

## Building fast-paced for quarter Home construction benefits from low mortgage rates; number of permits rises

By RICH LADEN THE GAZETTE

Home building is off to a roaring start this year, thanks to low mortgage rates and perhaps a long-awaited improvement in the area's economy.

Single-family home building permits in El Paso County totaled 1,158 for the first quarter of 2004, a 28.7 percent jump from the same three-month period last year, according to figures released Thursday by the Pikes Peak Regional Building Department.

This year's first-quarter numbers are the highest since 2001. Single-family permits that year reached a record of 4,975 in El Paso County.

For the month of March, permits totaled 470 — a 60.4 percent gain from the same month last year.

As in the past, local experts pointed to favorable mortgage rates as a big factor in building activity.

Last summer, 30-year, fixed-rate mortgages dropped to 40-year lows nationwide, averaging as low as 5.2 percent in June, according to mortgage giant Freddie Mac.

As 2003 continued, mortgage rates inched closer to the neighborhood of 6 percent.

Mortgage rates fell again when 2004 began, dropping as low as 5.4 percent last month. Freddie Mac reported Thursday that mortgage rates had risen to an average of 5.5 percent nationwide.

"Mortgage rates are as low (now) as they have been recently," said Colorado Springs economist Dave Bamberger, who heads Bamberger & Associates.

The lower rates may have caught some builders unprepared, Bamberger said.

"Interest rates fooled almost every-body and stayed low and now are even falling," he said. "The result is that builder inventory was planned to accommodate an increase in mortgage rates that didn't happen. Now, they're finding there's fairly significant traffic and they don't have the inventory to accommodate the traffic."

Rich Noble, president of the Colorado Springs division of U.S. Home Corp., said business started slow in 2003, but sales picked up significantly later in the year. As a result, he "had to scramble" to get homes built this year.

Joe Loidolt, president of Classic Communities, the home building and land development arm of Springs-based Classic Cos., said traffic and sales are up this year, making him wonder if economic gains are taking hold.

Local employment increased for the second consecutive month in February.

Colorado Springs city sales tax receipts also rose sharply in February — the third straight monthly gain.

“We have had a couple of months of actual job growth,” Loidolt said. “We figured it would be the same as last year, maybe a little bit better. It seems to be panning out to be quite a bit better for the first quarter.”

CONTACT THE WRITER: 636-0228 or

[rladen@gazette.com](mailto:rladen@gazette.com)

