3Q25

Denver Office 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

- Net absorption in 3Q 2025 showed a continued drop in occupancy at a pace similar to the previous quarter, as large tenant moves were driven by rightsizing into higher-quality assets or consolidating locations.
- The 84,000 SF Milwaukee Place in the Cherry Creek micromarket in Midtown broke ground.
- Median asking rental rates saw little movement as fluctuations are largely due to the changing quality of available space, rather than individual landlords adjusting prices on existing available space.

Major Transactions

- PDC Energy, acquired by Chevron in 2023, vacated 108,000 SF from Granite Tower in Downtown and made the space available for sublease.
- Pulte Homes vacated the entire 95,000 SF office building at 7390 South Iola Street in the Southeast Suburban submarket.
- Frontdoor acquired 2-10 Home Buyers Warranty and closed its 87,000 SF office at 13900 East Havard Avenue in the Aurora submarket and switched to a work from home model.
- Colorado Department of Labor & Employment occupied the 24th-25th floors at 707 17th Street in Downtown; it will occupy an additional 81,000 SF in the following quarter.

Outlook

- Leasing activity is expected to slow in the last quarter of the year, due to the holidays and general tenant preference to leave big decisions to the new year unless necessary.
- 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.

1. Economy
2. Leasing Market Fundamentals

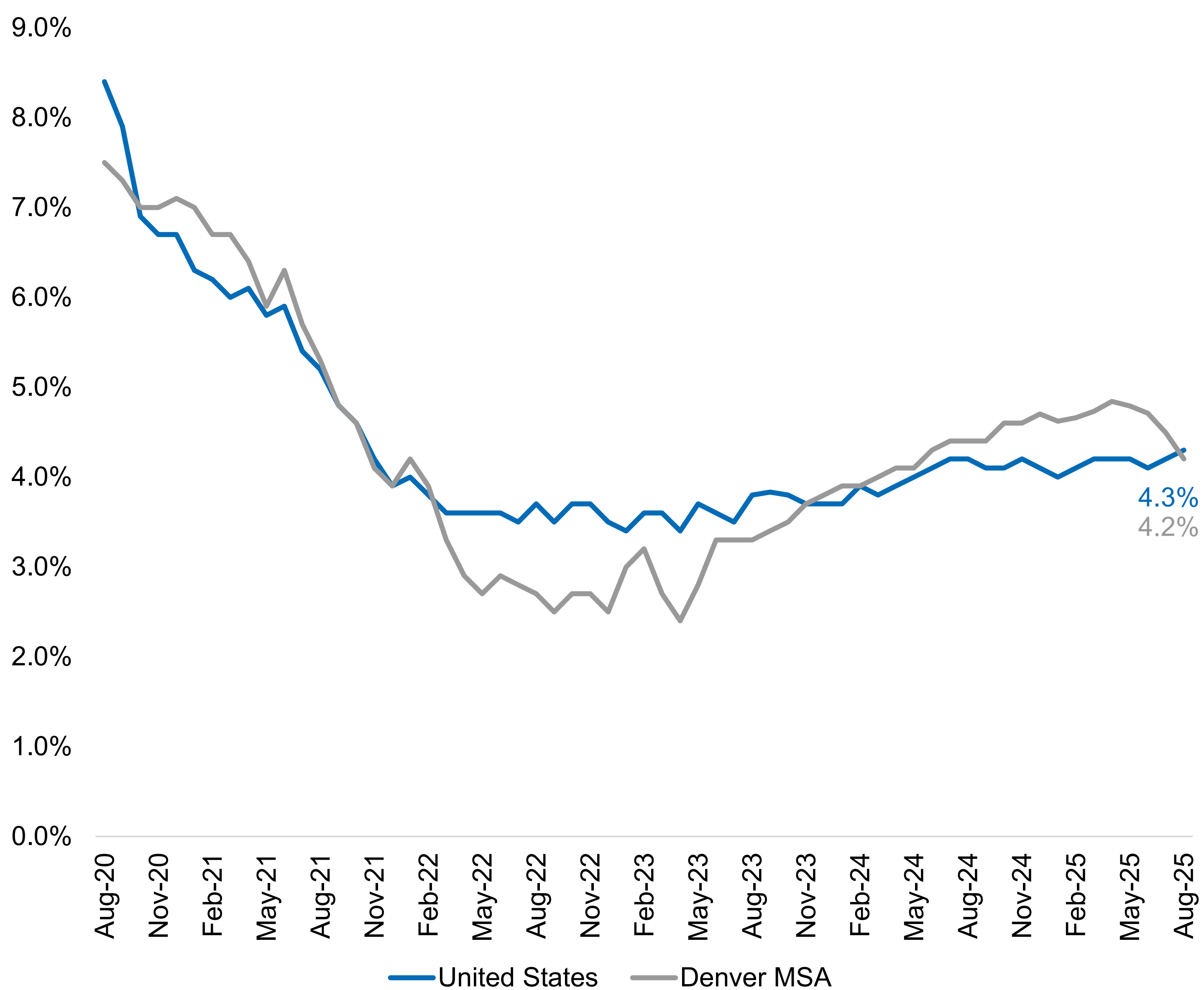
3Q25

Economy

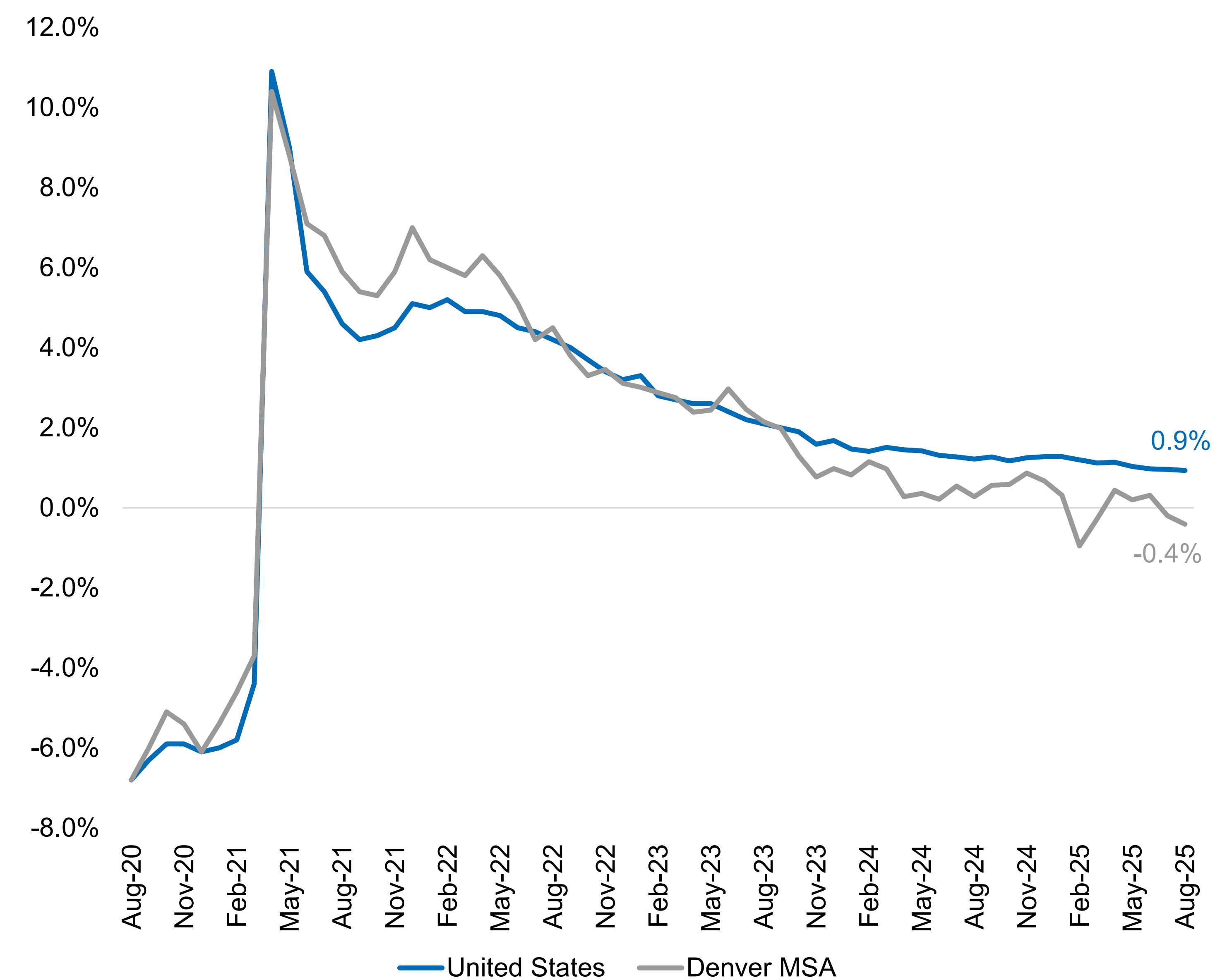
Local Unemployment Drops Below National Rate But Employment Turns Negative

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, Seasonally Adjusted, 12-Month % Change

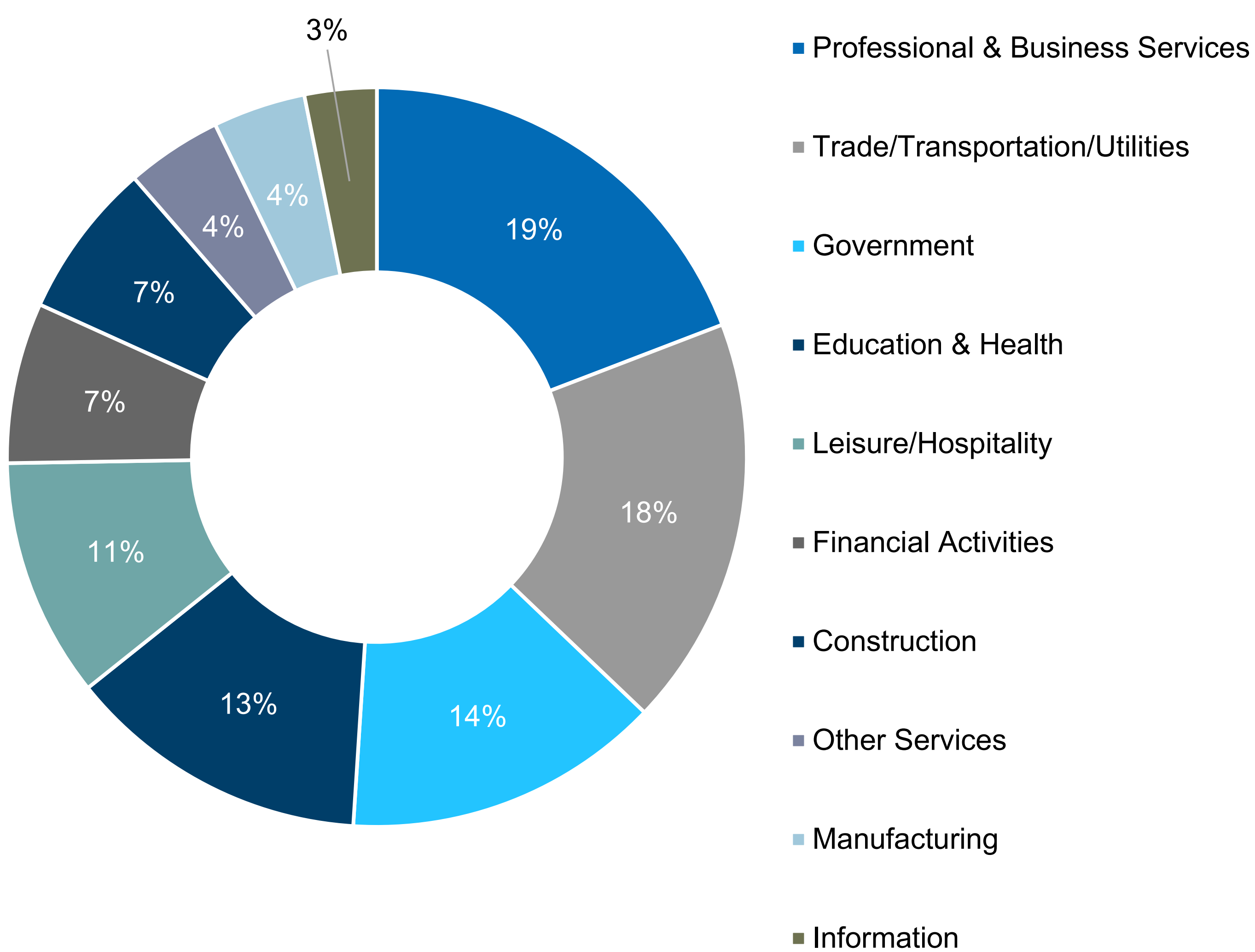


Source: U.S. Bureau of Labor Statistics, Denver MSA

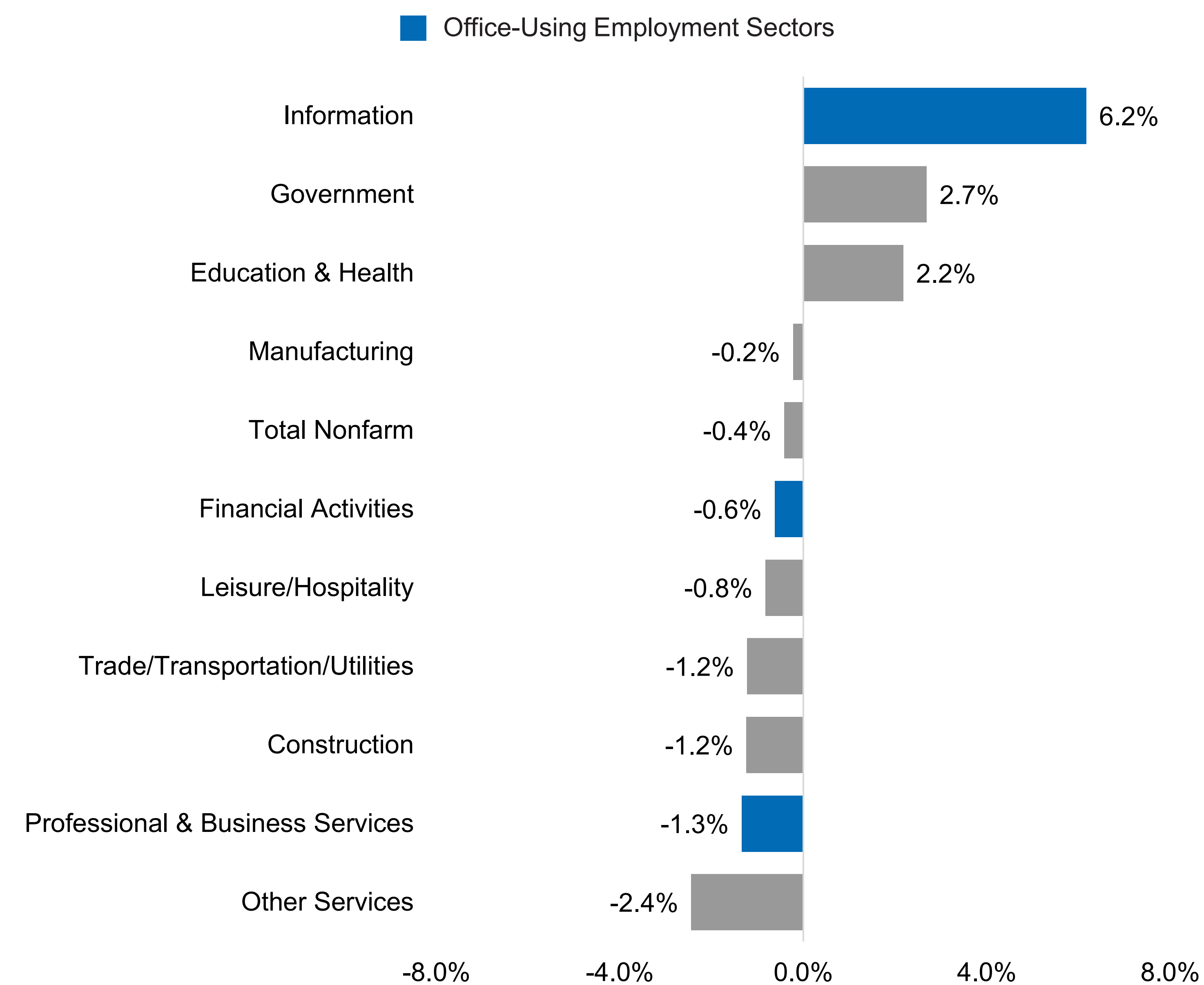
Information Jobs Increase But Slowdown Felt Amongst Majority of Other Sectors

The information sector posted the largest job growth year-over-year but seven of the other nine industry sectors saw employment dip, including the professional and business services industry and financial activities.

Employment by Industry, August 2025(p)



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

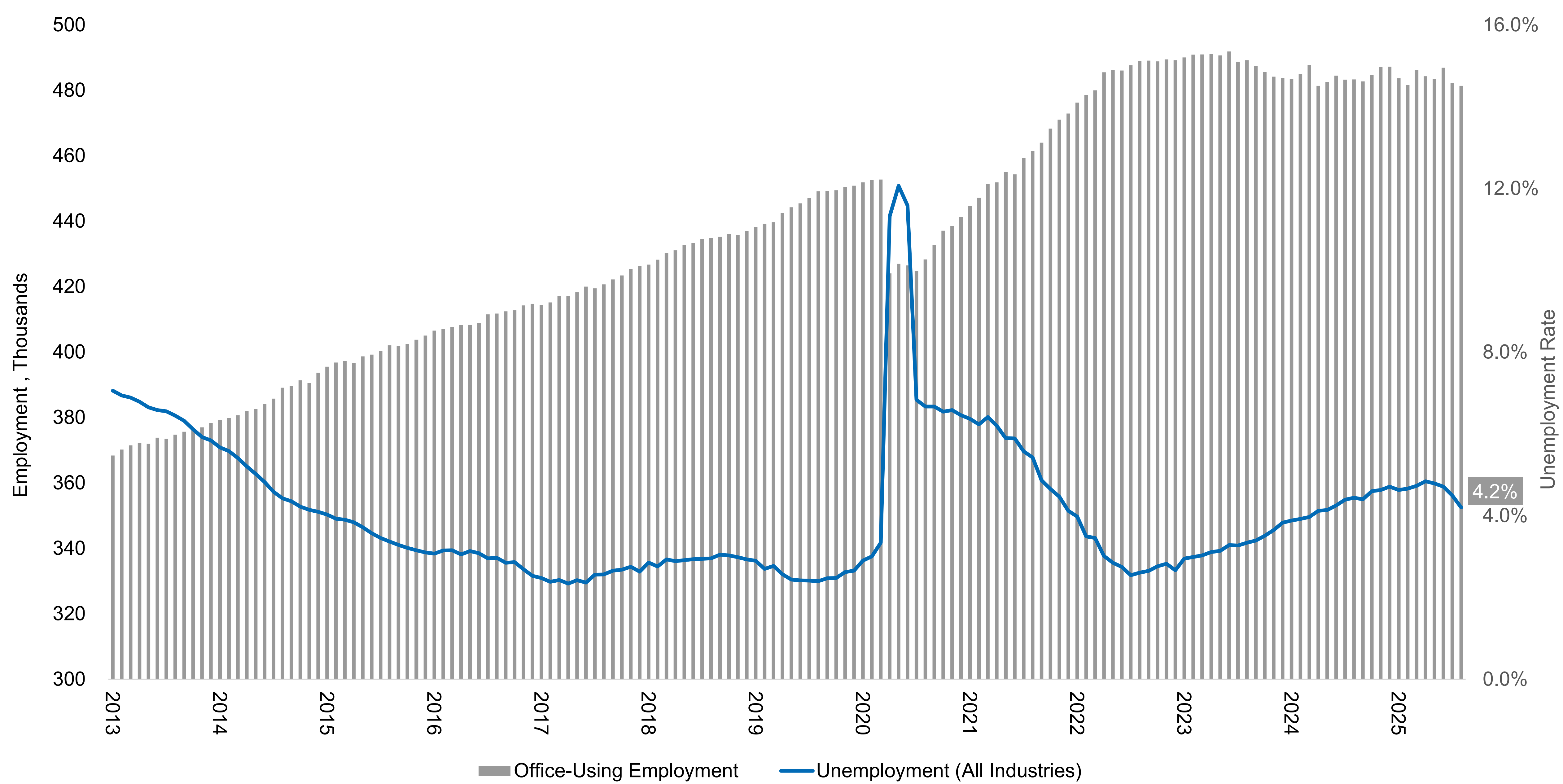


Source: U.S. Bureau of Labor Statistics, Denver MSA

Office-Using Employment Dips Amid Larger Employment Downturn

Employment in office-using sectors increased in June but then dropped the following two months, ending -0.4% year-over-year, despite unemployment also decreasing during the same time.

Office-Using Employment* and Unemployment Across All Industries



Source: U.S. Bureau of Labor Statistics, Denver MSA
Note: May 2025 data is preliminary.
*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

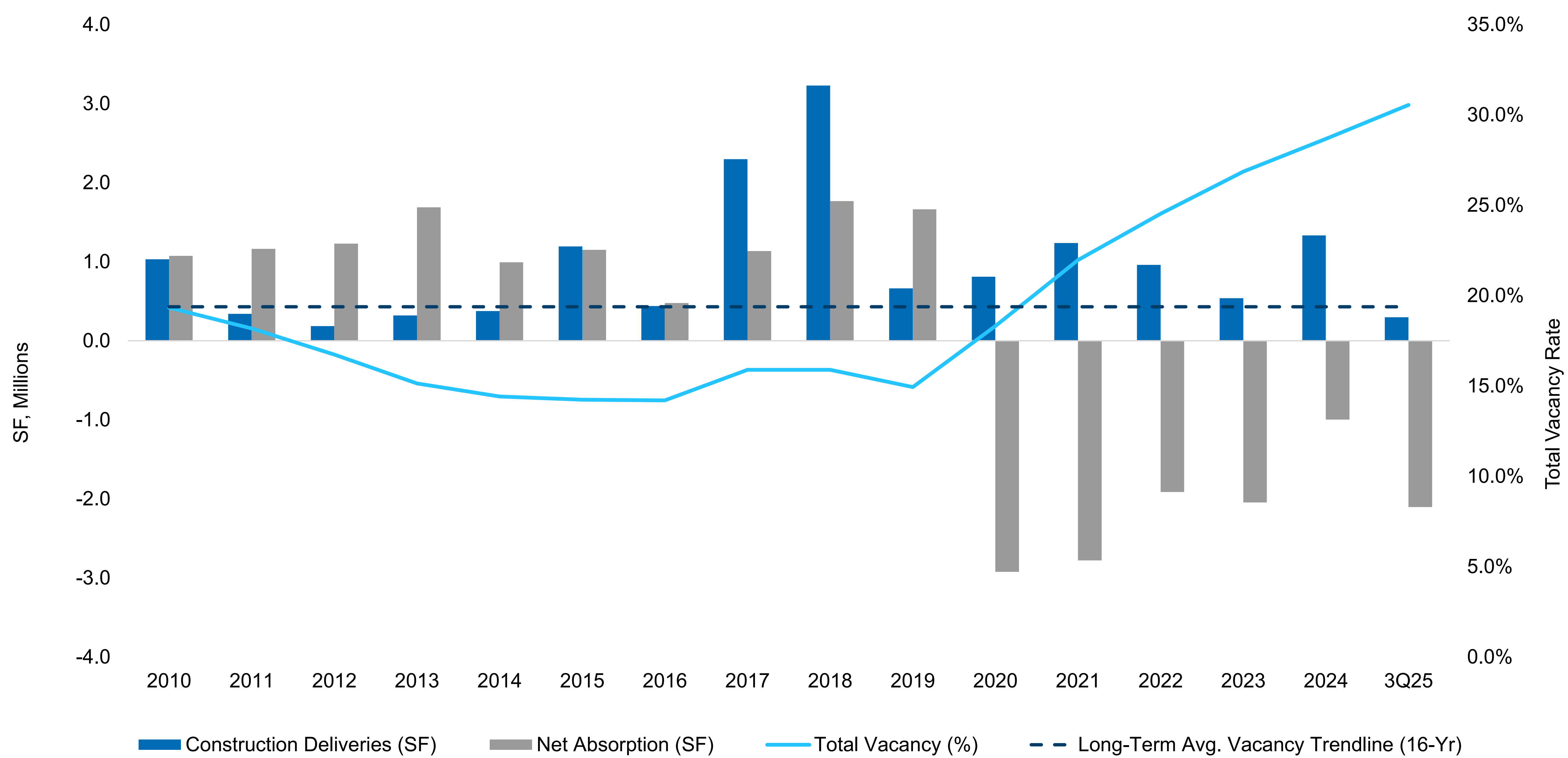
3Q25

Leasing Market Fundamentals

Tenants Favor Smaller Office Footprints as the Flight to Quality Remains Strong

Company acquisition and subsequent office closure combined with the persistent tenant trends of downsizing into higher-quality space and consolidation to keep absorption in the red and vacancy climbing. Vacancy only increased 23 basis points from the second quarter of 2025 and up 200 basis points year-over-year.

Historical Construction Deliveries, Net Absorption, and Vacancy

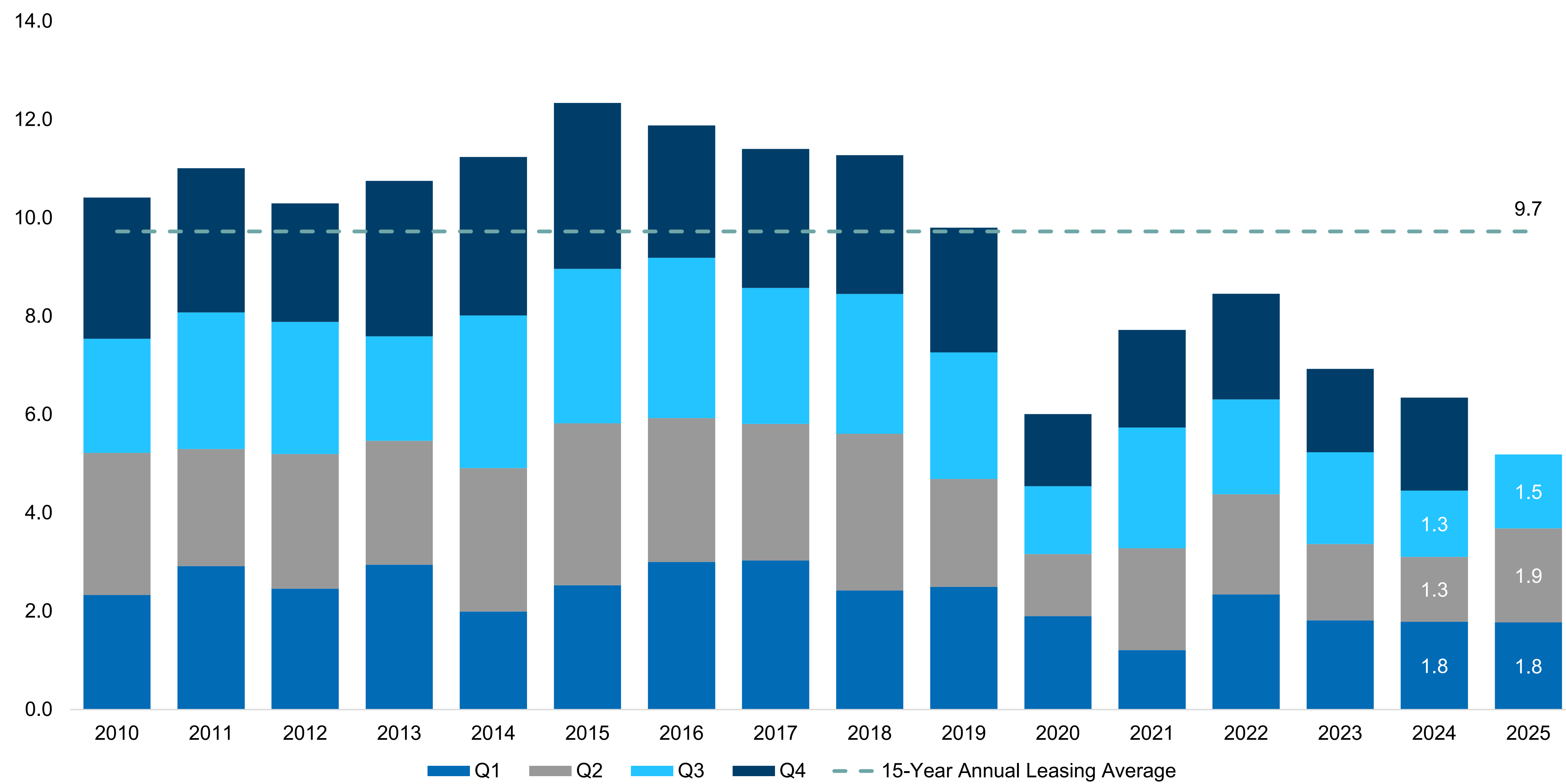


Source: Newmark Research

Total Space Leased Increases Compared to 3Q24

Both quarterly and year-to-date leasing activity increased from the prior year, putting 2025 on track to beat the totals for 2024 and possibly 2023. However, as renewals and downsizes continue to make a sizeable portion of total leases signed, the increased activity will not directly translate into absorption or a lower vacancy rate.

Total Leasing Activity (msf)



Source: Newmark Research, CoStar

Fewer Leases Signed YTD But Trail 2024 Annual Average Lease Size

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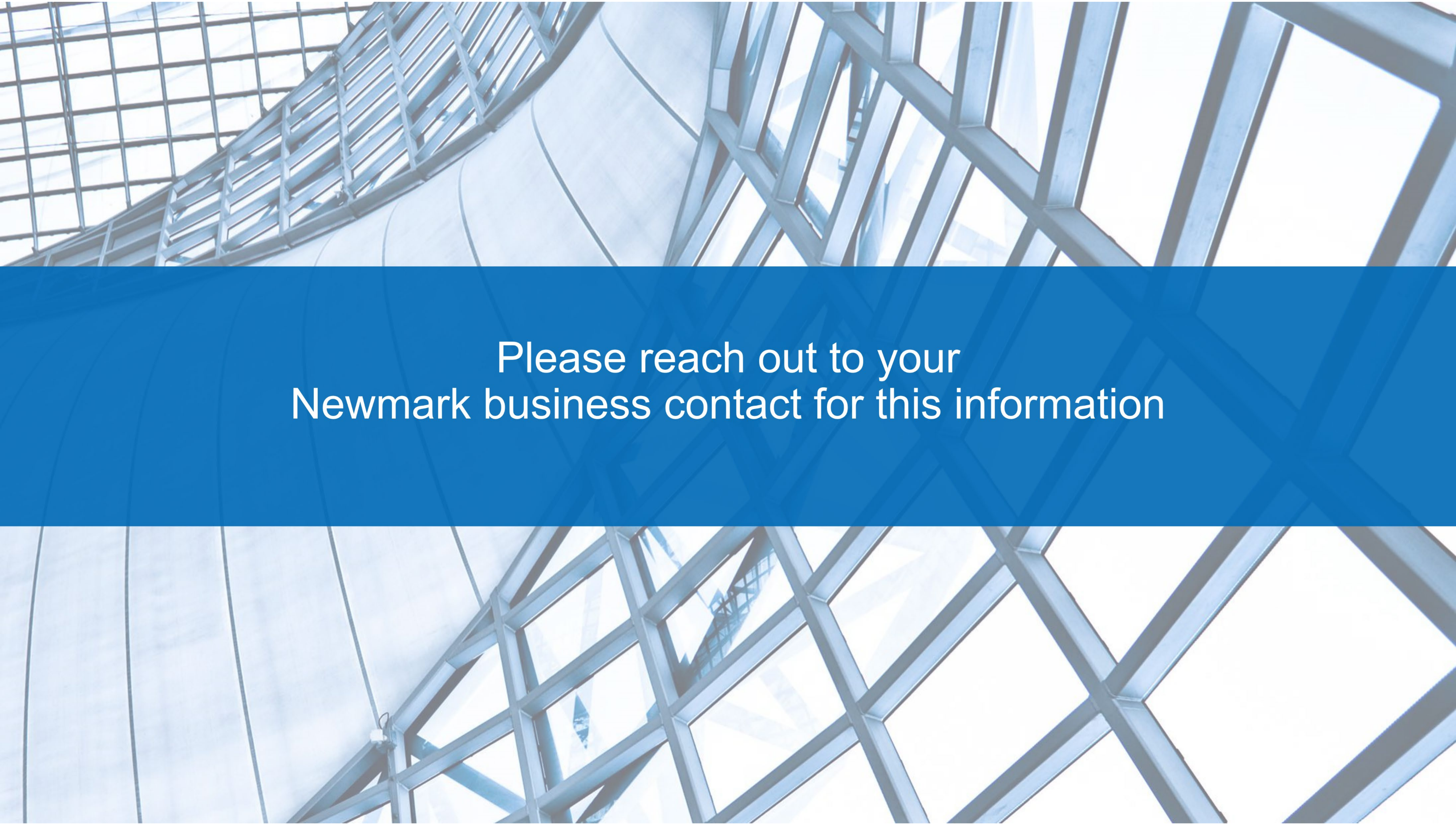
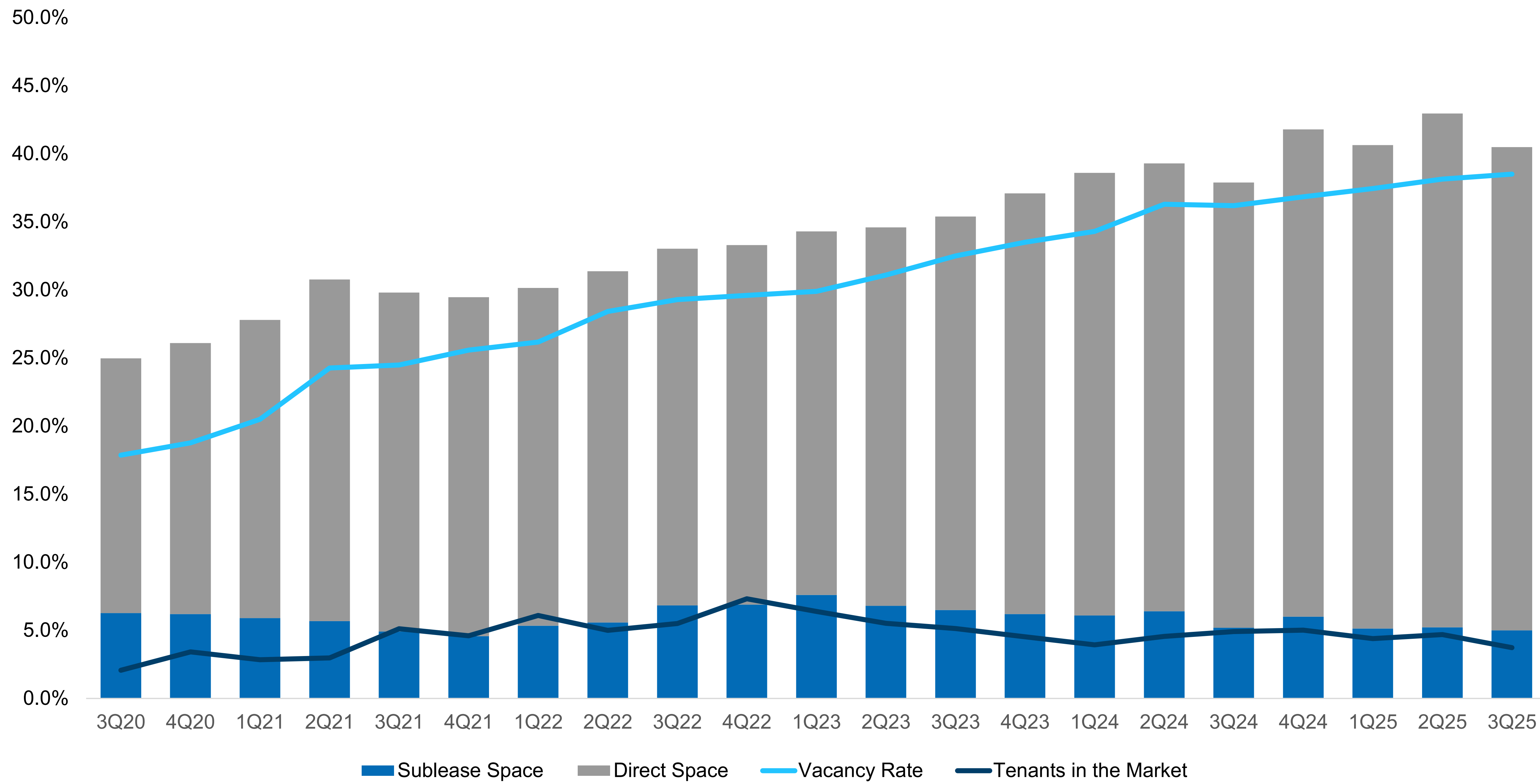
Leasing Activity Increases for a Majority of Submarkets in 3Q25



Downtown Availability Decreases From the Previous Quarter

Although vacancy continues to incrementally climb, availability decreased from the prior quarter to similar levels seen at the start of the year. Further quarters will reveal if the submarket is reaching a plateau or if this is simply a momentary dip before more space enters the market.

Available Space and Tenant Demand as Percent of Downtown Market



Source: Newmark Research, CoStar

Vacancy Increased In All But Two Submarkets

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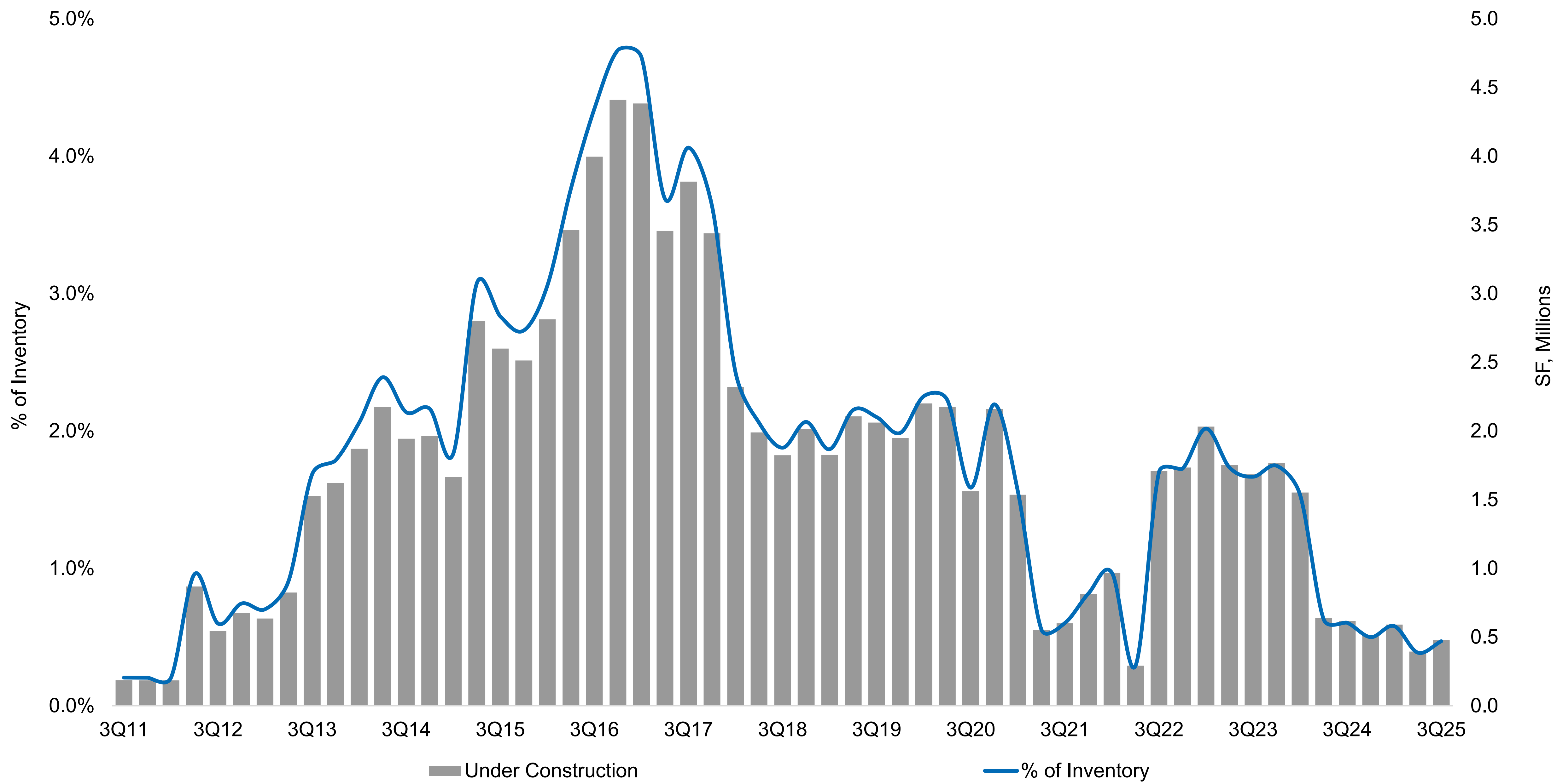
Vacancy and Limited Demand Keep Pipeline Constrained

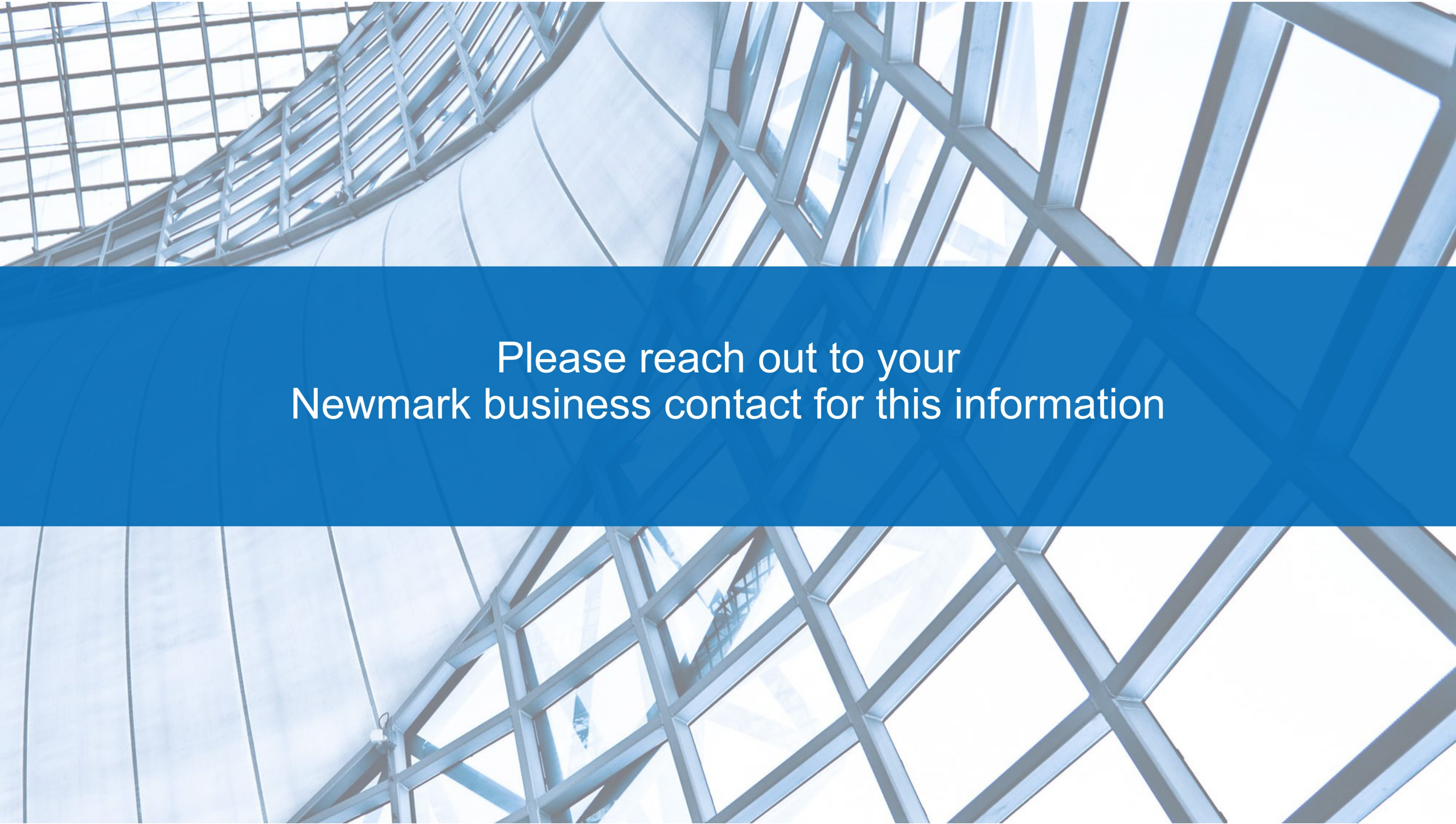
Only projects that secure preleases for more than half of the space prior to breaking ground are drawing interest from capital providers. This concentrates development in strong-demand locations, leaving projects in weaker markets to seek supplemental funding or reduce their scope to hit the required preleasing marks.

Office Under Construction and % of Inventory



Source: Newmark Research, CoStar

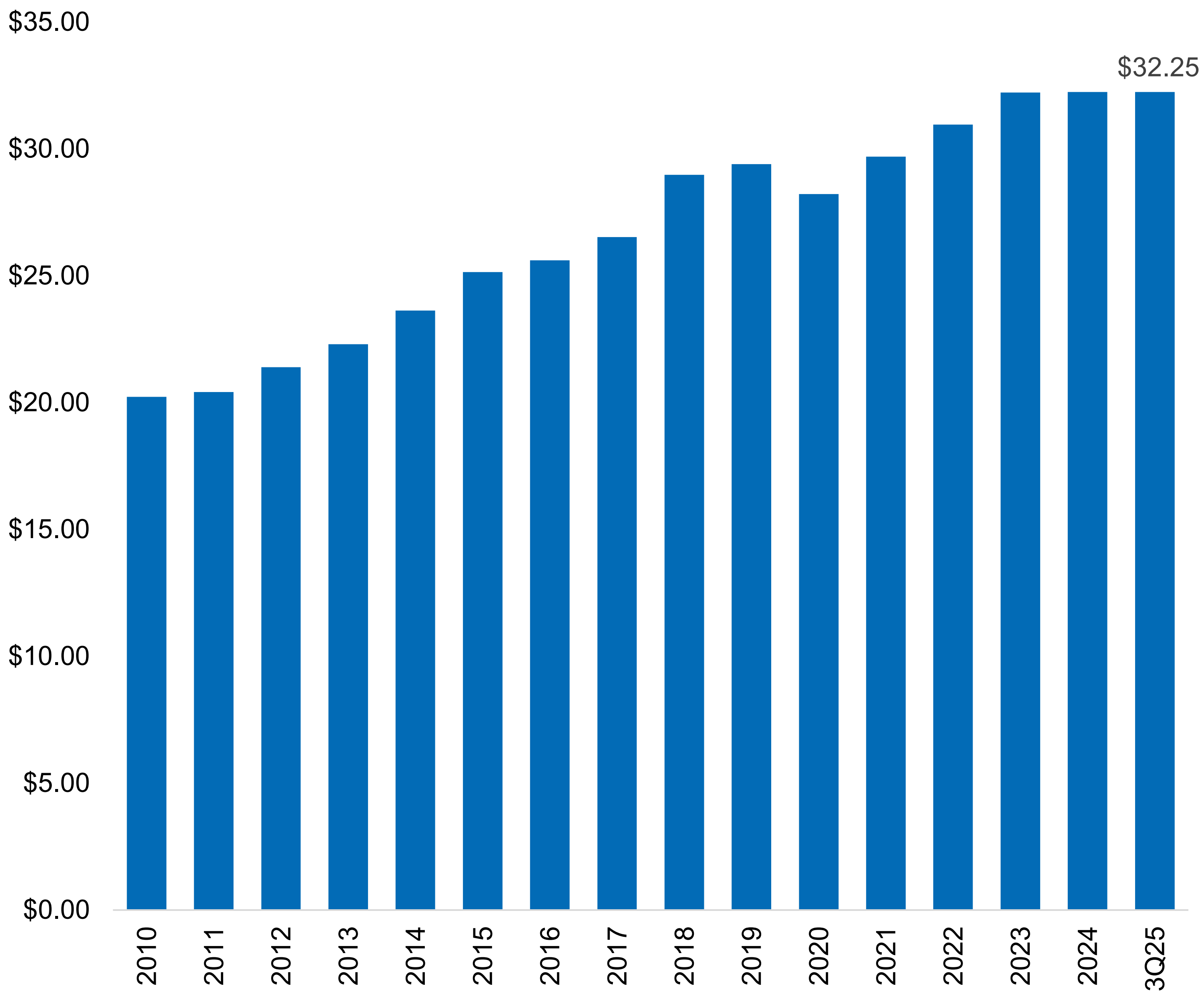
Cherry Creek Drives the Development Pipeline



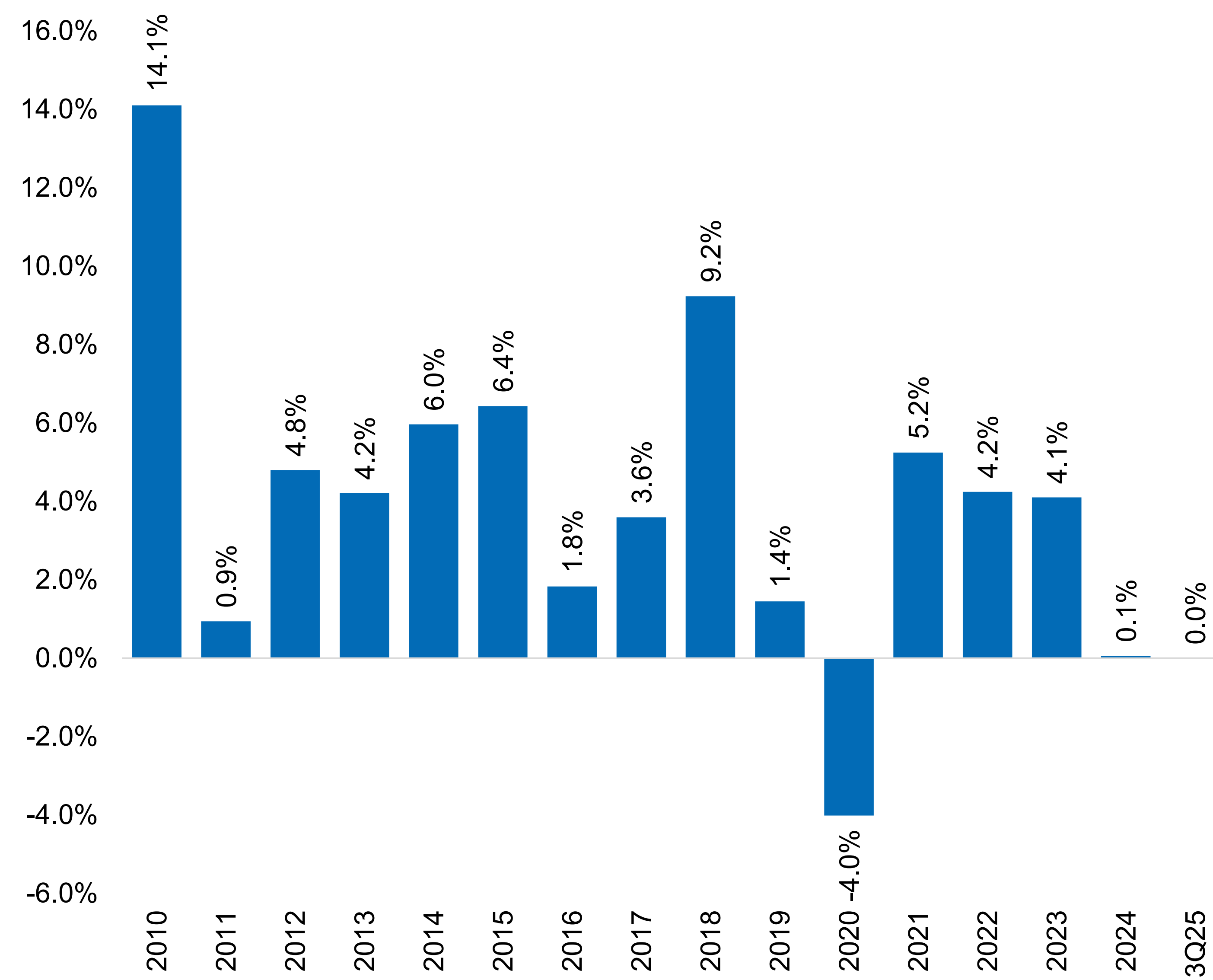
Median Rates Hold Steady Despite Headwinds

Tenants continue to prioritize expensive amenities and build-outs when selecting new office locations, leaving landlords unable to drop rents to justify the cost of attracting new leases.

Office Median Asking Rent, $/SF, FS



Year-over-Year Asking Rent Growth Rate

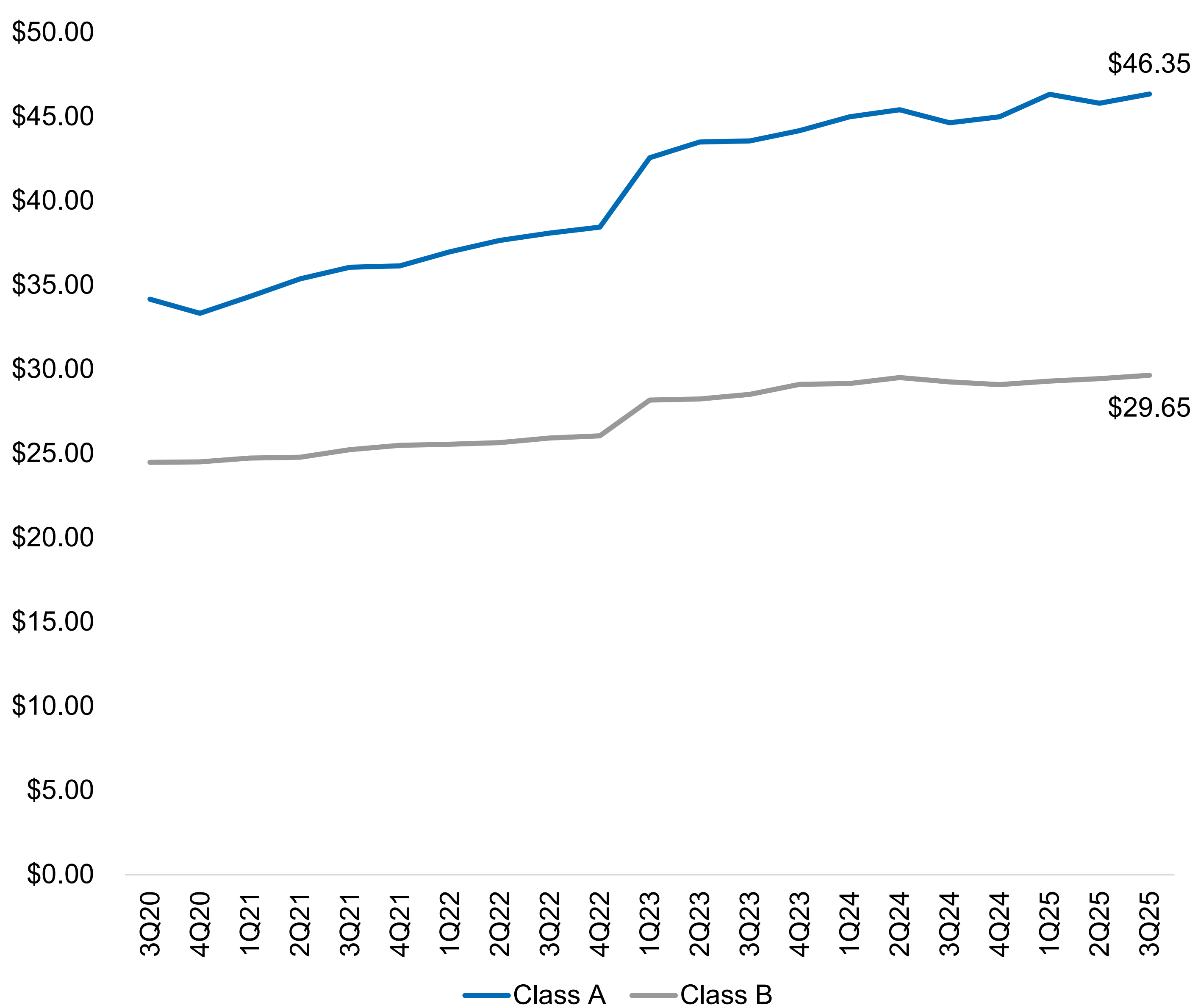


Source: Newmark Research

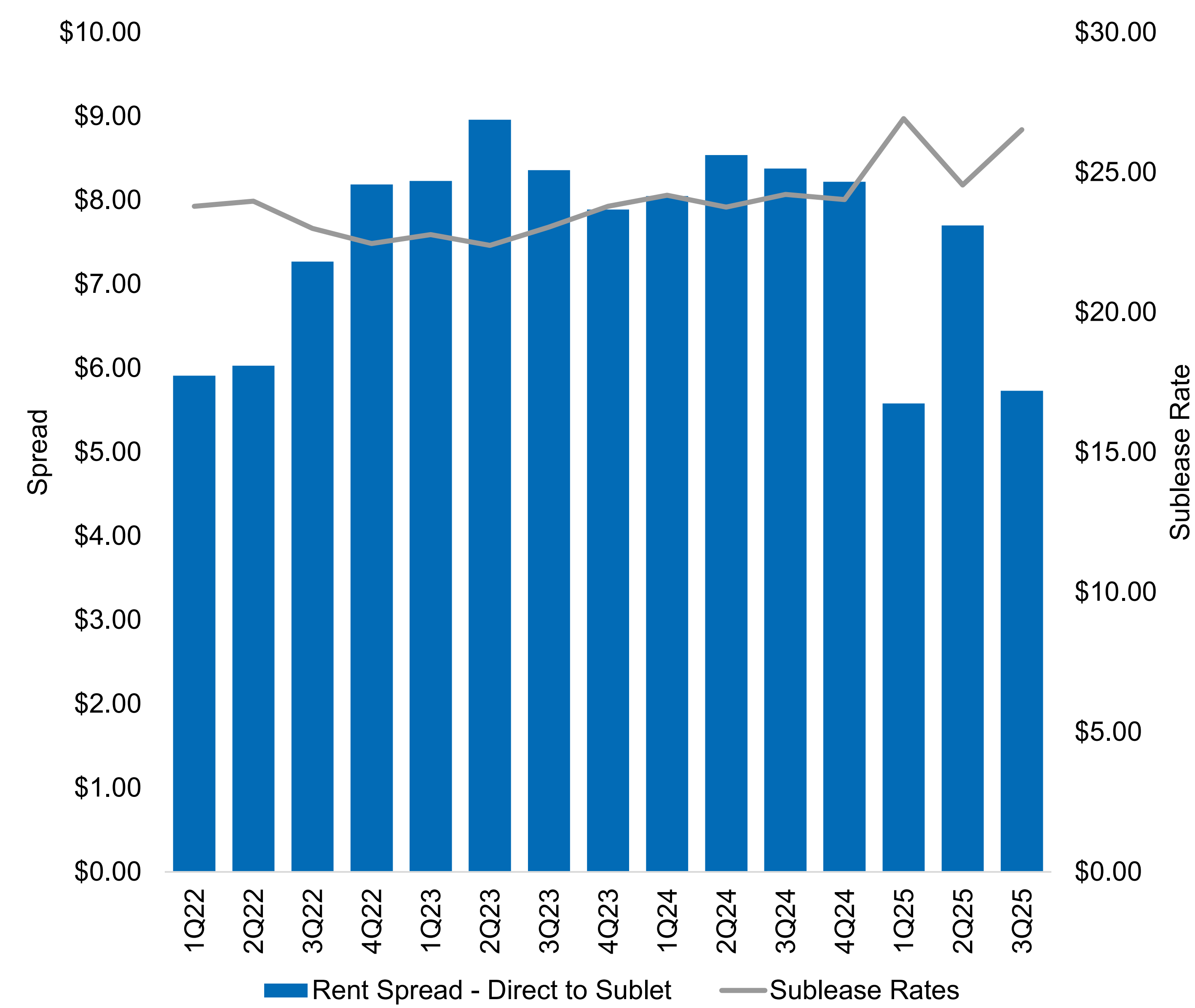
Class A & B Median Asking Rates Increase Marginally

Although the overall median asking rate remains unchanged, both Class A and B saw modest increases from the prior quarter, by 120 and 68 basis points, respectively. With the flight to quality still a dominant drive of tenant activity, it is unlikely that the increased vacancy rate will result in significant rate drops and other concessions will be made to get deals over the finish line.

Class A and Class B Median Asking Rents

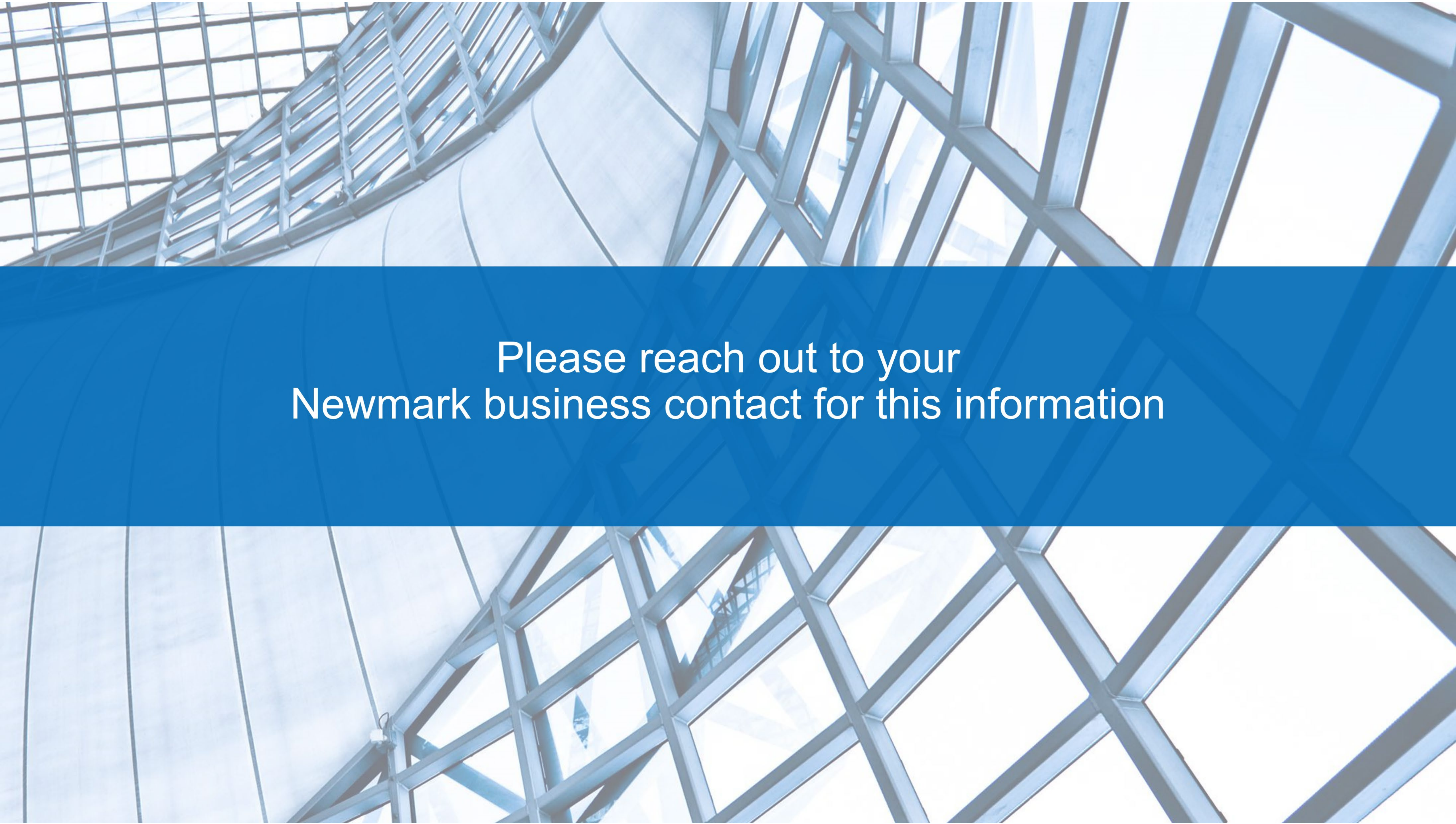


Sublease Rates



Source: Newmark Research, CoStar

Variety of Variables Driving Year-Over-Year Asking Rate Growth



Notable 3Q25 Lease Transactions

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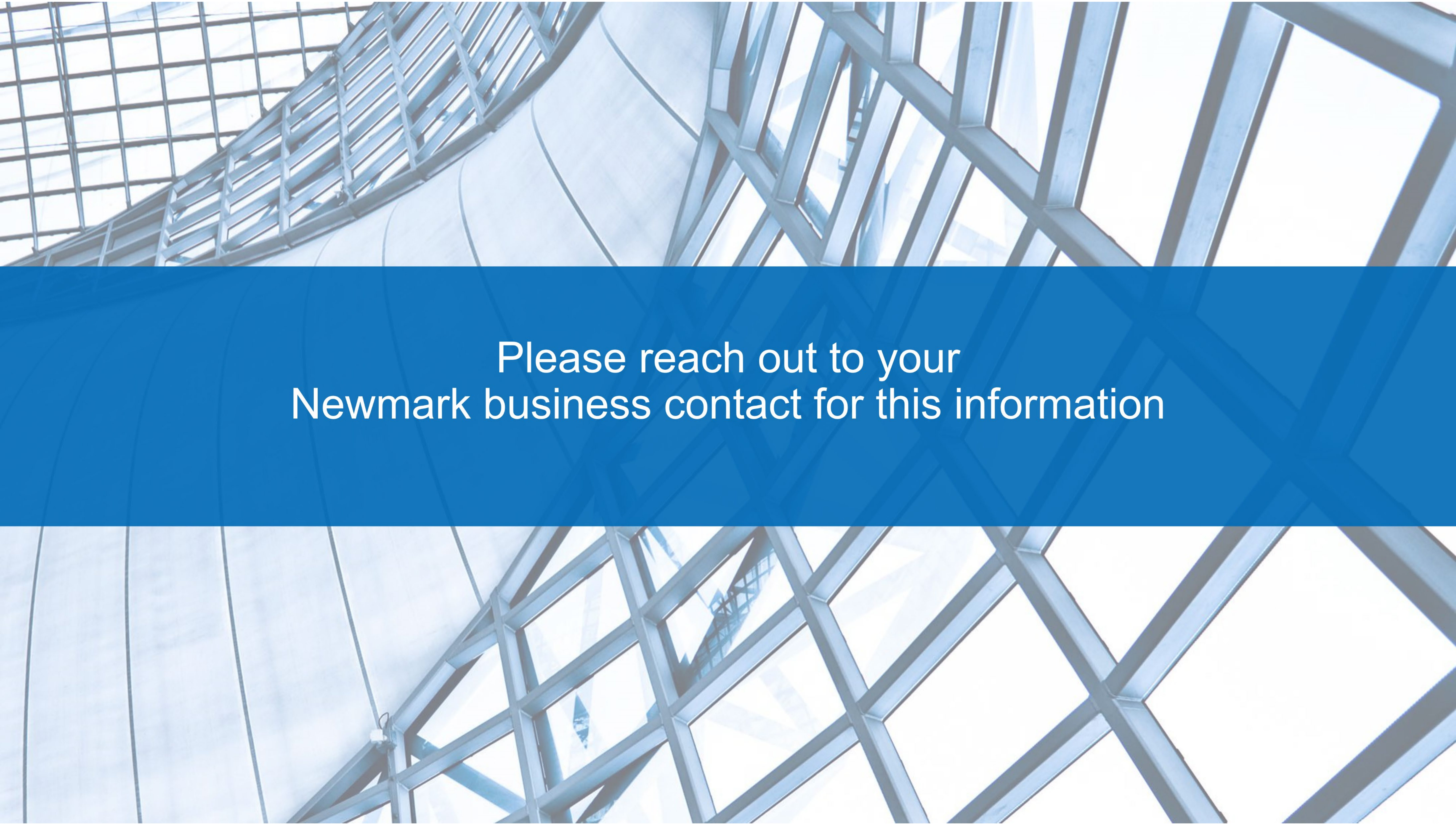
Tenant	Building(s)	Submarket	Type	Square Feet
EOG Resources	1550 17th Street	Downtown	Direct New	99,420
Will be occupying the 3rd-6th floors in 3Q 2027.				
Black & Veatch	6380 South Fiddlers Green Circle	Southeast Suburban	Direct New	43,058
Growing from previous office size of 27,000 SF at 4600 South Syracuse Street.				
Gen II	6900 Layton Avenue	Southeast Suburban	Renewal	36,452
No change in square footage.				
KSL Partners	100 St Paul	Midtown	Renewal	35,454
5-year renewal.				
Yield Solutions Group	7958 South Chester Street	Southeast Suburban	Direct New	31,758
6-year lease for the entire 3rd floor.				

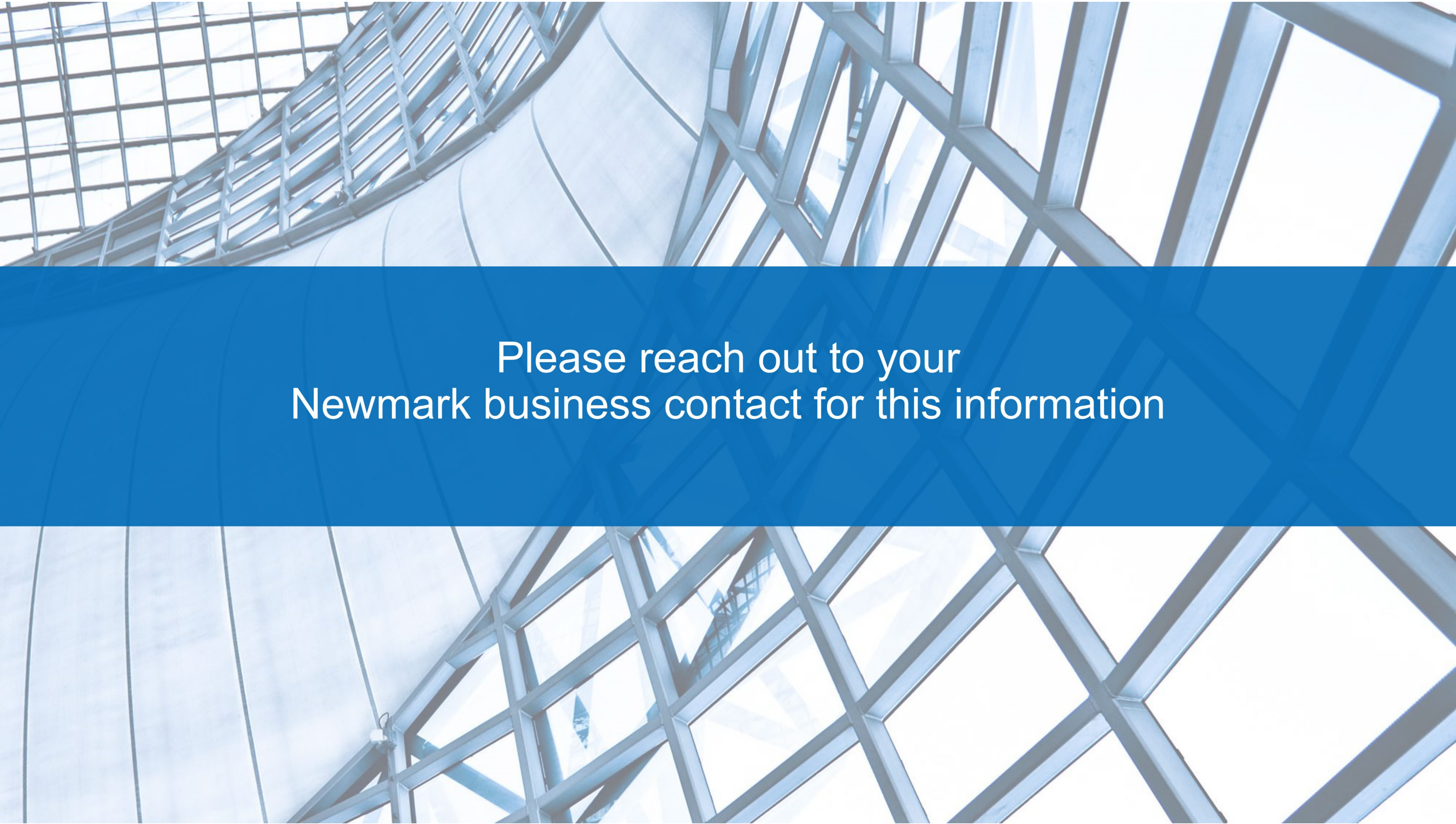
Source: Newmark Research

Appendix

Submarket Overview



Downtown Submarket Overview Page #1



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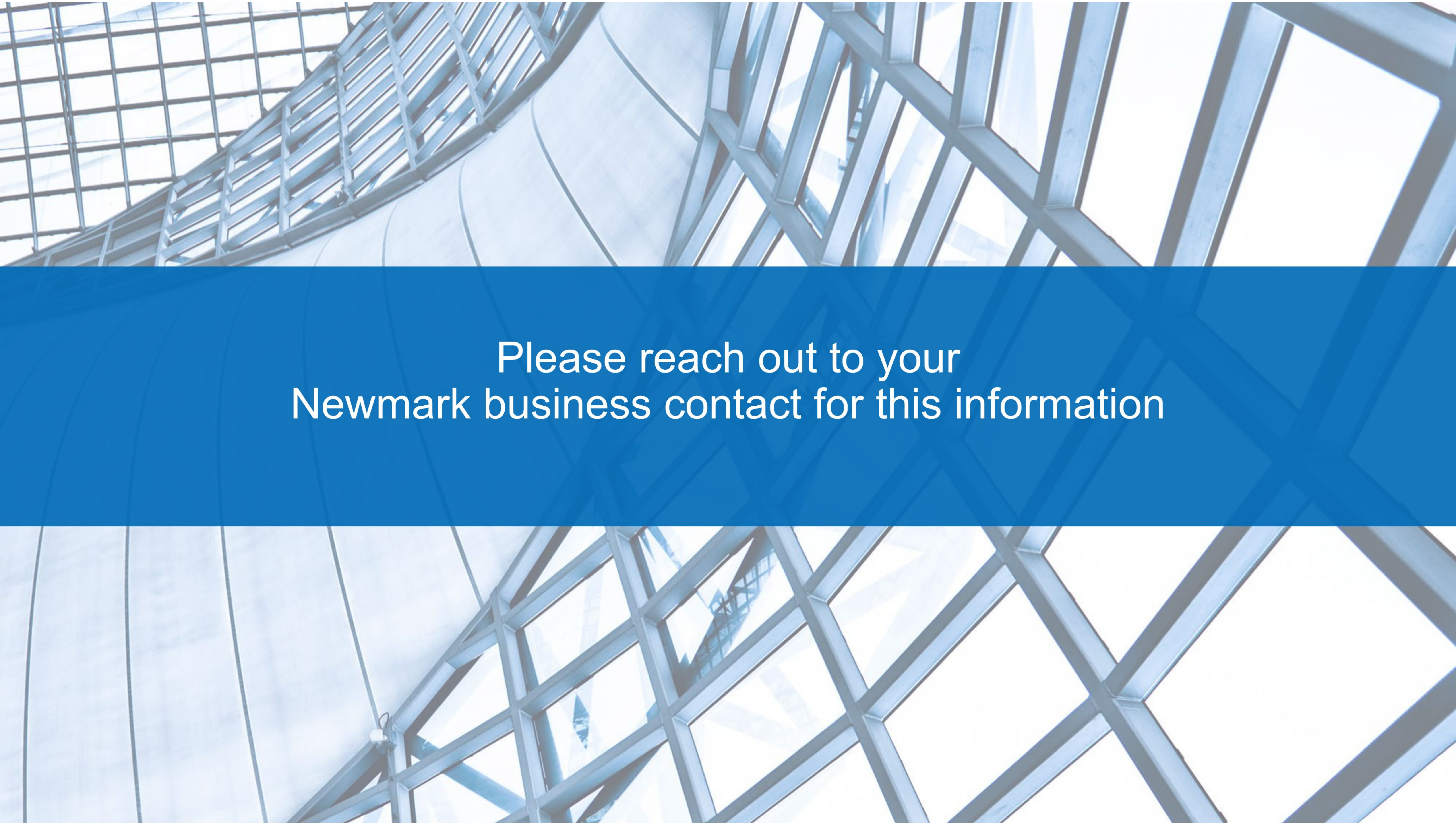
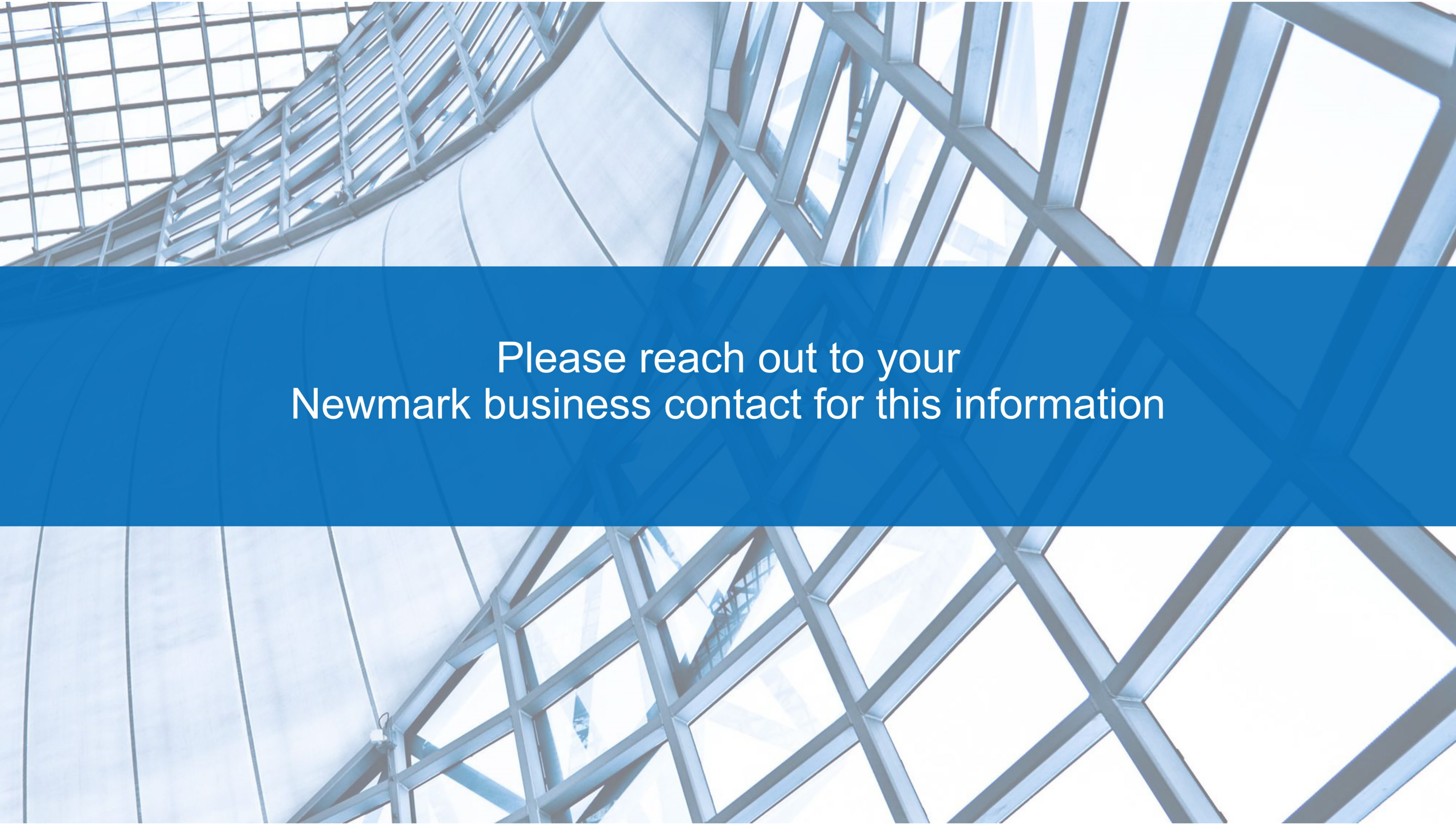
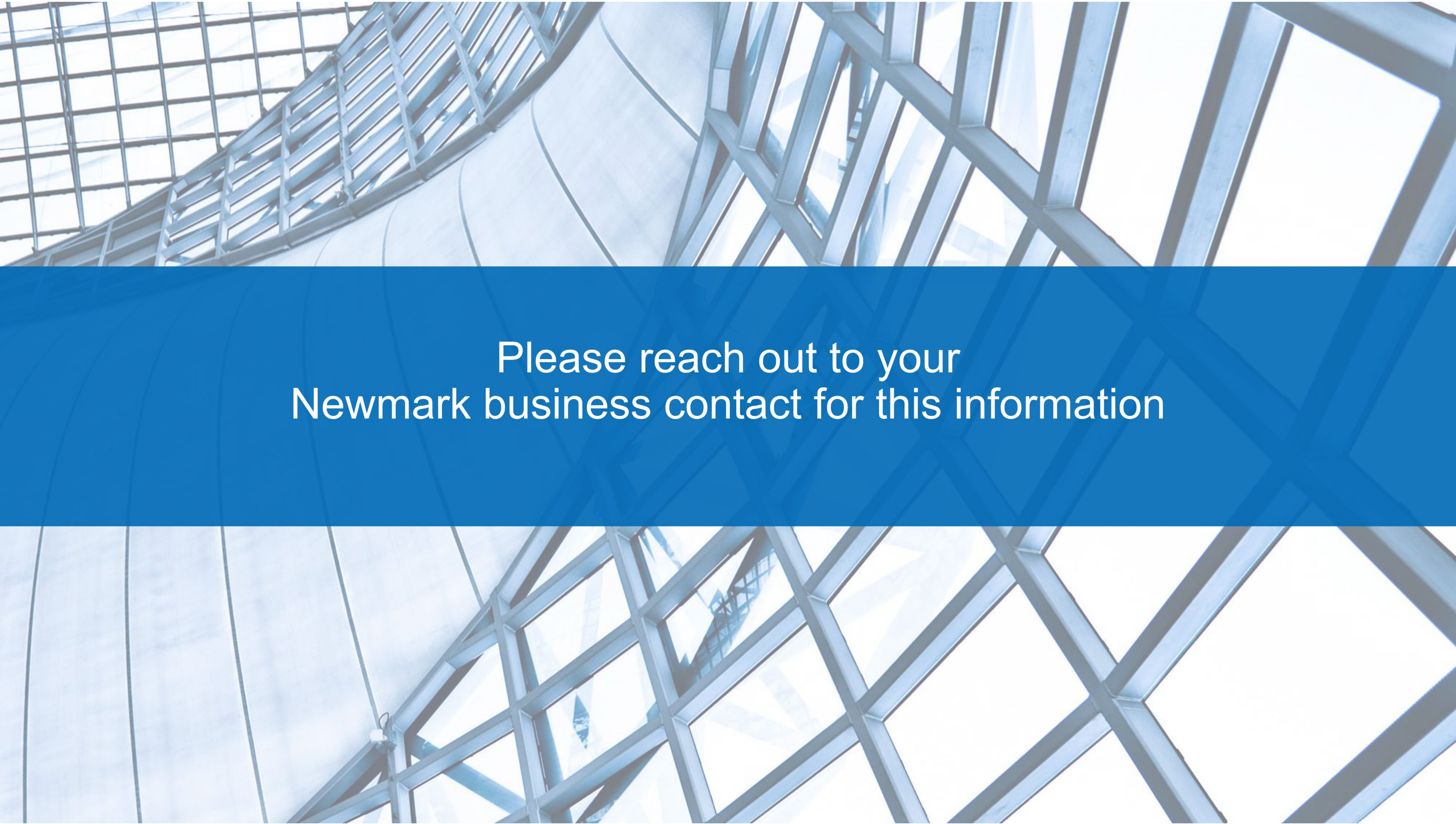
Downtown Submarket Overview Page #2



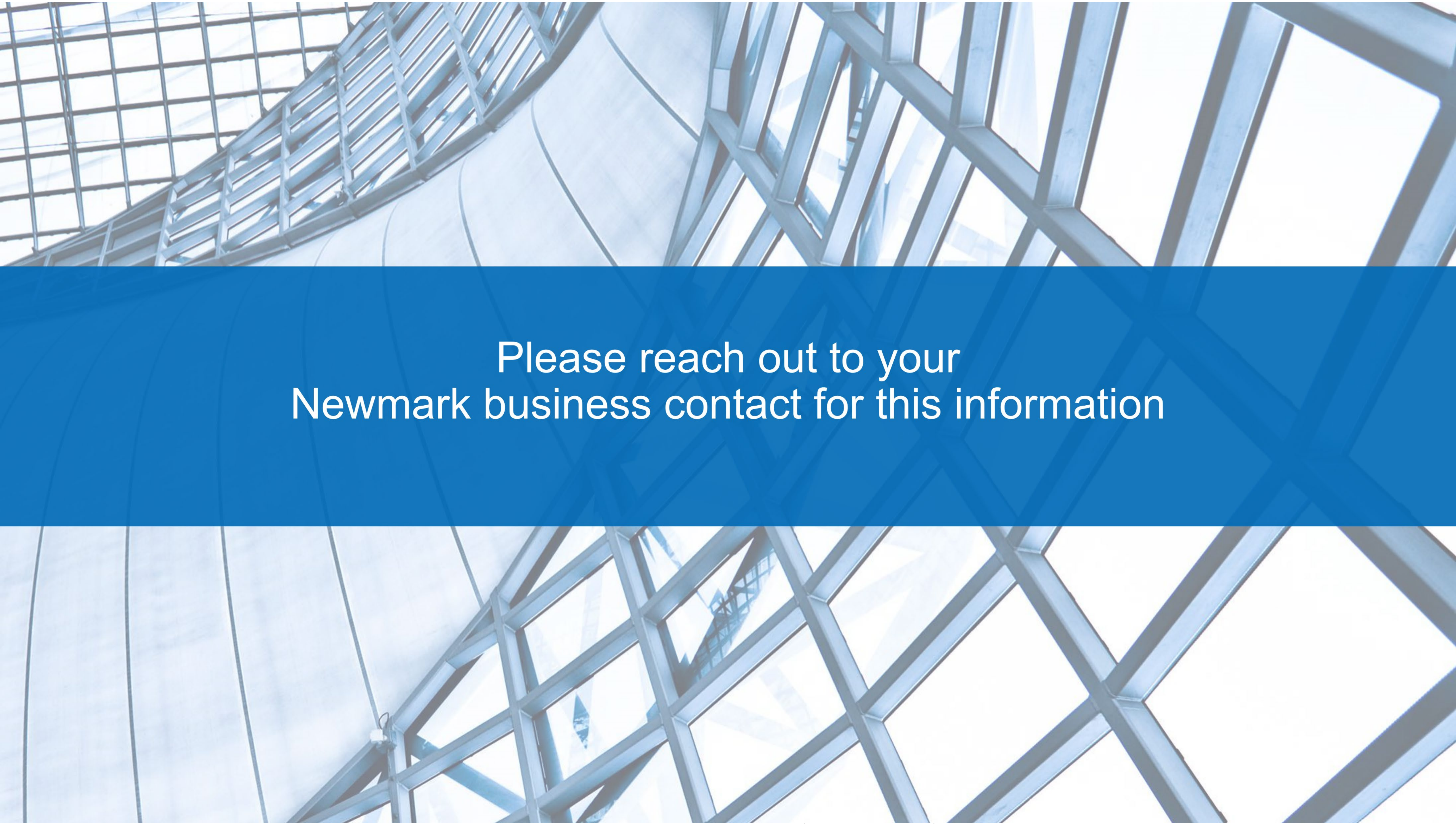
Southeast Suburban Submarket Overview Page #1



Southeast Suburban Submarket Overview Page #2



Denver - Submarket Map



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