DENVER

OFFICE MARKET | Q4 2025

115.3M
Inventory SF

(61.5K)
Net Absorption SF

20.8%
Direct Vacant Available Rate

27.1%
Total Availability

1.0M
Under Construction SF

$35.66
Full Service Rent PSF

Denver Office Market Stabilizes To End 2025

Q4 2025 Market Observations

- The Denver office market showed signs of stability in Q4. Negative absorption slowed this quarter while year-to-date absorption stood at negative 1,247,074 square feet. The negative 61,515 square feet of net absorption this quarter is the closest mark to positive absorption compared to the previous three quarters of 2025. Steadiness in the market is also seen in vacancy as it ticked up by 20 basis points to 20.8%, signaling a slow down of rising vacancy seen the previous quarters of 2025.

- Denver office asking rents held relatively firm this quarter at $35.66 per square foot, up from $35.44 PSF last quarter and $34.28 per square foot year-over-year. Despite having one of the highest vacancy rates among major U.S. markets, Denver's local rent growth is only marginally below average. However, it remains significantly lower than the annual rent growth of 4% to 5% recorded from 2015 to 2019.

- Although slightly more modest than the previous three quarters, leasing activity this quarter was not far behind totaling 1.5 million square feet. This brings the year-to-date total in Denver office market to 6.9 million square feet. The active tenant profile has changed in recent quarters. In 2023 and 2024, companies in the energy and aerospace sectors led the demand, frequently leasing high-quality, first-generation spaces to support their recruitment and retention efforts. Despite the slowdown, deals were still made in smaller to mid-sized footprints (5-19K square feet) accounting for over half the transaction volume.

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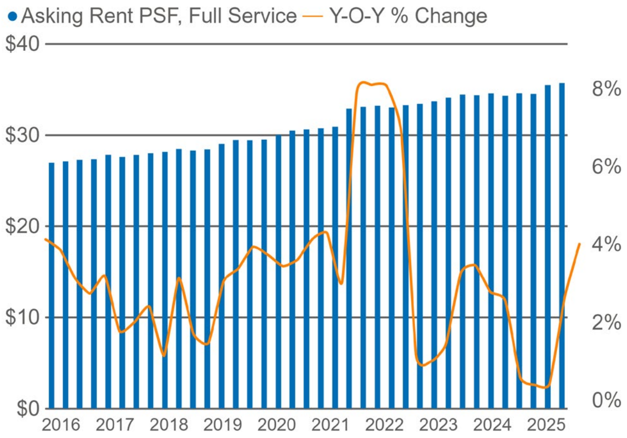
- Denver's **direct vacancy rate** reached 20.8% in Q4 2025, up from 20.6% last quarter and 19.2% year-over-year. Cherry Creek vacancy continues to be the lowest among submarkets at 3.8%, while Downtown recorded the highest mark of this quarter at 27.1%.

- **Net absorption** totaled negative 61.5K square feet this quarter, showing a positive slowdown from negative 377K square feet last quarter and negative 1.2 million square feet year-to-date. This was led by Downtown at positive 197K square feet resulting from 2 of the top 4 lease transactions this quarter.

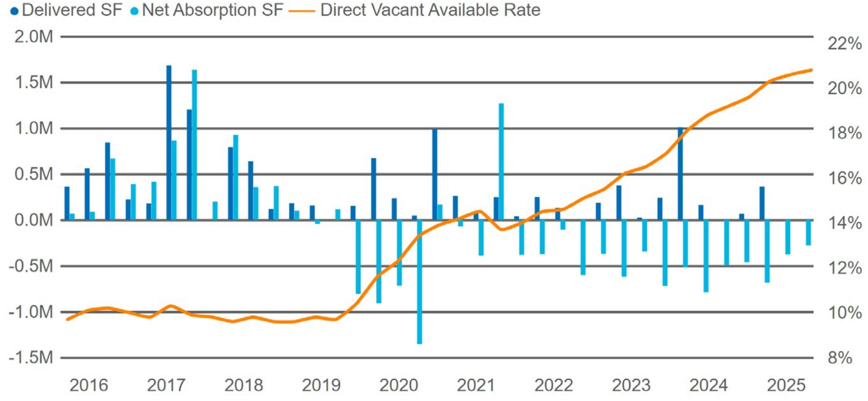
- **Full-service rents** averaged $35.66 per square foot this quarter, marking an increase from $35.44 per square foot last quarter and $34.28 per square foot year-over-year. Downtown posted the highest rate at $43.22 per square foot, which stood as a 3.2% increase quarter-over-quarter.

- The **construction pipeline** in Denver totaled 1.03 million square at the end of 2025, representing just 0.9% of the market's current inventory. No new buildings delivered this quarter.

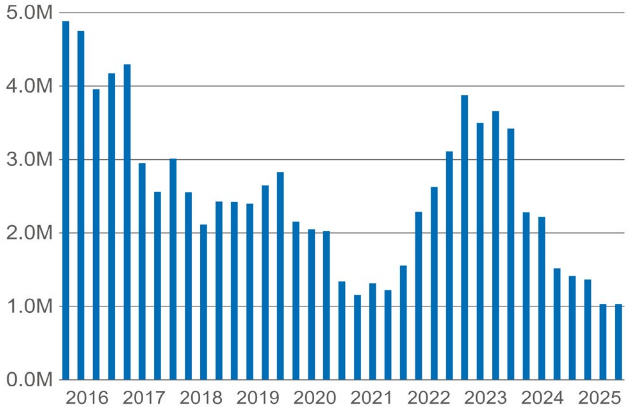
ASKING RENT



DELIVERY IMPACT ON KEY INDICATORS



UNDER CONSTRUCTION



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OFFICE MARKET INDICATORS - ALL SPACE

SUBMARKET	INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	OVERALL VACANCY RATE	UNDER CONSTRUCTION SF	QTD NET ABSORPTION SF	YTD NET ABSORPTION SF	ASKING RENT PSF, FULL SERVICE
Cherry Creek	3,086,113	117,153	3.8%	7.7%	243,169	9,525	18,568	$41.42
Colorado Blvd/Glendale	7,139,692	1,515,262	21.2%	26.5%	0	20,012	(94,390)	$28.33
Downtown	41,668,106	11,288,960	27.1%	34.5%	120,000	196,504	(283,202)	$43.22
Midtown	3,111,111	546,922	17.6%	20.0%	0	21,915	(250,149)	$35.43
North Denver	2,454,659	236,971	9.7%	17.1%	625,005	(13,703)	(38,076)	$25.20
Southeast Denver	42,924,461	8,638,260	20.1%	27.3%	0	(293,962)	(555,763)	$29.24
Southwest Denver	5,936,182	906,891	15.3%	19.3%	40,000	(10,111)	(67,039)	$22.10
West Denver	9,061,974	1,190,800	13.1%	18.8%	0	8,305	(77,023)	$27.08
Total	**115,382,298**	**24,441,219**	**20.8%**	**27.1%**	**1,028,174**	**(61,515)**	**(1,247,074)**	**$35.66**

Source: CoStar, Transwestern

NOTABLE SALES

ADDRESS	SUBMARKET	SALES PRICE	PRICE PSF	BUILDING SF	BUYER	SELLER
3200 Cherry Creek South Dr	Cherry Creek	$52,000,000	$396.95	131,000	Zurich	Matador Equity Partners
1300 W 120th Ave	North Denver	$32,000,000	$74.42	430,000	AXS Opportunity Fund	Peakstone Realty Trust
169 Inverness Dr W	Southwest Denver	$28,500,000	$242.19	117,676	KORE Investments	Beacon Capital Partners

Source: Transwestern

NOTABLE LEASES

TENANT	INDUSTRY	ADDRESS	SUBMARKET	TYPE	SF LEASED
HDR Engineering	Professional, Scientific, and Technical Services	675 15th Street	Downtown	New Lease	87,540
Crusoe Energy Systems	Technology	242 Milwaukee St	Cherry Creek	New Lease	54,000
American Home Agents	Real Estate	3045 S Parker Rd	Aurora	New Lease	33,810
Bank of America	Financial Services	675 15th Street	Downtown	New Lease	29,181

Source: Transwestern

Research Methodology

The information in this report is the result of a compilation of information on office properties located in the Southeast Suburban Denver market. This report includes single-tenant, multi-tenant and owner-user properties and excludes properties owned and occupied by a government agency. This report includes Class A & B properties 10,000 square feet or larger and excludes all properties owned by medical or government entities.

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