

# COMMONWEALTH'S

*COLORADO'S OLDEST APARTMENT FIRM*

*Number One in Sales Since 1975*

## *"VACANCY REPORT 4th QTR 2010"* *COLORADO SPRINGS, COLORADO*

*"Includes Data: 1972 - 2010"*

*Authors: The Spraggins Team*

**Ron Spraggins, CCIM, Founder-CEO**

**Shane Spraggins, President of Sales**

**Ryan Spraggins, President of Research**

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## *"COMPANY INFORMATION"*

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**Colorado Springs, CO 80903      (719) 685-4300**

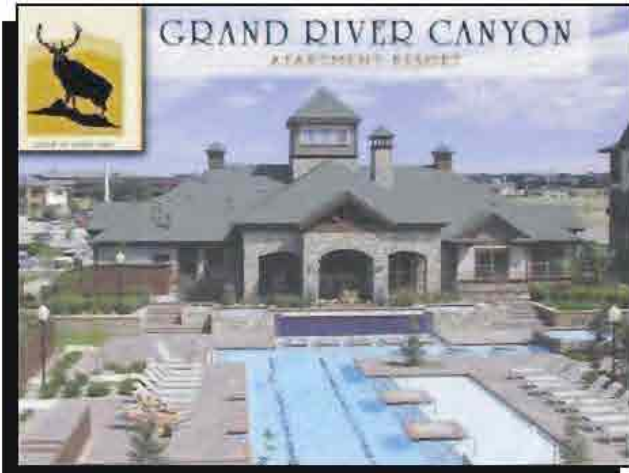
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# COMMONWEALTH

*Colorado's Oldest Apartment Firm  
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**LARGEST SALE OF THE DECADE & 2<sup>ND</sup> LARGEST EVER!  
GRAND RIVER CANYON - 440 UNITS - \$34 MILLION**



**THE OASIS APARTMENTS  
252 UNITS - \$25 MILLION**



**SUNSET RIDGE APARTMENTS  
240 UNITS - \$21.6 MILLION**

This Paragraph Says it All . . .

*"Commonwealth Brokers have Closed More Colorado Springs Apartment Complexes Than All the Other Active Firms Combined, Including the "Nationals" From Denver!"*

**Number One in Apartment Sales Since 1975**

Commonwealth, area's oldest apartment firm, continues it's record-setting sales pace.

Ron Spraggins, CCIM and his two sons, Ryan & Shane, closed the largest sale of the decade with the 440-unit Grand River Canyon closing. The sale is also the second largest in history, only a sale in 1996 of 496 units is larger.

Ron and his sons represented both the buyer and the seller. The complex had previously been listed with a "national" firm with no success.

The Spraggins Team sold the project to a local client of theirs since 1990, proving once again that "REAL ESTATE IS A LOCAL MARKET."

The Spraggins Team also sold the Oasis Apartments, a 252-unit luxury complex next to Kissing Camels, and recently closed the Sunset Ridge complex - 240 units for \$21.6 million. Again, Commonwealth represented both the buyer and seller.

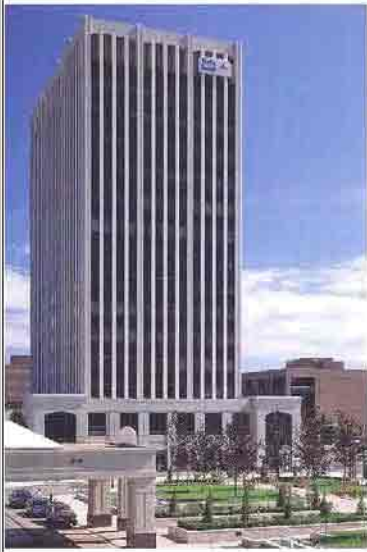
Commonwealth, formed in 1975 and the region's oldest apartment firm, has closed more Colorado Springs apartment sales than all other Colorado Springs apartment firms combined.

Ron Spraggins, CCIM, has personally closed over 120 apartment complexes, more than all other Colorado Springs apartment brokers combined. Notable sales by Spraggins include Grand River Canyon (440 units), Wildridge (305 units), Windmill (304 units), Timberland/Tanglewood (260 units), Oasis (252 units), Sunset Ridge (240 units), Normandy (206 units), Garden Terrace (196 units), Broadmoor Villa (102 units) sold three times, the award-winning Glen Pond apartments, etc.

***We have over \$200 million in liquid funds for apartments.  
Call for quick price we would pay for fast closing!***

## **Our Locations**

**COMMONWEALTH**  
**Holly Sugar Building**  
**2 North Cascade Suite 1100**  
**Colorado Springs CO 80903**  
**719-685-0600**



**HOLLY SUGAR BUILDING**  
**2 North Cascade, Suite 1100**  
**Located Downtown Colorado Springs**

**KEY BANK BUILDING**  
**1115 Elkton Drive**  
**Suite 300**  
**Located north-west at**  
**Garden of the Gods**



**PRESIDIO BUILDING**  
**1155 Kelly Johnson Blvd.**  
**Located North off I-25 at North Academy**

# WHY THE COMPANY?

**THIS PARAGRAPH SAYS IT ALL . . . .**

***COMMONWEALTH, THE AREAS OLDEST APARTMENT FIRM,  
HAS CLOSED MORE COLORADO SPRINGS APARTMENT  
COMPLEXES THAN ALL OTHER APARTMENT FIRMS COMBINED.***

## **SELLING APARTMENTS IS ALL WE DO**

COMMONWEALTH WAS FORMED IN 1975 TO MEET THE NEED FOR A "PURE" INVESTMENT REAL ESTATE FIRM. MOST REAL ESTATE FIRMS TRY TO SERVE MANY MASTERS, I.E. HOMES, COMMERCIAL, RANCHES, MANAGEMENT, ETC. AS IT HAS BEEN SAID, ONE CAN ONLY SERVE ONE MASTER . . . . AT COMMONWEALTH IT'S APARTMENT EXPERTISE. WE'VE BEEN NO. 1 IN SALES FOR ALMOST 30 YEARS!

WE SPECIALIZE IN SELLING APARTMENTS. THAT'S ALL WE DO. NO PROPERTY MANAGEMENT. NO BUILDING. NO HOMES, OFFICE BUILDINGS, OR SHOPPING CENTERS. NO ACTIVITIES THAT DIVERT OUR ATTENTION FROM SELLING YOUR APARTMENT COMPLEX.

## **KNOWLEDGE & SALES ABILITY**

RON SPRAGGINS, CCIM, PRESIDENT OF COMMONWEALTH, IS A NATIONALLY RECOGNIZED EXPERT IN THE APARTMENT INDUSTRY. SPRAGGINS HAS PERSONALLY CLOSED MORE APARTMENT COMPLEXES THAN ALL OTHER COLORADO SPRINGS APARTMENT BROKERS COMBINED.

HE HAS BEEN A SENIOR INSTRUCTOR FOR THE CCIM PROGRAM FOR OVER 13 YEARS & ALSO AN INSTRUCTOR FOR ADVANCED REAL ESTATE COURSES FOR THE UNIVERSITY OF COLORADO & OKLAHOMA STATE UNIVERSITY. SPRAGGINS IS PAST PRESIDENT OF THE FOLLOWING: STATE OF COLORADO APARTMENT ASSOC., THE COLORADO SPRINGS APARTMENT ASSOC., AND THE COLORADO/WYOMING CCIM CHAPTER

THE REASONS ARE MANY FOR YOU TO CONTACT COMMONWEALTH WHEN YOU WANT TO BUY OR SELL APARTMENTS. WE'RE GEARED TO PERFORM. WE KNOW WHERE THE BUYERS & SELLERS ARE. PEOPLE WE CAN CALL ON YOUR BEHALF TODAY. PEOPLE WHO KNOW US & LISTEN TO US. WHEN YOU'RE BUYING OR SELLING, CALL US. THEN KEEP YOUR PHONE LINES OPEN!



**COMMONWEALTH**

First Bank Tower    2 North Cascade    Suite 1100  
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Colorado Springs, CO 80903  
Email: [Ron@CommonwealthUSA.net](mailto:Ron@CommonwealthUSA.net)

## COMMONWEALTH SCORES 100% ON FORECASTS SINCE 1969!

This sentence says it all:

“

*FORECASTS ON WHEN TO BUY & WHEN TO SELL HAVE BEEN 100% ACCURATE SINCE 1969.”*

SUGGESTED BUYING IN 1975: We formed our first partnership in 1975, the worse market in history (over 22% vacancy). Average price was \$5,000 per unit! Vacancies went down to 16% in 76 & continued downwardly to 6% in 79.

SUGGESTED SELLING IN 1983: We sold all partnership properties & advised clients to sell in 1983 when vacancies were at 4%. Unit prices had risen to the \$35-45,000 range. Vacancies soared to 12% in just one year (1984) & continued up to 15% in 1986.

SUGGESTED BUYING IN 1990: Our next buying cycle didn't occur until 1990. Vacancy was at 12% & the RTC had closed the savings & loans & many local investors thought the apartment market would never come back. Vacancies plummeted down to 4% in 1992, & continued to a historical low of 1% in 1994!

SUGGESTED SELLING IN 2000: Vacancy tripled from 3% to 9% in 2001, 12% in 2002, & peaked at a 16 year high at 15%! We did not place one investor into an apartment complex from 2000 until summer of 2004!

In Commonwealth's October, 2000 Apartment Newsletter we advised clients to sell their complexes, as we felt we were close to the top of the market (lowest vacancies & highest rents) & values would go down when the new product (supply) came on line. Since vacancies were at 3% & rents had been rising, many questioned our logic?

“Most brokers were putting investors into apartments in 2000 & predicting a strong future market since the Cap Rates were high & vacancies low. (The other apartment surveys also predicted a strong market)!”

Many times we're too close to the trees to see the forest!

Obviously, hours & hours are required to obtain & decipher the data found in the Commonwealth report to determine the right time to buy or sell . . . & also very important is the “GUT FEELING” about the market, economy, etc. ,which only comes from years of experience in that LOCAL MARKET.

Never forget that Real Estate is a Local Market.

# WHY THE BROKER

***RONALD F. SPRAGGINS, CCIM, Founder & CEO***

*This paragraph says it all . . .*

***RON SPRAGGINS, CCIM, HAS CLOSED MORE APARTMENT SALES IN COLORADO SPRINGS THAN ALL OTHER APARTMENT BROKERS COMBINED! HE HAS PERSONALLY CLOSED OVER 120 COMPLEXES.***

## **NOTABLE APARTMENT SALES**

**BY RON SPRAGGINS, CCIM**

***\*2nd LARGEST SALE IN HISTORY\****

**GRAND RIVER CANYON – 440 UNITS - \$34 MILLION  
- 2<sup>ND</sup> LARGEST SALE IN HISTORY – IN TERMS OF TOTAL UNITS -**

**THE OASIS – 252 UNITS - \$25 MILLION – 3<sup>RD</sup> LARGEST SALE OF THE YEAR**

**SUNSET RIDGE - 240 UNITS**

**WILDRIDGE – 305 UNITS**

**NORMANDY – 207 UNITS**

**GARDEN TERRACE – 196 UNITS**

**BROADMOOR VILLA – 102 UNITS (SOLD 3 TIMES)**

**CHELTON MANOR – 95 UNITS**

**CASA VEGA – 83 UNITS**

**CASCADE PARK – 73 UNITS**

**WILLOWS -220 UNITS**

**WINDMILL – 304 UNITS**

**TIMBERLANE/TANGLEWOOD – 260 UNITS**

**FIRESIDE MANOR –108 UNITS**

**HOLIDAY TERRACE 93 UNITS**

**SHADOWS – 73 UNITS**

**GLENPOND – 75 UNITS**

**(VOTED BEST APARTMENT COMPLEX IN THE SPRINGS)**

**. . AND OVER 100 MORE SALES.**

**RON IS A NATIONALLY RECOGNIZED EXPERT IN THE APARTMENT FIELD. HE WAS A SENIOR INSTRUCTOR FOR THE CCIM PROGRAM FOR 13 YEARS & ALSO AN INSTRUCTOR FOR ADVANCED REAL ESTATE COURSES FOR THE UNIVERSITY OF COLORADO & OKLAHOMA STATE UNIVERSITY. SPRAGGINS IS PAST PRESIDENT OF THE FOLLOWING: STATE OF COLORADO APARTMENT ASSOC., COLORADO SPRINGS APARTMENT ASSOC., AND THE COLORADO/WYOMING CCIM CHAPTER.**

**WHEN YOU'RE READY TO BUY OR SELL, CALL THE SPRAGGINS TEAM AT COMMONWEALTH AND START PLANNING FOR A CLOSING!**



**COMMONWEALTH**

**FIRST BANK TOWER  
PH: 719-685-0600**

**TWO NORTH CASCADE  
www.CommonwealthUSA.net**

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***"4th QUARTER 2010 VACANCY"  
COLORADO SPRINGS***

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## COLORADO SPRINGS VACANCY LOWEST SINCE 2001!



*Senior CCIM Instructor for 13 years  
First CCIM in Colorado Springs*

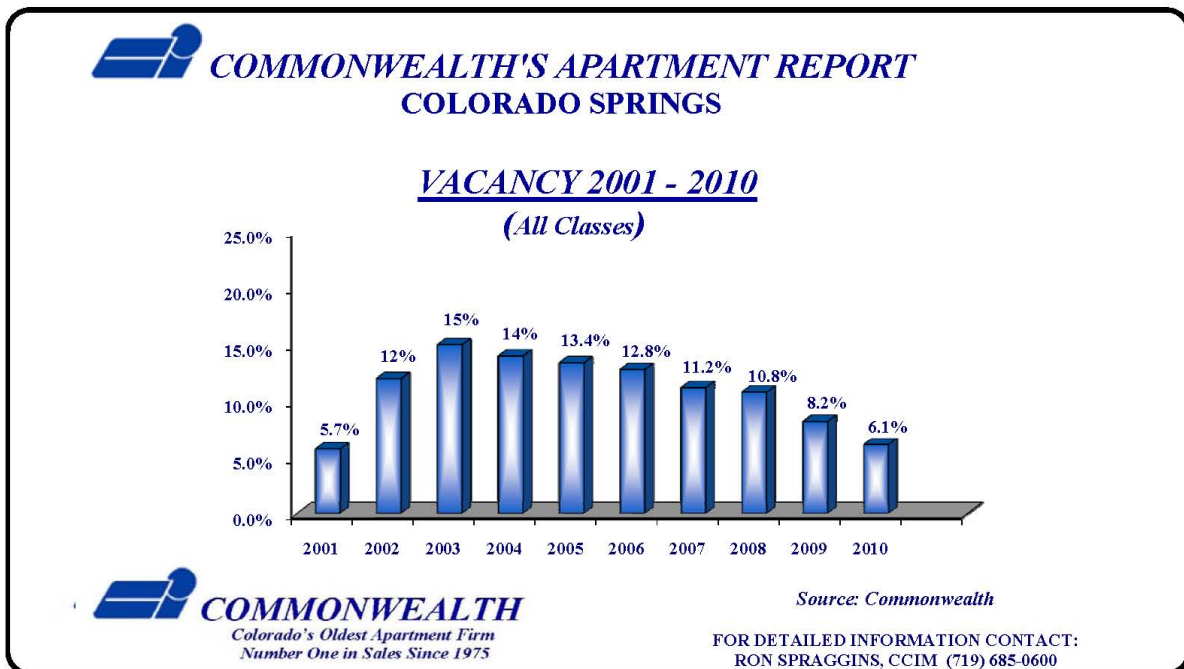
**Past President of the Following:**  
*State of Colorado Apartment Association  
Colorado Springs Apartment Association  
Colorado/Wyoming CCIM Chapter*

**Ron Spraggins, CCIM  
Founder/CEO of Commonwealth  
Colorado's Oldest Apartment Firm**

**QUOTE FROM APARTMENT NEWS:**

*"Ron is a nationally recognized expert in the apartment industry. Personally closing more Colorado Springs apartment complexes than all the other active apartment brokers combined . . . , including the Nationals from Denver, WITH OVER 125 CLOSED SALES."*

Commonwealth's 4th Quarter 2010 Apartment Vacancy Report shows the current overall rate (all classes) the lowest year end vacancy rate in Colorado Springs since 2001!



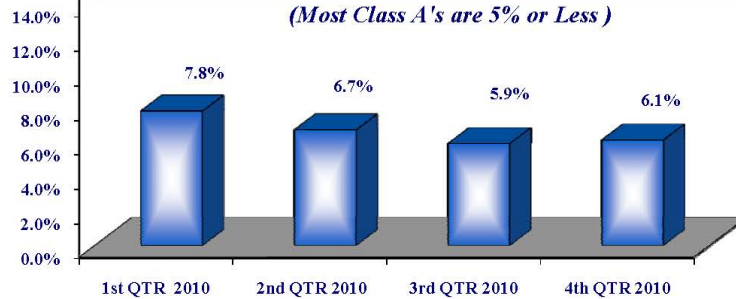
The market has improved every year since 2003. It improved 25% over the previous year, dropping from 8.2% in 2009 to 6.1% in the 4<sup>th</sup> quarter of 2010. Average market wide vacancies fell almost 34 percent in 2009.



**COMMONWEALTH'S APARTMENT REPORT**  
**4TH QUARTER 2010**  
**COLORADO SPRINGS**

**TRAILING 12 MONTHS VACANCY - ALL CLASSES**

*(Most Class A's are 5% or Less)*



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*Source: Commonwealth*

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**Vacancies fell over 25% in 2010.**

*Vacancies fell in some Colorado Springs submarkets and went up slightly in others, due to the historical normal seasonal increase in vacancies from the 3<sup>rd</sup> quarter to the 4<sup>th</sup> quarter.*



**COMMONWEALTH'S APARTMENT REPORT**  
**4TH QUARTER 2010**  
**Colorado Springs, Colorado**

**VACANCY BY LOCATION**  
*(All Classes)*

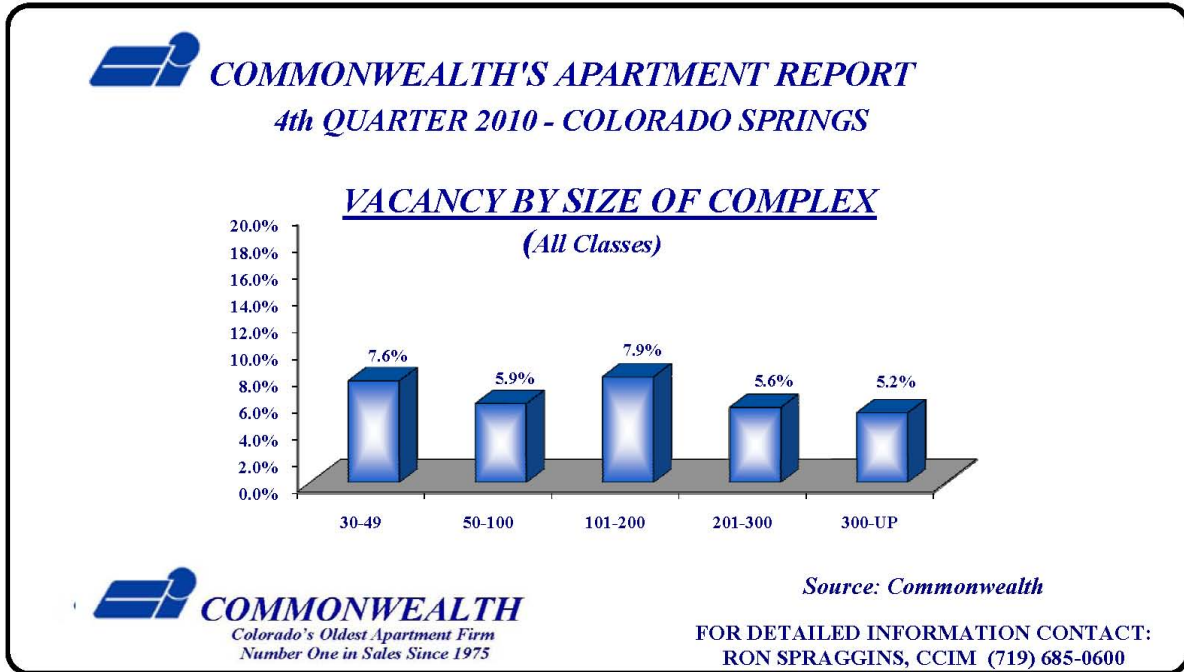


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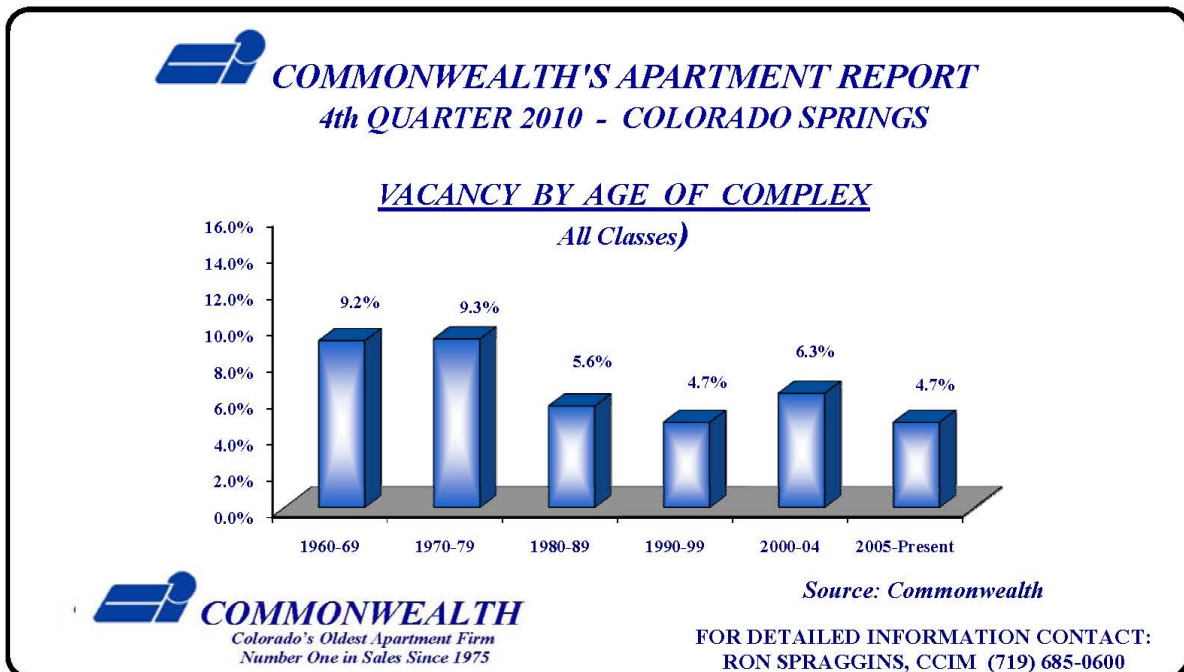
*Source: Commonwealth*

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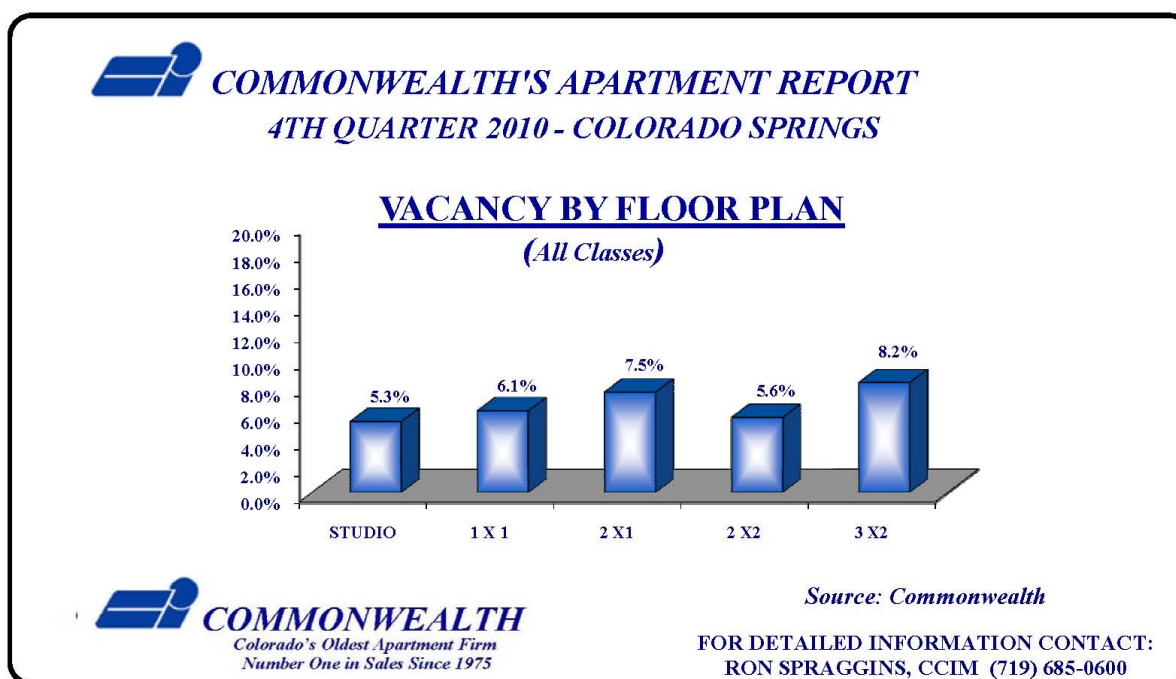
The lowest vacancy by “size of complex” was the 300 unit and up complexes, posting a low 5.2% rate. The highest group was the 101-200 unit complexes with a 7.9% number.



Vacancy by “age of the complex” had a tie for the low of 4.7%’s. The 1990-1999 products, as well as the 2005 to present vintage had the lowest vacancy based on the “Age of the Complex”. The highest vacancies occurred in the 1960-69 & 1970-79 age group with just over 9% in both cases.



Vacancy by “Floor Plan” shows the 3 bedroom units continuing to have the highest vacancy with 8.2%, up from 7.6% in the 3<sup>rd</sup> quarter. The studios continue to have the lowest at 5.3%, followed by the two bedroom/2 bath units at 5.6%. Interesting that the last new construction cycle didn’t build many studio units?? They also almost always have the highest rent per square foot of any floor plan.



■ **SUPPLY:**

Considering the Springs has had *only two market complexes built since 2003 (and none under construction)*, simple supply/demand would dictate that some serious rent increases are in store for the future. Most complexes have raised their street rents and dropped concessions. Traffic is reported to be much better this year than last, even many have been busy leasing units over the Christmas holidays.

Average rents for all classes are up over \$30 per month in 2010 with some, after doing some rehab have raised their rents almost \$100 a month from their 2009 schedule. The NorthEast rents went up the most, averaging almost \$50 a month more than last year, with most of the other submarkets posting in the \$25-35 a month increases.

Only the Security/Widefield/Fountain area showed a slight decrease in rents of approximately \$7 a month, which is understandable due to the high vacancies. These will fill quickly when more Ft. Carson troops return from the two wars, as this area is the closest to the base and historically is highly military, unlike the other areas of the city. The cost of fuel keeps the soldiers close to the base.

*Ft. Carson is poised to almost double in population with the movement of the entire Fort Hood battalion. The base expected a net gain of 6,000 troops in 2009 with steady additional growth (3,000-plus a year) through 2013.*

Colorado Springs went thru its' over-building cycle in the early 2000's that peaked in 2003 and has been steadily going down every year since that time. All of the *high vacancy periods have been caused by over-building* and not for lack of demand from continued job/population growth. **SUPPLY WILL GROW TO MEET AVAILABLE CAPITAL!**

There has only been *one market complex built since 2005*, which was completed late last year. It leased to 90 percent in record times, averaging 30 to 40 leases per month. The 300-plus-unit Class A complex is located in the upper northeast area.

*There are currently no projects under construction or in the pipe-line in Colorado Springs.*

With the current mortgage market/economy it will be several years before any new product is on line. The days of builder finance outs is over and with the rigid requirements to get a new loan, new complexes will have to have a ton of equity in them to qualify for the loan . . . something builders aren't fond of doing.

■ **DEMAND:**

Colorado Springs had continued growth in JOBS/POPULATION despite the national economy. This is a major factor in lowering the vacancy rate.

*The Springs has added nearly 11,000 private-sector jobs during the last 5 years.*

These new jobs helped absorb over 1,200 units in 2010.

Before the overbuilding in 2001, there were *eight previous years in which Colorado Springs averaged 1,000 to 1,500 units per year absorption with vacancy rates at 6 percent or lower.*

■ **BELOW REPLACEMENT COST:**

The last project completed in our area had costs in the \$150k per unit range for a typical Class A garden type complex, including land/soft costs.

*Current property prices represent values well below replacement cost.*

Considering it will be several years before new construction, we can assume it probably won't cost less to build at that time.

■ **BUYERS:**

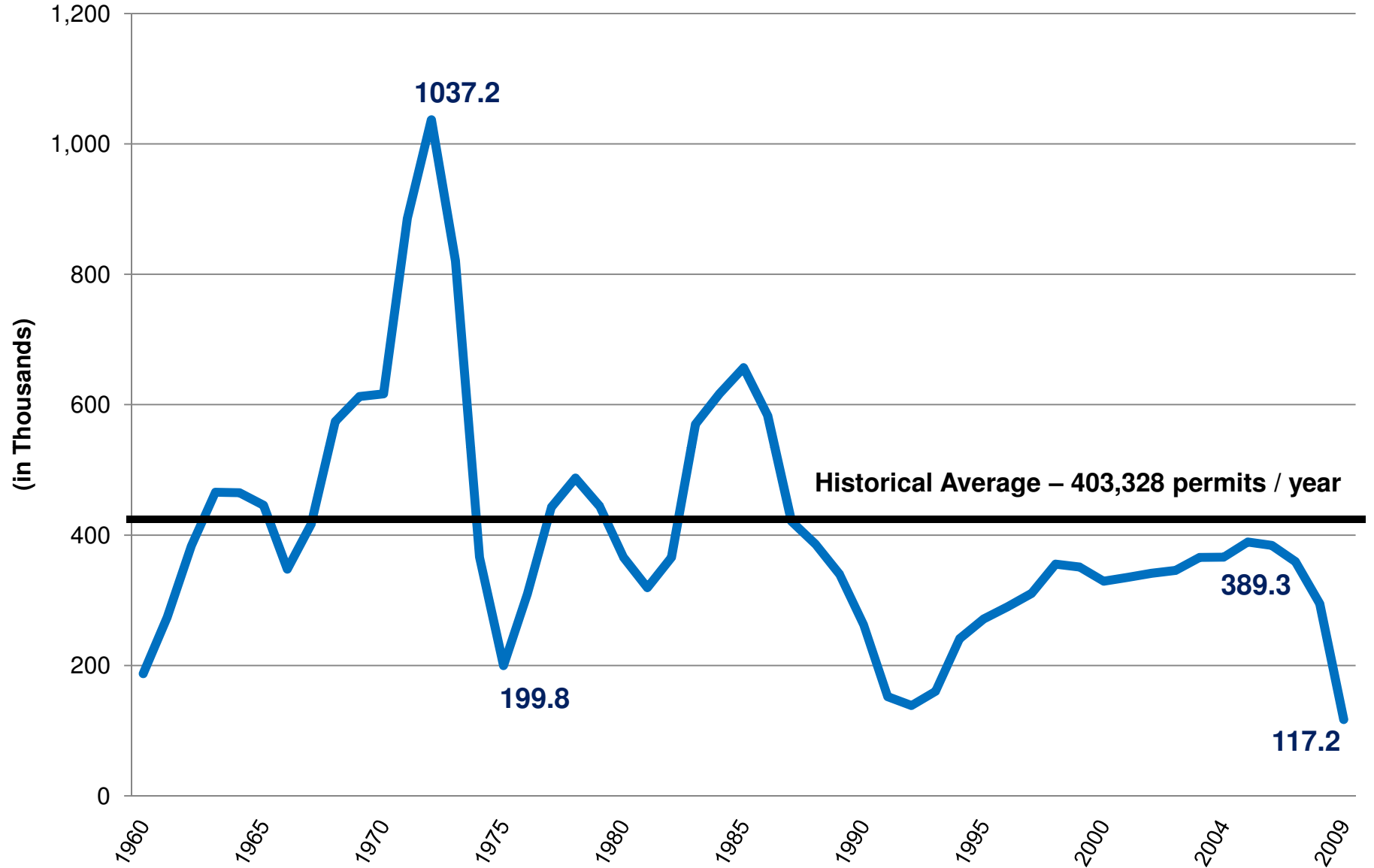
**We are seeing more buyers today than we've seen in several years. As we predicted early this year, the 5%-6% Cap Rate days are back! We are now representing two large REIT type buyers that will buy 5%-6% cap deals. There's been tons of money raised and these firms need to get it working. These lower buyer requirements will help the buyers and sellers to get closer together on an agreeable market price.**

**Do to unrealistic buyer cap rates, etc., there have been no sales of Class A or Class B apartment complexes in Colorado Springs in 2009 and 2010. In my 42 years of business in the Springs, I've never seen that occurrence.**

*Simple supply/demand will continue to improve occupancy and with that comes rent increases, which result in increased property values.*

**For a complimentary copy of the complete "Commonwealth's Apartment Vacancy Report-Data from 1972 thru 2010" contact [Ron@CommonwealthUSA.net](mailto:Ron@CommonwealthUSA.net)**

# Historical National Multi-Family Permits



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*"1972 - 1983 CYCLE"*  
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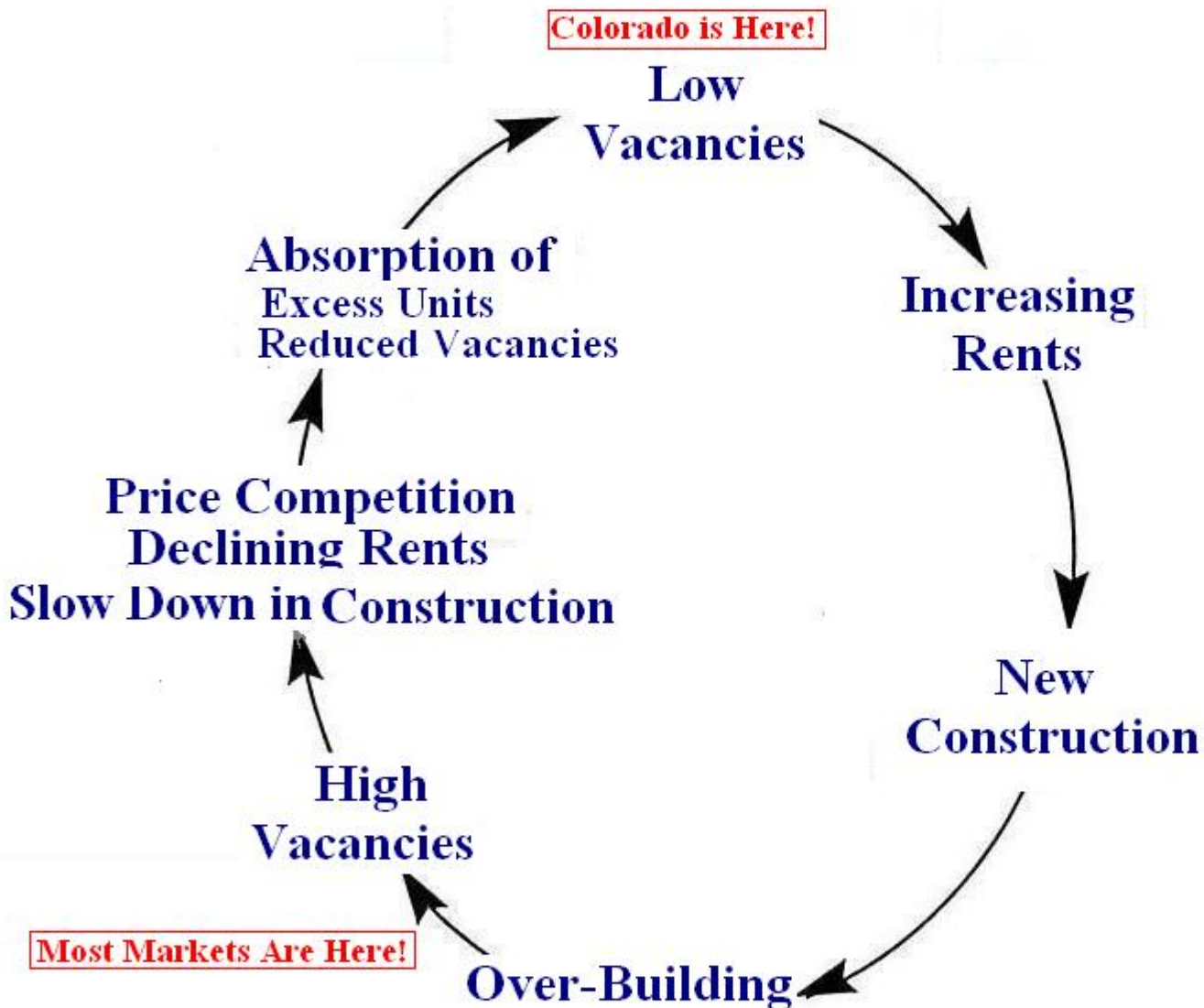




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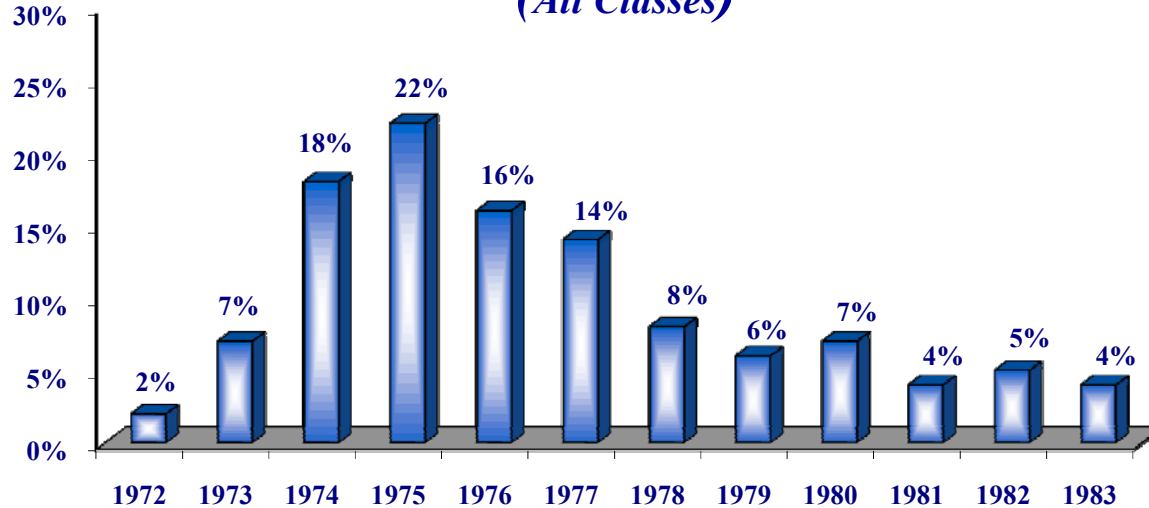
## THE APARTMENT CYCLE





# COMMONWEALTH'S APARTMENT REPORT COLORADO SPRINGS

## OVERALL VACANCY 1972 - 1983 CYCLE (All Classes)



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*Source: Commonwealth*

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*"1984 - 1994 CYCLE"*  
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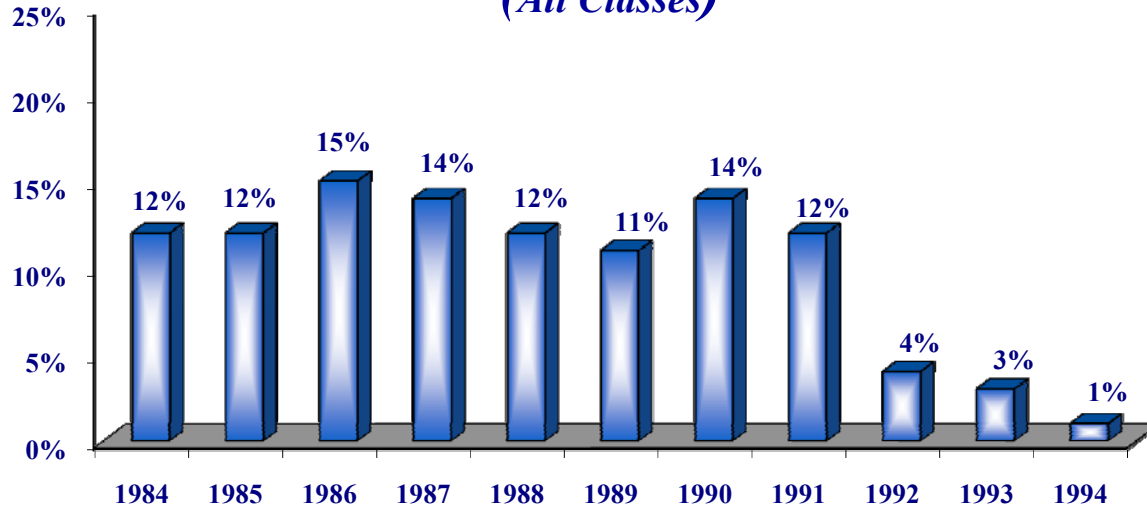
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# COMMONWEALTH'S APARTMENT REPORT COLORADO SPRINGS

## OVERALL VACANCY 1984 - 1994 CYCLE

*(All Classes)*



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*"1995-2003 CYCLE"  
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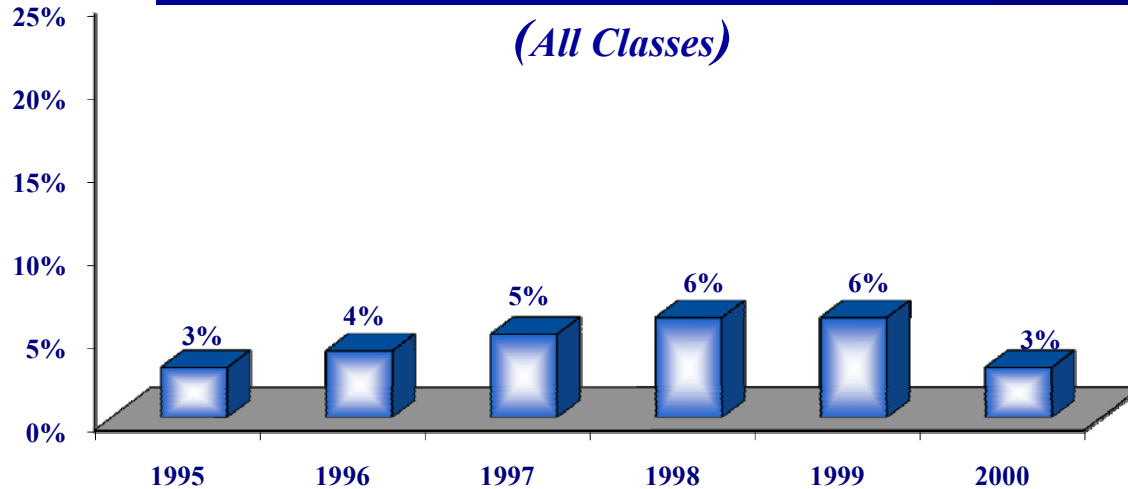
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# COMMONWEALTH'S APARTMENT REPORT COLORADO SPRINGS

## OVERALL VACANCY 1995 - 2000 LOW VACANCIES/RISING RENTS CYCLE



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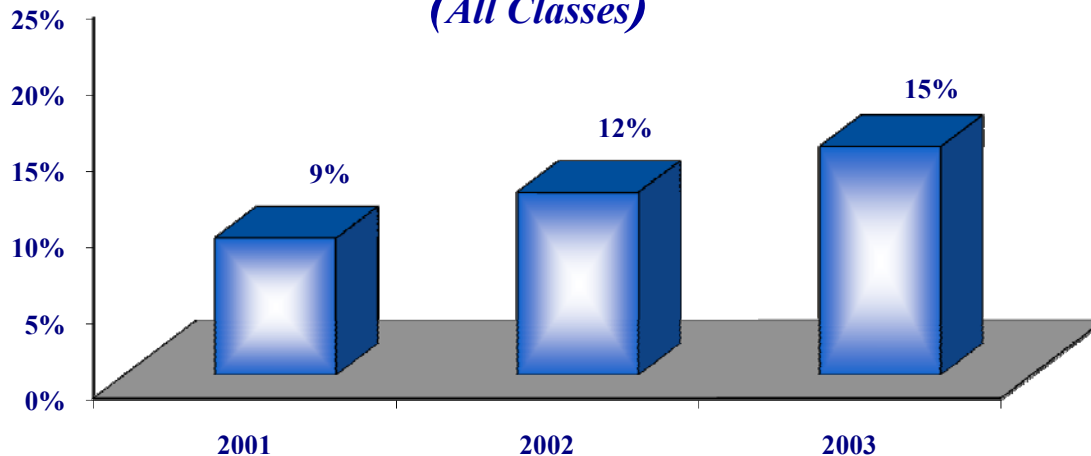
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# COMMONWEALTH'S APARTMENT REPORT COLORADO SPRINGS

## OVERALL VACANCY 2001 - 2003 OVER-BUILT CYCLE

*(All Classes)*



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*"2004 - 3RD QTR 2010 CYCLE"*  
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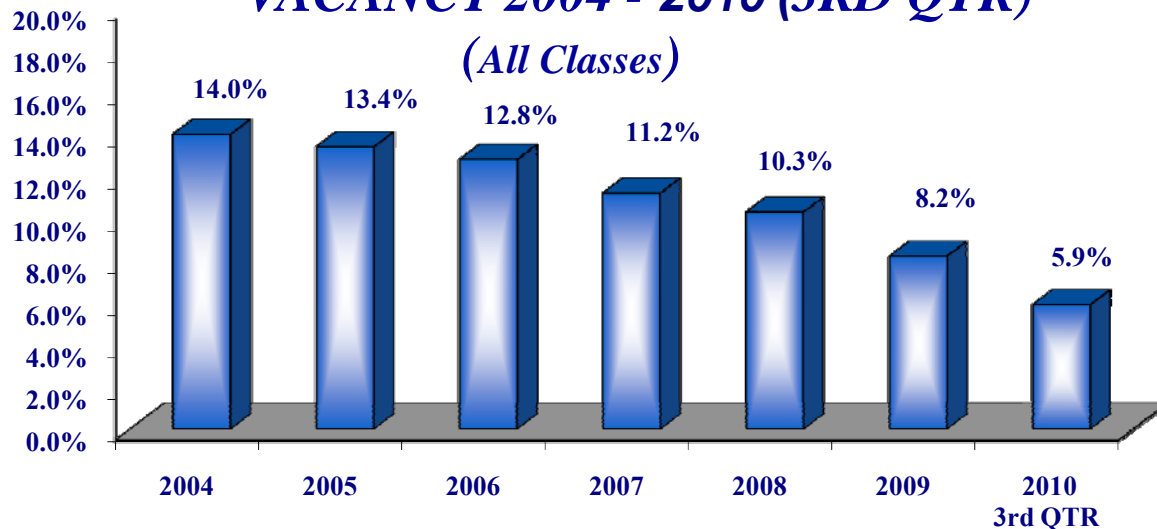
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# COMMONWEALTH'S APARTMENT REPORT COLORADO SPRINGS

## ABSORPTION CYCLE VACANCY 2004 - 2010 (3RD QTR)



Source: Commonwealth



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***"38 YEARS OF RESEARCH"  
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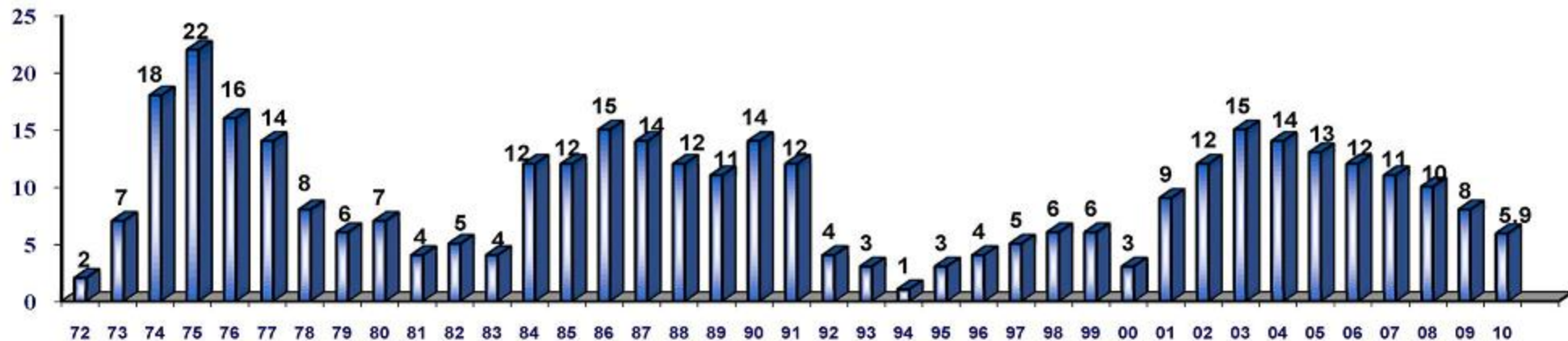
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# COMMONWEALTH'S APARTMENT REPORT COLORADO SPRINGS

## OVERALL VACANCY 1972 - 2010 (1ST QTR) (All Classes)



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