

Yardi® Matrix

# Mile High City's High Rise

Multifamily Report Spring 2018

Western Submarkets Attract Investors

Leisure, Hospitality Lead Job Growth

Affordability Issues Linger



# DENVER MULTIFAMILY

Yardi® Matrix

## Market Analysis

Spring 2018

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## New Supply Tempers Rent Growth

In the past few years, Denver saw a favorable demographic trend, shaped by steady job additions and population gains. This has rapidly pushed up housing demand. Construction has been strong, with nearly 32,000 units coming online since 2015. Heavy apartment development has put a damper on rent growth, up 2.2% year-over-year through March, below the 2.5% national rate.

Employment gains were led by the leisure and hospitality sector, with 10,400 jobs added in 2017, a 5.0% growth, as a strong tourism industry is leading to an increase in hotel demand. Denver attracted 17.3 million overnight visitors in 2016, adding as much as \$5.3 billion in revenue. More than 4,100 hotel guestrooms were underway as of March, with 4,100 set to start construction later this year. Denver's technology sector remains strong, sustaining demand for the 3.2 million square feet of office space underway.

The pipeline is growing fast, with 3,900 units coming online in the first quarter. Development is expected to remain robust as roughly 28,000 units were under construction as of March, of which Yardi Matrix forecasts 11,700 to be delivered by year-end. As overall growth is set to continue fostering housing demand, especially in the case of workforce apartments, we expect a rent increase of 3.0% in 2018.

### Recent Denver Transactions

Steele Creek



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

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

Haven 124



City: Northglenn, Colo.  
Buyer: Magnolia Capital  
Purchase Price: \$124 MM  
Price per Unit: \$220,640