CBRE

Vacancy trends higher but closer to inflection as construction slows, conversions gain traction

▲ 28.2%
Total Vacancy Rate

▲ 25.4%
Direct Vacancy Rate

▲ (264K)
SF Total Net Absorption

▶ $33.89
FSG / Lease Rate

▶ 394K
SF Under Construction

▼ 4.9M
SF Leasing Activity (4-Qtr)

Note: Arrows indicate change from previous quarter.

MARKET SUMMARY

Denver metro office vacancy continued to trend slightly higher in Q3 2025, owing to additional negative, albeit moderating, net absorption. Net absorption for the quarter amounted to negative 264,000 sq. ft., an improvement from the combined negative 1.5 million sq. ft. seen in the first half of 2025 but still amply removed from a consistent rebound in office demand. As a result, total vacancy rose 30 basis points (bps) to 28.2%. Sublease availability, while still trending above pre-Covid levels, posted an annual decrease of 7.6% to 5.1 million sq. ft. Rolling four-quarter leasing activity amounted to 4.9 million sq. ft., down 13.7% from the 5.6 million sq. ft. seen in Q2 2025.

Investment activity experienced an upswing in Q3 2025, with six properties having traded at a total volume of $220 million compared to $111 million in volume across eight transactions in Q2 2025. The Denver office market continues to trend towards stabilization, with vacancies rising at a slower pace due to fewer office downsizes upon lease expirations and more companies increasing in-office days. Offsetting the abundance of excess office space are increased owner-user purchases and planned residential conversions, the latter of which, upon receiving sufficient approvals and funding, are expected to sizably reduce leasable office stock and vacancy over the next few years. The expected increase of distressed and less desirable office assets with maturing debt will provide opportunities for new ownership with fresh capital and the potential for more conversions.

FIGURE 1: Downtown vs Suburban Market Statistics

	NRA (SF)	Total Vacancy (%)	Direct Vacancy (%)	Sublease Availability (SF)	Total Net Absorption (SF)	Direct Asking Rent ($/SF/YR FSG)	Under Construction (SF)
DOWNTOWN							
Class A	13,007,333	31.2	29.1	721,254	(24,914)	51.15	-
Class B	14,464,369	42.3	38.0	665,797	(181,754)	38.47	-
Class C	3,886,637	42.0	41.6	30,143	35,759	29.15	-
Total	31,358,339	37.7	34.8	1,417,194	(170,909)	41.31	-
SUBURBAN							
Class A	39,300,918	25.7	22.8	1,903,726	75,089	34.10	393,999
Class B	35,412,569	26.3	23.1	1,734,890	(184,634)	26.72	-
Class C	9,690,911	14.6	14.3	55,470	16,363	22.27	-
Total	84,407,398	24.7	22.0	3,694,086	(93,182)	29.88	393,999
METRO TOTAL	115,765,737	28.2	25.4	5,111,280	(264,091)	33.89	393,999

Source: CBRE Research Q3 2025

Vacancy

Total vacancy experienced a slight increase in Q3 2025, rising 30 basis points (bps) quarter-over-quarter to 28.2%. Year-over-year, the market recorded a 190-bps increase in total vacancy. Direct vacancy was up 40 bps during the quarter and 180 bps year-over-year to 25.4%. After dropping an additional 10 bps in Q3 2025, sublease vacancy was down 40 bps year-over-year to 2.8%.

Total vacancy in Class A buildings was unchanged quarter-over-quarter at 27.0%, while total Class B vacancy rose 70 bps to 30.9%. The widening vacancy spread among Class A and B buildings attests to tenants' desire for quality space and the inability among some Class B landlords to offer adequate tenant improvement capital and undertake building upgrades.

The metro's two largest submarkets, Downtown and Southeast, saw slight quarterly increases in total vacancy. At 37.7%, Downtown's total vacancy was up 60 bps, while Southeast total vacancy rose just 10 bps to 26.7%. Denver's most in demand office locations have strikingly lower vacancy rates. In the LoDo/CPV micromarket in Downtown, Class A direct vacancy is 13.0%, while in the Cherry Creek submarket, Class A direct vacancy is almost nonexistent at below 0.5%.

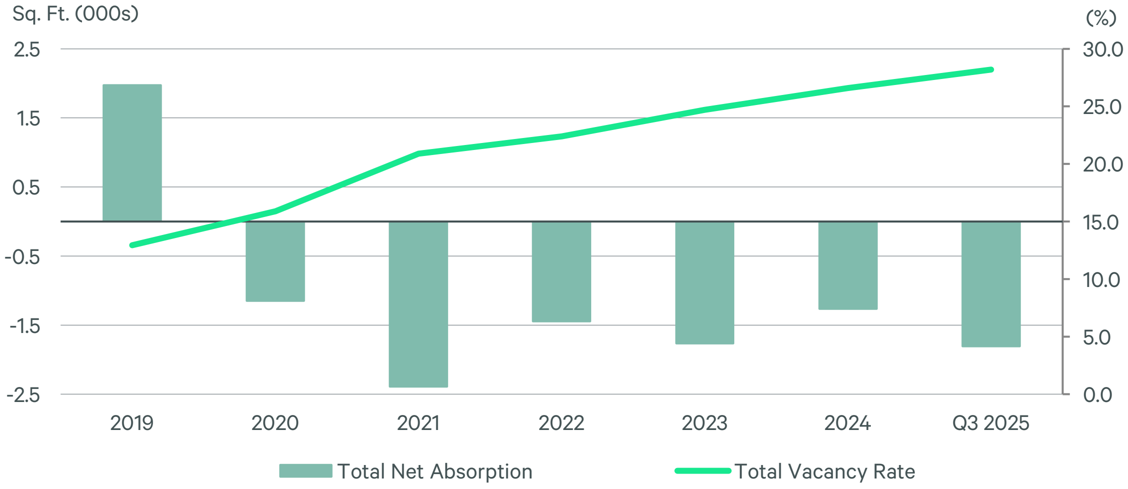
Sublease Availability

Office sublease continued to gradually ease, falling by 1.5% quarter-over-quarter and 7.6% year-over-year to 5.1 million sq. ft. This level represents a 22.0% decrease from the peak in Q1 2023. The sublease availability rate decreased from 4.5% to 4.4% quarter-over-quarter, as more sublease availabilities continue to expire and go direct. As of end Q3 2025, 61.2% of available sublease space had less than three years of term remaining.

The largest addition of the quarter was Chevron listing 108,000 sq. ft. at 1099 18th St. Helping to offset this increase was Cerity Partners leasing 19,000 sq. ft. of Motive Care Solutions sublease space at 6900 Layton Ave in the Southeast submarket, as well as Riot Platforms leasing 18,000 sq. ft. of Velocity Global's sublease space at 1701 Platte St in the Downtown submarket.

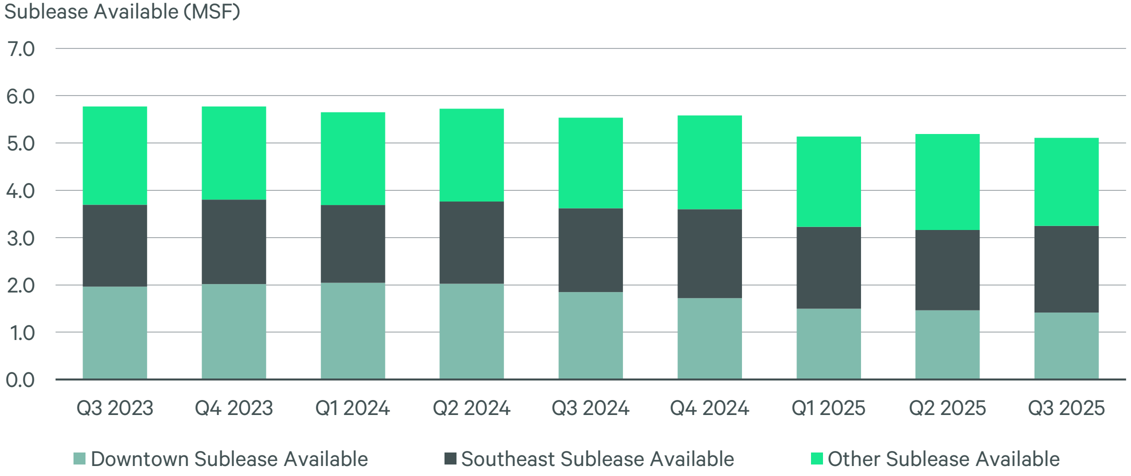
Class A sublease availability decreased 2.1% quarter-over-quarter to 2.6 million sq. ft., while Class B sublease availability fell 1.1% quarter-over-quarter to 2.4 million sq. ft. The Southeast submarket had the greatest amount of sublease space available at 1.8 million sq. ft., followed by the Downtown submarket with 1.4 million sq. ft. and the Northwest submarket with 601,000 sq. ft.

FIGURE 2: Total Vacancy and Total Net Absorption



Source: CBRE Research Q3 2025

FIGURE 3: Sublease Availability



Source: CBRE Research Q3 2025

Net Absorption

Negative total net absorption levels through the first three quarters of 2025 have progressively eased, with the Q3 2025 total dropping to negative 264,000 sq. ft., a stark improvement from the negative 542,000 sq. ft. and negative 1.0 million sq. ft seen over the prior two quarters. A large contributor to negative total net absorption this quarter was Chevron listing 108,000 sq. ft. of vacant sublease space in the Downtown submarket, nearly eliminating their office footprint within metro Denver. Another notable contributor was Pax 8's downsize and relocation from 74,000 sq. ft. at 5500 S Quebec St to 51,000 sq. ft. at 6363 S Fiddlers Green Cir.

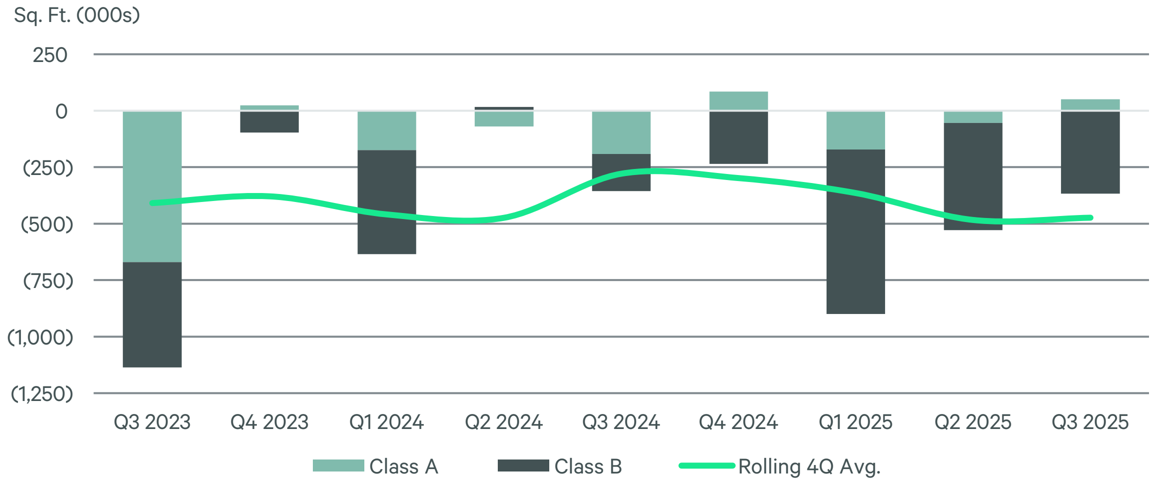
The Downtown submarket recorded negative 171,000 sq. ft. of total net absorption, while the suburban submarkets had a slightly lower total of negative 93,000 sq. ft. Across metro Denver, tenants are continuing to favor Class A space, driving 50,000 sq. ft. of positive total net absorption in Q3 2025. Class B properties, on the other hand, recorded 366,000 sq. ft. of negative total net absorption as companies continued their trend of vacating lower-tier space.

Average Asking Rents

The overall average direct asking rent for the Denver metro remained essentially unchanged in Q3 2025 at $33.89 per sq. ft. FSG. This stability reflets the ongoing bifurcation in the office market, where newer, well-located, and amenity-rich buildings continue to attract tenants willing to pay premium rents. Persistently higher vacancy rates in older, less desirable assets have pressured landlords to largely compete through concessions and flexible lease structures rather than headline rent adjustments. As a result, rents appear steady as underlying landlord leasing strategies evolve.

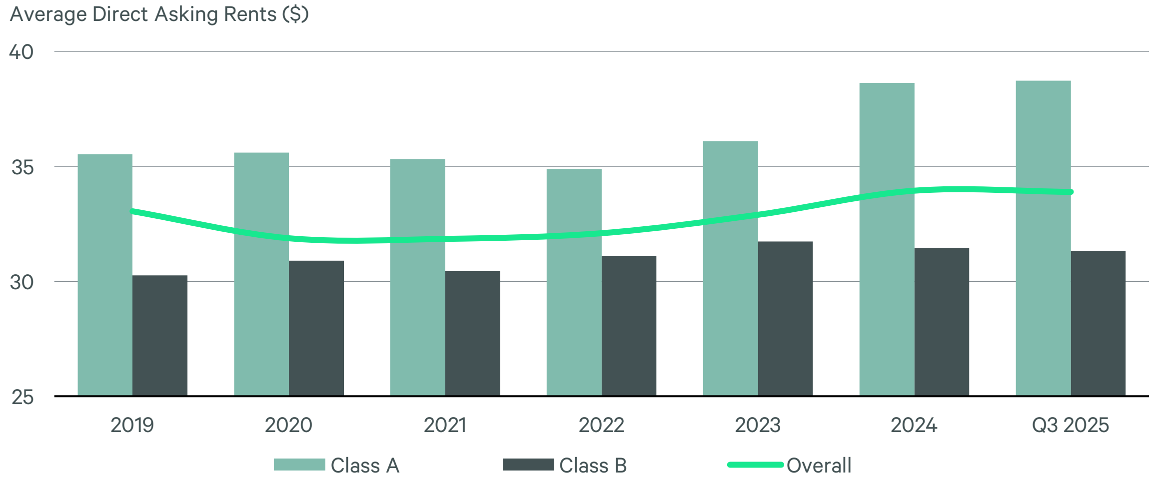
Class A asking rents across the metro experienced an annual increase of 0.3%, rising to $38.73 per. sq. ft. FSG. Class B asking rents posted a 0.6% year-over-year decline, falling to $31.31 per. sq. ft. FSG. The Cherry Creek submarket achieved the highest Class A average direct asking rent at $59.26 per sq. ft., followed by the River North submarket at $54.20 per sq. ft.

FIGURE 4: Total Net Absorption (SF)



Source: CBRE Research Q3 2025

FIGURE 5: Average Asking Rents



Source: CBRE Research Q3 2025

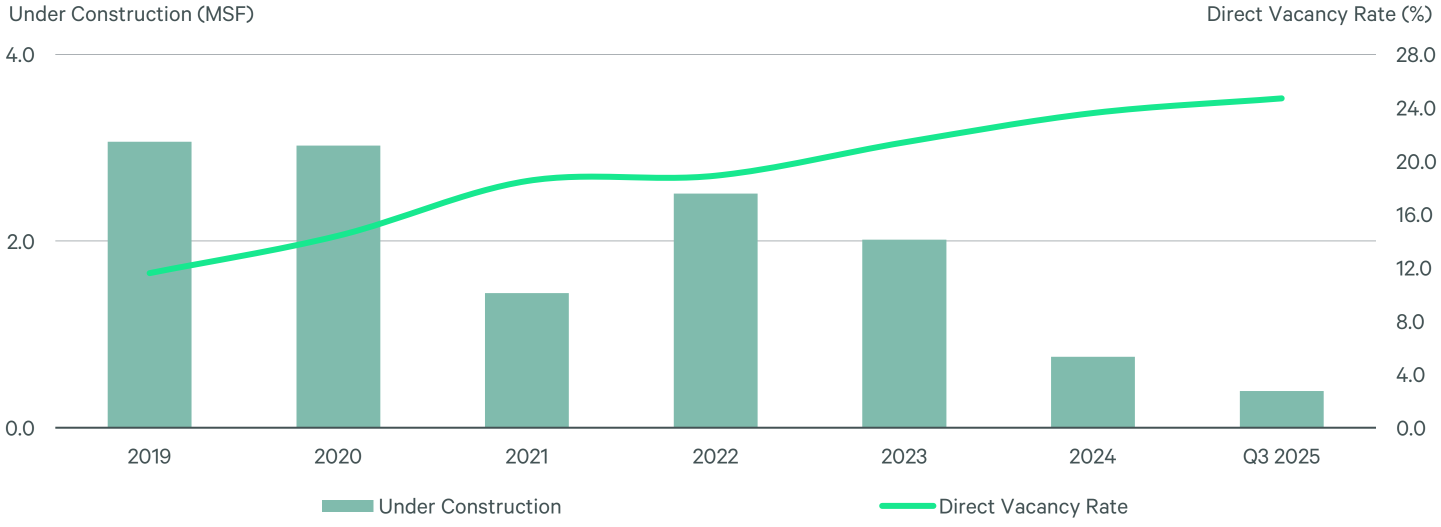
Development Activity

No new office projects broke ground or delivered in Q3 2025, keeping the new construction pipeline static at four projects underway spanning a total of 394,000 sq. ft. The Cherry Creek submarket remains the most active, outpacing both downtown and the other suburban submarkets combined, with two office projects totaling 203,000 sq. ft. currently under construction. 201 Filmore is set to deliver by year-end 2025 and 2nd and Adams by mid-2026. Cherry Creek will maintain its position as metro Denver's most active, premier mixed-use submarket as additional redevelopment projects continue to secure investor capital and tenant pre-commitments.

Other projects underway include Clayworks in Golden, which will be more than 60.0% occupied by its owner CoorsTek, and the small boutique office building, 2926 LoHi. Located on the fringe of downtown, 2926 LoHi has seen construction at a standstill for several quarters as the property entered foreclosure and was subsequently surrendered to its lender. Currently in receivership, the property remains available for lease as the lender explores its disposition.

Looking ahead to Q4 2025, 242 Milwaukee in Cherry Creek North is expected to break ground. Developed by BMC Investments and Brue Baukol Capital Partners, the project spans 84,000 sq. ft. of office with 10,000 sq. ft. of ground-floor retail across seven stories. The Broe Group's next redevelopment project, 250 Clayton, is expected to begin construction in the coming quarters. Also located in Cherry Creek North, the project spans a total of 175,000 sq. ft. across eight stories.

FIGURE 6: Construction & Direct Vacancy



Source: CBRE Research Q3 2025

FIGURE 7: Notable Projects Under Construction

PROPERTY NAME	Property Size (SF)	Submarket	Preleased (%)	Spec/BTS	Est. Completion
Clayworks	166,000	West	62.1	BTS	Q2 2026
201 Fillmore	122,000	Cherry Creek	100.0	BTS	Q4 2025
2nd & Adams	81,000	Cherry Creek	77.5	Spec	Q2 2026
2926 LoHi	25,000	Northwest	0.0	Spec	Q2 2026

Source: CBRE Research Q3 2025

Leasing Activity

Rolling four-quarter leasing activity reached 4.9 million sq. ft., down 771,000 sq. ft. or 13.7% from the 5.6 million sq. ft. seen in Q2 2025. Year-over-year, rolling four-quarter activity was down a slight 8.3% from the 5.3 million sq. ft. recorded in Q3 2024. As of Q3 2025, new leases and expansions accounted for 2.6 million sq. ft or 52.5% of leasing activity over the past four quarters. The remaining balance was comprised of lease renewals but it's worth noting that the share of renewals has been on the decline as 2025 has progressed as tenants favor updated spaces. Sublease deals totaled only 539,000 sq. ft. or 11.1% of activity, reflecting a healthier market dynamic as tenants prioritize long-term direct commitments. Among the 199 tracked leases 10,000 sq. ft. and greater from the past four quarters, 82 exceeded 20,000 sq. ft.

Class A properties continued to dominate the leasing market in Q3 2025, with 2.7 million sq. ft. of transactions or 55.6% of total rolling four-quarter activity. Class A activity decreased 6.0% year-over-year, while Class B activity decreased 14.2% year-over-year after totaling 2.1 million sq. ft. Activity among Class A properties was greatest in the Southeast submarket, which accounted for 1.1 million sq. ft. of leases signed.

The Downtown submarket surpassed the Southeast for the greatest amount of activity this quarter with 1.9 million sq. ft. and 1.3 million sq. ft. of leases signed, respectively. The primary activity driver in Downtown this quarter was EOG Resources signing for 99,000 sq. ft. at 1550 17th St in the LoDo/CPV district.

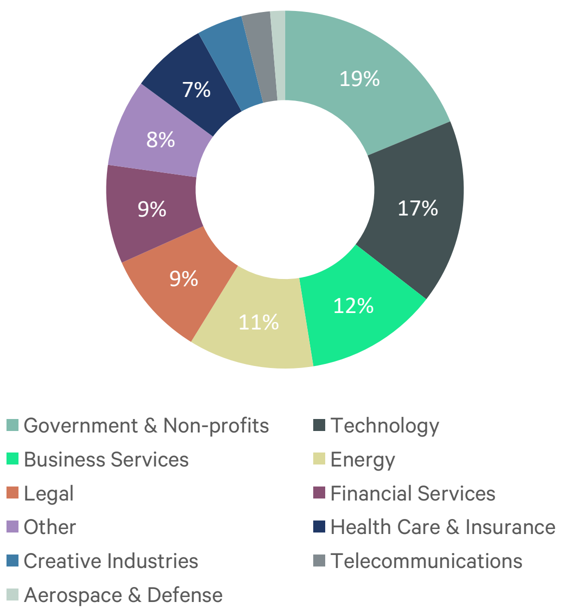
The government & non-profits continued as the leading industry for activity with 24 transactions accounting for 1.2 million sq. ft. The technology industry ranked second, recording 31 transactions and 1.0 million sq. ft. The business services industry was third with 38 leases signed totaling 672,000 sq. ft.

FIGURE 8: Notable Q3 2025 Lease Transactions

Tenant	Industry	Location	Submarket	Lease Type	SF
EOG Resources	Energy	Millennium Financial Center	Downtown	New Lease	99,000
KSL Capital Partners	Financial Services	100 Saint Paul	Cherry Creek	Renewal	36,000
DISH Network	Telecommunications	The Grand Central Building	Downtown	Renewal	33,000
Yield Solutions Group	Financial Services	The Stack	Southeast	New Lease	32,000
DispatchHealth	Health Care	Industry RiNo Station	River North	Renewal	30,000

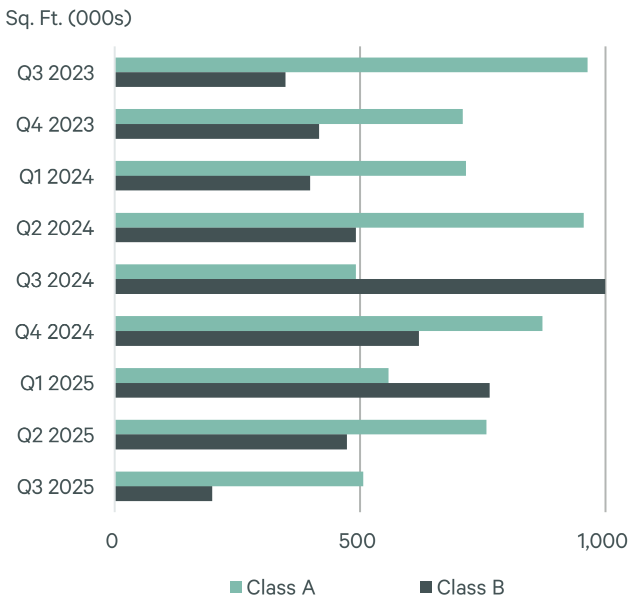
Source: CBRE Research Q3 2025

FIGURE 9: Leasing Activity by Industry (Q4 2024 – Q3 2025)



Source: CBRE Research Q3 2025

FIGURE 10: Leasing Activity by Class



Source: CBRE Research Q3 2025

Investment Trends

Office investment activity in the Denver metro experienced a sizeable improvement compared to levels seen in the first half of 2025. Six transactions contributed to this quarter's sales volume of $220 million, with an average price per sq. ft. of $266. Year-over-year, investment sales volume experienced an increase of 44.6% from the $152 million transacted in Q3 2024. Quarter-over-quarter, investment volume increased by a substantial 97.2%.

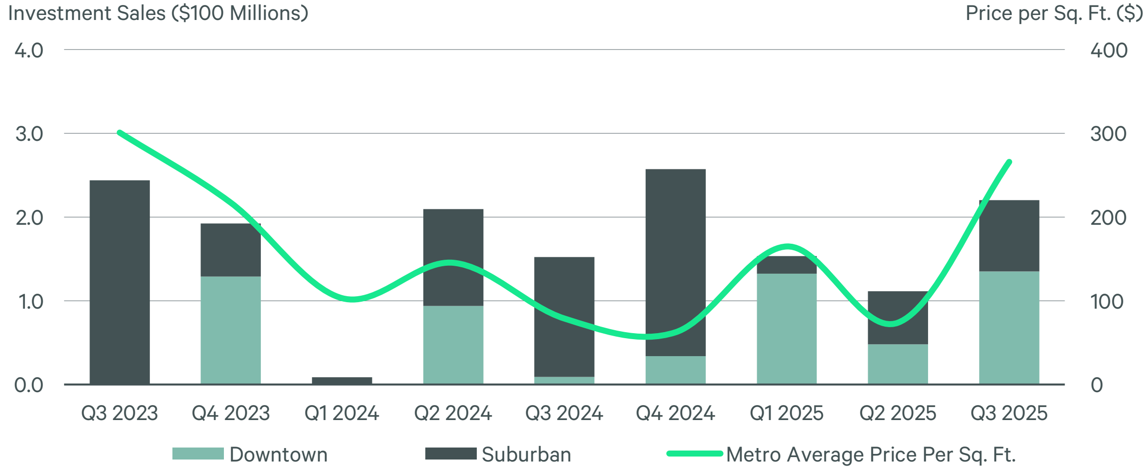
The standout transaction of the quarter and year-to-date with both the highest sale price and price per sq. ft. was 1701 Platte St in the Downtown submarket, an owner-user sale which sold for $135 million or $543 per sq. ft. The second highest transaction was The HUB North located in the River North submarket, which sold for $33 million or $285 per sq. ft.

Economy & Employment

CBRE has revised its U.S. growth outlook upward, a shift from the more pessimistic view held in the spring. Greater clarity around trade policy and private sector resilience should equate to 1.6% GDP growth this year. Much of this growth should be frontloaded as higher inflation—peaking in the low-3% range by early 2026—creates some headwinds during the latter half of this year. The labor market is flashing important signals such as falling job openings and weak hiring by firms. Despite the modest growth outlook and expectations for further rate cuts, 10-year Treasury yields are holding steady in the low 4% range. A combination of higher inflation and excessive U.S. debt levels should keep yields near this level through 2027. This environment—with Treasury yields fluctuating between 4% and 4.5% and moderate economic growth—is fostering some recovery in commercial real estate (CRE) capital markets. Investment volumes are on track to exceed 2023 and 2024 levels.

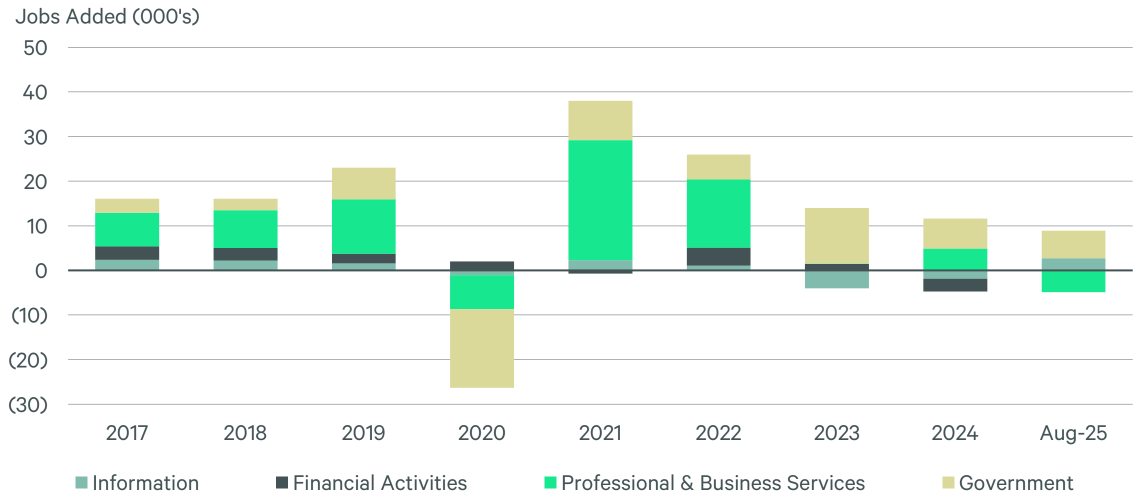
Total non-farm employment in metro Denver posted slight negative growth through August 2025, having decreased 0.2% year-over-year or a loss of 3,300 jobs. Office-using employment—including jobs in information, financial activities, professional and business services, and government sectors—rose by 0.3% over the same period after adding 2,700 jobs, Professional and business services, which represents 44.8% of office-using jobs, saw negative 1.3% employment growth. The financial activities sector posted negative 1.1% of positive job growth, while the information sector saw a strong uptick of 4.7% growth. Metro Denver's unemployment rate stood at 3.7% in August, a decrease of 30 bps month-over-month and a decrease of 90 bps year-over-year.

FIGURE 11: Investment Sales



Source: CBRE Research Q3 2025

FIGURE 12: Office-Using Employment Growth



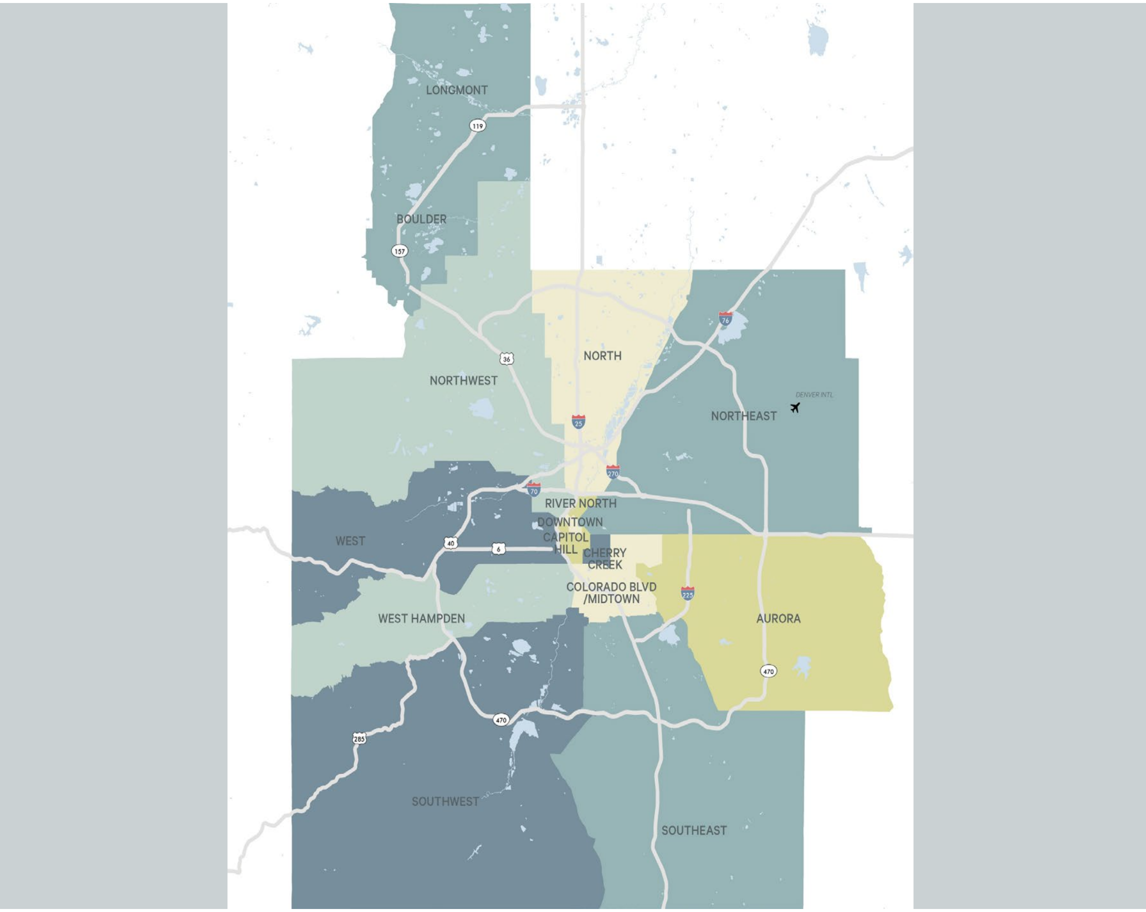
Source: U.S. Bureau of Labor Statistics, September 2025

FIGURE 13: Market Statistics by Submarket

SUBMARKET	NRA (SF)	Total Vacancy (%)	Direct Vacancy (%)	Sublease Availability (SF)	Qtr. Total Net Absorption (SF)	Average Rent ($./SF/YR FSG)	Under Construction (SF)
Aurora	5,701,212	21.4	21.0	113,194	14,111	21.50	-
Boulder	6,591,087	22.7	20.0	322,584	(58,154)	39.44	-
Capitol Hill	2,342,356	29.6	27.2	56,066	20,076	28.01	-
Cherry Creek	2,993,182	12.9	12.2	34,216	7,856	36.80	203,270
Colorado Blvd/ Midtown	6,608,989	22.0	20.2	154,617	(14,521)	27.42	-
Downtown	31,358,339	37.7	34.8	1,417,194	(170,909)	41.31	-
Longmont	814,438	8.9	8.3	5,277	(10,135)	20.96	-
North	2,976,821	19.2	19.1	15,455	(4,757)	24.05	-
Northeast	1,305,269	24.1	16.9	140,448	4,281	26.49	-
Northwest	8,766,582	29.4	25.4	600,856	(69,634)	29.72	25,005
River North	3,148,313	44.0	39.4	241,159	7,996	51.14	-
Southeast	31,261,532	26.7	22.9	1,834,059	(41,152)	29.01	-
Southwest	4,288,133	18.3	18.2	23,195	17,808	25.40	-
West	6,469,387	18.9	17.3	124,144	25,825	26.05	165,724
West Hampden/ Alameda	1,140,097	26.1	24.8	9,996	10,491	18.89	-
METRO TOTAL	115,765,737	28.2	25.4	5,111,280	(264,091)	33.89	393,999

Source: CBRE Research Q3 2025

Market Area Overview



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Fort Collins, CO 80528

Colorado Springs
102 South Tejon Street, Suite 1100,
Colorado Springs, CO 80903

Change in Methodology

As of Q1 2025, the tracked office inventory no longer includes owner-occupied buildings. Previously, the owner-occupied inventory included in our statistics was largely concentrated in the Southeast submarket. Please inquire with your local brokerage professional or the research contacts listed below regarding these historical data revisions.

Survey Criteria

Includes all office buildings 10,000 sq. ft. and greater in size, excluding owner-user, in Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas and Jefferson counties. Buildings which have begun construction as evidenced by site excavation or foundation work.

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