

# Is Denver the best place to live and work in America?

With its close proximity to the Rocky mountains, a rich cultural scene and growing population, we explain the city's popularity and what that means for global real estate investors

13/03/2017

Ben Forster

Equity Analyst, Global Real Estate

## Negatives

### The best place to live and work in America?

The appeal of a city as a place to live and work is crucial. We tried and failed to find a single person that doesn't enjoy living in Denver.

The only complaint, from local cabbies, was that they have to share Denver's attractions with an increasing number of people. US News & World Report recently voted Denver the best place to live in America (<http://realestate.usnews.com/places/colorado/denver>) while nearby Boulder has the highest density of startups in the country (<https://www.nerdwallet.com/blog/studies/americas-most-innovative-tech-hubs/>).

With the demand clear, we explored the 'Mile High City' to assess the prospects for elevated real estate returns.

Denver has the fastest growing population of any major US city - much of this influx is from California (<http://www.denverpost.com/2016/04/14/colorado-has-more-people-on-the-move-than-any-other-state/>) where a similar lifestyle comes at a much higher cost.

Locals attribute this migration to Colorado's 2012 legalisation of cannabis, which sprouted a new billion dollar industry ([https://www.washingtonpost.com/news/wonk/wp/2015/02/12/colorados-legal-weed-market-700-million-in-sales-last-year-1-billion-by-2016/?utm\\_term=.2e0d2100aca8](https://www.washingtonpost.com/news/wonk/wp/2015/02/12/colorados-legal-weed-market-700-million-in-sales-last-year-1-billion-by-2016/?utm_term=.2e0d2100aca8)) in the state.

It is more likely however that the broader evolution of industry in Denver is attracting those seeking well paid jobs and an outdoor lifestyle.

Unemployment of 3% is significantly lower than the national average. Slick new office towers and apartments are shooting up in the city centre, where a creative revival is attracting companies back in from the suburbs.

Denver sits 12 miles from foothills of Rocky Mountains and a mile above sea level, making it a gateway for adrenaline junkies year round.

Since formation as a mining town in the mid 1800s, it has rode the booms and busts associated with the gold, silver and oil that resides in the nearby mountains. With strong connections, the city later capitalised on its location (<http://www.tradingeconomics.com/united-states/unemployment-rate-in-denver-aurora-co>

[msa-percent-m-nsa-fed-data.html](#)) to become a hub for industrial production and freight storage.

In the 1990s technology companies set up shop, with Google ([http://www.dailycamera.com/boulder-business/ci\\_29558541/google-moves-forward-phase-ii-land-purchase-boulder](http://www.dailycamera.com/boulder-business/ci_29558541/google-moves-forward-phase-ii-land-purchase-boulder)) now planning to quadruple their workforce in the satellite city of Boulder.

The area recently topped [Bloomberg's Brain Concentration Index](https://www.bloomberg.com/news/articles/2016-12-14/in-trump-country-the-brain-drain-takes-a-toll-bloomberg-index) (<https://www.bloomberg.com/news/articles/2016-12-14/in-trump-country-the-brain-drain-takes-a-toll-bloomberg-index>), providing a home to the local University of Colorado and aerospace, bio-science and renewable energy companies.

## **Bloomberg US Brain Concentration Index**

### **Seasonally adjusted unemployment of United States and Denver County/city**

#### **Denver's value proposition: the flow of data, goods and people**

We met with three national real estate companies that also chose to make Denver their home: DCT Industrial Trust, National Storage Affiliates Trust and CoreSite, a data centre operator.

Each was optimistic about their home market, citing increasing flows of data, goods and people. CoreSite identified the city as one of the fastest growth markets in their portfolio, whilst DCT is benefitting from increasing e-commerce activity.

We also toured several hotels owned by Host Hotels & Resorts, DiamondRock Hospitality Company and Chesapeake Lodging Trust. Despite the economic momentum locally, hotel General Managers are braced for the creation of an additional 1,400 rooms of supply in the city.

With fewer conventions and fewer business visitors in 2017, pricing power looks shaky.

Operators expect revenue growth to slow and are laser focused on securing group bookings that fill meeting rooms and splurge on banqueting.

Many owners are also responding to this new supply by ploughing millions of dollars into their hotels - a costly but necessary endeavour if they are to keep up with visitor expectations.

In the nearby ski mecca of Vail, tighter planning constraints mean that the hotel is maintaining stronger occupancy and pricing power than its urban peers.

## **Our verdict**

Denver is a city in the ascension, but it has not yet reached the pinnacle achieved by the likes of San Francisco and New York. This does not concern locals however, who believe it is already the best place to live and work in America.

As the city embraces new high-value industries, owners of supporting real estate are well placed to prosper. For local owners of distribution warehousing and data centres, the gold rush is back.

## **Vail Marriott Mountain Resort**

Source: [www.marriott.com/hotels/travel/whrco-vail-marriott-mountain-resort](http://www.marriott.com/hotels/travel/whrco-vail-marriott-mountain-resort)

Further Reading

Watch the CEO of DCT Industrial explain why e-commerce is driving warehouse demand

See how Boulder tops the

Hear how

Find out why

This website is for the use of professional clients and their advisers only. It is not suitable for retail clients.

Most of the real estate funds referred to in these pages are unauthorised collective investment schemes as defined in the Financial Services and Markets Act 2000. Promotion of these funds is restricted and access to full information about these funds is only available to those exempt from the restriction.

For your security, communications may be recorded or monitored.

Issued by Schroder Real Estate Investment Management Limited, 31 Gresham Street, London EC2V 7QA. Registered No: 1188240 England. Authorised and regulated by the Financial Conduct Authority.

Schroder Global Real Estate Securities is issued by Schroder Unit Trusts Limited, 31 Gresham Street, London, EC2V 7QA. Registered Number 4191730 England.