CBRE

Denver's medical outpatient market sees absorption rebound as vacancy reaches new low

▼ 5.3%
Direct Vacancy Rate

▲ 298K
SF YTD Net Absorption

▼ $32.68
FSG / Lease Rate

▼ 88K
SF Under Construction

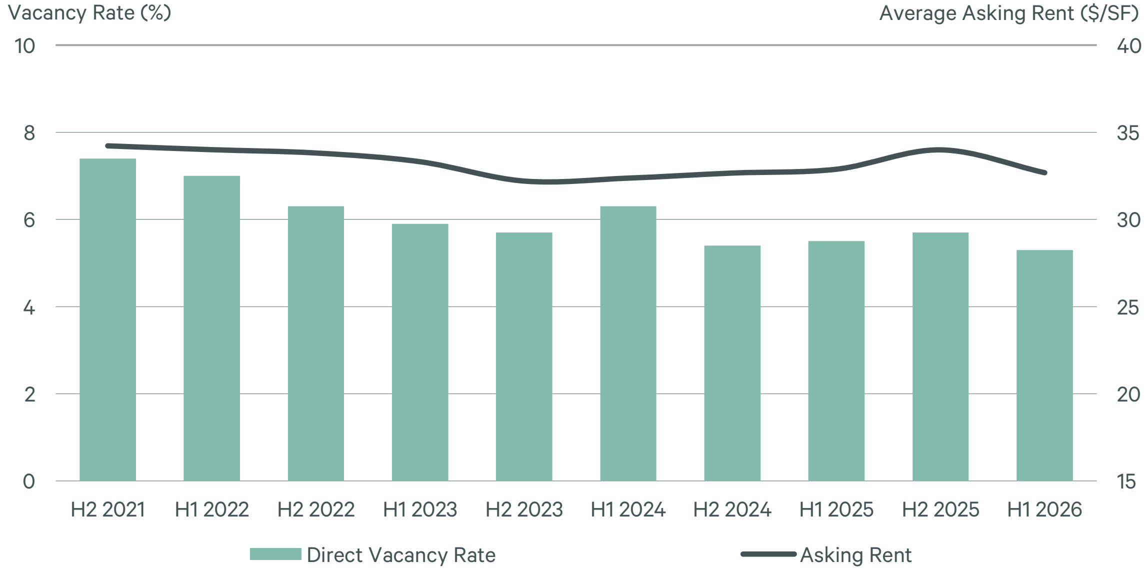
▲ 237K
SF YTD Deliveries

Note: Arrows indicate change from previous half-year.

MARKET SUMMARY

- Metro Denver's medical outpatient building market posted 298,000 sq. ft. of positive net absorption in the first half of 2026, exceeding every annual total recorded since 2022. Positive 26,000 sq. ft. of total net absorption was recorded in 2025.
- Direct vacancy fell 40 basis points (bps) from year-end 2025 to 5.3% in H1 2026 and was down 30 bps from a year earlier, marking the market's lowest vacancy rate since the onset of the pandemic.
- Two projects delivered in H1 2026 totaling 237,000 sq. ft., the largest half-year delivery total in over five years. AdventHealth's 88,000-sq.-ft. Aurora Highlands project is the sole property remaining in the development pipeline.
- The average direct asking rent decreased 3.7% from year-end 2025 to $32.68 per sq. ft. FSG, reflecting a shift in the mix of available space as tight conditions persist in top-rent submarkets.
- In the first half of 2026, ten properties traded hands with a total sales volume of $93 million, nearly matching the $102 million in sales for all of 2025.

FIGURE 1: Direct Vacancy vs Average Asking Rent



Source: CBRE Research H1 2026

Absorption, Vacancy & Availability

The Denver medical outpatient building market posted 298,000 sq. ft. of positive total net absorption in the first half of 2026, the market's strongest half-year performance in more than five years. Newly delivered product drove the gains: Kaiser Permanente occupied the entirety of its 116,500 sq. ft. Lakewood facility upon delivery, while UCHealth took 85,000 sq. ft. at the newly completed UCHealth Highlands Ranch Pavillion 2.

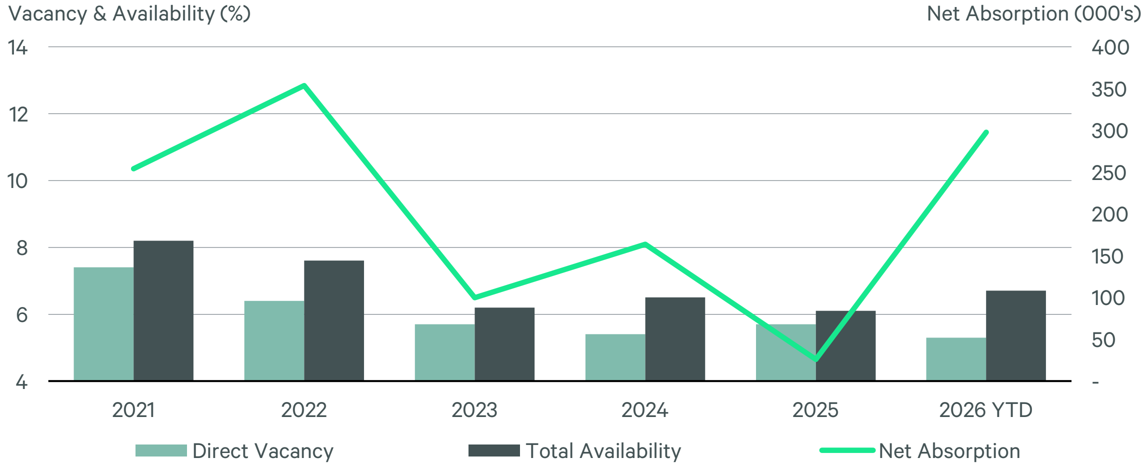
Intermountain Health accounted for the two largest move-ins within existing product, opening a 57,000 sq. ft. multi-specialty center at 2777 Mile High Stadium Cir, backfilling the space vacated by The Urology Center of Colorado in 2024, and occupying 39,000 sq. ft. at the Saint Joseph Medical Office Pavilion with its new cancer center. The largest move-out of the half occurred at Red Rocks Medical Center in Golden, where HCA Surgery Center vacated 22,000 sq. ft. The West submarket led activity in H1 2026 with 152,000 sq. ft. of positive net absorption, followed by the Southwest submarket with positive 99,000 sq. ft.

Total availability rose to 6.7% in H1 2026 but was up just 10 bps year-over-year. Direct vacancy fell 40 bps from year-end 2025 to 5.3%, down 30 bps from a year earlier and the market's lowest reading since the onset of the pandemic. Even with two significant deliveries adding new inventory, tight availability continues to create challenges for larger users looking to relocate, with submarkets such as Aurora and the Northeast offering few options for tenants seeking quality outpatient space.

Average Asking Rents

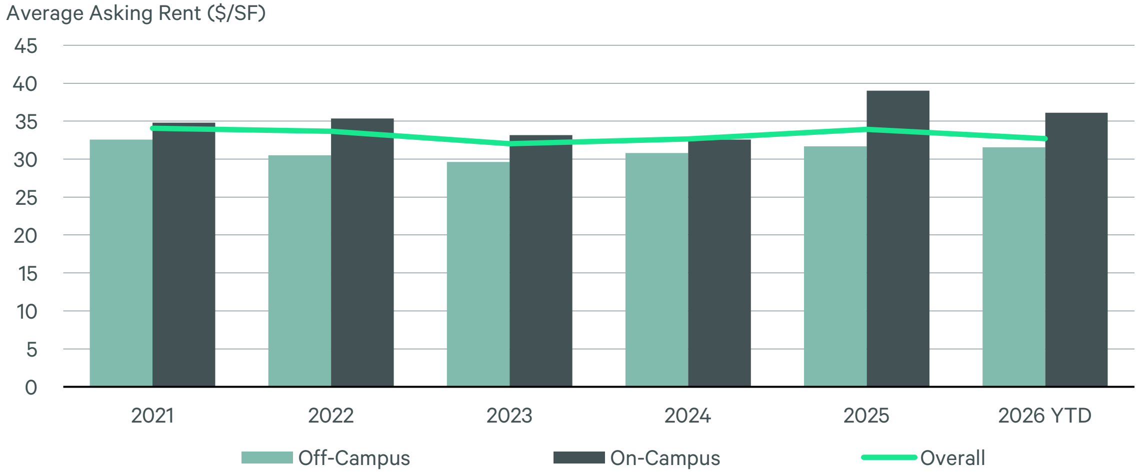
The direct average asking rent decreased 3.7% from year-end 2025 to $32.68 per sq. ft. FSG, giving back most of the 4.0% increase recorded in 2025. The decline reflects a shift in the mix of available space rather than broad softening, as limited availability in the market's highest-rent submarkets leaves lower-priced space accounting for more of what is marketed. Strong occupancy continues to support rates, while rising tenant improvement expectations and tenant preference for shorter lease terms are shaping deal economics. The Northeast submarket had the highest direct asking rents at $43.00 per sq. ft. FSG, followed by the North submarket at $35.26 per sq. ft. FSG.

FIGURE 2: Absorption, Vacancy and Availability



Source: CBRE Research H1 2026

FIGURE 3: On Campus/Off Campus Average Asking Rent



Source: CBRE Research H1 2026

Development Activity

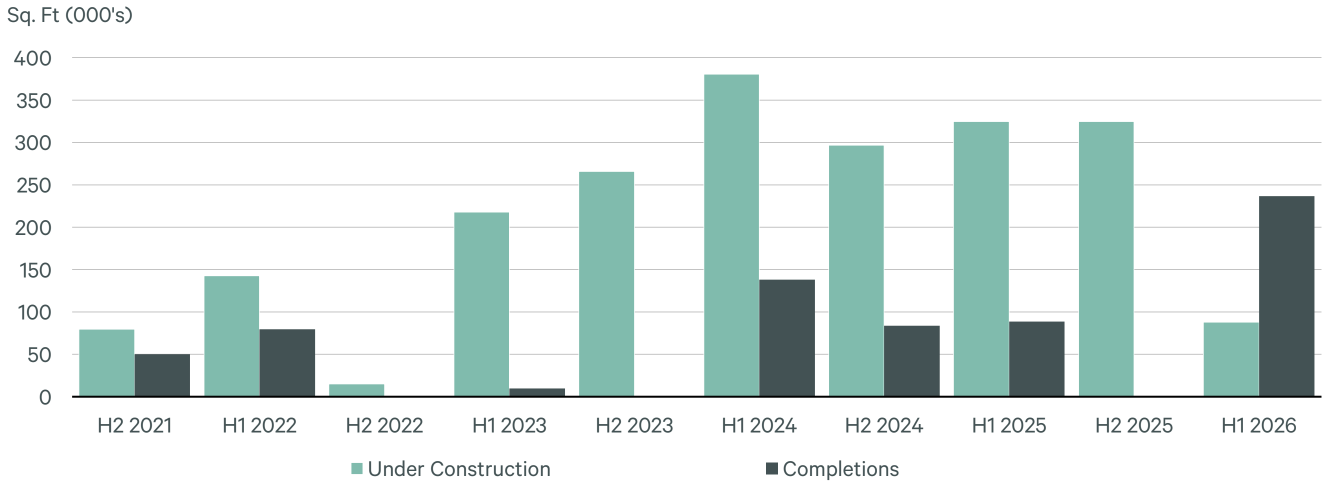
The medical outpatient building market saw two properties totaling 237,000 sq. ft. deliver in the first half of 2026, the largest half-year delivery total in more than five years. Remedy Medical Properties completed the 120,000-sq. ft. UCHealth Highlands Ranch Pavillion 2 in the Southwest submarket, which delivered approximately 70% leased, while Kaiser Permanente's 116,500-sq. ft. Lakewood facility delivered fully occupied in the West submarket. The pipeline now holds a single project: AdventHealth's 88,000-sq.-ft. Aurora Highlands building, which is expected to be completed in H2 2026 and will make AdventHealth the first health care provider to establish a medical campus in the growing community.

Beyond the pipeline, new outpatient development remains severely limited, particularly for multi-tenant properties, as most proposed projects require significant preleasing to break ground. This prolonged slowdown in new supply continues to contribute to tight market conditions and limited options for tenants.

Investment Trends

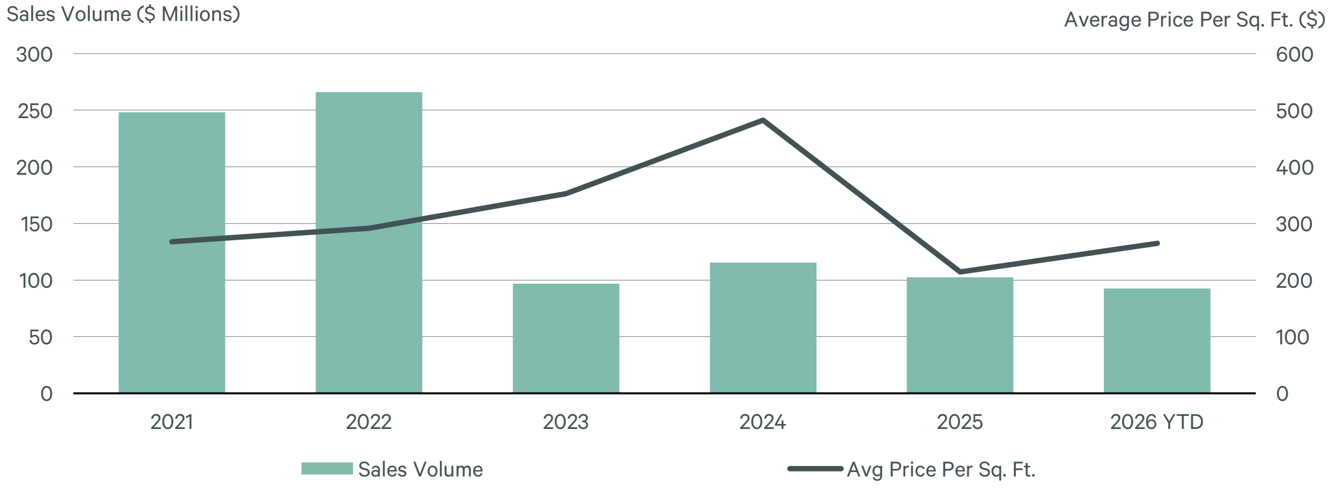
Investment sales volume totaled $93 million across ten transactions in the first half of 2026, with an average price of $265 per sq. ft. Activity increased considerably from the $22 million recorded in H1 2025 and nearly matched 2025's full-year total of $102 million. The largest transaction was the $44.5 million sale of the Saint Joseph Medical Office Pavilion at $447 per sq. ft., while the Centura Neighborhood Health Center in Thornton achieved the highest price per sq. ft. at $507 as part of a portfolio recapitalization. With demand for stabilized medical outpatient product intact and occupancy at historic highs, investors are hopeful that additional movement in the market will create further opportunity in the second half of the year.

FIGURE 4: New Construction



Source: CBRE Research H1 2026

FIGURE 5: Investment Sales



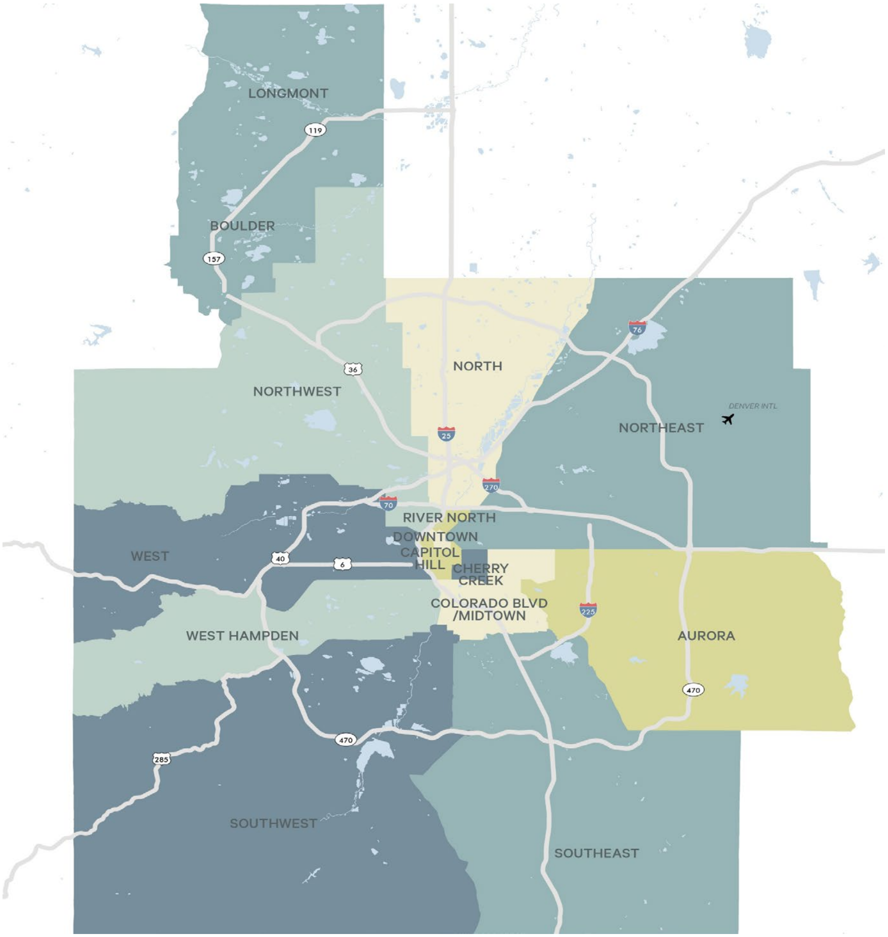
Source: CBRE Research H1 2026

FIGURE 6: Market Statistics by Submarket

Submarket	Buildings (#)	NRA (SF)	Total Availability (SF)	Total Availability Rate (%)	Direct Vacancy (SF)	Direct Vacancy Rate (%)	YTD Total Net Absorption (SF)	Avg. Direct Asking Rent ($/YR/FSG)
Aurora	29	1,568,721	70,958	4.5	67,192	4.5	2,693	29.70
Boulder	13	428,253	7,534	1.8	3,060	0.7	-	21.11
Capitol Hill	6	464,569	-	-	-	-	-	-
Cherry Creek	6	297,350	-	-	-	-	-	-
Colorado Blvd/ Midtown	20	1,015,985	93,539	9.2	69,605	6.9	1,171	33.05
Longmont	9	282,206	7,796	2.8	6,221	2.2	-	28.12
North	34	1,236,039	80,423	6.5	54,157	4.4	1,818	35.26
Northeast	31	2,748,779	39,910	1.5	39,910	1.5	52,656	43.00
Northwest	29	1,084,279	70,087	6.5	57,867	5.3	17,996	32.67
Southeast	80	3,093,420	316,463	10.2	234,403	7.6	(26,985)	32.89
Southwest	47	1,809,839	219,659	12.1	179,318	9.9	98,979	31.70
West	35	1,585,520	146,766	9.3	120,372	7.6	152,418	26.07
West Hampden / Alameda	6	171,688	8,593	5.0	8,593	5.0	(3,051)	30.50
METRO TOTAL	345	15,786,648	1,061,728	6.7	840,698	5.3	267,695	32.68

Source: CBRE Research H1 2026

Market Area Overview



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

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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