



COMMONWEALTH

*REGION'S OLDEST APARTMENT FIRM
NUMBER 1 IN SALES FOR 30 YEARS*

APARTMENT SALES REPORT

30 UNITS & UP

COLORADO SPRINGS, COLORADO

1990 – JUNE 2006

AUTHORS: RON SPRAGGINS, CCIM
PRESIDENT OF COMMONWEALTH

SHANE SPRAGGINS
PRESIDENT OF SALES

RYAN SPRAGGINS,
VICE PRESIDENT-RESEARCH

Serving Colorado Springs Since 1975

THIS PARAGRAPH SAYS IT ALL...

COMMONWEALTH, THE AREA'S OLDEST APARTMENT FIRM HAS CLOSED MORE APARTMENT COMPLEXES THAN ALL OTHER COLORADO SPRINGS APARTMENT FIRMS COMBINED!

#1 in apartment Sales for 31 Years!

Commonwealth, area's oldest apartment firm, continues its 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.

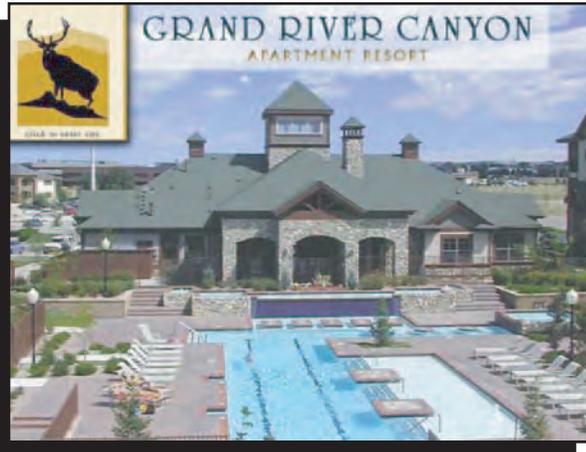
The Spraggins Team sold the project to a local client of theirs since 1990, proving once again that "REAL ESTATE IS A LOCAL MARKET."

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.

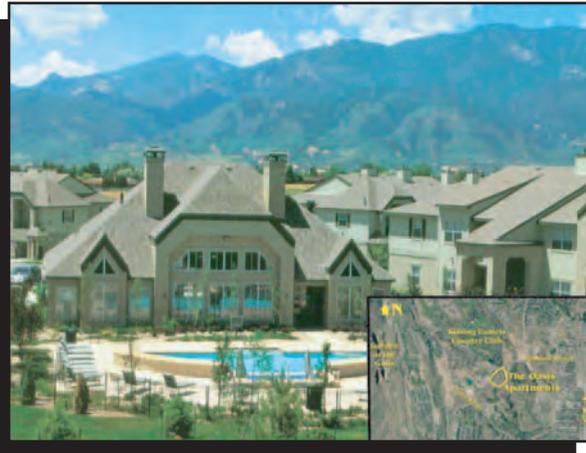
Commonwealth, formed in 1975 and the region's oldest apartment firm, has closed more Colorado Springs apartment sales than all other Colorado Springs apartment firms combined.

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!



LARGEST SALE OF THE DECADE & 2ND LARGEST EVER!
 GRAND RIVER CANYON - 440 UNITS - \$34 MILLION



THE OASIS APARTMENTS
 252 UNITS – \$25 MILLION



SUNSET RIDGE APARTMENTS
 240 UNITS – \$21.6 MILLION

NEWS FLASH!!

SPRAGGINS TEAM OF COMMONWEALTH CLOSES \$21.6 MILLION APARTMENT SALE



SUNSET RIDGE APARTMENTS – 240 UNITS- COLORADO SPRINGS SOLD FOR \$90,000 PER UNIT

Ron Spraggins, CCIM, President of Commonwealth, Colorado Springs oldest apartment brokerage/research firm, recently announced that their firm has closed the Sunset Ridge apartments in Colorado Springs for \$21.6 million.

Ron Spraggins, CCIM & Shane Spraggins represented both the buyer & the seller in the sale of the 240 unit complex.

Sunset Ridge, located in a quality northeast location at Vickers & Rangeview was constructed in 1996. The complex contains 240 total units made up of 54-1 bedroom-1 bath-808 square feet, 174-2 bdrm/2 bath-1,100 sq. ft., & 12-3 bdrm/2 bath units-1,317 sq. ft. All units have fireplaces with full sized washer/dryers. Complex also has 160 garages with automatic door openers & a complete resort center that includes club house, fitness facility, hot tub, sauna, & heated outdoor pool.

The seller was Sunset Ridge, LLC, a local owner who purchased the property in 2000. The buyers are Sunset Ridge Associates, LLC, which is made up of investors from New York & California. The new owners are in the process of doing major improvements to the project, including Pent House Suites. Omni Apartment Communities will manage the complex.

Spraggins noted that, “We’ve had contact with the seller since he came to the Springs in the 70’s & bought his first of several apartment complexes. The property wasn’t on the market for sale. We were searching our data banks for a complex for some California/New York investors the Sunset Ridge complex met most of their requirements. We then contacted the owner who told us the complex wasn’t for sale. After several months of intense negotiations, we finally got it closed. The majority of Commonwealth’s sales are on properties that weren’t on the market. We’ve found that most of the better deals are on complexes that are not for sale! Our 37 years in the local market has given us personal contact with most of the owners & consequently we can usually get a deal together if we have a serious buyer.

Apartments still don’t make economic sense if you only look at today’s numbers, or worse if you look at the 2004 actuals. The market has gone through the worse vacancy in 16 years; consequently, rents are still below 2001 actuals! The apartment buyer today is buying “future cash flows” & usually has long term holding periods, 7-10 years, according to Spraggins.

There are some active buyers in the market today for the first time in several years; Spraggins is currently working with 3 large buyers wanting to purchase 3,000 plus units. Two of these investors have over \$100 million each in liquid funds earmarked for Colorado apartments. We’ve closed over \$90 million in Colorado apartments with these investors in the last year or so.

Class A complexes are in the mid 90’s in occupancy now for the first time since 2001. Much of this occupancy has come at the detriment of the Class B complexes. When the Class A complexes lowered their rents & offered concessions in order to fill their vacant units, many tenants from Class B complexes found they could move up to better quality/amenities with little increase in rent, said Spraggins.

We call this the “migration cycle” in the apartment industry. Many of the Class B complexes went from mid 90’s occupancy to as low as the mid 60’s during this cycle. The Class B complexes will now have to lower their rents to fill these vacancies that moved up to the Class A projects. In turn, the tenants living in Class C complexes will start moving up to Class B projects. After Class A complexes start running in the mid 90’s for a period, the owners will then start raising rents & we’ll start another cycle”, commented Spraggins.

MORE INFORMATION ON APARTMENT SALES: Commonwealth has recently published a detailed 29 page APARTMENT SALES REPORT 1990 – NOVEMBER 2005. It breaks down sales by Class A, B, & C, price by square foot, price per unit, etc. Anyone interested in obtaining this report may contact Commonwealth at (719)685-0600.

COMMONWEALTH SCORES 100% ON FORECASTS SINCE 1969!

This sentence says it all:

*“COMMONWEALTH’S 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%!

In Commonwealth's October, 2000 Apartment Newsletter we advised clients to sell their complexes. We felt we were close to the top of the market & 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?

“Many brokers were putting investors into apartments in 2000 & predicting a strong future market (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. WE HAVE OVER 36 YEARS OF IT!

Never forget that real estate is a local market.

COMMONWEALTH APARTMENT SALES REPORT

Colorado Springs, CO

“WHY DO APARTMENT VALUES GO UP & DOWN”?

By Ron Spraggins, CCIM
President of Commonwealth

We've all heard that the three most important words in real estate are LOCATION, LOCATION, LOCATION. This certainly has some validity, however, in addition to location, I feel that TIMING, TIMING, TIMING, is as important when it comes to investing in apartments. I've seen investors lose money by buying at the wrong time, even though the property was in an excellent location.

If we understand that the ENTIRE WORLD OF INVESTMENT REAL ESTATE IS CASH FLOW, the reasons for values to go up or down become clearer. There are no other economic reasons to buy investment real estate except cash flow-period! Tax benefits are still cash flows.

By specializing in apartments in Colorado Springs since 1969, I've gained a lot of knowledge by experiencing 3 apartment market cycles. All the cycles have been caused by the supply side, over-building.

“The problem is that a market study is done that shows we could handle 1,000 new units & 10 builders build them!”

“When too many units are built: Vacancies go up & rents go down, which causes cash flow to go down, which in turn causes the market values of complexes to go down. When complexes start filling up, the reverse happens. The key to proper apartment investing is TIMING, knowing where the market is & where it's heading.”

Example: In year 2000 Class A complexes sold for \$84,000 per/unit & at \$93 per square foot. Vacancy was 3%. The price fell to \$72,000 a unit & down to \$86 a square foot in just one year-2001. Vacancy rose to 9% in 2001. The average sales price went down because the cash flow went down. Again, the vacancies were caused by over-building.

“The Commonwealth Sales Report goes beyond doing average sales figures & in addition separates all sales by Class A, B, & C quality. Blending all classes of complexes together to arrive at an average can be misleading. It's like mixing Porsche sales with Hugo sales to arrive at the average sales price for cars!”

**COMMONWEALTH
COMPANY INFORMATION**

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?



COMMONWEALTH

THIS PARAGRAPH SAYS IT ALL

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

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Colorado Springs, CO 80903

Email: ron@commonwealth-realestate.com

Mailing address: 21 Via Piedras, Manitou Springs, CO 80829



COMMONWEALTH

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

WHY THE BROKER?

RONALD F. SPRAGGINS, CCIM, PRESIDENT OF COMMONWEALTH

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

LARGEST SALE OF 2004

GRAND RIVER CANYON - 440 UNITS - \$34 MILLION

- 2ND LARGEST SALE IN HISTORY - BOTH IN TERMS OF TOTAL UNITS & SALES PRICE

JUST CLOSED: SUNSET RIDGE - 240 UNITS - \$21.6 MILLION

THE OASIS - 252 UNITS - \$25 MILLION - 3RD LARGEST SALE OF YEAR

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

WINDMILL - 304 UNITS

TIMBERLAND/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 RON AT COMMONWEALTH AND START PLANNING FOR A CLOSING!



COMMONWEALTH

HOLLY SUGAR BLD 2 NORTH CASCADE SUITE 1100 COLORADO SPRINGS, CO 80903

PH: 719-685-0600

EMAIL: Ron@CommonwealthUSA.net

RONALD F. SPRAGGINS, CCIM

SPECIAL ACHIEVEMENTS

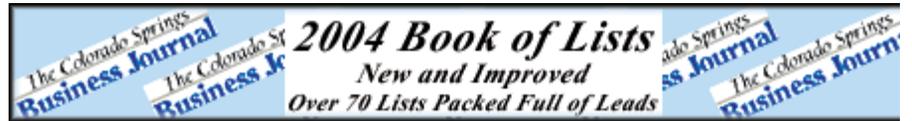
- Closed more income property sales than any broker in Colorado Springs, Colorado (over 100 sales).
- Instructor for the FDIC regulatory agency (RTC) personnel courses through CCIM program.
- Senior Instructor for the National Association of Realtors' CCIM Courses;
CI-101 "Fundamentals of Real Estate Investment & Taxation" and
CI-102 "Fundamentals of Location and Market Analysis"
Instructor for over 10 years.
- Holds the C.C.I.M. (Certified Commercial Investment Member) designation. Highest designation possible in the Investment Real Estate field. First one in Colorado Springs to receive the designation.
- Received "Owner-Operator of the Year" award from the Colorado Apartment Association.
- Member of the Faculty Committee (one of 9 instructors) for the CCIM program.
- Past President of Colorado/Wyoming Chapter of CCIM's (Certified Commercial Investment Member).
- Past President of the Colorado Apartment Association, Colorado Springs Chapter.
- Past President of the Colorado Apartment Association for the State of Colorado.
- Board of Directors Member for Colorado Apartment Association for 8 years.
- Listed in "Who's Who in Real Estate."
- Twice received the "Outstanding Sales" award for Colorado Springs, Colorado.
- Instructor for the University of Colorado's "Advanced Real Estate Investment" courses.
- Author of articles in nationally known "Real Estate Today", "Real Estate Observer", and CI Journal magazines.
- Instructor for Oklahoma State University's Commercial-Investment Real Estate Program.
- Past speaker for Colorado Association of Realtor's State Convention.
- Developed and marketed "Garden of the Gods Estates", an exclusive subdivision that borders the Garden of the Gods Park.
- Hold Commonwealth Investment Corporation's sales record.



May 7, 2004

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Multifamily market trends key to successful investment

by Becky Hurley
05/07/2004

Some commercial and multifamily brokers derive pleasure from the sales process. Others enjoy crunching numbers to determine cap rates, internal rates of return or cash flow.

In a special class, however, are the deal-makers who thrive on creating a "big win" environment for investors, based on pre-sale market analysis, on an examination of high-return investment opportunities and a working knowledge of market dynamics.



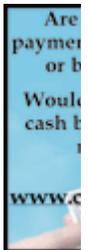
CSBJ Photo

The latter, as Ron Spraggins, president of Commonwealth Investments has learned, comes from years of experience - his own began in the mid-1970s. As a contemporary of Colorado Springs' commercial real estate industry pioneers such as Steve Schuck, John Olive and Steve Engel, Spraggins founded the city's first multifamily brokerage in 1975.

He once owned Broadmoor Villa Apartments, Glen Pond and Country Club Gardens. Today the veteran broker is mentoring his sons, Shane and Ryan, on the intricacies of the multifamily market and on what constitutes a good investment.

To owners and property managers such as Steve Engel at Griffis-Blessing, this attention to the subtleties of the business pay off in increased profits. "In our business you have to pay attention not only to what year a property was built and the rents a one or two bedroom unit will generate, but to the quality of the structure - the 'class' of property you operate," he said. "You have to also figure in the cost of marketing and incentives."

Welcome
RON SPRAGGINS

[My Account](#)


Investors focus of data-rich report

Engel credits Spraggins and Commonwealth with providing some of the cleanest and most helpful data available in the Pikes Peak region apartment market. The Commonwealth 2004 Apartment Market Survey, compiled and published in January includes data from 313 apartment complexes of 20 or more units and encompasses more than 30,000 apartments.

Unlike other analysts, including the University of Denver's Gordon Von Stroh, who publishes the Pikes Peak Apartment Association's market status report, Spraggins' team breaks down rents and buildings, not just by quadrants of town, but into seven distinct neighborhoods.

"You can't say that an apartment near Old Colorado City falls in the same category with newer product near MCI in Mountain Shadows," he said. "And all buildings constructed pre-1980 are not alike. In Southwest Colorado Springs, you've got an older property like the Regency Towers Apartments which certainly qualifies as a Class A property. You can't lump it in with average units built in the 1950s off Cheyenne Road or Nevada Avenue."

The report defines Class A apartments as the "best" complexes in terms of location, amenities and quality of construction. Residents are typically white-collar and able to afford single family homes.

Class B units are in complexes surrounded by neighborhood settings. Amenities typically include a pool and formal play area. The properties are better maintained and have better curb appeal than Class C complexes. Tenants are described as young families and single parents who value school district location.

Class C properties are found in transition areas between commercial sectors and residential neighborhoods. They often are clustered with other apartment complexes, offer amenities similar to Class B complexes, but may not be as well-maintained. Tenant population is varied, and price, more often than location, is most important.

Commonwealth's team also divides multifamily rents into "street rents" and "economic rents" - differentiating what asking rents are for new tenants in contrast to street rents minus concessions.

"Since the 11,000 troops were deployed a year ago, we saw complexes giving away everything from one or two free months rent to washers and dryers or bicycles to attract new residents," he said. "Especially for investors who own 200 or 300 units, that cost mounts up and must be figured in to any P&L."

Engle said that Spraggins' analysis is "right on."

"Like him, we are seeing tenants migrate from Class C or B apartments to the amenities of Class A complexes," Engle said. "That has come about because low interest rates, a slow job market and troop deployments which created higher vacancies in all local

properties. As a result, landlords have offered aggressive incentives and have lowered rents to attractive levels."

That trend may soon level off, however. Returning troops have swelled occupancy rates at properties such as Creekside at Palmer Park, a \$20 million-plus new Class A complex completed by Griffis-Blessing for an investor in 2002. A spokesman for the 333-unit property said a \$250 move-in incentive continues, but a four to five percent vacancy rate means tenants are willing to pay anywhere from \$800 to \$1200 per month (on a 12 to 15-month lease) for a one- or two-bedroom unit.

Reflecting on past highs and lows

An individualist who doesn't always subscribe to others' definition of a "hot market", Spraggins finds some top sales per unit statistics generated since 2000 to be contradictory. His office bases its work on the assumption that apartment investors like to buy low and sell high.

"Looking back, 2000 was the top of the market - the time to be selling, not buying," he said. "Almost all who bought earlier in the 90s made fantastic returns. Class A properties that sold in 2000 for \$84,000 per unit won't see a positive return for years because the average price of Class A units sold in 2001 dropped to \$71,000 and remain at that level in 2004. That means investors who have owned real estate for four years have not yet seen appreciation back to the price they paid in 2000."

Through four recessionary cycles, the broker has made an avocation of tracking "street rents", "economic rents" and tenant migration statistics, all of which are key to long-term investor gains.

In the preface to the January 2004 report, Spraggins included yearend 2003 migratory trends in the tenant population - noting that Class A vacancies were down to 12 percent while vacancies at Class B complexes soared to 17 percent. Perhaps surprisingly to those outside the industry, Class A complexes in good geographic areas were enjoying 90 to 98-percent occupancies.

Spraggins also notes that while "location, location, location" is an accepted real estate mantra, in the case of multifamily investment, "timing, timing, timing" may be more accurate. "I've seen investors lose money in a great location if they purchased at the wrong time," he said.

To illustrate, he recalls advising his clients to buy in 1990 when vacancy rates hovered at 14 percent and had been higher than 12 percent since 1984. By 1994, vacancies had dropped to 1 percent. "The largest rent increases in our history occurred through 2000," Spraggins said. "Building values rose on some complexes from \$10,000 per unit to over \$50,000 per unit. Once again, the idea, like all investments, is to buy low and sell high."

Looking into

the crystal ball

While Spraggins enjoys recounting stories of past "big win" investments - including a 4,300-percent return on one client's \$200,000 investment in the Wildridge Apartment complex, purchased for \$4.6 million in 1991 and sold in 1993 for \$8.6 million - he remains focused on the future.

"Our research indicates that the market will basically remain unchanged in 2004 unless new apartment households exceed the new units being added," he said. "When this happens the vacancy rate goes down, allowing rents to start escalating, which in return, increases the value of the apartment complex."

Commonwealth's research reports that 300 units will come on line in 2004, but notes that 440 more are "on hold," pending the return of a robust apartment market.

Spraggins sees the return of the troops as a boon to the market, but cautions that the privatization of Fort Carson's post family housing is well under way. He points to 840 new apartments units added in Phase I, with additional units planned for Phase II, according to GMH Military Housing estimates.

-Editorial@csbj.com

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REPRINT FROM COLORADO SPRINGS BUSINESS JOURNAL

GRIFFIS-BLESSING IS THE AREA'S LARGEST OWNER/ MANAGER WITH OVER 4,000 APARTMENT UNITS

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Serving Colorado Springs Since 1975

**COMMONWEALTH'S
COLORADO SPRINGS APARTMENT SALES REPORT**

JANUARY-JUNE 2006

SUMMARY

<u>COMPLEX SIZES:</u>	FROM 156 TO 364 UNITS
<u>PRICE PER UNIT RANGE:</u>	\$37,500 TO \$105,500
<u>PRICE PER SQUARE FOOT RANGE:</u>	\$46 TO \$95
<u>TOTAL SALES VOLUME:</u>	\$90,890,000
<u>TOTAL UNITS SOLD:</u>	1,190

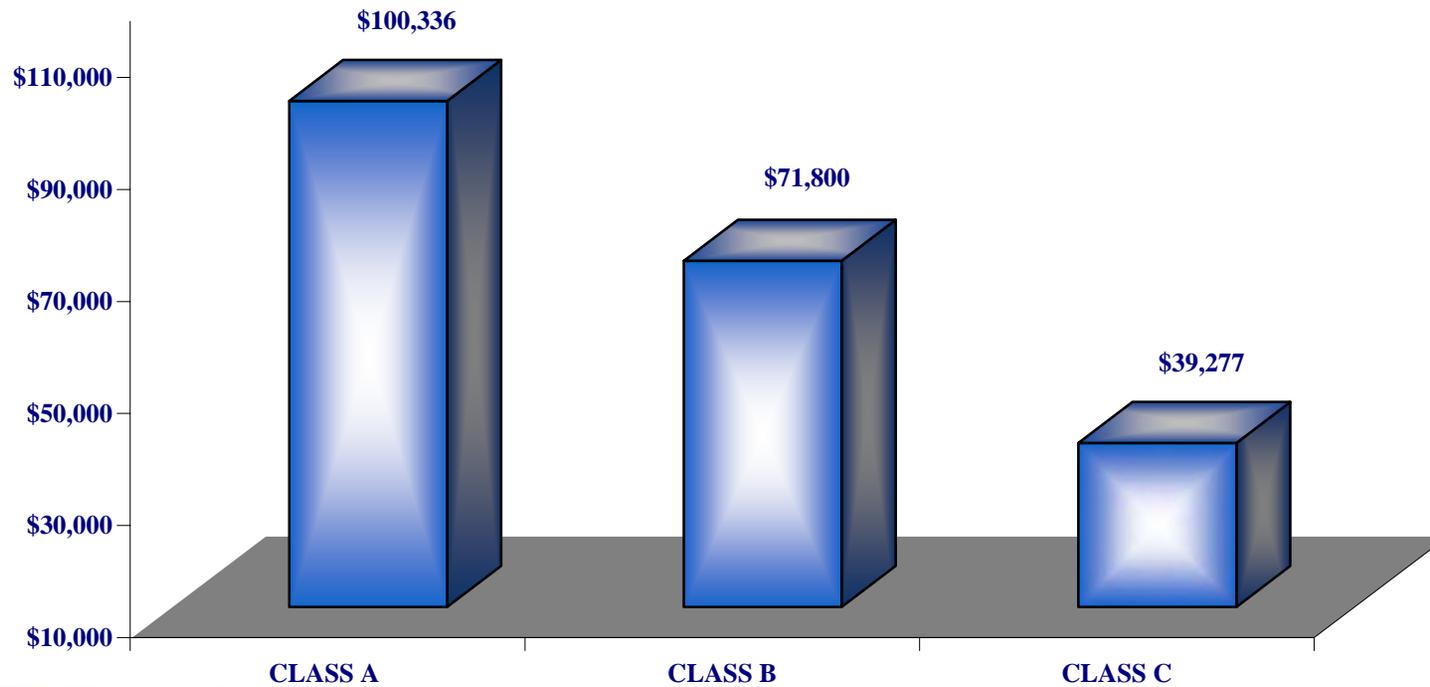
BY CLASS A-B-C QUALITY

	<u>UNITS SOLD</u>	<u>SALES VOLUME</u>	<u>PRICE PER UNIT</u>	<u>PRICE PER SQ FT</u>
<u>CLASS A:</u>	640	\$64,215,000	\$100,336	\$89
<u>CLASS B:</u>	156	\$11,200,000	\$71,795	\$82
<u>CLASS C:</u>	394	\$15,475,000	\$39,277	\$50
<u>TOTALS:</u>	1,190	\$90,890,000		

COLORADO SPRINGS APARTMENT SALES

JANUARY - JUNE 2006

DOLLARS PER UNIT BY CLASS (In Thousands)



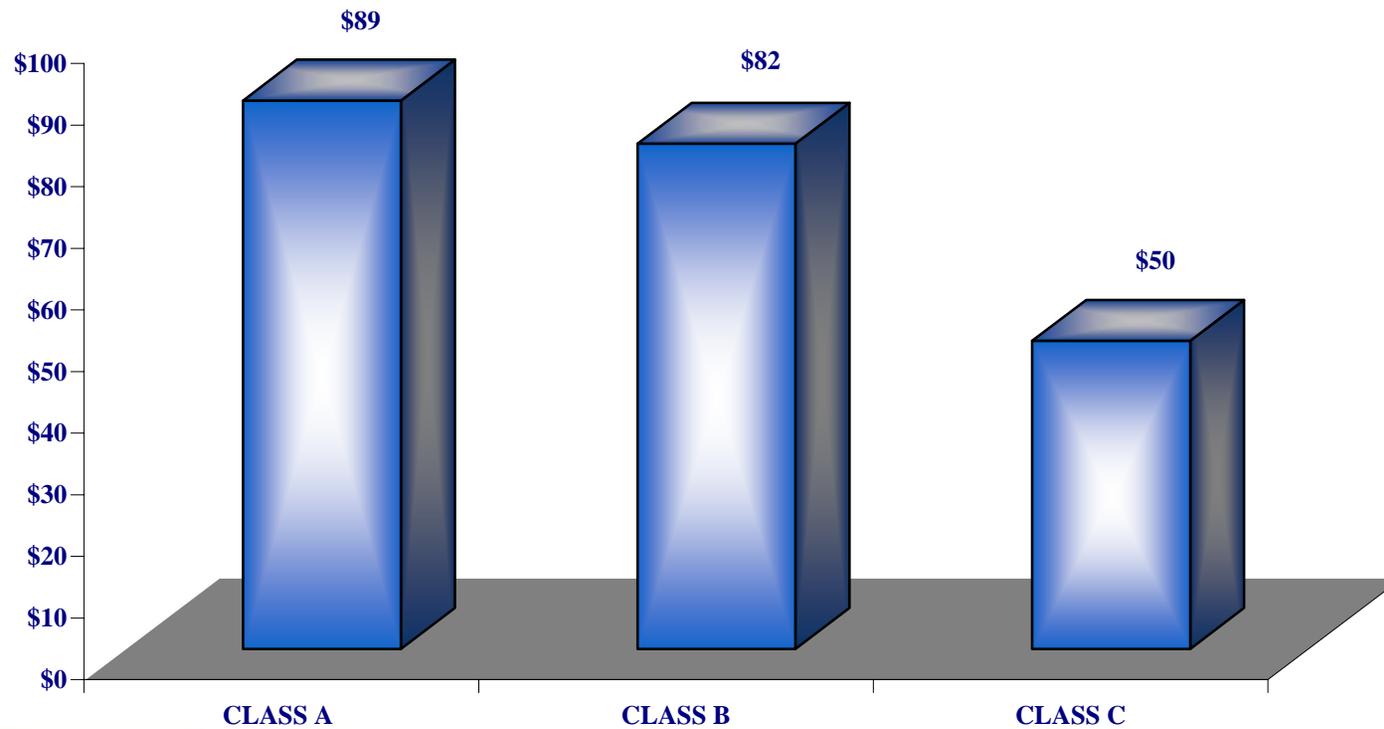
SOURCE: EL PASO COUNTY RECORDS

**FOR DETAILED INFORMATION CONTACT:
RON SPRAGGINS, CCIM (719) 685-0600**

COLORADO SPRINGS APARTMENT SALES

JANUARY - JUNE 2006

DOLLARS PER SQ. FT. BY CLASS (In Thousands)



SOURCE: EL PASO COUNTY RECORDS

**FOR DETAILED INFORMATION CONTACT:
RON SPRAGGINS, CCIM (719) 685-0600**

COLORADO SPRINGS COMMONWEALTH'S APARTMENT SALES REPORT YEAR END 2005

**By Ron Spraggins, CCIM
President of Commonwealth**

The apartment sales market through December of 2005 continues at a record pace.

Total sales volume was \$150,667,900. The 2,151 total units sold ranged in complex size from 46 units to 286 units. The price per unit ranged from a low of \$27,600 to a record setting high of \$110,500 per unit.

Mixing data together from Class A, B, & C properties & arriving at averages, like the other reports, has little value for an investor. It's like mixing Porsche speed times with Hugo's & coming up with an average. It doesn't tell either anything useful. When you have data points from \$27,600 to over \$110,000 & average them, you have useless information.

Commonwealth's reports are the only reports that separates complexes into CLASS A-B-C IN 8 DISTINCT GEOGRAPHIC AREAS, compared to 4 areas in other reports & all classes are mixed together.

CLASS A:

Class A complexes have averaged \$97,400 per unit in 2005 (or \$102,000 w/Retreat sale at market value) compared to \$93,000 per/unit set in 2004. The 2003 prices were \$52,000 a unit! The price per/unit in 1990 for Class A was \$16,000! That's real appreciation.

Class A had total sales volume \$99,155,000. The total units of 1,018 ranged in complex size from 240 units to 276units.

An all time high of \$110,500 per unit was paid for the Resort at University Park. The Retreat at Cheyenne Mountain, across from Cheyenne Mountain High School, was a sale in lieu of foreclosure. It was a direct sale from the bank & they sold it for \$10-15,000 a unit below market value!

In all their wisdom, they didn't even bother to call a local broker for value. Instead, they called a California broker & the deal was done for approximately \$80,000 a door! We had a client offer \$95,000 a unit to the new owners & the counter was \$110,000 a unit! They made a great buy; due to banker & seller ignorance of the local market.

Class A complexes sold for almost \$56,000 per unit more than Class C complexes & \$35,000 more than Class B properties. This clearly shows why data must be separated into classes in order to be useful.

And finally, Class B properties sold for more than the highs investors paid in year 2000! Class C's, however are still selling for \$6,000 per unit less than the record setting \$47,000 a door in 2000!

Class C's had declined from \$47,000 a unit in year 2000 to \$32,000 a unit in 2004, while Class B's went down to \$52,000 per unit in 2003. Class A's, on the other hand, sold for \$84,000 a door in 2000 & only went down to \$72,000 in 2001. They were back up to \$84,000 a unit in 2002, \$93,000 in 2004 & up to \$97-\$102,000 for the year 2005.

CLASS B:

Class B's have averaged \$62,182 a unit compared to \$61,000 in 2000.

Total sales volume was \$13,680,000. Price per/unit was up from \$54,000 in 2004. After 5 years prices finally surpassed the per unit high of \$61,000 paid in 2000!

Price per square foot was \$80, compared to \$61 for 2004 & \$70 a foot paid in 2000.

CLASS C:

Class C product sold for \$41,400 a door, up from the \$32,000 a unit average in 2004. There were 2 sales in the \$28,000 per unit range! That's over \$80,000 a unit less than the highest Class A sale!

The Class C- 2005 prices are still \$6,000 a unit less than the \$47,000 a unit paid in 2000. This shows the importance of "timing" when making an apartment purchase. In essence, if you bought in 2000 for \$47,000 a unit, your complex, after 5 years, is now selling for \$6,000 per/unit less than you paid 5 years ago!

The price per square foot through November of 2005 was \$55.

"Apartments still don't make economic sense if you just look at today's numbers or worse if you look at the actual income/expenses. The market has gone through the worse vacancy in 16 years; consequently, economic rents are still below 2001 actuals! The apartment buyer today is buying "future cash flows" & usually have long term holding periods", according to Ron Spraggins, CCIM.

We have a group we've worked with for over 25 years with over \$100 million in liquid funds earmarked for Colorado Springs apartments.

If you'd like to sell & close quickly at market values, please give me a call. We can do our numbers, etc. without any public knowledge, including your on site personnel, & give you a written offer in a few days. We've close deals in less than 30 days from start to finish. We've been approved to assume Fannie Mae & also new loans over \$25 million.

Before you list, call us, WE'LL HAVE YOUR COMPLEX CLOSED BEFORE THE OTHER FIRMS HAVE COMPLETED THEIR MARKET RESEARCH!

FOR THE COMPLETE:

"COMMONWEALTH'S APARTMENT SALES REPORT 1990 - DECEMBER 2005"

CONTACT: Ron Spraggins, CCIM at Commonwealth. Email: Ron@CommonwealthUSA.net
Phone 719-685-0600.

COMMONWEALTH SURVEY

CLASS DESCRIPTIONS

CLASS A:

Includes the best complexes in terms of Location, Amenities, & Quality of Construction. Typically includes larger unit sizes, washer/dryer hook ups & garages/carports. Tenant Population is typically white-collar able to afford single family home, if desired.

CLASS B:

Includes complexes located in neighborhood settings. Amenities typically include pool & Formal play area. Properties are better maintained & enjoy better curb appeal than Class C complexes. Tenant population includes young families & single parents. School District is often important.

CLASS C:

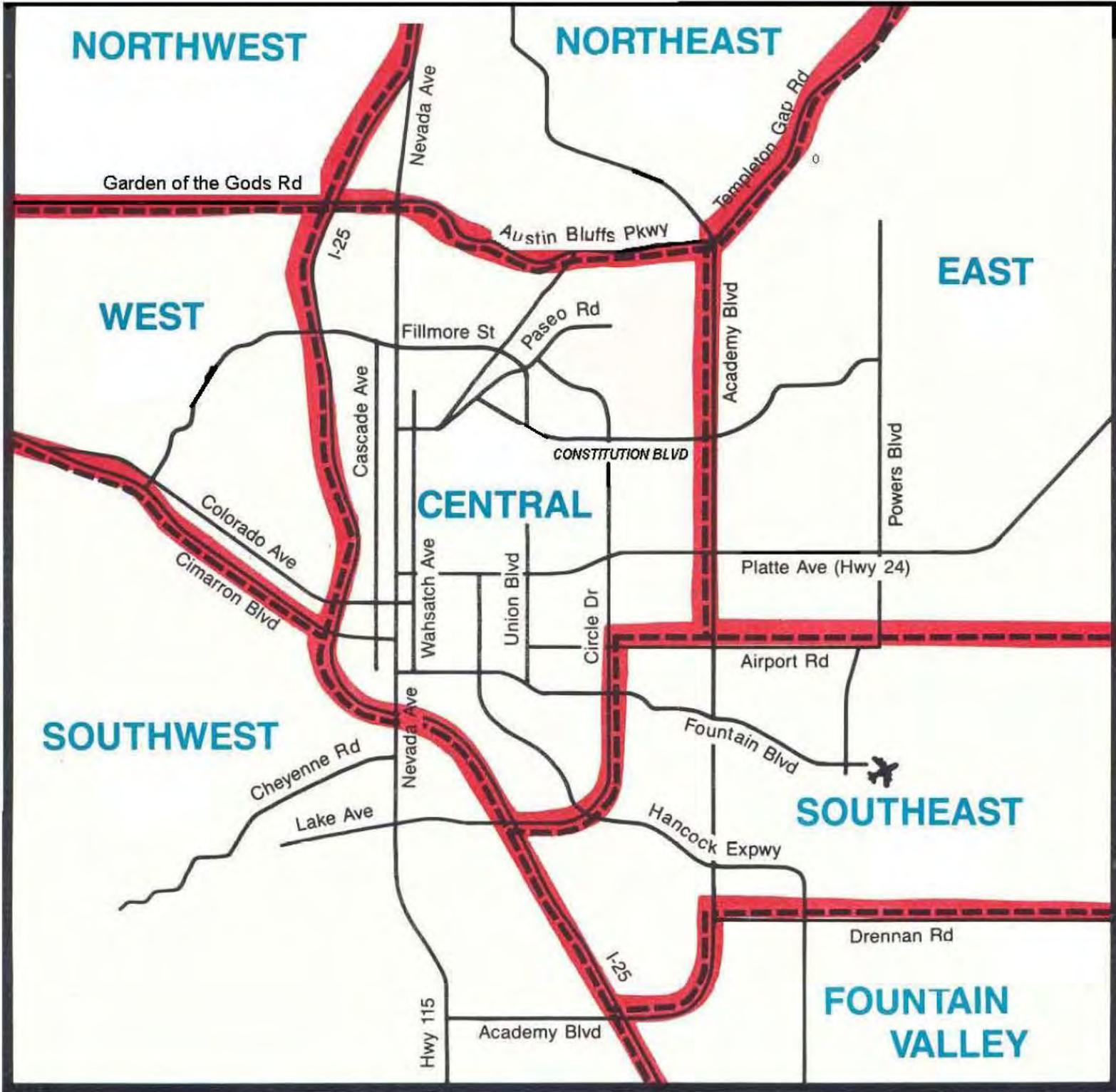
Includes complexes in transition areas between commercial sectors & residential neighborhoods. Often found in cluster with other apartment complexes. Amenities are similar to Class B complexes, but properties are not as well maintained. Tenant population is varied. Price often more important than location & amenities.

We assembled representatives from the leading Apartment Rental Agencies, Owners/Investors, & Resident Managers to determine geographic areas and descriptions to be used in classifying complexes by Class A, B, & C. The descriptions & geographic lines were arrived at after many hours of discussions by over 25 leaders in the apartment industry. These people deal directly with these items on a daily basis. They have first hand knowledge of how tenants/owners view geographic lines & quality of complexes.



COMMONWEALTH
REGIONS OLDEST APARTMENT FIRM
NO. 1 IN SALES FOR 30 YEARS

GEOGRAPHIC AREAS



COMMONWEALTH'S
COLORADO SPRINGS APARTMENT SALES REPORT
YEAR END REPORT 2005
(JANUARY-DECEMBER)

SUMMARY

<u>COMPLEX SIZES:</u>	FROM 46 TO 286 UNITS
<u>PRICE PER UNIT RANGE:</u>	\$27,600 TO \$110,500
<u>PRICE PER SQUARE FOOT RANGE:</u>	\$44 TO \$113
<u>TOTAL SALES VOLUME:</u>	\$150,667,900
<u>TOTAL UNITS SOLD:</u>	2,151

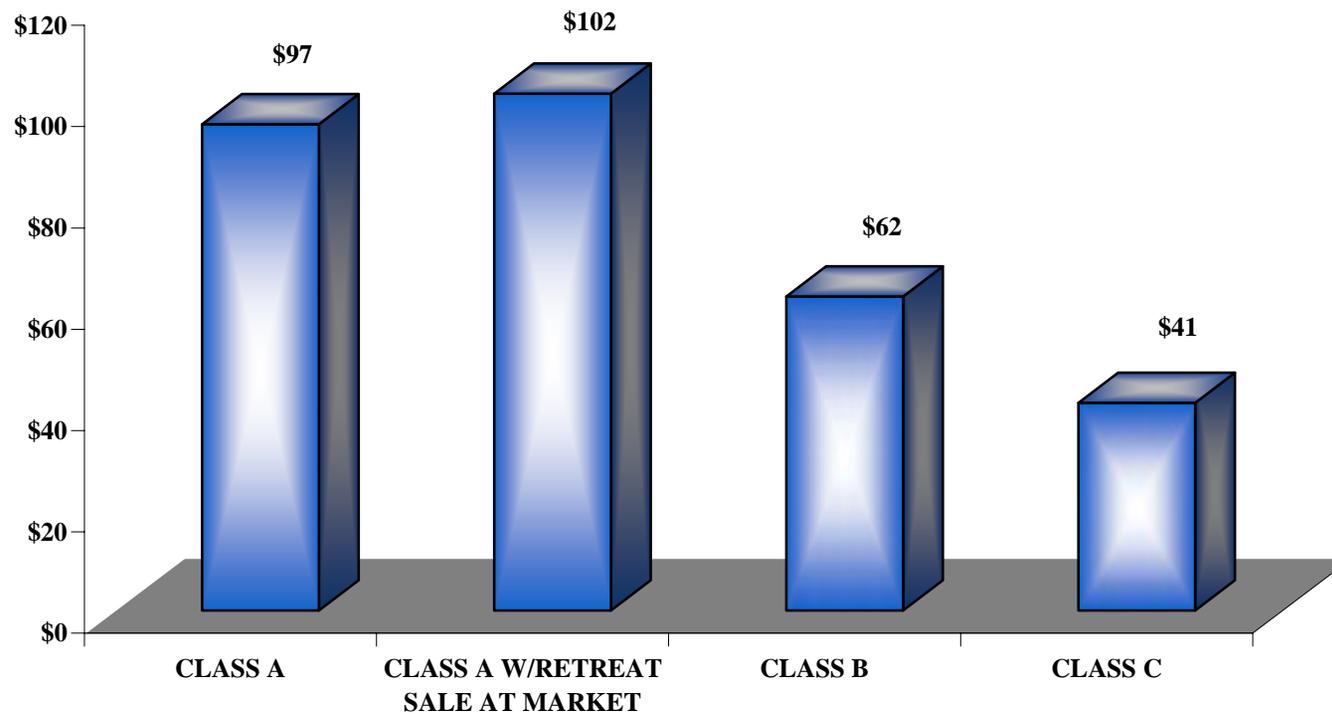
BY CLASS A-B-C QUALITY

	<u>UNITS SOLD</u>	<u>SALES VOLUME</u>	<u>PRICE PER UNIT</u>	<u>PRICE PER SQ FT</u>
<u>CLASS A:</u>	1,018	\$99,155,000	\$97,400	\$95
<u>CLASS B:</u>	220	\$13,680,000	\$62,000	\$80
<u>CLASS C:</u>	913	\$37,832,900	\$41,438	\$55
<u>TOTALS:</u>	<u>2,151</u>	<u>\$150,667,900</u>		

COLORADO SPRINGS APARTMENT SALES

JANUARY-DECEMBER 2005

DOLLARS PER UNIT BY CLASS (In Thousands)



SOURCE: EL PASO COUNTY RECORDS

**FOR DETAILED INFORMATION CONTACT:
RON SPRAGGINS, CCIM (719) 685-0600**

COLORADO SPRINGS APARTMENT SALES

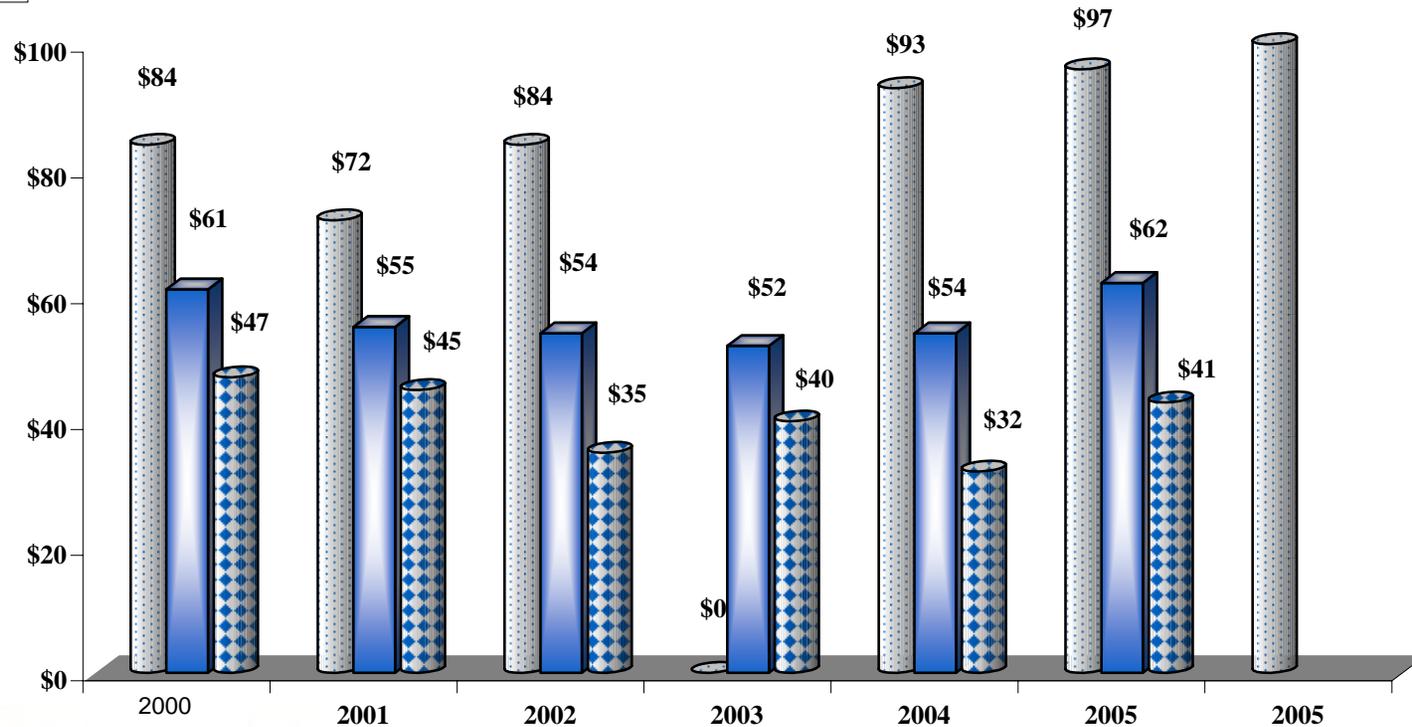
YEAR 2000 - DECEMBER 2005

PRICE PER UNIT BY CLASS

(IN THOUSANDS OF DOLLARS)

\$102 W/RETREAT
SALE@MARKET

- CLASS A
- CLASS B
- ▣ CLASS C



SOURCE: EL PASO COUNTY RECORDS

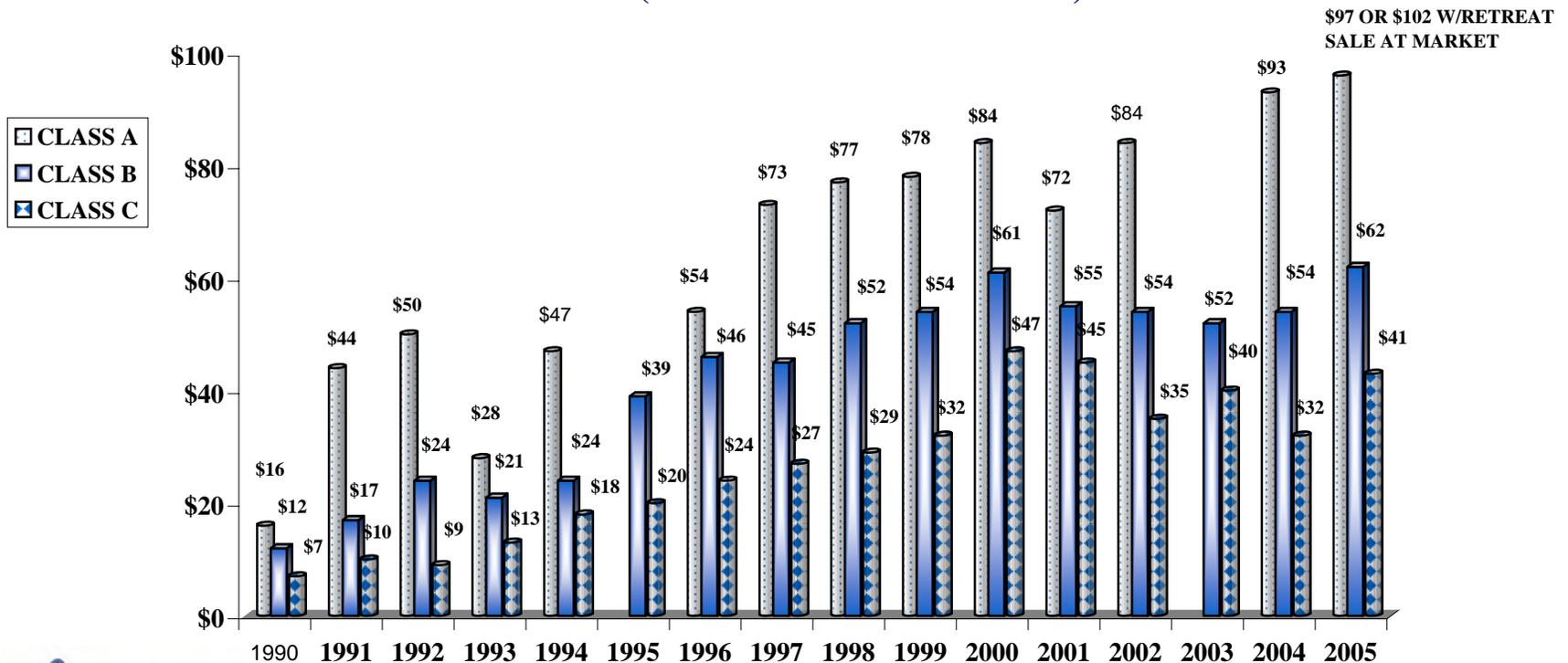
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COLORADO SPRINGS APARTMENT SALES

1990-DECEMBER 2005

DOLLARS PER UNIT BY CLASS

(IN THOUSANDS OF DOLLARS)



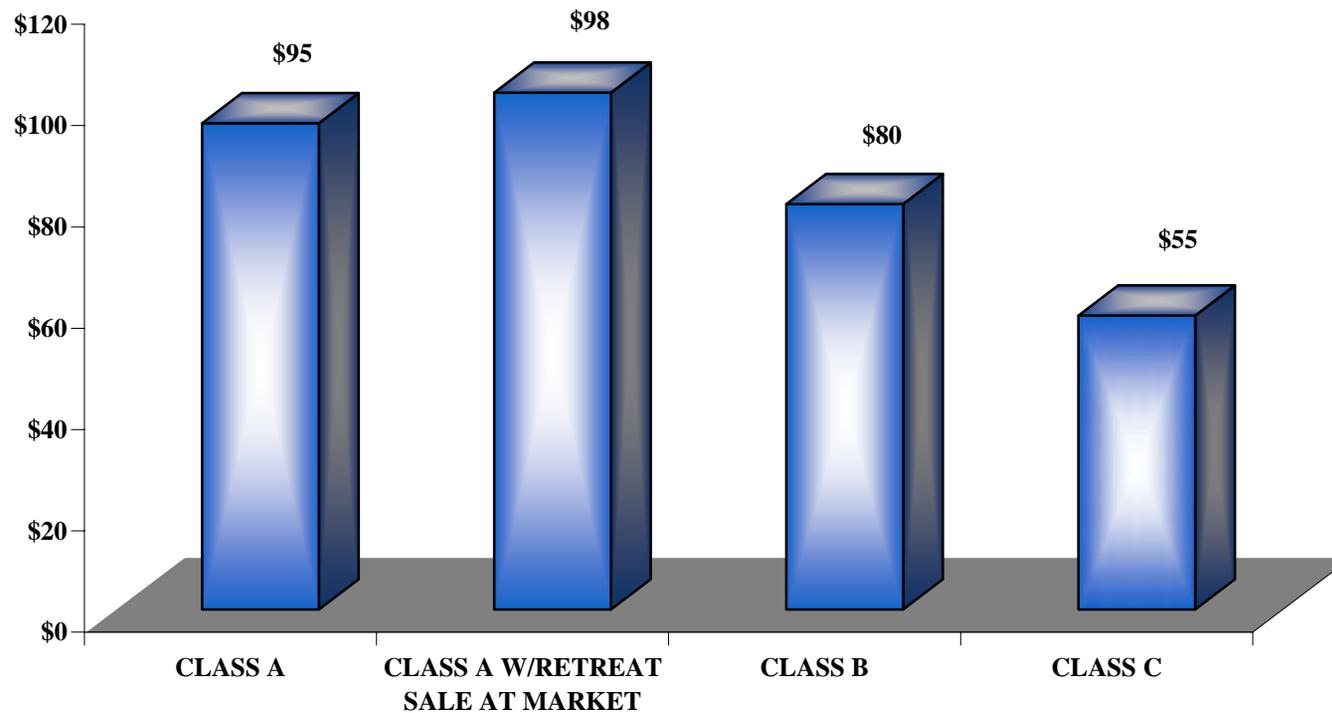
SOURCE: EL PASO COUNTY RECORDS

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COLORADO SPRINGS APARTMENT SALES

JANUARY - DECEMBER 2005

DOLLARS PER SQ FOOT BY CLASS



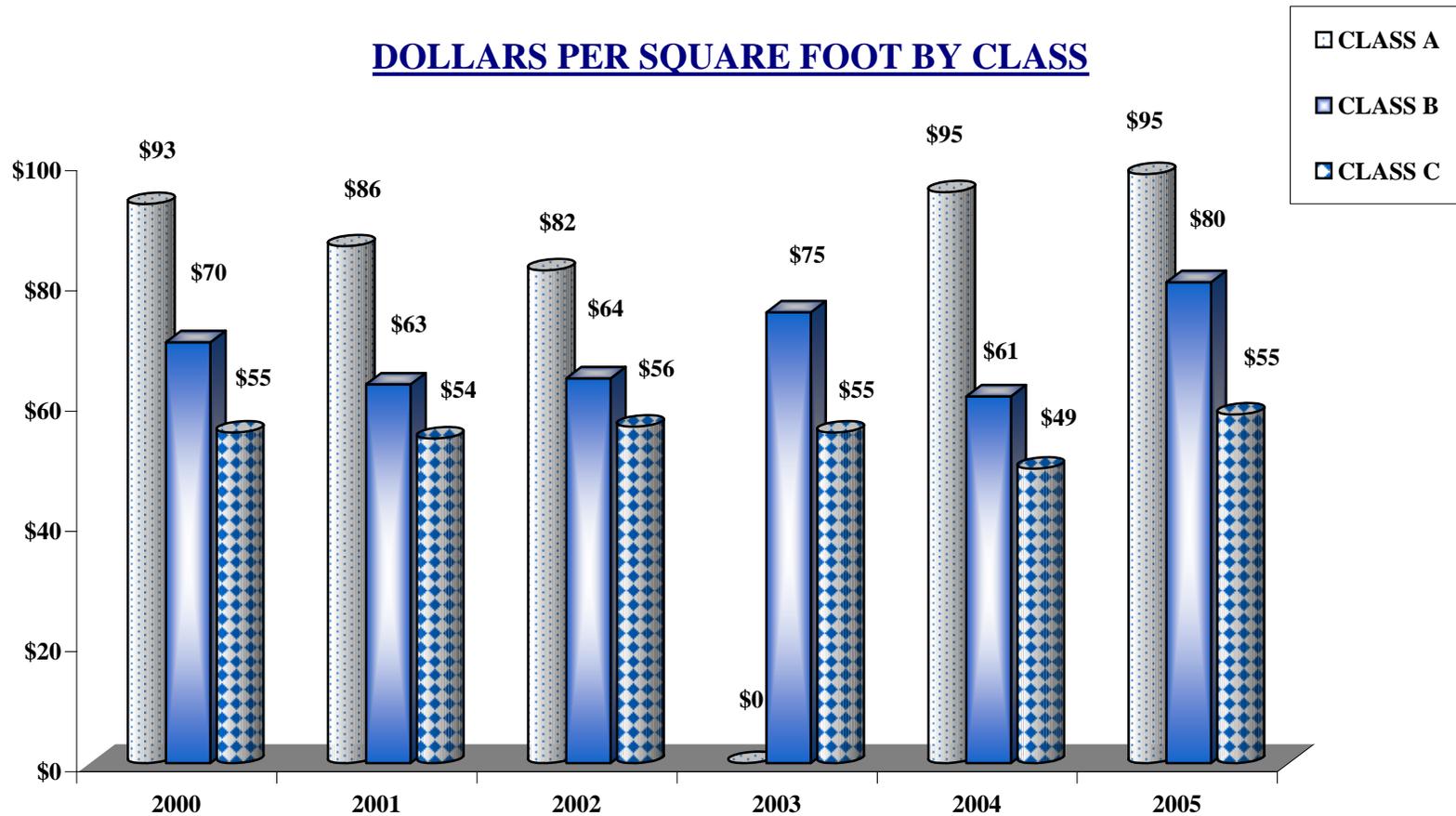
SOURCE: EL PASO COUNTY RECORDS

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COLORADO SPRINGS APARTMENT SALES

YEAR 2000 - DECEMBER 2005

DOLLARS PER SQUARE FOOT BY CLASS



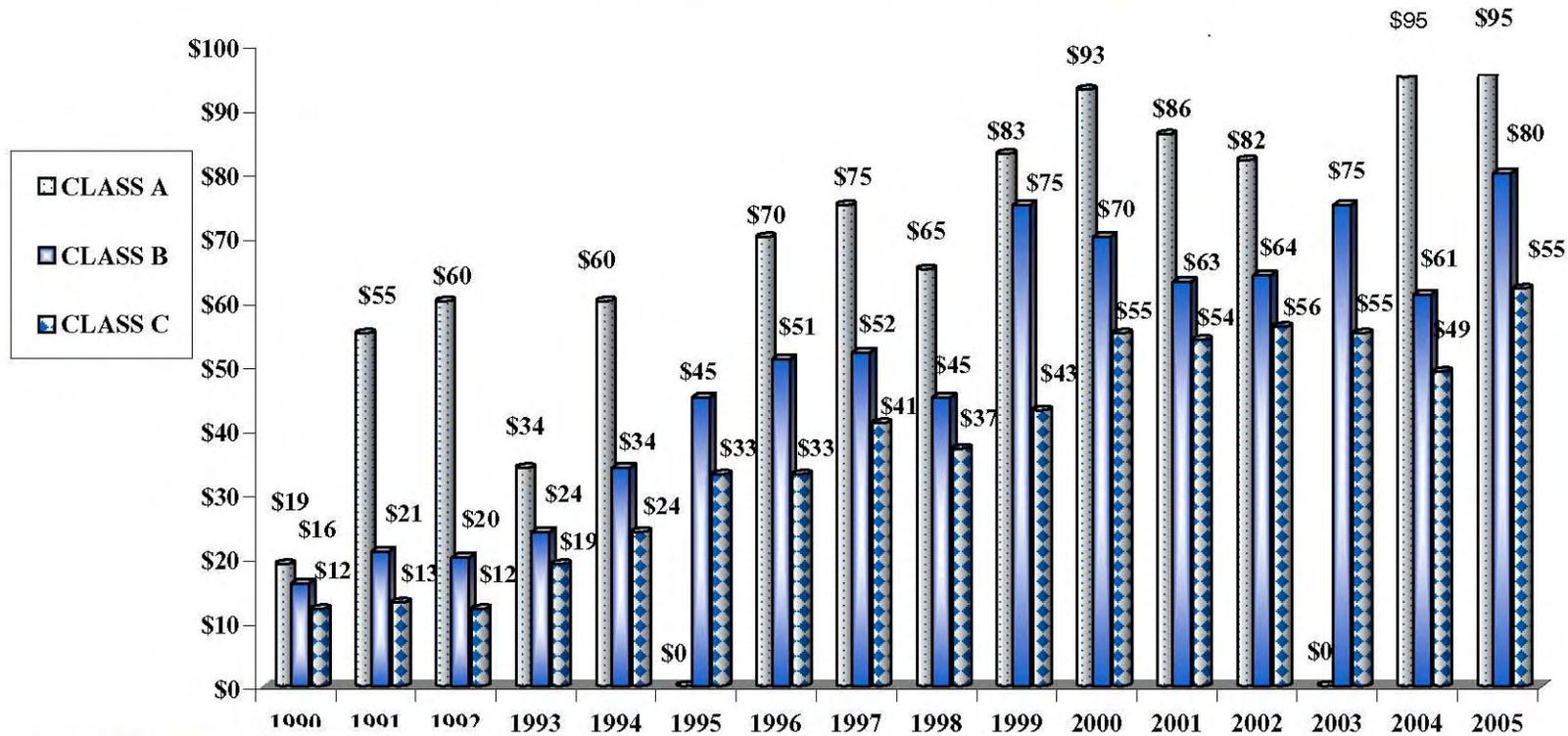
SOURCE: EL PASO COUNTY RECORDS



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APARTMENT SALES 1990-DECEMBER 2005

COLORADO SPRINGS DOLLARS PER SQUARE FOOT BY CLASS



SOURCE: EL PASO COUNTY RECORDS

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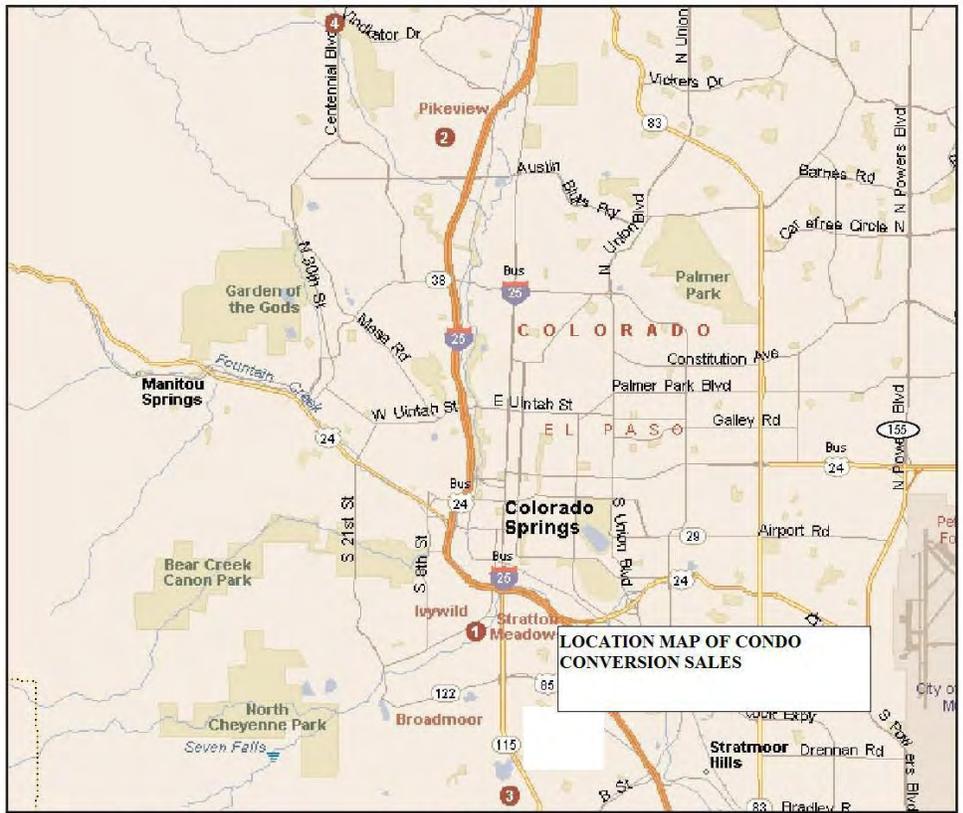
CONDOMINIUM CONVERSION ANALYSIS

CONDO CONVERSION DISCUSSION

The Colorado Springs housing market remains strong. In May of 2005, the median price of a single family house was \$202,000, up 4.2% from the previous year. The average price was \$240,223 compared to \$230,635 a year earlier. For condominiums, the median price as of May 2005 was up 5.7% to \$133,200 from May of last year and the average price was up 3.5% to \$149,640 for the same period.

80906 zip code in Colorado Springs. In that zip code the average sale price for single-family homes was \$386,512 over the last 30 days. There were substantially fewer condominium sales than single-family home sales during the last 30 days because there are only 7 condo projects in that zip code. However, over the last 60 days the average condominium sales price was \$173,254.

Four comparable condo conversion properties now selling were selected to illustrate condo conversion values. The most activity has been in two-bedroom units. Only one complex, Autumn Heights, had a three-bedroom unit on the market at \$174,900 or \$113 per square foot. The other three comparables do not contain three-bedroom units.



Current Condominium Conversions Avg. Asking Prices & Size of 1-Bd Condos			
Project	Price	Square Feet	Price / Sq. Ft.
1. Cheyenne Creek	N/A	N/A	N/A
2. Pinecliff	\$126,100	946	\$133
3. Autumn Heights	\$142,725	1,244	\$115
4. The Arbors	\$136,900	966	\$142
Average	\$135,241	1,052	\$130

Current Condominium Conversions Avg. Sold Prices & Size of 1-Bd Condos			
Project	Price	Square Feet	Price / Sq. Ft.
1. Cheyenne Creek	N/A	N/A	N/A
2. Pinecliff	\$125,875	946	\$133
3. Autumn Heights	\$136,016	1,233	\$110
4. The Arbors	\$128,876	959	\$134
Average	\$130,266	1046	\$126

Current Condominium Conversions Avg. Asking Prices & Size of 2-Bd Condos			
Project	Price	Square Feet	Price / Sq. Ft.
1. Cheyenne Creek	\$172,092	975	\$177
2. Pinecliff	\$146,667	947	\$155
3. Autumn Heights	\$157,016	1,217	\$129
4. The Arbors	\$162,567	1,257	\$129
Average	\$159,586	1,099	\$147

Current Condominium Conversions Avg. Sold Prices & Size of 2-Bd Condos			
Project	Price	Square Feet	Price / Sq. Ft.
1. Cheyenne Creek	\$169,500	975	\$174
2. Pinecliff	\$147,571	1,052	\$140
3. Autumn Heights	\$146,485	1,297	\$113
4. The Arbors	\$162,719	1,278	\$127
Average	\$156,569	1,151	\$139

CHEYENNE CREEK HAS RAISED PRICES ON 2 BEDROOM UNITS TO OVER \$200,000.