

YARDI[®] Matrix

Denver's Mile-High Moderation

Multifamily Report Spring 2017

**New Supply Tempers
Rent Growth**

**Construction Activity
Bolsters Employment**

**Investment Volume
Hits New High**

DENVER MULTIFAMILY

YARDI® Matrix

Market Analysis

Spring 2017

Contacts

Paul Fiorilla

Associate Director of Research
Paul.Fiorilla@Yardi.com
(800) 866-1124 x5764

Jack Kern

Director of Research and Publications
Jack.Kern@Yardi.com
(800) 866-1124 x2444

Author

Alex Girda

Senior Editor

Rampant Development Shows Effects

Denver is a hotbed for new commercial and residential construction, largely due to a high population growth and a strong demand for housing. However, an overstuffed development pipeline and the addition of 28,000 units over the last three years have had an impact on rent growth. The downshift that began last fall continued over the past three months, when rent growth dropped by 30 basis points. Despite this moderation, investors remained high on Denver assets, bringing the total sales volume to a cyclical high of \$6.7 billion in 2016.

Strong employment gains are creating demand, especially for Renter-by-Necessity assets, while increasing home prices also sustain the robust demand for rental units. Construction is a leader in job gains, with projects such as the \$1.2 billion widening and covering of the I-70 in Northeast Denver contributing to the growth. Infrastructure projects and the boost that trade received from the legalization of cannabis have transformed the sector into an anchor of the metro’s economy.

The current multifamily expansion has been characterized by fast-paced development and growing investment activity. With more than 24,000 units underway and property sales topping \$400 million in the year’s first two months alone, those trends are poised to continue in the foreseeable future. We expect moderate rent growth of 3.5% in 2017.

Recent Denver Transactions

Alara Union Station



City: Denver
Buyer: American Realty Advisors
Purchase Price: \$154 MM
Price per Unit: \$491,401

Griffis 3100 Pearl



City: Boulder, Colo.
Buyer: Rockwood Capital
Purchase Price: \$136 MM
Price per Unit: \$426,332

Pembroke on the Green



City: Aurora, Colo.
Buyer: Oak Coast Properties
Purchase Price: \$128 MM
Price per Unit: \$133,884

1000 Speer



City: Denver
Buyer: GID
Purchase Price: \$120 MM
Price per Unit: \$535,714