

Market Conditions and Demographic Trends

Major Economic Drivers

The Eastside and Westside Neighborhoods border the two main economic engines in Fort Collins; Downtown Fort Collins and Colorado State University. In addition to their economic influence, Downtown and Colorado State University offer a high nearby concentration of entertainment, recreational, and cultural activities that have a major impact on the Old Town Neighborhoods.

Downtown Fort Collins includes a diverse array of employment, retail and entertainment uses. The historic Old Town Square serves as focus of the downtown area. There are an estimated 8,000 jobs in Downtown Fort Collins including administrative offices for the City of Fort Collins and Larimer County. The Downtown area has an estimated 1.1 million square feet of retail space and 1.7 million square feet of office space.

The main campus for Colorado State University is located south and west of the neighborhoods. The campus is bounded by College Avenue, Laurel Street, Shields Street and Prospect Street. The campus makes up the western edge of the Eastside Neighborhood and the southern edge of the Westside Neighborhood. The main campus has an enrollment of 25,600 students, an estimated 1,700 faculty members, and approximately 5,000 other employees, making it the largest employer in Fort Collins.

The Westside and Eastside Neighborhoods also contain community-wide civic and cultural assets. The Lincoln Center for the Performing and Visual Arts is located on Mulberry Street between Meldrum and Sherwood Streets just outside of the Westside Neighborhood. The Lincoln Center has two large performing arts spaces, as well as three art galleries, an outdoor sculpture/performance garden, and conference and event spaces. The University Center for the Arts, located at Lake and Remington Streets in the Eastside Neighborhood, houses venue spaces for music, theatre, dance, and other performance and visual arts. City Park is located on the western edge of the Westside Neighborhood along Mulberry Street from Jackson Avenue to Taft Hill Road. City Park is home to City Park Lake, the City Park Pool and the City Park Nine golf course.

Market for Major Land Uses

The primary land use in the Eastside and Westside Neighborhoods is single family residential. The focus of the market conditions analysis for the neighborhoods is on housing conditions and trends. Within the predominantly single family neighborhoods are three major arterial corridors (College Avenue, Mulberry Street and Shields Street), which include a mixture of housing, retail, and office uses. As well, portions of the neighborhoods bordering Colorado State University and Downtown are impacted by the demand for uses driven by these two areas and serve as buffer zones between the stable, residential neighborhoods beyond. The focus of the retail and office market conditions is on the impact of non-residential development on the edges of the neighborhoods.

Housing

Existing Housing Conditions and Recent Construction Trends

Single family homes, both detached and attached, constitute 75 to 80 percent of the housing units in the Eastside and Westside Neighborhoods. The Westside Neighborhood has a greater proportion of single family homes (82 percent) than the Eastside (73 percent). The Eastside Neighborhood has more multifamily units (20 percent) than the Westside Neighborhood (12 percent), as shown in Table 3.4.

	Eastside	Westside
Single Family Detached	59.1%	60.3%
Single Family Attached	14.1%	21.7%
3 or 4 Units	6.2%	3.9%
5 to 19 Units	9.6%	5.7%
20 plus	10.9%	6.8%
Mobile Home	0.1%	1.6%
Source: ESRI; Economic & Planning Systems		

Approximately 40 percent of units in both neighborhoods were built before 1940. The number of units built per decade has continued to decrease as the neighborhoods were fully built out. Redevelopment and infill are the only way to add additional units, and account for an increase in development activity in the past decade. The lowest amount of residential units was added in 1990’s when only 148 units were added (see Figure 3.34 – Housing Units by Year Built, 2012 in the Report Graphics Appendix).

Between 2005 and 2014, there have been 208 housing units permitted in the Eastside and Westside Neighborhoods. Of the 208 units, 174 units were permitted in the Westside Neighborhood and 34 units in Eastside Neighborhood. The number of units permitted per year has been fairly consistent for single family homes, with an average of 7 units permitted per year. There were large multifamily projects permitted in 2006, 2012 and 2014 (see Figure 3.35 – Permitted Residential units by Type, 2005 to 2014 in the Report Graphics Appendix).

The Westside Neighborhood has captured a greater share of new units, given the relative size of each neighborhood. This is partially due to the fact that a majority of recently-permitted multifamily projects were in the Neighborhood Conservation, Buffer zone district bordering the CSU campus (see Figure 3.36 – New Building Permits Map in the Report Graphics Appendix). Of the 124 multifamily units permitted, 105 are within this area near the CSU campus.

Properties within the two neighborhoods have experienced a significant amount of investment over the past 10 years. There were 243 residential additions permitted between 2005 and 2014. The additions averaged 637 square feet in size and had an average valuation of \$92,500. There were 217 new secondary buildings in the neighborhoods. The secondary buildings had an average size of 531 square feet. For reference, a typical two car garage is 400 to 500 square feet in size. It is likely many of the additions were garages, as many of the older homes were originally built with no garage or with a small car ports that no longer meet modern.

In 2012, the Eastside Westside Character Study was completed, providing design guideline recommendations for new additions and new homes built in the Old Town Neighborhoods. A primary goal of the study was to reduce the largest examples of new homes or home additions that were seen as incompatible with existing neighborhood character and building sizes.

Analysis of the permit activity between 2005 and 2011 was compared to the years since the character study, 2012 to 2014. There does not appear to be any major changes in permit activity or sizes for both new homes and additions; however, this may be partially due to the fact the character study's recommendations were not enforced until May 2013. The only noticeable change is a reduction in the average size of new additions decreased from 651 to 602. It is unclear if this decrease is a result of the character study. An analysis of variance requests since 2011 was also completed to see if variances are being granted for only larger homes, which are more likely to be out of character (see Figure 3.37 – Variances Since 2012 in the Report Graphics Appendix). The analysis revealed that there is no correlation between variances that are approved and larger additions or new homes. The impact of the character study is more likely seen using qualitative analysis.

Table 3.5: Permitted Units and Additions, 2005 to 2014			
Submarket	2005-2011	2012-2014	2005-2014
Single Family Detached			
Number of Permits	52	21	73
Annual Permits	9	7	8
Average Size	2,020	2,014	2,018
SFA/Duplex			
Number of Permits	7	0	7
Number of Units	11	0	11
Annual Permits	1	0	1
Average Size (sf per unit)	1,251	0	1,251
Multifamily			
Number of Permits	8	4	12
Number of Units	51	73	124
Annual Permits	1	1	1
Average Size (sf per unit)	1,014	1,082	1,054
Secondary Buildings			
Number of Permits	92	30	122
Annual Permits	15	10	14
Average Size	530	539	532
New Additions			
Number of Permits	176	67	243
Annual Permits	29	22	27
Average Size	651	602	637
Average Valuation	\$73,228	\$143,174	\$92,513
Source: City of Fort Collins; Economic & Planning Systems			

Recent Market Condition and Trends

The Eastside and Westside Neighborhoods are two of the most desirable neighborhoods in the City. There has been a significant amount of recent sales activity within the neighborhoods. There was an average of 140 homes sales per year in the neighborhoods between 2005 and 2014. In the past three years, there have been between 178 and 209 sales per year. The number of home sales in the neighborhoods did not decrease due to the economic recession in 2008 and 2009, which is atypical to the City and the state as a whole. There has been a proportional amount of sales in each neighborhood over the past 10 years, as there does not seem to be a greater demand for either based on sales volume (see Figure 3.38 – Residential Sales per Year, 2005 to 2014 in the Report Graphics Appendix).

Over the past decade, the average price per home was \$279,000, as shown in Table 3.5. Single family homes, both detached and attached, have commanded a higher price and price per square foot. The average price per square foot for a single family home is approximately \$230, while the price per square foot for townhomes and condos was between \$170 and \$180 per square foot.

	Average Price	Price per SF
Single Family	\$278,989	\$227
Duplex	\$264,263	\$230
Townhouse	\$218,906	\$187
Multifamily/Condo	\$214,156	\$169
All	\$269,260	\$221

Source: Larimer County Assessor; City of Fort Collins; Economic & Planning Systems

The average sale price for homes in the two neighborhoods has grown approximately 30 percent: from \$242,000 in 2005 to \$342,000 in 2014. The average sales price per home has been largely the same between the two neighborhoods (see Figure 3.39 – Residential Sales Price, 2005 to 2014 in the Report Graphics Appendix).

As illustrated by the building permit data, there has been a significant amount of newly-constructed single family homes in the two neighborhoods. The majority of these new homes have been on lots that had an existing home demolished to make way for the new home. The new homes built in the neighborhoods are larger and more expensive than the homes they replaced. Eighty one homes that were built after 2000 and sold between 2005 and 2014 were identified in the assessor parcel data. The average sale price for these homes was \$418,000 and had an average size of 1,907 square feet. The average sales price per square foot was equivalent to the price for other units but the sales price was substantially higher.

Larger, new single family homes within these neighborhoods are in demand from the market and need to be sized at approximately 2,000 square feet or greater to provide a feasible return to builders. An evaluation of the impact of potential zoning changes in the neighborhoods completed for the City of Fort Collins by Economic & Planning Systems in 2011 found that the average price for lots that had an existing home demolished and a new home rebuilt was \$125,000. The price per lot that can support a new home is likely higher given the increase in sales price and volume in the neighborhoods over the past three years. There were 354 parcels (out of 4,400) in the neighborhoods identified by the Larimer County Assessor as having a market value of lower than \$150,000. This indicates that there is a sizeable existing supply of potential lots that could be redeveloped.

Table 3.7: Single Family Home Sales, 2005 to 2014

	Number Of Sales	Average Price	Average Square Feet	Price Per SF
All Units	1,106	\$278,989	1,286	\$227
Built Since 2000 (Finished Home)	81	\$417,697	1,907	\$219

Source: Larimer County Assessor; City of Fort Collins; Economic & Planning Systems

The rental housing market in Northern Colorado and Fort Collins is reaching historic highs for rents and lows for vacancies. The apartment vacancy rate in the 4th quarter of 2014, according to the State of Colorado survey of apartment vacancy and rents, is estimated to be 1.0 percent. The Northwest subarea in Fort Collins has an estimated vacancy rate of 0.2 percent. Typical equilibrium for apartments in most markets is 5 percent. These extremely low vacancy rates are indicating major demand for rental units in the City. The average rental rate for an apartment in Fort Collins was \$1,210 in the 4th quarter of 2014. The average rental rate just four years earlier in 2010 was \$840. The average rental rate has increased nearly \$400 per unit in four years.

The two subareas (FC Northwest and FC Northeast) that include the Eastside and Westside Neighborhoods have very low vacancy rates and high rental rates. The proximity to Downtown and the CSU campus makes these areas very attractive for prospective renters. Housing tenure data indicates there are many single family homes serving as renter-occupied households in the neighborhoods. These homes are not captured in the rent survey but are likely renting for higher rates and have similar vacancy rates. The high demand for rental housing may lead to increased speculative home buying by investors who are looking to buy homes to rent. If this trend is present, which is likely due to the rental rates and demand, this could lead to further decreases in owner occupied units in the neighborhoods. As well, long-time residents of the neighborhoods may be priced out of the area due to the jump in rental rates.

Submarket	Average Rent	Vacancy Rate
FC Northwest	\$1,233	0.2%
FC Northeast	\$813	1.1%
City of Fort Collins	\$1,210	1.0%
Fort Collins/Loveland Region	\$1,203	1.2%
Source: ESRI; Economic & Planning Systems		

Utilities and Housing Costs

The costs of utilities are another important consideration in the overall cost of housing. In the Eastside and Westside Neighborhoods, many of the homes were built before building and energy codes required efficient construction techniques. While some older homes are highly efficient, many in these neighborhoods are lacking sealing, insulation, and modern fixtures that can lead to high utility costs. Initiatives to improve efficiency and generate renewable energy on-site have potential to help offset utility costs, but need to be aligned with efforts to preserve historic character.

Retail

The Eastside and Westside Neighborhoods have small pockets of retail embedded within their boundaries. The small pockets of retail exist despite now only being allowed in a limited number of areas within the Eastside and Westside Neighborhoods.

According to CoStar, the Eastside Neighborhood has 106,730 square feet of retail within it. The retail is located along College Avenue and along Mulberry Street. The strip of retail along College Avenue is within a Community Commercial zoning district and is an allowed use. The retail along Mulberry is within the Neighborhood Conservation Buffer District and new retail is no longer allowed. The average Eastside retail rental rate is \$18.10 per square foot (NNN) and the neighborhood retail space has a vacancy rate of 12 percent.

The Westside Neighborhood has 48,509 square feet of retail. The retail uses in the neighborhood are located in scattered pockets along Laurel Street, Mulberry Street and Shields Street. The largest retailer in the Westside Neighborhood is the Beaver’s Market located at the intersection of Shields and Mountain, which is a locally owned market opened in 1977. The Westside Neighborhood retail space rents for an average \$12.00 per square foot (NNN) and has no vacancy.

Table 3.9: Retail Inventory

Retail Space	Square Feet	Average Rental Rate	Vacancy Rate
Eastside	106,730	\$18.10	12.0%
Westside	48,509	\$12.00	0.0%
Combined	155,239	\$16.19	8.3%
City of Fort Collins	10,928,117	\$13.83	5.8%

Source: ESRI; Economic & Planning Systems

The neighborhoods residents’ retail purchases are made primarily outside of the neighborhoods. The residents generate a demand for retail of 270,000 square feet. Retail spaces within neighborhoods serve mainly the convenience retail and eating and drinking needs of residents. Grocery needs of the residents are met by a variety of grocery stores including Beaver’s Market, Safeway at Mountain and College, and other stores further away from the neighborhoods. There are limited opportunities for future retail development within the neighborhoods due to lack of adequately sized sites and zoning restrictions, as well as competition from retail in Downtown. However, there will continue to be demand for space along the arterial corridors in the neighborhoods, which will impact the transition areas to the neighborhoods.

Employment

The Eastside and Westside Neighborhoods are the location of an estimated 1,800 jobs. The majority of jobs are within the retail, food service, real estate, and professional services industries. The professional services jobs are typically household serving businesses that often locate in non-traditional office space such as converted residential homes and single story, retail-style buildings. Examples of these types of service businesses include real estate agent offices and accountants.

Table 3.10: Employment, 2011

	#
Eastside	1,163
Westside	<u>635</u>
Combined	1,798

Source: US Census LEHD; Economic & Planning Systems

There is a total of 123,183 square feet of office within the neighborhoods according to CoStar. The office spaces within the neighborhoods are located in the same areas as the retail spaces, which are primarily along the arterial corridors. Unlike retail, office uses are a permitted use within the Neighborhood Conservation Buffer Districts. The office spaces rent for an average of \$21.20 per square foot, which is approximate to the City-wide average of \$20.12 per square foot. The vacancy rate of the office space at 6.3 percent is relatively low, but higher than the city-wide average of 4.5 percent.

Table 3.11: Office Inventory

Office Space	Square Feet	Average Rental Rate	Vacancy Rate
Eastside	75,220	\$21.18	5.4%
Westside	<u>47,963</u>	<u>\$21.23</u>	<u>7.6%</u>
Combined	123,183	\$21.20	6.3%
City of Fort Collins	70,001,487	\$20.12	4.5%

Source: ESRI; Economic & Planning Systems

There is a growing demand for employment and office uses in and near Downtown. The majority of new development is occurring to the northeast of Downtown, including the new Woodward Inc. headquarters. Otterbox recently built their headquarters by expanding an existing office building on Meldrum Street on the edge of the Westside Neighborhood. The continued success of Downtown will increase demand for redevelopment of existing uses Downtown and within the transition areas of the Eastside and Westside Neighborhoods.

Demographic Trends

Population

The combined population of the Eastside and Westside Neighborhoods decreased between 2000 and 2014 by 368 people, as shown in Table 3.12. The Eastside grew slightly by 106 residents while the Westside Neighborhood decreased by 474 residents. During the same time period the City of Fort Collins grew by 24,552 residents at an annual rate of 1.3 percent. The decrease in population in the Eastside and Westside Neighborhoods was not caused by a lack of demand for the neighborhoods but a shift in the size of households.

	2000	2010	2014	Change 2000-2014	
				Total	Ann. %
Eastside	3,841	3,851	3,947	106	0.2%
Westside	8,035	7,446	7,561	-474	-0.4%
Combined	11,876	11,297	11,508	-368	-0.2%
City of Fort Collins	125,015	143,986	149,567	24,552	1.3%

Source: ESRI; Economic & Planning Systems

The median age of residents of the Eastside and Westside Neighborhoods is similar to the City as a whole. The median age in the Eastside Neighborhood is 29.6 years old, while the median age in the Westside Neighborhood is 30.7 years old. The City-wide median age is 30.6 years old. The Eastside and Westside Neighborhoods have a higher percent of residents between the ages of 15 to 34 than the City. Over half the residents of the Eastside are in this age cohort, and 46 percent in the Westside Neighborhood are as well, as shown in Table 3.13.

Table 3.13: Population Age, 2014			
			Fort Collins
	Eastside	Westside	
Under 15	10%	13%	16%
15 to 24	25%	22%	23%
25 to 34	26%	24%	18%
35 to 44	13%	14%	12%
45 to 54	9%	10%	11%
55 to 64	9%	9%	10%
65 to 74	5%	4%	6%
Over 75	5%	3%	5%
Median Age	29.6	30.7	30.6

Source: ESRI; Economic & Planning Systems

The percentage of the population of the neighborhoods enrolled in school illustrates the impact Colorado State University (CSU) has on the two neighborhoods. Twenty eight percent of residents in the Eastside Neighborhood and 33 percent of residents in the Westside Neighborhood are enrolled in undergraduate or graduate school as shown in Table 3.14.

Table 3.14: Population Enrolled in School, 2012				
	Eastside		Westside	
	#	%	#	%
Population In School	1,323	36%	3,535	45%
Pre-K	50	1%	123	2%
Elementary/Middle School	201	6%	641	8%
High School	86	2%	179	2%
College Undergraduate	822	23%	2,237	28%
College Graduate/Professional	164	5%	354	5%

Source: ESRI; Economic & Planning Systems

The racial and ethnic composition of the residents of the Eastside and Westside Neighborhoods matches closely with the City of Fort Collins as a whole. Ninety percent of the residents of the neighborhoods are white, while the remaining 10 percent are mixture of several racial groups. The number of residents that are of Hispanic origin is 7 percent in the Eastside Neighborhood and 11 percent in the Westside Neighborhood, as shown in Table 3.15.

Table 3.15: Race/Ethnicity, 2014

	Eastside	Westside	Fort Collins
White Alone	91%	90%	88%
Black Alone	1%	1%	1%
American Indian	1%	1%	1%
Asian	2%	1%	3%
Other	2%	4%	3%
Two or More	3%	3%	3%
Hispanic Origin	7%	11%	11%
Source: ESRI; Economic & Planning Systems			

Households

While population has decreased in the Eastside and Westside Neighborhoods since 2000, the number of households has increased by 142. The increase in the number of households is evenly split between the two neighborhoods, with 69 new households in the Eastside and 73 households in the Westside Neighborhood, as shown in Table 3.16. Despite an increase in the number of households in the Westside Neighborhood, a slight decline in population indicates a shift to a smaller household size.

Households	2000	2010	2014	Change 2000-2014	
				Total	Ann. %
Eastside	1,832	1,847	1,901	69	0.3%
Westside	3,404	3,388	3,477	73	0.2%
Combined	5,236	5,235	5,378	142	0.2%
City of Fort Collins	48,227	57,289	60,658	12,431	1.7%

Source: ESRI; Economic & Planning Systems

The average household size of the Westside Neighborhood decreased from 2.29 persons per household in 2000 to 2.16 persons per household in 2014. The Eastside Neighborhood experienced no change in household size during the same period. The Westside Neighborhood more closely matches with the trend for the City as a whole, as the average household size city-wide decreased from 2.47 to 2.35 between 2000 and 2014, as shown in Table 3.17

	2000	2014
Eastside	2.02	2.02
Westside	2.29	2.16
Fort Collins	2.47	2.35

Source: ESRI; Economic & Planning Systems

The Eastside and Westside Neighborhoods have a mixture of households with different compositions. Thirty nine percent of households in the Eastside Neighborhood are single person households, while 35 percent of households are family households and 26 percent are non-family households with more than 1 person. The Westside Neighborhood has more family households (42 percent) and households with children (19 percent) than the Eastside. Both neighborhoods have a lower percent of family households and households with children than the city as a whole.

Table 3.18: Household Composition, 2014

	Eastside	Westside	Fort Collins
One Person Households	39%	34%	28%
Family Households	35%	42%	54%
Households with Children	15%	19%	27%
Non-Family Households	26%	25%	18%

Source: ESRI; Economic & Planning Systems

Within the Eastside and Westside Neighborhoods and the City, the percent of owner-occupied units is decreasing. Two out of three households in the Eastside Neighborhood are renter-occupied units, which is higher than in 2000. The Westside Neighborhood has slightly more owner-occupied units, 40 percent, than the Eastside. Both neighborhoods have a higher percent of renter-occupied units than the City.

Table 3.19: Household Tenure, 2000-2014

	2000	2014
Eastside		
Owner Occupied	40%	34%
Renter Occupied	60%	66%
Westside		
Owner Occupied	45%	40%
Renter Occupied	55%	60%
Fort Collins		
Owner Occupied	59%	52%
Renter Occupied	41%	48%

Source: ESRI; Economic & Planning Systems

The average household incomes of the Eastside and Westside Neighborhoods are lower than the City-wide average, as shown in Table 3.20. The average household income in the Eastside Neighborhood is \$52,115 and the average household income in the Westside Neighborhood is \$55,647. The city-wide average is \$71,408.

Table 3.20: Income, 2014	
	2014
Eastside	
Average Household Income	\$52,115
Median Household Income	\$37,325
Per Capita Income	\$25,834
Westside	
Average Household Income	\$55,647
Median Household Income	\$36,031
Per Capita Income	\$25,935
Fort Collins	
Average Household Income	\$71,408
Median Household Income	\$53,485
Per Capita Income	\$29,937
Source: ESRI; Economic & Planning Systems	

The average household income for the neighborhoods is lower due partially to the number of college students in the neighborhood. A high proportion of households, nearly 20 percent, earn less than \$15,000 per year, which is largely attributed to the student population (see Figure 3.40 – Average Household Income, 2014 in the Report Graphics Appendix).