

Apartment rents stop their descent in Q1

Changes flatlined in early 2026, but landlord concessions remain abundant

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Apartment rents, after moving lower the past three years, leveled out in the first quarter, but it is too early to tell if it is a pause or a pivot.

Metro Denver's average apartment rent in the first quarter was \$1,758 a month, which was \$4 higher than the fourth quarter average but \$61 lower than a year earlier, according to an update from the Apartment Association of Metro Denver.

"No news is good news for renters and people in the housing market right now. We didn't see many changes quarter over quarter," said Scott Rathbun with Apartment Insights, which puts the report together for the AAMD.

Average monthly rents range from \$1,945 in Douglas County to \$1,614 in Adams County. The average rent in Denver County, which has the highest amount of new construction and the highest vacancy rates, is \$1,789.

Rents are averaging \$1,411 a month in 1970s-era apartment buildings and around \$2,289 for newer units that came online this decade.

Average rents are back to levels seen in the fourth quarter of 2021, which has improved affordability, Rathbun said. That is without adjusting for inflation or the freebies landlords are increasingly offering to win over new tenants.

Concessions, at a two-decade high, reached 10% of advertised rents, which works out to between four and five weeks for every unit advertised.

Accounting for the more robust concessions, "effective" rents are down 8.6% over the past year, while advertised rents are down a more modest 3.3%, according to Apartment Insights.

Landlords typically don't extend concessions when leases come up for renewal, but they are also much less likely to try to squeeze out rent hikes above the original rate in this kind of market, Rathbun said.

The region's apartment vacancy rate fell from 7.6% in the fourth quarter to 7.5% in the first, and it remains above the 7% vacancy rate measured a year earlier.

That rate is for stabilized buildings that have moved beyond their initial renting phase. The vacancy rate is closer to 10.9% when new buildings in the lease-up phase are added into the mix. That is down from a rate above 12% late last year.

"I'm hopeful that the downward pattern of vacancy continues. The number of apartments under construction has continually declined from the 2023 peak, which might lead to fewer deliveries in the coming quarters, giving providers a chance to catch up," said Erica Sanchez, a vice president of operations with Places Management LLC, and a member of the AAMD board.

Developers delivered 2,796 units in the first quarter, and the market absorbed 3,210 units. But an overhang remains. Over the past year, renters have absorbed 8,893 of the 12,070 units added. Note

Rathbun said around 24,000 apartments are under construction across metro Denver, which works out to about 12,000 new units a year for the next two years. While below the recent pace, it should keep the market balanced. Note

The bigger concern comes beyond that. Compared to the peak reached in 2023, the number of proposed units has "fallen off a cliff," Rathbun said. Note

An estimated 46,700 apartments across 190 projects are proposed but not yet under construction in metro Denver.

About 20,000 of the proposed units, or around 4 in 10, are tied to projects that rushed to get ahead of Denver's Expanding Housing Affordability (EHA) policy, which took effect July 1, 2022. Note

The policy required new apartment projects of 10 or more units to keep between 8% to 12% of units affordable to households making 60% of the area median income or pay something called a linkage fee. Those units must remain income-restricted for 99 years. Note

Developers filed about three years' worth of site plans in the month before the new rules took effect, which allowed them to be grandfathered in and not subject to the stricter requirements. Note

The projects originally had 18 months to break ground, but that deadline has been pushed back a couple of times, with the latest extension about to expire later this year.

On May 4, a proposal to offer a 36-month extension will be voted on by the Denver City Council. Note

Rathbun said a much better route would be for Denver to repeal its EHA requirements, given that market rents are now affordable to households making 60% to 70% of the area median income.

That is showing up through a rising vacancy rate for affordable developments, which are struggling to compete with market-rate units.

"It would make it easier for developers to build new units and fill that (future) backlog," he said.