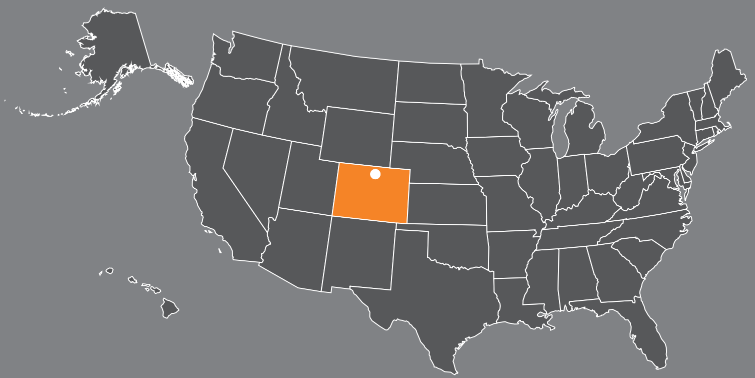
HUD PD&R **Housing Market Profiles**

Boulder, Colorado

Quick Facts About Boulder

- **Current sales market conditions: balanced**
- **Current rental market conditions: slightly soft**
- **The Boulder metropolitan area is in the foothills at the eastern edge of the Rocky Mountains. Two-thirds of the metropolitan area consists of approximately 320,000 acres of open space where, to protect the natural landscape, development is not permitted. The estimated number of visits to the parks and trails in 2018 was 1.65 million—a decrease of 4 percent from the previous year (Boulder County Parks & Open Space).**



By Antonio Purcell de Ogenio | As of July 1, 2020

Overview

The Boulder metropolitan area is coterminous with Boulder County in central Colorado. The University of Colorado (hereafter CU-Boulder) has the highest student enrollment in Colorado and collaborates with several federal laboratories in the metropolitan area on aerospace, bioscience, high-tech, and renewable energy research. The Boulder metropolitan area offers numerous outdoor recreation amenities in nearby national parks and wilderness areas and tourism is also a major industry.

From 2011 through early 2020, the Boulder metropolitan area economy expanded, mostly because of strong growth in the professional and business services sector; however, countermeasures implemented in March 2020 to prevent the spread of COVID-19 significantly weakened the economy. The enforcement of social distancing and limited nonessential travel strongly affected service-providing job sectors, with the leisure and hospitality sector losing the bulk of nonfarm payrolls.

- The Boulder metropolitan area population is estimated at 327,300 as of July 1, 2020, representing an average increase of 1,525, or 0.5 percent, annually since 2016. This rate is slower than the average of 4,375 people, or 1.4 percent, from 2010 to 2016.

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- From 2010 to 2016, net in-migration averaged 3,125 people a year and constituted approximately 71 percent of population growth. Since 2016, net in-migration has contributed approximately 52 percent of the population growth and averaged 790 people a year, in part due to more affordable housing outside the Boulder metropolitan area.
- From 2010 to 2016, domestic migration averaged 1,850 people a year and made up nearly 70 percent of net in-migration; however, from 2016 to 2019, the yearly average dropped to 330 people a year, totaling 27 percent of net in-migration.

Economic Conditions

Economic conditions strengthened in the Boulder metropolitan area from 2011 through early 2020, with nonfarm payrolls increasing an average of 2.5 percent annually, before the COVID-19 pandemic severely affected the economy in early 2020. Nonfarm payrolls decreased by 11,400 jobs, or 5.7 percent, during the second quarter of 2020, to 187,200 jobs. In contrast, the metropolitan area economic downturn was less severe than the declines in the state and the nation, in which nonfarm payrolls declined 8.6 and 11.3 percent, respectively.

During the second quarter of 2020—

- The service-providing sectors declined by 9,700 jobs or 5.6 percent. Six of the nine sectors lost jobs, largely due to countermeasures to slow the spread of COVID-19.
- The leisure and hospitality sector lost the most jobs, decreasing by 8,000 jobs, or 37 percent. That loss was the result of job losses at hotels and restaurants. Embassy Suites by Hilton and Hilton Garden Inn, both operated by

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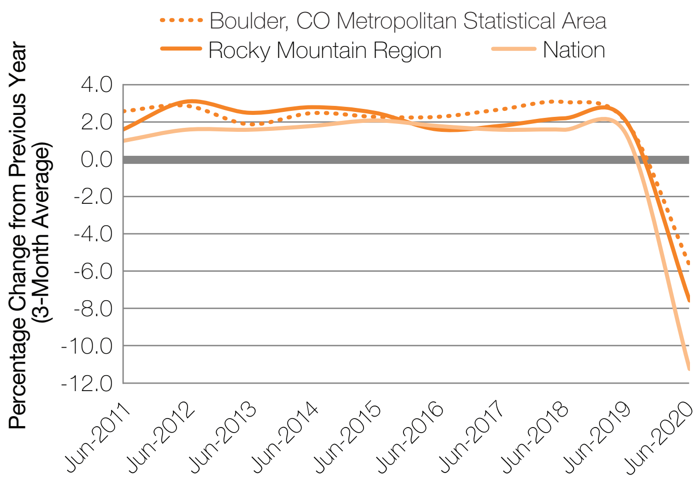
During the second quarter of 2020, nonfarm payrolls in the Boulder metropolitan area fell at a slower rate than in the nation and in Colorado.



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

Only 3 of 11 nonfarm payroll sectors in the Boulder metropolitan area added jobs during the second quarter of 2020.

	Second Quarter 2019 (Thousands)	Second Quarter 2020 (Thousands)	Year-Over-Year Change Absolute (Thousands)	Year-Over-Year Change Percent
Total Nonfarm Payrolls	198.6	187.2	-11.4	-5.7
Goods-Producing Sectors	25.7	24.0	-1.7	-6.6
Mining, Logging, & Construction	6.0	5.5	-0.5	-8.3
Manufacturing	19.7	18.5	-1.2	-6.1
Service-Providing Sectors	172.9	163.2	-9.7	-5.6
Wholesale & Retail Trade	24.0	22.0	-2.0	-8.3
Transportation & Utilities	1.8	1.7	-0.1	-5.6
Information	8.5	7.8	-0.7	-8.2
Financial Activities	7.3	6.9	-0.4	-5.5
Professional & Business Services	37.3	38.2	0.9	2.4
Education & Health Services	26.5	26.6	0.1	0.4
Leisure & Hospitality	21.6	13.6	-8.0	-37.0
Other Services	6.2	5.6	-0.6	-9.7
Government	39.7	41.0	1.3	3.3
Unemployment Rate	2.4%	9.2%		

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

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Sage Hospitality Group, temporarily laid off 126 employees in management, food service, and front desk roles; and Bartaco, in downtown Boulder, had more than 50 layoffs (*Daily Camera*).

- The wholesale and retail trade sector had the second largest jobs loss in the metropolitan area, declining by 2,000 jobs, or 8.3 percent, to 22,000. Nearly 90 percent of the decline was in the retail trade subsector.
- The government sector—the largest payroll sector in the metropolitan area—added 1,300 jobs or 3.3 percent, to 41,000 jobs from a year earlier. The metropolitan area is home to multiple federal research labs, supporting approximately 7,625 jobs; those jobs had an economic impact of $1.1 billion in 2015 (*Daily Camera*).
- The unemployment rate averaged 9.2 percent, up from 2.4 percent a year earlier. The number of unemployed residents averaged 17,900—nearly four times the number of unemployed residents during the second quarter of 2019.

Some companies have adapted to current social distancing requirements and have experienced job gains. AGC Biologics announced a $100 million investment to acquire a 300,000-square-foot facility and hire 280 workers within the next 8 years to revive manufacturing operations in Boulder (*The Denver Post*). CordenPharma International, a full-service contract development and manufacturing company, has two operations in the city of Boulder and is expected to add 30 employees this year. Colorado-headquartered King Soopers, a subsidiary of The Kroger Co., has added 300 workers since March 2020. An additional 380 new employees were added among four Walmart Inc. stores and one Sam's West, Inc. (Sam's Club) department store during the second quarter of 2020.

Largest Employers in the Boulder Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Medtronic PLC	Manufacturing	2,475
Boulder Community Health	Education and Health Services	2,375
Ball Aerospace & Technologies Corporation	Manufacturing	1,600

Note: Excludes local school districts.
Source: Metro Denver Economic Development Corporation

Sales Market Conditions

The sales housing market in the Boulder metropolitan area is currently balanced, with an estimated vacancy rate of 1.2—down from 1.8 percent in April 2010. In June 2020, the number of active home listings represented a 2.3-month supply of homes available for sale. This number is down from a 2.8-month supply of homes for sale in June 2019 and down from a 6.4-month supply in April 2010 (CoreLogic, Inc.), when the market was soft following the 2008 housing market downturn.

As a result of the economic impacts from COVID-19 and the countermeasures taken to contain its spread, an increasing number of homeowners have fallen behind on their mortgage payments. This situation has caused the percentage of seriously delinquent home loans (90 or more days delinquent or in foreclosure) and real estate owned (REO) properties in the metropolitan area to increase. As of June 2020, the rate was 1.9 percent—up from 0.2 percent a year earlier. By comparison, the rates in Colorado and the nation were 5.6 and 4.0 percent, respectively, during June 2020. In June 2020, nearly 690 home loans in the Boulder metropolitan area were 90 or more days delinquent—an increase of 290 percent from the previous month.

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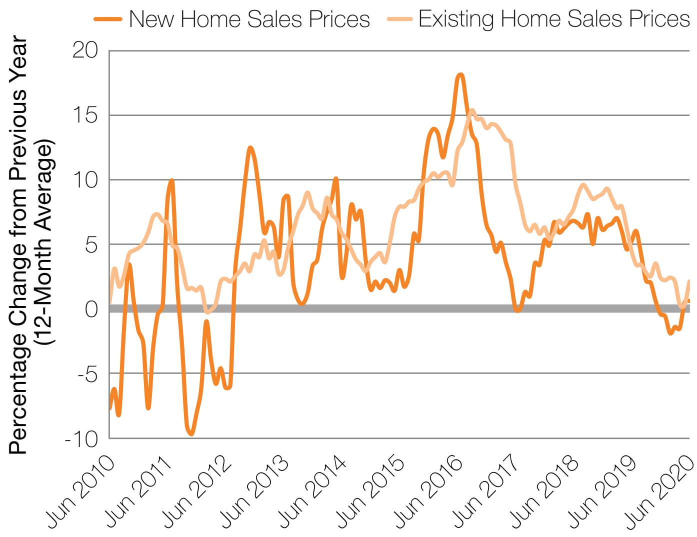
During the 12 months ending June 2020, existing home sales prices increased slightly faster than new home sales prices in the Boulder metropolitan area.



Note: Includes single-family homes, townhomes, and condominiums.
Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

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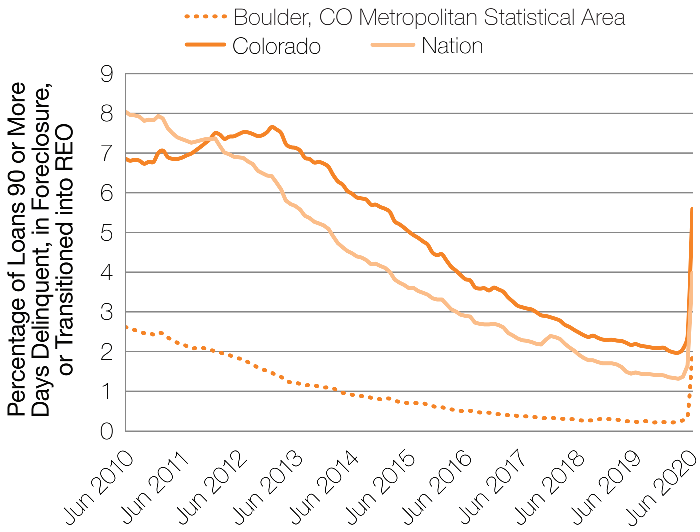
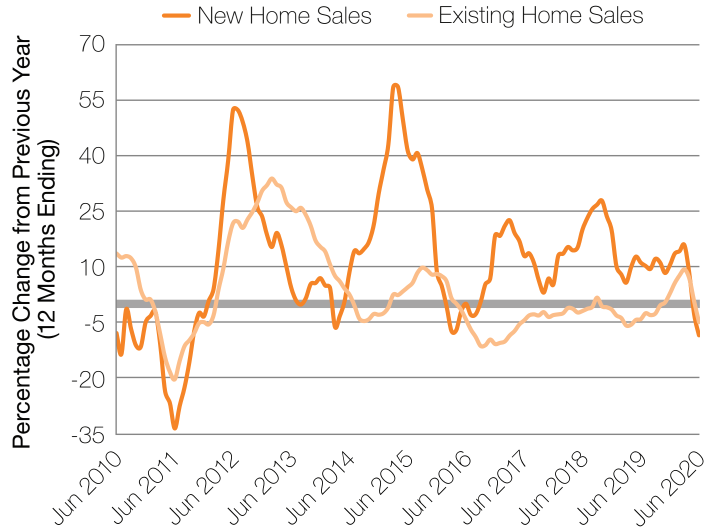
Despite an increase in the rate of seriously delinquent mortgages and REO properties in the Boulder metropolitan area during June 2020, the rate remains below the rate for the state and the nation.



REO = real estate owned.
Source: CoreLogic, Inc.

New and existing home sales in the Boulder metropolitan area decreased during the 12 months ending June 2020, in part due to the uncertainty with the COVID-19 pandemic.



Note: Includes single-family homes, townhomes, condominiums, or any combination.
Source: Metrostudy, A Hanley Wood Company, with adjustments by the analyst

During the 12 months ending June 2020—

- Sales of existing homes decreased 5 percent from the previous 12 months, to 4,825 homes sold, partly because of the social distancing orders; however, in the previous 12 months, existing home sales declined 4 percent. Decreasing levels of for-sale inventory have contributed to a decline in the number of existing home sales and to rising prices in the metropolitan area.
- New homes for sale declined nearly 9 percent, to 980 homes sold, in part due to the uncertainty in the housing market. By comparison, new home sales increased an average of 13 percent a year from 2011 through 2019, to 1,125 homes sold (Metrostudy, A Hanley Wood Company, with adjustments by the analyst).
- The average sales price for existing homes increased approximately 2 percent from a year earlier to $636,500. By contrast, the average annual sales price growth was 10 percent from 2016 through 2018; however, in 2019, the average sales price growth slowed to 2 percent (Metrostudy, A Hanley Wood Company, with adjustments by the analyst).
- The average sales price for new homes in the metropolitan area increased by less than 1 percent from a year earlier, to $629,000 (Metrostudy, A Hanley Wood Company, with adjustments by the analyst). As prices recovered from the average low of $370,300 in 2011, the median income has not kept up with the growth of home prices in the Boulder metropolitan area. From 2011 through 2019, median income increased 29 percent to $88,535, whereas the average new home price increased 44 percent to $614,200 (2011 and 2019 American Community Survey, 1-year estimates).

Homebuilding activity, as measured by the number of single-family homes permitted, is concentrated in the cities of Longmont and Lafayette, where developable land is available and affordable. These cities are in contrast to the city of Boulder, which is mostly built out and is surrounded by 45,000 acres of protected space. Construction growth limitations imposed by the city government include height restrictions ranging from 35 to 55 feet on new housing (BoulderColorado.gov).

- During the 12 months ending June 2020, single-family home permitting decreased 18 percent from the previous 12 months, to 580 homes permitted in the metropolitan area (preliminary data). By comparison, from 2011 through 2018, the number of single-family homes permitted increased an average of 11 percent a year, to reach 900 homes; however, the number of single-family homes permitted declined 18 percent in 2019, to 740 homes permitted.
- West of Longmont, the 79-lot West Grange community is approximately 80 percent built out. The community offers

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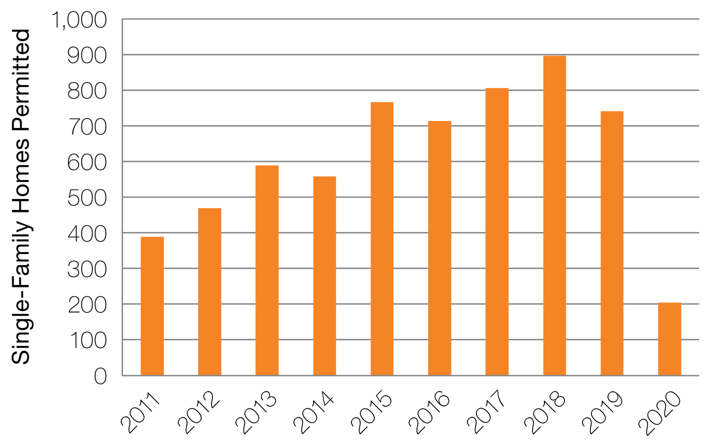
townhomes, duplexes, and single-family homes for sale, starting at $429,900, $639,900 and $724,900, respectively.

- In Lafayette, construction began on the 47-lot Markel Homes development in the Silver Creek neighborhood in early 2019. The development is more than 50 percent built out, with an emphasis on smaller homes. Sales prices for the 945-square-foot, energy-efficient homes start at $480,000 and 3,000-square-foot homes with finished basements start at $780,000.

Single-family home construction in the Boulder metropolitan area peaked in 2018 after rising nearly every year since 2011.



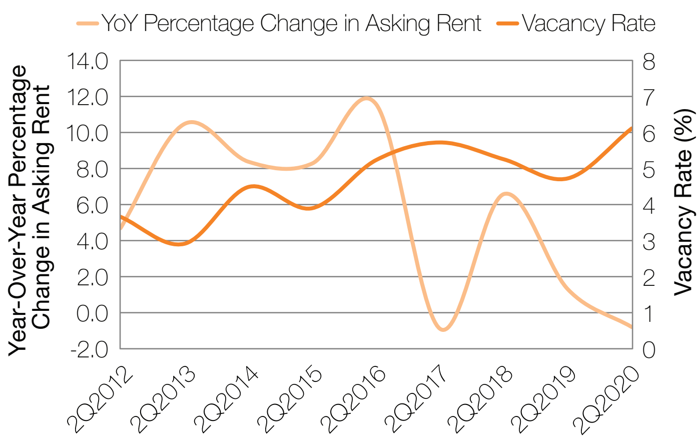
Note: Includes preliminary data from January 2020 through June 2020.
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst

Rental Market Conditions

Rental market conditions in the Boulder metropolitan area are slightly soft, with an estimated vacancy rate of 7.7 percent. Attached and detached single-family homes are an important source of rental supply in the Boulder metropolitan area, with 36 percent of the renters residing in that type of unit as of 2019, higher from 33 percent in 2010.

- During the second quarter of 2020, the average rent decreased by nearly 1 percent, to $1,600. Rent growth slowed in the past year, partly due to massive layoffs in the metropolitan area.
- The vacancy rate among stabilized apartments averaged 6.1 percent during the second quarter of 2020—up from 4.7 percent a year earlier, when conditions were balanced (*Apartment Insights*). By comparison, apartment market conditions are slightly soft due in part to the surge in units built in 2018 and slowing population growth.
- Approximately 1,550 units in seven properties are in lease up in the metropolitan area. Nearly 50 percent of those units are in the city of Longmont, where the vacancy rate was 6.5 percent during the second quarter of 2020—up from 5.9 percent a year earlier (*Apartment Insights*).
- The average rent for market-rate apartments in lease up during the second quarter of 2020 was $2,041. The Phase I development of the 253-unit South Main Station, in the city of Longmont, is in lease up (*Apartment Insights*). The development includes studio, one-bedroom, and two-bedroom units, with rents starting at $1,408, $1,533, and $1,797, respectively.

A large number of units in lease up contributed to the increased vacancy rate and slower rent growth in the Boulder metropolitan area during the past 2 years.



2Q = second quarter. YoY = year-over-year.
Source: *Apartment Insights*

Multifamily home construction, as measured by the number of multifamily units permitted, peaked in 2018, with 2,050 units permitted. The level of permitting returned to 900 units in 2019. In the metropolitan area, approximately 1,075 units are currently under construction.

- During the 12 months ending June 2020, approximately 810 multifamily units were permitted—a 51-percent decline from

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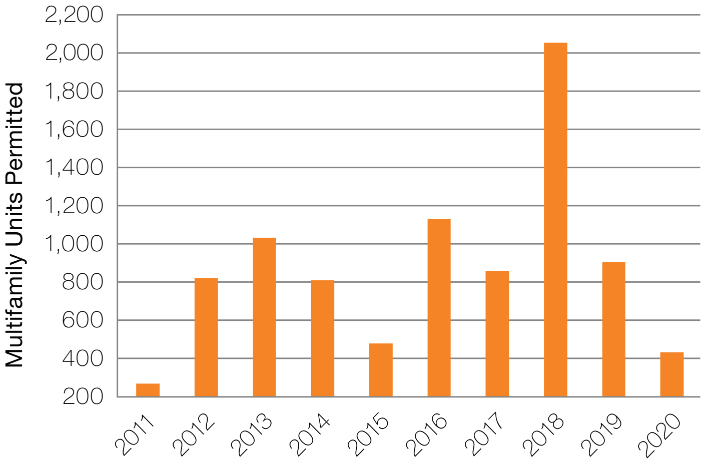
the 1,650 units permitted during the previous 12 months (preliminary data, with adjustments by the analyst). From 2011 through 2017, multifamily construction averaged 770 units a year—an increase from the average of 330 units permitted from 2000 through 2010.

- In North Boulder, the 201-unit development The Armory, which is a renovated retired Colorado National Guard post, started in late 2019 and will be available for lease up in 2021.
- In Longmont, the 208-unit market-rate Clovis Point Apartments are under construction and are expected to be completed by the end of 2020. Monthly rents for studio, one-bedroom, two-bedroom, and three-bedroom units start at $1,374, $1,390, $1,730, and $2,270, respectively (Clovispointapartments.com).
- Three properties in lease up include units restricted to households with incomes at or below 60 percent of the area median income: the 53-unit The Bus Stop Apartments, the 105-unit The Ellipse, and the 60-unit Fall River at Prairie Village. Those apartments started lease up in late 2019 and early 2020 and account for approximately 12 percent of all apartments in lease up.

Following a peak in multifamily home construction in 2018, the Boulder metropolitan area permitting activity has decreased, as supply catches up to demand.



Note: Includes preliminary data from January 2020 through June 2020.
Source: U.S. Census Bureau, Building Permits Survey, with estimates by the analyst