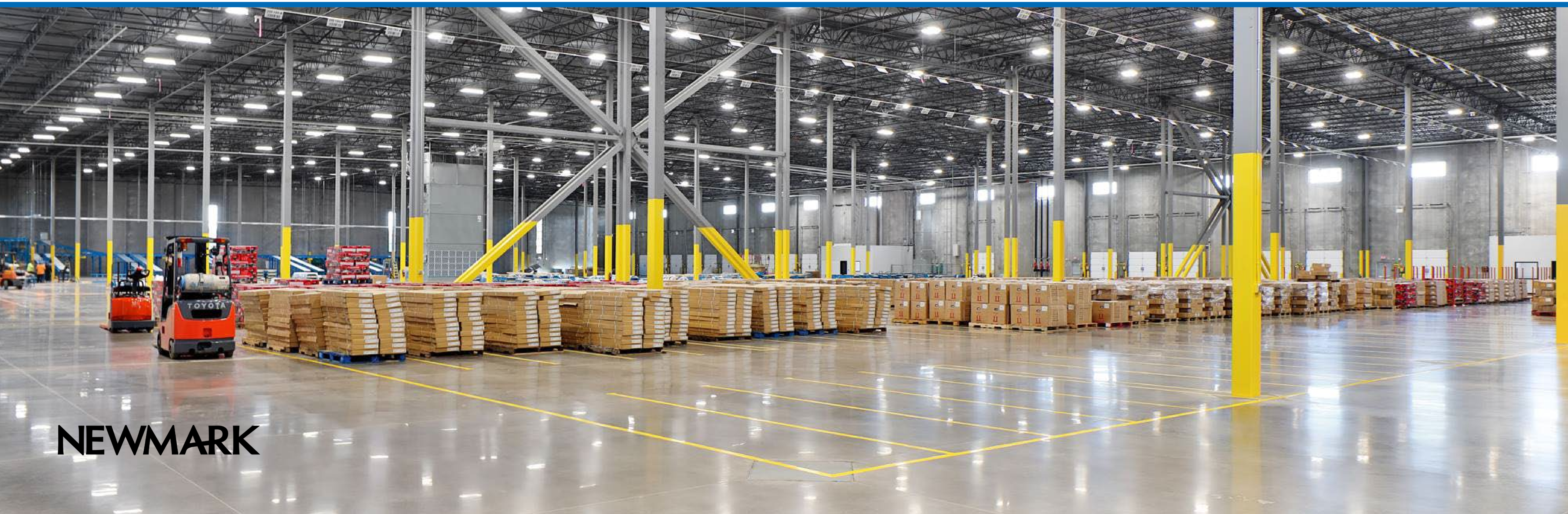
3Q25

Denver Industrial Market Overview



Market Observations

Economy

- The Denver market unemployment continued to improve beyond the national rate, but overall year-over-year job growth dipped into the negative.
- Colorado’s labor-force participation rate dipped slightly to 67.4% yet stayed ahead of the national rate of 62.3%.
- The average workweek for Colorado employees increased and the average hourly earnings grew to $2.60 higher than the national average.

Leasing Market Fundamentals

- The third quarter recorded absorption of 1.9 MSF, bringing annual absorption of 2.6 MSF.
- In addition to the PepsiCo Center, nearly 840,000 SF of speculative space was delivered vacant, limiting the change in vacancy from the prior quarter, despite significant positive absorption.
- Leasing activity increased from the previous quarter but total leasing activity down year-over-year, both in number of leases signed and total SF leased.

Major Transactions

- RK Mechanical renewed for the full 279,000 SF distribution warehouse at 20101 East 36th Drive in the East submarket.
- The largest sale of the quarter was Trader Joe’s purchasing the vacant 614,000 SF Lovett 76 Logistics Center for $69.4M or $113/SF from the developer, Lovett Industrial.
- PepsiCo’s 1.2 MSF build-to-suit delivered in the East submarket and was fully occupied.

Outlook

- In the near term, Green Street’s Industrial Forecast for the Denver market predicts that demand will continue to slow but will return to growth in 2026.
- Business confidence going into the fourth quarter waned among Colorado business leaders according to the University of Colorado Leeds School of Business, appearing to be stuck in a pessimistic slump due to politics, tariffs, inflation and federal interest rate policy.
- A survey done by the National Association for Business Economics showed an improved outlook for economic growth in 2026 versus what had previously been forecast, expecting slower but positive progress in the near term.

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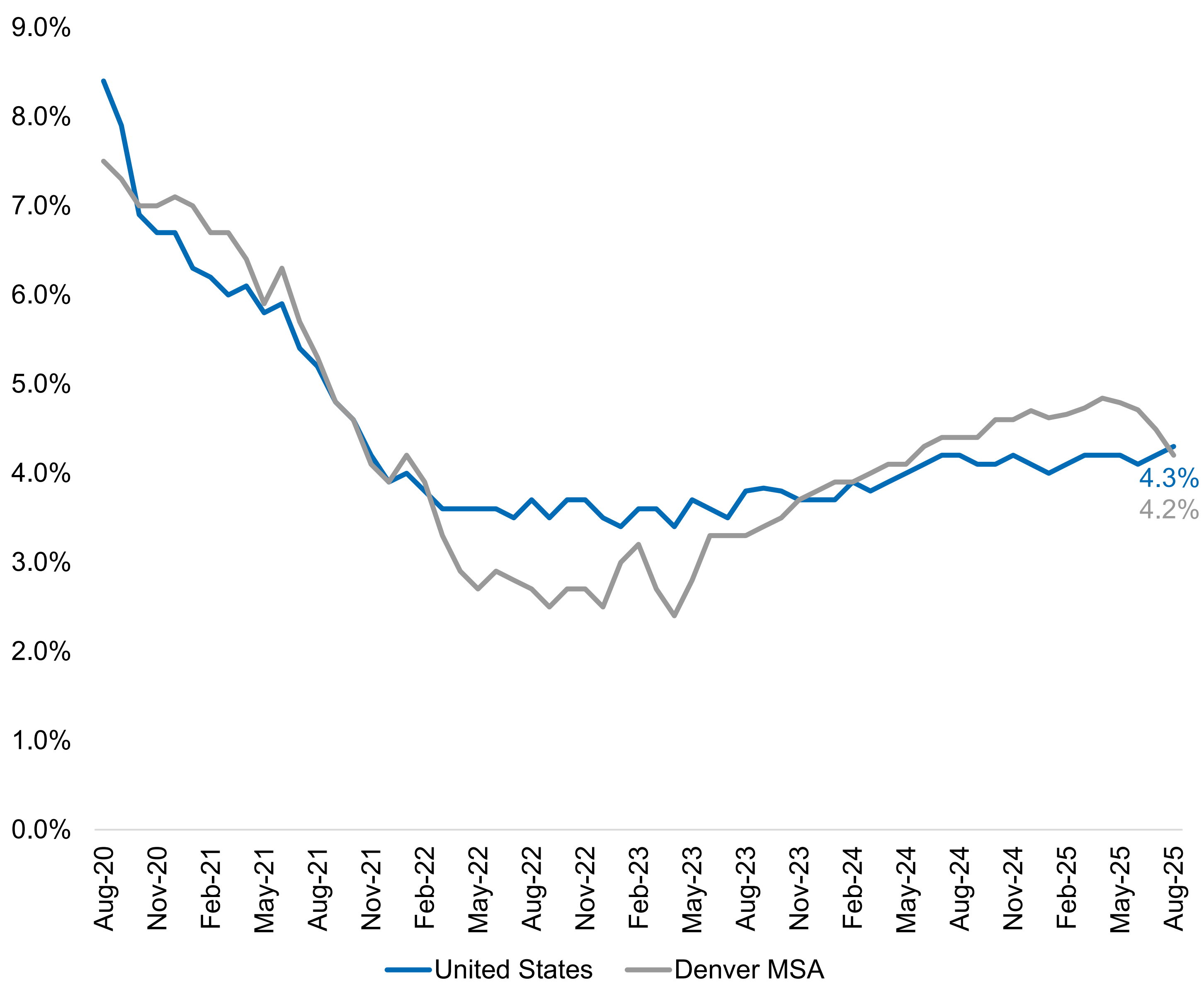
Economy

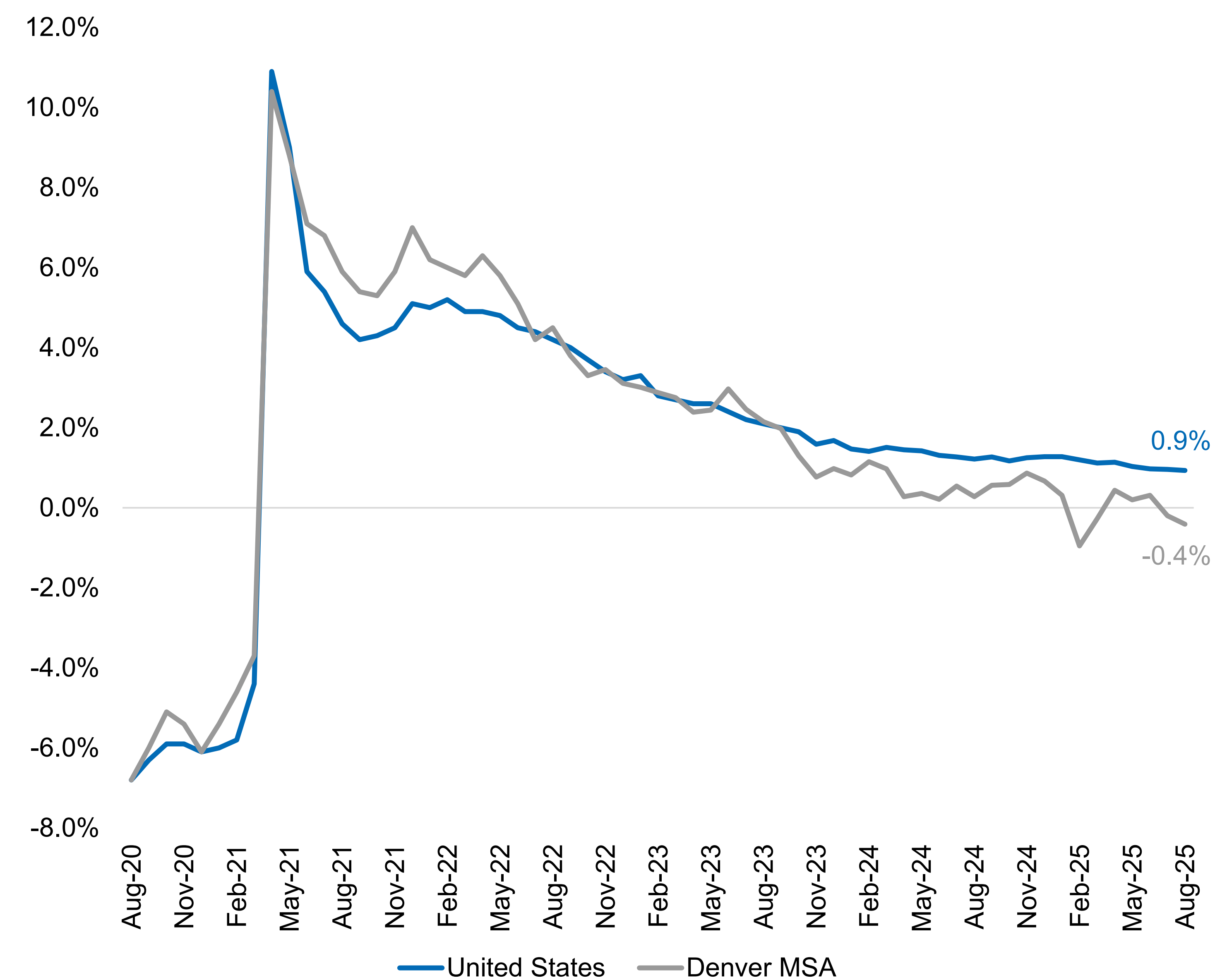
Local Unemployment Drops Below National Rate But Job Growth Dips

Denver unemployment returned to its pre-pandemic tendency of out-preforming the national rate for the first time since 4Q23. However, year-over-year employment dropped into negative territory amid a wider national slowdown of the labor market.

Unemployment Rate, Seasonally Adjusted



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

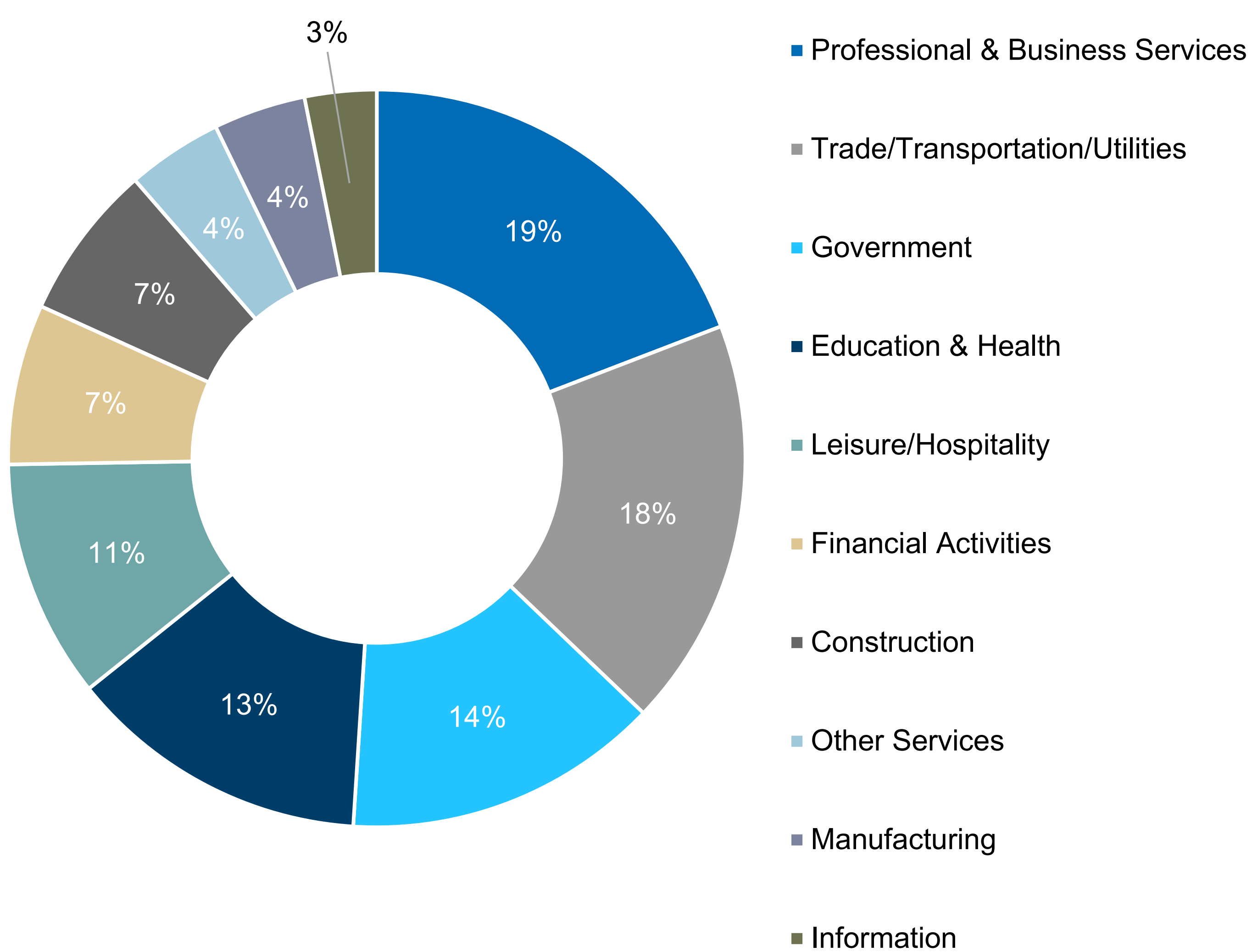


Source: U.S. Bureau of Labor Statistics, Denver MSA

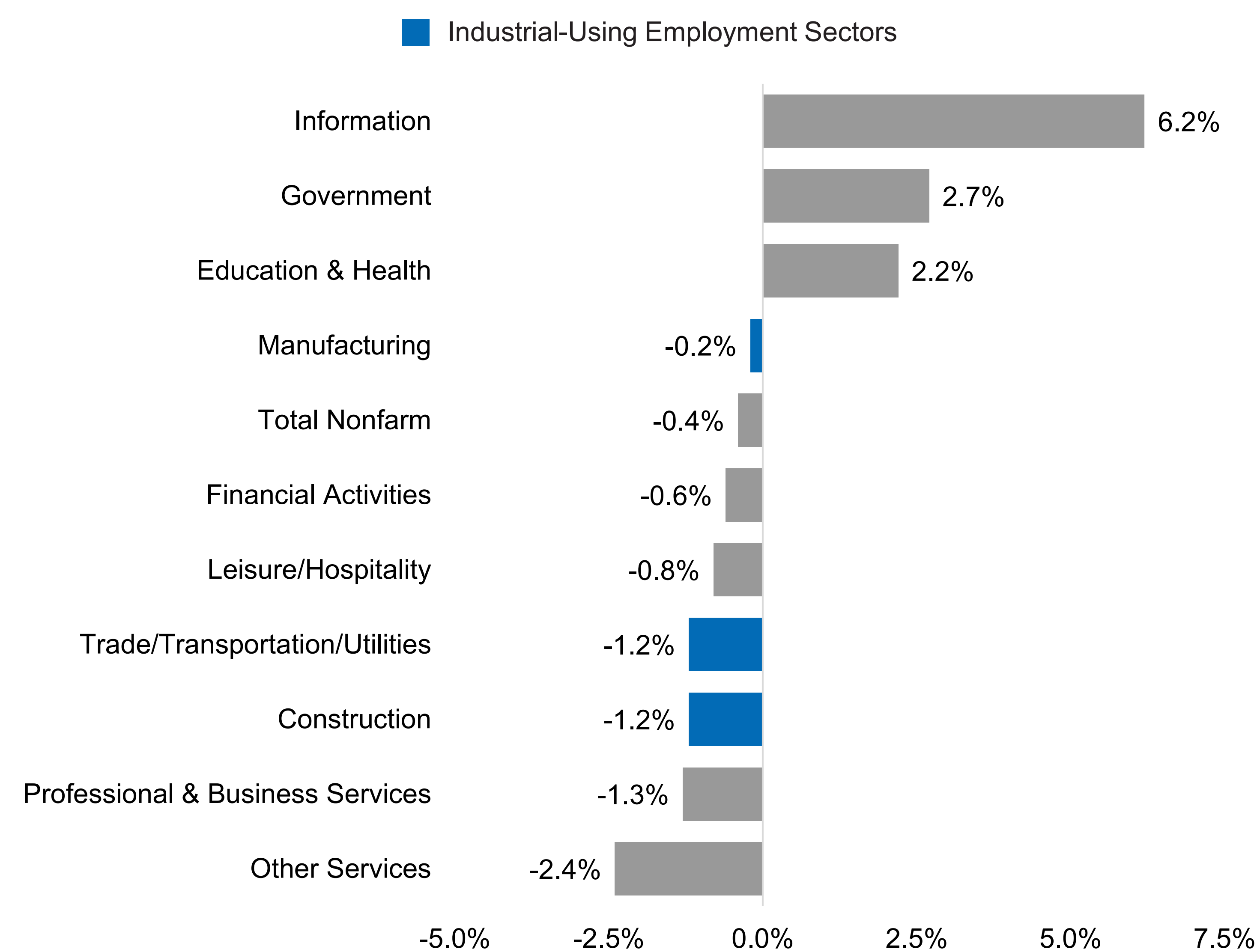
Industrial-Using Sectors Caught in Wider Job Decline

The deterioration of employment was felt across the majority of industry sectors, including the three that the majority of industrial-using companies fall into.

Employment by Industry, August 2025(p)



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

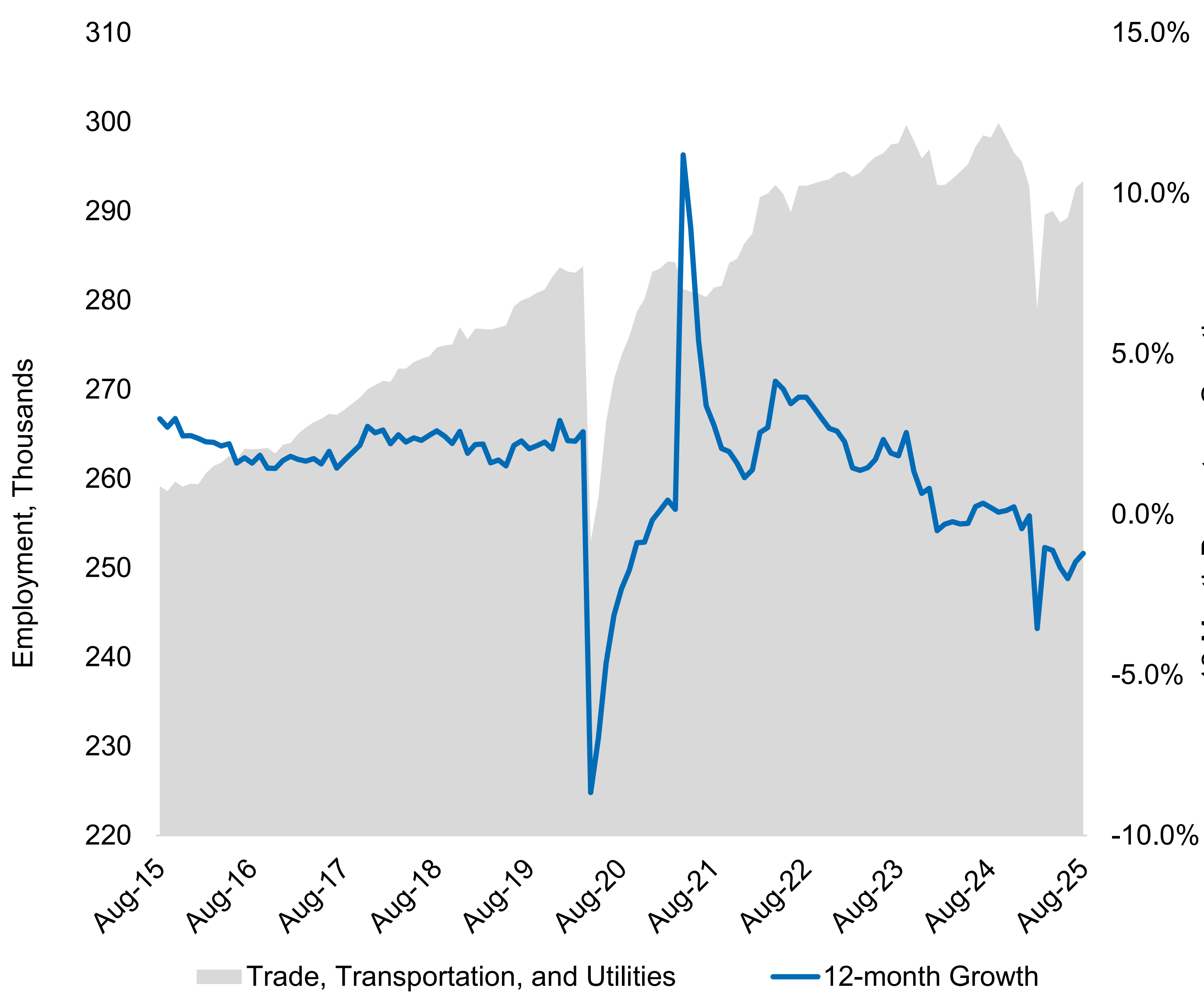


Source: U.S. Bureau of Labor Statistics, Denver MSA

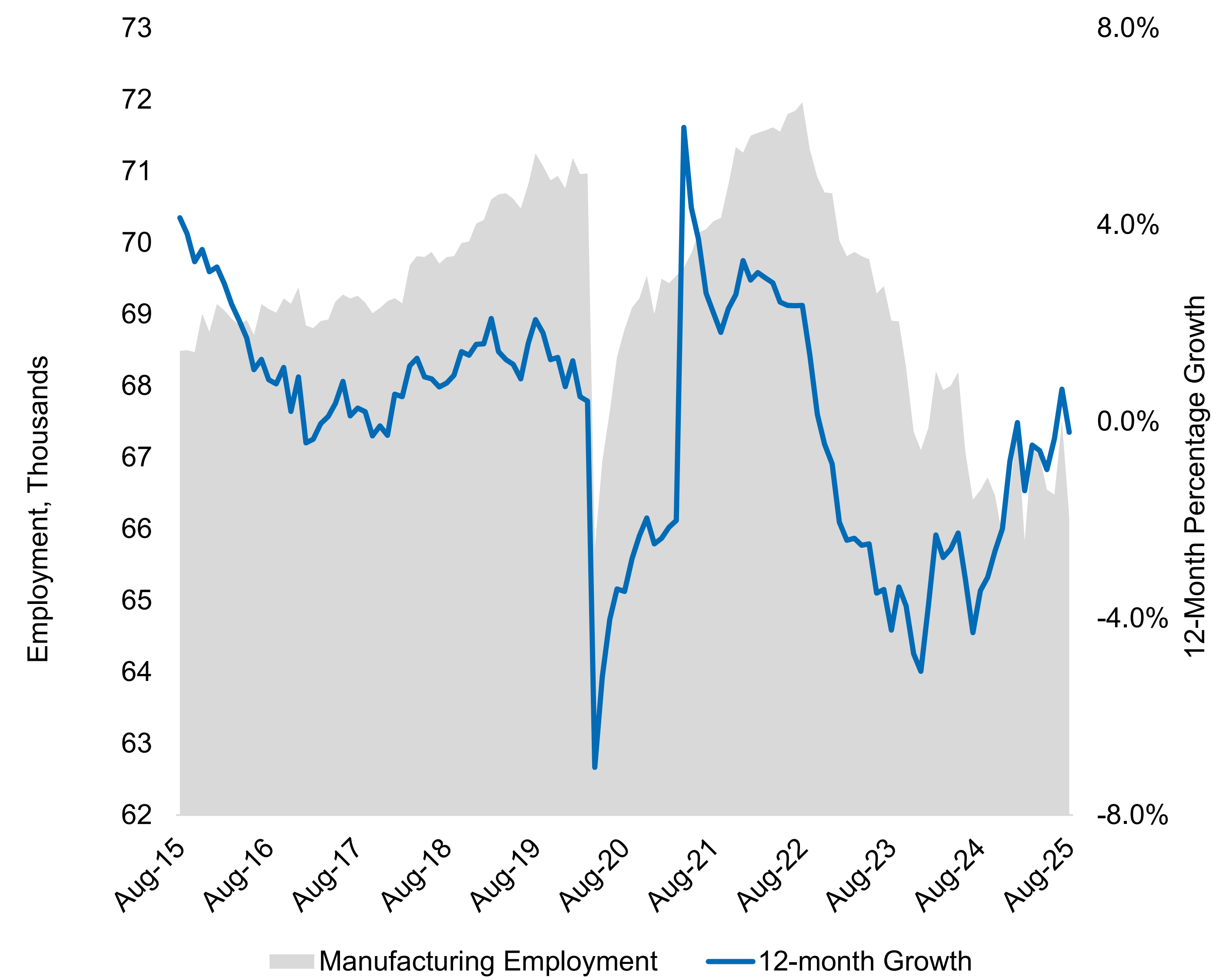
Trade, Transportation & Utilities Jobs Increase from Previous Quarter

Despite being down year-over-year, trade, transportation & utility jobs added nearly 800 jobs from the second quarter of 2025. In contrast, manufacturing shed over 1,000 jobs over the same period.

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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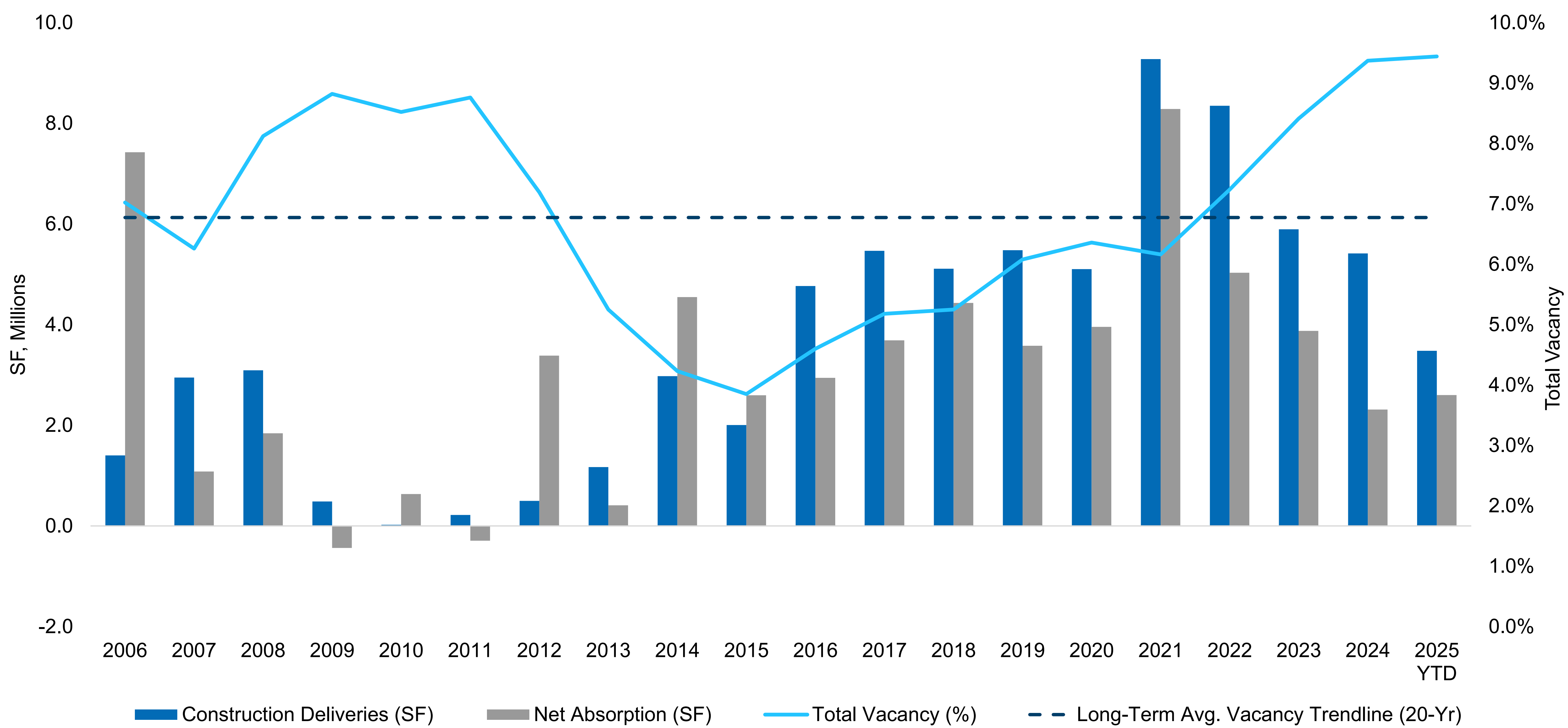
Leasing Market Fundamentals

Large Build-To-Suit Delivery Propels Absorption

The delivery of the PepsiCo Center boosted quarterly absorption to 1.9 MSF, bringing year-to-date absorption to 2.6 MSF. Combined with multiple other move-ins, it offset the delivery of 8 speculative buildings that added nearly 840,000 SF of vacant space to the market. Vacancy remained mostly stable, dropping only 4 basis points.

Historical Construction Deliveries, Net Absorption, and Vacancy

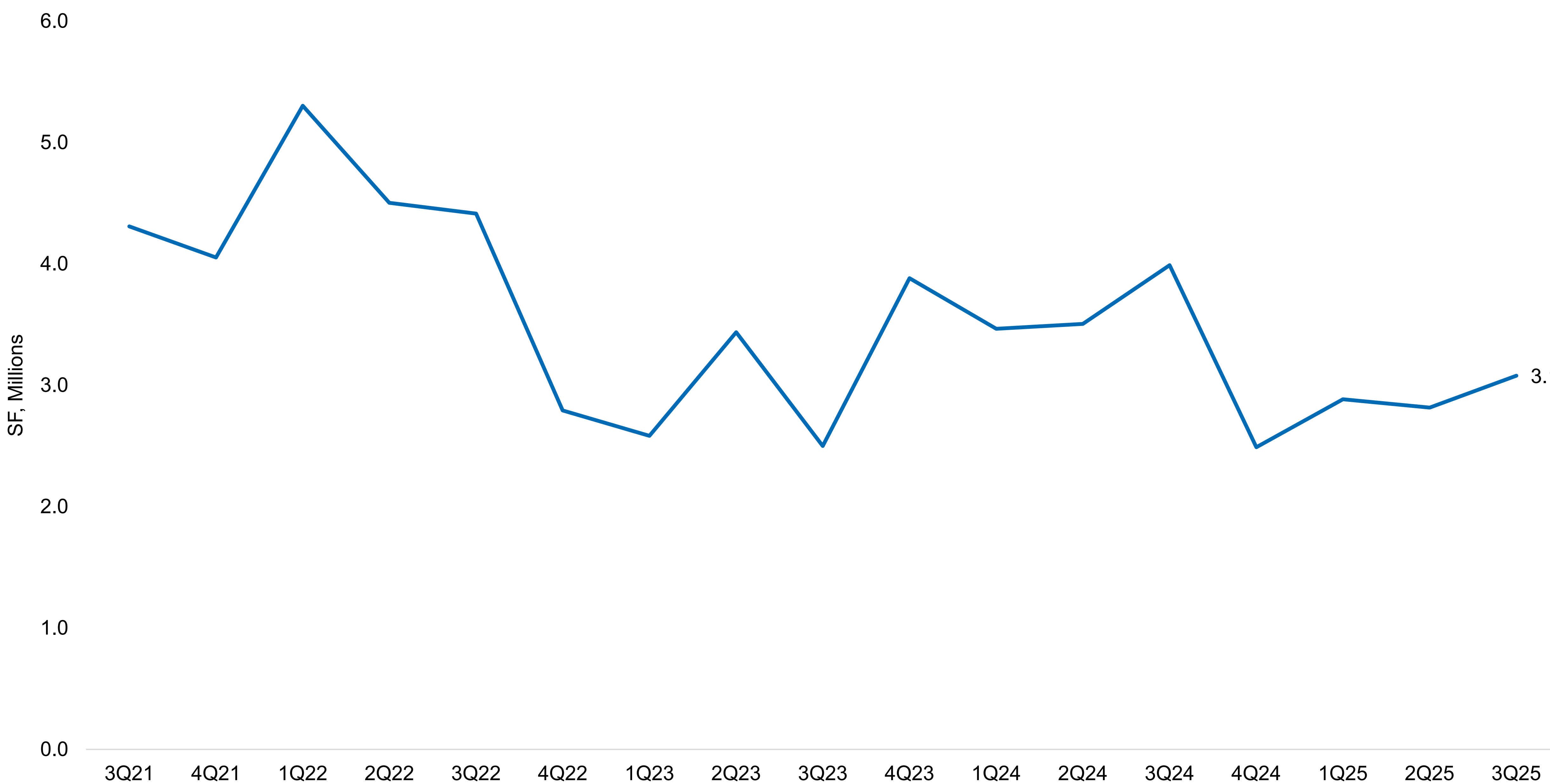


Source: Newmark Research

Leasing Activity Increases From Prior Quarter But Could Not Match Surge in 3Q24

Total leasing activity increased by 9.3% in the third quarter of 2025 compared to the second quarter but could not quite match the 4.0 MSF leased in the third quarter of 2024.

Total Leasing Activity (SF)

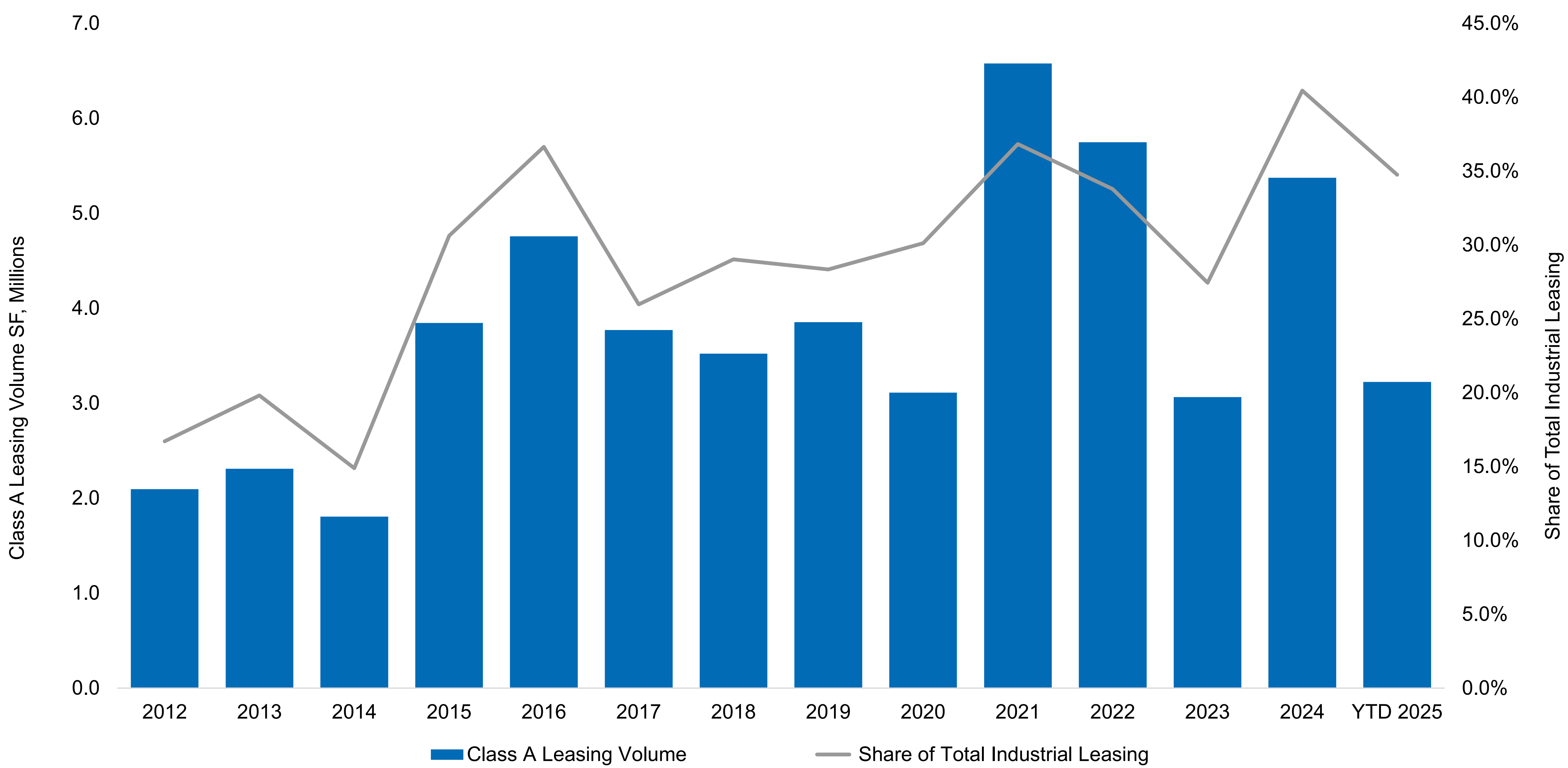


Source: Newmark Research, CoStar

Class A Product Leasing Decreases in the Third Quarter

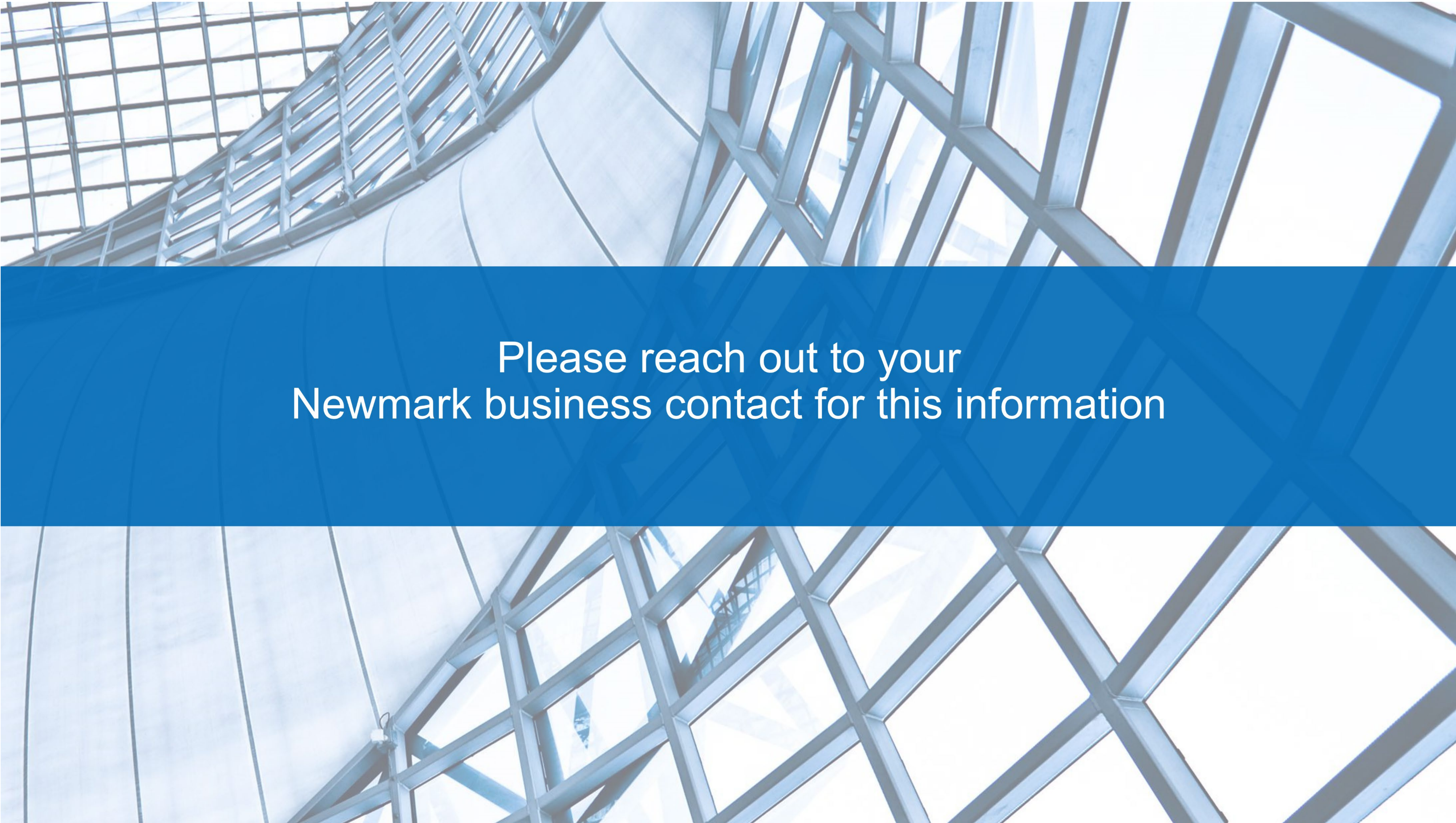
Despite accounting for 42.9% in the first half of 2025, class A warehouse product leasing decreased in the third quarter and the year-to-date percentage of total leasing dropped 801 basis points to 34.8%

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



Source: Newmark Research, CoStar

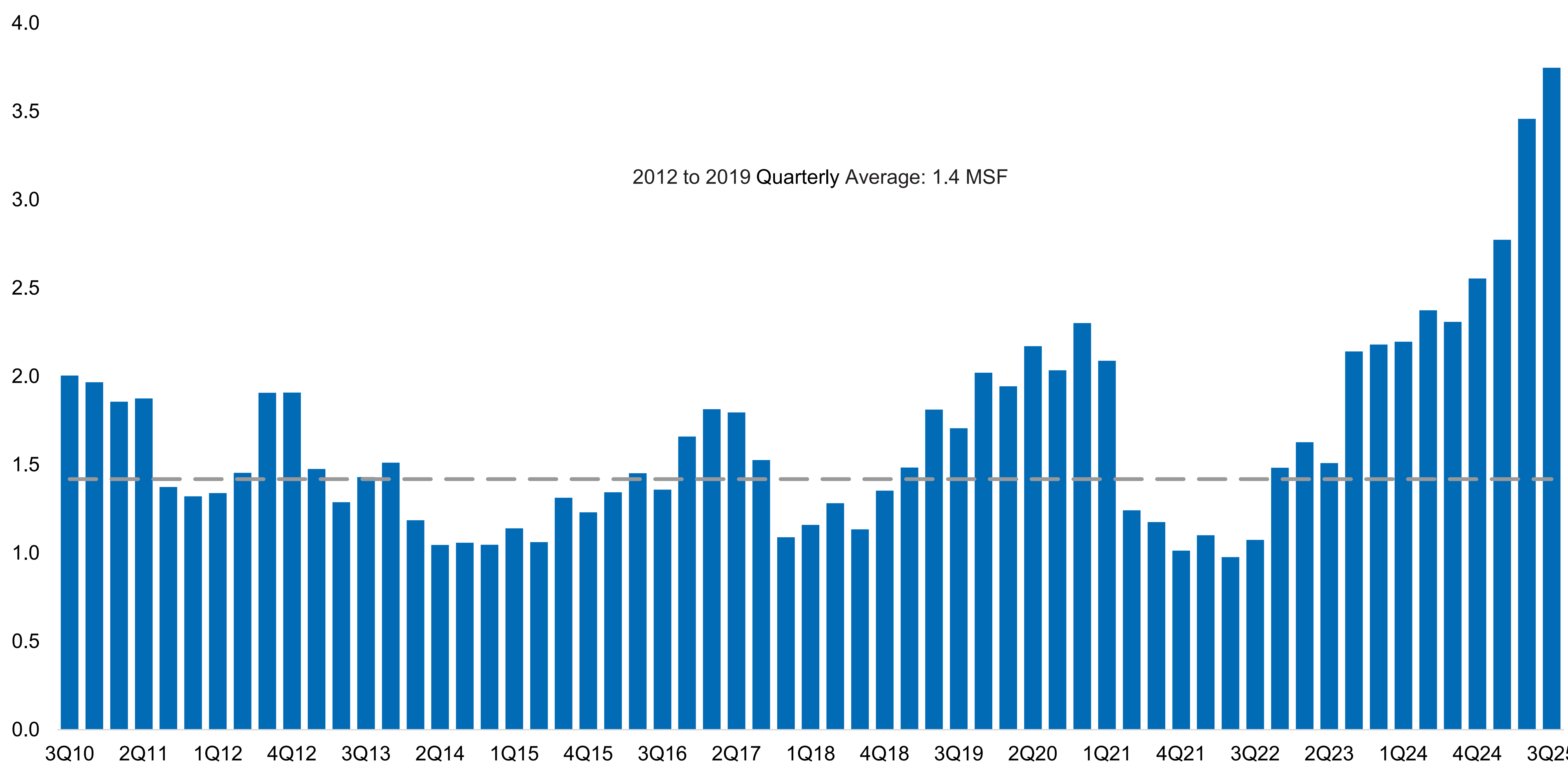
Leasing Begins to Whittle Away Vacancy But Vacant Spec Space Is Still Delivering



Available Sublease Space Continues To Grow

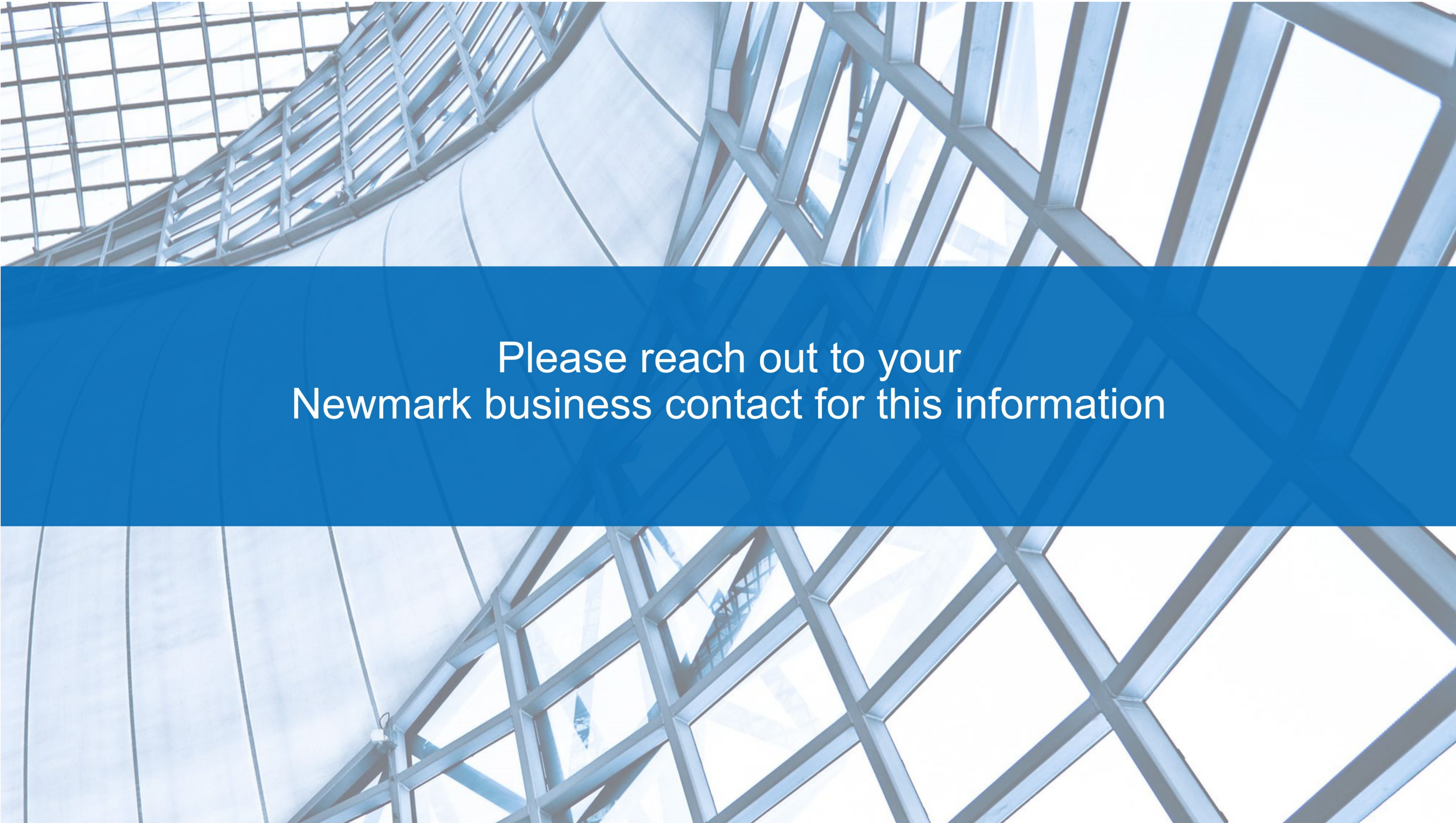
Available sublease space increased by 8.3% from the prior quarter, adding nearly 290,000 SF for a total of 3.7 MSF.

Available Industrial Sublease Volume (msf)



Source: Newmark Research, CoStar

Majority of Submarkets Posted YoY Increases in Sublet Availability



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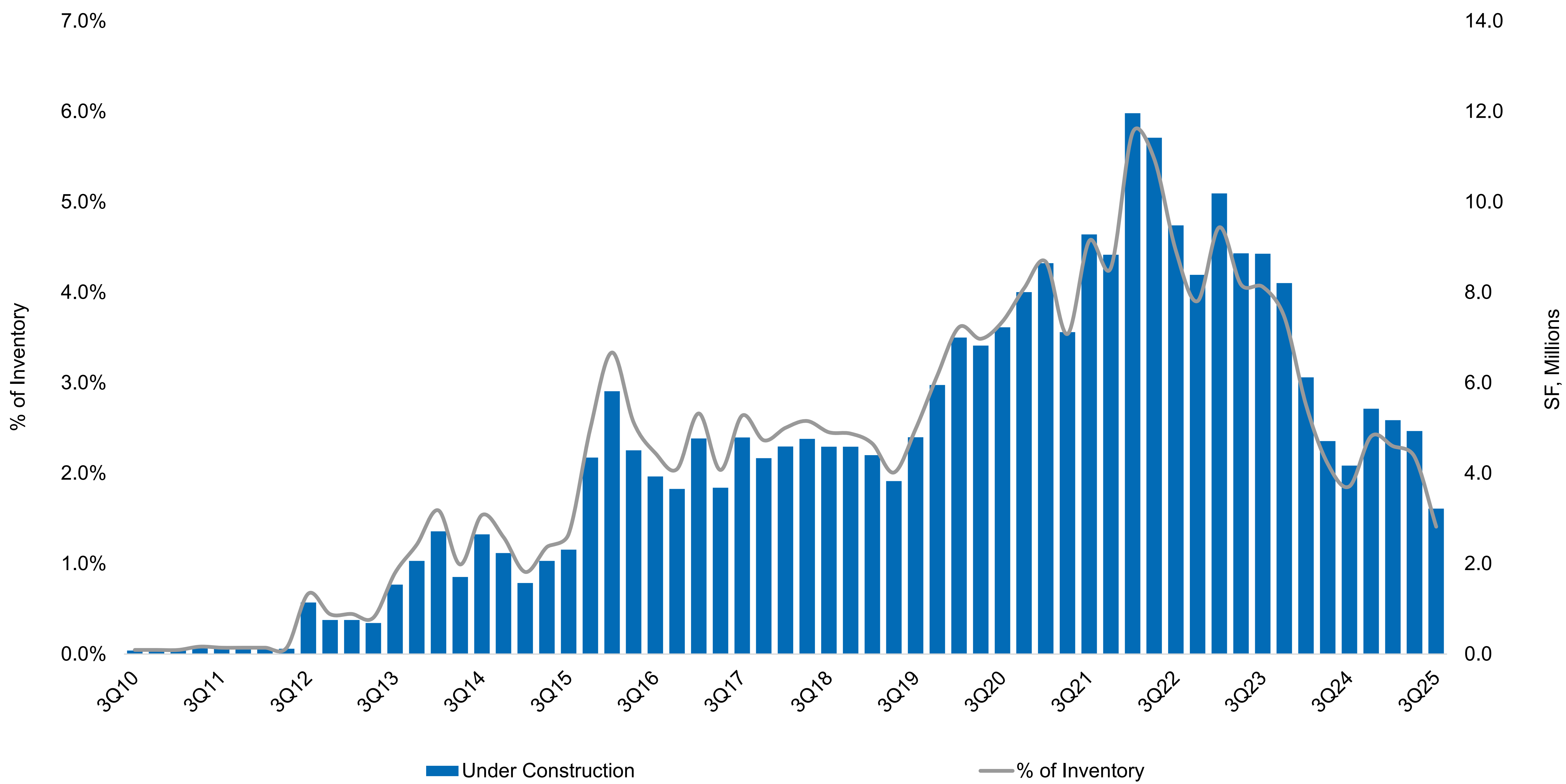
Four New Projects Broke Ground, But Pipeline Continues To Slow

The delivery of the 1.2 MSF PepsiCo Center build-to-suit put a significant dent in the pipeline in the third quarter, despite four new projects breaking ground for a combined 342,000 SF. Seventeen buildings totaling 3.2 MSF are under construction, with 288,000 SF scheduled to deliver next quarter.

Industrial Under Construction and % of Inventory



Source: Newmark Research, CoStar

Nearly All Pre-leased Space Are In Build-To-Suit Projects

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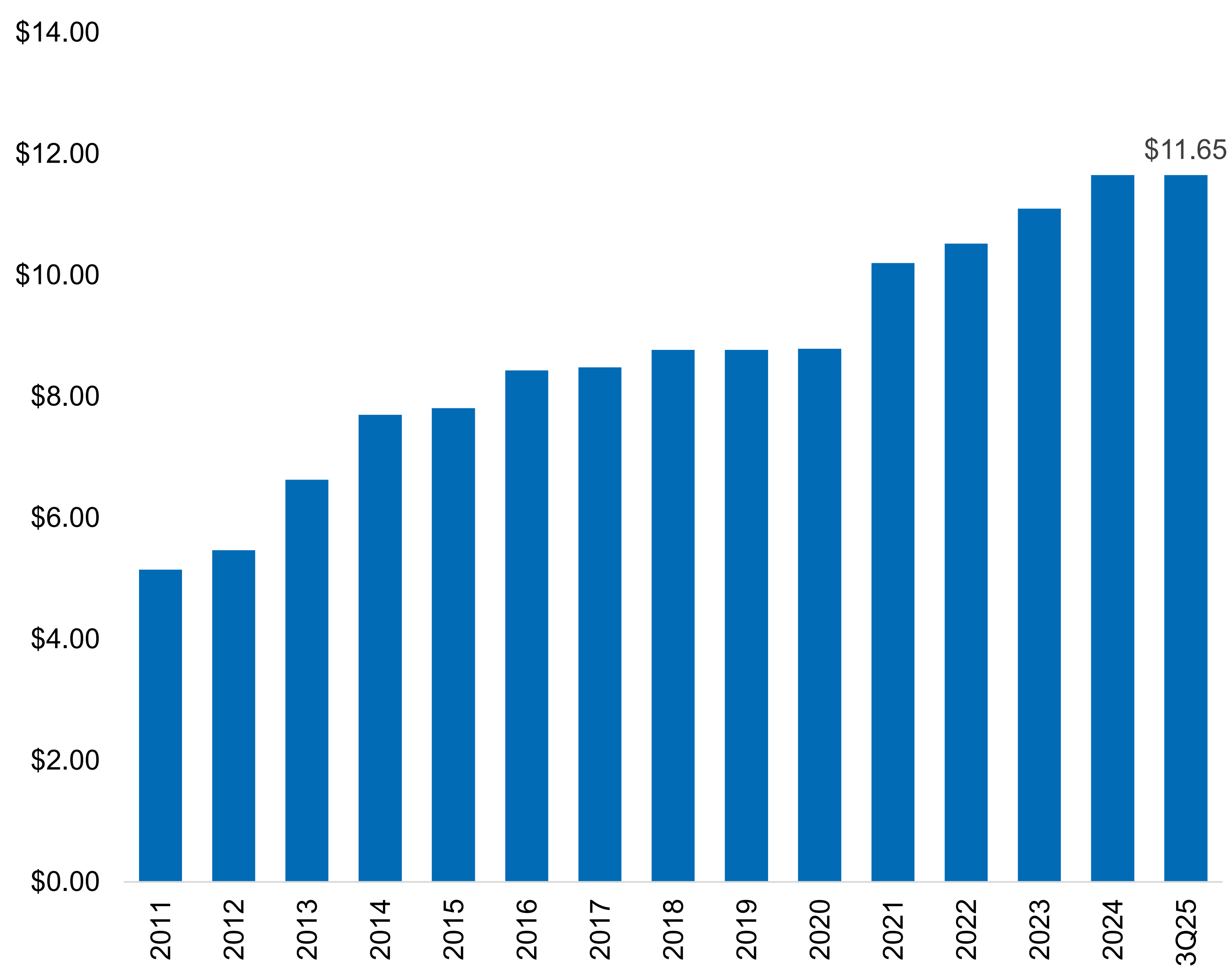
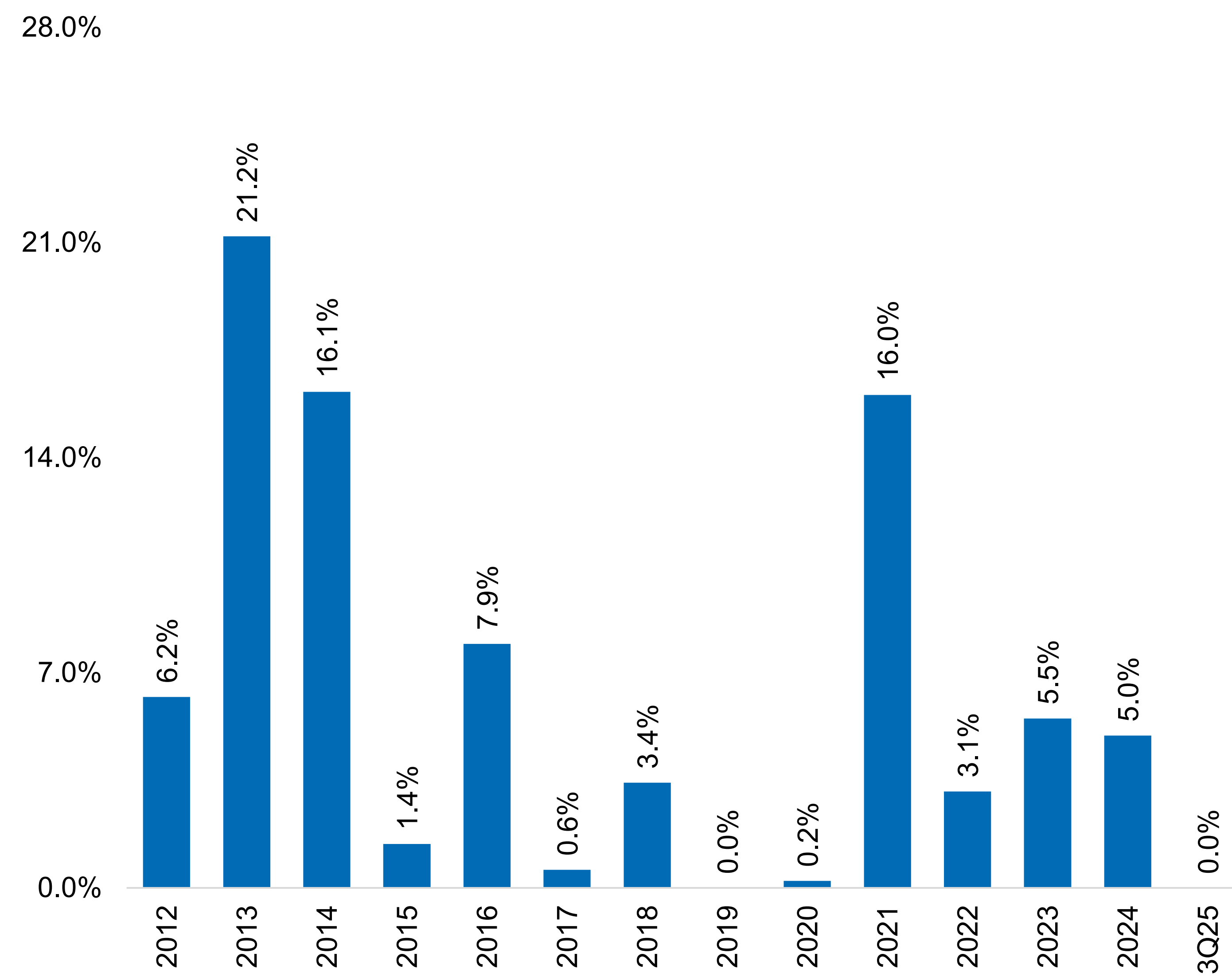
Median Asking Rates Hold Steady To Stay Competitive

Increased availability, stable vacancy, and measured tenant demand moderated the effect of new deliveries, even as new product set market-high rental rates.

Industrial Median Asking Rent, $/SF, NNN



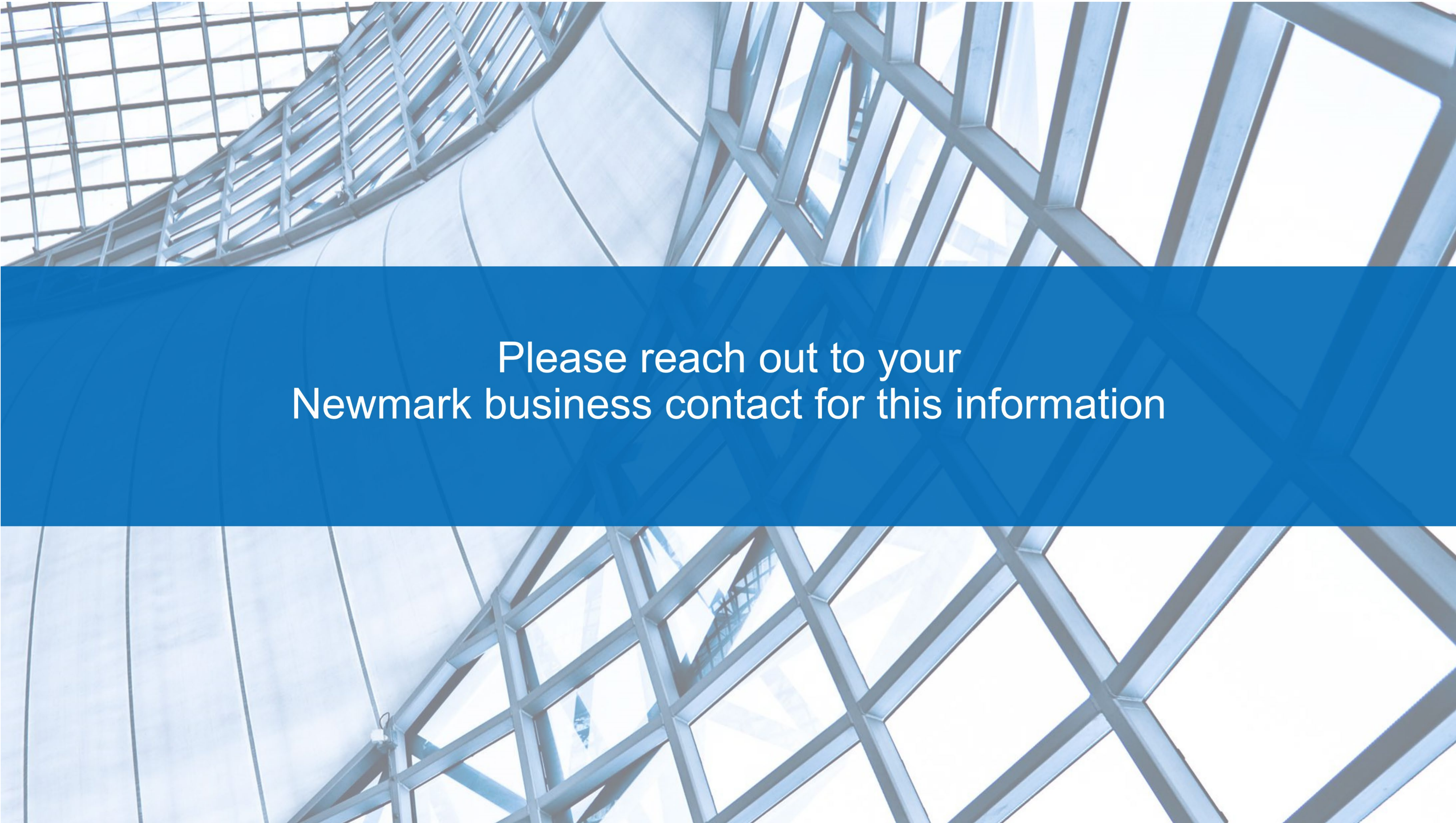
Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Class A Warehouse Also Hold Rates As Deliveries Continue to Give Tenants Options

Only Three Submarkets Have Seen Rate Increases Year-Over-Year



Notable 3Q25 Lease Transactions

Select Lease Transactions

Tenant	Building	Submarket	Type	Square Feet
RK Mechanical	20101 East 36th Drive	East	Renewal	278,812
Tenant originally leased the entire building in January 2019.				
RedBird	1485 East 61st Avenue	Central	Direct New	189,120
This location will be a consolidation of multiple smaller locations throughout the market but will overall be net growth for the tenant.				
Phillip Morris	25000 East 56th Avenue	East	Direct New	148,885
First generation space that delivered in 2024, leasing 72.7% of the building.				
Plastic Molding Technology	6284 South Nome Court	Southeast	Renewal	112,612
Tenant occupies the entire warehouse.				
Denver Intermodal Express, Inc.	11275 East 40th Avenue	East	Direct New	107,721
This will be the tenant’s third location in the Denver market.				

Source: Newmark Research

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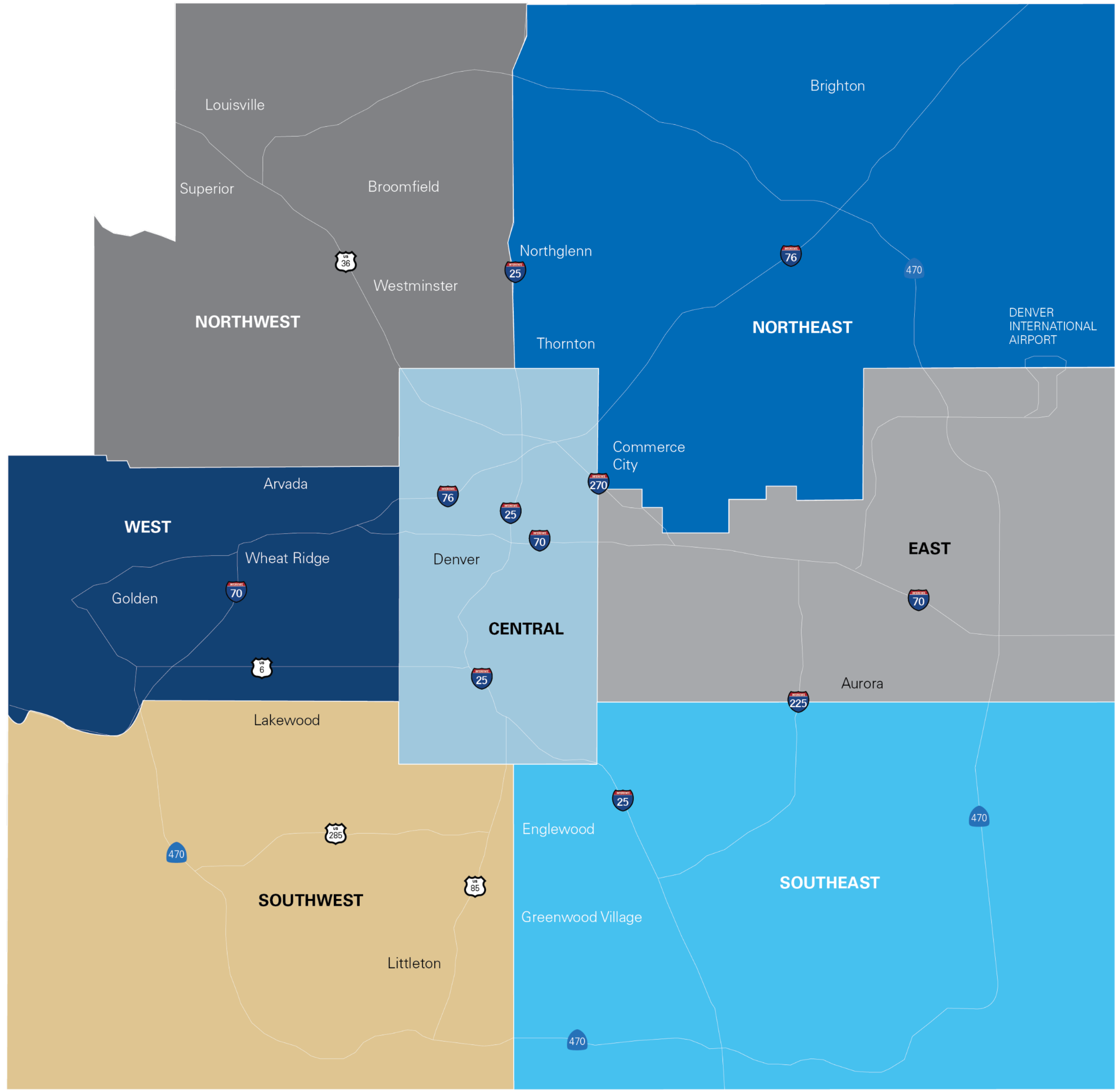
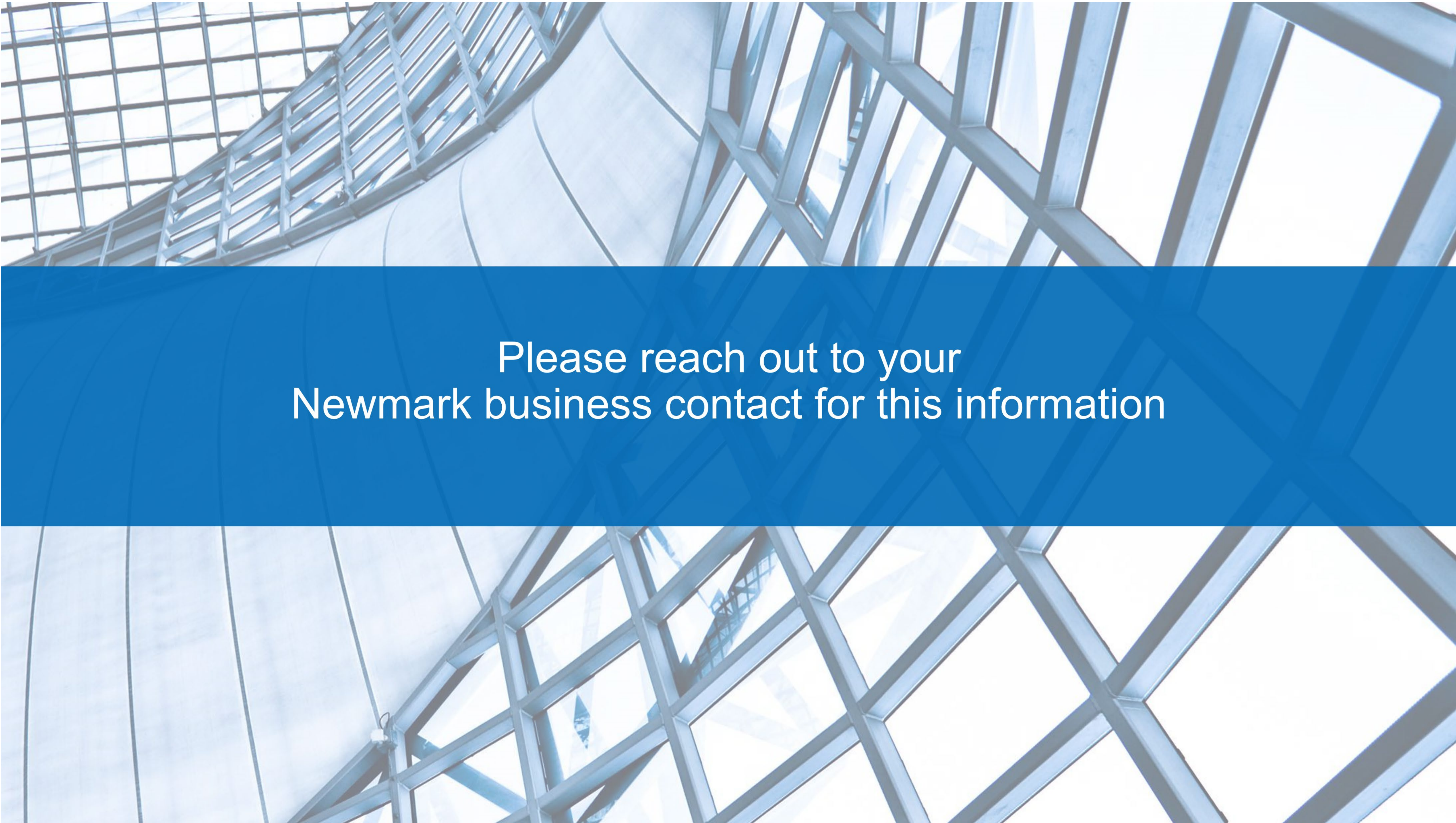
Appendix / Tables

Submarket Map



Source: Newmark Research

Submarket Overview (page 1 of 2)



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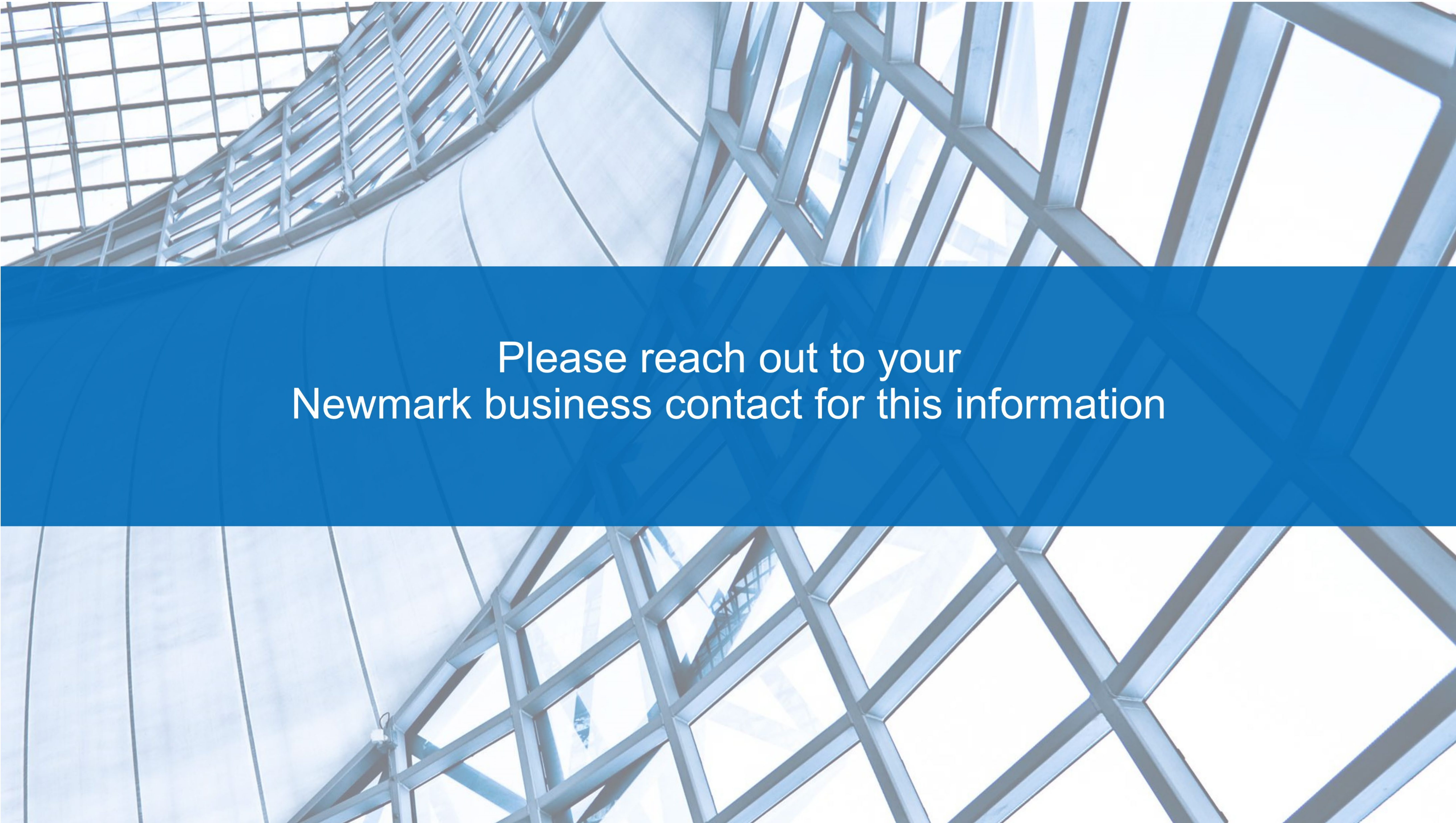
Submarket Overview (page 2 of 2)



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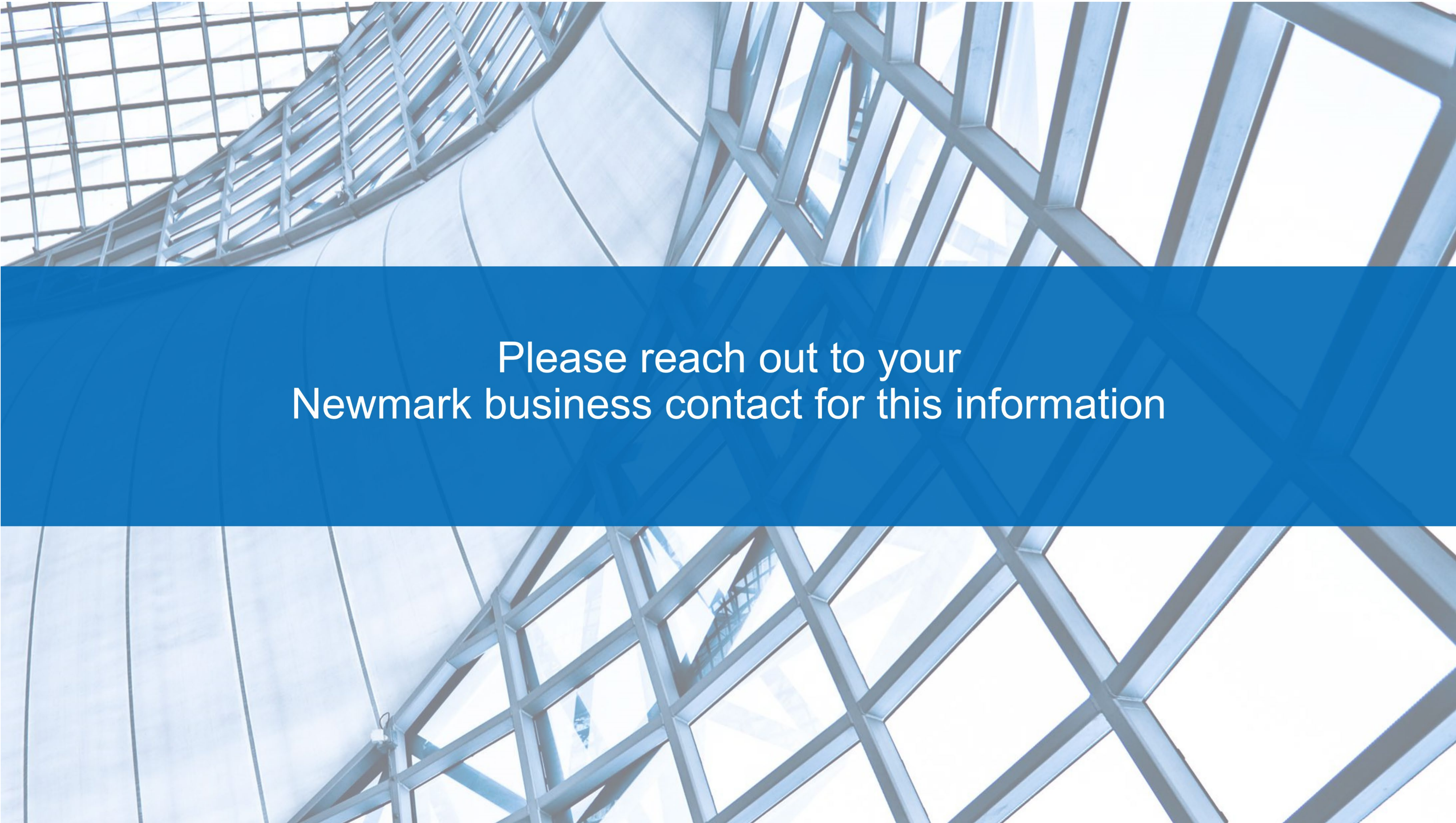
Central Submarket Overview



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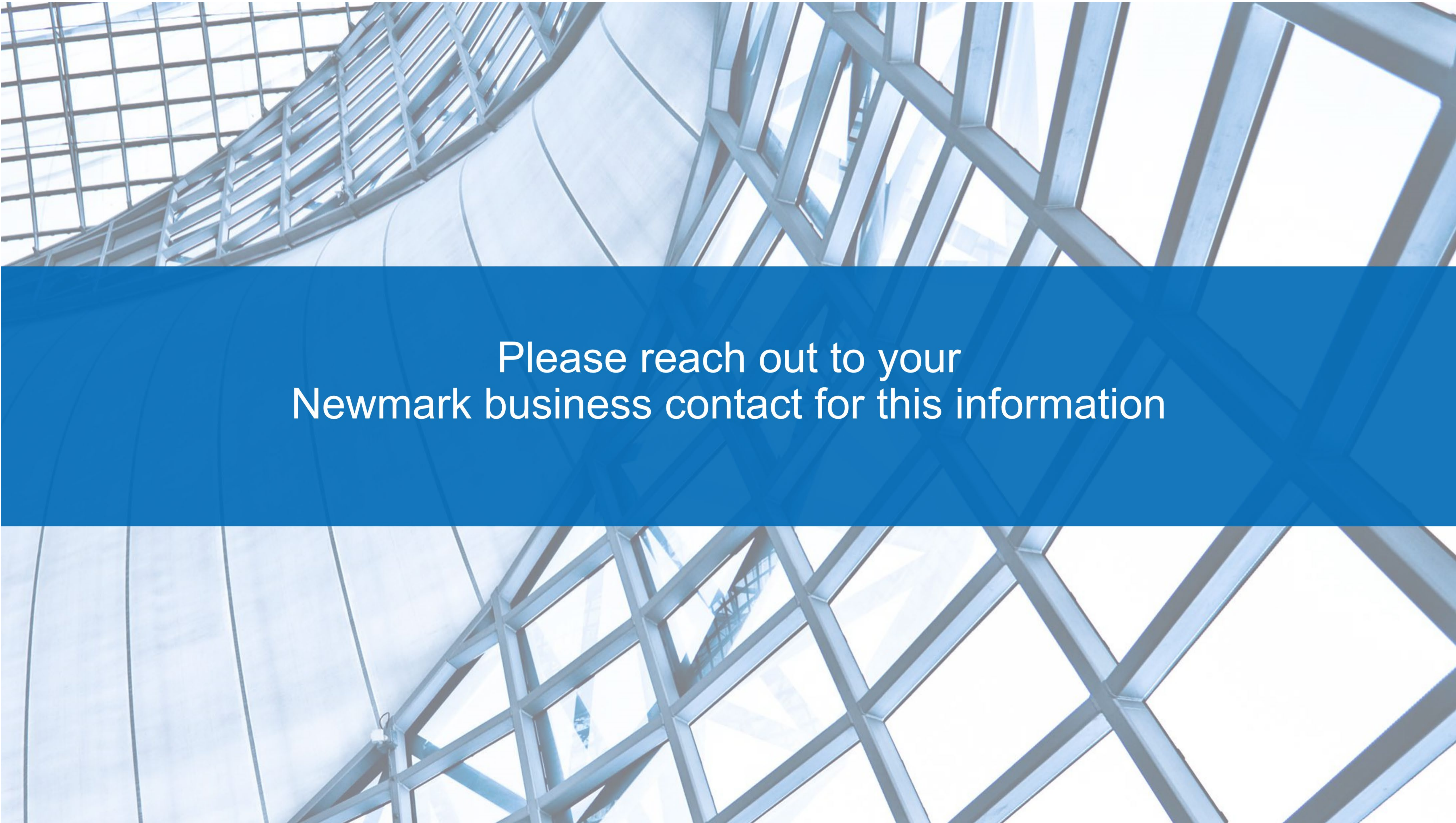
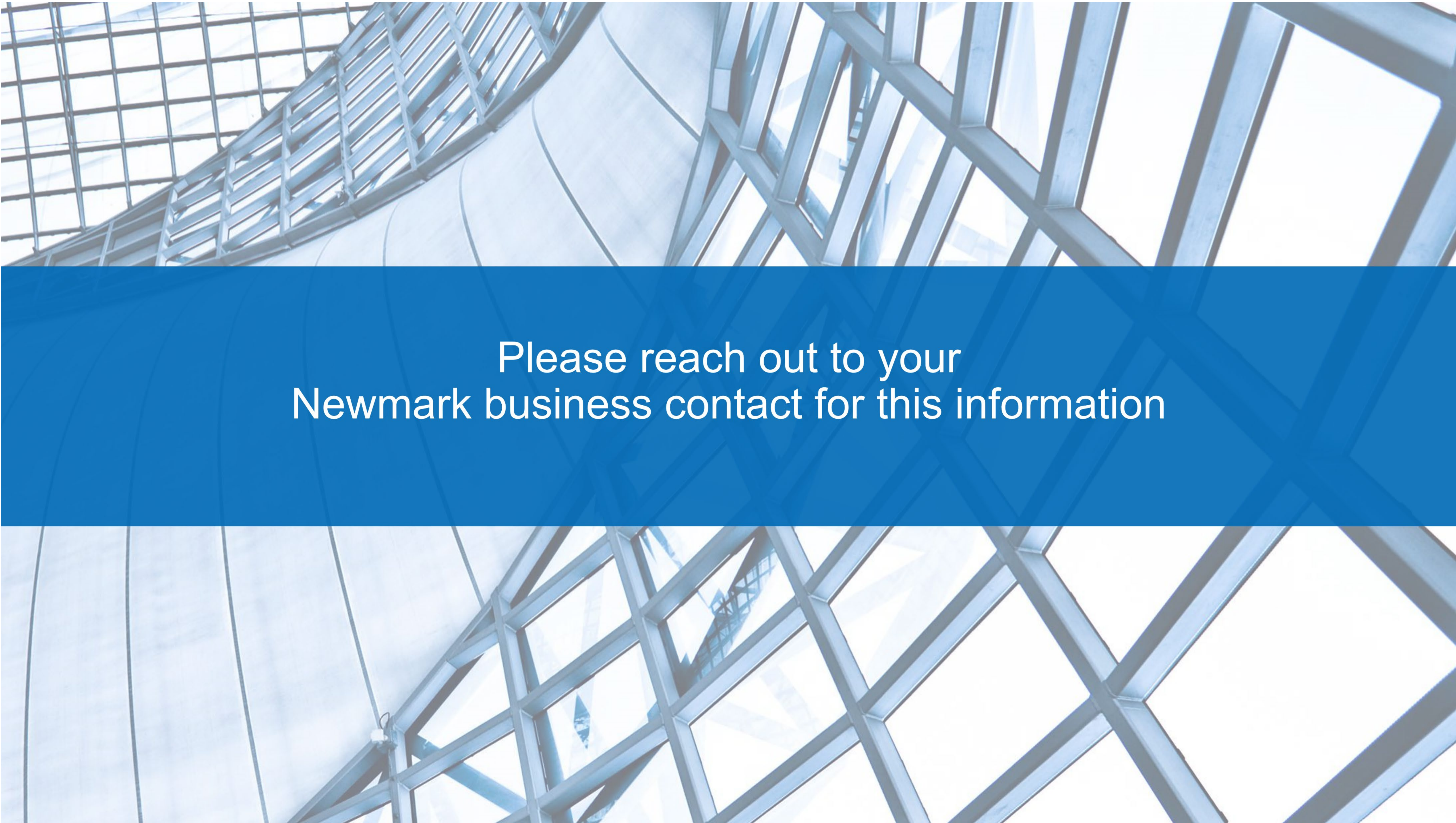
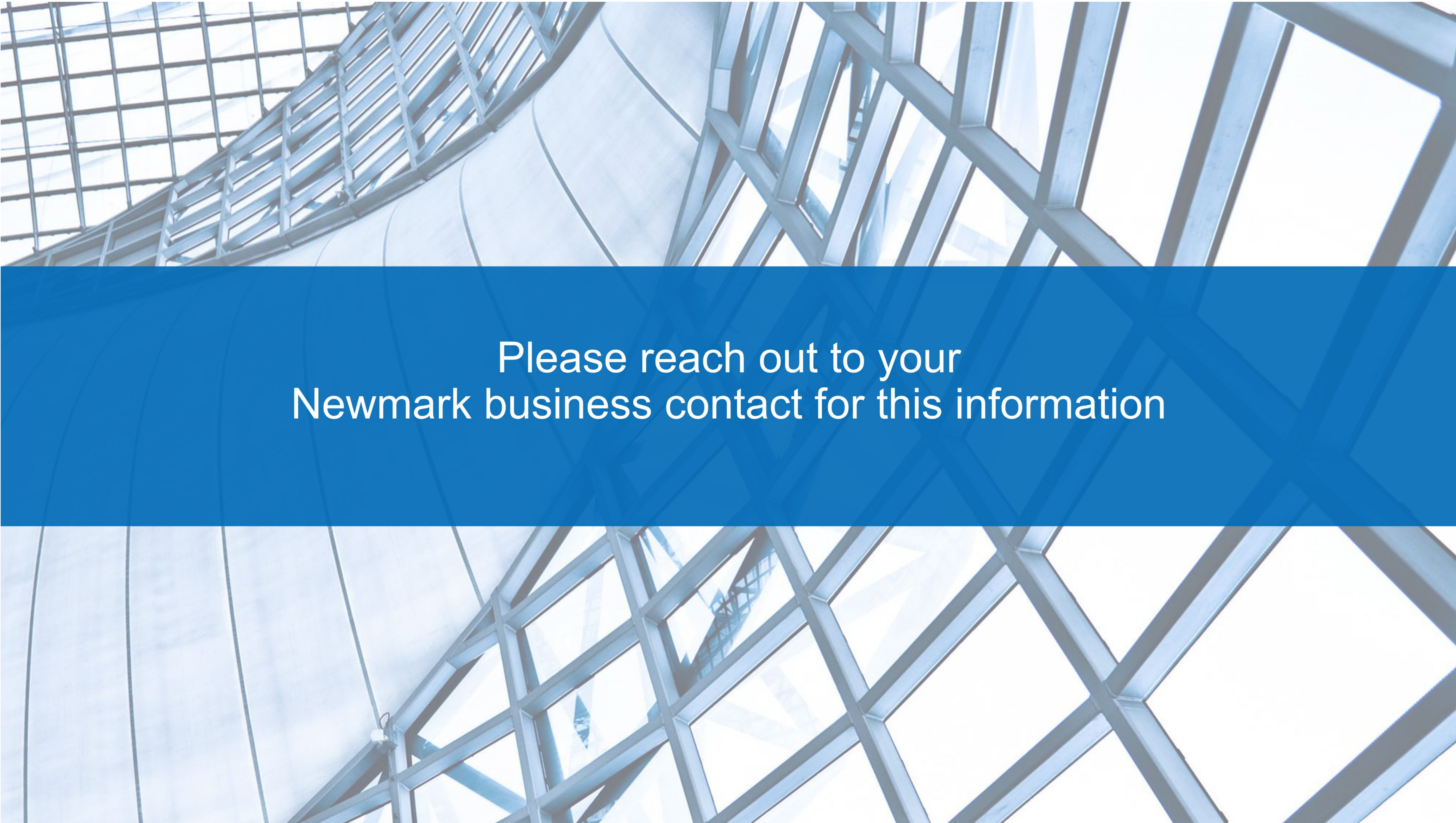
East Submarket Overview



Northeast Submarket Overview



Northwest Submarket Overview



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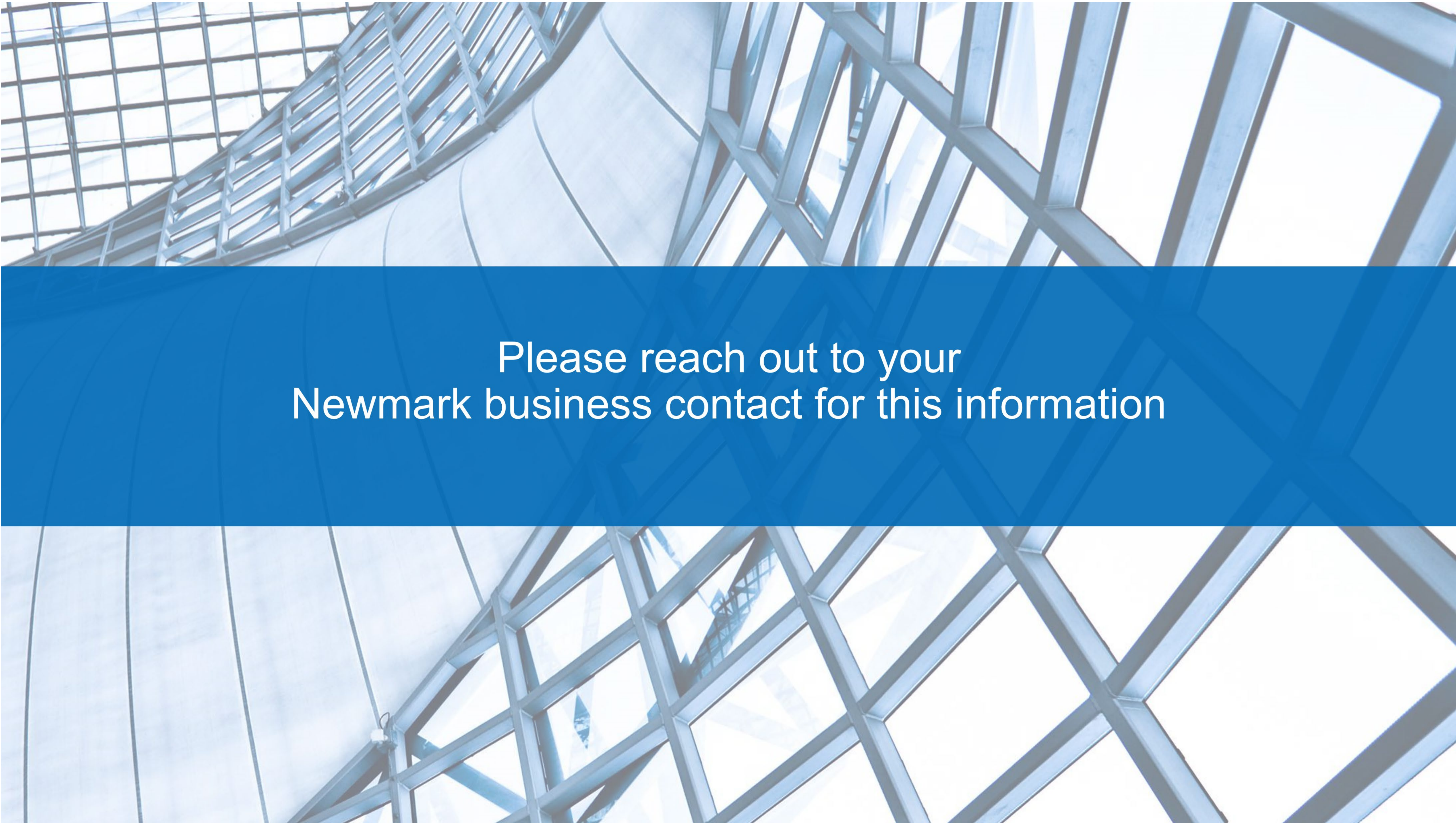
Southeast Submarket Overview



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