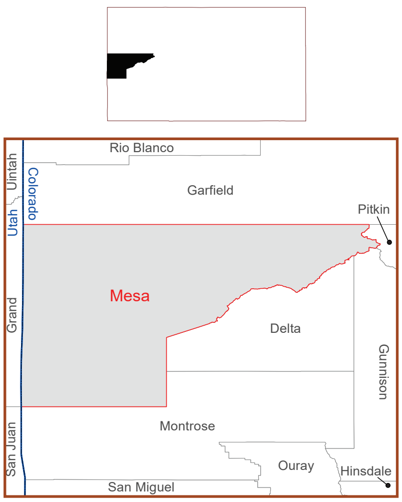
C O M P R E H E N S I V E   H O U S I N G   M A R K E T   A N A L Y S I S

Grand Junction, Colorado

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of July 1, 2018

Housing Market Area



Located in the Grand Valley along the western slope of the Rocky Mountains in Colorado, the Grand Junction Housing Market Area (HMA) is coterminous with Mesa County and is the largest urban area in western Colorado. The current population of the HMA is estimated at 154,100. The city of Grand Junction is a regional health care center for the western slope of Colorado and eastern Utah and is also a retirement and outdoor tourism destination. The HMA also sits atop the Piceance Basin, a shale formation with extensive natural gas reserves.

Market Details

Summary

Economy

Economic conditions in the Grand Junction HMA have generally improved since 2011, but nonfarm payrolls have yet to fully recover from the Great Recession. During the 12 months ending June 2018, nonfarm payrolls increased by 1,700 jobs, or 2.8 percent, to 63,500 jobs. During the next 3 years, nonfarm payrolls in the HMA are expected to increase by 1,100 jobs, or 1.8 percent, a year, with job growth expected to be strongest in the mining, logging, and construction sector.

Sales Market

Sales housing market conditions in the HMA are tight, with a current estimated vacancy rate of 1.2 percent. During the 12 months ending June 2018, nearly 4,900 homes sold in the HMA, an increase of 670 homes sold, or 16 percent, from a year ago. Demand is expected for 3,175 new homes in the HMA during the 3-year forecast period, including an estimated demand for 100 mobile homes (Table 1). The 300 homes currently under construction will meet some of the forecast demand.

Rental Market

The rental housing market in the HMA is currently slightly tight, with an estimated vacancy rate of 3.8 percent. Demand is expected for 330 new market-rate rental units in the HMA during the forecast period (Table 1). The 90 units currently under construction are expected to meet a portion of the demand during the first year of the forecast period.

Table 1. Housing Demand in the Grand Junction HMA During the Forecast Period

	Grand Junction HMA	
	Sales Units	Rental Units
Total Demand	3,175	330
Under Construction	300	90

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of July 1, 2018. Sales demand includes an estimated demand for 100 mobile homes. The forecast period is July 1, 2018, to July 1, 2021.

Source: Estimates by analyst

Economic Conditions

The economy in the Grand Junction HMA has been improving gradually, with the growth beginning in 2011 and accelerating since 2017, but nonfarm payrolls have yet to fully recover to prerecession levels. From 2011 through 2016, nonfarm payrolls increased by an average of 400 jobs, or 0.7 percent, a year. Leading growth during this time was the education and health services sector, which grew by an average of 200 jobs, or 2.5 percent, a year. During the 12 months ending June 2018, nonfarm payrolls increased by 1,700 jobs, or 2.8 percent, from a year earlier, to 63,500 jobs (Table 2); however, payrolls remain nearly 4 percent less than the peak of 65,900 jobs during 2008 when energy exploration in the HMA was at its height. The unemployment rate during the 12 months ending June 2018 averaged 3.8 percent, down from 4.4 percent a year earlier and slightly lower than the 3.9 percent rate in 2008. Figure 1 shows trends in the labor force, resident employment, and the unemployment rate in the HMA from 2000 through 2017.

Economic conditions were strong in the Grand Junction HMA throughout most of the early- and mid-2000s because of high oil and gas prices, and increased energy exploration within the HMA. From 2001 through 2008, nonfarm payrolls increased by an average of 1,900 jobs, or 3.4 percent a year, led by growth in the mining, logging, and construction sector. The sector increased by an average

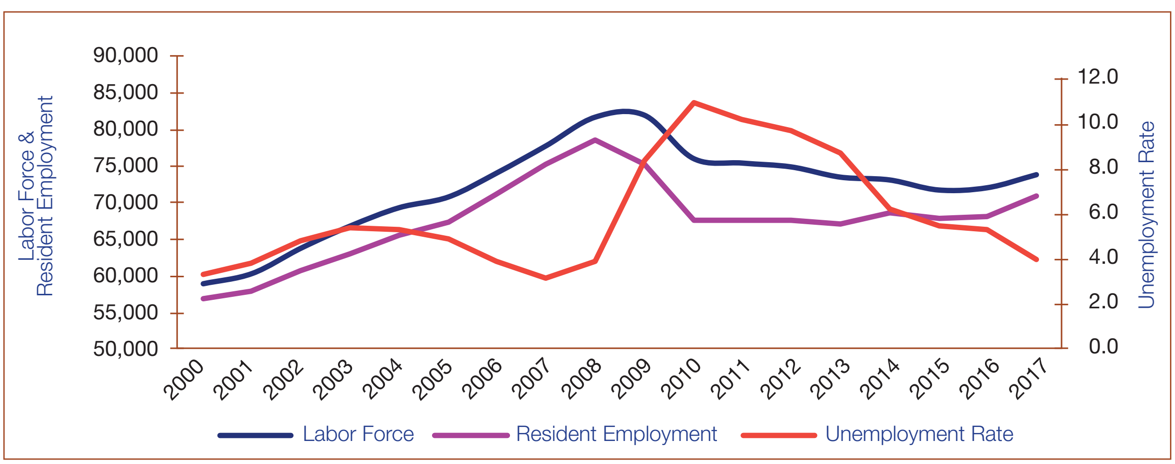
Table 2. 12-Month Average Nonfarm Payroll Jobs in the Grand Junction HMA, by Sector

	12 Months Ending		Absolute Change	Percent Change
	June 2017	June 2018		
Total Nonfarm Payroll Jobs	61,800	63,500	1,700	2.8
Goods-Producing Sectors	8,800	9,800	1,000	11.4
Mining, Logging, and Construction	5,900	6,700	800	13.6
Manufacturing	2,900	3,100	200	6.9
Service-Providing Sectors	53,000	53,700	700	1.3
Wholesale and Retail Trade	10,500	10,700	200	1.9
Transportation and Utilities	2,500	2,500	0	0.0
Information	700	600	–100	–14.3
Financial Activities	3,200	3,200	0	0.0
Professional and Business services	5,300	5,300	0	0.0
Education and Health Services	10,600	11,000	400	3.8
Leisure and Hospitality	7,600	7,700	100	1.3
Other Services	2,500	2,500	0	0.0
Government	10,300	10,300	0	0.0

Notes: Based on 12–month averages through June 2017 and June 2018. Numbers may not add to totals because of rounding.

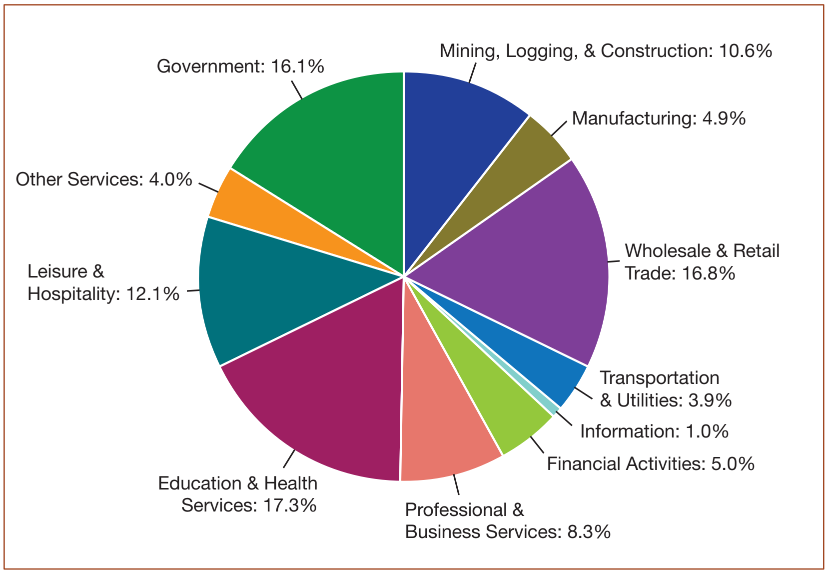
Source: U.S. Bureau of Labor Statistics

Figure 1. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Grand Junction HMA, 2000 Through 2017



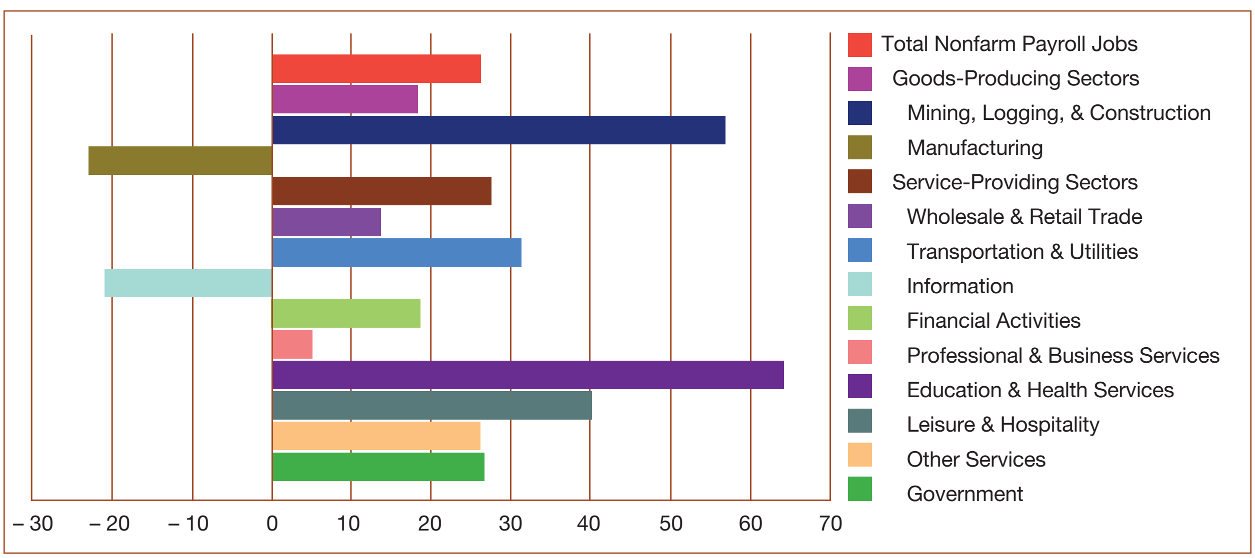
Source: U.S. Bureau of Labor Statistics of 700 jobs, or 11.3 percent, annually, during the period because of increased gas drilling in the Piceance Basin. The number of new wells drilled annually (here after, well starts) in the HMA increased from 15 wells during 2003 to 220 wells during 2008 (Colorado Oil and Gas Conservation Commission), sustaining growth through the beginning of the Great Recession. While the mining, logging, and construction sector is only the fifth largest sector in the HMA (Figure 2), the economic impact from high-paying jobs affects many other sectors. Median household incomes grew from $38,800 in 2000 to $62,727 in 2010 (2000 Census and 2010 American Community Survey 1-year data). The education and health services and leisure and hospitality sectors grew by an average of 300 jobs each annually, or 3.3 and 4.0 percent, respectively, from 2001 through 2008. The HMA serves as a healthcare hub for the western Colorado and eastern Utah region. Education and health services has been the fastest growing sector in the HMA since 2000 and is the only sector to avoid losing jobs in any year during the period. Figure 3 illustrates net job growth by sector from 2000 through the current date.

Figure 2. Current Nonfarm Payroll Jobs in the Grand Junction HMA, by Sector



Note: Based on 12–month averages through June 2018.
Source: U.S. Bureau of Labor Statistics

Figure 3. Sector Growth in the Grand Junction HMA, Percentage Change, 2000 to Current



Note: Current is based on 12–month averages through June 2018.
Source: U.S. Bureau of Labor Statistics

Despite the benefits of rising median incomes caused by high-paying jobs in the energy-related industries, the HMA is also subject to the inherent risk of fluctuations in oil and gas prices. From 2009 through 2010, total nonfarm payrolls in the HMA fell by an average of 3,600 jobs, or 5.5 percent, a year. More than half of the losses were concentrated in the mining, logging, and construction sector, which declined by an average of 1,900 jobs, or 20.4 percent, a year. A sharp drop in domestic prices for natural gas in 2009 led to a decline in energy exploration and well drilling in the HMA. When the Henry Hub Natural Gas Spot Price (the most cited price, as reported on the New York Mercantile Exchange) hit a historic low of $3.95 (dollars per million Btu) in 2009, down from $8.86 a year earlier, it impacted most nonfarm sectors in the HMA. The wholesale and retail trade sector fell by an average of 600 jobs, or 5.6 percent, a year from 2009 through 2010, with the retail trade subsector accounting for more than 80 percent of the job losses. The manufacturing and the leisure and hospitality sectors declined by an average annual 400 jobs each, or 11.6 and 4.8 percent, respectively. In contrast, the government and the education and health services sector partially offset declines with average annual gains of 300 and 100 jobs, or 2.6 and 1.1 percent, respectively. St. Mary's Hospital added a new 12-story, $276 million hospital tower in January 2010, one of the largest construction projects in Grand Junction at the time (The Business Times, May 2013).

From 2011 through 2016, economic growth resumed, and nonfarm payrolls increased by an average of 400 jobs, or 0.7 percent, a year. One-half of the net job gains came from the education and health services sector, which increased by an average of 200 jobs, or 2.5 percent, a year. By 2016, the privately-operated Grand Junction Community Hospital completed an expansion that included the construction of a four-story facility with 78 beds, supporting 120 local construction jobs and creating 92 new positions (Grand Junction Economic Partnership). St. Mary's Hospital, the largest hospital within the HMA, built several medical sections, including rehab, surgery, and neurotrauma units, a $60 million project that created 150 permanent jobs and 170 construction jobs (NBC11News.com). Despite gains in most sectors, job losses continued in the mining, logging, and construction sector from 2011 through 2016, averaging declines of 100 jobs, or 1.6 percent, a year. During 2011, there were 40 well starts, and as natural gas prices dropped the following year, well starts in the Grand Junction HMA averaged 23 well starts from 2012 to 2016 (Colorado Oil and Gas Conservation Commission).

During the 12-month period ending June 2018, nonfarm payrolls averaged 63,500 jobs, an increase of 1,700 jobs, or 2.8 percent, from a year ago. The mining, logging, and construction sector led growth, increasing by 800 jobs, or 13.6 percent. As gas prices rose, the number of new approved drilling permits increased to 194 in 2017, from only 6 permits a year earlier (Mesa County Planning Applications Oil and Gas).

By the end of 2017, there were 113 well starts, up from about 4 well starts a year earlier, and the most since 225 well starts in 2008 (*Grand Junction Daily Sentinel*). The education and health services sector added the second most jobs of any payroll sector, increasing by 400 jobs, or 3.8 percent. Of the 10 largest employers in the HMA, 3 are in the education and health services sector: St. Mary's Hospital, the Community Hospital, and Hilltop Community Resources (Table 3). The manufacturing and the wholesale and retail sectors increased by 200 jobs each, or 6.9 and 1.9 percent, respectively, during the past 12 months. West Star Aviation, a locally based company specializing in the maintenance and refurbishment of corporate aircraft, has expanded hiring efforts to include 50 aircraft maintenance technicians, with additional openings for avionics installers and repair technicians (West Star Aviation).

Table 3. Major Employers in the Grand Junction HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
St. Mary's Hospital	Education & Health Services	2,300
Mesa County	Government	1,025
State of Colorado	Government	1,000
Colorado Mesa University	Government	1,000
Community Hospital	Education & Health Services	800
Grand Junction VA Medical Center	Government	720
Star Tek Inc.	Information	700
City of Grand Junction	Government	630
Hilltop Community Resources	Education & Health Services	600
West Star Aviation	Manufacturing	410

Note: Excludes local school districts.

Source: Grand Junction Economic Partnership

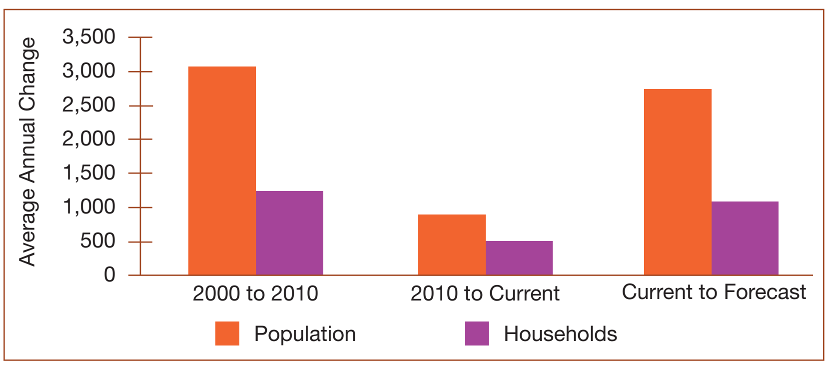
During the next 3 years, nonfarm payrolls are expected to increase by an average of 1,100 jobs, or 1.8 percent annually. The mining, logging, and construction sector is anticipated to continue to increase in nonfarm payroll jobs. Construction of Las Colonias Business Park started in early 2018. It is part of a $30 million business and recreational park that will cater to outdoor recreational businesses and include office spaces and light industrial facilities. Bonsai Design, a company that builds aerial adventure courses, plans to invest $2 million into new facilities at the park, including an additional $600,000 research and development building, and expects to add 15 new employees to their current staff (Coloradobiz.com, April 2018). The Federal Aviation Administration (FAA) awarded Grand Junction Regional Airport two grants totaling $5.2 million as part of the plan to build a new 10,500-foot runway, expected to start construction in 2020 (*Grand Junction Daily Sentinel*). The 10-year-long project will build a runway a quarter mile north of the existing one to avoid disruption of services, with total cost estimated at $132 million (*Construction News*, June 2018), and is expected to add 60 jobs during construction.

Population and Households

As of July 1, 2018, the population of the Grand Junction HMA was estimated at 154,100, reflecting an average annual increase of 890, or 0.6 percent, since 2010 (Figure 4). Approximately 56 percent of the increase was from net in-migration. By comparison, during the previous period of strong job growth from 2000 to 2008, the HMA population increased by an average of 3,250, or 2.6 percent a year. Net in-migration averaged 2,725 people annually, accounting for approximately 84 percent of population growth as workers moved to the HMA in response to increased drilling in the Piceance Basin.

From 2009 to 2011, net out-migration averaged 970 people a year and the population in the HMA declined by an average of 290, or 0.2 percent annually, in response to job losses caused by the Great Recession and a decline in energy exploration in the HMA. From 2011 to 2014, as economic conditions began to improve, net out-migration slowed to an average of 470 people a year matching the rate of natural increase so that the population level was approximately constant during the period. As the recovery continued, from 2015 to 2017, net in-migration resumed at an average pace of 1,500 people a year. Population growth accelerated to an average of 1,750 a year and net in-migration accounted for approximately 85 percent of this growth. Figure 5 shows the components of population change in the HMA from 2000 to the forecast date.

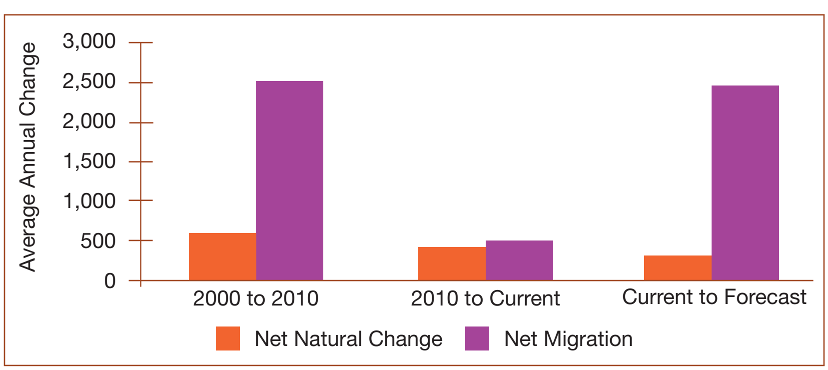
Figure 4. Population and Household Growth in the Grand Junction HMA, 2000 to Forecast



Notes: The current date is July 1, 2018. The forecast date is July 1, 2021.

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

Figure 5. Components of Population Change in the Grand Junction HMA, 2000 to Forecast



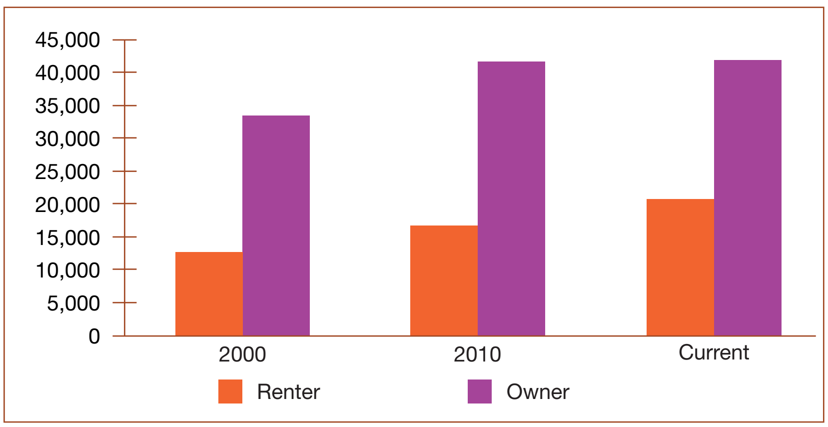
Notes: The current date is July 1, 2018. The forecast date is July 1, 2021.

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

Because of affordable housing and easy access to healthcare, the Grand Junction HMA is increasingly becoming a popular retirement destination. Residents aged 55 and older comprised approximately 25 percent of the total population in the HMA during 2000. That share increased to nearly 32 percent of the total population in 2016 and is expected to increase to 33 percent by 2020 (Colorado State Demography Office, with adjustments by the analyst). From 2011 to 2016, the population aged 55 and older increased an average of 2.0 percent annually, compared with a decline of 0.4 percent annually for the population below age 55 (2011 and 2016 American Community Survey 1-year data). Retirees choose to move to the Grand Junction HMA due to consistently lower prices of homes when compared to elsewhere in the state. Existing homes sold for approximately 36 percent less than the state average from 2013 through 2017 (CoreLogic, Inc., with adjustment by the analyst).

Reflecting recent population trends, while household growth has continued since 2010 in response to improving economic conditions, the rate of growth is below the level from 2000 to 2010. The number of households in the HMA is currently estimated at 65,350, representing an average increase of 490 households, or 0.8 percent annually, since 2010. During the 2000s, when population growth was faster, the number of households increased at an average rate of 2.4 percent, or 1,225 households annually. Currently, the home ownership rate is 67.1 percent, down from 71.4 percent in April 2010. Stricter mortgage financing terms, increased foreclosures, and an increased propensity to rent have decreased the proportion of owner households since 2010. From 2000 to 2010, the number of renter households grew at an average annual rate of 2.9 percent, to 16,600 households (Figure 6). Since 2010, the average annual rate of renter household growth has increased to 3.8 percent and the number of renter households has grown to 20,450. The increase in the rate of growth in renter households has outpaced owner households since 2010, despite improved economic conditions within the HMA.

Figure 6. Number of Households by Tenure in the Grand Junction HMA, 2000 to Current



Notes: The current date is July 1, 2018.

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

During the forecast period, the number of households in the HMA is expected to increase by an average of 1,075, or 1.7 percent annually, to 65,350 households. Job growth and relatively low housing costs are expected to attract people to the HMA, resulting in net in-migration estimated at an average of 2,425 people annually, or nearly 90 percent of expected population growth. The population is expected to increase by 2,725, or 1.7 percent, annually. Table DP-1, at the end of this report, shows household growth by tenure in the HMA from 2000 to the current date.

Housing Market Trends

Sales Market

Sales housing market conditions in the Grand Junction HMA are currently tight, with an estimated owner vacancy rate of 1.2 percent, down from 2.2 percent in April 2010. During the 12 months ending June 2018, new and existing home sales in the HMA (including single-family homes, townhomes, and condominiums) increased by 670, or 16 percent, from a year earlier, to 4,890 sales (Metrostudy, A Hanley Wood Company). The average sales price increased more than 6 percent to $244,500 during the same period. Existing home sales, which accounted for more than 90 percent of homes sold during the past 12 months, increased by 610 homes, or approximately 16 percent, to 4,550 homes sold, and the average sales price for an existing home increased 6 percent to $241,100. New home sales, which totaled 340 during the 12 months ending June 2018, grew at a faster pace than existing home sales, increasing by 65 homes, or more than 24 percent, from the previous 12 months. The average sales price of a new home also increased faster than an existing home, rising 9 percent to $290,900 during the same time, partially linked to rising labor and material costs.

New and existing home sales activity peaked in the HMA from 2005 through 2008, prior to the housing market downturn, at an average of 5,300 homes sold annually, in part, because of the boom in the oil and gas industry. The number of new single-family home sales averaged approximately 900 annually during that same period, as existing home sales averaged 4,400. From 2009 through 2012, the number of total home sales declined to an average of 2,585 homes, reflecting low demand for new and existing homes due to net out-migration, a weaker economy, and tighter mortgage lending standards after the national recession of 2008. During that period, the volume of REO (real estate owned) sales averaged more than 30 percent of all existing home sales, peaking at nearly 50 percent in 2011 (CoreLogic Inc.). From 2009 through 2012, new single-family homes dropped to an average of 210 sales annually in response to the decline in natural gas drilling, while existing home sales were down to 2,375 homes a year during that same period (Metrostudy, A Hanley Wood Company). Despite job losses within the oil and gas industry, the healthcare industry expanded within the HMA as the sales housing market also improved from 2013 through 2017. The volume of new home sales increased to 280 homes by 2017, or 8 percent annually from 2013, while existing home sales increased to 4,150, or more than 9 percent, annually.

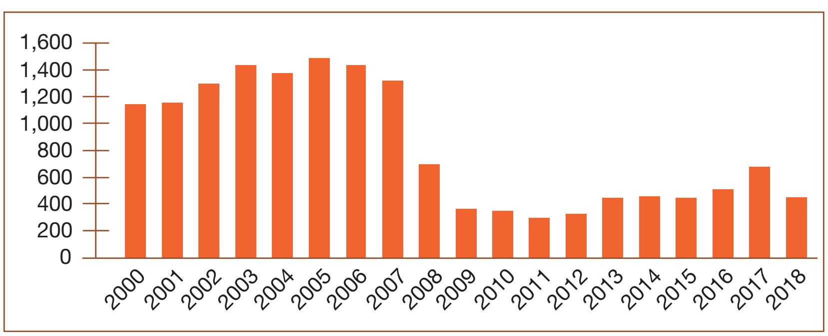
From 2005 through 2008, during the period before the Great Recession, existing home prices increased by nearly 7 percent annually to a peak of $246,000, while new homes increased by nearly 9 percent annually to a peak of $272,300. By 2011, the average existing home sales prices were at their lowest, declining to approximately $175,100, or 8 percent annually from 2008. New home sales prices bottomed out a year earlier in 2010 at $219,900, a decline of 7 percent annually. With low prices of homes, retiree migration supported the demand for homes, and the average price for new homes stabilized at $224,700 in 2012, or an annual increase of less than 1 percent during 2011 and 2012, but increased to $274,800 by 2017, or at a rate of more than 3 percent annually from 2013 through 2017. The average sales price for existing homes increased to $230,900 in 2017, or 4 percent annually, from 2012 through 2017 as the healthcare industry led economic expansion within the HMA. During the 12 months ending June 2018, existing home sales prices have increased to an average of $241,100, or nearly 6 percent, from the previous year, with the volume of home sales at 4,450, an increase of 610 homes, or nearly 16 percent, from the previous 12 months. New home sales prices increased to an average of $290,900, or nearly 9 percent annually, with an increase of 65 new homes constructed, or nearly 24 percent from the previous 12 months.

The housing market decline had a significant impact on the HMA, causing a sharp increase in the number of seriously delinquent (90 or more days' delinquent or in foreclosure) and REO properties from 2009 through 2011, but conditions have improved since that time. From 2005 through 2008, when economic conditions in the HMA were strong and home sales prices were increasing, REO sales comprised approximately 2 percent of existing home sales (CoreLogic Inc.). After the decline in energy exploration and the weakening of economic conditions in the HMA, REO sales increased, peaking at approximately 38 percent of existing home sales during 2011 and contributing to a decline in home sales prices. During that period, the average sale price of an REO home was $131,500, compared to a regular resale home at $193,400. As economic conditions improved, REO sales declined to 7 percent of existing home sales in 2016. REO sales continued to decline during the 12 months ending June 2018 to nearly 4 percent of existing home sales in the HMA. The number of short sale closings also peaked to an average of 210 annually from 2009 through 2016, much more than the average of approximately 30 short sales annually from 2006 through 2008. As economic conditions strengthened since 2011 and the supply of seriously delinquent homes lessened, the number of short sales declined significantly during the 12 months ending June 2018, to an approximate average of more than 30 short sales, compared with 140 during the previous 12 months.

Seriously delinquent mortgages and REO inventory decreased as a share of total mortgages during the past year in the HMA. Of the home loans in the HMA, nearly 1.0 percent were 90 or more days delinquent, were in foreclosure, or transitioned into REO status as of June 2018, down from 1.7 percent a year ago and lower than the 5.9 percent peak in February 2010 (CoreLogic Inc., with adjustments by the analyst). By comparison, the percentage of mortgages that were distressed and in REO status was lower in the state of Colorado during June 2018, at 0.6 percent, but the HMA and state rates were both lower than the national rate of approximately 2.0 percent.

New home construction declined during the housing market downturn and the price drop of natural gas in 2009. Since 2011, new home construction activity, as measured by the number of single-family homes permitted, has increased within the HMA. During the past 12 months, because of improving economic conditions due to healthcare industry expansion, prices improving for both oil and natural gas, and increased net in-migration, approximately 770 homes were permitted, up nearly 34 percent from the previous 12 months (preliminary data). By comparison, building activity

Figure 7. Single-Family Homes Permitted in the Grand Junction HMA, 2000 to Current



Notes: Includes townhomes. Current includes data through June 2018.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–2016 final data and analyst estimates; 2017–2018 preliminary data and analyst estimates peaked prior to the housing market downturn at an average of 1,400 homes permitted annually from 2003 through 2007 before declining each year to a low of 290 homes permitted in 2011 (Figure 7). As economic conditions in the HMA began to improve, building activity increased an average of nearly 16 percent, a year, from 320 homes permitted in 2012 to 670 homes in 2017.

Notable single-family developments currently under construction are in Copper Creek North, a newer neighborhood in the Grand Junction HMA. The development has four resident-only parks and two series of homes to choose from: the Parkview series, starting at $272,000, with home sizes ranging from 1,475 to 1,725 square feet; and the Vanguard series, starting at $309,000 with home sizes ranging from 1,600 to 2,525 square feet. Copper Creek has four separate subdivisions, with the first two completed with 65 homes sold; the third approximately 60 percent built out, with 10 out of 17 homes sold; and the fourth opening 50 new lots in 2019.

During the next 3 years, demand is expected for 2,825 new single-family homes, townhomes, and condominiums in the HMA, with nearly all the demand for single-family homes and an estimated 100 units of this demand for mobile homes (Table 1). The 300 homes currently under construction will satisfy part of the forecast demand. Demand is expected to be stable throughout the forecast period and will be strongest for homes at the lower to middle end of the market, priced between $150,000 and $350,000 (Table 4).

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

Price Range ($)		Units of Demand	Percent of Total
From	To		
150,000	249,999	1,350	44.0
250,000	349,999	1,225	40.0
350,000	449,999	340	11.0
450,000	799,999	140	4.5
800,000	and higher	15	0.5

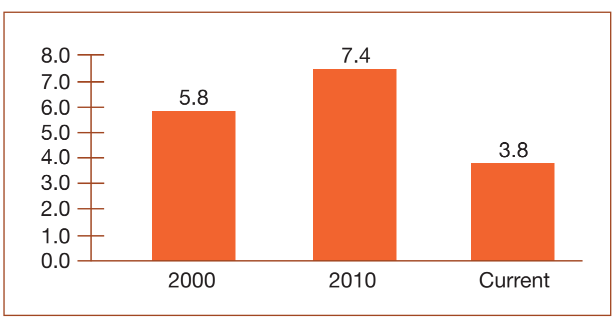
Notes: Numbers may not add to totals because of rounding. The 300 homes currently under construction in the HMA will likely satisfy some of the forecast demand. Demand for 100 mobile homes during the forecast period is excluded from this table.

Source: Estimates by analyst

Rental Market

The rental housing market in the Grand Junction HMA is slightly tight. Heightened demand caused by modestly improving economic conditions and increased net in-migration has significantly reduced the vacancy rate since 2010. The overall rental vacancy rate, which includes apartments and single-family homes, townhomes, condominiums, duplexes, and mobile homes for rent is currently estimated at 3.8 percent, down from 7.4 percent in 2010 (Figure 8). In 2016, single-family homes, which typically have a higher vacancy rate in the HMA than traditional apartments, accounted for approximately 50 percent of all occupied rental units in the HMA, up from 45 percent in 2010 (American Community Survey, 1-year estimates). The

Figure 8. Rental Vacancy Rates in the Grand Junction HMA, 2000 to Current

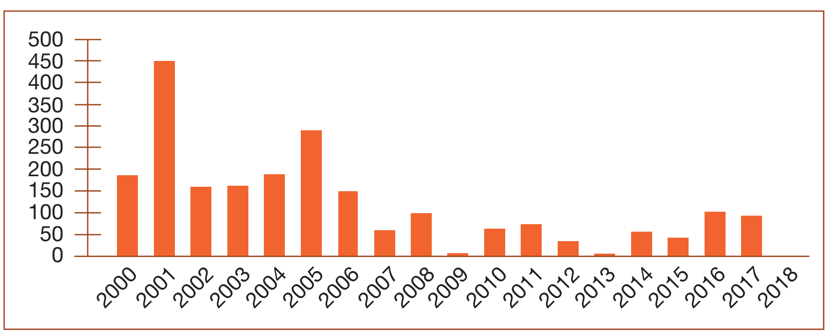


Note: The current date is July 1, 2018.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst apartment market in the HMA is currently very tight, with a vacancy rate of 0.8 percent during the first quarter of 2018 (most recent data available), down from 2.1 percent a year earlier and significantly lower than the 11.6 percent rate in 2010 (Colorado Department of Local Affairs). Approximately 90 percent of multifamily units built in the HMA from 2000 to 2010 were low-income housing tax credit (LIHTC) units, compared with less than 35 percent of multifamily units built since 2010. The reduction in both LIHTC and apartment construction activity overall during the past 8 years has resulted in tighter market conditions, particularly among market-rate units. The 48-unit Peppermill Apartments, completed in the summer of 2012, was the last market-rate apartment property built in the Grand Junction HMA. Rents at the property currently start at $875 and $975 for the one- and two-bedroom units, respectively.

Despite recent improvements in the economy, multifamily construction activity, as measured by the number of units permitted, remains at a low level compared with conditions prior to the housing market downturn. During the 12 months ending June 2018, approximately 10 units were permitted in the HMA, down from 90 units during the previous 12 months. By comparison, multifamily permitting averaged 190 units a year from 2000 through 2008, before declining to an average of 45 units annually from 2009 through 2016 (Figure 9). In part, because of the unpredictability of the oil and gas industry and its effects on the HMA, developers remain cautious about increasing market-rate apartment construction, despite the currently tight apartment market. Since 2010, as more seniors have moved into the HMA, approximately 50 percent of all multifamily developments have been age-restricted, compared with 30 percent during 2000 through 2009. Recent rental developments include the Highlands Senior apartments, a 64-unit apartment property completed during 2016 by the Grand Junction Housing Authority, with a second phase, which will add 72 units, expected to be finished in mid-2019. Units at the property are both age- and income-restricted, for senior households with incomes of less than 60 percent of the Area Median Income (AMI). During the first quarter of 2018, average rents in the HMA, including income-restricted properties, averaged $537, up 7 percent from the average of $503 a year earlier (Colorado Department of Local Affairs). Rents by unit size averaged approximately $510 for a one-bedroom, one-bathroom unit; $650 for a two-bedroom, one-bathroom unit; $710 for a two-bedroom, two-bathroom unit; and $830 for a three-bedroom, two-bathroom unit.

Figure 9. Multifamily Units Permitted in the Grand Junction HMA, 2000 to Current



Notes: Excludes townhomes. Current includes data through June 2018.

Sources: U.S. Census Bureau, Building Permits Survey; 2000–2016 final data and analyst estimates; 2017–2018 preliminary data and analyst estimates

Demand is expected for approximately 300 new market-rate rental units in the HMA during the next 3 years. The 90 units under construction are expected to satisfy a portion of the demand during the first year of the forecast period. Table 5 shows the forecast demand for rental units by number of bedrooms and rent level.

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

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Rent ($)	Units of Demand	Monthly Rent ($)	Units of Demand	Monthly Rent ($)	Units of Demand	Monthly Rent ($)	Units of Demand
750 to 949	10	850 to 1,049	120	975 to 1,174	140	1,250 to 1,449	35
		1,050 or more	15	1,175 or more	10	1,450 or more	10
Total	10	Total	130	Total	150	Total	45

Notes: Monthly rent does not include utilities or concessions. Numbers may not add to totals because of rounding. The 90 units currently under construction will likely satisfy some of the estimated demand.

Source: Estimates by analyst

Data Profile

Table DP-1. Grand Junction HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%) 2000 to 2010	Average Annual Change (%) 2010 to Current
Total Resident Employment	56,921	67,776	72,150	1.8	0.8
Unemployment Rate	3.3%	11.0%	3.8%		
Total Nonfarm Payroll Jobs	50,400	58,800	63,550	1.6	1.0
Total Population	116,255	146,723	154,100	2.4	0.6
Total Households	45,823	58,095	62,100	2.4	0.8
Owner Households	33,313	41,506	41,650	2.2	0.0
Percent Owner	72.7%	71.4%	67.1%		
Renter Households	12,510	16,589	20,450	2.9	2.6
Percent Renter	27.3%	28.6%	32.9%		
Total Housing Units	48,427	62,644	66,800	2.6	0.8
Sales Vacancy Rate	1.7%	2.2%	1.2%		
Rental Vacancy Rate	5.8%	7.4%	3.8%		
Median Family Income	$38,800	$62,727	$65,617	4.9	0.6

Notes: Median Family Incomes are for 1999, 2009, and 2016. Employment data represent annual averages for 2000, 2010, and the 12 months through June 2018.

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

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census

2010: 4/1/2010—U.S. Decennial Census

Current date: 7/1/2018—Estimates by the analyst

Forecast period: 7/1/2018–7/1/2021—Estimates by the analyst

The metropolitan statistical area definition noted in this report is based upon 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 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.

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_GrandJunctionCO_18.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 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.

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