

# Recovery is visible in Downtown Denver’s office market despite ongoing pressures

▲ 36.8%

Total Vacancy Rate

▼ (270K)

SF Net Absorption

▶ \$41.36

FSG / Lease Rate

▶ N/A

SF Under Construction

▼ 376K

SF Leasing Activity

Note: Arrows indicate change from previous quarter.

## MARKET SUMMARY

Encouraging market signals suggest that Downtown Denver’s office market is slowly progressing toward recovery, as more occupiers commit to long-term leases and a slowdown in new development sets the stage for stabilizing vacancy rates, though the total vacancy rate still rose by 90 bps quarter-over-quarter and 150 bps year-over-year, reaching 36.8%. While the Downtown submarket recorded negative net absorption of 270,000 sq. ft. this quarter, the market would have seen positive absorption if not for a major tenant relocation to the River North submarket. This move alone accounted for a substantial share of the quarterly loss. Despite the outlier, the broader market signals continued progress toward recovery with sublease availability falling for the fifth consecutive quarter, suggesting more stabilization among companies impacted by remote and hybrid work models. Sublease availability decreased by 63,000 sq. ft. to 1.4 million sq. ft. and was down 29.1% year-over-year. Leasing activity posted a decline this quarter but showed considerable improvement over the past 12 months with rolling-four-quarter activity having totaled 2.1 million sq. ft., an increase of 21.8% year-over-year. Downtown’s average direct asking rent was largely unchanged for the fourth consecutive quarter after posting a decrease of 0.5% quarter-over-quarter to \$41.36 per sq. ft. No new construction projects were in the pipeline for the third consecutive quarter, following the completion of 1900 Lawrence in mid-2024.

Figure 1: Micromarket Statistics

	Lower Downtown/ Central Platte Valley	Mid-Central Business District	Skyline Urban Renewal	Uptown
Total NRA (SF)	6,644,509	16,613,844	5,273,773	2,826,213
Direct Vacant (%)	15.4	37.5	39.9	44.3
Total Vacant (%)	18.9	41.4	40.1	45.7
Sublease Available (SF)	486,322	835,415	75,157	39,878
Total Net Absorption (SF)	138,752	(196,546)	(260,840)	48,471
Average Direct Asking Rent (\$)	52.29	37.36	54.85	33.22

Source: CBRE Research Q2 2025

## Vacancy

Total vacancy in the Downtown submarket saw a slight uptick in Q1 2025, rising 90 basis points (bps) quarter-over-quarter to 36.8%. The increase in vacancy this quarter was largely attributed to Xcel Energy vacating 314,000 sq. ft. at 1800 Larimer. Year-over-year, total vacancy was up 150 bps. Direct vacancy accounted for the increase in the total, having risen 130 bps quarter-over-quarter to 33.8%. The S.U.R micromarket saw the largest change in total vacancy after rising 500 bps quarter-over-quarter to 40.1%.

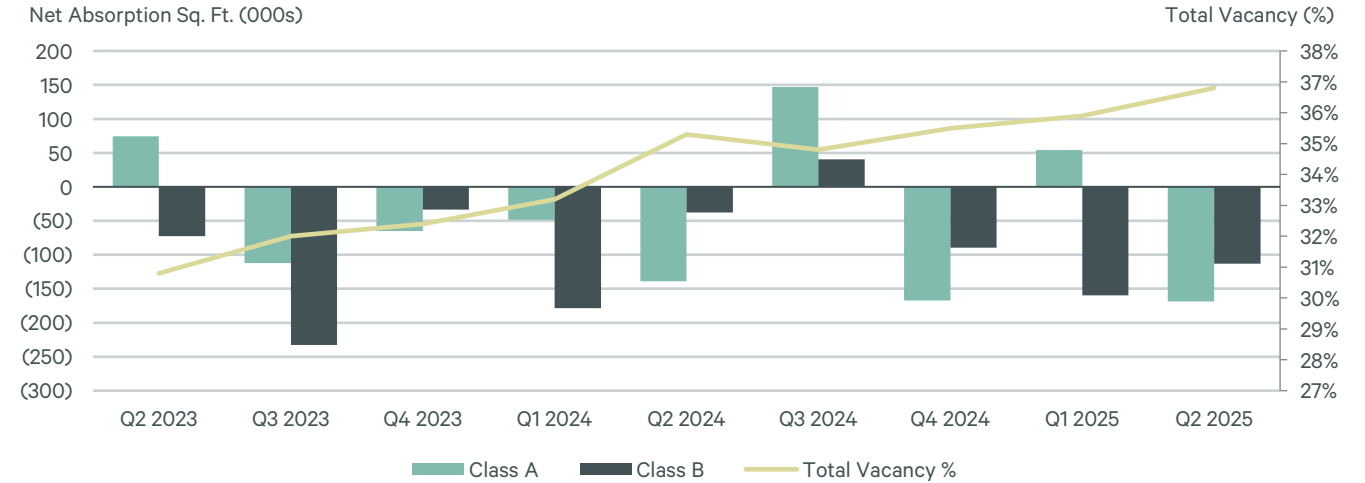
## Net Absorption

Net absorption remains negative in Q2 2025, totaling negative 270,000 sq. ft.—further declining from the negative 124,000 sq. ft. recorded in the previous quarter and marking a 34.5% year-over-year decrease. Class A properties had a significant impact of negative absorption this quarter, recording a net negative 169,000 sq. ft. This was primarily driven by Xcel Energy vacating 314,000 sq. ft. at 1800 Larimer and downsizing into the River North submarket. Class B properties recorded negative net absorption for the third consecutive quarter, totaling negative 113,000 sq. ft. This was primarily driven by Evolve Vacation Rental vacating 75,000 sq. ft. of office space at 717 17<sup>th</sup> St.

## Sublease Availability

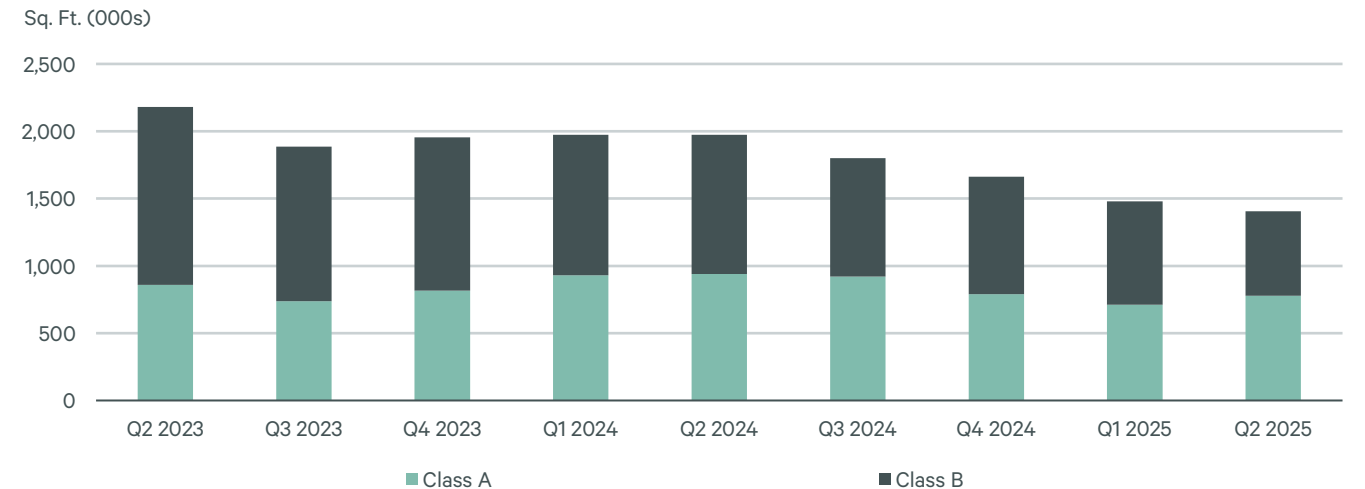
Downtown sublease availability fell for the fifth consecutive quarter, after decreasing 4.2% quarter-over-quarter and 29.1% year-over-year to 1.4 million sq. ft. Xero had the largest sublease addition of the quarter, with 30,000 sq. ft. at 1615 Platte St. Q2 2025 recorded one notable sublease deal, with Liberty Energy leasing 20,000 sq. ft. of Enerplus Resources’ space at 950 17<sup>th</sup> St. This new sublease deal was pivotal in further reducing availability this quarter and demonstrates the preference for affordable, built-out space with immediate occupancy among some users.

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



Source: CBRE Research Q2 2025

Figure 3: Sublease Availability by Class



Source: CBRE Research Q2 2025

## Leasing Activity

Leasing activity decreased from the previous quarter, with 376,000 sq. ft. leased across 16 separate transactions. Activity was down by 46,000 sq. ft. quarter-over-quarter and 276,000 sq. ft. year-over-year. On a rolling four-quarter basis, leasing activity was down 11.9% against Q1 2025's total but was up an impressive 21.8% from the total a year ago. Direct deals accounted for 94.7% of total sq. ft. leased with 15 deals, of which seven exceeded 20,000 sq. ft. The largest Downtown lease was signed by SM Energy for 74,000 sq. ft. at Wells Fargo Center in the Uptown micromarket.

## Average Asking Rents

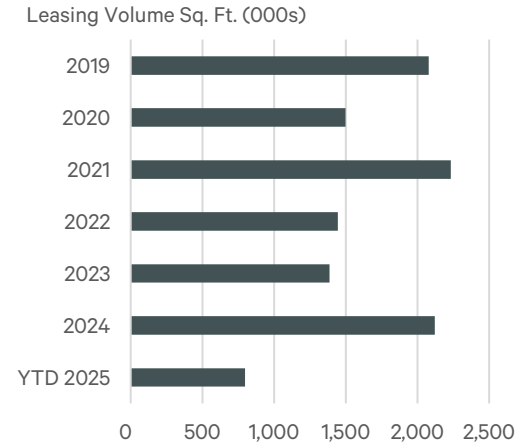
Downtown Denver's average direct asking rent was largely unchanged in Q2 2025, falling by a total of 0.5% quarter-over-quarter to \$41.36 per sq. ft. and was down 1.3% year-over-year. Class A asking rents dropped slightly year-over-year, decreasing 1.0% to \$50.95 per sq. ft. FSG, while Class B asking rents also fell 1.0% to \$38.44 per sq. ft. FSG.

Figure 4: Average Asking Direct Rent By Class



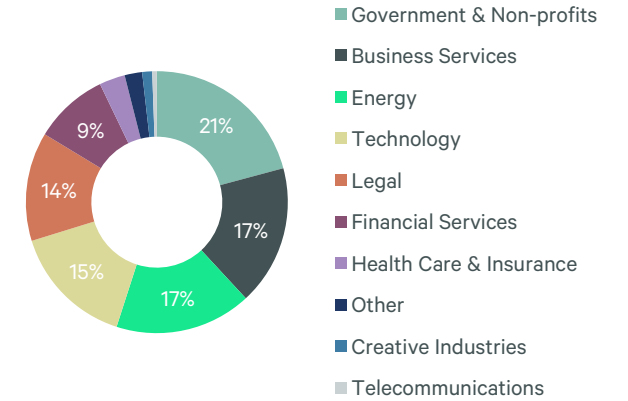
Source: CBRE Research Q2 2025

Figure 5: Annual Leasing Volume



Source: CBRE Research Q2 2025

Figure 6: Leasing Activity by Industry (Q3 2024 – Q2 2025)



Source: CBRE Research Q2 2025

Figure 7: Top Lease Transactions

Lease Type	Tenant	SF	Address	Micromarket	Sublease
Renewal/Expansion	SM Energy	74,000	Wells Fargo Center	Uptown	N
Renewal/Expansion	Snowflake	40,000	1700 Broadway	Mid-CBD	N
Renewal	NexCore Group	32,000	1550 Market St	LoDo	N
New Lease	Colorado Legal Services	29,000	Civic Center Plaza	Mid-CBD	N
New Lease	Checkr	28,000	1125 17 <sup>th</sup> St	S.U.R	N

Source: CBRE Research Q2 2025

## Development

The development pipeline remained stagnant with no new projects having broken ground following the delivery of 1900 Lawrence in Q2 2024. This 704,000 sq. ft. prime office building located in the S.U.R micromarket remains largely vacant after Gibson Dunn occupied 31,000 sq. ft. on the 30<sup>th</sup> floor this quarter. Looking ahead, the Downtown development pipeline is expected to remain stagnant, with hopes for increased activity as market conditions improve.

## Investment Trends

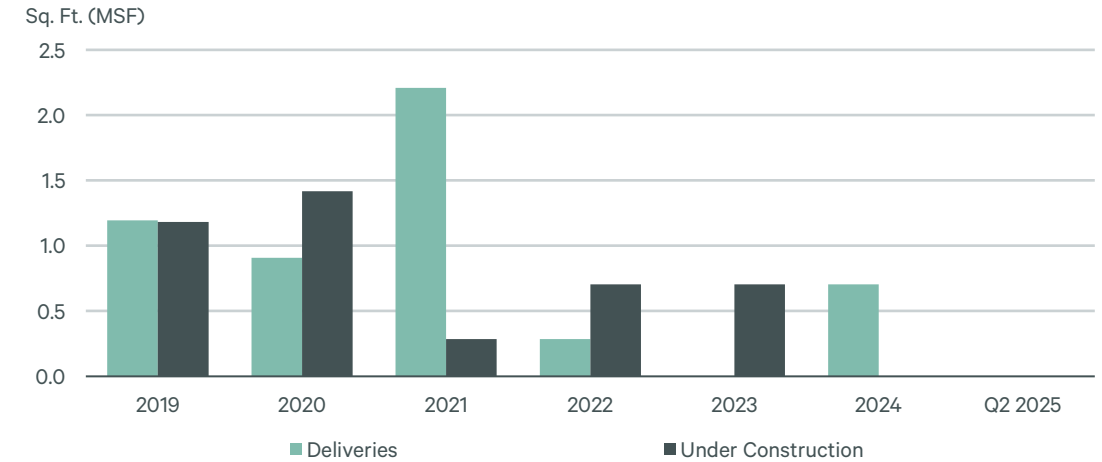
Investment sales volume in the Downtown submarket decreased to \$48.0 million in Q2 2025 after 909 15<sup>th</sup> St and Lincoln Crossing Tower I & II traded hands at \$170 and \$21 per sq. ft., respectively. This marks a quarter-over-quarter decrease from the \$132.5 million seen in Q1 2025. Year-over-year, volume was down considerably compared to the \$93.8 million recorded in Q2 2024. Investment activity will likely pick up as more owners offload distressed and underperforming assets and buyers identify conversion and value-add opportunities.

Figure 8: Rolling-Four-Quarter Top Sale Transactions

Address	Micromarket	Buyer	Sale Price (\$)	Price per SF (\$)	Sale Date
17 <sup>th</sup> St Plaza	S.U.R	Lone Star Funds	132.5 M	187	Q1 2025
101 W Colfax Ave	Mid-CBD	City of Denver	88.5 M	277	Q2 2024
910 15 <sup>th</sup> St	Mid-CBD	Coresite	38.0 M	170	Q2 2025
Civic Center Plaza	Mid-CBD	Heitman	27.0 M	41	Q4 2024
Lincoln Crossing Tower I & II	Uptown	Westside Investment	10.0 M	21	Q2 2025

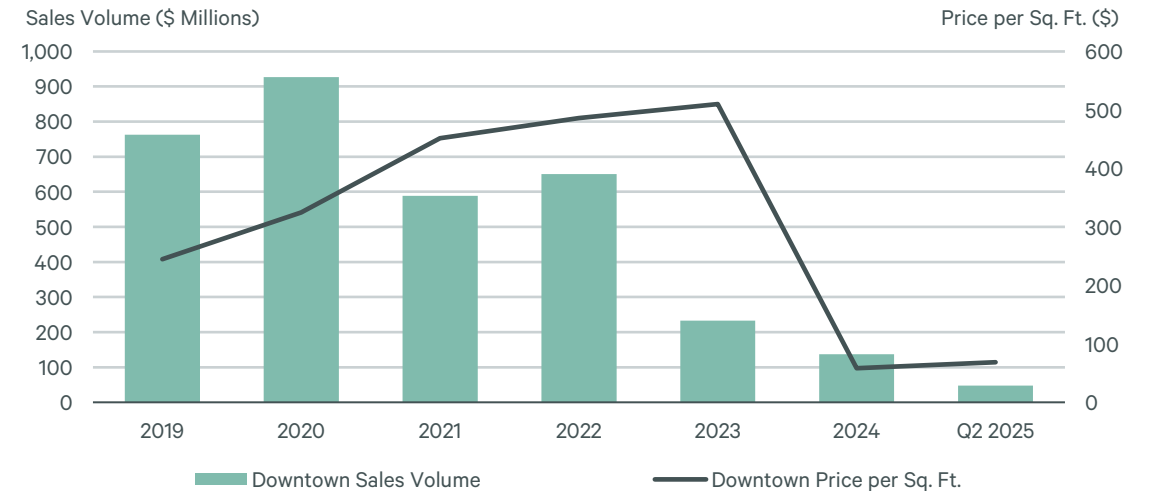
Source: CBRE Research Q2 2025

Figure 9: Historical Deliveries and Under Construction



Source: CBRE Research Q2 2025

Figure 10: Historical Investment Activity



Source: CBRE Research Q2 2025

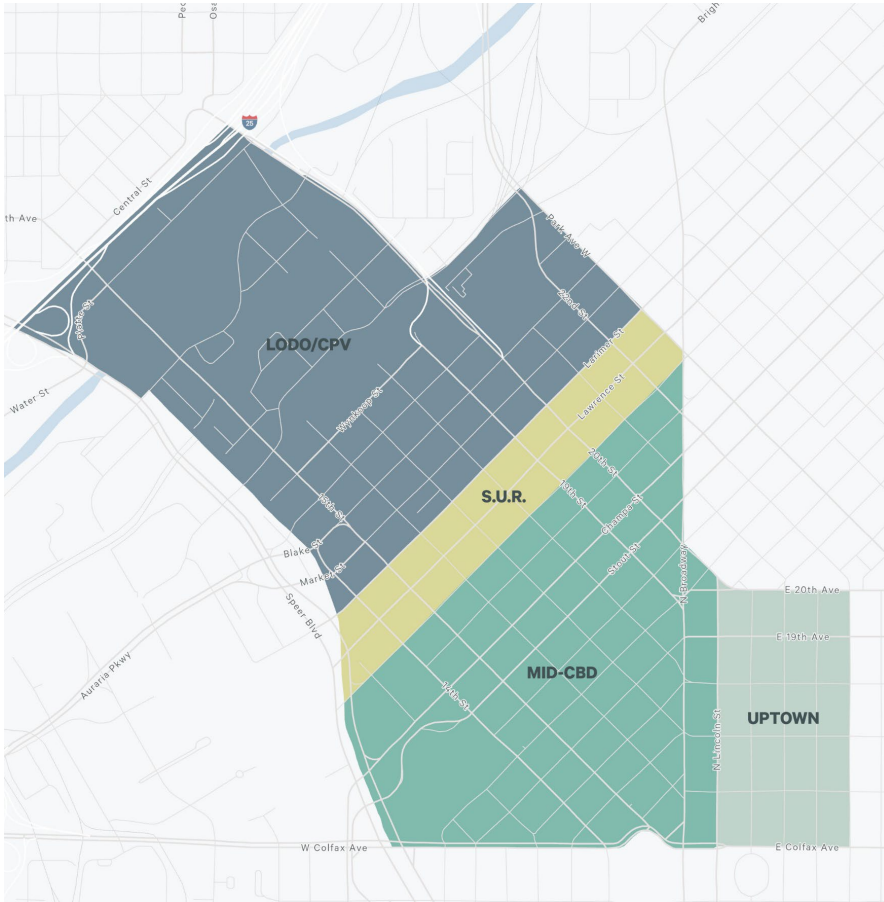
## Market Statistics

Figure 11: Quarterly Statistics by Class

Class A	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Total NRA (SF)	12,293,270	12,293,270	12,293,270	12,293,270	12,997,306	12,997,306	12,997,306	12,997,306	13,007,333
Total Vacant (%)	22.9	23.8	24.4	24.8	29.9	28.8	30.1	29.7	31.0
Sublease Available (SF)	859,596	737,750	816,261	929,520	939,674	920,994	790,641	712,269	776,801
Total Available (%)	27.6	26.8	28.5	32.0	36.5	36.4	36.0	36.6	37.1
Total Net Absorption (SF)	74,310	(111,993)	(64,945)	(48,577)	(138,760)	146,875	(167,393)	53,943	(168,687)
Average Direct Asking Rent (\$)	47.62	47.11	47.44	49.24	51.47	51.55	51.18	50.66	50.95
Class B/C	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Total NRA (SF)	18,350,338	18,350,338	18,350,338	18,350,338	18,350,338	18,350,338	18,350,338	18,351,006	18,351,006
Total Vacant (%)	36.1	37.5	37.7	38.8	39.1	39.1	39.4	40.4	40.9
Sublease Available (SF)	1,403,597	1,227,856	1,203,918	1,112,836	1,085,513	929,446	926,725	787,043	659,971
Total Available (%)	42.1	42.2	42.6	43.7	43.8	44.1	44.4	43.5	42.4
Total Net Absorption (SF)	(75,368)	(251,252)	(34,644)	(201,860)	(62,118)	8,334	(112,176)	(177,533)	(101,476)
Average Direct Asking Rent (\$)	36.45	36.97	36.85	36.84	36.67	36.57	36.54	36.92	36.40
Overall	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
Total NRA (SF)	30,643,608	30,643,608	30,643,608	30,643,608	31,347,644	31,347,644	31,347,644	31,348,312	31,358,339
Total Vacant (%)	30.8	32.0	32.4	33.2	35.3	34.8	35.5	35.9	36.8
Sublease Available (SF)	2,263,193	1,965,606	2,020,179	2,042,356	2,025,187	1,850,440	1,717,366	1,499,312	1,436,772
Total Available (%)	36.3	36.0	36.9	39.0	40.8	40.9	40.9	40.6	40.2
Total Net Absorption (SF)	(1,058)	(363,245)	(99,589)	(250,437)	(200,878)	155,209	(279,569)	(123,590)	(270,163)
Average Direct Asking Rent (\$)	39.63	39.82	39.90	40.58	41.90	41.81	41.71	41.56	41.36

Source: CBRE Research Q2 2025

### Market Area Overview



#### CBRE Offices

##### Downtown Denver

1225 17th Street, Suite 3200  
Denver, CO 80202

##### Denver Tech Center

5455 Landmark Place, Suite C102  
Greenwood Village, CO 80111

##### Boulder

1050 Walnut Street, Suite 340  
Boulder, CO 80302

##### Colorado Springs

102 South Tejon Street, Suite 1100  
Colorado Springs, CO 80903

##### Fort Collins

3003 East Harmony Road, Suite 300  
Fort Collins, CO 80528

#### Survey Criteria

Includes all office buildings 10,000 sq. ft. and greater in size, excluding owner-user, in the Downtown Denver submarket. Buildings which have begun construction as evidenced by site excavation or foundation work.

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