

Apartments vacant but demand will rise

The Denver Gazette · 17 Oct 2026 · A1 · The Denver Gazette BY MARK SAMUELSON

Gen RE

Denver's housing market is still awash in rental apartments after a tidal wave of newly built units swept into the metro area following the COVID pandemic.



But developers and experts are warning that despite higher vacancy rates prevailing now, the scene could rapidly change back to a market with too many renters chasing too few apartments.

"It's a tale of two cities now. Those properties that are in certain areas like Cherry Creek, Golden and Highlands that appeal to higher incomes, those are doing pretty well," developer David Zucker of Zocalo Community Development told The Denver Gazette on Tuesday.

But Zucker, who broke ground last week on 461 units for Denver's Sloan's Lake neighborhood in what is seen as a model project to mix market-rate with affordable units, said that the cost dynamics has changed over recent years.

He said developers will find it hard to launch projects to keep up with demand in coming years.

"The vast majority (of apartment developers) are struggling because of the massive overbuilding over the past four years, and that won't resolve until into 2028," Zucker said.

Meanwhile, vacancies for apartments in the metro area continue to run high — not abnormally so, but enough that developers are seeing strange effects on demand.

"We're in a weird cycle with all this new, market-rate property," said Drew Hamrick, general counsel and senior vice president at the Apartment Association of Metro Denver.

New units not counted

Coming into summer, apartment vacancies were running at 6.3%, down from 7.5% earlier in the year and not seen as a high rate. However, those rates only count "stabilized units" — not figuring in new units that came online and have never been leased, noted Hamrick.

With those new, unleased apartments figured in, the most recent rate stood between 9.4% and 10.9%, which is considered high.

That supply of new units, Hamrick told The Denver Gazette, is now competing with apartments that were originally built for lower-income buyers, urged along by government tax incentives. Note

New quarterly data on the market is expected out later this month, but early information suggests the numbers will remain flat, Hamrick said.

"With all of this new market-rate property, most apartment projects created as affordable units are showing higher vacancies than are new market-rate projects," he added. Note

Lower-income renters who are the intended targets of those subsidized projects are instead picking up new market-rate units that may have nicer sizes and amenities designed for a higher-income renter.

"They're opting for something else. They have choices," Hamrick added.

With overall vacancies dropping off slightly earlier in the year, there is hope that the oversupply is now being absorbed and that the market will shift more toward normal.

"It's not crazy to say this may have bottomed out," Hamrick said.

"The market is still absorbing a wave of new supply, contributing to elevated vacancy and a more competitive leasing environment," Garrett Linville, vice president of development at national developer Thompson Thrift, told The Denver Gazette.

New 284-unit Golden project

The Terre Haute-based company, which built around 30,000 units over the past two decades, including 32 Colorado projects, just announced it will launch a 284-unit, market-rate apartment project targeted for a 9-acre site on South Golden Road at 12th Avenue, 2 miles south of Golden's historic Lincoln Avenue main street.

Surrounding the project, Jefferson County showed a stabilized vacancy rate of 5.4% this summer — one of the lowest in the metro area. That lies in contrast to the city of Denver, with the highest stabilized rate at 7.0%.

New reporting is expected to confirm the trend.

But developers typically pay attention to the long-term market, rather than short-term ups-and-downs.

"Developers have such a longtime horizon," Hamrick said. "They're less sensitive to quarterly trends. It may be a 30-year perspective."

The new Golden project, branded as Alasso, would feature two four-story buildings of studio, one-, two-, and three-bedroom units, some as large as 1,730 square feet, targeted at the luxury market, according to Thompson Thrift.

The project would include another 20,000 square feet of retail and restaurant space, with units scheduled to come on the market in 2028.

Affordable units head to Parker

On the other end of the metro area, affordable apartment developer Ulysses Development Group broke ground on a 204-unit project in Parker that is heralded by state and Douglas County officials as a step toward keeping affordable housing available close to major employers.

One-to-four-bedroom units at Ponderosa Pines, headed for a site across Parker Road from Pinery Country Club, will be income-restricted to residents earning an average of 60% of the area median income, according to the developer. Those will have a pool, fitness center, community clubhouse, and a public park with green space and access to the 40-mile Cherry Creek Trail.

Ahmed Abdelhameed, vice president of the Denver-based company, told The Denver Gazette that launching the project had been a five-year effort, including meeting with neighbors and community leaders and getting the site rezoned for multifamily.

Changes in the market

"A lot has changed since 2021," Abdelhameed said in a written reply, "but one thing that's clear is the need for attainable housing in Douglas County."

The county saw the population grow 10% from 2020 to 2024, exacerbating what he called limited affordable housing availability and diversity. The median home price stands over \$700,000, well above the metro area median.

Abdelhameed said that despite current vacancy rates, he expects strong demand for the units.

"Housing affordability is one of the top issues for Coloradans," state Sen. Lisa Frizell, R- Castle Rock, said in a statement after the groundbreaking.

Abdelhameed emphasized that public-private partnering is critical to such a launch. In addition to bank loans, that included \$580,000 from the county and \$27 million in private bonds from the Douglas County Housing Partnership.

Meanwhile, the Colorado Housing and Finance Authority was extending \$34.5 million in federal low-income housing tax credits and \$3.36 million in state credits. The state's Office of Economic Development and International Trade arranged \$4.35 million originating from the State Affordable Housing Fund, created in 2022 when voters approved Proposition 123.

The project is a testimony to the complexity required to fund units mandated for buyers below the median income.

But Zocalo's Zucker, who had served as chair of the state housing board, said that even with public funds and credits, the picture doesn't bode well for future projects.

"Like so many other leaders, I have increasing concern about the competitive environment of this state," Zucker told The Denver Gazette, calling out what he said are economically illogical policies set by the state legislature.

Those, he said, are "beating the same drum of rent control and regulation that is economically antagonistic to producing housing, reducing our end margins that developers need to make projects viable."

The new Sloan's Lake project at West 16th Avenue and Meade Street will offer a combined 461 units, including Aliyah, a 16-story market-rate tower with 294 units that will deliver views, coworking spaces, fitness and wellness amenities, and a ground-floor retail component.

Nearby will be Liora, a four-story affordable housing community with 158 energy-efficient apartments for households earning 30% to 60% of the average median income.

That, Zucker noted, will include seven three-bedroom units for families enrolled in Denver Public Schools who are transitioning from homelessness and 15 market-rate apartments set aside for school-teachers and staff.

Mixed market- rate and affordable

The mixed project will also include nine affordable for-sale townhomes. Just a block from the popular park and lake, the site is two blocks from two public schools.

Zucker praised the collaborative efforts by the affordable housing community to enable below-AMI projects but added that both the legislature and Denver City Council need to consider increasing subsidies to enable future projects like this to come off the drawing board.

"With property taxes having more than doubled and with insurance having tripled since the Marshall fires, they need to understand the pressures that both market-rate and affordable developers are facing," Zucker said.

"Remember, developers work at glacial pace," he added. "When so many of these developments started, interest rates were in a range of 3.5% to 4.5%.

"That's essentially doubled, and if you're building 200 units at \$70 million, rates are twice as high and that adds around \$15,000 to \$20,000 per unit. Where is that coming from?" he said.

Thompson Thrift's Linville said that his development team has to be mindful of the market conditions now.

"At the same time, we believe the region's fundamentals and enduring lifestyle appeal support growth and long-term housing demand," he said.