

Growth & Development Projections Report

Executive Summary

The building report data showed that single-family residential units permitted decreased by 66% and that multi-family residential units permitted decreased by 10% from Q1 2020 to Q1 2021 (see *Figure 1.0*). Although the overall units permitted have decreased, the data also showed a spike in multi-family residential units permitted (see *Figure 1.1*). Single-family remained low, but that increase means that current residential units permitted are closer to the annual projection. Therefore, the annual residential unit projections have been modified to 321 units for 2021 (see *Figure 3.0*)

The pandemic created challenges for the housing construction industry as several major lumber mills had to cut back on production due to COVID restrictions. According to the National Association of Home Builders (NAHB), lumber prices rose, and other supply chain materials were harder to obtain. Builders are now grappling with the increased costs of new single-family construction, increasing more than \$24,000 in April 2020. NAHB also states that homebuyers face the pressures of median home sale prices and interest rates rising, affecting the overall cost of purchasing a home. For instance, from Q1 2020 to Q1 2021, median home sale prices increased more than 8% in Greeley and increased in the Northern Colorado Region by more than 11% (see *Figure 2.1*). However, NAHB indicates that despite these factors, builders' confidence was up from last year and that buyer traffic steadily rose from 2020. Moreover, builders in Greeley have recently indicated that they anticipate submitting more new residential permits in 2021 due to the high demand for single-family residential housing than was originally projected. Yet, builders are still facing headwinds if lumber costs and interest rates continue to rise, which could lead to a modest number of single-family home construction in 2021.

Vacancy rates are somewhat analogous to the unemployment rates. Typically, when the unemployment rate increases, it negatively impacts vacancy rates.

Spring is the competitive season for homebuyers, but job losses and the rise of median home sales could be indicators of why there is a slight increase in vacancy rates in single-family units (see *Figure 2.0*). Additionally, too high of a vacancy rate reflects a sinking housing market, while too low of a rate means that housing demand is outstripping supply.

Furthermore, as a consequence of the pandemic, the 21st-century workplace is transitioning into a hybrid model that includes more telecommuting at the national level. Remote work has prompted people to move from more expensive states such as New York and California to states where communities are highly amenitized and more affordable, a trend experienced in the Northern Colorado Region. The Department of Local Affairs, for example, shows that inbound migration in 2019 increased by 7,000 in Weld County, while Larimer County was just over 5,000.

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Figure 1.0

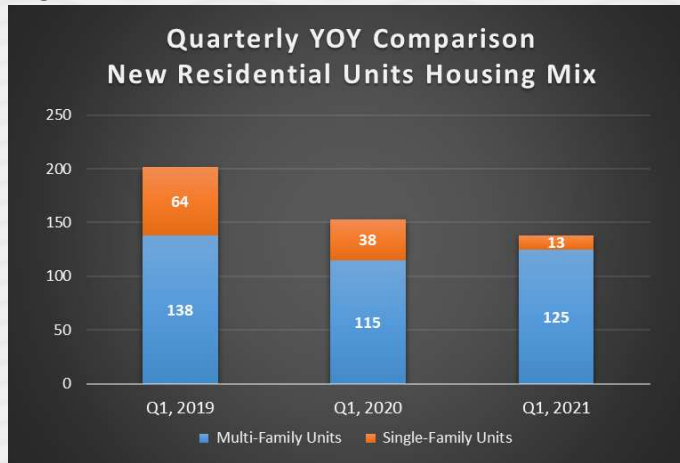


Figure 1.1

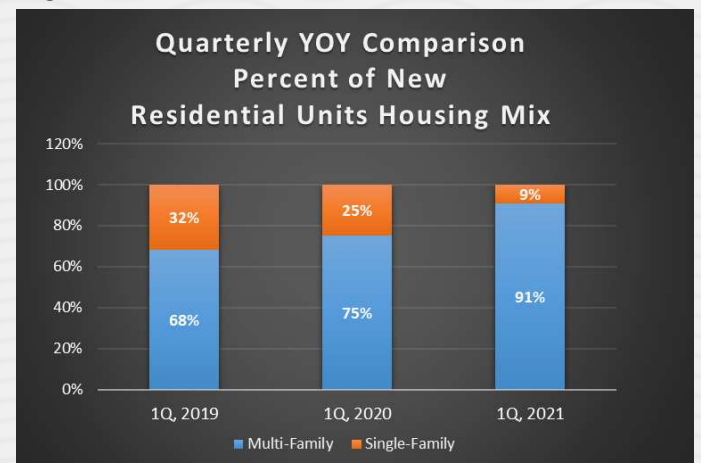


Figure 2.0



Vacancy rates are non-cumulative. DOLA multi-family rates from Q4 2019 to Q1 2021 are not available as of date.

Figure 2.1

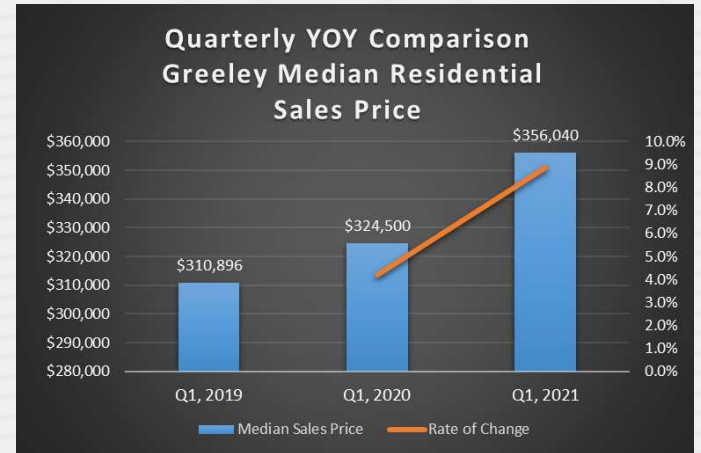


Figure 3.0

