



APARTMENT NEWS

Colorado Springs 50+ Unit Apartment Properties

Third Quarter 2018

A summary of Colorado Springs apartment activity for the third quarter of 2018, as reported in APARTMENT INSIGHTS' Statistics/Trends, indicates:

↑ VACANCY: 5.59%

Vacancy in conventionally operated, stabilized properties with 50 or more units increased by 9 basis points (bps) during the quarter to 5.59%. This is the fourth quarterly increase in a row, resulting in the highest vacancy rate since the 1st quarter of 2015. The current rate is 118 bps higher than one year ago.

The trailing four-quarter average vacancy has increased for eight quarters in a row. The current figure of 5.35% is the highest in three years.

The overall vacancy rate, including properties in lease-up, decreased for the 2nd quarter in a row, this time by 35 bps to 7.36%. However, the annual average figure increased for the eighth quarter in a row, reaching 7.62%.

Areas: Although overall vacancy increased this quarter, five of the nine submarkets posted lower vacancy. The increases were larger, however, led by South Central moving up 212 bps to 6.86%. This was followed by Airport, increasing 88 bps to a metropolitan high of 7.21%. North Central had the lowest rate of 3.46%, 44 bps lower than the previous quarter.

↓ ABSORPTION: +79

The market absorbed 79 units during the 3rd quarter, less than the 131 units absorbed during the 3rd quarter of 2017, and much less than 263 units absorbed two years ago. The trailing four-quarter gain in absorption fell to 282 units, which is approximately 61% of the previous 11-year annual average. The North submarket again posted the largest gain of 161 units this quarter, while Airport lost occupancy for the 4th quarter in a row, down 64 occupied units, the largest decline of any submarket.

↑ RENTS: \$1,057 per Unit \$1.29 per Sq. Ft.

Despite higher vacancy, rents increased by \$17 during the quarter to a record high \$1,057 per month, or \$1.29 per square foot. The annual gain of \$38 results in annual growth of 3.7%, the slowest growth rate in 19 quarters, but still well above inflation.

Areas: Rents increased in every submarket except South Central, which contains the downtown area and saw rents fall by \$5. Rustic Hills achieved the largest increase, moving up \$35 to \$954. Right behind it was Security/Widefield/Fountain, increasing by \$33 to \$1,007.

Age: While rent changes were sporadic this quarter by age of property, all age groups had rents increase over the past 12 months.

However, rental growth rates increased as properties got older, ranging from just a 0.6% annual gain for properties built since 2010, to 6.2% for properties built during the 1970s.

↑ SALES: \$158,252 per Unit \$186.25 per Sq.Ft.

There were two sales during the quarter of 50-unit and larger properties averaging \$158,252 per unit and \$186.26 per square foot. Union Heights, built in 1984, sold for \$159,091 per unit, while Esperanza Village, built in 1970, sold for \$156,180 per unit.

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