



NEWMARK

Market Overview
Denver Industrial

4Q25



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Access the Extended 4Q25 Denver Industrial Market Overview



The extended version of this report includes:

- **Commentary on Occupier and Landlord Sentiment:** Insightful analysis on how current trends and market dynamics are affecting both occupiers and landlords.
- **Impact of Tightening Construction Pipeline :** Exploration of the slowing rate of current and future developments and how it is affecting vacancy, rental rates and more.
- **Detailed Submarket Analysis:** In-depth examination of vacancy, asking rates and more across the diverse Denver submarkets, including deep dives into five of the seven submarkets.

To access, please reach out to
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*Extensive content across 30 slides —
a detailed presentation packed with useful
market information and in-depth analysis.*

Market Observations



Economy

- The Denver market unemployment further outperformed the national rate, despite flat 12-month job growth amongst economic uncertainty and slowing migration over the course of the year.
- The University of Colorado Boulder's Colorado Business Economic Outlook projected that Colorado's 2025 real GDP will be 2.1%, an improvement from the prior year. The state also improved from 39th to 22nd best state GDP growth in the country.
- German grocery chain Aldi announced that it plans to open 50 stores in Colorado and a distribution center in Denver's East submarket, all in the next three years.



Leasing Market Fundamentals

- The fourth quarter recorded absorption of 427,000 SF, bringing annual absorption to 3.0 MSF.
- Over 1.8 MSF of vacant speculative space delivered during 2025, including over 400,000 SF in the fourth quarter, limiting the change in vacancy despite significant positive absorption.
- Leasing activity increased from the previous quarter and has kept an overall consistent pace but at a more restrained pace than seen in 2024.



Major Transactions

- The largest lease signed in the last quarter of the year was Anheuser-Busch's renewed for the full 200,000 SF distribution warehouse at 19755 East 35th Drive in the East submarket.
- The largest sale of the quarter was Link Logistics Real Estate selling a portfolio of 16 industrial buildings totaling 1.6 MSF to Harrison Properties for \$195.0M, or \$120/SF; the largest sale of the year was Target purchasing its BTS upon delivery for \$231.0M or \$436/SF from Hillwood Development Corporation
- Food Bank of the Rockies' 230,000 SF build-to-suit delivered in the East submarket and was fully occupied; this follows the completion of PepsiCo's 1.2 MSF build-to-suit that delivered in the prior quarter in the same submarket, the largest delivery and single move-in of 2025.



Outlook

- In the near term, Green Street's Industrial Forecast for the Denver market predicts that demand continue to grow in 2026, peaking half-way through before leveling as a stable level of growth.
- Business confidence going into the first quarter rose sharply among Colorado business leaders according to the University of Colorado Leeds School of Business, after dipping to a near-record low last quarter.
- The University of Colorado Boulder's 2026 Colorado Business Economic Outlook projected that economic headwinds and uncertainty in the local market will ease in 2026, which will slightly loosen up hiring enough to ultimately improve employment growth from 2025.

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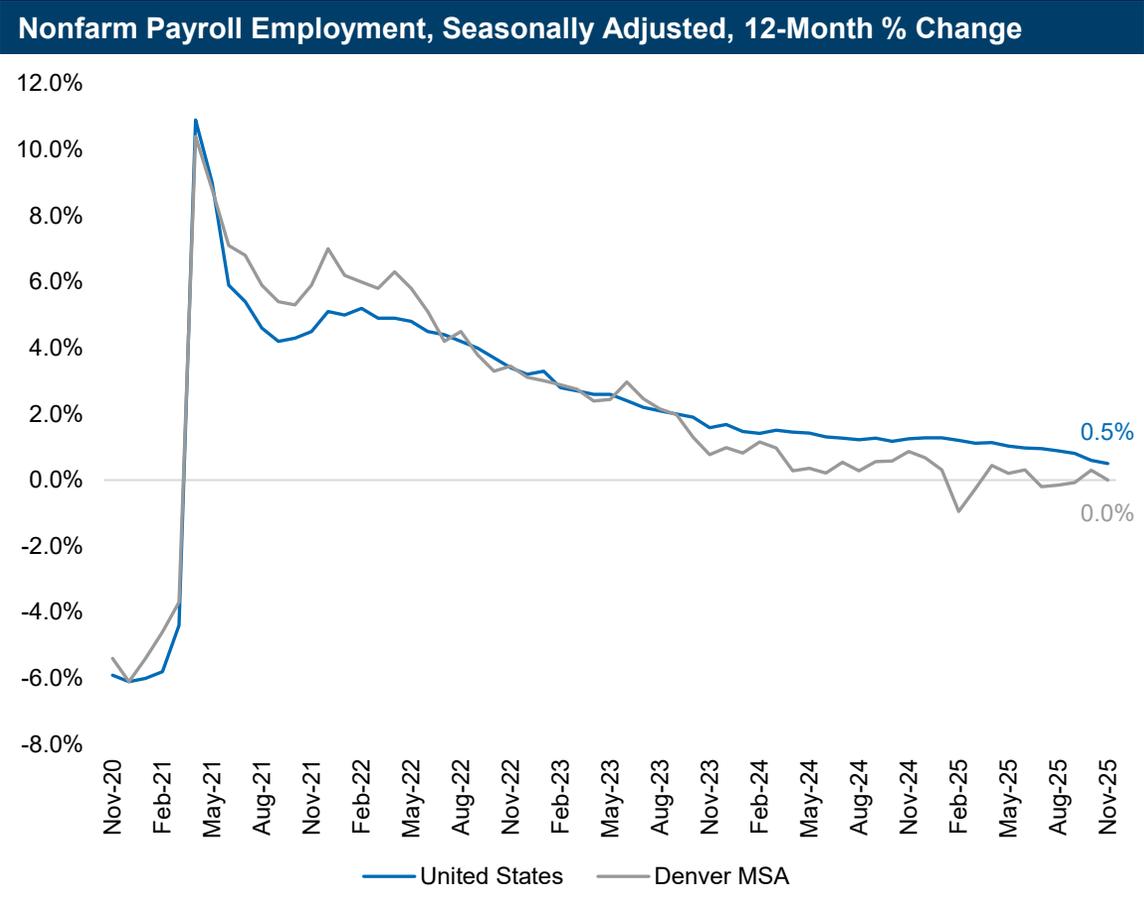
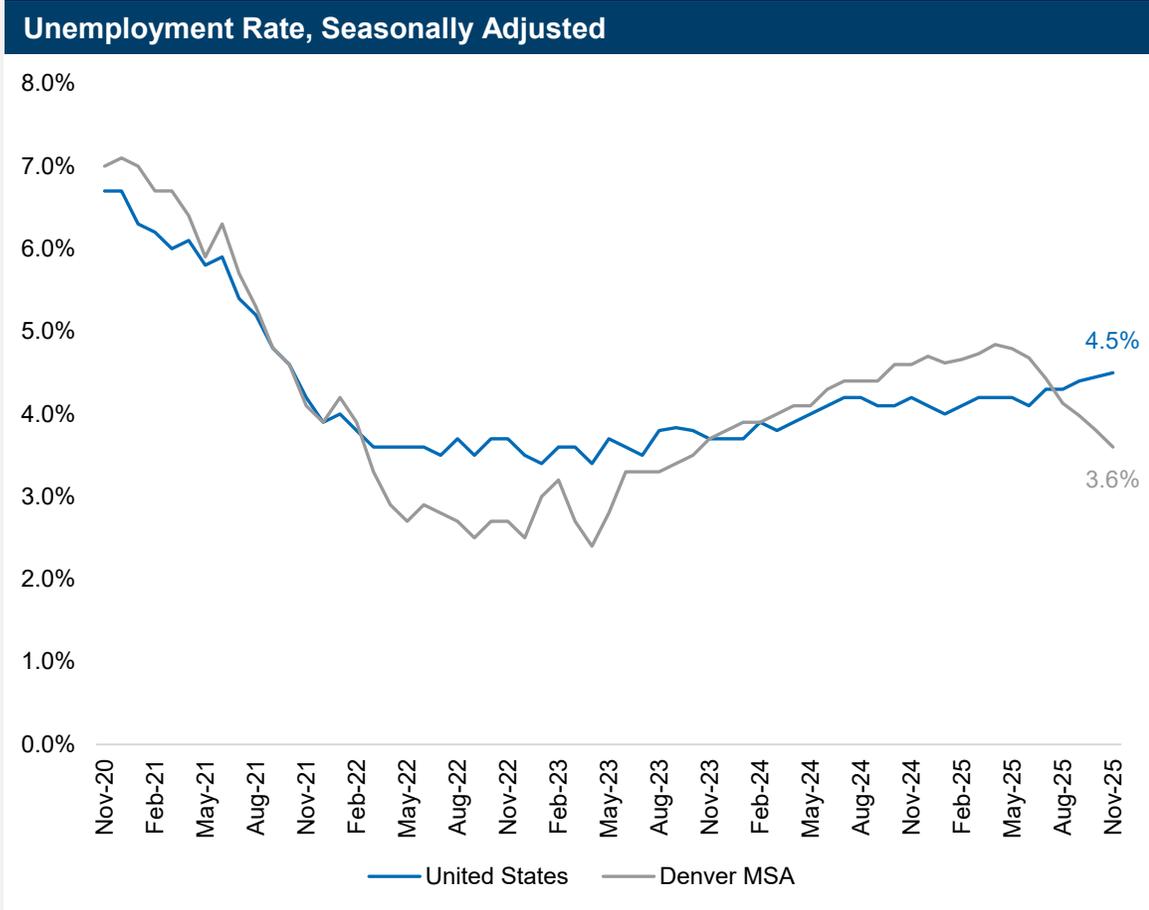
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Economy



Local Unemployment Continues To Fall But Employment Stagnates

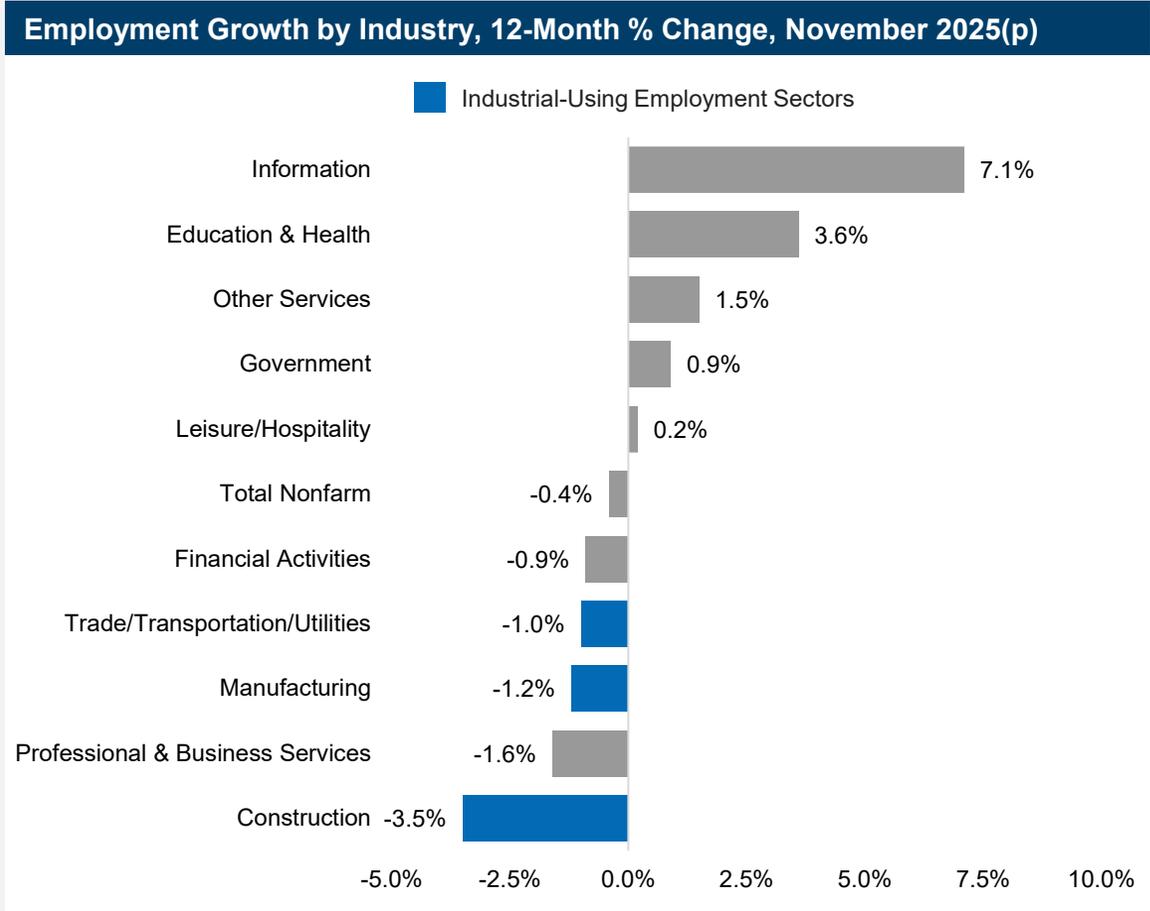
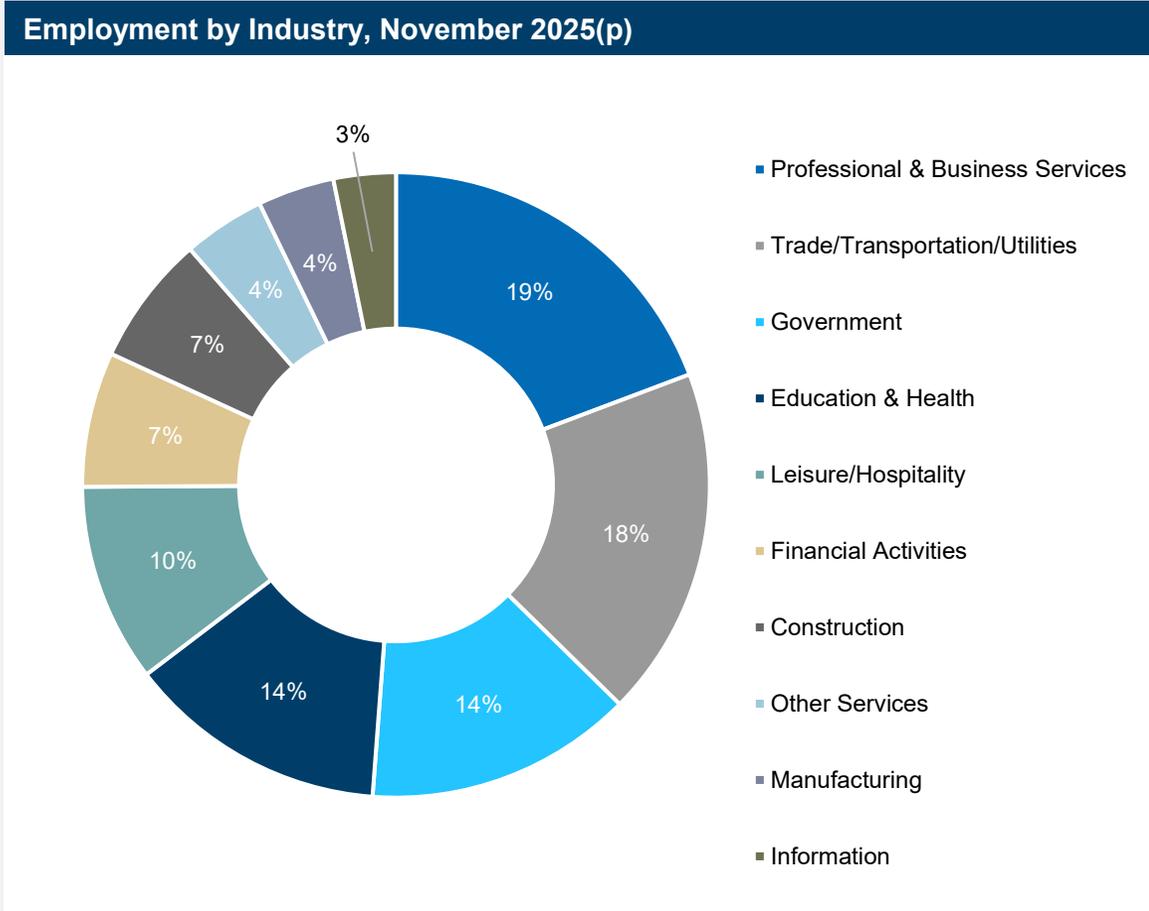
Denver unemployment continues to out-perform the national rate, but employment growth also remained stagnant amidst a larger cooling in the labor market. While a net growth in employment is predicted in 2026, it will ramp up as the year progresses. The plurality of the respondents to BizWest’s CEO Roundtable Executive Survey expected business conditions to remain the same in the first quarter of 2026.



Source: U.S. Bureau of Labor Statistics, Denver MSA
 Note: October and November 2025 data is preliminary.

Industrial-Using Sectors Continue to Struggle

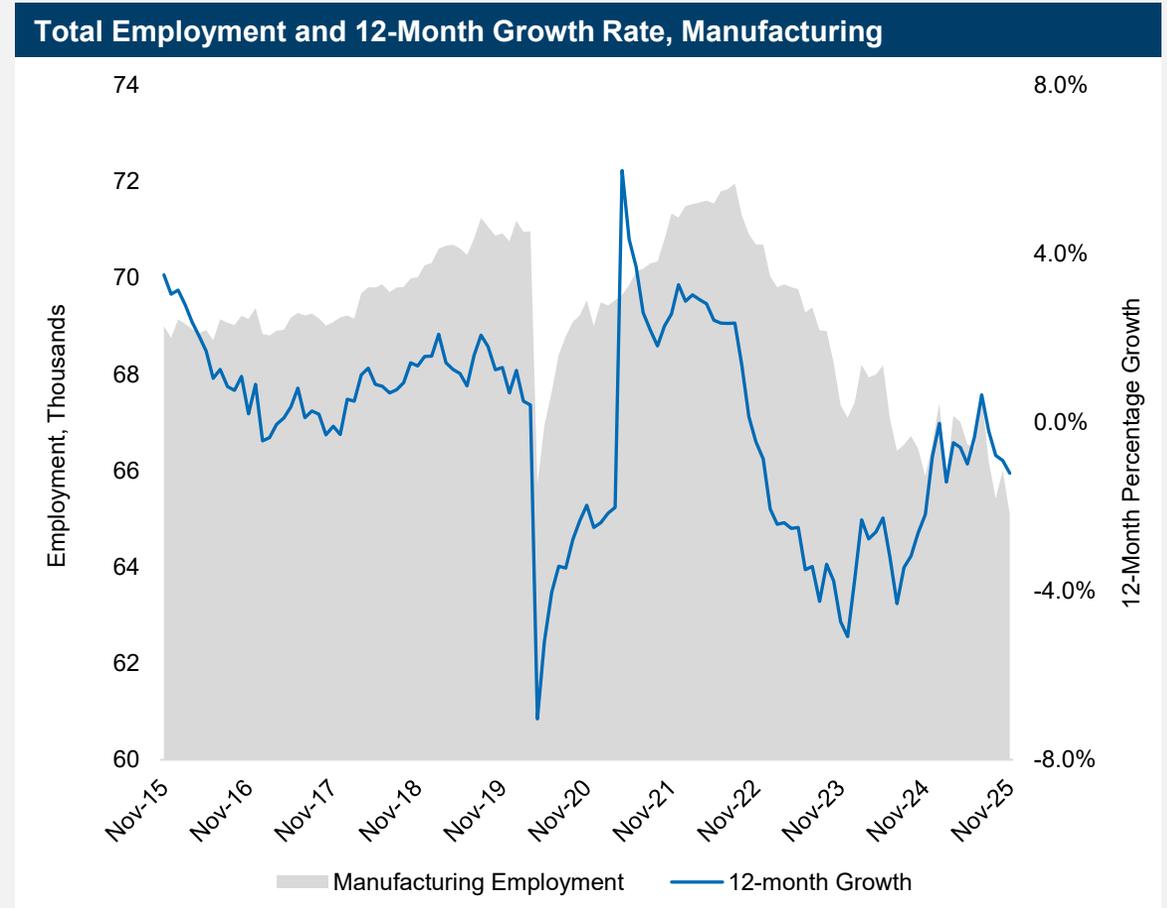
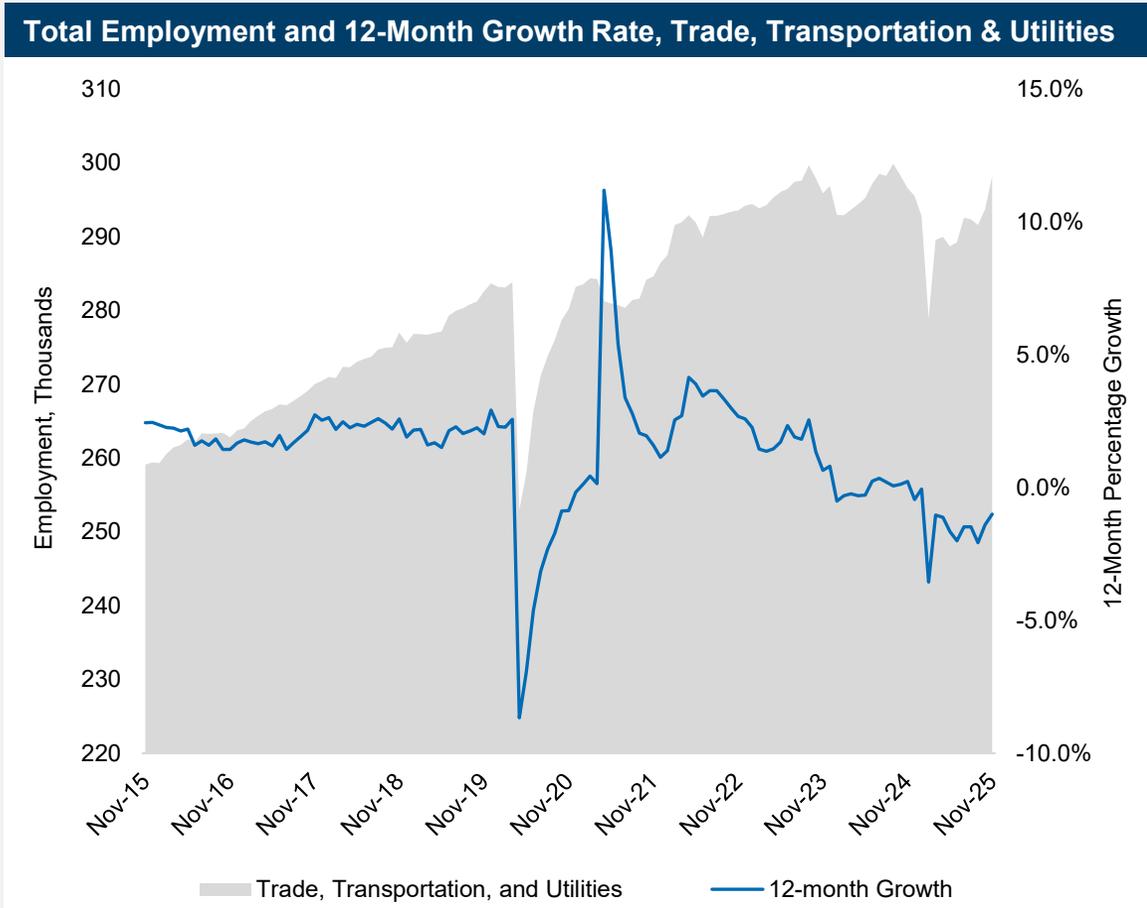
All three of the industrial-using job sectors saw year-over-year job loss, with Construction posting the largest contraction of all the sectors.



Source: U.S. Bureau of Labor Statistics, Denver MSA
 Note: October and November 2025 data is preliminary.

Trade, Transportation & Utilities Jobs Increase From 3Q But Down Year-Over-Year

Despite being down year-over-year, trade, transportation & utility jobs added 4,500 jobs from the prior quarter. In contrast, the Manufacturing sector shed jobs and has struggled with the effect of high interest rates, high costs of raw materials and inputs, a slower housing market and shifting federal policies over the course of 2025.



Source: U.S. Bureau of Labor Statistics, Denver MSA
 Note: October and November 2025 data is preliminary.

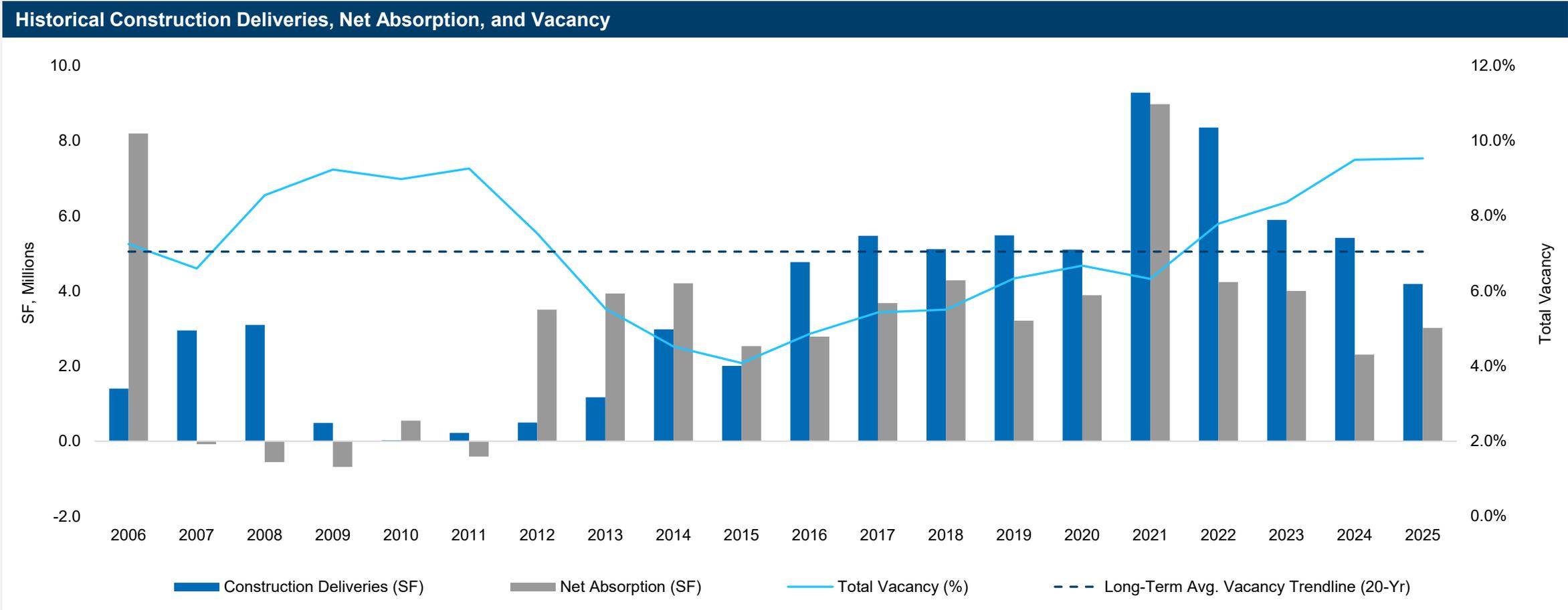
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Leasing Market Fundamentals



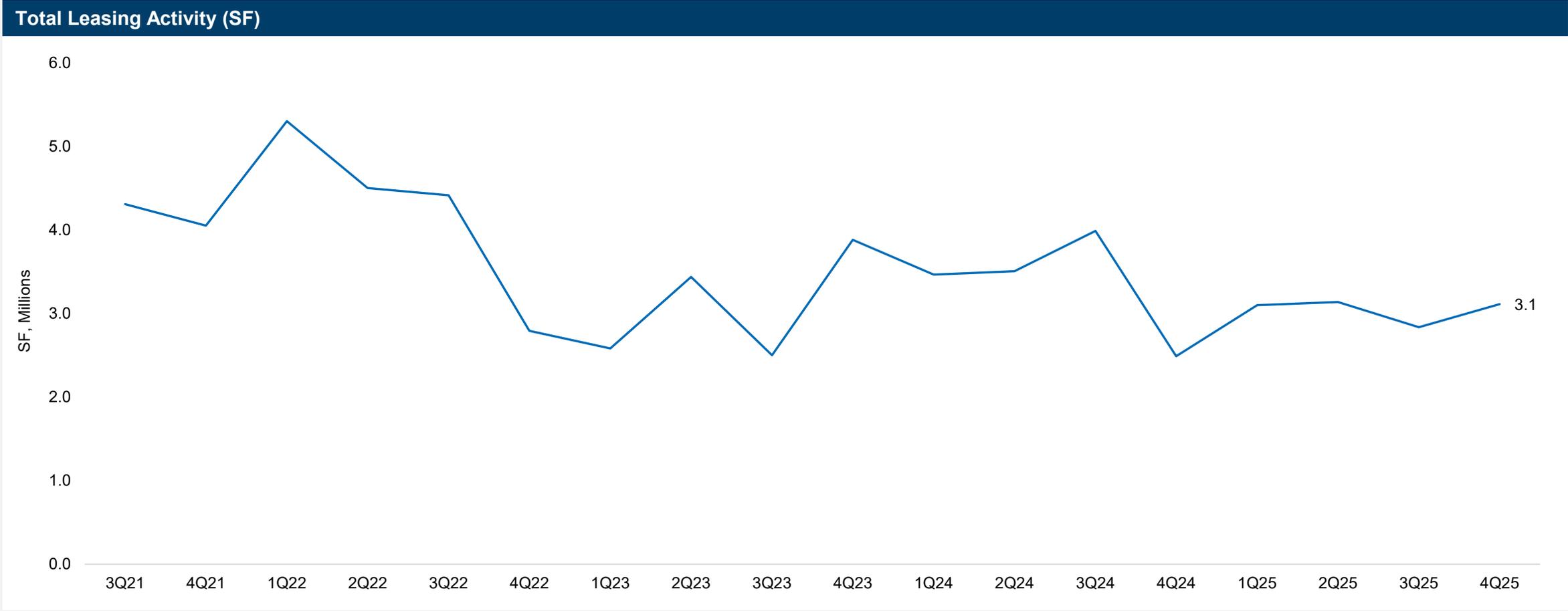
Dynamic Forces in 2025 Drive Higher Absorption But Stable Vacancy

The delivery of 2.0 MSF of BTS space helped boost annual absorption to 3.0M SF, surpassing 2024's 2.3 MSF of annual absorption. However, 2.1 MSF of vacant speculative square feet also delivered over the course of 2025, keeping vacancy practically unchanged year-over-year.



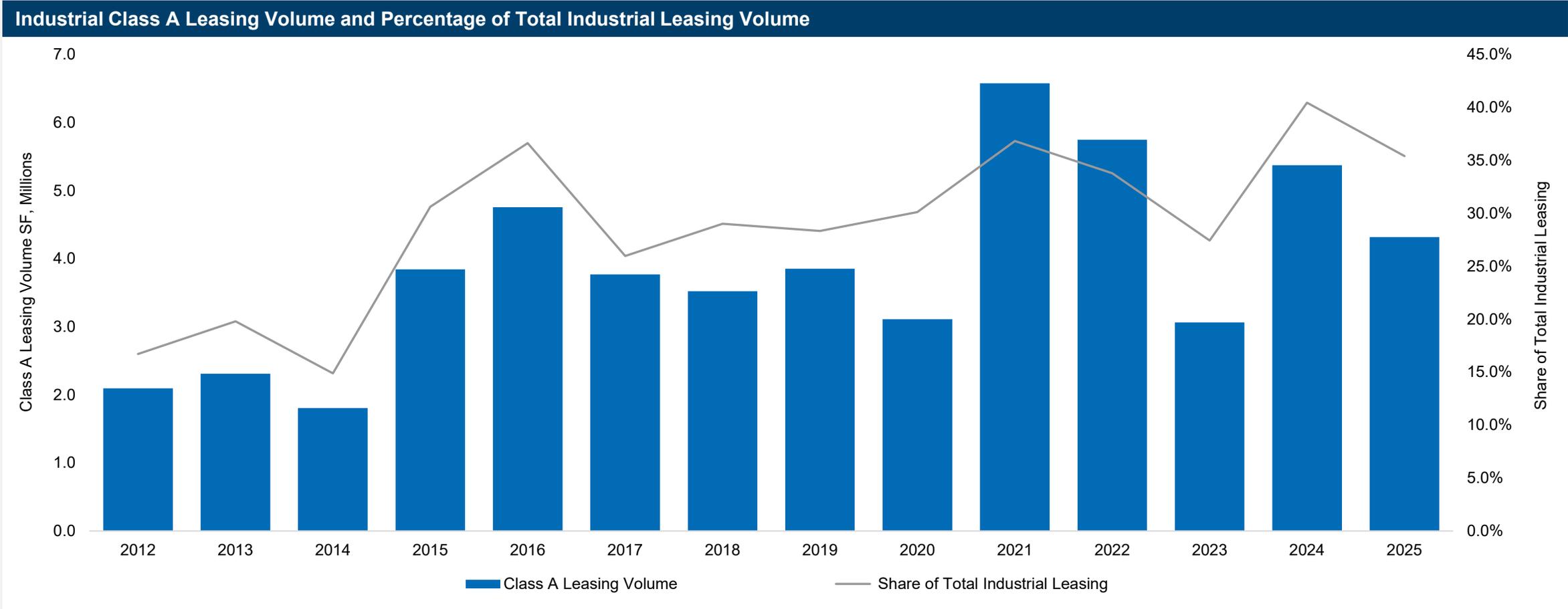
Leasing Activity Stable Through the Year But Down Overall

Total leasing activity increased in the last quarter, averaging 3.0 MSF per quarter in 2025. While three of the four quarters consistently logged 3.1 MSF of leasing, that was below the 3.4 MSF quarterly average of 2024.



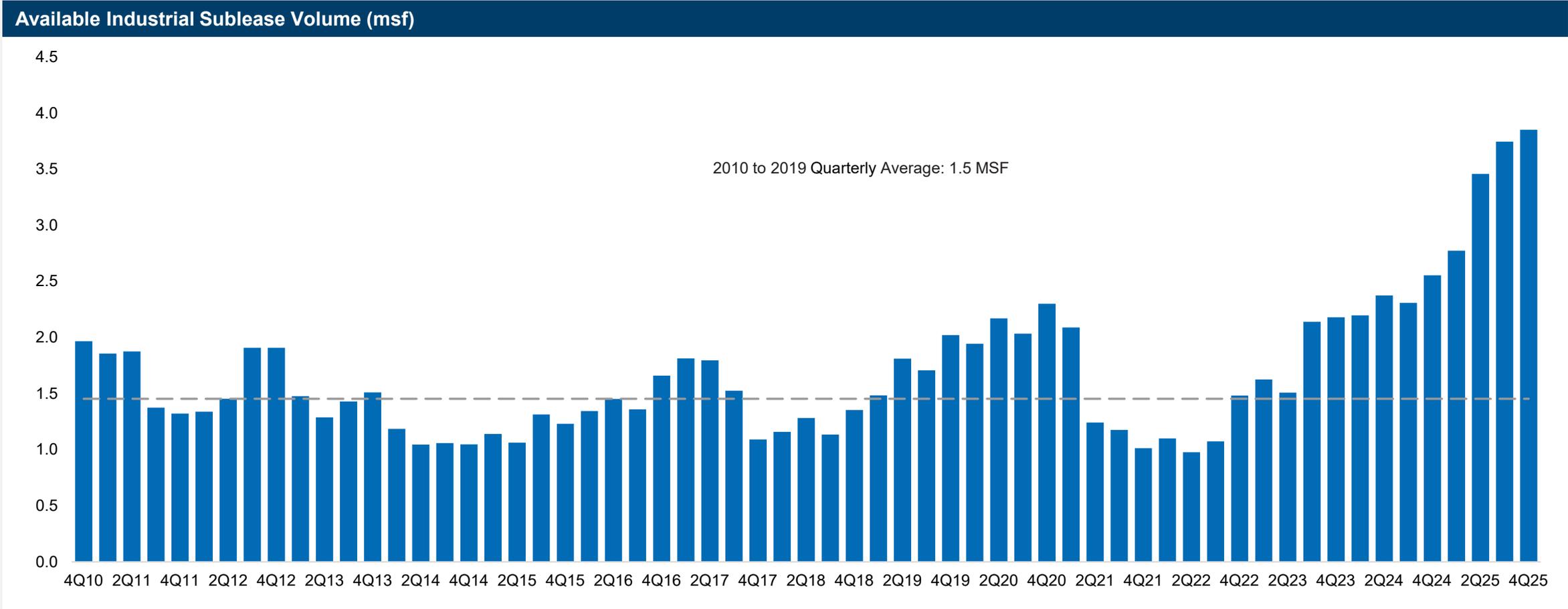
Class A Product Leasing Mirrors Annual Slowdown

Class A warehouse product saw not only the total volume of leasing decrease in 2025 but also its portion of overall leasing activity in the market. It accounted for 35.4% of total leasing activity over the course of the year, down from 40.5% in 2024.



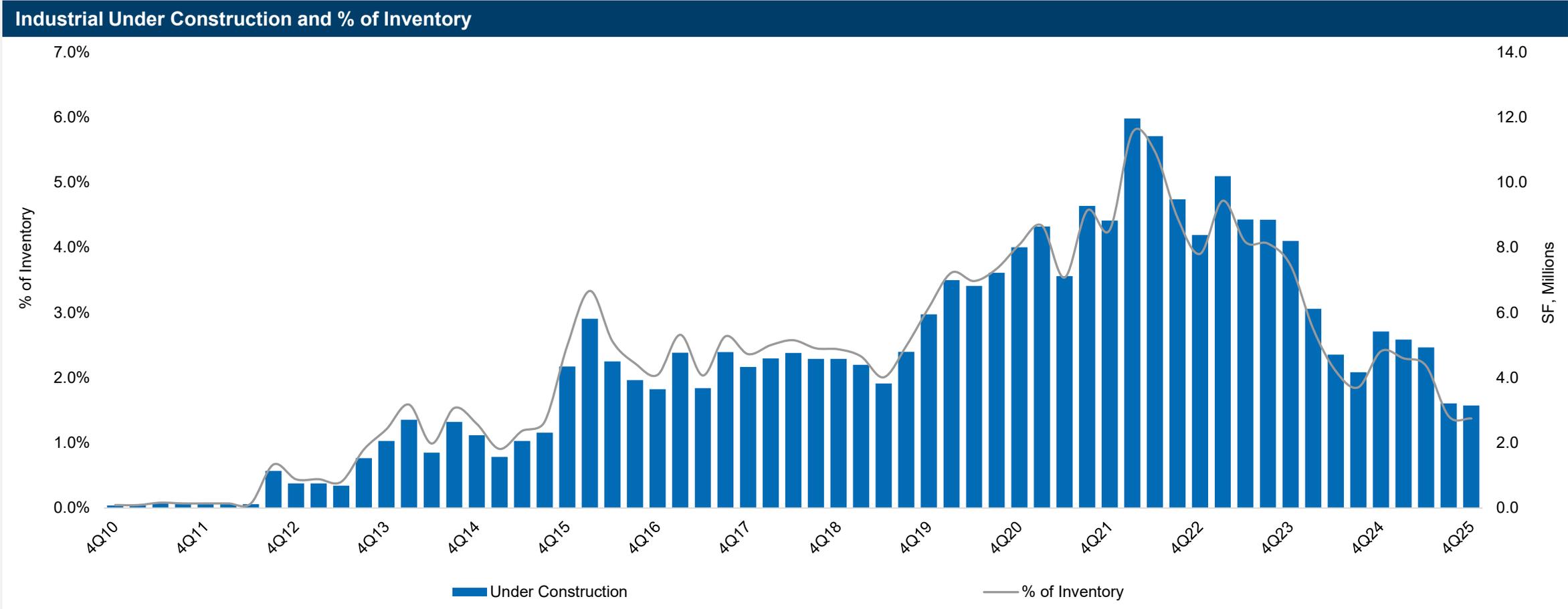
Available Sublease Space More Than Doubles 2010-2019 Average

Available sublease space increased by 50.8 year-over-year, adding nearly 1.3 MSF for a total of 3.9 MSF.



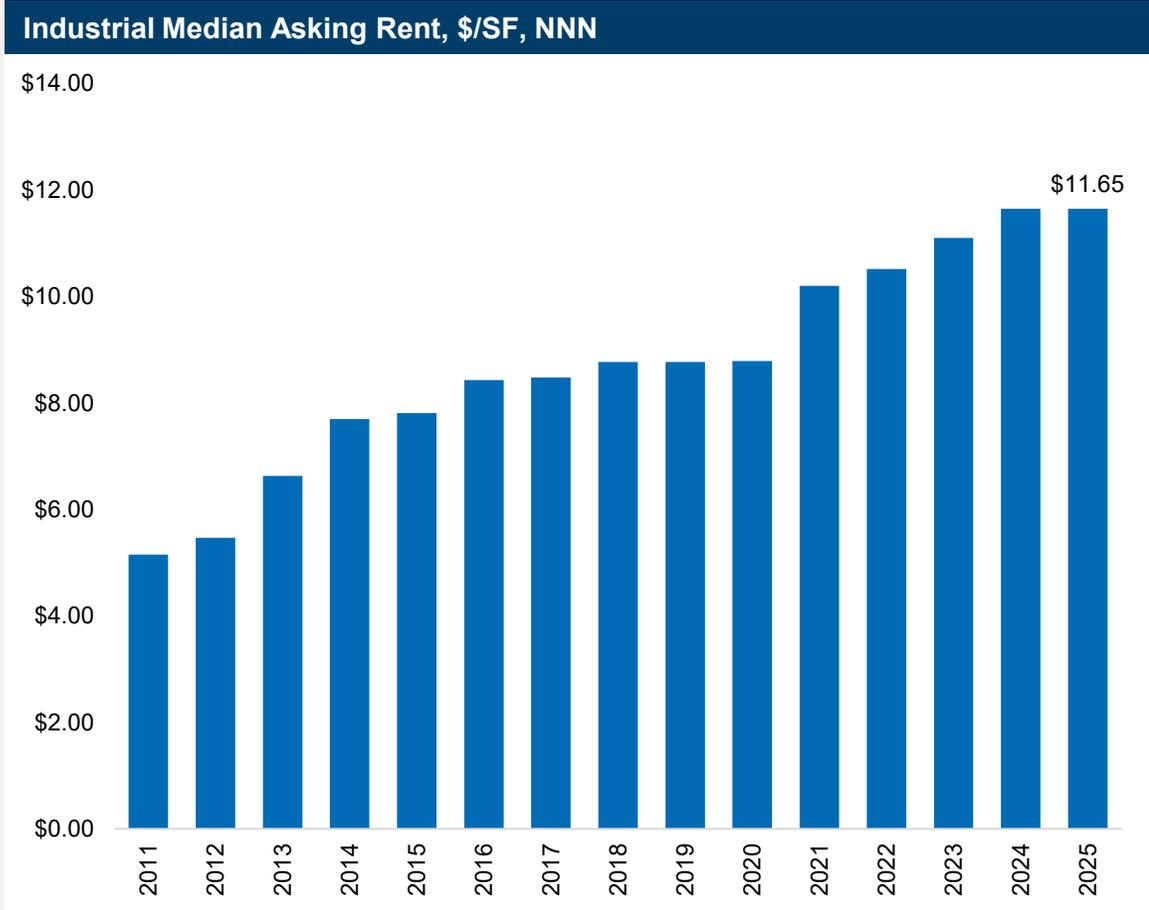
Three Projects Break Ground But Pipeline Significantly Slower Than 2024

The three new projects that broke ground in the fourth quarter adding 639,000 SF to the pipeline, keeping it stable after the significant depletion last quarter from the delivery of the 1.2 MSF PepsiCo Center build-to-suit. Fourteen buildings totaling 3.1 MSF are under construction, with 2.1 MSF scheduled to in the first quarter of 2026.



Conflicting Market Pressures Keep Asking Rates Flat in 2025

Increased availability, stable vacancy, and measured tenant demand have kept downward pressure on asking rates throughout the year. However, tenants remain willing to pay for desired quality of product, including amenities and build out, which keeps landlords from dropping the asking rate. Instead, concessions are made in free rent, TI's or term to attract leasing activity.



Notable 4Q25 Lease Transactions

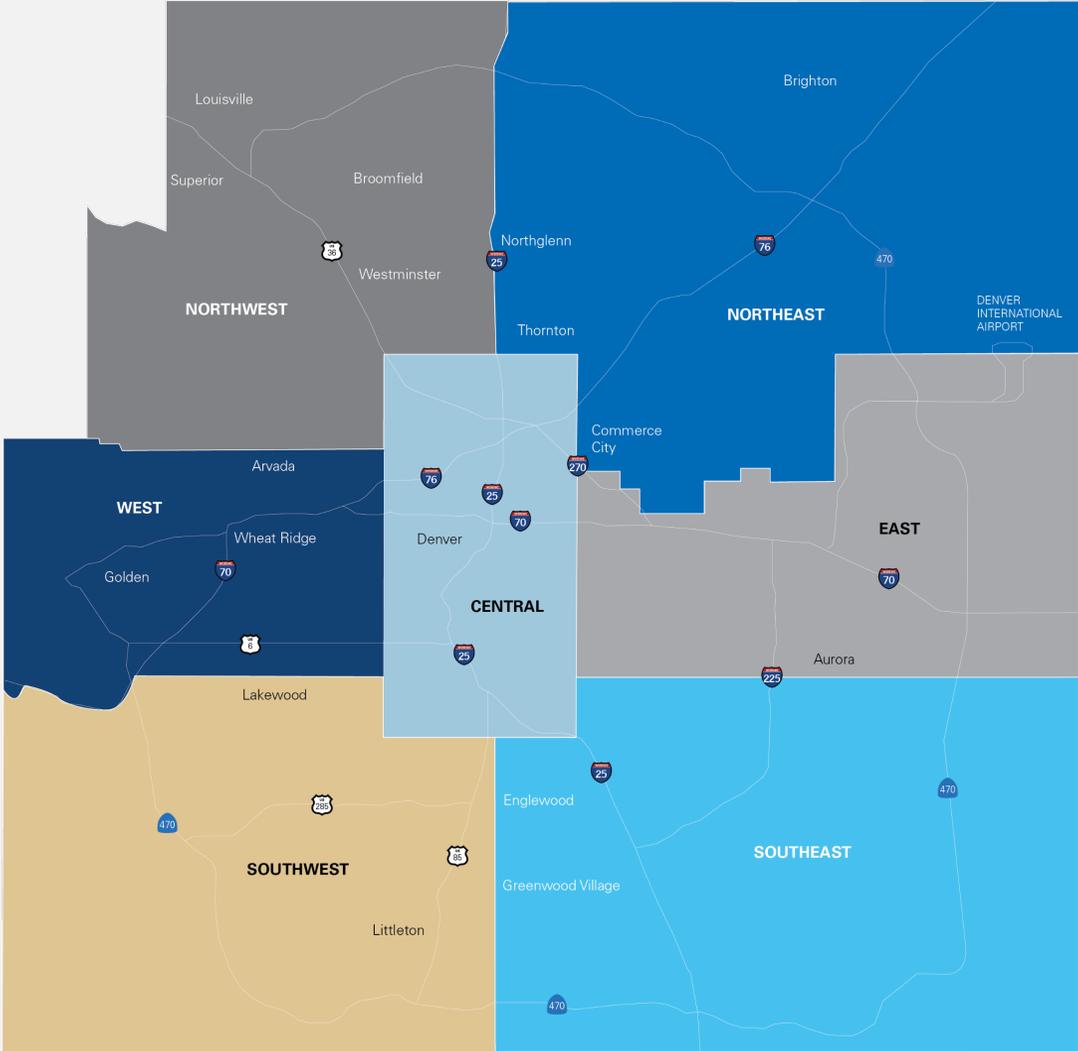
Select Lease Transactions				
Tenant	Building	Submarket	Type	Square Feet
Anheuser-Busch	19755 East 35th Drive	East	Renewal	200,000
<i>Tenant originally expanded to occupy the entire building in May 2021.</i>				
Advanced Auto Parts	17956 East 84th Avenue	East	Direct New	178,000
<i>Building is new speculative construction that delivered in 2021.</i>				
Pretred	6550 North Denali Street	East	Direct New	152,031
<i>Tenant is taking all remaining space in the speculative building that delivered vacant in 2023.</i>				
Mclane Global Logistics, LLC	8125 East 88th Avenue	Northeast	Sublease	141,500
<i>Subleased from original tenant DPI Specialty Foods, which has a lease for the full 158,000 SF building through October 2040.</i>				
Lockheed Martin	1900 Taylor Avenue	Northwest	Direct New	136,929
<i>Tenant occupied the entire distribution center.</i>				

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Appendix



Denver - Submarket Map



Mandi Johnson

Research Director

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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