

Leasing momentum builds as vacancy holds steady

► 28.8%

Total Vacancy Rate

▼ (161K)

SF Net Absorption

► \$34.20

Avg .Direct Asking Rate (FSG/YR)

▼ 461K

SF Under Construction

▲ 6.1M

SF Leasing Activity (4-Qtr)

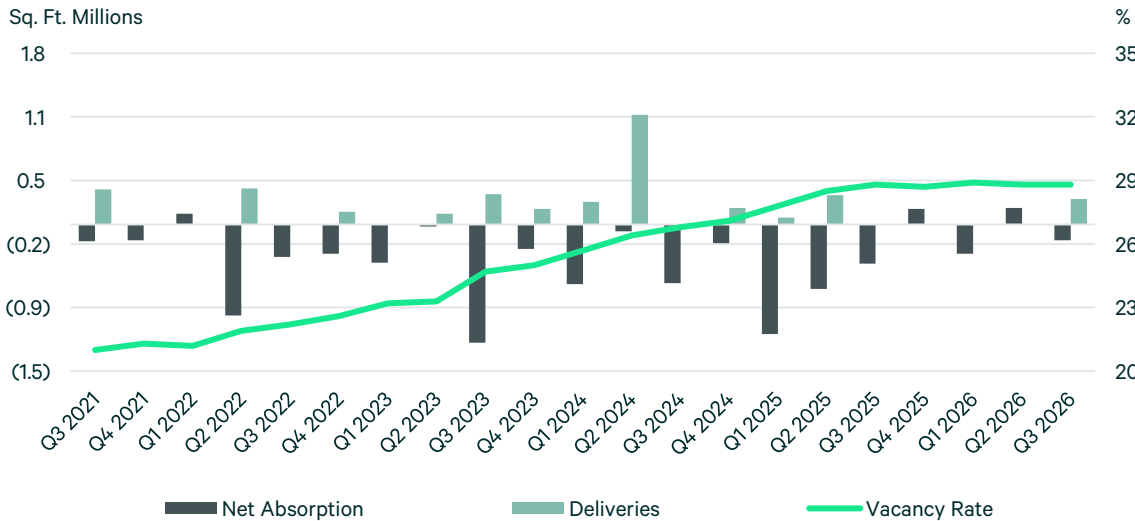
Note: Arrows indicate change from previous quarter.

Market Overview

Denver's office market delivered a split result in Q3 2026. Overall net absorption totaled negative 161,000 sq. ft., but the suburbs and Downtown Denver moved in opposite directions. The suburbs recorded more than 320,000 sq. ft. of positive net absorption, the highest quarterly total in more than five years, with 10 of 15 submarkets posting gains. Downtown posted negative 483,000 sq. ft., led by TIAA's nearly 293,000 sq. ft. move out. Total vacancy held at 28.8%, the fifth straight quarter near that level, while sublease availability fell 26.6% year-over-year to 3.7 million sq. ft. as corporate space shedding continued to fade. Leasing was the clearest bright spot, totaling 1.3 million sq. ft. of activity in Q3 2026, lifting rolling four-quarter volume to 6.1 million sq. ft., the highest level since Q1 2020.

Demand is broadening across the suburbs while the supply pipeline recedes. Conditions are set for vacancy to trend lower as the Downtown submarket works through its recent losses. Owner-user purchases removed nearly 500,000 sq. ft. from competitive inventory this quarter, and Downtown is poised to follow, with the University of Colorado's acquisition of Independence Plaza and roughly 1.7 million sq. ft. of planned office-to-residential conversions. The metro recorded two deliveries in Q3 2026, both largely pre-committed, reducing the construction pipeline by 36.4% to 461,000 sq. ft., almost all remaining in Cherry Creek. Sustained leasing momentum and limited new supply position the market for further stabilization heading into the final stretch of 2026.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q3 2026

Vacancy

Total vacancy in the Denver metro held at 28.8% in Q3 2026, essentially unchanged quarter-over-quarter and year-over-year. The rate has stayed between 28.7% and 28.9% for five consecutive quarters, reinforcing the view that vacancy has reached its ceiling. Direct vacancy edged up 20 basis points (bps) to 26.6% as expiring sublease space returned to the direct market, while sublease vacancy fell to 2.2%, its lowest level in more than five years. Class A total vacancy declined 20 bps quarter-over-quarter to 27.2% and was down 50 bps year-over-year, its second consecutive quarterly improvement. Class B rose 40 bps to 31.7%, an increase driven entirely by Downtown, as suburban Class B vacancy fell 40 bps to 26.3%. The gap between Class A and B widened to roughly 450 bps from 390 bps a year ago as flight-to-quality continues to define tenant behavior.

Vacancy remained bifurcated by submarket. Downtown's total vacancy rose 150 bps to 40.1%, while suburban vacancy fell 50 bps to 24.6%, the largest quarterly decline in more than five years. The Southeast improved 70 bps to 25.9%, its lowest rate since Q2 2024, and River North fell 110 bps to 41.7%. Cherry Creek rose to 14.5% as tenants prepared to move into the newly delivered 2nd & Adams. Owner-user purchases and planned Downtown conversions continue to shrink the statistical base, a structural shift that should support lower reported vacancy independent of new leasing.

Asking Rent

The overall average direct asking rent held steady at \$34.20 per sq. ft. FSG in Q3 2026, essentially unchanged quarter-over-quarter and year-over-year. Headline rates have remained within a 25-cent range for six consecutive quarters as landlords continued to compete through elevated concession packages rather than face-rate reductions. Class A asking rents were similarly stable at \$39.66 per sq. ft. FSG, while Class B rates rose 0.7% to \$31.30 per sq. ft. FSG, their second consecutive quarterly gain, likely as the highest-quality Class B availabilities drew tenants priced out of top-tier Class A space.

Among the submarkets, River North posted the highest average direct asking rate at \$48.55 per sq. ft. FSG. Downtown followed at \$41.00 per sq. ft. FSG, down 0.5% quarter-over-quarter and 2.2% year-over-year. Cherry Creek averaged \$40.10 per sq. ft. FSG on an overall basis. Its Class A average, however, climbed 7.8% quarter-over-quarter to a new high of \$73.67 per sq. ft. FSG, well ahead of Boulder Class A at \$53.77 per sq. ft. FSG. Occupiers continue to pay a steep premium for best-in-class product in Cherry Creek.

Figure 2: Vacancy Rates by Class



Source: CBRE Research, Q3 2026

Figure 3: Average Direct Asking Rate by Class



Source: CBRE Research, Q3 2026

Net Absorption

Total net absorption in Q3 2026 was negative 161,000 sq. ft., following positive 173,000 sq. ft. in Q2 2026. Class A posted positive 143,000 sq. ft., its second consecutive gain and strongest quarter since Q2 2023, lifting year-to-date Class A absorption to positive 187,000 sq. ft. Class B recorded negative 346,000 sq. ft., concentrated almost entirely in Downtown. Year-to-date net absorption stood at negative 292,000 sq. ft., compared with negative 2.2 million sq. ft. at the same point in 2025, a clear indication that occupancy losses have moderated considerably.

Suburban submarkets combined for positive net absorption of 321,000 sq. ft. The West submarket led activity with 155,000 sq. ft., driven by CoorsTek's 119,000 sq. ft. occupancy of the newly delivered Clayworks in Golden. Colorado Blvd/Midtown followed at 47,000 sq. ft., led by Clubhouse Work & Golf at 720 S Colorado Blvd. The Southeast posted its fourth consecutive quarterly gain at 40,000 sq. ft., supported by E-470's 50,000-sq.-ft. move-in at 8900 Liberty Cir, and River North recorded its eighth consecutive quarter of positive net absorption. Occupancy losses were concentrated Downtown, which posted negative 483,000 sq. ft. of net absorption in Q3. TIAA's move-out of nearly 293,000 sq. ft. at 1670 Broadway accounted for the lion's share, while the State of Colorado, US Bank and Optiv shed a combined 148,000 sq. ft.

Construction Activity

The construction pipeline contracted 36.4% quarter-over-quarter to 461,000 sq. ft. in Q3 2026 as two projects delivered and no new projects broke ground. The quarter's 263,000 sq. ft. of deliveries were the metro's first since Q2 2025, ending a four-quarter stretch without new supply. Clayworks in Golden delivered 182,000 sq. ft. roughly 65% occupied following owner CoorsTek's move-in. In Cherry Creek, the fully committed 2nd & Adams delivered 81,000 sq. ft., with Bow River relocating from 205 Detroit St and nearly doubling its footprint to 31,000 sq. ft. The building's remaining tenants are expected to take occupancy over the coming quarters.

Cherry Creek accounted for 436,000 sq. ft., or roughly 95% of the pipeline, led by 250 Clayton at 173,000 sq. ft. and Antero's 122,000-sq.-ft. headquarters at 201 Fillmore St, alongside the fully pre-committed Milwaukee Place and 101 Clayton Lane. Outside Cherry Creek, the 25,000-sq.-ft. 2926 Umatilla St in the Northwest is the only project underway. One Cherry Creek West and 225 Timber remain slated to break ground in Q4 2026, which would add another 326,000 sq. ft. to Cherry Creek. With more than half of the pipeline already committed and little speculative supply elsewhere, existing Class A product stands to benefit.

Figure 4: Net Absorption Trend

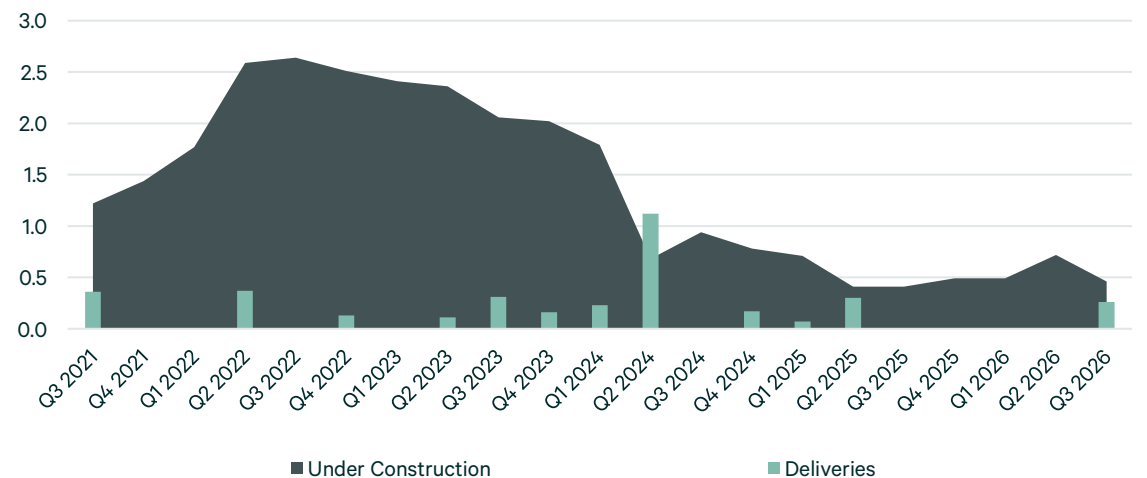
Sq. Ft. (millions)



Source: CBRE Research, Q3 2026

Figure 5: Construction Activity

Sq. Ft. Millions



Source: CBRE Research, Q3 2026

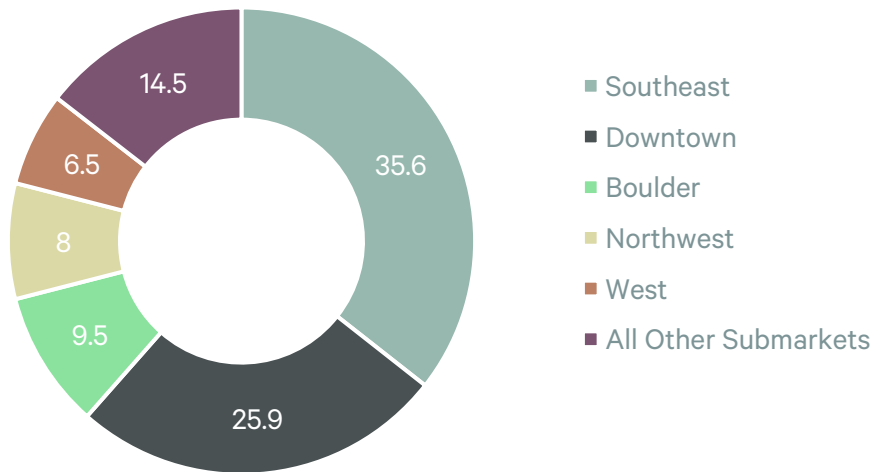
Leasing Activity

Total leasing activity in Q3 2026 reached 1.3 million sq. ft., down 26.6% from a strong Q2 2026 but up 52.3% from a year earlier. Rolling four-quarter volume climbed to 6.1 million sq. ft., up 22.9% year-over-year and the market's highest four-quarter total since Q1 2020, a sign that the recovery in tenant demand is gaining momentum.

New leases and expansions accounted for 70.8% of Q3 2026 activity, the highest share since Q4 2022, and 56.4% of rolling four-quarter volume, a healthy indication that new demand is entering the market. Class A properties captured 66.1% of quarterly activity and 63.4% of rolling four-quarter volume, reinforcing the flight-to-quality trend across the metro.

The Southeast led all submarkets with 462,000 sq. ft. of activity, followed by Downtown at 336,000 sq. ft. and Boulder at 123,000 sq. ft., where Watchmaker Genomics signed the quarter's largest lease at 99,000 sq. ft. Business Services led all industries in Q3 2026 with 279,000 sq. ft., while Technology continues to lead the rolling four-quarter total at 1.0 million sq. ft., or 17.0% of volume.

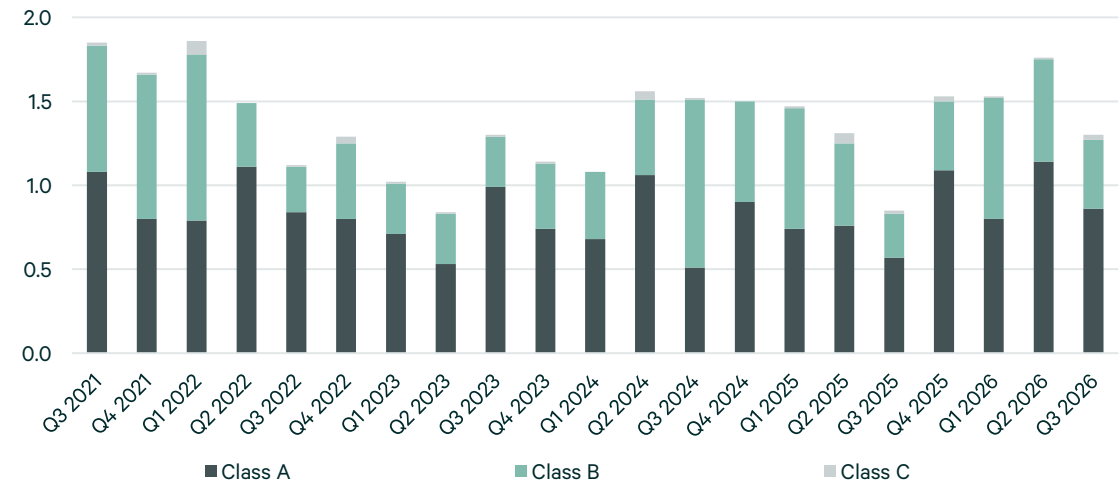
Figure 7: Leasing by Submarket (% of Total Activity)



Source: CBRE Research, Q3 2026

Figure 6: Leasing Activity Trend

Sq. Ft. (millions)



Source: CBRE Research, Q3 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Watchmaker Genomics	99,000	New Lease	5775 Flatiron Pkwy	Boulder
Gusto	75,000	Renewal/Expansion	1200 17 th St	Downtown
RSM US	62,000	New Lease	1900 Lawrence St	Downtown
ViaSat	55,000	Renewal	349 Inverness Dr S	Southeast
Confidential Tenant	43,000	New Lease	Confidential Address	Southeast
State of Colorado Office of Public Defender	38,000	Renewal/Expansion	13356 E Briarwood Ave	Southeast
HDR Engineering	34,000	New Lease	6430 S Fiddlers Green Cir	Southeast
Catamount Constructors	32,000	New Lease	14143 Denver West Pkwy	West

Source: CBRE Research, Q3 2026

Investment Sale Activity

Office investment activity in the Denver metro moderated in Q3 2026, with nine transactions contributing to quarterly sales volume of \$192.2 million at an average price of \$107 per sq. ft., compared with \$222.7 million across eight transactions in Q2 2026. Year-to-date volume reached \$617.2 million, up 38.1% from the same point in 2025.

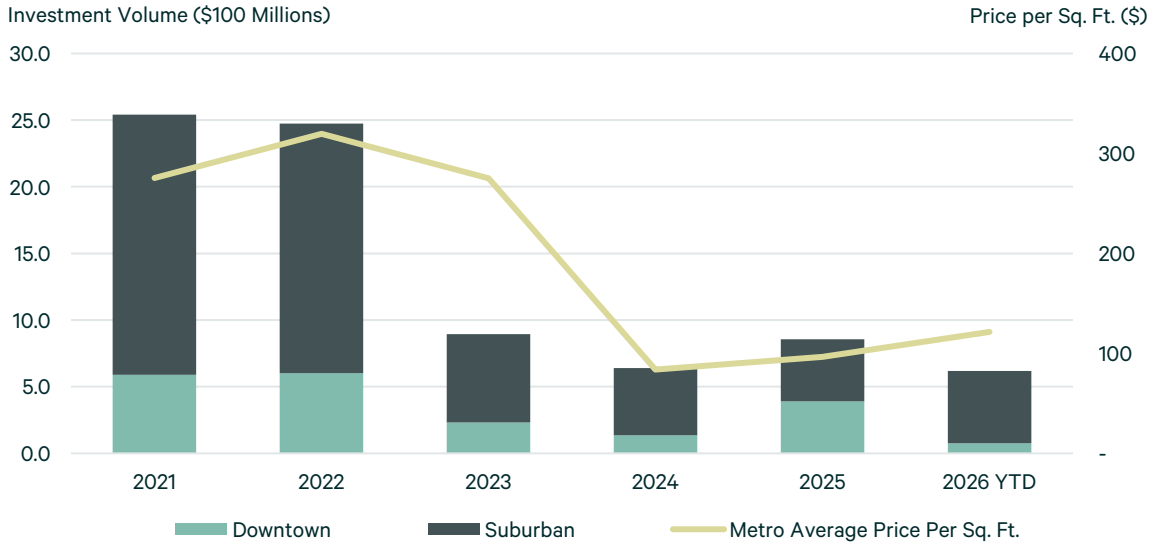
The largest transaction of the quarter was PaulsCorp's \$57.3 million acquisition of Regency Plaza in the Southeast from Granite Properties at \$170 per sq. ft., followed closely by Caruso Ventures' \$56.8 million purchase of Pearl West in Downtown Boulder from Invesco at \$303 per sq. ft., the quarter's highest price per sq. ft. Owner-users accounted for roughly half of the square footage transacted, extending the trend of user acquisitions removing space from competitive inventory. The Regents of the University of Colorado acquired Independence Plaza Downtown for \$28.0 million, or \$49 per sq. ft., while UC Health purchased One & Two Greenwood Plaza and Douglas County School District bought Meridian One. With distressed and maturing-debt situations still working through the market, reset-basis acquisitions are expected to keep deal flow active through year-end.

Economic Overview

Notable challenges persist, from elevated energy costs and interest rates to lingering geopolitical and technological uncertainties. Despite these concerns, the U.S. economy remains on track to grow by over 2% during 2026, supported by impressive AI-driven business investment. Also, a generally stable labor market continues to underpin consumer activity, providing a cushion against other risks. The final months of 2026 could prove pivotal. While economic growth supports healthy CRE occupier market fundamentals, the investment side of the market must contend with 5% Treasury yields. Signals from the Federal Reserve, inflation data, and global fixed-income markets suggest rates will remain elevated for the foreseeable future. A key upside catalyst would be a de-escalation in the U.S./Iran conflict, which could ease inflation and provide the Fed with more flexibility.

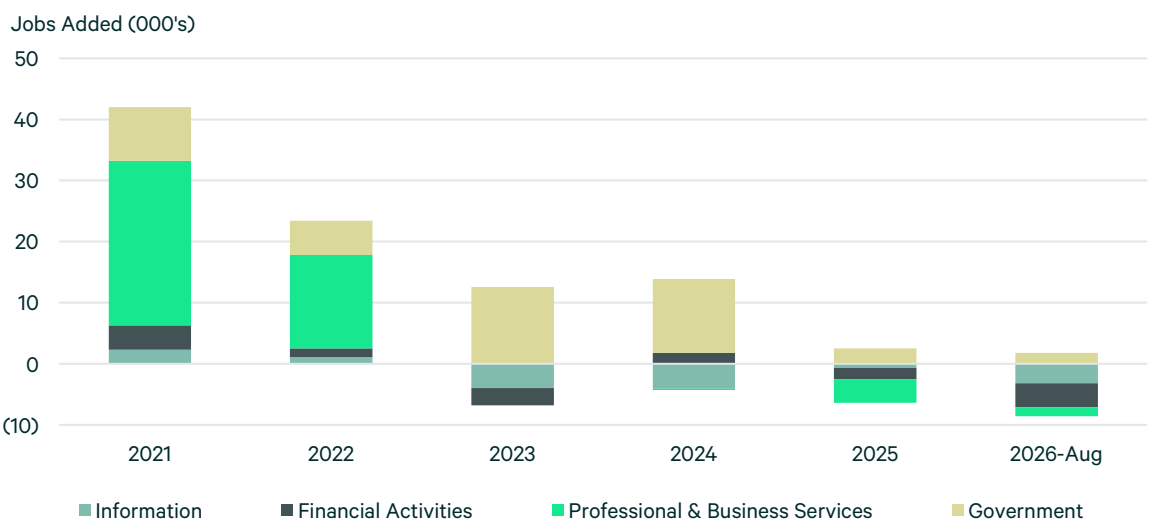
Total non-farm employment in metro Denver returned to modest growth, adding 1,100 jobs year-over-year as of August 2026, its third consecutive month of annual gains. Office-using employment fell 0.6%, a loss of 5,100 jobs and roughly half the rate of decline reported in May. Information shed 4,200 jobs and financial activities 3,600, partially offset by gains of 2,200 in government and 500 in professional and business services. Metro Denver's unemployment rate rose to 4.6%, up 70 bps year-over-year and above the national rate of 4.3%.

Figure 9: Investment Sales



Source: CBRE Research, Q3 2026

Figure 10: Office-Using Employment Growth



Source: CBRE Research, Q3 2026

Market Statistics

Figure 11: Downtown Market Statistics by Class

Property Class	NRA (MSF)	Total Vacancy (%)	Direct Vacancy (%)	Total Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	13.55M	31.9	30.6	33.1	3.9	50.79	(171,000)	(75,000)	-	-
Prime	4.06M	26.4	25.2	22.9	3.5	63.41	(8,000)	7,000	-	-
Class B	13.94M	45.3	42.2	50.7	4.0	37.93	(339,000)	(367,000)	-	-
Class C	3.65M	51.2	50.9	42.8	0.5	28.63	27,000	(27,000)	-	-
Total	31.14M	40.1	38.1	42.1	3.5	41.00	(483,000)	(468,000)	-	-

Figure 12: Suburban Market Statistics by Class

Property Class	NRA (MSF)	Total Vacancy (%)	Direct Vacancy (%)	Total Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	39.25M	25.6	22.4	30.2	4.4	34.76	314,000	262,000	263,000	461,000
Prime	1.86M	5.8	3.8	22.7	7.1	61.78	2,000	(23,000)	-	-
Class B	34.94M	26.3	24.4	30.8	2.6	26.54	(7,000)	(100,000)	-	-
Class C	9.23M	14.4	14.1	16.1	0.3	21.49	15,000	15,000	-	-
Total	83.42M	24.6	22.3	28.9	3.2	30.01	321,000	176,000	263,000	461,000

Figure 13: Metro Market Statistics by Class

Property Class	NRA (MSF)	Total Vacancy (%)	Direct Vacancy (%)	Total Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	52.80M	27.2	24.5	30.9	4.2	39.66	143,000	187,000	263,000	461,000
Prime	5.92M	19.9	18.5	22.9	4.6	63.05	(6,000)	(16,000)	-	-
Class B	48.88M	31.7	29.5	36.4	3.0	31.30	(346,000)	(467,000)	-	-
Class C	12.88M	24.8	24.4	23.8	0.3	25.24	42,000	(12,000)	-	-
Total	114.57M	28.8	26.6	32.5	3.3	34.20	(161,000)	(292,000)	263,000	461,000

Source: CBRE Research, Q3 2026

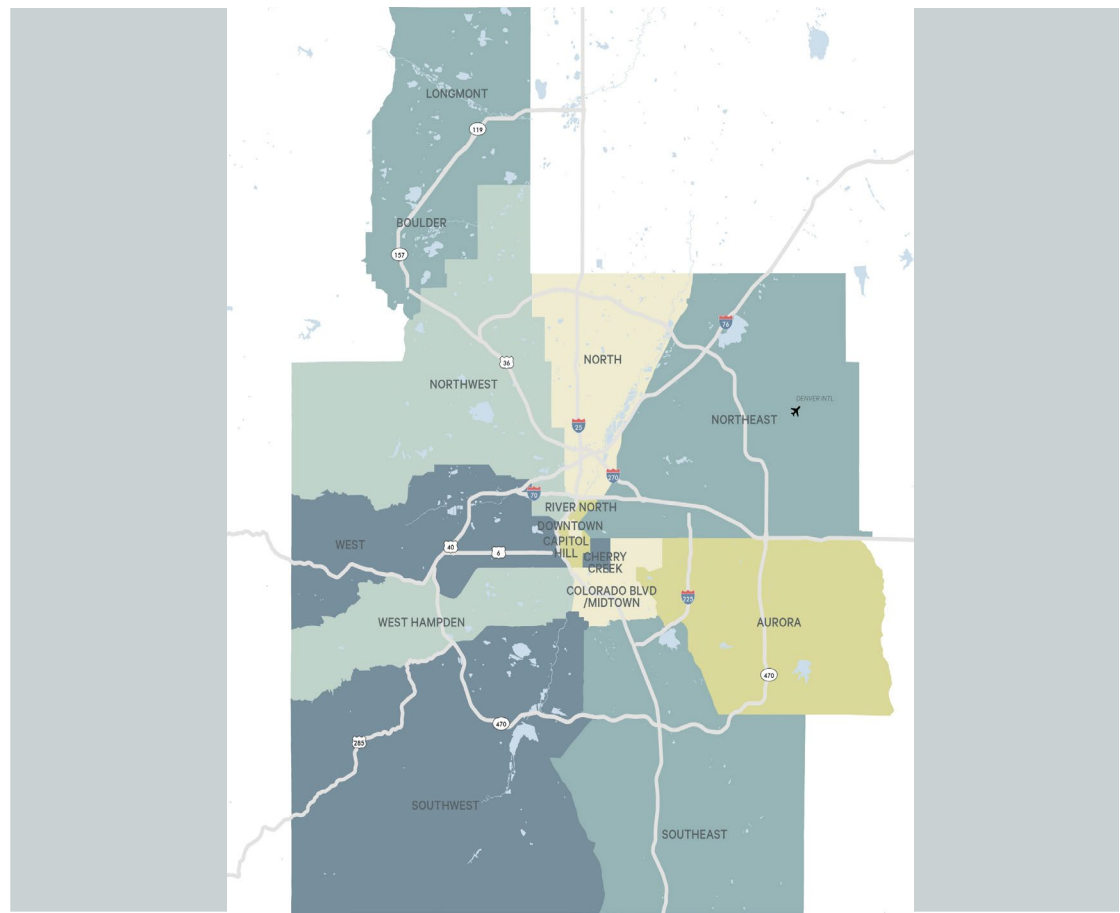
Market Statistics by Submarket

Figure 14: Market Statistics by Submarket

Submarket	NRA (MSF)	Total Vacancy (%)	Direct Vacancy (%)	Total Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rent (\$/SF FSG/yr)	Class A Avg. Direct Asking Rent (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Aurora	5.54M	24.0	23.9	26.2	0.5	21.29	21.74	4,000	(49,000)	-	-
Boulder	6.37M	26.0	24.4	30.8	2.7	39.76	53.77	(54,000)	(214,000)	-	-
Capitol Hill	2.31M	29.8	27.4	32.1	3.3	28.14	31.33	15,000	(12,000)	-	-
Cherry Creek	3.05M	14.5	13.2	14.9	1.6	40.10	73.67	24,000	18,000	81,000	436,000
Colorado Blvd/Midtown	6.58M	21.0	19.4	24.0	2.3	26.98	29.37	47,000	101,000	-	-
Downtown	31.14M	40.1	38.1	42.1	3.5	41.01	50.79	(483,000)	(468,000)	-	-
Longmont	814,000	9.6	9.6	10.0	-	22.32	-	(1,000)	(9,000)	-	-
North	2.91M	17.2	17.2	20.8	-	23.99	27.79	14,000	42,000	-	-
Northeast	1.13M	20.7	20.7	29.2	3.2	28.04	32.03	19,000	(7,000)	-	-
Northwest	8.61M	30.0	25.1	33.8	5.0	30.06	36.23	(3,000)	(66,000)	-	25,000
River North	3.07M	41.7	37.3	45.0	7.5	48.55	51.32	32,000	76,000	-	-
Southeast	31.00M	25.9	22.9	32.3	4.3	29.55	34.10	40,000	143,000	-	-
Southwest	4.29M	16.9	16.6	14.9	0.2	22.96	30.59	31,000	70,000	-	-
West	6.89M	21.7	20.2	26.2	1.6	27.11	29.12	155,000	105,000	182,000	-
West Hampden	858,000	14.2	13.9	13.8	0.3	17.47	-	(2,000)	(22,000)	-	-
Total	114.57M	28.8	26.6	32.5	3.3	34.20	39.66	(161,000)	(292,000)	263,000	461,000

Source: CBRE Research, Q3 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 grossed-up asking rents, which typically includes real property taxes, building insurance, and maintenance, 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.

Survey Criteria

Includes all office buildings 10,000 sq. ft. and greater in size, excluding 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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