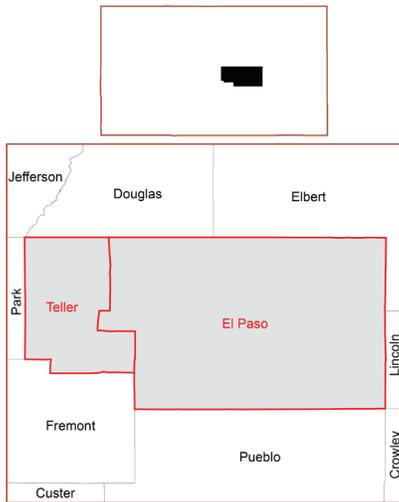




Colorado Springs, Colorado

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of September 1, 2018



Housing Market Area

The Colorado Springs Housing Market Area (HMA) is coterminous with the Colorado Springs, CO Metropolitan Statistical Area (MSA), and is composed of El Paso and Teller Counties in south-central Colorado. The city of Colorado Springs in El Paso County is the economic and service center for the HMA and much of southern Colorado. The city sits near the base of Pikes Peak, along the Rocky Mountains. El Paso County is the second most populous county in the state, after Denver County.

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Summary

Economy

The Colorado Springs HMA economy is heavily influenced by the presence of four military bases and has had sustained job growth since the end of the most recent recession in 2010. During the 12 months ending August 2018, nonfarm payrolls increased 3.1 percent compared with a year earlier, to 293,200 jobs. Job growth accelerated from an average of 1.7 percent a year from 2011 through 2014, to an average of 3.2 percent a year in 2015 and 2016. Job growth is expected to continue during the next 3 years but at a slower rate, averaging 2.4 percent a year.

Sales Market

The sales housing market in the HMA is slightly tight. Total home sales during the 12 months ending August 2018 were unchanged from the previous 12-month period (CoreLogic, Inc., with adjustments by the analyst). A 1-percent decline in existing home

sales offset the 6-percent increase in new home sales. Because of the tight market conditions, the average home sales price increased 10 percent during the same period to \$310,100. During the 3-year forecast period, demand is estimated for 12,750 new homes, including the 1,400 already under construction (Table 1).

Rental Market

The rental housing market in the Colorado Springs HMA is slightly tight, with an estimated vacancy rate of 3.1 percent, down from 7.8 percent in 2010. The apartment market is more balanced. The average apartment vacancy rate during the third quarter of 2018 was 5.6 percent, up from 4.4 percent the previous year (*Apartment Insights*). The average rent increased 3 percent to \$1,036. During the next 3 years, demand is estimated for 4,650 new market-rate units. The 2,000 units currently under construction will meet a portion of the demand (Table 1).

Table 1. Housing Demand in the Colorado Springs HMA During the Forecast Period

	Colorado Springs HMA	
	Sales Units	Rental Units
Total Demand	12,750	4,650
Under Construction	1,400	2,000

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of September 1, 2018. The forecast period is September 1, 2018 to September 1, 2021.

Source: Estimates by analyst

Economic Conditions

The economy of the Colorado Springs HMA is based in military-related employment. Four of the five largest employers are major military installations, including the Fort Carson Army Base, Peterson Air Force Base (AFB) and the North American Aerospace Defense Command, Schriever AFB, and the Air Force Academy. The military bases had a combined direct and indirect economic impact of about \$13.4 billion on the HMA during 2016, which is approximately 80 percent of the total economic impact from military bases in the state of Colorado (Summit Economics, LLC). An additional \$4.9 billion impact is from related activity in the HMA, including defense contracts, military retirees, and the Veterans Administration. Two of the largest private employers providing services through federal contracts include Lockheed Martin Integrated Systems and Northrop Grumman Corporation, with a combined 2,475 workers. Table 2 shows major employers in the HMA.

Since 2000, the HMA's economy had two downturns, followed by two periods of expansion. After reaching a peak of 251,900 jobs

in 2001, total nonfarm payrolls, which include civilian workers at military installations but not enlisted military personnel, decreased in 2002 and 2003 by an average of 4,100 jobs, or 1.6 percent, a year during the recession that resulted from the bursting of the dot.com bubble. The manufacturing and the information sectors had the largest declines during the period, losing an average of 2,600 and 1,600 jobs, or 11.5 and 12.6 percent, a year, respectively. The economy began to expand again in 2004, adding an average of 4,100 jobs, or 1.6 percent, a year from 2004 through 2007, to average 260,000 jobs in 2007. The manufacturing and information sectors continued to lose jobs during this period, decreasing by a combined average of 1,500 jobs a year. Nevertheless, gains in all other sectors more than offset those losses. The largest gains were in the professional and business services sector, which increased by an average of 1,700 jobs, or 4.4 percent, a year.

The second economic contraction in the HMA was more severe than the first. The HMA had 3 years of job losses from 2008 through 2010, averaging a decline of 5,000 jobs, or 1.9 percent, a year. More than 60 percent of the jobs lost were in the goods-producing sectors, with the mining, logging, and construction and the manufacturing sectors losing an average of 1,800 and 1,400 jobs, or 11.4 and 9.9 percent, a year, respectively.

Recovery from the economic downturn was initially sluggish in the HMA, starting slow from 2011 through 2014 but accelerating to more robust job growth beginning in 2015. From 2011 through 2014, nonfarm

Table 2. Major Employers in the Colorado Springs HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Fort Carson Army Base	Government*	29,827
Peterson Air Force Base and the North American Aerospace Defense Command	Government*	11,528
Schriever Air Force Base	Government*	6,918
UCHealth Memorial Hospital	Government	6,200
Air Force Academy	Government*	5,544
Hewlett-Packard Enterprise Company	Professional & Business Services	4,000
Centura Health—Penrose St. Francis Hospital	Education & Health Services	2,265
USAA	Financial Activities	1,640
Lockheed Martin Integrated Systems	Manufacturing	1,275
Northrop Grumman Corp.	Professional & Business Services	1,200

Notes: Excludes local school districts. *Data include military personnel, who are generally not included in nonfarm payroll survey data.

Source: Moody's Analytics

payrolls increased by an average of 4,200 jobs, or 1.7 percent, a year. Nearly all payroll sectors contributed to job gains. In 2014, the HMA recovered the number of jobs lost from the impact of the Great Recession and averaged 262,000 jobs. By comparison, Colorado and the nation surpassed their prerecession peaks in 2013. Because of the significant federal civilian and military employment and investment in the HMA, the across-the-board federal spending cuts mandated by the Budget Control Act of 2011 (also known as sequestration), which was enforced in 2013, contributed to the lagged economic recovery. In 2015 and 2016, payrolls in the HMA increased by an average of 8,500 jobs, or 3.2 percent, a year, approximately double the average annual increase during the 2011-through-2014 period. The education and health services sector led growth, adding an average of 2,100 jobs, or 6.0 percent a year.

During the 12 months ending August 2018, nonfarm payrolls averaged 293,200, an increase of 8,700 jobs, or 3.1 percent, from the previous 12-month period (Table 3). The leisure and

hospitality and the professional and business services sectors, which added 2,300 and 1,700 jobs, or 6.2 and 3.9 percent, respectively, led job growth. More than 60 percent of the job gains in the leisure and hospitality sector were in the food services and drinking places industry. The robust economic growth bolstered consumer confidence, and more people frequent restaurants and drinking establishments as a result. Other employment sectors with notable job gains during the past 12 months include the mining, logging, and construction and the government sectors, which each increased by 1,100 jobs, or 6.6 and 2.1 percent, respectively. The government sector is the largest payroll sector in the HMA, constituting 18 percent of nonfarm payrolls (Figure 1). Most government sector job gains were in the state government subsector, which added 700 jobs, in part because the University of Colorado Health System (UCHealth) continues to acquire and expand medical facilities in the HMA. Several construction projects are under way in the HMA, including two hospital expansions. Construction is in progress at the Children's Hospital of Colorado on the UCHealth Memorial Hospital North Campus, which will employ at least 600 people. Hiring is currently under way for 200 workers, some of whom will transfer from other medical offices. On the same campus, UCHealth Memorial Hospital North is expanding the hospital by adding a four-story building that will house women's health services, an emergency department, and operating rooms. Both centers are expected to open in the spring of 2019.

The education and health services sector is the only sector that

Table 3. 12-Month Average Nonfarm Payroll Jobs in the Colorado Springs HMA, by Sector

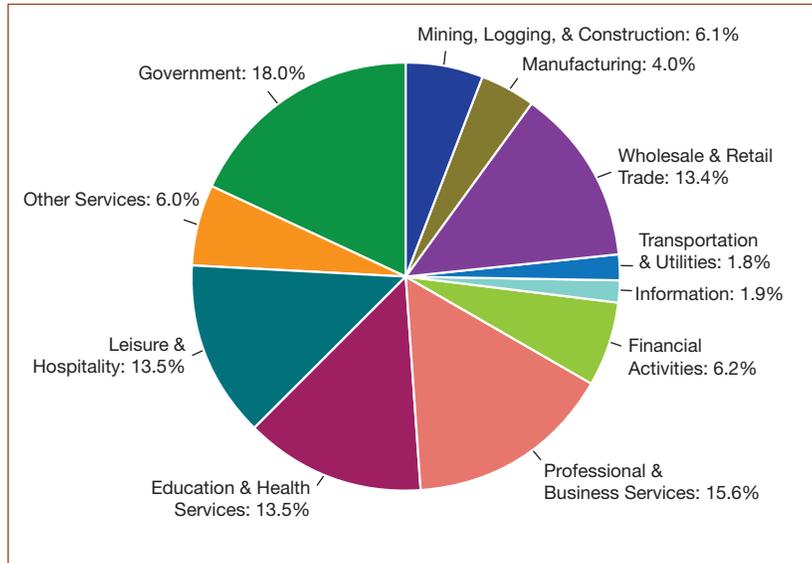
	12 Months Ending		Absolute Change	Percent Change
	August 2017	August 2018		
Total Nonfarm Payroll Jobs	284,500	293,200	8,700	3.1
Goods-Producing Sectors	28,200	29,600	1,400	5.0
Mining, Logging, & Construction	16,700	17,800	1,100	6.6
Manufacturing	11,500	11,800	300	2.6
Service-Providing Sectors	256,200	263,600	7,400	2.9
Wholesale & Retail Trade	38,700	39,300	600	1.6
Transportation & Utilities	5,000	5,200	200	4.0
Information	5,700	5,600	-100	-1.8
Financial Activities	17,900	18,300	400	2.2
Professional & Business Services	44,100	45,800	1,700	3.9
Education & Health Services	38,700	39,500	800	2.1
Leisure & Hospitality	37,300	39,600	2,300	6.2
Other Services	17,300	17,600	300	1.7
Government	51,600	52,700	1,100	2.1

Notes: Based on 12-month averages through August 2017 and August 2018. Numbers may not add to totals because of rounding.

Source: U.S. Bureau of Labor Statistics

Economic Conditions *Continued*

Figure 1. Current Nonfarm Payroll Jobs in the Colorado Springs HMA, by Sector



*Note: Based on 12-month averages through August 2018.
Source: U.S. Bureau of Labor Statistics*

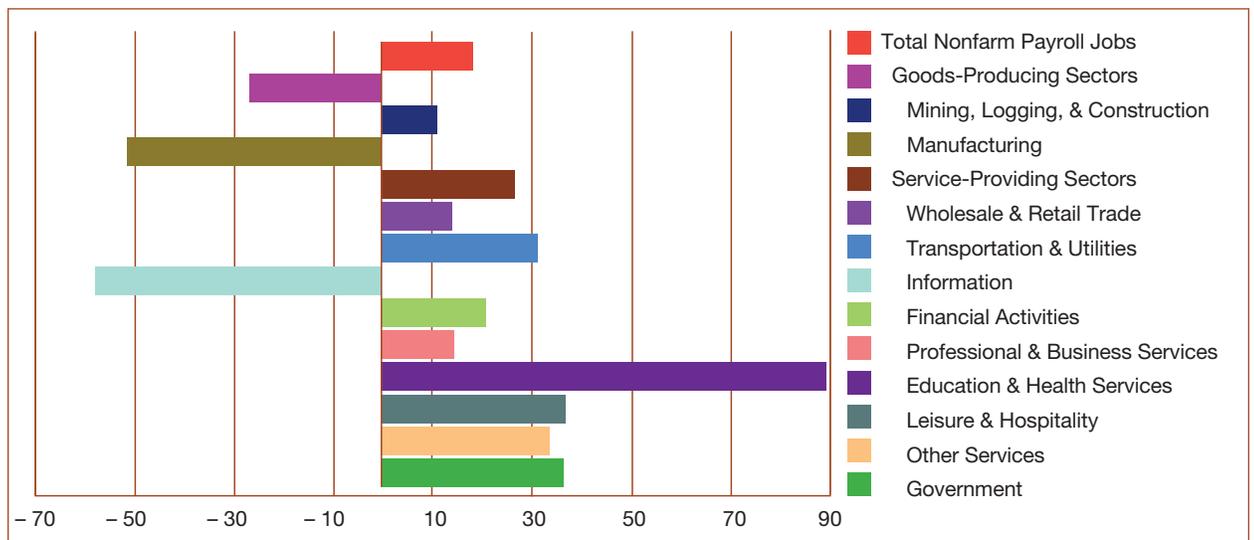
has sustained job gains every year since 2000, and during that time, sector payrolls increased nearly 90 percent (Figure 2). The 200,000-square-foot Memorial Hospital North (now part of UHealth) opened with 90 beds in 2007, with the capacity to expand to 500 beds. In 2008, the St. Francis Medical Center opened in the city of Colorado Springs with 195 beds. In addition, numerous medical clinics and dental facilities

have been built throughout the HMA since 2000 to meet the needs of the growing population.

The unemployment rate in the HMA during the 12 months ending August 2018 averaged 3.5 percent, up from 3.2 percent during the previous 12-month period. Labor force growth outpaced resident employment growth during the period, leading to the increased rate. Nevertheless, the unemployment rate is well below the peak rate of 9.3 percent in 2010, when the economy was weak and jobs were decreasing in the HMA. Despite the recent increase, the current unemployment rate remains lower than any year from 2001 through 2016. Figure 3 shows trends in the labor force, resident employment, and unemployment rate from 2000 through 2017.

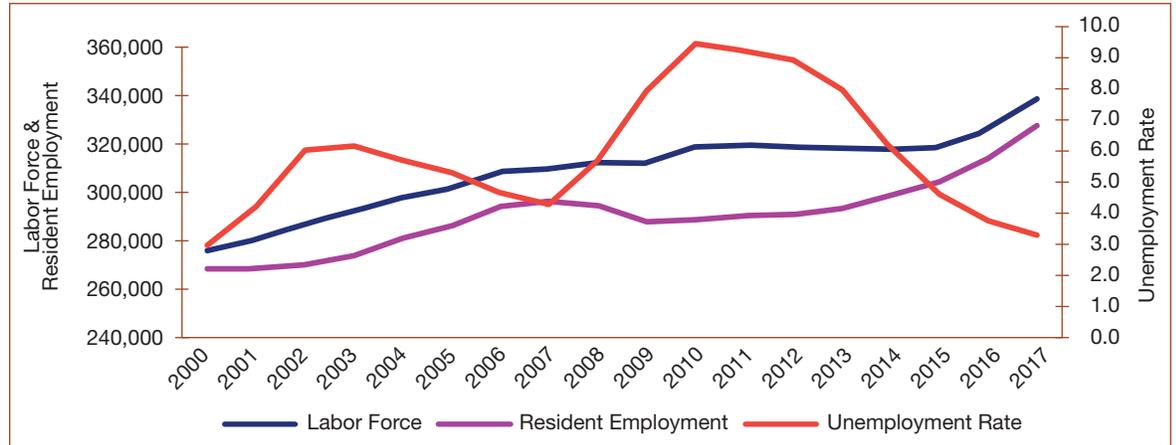
During the next 3 years, nonfarm payrolls are expected to continue to increase but at a slower rate than currently, averaging a gain of 7,000 jobs, or 2.4 percent, a year. Job growth is expected in most payroll sectors. In addition to the hospital expansions noted earlier, other job growth in the

Figure 2. Sector Growth in the Colorado Springs HMA, Percentage Change, 2000 to Current



*Note: Current is based on 12-month averages through August 2018.
Source: U.S. Bureau of Labor Statistics*

Figure 3. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Colorado Springs HMA, 2000 Through 2017



Source: U.S. Bureau of Labor Statistics

HMA includes 220 jobs from outside the HMA transferring to asset management firm T. Rowe Price, which is in the city of Colorado Springs, during the

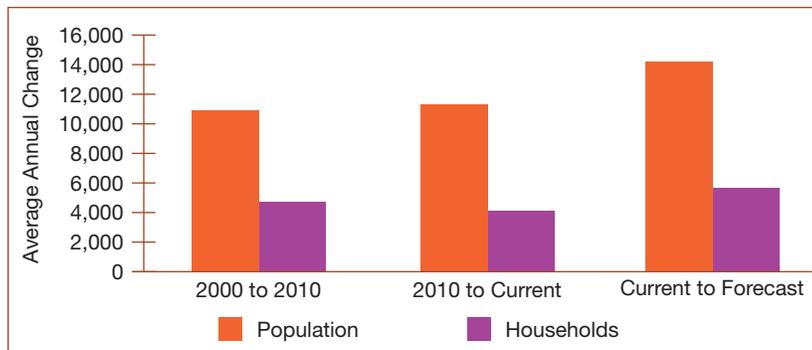
next year. Leisure and hospitality sector payrolls are also expected to increase during the next year with the opening of several new hotels in the HMA.

Population and Households

The population of the Colorado Springs HMA is currently estimated at 740,700, an average annual increase of 11,300, or 1.6 percent, since 2010 (Figure 4). Nearly 97 percent of the HMA population lives in El Paso County. Because of the heavy military presence in the HMA, military deployments or influxes of troops and their families stationed in the HMA contribute to migration trends and do not

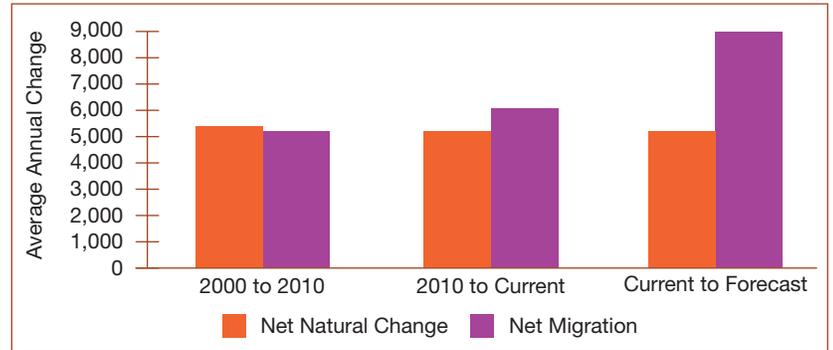
necessarily align with employment trends. From 2000 to 2005, the population increased by an average of 9,575, or 1.7 percent, a year (U.S. Census Bureau decennial census counts and intercensal population estimates as of July 1). Net in-migration comprised 44 percent of population growth. Population growth accelerated from 2005 to 2010, increasing to an average of 12,200 people, or 2.0 percent, a year. The 2005 Base Realignment and Closure (BRAC) round that increased the number of troops and their families in the HMA through 2010 bolstered net in-migration, which increased to 55 percent of population growth. From 2005 through 2010, the number of troops and their accompanying dependents increased by an average of 2,950, or nearly 7 percent, annually, to approximately 54,050 (Defense Manpower Data Center). Figure 5 shows the components of population change in the HMA since 2000.

Figure 4. Population and Household Growth in the Colorado Springs HMA, 2000 to Forecast



Notes: The current date is September 1, 2018. The forecast date is September 1, 2021.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Components of Population Change in the Colorado Springs HMA, 2000 to Forecast

Notes: The current date is September 1, 2018. The forecast date is September 1, 2021.

Sources: 2000 and 2010—2000 Census and 2010 Census; current and forecast—estimates by analyst

From 2010 to 2014, population growth slowed to an average of 9,325 people, or 1.4 percent, annually because of the relatively weak economic conditions after the downturn and because of the effects from the BRAC abating. Net in-migration slowed to average 3,950 people a year, or 42 percent of population growth. From 2014 to the current date, population growth has accelerated to 13,300 people, or 1.9 percent, a year, because net in-migration increased in response to robust job growth. Net in-migration increased to an average of 8,175 people a year and constituted 61 percent of the population growth. Table DP-1 at the end of the report includes additional demographic information about the HMA.

In addition to the effects of changes in troops stationed in the HMA, the HMA is becoming an increasingly preferred place to live among young adults, especially those ages 20 to 29. This age cohort was the fifth largest 10-year age group in 2005, comprising 14 percent of the population. By 2017, it had increased to 16 percent of the population and was the largest cohort in the HMA (2005 and 2017 1-year American Community Survey [ACS] estimates). Growth within this 10-year age group,

which increased by an average of 2,750 people a year from 2005 through 2017, constituted nearly 25 percent of the total population growth in the HMA during that period. In addition, Colorado Springs was the metropolitan area with the highest rate of growth among millennials in the nation (defined as those currently aged 18 to 34), increasing nearly 15 percent from 2010 to 2015 (“The Millennial Generation: A Demographic Bridge to America’s Diverse Future.” Metropolitan Policy Program at the Brookings Institution, 2018). Young adults are attracted to the outdoor recreational amenities in Colorado, paired with growing economic opportunities in the HMA and lower housing costs relative to other metropolitan areas nearby, such as Denver and Boulder.

An estimated 280,850 households reside in the HMA, reflecting an average annual increase of 4,075, or 1.6 percent, since 2010. By comparison, the number of households increased by an average of 4,625, or 2.1 percent, annually from 2000 through 2010, when the BRAC increased in-migration to the HMA. Approximately 64.4 percent of households own their home, down slightly from 65.0 percent in 2010.

Figure 6 shows the number of households by tenure in the HMA from 2000 to the current date.

During the next 3 years, the population and the number of households are expected to increase an average of 1.9 percent each, to 783,100 and 297,400, respectively. Most of the net

in-migration will be in response to employment growth, but approximately 815 troops and an estimated 1,200 dependents are expected to move into the HMA as well. Because of wait lists for some of the on-base housing options, many of those households will likely seek off-base housing in the HMA.

Figure 6. Number of Households by Tenure in the Colorado Springs HMA, 2000 to Current



Notes: The current date is September 1, 2018.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Housing Market Trends

Sales Market

The sales housing market in the Colorado Springs HMA is slightly tight, with an estimated sales vacancy rate of 0.8 percent. The HMA had a 1.6-month supply of single-family homes listed for sale in August 2018, up slightly from a 1.4-month supply a year earlier (Pikes Peak Realtor® Services Corps). The inventory of for-sale condominiums was lower than that of single-family homes because of limited new construction of condominiums in the market. The HMA had 0.8 months of supply of for-sale condominiums in August 2018, up from 0.6 months a year earlier. Condominiums constitute nearly 15 percent of total home sales in the market.

The sale of existing homes, including single-family homes, townhomes, and condominiums, declined 1 percent during the 12 months ending August 2018, to 18,850 homes sold (CoreLogic, Inc., with adjustments by the analyst). The limited supply of homes for sale contributed to the decline in sales. Despite the decline in the past year, existing home sales are greater than the average of 15,400 homes sold each year from 2001 through 2005, when population growth was strong and mortgage credit was readily available. Starting in 2006, existing home sales declined to an average annual low of 9,450 homes sold from 2008 through 2011. Although population growth

continued through much of the Great Recession, limited access to credit during the financial crisis hampered home sales. Existing home sales rebounded in 2012, increasing by an average of 1,700 sales, or 14 percent, a year, to 17,950 homes sold in 2016.

The average existing home sales price in the HMA has been increasing since the Great Recession. Part of the reason for the strong price growth is the reduced effect of real estate owned (REO) home sales. During the 12 months ending August 2018, the average price of an existing home increased more than 10 percent to \$295,900. By comparison, the average price of an existing home bottomed out at \$195,600 in 2011. The share of existing home sales that were REO sales in the HMA peaked at nearly 40 percent in 2011. Before the Great Recession, the average price of an existing home peaked at \$231,800 in 2006, and REO sales constituted 7 percent of sales. The share of REO homes sold has decreased since 2011 and currently accounts for less than 2 percent of sales.

The share of seriously delinquent mortgages (90 or more days delinquent or in foreclosure) and REO properties in the HMA has returned to prerecession levels. During August 2018, 0.8 percent of home loans were seriously delinquent or had transitioned into REO status, down from 1.1 percent a year earlier and below the current national rate of 1.8 percent. (CoreLogic, Inc.) The rate is similar to those of 2000 and 2001, when the economy was also expanding and the sales market was balanced. Mortgages with that status in the HMA peaked at 4.9 percent in February 2010.

In part because of a low supply of for-sale housing and because of

recent population growth, demand is increasing for new homes in the HMA. Approximately 3,425 new homes sold during the 12 months ending August 2018, up 6 percent from a year earlier. New home sales constituted approximately 15 percent of total home sales in the HMA during the past 12 months. Despite recent increases, new homes sales are below the average of 5,000 homes sold annually from 2001 through 2006, when strong economic and population growth, coupled with less restrictive lending requirements, led new home sales to account for nearly 25 percent of total home sales in the HMA. As the economy weakened, new home sales began to decline in 2007, reaching an average annual low of 1,500 homes sold from 2009 through 2011. Demand for new homes increased rapidly as the economy recovered and expanded. From 2012 through 2016, new home sales increased an average of 14 percent annually, to 2,875 homes sold in 2016.

Strong demand for new homes has resulted in rapid price appreciation. During the 12 months ending August 2018, the average price of a new home increased 7 percent, to \$388,500, compared with the previous 12-month period. The average price of a new home previously peaked in 2006 at \$309,400 and then decreased an average of 3 percent annually, to \$265,400 in 2011. The increased level of REO sales and tightening lending standards during this period kept the price of new homes subdued. The average price of an REO home in 2011 was nearly one-half the price of a new home, and the 2,650 REO homes sold were nearly 80 percent higher than the number of new homes sold in 2011 because buyers opted for the significantly

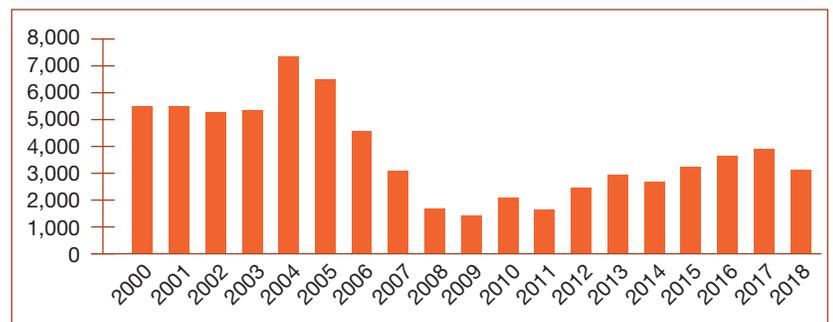
cheaper for-sale housing options available in the market.

The demand for additional sales housing in the HMA is contributing to an increase in homebuilding activity, as measured by the number of single-family homes permitted. During the 12 months ending August 2018, 4,300 new single-family homes were permitted, up 20 percent from the previous 12-month period (preliminary data). Single-family permitting levels are below prerecession levels, but the strengthening job market and growing population have resulted in increased homebuilding activity since 2011. From 2000 through 2003, single-family home construction averaged 5,350 new homes a year and then spiked to 7,300 homes in 2004 (Figure 7). The number of homes built decreased an average of 31 percent a year from 2005 through 2008, and from 2008 through 2011, an average of 1,675 new homes was built annually. Single-family homebuilding gradually increased as the economy improved, and from 2012 through 2016, homebuilding increased by an average of 400 homes, or 17 percent, a year to 3,600 homes.

Homebuilding activity is predominantly in the northern and eastern portions of the HMA. The north is close to job growth and the transit corridor connecting the Colorado Springs, CO MSA with the Denver, CO MSA, and the east has ample land available for development. Residential development to the south occurs, to a lesser extent, in part because of proximity to some of the military bases. Construction began on the 275-lot Shiloh Mesa development during the second quarter of 2016 in the city of Black Forest. Approximately 148 homes are finished, and nearly 35 are under construction. The price of a home with three bedrooms in the subdivision starts at approximately \$328,000.

During the next 3 years, demand is expected for 12,750 new homes (Table 1). The 1,400 homes currently under construction will satisfy some of this demand. Demand for new homes will follow job growth expectations: strongest in the first year and gradually subsiding in the following 2 years. Table 4 shows the estimated demand for sales housing by price range during the forecast period.

Figure 7. Single-Family Homes Permitted in the Colorado Springs HMA, 2000 to 2018



Notes: Includes townhomes. Includes data through August 2018.

Sources: U.S. Census Bureau, Building Permits Survey; 2000—2016 final data and analyst estimates; 2017—2018 preliminary data and analyst estimates

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Colorado Springs HMA During the Forecast Period

Price Range (\$)		Units of Demand	Percent of Total
From	To		
205,000	299,999	2,650	20.8
300,000	399,999	5,350	42.0
400,000	499,999	2,875	22.6
500,000	599,999	1,100	8.6
600,000	699,999	430	3.4
700,000	and higher	330	2.6

Notes: Numbers may not add to totals because of rounding. The 1,400 homes currently under construction in the HMA will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Rental Market

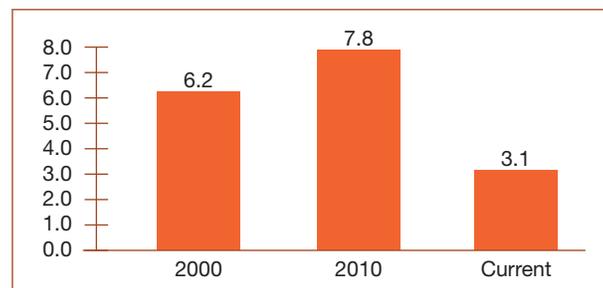
The rental housing market in the Colorado Springs HMA is slightly tight, with an estimated vacancy rate of 3.1 percent. By comparison, the vacancy rate averaged 7.8 percent in April 2010, when the market was soft (Figure 8). Approximately 30 percent of renter households in the HMA live in multifamily units with five or more units per building, typically apartments (2017 1-year ACS estimates). The remaining renter households live in single-family homes, mobile homes, and multifamily buildings with fewer than five units.

The apartment market is more balanced than the overall rental market. During the third quarter of 2018, the HMA had an apartment vacancy rate of 5.6 percent, up from 4.4 percent a year earlier (*Apartment Insights*).

The average rent increased 3 percent to \$1,036 during the same period. From 2014 to 2017, the apartment vacancy rate ranged from 3.6 to 4.8 percent, and rents increased an average of 8 percent annually. The market was tighter during that period because the demand for new apartments from the increasing population outpaced the completion of additional units. By comparison, the apartment market was persistently soft from 2007 through 2010, when the apartment vacancy rate ranged from 6.5 to 9.1 percent, and rent growth averaged less than 2 percent annually.

Military households in the HMA influence the rental market. Approximately 70 percent of the military personnel stationed in the HMA live off base, most in rental units. Approximately two-thirds of enlisted personnel are renters, whereas one-third of officers are renters (Fort Carson housing office). Significant new construction of additional on-base housing is not expected, so the anticipated increase in troops and their dependents will likely seek off-base housing and housing within the HMA. The military bases are spread throughout the HMA and, therefore, the effect on housing is also dispersed.

Figure 8. Rental Vacancy Rates in the Colorado Springs HMA, 2000 to Current



Note: The current date is September 1, 2018.

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Housing Market Trends

Rental Market *Continued*

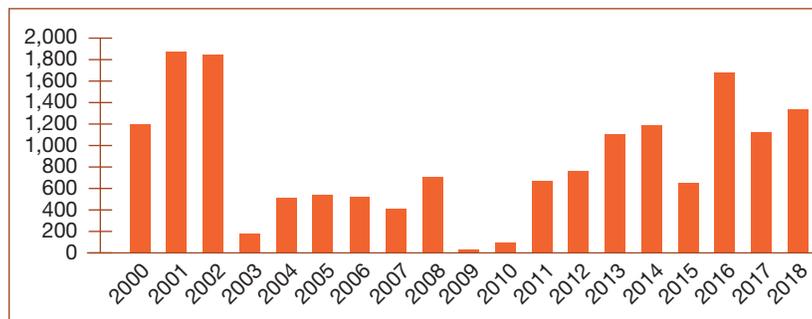
Apartment construction in recent years has alleviated recent tight apartment market conditions. Multifamily construction, which was virtually all apartments, increased during the past year, as measured by the number of multifamily units permitted, and remains elevated despite a large number of units already under construction and generally balanced apartment market conditions. During the 12 months ending August 2018, nearly 2,000 multifamily units were permitted, up 20 percent from the previous 12-month period (preliminary data, with adjustments by the analyst). In 2001 and 2002, multifamily permits peaked at an average of 1,850 units a year before decreasing 75 percent to an average of 470 units a year from 2003 through 2008. Despite strong population growth through much of that period, multifamily construction was subdued because the apartment market was soft. Multifamily construction decreased further to an average of 55 units a year in 2009 and 2010, during the depths of the national recession and financial crisis. When the economy began to recover in 2011, so too did multifamily construction, and construction activity continued to increase as job and population growth accelerated. From 2011 through 2016, multifamily

permitting increased by an average of 200 units, or 21 percent, a year to 1,675 units permitted in 2016. Condominiums are not a significant part of new construction in the HMA, averaging fewer than 30 units a year since 2008. By comparison, condominium construction averaged nearly 180 units a year from 2001 through 2007. Figure 9 shows multifamily units permitted in the HMA from 2000 to 2018.

The 169-unit 333 Eco in downtown Colorado Springs began pre-leasing in July, with rents for the studio, one-bedroom, and two-bedroom units starting at \$1,115, \$1,215, and \$1,925, respectively. New construction is concentrated on the north side of the HMA, where a lot of new job growth is occurring and because it is closer to the Denver metropolitan area. Construction in the *Apartment Insights*-defined North market area constitutes 67 percent of apartments under way in the HMA. The 320-unit Volta on Voyager began construction in March 2018 in the northern portion of the city of Colorado Springs. The project is not expected to be complete until mid-2020, and final rents for the project have not yet been released.

During the next 3 years, demand is expected for 4,650 new market-rate apartment units (Table 1). The 2,000 units already under construction will satisfy most of the demand for the first 18 months. Demand will be strongest during the first year of the forecast period because of the expected influx of troops and is anticipated to moderate in the second and third years in response to expected slowing job growth. Table 5 shows estimated demand for new market-rate rental housing in the HMA by rent level and bedroom count during the forecast period.

Figure 9. Multifamily Units Permitted in the Colorado Springs HMA, 2000 to 2018



Notes: Excludes townhomes. Includes data through August 2018.

Sources: U.S. Census Bureau, Building Permits Survey; 2000—2016 final data and analyst estimates; 2017—2018 preliminary data and analyst estimates

Housing Market Trends

Rental Market *Continued*

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Colorado Springs HMA During the Forecast Period

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand	Monthly Rent (\$)	Units of Demand
1,000 to 1,199	110	1,100 to 1,299	1,325	1,600 to 1,799	1,225	1,700 to 1,899	100
1,200 or more	110	1,300 to 1,499	660	1,800 to 1,999	610	1,900 to 2,099	60
	0	1,500 or more	220	2,000 or more	200	2,100 or more	40
Total	210	Total	2,200	Total	2,025	Total	200

Notes: Monthly rent does not include utilities or concessions. Numbers may not add to totals because of rounding. The 2,000 units currently under construction will likely satisfy some of the estimated demand.

Source: Estimates by analyst

Data Profile

Table DP-1. Colorado Springs HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Resident Employment	268,447	288,875	336,200	0.7	2.0
Unemployment Rate (%)	2.9	9.3	3.5		
Total Nonfarm Payroll Jobs	249,400	245,100	293,200	-0.2	2.4
Total Population	537,484	645,613	740,700	1.8	1.6
Total Households	200,402	246,604	280,850	2.1	1.6
Owner Households	130,901	160,233	180,900	2.0	1.5
Percent Owner (%)	65.3	65.0	64.4		
Renter Households	69,501	86,371	99,950	2.2	1.8
Percent Renter	34.7	35.0	35.6		
Total Housing Units	212,790	266,377	294,600	2.3	1.2
Sales Vacancy Rate (%)	1.4	2.4	0.8		
Rental Vacancy Rate (%)	6.2	7.8	3.1		
Median Family Income	\$48,000	\$70,800	\$73,600	4.0	0.5

Notes: Median Family Incomes are for 1999, 2009, and 2017. Employment data represent annual averages for 2000, 2010, and the 12 months through August 2018.

Sources: Estimates by analyst; U.S. Census Bureau; U.S. Department of Housing and Urban Development

Terminology Definitions and Notes

2000: 4/1/2000—U.S. Decennial Census

2010: 4/1/2010—U.S. Decennial Census

Current date: 9/1/2018—Estimates by the analyst

Forecast period: 9/1/2018–9/1/2021—Estimates by the analyst

The metropolitan statistical area definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated February 28, 2013.

Demand: The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units currently under construction or units in the development pipeline.

Other Vacant Units: In this analysis conducted by the U.S. Department of Housing and Urban Development (HUD), other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as “other” vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As

a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.

For additional data pertaining to the housing market for this HMA, go to huduser.gov/publications/pdf/CMARtables_ColoradoSpringsCO_18.pdf.

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This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.

The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

For additional reports on other market areas, please go to huduser.gov/portal/ushmc/chma_archive.html.