



Change from last quarter



**Vacancy**  
**5.2%**



**Average Rent**  
**\$1,041.61**



**Average Rent Per SF**  
**\$1.23**



**Net Absorption (units)**  
**-1,793**



**Economic Vacancy**  
**12.9%**

Source: Apartment Association Metro Denver

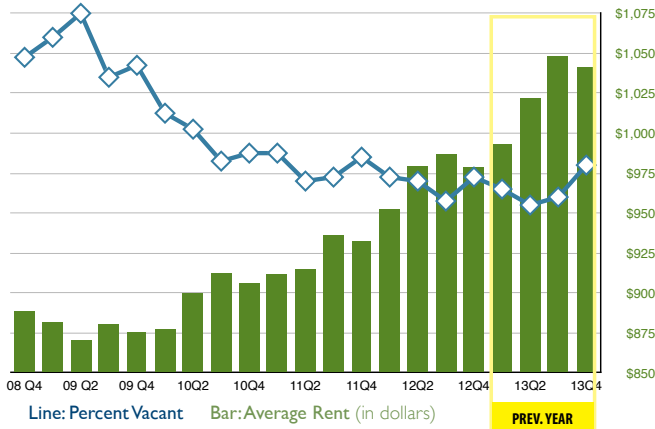
**METRO DENVER MULTIFAMILY MARKET**

- Over 10,000 units started construction between 2012 and 2013 and it is expected that the majority of them will deliver this year. This is the largest amount of deliveries in over 40 years.
- The vacancy rate increased during the fourth quarter ending at 5.2%. Five counties were up in their vacancy rate, and one was down.
- Average rental rates began to stabilize this quarter. Over the past twelve months, metro-wide rent is up an average of \$77 or 7.9%.
- According to a report released by the Apartment Association of Metro Denver, signs point to increases in the stabilized vacancy number in the coming year. Absorption is also expected to remain strong due to a number of factors supporting the apartment market.
- Downtown currently has approximately 4,000 units under construction with another 700 units in the LoHi area. These numbers are near historic records for the Front Range area.
- The unemployment rate in Colorado is 6.8% for October 2013, down from 7.0% in August. Colorado is lower than the national unemployment rate of 7.3%.

**COUNTY OVERVIEW**

	Vacancy Rate	Average Rent	Rent Per SF
<b>Adams</b>	5.3%	\$948.68	\$1.16
<b>Arapahoe</b>	5.2%	\$995.27	\$1.15
<b>Boulder/Broomfield</b>	3.4%	\$1,198.13	\$1.41
<b>Denver</b>	6.1%	\$1,064.87	\$1.34
<b>Douglas</b>	5.0%	\$1,236.83	\$1.27
<b>Jefferson</b>	4.6%	\$1,041.61	\$1.20

Source: Apartment Association Metro Denver

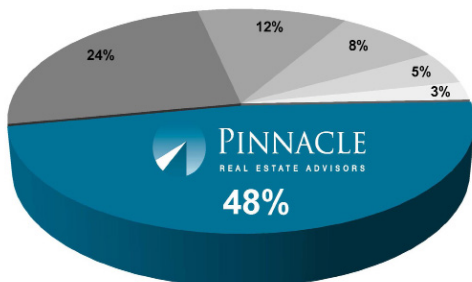


Source: Apartment Association Metro Denver

### MULTIFAMILY INVESTMENT OBSERVATIONS

- Vacancy rose slightly and ended the quarter at 5.2%. This compares to last year during the same quarter when vacancy stood at 4.9% and was 5.4% in 2011. Buildings with 200-349 units had a higher vacancy rate at 5.6%, while buildings with 9-50 units had the lowest vacancy rate at 2.9%. Historically, larger buildings have higher vacancy rates.
- Average rental rates were up this quarter and stood at \$1,041.61. During the fourth quarter of 2012, the average rate was \$978.99.
- Denver’s multifamily sales market was one of the nation’s hottest markets in 2013. Denver continues to be a hot market for investors to place capital.

### METRO DENVER MULTIFAMILY TRANSACTIONS 5-200 UNITS



Source: CoStar This information was obtained from Costar, Inc. Transactions are calculated by totaling deals brokered by all brokers at each firm since 1/1/2007. Numbers are based on recorded transactions from the top 6 brokerage houses. Data includes multifamily transactions between 5 and 200 units in the five county Metro Denver Area. Please contact us to see the raw data.

### TERMS AND DEFINITIONS

**Net Absorption:** The net change in occupied units over a given period of time.

**Vacancy Rate:** A measurement expressed as a percentage of the total amount of physically vacant units divided by the total amount of existing units. Under construction apartments generally are not included in vacancy calculations.

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

**Deliveries:** Buildings that complete construction during a specified period of time. In order for space to be considered delivered, a certificate of occupancy must have been issued for the property.

**Cap Rate:** Short for capitalization rate. The Cap Rate is a calculation that reflects the relationship between one year’s net operating income and the current market value of a particular property. The Cap Rate is calculated by dividing the annual net operating income by the sales price (or asking sales price).

Source: Apartment Association Metro Denver

**Pinnacle Real Estate Advisors, LLC** is a full service commercial real estate brokerage firm servicing clients globally who own commercial properties in the metro Denver area and throughout Colorado. Our expertise encompasses all commercial real estate property types as well as property management.

We have experienced advisors specializing in retail property sales, leasing and acquisition. We act as your MarketAdvisor™ and are completely committed to our clients’ needs and building long-term relationships.

We align strategically with our clients to facilitate the sale of their properties utilizing **The Pinnacle Experience™**. We deliver superior real estate guidance, proven market perspective and unmatched results.

This report was compiled from information obtained from the third quarter Apartment Association of Metro Denver and Apartment Insights reports.