



Colliers

Denver

Multifamily

22Q3



Powered by a recovering economy, Denver metro's multifamily market saw a steady performance in the third quarter, with consistent construction, sustained rent growth, and significant investment activity across the metro area. Denver recorded positive absorption for the 54th consecutive quarter, and there are no signs of slowing down.

Accelerating success.



Denver Multifamily 22Q3

Key Takeaways

- Construction recorded an uptick with 27,246 units on the way.
- Absorption remained positive for the 54th consecutive quarter.
- Lease rates increased by 5.1% YOY reaching an average of \$1,809 a unit.
- Vacancy rates decreased slightly by 10 basis points from the second quarter.



Denver Multifamily is Thriving

Although the renter demand in Denver slowed slightly from last quarter, the multifamily market remained resilient and had yet another positive quarter. The market demonstrated its strength through increasing the square footage under construction, reaching 27,246 units by the quarter’s close. The third quarter saw a slight decrease in units absorbed, going from 2,967 to 1,877. This is most likely in response to the high average monthly rent that currently defines Denver. Denver managed to lower the monthly rent slightly to \$1,809 from its record highs last quarter of \$1,829. Despite the fluctuation in average monthly rent, vacancy decreased to 6.2%, which is a positive sign for landlords. Denver can expect to remain strong throughout the remainder of 2022 as forecasts project a steady climb in positive absorption, square footage under construction, and asking lease rates.

Market Indicators

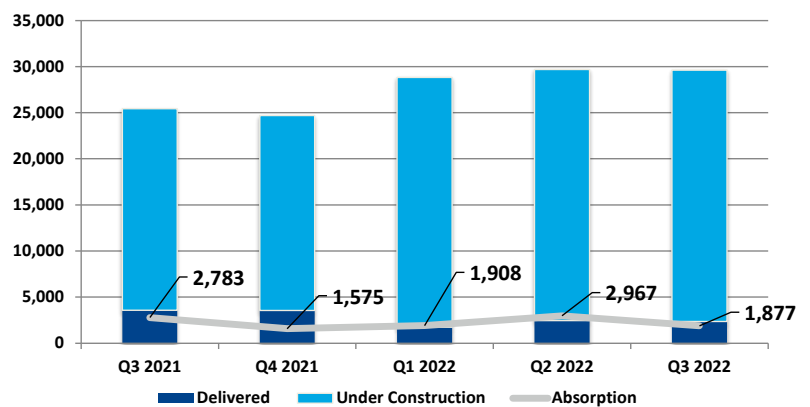


Historic Comparison

	2022 Q3	2022 Q2	2021 Q3
Total Inventory (Existing Units)	296,772	294,414	286,668
Units Delivered	2,358	2,456	3,580
Units Absorbed	1,877	2,967	2,783
Occupancy	93.8%	93.7%	94.2%
Under Construction	27,246	27,229	21,863
Average Monthly Rent	\$1,809	\$1,829	\$1,720

Market Graph

Units Absorbed vs. Delivered & Under Construction



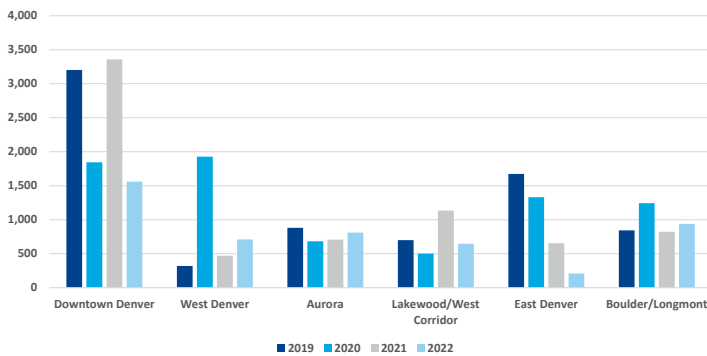
Source: CoStar

Source: CoStar

Construction

During the third quarter, multifamily construction in Denver delivered eleven buildings totaling 2,358 units, indicating a 4% decrease from the second quarter. The largest delivery was the Griffis at Fiddler’s Green, a 304-unit apartment building located in Centennial. Construction numbers are continuing to surge around the metro, as 27,246 units were under construction at the quarter’s close. Many of the properties are located in the Downtown Denver submarket cluster, highlighted by Five Points, Lincoln Park, and RiNo specifically. As construction continues to increase quarter-over-quarter, expect deliveries to rise as well throughout the rest of 2022.

Submarket Unit Completions by Year

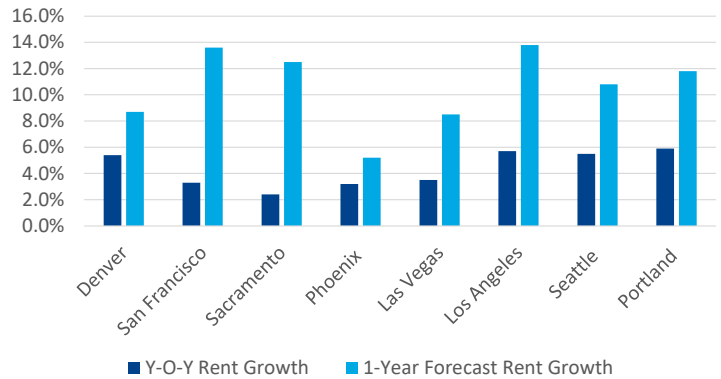


Source: CoStar

Investment Activity

In the third quarter, investment activity slowed in the Denver metro multifamily market. There were 23 transactions generating \$1,188,400,000 in sales, which is a 38.5% decrease from the previous quarter. The average sale price also fell to \$59,420,000 this quarter, which is not a major concern due to the average price per building square foot remaining consistent with the previous quarter. The largest transaction that occurred during the third quarter was the 304-unit property located in Centennial named Griffis at Fiddler’s Green. It sold for \$115,000,000 with a price per unit of \$378,289. Until the pace of construction in Denver metro can ramp up enough to moderate housing prices, the multifamily market will continue to remain attractive.

YOY Rent Growth vs. 1-Year Forecast Rent Growth



Source: CoStar

Sales Activity

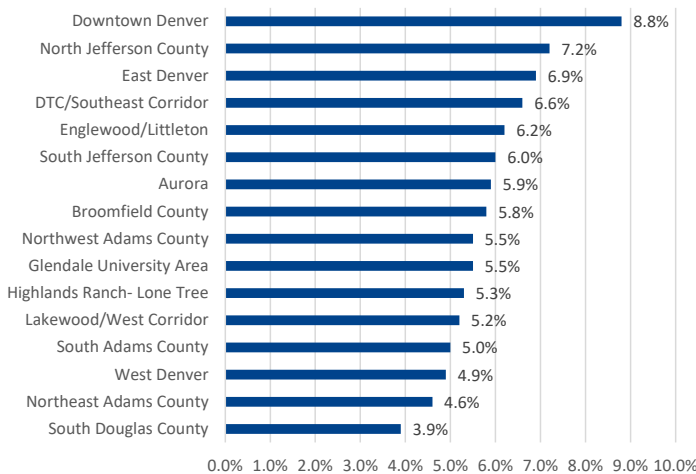
PROPERTY	CITY	SALE PRICE	# OF UNITS	Price Per Unit	Buyer
Griffis at Fiddler's Green	Centennial	\$115,000,000	304	\$378,289	Griffis Residential
Alvista Nine Mile	Denver	\$99,500,000	336	\$296,131	Phoenix Realty Group LLC
Lyra	Centennial	\$95,000,000	215	\$441,860	Centerspace
Summit Riverside Apartments	Littleton	\$78,500,000	248	\$316,532	Security Properties, Inc. Tokyu Land Corporation
Caden Apartments	Denver	\$66,000,000	233	\$283,262	The Paskin Group

Source: CoStar

Vacancy

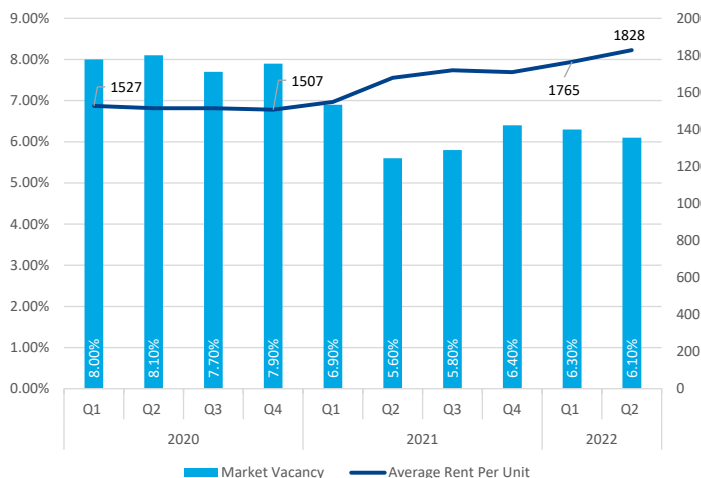
In the third quarter, vacancy rates have remained consistent with past quarters. At 6.2%, this quarter saw the lowest vacancy rate metro Denver has seen since the same time last year. This is good sign for landlords as vacancy rates are down 10 basis points this quarter while the average market rent is hovering around \$1,800/SF FSG. When breaking down the Denver market, Downtown had the highest vacancy rate compared to those of its peers at 8.8%, while South Douglas County experienced the lowest rate of 3.9%. Look for vacancy rates to continue to hover around 6% as we see an increase in construction tied with increased renter demand.

Vacancy by Submarket



Source: CoStar

Market Vacancy and Average Market Rents

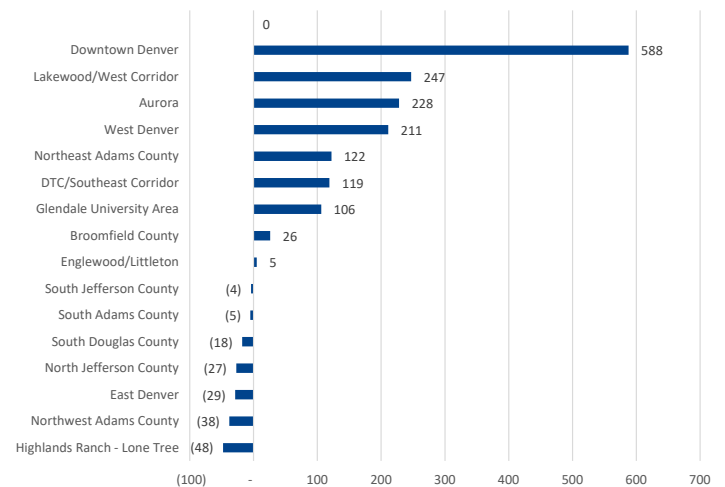


Source: CoStar

Absorption

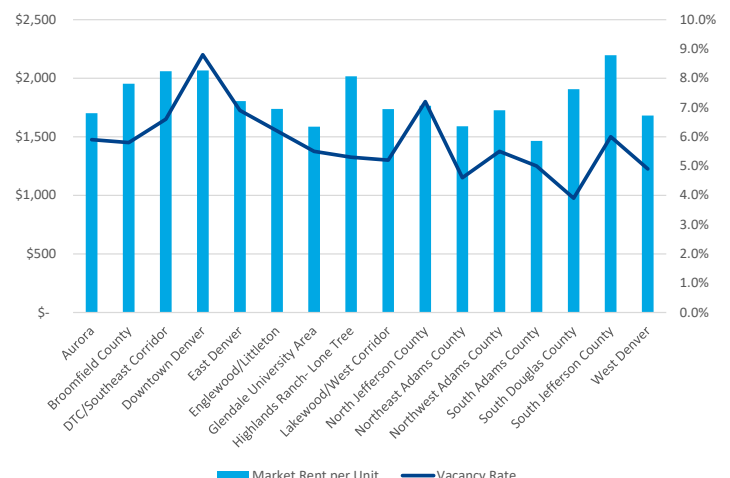
To determine the competitiveness of the Denver market, absorption is a great indicator. As expected, the third quarter marked yet another quarter for positive absorption making it the 54th consecutive quarter with positive absorption. Downtown Denver experienced the highest absorption at 588 units, while Highlands Ranch - Lone Tree suffered the lowest absorption at -48 units. There are no indicators that show any sign that the Denver multifamily market will slow down and show negative absorption in the foreseeable future. Expect positive absorption throughout 2022 and further as renter demand is still growing in the Denver market.

Net Absorption Current Qtr. Units



Source: CoStar

Rent and Vacancy By Submarket



Source: CoStar

Lease Rates

Due to the high competitiveness in the Denver market, the market rent per unit was \$1,809 at quarter close. Although only a 1% decrease from the second quarter's numbers, this quarter expressed a 5.1% year-over-year increase. South Jefferson County experienced the highest market rent at \$2,196, while South Adams saw the lowest rent at \$1,464. The Englewood/Littleton submarket had the largest year-over-year rent growth jumping from \$1,763 to \$1,952 which was a 7.8% increase. All submarkets had positive year-over-year growth, emphasizing that all neighborhoods are contributing to the growth of the city, with no indications of slowing down.

Forecast

As Denver's population swells, the Denver multifamily market continues to accelerate. Landlords are able to apply high rents without much worry of vacancy rates increasing in this highly competitive market. There is some concern for the investment market as rising interest rates and inflation could slow recent momentum. However, the forecast projects an increase in market asking rents and absorption, despite the upward adjustment in cap rates. A strong momentum to carry throughout the rest of the year can be expected in the Denver market.

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	150	39,198	5.9%	\$1,701	7.40%	228	302	1,216
Broomfield County	37	9,441	5.8%	\$1,953	5.00%	26	-	1,055
DTC/Southeast Corridor	55	14,106	6.6%	\$2,060	6.80%	119	-	792
Downtown Denver	254	45,226	8.8%	\$2,066	3.20%	588	1,016	8,309
East Denver	78	18,668	6.9%	\$1,805	7.10%	(29)	210	3,735
Englewood/Littleton	63	10,679	6.2%	\$1,738	7.80%	5	114	468
Glendale University Area	107	21,849	5.5%	\$1,587	4.40%	106	124	793
Highlands Ranch-Lone Tree	34	10,532	5.3%	\$2,017	6.90%	(48)	-	1,538
Lakewood/West Corridor	127	22,210	5.2%	\$1,737	5.90%	247	-	851
North Jefferson County	76	13,037	7.2%	\$1,764	4.90%	(27)	-	834
Northeast Adams County	63	13,057	4.6%	\$1,589	5.40%	122	102	789
Northwest Adams County	96	23,851	5.5%	\$1,726	5.20%	(38)	-	890
South Adams County	25	4,054	5.0%	\$1,464	3.70%	(5)	-	565
South Douglas County	38	9,293	3.9%	\$1,907	4.90%	(18)	-	2,104
South Jefferson County	21	5,470	6.0%	\$2,196	4.20%	(4)	-	-
West Denver	132	19,934	4.9%	\$1,682	4.30%	211	-	2,323
Totals	1,361	281,296	6.2%	\$1,734	5.50%	1,499	1,868	26,262

Source: CoStar

Denver Metro Historical								
2022 Q3	1,466	296,762	6.2%	\$1,809	5.20%	1,919	2,348	27,246
2022 Q2	1,454	294,414	6.1%	\$1,828	8.80%	2,967	2,456	27,219
2022 Q1	1,442	291,958	6.3%	\$1,765	14.00%	1,908	1,737	27,073
2021 Q4	1,434	290,221	6.4%	\$1,709	13.40%	1,575	3,553	21,139
2021 Q3	1,416	286,668	5.8%	\$1,720	13.50%	2,783	3,580	21,853

Source: CoStar



Colorado Springs

Multifamily 22Q3

Highlights

- Vacancy rates increased to 8.0%.
- Absorption was healthy this quarter with 305 units absorbed.
- Rental rates finished the quarter at \$1,460; up 4.8% YOY.
- Nearly 5,250 units are under construction.



Vacancy Rate (YOY)

Q3 2021: 6.2%
Q3 2022: 8.0%



Construction (YOY)

Q3 2021: 3,957
Q3 2022: 5,244



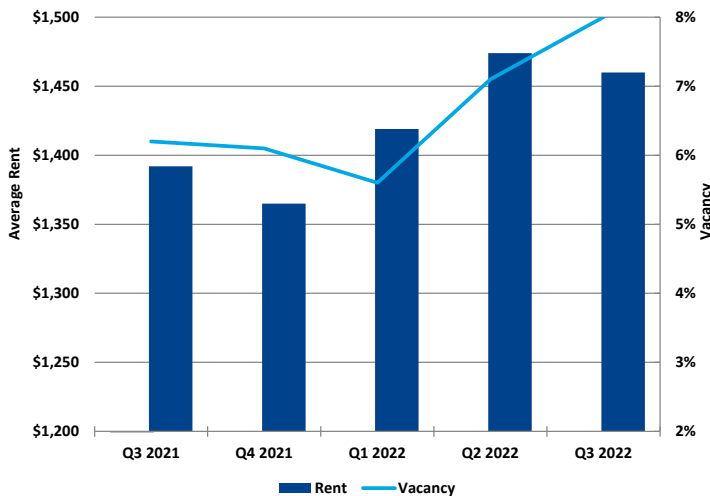
Average Rent (YOY)

Q3 2021: \$1,392
Q3 2022: \$1,460



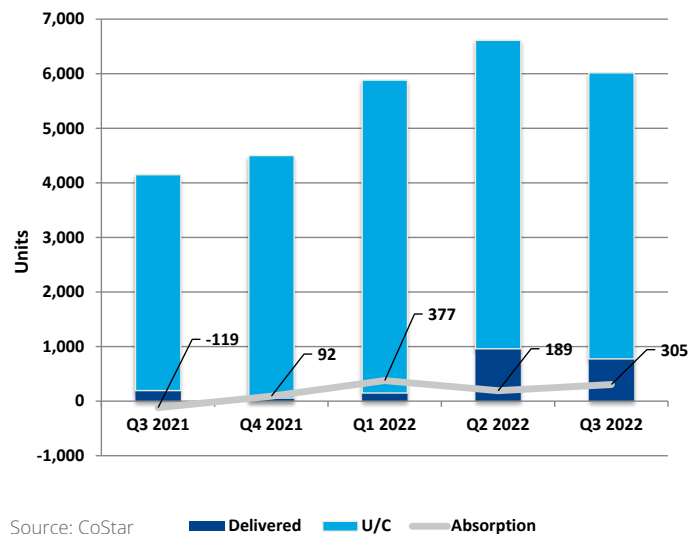
The Colorado Springs market continues to offer a vibrant economy and a high quality of life. Rental rates rose 4.8% to \$1,460 from the previous quarter. Despite a slight decrease from the second quarter's numbers, the third quarter posted 774 deliveries which is impressive. Forecasts project an increase in net absorption, square footage under construction, deliveries, and asking rents to close out the remainder of 2022.

Average Rent & Vacancy Trends



Source: CoStar

Units Absorbed vs. Delivered & Under Construction



Source: CoStar

Sales Activity

PROPERTY	CITY	SALE PRICE	# OF UNITS	PRICE PER UNIT	BUYER
Springs at Foothill Farms	Colorado Springs	\$110,880,000	264	\$420,000	Hamilton Zanze & Company
Talon Hill	Colorado Springs	\$90,000,000	276	\$326,087	Greystar Real Estate Partners
Rockrimmon	Colorado Springs	\$44,750,000	126	\$355,159	Cortland
Urban Edge	Colorado Springs	\$12,800,000	117	\$109,402	Reliance Investors

Source: CoStar



Northern Colorado

Multifamily 22Q3

Highlights

- Northern Colorado's vacancy decreased to 5.9%.
- Investment activity began to rebound back closer to 2021 numbers.
- Rental rates hit \$1,527 at quarter's close.
- Construction picks up with 1,720 units on the way.



Vacancy Rate (YOY)

Q3 2021 6.3%
Q3 2022 5.9%



Construction (YOY)

Q3 2021 1,316
Q3 2022 1,720



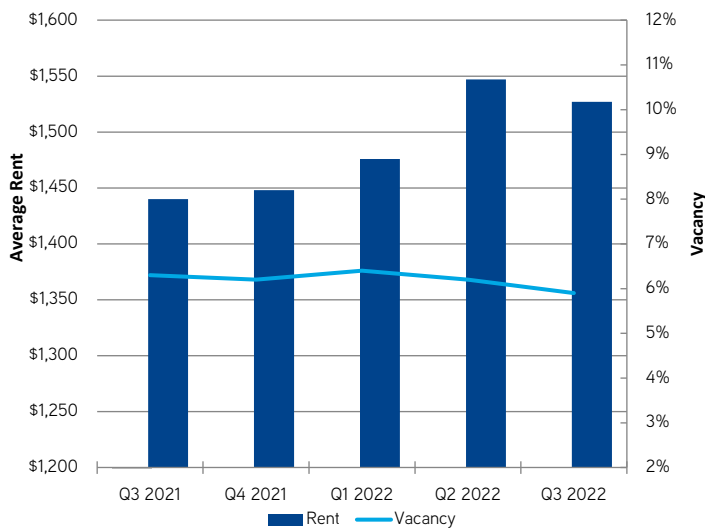
Average Rent (YOY)

Q3 2021 \$1,440
Q3 2022 \$1,527



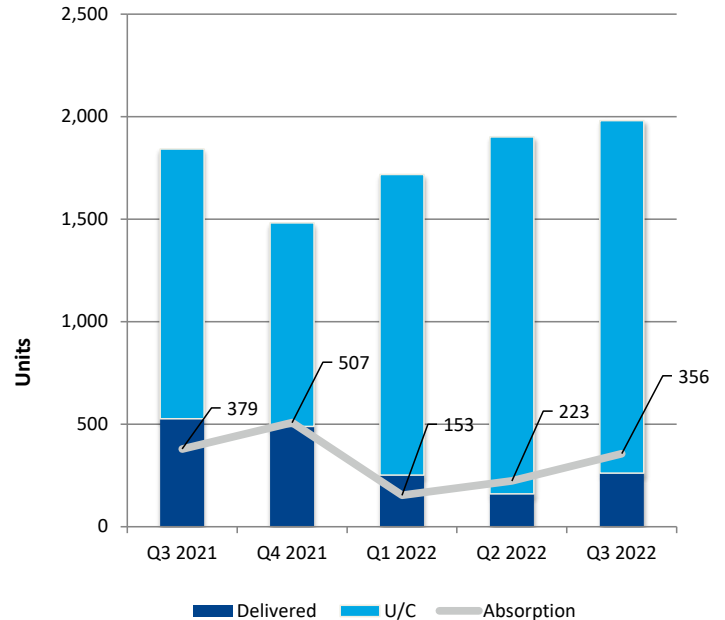
The Northern Colorado multifamily market has an expanding job market which translates to increased rental rates and positive absorption rates, similar to Denver's multifamily market. Absorption spiked in the third quarter rising nearly 60% from the previous quarter to 356 units. Forecasts project a slight decrease in absorption, but an increase in asking lease rates as landlords can continue to increase asking rates with little fear vacancy rates will rise. There is a lot of optimism in the Northern Colorado market as indicated by the amount of units under construction; just under 1,750 units. This ensures a continued path of growth for the Northern Colorado Market.

Average Rent & Vacancy Trends



Source: CoStar

Units Absorbed vs. Delivered & Under Construction



Source: CoStar

Sales Activity

PROPERTY	CITY	SALE PRICE	# OF UNITS	Price Per Unit	Buyer
The Arbors at Sweetgrass	Fort Collins	\$74,500,000	256	\$291,016	Birge & Held Asset Management
Johnstown Plaza	Johnstown	\$73,100,000	252	\$290,079	Graycliff Capital Partners
Pinyon Pointe	Loveland	\$55,750,000	166	\$335,843	Jill L. Simon
Collins Aire Park	Fort Collins	\$45,500,000	328	\$138,720	Crow Holdings
Park Avenue Mobile Homes	Fort Collins	\$6,800,000	65	\$104,615	Sarah Bolduc

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

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