

Thank you for your contribution to the Vacancy and Rent Survey. We have enclosed a participant's portion for you. This report is a brief summary only. The complete 200-plus page Denver Metro Apartment and Rent Survey may be ordered from the Apartment Association of Metro Denver, call 303-329-3300.

Denver Area Apartment Vacancy and Rent Survey

First Quarter 2009

Sponsored by

***Apartment Association of Metro Denver
Apartment Realty Advisors
Colorado Housing and Finance Authority
Colorado Division of Housing
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REPORT SUMMARY

OVERVIEW

The metropolitan Denver area apartment vacancy rate increased to 8.4 percent for the first quarter of 2009, up from 7.9 percent for the fourth quarter of 2008. For the first quarter of 2008 it was 5.9 percent, and for the first quarter of 2007 it was 7.1 percent. The vacancy rate for the first quarter of 2006 was 7.4 percent. Three counties showed a decrease in their vacancy rates while three showed an increase. Eighteen market areas showed an increase, while sixteen showed a decrease with three remaining the same.

VACANCIES

Buildings with "200 to 349" units had the highest vacancy rate at 9.0 percent, up from 8.4 for the fourth quarter. Buildings with "51 to 99" units had the lowest vacancy at 6.5 percent. The "350 up" building size had an 8.3 percent vacancy, while the "up to 8" building size had 6.3 percent vacant, compared to the "100 to 199" building size which had 7.8 percent vacant. Historically, larger buildings have the highest vacancy rates. Buildings constructed since 2005 had 25.9 percent vacant, up from 19.0 percent. Buildings constructed from 1950 – 1959 had 9.1 percent vacant, up from 9.4 for the fourth quarter. Those constructed from 1990 to 1999 had 7.3 percent vacant, up from 7.6 for the fourth quarter, while buildings constructed between 2000 and 2004 had 8.2 percent vacant, up from 7.2 percent. Buildings constructed between 1960 and 1969 had a vacancy rate of 6.8 percent, up from 6.6 percent; those constructed between 1980 and 1989 had 7.0 percent vacant, down from 7.1 percent; and those built between 1970 and 1979, 8.5 percent vacant, up from 8.1 percent vacant. Apartment units "above 1000" square feet had the highest vacancy rate at 9.6 percent, up from 8.8 percent. Those with "500 to 749" square feet had 7.7 percent vacant, up from 6.9 percent vacant, while units with "750 to 999" had 8.2 percent vacant, up from 8.0 percent vacant, and those "499 and below" square feet had 7.5 percent vacant, down from 8.5 percent vacant. Efficiencies had 6.3 percent vacant, down from 6.9 percent vacant; one-bedroom, 8.0 percent vacant, up from 7.4 percent vacant; two-bedroom, one bath, 8.0 percent vacant, down from 8.1 percent; two-bedroom, two bath, 9.3 percent vacant, up from 8.3 percent; and three bedroom, 9.4 percent vacant, down from 10.2 percent.

RENTAL RATES

The average rental rate decreased to \$881.92 for the first quarter of 2009, down from \$888.81 for the fourth quarter of 2008. It was up from \$861.26 for the first quarter of 2008. It was up from the first quarter of 2007, \$842.69 and up from \$834.83 for the first quarter of 2006. For the first quarter of 2005 it was \$833.51, and \$809.14 for the first quarter of 2004. Average rents do not include the cost of rental discounts and concessions. For the first quarter of 2009, that averaged 7.8 percent, down from 9.1 percent for the previous quarter. It was 10.7 percent in the first quarter of 2008. Units constructed since 2005 averaged \$1,279.56; between 2000-2004, \$1,038.11; 1990-1999, \$1,015.58; 1980-1989, \$803.49; 1970-1979, \$704.94; 1960-1969, \$739.15; and 1959 and prior, \$685.39. By building size, highest rents are in buildings/complexes with "200-349" units, \$935.29; and lowest in buildings with "9 to 50" units, \$678.59. Rent per square foot decreased to \$1.03 from \$1.04 for the fourth quarter. For the first quarter of 2008, it was \$1.02, and \$1.00 for the first quarter of 2007. The highest rent per square foot was for those units "Below 500" square feet, \$1.32, and rents were lowest for units having "1,000 and above" square feet, 98 cents. Median rents decreased to \$821.14 for the first quarter of 2009, down from \$829.14 for the fourth quarter of 2008. For the first quarter of 2008, median rents were \$820.85, and \$795.55 for the first quarter of 2007.

ECONOMIC VACANCY

The overall economic vacancy rate for the first quarter was 16.3 percent, down from 17.0 percent for the fourth quarter of 2008. It was 16.6 percent for the first quarter of 2008. For the first quarter of 2007, it was 21.4 percent; and for the first quarter of 2006, it was 23.7 percent. Economic vacancy is defined as physical vacancy plus concessions and discounts as a percent of gross potential rent.

NEW ADDITIONS

Approximately 1,401 new units were added to the multi-family rental inventory during the first quarter of 2009. There are about 286,501 apartment units in the seven-county metro Denver area. For the first quarter 2008, there was a net negative absorption of -142 units for the metropolitan Denver area. 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. For the first quarter of 2008 there was a net positive absorption of 769 units. For the first quarter (month of February), the monthly turnover rate was 4.0 percent. For the first quarter of 2008, it was 4.0 percent.

OVERALL COMMENTS

Given the number of new additions to the inventory the last two years, the concerns with the overall national and metro Denver area economy, and issues in the single-family ownership sector, the increase in the vacancy rate was not unexpected. Historically, there is an upward movement in the vacancy rate during the fourth and first quarters of the year. However, this quarter because of the downturn in the economy, the number is substantially greater. The number of new units to be added to the inventory during 2009 will be more, compared to the relatively low number of additions the last several years. The overall average rent for the last five years has increased from around \$800.00 in 2002 to around \$880.00 this quarter.

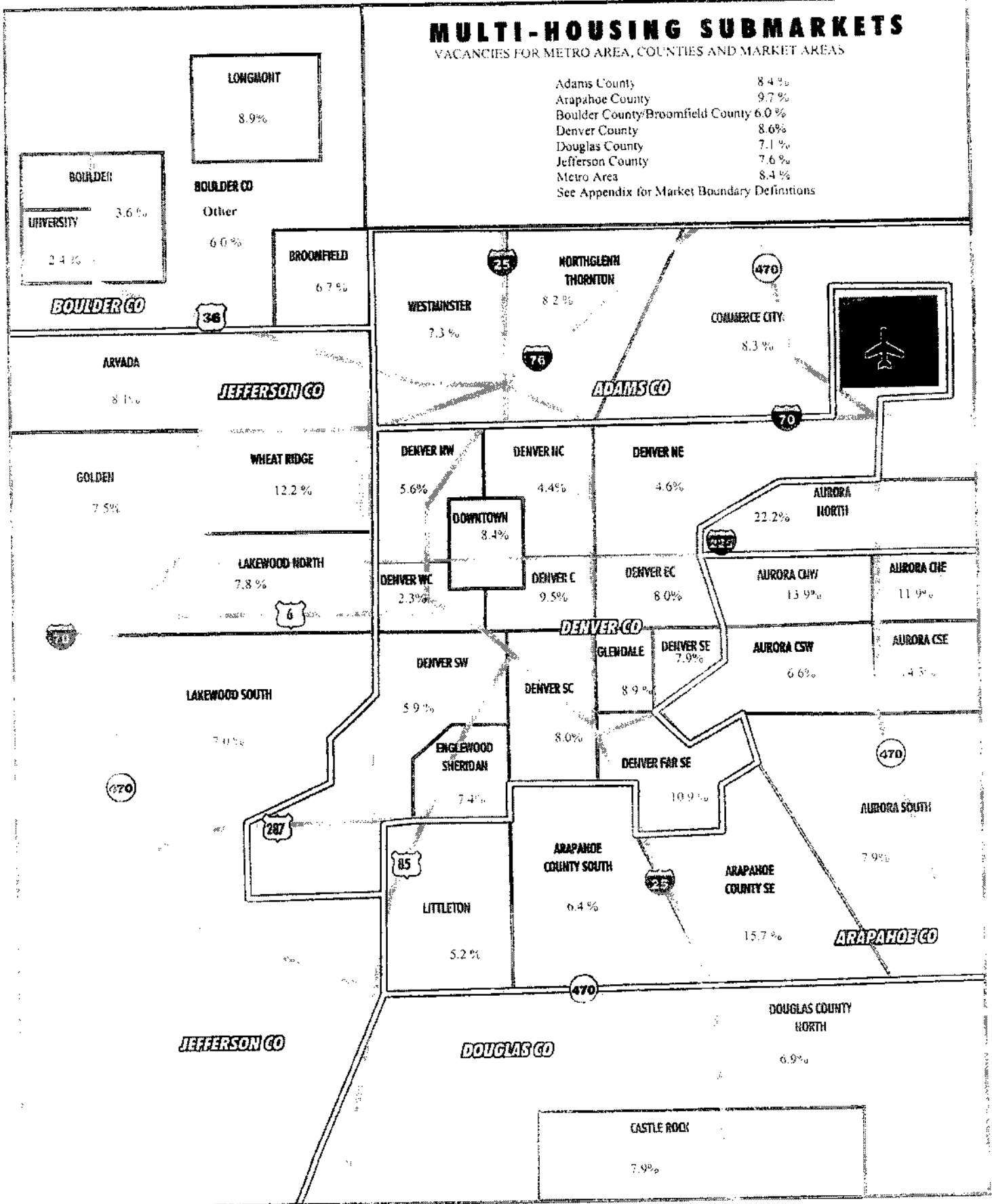
The Denver Area Apartment Vacancy and Rent Survey reports averages, and, as a result, there are often differences in rental rates and vacancy rates by apartment type, size, location, and age of building/complex. These variances are more pronounced as the vacancy rate has fluctuated during the last four years. All information is based on data received for the month of March, except for resident turnover and rental losses, which is for February. The Survey is conducted via mail and online submissions. It includes only those units with a certificate of occupancy. The First Quarter 2009 Survey includes information on 106,244 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 (303-871-3435 or gordon@vonstroh.com).

MULTI-HOUSING SUBMARKETS

VACANCIES FOR METRO AREA, COUNTIES AND MARKET AREAS

Adams County	8.4%
Arapahoe County	9.7%
Boulder County/Broomfield County	6.0%
Denver County	8.6%
Douglas County	7.1%
Jefferson County	7.6%
Metro Area	8.4%
See Appendix for Market Boundary Definitions	

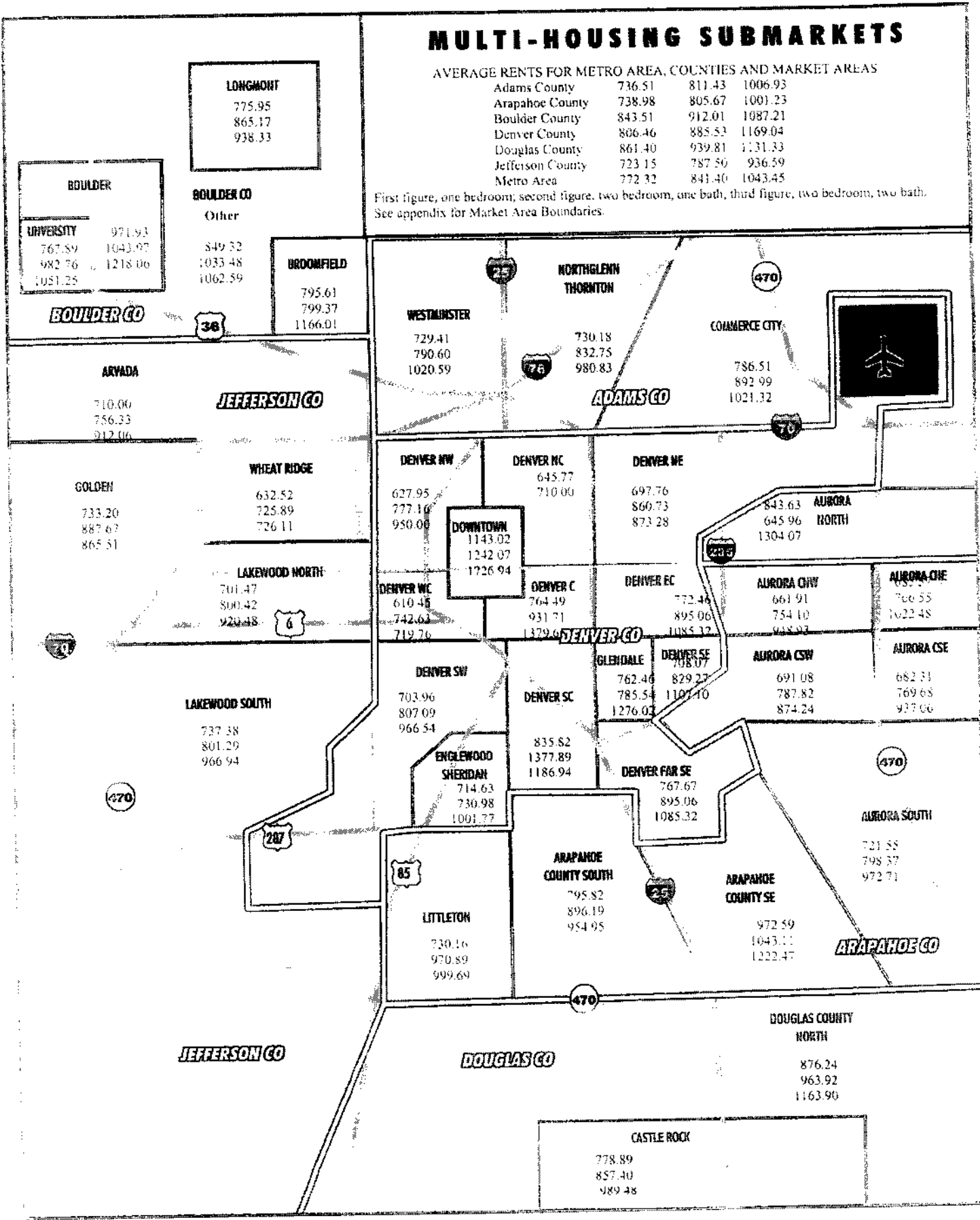


MULTI-HOUSING SUBMARKETS

AVERAGE RENTS FOR METRO AREA, COUNTIES AND MARKET AREAS

Adams County	736.51	811.43	1006.93
Arapahoe County	738.98	805.67	1001.23
Boulder County	843.51	912.01	1087.21
Denver County	806.46	885.53	1169.04
Douglas County	861.40	939.81	1131.33
Jefferson County	723.15	787.50	936.59
Metro Area	772.32	841.40	1043.45

First figure, one bedroom; second figure, two bedroom, one bath; third figure, two bedroom, two bath.
See appendix for Market Area Boundaries.



LONGMONT

775.95
865.17
938.33

BOULDER

UNIVERSITY	971.93
767.89	1043.97
982.76	1218.06
1051.25	

BOULDER CO
Other

849.32
1033.48
1062.59

BROOMFIELD

795.61
799.37
1166.01

WESTMINSTER

729.41
790.60
1020.59

NORTHGLENN THORNTON

730.18
832.75
980.83

COMMERCE CITY

786.51
892.99
1021.32

ARVADA

710.00
756.33
912.06

JEFFERSON CO

DENVER NW

627.95
777.10
950.00

DENVER NC

645.77
710.00

DENVER NE

697.76
860.73
873.28

AURORA NORTH

843.63
645.96
1304.07

GOLDEN

733.20
887.67
865.51

WHEAT RIDGE

632.52
725.89
726.11

DOWNTOWN

1143.02
1242.07
1726.94

DENVER WC

610.46
742.63
719.76

DENVER C

764.49
931.71
1379.07

DENVER EC

772.46
895.00
1085.32

AURORA CW

661.91
754.10
948.97

AURORA CE

687.55
766.55
1022.48

LAKWOOD NORTH

701.47
800.42
920.48

DENVER SW

703.96
807.09
966.54

DENVER SC

835.82
1377.89
1186.94

GLENDALE

762.46
785.54
1276.03

DENVER SE

798.07
829.27
1107.40

AURORA CSW

691.08
787.82
874.24

AURORA CSE

682.31
769.68
937.06

LAKWOOD SOUTH

737.38
801.29
966.94

ENGLEWOOD SHERIDAN

714.63
730.98
1001.77

DENVER FAR SE

767.67
895.06
1085.32

AURORA SOUTH

721.55
798.37
972.71

LITTLETON

730.16
970.89
999.69

ARAPAHOE COUNTY SOUTH

795.82
896.19
954.95

ARAPAHOE COUNTY SE

972.59
1043.11
1222.47

JEFFERSON CO

DOUGLAS CO

DOUGLAS COUNTY NORTH

876.24
963.92
1163.90

CASTLE ROCK

778.89
857.40
989.48

The source for the Census Tract information was the Denver Regional Council of Governments, 1990 Census Tracts, Denver Region, Regional Data Series; U. S. Census, 1990 Census of Population and Housing, Population and Housing Characteristics for Census Tracts and Block Numbering Areas, Denver-Boulder CO CMSA (Part) Denver, CO PMSA – Maps. A “pt” next to a tract indicates that it is only partially located in the geographic entity.

Where market areas/jurisdictions overlap more than one county, they are placed in the county in where it has the largest population concentration. Examples are Broomfield and Westminster.

The vacancy rate was calculated based on the number of units reporting in each category, and the corresponding number of vacant units.

All vacancy and rental rates are for the 10th of the month of the survey (March, June, September, December). In addition, the samples were taken with the assumption that the rates were for unfurnished rental units with residents paying electricity and gas. Turnover rates are based on the months of February, May, August and November.

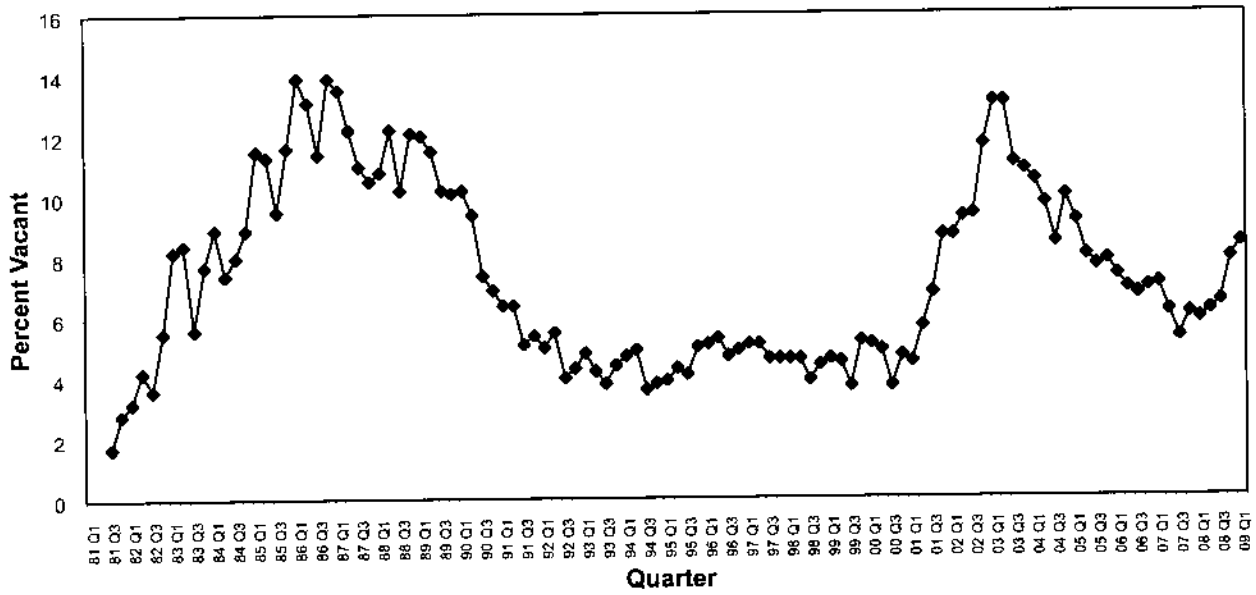
The sample of apartment complexes/buildings surveyed was developed from official lists. Surveys were completed online and via paper forms, which were checked for completeness and accuracy. Tabulations were performed by the use of digital database and spreadsheet programs. The cumulative total has a confidence interval of +/-1 percent at the 95 percent confidence level.

The excellent industry cooperation by the Apartment Association of Metro Denver, Institute of Real Estate officials, and apartment owners and managers is greatly appreciated. Survey management and analysis was done by Gordon E. Von Stroh, Ph.D., of Colorado Economic and Management Associates. Senior Project Manager and Developer for the Survey was Christina M. Von Stroh, MBA, MA.

The information for this survey was obtained from participating apartment managers, owners, and property managers. All information collected on each building/complex is **TOTALLY CONFIDENTIAL**, only survey totals are published. Information furnished by participants is considered reliable. The sponsors and author make no warranty, expressed or implied, and assume no legal liability or responsibility for the inclusion of data from the participants in the survey or for the use of the data from the Survey. Any quotations of the survey must indicate the **sponsors and the author**.

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Vacancy Rate by Quarter



Average Rent by Quarter

