



## MULTIFAMILY REPORT

# Denver's Rocky Road Ahead

Summer 2020

**Rent Expansion Temporarily Rebounds**

**Sales Stall, Development Continues**

**Employment Takes Hit, Still Above Nation**



# DENVER MULTIFAMILY



## Rents Recover, But Will They Hold?

The decade-long economic expansion that helped fuel the development boom in Denver has abruptly ended, due to the COVID-19 pandemic. The multifamily market showed resilience to the robust inventory expansion and the health crisis' impacts, and, after 10 consecutive months of declines, rent rates bounced back 0.1% on a trailing three-month basis through July, to an overall average of \$1,549. The occupancy rate in stabilized properties decreased to 94.0% as of June.

Denver continued to outperform the national trend, but although it showed signs of recovery, uncertainty remained high over concerns about a new surge in infections. The unemployment rate rose to a high of 12.3% in April and slid to 10.5% in May, but June preliminary data pointed to a new increase to 11.0%. Leisure and hospitality shrunk by 37.5%, while professional and business services and trade, transportation and utilities—the metro's largest sectors—contracted by 1.2% and 7.6%, respectively. Unemployment claims filed across the state since the outbreak crossed the 694,000 mark in August.

Development was high, with 20,915 units underway as of July and 8,697 units delivered so far in 2020. Meanwhile, transaction activity virtually stopped in the second quarter—of the \$1.6 billion in multifamily assets that traded, nearly \$1.2 billion of transactions were in the first quarter. We expect rents to contract 0.9% by year-end.

## Market Analysis | Summer 2020

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### Recent Denver Transactions

#### Avana Thornton Station



City: Thornton, Colo.  
Buyer: Greystar  
Purchase Price: \$119 MM  
Price per Unit: \$247,917

#### Heritage at Stone Mountain



City: Northglenn, Colo.  
Buyer: Priderock Capital Partners  
Purchase Price: \$83 MM  
Price per Unit: \$259,375

#### Turnberry at Heather Ridge



City: Aurora, Colo.  
Buyer: Evergreen Development  
Purchase Price: \$46 MM  
Price per Unit: \$171,642

#### Patina Flats at the Foundry



City: Loveland, Colo.  
Buyer: Steadfast Cos.  
Purchase Price: \$28 MM  
Price per Unit: \$183,563