



Colliers

Denver

Multifamily

22Q4

As demand remains extremely high, Denver metro's multifamily market continued to show a steady performance in the fourth quarter. With an increase in units under construction, sustained rent growth and investment activity across the metro, Denver recorded the 55th consecutive quarter of positive absorption.

Accelerating success.



# Denver Multifamily 22Q4

## Key Takeaways

- Construction recorded an uptick with over 27,671 units on the way.
- Absorption remained positive for the 55th consecutive quarter.
- Lease rates increased by 3.2% YOY reaching \$1,784 per unit.
- Vacancy rates decreased by 40 basis points from the third quarter.



## Denver Multifamily Remains Resilient

Standing at the forefronts of a recession, the multifamily market remained resilient and had yet another positive quarter to close out 2022. Although this is the lowest absorption the Denver market has seen since 2016, it still remained positive for the 55th consecutive quarter at 586 units. This is most likely in response to the high average asking rent that currently defines Denver at \$1,784, a 3.2% increase from 2021. The asking rate in Denver recorded a slight decrease quarter-over-quarter from its record high during the middle of 2022, but forecasts predict a slight increase in rent growth to come in 2023. Vacancy rates decreased by 40 basis points to 5.6%, likely correlated with the prolonged rental rate spikes as well. The multifamily market can expect to remain strong throughout the start of 2023 as forecasts project a steady climb in absorption, construction, and asking lease rates.

## Market Indicators



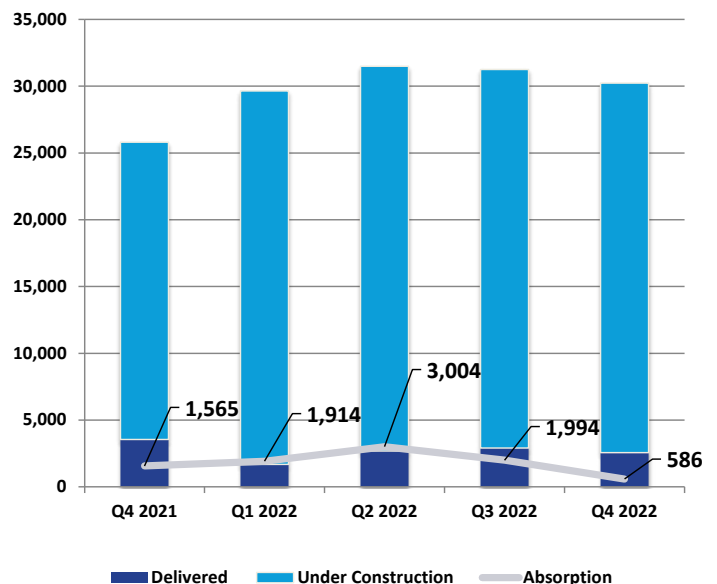
## Historic Comparison

	2022 Q4	2022 Q3	2021 Q4
<b>Total Inventory (Existing Units)</b>	300,713	298,151	290,890
<b>Units Delivered</b>	2,562	2,904	3,553
<b>Units Absorbed</b>	586	1,994	1,565
<b>Occupancy</b>	94.4%	94.8%	94.0%
<b>Under Construction</b>	27,671	28,339	22,249
<b>Average Monthly Rent</b>	\$1,769	\$1,812	\$1,716

Source: CoStar

## Market Graph

### Units Absorbed vs. Delivered & Under Construction

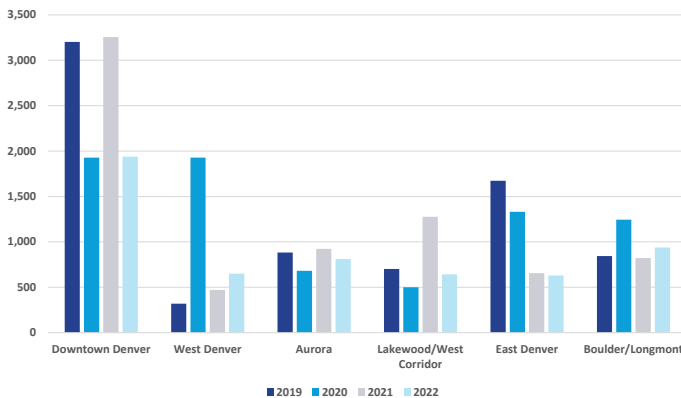


Source: CoStar

## Construction

Multifamily construction in Denver delivered eleven buildings totaling 2,562 units during the fourth quarter, showcasing an 11.8% decrease from the third quarter. The Madison Apartment at Canyons, a 325-unit apartment building in Castle Pines, was the largest delivery. The metro’s construction numbers are continuing to rise, with 27,671 units under construction at the end of the quarter. Many of the properties are in the Downtown Denver submarket cluster, particularly in Five Points, Lincoln Park, and RiNo. As construction continues to increase quarter-over-quarter expect deliveries to continue to rise in 2023.

Submarket Unit Completions by Year

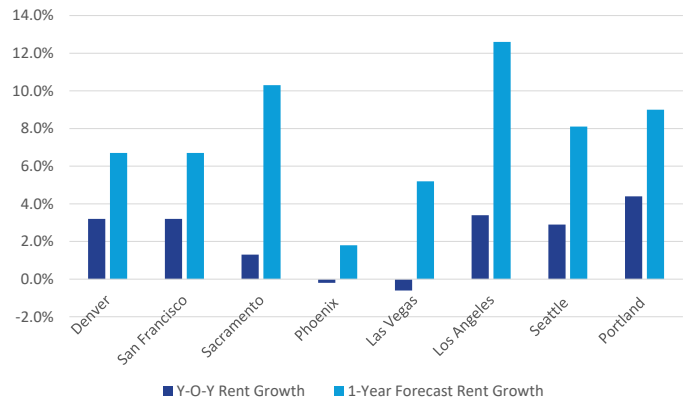


Source: CoStar

## Investment Activity

Investment activity in the Denver metro multifamily market slowed in the fourth quarter. There were 17 transactions generating more than \$1.0B, a 12.2% decrease in sales volume from the previous quarter. The average price per unit increased this quarter by 13.6% to \$354,197. Ashford Belmar Apartment Homes was the largest transaction in the fourth quarter. This property sold for \$259.6M, or \$507,050 per unit. This was part of a 30-property portfolio that also included another property in the Denver Metro, The Links at Plum Creek. The multifamily market will remain appealing until the pace of construction in the Denver metro area can ramp up enough to moderate housing prices, something that will not occur anytime soon.

YOY Rent Growth vs. 1-Year Forecast Rent Growth



Source: CoStar

## Sales Activity

PROPERTY	CITY	SALE PRICE	# OF UNITS	Price Per Unit	Buyer
Ashford Belmar Apartment Homes*	Lakewood	\$259,609,656	512	\$507,050	Blackstone Inc.
Heights at Interlocken	Broomfield	\$142,500,000	343	\$415,452	LCP MFII Interlocken LLC
The Links at Plum Creek*	Castle Rock	\$114,886,652	264	\$435,177	Blackstone Inc.
Bell Broomfield	Broomfield	\$110,252,131	292	\$377,576	Bell Partners, Inc.
Lyra	Centennial	\$95,000,000	215	\$441,860	Centerspace

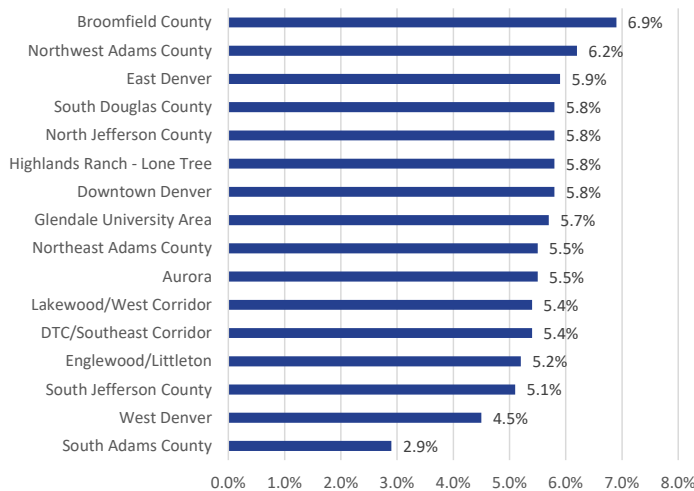
\*Part of Portfolio

Source: CoStar

## Vacancy

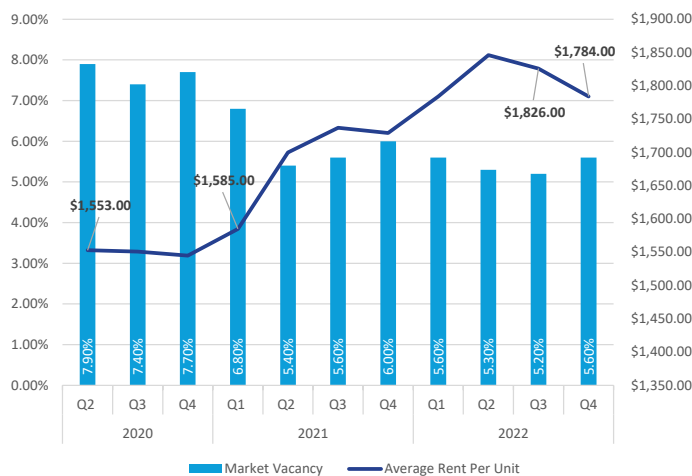
Vacancy rates decreased by 40 basis points to 5.6% in the fourth quarter. This is likely in response to the prolonged surging asking rates Denver metro has been experiencing. For landlords, the fourth quarter of 2022 may provide a preview of what is to come. Forecasts predict an increase in vacancy rates. If rental rates continue to rise, the vacancy rate in Denver metro could rise even higher in 2023. Inside of the Denver market, Broomfield County in Denver had the highest vacancy rate of 6.9%, while South Adams County had the lowest rate of 2.9%. In 2023, expect vacancy rates to rise in response to rising construction and renter rates.

Vacancy by Submarket



Source: CoStar

Market Vacancy and Average Market Rents

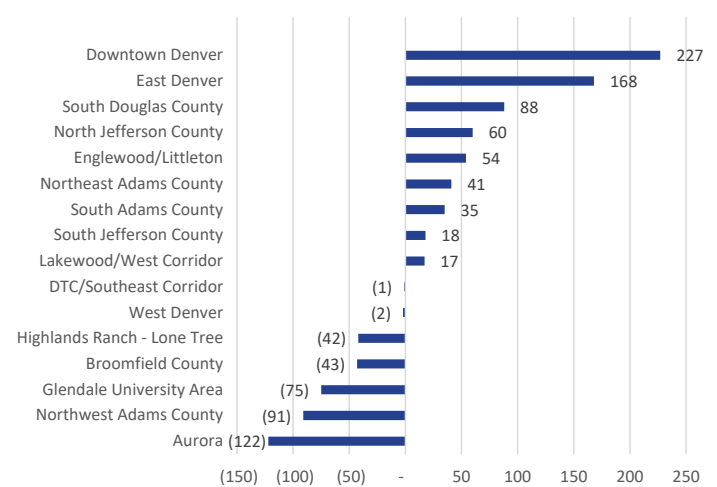


Source: CoStar

## Absorption

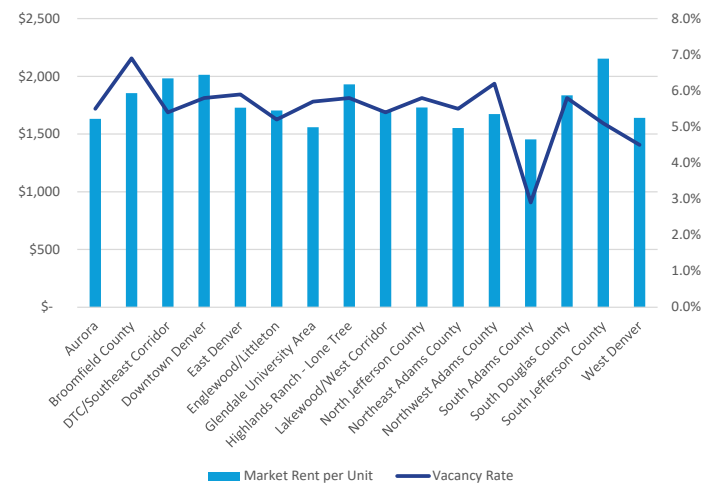
Absorption is an excellent indicator of the Denver market's competitiveness. Despite a decrease from the third quarter, positive absorption was recorded for the 55th consecutive quarter. Englewood/Littleton had the highest absorption (227 units), while Aurora had the lowest absorption (-122 units). Although the Denver market is expected to slow down, there are no indicators that the Denver Metro will experience negative absorption in the foreseeable future. Expect positive absorption in the Denver market to continue deep into 2023.

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 \$1,769 at quarter close. Although it was only a 3.2% decrease from the third quarter's numbers, this quarter still showed an increase of 2.8% over the year. South Jefferson County experienced the highest market rent at \$2,154, while South Adams saw the lowest rent at \$1,453. The Northeast Adams County submarket had the largest year-over-year rent growth jumping from \$1,468 to \$1,553 which was a 5.8% increase. All submarkets had positive year-over-year growth, emphasizing that all neighborhoods are contributing to the growth of the city.

## Forecast

The Denver multifamily market is gaining momentum as the city's population grows. Despite a slight increase in vacancy rates, landlords can charge high rents in this highly competitive market without fear of occupancy falling below 90%. 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, absorption, and construction, despite the upward adjustment in cap rates. The Denver market should remain resilient during the first quarter of 2023.

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	151	39,294	5.5%	\$1,632	3.30%	(122)	-	1,471
Broomfield County	37	9,441	6.9%	\$1,854	1.50%	(43)	-	1,055
DTC/Southeast Corridor	55	14,106	5.4%	\$1,983	5.00%	(1)	-	1,433
Downtown Denver	256	45,788	5.8%	\$2,014	0.80%	227	379	9,039
East Denver	79	18,860	5.9%	\$1,729	2.60%	168	420	3,677
Englewood/Littleton	63	10,678	5.2%	\$1,704	5.20%	54	-	468
Glendale University Area	108	22,192	5.7%	\$1,560	2.90%	(75)	-	855
Highlands Ranch - Lone Tree	37	11,120	5.8%	\$1,930	3.70%	(42)	240	1,090
Lakewood/West Corridor	128	22,344	5.4%	\$1,702	4.00%	17	-	1,002
North Jefferson County	76	13,038	5.8%	\$1,730	3.70%	60	-	834
Northeast Adams County	66	13,608	5.5%	\$1,553	5.80%	41	223	338
Northwest Adams County	97	24,134	6.2%	\$1,673	5.40%	(91)	283	607
South Adams County	26	4,393	2.9%	\$1,453	2.70%	35	-	592
South Douglas County	42	10,310	5.8%	\$1,836	3.20%	88	1,017	1,358
South Jefferson County	21	5,470	5.1%	\$2,154	3.30%	18	-	-
West Denver	128	20,274	4.5%	\$1,641	2.20%	(2)	-	2,604
<b>Totals</b>	<b>1,375</b>	<b>285,741</b>	<b>5.6%</b>	<b>\$1,769</b>	<b>3.83%</b>	<b>339</b>	<b>2,562</b>	<b>26,423</b>

Source: CoStar

Denver Metro Historical								
2022 Q4	1,375	285,741	5.6%	\$1,769	5.20%	1,919	2,348	27,246
2022 Q3	1,454	294,414	6.1%	\$1,828	8.80%	2,967	2,456	27,219
2022 Q2	1,442	291,958	6.3%	\$1,765	14.00%	1,908	1,737	27,073
2022 Q1	1,434	290,221	6.4%	\$1,709	13.40%	1,575	3,553	21,139
2021 Q4	1,416	286,668	5.8%	\$1,720	13.50%	2,783	3,580	21,853

Source: CoStar



Colorado Springs

# Multifamily 22Q4

## Highlights

- Vacancy rates increased to 6.1%.
- Absorption was positive this quarter with 69 units absorbed.
- Rental rates finished the quarter at \$1,426; up 9.4% YOY.
- Just over 6,500 units are under construction.



### Vacancy Rate (YOY)

Q4 2021: 5.4%  
Q4 2022: 6.1%



### Construction (YOY)

Q4 2021: 4,297  
Q4 2022: 6,516



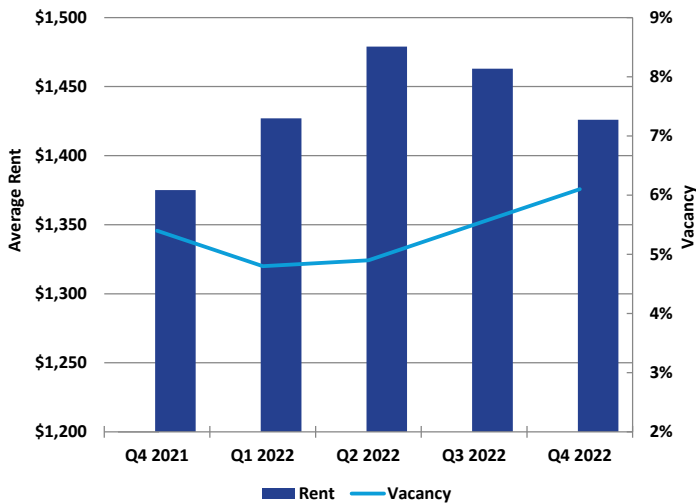
### Average Rent (YOY)

Q4 2021: \$1,375  
Q4 2022: \$1,426



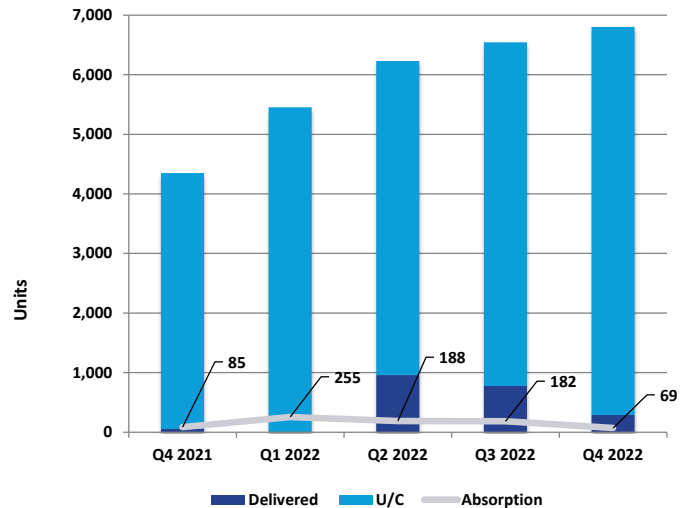
The Colorado Springs market continues to offer a vibrant economy and a high quality of life. Rental rates increased by 9.4% to \$1,426. Despite an increase in the rental rate, the fourth quarter saw 287 deliveries, a significant decrease from the third quarter's impressive numbers. To begin 2023, forecasts predict an increase in vacancy rates, net absorption, units under construction, deliveries, and asking rents.

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
Village at Lionstone	Colorado Springs	\$67,500,000	288	\$234,375	Benedict Canyon Equities Inc.
The Willows at Printers Park	Colorado Springs	\$62,000,000	220	\$281,818	Security Properties Inc.
Featherstone Apartment Homes	Colorado Springs	\$17,579,300	103	\$170,673	Golden Bear Equities LLC
Peak View	Colorado Springs	\$11,250,000	77	\$146,104	Primrose Real Estate

Source: CoStar



Northern Colorado

# Multifamily 22Q4

## Highlights

- Northern Colorado's vacancy increased to 4.6%.
- Investment activity began to rebound back closer to 2021 numbers.
- Rental rates hit \$1,533 at quarter's close.
- Construction picked up with 3,629 units on the way.



### Vacancy Rate (YOY)

Q4 2021: 5.0%  
Q4 2022: 4.6%



### Construction (YOY)

Q4 2021: 1,079  
Q4 2022: 3,629



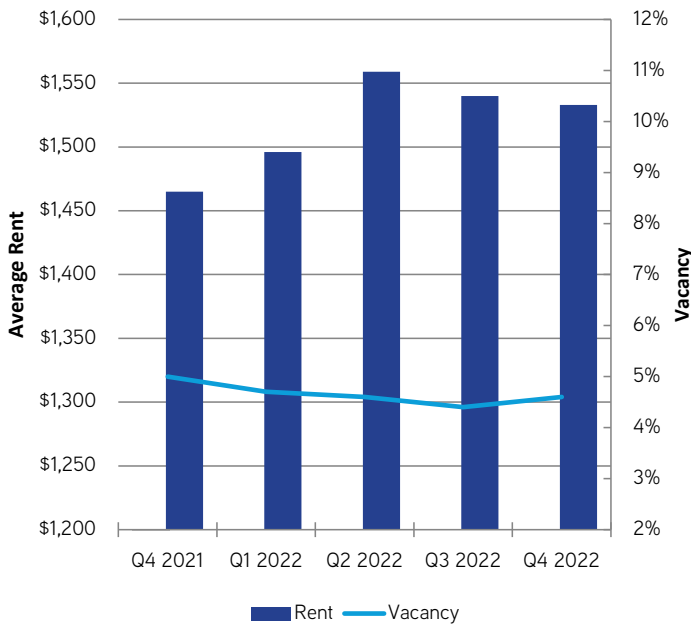
### Average Rent (YOY)

Q4 2021: \$1,465  
Q4 2022: \$1,533



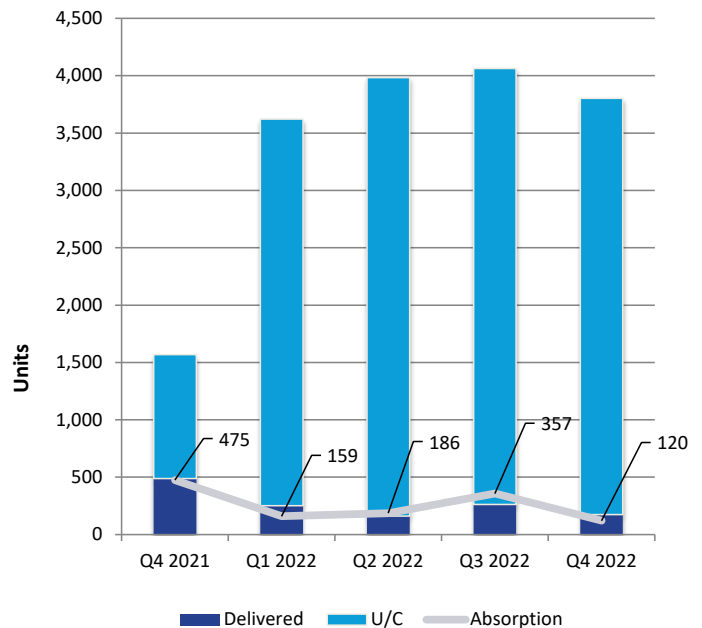
Similar to the Denver multifamily market, the Northern Colorado multifamily market has an expanding job market, which translates to higher rental rates and positive absorption. Despite a drop from the previous quarter, absorption remained positive for the 44th consecutive quarter. Absorption fell to 120 units, a nearly 65% drop from the previous quarter. Forecasts indicate that absorption will fall further, while vacancy rates, construction, and asking lease rates will rise. The number of units under construction in Northern Colorado indicates optimism, at just over 3,600 units. This ensures that the Northern Colorado Market will continue to grow.

Average Rent & Vacancy Trends



Source: CoStar

Units Absorbed vs. Delivered & Under Construction



Source: CoStar

## Top Sale of the Quarter

PROPERTY	CITY	SALE PRICE	# OF UNITS	Price Per Unit	Buyer
The Trails At Timberline	Fort Collins	\$110,000,000	314	\$350,318	Benedict Canyon Equities Inc.

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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