

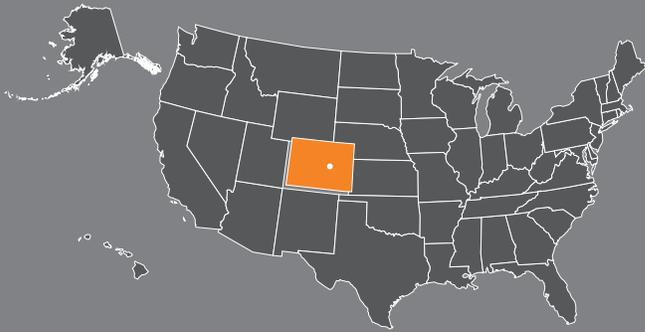
HUD PD&R Housing Market Profiles

Colorado Springs, Colorado



Quick Facts About Colorado Springs

- **Current sales market conditions: balanced.**
- **Current apartment market conditions: slightly soft.**
- **Large military installations in the metropolitan area—Fort Carson Army Base, Peterson Air Force Base (AFB), Schriever AFB, North American Aerospace Defense Command, and the U.S. Air Force Academy—significantly affect the local economy and housing markets.**



By Sam Young | As of May 1, 2014

Overview

The Colorado Springs metropolitan area, about 60 miles south of Denver, consists of El Paso and Teller Counties. The metropolitan area is home to several major military installations, which had a total impact of approximately \$5 billion on the local economy during 2012 (Pikes Peak Area Council of Governments). Approximately 88,700 military and civilian personnel are stationed in the metropolitan area. Fort Carson Army Base (AB) announced it would station a new Combat Air Brigade (CAB) during a 3-year period beginning in late 2013. The CAB will consist of approximately 2,700 troops, and, in addition, nearly 4,300 spouses and dependents are expected to arrive in the metropolitan area.

- As of May 1, 2014, the estimated population in the metropolitan area was 692,000. Net natural increase (resident births minus resident deaths) has constituted nearly 55 percent of population growth in the metropolitan area since mid-2010.
- Population growth averaged 11,800 people, or 2.0 percent, annually from mid-2005 through mid-2010, but population growth has slowed to an average of 11,000 people, or 1.7 percent, a year since mid-2010.
- Net in-migration averaged 6,300 people annually from mid-2005 through mid-2010, as Fort Carson AB benefited from the addition of several U.S. Army troop units and missions after the Base Realignment and Closure (BRAC) round in 2005. Net in-migration has declined to an average 5,300 people annually since mid-2010, as the influx of troops and their dependents slowed.



PD&R

Job growth occurred in nearly every nonfarm employment sector in the Colorado Springs area.

	3 Months Ending		Year-Over-Year Change	
	April 2013 (thousands)	April 2014 (thousands)	Absolute (thousands)	Percent
Total nonfarm payrolls	253.7	257.0	3.3	1.3
Goods-producing sectors	23.4	24.1	0.7	3.0
Mining, logging, and construction	12.0	12.5	0.5	4.2
Manufacturing	11.4	11.6	0.2	1.8
Service-providing sectors	230.3	232.8	2.5	1.1
Wholesale and retail trade	34.0	34.7	0.7	2.1
Transportation and utilities	4.2	4.2	0.0	0.0
Information	6.9	6.7	-0.2	-2.9
Financial activities	16.2	16.8	0.6	3.7
Professional and business services	40.3	40.8	0.5	1.2
Education and health services	32.4	33.1	0.7	2.2
Leisure and hospitality	31.7	32.3	0.6	1.9
Other services	15.0	15.2	0.2	1.3
Government	49.6	49.0	-0.6	-1.2
	(percent)	(percent)		
Unemployment rate	8.3	7.7		

Note: Numbers may not add to totals because of rounding.
Source: U.S. Bureau of Labor Statistics

Economic Conditions

Economic conditions in the Colorado Springs metropolitan area strengthened during the past 3 years after average nonfarm payroll losses of 4,900 jobs, or 1.9 percent, from 2008 through 2010. From 2011 through 2013, the metropolitan area economy gained an average of 3,600 jobs, or 1.4 percent, annually. Job growth continued, but at a slower pace, during the past 12 months.

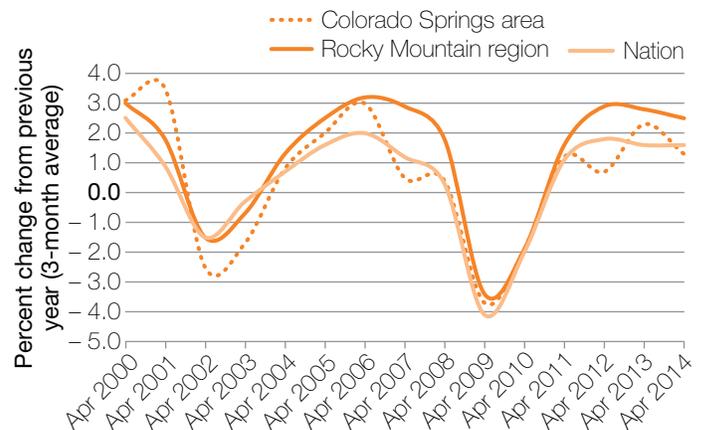
During the 3 months ending April 2014—

- Nonfarm payrolls averaged 257,000 jobs, a gain of 3,300 jobs, or 1.3 percent, compared with nonfarm payrolls during the same period a year earlier.
- The government sector, which is the largest sector in the metropolitan area and accounts for nearly 20 percent of all nonfarm payrolls, averaged 49,000 jobs, a decrease of 600 jobs, or 1.2 percent, from a year earlier.
- Losses in the government sector were concentrated in the federal government subsector, which declined by 970 jobs, or 7.3 percent, from a year earlier, mostly because of ongoing declines in federal spending.
- The unemployment rate averaged 7.7 percent, down from 8.3 percent during the same period a year ago.

Declines in federal spending, which began with the Budget Control Act of 2011, continue to affect the economy of the metropolitan area. Payrolls in the federal government subsector, which primarily

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The Colorado Springs area relies heavily on the government sector, which slowed the economic recovery during the past 2 years.



Note: Nonfarm payroll jobs.
Source: U.S. Bureau of Labor Statistics

Largest employers in the Colorado Springs area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Fort Carson Army Base	Government	29,100
Peterson Air Force Base	Government	18,000
Schriever Air Force Base	Government	6,000

Note: Excludes local school districts.
Source: Colorado Springs Regional Business Alliance

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consist of civil servants and government contractors, are declining as noncivilian troops return to the metropolitan area and displace some civilian personnel. In addition, the declining economic impacts in the metropolitan area of Peterson Air Force Base and

the U.S. Air Force Academy are partly because of smaller budgets and changing missions. Private employers that rely on government and military spending, including Lockheed Martin Corporation and Northrop Grumman Corporation, may also be affected.

Sales Market Conditions

The sales housing market in the Colorado Springs metropolitan area is currently balanced. During the 12 months ending April 2014, approximately 15,300 new and existing single-family homes, townhomes, and condominiums sold, an increase of 2 percent compared with the number sold a year ago. During the same period, the average home sales price increased nearly 6 percent, to \$266,100 (Metrostudy, A Hanley Wood Company).

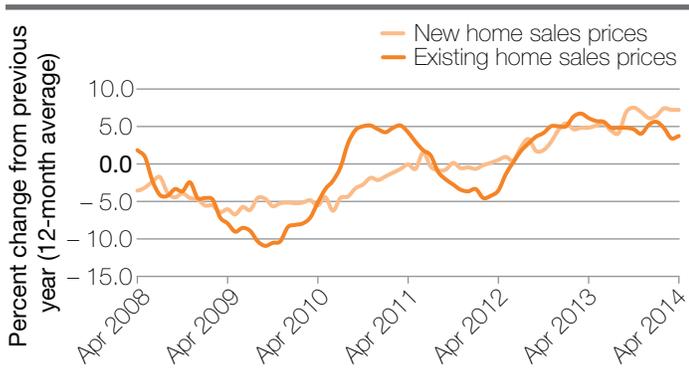
- From 2009 through 2012, an average of 13,800 new and existing single-family homes, townhomes, and condominiums sold, at an average price of \$241,500 (Metrostudy, A Hanley Wood Company).
- Homes sold for \$300,000 or more constituted approximately 15 percent of total home sales during the 12 months ending April 2014, up from an average of 10 percent of sales from 2009 through 2012 (Metrostudy, A Hanley Wood Company).
- The inventory of homes available for sale remains low, with a 1.9-month supply in April 2014, unchanged from a year earlier but less than the 2.4-month supply during April 2010 (Pikes Peak Association of REALTORS®).

- As of April 2014, 2.9 percent of home loans in the metropolitan area were 90 or more days delinquent, were in foreclosure, or transitioned into REO (Real Estate Owned) status, down from 3.5 percent a year earlier. The rate of distressed mortgages peaked at 5.0 percent of home loans in January 2010 (Black Knight Financial Services, Inc.).

Single-family homebuilding activity, as measured by the number of single-family homes permitted, increased during the past 2 years and is greater than the homebuilding activity recorded from 2007 through 2012.

- During the 12 months ending April 2014, permits were issued for approximately 2,775 single-family homes, unchanged from the number permitted a year earlier (preliminary data).
- An average of approximately 1,925 homes were permitted annually from 2007 through 2012, a decline from the average of 5,525 homes permitted annually from 2001 through 2006.
- Cordera, a new subdivision in the Briargate master-planned community in the northeastern portion of the city of Colorado Springs, offers two- to four-bedroom homes at prices ranging from \$320,000 to \$600,000.

Sales prices for new and existing homes began to increase moderately in the Colorado Springs area in mid-2012.



Note: Includes single-family homes, townhomes, and condominiums.
Source: Metrostudy, A Hanley Wood Company

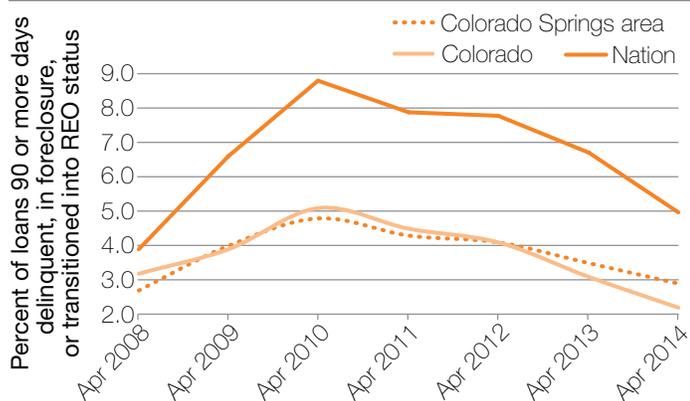
The rate of home sales increases in the Colorado Springs area declined recently because of a low inventory of homes for sale.



Note: Includes single-family homes, townhomes, and condominiums.
Source: Metrostudy, A Hanley Wood Company

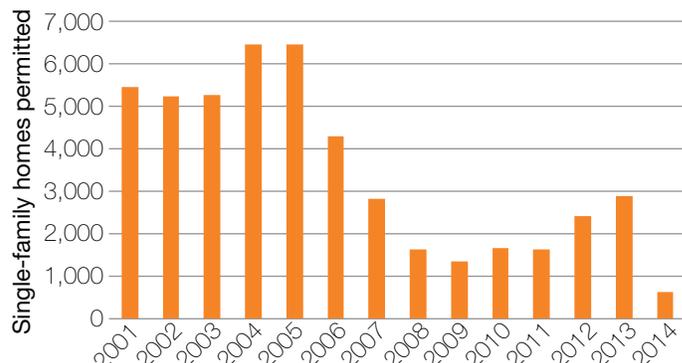


Loan delinquency rates in the Colorado Springs area and Colorado were about one-half of the national rate.



REO = Real Estate Owned.
Source: Black Knight Financial Services, Inc.

Single-family permitting has increased since 2009 in the Colorado Springs area but remained well below the previous peak.



Note: Includes preliminary data from January 2014 through April 2014.
Source: U.S. Census Bureau, Building Permits Survey

Apartment Market Conditions

The apartment market in the Colorado Springs metropolitan area is currently slightly soft, because many newly constructed units have recently entered the market.

During the first quarter of 2014—

- The apartment vacancy rate averaged 6.7 percent, up from 5.6 percent a year earlier (Colorado Division of Housing).
- Despite the increased vacancy rate, the average apartment rent increased more than 4 percent from the first quarter of 2013, partly because of new luxury apartments entering the market.
- Apartment rents averaged \$820, up more than 4 percent from a year ago. Average rents increased more than 3 percent annually from 2010 through 2012.

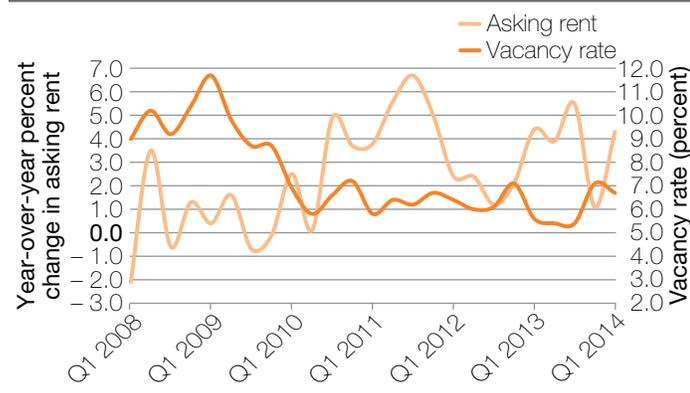
- Asking rents in the metropolitan area averaged approximately \$710, \$890, and \$1,140 for one-, two-, and three-bedroom units, respectively.

Builders increased multifamily construction, as measured by the number of units permitted, from 2011 through 2013 to an average of 650 units annually, partly in response to increased demand as households continued the shift from owning to renting that began in 2007. The shift is partly a result of the effects from the national recession and the continuing declines in federal spending in the HMA.

- During the 3 months ending April 2014, more than 430 multifamily units were permitted, up substantially from the 260 units permitted a year earlier (preliminary data).

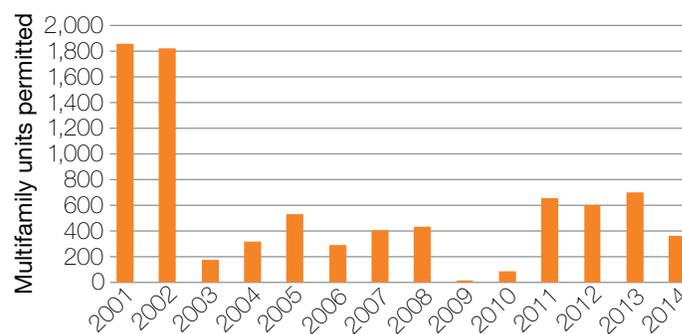
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Strong multifamily construction activity during the past 2 years contributed to an increased vacancy rate in the Colorado Springs area.



Source: Colorado Division of Housing

Multifamily permitting has been significantly greater since 2011 than during the previous decade, resulting in increased supply in the Colorado Springs area.



Note: Includes preliminary data from January 2014 through April 2014.
Source: U.S. Census Bureau, Building Permits Survey



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- During the corresponding 3-month periods from 2005 through 2010, an average of 300 multifamily units were permitted as the metropolitan area benefited from an expanded military presence after the 2005 BRAC round.
- Approximately 575 apartment units are currently under construction in the metropolitan area, and more than 1,000 units are in various stages of planning.
- Current developments under way in the metropolitan area include the Lodge at Black Forest Apartments, which is expected to be complete in September 2016. Rents for the one-, two-, and three-bedroom units are expected to start at \$910, \$1,175, and \$1,425 a month, respectively.

