



Colliers

Denver

Multifamily

21Q3

126-Unit, 2021 YOC, Core Multifamily Investment Opportunity
Exclusively Marketed by Colliers Multifamily Team | Denver, CO

The Denver Metro multifamily market completed another solid quarter with vacancy reaching notable lows and rents reaching impressive highs. With investment continuing to bloom, the market is in terrific position to close out the year stronger than it started.

Accelerating success.



Denver Multifamily 21Q3

Multifamily Breaking Records

- Metro Denver's vacancy rate dropped another 20 basis points from 5.6% in Q2 to 5.4% in Q3
- Rental rates reach historic highs by casting a \$1,710 average rate per unit
- Construction remains robust despite adversities with 19,847 underway
- Over \$1.8 billion across 32 transactions with an average price per unit at \$334,960



Denver Multifamily is Thriving

Denver's vibrant economy, unrivaled outdoor scenery, and tranquil lifestyle has proved well for the city's red hot multifamily market with another impressive quarter in the rearview. The market lacks neither tenants nor supply, as the city's consistent growth of new residents is harmonized by the influx of new apartment buildings every quarter. Denver delivered more than 3,300 units in the last 90 days, the most the city has delivered in a quarter in the last two years. These new units will be leased up quickly with the high demand and low vacancy the city is experiencing. Vacancy stays on its downhill path for the year, dropping to the lowest the city has seen since 2014 at 5.35%. And with vacancy down, rental rates rise. Market rent's increased more than \$50/unit over the quarter, finishing out the 3 months at more than \$1,700/unit. The high rents and low vacancy rates are alluring investors from all over to establish their footprint in the Denver market. There have been 5,448 units sold since July 1st in 32 transactions generating a sales volume of over \$1.8 billion. Investment activity continued to show its appeal for yet another consecutive quarter. The city's impressive growth rate, that is consistently stronger than the national average, bringing educated workers and large businesses to the area, has paved way for a successful and competitive multifamily market. Despite the rental season coming to an end, there are no signs the market is cooling headed into quarter 4.

Market Indicators

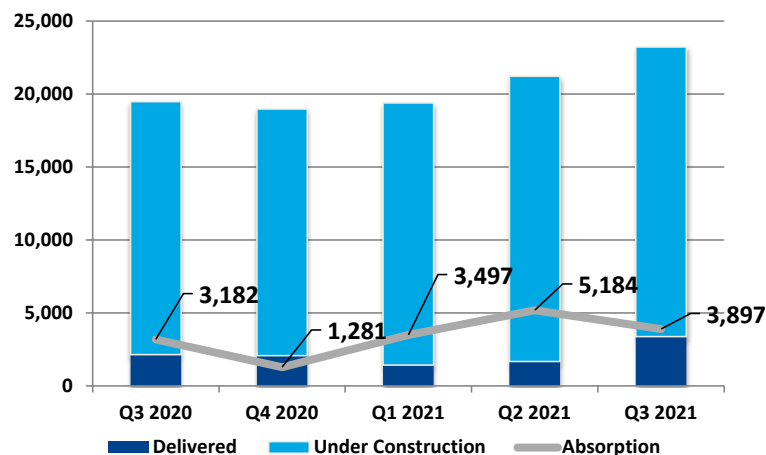


Historic Comparison

	2021 Q3	2021 Q2	2020 Q3
Total Inventory (Existing Units)	272,354	269,022	263,849
Units Delivered	3,370	1,673	2,133
Units Absorbed	3,897	5,184	3,184
Occupancy	94.60%	94.40%	92.50%
Under Construction	19,847	19,542	17,348
Average Monthly Rent	\$1,710.33	\$1,666.00	\$1,496.00

Market Graph

Units Absorbed vs. Delivered & Under Construction



Absorption has surpassed units delivered for the past three quarters, a testimonial to the demand for apartments that the Denver Metro area is facing.

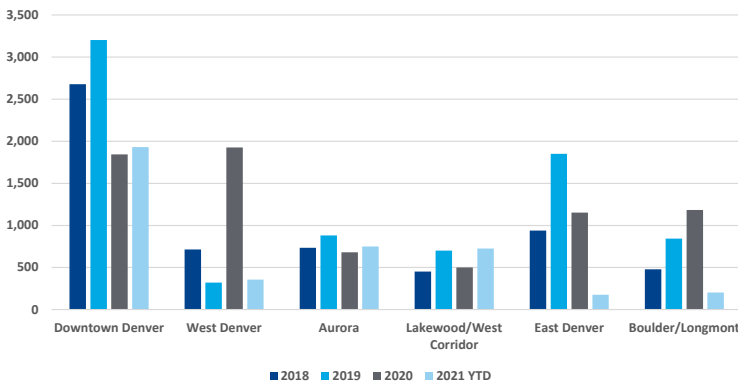
Construction

The extensively backed up supply chain in tandem with labor shortages have halted many developments around the nation, however, Denver’s under construction projects are on par with what the market has encountered in the past. Developers have 19,847 units in progress, the most the city has seen since Q2 of 2018. One of these developments that underwent construction in July is the Parterre Multifamily Apartments located in Northeast Adams County; delivering 3,000 Class B apartments in January of 2023. This project illustrates developer’s assurance in the market, that even a project of this stature will easily be met by the demand the area is facing. The city’s growth rate consistently yields higher than the national average and the multifamily market must keep up with that growth by providing a consistent arrival of new apartment buildings around the city.

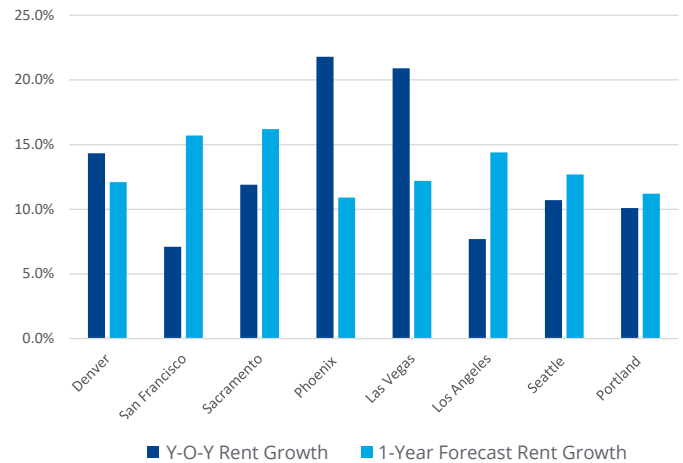
Investment Activity

Investment activity continues to shine in the highly competitive Denver multifamily market. Over the quarter, cap rates compressed and price per unit soared. With 32 sales tallying over \$1.82 billion in transaction volume, investors are chasing the fast-growing city’s strong rental demand and low vacancy rates. There were 6 transactions selling for over \$100 million and seven with a price per unit over \$400,000. The Average price per unit this quarter reached \$334,960, a whopping 40% increase from this time last year. Leading the charge of this spike was the Lincoln Property Company’s purchase of The Pullman. The sale price of this 168-unit property reached \$174.25 million, equating to a \$1,037,202 purchase price per unit. This impressive price per unit not only set a Denver record, but conquered the prior record by more than \$400,000 per unit. Investment will remain strong through the end of the year.

Submarket Unit Completions by Year



YOY Rent Growth vs. 1-Year Forecast Rent Growth Across the U.S.



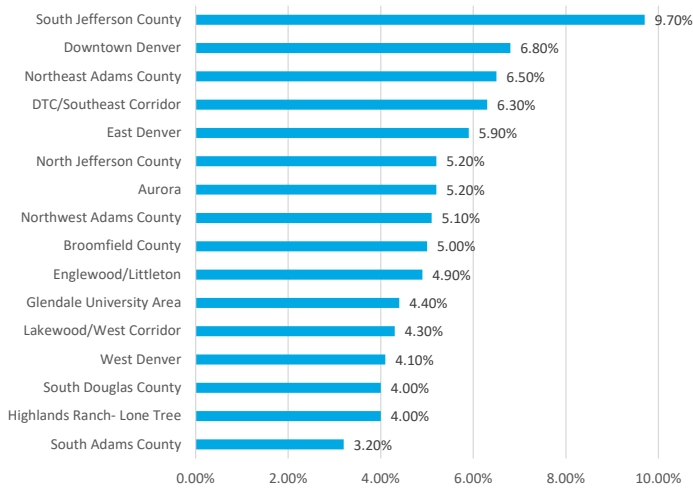
PROPERTY	CITY	SALE PRICE	# OF UNITS	Price Per Unit	Buyer
THE PULLMAN	Denver	\$174,250,000	168	\$1,037,202	Lincoln Property Company
IMT LOWRY	Denver	\$164,150,000	414	\$396,498	IMT Residential
GRIFFIS LODO	Denver	\$138,000,000	285	\$484,211	Griffis Residential
MARSTON LAKE	Littleton	\$134,000,000	332	\$403,614	Kenedy Wilson Properties
FLETCHER SOUTHLANDS	Denver	\$109,000,000	316	\$344,937	CWS Capital Partners LLC

Source: CoStar

Vacancy

Just as investors thought the Denver multifamily market couldn't get any more attractive, vacancy rates reach a 28-quarter low at 5.35%. This number represents a 235-basis point decrease from the 7.7% rate recorded in Q4 of 2020. These rates remain low despite the increase in inventory because of the never-ending flood of new residents. A majority of vacancies are coming from Class A buildings recording a rate of 7.3%, while Class C buildings are reporting a much lower rate of 3.4%. As the year comes to an end and more and more units get delivered, expect vacancy to hover around this 5.35%.

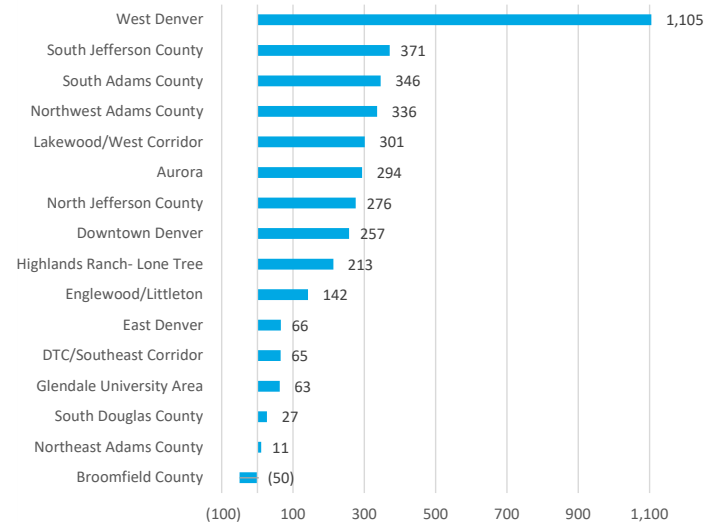
Vacancy by Submarket



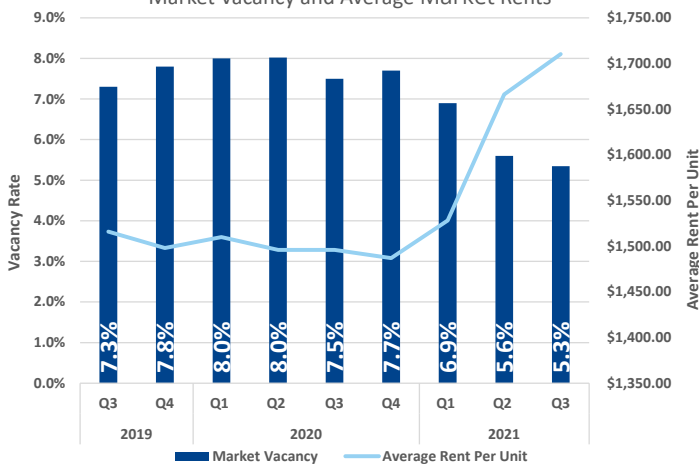
Absorption

Apartment leasing remains hale and hearty in the Denver Metro market this quarter by recording an absorption of 3,897 units, making it the 50th consecutive quarter of positive absorption. The Metro areas total absorption for the year surpassed 12,500 units YTD, putting it on track to demolish the past absorption record recorded in 2018 of 11,156 units. The Denver metro has only seen 5 total quarters of negative absorption since 2000, truly highlighting the consistency and growth the market has experienced over the last two decades.

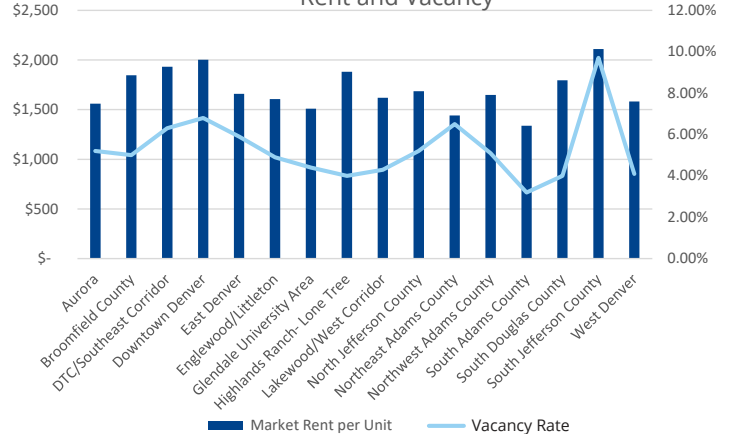
Units Absorbed by Submarket



Market Vacancy and Average Market Rents



Rent and Vacancy



Lease Rates

Lease rates seem to only know one direction this year and that is up, as the Denver Metro finished Q3 with market rents reaching an astonishing \$1,710/month. Not only is this a record high market rent for the metro area, but the YOY rent growth of 14.3% is a new Denver Metro record as well. This pattern of increasing rent is expected to continue with a 12.1% forecasted rent growth over the next 12 months, a strong recovery from the flat rates logged through 2020. South Jefferson County led the Denver submarkets for the highest market rent at \$2,110, while South Adams County posted the least expensive rent at \$1,339. The Highlands Ranch – Lone Tree submarket attained the largest YOY rent growth of 19.58%, jumping from \$1,573 to \$1,881. All submarkets, with an exception of South Adams County, recorded YOY rent growth above 11%, a strong indicator that all submarkets are playing a key role in the growth of the multifamily market in Denver.

Eviction Moratorium

On August 26th, the Supreme Court shut down Biden's efforts to extend the eviction moratorium, ruling that the Department of Health and Human Services was exceeding their authority with the ban. Biden urged local authorities to implement their own measures in order to avoid a surge of evictions and Colorado's Governor Jared Polis did just that. Starting on October 1st, the state of Colorado implemented new renter protections in order to shelter tenants who have become behind on rent as a result of the pandemic's financial adversities. The protections include allowing tenants to come up with full payment anytime between the landlord filing for the eviction and the court signing off on the eviction. They also prohibit eviction hearings to take place on the same day of the filing, giving renters more time to come up with the payment. Other protections include capping late payments and not permitting landlords to bring forth the eviction process because a tenant is not paying late fees. Expect to see an increase in evictions with the eviction moratorium gone and these less reliable protections in effect.

Submarket	Bldgs.	Total Inventory Units	Vacancy Rate	Market Rent per Unit	YOY Market Rent Growth	Net Absorption Current Qtr. Units	Deliveries Current Qtr. Units	Under Construction Units
Aurora	148	38,318	5.20%	\$1,561	13.53%	346	216	914
Broomfield County	36	9,151	5.00%	\$1,847	13.24%	213	327	313
DTC/Southeast Corridor	52	13,451	6.30%	\$1,931	16.82%	27	-	829
Downtown Denver	249	42,832	6.80%	\$2,001	14.54%	1,105	1,389	6,606
East Denver	74	17,588	5.90%	\$1,658	14.19%	301	176	1,194
Englewood/Littleton	61	10,604	4.90%	\$1,607	13.25%	63	-	349
Glendale University Area	103	21,395	4.40%	\$1,509	14.93%	142	-	556
Highlands Ranch - Lone Tree	33	10,303	4.00%	\$1,881	19.58%	(50)	-	240
Lakewood/West Corridor	119	20,818	4.30%	\$1,619	12.51%	336	299	832
North Jefferson County	71	12,095	5.20%	\$1,686	13.84%	294	-	966
Northeast Adams County	64	13,163	6.50%	\$1,442	11.52%	276	315	3,406
Northwest Adams County	96	23,803	5.10%	\$1,649	14.04%	66	-	784
South Adams County	25	4,024	3.20%	\$1,339	5.85%	65	-	168
South Douglas County	38	9,292	4.00%	\$1,796	17.85%	11	110	1,146
South Jefferson County	22	5,604	9.70%	\$2,110	12.53%	257	326	-
West Denver	122	19,430	4.10%	\$1,583	14.13%	371	140	1,274
Totals	1,318	272,354	5.35%	\$1,710	14.33%	3,897	3,370	19,847

Denver Metro Historical								
2021 Q3	1,318	272,354	5.35%	\$1,710	14.33%	3,897	3,370	19,847
2021 Q2	1,300	269,022	5.60%	\$1,666	11.36%	5,184	1,673	19,542
2021 Q1	1,294	267,349	6.90%	\$1,528	1.19%	3,497	1,436	17,948
2020 Q4	1,287	265,913	7.70%	\$1,487	-0.73%	1,281	2,064	16,905
2020 Q3	1,277	263,849	7.50%	\$1,496	-1.32%	3,182	2,133	17,348



Colorado Springs

Multifamily 21Q3

Key Takeaways

- Colorado Springs' vacancy rate drops 170 basis points YOY
- Absorption drops from 411 units in Q2 to 263 units in Q3
- Rental rates continue to increase to \$1,368, up 12.9% YOY
- More than 3,700 units are under construction



Vacancy Rate (YOY)*

Q3 2020 6.70%
Q3 2021 5.20%



Construction (YOY)*

Q3 2020 1,300
Q3 2021 3,792



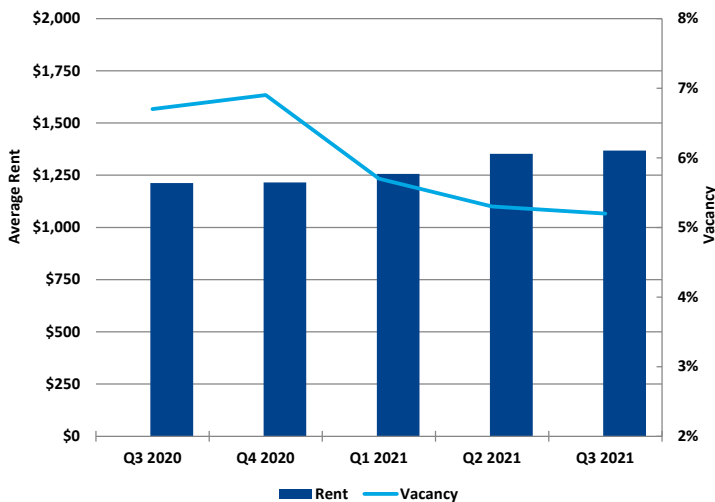
Average Rent (YOY)*

Q3 2020 \$1,212
Q3 2021 \$1,368

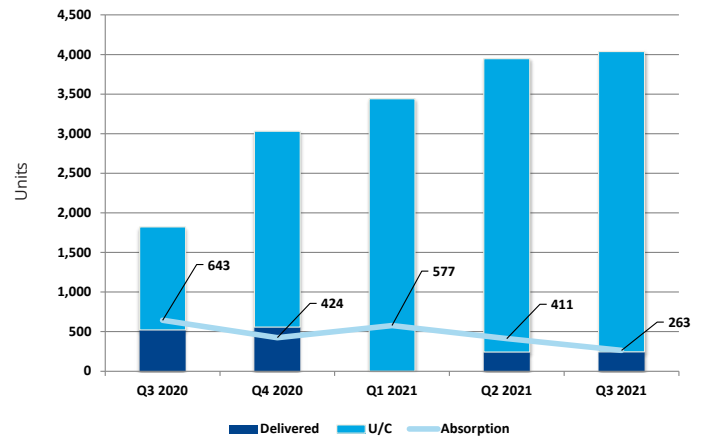


Colorado Springs executed another strong quarter for their multifamily market. Rental rates and vacancy carried out the same patterns seen throughout the year, with rental rates ascending to \$1,368 and vacancy dropping to 5.2%. Like Denver, Colorado Springs attracts people for the high quality of life and strong economy, creating a steady inflow of new residents to provide a competitive multifamily market.

Average Rent & Vacancy Trends



Units Absorbed vs. Delivered & Under Construction



Sales Activity

PROPERTY	CITY	SALE PRICE	# OF UNITS	Price Per Unit	Buyer
ENCHANTED SPRINGS*	Colorado Springs	\$65,000,000	200	\$325,000	Hamilton Zanze & Company
IRONWOOD AT PALMER PARK	Colorado Springs	\$50,000,000	192	\$260,417	Shefflin Investments
THE VISTAS AT THE CITADEL	Colorado Springs	\$25,900,000	209	\$123,923	Golden Bear Equities LLC
ASPEN TOWNHOMES	Colorado Springs	\$20,200,000	76	\$265,789	Priderock Capital Partners

*Sold by Colliers
Source: CoStar



Northern Colorado

Multifamily 21Q3

Key Takeaways

- Northern Colorado's vacancy decreases 430 basis points over the past 2 quarters
- Demand to live in Northern Colorado grows
- Rental rates increased to \$1,416, an increase of \$25 from last quarter.
- Construction slows as supply chain congestion stalls projects across the nation



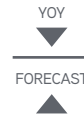
Vacancy Rate (YOY)*

Q3 2020 **8.8%** Q3 2021 **5.4%**



Construction (YOY)*

Q3 2020 **1,428** Q3 2021 **680**



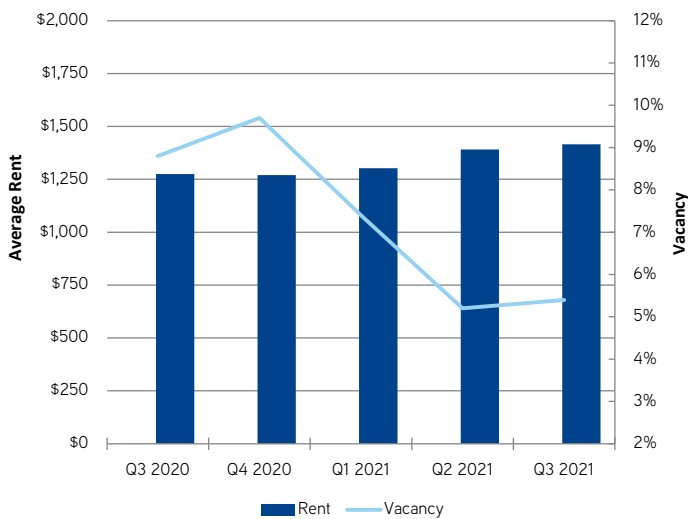
Average Rent (YOY)*

Q3 2020 **\$1,275** Q3 2021 **\$1,416**

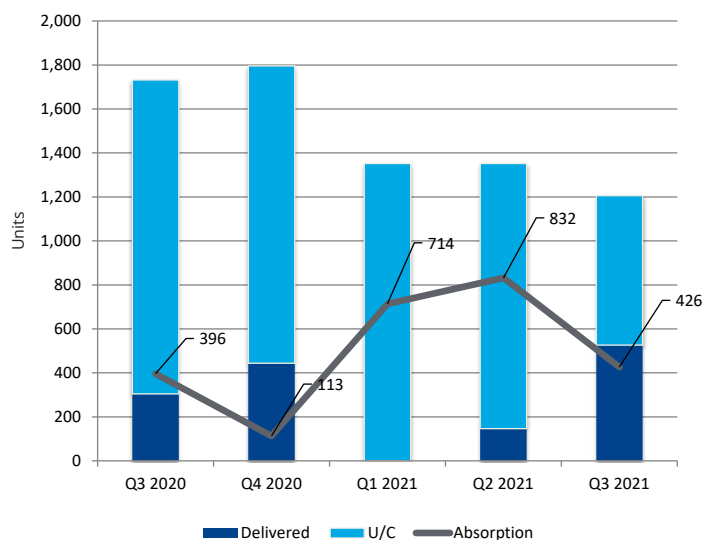


The demand to live in Northern Colorado is strong, with the population growing faster than the national rate. Deliveries were able to meet the demand this quarter, but construction is slowing down with only 680 units on the way. Expect to see vacancy drop in the upcoming months and units under construction start to tick up.

Average Rent & Vacancy Trends



Units Absorbed vs. Delivered & Under Construction



Sales Activity

PROPERTY	CITY	SALE PRICE	# OF UNITS	Price Per Unit	Buyer
THE PRESERVE AT THE MEADOWS	Fort Collins	\$64,889,328	218	\$297,657	Jones Lang LaSalle Income Property Trust
HERITAGE PARK	Fort Collins	\$42,000,000	182	\$230,769	ColRich
CENTENNIAL PLACE/FOOTHILLS	Greeley/Loveland	\$23,500,000	148	\$158,784	Stratford Partners
GALLERY FLATS	Loveland	\$18,050,000	66	\$273,485	Randall Gusikosky & Robert Orsi

Source: CoStar

351 offices in 67 countries on 6 continents

United States: 115
Canada: 41
Latin America: 12
Asia Pacific: 33
EMEA: 78



\$3.3B
in revenue



2B
square feet under management



18,000 +
professionals and staff

About Colliers

Colliers (NASDAQ, TSX: CIGI) is a leading diversified professional services and investment management company. With operations in 67 countries, our more than 15,000 enterprising professionals work collaboratively to provide expert advice to real estate occupiers, owners and investors. For more than 25 years, our experienced leadership with significant insider ownership has delivered compound annual investment returns of almost 20% for shareholders. With annualized revenues of \$3.0 billion (\$3.3 billion including affiliates) and \$40 billion of assets under management, we maximize the potential of property and accelerate the success of our clients and our people. Learn more at corporate.colliers.com, Twitter @Colliers or LinkedIn.

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