COLORADO SPRINGS
MULTIFAMILY REPORT

SECOND QUARTER 2019

MARKET AT A GLANCE

OCCUPANCY RATE 95.9%

Up **40 bps** since 2Q18

EFFECTIVE RENT $1,093

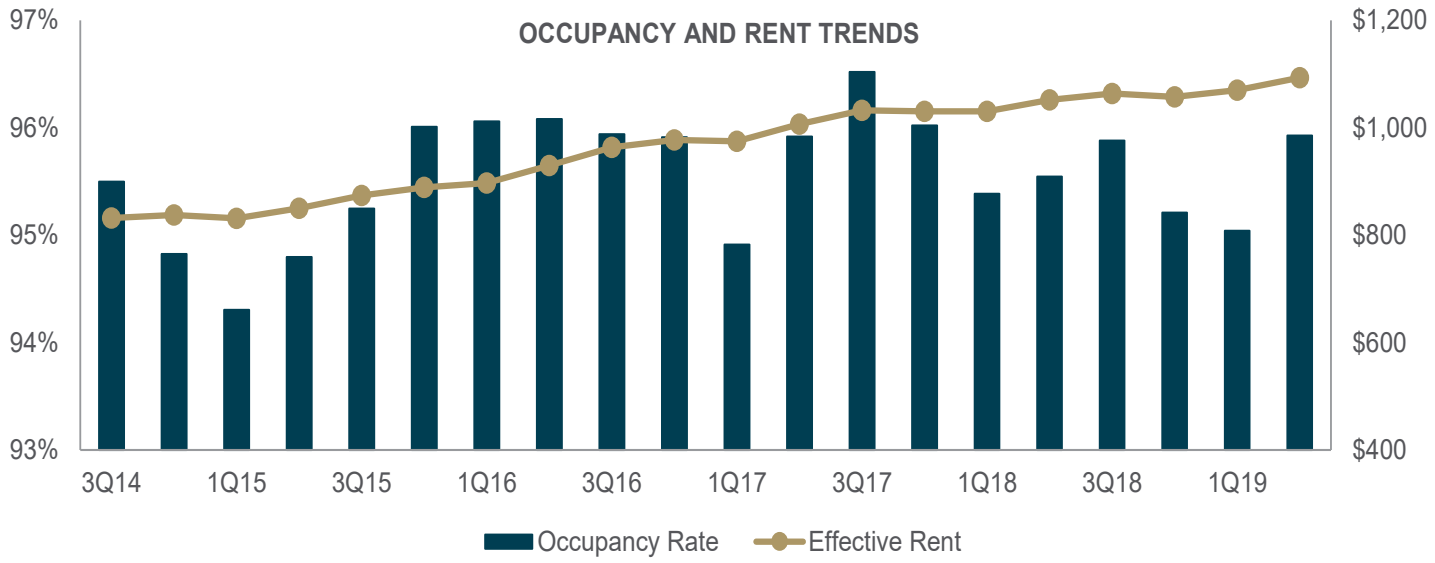
Up **3.9%** since 2Q18

TOTAL INVENTORY 49,944

OCCUPANCY AND RENT TRENDS

EXPANDING MILITARY PRESENCE DRIVES DEMAND IN COLORADO SPRINGS

Through the first half of 2019, apartment fundamentals in Colorado Springs began to flourish amid population growth and a recent acceleration in housing prices. Builders in Colorado Springs focused on the North Colorado Springs apartment submarket, accounting for nearly all 486 new units delivered through the second quarter of 2019. Several new developments in northern Colorado Springs are in proximity to one another and provide easy access to the U.S. Air Force Academy. Two major multifamily developments are scheduled to begin lease-up in the third quarter of 2019, including the 288-unit Falcon View Apartments located along Federal Drive. Over the past six months, demand exceeded new supply. Apartment operators leased 822 net units throughout the metro area. As a result, the average occupancy rate increased 70 basis points to 95.9% in June. Colorado Springs' prominent military presence continues to drive in-migration in the form of new troops at Fort Carson, which is nearing 25,000 personnel. This affluent demand aided overall effective rent growth of 3.4% in the first half of 2019 to $1,093 per month in June.



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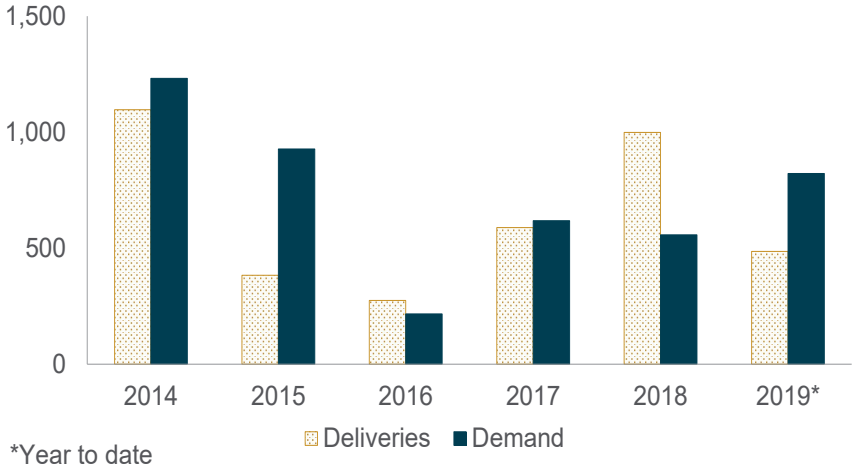
DELIVERIES AND DEMAND

DELIVERIES 486 Units YTD

NET ABSORPTION 822 Units YTD



*Year to date

ECONOMIC TRENDS

	2018		2019
UNEMPLOYMENT*	3.5%	30 BPS CHANGE	3.8%
EMPLOYMENT*	291.3k	1.9% CHANGE	296.7k
EXISTING SFH SALES**	14.1k	-8.5% CHANGE	12.9k
MEDIAN SFH PRICE**	$313.5k	2.5% CHANGE	$321.2k
10-YEAR TREASURY**	2.91%	-80 BPS CHANGE	2.07%

*April; **June

Ongoing and planned developments are representing a new wave of modernization in the Colorado Springs economy. Employers added 5,400 workers to payrolls since April 2018, equating to 1.9% year-over-year growth. Institutions in the education and health services sector created 1,800 new jobs, a 4.6% annual gain. Approximately $1 billion in health care developments are expected to take place in Colorado Springs through 2020, including three new hospitals and two hospital expansions. In the government sector, 1,000 workers were hired, a 1.9% increase. With a diverse concentration of military and cybersecurity businesses, Colorado Springs' economy is a national epicenter for aerospace and defense industries. More than $325 million is being invested in four of the five military bases throughout the region, including the development of a $148 million space operations center at Schriever Air Force Base. Despite the increase in total nonfarm employment, layoffs in the leisure and hospitality industry contributed to an unemployment rate of 3.8%, up 30 basis points from one year prior.

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SUBMARKET BREAKDOWN

	OCCUPANCY		AVG RENT CHANGE		AVG RENT		NET ABSORPTION		DELIVERED UNITS	
SUBMARKET NAME	2Q18	2Q19	2Q18	2Q19	2Q18	2Q19	2Q19	ANNUAL	2Q19	ANNUAL
Central Colorado Springs	96.3%	96.3%	5.3%	4.9%	$897	$941	173	165	0	171
East Colorado Springs	94.7%	95.9%	2.7%	5.1%	$1,025	$1,077	117	193	0	69
North Colorado Springs	95.3%	95.1%	3.7%	2.3%	$1,226	$1,254	492	727	371	790
West Colorado Springs	95.7%	96.4%	5.3%	3.2%	$1,067	$1,101	30	126	18	37
TOTALS	**95.5%**	**95.9%**	**4.5%**	**3.9%**	**$1,052**	**$1,093**	**812**	**1,211**	**389**	**1,067**

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