

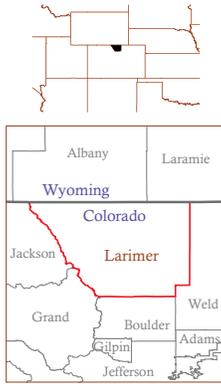
# Fort Collins-Loveland, Colorado



U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of June 1, 2007



## Housing Market Area



The Fort Collins-Loveland, Colorado Housing Market Area (HMA) consists of Larimer County in north-central Colorado. Larimer County borders the Continental Divide, and more than 50 percent of the county's land is national forests and park areas. The major cities of Fort Collins and Loveland are regional centers for employment, health care, and housing. Fort Collins is also home to Colorado State University (CSU), the leading employer in the area. Small cities such as Estes Park and Red Feather Lakes, which are located along park borders, are popular destinations for regional tourism. Table DP-1 lists area employment, demographic, and housing statistics from 1990 to the current date.

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## Summary

### Economy

In the 12-month period ending May 2007, nonfarm employment in the Fort Collins-Loveland HMA averaged 134,500 jobs, an increase of 1.7 percent from the number of jobs recorded in the 12-month period ending May 2006. The education and health services, financial activities, and professional and business services sectors led area employment growth and increased by more than 3 percent each. The completion of Medical Center of the Rockies, a division of Poudre Valley Health System, was a major addition to the economy and added nearly 800 new jobs to the area. The current unemployment rate is 3.6 percent.

### Sales Market

The sales housing market in the HMA is slightly soft. A surplus inventory of new and existing homes for sale, especially in Fort Collins, has slowed price appreciation in the past 2 years. As a result, single-family construction, as measured by the number of units permitted, has fallen by 40 percent over the past year. The excess inventory is expected to be absorbed by the end of 2007, and an estimated 6,550 new homes will be needed to meet the demand for new sales housing through May 2010 (see Table 1).

### Rental Market

The rental housing market in the area is also soft, but it is improving. The rental vacancy rate is approximately 7.5 percent, the lowest since 2003. Multifamily construction, as measured by the number of units permitted, is down significantly. A total of 425 multifamily units were permitted during the 12-month period ending May 2007, a 48-percent decrease compared with the number of multifamily units permitted during the previous 12-month period. The rental housing market is expected to become balanced by early 2008. Demand for an additional 400 rental units is expected during the 3-year forecast period (see Table 1).

**Table 1. Housing Demand in the Fort Collins-Loveland HMA, 3-Year Forecast, June 1, 2007 to June 1, 2010**

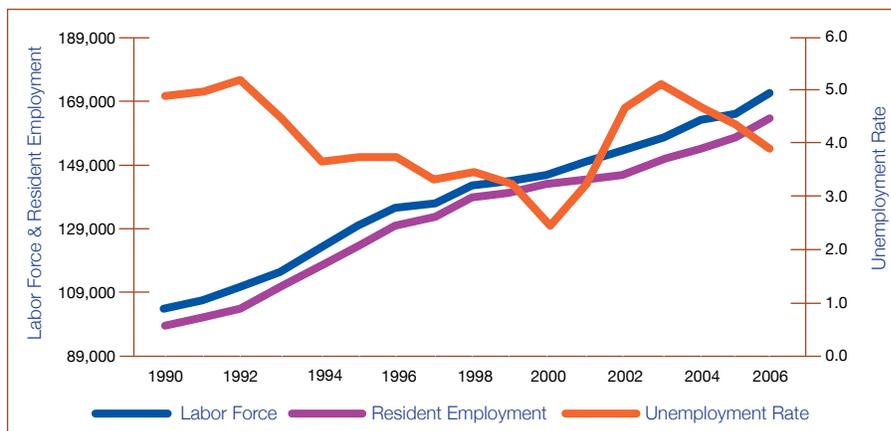
	Fort Collins-Loveland HMA	
	Sales Units	Rental Units
Total Demand	6,550	400
Under Construction	525	100

*Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of June 1, 2007. Source: Estimates by analyst*

# Economic Conditions

Economic conditions in the Fort Collins-Loveland HMA are stable. Resident employment growth in the area has been on an upward trend since 1990 (see Figure 1). Between 1990 and June 1,

**Figure 1.** Trends in Labor Force, Resident Employment, and Unemployment Rate in the Fort Collins-Loveland HMA, 1990 to 2006



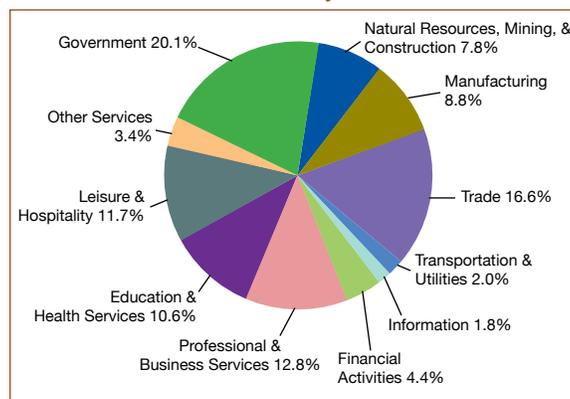
Source: U.S. Bureau of Labor Statistics

**Table 2.** Major Employers in the Fort Collins-Loveland HMA

Name of Employer	Employment Sector	Number of Employees
Colorado State University	Education	6,000
Hewlett-Packard Company	Manufacturing	3,000
Poudre Valley Health System	Health Services	2,800
Agilent Technologies, Inc.	Manufacturing	2,800
City of Fort Collins	Government	1,400
Larimer County	Government	1,400
McKee Medical Center	Health Services	950
Advanced Energy	Manufacturing	800

Source: Larimer County, Colorado

**Figure 2.** Current Employment in the Fort Collins-Loveland HMA, by Sector



Note: Based on 12-month averages through May 2007.

Source: U.S. Bureau of Labor Statistics

2007, nonfarm employment grew at an average rate of 3.2 percent a year. Despite an economic downturn in early 2001 that affected the goods-producing sectors, employment growth in the area has remained positive. Table 2 provides a list of the major employers in the HMA, including CSU, Hewlett-Packard Company, and Poudre Valley Health System.

Located in Fort Collins, CSU is the leading employer and an important component of the local area economy. The university employs nearly 6,000 people and spends \$350 million annually on salaries for faculty and staff. Enrollment for the fall 2006 semester totaled 24,650 students and is expected to increase by 2 percent annually through 2010. CSU had an annual budget of more than \$267 million for the 2006–07 academic year, an increase of 35 percent since the 2000–01 academic year.

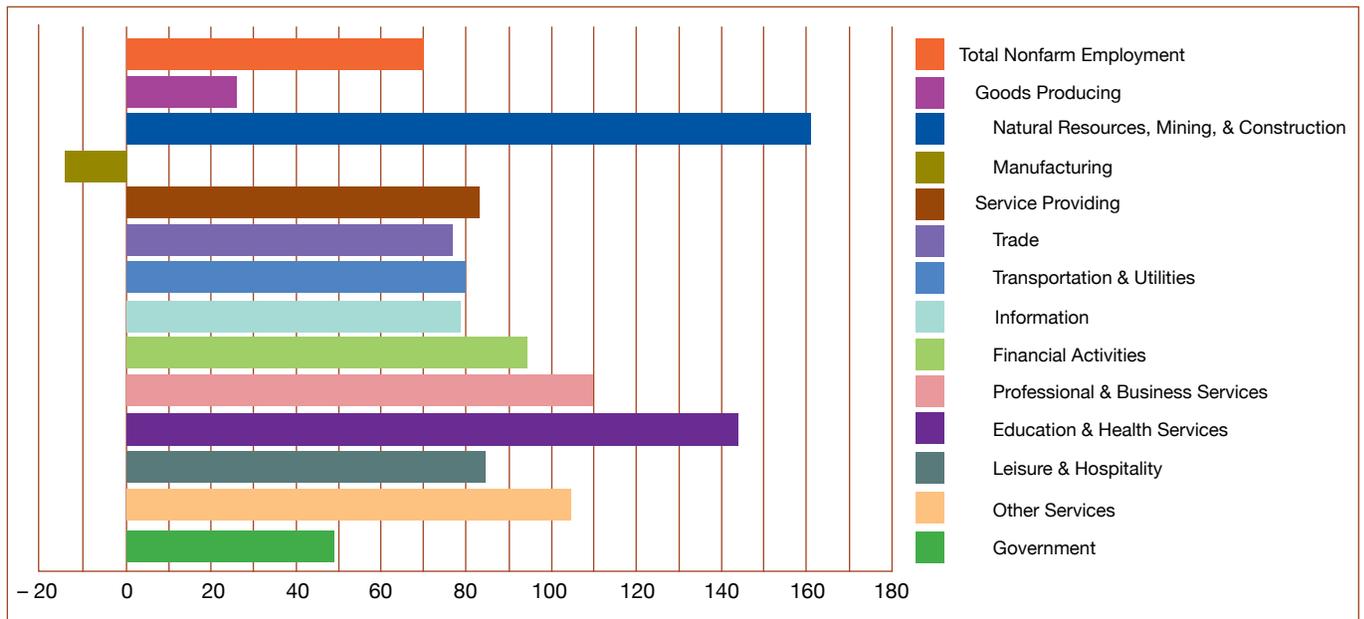
Since 1990, jobs in the natural resources, mining, and construction sector, professional and business services sector, and education and health services sector have more than doubled. Government employment, primarily at the state and local levels, is still the leading component of the area economy (see Figure 2). Although it provides employment stability, the government sector has accounted for less economic growth than other service-providing sectors have. Manufacturing, the only sector to have consistently lost jobs, has experienced a 1-percent average annual decline since 1990. Most of the approximately 3,000 jobs losses that have occurred since 2000 were

relatively high-wage jobs in the computer and electronic manufacturing industry. Figure 3 illustrates job growth by sector in the HMA since 1990.

The Medical Center of the Rockies, which opened in 2006, employs nearly 800 medical professionals

and administrators. The center specializes in trauma and cardiac care. Local sources indicate that, during the next 3 years, an estimated 2,000 healthcare-related jobs will be created in the area. The Promenade Shops at Centerra, which opened in late 2005, now house more than 60 retail shops and employ nearly

**Figure 3. Sector Growth in the Fort Collins-Loveland HMA, Percentage Change, 1990 to Current**



Note: Current is based on 12-month averages through May 2007.

Source: U.S. Bureau of Labor Statistics

**Table 3. 12-Month Average Employment in the Fort Collins-Loveland HMA, by Sector**

Employment Sector	12 Months Ending May 2006	12 Months Ending May 2007	Percent Change
Total Nonfarm Employment	132,300	134,500	1.7
Goods Producing	22,900	22,700	-0.9
Natural Resources, Mining, & Construction	10,700	10,700	0.0
Manufacturing	12,200	12,000	-1.6
Service Providing	109,400	111,700	2.1
Trade	22,600	22,700	0.4
Transportation & Utilities	2,700	2,700	0.0
Information	2,500	2,500	0.0
Financial Activities	5,800	6,000	3.4
Professional & Business Services	16,900	17,600	4.1
Education & Health Services	14,000	14,600	4.3
Leisure & Hospitality	15,700	16,000	1.9
Other Services	4,600	4,700	2.2
Government	27,500	27,600	0.4

Notes: Based on 12-month averages through May 2006 and May 2007. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

1,500 people. Offsetting some of the job losses in manufacturing, Advanced Micro Devices, Inc., and Intel Corporation, manufacturers of microprocessors, opened small microchip design centers in Fort Collins during the past year. The centers will employ 200 and 300 people, respectively, by the end of 2007.

In the 12-month period ending May 2007, nonfarm employment averaged 134,500 jobs, a 1.7-percent increase from the number recorded in the previous 12-month period. Table 3 lists the average number of jobs in each employment sector during the past two 12-month periods. The service-providing sectors added

nearly 2,400 jobs, but employment in the goods-producing sectors fell by 130 jobs. The unemployment rate for the recent 12-month period

averaged 3.7 percent. Nonfarm employment is expected to increase by 2.1 percent annually through the 3-year forecast period.

## Population and Households

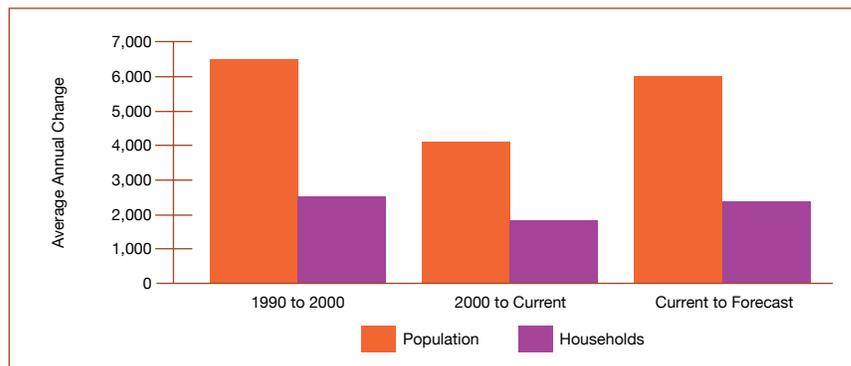
During the 1990s, the population of the Fort Collins-Loveland HMA increased by an average of 6,536, or 3.1 percent, a year. More than 70 percent of the increase was the result of net in-migration. People moving to the area tended to be younger and have smaller households, which increased the rate of household formation in relation to population growth. Compared with area population

growth, the rate of household growth was slightly higher than the rate of population growth; the number of households increased by 3.3 percent annually, resulting in a little more than 97,000 area households by the 2000 Census.

Starting with the economic downturn in 2001, in-migration slowed, as did the rate of household formation. Between the 2000 Census and June 1, 2007, population growth averaged 4,200, or 1 percent, a year, and in-migration accounted for only 50 percent of the population growth. The number of households also grew by 1 percent. As of June 1, 2007, the population is estimated at 280,900 and approximately 100,750 households are in the HMA. Through the forecast period, the population is expected to reach 298,900, a 2.1-percent average annual growth rate. Household formation will occur at a similar rate. Figures 4 and 5 show population and household growth and components of population change, respectively, in the HMA from 1990 through the forecast period.

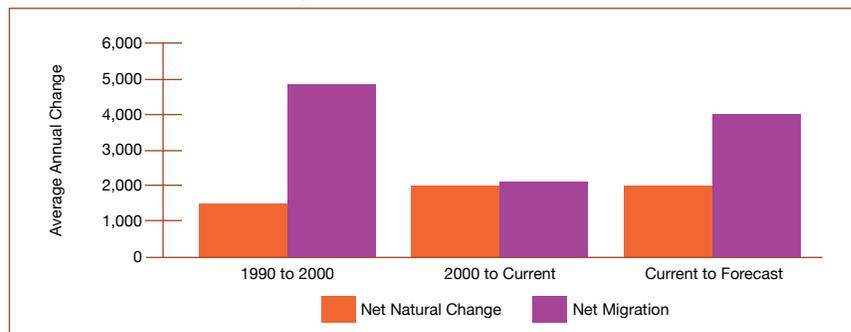
Despite a slowdown in household formation since 2000, the rate of homeownership in the area has increased. Low interest rates, the large-scale construction of more affordable condominiums and townhomes, and a preference for homeownership in

**Figure 4.** Population and Household Growth in the Fort Collins-Loveland HMA, 1990 to Forecast

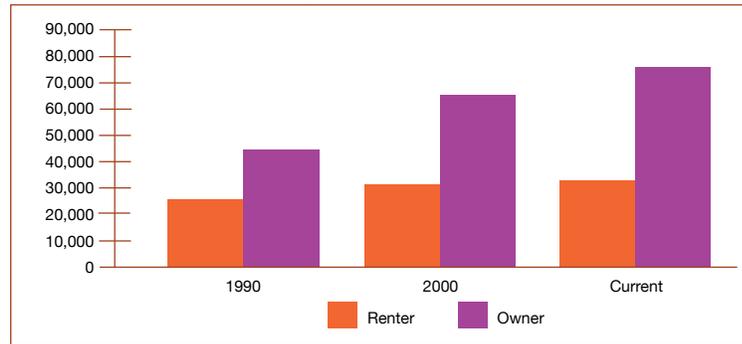


Sources: 1990 and 2000—U.S. Census; current and forecast—estimates by analyst

**Figure 5.** Components of Population Change in the Fort Collins-Loveland HMA, 1990 to Forecast



Sources: 1990 and 2000—U.S. Census; current and forecast—estimates by analyst

**Figure 6.** Number of Households by Tenure in the Fort Collins-Loveland HMA, 1990 to Current

Sources: 1990 and 2000—U.S. Census; current—estimates by analyst

the area have enabled many residents to purchase homes rather than rent. According to the 1990 Census, 63 percent of households were homeowners, and, in 2000, the percentage of homeowners grew to 68 percent. As of June 1, 2007, the rate of homeownership in the area is nearly 70 percent. Figure 6 shows the number of households by tenure in the HMA.

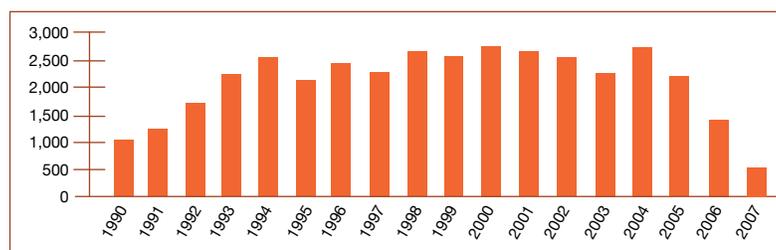
## Housing Market Trends

### Sales Market

Population growth in the 1990s resulted in a strong demand for new housing in the Fort Collins-Loveland HMA. As a result, single-family home construction increased in the early part of the decade and remained high. During the decade, an average of 2,450 single-family homes were permitted annually. The trend in single-family home construction, as measured by the number of building permits issued, continued through 2005 and averaged 2,525 permits annually starting in 2000. In 2006, home sales began to decline. Data from the Colorado Association of REALTORS® indicate that existing home sales

declined by 8 percent in 2006, to 4,800 homes, compared with home sales in 2005. According to The Genesis Group, a regional real estate research company, between 2005 and 2006, new home sales declined by more than 37 percent to 1,250 units. In response to the decreasing demand, the number of single-family homes permitted in 2006 also declined by 37 percent compared with the number permitted in 2005 and totaled 1,435. Despite the declines in housing production, the inventories of unsold homes increased. Figure 7 shows the annual number of single-family building permits issued in the HMA from 1990 through May 2007.

During the 12-month period ending May 2007, 1,200 single-family units were permitted in the area, a 40-percent decrease from the number permitted during the previous 12-month period. The slowdown in production has allowed the market to improve slightly, and the excess supply is starting to be absorbed; however, the market remains

**Figure 7.** Single-Family Building Permits Issued in the Fort Collins-Loveland HMA, 1990 to 2007

Notes: Includes only single-family detached and single-family attached units. Includes data through May 2007.

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

slightly soft. Foreclosures have also added to the market's softness. The Larimer County Public Trustee's office reported 1,253 foreclosures in 2006, three times the number it reported in 2000.

Condominiums have added to the oversupply of for-sale housing. It is estimated that approximately 75 percent of all multifamily units built since 2004 were intended for the sales market. In several instances, the developers of new condominium buildings have had difficulty achieving expected sales levels and have lowered unit prices. The average sales price of a new attached home in the area was

\$194,000 in 2006, 10 percent lower than the \$216,000 average sales price recorded a year earlier.

The recent softening of the sales housing market has had a significant impact on the sales price of existing homes as price reductions and sales incentives have become common for existing home listings. According to The Genesis Group, the average sales price of existing single-family homes fell by more than 3 percent, or \$8,500, to \$246,000 in the first quarter of 2007 compared with the first quarter of 2006. The average sales price of condominiums and townhomes fell by nearly 8 percent, or \$12,000, to \$146,000 during the same period.

**Table 4.** Estimated Demand for New Market-Rate Sales Housing in the Fort Collins-Loveland HMA, June 1, 2007 to June 1, 2010

Price Range (\$)		Units of Demand	Percent of Total
From	To		
140,000	179,999	1,300	19.8
180,000	219,999	1,625	24.8
220,000	259,999	1,125	17.2
260,000	299,999	650	9.9
300,000	349,999	500	7.6
350,000	399,999	325	5.0
400,000	449,999	250	3.8
450,000	499,999	225	3.4
500,000	599,999	200	3.1
600,000	699,999	125	1.9
700,000	799,999	100	1.5
800,000	999,999	75	1.1
1,000,000	and higher	50	0.8

Source: Estimates by analyst

During the forecast period, demand for 6,550 new sales units is expected. See Table 4 for estimated demand for sales housing in the HMA by price range. Because of the slowdown in new home production, the market is expected to become balanced by the end of 2007. Demand for new sales units is expected to be the greatest at sales prices below \$200,000; however, the construction of units in this price range should be delayed until early 2008 to allow for the absorption of the current excess inventory of condominiums and townhomes.

## Rental Market

Conditions in the rental housing market in the Fort Collins-Loveland HMA are slightly soft but have improved during the past few years. The current rental vacancy rate is 7.5 percent (see Figure 8), the lowest it has been since peaking in early 2003 at 16 percent. The high rental vacancy rate was the result

of several large rental developments that were built in early 2000 and started to lease up at the same time that population growth slowed. Approximately 4,500 new units were added to the rental inventory between 2001 and 2003. After 2003, the production of multifamily rental developments slowed significantly.

## Housing Market Trends

### Rental Market *Continued*

Multifamily construction, as measured by the number of units permitted, fell by 50 percent to 425 units in the 12 months ending May 2007 compared with the previous 12 months because of the overall softness in area sales and rental housing markets. Figure 9 shows the annual number of multifamily units permitted between 1990 and May 2007. The rise in multifamily permits since 2004 results from an increase in the construction of condominiums and townhomes, not rental units. The slowdown in rental unit production has allowed some of the excess vacant rental inventory to be absorbed, which resulted in a slight increase of rents.

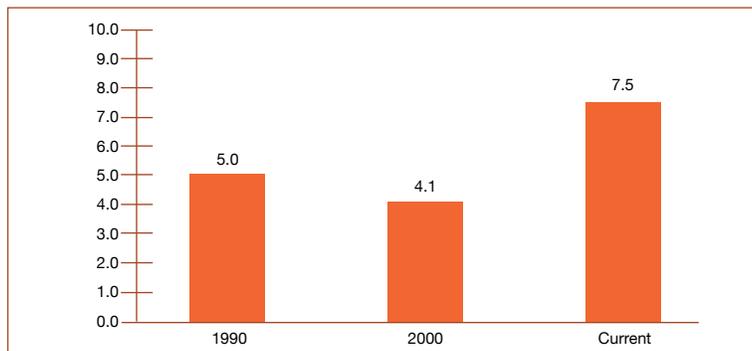
Area rents remained relatively flat between 2000 and 2006 but have

increased slightly over the last year. According to a Colorado Division of Housing first quarter 2007 multifamily vacancy and rent study, the median rent in the HMA was \$750, a 3-percent increase over the median rent recording during the first quarter of 2006. A far more positive sign of the market's improvement has been the easing of rent concessions, which, until a year ago, often included 1 month's free rent. Local sources indicate that very few market-rate developments in the HMA offer rent concessions on all units, although limited concessions remain.

CSU has a significant impact on the local rental housing market. Approximately 5,000 students live on campus in residence halls and university-owned apartments. The remaining 19,650 students live off campus, constituting approximately one-third of the renter households in the HMA. Student demand for housing increased in 2007 because of a city ordinance restricting the number of unrelated people allowed to share rental housing. An estimated 300 new renter households were formed due to the restriction.

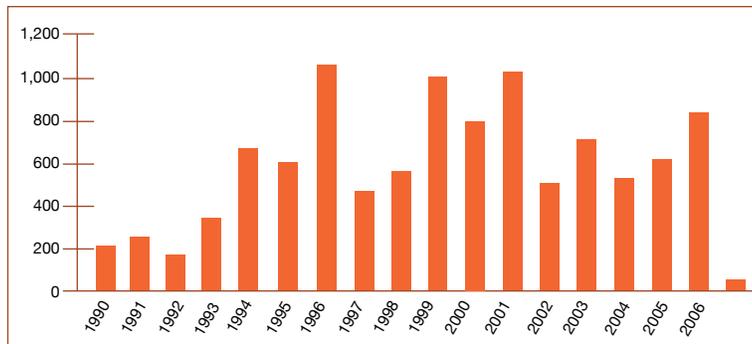
Based on anticipated household growth and the decline of new rental construction in recent months, the rental housing market is expected to become balanced in early 2008. Through the forecast date, demand for 400 new rental units is expected. See Table 5 for estimated demand for rental housing in the HMA by number of bedrooms and rent range. The completion of the first development should be scheduled for the fall of 2008 to allow for the 100 units currently under construction and the current excess supply to be absorbed.

**Figure 8.** Rental Vacancy Rates in the Fort Collins-Loveland HMA, 1990 to Current



Sources: 1990 and 2000—U.S. Census; current—estimates by analyst

**Figure 9.** Multifamily Building Permits Issued in the Fort Collins-Loveland HMA, 1990 to 2007



Notes: Includes all multifamily units in structures with two or more units. Includes data through May 2007.

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

## Housing Market Trends

Rental Market *Continued*

**Table 5.** Estimated Demand for New Market-Rate Rental Housing in the Fort Collins-Loveland HMA, June 1, 2007 to June 1, 2010

1 Bedroom		2 Bedrooms		3 or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
650	110	750	200	850	90
700	100	800	160	900	85
750	90	850	150	950	75
800	80	900	130	1,000	65
850	70	950	115	1,050	55
900	60	1,000	95	1,100	45
950	50	1,050	80	1,150	40
1,050	40	1,150	65	1,250	30
1,150	35	1,250	45	1,350	20
1,250	25	1,350	30	1,450	15
1,350	20	1,450	20	1,550	10
and higher		and higher		and higher	

Notes: Distribution above is noncumulative. Demand shown at any rent represents demand at that level and higher.

Source: Estimates by analyst

## Data Profile

**Table DP-1.** Fort Collins-Loveland HMA Data Profile, 1990 to Current

	1990	2000	Current	Average Annual Change (%)	
				1990 to 2000	2000 to Current
Total Resident Employment	99,089	141,813	166,000	3.6	2.2
Unemployment Rate (%)	4.9	3.0	3.6		
Nonfarm Employment	89,200	120,400	134,500	3.0	1.6
Total Population	186,136	251,494	280,900	3.1	1.6
Total Households	70,472	97,164	110,750	3.3	1.8
Owner Households	44,297	65,767	76,950	4.0	2.2
Percent Owner (%)	62.9	67.7	69.5		
Renter Households	26,175	31,397	33,800	1.8	1.0
Percent Renter (%)	37.1	32.3	30.5		
Total Housing Units	77,811	105,392	123,250	3.1	2.2
Owner Vacancy Rate (%)	2.2	1.2	2.1		
Rental Vacancy Rate (%)	5.0	4.1	7.5		
Median Family Income	\$36,931	\$58,866	\$68,200	4.8	2.1

Note: Median family incomes are for 1989, 1999, and 2007.

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

## Data Definitions and Sources

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1990: 4/1/1990—U.S. Decennial Census

2000: 4/1/2000—U.S. Decennial Census

Current date: 6/1/2007—Analyst's estimates

Forecast period: 6/1/2007–6/1/2010—Analyst's estimates

**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.

For additional data pertaining to the housing market for this HMA, go to [www.huduser.org/publications/pdf/CMARtables\\_FtCollinsCO.pdf](http://www.huduser.org/publications/pdf/CMARtables_FtCollinsCO.pdf).

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This analysis has been prepared for the assistance and guidance of the U.S. Department of Housing and Urban Development (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 [www.huduser.org/publications/econdev/mkt\\_analysis.html](http://www.huduser.org/publications/econdev/mkt_analysis.html).