

Housing market sizzles in region

Single-family permits on pace to beat '04 record

August 2, 2005

By RICH LADEN THE GAZETTE

About the only thing hotter than July's temperatures might have been the Pikes Peak region's housing market.

Home construction and sales during the month continued on a pace to break records set last year, as area economists and housing industry officials point to low mortgage rates, job growth and additional troops coming to Fort Carson as reasons for the market's strength.

Single-family building permits in El Paso County during July totaled 487, nearly 20 percent higher than the same month last year, according to figures released Monday by the Pikes Peak Regional Building Department. Year to date, permits total 3,373 or almost 9 percent above the same period last year.

At that pace, single-family permits are on track to break last year's record of 5,059, said Colorado Springs economists David Bamberger of Bamberger & Associates and Fred Crowley of the University of Colorado at Colorado Springs.

Crowley said permits in 2005 could exceed last year's record number by several hundred.

"It still keeps hanging in there," Crowley said of the pace of single-family home construction.

Mortgage rates continue to fuel construction. Nationally, 30-year, fixed-rate mortgages averaged 5.77 percent last week, the highest level in about three months, according to mortgage giant Freddie Mac.

Even so, rates in the neighborhood of 6 percent remain attractive. First-time buyers can make the jump from apartments to homes, while current homeowners can afford to move up to a bigger house.

As mortgage rates remain affordable, more jobs are being created. The pace of job growth was 2.6 percent during the first half of 2005 — nearly double the same period last year.

In addition, the first waves of what might be an additional 10,000 troops coming over the next three years to Fort Carson, on Colorado Springs' south side, are beginning to arrive.

While thousands of homes are being built, thousands more are being bought and sold. That demand helped push prices to another record last month.

Home sales in July were up 9.1 percent over the same month a year earlier, according to the Pikes Peak Association of Realtors. For the first seven months of 2005, the number of sales totaled 7,480, or 11.2 percent higher than the same period last year. At that pace, sales seem likely to break last year's record of 11,746.

The median price for homes sold in July climbed to a record \$212,750, beating the previous mark of \$212,425 set in June. A year ago, the July median price was \$197,000.

The median is the midpoint of sales for the month, with half of the homes selling for more than \$212,750 and the other half selling for less.

Prices and sales reflect only the homes handled by Realtors Association members; most of those sales took place in El Paso and Teller counties.

Kevin Patterson, president of Prudential Professional Realtors, one of the Springs'

largest residential brokerages, said housing remains strong for most segments of the market. The demand for pricey properties of \$1 million or more, however, is slow, he said.

Only layoffs or a downsizing by a major employer would hurt the current housing market, said Patterson, when asked if anything could slow sales and construction.

Unlike areas of the country such as Florida or Southern California where prices have surged dramatically, home prices in the Pikes Peak region have increased gradually, Patterson said. As a result, they aren't likely to plummet.

"People (sellers), for the most part, are realistic in their pricing," Patterson said, "and the buyers are realistic in their expectations."

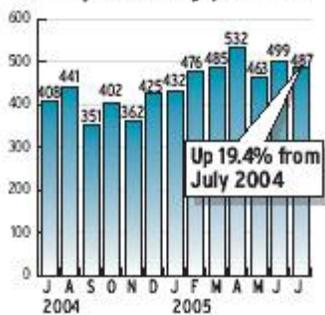
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Pikes Peak region single-family home prices



SOURCE: Pikes Peak Association of Realtors THE GAZETTE

El Paso County single-family building permits



SOURCE: Pikes Peak Regional Building Department THE GAZETTE