

GREYSTONE



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# DENVER

COLORADO, MSA

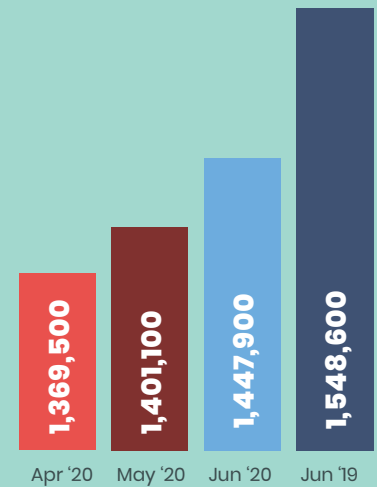
MARKET INSIGHT REPORT

FALL **2020**

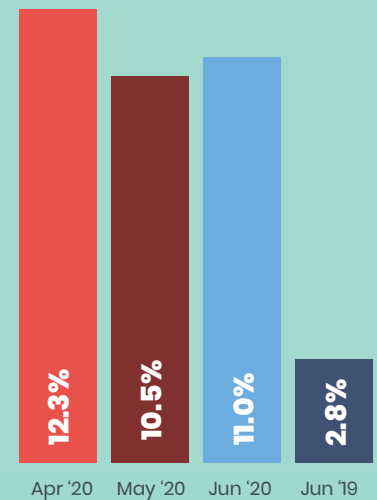
Total nonfarm employment for the Denver–Aurora–Lakewood Metropolitan Statistical Area stood at 1,447,900 in June 2020, down 100,700 over the year, the U.S. Bureau of Labor Statistics has reported. Denver’s 6.5% rate of job loss was less than the national decline of 8.7%, though Denver’s unemployment rate of 11.0% in June was nearly on par with the U.S. unemployment rate of 11.1%. Denver’s unemployment rate ranked in the upper tier at 262 of 389 nationwide metro areas, yet was better than Las Vegas (18.0%), Los Angeles (18.1%), the New York City metro (17.0%), Boston (16.9%), Chicago (15.9%), and several other prominent metro areas.

Employment in Denver’s leisure and hospitality sector fell sharply, losing 42,900 jobs, for a contraction of nearly 24%. This alone accounted for near to 42% of all jobs lost for this period. The sheer volume of jobs lost in this sector, no doubt due to the COVID-19 pandemic, shows how quickly Denver could spring back to an expanding economy. As of late June, Denver city and county officials reported a 3% positivity rate for COVID testing, well under the 5% or below in order to warrant additional re-opening of businesses and services.

### Total Employment



### Unemployment



Metro Area Employment (Thousands)	June 2020	Change from June 2019	
		Number	Percent
Total Nonfarm	1,447.9	-100.7	-6.5
Mining, Logging, and Construction	104.9	-9.1	-8.0
Manufacturing	73.1	2.3	3.2
Trade, Transportation, and Utilities	259.4	-18.5	-6.7
Information	50.9	-0.2	-0.4
Financial Activities	108.3	-4.3	-3.8
Professional and Business Services	281.1	-2.2	-0.8
Education and Health Services	180.6	-10.9	-5.7
Leisure and Hospitality	136.9	-42.9	-23.9
Other Services	51.1	-8.4	-14.1
Government	201.6	-6.5	-3.1

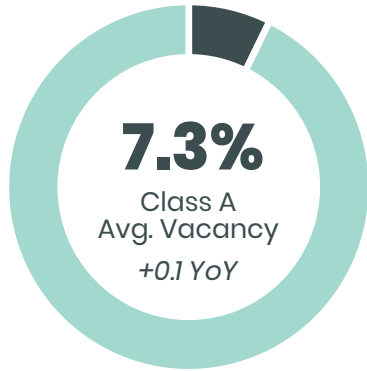
Source: U.S. BLS, Current Employment Statistics

# RENTAL MARKET



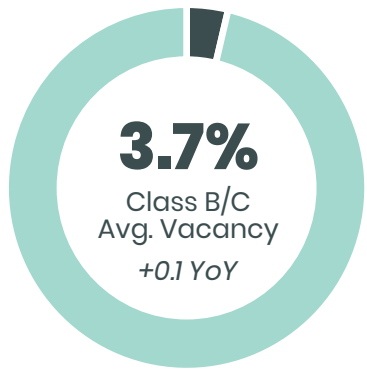
**\$1,709**

Class A Avg. Rent  
+0.9% YoY



**\$1,153**

Class B/C Avg. Rent  
+1.2% YoY



Mean Unit Prices 2Q 2020

**\$1,252**

Studios

**\$1,312**

One Bedrooms

**\$1,632**

Two Bedrooms

**\$2,125**

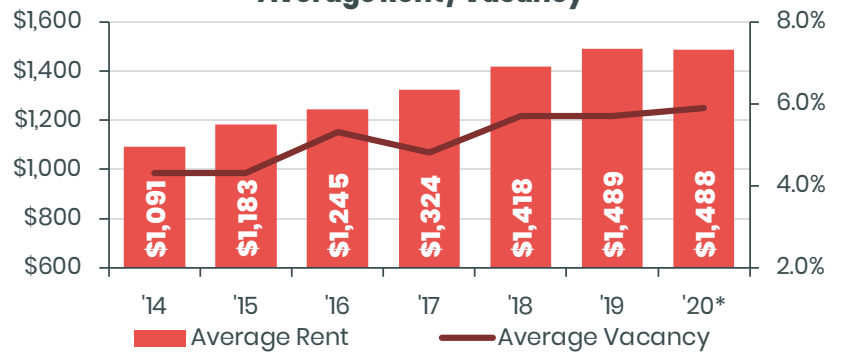
Three Bedrooms

**+1.4% YoY 2Q**

Average Rent Increase  
From \$1,468 to \$1,488

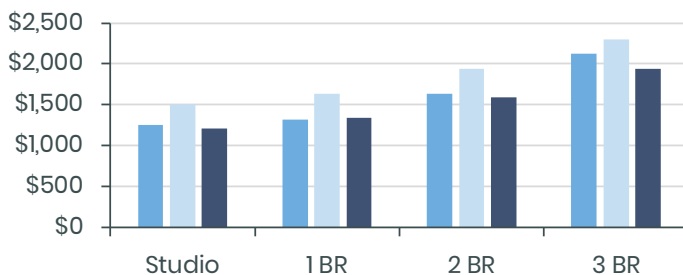
- Second quarter average rent was unchanged from first quarter
- Annual rent loss is expected to hit Denver, down by 2.4% by year end, but up 0.4% in 2021
- Vacancy rate of 5.9% in 2Q expected to rise to 7.4% by year end and to 7.8% in 2021

Average Rent / Vacancy



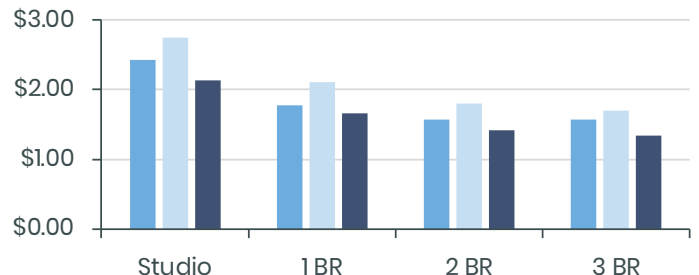
Source: Reis, \*2Q 2020

Asking Rent Comparison



Source: Reis, 2Q 2020

Asking Rent PSF



Source: Reis, 2Q 2020

Denver MSA West U.S.

# MULTIFAMILY CONSTRUCTION

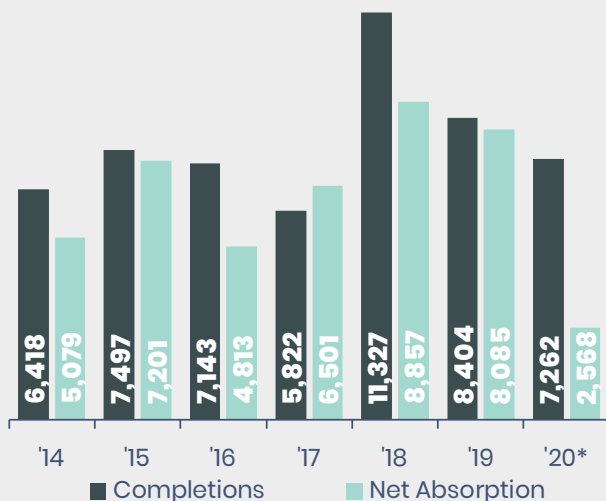
**2020: Expected completions of 7,262 new units**

**3,341 new units will follow in 2021**

The Denver market has seen an annualized inventory growth rate of 4.0% for the past five years ended December 2019. This pace was well-above that of the West at 1.8% and the U.S. at 2.3%, though Denver's robust population growth has provided for a sound 1:1 construction / absorption ratio over the same period. This has allowed Denver's apartment market to flourish.

Though the Denver metro average vacancy rate is expected to peak at 7.8% in 2021 due to significant job losses brought about by the pandemic, the market will see improvement in 2022 and beyond, with jobs returning and inventory growth falling near to 1.0% annually.

**Completions / Net Absorption**



Source: Reis, All figures are annual totals, \*Projected

# PERMITS



**4,981**

Single Family Permits  
-7.7% YoY



**2,587**

Multifamily Permits  
(5+ Units)  
-24.2% YoY

YTD Through 2Q 2020

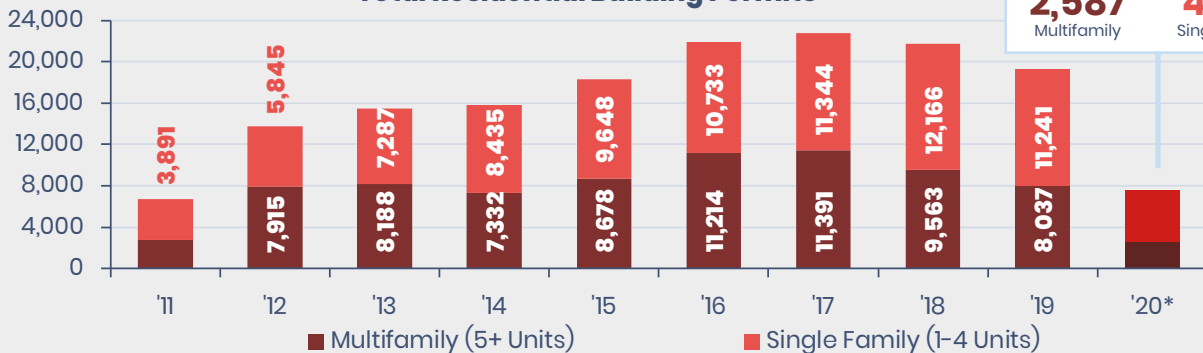
**\$447,500**

Median Single Family Price  
+4.6% YoY

June 2020

- Active for-sale inventory was down 32.9% in June as compared to one year prior.
- The single-family market remained heated through June, with an average of 24 days on the MLS for listings, and the closed price / list price at 99.7%.

**Total Residential Building Permits**



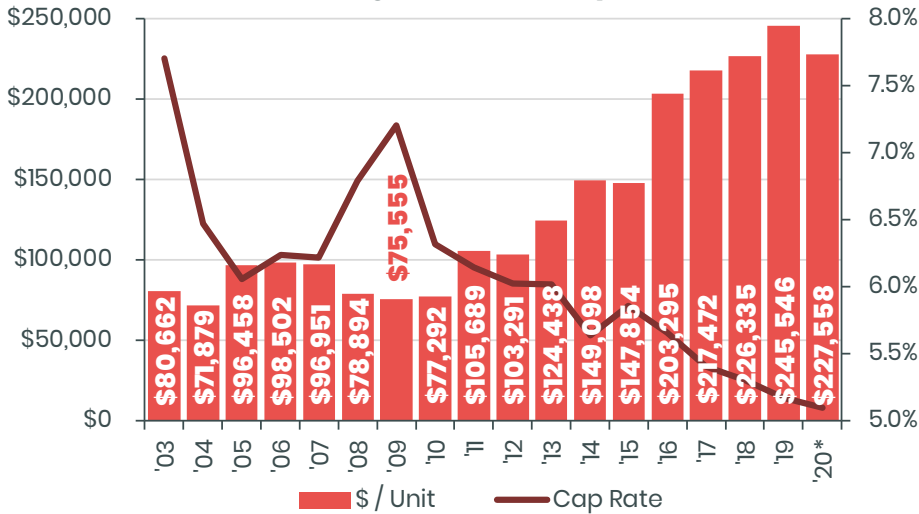
**Mid-Year Permit Volume**

**2,587** Multifamily  
**4,981** Single Family

Source: U.S. Census, \*Through June, Multifamily Includes Condos

# MULTIFAMILY SALES

**Average Sales PPU / Cap Rate**



Source: Real Capital Analytics, Based on sales of \$2.5 million and greater, \*YTD through June 30



**\$2.0B**

Sales Volume YTD  
-2.1% YoY



**\$227,558**

Avg. Sold Price / Unit YTD  
-8.1% YoY



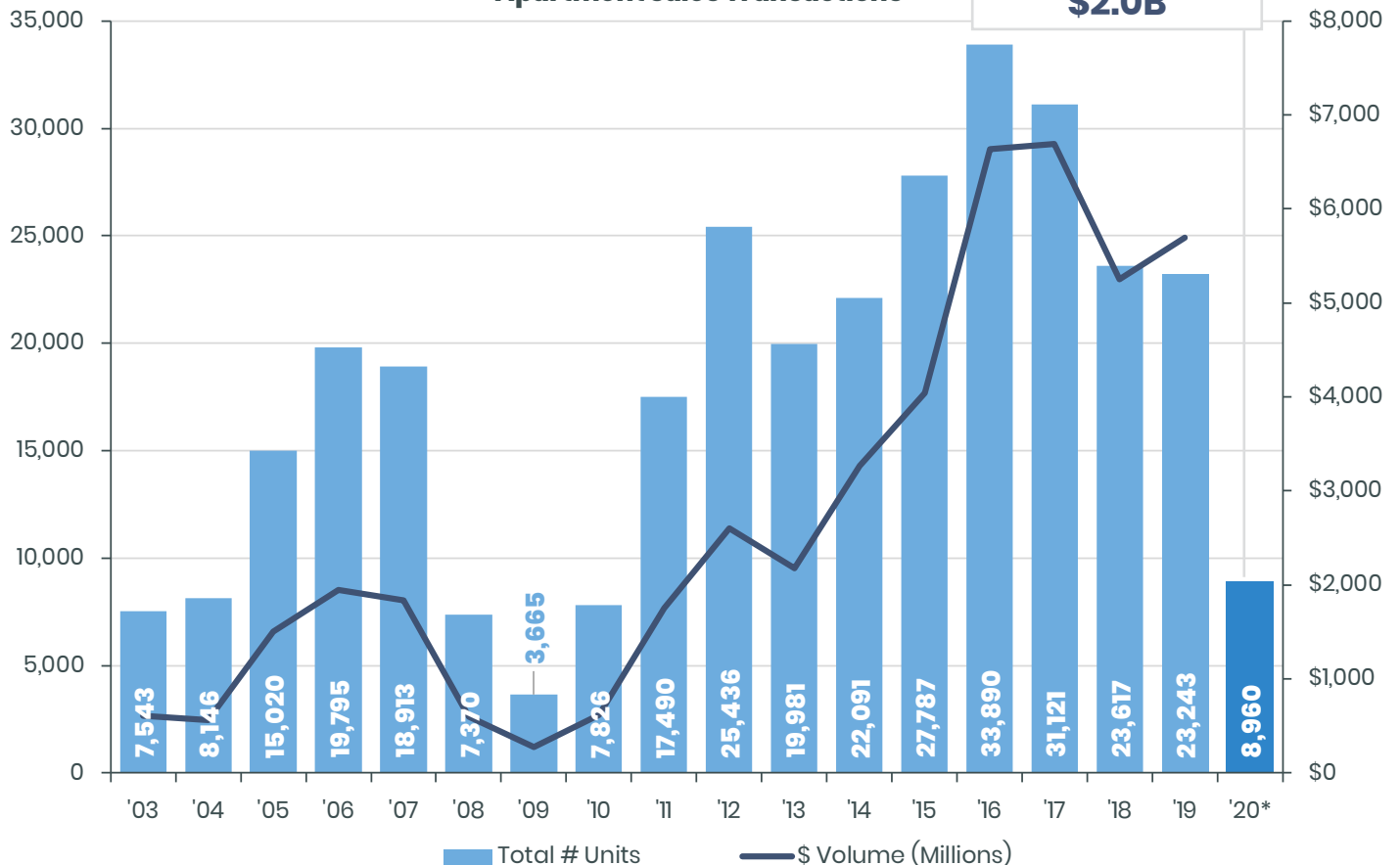
**5.1%**

Avg. Cap Rate YTD  
-10 bps YoY

**Apartment Sales Transactions**

**Mid-Year Sales Volume**

**\$2.0B**



Source: Real Capital Analytics, Based on sales of \$2.5 million and greater, YTD through June 30

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Sources: Greystone; Reis; RealCapitalAnalytics; CoStar; U.S. Census; Bureau of Labor; Denver Metro Association of Realtors; City of Denver

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