

Path to recovery emerging as net absorption turns positive and vacancy subsides

▼ 26.8%
Total Vacancy Rate

▲ 23.7%
Direct Vacancy Rate

▲ 142K
SF Net Absorption

▼ \$28.70
FSG / Lease Rate

▼ 1.2M
SF Leasing Activity (4-Qtr)

Note: Arrows indicate change from previous quarter.

MARKET SUMMARY

Net absorption turned positive for the first time in two years in Q4 2025, driving a moderate decline in vacancy and indicating signs of an emerging recovery but demand-side fundamentals are still demonstrating some volatility through the lens of leasing activity. Net absorption amounted to positive 142,000 sq. ft. in Q4 2025, a shift from seven straight quarters of negative absorption. For the year, net absorption totaled negative 459,000 sq. ft., a modest improvement from 2024’s negative 517,000 sq. ft. Total vacancy declined 40 basis points in Q4 2025 and posted a slight increase of just 80 basis points year-over-year. Sublease availability declined 152,000 sq. ft. in Q4 2025, falling to 1.7 million sq. ft. The average direct asking rent softened slightly quarter-over-quarter to \$28.70 per sq. ft. FSG, while remaining essentially flat year-over-year.

Rolling four-quarter leasing activity decreased 29.3% to 1.2 million sq. ft., compared to 1.7 million sq. ft. seen a year earlier and despite a resurgence in Q4 when activity rose 61.1% quarter-over-quarter. The submarket’s construction pipeline remained at a standstill, with the trend unlikely to change in 2026 given persistent softer demand among larger users that necessitates preleasing along with elevated construction and capital costs. Planned office-to-residential conversions will offer incremental supply relief over time, allowing for a greater balance between supply and demand in 2026.

Figure 1: Micromarket Statistics

	Arapahoe South	Centennial Airport	DTC	East Hampden Corridor	Greenwood Plaza	Inverness	Meridian/Ridgegate	Other Southeast	Panorama/Highland Park
Total NRA (SF)	1,457,835	1,352,095	10,028,209	1,098,555	8,271,183	3,626,463	2,847,782	370,870	2,191,154
Direct Vacant (%)	10.2	44.8	19.8	19.4	24.8	34.0	24.8	13.1	18.4
Total Vacant (%)	10.3	46.3	23.5	19.4	29.3	34.7	24.8	13.1	26.3
Sublease Available (SF)	10,899	31,987	700,192	1,629	496,860	169,925	71,555	13,064	186,885
Total Net Absorption (SF)	11,915	8,453	110,809	(20,585)	58,930	(8,159)	77,315	1,506	(98,654)
Average Direct Asking Rent (\$)	19.78	19.33	31.76	18.86	29.53	30.73	27.18	28.15	28.37

Source: CBRE Research Q4 2025

Vacancy

Total vacancy in the Southeast submarket was essentially flat quarter-over-quarter, falling a slight 40 basis points (bps) to 26.8%. After hovering around 26.0% throughout 2025, total vacancy was up 80 bps year-over-year. Direct vacancy saw an increase of 50 bps quarter-over-quarter and 200 bps year-over-year to 23.7%. For the fourth consecutive quarter, the Meridian/Ridgeway micromarket had the largest decrease in total vacancy in the Southeast submarket and was down from 35.9% a year ago to 24.8%. In the Southeast’s largest micromarket, DTC, total vacancy rose 210 bps year-over-year to 23.5%.

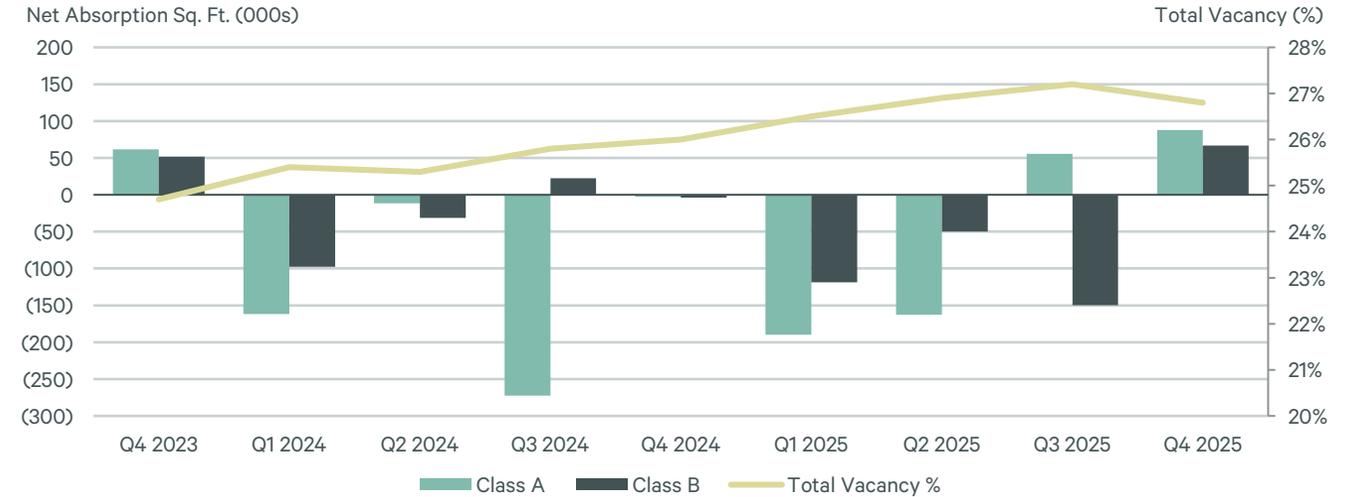
Net Absorption

The Southeast submarket had positive 142,000 sq. ft of total net absorption in Q4 2025, reducing the year-end total to negative 459,000 sq. ft. This represents a sizable improvement from the negative 93,000 sq. ft. recorded in Q3 2025. This quarter’s positive net absorption was driven by numerous tenants occupying new space and committing to the submarket long-term. The DTC micromarket recorded the submarket’s highest positive net absorption at 111,000 sq. ft. Class A properties continue to see improvement with positive net absorption of 88,000 sq. ft, while Class B trailed just behind at 67,000 sq. ft of positive net absorption in Q4 2025.

Sublease Availability

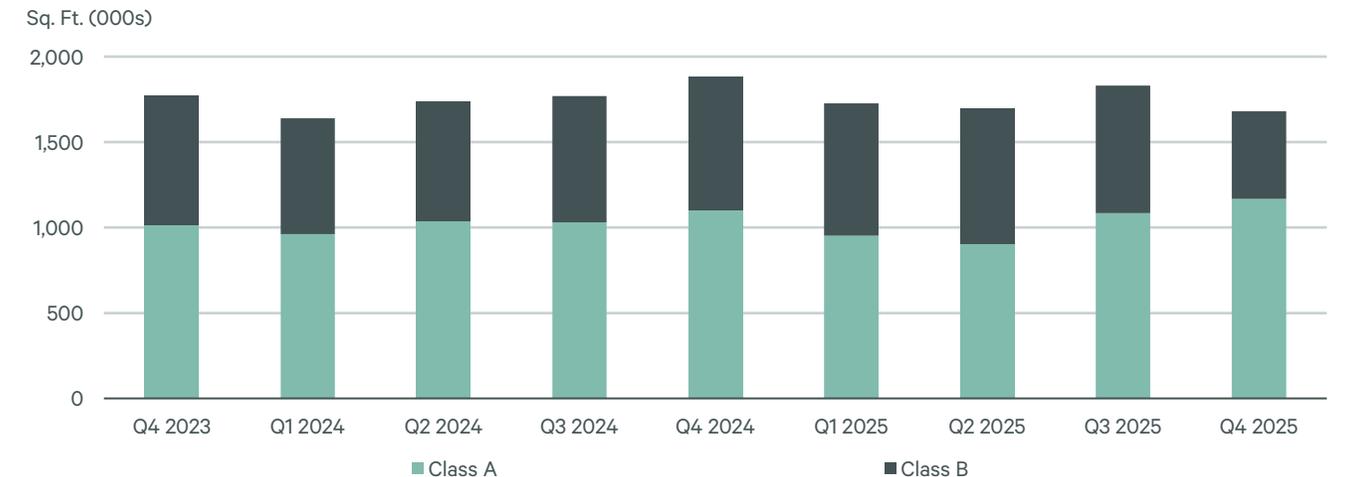
Sublease availability saw a decrease of 152,000 sq. ft. in Q4 2025, totaling 1.7 million sq. ft. This shows significant improvement year-over-year, declining by 199,000 sq. ft. or 10.6% since Q4 2024. This quarter’s decline in sublease activity reflects several larger availabilities expiring and going direct. The largest new listing in Q4 2025 belonged to Delta Dental of Colorado, which listed 55,000 sq. ft. across two floors at 6465 Greenwood Plaza Blvd. Computershare’s listing at 6200 S Quebec St remains the largest availability on the market at 283,000 sq. ft. Class A availability increased 6.2% year-over-year, while Class B decreased sharply by 34.5%. Sublease availability accounted for 16.5% of the submarket’s total availability, down from the 18.4% last quarter.

Figure 2: Total Net Absorption by Class and Total Vacancy %



Source: CBRE Research Q4 2025

Figure 3: Sublease Availability by Class



Source: CBRE Research Q4 2025

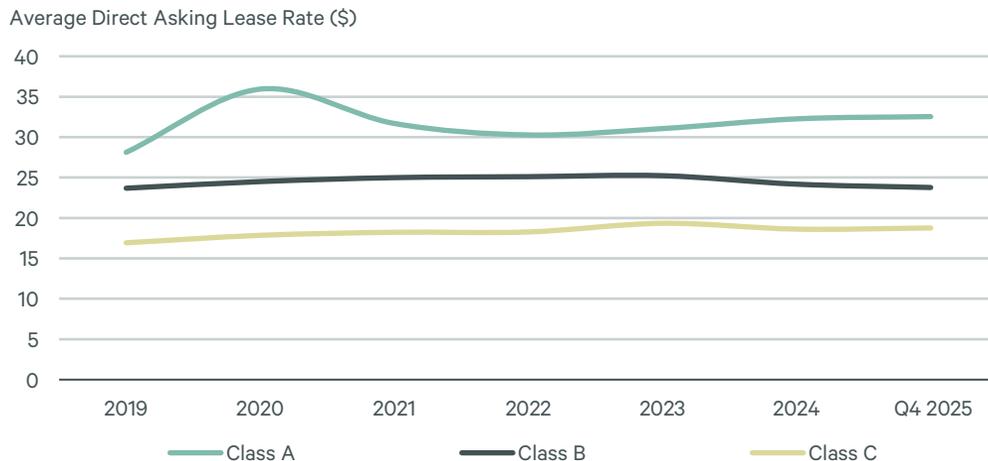
Leasing Activity

In Q4 2025, rolling four-quarter leasing activity totaled 1.2 million sq. ft across 58 transactions. This marked a slight decline of 85,000 sq. ft. or 6.5% from the previous quarter. Year-over-year, leasing activity experienced a notable decline of 509,000 sq. ft. or 29.3%, largely due to a more limited presence of larger renewal transactions. New leases totaled 813,000 sq. ft or 66.3% of the rolling four-quarter total. Class A properties accounted for 79.5% of the rolling four-quarter total, reinforcing occupiers' continued desire for better quality space. The decline in overall leasing activity in the Southeast submarket followed the trend seen across metro Denver, which saw an annual decline of 21.8% in Q4 2025.

Average Asking Rents

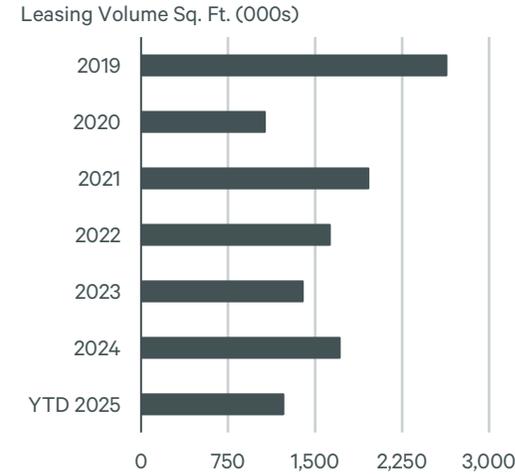
Southeast Denver's average direct asking rent fell slightly in Q4 2025 to \$28.70 per sq. ft. FSG, while remaining essentially unchanged year-over-year. Class A rents experienced a slight increase year-over-year to \$32.54 per sq. ft. FSG, while Class B asking rents decreased 1.7% year-over-year to \$23.77 per sq. ft. FSG.

Figure 4: Average Asking Direct Rent By Class



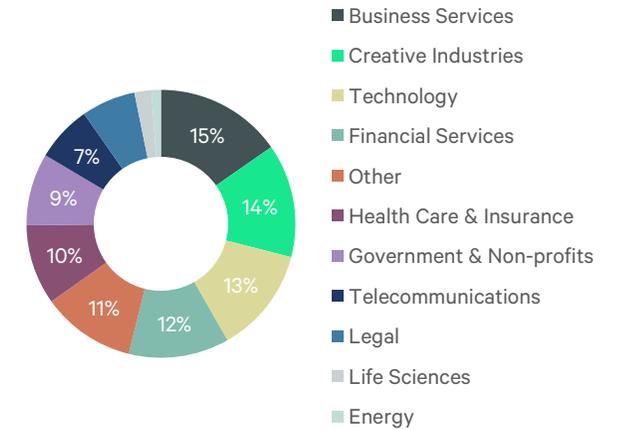
Source: CBRE Research Q4 2025

Figure 5: Annual Leasing Volume



Source: CBRE Research Q4 2025

Figure 6: Leasing Activity by Industry (Q1 2025 – Q4 2025)



Source: CBRE Research Q4 2025

Figure 7: Top Lease Transactions

Lease Type	Tenant	SF	Address	Micromarket	Sublease
New Lease	AT&T Services	34,000	7670 S Chester St	Panorama/Highland Park	N
New Lease	Applied Control Equipment	30,000	7958 S Chester St	Panorama/Highland Park	N
New Lease	Amerita	25,000	7475 S Joliet St	Inverness	N
New Lease	Emovis US	24,000	8310 S Valley Hwy	Inverness	N
New Lease	National CineMedia	14,000	6300 S Syracuse Way	Greenwood Plaza	N

Source: CBRE Research Q4 2025

Development

The Southeast development pipeline was again flat in Q4 2025, extending the submarket’s streak to twelve consecutive quarters without a new ground-up start. Since Vectra Bank’s headquarters delivered in Q4 2022, limited preleasing momentum has kept proposed projects on the sidelines. Tighter financing conditions and ongoing market uncertainty continue to temper developer conviction, suggesting 2026 is likely to remain quiet for new construction.

Investment Trends

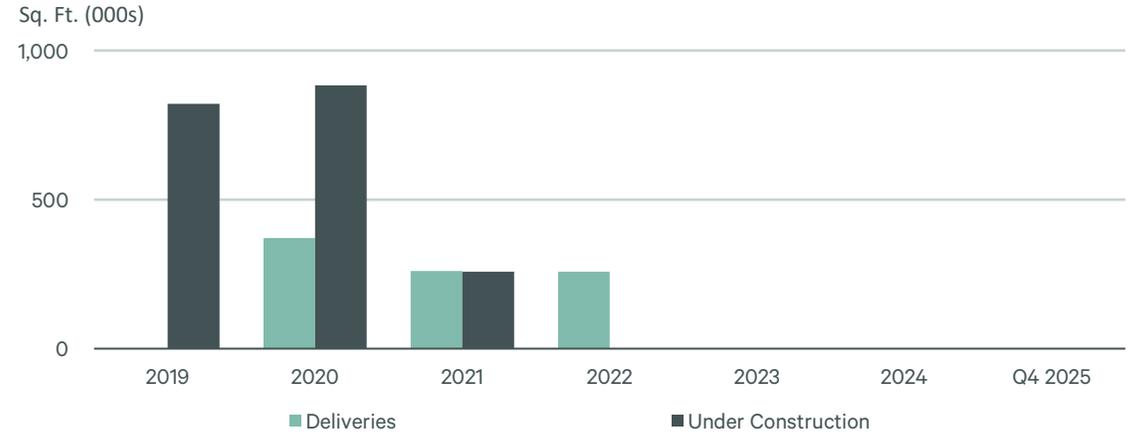
The Southeast submarket recorded five sales transactions in Q4 2025 totaling \$98.7 million in volume. This marked a notable increase from the \$46.8 million recorded in Q3 2025 and brought 2025’s total sales volume to \$183.5 million. Five of the properties were investment sales, with one being poised for mixed-use redevelopment. The highest price per sq. ft. was achieved at 169 Inverness Dr W., which sold for \$242 per sq. ft. Increased investor activity this quarter reflected more renewed confidence in the submarket’s trajectory towards recovery.

Figure 8: Rolling-Four-Quarter Top Transactions

Address	Micromarket	Buyer	Sale Price (\$)	Price per SF (\$)	Sale Date
6060 S Willow Dr	DTC	Easterly Government Properties	28.9 M	209	Q3 2025
169 Inverness Dr W	Inverness	KORE Investments	28.5 M	242	Q4 2025
10770 & 10771 E Easter Ave	Arapahoe South	Sentinel Net Lease	23.0 M	155	Q4 2025
6901 S Havana St	Arapahoe South	The Garrett Co.	22.7 M	164	Q4 2025
8310 S Valley Hwy	Inverness	Woodside Capital Partners	17.9 M	95	Q4 2025

Source: CBRE Research Q4 2025

Figure 9: Historical Deliveries and Under Construction



Source: CBRE Research Q4 2025

Figure 10: Historical Investment Activity



Source: CBRE Research Q4 2025

Market Statistics

Figure 11: Quarterly Statistics by Class

Class A	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Total NRA (SF)	19,021,501	19,031,826	19,031,826	18,904,250	18,904,250	18,737,919	18,602,943	18,602,943	18,604,850
Total Vacant (%)	23.9	24.8	24.8	25.7	25.9	26.3	26.6	26.4	25.9
Sublease Available (SF)	1,014,923	960,611	1,035,032	1,029,501	1,100,008	952,262	904,538	1,085,004	1,168,007
Total Available (%)	30.9	31.2	30.6	31.3	32.8	32.8	31.3	31.5	32.2
Total Net Absorption (SF)	61,647	(161,674)	(11,696)	(272,533)	(2,514)	(189,859)	(162,496)	55,514	87,855
Average Direct Asking Rent (\$)	31.06	31.48	31.52	32.00	32.26	32.85	32.72	32.48	32.54
Class B/C	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Total NRA (SF)	12,665,694	12,665,694	12,665,694	12,665,694	12,665,694	12,665,694	12,665,694	12,638,589	12,639,296
Total Vacant (%)	25.7	26.4	26.2	26.0	26.0	26.9	27.3	28.5	28.1
Sublease Available (SF)	769,522	687,288	701,362	740,354	782,827	775,077	794,535	749,055	514,989
Total Available (%)	32.1	32.3	30.9	31.1	32.1	32.7	32.1	32.5	33.1
Total Net Absorption (SF)	32,756	(83,975)	(383)	17,781	(1,722)	(109,107)	(46,521)	(148,736)	53,675
Average Direct Asking Rent (\$)	24.72	24.85	24.09	23.66	23.69	24.06	23.71	24.01	23.38
Overall	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
Total NRA (SF)	31,687,195	31,697,520	31,697,520	31,569,944	31,569,944	31,403,613	31,268,637	31,241,532	31,244,146
Total Vacant (%)	24.7	25.4	25.3	25.8	26.0	26.5	26.9	27.2	26.8
Sublease Available (SF)	1,784,445	1,647,899	1,736,394	1,769,855	1,882,835	1,727,339	1,699,073	1,834,059	1,682,996
Total Available (%)	31.4	31.6	30.7	31.2	32.5	32.8	31.6	31.9	32.6
Total Net Absorption (SF)	94,403	(245,649)	(12,079)	(254,752)	(4,286)	(298,966)	(209,017)	(92,862)	141,530
Average Direct Asking Rent (\$)	28.54	28.80	28.56	28.78	28.94	29.38	29.08	29.02	28.70

Source: CBRE Research Q3 2025

