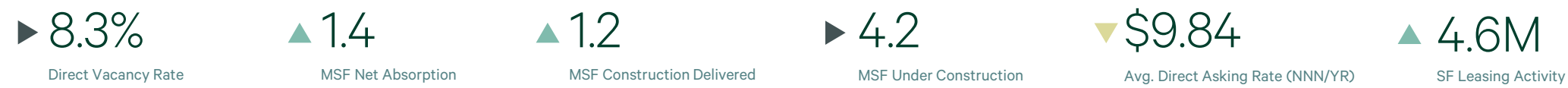


Stronger demand moves Denver industrial toward balance

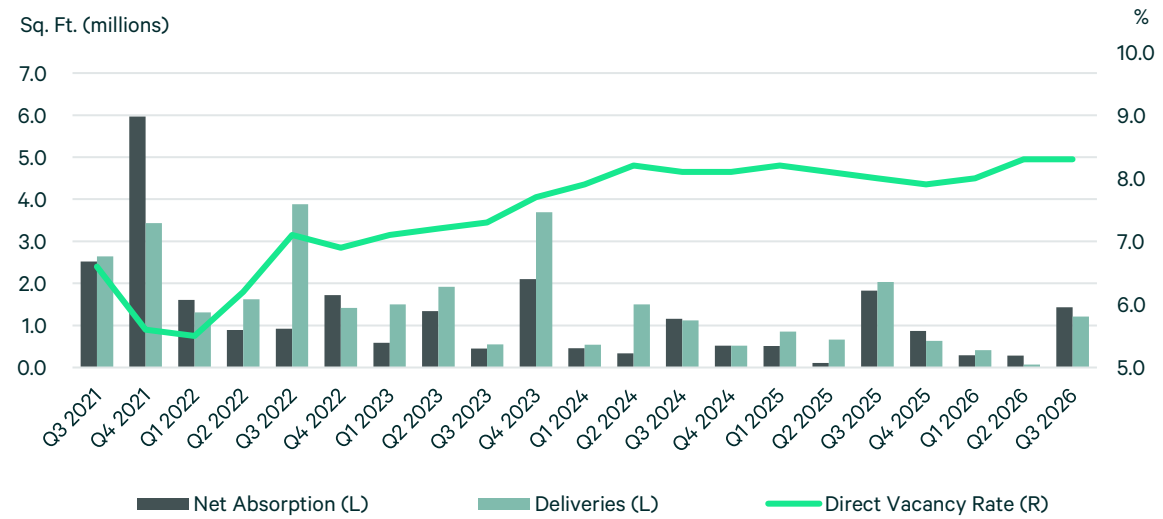


Market Overview

Metro Denver's industrial market gained momentum in Q3 2026 as occupier demand accelerated across much of the region. Leasing activity reached 4.6 million sq. ft., up nearly 28% from Q2's volume and more than 59% year-over-year, while net absorption totaled 1.4 million sq. ft., surpassing the total recorded during the first half of the year. The stronger demand environment contributed to a modest improvement in market fundamentals, with total vacancy declining 10 basis points to 8.6%. Direct vacancy rate was unchanged in Q3 at 8.3%. The Airport and I-76 Corridor submarkets continued to drive activity, accounting for the majority of leasing and absorption volume, while declining sublease availability pointed to a gradual tightening in available space and improving tenant demand.

Construction remains active but increasingly measured, with 1.2 million sq. ft. delivered during the quarter and approximately 75% of new space preleased at completion. Development activity continues to concentrate in key logistics corridors, particularly the North and Airport submarkets, where several large-scale speculative projects broke ground or advanced construction. Meanwhile, investment activity remained resilient despite a higher interest rate environment, supported by investor demand for well-located industrial assets. Looking ahead, the market appears to be entering a more balanced phase, as healthy leasing fundamentals and moderating supply growth position Denver to work through the remaining vacancy added during the most recent development cycle.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q3 2026

Vacancy Rate

Market vacancy showed modest improvement in Q3 2026, easing slightly after an extended period of gradual expansion. Overall vacancy was 8.6%, down from 8.7% in Q2 2026, a 10 basis points (bps) decline quarter-over-quarter and 30 bps lower than the 8.9% recorded in Q3 2025. Compared with Q3 2023, when overall vacancy stood at 7.6%, the market remained 100 bps higher, underscoring the longer-term upward rise in empty space despite the recent easing. Direct vacancy held steady at 8.3% quarter-over-quarter and was only 30 bps above its Q3 2025 level, while sublease vacancy decreased from 0.4% in Q2 2026 to 0.3% this quarter and 50 bps below Q3 2025.

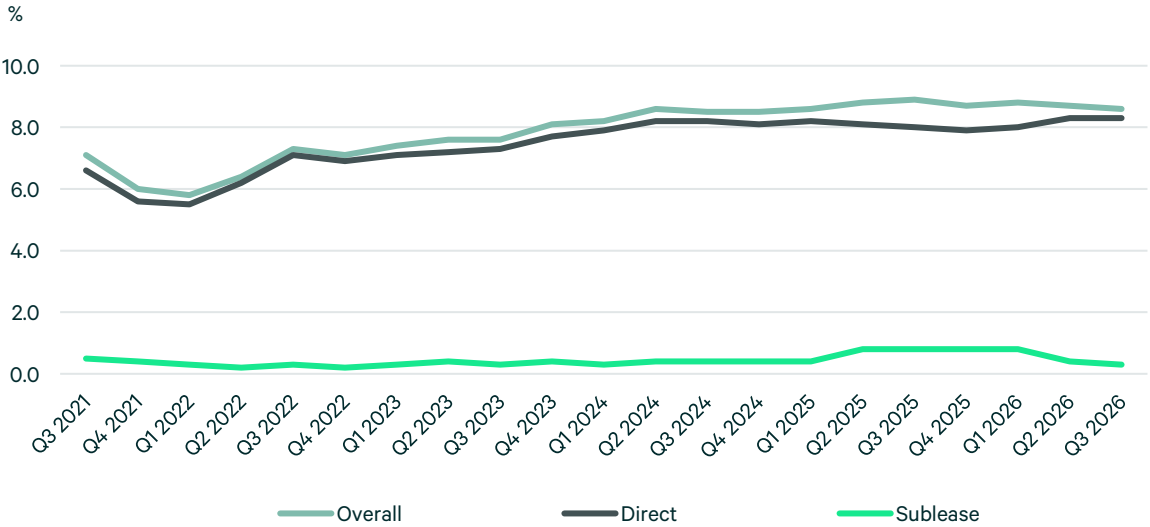
Vacancy conditions differed markedly across submarkets this quarter, highlighting distinct patterns of tightness and oversupply. The West submarket registered the lowest overall vacancy at 2.9%, followed by the Southwest at 3.5%, whereas Longmont posted the highest vacancy at 16.3%, with elevated levels also evident in the I-76 Corridor at 13.6% and Northwest at 12.5%. In contrast, core submarkets such as Airport and North Central recorded mid-to-high single-digit vacancy rates of 8.0% and 8.1%, respectively. Sublease availability declined to 2.4 million sq. ft. in Q3, marking its lowest level since Q3 2024 and extending the ongoing contraction in secondary space on the market.

Average Asking & Achieved Rents

In Q3 2026, the market's average direct asking rent was \$9.84 per sq. ft. NNN, marking a modest decline of 2.2% year-over-year following several years of steady appreciation. On a rolling four-quarter basis, the average asking rent was \$9.96 per sq. ft. NNN, a decrease of 0.5% for the quarter but an increase of 1.9% year-over-year. Over the past five years, the average asking rent was up 16.6% from \$8.54 per sq. ft. NNN, reflecting a market with healthy rent growth that has moderated in recent quarters.

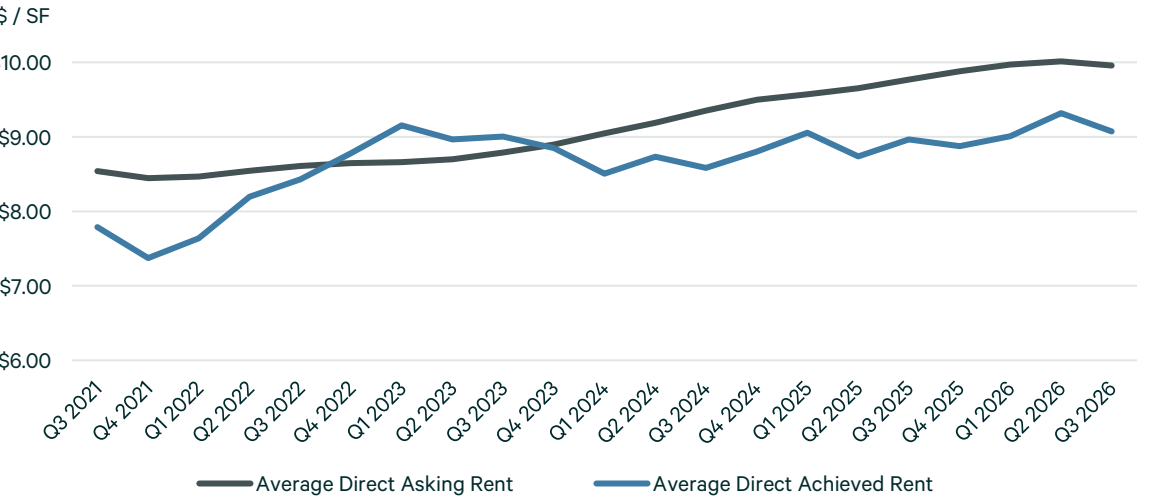
The market's average achieved rent was \$9.07 per sq. ft. NNN on a rolling four-quarter basis, reflecting a similar 1.2% increase year-over-year and a 16.5% increase over the past five years. Across submarkets, Northwest and Boulder stood at the upper end of the range with average asking rents of \$13.95 and \$13.75 per sq. ft., respectively. West and Longmont were also high-priced at \$13.93 and \$13.72 per sq. ft., while Southeast and Southwest commanded \$12.00 and \$12.46 per sq. ft., and North, North Central, and South Central clustered between \$10.54 and \$11.08 per sq. ft. Airport and I-76 Corridor offered the most affordable options at \$7.43 and \$6.87 per sq. ft., underscoring the widespread in pricing across space sizes and submarkets this quarter.

Figure 2: Vacancy Rate



Source: CBRE Research, Q3 2026

Figure 3: Average Direct Asking & Achieved Rents (Rolling 4-Qtr Avg.)



Source: CBRE Research, Q3 2026

Net Absorption

Q3 2026 net absorption reached 1.4 million sq. ft., exceeding the aggregate volume from the first half of the year. While this marks meaningful momentum, it represents a 21.9% year-over-year decline from the Q3 2025 spike. The rolling four-quarter average of 719,250 sq. ft. confirms that, despite a strong quarter, overall performance remains moderate.

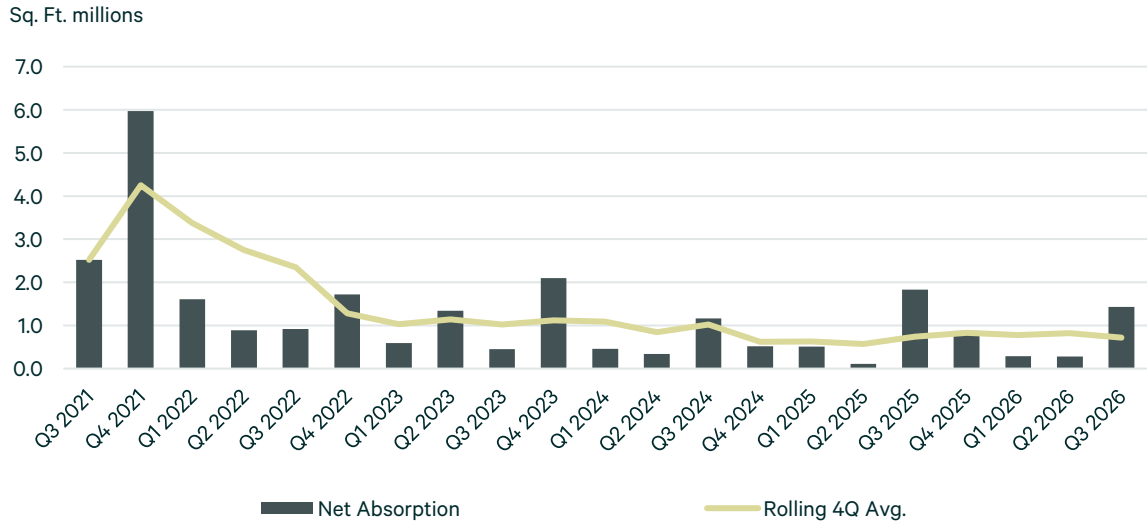
At the submarket level, Airport and I-76 Corridor accounted for the bulk of the quarter's activity. Airport led the market with 629,000 sq. ft. of net absorption, driven by the 800,000-sq.-ft. Philip Morris build-to-suit, partially offset by Alan Ritchey's move-out from 594,000 sq. ft. at Stafford Logistics Center. The I-76 Corridor followed with 484,000 sq. ft. of net absorption. Northwest and Southeast were the next strongest contributors, posting positive net absorption of 90,000 sq. ft. and 77,000 sq. ft., respectively. The North submarket recorded the largest contraction in Q3, posting negative 43,000 sq. ft. of net absorption. The South Central, North Central, Boulder, and West submarkets each remained in positive territory, albeit with comparatively modest occupancy gains.

Construction Activity

At the close of Q3 2026, the market had 4.2 million sq. ft. under construction. Speculative product dominates the construction pipeline, accounting for over 90% of active development, which is 14% preleased, alongside 350,000 sq. ft. of build-to-suit projects underway. During the quarter, 1.2 million sq. ft. was delivered, 75% of which was preleased. Deliveries were concentrated in the Airport and Southeast submarkets, where United Properties and Jordan Perlmutter & Co. each completed two new buildings in Centennial. The North submarket led all active construction with more than 1.8 million sq. ft. underway, including several projects that broke ground during the quarter. Trammell Crow's Crossroads 25 speculative development in Thornton commenced construction on Buildings 1-4, totaling 828,000 sq. ft., with one building (409,000 sq. ft.) already preleased.

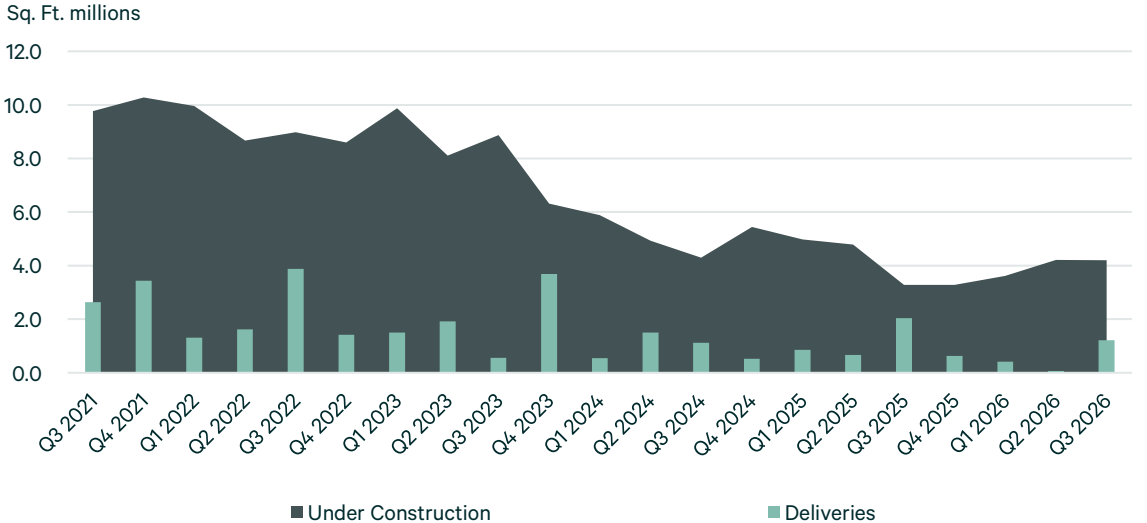
The Airport submarket also remains active, with more than 1.3 million sq. ft. under construction. Notable projects include Aero 70 Buildings 1 & 2, which are expected to deliver in Q4, as well as Brennan Investment Group's Picadilly Crossing development in Aurora, totaling more than 500,000 sq. ft. and scheduled for completion during the first half of 2027. Also breaking ground in Q3 was AirPark 36 in Broomfield, a 122,000-sq.-ft. modern industrial facility by Silverpoint Development designed to accommodate high-growth industries such as aerospace, green energy, and advanced manufacturing.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q3 2026

Figure 5: Construction Activity



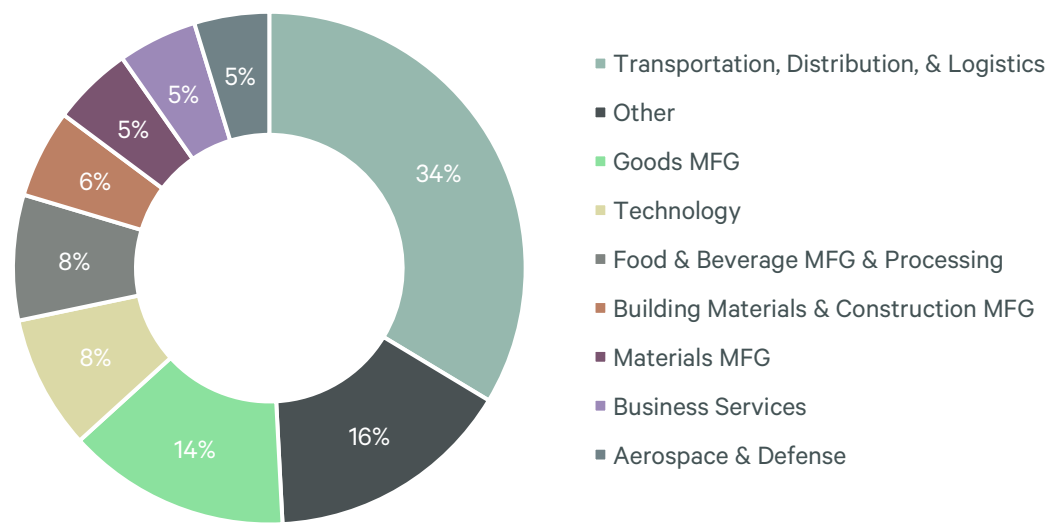
Source: CBRE Research, Q3 2026

Leasing Activity

Leasing activity gained momentum in Q3 2026, with 4.6 million sq. ft. of transactions completed during the quarter and 11.4 million sq. ft. recorded year-to-date. Quarterly leasing volume increased 27.8% from Q2 2026 and 59.6% year-over-year, signaling a meaningful rebound in occupier demand.

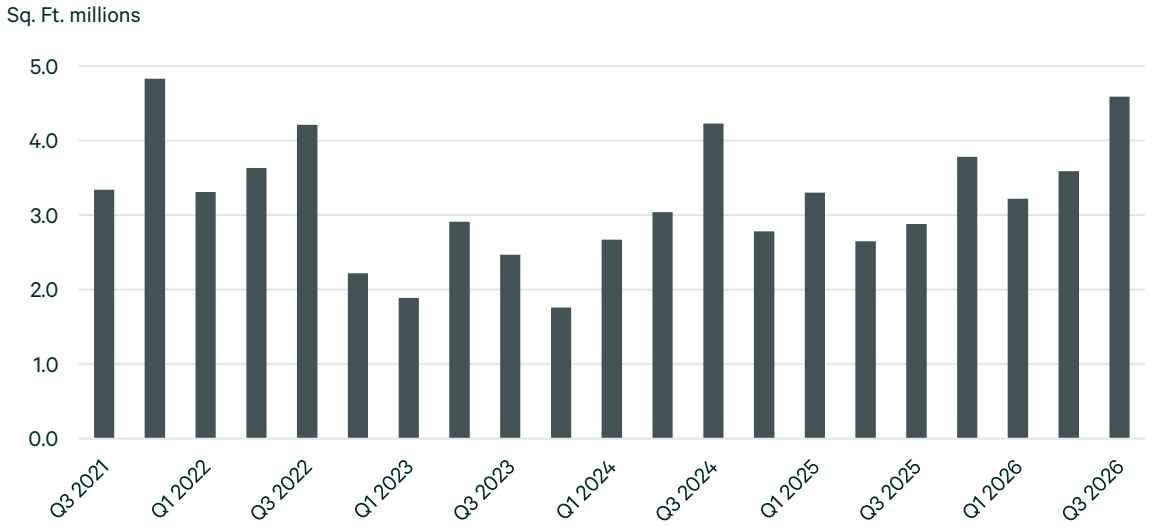
Leasing activity was concentrated in the Airport and I-76 Corridor submarkets, which led the region in transaction volume and accounted for the quarter's largest lease: UPS's 358,000 sq. ft. renewal at Eastpark 70 in Aurora. The Airport submarket recorded 2.5 million sq. ft. of leasing activity, followed by the I-76 Corridor with 552,000 sq. ft. By industry, Transportation, Distribution & Logistics continued to drive market demand, representing 34% of Q3 2026 leasing activity. Other/undisclosed occupiers accounted for 16% of volume, while Goods Manufacturing users contributed 14%, underscoring Denver's ongoing appeal to both supply chain operators and manufacturers serving consumer and industrial end markets

Figure 7: Leasing Activity by Industry Type, Q4 2025 – Q3 2026



Source: CBRE Research, Q3 2026

Figure 6: Leasing Activity Trend



Source: CBRE Research, Q3 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
United Parcel Service	358,000	Renewal	19550 E 23rd Ave	Airport
Confidential Tenant	356,000	New Lease	11275 E 40th Ave	Airport
Kuehne + Nagel	255,000	New Lease	18875 E 152nd Ave	I-76 Corridor
Symbia Logistics	215,000	New Lease	18875 E 152nd Ave	I-76 Corridor
Rexel USA	213,000	Renewal	11175 E 55th Ave	Airport
Micron Technology	208,000	Renewal	2452 Clover Basin Dr	Longmont
Confidential Tenant	186,000	Renewal	4501 Florence St	Airport
Electrolux Home Products	167,000	Renewal	3225 Himalaya Rd	Airport

Source: CBRE Research, Q3 2026

Investment Sale Activity

Denver industrial investment sales totaled \$412 million in Q3 2026, indicating stable investment activity quarter-over-quarter, as sales volume decreased a modest 2.4% from Q2. Pricing moderated as the average sale price fell from \$174 per sq. ft. in Q2 to \$160 per sq. ft. in Q3. Year-to-date investment volume reached \$1.2 billion, equal to 87% of total volume recorded in 2025. Investment sales continued to drive the market, accounting for 88% of total transaction volume year-to-date. Owner-user sales volume totaled \$166 million year-to-date through Q3 2026, representing just 26.5% of total volume recorded in 2025. Despite lower transaction volume, average pricing strengthened during the quarter, with the average owner-user sale price increasing from \$155 per sq. ft. in Q2 to \$200 per sq. ft. in Q3.

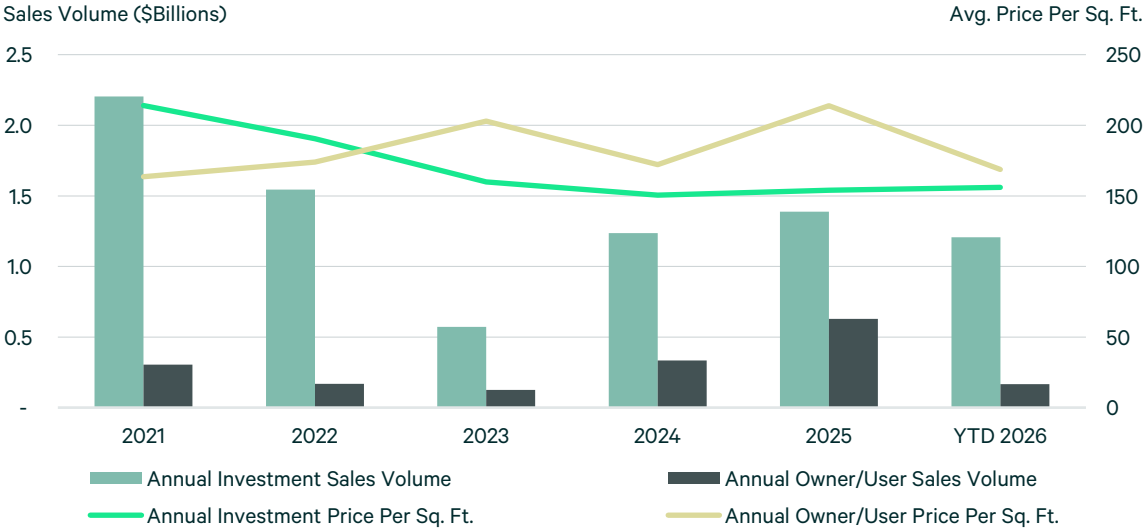
The quarter's largest transaction was the sale of North Central Logistics Center, a three-building, 640,000 sq. ft. logistics campus that traded for \$117 million (\$183 per sq. ft.). Stonemont Financial Group acquired the asset from Link Logistics, with the property 91% leased to three high-credit tenants at the time of sale. The second-largest sale was Picadilly Logistics Center in the Airport submarket, purchased by Banner Industrial Properties for \$35 million and totaling 406,959 sq. ft., at \$86.00 per sq. ft. Additional Airport submarket trades included Denver Business Center, acquired by Industry Cap Advisors for \$26 million across 197,925 sq. ft. at \$132 per sq. ft., and 3491 N Windsor Dr, purchased by Carter Funds for \$25.5 million, totaling 150,027 sq. ft. at \$170 per sq. ft.

Economic Overview

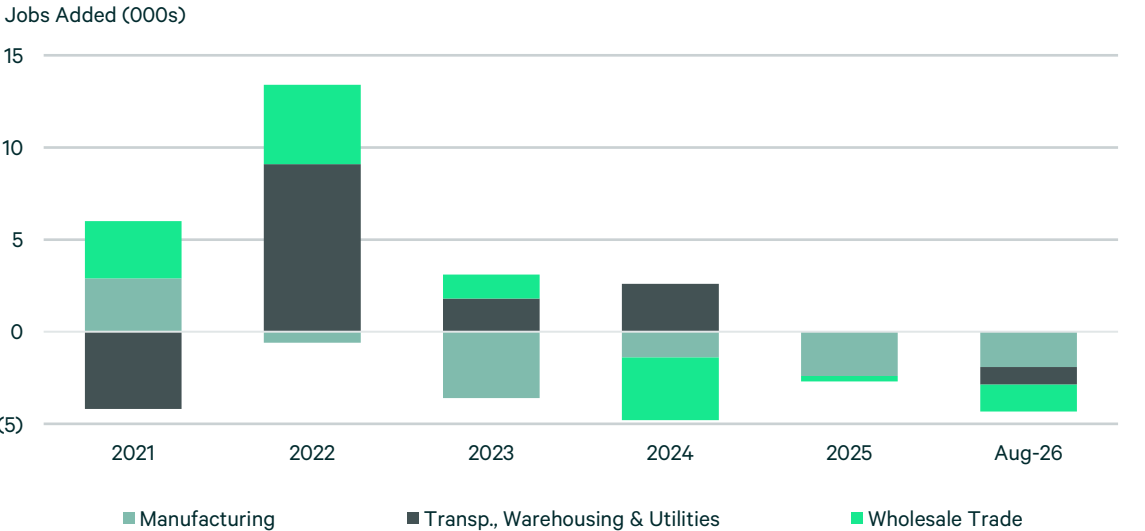
Notable challenges persist, from elevated energy costs and interest rates to lingering geopolitical and technological uncertainties. Despite these concerns, the U.S. economy remains on track to grow by over 2% during 2026, supported by impressive AI-driven business investment. Also, a generally stable labor market continues to underpin consumer activity, providing a cushion against other risks. 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.

Metro Denver's labor market remained relatively stable through August 2026, with total nonfarm employment at 1.64 million jobs, a modest 0.1% decrease year-over-year. Industrial-using employment—including manufacturing, transportation, warehousing and utilities, and wholesale trade—decreased by 1.7% or 4,325 jobs over the same period. Metro Denver's unemployment rate was 4.6% in August, an increase of 70 bps year-over-year, and 30 bps higher than the national rate of 4.3%.

FIGURE 9: Investment Trends



*Includes transactions \$2.5 million and above
Source: CBRE Research, Q3 2026



Market Statistics by Product Type

Figure 12

Product Type	Net Rentable Area (SF)	Total Vacancy (%)	Direct Vacancy (%)	Total Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution/Logistics	178.83M	9.7	9.3	11.9	1.0	9.15	591,000	987,000	255,000	4.20M
Manufacturing - General	40.12M	5.7	5.2	6.4	0.8	10.40	743,000	705,000	800,000	-
R&D/Flex	36.28M	7.6	7.2	10.2	0.5	13.36	44,000	136,000	-	-
Other Industrial	8.78M	4.5	4.1	5.9	0.3	10.99	53,000	178,000	155,000	-
Total	264.01M	8.6	8.3	10.7	0.9	9.84	1.43M	2.01M	1.21M	4.20M

Source: CBRE Research, Q3 2026

Market Statistics by Size

Figure 13

Size Range	Net Rentable Area (SF)	Total Vacancy (%)	Direct Vacancy (%)	Total Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50K SF	70.88M	4.8	4.5	6.6	0.5	12.37	85,000	18,000	-	-
50K-99,999 SF	50.53M	8.4	7.8	11.7	1.4	11.43	61,000	5,000	155,000	285,000
100K-249,999 SF	76.77M	11.4	10.9	13.0	1.2	10.32	450,000	1.05M	255,000	2.17M
250K-499,999 SF	35.83M	6.7	6.7	9.4	0.9	7.98	160,000	872,000	-	1.74M
500K-749,999 SF	17.30M	18.7	18.4	20.9	0.2	6.96	(594,000)	(1.21M)	-	-
750,000 SF +	12.69M	5.7	5.7	4.9	-	5.50	1.27M	1.27M	800,000	-
Total	264.01M	8.6	8.3	10.7	0.9	9.84	1.43M	2.01M	1.21M	4.20M

Source: CBRE Research, Q3 2026

Market Statistics by Class

Figure 14

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Direct Vacancy (%)	Total Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	48.01M	13.8	13.1	18.1	1.8	8.10	(30,000)	66,000	-	509,000
All Other Industrial	216.00M	7.5	6.2	9.0	0.7	10.69	1.46M	1.94M	1.21M	3.69M
Total	264.01M	8.6	8.3	10.7	0.9	9.84	1.43M	2.01M	1.21M	4.20M

Source: CBRE Research, Q3 2026

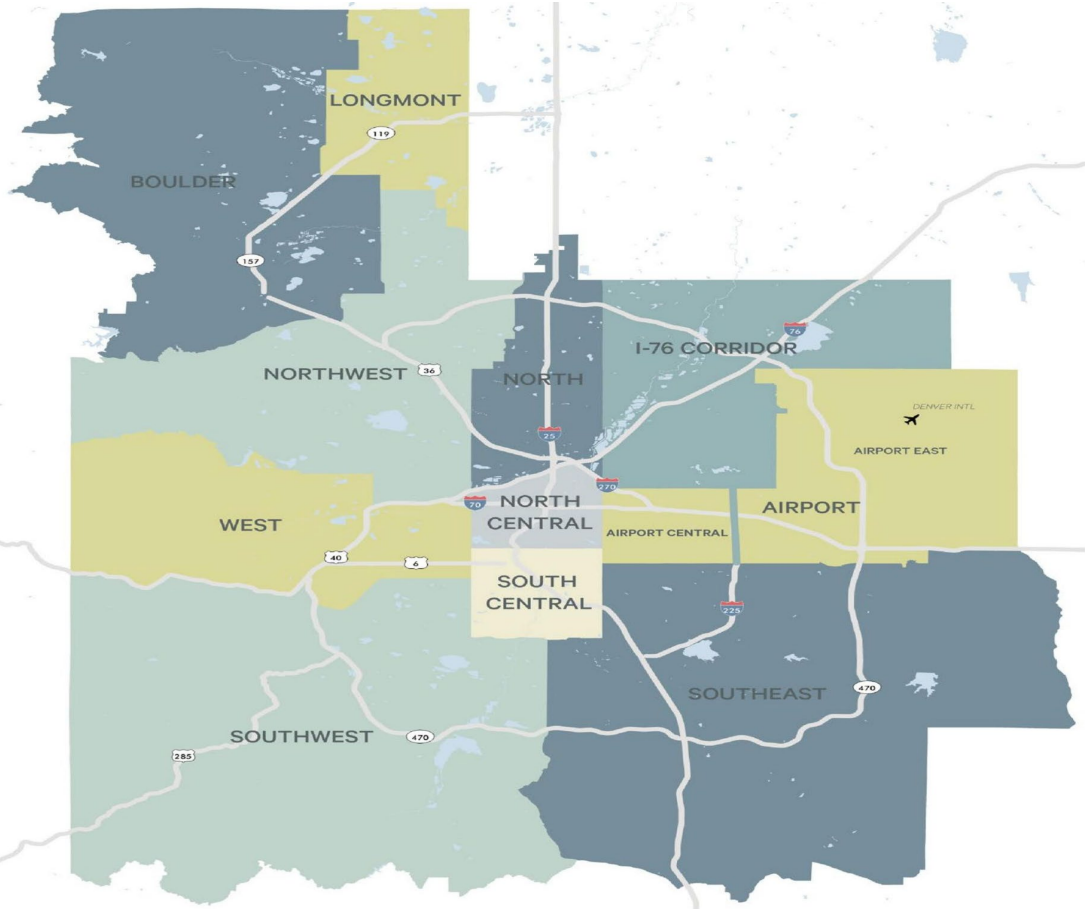
Market Statistics by Submarket

Figure 15

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Direct Vacancy (%)	Total Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Airport	103.38M	8.0	7.4	10.8	1.4	7.43	629,000	1.37M	800,000	1.47M
Airport Central	54.53M	6.1	5.7	9.0	1.0	7.86	55,000	69,000	-	-
Airport East	48.99M	10.0	9.3	12.8	1.7	7.14	574,000	1.30M	800,000	1.47M
Boulder	9.50M	8.9	8.8	9.9	0.1	13.75	48,000	(14,000)	-	-
I-76 Corridor	14.85M	13.6	13.6	15.1	0.5	6.87	484,000	194,000	-	466,000
Longmont	5.65M	16.3	16.3	14.6	-	13.72	(8,000)	178,000	-	-
North	14.93M	11.8	11.5	12.1	0.4	11.08	(43,000)	(66,000)	-	1.82M
North Central	33.03M	8.1	7.9	9.9	0.7	10.95	56,000	(54,000)	-	62,000
Northwest	18.08M	12.5	12.0	14.6	0.8	13.95	90,000	474,000	-	248,000
South Central	22.80M	5.1	5.0	6.6	0.3	10.54	75,000	11,000	-	-
Southeast	23.40M	9.6	9.2	13.1	1.4	12.00	77,000	(110,000)	410,000	133,000
Southwest	7.73M	3.5	3.4	4.2	0.1	12.46	(3,000)	144,000	-	-
West	10.52M	2.9	2.8	3.5	0.2	13.93	25,000	(115,000)	-	-
Total	264.01M	8.6	8.3	10.7	0.9	9.84	1.43M	2.01M	1.21M	4.20M

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 NNN asking rents 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. Class A industrial are buildings built after 2000, with 32' or greater clear height and ESFR sprinklers.

Survey Criteria

Includes all industrial buildings 10,000 sq. ft. and greater in size, including 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.

Contacts

Jonathan Sullivan
Research Manager
+1 303 824 4710
jonathan.sullivan@cbre.com

Ian Wolfe
Senior Research Analyst
+1 303 264 1930
ian.wolfe@cbre.com