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Commercial Real Estate

Apartment vacancy rate in Denver-metro area drops



Construction Cranes along 12th ave on October 11, 2022, in Denver.

SETH MCCONNELL | DENVER BUSINESS JOURNAL



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Story Highlights

- Denver-metro apartment vacancy rate decreased to 6.4% in Q2 2025.
- Average rent increased to \$1,832, but remains lower than 2024.
- New apartment construction has slowed due to regulatory and economic factors.

Vacancy at apartment buildings in the Denver-metro area has decreased after hitting a 15-year record high last quarter, and rental rates have risen, too.

The vacancy rate for apartments landed at 6.4% in the second quarter. That's down from 7% of area apartments sitting empty in the first quarter of 2025, but still higher than the 5.6% second-quarter vacancy rate in 2024.

Rent, which decreased in the first quarter of the year, has ticked upward in the second quarter but remains \$71 lower than a year before, according to the Apartment Association of Metro Denver's second quarter vacancy and rent report released Thursday. The average rent in the Denver-metro area for this year's second quarter totaled \$1,832 a month, up from \$1,819 in the previous quarter.

"Our increase this time of year is often \$30 to \$40 and rents went up only \$13 this quarter," said the report's researcher, Cary Bruteig, with Apartment Insights.

The quarter-over-quarter increase in rent is in part linked to the seasonality of the market, where rent prices generally go up in the second and third quarters of the year and decrease in the fourth and first quarters, Bruteig said.

“With vacancy being high, a lot of apartments being completed, there’s a lot of competition for renters and the benefit to renters is properties offering concessions to get them to sign leases,” Bruteig said.

The Denver-area apartment market added 2,375 new units in the second quarter. Net absorption remained strong, according to Bruteig, with 4,573 units being absorbed.

Over the previous 12 months, 15,798 new units came online, with 11,184 apartments being absorbed, Bruteig said, which shows the strong demand for apartments.

This year, the Denver-metro area may have as many as 15,000 apartments delivered, Bruteig said, compared to the 23,000 units that came online in 2024.

The number of apartments starting construction peaked in 2021 and 2022, when 20,000 buildings began construction. Those numbers have since decreased.

“What it comes down to is development has been less and less feasible in more and more parts of town,” Bruteig said. “Government regulations, increasing costs, increasing interest rates has all resulted in starts dropping down. Now, still 10,000 a year is a healthy number of starts, but that trend downward may continue.”

Part of the reason apartment starts have become more popular in the suburban areas versus in Denver is the implementation of an inclusionary housing ordinance in the city, officials with the association said. That’s limited or

reduced the rental income new buildings can generate, which has in turn made some projects less feasible, Bruteig said.

“If you look on a map of what was under construction in the downtown area a year or two ago and what it is today, it’s a dramatic reduction in the number of properties being built in downtown Denver,” he said.

In the metro area overall, the number of apartments under construction has decreased by approximately a third from its peak in mid-2023, the report notes.

“This should lead to fewer new apartments completed in the quarters ahead,” the report states.

The 24-month timeline to build a typical apartment community has now also increased to between 30 and 34 months, Bruteig said. The extended timeframe has been attributed to more government regulations, inspections and material delays.

Even with a decline in deliveries, there are over 28,000 apartments available in the metro-area. That means more choices and opportunities for renters, said Mark Williams, executive vice president for the apartment association.

When vacancy rates drop into the low 6%, that’s when rent will resume trending upward, Bruteig said.

Vacancy rates decreased across all six Denver Metro regions. The Boulder and Broomfield area, along with Jefferson County, had the lowest vacancy rate at 5.2%. The highest vacancy rate of 7.1% was reported in Arapahoe County

The second quarter 2025 survey includes information on 248,812 apartments, according to the association.