

Local housing market still blistering

Low rates, arrival of soldiers key

By WAYNE HEILMAN THE GAZETTE

El Paso County's sizzling housing market showed no signs of cooling last month despite surging energy prices that have eroded consumer spending, local industry groups reported Monday.

Home construction and sales, on pace to break last year's records, have been fueled by low mortgage rates, strong job growth and the arrival of additional troops at Fort Carson, local economists, home builders and real estate agents.

"The housing construction and resale markets are both alive and well," said David Bamberger of Bamberger & Associates, a local economic research and consulting firm. "It doesn't look like there is much on the horizon to slow it down over the next six to eight months."

The housing market has weathered gasoline prices jumping to more than \$3 a gallon, weakening consumer confidence and spending, and shortages of concrete and other building supplies in recent months, Bamberger said.

Permits for single-family homes totaled 398 in September, up 13.4 percent from a year earlier, and 4,251 during the first nine months of the year, up 9.3 percent from a year ago, according to figures released Monday by the Pikes Peak Regional Building Department.

At that pace, housing construction would easily break last year's record of 5,060 single-family permits and could reach 5,400 permits, Bamberger said. The record would be the third new mark in the past five years; the record before 2001 stood for 28 years.

"I think we are in for a really good market for quite a while with the military relocations coming, the strong local job growth and low rates, we are bullish right now," said Randy Deming, chief operating officer of Campbell Homes in Colorado Springs.

The hot market is not limited to new homes. Sales of all homes jumped 22.3 percent in September from a year ago to 1,232, the fifth-consecutive month in which local home sales have topped 1,200 in a month, according to the Pikes Peak Association of Realtors.

Home sales during the first nine months of the year are up 12.6 percent from a year ago to 10,090 and on pace to set a seventh-consecutive annual record. The sales reflect only homes sold by association members, mostly in El Paso and Teller counties.

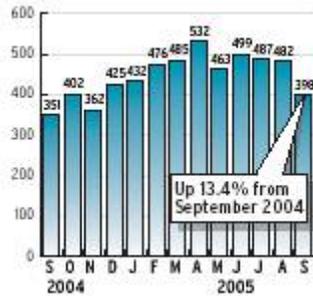
At the same time, the supply of new homes on the market in September fell 0.8 percent from a year ago to 4,433, and the median price for homes sold last month rose 7.4 percent from a year earlier to \$208,425. The median is the point at which half the homes sold for more and half sold for less.

"Rates have stayed below 6 percent, even though we thought they would be above 7 percent by now, and the job market has gotten stronger over the summer. Both have contributed to the strong market," said Joe Clement of Springs-based Re/Max Properties Inc.

Fred Crowley, senior economist for the Southern Colorado Economic Forum, said he expects the housing market to slow slightly next year as mortgage rates rise but

remain strong through 2007 as more than 10,000 troops arrive at Fort Carson because of base closings and military restructuring.

Single-family building permits in the county



SOURCE: Pikes Peak Regional Building Department THE GAZETTE