

2013 MID-YEAR APARTMENT REPORT:

The multifamily market continues to be a top performing asset for investors in Northern Colorado with steady increases in rent and low vacancy. Inventory of available properties is extremely low and investors are paying all-time highs prices for properties, especially in 'A' locations. Sustained low interest rates are helping to continue this trend, although we have seen a slight uptick recently and I expect rates to continue to climb as the economy continues to recover and show positive health signs. As you can see from the following graphs, rent continues to steadily climb and vacancy remains low; meaning great news for owners.

Rent

Fort Collins climbed back on top for highest rent in Northern Colorado, which Loveland held for two years from 2010-2011. Although looking at first quarter 2013 both Fort Collins and Loveland are pretty much the same at \$1,037 and \$1,030 respectively. Greeley has been steadily increasing rent and had a sizable jump in first quarter 2013. Across all markets this steady rise in rent is good news.

Looking forward I anticipate rents to remain more level across Fort Collins and Loveland. This is directly related to new construction coming to the market in both Fort Collins and Loveland. I think we will see a spike in rents in the Greeley/Weld County for 2013 which I attribute to the oil and gas industry and a large influx of employees. With the way the oil and gas industry is headed, I believe Greeley/Weld will continue to see stronger year over year growth compared to Fort Collins and Loveland.

Vacancies

All of Northern Colorado ended 2012 sub 5% vacancy, indicating shortage of inventory in our market. This has been a trend since 2010 with only Greeley being slightly above the 5% equilibrium mark. 2012 was definitely a very good year for owners with vacancy very low with Fort Collins at only 2.7% for the year. However, Greeley is leading the way in 2013 with 1.4% vacancy for first quarter, and Loveland only slightly behind at 2.8%. Overall, the market is health and can withstand new units to be brought to the market.

Loveland has seen several large projects and hundreds of units become available through 2012 and remains stable. Fort Collins is by far experiencing the most new units come onto the market, both student housing and market rentals. Greeley has several projects in the works which should help ease the extremely tight vacancy in that region.

NEW Listing!



1116 26TH AVENUE
GREELEY, COLORADO

24-Units: \$1,395,000

**Upside pushing rents to market;
Seller carry available**

Recently SOLD!



425 22ND STREET
GREELEY, COLORADO

4-Units sold for \$255,000



1730 MULBERRY STREET
FORT COLLINS, COLORADO

5-Units sold for \$425,000

Under Contract!



1805 21ST STREET ROAD
GREELEY, COLORADO

3-Units, listed at \$324,000



2135 18TH AVENUE COURT
GREELEY, COLORADO

3-Units, listed at \$324,000

Multi-Family Update, *Continued*

BY ERIK BROMAN

MID-YEAR REPORT, *Continued:*

Looking ahead, I anticipate with all the new projects coming online end 2013 and all of 2014; Fort Collins will ease up the most compared to the other two cities. Loveland will remain pretty static, and I anticipate Greeley to continue to be a very tight market all through 2013 and into 2014. This is a big change with Greeley historically having the highest vacancy out of Northern Colorado.

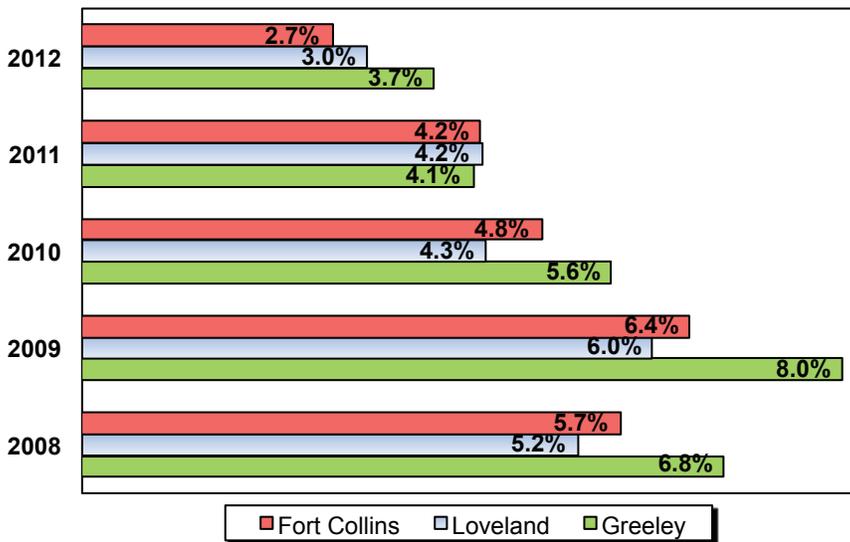
What does all this mean?

Increasing rent and low sub 5% vacancy is a recipe for happy multifamily owners in Northern Colorado. While new product is being built easing the tight vacancy and dampening the rental increases we have

Vacancies Data

2013 - Q1:

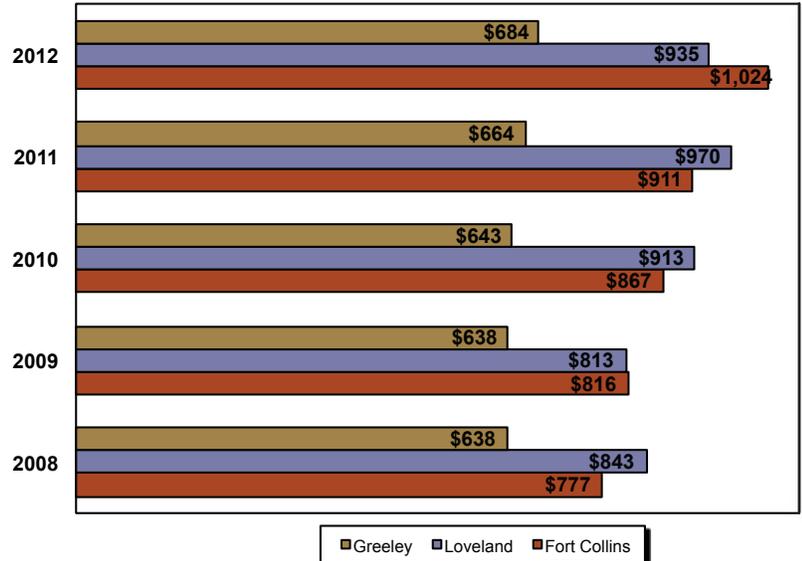
Fort Collins: 5.50%
Loveland: 2.80%
Greeley: 1.40%



Rent Data

2013 - Q1:

Fort Collins: \$1,037
Loveland: \$1,030
Greeley: \$704



seen, fundamentals in Northern Colorado remain strong. Fort Collins has a lot of positive news lately, a couple notable projects are Woodward Governor buying Link n Greens for their headquarters and the redevelopment of Foothills Mall. Greeley and Weld County are just experiencing the tip of the iceberg with oil and gas extraction. Loveland continues to grow with revitalization of the downtown district and strong retail sales. It is no surprise Northern Colorado continues to grow.

Multifamily values are on an upswing which I anticipate to continue for the near future. However I remember several years back when values were quite a bit lower than today, and with all cycles there are ups and downs.

Feel free to contact me for a free valuation of your investment. I can be a consultant to assist you in the decision to sell, hold or reposition your property. Use me as a resource.

I truly hope you have a healthy and successful 2013!

E. Broman

Call Erik...



Erik is a top multifamily broker in Northern Colorado. He has successfully sold over \$27 million in apartments and more than 450 units in the last seven years.

ERIK BROMAN

Commercial Real Estate Broker

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