### MADISON COMMERCIAL

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The purpose of this newsletter is to provide insight on the direction of the apartment market in Central Denver, and to highlight the transactions that occurred between September 1 and December 15, 2014.

For more detailed information, or to discuss your investment opportunities, please contact us.

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#### About Us

Proudly based in Denver, CO, we are a commercial real estate group that specializes in apartment brokerage and investment sales in Central Denver's hottest neighborhoods.

Principals, Kyle Malnati and Greg Johnson, provide insight and experience to meet the needs of the private apartment investor. Combined, they have successfully brokered over \$225,000,000 of Colorado real estate for their clients.



## **CENTRAL DENVER APARTMENT MARKET REPORT 2014 - 4TH QUARTER**

## **LEASING TO MILLENNIALS**

There is a tidal wave of new apartment renters coming our way! The Millennial Generation, also known as "Gen Y" and "Echo Boomers", have delivered millions of new apartment renters over the past decade across the country. Commonly defined as people born between 1980 and 1996, the oldest "Millennials" have turned 34 this year. But the largest number of Millennials are just reaching the prime rental age group of 20-30 years old.

Many people are surprised to learn that the most common age group in America are 22-year-olds. In addition to "22", the next most common ages are "23" and "21". This wave of 20-somethings won't peak until 2018. That is great news for apartment investors, but it's also a reminder for owners of how important it is to effectively relate to, and market to, this generation of renters.

If millennials

can't do

business with you

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someone else.



Millennials tend to be drawn to the urban lifestyle. So Central Denver landlords are benefiting from this trend. Millennials depend on technology, thrive online, and seek a sense of community in their environment. As such, wireless internet (wifi), once thought of as a luxury amenity, is now nearly as vital as heat and hot water to today's renter.

These renters also expect to be allowed to pay their rent online, and to communicate with management through email and texts. And as we've seen through the growth of craigslist in the past seven years, they absolutely shop online for their next apartment home.

Effective online advertising includes quality digital photos, descriptive narrative, and a method for online applications. In most instances, if Millennials can't do business with you online, they'll do business with someone else.

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## Capitol Hill— 9 Sales (9/1/14 - 12/15/14): Averages \$166.70/SF, \$159,515/Unit



810 E. 12th Avenue \$2,200,000 21 Units \$222.76/SF \$104,762/Unit Sold: 9/2/2014



1258 Marion Street \$1,530,000 12 Units \$197.70/SF \$127,500/Unit Sold: 9/30/2014

\$1,140,250

\$179.09/SF

\$142.531/Unit

Sold: 10/10/2014

8 Units

1100-1110 Downing Street





\$85,676/Unit Sold: 9/12/2014 1284 Downing Street \$7,150,000 20 Units

725 Logan Street

\$1,542,167

\$225.56/SF

\$297.07/SF

\$1,055,000

\$214.34/SF

\$131,875/Unit

Sold: 12/2/2014

8 Units

\$357,500/Unit

Sold: 10/8/2014

1320 Vine Street

18 Units

t 014 ng Street



1453 Williams Street \$600,000 7 Units \$146.81/SF \$85,714/Unit Sold: 9/26/2014



1044 Downing Street \$13,450,000 82 Units \$127.82/SF \$164,024/Unit Sold: 10/10/2014



1372 Marion Street \$1,800,000 15 Units \$148.82/SF \$120,000/Unit Sold: 12/9/2014

## CITY PARK/ 5 POINTS-2 SALES (9/1/14 - 12/15/14): Averages \$176.39/SF, \$125,000/Unit



407-455 29th Street \$4,050,000 33 Units \$176.12/SF \$122,727/Unit Sold: 9/22/2014



1620 Detroit Street \$1,325,000 10 Units \$177.21/SF \$132,500/Unit Sold: 11/17/2014

## DU/UNIVERSITY—1 SALE (9/1/14 - 12/15/14): AVERAGES \$154.94/SF, \$150,000/UNIT



2455 S. Gaylord Street \$1,500,000 10 Units \$154.94/SF \$150,000/Unit Sold: 12/3/2014

#### PARK HILL–2 SALES (9/1/14 - 12/15/14): AVERAGES \$209.40/SF, \$172,368/UNIT



1530 Krameria Street \$2,200,000 13 Units \$205.61/SF \$169,231/Unit Sold: 12/2/2014



1522 Fairfax Street \$1,075,000 6 Units \$217.61/SF \$179,167/Unit Sold: 12/4/2014

#### WASH PARK-4 SALES (9/1/14 - 12/15/14): AVERAGES \$313.62/SF, \$205,941/UNIT



205 S. Grant Street \$1,760,000 16 Units \$181.78/SF \$110,000/Unit Sold: 9/12/2014



68 Sherman Street \$1,780,000 12 Units \$194.79/SF \$148,333/Unit Sold: 11/21/2014



619 N. Logan Street \$15,500,000 57 Units \$443.44/SF \$271,930/Unit Sold: 9/22/2014



175 S. Sherman Street \$1,760,000 16 Units \$140.26/SF \$110,000/Unit Sold: 10/31/2014

#### INVESTORS CASHING IN ON THE MARIJUANA BOOM



We truly enjoy working with our clients. They come from a variety of backgrounds, and include real estate professionals, small business owners, and (no kidding) a rocket scientist. This year, we even handled transactions for three different clients that live out of the country! But hands down, the most unique circumstance for us this year were two transactions we handled for former florists.

After struggling for several years in the declining floral market, these clients were able to sell their greenhouse in Boulder County for a premium price to a group that will use the facility to grow legal marijuana. Wisely, they reinvested their good fortune into Denver's incredible apartment market. Our clients purchased two handsome 12-unit buildings we had listed for sale to complete

Good?

Bad?

Good? Bad?

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Bad?

Good? Bad/ Good

their 1031 Exchange.

Legalized marijuana will continue to have an impact on Colorado real estate in 2015. We were even contacted by a reporter from the Colorado Real Estate Journal that is doing a story on the large number of commercial buildings being re-purposed for the growing marijuana industry.

Good? Bad? Good? Bad? Good? Bad? Good? Bad? Good News? Bad News? DROPPING OIL PRICES

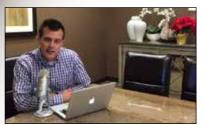
As a consumer, it's easy to celebrate the lower prices at the pump caused by falling oil prices. But will lower oil prices be good news or bad news for Denver's apartment market?

Good wews: Lower fuel prices should have a deflationary impact on most commodity prices. It's also putting downward pressure on foreign oil-producing economies. Both of these results should help keep interest rates lower in the U.S. Low interest rates help bolster apartment values by keeping CAP rats low.

Bad *news*: Lower oil prices could have a negative impact on exploration and fracking. Denver is a major hub and employment center for such companies active in Colorado, Wyoming, and North Dakota. Should those companies lower salaries or reduce workforces, Denver's apartment occupancy could take a hit - especially impacting the 19,000 new apartments currently under construction.

Which way will it go? Well, we can't predict the future, and our crystal ball is a bit fuzzy. But this will be an interesting story that we will closely follow in 2015.

#### HAVE YOU HEARD?!?



The Kyle Malnati Show, broadcast monthly on YouTube, is a 10-15 minute informative session intended for both experienced

multifamily apartment owners as well as novice, aspiring real estate investors. In each monthly episode, Kyle covers a wide range of topics, from fundamental information all apartment owners should know to the latest trends in multifamily investing, and also offers advice on how you can maximize your rental investments.

Check it out at: https://www.youtube.com Then search for "Kyle Malnati"

Subscribe to Kyle's YouTube channel or follow the blog at DenverApartmentBuildingForSale.com and have the show automatically emailed to you every month.

**NEXT EPISODE:** Join Kyle as he interviews local investor, Jud Brown, whose family has owned apartments in Denver for over 50 years.

Thanks for tuning-in, and as Kyle likes to say, "We'll see you around the neighborhood." Would you like to be a guest on the show or would you like Kyle to answer your questions about multifamily investing? Let Kyle know by adding a comment on Kyle's YouTube channel.

Thank You!!

## FOR HELPING US PRODUCE OVER \$52,000,000 IN SALES IN 2014 AND MAKING US MADISON & COMPANY'S #1 PRODUCING TEAM





SOLD: \$15,200,000



950 Lafayette St. SOLD: \$3,950,000 (1/16/14)



4185 E. Florida Ave. SOLD: \$4,907,000



950 Lafayette St. SOLD: \$3,620,000 (7/28/14)



900-910 Washington St. SOLD: \$3,540,000



720-734 Grant St. SOLD: \$1,820,000



1335 Monroe St. SOLD: \$1,400,000



SOLD: \$2,275,000

68 Sherman St.

SOLD: \$1,780,000

1236 Pearl St.

SOLD: \$1,180,000



1418 Adams St. SOLD: \$2,165,225

1258 Marion St.

SOLD: \$1,530,000

1057 Marion St.

SOLD: \$1,095,000



815 Sherman St. SOLD: \$2,125,000

760-770 E. 11th Ave.

SOLD: \$1,435,000

1320 Vine St. SOLD: \$1,055,000

1345 Monroe St. SOLD: \$1,895,000





Thank You!!

# **OUR CURRENT ACTIVE LISTINGS**



1536 Williams St LISTED \$1,750,000



23-33 Pearl St. UNDER CONTRACT



835 S. Quebec St. UNDER CONTRACT



UNDER CONTRACT



3030 Williams St. UNDER CONTRACT