

# Denver's Supply Challenge

January 2025



**Deliveries Mark New High**

**Rents Slide Under Supply Pressure**

**Employment Marks Modest Gains**

# DENVER MULTIFAMILY



## Rental Sector Slows Down

The slowdown in Denver's multifamily market intensified at the start of 2024's fourth quarter, impacted by a surge in new supply. Average advertised asking rents fell 0.8% on a trailing three-month basis through November, to \$1,894, lagging the U.S. rate, which slid 0.2%, to \$1,744. Still, the occupancy rate in stabilized properties endured, down just 10 basis points year-over-year through October, to 94.8%.

Denver's diverse economy slowed progressively throughout the year, posting a mere 0.2% employment growth, or 12,600 jobs, year-over-year through September, well behind the 1.4% U.S. average. Gains were highest in the government sector (12,200 jobs) and education and health services (7,500 jobs). Meanwhile, four sectors recorded a combined loss of 12,000 jobs, with the largest reductions recorded in trade, transportation and utilities (5,600 jobs) and information (2,700 jobs). The unemployment rate rose to 4.5% in October, underperforming the U.S. and the state rates (both at 4.1%). Notable activity in Denver includes the approval of Ballot Measure 6A, which authorizes the use of \$570 million of debt for downtown revitalization.

Developers delivered 17,020 units through November—already a new decade high—and had 33,034 units underway. Sales activity picked up, totaling \$3.4 billion through November, but the per-unit price decreased 9.9% year-to-date, to \$285,651 in November.

## Market Analysis | January 2025

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### Recent Denver Transactions

#### Kent Place Residences



City: Englewood, Colo.  
Buyer: Sequoia Equities  
Purchase Price: \$135 MM  
Price per Unit: \$450,000

#### Parkfield



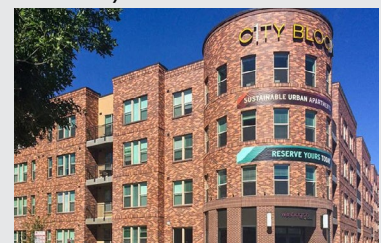
City: Denver  
Buyer: Fairfield Residential  
Purchase Price: \$120 MM  
Price per Unit: \$252,101

#### Dove Valley



City: Englewood, Colo.  
Buyer: Greystar  
Purchase Price: \$95 MM  
Price per Unit: \$304,968

#### ONE City Block



City: Denver  
Buyer: InterCapital Group  
Purchase Price: \$95 MM  
Price per Unit: \$314,570

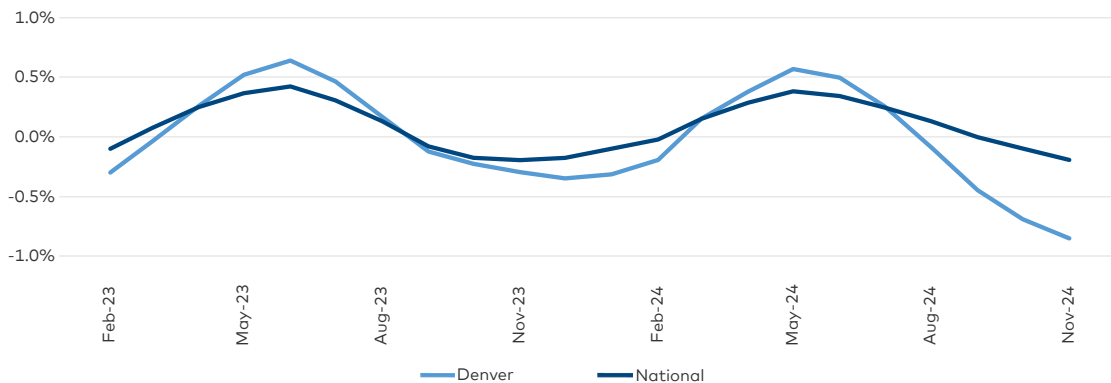
## RENT TRENDS

- ▶ Denver's average advertised asking rent fell 0.8% on a trailing three-month (T3) basis through November, to \$1,894, while the national rate inched down 0.2%, to \$1,744. Between May and July, Denver's T3 rent growth outperformed the nation, indicating that growth in the metro is restricted by the recent high volumes of new supply. In addition, year-over-year rent performance was down 1.7% in Denver, while nationally the rate increased 0.9%.
- ▶ Rent movement was on a steep decline across property segments, down 0.9% to \$2,062, on a T3 basis through November, in Lifestyle, and by 0.8% to \$1,894 for Renter-by-Necessity assets.
- ▶ Occupancy levels amid substantial stock expansion reveal a steady multifamily market. The rate

in stabilized properties decreased just 10 basis points year-over-year through October, to 94.8%. While RBN occupancy fell 0.8%, to 94.3%, Lifestyle increased 0.3%, to 95.0%.

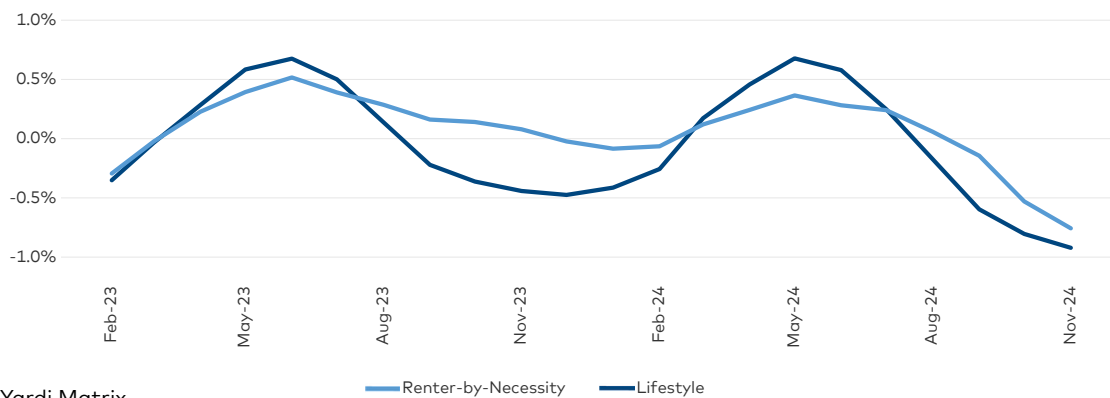
- ▶ Rent movement was positive in 15 of the 49 submarkets tracked by Yardi Matrix, including in some of the most expensive areas: Denver–City Park–Cherry Creek (0.1% year-over-year to \$2,425) and Denver–North (4.6% to \$2,273). In Denver–Downtown, advertised asking rents contracted by 4.8%, to \$2,398.
- ▶ Denver's single-family rental market outperformed multifamily. Advertised asking rents rose 1.1% year-over-year through November, to \$2,661, while occupancy inched up 10 basis points year-over-year through October, to 95.0%.

### Denver vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

### Denver Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

## ECONOMIC SNAPSHOT

- ▶ Denver's employment growth continued to decelerate, down to a modest 0.2% expansion year-over-year through September, adding 12,600 net jobs. Employment gains were sustained by government (12,200 jobs) and education and health services (7,500 jobs). Meanwhile, four sectors lost 12,000 positions combined, with trade, transportation and utilities (5,600 jobs) and information (2,700 jobs) recording the largest losses. Manufacturing was the only sector to remain flat.
- ▶ Unemployment loosened to 4.5% in October, marking the highest level since late 2021, when the market was still recovering from pandemic-induced challenges, according to preliminary

data from the Bureau of Labor Statistics. Denver's jobless rate in October lagged the state and U.S. averages (both at 4.1%).

- ▶ Denver International Airport began a \$1.3 billion expansion in the summer of 2022, slated for completion in the summer of 2028. This year, DEN opened a gate expansion area that added 37,000 square feet of new concourse space in addition to 83,000 square feet of renovated space. Meanwhile, work continues at Denargo Market, which in October delivered public-facing amenities, including a dog park and a sport court. In addition, Ballot Measure 6A was recently approved, which authorized the use of \$570 million of debt for downtown revitalization.

### Denver Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
90	Government	337.3	15.7%
65	Education and Health Services	271.9	12.6%
55	Financial Activities	131.9	6.1%
80	Other Services	88.4	4.1%
70	Leisure and Hospitality	231.8	10.8%
30	Manufacturing	119.8	5.6%
60	Professional and Business Services	400.7	18.6%
15	Mining, Logging and Construction	147	6.8%
50	Information	60.4	2.8%
40	Trade, Transportation and Utilities	363.7	16.9%

Sources: Yardi Matrix, Bureau of Labor Statistics

### Population

- ▶ Denver gained 22,721 residents in 2022, up 0.8%, a substantial uptick from the 0.3% growth rate recorded in 2021 and double the U.S. figure.
- ▶ Between the 2010 Census and 2022, the metro's population rose 20.1%, more than double the 8.9% national rate.

### Denver vs. National Population

	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Denver	2,892,066	2,928,437	2,936,665	2,959,386

Source: U.S. Census

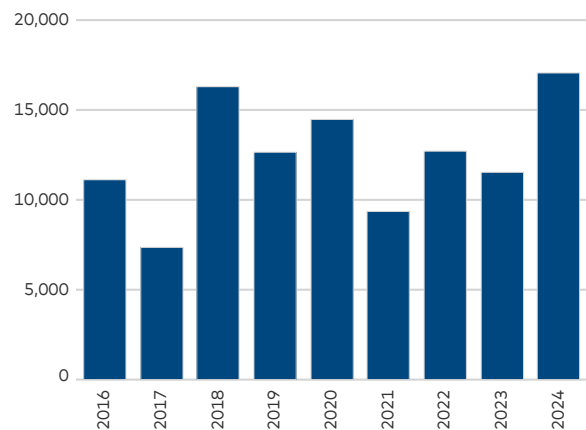
## SUPPLY

- ▶ Denver’s stock gained 17,020 units in 2024 through November, equal to 5.1% of existing inventory. The volume has already surpassed all other year totals recorded over the last decade. A substantial 86.2% of deliveries were units in Lifestyle projects, followed by fully affordable communities (9.2%) and RBN properties (4.6%). Meanwhile, the national rate of expansion was 2.7%.
- ▶ Developers had 33,034 units under construction as of November, and another 118,000 in the planning and permitting stages. The composition of projects underway remained tilted toward the Lifestyle segment, which accounted for 82.1%. Fully affordable projects accounted for 12.3% and RBN properties for 5.6%.
- ▶ New construction dropped considerably in Denver. The volume of projects breaking ground in 2024 through November totaled 6,166 units across 32 properties, which is less than half the 14,404 units across 66 properties that started construction during the same period in 2023.
- ▶ Construction activity was spread out across the metro, with developers active in 39 of the 49 submarkets tracked by Yardi Matrix. Of these, 12 had more than 1,000 units underway,

led by Denver–Central (3,282 units), Denver–Northeast (2,526 units) and Denver–Airport (1,867 units).

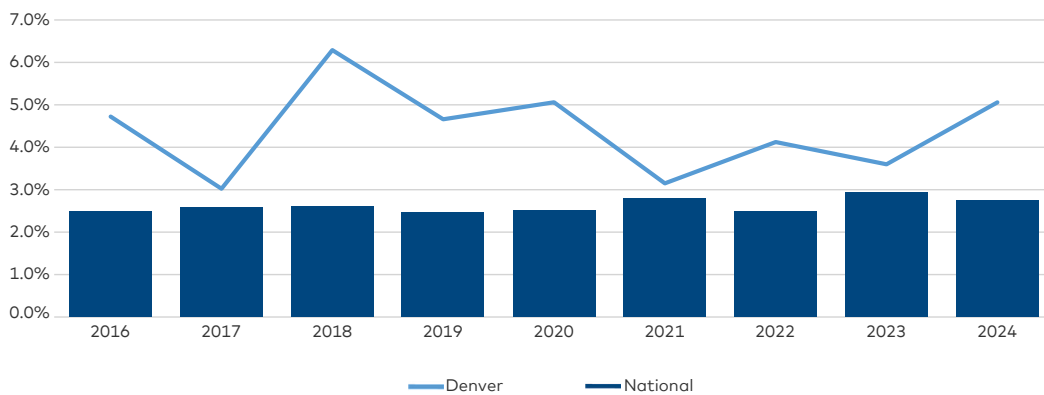
- ▶ Notable recent deliveries include an adaptive reuse project that converted 1904-built Evans School into a 420-unit multifamily Lifestyle property, dubbed Dryden. The project is owned by a joint venture comprising Quarterra Multifamily and CPP Investment Board and includes 9,241 square feet of retail space.

Denver Completions (as of November 2024)



Source: Yardi Matrix

Denver vs. National Completions as a Percentage of Total Stock (as of November 2024)

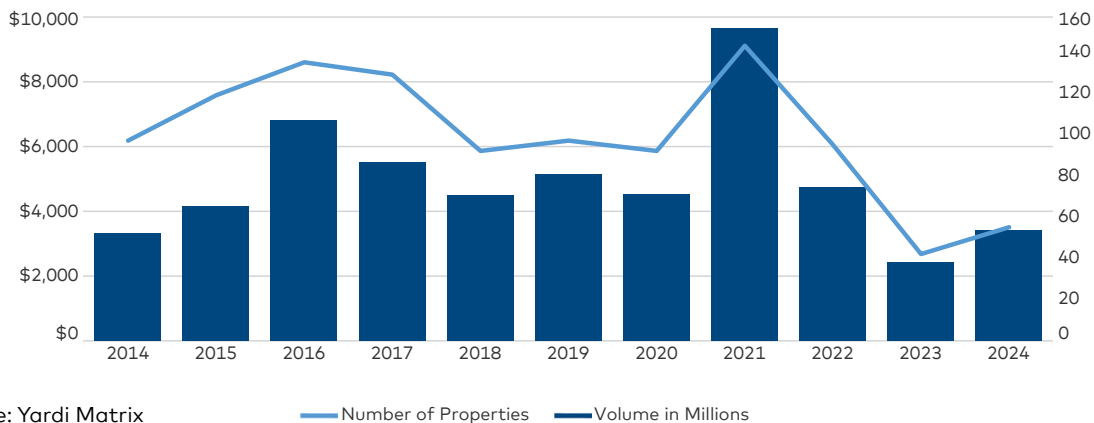


Source: Yardi Matrix

## TRANSACTIONS

- ▶ Investors traded \$3.4 billion in multifamily assets in 2024 through November, surpassing last year's sales volume by around \$1 billion. Still, the rebound is minimal, as the sales figure is the second lowest among annual volumes recorded during the last decade.
- ▶ Although 65% of the sales recorded in 2024 through November involved Lifestyle assets, the average price per unit was down 9.9% this year to, \$285,651. Since 2021, Denver's average per-unit price stood above the \$300,000 mark. Meanwhile, the U.S. rate increased 2.7% to \$192,050.
- ▶ Investment activity was weakest in the second quarter (\$550 million) and rebounded in the third quarter (\$1.3 billion). Notable recent transactions include Fairfield Residential's acquisition of Parkfield from CapitalLand for \$120 million, or \$252,101 per unit. The sale was subject to an \$84 million GSE loan originated by Jones Lang LaSalle.

### Denver Sales Volume and Number of Properties Sold (as of November 2024)



Source: Yardi Matrix

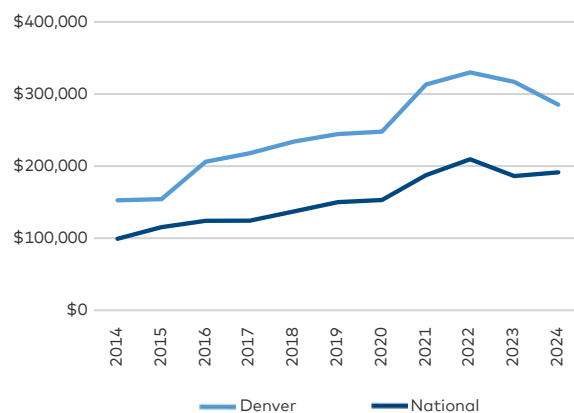
### Top Submarkets for Transaction Volume<sup>1</sup>

Submarket	Volume (\$MM)
Longmont	308
Aurora - Central	270
Fort Collins - South	239
Englewood	230
Centennial - East	212
Denver - Airport	178
Denver - West	177

Source: Yardi Matrix

<sup>1</sup> From December 2023 to November 2024

### Denver vs. National Sales Price per Unit



Source: Yardi Matrix



## How the Boulder Housing Authority Is Addressing Affordability Issues

By Corina Stef

In Boulder, Colo., the issue of affordable housing has become increasingly pressing, as high property costs and limited availability have transformed the city into one of the most expensive markets in the U.S. Boulder Housing Partners, an organization established by the Housing Authority of the City of Boulder, plays a central role in addressing this challenge.

*Tell us a bit about how your portfolio has evolved over the years.*

Durham: Since 2016, we've made significant strides in expanding our housing portfolio, growing from around 1,100 units to 1,850 today. This growth represents our proactive efforts to respond to Boulder's housing affordability challenges. As the demand for affordable housing continues to rise, we focus on increasing the quantity of units while enhancing the quality and sustainability of the homes we offer.

*How are you addressing the ever-increasing demand for affordable housing and the multiple challenges that come with providing this type of housing?*

Durham: One of the most pressing challenges Boulder faces in providing affordable housing is the high cost of housing itself. Boulder consistently ranks as one of the most expensive housing markets in the country, driven by limited land availability, high demand and local building costs. This makes it difficult for many individuals and



families, especially those with low or moderate incomes, to find housing they can afford.

*Can you expand on how you work with the local government and other stakeholders to secure funding for new developments?*

Durham: The City of Boulder provides financial support through its Housing Trust Fund, which helps initiate and sustain new developments. Additionally, the City assists in navigating the land use process, ensuring that our projects receive the necessary approvals. BHP collaborates with Boulder County, which provides funding through its Worthy Cause program. We also look forward to

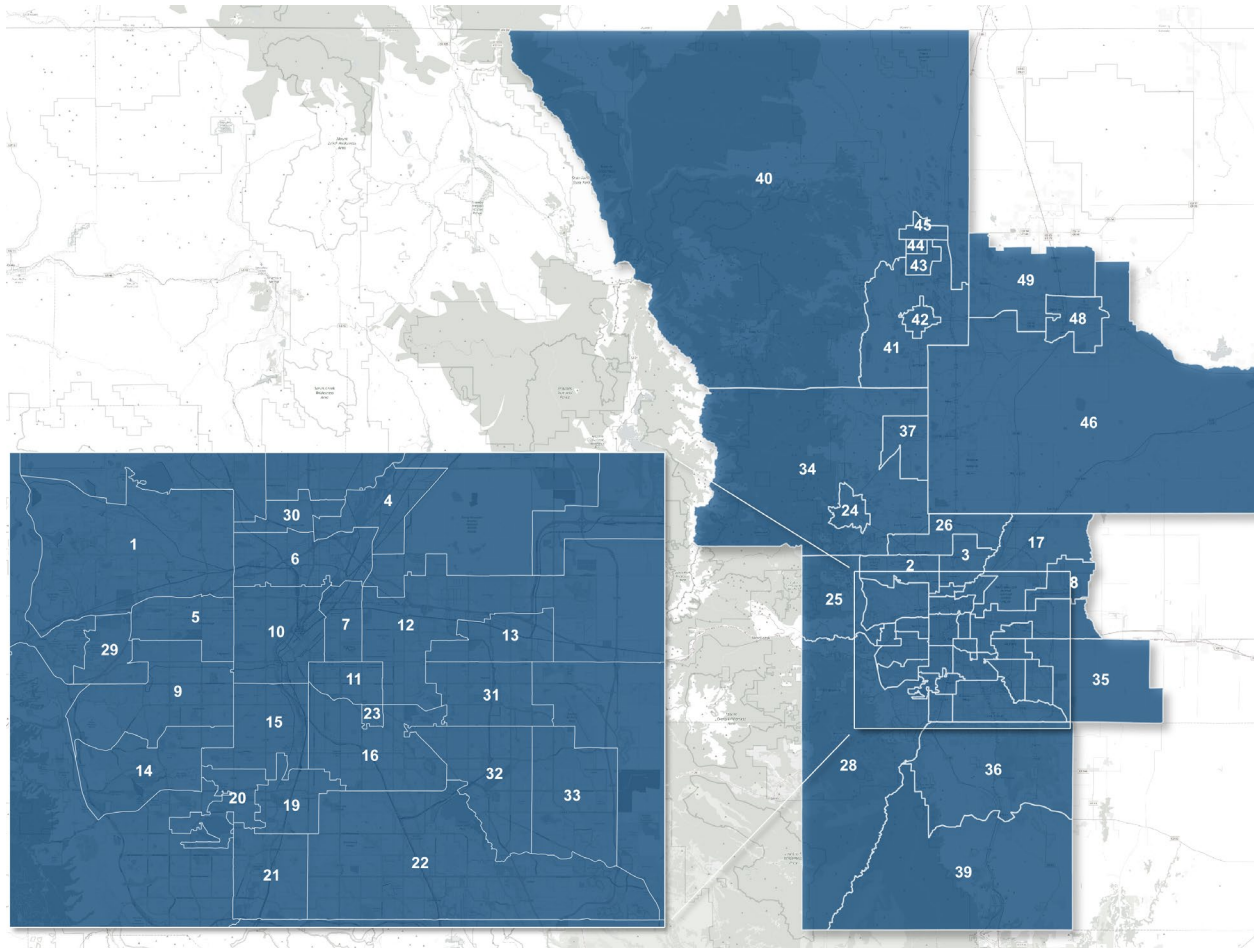
the soon-to-launch Affordable and Attainable Housing Tax Dollars program, which will support our ability to develop affordable housing. These county resources are important in helping us expand our portfolio.

*How else are you supporting your residents and the broader Boulder community?*

Durham: We are committed to creating vibrant, supportive communities where residents can truly thrive. A key part of this effort is our dedicated Resident Services team, which consists of 14 staff members who work directly with residents to connect them with services, build community and foster a sense of belonging. Our Resident Services team plays a vital role in helping residents access resources such as health care, education, job training and financial assistance, ensuring they have the support they need to succeed.

*(Read the complete interview on [multihousingnews.com](https://multihousingnews.com).)*

# DENVER SUBMARKETS



Area No.	Submarket
1	Arvada
2	Westminster
3	Northglenn/Thornton
4	Commerce City/Derby
5	Wheat Ridge
6	Berkley/North Washington
7	City Park/City Park West
8	Denver International Airport
9	Lakewood-North
10	CBD/Five Points/North Chapel Hill
11	Capitol Hill/Cheesman Park/Hale
12	East Colfax/Lowry Field/Stapleton
13	Aurora-Northwest
14	Lakewood-South
15	College View/Ruby Hill

Area No.	Submarket
16	Hampden/Virginia Village/Washington
17	Brighton
19	Englewood/Sheridan
20	Bear Valley/Fort Logan
21	Columbine Valley/Littleton
22	Arapahoe-Southwest
23	Glendale
24	Boulder
25	Golden
26	Broomfield/Todd Creek
28	Jefferson
29	Applewood/West Pleasant View
30	Sherrelwood/Welby
31	Aurora-West Central
32	Aurora-Southwest

Area No.	Submarket
33	Aurora-Southeast
34	Greater Boulder
35	Arapahoe-East
36	Douglas County-North
37	Longmont
39	Douglas County-East
40	Estes Park/Laporte
41	Champion
42	Loveland
43	Fort Collins-South
44	Fort Collins-Central
45	Fort Collins-North
46	Weld South
48	Greeley East
49	Windsor/Greeley West

## DEFINITIONS

**Lifestyle households (renters by choice)** have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

**Renter-by-Necessity households** span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students*, who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households*, composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households*, which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

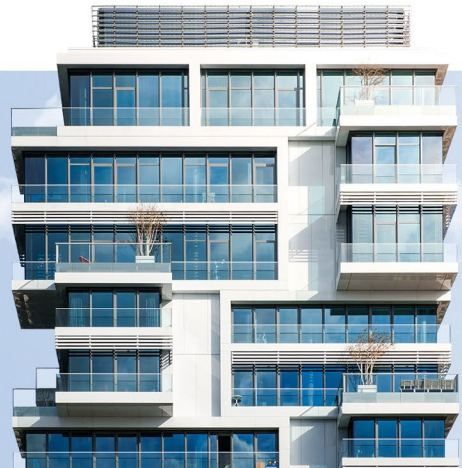
The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

To learn more about Yardi® Matrix and subscribing, please visit [www.yardimatrix.com](http://www.yardimatrix.com) or call Ron Brock, Jr., at 480-663-1149 x14006.



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