Northmarq

CONSTRUCTION ACTIVITY

UNDER CONSTRUCTION	24,797
UNITS DELIVERED (YTD)	5,236

MARKET FUNDAMENTALS

VACANCY RATE	6.3%
YEAR-OVER-YEAR CHANGE	-10bps
ASKING RENTS	$1,800
YEAR-OVER-YEAR CHANGE	-3.0%

TRANSACTION ACTIVITY (YTD)

MEDIAN PRICE PER UNIT	$170,400

DENVER MULTIFAMILY
Q2 2026

MARKET INSIGHTS

Elevated absorption supports fundamentals

HIGHLIGHTS

- Operating conditions in the Denver multifamily market improved during the second quarter, with absorption of 6,760 units driving both a sharp vacancy decline and a second consecutive quarterly rent increase. The labor market also posted its strongest annual job growth in more than a year, a modest tailwind for renter demand.
- Stabilized vacancy dropped 120 basis points from the previous quarter to 6.3%, the metro's lowest reading in more than a year. During the past 12 months, the rate has ticked down 10 basis points lower.
- Asking rents climbed 1.1% during the second quarter to $1,800 per month. Despite recent increases, rents remain 3.0% below the year-ago level.
- Multifamily sales totaled 15 properties and $510 million during the first half of 2026, a 40% decline in dollar volume from the same period last year. The median price fell to $170,400 per unit as older assets accounted for the bulk of transactions.

DENVER MULTIFAMILY MARKET OVERVIEW

Stabilized vacancy improved across the Denver region during the second quarter, although two vintages remain worse off than one year ago. Buildings built in the 1970s posted the highest overall vacancy and the largest year-over-year increase, while units built in the 2020s posted a slight annual increase. For the newest communities, the pressure reflects ongoing lease-up activity following the 2024 delivery peak, as many newer builds continue competing against other recently completed projects. The 1970s cohort stands out for different reasons. It holds the highest vacancy rate in the metro and the lowest average rents, and was the only vintage to post rent declines during the quarter. Operating strength now sits in the middle of the vintage curve, with 1990s product recording the metro's lowest vacancy rate at 4.2%.

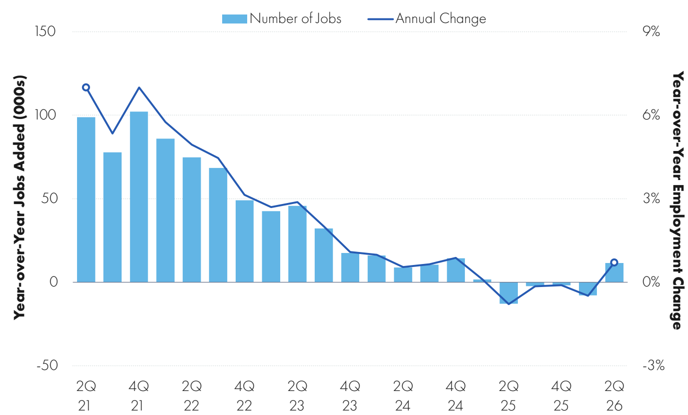
Investment activity during the first half of 2026 was split between older value-add product and newer core-quality assets, though the pricing gap between the two narrowed considerably. Properties built before 1980 traded from $95,000 per unit to $176,000 per unit, with activity concentrated in Windsor, Goldsmith and central Denver. Newer product ranged from $170,000 per unit in the Golden Triangle to $630,000 per unit in Cherry Creek. Communities that last traded near the 2021 and 2022 pricing peak resold during the most recent period at roughly half their prior per-unit values, with markdowns occurring across both recent construction and 1970s-era assets. Capital remained concentrated in Denver proper, while the suburban growth corridors that drove volume in 2025 recorded comparatively limited activity.

EMPLOYMENT

- Denver's labor market rebounded in the second quarter, growing 0.7% year over year in June for a net gain of roughly 11,500 workers. The current pace remains below the market's trailing 10-year average of 1.6% annual growth.
- Education and health services became Denver's fastest-growing employment sector over the past year, overtaking information. The sector added roughly 11,000 jobs, expanding payrolls by 5.1%.
- In April, state officials approved $26.5 million in performance-based tax incentives for "Project Hera," an undisclosed aerospace and defense technology company weighing a major expansion in Douglas or Jefferson County against competing sites in other states. If finalized, the project could add up to 1,250 jobs over four years.
- **FORECAST:** After the market recorded slight job losses in 2025, modest additions are expected this year. Employers are forecast to expand area payrolls by 0.3% in 2026, with the addition of 5,000 net new jobs.

Education and health services expanded by 5.1% year over year.

EMPLOYMENT OVERVIEW



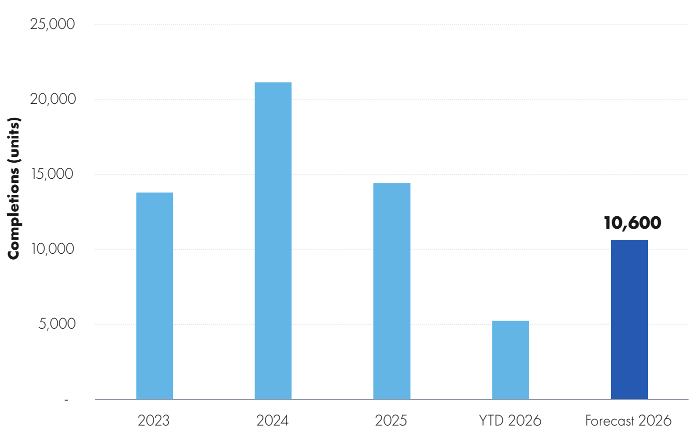
Sources: Northmarq, Bureau of Labor Statistics

DEVELOPMENT & PERMITTING

- Multifamily completions rebounded in the second quarter, bringing first-half deliveries to 5,200 units, or about 1.5% of the metro's existing apartment inventory. That pace trails last year's deliveries for the same period by nearly 30%.
- Denver's construction pipeline extended its eight-quarter contraction. The 24,800 units currently under construction represent about 7% of the metro's inventory, with the CBD accounting for 14% of active development despite containing just 10% of existing stock.
- Following a strong first quarter, multifamily permitting activity slowed in recent months. Still, developers have pulled permits for 4,500 units to this point in 2026, up 13% from the same period last year.
- **FORECAST:** Multifamily deliveries in Denver are expected to total approximately 10,000 units in 2026, representing roughly 3% of the metro's inventory and the lowest annual delivery volume since 2020.

Units under construction declined 16% year over year.

DEVELOPMENT TRENDS

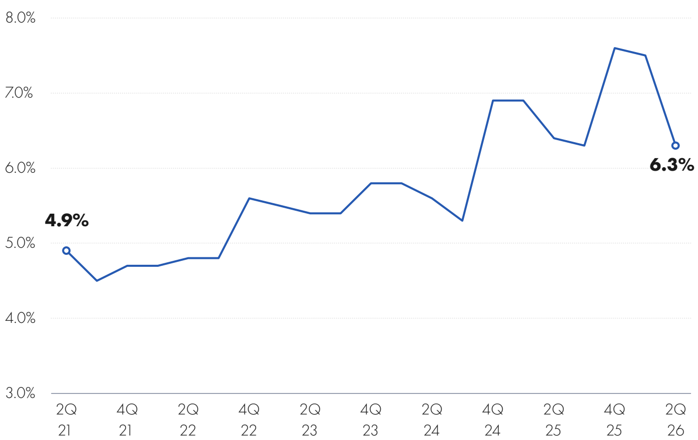


Sources: Northmarq, Apartment Insights

VACANCY

Quarterly net absorption hit a market record of 6,760 units.

VACANCY TRENDS



Sources: Northmarq, Apartment Insights

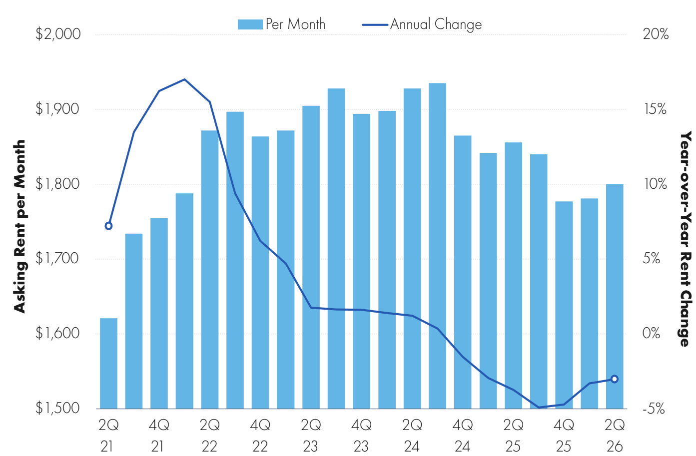
- Stabilized vacancy in Denver declined 120 basis points during the second quarter to 6.3%, driven by absorption of more than 6,700 units. As a result, vacancy now sits 10 basis points below the year-ago level.
- Submarket performance varied widely across the metro. Cherry Creek posted the steepest year-over-year improvement among the larger submarkets, tightening 190 basis points to 7.4%, while Denver Northeast recorded the largest increase, rising 190 basis points to 8.6%.
- Class A was the only asset class to lose ground year over year, with vacancy rising 20 basis points to 5.8% as newer supply continues working through lease-up. Class B and Class C both improved over the same period, with Class B now holding the metro's lowest vacancy among major asset classes at 5.6%.
- **FORECAST:** While supply pressure continues to moderate, slower seasonal leasing activity is expected to lift vacancy during the second half. Even so, stabilized vacancy is projected to end 2026 at 7.2%, 30 basis points below the year-end 2025 rate.

RENTS

- Asking rents in Denver rose 1.1% during the second quarter to $1,800 per month. This marked the first period of two consecutive quarters of rent increases since 2024. Despite the recent increases, rents remain 3.0% below the year-ago level.
- Longmont was the only submarket in the metro to post year-over-year rent growth, with asking rents rising 1.0% to $1,787 per month. At the other end of the spectrum, rents in Aurora Southwest declined 6.9% to $1,544 per month, one of several large submarkets still absorbing a sizeable wave of new supply.
- Class A was the only asset class to post rent growth during the past year, rising 1.1% to $2,888 per month despite a modest increase in vacancy. Class C rents fell the furthest, declining 3.9% annually to $1,250 per month.
- **FORECAST:** Asking rents are expected to hold near current levels through year-end, finishing 2026 at roughly $1,800 per month and 1.3% above the year-ago level.

Class A rents rose 1.1% to $2,888 per month.

RENTS TRENDS



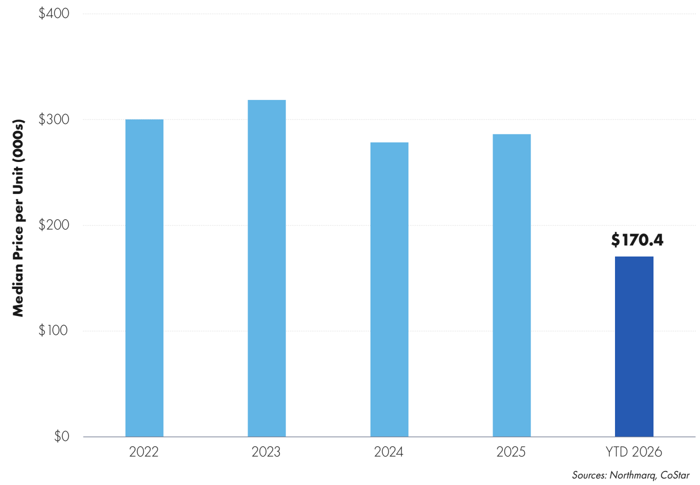
Sources: Northmarq, Apartment Insights

MULTIFAMILY SALES

- Investment activity slowed through the first half of 2026, with 15 properties trading for a combined volume of $510 million.
- Older assets dominated transaction activity during the first half. Properties built before 1980 accounted for 60% of sales, up from 21% a year earlier, and the average property sold was built in 1982, roughly two decades older than the typical asset that sold in 2025.
- Per-unit pricing has varied significantly based on age of asset. Properties built before 1980 traded at a median price of $125,000 per unit during the first half. For properties delivered in the late-1990s or later, the median price was $325,000 per unit in the first half. The metro's year-to-date median sale price for all assets landed at $170,400 per unit.
- Class A investment activity slowed sharply. Just one Class A property traded during the first half, compared with three in the same period last year and 12 during all of 2025.

The year-to-date median sale price fell to $170,400 per unit.

INVESTMENT TRENDS



RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

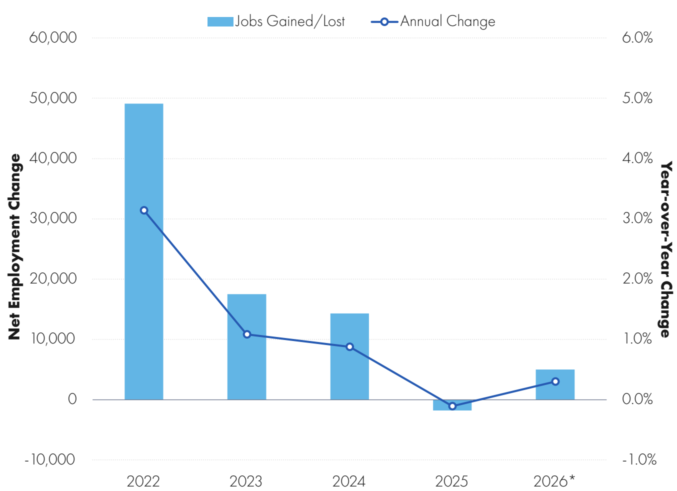
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
Aspire Cherry Creek	3222 E. 1st Ave., Denver	2015	218	$137,300,000	$629,817
The Orchards at Cherry Creek Park	6000 S. Fraser St., Aurora	1997	240	$62,400,000	$260,000
Civic Lofts	360 W. 13th Ave., Denver	2019	176	$30,000,000	$170,455
Monaco South	2280 S. Monaco Pkwy., Denver	1971	220	$27,500,000	$125,000

LOOKING AHEAD

The Denver multifamily market is expected to continue to be impacted by new supply in the coming periods. While delivery totals are not expected to approach peak levels from 2024, an additional 4,800 units are expected to come online over the remainder of this year, while nearly 13,000 units are slated for completion in 2027. Because those developments are already underway, the 2027 influx of new supply is largely set regardless of future permitting activity trends. Communities currently in lease-up present another challenge, with roughly 11,100 units still unleased across the metro. Absorption will need to remain near recent levels to work through that inventory before the next round of deliveries arrives.

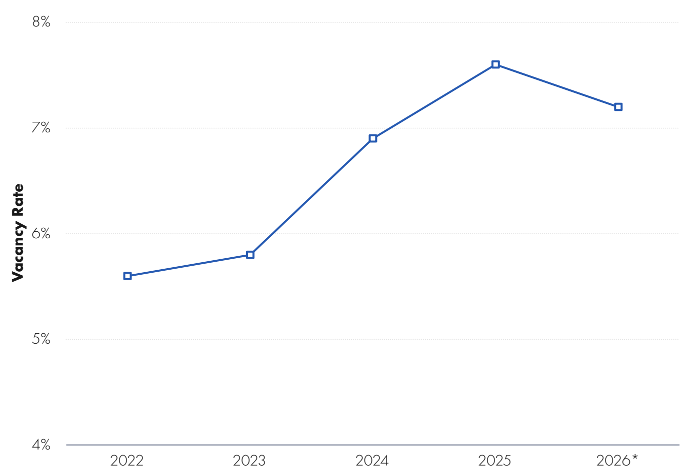
Multifamily sales activity is expected to strengthen through the second half of 2026. Transaction counts and total volume both trailed year-ago levels during the first half, and the deal mix skewed heavily toward older, value-add product. That composition should shift in the coming quarters. A significant volume of recently delivered communities is completing lease-up and moving into stabilized inventory, expanding the pool of newer assets available to buyers. Class A activity, nearly absent from the first-half transaction mix, is positioned to recover as this product becomes marketable. Deal flow should also broaden geographically, as first-half activity concentrated in a narrow set of submarkets where older product is clustered.

EMPLOYMENT FORECAST



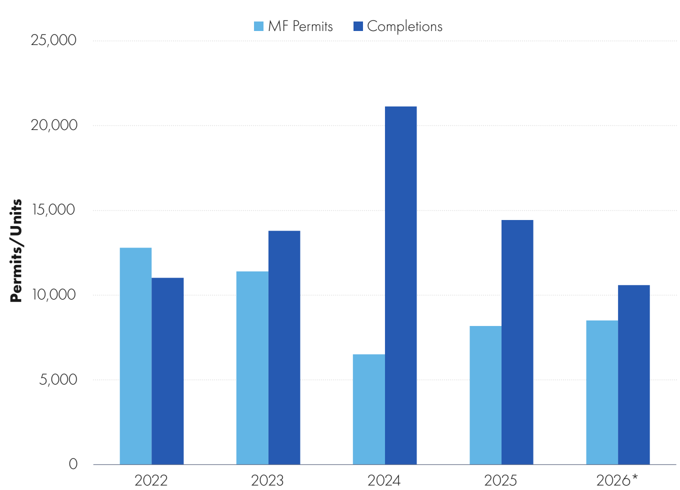
** Year-End Forecast*
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



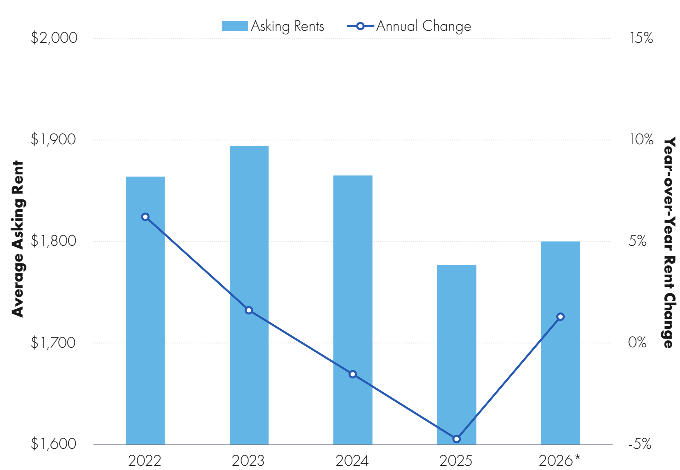
** Year-End Forecast*
Sources: Northmarq, Apartment Insights

CONSTRUCTION & PERMITTING FORECAST



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

RENTS FORECAST



** Year-End Forecast*
Sources: Northmarq, Apartment Insights

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