

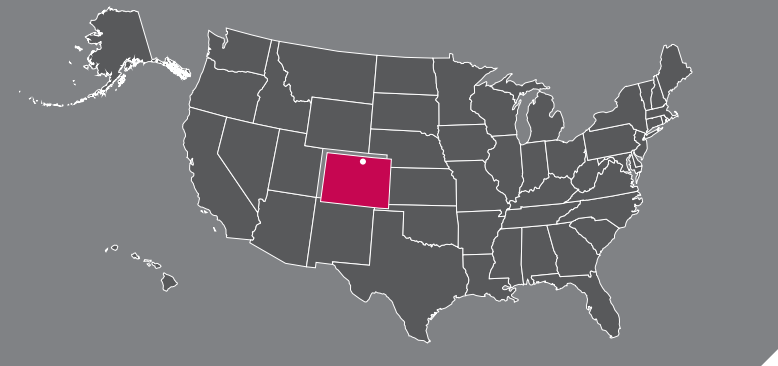
HUD PD&R Housing Market Profiles

Fort Collins, Colorado



Quick Facts About Fort Collins

- **Current sales market conditions: balanced.**
- **Current apartment market conditions: tight.**
- **More than 50 percent of the land in the metropolitan area is designated as national park or forest.**



By Katharine Auchter | As of July 1, 2013

Overview

The Fort Collins metropolitan area is coterminous with Larimer County in northern Colorado. The city of Fort Collins, near the foothills of the Rocky Mountains and 65 miles north of Denver, is home to Colorado State University (CSU).

- As of July 1, 2013, the estimated population in the metropolitan area was 315,200, an increase of 4,790, or 1.6 percent, annually since April 1, 2010.
- More than 65 percent of population growth since 2010 resulted from net in-migration.
- From 2005 through 2010, the population increased by an average of 5,100, or 1.8 percent, annually, with nearly one-half of that population growth from net in-migration.
- Note: This analysis was prepared before recent floods occurred in this area of Colorado.



Nonfarm payrolls increased in most sectors in the Fort Collins area during the second quarter of 2013, led by the professional and business services sector.

	3 Months Ending		Year-Over-Year Change	
	June 2012 (thousands)	June 2013 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	140.8	143.6	2.8	2.0
Goods-producing sectors	19.6	19.6	0.0	0.2
Mining, logging, and construction	8.2	8.1	-0.1	-1.2
Manufacturing	11.4	11.5	0.1	1.2
Service-providing sectors	121.2	124.0	2.8	2.3
Wholesale and retail trade	20.4	20.7	0.3	1.5
Transportation and utilities	2.5	2.6	0.0	2.0
Information	2.5	2.4	-0.1	-4.0
Financial activities	5.8	5.6	-0.2	-2.9
Professional and business services	17.9	18.9	1.0	5.8
Education and health services	18.5	19.3	0.8	4.5
Leisure and hospitality	17.9	18.3	0.4	2.0
Other services	5.2	5.2	0.0	-0.3
Government	30.6	31.2	0.6	2.0
	(percent)	(percent)		
Unemployment rate	6.4	5.7		

Note: Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

Economic Conditions

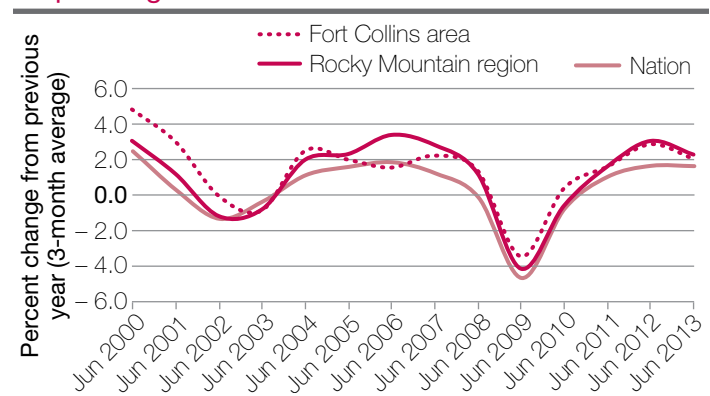
During the second quarter of 2013, nonfarm payrolls in the Fort Collins metropolitan area increased by 2,800 jobs, or 2.0 percent, from a year ago, to 143,600 jobs. The professional and business services and the education and health services sectors led growth. After a decline in 2009, nonfarm payrolls have increased annually since 2010.

During the second quarter of 2013—

- The professional and business services sector had the greatest employment gain, increasing by 1,000 jobs, or 5.8 percent, and expansions at area hospitals contributed to an increase of 800 jobs, or 4.5 percent, in the education and health services sector.
- Decreases in the mining, logging, and construction, the financial activities, and the information sectors of 100, 200, and 100 jobs, or 1.2, 2.9, and 4.0 percent, respectively, partially offset payroll gains in other sectors.
- The unemployment rate averaged 5.7 percent, down from 6.4 percent a year earlier.

The largest employer in the metropolitan area is CSU, with 7,950 employees. CSU had an enrollment of 29,500 students for the fall 2012 semester and research expenditures of \$375.9 million in fiscal year 2012 (CSU 2012–2013 Fact Book).

Nonfarm payroll growth in the Fort Collins area outpaced growth for the nation.



Note: Nonfarm payroll jobs.

Source: U.S. Bureau of Labor Statistics

The largest employers in the Fort Collins area are in the public sector and high-tech industries.

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Colorado State University	Government	7,950
University of Colorado Health	Government	3,500
Hewlett-Packard Development Company, LP	Manufacturing	3,250

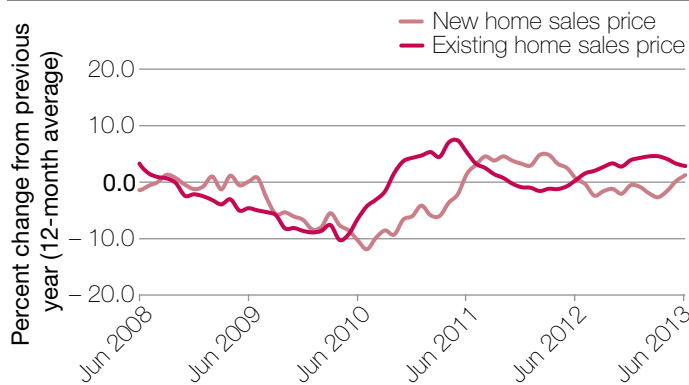
Note: Excludes local school districts.

Source: Fort Collins Chamber of Commerce, 2011

Sales Market Conditions

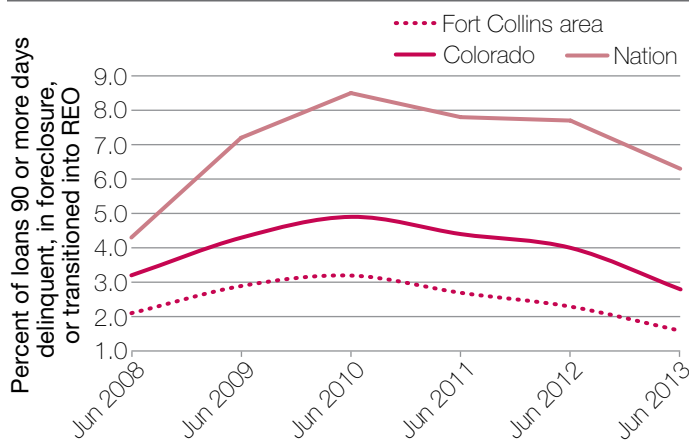
The sales housing market in the Fort Collins metropolitan area is currently balanced, with an estimated sales vacancy rate of 1.6 percent compared with the rate of 2.0 percent recorded in April 2010. During the 12 months ending June 2013, approximately 8,350 new and existing single-family homes, townhomes, and condominiums sold, a 22-percent increase from a year earlier (Hanley Wood, LLC). This total was a 13-percent decrease, however, compared with the average number of homes sold annually from 2005 through 2008. Home sales were up 30 percent compared with average annual sales for 2009 through 2011.

Existing home sales prices in the Fort Collins area began to rebound in 2012 after decreasing in 2011.



Note: Includes single-family homes, townhomes, and condominiums.
Source: Metrostudy, A Hanley Wood Company

The percentage of distressed mortgages in the Fort Collins area remained consistently below the national average.

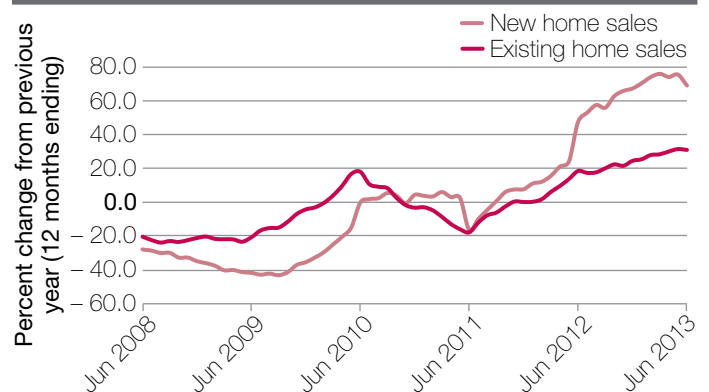


REO = Real Estate Owned.
Source: LPS Applied Analytics

- Home sales prices during the 12 months ending June 2013 averaged \$261,100, increases of nearly 5 percent from a year ago and 7 percent from the average price for 2009 through 2011.
- The average sales price was up 2 percent compared with the \$255,900 average annual sales price from 2005 through 2008.
- New home sales comprised 18 percent of the sales market during the 12 months ending June 2013, up from 15 percent a year earlier.
- The number of distressed home mortgages declined. As of June 2013, 1.6 percent of home loans in the metropolitan area were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned), a decrease from 2.3 percent in June 2012 (LPS Applied Analytics).

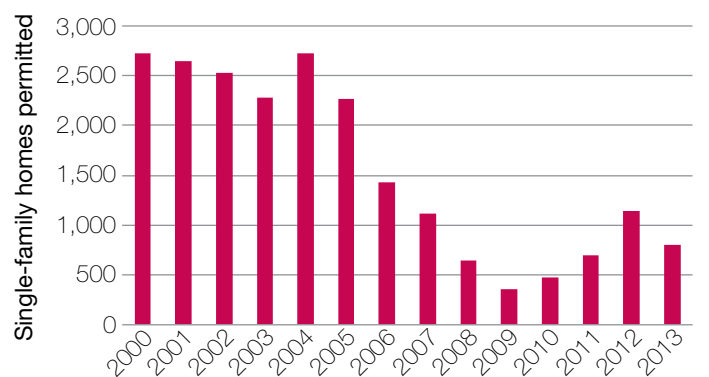
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Home sales closings began increasing in 2011, and growth in new home sales recently outpaced growth in existing home sales in the Fort Collins area.



Note: Includes single-family homes, townhomes, and condominiums.
Source: Metrostudy, A Hanley Wood Company

Single-family home permitting in the Fort Collins area has increased since 2009 but remained below the average for 2000 through 2005.



Note: Includes preliminary data from January 2013 through June 2013.
Source: U.S. Census Bureau, Building Permits Survey

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- REO sales prices, on average, were approximately 38 percent less than the average price for an existing home during the 12 months ending May 2013 (CoreLogic, Inc.).

In response to increased sales demand, single-family home construction, as measured by the number of homes permitted, increased sharply in the past year.

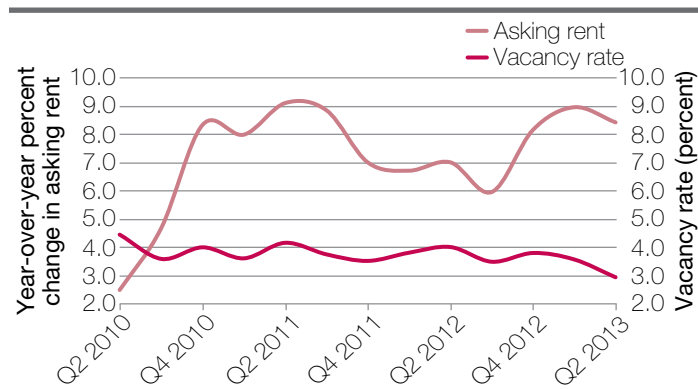
- During the 3 months ending June 2013, approximately 435 single-family homes were permitted in the metropolitan area, a 38-percent increase compared with the 315 homes permitted during the same period a year earlier (preliminary data).

Apartment Market Conditions

The apartment housing market in the Fort Collins metropolitan area is tight, a result of population growth and strong demand from CSU students.

- The apartment vacancy rate in the second quarter of 2013 was 3.0 percent, down from 4.0 percent a year earlier (*Apartment Insights*).
- The average market-rate apartment rent during the second quarter of 2013 was about \$1,040, up 8.4 percent from \$960 a year earlier, in part because population growth and a lack of rental construction during the past few years increased demand. Rents averaged \$865 for a studio apartment, \$930 for a one-bedroom unit, \$1,095 for a two-bedroom unit, and \$1,300 for a unit with three or more bedrooms.
- CSU students living off campus account for approximately 17 percent of renter households in the metropolitan area.
- The 240-unit Terra Vida, completed in 2012 for general occupancy, offers one-bedroom units starting at \$1,075 and two-bedroom units starting at \$1,380.

The tight rental market caused apartment rents to increase in the Fort Collins area.



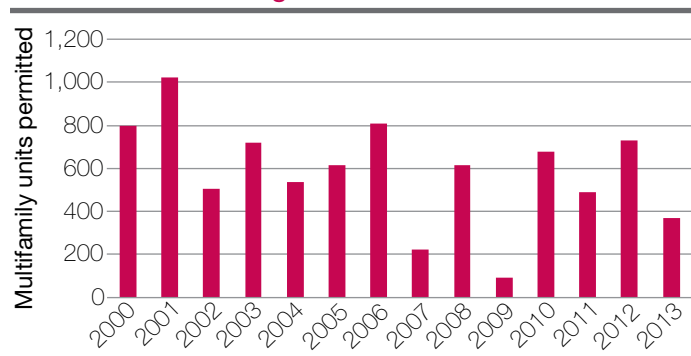
Source: Apartment Insights

- From 2008 through 2011, an average of 570 homes were permitted annually, down from nearly 2,500 homes permitted annually from 2000 through 2007. The number of homes permitted jumped to more than 1,125 in 2012.
- New single-family detached home prices start at about \$180,000 (Metrostudy, A Hanley Wood Company).
- In the city of Fort Collins, the Dry Creek subdivision, which began construction in 2010 with plans to build 230 homes, has 125 homes built and occupied and 40 homes under construction. A three-bedroom, two-bathroom ranch home in this development starts at approximately \$210,000 (Metrostudy, A Hanley Wood Company).

Construction of multifamily units has more than doubled during the past 12 months in response to rising demand and low rental vacancy rates.

- Approximately 1,025 apartment units were permitted during the 12 months ending June 2013 compared with the 430 units permitted a year earlier.
- Apartment construction nearly stalled in 2009, when fewer than 50 new units were permitted, but it increased to an average of nearly 525 units permitted annually from 2010 through 2012, more than the average of 220 permitted annually from 2005 through 2008.
- During the second quarter of 2013, approximately 990 units were under construction and 925 units were in the final stages of planning (*Apartment Insights*). Nearly 440 of the units under construction were student apartments near the CSU campus.
- Market-rate, general-occupancy projects under way include the 72-unit The Gallery Flats and the 314-unit Trails at Timberline, both expected to be complete in early 2014. Monthly rents at the Trails at Timberline will start at \$1,140 for a one-bedroom unit, \$1,450 for a two-bedroom unit, and \$1,670 for a three-bedroom unit.

Multifamily construction activity in the Fort Collins area has been strong since 2010.



Note: Includes preliminary data from January 2013 through June 2013.

Source: U.S. Census Bureau, Building Permits Survey