

Rent costs drop as wave of new apartments hit market, Denver-area vacancies rise



By [Justyna Tomtas](#) – Reporter, Denver Business Journal
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The number of new multifamily properties that came online in the Denver-metro area led to higher vacancy rates and lower rent costs at apartment buildings late last year.

The Apartment Association of Metro Denver released its 2024 fourth-quarter vacancy and rent report, which shows a record \$69 decrease in the area's average monthly rent compared to the previous quarter, and a 1.5% decrease from the previous year. It marked just the third time in 34 years that rental rates declined, the association said.

“I think this is the first time we’ve seen negative rent growth in a year, because, more so about inventory,” said Mark Williams, the executive vice president of the association.

A total of 19,910 new units came online in the previous 12 months across the metro area, with 2,228 new units in the fourth quarter alone, setting a record for a calendar year, the report notes. That increased the supply of apartments by 4.8% in 2024, said Cary Bruteig, a researcher with Apartment Insights.

The increase in supply was credited to the number of apartment buildings that received building permits and began construction two to three years ago.

“It took a while for rents to fall because absorption has been so strong even in the face of all this new construction, all the cranes we’ve seen,” Bruteig said. “It just was inevitable we would eventually build more apartments than we could absorb.”

The vacancy rate – or the percentage of unoccupied units – rose from 5.3% in the third quarter to 6.9% in the fourth, resulting in the highest level of unoccupied units in 16 years, the association noted.

Net absorption in the fourth quarter hit negative 4,862 units. In all, there was 14,082 units absorbed in the previous 12 months.

While rental activity in the fourth quarter traditionally slows down, Bruteig said it was “the softest quarter” he has seen in the last 20 years.

Denver County had the highest vacancy rate at 7.5%, while Jefferson County had the lowest at 5.7%. Vacancy increased in all 33 metro-area submarkets, with Denver Northeast reaching 9.3% vacancy, the association reported.

The lowest vacancy rate was 4.7% in the Boulder South submarket.

Vacancy rates rose even among affordable properties, which went from 3.86% to 4.2%, Bruteig said. He noted that's the highest vacancy rate in affordable units in "a long time."

Another 15,000 new units are expected to be delivered this year. Renters will probably see another year that favors them because the pipeline is still full of construction, Williams said, but the association doesn't anticipate that to last long.

"2025 will still deliver a lot of new units, and so there'll be a lot of competition out there, but the spigot pretty much gets turned off, you know, in the next, I don't know, 18 to 24 months," Williams said. "And that's going to be bad news for renters and bad news for the market, really."

Multifamily properties began trading hands at a higher volume last year.

The sales volume of multifamily properties [in the third quarter of 2024 more than doubled the previous quarter](#) and was at 61% above the total a year before. Who owns a building doesn't necessarily impact where a renter chooses to live, but rental statistics do affect what investors are doing, Bruteig said.

"Developers and investors are sort of having a negative perception of Denver right now because of all the regulatory and legislative environment," Williams said, later adding, "developers and investors are definitely looking at that and being very cautious about what their future investment might look like."