

# Metro Denver Vacancy & Rental Rate Executive Summary

## Third Quarter 2012

### VACANCY: 4.3%

- Last Quarter: 4.8 %
- This quarter 2011: 4.9%
- This quarter 2010: 5.3%
  
- One county was up slightly in their vacancy rate, five counties were down slightly in their vacancy rate.
  
- Eleven market areas showed an increase, while twenty five showed a decrease, and one remained the same.
  
- Buildings with “350 and up” units had the highest vacancy rate at 4.9 %. Buildings with “9 to 50” units had the lowest vacancy rate of 2.4 %. Historically, larger buildings have the highest vacancy rates.
  
- Buildings constructed since 2005 had the highest vacancies at 5.2 %. Those constructed between 1940 and 1949 had the lowest vacancy rate at 1.8 %.
  
- Efficiencies were 2.6 % vacant; one-bedrooms 4.0 % vacant; two-bedroom one bath 4.7 %; two-bedroom, two bath 4.7 % vacant; and three bedroom 3.7 % vacant.

### RENTAL RATES

- **Median rent:** **\$ 919.97**

Last quarter: \$ 916.08  
This quarter 2011: \$ 881.67  
This quarter 2010: \$ 856.64

- **Average rent:** **\$ 986.42**

Last quarter: \$ 979.80  
This quarter 2011: \$ 936.46  
This quarter 2010: \$ 912.68

- **Rent / square foot:** **\$ 1.16**

Last quarter: \$ 1.14  
This quarter 2011: \$ 1.09  
This quarter 2010: \$ 1.07

- **Average Rent for Units constructed...**

2005-2011	\$1,290.45
2000-2004	\$1,157.33
1990-1999	\$1,161.76
1980-1989	\$ 888.81
1970-1979	\$ 754.99
1960-1969	\$ 806.51
1959 and prior	\$ 752.63

- Rents do not include the cost of rental discounts and concessions. For the third quarter of 2012, rental discounts and concessions averaged 9.6 percent, down from 9.7 percent for the prior quarter.

- **ECONOMIC VACANCY: 13.8 %**

- Last Quarter: 14.5 %
- This quarter 2011: 15.3%
- This quarter 2010: 18.9%

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

- **NEW UNITS ADDED: 805 TOTAL UNITS: 292,471**

For the third quarter of 2012, there was a net absorption of 2,092 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, the recent trend in the Denver metro unemployment rate, normal seasonal vacancy changes, continued immigration, and an increase in metro area natural population, a continued historically low vacancy rate 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 ten years has increased from around \$800.00 in 2002 to over \$986.42 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 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 2012 Survey includes information on 111,305 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.

For complete current data, contact the Apartment Association of Metro Denver at (303) 329-3300. or <http://www.aamdhq.org/>.