

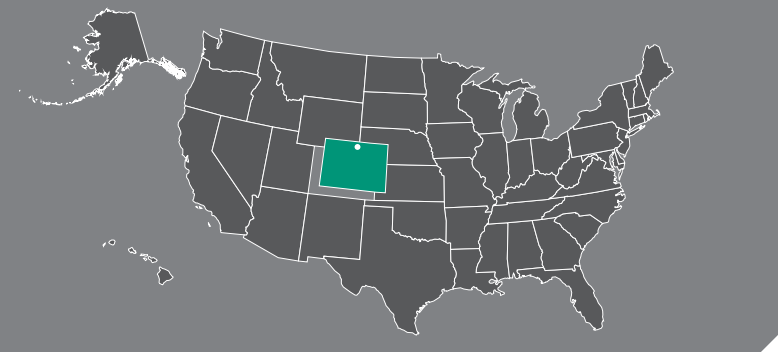
HUD PD&R Housing Market Profiles

Fort Collins, Colorado



Quick Facts About Fort Collins

- **Current sales market conditions: tight.**
- **Current apartment market conditions: soft.**
- **In 2015, Rocky Mountain National Park was the third most visited national park in the United States, behind the Great Smoky Mountains and Grand Canyon National Parks. Estes Park, a town in the Fort Collins metropolitan area, is the gateway to the main entrance to the park and provides retail, restaurant, lodging, and other services for many visitors to the park.**



By Katharine Auchter | As of January 1, 2016

Overview

The Fort Collins metropolitan area comprises Larimer County in north-central Colorado. Rocky Mountain National Park (RMNP) and national forests cover much of the western half of the county, creating demand for tourism-related services. The metropolitan area is also the home of Colorado State University (CSU), the largest employer, with 6,700 employees and on-campus enrollment of 27,300 students in the fall of 2015.

- As of January 1, 2016, the population of the Fort Collins metropolitan area is estimated at 333,400, an increase of 5,875 people, or 1.9 percent, annually since April 2010.
- Approximately 75 percent of population growth since 2010 has been from net in-migration to the metropolitan area, averaging 4,400 people a year. Increases in university enrollment, strong employment growth following the recent national recession, and an attractive quality of life for those who enjoy the mountains and various outdoor pursuits are driving in-migration.
- Students at CSU account for approximately 8 percent of the population in the metropolitan area, and enrollment has increased nearly 1 percent annually since 2010. The university budget increased 5.3 percent for fiscal year 2015 compared with the budget a year earlier, to \$1 billion.



Nearly every payroll sector in the Fort Collins area grew during the fourth quarter.

	3 Months Ending		Year-Over-Year Change	
	December 2014 (thousands)	December 2015 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	150.1	155.1	5.0	3.3
Goods-producing sectors	22.3	23.0	0.7	3.1
Mining, logging, and construction	9.8	10.3	0.5	5.1
Manufacturing	12.5	12.8	0.3	2.4
Service-providing sectors	127.8	132.0	4.2	3.3
Wholesale and retail trade	20.9	22.0	1.1	5.3
Transportation and utilities	3.0	3.0	0.0	0.0
Information	2.5	2.4	-0.1	-4.0
Financial activities	6.3	6.4	0.1	1.6
Professional and business services	19.3	19.9	0.6	3.1
Education and health services	15.1	15.7	0.6	4.0
Leisure and hospitality	18.6	19.5	0.9	4.8
Other services	5.5	5.6	0.1	1.8
Government	36.6	37.5	0.9	2.5
	(percent)	(percent)		
Unemployment rate	3.5	2.8		

Note: Numbers may not add to totals because of rounding.
Source: U.S. Bureau of Labor Statistics

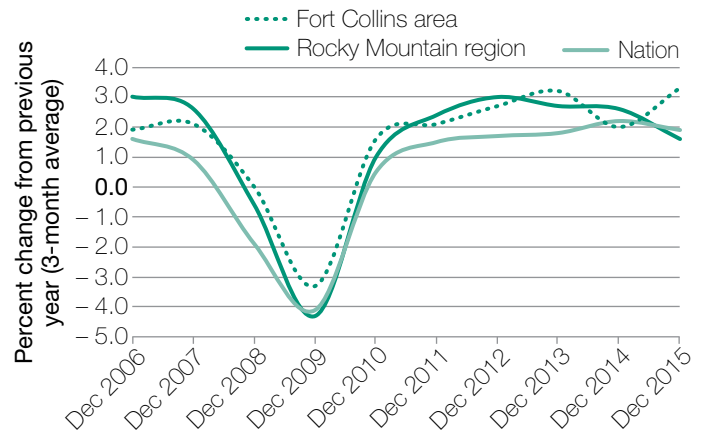
Economic Conditions

Economic conditions in the Fort Collins metropolitan area have been strong in recent years following a single year of job losses in 2009. The number of jobs surpassed the prerecession peak in 2012, and payroll gains averaged 3.0 percent annually from 2011 through 2015. Sectors with large contributions to payroll growth since 2010 include government, leisure and hospitality, and mining, logging, and construction.

During the fourth quarter of 2015—

- Nonfarm payrolls averaged 155,100 jobs, an increase of 3.3 percent, from a year earlier. The unemployment rate averaged 2.8 percent during the same period, down from 3.5 percent a year earlier.
- The wholesale and retail trade sector added the most jobs and grew by the greatest percentage from the same period a year earlier. Sector payrolls increased by 1,100 jobs, or 5.3 percent, to average 22,000 jobs. The Foothills Mall, undergoing redevelopment, reopened in November 2015, with 66 percent of the space leased, and new retail tenants continue to open as construction nears completion, which is expected during the first quarter of 2016.
- Government sector payrolls increased by 900 jobs, or 2.5 percent, to average 37,500 jobs; of the jobs added, 700 were in the state government subsector. Government is the largest employment

During 2015, growth in nonfarm payrolls in the Fort Collins area outpaced growth in the nation.



Note: Nonfarm payroll jobs.
Source: U.S. Bureau of Labor Statistics

Largest employers in the Fort Collins area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Colorado State University	Government	6,700
University of Colorado Health	Government	5,525
Front Range Community College	Government	1,600

Note: Excludes local school districts.
Source: BizWest Media, LLC

continued on page 3



continued from page 2

sector in the metropolitan area, accounting for 24 percent of total nonfarm payrolls. State government comprises about 55 percent of government payrolls and is anchored by employment at CSU.

- Mining, logging, and construction sector payrolls averaged 10,300, an increase of 500 jobs, or 5.1 percent, from a year earlier. Major construction projects in the metropolitan area include the \$313 million Foothills Mall redevelopment and a new \$238.5 million football stadium at CSU. The mall redevelopment created 1,500 construction jobs and will provide 1,000 permanent leisure and hospitality sector and retail trade subsector jobs when complete. The stadium, with a capacity of 41,000 people, is expected to be complete by the start of the 2017 college football season.

RMNP attracts visitors who spend money on food, lodging, and activities, all of which are included in leisure and hospitality sector payrolls. The leisure and hospitality sector averaged 19,500 jobs during the fourth quarter of 2015, up by 900 jobs, or 4.8 percent, from the same period a year earlier. A National Park Service study estimated that 91 percent of the 3.4 million visitors to RMNP in 2014 were from outside the metropolitan area (Headwater Economics). Visitors to the national park spent \$217 million in 2014, of which 97 percent was spent by nonlocal visitors, and supported 3,375 local jobs. Visitation increased 21 percent from a year earlier in 2015, during RMNP’s centennial anniversary, to 4.2 million visitors.

Sales Market Conditions

The sales housing market in the Fort Collins metropolitan area is currently tight, with low for-sale inventory, particularly for townhomes and condominiums. Strong employment growth and in-migration contributed to increased demand, which, coupled with the limited supply of new condominiums and townhomes, is contributing to the tight conditions. In December 2015, a 1.7-month supply of single-family detached homes was available for sale, which was essentially unchanged from a year earlier; the inventory of condominiums and townhomes, however, decreased from a 1.4-month to a 1.1-month supply (Fort Collins Board of Realtors®). In addition, from December 2014 to December 2015, although the average number of days on market increased 7 percent, to 95 days, for single-family detached sales, the average number of days on market for condominiums and townhomes decreased 48 percent, to 55 days.

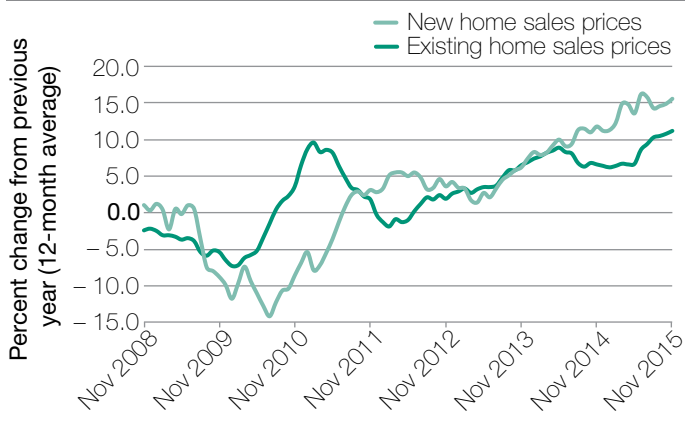
- As of December 2015, 0.8 percent of home loans in the metropolitan area were seriously delinquent (90 or more days delinquent

or in foreclosure) or had transitioned into real estate owned (REO) status, down from 1.0 percent a year earlier (Black Knight Financial Services, Inc.). The rate of seriously delinquent mortgages and REO properties peaked at 3.6 percent in March 2010.

- New home sales totaled 1,500 during the 12 months ending November 2015, up 1 percent from a year earlier (CoreLogic, Inc., with adjustments by the analyst). The average price for a new home was \$377,000, an increase of nearly 16 percent from a year earlier, in part because the average size of homes increased. New homes in 2015 averaged 2,475 square feet in the Fort Collins metropolitan area, an increase of 200 square feet, or 9 percent, from a year earlier (Metrostudy, A Hanley Wood Company).
- Existing home sales totaled 7,525 during the 12 months ending November 2015, up nearly 3 percent from a year earlier (CoreLogic, Inc., with adjustments by the analyst). The average price was \$306,800, an increase of 11 percent from a year earlier.

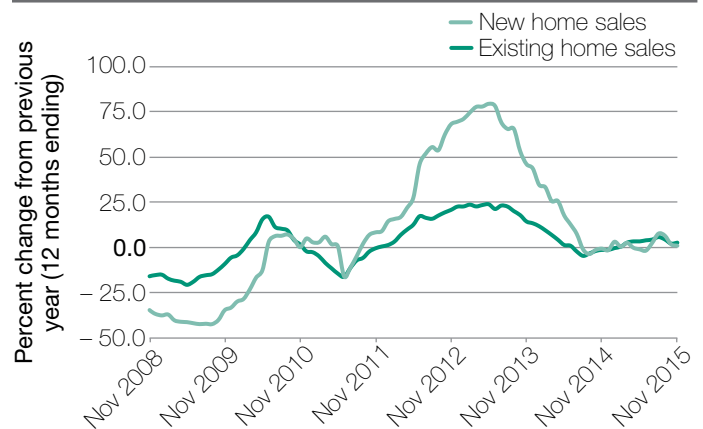
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Sales price growth surpassed 5 percent annually in the Fort Collins area for both existing and new homes during the past 2 years.



Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc., with adjustments by the analyst

Following strong growth in sales during 2012 and 2013, growth in the Fort Collins area slowed during the past 2 years because of low inventory.



Note: Includes single-family homes, townhomes, and condominiums. Source: CoreLogic, Inc., with adjustments by the analyst



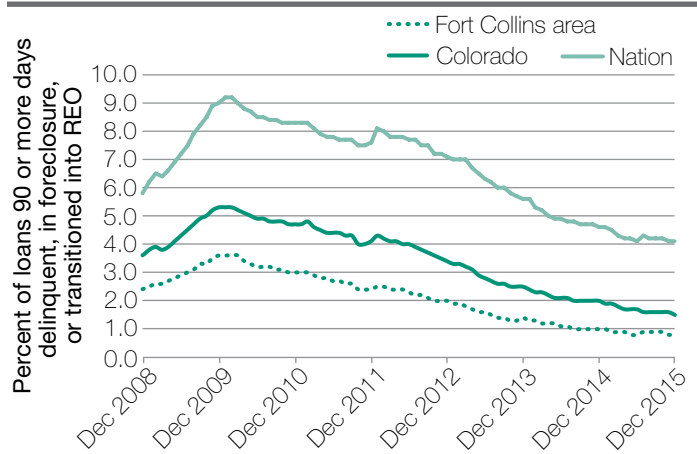
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In 2013, existing sales prices exceeded the prerecession peak reached in 2007, and tight market conditions continue to generate strong upward pressure on sales prices.

- Low for-sale inventory of condominiums and townhomes is constraining sales and contributing to strong sales price increases. During 2015, sales decreased 1 percent, to 820 homes sold, compared with sales during 2014, and the average sales price for attached homes increased nearly 13 percent, to \$226,900 (Fort Collins Board of Realtors®).

Single-family homebuilding activity, as measured by the number of homes permitted, has been steadily increasing since 2009; however, home construction remains well below the average of 2,525 homes permitted annually from 2000 through 2005. Homebuilding remains subdued because some builders are reporting that labor shortages in some trades are prolonging the time to build a home; in addition, developable lots in the cities of Loveland and Fort Collins are limited. Home construction is increasing in the suburbs, including Johnstown, Wellington, and Windsor, and beginning to extend east toward the adjacent Greeley metropolitan area, which has more affordable, developable land.

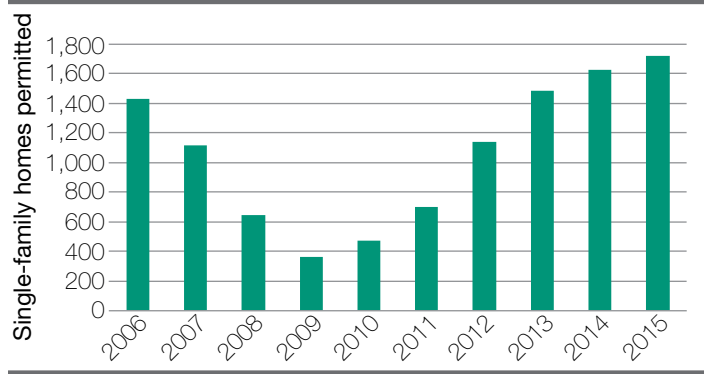
The percentage of seriously delinquent mortgages and REO properties in the Fort Collins area remained lower than in the state and the nation.



REO = real estate owned.
Source: Black Knight Financial Services, Inc.

- During 2015, permits were issued for 1,725 single-family homes, up nearly 6 percent from a year earlier (preliminary data). Single-family home construction, which continues to grow from the low of 360 units in 2009, increased by 250 units, or 35 percent, annually from 2010 through 2014.
- Construction at the 165-acre Kechter Farm master-planned community in the city of Fort Collins is under way. The 35-lot first phase opened during the fourth quarter of 2014, and 7 lots remain available, with prices starting at \$397,000 for a two-bedroom, two-bathroom home. A total of 415 homes are planned, and final buildout is expected to take several years.
- Condominium construction remains subdued in the Fort Collins metropolitan area. Construction began on approximately 110 condominium units in 2015, up from the average of 25 units built annually from 2010 through 2014 but well below the average of 290 units built annually from 2000 through 2009 (McGraw-Hill Construction Pipeline database).
- The 94-unit Flats at Rigden Farm has been the largest condominium development under construction in the metropolitan area since 2006. The first units are expected to become available in the summer of 2016 with prices ranging from the \$200,000s for one-bedroom units to the \$300,000s for three-bedroom units.

Single-family home permitting in the Fort Collins area continued to increase from the low in 2009.



Note: Includes preliminary data from January 2015 through December 2015.
Source: U.S. Census Bureau, Building Permits Survey

Apartment Market Conditions

Apartment market conditions in the Fort Collins metropolitan area were soft during the fourth quarter of 2015. More than 800 units from five projects are currently in lease up, which is contributing to the soft market conditions. The apartment vacancy rate, including units in lease up, was 7.6 percent, up from 2.7 percent a year earlier (*Apartment Insights*).

- The increase in vacancies during the past year contributed to a slowdown in rent growth. Rent growth averaged nearly 7 percent annually from the fourth quarter of 2010 through the fourth quarter of 2014, but, during the fourth quarter of 2015, average rents increased only 2 percent from a year earlier, to \$1,092.

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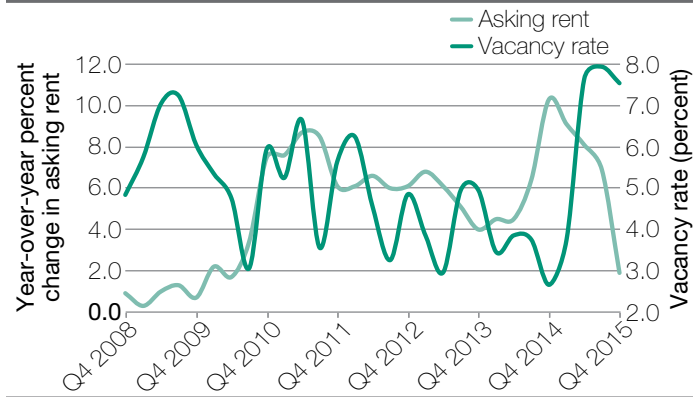


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- The 220-unit Bristol Pointe apartments in the city of Loveland opened in the early spring of 2015. Approximately one-half of the units were leased up during 2015, and starting rents range from \$915 for a studio unit to \$1,745 for a three-bedroom unit. Moderate concessions are being offered during lease up, of 1 month free with leases 6 months or longer.
- In the submarket containing the northern portion of the city of Fort Collins, including CSU, the vacancy rate was 4.9 percent during the fourth quarter of 2015, up from 1.4 percent a year earlier, and rents increased about 2 percent, to average \$1,160. Approximately 20,200 students live off campus.
- The number of dormitory beds on the CSU campus also increased; Laurel Village added about 620 beds in 2013, and the redevelopment of Aggie Village will add a net of about 690 beds when completed for the fall 2017 school year. These additions are expected to alleviate a current shortage of housing on campus and meet demand from expected enrollment growth of about 1 percent a year at the university during the next several years.

Multifamily building activity declined during the past year following 2 years of elevated activity. Apartments comprise most of the multifamily units permitted, averaging 97 percent of multifamily units permitted since 2010 compared with about 60 percent of multifamily units permitted in the previous decade.

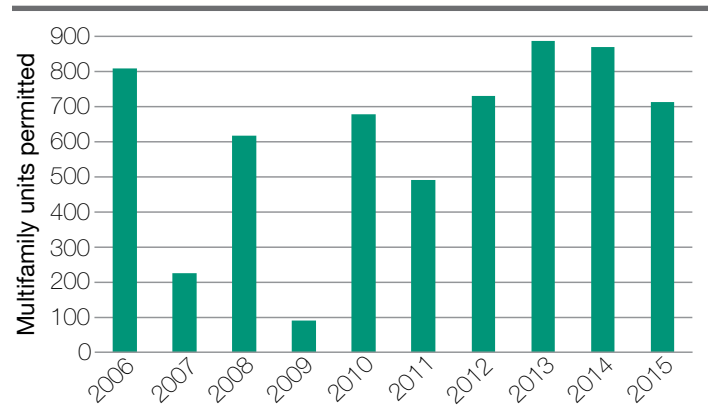
Rent growth slowed during the past year in the Fort Collins area as the vacancy rate increased because of the large number of apartments in lease up.



Source: Apartment Insights

- The number of multifamily units permitted decreased 18 percent in 2015, to 710 units (preliminary data). The number of units permitted averaged 880 annually in 2013 and 2014, more than in any other year since 2001.
- After a low of 90 multifamily units were permitted in 2009, permitting averaged 630 units annually from 2010 through 2012, when economic conditions improved and migration into the metropolitan area was increasing. By comparison, from 1999 through 2001, during a period of strong economic and population growth in the metropolitan area prior to the bursting of the dot-com bubble, multifamily permitting averaged 940 units annually.
- Apartment projects under way include the 254-unit Gateway at 2534 in Johnstown, expected to be complete by April 2016. Preleasing began in the third quarter of 2015, and monthly rents for the one-, two-, and three-bedroom units start at \$1,290, \$1,515, and \$2,230, respectively. Modest concessions of 1 month free with a 12- or 15-month lease are being offered during the lease-up phase.
- The 310-unit Crowne at Timberline in the city of Fort Collins is another apartment development under construction. Completion is expected in the spring of 2016, with monthly rents starting at \$1,125 for a one-bedroom unit, \$1,510 for a two-bedroom unit, and \$1,790 for a three-bedroom unit.

Multifamily building levels in the Fort Collins area decreased during the past year as builders responded to rental market conditions.



Note: Includes preliminary data from January 2015 through December 2015. Source: U.S. Census Bureau, Building Permits Survey

