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Springs economy quickens

Job growth estimated at 5,000 locally in '05

By WAYNE HEILMAN THE GAZETTE

Colorado Springs employers will add nearly 5,000 jobs this year as the local economy continues to heat up, city Budget Director Mike Anderson said Thursday.

That is nearly three times the number of jobs added last year, said Anderson, who also is an economist and was one of four speakers at an economic forecast breakfast.

And it's about 1,200 more jobs than the forecast Anderson issued for the city budget in October. He revised the number higher because of accelerating job gains in the final few months of 2004, fueled by defense industry hiring.

"For the first time in several years, I'm getting optimistic about the Colorado Springs economy," Anderson told about 400 members of the Southern Colorado Chapter of the Institute of Real Estate Management attending the breakfast at the Antlers Hilton hotel.

Anderson joined Doug Carter, a commercial real estate broker specializing in apartments; George Swintz, senior broker associate for Grubb & Ellis/Quantum Commercial Group; and Rocky Scott, president of the Greater Colorado Springs Economic Development Corp.

The local economy is expected to gain steam this year while the national economy gets stronger, the advanced technology industry begins to recover and new employers from call centers to technology support operations start hiring, Anderson said.

"A steady stream of job losses has been replaced by announcements by new employers, which has helped improve local labor market conditions," he said. "Business investment has continued to increase, and that should result in additional hiring."

Although Anderson predicts the Federal Reserve will raise short-term interest rates by 1.25 percent this year, he expects mortgage rates to increase only slightly. As a result, he doesn't expect a slowdown in local housing construction this year.

The biggest threats to the increased job growth, Anderson said, include another U.S. terrorist attack, continued high energy prices, a decline in consumer confidence and spending, and a major local plant closing and layoff.

Forecasts from other speakers include:

c The local apartment vacancy rate rose to 12.8 percent in December from 10.8 percent in September, Carter said, and is unchanged from December 2003. Average rents in December were unchanged from October at \$612 a month and were down 5.3 percent from a year earlier.

The vacancy and rent rates indicate the apartment market has stabilized after it was battered in recent years by an economic slowdown and the loss of thousands of tenants who took advantage of near-record low mortgage rates to buy homes, Carter said.

c Vacancy rates for office and retail space fell in 2004, Swintz said, but industrial vacancies rose as the departure of Ampex Corp. and Walter Drake Inc. from the Springs last year put nearly 500,000 square feet of vacant space on the market.

The commercial real estate market has begun to recover, meaning rents probably will

head higher soon as vacant space is filled, Swintz said.

c The EDC helped to bring 14 companies and more than 2,000 jobs with combined payrolls of more than \$100 million to the Springs last year, Scott said. The jobs pay an average annual salary of more than \$50,000 and the companies will spend \$45 million on buildings and equipment.

The economic development group hopes to bring 2,200 jobs to the Springs this year.
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