

Summary Briefing The Next 20 Years: Benchmarking Northern Colorado's Future

Everitt Real Estate Center



Steven P Laposa, PhD

Christopher Hannum, PhD Economics Candidate

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The year is 2030

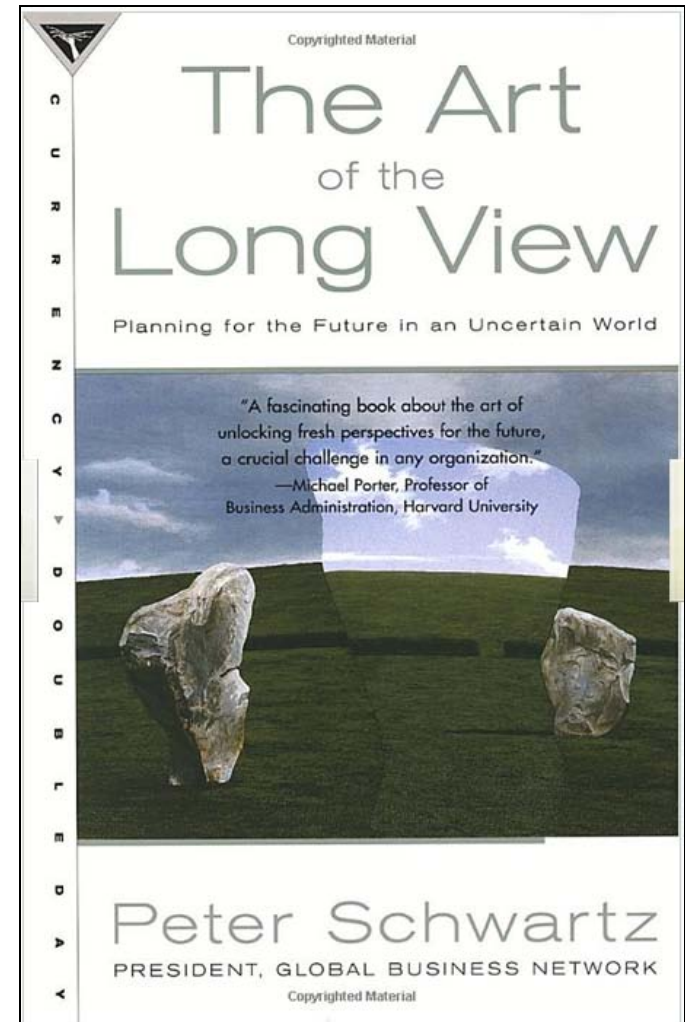
- So how is the economic vitality of Northern Colorado?
 - Our quality of life? Cost of living? Political leadership?
 - Are we still voted the top 5 city for anything?
 - Does it really matter?
- How did we grow?
 - Internal engines of growth from the 2010s?
 - Or, do we have new external engines of growth?
 - Are old competitive advantages still competitive?

Introduction

The Next 20 Years study applies the methods discussed in Peter Schwartz's book *The Art of the Long View* whereby future and reasonable scenarios are initially developed and analyzed, and decisions are then based on various scenarios of the future. Consider it game-theory for the future.

Our study does not claim one scenario over another, nor propose one scenario as more plausible than the others. Rather, we offer a simple framework for Northern Colorado's stakeholders in thinking about the year 2030 and developing their own scenarios.

Our 'what-if' scenario painting first identifies U.S. cities in 1990 that are similar to Fort Collins-Loveland in 2010 based on population, employment, demographic composition, and economic output. Thus, we can create potential scenarios for our future by first looking back at the last 20 years for the selected 1990 cluster of cities.



Our agenda

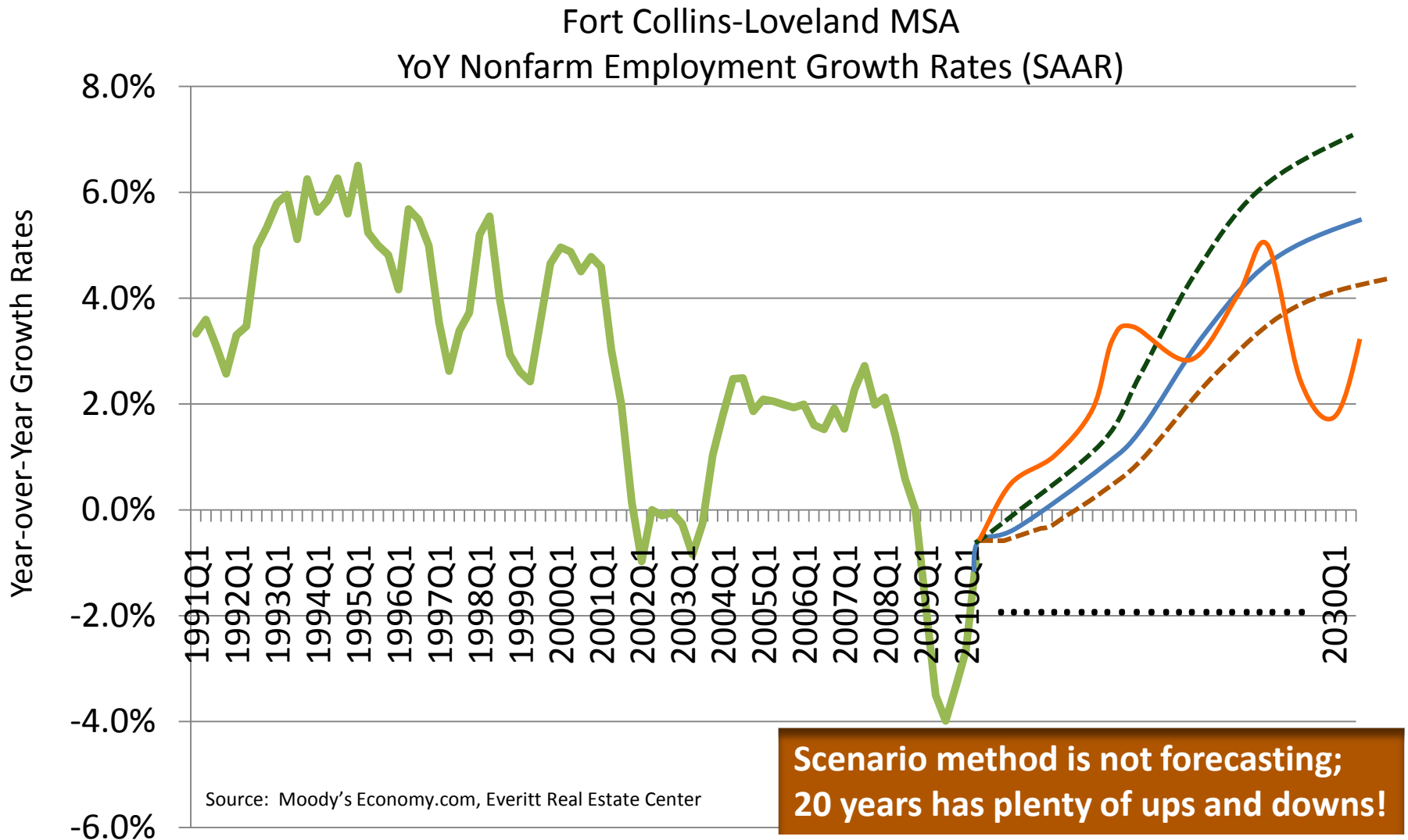
- Motivation for the research
- How did we develop the research?
 - Data and methods
- What are the results?
 - Clusters for 1980 and 1990
- How do we benchmark to our peers in 1990?
 - Implications for residential and commercial sectors
- What's next?

A copy of the full white paper will be available after October 18, 2010 at [Everitt Real Estate Center](#)

Motivation?

- **Simple questions**
 - What cities in 1990 look like Fort Collins-Loveland in 2010?
 - How did they grow?
 - How much real estate did they build over the last 20 years?
 - Can we benchmark where we stand in 2010 with the 1990 cities?
 - If so, what does it tell us about the next 20 years?

What we are not doing



Rather, we begin in 2030 and look back

- Start in 2030
- Develop a scenario
- Determine the paths it took for the scenario to come to pass
- Develop another scenario
- Consider the paths
- Repeat as necessary



So how do you develop scenarios?

There are many creative methods to paint a scenario of the future. This study suggests looking at similar cities in 1990, a select cluster of peer cities. Examine the 1990 peer group of cities and see where they are in 2010.

How we selected our 1980 and 1990 peer groups

All U.S. cities (363)

Lots of data

Annual data from 1970 to 2010:

- Population
- Age cohorts
 - 20 to 29 yrs
 - 65+ yrs
- Economic output
 - Gross metro product
- Housing stock
 - Housing starts
- Employment

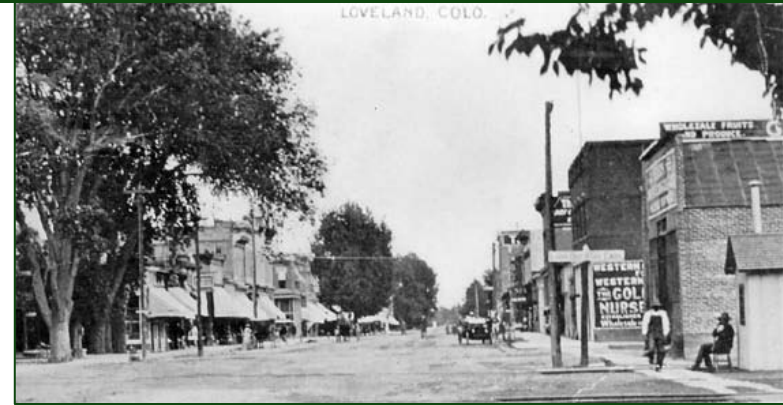
Data reduction
(PCA) and clustering

Non-selected cities

Two peer groups:
1980 peer cities,
and
1990 peer cities

Who are our peers?

- First, list of 1980 and 1990 peers
- Scenario options
 - Based on 1990 peer group
- Real estate metrics
 - How do we compare



Is it really that hard to think 20 years out?



Peer group results – any surprises?

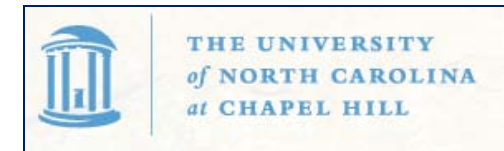
1980 Peer Group	1990 Peer Group	
<p>Charleston, WV Colorado Springs, CO Corpus Christi, TX Durham-Chapel Hill, NC Evansville, IN-KY Fort Wayne, IN Lakeland-Winter Haven, FL Lancaster, PA Lexington-Fayette, KY Mobile, AL North Port-Bradenton-Sarasota, FL Reading, PA Shreveport-Bossier City, LA Spokane, WA Stockton, CA Trenton-Ewing, NJ Utica-Rome, NY Winston-Salem, NC York-Hanover, PA</p>	<p>Anchorage, AK Ann Arbor, MI Asheville, NC Binghamton, NY Brownsville-Harlingen, TX Charleston, WV Columbus, GA-AL Durham-Chapel Hill, NC Eugene-Springfield, OR Fayetteville-Springdale, AR-MO Hickory-Lenoir-Morganton, TN Huntsville, AL Huntington-Ashland, WV-KY Kalamazoo-Portage, MI Kingsport-Bristol-Bristol, TN-VA Montgomery, AL Ogden-Clearfield, UT Provo-Orem, UT Reno-Sparks, NV</p>	<p>Roanoke, VA Rockford, IL Salem, OR Savannah, GA South Bend-Mishawaka, IN-MI Springfield, MO Tallahassee, FL Utica-Rome, NY</p> <div data-bbox="1354 822 1837 1200" style="background-color: yellow; border: 1px solid black; padding: 10px;"> <p>What cities did you expect on these lists?</p> <p>What cities surprise you?</p> <p>Why is Utica on twice?</p> </div>

Yes, the 1990 peer group includes universities



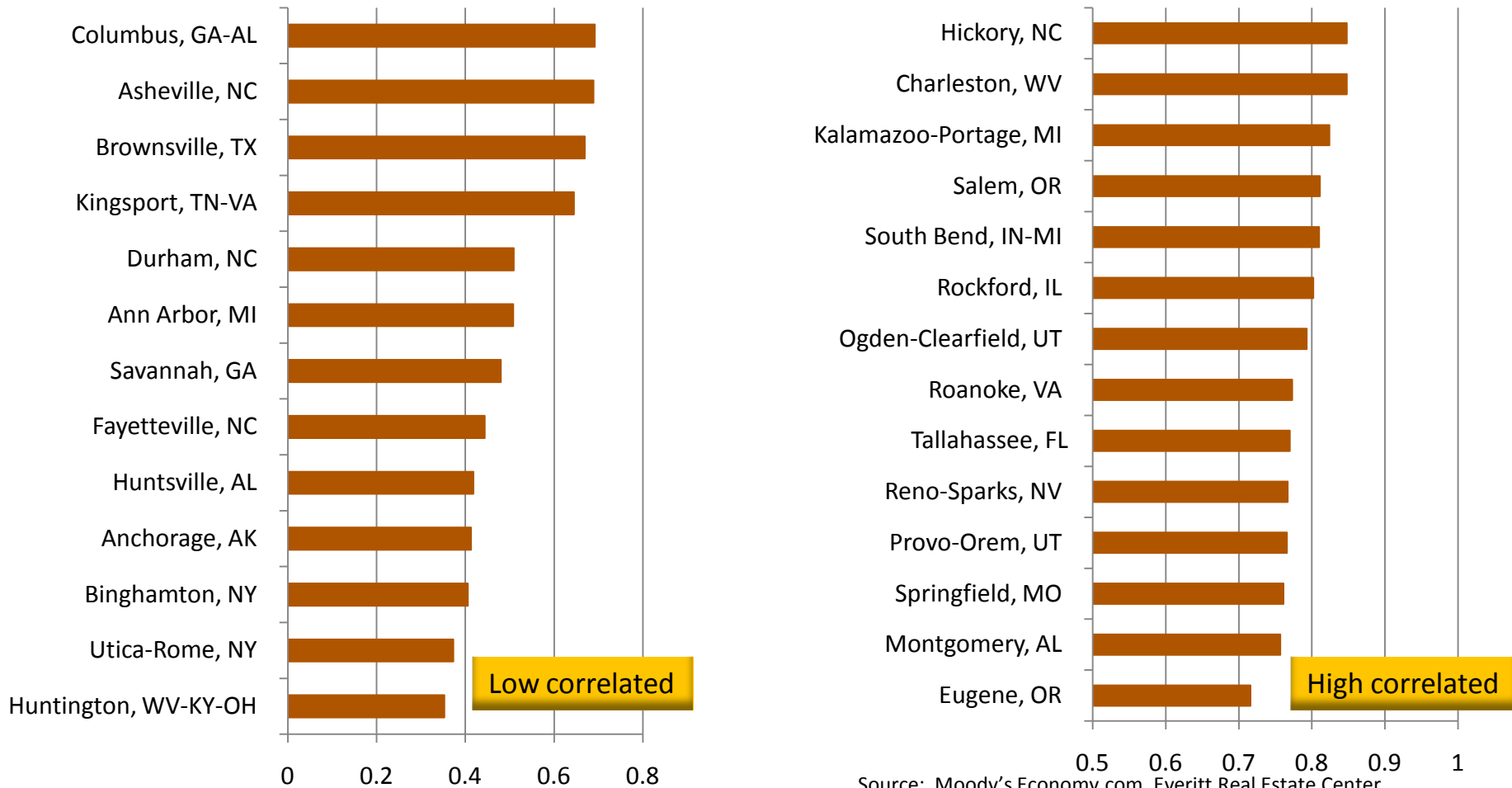
THE FLORIDA STATE UNIVERSITY

WILLAMETTE UNIVERSITY



We grew like some of our 1990 peers, and some not

Fort Collins-Loveland vs. 1990 Peer Group
Employment growth correlations, 1991Q1 to 2010Q2



Source: Moody's Economy.com, Everitt Real Estate Center

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Economic, demographic, and real estate metrics

Thinking about the future and business implications

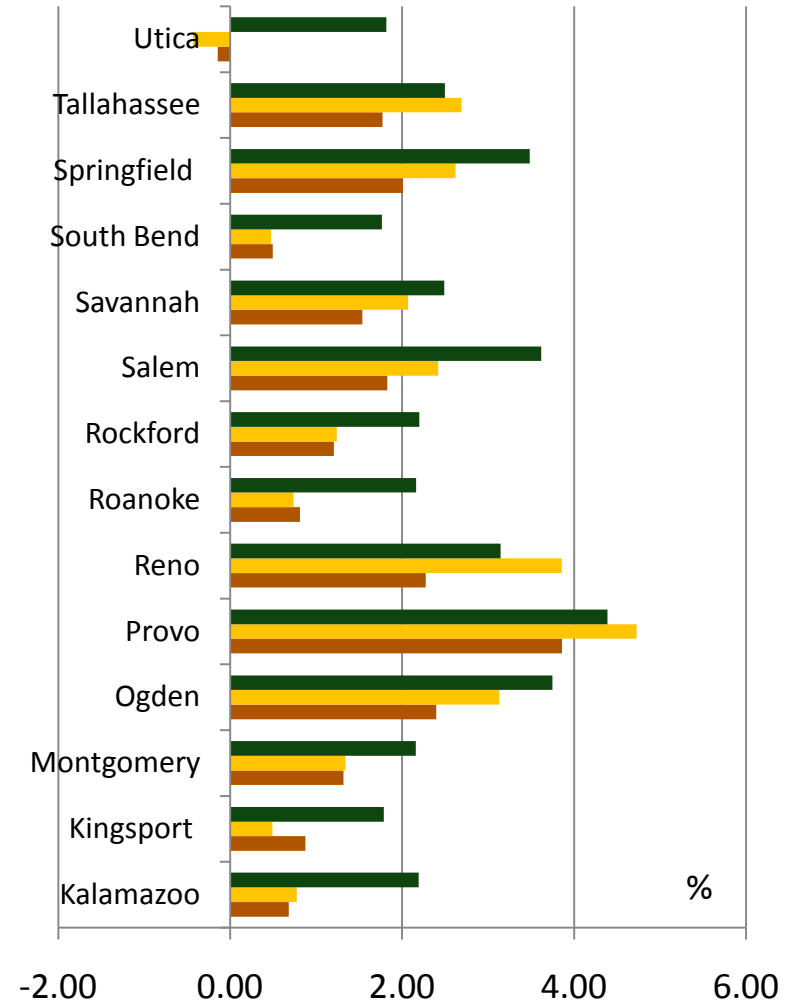
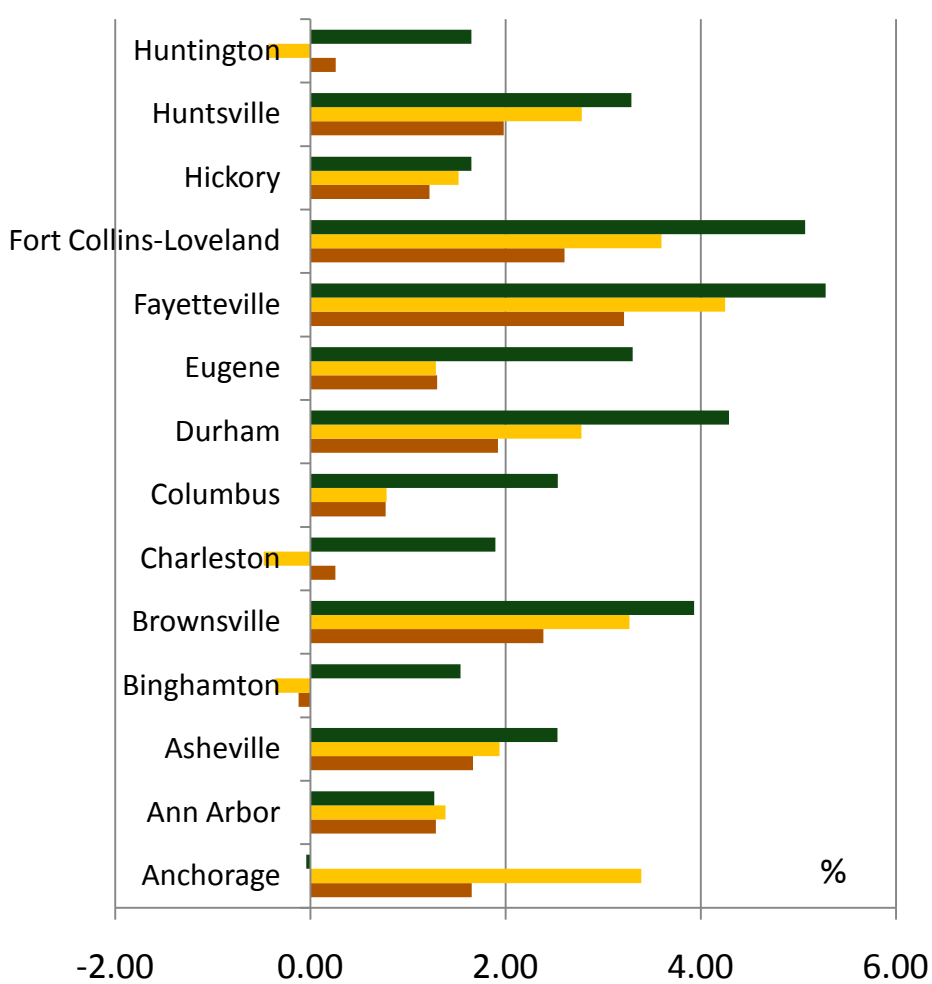


Developing scenarios based on metrics

- Identify cities similar to your scenario
 - Individual metrics, e.g., households, population, GMP
- Identify real estate and non-real estate multipliers
 - For each metric or growth trend
- Combine metrics
 - What cities ‘float to the top’?



Apply 1990 to 2010 growth rates to our future



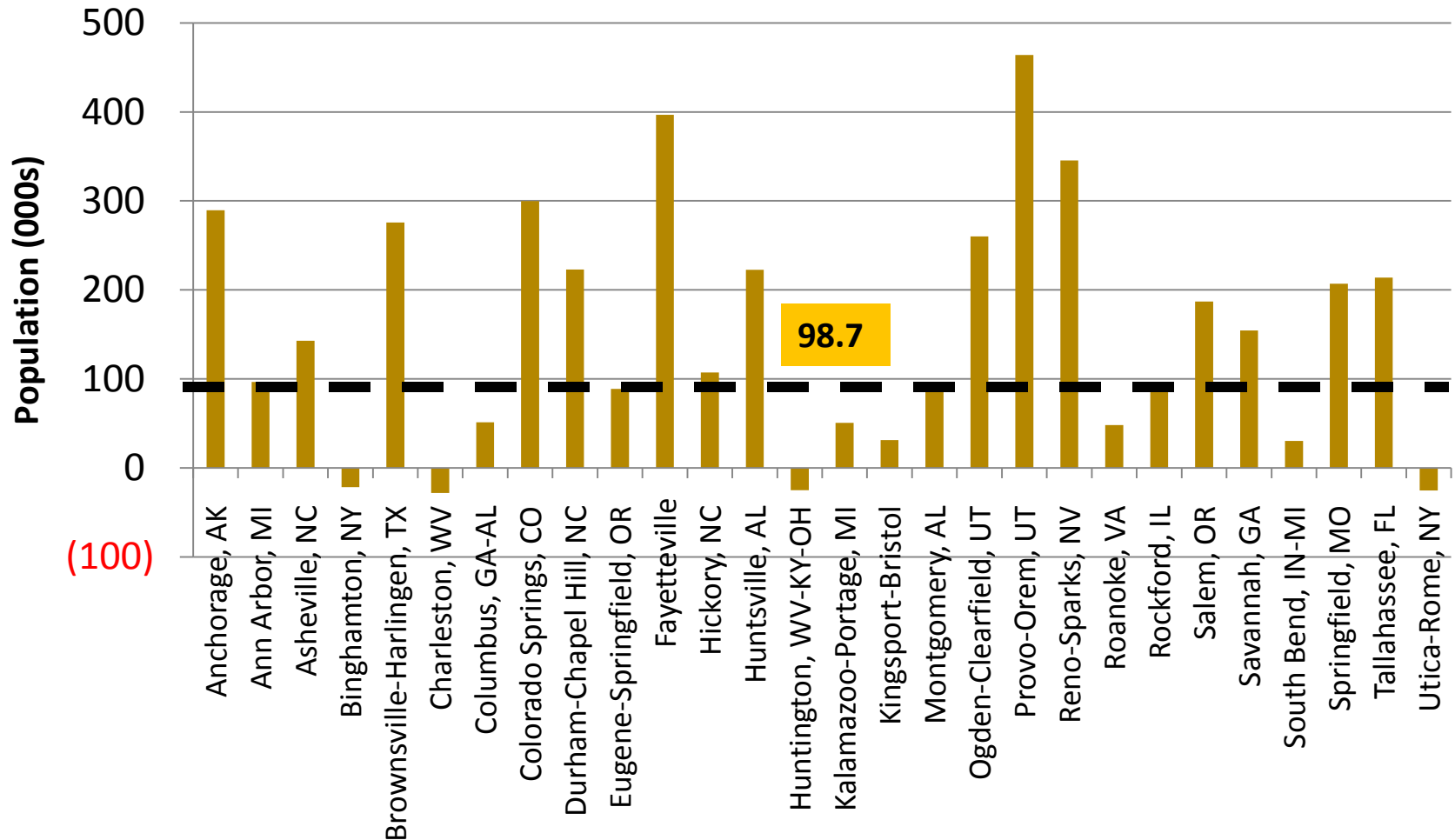
■ GMP ■ Population ■ HHs

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Source: Moody's Economy.com, Everitt Real Estate Center (CAGR %)

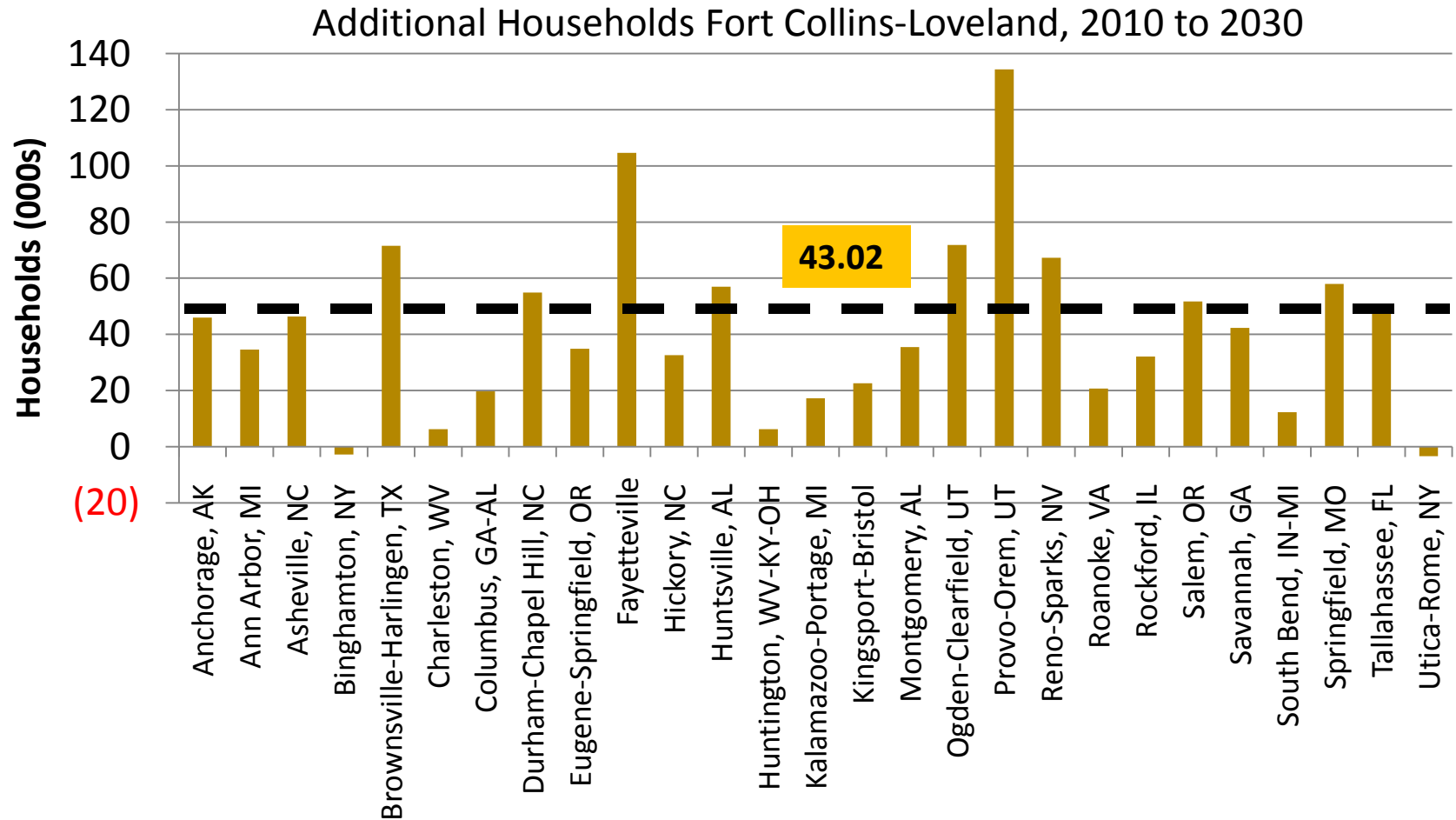
If we applied growth rate of our 1990 peers, then...

Additional Population Fort Collins-Loveland, 2010 to 2030



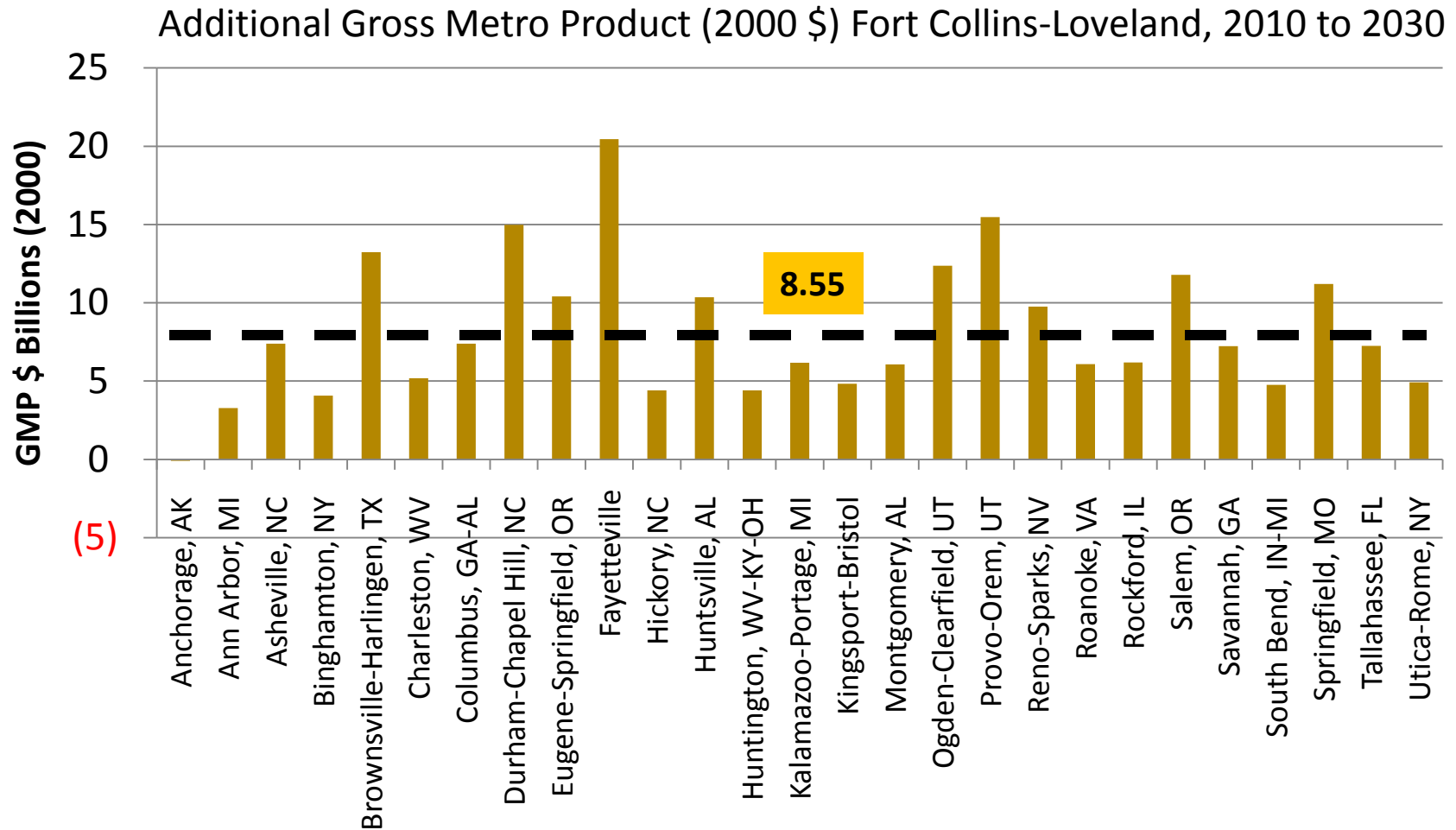
Source: Moody's Economy.com, Everitt Real Estate Center (including forecast 98.7k)

How many households do you see by 2030?



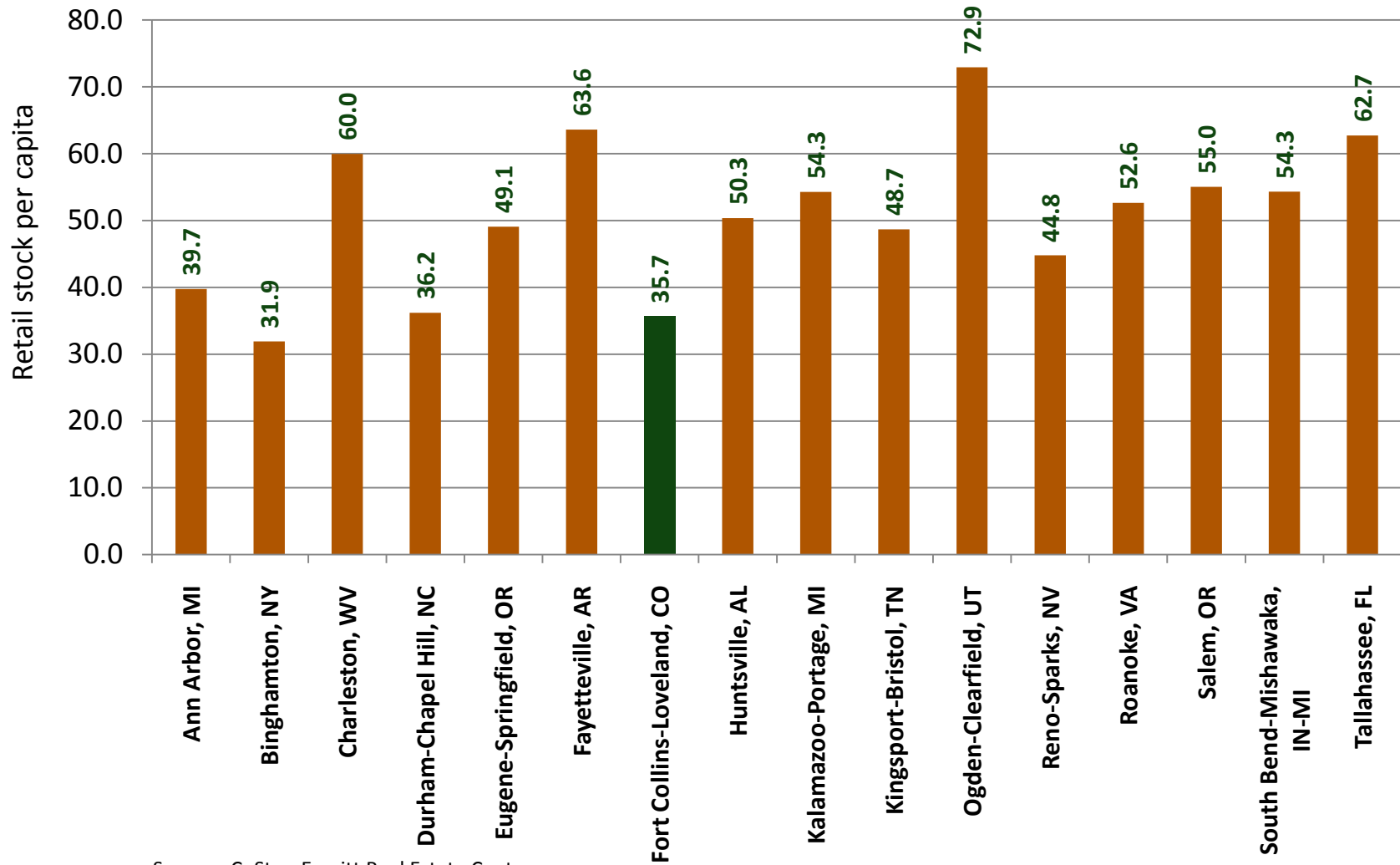
Source: Moody's Economy.com, Everitt Real Estate Center (including forecast of 43.02k)

How much more will we produce by 2030?



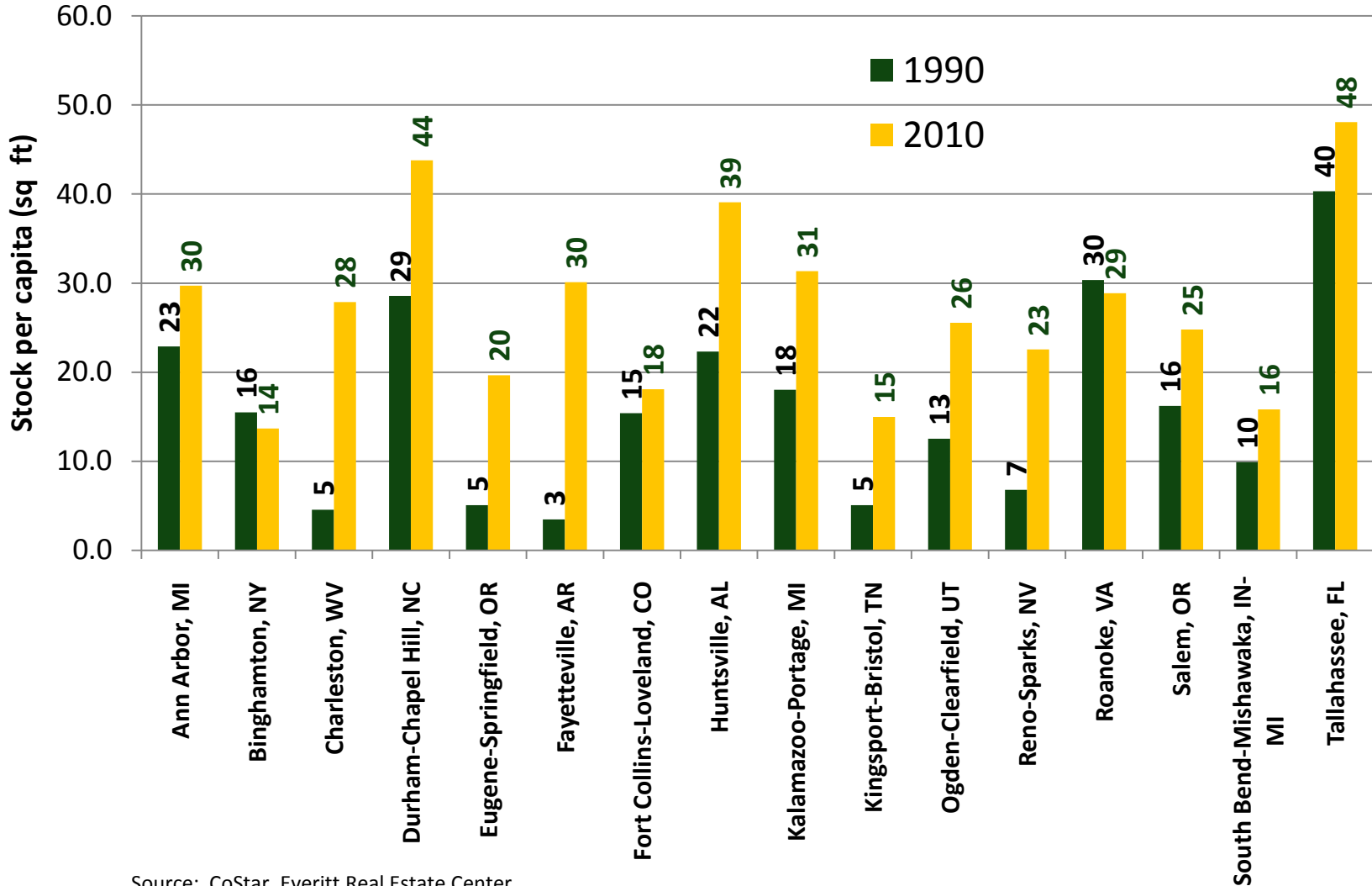
Source: Moody's Economy.com, Everitt Real Estate Center (including forecast of \$8.55b)

How much retail stock do we need in 2030?



Source: CoStar, Everitt Real Estate Center

Evolve into a higher service-oriented economy?



Source: CoStar, Everitt Real Estate Center

Time to finish your scenario plan



Finally, a colorful scenario for 2030

High – potential risks due to above average levels
Average – within reasonable range of options
Below – lower growth trends
No data

	Population	Households	GMP	Retail	Office
Anchorage, AK	High	Average	Average	Average	Average
Ann Arbor, MI	Average	Average	Average	Average	Average
Asheville, NC	Average	Average	Average	Average	Average
Binghamton, NY	Average	Average	Average	Average	Average
Brownsville-Harlingen, TX	High	High	High	Average	Average
Charleston, WV	Average	Average	Average	High	Average
Columbus, GA-AL	Average	Average	Average	Average	Average
Durham-Chapel Hill, NC	High	Average	High	Average	High
Eugene-Springfield, OR	Average	Average	Average	High	Average
Fayetteville	High	High	Average	High	Average
Hickory, NC	Average	Average	Average	Average	Average
Huntsville, AL	High	Average	Average	High	High
Huntington, WV-KY-OH	Average	Average	Average	Average	Average
Kalamazoo-Portage, MI	Average	Average	Average	High	Average
Kingsport-Bristol	Average	Average	Average	High	Average
Montgomery, AL	Average	Average	Average	Average	Average
Ogden-Clearfield, UT	High	High	High	High	Average
Provo-Orem, UT	High	High	High	Average	Average
Reno-Sparks, NV	High	Average	Average	High	Average
Roanoke, VA	Average	Average	Average	High	Average
Rockford, IL	Average	Average	Average	Average	Average
Salem, OR	High	Average	Average	High	Average
Savannah, GA	Average	Average	Average	Average	Average
South Bend, IN-MI	Average	Average	Average	High	Average
Springfield, MO	High	Average	Average	Average	Average
Tallahassee, FL	High	Average	Average	High	High
Utica-Rome, NY	Average	Average	Average	Average	Average

Recommended finalists include Ann Arbor, Eugene, Durham-Chapel Hill, and Tallahassee

Panelist questions

Study-related questions

1. What cities in the 1980 or 1990 peer group surprised you?
2. What 1990 peer group cities did you think were missing, e.g., Boulder?
3. Can you first develop a scenario for Fort Collins-Loveland in 2030, describe the quality of life and the economic vitality of the region, and then tell us what public policies, land use regulations, growth strategies, regional cooperation, transportation improvements, or other significant factors had to happen in order for your scenario to occur by 2030?
4. Which 1990 peer group city do you think we resemble the most or the least?

General questions

1. To what extent is our future tied to that of our largest employers?
2. What structural changes have there been in property demand since 1990?
3. Why might we see such variation in the property markets of cities of similar size?
4. What long-run impacts might the great recession have on the growth of the region?
5. What plans are in place to promote future growth in the FC/L region?

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