

Rising vacancy indicative of a prolonged path to recovery

▲ 26.0%

Total Vacancy Rate

▼ (270K)

SF Net Absorption

▲ \$29.25

FSG / Lease Rate

► N/A

SF Under Construction

▼ 295K

SF Leasing Activity

Note: Arrows indicate change from previous quarter.

MARKET SUMMARY

A combination of rising vacancy, ample negative net absorption and a slight decline in leasing activity marked another quarter of weakened tenant demand. The total vacancy rate saw an increase of 60 bps (basis points) in the first quarter and 100 bps year-over-year to reach 26.0%. Q1 2025 recorded negative net absorption of 270,000 sq. ft. a significant decline from the previous quarter's positive 17,000 sq. ft. Sublease availability in the Southeast submarket eased for the first time since Q1 2024 after declining 155,000 sq. ft. to a total of 1.7 million sq. ft.

Leasing activity decreased 8.6% quarter-over-quarter and was down 26.0% year-over-year. The average direct asking rent rose slightly quarter-over-quarter from \$28.90 to \$29.25 per sq. ft. FSG. Year-over-year, the average asking rent was up 1.7%. No new office projects broke ground in the first quarter of 2025, with this trend likely to continue through the rest of the year given the market's still weakened fundamentals and elevated capital costs. With leasing fundamentals yet to see sustained improvement and economic headwinds ever-present, the market continues to face a prolonged path to recovery.

Figure 1: Micromarket Statistics

	Arapahoe South	Centennial Airport	DTC	East Hampden Corridor	Greenwood Plaza	Inverness	Meridian/Ridgeway	Other Southeast	Panorama/Highland Park
Total NRA (SF)	1,457,835	1,352,095	9,991,210	1,167,855	8,271,183	3,625,756	3,049,756	370,870	2,209,247
Direct Vacant (%)	10.0	33.4	16.9	17.1	23.6	32.1	30.9	11.4	15.2
Total Vacant (%)	11.9	46.5	21.2	17.1	28.0	34.6	30.9	11.4	22.8
Sublease Available (SF)	34,862	206,708	539,911	-	445,617	266,231	27,375	13,064	193,571
Total Net Absorption (SF)	9,831	3,605	(87,307)	(7,888)	(57,206)	(150,938)	24,352	411	(5,295)
Average Direct Asking Rent (\$)	20.15	21.99	32.37	19.54	29.72	29.23	27.30	28.51	29.98

Source: CBRE Research Q1 2025

Vacancy

Total vacancy in the Southeast submarket increased 60 bps quarter-over-quarter to 26.0% in Q1 2025. After hovering around 25.0% throughout 2025, total vacancy was up 100 bps year-over-year. Direct vacancy saw an increase of 70 bps quarter-over-quarter and 60 bps year-over-year to 22.0%. The Meridian/Ridgeway micromarket had the largest decrease in total vacancy in the Southeast submarket, which fell 430 bps to 30.9%.

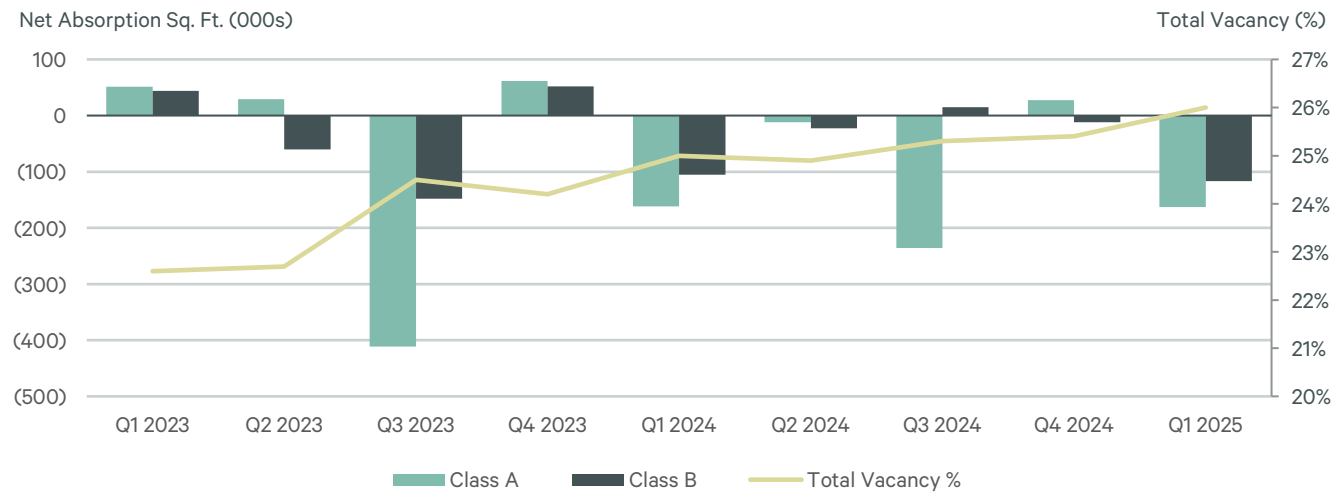
Net Absorption

The Southeast submarket posted negative 270,000 sq. ft. of total net absorption this quarter despite seeing a shift toward positive net absorption at the end of 2024. Q1 2025 negative net absorption was largely tied to Comcast vacating 137,000 sq. ft. at 7250 S Havana, and Merrick & Co. downsizing from 104,000 sq. ft. at 5970 Greenwood Plaza and relocating into 64,000 sq. ft. at 8051 E Maplewood Ave. Both Class A and B properties experienced negative net absorption with totals of 163,000 sq. ft. and 117,000 sq. ft., respectively.

Sublease Availability

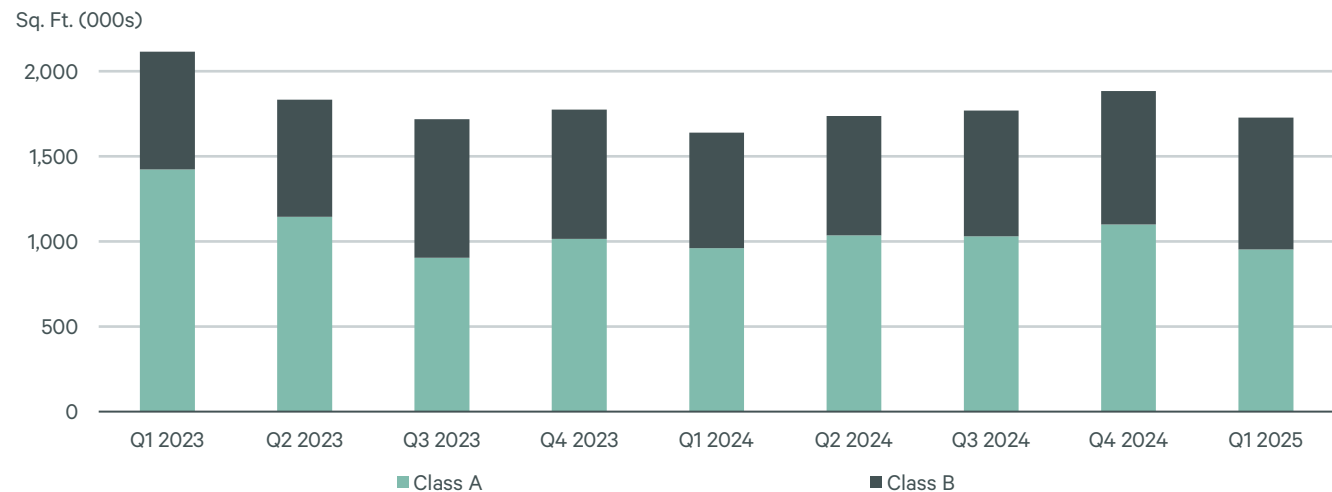
Sublease availability in the Southeast saw a decrease of 155,000 sq. ft. in Q1 2025, bringing the total to 1.7 million sq. ft. Sublease availability was down 18.3% from the 2.1 million sq. ft. peak seen in Q1 2023. Sublease activity in the Southeast submarket was a combination of expiring subleases going direct and multiple leased spaces. Jacobs Engineering signed the largest sublease of the quarter for 30,000 sq. ft. from Western Union at 7001 E Bellevue Ave. Class A sublease availability decreased 13.4% quarter-over-quarter and 0.9% year-over-year. Class B sublease availability decreased 1.0% quarter-over-quarter but increased 14.2% year-over-year. For the overall Southeast submarket, sublease availability accounted for 16.6% of the total availability, down from the 18.3% seen last quarter.

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



Source: CBRE Research Q1 2025

Figure 3: Sublease Availability by Class



Source: CBRE Research Q1 2025

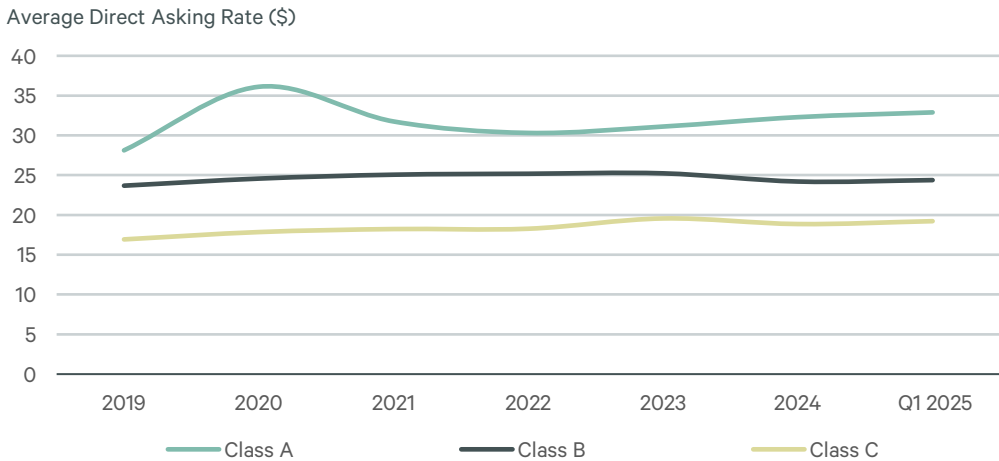
Leasing Activity

Leasing activity decreased slightly in Q1 2025, with 295,000 sq. ft. leased across 13 transactions. Leasing activity was down by a slight 28,000 sq. ft. quarter-over-quarter but by a wider margin of 104,000 sq. ft. year-over-year. At 1.6 million sq. ft., rolling four-quarter leasing activity fell 6.1% from Q4 2024’s total but posted an increase of 14.8% year-over-year. Class A properties comprised the majority of the quarter’s activity, accounting for 85.5% of leased space. The largest lease signed in the Southeast was by Colorado Access for 40,000 sq. ft. at 4643 S Ulster St. The DTC micromarket accounted for 77.9% of the submarket’s total leasing activity for Q1 2025.

Average Asking Rents

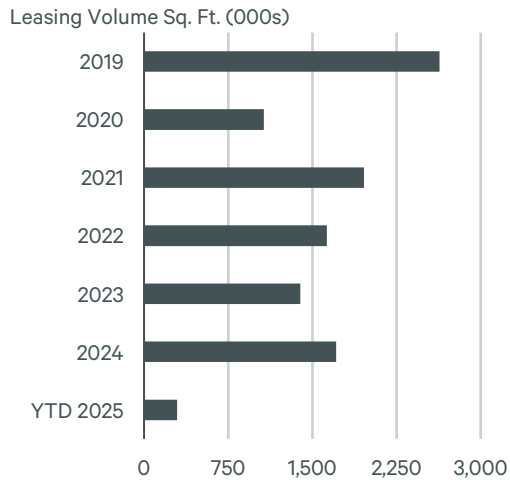
Southeast Denver’s average direct asking rent posted moderate growth both quarter-over-quarter and year-over-year, having increased 1.2% and 1.7% respectively, to \$29.25 per sq. ft. FSG. Class A asking rents increased 1.9% quarter-over-quarter to \$32.89 per sq. ft. FSG, while Class B asking rents had a slight uptick of 0.7% quarter-over-quarter to \$24.38 per sq. ft. FSG.

Figure 4: Average Asking Direct Rent By Class



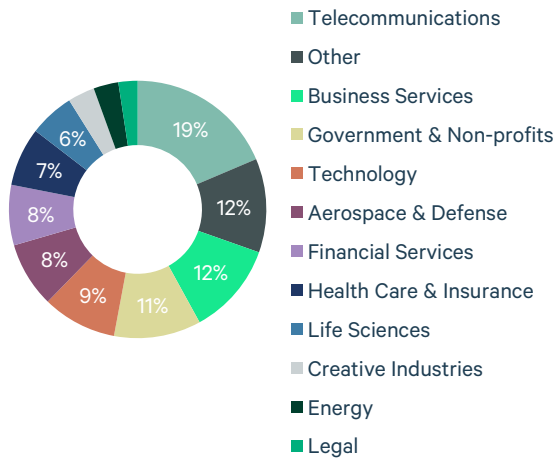
Source: CBRE Research Q1 2025

Figure 5: Annual Leasing Volume



Source: CBRE Research Q1 2025

Figure 6: Leasing Activity by Industry (Q2 2024 – Q1 2025)



Source: CBRE Research Q1 2025

Figure 7: Top Lease Transactions

Lease Type	Tenant	SF	Address	Micromarket	Sublease
New Lease	Colorado Access	40,000	4643 S Ulster St	DTC	N
Renewal	US General Services Administration	37,000	5445 DTC Pkwy	E Hampden Corridor	N
New Lease	Jacobs Engineering	30,000	7001 E Belleview Ave	DTC	Y
Renewal	Total Quality Logistics	30,000	7600 E Eastman Ave	DTC	N
Renewal	The Atchison Group	24,000	8400 E Crescent Pkwy	DTC	N

Source: CBRE Research Q1 2025

Development

The development pipeline remained stagnant in Q1 2025 after no new projects broke ground for the ninth consecutive quarter. Since the delivery of Vectra Bank’s headquarters in Q4 2022, tenants have been unable to prelease space in new construction. With persistent elevated interest rates and arduous fundamentals, 2025 will be another challenging year for those developers looking to break ground on permitted projects.

Investment Trend

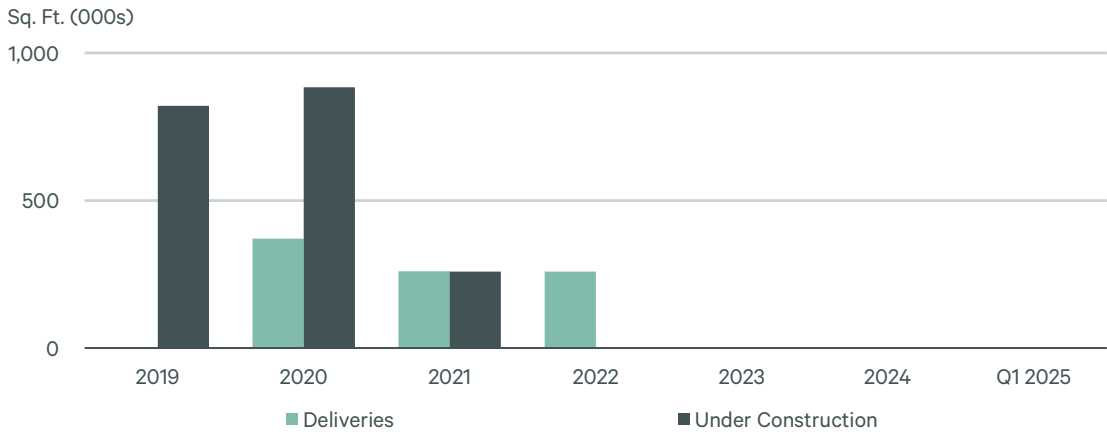
The Southeast submarket had a single notable transaction in Q1 2025, recording a total sales volume of \$8.8 million. 360 Inverness Dr S sold at \$129 per sq. ft., representing a significant decline in sales volume quarter-over-quarter from the \$139.5 million total seen in Q4 2024, but an increase compared to Q1 2024 which had no transactions. Elevated vacancy, limited demand and high borrowing costs continue to contribute to the reduced investment activity seen since 2021.

Figure 8: Rolling-Four-Quarter Top Transactions

Address	Micromarket	Buyer	Sale Price (\$)	Price per SF (\$)	Sale Date
9197 S Peoria St	Meridian/Ridgegate	CommonSpirit Health	45.5 M	167	Q4 2024
5613 DTC Pkwy	DTC	K&C Management	26.0 M	114	Q2 2024
7887 E Bellview Ave	DTC	Real Capital Solutions	20.0 M	94	Q4 2024
10375 Park Meadows Dr	Meridian/Ridgegate	KORE Investments	18.3 M	95	Q3 2024
1004 Park Meadows Dr	Meridian/Ridgegate	Christopher Scott	16.6 M	276	Q2 2024

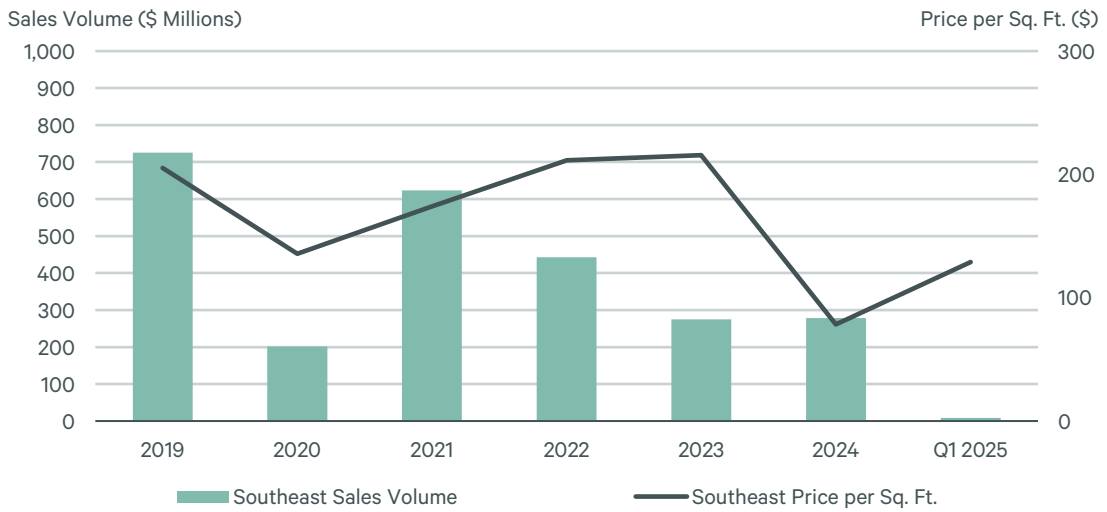
Source: CBRE Research Q1 2025

Figure 9: Historical Deliveries and Under Construction



Source: CBRE Research Q1 2025

Figure 10: Historical Investment Activity



Source: CBRE Research Q1 2025

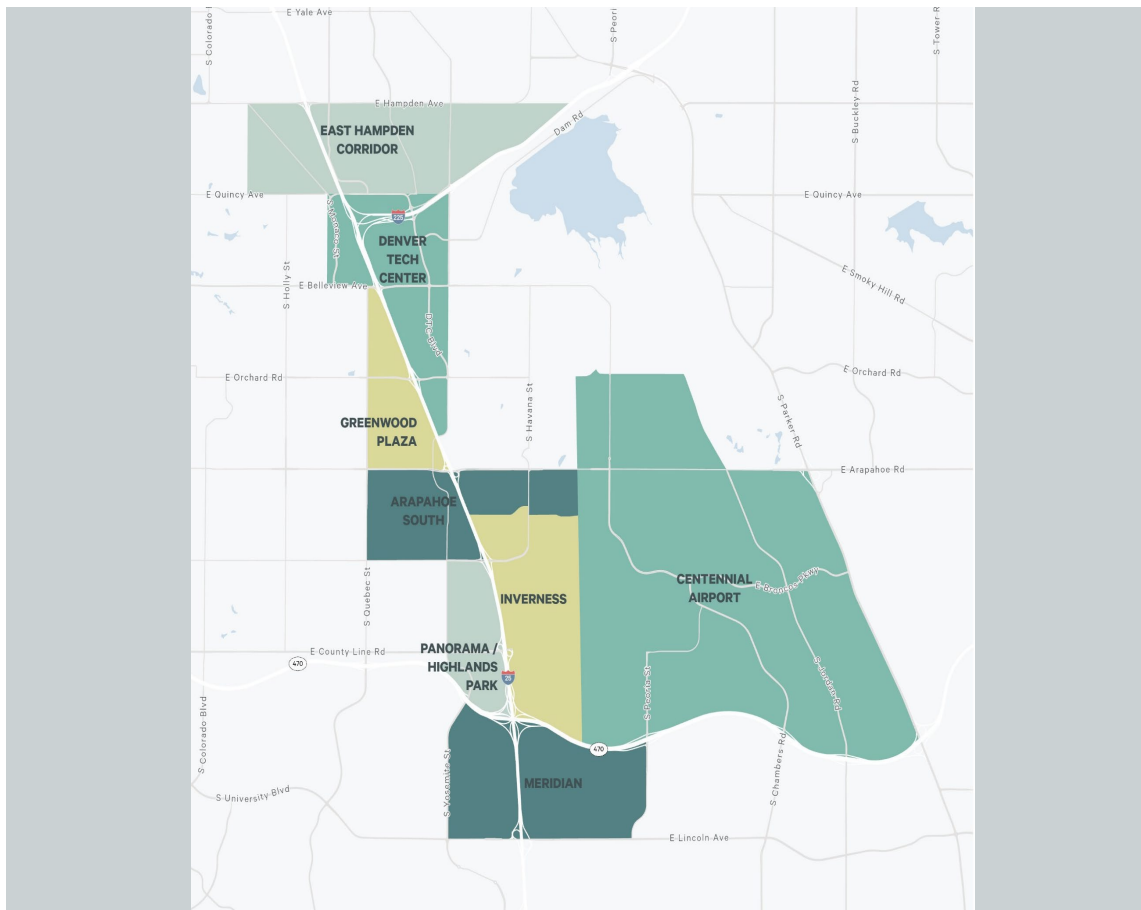
Market Statistics

Figure 11: Quarterly Statistics by Class

Class A	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Total NRA (SF)	18,895,371	18,895,371	18,895,371	18,895,371	18,905,696	18,905,696	18,753,598	18,753,598	18,473,582
Total Vacant (%)	22.1	21.9	24.1	23.8	24.6	24.6	25.3	25.5	25.9
Sublease Available (SF)	1,423,144	1,145,532	903,795	1,014,923	960,611	1,035,032	1,029,501	1,100,008	952,262
Total Available (%)	29.1	30.4	30.1	30.9	31.1	30.6	31.4	32.8	33.1
Total Net Absorption (SF)	51,559	29,080	(411,270)	61,647	(161,674)	(11,696)	(235,875)	27,287	(163,139)
Average Direct Asking Rent (\$)	30.23	30.41	31.09	31.11	31.53	31.57	32.03	32.29	32.89
Class B/C	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Total NRA (SF)	13,022,225	13,022,225	13,022,225	13,022,225	13,022,225	13,022,225	13,022,225	13,022,225	13,022,225
Total Vacant (%)	23.2	23.9	25.0	24.9	25.6	25.3	25.2	25.3	26.1
Sublease Available (SF)	691,153	697,082	823,109	769,522	687,288	701,362	740,354	782,827	775,077
Total Available (%)	30.2	31.2	32.7	32.1	32.3	30.9	31.0	31.9	33.1
Total Net Absorption (SF)	27,951	(80,897)	(155,028)	20,856	(91,641)	8,,186	10,247	(9,903)	(107,296)
Average Direct Asking Rent (\$)	24.67	24.68	24.67	24.74	24.86	24.13	23.69	23.72	23.98
Overall	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Total NRA (SF)	31,917,596	31,917,596	31,917,596	31,917,596	31,927,921	31,927,921	31,775,823	31,775,823	31,495,807
Total Vacant (%)	22.6	22.7	24.5	24.2	25.0	24.9	25.3	25.4	26.0
Sublease Available (SF)	2,114,297	1,842,614	1,726,904	1,784,445	1,647,899	1,736,394	1,769,855	1,882,835	1,727,339
Total Available (%)	29.6	30.7	31.2	31.4	31.6	30.7	31.2	32.5	33.1
Total Net Absorption (SF)	79,510	(51,817)	(566,298)	82,503	(253,315)	(3,510)	(255,628)	17,384	(270,435)
Average Direct Asking Rent (\$)	27.77	28.0	28.42	28.51	28.76	28.52	28.74	28.90	29.25

Source: CBRE Research Q1 2025

Market Area Overview



CBRE Offices

Downtown Denver

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Denver, CO 80202

Denver Tech Center

5455 Landmark Place, Suite C102
Greenwood Village, CO 80111

Boulder

1050 Walnut Street, Suite 340
Boulder, CO 80302

Fort Collins

3003 E. Harmony Road, Suite 300
Fort Collins, CO 80528

Colorado Springs

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

Change in Methodology

As of Q1 2025, the tracked office inventory no longer includes owner-occupied buildings. Previously, the owner-occupied inventory included in our statistics was largely concentrated in the Southeast submarket. Please inquire with your local brokerage professional or the research contacts listed below regarding these historical data revisions.

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. Buildings which have begun construction as evidenced by site excavation or foundation work.

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