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CWR RE

AFFORDABLE HOUSING

Denver vacancy rate is at a 10-year high

Rent difference between market-rate, subsidized housing smallest in a decade



Denver Mayor Mike Johnston looks out a window of a two-bedroom unit during the grand opening of The Irving at Mile High Vista on Jan. 22. The Irving building contains 102 affordable housing units, developed by the Urban Land Conservancy. TIMOTHY HURST — THE DENVER POST

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Despite a decade-high vacancy rate in Denver's affordable-housing market, local experts are warning that the city's overall supply is on track to "fall off a cliff" in the next few years.

About 8.8% of the city's affordable apartments — also known as subsidized or income-restricted units — were vacant as of January, representing nearly 4,000 homes, according to data supplied to The Denver Post by the

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analytics firm CoStar.

Market-rate apartments also had a high vacancy rate of about 12%.

Meanwhile, the difference in rental costs between the average affordable unit and a market-rate home was also at its lowest point in at least a decade, with just over \$400 between them.

But that data alone is a mirage, housing experts say.

“It’s really easy to overblow any of these facts if you look at them alone, but the truth is more nuanced,” said Jonthan Cappelli, executive director of the Neighborhood Development Collaborative. “So it’s important not to do an about-face when it comes to serving those with greatest needs.”

In 2017 and 2018, developers in Denver aggressively built new units, with the city permitting about 10,000 per year. Since then, construction has started to taper off. In recent years, the city has permitted only about 4,000 new units per year, Mayor Mike Johnston said in a recent news conference.

Denver has nearly 45,000 affordable units, according to CoStar data.

CoStar analysts anticipate that Denver’s affordable-housing vacancy rate likely will rise in 2026 and may peak at up to 10%. But beginning in 2027, demand will catch up and overwhelm what’s available.

“We just haven’t seen a lull of supply quite like this in the Denver market,” said Jeannie Tobin, the director of market analytics for CoStar in Denver. “Deliveries are going to fall off a cliff this year and into next year. It’s just a pretty volatile market right now.”

Johnston said one of his goals for 2026 is to bring an additional 2,500 affordable units online and 5,000 market-rate units.

“If we don’t see recovery in the total number of units coming through the pipeline, we’ll get a shortage in supply again. We will get too much demand, too little supply, and we’ll see rents spike,” he said. *Note*

Rent declines

Part of the reason why affordable housing is seeing such high vacancy rates is because of what’s happening in the non-subsidized housing market. *Note*

In the final quarter of 2025, metro Denver’s market-rate apartment rents fell to early 2022 levels, reaching an average of \$1,754 a month. That occurred largely because of the housing market being oversupplied. In 2024, developers built nearly 20,000 new apartments, almost doubling the recent historical average. *Note*

In addition to cheaper rent, more apartment owners are offering concessions — like free parking, gift cards or months of free rent. That means people who previously rented affordable housing — and who make close to the area’s median income — can more easily make the jump from subsidized apartments to market-rate homes.

Eviction rates, however, are also at record highs. *Note*

Tobin with CoStar said that could be because some people are “biting off more than they can chew” and renting apartments that offer large concessions, but once those deals expire, they can no longer afford market-rate rent.

“Maybe they thought they could do it and that first rent payment comes due, and they just can’t make it,” she said.

Maureen Reyer-Morley with the city’s Department of Housing Stability said people may be forced out after they re-sign their leases and their rent increases.

The high vacancy rate in affordable units exists only among those that are offered to people on the higher end of the area median income scale. Homes set aside for people who make 50% or less of the area median income have much fewer vacancies, Reyer-Morley said. *← Note →*

One-bedroom apartments at 60% of the area median income are where the city is noticing the highest vacancies, Reyer-Morely said. *Note*

"It's because it's really close to the market rate," she said.

An oversupplied market

Tobin said she's expecting Denver housing vacancies to "fall pretty rapidly" in the years ahead. "There just has not been much going under construction since mid-2022," she said. *Note*

That's partly because of rising labor and construction costs and the increases in interest rates in 2022 and 2023, which make it difficult to secure financing to build housing, she said.

It's something many cities, including Seattle; Portland, Ore.; and Austin, Texas, are experiencing. Nationally, Denver ranks as the fifth-highest market for overall housing vacancy rates as of January, Tobin said.

"Denver is one of the most oversupplied markets in the country right now, but it's also seen some of the steepest pullbacks on new construction starts," she said.

"We should start to see things turn around this year, and I think that's true for most markets across the country."

In Cappelli's view, decreasing rent and higher vacancy rates for affordable housing are signs that Denver is on the right track in helping renters. But that doesn't mean the work is finished.

"This is great that Denver is becoming more affordable because supply is more closely meeting demand," Cappelli said. "But when it comes to addressing needs for lowest-income households, we must continue the work."

