

Yardi® Matrix

# Developing Denver

Multifamily Report Summer 2017

**Construction Activity Remains High**

**Rent Growth Continues Unfazed**

**Sales Moderate After Cycle Peak**



# DENVER MULTIFAMILY

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## Market Analysis

Summer 2017

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## Rents Rise Despite Surging Deliveries

Not too long ago, Denver was among the nation's leaders in rent growth, but it has since experienced a cooldown in appreciation. The moderating trend was due in large part to the metro's robust multifamily pipeline, which added 21,000 units from 2015-2016. Activity was very high in multifamily investment sales as well, as about \$9.2 billion in properties traded during the past 18 months. However, at a point when overbuilding is widely discussed as a potential problem, rent growth continues, albeit at a more sustainable rate, reaching 2.8% year-over-year in June.

Denver's expanding employment market has attracted people in segments, including professionals in the finance and technology sectors. The metro's wider availability of well-paying jobs and significant affordability relative to major coastal markets is driving population growth at rates more than twice the national average. The city's growth has driven improvements in infrastructure, as the Regional Transportation District recently completed expansions into Aurora and Wheat Ridge through its FasTracks program.

Developers will continue to add inventory at a pace that is almost double the national average, with more than 25,000 units underway as of June. Demand has kept up with the high rate of deliveries through the second half of the cycle. As a result, we expect a growth rate of 2.0% in 2017.

### Recent Denver Transactions

TAVA Waters



City: Denver  
Buyer: Pensam Capital  
Purchase Price: \$350 MM  
Price per Unit: \$229,809

Griffis 3100 Pearl



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

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

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