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Back to:

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Weld County rent increases highest in state

Weld County's apartment rental rates have gone up at the highest rate in the state in the last year, while new units on the market have driven up vacancy rates.

That's not good news for the average renter looking for a place to live.

"In Greeley, where there's been little new construction in recent years, we're looking at the largest annual increase in rents we've seen in more than a decade," said Ryan McMaken, economist with the state Division of Housing in a news release revealing the state's fourth quarter rental and vacancy survey.

The Greeley market — statistically all of Weld, but there are few multifamily apartment complexes outside Greeley and Evans — still hasn't opened up, but now rents are higher.

The survey gauges only multifamily complexes of four or more units.

Greeley rents grew the most in the state at 9.3 percent in the fourth quarter. Rents in Fort Collins dropped 3.3 percent after two years of strong growth and Loveland rents grew 3.5 percent. Denver rents grew 6.4 percent.

Though average rents are still lower than Fort Collins (\$998) and Loveland (\$986), Greeley is catching up with its highest average rate ever at \$757.

"In 2011, you had negative rent growth," McMaken said in an interview. "That was just two years ago. That's how much things have changed."

Vacancy rates, however, show a mixed picture.

While the Greeley area has hovered at less than 2 percent all year, it rose to 6.3 percent by Dec. 10, when the survey was taken.

But that's a bit of a false picture.

Looking at rates by type of apartment, vacancies for two-bedroom, two-bath units (which are mostly newer units and more expensive) shot through the roof at 16.5 percent — mostly because the newer units are not yet all ready, though they have been permitted, said McMaken.

Conversely, two-bedroom, one-bath units show a 0.9 percent vacancy.

The remainder of the rentals in Greeley are hovering around 3-4 percent. A market is considered tight when vacancy rates are at 5 percent or lower.

Fort Collins vacancies hit 1.9 percent, even while several new housing units were being built, and Loveland showed a 2.7 percent vacancy rate.

Greeley's rates are skewed mostly because of new units on the market, which may not have been filled on Dec. 10. McMaken noted that 282 units were permitted in the Weld County market last year.

Greeley's rates also could show that residents were abandoning the two-bedroom, two-bath units to economize, McMaken said.

“Based on the growing labor force size, which is at an all-time high and total employment is at an all-time high, combined with all that rent growth, that has to tell me this is a matter of people economizing,” McMaken said.

Scott Ehrlich, who is developing Legend Flats in Evans, already has almost half of his 176-unit project up and filled. He didn't build any two-bedroom, one-bath units.

“They're too difficult to rent,” Ehrlich said. “Everyone wants their own bathroom.”

McMaken said vacancy rates grew because of the newer units on the market, which may or may not be normally priced.

He said builders usually won't build until they see rents increasing and, in the Greeley area's case, their timing was perfect.

The newer products coming in also can demand higher rents. Ehrlich's project, he said, offers something different than the rest of the market with granite counters and hardwood floors in a pet-friendly environment.

While Weld's average rent for a one-bedroom is \$675, the Legend Flats one-bedroom units start at \$946 — that's higher than the Weld average of \$929 for a three-bedroom unit.

It is, however, comparable to Fort Collins rents, which average \$930 for a one-bedroom unit.

“We even have people moving here who are working in Fort Collins,” Ehrlich said. “I didn’t expect that. We were just trying to stop people who worked in Greeley from living in Fort Collins.”

Ehrlich said he raised the rents twice to keep up with demand. The next two buildings, which have yet to go up, are essentially all leased, Ehrlich said.

The Legend Flats projects should be built by July, Ehrlich said.

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