

Vacancy and rents post quarterly gains

CONSTRUCTION ACTIVITY



UNDER CONSTRUCTION **24,008**

UNITS DELIVERED (YTD) **2,312**

MARKET FUNDAMENTALS



VACANCY RATE **7.5%**

YEAR-OVER-YEAR CHANGE **+60bps**

ASKING RENTS **\$1,781**

YEAR-OVER-YEAR CHANGE **-3.3%**

TRANSACTION ACTIVITY (YTD)



MEDIAN PRICE PER UNIT **\$280,000**

DENVER MULTIFAMILY
Q1 2026

HIGHLIGHTS

- Denver's multifamily market faced offsetting forces in early 2026, with a thinning construction pipeline beginning to ease supply pressure even as the local labor market's employment contraction extended into 2026.
- The stabilized vacancy rate closed the first quarter at 7.5%, 60 basis points above the prior year and 180 basis points above the 10-year historical average.
- Rents declined 3.3% year over year to \$1,781 per month, weighed down by elevated concession activity that reached a near-20-year high during the quarter. On a quarterly basis, rents posted a modest 0.2% increase.
- Investment activity remained subdued in recent months, with nine transactions matching first-quarter 2025 totals, while dollar volume fell roughly 58% year over year to approximately \$226 million. Deals were split between older value-add product and newer core-quality properties, with a median sale price of \$280,000 per unit during the past three months.

DENVER MULTIFAMILY MARKET OVERVIEW

Demand for Denver multifamily product has remained resilient despite the elevated supply environment. The metro absorbed approximately 13,500 units over the past 12 months, marking the highest trailing total in more than two decades. With roughly 14,400 new units delivered during the same period, ongoing competition for renters has continued to weigh on operating performance across the metro. Communities in high-construction submarkets, including Aurora Northeast, Castle Rock, and the Denver International Airport corridor, each of which has expanded inventory by more than 40% since 2020, have experienced the greatest occupancy pressure from increased competition. Even stabilized assets in lower-construction areas are facing softer demand at the property level. Annual rent contractions have become nearly universal across the metro, with 31 of 33 submarkets posting year-over-year declines, and the steepest pullbacks concentrated in Aurora and the eastern suburban corridor.

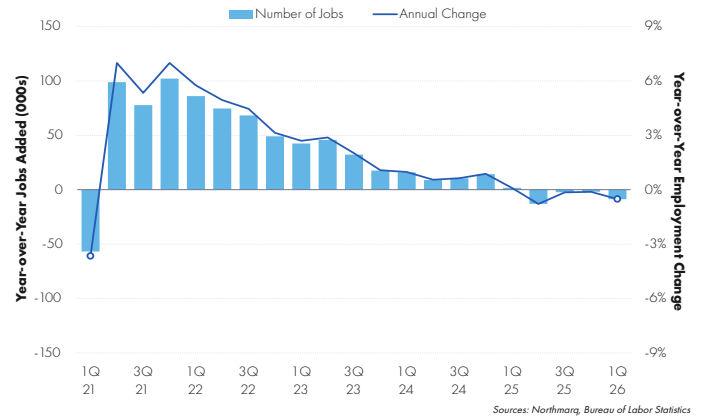
Investment activity in Denver during the first quarter of 2026 consisted largely of older value-add product and newer core-quality acquisitions. On the value-add side, transactions in submarkets including Windsor, East Westminster, and Capitol Hill featured properties built between 1953 and 1972, trading at price points ranging from \$95,000 to \$154,000 per unit. Newer communities in South Douglas County, Gateway, and Lakewood traded at \$257,000 to \$764,000 per unit. Both strategies have been supported by a construction pipeline that has thinned considerably as developers face mounting local headwinds. The 2022 Affordable Housing Policy, permitting delays, and elevated construction costs have made new starts increasingly difficult to pencil. Supply-side risk remains most concentrated in East Denver and Aurora, where developers have built aggressively around long-term demand drivers tied to Denver International Airport and the Anschutz Medical Campus.

EMPLOYMENT

- Employment growth in Denver has softened in recent periods. During the past 12 months, total employment in the market declined by 0.5%, resulting in a net loss of approximately 8,600 workers. This decline marks a notable departure from the metro’s 10-year average annual growth rate of 1.5% per year.
- While most goods-producing sectors recorded losses, construction employment continued to expand in early 2026, with payrolls increasing 4.0% year over year. By contrast, manufacturing employment declined 3.7%, resulting in a loss of approximately 2,400 positions over the same period.
- Advanced manufacturing firm RK Industries opened its new 155,000-square-foot headquarters in Aurora in April 2026. The company expects to add 1,200 new jobs within its first year of operation, accelerating its initial eight-year hiring projection.
- **FORECAST:** Total employment in the Denver region is forecast to remain under pressure in 2026, with employers projected to shed approximately 5,000 positions for the full year, representing a 0.3% decline. Both white-collar and goods-producing sectors are expected to continue navigating a soft hiring environment.

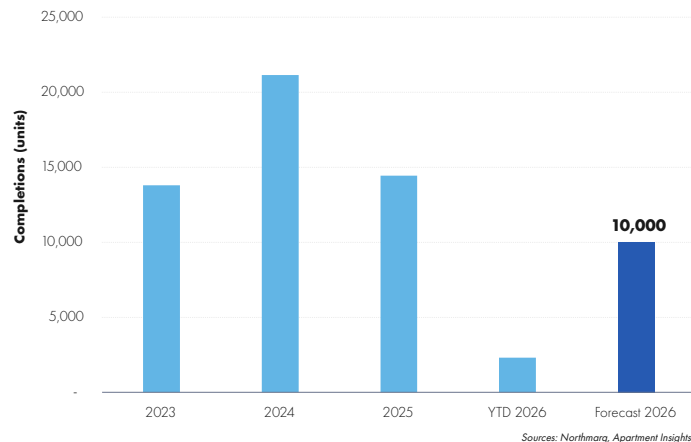
Construction payrolls expanded by 4.0% year over year.

EMPLOYMENT OVERVIEW



Units under construction declined 20% year over year.

DEVELOPMENT TRENDS

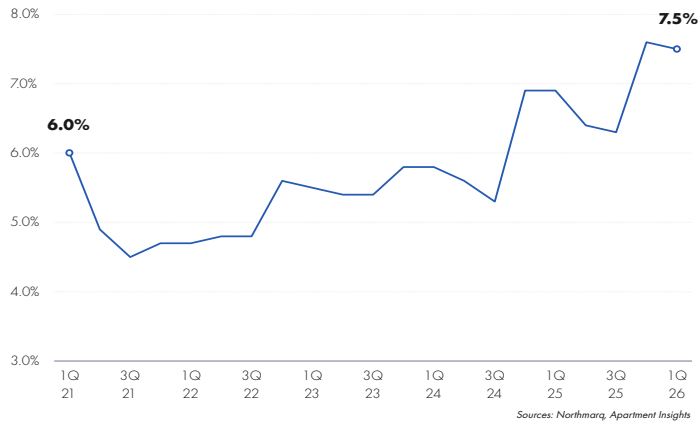


DEVELOPMENT & PERMITTING

- Deliveries in Denver moderated notably in early 2026. Projects totaling roughly 2,300 units came online during the first quarter, down approximately 50% from the same period last year.
- Development has contracted, with projects totaling approximately 24,000 units currently under construction, down 20% from one year ago. Despite the pullback, activity remains concentrated in the urban core and key growth corridors, with the CBD, Denver International Airport, and Denver Tech Center collectively accounting for nearly one-third of units under construction.
- Permitting activity offered an early signal that developers are beginning to re-engage. Builders pulled permits for 8,200 units in 2025, a 26% increase from 2024’s multi-year low.
- **FORECAST:** Deliveries are expected to slow to approximately 10,000 units in 2026, marking the lowest annual total since 2020. The pullback should help ease supply-side pressure on vacancy and rent growth heading into 2027.

Vacancy improved in 18 of 33 submarkets.

VACANCY TRENDS



VACANCY

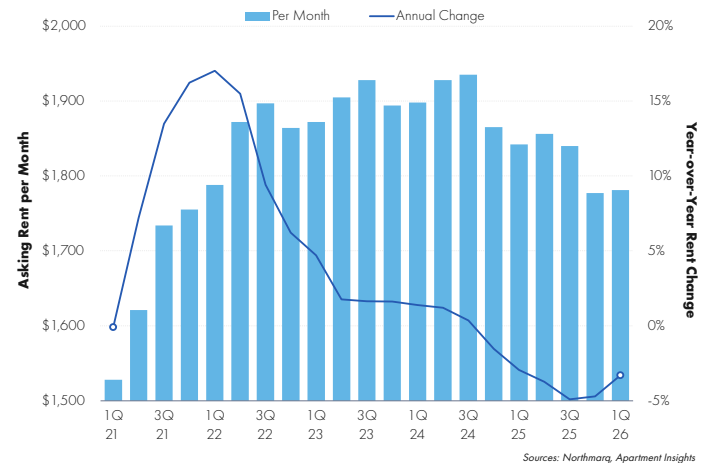
- The stabilized vacancy rate in Denver eased modestly during the first quarter of 2026, ending the period at 7.5%, as the metro absorbed roughly 2,800 units during the quarter outpacing the 2,300 units delivered. Despite a quarterly improvement of roughly 10 basis points, vacancy remains well above the metro’s 10-year historical average of 5.7%.
- Stabilized vacancy improved in 18 of 33 submarkets during the quarter. Commerce City led gains, with vacancy falling 200 basis points to 8.0%. Boulder South posted the lowest vacancy in the metro at 5.3%, while Aurora Northeast continued to record the highest rate at 10.2%.
- Performance also varied by asset class. Vacancy in Class A and Class B properties closed the quarter at 6.6% and 6.8%, respectively, while Class C properties recorded an elevated rate of 10.6%, reflecting tenant migration toward newer communities offering aggressive concessions.
- **FORECAST:** Conditions are expected to stabilize in 2026 as supply pressure eases. The vacancy rate is forecast to decline 30 basis points to 7.2% by year-end.

RENTS

- Asking rents in Denver continued to soften over the past 12 months as elevated supply and aggressive concessions weighed on rents. Asking rents averaged \$1,781 per month during the first quarter of 2026, down 3.3% from one year ago but up 0.2% from the previous quarter.
- Submarket performance reflected a bifurcation between supply-heavy and supply-constrained areas. Longmont and Parker, where supply additions have moderated, were the only two submarkets to record annual rent gains. By contrast, Denver Southwest and Aurora, which have added significant new inventory, recorded the steepest annual declines.
- Rents declined across all assets classes, though Class C properties recorded the steepest annual decline. Class C asking rents averaged \$1,258 per month during the quarter, down 3.4% year over year. Class B rents proved to be the most resilient, posting an annual decline of 1.4%.
- **FORECAST:** Asking rents are forecast to recover modestly in 2026 as the supply pipeline thins. For the full year, asking rents are projected to increase 1.3% to approximately \$1,800 per month.

Asking rents are up 0.2% from the previous quarter.

RENTS TRENDS

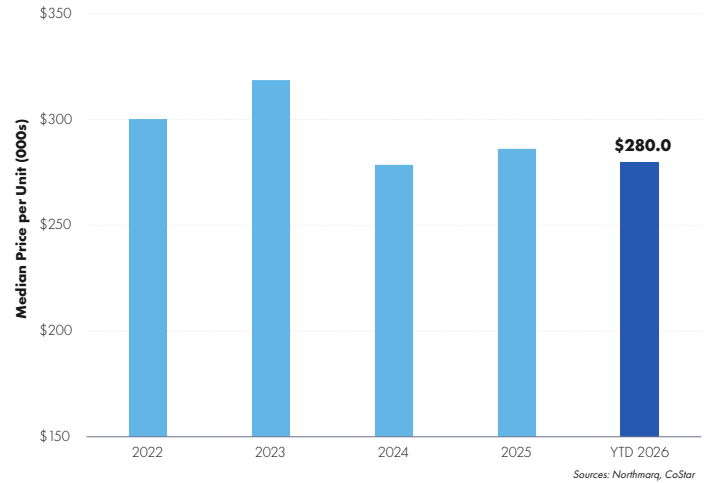


MULTIFAMILY SALES

- Investment activity in Denver remained subdued during the first quarter of 2026, consistent with the slower pace recorded in recent periods. Nine transactions closed during the quarter, matching first-quarter 2025 levels, while total dollar volume reached approximately \$226 million, down from more than \$500 million one year ago.
- The median sale price reached approximately \$280,000 per unit during the first quarter, down 2% from 2025 levels. For full-year 2025, the median sale price settled at \$286,100 per unit.
- Class B properties continued to drive the bulk of investor activity, accounting for nearly half of all 2025 transactions and four of the nine deals closed in the first quarter of 2026. Buyer activity was concentrated in the Lakewood/West Corridor, DTC/Southeast Corridor, and South Douglas County submarkets.
- Roughly half of the quarter’s deals targeted older, value-add product built between the 1950s and 1970s at price points below \$155,000 per unit, while the remainder consisted of newer vintages trading above \$250,000 per unit.

The year-to-date median sale price reached \$280,000 per unit.

INVESTMENT TRENDS



RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

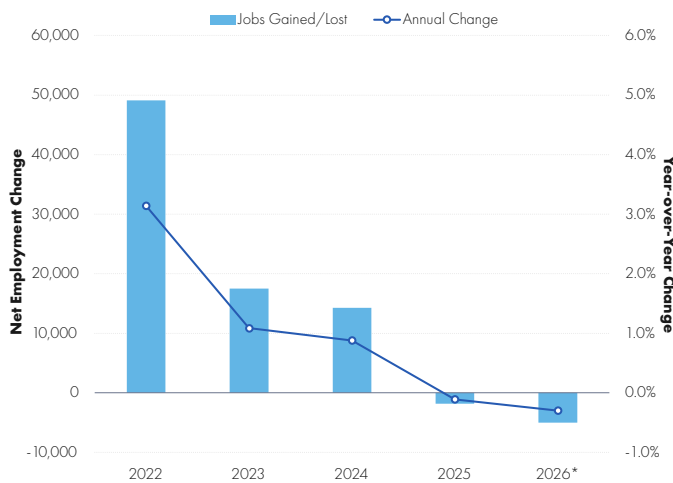
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
Momentum at First Creek	17700 E. 56th Ave., Denver	2022	200	\$56,000,000	\$280,000
Bridgewater At Castle Rock	3997 Home St., Castle Rock	2024	142	\$36,500,000	\$257,042
Archer Tower	901 N. Sherman St., Denver	1953	316	\$48,750,000	\$154,272
Pecos Gardens Apartments	7479-7549 Pecos St., Denver	1962	54	\$6,450,400	\$119,452

LOOKING AHEAD

The supply-demand imbalance weighing on Denver’s operating fundamentals is expected to narrow through 2026 as the construction pipeline thins and new deliveries ease, supporting a modest recovery in vacancy and rent growth by year-end. Still, investors should be cautious in extrapolating the supply pullback too far into the future. In May 2026, the City of Denver advanced a zoning amendment granting a 36-month extension to all site development plans approved on or before December 31, 2025, preserving thousands of entitled units that would have otherwise expired. The policy extends the standard 30-month entitlement window to 66 months, holding the future pipeline largely intact rather than allowing it to roll off. The implication is that a concentrated wave of new groundbreakings is likely once borrowing costs ease, which could pressure operating fundamentals again in the next cycle.

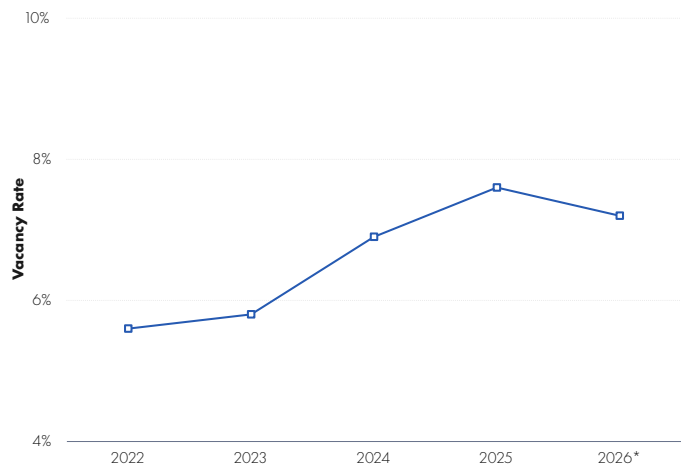
Multifamily transactions are expected to remain a primary harbor for capital in 2026 as investors await greater clarity on the trajectory of borrowing costs and operating fundamentals. State legislative activity is likely to be a defining feature of the medium-term capital markets outlook. The newly passed HB26-1065 unlocks \$50 million per year in tax credits from 2027 through 2033 for mid-market and affordable housing within a half-mile of RTD light rail stations. Combined with state-mandated density requirements along transit corridors, transit-adjacent submarkets are expected to attract a meaningful share of institutional capital and development proposals through the end of the decade. Offsetting this opportunity is heightened regulatory risk, as Denver’s 2022 Affordable Housing Policy continues to weigh on project economics, with any additional inclusionary measures potentially compressing yields and constraining the supply response currently being underwritten.

EMPLOYMENT FORECAST



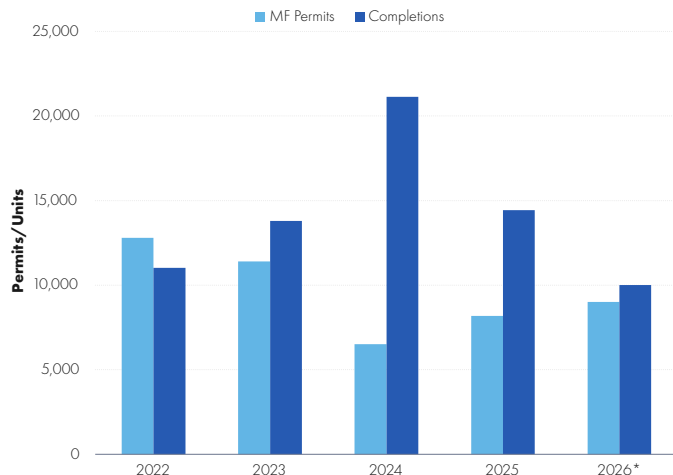
* Year End Forecast
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



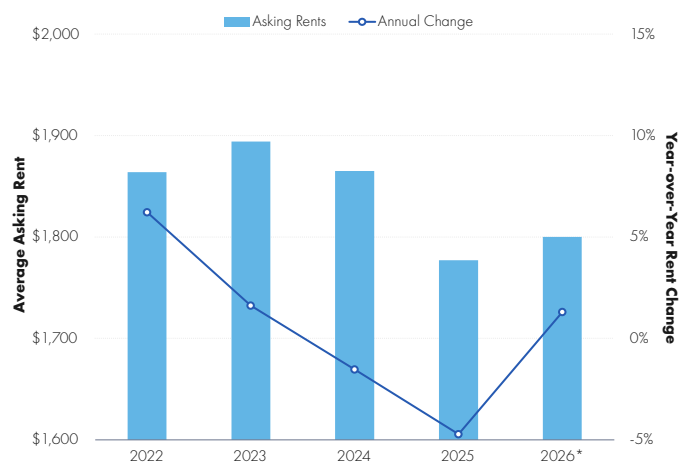
* Year End Forecast
Sources: Northmarq, Apartment Insights

CONSTRUCTION & PERMITTING FORECAST



* Year End Forecast
Sources: Northmarq, Apartment Insights, Census Bureau

RENTS FORECAST



* Year End Forecast
Sources: Northmarq, Apartment Insights



FOR MORE INFORMATION, PLEASE CONTACT

DAVE MARTIN

Regional Managing Director, Investment Sales
303.255.2130
dmartin@northmarq.com

DAVID LINK

Regional Managing Director, Debt + Equity
303.225.2109
dlink@northmarq.com

PAUL BRUDER

SVP - Senior Director, Debt + Equity
303.225.2107
pbruder@northmarq.com

BRIAN MOONEY

Senior Vice President, Investment Sales
303.225.2131
bmooney@northmarq.com

CODY FITZPATRICK

Managing Director, Debt + Equity
720.428.6403
cfitzpatrick@northmarq.com

BRIAN FISHER

Senior Vice President, Debt + Equity
303.225.2120
bfisher@northmarq.com

JAKE WAXTER

Senior Associate, Investment Sales
303.225.2119
jwaxter@northmarq.com

MICHAEL SALZMAN

Managing Director, Debt + Equity
303.225.2111
msalzman@northmarq.com

MARK JEFFRIES

Senior Vice President, Debt + Equity
303.225.2106
mjeffries@northmarq.com

KENNY CLARKE

Senior Associate, Investment Sales
303.225.2117
kclarke@northmarq.com

PATRICK O'MALLEY

SVP - Senior Director, Debt + Equity
303.225.2126
pomalley@northmarq.com

CARL RIGGINS

Vice President, Debt + Equity
303.225.2116
criggins@northmarq.com

PETE O'NEIL, *National Director, Research* | 602.508.2212 | poneil@northmarq.com

JOHN TAGG, *Research Manager* | 972.455.4916 | jtagg@northmarq.com

JOHN SALTER, *Research Analyst* | 602.508.2213 | jsalter@northmarq.com

ABOUT NORTHMARQ

Northmarq is one of the largest privately held commercial real estate firms in the United States, combining a nationwide presence with deep local expertise. With more than 50 offices across the country, we provide a full suite of debt, equity, investment sales, loan servicing and fund management solutions for a comprehensive range of property types. Our unique structure allows us to connect clients with the best opportunities, yet be nimble enough to ensure access to every expert across our company. The firm manages a loan servicing portfolio of over \$80 billion and has completed \$91.3 billion in transactions over the past four years. At Northmarq, collaboration fuels results, helping clients achieve success in every market, nationwide. For more information, visit www.northmarq.com.

The information contained herein has been obtained from sources deemed reliable. While every reasonable effort has been made to ensure its accuracy, we cannot guarantee it. No responsibility is assumed for any inaccuracies. Readers are encouraged to consult their professional advisors prior to acting on any of the material contained in this report. ©2026. All rights reserved.