

DENVER CO

Multifamily Report

BERKADIA[®]

a Berkshire Hathaway and Jefferies Financial Group company



DENVER, CO EMPLOYMENT

Jobs Added / Lost

LAST 12 MONTHS

137,300
↑ 10.0%

NEXT 12 MONTHS*

84,500
↑ 5.6%

Unemployment

MID-YEAR 2021

6.1%
↓ 630 BPS YOY

MID-YEAR 2022*

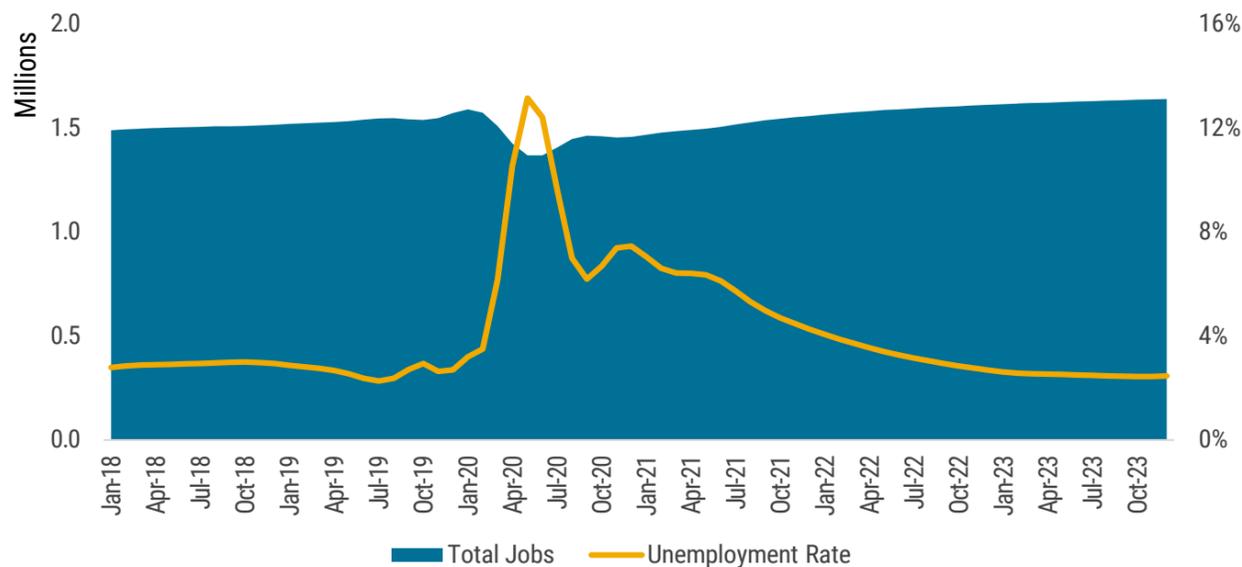
3.3%
↓ 280 BPS YOY

*Projected

More people are returning to work and the Denver economy is becoming increasingly open. With all job sectors making gains, employers added over 137,000 net jobs to the Denver economy over the past 12 months. Positive gains across all sectors are forecast for 2022, bringing the Denver economy much closer to normality. Meanwhile, metrowide unemployment plummeted to 6.1% in June 2021, down from 12.4% one year prior. By June 2022, the Denver unemployment rate is forecast to register at 3.4%, representing the lowest figure since February of 2020. Alongside a declining unemployment rate, employers are expected to add 84,500 jobs to the Denver economy by next year, supporting the Denver apartment market.

In preparation for the summer season, many hotels and restaurants are revving up hiring efforts. As part of the Grand Hyatt jobs fair, Denver's Hotel Monaco plans to hire two-thirds of its staff back, exemplifying the resurgence in the metro's leisure and hospitality industry. Leisure and hospitality comprised over 30% of total job gains, reflective of Denver easing pandemic restrictions. Residents are returning to restaurants, concerts, and other entertainment venues. Denver employers need new employees, bringing another optimistic element to Denver's local economy. Such a demand for labor, coupled with consumer demand, provides Denver's economy with a solid foundation for future progress.

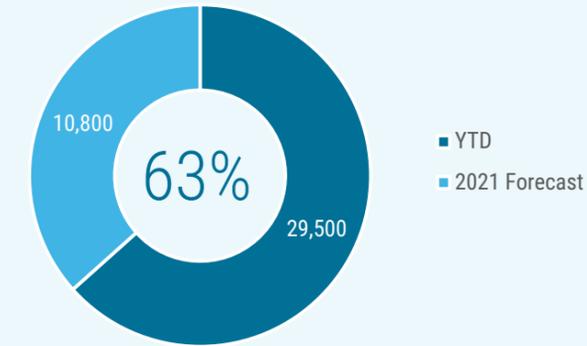
Employment Trends



SOURCE: MOODY'S ANALYTICS

Who's Hiring?

LEISURE & HOSPITALITY INDUSTRY



10%
OF ALL JOBS IN THE METRO

\$28,800
AVERAGE ANNUAL SALARY

Top Leisure & Hospitality Employers

ASPEN SNOWMASS.

3,000 JOBS



1,000 JOBS

AMERISTAR
CASINO HOTEL

900 JOBS

In The News

- Amazon hiring for 3,000 jobs in Denver
- United Airlines announces 3,000 new Denver jobs
- Home Depot to fill more than 1,700 jobs in Denver

- Fluid Truck expands HQ to bring 1,500 new jobs to state
- Datadog to bring 400 high-paying tech jobs to Denver



DENVER, CO

DELIVERIES & ABSORPTION

2021 Units*

DELIVERED

9,337

ABSORBED

8,653

2022 Units*

DELIVERED

9,912

ABSORBED

4,746

*Projected

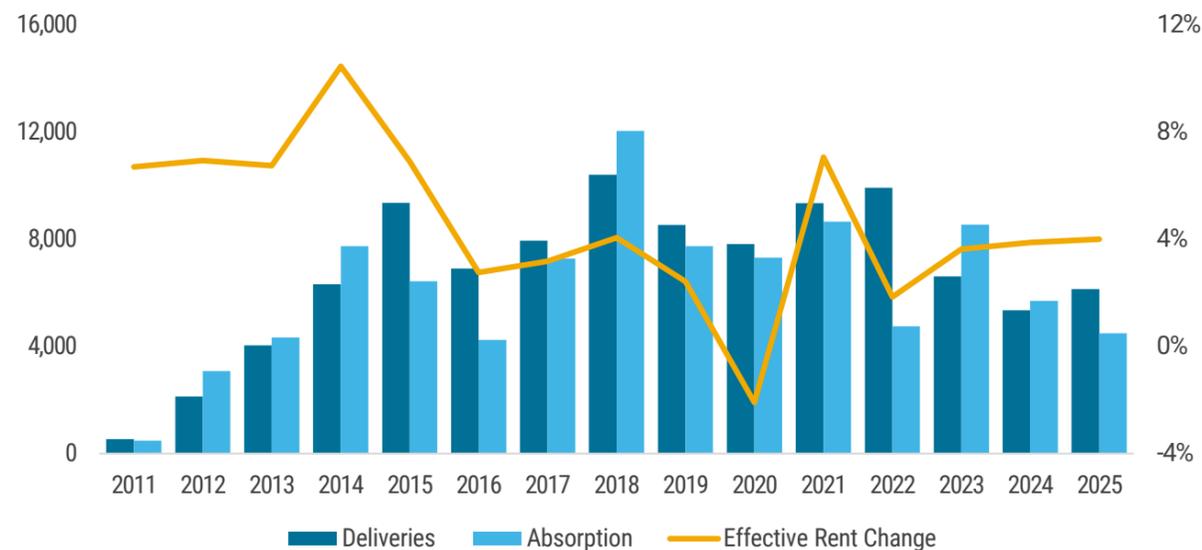
Apartment deliveries and tenant demand are forecast to exceed pre-pandemic levels by year-end 2021, underpinned by a resurgence in job growth and a more open Denver. Net apartment absorption in 2021 is expected to reach over 8,600 units, alongside over 9,300 apartment deliveries. Denver developers are capitalizing on large pools of high-income employees working at Salesforce, Oracle, and elsewhere. In fact, Denver ranked the nation's leader in high-income renter growth.

Situated near these firms and others is Broomfield's Interlocken Technology Park where The Lock at Flatirons is set to commence in the third quarter of this year. The \$80 million apartment project is set to deliver luxury

apartment units to cater to the region's growing cohort of white-collar workers. Looking forward to 2022, apartment deliveries are forecast to exceed 2021 figures by nearly 600 units alongside strong tenant demand.

Tenant demand is expected to be helpful in driving metro effective rent, forecast to bring in the first year-over-year increase in metro rent since 2019. Apartment supply and demand have both been supported by lifestyle developments and a restructuring of the renter base. With Denver becoming an increasingly popular destination to work and to live, the metro's growing workforce is set to incentivize further development and net absorption.

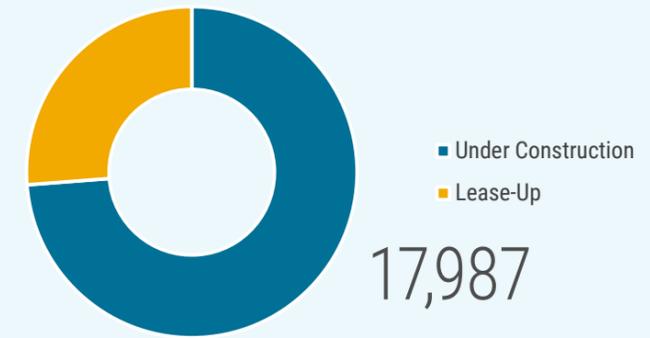
Deliveries, Absorption, & Effective Rent Change



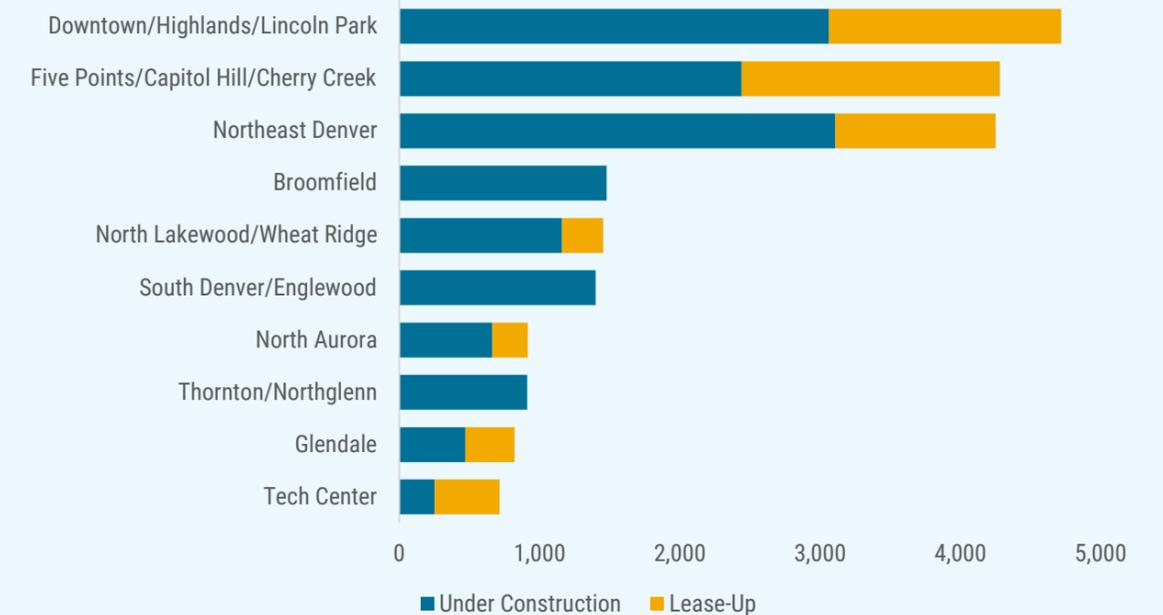
SOURCE: REALPAGE

Market Pipeline

6,392



Top 10 Submarket Pipelines



For a complete list of properties in the pipeline, [CLICK HERE](#)



DENVER, CO

RENT & OCCUPANCY

Effective Rent

2Q 2021

\$1,620

↑ 5.2% YOY

Occupancy

2Q 2021

95.4%

↑ 100 BPS YOY

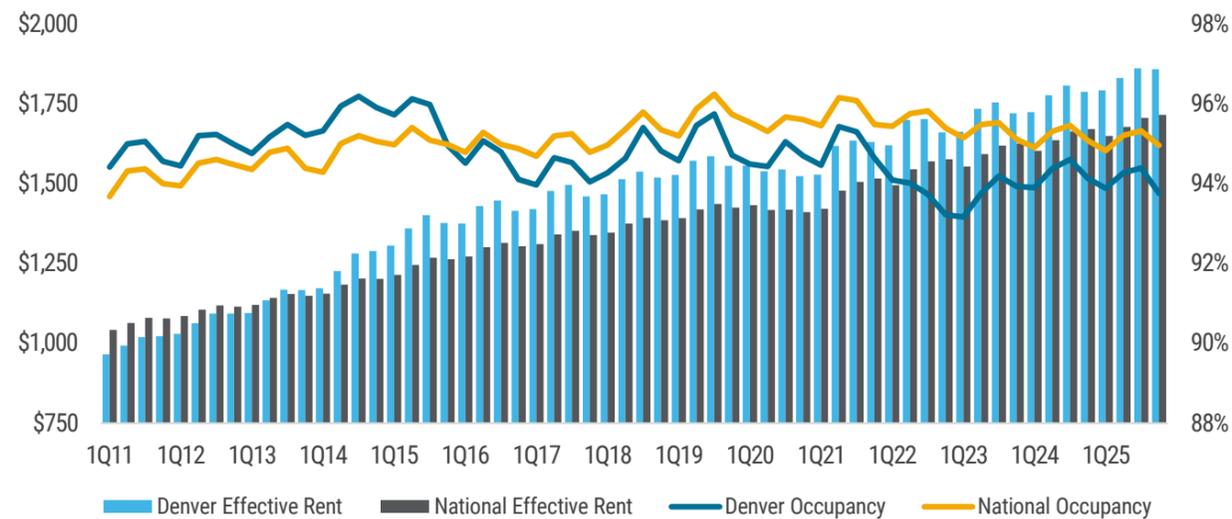
Metrowide effective rent and occupancy are on the rise, supported by strong tenant demand and a more open economy. Metrowide occupancy increased 100 basis points year over year to 95.4% in the second quarter of 2021. Most submarkets attained occupancy rates in the 95% to 97% range. Effective rent in metro Denver registered at \$1,620 per month in the second quarter of 2021, up 5.2% from one year prior. In addition to rising tenant demand, Denver's housing shortage is a factor contributing to the upward trajectory of effective rent.

Most submarkets experienced annual increases in effective rent, with the top three figures recorded in the Highlands Ranch, Littleton, and Southeast Aurora/East Arapahoe County

submarkets. Apartment operators in these markets felt comfortable raising rents, resulting in figures more in line with competing submarkets. Additionally, high-income renter growth is expected to help drive demand for lifestyle product, and further bolster the Denver apartment market.

Alongside absolute increases in effective rent, metro Denver is forecast to command a higher-than-national rate by increasing margins. In the second quarter of 2020, effective rent in Denver registered at an 8.5% premium relative to the national average. Mid-year 2021, the figure was 9.5%, and a figure of 10% is expected one year from now. The shift represents Denver's increasing status as a commander of high rent.

Denver vs. National Effective Rent & Occupancy



SOURCE: REALPAGE

Submarket Performance

SUBMARKET NAME	2Q21 OCCUPANCY	YOY (BPS)	2Q21 EFFECTIVE RENT	YOY
Arvada/Golden	97.0%	170	\$1,562	4.5%
Broomfield	96.1%	190	\$1,709	9.5%
Downtown/Highlands/Lincoln Park	94.6%	230	\$1,977	-0.3%
Five Points/Capitol Hill/Cherry Creek	93.8%	60	\$1,791	-0.9%
Glendale	95.3%	20	\$1,377	3.1%
Highlands Ranch	96.5%	340	\$1,825	12.8%
Littleton	96.3%	90	\$1,672	10.9%
North Aurora	95.2%	-40	\$1,350	6.2%
North Lakewood/Wheat Ridge	96.5%	40	\$1,514	5.1%
Northeast Denver	94.9%	60	\$1,617	5.9%
Parker/Castle Rock	96.4%	190	\$1,675	9.8%
South Denver/Englewood	95.1%	80	\$1,622	2.2%
South Lakewood	96.3%	90	\$1,561	7.8%
Southeast Aurora/East Arapahoe County	95.9%	80	\$1,581	10.1%
Southeast Denver	95.3%	-20	\$1,446	6.3%
Southwest Aurora	96.1%	50	\$1,365	5.4%
Tech Center	95.9%	210	\$1,695	8.0%
Thornton/Northglenn	95.2%	130	\$1,498	7.5%
Westminster	96.1%	80	\$1,457	8.4%



DENVER, CO

POPULATION & MIGRATION

2021 Residents*

3,052,300

↑ 1.1% YOY

2022 Residents*

3,084,900

↑ 1.1% YOY

*Projected

The pandemic brought many new residents to Denver, representing a positive migration shift for the metro's apartment market. A study conducted by Bloomberg found Denver ranked number eight for the most moved-to city in the nation during the pandemic. Denver's annual population growth remained on its pre-pandemic trajectory and is forecast to grow by 1.1% in 2021. As a hub for business and innovation, Denver is expected to continue to attract technology and finance talent from around the nation. Part of this rise in population was due to many high-income renters choosing to call Denver home. Apartment development is expected to, at least in part, cater to this growth in high-income renters with luxurious and spacious units equipped with home office

capabilities. As local, national, and global economies become more open, metro Denver is expected to remain a hotspot for technology, finance, and those who work in these fields.

More renters are desiring suburban and nature-rich living environments. The Denver metropolitan area offers a wide array of natural getaways, an attribute which is at the top of many renter's lists when considering a move. With employers becoming increasingly open to remote work options, metros like Denver are set to become more popular. The Wall Street Journal reported that technology employees are becoming more interested in Denver as a result of their employers being more willing to allow out-of-state living situations.

Denver Population



*Projected

SOURCE: MOODY'S ANALYTICS

Urban Migration During the Pandemic

2Q 2020 - 1Q 2021



SOURCE: FEDERAL RESERVE BANK OF CLEVELAND



DENVER, CO SALES

2021 Year to Date*



VOLUME
\$2.5M



PRICE PER UNIT (AVG)
\$342,154



TRANSACTIONS
28



CAP RATE (AVG)
4.3%

What's Trading?*



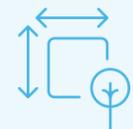
UNITS (AVG)
261



YEAR BUILT (AVG)
2000's



BUILDINGS (AVG)
9



ACRES (AVG)
12.40

*\$10M+
SOURCE: REAL CAPITAL ANALYTICS

Top Buyers**

BUYER	LOCATION
Crow Holdings	Dallas, TX
Eaton Vance RE	Boston, MA
Treeline Partners	Denver, CO
Cortland	Atlanta, GA
Investors RE Trust	Minot, ND

Top Sellers**

SELLER	LOCATION
TIAA	New York, NY
Starwood Capital	Miami Beach, FL
Crow Holdings	Dallas, TX
Embrey Development	San Antonio, TX
Legacy Prtnrs Res	Foster City, CA

**Past 24 Months



DENVER, CO SALES

\$10+ Million Transactions



THE LEX AT LOWRY

Denver, CO

UNITS	YEAR BUILT
710	1969
PRICE / UNIT	SALES PRICE
\$284,296	\$201,900,000



THE HENRY

Denver, CO

UNITS	YEAR BUILT
403	2019
PRICE / UNIT	SALES PRICE
\$455,335	\$183,500,000



FORUM FITZSIMONS

Aurora, CO

UNITS	YEAR BUILT
397	2017
PRICE / UNIT	SALES PRICE
\$400,000	\$158,800,000



BLUE RIDGE AT PALOMINO PARK

Highlands Ranch, CO

UNITS	YEAR BUILT
456	1996
PRICE / UNIT	SALES PRICE
\$341,418	\$155,700,000



GREEN RIVER AT PALOMINO PARK

Highlands Ranch, CO

UNITS	YEAR BUILT
424	2000
PRICE / UNIT	SALES PRICE
\$361,440	\$153,300,000



TRIVISTA ON SPEER

Denver, CO

UNITS	YEAR BUILT
332	2019
PRICE / UNIT	SALES PRICE
\$435,241	\$144,500,000



PARQ AT ILIFF STATION

Aurora, CO

UNITS	YEAR BUILT
424	2018
PRICE / UNIT	SALES PRICE
\$316,038	\$134,000,000



ALEXAN 20TH ST STATION

Denver, CO

UNITS	YEAR BUILT
354	2018
PRICE / UNIT	SALES PRICE
\$367,232	\$130,000,000



RED CANYON AT PALOMINO PARK

Highlands Ranch, CO

UNITS	YEAR BUILT
304	1997
PRICE / UNIT	SALES PRICE
\$414,681	\$126,100,000



GATEWAY ARVADA RIDGE

Arvada, CO

UNITS	YEAR BUILT
296	2018
PRICE / UNIT	SALES PRICE
\$343,176	\$101,600,000

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Sources: RealPage; Moody's Analytics; Real Capital Analytics; Federal Reserve Bank of Cleveland

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