

APRIL 2003



COMMONWEALTH'S APARTMENT NEWSLETTER

COMMONWEALTH

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AREAS OLDEST APARTMENT FIRM
NO. 1 IN SALES FOR 30 YEARS



Holly Sugar Building

COLORADO SPRINGS APARTMENT VACANCY AT 16 YEAR HIGH!

Commonwealth, the areas oldest apartment brokerage/research firm, recently released their April 2003 Apartment Market Survey. The main difference between this survey & typical surveys is the comparison of STREET RENTS to true ECONOMIC RENTS (street rents minus giveaways). Economic rent is 20-30% less in most cases! Absorption was basically "0" or negative in some areas. Complexes are merely TRADING TENANTS. Importance of PROPER APARTMENT MANAGEMENT was clearly shown. Complexes in same area had vacancy rates from 3% to 24%. Almost 9,000 units will have been added to supply, with several hundred more in the planning stages. Add 3,000 single-family homes estimated for 2003 & it appears 2003 will have no absorption or negative. Many complexes report losing up to 85% of their tenants to home purchases! Low interest rates, declining home values, over supply, all indicate the apartment market will continue to soften thru 2003 & continue until new household growth exceeds new units coming on line. Vacancies will go down, rents go up, apartment values increase. We return to 5% & just when you can relax . . . THEY'RE BACK!! The hammer & nails start pounding again, we build too many units, vacancies rise, rents go down, cash flow becomes like hen's teeth, and it all starts over again. Oh well, that's life in the apartment world.



RON SPRAGGINS, CCIM
PRESIDENT OF COMMONWEALTH

Spraggins is a nationally recognized expert in the apartment field. He has personally closed more Colorado Springs apartment complexes than all other area apartment brokers combined. Ron has closed over 120 sales. He is past President of the following: State of Colorado Apartment Assoc., Colorado Springs Apartment Assoc., and the Colorado/Wyoming CCIM Chapter. Ron was a Senior CCIM Instructor for 13 years and the first person in Colorado Springs to receive the coveted CCIM designation.

**BUILDERS BUILDING IN
OVER-BUILT MARKET:
"SUPPLY WILL GROW TO
MEET AVAILABLE
CAPITAL"**

**NORTHEAST HAS HIGHEST
VACANCY AT 21%**

NORTHWEST NEXT AT 15%

**SOUTHWEST HAS LOWEST
AT 10%**

**OVERALL AT 15%, HIGHEST
SINCE 1986!**

**9,000 NEW UNITS WILL BE
ADDED TO SUPPLY, PLUS
HUNDREDS IN PLANNING
STAGES**

**NEW UNITS STILL COM-
ING ON LINE**

ABSORPTION NEGATIVE

**ADD 3,000 NEW SINGLE-
FAMILY HOMES TO SUP-
PLY IN 2003 (MGRS RE-
PORT LOSING 85% OF
TENANTS TO HOME PUR-
CHASES) & IT APPEARS
2003 WILL NOT GET BET-
TER, PROBABLY WORSE!**

**APARTMENT NEWS: RON, IN OUR
OCTOBER 2000 NEWSLETTER YOU
SUGGESTED SELLING; EVEN
THOUGH THE VACANCY WAS AT
3% & RENTS RISING. HISTORY
NOW SHOWS VACANCY JUMPED
TO 9% IN 2001, 12% END OF 2002, &
NOW 15%! IT APPEARS THAT 2000
WAS THE TOP OF THE MARKET.**

**PLEASE SEE REAR FOR DETAILED
GRAPHS FROM COMMONWEALTH'S
APARTMENT SURVEY APRIL 2003**

**FOR MORE DETAILED INFORMATION
CONTACT COMMONWEALTH**

The information in the survey comes from one of the largest compilations of apartment data in Colorado Springs. The data bank includes the majority of all apartment complexes consisting of 20 or more units, encompassing over 300 complexes representing over 27,000 units. Commonwealth has compiled this information over a 28 year period.

