

Permits for home building at record high
By RICH LADEN THE GAZETTE

The pace of home construction set a record in 2004 as rock-bottom mortgage rates, Fort Carson soldiers returning from the Middle East and an improved local economy propelled building in the Pikes Peak region.

Single-family home building permits totaled 5,059 last year in El Paso County — eclipsing the old record of 4,925 in 2001, according to figures released Monday by the Pikes Peak Regional Building Department.

A house does not go up as soon as a permit is taken out; it takes months for most homes to be built.

Still, the record number of permits points to a wave of home building across El Paso County, especially in neighborhoods along Powers Boulevard on Colorado Springs' east side, Fountain to the south of the Springs and in the unincorporated Falcon area northeast of town.

How many homes does 5,000 permits represent?

Think of it this way: The Briargate development on the city's north side has about 8,000 homes, which were built over 26 years. With 5,000 home permits, more than half of Briargate could have been filled with homes in a single year.

"It was an excellent year for the industry," said Steve Meylan, president of Harmony Homes Inc., a Colorado Springs builder. "The No. 1 thing (was interest rates). The No. 2 thing was when the first wave of (Fort Carson) soldiers came back from Iraq. They spent a lot of money."

Mortgage rates started 2004 just below 6 percent. Rates dipped, rose slightly above 6 percent and then fell again by year's end. Last week, 30-year, fixed-rate mortgages averaged 5.81 percent nationwide, according to mortgage giant Freddie Mac.

About 12,000 Fort Carson soldiers who were serving in Iraq and the Middle East returned home last spring, although thousands now are going back.

Another key factor: The local economy added jobs in 2004 for the first time in two years.

Mark Watson, president of New Generation Homes in Fountain, said it's not just firsttime owners who are buying homes. Many new homes also are built for area residents who, thanks to low mortgage rates, move into larger homes.

"We're doing more of a move-up segment now than we have in the past," Watson said.

Something else might have boosted permits at the end of the year, Meylan said. Some larger builders likely pulled permits in December to beat a 50 percent increase in development fees for water taps and wastewater lines that took effect Saturday in Colorado Springs. Permits in December totaled 405, a whopping 38.7 percent higher than the same month a year earlier.

Even so, 2004 probably would have been a record year for permits, said Colorado Springs economist Dave Bamberger of research firm Bamberger & Associates.

Home builders pull permits largely on demand and have avoided construction of speculative homes — those built with the expectation that buyers will come along at a later date, Bamberger said.

Several economists have predicted mortgage rates will inch upward in 2005, which could lead to a slowdown in home construction, Bamberger said. "I don't think we'll see another record year in 2005, like we did in 2004," he said.

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