



MULTIFAMILY REPORT

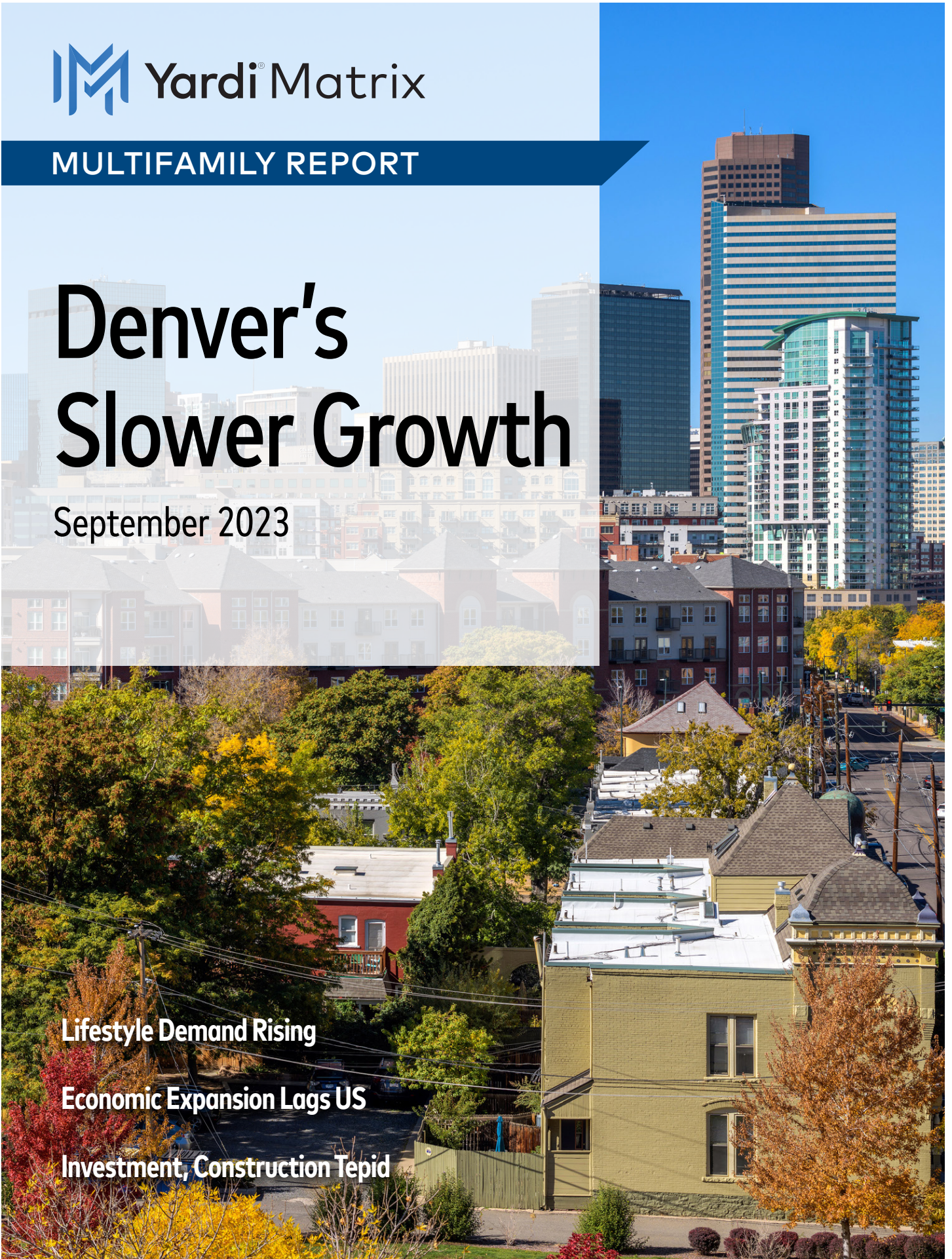
Denver's Slower Growth

September 2023

Lifestyle Demand Rising

Economic Expansion Lags US

Investment, Construction Tepid



DENVER MULTIFAMILY



Lifestyle Segment Drives Demand

Denver's fundamentals remained stable as the second half of the year began, despite mounting economic headwinds. Rates rose 0.6% on a trailing three-month basis through July, to \$1,942, doubling the 0.3% U.S. figure, while the national average reached \$1,729. On a year-over-year basis, Denver's rent growth trailed the nation by 50 basis points. Occupancy in stabilized properties remained flat, thanks to an uptick in the Lifestyle segment.

Denver's unemployment rate was at a tight 2.8% in May, on par with the state and ahead of the 3.7% U.S. figure, according to data from the Bureau of Labor Statistics. However, the labor market posted one of the weakest performances in the nation, up just 1.3%, or 3,500 jobs, in the 12 months ending in May. Meanwhile, the U.S. job market marked a 2.8% expansion. Half of Denver's sectors contracted during the period, with financial activities, trade, transportation and utilities, and information losing a combined 21,300 positions. Government and leisure and hospitality led gains, with 21,200 jobs.

Developers brought 4,260 units online in 2023 through July and had 39,745 units underway. The volume of new projects decreased from 2022 but remained above 2021's figures. Meanwhile, investment activity totaled \$1.1 billion, but due to ongoing interest rate increases, the price per unit held on well compared to other similar metros, declining 5.5% year-over-year, to \$312,470.

Market Analysis | September 2023

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Recent Denver Transactions

The Seasons of Cherry Creek



City: Denver
Buyer: Broe Real Estate Group
Purchase Price: \$225 MM
Price per Unit: \$384,615

The Greens at Van de Water



City: Loveland, Colo.
Buyer: Hamilton Zanze & Co.
Purchase Price: \$75 MM
Price per Unit: \$298,214

Enclave Belle Creek



City: Henderson, Colo.
Buyer: Hudson Grove Property
Management
Purchase Price: \$46 MM
Price per Unit: \$275,839

Trailpoint on Highline



City: Aurora, Colo.
Buyer: Trion Properties
Purchase Price: \$41 MM
Price per Unit: \$209,091