

METRO DENVER

Rents under \$1,000 a month a vanishing breed

Area has 4th smallest share of rentals that rate as "affordable"

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As the rebound out of the Great Recession took hold in 2012, nearly half of Denver households who rented paid \$1,000 or less a month to claim a place. By 2019, only 12.9% were doing so, and as of last year, only 8.5% of households were paying that amount in rent, according to an analysis from the Seattle-based brokerage firm Redfin.

Nationally, the share of households paying less than \$1,000 a month in rent went from just more than half to about a third in inflation-adjusted dollars. In Denver, that shift was from just under half to under a tenth, pointing to a metro area that became much more expensive than its peers. *

So where did all the low-cost rentals go and why didn't Denver track closer to the U.S. average with its declines?

"While Denver built more apartments than most major metropolitan areas in the U.S., it has also been one of the fastest-growing metros in the country. ... I think it lost more ground in terms of affordability because the new construction wasn't enough, given its shortages to meet the robust housing demand," said Redfin Senior Economist Sheharyar Bokhari in an email.

In 2012, Denver ranked 19th out of the 50 largest metro areas in terms of having the smallest share of rentals priced at \$1,000 or below. It wasn't in the most affordable camp but more toward the middle, keeping company with places such as Orlando, Fla., and Richmond, Va.

In 2019, it was in the top 10 list of least-affordable metro areas for rentals alongside cities such as Austin, Texas, and Seattle. By 2023, Denver had the fourth-lowest share of rentals under \$1,000, behind only San Diego and San Jose in California and Washington, D.C., according to Redfin's analysis.

Those three cities had the lowest share of households paying rents below \$1,000 a month in 2012. What changed is that Denver joined them, surpassing even Los Angeles and San Francisco to do so, according to the Redfin study.

Just because 8.5% of households in metro Denver are paying less than \$1,000 doesn't mean that a similar ratio of apartments and rental homes on the market are listed at that price. People with rents below the market rate tend to stay put, limiting turnover, Bokhari said.

"We don't have metro-specific data handy right now, but the Census data at the national level in our report does suggest that folks that are locked into lower rent units tend to stay put because the asking rents on rental listings are much higher. This isn't great for workers looking to move to more opportunistic areas. We expect this lock-in effect to continue for a while, but the silver lining is that asking rents are dropping," he said.

A search on the portal Rentable.co found only a few places in Denver advertising a rent of \$1,000 or less. Out of nearly 1,300 listings on Dec. 5, around 60, less than 1%, met that threshold after eliminating room-share

arrangements. Most were studios, with some one-bedrooms, in older buildings — places such as The Zell, Sherman Arms and The Denver Biltmore in the Capitol Hill neighborhood.

With its numerous pre-war apartment buildings, central Denver is among the more affordable metro submarkets, along with the older ring suburbs. In Lakewood, there were a dozen listings at \$1,000 or below, about 6.2% of the 191 listings on [Rentable.co](#). In Aurora, about 30 out of 357 listings were under \$1,000, about 8.4% of the total, which matches the ratio Redfin has for all of Denver.

Last decade, the region drew in more than its fair share of young adults, who are more likely to rent. Developers responded by increasing apartment construction, especially in popular urban areas such as downtown, which in turn drove up land prices. Higher costs pushed developers to focus on the “luxury” end of the market to make the return they needed and those came with higher rents.

At the same time, single-family home construction had yet to match the levels seen in the early 2000s, despite a growing population. Colorado had the highest average annual home price increases of any state since 2008. A lack of affordable for-sale homes kept more people renting, adding to the pressure on the apartment market.

Through the 12 months ending on Sept. 30, developers added 21,158 new apartments — double the annual pace averaged last decade and equivalent to 5% of all the existing apartments built in the past 100 years, Cary Bruteig, author of a quarterly report on apartment activity put out by the Apartment Association of Metro Denver, said in October.

Renters so far have been snapping up whatever hits the market, putting a floor on rent declines. That would suggest that higher rents are being supported by higher-income renters. Over time, however, housing affordability has worsened in Denver as it has nationally, according to a separate study from the apartment search engine Apartment List.

About 52% of Denver renters pay more than 30% of their incomes toward housing, meeting the definition of being “burdened.” That’s up from 49% in 2019. About 26% pay more than half their income toward rent, meeting the definition of severely burdened.

Those are slightly above the U.S. averages, but not too far off.

It may come as a surprise, but Denver’s share of burdened renters ranks as the second-lowest outside of Pueblo among Colorado metro areas. Boulder has the highest share of burdened renters among Colorado metro areas, at 61.2%, although its large college student population skews that number. Next up is Greeley at 60.8%, followed by Fort Collins-Loveland at 55.9% and Colorado Springs at 53.8%.

“Naturally, when rents grow faster than incomes, we see the cost-burden rate increase,” said Rob Warnock, a senior research associate with Apartment List in San Francisco.

That happened in 82 of the 100 metro areas that Apartment List examined. Since 2019, renter incomes have risen 21% in metro Denver while rents have gone up 29%. The situation was more extreme in Colorado Springs, where rents rose 36% and incomes rose only 23% since 2019.

Warnock said most of the increase in rent burdens happened from 2019 to 2021 and rent increases have moderated since.

Apartment List reports a 3.9% decline in Denver rents in the past 12 months.

Despite the share of rent-burdened households in the U.S. reaching a record high last year, continuing to rent remains a more financially viable alternative, if not the only option, given the run-up in home prices and elevated mortgage rates.

Nationally, the increase in households who rent is running at three times the growth in those who own, according to a separate analysis of Census Bureau data by Redfin.

The share of Denver-area households renting rose from 32.1% in the third quarter of 2023 to 35.2% in the third quarter of 2024, while the homeownership rate fell from 67.9% of the total to 64.8%, according to Redfin.

