

Yardi® Matrix

MULTIFAMILY REPORT

Denver Progress Cut Short

Spring 2020

Development Powers Through

Q1 Sales Volume Surpasses \$1B

Energy Sector Poised for Sharp Dip



DENVER MULTIFAMILY

Yardi® Matrix

Employment Expansion Hits a Wall

Denver multifamily showed strong fundamentals in the first quarter, sustained by a long-running demographic and economic expansion. As of March, rents were up by 0.3%, on a trailing three-month basis, to \$1,568—above the \$1,474 U.S. average. Yet, figures are just beginning to reflect COVID-19's impact on the metro, as rental demand will likely record a dip, and rent growth is poised to flatten.

The metro's highly skilled workforce and business-friendly environment have prompted company relocations and expansions. In 2019, Denver posted a 2.1% year-over-year job increase, outpacing the 1.8% U.S. average. Yet, the shock of falling oil prices and the novel coronavirus pandemic have put intense pressure on Denver, especially on its energy industry. Although tech firms brought an influx of high-paying jobs in 2019, this year, Whiting Petroleum filed for bankruptcy and several top oil companies have also announced pay cuts, furloughs and layoffs. Some one-third of Denver's employment opportunities are in at-risk sectors.

More than \$1.1 billion in assets traded in the first quarter, but appetite will likely soften. The pipeline remained consistent, with some 23,000 units underway, as of April. With delays expected, due to supply chain disruptions and social distancing measures, development is still slated to continue, as construction is deemed an essential business in Colorado.

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Recent Denver Transactions

The Courtyards at Buckley



City: Aurora, Colo.
Buyer: Oak Coast Properties
Purchase Price: \$143 MM
Price per Unit: \$207,849

Waterfield Court



City: Aurora, Colo.
Buyer: Harbor Group International
Purchase Price: \$103 MM
Price per Unit: \$213,232

Kallisto at Bear Creek



City: Denver
Buyer: Gelt
Purchase Price: \$100 MM
Price per Unit: \$211,864

Cortland Flatirons



City: Broomfield, Colo.
Buyer: Cortland
Purchase Price: \$89 MM
Price per Unit: \$300,000