# Leasing activity gains momentum as the construction pipeline expands

▲ 8.3%
Direct Vacancy Rate*

▼ 55K
SF Net Absorption

▼ 70K
SF Construction Delivered

▲ 4.2M
SF Under Construction

▼ $9.93
NNN / Asking Rent

▲ 3.3M
SF Leasing Activity

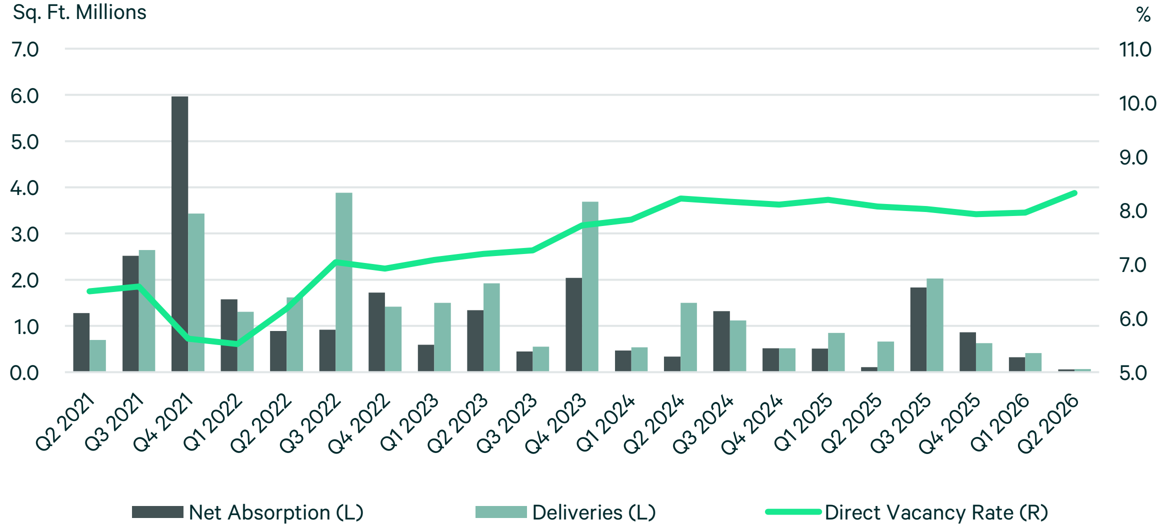
Note: Arrows indicate change from previous quarter.
*In H1 2026, refinements to tracked inventory were made that resulted in a 30-40 basis point increase in historical vacancy. Without these adjustments, direct vacancy would be 8.0%.

## Market Overview

The market's performance in Q2 2026 reflected softer demand but steady fundamentals, with net absorption moderating but staying positive and direct vacancy edging slightly higher. Net absorption totaled 55,000 sq. ft., a decrease of 269,000 sq. ft. from Q1, though rolling four-quarter absorption of 3.1 million sq. ft. remained above the 2.5 million sq. ft. from Q2 2025. Direct vacancy rose 30 bps quarter-over-quarter to 8.3%, driven in part by BroadRange Logistics vacating the remainder of its space at 76 Commerce Center.

The market remains tenant-favorable overall, though leverage continues to shift unevenly by submarket as direct space becomes available, expanding options for tenants. Average asking rents rose 1.8% year-over-year, reflecting continued rent growth despite softer leasing conditions as absorption cools and vacancy remains slightly elevated. Three projects totaling 662,000 sq. ft. broke ground, the pipeline's first increase since Q4 2024 and an early signal that developers may be preparing to meet the next leg of demand. Leasing activity accelerated, rising from 3.0 million sq. ft. in Q1 to 3.3 million sq. ft. in Q2, with the majority of activity concentrated in the Airport submarket. At the midpoint of 2026, these trends reflect a market still working through softer demand as evidenced by lower net absorption and increased space availability. Despite these factors, renewed leasing momentum is laying the groundwork for a more balanced second half of 2026.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy Rate



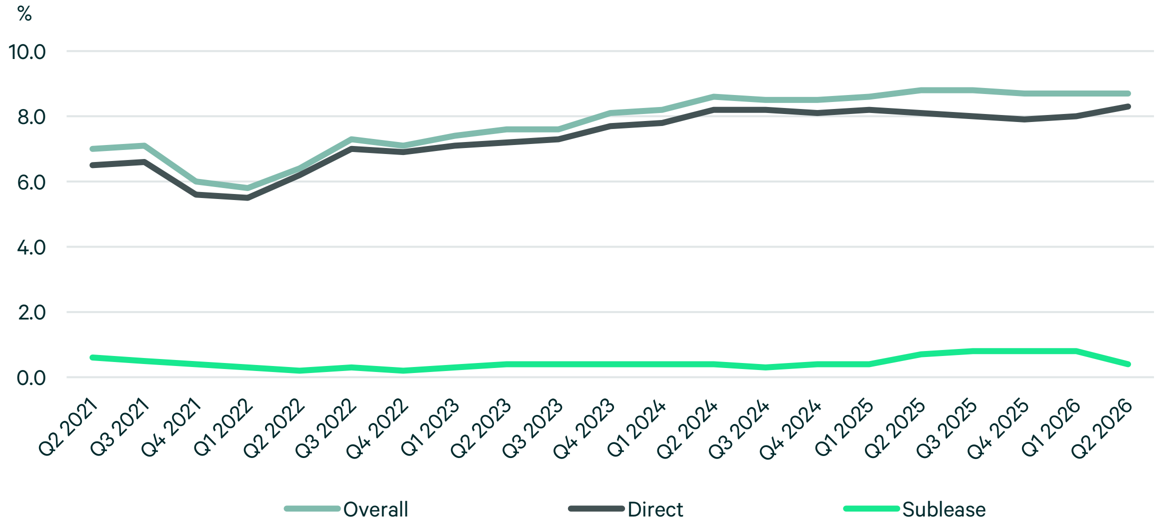

Source: CBRE Research, Q2 2026

## Availability and Vacancy

Total vacancy held firm in Q2 2026 at 8.7% but reflected a slight 10 basis point (bps) drop compared to the level from a year ago. After steadily increasing through mid-2024, vacancy has clearly stabilized with only minimal fluctuation over the past two years. Direct vacancy climbed to 8.3%, up 30 bps quarter-over-quarter and 20 bps above its Q2 2025 level, as several large spaces previously available for sublease went direct. Sublease vacancy, by contrast, stood at just 0.4%, down 40 bps from 0.8% in Q1 2026 as it continues to represent a shrinking share of total availability. Total availability rose 30 bps to 10.9% from Q1 and 40 bps from Q2 2025, driven largely by direct availability, which climbed 50 bps quarter-over-quarter and 70 bps year-over-year.

At the submarket level, the West posted the lowest direct vacancy at 2.9%, followed by the Southwest at 3.7%, reflecting the tightest conditions in the market. On the opposite end, the I-76 Corridor recorded the highest direct vacancy at 17.4% and the largest quarter-over-quarter change, rising 570 bps, largely due to 4353 E Bromley Ln, where 774,000 sq. ft. of sublease space was relisted as direct space, making the entire building vacant on a direct basis. Across all submarkets, sublease availability totaled 1.1 million sq. ft., with the largest concentrations in the Airport and Southeast submarkets.

Figure 2: Vacancy Rates



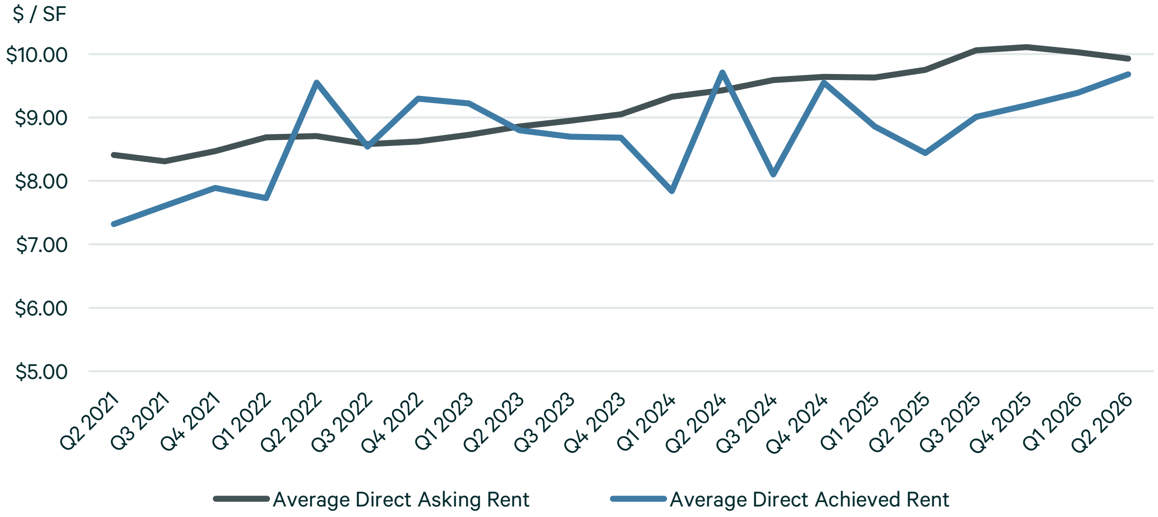

Source: CBRE Research, Q2 2026

## Average Asking & Achieved Rents

In Q2 2026, the market average asking net rent was $9.93 per sq. ft., 1.9% higher than in Q2 2025 and 18.1% above the level recorded five years earlier in Q2 2021, with average rents peaking at $10.11 in Q4 2025. Achieved rents averaged $9.68 per sq. ft. in Q2 2026, a 3.0% increase from the previous quarter, and narrowing the gap between asking and achieved pricing even as asking rents pulled back slightly.

By submarket, asking rents ranged from $6.72 per sq. ft. in the I-76 Corridor to $14.34 per sq. ft. in Boulder. Airport also sat at the lower end at $7.43 per sq. ft., while Northwest and West both posted $13.48 per sq. ft. and Longmont followed closely at $13.47 per sq. ft. North, North Central, South Central, Southeast, and Southwest clustered in a mid-range band of $10.72 and $11.92 per sq. ft.

Figure 3: Average Direct Asking and Achieved Rents




Source: CBRE Research, Q2 2026

## Net Absorption

Metro Denver posted 55,000 sq. ft. of positive net absorption in Q2 2026, a pullback from the 324,000 sq. ft. recorded in Q1 2026, a decline of 83.0% quarter-over-quarter, and down slightly from the 106,000 sq. ft. absorbed in Q2 2025. The rolling four-quarter average stood at 768,000 sq. ft., down a modest 1.6% quarter-over-quarter but still 25.4% higher than the trailing average from Q2 2025, suggesting the quarter's softness has yet to meaningfully drag down the broader trend. By submarket, the Airport recorded the highest positive net absorption at 360,000 sq. ft., followed by Northwest at 219,000 sq. ft. On the negative side, the Southeast posted negative net absorption of 151,000 sq. ft., while the West recorded negative 86,000 sq. ft.

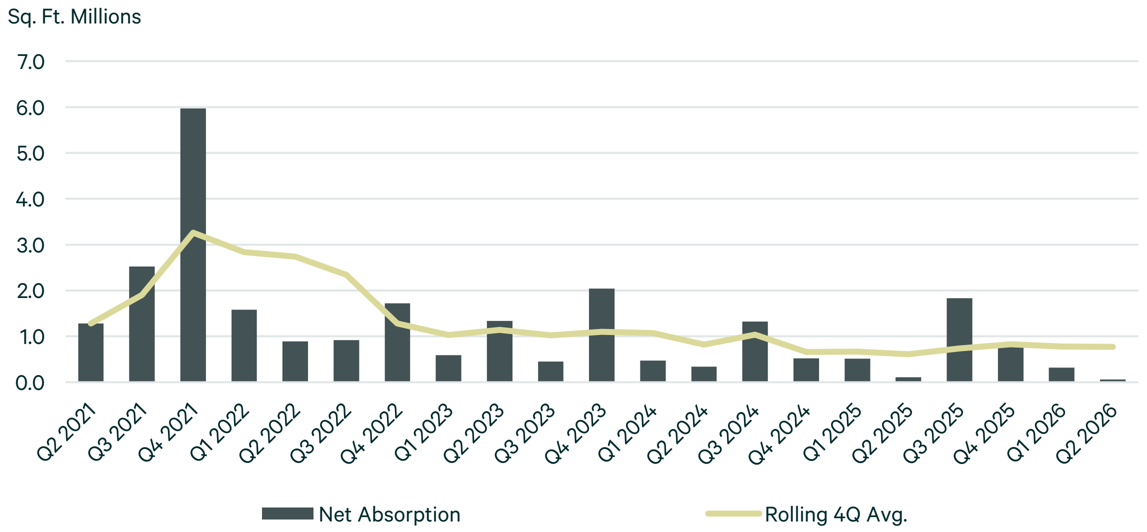
The largest move-in of the quarter was Pretred occupying 152,000 sq. ft. at Denali Logistics Park Building 2; the tenant continues to occupy 44,000 sq. ft. at Clarion Gateway – Building 24, which is listed for sublease. The quarter’s largest move-out came from BroadRange Logistics, which vacated its remaining 334,000 sq. ft. at 76 Commerce Center after its lease was terminated following sustained payment defaults. The landlord, Hyde Development, is now suing BroadRange for damages exceeding $32 million, covering back rent, a discretionary allowance, repayment of rent abatement, and accrued interest and late fees. In total, the quarter saw five move-ins and three move-outs exceeding 100,000 sq. ft., tilting the quarter slightly positive overall.

## Construction Activity

The under-construction pipeline expanded in Q2 2026, ending the quarter at 4.2 million sq. ft. Despite increasing 16.4% quarter-over-quarter, construction activity was still down on the year and continues to reflect the winding down of the current cycle. Q2 deliveries totaled just 70,000 sq. ft., declines of 83.1% quarter-over-quarter and 89.4% year-over-year. Compared with the pipeline's peak of 10.3 million sq. ft. in Q4 2021, under-construction volume has contracted by roughly 6.1 million sq. ft., and completions now represent only a fraction of prior highs, which reached 3.9 million sq. ft. in 2022 and 3.7 million sq. ft. in 2023. Of the 4.2 million sq. ft. currently underway 26.4% is preleased, with activity largely concentrated in the Airport East micromarket at 2.3 million sq. ft.

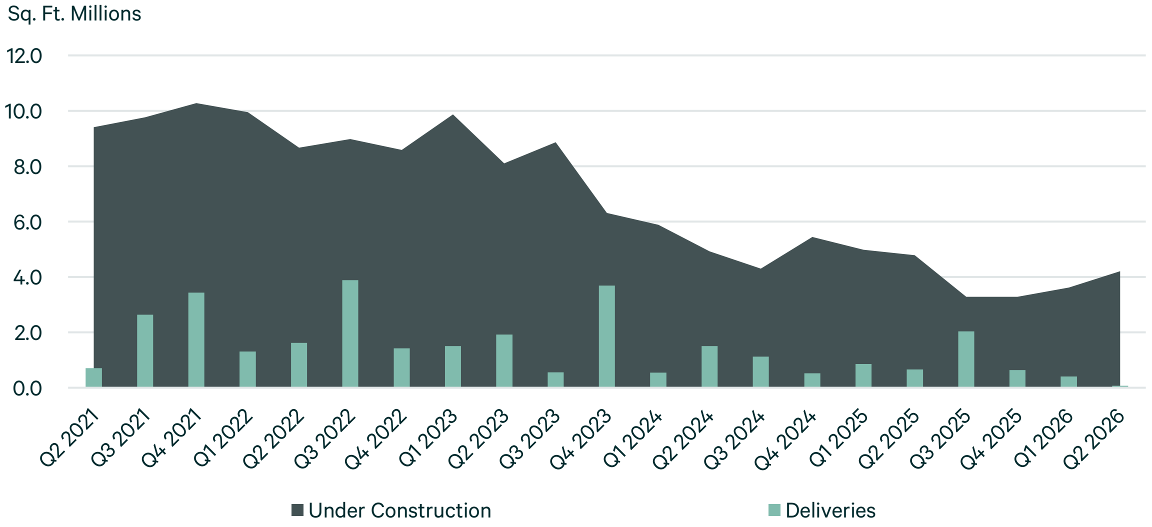
Three projects broke ground this quarter. Commerce Yards Buildings 1-3 totaling 466,000 sq. ft. in the I-76 Corridor submarket developed by Lincoln Properties. Compark 470, a two-building, 133,000 sq. ft. speculative project by Titan Developments, broke ground in the Southeast submarket. Both projects are expected to deliver in early 2027. Quantum 56 Building 6, a 62,000 sq. ft. build-to-suit for Western Slope developed by Hines, also broke ground this quarter in the North Central submarket. Of the current pipeline, 2.8 million sq. ft. is expected to deliver by year-end, while an additional 1.2 million sq. ft. is likely to break ground within the same timeframe.

Figure 4: Net Absorption Trend




Source: CBRE Research, Q2 2026

Figure 5: Construction Activity



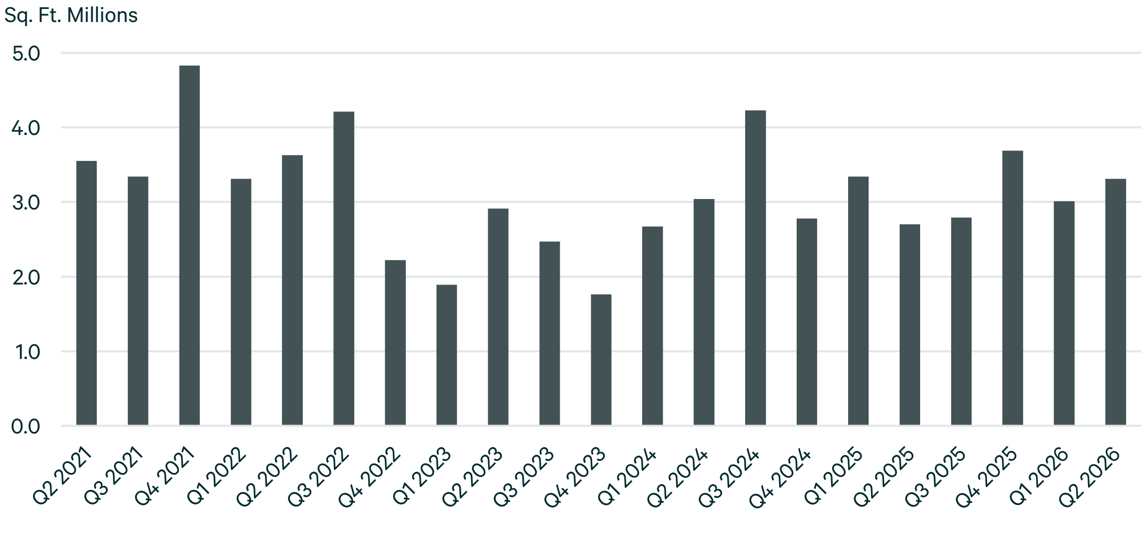

Source: CBRE Research, Q2 2026

# Leasing Activity

Leasing activity continued to strengthen in Q2 2026, totaling 3.3 million sq. ft., a 10.0% increase quarter-over-quarter and a 22.5% gain year-over-year. Over the trailing 12 months, leasing volume reached 12.8 million sq. ft., 16.9% above the rolling four-quarter average seen over the past six years. New leases and expansions accounted for 73.6% of total activity, reflecting continued underlying demand from tenants looking to grow their footprint in the Denver market rather than simply renew in place.

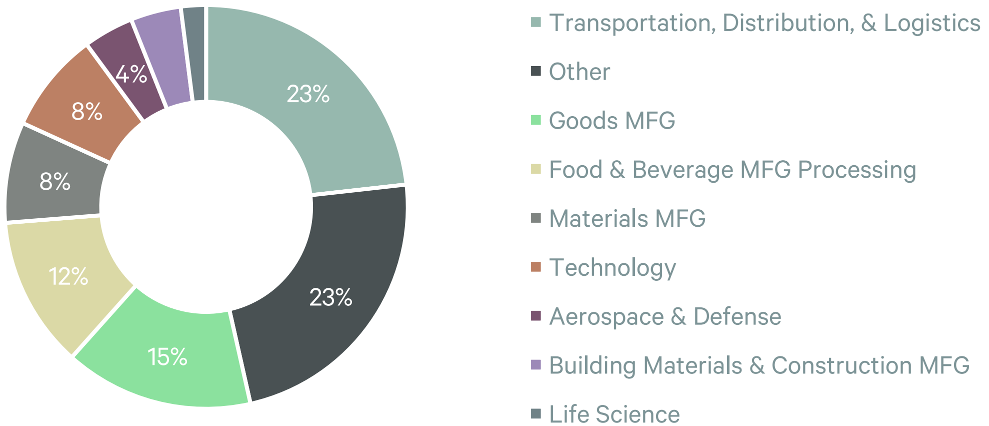
The largest deal completed this quarter was a confidential tenant's commitment to 409,000 sq. ft. at 430 E 160th Ave, also known as Crossroads 25 Building 4 which is expected to break ground in Q3 2026. The second largest transaction was a renewal from Imperial Dade. By submarket, Airport recorded the highest leased area at 1.3 million sq. ft., followed by North at 830,000 sq. ft., reinforcing these two submarkets as the primary drivers of leasing momentum within the market. By industry, Transportation, Distribution & Logistics led all sectors at 35.6% of Q2 2026 leasing activity, followed by Other at 14.8% and Food & Beverage Manufacturing & Processing at 12.2%, underscoring the continued reliance of Denver's industrial base on logistics-oriented and consumer-goods-adjacent users.

Figure 6: Leasing Activity Trend




Source: CBRE Research, Q2 2026

Figure 7: Leasing Activity by Industry Type, Q3 2025 – Q2 2026




Note: Other includes Business Services, Energy, Telecommunications & more
Source: CBRE Research, Q2 2026

Figure 8: Key Lease Transactions

| Tenant | Sq. Ft. Leased | Transaction Type | Address | Submarket |
|---|---|---|---|---|
| Confidential Tenant | 409,000 | New Lease | 430 E 160th Ave | North |
| Imperial Dade | 169,000 | Renewal | 11551 E 45th Ave | Airport |
| Phillips Pet Food and Supplies | 155,000 | New Lease | 20600 E 35th Dr | Airport |
| Crane Worldwide Logistics | 135,000 | Renewal | 18100 E 40th Ave | Airport |
| Bibbeo Ltd | 131,000 | Expansion | 3700 N Windsor Dr | Airport |
| Advanced Technology Group | 131,000 | New Lease | 15003 Grant ST | North |
| Design Mechanical | 129,000 | New Lease | SWC 148th Ave | North |
| Tune Outdoor | 105,000 | New Lease | 445 W 53rd Pl | North Central |

Source: CBRE Research, Q2 2026

## Investment Trends

Industrial sales volume softened in the second quarter of 2026, falling 10.6% from the first quarter and 38.8% year-over-year from Q2 2025. Total transaction volume for the quarter reached $410 million, bringing year-to-date volume to $726 million for the first half of 2026. Investment sales continued to drive the market, accounting for 84.4% of total transaction volume. The average price per sq. ft. was $176, with investment sales averaging $184 per sq. ft., 22.5% higher than the $142 per sq. ft. average recorded in owner-user sales.

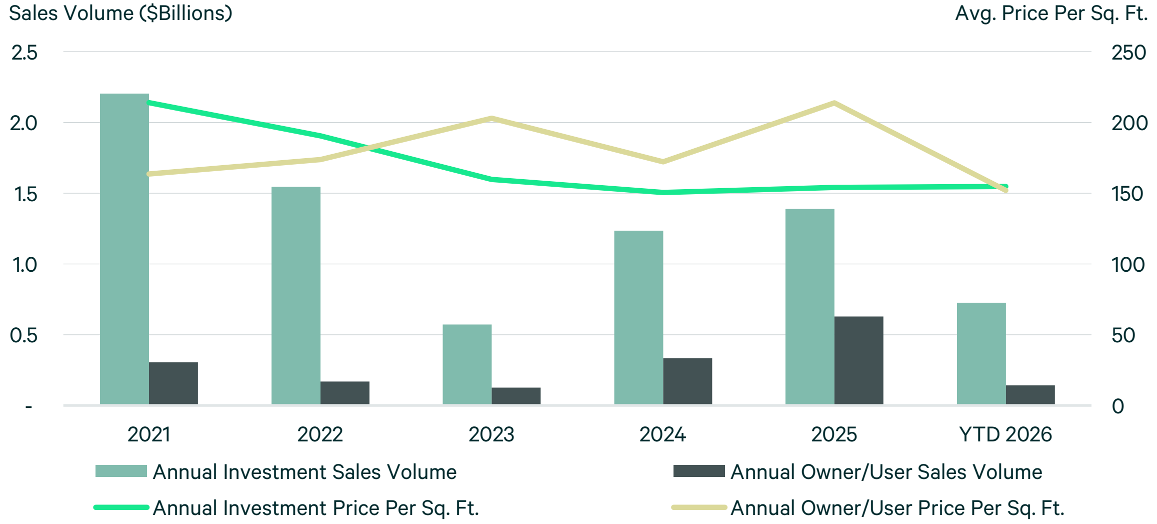
The top sale of the quarter was Park Industrial Center, a 468,000 sq. ft., 13-building distribution portfolio located in Commerce City, which sold for $71.5 million, or $153 per sq. ft. The portfolio was 91% leased at the time of sale and was purchased by Speed Bay from KEW Realty. The largest owner-user sale of the quarter was 17600 Smith Rd, a 53,000 sq. ft. property purchased by Nebraska-based retailer Builders for $15 million, or $285 per sq. ft. The property was previously owned by Hampton Lumber, a building materials supplier. Another notable sale came from Hawaii-based real estate investment entity Kapuahelani Centennial, which was active this quarter purchasing two fully leased 71,000 sq. ft. properties: INOVA Dry Creek Flex for $17.9 million and Deer Creek Commerce Center Building 2 for $17.7 million. Both properties were 100% leased at the time of sale, with Deer Creek Commerce Center Building 2 sold by Confluent Development who was represented by CBRE.

## Economic Overview

The U.S. economy enters mid-2026 navigating crosscurrents but growing at a healthy pace, with CBRE projecting GDP growth averaging 2.2%, broadly in line with 2025. The AI investment boom is certainly a key driver of this expansion. Concerns surrounding the sustainability of this growth are valid, but we expect AI-related business investment to continue. The more pressing concern in recent months has been the U.S./Iran conflict and its impact on world energy prices, which recently pushed U.S. inflation to 4.2%. Should the prospective peace deal announced in June come to fruition, inflation would fall to the upper 3% range by year-end as energy prices slowly decrease. Stickier inflation has pushed Treasury yields well above 4%, complicating real estate markets. On the upside, the prospect for peace and normal trade flows in the Persian Gulf could refresh the optimism the CRE market felt at the beginning of the year.

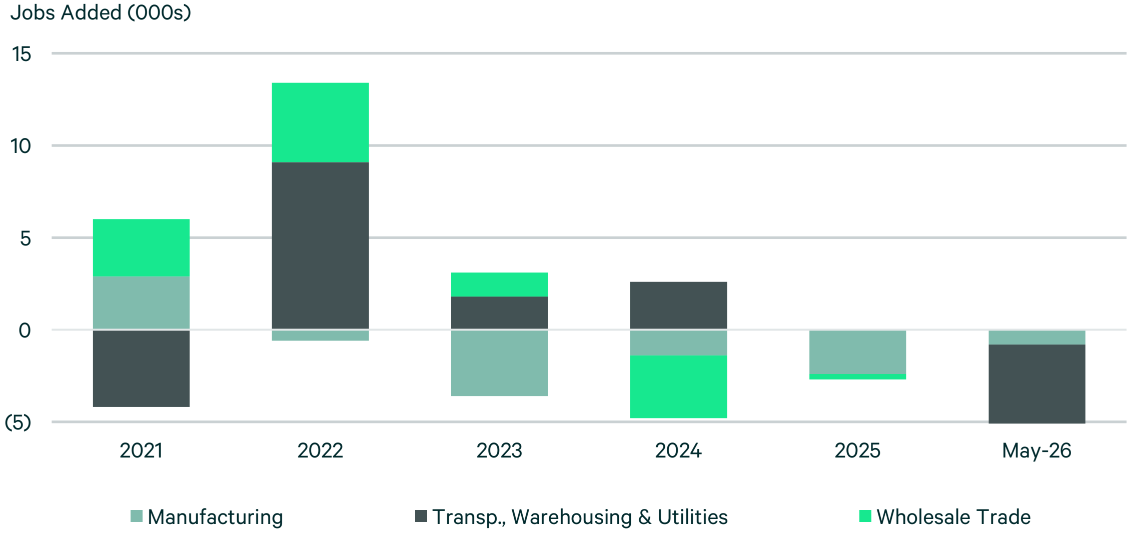
Total non-farm employment in metro Denver posted slight negative growth to start 2026, declining by 10,600 jobs or 0.6% year-over-year as of May. Industrial-using employment—including manufacturing, transportation, warehousing and utilities, and wholesale trade—decreased by 1.9% or 4,800 jobs over the same period. Each sector posted negative job growth, losing between 1,400 and 1,800 jobs. Metro Denver's unemployment rate was 3.6% in May, down 30 bps year-over-year and below the national rate of 4.1%.

FIGURE 9: Investment Trends




*Includes transactions $2.5 million and above
Source: CBRE Research, Q2 2026

Figure 10: Industrial-Using Employment Growth




Source: U.S. Bureau of Labor Statistics, May 2026

# Market Statistics by Product Type

Figure 11

| 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 | 179.30M | 9.8 | 9.4 | 12.2 | 1.1 | 9.10 | (40,000) | 357,000 | 54,000 | 3.25M |
| Manufacturing | 39.20M | 5.9 | 5.4 | 6.5 | 0.9 | 10.98 | (72,000) | (37,000) | - | 800,000 |
| R&D/Flex | 36.42M | 7.7 | 7.4 | 9.9 | 0.6 | 13.62 | 222,000 | 97,000 | 16,000 | - |
| Other Industrial | 8.34M | 3.8 | 3.8 | 7.2 | 0.6 | 10.87 | (55,000) | (38,000) | - | 155,000 |
| **Total** | **263.26M** | **8.7** | **8.3** | **10.9** | **1.0** | **9.93** | **55,000** | **379,000** | **70,000** | **4.21M** |

Source: CBRE Research, Q2 2026

# Market Statistics by Size

Figure 12

| 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 | 70.83M | 4.9 | 4.7 | 6.6 | 0.4 | 12.32 | (106,000) | (96,000) | 16,000 | - |
| 50K-99,999 SF | 50.55M | 8.3 | 7.6 | 11.5 | 1.6 | 11.64 | (99,000) | (65,000) | 54,000 | 350,000 |
| 100K-249,999 SF | 76.46M | 11.5 | 10.9 | 12.9 | 1.3 | 10.02 | 86,000 | 440,000 | - | 1.73M |
| 250K-499,999 SF | 36.73M | 6.9 | 6.9 | 10.1 | 0.9 | 8.89 | 248,000 | 713,000 | - | 1.33M |
| 500K-749,999 SF | 16.80M | 15.7 | 15.7 | 20.7 | 0.2 | 6.94 | (74,000) | (615,000) | - | - |
| 750,000 SF + | 11.89M | 10.8 | 10.8 | 9.9 | - | 5.50 | 2,000 | 2,000 | - | 800,000 |
| **Total** | **263.26M** | **8.7** | **8.3** | **10.9** | **1.0** | **9.93** | **55,000** | **379,000** | **70,000** | **4.21M** |

Source: CBRE Research, Q2 2026

# Market Statistics by Class

Figure 13

| 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 | 77.4M | 12.8 | 12.6 | 15.9 | 1.0 | 9.50 | 223,000 | 401,000 | 70,000 | 4.21M |
| All Other Industrial | 185.9M | 7.0 | 6.5 | 8.8 | 1.0 | 10.23 | (168,000) | (22,000) | - | - |
| **Total** | **263.26M** | **8.7** | **8.3** | **10.9** | **1.0** | **9.93** | **55,000** | **379,000** | **70,000** | **4.21M** |

Source: CBRE Research, Q2 2026

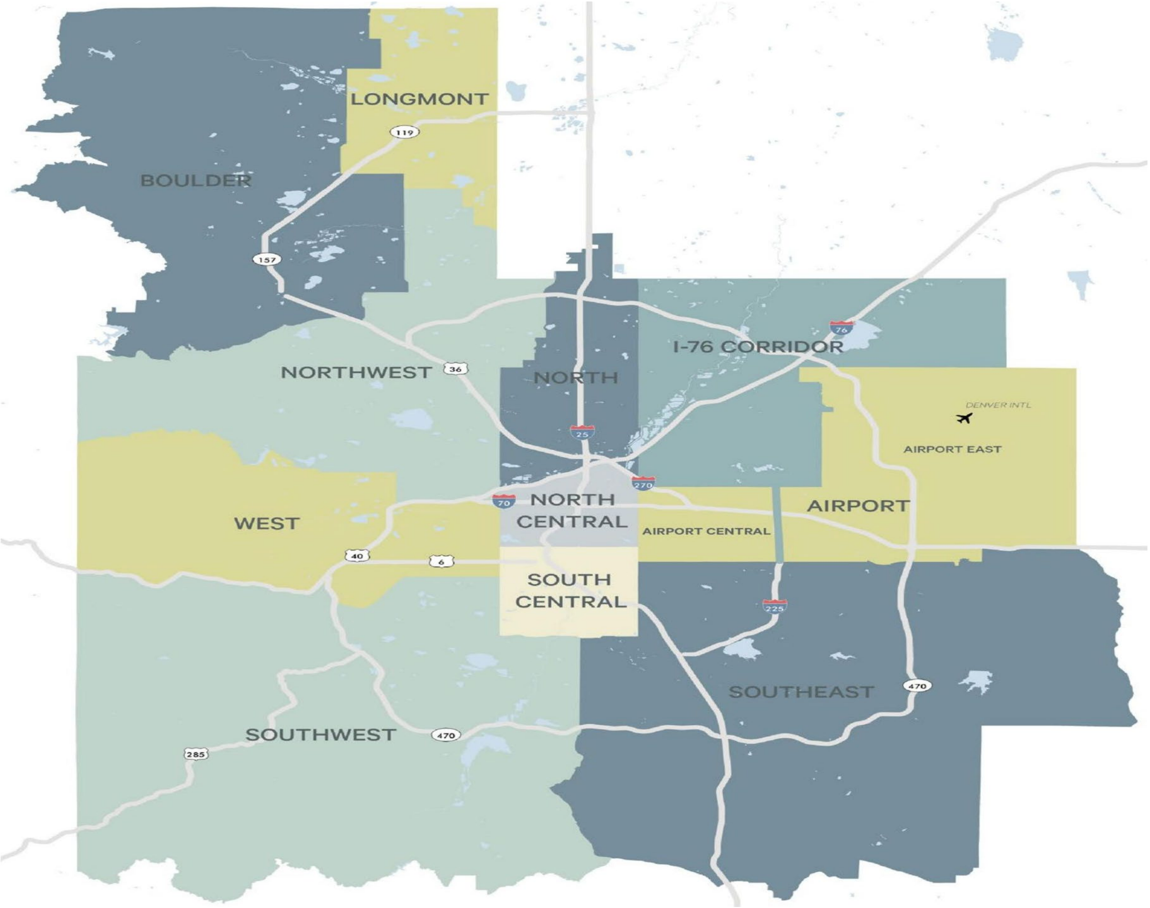
# Market Statistics by Submarket

Figure 14

| 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 | 103.28M | 7.9 | 7.3 | 11.3 | 1.4 | 7.43 | 360,000 | 725,000 | - | 2.27M |
| Airport Central | 55.0M | 6.2 | 5.8 | 9.7 | 1.1 | 7.92 | (75,000) | 2,000 | - | - |
| Airport East | 48.3M | 9.8 | 9.1 | 13.2 | 1.7 | 6.99 | 435,000 | 722,000 | - | 2.27M |
| Boulder | 9.50M | 9.4 | 9.1 | 11.6 | 0.7 | 14.34 | (33,000) | (62,000) | - | - |
| I-76 Corridor | 14.91M | 17.4 | 17.4 | 17.6 | 0.5 | 6.72 | (74,000) | (448,000) | - | 466,000 |
| Longmont | 5.65M | 17.2 | 17.2 | 17.7 | - | 13.47 | 74,000 | 186,000 | - | - |
| North | 15.03M | 11.4 | 11.0 | 11.4 | 0.4 | 11.36 | 65,000 | (19,000) | - | 743,000 |
| North Central | 32.94M | 8.1 | 7.9 | 9.6 | 0.7 | 11.28 | (279,000) | (130,000) | - | 62,000 |
| Northwest | 17.61M | 12.2 | 11.8 | 13.6 | 0.6 | 13.48 | 219,000 | 349,000 | 70,000 | 126,000 |
| South Central | 22.79M | 5.5 | 5.3 | 6.8 | 0.3 | 10.72 | 12,000 | (68,000) | - | - |
| Southeast | 23.05M | 8.5 | 7.6 | 11.7 | 1.9 | 11.76 | (151,000) | (143,000) | - | 543,000 |
| Southwest | 7.73M | 3.8 | 3.7 | 4.1 | 0.1 | 11.92 | (50,000) | 130,000 | - | - |
| West | 10.76M | 3.4 | 2.9 | 3.9 | 0.3 | 13.48 | (86,000) | (140,000) | - | - |
| **Total** | **263.26M** | **8.7** | **8.3** | **10.9** | **1.0** | **9.93** | **55,000** | **379,000** | **70,000** | **4.21M** |

Source: CBRE Research, Q2 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 3038244710
jonathan.sullivan@cbre.com

Nicole Zelener
Research Analyst
+1 3038244728
nicole.zelener@cbre.com