NORTHWEST NEW MEXICO ECONOMY SUMMARY BACKGROUND

The purpose of this report is to summarize the regional economic development conditions in northwest New Mexico. The region is comprised of San Juan, McKinley and Cibola Counties. Together the three counties comprise the Northwest New Mexico Economic Development District (EDD) overseen by the Northwest New Mexico Council of Governments (NWNMCOG).

Executive Summary

- Outcomes of the 2021 CEDS were mixed with a few small gains offset by persistent poverty and a loss of 2,109 jobs.
- Based on GDP, the regional economy is valued at about $8 billion and has been relatively stable between 2020 and 2023 with slight losses in 2021 and 2022, probably due to Covid, and a net gain of less than 1% overall between 2020 and 2023.
- Based on GDP data analyzed by sectors defined by the 20 two-digit NAICS codes, the regional economy in 2023 was dominated by the private sector (71.7%), with the most significant contributions to the GDP from Government (28.3%) and Mining & Oil and Gas (17.28%). Five other sectors contributed more than 5% and three more contributed between 3-5%.

1. OUTCOMES OF 2021 CEDS

The 2021 CEDS focused on a total of 21 strategies organized in seven goal areas. The six evaluation baselines targeted reducing poverty, increasing income and educational attainment, and creating 5,000 jobs. NWNMCOG completed a process and outcome evaluation of the 2021 CEDS using a survey of regional Economic Development Organizations to produce qualitative data on achievements and quantitative data from the U.S. Census and NMSU Arrowhead Center Base Industry Studies to measure progress relative to the baselines.

The process evaluation found fifteen highlighted regional achievements that brought in $214,000,000 for investments in projects targeted primarily to infrastructure including improvements to broadband (3), industrial parks (3), transportation and logistics systems (5), and downtown revitalization (1). Other projects focused on tourism, training for green energy jobs, and planning for a regional community development corporation.

Outcomes were mixed and included small gains in median household income offset by losses in per capita income and sustained poverty. High school graduation rates improved, while educational attainment at the B.A. level was mixed, and during the evaluation time frame the region lost 2,109 jobs.

Although the 2021 CEDS did not include an increase in GDP as one of the stated goals, it is worth noting that the investment of $214 million produced a net gain of only a little over $6 million, not a good return on investment.

Table 1: Change in GDP, 2020 – 2023

2020	2023	NET CHANGE + 0.77%
$8,287,351,000	$8,293,731,000	+$6,380,000

Source: U.S. Bureau of Economic Analysis. December, 2024

2. OVERVIEW IN THE STATE AND NATIONAL CONTEXT

Several national indices can provide a broad context for how the region is doing compared to other regions, states, and national averages in terms of the relationships between the population and the economy, the workforce and the labor market, and how the region stacks up compared to other Economic Development Districts or clusters based on a variety of factors.

Regional Baselines

The NWNMCOG undertakes regional economic development in the context of New Mexico, and New Mexico is not doing well. In a 2025 study of state competitiveness for business, New Mexico overall ranked 44th of 50 states, with grades in 10 categories mostly ranging from C to D- (four C or C-, two D+ and two D-). New Mexico received a B- on Cost of Doing Business and an F on Access to Capital (topstates.cnbc.com).

In this 19th year of the study, CNBC uses publicly available data, mostly federal government databases, to analyze 135 metrics in 10 categories: economy, infrastructure, workforce, cost of doing business, business friendliness, quality of life, technology & innovation, education, access to capital, and cost of living (Scott Cohn, "How we are choosing America's Top States for Business in 2025," June 11, 2025).

Innovation Index

The Innovation Index at statsamerica.org measures the regional Economic Development District's (NWNMCOG) capacity for innovation and competitiveness in five

categories: Human Capital and Knowledge Creation, Business Dynamics, Business Profile, Employment and Productivity, and Economic Well-Being.

In the 2025 report, the NWNMCOG ranked 373 of 393 EDDs across the country and did not do well in comparison to the other EDDs in the Four Corners Region:

- Southwest Colorado - 80
- Southeast Utah - 222
- Northern Arizona - 117
- NWNMCOG - 373

Key findings included a low level of positive outcomes from existing economic activity and a low standard of living as measured by residential internet connectivity and income.

National Economic Resilience Data Explorer (NERDE)

The Argonne National Laboratory data tool (NERDE) provides rankings using indices to measure Human Capital, Financial Strength, Infrastructure, Industry, and Institutions and Partnerships. Using these scales, the three counties in the region ranked below or well below national averages on all but a few scales. Cibola ranked above national average on Institutions and Partnerships. San Juan ranked above national average on Industry. McKinley ranked below or well below national average on all five scales.

Center On Rural Innovation (CORI) Economic Development Tool (EDT)

CORI, a national non-profit organization focused on technology-based economic development, provides a detailed analysis of a variety of factors with trends over time and notes key takeaways for the northwest New Mexico region:

- Regional population is shrinking
- Business growth is in decline
- Educational attainment lags the nation
- Tradable services employment in a knowledge-driven economy (finance, technology) is below national average
- Broadband is inadequate
- Private investment is active but low
- Rent affordability is an issue

Cluster Analysis

Although the findings of Michael Porter's Cluster Mapping Project are no longer available, Benjamin Peck created an algorithm to analyze county-level datasets on

poverty, population, unemployment, income, and education from USDA's Economic Research Service plus U.S. Census data on percent in poverty (medium.com/geekculture). Peck used Federal Information Processing Standards (FIPS) codes to merge various data into a single dataset and applied his algorithm to define six clusters ("Understanding US Regions Through Cluster Analysis," September 1, 2021). The three counties in northwest New Mexico fell into two of Peck's clusters.

Cluster 5: Rust Counties

Peck found that both San Juan and Cibola fell into this cluster of counties "not doing as well as they used to be doing." These counties were in former manufacturing areas that had lost their principal industries and failed to recover. They were losing population, and the remaining population was "underemployed, slightly educated, below average on every other metric, and lowest of all clusters on natural increase. Things were bad in Cluster 5, but not as bad as in Cluster 6."

Cluster 6: Historically Deprived

McKinley County was in Peck's Cluster 6. These counties were rural and concentrated in a few distinct areas: in the South in the epicenter of American slavery, in the West on American Indian Reservations with their history of discrimination and poverty, and in the Appalachians in former coal country. These counties were in "extremely rough shape," afflicted with deep cycles of profound intergenerational poverty, below average in every metric, exceptionally below average on most with the lowest net migration, education, employment and income.

3. HOW THE REGIONAL ECONOMY WORKS

The regional economy is valued at about $8 billion, and it has been relatively stable since 2020, with a net gain of less than a tenth of a percent (.77%) over the four years between 2020 and 2023.

Changes in GDP at county level varied from a net loss of 6.59% in McKinley to a net loss of 1.17% in Cibola to a net gain of 3.35% in San Juan.

Business

The U.S. Census defines a business "establishment" as a single location where business occurs and a "firm" as a business operating at more than one location. Employer establishments include at least one employee, while non-employer establishments have no employees and can be self-employed individuals or sole proprietors.

Although the number of business establishments has declined over the long term (2010-2022, per CORI EDT), between 2020 and 2024, business applications increased at a significant rate regionally and in all three counties.

Table 2: Regional Businesses in 2022

	SAN JUAN COUNTY	CIBOLA COUNTY	MCKINLEY COUNTY
Employer Establishment	2,483	282	950
Non-Employer Establishments	5,780	1,117	2,983
All Employer Firms	1,952	262	626

Source: U.S. Census QuickFacts

Table 3: County Level Business Applications, 2024

	Number of Applications (2024)	Change Rate (2019-2024)
Cibola County	129	158%
McKinley County	263	54.71%
San Juan County	926	56.68%
Region	**1,318**	**62.52%**

Source: U.S. Census Business Formation Statistics

Sectors

For purposes of this report, the main economic interests of the region are defined by the following twelve NAICS Codes:

- 11 Agriculture and Farm Employment
- 21 Mining, Quarrying, & Oil and Gas Extraction
- 22 Utilities
- 23 Construction
- 42 Wholesale Trade
- 44-45 Retail Trade
- 48-49 Transportation & Warehousing
- 53 Real Estate, Rental & Leasing
- 62 Healthcare & Social Assistance

- 71 Arts, Entertainment, & Recreation
- 72 Accommodation & Food Service
- 92 Government

The two largest NAICS sectors by far are Government (28.3%) and Mining, Oil and Gas (17.28%). Sectors that contribute more than 5% of the GDP are Retail; Real Estate, Rental & Leasing; Healthcare; and Accommodation & Food Service.

NAICS sectors that contribute between 3% and 5% of the GDP are Utilities, Construction, and Transportation & Warehousing.

Arts, Entertainment & Recreation alone would be screened out, but when combined with Accommodation and Food Service as a measure of "Tourism," the combined sectors contribute 3.97% of the GDP.