

COMPREHENSIVE HOUSING MARKET ANALYSIS

Boulder, Colorado

**U.S. Department of Housing and Urban Development,
Office of Policy Development and Research**

As of October 1, 2018

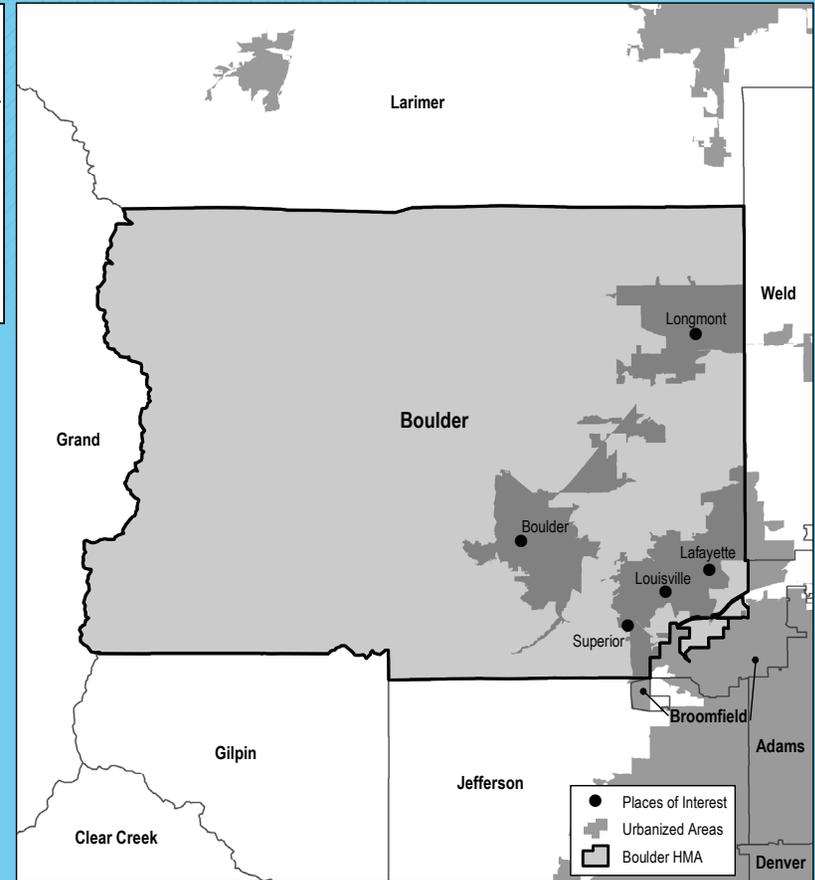


Executive Summary

Housing Market Area Description

The Boulder Housing Market Area (HMA) is coterminous with the Boulder, CO Metropolitan Statistical Area, consisting of Boulder County; the HMA is in the foothills at the eastern edge of the Rocky Mountains, about 25 miles northwest of Denver. The current HMA population is estimated at 326,400.

Boulder is home to the main campus of the University of Colorado (hereafter CU-Boulder). The presence of the university, major research labs, and a highly educated workforce has contributed to the emergence of high-tech industry clusters. The HMA offers numerous outdoor recreation amenities in nearby national park and wilderness areas, and tourism is also a major industry.



Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's [Market-at-a-Glance tool](#). Additional data for the HMA can be found in this report's [supplemental tables](#). For information on HUD-supported activity in this area, see the [Community Assessment Reporting Tool](#).



Market Qualifiers

Economy



Strong: Nonfarm payroll growth has averaged nearly 4,200 jobs, or more than 2.6 percent a year, since the Great Recession.

The economy has expanded strongly since 2011, although job growth moderated in the past 12 months. From 2011 through 2016, nonfarm payrolls increased an average of 2.7 percent a year, and payrolls in the 12 months ending September 2018 were up 1.9 percent from a year earlier. The education and health services, professional and business services, and manufacturing sectors led job gains during the past 12 months. During the next 3 years, nonfarm payrolls are expected to increase an average of 2.1 percent a year.

Sales Market



Tight: New and existing home prices during the 12 months ending September 2018 were up approximately 8 and 9 percent, respectively, from a year earlier.

The market for sales housing is tight, with a 2.3-month supply of homes for sale in September 2018, down from a 2.8-month supply a year earlier. Income growth and rising demand for sales housing led to rapid price increases. Prices for existing homes in the 12 months ending September 2018 were up more than 9 percent from a year earlier, to about \$612,300, and new home prices were up nearly 8 percent, to \$605,800. During the next 3 years, demand is expected for 2,200 new sales units; the 300 homes currently under construction will meet part of the demand.

Rental Market



Balanced: The apartment vacancy rate in the third quarter of 2018 was 5.0 percent, virtually unchanged from the third-quarter vacancy rates in the past 2 years.

The overall rental market is balanced, with a current rental vacancy rate estimated at 5.8 percent, up from 4.6 percent in 2010. The market was tight as recently as 2015, with apartment vacancies averaging less than 4.0 percent, as new supply lagged behind the growth in rental demand; however, approximately 860 units a year were permitted from 2012 through 2017, and in the past 2 years, supply has kept pace with growth in demand. During the next 3 years, demand is expected for 2,150 new rental units; the 1,625 units currently under construction will meet the demand during the first 2 years of the forecast period.

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3-Year Housing Demand Forecast

	Sales Units	Rental Units
Boulder HMA		
Total Demand	2,200	2,150
Under Construction	300	1,625

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of October 1, 2018. The forecast period is October 1, 2018, to October 1, 2021.
Source: Estimates by analyst



Economic Conditions

Largest sector: Government

The flagship campus of the University of Colorado system is in Boulder, and state government educational services account for nearly one-half of government sector payrolls in the HMA.

Primary Local Economic Factors

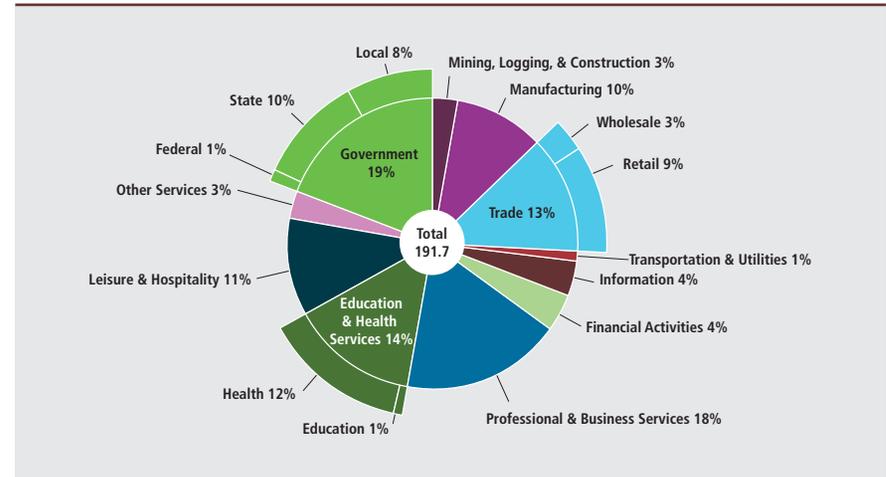
The Boulder HMA has a diversified economy, which includes higher education, high-tech industries, and tourism (Figure 1). Located in the HMA is CU-Boulder, which has approximately 34,500 students, and the workforce has high levels of educational attainment. CU-Boulder researchers collaborate with government and private industry, and several major research labs are in the HMA. The presence of the university, research facilities, and a well-educated workforce contributed to the emergence of high-tech industry clusters. In addition, nearby outdoor recreation amenities support a large tourism industry.

Nonfarm Payroll Trends

The economy in the Boulder HMA has been expanding since 2011, following 2 years of job losses caused by the recession (Figure 2). In 2009 and 2010, nonfarm payrolls decreased by an average of 4,050 jobs, or 2.4 percent, a year, with the greatest declines in the professional and business services, manufacturing, and wholesale and retail trade sectors, which posted average annual losses of 1,350, 1,150, and 900 jobs, respectively. The economy rebounded quickly, however, and in 2012, payrolls surpassed their prerecession peak of 167,300 jobs in 2008 (Figure 3).

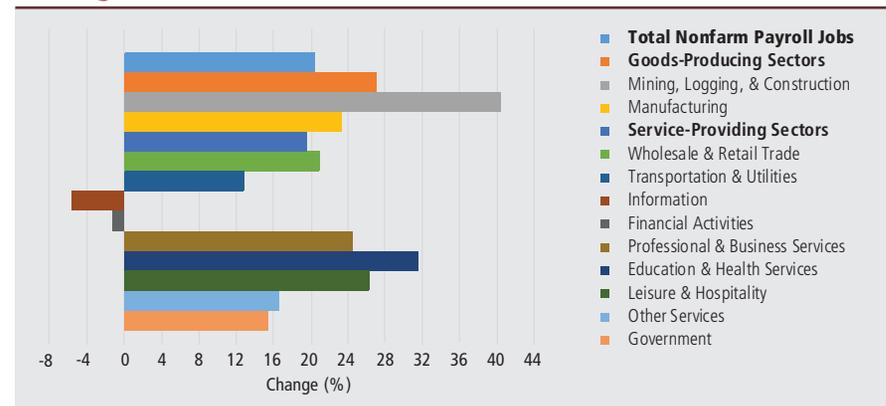
Job growth was strong during most of the current expansion but slowed recently. From 2011 through 2016, payroll gains averaged 4,325 jobs, or 2.7 percent, a year, but growth decelerated in the past 2 years, with payrolls increasing by

Figure 1. Current Nonfarm Payroll Jobs in the Boulder HMA, by Sector



Notes: Total in thousands. Based on 12-month averages through September 2018. Percentages may not add to 100 due to rounding.
Source: U.S. Bureau of Labor Statistics

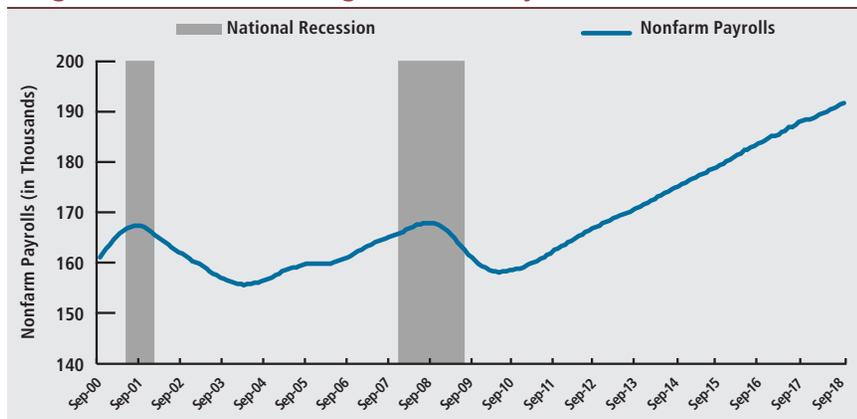
Figure 2. Sector Growth in the Boulder HMA, 2011 to Current



Notes: Based on 12-month averages through September 2018.
Source: U.S. Bureau of Labor Statistics



Figure 3. 12-Month Average Nonfarm Payrolls in the Boulder HMA



Note: 12-month moving average.
Source: U.S. Bureau of Labor Statistics

an average of 3,800 jobs, or 2.1 percent, a year. The professional and business services, education and health services, government, and leisure and hospitality sectors, which posted average increases of 900, 800, 650, and 575 jobs a year, respectively, have led job gains since 2011. Most sectors added jobs during the 12 months ending September 2018 (Table 1). The exceptions were financial activities and other services, which remained flat, and government, which declined by 300 jobs. The losses in government were in the federal and local government subsectors, which decreased by 100 and 300 jobs, respectively, but state government subsector payrolls were up by 100 jobs.

The recession that followed the bursting of the dot-com bubble in 2000 had a greater impact on the HMA than the most recent recession, partly due to the high concentration of IT and telecommunications employment in the local economy. During 2002 and 2003, nonfarm payrolls fell by 5,150 jobs, or 3.1 percent, a year, with payrolls in the information and the professional and business services sectors declining by 1,250 and 725 jobs, or 10.7 and

Table 1. 12-Month Average Nonfarm Payroll Jobs in the Boulder HMA, by Sector

	12 Months Ending September 2017	12 Months Ending September 2018	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	188.2	191.6	3.4	1.8%
Goods-Producing Sectors	23.8	24.7	0.9	3.8%
Mining, Logging, & Construction	5.6	6.0	0.4	7.1%
Manufacturing	18.2	18.7	0.5	2.7%
Service-Providing Sectors	164.4	166.9	2.5	1.5%
Wholesale & Retail Trade	23.8	24.3	0.5	2.1%
Transportation & Utilities	1.6	1.7	0.1	6.3%
Information	8.0	8.2	0.2	2.5%
Financial Activities	7.1	7.1	0.0	0.0%
Professional & Business Services	34.3	35.1	0.8	2.3%
Education & Health Services	25.3	26.0	0.7	2.8%
Leisure & Hospitality	21.0	21.5	0.5	2.4%
Other Services	6.2	6.2	0.0	0.0%
Government	37.1	36.8	-0.3	-0.8%

Notes: Based on 12-month averages through September 2017 and September 2018. Numbers may not add to totals due to rounding.
Source: U.S. Bureau of Labor Statistics

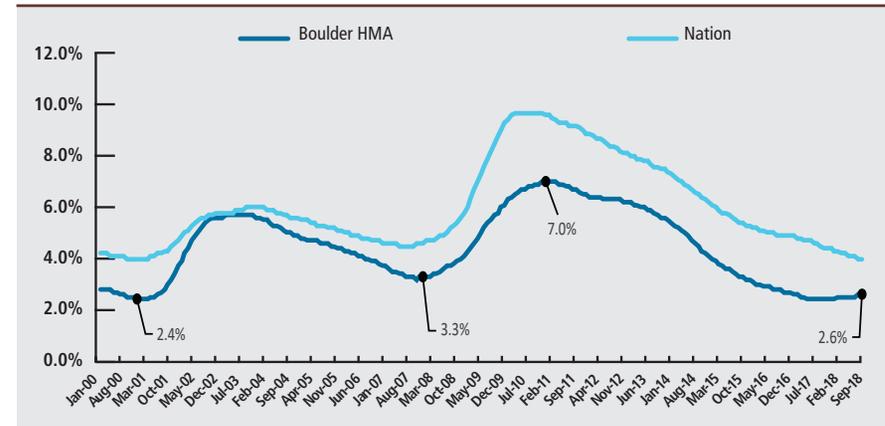
2.7 percent, a year, respectively. During the subsequent expansion, from 2003 through 2008, nonfarm payroll growth was moderate, with increases averaging 2,200 jobs, or 1.4 percent, a year.

Unemployment Trends

Following the last recession, the unemployment rate in the HMA peaked at 7.0 percent in 2010, up from its previous low of 3.3 percent in 2007. The HMA unemployment rate has remained consistently below that of the nation since 2003 (Figure 4). Unemployment declined during the current expansion, and in the

12 months ending September 2018, the unemployment rate averaged 2.6 percent in the HMA, up slightly from 2.4 percent 1 year earlier. Resident employment during that period increased by 4,900, or 2.7 percent, but the labor force grew by 5,500, or 3.0 percent. Nevertheless, labor market conditions remained tight, and in the past 2 years, the unemployment rate has hovered near its historic low during the past 30 years of 2.4 percent, previously attained in 2000.

Figure 4. 12-Month Average Unemployment Rate in the Boulder HMA and Nation



Source: U.S. Bureau of Labor Statistics

Economic Sectors of Significance

Higher Education

CU-Boulder is the largest employer in the HMA, with nearly 9,650 faculty and staff (CU-Boulder Institutional Research). During fiscal year 2015–2016, the CU system had an economic impact in the HMA of more than \$2.57 billion (CU Economic Impact Study, August 2017). Approximately 34,500 students were enrolled at CU-Boulder in fall 2018, up from 33,250 students 1 year earlier. Payrolls in the state government educational services subsector, which includes faculty, staff, and student employees, averaged 17,700 jobs during the 12 months ending September 2018, down slightly from 17,800 jobs in the previous 12 months. The HMA has a highly educated workforce, with 61 percent of the population age 25 or older having at least a bachelor’s degree, nearly double the national average of 31 percent (2016 American Community Survey [ACS], 1-year estimates).

High-Tech Industries

CU-Boulder collaborates on research in fields such as energy, biotechnology, aeronautics, and climate science, and the HMA has more than 15 federal research labs, including the National Center for Atmospheric Research, the National Institute of Standards and Technology, the United States Geological Survey, and the National Oceanic and Atmospheric Administration. In 2015, federal labs in the HMA had an economic impact of \$1.1 billion and employed nearly 3,900 full- and part-time workers (CU-Boulder CO-LABS report). The university and research facilities also supported the emergence of high-tech industries. Of the ten largest private employers in the HMA, four are healthcare providers, but the remaining six are all high-tech companies, with nearly 8,650 employees combined (Table 2). High-tech jobs are mainly concentrated in the professional and business services, information, and manufacturing sectors, which posted payroll increases during the 12 months ending September 2018 of 2.3, 2.5, and 2.7 percent, respectively. In 2016, NASA selected Sierra Nevada Corporation’s Space Systems to build the Dream Chaser Cargo System, and the company announced plans to hire up to 400 new employees.



Table 2. Major Employers in the Boulder HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Medtronic PLC	Manufacturing	2,460
Boulder Community Health	Education & Health Services	2,410
IBM Corporation	Professional & Business Services	1,690
Ball Aerospace & Technologies Corp.	Manufacturing	1,510
Good Samaritan Medical Center	Education & Health Services	1,430
Seagate Technology PLC	Manufacturing	1,420
Centura Health Corporation	Education & Health Services	1,360
Google LLC	Information	800
Sierra Nevada Corporation	Manufacturing	750
Kaiser Permanente	Education & Health Services	750

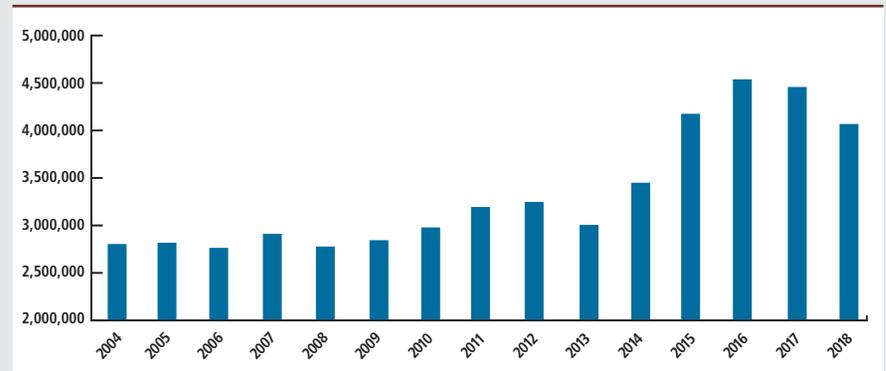
Note: Private-sector, nonretail companies only.

Source: Metro Denver Economic Development Corporation, Largest Employers 2018–2019

Tourism

The HMA offers year-round outdoor recreation opportunities, attracting visitors and supporting a large tourism industry. Rocky Mountain National Park, in northwest Boulder County, received 4.63 million visitors during the 12 months ending September 2018, up from 4.50 million visitors 1 year earlier (Figure 5, National Park Service). Most of the western half of the HMA is within Roosevelt

Figure 5. Rocky Mountain National Park—Annual Recreation Visitors



Note: Data for 2018 is through September.

Source: U.S. National Park Service

National Forest, which includes the James Peak Wilderness and Indian Peaks Wilderness recreation areas. The Eldora Ski Resort, with 700 acres of downhill ski terrain, is 21 miles west of Boulder, and several other ski areas are in close proximity to the HMA. Payrolls in the leisure and hospitality sector in the HMA increased from 2000 to 2010 by an average of nearly 200 jobs, or 1.3 percent, a year. Since 2010, growth in the sector has accelerated, with payrolls increasing by nearly 600 jobs, or 3.4 percent, a year, and in the past 12 months payrolls increased by 500 jobs, or 2.5 percent.

Incomes and Commuting Patterns

From 2008 through 2011, income growth in the HMA was nearly flat, after growing an average of 4 percent a year from 2003 through 2007. From 2011 through 2017, incomes increased an average of 2.8 percent a year. With its well-educated workforce and high-tech industries, incomes are relatively high in the HMA. The median household income was nearly \$80,850 in 2017, or 17 percent above the state median of about \$69,100 and 34 percent above the U.S. median of less than \$60,350.

The combined effects of high incomes, job growth, net in-migration, and limited residential construction led to high housing costs in the HMA. As a result, many workers commute into the HMA from surrounding metropolitan areas, including Denver-Aurora-Lakewood, Fort Collins, and Greeley. In 2014, more than one-half of workers in the HMA earning less than \$40,000 a year lived outside the HMA (Intercounty Commute Analysis, Nelson\Nygaard Consulting Assoc., Inc., 2016 report).

Employment Forecast

Job growth is expected to continue in the Boulder HMA during the next 3 years, albeit at a slower rate compared with the growth since 2010 because of the tight labor market. Nonfarm payrolls are expected to increase by an average of 4,100 jobs, or 2.1 percent, a year. Continued growth is expected in the high-tech and tourism industries, and relatively strong job gains are anticipated in the professional and business services, education and health services, and leisure and hospitality sectors. In 2018, Ball Corp. added more than 500 workers at its aerospace facilities and announced plans to hire an additional 200 to 400 employees in the near future, and Amazon.com, Inc. announced plans to add more than 100 IT and engineering jobs in Boulder and surrounding areas.



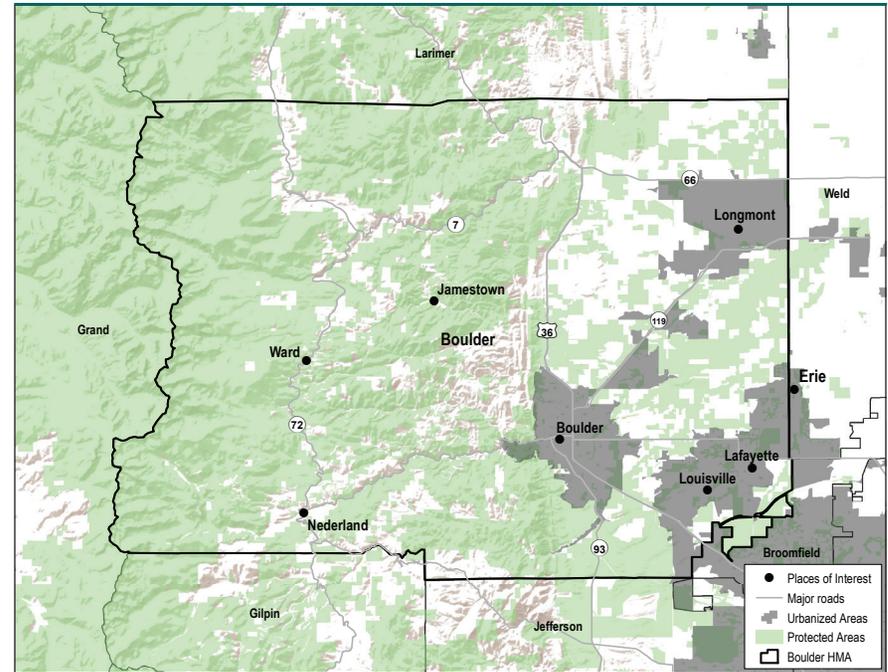
Population and Households

Current population: 326,400

Population growth has been strong since 2010, compared with the previous decade. Net in-migration increased, offsetting a slowdown in net natural increase.

The cities of Boulder and Longmont are the largest population centers in the HMA, with 2017 populations of 107,125 and 94,341, respectively (Census Bureau estimates as of July 1). In addition, southeast Boulder County includes the communities of Lafayette and Louisville, with 2017 estimated populations of 28,328 and 21,128, respectively. More than 90 percent of the HMA population resides in eastern Boulder County; the western part of the county is mountainous and is mostly public lands, including Rocky Mountain National Park and Roosevelt National Forest, and includes smaller communities such as Nederland, Jamestown, and Ward, with populations in 2017 estimated at 1,541, 269, and 155, respectively. In addition, eastern Boulder County has city- or county-designated open spaces, which limit the areas available for residential development (Map 1).

Map 1. Urbanized and Protected Areas in the Boulder HMA



Source: U.S. Geological Survey

Population and Demographic Trends

The current population of the Boulder HMA is estimated at 326,400, an increase of nearly 3,750, or 1.2 percent, a year since 2010 (Table 3). Net in-migration accounted for more than two-thirds of the growth, or 2,550 people a year. Migration was strong early in the current economic expansion, averaging more than 3,100 people a year from 2010 to 2015, which partly reflected the strong job growth in the HMA compared with other areas in the nation. In the past 3 years, however, net in-migration has slowed to less than 1,600 people a year.

Table 3. Boulder HMA Population Quick Facts

	2010	Current	Forecast	
Population Quick Facts	Population	294,567	326,400	335,600
	Average Annual Change	330	3,750	3,075
	Percentage Change	0.1%	1.2%	0.9%
Household Quick Facts	Households	119,300	129,000	132,900
	Average Annual Change	460	1,150	1,300
	Percentage Change	0.4%	0.9%	1.0%

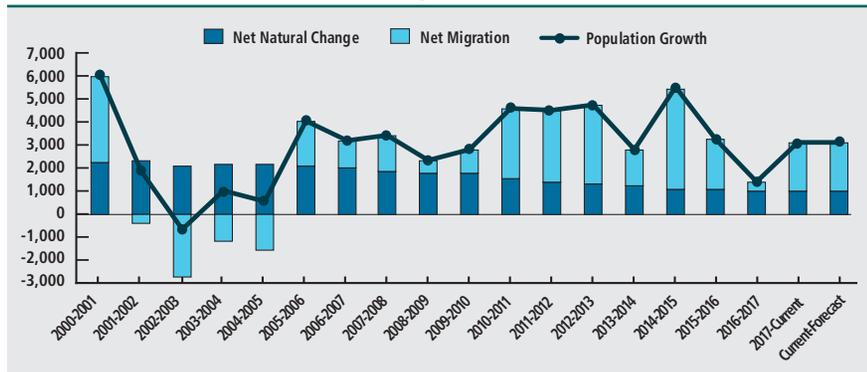
Note: Average annual changes and percentage changes are based on averages from 2000–2010, 2010 to current, and current to forecast.
Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by the analyst



From 2000 to 2010, the HMA population increased by only about 330, or 0.1 percent, a year, largely because of out-migration early in the decade (Figure 6). From 2001 to 2005, following the recession, net out-migration averaged about 1,500 people a year, mainly due to job losses following the bursting of the dot-com bubble in 2000 and subsequent sluggish economic recovery in the HMA. The trend reversed later in the decade, with net in-migration averaging nearly 1,600 people a year from 2005 to 2008, but migration then slowed to about 800 people a year from 2008 to 2010 with the onset of the last recession.

In addition to job growth since 2010, rising enrollment at CU-Boulder contributed to increased net in-migration. Fall semester enrollment averaged about 28,850 students from 2005 through 2007 but increased to 30,000 students during 2009 through 2011 (Figure 7). Enrollment declined slightly during the subsequent economic recovery, averaging about 29,450 students from 2012 through 2014, but in the past 4 years, enrollment has increased by nearly 1,200 students, or 4 percent, a year, to approximately 34,500 students in fall 2018. This was partly due to growth in the number of high school graduates in Colorado and of international students attending CU-Boulder.

Figure 6. Components of Population Change in the Boulder HMA, 2000 through the Forecast



Note: Net natural change and net migration totals are average annual totals over the time period.
Source: U.S. Census Bureau, Bureau of Labor and Statistics

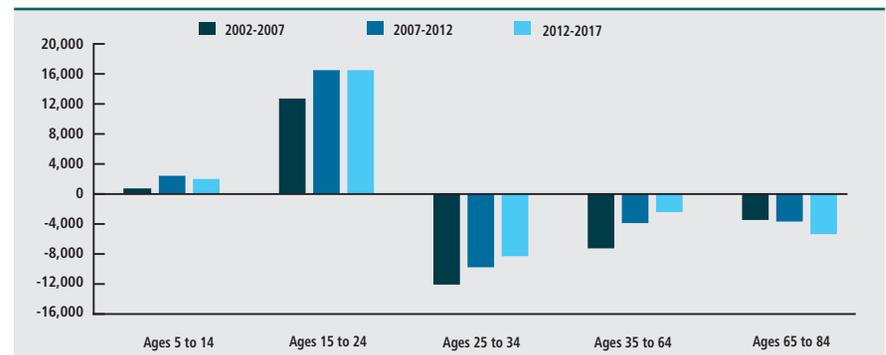
The migration by age group (Figure 8) is typical for an HMA with a large university presence—that is, net in-migration of college-age people, followed by net out-migration of older age groups. From 2007 to 2017 (roughly corresponding to the last recession and the subsequent recovery), net out-migration among the population ages 65 to 84 increased slightly, but out-migration decreased among people ages 25 to 64.

Figure 7. CU-Boulder Fall Semester Student Enrollment



Source: CU-Boulder Institutional Research

Figure 8. Annual Net Migration for Selected Age Groups in the Boulder HMA, 2002–2017

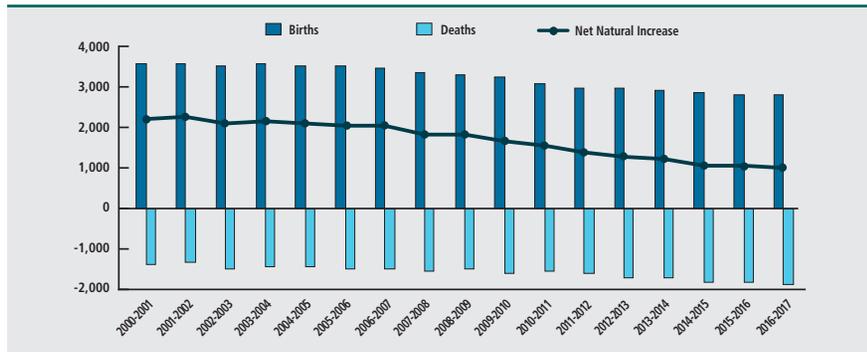


Sources: Census Bureau Population Estimates; Colorado Vital Statistics Program; and estimates by the analyst



Net natural increase (resident births minus resident deaths) has declined in the HMA since the early 2000s, reflecting both increases in the number of deaths and decreases in the number of births (Figure 9). Net natural increase averaged about 2,250 people a year from 2000 to 2002, reflecting annual births and deaths of 3,580 and 1,330 people, respectively. During 2015 to 2017, by comparison, net natural increase averaged only about 1,000 people a year, with annual births decreasing to 2,840 and deaths increasing to 1,820. The steady increase in deaths reflects an aging population: from 2000 to 2017, the median age in the HMA increased from 33.4 to 36.5 years, similar to the national increase from 35.3 to 38.1 years. The decline in births in the HMA partly reflects job losses during the last recession and the relatively sluggish income growth during the early years of the current expansion.

Figure 9. Components of Net Natural Increase, Boulder HMA



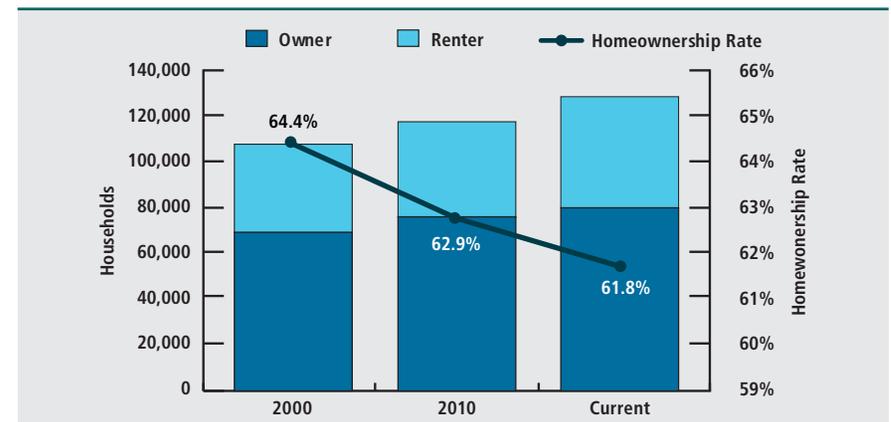
Source: Census Bureau Population Estimates; current—estimates by the analyst

Household Trends

As of October 2018, the number of households is estimated at 129,000, including approximately 79,700 owner and 49,300 renter households (Figure 10). Household growth since 2000 mostly reflected population trends in the Boulder HMA. From 2000 to 2010, households increased by approximately 460, or 0.4

percent, a year, or slightly faster than the 0.1-percent population growth. Since 2010, households increased by nearly 1,150, or 0.9 percent, a year, or slightly below the 1.2-percent population growth. The lagging growth in households since 2010 partly reflects rising housing costs in the HMA. In addition, group quarters housing increased by nearly 1,600 beds since 2010 with the construction of new dormitories, assisted living, and nursing facilities, and the non-household population in the HMA increased by about 270 people a year.

Figure 10. Households by Tenure and Homeownership Rate in the Boulder HMA



Source: 2000 and 2010—2000 Census and 2010 Census; current—estimates by the analyst

Forecast

During the next 3 years, the HMA population is expected to increase by 3,075, or 0.9 percent, a year, to 335,600, similar to the population growth in the past 3 years. Net in-migration of nearly 2,100 people a year is expected, and net natural increase is expected to remain steady, at approximately 1,000 people a year. The number of households in the Boulder HMA is expected to increase by about 1,300, or 1.0 percent, a year, to 132,900.

Home Sales Market Conditions

Market Conditions: Tight

Employment growth, net in-migration, and rising incomes boosted demand for home sales, but the supply did not keep pace with the increase in demand.

Trends in Sales Market Conditions

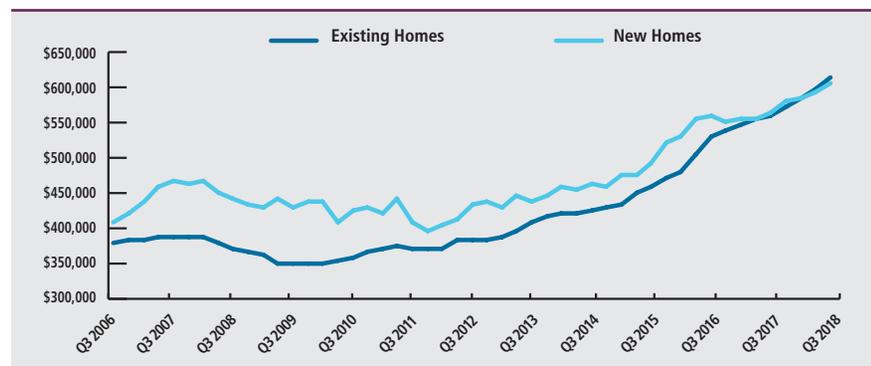
The home sales market in the Boulder HMA is tight. Approximately 1,050 existing single-family homes, condominiums, and townhomes were available for sale at the end of September 2018, representing a 2.3-month supply at the current sales rate, down from 1,225 homes for sale, or a 2.8-month supply, in September 2017 (Colorado Association of Realtors®). The high incomes in the HMA, combined with a tight sales market, have resulted in relatively high home sales prices. Nationwide, existing home prices averaged about \$289,900 during the 12 months ending September 2018, up 3 percent from a year earlier. During the 12 months ending September 2018, existing home prices in the HMA averaged about \$612,300, up more than 9 percent from the preceding 12 months (Figure 11), and approximately 5,300 existing homes sold, an increase of nearly 2 percent

from the 5,225 homes sold in the preceding 12 months (Figure 12; Metrostudy, A Hanley Wood Company, with adjustments by the analyst).

Approximately 3,775 existing single-family detached homes in the HMA sold during the 12 months ending September 2018, up 2 percent from 3,700 homes sold in the previous 12 months. Sales of other unit types, including condominiums and townhomes, totaled approximately 1,550, up slightly from about 1,525 sales in the previous 12 months. Prices for existing single-family detached homes averaged about \$684,700 in the 12 months ending September 2018, up 9 percent from a year earlier, whereas prices for other existing units averaged \$434,800, up 10 percent from a year earlier.

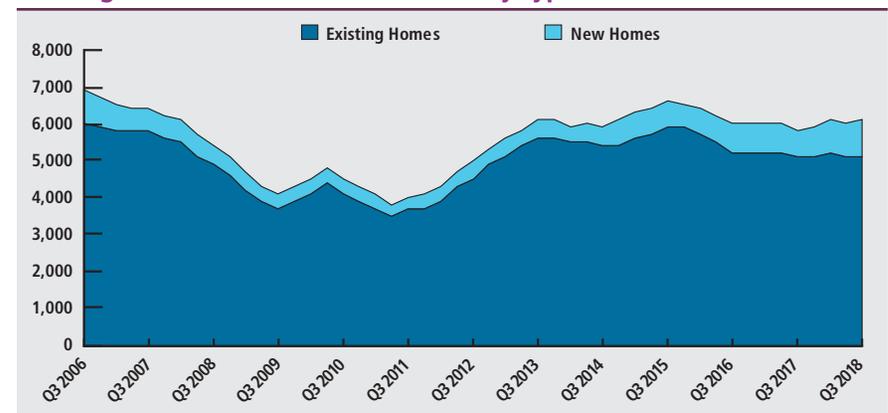
In part, the rapid price increases for existing homes is a result of an increase in demand for sales housing—including demand by first-time homebuyers. Consequently, market conditions are tightest for lower priced units, such as condominiums and townhomes. In September 2018, condominium and townhome active listings represented a 2.2-month supply of homes for sale, up slightly from a 2.1-month supply a year earlier, whereas single-family home listings represented a 2.4-month supply of homes, down slightly from a 3.1-month supply a year earlier (Colorado Association of Realtors®). Nevertheless, as shown in Figure 10,

Figure 11. 12-Month Average Sales Price by Type of Sale in the Boulder HMA



Sources: Metrostudy, A Hanley Wood Company; with adjustments by the analyst

Figure 12. 12-Month Sales Totals by Type in the Boulder HMA



Sources: Metrostudy, A Hanley Wood Company; with adjustments by the analyst



the homeownership rate in the HMA has declined 2.6 percentage points since 2000. The greatest declines were among the age 25 to 34 and 35 to 44 cohorts, which decreased 12 and 19 percentage points, respectively.

The strong price gains for existing homes, combined with a low for-sale supply, have led to rising demand for new homes. During the 12 months ending September 2018, approximately 975 new homes sold in the HMA, up 24 percent from a year earlier. New home prices averaged about \$605,800 during the 12 months ending September 2018, an increase of nearly 8 percent from the preceding 12 months. In the past 6 years, price appreciation for existing homes has outpaced that of new homes. From 2009 through 2012, when demand for existing homes was weaker, new home prices averaged nearly 20 percent more than existing home prices, but in the past 2 years, average existing home prices have nearly matched new home prices. In part, the converging price trends reflect locational differences: more than one-half of existing home sales are in high-cost areas in the HMA, including cities such as Boulder and Louisville, whereas nearly two-thirds of the new home construction is occurring in lower cost areas, such as Longmont and Erie.

Delinquent Mortgages and REO Properties

Since 2000, the rate of seriously delinquent mortgages (90 or more days delinquent or in foreclosure) and REO properties in the Boulder HMA has remained well below the national rate. In September 2018, 0.3 percent of mortgages in the HMA were seriously delinquent or had transitioned into REO (real estate owned) status, a rate unchanged from a year earlier (Table 4). Nationally, the rate declined from 2.2 to 1.8 percent during the same period. In early 2010, the rate of seriously delinquent mortgages and REO properties in the HMA peaked at 2.8 percent, remaining well below the national rate, which peaked at 8.6 percent.

Sales Permitting Activity

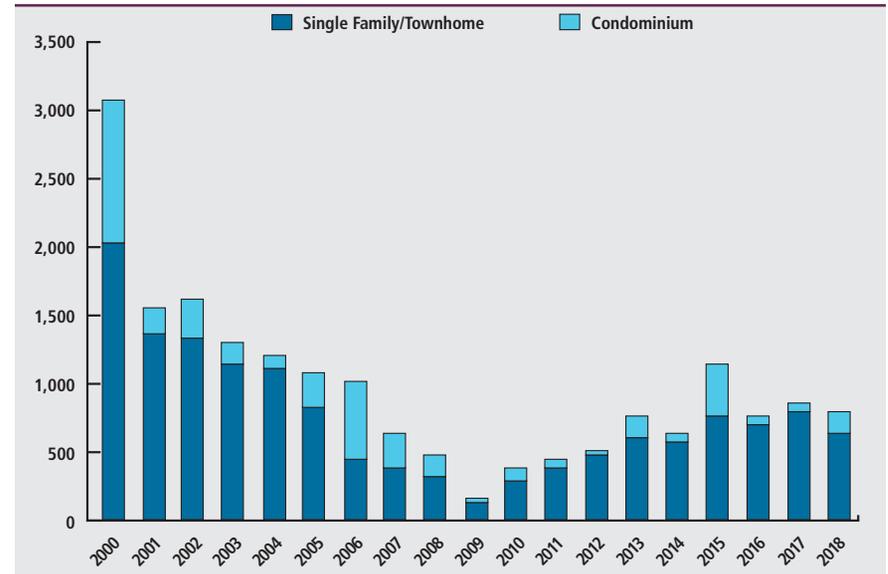
During the 12 months ending September 2018, approximately 810 new single-family homes were permitted in the HMA, an 18-percent increase from the 690 homes permitted in the previous 12 months (Figure 13). The increase occurred entirely in Longmont, where more than 500 homes were permitted, up from 310 homes in the previous 12 months; single-family homebuilding remained

Table 4. Home Sales Quick Facts in the Boulder HMA

	Boulder HMA	Nation
Vacancy Rate	0.5%	NA
Months of Inventory	2.3	3.5
Total Home Sales	6,275	342,500
1-Year Change	4.5%	2.4%
Average Price-New	\$605,800	\$377,000
1-Year Change	7.6%	-1.5%
Average Price-Existing	\$612,300	\$289,900
1-Year Change	9.2%	3.3%
Mortgage Delinquency Rate	0.3%	1.8%

NA = data not available.
 Notes: Vacancy rate is as of the current date, home sales and prices are for the 12 months ending September 2018, and months of inventory and mortgage delinquency data are as of September 2018.
 Sources: Colorado Association of Realtors® and Metrostudy, A Hanley Wood Company; with adjustments by the analyst

Figure 13. Average Annual Sales Permitting Activity in the Boulder HMA



Notes: Includes single-family, townhomes, and condominiums. 2018 includes data through September 2018.
 Sources: U.S. Census Bureau, Building Permits Survey; 2000–2017 final data and analyst estimates; 2018 preliminary data and estimates by the analyst



flat or declined in all other areas in the HMA. Building activity near Longmont accounted for nearly two-thirds of single-family home construction in the HMA. At the Harvest Junction development, in south Longmont, approximately 50 of the 275 lots have sold. The homes range in size from about 1,730 to 3,210 square feet and in price from approximately \$471,000 to \$588,000. The Lost Creek Farm development, near Erie, began construction in late 2018 and contains about 40 lots. The home sizes range from about 1,970 to 3,400 square feet, and the prices range from \$630,000 to \$735,000.

Attached units, such as condominiums and townhomes, represented only a small share of the units built for owner occupancy in the HMA. Approximately 150 owner units were permitted in the 12 months ending September 2018, up from 50 units during the previous 12 months. In the past 24 months, the developments containing attached for-sale units consisted mainly of townhome or small condominium projects in Boulder, Longmont, and Lafayette.

Forecast

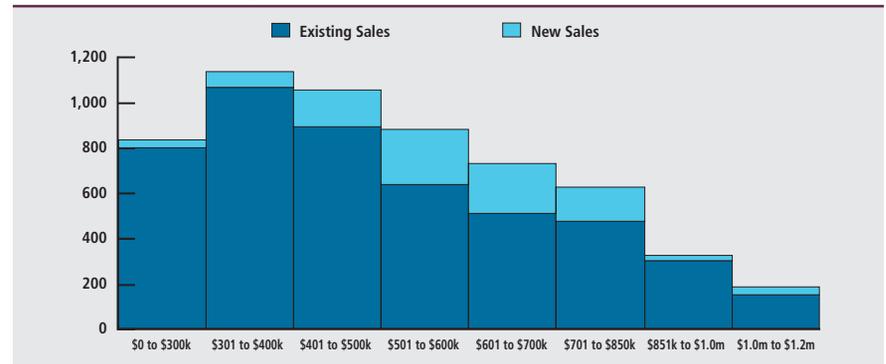
During the next 3 years, demand is expected for 2,200 new sales units in the Boulder HMA (Table 5). The 300 homes currently under construction will meet a portion of the demand. The sales demand is expected to remain stable during the 3-year period. Although attached units, such as condominiums and townhomes, will meet some of the demand in the lower price ranges, demand will be greatest for single-family homes priced between \$500,000 and \$700,000 (Figure 14).

Table 5. Demand for New Sales Construction Units in the Boulder HMA During the Forecast Period

Sales Units	
Demand	2,200 Units
Under Construction	300 Units

Source: Estimates by the analyst

Figure 14. Sales by Price Range During the 12 Months Ending September 2018 in the Boulder HMA



Source: Metrostudy, A Hanley Wood Company

Rental Market Conditions

Market Conditions: Balanced

Rental conditions tightened after 2010 and the market was tight from 2013 through 2015, but the supply of new rental units increased significantly in the past 4 years.

Trends in Rental Market Conditions

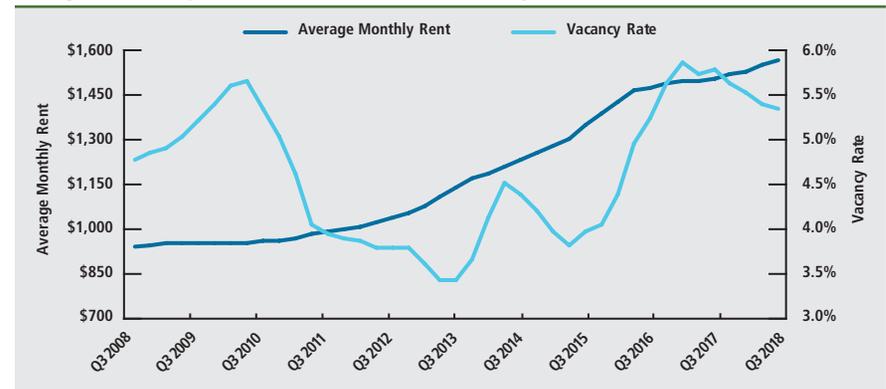
The overall rental market in the Boulder HMA is balanced, with a current vacancy rate for all types of rental units estimated at 5.8 percent, up from 4.6 percent in April 2010. The last recession did not lead to significant softening of rental market conditions, unlike most areas in the nation, and following the recession, both employment and population in the HMA grew strongly. By 2013, the rental market was tight; however, growth in supply was strong in the past 4 years, and the market has been balanced since 2016.

Nearly 55 percent of renter-occupied units in the HMA are in structures with five or more units, most of which are apartments; the remainder include renter-occupied single-family homes, mobile homes, townhomes, and structures with four or fewer units (2017 ACS 1-year estimates). Following the last recession, the rise in foreclosures in much of the nation led to an increase in distressed home sales to investors, causing many homes to become available as rental units. In the HMA, however, the foreclosure rate remained low after the last recession, and there were relatively few investor purchases of distressed or foreclosed properties. As a result, less than 1,500 units shifted from owner to renter occupancy since 2010, compared with more than 5,000 units during the previous decade.

Apartment Market Trends

The apartment market softened slightly after the last recession but remained balanced overall, and apartment conditions were tight during much of the subsequent expansion. Among conventional, stabilized properties (excluding subsidized units or new projects in lease-up), vacancies averaged 4.9 percent in 2008 but increased during 2009 and in mid-2010 peaked at 6.4 percent (*Apartment Insights*). Growth in demand caused vacancies to decline quickly, however, and by 2011, apartment conditions were tight, with the vacancy rate averaging less than 3.9 percent. In addition, from 2009 through 2012, new apartment completions in the HMA averaged fewer than 250 units a year, lagging behind the rebound in rental demand. Although completions began to increase in 2013, the market remained tight through 2015, with apartment vacancies averaging less than 4.0 percent from 2013 through 2015 (Figure 15). Since 2016, however, the growth in supply has kept pace with demand, and the

Figure 15. Apartment Rents and Vacancy Rates in the Boulder HMA



Source: *Apartment Insights*



apartment market has been balanced. Vacancies among conventional, stabilized properties have generally remained between 5.0 and 6.0 percent since the first quarter of 2016. In the third quarter of 2018, the apartment vacancy rate was 5.0 percent, down slightly from 5.2 percent a year earlier (Table 6).

As apartment demand weakened during the recession, rent growth was virtually flat during 2009 and 2010, with rents averaging \$953 (*Apartment Insights*). The market recovered quickly, however, and in 2011, the average apartment rent was up nearly 4 percent from a year earlier. When market conditions were tight, from 2012 through 2015, year-over-year rent increases for apartments averaged more than 10 percent. In the past 2 years, with the market becoming more balanced, annual rent growth has averaged slightly more than 3 percent, and in the third quarter of 2018, rents at conventional, stabilized properties averaged \$1,612, an increase of less than 4 percent from a year earlier.

Student Housing

CU-Boulder students represent an estimated 12 percent of renter households in the HMA and about 30 percent of renters in the city of Boulder. Many apartments near CU-Boulder targeted to students include two- to four-bedroom units with shared common areas and leases for individual bedrooms. Developments completed since 2010 include the 159-unit Plaza on Broadway Apartments, the 84-unit Province Boulder Apartments, and the 100-unit U Club on 28th, which opened in 2013, 2014, and 2016, respectively. Rents for student units typically range from about \$1,200 to \$1,400 per bedroom. Also, as noted earlier, group quarters construction has been strong in the HMA, including nearly 1,450 beds in new CU-Boulder dormitories since 2000. In addition, the 700-bed Williams Village East Residence Hall is currently under construction and expected to be complete by August 2019. The added group quarters will reduce the demand for construction of new rental units.

Rental Permitting Activity

During the 12 months ending September 2018, approximately 1,625 rental units were permitted in the HMA, or nearly double the 850 units permitted in the previous 12 months. The increase occurred largely in the cities of Boulder and Lafayette, with about 560 and 320 units permitted in the past 12 months, but building activity also remained strong in Longmont, with nearly 750 units permitted, unchanged from the previous 12 months. From 2012 through 2017, rental construction averaged approximately 860 units a year, compared with

Table 6. Rental and Apartment Market Quick Facts in the Boulder HMA

Rental Market Quick Facts	2010	Current	
	Rental Vacancy Rate	4.6%	5.8%
	Occupied Rental Units by Structure		
	Single-family Attached & Detached	33%	32%
	Multifamily (2-4 units)	14%	13%
Multifamily (5+ units)	50%	54%	
Other (including Mobile Homes)	2%	1%	

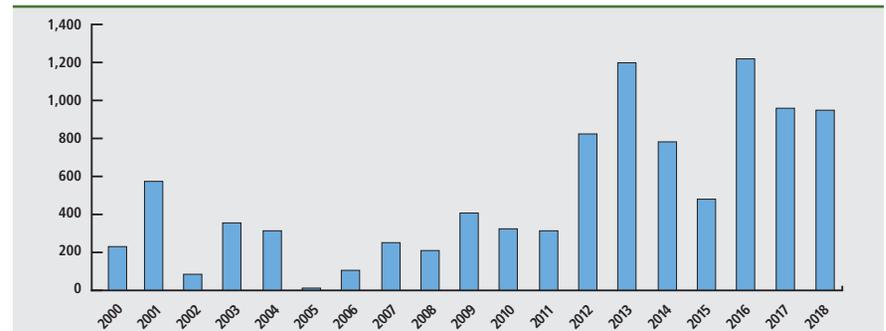
Apartment Market Quick Facts	Current	YoY Change	
	Apartment Vacancy Rate	5.0%	-0.2 pp
	Average Rent	\$1,610	4%
	Studio	\$1,300	6%
	One-Bedroom	\$1,455	6%
	Two-Bedroom	\$1,735	2%
Three-Bedroom	\$2,045	5%	

YoY = year-over-year.

Notes: The current date is as of October 1, 2018. Current data for "rental units by structure" are American Community Survey, 2016 1-year data. Apartment data are *Apartment Insights*.

Sources: American Community Survey, 1-year data; *Apartment Insights*

Figure 16. Annual Average Rental Permitting Activity in the Boulder HMA



Sources: U.S. Census Bureau, Building Permits Survey; 2000–2017 final data and analyst estimates; 2018 preliminary data and estimates by the analyst

fewer than 400 units a year from 2008 through 2011 (Figure 16). Nearly all the rental construction in the HMA since 2010 has been in the cities of Boulder, Longmont, Lafayette, and Louisville, which accounted for 39, 37, 17, and



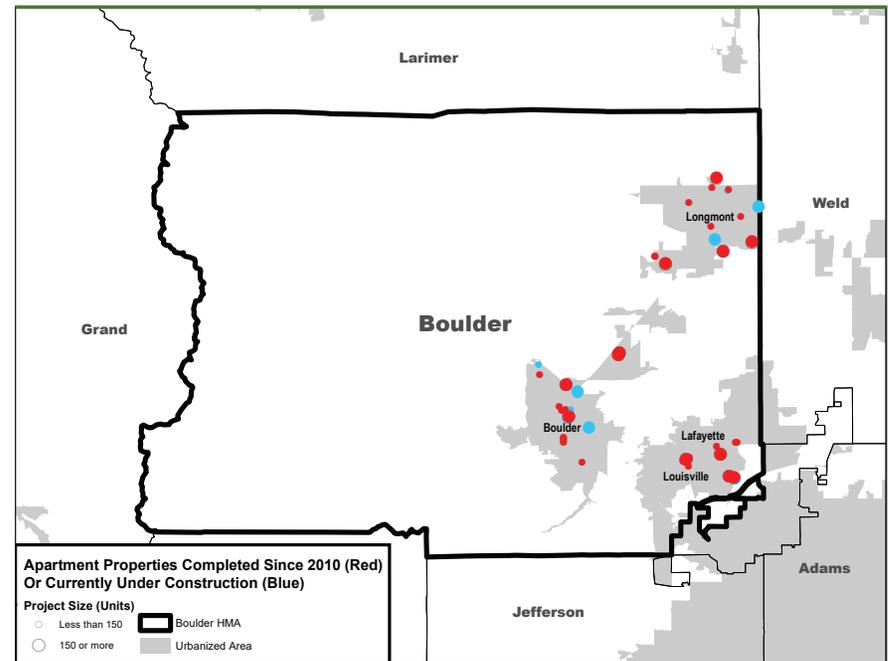
7 percent of the building activity, or about 4,250, 4,025, 1,825, and 800 units, respectively (Map 2). In 2018, the city of Boulder extended through 2020 a current ban on buildings taller than 55 feet, which limits the amount of high-density housing, including large apartment projects, that can be built there.

The 276-unit Watermark at Harvest Junction Apartments, in the city of Longmont, was completed in mid-2018, and the property is currently leasing up. The rents range from about \$1,245 to \$1,365 for one-bedroom units; from \$1,710 to \$1,850 for two-bedroom units; and from \$2,195 to \$2,235 for three-bedroom units. The Delo Apartments, part of a mixed-use development in the city of Louisville, was completed in late 2017. The rents range from about \$1,140 to \$1,470 for studios; from \$1,510 to \$2,125 for one-bedroom units; from \$2,215 to \$2,645 for two-bedroom units; and from \$1,425 to \$2,885 for three-bedroom units.

Forecast

During the next 3 years, demand is expected for 2,150 new rental units in the Boulder HMA (Table 7). The 1,625 units currently under construction will meet a portion of the demand. The demand is expected to remain stable during the forecast period, at slightly more than 700 units a year, but the supply currently under construction will meet the demand during the first 2 years of the forecast. Construction of additional units should be timed to enter the market beginning in October 2020 or later.

Map 2. Apartment Construction Projects in the Boulder HMA



Source: Apartment Insights

Table 7. Demand for New Rental Construction Units in the Boulder HMA During the Forecast Period

Rental Units	
Demand	2,150 Units
Under Construction	1,625 Units

Source: Estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Demand	The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.
Other Vacant Units	In this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.
Building Permits	Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Distressed Sales	Short sales and real estate owned (REO) sales.
Seriously Delinquent Mortgages	Mortgages 90+ days delinquent or in foreclosure.



Home Sales/ Home Sales Prices	Includes single-family, townhome, and condominium sales.
Rental Market/ Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Forecast Period	10/1/2018–10/1/2021—Estimates by the analyst

B. Notes on Geography

1.	The Boulder metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.
2.	Urbanized areas are defined using the U.S. Census Bureau’s 2010 Census Urban and Rural Classification and the Urban Area Criteria.
3.	The Census Tracts referenced in this report are from the 2010 Census.



C. Additional Notes

1.	This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.
2.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

D. Photo Credit

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For additional data pertaining to the housing market for this HMA, go to huduser.gov/portal/ushmc/chma_archive.html.

