

DENVER

YARDI **M**ATRIX
Data provided by **Pierce**-Eislen

Multifamily Summer Report 2015

Mile-High City Continues to Soar

Double-Digit Rent Growth

Multifamily Supply Accelerating



DENVER MULTIFAMILY

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Market Analysis

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Contacts

Paul Fiorilla

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

Dana Seeley

Senior Research Analyst
Dana.Seeley@Yardi.com
(800) 866-1124 x2035

Jack Kern

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

Mile-High City Continues to Soar

On the back of a solid few years, Denver is continuing on a path of growth. However, the city's reaction to sustained rent and home price gains are having an effect on the economic makeup. The metro's tech sector continues to be one of the local economy's strong points. In spite of a recent dip in employment in the information sector, the announced Google campus in Boulder and the submarket's status as a startup mecca should continue to maintain the software industry as one of the metro's main economic drivers.

Commercial real estate has benefitted greatly from legislation legalizing the use of marijuana. Farming, storage and sales of marijuana have generated demand for retail and industrial space, which has led to increased development in those sectors, as well as putting pressure on vacancy rates.

Buoyant economic and population growth is producing demand for multifamily units. As Millennials become the core active population in Denver, they are changing the characteristics of its real estate market. High prices in the city's core and heightened employment rates are also playing a part, as lower-rated multifamily assets slowly become the main engine of the area's residential market. Rent growth has increased by double digits so far this year, and we expect a 9.5% uptick for the year.

Meanwhile, investor demand pushes asset values in Central Denver to all-time highs, leading those interested to look for new opportunities on the fringes.

Recent Denver Transactions

Bella Terra at City Center



City: Aurora, CO
Buyer: Steadfast Companies
Purchase Price: \$38 MM
Price per Unit: \$123,684

Monterey



City: Littleton, CO
Buyer: Asher Investments
Purchase Price: \$19 MM
Price per Unit: \$132,292

Vista at Trappers Glen



City: Morrison, CO
Buyer: Jeffrey Sanders
Purchase Price: \$65 MM
Price per Unit: \$202,245

Eleven 13



City: Fort Collins, CO
Buyer: Bridge Partners
Purchase Price: \$73 MM
Price per Unit: \$240,864