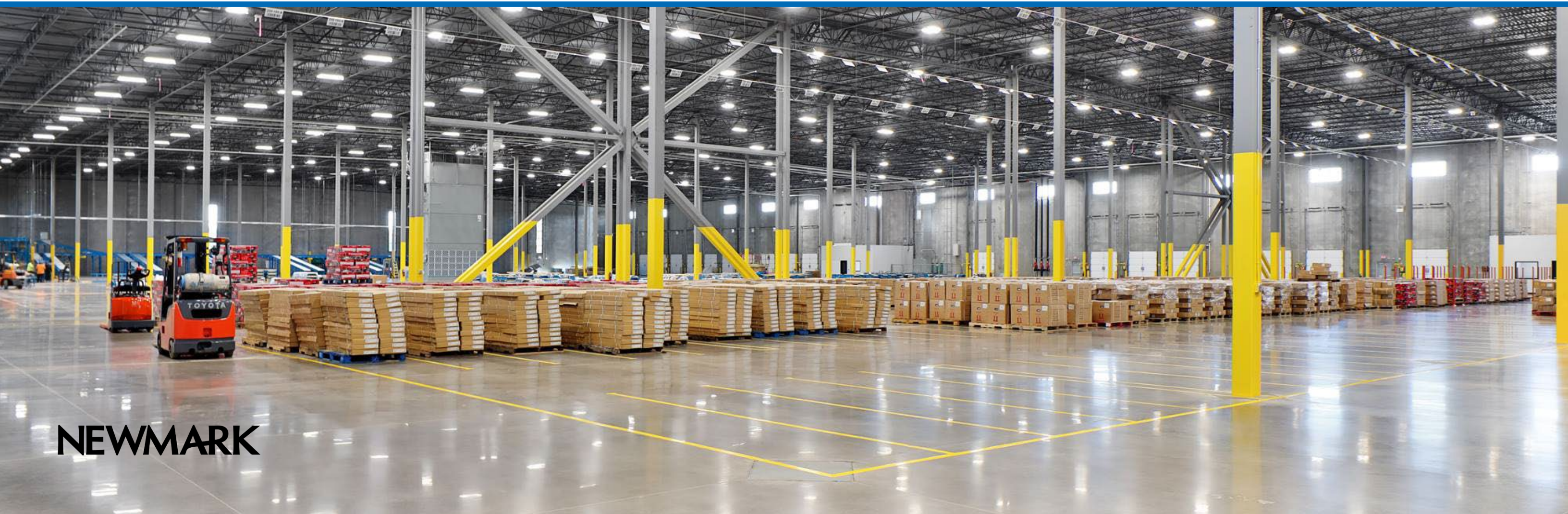


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Denver Industrial Market Overview



NEWMARK

Market Observations

Economy

- The region's unemployment remained stable from the end of 2024, but grocery labor strikes during the month of February weighed down other employment metrics.
- Colorado's GDP, personal income and per capita personal income remain at record levels despite other states logging higher growth rates, emphasizing that the local economy is operating at the highest level seen in many categories.
- Despite positive sentiment going into 2025, the University of Colorado Leeds School of Business recorded a dramatic decrease in confidence for the second quarter of 2025 among Colorado business leaders, citing concerns with the new presidential administration, tariffs and general economic uncertainty.

Major Transactions

- Target's 529,000 SF build-to-suit was delivered this quarter in the Northwest submarket and was fully occupied upon completion.
- The largest sale of the quarter was Target purchasing its BTS upon delivery for \$231.0M or \$436/SF from Hillwood Development Corporation.
- Discount Tire occupied 339,000 SF in Central Park Logistics Center Building 2 in the East submarket.

Leasing Market Fundamentals

- Opening the year, quarterly absorption recorded a healthy 428,000 SF.
- The slowing speculative pipeline paired with positive absorption resulted in vacancy decreasing from 9.4% in the prior quarter to 9.1% and stable year-over-year.
- Leasing activity increased from the previous quarter and was higher than any quarter of 2024.

Outlook

- The Industrial market, while still performing better than many other asset classes, will be looking for stability to make long term decisions after the roll out of international tariffs and funding changes.
- In the near term, Green Street's Industrial Outlook predicts that demand will continue to increase through the year but increasing availability, partially due to the delivery of speculative space, will put downward pressure of effective rent.
- Only time will tell if the current pessimistic economic outlook will linger and translate to a slowdown or a recession.

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1. Economy
 2. Leasing Market Fundamentals
 3. Appendix / Tables

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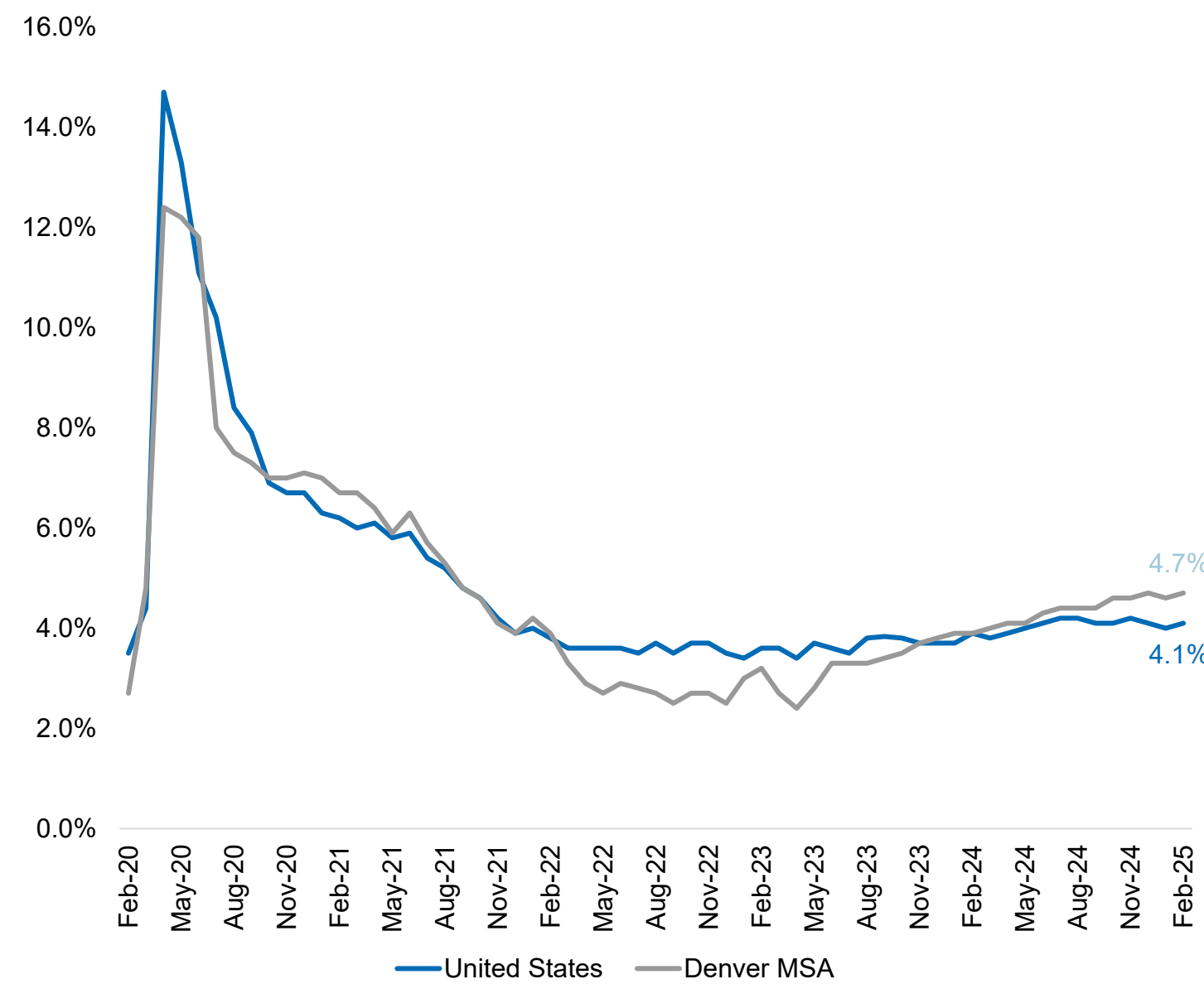
Economy



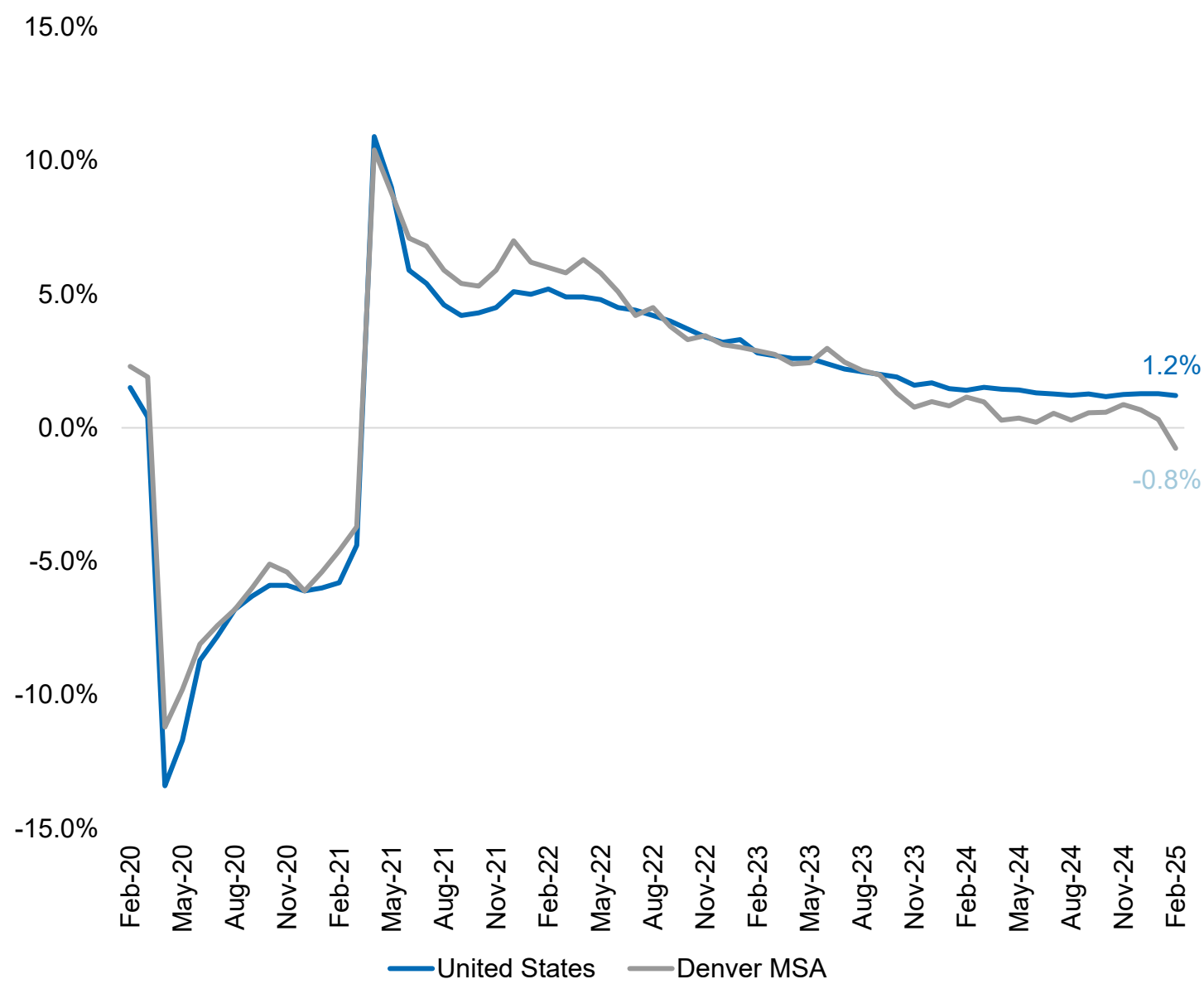
Grocery Store Strikes Weigh Down February Job Numbers

Denver job growth plummeted to its lowest rate since April 2021, largely due to labor strikes at Kroger-owned grocery stores, although other sectors also showed weaknesses. The overall future of the job market largely hinges on the current presidential administration’s sweeping tariff actions.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change



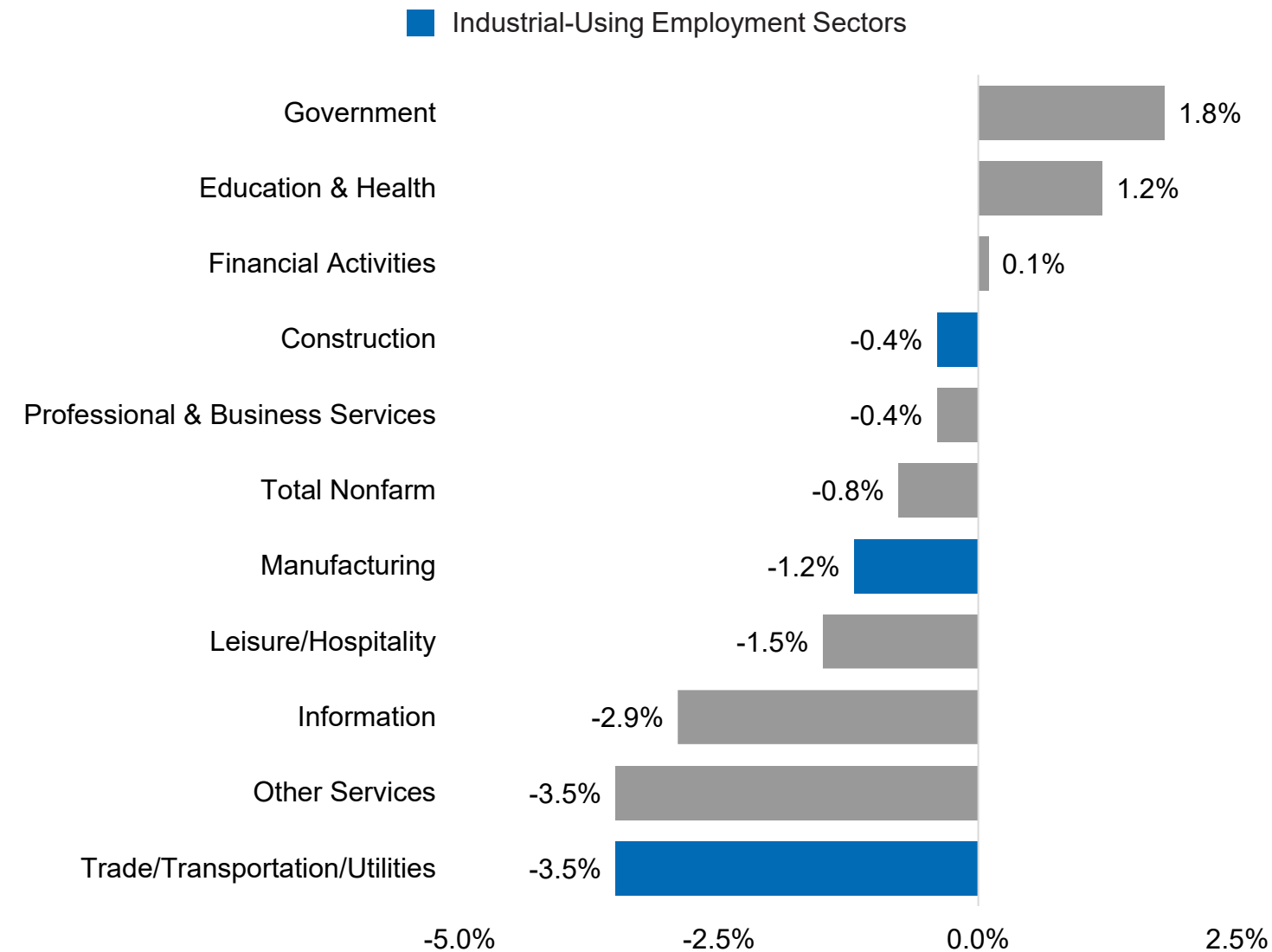
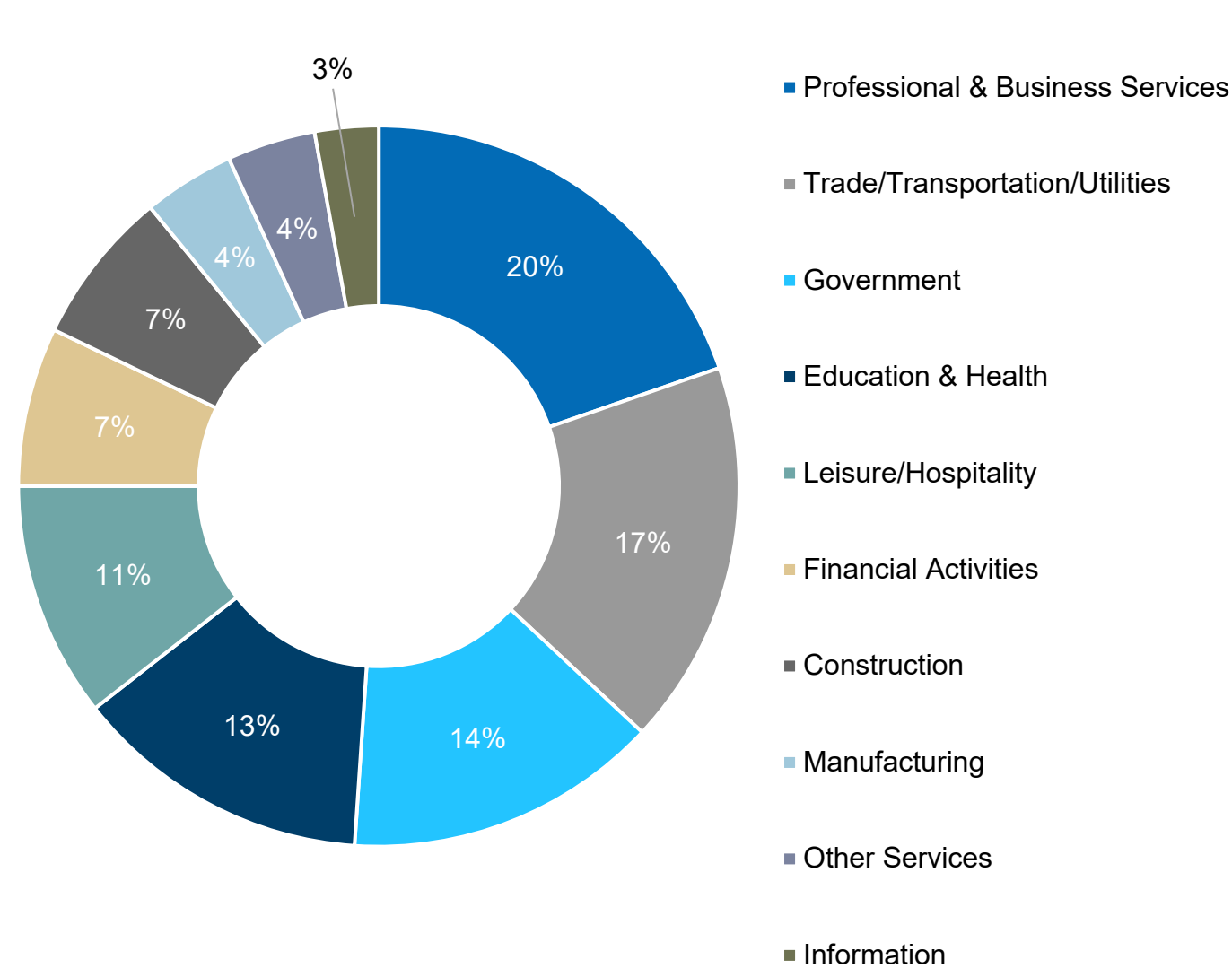
Source: U.S. Bureau of Labor Statistics, Denver MSA

Drop in Employment Felt Across Most Industry Sectors

8 out of the 11 industry sectors posted a drop in employment from 12 months ago, including all 3 industrial-using sectors. Despite the University of Colorado Leeds School of Business' 2025 Colorado Business Economic Outlook specifically mentioning construction and manufacturing as sectors where job growth is expected in 2025, the new administration's immigration and tariff policies have also brought uncertainty to those markets, although manufacturing may benefit in the long run.

Employment by Industry, February 2025(p)

Employment Growth by Industry, 12-Month % Change, February 2025(p)

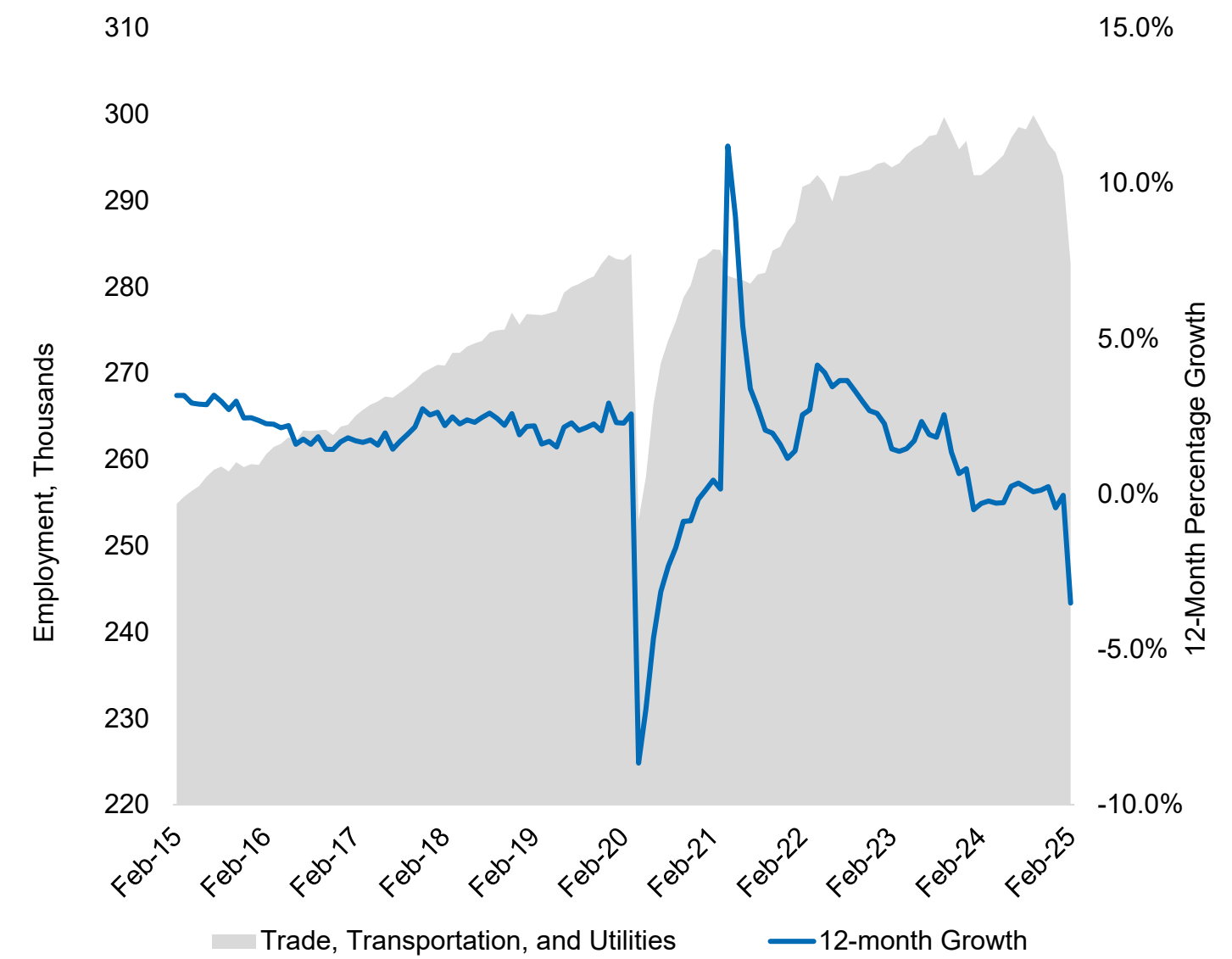


Source: U.S. Bureau of Labor Statistics, Denver MSA

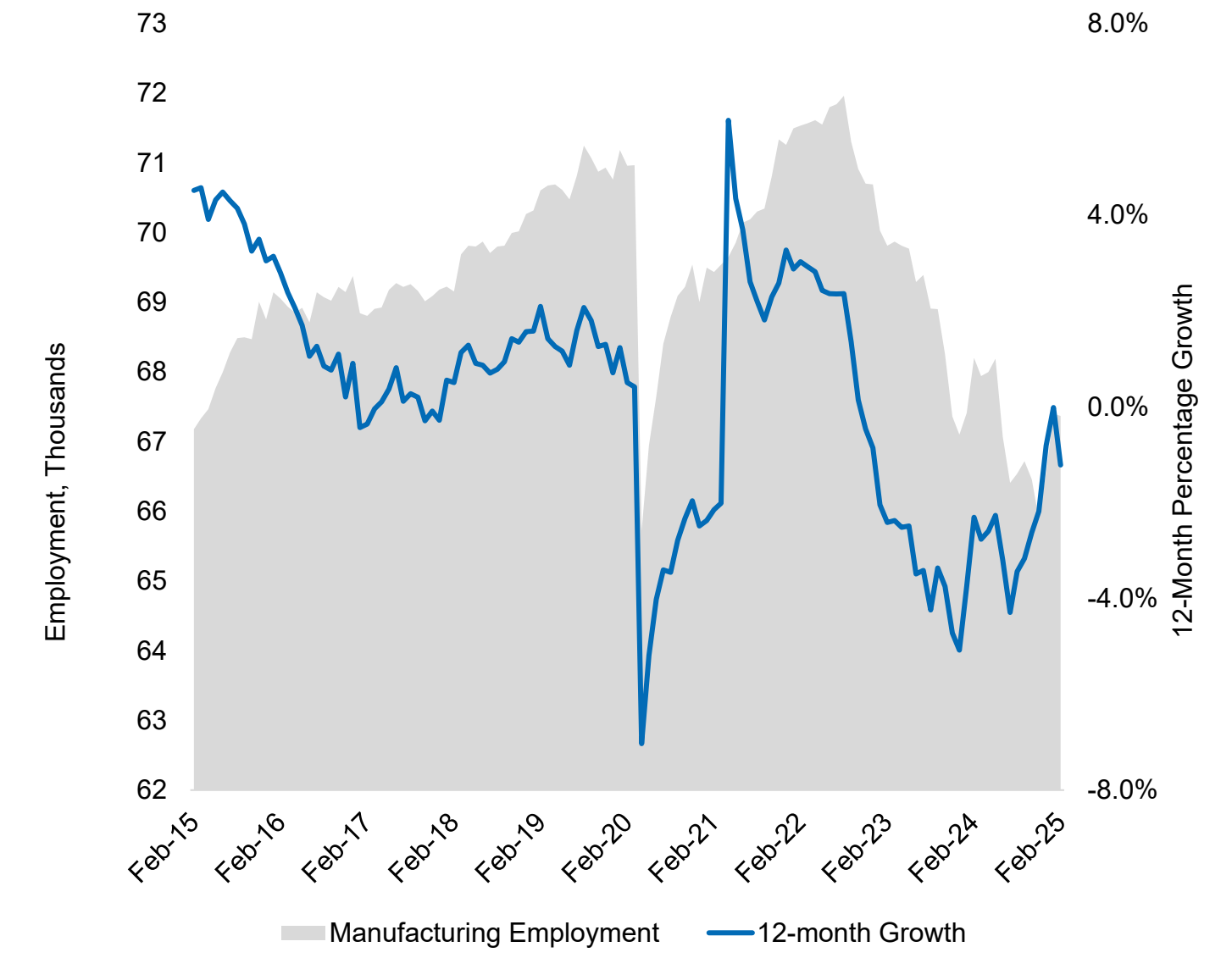
Manufacturing Job Growth Turns Negative But Still Poised for Growth Longterm

Although the new tariffs have created uncertainty in the market, the manufacturing sector is uniquely situated for long term growth as companies elect to move manufacturing to local locations to avoid import fees. Trade/transportation/utilities employment 12-month growth has been negative since the last month of 2024.

Total Employment and 12-Month Growth Rate, Trade, Transportation & Utilities



Total Employment and 12-Month Growth Rate, Manufacturing



Source: U.S. Bureau of Labor Statistics, Denver MSA

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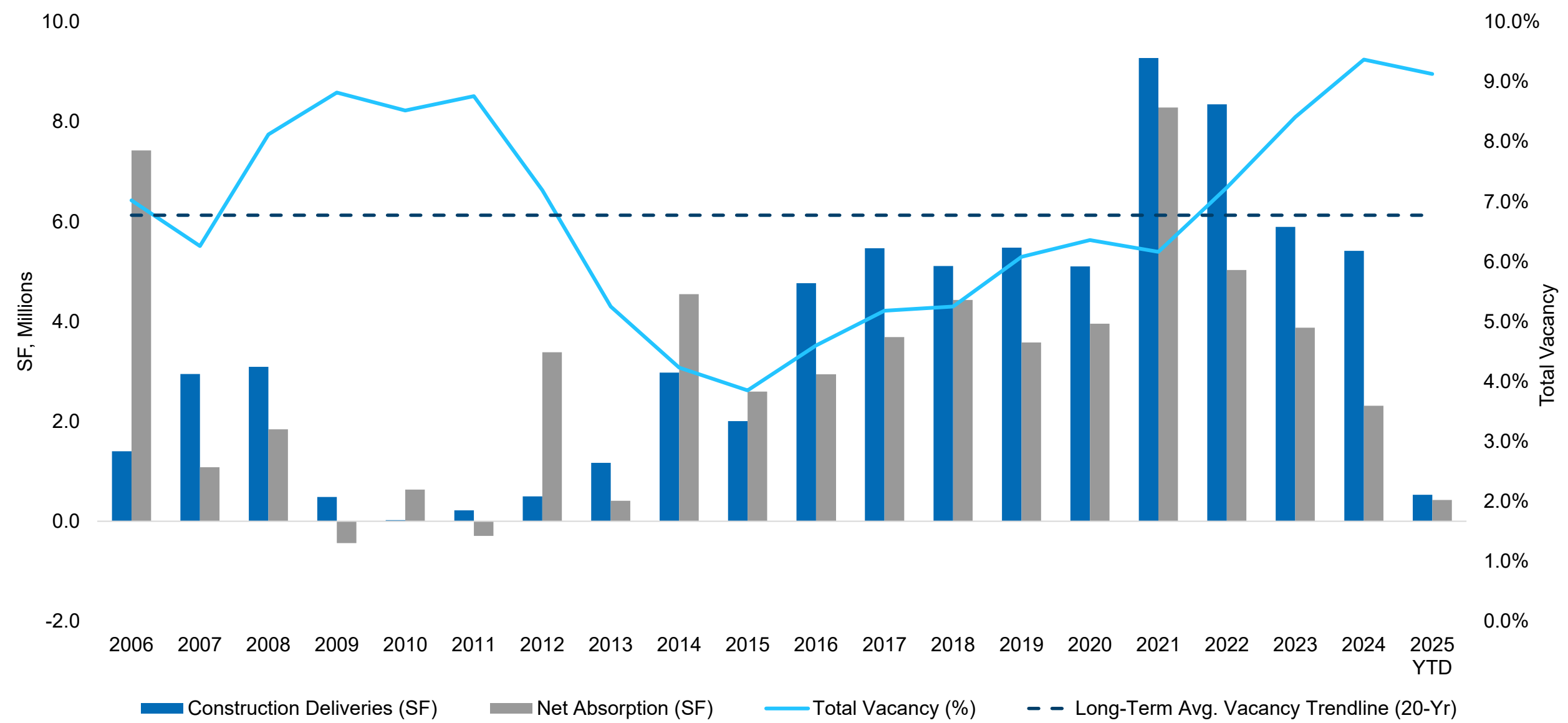
Leasing Market Fundamentals



Denver Begins the Year with Improved Absorption & Solid Demand

The first quarter of 2025 more than doubled the absorption recorded in the first quarter of the prior year, posting 428,000 SF. With no speculative space and one build-to-suit delivering, vacancy decreased 29 basis points from the prior quarter.

Historical Construction Deliveries, Net Absorption, and Vacancy

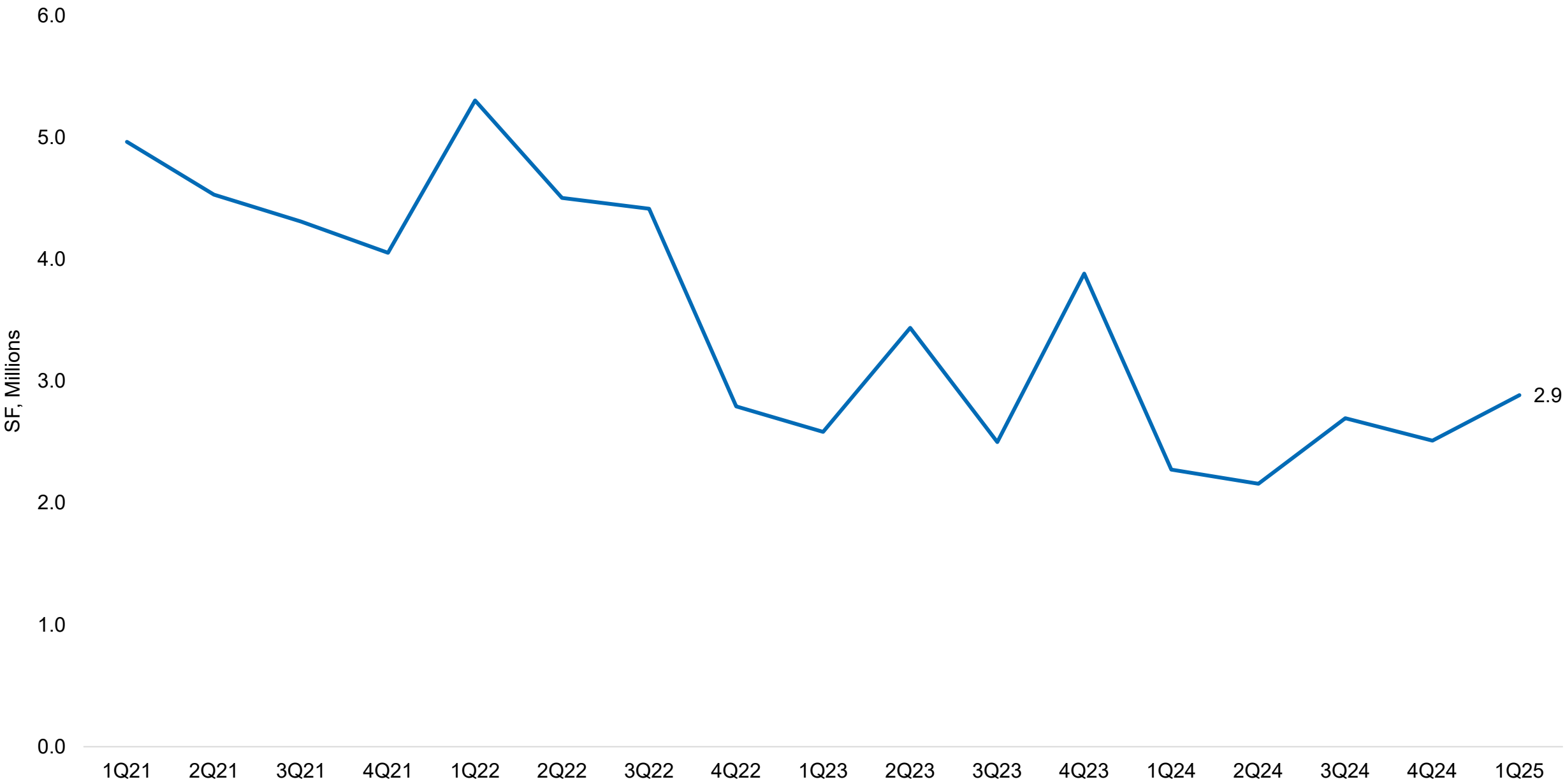


Source: Newmark Research

Leasing Activity Growth Returns with the New Year

Not only was leasing activity up from both the prior quarter and year-over-year, but it was also high than any quarter in 2024.

Total Leasing Activity (SF)

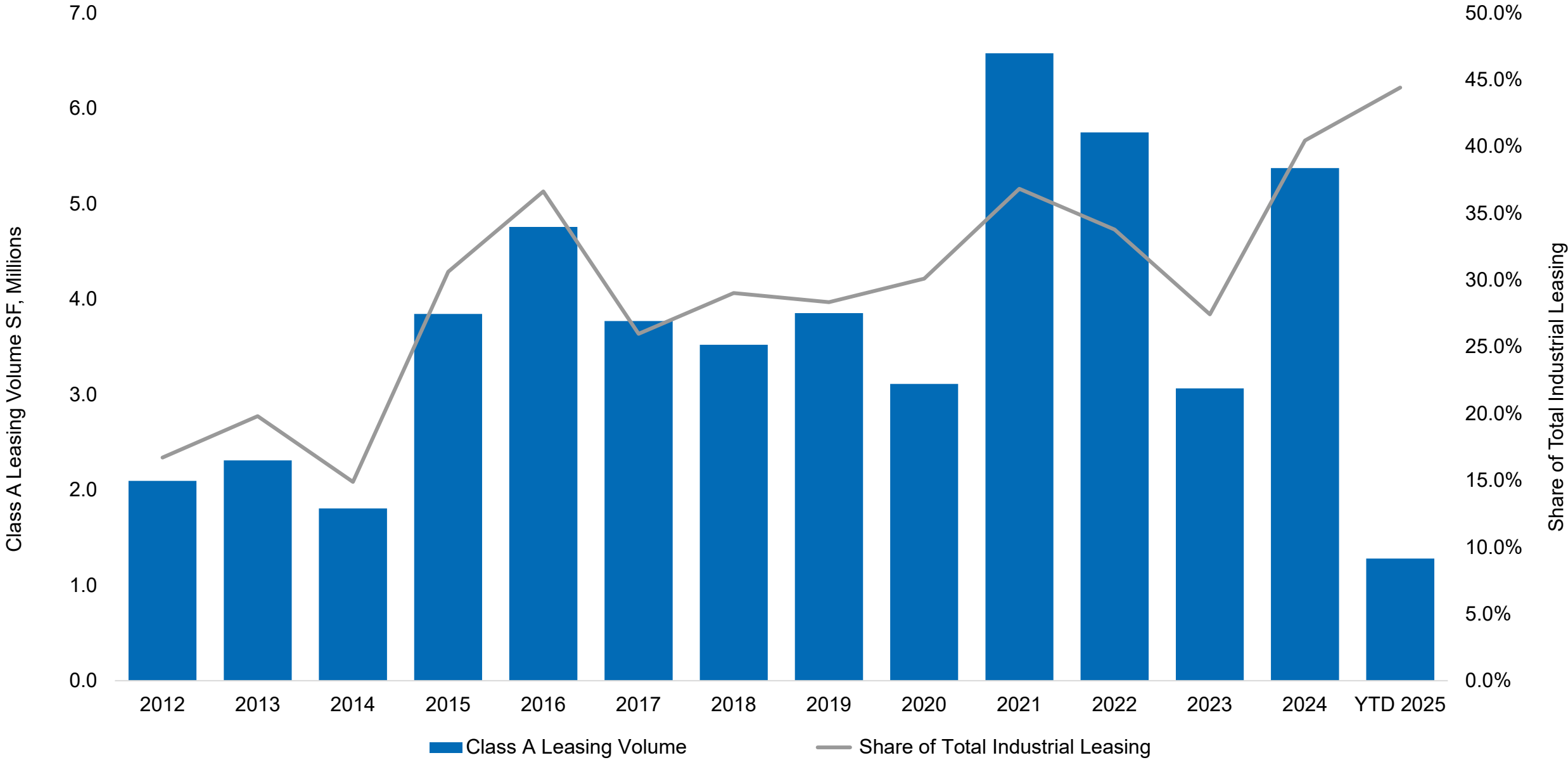


Source: Newmark Research, CoStar

Flight to Quality Trend Holds Strong

Class A warehouse product leasing continued to account for a higher portion of the total leasing in the market, accounting for 44.4% in the first three months of 2025.

Industrial Class A Leasing Volume and Percentage of Total Industrial Leasing Volume



Source: Newmark Research, CoStar

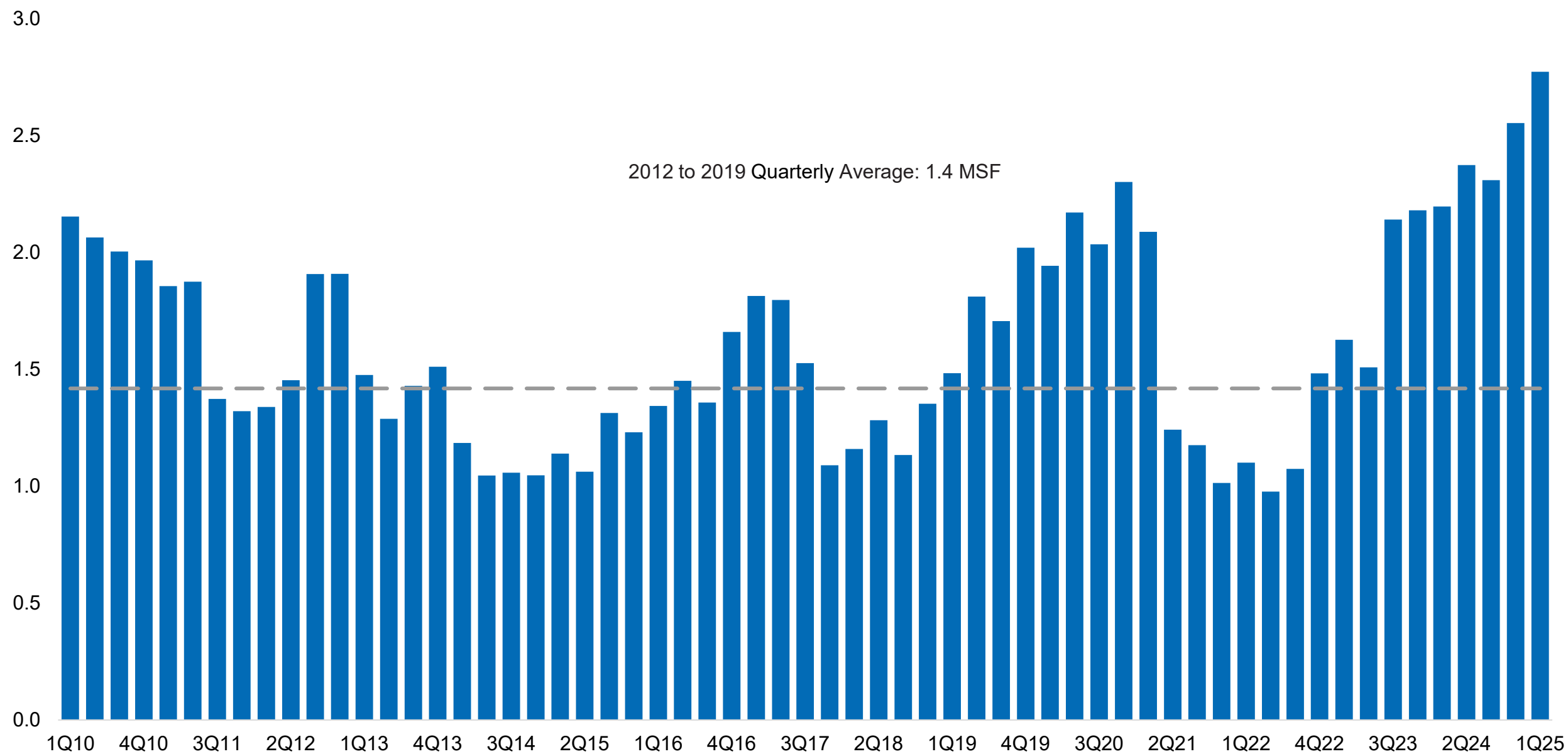
Relatively Stable Vacancy Across All but Two Submarkets

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Industrial Sublease Availability Continues to Climb

Available sublease space increased by 8.6% from the prior quarter and 26.2% year-over-year as the uncertain economic future and interest for high quality industrial space is encouraging tenants who are contemplating downsizing to put their space on the market.

Available Industrial Sublease Volume (msf)



Source: Newmark Research, CoStar

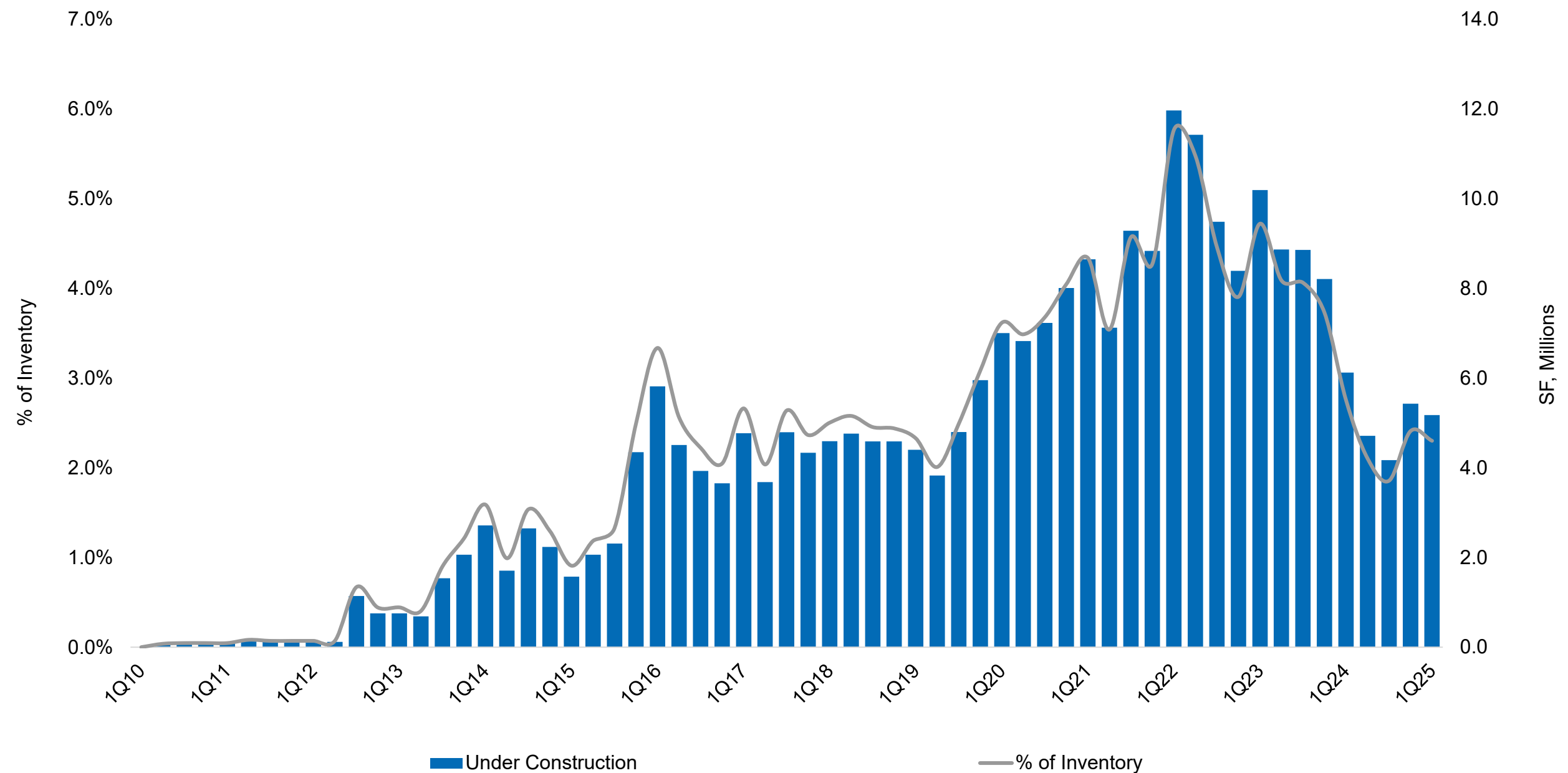
Three of the Seven Submarkets See Sublet Availability Increase YoY

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Pipeline Hovers at Stable Level but Dramatic Change on the Horizon

Two new speculative projects broke ground in the first quarter to keep the pipeline relatively unchanged despite the delivery of Target’s build-to-suit but that is not expected to last. 18 projects totaling nearly 3.0M SF is scheduled to deliver next quarter. Even if several of those projects are delayed until the second half of the year, only a limited number of projects are expected to break ground throughout the year, resulting in an anemic development pipeline at the end of the year.

Industrial Under Construction and % of Inventory



Source: Newmark Research, CoStar

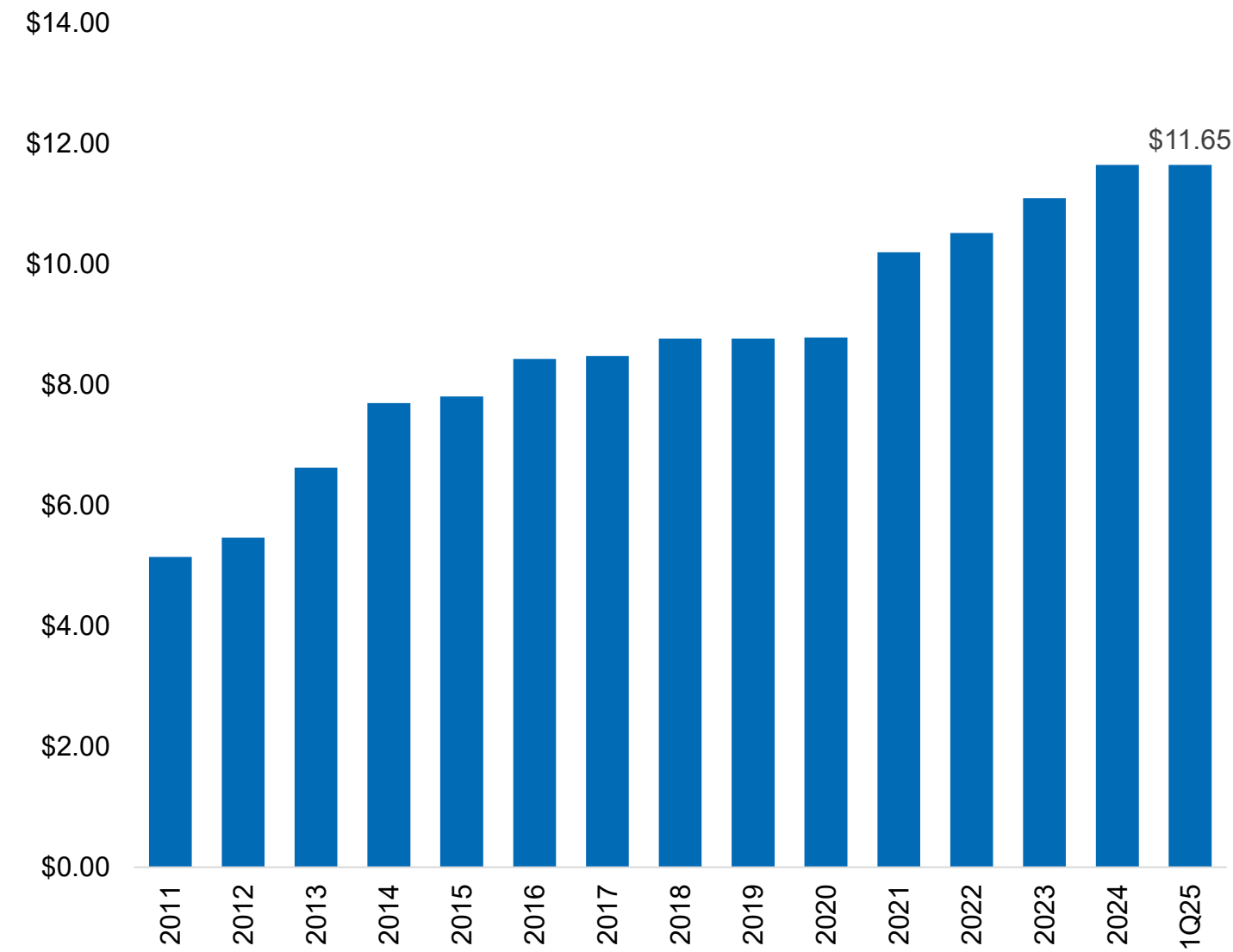
Spec Projects Make Up 54.1% of the New Supply Pipeline

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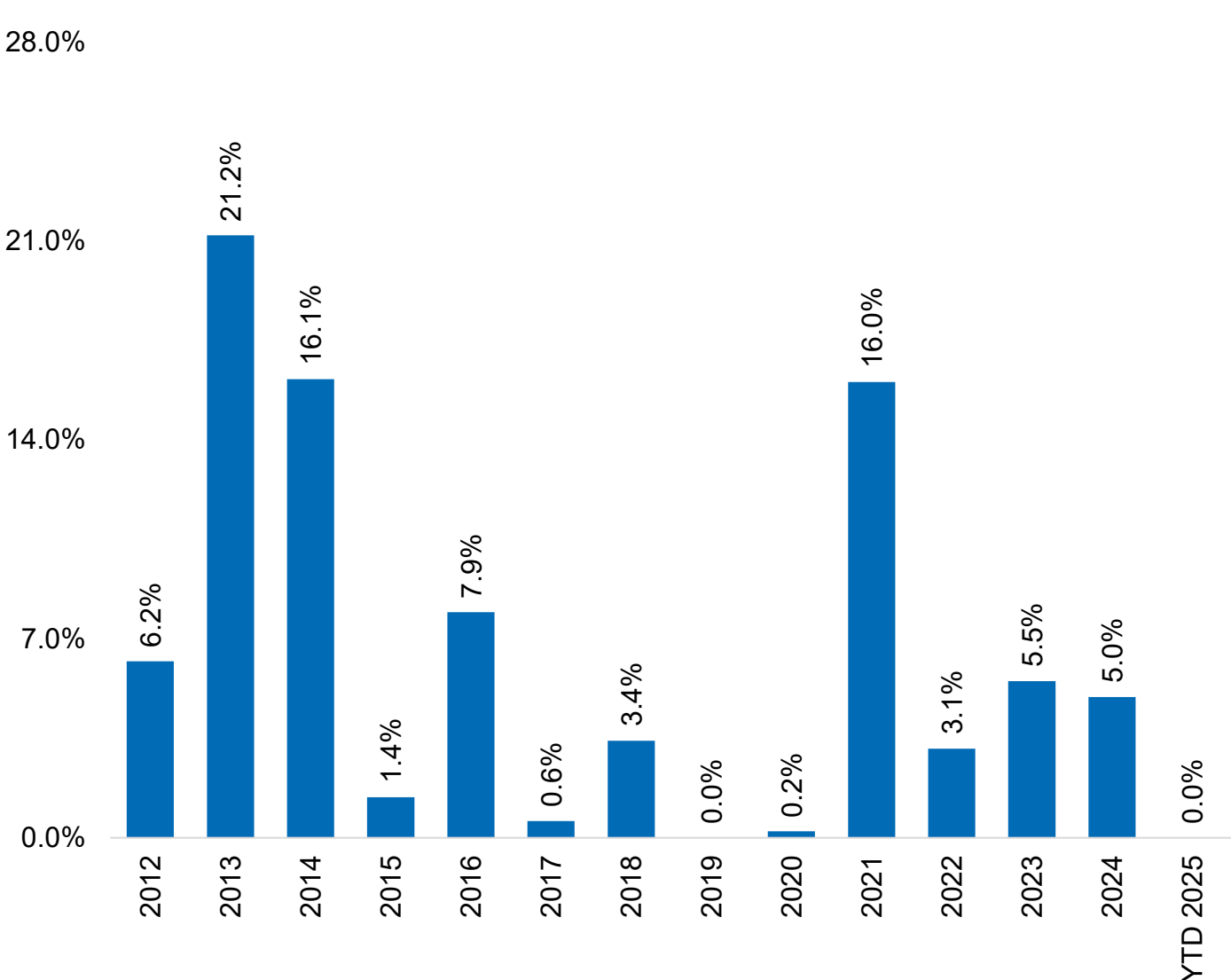
Asking Rates Remain Stable from Prior Quarter

Median asking rates have been steadily increased largely due to the delivery of top-quality space setting new benchmark highs. However, with no new speculative space delivered and cheaper sublease space entering the market, rates remained stable for the time being.

Industrial Median Asking Rent, \$/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Class A Warehouse Rents Hold Strong Despite Rising Availability

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Rates Up YoY for All but Two Submarkets

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Notable 1Q25 Lease Transactions

Flight to quality continued for tenants looking to expand their space as well as those new to the market.

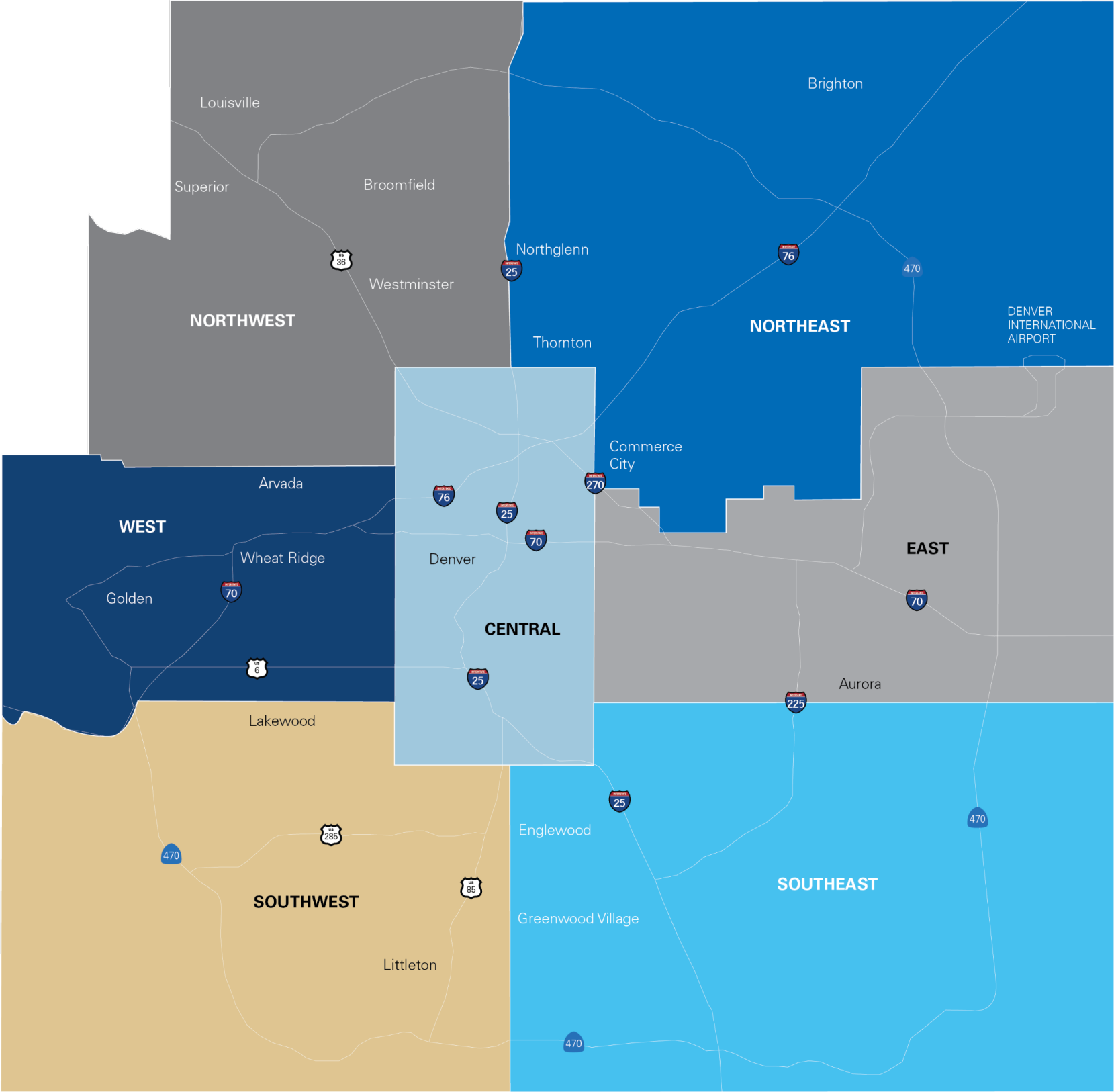
Select Lease Transactions				
Tenant	Building	Submarket	Type	Square Feet
TJ Maxx	6225 North Denali Street	East	Direct New	200,169
Space was originally available for sublease but landlord allowed original tenant to break lease so this deal could be signed on a direct basis.				
Fresenius	20321-20431 East 35th Drive	East	Direct New	152,656
This will be Fresenius’ first location in the Denver market.				
Electra	11705 West 112th Avenue	Northwest	Direct New	133,638
Electra leased the entirety of Building 2 in the Verve Commerce Center project, which delivered vacant in the second quarter of 2023.				
Koala Kare	8001 Chambers Road	Southeast	Direct New	103,552
Koala Kare leased the entire Innovate at Dove Valley, which delivered vacant in the second quarter of 2024.				
Quality Bike Products	10899 Havana Street	Northeast	Direct New	62,476
This new location will be half the sizeof their previous location, which will be vacated in the following quarter and backfilled by ProCap.				

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Appendix / Tables



Submarket Map



Source: Newmark Research



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Central Submarket Overview

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East Submarket Overview

A low-angle, upward-looking shot of a modern building's interior or exterior structure. The image features a complex network of intersecting steel beams and girders, creating a geometric pattern. Large glass panels are visible, reflecting light and showing parts of the building's facade. The overall color palette is dominated by light blues and greys, giving it a clean, architectural feel.

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Northeast Submarket Overview

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Northwest Submarket Overview

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Southeast Submarket Overview

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