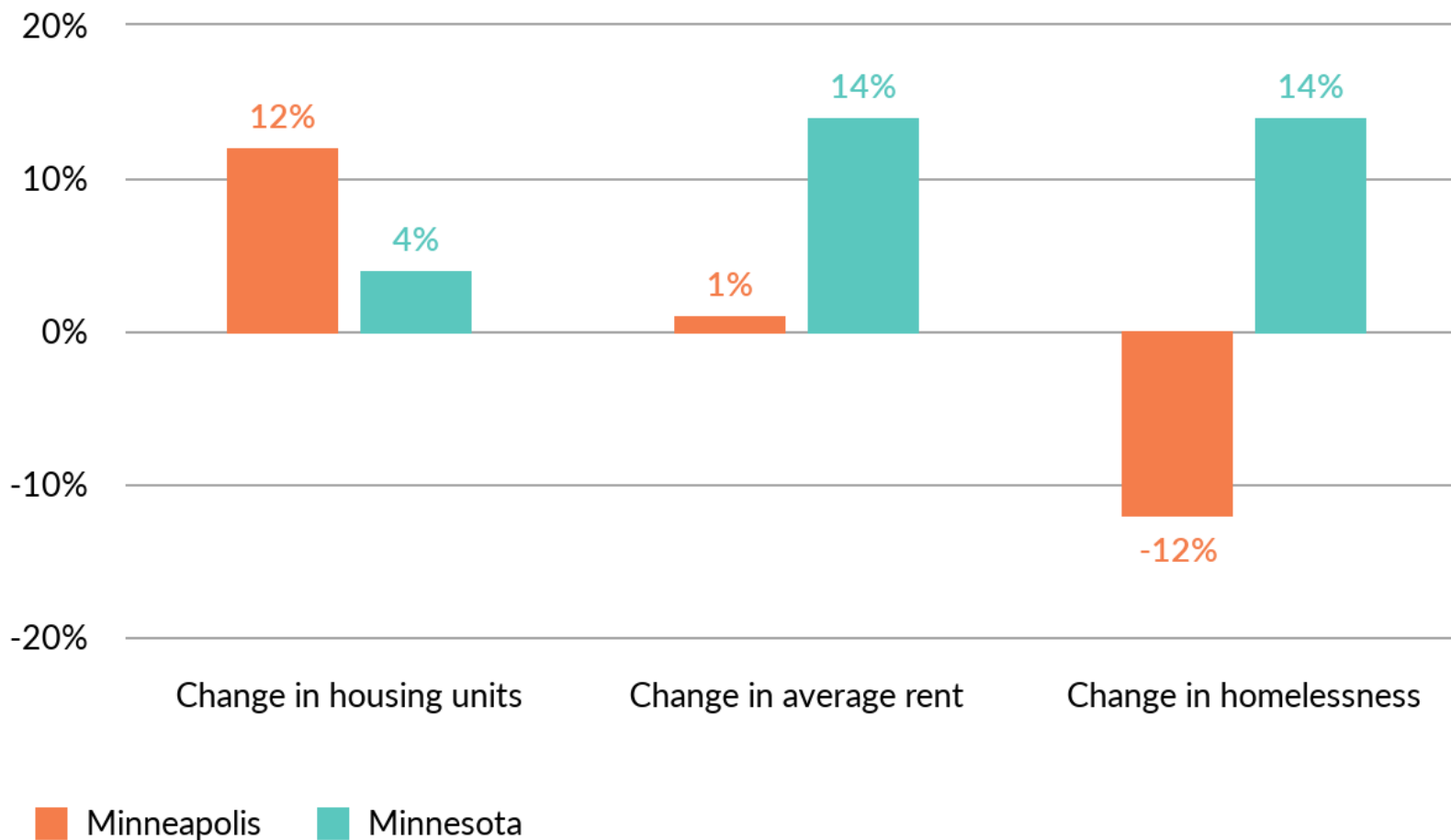


Houston added 33% to its housing stock since 2000, vs. avg. of 14% in NYC, LA, & Chicago.

Source: ACS Census Bureau data

With More Homes, Minneapolis Saw Low Rent Growth, Lower Homelessness

Income needed to afford median apartment rent dropped from 80% of area median to 66% from 2017-2023



Inflation-adjusted rents have fallen 25% in Minneapolis since Jan. 2017

Sources: Department of Housing and Urban Development, Apartment List, Census

Action on Housing Has Moved from Localities to States

Avg. number of state laws passed annually to allow more homes, nationwide

- 2011-2016: 1
- 2017-2022: 18
- 2023-2024: 48
- 2025: 80+

States Passing Bills to Allow Apartments On Commercially Zoned Land

- MT: SB245 (2023) and SB243 (2025)
- CA: AB2011 (2022)
- FL: SB102 (2023)
- HI: HB2090 (2024)
- CO: HB24-1313 (2024)
- TX: SB840 (2025)

States Passing Bills to Allow Casitas (ADUs)

- 18 states, including...
- AZ: HB2720 (2024) and HB2928 (2025)
- CO: HB24-1152 (2024)
- UT: HB82 (2021)
- CA: SB1069 (2016) and several follow-ups

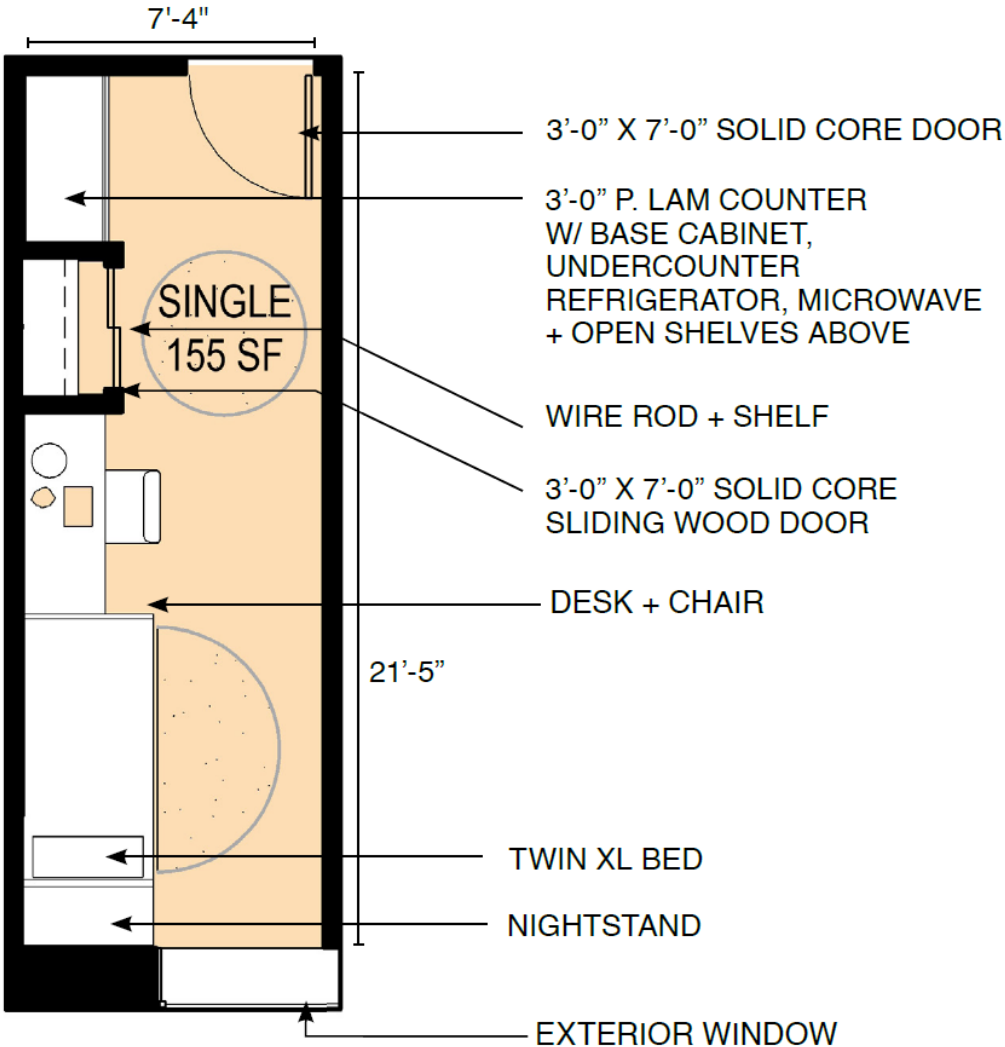
Other Types of State Laws Passing to Address Housing Shortage

- Third-party reviews & inspections: FL, TN, TX
- Limiting environmental review/lawsuits: CA, MN, WA
- Simplifying process, shortening timelines: AZ, MT, RI, VT
- Building code reforms: CO, MT, NC, NH, OR, TN, TX, WA

Office-to-Residential Conversions

Co-living Unit vs Traditional Studio Layout

Co-living Unit Model



Traditional Studio Layout



Rendering of a Micro-Unit



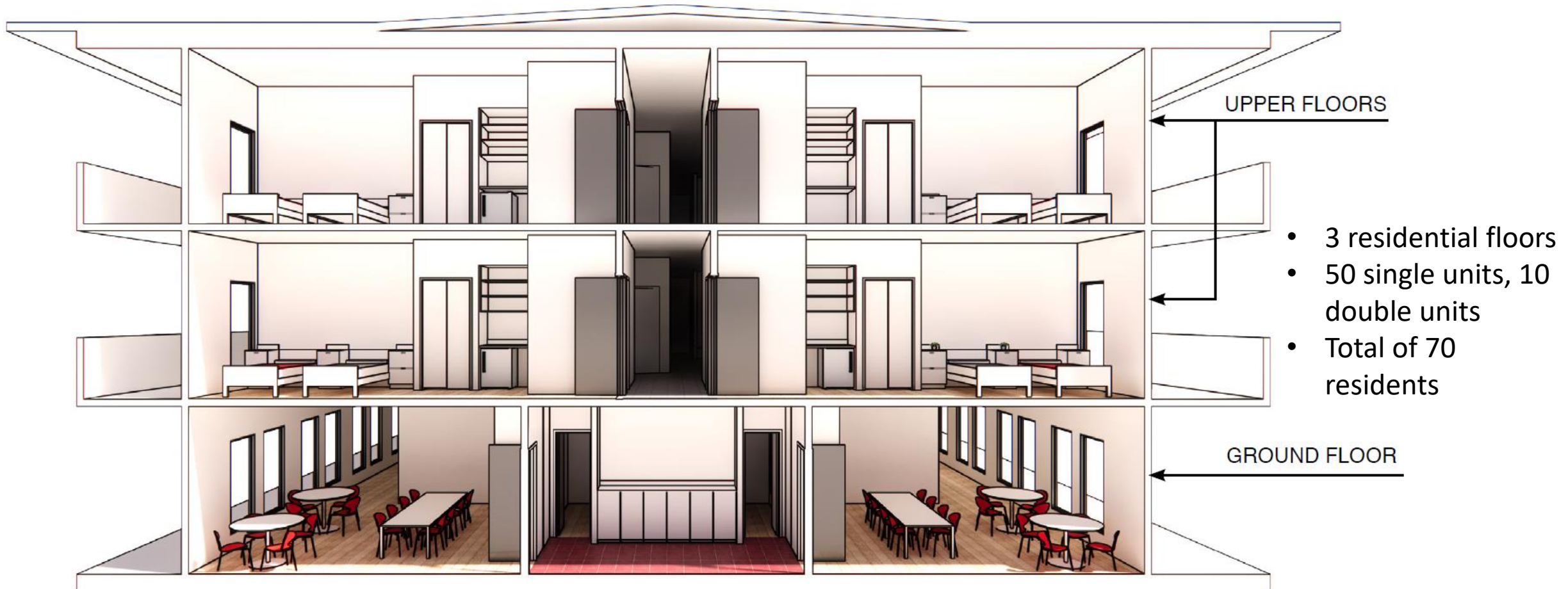
Source: Gensler

Albuquerque Building Floor Plan

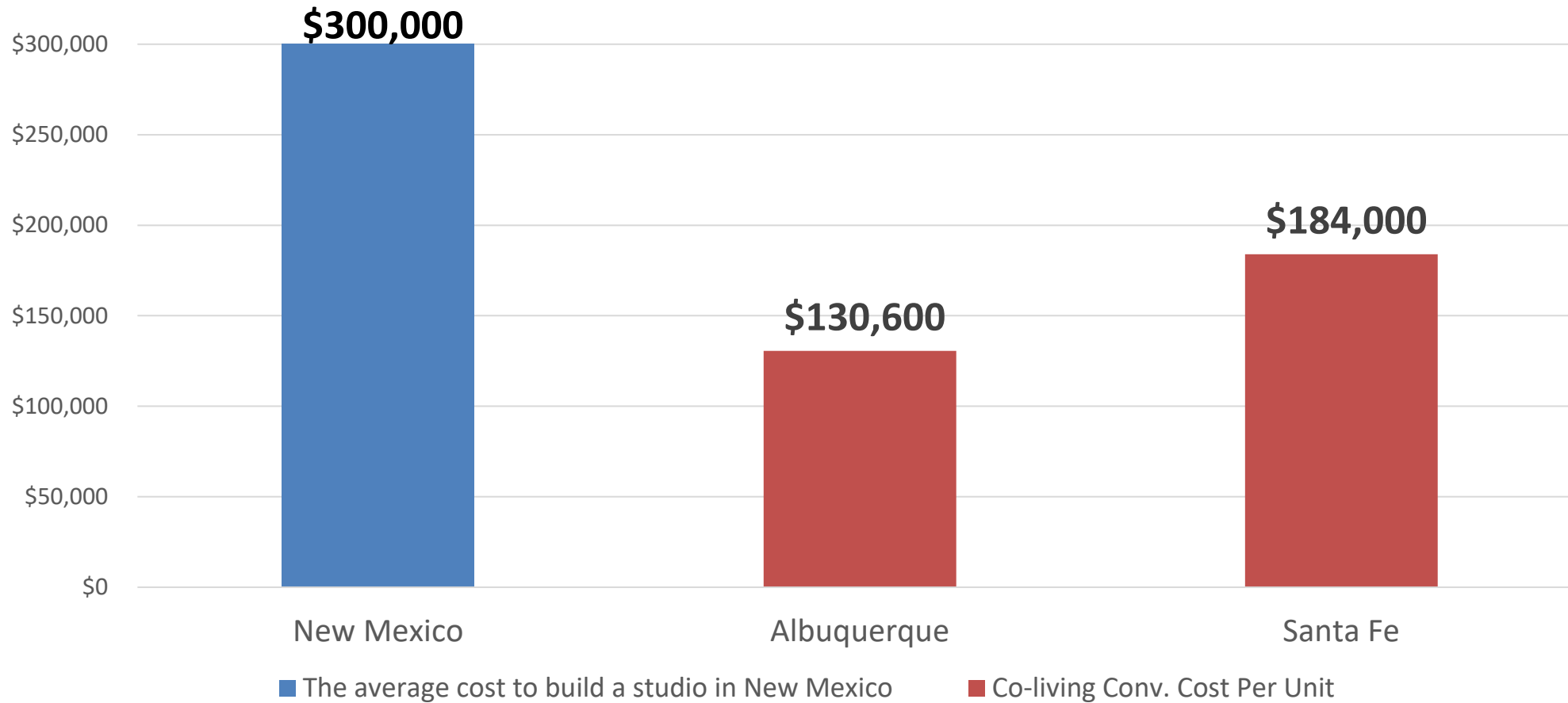


- 4 residential floors
- 68 beds per floor
- Total of 256 units (272 residents)

Santa Fe Building Elevation

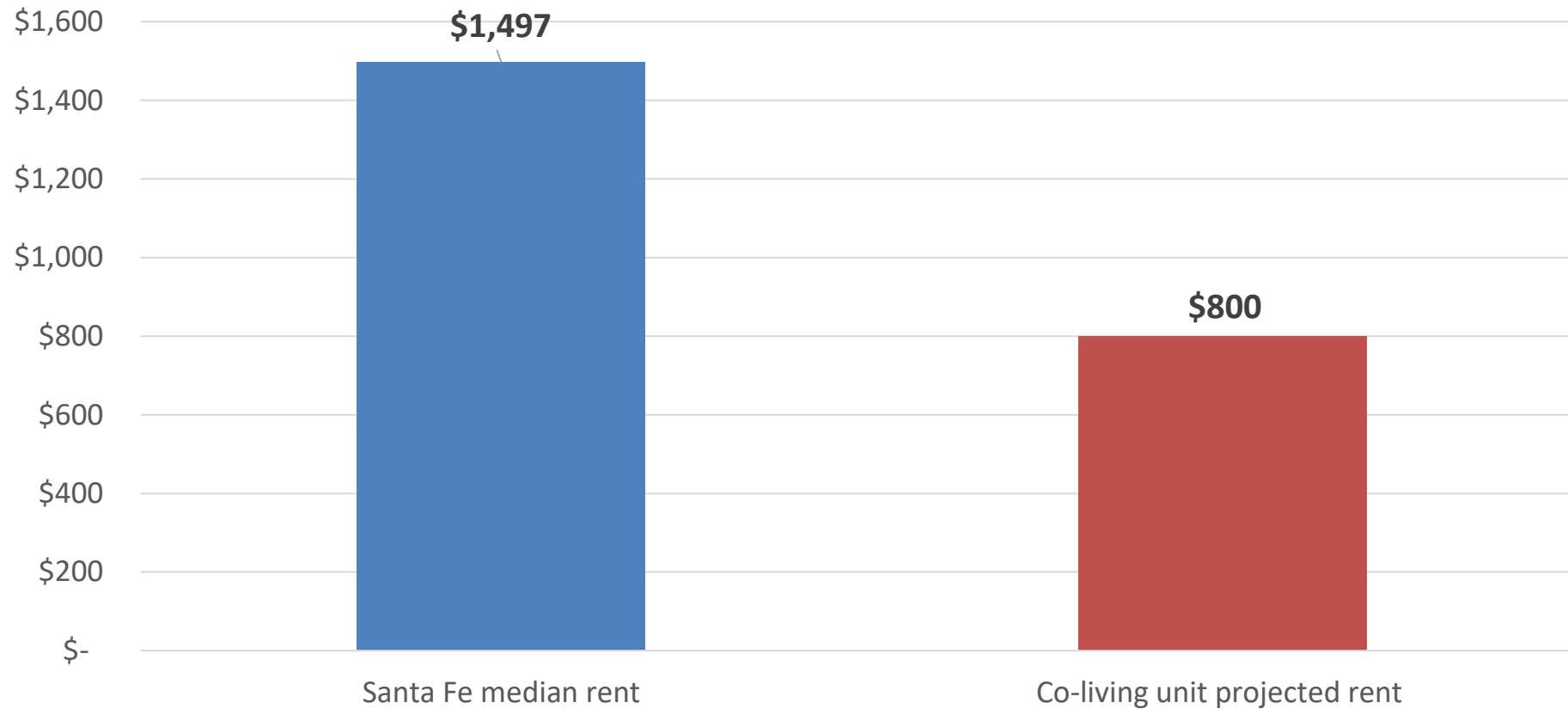


Micro-Units Cost Far Less Than New-Build Studios



Source: Studio costs from Gensler and Turner Construction; co-living development costs estimated by Gensler and The Pew Charitable Trusts, 2025

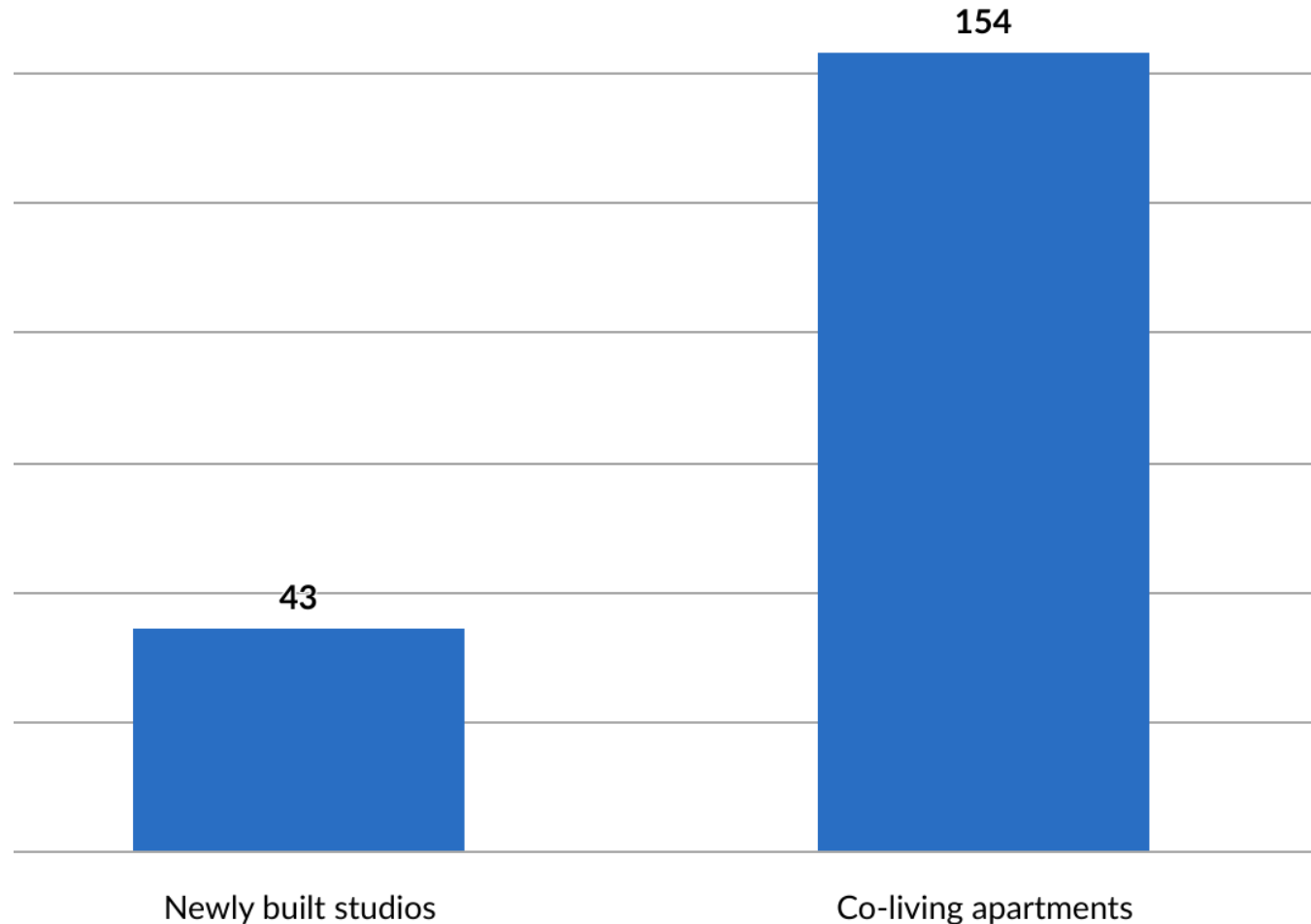
Co-Living Can Achieve Low Rents in Santa Fe



Source: median rents from Apt. List in June 2025; projected rents estimated by Gensler and The Pew Charitable Trusts for June 2025

Office to Co-Living Conversions Can Produce More Homes with Same Spending

45% AMI homes that would be created with \$10 million in subsidies, Albuquerque



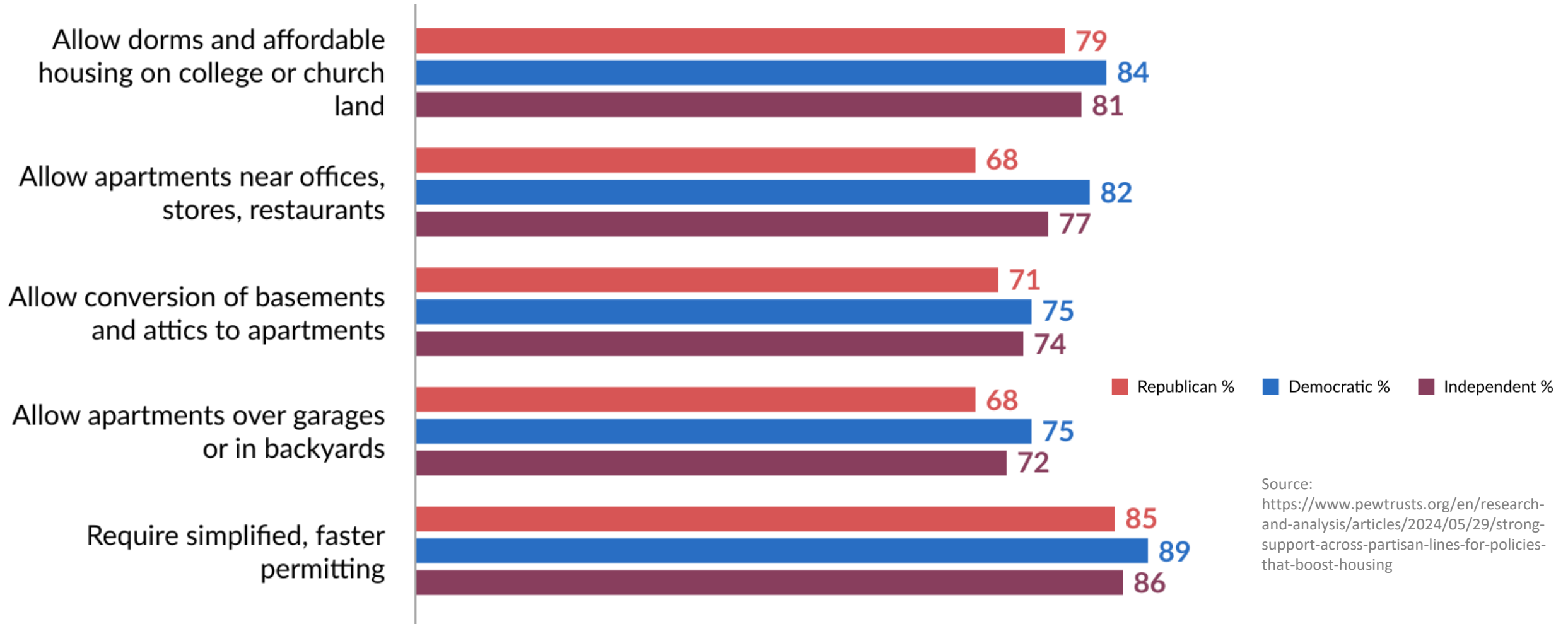
Source: Gensler and The Pew Charitable Trusts, 2025

2024-2025: State Bills To Allow Micro-Units or Conversions

- TX (2025): SB2477
- HI (2024): HB2090
- WA (2024): HB1998

Public Ranks Housing Affordability As Major Concern; Favors Most Ideas to Allow More Homes

2023 Pew Survey: Share of Americans Favoring Each Policy



Source:
<https://www.pewtrusts.org/en/research-and-analysis/articles/2024/05/29/strong-support-across-partisan-lines-for-policies-that-boost-housing>

Alex Horowitz
ahorowitz@pewtrusts.org

The Pew Charitable Trusts
[Pewtrusts.org/housingpolicy](https://pewtrusts.org/housingpolicy)



Pew