MARKETBEAT

COLORADO SPRINGS

MULTIFAMILY Q2 2025

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
6.1% Vacancy Rate	▼	▼
1,555 Net Absorption, units (YTD)	▲	▼
$1,448 Effective Rent, per unit *(Overall, All Property Classes)*	▼	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
334.8K Colorado Springs Employment	▲	▲
4.8% Colorado Springs Unemployment Rate	▲	▼
1.2% Colorado Springs Household Growth Rate	▲	▲

Source: BLS

ECONOMY: COLORADO SPRINGS OUTPACES U.S. UNEMPLOYMENT RATE

- The Colorado Springs unemployment rate increased 10 basis points (bps) from Q1 2025, ending June 2025 at 4.7%, 60 bps above the national average.
- The median household income in Colorado Springs continued to rise year-over-year (YOY), reaching $95,300 by the end of Q2 2025. Colorado Spring's median household income remains well above the national average of $82,300 and is expected to experience further growth through 2025.
- The annual household growth rate in Colorado Springs grew at rate of 30 bps faster than the U.S average YOY. High birthrates, competitive wages, and beautiful geography continue to drive population growth in the area.

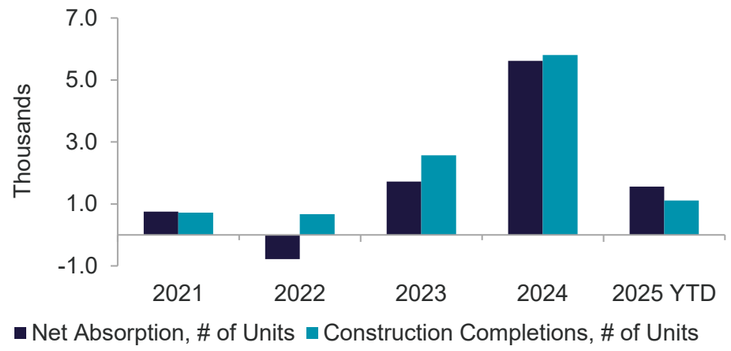
SUPPLY: NET ABSORPTION LIES BELOW THE 5-YEAR QUARTER AVERAGE

- After a blockbuster 2024 and a comparatively quiet Q1 2025, Q2 2025 recorded 1,059 units of absorption, a 113.5% improvement quarter-over-quarter (QOQ) but a decrease of 22.3% compared to Q2 2024.
- Despite only accounting for 21.6% of the total inventory in Colorado Springs, the East submarket accounted for the highest percentage of demand in Q2 2025, with 351 units absorbed.
- Colorado Spring's overall vacancy rate fell 90 bps QOQ and a dramatic 180 bps YOY, ending Q2 2025 at 6.1%. This figure remained only 30 bps above the five-year average for the Colorado Springs Market, despite an inventory increase of 20.2% since Q2 2021.
- The largest delivery of the quarter occurred in the West submarket with the completion of ALTA, a 496-unit property owned by Shir Capital.
- However, the most active submarket remained the North, where Garrett Companies completed two projects totaling 352 units.

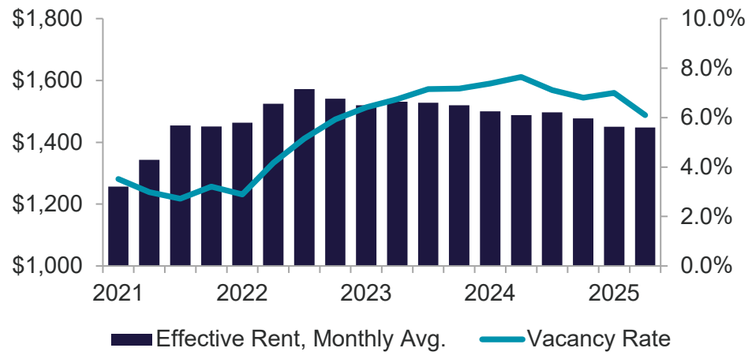
PRICING: EFFECTIVE RENT PRICES CONTINUE TO FALL

- Average asking rents continued to fall in Q2 2025 to $1,448 per unit and $1.70 per square foot. Rental rates now range from $1,297 (Central) to $1,585 (North). Price reductions reflect a market-wide effective rent decline of 3.1% YOY and 0.3% QOQ.

DEMAND / DELIVERIES



OVERALL VACANCY & EFFECTIVE RENT



Source: (RealPage)

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COLORADO SPRINGS
MULTIFAMILY Q2 2025

MARKET STATISTICS

SUBMARKET	INVENTORY (UNITS)	Q2 2025 DELIVERIES (UNITS)	YOY % INVENTORY GROWTH	UNDER CNSTR (UNITS)	Q2 2025 NET ABSORPTION (UNITS)	VACANCY RATE (%)	YOY VACANCY RATE CHANGE (%)	AVG EFFECTIVE RENT / UNIT	AVG EFFECTIVE RENT PSF	YOY % EFFECTIVE RENT GROWTH
Central Colorado Springs	16,461	207	8.9%	383	306	6.2%	-2.3%	$1,297	$1.71	-0.3%
East Colorado Springs	13,510	-	6.7%	846	351	6.0%	-1.9%	$1,358	$1.65	-1.1%
North Colorado Springs	18,776	352	10.6%	996	235	5.9%	-1.0%	$1,585	$1.71	-3.7%
West Colorado Springs	13,822	496	1.9%	-	167	6.1%	-2.5%	$1,445	$1.71	-3.3%
MARKET	**62,569**	**1,055**	**7.3%**	**2,225**	**1,059**	**6.1%**	**-1.9%**	**$1,448**	**$1.69**	**-0.3%**

Source: RealPage

KEY SALE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	SELLER / BUYER	UNITS	PRICE / $ UNIT
Upland Flats – 2645 Akers Drive	East	NALS Apartment Homes / Thompson Thrift	300	$81.2M / $207,600
121 Kokomo – 101-135 Kokomo Street	East	TheVARECo / Sheila Venezia	125	$15.0M / $120,000

Source: RCA

KEY CONSTRUCTION COMPLETIONS Q2 2025

PROPERTY	SUBMARKET	UNITS	OWNER / DEVELOPER
ALTA – 2886 S. Circle Drive	West	496	Shir Capital
Dorian – 626 S. Wahsatch Avenue	Central	207	Greystar
Jasper at Victory Ridge II – Rose Quartz Heights & Hidden Pool Heights	North	194	The Garrett Companies
Stone Mesa Flats – 7190 Adelo Point	North	158	The Garrett Companies

Source: RealPage

MARKET DRIVERS

- With 2024 experiencing record new supply and absorption levels, the Colorado Springs multifamily development pipeline is anticipated to fall throughout 2025 into 2026. Despite elevated vacancy rate as a result of booming supply, strong demand and a slowdown in construction suggest lower vacancy rates in the near future.
- Multifamily loan originations are projected to recover from short-term headwinds in 2025 and see modest growth. Though sluggish rent growth and rising vacancies (along with elevated interest rates) have put downward pressure on property values, the multifamily asset class is still expected to remain a preferred investment for institutional investors.

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