

INVESTMENT FORECAST

Multifamily
Denver

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

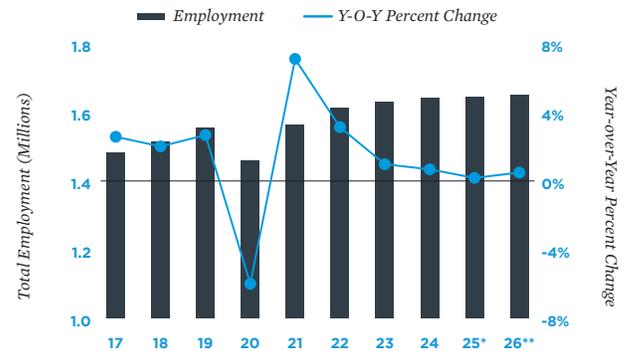
2026

Declining Construction Aids Outlook Despite Mixed Demand Trends

Labor constraints shape uneven apartment leasing. Renter demand is expected to remain uneven across Denver in 2026 amid demographic shifts and a cooling labor market. The metro's unemployment rate trended lower during 2025 despite modest hiring, suggesting a smaller labor pool possibly influenced by stricter immigration enforcement. With foreign migration driving more than 60 percent of Denver's population growth since 2020, reduced inflows may restrain household formation. Eastside neighborhoods with larger immigrant populations — such as North Aurora, Glendale, and Commerce City — also faced the most leasing pressure, as vacancy climbed above 6 percent in 2025. In contrast, the west side and key suburban job centers — including Broomfield, Arvada, and the Tech Center area — have held vacancy below 5 percent. With completions in 2026 projected to be the lowest total in more than a decade, fewer supply additions should help contain vacancy risk even as demand stays fragmented across the metro.

Improving outlook spurs investor reengagement. The record construction boom in recent years affected some institutional investors' decision-making, though sales activity picked up in late 2025, signaling improved confidence in the market's trajectory. With permitting activity still down more than 50 percent from the 2021 peak, completions are expected to remain subdued for the foreseeable future, potentially encouraging greater trading activity. In late 2025, more buyers targeted 1970s- and 1980s-vintage assets in infill neighborhoods such as Glendale and Aurora, often through portfolio acquisitions priced below \$200,000 per unit. Class B vacancy fell below the Class C rate in these areas last year, highlighting enduring demand for mid-tier housing. Meanwhile, investors pursuing assets built within the past decade were more active in affluent western suburbs such as Arvada and Broomfield, where higher-income renters anchor absorption of new supply. Key employment centers, including the Denver Tech Center and Downtown, also registered increased trading of newer assets, with some buyers acquiring properties still in lease-up or utilizing debt assumptions to secure lower entry costs.

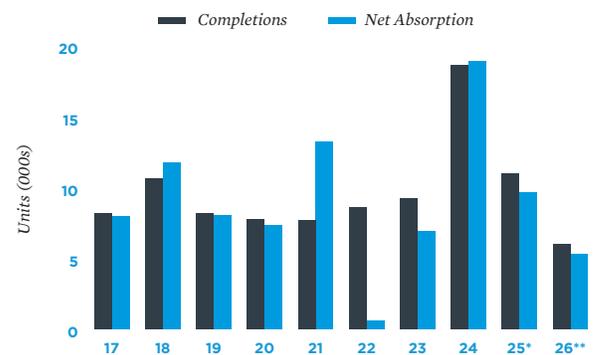
Employment Trends



Housing Affordability Gap



Supply and Demand



23.0%

2025 share of local population between 20 and 34 years old



45.3%

of local population hold bachelor's degree or higher*



\$639,900

2025 median home price*

* Estimate ** Forecast * Through 3Q
*2025: 25+ years old

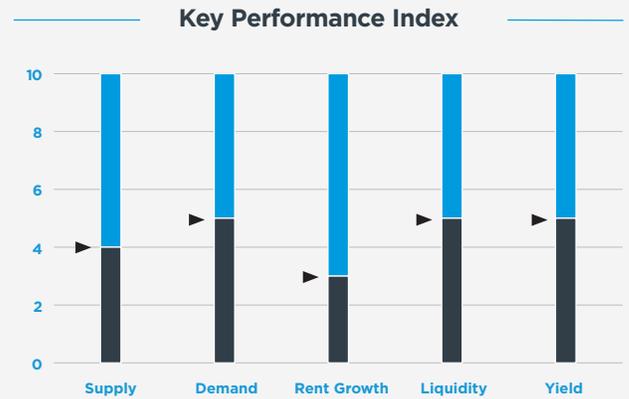
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Investment Outlook

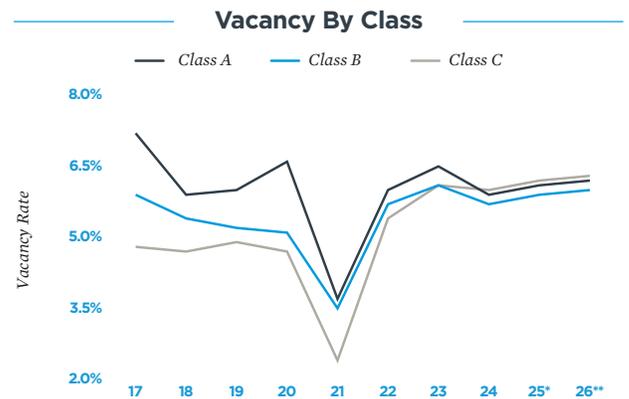
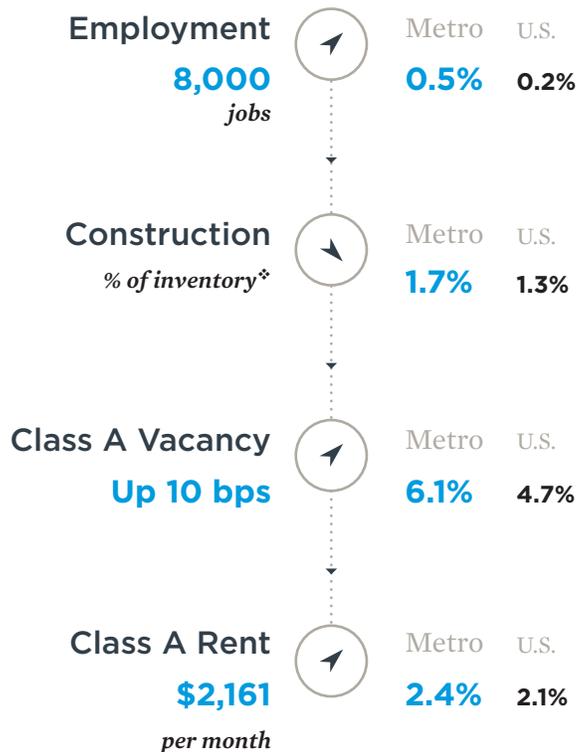
While slowing, development is expected to outpace growth in the renter pool this year, resulting in a slight vacancy increase overall. Reflecting these dynamics, the market registers lower demand and rent KPIs of 5 and 3, respectively, for 2026. The supply score of 4 is below neutral but above last year's severe rating of 1.

Denver's liquidity and yield levels held at equivalent scores of 5 for this year. This stability in the KPI belies improvements in the local transaction landscape, as other markets have shown greater recent relative shifts in trading.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.



2026 INVESTMENT OUTLOOK



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* Estimate ** Forecast
* Arrow reflects completions trend compared with 2025

Sources: IPA Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics