

MEMORANDUM

To: Fort Collins Housing Strategic Plan Implementation Team
From: Root Policy Research
Re: Investor Ownership Analysis
Date: April 12, 2022

This memo outlines Root Policy Research's analysis of investor presence in the Fort Collins rental market. Traditional rental units in multi-family buildings have always been "investor" properties; however, investor presence in the single family, townhome, and condo markets has increased nationwide since the Great Recession, when many such homes fell into foreclosure. Currently, the strong rental market in Fort Collins (and Northern Colorado more broadly) may contribute to additional interest in acquiring residential properties as investment opportunities.

The analysis contained in this memo focuses specifically on investor ownership of single family, du-/tri-plex, and townhome units.

Data sources and Methodology

Root utilized several data sources to inform the analysis:

- For a current profile of investor-owned properties, Root relied on data from the Larimer County Assessor (geocoded to the City of Fort Collins). Investors are defined as owners not occupying the specified residential unit (excluding multi-unit apartments). Investors can be individuals or companies and are identified by matching owner and site addresses in the assessor data (where site and owner addresses match, the property is assumed to be owner occupied; where site and owner addresses do not match, the property is assumed to be investor owned).
- Due to data limitations of historical Larimer County Assessor data, Root relied on two different sources to evaluate historical trends in investor ownership. The first is Census and American Community survey data on tenure (renter v owner) of housing units by structure type (e.g., single family, duplex, etc.). In addition, Root was able to access ATTOM Data¹ on national, state, and local trends of company vs individual ownership of residential properties between 2016 and 2020.

¹ ATTOM data solutions aggregates assessor data across geographies; data are only available back to 2016 and individual properties are not available so Root was not able to conduct an owner occupancy analysis on the data.

Trends Over Time

According to the American Community Survey 2020 5-year sample, there are 61,526 occupied households in the City of Fort Collins. Overall, 55% (34,046) units are owner occupied. Owner occupancy is substantially higher when focusing specifically on single-unit structures—76% of such units are owner occupied.

As noted in the introduction, national trends show a rise in investor ownership of single family properties over the past decade, particularly in the wake of the Great Recession (2007-2009). Figure 1 illustrates this trend by showing rentership rates by structure type of occupied households in the country, the state, and in Fort Collins from 2000 to 2020.

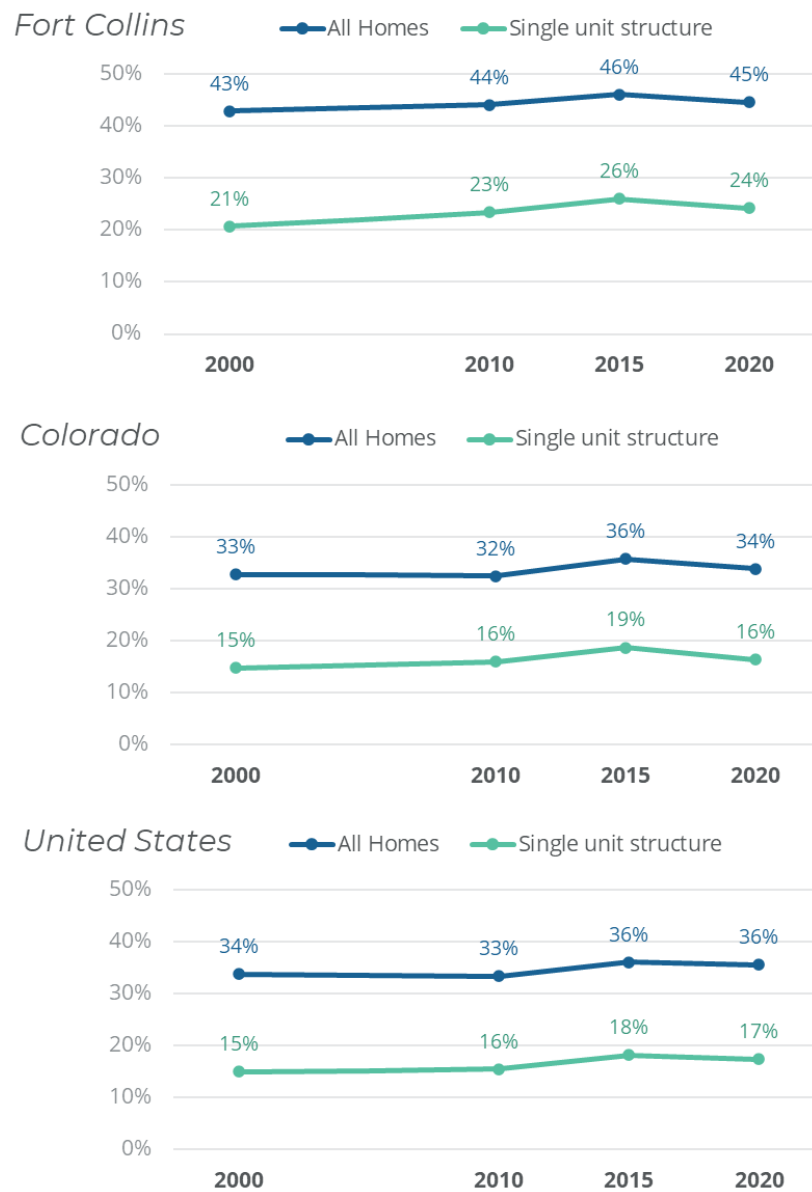
**Figure 1.
Rentership Rates
by Units in
Structure, 2000-
2020**

Note:

Rentership rate is the % of households in each structure type that are renters (as opposed to owners).

Source:

2000 Decennial Census; 5-year ACS estimates from 2010, 2015, and 2020; and Root Policy Research.



As shown in the previous figure, the proportion of homes occupied by renters in Fort Collins rose from 43% to 45% between 2000 and 2020 (peaking at 46% around 2015). The proportion of single family homes occupied by renters in Fort Collins rose from 21% in 2000 to 26% in 2015, moderating back to 24% by 2020. Similar trends are evident in the state overall and the country.

Though a 3-percentage point change may seem minimal, this shift combined with overall housing unit growth reflects a 3,800-unit increase in renter occupied single family units:

- In 2000, a total 6,092 single family units were renter occupied (out of 29,405 total single family units).
- In 2020 (based on 5-year ACS data), 9,848 single family units were renter occupied (out of 40,572 single family units).

Figure 2 shows the proportion of residential properties (excluding multi-family apartment properties) that are owned by companies (as opposed to individuals) in Fort Collins, Colorado, and the United States. It is important to note that not all rental units are company owned, but this does provide another indicator of investor presence in the market. Company ownership has increased nationally since 2016 (except in 2020); statewide trends are similar with steady increases since 2016, despite a slight drop in 2020. In Fort Collins, the increase in company ownership is slightly more pronounced and continues through 2020. Currently 11.5% of residential properties are owned by a company.

Figure 2.
Company
Ownership of
Residential
Properties,
2016-2020

Source:
Attom Data Solutions
aggregation of local
assessor data, and Root
Policy Research.

Year	% Residential Properties with a Company as a Primary Owner (excludes commercial multifamily rental properties)		
	Fort Collins	Colorado	United States
2016	9.0%	7.9%	8.3%
2017	9.7%	8.1%	8.6%
2018	10.7%	8.5%	8.9%
2019	11.2%	8.8%	9.3%
2020	11.5%	8.4%	7.6%

Profile of Investor-Owned Properties

The remainder of this memo uses Larimer County Assessor data to evaluate the current profile of investor-owned properties in the Fort Collins single-family, townhome, and duplex market. Of these types of properties, about 33% are investor owned and 77% are owner occupied (investor ownership is defined as properties for which site and owner addresses do not match).

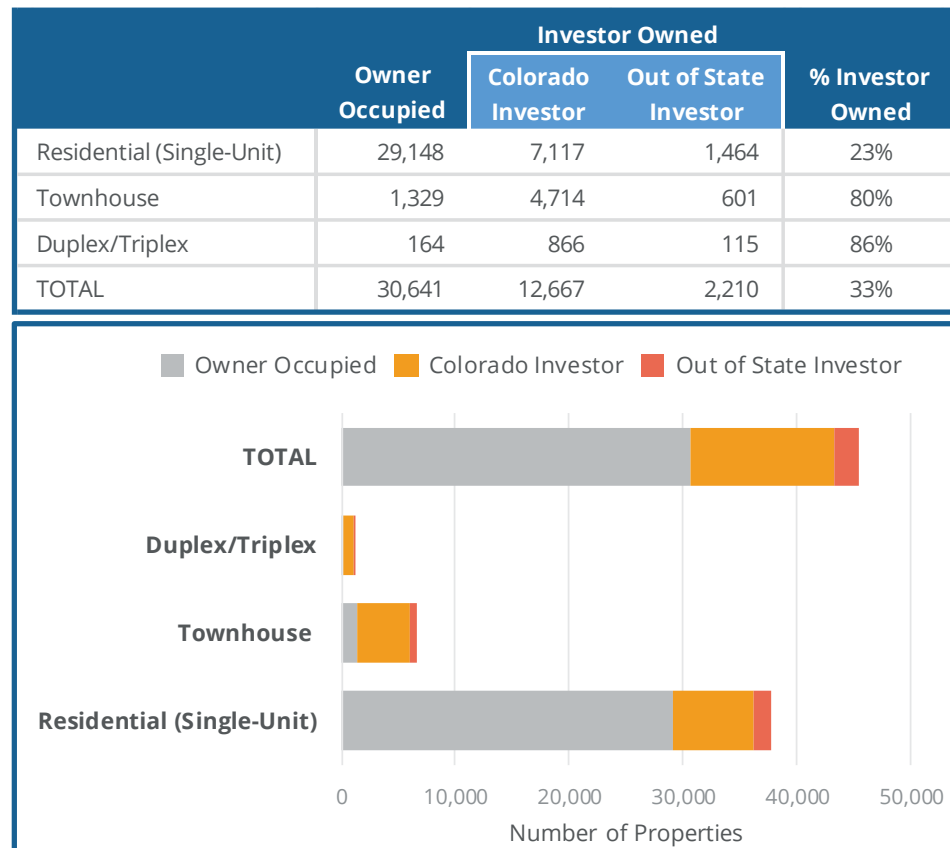
Investor ownership as a percentage of total units is substantially higher for townhomes (80%) and duplex/triplex properties (86%) than for single-family units (23%). However,

the sheer number of single family investment properties exceeds the other types, simply due to the dominance of this housing structure type.

Figure 3 shows the number and proportion of investor-owned properties by structure type. It also shows the number of investors who are “local” (have a Colorado address) versus out of state investors. Overall, about 15% of investors are out of state entities.

**Figure 3.
Investor
Ownership
by Property
Type, Fort
Collins,
2021**

Source:
Larimer County
Assessor and Root
Policy Research.



The vast majority of investors own just 1 property (in addition to their residence). Fewer than 1% of investors own 10 or more properties. (See Figure 4).

**Figure 4.
Number of
Properties
per Investor**

Source:
Larimer County
Assessor and Root
Policy Research.

Number of Investment Properties Owned	Investors with Single Family Properties	Investors with Townhouse Properties	Investors with Duplex/Triplex Properties	All Investors
1 property	87.6%	94.8%	87.1%	90.3%
2 properties	8.0%	3.3%	9.7%	6.3%
3 to 5 properties	3.7%	1.5%	2.0%	2.7%
6 to 10 properties	0.6%	0.3%	0.5%	0.4%
More than 10 properties	0.2%	0.1%	0.7%	0.2%

Investor-owned properties tend to be smaller, older, and have lower market value than owner-occupied properties of the same type. This is an indicator that investors are more likely to compete in the entry-level ownership market.

At the median single family residential units that are investor owned are 1,475 square feet, built in 1979, and valued at \$367,700. Single family owner occupied units at the median are 1,836 square feet, built in 1991, and valued at \$428,600.

**Figure 5.
Median
Characteristics of
Investor Owned
Properties and
Owner Occupied
Properties**

Source:

Larimer County Assessor and Root
Policy Research..

	Square Footage	Bedrooms / Bathrooms	Year Built	Market Value
Residential Properties				
Investor Owned	1,475	3 / 2	1979	\$367,700
Owner Occupied	1,836	3 / 2.5	1991	\$428,600
Townhouse Properties				
Investor Owned	1,258	2 / 2.5	1998	\$297,000
Owner Occupied	1,395	3 / 2.5	1997	\$346,200
Duplex Properties				
Investor Owned	1,671	4 / 2	1966	\$472,300
Owner Occupied	1,361	4 / 2	1948	\$515,000

As shown in Figure 6, investor properties are prevalent throughout the city with clusters around the University and central neighborhoods (where rentership is highest).

**Figure 6.
Geographic
Distribution of
Investor-Owned
Single Family,
Townhouse,
Duplex and Triplex
Properties**

Note:

Each dot represents 5
properties; dot locations are
approximate.

Source:

Larimer County Assessor and
Root Policy Research..

