

# STATE OF COLORADO

## DEPARTMENT OF LOCAL AFFAIRS DIVISION OF HOUSING

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**FOR IMMEDIATE RELEASE**

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### Apartment vacancies at 3-year low

But vacancies continue to hover around 10 percent

The apartment vacancy rate in the Colorado Springs area dipped to its lowest level since 2004, falling to 9.6 percent during the second quarter, while average rents fell to their lowest levels in 18 months. The survey, released today by the Apartment Association of Colorado Springs and the Colorado Division of Housing, reports that the vacancy rate during the first quarter of this year was 11.4 percent, and the rate for the second quarter of last year was 10.3 percent. Vacancies peaked in Colorado Springs at 13.4 percent during the second quarter of 2005, and have not fallen below 9 percent since 2002. A vacancy rate near or above 10 percent is generally regarded as a sign of a slow rental market among industry experts.

The recent drop in average vacancies does not necessarily indicate that significant declines in vacancies are to be expected. According to Gordon Von Stroh, the report author, and a professor of business at the University of Denver, vacancy rates often decline during the second quarter: "For seasonal reasons, vacancy rates during the second quarter are often lower than the other quarters. Last year, the rate fell to 10.3 percent during the second quarter, but vacancies increased to 12.6 percent by the end of the year. We could see the same sort of thing again this year."

Recent changes in average rents have indicated volatility in the market. During the first quarter of this year, rental rates hit an all time high of \$705.23, but during the second quarter, average rents fell to their lowest levels since 2005, coming in at \$683.06 "Due to the cost of energy and construction, it is only getting more expensive to own and rent apartments" said Kathi Williams, Director of the Colorado Division of Housing. "Higher costs are certainly driving some rent increases, but with average rents dropping back to 2005 levels, and with vacancy rates near 10 percent, it seems that it is still difficult for owners to raise rents very much."

Vacancies were lowest in the northwestern areas of Colorado Springs, with vacancies ranging from 6.1 percent to 7.5 percent, and vacancies were highest in the "Security/Widefield/Fountain" region where vacancies hit 20.9 percent. Buildings built between 1950 and 1979 experienced the highest vacancies, with buildings built during the sixties and seventies reporting vacancy rates above 11 percent. Buildings built during the 1950's reported a vacancy rate of 27.4 percent.

There were no units added to the multi-family rental market in the second quarter of 2007. There are about 43,698 apartment units in the Colorado Springs Metropolitan Area. For the second quarter of 2007, there was a net positive absorption of 787 units. Absorption is the net change in the number of units rented in the current time period (quarter/year) compared to the number of units rented in the previous time period (quarter/year).

The Colorado Springs Metropolitan Area Vacancy and Rent Survey reports averages, and, as a result, there are often differences in rental and vacancy rates by size, location, age of building, and apartment type. All information is based on data received for the month of June, except for resident turnover, which is for the month of May. Information received for the Survey is totally confidential, and only survey totals are reported.

Vacancy and Rent Surveys are available online at the Colorado Division of Housing web site:

<http://dola.colorado.gov/cdh/vacancy/index.htm>

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