

City of Santa Fe Post-Election Macro Update



January 13, 2025
Dr. Reilly S. White

The Post-Election Macro Summary

Continued slow weakening and an uncertain road ahead

Economic Contradictions:

- US economy grew at 2.7% (Q3 2024).
- unemployment remains low at 4.1% but continues to rise; inflation at 2.6%.

Election-Driven Policy Shifts:

- Pro-business policies and deregulation in energy, banking, and M&A expected.
- Increased immigration restrictions and trade protectionism could slow growth in 2026-27. Real GDP growth projected to decelerate: 2.7% (2024), 1.8% (2025), 1.3% (2026).

Labor Market Dynamics:

- Slowing job growth – unemployment increases *gradually* to 4.5% by 2025.

Consumer Spending Trends:

- Cooling consumer spending growth: 2.6% (2024) to 2.0% (2025).

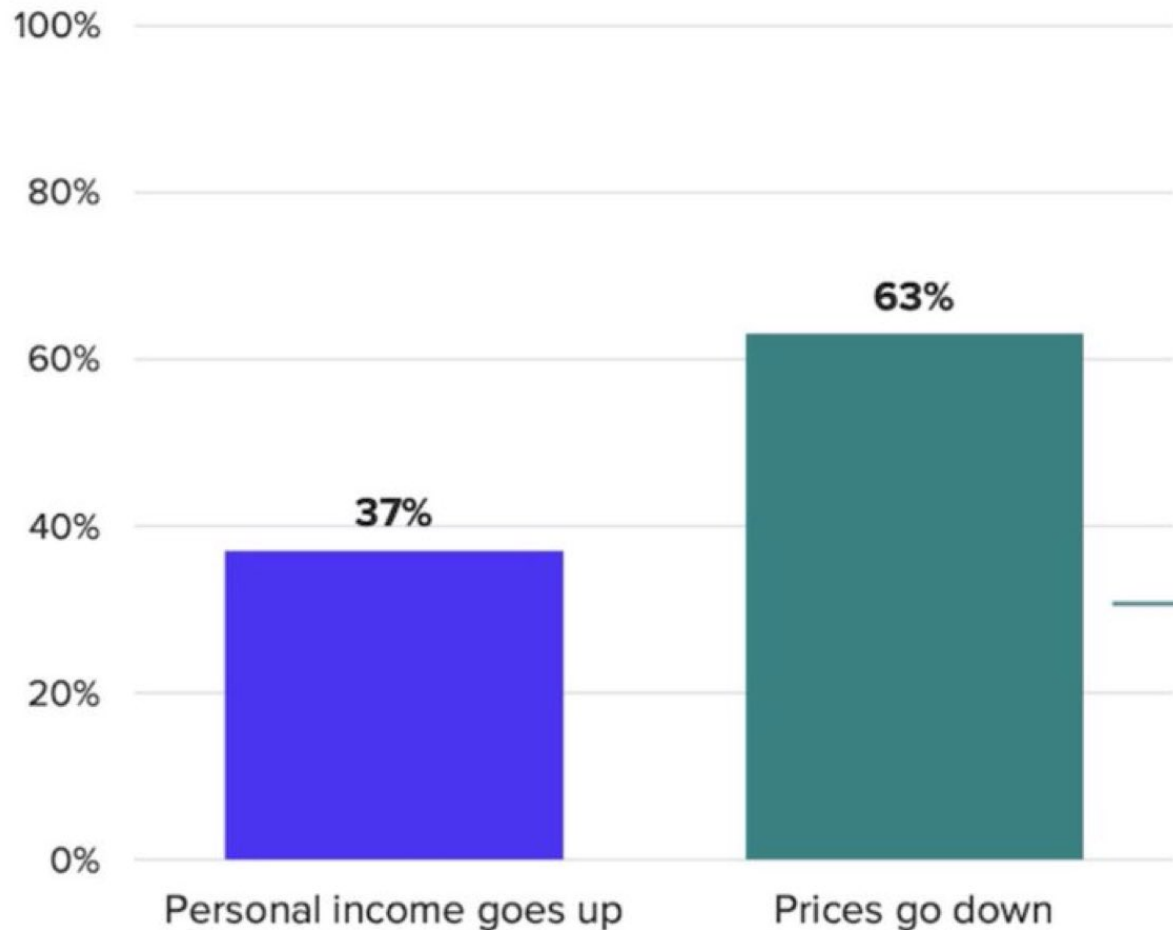
Inflation and Monetary Policy

- Deregulation and protectionism may create inflationary pressures by 2026.
- CPI inflation to ease to 2.3% (Q4 2025) before rising to 2.5% (Q4 2026).

The Election in One Chart

The Lasting Effects of Inflation

Share of consumers who said they would prefer that ...



B18. Do you agree with the following statement? "If the government were to make a mistake next year, such as printing too much money, and created prices that are 20% higher than they are today, I think that they should try to reverse their mistake, and bring prices back down where they are today."

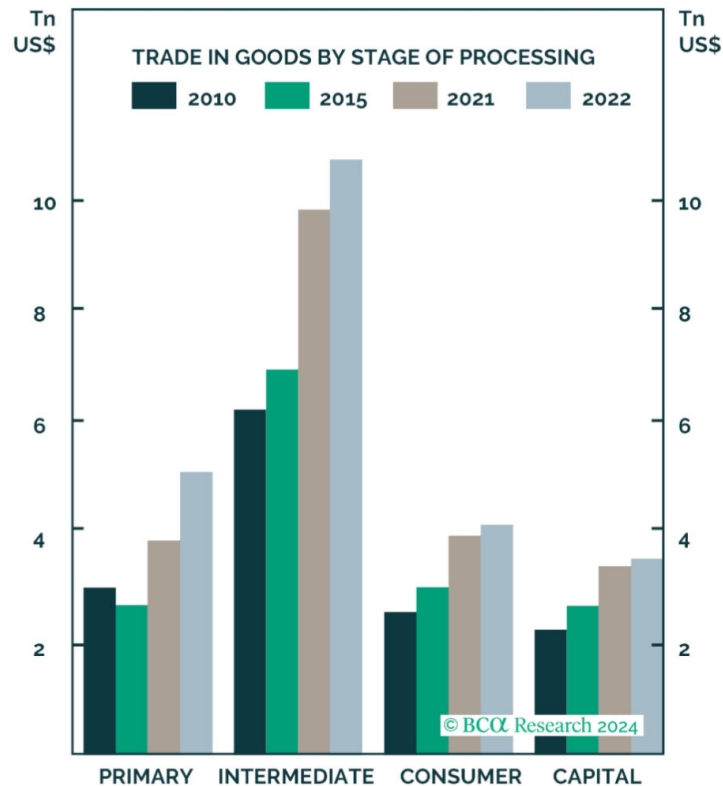
	1 Fully agree	2	3 Undecided	4	5 Completely disagree	
U.S. all	46%	22%	22%	4%	6%	n=113
Economists	0%	3%	5%	28%	64%	n=76

Tariff-ic

Higher tariffs will raise costs for both businesses and consumers

Chart 4

The Majority Of Global Trade Is In Intermediate Goods

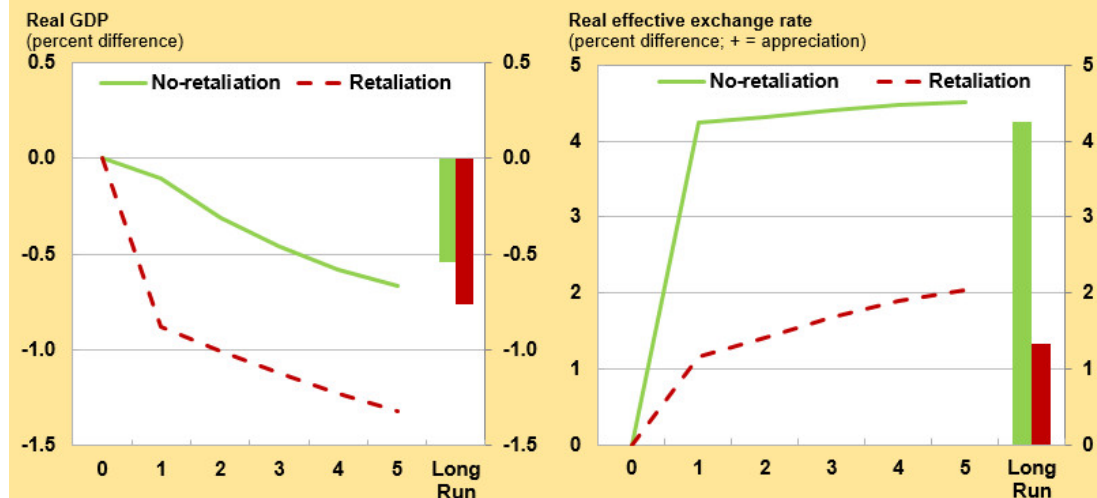


SOURCE: "KEY STATISTICS AND TRENDS IN INTERNATIONAL TRADE, 2023," UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT (UNCTAD), (2024).

Case in Point:

- 35% Tariff on tires from China (2009)
- 1,200 Tire Jobs saved, *but...*
- Chinese tire prices rose 26%, domestic tire prices rose 3%, and it cost Americans \$1.1 Billion
- In addition, over 3,700 *retail* jobs were lost

Chart 1
Macroeconomic impact in the United States from imposing tariffs on imported goods. ^{1/}



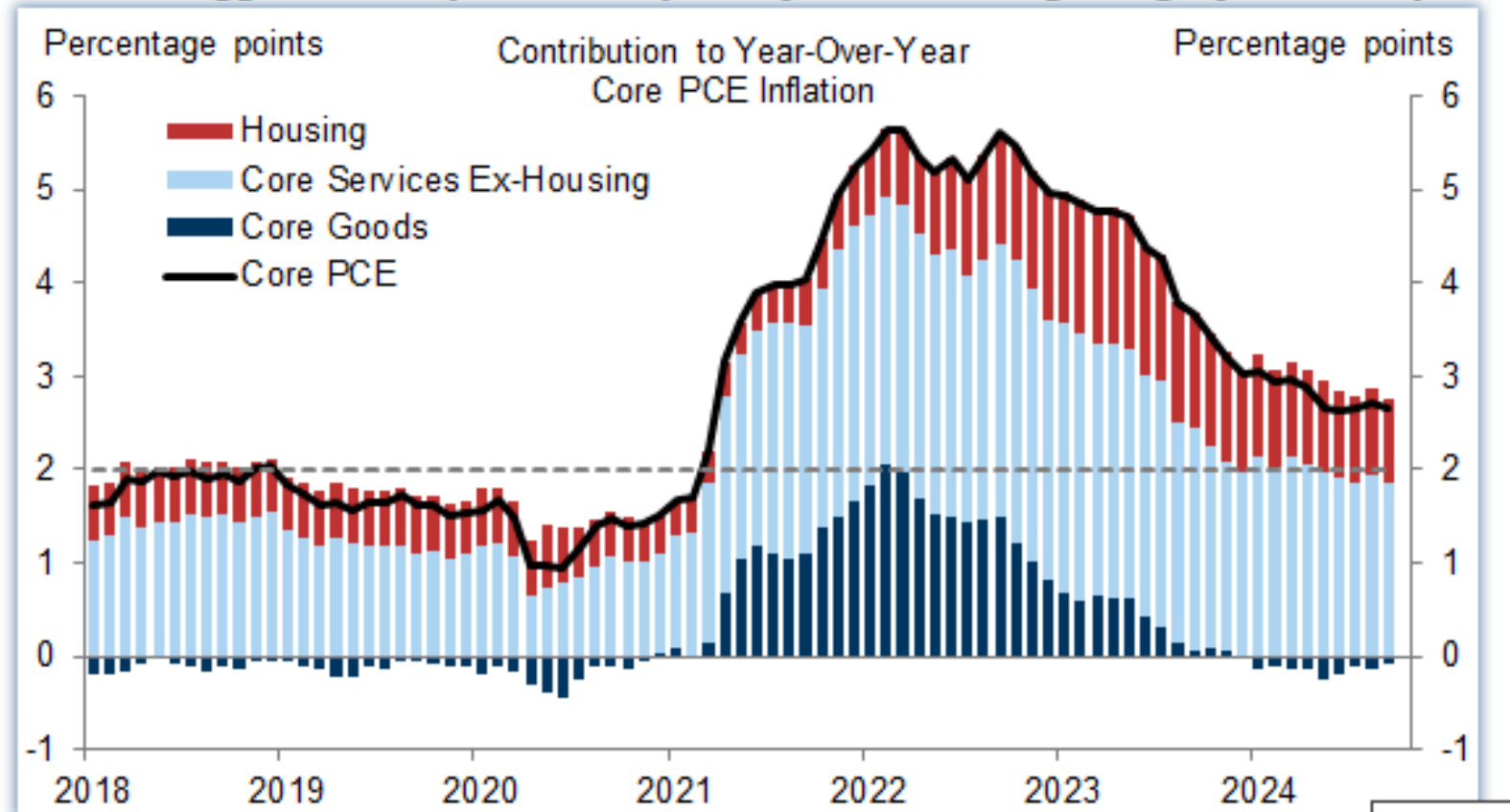
Source: GIMF simulations.

^{1/} Impact after the U.S. levies a 20 percent tariff on imports from emerging East Asia.

Inflation ignition?

Inflation declines have started to level off

Exhibit 2: Core Inflation Has Returned Most of the Way to 2%, and Most of the Remaining Overshoot Reflects Lagged Catch-up Effects, Especially in the Housing Category, or the Impact of Rising Stock Prices



Source: Goldman Sachs Global Investment Research, Department of Commerce

Exhibit 2

OVERALL US FISCAL DEFICIT VS OTHER ADVANCED ECONOMIES

US FISCAL DEFICIT AS A SHARE OF GDP

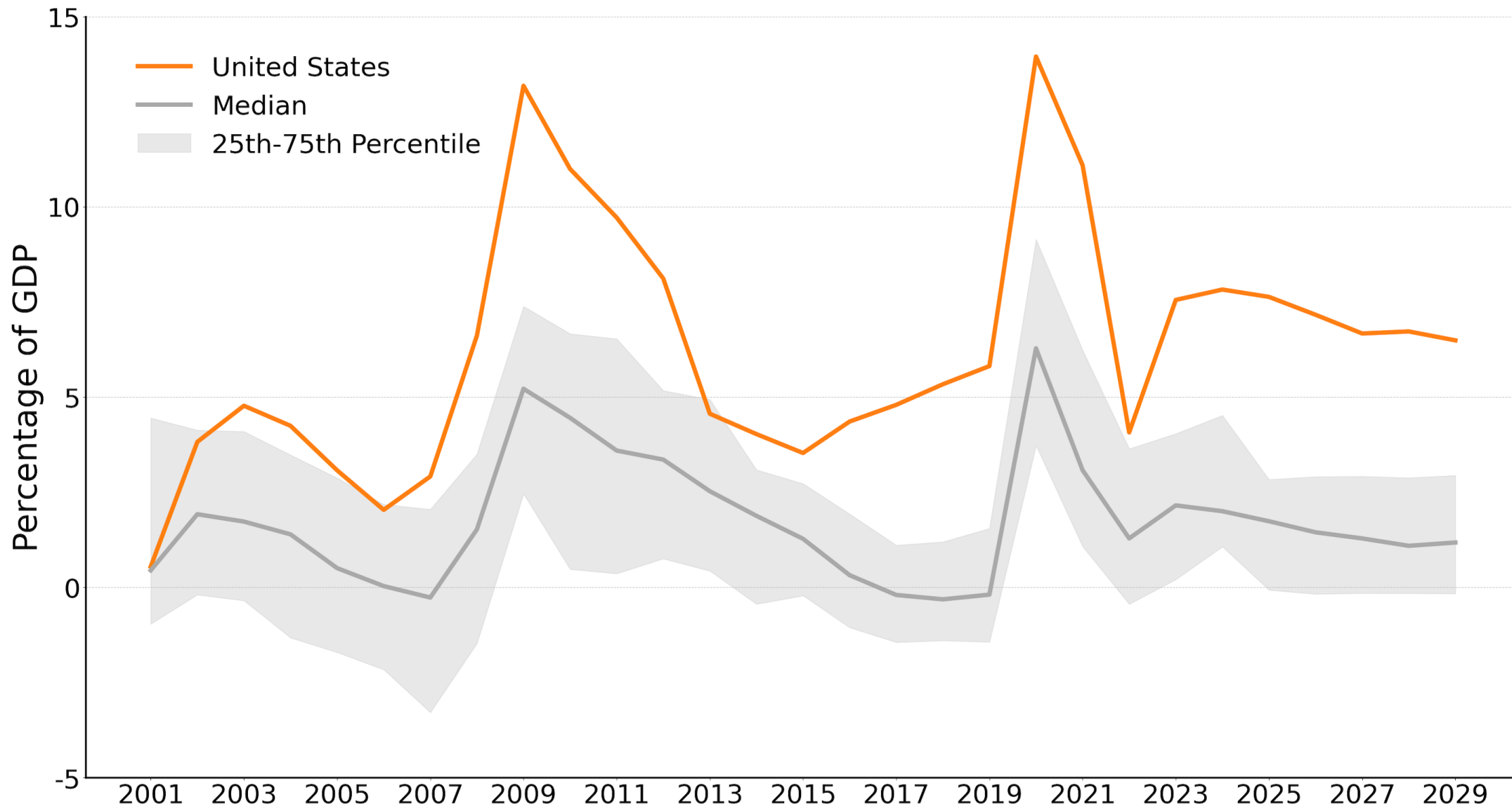


Chart 1. Source: IMF staff calculations based on the IMF World Economic Outlook database (July 2024).

Note: Advanced economy country group is based on World Economic Outlook classification.

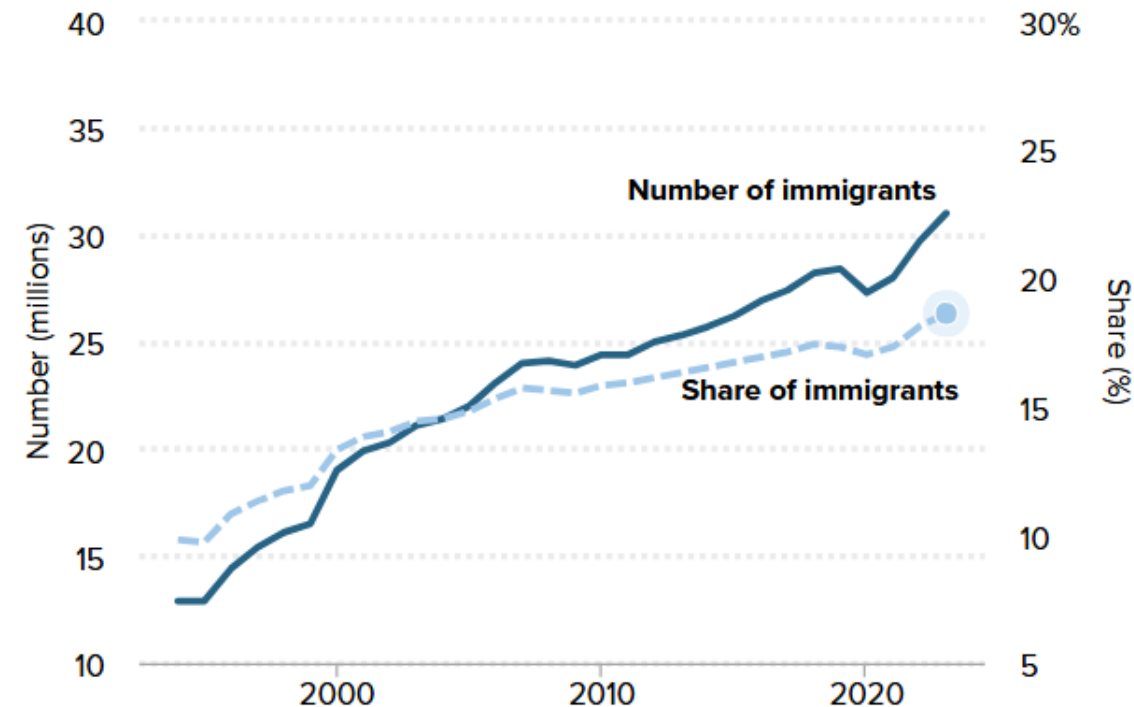
Projections for 2024-2029 are based on IMF staff assessments of current policies. IMF's fiscal projections for the United States are based on the Congressional Budget Office forecasts—they are converted to a general government basis and are adjusted to reflect IMF staff's forecasts for key macroeconomic and financial variables and different accounting treatment of defined-benefit pension plans (see IMF 2024).

Immigrant Song

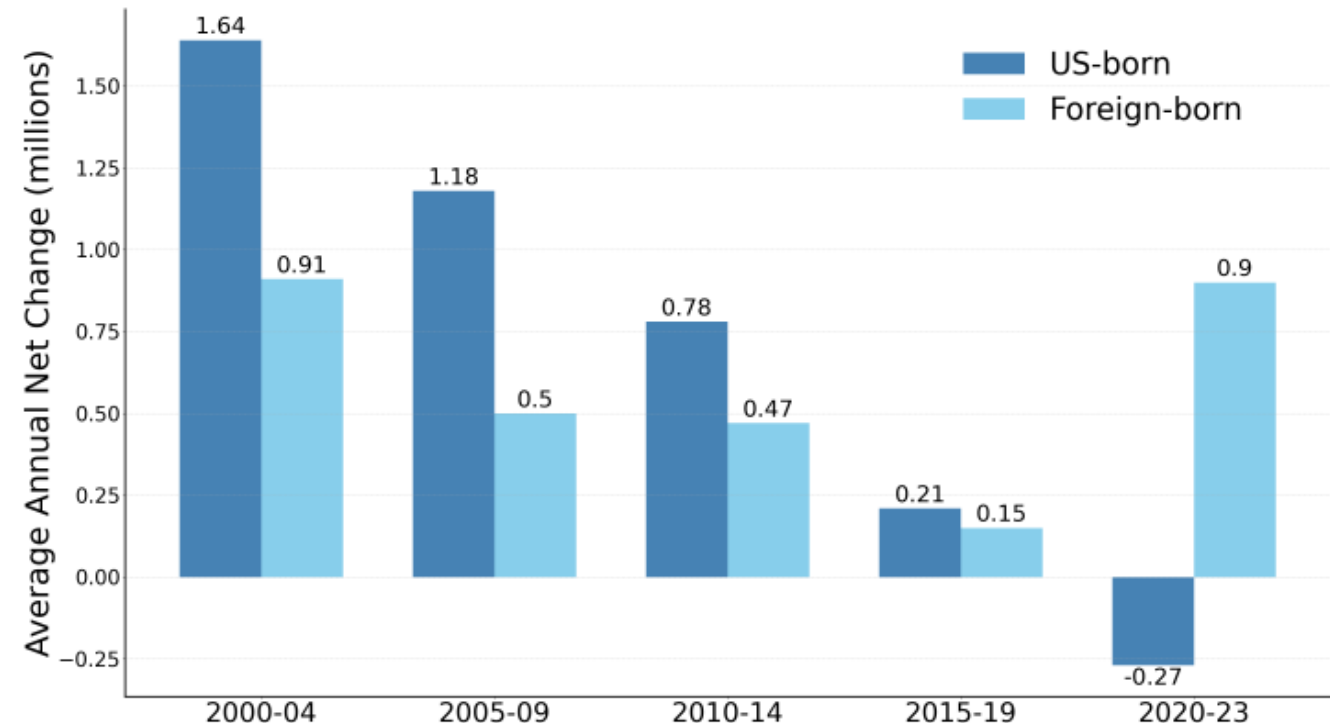
Immigration remains a major boon to the US and Santa Fe economy

The immigrant workforce has steadily grown over three decades

The number and share of immigrants in the U.S. labor force, 1994–2023



ANNUAL CHANGE IN US WORKING-AGE POPULATION BY NATIVITY, 2000-2023



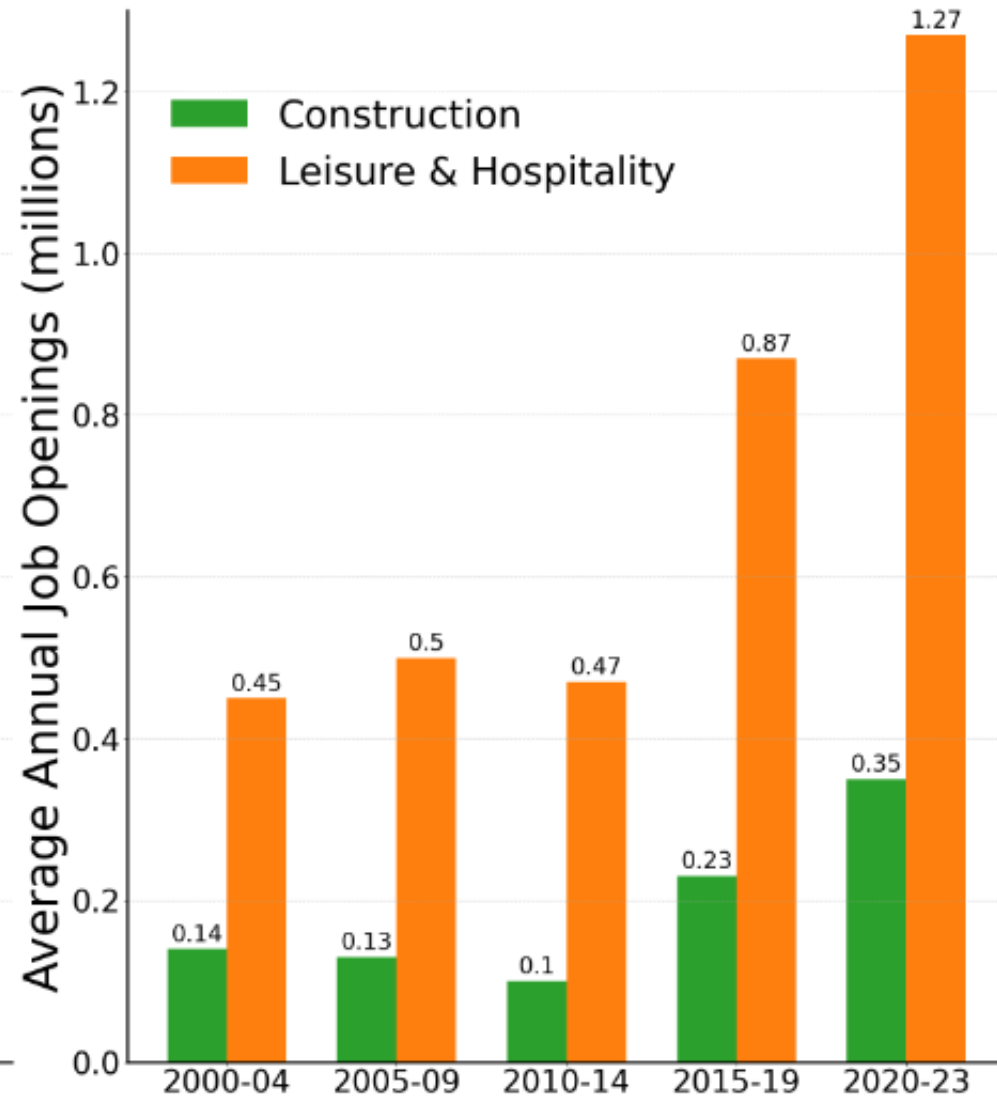
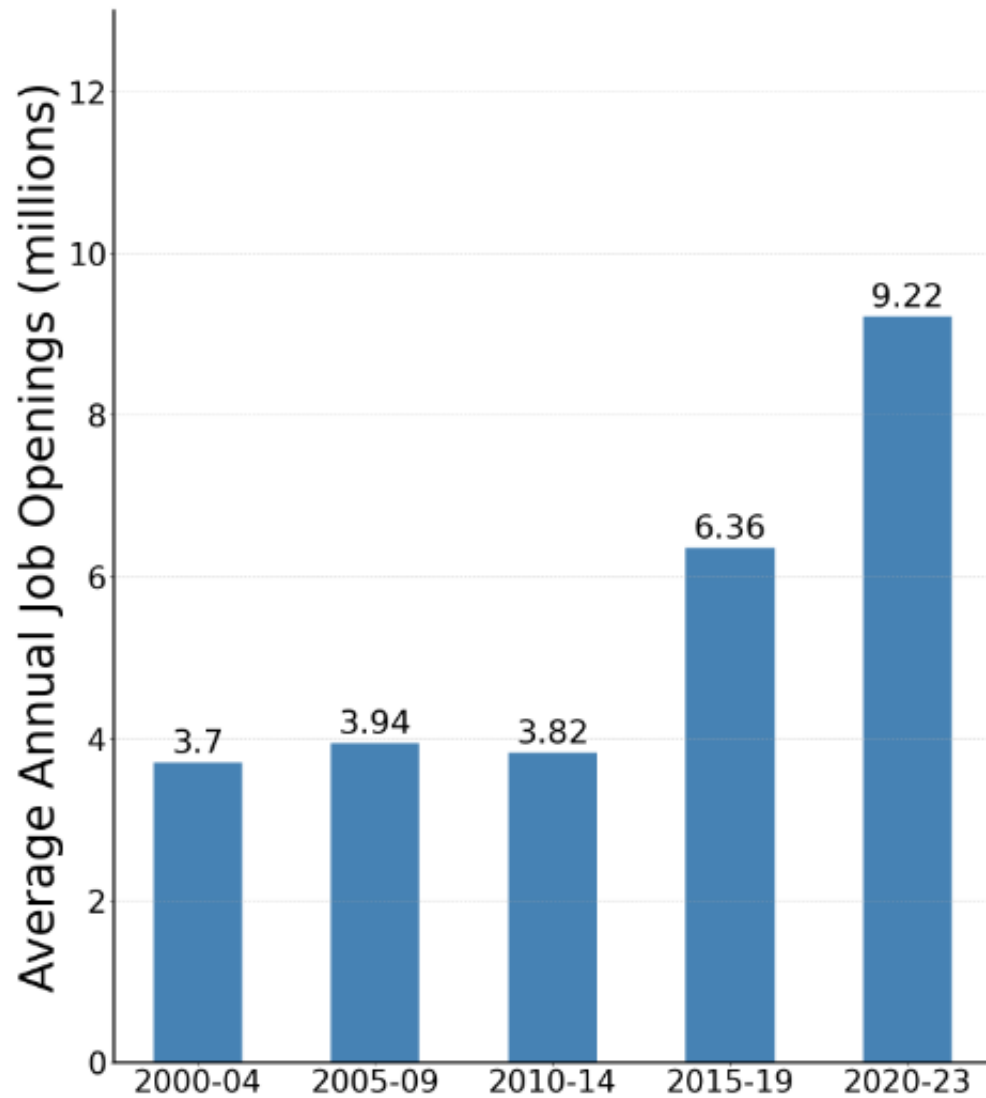
Source: U.S. Census Bureau, American Community Survey (ACS); authors' calculations.
Note: Population 18-65 years old. Foreign-born include individuals with any immigration status, including undocumented immigrants.

Econofact: econofact.org

ANNUAL AVERAGE JOB OPENINGS

Overall

Two Non-College Dependent Sectors



Source: U.S. Bureau of Labor Statistics, Job Openings and Labor Turnover Survey (JOLTS)

Econofact: econofact.org

Suite Serenity

Building anything – even luxury units - tends to lower prices

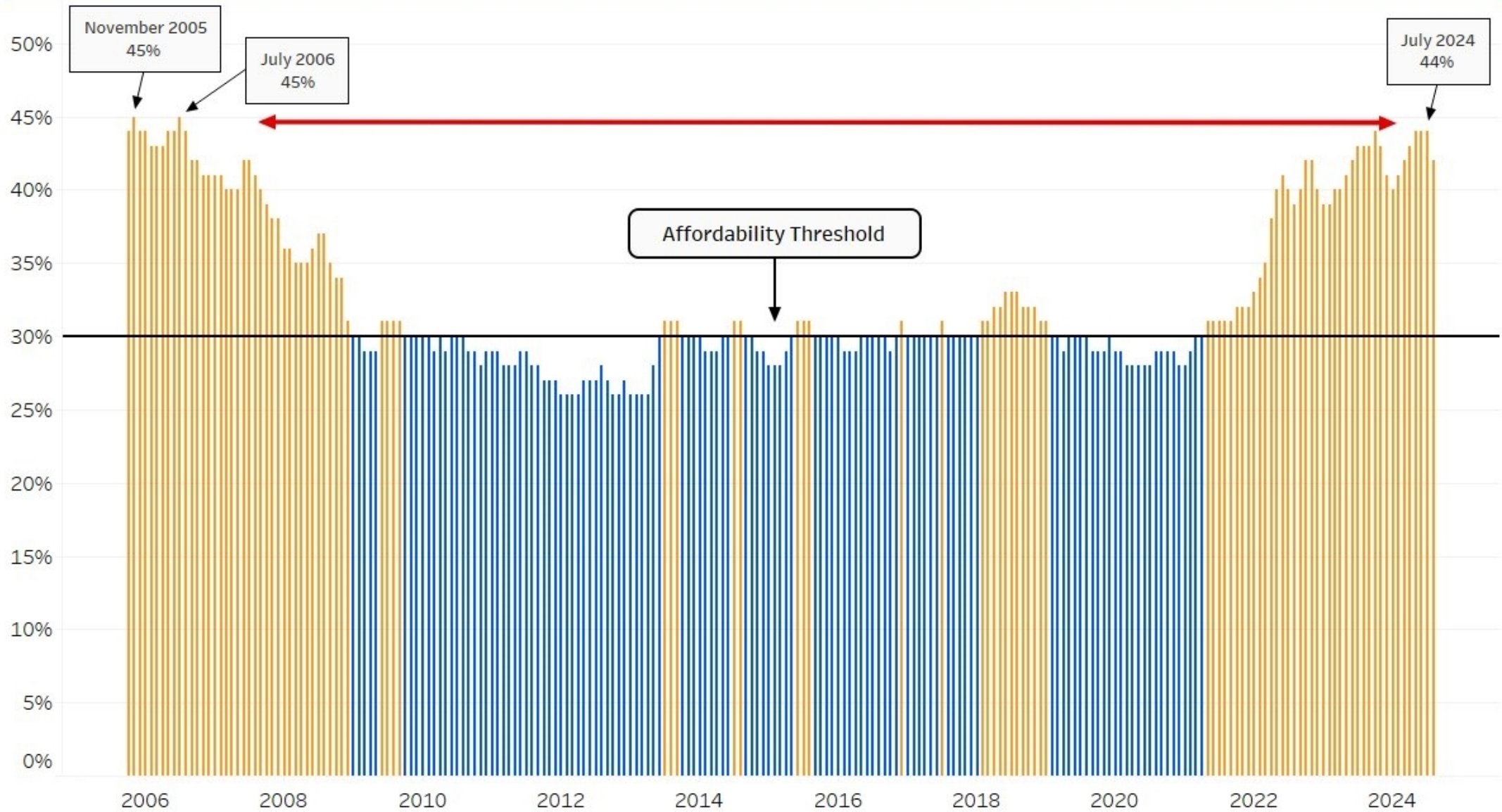
- **"Filtering" Effect:** Building new luxury apartments reduces rents across the housing market as higher-income renters move up, creating vacancies that lower rents for everyone. (Bratu et. al., 2023)



Data from the

Share of Median Income

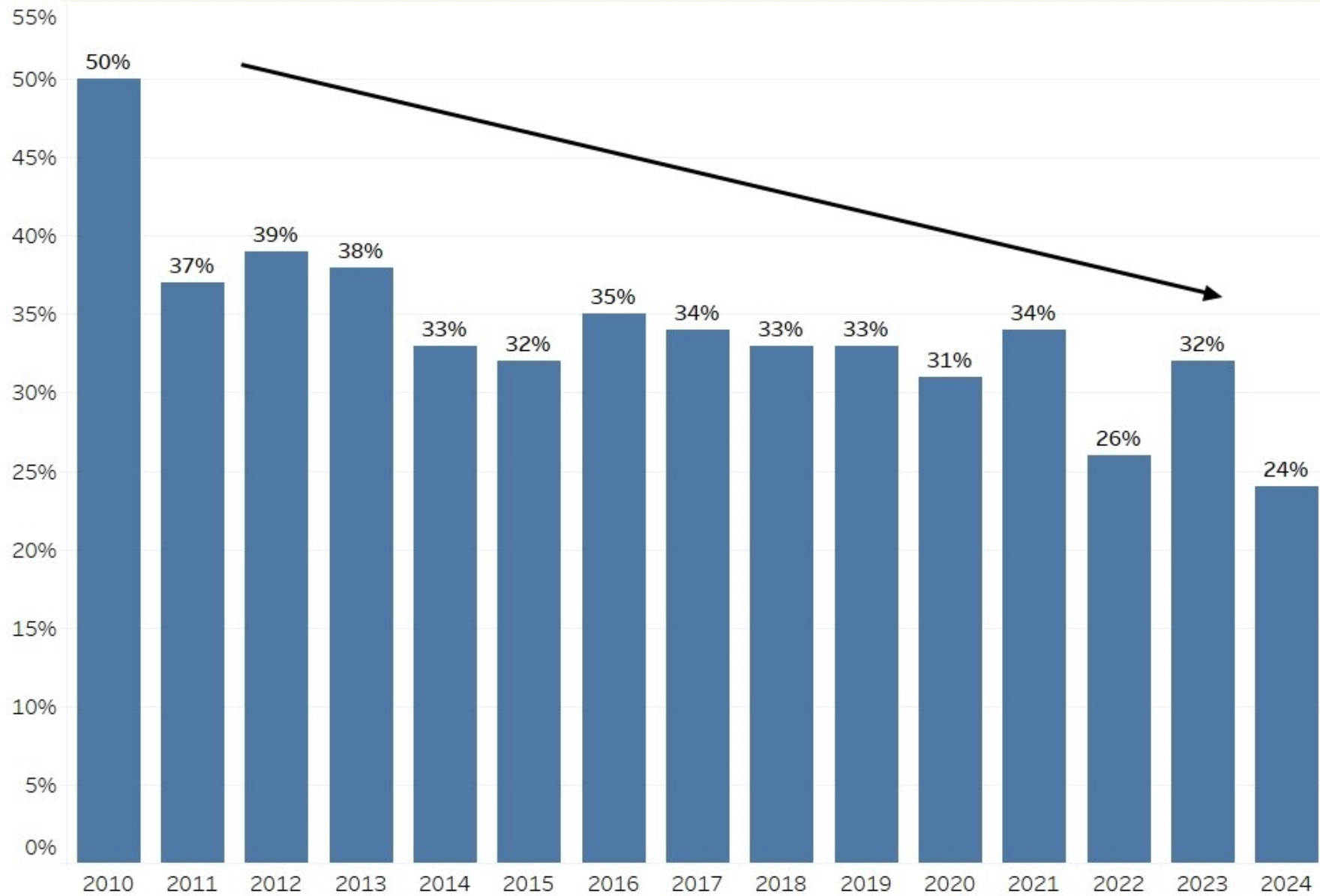
Share of median income greater than 30% = Unaffordable
October 2005 - August 2024



Market Share of First-Time Homebuyers

2010 - 2024

ARBOR DATA SCIENCE

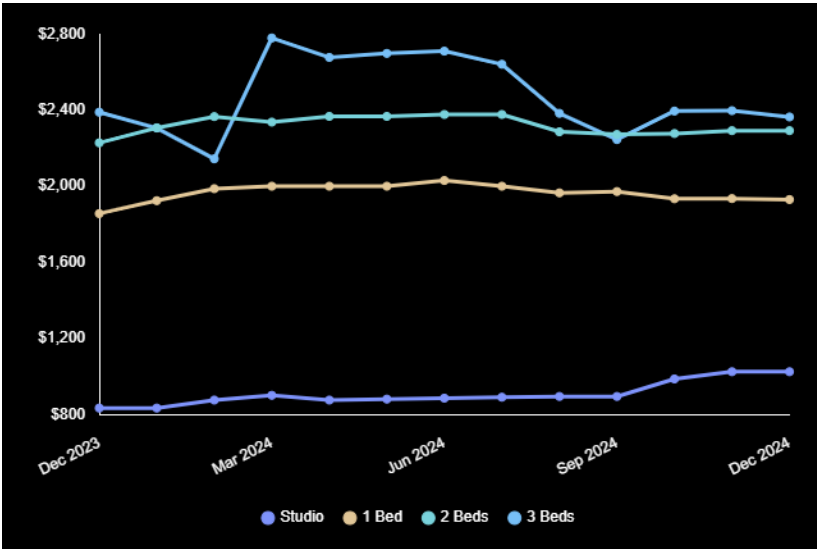


Data Source: National Association of REALTORS

© 2024 Arbor Research & Trading, LLC. All Rights Reserved
datascience.arborresearch.com

War and Lease

Multifamily prices are up around 2% this year



*rent.com (above); rentcafe.com (below);
apartments.com (right)*

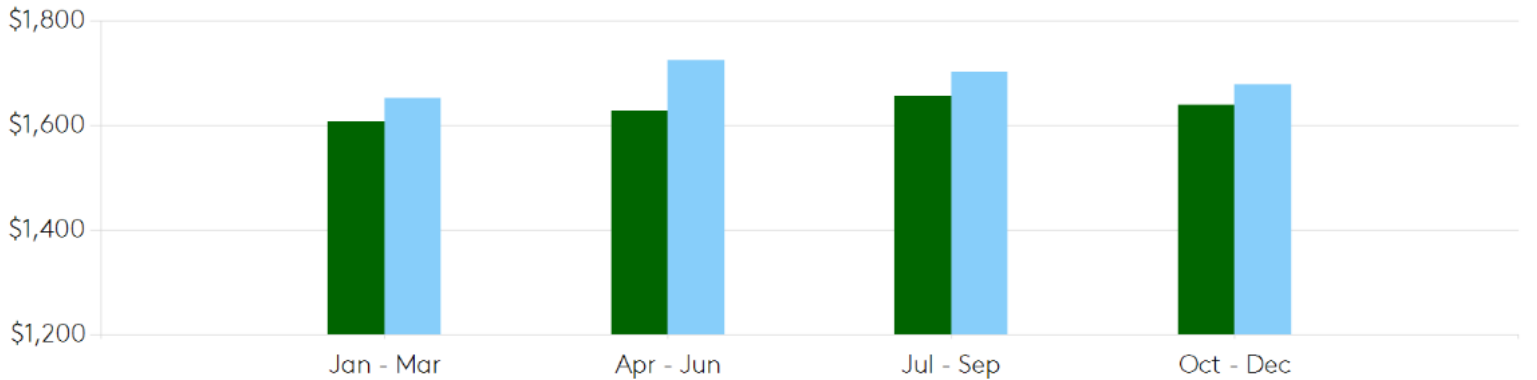
\$1,677/month
Average Rent

665 Sq Ft
Average Apartment Size

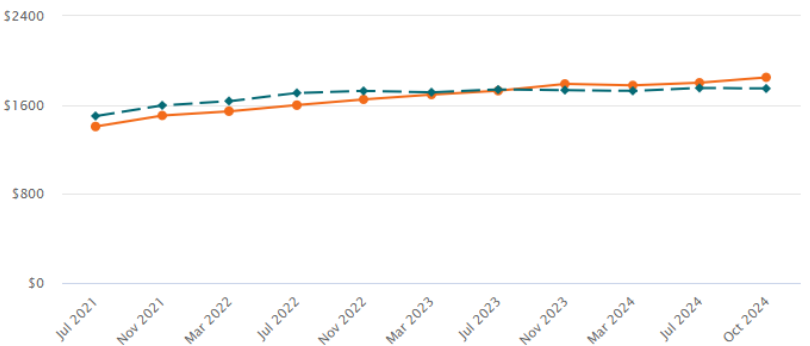
+2.3%
Increase in the Last Year

Market Trends Over Time [i](#)

Last Updated December 2024



Average Rent —●— Santa Fe, NM —●— National

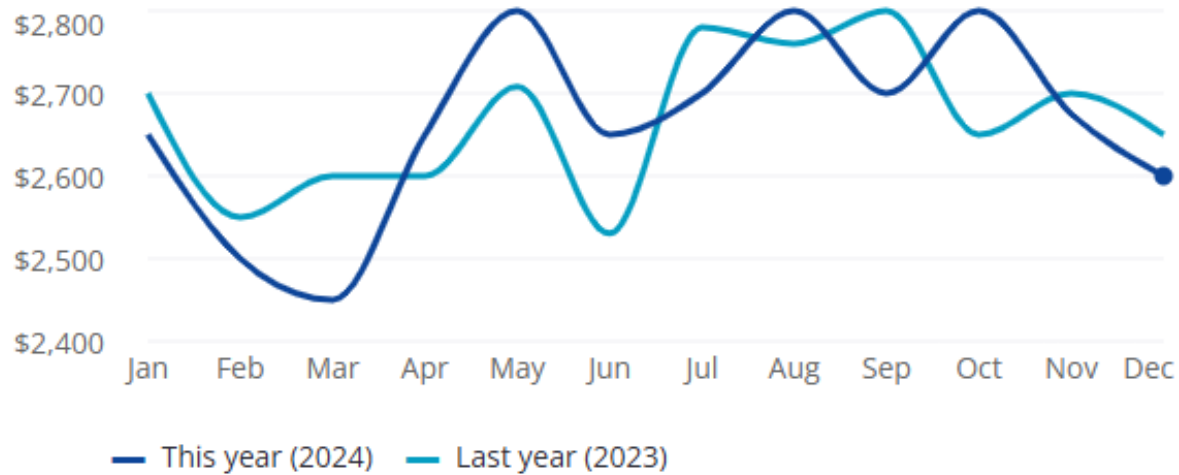


Not Rent to Be

Santa Fe price increases have levelled off – but remain high

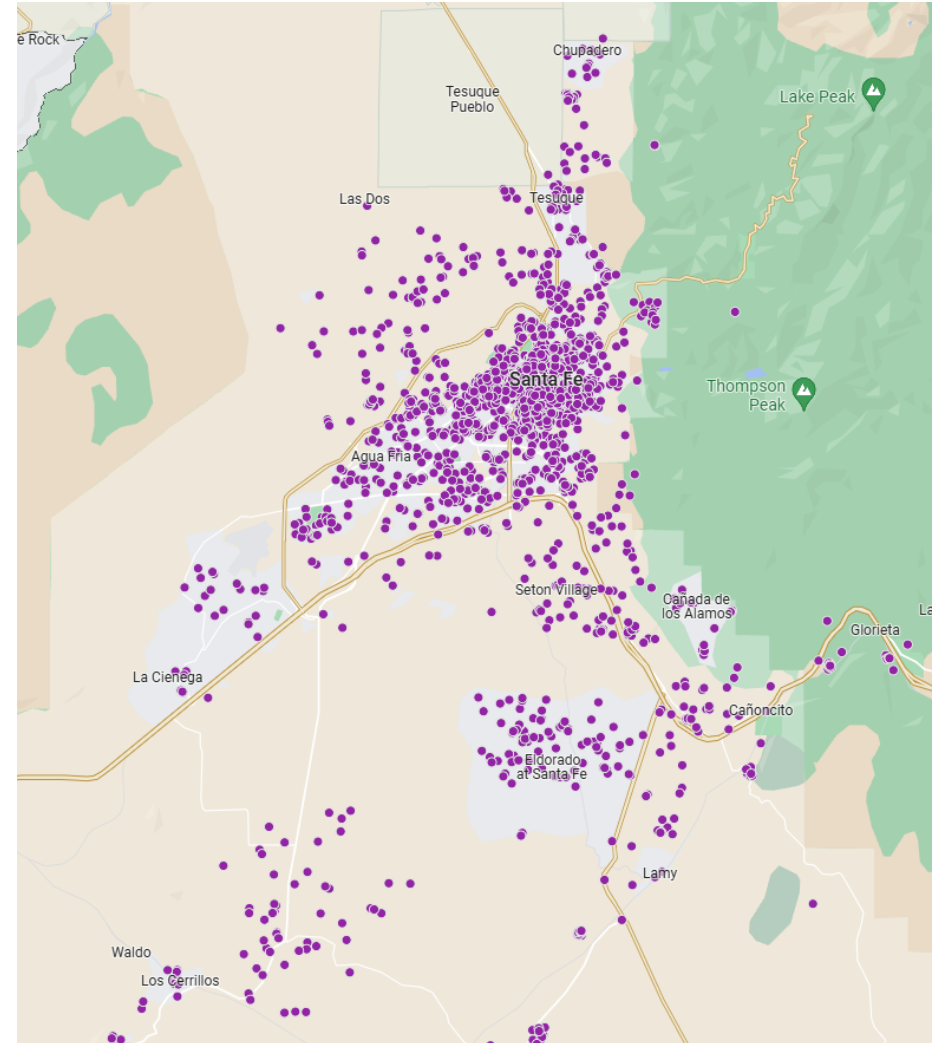
Median Rental Price over Time

In the last year, rent has decreased by **\$95** compared to the previous year.



Above: Home Rentals in Santa Fe (Zillow)

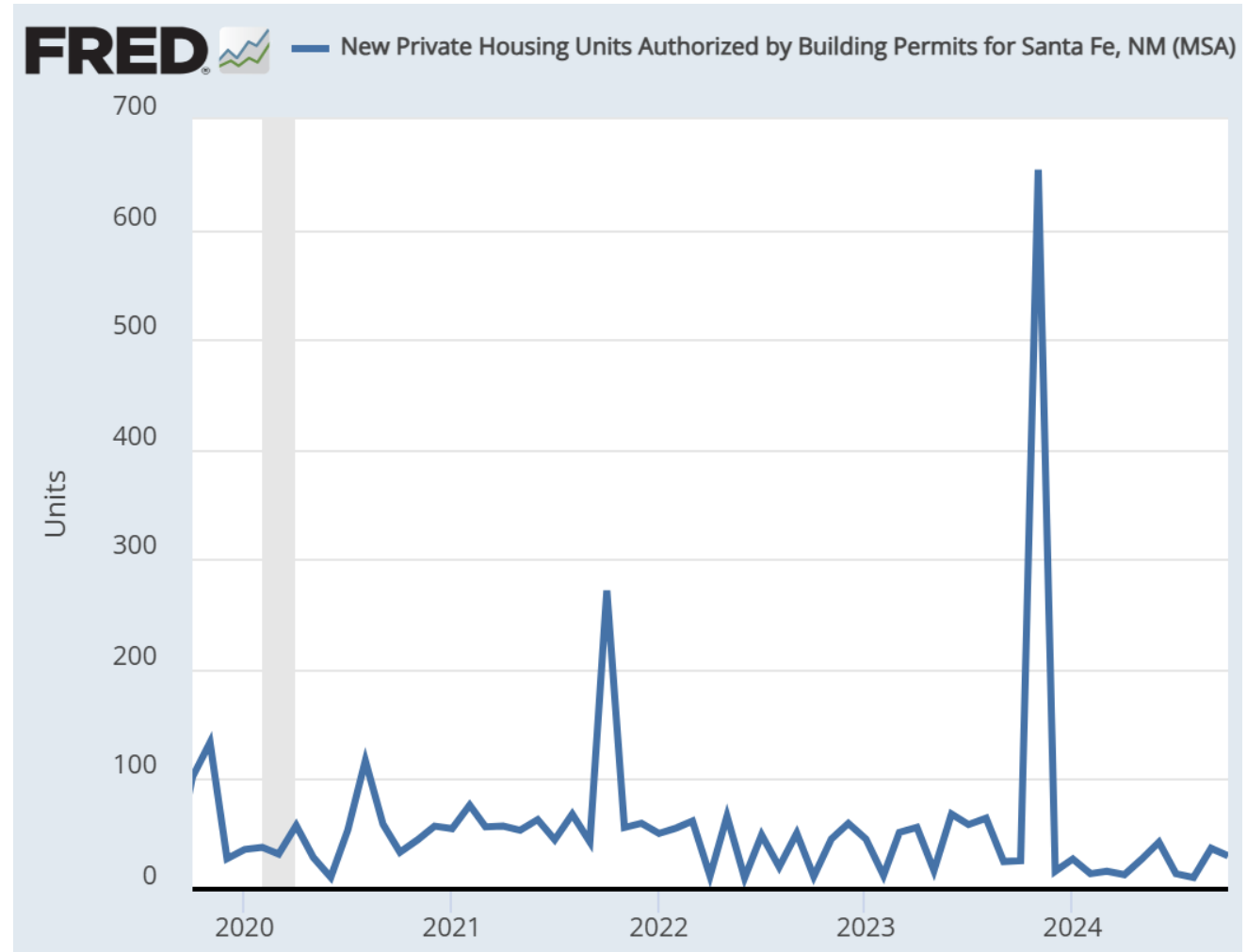
At right: Short-term rentals in Santa Fe (2,137 properties w/
2% increase in revenue YoY)



Building Permits

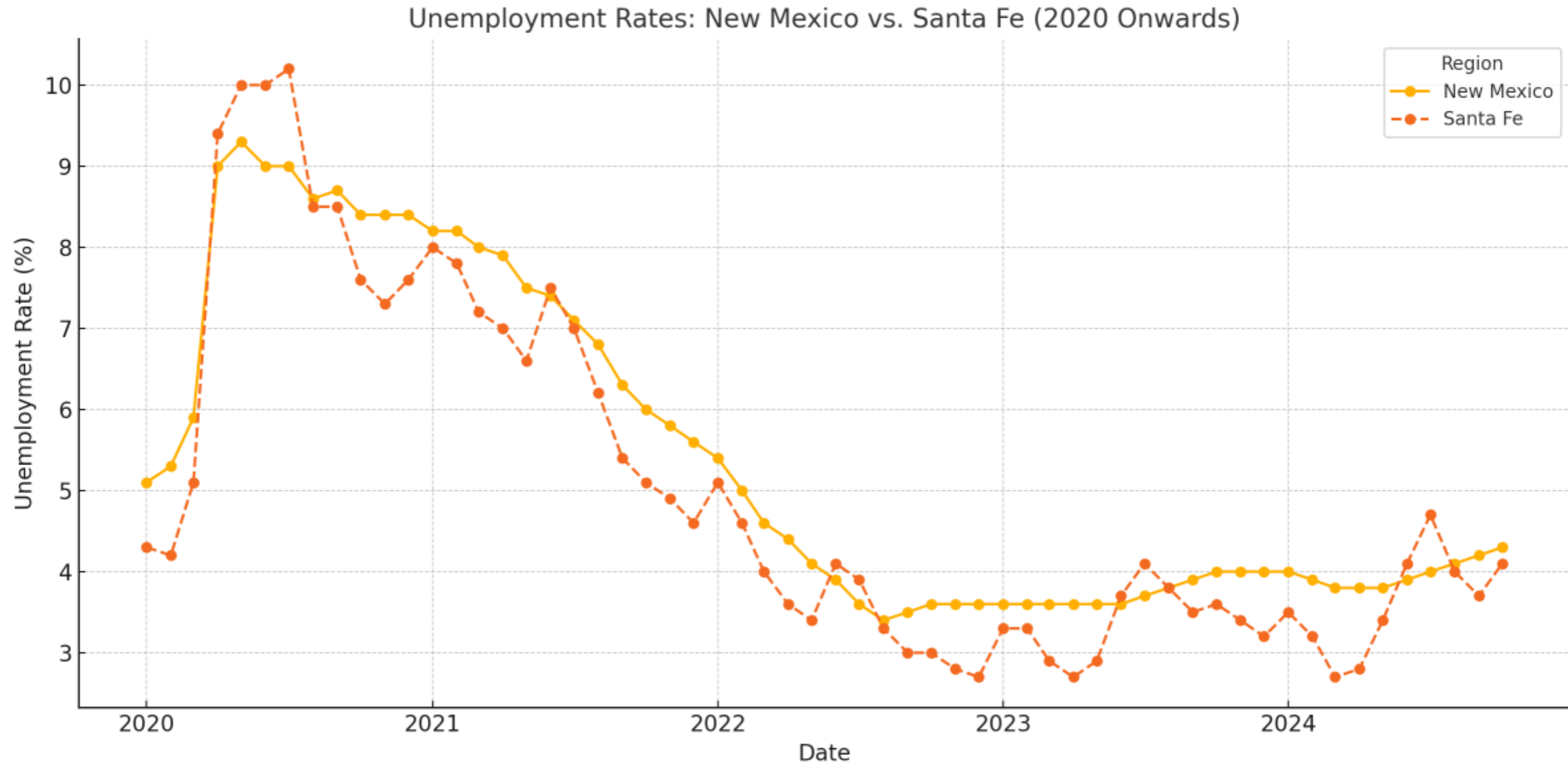
High (but steady) prices are likely to continue

- Short Term rentals remain fairly steady year-on-year.
- Multifamily building activity is expected to continue to decline over the next year



Hired and Tired

Unemployment in both NM and Santa Fe is trending slowly upward





Post-Election Macro Summary

Santa Fe Revenue Outlook

- A slowly weakening job market and lower GDP growth is forecasted into FY 26
- Santa Fe's continued population growth will help offset some of these economic concerns, with GRT likely to remain consistently elevated but with lower growth rates than prior years
- Lodgers' Tax revenues are expected to remain robust, as the luxury and high end tourism market is likely to continue to prosper
- Property Tax revenue will also continue to trend upward.

Risks

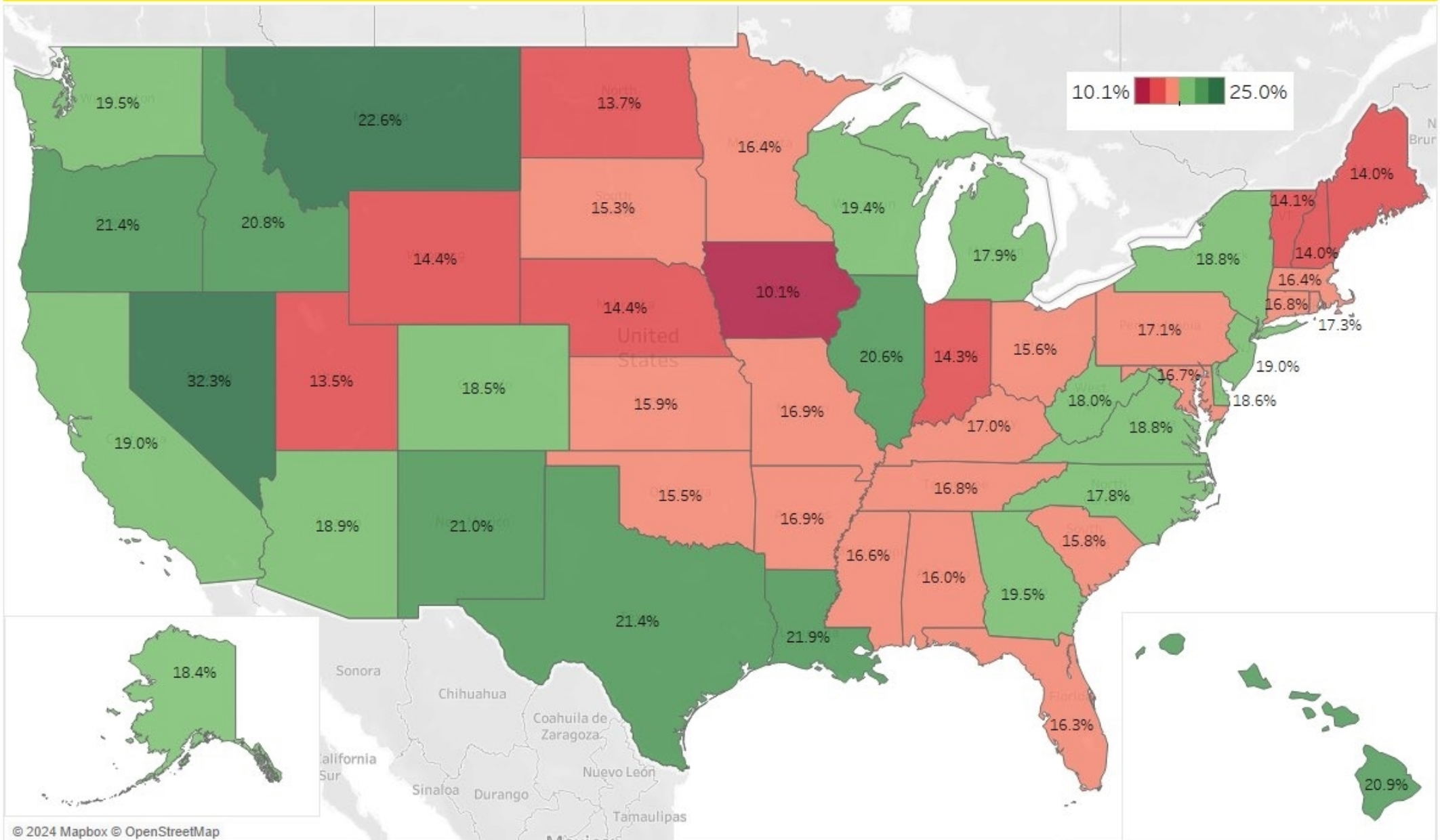
- The election transition remains a significant risk, as trade policy, immigration, and government efficiency are likely going to have significant ramifications for the New Mexico economy.

Appendix

Santa Fe, NM

Data Series	Back Data	May 2024	June 2024	July 2024	Aug 2024	Sept 2024	Oct 2024
<u>Labor Force Data</u>							
Civilian Labor Force(1)		72.6	73.9	75.1	74.4	73.8	(P) 73.7
Employment(1)		70.1	70.9	71.6	71.4	71.1	(P) 70.7
Unemployment(1)		2.5	3.0	3.5	3.0	2.8	(P) 3.0
Unemployment Rate(2)		3.4	4.1	4.7	4.0	3.7	(P) 4.1
<u>Nonfarm Wage and Salary Employment</u>							
Total Nonfarm(3)		63.9	64.8	64.7	64.9	63.9	(P) 64.1
12-month % change		2.1	2.7	3.2	2.9	2.2	(P) 1.6
Mining, Logging, and Construction(3)		3.0	3.0	3.0	3.0	3.0	(P) 3.1
12-month % change		-3.2	-3.2	-3.2	0.0	0.0	(P) 0.0
Manufacturing(3)		0.9	0.9	0.9	0.9	0.9	(P) 0.9
12-month % change		12.5	12.5	12.5	12.5	12.5	(P) 12.5
Trade, Transportation, and Utilities(3)		10.2	10.2	10.1	10.1	10.0	(P) 10.0
12-month % change		1.0	1.0	1.0	1.0	0.0	(P) -2.9
Information(3)		0.8	0.8	0.8	0.8	0.8	(P) 0.8
12-month % change		0.0	0.0	0.0	0.0	0.0	(P) 0.0
Financial Activities(3)		2.3	2.3	2.3	2.3	2.3	(P) 2.3
12-month % change		0.0	0.0	0.0	0.0	0.0	(P) 0.0
Professional and Business Services(3)		5.8	5.7	5.7	5.7	5.6	(P) 5.6
12-month % change		0.0	-1.7	-1.7	-1.7	-1.8	(P) -3.4
Education and Health Services(3)		11.0	10.9	10.9	11.0	11.1	(P) 11.2
12-month % change		2.8	5.8	6.9	2.8	1.8	(P) 1.8
Leisure and Hospitality(3)		12.0	12.7	12.9	12.6	12.3	(P) 12.1
12-month % change		4.3	5.8	6.6	5.0	7.0	(P) 6.1
Other Services(3)		3.6	4.3	4.3	4.3	3.6	(P) 3.6
12-month % change		9.1	7.5	7.5	10.3	5.9	(P) 2.9
Government(3)		14.3	14.0	13.8	14.2	14.3	(P) 14.5
12-month % change		0.7	0.7	1.5	2.9	1.4	(P) 2.8

Percentage of Income Spent on Childcare



© 2024 Mapbox © OpenStreetMap

Data Source: LendingTree analysis of U.S. Census Bureau Household Pulse Survey and American Community Survey data

© 2024 Arbor Research & Trading, LLC. All Rights Reserved
datascience.arborresearch.com