

225 TERRY STREET | LONGMONT, CO

EXCLUSIVELY LISTED BY: *Clayton Primm | First Vice President Investments | 303.590.4537 | clayton.primm@marcusmillichap.com*



Marcus & Millichap

NON-ENDORSEMENT & DISCLAIMER NOTICE

CONFIDENTIALITY & DISCLAIMER

The information contained in the following Marketing Brochure is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Marcus & Millichap and should not be made available to any other person or entity without the written consent of Marcus & Millichap. This Marketing Brochure has been prepared to provide summary, unverified information to prospective purchasers, and to establish only a preliminary level of interest in the subject property. The information contained herein is not a substitute for a thorough due diligence investigation. Marcus & Millichap has not made any investigation, and makes no warranty or representation, with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCB's or asbestos, the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable; however, Marcus & Millichap has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein.

NON-ENDORSEMENT NOTICE

Marcus & Millichap is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee identified in this marketing package. The presence of any corporation's logo or name is not intended to indicate or imply affiliation with, or sponsorship or endorsement by, said corporation of Marcus & Millichap, its affiliates or subsidiaries, or any agent, product, service, or commercial listing of Marcus & Millichap, and is solely included for the purpose of providing tenant lessee information about this listing to prospective customers.

ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY. PLEASE CONSULT YOUR MARCUS & MILLICHAP AGENT FOR MORE DETAILS.

RENT DISCLAIMER

Any rent or income information in this offering memorandum, with the exception of actual, historical rent collections, represent good faith projections of potential future rent only, and Marcus & Millichap makes no representations as to whether such rent may actually be attainable. Local, state, and federal laws regarding restrictions on rent increases may make these projections impossible, and Buyer and its advisors should conduct their own investigation to determine whether such rent increases are legally permitted and reasonably attainable.

SPECIAL COVID-19 NOTICE

All potential buyers are strongly advised to take advantage of their opportunities and obligations to conduct thorough due diligence and seek expert opinions as they may deem necessary, especially given the unpredictable changes resulting from the continuing COVID-19 pandemic. Marcus & Millichap has not been retained to perform, and cannot conduct, due diligence on behalf of any prospective purchaser. Marcus & Millichap's principal expertise is in marketing investment properties and acting as intermediaries between buyers and sellers. Marcus & Millichap and its investment professionals cannot and will not act as lawyers, accountants, contractors, or engineers. All potential buyers are admonished and advised to engage other professionals on legal issues, tax, regulatory, financial, and accounting matters, and for questions involving the property's physical condition or financial outlook. Projections and pro forma financial statements are not guarantees and, given the potential volatility created by COVID-19, all potential buyers should be comfortable with and rely solely on their own projections, analyses, and decision-making.

Activity ID #ZAE0050358

Marcus & Millichap

OFFICES THROUGHOUT THE U.S. AND CANADA
marcusmillichap.com

Investment & Financial Overview

OFFERING SUMMARY

INVESTMENT HIGHLIGHTS

REGIONAL & LOCAL AREA MAPS

AERIAL MAP (DOWNTOWN LONGMONT)

AERIAL MAP (EAST)

AERIAL MAP (WEST)

FINANCIAL DETAILS

Marcus & Millichap



OFFERING SUMMARY

\$

Listing Price

\$3,150,000

▲

Cap Rate

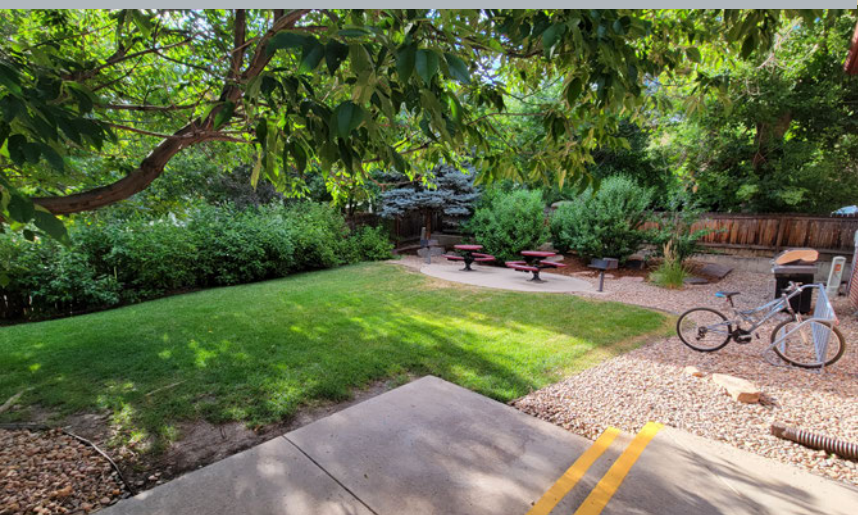
5.14%

🏠

of Units

12

FINANCIAL	
Listing Price	\$3,150,000
Down Payment	40% / \$1,260,000
NOI	\$161,862
Cap Rate	5.14%
Total Return	3.15%
Price/SF	\$350.00
Rent/SF	\$2.20
Price/Unit	\$262,500
OPERATIONAL	
Rentable SF	9,000 SF
# of Units	12
Lot Size	0.36 Acres (15,681 SF)
Laundry	In Unit; Stackable
Parking	13 Spaces Off-Street
Landscaping	Professional; In-Ground Sprinkler System
Year Built	1964



225 TERRY STREET

Longmont, CO 80501

INVESTMENT OVERVIEW

225 Terry Street is a well-maintained 12-unit multifamily community located in the heart of downtown Longmont, only two blocks west of Main Street. Tenants are within walking distance to restaurants, shopping, parks, and more. Built in 1964, this all-brick building is a two-story exterior walk-up with six units on each level. All are two-bedroom / one-bathroom units (750 SF) with a stackable washer/dryer in each unit. The floor plan of each unit is identical, making planning easier for remodels. Each unit has its own furnace and water heater. All units are separately metered for gas and electric. These utilities are paid directly by the residents. Water and sewer is master metered, paid for by the owner and not currently being billed to the residents. A bill-back system could be implemented to recoup that cost. The building has an asphalt shingle pitch roof, double pane windows, a crawl space for easy access to mechanicals and to make repairs. There is a large, professionally landscaped back yard with in-ground sprinkler system. The backyard includes picnic tables and grilling area. There are 13 assigned off-street parking spaces.

With spectacular views of the Rocky Mountains, Longmont residents enjoy beautiful natural surroundings like Union Reservoir and Golden Ponds Park while benefiting from a modern downtown in a historic setting and a thriving city center. Left Hand Brewing Company, Wibby Brewing, and Bootstrap Brewing make their headquarters in Longmont. High-tech companies, including DigitalGlobal, Seagate Technologies, and Intrado, also call Longmont home. These companies, as well as a growing Creative District, and bustling restaurants make Longmont a dynamic small city conveniently located within 30 miles of Boulder, Denver, and Rocky Mountain National Park.

In the coming years, Longmont will continue to grow and attract new residents and business. Approximately one-quarter mile from 225 Terry Street, the Hotel Longmont, at the corner of 3rd Avenue and Kimbark Street, is being planned to include meeting space, a rooftop restaurant and parking. South Main Station, a redevelopment of the former Butterball Plant, continues to expand just blocks from the property, at 1st Avenue and Main Street. Currently in Phase 2 of its redevelopment, it includes housing, retail, restaurants, and office spaces. Few locations will be better situated to enjoy this and future growth in downtown Longmont than 225 Terry Street.

INVESTMENT HIGHLIGHTS

Turn-Key, Well-Maintained Building Exemplifying Pride of Ownership

Great Central Longmont Location; Two Blocks from Main Street

All Large Two-Bedroom Units with In-Unit Washer/Dryers

Individually Metered for Gas and Electric

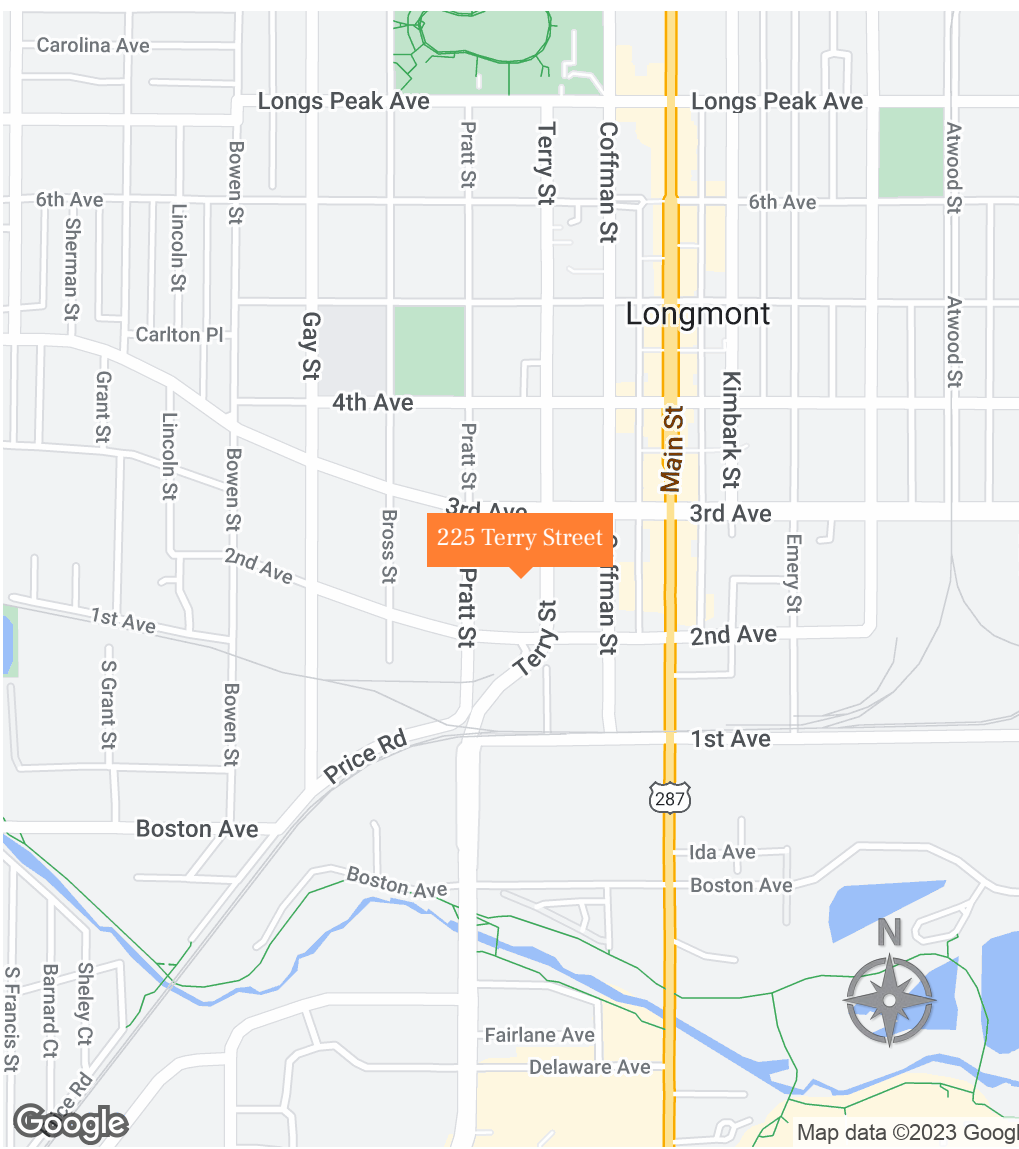
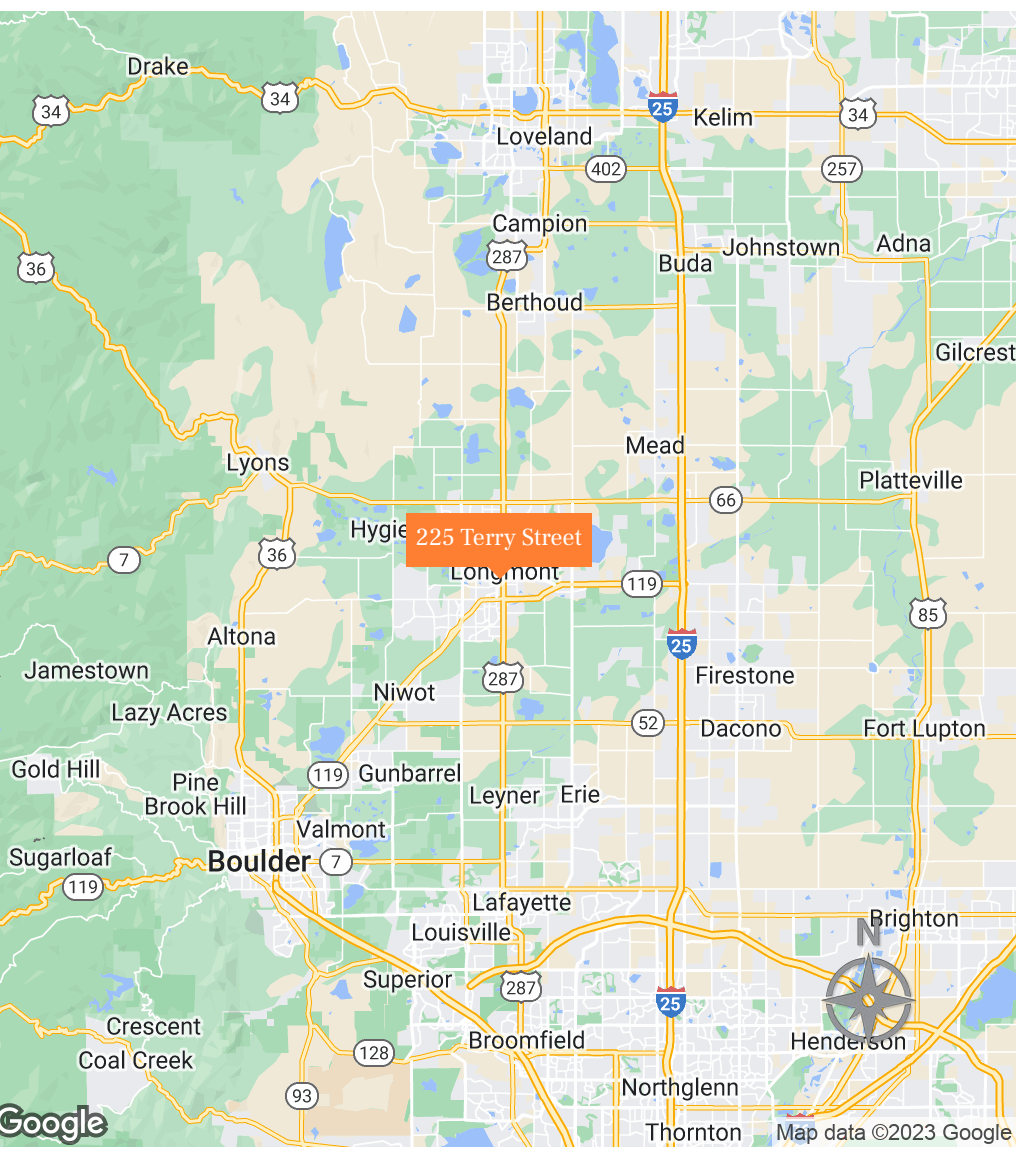
All Brick Exterior; Pitched Roof; Double Pane Windows

Professionally Landscaped; In-Ground Sprinkler System; Picnic Area; Off-Street Parking

Walking Distance to Restaurants, Breweries, and Shopping

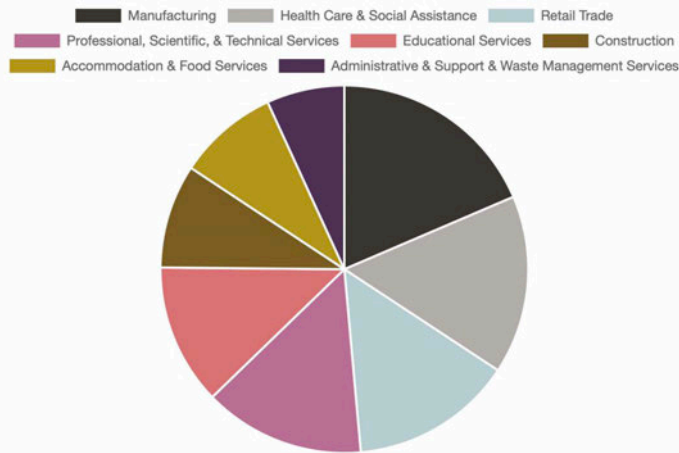


REGIONAL & LOCAL AREA MAPS // 225 Terry Street





Number of People Employed By Longmont Top Industries



LONGMONT: ONE OF THE BEST PLACES TO LIVE IN THE WESTERN U.S.

Once thought of only as a small, sleepy suburban city 30 miles north of Denver, Longmont has begun to be recognized over the last decade nationwide as one of the best places to live in the country. This continues in 2023, as Longmont was ranked among the top 25 best places to live in the western United States by Livability and is considered one of the nation's "Boomtowns" with an exceptional growth rate that has recently brought it to a population exceeding 100,000 people. That growth is expected to continue at approximately 1.8% per year, one of the fastest rates in a fast-growing state. The job market has increased 2.7% in the last year.

People are moving to Longmont for excellent schools (St. Vrain Valley District), extensive outdoor activities, a vibrant downtown with a focus on innovative restaurants and breweries, a thriving art scene, and expanding tech and industrial employment.

Set against the backdrop of the Rocky Mountains, Longmont is drawing people hoping for a small-town quality of life but all the amenities of a larger city. The city itself is noted for excellent secondary schools and is home to the Boulder campus of Front Range Community College and the University of Colorado - Boulder is just 15 miles to the southwest. With over 192 acres of park and open space within the city, residents do not have to go far to enjoy the outdoors. St. Vrain State Park is located at the edge of the city. Acting as a gateway to the Rockies, Rocky Mountain National Park is just 30 miles away from Longmont, giving adventurers even more hiking, fishing, climbing, and camping opportunities.

Fueling this rich quality of life is a thriving economy focused on manufacturing and technology. The list companies in Longmont and surrounding Boulder County is long. IBM and Lockheed Martin both have campuses in the city. ARC Group Worldwide, an advanced manufacturing and 3D printing service provider is also a leading employer, along with Sunrise Medical, Seagate Technologies, DigitalGlobe, and Circle Graphics. Well-known products from Otterbox and Crocs to Smuckers are made in the city. Both Left Hand and Oskar Blues, two of the largest craft brewers in the nation, are producing in Longmont, along with nine other breweries, four distilleries and a cidery. The future job growth in the city is estimated to be 44%.



ROOSEVELT
PARK

COFFMAN ST

KIMBARK ST

COLLYER
PARK



COLLYER STREET

6TH AVE

5TH AVE

THOMPSON
PARK



4TH AVE

TERRY ST

MAIN ST

3RD AVE

FIRST
EVANGELICAL
LUTHERAN
CHURCH

OLD MILL
PARK

225 TERRY ST

ST. VRAIN
CIDERY

ABBOTT & WALLACE
DISTILLERS

CALLAHAN
HOUSE
(Event Venue)

THE
ST VRAIN



SANTIAGO'S
100% BULLS AUTHENTIC



PUBLIC SAFETY



WIBBY*BREWING

2ND AVE

287
SOUTH MAIN
STATION



GOVT.
OFFICES



DRY LAND



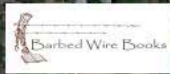
usbank
Rosalee's
PIZZERIA

SIMPLY BULK
Market

ZICO'S COFFEE



LIBRARY
CIVIC CENTER



AERIAL MAP (EAST) // 225 Terry Street



225 Terry Street // AERIAL MAP (WEST)

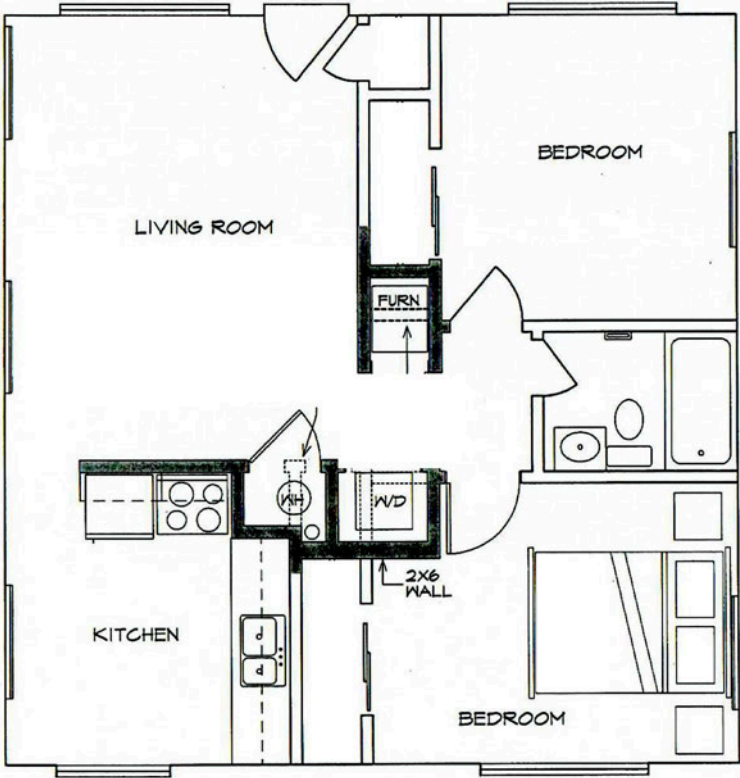






225 Terry Street // FINANCIAL DETAILS

UNIT TYPE	# OF UNITS	AVERAGE SF	SCHEDULED			POTENTIAL		
			AVERAGE RENT	AVERAGE RENT / SF	MONTHLY INCOME	AVERAGE RENT	AVERAGE RENT / SF	MONTHLY INCOME
2 Bed / 1 Bath	12	750	\$1,500	\$2.00	\$18,000	\$1,650	\$2.20	\$19,800
TOTALS/WEIGHTED AVERAGES	12	750	\$1,500	\$2.00	\$18,000	\$1,650	\$2.20	\$19,800
GROSS ANNUALIZED RENTS			\$216,000			\$237,600		



2 Bedroom | 1 Bath (750 SF)
Identical Floor Plan in Each Unit



FINANCIAL DETAILS // 225 Terry Street

INCOME	CURRENT		PROJECTED		NOTES	PER UNIT	PER SF
Gross Scheduled Rent	216,000		237,600			19,800	26.40
Physical Vacancy	(10,800)	5.0%	(11,880)	5.0%	[1]	(990)	(1.32)
Effective Rental Income	205,200		225,720			18,810	25.08
<i>Other Income</i>							
Utility Bill-Back	0		6,840		[2]	570	0.76
All Other Income	75		2,400		[3]	200	0.27
TOTAL OTHER INCOME	\$75		\$9,240			\$770	\$1.03
EFFECTIVE GROSS INCOME	\$205,275		\$234,960			\$19,580	\$26.11

EXPENSES	CURRENT		PROJECTED		NOTES	PER UNIT	PER SF
Real Estate Taxes	11,522		16,578		[4]	1,382	1.84
Insurance	11,255		8,400		[5]	700	0.93
Utilities - Water & Sewer	2,259		2,327		[6]	194	0.26
Utilities - Gas & Electric	4,450		2,225		[7]	185	0.25
Trash Removal	3,624		2,400		[8]	200	0.27
Repairs, Maintenance, & Grounds	10,213		12,000		[9]	1,000	1.33
Office, Administrative, & Marketing	90		1,200		[10]	100	0.13
Management Fee	0	0.0%	14,098	6.0%	[11]	1,175	1.57
TOTAL EXPENSES	\$43,413		\$59,227			\$4,936	\$6.58
EXPENSES AS % OF EGI	21.1%		25.2%				
NET OPERATING INCOME	\$161,862		\$175,733			\$14,644	\$19.53

NOTES

- [1] Estimated 5% vacancy.
- [2] Currently, there is no utility bill-back system in place, projected to bill-back at \$50 per unit per month for water, sewer, and trash.
- [3] Additional Income includes late fees, forfeited deposits, administrative fees, and could include pet rent/fees and reserved parking.
- [4] Current Property Taxes are for 2022 paid in 2023. Projected is based on the 2023 assessed value.
- [5] Current Property Insurance. Market Average is \$700 per unit per year.
- [6] Utilities - Water & Sewer annualized from six month calculation. Projected to increase by 3% year over year.
- [7] Utilities - Gas & Electric is individually metered, current cost is based on vacant unit only. Projected to be half.
- [8] Trash is currently \$320 per month. Projected at less than \$200 per month.
- [9] Repairs, Maintenance, & Grounds is based on 2022 financials, projected at \$1,000 per unit per year.
- [10] Office, Administrative, & Marketing is based on 2022 financials, projected at \$100 per unit per year.
- [11] Management Fee is estimated at 6%. Currently, the property is self-managed.

FINANCIAL DETAILS // 225 Terry Street

SUMMARY		
PRICE	\$3,150,000	
Down Payment	\$1,260,000	40%
Number of Units	12	
Price Per Unit	\$262,500	
Price Per SqFt	\$350.00	
Rentable SqFt	9,000	
Lot Size	0.36 Acres	
Approx. Year Built	1964	

RETURNS	CURRENT	PROJECTED
CAP Rate	5.14%	5.58%
GRM	14.58	13.26
Cash-on-Cash	1.47%	2.57%
Debt Coverage Ratio	1.13	1.23

FINANCING	1st Loan
Loan Amount	\$1,890,000
Loan Type	New
Interest Rate	6.50%
Amortization	30 Years
Year Due	2053

# OF UNITS	UNIT TYPE	SF / UNIT	SCHD RENTS	MRKT RENTS
12	2 BDR/ 1 BA	750	\$1,500	\$1,650

OPERATING DATA				
INCOME		CURRENT		PROJECTED
Gross Scheduled Rent		\$216,000		\$237,600
Less: Vacancy/Deductions	5.0%	\$10,800	5.0%	\$11,880
Total Effective Rental Income		\$205,200		\$225,720
Other Income		\$75		\$9,240
Effective Gross Income		\$205,275		\$234,960
Less: Expenses	21.1%	\$43,413	25.2%	\$59,227
Net Operating Income		\$161,862		\$175,733
Cash Flow		\$161,862		\$175,733
Debt Service		\$143,353		\$143,353
Net Cash Flow After Debt Service	1.47%	\$18,509	2.57%	\$32,380
Principal Reduction		\$21,125		\$22,540
TOTAL RETURN		3.15%	\$39,634	4.36% \$54,919

EXPENSES	CURRENT	PROJECTED
Real Estate Taxes	\$11,522	\$16,578
Insurance	\$11,255	\$8,400
Utilities - Water & Sewer	\$2,259	\$2,327
Utilities - Gas & Electric	\$4,450	\$2,225
Trash Removal	\$3,624	\$2,400
Repairs, Maintenance, & Grounds	\$10,213	\$12,000
Office, Administrative, & Marketing	\$90	\$1,200
Management Fee	\$0	\$14,098
TOTAL EXPENSES	\$43,413	\$59,227
EXPENSES / UNIT	\$3,618	\$4,936
EXPENSES / SF	\$4.82	\$6.58

Market Overview

DEMOGRAPHICS

MARKET OVERVIEW

MARKET OVERVIEW

MARKET OVERVIEW

Marcus & Millichap



225 Terry Street // DEMOGRAPHICS

POPULATION	1 Mile	3 Miles	5 Miles
2027 Projection			
Total Population	11,477	91,613	110,402
2022 Estimate			
Total Population	11,104	88,150	104,801
2010 Census			
Total Population	10,142	80,053	92,424
2000 Census			
Total Population	10,924	69,568	76,849
Daytime Population			
2022 Estimate	17,463	89,811	106,678
HOUSEHOLDS	1 Mile	3 Miles	5 Miles
2027 Projection			
Total Households	5,135	36,084	43,230
2022 Estimate			
Total Households	4,907	34,372	40,700
Average (Mean) Household Size	2.3	2.5	2.5
2010 Census			
Total Households	4,413	30,870	35,557
2000 Census			
Total Households	4,452	25,964	28,662
Growth 2022-2027	4.6%	5.0%	6.2%
HOUSING UNITS	1 Mile	3 Miles	5 Miles
Occupied Units			
2027 Projection	5,433	37,863	45,356
2022 Estimate	5,176	36,015	42,646
Owner Occupied	2,471	21,319	25,739
Renter Occupied	2,436	13,053	14,962
Vacant	269	1,643	1,946
Persons in Units			
2022 Estimate Total Occupied Units	4,907	34,372	40,700
1 Person Units	37.2%	28.0%	27.3%
2 Person Units	31.3%	32.8%	33.3%
3 Person Units	14.2%	15.4%	15.5%
4 Person Units	9.5%	13.2%	13.7%
5 Person Units	4.3%	5.9%	5.9%
6+ Person Units	3.6%	4.7%	4.4%

HOUSEHOLDS BY INCOME	1 Mile	3 Miles	5 Miles
2022 Estimate			
\$200,000 or More	6.8%	9.0%	10.2%
\$150,000-\$199,999	5.8%	9.2%	9.9%
\$100,000-\$149,999	14.2%	19.4%	19.8%
\$75,000-\$99,999	10.5%	13.7%	13.7%
\$50,000-\$74,999	15.4%	15.5%	15.1%
\$35,000-\$49,999	14.3%	10.2%	9.8%
\$25,000-\$34,999	10.0%	7.3%	6.9%
\$15,000-\$24,999	10.3%	7.3%	6.8%
Under \$15,000	12.8%	8.3%	7.7%
Average Household Income	\$82,088	\$104,020	\$110,526
Median Household Income	\$53,324	\$77,277	\$81,486
Per Capita Income	\$36,546	\$40,749	\$43,090
POPULATION PROFILE	1 Mile	3 Miles	5 Miles
Population By Age			
2022 Estimate Total Population	11,104	88,150	104,801
Under 20	22.1%	24.0%	24.2%
20 to 34 Years	21.5%	20.1%	19.5%
35 to 39 Years	7.8%	6.9%	6.7%
40 to 49 Years	13.8%	13.4%	13.5%
50 to 64 Years	19.0%	18.4%	18.9%
Age 65+	15.9%	17.2%	17.1%
Median Age	39.1	39.3	39.7
Population 25+ by Education Level			
2022 Estimate Population Age 25+	7,971	61,685	73,289
Elementary (0-8)	7.2%	5.4%	4.7%
Some High School (9-11)	6.7%	5.8%	5.2%
High School Graduate (12)	20.6%	19.1%	18.3%
Some College (13-15)	18.8%	19.4%	19.1%
Associate Degree Only	6.4%	7.8%	7.9%
Bachelor's Degree Only	24.4%	27.1%	28.1%
Graduate Degree	15.9%	15.5%	16.6%
Population by Gender			
2022 Estimate Total Population	11,104	88,150	104,801
Male Population	49.8%	49.4%	49.5%
Female Population	50.2%	50.6%	50.5%

DEMOGRAPHICS // 225 Terry Street



POPULATION

In 2022, the population in your selected geography is 104,801. The population has changed by 36.4 percent since 2000. It is estimated that the population in your area will be 110,402 five years from now, which represents a change of 5.3 percent from the current year. The current population is 49.5 percent male and 50.5 percent female. The median age of the population in your area is 39.7, compared with the U.S. average, which is 38.6. The population density in your area is 1,332 people per square mile.



HOUSEHOLDS

There are currently 40,700 households in your selected geography. The number of households has changed by 42.0 percent since 2000. It is estimated that the number of households in your area will be 43,230 five years from now, which represents a change of 6.2 percent from the current year. The average household size in your area is 2.5 people.



INCOME

In 2022, the median household income for your selected geography is \$81,486, compared with the U.S. average, which is currently \$66,422. The median household income for your area has changed by 54.5 percent since 2000. It is estimated that the median household income in your area will be \$98,360 five years from now, which represents a change of 20.7 percent from the current year.

The current year per capita income in your area is \$43,090, compared with the U.S. average, which is \$37,200. The current year's average household income in your area is \$110,526, compared with the U.S. average, which is \$96,357.



EMPLOYMENT

In 2022, 68,062 people in your selected area were employed. The 2000 Census revealed that 66.9 percent of employees are in white-collar occupations in this geography, and 33.1 percent are in blue-collar occupations. In 2022, unemployment in this area was 3.0 percent. In 2000, the average time traveled to work was 20.1 minutes.



HOUSING

The median housing value in your area was \$424,430 in 2022, compared with the U.S. median of \$250,735. In 2000, there were 19,238 owner-occupied housing units and 9,424 renter-occupied housing units in your area. The median rent at the time was \$691.



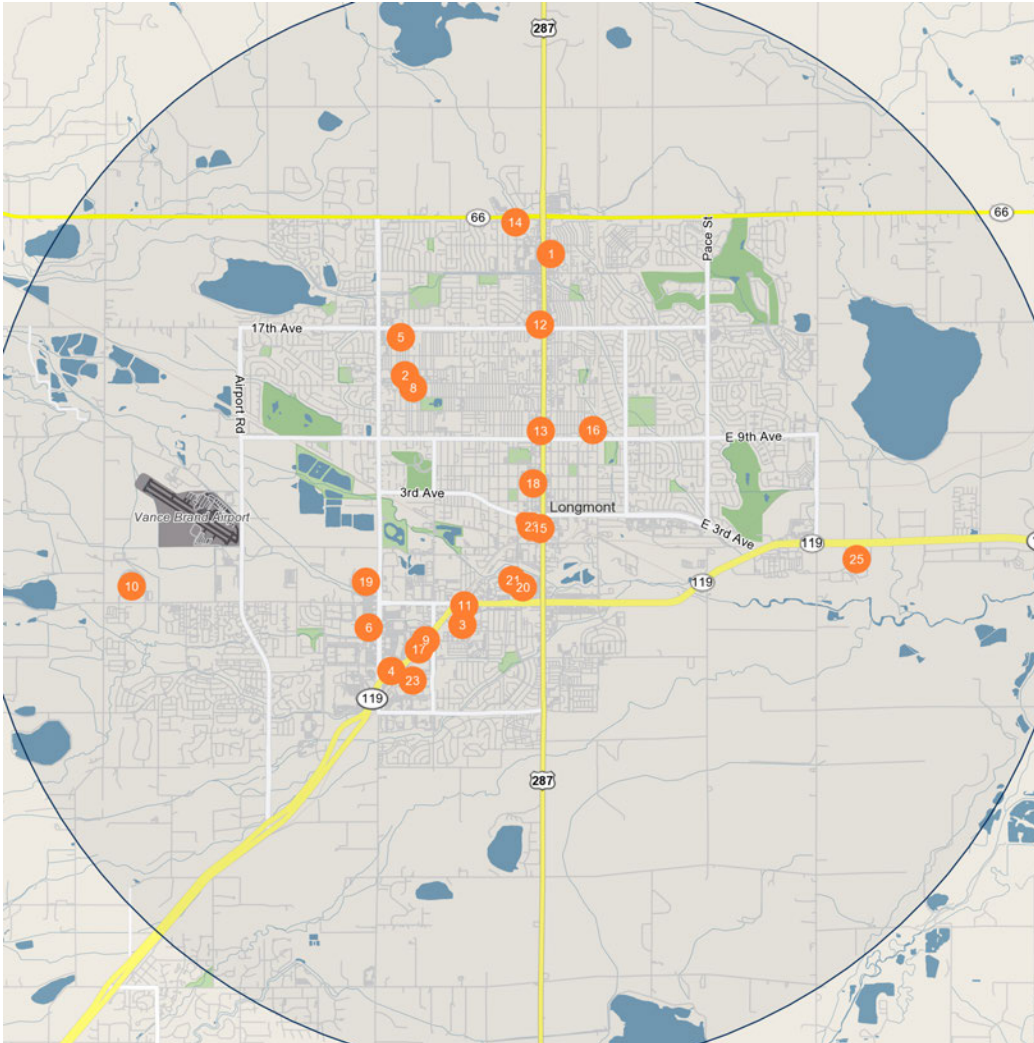
EDUCATION

The selected area in 2022 had a higher level of educational attainment when compared with the U.S. averages. 16.6 percent of the selected area's residents had earned a graduate degree compared with the national average of only 12.3 percent, and 28.1 percent completed a bachelor's degree, compared with the national average of 19.7 percent.

The number of area residents with an associate degree was lower than the nation's at 7.9 percent vs. 8.4 percent, respectively.

The area had fewer high-school graduates, 18.3 percent vs. 27.1 percent for the nation. The percentage of residents who completed some college is also lower than the average for the nation, at 19.1 percent in the selected area compared with the 20.4 percent in the U.S.

225 Terry Street // DEMOGRAPHICS



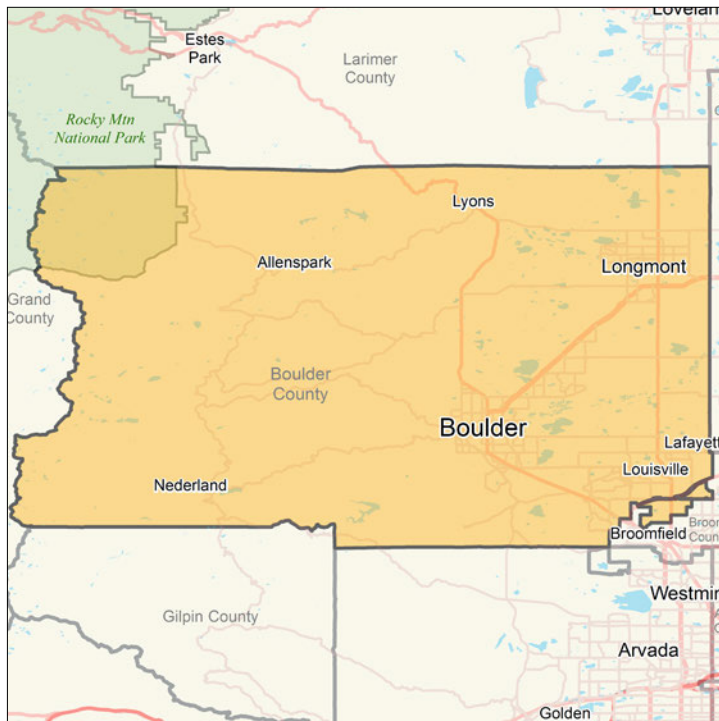
Major Employers

Employees

1	Harvest Management Sub LLC-Harvest Management Sub	3,453
2	Longmont United Hospital	1,085
3	First Transit Inc	689
4	McLane/Western Inc-McLane	523
5	Federal Aviation Adm-Automated Flight Service Stn	450
6	Kaiser Foundation Hospitals-Longmont Medical Offices	409
7	Denver Artcc Heliport (co99)-Denver Air Route	400
8	Longmont Clinic PC-Sonus-USA	298
9	Pratt Management Company LLC-Radisson Inn	250
10	Seagate Cloud Systems Inc-DOT Hill Systems	250
11	Pratt Agency Inc	243
12	Employbridge Southwest LLC-Resourcecmfg	240
13	Employment Solutions Inc	237
14	Life Care Centers America Inc-Life Care Center of Longmont	233
15	Corrections Colorado Dept-Region I -Longmont Office	227
16	Circle Graphics Inc	221
17	Federal Bureau of Prisons-Nic Jails Division/Academy Div	221
18	Boulder County Public Health	200
19	Home Depot USA Inc-Home Depot The	180
20	Human Services Colorado Dept-Rehabilitation Services	176
21	St Vrain Vly Schl Dst Re-1j-ST VRAIN VALLEY SCHOOLS	175
22	United States Postal Service-US Post Office	170
23	Honeybee Robotics LLC-Honeybee Rbtics Cft Mechanisms	167
24	Longmont Medical Investors Ltd	158
25	Walmart Inc-Walmart	158

BOULDER

Offering residents and visitors beautiful scenery and a variety of recreational activities, the Boulder metro encompasses all of Boulder County, including a portion of Rocky Mountain National Park. The city of Boulder itself is situated 35 miles northwest of Denver. The area is known for research and technology industries. Although median incomes are high, home prices that are more than twice the national median result in just 62 percent of households owning a home, a rate that trails the U.S. average.



* Forecast

Sources: Marcus & Millichap Research Services; BLS; Bureau of Economic Analysis; Experian; Fortune; Moody's Analytics; U.S. Census Bureau

METRO HIGHLIGHTS



HIGH-TECH HUB

The Boulder-Longmont area has one of the nation's highest concentrations of software-related jobs, contributing to an above-average median income.



VENTURE CAPITAL

Local companies receive a significant portion of venture capital invested in the state, due to the large number of startups in the area.



HIGHLY-EDUCATED WORKFORCE

The metro has one of the most educated labor forces in the nation. Roughly 60 percent of residents age 25 and older have obtained a bachelor's degree, and of these, 27 percent have also earned a graduate or professional degree.

ECONOMY

- Boulder County is known for its high-tech and biotech workers and companies, drawing additional businesses to the region and generating startups.
- Federal research facilities and the University of Colorado attract technology firms in bioscience, software development, aerospace, computer storage and peripherals, and natural and organic agricultural products.
- Government facilities include the National Oceanic and Atmospheric Administration, the National Institute of Standards and Technology, and other federal research facilities.
- Other segments important to the economy include outdoor products and sporting goods, renewable energy and tourism. The proximity to Rocky Mountain National Park and ski slopes makes it a tourist destination.

DEMOGRAPHICS



POPULATION
331K

Growth 2022-2027*
4.6%



HOUSEHOLDS
133K

Growth 2022-2027*
5.0%



MEDIAN AGE
37.4

U.S. Median
38.6



MEDIAN
HOUSEHOLD
INCOME
\$87,600

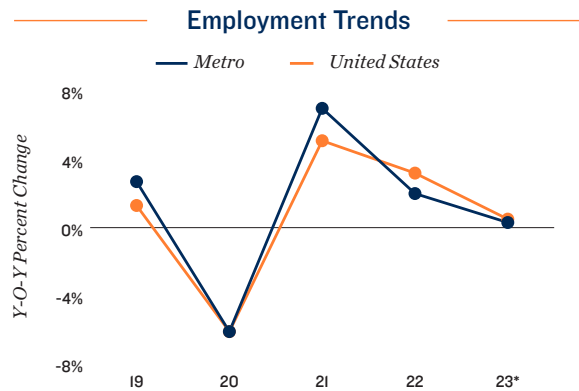
U.S. Median
\$66,400

DENVER METRO AREA

Development Requirements Alter Urban Growth Trajectory as Commuters Identify Western Areas

RiNo headlines record construction pipeline. Prior to the approval of newly-enacted affordability regulations, multifamily development in the central business district fell dramatically amid uncertainty surrounding the city’s ruling. This resulted in downtown Denver welcoming its lowest number of new units in nearly a decade last year. Effective last July, apartments built within the city of Denver must now allocate 8 to 10 percent of units as affordable. Although this likely slows urban construction in the long-run, developers will increase inventory by the fastest pace on record during 2023. The RiNo neighborhood welcomes more than one-third of downtown units and 13 percent of the metro’s total deliveries. Proximity to nightlife and sporting venues draws popularity among young professionals and should keep promoting growth here. A slowed long-term pipeline, however, could put a lid on expanding vacancy downtown.

Front range suburbs flourish. As development requirements downtown weigh on the long-term pipeline, suburban migration likely continues. Since the reshuffling of housing preferences in 2020 and 2021, renters continue to identify western neighborhoods this year offering suburban amenities with urban proximity. The Arvada-Golden and Wheat Ridge areas are well-positioned for commuting professionals, many of whom take advantage of Class A rents below the segment’s downtown average. This has led to local vacancies that undercut the metro mean, although eased employment and household income growth may temper demand in the near-term.



Multifamily 2023 Outlook



5,000
JOBS
will be created

EMPLOYMENT:

Downward pressure on the tech sector continues in 2023, contributing to the metro’s loss of 1,000 jobs within traditionally office-using industries. This decline, paired with a waning economic outlook, results in an employment growth rate of 0.3 percent.



12,000
UNITS
will be completed

CONSTRUCTION:

The metro adds its largest unit count on record in 2023. Following reduced uncertainty around affordability requirements downtown, an influx of submissions prior to the ordinance’s effective date contributes to this notable delivery slate.



90
BASIS POINT
increase in vacancy

VACANCY:

A record development pipeline and dwindled consumer sentiment result in vacancy expansion in 2023. By year-end, the rate will sit at 6.5 percent. This will be 150 basis points above the metro’s 10-year average.



3.0%
INCREASE
in effective rent

RENT:

Following a near 24 percent jump from 2020 to 2022, rent growth slows this year amid notable vacancy increases metrowide. By year-end, the average effective rate in Denver reaches \$1,924 per month.

1Q 2023 - 12-Month Period



CONSTRUCTION

8,894 units completed

- Adding 1,300 more units than the previous 12-month period, Denver's inventory expansion totaled 2.8 percent year-over-year in the first quarter.
- A number of 200-plus-unit developments proximate to Interstate 70 near Green Valley Ranch were delivered this past year as developers continue to expand housing options north of Aurora.



VACANCY

290 basis point increase in vacancy Y-O-Y

- Strong apartment demand resulted in a historic-low vacancy rate of 3.0 percent in the first quarter of 2022. Since then, increased construction activity and slowed household formation have pushed the rate to 5.9 percent.
- Class A vacancy in Westminster recorded compression over the previous four quarters, the only submarket to do so.

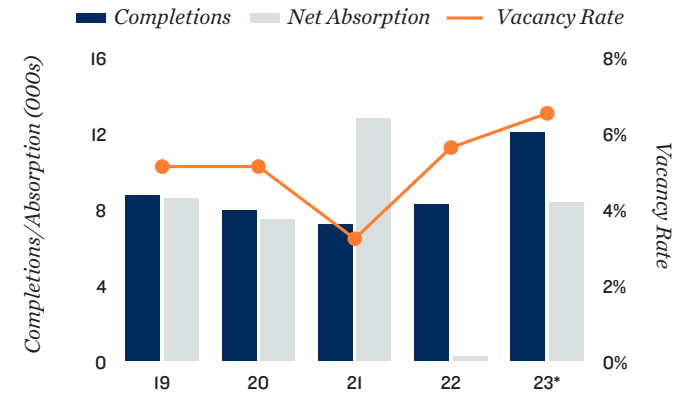


RENT

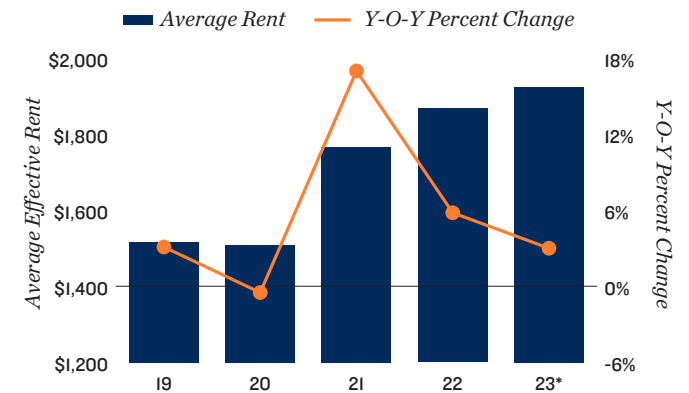
4.3% increase in the average effective rent Y-O-Y

- Gains eased from their record pace experienced in early 2022. This year's modest increase brought the average effective rent to \$1,861 per month.
- Slowed local employment growth, in addition to notable inflation, drove demand for lower-tier units. As a result, Class C rent growth outpaced that of A and B over the previous yearlong period ending in March.

Supply and Demand



Rent Trends



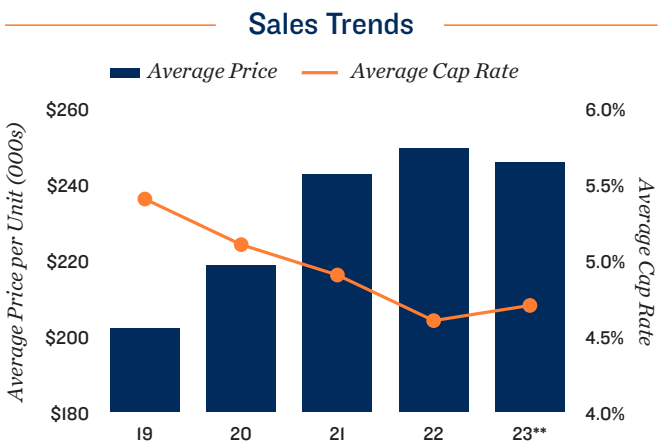
* Forecast ** Through 1Q

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

MARKET OVERVIEW // 225 Terry Street

Investment Highlights

- New affordability regulations for development downtown may have contributed to the submarket’s uptick in transaction velocity over the previous 12 months. Accounting for more than 10 percent of metro deal flow, investors here most frequently pursued pre-1970s-built assets in the 10- to 50-unit range near Capitol Hill and Speer amid proximity to the city center, as well as Cherry Creek.
- Denver’s average cap rate entered the second quarter as the highest among all major Rocky Mountain metros. Decompression in the opening quarter of the year, combined with rebounding in-migration and home ownership difficulties, should support rising investor confidence, despite elevated interest rates challenging yields experienced over the previous two years.
- Colorado recently ranked as one of the nation’s leading states in rent payment fulfillment for assets smaller than 50 units, with nearly 90 percent of renters meeting their obligations. As an added benefit to higher yields than nearby metros, this should continue to draw out-of-state investors, after accounting for nearly half of transactions during the previous yearlong period. Meanwhile, recently-enacted property transfer tax increases in Los Angeles may draw an expanded share of California investors here.



** Forecast*
Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

EXCLUSIVELY LISTED BY

Clayton Primm

First Vice President Investments
Office: Denver
Direct: 303.328.2075
Cell: 303.590.4537
Clayton.Primm@marcusmillichap.com
License: CO #FA100024161

Marcus & Millichap

