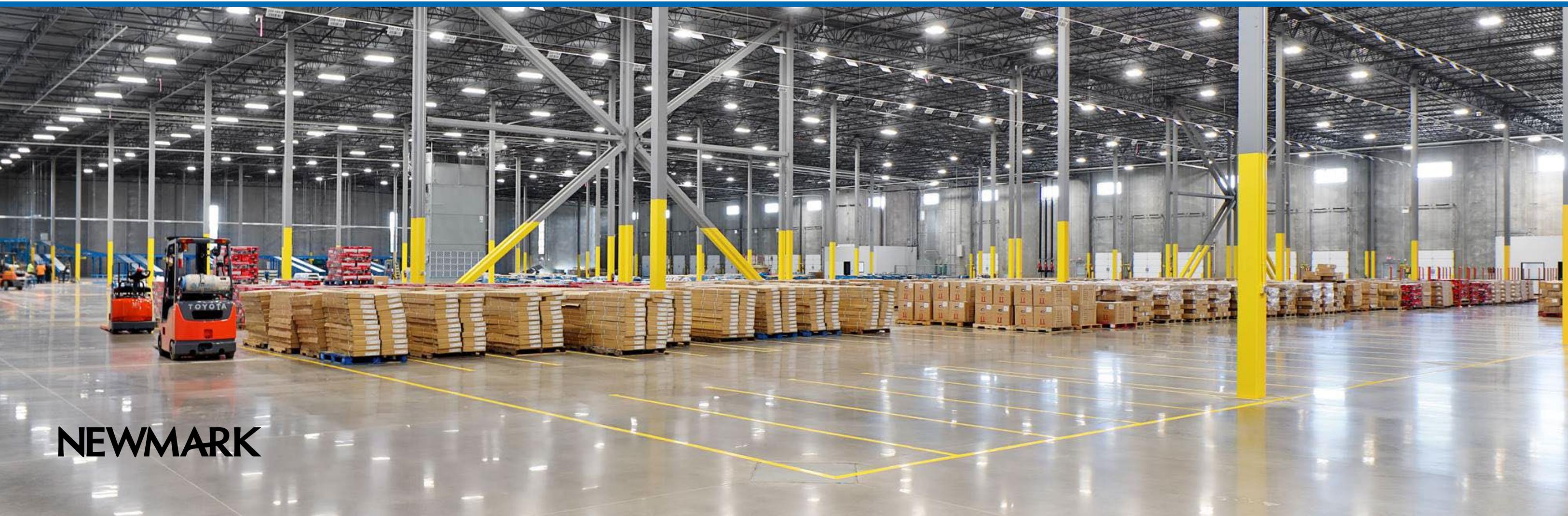


4Q24

Denver Industrial Market Overview



NEWMARK

Market Observations

Economy

- The region’s unemployment increased to slightly above the national rate, but job growth, healthy GDP and an increase in business-entity renewal create a sense of cautious optimism.
- Despite sluggish job growth overall, the construction sectors posted the third highest increase in employment of any sector, behind only education and health as well as government sectors and more than professional and business services.
- Following the election, confidence in the economy grew across multiple studies and industry groups, including the Commercial Real Estate Finance Council Board of Governors and the University of Colorado Leeds School of Business’ Confidence Index.

Major Transactions

- Amazon occupied the entire 305,000 SF Dove Valley Logistics Center II in the Southeast submarket.
- The largest sale of the quarter was the purchase of Central Park Logistics Center Buildings 1 & 2 in the East submarket for \$100.1M or \$144/SF by Property Reserve, Inc.
- Whole Foods’ 137,000 SF build-to-suit was the third building to deliver this quarter and was fully occupied upon completion.

Leasing Market Fundamentals

- Closing the year, quarterly absorption recorded a healthy 1.1M SF and annual absorption to 2.9M SF.
- Vacancy decreased from the prior quarter again to 9.1%, indicative of the slowing speculative pipeline, and only increased year-over-year by 72 basis points.
- Leasing activity decreased slightly from the previous quarter but was still higher than either of the first two quarters of 2024.

Outlook

- The Industrial market has largely stabilized compared to other asset classes and is projected to continue with healthy absorption and a slowing pipeline, along with an increase in both investment activity and owner-user interest.
- In the near term, Green Street’s Industrial Outlook predicts that demand and rental rates will remain stable for the first half of 2025, after which demand will begin to pick up.
- Construction is expected to see some of the largest job growth, according to the University of Colorado Leeds School of Business’ 2025 Colorado Business Economic Outlook, along with manufacturing.

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

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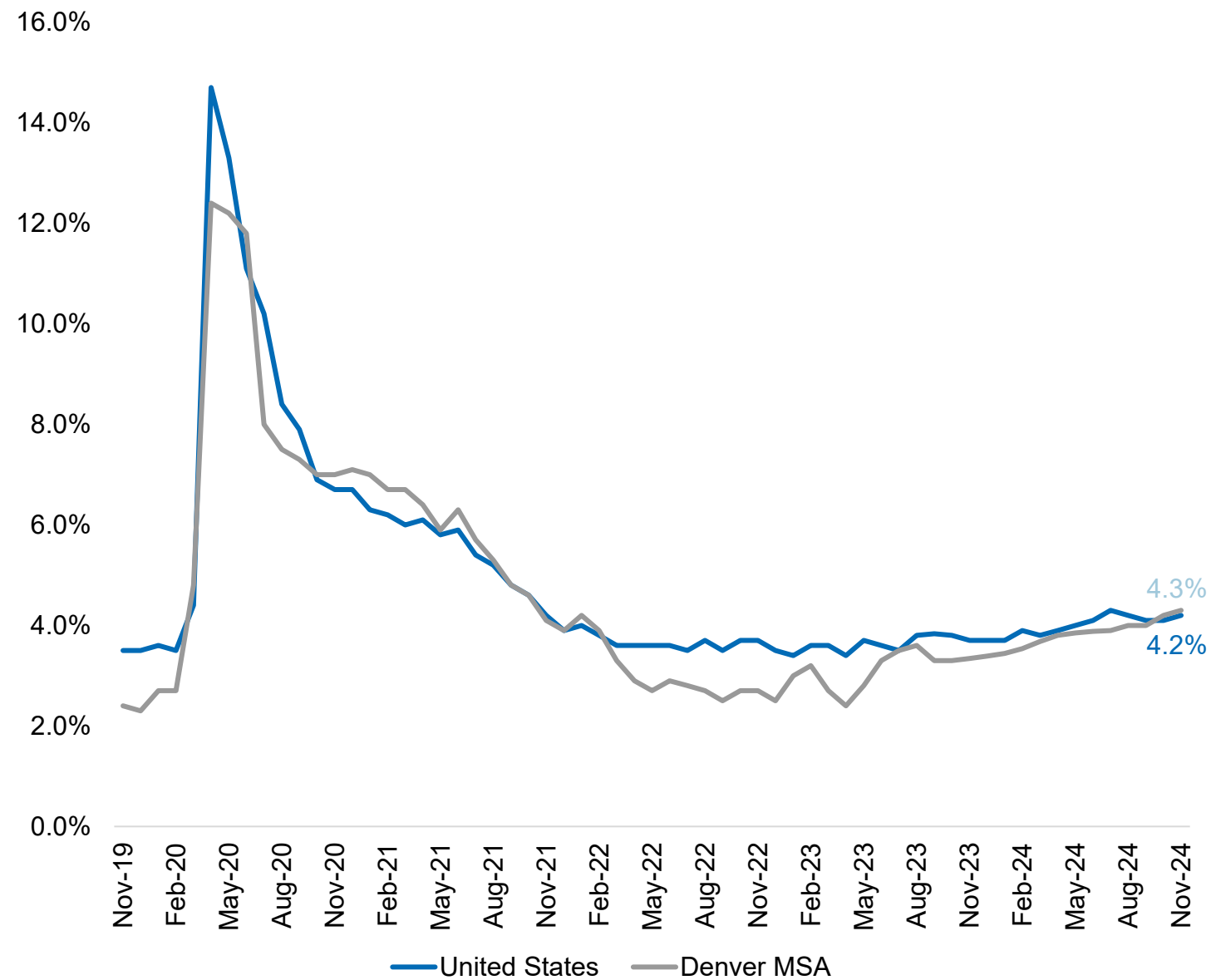
Economy



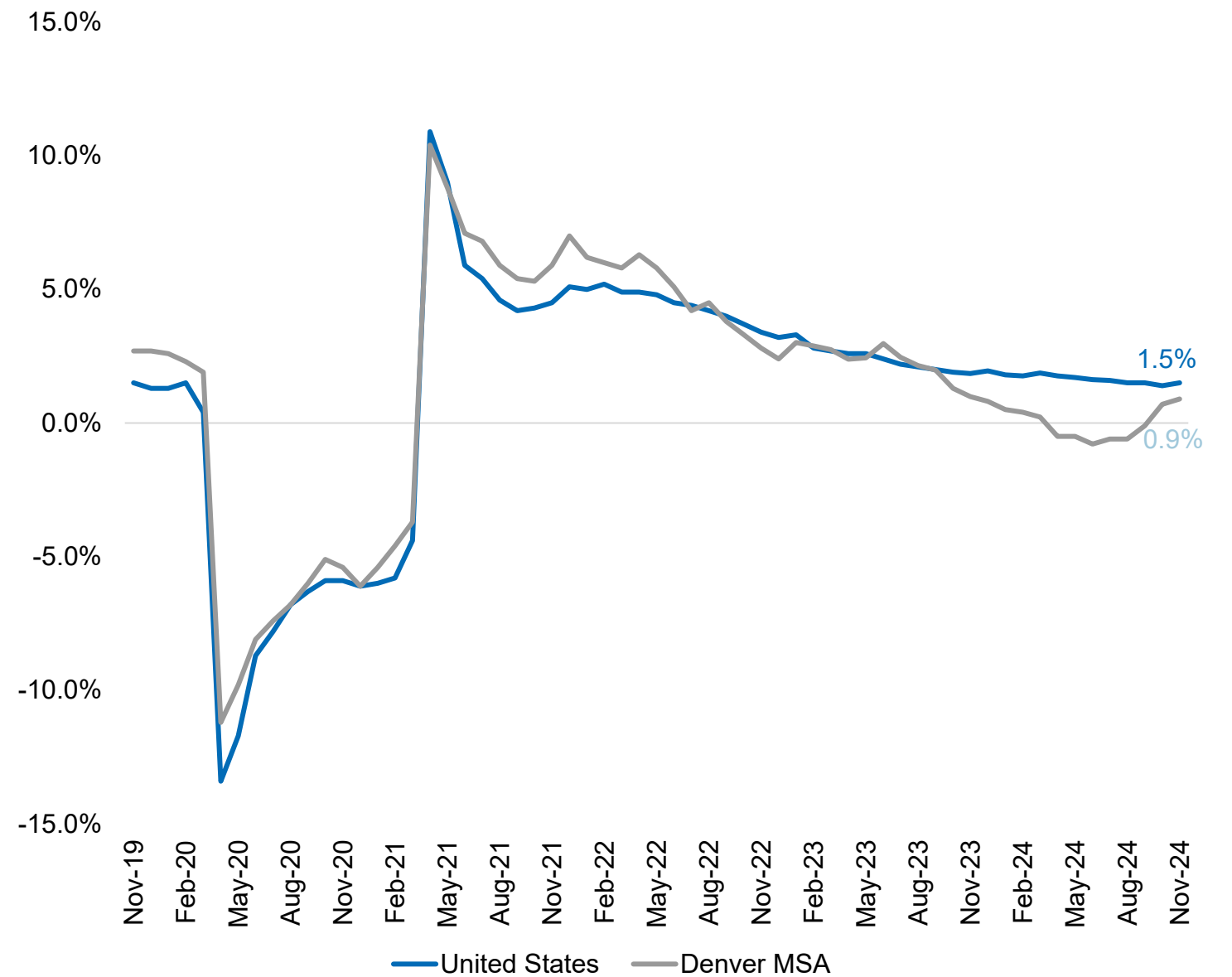
Denver Adds Jobs but Also Sees Unemployment Rise

Denver job growth returned in the first two months of the fourth quarter, despite unemployment rising just above the national rate. Despite the increase in unemployment, Colorado still has the 4th highest seasonally adjusted labor force participation rates, behind only North Dakota, Nebraska and Utah.

Unemployment Rate, Seasonally Adjusted



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

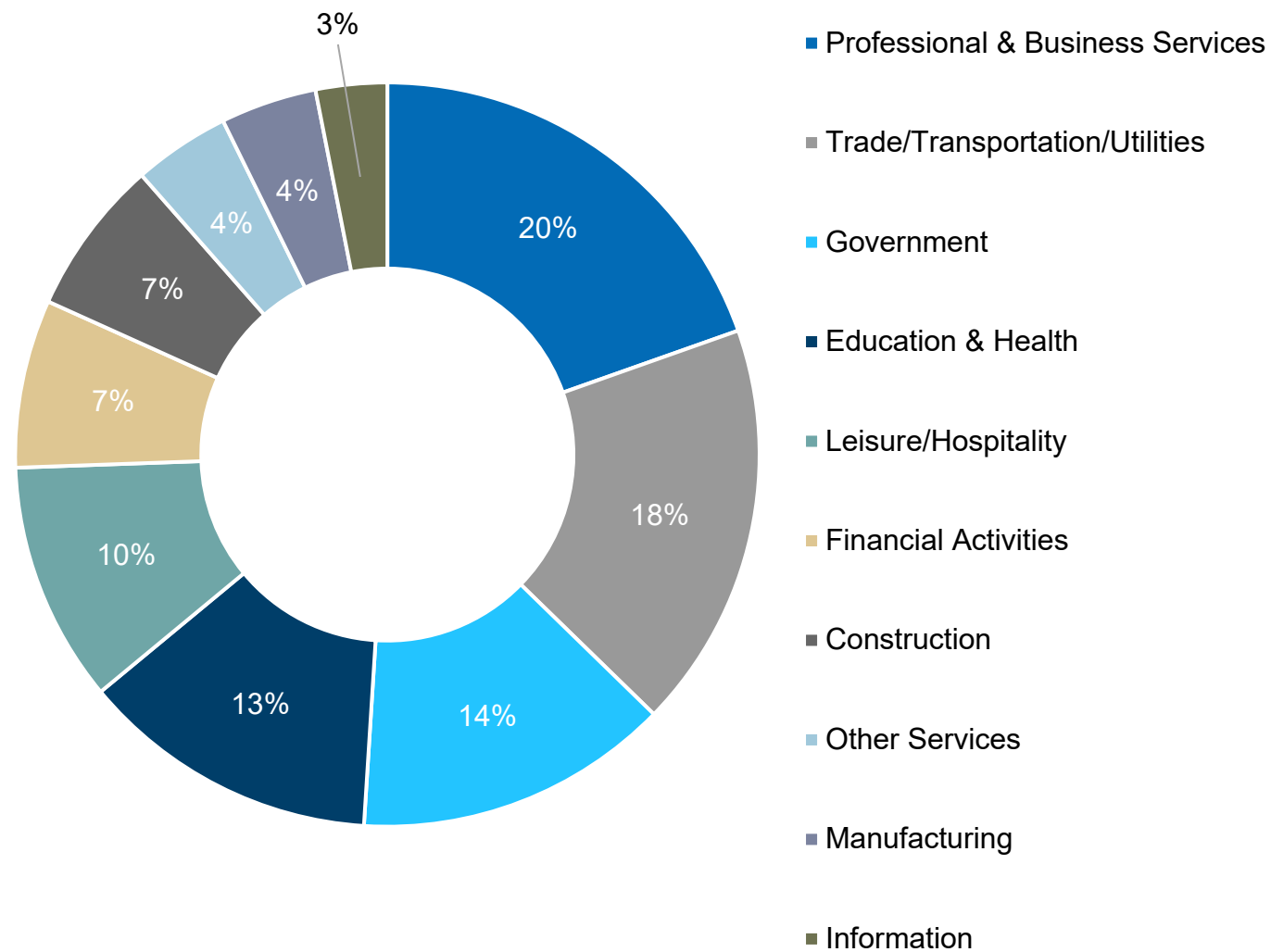


Source: U.S. Bureau of Labor Statistics, Denver MSA

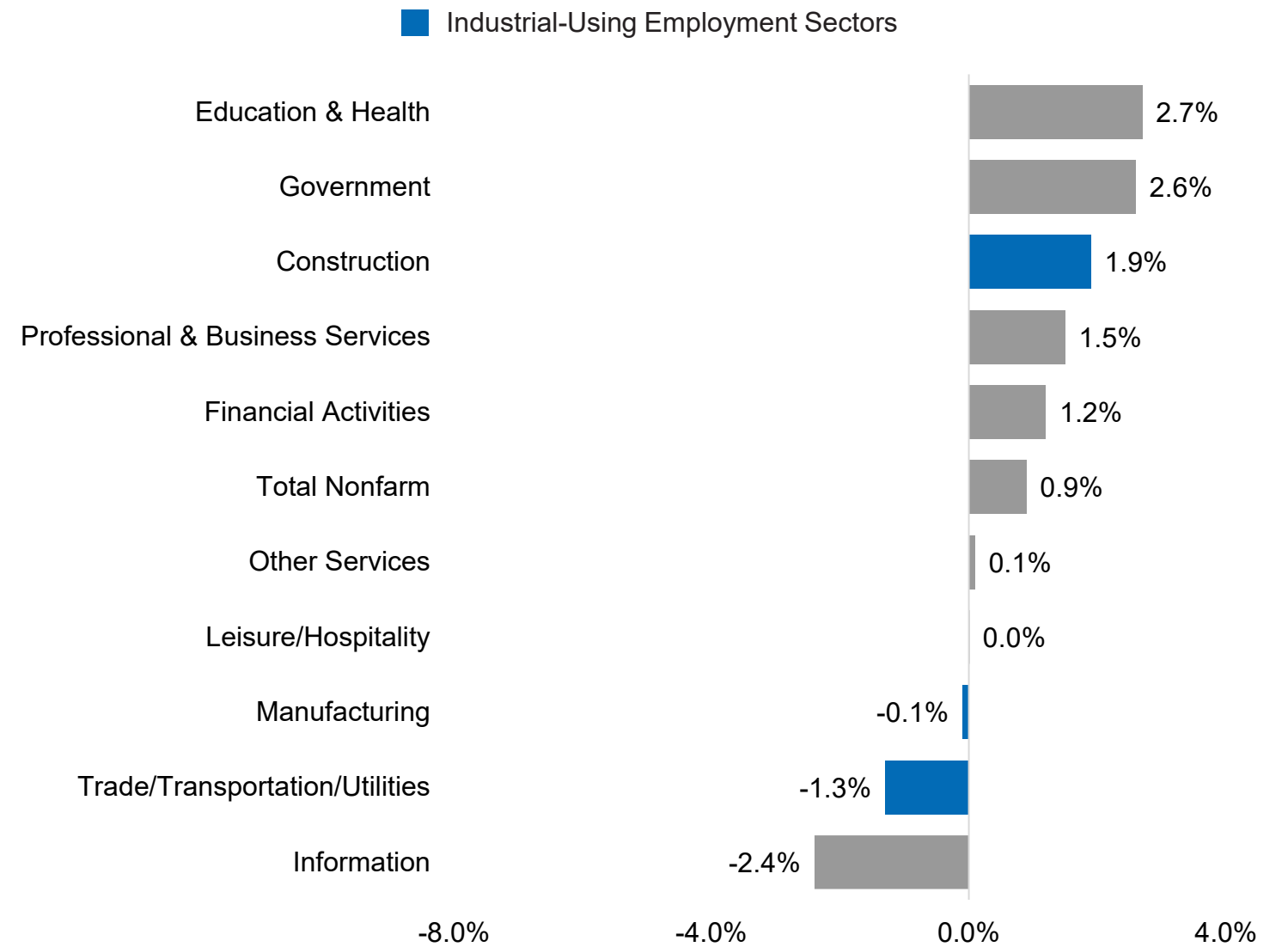
Construction Adds Over 2,000 New Jobs Year-Over-Year

Construction employment rebound in the last quarter, posting year-over-year job growth, while trade, transportation and utilities was the only industrial-using sector to see a significant drop in employment. The University of Colorado Leeds School of Business' 2025 Colorado Business Economic Outlook specifically mentioned construction and manufacturing as sectors where job growth is expected in 2025.

Employment by Industry, November 2024(p)



Employment Growth by Industry, 12-Month % Change, November 2024(p)

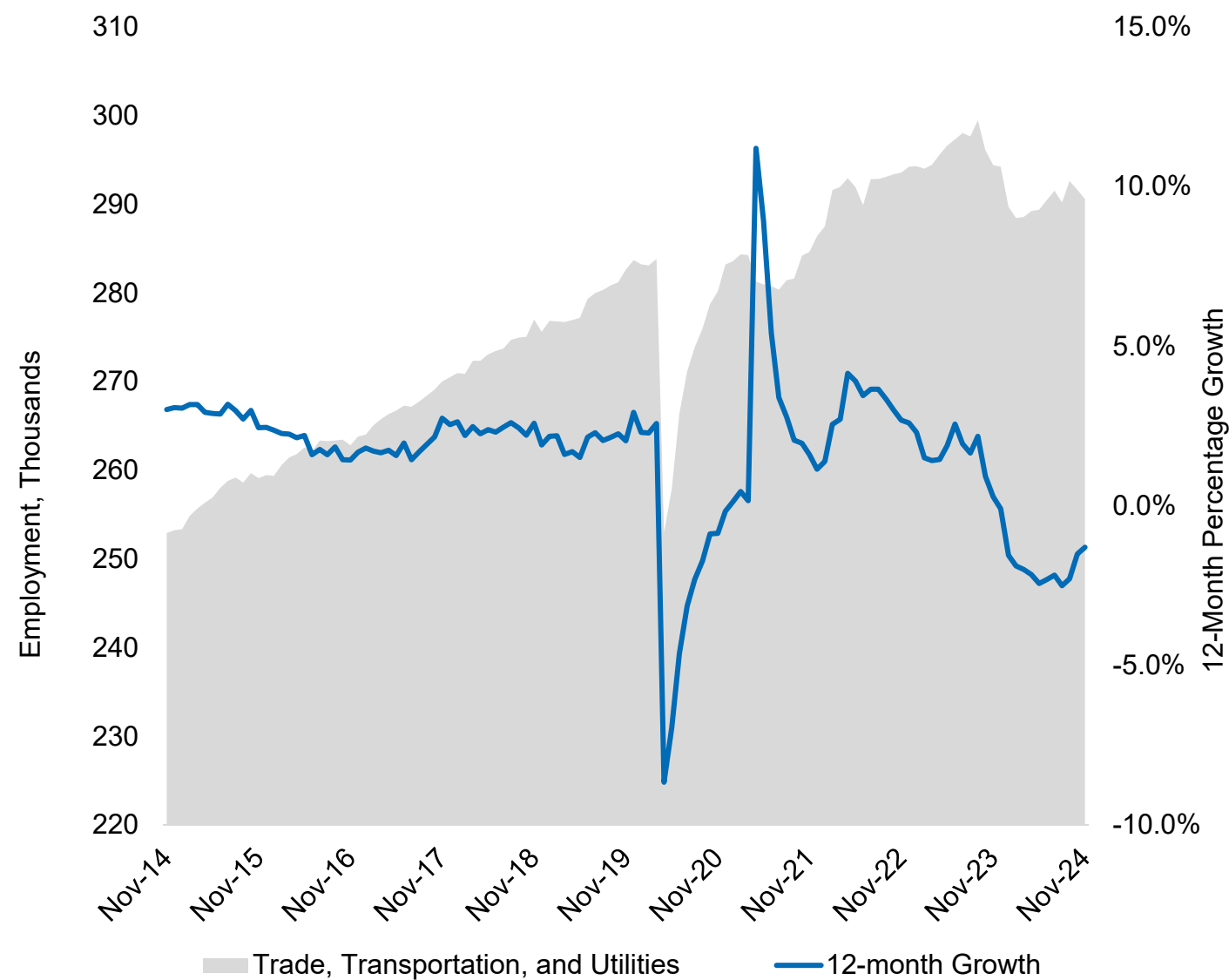


Source: U.S. Bureau of Labor Statistics, Denver MSA

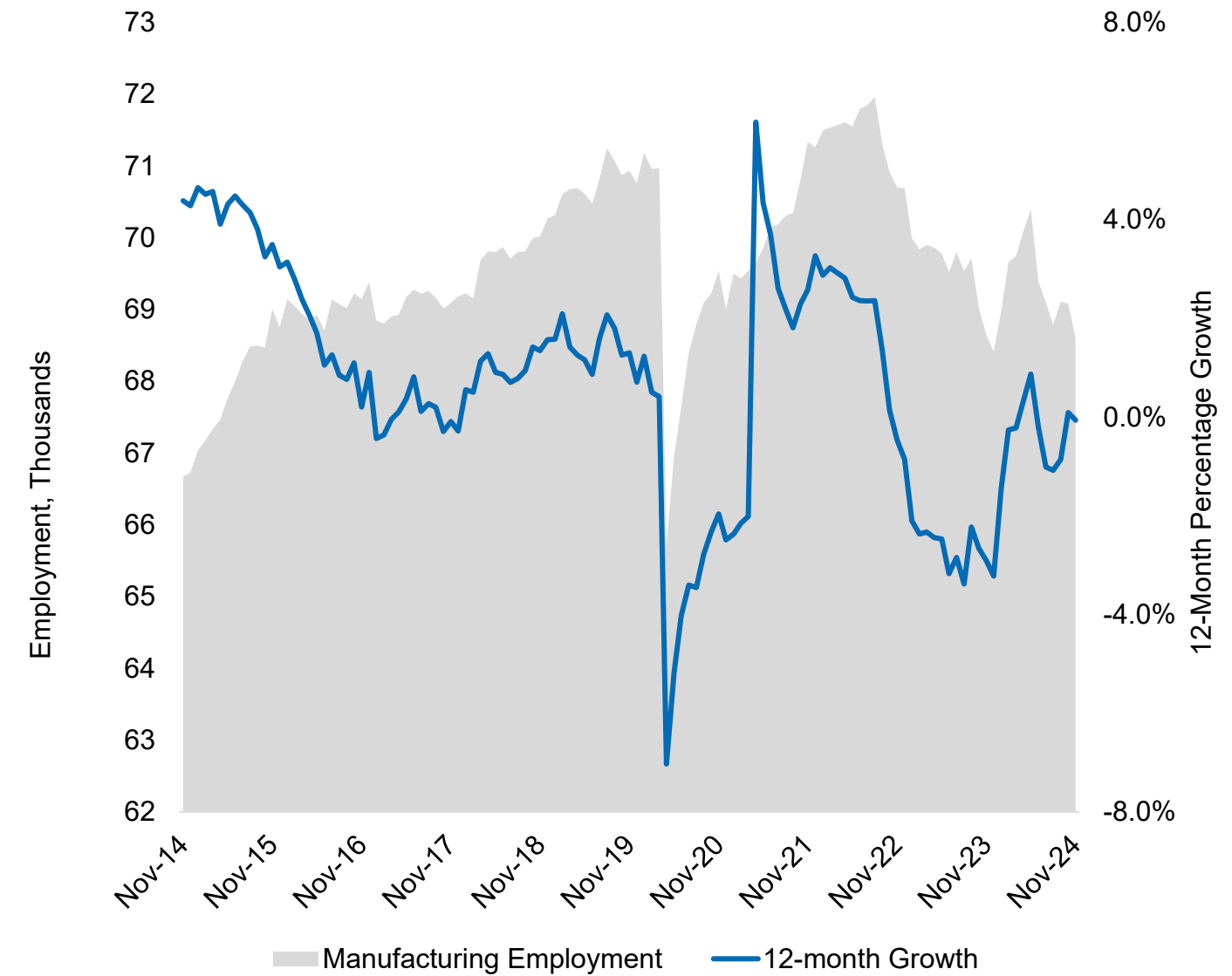
Manufacturing Job Growth Flat for the Year But Poised for Growth

After effectively posting a stable job count between the end of 2023 and 2024, the manufacturing sector is uniquely expected to show improvement in 2025, especially amongst food and beverage as well as high-tech manufacturing for industries including aerospace. Trade/transportation/utilities employment remains down year-over-year but is still a 2.3% improvement from before the pandemic.

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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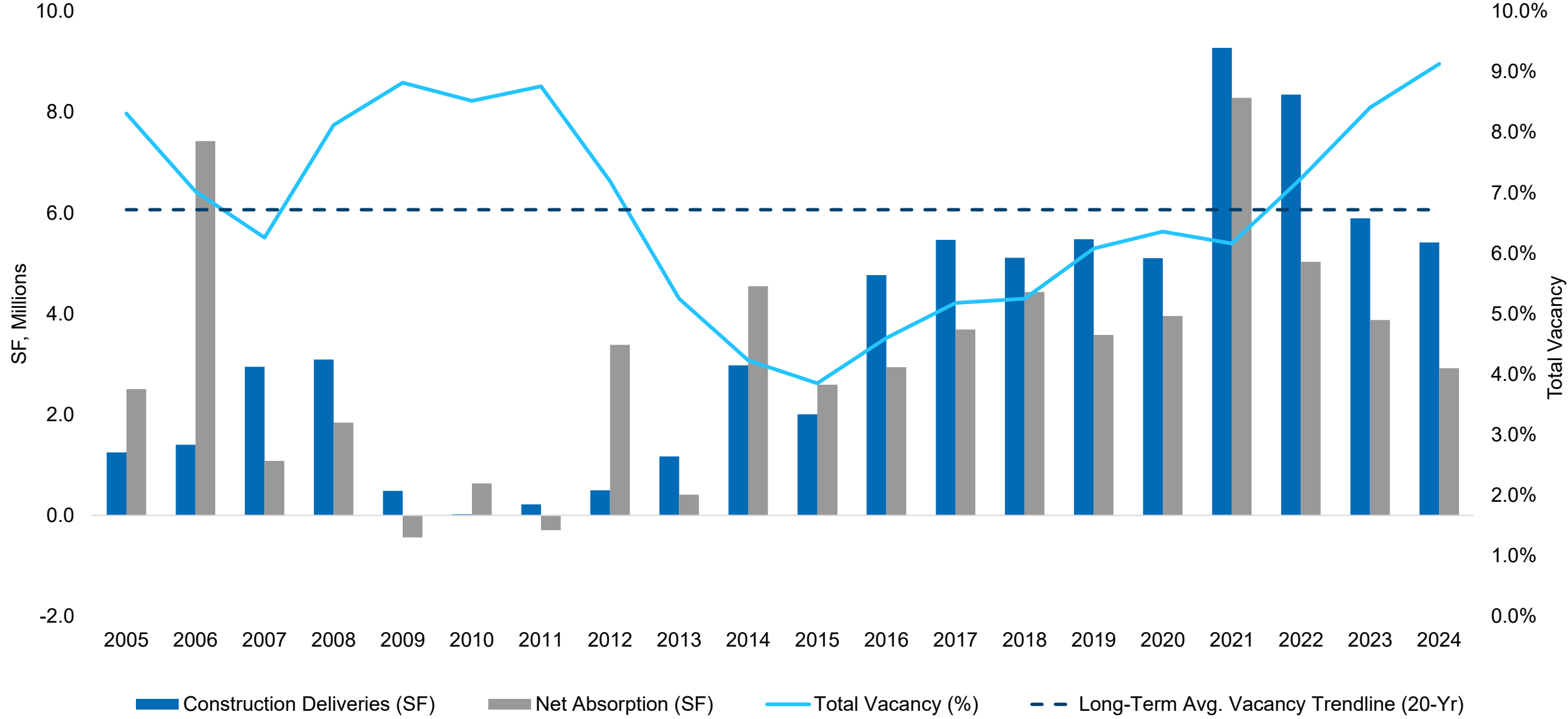
Leasing Market Fundamentals



Solid Demand and Balanced Market Continued to Flourish Through Uneven Year

Despite including a quarter with negative absorption for the first time in nearly four years, 2024 showcased a durable and healthy market, with annual absorption of nearly 3M SF. Despite fewer speculative projects and tenants occupying first generation space, the pipeline outpaced immediate demand and pushed up vacancy.

Historical Construction Deliveries, Net Absorption, and Vacancy

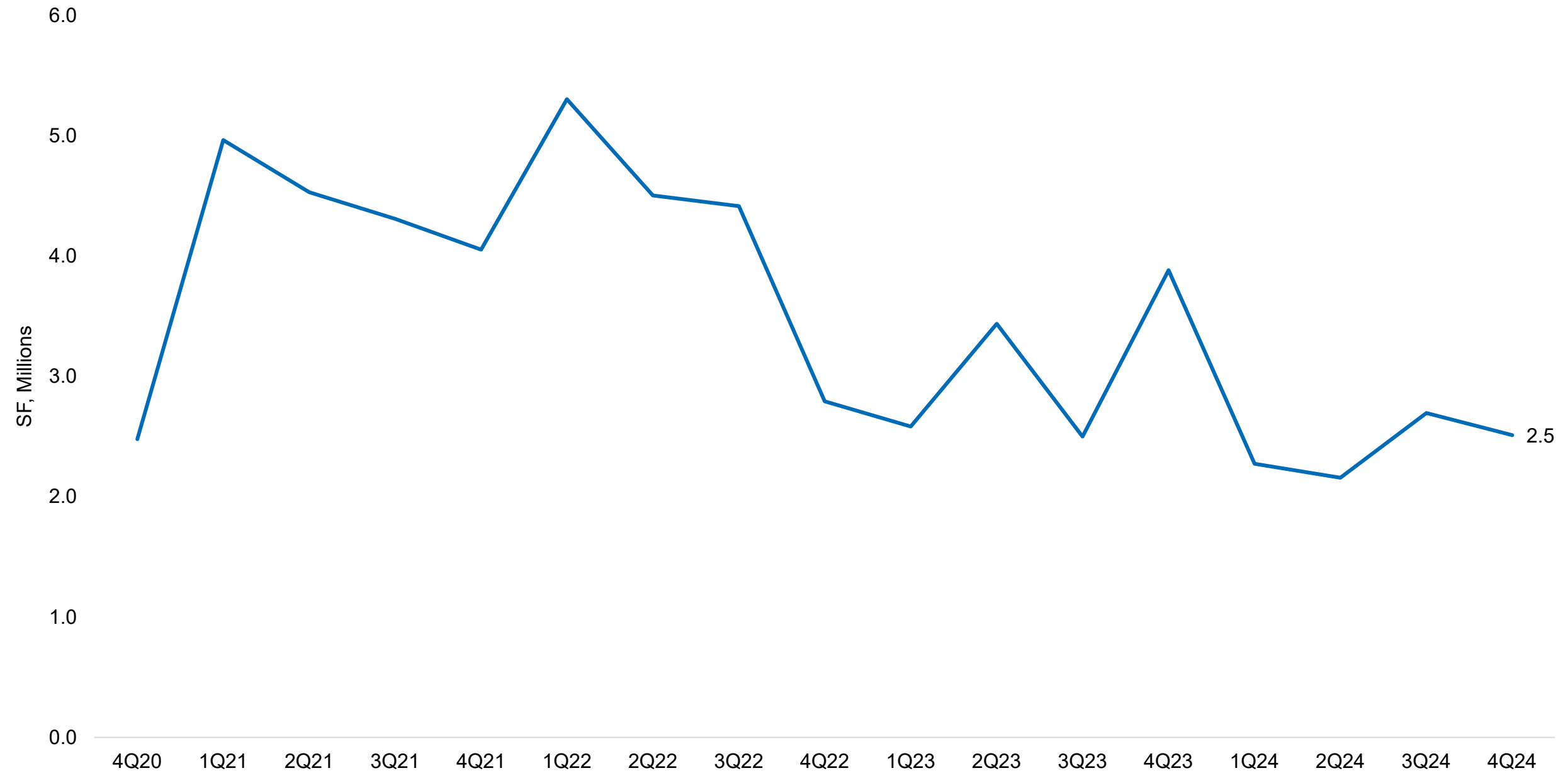


Source: Newmark Research

Leasing Activity Decreases Slightly from Prior Quarter

Although annual leasing activity was down year-over-year, it outpaced the total new space delivered over the course of the year by 78.0%.

Total Leasing Activity (SF)

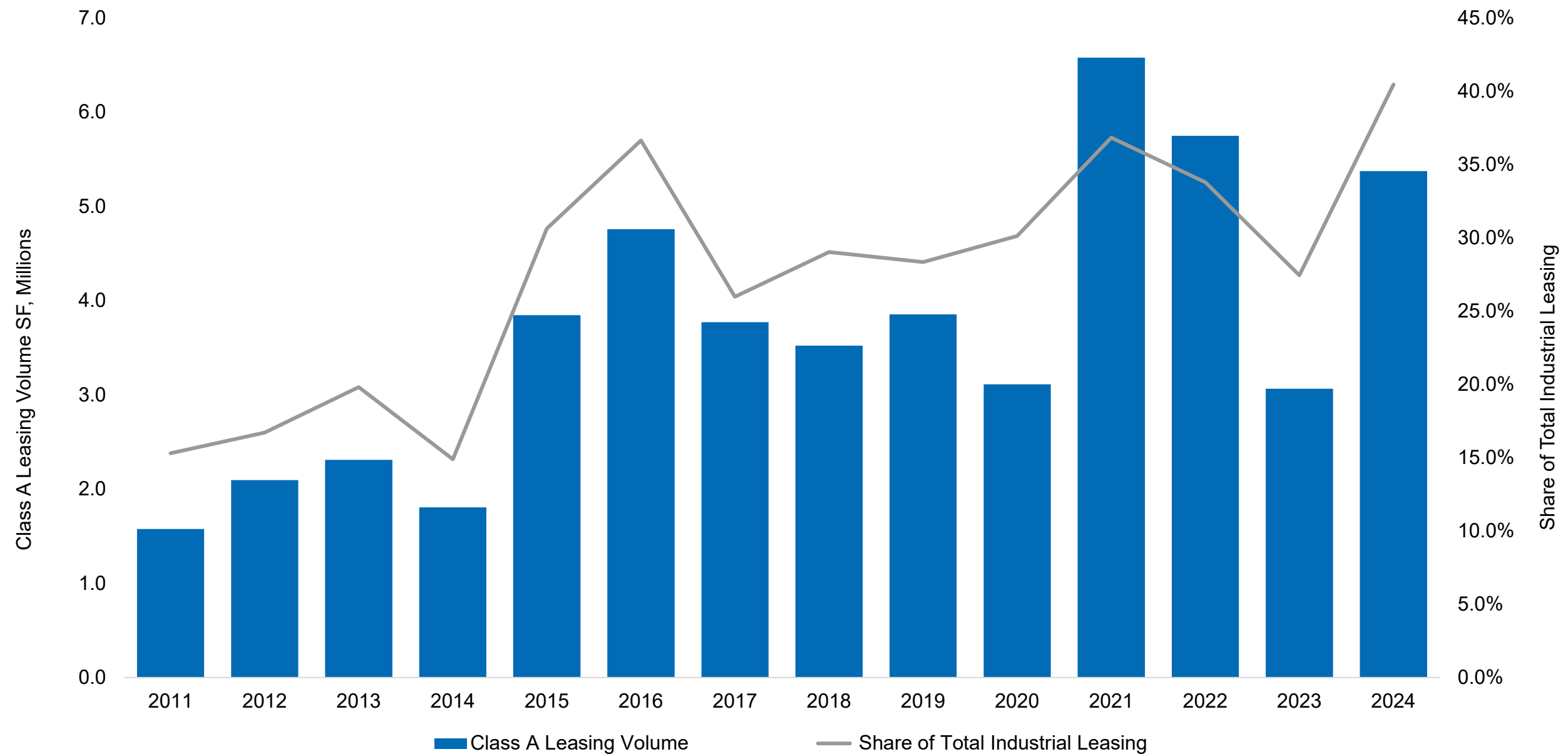


Source: Newmark Research, CoStar

Flight to Quality Trend Accelerated in 2024

Class A warehouse product leasing in 2024 accounted for 40.5% of total Industrial leasing, the highest share in at least 15 years, nearly double the 27.4% of overall activity in 2023.

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



Source: Newmark Research, CoStar

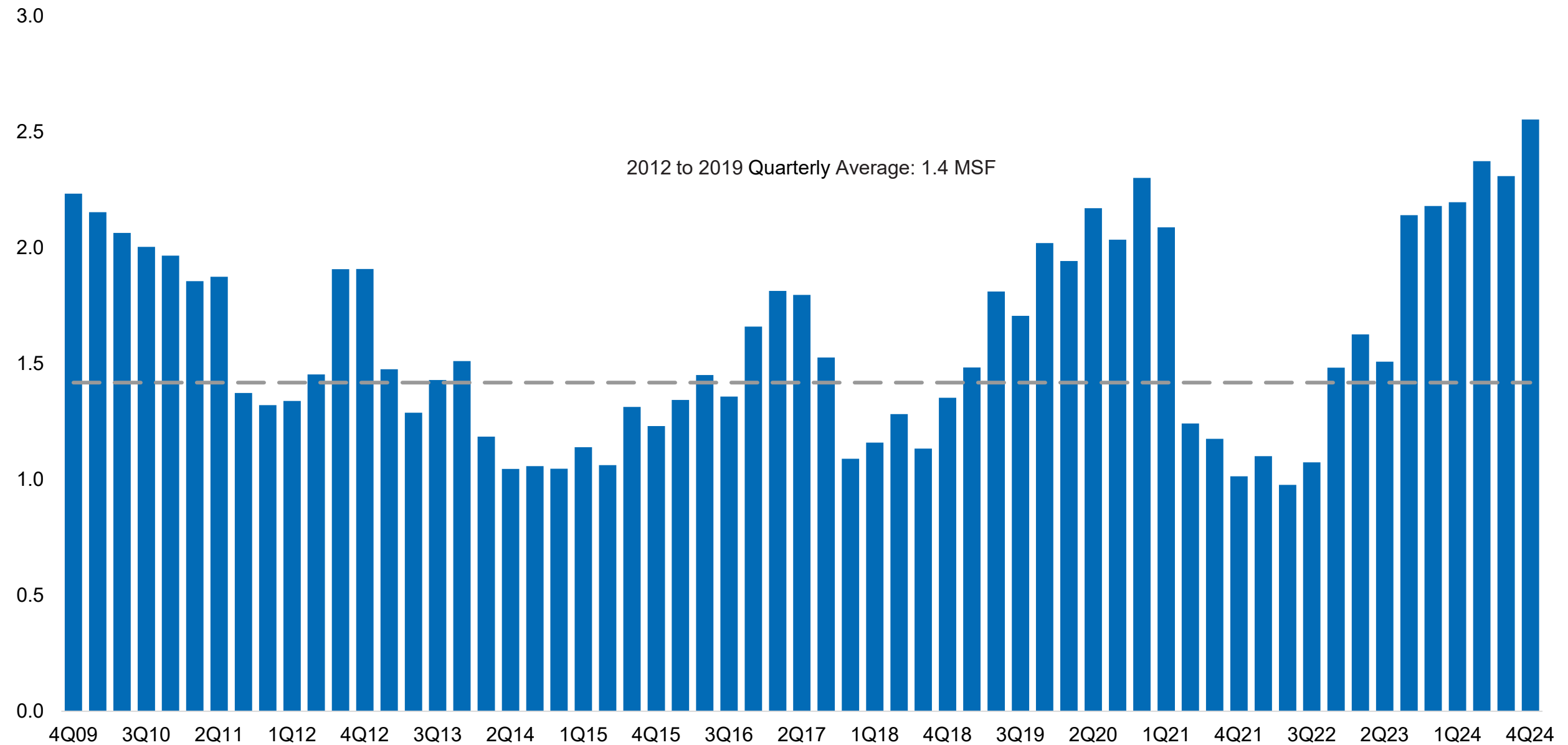
Northeast Emerges as the Standout Submarket of the Year

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Industrial Sublease Availability Jumps to New Highpoint

Available sublease space increased by 10.6% from the prior quarter and 17.2% year-over-year as continuing 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

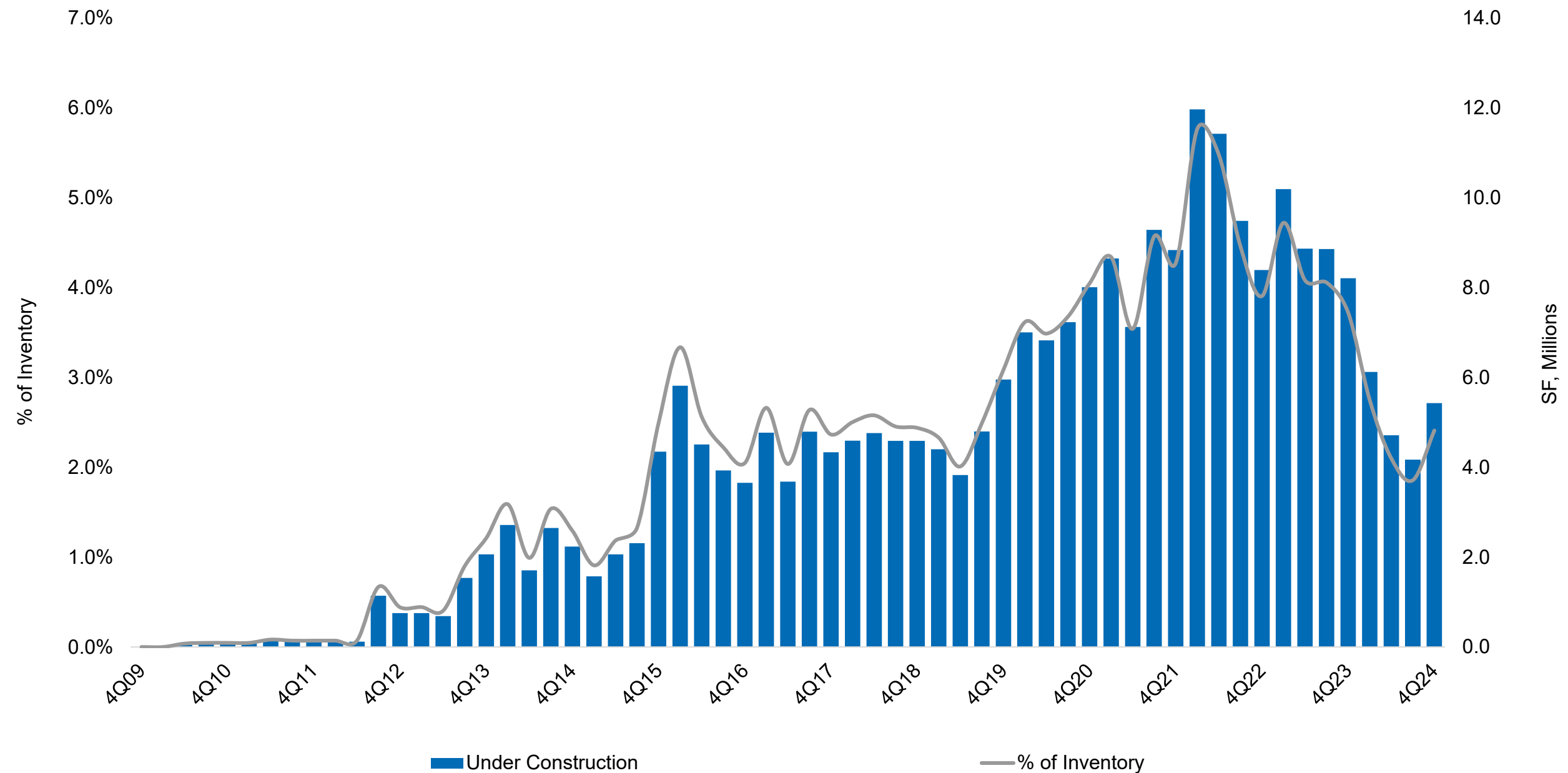
Four of the Seven Submarkets See Sublet Availability Increase YoY

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New Speculative Projects Temporarily Boost Supply Pipeline

A surprising three new projects, all speculative, broke ground for 870,500 SF in the fourth quarter, despite financing for speculative projects remaining difficult to secure due to the amount of existing first-generation spec space currently available and vacant. This is expected to be the atypical and the construct pipeline will continue to shrink in 2025.

Industrial Under Construction and % of Inventory



Source: Newmark Research, CoStar

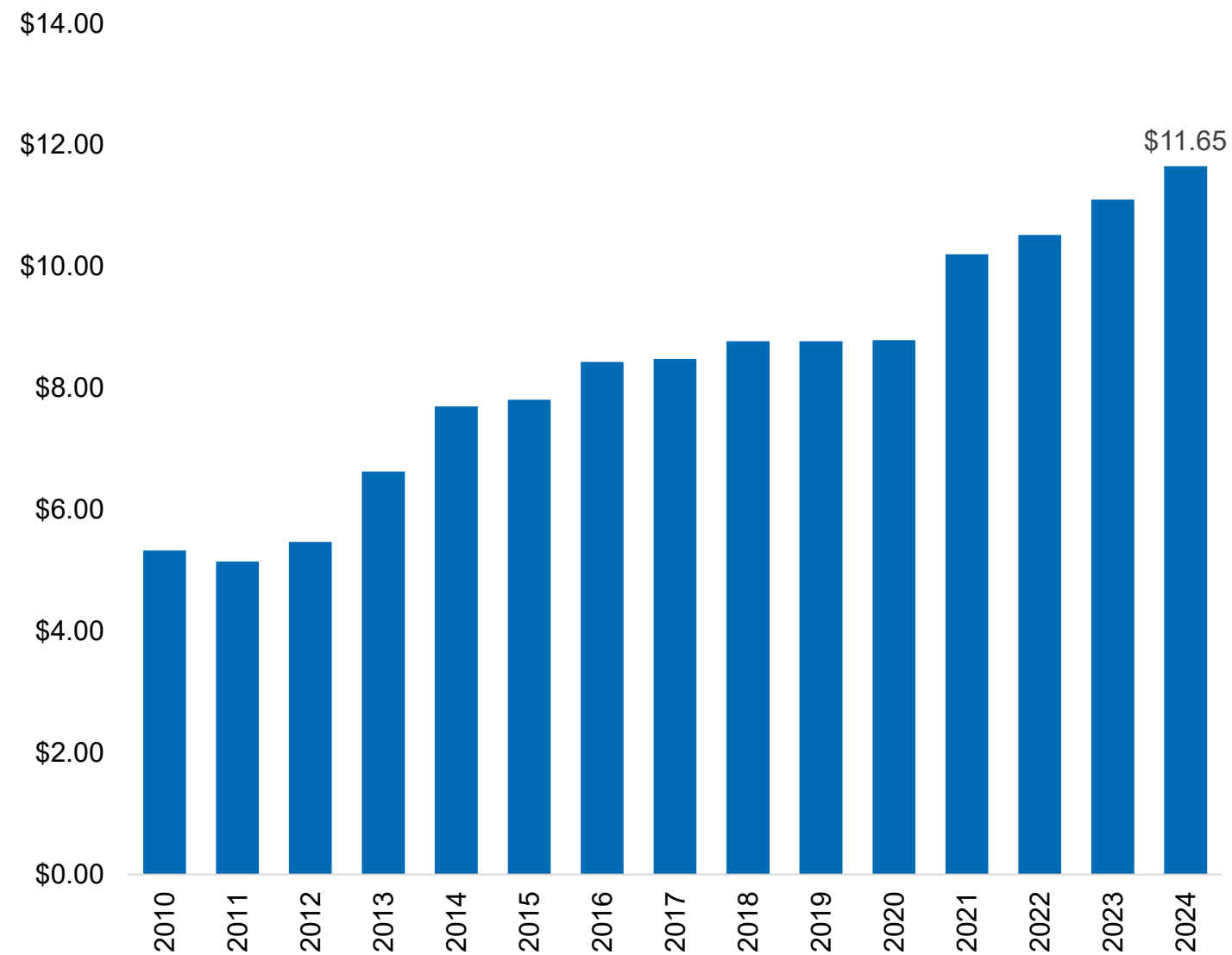
BTS Projects Make Up 53.5% of the New Supply Pipeline

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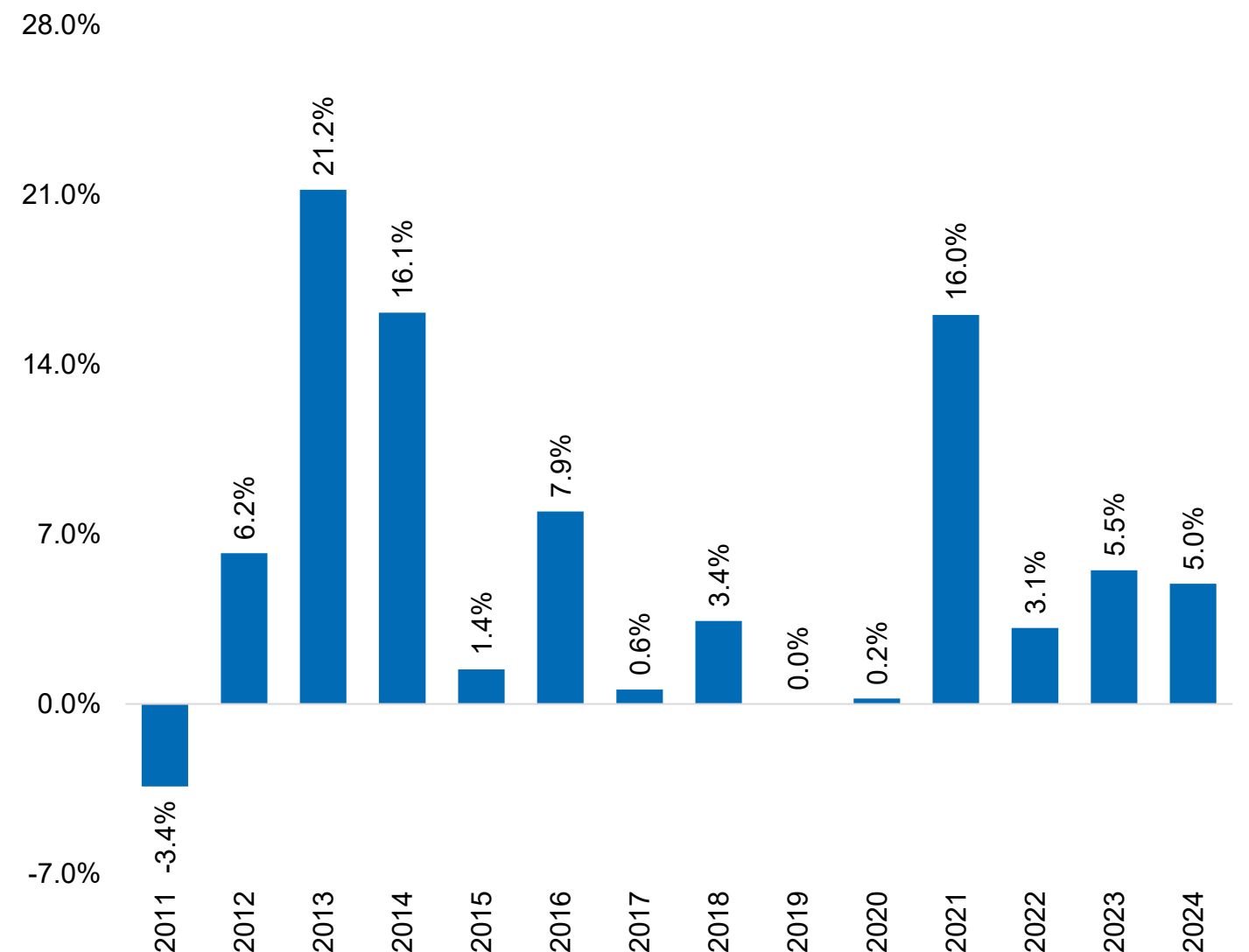
Asking Rates Steadily Grow YoY

Median asking rates have been steadily increased at a similar pace as the prior year, equalizing since the frenzy of 2021 as the rising availability is keeping rental rate hikes restrained.

Industrial Median Asking Rent, \$/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Class A Warehouse Rents Increase with More Caution than Wider Market

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Rates Increase YoY for All but the Most Expensive Submarkets

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Notable 4Q24 Lease Transactions

Tenants continued to lease up top quality new construction along with other tenants taking advantage of newly vacated space from moving tenants.

Select Lease Transactions

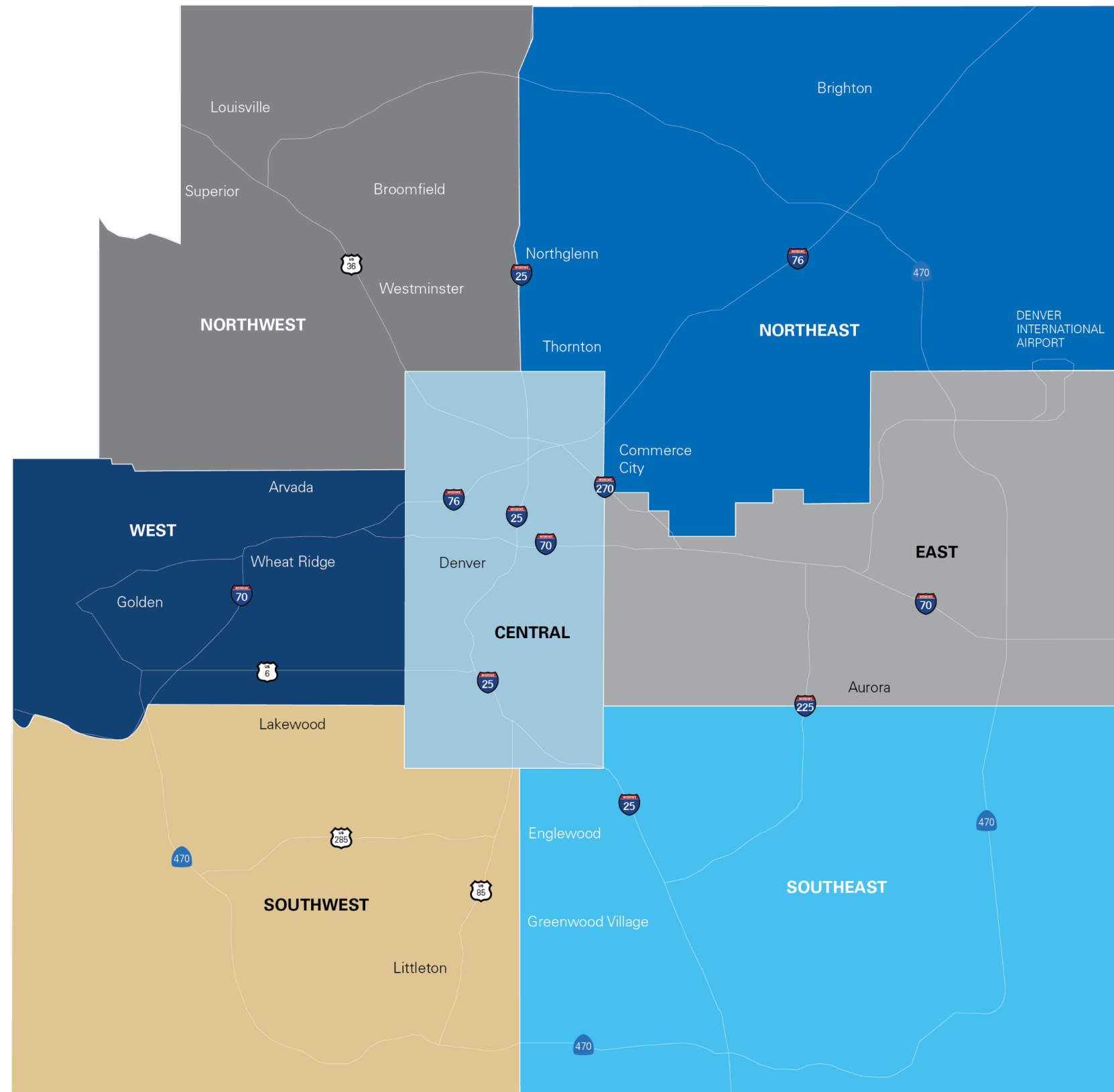
Tenant	Building	Submarket	Type	Square Feet
Brown Note Productions <i>Brown Note pre-leased the entire building, which is due to deliver in the first quarter of 2025.</i>	15055 Grant Street	Northeast	Direct New	121,704
Kelly Spicers <i>Backfilled space vacated by Walmart.</i>	4735 Florence Street	East	Direct New	112,464
Katzke Packaging <i>Katzke already occupied 70,211 SF in the building and is taking all the remaining space in the building.</i>	3250 Abilene Street	East	Direct Expansion	80,819
Intermountain Electric <i>Intermountain Electric will be leaving 18,000 SF at 5050 Osage Street and is expanding into first generation space that delivered in 2023.</i>	24251 East 64th Avenue	East	Direct New	58,785
Legend Motor Club <i>Took the last remaining space at the Point Building 2, which delivered the prior quarter.</i>	14707 East Otero Avenue	Southeast	Direct New	54,328

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Appendix / Tables



Submarket Map



Source: Newmark Research



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Central Submarket Overview

Statistical Summary

	Current Quarter	Prior Quarter	Prior Year
Total Inventory (SF)	40.1M	40.1M	38.9M
Vacancy Rate	7.7%	8.1%	4.7%
Quarterly Net Absorption (SF)	172,161	73,154	-90,201
Median Asking Rent/SF	\$12.00	\$12.00	\$10.50
Under Construction (SF)	97,336	97,336	1.8M
Deliveries (SF)	0	157,473	0

Current Market Trends

- Quarterly absorption increased from the prior quarter to help pull annual absorption out of the red.
- Vacancy decreased by 43 basis points from the previous quarter while availability remained stable.
- Asking rents remained stable after rising in the first and second quarters of 2024 and was up 14.3% year-over-year.
- Lennox occupied 144,000 SF at Pecos Logistics Park Building 6.
- Wilsonart occupied 75,000 SF at Pivot Denver Building 1.

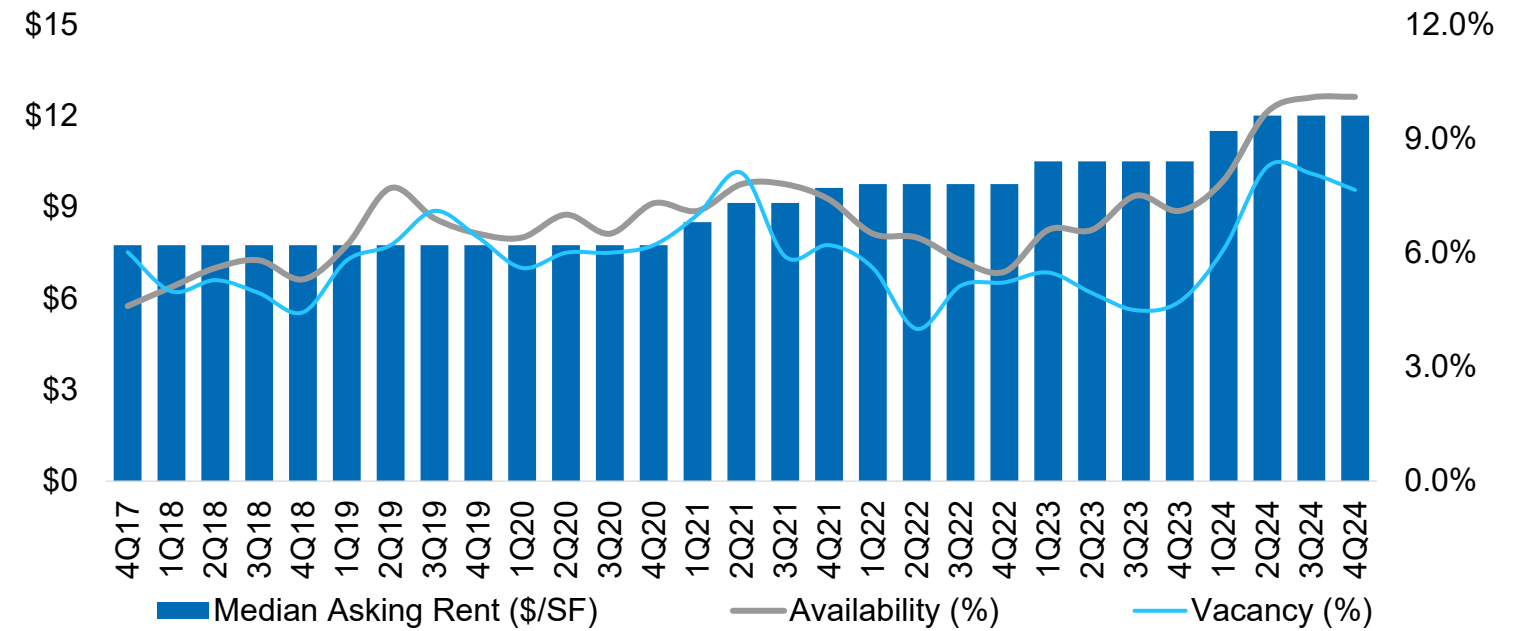
2024 Top Lease Transaction

Tenant	Building	Type	SF
Lennox	5725 Pecos Street	Direct New	144,000

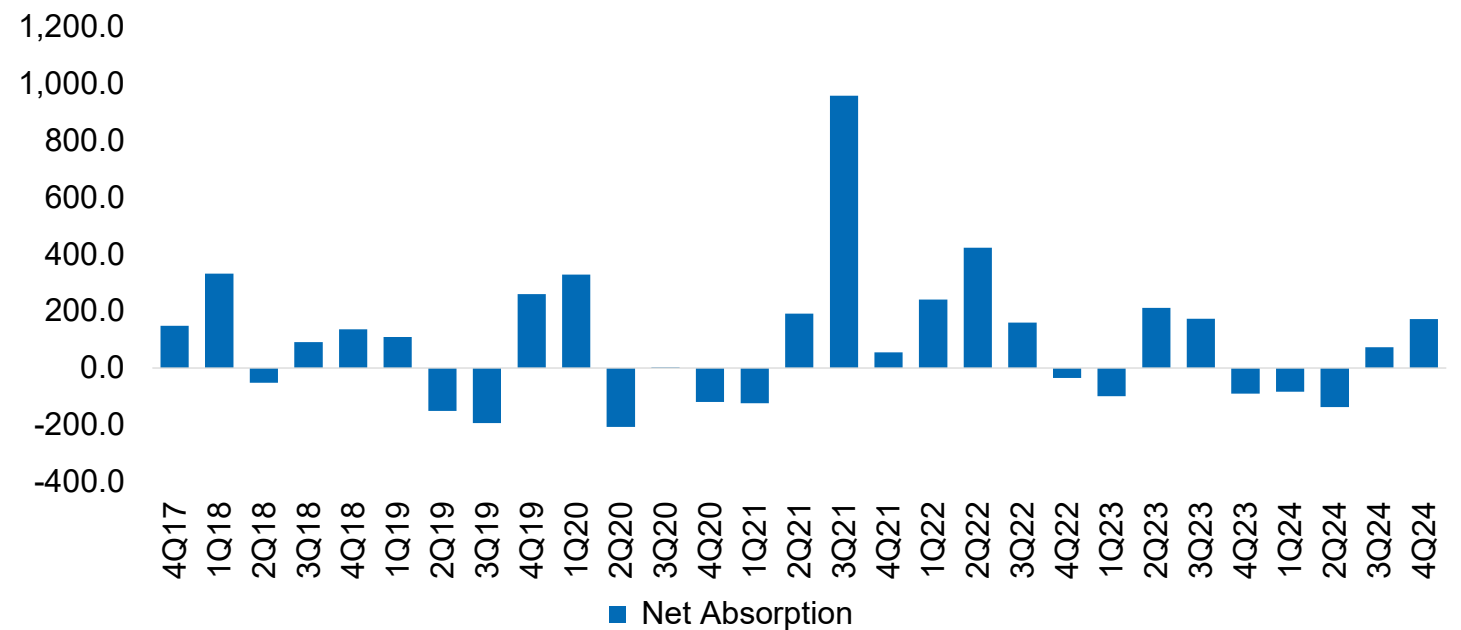
2024 Top Sale Transaction

Building	Sale Price	Price/SF	SF
Centerpark Portfolio	\$73,000,000	\$169	431,157

Median Asking Rent, Availability and Vacancy



Net Absorption (Square Feet, Thousands)



Source: Newmark Research, CoStar

East Submarket Overview



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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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Newmark business contact for this information

For more information:

Mandi Johnson

Research Manager

Denver Research

Mandi.Johnson@nmrk.com

Denver

1800 Larimer Street, Suite 1700

Denver, CO 80202

t 303-892-1111

New York Headquarters

125 Park Ave.

New York, NY 10017

t 212-372-2000

nmrk.com

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