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Housing market stays red-hot

Low mortgage rates, population growth fuel boom

By WAYNE HEILMAN THE GAZETTE

Housing construction in El Paso County continued at a record-setting pace in January after a record-breaking performance last year.

Permits were issued for 432 single-family homes last month, up 52.1 percent from a year earlier, according to figures released Tuesday by the Pikes Peak Regional Building Department. The permit allows a builder or homeowner to begin construction on a house.

Fred Crowley, senior economist for the Southern Colorado Economic Forum at the University of Colorado at Colorado Springs, estimated that housing construction will total more than 7,000 in 2005 if building continues at this rate for the rest of the year. That would be up from a record 5,059 homes started in 2004.

“It looks like the county is headed into a construction boom fueled by low mortgage rates and stronger-than-expected population growth,” Crowley said.

In recent years, housing construction has slowed from November to January. There was no sign of a seasonal drop this year, however, as single-family home permits jumped by more than 40 percent from a year earlier during the three-month period.

Ron Covington, president of the Colorado Springs division of John Laing Homes, said strong job growth in the second half of 2004 fueled the sales gain. Sales were strongest in the \$200,000 to \$220,000 price range, he said, particularly in northeast Colorado Springs.

“We’ve also seen some buyers who are selling their homes in California, moving here and finding a job,” Covington said.

Commercial construction was even stronger than the increase in housing construction, boosted by a \$39.5 million permit for Memorial Hospital’s northern campus in Briargate. The 85-bed hospital at 4050 Briargate Parkway is scheduled to open in 2007.

As a result, commercial construction in January was up nearly fivefold from a year ago to \$49.5 million and construction spending was up more than double the total from a year ago at \$119.1 million.

That doesn’t count remodeling and expansion work, which jumped more than fourfold to \$33.5 million, mostly from a \$20 million permit for an addition to the county’s courthouse.

El Paso County single-family building permits

