

Boulder, Colorado

HUD Region VIII

(U.S. Housing Market Conditions Report – September 2009)

The Boulder metropolitan area consists of Boulder County in north-central Colorado, about 25 miles northwest of Denver. Boulder is home to the University of Colorado at Boulder (CU-Boulder), which has an enrollment of more than 30,000 students. According to a 2009 CU-Boulder study, the university has an annual impact of \$4.7 billion on the state economy. The area is a center for high-tech industries, including software and aerospace and computer equipment, and is emerging as a center for renewable energy development. As of October 1, 2009, the population of the metropolitan area was estimated at 296,600, which reflects an average increase of 3,100, or 1.1 percent, a year over the past 3 years. Due to development restrictions in the city of Boulder, much of the population growth has been in nearby communities, such as the cities of Lafayette and Louisville, or in areas of northern Boulder County, such as the city of Longmont.

Leading employers in the metropolitan area include CU-Boulder, IBM Corporation, and Ball Aerospace & Technologies Corporation, with 6,900, 3,400, and 3,100 employees, respectively. In 2008, ConocoPhillips Company broke ground on a \$1 billion-plus renewable energy research and training center that is scheduled to open in 2013 and expected to employ 7,000 workers by 2030. A Danish firm, Vestas Wind Systems A/S, recently completed a wind turbine production plant in Boulder County that is expected to employ 650 workers by 2011.

The national recession has contributed to a drop in employment in the Boulder metropolitan area in the past year. For the 12 months ending September 2009, nonfarm payrolls averaged about 163,800, a decline of 4,900 jobs, or 2.4 percent, compared with employment levels recorded for the previous 12 months. In contrast, during the 12 months ending September 2008, nonfarm payrolls increased by 3,200 jobs, or 1.9 percent, from the number of jobs recorded a year earlier. Employment sectors with significant recent job losses include professional and business services, manufacturing, and information, which declined by roughly 2,600, 1,150, and 550 jobs, respectively. Partly offsetting these losses, the state and local government subsectors together added about 950 jobs, and the education and health services sector added approximately 500 jobs.

The sales housing market is currently soft as a result of area job losses and tighter mortgage lending standards in the past year. According to the Boulder Area REALTOR® Association, during the 12 months ending August 2009, the number of single-family homes sold in Boulder County declined 23 percent to roughly 2,550, compared with 3,300 homes sold a year earlier. Average prices for single-family homes in the metropolitan area also fell during the most recent 12-month period, from about \$442,800 to \$409,600, a 7-percent decline. In the city of Boulder, during the past 12 months, prices for single-family homes averaged about \$643,000, down from \$663,300 a year earlier. During the 12 months ending August 2009, condominium sales in the metropolitan area totaled 1,050 units, a 17-percent decrease compared with the 1,250 units sold during the same period a year ago. Average prices for

condominiums also fell slightly during that period, from about \$256,300 to \$252,800, a 1-percent decline.

With home sales declining, builders have cut back on single-family home construction, as measured by the number of single-family building permits issued. Based on preliminary data for the 12 months ending August 2009, roughly 120 single-family homes were permitted during the period, compared with 240 homes permitted during the previous 12 months. Single-family building activity in Boulder County peaked early in the decade, when about 2,000 homes a year were permitted. Activity has declined steadily since 2002; from 2006 through 2008, single-family construction levels averaged fewer than 400 homes a year. Because of a limited supply of developable land, approximately 80 percent of single-family construction in recent years has occurred in Longmont and surrounding areas in northern Boulder County. Starting prices for new single-family homes in those areas generally range from about \$260,000 to \$290,000, while prices for infill or custom homes in the city of Boulder typically start between \$700,000 and \$800,000.

Multifamily construction activity, as measured by the number of units permitted, has increased recently, but activity remains below levels recorded earlier in the decade. Based on preliminary data, during the 12 months ending August 2009, approximately 170 multifamily units were permitted, relatively unchanged compared with the number of units permitted during the previous 12 months. In contrast, from 2003 through 2007, multi-family building activity in the metropolitan area averaged approximately 275 units a year. More than two-thirds of multifamily units now under construction are rental units, but condominium units continue to represent a small but steady share of multifamily building. Starting prices for new condominiums and townhomes in the city of Boulder typically range from \$200,000 to \$240,000, but in Longmont and nearby areas of northern Boulder County, starting prices for new condominiums and townhomes range from \$120,000 to \$140,000.

Students represent the largest group of renters in the metropolitan area. Roughly 80 percent of CU-Boulder students live off campus, and rental conditions near CU-Boulder are normally tight. According to Apartment Insights, during the second quarter of 2009, the rental vacancy rate for areas near CU-Boulder was 4.7 percent, up from 4.5 percent during the same quarter a year ago.

Conditions are more balanced in the rest of the county. The overall rental vacancy rate for Boulder County in the second quarter of 2009 was 6.1 percent, up from 5.6 percent a year ago. Monthly rents average about \$825 for a one-bedroom apartment, \$1,000 for a two-bedroom apartment, and \$1,250 for a three-bedroom apartment. Rents have increased by about 1 percent a year during the past 2 years.