



APARTMENT NEWS

Metropolitan Denver 50+ Unit Apartment Properties

Third Quarter 2018

A summary of Metropolitan Denver apartment activity for the fourth quarter of 2018, as reported in "APARTMENT INSIGHTS" Statistics/Trends, indicates:

↓ VACANCY: 5.14%

The vacancy rate decreased by a nominal four basis points (bps) during the 3rd quarter to 5.14%. This rate is for stabilized, conventional properties with 50 or more units in the 7-county metro area. This is the third quarter in a row that vacancy is lower than it was 12 months before.

The four-quarter average, which smooths out seasonal swings, decreased for the third quarter in a row to 5.44%. The recent high of 5.59% was reached during the 4th quarter of last year.

Consistent with the strong figures above, the overall vacancy rate, which includes both stabilized properties and properties in lease-up, also decreased during the quarter, falling by 81 bps to 9.89%. This is the first time it has been below 10% since the 1st quarter of 2017.

Areas: Commerce City had the lowest vacancy rate of any submarket this quarter, decreasing 72 bps to 3.77%, which is its lowest rate in 5 years. The highest vacancy rate this quarter was still modest at 6.17%, occurring in the Denver Tech Center. This is 79 bps higher than last quarter. The

only submarket with a larger quarterly increase was Golden, moving up 90 bps to 5.04%.

↓ ABSORPTION: +3,024 units

Absorption this quarter was a very strong 3,024 units, the second highest on record and exceeded only by last quarter's peak of 3,872 units. Prior to that, the previous high of 2,818 units occurred during the 2nd quarter of 2017. These significant benchmarks have pushed the trailing four-quarter total absorption figure to a new record high of 9,895 units in conventionally operated properties, up from last quarter's previous record high of 9,278 units. Leading up to this quarter, annual average absorption since 2005 had been 4,129 units, which is only 42% of the current figure. Put another way, the current figure is 2.4 times the long-term average, and has been achieved while rents are at record high levels.

↑ RENTS: \$1,468 per Unit \$1.69 per Sq. Ft.

Rents increased \$14 during the quarter to reach a new high of \$1,468 per month and \$1.69 per square foot. This is \$45 higher than one year ago, representing 3.2% annual rent growth. This is the slowest rate of growth in 8 years, yet still above recent inflation rates.

Areas: The Central Business

District took back first position from Boulder North this quarter, increasing its average rent by \$9 to a regional high of \$1,870. This is \$42 higher than a year ago, for an annual growth rate of 2.2%. The lowest rents in the metro area are still found in Aurora Northeast at \$1,141. However, this rent is 9.6% higher than a year ago.

➡ SALES: \$238,453 per Unit \$290.38 per Sq.Ft.

There were 16 sales during the quarter as this went to press, up from 12 last quarter. The prices averaged \$238,453 per unit, and \$290.38 per square foot. SkyHouse had the highest price at \$385,593 per unit and \$489.19 per square foot. The second highest was Radius Uptown (fka Alexan Uptown) at \$362,823 and \$470.44. Both were acquired by Equity Residential, marking its re-entry into the Denver area.

Apartment Insights is a web based information and analysis tool used by apartment owners, management companies, brokers, and lenders. For a demonstration or subscription, please call:

**Apartment Insights
Cary Bruteig, MAI**

900 E. Louisiana Ave., Suite 110

Denver, CO 80210

Phone: (303) 722-4222

Fax: (303) 744-3759

www.ApartmentInsights.com