

Yardi® Matrix

Denver's Development Boom Rages On

Multifamily Report Winter 2018

Tertiary Sector Leads Job Gains

Property Values Hit New High

Affordability Issues Linger

DENVER MULTIFAMILY

Yardi® Matrix

Market Analysis

Winter 2018

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Job Diversity Sustains Economy

Denver's strong employment growth continues to push up the metro's population, maintaining housing demand at high levels, especially for low- and medium-income residents. Lack of affordable housing options continues to be an issue, although the city council plans to add roughly 26,000 affordable units in the coming years. Development has been robust, with more than 17,500 units completed since the start of 2016. As a result, rent growth has now slipped 20 basis points below the 2.5% U.S. growth rate.

The professional and business services sector led job gains, having added 8,400 positions, while education and health services expanded by 7,300 jobs, on the back of the rapidly expanding UCHealth system. The health-care provider is in the middle of adding a number of new community hospitals across the metro, culminating with the \$310 million UCHealth Highlands Ranch Hospital. The office market continued to be strong in 2017, with more than 4 million square feet of space underway, 90% of it Class A.

Multifamily investment has tempered compared to the 2016 cycle high, having reached \$4 billion in 2017 through October. Per-unit prices hit a new cycle high of \$211,671 for the same time span. Although roughly 26,000 rental units were underway as of November, demand is likely to remain elevated, underpinned by growth in employment and solid population gains.

Recent Denver Transactions

Steele Creek



City: Denver
Buyer: UDR
Purchase Price: \$142 MM
Price per Unit: \$649,082

Pembrooke on the Green



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

Kent Place Residences



City: Englewood, Colo.
Buyer: JP Morgan Asset Management
Purchase Price: \$127 MM
Price per Unit: \$424,666

Griffis Union Station



City: Denver
Buyer: Griffis Residential
Purchase Price: \$126 MM
Price per Unit: \$315,000

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