

Steaming into 2006

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Local home building near record as market stays hot

By RICH LADEN THE GAZETTE

The Pikes Peak region's housing market shows no signs of slowing as 2005 comes to a close: newhome construction is nearing another record and home sales already have surpassed last year's record.

The housing activity continues to reflect the strength of Colorado Springs' economy, which has been buoyed by improved job growth and more soldiers and their families arriving at Fort Carson. Low mortgage rates for much of the year also have fueled buying, selling and building.

"We have a lot of vitality going on and a lot of reasons that people (employers) will look at us," said Rob Henderson, a broker associate with ERA Shields Real Estate in Colorado Springs. "We're affordable, we have a good, educated work force, and we have the opportunity for growth, and we have a great quality of life."

In November, single-family building permits in El Paso County totaled 386, a 6.6 percent increase over the same month a year ago, according to figures released Thursday by the Pikes Peak Regional Building Department.

Year-to-date, single-family permits now total 4,986, a 7.1 percent increase over the same period last year and 75 short of breaking last year's record.

Meanwhile, home sales in El Paso and Teller counties totaled 12,145 through November, according to the Pikes Peak Association of Realtors. That 11-month total breaks the record of 11,746 set during all of 2004.

Sales are strong for existing and new homes, according to the Realtors Association. Through November, existing home sales totaled 10,669, a 12.9 percent increase over the same period last year.

Prices are up, too. The median price of a single-family home sold in November rose to \$208,000, an 11.9 percent gain over November 2004. The median is the price at which half the homes sold cost more and half cost less.

Major job announcements, such as those from chip maker Intel Corp. and defense contractor Northrop Grumman, are among the positive signs for the local economy.

Fort Carson's growth also looms large, Henderson said. Although about 12,000 additional soldiers are expected to arrive at the post on the Springs' south side during the next few years, their spouses and families could swell the actual number of newcomers to 40,000 to 50,000, he said.

Dave Keller of Springs home builder Keller Homes said several small businesses also are adding jobs; employment growth isn't just about bigname companies.

Changing demographics also are having a positive effect, Keller said. Many younger people now stay here instead of moving away to look for jobs. Affordable mortgage rates means they can buy homes, too, Keller said.

But how long will the good times last?

Mortgage rates have risen above 6 percent in recent weeks; mortgage giant Freddie Mac reported Thursday that 30-year, fixed-rate mortgages averaged 6.26 percent this week. Some analysts and economists suggest housing will slump as a result.

A downturn in overpriced, overbuilt markets elsewhere, however, doesn't mean a similar slump in prices, sales or building in Colorado Springs, some experts say.

Although prices have spiked by 20 percent to 30 percent in some East Coast, West Coast and Southwestern cities, price increases in the Pikes Peak region have been more gradual.

"We didn't have that spike," Henderson said. "Whatever happens in the future, we're going to have a soft landing."

Home builders, Henderson added, have kept speculative homes — those built on the expectation buyers will come along later — to a minimum. In the late 1980s, too much speculative building led to hundreds of homes standing empty after the economy tanked.

Kevin Patterson, president of Prudential Professional Realtors in the Springs, said rising mortgage rates could slow the local housing market to a degree. If rates rise to 6.5 percent or 6.75 percent, it might trigger a slowdown in buying initially, Patterson said. But after buyers psychologically adjust to higher rates, many will be back in the market.

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KEVIN KRECK, THE GAZETTE - Houses are being built on the west side of U.S. Highway 24 north of Marksheffel Road. A robust homebuilding market is partly attributed to growth at Fort Carson and low mortgage rates.

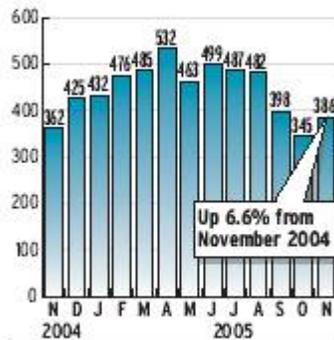
Pikes Peak region single-family home prices



SOURCE: Pikes Peak Association of Realtors

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County single-family building permits



SOURCE: Pikes Peak Regional Building Department

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