

# Investment activity continues to rebound while absorption softens

▲ 10.1%

Total Availability Rate

▼ 80K

SF Total Net Absorption

▼ 662K

SF Completed

► 4.8M

SF Under Construction

▲ \$9.72

NNN / Asking Rent

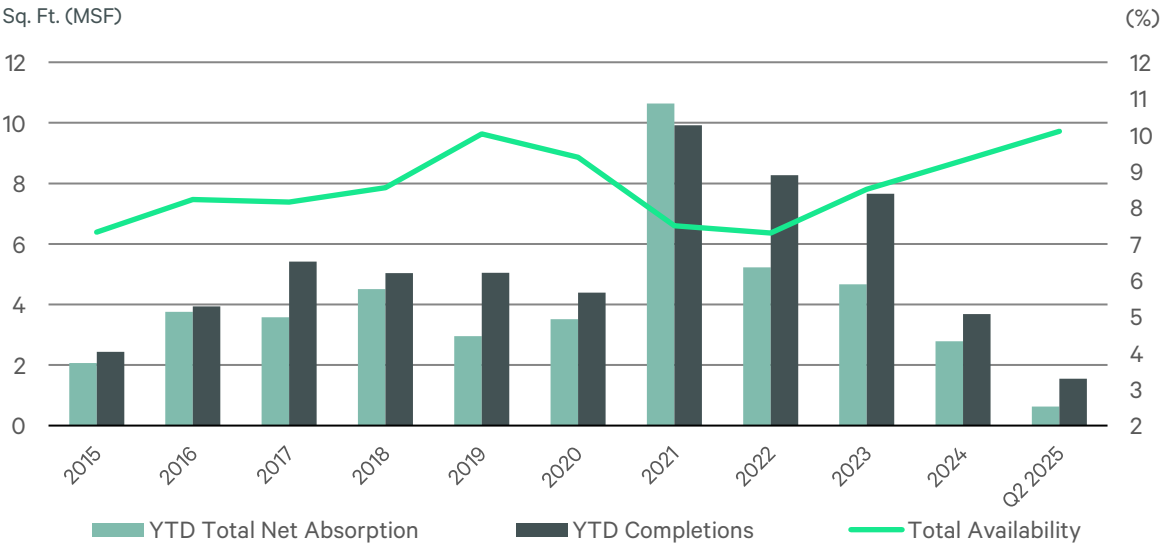
Note: Arrows indicate change from previous quarter.

## MARKET SUMMARY

The Denver metro industrial market began to face some turbulence in the second quarter of 2025 as total net absorption achieved positive 79,600 sq. ft., well below the five-year historical quarterly average of 1.3 million sq. ft. While there was strong positive absorption supported by new construction delivering with heavy preleasing, it was overshadowed by retailer True Value vacating 355,000 sq. ft. Further adding to the headwinds, battery manufacturer Amprius listed 800,000 sq. ft. available for sublease having never occupied the space after signing in Q1 2024. Despite this large addition, sublease availability remains low at 1.2%. The construction pipeline saw a modest decrease as 462,000 sq. ft. broke ground and 662,000 sq. ft. delivered. The overall average direct asking rent reached \$9.72 per sq. ft., a 1.4% increase compared to Q1 2025 and a 3.4% increase year-over-year.

Leasing volume in Q2 2025 totaled 2.2 million sq. ft., a 22.9% decrease compared to the previous quarter and an 15.5% decrease year-over-year. The largest lease of the quarter was National Tire warehouse signing for 246,000 sq. ft. in the Airport submarket. Industrial sales volume in Q2 2025 saw a significant increase compared to the previous quarter, rising 67.0% to reach \$717.0 million. This marked the highest quarterly total since Q2 2022 and a strong improvement year-over-year, jumping 113.8% compared to the \$335.3 million that transacted in Q2 2024.

FIGURE 1: Historical Supply & Demand Dynamics



Source: CBRE Research Q2 2025

## Net Absorption

Metro Denver recorded 79,600 sq. ft. of positive total net absorption in Q2 2025, a notable decrease compared to the positive 550,000 sq. ft. that occurred in Q1 2025. Year-to-date total net absorption has still achieved 76.6% of the level seen at the end of Q2 2024. The largest move-in of the quarter was an undisclosed food manufacturer occupying 176,000 sq. ft. at the newly delivered 25 Commerce Park Building 3, followed by Lineage reoccupying 173,000 sq. ft. at 8001 E 88th Ave that they previously vacated in Q4 2023. The positive momentum was muted by one significant negative absorption, as True Value vacated 355,000 sq. ft. at the 1960’s vintage 11275 E 40th Ave. This caused the Airport submarket to have the highest amount of negative total net absorption with 502,000 sq. ft., a reverse from the trend seen last quarter when it had the highest positive absorption of any submarket. In Q2 2025, the I-76 Corridor had the highest amount of total positive absorption with 353,000 sq. ft., boosted by Lineage’s occupancy and RMS Cranes signing for and occupying 99,000 sq. ft. at First 76 Industrial Park. Absorption is expected to recover in the remainder of the year as there are 1.3 million sq. ft. of leases signed that have yet to occupy and 2.0 million sq. ft. of build-to-suit projects that are projected to deliver by year-end.

## Vacancy and Availability

The largest factor impacting vacancy and availability was Amprius electing not to occupy the 800,000 sq. ft. space they leased in Q1 2024. The space was listed as available this quarter, changing the vacancy from direct to sublease. While this reversal had a net zero effect on total vacancy and absorption due to Amprius never occupying, it was the major catalyst behind the direct vacancy rate’s 20 bps decline to 7.7% and the 30 bps increase in sublease vacancy rate to 0.7%. The addition of this space, which had not been available since Q1 2024, coupled with multiple speculative construction projects delivering, caused the total availability rate to increase 50 bps quarter-over-quarter to 10.1%.

## Average Asking & Achieved Rents

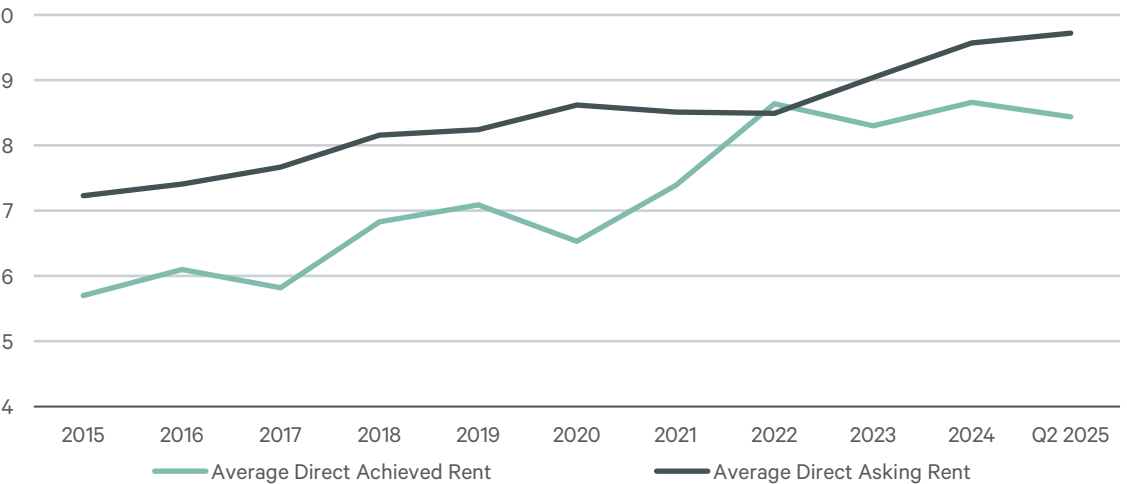
The overall average direct asking rent reached \$9.72 per sq. ft., a 1.4% increase compared to Q1 2025 and a 3.4% increase year-over-year. Achieved rents dropped to an average of \$8.44 per sq. ft, which was a 4.7% decrease quarter-over-quarter and a 13.1% decrease year-over-year.

FIGURE 2: Number of Lease Deals Executed by Size Range



Source: CBRE Research Q2 2025

Figure 3: Rent (\$/SF NNN)



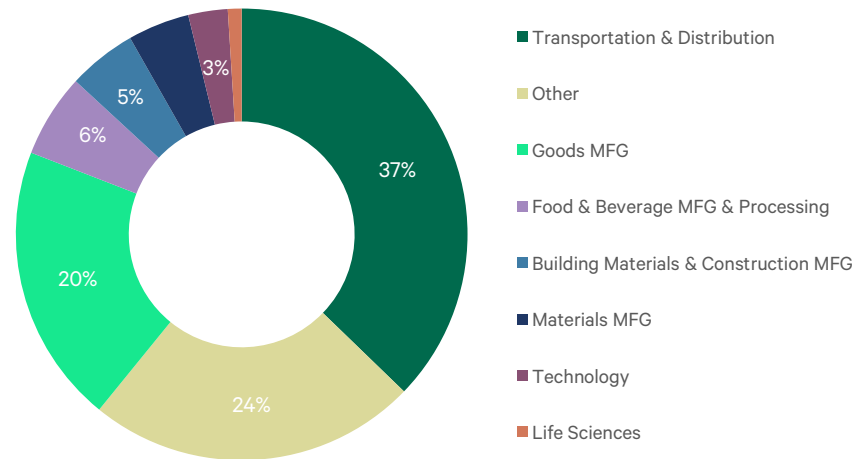
Source: CBRE Research Q2 2025

## Leasing Activity

Leasing volume in Q2 2025 totaled 2.2 million sq. ft., a 22.9% decrease compared to the previous quarter and an 15.5% decrease year-over-year. In line with historical trends, new leasing volume outpaced renewal activity. New leases and expansions accounted for 67.9% of total activity, while renewals and extensions were 32.1%.

The Other category surpassed Goods MFG, while Transportation and Distribution maintained its spot at the top with 37.0% of activity in the last four quarters. The Airport submarket captured the bulk of activity in Q2 2025 with 1.4 million sq. ft. or 64.8% of total leasing and four of the top five deals of the quarter all being located there. The I-76 Corridor submarket had the second highest number of leases signed with 214,000 sq. ft., followed by the Southeast with 107,000 sq. ft.

FIGURE 4: Leasing Activity by Industry Type, Q3 2024 – Q2 2025



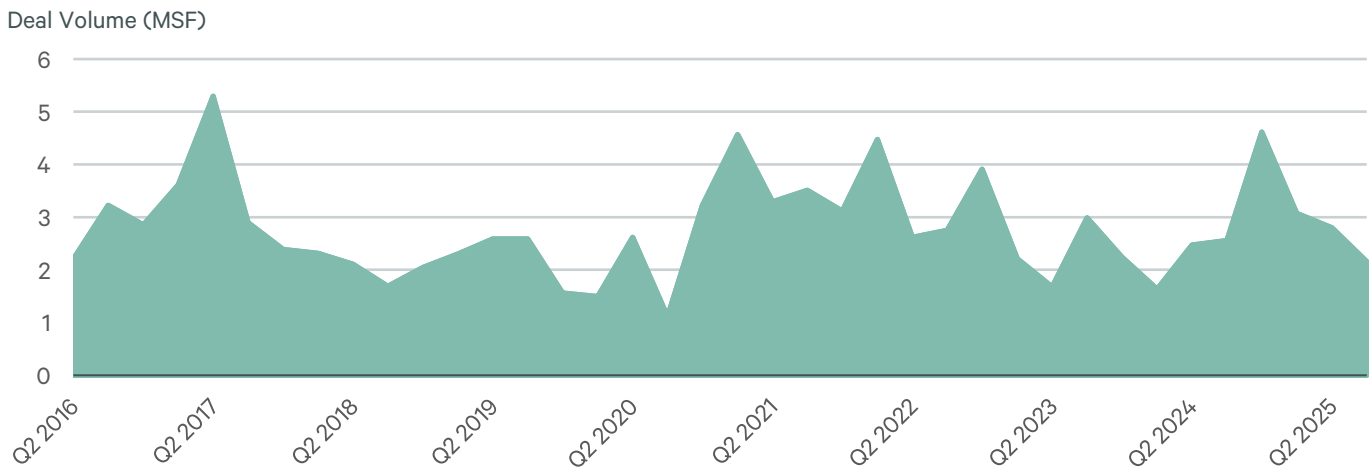
Note: Other includes Business Services, Energy, Telecommunications & more  
Source: CBRE Research Q2 2025

FIGURE 5: Top Lease Transactions

Tenant	Size (SF)	Location	Submarket	Industry	Lease Type
National Tire Wholesale	264,431	2470 Airport Blvd	Airport	Transportation & Distribution	New Lease
Chadwell Supply	103,922	6650 Denali St	Airport	Building Materials & Construction MFG	New Lease
RMS Cranes	98,730	8000 E 96 <sup>th</sup> Ave	I-76 Corridor	Other	New Lease
Pack-Rat	94,000	21250 E 36 <sup>th</sup> Dr	Airport	Transportation & Distribution	Renewal
Bibbeo	91,744	3700 N Windsor	Airport	Other	New Lease

Source: CBRE Research Q2 2025

FIGURE 6: Historical Leasing Activity



Source: CBRE Research Q2 2025

## Development Activity

The amount of total projects under construction ended Q2 2025 at 4.8 million sq. ft., decreasing 200,000 sq. ft. quarter-over-quarter. Four buildings broke-ground for a combined 462,000 sq. ft., while six buildings delivered 662,000 sq. ft. with a preleasing rate of 33.4%. The largest delivery of the quarter was Ryan Companies’ and PGIM’s Northwest Commerce Center Buildings 1 & 2, adding 344,000 sq. ft. of new product in the Northwest submarket. These completions were partially offset by the 75,000-sq.-ft. West 108 breaking-ground in the same submarket. The last remaining building under construction at 25 Commerce Park delivered 176,000 sq. ft. in the North and was fully occupied by an undisclosed food manufacturer. In the Southeast, Creekside Centennial Tech Center delivered 63,200 sq. ft., with two tenants preleasing 19,200 sq. ft., and Encompass 53 delivered 53,200 sq. ft. Lastly, PSC’s build-to-suit completed for 26,000 sq. ft. The Southeast also saw two projects break-ground, with Opus’ Catalyst Industrial starting for 188,000 sq. ft. and United Properties’ INOVA Aero Building 3 for 142,000 sq. ft.

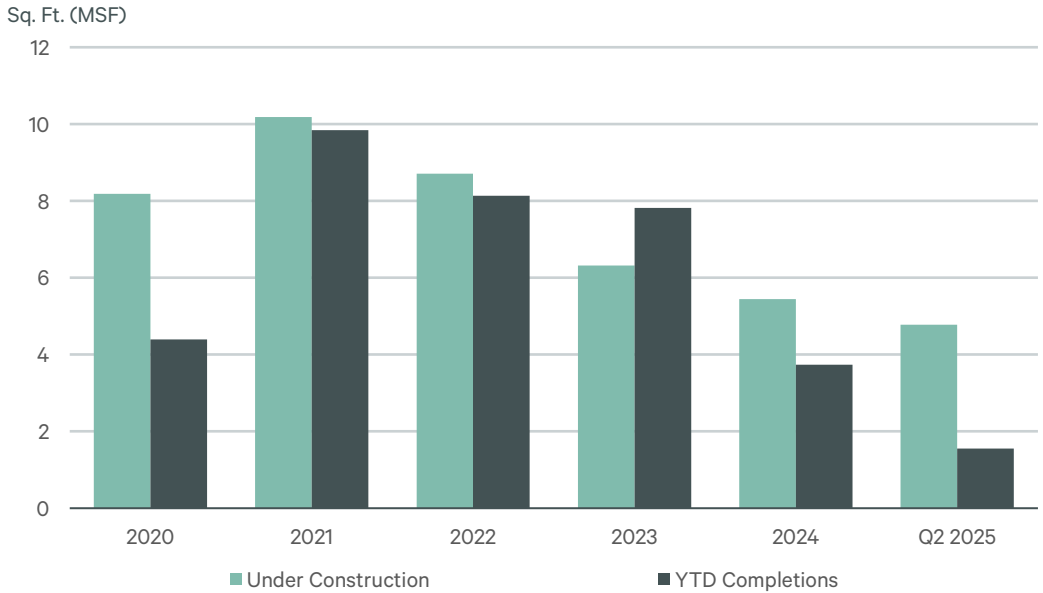
Year-over-year, the construction pipeline has decreased 3.0%, with 47.5% of the total amount under construction being build-to-suit or preleased. The construction pipeline will decline significantly in the near future as the two largest projects underway, the Phillip Morris and Pepsi Build-to-suits, are expected to deliver by year end.

FIGURE 8: Top Projects Under Construction

Property Name	Submarket	Address	City	Spec/BTS	Size (SF)	Est. Completion
Pepsi BTS	Airport	E 72 <sup>nd</sup> Ave & E Tower Rd	Denver	BTS	1,200,000	Q3 2025
Phillip Morris BTS	Airport	SEC of 56th Ave and Harvest Rd	Aurora	BTS	800,000	Q4 2025
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
Food Bank of the Rockies BTS	Airport	E 38th Ave & Himalaya Rd	Aurora	BTS	269,235	Q2 2026

Source: CBRE Research Q2 2025

FIGURE 7: Annual Development Activity



Source: CBRE Research Q2 2025

## Investment Trends

Industrial sales volume in Q2 2025 saw a significant increase compared to the previous quarter, rising 67.0% to reach \$717.0 million. This marked the highest quarterly total since Q2 2022 and a strong improvement year-over-year, jumping 113.8% compared to the \$335.3 million that transacted in Q2 2024. The average price was \$170 per sq. ft., 35.8% lower than the \$268 per sq. ft. seen in the previous quarter which was heavily skewed by Target’s acquisition of 15450 Washinton St. Investor purchases made up the bulk of transactions with 84.6% of the total sales volume at an average price of \$168 per sq. ft.

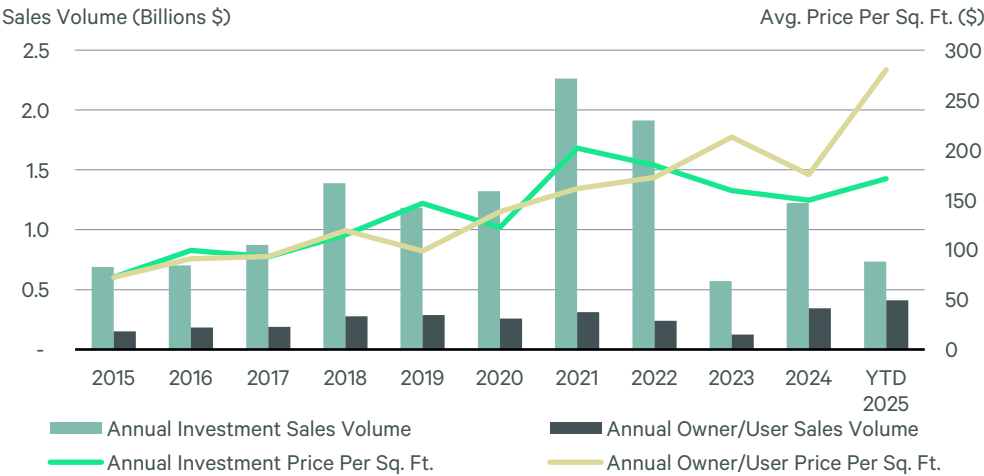
Three portfolios were the catalyst for Q2 2025’s elevated sales volume, the largest of which was comprised of five properties totaling 1.2 million sq. ft. in the Airport submarket. Clarion Partners sold the buildings to Principal Asset Management for \$119.1 million, resulting in a price of \$101 per sq. ft. The transaction also included an additional five properties located in New Jersey and Houston according to a press release. The second largest sale of the quarter was a 10-property portfolio located in the Southeast submarket purchased by Adler Real Estate Partners from Kennedy Wilson. The properties totaled 489,000 sq. ft. and sold for \$94.5 million, or \$193 per sq. ft. The last significant portfolio to trade hands was Parc Santa Fe, located in the Southwest submarket. The three-building 2019-vintage portfolio was sold by LaSalle Investment Management to LBA Realty for \$69.5 million, or \$201 per sq. ft. The largest owner-user sale of the quarter was laboratory services company Eurofins purchasing their current location at 4995 Yarrow St in Arvada for \$14.3 million or \$246 per sq. ft.

## Economy & Employment

Policy Q2 2025 began with the Liberation Day tariffs and subsequent escalation that caused growth expectations to plummet. But by the top of Q3 2025, both the trade war rhetoric and effective tariff rate have softened. While consumer and business sentiment surveys remain weak, the hard economic data (e.g., jobless claims, CPI, orders) points to a more steady economy. To be sure, it could take time for the costs associated with higher tariffs and global uncertainty to filter through, but in the meantime CBRE has increased its 2025 GDP growth outlook to 1.3% for 2025. Barring further disruptions this provides upside risk for hiring in coming quarters.

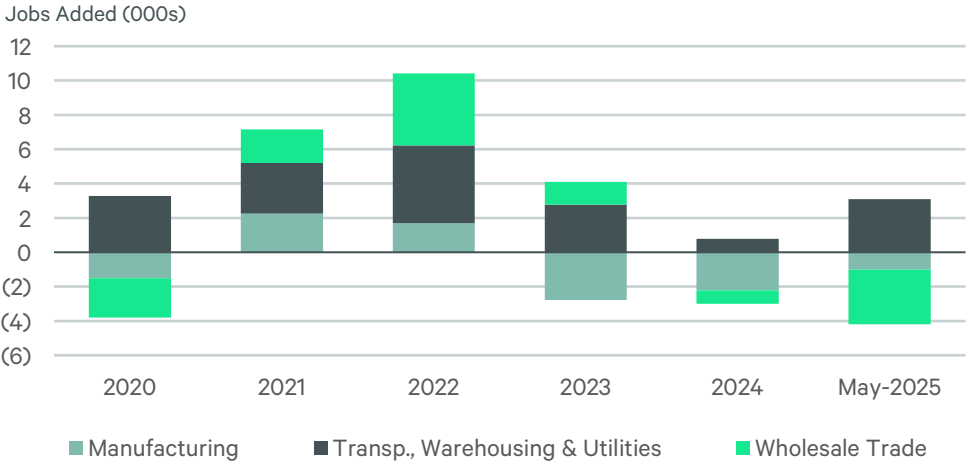
Total non-farm employment in metro Denver has increased in 2025, having risen by 0.3% year-over-year as of May and gaining roughly 5,700 jobs. Industrial-using employment—including manufacturing, transportation, warehousing and utilities, and wholesale trade—slightly declined over the same period after losing 1000 jobs. Among the sub-industries, the transportation, warehousing and utilities sector saw 3.1% growth, while the wholesale trade sector saw negative 3.2% growth and the manufacturing sector saw negative 1.0% growth. At 4.5%, metro Denver’s unemployment rate had a slight decrease of 20 bps month-over-month and was up 60 bps year-over-year.

FIGURE 9: Investment Trends



Source: CBRE Research Q2 2025

FIGURE 10: Industrial-Using Employment Growth



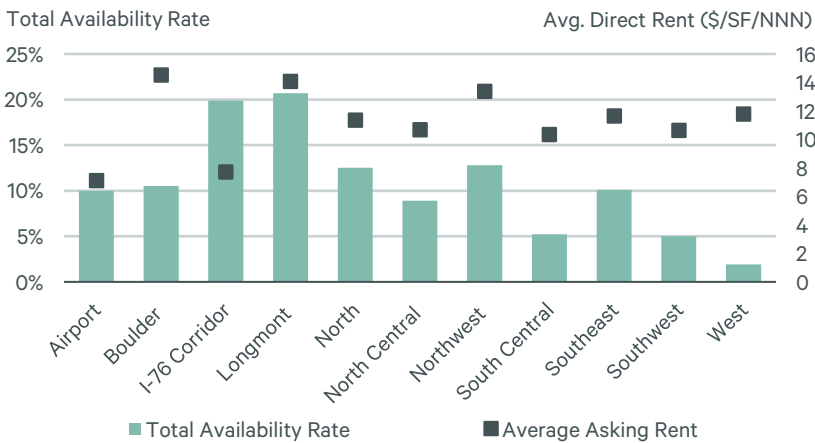
Source: U.S. Bureau of Labor Statistics, May 2025

## Submarket Performance

Within the Airport East micromarket, direct vacancy decreased 10 bps quarter-over-quarter and 80 bps year-over-year to 11.4%. Airport Central saw direct vacancy increase 90 bps in Q2 2025 and increase 40 bps year-over-year to 4.9%. The overall average direct asking rent in Airport Central dropped 0.5% quarter-over-quarter to \$7.59 per sq. ft. and increased by 1.3% in Airport East to \$6.84 per sq. ft. Year-over-year, construction activity in the overall Airport submarket increased 45.5% to 3.5 million sq. ft., with 2.3 million sq. ft. being build-to-suits.

With the addition of the Amprius sublease, the I-76 Corridor now has the highest sublease availability of any submarket with 6.6%, while the Longmont submarket had the highest direct availability rate at 19.0%. The West submarket closed Q2 2025 with the lowest amount of direct vacancy at 1.1%, staying steady quart-over-quarter. The I-76 Corridor saw the greatest quarter-over-quarter drop in total vacancy after falling 240 bps, followed by the Northwest shrinking by 90 bps. The I-76 corridor also had the highest amount of positive year-to-date total net absorption with 404,000 sq. ft.

FIGURE 11: Submarket Availability and Asking Rent



Source: CBRE Research Q2 2025

FIGURE 12: Market Statistics by Submarket

Submarket	Net Rentable Area (SF)	Q2 Net Absorption (SF)	YTD Net Absorption (SF)	Under Construction (SF)	Average Asking Rent (NNN / \$/SF/YR)	Total Availability Rate (%)	Direct Vacancy Rate (%)
Airport	101,925,554	(502,902)	52,209	3,541,700	\$7.12	10.0%	7.8%
Airport East	46,025,312	1,491	402,444	3,483,572	\$6.84	12.5%	11.4%
Airport Central	55,900,242	(504,393)	(350,235)	58,128	\$7.59	7.9%	4.9%
Boulder	10,827,229	(35,573)	(85,407)	-	\$14.53	10.5%	7.9%
I-76 Corridor	15,673,792	353,450	403,769	-	\$7.73	19.9%	13.4%
Longmont	5,824,557	(27,403)	(37,116)	-	\$14.08	20.7%	18.3%
North	14,899,139	274,856	764,673	299,459	\$11.35	12.5%	11.4%
North Central	35,701,176	(6,739)	(196,273)	-	\$10.68	8.9%	6.9%
Northwest	18,244,454	125,834	14,038	434,858	\$13.39	12.8%	11.0%
South Central	24,914,453	(223,668)	(308,081)	-	\$10.35	5.2%	3.7%
Southeast	24,040,582	147,366	83,107	329,534	\$11.65	10.1%	6.5%
Southwest	8,102,727	(19,108)	(69,469)	175,204	\$10.64	5.0%	3.1%
West	11,251,540	(6,427)	8,146	-	\$11.79	1.9%	1.1%
METRO TOTAL	271,405,203	79,686	629,596	4,780,755	\$9.72	10.1%	7.7%

Source: CBRE Research Q2 2025

Market Statistics by Size

	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (SF/Yr NNN)	QTD Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Under 20,000 sq. ft.	20,735,819	3.1%	4.6%	4.4%	0.3%	\$13.13	(47,616)	(78,852)	0	0
20,000-49,999 sq. ft.	54,632,935	4.9%	6.9%	6.3%	0.6%	\$12.05	(164,408)	(423,132)	26,000	0
50,000-99,999 sq. ft.	52,754,043	6.5%	9.2%	7.9%	1.3%	\$11.31	(50,357)	(330,115)	116,471	353,203
100,000-249,999 sq. ft.	78,179,465	11.1%	13.2%	12.0%	1.1%	\$9.61	557,677	320,480	519,800	1,340,847
Over 249,999 sq. ft.	65,102,941	11.4%	11.5%	9.6%	2.0%	\$7.39	(215,610)	1,141,215	0	3,086,705
<b>Total</b>	<b>271,405,203</b>	<b>8.4%</b>	<b>10.1%</b>	<b>8.9%</b>	<b>1.2%</b>	<b>\$9.72</b>	<b>79,686</b>	<b>629,596</b>	<b>662,271</b>	<b>4,780,755</b>

Market Statistics by Product Type

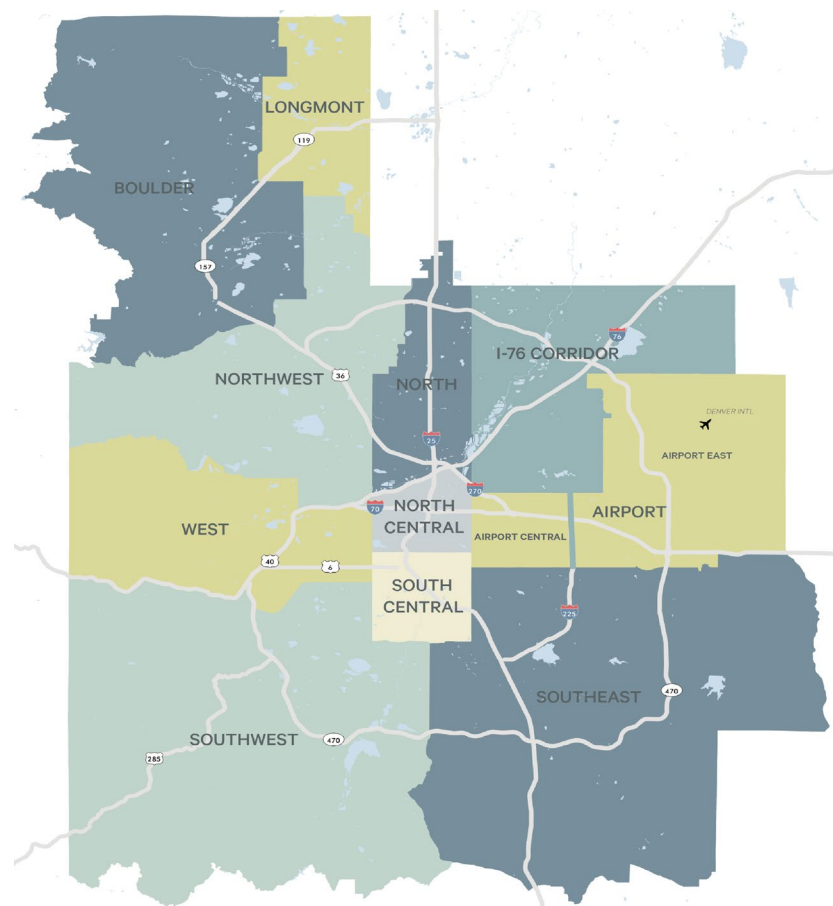
	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (NNN/Yr)	QTD Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution / Logistics	182,876,528	9.50%	11.10%	9.80%	1.40%	\$8.97	245,454	1,310,851	599,000	2,842,585
Manufacturing	41,968,511	5.80%	6.90%	6.10%	0.80%	\$10.73	(70,835)	(396,405)	-	800,000
R&D / Flex	37,670,523	7.20%	9.40%	8.50%	0.80%	\$13.27	(11,612)	(257,927)	63,271	-
Other Industrial	8,889,641	3.80%	6.90%	6.20%	0.70%	\$10.56	(83,321)	(26,923)	-	1,138,170
<b>Total</b>	<b>271,405,203</b>	<b>8.4%</b>	<b>10.1%</b>	<b>8.9%</b>	<b>1.2%</b>	<b>\$9.72</b>	<b>79,686</b>	<b>629,596</b>	<b>662,271</b>	<b>4,780,755</b>

Market Statistics by Class

	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (NNN/Yr)	QTD Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	74,257,913	13.6%	14.6%	13.6%	1.0%	\$9.06	827,701	2,449,771	599,000	4,780,755
All Other Buildings	197,147,290	6.5%	8.4%	7.1%	1.2%	\$10.22	-748,015	-1,820,175	63,271	0
<b>Total</b>	<b>271,405,203</b>	<b>8.4%</b>	<b>10.1%</b>	<b>8.9%</b>	<b>1.2%</b>	<b>\$9.72</b>	<b>79,686</b>	<b>629,596</b>	<b>662,271</b>	<b>4,780,755</b>

Source: CBRE Research Q2 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.

## Contacts

## Ryan McCauley

Senior Research Analyst  
+1 303 824 4710  
[ryan.mccauley@cbre.com](mailto:ryan.mccauley@cbre.com)

## Eden Levy

Research Analyst  
+1 303 628 1733  
[eden.levy@cbre.com](mailto:eden.levy@cbre.com)

## Jonathan Sullivan

Research Manager  
+1 303 824 4706  
[jonathan.sullivan@cbre.com](mailto:jonathan.sullivan@cbre.com)