7-22-25

DOWNTOWN

Denver's condo market faces challenges

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BUSINESSDEN

Downtown Denver's condo market faces a harsh reality, as potential sellers grapple with a surge in inventory while potential buyers have become more cautious about making large purchases.

Recent data from the Denver Metro Association of Realtors shows a 29% increase in available condos and townhomes compared to last year. But this glut has not led to sales. Purchases dropped by 15% in the first five months of the year, with median prices falling 6% and days on the market soaring from 38 to 53 days.

All the while, a new building under construction will bring hundreds of new units to the market, becoming downtown's second-largest condo building by unit count.

Upton Residences, a two-tower project at 18th Street and Glenarm Place that tops out at 38 stories, is expected to be ready for occupancy next summer. It will have 461 units.

So far, Upton's sold about 10% of them, which matches the developer's projections for a year before the building is expected to be completed, said Stacie Staub, CEO at West + Main, the property's listing agent.

Units range from $3 million penthouses as big as 1,855 square feet to 500-square-foot, one-bedroom condos starting at $365,000.

So far, buyers have shown the most interest in the building's two-bedroom, two-bath condos, which range in size from 891 to 1,352 square feet and cost between $700,000 and $900,000, Staub said.

To entice buyers, the developer is offering a free year of HOA dues. The developer will also pay the buyer's real estate agent a 25% commission advance at the contract signing.

Potential buyers seem excited about the building, but since it won't be finished for a year, many show little urgency to sign a contract now, Staub said.

"With so many units, some buyers think they will still have options when it's ready," she said, adding others likely hope to lock in a lower interest rate.

Those who want an older unit with some history can come to 1827 Grant St., where Delroy Gill of LIV Sotheby's International Realty represents the sellers of a 10th-floor unit once owned by Gov. Jared Polis, who purchased it for $1.2 million in 2006 while serving in the U.S. House of Representatives.

Polis sold the condo to Himmelstein Assets, a Florida-based LLC, in 2014 for $882,000. Gill listed the 2,800-square-foot unit in mid-May for $1.3 million. But he said the owners, who also have homes in Breckenridge and Miami, have been trying to sell the two-bedroom, three-bath unit off-and-on since 2020.

The condo is in move-in condition and "needs minor updates to personalize and make it someone's new home based on their style," Gill said. The building's amenities include an indoor pool, sauna, private fitness facility, and space in the building's wine cellar.

The challenge Gill and other Realtors face is getting potential buyers to consider moving downtown.

"It's a good location if you're a downtown person," Gill said. "It's outside the noise of downtown and on the edge of where all the traffic is."

Another challenge for condos can be high HOA dues, such as the $1,839 monthly fee for the condo Gill is attempting to sell.

"Why spend that amount when you could buy house or townhome for the same price," Gill said.

Back at Upton Residences, Staub said early interest is coming from both younger urban singles and couples, as well as older buyers who are considering downsizing or relocating from a 55+ rental community.

"You can go to a show, a game, or restaurants without having to drive any more," Staub said.

One of the bigger challenges for new buyers is that the project is in an area that hasn't previously been residential. Besides building the condos, the developer is also focused on amenities — including a rooftop pool with hot tub and a resident lounge — and retail space.

"There's nothing to compare it to," Staub said. "It's not Uptown, downtown or RiNo."