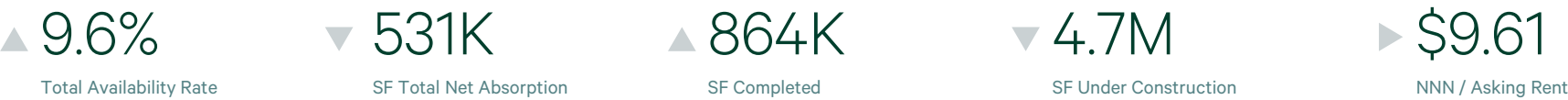


Absorption and leasing fundamentals remain steady as the construction pipeline renewed its decline



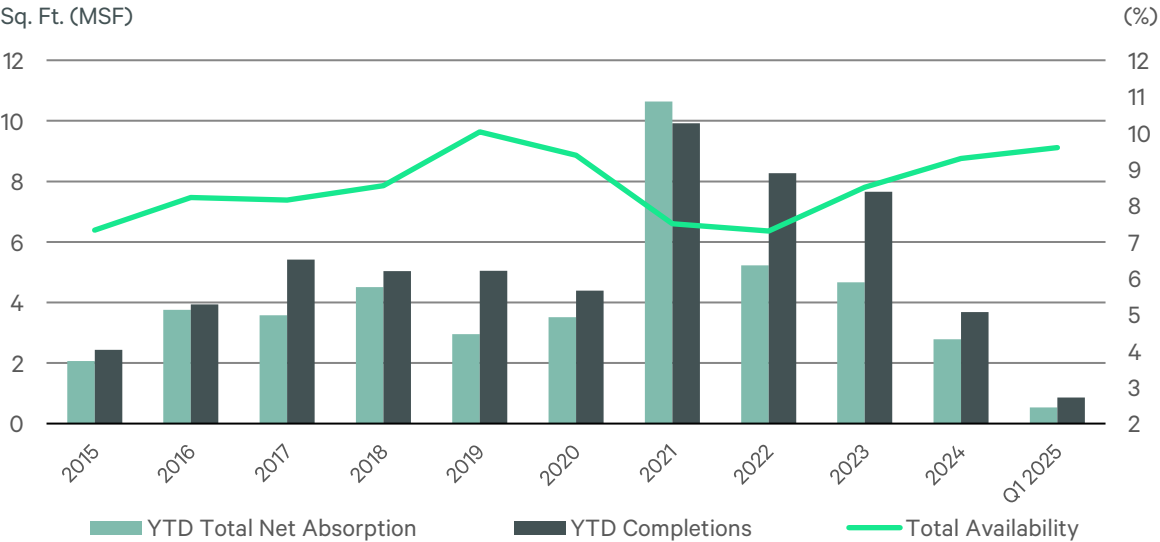
Note: Arrows indicate change from previous quarter.

MARKET SUMMARY

The first quarter of 2025 saw total net absorption come in at positive 531,000 sq. ft., shrinking slightly from the previous quarter but surpassing the amount seen in Q1 2024 by 9.9%. Historically, the beginning of the year has experienced a sluggish start, as Q1 absorption is the lowest quarterly total in nine of the previous 10 years. The construction pipeline resumed its decline this quarter as 864,000 sq. ft. delivered across six buildings, while three projects spanning 397,000 sq. ft. commenced. All ground-breakings this quarter were on a speculative basis and located within the Airport submarket. Total vacancy increased 10 basis points (bps) quarter-over-quarter due to delayed tenant build-outs and smaller speculative deliveries, despite 77.7% of completions this quarter being build-to-suits or preleased. Sublease availability in the market only increased by 69,000 sq. ft. in Q1 2025 but has risen 16.9% year-over-year.

Leasing activity declined 13.0% quarter-over-quarter, totaling 2.7 million sq. ft. Renewals accounted for 59.0% of activity as more tenants elected to remain in place compared to last quarter when renewals accounted for 50.0%. Investment sales volume decreased 40.9% quarter-over-quarter to \$381 million but marked a 43.2% increase compared to Q1 2024. Q1 investment sales volume was down in part due to sellers focusing on putting their properties on the market before the presidential election which created very little supply in early 2025.

FIGURE 1: Historical Supply & Demand Dynamics



Source: CBRE Research Q1 2025

Net Absorption

Metro Denver recorded 531,000 sq. ft. of positive total net absorption in Q1 2025, an 8.4% decrease quarter-over-quarter but a 9.9% increase compared to the positive 483,000 sq. ft. that occurred in Q1 2024. The largest positive absorptions this quarter were retailer Target occupying their newly delivered build-to-suit project in the North submarket for 529,000 sq. ft., and Discount Tire occupying 339,000 sq. ft. at 9400 E 46th Ave in the Airport submarket. The largest negative absorptions were Acme Distribution vacating 200,000 sq. ft at 11075 E 40th Ave in the Airport submarket, and Eagle Rock Distributing moving out of 170,000 sq. ft. at 1455 E 62nd Ave in the North Central submarket. The Airport submarket experienced the highest amount of positive total net absorption with 538,000 sq. ft., a 108.1% increase compared to Q4 2024. The Airport East micromarket accounted for the majority of the positive absorption in the Airport submarket with 429,000 sq. ft. North Central saw the most move-outs with negative 190,000 sq. ft of total net absorption.

Vacancy and Availability

Both the direct and total vacancy rate experienced a slight increase, rising 10 bps quarter-over-quarter to 7.7% and 8.1%, respectively. Year-over-year, total vacancy has increased 30 bps but remained below the recent peak of 8.2% that was seen in Q2 2024. Speculative deliveries continued to be the driver of the increase in vacancy, as 315,000 sq. ft. delivered vacant. Notably, 25 Commerce Park Building 2 accounted for 122,000 sq. ft. of new vacancy, but will be occupied by Brown Note Productions once tenant improvements are completed in the coming quarters. The total availability rate increased 30 bps quarter-over-quarter to 9.6%, and available sublease space increased by 69,000 sq. ft to reach 2.4 million sq. ft.

Average Asking & Achieved Rents

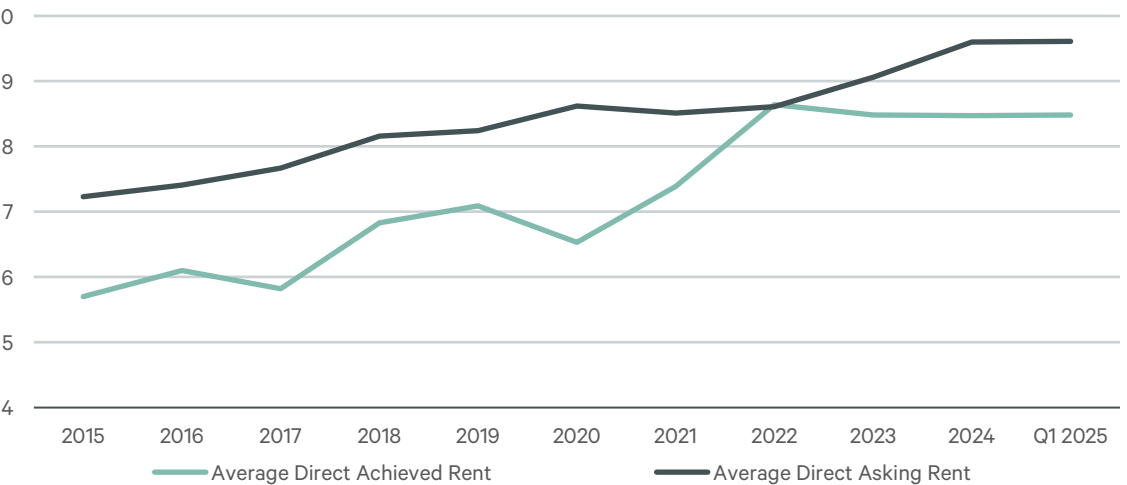
The overall average direct asking rent remained steady compared to Q4 2024 at \$9.61 per sq. ft. but experienced a 3.2% increase year-over-year. Achieved rents reached \$8.48 per sq. ft, which was stable quarter-over-quarter and an 8.2% increase year-over-year. Asking rents have remained stable as new deliveries listed at above-market rates are being leased and driving down rents back to stable levels.

FIGURE 2: Number of Lease Deals Executed by Size Range



Source: CBRE Research Q1 2025

Figure 3: Rent (\$/SF NNN)



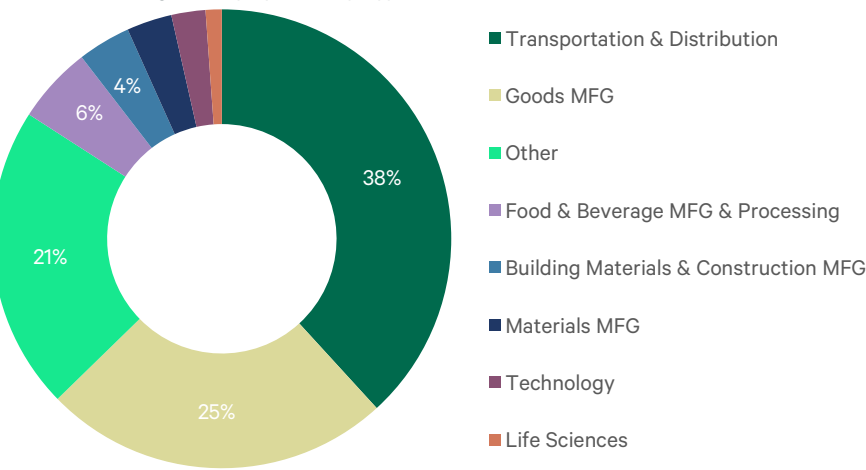
Source: CBRE Research Q1 2025

Leasing Activity

Leasing volume in Q1 2025 totaled 2.7 million sq. ft., a 13.0% decrease compared to the previous quarter, but still surpassed the volume seen in Q1 and Q2 of 2024. Renewal activity saw an uptick, outpacing new leasing volume for the first time since Q2 2020. New leases and expansions accounted for 41.0% of total activity, while renewals and extensions were 59.0%.

Goods MFG surpassed the Other category as Packaging Corporation of America signed the largest lease this quarter, while Transportation and Distribution maintained its spot at the top with 38.0% of activity in the last four quarters. The Airport submarket captured the bulk of activity in Q1 2025 with 1.6 million sq. ft. or 60.0% of total leasing and the top five deals of the quarter all being located there. The Northwest submarket had the second highest amount with 365,000 sq. ft. signed, followed by the Southeast with 176,000 sq. ft.

FIGURE 4: Leasing Activity by Industry Type, Q2 2024 – Q1 2025



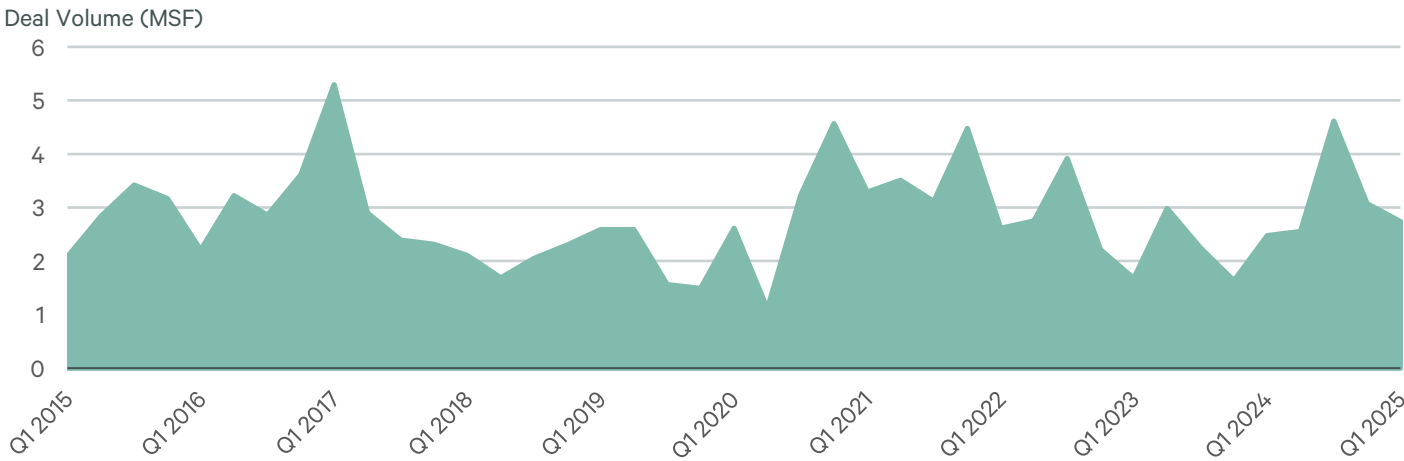
Note: Other includes Business Services, Energy, Telecommunications & more
Source: CBRE Research Q1 2025

FIGURE 5: Top Lease Transactions

Tenant	Size (SF)	Location	Submarket	Industry	Lease Type
Packaging Corporation of America	393,971	13400 E 39 th Ave & 3800 Wheeling St	Airport	Goods MFG	Renewal
The TJX Companies	200,169	6225 N Denali St	Airport	Other	New Lease
Odyssey Transport & Warehouse	164,364	14303 E Moncrieff Pl	Airport	Transportation & Distribution	Renewal
Fresenius Dialysis	152,656	20321-20431 E 35 th Dr	Airport	Other	New Lease
Serta	129,000	17850 E 32 nd Ave	Airport	Goods MFG	Renewal

Source: CBRE Research Q1 2025

FIGURE 6: Historical Leasing Activity



Source: CBRE Research Q1 2025

Development Activity

Development activity resumed its decline after increasing in Q4 2024, with the amount under construction decreasing 467,000 sq. ft. to 4.7 million sq. ft. Three buildings broke-ground for a combined 397,000 sq. ft. while 864,000 sq. ft. delivered. New projects this quarter were Evergreen Development’s Superblock Building A & B, as well as CIG’s Eastpark 70 Building 7, all of which are speculative and located within the Airport submarket. Five buildings delivered, with the largest being Target’s 529,000 sq. f.t build-to-suit in the North Submarket. 25 Commerce Park Building 2 delivered 146,000 sq. ft. as Todd Tech occupied their 24,600 sq. ft. suite while Brown Note Productions is expected to occupy the remainder of the building later in the year. 5950 Washington St delivered 97,300 sq. ft. in the North Central submarket and 8705 Rosemary St delivered 54,800 in the I-76 Corridor. Neither project had any pre-leasing at the time of delivery. Lastly, Flex Santa Fe Buildings 1 & 2 completed for a combined 40,900 sq. ft., the first new product in the South Central submarket in over five years.

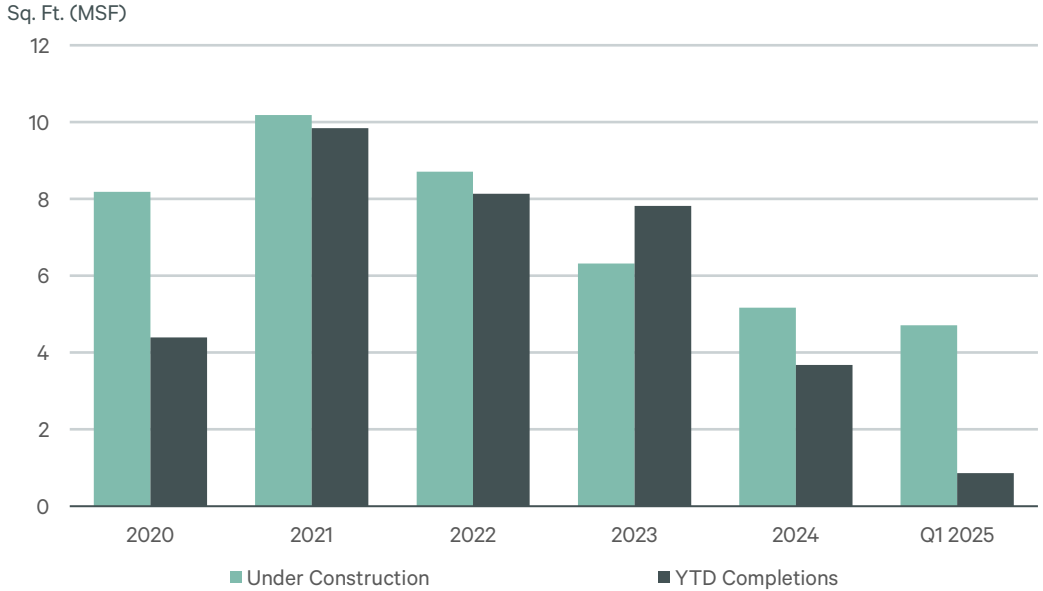
Year-over-year, the construction pipeline has decreased 20.0%, with 46.9% of the total amount under construction being build-to-suit or preleased. The Airport submarket contains 68.2% of the total sq. ft. under construction with 3.2 million ft., followed by the Northwest with 14.9% or 704,000 sq. ft.

FIGURE 8: Top Projects Under Construction

Property Name	Submarket	Address	City	Spec/BTS	Size (SF)	Est. Completion
Pepsi BTS	Airport	E 72 nd Ave & E Tower Rd	Denver	BTS	1,200,000	Q2 2025
Phillip Morris BTS	Airport	SEC of 56th Ave and Harvest Rd	Aurora	BTS	800,000	Q1 2026
Aero 70 Building 1	Airport	I-70 and Aerotropolis Pkwy	Aurora	Spec	419,065	Q1 2026
Aero 70 Building 2	Airport	I-70 and Aerotropolis Pkwy	Aurora	Spec	398,405	Q1 2026
Northwest Commerce Center Building 2	Northwest	11829 Simms St	Westminster	Spec	220,500	Q2 2025

Source: CBRE Research Q1 2025

FIGURE 7: Annual Development Activity



Source: CBRE Research Q1 2025

Investment Trends

Q1 2025 investment sales statistics were heavily impacted by the sale of 15450 Washington St in Thornton, which accounted for 60.6% of the quarter's total sales volume. The massive Target distribution center was sold to its user upon completion. The 529,000 sq. ft building sits on 96 acres, features freezer/cooler elements, and was a build-to-suit project developed by Hillwood Development Company. Target paid \$231 million for the property, or \$436 per sq. ft. This well surpassed the biggest transaction of 2024, which was Amazon purchasing a building in the Airport submarket for \$91.1 million. The largest investment and second largest overall sale for the quarter was 17450 E 32nd Pl in the Airport submarket. The Koll Company purchased the 142,000 sq. ft. building from LBA Realty for \$15.8 million, or \$111 per sq. ft. Only three sales in the quarter surpassed the \$10 million threshold, compared to 9 in Q1 2024.

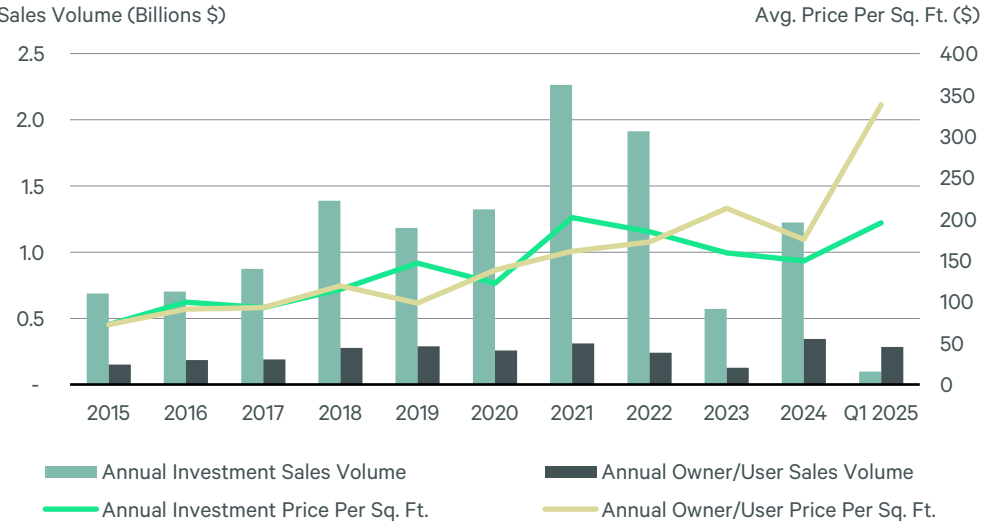
Industrial sales volume fell in the start of 2025 compared to the break-out quarter that ended the previous year, but still managed to surpass Q1 through Q3 of 2024. Q1 2025 saw \$381 million transact, a 40.9% decrease quarter-over-quarter, but marked a 43.2% increase compared to Q1 2024. Investors were less active to start the year, with investment sales accounting for 25.5% of total volume, a reasonable pause after they accounted for 90.2% of sales in Q4 2024. The total average price per sq. ft. increased significantly over both Q4 2024 and Q1 2024, rising 92.2% and 78.2% respectively. This was primarily driven by owner-user sales which had an average price per sq. ft. of \$338 while investment sales came in at \$195 per sq. ft., which was more inline with the previous years total average of \$155 per sq. ft.

Economy & Employment

Policy speculation and announcements are now the key drivers of macro expectations and financial markets. The reality of material trade conflicts this year is now paired with realized softer economic data. Some of this could be due to firms taking a 'wait-and-see' approach as they digest changing trade policy. Consumer sentiment has declined noticeably, albeit much more than actual spending. Consequently, CBRE has revised its GDP growth outlook for this year down to just below 2.0%.

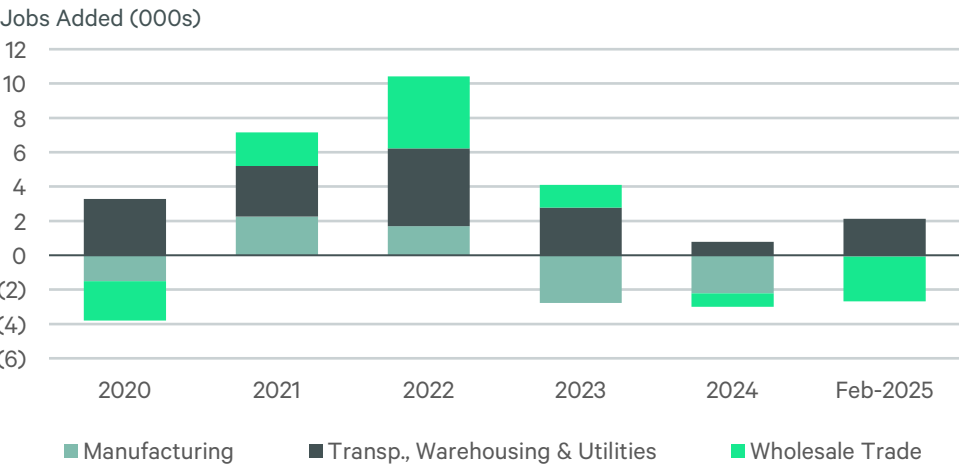
Total non-farm employment in metro Denver has slightly declined in 2025, having dropped by 0.3% year-over-year as of February and losing roughly 5,800 jobs. Industrial-using employment—including manufacturing, transportation, warehousing and utilities, and wholesale trade—remained steady over the same period after adding 100 jobs. Among the sub-industries, the transportation, warehousing and utilities sector saw 4.6% growth, while the wholesale trade sector saw negative 3.1% growth and the manufacturing sector saw negative 1.0% growth. At 5.1%, metro Denver's unemployment rate had a slight increase of 20 bps month-over-month and was up 100 bps year-over-year as of February 2025.

FIGURE 9: Investment Trends



Source: CBRE Research Q1 2025

FIGURE 10: Industrial-Using Employment Growth



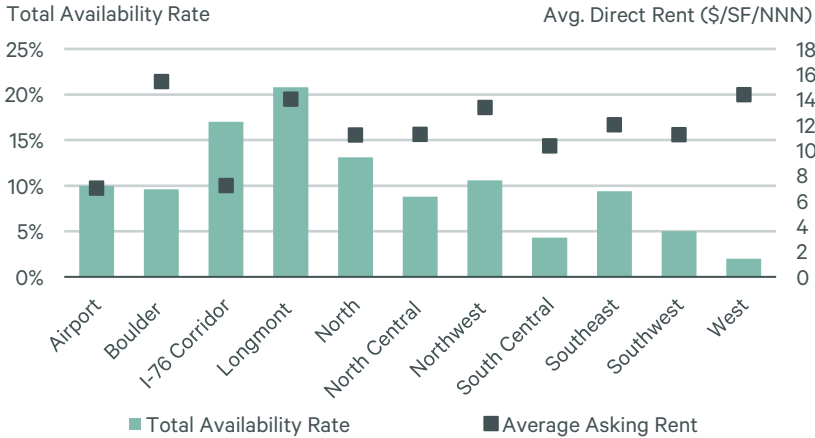
Source: U.S. Bureau of Labor Statistics, February 2025

Submarket Performance

Within the Airport East micromarket, direct vacancy decreased 90 bps quarter-over-quarter and 70 bps year-over-year to 11.0%. Airport Central saw direct vacancy decrease 20 bps in Q1 2025 but increase 20 bps year-over-year to 4.1%. The overall average direct asking rent in Airport Central dropped 1.4% quarter-over-quarter to \$7.63 per sq. ft. and dropped 1.3% in Airport East to \$6.74 per sq. ft. Year-over-year, construction activity in the overall Airport submarket increased 27.7% to 3.2 million sq. ft., with 2.0 million sq. ft. being build-to-suits.

The I-76 Corridor submarket saw the greatest decrease in direct vacancy year-over-year, falling 580 bps to 20.8%, while the Boulder submarket saw the largest increase, rising 310 bps to 7.5%. The cause of increased vacancy in Boulder was several large move-outs throughout the past three quarters, as total net absorption in the submarket came in as negative each quarter since Q3 2024. The West submarket closed Q1 2025 with the lowest amount of direct vacancy at 1.1%, a shift from last year when Southwest and South Central had the lowest vacancy in Q1 2024 at 1.4%.

FIGURE 11: Submarket Availability and Asking Rent



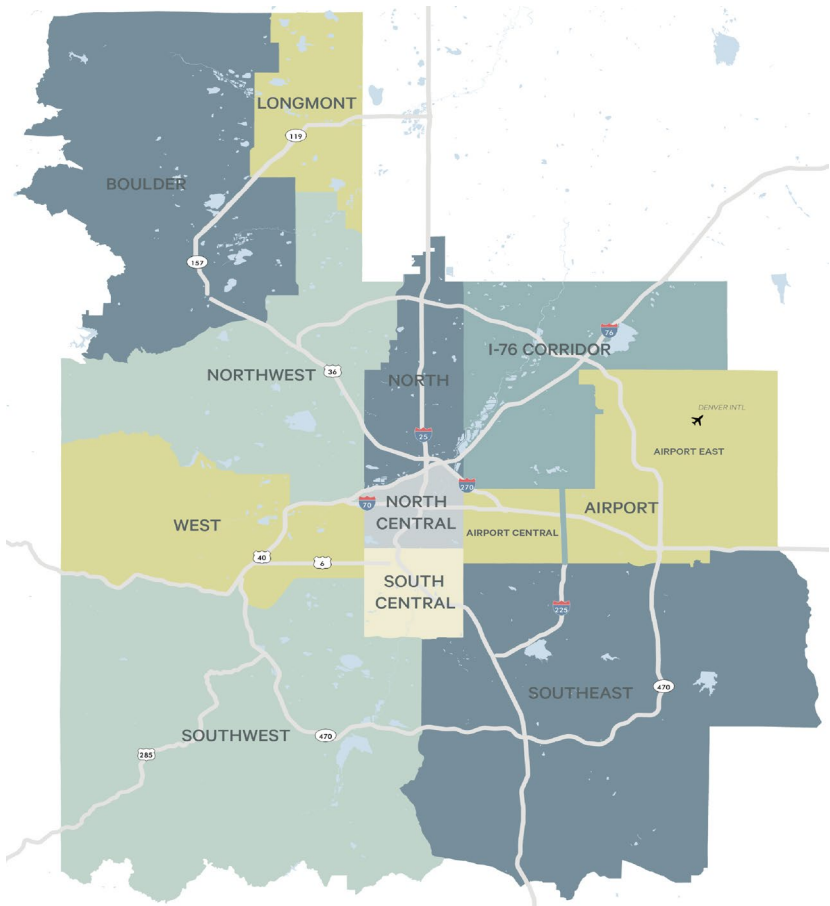
Source: CBRE Research Q1 2025

FIGURE 12: Market Statistics by Submarket

Submarket	Net Rentable Area (SF)	Q1 Net Absorption (SF)	YTD Net Absorption (SF)	Under Construction (SF)	Average Asking Rent (NNN / \$/SF/YR)	Total Availability Rate (%)	Direct Vacancy Rate (%)
Airport	101,925,533	538,003	538,003	3,214,337	\$7.01	10.0	7.2
Airport East	46,025,312	428,853	428,853	3,214,337	\$6.75	14.0	11.9
Airport Central	55,900,221	109,150	109,150	-	\$7.63	6.7	4.1
Boulder	10,827,229	(49,834)	(49,834)	-	\$15.44	9.6	7.5
I-76 Corridor	15,619,192	(9,681)	(9,681)	-	\$7.72	17.0	20.8
Longmont	5,824,557	(9,713)	(9,713)	-	\$14.03	20.8	17.8
North	14,723,139	489,817	489,817	475,459	\$11.21	13.1	12.2
North Central	35,658,176	(189,534)	(189,534)	-	\$10.80	8.8	6.8
Northwest	17,900,654	(111,796)	(111,796)	703,600	\$13.38	10.6	9.2
South Central	24,914,453	(26,228)	(26,228)	-	\$10.35	4.3	2.6
Southeast	23,898,111	(64,259)	(64,259)	142,471	\$12.01	9.4	6.7
Southwest	8,102,727	(50,361)	(50,361)	175,204	\$11.24	5.0	2.8
West	11,251,540	14,573	14,573	-	\$14.39	2.0	1.1
METRO TOTAL	270,699,911	530,987	530,987	4,711,071	\$9.61	9.6	7.7

Source: CBRE Research Q1 2025

Market Area Overview



CBRE Offices

Downtown Denver

1225 17th Street, Suite 3200
Denver, CO 80202

Denver Tech Center

5455 Landmark Place, Suite C102
Greenwood Village, CO 80111

Boulder

1050 Walnut Street, Suite 340
Boulder, CO 80302

Colorado Springs

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

Fort Collins

3003 East Harmony Road, Suite 300
Fort Collins, CO 80528

Survey Criteria

Includes all industrial and flex buildings 10,000 sq. ft. and greater in size 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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