

VIEWPOINT



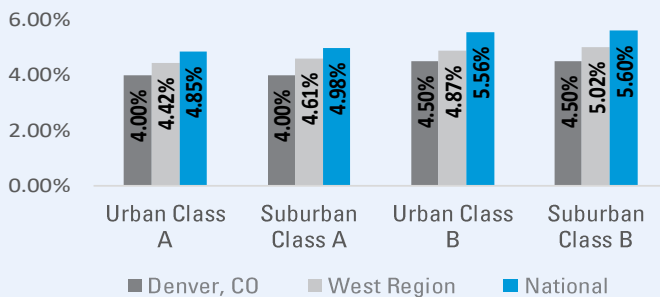
2023 DENVER, CO MULTIFAMILY ANNUAL REPORT

An Integra Realty Resources Publication / irr.com

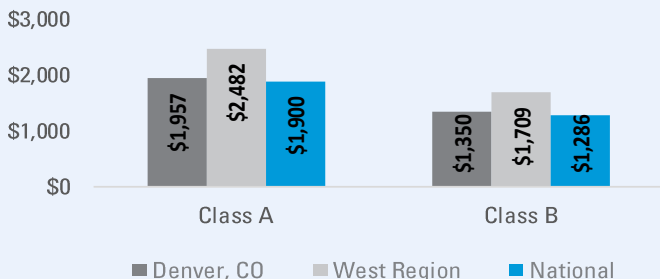
Market Rate Indicators (Y/Y)

Categories	Class A	Class B
Going In Cap Rate (%)	▼	▼
Asking Rent (\$/Unit)	▲	▲
Vacancy Rate (%)	▼	▼

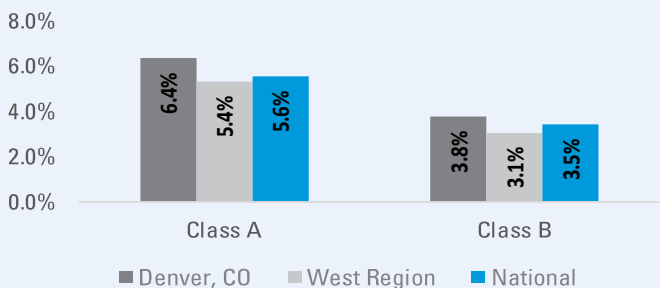
Going In Cap Rate Comparisons (%)



Asking Rents (\$/Unit)



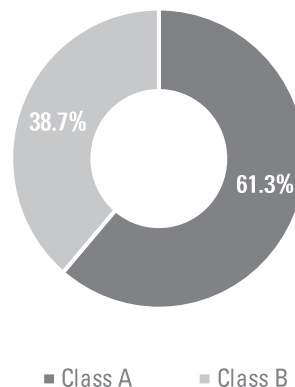
Vacancy Rates (%)



Denver, CO Multifamily Market Overview

Layoffs and economic uncertainty notwithstanding, the metro Denver apartment market is expected to enjoy economic growth of about 3% this year. Denver's growth has certainly been fueled by rising migration away from urban areas, but a less discussed aspect of the area's population boom has been the city's retention of its natives and young workers. This population base and job growth have pushed rents in the metro Denver close to an all-time high. The average effective rent in metro Denver is nearly \$1,900 per month which is up close to 8% year to date. Vacancy is still around 5% metro wide which is down 1.5% year to date. The historical low vacancy has spurred metro Denver apartment construction since 2001 with various multifamily experts indicating anywhere from 6,700 units to 9,500 brought to the market, with much of that built in Denver's suburbs. As a result, investment activity has been brisk, especially in the first half of the year of 2022, and has slowed down since, mainly due to interest rates impacting investor's underwriting and yield requirements. Nevertheless, capitalization rates have compressed anywhere from 20 to 40 basis points and are typically in the low 4's for quality asset types whether that is in CBD close neighborhoods or Denver's suburbs. Denver multifamily capitalization rates still tend to be lower than the national average. Investors like Denver because they believe in it long-term as a high growth market. Investor perception of the metro Denver market believe it to outpace the rest of the country in terms of population and employment growth.

Distribution of Total Inventory



237,645 Units
Multifamily Inventory

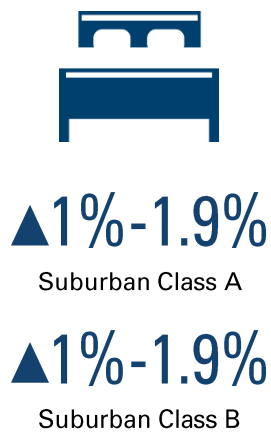
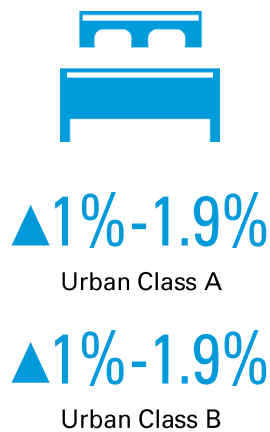
2.36% - 12 Mo. Proj.
Construction/Inventory

2023 DENVER, CO MULTIFAMILY ANNUAL REPORT

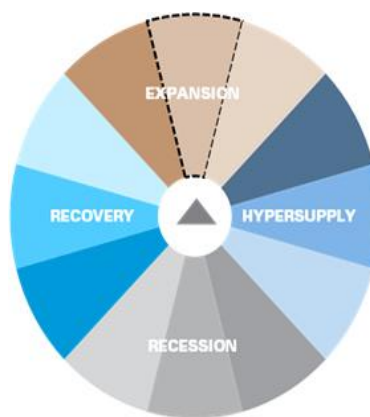
An Integra Realty Resources Publication / irr.com



Change In Value Next 12 Months



Market Cycle: Expansion Stage 2



- Moderate/High New Construction
- Med/High Rental Rate Growth
- Decreasing Vacancy Rates
- Moderate/High Employment Growth
- High Absorption

Forecasts

Denver, CO 12-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Going-In Cap Rates	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps	Increase 1-24 bps
Discount Rate	Increase 25-49 bps	Increase 25-49 bps	Increase 25-49 bps	Increase 25-49 bps
Reversion Rate	Increase 25-49 bps	Increase 25-49 bps	Increase 25-49 bps	Increase 25-49 bps
Construction (Units)	5,618			
Market Rent Change	+3.00%	+3.00%	+3.00%	+3.00%
Expense Rate Change	+3.00%	+3.00%	+3.00%	+3.00%
Years to Balance	1			

Denver, CO 36-Month Multifamily Forecasts

Categories	Urban Class A	Urban Class B	Suburban Class A	Suburban Class B
Market Rent Change	+17.81%			
Change in Value	Increase 5%-9.9%	Increase 5%-9.9%	Increase 5%-9.9%	Increase 5%-9.9%

Integra Realty Resources (IRR) is the largest independent commercial real estate valuation and consulting firm in North America, with over 165 MAI-designated members of the Appraisal Institute among 600+ professionals based in our 50+ offices throughout the United States and the Caribbean. Founded in 1999, the firm specializes in real estate appraisals, feasibility and market studies, expert testimony, and related property consulting services across all local and national markets. Our valuation and counseling services span all commercial property types and locations, from individual properties to large portfolio assignments.

For more information, visit www.irr.com.