

NEWMARK

Market Overview Denver Office

4Q25

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Access the Extended 4Q25 Denver Office Market Overview



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Mandi.Johnson@nmrk.com
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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 Tenant Demand on Construction Pipeline:** Identification of the locations that are the most highly desired and how it is driving current and future development.
- **Detailed Submarket Analysis:** In-depth examination of vacancy, asking rates and more across the diverse Denver submarkets, including deep dives on the Downtown and Southeast Suburban submarkets.

*Extensive content across nearly 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.
- According to the CU's Leed Business Research Division, there were 42,699 new business registrations in Colorado during the fourth quarter of 2025, a 4.5% increase year-over-year.
- German grocery chain Aldi announced that it plans to open 50 stores in Colorado in the next two years.



Leasing Market Fundamentals

- The fourth quarter of 2025 recorded positive net absorption for the first time since the first quarter of 2022 and possibly signaling a significant turn in the overall market recovery.
- Only one building delivered and one project broke ground in 2025: the 300,000 SF Steel House in the Downtown submarket finished in the second quarter and 84,000 SF Milwaukee Place in the Cherry Creek neighborhood of the Midtown submarket began construction in the third quarter.
- Median asking rental rates saw a slight decrease year-over-year as more space in Class B and C product became available.



Major Transactions

- TravelPort vacated the last 87,000 SF it occupied in Panorama Corporate Center V, leaving the entire building vacant.
- The Douglas County School District occupied the entire 81,000 SF Lansing Point.
- The Colorado Department of Labor & Employment occupied the final piece of their new 131,000 SF office at 707 17th Street and will vacate 194,000 SF from 633 17th Street in the first quarter of 2026.
- Crusoe Energy Systems leased 53,550 SF at the project under construction at 242 Milwaukee Street for their second office in the Cherry Creek neighborhood.



Outlook

- Office vacancy is expected to remain elevated in 2026 but plateau as the majority of tenants looking to downsize have already done so.
- 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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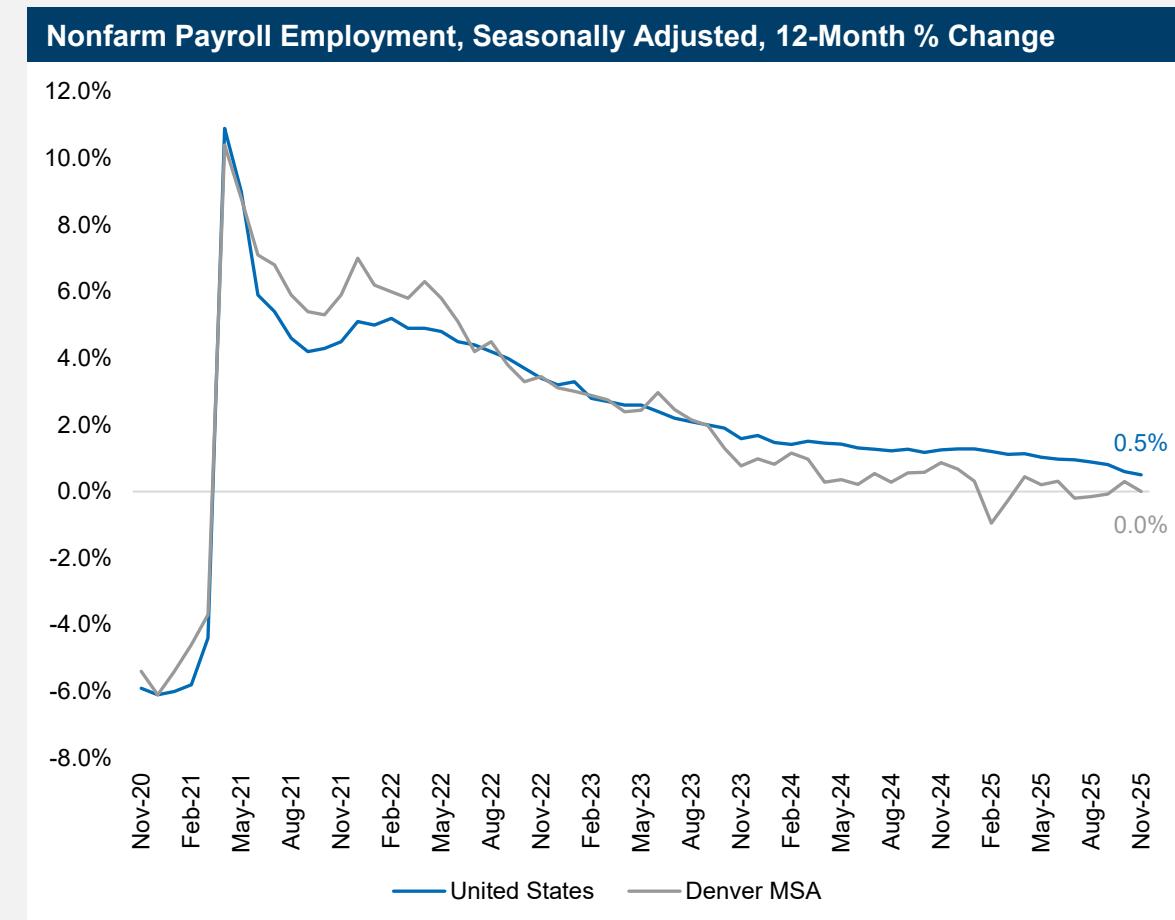
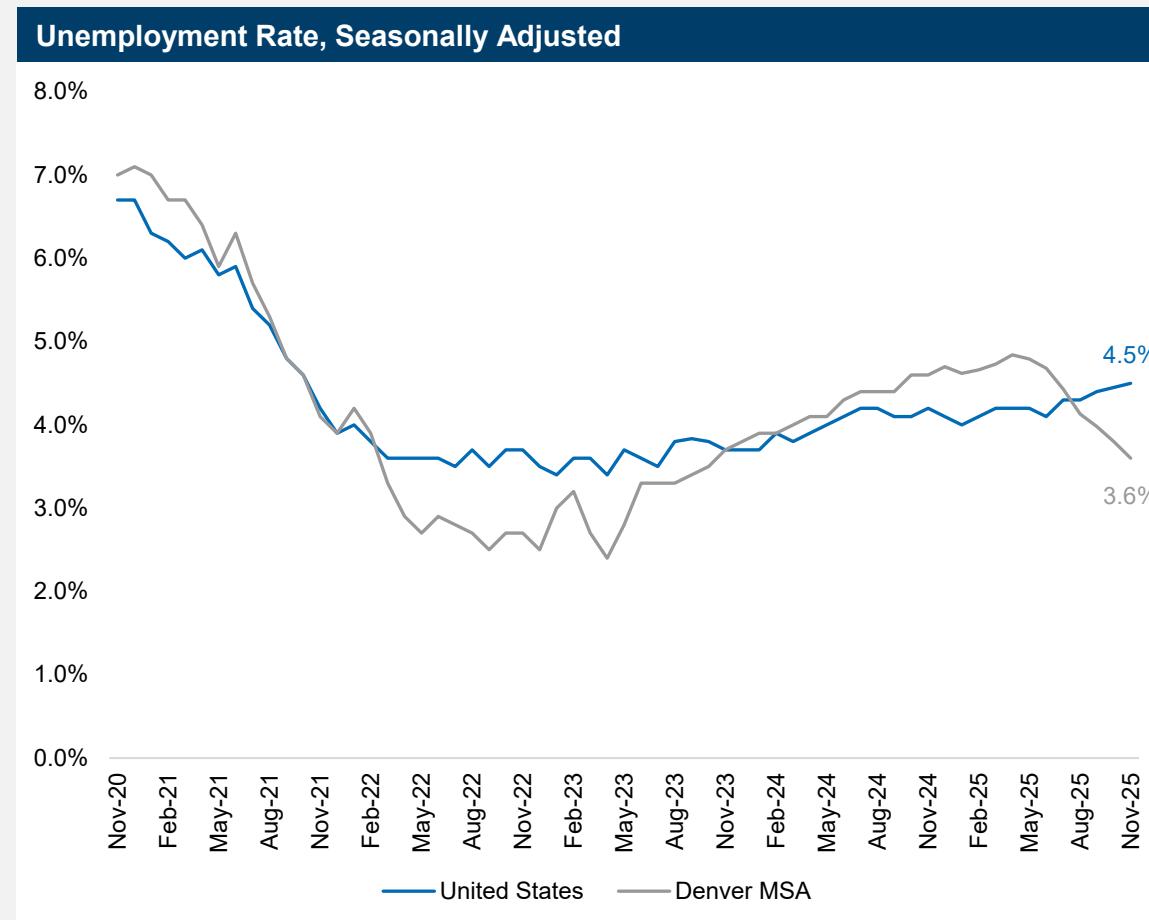
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Economy



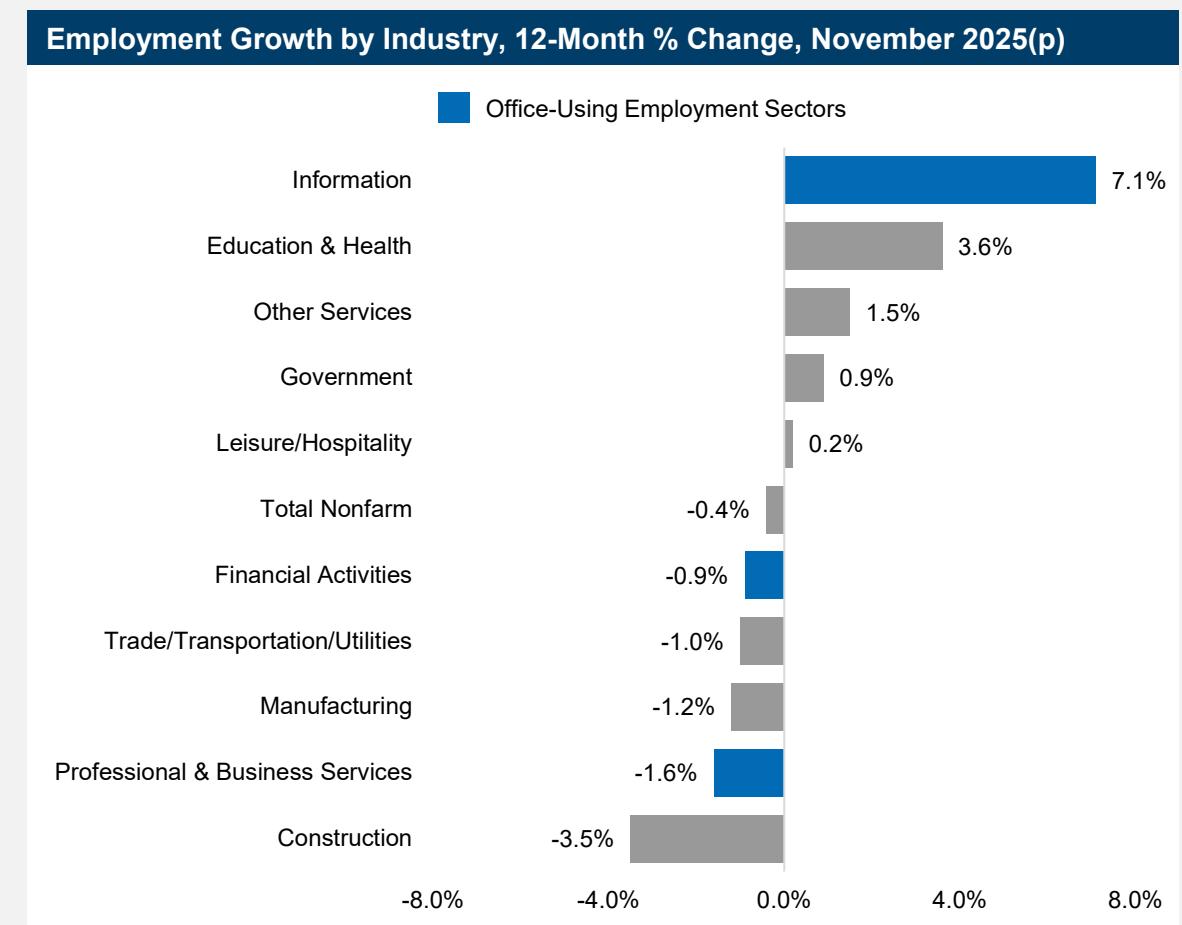
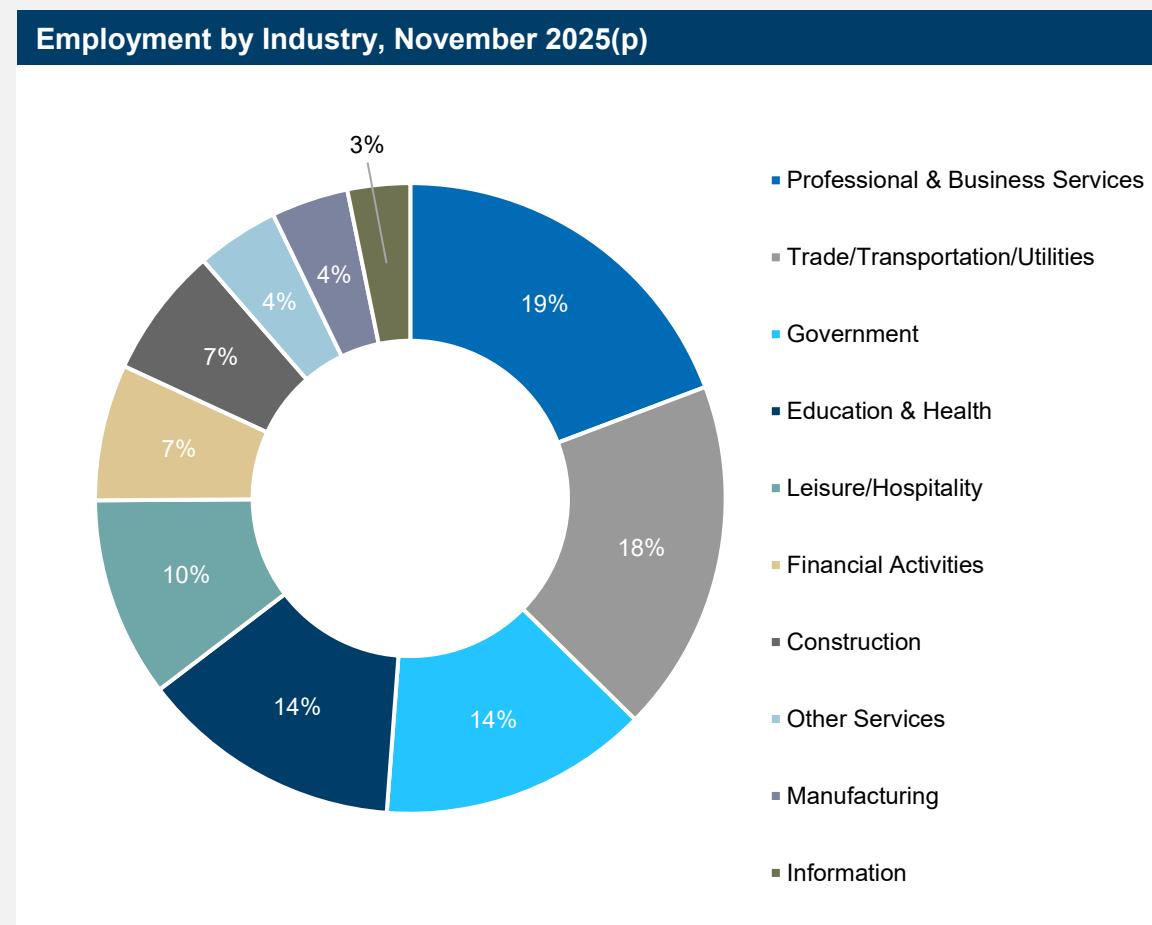
Local Unemployment Continues To Fall But Employment Stagnates

Denver unemployment continues to out-preform the national rate, but employment growth also remained stagnant amidst a larger cooling in the labor market. While a net growth in employment is expected in 2026, it is expected to 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.



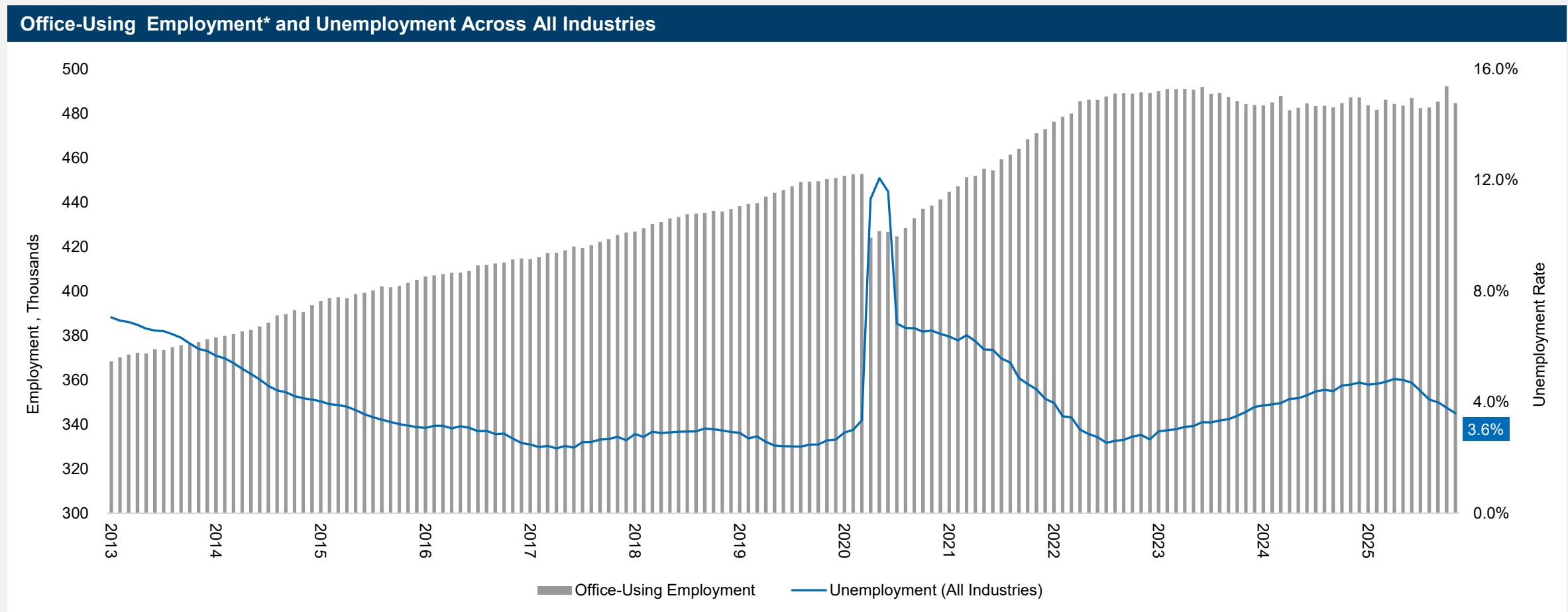
Information Posts Strong Employment Growth While Other Office-Using Sectors Struggle

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



Office-Using Employment Remains Stable Even As Unemployment Drops

According to preliminary data, office-using employment was relatively unchanged from the prior quarter but was down 0.5% year-over-year, despite an overall drop in unemployment. For the past several years, office-using sectors have faced unique economic headwinds that are expected to ease but not fully abate in the new year. While overall job growth is estimated to improve in 2026, Financial Activities is the only office-using sector projected to post higher employment.



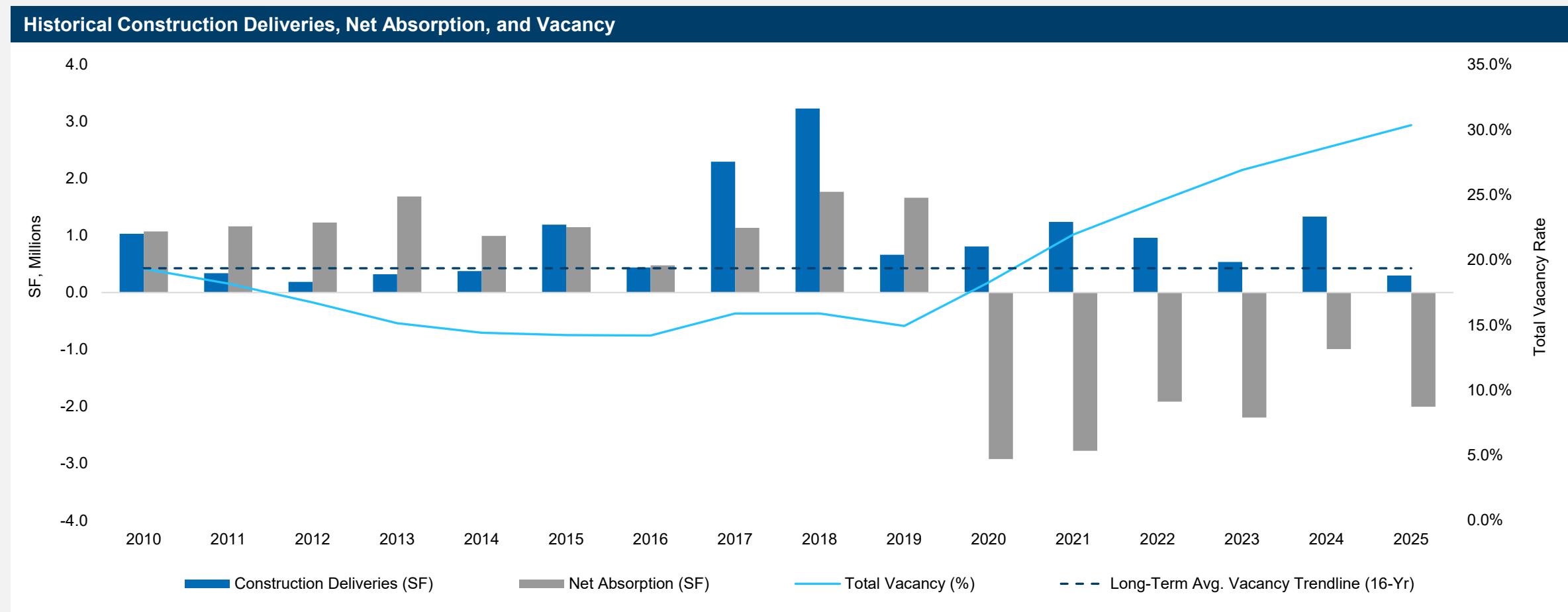
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Leasing Market Fundamentals



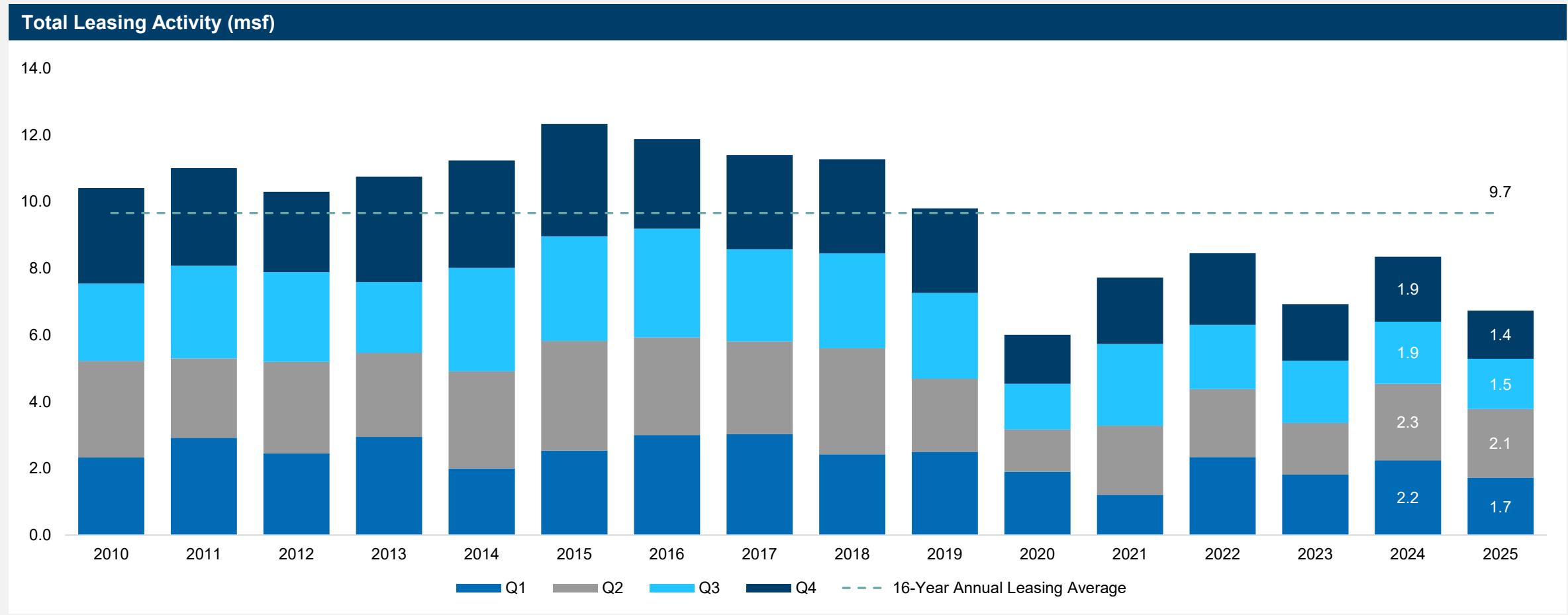
Negative Absorption and Higher Vacancy in 2025 But Turning Point on the Horizon

Annual net absorption reached -2.0 MSF in 2025, raising vacancy from 28.6% in 2024 to 30.4%. Despite the first three quarters when tenants overwhelmingly continued to downsize and consolidate while moving to higher quality space, several positive indicators emerged in the last quarter of the year that the market may be starting to turn a corner towards recovery. Not only was net quarterly absorption positive but it was the highest recorded since the first quarter of 2022 and the second highest since 2020.



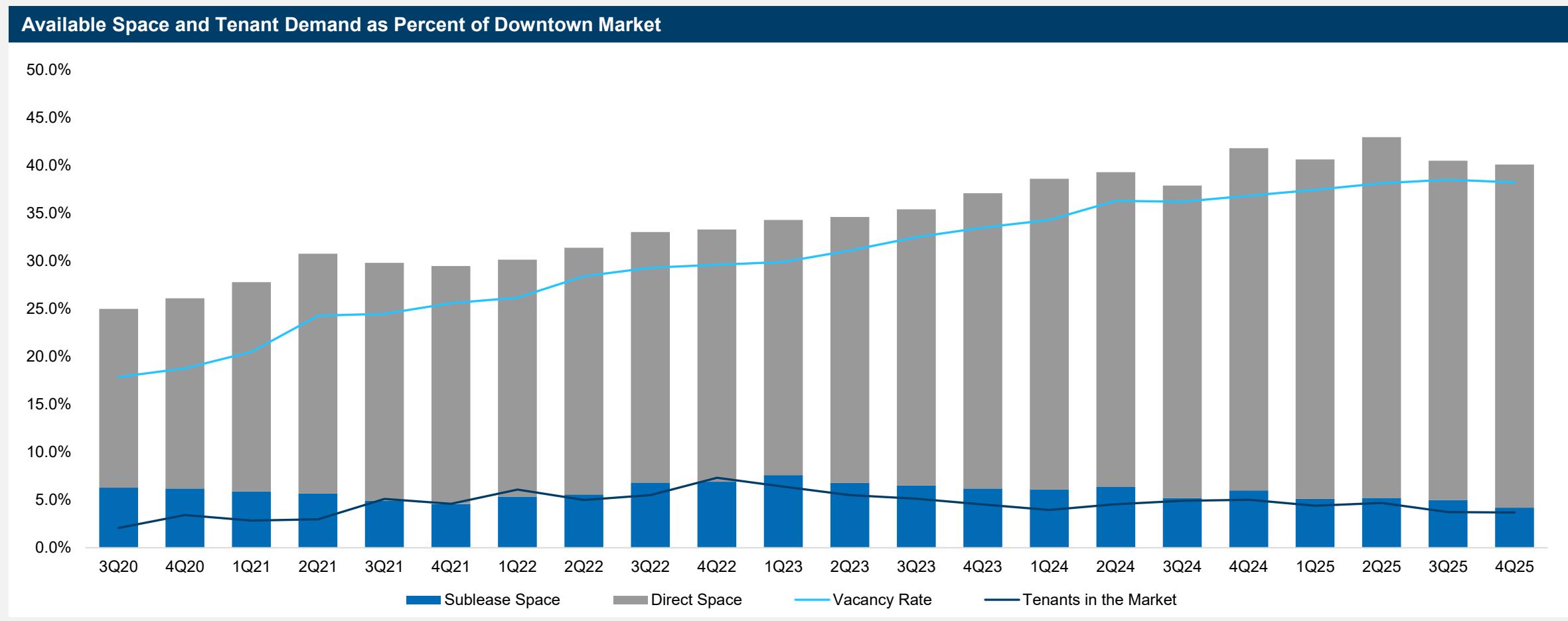
Total Leasing Activity Decreased From 2024 As Tenants Continue To Downsize

The sustaining flight to quality trend that resulted in smaller office footprints to offset higher rates continued throughout 2025, resulting in less overall space leased.



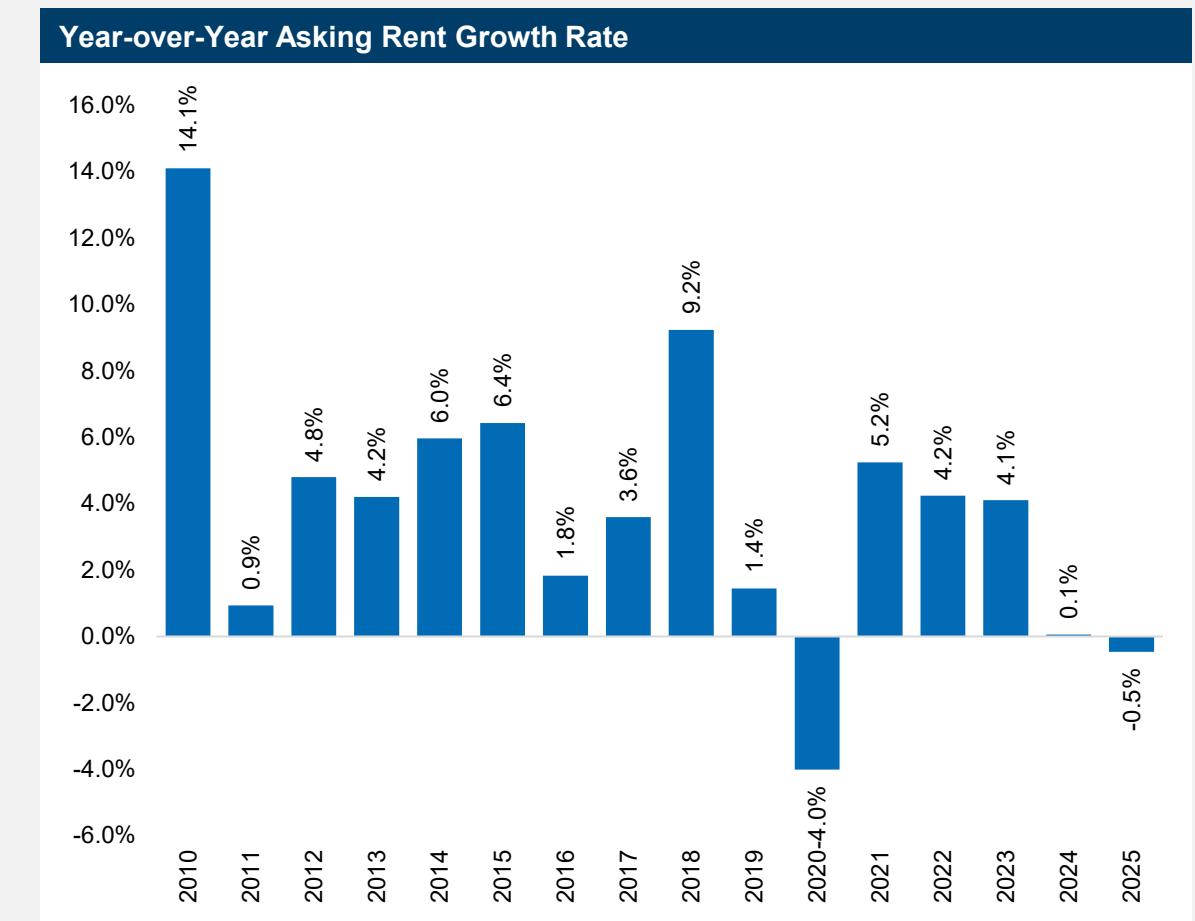
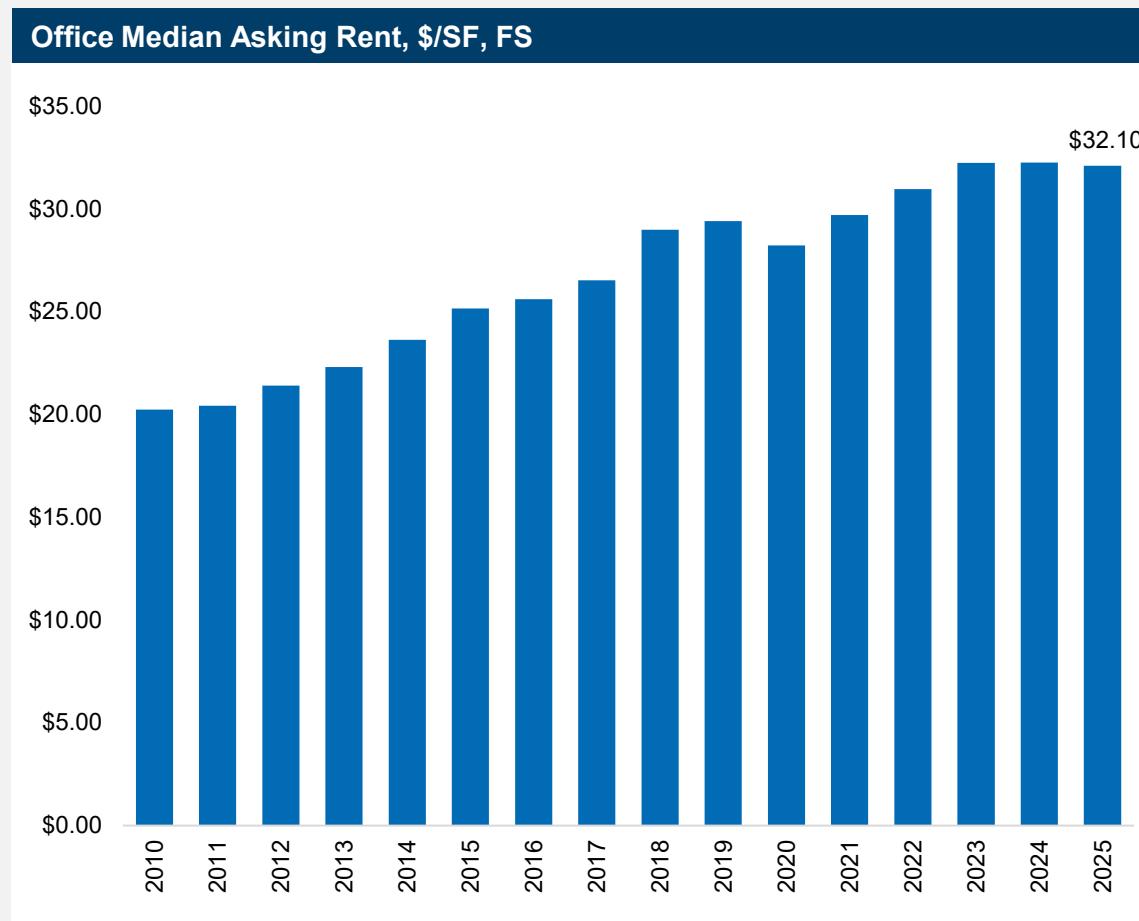
Downtown Availability Decreases From the Previous Quarter And Year-Over-Year

Along with a drop in vacancy, availability in the Downtown submarket also decreased from the prior quarter. Tenants in the markets also decreased slightly but are expected to pick back up as more tenants re-enter the market with the new year.



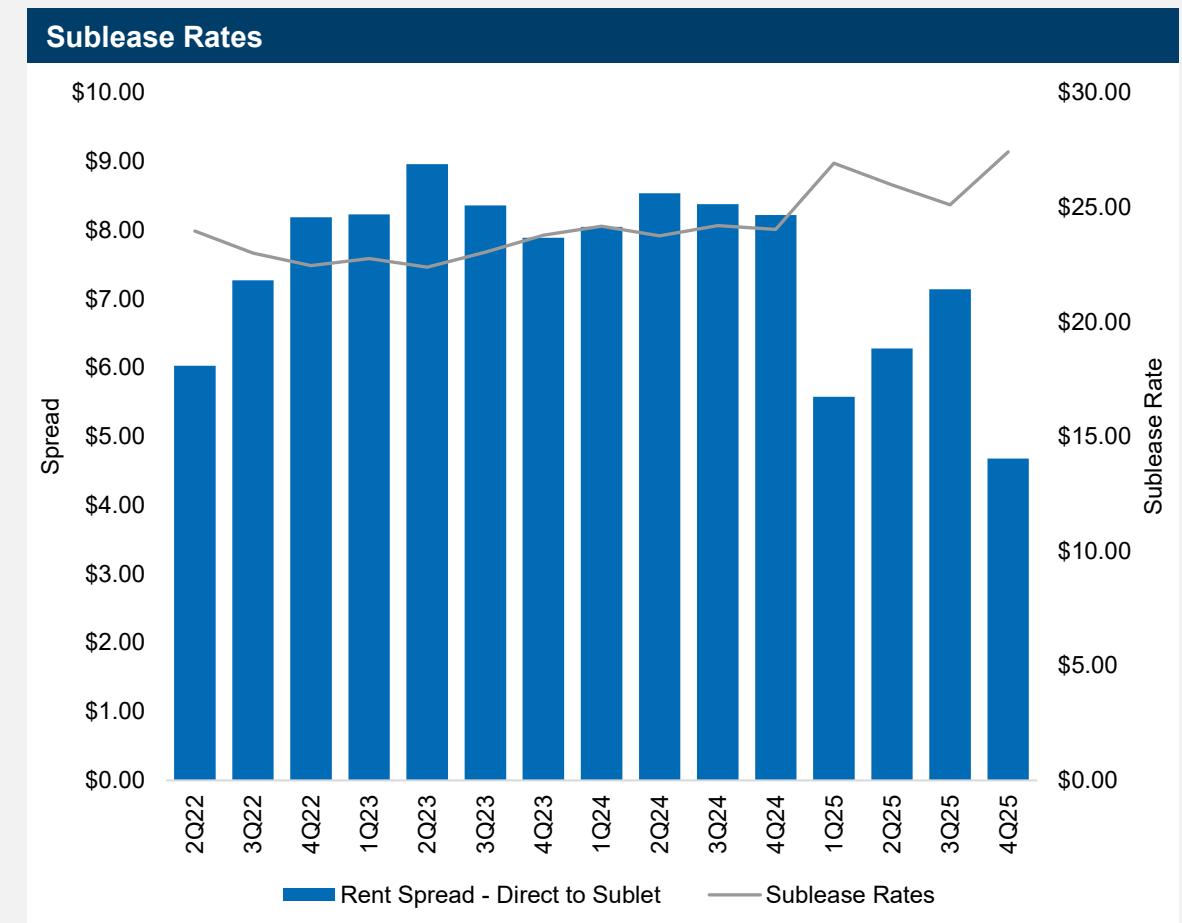
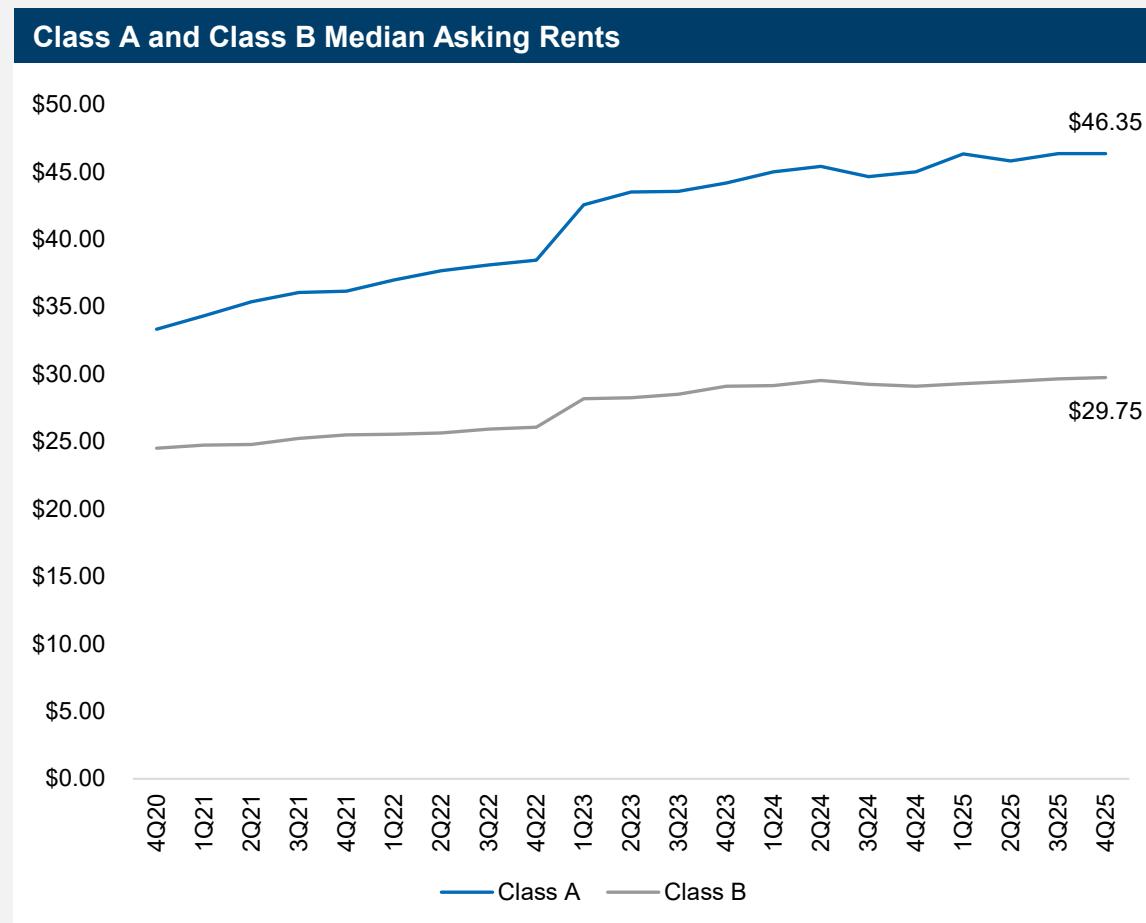
Slight Decrease In Median Asking Rates Underplay A Nuanced Rate Environment

While it would be easy to assume that the slight decrease in median asking rate year-over-year is the result of landlords dropping their rates to attract tenants, a more complicated dance is taking place. The shift comes from not only the high-quality space being leased but lower quality space coming onto the market. Demand remains limited and most tenants in the market continue to prioritize expensive amenities and build-outs when selecting new office locations, leaving many landlords unable to drop rents to justify the cost of attracting new leases.



Class A & B Median Asking Rates Remains Steady

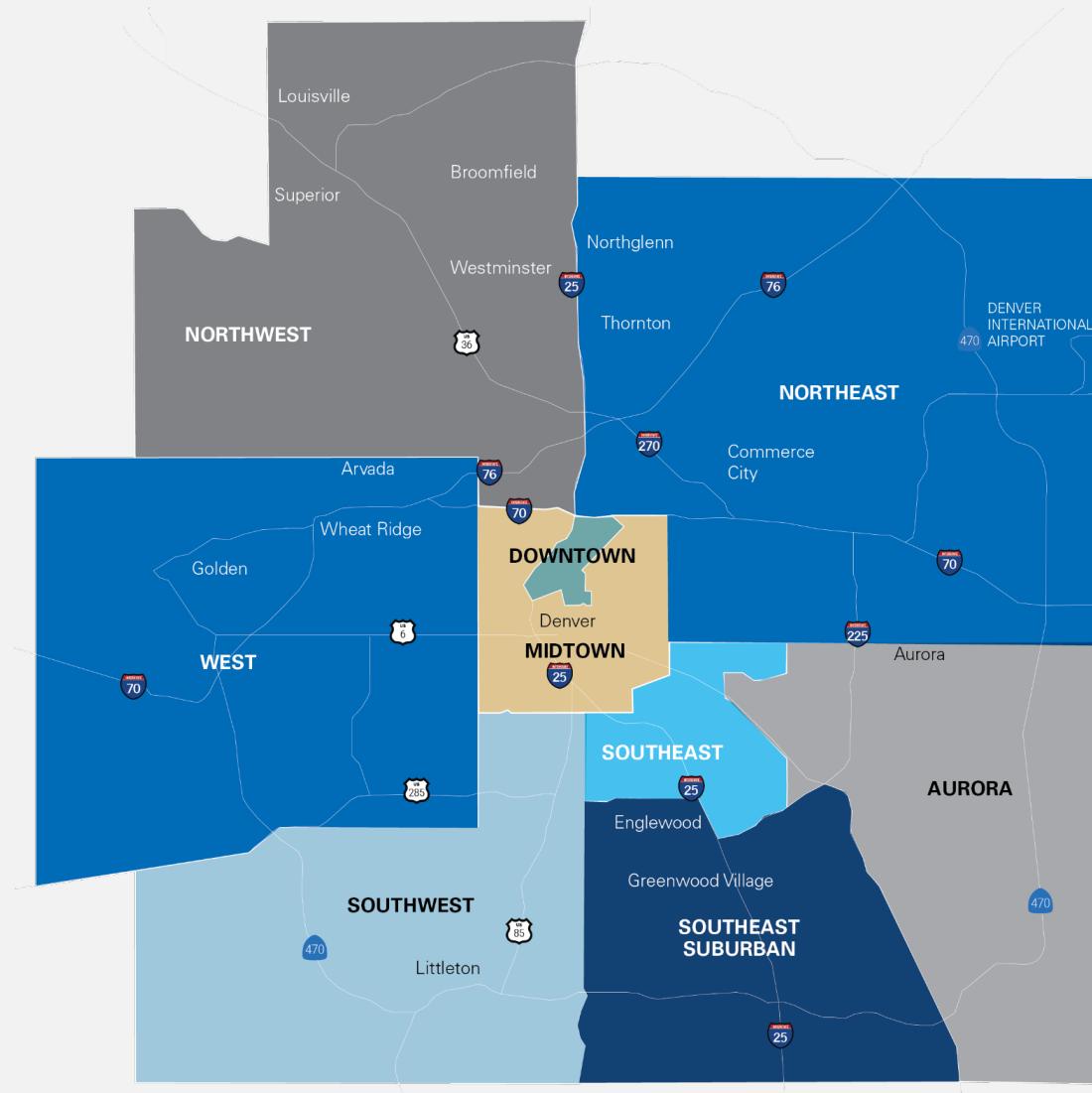
All building classes saw an increase in median asking rate as more space became available and landlords tried to attract tenants with whatever amenities they could. Class A saw a 3.0% increase year-over-year while Class B recorded a 2.2% increase. The leasing and reoccupying of quality sublease space paired with its appeal has boosted sublease asking rates and shrank the gap between them and rates for direct space.



Notable 4Q25 Lease Transactions

Notable 4Q25 Lease Transactions				
Tenant	Building(s)	Submarket	Type	Square Feet
Crusoe Energy Systems	242 Milwaukee Street	Midtown	Direct New	53,550
<i>Second office in the hot Cherry Creek neighborhood and pure growth. Building is currently under construction and is expected to deliver at the end of 2026.</i>				
American Financing	3005 South Parker Road	Aurora	Renewal	33,810
<i>Downsizing from existing space across multiple buildings in the Marketplace Business Park.</i>				
Fivetran	3100 Brighton Boulevard	Downtown	Direct New	32,930
<i>The move will allow the tenant to consolidate to a single floor for better efficiency.</i>				
Dish Network	1601 17th Street	Downtown	Renewal	32,240
<i>Tenant first moved into the location in 2018 and occupies nearly the full building.</i>				
KPMG	1001 17th Street	Downtown	Renewal	30,240
<i>Short-term renewal for the 2nd floor to bring the lease expiration in line with the term of their space in 1225 17th Street.</i>				

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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