



DENVER METRO

APARTMENT VACANCY & RENT 3RD QUARTER 2018 REPORT



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Metro Denver Vacancy & Rent Report

EXECUTIVE SUMMARY • 3RD QUARTER 2018



Vacancy Rate

5.5%

Last Quarter: 6.0%

Average Rent

\$1,465

Last Quarter: \$1,484

Average per sq. ft.

\$1.73

Last Quarter: \$1.73

Discount / Concessions

5.9%

Last Quarter: 7.8%

Economic Vacancy

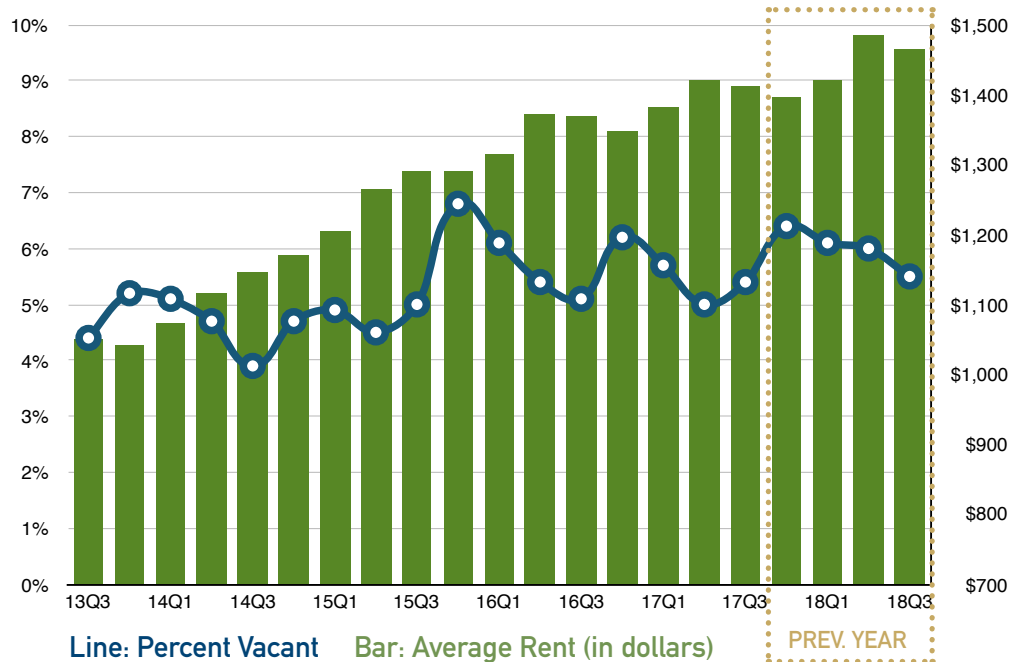
12.0%

Last Quarter: 14.9%

Net Absorption (Units)

4,063

Last Quarter: 3,875

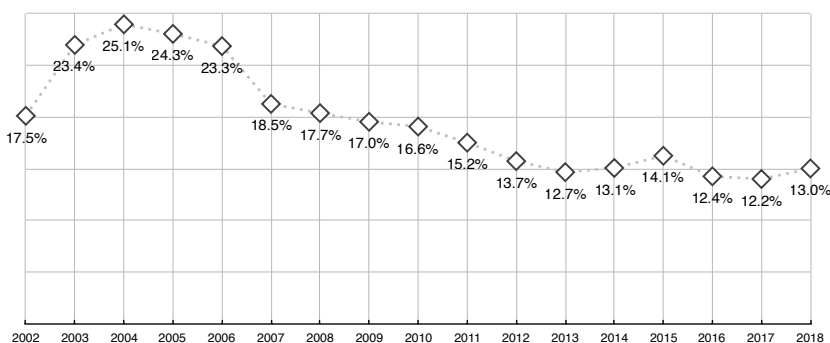


County Overview

ARROWS DESIGNATE CHANGE SINCE PREVIOUS QUARTER

County	Vacancy Rate	Average Rent	Rate (/sq. ft.)
Adams	4.5% ⬆️	\$1,387 ➡️	\$1.64 ⬆️
Arapahoe	5.5% ⬇️	\$1,394 ⬇️	\$1.63 ➡️
Boulder/Broomfield	4.0% ⬇️	\$1,642 ⬇️	\$1.85 ➡️
Denver	7.1% ⬇️	\$1,517 ⬇️	\$1.86 ⬇️
Douglas	5.2% ⬇️	\$1,531 ⬇️	\$1.70 ⬆️
Jefferson	4.0% ⬇️	\$1,431 ⬇️	\$1.70 ⬆️

Yearly Economic Vacancy (Average of all four quarters)



Hottest Sub-Markets

Wheat Ridge	1.7%	Longmont	2.8%
Commerce City	2.8%	Aurora - North	3.1%
Aurora - Central SE	2.8%	Lakewood - North	3.4%



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VACANCY RATE:

THIS QUARTER:	5.5%
» Last Quarter:	6.0%
» This quarter 2017:	5.4%
» This quarter 2016:	5.1%
» One county was up in their vacancy rate, and five showed a decrease.	
» Eighteen market areas showed an increase in their vacancy rate, while seventeen showed a decrease, and two remained the same.	
» Buildings with "350 +" units had the highest vacancy rate at 6.0%. Buildings with "Up to 8" units had the lowest vacancy rate of 2.6%. Historically, larger buildings have the highest vacancy rates.	
» Buildings constructed since 2010 had the highest vacancies at 11.2%. Those constructed "1950-1959" had the lowest vacancy rate at 3.2%.	
» Efficiencies were 7.3% vacant; one-bedrooms 5.4% vacant; two-bedroom one bath 4.6%; two-bedroom, two bath 6.0% vacant; and three bedroom 5.6% vacant.	

ECONOMIC VACANCY:

THIS QUARTER:	12.0%
Last Quarter:	14.9%
This quarter 2017:	11.5%
This quarter 2016:	10.9%

Economic vacancy is defined as physical vacancy plus concessions and discounts as a percent of gross potential rent.

RENTAL RATES:

AVERAGE RENT:	\$ 1,464.90
Last quarter:	\$ 1,484.02
This quarter 2017:	\$ 1,411.88
This quarter 2016:	\$ 1,367.60

MEDIAN RENT:	\$ 1,417.90
Last quarter:	\$ 1,434.62
This quarter 2017:	\$ 1,370.44
This quarter 2016:	\$ 1,328.88

RENT / SQUARE FOOT:	\$ 1.73
Last quarter:	\$ 1.73
This quarter 2017:	\$ 1.65
This quarter 2016:	\$ 1.60

AVERAGE RENT FOR UNITS CONSTRUCTED:

2010-now	\$1,846.99
2000-2009	\$1,575.00
1990-1999	\$1,575.07
1980-1989	\$1,354.35
1970-1979	\$1,170.52
1960-1969	\$ 1,296.18
1959 and prior	\$ 1,184.37

Rents do not include the cost of rental discounts and concessions. For the third quarter of 2018, rental discounts and concessions averaged 5.9 percent, down from 7.8 percent for the prior quarter.

OVERALL COMMENTS:

Given further increases in the number of new additions to the inventory this quarter and over the last three plus years, the continued trend in the Denver metro unemployment rate, normal seasonal vacancy changes, continued immigration, and an increase in metro area natural population, continued absorption of units is expected during the year. Rent growth and vacancy rates both have seasonal movements with some variation across certain submarkets. Historically the vacancy rate is higher in the fourth and first quarters than the second and third quarters, which we have seen again so far this year. The number of new units added to the inventory during 2017 increased, as seasonal construction was completed and permitted construction obtained certificates of occupancy. 2,570 new units were reported for the 3rd quarter of 2018. Absorption outpaced new units delivered for the second quarter of 2018, but there can be jumps in submarkets vacancy while new units are absorbed.

The overall average rent for the last ten years has increased from around \$800.00 in 2002 to \$1,464.90 this quarter. The overall vacancy rate was at 5.5%. Absorption was positive for the quarter with 4,063 units being absorbed. The absorption and new supply numbers will continue to be watched closely with significant new additions expected to the apartment stock over the next several quarters.

The Denver Area Apartment Vacancy and Rent Survey reports median and average rates, and, as a result, there are often differences in rental rates and vacancy rates by apartment type, size, location, and age of building/complex. These variances are more pronounced as the vacancy rate has fluctuated during the last several years. All information is based on data received for the month of September, except for resident turnover and rental losses, which is for August.

This survey is conducted via mail and online submissions. It includes only those units with a certificate of occupancy. The third quarter 2018 Survey includes information on 125,654 apartment units. The Survey is possible because of the excellent participation and help of professionals in the apartment industry and the consistent support of the Survey sponsors.

Comments on the Survey are welcome at VonStrohHousing-Survey@gmail.com.

INVENTORY:

NEW UNITS: 2,570 | TOTAL UNITS: 345,037

For the current quarter, there was a net absorption of 4,063 units for the metropolitan Denver area. For all of 2017, 11,821 units were absorbed. For all of 2016, 11,056 units were absorbed. For all of 2015, 864 units were absorbed. For all of 2014, 8,631 units were absorbed. For all of 2013, 4,613 units were absorbed. Absorption is the net change in the number of apartment units rented in the current time period (quarter/year) compared to the previous time period (quarter/year).

METRO DENVER SUBMARKETS

(Individual Submarkets Defined on the "Market Area Descriptions and Census Tracts" Page at the end of each section.)

Red: Vacancy Rate

Blue: Average Rent

