LABOR MARKET BRIEFING

New Mexico Labor Market July 2025 to July 2026

A year of cooling growth and rising slack

Comparative report on the New Mexico Labor Market Review for July 2025 and July 2026

4.8%	+0.8 pp	0.8%	56.7%
NM unemployment	**Annual change**	**NM job growth**	**Participation**
July 2026	*using revised July 2025*	*down from 3.0%*	*4.7 pts below US*

The boom gives way to a softer market

New Mexico's labour market lost much of its earlier momentum between the two July reports. The 2025 edition described a state outperforming the country: nonfarm payrolls were growing by 3.0%, more than three times the national pace of 0.9%. By July 2026, state growth had slowed to 0.8%. That still exceeded the United States' 0.2%, but New Mexico had fallen behind Utah, Nevada and Texas and merely matched Arizona.

The household survey was less reassuring. The newer report puts New Mexico's seasonally adjusted unemployment rate at 4.8%, compared with a revised 4.0% a year earlier and 4.1% nationally. The number unemployed rose by 6,577, or 16.6%, while the labour force shrank by 13,409, or 1.4%. In plain terms, unemployment increased even as fewer people were participating. This is a weaker combination than a rise caused by new entrants looking for work.

One statistical caution matters. The July 2025 publication originally reported unemployment at 4.2% and nonfarm employment at 902,200. The July 2026 report now shows July 2025 unemployment at 4.0%, while its revised seasonally adjusted payroll series places July 2025 employment at 891,400 rather than the 908,900 shown in the earlier edition. Benchmark revisions are normal, but they make the growth rates and revised year-earlier figures more reliable than a simple subtraction of the two published job levels.

Regional comparison

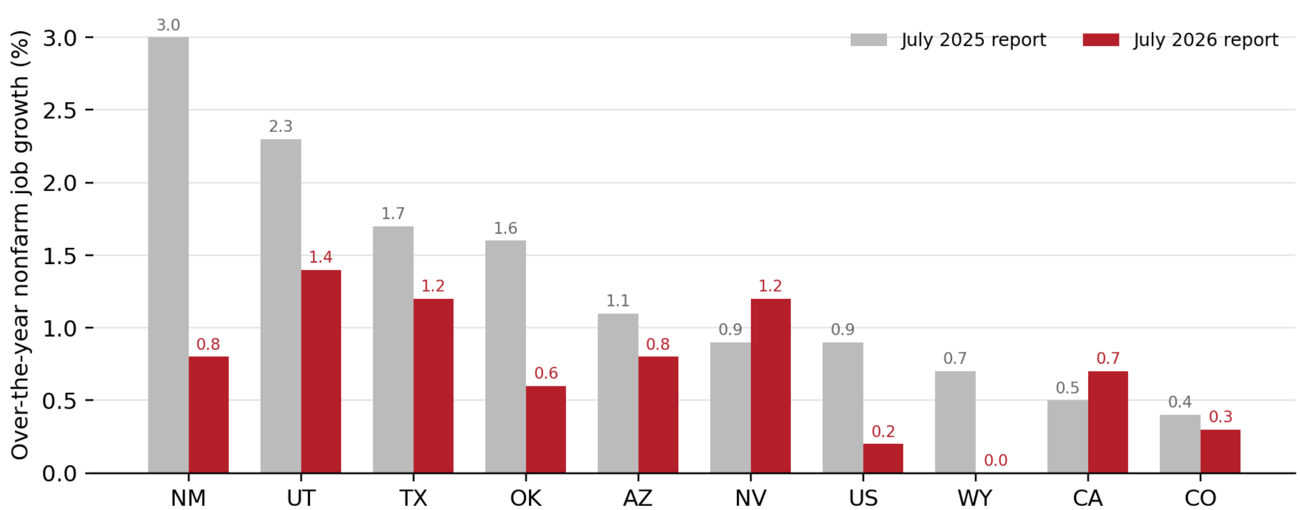

Figure 1 Over-the-year nonfarm employment growth reported in each July edition.

The slowdown was regional, but New Mexico's was unusually steep. Its growth rate fell 2.2 percentage points, from first place in the comparison group in 2025 to the middle of the pack in 2026. Utah led at 1.4%; Nevada and Texas posted 1.2%; Arizona and New Mexico each recorded 0.8%. Colorado grew by 0.3%, Oklahoma by 0.6%, and Wyoming was flat. Thus New Mexico still outgrew the nation, Colorado, Oklahoma and Wyoming, but no longer enjoyed a commanding advantage.

Area	July 2026 unemployment	Job growth	Position versus New Mexico
New Mexico	4.8%	0.8%	Above US; growth mid-pack

United States	4.1%	0.2%	Lower unemployment; slower jobs
Arizona	4.9%	0.8%	Same growth; slightly higher unemployment
Colorado	3.9%	0.3%	Tighter market; slower growth
Oklahoma	4.3%	0.6%	Tighter market; slower growth
Texas	4.5%	1.2%	Tighter market; faster growth
Utah	3.6%	1.4%	Much tighter; faster growth

The engines of growth change

In 2025 the expansion was broad and investment-heavy. Six of nine major private industries added jobs. Construction surged by 13.8%; private education and health services grew 6.9%; financial activities rose 5.1%; and professional and business services advanced 2.9%. By 2026 only four of nine private sectors were expanding.

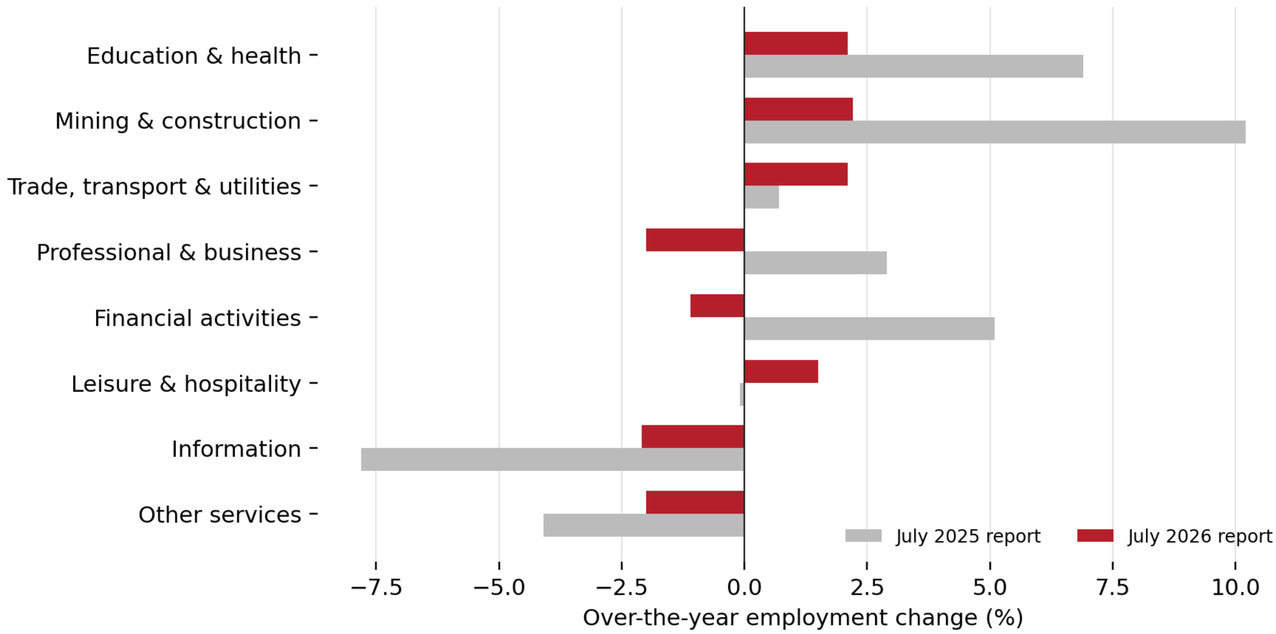

Figure 2 Statewide sector growth, July over July, as reported in each edition.

The composition also became less buoyant. Trade, transportation and utilities added 3,100 jobs, education and health added 3,200, leisure and hospitality added 1,500, and mining and construction added 1,800. Yet professional and business services lost 2,400 jobs, financial activities lost 400, information lost 200 and other services lost 600. Manufacturing was flat. The sharp retreat in construction growth—from 13.8% to 1.2%—is particularly notable because it removes the largest contributor to the previous year's goods-producing boom.

Government provided little cushion. Its growth slowed from 2.1% to 0.4%. Federal employment fell 8.0%, a loss of 2,300 jobs, while state and local government each added 1,500. The result was a labour market increasingly dependent on consumer-facing trade and services, education, health care and the extractive economy rather than on a broad spread of private-sector hiring.

Participation, pay and undercurrents

Indicator	July 2025 report	July 2026 report	Direction
Labour-force participation, NM	57.8%	56.7%	Down 1.1 pts
Participation gap versus US	4.4 pts	4.7 pts	Wider
Employment-population ratio, NM	55.4%	54.0%	Down 1.4 pts
Average hourly earnings, NM	$28.82	$31.17	Up $2.35 / 8.2%
Average hourly earnings, US	$36.26	$37.42	Up $1.16 / 3.2%
Initial UI claims	4,156	4,009	Down 3.5%
Continued weeks claimed	44,604	41,960	Down 5.9%

Pay was the bright spot. New Mexico's private-sector average hourly earnings rose to $31.17, an 8.2% gain, comfortably ahead of the national increase. The state's wage level remained 16.7% below the US average of $37.42, but the gap narrowed from 20.5% in the earlier report. Some of that gain may reflect shifts in industry mix or hours rather than uniform raises, so it should not be read as a pure measure of household purchasing power.

Unemployment-insurance measures were milder than the household survey: initial claims and continued weeks claimed both declined. That tension suggests the deterioration was not simply a wave of mass layoffs. A shrinking labour force, benchmark revisions and uneven sectoral demand all appear to be part of the story.

Local strain becomes more visible

Not-seasonally-adjusted unemployment rose in all four metropolitan areas. Albuquerque moved from 5.0% to 5.5%; Farmington from 6.0% to 6.4%; Las Cruces from 6.0% to 6.2%; and Santa Fe from 4.5% to 4.9%. Luna County remained the outlier, rising from 12.0% to 12.8%, while Los Alamos retained the lowest county rate, though it increased from 2.3% to 2.7%. Farmington had the largest metropolitan increase, reinforcing the unevenness of the statewide cooling.

Outlook

The July 2026 picture is not recessionary: payrolls were still growing faster than the nation, claims were lower, wages were rising and several large service industries were adding jobs. But the balance of evidence points to a clear loss of momentum. The unemployment rate is higher, participation is lower, the expansion is narrower and former growth leaders—construction, finance and professional services—have weakened. The next test is whether health care, education, trade and mining can sustain hiring without a revival in business services and construction.

For policymakers and employers, three indicators deserve attention: whether participation stabilises; whether professional and business services return to growth; and whether Albuquerque and Farmington unemployment continues to rise. Improvement in those measures would suggest a soft landing. Further deterioration would make New Mexico's remaining advantage over national job growth look increasingly fragile.

Sources and notes

Primary sources: New Mexico Department of Workforce Solutions, New Mexico Labor Market Review, July 2025 (Volume 54 No. 7) and July 2026 (Volume 55 No. 7). State unemployment rates are seasonally adjusted; county and metropolitan rates are not seasonally adjusted. Industry employment tables are not seasonally adjusted unless noted. Regional job-growth comparisons reproduce the cover charts in the two reports. Figures may be revised through annual benchmarking; percentage-point calculations may differ slightly because of rounding.

Data collection, review and analysis provided by:

Todd Clarke CCIM CIPs
CEO
NM Apartment Advisors Inc.
(505) 440-TODD
tclarke@nmapartment.com
www.nmapartment.com

An AI tool was used in analysis and documentation formatting/production.