

Home building heating up with weather

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Returning troops, newcomers, rates fuel May jump

By RICH LADEN THE GAZETTE

More newcomers, affordable mortgage rates and the return of Fort Carson troops propelled home construction last month in Colorado Springs and the rest of El Paso County.

Single-family home building permits totaled a whopping 575 in May, a nearly 51 percent increase over the same month last year, according to figures released Tuesday by the Pikes Peak Regional Building Department.

It was one of the largest single-month totals of building permits in county history.

For the first five months of the year, single-family home permits totaled 2,222, a nearly one-third increase over the same period last year.

At that pace, the number of single-family permits in El Paso County this year would eclipse the record of 4,925 in 2001, said Fred Crowley, an economist at the University of Colorado at Colorado Springs.

Whether the county remains on that pace, however, remains to be seen, Crowley said. Potential problems include rising mortgage rates, higher building material costs and increasing utility connection fees.

"Something has to slow here," Crowley said. "But the builders have done a very good job of earmarking their target audience. They haven't abandoned higher-priced homes, but they've developed good homes in the \$150,000-and-up range."

More people moving to Colorado Springs than previously estimated by state officials is a big reason for increased home building, Crowley says.

That's what some home builders are seeing.

Of its buyers, Colorado Springs builder Vantage Homes is seeing many who have relocated to the area, said Vantage president George Hess.

Campbell Cos., another local builder, has sold homes to people moving here from Denver, Woodland Park and Castle Rock, said chief operating officer Randy Deming.

"Hopefully, we've got some job creation going on," Deming said.

In fact, job growth has risen each month through April of this year in El Paso County, and Springs economists such as Crowley and David Bamberger of Bamberger & Associates have predicted job creation will total 4,000 to 5,000 by year's end.

Meanwhile, the return of 12,000 Fort Carson troops has boosted the new home market, Crowley and others say.

In addition, mortgage rates remain attractive, even as they've climbed above 6 percent. Rising interest rates might have spurred some people to jump into the housing market for fear rates will go even higher in coming months, Deming said.

"It's strong," Deming said of the market. "It isn't gangbusters, it isn't off the charts. But it's stronger than we anticipated it, (especially) with the loss of jobs we've had here in the last couple of years."

Hess said he's cautiously optimistic about the market, although his company's sales

have been hit and miss — soft in the first two months, strong in the next two months and soft again in May.

Still, builders aren't stockpiling unsold — or speculative — homes like they did in the late 1980s, Hess said.

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El Paso County single-family building permits

