

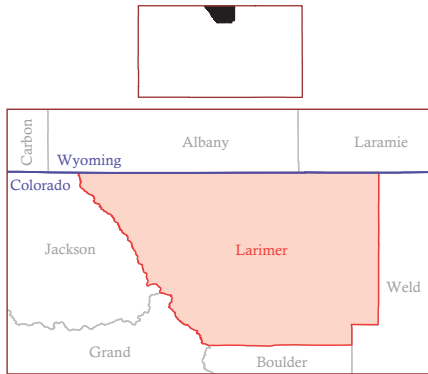


Fort Collins, Colorado

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of January 1, 2016



Housing Market Area



The Fort Collins Housing Market Area (HMA) is coterminous with the Fort Collins, CO Metropolitan Statistical Area, comprising Larimer County in north-central Colorado. The HMA is home to Colorado State University (CSU), which is the second largest university in the state. National forests, including Rocky Mountain National Park (RMNP), cover much of the western half of the HMA, creating demand for tourism-related services.

Market Details

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Summary

Economy

Economic conditions have been steadily improving in the Fort Collins HMA since 2011. Nonfarm payrolls averaged 153,200 jobs in 2015, an increase of 4,600 jobs, or 3.1 percent, from 2014. The leisure and hospitality sector led job growth because of increased tourism at RMNP. Government is the largest employment sector, anchored by CSU and University of Colorado Health, which are the two largest employers in the HMA. Nonfarm payrolls are expected to grow an average of 3.0 percent a year during the 3-year forecast period.

Sales Market

Sales housing market conditions in the HMA are tight, with an estimated 1.0-percent vacancy rate, down from 2.0 percent in 2010. Total home sales increased 3 percent during 2015, and the average sales price increased 12 percent. During the next 3 years, demand is estimated for 6,200 new homes (Table 1). The 550 homes under construction and a portion of the 7,200 other vacant units that may reenter the market will satisfy some of the forecast demand.

Rental Market

Rental housing market conditions in the HMA are currently balanced, and the vacancy rate is estimated at 4.5 percent, down from 5.1 percent in 2010. The market for apartments is slightly soft, however, due to a large number of units in lease up. During the forecast period, demand is expected for 2,425 new market-rate rental units. The 900 units currently under construction will meet part of the demand (Table 1).

Table 1. Housing Demand in the Fort Collins HMA During the Forecast Period

	Fort Collins HMA	
	Sales Units	Rental Units
Total demand	6,200	2,425
Under construction	550	900

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of January 1, 2016. A portion of the estimated 7,200 other vacant units in the HMA will likely satisfy some of the forecast demand. Sales demand includes an estimated demand for 50 mobile homes. The forecast period is January 1, 2016, to January 1, 2019.

Source: Estimates by analyst

Economic Conditions

Economic conditions in the Fort Collins HMA have been improving since 2011, with jobs created to support tourism and construction leading recent job gains. Nonfarm payrolls increased by 3,700 jobs, or 2.6 percent, annually from 2011 through 2014, with growth occurring across nearly all sectors. During 2015, nonfarm payrolls in the HMA increased by 4,600 jobs, or 3.1 percent, to average 153,200 jobs compared with the number of jobs in 2014. Job growth occurred in nearly all sectors (Table 2). Special events and celebrations surrounding RMNP's centennial

anniversary increased tourism to the park in 2015, which contributed to job growth in the leisure and hospitality sector. The sector added the most jobs in the HMA, expanding by 1,100 jobs, or 5.8 percent. The mining, logging, and construction sector was the fastest growing sector during the past year. Sector payrolls averaged 10,300 jobs in 2015, an increase of 600 jobs, or 6.2 percent, from 2014. Two of the largest construction projects under way in the HMA are on the CSU campus. Aggie Village, an \$87.5 million redevelopment of student apartments that began in January 2015, is expected to be complete in time for the 2016–17 school year. The \$238.5 million football stadium, with a capacity of 41,000 people, is expected to be complete by the start of the 2017–18 school year. With strong economic conditions, resident employment outpaced gains in the labor force, and the unemployment rate averaged 3.4 percent during 2015, down from 4.3 percent in 2014 (Figure 1).

The economy of the HMA is supported by the university, regional healthcare, and business-related services for northern Colorado and recreational amenities associated with the mountains and lakes, which attract both visitors and residents to the HMA. The government sector is the largest sector in the HMA, comprising 24 percent of nonfarm payrolls (Figure 2). The state government subsector accounts for about 56 percent of all government payrolls, primarily due to the presence of CSU, which is the largest employer in the HMA, with 7,020 employees (Table 3). About 27,550 students were enrolled on campus in the fall of 2015, an increase of 1.7 percent from 2014. The university had strong enrollment growth from 2000 to 2002

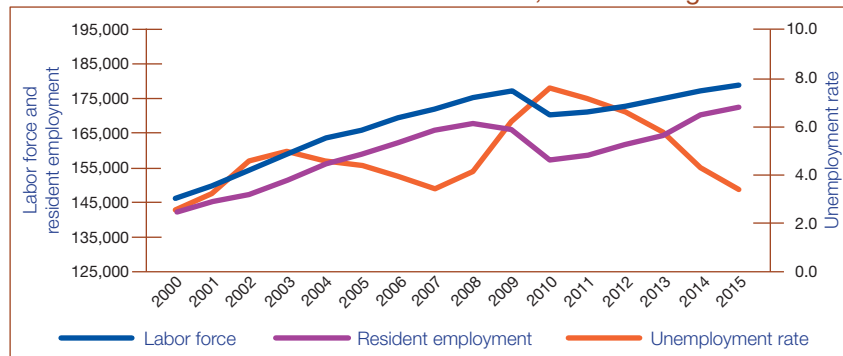
Table 2. 12-Month Average Nonfarm Payroll Jobs in the Fort Collins HMA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	December 2014	December 2015		
Total nonfarm payroll jobs	148,600	153,200	4,600	3.1
Goods-producing sectors	21,800	22,900	1,100	5.0
Mining, logging, & construction	9,700	10,300	600	6.2
Manufacturing	12,200	12,600	400	3.3
Service-providing sectors	126,800	130,200	3,400	2.7
Wholesale & retail trade	21,000	21,400	400	1.9
Transportation & utilities	2,900	3,000	100	3.4
Information	2,500	2,500	0	0.0
Financial activities	6,200	6,400	200	3.2
Professional & business services	19,100	19,700	600	3.1
Education & health services	14,900	15,500	600	4.0
Leisure & hospitality	18,900	20,000	1,100	5.8
Other services	5,500	5,600	100	1.8
Government	35,900	36,200	300	0.8

Notes: Numbers may not add to totals because of rounding. Based on 12-month averages through December 2014 and December 2015.

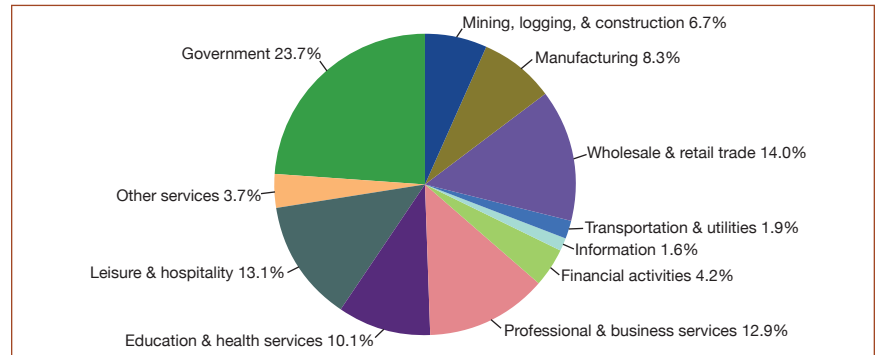
Source: U.S. Bureau of Labor Statistics

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Fort Collins HMA, 2000 Through 2015



Note: Data from 2015 are preliminary.

Source: U.S. Bureau of Labor Statistics

Figure 2. Current Nonfarm Payroll Jobs in the Fort Collins HMA, by Sector

Note: Based on 12-month averages through December 2015.

Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Fort Collins HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Colorado State University	Government	7,020
University of Colorado Health	Government	5,740
Larimer County	Government	1,639
HP Inc.	Manufacturing	1,490
Banner Health	Education & health services	1,340
Broadcom Ltd.	Manufacturing	1,300
Woodward, Inc.	Manufacturing	1,230
City of Fort Collins	Government	1,200
City of Loveland	Government	1,158
Hach Company	Manufacturing	800

Note: Excludes local school districts.

Sources: BizWest 2016 Book of Lists; Colorado State University; Development Research Partners

and again from 2008 to 2010, both periods that included job declines in the HMA. These two periods had the fastest rate of enrollment growth, increasing 3.5 and 2.7 percent, annually, during each period, respectively. The university budget increased more than 5 percent for fiscal year 2015 compared with the budget from a year earlier, to \$1 billion. In addition, in the state government sector, Poudre Valley Hospital, now University of Colorado Health, became affiliated with the public university in 2013 reclassifying more than 5,000 education and health services payrolls as state government payrolls. University of Colorado Health is now the second largest employer in the HMA, with 5,740 employees.

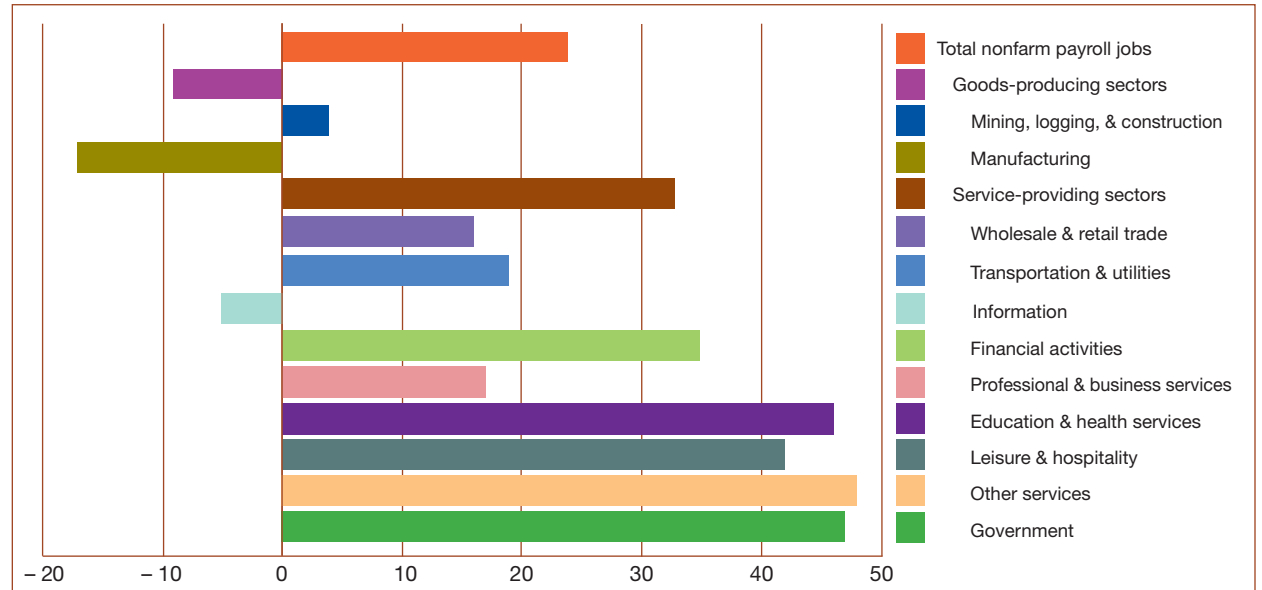
RMNP was the third most visited national park nationwide in 2015, behind the Great Smoky Mountains and Grand Canyon National Parks. Approximately 4.2 million tourists visited the park, an increase of 21 percent from 2014. Estimates indicate that 91 percent of the 3.4 million visitors to RMNP in 2014 were from outside the HMA (Headwaters Economics 2014 study for the National Park Service). In 2014, visitors to the national park spent \$217 million in the surrounding communities in conjunction with their visits. Approximately 3,375 jobs in the leisure and hospitality sector were supported by visitors to the park, who spent money on food, lodging, and activities (Headwaters Economics). Before

RMNP's centennial anniversary, tourism to the national park increased nearly 4 percent annually, from 2011 through 2014, contributing to leisure and hospitality gains of 600 jobs, or 3.8 percent, annually, during that period. During 2010 and 2011, the direct economic impact from tourism to RMNP on the town of Estes Park, which is located near the main entrance of the park, was an estimated \$2.5 million and supported 1,300 jobs annually (Summit Economics, LLC, 2012 economic impact study for the town of Estes Park).

The economy in the HMA has contracted twice since 2000. Both instances were followed by moderate periods of employment growth. From 2002 through 2003, nonfarm payrolls declined by an average of 200 jobs, or 0.2 percent, annually. Although the economy of the HMA does not depend on high-technology industries, the losses were in manufacturing and services related to the bursting of the dot-com bubble, which more severely affected the adjacent metropolitan areas of Boulder and Denver. The largest job losses in the HMA were in the manufacturing and professional and business services sectors, which declined by 1,300 and 800 jobs, or 8.9 and 4.8 percent, respectively. From 2004 through 2008, nonfarm payrolls increased by an average of 2,400 jobs, or 1.8 percent, annually, to 137,700 jobs. Moderate growth in most sectors offset continued small declines in the manufacturing sector of 200 jobs, or 1.3 percent, annually. Growth was led by an increase of 700 jobs, or 4.8 percent, annually in the education and health services sector. The Medical Center of the Rockies, now part of University of Colorado Health, opened in Loveland in 2007

with nearly 700 employees. In 2009, the HMA lost 4,300 jobs, or 3.1 percent, from the effects of the national recession. Modest increases of 600 jobs in education and health services and 500 jobs in the government sector only partially offset declines of more than 1,000 jobs each in the mining, logging, and construction, the manufacturing, the wholesale and retail trade, and the professional and business services sectors. Growth in nonfarm payrolls was very weak in 2010, increasing by 500 jobs, or 0.4 percent. Growth was led by increases in the professional and business services and the education and health services sectors, which offset continued losses in the mining, logging, and construction and the manufacturing sectors. Figure 3 shows sector growth in the HMA from 2000 to the current date.

During the next 3 years, nonfarm payrolls are expected to increase by 4,600 jobs, or 3.0 percent, annually. Because growth in RMNP tourism is not expected to continue at the same rate as it increased in 2015, job growth in the leisure and hospitality sector may slow during the 3-year forecast period. A \$313 million redevelopment of the Foothills Mall is nearing completion, however. The mall, which was 66 percent leased when it reopened in November 2015, is expected to support 1,000 permanent retail trade and leisure and hospitality jobs when complete during the first quarter of 2016. The mall redevelopment created 1,500 construction jobs. Continued commercial projects and increases in residential construction are expected to contribute to strong growth in construction employment, and other service-providing sectors are expected to increase to support the growing population.

Figure 3. Sector Growth in the Fort Collins HMA, Percentage Change, 2000 to Current

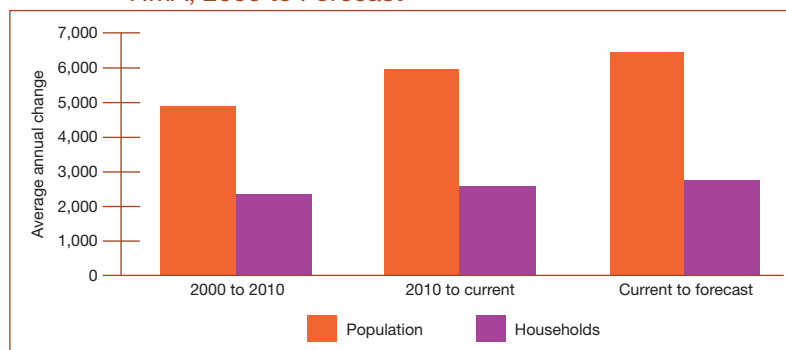
Note: Current is based on 12-month averages through December 2015.

Source: U.S. Bureau of Labor Statistics

Population and Households

Population growth in the Fort Collins HMA is influenced by enrollment at CSU, because approximately 80 percent of the students are from outside the HMA (CSU institutional research). Net in-migration associated with job gains, however, has offset a slowdown in enrollment growth since 2010. The population of the

HMA is estimated at 333,400 as of January 1, 2016, an increase of 5,875 a year, or 1.9 percent, since 2010. By comparison, from 2008 to 2010, while economic conditions were weaker, population growth averaged only 4,550 people, or 1.6 percent, annually (decennial census and intercensal population estimates, as of July 1). Since 2010, net in-migration has averaged 4,400 people and comprised 75 percent of population growth, up from 2,625 people and 58 percent of population growth from 2008 to 2010. Enrollment at CSU has increased by an average of only 190 students annually since 2010, however, down from an average increase of 680 students a year from 2008 to 2010. Figure 4 shows population growth in the HMA from 2000 to the forecast date.

Figure 4. Population and Household Growth in the Fort Collins HMA, 2000 to Forecast

Notes: The current date is January 1, 2016. The forecast date is January 1, 2019.

Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Population and Households *Continued*

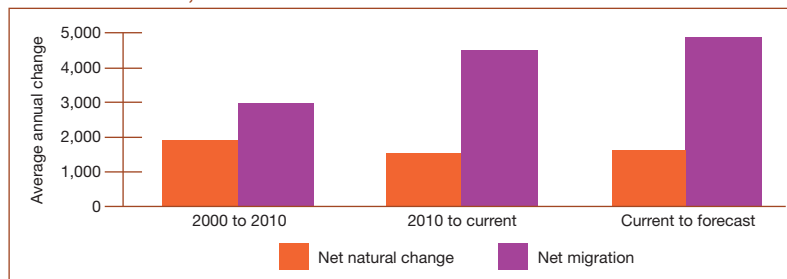
From 2000 to 2002, the population of the HMA increased by an average of 6,175, or 2.4 percent, annually. Although job growth was moderate during this time, enrollment at CSU increased by an average of 820 students annually, contributing to net in-migration comprising 70 percent of population growth, or 4,350 people annually. From 2002 to 2005, population growth slowed to average 3,250 people, a decrease of 1.2 percent, annually. Despite stronger economic growth during this period, in-migration slowed to average only 1,400 people annually, or 43 percent of total population growth, while on-campus university enrollment increased by an average of only 70 students annually. Employment growth remained moderately strong

from 2005 to 2008, contributing to increased net in-migration despite slowed growth in enrollment. The population increased by an average of 5,500, or 2.0 percent, annually from 2005 to 2008; net in-migration increased to 65 percent of population growth, but enrollment increased by an average of only 20 students annually. Figure 5 shows the components of population change in the HMA from 2000 to the forecast date.

During the next 3 years, strong employment growth is expected to contribute to stable population growth, but growth in student enrollment is expected to remain subdued. The population is expected to increase by an average of 6,375, or 1.9 percent, annually, with net in-migration comprising approximately 75 percent of population growth. University enrollment is estimated to increase approximately 1.0 percent, annually.

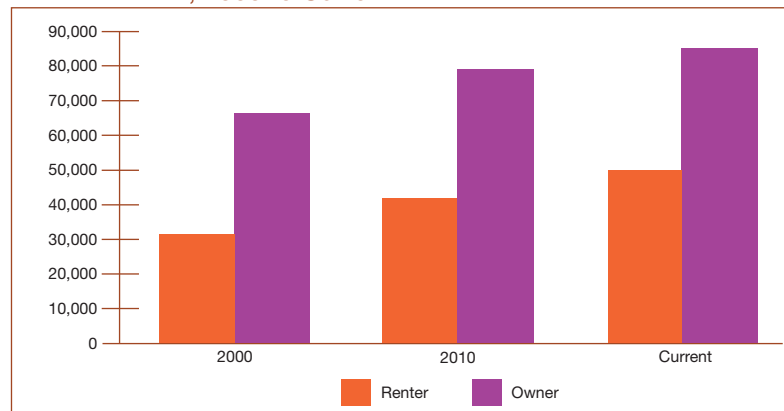
The number of households in the Fort Collins HMA has increased by 2,550, or 2.0 percent, annually since 2010, to 134,900 households currently. By comparison, growth in the number of households averaged 2,325, or 2.2 percent, annually from 2000 to 2010. The proportion of renter households is expected to increase during the 3-year forecast period, continuing a trend that has been ongoing since 2000. Stricter access to credit, changing preferences toward renting, and population growth driven by net in-migration and student enrollment all contributed to the increase of renter households from about 32 percent of all households in 2000 to nearly 37 percent currently. Figure 6 shows the number of households by tenure in the HMA from 2000 to the current date. During the forecast

Figure 5. Components of Population Change in the Fort Collins HMA, 2000 to Forecast



Notes: The current date is January 1, 2016. The forecast date is January 1, 2019.
Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 6. Number of Households by Tenure in the Fort Collins HMA, 2000 to Current



Note: The current date is January 1, 2016.
Sources: 2000 and 2010–2000 Census and 2010 Census; current—estimates by analyst

period, the number of households is expected to increase by 2,700, or 2.0 percent, annually, to 143,000 households. Since 2000, population and household growth has been shifting from the principal cities of Fort Collins and Loveland to the surrounding suburbs that have more affordable homes and a larger supply of developable land, primarily Johnstown, Wellington, and Windsor; this trend

is expected to continue during the forecast period. From 2000 to 2010, growth in these three suburbs outpaced the 2.2-percent average annual increase in the principal cities, increasing 7.8 percent annually in the suburbs, and the share of the HMA population in the three suburbs increased from nearly 7 percent to nearly 12 percent. Table DP-1 at the end of this report shows additional data.

Housing Market Trends

Sales Market

The sales housing market in the Fort Collins HMA is currently tight, with an estimated sales vacancy rate of 1.0 percent, down from 2.0 percent in 2010. Low levels of for-sale inventory have contributed to tight market conditions. The 1.4-month supply of inventory for new and existing single-family homes, townhomes, and condominiums in December 2015 was slightly less than the 1.5-month supply a year earlier, but it is down significantly from the 4.9-month supply in 2010 (CoreLogic, Inc., with adjustments by the analyst). Home sales in the HMA increased 3 percent, to 9,050 homes sold, during 2015 compared with the number sold in 2014. The average sales price increased 12 percent, to \$320,600, outpacing the 6-percent increase for the nation.

Existing home sales in the HMA peaked in mid-2005 and began declining in late 2005. Despite moderate economic and population growth, demand for existing sales housing remained subdued leading up to the national housing crisis in 2008

and 2009, in part because housing demand shifted in 2005 and 2006 toward relatively affordable rental units when the apartment market was slightly overbuilt. Existing home sales averaged 7,750 homes sold annually from 2000 through 2004 before decreasing by an average of 400, or 6 percent, annually to 5,325 homes sold in 2010. Beginning in 2011, when the economy in the HMA began to recover, existing home sales increased an average of 8 percent annually, to 7,350 homes sold in 2014. Partly offsetting the increase in home sales was a 35-percent annual decline in real estate owned (REO) sales from 2011 through 2014. REO sales peaked at an average of 16 percent of existing home sales from 2008 through 2010 because of the large volume of foreclosures during that period and the relative affordability of the average REO sales price, which was approximately 30 percent less than the average price for regular resales. By comparison, REO sales decreased to 1 percent of sales in 2015,

Housing Market Trends

Sales Market *Continued*

comparable to the average from 2001 through 2003. The average sales price for existing homes increased 2 percent annually from 2000 through 2007, to \$244,600. During the housing crisis in 2008 and 2009, the average sales price decreased 4 percent annually, in part because of elevated REO sales. From 2010 through 2014, when the economy improved, the average existing home price increased 4 percent annually, to \$276,100.

The improvement in the economy and in the sales market since 2011 has led to a reduction in the rate of seriously delinquent (90 or more days delinquent or in foreclosure) home loans and REO properties in the HMA. As of December 2015, 0.7 percent of home loans in the HMA were seriously delinquent or had transitioned into REO status, down from 1.0 percent a year earlier. The rate of seriously delinquent loans and REO properties peaked in February 2010 at 3.5 percent of home loans. The rate in December 2015 is lower than the 1.3- and 3.3-percent rates for Colorado and the nation, respectively.

New home sales have been increasing since bottoming out in 2009, but sales remain low compared with sales a decade earlier. New home sales averaged 1,475 homes sold in 2014 and 2015, up 16 percent from the average of 1,275 in 2012 and 2013 but down 44 percent from the average of 2,625 new homes sold during the peak in 2004 and 2005 (CoreLogic, Inc., with adjustments by the analyst). From 2005 to the economic downturn in 2009, new home sales declined 32 percent annually to 540 homes sold. Part of this decline was the result of economic conditions, but part was also because of a decrease in new

condominium supply. Following the economic downturn, new home sales increased 7 percent annually, to 620 in 2011.

The average price of a new home (including single-family homes, townhomes, and condominiums) in the HMA was \$383,000 during 2015, up 16 percent from a year earlier, in part because the average size of a new home increased 9 percent to average 2,475 square feet (CoreLogic, Inc., with adjustments by the analyst; Metrostudy, A Hanley Wood Company). From 2009 through 2010, the average price of a new home decreased 8 percent a year, to a low of \$257,700, in part because of weak economic conditions but also because the average size of a new home decreased 3 percent annually, to average 2,100 square feet in 2010. The size of the new homes increased 2 percent annually from 2011 through 2013, contributing to the 5-percent average annual increase in sales price to \$296,300 in 2013.

Condominium construction decreased an average of 50 percent each year, from 480 units built in 2005 to 30 units built in 2009 (McGraw Hill Construction Pipeline database). Condominiums comprised an average of 16 percent of new home sales annually from 2005 through 2009 (Metrostudy, A Hanley Wood Company). Home builders report building fewer condominiums in Colorado because of real or perceived costs and risks associated with repairs, liability insurance, and the potential for construction defects lawsuits resulting from the Colorado Construction Defect Action Reform Act of 2001 (revised in 2007), which expands the ability of homeowners in high-density housing to sue developers as part of a class-action lawsuit.

Although the construction of new single-family homes increased, the supply of new condominiums did not, averaging 30 units annually from 2010 through 2014. In a similar way, the share of new condominiums sold decreased to average 8 percent of new homes sold in 2010 and 2011 and decreased further, to 4 percent of all new home sales, from 2012 through 2015. The city council of Fort Collins is expected to pass a local ordinance in March 2016 to encourage developers to build condominiums by limiting what qualifies as a construction defect. Condominium construction increased to 110 units in 2015, primarily because of one project. The Flats at Rigden Farm, with 94 units, is the largest condominium development under construction in the HMA since 2006.

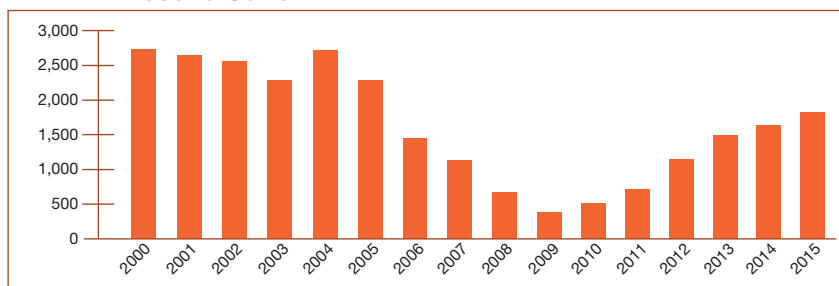
Single-family homebuilding activity, as measured by the number of single-family homes permitted, is increasing in the HMA. During 2015, the number of homes permitted increased 12 percent, to 1,825 homes permitted compared with the number permitted a year earlier (preliminary data). From 2000 through 2004, the number of homes permitted averaged 2,575 annually (Figure 7). Home construction began to decline in 2005, when in-migration to the HMA slowed,

decreasing an average of 33 percent annually, to 360 homes permitted in 2009. Homebuilding activity began to recover in 2010 and increased 35 percent annually, to 1,625 homes permitted in 2014.

Homebuilding in the HMA has been primarily in the cities of Fort Collins and Loveland, although development is expanding into the suburbs. About 60 percent of homes built in the HMA from 2011 through 2015 were located in these two cities, down from nearly 75 percent from 2000 through 2004. In the city of Fort Collins, condominium units at The Flats at Rigden Farm are expected to become available in the summer of 2016, with prices ranging from the mid-\$200,000s for one-bedroom units to the upper \$300,000s for three-bedroom units. Construction is also under way at the 165-acre Kechter Farm master-planned community. The 35-lot first phase opened during the fourth quarter of 2014, and 7 lots in the first phase remain available, with prices starting at \$397,000 for a two-bedroom, two-bathroom home. The plan includes 415 homes, with buildout expecting to take several years.

During the next 3 years, demand is estimated for 6,200 new homes in the HMA (Table 1). The 550 homes currently under construction will meet a portion of the demand during the first year. Some of the estimated 7,200 other vacant units may return to the sales market and satisfy a portion of the demand. Development in the Fort Collins HMA is constrained primarily to the eastern half of the HMA because of the national park and forests to the west. Limited lot development and increasing lot prices in the cities of Fort Collins and

Figure 7. Single-Family Homes Permitted in the Fort Collins HMA, 2000 to Current



Notes: Includes townhomes. Current includes data through December 2015.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Housing Market Trends

Sales Market *Continued*

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Fort Collins HMA During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
260,000	299,999	1,250	20.4
300,000	349,999	1,350	21.8
350,000	399,999	1,175	19.3
400,000	449,999	750	12.2
450,000	499,999	600	9.8
500,000	549,999	410	6.8
550,000	and higher	600	9.7

Notes: The 550 homes currently under construction and a portion of the estimated 7,200 other vacant units in the HMA will likely satisfy some of the forecast demand. Demand for 50 mobile homes during the forecast period is excluded from this table. The forecast period is January 1, 2016, to January 1, 2019.

Source: Estimates by analyst

Rental Market

The rental housing market in the Fort Collins HMA is balanced. The overall rental vacancy rate is estimated at 4.5 percent, down from 5.1 percent in 2010 (Figure 8). Growth in renter households has outpaced the increase in rental inventory since 2010; however, a wave of apartment completions during the past year led to a slight softening in the apartment market. Approximately 54 percent of renter households live in multifamily buildings, typically apartments, and 42 percent of renter households live in single-family homes (2014 American Community Survey 1-year estimates). The apartment vacancy rate during the fourth quarter of 2015 was 7.6 percent, up from 2.7 percent a year earlier, because of

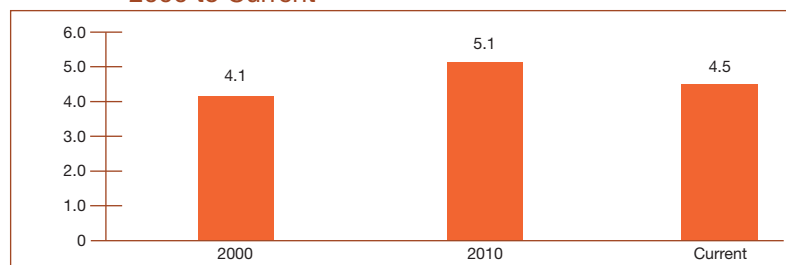
Loveland have pushed construction to more affordable suburbs that have ample land for development, including Johnstown, Wellington, Windsor, and the adjacent Greeley metropolitan area; this trend is expected to continue into the 3-year forecast period. Table 4 shows estimated demand in the HMA by price range.

approximately 800 units in lease up (Apartment Insights). The apartment vacancy rate is the highest fourth-quarter vacancy rate since a similar rate was reported in 2006.

The slightly soft apartment market conditions 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. In addition, apartments are offering moderate concessions, such as one month of free rent with a 12-month lease, especially during lease up to assist in the initial absorption of units.

Student households comprise an estimated 13 percent of renter households in the HMA, primarily in the city of Fort Collins near CSU. In the Apartment Insights-defined Fort Collins North submarket, which includes the university, the apartment 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

Figure 8. Rental Vacancy Rates in the Fort Collins HMA, 2000 to Current



Note: The current date is January 1, 2016.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

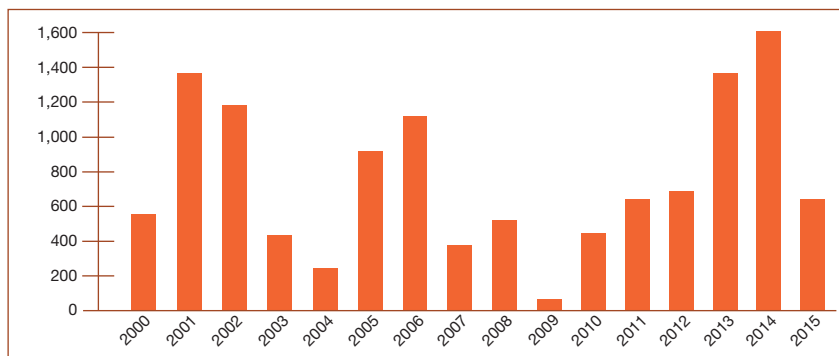
\$1,160. On the CSU campus, the 620 dormitory beds at Laurel Village that were completed in 2013, and the net addition of 690 beds at the Aggie Village redevelopment will likely meet most of the demand from expected enrollment growth during the next 3 years. Enrollment is expected to increase approximately 1 percent a year during the 3-year forecast period.

Multifamily construction activity as measured by the number of units permitted, declined during the past year, following 2 years of elevated apartment construction. Apartments have accounted for approximately 97 percent of multifamily construction since 2010, up from about 60 percent during the previous decade. Builders responded to softening rental market conditions in 2015 by reducing apartment construction. Multifamily construction activity decreased nearly 60 percent during the past year, to 650 units in 2015 (preliminary data, with adjustments by the analyst). The number of multifamily units permitted averaged 1,275 units in 2001 and 2002 and decreased to average 340 units in 2003 and 2004, when population growth slowed (Figure 9). As economic conditions improved and the population increased at a faster rate, the number of multifamily units

permitted increased, to average 1,025 units in 2005 and 2006. Beginning in 2007, the number of multifamily units permitted decreased by 350 units, or 59 percent, annually, to 80 units permitted in 2009, when multifamily construction decreased, in part in response to overbuilding apartments earlier in the decade, which led to slightly soft apartment market conditions in 2006, and also because builders found difficulty with access to credit during the national recession and the subsequent housing crisis. Although condominium construction remains subdued, apartment construction began to increase again in 2010, increasing by an average of 200 units permitted annually to 680 units in 2012. Multifamily construction doubled in 2013 to 1,350 units permitted.

Apartment projects recently completed and under way include the 220-unit Bristol Pointe Apartment Homes in Loveland, which opened in the early spring of 2015. By the end of 2015, approximately one-half of the units were leased up; starting rents range from \$915 for a studio to \$1,745 for a three-bedroom unit. During the lease up, above-average concessions of 1 month's free rent with leases 6 months or longer are being offered. The 254 units under construction at The Gateway at 2534 in Johnstown are 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's free rent with a lease of 12 months or longer are being offered during the lease-up phase. The 310-unit Crowne at Timberline in the city of Fort Collins is also under construction. Completion is

Figure 9. Multifamily Units Permitted in the Fort Collins HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through December 2015.
Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Housing Market Trends

Rental Market *Continued*

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.

During the forecast period, demand is expected for 2,425 new market-rate rental units in the HMA (Table 1). The 900 units currently under construction will satisfy a portion of the rental

housing demand into the second year of the forecast period. New rental developments should be timed to enter the market late in the second year to allow for the units currently in lease up and the units currently in the pipeline to be absorbed. Table 5 shows estimated demand for new market-rate rental housing in the HMA by rent level and number of bedrooms.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Fort Collins HMA During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
920 to 1,119	150	1,000 to 1,199	600	1,450 to 1,649	510	1,600 to 1,799	75
1,120 or more	15	1,200 to 1,399	270	1,650 to 1,849	200	1,800 to 1,999	35
		1,400 or more	220	1,850 to 2,049	200	2,000 or more	35
				2,050 or more	100		
Total	170	Total	1,100	Total	1,025	Total	150

Notes: Numbers may not add to totals because of rounding. Monthly rent does not include utilities or concessions. The 900 units currently under construction will likely satisfy some of the estimated demand. The forecast period is January 1, 2016, to January 1, 2019.

Source: Estimates by analyst

Data Profile

Table DP-1. Fort Collins HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total resident employment	142,656	157,025	172,600	1.0	1.9
Unemployment rate	2.5%	7.6%	3.4%		
Nonfarm payroll jobs	123,400	133,900	153,200	0.8	2.7
Total population	251,494	299,630	333,400	1.8	1.9
Total households	97,164	120,295	134,900	2.2	2.0
Owner households	65,767	78,741	85,100	1.8	1.4
Percent owner	67.7%	65.5%	63.1%		
Renter households	31,397	41,554	49,800	2.8	3.2
Percent renter	32.3%	34.5%	36.9%		
Total housing units	105,392	132,722	145,200	2.3	1.6
Owner vacancy rate	1.2%	2.0%	1.0%		
Rental vacancy rate	4.1%	5.1%	4.5%		
Median Family Income	\$53,300	\$75,200	\$73,500	3.5	-0.5

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through December 2015. Median Family Incomes are for 1999, 2009, and 2014. The current date is January 1, 2016.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
 2010: 4/1/2010—U.S. Decennial Census
 Current date: 1/1/2016—Analyst’s estimates
 Forecast period: 1/1/2016–1/1/2019—Analyst’s estimates

The metropolitan statistical area definition 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.

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 the U.S. Department of Housing and Urban Development’s (HUD’s) analysis, 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.

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_FortCollinsCO_16.pdf.

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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.

The factual framework for this analysis follows the guidelines and methods developed by HUD’s Economic and Market Analysis Division. 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.

For additional reports on other market areas, please go to huduser.gov/portal/ushmc/chma_archive.html.