

Recovery broadens as absorption sustains momentum and vacancy falls

▼ 26.3%
Total Vacancy Rate

▼ 23.4%
Direct Vacancy Rate

▲ 175K
SF Net Absorption

▲ \$29.34
FSG / Lease Rate

▲ 1.4M
SF Leasing Activity (4-Qtr)

Note: Arrows indicate change from previous quarter.

MARKET SUMMARY

The Southeast submarket extended its recovery in Q1 2026, recording 175,000 sq. ft. of positive net absorption, the second consecutive quarter of positive gains and the first back-to-back positive quarters since 2022. Total vacancy fell 60 basis points (bps) quarter-over-quarter to 26.3% in Q1 2026, followed by a decline of 40 basis points year-over-year. Rolling four-quarter leasing activity climbed to 1.4 million sq. ft., up from the 1.3 million sq. ft. recorded in Q4 2025, underscoring improved occupier demand within the submarket. Sublease availability dropped by 305,000 sq. ft. quarter-over-quarter to 1.4 million sq. ft., a four-year low, as larger availabilities expired and transitioned to a direct basis, removing a negative perception on the market’s leasable supply.

The average direct asking rent edged up to \$29.34 per sq. ft. FSG, an increase of 1.1 % quarter-over-quarter, though still down 1.5% compared to a year ago. Class A rents climbed to \$34.04 per sq. ft. FSG, increasing 2.8% quarter-over-quarter, and reflecting the intensifying flight-to-quality demand trend among occupiers. The development pipeline remained inactive for the thirteenth consecutive quarter, with no new groundbreakings anticipated given limited preleasing momentum. With supply-side pressures easing and demand broadening across micromarkets, the submarket’s recovery appears increasingly durable heading into the remainder of 2026.

Figure 1: Micromarket Statistics

	Arapahoe South	Centennial Airport	DTC	East Hampden Corridor	Greenwood Plaza	Inverness	Meridian/Ridgegate	Other Southeast	Panorama/Highland Park
Total NRA (SF)	1,457,835	1,352,095	10,028,209	1,098,555	8,271,183	3,626,463	2,849,838	370,870	2,181,180
Direct Vacant (%)	10.5	43.5	19.4	18.2	24.8	34.8	22.9	14.6	18.1
Total Vacant (%)	10.7	44.9	23.0	18.2	29.1	35.6	23.0	14.6	25.0
Sublease Available (SF)	1,707	31,987	508,571	-	477,684	150,459	12,915	13,064	181,877
Total Net Absorption (SF)	(5,914)	17,837	53,231	13,430	54,521	(11,210)	28,288	(5,464)	30,649
Average Direct Asking Rent (\$)	20.85	22.76	33.37	18.81	29.66	28.87	27.36	28.12	28.13

Source: CBRE Research Q1 2026

Vacancy

Total vacancy in the Southeast submarket declined 60 basis points (bps) quarter-over quarter to 26.3%, while direct vacancy fell a modest 30 bps to 23.4%, remaining 100 bps above the level recorded in Q1 2025. Class A direct vacancy improved 70 bps year-over-year, while Class B direct vacancy rose a sharp 420 basis points, reflecting continued softness among older product as occupiers migrate toward higher-quality space. For the fifth consecutive quarter, the Meridian/Ridgeway micromarket led the submarket in vacancy reduction, falling 840 bps year-over-year to 23.0%.

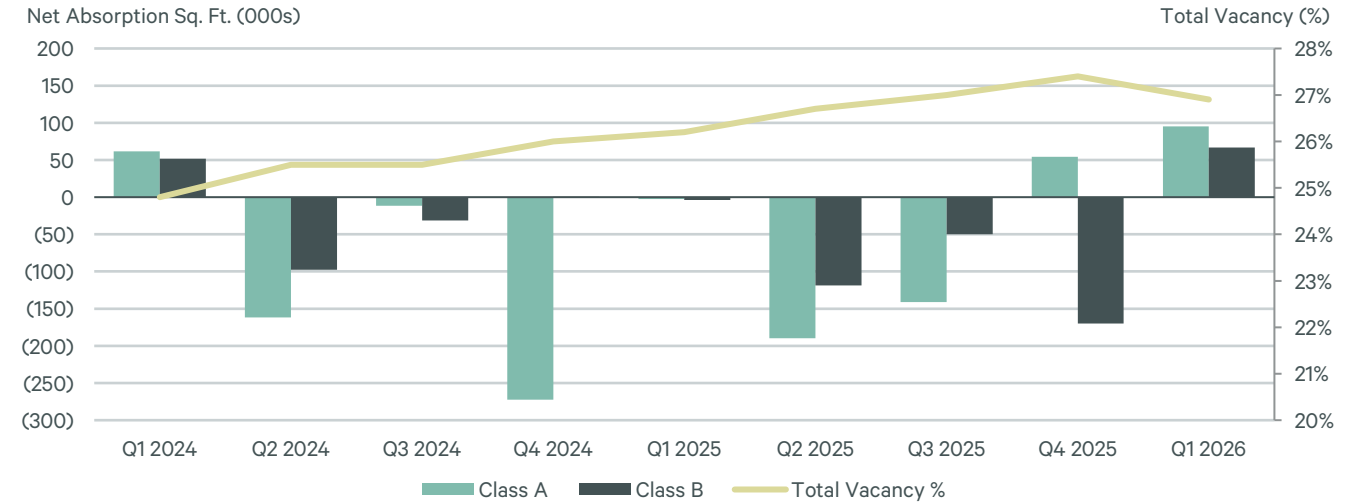
Net Absorption

The Southeast submarket recorded positive 175,000 sq. ft. of net absorption in Q1 2026, marking the second consecutive quarter of positive gains. This represents a substantial swing from the negative 299,000 sq. ft. recorded in Q1 2025, underscoring how meaningfully demand conditions have shifted over the past year. Class A properties led with 155,000 sq. ft. of positive net absorption in Q1 2026, while Class B contributed positive 18,000 sq. ft. The Greenwood Plaza micromarket had the quarter's highest positive net absorption at 54,000 sq. ft.

Sublease Availability

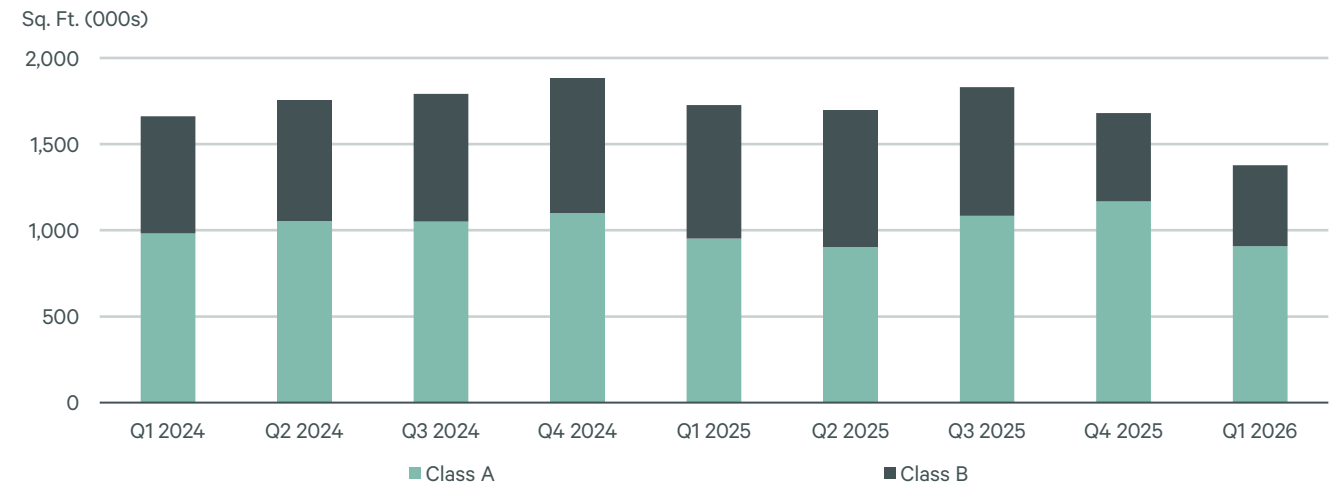
Sublease availability fell 305,000 sq. ft. quarter-over-quarter to 1.4 million sq. ft., a 20.1% decrease year-over-year and the lowest level recorded since Q1 2021. This quarter's decline reflects several larger availabilities expiring and transitioning to a direct basis. Class A availability fell 6.2% year-over-year, while Class B fell a sharp 39.3%, largely reflecting a shift in how space is being marketed as landlords restructured existing offerings. The largest new sublease availability in Q1 2026 was Blue Sky Restoration Contractors at 9110 E Nichols Ave with 16,000 sq. ft., while Computershare's 283,000 sq. ft. listing at 6200 S Quebec St remains the submarket's largest single availability. Sublease availability accounted for 13.8% of the submarket's total available inventory, down from the 16.8% recorded in Q1 2025.

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



Source: CBRE Research Q1 2026

Figure 3: Sublease Availability by Class



Source: CBRE Research Q1 2026

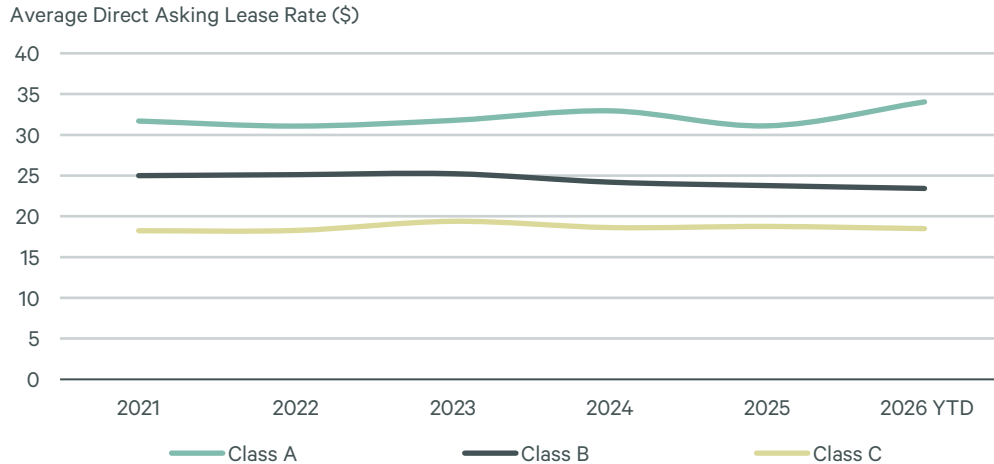
Leasing Activity

In Q1 2026, rolling four-quarter leasing activity totaled 1.4 million sq. ft across 58 transactions. This marked a slight increase of 68,000 sq. ft. or 5.3% from the previous quarter. Year-over-year, activity declined by 285,000 sq. ft. or 17.4%, largely due to a reduction in large-block renewal transactions. New leases totaled 876,000 sq. ft or 64.7% of the rolling four-quarter total, an increase of 29.0% from the 679,000 recorded in Q1 2025. Class A properties captured 82.2% of rolling four-quarter volume, reinforcing the sustained flight-to-quality trend seen across metro Denver. The Southeast submarket had the largest transaction of the quarter but still trailed Downtown’s 1.8 million sq. ft. rolling-four quarter total.

Average Asking Rents

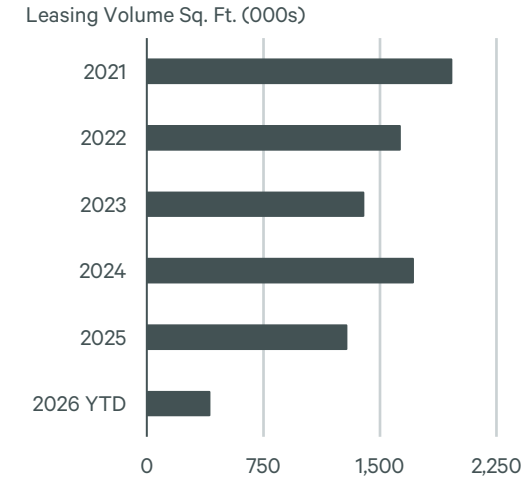
Southeast Denver’s average direct asking rose to \$29.34 per sq. ft. FSG in Q1 2026, a 1.1% increase quarter-over-quarter, though down 1.5% from \$29.78 per sq. ft. FSG recorded in Q1 2025. Class A rents climbed 2.8% quarter-over-quarter to \$34.04 per sq. ft. FSG., while Class B rents remained flat quarter-over-quarter but fell a notable 4.4% year-over-year. The growing spread between Class A and B rents underscores ongoing bifurcation in occupier preferences.

Figure 4: Average Asking Direct Rent By Class



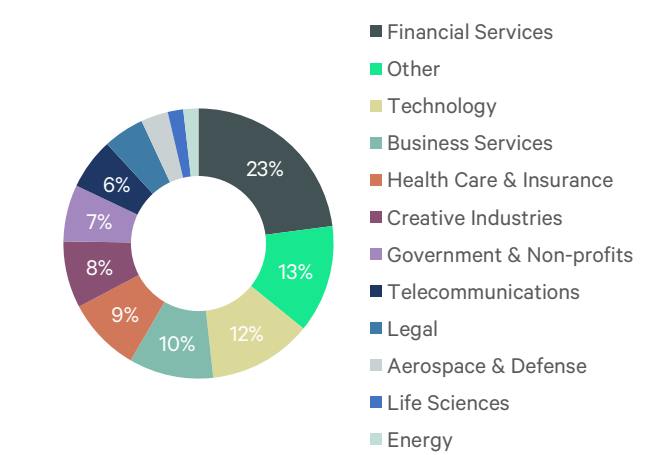
Source: CBRE Research Q1 2026

Figure 5: Annual Leasing Volume



Source: CBRE Research Q1 2026

Figure 6: Leasing Activity by Industry (Q2 2025 – Q1 2026)



Source: CBRE Research Q1 2026

Figure 7: Top Lease Transactions

Lease Type	Tenant	SF	Address	Micromarket	Sublease
Renewal/Expansion	Confidential Tenant	180,000	Confidential	Greenwood Plaza	N
New Lease	Confidential Tenant	38,000	Confidential	Greenwood Plaza	N
New Lease	Zynex Medical	31,000	8181 E Tufts Ave	DTC	N
New Lease	Boeing	30,000	7001 E Belleview Ave	DTC	Y
New Lease	US General Services Administration	22,000	5445 DTC Pkwy	DTC	N

Source: CBRE Research Q1 2026

Development

The Southeast development pipeline remained idle in Q1 2026, extending the submarket’s streak to thirteen consecutive quarters without a new ground-up start. Since Vectra Bank’s headquarters delivered in Q4 2022, a combination of limited large occupier demand, elevated construction costs, and persistent market uncertainty has kept developer appetite subdued, with these conditions unlikely to shift through the remainder of 2026.

Investment Trends

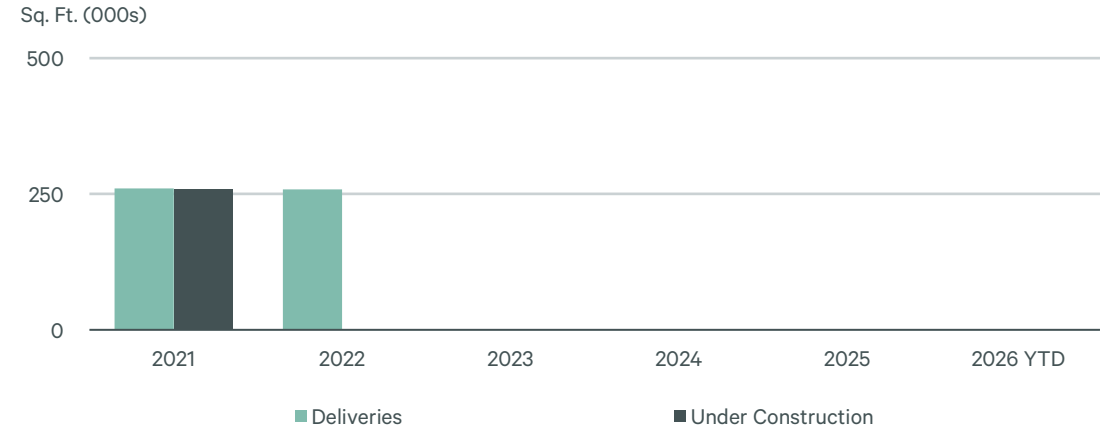
The Southeast submarket recorded three sales transactions in Q1 2026 totaling \$27.4 million, with an average price per sq. ft. of \$111, up notably from the \$8.8 million recorded in Q1 2025, and reflective of increased investor interest across the submarket. This quarter’s highest price per sq. ft. was achieved at 400 Inverness Dr W., which traded at \$125 per sq. ft. While volume stepped back from Q4 2025’s elevated pace, the year-over-year improvement and continued flow of distressed assets to market suggest a broadening buyer pool as the submarket’s recovery gains traction.

Figure 8: Rolling-Four-Quarter Top Transactions

Address	Micromarket	Buyer	Sale Price (\$)	Price per SF (\$)	Sale Date
6060 S Willow Dr	DTC	Easterly Government Properties	28.9 M	209	Q3 2025
169 Inverness Dr W	Inverness	KORE Investments	28.5 M	242	Q4 2025
10770 & 10771 E Easter Ave	Arapahoe South	Sentinel Net Lease	23.0 M	155	Q4 2025
6901 S Havana St	Arapahoe South	The Garrett Co.	22.7 M	164	Q4 2025
8310 S Valley Hwy	Inverness	Woodside Capital Partners	17.9 M	95	Q4 2025

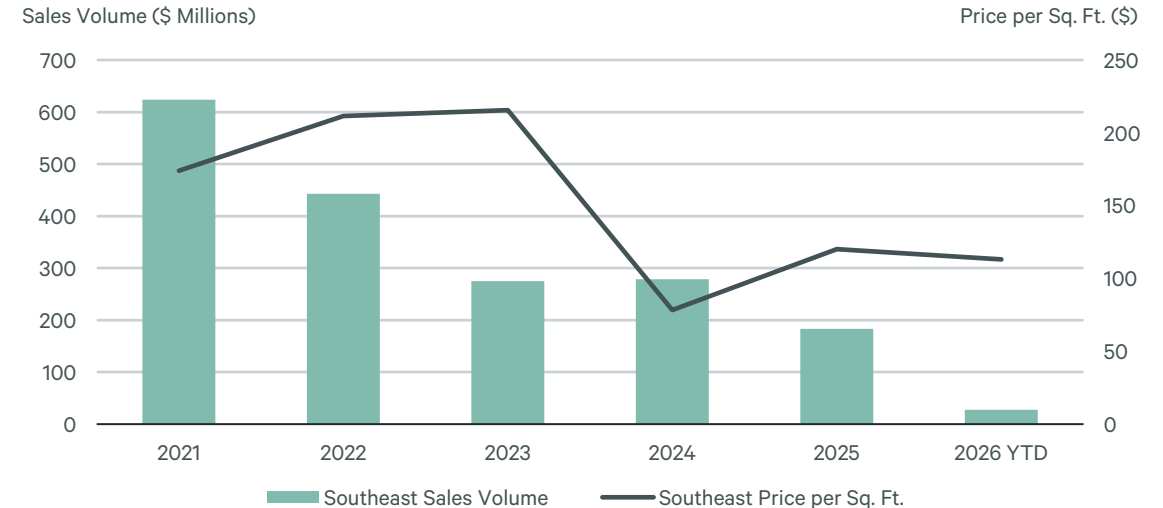
Source: CBRE Research Q1 2026

Figure 9: Historical Deliveries and Under Construction



Source: CBRE Research Q1 2026

Figure 10: Historical Investment Activity



Source: CBRE Research Q1 2026

Market Statistics

Figure 11: Quarterly Statistics by Class

Class A	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Total NRA (SF)	19,033,882	19,033,882	18,906,306	18,906,306	18,739,975	18,604,999	18,604,999	18,606,906	18,606,906
Total Vacant (%)	24.9	24.9	25.8	26.0	26.4	26.6	26.4	25.9	25.0
Sublease Available (SF)	982,341	1,056,762	1,051,231	1,100,008	952,262	904,538	1,085,004	1,168,007	906,926
Total Available (%)	31.3	30.7	31.4	32.7	32.8	31.3	31.5	32.2	31.4
Total Net Absorption (SF)	(161,674)	(11,696)	(272,533)	(2,514)	(189,859)	(141,196)	54,395	95,280	154,493
Average Direct Asking Rent (\$)	32.17	32.24	32.69	32.94	33.54	33.26	33.06	33.10	34.04
Class B/C	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Total NRA (SF)	12,675,720	12,675,720	12,675,720	12,675,720	12,675,720	12,655,720	12,628,615	12,629,322	12,629,322
Total Vacant (%)	26.5	26.3	26.3	26.3	27.2	27.5	28.8	28.4	28.3
Sublease Available (SF)	687,288	701,362	740,354	782,827	775,077	794,535	749,055	514,989	471,338
Total Available (%)	32.4	31.0	31.2	32.2	32.8	32.2	32.6	33.2	33.0
Total Net Absorption (SF)	(83,975)	(2,759)	(4,128)	(1,722)	(109,107)	(46,521)	(168,475)	53,675	20,815
Average Direct Asking Rent (\$)	24.86	24.10	23.67	23.70	24.06	23.71	24.00	23.37	23.09
Overall	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Total NRA (SF)	31,709,602	31,709,602	31,582,026	31,582,026	31,415,695	31,260,719	31,233,614	31,236,228	31,236,228
Total Vacant (%)	25.5	25.5	26.0	26.2	26.7	27.0	27.4	26.9	26.3
Sublease Available (SF)	1,669,629	1,758,124	1,791,585	1,882,835	1,727,339	1,699,073	1,834,059	1,682,996	1,378,264
Total Available (%)	31.7	30.8	31.4	32.5	32.8	31.6	31.9	32.6	32.1
Total Net Absorption (SF)	(245,649)	(14,455)	(276,661)	(4,286)	(298,966)	(187,717)	(114,080)	148,955	175,308
Average Direct Asking Rent (\$)	29.21	28.98	29.20	29.34	29.78	29.40	29.36	29.02	29.34

Source: CBRE Research Q1 2026

