

Closing out 2025 with positive net absorption and a slight dip in vacancy



Note: Arrows indicate change from previous quarter.

MARKET SUMMARY

The Denver office market saw clearer signs of stabilization to end 2025, as net absorption turned positive for the first time since early 2022 and vacancy realized its first post-pandemic decline. The quarter’s net absorption totaled positive 203,000 sq. ft., helping to partially offset 2025’s total of negative 1.8 million sq. ft., which aligned with the recent five-year historical average. Total vacancy declined by a slight 20 basis points (bps) in Q4 to 28.3% but was still up 150 bps year-over-year. More sublease space is reaching lease expiration and increasingly being offered on a direct basis from landlords, resulting in an 18.7% annual decline in sublease availability. Rolling four-quarter leasing activity declined 12.0% quarter-over-quarter to 4.4 million sq. ft., while Q4 activity alone was largely stable at 888,000 sq. ft.

Investment activity improved in Q4 2025, with 16 transactions at a total volume of \$370 million compared to \$220 million across six transactions in Q3. Office demand and vacancy is expected to further stabilize in 2026 as more tenants are solidifying their footprints through signing longer-term leases in tandem with fewer instances of downsizing or tenants vacating space. Owners with adequate capital are better positioned to retain and attract tenants as the market’s bifurcation increases due to persistent elevated vacancy and debt distress among more properties. Looking ahead, the spread in both rents and vacancy between Prime and Class A and Class B and C buildings will further widen as more tenants favor quality and experience as well as location when identifying new space.

FIGURE 1: Downtown vs Suburban Market Statistics

	NRA (SF)	Total Vacancy (%)	Direct Vacancy (%)	Sublease Availability (SF)	Total Net Absorption (SF)	Direct Asking Rent (\$/SF/YR FSG)	Under Construction (SF)
DOWNTOWN							
Class A	13,007,333	31.7	29.9	605,919	(40,306)	50.52	-
Class B	14,464,369	41.6	38.3	566,689	179,309	38.23	-
Class C	3,886,637	47.0	46.5	30,143	(191,720)	28.99	-
Total	31,358,339	38.2	35.8	1,202,751	(52,717)	40.85	-
SUBURBAN							
Class A	39,239,430	25.7	22.7	2,061,449	130,100	34.10	476,187
Class B	35,388,579	26.2	23.9	1,223,950	132,368	26.43	-
Class C	9,690,511	14.7	14.4	50,905	(7,070)	22.13	-
Total	84,407,398	24.7	22.3	3,336,304	255,398	29.69	476,187
METRO TOTAL	115,646,859	28.3	25.9	4,539,055	202,681	33.65	476,187

Source: CBRE Research Q4 2025

Vacancy

The metro Denver office market realized its first post-pandemic decline in total vacancy in Q4 2025 after falling a slight 20 basis points (bps) to 28.3%. Year-over-year, the market recorded a 150-bps increase in total vacancy. With more sublease space reaching lease expiration and being listed on a direct basis, direct vacancy rose 20 bps quarter-over-quarter and 230 bps year-over-year to 25.9%, while sublease vacancy declined 50 bps quarter-over-quarter and 80 bps year-over-year to 2.4%.

Class A total vacancy declined 20 bps quarter-over-quarter to 27.2%, while Class B total vacancy fell 60 bps to 30.7%. Downtown Denver’s total vacancy was nearly flat in Q4 2025 after rising just 10 bps to 38.2%, while Southeast vacancy declined 40 bps to 26.8%. Within the LoDo/CPV micromarket of Downtown, Class A direct vacancy dropped 190 bps quarter-over-quarter to 11.1%, while Cherry Creek Class A direct vacancy stood at just 0.5%, both attesting to the sustained strong tenant demand for newer space in prime locations.

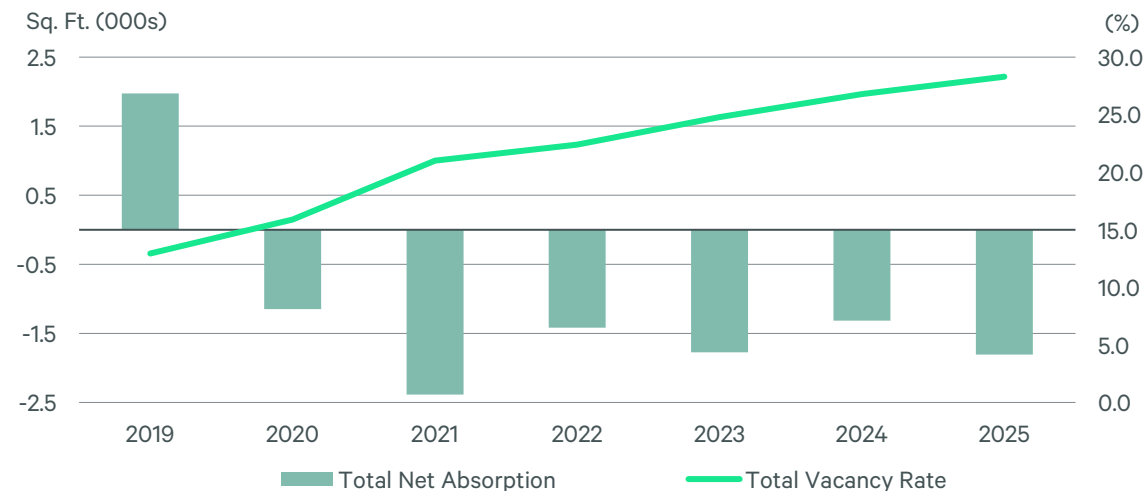
Sublease Availability

Office sublease availability continued its decline, falling 11.2% quarter-over-quarter and 18.7% year-over-year to 4.5 million sq. ft. This represents a 30.7% decrease from the peak recorded in Q1 2023. The sublease availability rate declined from 2.9% to 2.4% quarter-over-quarter, as more sublease spaces continue to get leased or expire and convert to direct availability.

The largest addition of the quarter was Delta Dental of Colorado listing 55,000 sq. ft. at 6465 Greenwood Plaza Blvd. Offsetting this increase, Applied Control leased 30,000 sq. ft. of Yield Solutions former space at 7958 Chester St in the Southeast, as well as QPWB Law leasing 22,000 sq. ft. at 1099 18th St in Downtown.

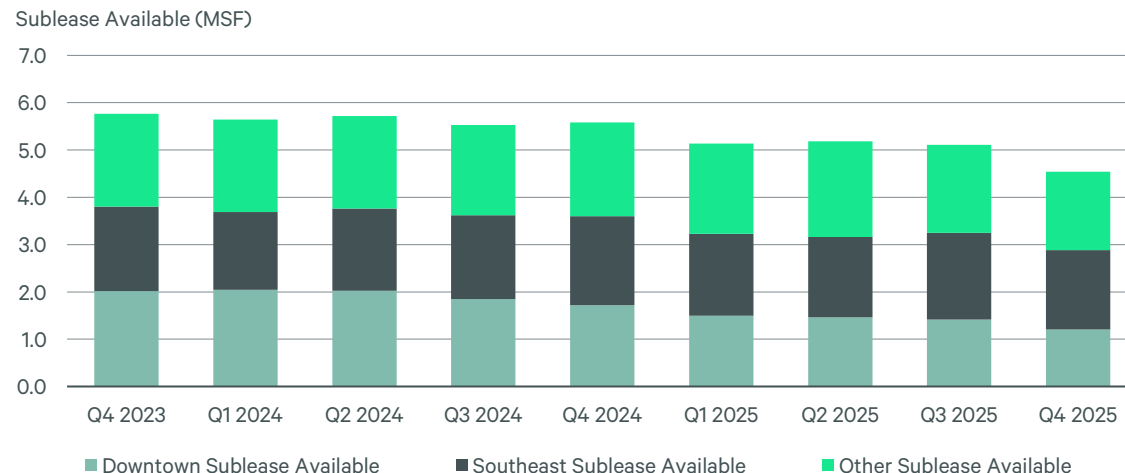
Class A sublease availability increased a slight 1.6% quarter-over-quarter to 2.7 million sq. ft., while Class B sublease availability declined 25.4% quarter-over-quarter to 1.8 million sq. ft. The sharp drop-off in Class B sublease availability was largely attributed to the removal of Boom Supersonic’s 175,000 sq. ft. sublease space in the Southeast submarket that is now being offered on a direct basis. Sublease availability will continue its gradual decline in 2026 as remaining lease terms diminish and spaces are relisted directly by landlords.

FIGURE 2: Total Vacancy and Total Net Absorption



Source: CBRE Research Q4 2025

FIGURE 3: Sublease Availability



Source: CBRE Research Q4 2025

Net Absorption

The Denver metro recorded its first quarter of positive total net absorption since Q1 2022 after reaching 203,000 sq. ft in Q4 2025. This marked a significant improvement against the negative 368,000 sq. ft. in the previous quarter but had a limited impact on the year’s 1.8 million sq. ft. of negative net absorption.

The Downtown submarket experienced several large relocations this quarter. The Colorado Department of Labor and Employment downsized and relocated from 195,000 sq. ft. at 633 17th St. to 131,000 sq. ft. at 707 17th St. Ibotta relocated and expanded from 76,000 sq. ft. at 1801 California St to 97,000 sq. ft. at 1400 16th St. In the Southeast submarket, Douglas County occupied 83,000 sq. ft. at 11045 E. Lansing Cir, relocating from Castle Rock.

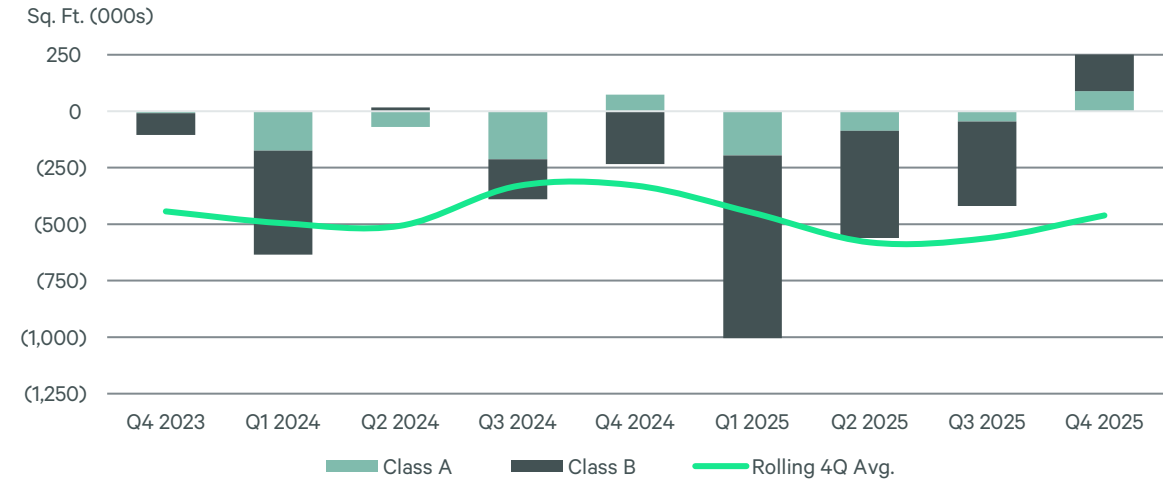
In Q4 2025, the Downtown submarket recorded a moderate negative 53,000 sq. ft. of total net absorption, while the suburban submarkets combined for positive 255,000 sq. ft. Class A space recorded 90,000 sq. ft. of positive total net absorption in Q4 2025 and negative 384,000 sq. ft. for the year, while Class B properties recorded negative 1.3 million sq. ft. of negative net absorption in 2025 after also seeing positive net absorption in Q4 with 312,000 sq. ft.

Average Asking Rents

The market’s overall average asking rent edged slightly downward in Q4 2025 to \$33.65 per sq. ft. FSG, owing to the decrease in Prime and Class A availability with higher rents and a few landlords beginning to soften asking rates to capture activity. With tenants still having heightened leverage and commodity space options remaining abundant, many owners have already adjusted their economics through higher concessions and flexible lease structures. The market’s bifurcation remains pronounced as high-quality, well-located and amenity rich assets continue to command premium rents, while more commodity and aging inventory is seeing some downward adjustments.

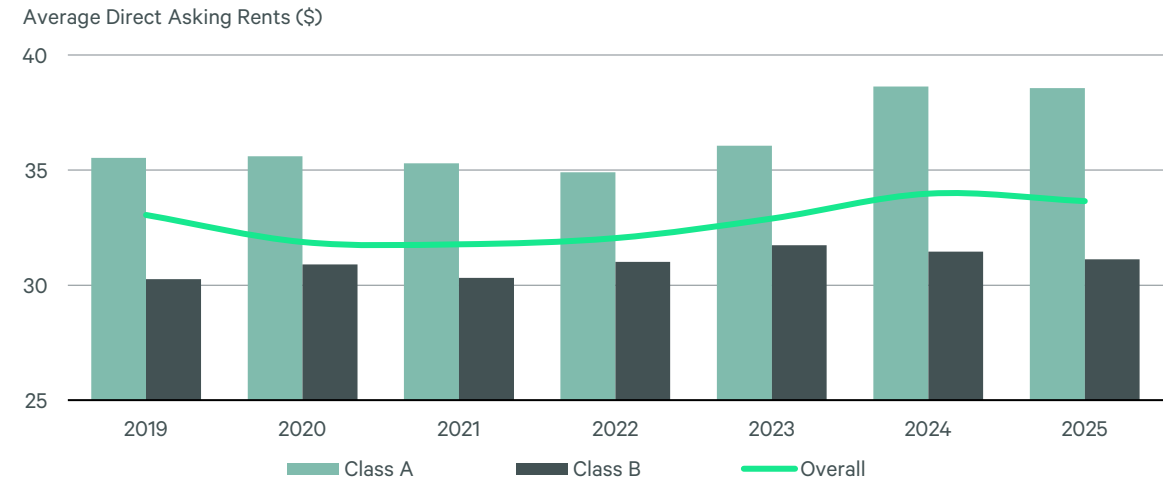
Class A asking rents across the metro experienced a 0.2% decrease year-over-year, to \$38.56 per sq. ft. FSG. Class B rents saw an annual decline 1.0%, falling to \$31.13 per sq. ft. FSG. The River North submarket posted the highest average direct asking rate this quarter at \$50.75 per sq. ft., followed by the Downtown submarket at \$40.85 per sq. ft. Cherry Creek recorded the highest-Class A average asking rent for existing space at \$61.76 per sq. ft.

FIGURE 4: Total Net Absorption (SF)



Source: CBRE Research Q4 2025

FIGURE 5: Average Asking Rents



Source: CBRE Research Q4 2025

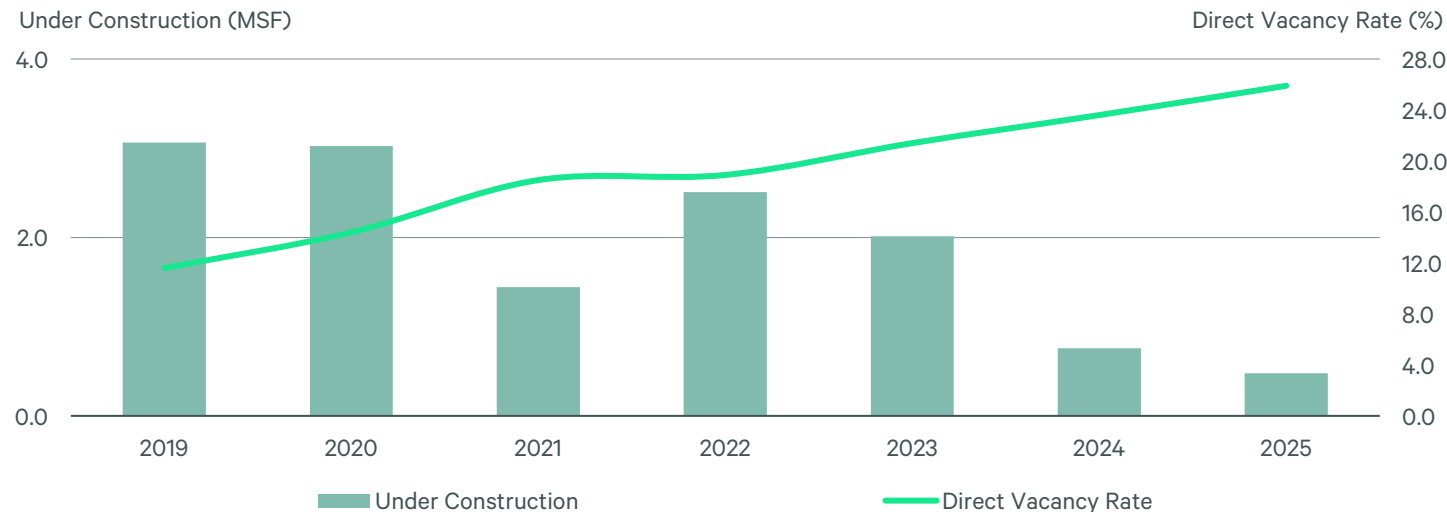
Development Activity

Cherry Creek remains the most active area for development throughout metro Denver, with another new project, 242 Milwaukee St. having broke ground this past quarter. Developed by BMC Investments and Brue Baukol Capital Partners, the seven-story project will deliver 84,000 sq. ft. of office space along with 10,000 sq. ft. of ground-floor retail. Crusoe Energy signed a 54,000 sq. ft. lease as the anchor tenant, expanding within the submarket from its current 38,000 sq. ft. location at 255 Fillmore. 242 Milwaukee, along with 2nd & Adams and 201 Fillmore that are both currently underway, underscores the continues robust demand for new, prime office space in Cherry Creek North.

As of end 2025, there were five projects totaling 476,000 sq. ft. under construction across the Denver metro. Beyond Cherry Creek, several notable projects remain under construction. Clayworks in Golden is expected to be more than 60.0% occupied by its owner, CoorsTek, upon completion, with the balance of its space still available for lease. Meanwhile, 2926 LoHi, a boutique office building located on the fringe of Downtown Denver, has experienced prolonged construction delays after entering foreclosure and being surrendered to its lender. Now in receivership, the property remains available for lease as the lender evaluates potential disposition options.

More new development in Cherry Creek North is forthcoming over the next several quarters. 250 Clayton, a proposed eight-story building spanning roughly 175,000 sq. ft. is expected to break ground this year. Several other projects, including Timber 225 at 225 Clayton St, are currently available for preleasing, seeking an anchor tenant prior to commencing construction. The project will be constructed on a portion of the existing Cherry Cricket restaurant site.

FIGURE 6: Construction & Direct Vacancy



Source: CBRE Research Q4 2025

FIGURE 7: Notable Projects Under Construction

PROPERTY NAME	Property Size (SF)	Submarket	Preleased (%)	Spec/BTS	Est. Completion
Clayworks	166,000	West	62.1	BTS	Q2 2026
201 Fillmore	122,000	Cherry Creek	100.0	BTS	Q4 2025
242 Milwaukee	82,000	Cherry Creek	65.2	Spec	Q1 2027
2nd & Adams	81,000	Cherry Creek	77.5	Spec	Q2 2026

Source: CBRE Research Q4 2025

Leasing Activity

Rolling four-quarter leasing activity totaled 4.4 million sq. ft., down 604,000 sq. ft. or 12.0% from the 5.0 million sq. ft. seen in Q3 2025. Year-over-year, rolling four-quarter leasing volume declined 21.8% from the 5.7 million sq. ft. recorded in Q4 2024, underscoring continued caution among tenants looking to expand but more profoundly, those still right-sizing their space on a longer-term basis. Leasing activity totaled 888,000 sq. ft in Q4 2025 alone, up a slight 1.1% quarter-over-quarter.

Activity from new leases and expansions increased in Q4 2025, comprising 56.5% of the total, compared to 47.2% in Q4 2024. Sublease transactions totaled 475,000 sq. ft., representing 10.3% of the rolling four-quarter total, reflecting some tenants' continued preference for shorter lease terms and attractive pricing. Class A properties continued to outperform in Q4 2025, capturing 2.5 million sq. ft. of transactions or 55.5% of total rolling four-quarter activity. Class A activity decreased 19.2% year-over-year, while Class B activity decreased 27.1%.

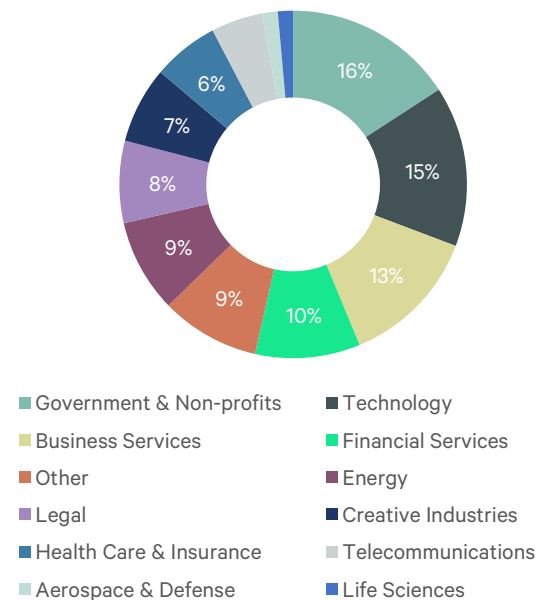
By submarket, 2025 leasing activity was highest in Downtown with 1.5 million sq. ft. or 33.7% of the market's rolling four-quarter total. The Southeast submarket was not far behind with 1.2 million sq. ft. of leases signed. In 2025, the government & non-profits sector continued as the leading industry for activity with 16 transactions accounting for 696,000 sq. ft. The technology industry ranked second, recording 29 transactions and 657,000 sq. ft., while the business services industry was third with 29 leases signed totaling 571,000 sq. ft. in 2025.

FIGURE 8: Notable Q4 2025 Lease Transactions

Tenant	Industry	Location	Submarket	Lease Type	SF
Crusoe Energy Systems	Technology	Milwaukee Place	Cherry Creek	New Lease	54,000
Corden Pharma	Life Sciences	5541 Central Ave	Boulder	New Lease	37,000
AT&T Services	Telecommunications	Panorama Corporate Center II	Southeast	New Lease	34,000
American Financing	Financial Services	Marketplace Courtyard	Aurora	Renewal/Contraction	34,000
FiveTran	Technology	Marketplace Courtyard	River North	New Lease	33,000

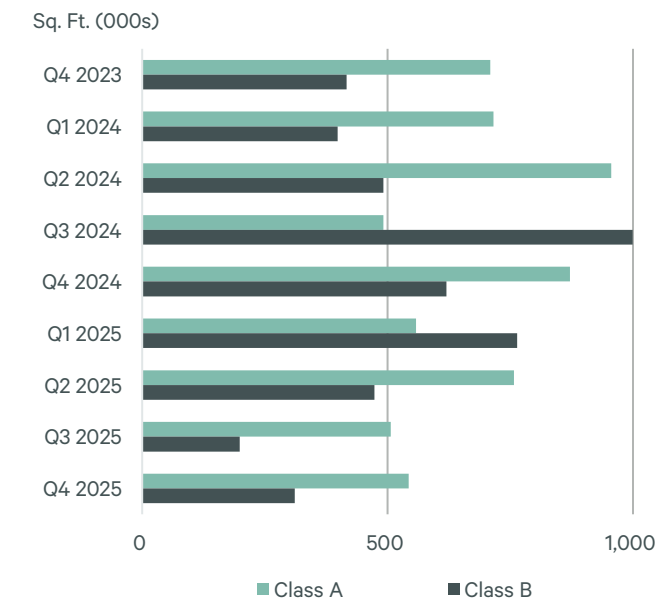
Source: CBRE Research Q4 2025

FIGURE 9: Leasing Activity by Industry (Q1 2025 – Q4 2025)



Source: CBRE Research Q4 2025

FIGURE 10: Leasing Activity by Class



Source: CBRE Research Q4 2025

Investment Trends

Office investment activity in the Denver metro accelerated in Q4 2025, with sixteen transactions contributing to a total quarterly sales volume of \$370 million at an average price of \$68 per sq. ft. Annual sales volume for 2025 totaled \$855 million, with an average price of \$97 per sq. ft., representing a slight improvement from 2024, which recorded \$369 million in sales volume at an average of \$84 per sq. ft.

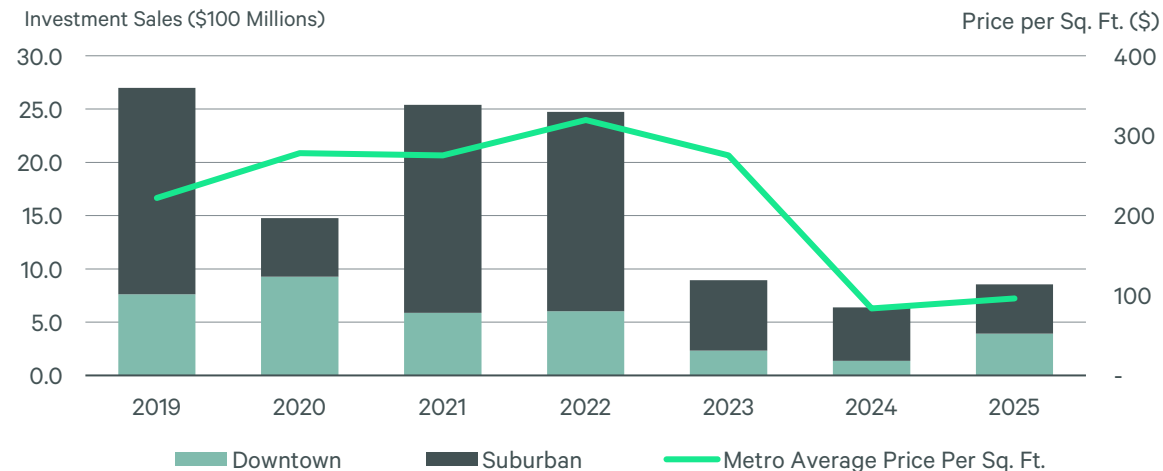
The largest transaction of the quarter was Denver West Business Park, a 17-property, 1.3 million sq. ft. portfolio that sold for \$65 million, or \$49 per sq. ft. The Citadel, a Class A building in the Cherry Creek submarket with more than 96.0% occupancy, achieved the highest price per sq. ft. after selling for \$397 per sq. ft. or \$52 million. In 2026, distressed buildings will continue to drive sales activity, creating opportunities for new ownership and reducing the supply of leasable space.

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.

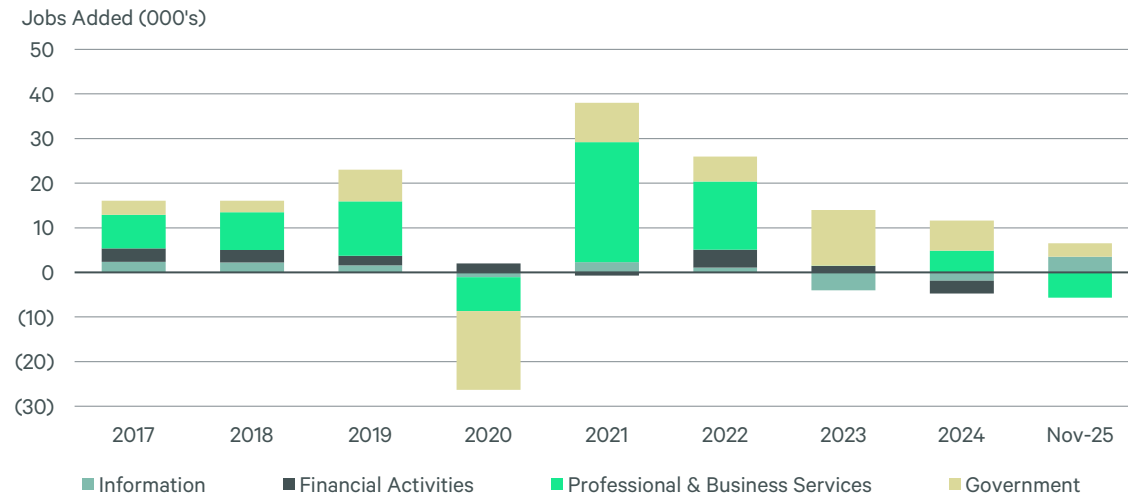
Total non-farm employment in metro Denver narrowly increased in 2025, having grown by 0.1% year-over-year as of November and gaining roughly 1,000 jobs. Office-using employment—including jobs in information, financial activities, professional and business services, and government sectors—fell by 0.1% over the same period or a loss of 500 jobs. Professional and business services, which represents 44.2% of office-using jobs, saw negative 1.6% employment growth. The financial activities sector posted negative 1.1% of positive job growth, while the information sector saw a strong uptick of 6.1% growth. Metro Denver's unemployment rate stood at 3.6% in November, a decrease of 20 bps month-over-month and of 110 bps year-over-year.

FIGURE 11: Investment Sales



Source: CBRE Research Q4 2025

FIGURE 12: Office-Using Employment Growth



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

FIGURE 13: Market Statistics by Submarket

SUBMARKET	NRA (SF)	Total Vacancy (%)	Direct Vacancy (%)	Sublease Availability (SF)	Qtr. Total Net Absorption (SF)	Average Rent (\$./SF/YR FSG)	Under Construction (SF)
Aurora	5,691,167	22.1	22.0	31,466	(25,317)	21.57	-
Boulder	6,591,090	23.7	20.6	332,764	(14,788)	39.70	-
Capitol Hill	2,337,656	28.4	26.0	74,886	24,387	27.93	-
Cherry Creek	2,993,182	12.6	11.9	36,333	7,184	37.32	285,458
Colorado Blvd/ Midtown	6,578,589	22.5	20.7	152,187	(13,000)	27.24	-
Downtown	31,358,339	38.2	35.8	1,202,751	(52,717)	40.85	-
Longmont	814,438	8.5	8.5	-	3,332	22.54	-
North	2,920,471	18.6	18.5	12,555	12,525	23.84	-
Northeast	1,305,269	22.8	14.1	133,952	16,671	26.62	-
Northwest	8,766,582	28.8	25.7	477,618	48,164	29.73	25,005
River North	3,148,313	43.1	38.6	238,941	27,525	50.75	-
Southeast	31,244,146	26.8	23.7	1,682,996	141,530	28.70	-
Southwest	4,288,133	18.2	18.1	20,152	26,378	25.40	-
West	6,469,387	19.1	17.4	129,762	(13,460)	26.48	165,724
West Hampden/ Alameda	1,140,097	24.4	23.4	12,692	14,267	19.15	-
METRO TOTAL	115,646,859	28.3	25.9	4,539,055	202,681	33.65	476,187

Source: CBRE Research Q4 2025

