

FIGURES | DENVER INDUSTRIAL | Q1 2026

Industrial Fundamentals Steady Amid Moderating Construction Pipeline

▼ 7.8%

Direct Vacancy Rate

▼ 416K

SF Net Absorption

▼ 413K

SF Construction Delivered

▲ 3.6M

SF Under Construction

▼ \$10.00

NNN / Asking Rent

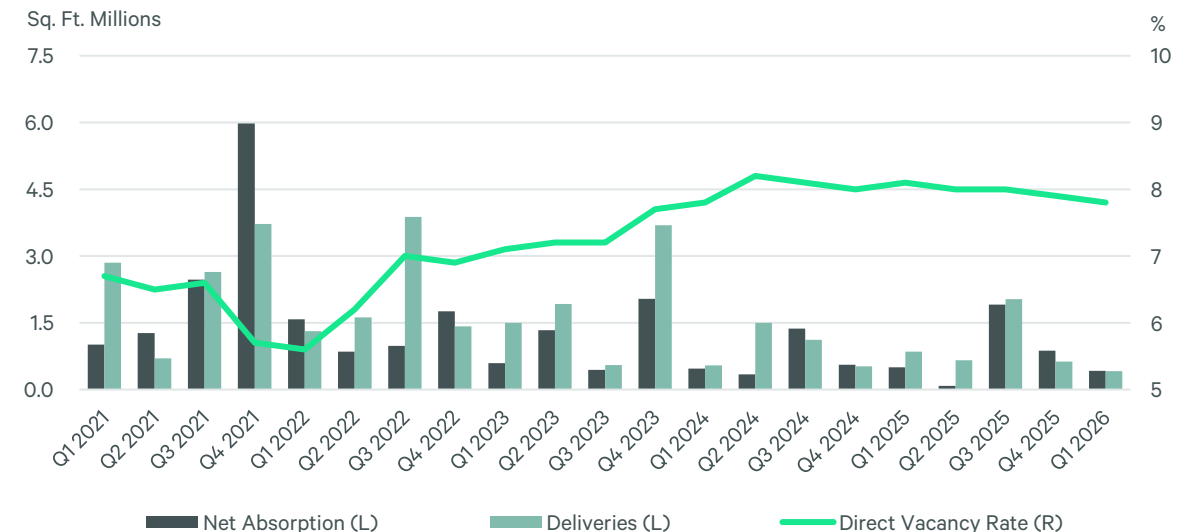
Note: Arrows indicate change from previous quarter.

Market Overview

The industrial market in Q1 2026 showed continued positive fundamentals but with some slight moderation. Total net absorption was positive 416,000 sq. ft., a 51.9% decline from Q4 2025's total and 16.1% below the level from a year earlier. Trailing 12-month absorption totaled 3.3 million sq. ft., contributing to a three-year cumulative gain of 10.3 million sq. ft. Total vacancy remained stable at 8.6%, unchanged quarter-over-quarter and only up 10 bps (basis points) year-over-year; direct vacancy trended slightly lower, declining 10 bps from the previous quarter and 30 bps from a year ago to 7.8%. Availability edged slightly higher to 10.4%, up 30 bps from Q4 2025 and 50 bps year-over-year. Sublease availability eased to 1.2%, with 3.2 million sq. ft. of sublease space on the market.

Average asking rents were \$10.00 per sq. ft., down a slight 0.8% quarter-over-quarter but 4.1% above Q1 2025; achieved rents averaged \$9.12 per sq. ft., also down 0.8% quarter-over-quarter, but up 2.9% year-over-year. The construction pipeline stood at 3.6 million sq. ft., up 10.1% quarter-over-quarter but down 27.4% year-over-year, with deliveries slowing to 413,000 sq. ft. Overall, fundamentals support modest rent growth and steady absorption, while persistent submarket divergence and a contracting pipeline point to a gradual, measured market rebalancing rather than a rapid recovery.

Figure 1: Historical Net Absorption, Deliveries, and Direct Vacancy



Source: CBRE Research, Q1 2026

Availability and Vacancy

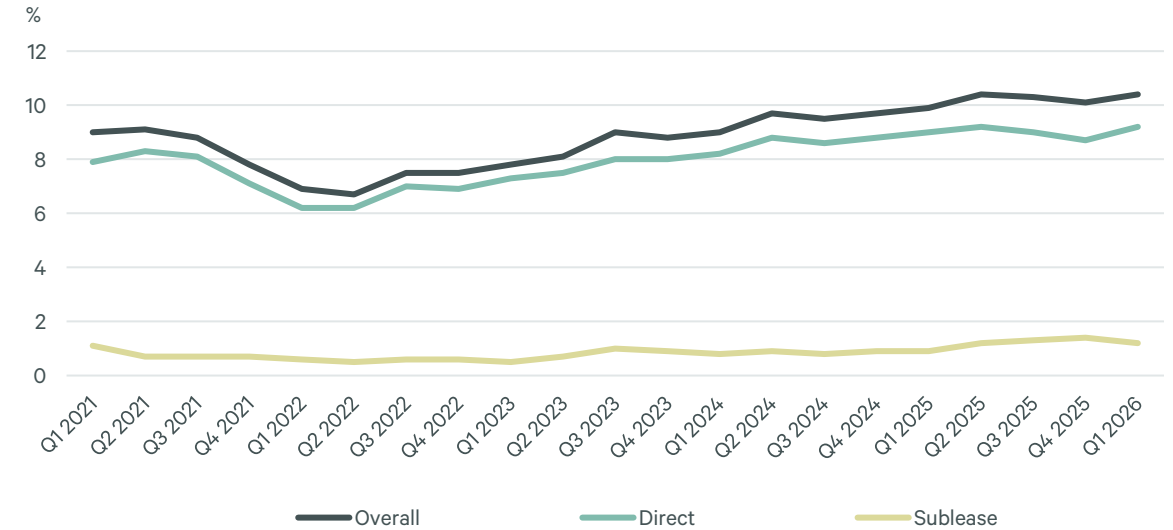
Vacancy and availability remained almost unchanged from Q4 2025 to Q1 2026. The total availability rate finished Q1 2026 at 10.4%, up from 10.1% in Q4 2025. Availability also rose year-over-year, from 9.9% in Q1 2025. Over the last three years, availability increased from 7.8% in Q1 2023 to 10.4% in Q1 2026. The Southwest submarket had the lowest availability rate in the overall metro at 3.3%, followed by the West submarket at 4.0%. Sublease space decreased slightly in Q1 2026, with an availability rate of 1.2% compared to 1.4% in Q4 2025. In total, there were 3.2 million sq. ft. of sublease space on the market in Q1 2026, an 11.9% decrease from the previous quarter but a 37.9% increase from Q1 2025.

Direct vacancy experienced a slight decline, dipping 10 bps quarter-over-quarter to 7.8%, and fell 30 bps year-over-year. The West submarket had the lowest direct vacancy, posting 2.1%, and Longmont had the highest at 18.5%. The I-76 Corridor had the largest change in direct vacancy, rising 240 bps quarter-over-quarter from 9.2% to 11.6%. The Southwest submarket experienced the greatest decline in vacancy, falling from 5.2% to 3.1% due to Collett & Associates purchasing—and one of its subsidiaries occupying 104,000 sq. ft. at Deer Creek Commerce Center Building 1 as an owner-user.

Average Asking & Achieved Rents

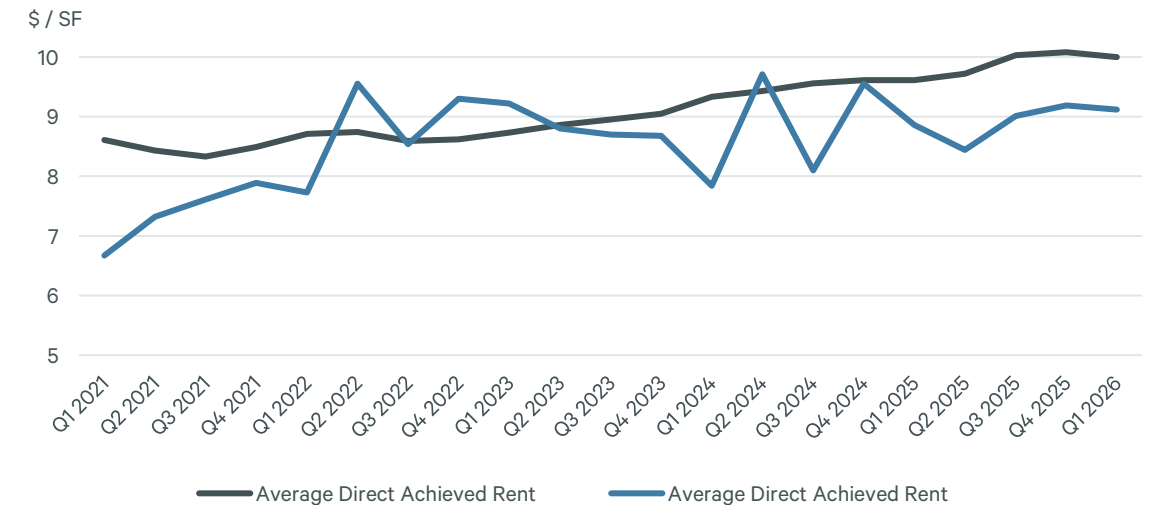
In Q1 2026, the market average asking net rent was \$10.00 per sq. ft. The average asking rent edged down 0.8% quarter-over-quarter but was 4.1% higher than in Q1 2025 and 14.6% above the level recorded three years earlier in Q1 2023. The largest increase was in the West submarket, where asking rents rose 2.9% from Q4 2025 to \$13.21 per sq. ft. Achieved rents averaged \$9.12 per sq. ft. in Q1 2026, a slight 0.8% decrease from the previous quarter but a 2.9% increase year-over-year.

Figure 2: Availability Rates



Source: CBRE Research, Q1 2026

Figure 3: Average Direct Asking and Achieved Rents



Source: CBRE Research, Q1 2026

Net Absorption

The industrial market posted positive net absorption of 416,000 sq. ft. in Q1 2026, slightly below the 496,000 sq. ft. recorded a year earlier in Q1 2025. The quarterly total also declined from 866,000 sq. ft. in Q4 2025. Over the past 12 months, net absorption totaled 3.3 million sq. ft., contributing to a three-year cumulative gain of 10.3 million sq. ft., highlighting a market that remains expansionary but seeing moderate volatility.

The largest move-out this quarter was BroadRange Logistics, which vacated 546,000 sq. ft. in 76 Commerce Center Building 3 with no plans to relocate. To offset this negative absorption, Crusoe Industries signed for 352,000 sq. ft. at 76 Commerce Center Building 4 and occupied their space this quarter, and Advanced Auto Parts occupied 178,000 sq. ft. at Ascent Commerce Center Building 2. There were four move-ins this quarter that exceeded 170,000 sq. ft.

Positive net absorption for Q1 2026 was concentrated primarily in the Airport submarket, with 442,000 sq. ft. for the quarter, followed by the Southwest submarket with 180,000 sq. ft. The North submarket recorded the largest negative net absorption, at negative 85,000 sq. ft., followed by South Central at negative 80,000 sq. ft.

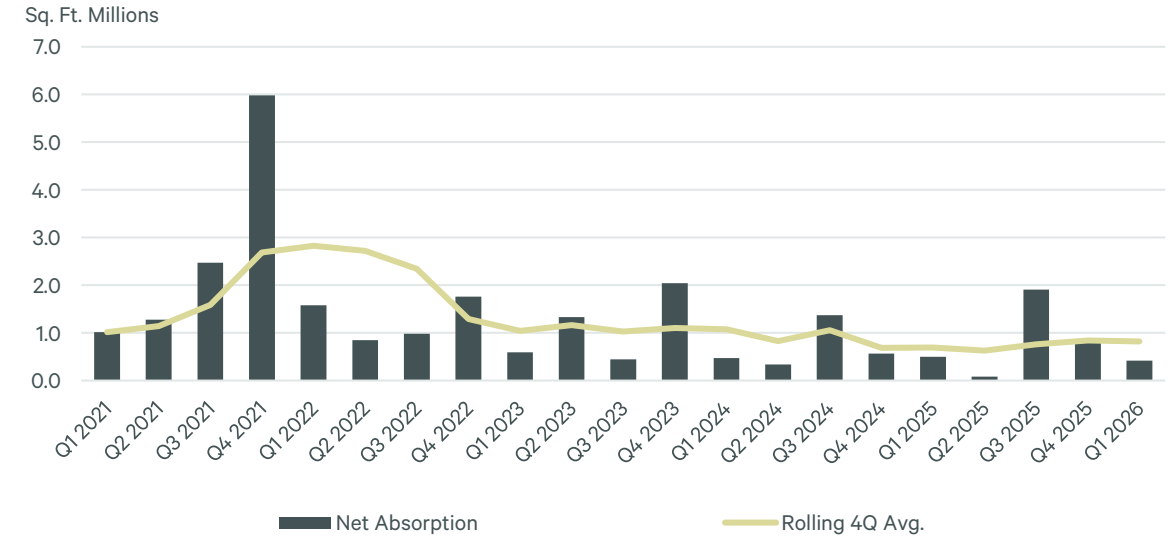
Construction Activity

The new construction pipeline ended Q1 2026 at 3.6 million sq. ft., up 10.1% quarter-over-quarter. Two projects broke ground that amount to a total of four buildings for a combined 743,000 sq. ft., while four buildings delivered 413,000 sq. ft. of new product. The largest delivery of the quarter was SuperBlock, a 283,000 sq. ft., two-building development located in the Airport submarket. Other Q1 deliveries included two speculative projects: West 108 at 75,000 sq. ft. in the Northwest and 5200 Oneida at 58,000 sq. ft. in the Airport.

Both projects that broke ground in Q1 2026 were in the North submarket: Eagle 25 Logistics Center Buildings 1-3 totaling a combined 608,000 sq. ft., and Pulse at 134,000 sq. ft. The share of construction that is build-to-suit or preleased in Q1 2026 was 30.5%. Construction continues to be concentrated in the Airport submarket, which holds six projects and 62.7% of the pipeline.

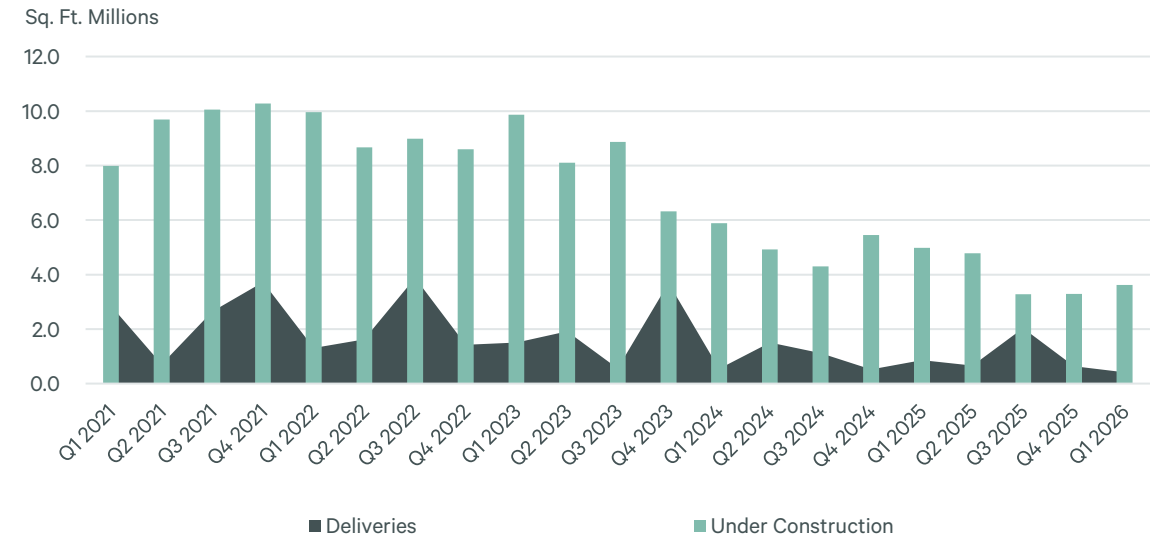
Q1 2026 saw, for the first time in two quarters, an increase in new construction across the Denver market, showing the sector’s need for new product. As we continue further into 2026, we expect 2.7 million sq. ft. of space currently under construction to be delivered.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q1 2026

Figure 5: Construction Activity



Source: CBRE Research, Q1 2026

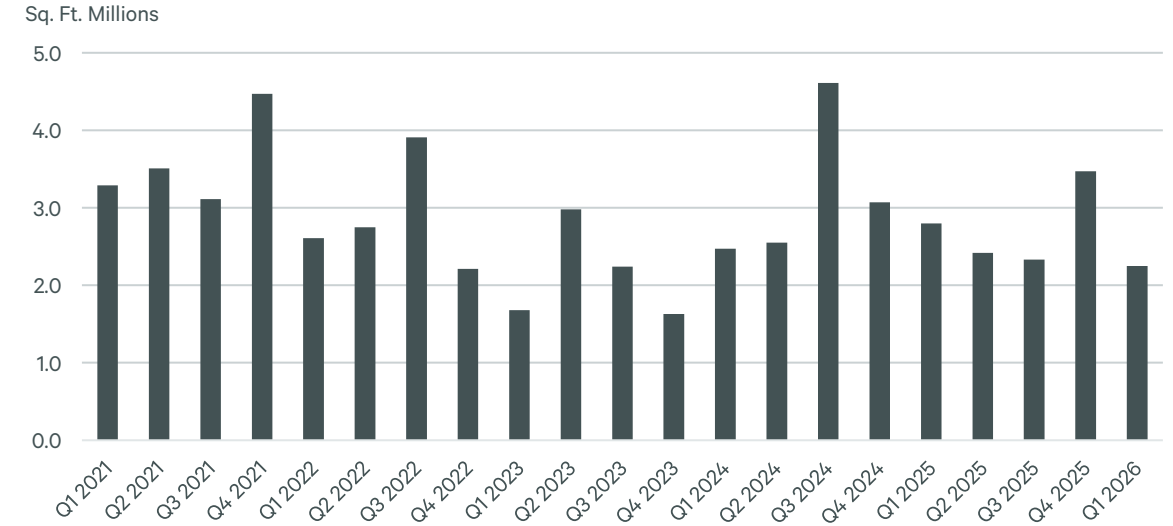
Leasing Activity

In Q1 2026, leasing volume totaled 2.3 million sq. ft., a decline of 35.3% quarter-over-quarter and 19.7% year-over-year. New leases and expansions accounted for 72.7% of total leasing activity, while renewals and extensions comprised 27.3%. The average lease size for Q1 2026 was 48,800 sq. ft. across 48 transactions, and nearly identical to the 49,600 sq. ft. average seen in Q4 2025.

The Airport submarket continued to be the highest-leased submarket, with 865,000 sq. ft. or 38.5% of Q1 2026 leasing activity. This was followed by the I-76 Corridor with 425,000 sq. ft. and the Southeast submarket with 256,000 sq. ft.

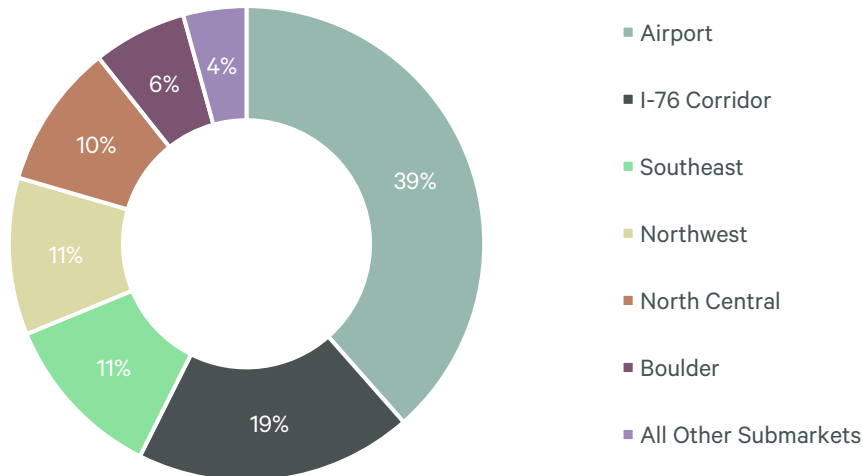
The Technology sector was the leading industry for activity, with three transactions accounting for 402,000 sq. ft. The Goods MFG industry ranked second, recording six transactions and 305,000 sq. ft., while the Materials MFG industry was third with three leases signed totaling 243,000 sq. ft. in Q1 2026.

Figure 6: Leasing Activity Trend



Source: CBRE Research, Q1 2026

Figure 7: Leasing Activity by Submarket (% of Total Activity)



Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Crusoe Industries	352,000	New Lease	22600 E I 76 Frontage Rd	I-76 Corridor
Sherwin Williams Company	181,000	Renewal	21301 E 33rd Dr	Airport
The Feed	150,000	Renewal	11601-11739 W 112th Ave	Northwest
ServTech	111,000	Expansion	333- 335 Centennial Pkwy	Boulder
Boom Supersonic	94,000	New Lease	8039 S Chambers Rd	Southeast
Mycotechnology	86,000	Renewal	18250 E 40th Ave	Airport
Tension Packaging and Automation	77,000	New Lease	5175 Joliet St	Airport
Duffy Crane & Hauling	73,000	New Lease	E 112th Ave	I-76 Corridor

Source: CBRE Research, Q1 2026

Investment Trends

Industrial sales volume at the start of 2026 dipped in comparison to the previous and most notable quarter of 2025 by 9.8%. However, continued market strengthening throughout the Denver metro is evidenced by the 30.8% increase in transaction volume from Q1 2025, amounting to \$444 million in Q1 2026; 88.3% of this was driven by investment sales alone. The number of investment sales transactions over \$10 million more than doubled with 8 occurring in Q1 2026 compared to three in Q1 2025, representing 65.6% of the total transaction volume for the quarter.

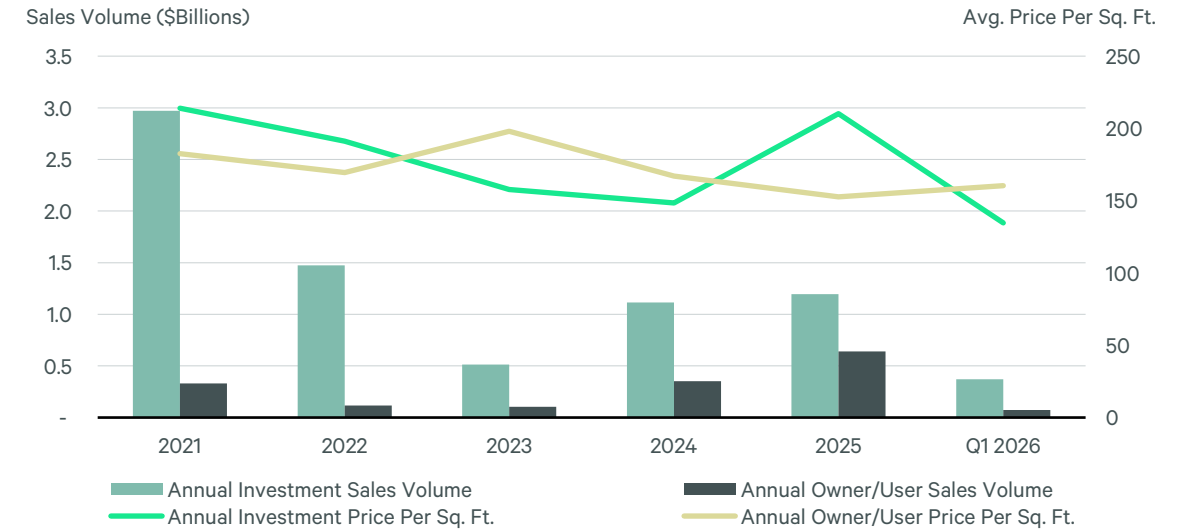
Two single-tenant distribution centers made the most notable impacts on investment sales statistics this quarter, 18101 E Colfax Ave and 5805 N Jackson Gap Way accounted for nearly 28.0% of the total sales volume recorded. 18101 E Colfax Ave, consisting of over 875,000 sq. ft. and 100% leased to Acme Distribution, was the largest sale of the quarter purchased off market by CIRE Equity from Link Logistics for \$73 per sq. ft. 5805 N Jackson Gap Way, originally constructed as a build-to-suit for FedEx Ground in 2022 and consisting of 502,000 sq. ft. that is 100% leased to FedEx Ground with nearly 20 years of remaining control over the property, was sold by Stonemont Financial Group, represented by CBRE, to a private buyer for \$121 per sq. ft. Both of these landmark sales were located within the Airport submarket, known as a powerhouse for distribution and institutional investment.

Economic Overview

The current business cycle may be five years old, but U.S. growth appears resilient, despite clear risks on the horizon. GDP growth should average 2.1%, matching 2025 and exceeding peer economies. America’s aggressive build-out of AI infrastructure is a unique edge. Hyperscaler capex is nearing 3% of GDP—just below residential investment. Concerns about the sustainability of this growth and its broader impact are rattling both credit and equity markets. Operation Epic Fury and global energy prices are also a concern. Assuming the conflict is resolved quickly, and U.S. oil prices stay in the \$80/bbl range, the impact on U.S. growth should be minimal. The impact on headline inflation, which is forecast to average 3.2% this year, will be material. Should the conflict escalate, this would elevate inflation and long-term yields and would likely impact the commercial real estate market.

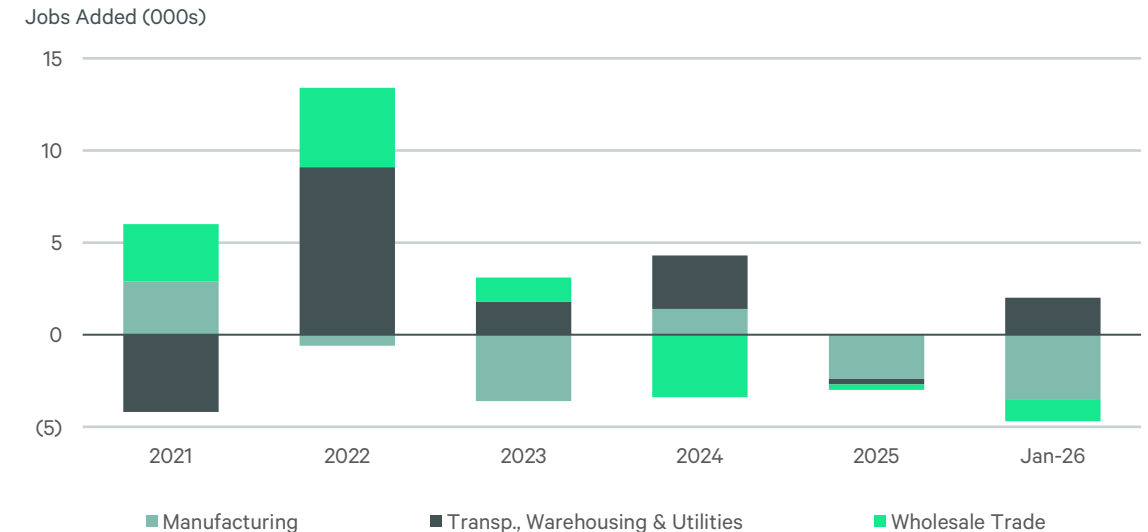
Total non-farm employment in metro Denver posted slight negative growth to start 2026, declining by 4,100 jobs or 0.2% year-over-year as of January. Industrial-using employment—including manufacturing, transportation, warehousing and utilities, and wholesale trade—decreased by 1.1% over the same period. Among the sub-industries, the transportation, warehousing and utilities sector saw positive job growth of 2.0%, while the wholesale trade and manufacturing sectors had declines of 1.2% and 3.5%, respectively. Metro Denver’s unemployment rate rose to 4.2% in January due to seasonality factors but was down 20 bps on the year.

FIGURE 9: Investment Trends



*Includes transactions \$3.5 million and above
Source: CBRE Research, Q1 2026

Figure 10: Industrial-Using Employment Growth



Source: U.S. Bureau of Labor Statistics, January 2026

Market Statistics by Size

Size Range	NRA (MSF)	Total Vacancy (%)	Direct Vacancy (%)	Total Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	Deliveries (SF)	Under Construction (MSF)	YTD Net Absorption (SF)
Under 100,000 sq. ft.	122.21	6.0	5.5	8.1	0.9	11.96	73,000	133,000	0.23	73,000
100,000-199,999 sq. ft.	62.87	10.8	10.4	12.0	1.0	10.31	183,000	279,000	0.82	183,000
200,000-299,999 sq. ft.	26.62	9.3	8.1	11.1	1.9	8.45	235,000	-	0.95	235,000
300,000-499,999 sq. ft.	24.76	9.2	9.2	11.6	0.8	8.75	465,000	-	0.82	465,000
500,000-749,999 sq. ft.	16.82	15.2	15.0	18.2	0.2	6.98	(541,000)	-	-	(541,000)
750,000 sq. ft.	11.04	11.6	4.6	10.7	7.0	4.95	-	-	0.80	-
Total	264.31	8.6	7.8	10.4	1.2	10.00	416,000	413,000	3.62	416,000

Market Statistics by Product Type

Product Type	NRA (MSF)	Total Vacancy (%)	Direct Vacancy (%)	Total Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	Deliveries (SF)	Under Construction (MSF)	YTD Net Absorption (SF)
Distribution/Logistics	179.45	9.6	8.7	11.7	1.5	9.28	477,000	354,000	2.64	477,000
Manufacturing - General	39.39	5.6	5.1	6.3	0.7	10.99	34,000	-	0.80	34,000
R&D/Flex	36.99	8.1	7.7	9.5	0.4	13.41	(112,000)	58,000	0.02	(112,000)
Other Industrial	8.47	3.1	3.1	6.2	0.5	11.01	17,000	-	0.16	17,000
Total	264.31	8.6	7.8	10.4	1.2	10.00	416,000	413,000	3.62	416,000

Market Statistics by Class

Property Class	NRA (MSF)	Total Vacancy (%)	Direct Vacancy (%)	Total Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	Deliveries (SF)	Under Construction (MSF)	YTD Net Absorption (SF)
Class A	77.41	13.1	12.7	15.3	1.1	9.40	197,000	413,000	3.56	197,000
All Other Industrial	186.9	6.8	5.8	8.4	1.4	10.49	219,000	-	0.05	219,000
Total	264.31	8.6	7.8	10.4	1.2	10.00	416,000	413,000	3.62	416,000

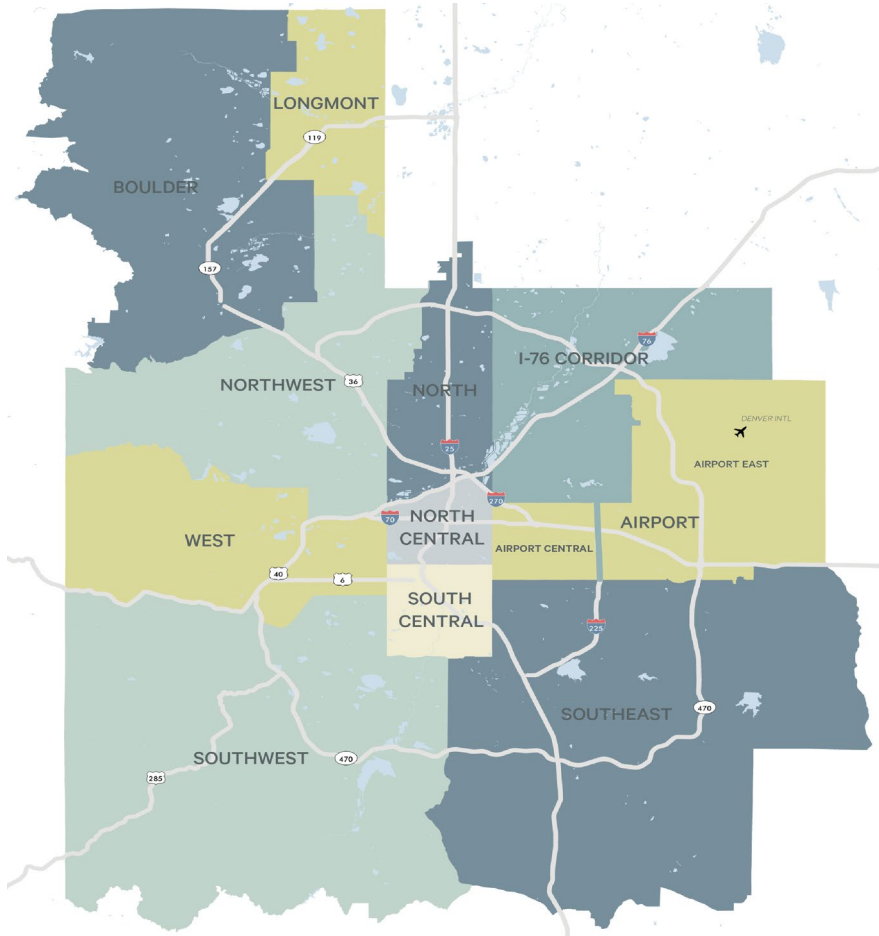
Source: CBRE Research, Q1 2026

Market Statistics by Submarket

Submarket	NRA (MSF)	Total Vacancy (%)	Direct Vacancy (%)	Total Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	Deliveries (SF)	Under Construction (MSF)	YTD Net Absorption (SF)
Airport	102.91	8.1	7.3	10.6	1.5	7.29	442,000	338,000	2.27	442,000
Boulder	9.80	8.8	8.5	11.0	0.8	14.37	(29,000)	-	-	(29,000)
I-76 Corridor	14.99	16.7	11.6	15.7	5.3	7.50	(359,000)	-	-	(359,000)
Longmont	5.66	18.5	18.5	18.9	0.0	13.26	112,000	-	-	112,000
North	15.03	11.8	11.3	13.0	0.6	11.36	(85,000)	-	0.74	(85,000)
North Central	33.14	7.3	7.3	8.8	0.3	11.21	149,000	-	-	149,000
Northwest	17.66	12.8	12.4	13.7	0.5	13.47	129,000	75,000	0.20	129,000
South Central	23.14	5.3	5.1	6.1	0.3	10.53	(80,000)	-	-	(80,000)
Southeast	23.42	7.8	7.0	11.3	1.8	11.53	8,000	-	0.41	8,000
Southwest	7.73	3.1	3.1	3.3	0.1	11.55	180,000	-	-	180,000
West	10.83	2.6	2.1	4.0	0.5	13.21	(53,000)	-	-	(53,000)
Total	264.31	8.6	7.8	10.4	1.2	10.00	416,000	413,000	3.62	416,000

Source: CBRE Research, Q1 2026

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building being marketed for lease months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Net Rentable Area. Average Direct Asking Rent: A calculated average of NNN asking rents weighted by their corresponding available square footage. Net Rentable Area: The total floor area sq. ft. of the building that can be occupied by tenants. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Occupied Sq. Ft.: Building area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total building Net Rentable Area. Vacant Sq. Ft.: Space that can be immediately occupied or built-out. Class A industrial are buildings built after 2000, with 32' or greater clear height and ESFR sprinklers.

Survey Criteria

Includes all industrial buildings 10,000 sq. ft. and greater in size, including owner-user, in Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas and Jefferson counties. Leasing activity is based on transactions 10,000 sq. ft. and greater. Buildings are deemed under construction by site excavation or foundation work. Historical vacancy, absorption, construction and deliveries data are subject to change given ongoing improvements to tracked inventory.

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