

Springs economy ready to improve

By RICH LADEN THE GAZETTE

With the national economy showing signs of life and the expected return of thousands of Fort Carson soldiers from Iraq, Colorado Springs can look forward to better — although not necessarily robust — economic times this year.

That was the general consensus Thursday among a city government official, a pair of local real estate experts and the area's top economic development official. They spoke to nearly 500 people at the 13th annual economic forecast breakfast sponsored by the Institute of Real Estate Management's southern Colorado chapter.

"We believe that the worst is behind us," said Mike Anderson, Colorado Springs' city budget director and an economist.

Several local economic indicators — including job losses, declining city sales tax revenues and rising apartment vacancy rates — were part of the statistical evidence that demonstrated 2003 was a dismal year, Anderson and others said.

An improving national economy hasn't yet trickled down to Colorado Springs, he added.

Three factors, Anderson said, should help bolster the Springs' economy: a spending rebound on advanced technology; the return of Fort Carson troops in April or May; and increased investment by businesses in plants and equipment.

Likewise, Colorado Springs remains well positioned for long-term growth, in part because of its quality labor force, he said.

"(We) believe the national economic recovery will start to become evident at the local level in 2004," Anderson said.

For the apartment industry, better times won't be apparent until the second half of the year, said Doug Carter, whose commercial brokerage specializes in multifamily properties.

Carter's survey of area apartment buildings and complexes revealed a 14 percent vacancy rate in June, which dropped to 12.8 percent in December.

Carter echoed Anderson: the return of Fort Carson troops should help fill empty apartments, especially those on the city's south side near the base.

The fact that fewer apartments will be built or opened this year will help cap the supply and reduce vacancies, Carter said.

George Swintz, a senior broker associate with Grubb & Ellis/Quantum Commercial Group, a Springs brokerage, said office vacancies in most parts of town, including downtown and on the city's southeast side, should decline in 2004.

The hard-hit northern Interstate 25 corridor, where many tech employers moved out or downsized operations because of the poor economy, will continue to struggle to fill the vacant spaces, Swintz said.

The city's retail market will continue to perform well, although the industrial sector will have trouble filling large blocks of space unless more jobs are added, he said.

Robert Scott, president of the Greater Colorado Springs Economic Development Corp., agrees some positive signs are on the horizon for the economy.

Scott still warned of the need to maintain Colorado Springs' quality of life. A transportation summit this month sponsored by the Greater Colorado Springs Chamber of Commerce spelled out a \$1.3 billion backlog in area transportation and maintenance projects, he said.

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