



- Home
- News
  - Local News
  - Sports
  - Obituaries
  - Nation/World
  - Announcements
  - Opinion
  - Business
  - Lifestyle
  - Columnists
  - Extra
  - Government
  - Technology
  - Space & Science
  - Weather
- Windsor Beacon
- Entertainment
- Communities
- Directories
- Classifieds
- Coupons
- Cars
- Jobs
- Homes
- Customer Service



Contact **Lori Langerak**  
to purchase the home  
of your **DREAMS!**  
970-206-9666 X8160

Business - Tuesday, August 12, 2003

**SUBSCRIBE TO THE COLORADOAN**

## Positive economic signs push up rates

By **PAT FERRIER**  
[PatFerrier@coloradoan.com](mailto:PatFerrier@coloradoan.com)

Signs that economic recovery is under way are edging mortgage rates up to their highest level in a year.

Rates on a 30-year fixed mortgage rose to 6.34 percent last week, up from 6.14 the prior week, according to Freddie Mac's Primary Mortgage Market Survey.

While lower interest rates have kept a full-blown recession at bay, increases will likely dampen the lucrative refinance and construction markets that fueled the local economy even as thousands of high-tech jobs disappeared.

"We'll have to see some pickup in business investments," said Ronnie Phillips, chairman of the economics department at Colorado State University.

It may only take a month or two before a real slowdown in the market is seen in Northern Colorado, he said.

The jump in mortgage rates -- more than a full percentage point over the June rate -- has economists speculating that businesses are ready to start spending again.

"Consumers have done their part ... now business investment needs to pick up," said Stephan Weiler, an economist at Colorado State University.

Refinancing accounted for about 70 percent of all mortgage applications earlier in the year, according to the Mortgage Bankers Association.

That activity dropped 60 percent between May and the end of July nationally, Weiler said.

That trend will likely continue, said Gerard Nalezny, president of Community First Bank in Fort Collins, who predicted a significant dropoff in refinancing activity.

"There aren't that many people left untapped," he said.

Much of the local activity going on now is for rates locked in up to 90 days ago.

A survey of primary employers conducted by the Northern Colorado Economic

## JOB HUNTING

- EXECUTIVE
- PROFESSIONAL
- MANAGERIAL
- TECHNICAL



THE OFFICIAL JOB HUNTING FIRM  
OF THE NEW MILLENNIUM™  
[www.jobhunting.com](http://www.jobhunting.com)

 live webADs  
Click here  
to view this  
week's Ad

NOW OPEN



Fort Collins  
970-207-1869

&



Loveland  
970-593-1493

WriterHomes  
A STANDARD PACIFIC COMPANY

VISIT US ONLINE:  
[WRITERHOMES.COM](http://WRITERHOMES.COM)

click here

 sign up now!



Development Corp. indicated a number of businesses are ready to start investing again.

Only 25 percent of primary employers surveyed said they expected their employment levels to drop. More than 40 percent expected to add employees in the near future.

Confidence is also growing amid company executives, which is fueling optimism in the economy.

As confidence in the economy grows, mortgage rates will increase, as well.

While the flurry of homebuying and refinancing may slow, mortgage rates under 7 percent are still considered highly desirable, said Mark Driscoll, president of First National Bank.

"It's a very good rate, but it is bound to slow refinancing activity," he said.

Larry Kendall, broker/ manager of The Group Real Estate, cautioned not to close the door on the refinance market quite yet.

"Someone comparing rates to a year ago can still get a better rate than last year, but if they're comparing to six weeks ago, they missed that one," Kendall said.

Rates, predicted to finish the year at 7 to 7.3 percent, will not be high enough to deter someone from building or buying their dream home or moving if they need to.

Low mortgage rates have had a positive impact on consumers and the local economy, but business spending has not kept pace with consumer and government spending.

For the economy to fully recover, businesses will have to start investing in jobs and equipment.

"There's a lot of money in the economy between tax refunds and government borrowing," Driscoll said. "The government has done everything that can be done to spur a recovery."

**Originally published Tuesday, August 12, 2003**

 [Email this story](#)

[Home](#) | [News](#) | [Entertainment](#) | [Communities](#) | [Directories](#)  
[Classifieds](#) | [Coupons](#) | [Cars](#) | [Jobs](#) | [Homes](#) | [Customer Service](#)

[Contact Us](#) | [Subscribe](#) | [Place an ad](#)

Copyright ©2003 The Fort Collins Coloradoan. All rights reserved.  
Users of this site agree to the [Terms of Service](#)  
(Terms updated 12/20/02)

