

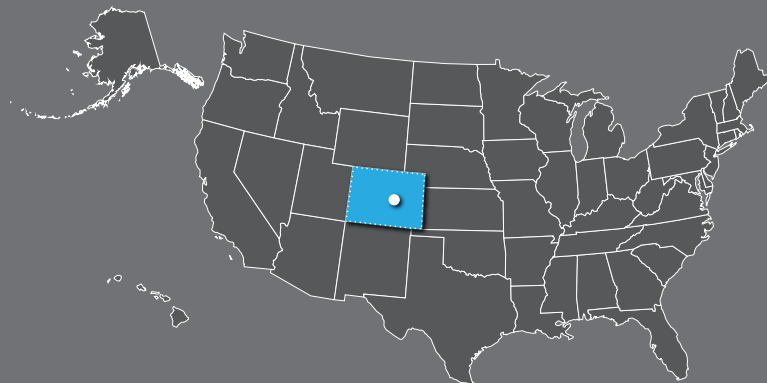
# HUD PD&R Housing Market Profiles

## Colorado Springs, Colorado



### Quick Facts About Colorado Springs

- Current sales market conditions: balanced
- Current apartment market conditions: soft
- Colorado Springs is home to the Pikes Peak International Hill Climb, also known as the Race to the Clouds, an annual invitational automobile hill climb to the summit of Pikes Peak. The race has taken place since 1916 and features a variety of vehicle classes.



By [Heather Jones](#) | As of January 1, 2024

### Overview

The Colorado Springs metropolitan area is coterminous with the Colorado Springs, CO Metropolitan Statistical Area and includes El Paso and Teller Counties in south-central Colorado. The metropolitan area has numerous outdoor recreation areas, including Pike National Forest and the Garden of the Gods, a national natural landmark. The principal city of Colorado Springs is home to the U.S. Olympic and Paralympic Committee Headquarters. The leading employers are associated with military services, including Fort Carson Army Base (Fort Carson), one of the largest U.S. Army bases in the nation; Peterson Space Force Base (SFB); the North American Aerospace Defense Command; the U.S. Air Force Academy; Schriever SFB; and the U.S. Space Command. Combined, the bases have more than 65,800 active-duty military personnel and civilian employees (Colorado Springs Chamber and Economic Development Corporation). Colorado Springs also attracts large numbers of former military personnel. El Paso County has the third largest military retiree population in the United States, with more than 84,500 resident veterans (U.S. Department of Defense).

- As of January 1, 2024, the estimated population of the metropolitan area is 777,800, up by an average of 6,075,

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or 0.8 percent, annually since 2020. By comparison, population growth averaged 11,900 people, or 1.7 percent, each year from 2015 to 2020 (U.S. Census Bureau population estimates as of July 1 and estimates by the analyst).

- Net in-migration has averaged 2,375 people a year since 2020, down from an average of 7,250 people annually from 2015 to 2020. Much of this decrease can be attributed

to lower net in-migration during the COVID-19 pandemic, including from 2021 to 2022, when net in-migration of only 320 people occurred.

- Net natural increase has averaged 3,700 people annually since 2020, down from an average of 4,650 people a year from 2015 to 2020, partially because of increased deaths related to COVID-19.

## Economic Conditions

The economy of the Colorado Springs metropolitan area expanded during 2023. As of the fourth quarter of 2023, nonfarm payrolls averaged 326,100 jobs, reflecting an increase of 7,800 jobs, or 2.5 percent, compared with the same period a year ago. By comparison, nonfarm payrolls rose 1.9 percent nationally as of the fourth quarter of 2023. A relatively fast recovery from the impact of the COVID-19 pandemic preceded the current strong economic conditions. The metropolitan area lost 33,600 jobs, or 11.2 percent of total nonfarm payrolls, in March and April 2020. All those losses had been recovered by May 2021 (monthly data, not seasonally adjusted). By comparison, nonfarm payrolls for the nation declined 13.7 percent during March and April 2020, and the job losses were not fully recovered until April 2022.

As of the fourth quarter of 2023—

- The professional and business services sector led job growth, increasing by 3,400 jobs, or 6.4 percent, from the previous year. This sector, which includes many independent

contractors that partner with the U.S. Department of Defense, has recently expanded, partially because of the July 2023 decision to make Colorado Springs the permanent home of the U.S. Space Command headquarters.

- The government sector, which is the largest sector in the metropolitan area, rose by 2,500 jobs, or 4.4 percent, with increases in all three of the local, state, and federal subsectors. In 2023, state and local governments began receiving Coronavirus State and Local Fiscal Recovery Funds, part of the American Rescue Plan Act. Federal support has contributed to recent job growth in the government sector at the state and local levels, and the metropolitan area is expected to receive approximately \$216 million in federal funds by 2026.
- Losses in four sectors—including the financial activities sector, which fell by 800 jobs, or 4.4 percent, and the

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### Six of the 11 nonfarm payroll sectors added jobs as of the fourth quarter of 2023 in the Colorado Springs metropolitan area compared with a year ago.

	3 Months Ending		Year-Over-Year Change	
	December 2022 (Thousands)	December 2023 (Thousands)	Absolute (Thousands)	Percent
<b>Total Nonfarm Payrolls</b>	318.3	326.1	7.8	2.5
Goods-Producing Sectors	30.9	30.8	-0.1	-0.3
Mining, Logging, & Construction	19.0	18.9	-0.1	-0.5
Manufacturing	11.9	11.9	0.0	0.0
Service-Providing Sectors	287.3	295.3	8.0	2.8
Wholesale & Retail Trade	39.0	39.7	0.7	1.8
Transportation & Utilities	10.1	10.0	-0.1	-1.0
Information	5.2	5.0	-0.2	-3.8
Financial Activities	18.3	17.5	-0.8	-4.4
Professional & Business Services	53.5	56.9	3.4	6.4
Education & Health Services	43.9	45.0	1.1	2.5
Leisure & Hospitality	39.0	39.5	0.5	1.3
Other Services	21.5	22.2	0.7	3.3
Government	56.8	59.3	2.5	4.4
<b>Unemployment Rate</b>	2.9%	3.3%		

Note: Numbers may not add to totals due to rounding.

Source: U.S. Bureau of Labor Statistics



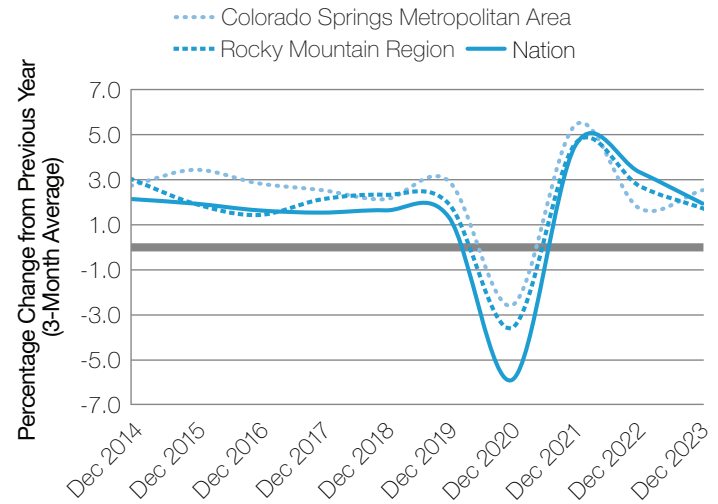
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information sector, which fell by 200 jobs, or 3.8 percent—partially offset overall job gains.

- The unemployment rate averaged 3.3 percent, up from 2.9 percent a year ago but less than the 4.4-percent rate during the same period in 2021. A 2.8-percent increase in the labor force as of the fourth quarter of 2023 outpaced the 2.3-percent growth in resident employment. The number of people entering the labor force accelerated from the previous year when the labor force increased at a rate of only 0.3 percent.

The education and health services sector is the third largest sector in the metropolitan area. It includes 45,000 employees and is the only sector to have added jobs each year since 2011. Since 2011, an expanding retiree population has led to rapid growth in the sector. The fastest growing age cohort in the metropolitan area includes people aged 65 and older, which grew from approximately 10.1 percent of the population in 2010 to 14.8 percent in 2022 (American Community Survey 1-year data). From 2011 through 2019, the sector added an average of 1,400 jobs, or 4.1 percent, annually, followed by an increase of 400 jobs, or 1.0 percent, during 2020. From 2021 through 2022, the sector increased at an average rate of 900 jobs, or 2.1 percent, a year. As of the fourth quarter of 2023, the education and health services sector rose by 1,100 jobs, or 2.5 percent, from a year ago, accelerating from the previous year when the sector increased by 800 jobs, or 1.8 percent. St. Francis Hospital-Interquest and the UCHealth Interquest Medical Center completed construction and opened in mid-2023, serving the rapidly growing north side of the metropolitan area.

The year-over-year rate of job growth in the Colorado Springs metropolitan area surpassed the Rocky Mountain region and the nation as of the fourth quarter of 2023.



Source: U.S. Bureau of Labor Statistics

### Largest Employers in the Colorado Springs Metropolitan Area

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Fort Carson Army Base	Government	33,500
Peterson Space Force Base and the North American Aerospace Defense Command	Government	17,100
U.S. Air Force Academy	Government	7,700

Note: Excludes local school districts.

Source: Colorado Springs Chamber and Economic Development Corporation

## Sales Market Conditions

The home sales market in the Colorado Springs metropolitan area is balanced. The sales vacancy rate is currently estimated at 1.5 percent, up from 1.0 percent in 2020. The home sales market eased from tighter conditions after mortgage interest rates started to rise in January 2022. As of December 30, 2021, the average interest rate for a 30-year fixed-rate mortgage was 3.1 percent; the rate was 6.6 percent by December 28, 2023 (Freddie Mac). This rate has increased the cost of home ownership and slowed sales activity. Higher interest rates have also limited the growth of available for-sale inventory. Roughly four out of five homeowners with mortgages currently have interest rates below 5.0 percent (Redfin, a national real estate brokerage). As of December 2023, approximately 1,800 single-family homes were for sale in the metropolitan area, down from 2,175 in December 2022 (Colorado Association of REALTORS®).

- Existing home sales totaled 12,000 homes during 2023, representing a 30-percent decrease from 2022. The average price of an existing home increased 1 percent year over year to \$483,500.
- New home sales decreased 39 percent from 3,250 homes in 2022 to 2,000 homes in 2023, and the average new home sales price rose 4 percent to \$611,200 during the same period.
- Sales housing in the metropolitan area has become significantly less affordable since 2020. The National Association of Home Builders/Wells Fargo Housing Opportunity Index, which represents the share of homes sold that would have been affordable to a family earning the local median income, was 21.1 in the metropolitan area as of the fourth quarter of 2023, rising from 18.0 as of the fourth quarter of 2022 but well

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below 68.0 as of the fourth quarter of 2020. Approximately 79 percent of metropolitan areas in the nation had greater housing affordability than the Colorado Springs metropolitan area as of the fourth quarter of 2023.

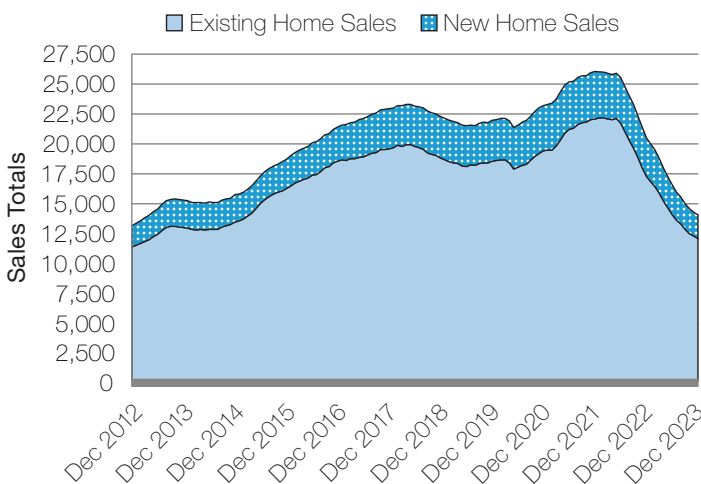
- The share of seriously delinquent mortgages and real estate owned (REO) properties in the metropolitan area was only 0.7 percent in December 2023, down from 0.8 percent in December 2022 and the recent December high of 2.5 percent in 2020 (CoreLogic, Inc.). By comparison, the national share of seriously delinquent mortgages and REO properties was 1.0 percent in December 2023, down

from 1.3 percent a year earlier and significantly below the 4.0-percent rate associated with the COVID-19 pandemic in December 2020.

Single-family sales construction activity in the metropolitan area, as measured by the number of homes permitted, increased significantly in 2020 and continued to rise through 2021. However, sales construction activity has declined since 2022. Slower population growth since 2017 and rising interest rates in 2022 have led to subdued demand for homes, contributing to fewer new homes permitted during the past year.

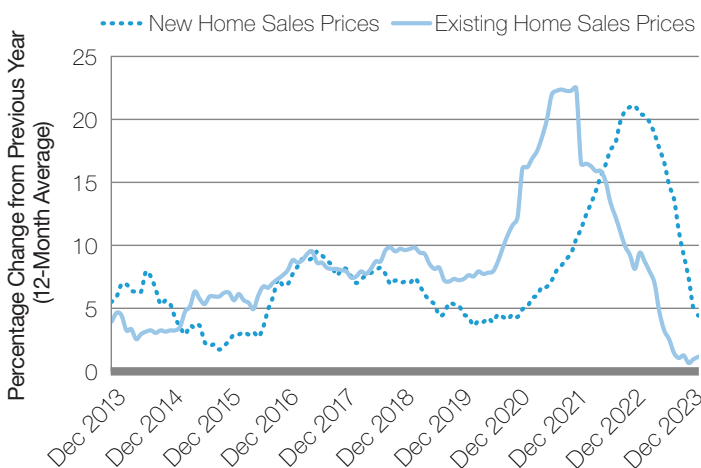
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### The number of new and existing home sales decreased in the Colorado Springs metropolitan area during 2023.



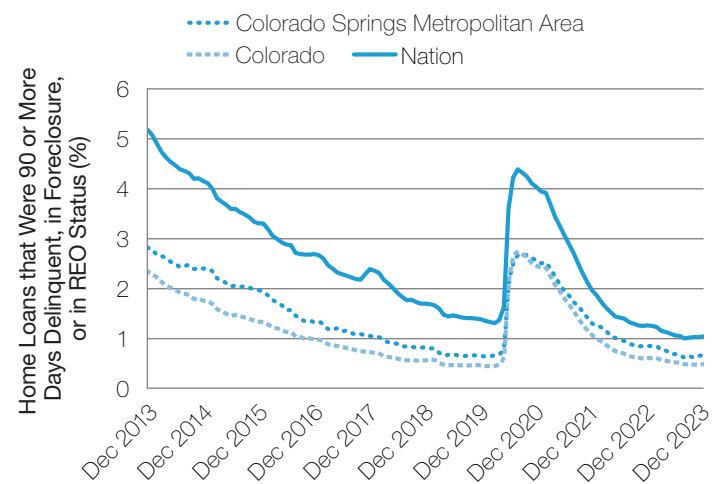
Note: Includes single-family homes, townhomes, and condominiums.  
Source: CoreLogic, Inc., with adjustments by the analyst

### New and existing home sales price growth in the Colorado Springs metropolitan area slowed dramatically during 2023.



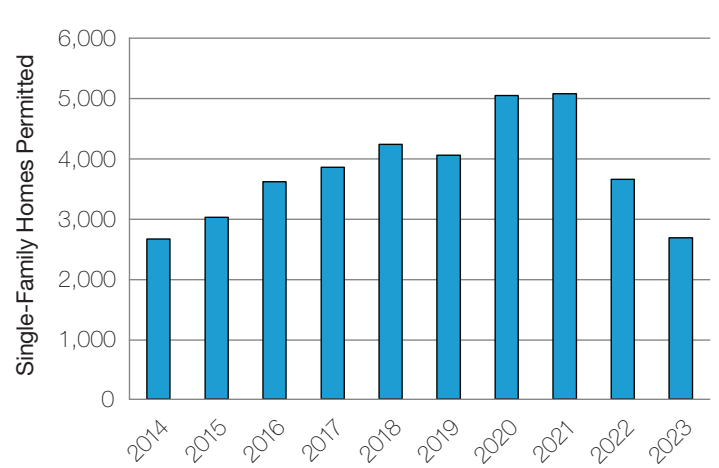
Note: Includes single-family homes, townhomes, and condominiums.  
Source: CoreLogic, Inc., with adjustments by the analyst

### The rate of mortgages that are seriously delinquent or in REO status in the Colorado Springs metropolitan area has been below the national rate since 2013.



REO = real estate owned.  
Source: CoreLogic, Inc.

### New home construction fell considerably in the Colorado Springs metropolitan area during the past 2 years in response to reduced demand.



Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; 2023—preliminary data and estimates by the analyst

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- Approximately 2,675 single-family homes were permitted during 2023, down 26 percent from 2022 (preliminary data).
- Following a low of 1,625 homes permitted in 2011, the number of homes permitted in the metropolitan area increased during 8 of the next 11 years, reaching a high of 5,075 homes in 2021 before declining 28 percent to 3,650 homes permitted in 2022.
- Most recent new home construction activity has been concentrated east of downtown Colorado Springs, where a greater supply of developable land exists. Approximately

95 percent of the new homes permitted in the metropolitan area during 2023 are in El Paso County.

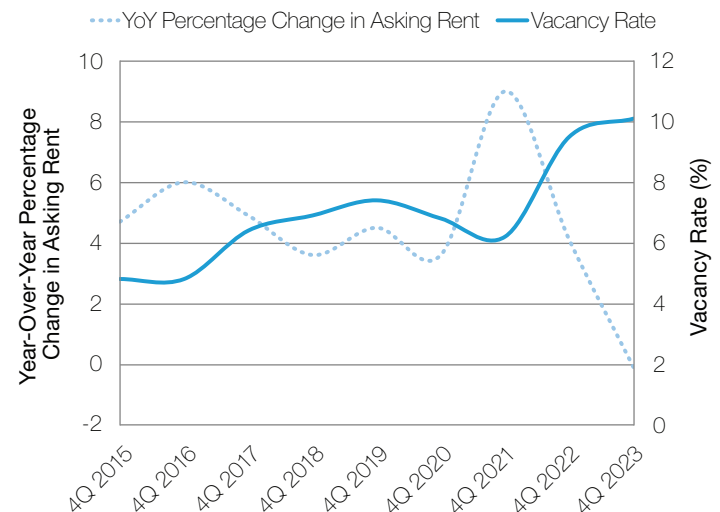
- Banning Lewis Ranch, a subdivision near Peterson SFB in the eastern portion of the city of Colorado Springs, plans to add 500 single-family homes as part of a master-planned community that began construction in 2007. New two-bedroom, two-bath homes in the development, located south of Colorado State Highway 94 at Marksheffel Road, will start at \$330,900.

## Apartment Market Conditions

Apartment market conditions are soft in the Colorado Springs metropolitan area. The market softened during the past 2 years because the growth in supply exceeded demand for apartments; 3,950 apartment units were completed during the past 12 months, a period when net absorption totaled only 3,175 units (CoStar Group). As of the fourth quarter of 2023, the average apartment vacancy rate increased 0.6 percentage point compared with the fourth quarter of 2022 to 10.1 percent. During the same period, asking rents in the metropolitan area were relatively unchanged, with an average rent of \$1,436 as of the fourth quarter of 2023.

- The apartment vacancy rate in the metropolitan area rose from 4.8 percent in the fourth quarter of 2016 to 7.4 percent as of the fourth quarter of 2019. The apartment vacancy rate subsequently decreased as of the fourth quarters of 2020 and 2021 to 6.8 percent and 6.2 percent, respectively, because new household formation led to increased demand for multifamily units.
- The average rent increased 9 percent between the fourth quarters of 2020 and 2021, the fastest annual rent growth of any quarter in at least the past 20 years. Rent growth then slowed to a 4-percent increase between the fourth quarters of 2021 and 2022. Apartment rents rose an average of 4 percent each year between the fourth quarters of 2017 and 2020.
- The average asking rents for studio, one-, two-, and three-bedroom apartments during the fourth quarter of 2023 were \$1,093, \$1,280, \$1,548, and \$1,863, respectively.
- Apartment market conditions in the CoStar Group-defined Outer Southwest El Paso County market area, which includes Fort Carson, are notably tighter than for the metropolitan area as a whole. As of the fourth quarter of 2023, the apartment vacancy rate was 4.7 percent in the market area, down from 5.3 percent the previous year but above the 3.5-percent rate as of the fourth quarter of 2021. The average asking rent as of the fourth quarter of 2023 was \$1,216, representing a 1-percent increase from the previous year.

**The average rent declined slightly, and the apartment vacancy rate increased from a year ago in the Colorado Springs metropolitan area as of the fourth quarter of 2023.**



4Q = fourth quarter. YoY = year-over-year.  
Source: CoStar Group

- Approximately 70 percent of the nearly 66,000 military personnel stationed in the metropolitan area live off base. Approximately two-thirds of enlisted personnel and one-third of officers are renters (Fort Carson Housing Services Office, with estimates by the analyst).

Construction of new multifamily units, as measured by the number of units permitted (primarily apartments), generally trended upward in the metropolitan area from 2016 through 2020 before rising sharply in 2021. Lower levels of apartment construction and rising net in-migration during the early part of the 2010s contributed to declines in the average apartment vacancy rate. Developers responded with increased production from 2016 through 2020, when an average of 1,500 multifamily units were permitted annually, up from an average of only 700 units annually from 2010 through 2015. Rising demand for

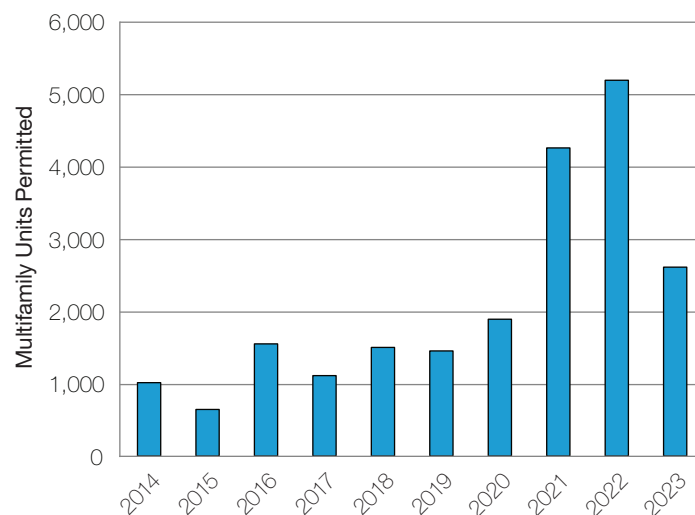
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apartment units in 2021 contributed to significant rent growth, and an average of 4,725 units were permitted annually from 2021 through 2022.

- Builders responded to soft apartment market conditions during 2023. Construction activity fell to 2,625 units permitted, down 49 percent from 2022 when 5,200 units were permitted, the highest amount for a single year in at least the last 2 decades (preliminary data, with adjustments by the analyst).
- Nearly 96 percent of all multifamily construction in the metropolitan area since 2020 has been in the city of Colorado Springs, mostly in structures with five or more units.
- Apex, a 360-unit luxury community, opened in the second quarter of 2022. The community is northeast of Colorado Springs in the Briargate neighborhood in close proximity to Peterson SFB. The average asking rents for one-, two-, and three-bedroom apartments are \$1,599, \$1,914, and \$2,423, respectively. Avian is a 169-unit multifamily community currently under construction in the downtown area of the city of Colorado Springs. The development is expected to open during the first quarter of 2024 and will offer a mix of studio, one-, and two-bedroom units.

**Multifamily construction activity in the Colorado Springs metropolitan area declined during the past year but is still above the levels from 2014 through 2020.**



Sources: U.S. Census Bureau, Building Permits Survey; 2014–22—final data and estimates by the analyst; 2023—preliminary data and estimates by the analyst

## Terminology Definitions and Notes

### A. Definitions

Apartment Vacancy Rate/Average Monthly Rent	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease-up.
Building Permits	Building permits do not necessarily reflect all residential building activity. 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.
Existing Home Sales	Include resales, short sales, and real estate owned sales.
Home Sales/Home Sales Prices	Includes single-family home, townhome, and condominium sales.
Net Natural Increase	Resident births are greater than resident deaths.
Rental Market/Rental Vacancy Rate	Includes apartments and other rental units such as single-family, multifamily, and mobile homes.
Seriously Delinquent Mortgages	Mortgages 90 or more days delinquent or in foreclosure.

### B. Notes on Geography

1.	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 April 10, 2018.
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