



DENVER METRO APARTMENT VACANCY & RENT SURVEY FIRST QUARTER 2012



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Colorado Division
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Metro Denver Vacancy & Rent Report



EXECUTIVE SUMMARY • 1ST QUARTER 2012

Vacancy Rate
4.9%
 Last Quarter: 5.4%

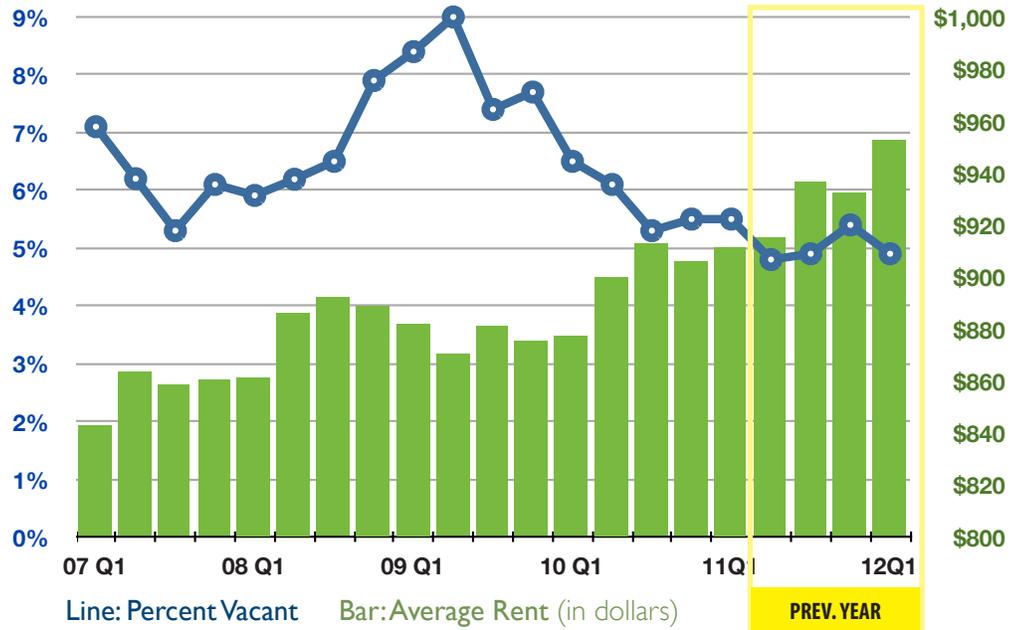
Average Rent
\$952.60
 Last Quarter: \$932.02

Average per sq. ft.
\$1.12
 Last Quarter: \$1.09

Discount / Concessions
9.1%
 Last Quarter: 8.8%

Economic Vacancy
14.0%
 Last Quarter: 14.3%

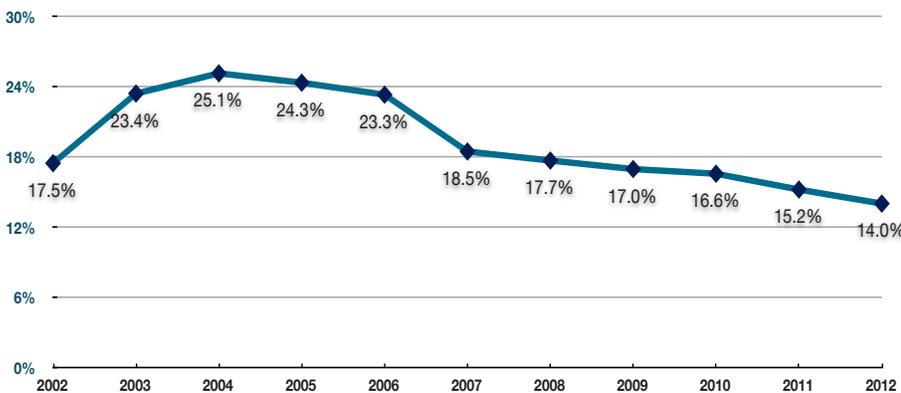
Net Absorption (Units)
1807
 Last Quarter: -1449



County Overview

| | Vacancy Rate | Average Rent | Rate (/sq. ft.) |
|---------------------------|--------------|--------------|-----------------|
| Adams | 4.5% | \$934.03 | \$1.11 |
| Arapahoe | 6.3% | \$909.56 | \$1.05 |
| Boulder/Broomfield | 3.9% | \$1,070.38 | \$1.24 |
| Denver | 4.2% | \$973.39 | \$1.21 |
| Douglas | 4.9% | \$1,109.74 | \$1.15 |
| Jefferson | 3.8% | \$897.65 | \$1.06 |

Yearly Economic Vacancy (Average of all four quarters)



Hottest Submarkets

| | |
|-----------------------|---------------------|
| Denver - West Central | Englewood, Sheridan |
| 0.0% | 2.7% |
| Boulder - University | Denver - Northwest |
| 0.1% | 3.2% |
| Denver - Central | Lakewood - North |
| 2.6% | 3.2% |

VACANCY: 4.9%

| | |
|--------------------|-------|
| Last Quarter: | 5.4 % |
| This quarter 2011: | 5.5% |
| This quarter 2010: | 6.5 % |

- Five counties down slightly, and one up slightly with their vacancy rate.
- Nine market areas showed an increase, while twenty eight showed a decrease.
- Buildings with "350 and up" units had the highest vacancy rate at 5.9 %. Buildings with "Up to 8" units had the lowest vacancy rate of 2.2 %. Historically, larger buildings have the highest vacancy rates.
- Buildings constructed since 2005 had the highest vacancies at 6.0 %. Those constructed between 1950 and 1959 had the lowest vacancy rate at 1.5 %.
- Efficiencies had 3.1 % vacant; one-bedrooms 4.3 % vacant; two-bedroom one bath 6.0%; two-bedroom, two bath 5.6 % vacant; and three bedroom 4.3 % vacant.

RENTAL RATES:

| | | | | | |
|------------------------|------------------|-----------------------|------------------|---------------------------------|-------------|
| • Average rent: | \$ 952.60 | • Median rent: | \$ 891.58 | • Rent / square foot: \$ | 1.12 |
| • Last quarter: | \$ 932.02 | • Last quarter: | \$ 870.71 | • Last quarter: | \$ 1.09 |
| • This quarter 2011: | \$ 911.41 | • This quarter 2011: | \$ 858.97 | • This quarter 2011: | \$ 1.07 |
| • This quarter 2010: | \$ 877.16 | • This quarter 2010: | \$ 836.61 | • This quarter 2010: | \$ 1.04 |

Average Rent for Units Constructed...

| | |
|------------------|------------|
| • 2005-2011: | \$1,245.67 |
| • 2000-2004: | \$1,114.79 |
| • 1990-1999 | \$1,129.44 |
| • 1980-1989 | \$ 886.41 |
| • 1970-1979 | \$ 735.90 |
| • 1960-1969 | \$ 765.84 |
| • 1959 and prior | \$ 717.34 |

Rents do not include the cost of rental discounts and concessions. For the first quarter of 2012, rental discounts and concessions averaged 9.1 percent, up from 8.8 percent for the prior quarter.

ECONOMIC VACANCY: 14.0 %

| | |
|--------------------|--------|
| Last Quarter: | 14.3 % |
| This Quarter 2011: | 15.0 % |
| This Quarter 2010: | 16.2 % |

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

NEW UNITS ADDED: 276 TOTAL UNITS: 291,103

For the first quarter of 2012, there was a net absorption of 1807 units for the metropolitan Denver area. For all of 2011, 1,536 units were absorbed. For all of 2010, the total positive absorption was 6,827 units. 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).

OVERALL COMMENTS

Given the limited number of new additions to the inventory in the last two years, and especially during the last year, a decrease in the Denver metro unemployment rate, normal seasonal vacancy changes, continued immigration, and an increase in metro area natural population, the decrease in the vacancy rate this quarter was expected. Historically the vacancy rate is higher in the fourth and first quarters than the second and third quarters. The number of new units to be added to the inventory during 2012 will increase, compared to the number of additions the past several years. The overall average rent for the last seven years has increased from around \$800.00 in 2002 to over \$954.76 this quarter.

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 March, except for resident turnover and rental losses, which is for February.

This survey is conducted via mail and online submissions. It includes only those units with a certificate of occupancy. The first quarter 2012 Survey includes information on 107,559 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 VonStrohHousingSurvey@gmail.com.

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