

## The Colorado Springs/El Paso County land market maintained excellent momentum in 2017 and shows no signs of slowing down in 2018.

### Building Permit Activity

Year	Single Family	All Others	Annual % Change (Single-Family)	Annual % Change (All Types)
'07	2,135	956	-38.0%	-30.1%
'08	1,223	762	-42.7%	-35.8%
'09	1,105	232	-9.65%	-32.6%
'10	1,404	311	27.1%	28.3%
'11	1,399	821	-.03%	29.4%
'12	2,218	767	59%	34.5%
'13	2,693	745	21.5%	15.2%
'14	2,439	1,090	-9.4%	2.6%
'15	2,739	2,046	12.3%	1.6%
'16	3,237	1,717	18.2%	38.1%
10-Year Avg.	2,059	825		

Through Sept '16	2,595	745		
Through Sept '17	2,684	684	3.4%	1.0%

Source: El Paso County Regional Building Department, Summit Economics, LLC, Colorado Division of Housing and Apartment Association of Southern Colorado

Residential land and lots remained the strongest land market segment in 2017 and is expected to remain the strongest market segment for the next couple of years with steady and sustainable growth. Total single-family home building permits issued in 2017 should exceed 3,500 permits which is approximately 150 permits more than 2016. Issuance of single-family permits is expected to remain flat in 2018 because of a very constrained construction and development labor market, a shortage of available finished lots in all areas of the market and extended entitlement approval processes from all municipalities in the El Paso County region.

In-fill residential development (townhome and duplexes) in nearly all areas of Colorado Springs and market areas north of Woodmen Road to the north El Paso County boundary will offer the most opportunities in the land market in 2018. The purchase of raw or entitled, undeveloped land for residential development is expected to continue to be the market segment leader again in 2018. Downtown land development will continue to expand. Retail land sales continued to be strong in 2017 and are expected to accelerate in 2018, especially in areas along Powers Boulevard and I-25 north of Woodmen Road. Industrial land may be the big surprise in 2018 with pent-up demand in the northern market along I-25 and increasing leasing rates which may lead to speculative building in this

category for the first time in nearly 20 years. The office land market continues to lag and is expected to continue catering to primarily end-users.

The apartment market continued its expansion and growth in 2017 with rents rising over 9% in the last 12 months. The apartment land market saw a surge in late 2017 with many new regional and national apartment developers looking to invest in Colorado Springs because of anticipated continuing rising rental rates and very low vacancy rates. Steady continued growth is expected through 2018 in the senior lifestyle services market (i.e. assisted living, memory care, etc.).

Continued strong and steady job growth that occurred in 2016 and 2017 is expected in 2018. Positive and strong City leadership continues to attract more activity to the area and has been rewarded with numerous “best place to live” accolades and created an exciting outlook for Colorado Springs’ residents, both personally and professionally. Denver area residents will continue moving to Colorado Springs and commuting to Denver because of Colorado Springs’ cost of living and lifestyle. The area is considered the best value on the Front Range and one of the best values in the western United States which will continue to attract more investment from non-Colorado Springs/El Paso County companies, investors and developers.

### Key Transactions 2017

Buyer	Seller	Property	Amount
Home Place, LLC (local development group)	Crossover Financial Liquidating Trust	573.84 acres for residential lots in the Town of Monument, Home Place Ranch.	\$4,570,000
M-3 Real Estate, LLC (holding co. for local manufacturer)	Pueblo Bank & Trust	13.32 acres of commercially zoned property (REO) on the westside of I-25 just south of Fillmore Street	\$1,450,000
Aeroplaza Fountain, LLC (regional developer)	Lion II Custom Investments LLC	120 acres for residential lots Milam Road and Old Ranch Road in north Colorado Springs	\$4,427,500

\* Transaction Represented by QCG