Rebound in leasing and sales activity, strong net absorption to end 2025

▼ 7.5% Direct Vacancy Rate

▼ 1.0M SF Total Net Absorption

▼ 0.7M SF Completed

▶ 3.3M SF Under Construction

▶ $10.06 NNN / Asking Rent

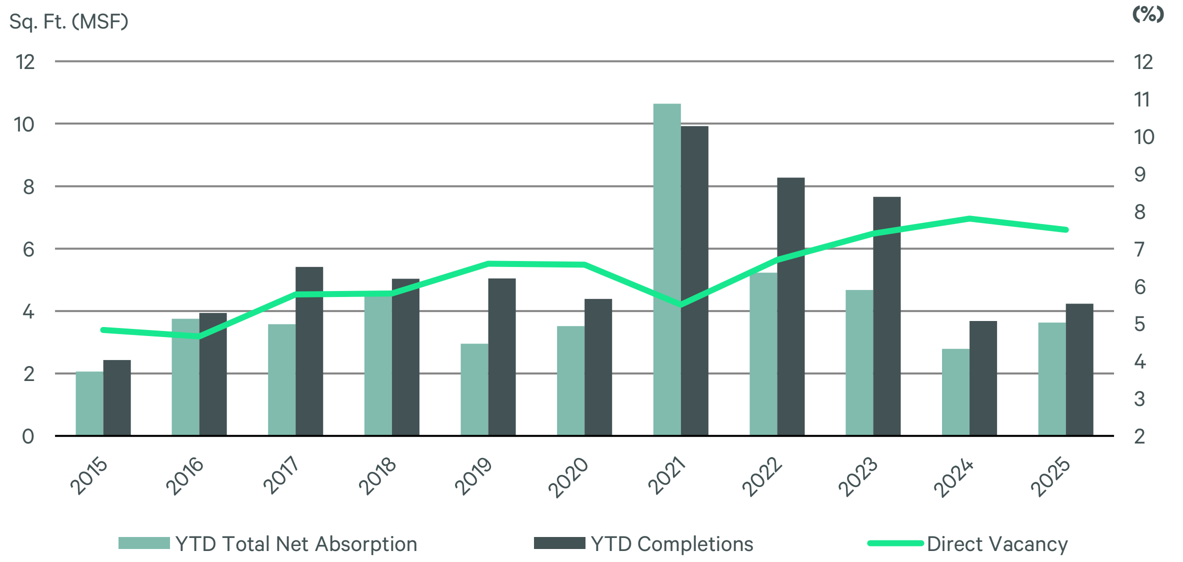
Note: Arrows indicate change from previous quarter.

MARKET SUMMARY

Denver's industrial market performance in Q4 2025 reflected sustained positive fundamentals, with ample net absorption, an uptick in both leasing and sales activity, and moderating vacancy and new construction. Total net absorption reached positive 1.0 million sq. ft. for the quarter and 3.6 million sq. ft. for the year, 32.8% higher than 2024's total. After several large new occupancies boosted net absorption last quarter, Q4's total closely mirrors the quarterly average for the past three years and attests to the resilient and still healthy demand among industrial users. Direct vacancy declined 10 basis points (bps) to 7.5%, indicative of the greater balance between supply and demand as the amount of new speculative construction continues to slow.

The construction pipeline remained largely stable quarter-over-quarter at 3.3 million sq. ft., with 640,000 sq. ft. of new construction breaking ground and 668,000 sq. ft. of deliveries. As new ground breakings slow and deliveries outpace new starts, the construction pipeline is expected to further contract and help put additional downward pressure on vacancy rates. Leasing volume in Q4 2025 totaled 2.9 million sq. ft., the strongest quarter of 2025 that brought the annual total to 10.5 million sq. ft. Industrial sales volume totaled $575 million in Q4, up 17.8% from the previous quarter and pushing the 2025 total 40.6% higher than last year's volume. Owner-user investment activity remained robust, with 2025's volume more than double the previous annual high.

FIGURE 1: Historical Supply & Demand Dynamics



Source: CBRE Research Q4 2025

Net Absorption

Metro Denver posted 958,000 sq. ft. of positive net absorption in Q4 2025, surpassing its early-year performance but trailing Q3's inflated total, which was boosted by two major transactions. Total net absorption in 2025 reached positive 3.6 million sq. ft., surpassing last year's total by nearly 900,000 sq. ft. The largest move-in of Q4 was Food Bank of the Rockies occupying 270,000 sq. ft. at its newly completed build-to-suit at Majestic Commercenter in the Airport submarket. The second largest move-in of the quarter was National Tire Warehouse, which commenced its 265,000 sq. ft. lease at Airways Business Center Building 3, also in the Airport submarket. The two largest move-outs of the quarter were Home Depot vacating 220,000 sq. ft. that they made available for sublease at Prologis Park 70 Building 4, and American Building Supply vacating 133,000 sq. ft. at Prologis Business Center Building 2, both in the Airport submarket. The Airport submarket had the highest amount of positive total net absorption in Q4 2025 with 1.8 million sq. ft., followed by the I-76 Corridor with 1.3 million sq. ft. and the North with 1.2 million sq. ft.

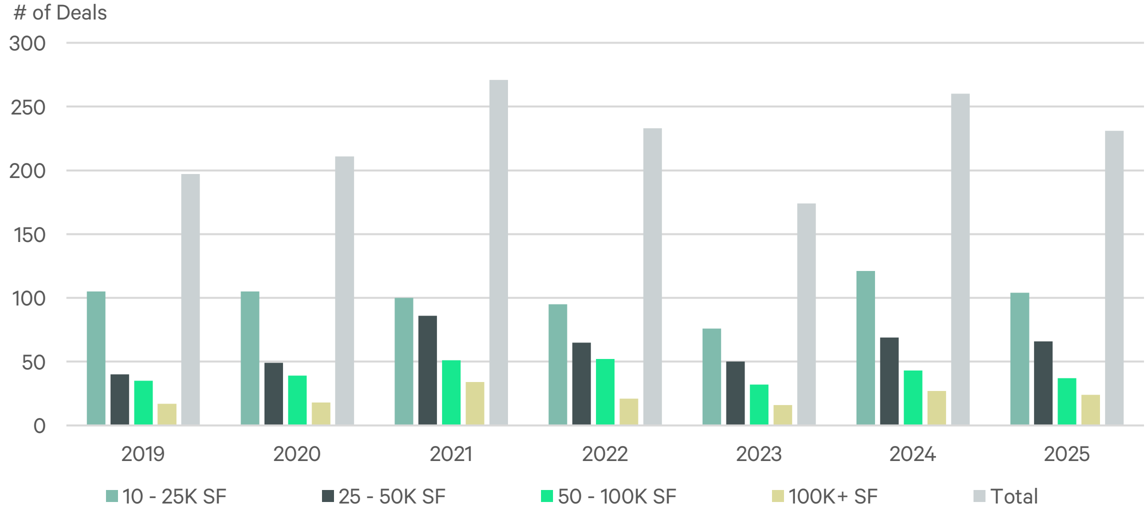
Vacancy and Availability

Vacancy and availability were largely stable in Q4 2025, with direct vacancy falling a slight 10 bps to 7.5% and total availability dropping 20 bps to 9.8%. Direct vacancy has been consistently declining since its peak of 7.9% in Q1, moving past the plateau and showing signs of downward momentum. The North and Northwest submarkets saw the largest decrease in direct vacancy after falling 50 bps quarter-over quarter to 10.8% and 12.1%, respectively. Given the its relatively smaller size, the submarket's recent activity had an outsized impact on vacancy but only a subtle impact on the overall market. Availability posted its largest decrease in the I-76 Corridor submarket, dropping 80 bps quarter-over-quarter to 14.1%, driven by several leases signing but not yet occupying in Q4. Sublease availability remained stable at 1.4% in Q4 2025.

Average Asking & Achieved Rents

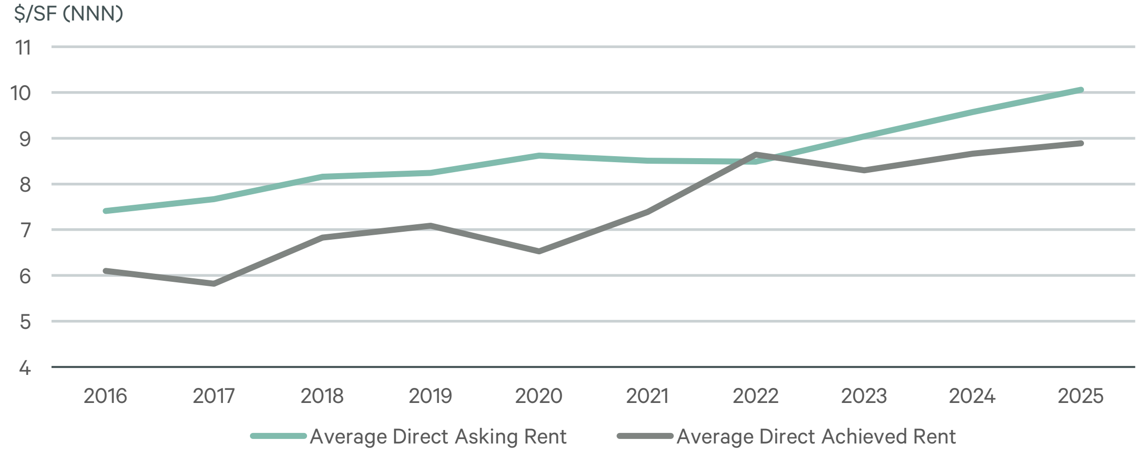
The overall average direct asking rent reached $10.06 per sq. ft., a slight 0.4% increase compared to Q3 2025 and a 4.8% increase year-over-year. The highest increase was seen in the Southeast submarket, where asking rents rose 4.0% quarter-over-quarter to $11.68 per sq. ft. Achieved rents climbed to an average of $9.19 per sq. ft, a 2.0% increase quarter-over-quarter.

FIGURE 2: Number of Lease Deals Executed by Size Range



Source: CBRE Research Q4 2025

FIGURE 3: Average Asking vs Average Achieved Rent



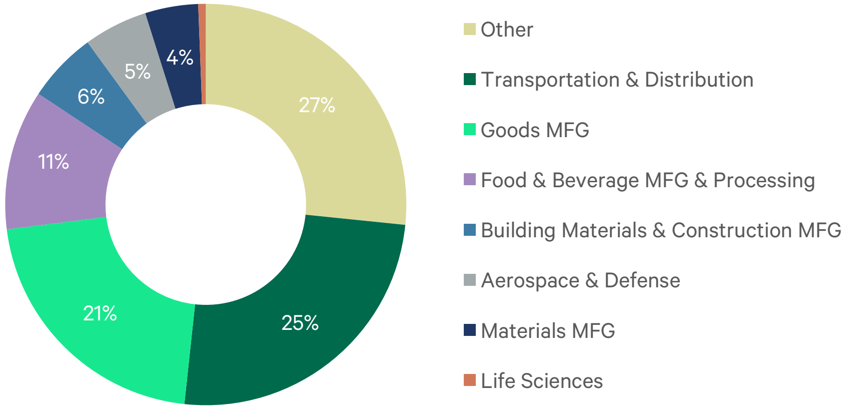
Source: CBRE Research Q4 2025

Leasing Activity

Leasing volume in Q4 2025 totaled 2.9 million sq. ft., a 25.1% increase compared to the previous quarter's total and the highest performing quarter of 2025. Activity for the year saw a moderate decline, with total leasing volume falling 17.7% compared to 2024. New leases and expansions accounted for 76.2% of total leasing activity, while renewals and extensions comprised 23.8%. The average lease size this quarter was 47,900 sq. ft. across 61 transactions, a slight increase compared to the average of 44,900 sq. ft. in Q3 2025.

The Other category narrowly surpassed the Transportation & Distribution sector of leasing activity in 2025 with 26.6% of the total. The Airport submarket had 1.3 million sq. ft. or 44.9% of total leasing in Q4 2025, followed by North Central with 327,000 sq. ft. or 11.2%, and Southeast close behind with 324,000 sq. ft. or 11.1%. For 2025 as a whole, the Airport submarket significantly outperformed the other submarkets with 5.7 million sq. ft. or 54.7% of all leasing activity.

FIGURE 4: Leasing Activity by Industry Type, Q1 2025 – Q4 2025



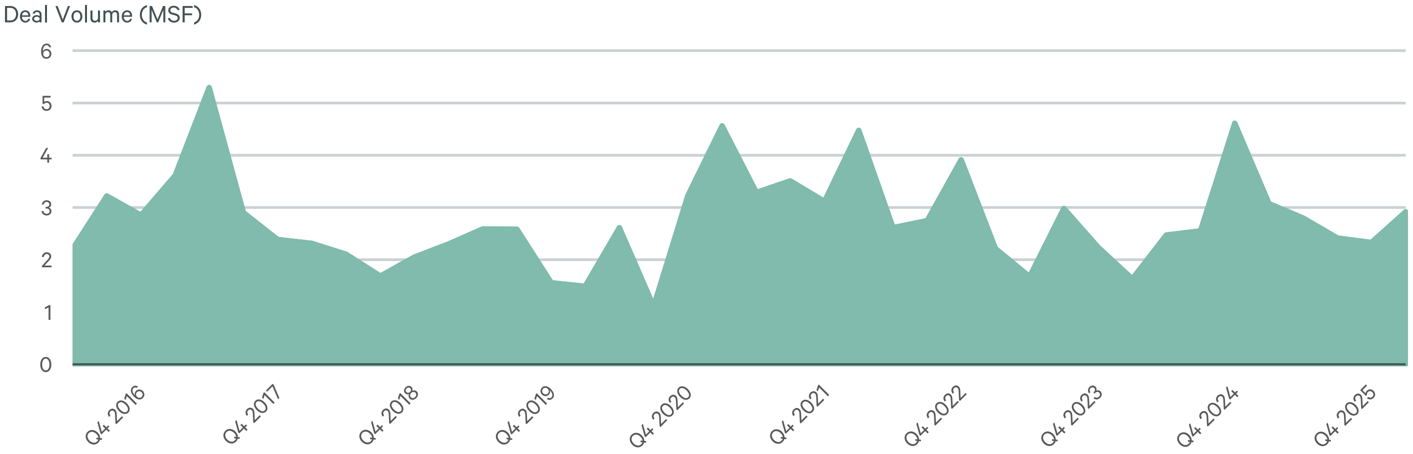
Note: Other includes Business Services, Energy, Telecommunications & more
Source: CBRE Research Q4 2025

FIGURE 5: Top Lease Transactions

Tenant	Size (SF)	Location	Submarket	Industry	Lease Type
Anheuser-Busch	200,000	19755 E 35th Dr	Airport	Food & Beverage MFG	Renewal
Advanced Auto Parts	178,027	17956 E 84th Ave	Airport	Goods MFG	New Lease
Pretred	152,031	6550 N Denali St	Airport	Goods MFG	New Lease
Undisclosed	149,244	11351 N 104th Ave	I-76 Corridor	Transportation & Distribution	New Lease
Mountain High Appliance	145,312	601 E 64th Ave	North Central	Transportation & Distribution	Renewal/ Expansion

Source: CBRE Research Q4 2025

FIGURE 6: Historical Leasing Activity



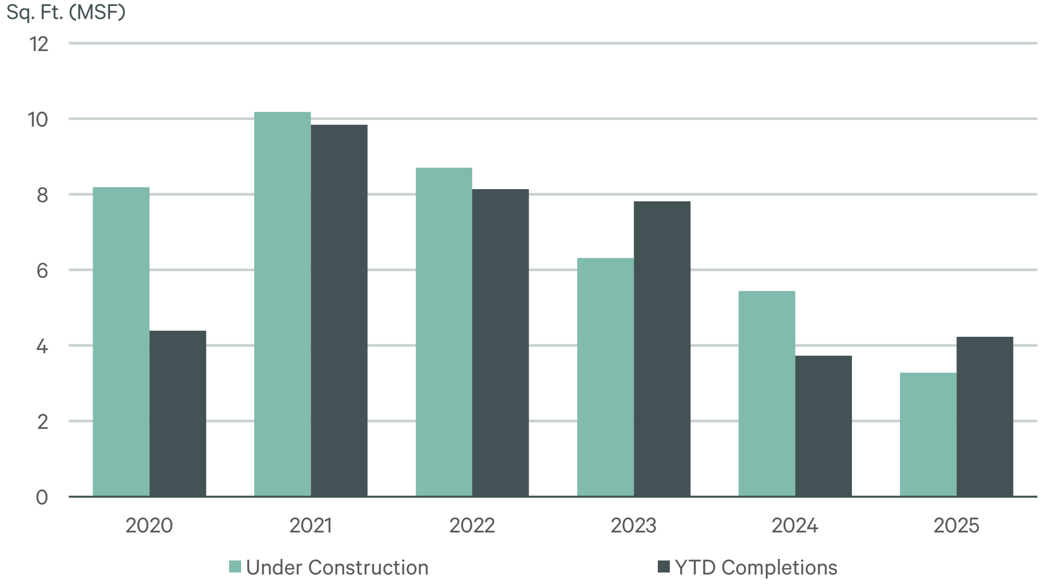
Source: CBRE Research Q4 2025

Development Activity

The under-construction pipeline ended Q4 2025 at 3.3 million sq. ft., decreasing a mere 28,000 sq. ft. quarter-over-quarter. Three buildings broke-ground for a combined 640,000 sq. ft., while four buildings delivered 668,000 sq. ft. with a preleasing rate of 60.6%. The largest delivery of the quarter was Food Bank of the Rockies' 270,000 sq. ft. build-to-suit project at Majestic Commercenter in the Airport submarket. Other Q4 deliveries included two speculative projects, Catalyst Industrial at 188,000 sq. ft. in the Southeast and Eastpark 70 Building 7 at 118,000 sq. ft. in the Airport, as well as one build-to-suit for an undisclosed user at Helix Building C for 94,000 sq. ft. in the Southeast submarket. The three projects that broke ground included Picadilly Crossing Buildings 1 and 2 at 257,000 sq. ft. a piece in the Airport submarket, and Westside 64th with 126,000 sq. ft. in the Northwest. Following the delivery of two build-to-suits, the share of construction that is build-to-suit or preleased in Q4 2025 is 33.6%. Construction is heavily concentrated in the Airport submarket, which holds nine projects and 79.3% of the pipeline.

Q4 2025 saw the continued trend of decreasing new construction across the Denver market, and further stabilization of the market's recent oversupply. With more than 1.6 million sq. ft. anticipated to deliver in the first half of 2026 and fewer significant ground breakings anticipated, the supply pipeline is expected to further decline in 2026, which will undoubtedly put downward pressure on vacancy rates.

FIGURE 7: Annual Development Activity



Source: CBRE Research Q4 2025

FIGURE 8: Top Projects Under Construction

Property Name	Submarket	Address	City	Spec/BTS	Size (SF)	Est. Completion
Phillip Morris BTS	Airport	SEC of 56th Ave and Harvest Rd	Aurora	BTS	800,000	Q1 2026
Aero 70 Building 1	Airport	25100 E Smith Rd	Aurora	Spec	419,065	Q3 2026
Aero 70 Building 2	Airport	25150 E Smith Rd	Aurora	Spec	398,405	Q3 2026
Picadilly Crossing Building 1	Airport	21051 E 6th Ave	Aurora	Spec	256,860	Q3 2026
Picadilly Crossing Building 2	Airport	21201 E 6th Ave	Aurora	Spec	256,860	Q3 2026

Source: CBRE Research Q4 2025

Investment Trends

Industrial sales volume reached $575 million in Q4 2025 and $2.2 billion for the year, marking a 17.8% increase from Q3 2025 and a 40.6% improvement compared to the volume in 2024. The market seems to have accelerated based on improved debt availability and appears to have momentum going into 2026. Q4 activity was overwhelmingly investment-focused, accounting for 84.7% of the quarter's transaction volume.

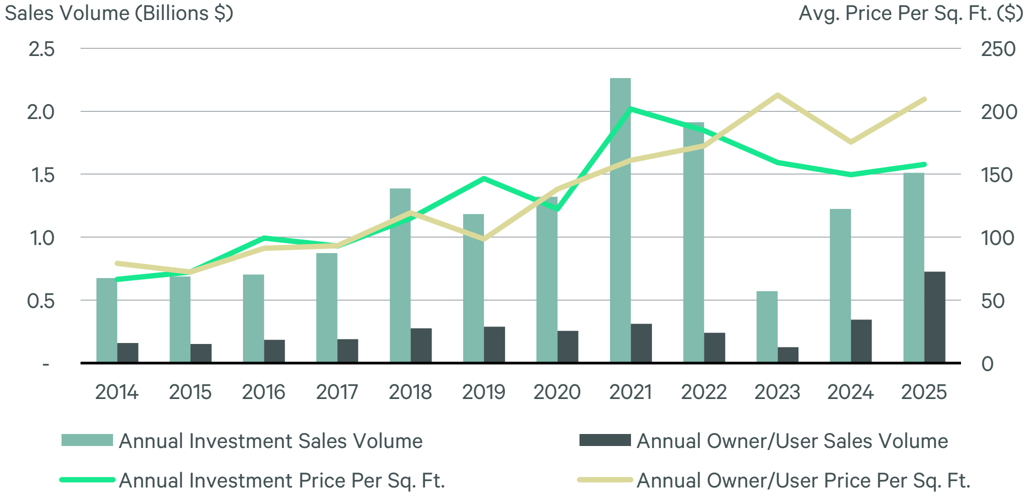
The largest transaction of the quarter was the Denver Business Center & Upland Distribution Portfolio, totaling 1.6 million sq. ft. across 16 assets in the Airport Central micro-market. The portfolio was sold to Harrison Properties and is the largest industrial sale in Denver since April 2022. The largest single-property investment sale was 2535 E 40th Ave, a former AT&T call-center within River North in the North Central submarket. The 14.6-acre property is a redevelopment opportunity and was purchased by The City and County of Denver for $39.5 million. The largest owner-user sale this quarter was Eurofins at 4955 Yarrow St in the Northwest submarket, which purchased the building it previously leased for $14.3 million or $246 per sq. ft. Despite a particularly strong quarter for investors, occupiers have continued to show strong interest in purchasing their real estate, as year-to-date owner-user sales volume has more than doubled the previous annual record.

Economy & Employment

The U.S. economy is sending some mixed signals. Financial markets are focused on the upside, notably AI's sizable contribution to growth in recent quarters. Some indicators of business activity, such as capital goods orders, are improving, and strengthening credit markets are helping to usher real estate into a new cycle. The picture gets more melancholy when looking at households, with consumer confidence remaining weak and spending being driven by a smaller segment of affluent households. A key catalyst is a softer labor market, as companies are 'slow to hire, slow to fire'—a trend that is likely to last a few quarters. These indicators suggest that GDP growth will be steady in 2026, at 2%, but a touch softer than in 2025.

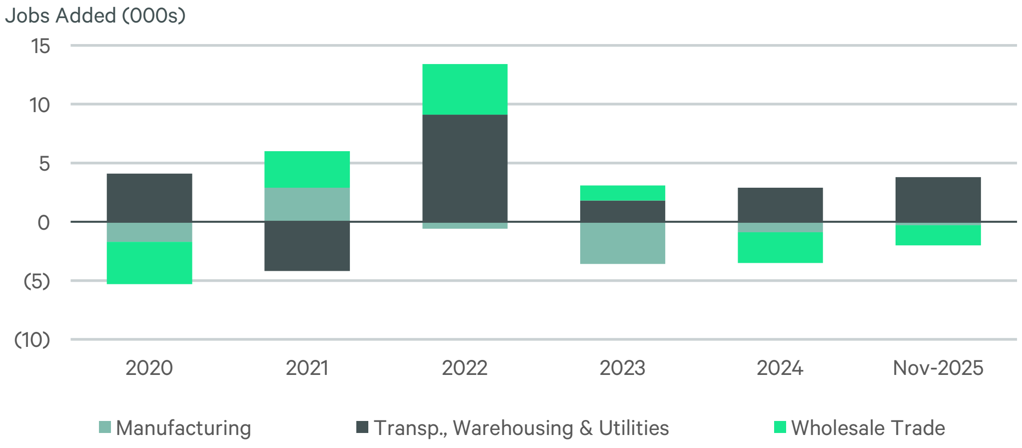
Total non-farm employment in metro Denver narrowly increased in 2025, having grown by 0.1% year-over-year as of November and gaining roughly 1,000 jobs. Industrial-using employment—including manufacturing, transportation, warehousing and utilities, and wholesale trade—slightly increased by 0.7% over the same period. Among the sub-industries, the transportation, warehousing and utilities sector saw 4.4% growth, while the wholesale trade sector saw negative 2.0% growth and the manufacturing sector negative 0.3% growth. Metro Denver's unemployment rate stood at 3.6% in November, a decrease of 20 bps month-over-month and 110 bps year-over-year.

FIGURE 9: Investment Trends



Source: CBRE Research Q4 2025

FIGURE 10: Industrial-Using Employment Growth



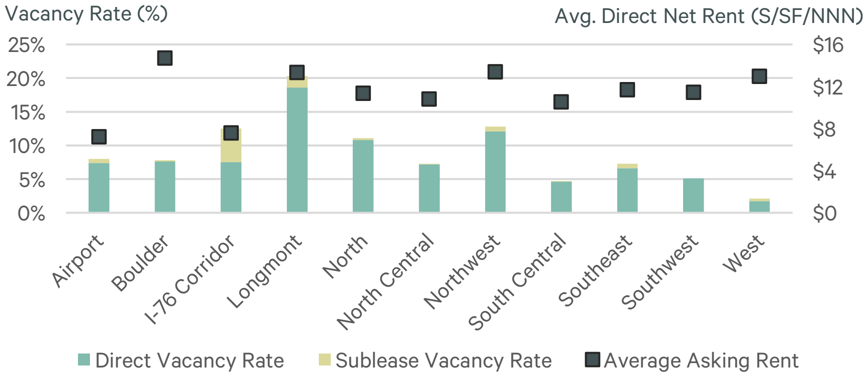
Source: U.S. Bureau of Labor Statistics, November 2025

Submarket Performance

Within the Airport East micro market, direct vacancy decreased 60 bps quarter-over-quarter and 230 bps year-over-year to 10.0%. The Airport Central micro market saw direct vacancy decrease a slight 10 bps since the previous quarter but increase 100 bps year-over-year to 5.3%. The overall average direct asking rent in Airport Central and Airport East remained steady quarter-over-quarter to $7.88 per sq. ft. and $6.79 per sq. ft., respectively. Year-over-year, construction activity in the overall Airport submarket increased 5.1% to 2.6 million sq. ft., with 935,000 sq. ft. being build-to-suits.

The I-76 Corridor had the highest sublease availability of any submarket with 6.6%, while the Longmont submarket had the highest direct availability rate at 19.3%. The West submarket closed Q4 2025 with the lowest direct vacancy at 1.7%, which was an increase of 10 bps quarter-over-quarter. The North and Northwest submarkets saw the greatest quarter-over-quarter drop in direct vacancy after falling 50 bps to 10.8% and 12.1%, respectively. The Airport submarket had the highest amount of positive total net absorption in 2025 with 1.8 million sq. ft., followed by the I-76 Corridor with 1.3 million sq. ft.

FIGURE 11: Submarket Availability and Asking Rent



Source: CBRE Research Q4 2025

FIGURE 12: Market Statistics by Submarket

Submarket	Net Rentable Area (SF)	Q4 Net Absorption (SF)	YTD Net Absorption (SF)	Under Construction (SF)	Average Asking Rent (NNN / $/SF/YR)	Total Availability Rate (%)	Direct Vacancy Rate (%)
Airport	103,451,802	573,530	1,775,113	2,089,972	$7.22	9.8%	7.4%
Airport East	47,551,560	605,393	2,440,426	2,031,844	$6.79	11.4%	10.0%
Airport Central	55,900,242	(31,863)	(665,313)	58,128	$7.88	8.3%	5.3%
Boulder	10,827,229	43,969	(33,179)	-	$14.71	10.6%	7.6%
I-76 Corridor	15,643,792	66,775	1,337,389	-	$7.59	14.1%	7.5%
Longmont	5,824,557	(28,589)	(56,142)	-	$13.33	18.6%	18.6%
North	15,198,598	168,998	1,200,707	-	$11.34	12.1%	10.8%
North Central	35,591,293	(5,419)	(246,394)	-	$10.82	8.9%	7.2%
Northwest	18,157,785	37,028	(10,333)	271,337	$13.40	13.9%	12.1%
South Central	24,898,453	(74,099)	(499,299)	-	$10.54	5.7%	4.6%
Southeast	24,393,193	184,070	291,678	924,001	$11.68	10.5%	6.6%
Southwest	8,248,243	6,644	(46,804)	-	$11.46	4.9%	5.1%
West	11,286,540	(14,764)	(79,357)	-	$12.96	3.2%	1.7%
METRO TOTAL	**273,521,485**	**958,143**	**3,633,379**	**3,285,310**	**$10.06**	**9.8%**	**7.5%**

Source: CBRE Research Q4 2025

Market Statistics by Size

	Net Rentable Area (SF)	Total Availability (%)	Total Vacancy (%)	Direct Vacancy (%)	Sublease Vacancy (%)	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.	20,676,576	4.4%	3.4%	3.3%	0.0%	$12.44	70,865	(125,803)	-	16,294
20,000-49,999 sq. ft.	54,466,625	6.7%	5.0%	4.6%	0.5%	$12.24	9,038	(459,076)	-	-
50,000-99,999 sq. ft.	53,146,650	9.5%	7.3%	6.6%	0.7%	$11.59	56,996	(447,517)	93,600	342,217
100,000-249,999 sq. ft.	79,099,458	13.3%	11.4%	10.8%	0.6%	$9.91	204,900	990,276	305,547	795,609
Over 249,999 sq. ft.	66,132,176	10.1%	9.5%	8.1%	1.4%	$7.61	616,344	3,675,499	269,235	2,131,190
Total	**273,521,485**	**9.8%**	**8.2%**	**7.5%**	**0.7%**	**$10.06**	**958,143**	**3,633,379**	**668,382**	**3,285,310**

Market Statistics by Product Type

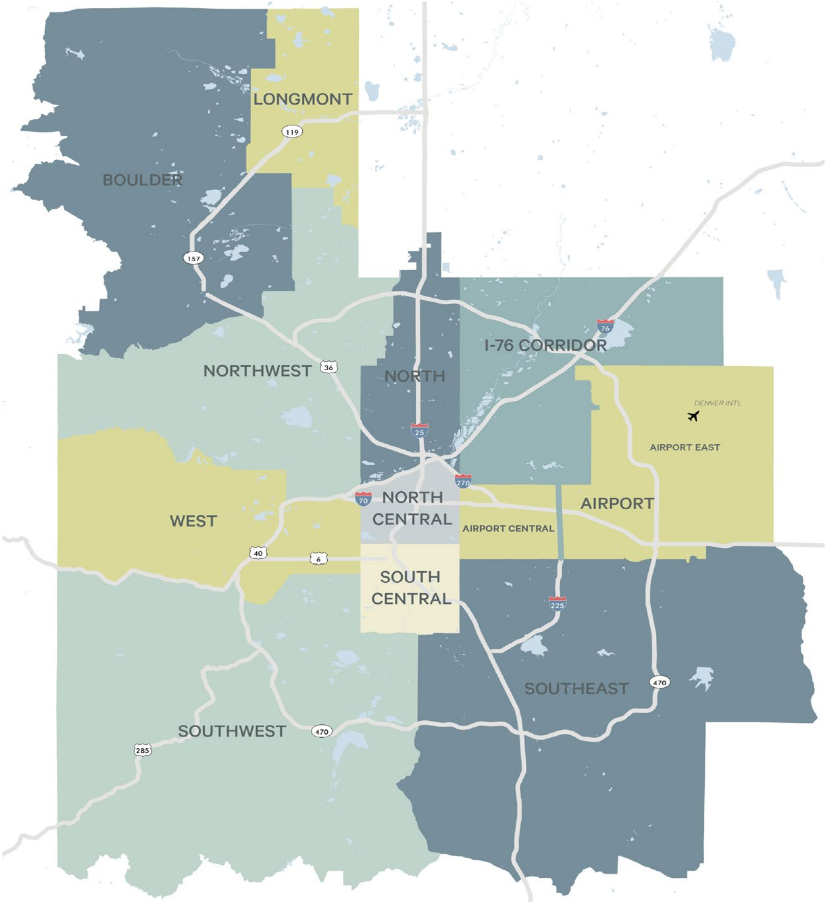
	Net Rentable Area (SF)	Total Availability (%)	Total Vacancy (%)	Direct Vacancy (%)	Sublease Vacancy (%)	Avg. Direct Asking Rate (NNN/Yr)	QTD Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution / Logistics	184,560,766	11.0%	9.2%	8.3%	0.9%	$9.30	591,059	3,968,393	399,147	926,549
Manufacturing	41,885,159	6.2%	5.4%	5.0%	0.4%	$11.01	154,120	(226,652)	-	800,000
R&D / Flex	37,741,480	8.7%	7.6%	7.0%	0.5%	$13.54	(77,050)	(351,863)	-	16,294
Other Industrial	9,334,080	6.6%	5.5%	5.3%	0.2%	$12.63	290,014	243,501	269,235	1,542,467
Total	**273,521,485**	**9.8%**	**8.2%**	**7.5%**	**0.7%**	**$10.06**	**958,143**	**3,633,379**	**668,382**	**3,285,310**

Market Statistics by Class

	Net Rentable Area (SF)	Total Availability (%)	Total Vacancy (%)	Direct Vacancy (%)	Sublease Vacancy (%)	Avg. Direct Asking Rate (NNN/Yr)	QTD Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	77,024,029	14.2%	12.5%	12.3%	0.3%	$9.62	909,937	5,759,539	668,382	3,231,310
All Other Buildings	196,497,456	8.1%	6.6%	5.7%	0.9%	$10.39	48,206	(2,126,160)	-	54,000
Total	**273,521,485**	**9.8%**	**8.2%**	**7.5%**	**0.7%**	**$10.06**	**958,143**	**3,633,379**	**668,382**	**3,285,310**

Source: CBRE Research Q4 2025

Market Area Overview



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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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