

Vacancy continues to stabilize but the overall demand recovery remains challenging



Note: Arrows indicate change from previous quarter.

MARKET SUMMARY

Downtown Denver's office market closed Q1 2026 showing continued signs of stabilization, although demand-side challenges persist. Total vacancy was largely unchanged, rising 20 bps quarter-over-quarter to 38.9%, while direct vacancy edged up 30 bps, driven primarily by sublease space reverting to landlords with a smaller contribution from tenant space reductions. Although net absorption remained negative at 56,000 sq. ft., it improved 10.6% from the prior quarter and 77.4% year-over-year. Sublease availability continued its decline, falling 14.9% quarter-over-quarter and 30.0% year-over-year to 1.0 million sq. ft.

Rolling four-quarter leasing activity totaled 1.8 million sq. ft., up 5.5% from last quarter but down 24.6% year-over-year. Q1 2026 activity was highlighted by Vertafore's 142,000 sq. ft. renewal at 999 18th St., the submarket's largest transaction since Q4 2024. The average direct asking rent remained largely stable in Q1 and posted a slight year-over-year decrease of 1.6% to \$41.33 per sq. ft. FSG. Investment sales consisted of one notable transaction trading at a discounted basis as the pricing reset for Downtown office product continues. With several multifamily conversion projects in the pipeline and leasing velocity among Downtown's higher-quality assets accelerating, the conversation is shifting toward the potential undersupply of new and prime Class A space, a dynamic that could meaningfully reshape the submarket's trajectory over the next several years.

Figure 1: Micromarket Statistics

	Lower Downtown/ Central Platte Valley	Mid-Central Business District	Skyline Urban Renewal	Uptown
Total NRA (SF)	6,563,297	16,563,244	5,065,915	2,826,213
Direct Vacant (%)	18.0	43.7	42.1	45.7
Total Vacant (%)	20.7	41.0	42.5	46.4
Sublease Available (SF)	345,643	487,318	170,713	19,721
Total Net Absorption (SF)	(63,820)	22,036	17,188	(31,890)
Average Direct Asking Rent (\$)	52.40	37.14	55.26	34.06

Source: CBRE Research Q1 2026

Vacancy

Total vacancy in the Downtown submarket remained largely stagnant, rising just 20 bps quarter-over-quarter while posting a 200 bps increase year-over-year to 38.9%. Direct vacancy rose by a similar margin of 30 bps quarter-over-quarter to 36.7%, driven primarily by sublease space reverting to landlords with a smaller contribution from tenant space reductions, which have moderated in recent quarters. Class A total vacancy was stable at 31.6%, improving 10 bps over last quarter, while Class B total vacancy was up 30 bps to 42.3%.

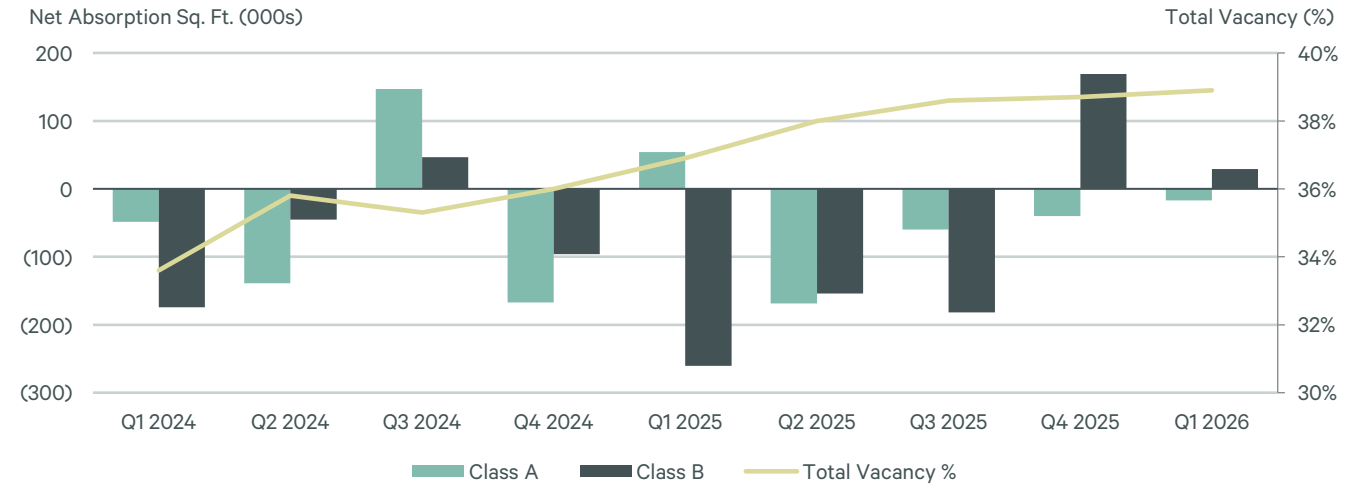
Net Absorption

Although net absorption remained negative at 56,000 sq. ft., it represented a 10.6% increase against the prior quarter's mark and a 77.4% improvement year-over-year. Class A net absorption totaled negative 17,000 sq. ft., a 57.3% improvement from Q4 2025, while Class B swung to negative 29,000 sq. ft. after recording positive 169,000 sq. ft. last quarter. The primary driver of negative absorption was Comcast vacating 33,000 sq. ft. at 1899 Wynkoop following an early lease termination, consolidating into several of its suburban locations. The Mid-CBD micromarket recorded the highest positive net absorption at 22,000 sq. ft., driven by Colorado Legal Services relocating from 33,000 sq. ft. at 1905 Sherman in Uptown to 29,000 sq. ft. at 1560 Broadway.

Sublease Availability

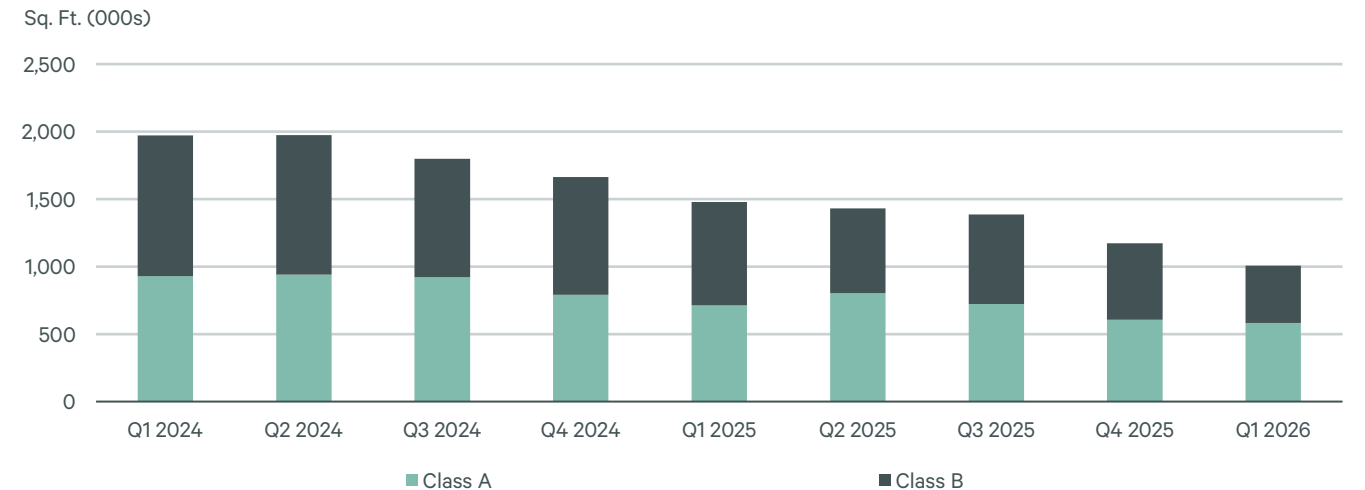
Downtown sublease availability continued its decline, falling 14.9% quarter-over-quarter and 30.0% year-over-year to 1.0 million sq. ft. The largest sublease transaction was Jonah Energy's 43,000 sq. ft. deal at 1099 18th St., taking two of five floors previously occupied by Chevron. The Mid-CBD micromarket continues to carry the highest sublease availability concentration at 487,000 sq. ft., though the figure represents a 49.5% decrease year-over-year.

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

Rolling four-quarter leasing activity totaled 1.8 million sq. ft., up a slight 5.5% from the prior quarter but down 24.6% year-over-year. New leases comprised 1.0 million sq. ft. or 56.9% of total activity, a 6.5% decrease quarter-over-quarter, with Class A space continuing to capture the majority of activity in alignment with tenants' flight-to-experience and quality. The largest transaction of the quarter and since Q4 2024 was Vertafore's 142,000 sq. ft. renewal at 999 18th St, a meaningful example of the tech sector's long-term commitment to Downtown Denver. The energy sector led leasing demand for the third consecutive quarter with 295,000 sq. ft., followed by technology at 244,000 sq. ft.

Average Asking Rents

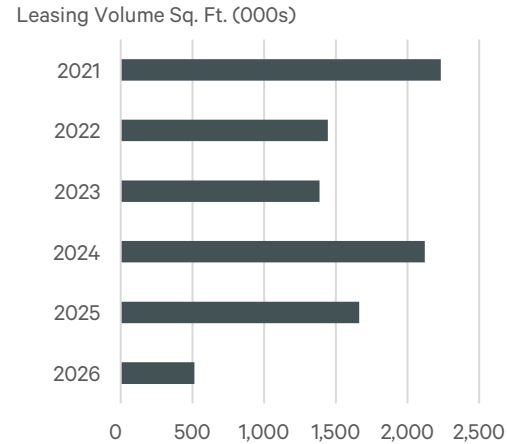
Downtown's average direct asking rent was nearly unchanged at \$41.33 per sq. ft. FSG but posted a slight 1.6% drop on the year. Class A and Class B asking rents both declined modestly year-over-year, falling 1.0% and 1.4% to \$51.35 and \$37.91 per sq. ft. FSG, respectively. Availability in new construction kept the average asking rent highest in the S.U.R. micromarket at \$55.26 per sq. ft.

Figure 4: Average Direct Asking Rent By Class



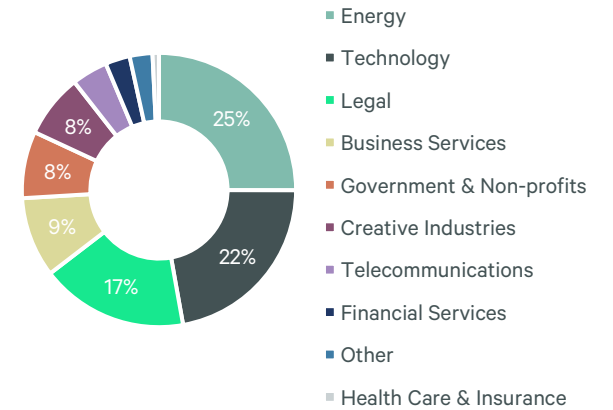
Source: CBRE Research Q1 2026

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	Vertafore	142,000	999 18th St	Mid-CBD	N
Renewal/ Contraction	Ping Identity	55,000	1001 17th St	Mid-CBD	N
Renewal	Internal Revenue Service	44,000	600 17th St	Mid-CBD	N
New Lease	Jonah Energy	43,000	1099 18th St	Mid-CBD	Y
New Lease	Colorado Housing and Finance Authority	30,000	1900 Lawrence St	S.U.R.	N

Source: CBRE Research Q1 2026

Development

The development pipeline remained at a standstill for a seventh consecutive quarter following the completion of 1900 Lawrence in Q2 2024. Three high-vacancy buildings have been awarded Downtown Development Authority (DDA) funding to help facilitate multifamily conversion. The removal of this obsolete, unleaseable space from inventory along with the gradual recovery in demand will provide some vacancy relief over the next several years. Meanwhile, the accelerated lease up of new buildings as of late is beginning to stir the conversation of the forthcoming undersupply of new and prime Class A space in Downtown.

Investment Trends

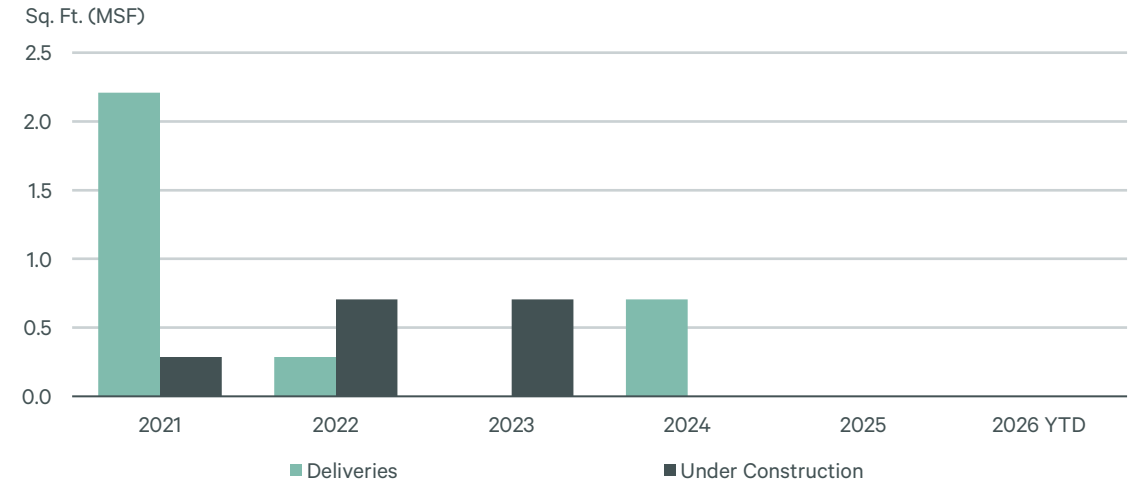
Investment sales in the Downtown submarket consisted of a single transaction this quarter, with Denver Place at 999 18th St trading for \$47.5 million, or \$51 per sq. ft. CP Group and Time Equities acquired the two-tower, 930,000 sq. ft. complex from LBA Realty at a significantly discounted basis, reflective of the continued pricing reset for older and distressed assets. Sales activity mirrored that from Q1 2025, which also saw only one notable transaction.

Figure 8: Rolling-Four-Quarter Top Sale Transactions

Address	Micromarket	Buyer	Sale Price (\$)	Price per SF (\$)	Sale Date
1701 Platte St	LoDo	Bet365	135.0 M	543	Q3 2025
707 & 717 17th St	Mid-CBD	Justin Friedeck	57.4 M	41	Q4 2025
999 18 th St	Mid-CBD	CP Group & Time Equities	47.5 M	51	Q1 2026
910 15 th St	Mid-CBD	CoreSite	38.0 M	170	Q2 2025
Lincoln Crossing Tower I & II	Uptown	Westside Investment	10.0 M	21	Q2 2025

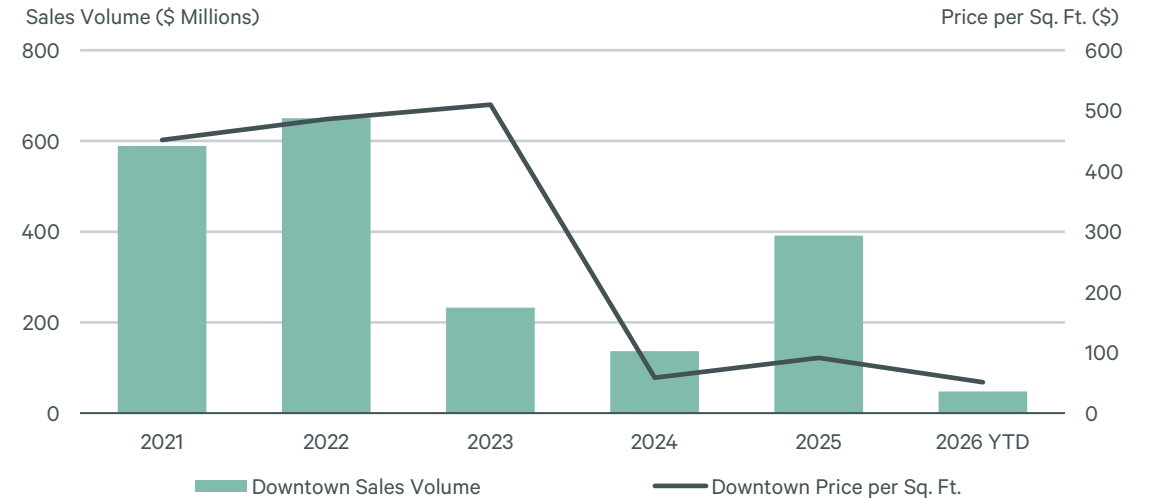
Source: CBRE Research Q1 2026

Figure 9: Historical Deliveries and Under Construction



Source: CBRE Research Q1 2026

Figure 10: Historical Investment Activity



Source: CBRE Research Q1 2026

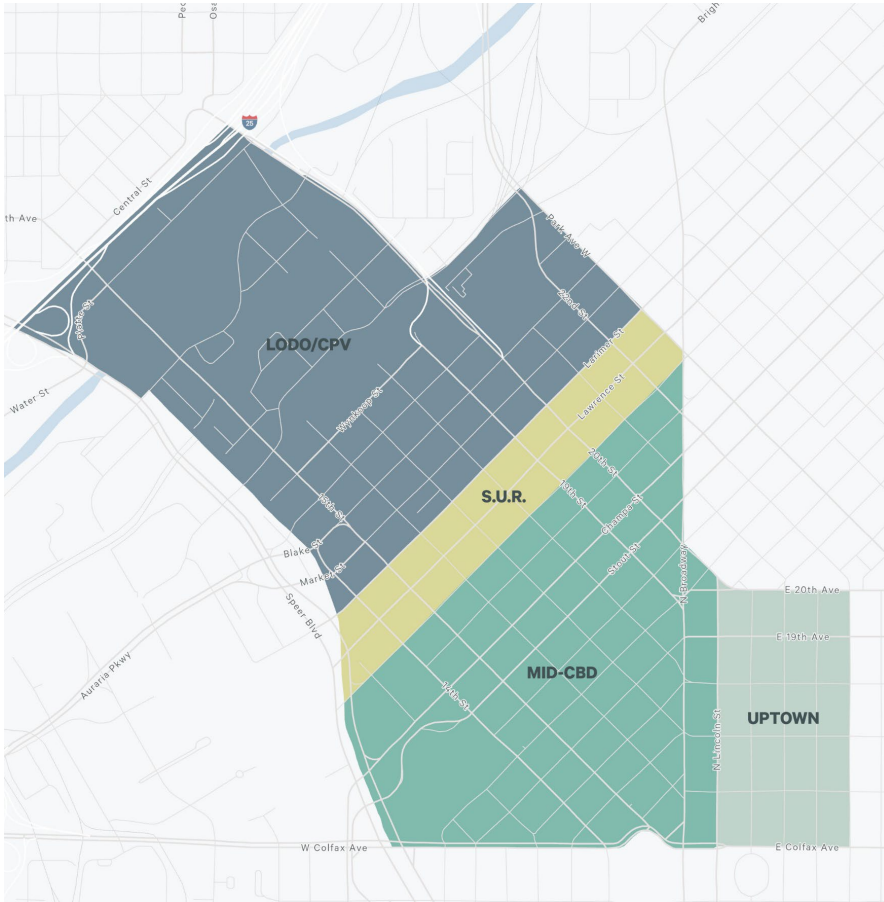
Market Statistics

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)	12,293,270	12,997,306	12,997,306	12,997,306	12,997,306	13,007,333	13,007,333	13,007,333	13,496,726
Total Vacant (%)	25.0	30.1	29.0	30.3	29.9	31.2	31.7	31.7	31.6
Sublease Available (SF)	929,520	939,674	920,994	790,641	712,269	802,525	721,254	605,919	582,638
Total Available (%)	32.0	36.5	36.4	36.0	36.6	37.1	35.4	34.4	34.0
Total Net Absorption (SF)	(48,577)	(138,760)	146,875	(167,393)	53,943	(168,687)	(59,901)	(40,306)	(17,201)
Average Direct Asking Rent (\$)	49.24	51.47	51.55	51.18	51.53	51.81	52.00	51.39	51.35
Class B/C	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Total NRA (SF)	18,010,668	18,010,668	18,010,668	18,010,668	18,011,336	18,011,336	18,011,336	18,011,336	17,521,943
Total Vacant (%)	39.4	39.9	39.8	40.2	41.9	42.8	43.6	43.7	44.4
Sublease Available (SF)	1,112,836	1,085,513	929,446	926,725	787,043	659,971	695,940	596,832	440,757
Total Available (%)	44.5	44.6	44.9	45.2	44.3	43.4	44.0	45.5	45.9
Total Net Absorption (SF)	(197,664)	(81,562)	14,548	(118,488)	(304,334)	(142,472)	(145,995)	(22,878)	(39,285)
Average Direct Asking Rent (\$)	36.84	36.67	36.57	36.54	36.92	36.42	36.51	36.35	35.98
Overall	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Total NRA (SF)	30,303,938	31,007,974	31,007,974	31,007,974	31,008,642	31,018,669	31,018,669	31,018,669	31,018,669
Total Vacant (%)	33.6	35.8	35.3	36.0	36.9	38.0	38.6	38.7	38.9
Sublease Available (SF)	2,042,356	2,025,187	1,850,440	1,717,366	1,499,312	1,462,496	1,417,194	1,202,751	1,023,395
Total Available (%)	39.4	41.2	41.3	41.4	41.1	40.7	40.4	40.8	40.7
Total Net Absorption (SF)	(246,241)	(220,322)	161,423	(285,881)	(250,391)	(311,159)	(205,896)	(63,184)	(56,486)
Average Direct Asking Rent (\$)	40.58	41.90	41.81	41.71	42.21	42.02	41.96	41.45	41.33

Source: CBRE Research Q1 2026

Market Area Overview



CBRE Offices

Downtown Denver

1225 17th Street, Suite 3200
Denver, CO 80202

Denver Tech Center

5455 Landmark Place, Suite C102
Greenwood Village, CO 80111

Boulder

1050 Walnut Street, Suite 340
Boulder, CO 80302

Colorado Springs

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

Fort Collins

3003 East Harmony Road, Suite 300
Fort Collins, CO 80528

Survey Criteria

Includes all office buildings 10,000 sq. ft. and greater in size, excluding owner-user, in the Downtown Denver submarket. Buildings which have begun construction as evidenced by site excavation or foundation work.

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