

Report

Fruita in Motion: Community Profile

The Economics of Land Use



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January 27, 2020

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1. Introduction and Summary

This Report provides an analysis of Fruita and Mesa County economic, demographic, and real estate market data to inform the stakeholders and City staff involved in updating the City's Comprehensive Plan: Fruita in Motion. The Report identifies several trends, both positive and potentially negative for the community that should be considered in the planning process and especially in the development of policies and strategies.

The Report is organized into four chapters including this Introduction:

- **Regional Trends and Context** – Presents trend data on growth trends and patterns in population, housing, and jobs within Mesa County. This section illustrates how the pace and location of growth varies throughout the County compared to Fruita.
- **Fruita Economy** – Presents more detail on Fruita's local economy compared to Mesa County.
- **Fruita Demographics and Housing** – Documents Fruita's housing mix, prices, and presents affordability metrics for renters and owners.

Growth Trends and Patterns

1. Economic and population growth in Mesa County are accelerating, countering a long trend of slow growth.

Mesa County had job growth over 3.0 percent per year in 2018 and 2019 YTD. Mesa County added approximately 7,000 jobs since 2010. Illustrating the acceleration in growth, 4,500 (just under two-thirds) of new jobs were added between 2016 and the second quarter of 2019. Some of this growth is the result of people, businesses, and jobs migrating from Colorado's Front Range to the lower cost business and housing environment offered in Mesa County. Mesa County added nearly 6,500 people since 2010 with 4,700 in Grand Junction, 1,100 in unincorporated areas, and nearly 600 in Fruita.

2. While population and housing growth in Mesa County overall are accelerating, Fruita is growing relatively slowly.

Grand Junction issued an average of 280 new construction building permits annually from 2010 to 2018. In 2018, there were nearly 500 new housing starts. In Unincorporated Mesa County, there were nearly 200 new housing starts annually during this time period and nearly 300 in 2018. In contrast, Fruita has issued an average of 62 new construction building permits per year, with 95 in 2018.

3. *Growth in Unincorporated Mesa County around Fruita may have an impact on community identity and character.*

A little more than a third of Mesa County's growth is occurring in unincorporated areas such as Clifton, Fruitvale, and Orchard Mesa. Some of this growth is also in the area around Fruita's edges. Fruita's control over land use in this area is limited. Fruita still has a distinct separation from the City of Grand Junction, which contributes to its small town rural feel and identity. As unmanaged unincorporated growth encroaches on Fruita, the community character will change. Strategies are needed to work with Mesa County to better manage growth on the edges of Fruita.

Economy

4. *Mesa County's economy is showing signs of sustained recovery and diversification from its historic reliance on energy extraction.*

Health care was one of the fastest growing industries, although this reflects a national trend rather than a unique specialty for Mesa County. Manufacturing is currently a notable growth industry. Firms are moving to the area due to real estate supply constraints in Metro Denver and Boulder and the much lower cost of real estate and housing in Mesa County. Mesa County has a diverse mix of manufacturing firms making products ranging from machinery, food and beverages, outdoor recreation equipment, aerospace components, electronics, and textiles. Some of Mesa County's pool of skilled labor in manufacturing and machining comes from the energy industry that has declined in total jobs over the years. This labor force is adaptable to many types of manufacturing.

5. *Fruita's mix of jobs reflects both its draw as a recreation destination and its function in the larger Mesa County economy.*

Fruita's economy is similar to Mesa County's but with higher concentrations of jobs in tourism and related leisure industries including restaurants, hotels, and retail. This is characteristic of a small town, some suburban communities, and of a recreation gateway community. The majority of Fruita's employed residents work in Grand Junction, at approximately 55 to 60 percent. About 15 percent of Fruita's employed workforce lives and works in Fruita.

Housing

6. *Home prices in Fruita are appreciating rapidly, and new construction prices have risen to a level 63 percent higher than the overall average price.*

Fruita and the 85121 zip code are on the upper end of Mesa County home prices. The average home price in 85121 was \$327,902 as of November 2019. Data for Fruita City limits was only available through 2018, which shows an average price of \$271,684 in City limits which is 11 percent lower than the average in 85121 of \$303,663 (in 2018). The average price in Grand Junction in 2018 was \$201,031 which is 35 percent lower than Fruita. The quality of life in Fruita, including its schools and small-town feel, are the major factors driving home prices. Home prices are also appreciating throughout Mesa County and the Rocky Mountain region due to other macroeconomic factors such as labor and material costs and an overall shortage of housing.

New construction pricing in Fruita is also rising. New construction values are a strong indicator of the direction of a housing market as it shows the prices a market can support. The average price for single family homes built in 2018 is estimated at \$455,200 which is over 60 percent higher than the average single family resale price of \$279,675 in 2018. In comparison, the average price of single family homes built in 2014 is estimated at \$364,850, an increase of \$90,000. Data for 2019 was not available as of this writing.

7. *Housing affordability is a growing issue in Fruita and Mesa County in general.*

Affordability issues are greatest among renters, with about half of all renters paying more than 30 percent of their income towards housing costs. This is defined as being cost burdened, wherein a household is paying too much towards housing which takes away money available for other needs such as healthcare, transportation, and healthy food.

The rental supply in Fruita is extremely tight with essentially zero vacancy. The fundamentals of supply and demand allow landlords to charge higher rents. Fruita has not built a significant number of apartments, which creates constrained supply conditions. The percentage of renters in Fruita has increased, even though most housing being built is in the form of single family homes. Some people may be renting single family homes by choice; for others it may be the only option and they would prefer a lower cost choice.

Constraints in the housing market are affecting the workforce supply and retention for local businesses. This is a threat to economic sustainability if left unchecked.

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2. Regional Trends and Context

This Chapter presents data on growth and economic trends in Mesa County to put the City of Fruita in context with the rest of the Grand Valley region. The chapter covers:

- Trends in population and housing growth and residential construction;
- The Mesa County economic base;
- Commuting patterns; and
- Commercial real estate construction trends.

Mesa County Geography

Fruita is located along Interstate 70 and 10 miles west of Grand Junction. Fruita is the second largest incorporated city within Mesa County with a current population of 13,398 residents. Grand Junction is the largest city with a population of over 64,000. Given the proximity and I-70 access, many Fruita residents work in Grand Junction or elsewhere in the Grand Valley. As an amenity, Fruita offers easy access to many outdoor attractions such as the Colorado National Monument, the Book Cliffs, and the Colorado River. Additionally, it is one of the premier mountain biking destinations in the U.S., drawing national and international visitors.

Population Trends

Mesa County reached a population of 153,629 in 2018, which is an increase of over 37,000 residents since 2000 as shown in **Table 1**. Most of this growth occurred prior to 2010 when Mesa County grew by approximately 3,000 residents per year or an average annual rate of 2.4 percent. Households over this time period grew by 1,200 households per year or an average annual rate of 2.4 percent. A household is a group of people, related or unrelated, living in one occupied housing unit. From 2010 to 2018 population growth slowed to an average of 800 new residents per year or an average annual rate of 0.5 percent. Over the same time period, households grew by about 300 households per year or an average annual growth rate of 0.5 percent.

From 2010 through 2018, most of Mesa County's growth—nearly 90 percent—has occurred in Grand Junction and Unincorporated Mesa County. Over 70 percent of the population growth occurred in the Grand Junction, and nearly 20 percent occurred in Unincorporated Mesa County.

Figure 1. Fruita and Grand Junction

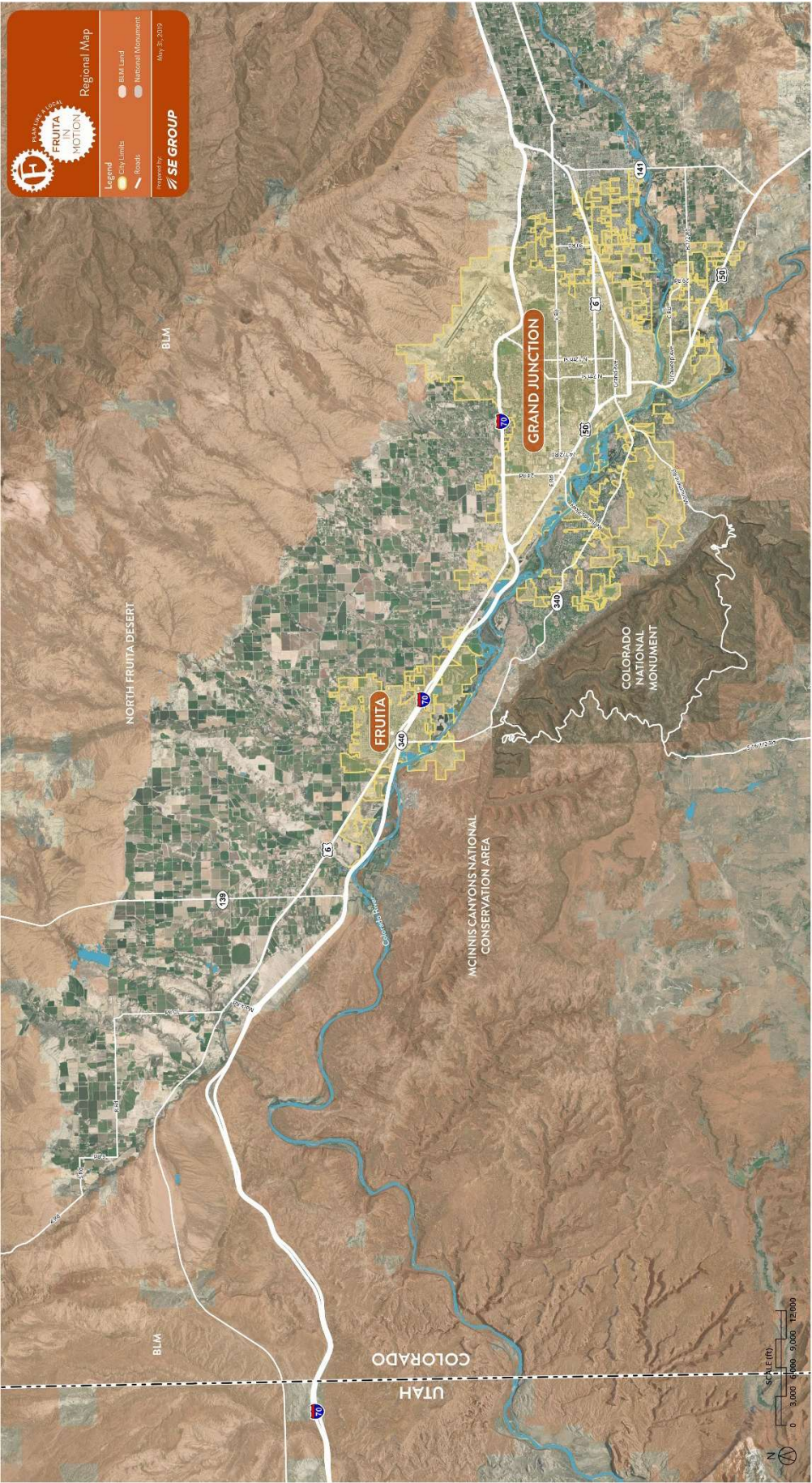


Table 1. Population and Households, 2000-2018

Description	2000	2010	2018	2000-2010			2010-2018		
				Total	Ann. #	Ann. %	Total	Ann. #	Ann. %
Population									
Fruita	6,781	12,803	13,398	6,022	602	6.6%	595	74	0.6%
Collbran	589	709	710	120	12	1.9%	1	0	0.0%
De Beque	486	505	502	19	2	0.4%	-3	0	-0.1%
Palisade	2,627	2,748	2,792	121	12	0.5%	44	6	0.2%
Grand Junction	48,130	59,502	64,191	11,372	1,137	2.1%	4,689	586	1.0%
Unincorp. Mesa County	<u>57,642</u>	<u>70,888</u>	<u>72,036</u>	<u>13,246</u>	<u>1,325</u>	<u>2.1%</u>	<u>1,148</u>	<u>144</u>	<u>0.2%</u>
Total Mesa County	116,255	147,155	153,629	30,900	3,090	2.4%	6,474	809	0.5%
Households									
Fruita	2,576	4,779	5,004	2,203	220	6.4%	225	28	0.6%
Collbran	171	189	190	18	2	1.0%	1	0	0.1%
De Beque	161	190	189	29	3	1.7%	-1	0	-0.1%
Palisade	1,062	1,190	1,202	128	13	1.1%	12	2	0.1%
Grand Junction	20,128	24,374	26,141	4,246	425	1.9%	1,767	221	0.9%
Unincorp. Mesa County	<u>21,725</u>	<u>27,225</u>	<u>27,661</u>	<u>5,500</u>	<u>550</u>	<u>2.3%</u>	<u>436</u>	<u>55</u>	<u>0.2%</u>
Total Mesa County	45,823	57,947	60,387	12,124	1,212	2.4%	2,440	305	0.5%

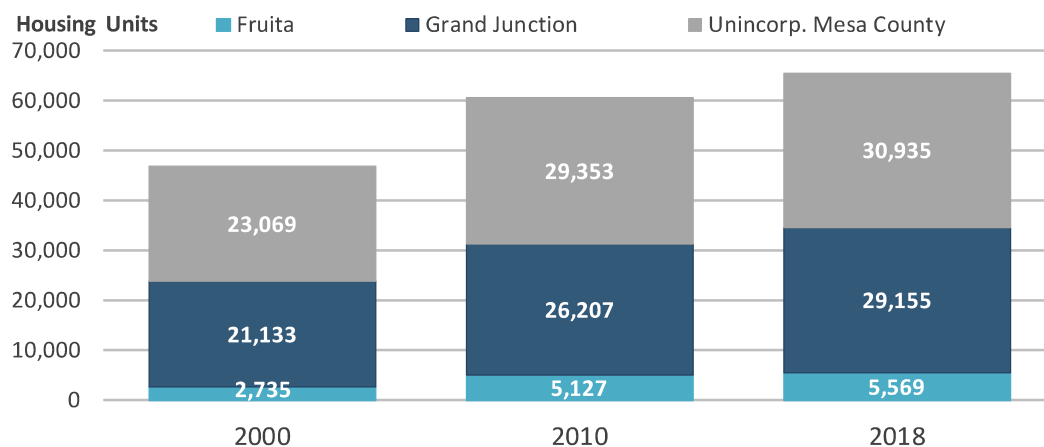
Source: DOLA; ESRI; Economic & Planning Systems

Fruita makes up 8.7 percent of the County's total population and had a population of 13,398 in 2018. Similar to the County as a whole, much of this growth occurred from 2000 to 2010, with an average of 600 new residents per year or an average annual growth rate of 6.6 percent. Households over this time grew by about 200 households per year or an average annual growth rate of 6.4 percent. From 2010 to 2018 Fruita's growth slowed to 74 residents per year or an average annual growth rate of 0.6 percent and the household growth rate fell to only 28 new households per year or an average annual growth rate of 0.6 percent. In recent years, Fruita has grown more slowly despite an increase in growth in the surrounding region. Currently, most of the growth in Mesa County is occurring in Grand Junction and in Unincorporated Mesa County.

Housing Growth Trends

This section presents data on regional housing growth trends. Chapter 4 provides more detail on Fruita’s housing market and housing characteristics. As with population and households, there was a large amount of growth in housing units from 2000 to 2010 in each jurisdiction. During this time Fruita gained approximately 2,392 housing units, to have just over 5,000 housing units in 2010, as shown in **Figure 2**. Since 2010, the construction of new units has slowed.

Figure 2. Housing Unit Trend, 2010-2018



Source: DOLA; ESRI; Economic & Planning Systems

From 2010 to 2018 Fruita had a total of 557 residential building permits issued or an average of 62 residential building permits per year, as shown in **Table 2**. In comparison, Grand Junction issued a total of 2,533 permits over this time period or an average of 281 permits per year. Unincorporated Mesa County issued 1,705 total permits or an average of 189 permits per year. Grand Junction and Unincorporated Mesa County are the fastest growing areas within Mesa County for residential development. Overall in Mesa County, most residential development consists of single family detached units, followed by manufactured homes.

The “market share” of new housing construction in each community from 2010 to 2018 was as follows:

- Fruita accounted for 11 percent of new housing construction in Mesa County;
- Grand Junction had 52 percent;
- Unincorporated Mesa County was 35 percent; and
- Palisade, Debeque, and Collbran made up the remaining 2 percent of new housing construction in the County.

Table 2. Residential Building Permit Trends, 2010-2018

Description	2010	2011	2012	2013	2014	2015	2016	2017	2018	2010-2018	
										Total	Avg.
Fruita											
Single Family	74	47	60	69	54	34	61	47	92	538	60
Single Family Attached	0	0	0	0	0	0	0	0	0	0	0
Multifamily (3+ units)	0	0	0	0	0	0	0	0	0	0	0
Manufactured Home	1	3	3	1	1	3	3	1	3	19	2
Total	75	50	63	70	55	37	64	48	95	557	62
Grand Junction											
Single Family	169	112	178	225	228	247	296	465	478	2,398	266
Single Family Attached	6	3	1	1	1	0	4	7	3	26	3
Multifamily (3+ units)	4	6	9	0	4	1	2	3	0	29	3
Manufactured Home	9	6	9	8	10	5	12	7	14	80	9
Total	188	127	197	234	243	253	314	482	495	2,533	281
Palisade											
Single Family	8	17	10	4	3	3	0	10	3	58	6
Single Family Attached	0	0	0	0	0	0	0	0	0	0	0
Multifamily (3+ units)	0	0	0	0	0	0	0	0	0	0	0
Manufactured Home	0	1	2	0	2	0	2	0	1	8	1
Total	8	18	12	4	5	3	2	10	4	66	7
Unincorp. Mesa County											
Single Family	97	108	140	145	167	161	122	144	226	1,310	146
Single Family Attached	0	0	7	0	5	0	2	1	1	16	2
Multifamily (3+ units)	0	0	0	0	2	0	0	0	0	2	0
Manufactured Home	51	40	49	49	41	29	34	39	45	377	42
Total	148	148	196	194	215	190	158	184	272	1,705	189
Mesa County Total											
Single Family	348	284	388	443	452	447	480	667	802	4,311	479
Single Family Attached	6	3	8	1	6	0	6	8	4	42	5
Multifamily (3+ units)	4	6	9	0	6	1	2	3	0	31	3
Manufactured Home	61	51	63	58	54	37	51	47	63	485	54
Grand Total	419	344	468	502	518	485	539	725	869	4,869	541

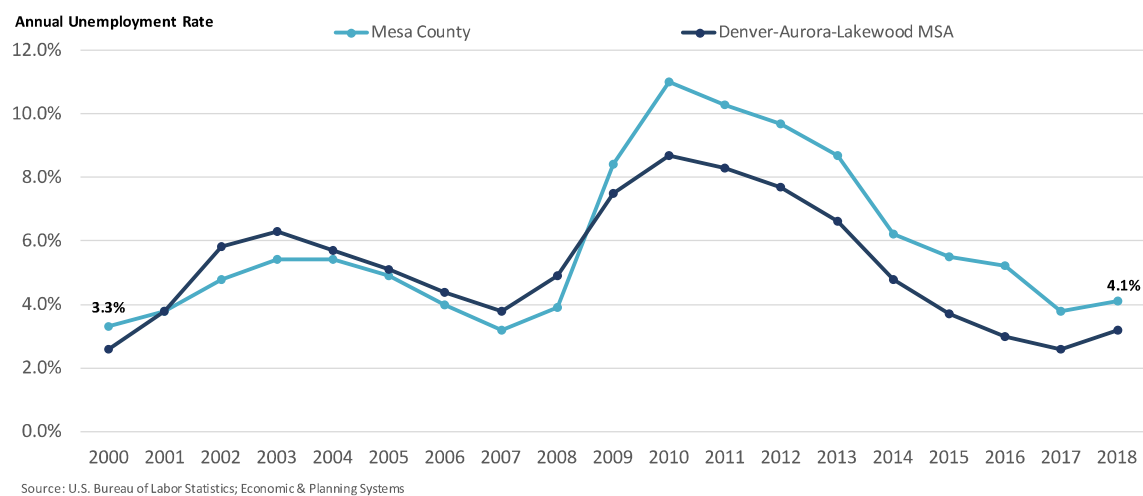
Source: Mesa County; Economic & Planning Systems

Mesa County Economy

Unemployment Rate

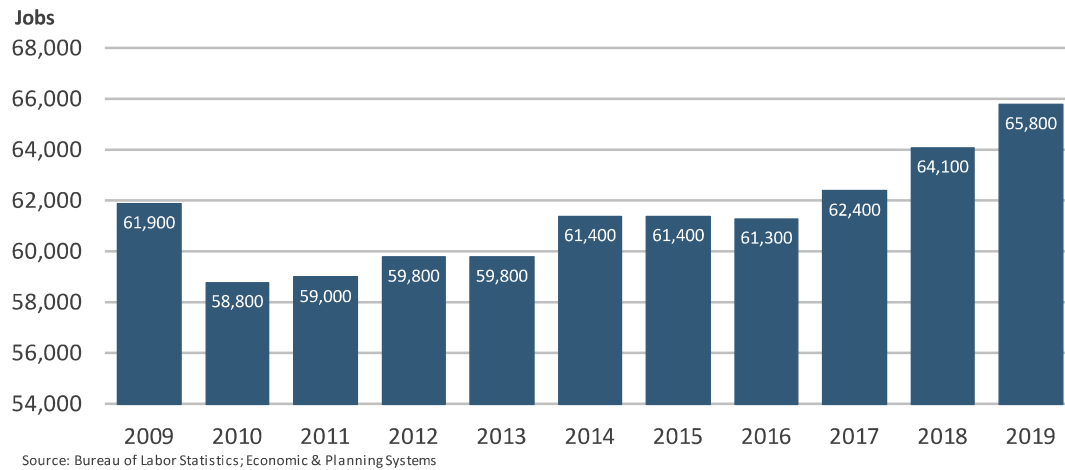
Mesa County has made a strong recovery from the Great Recession when unemployment peaked at 11 percent. It has since dropped to 4.1 percent, as shown in **Figure 3**. Mesa County followed a trend similar to the Denver-Aurora-Lakewood MSA with the unemployment rate rising during the recession. The unemployment rate in Mesa County has typically been higher than the Denver-Aurora-Lakewood MSA, but the gap may potentially be narrowing as Mesa County's economy continues to diversify.

Figure 3. Annual Unemployment Rate Trend, 2000-2018



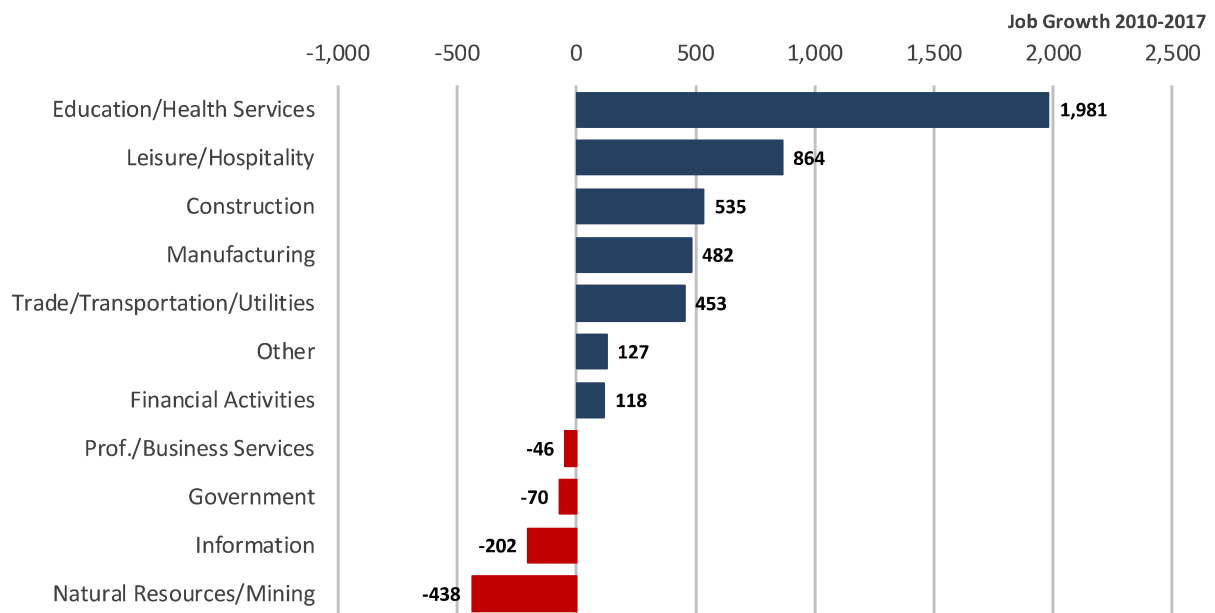
Employment

Total employment in Mesa County from 2009 to 2019 Q2 (April, May, and June) is shown in **Figure 4**. Since 2010, employment has grown to reach a total of 66,000 jobs in the second quarter of 2019. Mesa County added approximately 7,000 jobs since 2010. Illustrating the acceleration in growth, 4,500 (just under two-thirds) of new jobs were added between 2016 and the second quarter of 2019.

Figure 4. Mesa County Total Employment, 2009-2019Q2

Major Industries

The largest industries in Mesa County are education and health services, which have grown by 2,000 employees since 2010—mostly in the health care segment—as shown in **Figure 5**. During this time, Mesa County has gained about 4,500 jobs, with education and health services providing almost half of those new jobs. Mining (principally oil and gas) historically has been a top industry in the County but has been in decline since 2010, losing about 400 jobs. On the other hand, manufacturing has gained about 500 jobs and is on the rise with outdoor manufacturers and precision manufacturers expanding to and within Mesa County.

Figure 5. Mesa County Employment Growth by Industry, 2010-2017

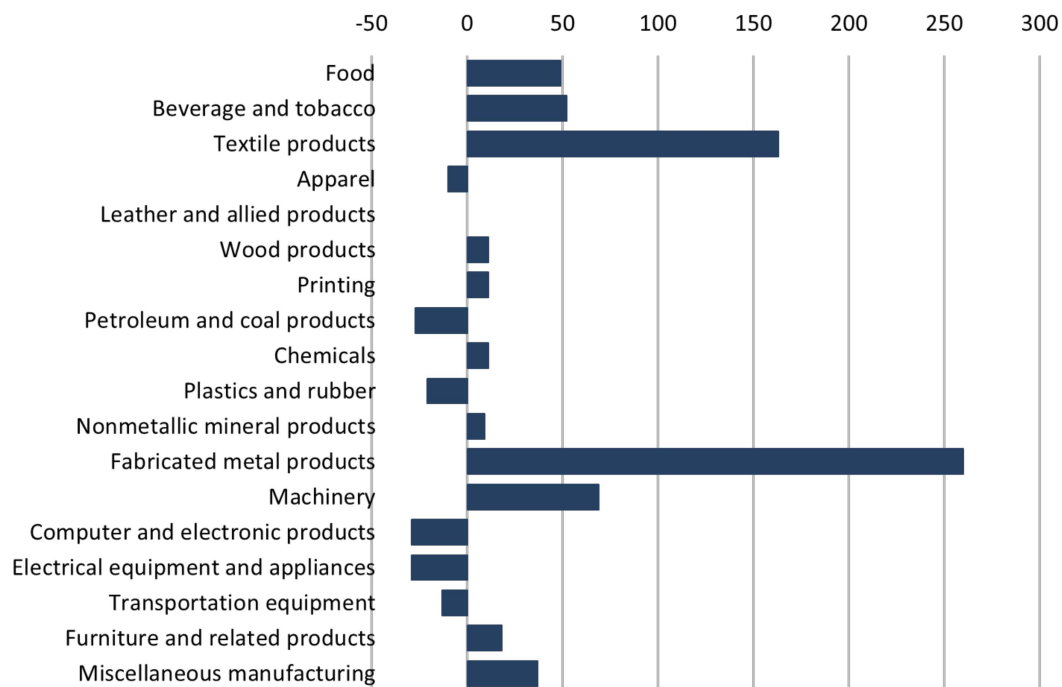
The energy industry supported a workforce highly skilled in machining, mechanical engineering, and other aspects of manufacturing. The presence of this skilled workforce is appealing to manufacturing industries. Some of the new firms that have located in Mesa County have relocated from Metro Denver and Boulder due to space and real estate supply constraints as well as high housing costs there.

Manufacturing in Mesa County covers a range of markets and product types. Notable firms include the following:

- Leitner-Poma – Engineering, manufacturing, and installation of ropeway transportation systems for the ski industry (ski lifts and gondolas), amusement parks, and urban transport (aerial tramways).
- Manufactured housing – Modular housing and commercial structures manufacturing, and assembly from imported components.
- FHE – Based in Fruita, FHE designs and manufactures highly specialized equipment that increases safety in oil and gas and mining drilling operations. FHE is expanding and adding approximately 100 jobs in Fruita.
- Outdoor Equipment – Outdoor recreation products are in the “miscellaneous manufacturing” category. Firms in this category include DT Swiss, a high end bicycle component manufacturer; Rocky Mounts, a vehicle rack manufacturer that relocated from the Boulder, CO area; and Mountain Racing Suspension, another high-end cycling components firm.
- Bonsai Design – Adventure course providers based in Grand Junction. Bonsai develops and manages a wide variety of aerial adventures.
- Wiggy’s – Manufacturer of sleeping bags, boots, and outdoor clothing and outerwear. Wiggy’s corporate office, factory, and a retail store are located in Grand Junction.
- Reynolds Polymer Technology, Inc. – Manufacturing firm specializing in acrylic and polymer material products. The firm provides products for aquarium, architectural, signage, furniture, and scientific industries. Reynolds is an international firm headquartered in Grand Junction.
- Coors Tek Inc. – A manufacturing firm that produces technical ceramics for various industries including aerospace, energy, medical, and agriculture.
- Capco Inc. – A manufacturing firm of energetics, weapons and accessories, and electronics. Capco produces various products for the U.S. military. The Capco Inc. headquarters is located in Grand Junction.
- United Companies – Manufacturing firm that produces sand and rock products, ready-mixed concrete, and hot mixed asphalt. United Companies also offers construction services including grading and paving of highways streets, parking lots, and driveways.
- Western Filament, Inc. – Manufacturing company in Grand Junction that specializes in industrial oriented products using synthetic materials such as polyester, nylon, and ceramic. These products are used in motor manufacturing, automotive, aerospace, medical, and recreational industry markets.

The industry subsectors within the manufacturing industry are shown in **Figure 6** by employment growth in Mesa County. The manufacturing subsector in Mesa County with the largest increase in employees from 2011 to 2018 is fabricated metal products with 260 employees, followed by textile products with 163 employees. Additionally, the machinery subsector has grown by 69 employees. Outdoor equipment firms are typically classified under “miscellaneous manufacturing,” which added about 40 jobs through 2018. This figure does not account for some recent relocations to the Grand Valley such as Rocky Mounts, a sports equipment roof rack manufacturer.

Figure 6. Manufacturing Employment, Mesa County, 2011-2018



Source: BLS; Economic & Planning Systems

Largest Employers

Nine of the top 10 employers in Mesa County are public institutions, as shown in **Table 3**. The largest employer is Mesa County Valley School District 51 with over 2,700 employees. St. Mary's Hospital is the second largest employer with 2,300 employees followed by Mesa County with 1,025 employees. Ten of the major employers are in the health care industry, which corresponds to Health Care being one of the largest industries in Mesa County.

Table 3. Mesa County Major Employers, 2018

#	Employer	Industry	Employees
1	Mesa County Valley School District 51	Education	2,715
2	St. Mary's Hospital	Health Care	2,300
3	Mesa County	Public Admin	1,025
4	State of Colorado	Public Admin	1,012
5	Colorado Mesa University	Education	1,006
6	Community Hospital	Health Care	800
7	VA Medical Center - Grand Junction	Health Care	720
8	Star Tek Inc.	Prof. & Tech Services	700
9	City of Grand Junction	Public Admin	629
10	Hilltop Community Resources	Health Care	600
11	West Star Aviation	Prof. & Tech Services	413
12	Rocky Mountain Health Plans	Health Care	370
13	HopeWest	Health Care	350
14	STRiVE	Health Care	350
15	Primary Care Partners	Health Care	304
16	Mind Springs Health	Health Care	272
17	Capco Inc.	Manufacturing	254
18	United Companies	Manufacturing	232
19	Navarro	Prof. & Tech Services	186
20	Coors Tek Inc.	Manufacturing	150
21	The Daily Sentinel	Information	146
22	Union Pacific Railroad	Transport./Warehousing	136
23	Reynolds Polymer Technology	Manufacturing	130
24	Mantey Heights Rehab & Care	Health Care	130

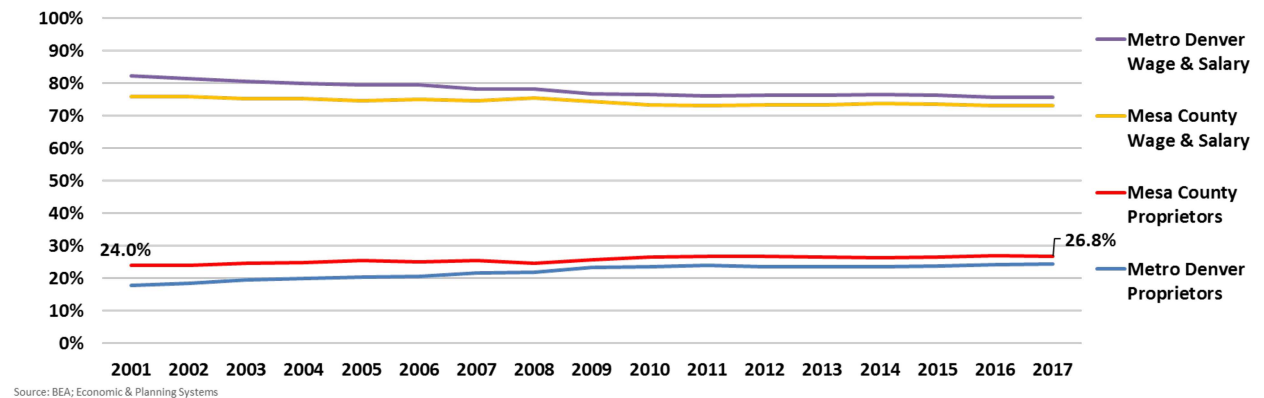
Excludes Hotel/Restaurant related businesses

Source: Grand Junction Economic Partnership; Economic & Planning Systems

Proprietors Employment

Total employment consists of wage and salary employment and proprietor employment (self-employed). In Mesa County, proprietor employment is about one-quarter of total employment. From 2001 to 2017, proprietor employment has steadily increased from 24 percent to 27 percent of total employment, as shown in **Figure 7**. Proprietors are a significant amount of the overall economy in Mesa County. Proprietors work mainly in construction (13 percent), retail (10 percent), real estate (15 percent), and professional and business services (20 percent). The proportion of proprietors in Mesa County is similar to that of Metro Denver, and has followed the same trend of proprietors making up a larger share of employment. Part of this is due to the nature of the “gig economy” in which many workers piece together multiple jobs or “gigs” to make ends meet. Also, the growth in reliance on independent contractor labor rather than salaried employees contributes to this trend.

Figure 7. Proprietors Employment, 2001-2017



Commuting Patterns

The Longitudinal Employer-Household Dynamics (LEHD) program is part of the Center for Economic Studies at the U.S. Census Bureau. States agree to share Unemployment Insurance earnings data, and the Quarterly Census of Employment and Wages (QCEW) data with the Census Bureau. LEHD uses this data to create statistics on employment, earnings, and job flows at detailed geography. This allows for LEHD to create data on workers' residential patterns. The job flows in relation to a worker's residents are the in and out commuting patterns described below for Fruita's residents and workers.

Fruita has about 1,764 people who commute into Fruita for work, as shown in **Figure 8**. There are about 800 people who live and work in Fruita. Approximately 4,442 people commute out of Fruita for work.

The majority of employed Fruita residents work in Grand Junction—between 55 to 60 percent in 2015, the latest data available. About 15 percent of Fruita's employed workforce lives and works in Fruita, as shown in **Table 4**. Since 2002, there have been minor changes in these commuting patterns, likely due to other employment growth in Mesa County outside of Grand Junction. An interesting figure is the increase in workers whose paycheck is associated with a Metro Denver-based firm. These workers could be working remotely out of their home or working for a firm based in Metro Denver with an office in Mesa County.

Figure 8. Fruita Inflow and Outflow of Jobs, 2015

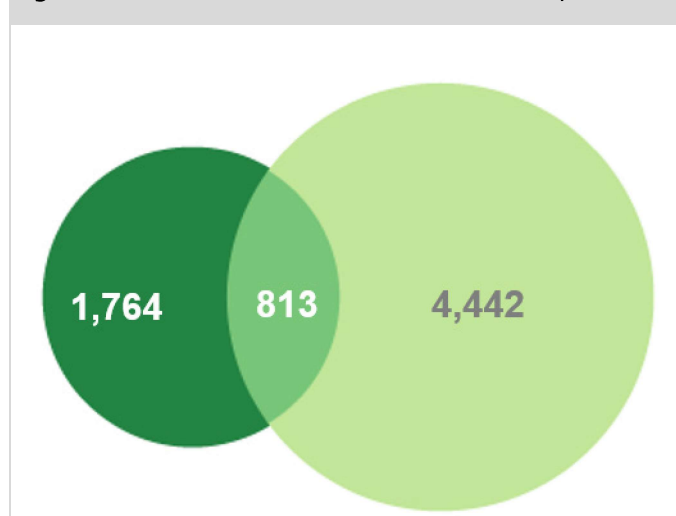


Table 4. Fruita Residents Place of Work, 2002-2015

Place of Work	2002		2015	
	Amount	% Total	Amount	% Total
Grand Junction	1,773	61.6%	2,969	56.5%
Fruita	489	17.0%	813	15.5%
Denver	44	1.5%	171	3.3%
Other	570	19.8%	1,302	24.8%
Total	2,876	100.0%	5,255	100.0%

Source: LEHD; Economic & Planning Systems

For businesses located in Fruita, approximately 30 percent of their workers also live in Fruita. The other 70 percent of workers commute from other areas. About 20 percent of Fruita's workforce lives in Grand Junction, as shown in **Table 5**. The remaining 50 percent, approximately, come from other areas of Mesa County and some from outside Mesa County. The data does not provide sufficient detail beyond the primary sources of commuting.

Table 5. Fruita Workers Place of Residence, 2002-2015

Place of Residence	2002		2015	
	Amount	% Total	Amount	% Total
Fruita	489	36.3%	813	31.5%
Grand Junction	268	19.9%	525	20.4%
Clifton	104	7.7%	146	5.7%
Redlands	54	4.0%	84	3.3%
Fruitvale	23	1.7%	52	2.0%
Other	<u>410</u>	<u>30.4%</u>	<u>957</u>	<u>37.1%</u>
Total	1,348	100.0%	2,577	100.0%

Source: LEHD; Economic & Planning Systems

Commercial Real Estate

Fruita has about 4 percent of the commercial real estate market in Mesa County with approximately 747,000 square feet of development. Since 2007, Fruita has gained about 96,000 square feet of commercial development, most of which has been retail development in the Kokopelli commercial area with 41,000 square feet constructed over this time period, as shown in **Table 6**. There has also been 33,000 square feet of new office space built. From 2007 to 2018, office development in Fruita has grown at an average annual growth rate of 5.6 percent and retail development has grown at an average annual growth rate of 1.1 percent. From 2007 to 2010, Fruita gained 22,000 square feet of industrial space.

Grand Junction has about 91 percent of the commercial real estate market in Mesa County with about 17 million square feet of development. Since 2007, Grand Junction has gained about 900,000 square feet of commercial development for an average annual growth rate of 0.5 percent.

Table 6. Commercial Development Inventory, 2007-2018

Inventory (Sq. Ft.)	2007	2010	2018	2007-2018			2018 Market Share
				Total	Ann. #	Ann. %	
Fruita							
Office	39,545	72,349	72,349	32,804	2,982	5.6%	2.3%
Retail	319,635	334,125	360,570	40,935	3,721	1.1%	4.4%
Industrial	<u>292,336</u>	<u>314,336</u>	<u>314,336</u>	<u>22,000</u>	<u>2,000</u>	<u>0.7%</u>	<u>4.5%</u>
Subtotal	651,516	720,810	747,255	95,739	8,704	1.3%	4.1%
Grand Junction							
Office	2,850,678	2,954,387	3,049,125	198,447	18,041	0.6%	96.0%
Retail	6,771,405	6,971,238	7,188,832	417,427	37,948	0.5%	88.1%
Industrial	<u>6,033,992</u>	<u>6,196,807</u>	<u>6,316,436</u>	<u>282,444</u>	<u>25,677</u>	<u>0.4%</u>	<u>91.1%</u>
Subtotal	15,656,075	16,122,432	16,554,393	898,318	81,665	0.5%	90.6%
Mesa County							
Office	2,944,420	3,080,933	3,175,671	231,251	21,023	0.7%	100.0%
Retail	7,686,860	7,910,248	8,163,527	476,667	43,333	0.5%	100.0%
Industrial	<u>6,619,092</u>	<u>6,811,587</u>	<u>6,933,776</u>	<u>314,684</u>	<u>28,608</u>	<u>0.4%</u>	<u>100.0%</u>
Total	17,250,372	17,802,768	18,272,974	1,022,602	92,964	0.5%	100.0%

Source: CoStar; Economic & Planning Systems

Grand Junction's dominance in the commercial real estate market is likely to continue. For office and industrial development, it has a larger local labor force and is more central than Fruita to the even larger Grand Valley labor force. Office and industrial developers and firms are often averse to risk and look for proven locations where other firms have located. This results in an agglomeration effect in which business districts form and grow. Fruita however can still be competitive for office and industrial businesses that want to be closely associated with the Fruita brand. The Fruita Business Park has available sites with good interstate access and visibility, and is a good long term strategic asset.

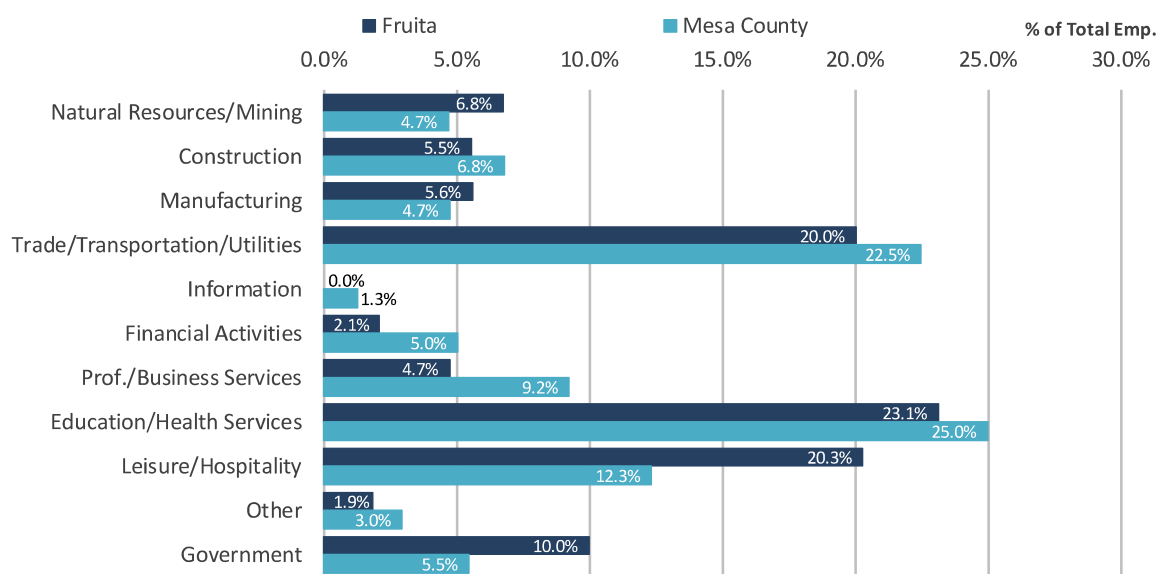
3. Fruita Economy

This Chapter provides more economic information specific to Fruita. The data show that Fruita's economy largely mirrors the larger Mesa County economy, but with a larger concentration (percentage) of jobs in leisure tourism-related industries such as hotels and restaurants. Fruita's economy has the characteristics of both a satellite community outside a larger central city and a recreation and tourism destination.

Economic Base

The largest industry in Fruita, like Mesa County, is education and health services which is 23 percent of all jobs in Fruita and 25 percent in Mesa County, as shown in **Figure 9**. The Family Health West hospital is one of the largest employers in the City with approximately 500 jobs. Leisure and hospitality is the second largest industry in Fruita with about 20 percent of all jobs. This is higher than in the County as a whole, where 12 percent of all jobs are in leisure and hospitality. Small and suburban communities tend to have a higher concentration of retail and service jobs than the central city areas that often contain more of the economic base type jobs. Additionally, Fruita has a similar percentage of jobs in government, manufacturing, and natural resources. Fruita has a lower percentage of jobs in professional and business services, financial activities, and information compared to the County.

Figure 9. Wage and Salary Employment by Industry, 2015



Source: LEHD; QCEW; Economic & Planning Systems

The industry mix of active businesses within the City is shown in **Table 7**. In 2018, Fruita approved or renewed 260 business licenses. The trade, transportation, and utilities industry supersector has 55 businesses or 21 percent of all the businesses in Fruita. Additionally, education and health services has 39 businesses or 15 percent of the total and construction has 38 businesses or 14.6 percent.

Table 7. Fruita Business Licenses by Industry, 2018

Industry	Business License	% Total
Natural Resources & Mining		
Ag./Forest/Hunting	1	0.4%
Mining	<u>1</u>	<u>0.4%</u>
Subtotal	2	0.8%
Construction	38	14.6%
Manufacturing	16	6.2%
Trade/Transportation/Utilities		
Utilities	1	0.4%
Wholesale Trade	8	3.1%
Retail Trade	37	14.2%
Transport/Warehousing	<u>9</u>	<u>3.5%</u>
Subtotal	55	21.2%
Information	0	0.0%
Financial Activities		
Finance	3	1.2%
Real Estate	<u>12</u>	<u>4.6%</u>
Subtotal	15	5.8%
Prof./Business Services		
Prof./Tech Services	19	7.3%
Management	2	0.8%
Admin/Waste Management	<u>14</u>	<u>5.4%</u>
Subtotal	35	13.5%
Education/Health Services		
Education	2	0.8%
Health Care	<u>37</u>	<u>14.2%</u>
Subtotal	39	15.0%
Leisure/Hospitality		
Arts/Rec	10	3.8%
Hotel/Restaurant	<u>23</u>	<u>8.8%</u>
Subtotal	33	12.7%
Other	26	10.0%
Public Admin	1	0.4%
Total	260	100.0%

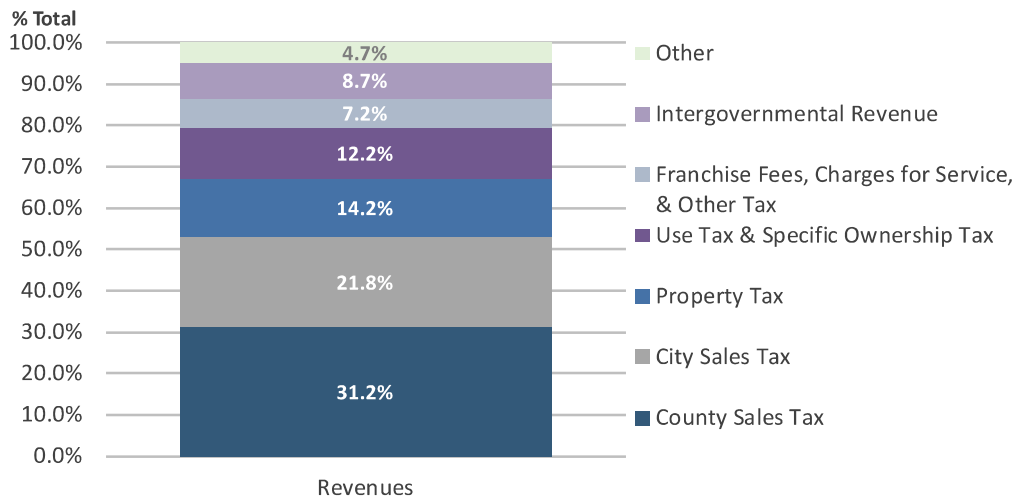
Source: U.S. Census; Economic & Planning Systems

Tax and Revenue Base

As in many Colorado municipalities, most of Fruita's revenue base is sales tax. In Fruita's 2019 budget, sales tax represents 53 percent of the total revenues. Fruita charges a 3.0 percent sales tax. The first 2.0 percent goes into the general fund and represents 21.8 percent of the total revenues as shown in **Figure 10**. The remaining 1.0 percent is dedicated to the Community Center Fund (debt service). The General Fund supports general governmental operations including public safety, administration, community development, general government, recreation programs, and maintenance of roads, parks, trails, and public buildings. The City also receives 1/10 of 1.0 percent of the County's 2.0 percent sales tax, and 4.01 percent of the County's 0.37 percent public safety sales tax. The County sales tax is 31.2 percent of general fund revenues.

Property tax represents 14 percent of the total revenues, followed by use tax and specific ownership tax at 12 percent. The other sources of revenues include licenses and permits, fines and forfeits, miscellaneous, and transfers.

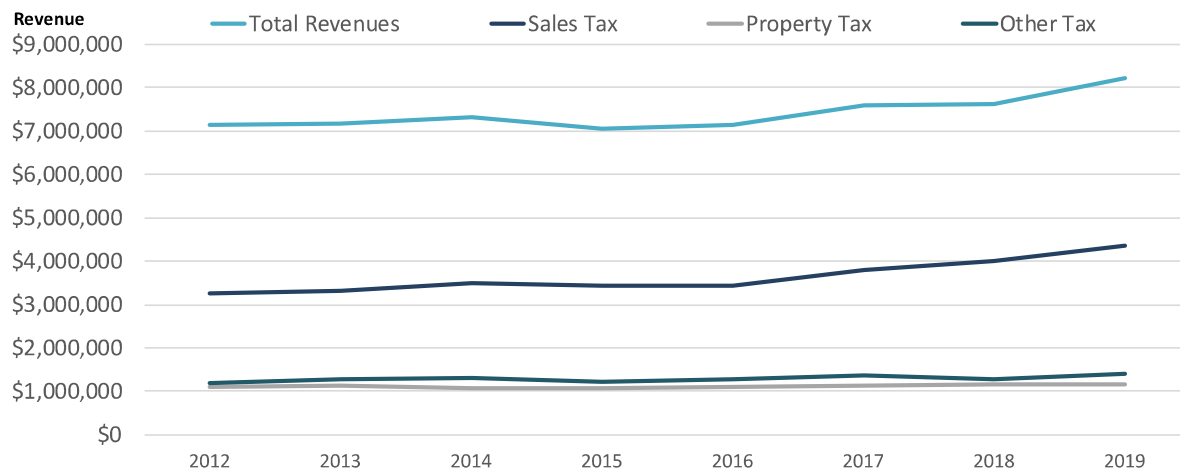
Figure 10. Fruita General Fund Revenues, 2019



Source: City of Fruita 2019 Budget; Economic & Planning Systems

Beginning in 2016, Fruita's total revenue has steadily increased each year. This increase is largely due to the growth in sales tax, as shown in **Figure 11**. Property tax has been flat since 2012.

Figure 11. Fruita Revenue Trend, 2012-2019



Source: City of Fruita Budget 2015-2019; Economic & Planning Systems

The amount of sales tax revenue Fruita receives from each industry is shown in **Table 8**. In 2018, Fruita received \$2.9 million in sales tax revenue. This is an increase of \$500,000 over the last four years or an average annual growth rate of 5.2 percent. The largest contributing industry is retail trade accounting for 41 percent of sales tax, which increased by \$270,000 from 2014 to 2018. The second largest sales tax contributor is leisure and hospitality, which increased by \$179,000 over this time period.

Table 8. Fruita Sales Tax Revenue by Industry, 2014-2018

Industry	2014	2015	2016	2017	2018	2014-2018		
						Total	Ann. #	Ann. %
Natural Resources/Mining	\$136,193	\$36,209	\$15,816	\$19,872	\$223,477	\$87,284	\$21,821	13.2%
Construction	\$10,707	\$19,812	\$16,362	\$11,783	\$15,704	4,996	1,249	10.0%
Manufacturing	\$15,124	\$15,835	\$21,518	\$25,572	\$25,208	10,084	2,521	13.6%
Retail Trade	\$901,319	\$915,043	\$977,757	\$1,126,796	\$1,171,871	270,552	67,638	6.8%
Trade/Transportation/Utilities	\$308,120	\$284,165	\$264,904	\$310,214	\$299,623	-8,497	-2,124	-0.7%
Information	\$184,245	\$173,106	\$156,329	\$161,511	\$161,522	-22,723	-5,681	-3.2%
Financial Activities	\$148,390	\$102,207	\$102,886	\$104,148	\$143,195	-5,195	-1,299	-0.9%
Prof./Business Services	\$13,355	\$10,995	\$10,534	\$11,964	\$16,258	2,903	726	5.0%
Education/Health Services	\$7,922	\$9,573	\$11,747	\$11,909	\$12,799	4,877	1,219	12.7%
Leisure/Hospitality	\$578,444	\$588,205	\$645,900	\$703,189	\$757,351	178,906	44,727	7.0%
Other	\$49,281	\$40,024	\$39,984	\$46,845	\$53,240	3,959	990	2.0%
Government	<u>\$438</u>	<u>\$439</u>	<u>\$471</u>	<u>\$610</u>	<u>\$748</u>	<u>310</u>	<u>77</u>	<u>14.3%</u>
Total	\$2,353,538	\$2,195,614	\$2,264,208	\$2,534,413	\$2,880,993	\$527,455	\$131,864	5.2%

Source: City of Fruita; Economic & Planning Systems

4. Fruita Demographics and Housing

This Chapter provides an overview of demographics and housing conditions in Fruita. Most attention is given to housing conditions, which have a large influence on the demographics of community.

Demographics

In this section, the demographics of Fruita are summarized and compared to Mesa County as a whole and to Metro Denver. The Metro Denver comparison is included to compare two large metro areas in Colorado, and because of the recent increase in people and businesses moving from Metro Denver to Mesa County.

Household incomes are slightly higher in Fruita compared to Mesa County overall with average household income at \$79,190 and median household income at \$63,819, shown in **Table 9**. Fruita's average household size is 2.67 people, which is larger than that of both Mesa County and the Denver-Aurora-Lakewood Metro area. This indicates a younger and more family-weighted household composition. Compared to Mesa County, Fruita's median age is lower at 36.5 years old, than 39 years old in the County.

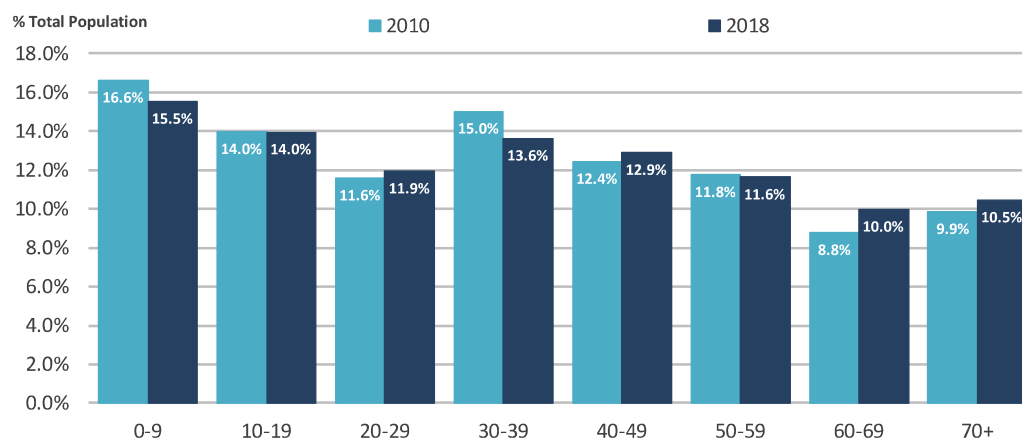
In both Fruita and Mesa County, about 36 percent of the population 25 years and older have a college degree or above. That is lower than the Denver-Aurora-Lakewood Metro area where 51 percent of that population has a college degree or above. Fruita has a higher rate of homeownership than both areas with 70 percent of the housing units being owner-occupied and 30 percent renter-occupied.

Table 9. Demographic Summary, 2018

Description	Fruita	Mesa County	Denver-Aurora-Lakewood MSA
Household Income			
Average Household Income	\$79,190	\$77,865	\$98,830
Median Household Income	\$63,819	\$57,191	\$71,904
Average Household Size	2.67	2.48	2.52
Median Age	36.5	39.0	37.0
Education			
High School or Equivalent	23.9%	29.8%	20.5%
College Degree or Above	36.2%	36.5%	51.1%
Tenure			
Renter Occupied	30.2%	33.9%	37.5%
Owner Occupied	69.8%	66.1%	62.5%
Households			
Families with children under 18 years	30.7%	26.4%	29.4%

Source: ESRI; U.S. Census; Economic & Planning Systems

As shown above, families with children under 18 make up 31 percent of Fruita's households compared to 26 percent in Mesa County, highlighting Fruita's appeal to young families. This is also reflected in the age distribution shown in **Figure 12**. The largest population groups are people 0-9 years old at 15.5 percent of the total population, and people between 10 and 19 at 14 percent.

Figure 12. Fruita Age Distribution Trend, 2010-2018

Source: ESRI; Economic & Planning Systems

Housing Stock

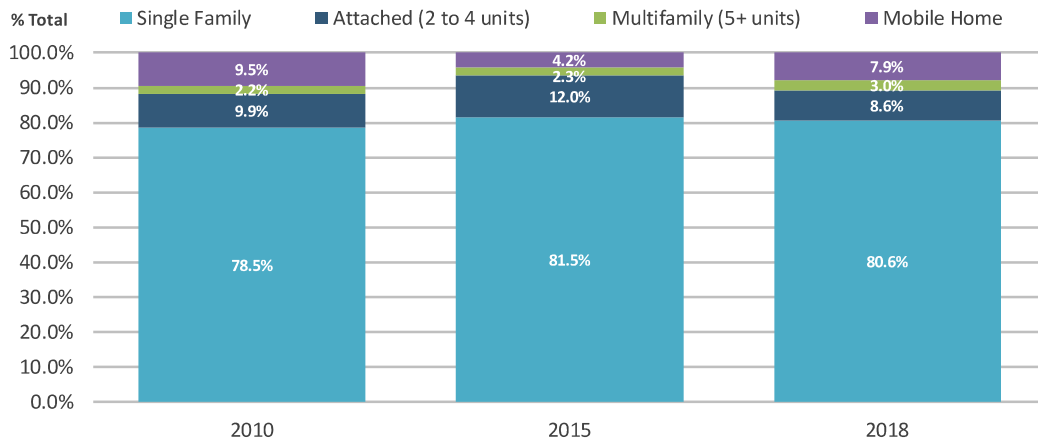
The majority of housing units in Fruita are single family homes. In 2018, there were 4,486 single family homes, which represent 80.6 percent of all units, as shown in **Table 10** and **Figure 13**. From 2010 to 2018 multifamily units have increased by a total of 53 units, resulting in an inventory of 165 units in 2018. In contrast, 464 new single family homes were built during that time.

Table 10. Fruita Housing Types, 2010-2018

Housing Type	2010		2015		2018		2010-2018	
	Amount	% Total	Amount	% Total	Amount	% Total	Total	Ann. #
Single Family	4,022	78.5%	4,424	81.5%	4,486	80.6%	464	58
Attached (2 to 4 units)	506	9.9%	649	12.0%	480	8.6%	-27	-3
Multifamily (5+ units)	112	2.2%	127	2.3%	165	3.0%	53	7
Mobile Home	486	9.5%	229	4.2%	437	7.9%	-49	-6
Total	5,127	100.0%	5,429	100.0%	5,569	100.0%	442	55

Source: U.S. Census; DOLA; Economic & Planning Systems

Figure 13. Fruita Housing Types, 2010-2018



Source: U.S. Census; DOLA; Economic & Planning Systems

Housing Occupancy and Tenure

As would be expected, household growth closely parallels housing unit growth, but household growth is slightly slower due to the inclusion of vacant units (built but not yet sold or occupied) in unit growth. Since 2010, renter households have been growing at a faster rate than owner households in each jurisdiction of Mesa County, as shown in **Table 11**. From 2010 to 2018, owner occupied housing has declined at an average annual rate of 0.4 percent in Fruita and 0.3 percent in Grand Junction and Mesa County. This slight decline is a national trend that reflects growth in low wage service jobs and lower levels of wealth or savings, especially for younger people and recent graduates. These income and wealth trends favor renting over home ownership.

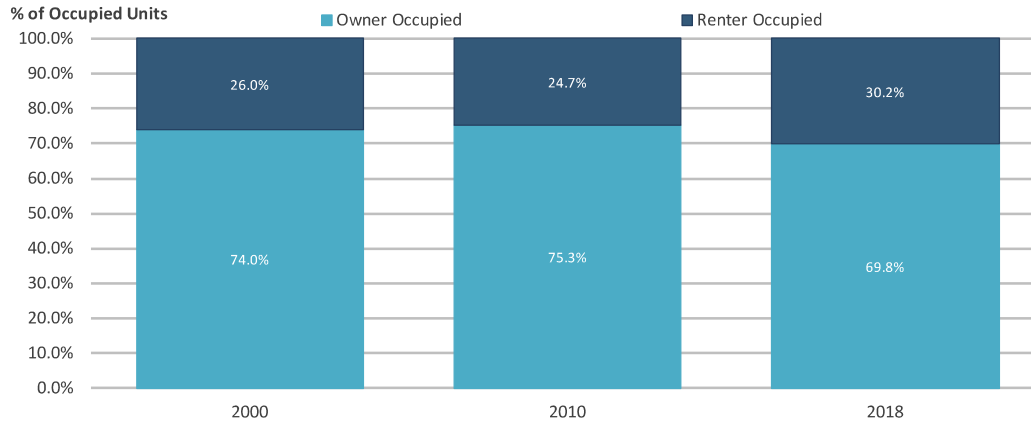
Table 11. Housing Occupancy, 2010-2018

Description	2010		2018		2010-2018
	Amount	% Total	Amount	% Total	Ann. %
Fruita					
Owner Occupied	3,595	70.1%	3,723	66.8%	0.4%
Renter Occupied	1,180	23.0%	1,610	28.9%	4.0%
Vacant	<u>352</u>	<u>6.9%</u>	<u>236</u>	<u>4.2%</u>	<u>-4.9%</u>
Total	5,127	100.0%	5,569	100.0%	1.0%
Grand Junction					
Owner Occupied	15,285	58.3%	15,696	53.8%	0.3%
Renter Occupied	9,077	34.6%	11,539	39.6%	3.0%
Vacant	<u>1,845</u>	<u>7.0%</u>	<u>1,920</u>	<u>6.6%</u>	<u>0.5%</u>
Total	26,207	100.0%	29,155	100.0%	1.3%
Unincorp. Mesa County					
Owner Occupied	21,482	73.2%	21,231	68.6%	-0.1%
Renter Occupied	5,691	19.4%	7,640	24.7%	3.8%
Vacant	<u>2,180</u>	<u>7.4%</u>	<u>2,065</u>	<u>6.7%</u>	<u>-0.7%</u>
Total	29,353	100.0%	30,935	100.0%	0.7%
Mesa County Total					
Owner Occupied	41,350	66.3%	41,671	61.8%	0.1%
Renter Occupied	16,527	26.5%	21,394	31.7%	3.3%
Vacant	<u>4,532</u>	<u>7.3%</u>	<u>4,393</u>	<u>6.5%</u>	<u>-0.4%</u>
Total	62,409	100.0%	67,458	100.0%	1.0%

Source: DOLA; ESRI; Economic & Planning Systems

The percentage of owner occupied housing units in Fruita has declined over the last eight years, decreasing by 5.5 percentage points. Renter occupied housing in Fruita has increased to 30 percent of the total housing inventory, as shown in **Figure 14**. This trend indicates that many new renters are renting single family homes, as that product type has dominated the new housing construction in Fruita.

Figure 14. Fruita Housing Tenure, 2000-2018



Source: ESRI; Economic & Planning Systems

Housing Prices and Affordability

A person or household is defined as “cost burdened” if they spend 30 percent or more of their monthly income on housing costs. This is the standard established by the U.S. Department of Housing and Urban Development (HUD). In 2018, 29 percent of home owners in Fruita were cost burdened, which is higher than Mesa County where 24 percent of owners were cost burdened, as shown in **Table 12**. The cost burdened are likely a mix of people on fixed incomes aging in place, working families, and people who recently purchased their first home that they anticipate will become more affordable based on their future jobs and earnings potential.

For renters, however, the picture is different. Nearly half of the renters in Fruita—48 percent—were cost burdened, which is similar to the 51 percent of renters cost burdened across Mesa County. It is common for renters to have more challenges affording housing than owners. Factors that affect cost burden levels for renters include:

- A tight supply of rental housing that supports higher rents (supply and demand);
- Younger demographics, which often translates to lower household incomes; and
- Growth in lower wage service jobs.

Table 12. Monthly Housing Cost as a Percentage of Household Income, 2018

Description	Fruita		Mesa County	
	Amount	% Total	Amount	% Total
Owner-Occupied				
Less than 20 percent	1,704	45.8%	22,696	54.5%
20 to 29 percent	890	23.9%	8,734	21.0%
30 percent or more	1,075	28.9%	9,879	23.7%
Total	3,723	98.6%	41,671	99.1%
Renter-Occupied				
Less than 20 percent	257	16.0%	4,503	21.0%
20 to 29 percent	452	28.1%	4,702	22.0%
30 percent or more	764	47.5%	10,853	50.7%
Total	1,610	91.5%	21,394	93.8%

Source: DOLA; U.S. Census; Economic & Planning Systems

The Grand Junction office of Land Title maintains housing market statistics for areas in Mesa County back to 2016. Land Title's data for Fruita is for the city limits plus the larger 81521 zip code that includes some of unincorporated Mesa County. The 81521 zip code has an average price of nearly \$330,000 year to date as of November 2019, as shown in **Table 13**. The average price in this zip code is about \$100,000 higher than Grand Junction which had an average price of \$229,644. Price appreciation has been rapid, with 7.4 percent annual growth in 81521 over the last four years. These figures represent mostly re-sales of existing homes as new construction is typically direct to a buyer from a builder and does not usually go through the same process.

Table 13. Grand Valley Home Prices, All Unit Types, 2016-November 2019

Description	2016	2017	2018	Nov-2019	2016-Nov 2019	
					Pct. Change	Ann. %
All Unit Types						
Fruita (81521 Zipcode)	\$247,865	\$260,983	\$303,663	\$327,902	32.3%	7.4%
Fruita City Limits	\$204,390	\$217,279	\$221,003	\$249,787	22.2%	5.3%
Redlands	\$349,225	\$356,253	\$377,923	\$446,676	27.9%	6.5%
Collbran, Plateau Valley, Molina, Mesa	\$427,669	\$274,491	\$314,245	\$379,417	-11.3%	-3.0%
Palisade	\$271,522	\$291,411	\$319,552	\$465,563	71.5%	14.8%
Orchard Mesa & East Orchard Mesa	\$214,272	\$218,726	\$246,350	\$278,421	29.9%	6.9%
Fruitvale	\$186,181	\$203,034	\$219,260	\$239,751	28.8%	6.7%
Grand Junction	\$169,871	\$187,499	\$201,013	\$229,644	35.2%	8.0%
Clifton	\$155,096	\$155,619	\$182,030	\$200,430	29.2%	6.8%
Single Family Detached						
Fruita (81521 Zipcode)	\$253,662	\$266,952	\$308,698	\$337,605	33.1%	7.6%
Fruita City Limits	\$208,866	\$224,023	\$226,442	\$248,784	19.1%	4.6%
Redlands	\$365,591	\$373,283	\$399,552	\$441,814	20.8%	5.0%
Collbran, Plateau Valley, Molina, Mesa	\$441,853	\$281,062	\$318,431	\$315,588	-28.6%	-8.2%
Palisade	\$279,124	\$295,206	\$322,141	\$364,927	30.7%	7.1%
Orchard Mesa & East Orchard Mesa	\$218,575	\$225,631	\$250,802	\$272,175	24.5%	5.8%
Fruitvale	\$188,989	\$205,972	\$222,307	\$239,235	26.6%	6.2%
Grand Junction	\$174,504	\$191,751	\$205,970	\$225,989	29.5%	6.8%
Clifton	\$164,767	\$163,282	\$193,116	\$201,086	22.0%	5.2%

Source: Grand Junction Land Title Office; Economic & Planning Systems

The 81521 zip code includes areas with homes on large acreages which are priced higher and influence the average. Using data from the Mesa County Assessor's Office, EPS estimated the average home price within City limits from 2014 through 2018. The Assessor's data portal does not have 2019 data available as of this writing. As shown in **Table 14**, the average price within City limits is \$271,675 for all unit types as of the end of 2018. This is 11 percent lower than the 2018 average price of \$303,663 in all of 81521. In 2018, the average single family detached home price was \$279,675 which is 9 percent lower than in 81521. Appreciation rates within City limits were about the same, at 7.6 percent per year.

Table 14. Home Prices in Fruita City Limits, 2014-2018

Description	2014	2015	2016	2017	2018	2014-2018		
						Total	Ann. #	Ann. %
Avg. Sale Price								
Single Family	\$208,866	\$224,023	\$226,442	\$248,784	\$279,675	\$70,809	\$17,702	7.6%
Townhome	\$175,329	\$183,995	\$203,504	\$224,057	\$236,418	\$61,089	\$15,272	7.8%
Duplex/Triplex	\$198,000	\$199,167	\$189,375	\$266,667	\$205,000	\$7,000	\$1,750	0.9%
Condo	\$79,000	\$87,782	\$93,270	\$258,529	\$141,033	\$62,033	\$15,508	15.6%
Multifamily	<u>\$183,000</u>	---	---	<u>\$1,347,500</u>	---	---	---	---
Average	\$204,390	\$217,279	\$221,003	\$249,787	\$271,684	\$67,295	\$16,824	7.4%

Source: Mesa County Assessor; Economic & Planning Systems

Prices for newer construction in Fruita city limits are trending upward and are significantly higher than the average resale price. New construction pricing is a strong indicator of the direction of a housing market as it shows the prices a market can support; new construction is often more expensive than resales. Using Mesa County assessor records, EPS calculated the average price for homes built and sold from 2014 through 2018. In other words, the 2017 column in **Table 15** shows the average price of a home built in 2017 and sold during 2017 and 2018, or the average price of a home built in 2014 and sold anytime between 2014 and 2018. The average price for single family homes built in 2018 is estimated at \$455,200 as shown in **Table 15**, which is over 60 percent higher than the average single family resale price of \$279,675 in 2018 shown above in **Table 14**.

Table 15. Average Sale Price for Homes Built and Sold 2014 through 2018, Fruita City Limits

Unit Type	2014	2015	Year Built		2018	2014-2018	
			2016	2017		Change	Ann. %
Single Family	\$364,850	\$339,900	\$344,100	\$345,000	\$455,200	\$90,350	5.7%
Townhome	<u>\$237,900</u>	---	---	<u>\$275,550</u>	---	N/A	N/A
Average	\$339,460	\$339,900	\$344,100	\$310,275	\$455,200	\$115,740	7.6%

Source: Mesa County Assessor; Economic & Planning Systems

Housing Market Observations

This section offers some qualitative observations from Economic & Planning Systems gained from interviews with local professionals in the residential building and development, economic development, and real estate professions.

- Fruita commands higher home prices because of the quality of its schools and the amenities. The trails and parks are particularly attractive to existing and prospective residents.
- Fruita is seeing a modest increase in residents bringing jobs from other locations and working remotely. Cash buyers comprise a larger percentage of these purchases than local area residents. Some are also moving from higher cost areas such as Metro Denver where housing costs are substantially higher, enabling them to bring more equity into their home in Fruita. Retirees moving to Fruita also make up a portion of these new buyers.
- There is a tight supply of multifamily rental housing (apartments) in Fruita which contributes to affordability issues for renters. It is also affecting the workforce supply for local businesses.