NEW MEXICO CHAMBER of Commerce FOUNDATION

THE NEW MEXICO ADVANTAGE: UNLOCKING THE NEXT GENERATION OF INDUSTRY

A DATA-DRIVEN ROADMAP TO GROW HIGH-WAGE INDUSTRIES AND STRENGTHEN STATEWIDE COMPETITIVENESS

MAY 2026

STRATEGIC ACTIONS TO WIN IN THE NEXT GENERATION OF INDUSTRY

WHERE NEW MEXICO'S NEXT $9B IN GROWTH IS ALREADY TAKING SHAPE

EXECUTIVE SUMMARY: BUILDING A MORE PROSPEROUS AND RESILIENT ECONOMY FOR NEW MEXICO

New Mexico stands at a strategic inflection point, performing well during periods of high oil demand but remaining vulnerable to unexpected economic shocks. The COVID pandemic highlighted this fragility, as the state saw nearly 40 percent of mining and energy production jobs eliminated in just a few months due to reduced global demand. Today, New Mexico's economy is defined by a heavy dependence on oil and gas revenues, which can comprise over 30 percent of the general fund in a given year, and an outsized reliance on federal spending, with national labs and related research activities supporting approximately 12 percent of the state's economy. To ensure a stable, inclusive, and future-ready economy, New Mexico must pursue strategic diversification to grow private sector opportunities that capitalize on its unique research capabilities and other assets.

The Scale of the Opportunity

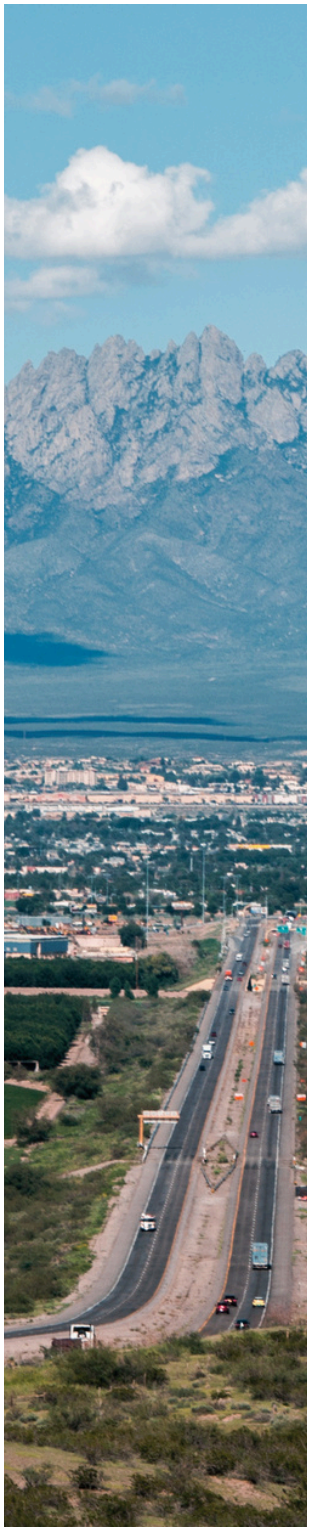
The analysis identifies four emerging sectors that are already outperforming national averages and represent a significant engine for high-wage, private-sector job creation:

- Quantum and Advanced Computing: Contributing $6.5 billion (5 percent of the state's total economy, referred to as New Mexico's Gross State Product or GSP) in private sector activity, this is the state's largest emerging sector, anchored by world-class research and development at Sandia and Los Alamos National Laboratories.
- Intelligent Manufacturing: This sector contributes $4.1 billion (3.1 percent of GSP) and is predicted to have the 3rd fastest job growth rate in the next ten years across all states.
- Advanced Energy: Representing $2.0 billion (1.6 percent of GSP), New Mexico ranks second in the nation for advanced energy job growth since 2020.
- Space, Aerospace, and Defense: While the smallest current contributor at $174 million, in private-sector economic activity, it is projected to be the fastest-growing sector from a job growth perspective, with a 34 percent increase by 2035. Additionally, the many publicly funded defense installations in New Mexico are among the state's largest employers and contribute billions to the state's economic impact.

These four emerging industry sectors collectively contribute approximately $9 billion in private-sector activity to New Mexico's economy, representing 7 percent of the total Gross State Product (GSP). Between 2019 and 2025, job growth in New Mexico's broad advanced industries was 13 percent, a rate 50 percent higher than the U.S. average.

Foundational Strengths and Critical Liabilities

New Mexico possesses a unique and powerful set of assets, but these are offset by significant foundational challenges that threaten its long-term competitiveness.



Core Strategic Assets:

- World-Class Research & Development: New Mexico leads the nation in research and development (R&D) funding as a percentage of the state's GSP, driven by federal investment in three national laboratories.
- Significant Defense Facilities: Home to Holloman, Cannon, and Kirtland Air Force Bases as well as Melrose and White Sands Missile Ranges, New Mexico has a strong base of Federally-funded defense installations that impact the state's overall economy and provide a foundation of talent, facilities, and expertise that will support the advancement of additional private-sector firms and jobs throughout the state.
- Entrepreneurial Momentum: The state ranks ninth in the nation for new business formations since 2020.
- Financial Stability: The state's Sovereign Wealth Fund, with over $66 billion in managed assets, provides a stable fiscal foundation and a source for early-stage capital.
- Competitive Costs: New Mexico offers industrial energy costs significantly lower than the national average and those of neighboring competitors like Arizona and Colorado.

Critical Competitiveness Gaps:

- Educational Outcomes: New Mexico is ranked last in the nation for PreK–12 education, leading to a workforce that lacks foundational STEM skills.
- Workforce Participation: At 57.7 percent, the state's labor force participation rate is in the bottom 10 nationally, shrinking the pool of trainable workers.
- Public Safety: The state suffers from the second highest rate of violent crime and the highest rate of property crime in the country, which hinders talent attraction.

- Brain Drain: New Mexico is often a talent exporter, losing university graduates and national lab professionals to other states with greater and more diverse career opportunities.

Roadmap for Economic Transformation

The report offers a series of actionable recommendations to bridge these gaps and accelerate the growth of the four emerging sectors. Key priorities that must be addressed include:

1. Addressing Statewide Competitiveness:

- **Business Climate:** Reform the sales tax structure to eliminate "gross receipts" characteristics that tax business-to-business transactions and discourage relocation.
- **Education:** Adopt reforms such as the four principles of the "Mississippi Miracle" to improve K–12 outcomes and implement universal AI literacy programs for students and incumbent workers.
- **Workforce:** Improve access to and availability of technical training needed to grow intelligent manufacturing, advanced energy, and commercialization of quantum technologies; increase work experience opportunities through internships and apprenticeships; launch "Stay and Work in NM" incentives and "Boomerang" recruitment campaigns to retain and attract talent back to the state.

2. Strengthening the Ecosystem:

- **Branding:** Aggressively market New Mexico's high-tech capabilities—not just its tourist attractions—to out-of-state C-suite executives.
- **Leadership:** Establish an Economic Competitiveness Council to monitor performance indicators and align stakeholder efforts across government and industry and strengthen emerging sector ecosystems.

3. Sector-Specific Investments:

- **Quantum:** Expand the availability of New Mexico-focused capital to ensure that startups remain in state as they scale to production.
- **Space/Aerospace:** Improve site and facility readiness by increasing the Site Readiness Fund to ensure the state has "shovel-ready" locations for manufacturers.
- **Manufacturing:** Pilot national lab innovations directly in local manufacturing facilities, positioning New Mexico as a "national testbed" for advanced production.

CONCLUSION: A CALL TO ACTION

New Mexico's path toward a resilient, higher-wage, higher-growth economy is clear, but results are not guaranteed. Success requires absolute stakeholder alignment, sustained public and private investment, monitoring key performance indicators, and a vision that transcends political cycles. By leveraging its financial reserves and unparalleled public-sector research and defense assets to further develop private-sector opportunities, New Mexico can overcome its foundational liabilities and forge a prosperous future for all residents.

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LETTER FROM OUR CEO:

FELLOW NEW MEXICANS,

Since 2020, we have witnessed a growing sense of urgency and opportunity around New Mexico's economic transformation in response to the demands of a rapidly evolving world. Across the state, citizens, elected officials, economic development organizations, Chambers of Commerce, non-profits, and a wide range of stakeholders have contributed meaningfully to a shared vision of long-term prosperity.

With this momentum comes a defining question: how do we translate collective ambition into coordinated, sustained progress? It is in answering that question that this report takes shape.

The New Mexico Advantage: Unlocking the Next Generation of Industry is more than an assessment; it is a strategic roadmap to align and take action statewide. It identifies emerging sectors with the capacity to reshape our economic future and outlines a sequenced approach to strengthening workforce development, enhancing our business climate, modernizing infrastructure, and accelerating innovation.

To turn insight into impact, our immediate priority is broad, purposeful engagement. We invite you to approach this report not only as a source of information but also as a call to consider your role in advancing solutions that address our most pressing challenges. From there, our focus turns to activating cross-sector partnerships that move these recommendations forward. Over the next year, the Foundation will:

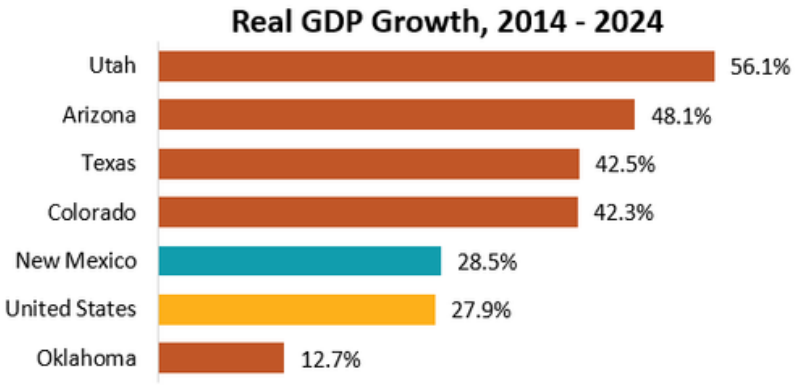
- Launch targeted research initiatives,
- Convene cross-sector leaders to align action,
- And scale workforce development programs that connect New Mexicans to the careers shaping our future.

May the insights in this report serve not just as a guiding beacon to prosperity but, most importantly, as the catalyst for the work ahead.

Sincerely,
Rob Leming
President & CEO
NM Chamber of Commerce Foundation

INTRODUCTION

New Mexico currently stands at a strategic inflection point, possessing a solid economic foundation while facing a critical need to evolve into a more stable, inclusive, and future-ready economy that capitalizes on its unique and differentiated strengths.



Source: US Bureau of Economic Analysis (2025)

Due to recent growth in three key sectors of New Mexico's economy (oil and gas, tourism, federally-funded R&D and defense), the state's overall economy has grown during the past decade but has failed to keep pace with several fast-growing neighboring states. Arizona, Colorado, Utah, and Texas are experiencing greater fiscal stability, more private-sector job growth, and are attracting and retaining talent at rates greater than New Mexico.

The COVID pandemic demonstrated the risks of having an economy highly concentrated in a limited number of sectors. Because of decreased tourism and reduced oil demand in 2020, nearly one-third of New Mexico's hospitality jobs were lost, and nearly 40 percent of mining and energy production jobs were eliminated over a few months. Many of the job losses have since been restored, but the unexpected and oversized shock to New Mexico's economy impacted thousands of families, most communities, and the state overall.

While New Mexico's economy performs well in good times, focused efforts are needed now to make it more stable, inclusive, and future-ready. To ensure robust opportunities are created in communities throughout the state and reduce the potential for volatility, this moment calls for strategic diversification that capitalizes on New Mexico's unique and differentiated strengths.

Why New Mexico Should Diversify its Economy

There are several compelling reasons why New Mexico needs to pursue strategies to diversify its economy:

- **Heavy Dependence on Oil and Gas Revenues:** NM depends heavily on oil and gas revenues, creating 30-40% of the general fund budget in recent years. When energy prices drop, state revenues plummet, creating budget crises and forcing cuts to education and services: a boom-bust cycle making long-term planning challenging.

This boom-bust cycle makes long-term planning nearly impossible.

- **Outsized Reliance on Federal Spending:** New Mexico receives significant federal funding through national labs (Los Alamos, Sandia) and military installations (White Sands, Kirtland, Cannon AFB). With more than eight percent of the state's jobs and more than 12 percent of the state's economy estimated to come from the labs and related research activities and tens of thousands of jobs associated with military installations in the state, this creates exposure to federal budget fluctuations and leaves the state with limited control over a major segment of its economy. (Additional analysis on the impact of the national labs is included at Appendix B)

- **Job Creation Needs:** New Mexico consistently ranks near the bottom nationally in median household income and has struggled with poverty rates around 18 to 19 percent. Diversifying into higher-wage industries like tech, advanced manufacturing, or renewable energy will add better-paying jobs.

- **Brain Drain and Demographic Challenges:** The state produces educated graduates from its universities and talented workers through the national labs but often loses them to other states with more diverse job opportunities. Rural areas have experienced population declines due in part to limited employment options. A broader economic base could retain this talent through stronger career ladders, offering jobs at every skill level.

- **Income and Regional Inequality:** While economic opportunity has primarily been concentrated in a few regions, many communities and regions face persistent poverty, limited employment options, or a lack of higher-wage technical and skills-based jobs. Economic diversification can help spread opportunity across the state.

- **Underutilization of Unique State Assets:** New Mexico has world-class research and development at national labs, abundant solar and wind energy resources, outdoor recreation/tourism amenities, and aerospace and defense facilities and expertise.

Building upon these strengths can make the economy more resilient while leveraging natural advantages. In short, economic diversification will provide economic stability, reduce poverty, broaden opportunities, and create a sustainable, long-term fiscal foundation for the state.

FOUR PROMISING EMERGING INDUSTRY OPPORTUNITIES

The New Mexico Chamber of Commerce Foundation engaged Economic Leadership, a national consultancy specializing in economic competitiveness, to explore diversifying New Mexico's economy, with a particular emphasis on emerging industries showing promise in the state. The goal of this project is to understand the current landscape of four emerging sectors, identify opportunities for private-sector growth and diversification, and suggest actionable strategies to support economic transformation. This report helps state and local leaders analyze New Mexico's competitiveness in four key emerging industries and offers practical recommendations to build long-term economic resilience and prosperity for residents across the state.

The analysis in this report focuses on four sectors critical for New Mexico's economic future:

- **Advanced Energy:** Leverages digital technology, data, and smart devices to create a more efficient, reliable, and environmentally friendly energy grid by integrating renewables, advanced storage, and data-driven systems.

- **Quantum and Advanced Computing:** Leverages quantum mechanics to solve problems exponentially faster than traditional computers, revolutionizing fields from drug discovery to logistics by exploring multiple solutions simultaneously.

- **Space, Aerospace, and Defense:** Encompasses the technologies, equipment, systems, and services supporting space, aerospace, and defense operations, a sector experiencing rapid growth from commercial space and private aerospace companies while federal defense funding is also on the rise.

- **Intelligent Manufacturing:** Applies advanced technologies—including automation, AI, robotics, and the Internet of Things (IoT)—to create "smart factories" that adapt, learn, and produce higher-quality products with less waste.

New Mexico already has a significant foundation of assets and capabilities in each of these sectors on which to build.

The state's long history in oil and gas production is now complemented by businesses and research focused on renewable energy. For more than two decades, New Mexico has been the leading U.S. hub for quantum research and quantum educational offerings. With respect to space, aerospace, and defense, the three national labs, three Air Force bases, as well as Spaceport America are assets unique to New Mexico. Finally, intelligent manufacturing is already growing in the state and will both benefit from and be critical to supporting the development of these other three emerging sectors.

While the research focus areas at Sandia, Los Alamos, and at the Air Force Research Lab (AFRL) are very much concentrated in areas related to the emerging sectors, to fully capitalize on the presence of federal research facilities in support of these sectors, more work is needed to convert the research expertise into support for scalable, for-profit ventures.

These industries are also targeted for growth because they are already outperforming national averages—for instance, Intelligent Manufacturing is growing at three times the national average, and New Mexico ranks second in the nation for advanced energy job growth since 2020.

The Scale of the Opportunity: Job Growth and Economic Impact

These four target sectors are not theoretical opportunities or wishful thinking; they represent a tangible and significant engine for high-wage job creation and economic expansion in New Mexico. Quantifying this potential underscores the urgency of building a competitive environment where these sectors can thrive. These industries are already demonstrating growth and are projected to become substantial drivers of employment over the next decade.

Projected Private Sector Job Growth in New Mexico's Target Advanced Industries, 2025-2035

Emerging Industry - Private Sector Activities	2025 Jobs	2035 Jobs (projected)	Total Projected Job Growth (2025-2035)
Quantum & Advanced Computing	22,300	25,190	+13%
Intelligent Manufacturing	11,070	13,370	+21%
Advanced Energy	3,950	4,470	+13%
Space, Aerospace, and Defense	740	990	+34%

Source: EL calculations based on Lightcast 2026.1

This data reveals two critical dynamics. While Quantum & Advanced Computing is by far the largest current employer, the Space, Aerospace, and Defense sector is projected to experience the highest percentage job growth at nearly 34 percent over the decade. This momentum builds on strong recent performance. From 2019 to 2024, job growth across New Mexico's broad advanced industries sector was 13.2 percent, a rate 50 percent higher than the U.S. average.

Crucially, these are high-value jobs with significant earning potential. In 2025, the average annual earnings for workers in Intelligent Manufacturing were $126,600. While these 11,070 jobs represent just over 1% of the state's total employment of 926,600, their strategic value is magnified by their high wages and disproportionate impact on the overall economy.

These four emerging industry sectors collectively contribute approximately $9 billion to New Mexico's economy, representing 7 percent of the total Gross State Product (GSP). The following table outlines the economic footprint of these four target industries as of 2025.

Economic Output of New Mexico Private Sector Emerging Industries

Target Industry Sector – Private Sector Activities	2025 GSP (Baseline) Million$	% of Total NM GSP	2035 GSP (projected) Million$	Total Projected GSP Growth (2025-35)
Quantum & Advanced Computing	$6,480	5.0%	$9,750	+50%
Intelligent Manufacturing	$4,080	3.1%	$6,750	+65%
Advanced Energy	$2,040	1.6%	$3,440	+68%
Space, Aerospace, and Defense	$170	0.1%	$290	+69%

Source: EL calculations based on Lightcast 2026.1

Note: Some industries span multiple sectors. The total 2025 GSP, once duplicates are removed, is $9 billion.

However, this high-wage, high-tech future is not an entitlement. It must be won. Securing these private-sector opportunities requires a frank assessment of New Mexico's foundational competitiveness—an honest accounting of the world-class assets the state must leverage and the critical liabilities that must be addressed.

Each of these emerging sectors is already demonstrating promise and cause for optimism, but all will require greater statewide support, coordination, and investment to ensure success and maximize their impact on the state's economy. Additionally, policy changes and funding disruptions at the federal level, as well as other challenges at the state and local

levels, could derail or slow sector development in any of these areas if not addressed. Finally, other states—including several neighboring states—are focused on growing many of these same sectors so the competition for businesses and jobs is likely to intensify. Section 2 of this report includes a discussion of each emerging sector, as well as an identification of potential challenges.

New Mexico faces several statewide competitiveness issues that must be addressed for the emerging sectors to fully reach their potential. Despite possessing a unique combination of world-class R&D assets and a competitive cost structure, the state faces deep-seated challenges in education, public safety, and its business climate that must be confronted with urgency and resolve. Section 3 uses quantitative data and qualitative input from key stakeholders to assess the state's competitive positioning for growing and retaining jobs and industry. The state's economic future will be defined by its ability to harness its strengths while decisively addressing its weaknesses.

Workforce Development Essential for Economic Diversification

Of the competitiveness factors considered in Section 3, several talent and workforce-related issues are critical for supporting growth in the emerging sectors as well as for strengthening the state's economy overall.

The state's last-place ranking in PreK-12 education is not an abstract metric; it is a direct constraint on growth. It produces a workforce lacking the skills needed for key technical roles in emerging industries, which demand strong foundational STEM skills the current system fails to provide at scale. The state's low labor force participation rate shrinks the available pool of trainable workers. Employers in focus groups cited the difficulty in finding a sufficient volume of operational and vocational workers as a primary barrier to scaling their companies in New Mexico. Stakeholders consistently describe New Mexico as a "talent exporter," where university graduates and highly skilled professionals from the national labs often leave the state. This brain drain depletes the very talent pool needed to attract and grow advanced industry firms.

New Mexico's challenge is to close this talent gap through targeted, strategic investments and policy reforms.

Finally, Section 4 includes recommendations to improve the state's competitiveness overall and to support diversification of the economy by advancing the four emerging sectors.

A Call to Action for a More Resilient New Mexico

The opportunity presented by the four advanced industries—Advanced Energy; Quantum and Advanced Computing; Space, Aerospace, and Defense; and Intelligent Manufacturing—is immense. Together, they offer a clear path toward a more resilient economy built on high-wage jobs, innovation, and sustainable growth.

The roadmap is clear, but the outcome is not guaranteed. Success requires more than incremental change; it demands a unified commitment to four principles: absolute stakeholder alignment across government, industry, and education; sustained public and private investment in infrastructure and innovation; disciplined ecosystem management to coordinate and drive efforts forward; and a long-term vision that transcends political cycles.

The time to act is now. With strong leadership, bold vision, and sustained execution, New Mexico can harness its unique strengths to close competitiveness gaps, build a world-class talent pipeline, and forge a prosperous and diversified economy for generations to come.

SECTION 1: NEW MEXICO'S CURRENT ECONOMIC CONDITION

Understanding New Mexico's current economic reality provides essential context for evaluating emerging industry opportunities, as strategies for growth and diversification must be grounded in existing conditions. With this foundation and an awareness of other states competing for jobs, investment, and talent, Section 2 examines four emerging sectors to assess their opportunities and challenges. The final step is to identify and implement targeted actions to move New Mexico from its current position toward its desired future. Rather than offering an exhaustive wish list, this approach focuses on realistic, achievable strategies within a defined time frame, supported by adequate resources and aligned public and private leadership. Taken together, these steps reflect a strategic approach: establishing a clear baseline, evaluating realistic options, and aligning actions with capacity and intent.

About New Mexico's Economy

New Mexico's economy is heavily concentrated in traditional energy, tourism, and it is strongly impacted by federal investments at multiple national labs, research facilities and military installations. In large part due to growth in each of these areas during the past decade, New Mexico's overall economy is growing, but at rates below that of most neighboring states, and in some cases below the national average.

Several factors are used to explain how New Mexico's economy is performing and to compare it with that of other states. First, the total value of goods and services produced in the state, often referred to as Gross State Product (GSP), is a commonly used measure of the size of state economies.

HIGHLIGHTS ON NM'S ECONOMIC POSITION

- New Mexico's economy has grown over the past decade but at rates slower than neighboring states and in some cases below the national average
- New Mexico's total real annual economic output has grown by 29 percent since 2014 – middle of the pack nationally but a much slower rate of growth than in Arizona, Utah, Colorado and Texas
- New Mexico added jobs more slowly than all five surrounding states since 2019 and only exceeded Oklahoma's rate of job growth since 2015
- New Mexico's manufacturing lags national averages in both manufacturing job growth and in manufacturing production outputs
- Higher-wage, higher-skilled "advanced industries" jobs have grown at a rate 50 percent higher than the U.S. and comparable to or ahead of surrounding states
- Tech employment has grown 2.3 percent faster in New Mexico than in the nation since 2018

Jobs are another important factor. Not all jobs are created alike, however, so it is important to understand the types of jobs that are and are not being created. This report assesses job creation in manufacturing, advanced industries, and technology sectors because these are often higher-wage and higher-skilled positions that help accelerate the overall economic performance of a state by also triggering follow-on job creation across a wide range of supporting industries and local businesses.

Throughout this report, we refer to the group of five neighboring states (Arizona, Colorado, Oklahoma, Texas, Utah) for comparisons, as well as comparing New Mexico's economic performance to an average for the United States as a whole.

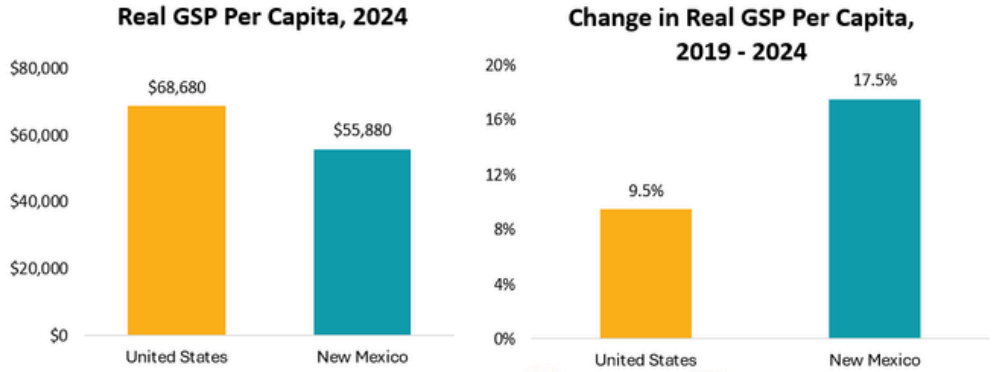
On many of the factors that are evaluated, New Mexico is generally performing around the "middle of the pack" when compared to all U.S. states, but often trails in performance when compared to most neighboring states except for Oklahoma.

Total Value of Goods and Services (Gross State Product)

New Mexico's economy grew by 28.5 percent over the past decade (in real terms) but trailed the growth rates of four of the five neighboring states. It was slightly above the national rate. At 28.5 percent growth in total output, New Mexico was the 17th fastest-growing economy. During the same period, Utah ranked first, Arizona fifth, Texas seventh, and Colorado eighth.

Some of the real GDP growth in these surrounding states is tied to high rates of migration. The calculation of economic output per person – or GSP per capita – can be used to indicate the productivity of an economy, and it also can serve as a general indication of the average standard of living in a state. This shows if the average wealth of a person in a state is improving and standardizes across population changes in each state. Areas with greater economic output per resident generally experience higher income levels.

New Mexico's 2024 GSP per capita level of $55,880 ranked 39th among all states. While this level is relatively low, New Mexico's GSP per capita rose at the highest rate among all states, indicating progress toward closing the gap.



Source: US Bureau of Economic Analysis (2025)

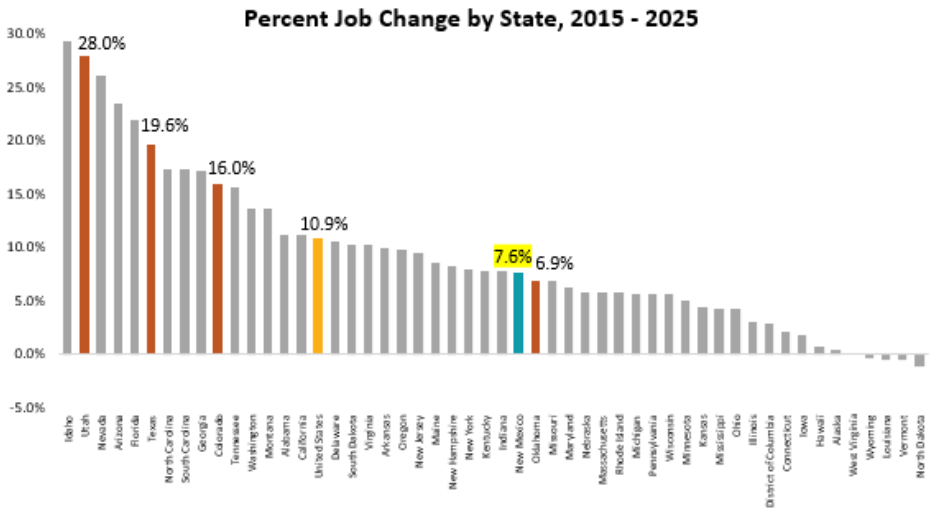
WHY GROSS STATE PRODUCT MATTERS:

When the state's economy is growing more slowly than surrounding states and the national average, it means businesses and higher-wage job opportunities are being created elsewhere faster than they're being created in New Mexico.

Jobs

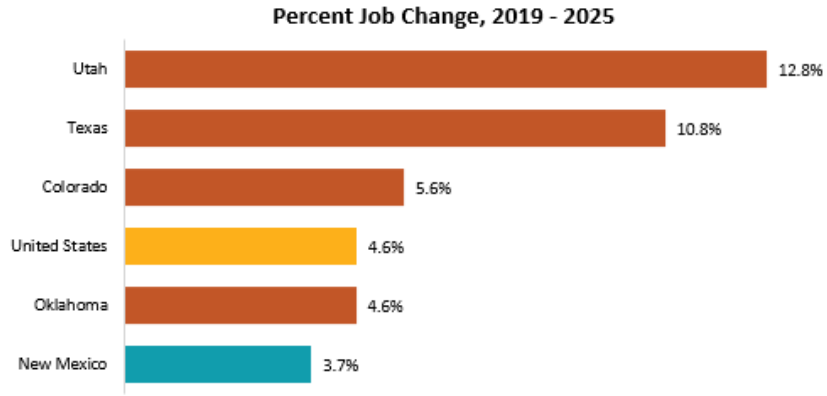
In 2025, New Mexico had 926,600 jobs. However, it is not adding jobs as quickly as most neighboring states. New Mexico's 7.6 percent rate of job growth over the decade was the 27th fastest among all states, but it trailed the 10.9 percent rate of job growth in the United States as a whole. In comparison to the five states that border it, New Mexico's rate of job change over the decade was the second lowest, ahead of only Oklahoma, which grew by 6.9 percent.

Lower rates of job creation can be the result of several factors as discussed in Section 3. A significant consequence of having fewer jobs can be the resulting "brain drain" of talent leaving the state for opportunities elsewhere.



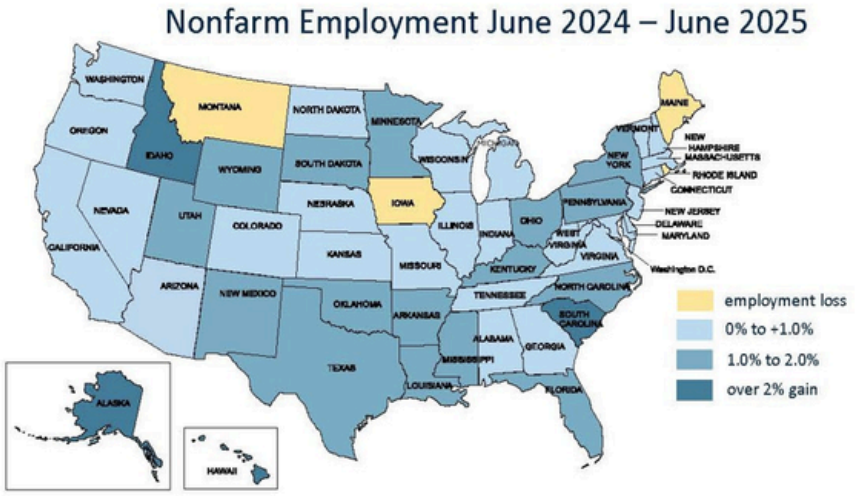
Source: EL calculations based on Lightcast 2026.1

Looking at the most recent six years (which included COVID-related job impacts), job growth in New Mexico continued to lag all surrounding states. Between 2019 and 2025, the 3.7 percent rate of growth also trailed the 4.6 percent overall rate nationally.



Source: EL calculations based on Lightcast 2026.1

More recently, between July 2024 and July 2025, New Mexico's rate of job growth picked up, exceeding the U.S. overall rate of growth as well as in all surrounding states. New Mexico's 2.0 percent rate of growth exceeded Utah's 1.9 percent and Texas's 1.4 percent. This year-over-year performance is a brief but encouraging snapshot.



Source: Bureau of Labor Statistics

Because of the historic concentration of national labs and other federal research facilities in New Mexico, changes in federal research expenditures should be expected to have an outsized impact on the state's economy. The Infrastructure Investment and Jobs Act enacted in late 2021 and the CHIPS Act in 2022 included the largest increases in U.S. research and development capacity in more than half a century. Hiring related to the surge in federal spending was likely a key factor in New Mexico's strong year-over-year job growth.

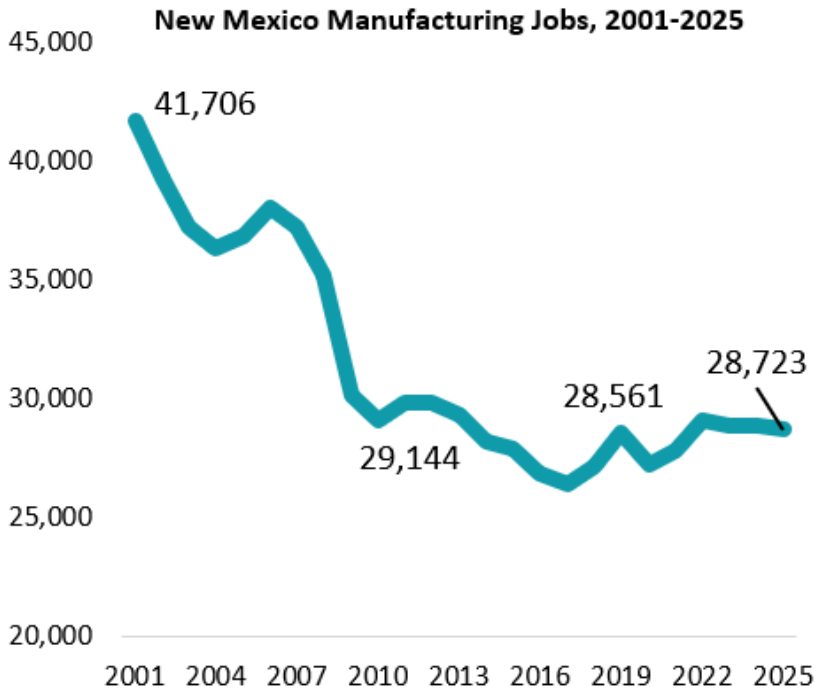
WHY THIS MATTERS:

Slow job growth relative to neighboring states can lead to workers leaving New Mexico for more promising employment opportunities elsewhere.

Manufacturing, Advanced Industry and Technology Jobs

Economic performance of a state is directly impacted by the types of jobs that are most prevalent in the state. Many states have grown their economies overall through deliberate efforts focused on growing higher-skilled manufacturing, advanced industry, and technology jobs. These roles typically pay higher wages, and they can help serve as a magnet for retaining and attracting talent to an area.

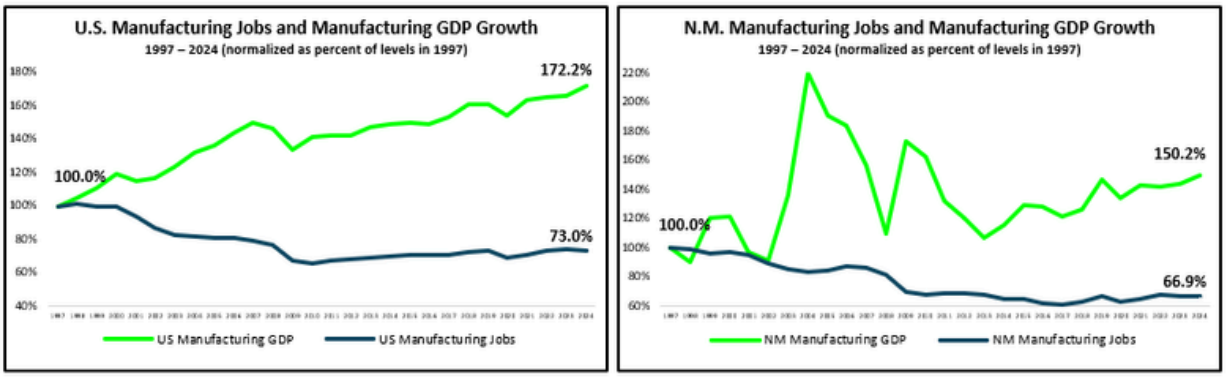
Manufacturing Jobs - New Mexico has grown manufacturing jobs more slowly than the national pace over the past decade. In 2025, there were 31 percent fewer workers in manufacturing jobs in New Mexico than in 2001. After hitting a low point during the 2008-09 recession, total manufacturing employment has remained essentially unchanged over the past 15 years.



Source: Lightcast 2026.1

For nearly three decades, the nation has seen a decrease in manufacturing jobs due to trade policies that prompted the outsourcing of lower-skilled manufacturing to other countries with lower labor costs.

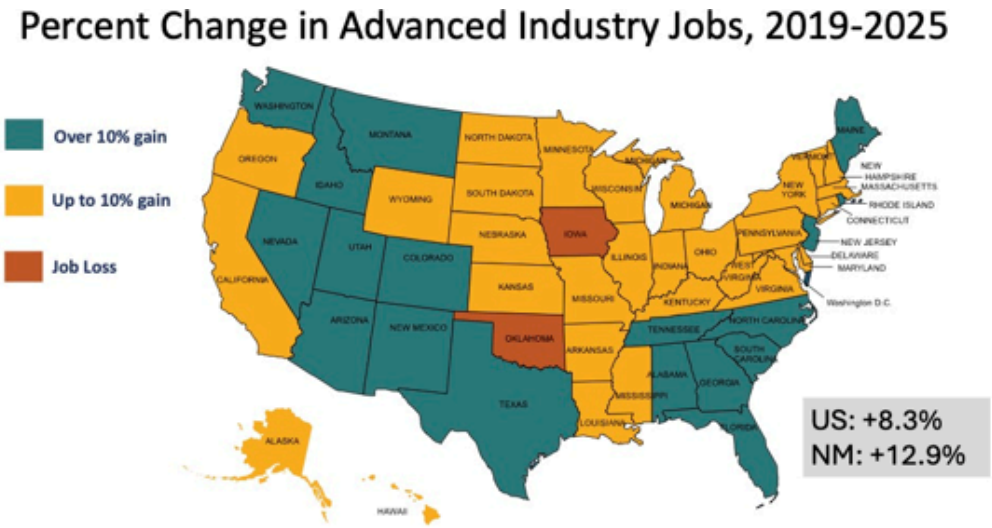
The higher-level, higher-skilled manufacturing that remained in the United States has taken advantage of automation and process efficiencies to yield significantly higher economic outputs. The chart on the left below illustrates that U.S. manufacturers have become more efficient, producing more, while employing fewer workers. The chart on the right shows that New Mexico's manufacturing efficiency has not increased at the same rate as the U.S. overall, indicating that the state has been slower to move up the manufacturing chain to higher-skilled and advanced facilities.



Source: Bureau of Labor Statistics, QCEW & Bureau of Economic Analysis

Advanced Industry Jobs - The term "Advanced Industries" was defined by the Brookings Institution as 50 industries that have deep involvement with technology R&D and STEM (science, technology, engineering, and math) workers. The industries include advanced manufacturing sectors such as automaking and aerospace, energy industries such as oil and gas extraction, high-tech services like computer software and computer system design, and health-related applications. For most states, these are the higher wage, higher impact targets for economic development.

During the past half-decade, New Mexico added 12.9 percent more advanced industry jobs, a rate over 50 percent higher than the U.S. average and ahead of Arizona and Oklahoma's rates of growth.



New Mexico's Fastest-Growing Advanced Industry Sub-Sectors	Net Job Growth (2019-25)
Scientific Research and Development Services	+5,950
Management, Scientific, and Technical Consulting Services	+1,930
Semiconductor and Other Electronic Component Manufacturing	+1,710
Computer Systems Design and Related Services	+670

Source: Lightcast 2026.1

This strong advanced industry performance was driven in part by Intel's $3.5 billion investment to develop an advanced semiconductor packaging facility in Rio Rancho. This high-volume advanced packaging facility, that opened in early 2024, is expected to create 1,800 high-tech manufacturing jobs.

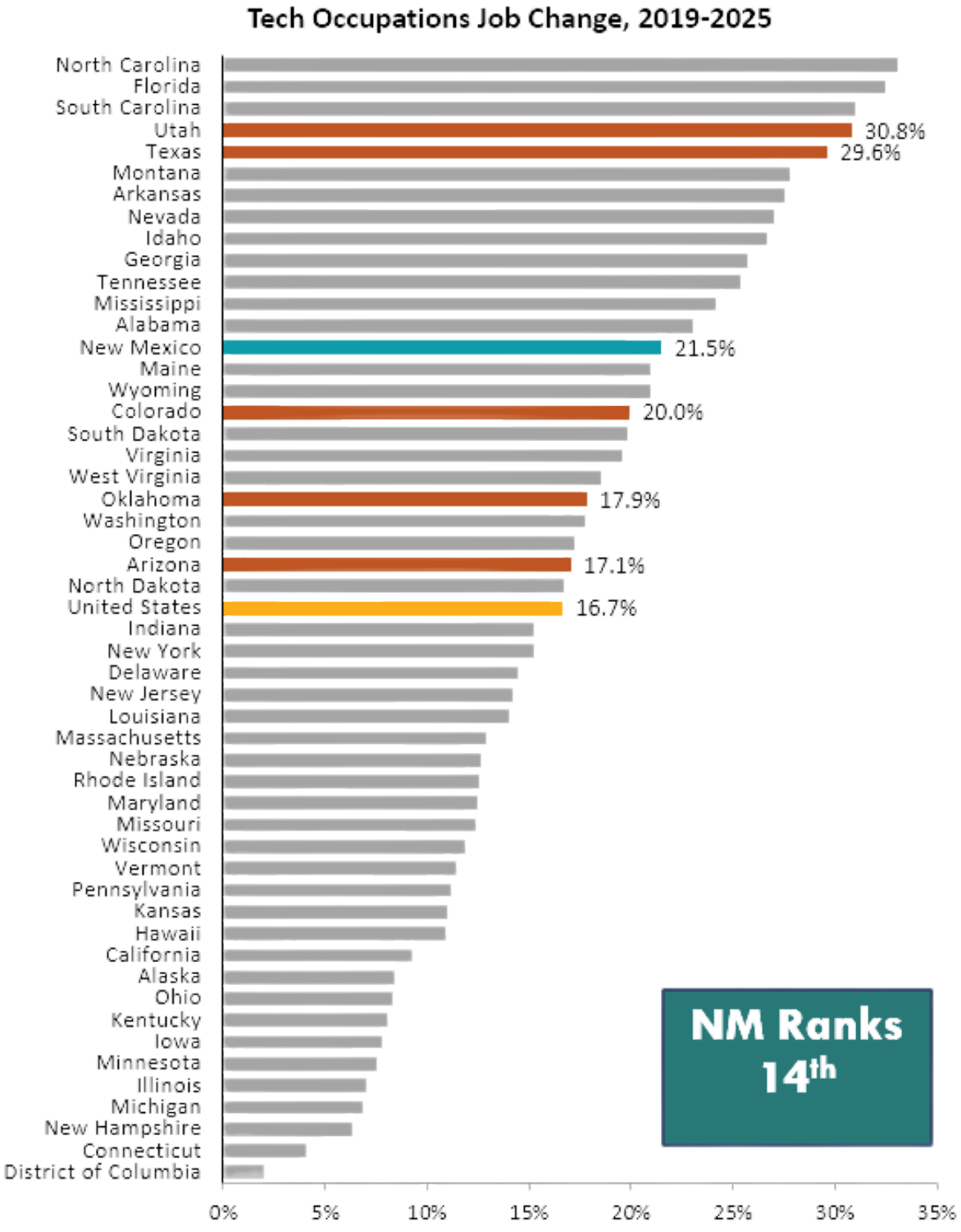
New Mexico's advanced industry growth also certainly draws from its national labs and associated research. Since 2020, major federal legislation – including the CHIPS and Science Act and the Inflation Reduction Act – has prioritized expanding domestic research capacity across critical sectors.

An analysis of the national labs' impact on the overall economy included at Appendix B found that 38.4 percent of advanced industry jobs in New Mexico are directly related to the labs and related research activities. Additionally, nearly 12.6 percent of New Mexico's $130 billion annual economic output is attributable to the national labs and related research.

While New Mexico added 12.9 percent more advanced industry jobs, the state's overall economic output (total value of goods and services produced) associated with advanced industries grew by nearly 48 percent during 2019-2025, reflecting the high economic return on advanced industry job creation.

The advanced industry growth trends have been consistent throughout the last decade, with a net increase in advanced industry jobs in seven out of the past 10 years.

The outsized economic return associated with advanced industry employment—as well as New Mexico's recent success in attracting and growing advanced industries—supports the rationale for further economic diversification focused on related sectors.



Source: EL calculations based on Lightcast 2026.1

Technology Jobs – Over the past five years, New Mexico also grew technology jobs at 4.8 percentage points faster than the U.S. as a whole but trailed the growth rate of two of the five neighboring states.

WHY THIS MATTERS:

During a period marked by manufacturing automation, it is a positive that the size of New Mexico's manufacturing workforce has remained relatively steady over the past decade. Many other states experienced a net loss of manufacturing workers over this same time.

Even more notably, New Mexico has experienced a large increase in the share of workers in advanced industries and in tech jobs over the past several years.

A stable manufacturing sector and growth in advanced industries and technology jobs gives New Mexico a strong foundation and momentum upon which to build a more diverse and resilient economy.

SECTION 2 – EXPLORING EMERGING INDUSTRY OPPORTUNITIES

While New Mexico's economic performance over the past decade has been "middle of the pack" compared to all states, its performance has significantly lagged most neighboring states on many economic metrics. During the past two decades, Utah, Colorado, Arizona, and Texas have undertaken efforts to successfully diversify their economies, strengthen their innovation support systems, and attract talent that supported the growth.
Utah has benefited from the development of a broader mix of anchor industries that include technology, finance, tourism, manufacturing, trade, and mining. The state has also cultivated a strong innovation ecosystem that is closely linked to major research institutions.

Colorado has expanded its economy into high-tech, aerospace, tourism, finance, and health in recent years, and the state's numerous lifestyle amenities serve as a draw for both talent and businesses.

Arizona's economy is anchored by advanced manufacturing, finance, healthcare, and tourism, and has been fueled by rapid population growth that supports business expansion and attraction. The major metropolitan areas of Phoenix and Tucson serve as magnets for businesses and talent.

Texas benefits from its massive scale, significant financial resources, and several key industries (technology, manufacturing, energy, finance, logistics) concentrated near major metro hubs (Austin, Houston, Dallas).

State	Factors That Enabled Diversification
Utah	Developed a balanced industry mix; strong metros; leaned into building innovation infrastructure
Colorado	Tech, aerospace, and knowledge sectors anchor around regions; lifestyle amenities helped attract talent
Arizona	Large and growing service economy with transportation/logistics depth; large metro hubs
Texas	Large-scale economy; breadth of sectors anchored in various regions; ports and logistics hubs

For New Mexico, the recent growth of advanced industry and technology jobs demonstrates positive momentum and should provide a springboard for further diversification efforts. Absent a severe disruption (i.e., pandemic, external economic shocks), the state has a solid foundation on which to build an economic diversification strategy.

The focus on diversifying the state's economy is certainly not a novel idea. The New Mexico Economic Development Department's (EDD) 2025 State Plan Update notes that "New Mexico is among the ten least economically diverse states in the nation due to its overreliance on a small number of industries to drive jobs and revenues." The 2025 plan even sets a goal to "move New Mexico out of the 'least diverse' category for U.S. states" as reflected in the Hachman Index used to measure economic diversification by state. While the 2025 State Plan Update does not specifically outline sectors for diversification, it does call for an assessment and identification of "high-impact" target sectors and mentions quantum computing as one example of a "high-potential" industry for diversifying the state economy.

In May 2025, the Council on Competitiveness held a symposium in New Mexico that highlighted opportunities for economic diversification as part of its "Competitive Conversations Across America" series. The event was one of several regional conversations they are convening to highlight economies that are ripe for place-based innovation and diversification. As part of the agenda, panels focused on several areas of opportunity for New Mexico, including Quantum Computing, Space/Aerospace, Energy, and Advanced Manufacturing—consistent with the sectors explored in this report. The agenda also included panels that focused on New Mexico's strengths related to artificial intelligence and bioscience, as well as discussions about the entrepreneurial ecosystem and infrastructure to support economic diversification.

To further support strategies to diversify New Mexico's economy, this section provides an in-depth exploration of the four emerging sectors identified by the New Mexico Chamber of Commerce Foundation.

This section includes economic performance data and information about jobs associated with each of the emerging sectors. Not surprisingly, these sectors are significantly intertwined.

Many aerospace and advanced computing products are built in advanced manufacturing facilities, and many software and technology companies support the space and aerospace sectors, for example. In order to quantify and analyze each emerging sector independently, there will be some redundancy in the data reported across sectors. A detailed listing of the industries analyzed within each sector is available in Appendix A.

From a workforce perspective, a common thread across all four emerging industries is the need for a workforce that combines technical know-how with digital literacy, data analysis, and systems-level thinking. A key insight from stakeholder feedback is that many of the in-demand roles are for technicians and skilled operators, who do not necessarily require a four-year degree.

While the need for digital literacy, data literacy, and systems-level thinking applies broadly, each of the emerging industries has distinct skill profiles. Profiles of core industry-specific skills are included in the following analyses of each emerging sector.

A Note About Industry Groupings

For the purpose of emerging industry data analysis in Section 2 of this report, only private sector industries are included. This focus on private sector activities was deliberate, given that a primary goal of this research is to advance additional private sector growth in these emerging industries. The national research labs in New Mexico help develop innovative technology that can then create commercial opportunities. Talent and research from the labs will undoubtedly support each of the emerging sectors and play a crucial role in their growth; however, it is difficult to break out the total job count in focus areas. To avoid overcounting, the research and development industry codes that often contain these workers were not considered within any of the individual emerging industry groupings.

The national research labs in New Mexico help develop innovative technology that can then create commercial opportunities. Talent and research from the labs will undoubtedly support each of the emerging sectors and play a crucial role in their growth. However, because it is difficult to break out the total lab headcount based on focus areas, to avoid overcounting the research and development industry codes that often contain these workers, these figures were not considered within any of the individual emerging industry groupings.

Federal Lab	Headcount
Sandia	16,350
Los Alamos	14,150

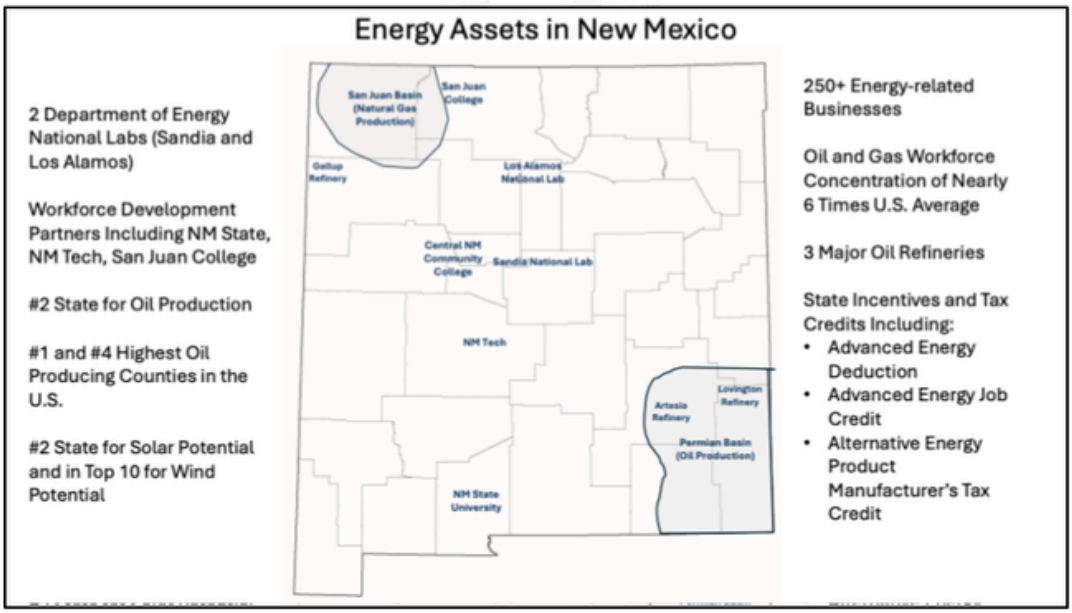
Another major public asset in the state is the existing military operations. A recent economic impact assessment prepared by the University of New Mexico found that military installations in New Mexico annually yield over $14 billion in total economic activity in the state. In addition to being a major contributor to the state's economy, these federally funded assets can offer significant support to the private space, aerospace, and defense industries. More details on these military assets are discussed in the space, aerospace, and defense portion of this report. A deeper analysis of New Mexico's economy beyond the federal labs is available in Appendix B.

ADVANCED ENERGY

For decades, New Mexico's economy has been anchored by fossil fuel extraction, with the Permian Basin and San Juan Basin ranking among the nation's most productive oil and gas regions. This legacy has provided the state with energy expertise, infrastructure, and revenue streams (like the sovereign wealth fund used to fund education, childcare, and, more recently, quantum infrastructure investments).

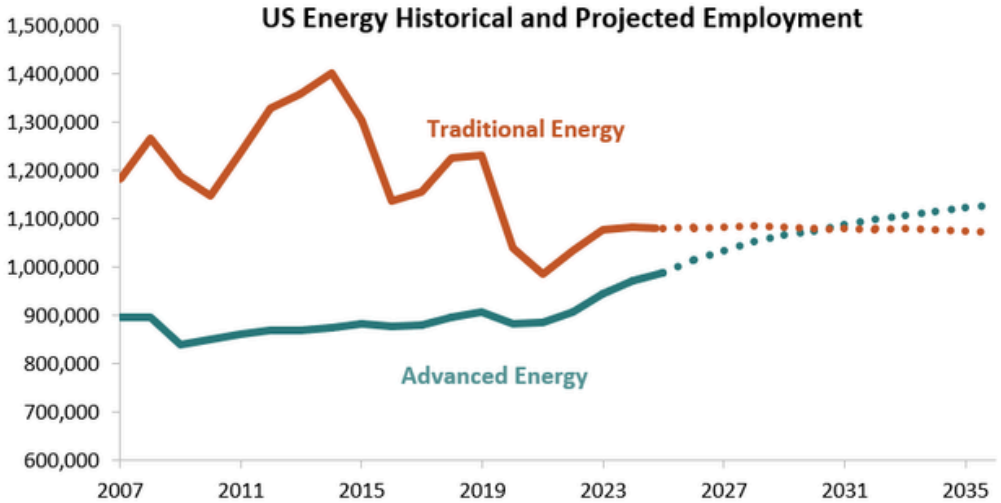
ADVANCED ENERGY SECTOR – HIGHLIGHTS

- While New Mexico's energy sector has been anchored by oil and gas, traditional energy jobs in the state declined by 8% (2,440 jobs) between 2019 and 2025 due to automation and shifting demand.
- In contrast, advanced energy industries are growing rapidly and are projected to employ more workers than the fossil fuel-based sector in the U.S. by the early 2030's.
- The Advanced Energy sector contributes $2.04 billion to the state's economy today; this figure could reach $3.44 billion by 2035 if growth trends in wind, solar, and power distribution continue.
- The state is uniquely positioned to lead the energy transition by leveraging its solar potential and #2 ranking for oil production, alongside the research power of Sandia and Los Alamos National Laboratories.



About the Advanced Energy Sector

Nationally, jobs in fossil fuel extraction and other traditional energy development have trended downward in recent years. These industries have become more automated and have experienced a global shift in demand. From its peak in 2014 through 2025, the traditional energy market lost about 323,000 jobs in the United States.

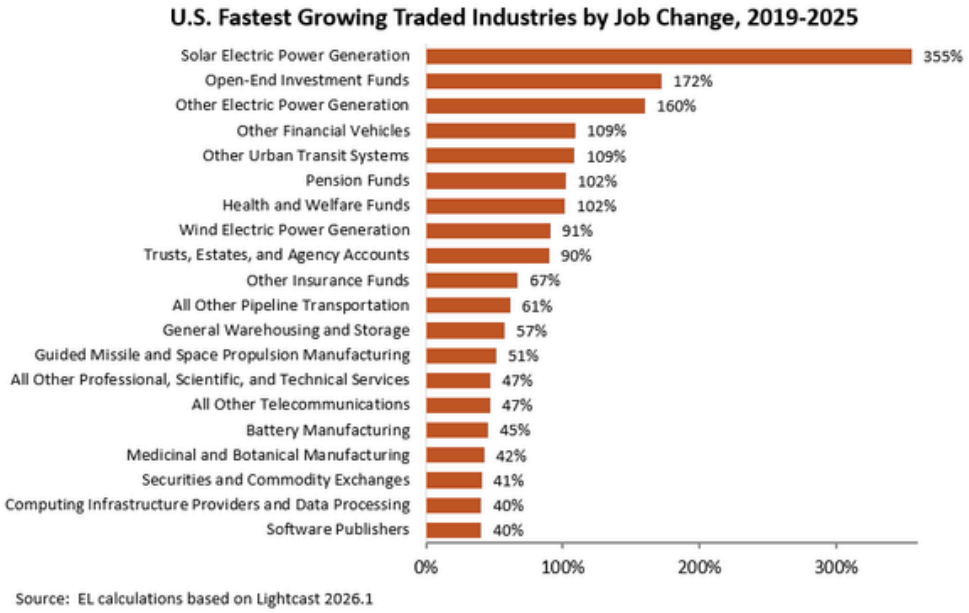


Source: EL calulcations based on Lightcast 2026.1

Meanwhile, these industries have continued to increase their GDP output. In 2021 and 2022, oil and gas production ramped up in reaction to higher global prices, and real GDP from the traditional U.S. energy market increased dramatically. However, jobs in the industry only ticked slightly upward to accommodate this new demand. Jobs in these industries remain critical and likely rely on more technical, knowledge-based talent, such as engineers, but they are not supporting as much of the American workforce as they once did. This decline is evident in New Mexico. In 2025, the traditional energy industry employed 29,890 workers in the state. This was an 8 percent decline from 2019, a net loss of about 2,440 jobs.

In newer, cleaner forms of energy development, the opportunity for job growth has been stronger. U.S. employment projections indicate that advanced energy industries (renewables, battery manufacturing, smart meters, and other technologies) will employ more workers than the traditional fossil fuel-based sector by the early 2030s. In the last six years, solar, other electric power, wind energy generation, and battery manufacturing were among the top 20 fastest-growing industry sub-categories in the United States. These industries experienced job growth rates of 355 percent, 160 percent, 91 percent, and 45 percent during this period, respectively.

Despite the elimination of many federal incentives and programs that drove recent growth, growing global energy demand means renewable energy and energy innovations will continue to play a critical role. It's also relevant to this report that computing infrastructure and processing and guided space propulsion were also top growing industries nationally in the last five years, as they match with New Mexico's quantum and space strategic industries.



Source: EL calculations based on Lightcast 2026.1

Global investment in advanced energy is also expanding. Bloomberg NEF estimated that there was $2.3 trillion invested worldwide in 2025 in the energy transition economy. Climate tech-focused companies raised almost $77.3 billion in private and public equity for the same year. A major shift is occurring in energy markets, and New Mexico could leverage its existing energy infrastructure to capitalize on these new investments. If leveraged effectively, the state could expand its energy portfolio, create jobs, and create a more stable, innovation-led growth model.

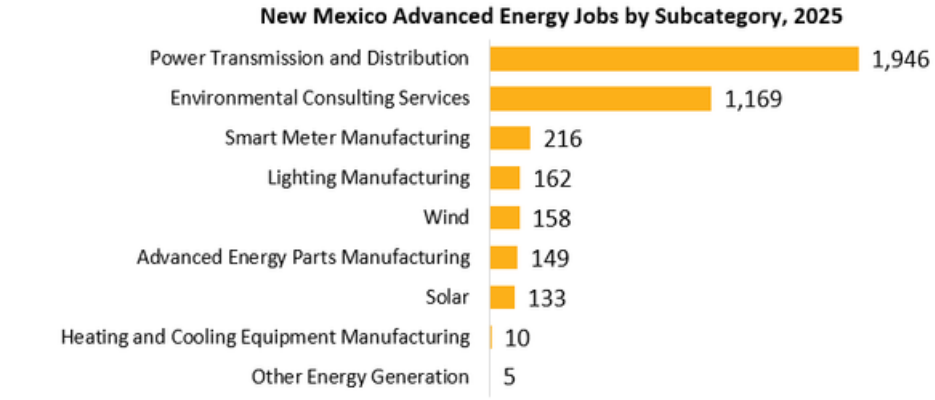
The emergence of advanced energy offers tangible benefits beyond emission reductions, in the form of job creation and economic growth. Every year, the nonpartisan think tank E2 measures the size of the advanced energy economy across the country. Their report finds that advanced energy jobs are located across the country, including offering opportunities in many rural areas. E2's research finds that the advanced energy economy added jobs at a higher rate than the national average for all jobs and the traditional energy and automotive industries.

Understanding the Advanced Energy Sector in New Mexico

The Advanced Energy sector represents $2.04 billion of the state's economic output. Activity in this sector is dominated by electric power distribution.

Key Energy Sub-Sectors	2025 GRP	% of NM Total GDP
Electric Power Distribution	$1,455,193,500	1.12%
Environmental Consulting Services	$176,319,400	0.14%
Wind Electric Power Generation	$128,697,100	0.10%
Electric Bulk Power Transmission	$94,339,200	0.07%
Solar Electric Power Generation	$87,006,600	0.07%
All Other Generation & Manufacturing	$102,943,500	0.08%
Total Sector Impact	**$2,044,499,300**	**1.57%**

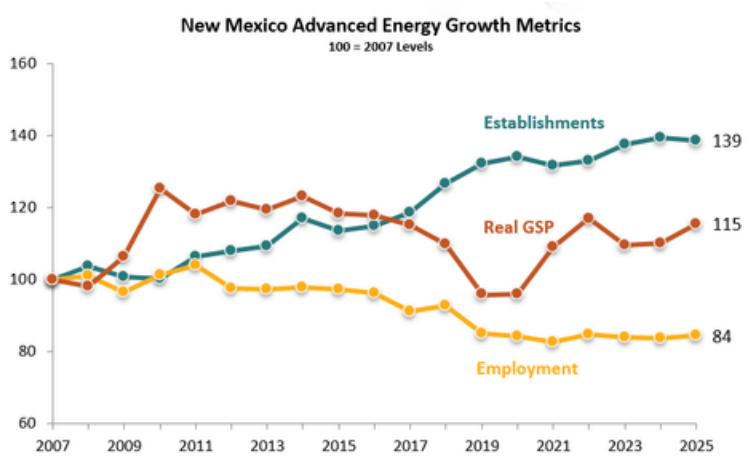
Using labor market data for industries associated with advanced energy, New Mexico had 3,950 jobs in advanced energy industries as of 2025. Most of these are associated with electric power transmission and distribution and environmental consulting services. The state also has a presence in renewable energy and advanced energy manufacturing companies. While biofuels currently play a smaller role, given the existing oil infrastructure, there could be opportunities for renewable diesel and sustainable aviation fuel processing.



Source: EL calculations based on Lightcast 2026.1

The nonpartisan think tank E2 annually measures the size of the advanced energy economy across the country using a somewhat broader definition of advanced energy jobs. E2's analysis found that while the total number of advanced energy jobs in New Mexico is still small compared to other states, its growth rates are among the fastest in the country. According to E2, the state ranked in the top 10 for both the one-year (4.6 percent) and the four-year (27.1 percent) growth rates. The four-year rate was the second-highest rate in the entire country, just behind Oklahoma. This growth was also 10 percentage points higher than the national average during this time. This success highlights the momentum the state has in this strategic industry, which can be leveraged further.

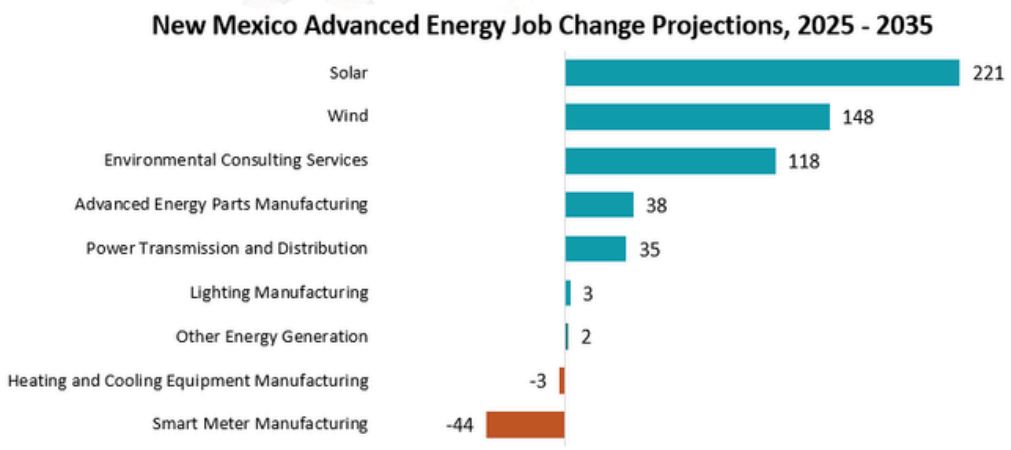
The number of state establishments associated with advanced energy has been on the rise in recent years. Establishments are any business location with a payroll. One company can have multiple establishments in a state. Real GSP from the advanced energy sector has oscillated over the years, but since 2007 has risen overall. If GSP per worker continues to rise at an average annual rate of 4 percent, the industry could generate over $3.4 billion in GSP by 2035 based on current employment projections.



Source: EL calculations based on Lightcast 2026.1

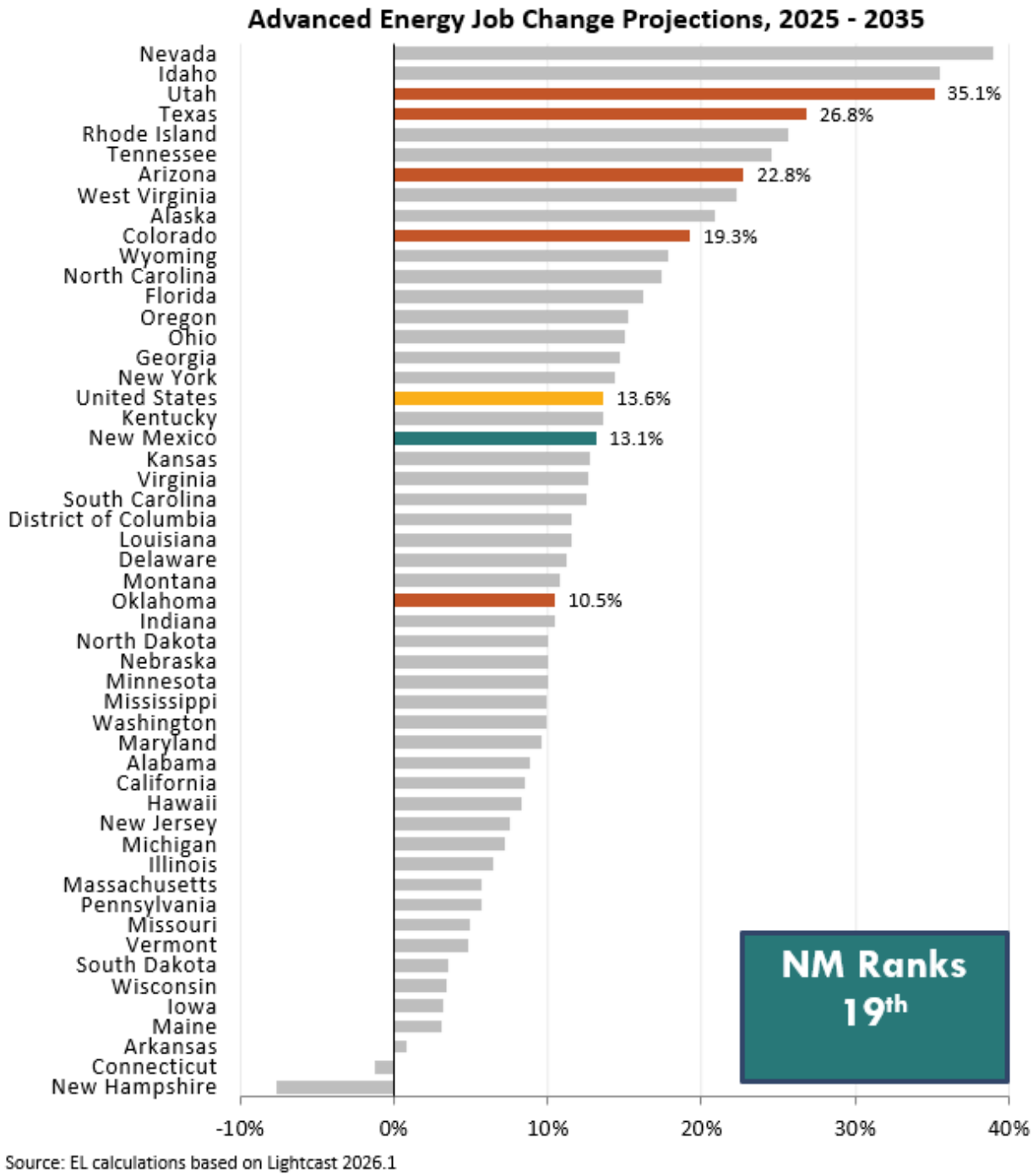
Source: EL calculations based on Lightcast 2026.1

Employment projections are also strong for the advanced energy sector. In the next 10 years, the advanced energy group of industries is expected to add about 520 net new jobs. Most of this job growth in New Mexico is predicted in wind, solar, and in environmental consulting.



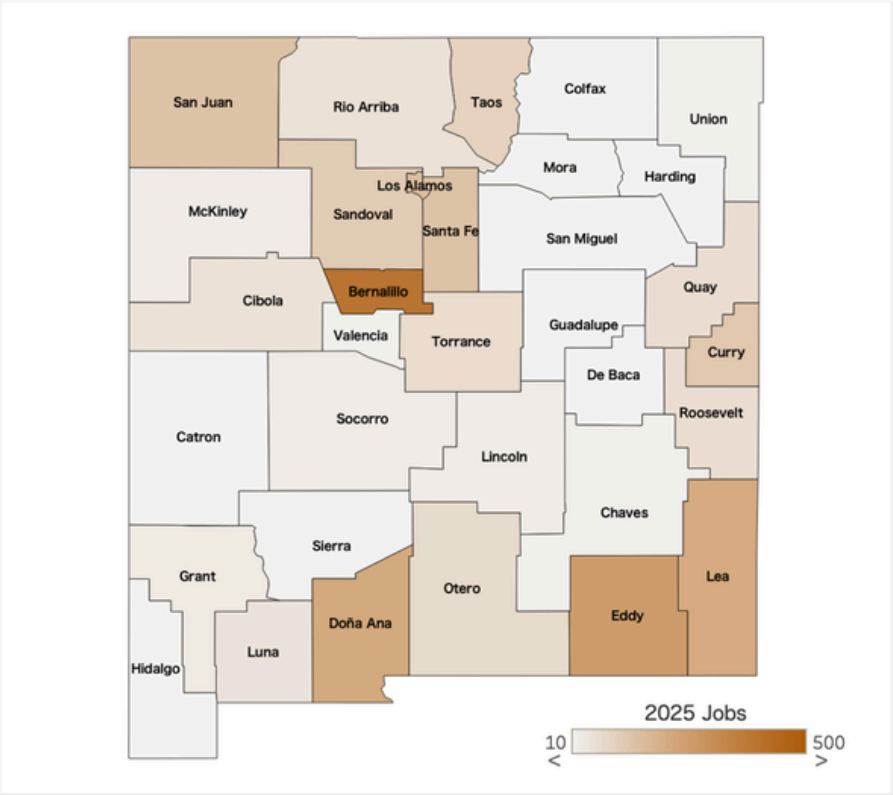
Source: EL calculations based on Lightcast 2026.1

The state's projected growth rate of 13 percent is very similar to the national average over the next ten years. New Mexico ranks 19th nationally for this projected growth in advanced energy. The state comparison also reveals the Intermountain West as a key region for the country's expansion in this sector. Nevada, Utah, Idaho, Arizona, Colorado, and Wyoming all rank in the top 15 states.



While job numbers for advanced energy are still below other emerging sectors and the traditional energy space, there is a good distribution of advanced energy jobs across the state and this trend is expected to continue as additional jobs are created in the sector.

Advanced Energy Employment by County, 2025



Source: EL calculations based on Lightcast 2026.1

Defining the Advanced Energy Skillset Needed in New Mexico

Advanced Energy jobs require a diverse, hybrid set of skills that blend traditional engineering with digital and field-based expertise. These roles are often intensive in engineering, data, and manufacturing, rewarding workers who possess both technical depth and adaptability.

- **Core Technical and Systems Engineering:** This foundation includes electrical, mechanical, and chemical engineering, as well as materials science focused on advanced composites, semiconductors, and battery chemistries. Systems engineering is also vital for integrating hardware with software and controls.
- **Power Systems and Grid Management:** As energy grids become more decentralized, skills in power flow analysis, grid modeling, and interconnection studies are critical. This also encompasses substation design, transmission and distribution engineering, and grid resilience planning.
- **Digital, Software, and Data Intelligence:** Advanced energy is increasingly "software-defined," requiring proficiency in data analytics, programming, and AI/machine learning for load forecasting and predictive maintenance.
- **Advanced Manufacturing and Industrial Operations:** Scaling clean energy technologies requires expertise in CNC machining, robotics, and additive manufacturing (including 3D printing). Workers must also be skilled in quality systems like ISO and Six Sigma, as well as supply-chain and process optimization.
- **Construction, Installation, and Field Skills:** There is high demand for electrical and mechanical trades, high-voltage installation, and commissioning. Field roles require safety certifications—such as OSHA and NFPA 70E—and skills in maintenance and reliability engineering.

Middle-skill jobs—such as technicians, electricians, and operators—will be just as critical to the sector as PhD-level researchers. For New Mexico, many of these skillsets are adjacent to the oil and gas industry, which can facilitate smoother career transitions for the local workforce.

Advanced Energy Sector Development Considerations

Some of the growth in the advanced energy market was spurred in recent years with the passage of the Inflation Reduction Act (IRA) in 2022. The legislation included production tax credits for manufacturers of EVs, renewable energy products, and batteries. It also provided consumer tax credits based on domestic supply chain components that further incentivized U.S. manufacturing. Since the IRA passed, there have been over 340 projects announced across the advanced energy value chain in the U.S. These new ventures and expansions are estimated to generate about $148 billion in capital investment and support 166,700 jobs. Many of the investments are occurring in the Midwest and Southeast regions, but the state of New Mexico and the surrounding areas have also benefited economically. New Mexico saw major investments in wind and solar manufacturing products. During the writing of this report, New Mexico successfully recruited an EV manufacturer, GreenPower Motor Company in January 2026. The Free Trade Zone of Santa Teresa, NM, incentive packages, and the state's EV fleet goals were mentioned as reasons why the state was chosen for the project. As the sector begins to emerge in New Mexico, the activity nearby in Arizona and Texas could be leveraged to recruit companies within the supply chain.

Recent Advanced Energy Announcements in New Mexico and Nearby States

Project Name	Status	Location	Product	Jobs	Investment (million$)
GreenPower Motor Company	Planned	Santa Teresa, NM	Fleet Electric Vehicles	340	$200
Desert Mountain Energy Corp	Planned	Roswell, NM	SNC Batteries	ND	ND
Arcosa Wind	Operating	Belen, NM	Wind Manufacturing	250	$60
Maxeon	Planned	Albuquerque, NM	Solar Cells	1,800	$1,900
Ebon Solar	Planned	Albuquerque, NM	Solar Cells	900	$940
Array Technologies	Under Construction	Albuquerque, NM	Solar Modules	300	$3,200
DFS Composites	Operating	Juarez, Mexico	Wind Manufacturing	ND	ND
CS Wind	Under Construction	Pueblo, CO	Wind Manufacturing	1,500	$250
Peak Energy	Pilot	Commerce City, CO	Battery Cells	160	ND
LG Energy	Under Construction	Queen Creek, AZ	Battery Cells	1,500	$1.2
Fluence Energy	Operating	Goodyear, AZ	Battery Management Systems	250	ND
GTI Fabrication	Planned	Goodyear, AZ	Battery Cells	ND	ND
Ecobat	Operating	Casa Grande, AZ	Battery Recycling	600	$105
Cibra Solutions	Operating	Eloy, AZ	Battery Recycling	110	ND
EVelution Energy	Planned	Tacna, AZ	Cobalt Processing	60	$200

American Battery Factory	Under Construction	Tucson, AZ	Battery Cells	1,000	$1,200
South32 Mine	Under Construction	Patagonia, AZ	Manganese and Zinc Extraction	900	$1,448
South32 Processing	Planned	Patagonia, AZ	Manganese Sulfate Processing	240	$553
Sion Power	Pilot	Tucson, AZ	Battery Cells	250	$75
Corning	Operating	Phoenix, AZ	Solar Modules	600	$60
New East Solar Energy	Planned	Mesa, AZ	Solar Modules	350	ND
Solarcycle	Operating	Mesa, AZ	Solar Recycling	100	ND
Arizona Lithium	Planned	Big Sandy River, AZ	Lithium Extraction	ND	ND
Aspen Woods	Planned	Stratford, TX	Solar Modules	700	ND
Cabot Pampas	Operating	Pampa, TX	Graphite Processing	75	$83
Broadwind Energy	Expansion	Abilene, TX	Wind Towers	170	$3
USA Rare Earth	Planned	Round Top, TX	Critical Mineral Extraction	ND	$1,650
Element3 Resources	Operating	Midland, TX	Lithium Carbonate Extraction	ND	ND

Source: Turner (2026)

With the federal government operating as a key mover in this space, the market is now somewhat dependent on politics, a cautionary note for today's economy. The IRA was signed by the Biden administration, while the new Trump administration signed an executive order on Day 1 to pause any further IRA spending. Another executive order stopped funding for the charging infrastructure that would support the EV market. Incentives from the IRA that had already been awarded would need to be repealed by Congress. In April 2025, a federal district judge issued a temporary injunction that required the administration to release all IRA funds while lawsuits continue through the judicial process. Two of the four announced projects in New Mexico have already become operational or broken ground on construction.

The Trump administration's tariffs could also have an impact. There is no fully domestic battery supply chain, and tariffs would increase costs for domestic manufacturers. At the same time, tariffs on China may help some U.S. companies struggling with China's efforts to manipulate the market price of minerals in order to limit competition. China has also placed retaliatory tariffs on critical rare-earth minerals that are often used within batteries for EVs and other advanced energy products.

The fluctuating political priorities and future uncertainty cannot be ignored. Although the U.S. market is experiencing significantly less federal financial and policy support, the data suggest the global advanced energy market is continuing to grow robustly. Potential customers in the rest of the world appear committed to the energy transition. According to PwC's third-quarter 2025 electric vehicle sales review, clean vehicles now account for over 20 percent of the world's vehicles. This is the largest share ever recorded.

Regardless of the uncertainty of energy policies in the coming years, energy will remain critical to economic growth and a key component of New Mexico's future. The announcement of two new advanced energy related projects in recent months (GreenPower Motor Company and Desert Mountain Corporation) signify that New Mexico can leverage the opportunities in this expanding market, despite the political uncertainty.

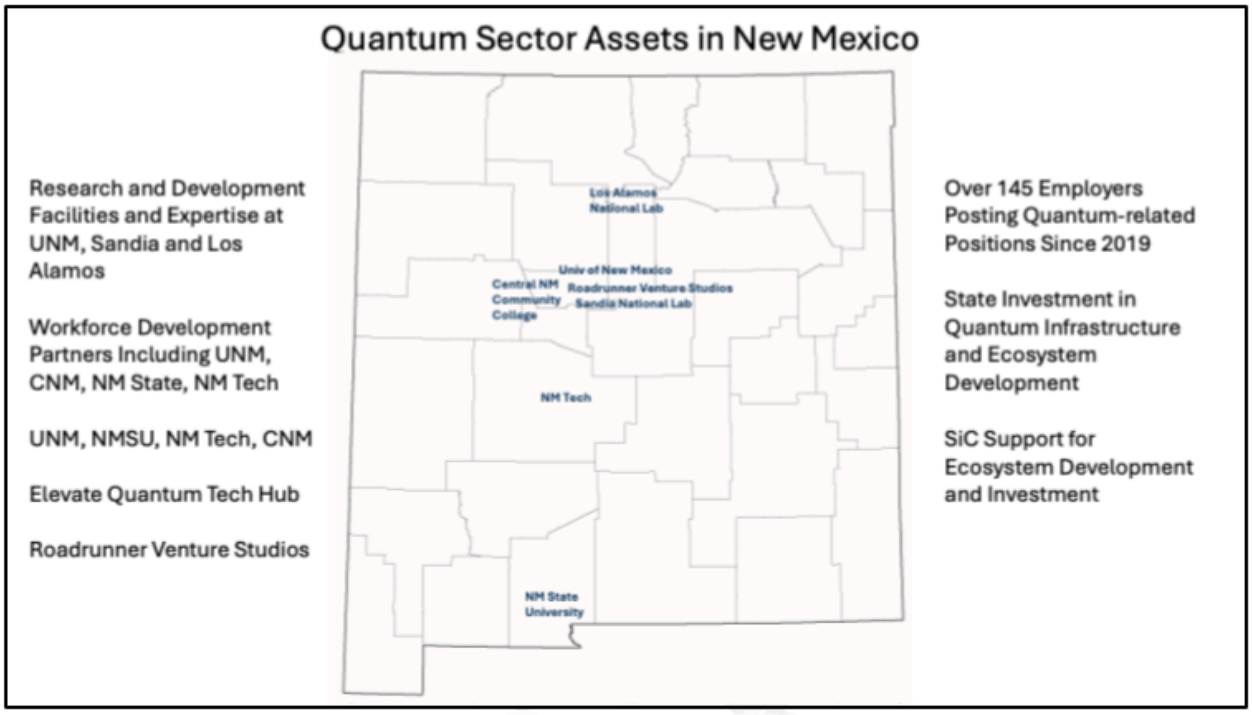
QUANTUM AND ADVANCED COMPUTING

Quantum computing harnesses the principles of quantum mechanics, such as superposition and entanglement, to process information in ways fundamentally different from classical computing. Unlike traditional computers, which use bits as binary states (0 or 1), quantum computers use qubits that can exist in multiple states simultaneously, allowing them to perform complex calculations exponentially faster.

This capability positions quantum computing as a transformative tool for solving problems in optimization, cryptography, and material science that are currently intractable with classical methods, offering the potential to drive innovation and efficiency across numerous sectors. For example, in pharmaceuticals, quantum algorithms can rapidly simulate molecular interactions, accelerating drug discovery processes. In logistics, companies like DHL and FedEx could use quantum computing to optimize complex supply chain networks, reducing costs and improving delivery speeds.

QUANTUM AND ADVANCED COMPUTING – HIGHLIGHTS

- ·This sector is the largest of the four emerging sectors, contributing $6.5 billion to the economy (5% of total GSP) as of 2025.
- ·Over the next ten years, the sector is predicted to grow by 13 percent, similar to the national average, and is projected to reach an $9.8 billion GSP contribution by 2035.
- ·New Mexico is a key partner in the Elevate Quantum Tech Hub, a federally designated regional hub eligible for up to $1 billion in funding over 10 years.
- ·Additionally, the state recently announced $315 million in specialized investment, including $185 million from its sovereign wealth fund, to support startups and infrastructure.
- ·The state ranks eighth in the nation for the rate of quantum-related job postings, with an average of 80 unique openings per month.
- ·Top employers include the national laboratories and major private firms like Intel, Raytheon, and Boeing, with median salaries for these roles reaching approximately $107,400.
- While the sector currently relies heavily on elite researchers—with 48% of job postings requiring a PhD—the industry is evolving toward early commercial stages. Sustainable growth will require a "full-stack" workforce that includes skilled operators and technicians capable of managing advanced manufacturing, cleanroom operations, and process scaling.

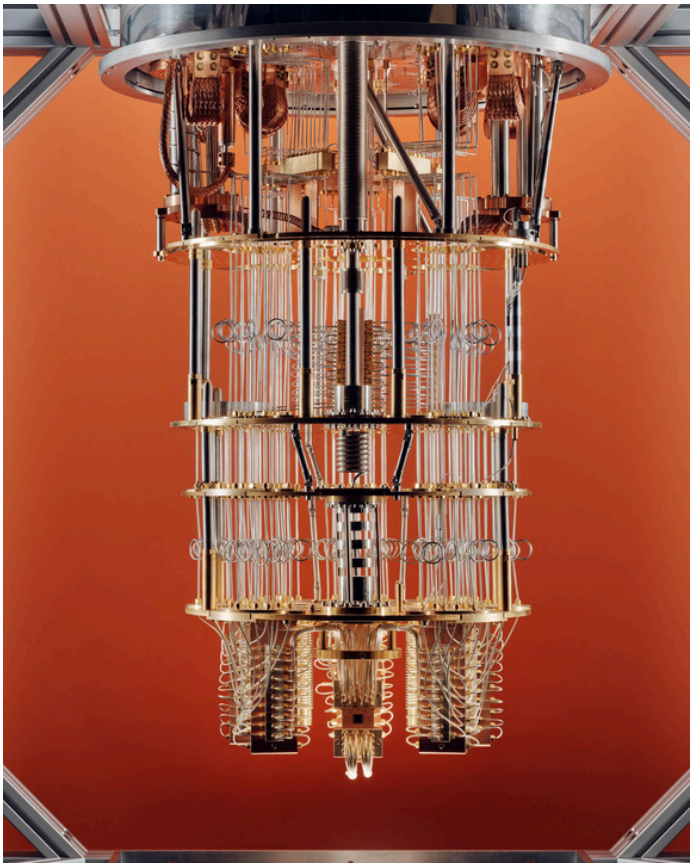


About the Quantum and Advanced Computing Sector

The quantum computing industry today is still small, but according to multiple estimates, the total market exceeded $1 billion in 2024. The list of engaged companies is rapidly expanding beyond the legacy tech firms, and commercial activity is focusing on areas such as cloud access, software/tooling, and early sensing/communications. McKinsey and other industry analysts report that rapid hiring and government pledges have propelled the quantum ecosystem from pure research into engineering and early commercial stages. Current forecasts place the size of the quantum industry at between $1 to $4 billion in 2024 (some of the range is due to how the market is defined – some analysts only count hardware and software spending, while others include services and related verticals).

Future forecasts also vary in scope and how quantum computing is defined, but several major reports project strong multi-billion-dollar growth for the industry over the next decade. McKinsey's analyses project total quantum-technology markets could approach $97 billion by 2035. Bank of America analysts are even more bullish and predict that the technology is developing so rapidly that quantum systems may be capable of outperforming classical computing systems by 2033. QED-C's State of the Global Quantum Industry report emphasizes

that this projected expansion is driven not only by hardware sales but also by software, cloud services, national programs, and workforce scaling. Their report also forecasts strong continued growth in subsequent years.



Understanding the Quantum and Advanced Computing Sector in New Mexico

Quantum and Advanced Computing is the state's largest emerging sector, contributing $6.5 billion to the economy. Its strength is heavily concentrated in high-value research and technical infrastructure.

To determine the level of economic activity associated with advanced computing in New Mexico, a selection of industries that are best associated with the sector was evaluated. These are the industries that are most likely to be already utilizing and developing advanced computing technology or are likely to adopt it in the future. This list includes semiconductor manufacturing, biotech, software development, telecommunications, engineering services, and research and development industries. Today, quantum computing is a small but growing portion of the $6.5 billion advanced computing economy in New Mexico.

Sub-Sector Component	2025 GSP	% of NM Total GSP
Telecommunications & Network Infrastructure	$2,416,930,500	1.86%
Software, AI, and Systems Development	$1,287,977,300	0.99%
Engineering Services	$1,155,571,200	0.89%
Semiconductor and Computing Hardware	$1,120,675,200	0.86%
Data Infrastructure, Cloud & Hosting	$412,149,500	0.32%
Emerging & Adjacent Computing Domains	$91,151,000	0.07%
Total Sector Impact	**$6,484,454,700**	**4.99%**

The Mountain West, and New Mexico specifically, have been well-positioned in the quantum space with the creation of the Elevate Quantum technology hub. The hub was designated by the U.S. Department of Commerce's Economic Development Administration (EDA) as one of 31 regional tech hubs supported by the CHIPS Act across the country in 2023. As of this report, the hub has been awarded millions from federal agencies to support the development of quantum computing in Colorado, New Mexico, and Wyoming. Through the CHIPS Act, Elevate Quantum is eligible for up to $1 billion in federal funding over the next 10 years. This public funding is expected to drive more than $2 billion in additional private capital. The goal of these efforts is to create world-class, open-access quantum research facilities that will foster new commercial startups.

The New Mexico Economic Development Department's 2025 State Plan Update references Quantum Computing as an example of a "high-potential" industry for the state. Their report notes that "Although public and private stakeholders across the state will need to take critical steps to advance the industry further, investments in this area have the potential to make a considerable impact because of pre-existing knowledge and workforce, among other factors."

In September 2025, the State of New Mexico announced $315 million in quantum investment with the goal of developing a hub in Albuquerque, improving access to quantum equipment, and supporting the development of private startups. The funding comes from a variety of sources including:

- $185 million from the state's sovereign wealth fund
- $60 million from the U.S. Defense Advanced Research Projects Agency (DARPA)
- $25 million appropriated by the state legislature to support a quantum venture studio.

New Mexico's designation as a quantum computing tech hub builds on its existing assets, such as the two national labs and the U.S. Air Force research center, to accelerate advancements in this cutting-edge field. By attracting federal funding, skilled talent, and private investment, the tech hub could bring sustained economic development and strengthen New Mexico's role as a national innovation leader. Elevate Quantum's goal is to create 10,000 jobs across the three states with a median salary of $125,000 per year. Development of the quantum sector can also catalyze growth in existing New Mexico-based companies through quantum technologies that support their business. In examples related to New Mexico's other key emerging industries, development of quantum capabilities can support ultra-secure communication systems for the aerospace sector or help optimize predictive modeling and sensors related to energy exploration and production.

Because of the limitations on government data for isolating the size and scope of the quantum industry, EL relied on private software that analyzes online job postings to provide data for quantum activity in the state. The job postings data from Lightcast scrubs all online job postings and deduplicates postings. This data can then be searched for specific keywords. The keywords "quantum computing" and "advanced computing" were used to filter quantum-specific results in New Mexico. EL also reviewed the results to ensure the job postings data was specific to the quantum industry.

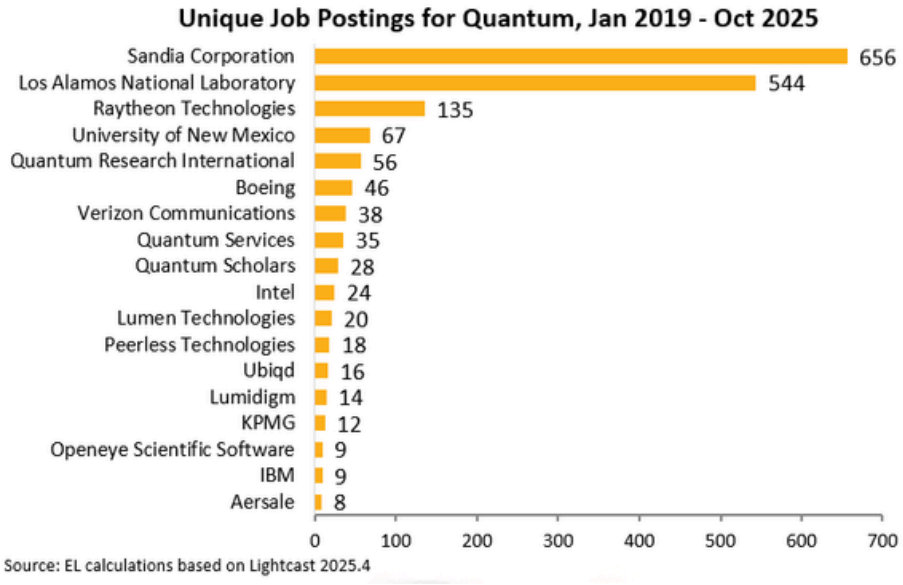
Source: EL calculations based on Lightcast 2025.4

The job postings can help to understand which companies are hiring for quantum talent and the scale of demand in the state. The general trend since 2018 has been an increase in demand. In the last year of available data, October 2024 to October 2025, there was an average of 80 unique quantum postings each month. From January 2019 to October 2025, about 145 different employers in New Mexico were posting for jobs within the quantum space. The median posted salary for these jobs was $107,400. Employers are looking for highly trained individuals: 48 percent of these postings required a PhD. The national labs are the top hirers for quantum talent during this time. Large private companies based in the state that are utilizing quantum include Raytheon, Boeing, Intel, IBM, and KPMG. The state is also home to quantum-specific companies headquartered in the state, like Ubiqd.

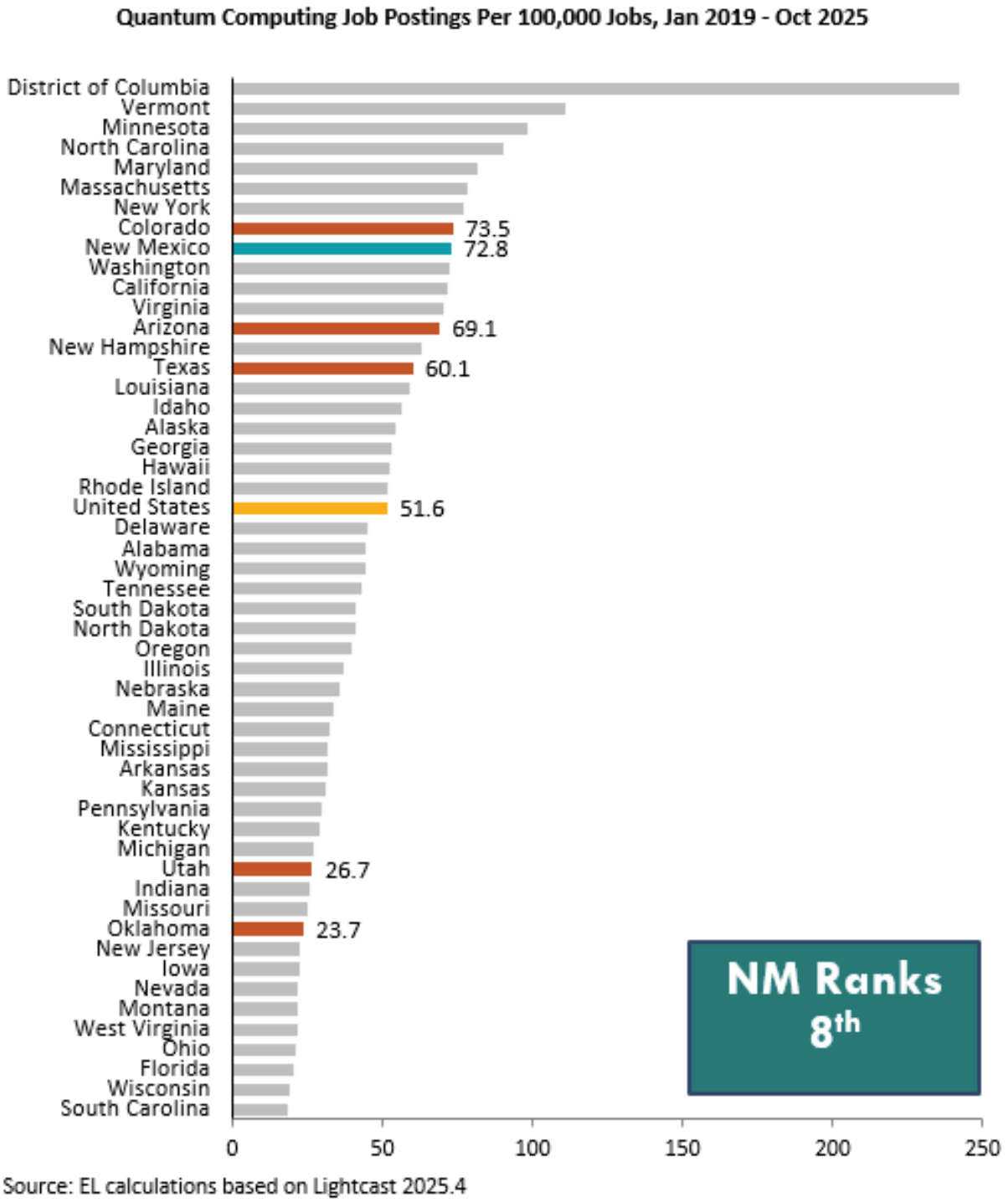
UBIQD

A home grown cleantech materials company that is headquartered in Los Alamos. The company manufacturers low-hazard quantum dots and nanocomposites. The company's goal is to produce these dots at such a cost-effective rate that they can become ubiquitous through the economy. The company was founded in 2014 and leverages the nearby labs to facilitate new developments for commercialization.

Annual Revenue: $10-50 million
Employees: 11-50
VC Funding: $41 million over 14 rounds
Expansion Score: 5 out of potential 6
(a 75% chance of expansion in the next two years)
Source: Gazelle.ai



Over this timeframe, there were about 73 quantum-related job postings in New Mexico for every 100,000 jobs in the state. When this metric is compared with the rest of the nation, New Mexico had the eighth-highest rate of quantum postings. The District of Columbia has the highest rate of postings by far, but was not included in the state rankings. With a posting rate well above the national average, this metric highlights the state as a leader in the quantum space.



Employment for these advanced computing-related industries is currently highly concentrated in the Albuquerque and Santa Fe regions. Because of the infrastructure required for quantum and advanced computing, much of the sector's next phase of growth is likely to also locate in these areas. Manufacturing of quantum and advanced computing products could locate in other parts of the state where there are suitable building sites,

sufficient levels of electric capacity and available workforce.

Because quantum computing is an emerging industry still somewhat focused on developing the underlying technology, much of its workforce has been concentrated in STEM fields. The QED-C's State of the Global Quantum Industry report states that a total of 48.3 percent of the global quantum workforce is in just three STEM sectors: engineering, information technology, and research. But the QED-C report also points out that the demand for non-STEM expertise is growing within the quantum industry, reflecting the maturing of the technology and the evolution of many quantum-related businesses from a hardware development focus to a software product focus. It has been reported that today more than half of "quantum jobs" do not require a four-year degree.

Defining the Quantum and Advanced Computing Skillset Needed in New Mexico

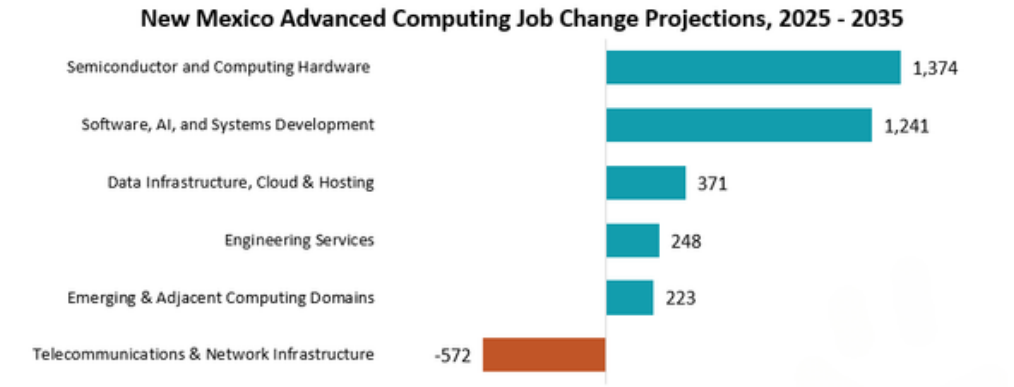
To build Quantum and Advanced Computing businesses, several core skill areas will be essential beyond the physics and engineering expertise necessary for hardware development:

- Software, Algorithms, and Systems Integration - Companies require developers who can bridge the gap between abstract algorithms and physical hardware.
- Software Frameworks: Proficiency in software frameworks is necessary to develop hybrid quantum-classical computing algorithms.
- Reliability: As companies move from prototypes to products, Systems Engineering becomes critical, focusing on reliability engineering, thermal/mechanical integration, and creating test frameworks for high-uncertainty environments.
- Advanced Manufacturing and Scale-Up Operations - To move beyond research and development, quantum companies must have a workforce that can lead the production of high-tech components.
- Cleanroom Skills: Critical skills include nanofabrication, thin-film deposition, and lithography.
- Process Scaling: Expertise in metrology, quality control, and yield improvement is necessary to move from laboratory-scale prototypes to industrial-grade components.
- Commercialization Skills - Sustainable growth requires a workforce that can handle the complexities of the deep-tech market.
- Go-to-Market Expertise: Companies need leaders skilled in IP strategy, technical sales, and navigating complex regulatory and export controls.
- Interdisciplinary Translation: Perhaps most important is the ability to translate physics into engineering requirements and facilitate communication across interdisciplinary teams.

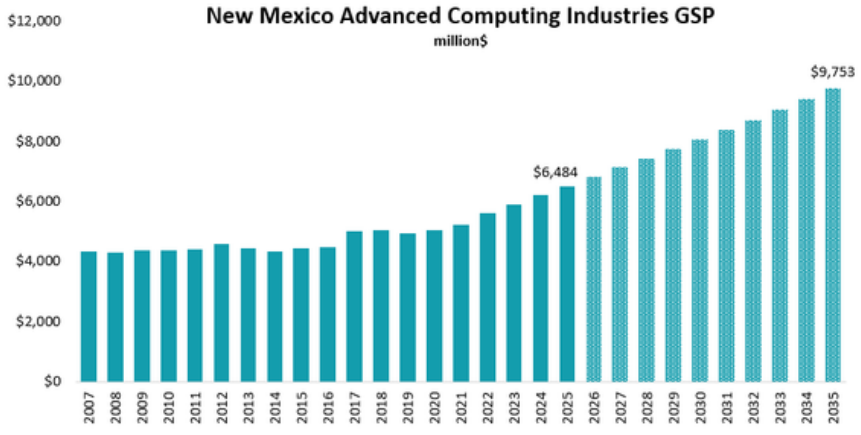
Growing the sector will require leveraging community colleges and master's programs to train the technicians and process engineers needed for manufacturing, while creating "stay and work" incentives to retain highly skilled graduates.

Based on comments during focus groups and interviews, this evolution in skill demand at quantum firms is consistent with what is happening in New Mexico. As noted in the previous section, some employers stated that they have less difficulty recruiting engineers and highly trained technical workers, in part because of the concentration of expertise at the national labs and in New Mexico's research universities. Their greater workforce concerns involve finding enough skilled operators and technicians to meet production ramp-ups.

Over the next ten years, New Mexico is expected to add 2,885 jobs in the advanced computing field. This growth rate of 13 percent matches the national average for this timeframe. The fastest growing portion of the sector is predicted to be semiconductor and computing hardware manufacturing. In 2025, these industries were responsible for $6.5 billion in GSP. Historically, the industry's average annual growth rate in GSP per worker was 2.8 percent. If these levels continue, the GSP could rise to almost $9.8 billion by 2035.



Source: EL calculations based on Lightcast 2026.1



Source: EL calculations based on Lightcast 2026.1

Quantum Sector Development Considerations

While New Mexico has made significant investments in building a quantum innovation ecosystem, several other states are also aggressively working to become quantum hubs. Illinois has committed more than $700 million to develop the Illinois Quantum and Microelectronics Park in Chicago, anchored by IBM. New York invested $300 million in a quantum research facility at SUNY Stony Brook, and IBM is investing resources in its quantum facilities in the state as well. Maryland is also aggressively pursuing its self-stated goal of becoming the "Capital of Quantum" through state investments, industry investments, and partnerships with federal research agencies located in the Washington, D.C. metro area.

Building and attracting a stable of quantum firms will require a workforce with specialized and technical skills, expensive infrastructure such as specialized facilities, cleanrooms, and testing equipment. It will also require patience, given that development timelines can span many years, forcing investors and public sector backers to maintain support for extended pre-revenue periods. Because of the capital required, it is likely to be more challenging for small firms and startups to compete for resources, which may steer more commercial quantum development to large, deep-pocketed technology firms.

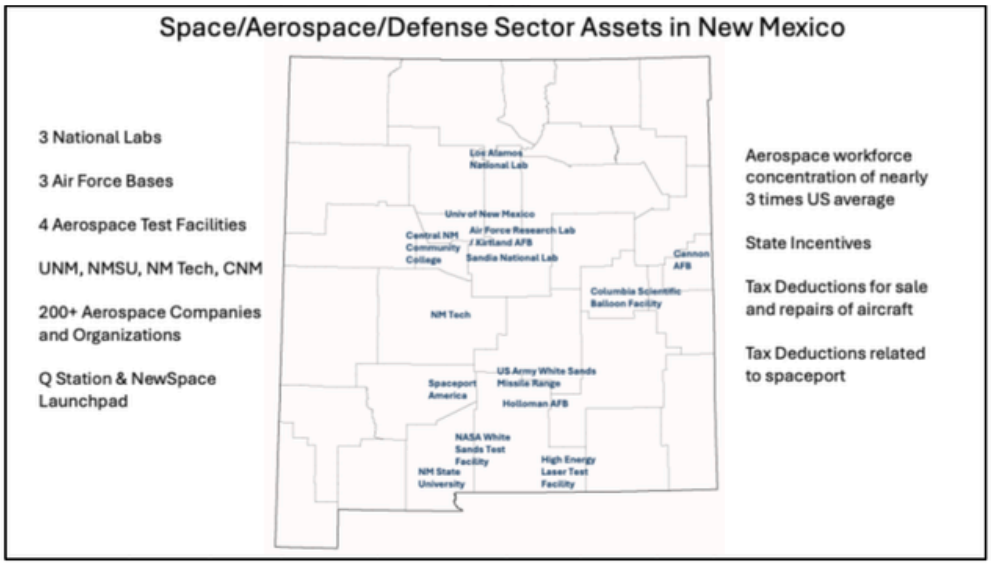
SPACE, AEROSPACE, AND DEFENSE

The world is once again in a space race. The goals and players differ from those of the 1960s, but the increased space exploration is spurring economic development. Early on, space exploration was driven by the governments of the world's superpowers. By the 1990s, the U.S. government created new policies that allowed for more private investment in space, aerospace, and defense. Around this time, Lockheed Martin and Northrop Grumman joined Raytheon and Boeing to form the "Big 4" private firms in this space. This created what is now referred to today as the "Legacy Space" industry.

SPACE, AEROSPACE, AND DEFENSE - HIGHLIGHTS

- While New Mexico hosts several legacy aerospace and defense firms (Boeing, Lockheed Martin, etc.), the state is home to over 130 industry startups as the industry transitions from a government-driven model to a private, commercial-led space economy.
- New Mexico has unique and differentiating sector-specific infrastructure, including three national labs, three Air Force bases, and Spaceport America—one of only two facilities in the nation authorized for both vertical and horizontal launches.

- This is currently the smallest of the emerging sectors but it has great importance because of the high median salary of $130,330 and projections of significant growth in guided missile and space vehicle manufacturing through 2035.
- States like Texas, Utah, Colorado and Florida are aggressively pursuing space, aerospace and defense industries; New Mexico must strengthen its workforce and address competitiveness issues that can hinder talent and business attraction if not addressed.



While this report is focused on the private-sector activity of the space, aerospace, and defense industry, the state's economy is heavily influenced by federally funded jobs and other spending at the national research labs and military installations in New Mexico. A 2022 economic impact assessment performed by the University of New Mexico found that over 38,000 military personnel work at the many defense facilities in the state.

US Military Installation	Headcount
Cannon AFB and Melrose MR	4,807
Holloman AFB	5,102
Kirtland AFB	22,667
White Sands Missile Range	6,023
Total	**38,599**

In addition to the direct federal defense-related employment outlined above, these publicly-funded aerospace and defense-related military installations impact the state's economy in other ways. For example, a 2020 report prepared by the U.S. Army Corps of Engineers estimated that Holloman Air Force Base's payroll generated over $600 million in direct economic impacts and spending by these workers in the state's economy generated another $450 million in additional economic activity each year. The same study calculated that White Sands Missile Range's total economic impact (direct spending plus indirect and induced impacts) exceeded $1.9 billion annually.

The 2022 economic assessment by the University of New Mexico, which quantified the economic benefits of military installations on the state, found that Cannon, Holloman, and Kirtland Air Force Bases, and White Sands and Melrose Missile Ranges generated over $14 billion in total economic impact for the state.

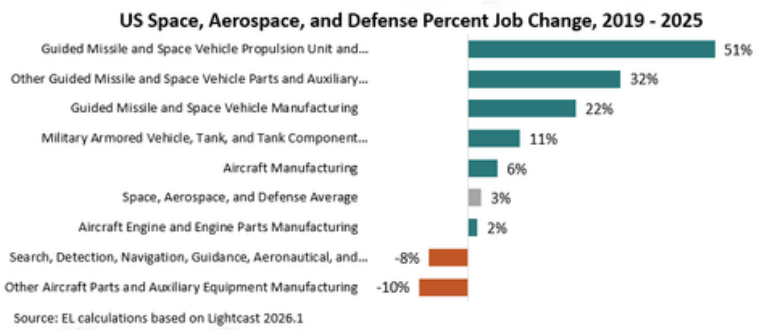
Much like the publicly funded research labs discussed earlier in the report, these Federally-funded aerospace-related military installations are a significant component of the state's overall economy, and they provide an excellent foundation for efforts to grow private-sector space, aerospace, and defense firms in order to further diversify the state's economy. However, this report focuses on growth of private enterprise.

About the Space, Aerospace, and Defense Industry Sector

In recent years, a modern space economy has emerged, with new companies founded by titans of industry like SpaceX, Blue Origin, Virgin Galactic, and Rocket Lab. These firms have leveraged new possibilities in satellite communications, adventure tourism, reusable rockets, space mining, and space debris management. The investments of these early movers have lowered costs and opened new commercial opportunities.

The Space Foundation, in its Q2 2025 report, estimated the global space economy at a value of $613 billion. This was almost eight percent growth from the previous year. Private industry was responsible for about 78 percent of the sector, with government representing the other 22 percent. Even the government side is growing as emerging countries are starting their own space programs. The U.S. also continues to invest more in space exploration and defense mechanisms.

The World Economic Forum and McKinsey predict the global space economy to reach $1.8 trillion by 2035.



In the U.S., we can track jobs in the space, aerospace, and defense industries using classification codes tracked by the federal government to count workers and measure the industry. These codes work well for traditional space companies like rocket manufacturers, but they likely miss many newer space businesses. For example, a company making software to help launch internet satellites might be counted as a tech or telecom company rather than a space company.

Even with these limitations, the data on U.S. job growth from 2019 to 2025 show that guided missile and space vehicle propulsion manufacturing was one of the fastest-growing industries, with a 51 percent growth rate. Other guided missile and defense industries are also experiencing growth in the sector. Like the quantum computing industry, the space economy requires deep knowledge work for well-educated engineers, as well as maintenance and production jobs to build its products, offering a range of career pathways.

New Quarterly Workforce Indicators data released by the U.S. Census Bureau in January 2026 provides insights into the composition of the space economy workforce nationwide. The data indicate that space-related jobs are being filled by younger workers. In 2024, nearly one-half of all new hires in the space economy were workers under the age of 35. The data also shows where these younger workers are being hired into space economy jobs—California, Florida, Arizona, Washington, and Texas led all states in share of workers under age 35 hired in 2024, while New Mexico was outside the top 15.

Understanding the Space, Aerospace, and Defense Industry Sector in New Mexico

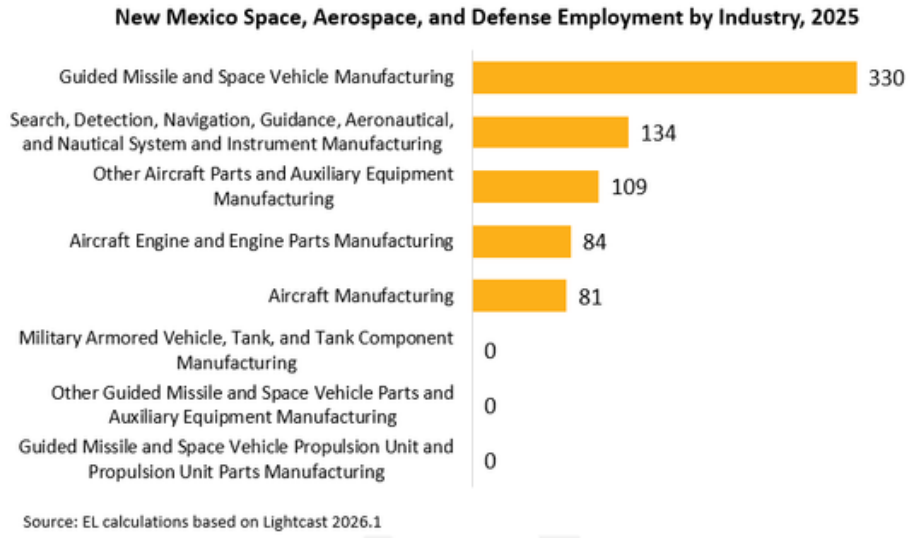
New Mexico is well-positioned to leverage this emerging industry. With its assets in federal research and military installations, the state is a preferred location for the Big Four and other legacy players, as well as a hub for the industry's modern, commercial-driven segment. The state is home to a major launchpad, Spaceport America in White Sands. In addition to these assets, the state also boasts ideal flying weather, available land, and investments in relevant workforce development. According to NewSpace Nexus, there are over 130 space industry startups in New Mexico. NewSpace Nexus created the Launchpad in Albuquerque to help these startups grow in the state.

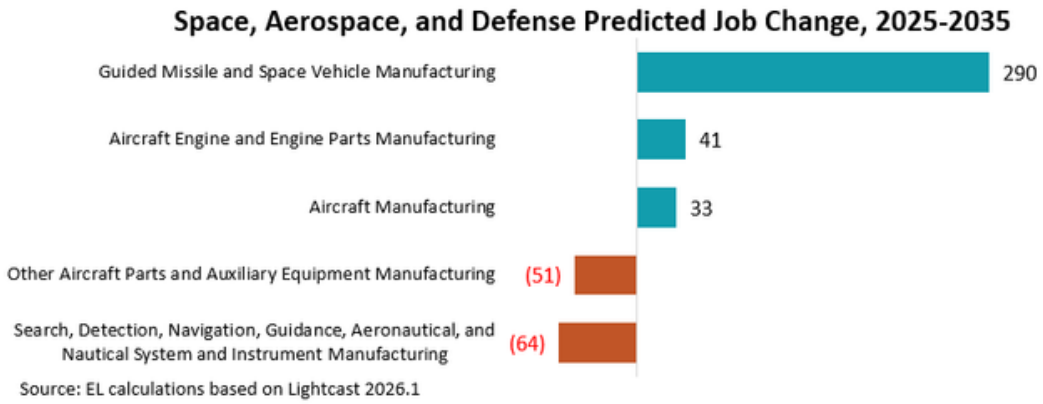
While currently the smallest of the four emerging sectors at $174 million in private-sector GSP, Space, Aerospace, and Defense is highly specialized in high-tech vehicle and system production. This total is based on government industry classifications that do not reflect the quickly changing nature of space, aerospace, and defense work. It is important to acknowledge that there is certainly additional private-sector space, aerospace, and defense-

related activities at firms in adjacent sectors such as manufacturing, information technology, and others.

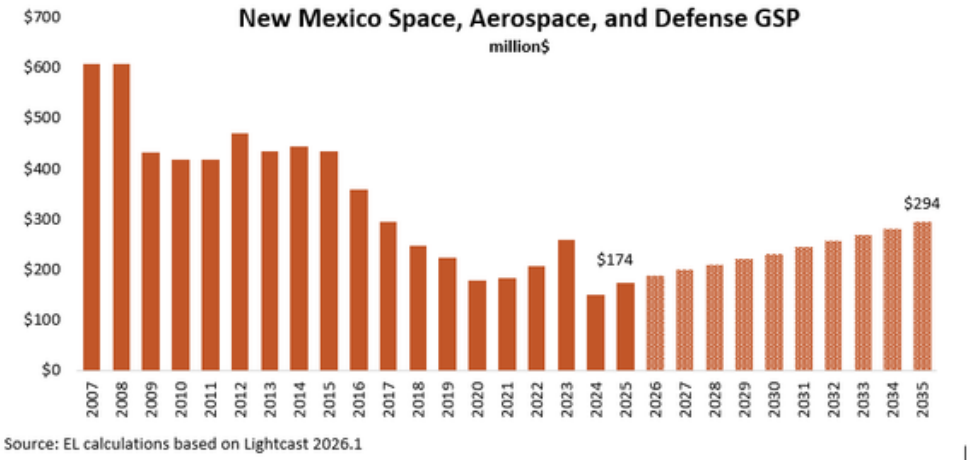
Looking at the labor market data for the historic space, aerospace, and defense industry classifications reveals that there were 740 workers in 2025 at 30 establishments. Establishments are business locations with a payroll, and a business can have multiple establishments. Given this difference between the NewSpace Nexus estimates, it's likely that the labor market data is capturing mostly the "Legacy Space" sector in the state. Jobs within the modern space economy are likely spread across many different industries. The data does provide some context for the legacy side of the industry. These companies offer very competitive wages, with average annual earnings of $130,330 in 2025. Most of the jobs within the legacy sector are in guided missile and space vehicle manufacturing and the aircraft manufacturing supply chain.

From 2019 to 2025, the industry lost about 360 net jobs. This was a decline of approximately 33 percent. The guided missile and space vehicle segment of the industry was the one sector that added net jobs during this time in New Mexico. However, in the next ten years, the industry in the state is expected to add 250 net new jobs. Again, the guided missile and space vehicle portion of the sector is expected to lead the way. This 34 percent growth rate is well above the national average (8 percent) and ranked as the 5th fastest predicted job growth rate in the country.

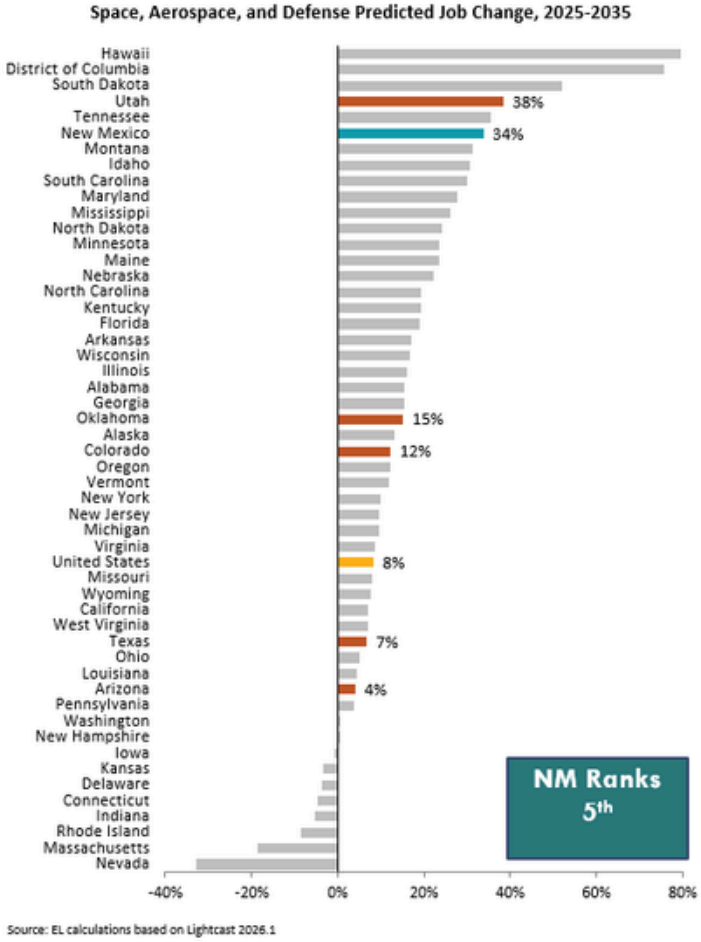




Despite previous employment declines, the GSP generated per worker in the sector has increased on average by 2.4 percent each year. With this continued productivity and the increase in jobs over the next decade the GSP for space, aerospace, and defense is predicted to grow from $174 million to $294 million.



Source: EL calculations based on Lightcast 2026.1



Source: EL calculations based on Lightcast 2026.1

As noted, the challenge with this strategic industry is accounting for all the activity in the modern space economy that might not be neatly captured in the government labor market data. To further understand the trends and present a broader view of the space economy, recent research, industry announcements and online job postings were reviewed.

In September 2025, researchers at New Mexico State University released a comprehensive economic impact report on Spaceport America. This facility outside of the White Sands Missile Range is one of two facilities in the country authorized by the Federal Aviation Administration (FAA) for vertical and horizontal launches. Seven private companies are tenants at the facility.

Tenant Companies of Spaceport America, 2024

Tenant Name
Virgin Galactic
SpinLaunch
UP Aerospace
AeroVironment
Prismatic
Swift Engineering
Isotropic Networks

Source: New Mexico State University (2025)

These tenants employed about 270 workers at the facility in 2024, down from a high of 381 in 2022. Another 20 workers are employed in the operations and maintenance through the managing authority of the spaceport. These 290 jobs at Spaceport America create another 470 additional jobs in the regional economy through supply chain and income ripple effects. This leads to sizeable earnings and state tax impacts. Over $72 million in earnings were generated in 2024 from economic activity at Spaceport America. The facility also generates additional economic impact through out-of-region visitor spending.

Economic Impact of Spaceport America, 2024

Group Name	Spaceport Operations	Tenant Operations
Direct Jobs	20	271
Total Jobs	50	713
Labor Income	$3,473,005	$68,625,340
New Mexico Tax Revenue	$261,419	$7,216,406

Source: New Mexico State University (2025)

Recent announcements in this sector indicate strong positive momentum and growth that is likely not being fully reflected in the industry codes historically used to track the aerospace and defense economy. For example, BlueHalo scaled rapidly in the state by acquiring local companies and building a workforce in the Albuquerque area focused on satellites and directed energy systems. BlueHalo was subsequently acquired by AeroVironment (AV) in 2025 and has more than doubled its Albuquerque workforce with a reported headcount of over 400 employees. In March 2026, AeroVironment announced a $30 million expansion of its Albuquerque manufacturing campus, expected to create more than 450 additional jobs over the

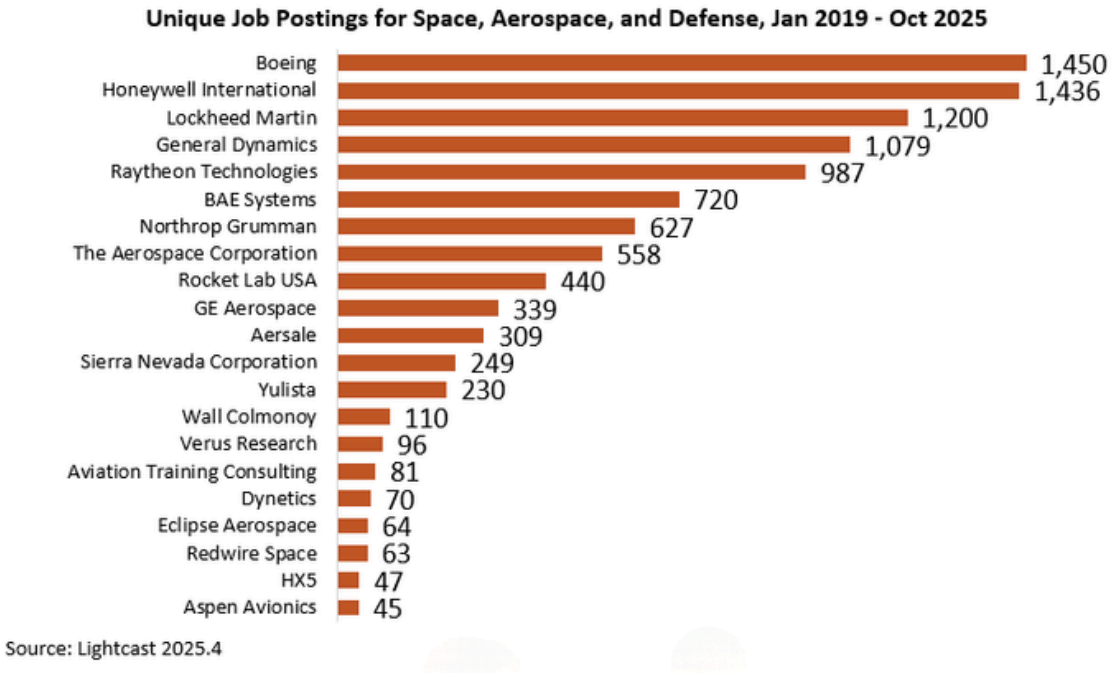
next decade, supported by state and local incentive funding.

Similarly, Rocket Lab acquired Albuquerque-based SolAero Technologies in 2022, making it one of only two companies in the U.S. that produce highly efficient, radiation-resistant space-grade solar cells. Rocket Lab has since announced a $70 million expansion of its Albuquerque facility to increase compound semiconductor production for spacecraft and satellites, expected to create more than 100 jobs, supported in part by nearly $24 million in CHIPS Act funding from the U.S. Department of Commerce.

The momentum continues with new entrants drawn to New Mexico's aerospace ecosystem. In December 2025, Mantis Space, a startup focused on delivering orbital power to satellites, habitats, and lunar operations, announced it had selected Albuquerque for its headquarters and advanced R&D manufacturing facilities. Mantis Space's planned facilities and staff are estimated to generate over $480 million in economic impact for Albuquerque. Taken together, these developments reflect a maturing aerospace and defense cluster in the state, anchored by Spaceport America, proximity to national laboratories and military ranges, and a deepening pipeline of both established and emerging players.

Another method for tracking a broader picture of the state’s private-sector space economy is to evaluate online job postings, which are more likely to capture the modern space industry alongside the legacy sector. Postings for the past few years have trended slightly downward from highs in 2022. This is likely associated with the increase in interest rates, which made capital investment more costly. While the net jobs in the area may not be growing, the companies are still looking for talent, in part because they need to replace workers who are leaving or retiring.

From January 2019 to October 2025, there were 10,350 unique job postings for space, aerospace, and defense companies in New Mexico. These jobs were posted by 65 different companies across the state. The major players like Boeing, Honeywell, Lockheed, and Raytheon are among the most active hirers. Other emerging companies like Rocket Lab USA are hiring as well.



The postings also highlight how the space economy can spread across the state. While many jobs are posted for the Albuquerque area, there are opportunities in smaller and more rural parts of the state. The number of postings per 100,000 jobs in the state is 1,182, ranking 19th in the U.S. and just under the national average. While net jobs might be declining in the legacy portion of the industry, the sector overall is seeing job growth and demand.

Space, Aerospace, and Defense Unique Job Postings by City, Jan 2019 – Oct 2025

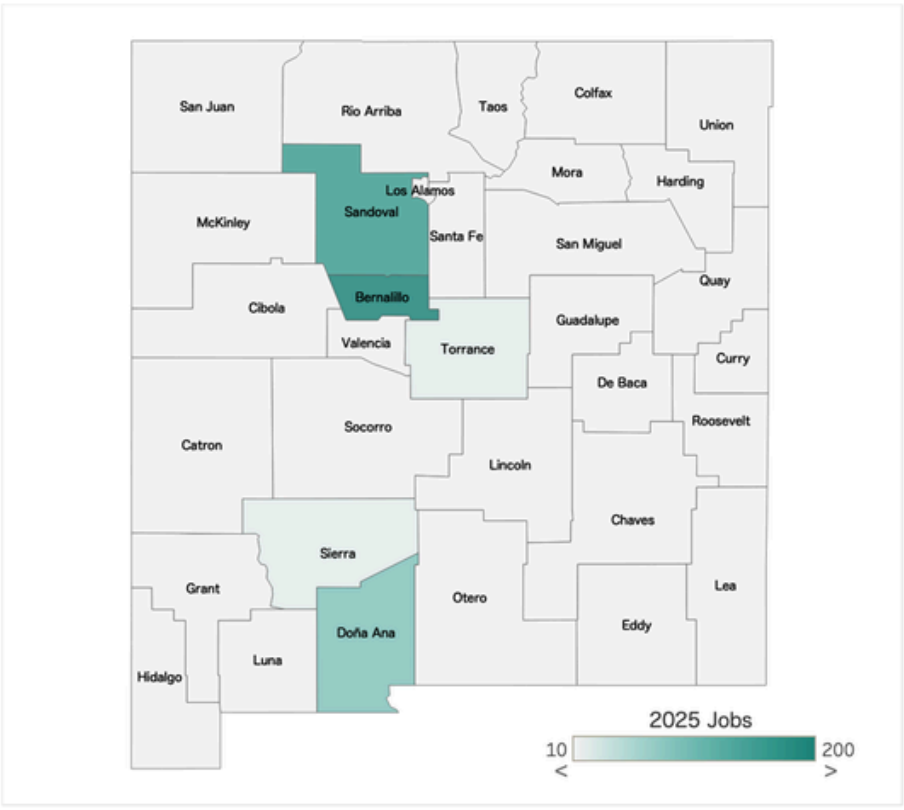
City/Location	Unique Job Postings	City/Location	Unique Job Postings
Albuquerque, NM	5,750	Farmington, NM	160
Las Cruces, NM	930	Roswell, NM	110
White Sands, NM	890	Los Lunas, NM	80
Kirtland AFB, NM	490	Kirtland, NM	60
Clovis, NM	360	Alamogordo, NM	60
Cannon Air Force Base, NM	310	Moriarty, NM	50
Santa Fe, NM	280	Orogrande, NM	50
Rio Rancho, NM	200	Holloman Air Force Base, NM	40

Source: Lightcast 2025

Defining the Space, Aerospace, and Defense Skillsets Needed to Support Growth

To support the growth of Space, Aerospace and Defense firms in New Mexico, several core skill areas are essential:

Space, Aerospace, and Defense Employment by County, 2025



Source: EL calculations based on Lightcast 2026.1

Advanced Technical & Manufacturing Mastery - The industry relies on the ability to work with specialized materials and high-precision equipment to create flight-ready components.

- **Precision Machining:** Expertise in CNC machining and the machining of advanced composites is a cornerstone of the field.
- **Specialized Materials:** Workers must be proficient with titanium, aluminum alloys, and carbon fiber composites.
- **Modern Fabrication:** Essential techniques include metal additive manufacturing (3D printing) for tooling and flight parts, as well as advanced joining methods like electron beam and friction stir welding.
- **Testing:** The ability to verify part integrity using ultrasonic, radiographic, or magnetic particle testing is critical to ensuring safety without damaging the hardware.

Digital, Automation, and Systems Engineering - Modern aerospace is increasingly built in part using digital environments to simulate and build complex systems before they ever reach the launchpad.

- **Design and Simulation:** Skills in Model-Based Engineering and the creation of Digital Twins allow for the prediction of structural and thermal performance.
- **Precision Design:** Expertise in designing for manufacturability ensures that complex engineering plans can be built efficiently.
- **Robotics and Automation:** Companies look for talent capable of programming and maintaining robotics used for high-precision tasks like drilling, fastening, and painting.

Quality, Compliance, and Regulatory Discipline - due to the high stakes of aerospace and defense missions, quality control and compliance are essential skills.

- **Certification Standards:** Proficiency in industry-standard quality frameworks is required for any business to compete.
- **National Security Compliance:** Knowledge of regulations such as ITAR (International Traffic in Arms Regulations) and EAR (Export Administration Regulations) is essential for attracting defense-related businesses.
- **Traceability:** The workforce must be disciplined in traceability and inspection protocols to ensure every single part can be tracked and verified.

Process-Oriented and Other Human Skills - The specialized nature of aerospace requires a process-focused mindset and communication styles.

- **Procedural Discipline:** There is a high emphasis on attention to detail and the ability to follow strict regulatory procedures without deviation.
- **Analytical Thinking:** Workers must be skilled in root-cause analysis—the ability to diagnose why a part or system failed even when under intense regulatory pressure.
- **Cross-Functional Communication:** Because projects are so complex, the ability to communicate technical information across different departments is a highly valued human skill.

Space, Aerospace, and Defense Sector Development Considerations

Economic growth in the private-sector, aerospace, and defense industries benefits New Mexico's broader economy. Innovation in this sector has traditionally led to economic breakthroughs “back on Earth.” Advancements developed for space travel have trickled down to the consumer economy, creating new markets. Some examples of technology generated initially for space that have led to new consumer products include GPS, smartphone cameras, medical devices, UV sunglasses, and water purification.

While New Mexico has significant public- and private-sector assets and resources related to space, aerospace, and defense, several other states are better known or are ahead of New Mexico in efforts to capitalize on related economic opportunities. Texas is home to a number of spaceflight, aerospace manufacturing, and defense firms. It recently established the Texas Space Commission with a stated purpose of “cement[ing] Texas’ position as a national leader in the space industry….” Virginia is home to many defense contractors specializing in national security, space systems, and cybersecurity. Florida is home to the Kennedy Space Center, Cape Canaveral, and several commercial launch facilities. Alabama has rapidly developed into a space and aerospace hub concentrated in the Huntsville region. Utah’s 47G organization

brings together more than 100 public and private sector organizations and 20 research institutions across the state with a goal of making "Utah the nation's premier ecosystem for aerospace and defense companies." Colorado, Washington, and California also possess competitive aerospace and defense resources.

The role of New Mexico's national labs in support of U.S. defense capabilities is likely to increase due to changing priorities at the federal level. Thus, prioritizing efforts to attract defense contractors who would benefit from proximity to the national labs should be a priority. Additionally, the scientific advancements developed in New Mexico's space economy can lead to more startups and commercialization. Space offers a high-value-added research opportunity to invest in new capacities. In today's world, commercial space exploration could lead to further developments in emerging fields like blockchain, AI, materials science, and 3D printing. This could create spinoffs in intelligent manufacturing, and those companies are more likely to anchor in New Mexico if the technology is developed here.

Intelligent Manufacturing – Highlights

- In New Mexico, intelligent manufacturing sector contributes over $4 billion to the state's economy annually
- The sector employs 11,070 workers across 406 establishments and was a top 20 state for intelligent manufacturing job growth over the past five years
- New Mexico ranks 17th in the nation for cost-of-living (COL) adjusted earnings for intelligent manufacturing, making the state an attractive, cost-effective alternative for companies looking to relocate from higher-cost states.
- From 2025 to 2035, New Mexico's intelligent manufacturing industries are predicted to grow by 21%, outperforming the national average and ranking the state 3rd in the country for predicted job growth.
- Advanced manufacturing in New Mexico can be enhanced through deeper connection to the state's national laboratories and established supply chains in the semiconductor and space industries.

INTELLIGENT MANUFACTURING

About Intelligent Manufacturing

Intelligent manufacturing involves the use of smart technologies like AI, sensors, automation, and connected machines so factories can make processes smarter, more flexible, efficient, and responsive to change.

Some characteristics of intelligent manufacturing include:

- Using real-time data to make decisions
- Processes that can adapt on their own
- Greater connectivity between machines, people, and systems
- ·Enhanced flexibility to produce customized or variable products

Worldwide demand for intelligent manufacturing is accelerating as firms seek to automate production, precisely manage energy use, and integrate AI into industrial processes.

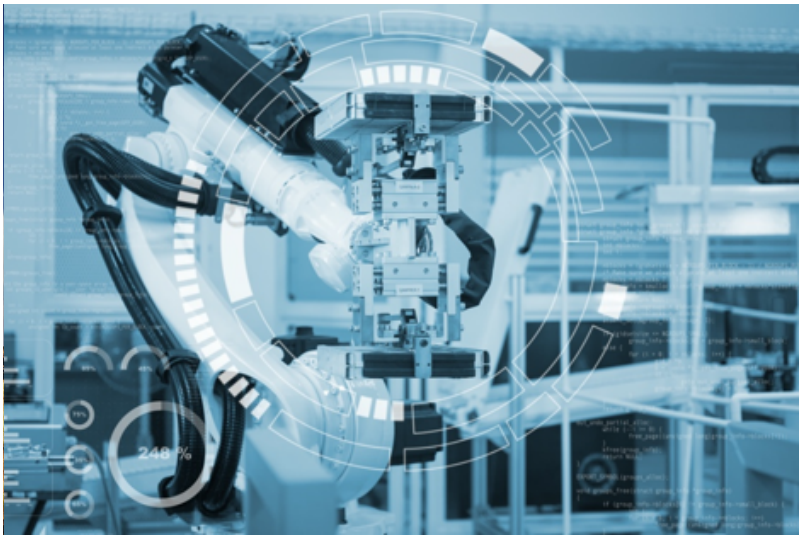
According to Rockwell Automation's 10th Annual State of Smart Manufacturing Report:

- 56 percent of manufacturers across the globe are piloting smart manufacturing technologies,
- 20 percent are already using smart manufacturing at scale, and
- Another 20 percent are planning to make investments.

This shift is creating a premium for regions that can blend advanced research capacity with flexible, lower-cost operating environments. New Mexico's combination of national laboratories, emerging robotics programs, and expanding semiconductor, space, and energy-technology supply chains should give the state a competitive advantage in this sector.

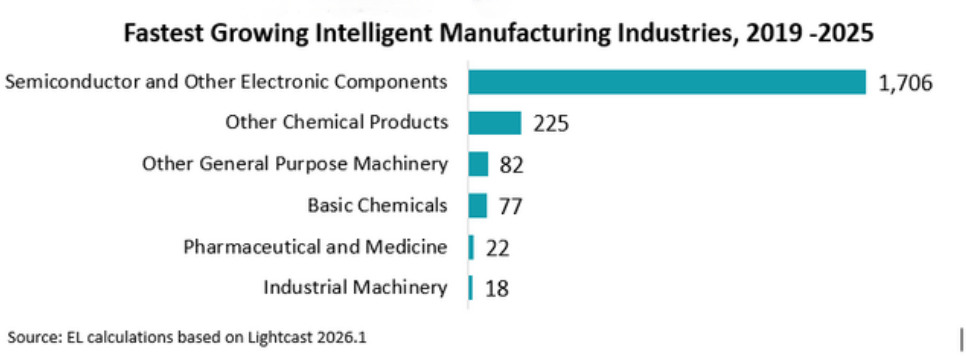
Understanding the Intelligent Manufacturing Sector in New Mexico

Measuring intelligent manufacturing is challenging because the term refers to how products are made, whereas labor market data categories classify manufacturing industries by the types of products they produce. To understand New Mexico's existing capacity in intelligent manufacturing, a select set of advanced manufacturing industries is evaluated. These are the industries most likely to already be using smart practices or to adopt them in the future. This list includes semiconductor, biotech, and machinery manufacturing. It also includes most advanced energy and all the aerospace industries mentioned in this report. The intelligent manufacturing-related industries group is not mutually exclusive with the other strategic industries discussed in this report. A full list of the industries included is provided in the appendix. Intelligent Manufacturing contributes $4.1 billion to the state's economy. This sector is highly diverse, ranging from traditional chemical processing to advanced electronic components.



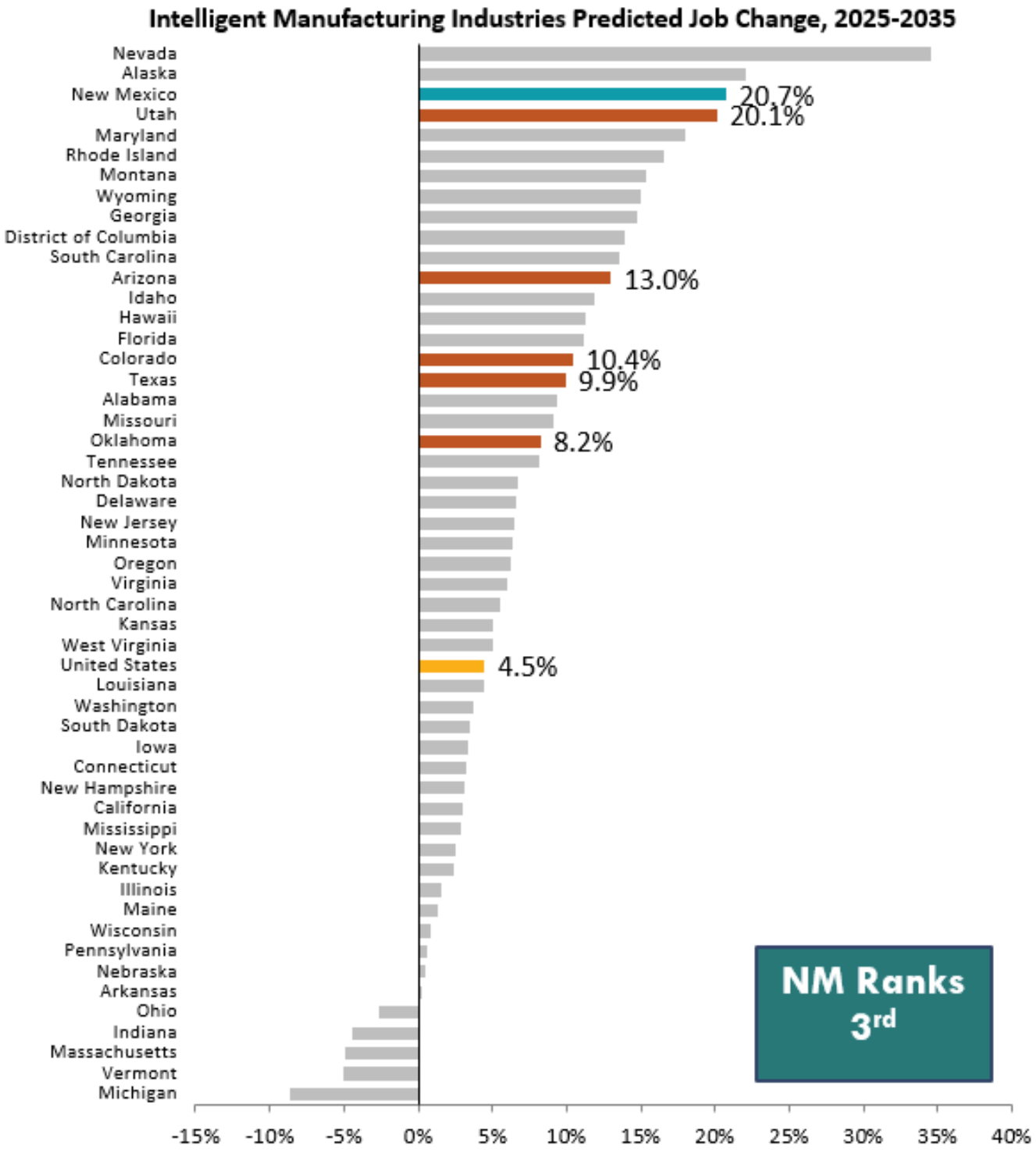
Companies in New Mexico most likely to use intelligent manufacturing practices employed 11,070 workers in 2025. The average annual earnings for these workers were $126,600. Earnings include salaries, wages, bonuses, and other benefits. There were 406 establishments in these industries across the state.

In recent years, there has been encouraging growth in these industries, with a net of 390 jobs added from 2019 to 2025. The semiconductor and chemical sectors were the biggest contributors to that growth. Intelligent manufacturing industries grew by over four percent during this timeframe.

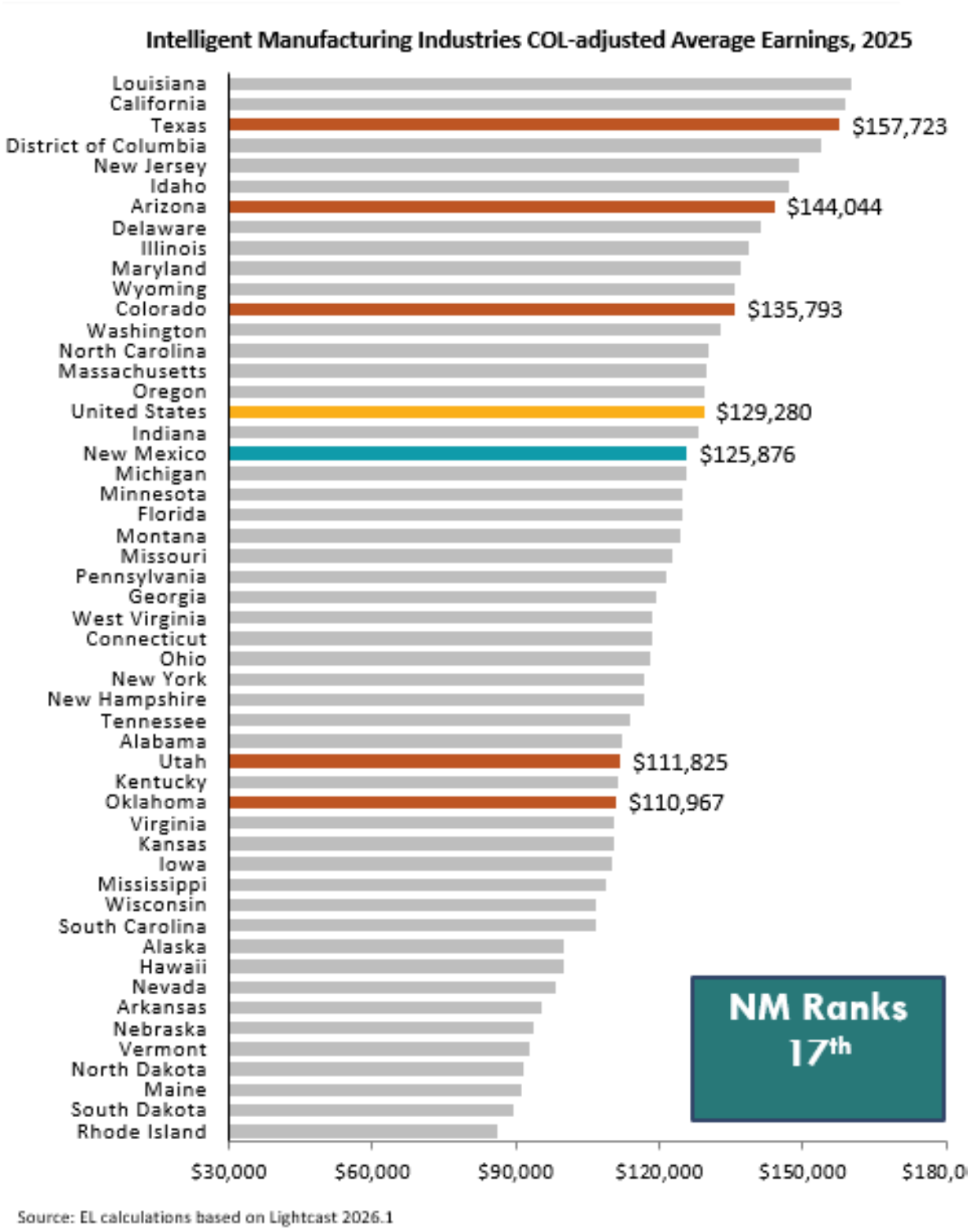


Looking at employment predictions for the next ten years, New Mexico is expected to add 2,300 net new jobs in these industries. This growth will be led by the semiconductor, space, chemicals, and machinery manufacturing industries. The 10-year predicted growth rate for New Mexico is 21 percent. This was the 3rd fastest forecasted growth rate across the country.

Intelligent manufacturers in New Mexico create high-value-added products, and these companies can offer very competitive wages for the advanced skillsets required. This is great for the state's economy, and the income supports other jobs. When the state's average wages are compared to other states with a cost-of-living (COL) adjustment, New Mexico had the 17th highest earnings in the country. In New Mexico, employees in intelligent manufacturing-related fields benefit from high wages, but the state remains cost-effective and attractive for firms compared with higher-cost labor states like California or Washington.



Source: EL calculations based on Lightcast 2025.4



Source: EL calculations based on Lightcast 2026.1

Defining the Advanced Industry Skillsets Needed to Support Growth

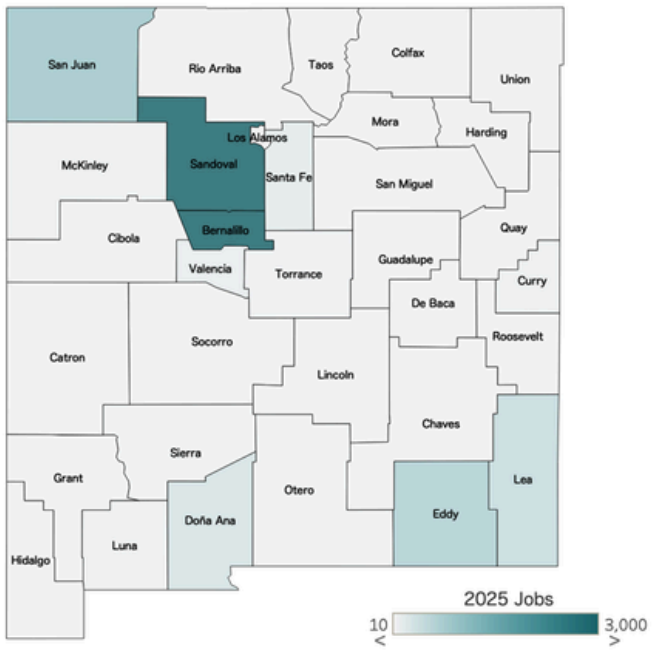
For growing Intelligent or **Advanced Manufacturing** jobs and businesses, six core skill areas are essential:

- **Technical & Production Skills:** Foundational capabilities in precision machining, automation, robotics operation, industrial maintenance, and materials science.
- **Digital & Industry 4.0 Skills:** The fastest-growing area of need, including PLC programming, Industrial IoT systems, data analytics, and digital twin simulation.
- **Quality, Process & Systems Thinking:** A deep understanding of the entire production system, including Lean manufacturing, Six Sigma, and statistical process control.
- **Engineering & Applied Science Skills:** The ability to apply fundamentals of electrical, mechanical, and industrial engineering to support faster and lower-risk production cycles.
- **Cybersecurity & Risk Awareness:** Basic knowledge of Operational Technology (OT) cybersecurity to protect networked equipment and intellectual property.
- **Human & Professional Skills:** Critical thinking, cross-functional communication, adaptability, and team-based problem-solving.

Companies that are likely to implement intelligent production are often situated near urban areas. This is because talent is a top priority and urban areas have deeper pools of available workers. Intelligent manufacturing often requires highly skilled engineers and production workers who know how to operate advanced equipment or technology. Typically, this talent comes out of four-year university programs, and manufacturers in rural areas can struggle to recruit these workers to their area. This pattern appears true in New Mexico, with most of the jobs in related industries located in or near the Albuquerque area. For those situated elsewhere, ensuring they can find talent through local workforce development and community colleges can be a key factor in their ability to stay and grow.

New Mexico's intelligent manufacturing sector—already 3.1 percent of the state's overall economy—is projected to grow GSP by 65 percent over the next ten years. This is based on an average annual growth in GSP per worker in the sector of 3.2 percent and the predicted surge in employment. As discussed in Section 3, availability of building sites and energy capacity will be important factors in determining where future intelligent manufacturing is located throughout the state.

Intelligent Manufacturing Employment by County, 2025



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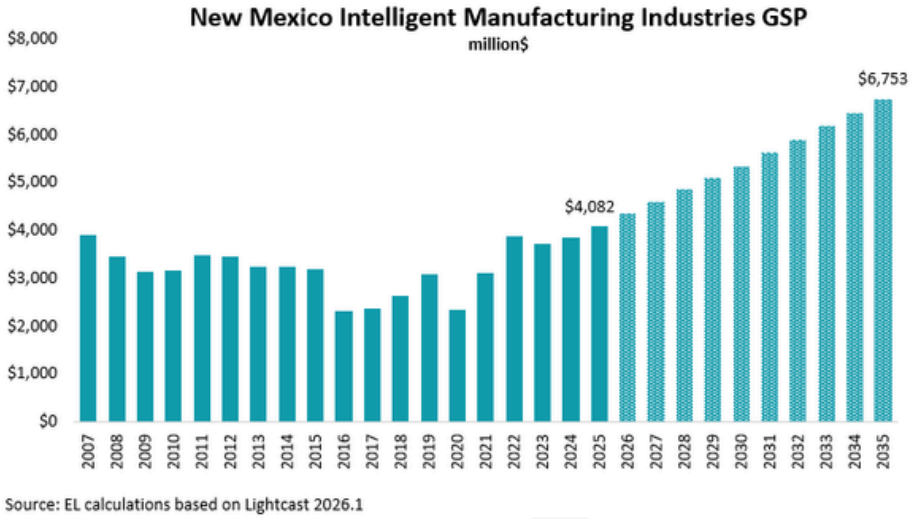
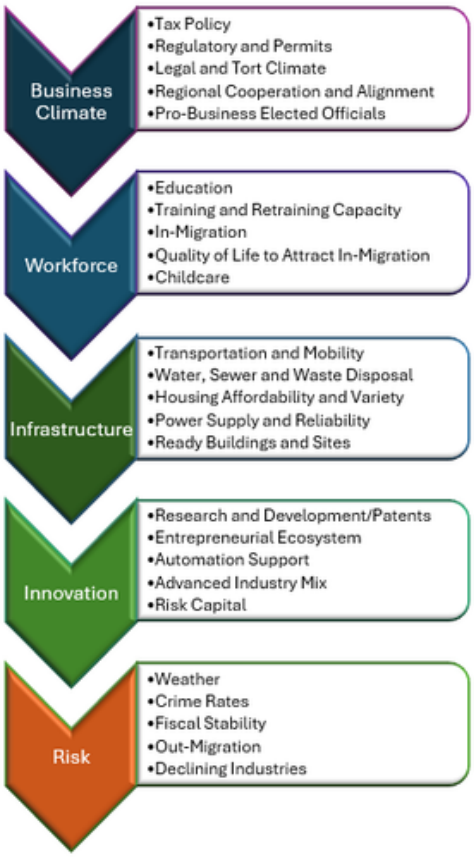


Source: EL calculations based on Lightcast 2026.1

SECTION 3 - FACTORS IMPACTING NEW MEXICO'S COMPETITIVENESS

Each state is in constant competition with other states and countries for investment, jobs, and talent. To successfully grow any state's economy, it must continually enhance its competitiveness. The following framework outlines what Economic Leadership believes to be the key drivers of place-based competitiveness: the ability to attract and retain jobs, talent, and investment by providing the conditions businesses and people need to thrive.



A state's ability to attract and retain jobs, talent, and investment hinges on its performance across five critical domains: **Innovation, Business Climate, Workforce, Infrastructure, and Risk.**

In addition to quantitative measures of competitiveness, interviews and focus groups about the emerging sector opportunities were conducted with more than three dozen stakeholders between July and September 2025. The key themes stakeholders identified are included below as part of the competitive assessment.

To capitalize on the advanced industry opportunities outlined in Section 2, state leaders must undertake a frank assessment of New Mexico's real and perceived economic strengths and weaknesses.

Core Strengths & Strategic Assets

New Mexico possesses a powerful set of assets that provide a formidable foundation for growth in advanced industries.

- **World-Class R&D Ecosystem:** New Mexico leads all states in R&D funding as a percentage of GSP, driven by massive federal investment in three national laboratories—Sandia National Laboratories, Los Alamos National Laboratory, and the Air Force Research Laboratory (AFRL)—which form an unparalleled innovation engine.
- **Robust Advanced Industry Growth:** The state's advanced industries are already outperforming national trends, with job growth of 13 percent from 2019-2025. A remarkable 38 percent of these high-impact jobs are directly linked to the national labs and related research activities.
- **Strong Entrepreneurial Activity:** New Mexico ranks ninth in the nation for new business formations since 2020. This dynamic environment is supported by key assets like the Sandia Science and Technology Park, which helps to commercialize technology developed in the national labs.
- **Competitive Cost Environment:** The state offers a favorable cost structure, ranking 23rd for cost of doing business and 26th for cost of living. Its industrial energy costs are significantly lower than the national average and those of neighboring states like Arizona and Colorado.
- **Financial Stability and Low Natural Disaster Risk:** New Mexico's Sovereign Wealth Fund, with over $66 billion in managed assets, underpins the state's financial stability. FEMA classifies most counties as having "very low" or "moderately low" risk of natural disasters, an increasingly important factor in investment decisions.

Critical Competitiveness Gaps & Liabilities

Despite these world-class assets, New Mexico faces significant foundational challenges that hinder its ability to compete. Stakeholder feedback and objective data reveal several critical liabilities that demand immediate attention.

- **Lagging Workforce Participation and Population Growth:** At 57.7 percent, New Mexico's labor force participation rate is in the bottom 10 among all states. Compounding this, its population has grown by only 0.5 percent since 2020, far behind the national rate of 2.6 percent, limiting the available talent pool.
- **Deficient K-12 Educational Outcomes:** U.S. News & World Report ranked New Mexico last among all states for PreK-12 education. This is driven by low college readiness, poor math and reading scores, and a high school graduation rate of 78.05 percent—nearly nine percentage points below the U.S. average.

- **High Crime Rates:** Public safety remains a major concern. The state had the second-highest rate of violent crime and the highest rate of property crime in the nation, impacting both quality of life and the ability to attract talent.
- **Challenging Business and Regulatory Climate:** The state ranks 44th overall in CNBC's "Top States for Business," with a particularly low rank for Access to Capital (46th). Stakeholders consistently cite uncertain regulatory processes and a sales tax structure that resembles a gross receipts tax as significant impediments.
- **Infrastructure Deficits:** New Mexico ranks 42nd overall for infrastructure, according to U.S. News. Challenges include limited broadband access, worsening housing affordability, and a road infrastructure system ranked 48th in the nation.

While New Mexico possesses a world-class innovation engine, these foundational gaps in its workforce, business environment, and public services pose a direct threat to its ability to compete for advanced industry investment and talent.

Economic Competitiveness Assessment

Four core areas of competitive focus are **Business Climate, Workforce, Infrastructure, and Innovation**—all of which interact with underlying economic risks.

Business Climate—A strong business climate depends on clear and competitive tax policies, a stable, efficient regulatory environment, and legal predictability. For advanced and emerging technology firms, a regulatory framework that supports innovation and encourages automation is essential. These factors directly influence business costs and decision-making, especially in industries where speed, certainty, and adaptability are critical. Today, the ability to respond quickly to change has become a key differentiator among states.

Businesses have historically sought to locate in states with lower operating costs, lower tax burdens, fewer regulatory and permitting requirements, and a pro-business legal environment. Recently, the availability and affordability of insurance have emerged as key considerations. Also, states with stable political environments are generally preferred over places that swing between ends of the political spectrum, creating regulatory and cost uncertainty.

New Mexico's Business Climate

- New Mexico fell one spot to 44th on CNBC's comprehensive "2025 America's Top States for Business" annual ranking.

*Among the data points CNBC considers, Access to Capital was New Mexico's lowest ranking at 46th.
*New Mexico's strongest rankings in the CNBC report were the cost of doing business (ranked 23rd), cost of living (26th), and energy infrastructure (29th).

- The Tax Foundation's 2026 State Tax Competitiveness Index ranks New Mexico 26th overall.
*Within the Tax Foundation's rankings, the state is ranked best in the nation for property taxes.
*Corporate taxes (23rd) and unemployment insurance taxes (17th) were strengths for New Mexico.
*Individual income taxes and sales taxes were ranked lower at 37th and 38th, respectively.
*The Tax Foundation report gives special attention to New Mexico's sales tax, which has characteristics of a gross receipts tax and may hinder business development and attraction.
- According to a cost-of-living analysis conducted by World Population Review, New Mexico has the 32nd highest cost of living, about 10 percent below the U.S. average.
- The state offers a range of incentives that support high-tech and advanced industry business attraction and expansion, including a Technology Jobs and R&D Tax Credit, a Manufacturing Investment Tax Credit, a High-Wage Job Credit, renewable energy and advanced energy tax credits, a Spaceport-related Activities Gross Receipts Tax Deduction, as well as funds for customized on-the-job training programs.

Stakeholder Feedback on Business Climate Issues and Opportunities
Multiple participants felt that the state needs to be bold in pursuing emerging opportunities – through both leadership and funding – and they said efforts needed to be sustained for a significant period
A concern was noted about the state not fully embracing economic development as a priority – it was described by one participant as the state needing a "mind shift" from a "scarcity mindset" to an "opportunity mindset."
Some participants stated that there needs to be "more trusted voices" extolling the benefits of economic development and to help overcome myths and misconceptions (i.e., messaging about water availability is needed to support project development)
Uncertain regulatory processes and a lack of clarity/certainty on approval processes slow and discourage development, according to many stakeholders
Some stated that the state needs to do a better job of promoting its business opportunity story for businesses and talent located elsewhere – some felt that more emphasis is placed on tourism promotion than on promotion of the state's economic development strengths and opportunities
Multiple participants stated that New Mexico's sales tax, which has attributes of a gross receipts tax, hinders companies from relocating to New Mexico

Workforce Dynamics—or human infrastructure—including in-migration, educational attainment, productivity, skills availability, and overall quality of life (QOL) are central to success.

Some business representatives feel that state agencies do not have enough capacity, while others believe that state government should have a greater "sense of urgency" related to emerging development opportunities
Freedom of Information requirements that force economic development agencies to disclose prospects during business attraction efforts were cited as problematic

Employers increasingly base location decisions on their ability to find, attract, and retain talent. Both affordability and quality of life are critical factors in those decisions.

To be competitive for projects, states must be able to deliver a well-trained workforce on the schedule the company needs. In addition to strong educational systems, technical training facilities, and community colleges, states must be able to attract and retain talent. Factors such as cost of living, availability of quality-of-life amenities (i.e., parks, trails, arts, culture, culinary), and access to healthcare are important factors in where talent chooses to locate.

New Mexico's Workforce Dynamics

- Lagging population growth – the state's population has only grown by 0.5 percent since 2020 compared to 2.6 percent population growth nationwide.
- Net migration has turned positive over the past three years after posting eight consecutive years of population loss.
- At 57.7 percent, New Mexico's labor force participation rate is in the bottom 10 among all states and trails the national average by nearly 5 percent.
- New Mexico's first-in-the-nation universal childcare incentive should improve labor force participation rates by allowing more parents to re-enter the workforce.
- New Mexico's PreK-12 educational outcomes consistently rank low across several national education rankings.
  *U.S. News ranked New Mexico last among all states overall and on several PreK-12 education metrics, including college readiness, NAEP math and reading scores, and high school graduation rate.
  *World Population Review ranks New Mexico's K-12 schools 49th overall, 51st for academic performance, and 51st on school safety. It notes that New Mexico's 2024 math SAT scores ranked 50th among all states.
  *New Mexico's 2024 high school graduation rate of 78.05 percent puts the state among three states with graduation rates below 80 percent and nearly nine points below the U.S. average graduation rate.

- New Mexico is given mixed marks for the quality of higher education, ranking eighth among states by World Population Review and 47th by U.S. News.
  *In 2023, New Mexico's share of residents with a college degree was 28.1 percent, placing the state 41st overall.

Stakeholder Feedback on Workforce Issues and Opportunities
Some participants recommended focusing on an effort to recruit "boomerangs" who lived in the state previously but left for opportunities elsewhere
Several focus group members stated that New Mexico is too much of a "talent exporter" with talent from universities and national labs leaving the state
Some employers said that while they can recruit engineers and highly trained staff, they have difficulty finding a sufficient volume of operational and vocational workers to scale companies in New Mexico

Physical infrastructure, including transportation, power, broadband, housing, and childcare, forms the foundation for economic growth. Over the past year, power supply and reliability have emerged as top priorities and essential prerequisites for success in data centers, AI, and other emerging technologies. Without each of these critical assets, states risk falling short in business attraction and workforce support.

Business decision-makers have historically desired locations with ample and affordable electric power, water and wastewater capacity, highways (and sometimes rail), and ready-to-build sites. Today, other factors such as availability of childcare, access to broadband/fiber, and availability of housing are rising as key considerations in business location decisions.

New Mexico's Infrastructure –

- The state's infrastructure is ranked 42nd overall in U.S. News and World Report's 2025 Best States for Business report.
  *Energy (availability and cost) is rated as an infrastructure strength, ranking 13th among all states.
  *Transportation is ranked 34th overall, with road infrastructure ranked 48th.

- According to U.S. Energy Information Administration data, New Mexico has relatively lower industrial and commercial energy costs compared to neighboring states and nationally.
  *In 2024, the state's average price per kWh was $0.054 for industrial customers, compared to $0.086 per kWh in Arizona, $0.078 in Colorado, $0.079 in Utah, and $0.081 nationally. Industrial rates in Texas ($0.061) and Oklahoma ($0.058) were also slightly higher than in New Mexico.
  *New Mexico's average commercial cost per kWh was $0.105 in 2024, compared with the national average of $0.128.

- Over the past decade, New Mexico has diversified its energy mix, with more power now provided by wind than any other fuel type; natural gas and solar have also grown in prominence, with coal usage on the decline. While the state has growing generation capacity, the ability to deliver power reliably where it is needed varies greatly across the state due to grid and power generation dynamics.

- For certain types of businesses considering New Mexico, water availability is a key issue due to the state's arid climate, common drought conditions, and competing uses for water such as agriculture. The 50-Year Water Action Plan, enacted in 2025, and a $75 million initial investment in the Strategic Water Supply Program aim to increase drought resistance and support economic development activities through conservation, enhanced water quality, and the treatment of brackish groundwater for industrial use.
- New Mexico's housing affordability is waning; over the past five years, housing prices increased relative to median income more than in most other states.
- Nearly three-quarters of New Mexico's counties were classified as having low access to broadband and technology in Purdue's Digital Divide Index.

Stakeholder Feedback on Infrastructure Issues and Opportunities
Many participants cited limitations with electrical capacity as a factor that would hinder development; a few also mentioned that uncertainty related to cost recovery by the utilities is hindering new investment
Several participants wished that the SIC would invest even more resources in addressing foundational competitiveness factors
Some attendees described a "lack of basic infrastructure" (i.e., specialty healthcare, high-quality schools) as foundational issues that must be addressed before economic development opportunities will emerge in parts of the state
A few mentioned that the quality of public education (and/or the perception of the quality of public education) makes it harder to attract talent to certain areas
Several attendees mentioned that the state and Albuquerque's crime-related reputation hampers talent and business attraction
Several focus group members mentioned the need to focus on site and facility readiness as part of an emerging industry strategy
There is a sense among many interviewed that the broadband/fiber infrastructure is not sufficient in some areas to attract high-tech development

Innovation Capacity—reflected in a state's strengths in R&D, companies' ability to automate, the presence of advanced and growing industries, and robust entrepreneurial ecosystems—fuels long-term competitiveness and drives economic transformation.

States that have strong R&D capabilities, resources and support for entrepreneurs and startups, and targeted strategies for growing advanced industries are more attractive to firms looking to relocate. The ability to support automation through a well-trained workforce and incentives for modernization is also important to attract advanced manufacturing and tech-based industries.

New Mexico's Innovation Capacity

- Due to the amount of research conducted at the national labs and related facilities, New Mexico leads all states in total R&D funding as a percentage of GSP.
  *Per analysis by the NSF, this is driven by federal funding (NM ranks second nationally in federal R&D funding as a percentage of GSP).
  *Business and Academic R&D funding also aid New Mexico's high ranking.
  *New Mexico's limited state R&D funding is much lower as the state ranks 46th in state R&D funding as a percentage of GSP.
- According to the Census Bureau's business formation statistics, New Mexico had the ninth highest percentage of new business formations since January 2020.
- Sandia Science and Technology Park houses more than 40 businesses and serves as a hub connecting research interests with entrepreneurs to commercialize technology developed in the national labs.
- The Air Force Research Lab and Sandia National Lab's outreach and business support activities provide tech and aerospace entrepreneurs with assistance, training, access to expertise, and places (i.e., Q Station, NewSpace Nexus) to scale their tech- and aerospace-based startups.

Stakeholder Feedback on Innovation Issues and Opportunities
Several participants stated that while entrepreneurial and startup resources have improved, the startup ecosystem is not fully developed to grow firms at scale
Some cited the limited pool of founders with startup experience to lead new ventures as an important issue
Attendees believe there is unnecessary duplication of small business support resources in the state
Others mentioned a lack of awareness of business support resources for all sizes of businesses, but especially for small firms wanting to scale
A few participants mentioned that it will be challenging for New Mexico to retain startups as they scale unless they can find the workforce and capital locally
Several participants mentioned that in some emerging sectors they find the ecosystem leadership lacking or too diffuse

Risk - The latest addition to the competitiveness framework is risk, emerging as an increasingly important consideration in the post-pandemic era. Factors such as weather, crime rates, and the fiscal health of states and local governments have become key components for site-selection decisions.

Multiple attendees mentioned that while the SIC has ramped up investment in technology-related funds, they want to see these investments directly support New Mexico-based companies and organizations whenever possible

Companies seek states and locations that are less likely to be affected by natural disasters, states on sound financial footing, and areas with lower crime rates. Additionally, firms are increasingly weighing geopolitical issues like tariffs and supply chain risks that are usually beyond an individual state's control but are nonetheless location factors.

New Mexico's Risk Factors

- FEMA's risk index that assesses counties' vulnerability to natural disasters places most counties in New Mexico in the categories of "very low" (11 counties) or "moderately low" risk (15 counties).
  *Only Bernalillo, Doña Ana, Lea, Otero, and Roosevelt Counties are rated as having " relatively moderate" risks of natural disasters.
  *Within the FEMA risk index, the most extreme risks in parts of New Mexico are identified as droughts and a risk of cold temperatures.

- The New Mexico State Investment Council's (SIC) Sovereign Wealth Fund, the nation's second largest such fund, provides stable and significant financial support for state programs through management of several of the state's permanent funds.
  *With oil production doubling to more than 2 million barrels per day since 2019, New Mexico is now the second-highest oil-producing state behind Texas. As a result, revenues into the Land Grant Permanent Fund and the Severance Tax Permanent Fund surged.
  *Total managed net assets of the New Mexico SIC exceeded $66 billion in the third quarter of 2025, and over $1 billion is disbursed annually in support of the state's general fund and beneficiaries.
  *During 2024 and 2025, the SIC increased investments in technology funds that could provide needed early-stage capital for ventures in New Mexico.

- New Mexico's crime rates rank consistently high among all states.
  *In 2024, 717 violent crimes per 100,000 residents were reported in New Mexico; this was a 13% improvement over the 2019 rate, yet more than double the U.S. average and

still the second-highest violent crime rate, according to the Council of State Governments' Justice Center.

*According to the FBI's Crime Data Explorer, in 2023, New Mexico led all states with the nation's highest rate of property crime at 2,887 incidents per 100,000 residents.

Stakeholder Feedback on Risk Issues and Opportunities
While oil and gas have been very beneficial for the state, several participants mentioned a need to continue efforts to diversify energy sources to make the state more resilient overall
Changes in federal funding priorities and federal funding cuts have introduced uncertainty for some of the emerging industries
Several stakeholders cited real and perceived competition from other states (i.e., Texas for Aeronautics/Space, Colorado for Quantum) as a risk that should motivate the state to move quickly and boldly; others applauded recent efforts to forge partnerships with neighboring states to capitalize on complementary strengths

SECTION 4 - RECOMMENDATIONS

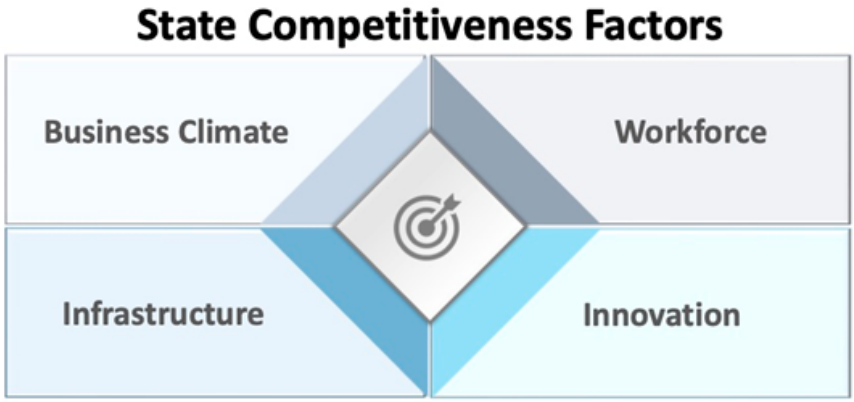
Because factors related to New Mexico's overall economic competitiveness will certainly impact the pace and scale of development in the emerging sectors, this section contains both recommendations designed to enhance the state's overall competitiveness and specific recommendations to advance the development of the four emerging sectors.

The recommendations in Section 4 are organized into three goal areas:

- Address Statewide Competitiveness Issues
- Strengthen the Economic Development Ecosystem and New Mexico Brand
- Invest Resources in New Mexico's Four Opportunity Sectors (Quantum, Space/Aerospace/Defense, Advanced Energy, Intelligent Manufacturing)

Address Statewide Competitiveness Issues

New Mexico faces threshold competitiveness issues that, if not addressed, will continue to limit the overall performance of the economy and hinder the growth of the four emerging sectors. Recommendations are organized using the competitiveness framework detailed in Section 2 of this report.



Business Climate Competitiveness Recommendations - As is true in many states, there is a sense that state and local approval processes can cause projects to stall or go elsewhere because they are too lengthy or too complex to navigate. Strategies are needed to ensure that project developers have a clear line of sight into the decision-making process and timelines.

- Review and Reduce Regulations – Encourage state government to conduct a review of state regulations and eliminate any conflicting or inefficient regulations. Many states require a review of regulations on a fixed schedule, and some states are using AI to do a first pass to speed their regulatory review.

State Best Practices:
New Mexico ranks 36th in regulatory policy in a nationwide evaluation by the Cato Institute. This is the lowest among all neighboring states. Arizona is a longtime leader in regulatory reform, requiring every state agency to review all rules every five years to determine those that should be repealed or amended. Ohio recently adopted a measure for agencies to reduce regulatory restrictions by 30 percent over three years, and Virginia is undertaking a similar effort.

- Develop More Pro-Business Messaging and Advocates – Several focus group participants highlighted the need to develop more pro-business messages and advocates, building a more positive climate for economic development and diversification. Some of this can be addressed through the establishment of a New Mexico Competitiveness Council as recommended below, but other approaches could leverage existing organizations like Leadership New Mexico and NMIDEA, using improved coordination as well as shared training for members and consistent pro-business talking points. The Chamber should consider establishing an economic development communications council to develop, align, and amplify pro-business messages among economic development entities.
- Reforming Issues with New Mexico's Sales Tax that Resemble a Gross Receipts Tax – The New Mexico Chamber of Commerce should convene a working group to address the issues in New Mexico's sales tax resembling a gross receipts tax that are unfavorable for business attraction and expansion. By taxing business-to-business transactions, the state's sales tax drives up costs for both manufacturers and consumers and can be a factor in businesses locating elsewhere.

Workforce Competitiveness Recommendations - Availability of workforce is a critical factor in determining how fast an economy can grow and diversify. While specific workforce strategies may be needed to advance the emerging sectors, New Mexico has overall workforce challenges that need to be addressed, and new approaches are needed to attract and retain talent.

- Improving K-12 Education – The state's low educational outcomes affect workforce quality and can hinder talent attraction. This is a multi-faceted challenge involving many organizations and leaders, and must continue to receive attention to improve the state's positioning. The Chamber should encourage business and education leaders to explore the principles of the "Mississippi Miracle" to determine whether a similar approach and tactics can work in New Mexico.

The Mississippi Miracle is built on four key principles:

1. evidence-based reading instruction
2. supported teachers
3. clear accountability for foundational skills
4. targeted student interventions

State Best Practice:
Texas has developed a STEM Education Toolkit for all levels PreK-12, aligned with its Texas STEM Framework. The state also created a fleet of nine Mobile STEM Laboratories designed for students in grades K-8.

- Improve the State's Low Labor Force Participation Rates – The introduction of universal childcare is a strong and encouraging action to improve New Mexico's low labor force participation rate by allowing more parents to join the workforce. More efforts, such as ex-offender workforce training, partnerships with tribal nations to offer workforce training for in-demand sectors, and training focused on younger males will all be needed to drive New Mexico's labor force participation rate to the national average.

State Best Practices:
Michigan's Offender Success model is regarded as one of the strongest statewide reentry systems. It includes regional employers and workforce boards, transportation assistance, transitional jobs, industry-specific training, and data-driven case management.
Since 2012, Indiana's Hoosier Initiative for Re-Entry (HIRE) has placed over 15,000 ex-offenders in jobs with more than 3,000 partnering employers. The recidivism rate for those who complete HIRE is 14 percent, less than half the rate for the overall offender population.

- Develop "Stay and Work in NM" Incentives for National Lab Alumni – The national labs and related facilities are hubs for some of the nation's top tech talent. A goal for New Mexico should be to develop strategies and tactics to make national lab alumni "forever employees" in New Mexico. Approaches could include retention incentives paid after a duration of living and working in the state or programs that lower the cost of homeownership for current or former national lab employees. Maine's "Live + Work in Maine" initiative is a strong example of a program with employer-driven job matching and information for families and mid-career professionals.
- Recruiting "Boomerangs" – In addition to taking steps to retain workers from the national labs, a targeted marketing campaign should be directed at former employees of national labs and related facilities who have left the state. A campaign would highlight New Mexico's dynamism as a place to live and work, and could include payment of relocation incentives, much like the state offers for relocating businesses. Iowa's "This is Iowa" program and the veteran-focused "Home Base Iowa" target returnees and offer housing support as part of their approaches.
- Universal AI Literacy – Building on New Mexico's efforts to ensure all K-12 students are AI literate, the Governor should direct state agencies to focus on AI literacy throughout the existing workforce. Incumbent workers can be offered AI literacy training through employers, community colleges, or technology solutions to help them take advantage of this job-impacting technology in their workplaces. Displaced workers should be trained through existing workforce delivery systems.

Infrastructure Competitiveness Recommendations –

- Extending Broadband to Rural Areas - Expanding access to broadband was the primary infrastructure-related priority cited in interviews and focus groups as a key factor for the development of emerging sectors in New Mexico. While some participants acknowledged improvement over the past few years, a continued focus is needed to expand broadband connectivity – especially in rural parts of the state – to open up opportunities for economic development and to enable rural residents to participate in the technology economy.

State Best Practice:
North Dakota is a leading model for expanding broadband internet to all rural areas, as it is on track to become the first in the US to serve 100 percent of the state by 2028. A driving force behind this success is the network of telecom co-ops and independent local companies that purchased most of large carrier US West's rural North Dakota territory in the 1990s. Thirteen in-state carriers formed the Dakota Carrier Network (DCN) in 1996 and the Broadband Association of North Dakota (BAND) in 2018. Their strong organization has enabled collaborative planning and aggressive efforts to land federal funds to build out high-speed service statewide.

- Energy Capacity Plan – In response to rapidly growing energy demand, update the state energy plan to ensure sufficient power availability at potential technology and advanced industry sites in regions across the state.

Innovation Competitiveness Recommendations - Availability of capital was cited as a potentially limiting factor in focus groups and interviews. It was also cited in the Council of Competitiveness report as a key priority for several emerging sectors. Approaches are recommended to expand investment and mentoring available to early-stage firms.

- Create More New Mexico-Focused Capital – While the growth of investment from the State Investment Council has been significant, more capital flowing from New Mexico-based funds is needed to create a critical mass of resources and to avoid out-of-state investors moving New Mexico startups from the state as they are ready to scale. This could be accomplished by launching more venture funds from New Mexico investors and through requirements for a portion of SIC investments to remain in the state.

State Best Practice:
Utah passed the Innovation Lab Act and created the $15 million Utah Innovation Fund in 2023. Now known as the Nucleus Initiative and Nucleus Fund, this effort invests equity in Utah startup companies, particularly in six targeted sectors and based on technologies developed at the state's public universities. The fund lists 17 portfolio firms that receive both mentoring and funding. Its aim is to become financially self-sustaining after the initial outlay.

- Identify a Cadre of Experienced Business Leaders to Support Startups – A commonly cited concern was the lack of business leaders to help startups as they pivot from development to deployment. The Chamber should lead an effort to identify and organize a cadre of experienced business leaders with New Mexico ties to serve as mentors and/or to join early-stage firms seeking experienced entrepreneur leadership.

Risk-Related Competitiveness Recommendation

- Addressing High Crime Rates – New Mexico's rankings for violent crimes and property crimes create real safety issues for residents and businesses, and perception issues for prospective talent and businesses considering a move to the state. An approach to address these issues will require the active, coordinated involvement of state and local leaders and should be a priority.
- Address Persistent Poverty Challenges – New Mexico's high poverty rate continues to influence educational outcomes, workforce participation, health indicators, and crime, making it a cross-cutting competitiveness issue. A comprehensive approach should focus on expanding access to quality childcare, improving K-12 performance, increasing workforce training aligned to high-demand careers, and supporting pathways from public benefits to self-sufficiency. Additional input from stakeholders may be needed to determine which poverty-reduction initiatives—such as targeted regional strategies, wraparound services, or enhanced workforce supports—are most actionable within the state's current policy environment.

STRENGTHEN THE ECONOMIC DEVELOPMENT ECOSYSTEM AND NEW MEXICO BRAND

Improve Overall Collaborative Capacity – An economic development–focused ecosystem is typically defined as a network of interconnected organizations and institutions within a region that collaborate to enhance the community's economic well-being. These ecosystems are rarely hierarchical; instead, their success depends on the strength of local social capital and the effectiveness of a backbone organization that facilitates ongoing collaboration and connectivity. At the core of a thriving ecosystem is committed collaboration—multiple stakeholders working together over time to achieve shared goals.

- Establish an Economic Competitiveness Legislative Caucus – Encourage the establishment of an Economic Competitiveness Caucus to focus legislative action on pro-economic development issues.
- Establish a Competitiveness Council – Designate (or establish) an entity that includes private sector partners to continuously monitor and share Key Economic Performance Indicators and promote bold, future-focused thinking; this could be led by an existing State Chamber board or organization or through the creation of a New Mexico Competitiveness Council. The Competitiveness Council could maintain an annual scorecard comparing New Mexico's competitiveness factors to those of neighboring states and all states.

- Aggressively Market the State's Inherent Strengths and Assets – One of the strongest themes from focus groups and interviews was a need to advertise the state's economic strengths and assets. There was a strong sentiment that key business decision makers have no idea of the capabilities, talent and subject matter expertise (especially in Space/Aerospace, Quantum, and Energy) that exists in New Mexico. Some believe that this should be done at a level of effort comparable to how the state markets itself for tourism. This will require strengthened and enhanced economic development marketing by the New Mexico Partnership and state departments and officials. New Mexico should consider forming a coalition of business executives like the Georgia Allies, Team Virginia, and Opportunity Austin models to engage New Mexico business executives in touting the advantages of doing business in New Mexico to out-of-state C-suite business leaders.
- Build (or help convene) Emerging Industry Clusters – For the four emerging sectors in this report, the State Chamber should ensure that an industry cluster coordination entity exists and where there is uncertainty within a sector, bring organizational clarity to roles and responsibilities. Industry cluster organizations should focus on state policies, the collection and sharing of market intelligence, promotion of regional supply chains, alignment with higher education and tribal nations, identification of skill needs, and identifying opportunities for New Mexico branding synergies.

INVEST ROUSOURCES IN THE STATE'S FOUR OPPORTUNITY CLUSTERS

State Best Practice in Support of an Emerging Industry Cluster:
The California Institute for Quantitative Biosciences (QB3) has been noted by the National Governor's Association Center for Best Practices as a leading example of support for a promising cluster. QB3 has existed since 2000 as a non-profit partnership between three University of California campuses, industry, and venture capital. To boost the sector and the state's economic future, QB3 facilitates collaboration between companies and academic researchers and helps firms with access to facilities, materials, and instrumentation.

Support Efforts to Scale Quantum Computing as an Emerging Sector Within the emerging sector of Quantum Computing, several actions could accelerate its development and maximize its impact on the state's economy.

- Expand Availability of Capital – Early-stage quantum companies are moving to the state in large part because of the strong quantum talent pool at the national labs and within New Mexico's workforce. But quantum development can be capital-intensive, so access to capital for early-stage firms is critical. Additionally, New Mexico-based investment can make the state "stickier" to companies as those startups scale into production. As noted above, the location of their investors will be a significant factor in where they expand.
- Enhance R&D Tax Credits - While New Mexico has an R&D tax credit, it has limitations and is not as generous as the credits offered in other states. Enhancing the R&D tax credit and eliminating or reducing some eligibility criteria would make the state more competitive for private-sector research investment.

State Best Practices:
While New Mexico offers an R&D credit equal to 5 to 10 percent of incremental expenditures, Arizona's credit is 15 to 24 percent, and Virginia's is 15 to 20 percent. New Mexico offers a three-year carry-forward of unused credits. In Texas, the carry-forward period is 20 years, and in Kansas, it is unlimited.

- Grow Technician Workforce – While much development in quantum computing technology has initially relied on engineering, physics, and other specialists with advanced degrees, for quantum companies to move to production, they will need more technicians and other semi-skilled workers than are available in New Mexico's workforce. CMN is given high marks for being a nimble and responsive training resource, but stakeholders are concerned that low labor force participation rates and limited awareness of opportunities limit the pool of trainable workers. Opportunities to promote high-quality quantum-related jobs that do not require advanced degrees should be developed. Existing technical training resources like Be Pro Be Proud should help students and parents understand quantum (and as noted below, aerospace and energy-related) opportunities that exist or will soon exist in New Mexico.

- Develop Retention Strategies – Proactive efforts are needed by the state and by regions/communities to ensure quantum firms are satisfied and supported in New Mexico. Additional expansion incentives specifically targeted for quantum firms should be considered to retain companies in New Mexico as they move from development to deployment.

State Best Practice in Support of Quantum Computing
In 2022, SC Quantum was founded to promote the development of Quantum Information Science & Technology (QIST) in South Carolina through collaboration among the state's universities, entrepreneurs, industry, and government. SC Quantum received $15 million in the 2023 state budget, South Carolina's largest-ever investment in tech. The three pillars of SC Quantum are workforce development, entrepreneurial development, and the QIST learning environment.

Support Efforts to Attract and Grow Space, Aerospace, and Defense Companies

- Establish a New Mexico Space Commission – Establish a state space commission to promote the state's assets and opportunities, coordinate public sector resources to support attracting and growing space/aerospace-related businesses, and direct funding for infrastructure and development opportunities within the sector.
- Better Define Ecosystem Roles– Unlike some of the other emerging sectors, multiple organizing and coordinating entities have been developed in New Mexico for space, aerospace, and defense. Some have emerged in response to grant opportunities, and others have grown more organically. Based on feedback and interviews, there is a lack of organizational alignment, and a clearer role definition is needed among the space and aerospace advocacy organizations. Specifically, clarity between the roles of NewSpace Nexus and Space Valley Foundation should be a priority to eliminate redundancies and ensure there are no gaps in services needed to grow and attract space- and aerospace-related businesses to New Mexico.
- Aggressively Promote Space and Aerospace Assets and Capabilities – The state should aggressively market and promote New Mexico's space and aerospace assets and capabilities. This should be broad-based marketing to business decision-makers, public policy leaders, and journalists, not limited solely to space and aerospace industry ·experts. New Mexico's capabilities in this arena must be shared more broadly to raise awareness of opportunities and establish the state as a hub for these emerging sectors.
- Building and Site Readiness – As New Mexico EDD's 2025 State Plan Update also recommends, having ready-to-occupy buildings and shovel-ready sites will be critical to attracting and growing advanced manufacturing. The recently established $24 million Site Readiness Fund and the utility-related provisions in SB 170 are a positive start but additional site readiness resources will be needed to ensure that New Mexico remains competitive with other states' aggressive site readiness efforts.

- Additionally, these recommendations outlined earlier as part of the quantum sector recommendations are also important for advancing the development of the Space, Aerospace, and Defense sectors:
1. Expand Availability of Capital
2. Enhance R&D Tax Credits
3. Grow Technician Workforce

State Best Practice to Support Space, Aerospace and Defense:
Michigan's economic development program now includes the Michigan Office of Defense and Aerospace Innovation, using the tagline "Arsenal of Innovation" for the state's industry. Michigan's sector is led by major players such as Raytheon, General Dynamics, BAE Systems, and L3Harris. In addition to aggressively promoting defense and aerospace, Michigan offers support services like a cybersecurity grant program for contractors, bid targeting software, and grant proposal writing assistance. Michigan aids federal Advanced Air Mobility goals by supporting projects through its AAM Activation Fund.

Support Efforts to Grow Advanced Energy

- Advance Conditions for Zero Carbon Energy Diversification and Bridge Energy Technology – Provide funding and ecosystem support for advancing New Mexico-based firms specializing in bridge technologies to help maximize the efficiency of the existing grid and power sources. Explore the advancement of fusion and small nuclear reactor technology to meet growing energy demand.
- Review "Actionable IP" that is on the Shelves at the National Labs – Establish energy venture studios that are resourced to explore the IP inventory at national labs and to launch new energy-related ventures using licensed IP.
- Strengthen Coordination and Advocacy Across Advanced Energy Ecosystem – Working through the Chamber's Energy Policy Committee or through the establishment of an advanced energy alliance, coordinate ecosystem partners to advocate for New Mexico's emerging advanced energy opportunities with policymakers and to build public support.

State Best Practice to Support Space, Aerospace, and Defense:
Michigan's economic development program now includes the Michigan Office of Defense and Aerospace Innovation, using the tagline "Arsenal of Innovation" for the state's industry. Michigan's sector is led by major players such as Raytheon, General Dynamics, BAE Systems, and L3Harris. In addition to aggressively promoting defense and aerospace, Michigan offers support services such as a cybersecurity grant program for contractors, bid-targeting software, and grant proposal writing assistance. Michigan aids federal Advanced Air Mobility goals by supporting projects through its AAM Activation Fund.

- Expand Energy Workforce Training – In addition to growing the overall technician workforce in the state, a pipeline of energy-specific training should be created across CTE programs and post-secondary programs to prepare students for energy infrastructure, energy manufacturing and energy-related construction careers.

- Additionally, these recommendations outlined above as part of the quantum and space/aerospace/defense sector-specific recommendations are also important recommendations for the development of the advanced energy sector:

1. Expand Availability of Capital
2. Enhance R&D Tax Credits
3. Building and Site Readiness

State Best Practice for Energy Innovation:
Virginia established its Power Innovation Program in 2022 to promote the development of innovative technologies in a) nuclear power, b) hydrogen power, c) carbon capture and utilization, and d) energy storage. The state also started the Virginia Clean Energy Innovation Bank in 2024, which has provided $19 million in funding for projects, including a commercial fusion power plant.

Support Efforts to Grow Intelligent Manufacturing

- Enhancing Sales Tax Exemptions for Manufacturers – Taxing manufacturers on equipment necessary to modernize and expand can drive up costs and deter manufacturing growth in New Mexico. Several states exempt sales taxes on new and replacement equipment to incentivize expansion and modernization of existing facilities and to be more competitive for attracting new manufacturers to their state.
- Strengthen Manufacturing Cluster Leadership – Stakeholders expressed interest in seeing the New Mexico Manufacturing Extension Partnership (NM MEP) or another organization expand sector advocacy and ecosystem leadership beyond the training and technical assistance currently available to manufacturers, the manufacturing summit, and an annual manufacturing day. While stakeholders believe that more ecosystem connections and the promotion of manufacturing are needed in the state, MEPs across the U.S. face funding uncertainty at the federal level and may need to be sustained through state, regional, and private-sector support.

State Best Practice:
The Michigan Economic Development Corporation's multi-faceted Industry 4.0 program provides many resources for companies seeking to automate and increase their competitiveness in advanced or intelligent manufacturing, including:
✓ Industry 4.0 Technology Implementation Grants
✓ The Automation Alley knowledge center to which 4,000 in-state firms belong. Small companies get free membership with access to case studies, white papers, roundtables, and other opportunities to learn from experienced leaders about the adaptation of new technologies. They can also get a free Industry 4.0 Leadership Evaluation that assesses their company's readiness to integrate digital technology.

✓ A free Technology Opportunity Assessment for small and mid-sized manufacturers, summarizing the most appropriate tools for each firm, those that provide the best ROI, and an implementation plan for integrating those tools. This is offered through the Michigan Manufacturing Technology Center, part of the national MEP network and supported by the state.
✓ A free subscription to the CONNEX Michigan online database for searching the in-state supply chain network.

- Increase Opportunities for Apprenticeships and Internships in Manufacturing – Grow the number of apprenticeships and internships through increased technical assistance and by establishing tax credits for employers who participate in apprenticeships or internships.
- Pilot National Lab Innovations in New Mexico Manufacturing Facilities – The Council on Competitiveness report outlined recommendations to advance the state as a "national testbed for advanced manufacturing" by piloting technologies developed in the labs in real-world manufacturing settings. They described the opportunity as follows: "At Los Alamos, researchers are developing new applications of additive manufacturing for cross-cutting themes and ideas for high-performance materials, while Sandia partners with small manufacturers to deploy AI-powered quality assurance tools. These collaborations close the gap between R&D and deployment, positioning New Mexico as a model for how to modernize production while building regional competitiveness."
- Additionally, the Building and Site Readiness sector-specific recommendation outlined above will also be important for growing advanced manufacturing in New Mexico.

State Best Practices:
To land transformative advanced manufacturing projects in areas like semiconductors and batteries, state and local governments have made tremendous investments in site development and infrastructure. Huge semiconductor projects in Texas and Ohio and battery facilities in North Carolina benefited from tens or hundreds of millions of dollars in water and sewer extensions and road work, as well as land donations and other incentives. Attracting major investments in innovative manufacturing requires aggressive state action for site and building development.

State Best Practice for Increasing Awareness of Advanced Manufacturing Careers and Promoting Related K-12 Education:
The Alabama Robotics Technology Park was created in 2009 with one aspect of its three-pronged mission being to provide a highly skilled and technically trained workforce to interact with automation and robotics. One of the institution's educational assets is a Mobile Robotics Training Lab for K-12 students. This lab gives students, teachers, and parents a hands-on introduction to the latest technology and allows them to see the appeal of careers in intelligent manufacturing.

- New Mexico is given mixed marks for the quality of higher education, ranking eighth among states by World Population Review and 47th by U.S. News.
  *In 2023, New Mexico's share of residents with a college degree was 28.1 percent, placing the state 41st overall.

Stakeholder Feedback on Workforce Issues and Opportunities
Some participants recommended focusing on an effort to recruit "boomerangs" who lived in the state previously but left for opportunities elsewhere
Several focus group members stated that New Mexico is too much of a "talent exporter" with talent from universities and national labs leaving the state
Some employers said that while they can recruit engineers and highly trained staff, they have difficulty finding a sufficient volume of operational and vocational workers to scale companies in New Mexico

Physical infrastructure, including transportation, power, broadband, housing, and childcare, forms the foundation for economic growth. Over the past year, power supply and reliability have emerged as top priorities and essential prerequisites for success in data centers, AI, and other emerging technologies. Without each of these critical assets, states risk falling short in business attraction and workforce support.

Business decision-makers have historically desired locations with ample and affordable electric power, water and wastewater capacity, highways (and sometimes rail), and ready-to-build sites. Today, other factors such as availability of childcare, access to broadband/fiber, and availability of housing are rising as key considerations in business location decisions.

New Mexico's Infrastructure

- The state's infrastructure is ranked 42nd overall in U.S. News and World Report's 2025 Best States for Business report.
  *Energy (availability and cost) is rated as an infrastructure strength, ranking 13th among all states.
  *Transportation is ranked 34th overall, with road infrastructure ranked 48th.

- According to U.S. Energy Information Administration data, New Mexico has relatively lower industrial and commercial energy costs compared to neighboring states and nationally.
  *In 2024, the state's average price per kWh was $0.054 for industrial customers, compared to $0.086 per kWh in Arizona, $0.078 in Colorado, $0.079 in Utah, and $0.081 nationally. Industrial rates in Texas ($0.061) and Oklahoma ($0.058) were also slightly higher than in New Mexico.
  *New Mexico's average commercial cost per kWh was $0.105 in 2024, compared with the national average of $0.128.

SECTION 5 - CONCLUSION

At the start of 2026, New Mexico stands on a solid economic foundation but is also at a key inflection point. Built on energy and tourism and supported by the outsized level of federal investment, New Mexico's economy has experienced steady growth over the past decade but is not growing at rates comparable to most neighboring states. Additionally, it faces several competitive challenges: the high rates of crime, low-ranked educational outcomes, the limited flow of capital, and incomplete ecosystem support infrastructure. Although the state is well-known as a tourism destination, New Mexico is not well-known by business decision-makers as a hub for opportunities in emerging economic sectors.

With so many unique and differentiating strengths for diversifying and growing the economy, New Mexico has emerging-sector opportunities that must be cultivated to thrive. The strategies outlined in this report are designed to improve the state's overall economic competitiveness and to advance development of the quantum, space/aerospace/defense, advanced energy, and intelligent manufacturing sectors.

To successfully implement competitiveness strategies, four things are critical: 1) stakeholders have to be aligned; 2) sustained public and private investment is needed; 3) collaborative capacity and ecosystem structures must be in place to coordinate and drive the efforts forward; and 4) a commitment to sustain the efforts over a time horizon that transcends political cycles.

The time to advance these emerging sectors is now. Indications are that key leaders across the state understand the need to diversify the economy and the potential each emerging sector offers New Mexico. With strong leadership and sustained execution, advancing these emerging sectors will create great jobs and new opportunities for residents throughout the state, making New Mexico a more economically resilient place.

APPENDICES

APPENDIX A – INDUSTRY CODES USED TO ANALYZE EMERGING SECTORS

Advanced Energy Related Industries

NAICS	Industry Name
221111	Hydroelectric Power Generation
221113	Nuclear Electric Power Generation
221114	Solar Electric Power Generation
221115	Wind Electric Power Generation
221116	Geothermal Electric Power Generation
221117	Biomass Electric Power Generation
221118	Other Electric Power Generation
221121	Electric Bulk Power Transmission and Control
221122	Electric Power Distribution
221330	Steam and Air-Conditioning Supply
325120	Industrial Gas Manufacturing
332911	Industrial Valve Manufacturing
333413	Industrial and Commercial Fan and Blower and Air Purification Equipment
333414	Heating Equipment (except Warm Air Furnaces) Manufacturing
333415	Air-Conditioning and Warm Air Heating Equipment and Commercial and Industrial Refrigeration Equipment Manufacturing
333611	Turbine and Turbine Generator Set Units Manufacturing
333914	Measuring, Dispensing, and Other Pumping Equipment Manufacturing
334512	Automatic Environmental Control Manufacturing for Residential, Commercial, and Appliance Use
334513	Instruments and Related Products Manufacturing for Measuring, Displaying, and Controlling Industrial Process Variables
334514	Totalizing Fluid Meter and Counting Device Manufacturing
334515	Instrument Manufacturing for Measuring and Testing Electricity and Electrical Signals
335131	Residential Electric Lighting Fixture Manufacturing
335132	Commercial, Industrial, and Institutional Electric Lighting Fixture Manufacturing
335139	Electric Lamp Bulb and Other Lighting Equipment Manufacturing
335311	Power, Distribution, and Specialty Transformer Manufacturing
335313	Switchgear and Switchboard Apparatus Manufacturing
335910	Battery Manufacturing
541620	Environmental Consulting Services

Advanced Computing Related Industries

NAICS	Industry Name
334111	Electronic Computer Manufacturing
334112	Computer Storage Device Manufacturing
334118	Computer Terminal and Other Computer Peripheral Equipment Manufacturing
334412	Bare Printed Circuit Board Manufacturing
334413	Semiconductor and Related Device Manufacturing
334418	Printed Circuit Assembly (Electronic Assembly) Manufacturing
513210	Software Publishers
541511	Custom Computer Programming Services
541512	Computer Systems Design Services
541519	Other Computer-Related Services

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518210	Computing Infrastructure Providers, Data Processing, Web Hosting, and Related Services
517111	Wired Telecommunications Carriers
517112	Wireless Telecommunications Carriers
517410	Satellite Telecommunications
541330	Engineering Services
334511	Search, Detection, Navigation, Guidance, Aeronautical & Nautical System Instruments Mfg.
334516	Analytical Laboratory Instrument Manufacturing
336414	Guided Missile and Space Vehicle Manufacturing

Space, Aerospace, and Defense Related Industries

NAICS	Industry Name
334511	Search, Detection, Navigation, Guidance, Aeronautical, and Nautical System and Instrument Manufacturing
336411	Aircraft Manufacturing
336412	Aircraft Engine and Engine Parts Manufacturing
336413	Other Aircraft Parts and Auxiliary Equipment Manufacturing
336414	Guided Missile and Space Vehicle Manufacturing
336415	Guided Missile and Space Vehicle Propulsion Unit and Propulsion Unit Parts Manufacturing
336419	Other Guided Missile and Space Vehicle Parts and Auxiliary Equipment Manufacturing
336992	Military Armored Vehicle, Tank, and Tank Component Manufacturing

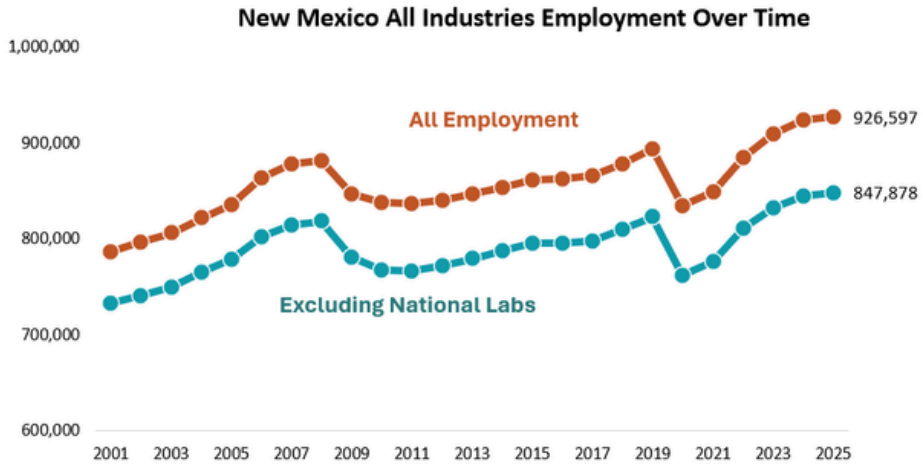
Intelligent Manufacturing Related Industries

NAICS	Industry Name
3241	Petroleum and Coal Products Manufacturing
3251	Basic Chemical Manufacturing
3252	Resin, Synthetic Rubber, and Artificial and Synthetic Fibers and Filaments Manufacturing
3253	Pesticide, Fertilizer, and Other Agricultural Chemical Manufacturing
3254	Pharmaceutical and Medicine Manufacturing
3259	Other Chemical Product and Preparation Manufacturing
3331	Agriculture, Construction, and Mining Machinery Manufacturing
3332	Industrial Machinery Manufacturing
3333	Commercial and Service Industry Machinery Manufacturing
3334	Ventilation, Heating, Air-Conditioning, and Commercial Refrigeration Equipment Manufacturing
3335	Metalworking Machinery Manufacturing
3336	Engine, Turbine, and Power Transmission Equipment Manufacturing
3339	Other General Purpose Machinery Manufacturing
3341	Computer and Peripheral Equipment Manufacturing
3342	Communications Equipment Manufacturing
3343	Audio and Video Equipment Manufacturing
3344	Semiconductor and Other Electronic Component Manufacturing
3345	Navigational, Measuring, Electromedical, and Control Instruments Manufacturing
3346	Manufacturing and Reproducing Magnetic and Optical Media
3351	Electric Lighting Equipment Manufacturing
3352	Household Appliance Manufacturing
3353	Electrical Equipment Manufacturing
3359	Other Electrical Equipment and Component Manufacturing
3361	Motor Vehicle Manufacturing
3362	Motor Vehicle Body and Trailer Manufacturing
3363	Motor Vehicle Parts Manufacturing
3364	Aerospace Product and Parts Manufacturing
3365	Railroad Rolling Stock Manufacturing
3366	Ship and Boat Building
3369	Other Transportation Equipment Manufacturing
3391	Medical Equipment and Supplies Manufacturing

APPENDICES

APPENDIX B – ESTIMATING THE DIRECT IMPACT OF THE NATIONAL LABS IN NEW MEXICO

To estimate the economic impact of the national labs and related research facilities on New Mexico's overall economy, Economic Leadership built a projection using job categories that are most likely to be associated with occupations at Federal research facilities. While some of these categories certainly include other federal and research-related workers, the number of any non-national lab-related workers in these job categories would be low, and their work would also most likely be associated with Federal research funding.



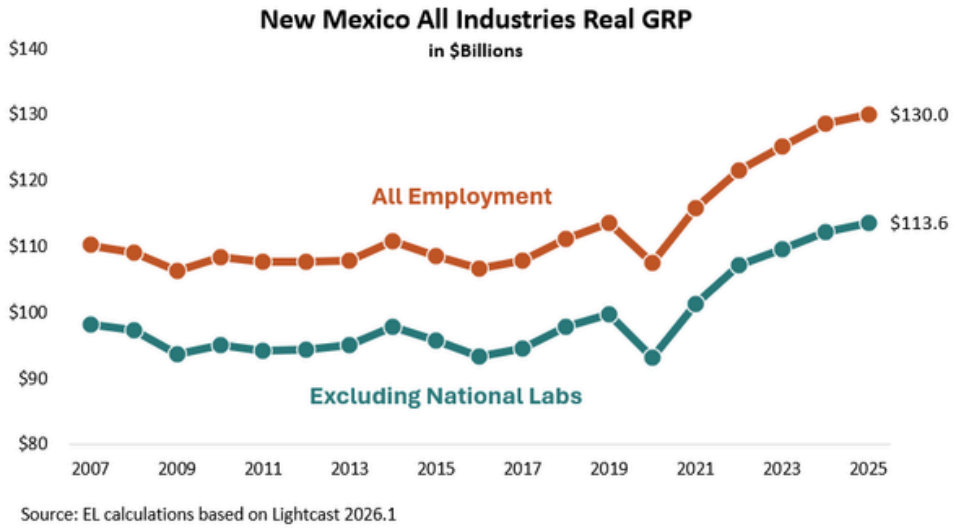
Source: EL calculations based on Lightcast 2026.1

Comparing the number of jobs in job categories most likely to be associated with employment at the national labs, approximately 78,700 workers – representing 8.5 percent of New Mexico's total workforce in 2025 – are related to the national labs and related research facilities.

Because of the high salaries and high levels of expenditures associated with national labs and related research facilities, the projected economic impact on New Mexico's economy is even greater than the lab-related share of jobs. The industry categories most likely to be associated with national lab and related activities accounted for 12.6 percent of New Mexico's GDP in 2025.

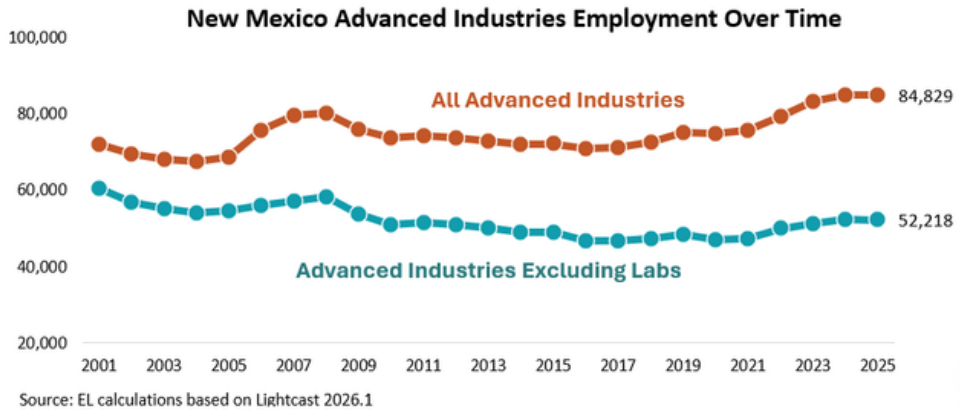
This methodology estimates the level of employment and economic activity associated with jobs and spending from the national labs and related research facilities. It is important to note that the overall impact on the state and local economies is undoubtedly even greater due to the ripple effects that result as lab employees' salaries are spent in local shops, restaurants, and grocery stores, supporting even more jobs across New Mexico.

APPENDICES



Source: EL calculations based on Lightcast 2026.1

A change in Federal priorities has led to a series of Federal budget cuts and rescissions during 2025, and further changes in Federal funding strategies are likely. At this time, it is unclear whether any of these changes will negatively affect employment levels or overall economic output related to New Mexico's research facilities. Nevertheless, because more than 8% of jobs and more than 12% of the state's economy are related to activities at the national labs and related research facilities, Federal funding and prioritization will always be an important factor to bear watching in New Mexico.



Source: EL calculations based on Lightcast 2026.1

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