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Denver embraces West Coast feel for better, worse

People and jobs are migrating to the Mile High City at record pace, resulting in an expanding skyline, revived urban neighborhoods, growth of knowledge-based industries and skyrocketing housing costs. It is clear the city is transforming, but into what? And, is it for the better?

I often hear people remark that Denver is becoming more like a coastal market. There most certainly is merit to this argument but, in my view, it has a decidedly West Coast feel. As a Colorado native who spent nearly a decade living in California – where I started a business that ultimately relocated its headquarters to Denver – I have an appreciation for what it is like to run a business and raise a family in both places. Denver has a live-and-let-live attitude that is uniquely business friendly but underpinned by progressive social policies. The “West Coastalization” of Denver brings the promise of expanded economic opportunity by attracting top talent in growing industries but also carries the risk of dismantling this unique balance if we follow the maternalistic-policy choices that have resulted in



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extreme distortions in many West Coast markets.

Denver's culture shares the West Coast optimism that anything is possible – along with a beautiful natural setting and quality of life – and for those fleeing the high cost of living and punitive business environment of the West Coast, Denver is a natural choice because it offers a great balance of lifestyle and opportunity.

Denver's dating profile would read: "College graduate, in great shape, loves the outdoors, employed in a growing field and 420 friendly." In the competitive dating game of attracting highly educated young talent this is a sure swipe to the right.

Attracting top talent is the primary driver behind Denver's proliferation of knowledge-based industry clusters that are driving the economy forward, attracting capital and creating demand for real estate in all sectors. This has created an enormous opportunity for investors and developers who recognize the structural shifts occurring and who are building creative office space and urban multifamily product catering to the changing demographics.

This development boom is accelerating the maturation of Denver's urban neighborhoods, which are developing commercial nodes of their own, as they carve out unique identities. From the San Francisco like hills of the Highlands, to the SoMa-like warehouse district of River North, to the Beverly Hills-like streets of Cherry Creek, to the to Portland-like mass transit network that connects it all, Denver is borrowing the best from many West Coast locales and gentrifying into a city of great neighborhoods.

What's more is that the suburbs are next. Urban nodes in the tech center, Stapleton and Lowry are reshaping the urban fabric to cater to the lifestyle desires of the millennial generation, which is aging into child-bearing years and looking for suburban space with urban amenities. However, millennials are saddled with student debt and are waiting longer to get married, suppressing homeownership and pushing demand for apartments to new heights.

The West Coast transplants are bringing knowledge, capital and

energy – all of which is immensely positive, but also they are bringing a more maternalistic-policy mindset that risks the unintended consequences of increasing the cost of living and making it more difficult for business and people to thrive – the very problems from which many are fleeing. Rapid growth is stressing the city's infrastructure and supply has not been able to keep up with demand, particularly in housing.

The rising cost of housing is the single biggest threat to Denver's ability to remain prosperous, and the only solution to the severe housing shortage will be more development, largely led by private interests.

Critics lament that high-end development dominates the market and quality affordable housing – both for-rent and for-sale – is lacking, but policy decisions often lead this more than economics do.

Not-in-my-backyard, also known as NIMBYism, and myriad fees and restrictions have increased costs and amplified political risk, resulting in less housing – not more – and at higher price points. The escalating housing cost in Denver is far in excess of income growth and this unsustainable dynamic is beginning to threaten the very balance that has made our city so successful.

The densification of the city is changing historic neighborhoods and not everyone sees the growth as progress. While the anxiety of these constituents is understandable, not even the politicians to whom they plea can stand in the way of the demographic and structural shifts underway. Denver is blessed with leaders who have laid out visionary plans for the growth of the city and taxpayers who have invested in the necessary infrastructure to support it. Leaders at the community level now must avoid following the policy footsteps of San Francisco or we will have a housing market to match.

Denver is undoubtedly changing for the positive by borrowing the best of our West Coast neighbors whose residents increasingly call our city home. It's imperative we harness the positives of these changes while avoiding one-size-fits-all solutions that distort the market and drive costs even higher. Right now we have everything going for us, let's just not get in our own way.

