



# Office Market Report

## Denver - CO

PREPARED BY



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**OFFICE MARKET REPORT**

Market Key Statistics	1
Leasing	2
Rent	6
Construction	9
Under Construction Properties	11
Sales	13
Sales Past 12 Months	15
Economy	17
Market Submarkets	22
Supply & Demand Trends	26
Rent & Vacancy	28
Sale Trends	30

12 Mo Deliveries in SF

**737K**

12 Mo Net Absorption in SF

**(416K)**

Vacancy Rate

**14.7%**

12 Mo Rent Growth

**0.7%**

Demand for office space in Denver remains depressed due to the normalization of remote and hybrid working initiatives, driving up the amount of available space to historic highs. After unsuccessful attempts to lure employees back to the office, many companies are reassessing their office footprints and sublease inventories continue to track at record levels. Due to the fundamental shift in how and where employees work, CoStar is anticipating increased downsizing and more subdued net absorption in the long term.

The risks are clearly evident for both the short- and long-term. The high concentration of tech companies, many of which are more amenable to remote work, have made Denver even more susceptible to this trend that is sweeping the nation. In terms of net absorption as a share of inventory since the start of the pandemic, Denver ranks among the worst-performing office markets in the U.S. and the vacancy rate has surpassed Great Recession levels. Economic headwinds could further delay the office sector's recovery. The likelihood of a recession continues to increase, which will weaken demand for office space as companies look for ways to cut expenses.

Still, bright spots have emerged. A number of professional companies are demonstrating a flight to

quality. Law firms in particular are on the move, targeting best-in-class office space in the downtown area to aid in recruitment and retention. In downtown, office utilization as of November 2022 reached 52% of 2019 levels, according to data from the Downtown Denver Partnership.

Denver's office market is supported by a diverse mix of industries, including tech companies, oil & gas firms, aerospace and defense contractors, and healthcare providers. These companies have led the charge in hiring, and Denver's employment market is now above pre-pandemic levels. Ten tech startups achieved unicorn status in 2021, meaning that a privately held company has reached a valuation of at least \$1 billion. A core of young, highly-educated workers populates the Mile High City, which plays a vital role in drawing the metro's high-paying employers.

New development has pulled back amid the uncertain environment. After a decade of explosive growth, Denver's development pipeline has fallen off the list of top markets, on both a nominal basis and a percent of inventory. The projects that are coming online soon though could benefit from flight-to-quality trends as tenants are willing to pay top dollar for amenities that promote health and safety and attract top talent.

## KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	79,277,474	19.8%	\$33.66	26.9%	(309,228)	11,594	2,413,691
3 Star	73,250,510	12.8%	\$26.55	16.3%	13,632	0	229,365
1 & 2 Star	31,567,544	6.5%	\$22.28	9.9%	33,116	0	5,305
<b>Market</b>	<b>184,095,528</b>	<b>14.7%</b>	<b>\$28.94</b>	<b>19.8%</b>	<b>(262,480)</b>	<b>11,594</b>	<b>2,648,361</b>
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	0.5%	12.1%	14.9%	15.6%	2003 Q3	6.7%	2000 Q2
Net Absorption SF	(416K)	1,178,490	691,306	5,001,630	2000 Q4	(4,851,556)	2021 Q1
Deliveries SF	737K	2,188,058	1,442,939	7,350,521	2001 Q3	374,508	2012 Q1
Rent Growth	0.7%	1.4%	1.2%	12.2%	2007 Q1	-10.1%	2009 Q4
Sales Volume	\$2.4B	\$1.9B	N/A	\$4.2B	2007 Q3	\$341.1M	2009 Q4

After a subdued year following the outbreak, leasing activity has improved over the last four quarters, although the average deal size continues to trend downward. Denver's urban submarkets, including the CBD, Platte River, and LoDo, have been particularly active in the last six months. The rapid rise in vacancy that the market experienced in 2020 appears to have subsided. At 14.7%, vacancy is now above Great Recession levels but has leveled off in recent quarters.

Leasing activity at Downtown's newest tower, Block 162, gained momentum in 2022 after a slow start due to the pandemic. Law firms in particular have been drawn to the building, which offers high-end amenities including best-in-class HVAC and elevator systems and an 11th floor sky terrace. Sherman & Howard kicked off activity at the building with a 60,000-SF lease in March 2021. Brownstein Hyatt Farber Schreck is the latest law firm to relocate, taking 104,000 SF in May. The building is now 50% leased.

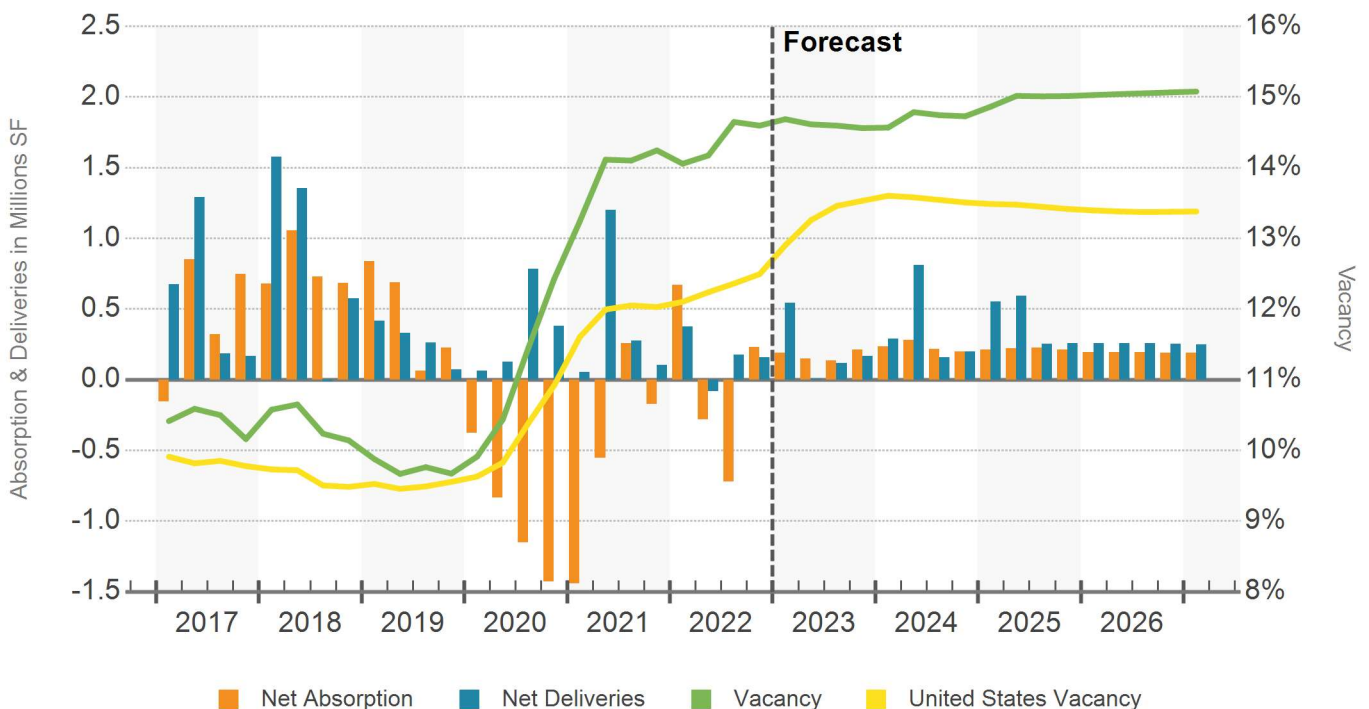
A number of professional companies are demonstrating a flight to quality and right-sizing of their footprint, and this trend is extending beyond the CBD boundary. After more than 20 years of occupying space in LoDo, law firm Davis Graham & Stubbs will anchor the new Paradigm River North building in RiNo. The new lease totals 80,000 SF, down from the 110,000 SF currently

occupied. A new office building with high-tech capabilities and outdoor access attracted the law firm to the new location, which it hopes will help with recruiting and retaining top talent.

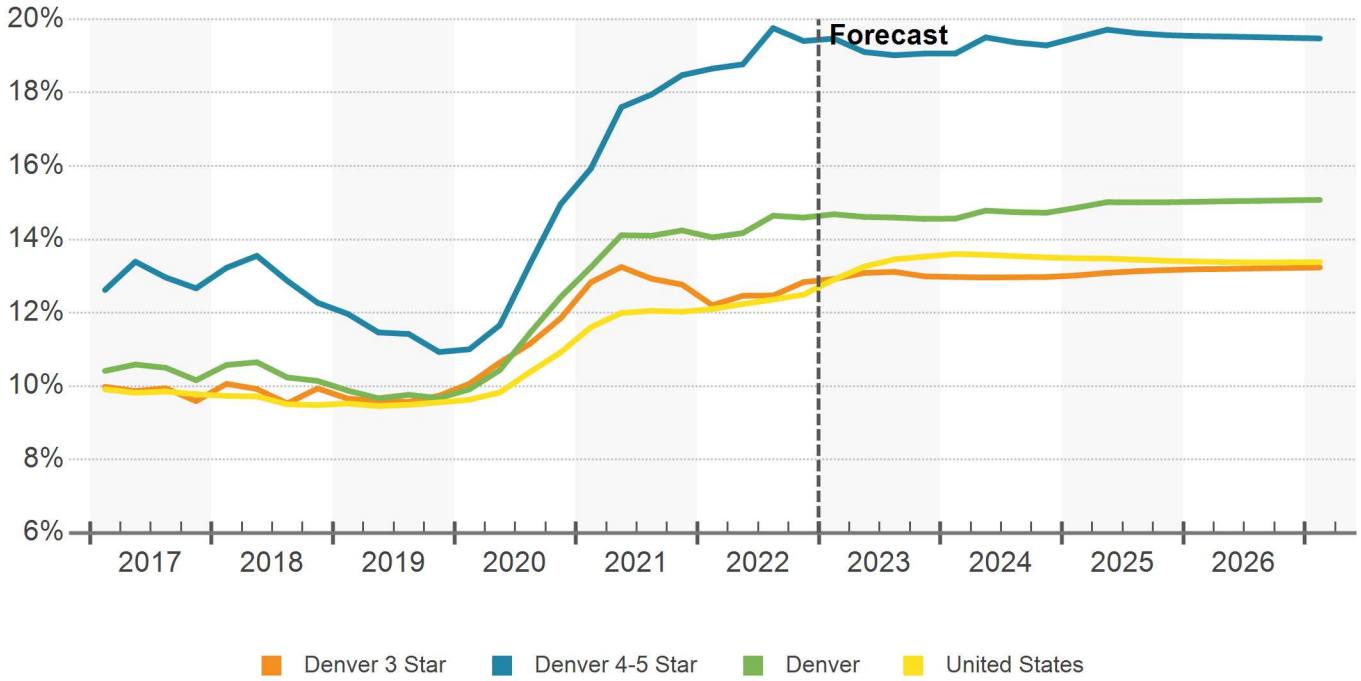
Tenants have been very active in the Southeast Suburban area of Denver, where many aerospace and tech companies have announced relocations or expansions. Boom Technologies, designer of the supersonic passenger airliner, signed on for 266,000 SF across two buildings in Centennial. The Colorado startup is choosing to expand its headquarters in Denver with room to house hundreds of employees despite building its jet factory in North Carolina.

After falling throughout 2021, sublease inventories began rising once again in early 2022. Available sublease space now totals 6.3 million square feet. Current levels have nearly doubled from amounts seen at the start of the pandemic. Companies that don't have upcoming lease expirations have looked for options to offload space, either due to financial distress, consolidation, or a permanent work-from-home policy. The significant rise in sublease space that hit the market since the start of the pandemic is slowing the office market's recovery and hindering near-term rent growth. The effects are largely felt in Downtown Denver, where the vast amount of space is listed.

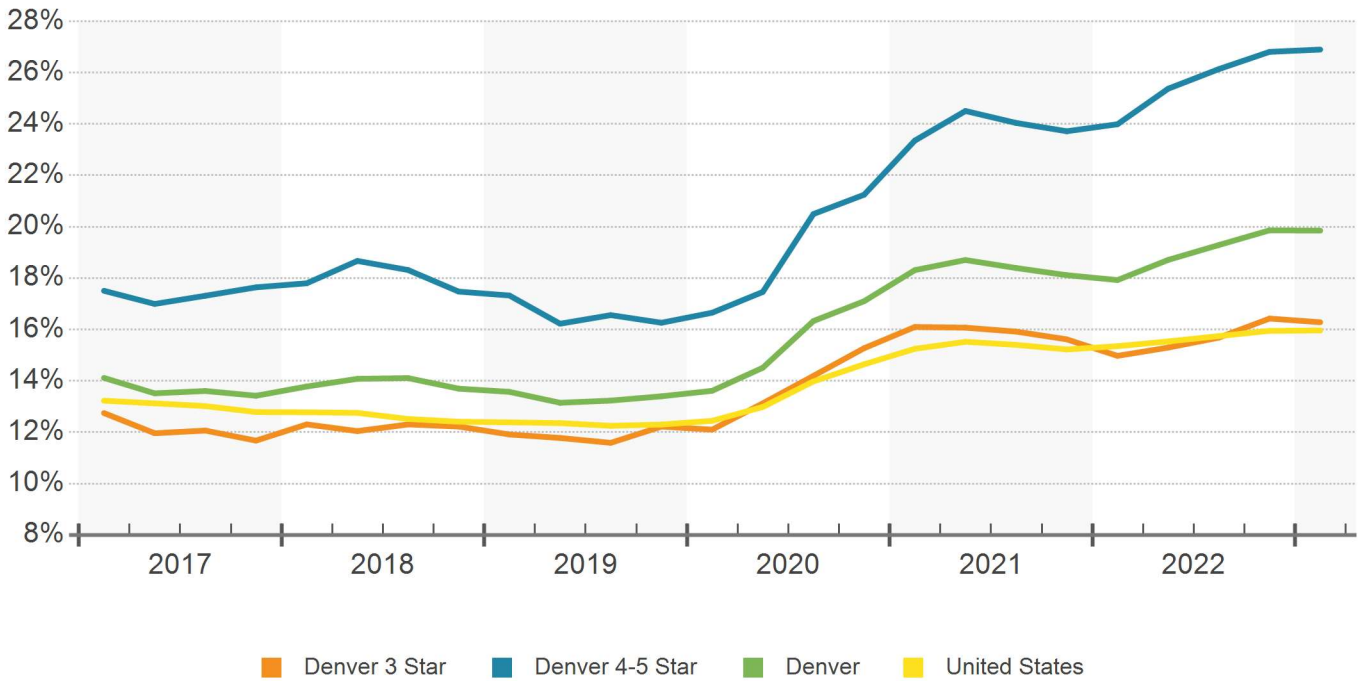
## NET ABSORPTION, NET DELIVERIES & VACANCY



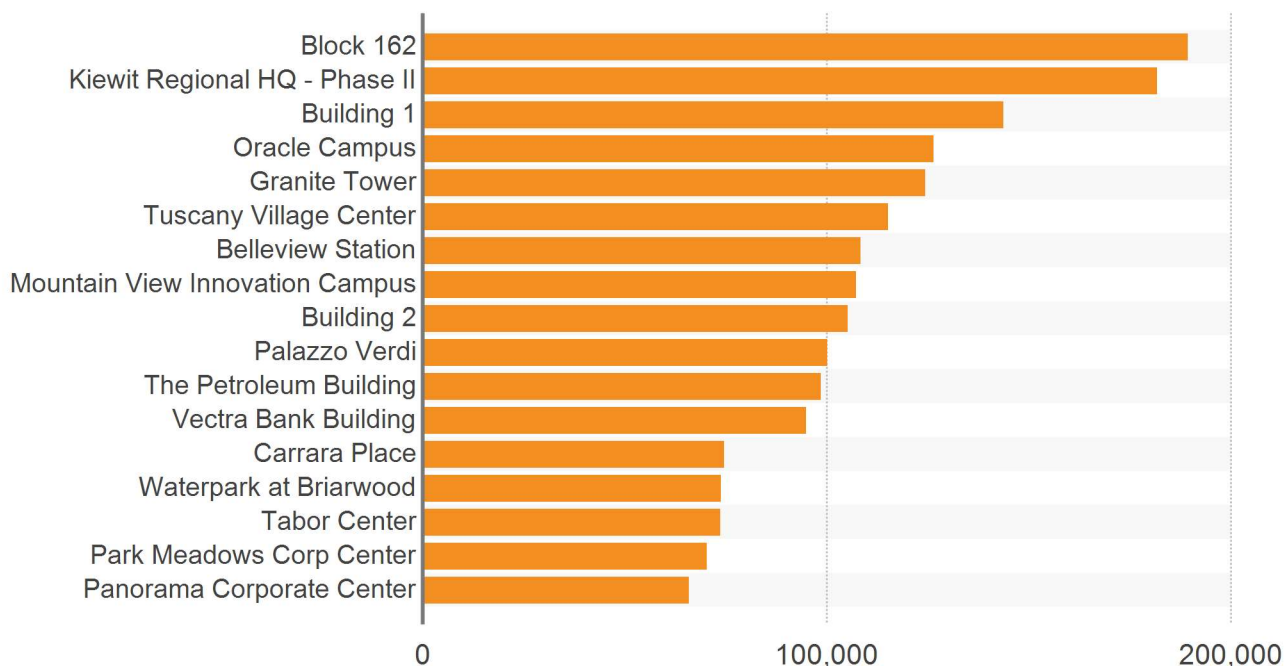
## VACANCY RATE



## AVAILABILITY RATE



## 12 MONTH NET ABSORPTION SF IN SELECTED BUILDINGS



Building Name/Address	Submarket	Bldg SF	Vacant SF	Net Absorption SF				
				1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	12 Month
Block 162	CBD	606,142	336,535	29,543	0	0	0	189,392
Kiewit Regional HQ - Phase II	Lone Tree	181,687	0	0	0	0	0	181,687
Building 1	Centennial	174,721	0	0	0	0	0	143,752
Oracle Campus	Broomfield County	173,160	0	0	0	0	0	126,408
Granite Tower	CBD	593,527	110,842	0	0	0	0	124,373
Tuscany Village Center	Greenwood Village	257,875	55,115	0	0	0	0	115,139
Bellevue Station	Denver Tech Center	384,712	59,606	0	0	0	0	108,357
Mountain View Innovation Campus	Broomfield County	114,908	0	0	0	0	0	107,247
Building 2	Centennial	112,686	0	0	0	0	0	105,173
Palazzo Verdi	Greenwood Village	345,442	133,840	0	0	0	0	100,119
The Petroleum Building	CBD	197,176	0	0	0	0	0	98,529
Vectra Bank Building	Denver Tech Center	130,045	35,136	0	0	0	0	94,909
Carrara Place	Greenwood Village	237,681	21,079	(6,075)	0	0	0	74,629
Waterpark at Briarwood	Centennial	73,781	0	0	0	0	0	73,781
Tabor Center	CBD	858,528	91,215	(11,710)	0	0	0	73,586
Park Meadows Corp Center	Lone Tree	70,272	0	0	0	0	0	70,272
Panorama Corporate Center	Panorama/Highland...	102,182	17,001	0	0	0	0	65,867
<b>Subtotal Primary Competitors</b>		<b>4,614,525</b>	<b>860,369</b>	<b>11,758</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,853,220</b>
Remaining Denver Market		179,481,003	26,280,783	(274,238)	0	0	0	(2,268,865)
<b>Total Denver Market</b>		<b>184,095,528</b>	<b>27,141,152</b>	<b>(262,480)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(415,645)</b>

## TOP OFFICE LEASES PAST 12 MONTHS

Building Name/Address	Submarket	Leased SF	Qtr	Tenant Name	Tenant Rep Company	Leasing Rep Company
Building 1	Centennial	154,021	Q1 22	Boom Technologies	-	JLL
Fiddlers Green Center *	Greenwood Village	142,585	Q3 22	Fidelity Investor Center	-	-
Meridian Office Park	Meridian	124,167	Q4 22	Burns & McDonnell	-	Cushman & Wakefield
201 Fillmore St	Cherry Creek	122,500	Q4 22	-	-	-
Oracle Campus	Broomfield County	116,055	Q2 22	Sierra Space	-	Avison Young
Building 2	Centennial	112,686	Q1 22	Boom Technologies	-	JLL
Granite Tower	CBD	108,459	Q1 22	PDC Energy	Colliers International	CBRE
Block 162	CBD	103,974	Q2 22	Brownstein Hyatt Farber...	-	Cushman & Wakefield
Palazzo Verdi	Greenwood Village	100,119	Q1 22	Starz Entertainment	Cresa	Cushman & Wakefield
Lincoln Executive Center	Centennial	85,935	Q1 22	-	-	Newmark
Paradigm River North	Platte River	77,142	Q2 22	Davis Graham & Stubbs	Cushman & Wakefield	Newmark
Waterpark at Briarwood	Centennial	73,781	Q1 22	Bio-Techne	-	Newmark
Belleview Station	Denver Tech Center	72,914	Q2 22	Gen II	CBRE	Cushman & Wakefield
Carrara Place	Greenwood Village	62,122	Q2 22	Kimley-Horn	Savills	JLL
Wells Fargo Center *	CBD	52,000	Q2 22	Bryan Cave Leighton Pais...	Newmark	JLL
Denver City Center	CBD	47,546	Q1 22	Medpace	-	Colliers International
1900 Sixteenth Street	Platte River	43,536	Q3 22	Analysis Group	CBRE	CBRE
255 Fillmore St	Cherry Creek	42,754	Q1 22	-	-	Newmark
Dairy Block	LoDo	42,653	Q1 22	Venture X	-	Cushman & Wakefield
Block 162	CBD	40,914	Q3 22	Bain & Company	CBRE	Cushman & Wakefield
Carrara Place	Greenwood Village	39,269	Q1 22	-	-	JLL
1755 Blake St	LoDo	36,931	Q1 22	-	-	Cushman & Wakefield
Arapahoe Business Park	Centennial	35,490	Q4 22	-	JLL	Newmark
Church Ranch Business Center *	Northwest Denver	34,000	Q3 22	Envysion, Inc.	-	-
Palazzo Verdi	Greenwood Village	33,373	Q4 22	-	-	Cushman & Wakefield
Hunter Douglas Business Park	Broomfield County	32,000	Q2 22	-	-	Skye Commercial
Gateway Park	East I-70/Montbello	31,976	Q2 22	Primoris	Transwestern Real...	Newmark
255 Fillmore St	Cherry Creek	31,336	Q1 22	Crusoe Energy	-	Newmark
1900 Lawrence	CBD	30,853	Q4 22	Gibson Dunn & Crutcher...	-	JLL
Block 162	CBD	29,181	Q4 22	-	-	Cushman & Wakefield
Denver Place	CBD	28,417	Q2 22	-	-	-
Denver Tech Center	Denver Tech Center	27,965	Q4 22	-	-	Cushman & Wakefield
1900 Sixteenth Street	Platte River	26,443	Q1 22	Dynatrace	-	CBRE
Waterview at Highland Pk	Panorama/Highland Park	25,944	Q4 22	-	-	Lincoln Property Comp...
Compark Business Campus	Centennial	25,865	Q1 22	AVI-SPL	JLL	Stream Realty Partners...
City Center	CBD	25,636	Q2 22	-	-	JLL
1755 Blake St	LoDo	25,618	Q4 22	Melio	-	JLL
Republic Plaza	CBD	25,221	Q3 22	-	-	Avison Young
McGregor Square Office	LoDo	25,148	Q1 22	-	-	McGregor Square
Meridian Business Park	Meridian	25,084	Q4 22	-	-	Lincoln Property Comp...

Renewal

Rent growth has stalled in recent quarters as tenants continue to reevaluate their real estate portfolios. Annual rent growth amounts to 0.7%, but the majority of these gains occurred in early 2022 during the brief period when the local office sector was thought to be in recovery, and rents have largely flatlined since July. When adjusting for inflation, annual rent growth in real terms is in negative territory.

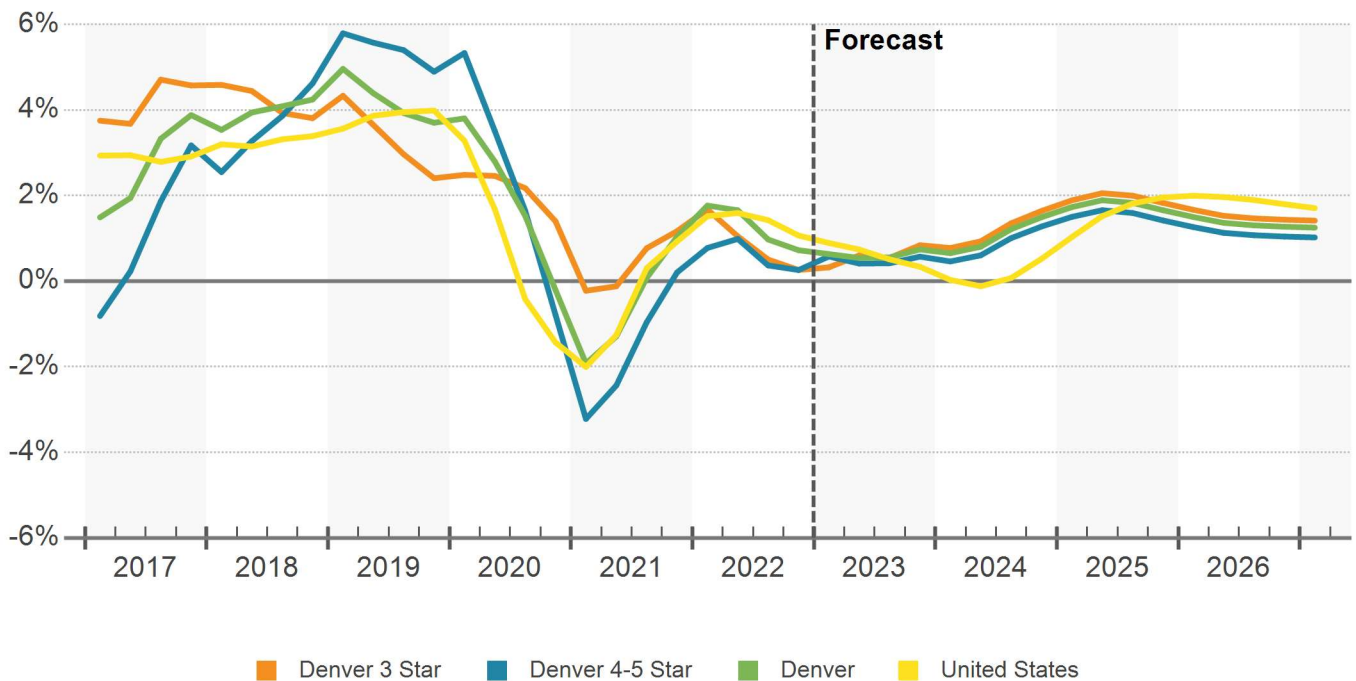
Office availabilities have reached an all-time high, giving tenants in the market plenty of options. Competition from developers has been ongoing amid Denver's building boom of the last decade, but landlords are now facing competition from existing space as well in the form of sublet listings. The difference between average asking rents for direct space vs. sublet space reached its widest delta on record in 22Q4 at nearly \$8/SF difference.

Entering the pandemic, the difference was just over \$1/SF. To remain competitive, landlords are offering concessions in tenant improvements and free rent instead of lowering base rates.

Cherry Creek remains a bright spot for office demand, and rents have outperformed here relative to the metro average. The submarket has a high concentration of 4 & 5 Star assets, allowing landlords in the area to capitalize on flight-to-quality trends.

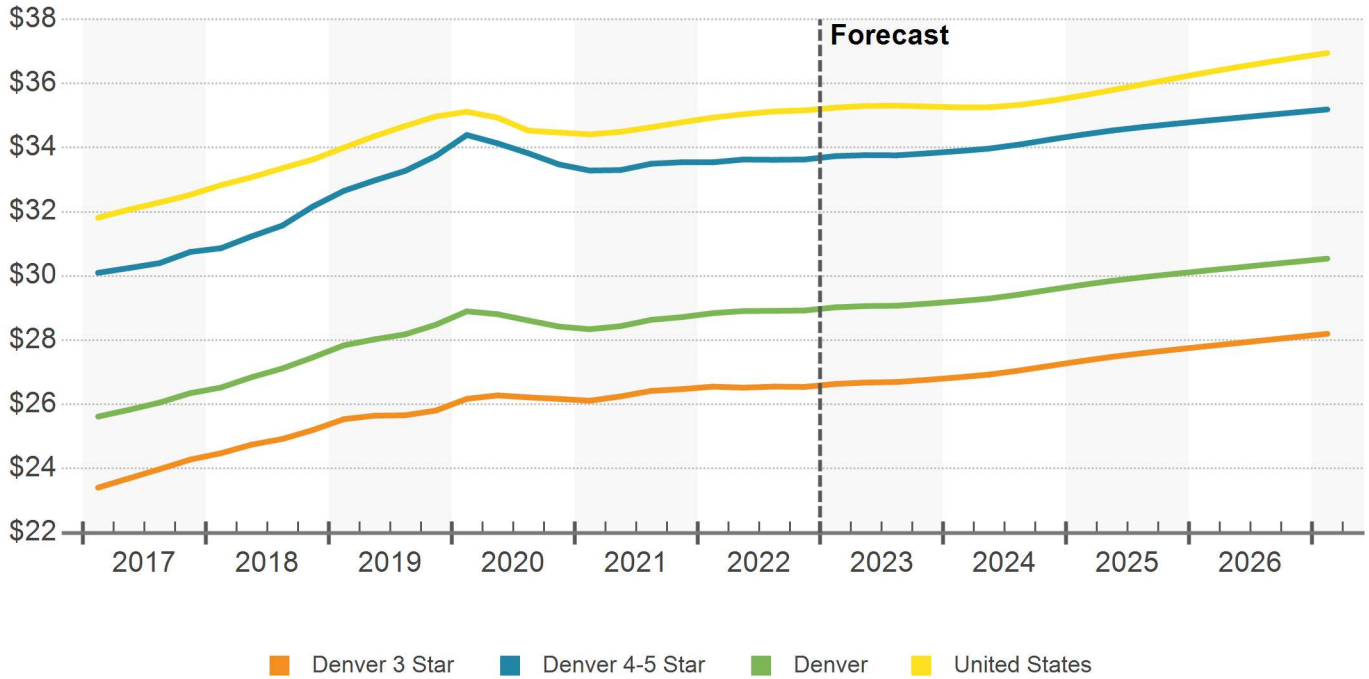
Looking ahead, recovery is likely to be slow as the market digests available inventory amid tempered demand. However, at \$29.00/SF, Denver's office space comes at a discount relative to coastal markets. Denver will continue to be an attractive location for out-of-state companies looking to relocate.

## MARKET RENT GROWTH (YOY)





## MARKET RENT PER SQUARE FEET



## 4 & 5 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
<b>Denver</b>	\$0.66	\$1.25	\$0.24	\$5.96	\$6.04	<b>\$14.15</b>
Aurora	\$1.01	\$1.31	\$0.30	\$2.44	\$5.05	<b>\$10.11</b>
Broomfield	\$0.72	\$1.25	\$0.27	\$6.17	\$5.70	<b>\$14.11</b>
Clear Creek County	\$0.36	\$0.49	\$0.16	\$1.37	\$2.43	<b>\$4.81</b>
Colorado Blvd/Glendale	\$0.72	\$1.54	\$0.29	\$5.47	\$6.29	<b>\$14.31</b>
Downtown	\$0.69	\$1.35	\$0.25	\$7.44	\$7.54	<b>\$17.27</b>
Midtown	\$0.53	\$1.15	\$0.19	\$5.42	\$6.72	<b>\$14.01</b>
North Denver	\$0.49	\$1.04	\$0.17	\$4.98	\$4.81	<b>\$11.49</b>
Northeast Denver	\$0.59	\$1.09	\$0.19	\$5.23	\$5	<b>\$12.10</b>
Northwest Denver	\$0.69	\$1.21	\$0.26	\$4.66	\$5.41	<b>\$12.23</b>
Outlying Douglas County	\$0.77	\$1.04	\$0.34	\$5.25	\$4.11	<b>\$11.51</b>
Parker/Castle Rock	\$0.83	\$1.14	\$0.36	\$3.81	\$3.93	<b>\$10.07</b>
Southeast Denver	\$0.58	\$1.22	\$0.19	\$6.32	\$5.94	<b>\$14.25</b>
Southwest Denver	\$0.67	\$1.16	\$0.23	\$2.29	\$5.70	<b>\$10.05</b>
West Denver	\$0.71	\$1	\$0.29	\$5.40	\$4.15	<b>\$11.55</b>

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

### 3 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
<b>Denver</b>	\$0.53	\$1.03	\$0.15	\$4.85	\$4.09	<b>\$10.65</b>
Aurora	\$0.88	\$1.15	\$0.13	\$3.92	\$3.53	<b>\$9.61</b>
Broomfield	\$0.53	\$1.05	\$0.15	\$6.04	\$3.83	<b>\$11.60</b>
Clear Creek County	\$0.46	\$1.03	\$0.14	\$2.49	\$4.16	<b>\$8.28</b>
Colorado Blvd/Glendale	\$0.64	\$1.37	\$0.24	\$5.78	\$4.91	<b>\$12.94</b>
Downtown	\$0.60	\$1.22	\$0.22	\$5.63	\$6.25	<b>\$13.92</b>
Elbert County	\$0.37	\$0.74	\$0.10	\$2.91	\$2.90	<b>\$7.02</b>
Midtown	\$0.50	\$1.03	\$0.19	\$3.88	\$4.85	<b>\$10.45</b>
North Denver	\$0.47	\$0.93	\$0.13	\$5.08	\$3.54	<b>\$10.15</b>
Northeast Denver	\$0.47	\$0.91	\$0.12	\$5.12	\$3.47	<b>\$10.09</b>
Northwest Denver	\$0.46	\$0.91	\$0.12	\$4.05	\$3.28	<b>\$8.82</b>
Outlying Arapahoe County	\$0.52	\$0.92	\$0.12	\$6.41	\$3.45	<b>\$11.42</b>
Outlying Douglas County	\$0.43	\$0.85	\$0.12	\$5.49	\$3.34	<b>\$10.23</b>
Park County	\$0.48	\$0.94	\$0.13	\$1.66	\$3.68	<b>\$6.89</b>
Parker/Castle Rock	\$0.47	\$0.92	\$0.13	\$6.73	\$3.08	<b>\$11.33</b>
Southeast Denver	\$0.48	\$0.96	\$0.13	\$4.88	\$4.09	<b>\$10.54</b>
Southwest Denver	\$0.48	\$0.94	\$0.13	\$4.90	\$3.68	<b>\$10.13</b>
West Denver	\$0.49	\$0.97	\$0.13	\$3.88	\$3.60	<b>\$9.07</b>

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

### 1 & 2 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
<b>Denver</b>	\$0.47	\$0.68	\$0.15	\$4.61	\$2.73	<b>\$8.64</b>
Aurora	\$0.50	\$0.54	\$0.11	\$3.22	\$2.74	<b>\$7.11</b>
Broomfield	\$0.45	\$0.60	\$0.12	\$5.51	\$2.09	<b>\$8.77</b>
Clear Creek County	\$0.42	\$0.59	\$0.14	\$1.44	\$3.01	<b>\$5.60</b>
Colorado Blvd/Glendale	\$0.48	\$0.71	\$0.18	\$5.75	\$3.73	<b>\$10.85</b>
Downtown	\$0.55	\$1.03	\$0.20	\$5.86	\$3.99	<b>\$11.63</b>
Elbert County	\$0.39	\$0.54	\$0.11	\$2.07	\$2.17	<b>\$5.28</b>
Gilpin County	\$0.45	\$0.63	\$0.12	\$1.17	\$2.52	<b>\$4.89</b>
Midtown	\$0.50	\$0.86	\$0.20	\$4.96	\$2.49	<b>\$9.01</b>
North Denver	\$0.44	\$0.58	\$0.12	\$5.20	\$1.67	<b>\$8.01</b>
Northeast Denver	\$0.45	\$0.60	\$0.13	\$4.27	\$2.16	<b>\$7.61</b>
Northwest Denver	\$0.45	\$0.63	\$0.12	\$4.78	\$2.51	<b>\$8.49</b>
Outlying Adams County	\$0.45	\$0.63	\$0.12	\$3.95	\$2.52	<b>\$7.67</b>
Outlying Arapahoe County	\$0.43	\$0.59	\$0.11	\$3.44	\$2.92	<b>\$7.49</b>
Outlying Douglas County	\$0.43	\$0.60	\$0.12	\$4.23	\$2.42	<b>\$7.80</b>
Park County	\$0.45	\$0.63	\$0.12	\$1.80	\$2.54	<b>\$5.54</b>
Parker/Castle Rock	\$0.43	\$0.59	\$0.12	\$5.28	\$2.38	<b>\$8.80</b>
Southeast Denver	\$0.44	\$0.56	\$0.12	\$4.50	\$3.21	<b>\$8.83</b>
Southwest Denver	\$0.47	\$0.63	\$0.13	\$3.96	\$2.34	<b>\$7.53</b>
West Denver	\$0.44	\$0.61	\$0.12	\$4.03	\$2.59	<b>\$7.79</b>

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

The office construction pipeline has slowed with only 2.6 million SF currently underway.

Platte River has emerged as one of the most desirable areas for office tenants in Denver, and development accelerated to staggering levels in the submarket in recent years. In this area of Denver, the supply wave continues, and Platte River is on track to expand its inventory by over 15%. New groundbreakings have been concentrated in the fast-growing RiNo neighborhood near the 38th and Blake light rail station.

T3 RiNo broke ground in November 2021. Hines, McCaffery, and Ivanhoé Cambridge are developing the 250,000-SF mixed-use office project that will feature the innovative T3 (Timber, Transit and Technology) construction design, utilizing heavy timber and floor-to-ceiling glass that is meant to pay homage to both Denver's historic brick and timber buildings and to the city's vibrant and rapidly evolving art district. The building is located at 3500 Blake Street, across the street from the 35th Street pedestrian bridge and adjacent to the 38th & Blake Rail Station. Only a handful of T3 buildings exist in the U.S. Most notably, the first major multi-story U.S. office building to be constructed of wood utilizing the T3 design in the last 100 years delivered in Minneapolis in 2016. Since then, a T3 building has also been constructed in Atlanta, with more planned in markets including Chicago, Austin, and Durham.

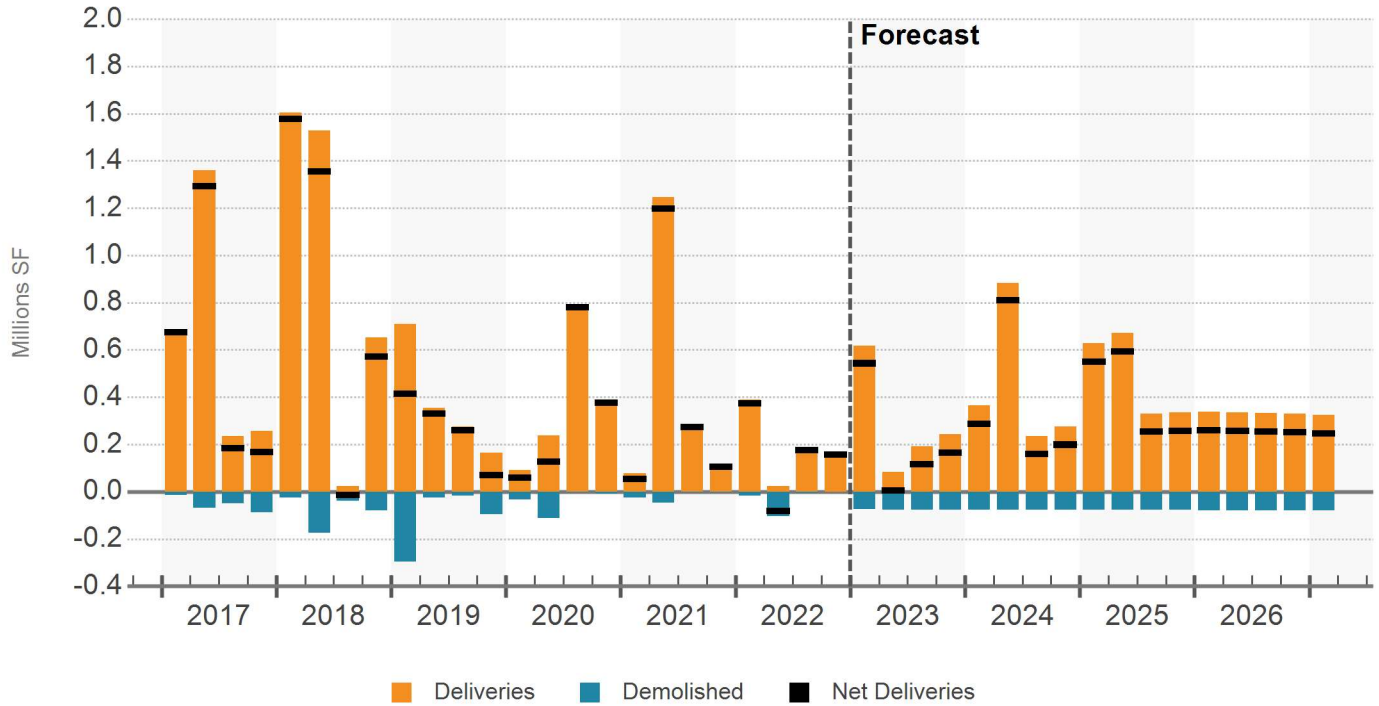
Another office building recently broke ground near the 38th & Blake Rail Station as developers take advantage of mass transit opportunities located along Denver's expanding light rail network. Schnitzer West, who has

created space for companies such as Amazon, Microsoft, and Hulu, is developing the 280,000-SF office building at 3615 Delgany Street named The Current. The 2016 opening of the A-Line commuter rail only increased RiNo's rapid evolution and the area's viability moving forward. From 38th & Blake, riders are one stop away from Union Station, and 30 minutes from the Denver International Airport.

In the CBD, a new high rise will be joining the Denver skyline as developers look to capitalize on the current flight to quality trends. Riverside Investment & Development Company, in partnership with Convexity Properties, broke ground on the 32-story 1900 Lawrence in 2022. The project was initially scheduled to break ground in 2020, but delays brought on by the pandemic pushed out the timeline by roughly 18 months. In light of the pandemic, the developer plans to incorporate new standards to prioritize health and safety, including better elevator performance, HVAC systems with better ventilation, and increased automation systems.

Block 162 delivered in 21Q2. The speculative project, totaling 608,000 SF, delivered in a challenging leasing environment, but the building offers many high-end features that could be appealing to tenants in a post-COVID world, such as best-in-class HVAC and elevator systems. The first lease in the building was announced in 21Q1. Denver-based law firm Sherman & Howard leased 60,000 SF with plans to relocate from its current location at 633 17th St. The firm chose the location due to its premium amenities, access to public transportation, and columnless floor plates.

## DELIVERIES & DEMOLITIONS



## SUBMARKET CONSTRUCTION

No.	Submarket	Under Construction Inventory					Average Building Size		
		Bldgs	SF (000)	Pre-Leased SF (000)	Pre-Leased %	Rank	All Existing	Under Constr	Rank
1	CBD	1	704	31	4.4%	9	227,063	704,036	1
2	Platte River	3	672	127	18.9%	7	46,676	223,970	3
3	Greenwood Village	1	351	30	8.6%	8	69,407	351,222	2
4	Panorama/Highland Park	2	324	112	34.6%	6	62,811	161,992	4
5	Cherry Creek	4	296	234	79.0%	3	27,089	73,898	6
6	East I-70/Montbello	3	243	213	87.9%	2	32,885	80,842	5
7	Northwest Denver	1	33	13	38.5%	5	14,701	32,734	7
8	Aurora	2	10	10	100%	1	29,801	5,153	10
9	Centennial	1	10	0	0%	10	39,651	10,050	8
10	Arapahoe Rd	1	6	4	66.7%	4	24,001	6,000	9
	All Other	0	-	-	-		27,046	-	
<b>Totals</b>		<b>19</b>	<b>2,648</b>	<b>774</b>	<b>29.2%</b>		<b>32,751</b>	<b>139,387</b>	

# Under Construction Properties

Denver Office

Properties

Square Feet

Percent of Inventory

Released

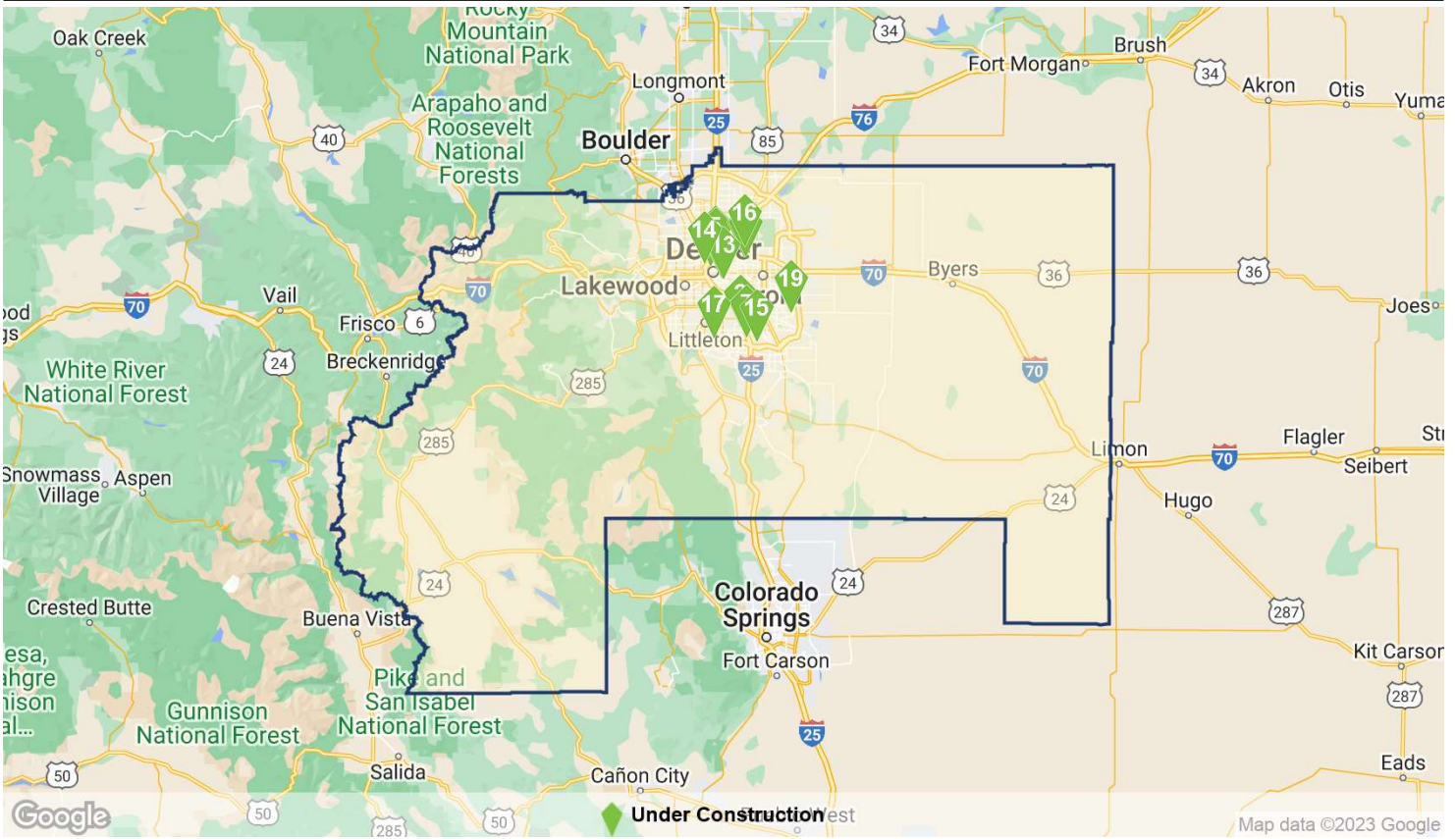
19

2,648,361

1.4%

29.2%

## UNDER CONSTRUCTION PROPERTIES



## UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 <b>1900 Lawrence</b>	★★★★★	704,036	23	Apr 2022	Apr 2024	Riverside Investment & Develop... Riverside Investment & Develop...
2 <b>Westray Tower 1</b> 6363 Greenwood Plaza Blvd	★★★★★	351,222	18	Nov 2022	Apr 2025	Schnitzer West Front Range Investment Holdings...
3 <b>The Current, River North</b> 3615 Delgany St	★★★★★	238,000	12	May 2021	Feb 2023	Schnitzer West Schnitzer West
4 <b>T3 Offices</b> 3500 Blake St	★★★★☆	232,911	6	Nov 2021	Nov 2023	3500 Blake Street Owner LLC Hines: 1144 Fifteenth Street
5 <b>Paradigm River North</b> 3400 Walnut St	★★★★★	201,000	8	May 2022	Jan 2024	Jordon Perlmutter & Co. Rockefeller Group
6 <b>The District-Building Three</b> Dry Creek Rd & I-25	★★★★☆	164,312	4	Mar 2022	Jan 2025	- -
7 <b>The District-Building Four</b> Dry Creek Rd & I-25	★★★★☆	159,672	4	Mar 2022	Jan 2025	- -



# Under Construction Properties

Denver Office

## UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
8 8801 E 39th Ave	★★★★☆	126,000	3	Feb 2022	Feb 2023	-
9 8959 E 40th Ave	★★★★☆	106,527	3	Apr 2022	Feb 2023	-
10 255 Fillmore St	★★★★★	100,110	7	Apr 2022	Jul 2023	- BMC Investments Co, LLC
11 200 Clayton St	★★★★☆	76,715	8	Aug 2021	Mar 2023	Broe Real Estate Group The Broe Real Estate Group
12 300 N University Blvd	★★★★☆	59,713	1	Aug 2022	Jul 2023	Elevate Real Estate Services -
13 Fillmore @ Third 320 Fillmore St	★★★★☆	59,054	4	Oct 2022	Feb 2024	- Midwest Property Group, Ltd.
14 2926 LoHi 2926 Umatilla St	★★★★☆	32,734	5	Mar 2021	Aug 2023	Generation Development Generation Development
15 H-10 8208 S. InterPort Blvd.	★★★★☆	10,050	1	Jul 2021	Mar 2023	- -
16 9126 E 57th Ave	★★★★☆	10,000	2	Feb 2022	Feb 2023	- Almeida and Bell Aesthetic Denta...
17 414 E Mineral Ave	★★★★☆	6,000	1	Aug 2022	Feb 2023	- -
18 Quincy Dental 21400 E Quincy Ave	★★★★☆	5,305	2	Nov 2022	Sep 2023	- -
19 21750 E Quincy Cir	★★★★☆	5,000	1	Mar 2022	Feb 2023	- D.D. Dunlap Companies Inc

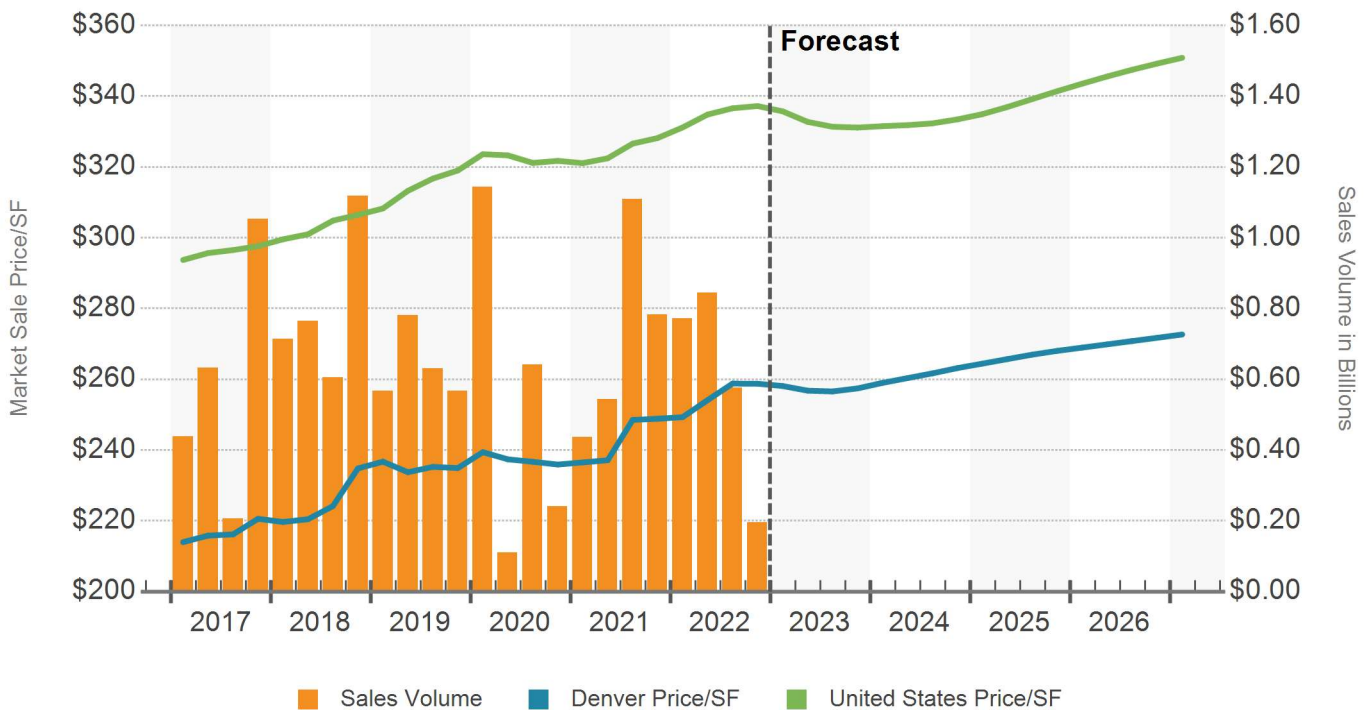
Investment activity took a step back in the second half of 2022 amid ongoing uncertainty surrounding the future of office demand. While leasing has improved in the last year, available space continues to climb to record levels as many companies adopt a remote or hybrid work model, which is impacting both investment volumes and asset values. In addition, with inflationary headwinds and a growing possibility of a recession, sales activity in Denver will likely remain modest in the near term.

Vacant, value-add assets, once a means for investors to enter the Denver office market without paying sky-high prices, have fallen out of favor as available space continues to climb to record levels and banks tighten lending standards. Traded properties since the beginning of 2022 averaged a 92% occupancy rate, demonstrating investor appetite for cash-flowing assets.

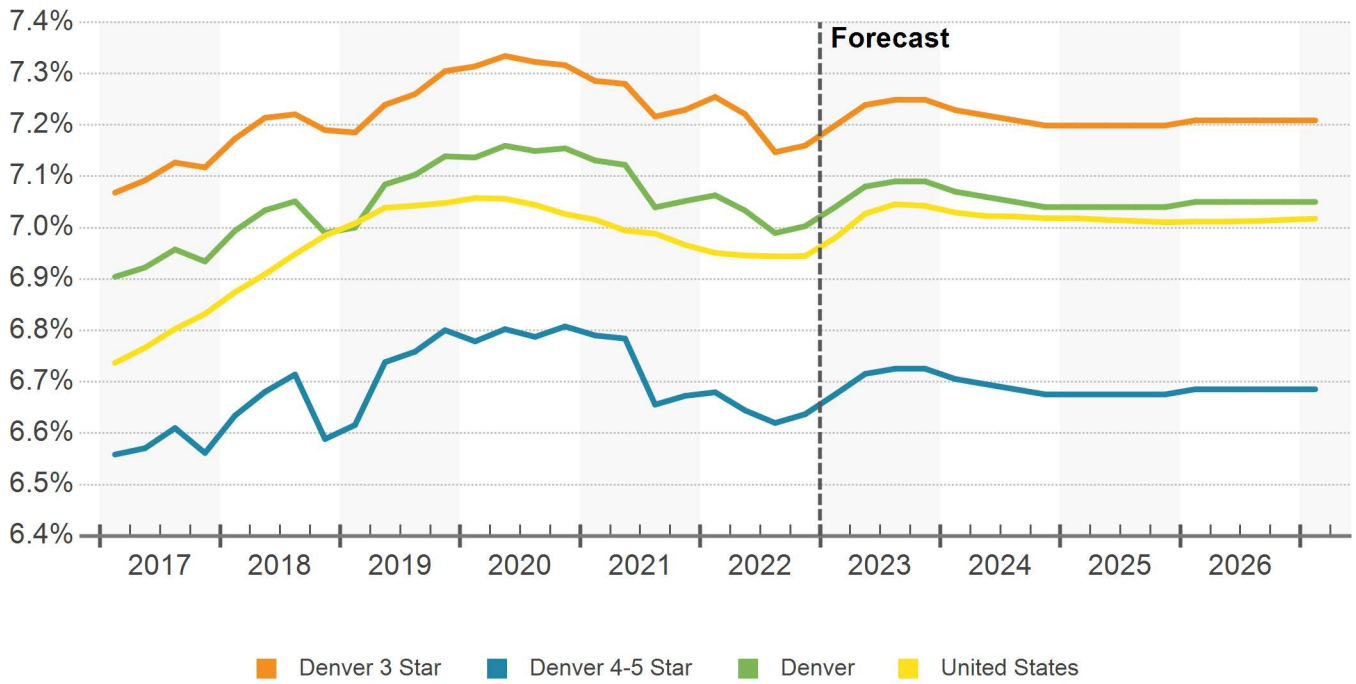
Well-leased trophy assets in prime locations continue to see robust pricing. For example, the Polsinelli law firm building at 1401 Lawrence sold at the beginning of July for a CBD pandemic-era record of \$752/SF. PGIM Real estate purchased the 310,000-SF building built in 2016 for \$233 million, which was fully leased at the time of sale.

Cherry Creek, an area that has been filled in with luxury office, apartment, and retail developments, continues to be a bright spot for investment activity. Average pricing in the submarket has reached \$400/SF, compared with the metro benchmark of \$260/SF. Record pricing has been achieved in two recent sales. In July, 240 Saint Paul traded for \$920/SF, and in September 2021, Civica Cherry Creek traded for \$921/SF.

**SALES VOLUME & MARKET SALE PRICE PER SF**



## MARKET CAP RATE





# Sales Past 12 Months

Denver Office

Sale Comparables

**457**

Avg. Cap Rate

**6.1%**

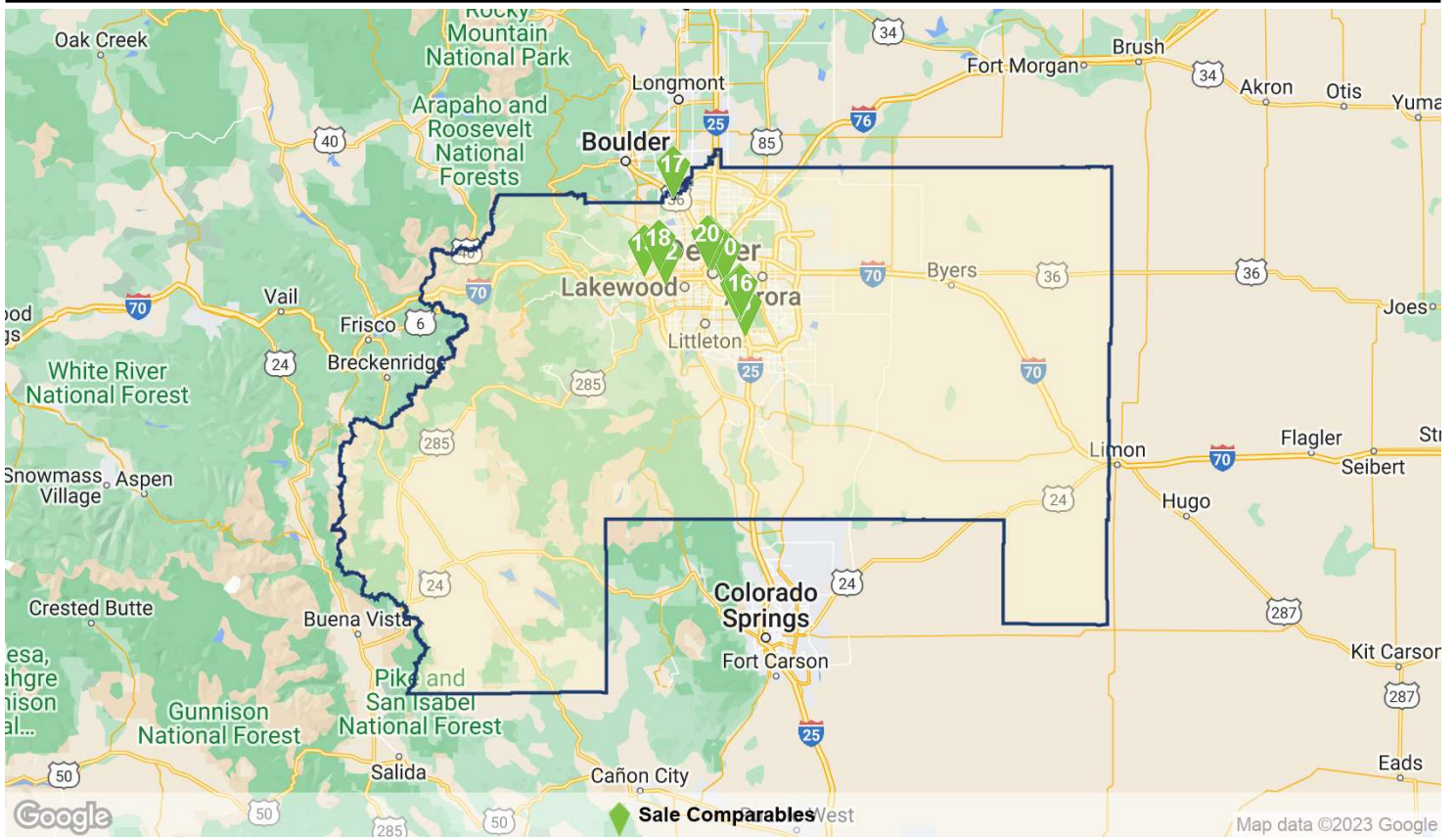
Avg. Price/SF

**\$270**

Avg. Vacancy At Sale

**13.1%**

## SALE COMPARABLE LOCATIONS



## SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$147,129	\$8,632,710	\$2,030,000	\$291,000,000
Price/SF	\$8.25	\$270	\$231	\$1,825
Cap Rate	3.5%	6.1%	6.0%	11.1%
Time Since Sale in Months	0.1	6.3	6.3	12.0
Property Attributes	Low	Average	Median	High
Building SF	644	30,736	9,100	544,195
Stories	1	3	2	24
Typical Floor SF	644	9,474	5,974	72,219
Vacancy Rate At Sale	0%	13.1%	0%	100%
Year Built	1882	1971	1979	2021
Star Rating	★ ★ ★ ★ ★	★ ★ ★ ★ ★ 2.5	★ ★ ★ ★ ★	★ ★ ★ ★ ★



# Sales Past 12 Months

Denver Office

## RECENT SIGNIFICANT SALES

Property Name - Address	Property				Sale			
	Rating	Yr Built	Bldg SF	Vacancy	Sale Date	Price	Price/SF	Cap Rate
<b>1</b> 1800 Larimer 1800 Larimer St	★★★★★	2010	544,195	19.3%	1/19/2022	\$291,000,000	\$535	-
<b>2</b> 1401 Lawrence 1401 Lawrence St	★★★★☆	2016	309,987	2.2%	6/30/2022	\$233,000,000	\$752	-
<b>3</b> Arrow Building 9151 E Panorama Cir	★★★★☆	2017	227,000	0%	4/19/2022	\$106,000,000	\$467	-
<b>4</b> Equinox Building 240 Saint Paul St	★★★★☆	2021	75,000	0%	7/6/2022	\$69,015,300	\$920	-
<b>5</b> U.S. Bank 210 University Blvd	★★★★☆	1985	186,366	2.9%	9/8/2022	\$67,700,000	\$363	-
<b>6</b> The Quadrant 5445 Dtc Pky	★★★★☆	1985	338,911	18.9%	4/8/2022	\$62,000,000	\$183	-
<b>7</b> 390 Interlocken Crescent 390 Interlocken Cres	★★★★☆	2002	241,516	2.2%	9/2/2022	\$60,500,000	\$251	-
<b>8</b> One DTC 5251 Dtc Pky	★★★★☆	1985	240,852	36.0%	2/7/2022	\$55,650,000	\$231	-
<b>9</b> First Avenue Plaza 55 Madison St	★★★★☆	1982	137,046	10.7%	2/15/2022	\$53,538,254	\$391	-
<b>10</b> First Avenue Plaza at Ch... 44 Cook St	★★★★☆	1982	127,228	13.3%	2/15/2022	\$51,261,746	\$403	5.8%
<b>11</b> Stanford Place III 4582 S Ulster St	★★★★☆	1982	343,166	31.1%	8/1/2022	\$50,000,000	\$146	-
<b>12</b> Western Area Power Ad... 12155 W Alameda Pky	★★★★☆	1999	115,560	0%	10/27/2022	\$43,072,167	\$373	-
<b>13</b> One DTC West 4949 Niagara St	★★★★☆	2018	72,000	0%	5/20/2022	\$42,250,000	\$587	-
<b>14</b> 380 Interlocken Crescent 380 Interlocken Cres	★★★★☆	2000	240,185	39.6%	9/2/2022	\$42,000,000	\$175	-
<b>15</b> Panorama Medical Center 660 Golden Ridge Rd	★★★★☆	2000	67,473	0%	3/8/2022	\$36,400,000	\$539	-
<b>16</b> Lockton Center 8110 E Union Ave	★★★★☆	2003	126,129	0%	2/3/2022	\$35,000,000	\$277	-
<b>17</b> 370 Interlocken Blvd	★★★★☆	1998	150,266	25.3%	6/2/2022	\$34,450,000	\$229	-
<b>18</b> Cole Center at Denver W... 1687-1707 Cole Blvd	★★★★☆	1981	155,610	12.6%	9/1/2022	\$32,700,000	\$210	-
<b>19</b> The 410 410 17th St	★★★★☆	1977	23,000	32.9%	7/1/2022	\$26,000,000	\$1,130	-
<b>20</b> Hardware Block 1501-1527 Wazee St	★★★★☆	1895	54,125	0%	2/7/2022	\$25,800,000	\$477	-



Denver's booming tech industry helped to drive office-employment job gains. Tech employers typically allow the flexibility of telecommuting, and many office-using employers have the capacity to facilitate a work-from-home transition. The professional and business services sector is up by 8,100 jobs since February 2020, and the financial activities sector has added 2,900 jobs during that time. Corporate expansions and relocations by tech companies Slack, Angi and Conga continue to drive employment gains and epitomize the trend of West Coast firms choosing to expand in Denver for its robust workforce, quality of life and low cost of doing business.

Consumers turned to e-commerce during the pandemic, and the industrial sector emerged as one of the most resilient asset classes in commercial real estate as a result. The industrial industry, made up of jobs in the trade, transportation and utilities sector, was the first to

reach pre-pandemic job levels in Denver. Employment in this sector is now up by 24,100 jobs from February 2020.

Denver has been frequently lauded as a hot destination for young, educated job seekers throughout this cycle. Headwinds to this trend could come from housing costs, which are dramatically higher today for both renters and prospective owners. While home prices continue to climb into the stratosphere (albeit at a slower rate than the peak years of this cycle), apartment rent growth has also recorded unprecedented increases in the last year.

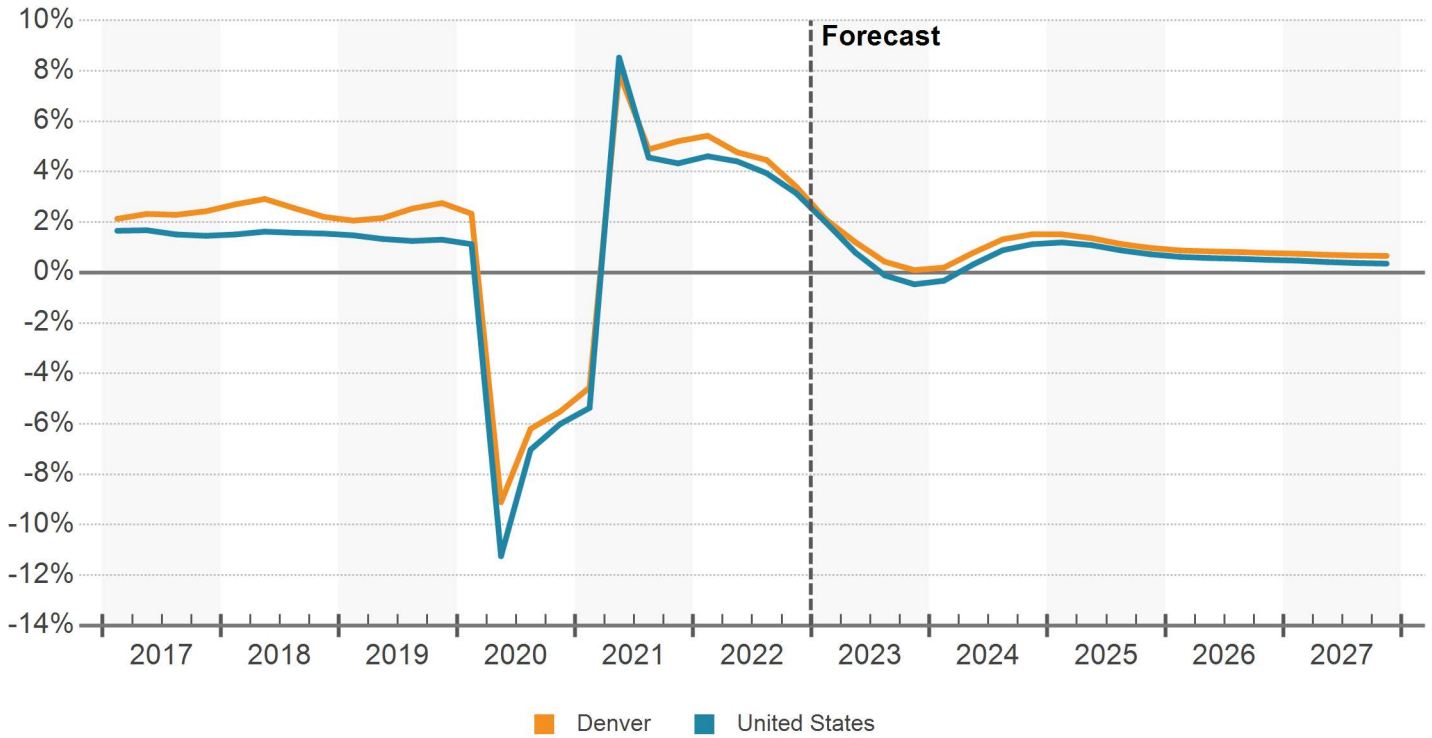
Along with a young, highly educated, and growing labor force, the FasTracks transit expansion is another selling point. Transit-oriented development is taking hold through the metro as additional lines connect downtown to North Denver, Aurora, Southeast Denver, and the Denver International Airport.

## DENVER EMPLOYMENT BY INDUSTRY IN THOUSANDS

Industry	CURRENT JOBS		CURRENT GROWTH		10 YR HISTORICAL		5 YR FORECAST	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	74	0.6	3.90%	2.95%	1.55%	0.75%	0.49%	0.11%
Trade, Transportation and Utilities	294	1.0	3.26%	2.84%	2.09%	1.25%	0.17%	0.07%
Retail Trade	140	0.8	2.25%	2.02%	1.10%	0.64%	0.14%	0.03%
Financial Activities	119	1.3	0.94%	1.86%	2.39%	1.43%	0.44%	0.20%
Government	199	0.9	-0.37%	0.65%	1.17%	0.17%	1.10%	0.55%
Natural Resources, Mining and Construction	114	1.3	4.95%	3.57%	4.21%	2.51%	1.04%	0.34%
Education and Health Services	197	0.8	1.51%	3.17%	2.41%	1.66%	0.80%	0.64%
Professional and Business Services	317	1.4	6.13%	3.62%	3.38%	2.16%	0.96%	0.44%
Information	54	1.7	1.72%	4.92%	2.21%	1.31%	0.41%	0.35%
Leisure and Hospitality	166	1.0	5.93%	6.41%	1.88%	1.33%	1.64%	1.19%
Other Services	62	1.0	3.35%	2.79%	1.94%	0.51%	0.67%	0.42%
<b>Total Employment</b>	<b>1,596</b>	<b>1.0</b>	<b>3.32%</b>	<b>3.07%</b>	<b>2.36%</b>	<b>1.29%</b>	<b>0.80%</b>	<b>0.45%</b>

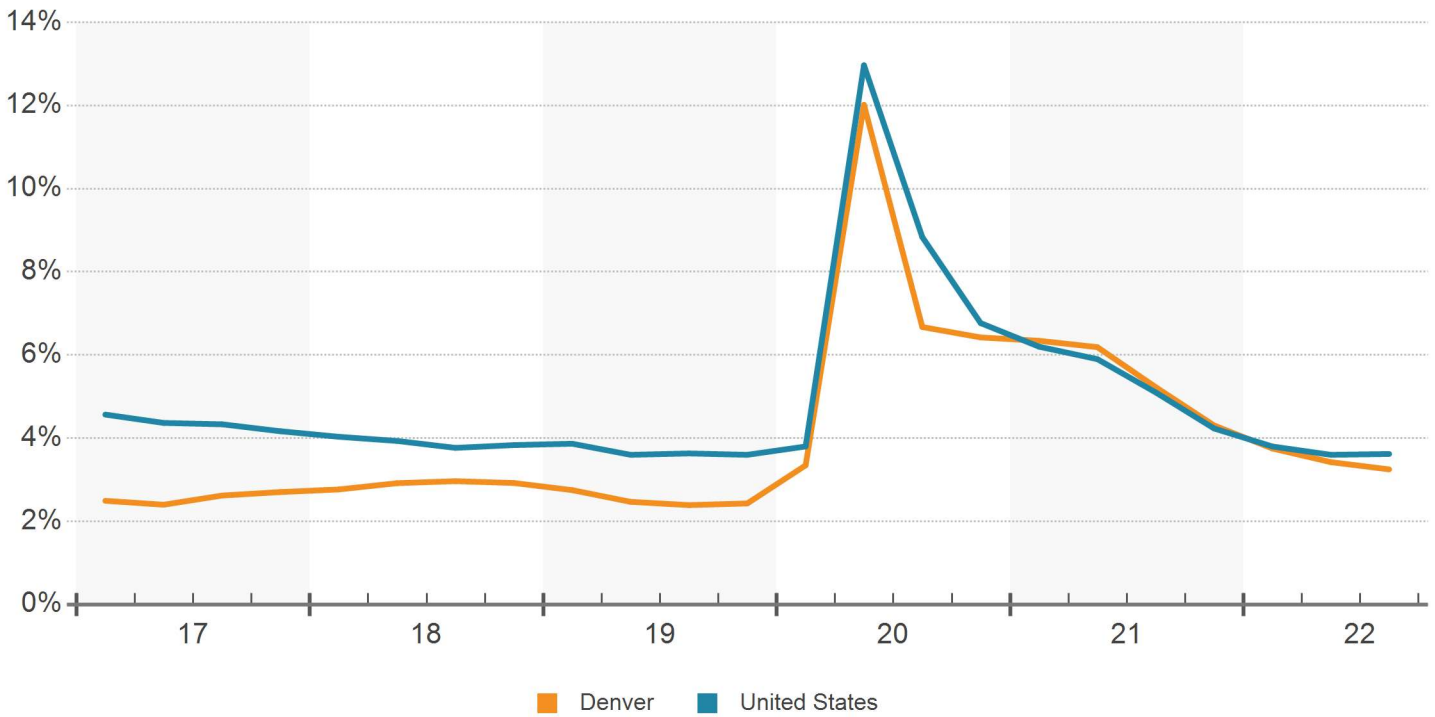
Source: Oxford Economics  
LQ = Location Quotient

## JOB GROWTH (YOY)

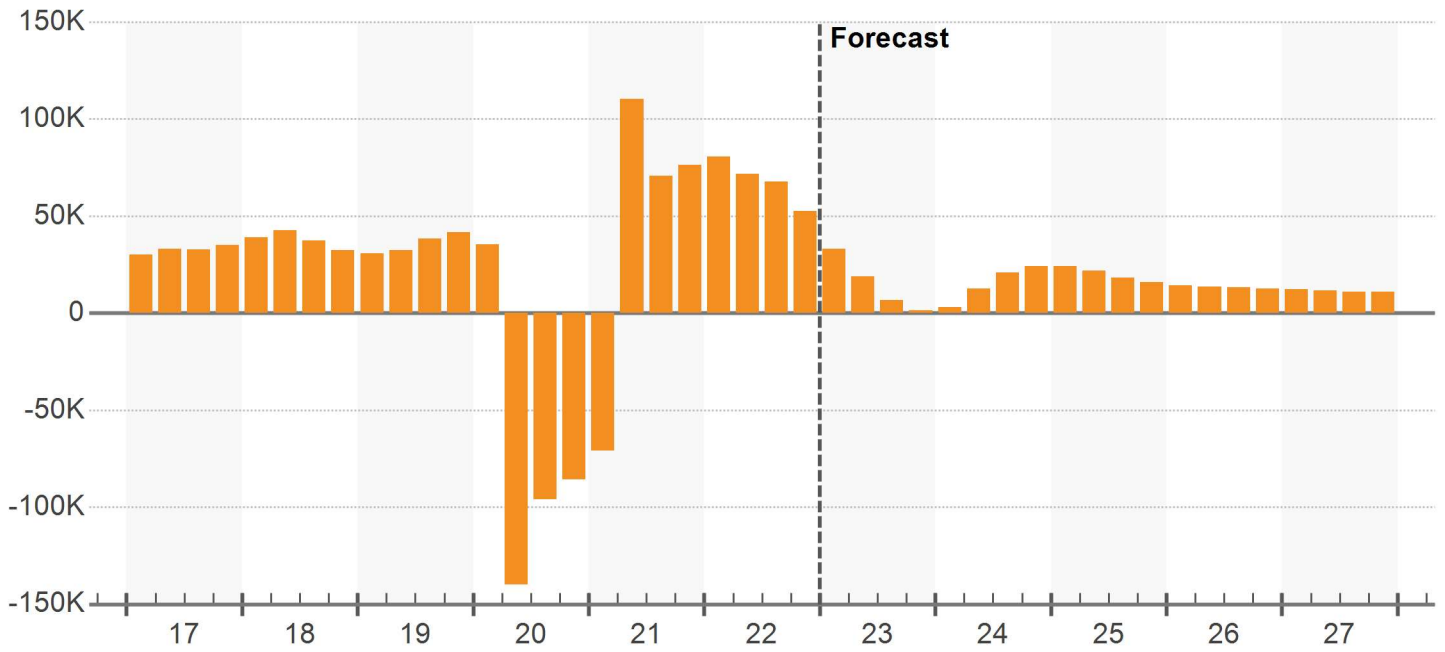


Source: Oxford Economics

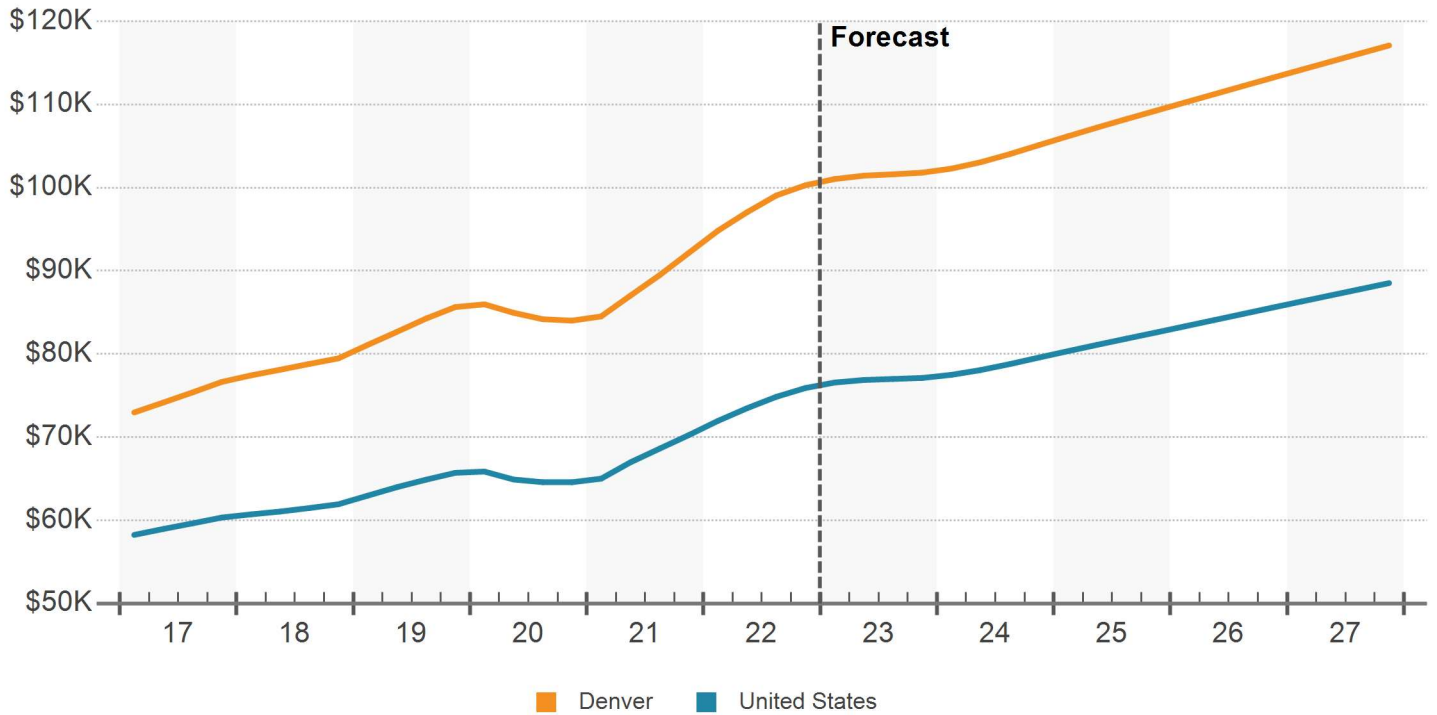
## UNEMPLOYMENT RATE (%)



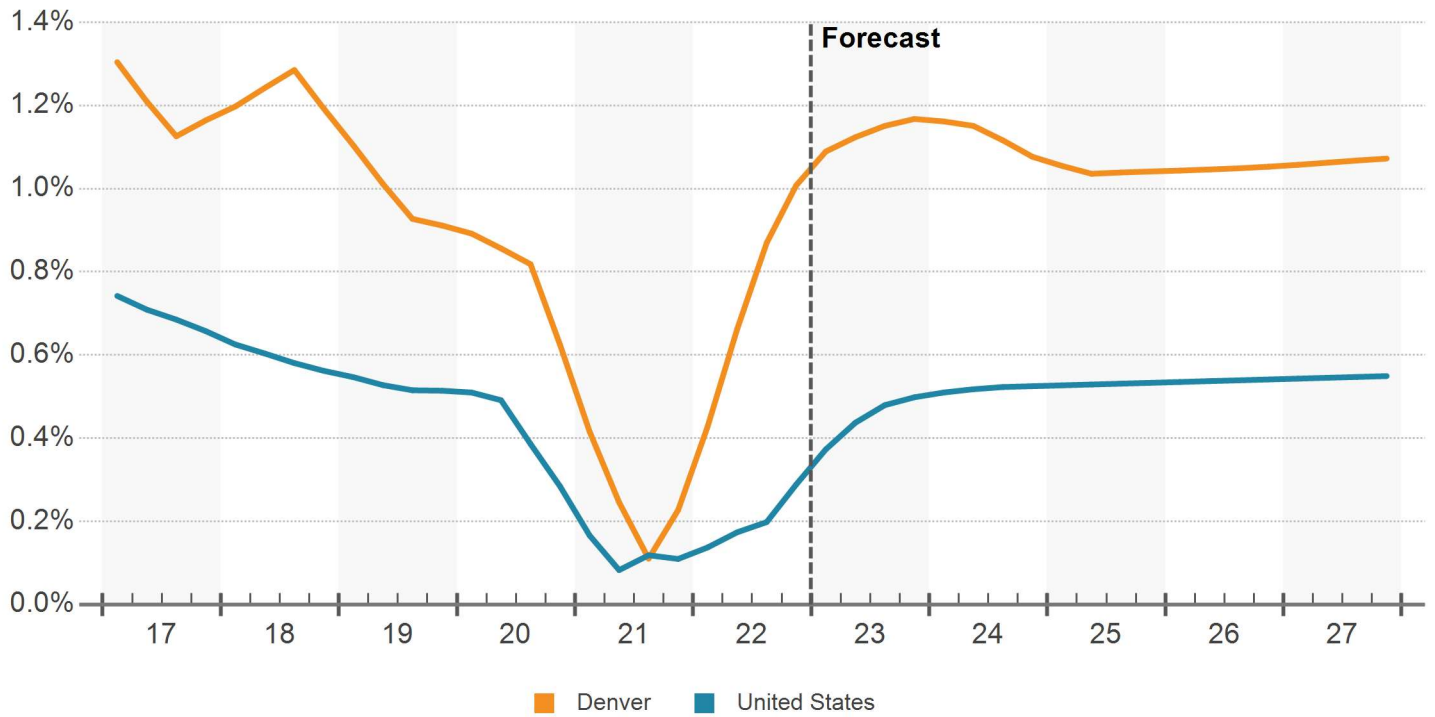
## NET EMPLOYMENT CHANGE (YOY)



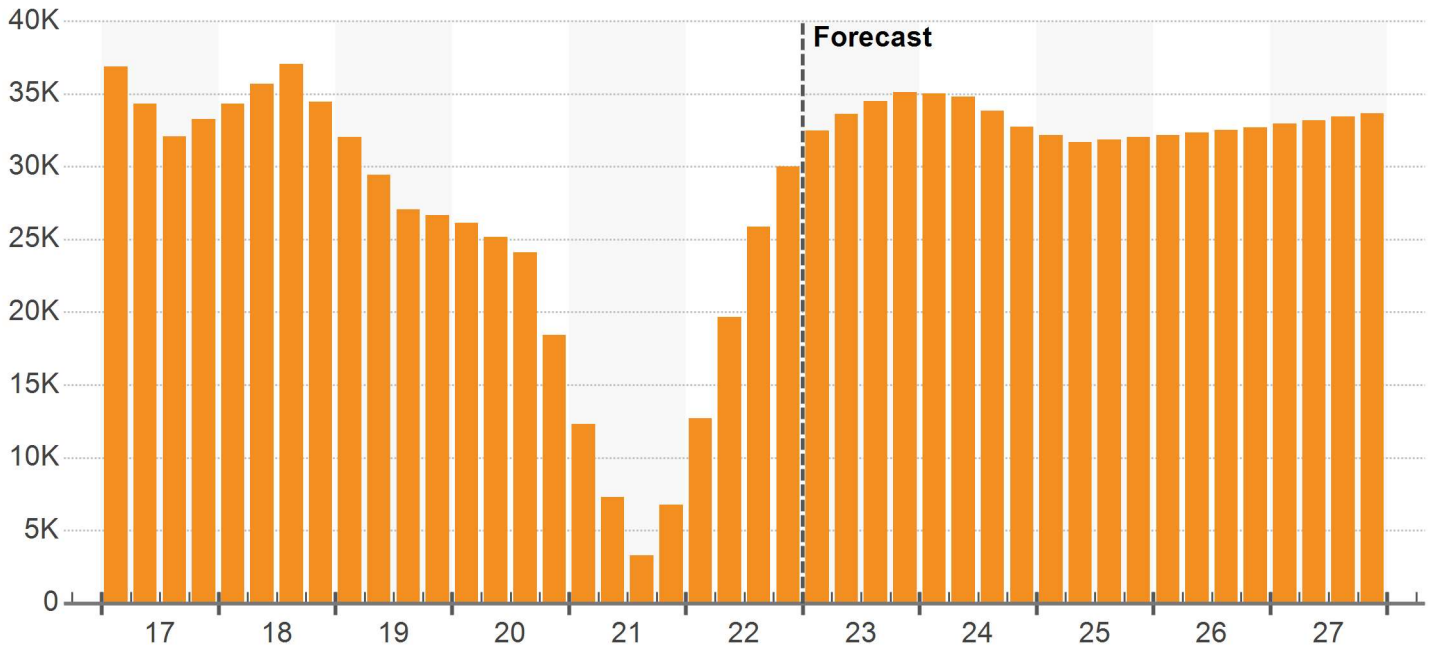
## MEDIAN HOUSEHOLD INCOME



## POPULATION GROWTH (YOY %)



## NET POPULATION CHANGE (YOY)

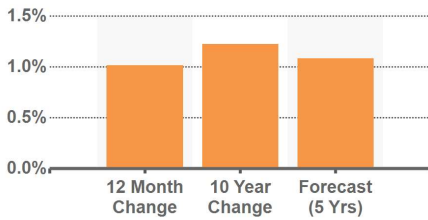


## DEMOGRAPHIC TRENDS

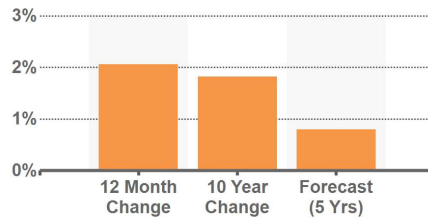
Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	US	Metro	US	Metro	US	Metro	US
Population	3,007,662	332,972,875	1.0%	0.3%	1.2%	0.6%	1.1%	0.5%
Households	1,166,920	124,276,305	1.0%	0.2%	1.3%	0.7%	1.1%	0.5%
Median Household Income	\$100,337	\$75,953	8.7%	7.9%	5.0%	4.0%	3.1%	3.1%
Labor Force	1,729,522	165,207,844	2.1%	1.9%	1.8%	0.6%	0.8%	0.5%
Unemployment	3.2%	3.6%	-1.0%	-0.6%	-0.4%	-0.4%	-	-

Source: Oxford Economics

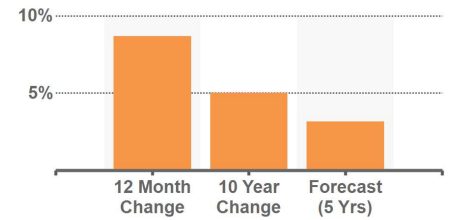
### POPULATION GROWTH



### LABOR FORCE GROWTH



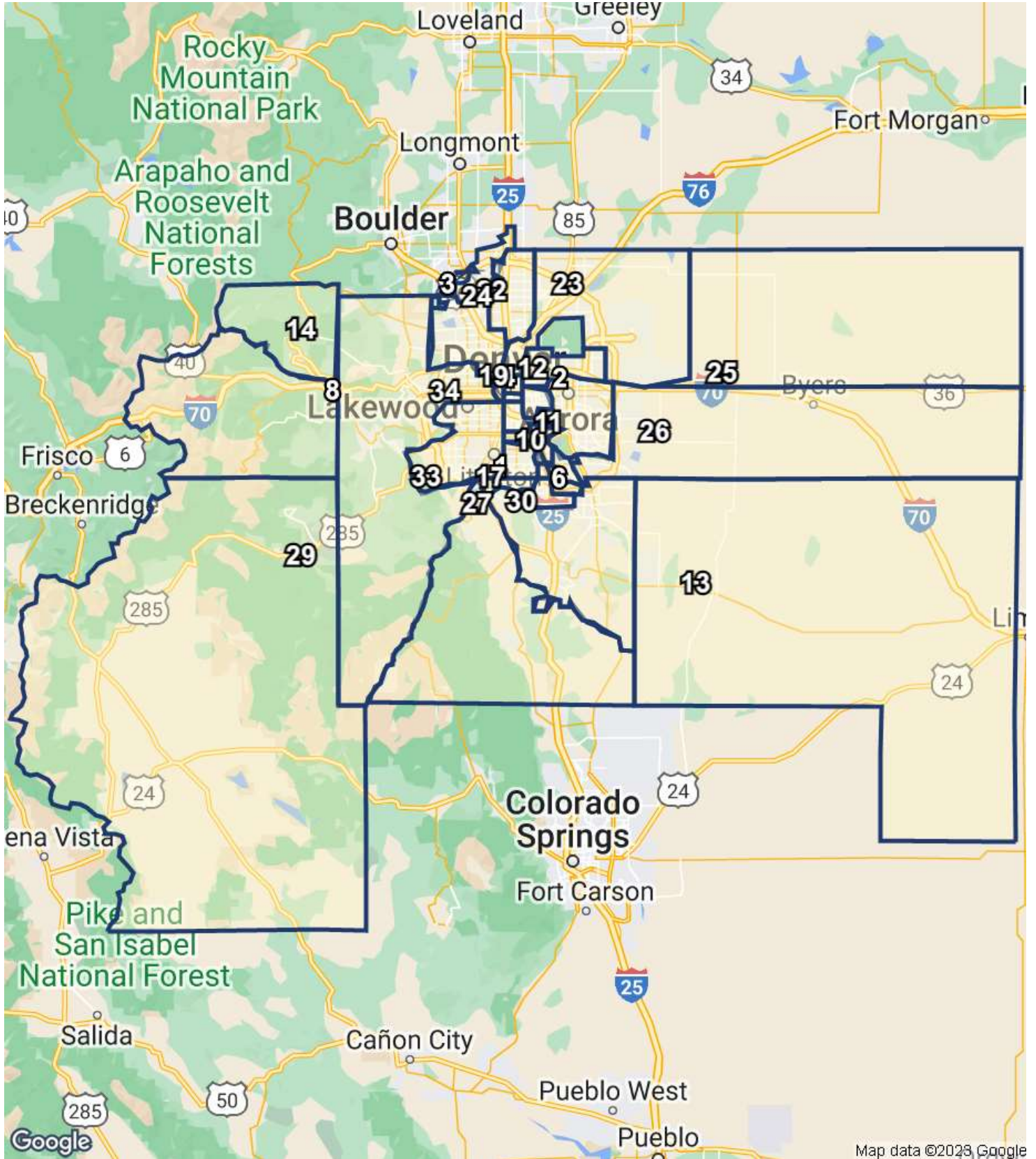
### INCOME GROWTH



Source: Oxford Economics

# Submarkets

## DENVER SUBMARKETS



Map data ©2023, Google



## SUBMARKET INVENTORY

No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	SF (000)	% Market	Rank	Bldgs	SF (000)	Percent	Rank	Bldgs	SF (000)	Percent	Rank
1	Arapahoe Rd	79	1,896	1.0%	27	0	0	0%	-	1	6	0.3%	10
2	Aurora	314	9,358	5.1%	6	0	0	0%	-	2	10	0.1%	8
3	Broomfield County	142	7,165	3.9%	9	0	0	0%	-	0	-	-	-
4	Capitol Hill	458	6,495	3.5%	10	1	37	0.6%	5	0	-	-	-
5	CBD	128	29,064	15.8%	1	0	0	0%	-	1	704	2.4%	1
6	Centennial	88	3,489	1.9%	20	1	4	0.1%	9	1	10	0.3%	9
7	Cherry Creek	133	3,603	2.0%	18	1	2	0.1%	11	4	296	8.2%	5
8	Clear Creek County	16	136	0.1%	29	0	0	0%	-	0	-	-	-
9	Colorado Blvd/I-25	259	5,625	3.1%	12	0	0	0%	-	0	-	-	-
10	Denver Tech Center	110	12,635	6.9%	3	1	130	1.0%	3	0	-	-	-
11	East Hampden	135	3,711	2.0%	17	0	0	0%	-	0	-	-	-
12	East I-70/Montbello	92	3,025	1.6%	23	1	35	1.1%	6	3	243	8.0%	6
13	Elbert County	22	57	0%	32	0	0	0%	-	0	-	-	-
14	Gilpin County	5	25	0%	33	0	0	0%	-	0	-	-	-
15	Glendale	120	5,595	3.0%	13	0	0	0%	-	0	-	-	-
16	Greenwood Village	141	9,786	5.3%	5	0	0	0%	-	1	351	3.6%	3
17	Highlands Ranch	45	2,251	1.2%	25	1	12	0.5%	7	0	-	-	-
18	Inverness	111	6,121	3.3%	11	0	0	0%	-	0	-	-	-
19	LoDo	175	9,303	5.1%	7	0	0	0%	-	0	-	-	-
20	Lone Tree	70	3,511	1.9%	19	2	193	5.5%	2	0	-	-	-
21	Meridian	38	3,472	1.9%	21	0	0	0%	-	0	-	-	-
22	North Denver	184	5,023	2.7%	15	0	0	0%	-	0	-	-	-
23	Northeast Denver	181	2,080	1.1%	26	1	4	0.2%	8	0	-	-	-
24	Northwest Denver	513	7,542	4.1%	8	1	3	0%	10	1	33	0.4%	7
25	Outlying Adams County	6	17	0%	34	0	0	0%	-	0	-	-	-
26	Outlying Arapahoe County	13	250	0.1%	28	0	0	0%	-	0	-	-	-
27	Outlying Douglas County	23	132	0.1%	30	0	0	0%	-	0	-	-	-
28	Panorama/Highland Park	63	3,957	2.1%	16	0	0	0%	-	2	324	8.2%	4
29	Park County	19	60	0%	31	0	0	0%	-	0	-	-	-
30	Parker/Castle Rock	197	2,845	1.5%	24	0	0	0%	-	0	-	-	-
31	Platte River	117	5,461	3.0%	14	2	250	4.6%	1	3	672	12.3%	2
32	South Midtown	256	3,429	1.9%	22	0	0	0%	-	0	-	-	-
33	Southwest Denver	584	10,668	5.8%	4	0	0	0%	-	0	-	-	-
34	West Denver	784	16,306	8.9%	2	3	67	0.4%	4	0	-	-	-

## SUBMARKET RENT

No.	Submarket	Market Rent		12 Month Market Rent		QTD Annualized Market Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
1	Arapahoe Rd	\$24.05	26	1.4%	14	0.4%	13
2	Aurora	\$22.75	29	1.2%	17	-0.8%	21
3	Broomfield County	\$29.71	6	0.9%	21	4.3%	4
4	Capitol Hill	\$27.40	13	1.3%	16	1.6%	6
5	CBD	\$34.42	4	-0.3%	34	5.9%	3
6	Centennial	\$24.08	24	0.8%	23	-0.6%	20
7	Cherry Creek	\$38.19	3	1.6%	10	1.3%	8
8	Clear Creek County	\$24.73	23	1.7%	9	-1.1%	24
9	Colorado Blvd/I-25	\$26.57	17	1.7%	8	-2.2%	31
10	Denver Tech Center	\$29.29	8	0%	33	0.9%	10
11	East Hampden	\$20.89	34	1.2%	18	0.9%	9
12	East I-70/Montbello	\$25.78	19	1.0%	20	-0.3%	17
13	Elbert County	\$22	32	3.4%	3	-2.1%	30
14	Gilpin County	\$22.73	30	4.0%	2	-2.4%	34
15	Glendale	\$26.86	16	1.3%	15	-0.6%	19
16	Greenwood Village	\$27.94	10	0.7%	26	-0.3%	18
17	Highlands Ranch	\$27.57	11	0.7%	27	0.2%	15
18	Inverness	\$25.42	20	0.6%	29	6.9%	1
19	LoDo	\$41.14	2	0.2%	32	2.4%	5
20	Lone Tree	\$29.58	7	0.2%	31	1.4%	7
21	Meridian	\$27.36	14	0.7%	25	0.7%	12
22	North Denver	\$25.23	21	0.9%	22	-1.2%	25
23	Northeast Denver	\$23.40	27	2.2%	5	-1.5%	27
24	Northwest Denver	\$24.05	25	1.9%	6	0.8%	11
25	Outlying Adams County	\$22.05	31	4.0%	1	-2.2%	33
26	Outlying Arapahoe County	\$29.14	9	0.8%	24	-2.2%	32
27	Outlying Douglas County	\$26.22	18	1.4%	13	-1.0%	23
28	Panorama/Highland Park	\$27.29	15	0.6%	28	-1.7%	29
29	Park County	\$23.19	28	2.6%	4	-1.6%	28
30	Parker/Castle Rock	\$31.32	5	1.0%	19	0.2%	14
31	Platte River	\$43.86	1	0.3%	30	6.0%	2
32	South Midtown	\$27.43	12	1.6%	11	-0.9%	22
33	Southwest Denver	\$21.62	33	1.4%	12	-1.2%	26
34	West Denver	\$24.91	22	1.8%	7	0.1%	16

## SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	Arapahoe Rd	170,126	9.0%	13	97,661	5.2%	6	-
2	Aurora	952,647	10.2%	15	(38,882)	-0.4%	26	-
3	Broomfield County	971,740	13.6%	21	109,624	1.5%	5	-
4	Capitol Hill	720,722	11.1%	17	(126,095)	-1.9%	29	-
5	CBD	7,133,805	24.5%	31	(652,698)	-2.2%	34	-
6	Centennial	601,924	17.3%	23	3,758	0.1%	16	1.1
7	Cherry Creek	243,814	6.8%	9	65,491	1.8%	9	0
8	Clear Creek County	1,200	0.9%	2	1,936	1.4%	18	-
9	Colorado Blvd/I-25	695,672	12.4%	18	142,395	2.5%	4	-
10	Denver Tech Center	1,934,808	15.3%	22	221,500	1.8%	2	0.6
11	East Hampden	496,052	13.4%	20	63,741	1.7%	10	-
12	East I-70/Montbello	174,602	5.8%	7	95,097	3.1%	7	-
13	Elbert County	1,992	3.5%	5	621	1.1%	20	-
14	Gilpin County	-	-	-	0	0%	-	-
15	Glendale	974,535	17.4%	24	(160,289)	-2.9%	31	-
16	Greenwood Village	2,073,892	21.2%	29	79,131	0.8%	8	-
17	Highlands Ranch	424,990	18.9%	25	15,662	0.7%	12	0.7
18	Inverness	1,166,973	19.1%	26	9,510	0.2%	13	-
19	LoDo	1,182,179	12.7%	19	(88,083)	-0.9%	28	-
20	Lone Tree	285,043	8.1%	10	268,260	7.6%	1	0.7
21	Meridian	702,381	20.2%	28	(296,528)	-8.5%	33	-
22	North Denver	446,607	8.9%	12	(9,636)	-0.2%	24	-
23	Northeast Denver	42,326	2.0%	3	43,985	2.1%	11	0.1
24	Northwest Denver	692,482	9.2%	14	1,916	0%	19	-
25	Outlying Adams County	-	-	-	0	0%	-	-
26	Outlying Arapahoe County	84,519	33.8%	32	(64,189)	-25.6%	27	-
27	Outlying Douglas County	4,181	3.2%	4	5,396	4.1%	15	-
28	Panorama/Highland Park	765,211	19.3%	27	(222,608)	-5.6%	32	-
29	Park County	426	0.7%	1	(426)	-0.7%	23	-
30	Parker/Castle Rock	160,000	5.6%	6	6,648	0.2%	14	-
31	Platte River	1,197,908	21.9%	30	(149,012)	-2.7%	30	-
32	South Midtown	212,446	6.2%	8	2,147	0.1%	17	-
33	Southwest Denver	912,593	8.6%	11	(13,138)	-0.1%	25	-
34	West Denver	1,713,356	10.5%	16	171,462	1.1%	3	0

# Supply & Demand Trends

Denver Office

## OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	190,013,659	966,515	0.5%	734,122	0.4%	1.3
2026	189,047,144	1,023,485	0.5%	773,638	0.4%	1.3
2025	188,023,659	1,655,471	0.9%	875,299	0.5%	1.9
2024	186,368,188	1,454,254	0.8%	927,855	0.5%	1.6
2023	184,913,934	830,000	0.5%	677,323	0.4%	1.2
YTD	184,095,528	11,594	0%	(262,480)	-0.1%	-
2022	184,083,934	625,964	0.3%	(108,686)	-0.1%	-
2021	183,457,970	1,629,167	0.9%	(1,909,362)	-1.0%	-
2020	181,828,803	1,343,612	0.7%	(3,787,024)	-2.1%	-
2019	180,485,191	1,075,384	0.6%	1,808,888	1.0%	0.6
2018	179,409,807	3,556,734	2.0%	3,144,282	1.8%	1.1
2017	175,853,073	2,317,645	1.3%	1,764,866	1.0%	1.3
2016	173,535,428	973,769	0.6%	1,203,715	0.7%	0.8
2015	172,561,659	1,769,132	1.0%	2,791,607	1.6%	0.6
2014	170,792,527	851,166	0.5%	1,983,652	1.2%	0.4
2013	169,941,361	752,819	0.4%	1,854,605	1.1%	0.4
2012	169,188,542	519,377	0.3%	731,797	0.4%	0.7
2011	168,669,165	446,320	0.3%	1,511,635	0.9%	0.3

## 4 & 5 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	86,510,926	1,280,034	1.5%	1,089,277	1.3%	1.2
2026	85,230,892	1,335,193	1.6%	1,132,627	1.3%	1.2
2025	83,895,699	1,964,805	2.4%	1,352,282	1.6%	1.5
2024	81,930,894	1,701,586	2.1%	1,194,932	1.5%	1.4
2023	80,229,308	963,428	1.2%	935,582	1.2%	1.0
YTD	79,277,474	11,594	0%	(309,228)	-0.4%	-
2022	79,265,880	661,290	0.8%	(199,603)	-0.3%	-
2021	78,604,590	1,621,037	2.1%	(1,389,263)	-1.8%	-
2020	76,983,553	1,288,586	1.7%	(1,950,274)	-2.5%	-
2019	75,694,967	1,011,906	1.4%	1,903,575	2.5%	0.5
2018	74,683,061	3,754,108	5.3%	3,507,507	4.7%	1.1
2017	70,928,953	2,066,870	3.0%	773,323	1.1%	2.7
2016	68,862,083	727,318	1.1%	173,842	0.3%	4.2
2015	68,134,765	1,390,885	2.1%	1,260,847	1.9%	1.1
2014	66,743,880	1,035,436	1.6%	1,202,582	1.8%	0.9
2013	65,708,444	927,169	1.4%	1,613,362	2.5%	0.6
2012	64,781,275	377,676	0.6%	297,667	0.5%	1.3
2011	64,403,599	399,784	0.6%	1,355,383	2.1%	0.3



# Supply & Demand Trends

Denver Office

## 3 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	73,475,851	114	0%	(37,387)	-0.1%	-
2026	73,475,737	119	0%	(43,214)	-0.1%	-
2025	73,475,618	114	0%	(138,495)	-0.2%	-
2024	73,475,504	59,125	0.1%	63,440	0.1%	0.9
2023	73,416,379	165,869	0.2%	33,956	0%	4.9
YTD	73,250,510	0	0%	13,632	0%	0
2022	73,250,510	65,817	0.1%	8,044	0%	8.2
2021	73,184,693	74,380	0.1%	(609,809)	-0.8%	-
2020	73,110,313	176,736	0.2%	(1,373,371)	-1.9%	-
2019	72,933,577	149,775	0.2%	272,858	0.4%	0.5
2018	72,783,802	(74,409)	-0.1%	(336,097)	-0.5%	-
2017	72,858,211	356,171	0.5%	835,998	1.1%	0.4
2016	72,502,040	342,773	0.5%	927,712	1.3%	0.4
2015	72,159,267	692,748	1.0%	1,003,957	1.4%	0.7
2014	71,466,519	(48,479)	-0.1%	612,346	0.9%	-
2013	71,514,998	(19,546)	0%	362,406	0.5%	-
2012	71,534,544	278,504	0.4%	257,624	0.4%	1.1
2011	71,256,040	159,396	0.2%	(11,731)	0%	-

## 1 & 2 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2027	30,026,882	(313,633)	-1.0%	(317,768)	-1.1%	-
2026	30,340,515	(311,827)	-1.0%	(315,775)	-1.0%	-
2025	30,652,342	(309,448)	-1.0%	(338,488)	-1.1%	-
2024	30,961,790	(306,457)	-1.0%	(330,517)	-1.1%	-
2023	31,268,247	(299,297)	-0.9%	(292,215)	-0.9%	-
YTD	31,567,544	0	0%	33,116	0.1%	0
2022	31,567,544	(101,143)	-0.3%	82,873	0.3%	-
2021	31,668,687	(66,250)	-0.2%	89,710	0.3%	-
2020	31,734,937	(121,710)	-0.4%	(463,379)	-1.5%	-
2019	31,856,647	(86,297)	-0.3%	(367,545)	-1.2%	-
2018	31,942,944	(122,965)	-0.4%	(27,128)	-0.1%	-
2017	32,065,909	(105,396)	-0.3%	155,545	0.5%	-
2016	32,171,305	(96,322)	-0.3%	102,161	0.3%	-
2015	32,267,627	(314,501)	-1.0%	526,803	1.6%	-
2014	32,582,128	(135,791)	-0.4%	168,724	0.5%	-
2013	32,717,919	(154,804)	-0.5%	(121,163)	-0.4%	-
2012	32,872,723	(136,803)	-0.4%	176,506	0.5%	-
2011	33,009,526	(112,860)	-0.3%	167,983	0.5%	-

## OVERALL RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$30.81	134	1.2%	6.5%	28,714,998	15.1%	0%
2026	\$30.45	133	1.3%	5.3%	28,480,260	15.1%	0.1%
2025	\$30.07	131	1.7%	3.9%	28,228,170	15.0%	0.3%
2024	\$29.58	129	1.5%	2.2%	27,446,283	14.7%	0.2%
2023	\$29.14	127	0.7%	0.7%	26,923,626	14.6%	0%
YTD	\$28.94	126	0.7%	0%	27,141,152	14.7%	0.1%
2022	\$28.93	126	0.7%	0%	26,867,078	14.6%	0.4%
2021	\$28.72	125	1.0%	-0.7%	26,132,428	14.2%	1.8%
2020	\$28.43	124	-0.2%	-1.7%	22,593,899	12.4%	2.8%
2019	\$28.49	124	3.7%	-1.5%	17,457,263	9.7%	-0.5%
2018	\$27.47	120	4.2%	-5.0%	18,196,633	10.1%	0%
2017	\$26.35	115	3.9%	-8.9%	17,868,508	10.2%	0.2%
2016	\$25.37	111	1.3%	-12.3%	17,203,078	9.9%	-0.2%
2015	\$25.04	109	4.5%	-13.4%	17,532,933	10.2%	-0.7%
2014	\$23.96	105	5.8%	-17.2%	18,554,761	10.9%	-0.7%
2013	\$22.65	99	4.9%	-21.7%	19,689,429	11.6%	-0.7%
2012	\$21.59	94	4.7%	-25.4%	20,791,215	12.3%	-0.2%
2011	\$20.62	90	2.0%	-28.7%	21,003,635	12.5%	-0.7%

## 4 & 5 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$35.44	127	1.0%	5.0%	16,806,217	19.4%	-0.1%
2026	\$35.10	126	1.0%	4.0%	16,616,351	19.5%	-0.1%
2025	\$34.74	125	1.4%	2.9%	16,414,687	19.6%	0.3%
2024	\$34.26	123	1.3%	1.5%	15,803,057	19.3%	0.2%
2023	\$33.83	122	0.6%	0.2%	15,297,286	19.1%	-0.3%
YTD	\$33.66	121	0.3%	-0.3%	15,704,829	19.8%	0.4%
2022	\$33.63	121	0.3%	-0.3%	15,384,007	19.4%	0.9%
2021	\$33.55	121	0.2%	-0.6%	14,523,114	18.5%	3.5%
2020	\$33.48	120	-0.8%	-0.8%	11,512,814	15.0%	4.0%
2019	\$33.75	121	4.9%	0%	8,273,954	10.9%	-1.3%
2018	\$32.17	116	4.6%	-4.7%	9,165,489	12.3%	-0.4%
2017	\$30.75	111	3.2%	-8.9%	8,985,022	12.7%	1.7%
2016	\$29.81	107	-1.5%	-11.7%	7,578,824	11.0%	0.5%
2015	\$30.27	109	4.0%	-10.3%	7,124,630	10.5%	0%
2014	\$29.12	105	6.3%	-13.7%	6,994,592	10.5%	-0.4%
2013	\$27.40	99	3.9%	-18.8%	7,163,920	10.9%	-1.2%
2012	\$26.36	95	5.9%	-21.9%	7,850,113	12.1%	0.1%
2011	\$24.88	89	3.2%	-26.3%	7,770,104	12.1%	-1.6%

## 3 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$28.48	141	1.3%	7.3%	9,753,254	13.3%	0.1%
2026	\$28.10	139	1.4%	5.9%	9,715,755	13.2%	0.1%
2025	\$27.71	138	1.8%	4.4%	9,672,425	13.2%	0.2%
2024	\$27.21	135	1.6%	2.5%	9,533,818	13.0%	0%
2023	\$26.77	133	0.8%	0.8%	9,538,135	13.0%	0.2%
YTD	\$26.55	132	0.2%	0%	9,388,136	12.8%	0%
2022	\$26.55	132	0.3%	0%	9,401,768	12.8%	0.1%
2021	\$26.48	131	1.2%	-0.3%	9,343,995	12.8%	0.9%
2020	\$26.17	130	1.4%	-1.4%	8,659,806	11.8%	2.1%
2019	\$25.81	128	2.4%	-2.8%	7,103,699	9.7%	-0.2%
2018	\$25.21	125	3.8%	-5.0%	7,232,782	9.9%	0.3%
2017	\$24.28	121	4.6%	-8.5%	6,989,287	9.6%	-0.7%
2016	\$23.22	115	4.3%	-12.5%	7,469,114	10.3%	-0.9%
2015	\$22.27	111	5.3%	-16.1%	8,054,680	11.2%	-0.5%
2014	\$21.15	105	5.1%	-20.3%	8,365,889	11.7%	-0.9%
2013	\$20.12	100	5.8%	-24.2%	9,026,714	12.6%	-0.5%
2012	\$19.01	94	3.8%	-28.4%	9,408,666	13.2%	0%
2011	\$18.32	91	1.2%	-31.0%	9,387,786	13.2%	0.2%

## 1 & 2 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2027	\$24.24	145	1.6%	8.8%	2,155,527	7.2%	0.1%
2026	\$23.86	143	1.7%	7.0%	2,148,154	7.1%	0.1%
2025	\$23.46	141	2.1%	5.3%	2,141,058	7.0%	0.2%
2024	\$22.97	138	1.9%	3.1%	2,109,408	6.8%	0.1%
2023	\$22.54	135	1.1%	1.1%	2,088,205	6.7%	0.1%
YTD	\$22.28	134	3.7%	0%	2,048,187	6.5%	-0.1%
2022	\$22.28	134	3.9%	0%	2,081,303	6.6%	-0.6%
2021	\$21.44	129	4.2%	-3.8%	2,265,319	7.2%	-0.5%
2020	\$20.59	123	-2.4%	-7.6%	2,421,279	7.6%	1.1%
2019	\$21.09	126	2.6%	-5.4%	2,079,610	6.5%	0.9%
2018	\$20.56	123	4.0%	-7.7%	1,798,362	5.6%	-0.3%
2017	\$19.77	119	4.8%	-11.3%	1,894,199	5.9%	-0.8%
2016	\$18.87	113	5.1%	-15.3%	2,155,140	6.7%	-0.6%
2015	\$17.96	108	4.8%	-19.4%	2,353,623	7.3%	-2.5%
2014	\$17.14	103	5.6%	-23.1%	3,194,280	9.8%	-0.9%
2013	\$16.23	97	6.7%	-27.2%	3,498,795	10.7%	-0.1%
2012	\$15.22	91	2.0%	-31.7%	3,532,436	10.7%	-0.9%
2011	\$14.91	89	-0.6%	-33.1%	3,845,745	11.7%	-0.8%

## OVERALL SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$275.37	195	7.1%
2026	-	-	-	-	-	-	\$271.72	192	7.1%
2025	-	-	-	-	-	-	\$268.04	190	7.0%
2024	-	-	-	-	-	-	\$263.17	186	7.0%
2023	-	-	-	-	-	-	\$257.42	182	7.1%
YTD	3	\$600K	0%	\$600,000	\$301.20	5.2%	\$259	183	7.0%
2022	445	\$2.4B	5.6%	\$6,780,821	\$269.86	6.2%	\$258.75	183	7.0%
2021	561	\$2.9B	7.6%	\$6,216,163	\$232.25	6.7%	\$248.86	176	7.1%
2020	366	\$2.1B	5.2%	\$7,517,651	\$249.84	6.6%	\$235.92	167	7.2%
2019	432	\$2.5B	8.0%	\$7,317,009	\$193.94	6.9%	\$234.92	166	7.1%
2018	429	\$3.2B	8.0%	\$9,473,453	\$251.29	6.7%	\$234.83	166	7.0%
2017	463	\$2.3B	7.1%	\$6,159,744	\$197.81	7.1%	\$220.59	156	6.9%
2016	465	\$2.1B	8.2%	\$5,250,947	\$162.19	7.1%	\$212.48	150	6.9%
2015	468	\$2.8B	9.8%	\$6,726,493	\$174.76	7.2%	\$210.62	149	6.8%
2014	516	\$2.7B	10.2%	\$6,210,299	\$159.72	7.7%	\$197.30	140	6.9%
2013	455	\$2.5B	9.1%	\$6,232,040	\$172.67	7.6%	\$180.57	128	7.2%
2012	364	\$1.7B	7.5%	\$5,789,908	\$139.82	7.3%	\$166.68	118	7.5%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

## 4 & 5 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$337.46	191	6.7%
2026	-	-	-	-	-	-	\$333.65	189	6.7%
2025	-	-	-	-	-	-	\$329.82	187	6.7%
2024	-	-	-	-	-	-	\$324.50	184	6.7%
2023	-	-	-	-	-	-	\$317.93	180	6.7%
YTD	-	-	-	-	-	-	\$320.58	182	6.6%
2022	29	\$1.3B	5.0%	\$55,476,599	\$351.92	6.2%	\$320.42	182	6.6%
2021	59	\$1.6B	8.1%	\$33,131,075	\$279.71	5.4%	\$309.78	176	6.7%
2020	29	\$1.5B	5.9%	\$65,818,931	\$336.84	6.5%	\$291.20	165	6.8%
2019	48	\$1.6B	10.2%	\$36,428,322	\$229.54	6.1%	\$289.06	164	6.8%
2018	43	\$2B	8.0%	\$61,095,484	\$332.58	5.7%	\$294.25	167	6.6%
2017	37	\$1.3B	6.8%	\$37,360,757	\$284.46	6.5%	\$273.62	155	6.6%
2016	40	\$1.1B	9.3%	\$34,156,164	\$186.43	6.3%	\$261.69	148	6.6%
2015	48	\$1.4B	9.9%	\$32,314,555	\$211.08	6.9%	\$262.88	149	6.4%
2014	57	\$1.8B	11.8%	\$35,405,602	\$226.32	6.6%	\$246.67	140	6.5%
2013	58	\$1.7B	12.9%	\$34,068,916	\$222.65	6.7%	\$225.97	128	6.8%
2012	37	\$1.2B	9.8%	\$44,596,610	\$193.74	7.5%	\$209.95	119	7.1%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.



## 3 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$237.57	197	7.2%
2026	-	-	-	-	-	-	\$234.03	194	7.2%
2025	-	-	-	-	-	-	\$230.46	191	7.2%
2024	-	-	-	-	-	-	\$225.88	187	7.2%
2023	-	-	-	-	-	-	\$220.67	183	7.2%
YTD	2	\$0	0.1%	-	-	5.2%	\$221.65	183	7.2%
2022	191	\$825.4M	6.5%	\$5,653,533	\$217.86	6.1%	\$221.45	183	7.2%
2021	207	\$905.3M	7.0%	\$5,086,010	\$200.11	6.7%	\$211.22	175	7.2%
2020	137	\$436.4M	4.9%	\$3,967,719	\$151.31	6.8%	\$201.53	167	7.3%
2019	165	\$656.3M	6.5%	\$4,756,123	\$153.46	7.0%	\$200.76	166	7.3%
2018	182	\$978.7M	8.3%	\$6,524,613	\$190.36	6.8%	\$197.49	163	7.2%
2017	180	\$703.1M	6.9%	\$4,849,207	\$147.04	7.2%	\$187.54	155	7.1%
2016	188	\$763.9M	7.7%	\$4,658,034	\$151.72	7.4%	\$182.30	151	7.1%
2015	190	\$1.1B	10.3%	\$6,228,558	\$153.02	7.6%	\$178.13	147	7.0%
2014	234	\$753.5M	10.2%	\$3,965,875	\$107.20	7.6%	\$167.31	138	7.1%
2013	168	\$535.3M	6.5%	\$3,850,767	\$123.11	7.9%	\$153.72	127	7.4%
2012	148	\$360.1M	6.7%	\$3,159,186	\$78.90	7.4%	\$141.28	117	7.7%

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## 1 & 2 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$202.49	208	7.6%
2026	-	-	-	-	-	-	\$198.98	204	7.6%
2025	-	-	-	-	-	-	\$195.43	200	7.6%
2024	-	-	-	-	-	-	\$191.04	196	7.6%
2023	-	-	-	-	-	-	\$186.18	191	7.7%
YTD	1	\$600K	0%	\$600,000	\$301.20	-	\$186.35	191	7.6%
2022	225	\$285.5M	5.2%	\$1,559,953	\$199.59	6.3%	\$185.78	191	7.6%
2021	295	\$343.1M	7.7%	\$1,460,149	\$168.45	7.1%	\$178.59	183	7.6%
2020	200	\$184.7M	4.4%	\$1,223,367	\$158.33	6.6%	\$172.74	177	7.7%
2019	219	\$250.7M	6.0%	\$1,519,393	\$146.54	7.2%	\$174.17	179	7.6%
2018	204	\$268.3M	7.1%	\$1,719,742	\$155.73	7.0%	\$167.75	172	7.6%
2017	246	\$280.3M	8.1%	\$1,422,644	\$123.98	7.3%	\$160.11	164	7.5%
2016	237	\$230.3M	6.9%	\$1,112,617	\$115.23	7.0%	\$155.21	159	7.4%
2015	230	\$382.2M	8.7%	\$1,873,308	\$143.53	6.9%	\$150.81	155	7.4%
2014	225	\$196.3M	7.0%	\$991,488	\$90.05	8.8%	\$139.19	143	7.5%
2013	229	\$223M	7.4%	\$1,082,299	\$98.76	8.0%	\$125.41	129	7.9%
2012	179	\$130.5M	4.9%	\$899,756	\$104.15	7.1%	\$113.67	117	8.3%

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