

Yardi® Matrix

No Stopping Denver

Multifamily Report Winter 2019

Rent Growth Outpaces Nation

Core Submarkets Attract Investors

New Supply Reaches Cycle Peak

DENVER MULTIFAMILY

Yardi® Matrix

Market Analysis

Winter 2019

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Demand Remains High Amid Supply Surge

Denver's rapidly expanding economy and steady demographic expansion continue to boost a sturdy multifamily market. Although deliveries hit a cycle peak last year, occupancy in stabilized properties stood at 94.9% as of December—flat over 12 months—a sign that absorption remained healthy and rental demand is at least on par with supply.

The metro added 45,300 jobs in the 12 months ending in November for a 2.8% expansion, 70 basis points above the U.S. figure. Trade, transportation and utilities led gains, adding 11,200 positions. The sector could further benefit from the \$1.2 billion infrastructure project set to widen Interstate 70 in northeast Denver. Professional and business services gained 11,000 jobs and office-using employment remained strong; just last year, the metro added 3.3 million square feet of office space to its inventory. The local tech scene is rapidly evolving, and information added 2,100 positions for a 3.5% hike, the largest year-over-year expansion of any sector.

Core areas remain vital, with CBD/Five Points/North Capitol Hill topping the list for both deliveries and transaction volume last year. And despite the 14,457 units that came online in 2018, demand remains strong across the metro and rents continue to advance. Considering Denver's relatively healthy fundamentals, we expect the average rent to rise 3.4% in 2019.

Recent Denver Transactions

Ashford Belmar



City: Lakewood, Colo.
Buyer: Bluerock Real Estate
Purchase Price: \$144 MM
Price per Unit: \$280,273

Centric LoHi by Windsor



City: Denver
Buyer: GID
Purchase Price: \$131 MM
Price per Unit: \$432,947

Infinity LoHi



City: Denver
Buyer: BlackRock
Purchase Price: \$112 MM
Price per Unit: \$409,341

AMLI Cherry Creek



City: Glendale, Colo.
Buyer: AMLI Residential
Purchase Price: \$108 MM
Price per Unit: \$316,191