

**A Note Regarding COVID-19**

As we publish this report, the global pandemic continues to impact day-to-day life, the economy, and commercial real estate. The extent, length, and severity of this pandemic is unknown and continues to evolve at a rapid pace. The scale of the impact and its timing varies between locations. To better understand trends and emerging adjustments, please subscribe to Colliers' [COVID-19 Knowledge Leader](#) page for resources and recent updates.

## Industrial Remains Strong

### Market Overview

Without question, e-commerce dominated the industrial spotlight throughout the unpredictable and difficult year of 2020. Year-over-year, e-commerce sales jumped nearly 10% as consumers made their purchases online according to Statista. It is projected that e-commerce sales will continue to increase well into 2021 and beyond. With the high demand, industrial space continues to be the primary benefactor of this staggering increase with more additional space needed. That being said, there is more than 7.8 million square feet of industrial and flex space currently underway. With no major cities within a 500-mile radius, the Denver Metro Area continues to benefit from robust demand in its regional market.

The fourth quarter continued Q3's strong institutional investment sales with major purchases completed by Inland Private Capital Corporation, Nuveen Real Estate, and Stockbridge. Inland Private Capital acquired the 151,668 square foot North Washington Commerce Center from The Opus Group for \$57,000,000 (\$375.82/SF). The Nuveen transaction represented 3 properties throughout Denver totaling 461,224 SF for \$77 million (\$166.95/SF) from Etkin Johnson. Rounding off, Stockbridge purchased Broomfield Commerce Center's Building 1 totaling 139,876 square feet for \$24.1 million (\$172.12/SF) from Red Starr Investments.

Denver remains a prominent Live-Work-Play city and continues to benefit from strong market fundamentals, expansive outdoor space, and continued net in-migration. These factors along with the accelerated e-commerce adoption, position the Denver industrial market for continued growth.

### Market Indicators

Relative to prior period	Q4 2020	Projected Q1 2021
Vacancy	↑	↑
Net Absorption	+	+
Deliveries	↑	↑
Rental Rate	↓	↔

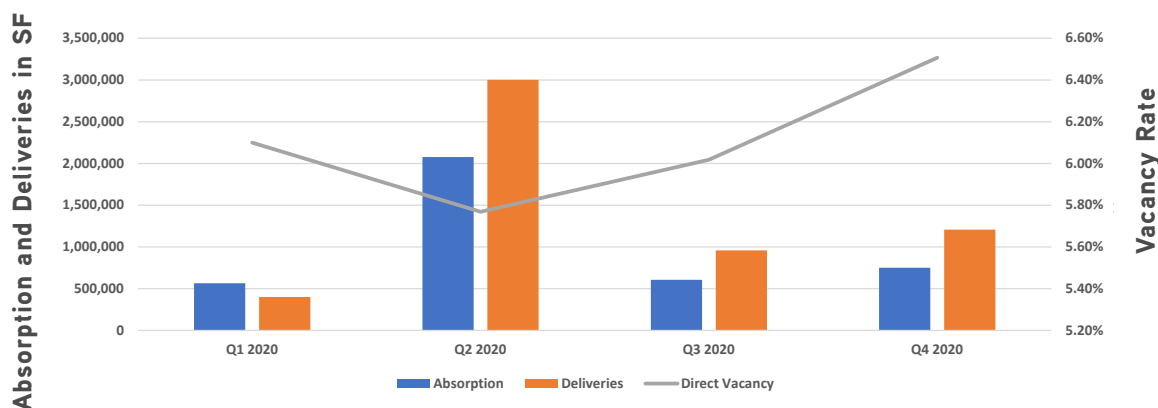
\*Arrows compare current quarter to the previous quarter's historically adjusted figures

### Denver Metro Summary Statistics

	Full Year End 2020	Full Year End 2019
Vacancy Rate	6.51%	6.14%
Absorption YTD	4,002,031	4,346,572
Deliveries YTD	5,570,430	6,492,952
Under Construction	7,888,310	5,842,424
Asking Rents/SF	\$10.55	\$10.43
Total SF	255,304,616	238,177,157

\*Source: CoStar, Catylist

### Absorption, Deliveries & Vacancy



Source: Catalyst, Colliers Analytics

## Absorption

The Denver Metro realized 751,000 SF of absorption in Q4, led by Ace Hardware moving into a 128,982 SF space within the Airport Distribution Center. In total, 2020 absorption stands at over 4 million SF, driven by over 1.2 million SF of Amazon leasing in Q2 and large leases in Q3 from Outrider and Whole Foods. The rapid acceleration of e-commerce and Denver's strategic location as a distribution hub for the Mountain region continue to benefit the Metro's industrial leasing market now and into the future.

## Lease Rates

Lease rates in Metro Denver reported a decrease quarter-over-quarter to \$10.55/SF NNN or -1.77%, a first for a quarter in 2020. The Northeast/Airport submarket reported a large decrease from \$6.81/SF to \$6.32/SF. On the other hand, the recently highly sought after I-76/Brighton submarket reported an increase in rates by 23 cents to \$11.50/SF. Overall, rates across Denver have decreased 2.04% in 2020, despite strong desirability during unprecedented times. Lease rates are expected to increase, albeit at a modest pace, into 2021.

## Vacancy

Denver Metro's vacancy rates increased by 49 basis points to 6.51% from the previous quarter. Despite a positive absorption of over 750,000 square feet in Q4, over 1.1 million square feet of new product was delivered in Q4 alone. Despite large amounts of space needing to be filled, demand still remains robust across multiple submarkets such as I-76/Brighton and Northeast/Airport. The Northeast/Airport submarket, among Denver's largest, saw vacancy increase by 150 basis points to 6.8% as roughly 212,000 square feet was absorbed. The I-76/Brighton submarket reported a large jump in vacancy to 7.13%. This is due to the large amounts of space delivered over the course of the quarter. More than 550,000 square feet of space was delivered at the Colorado Logistics Park. With plenty of deliveries and additional construction, it is expected that vacancy rates will continue to trickle up.

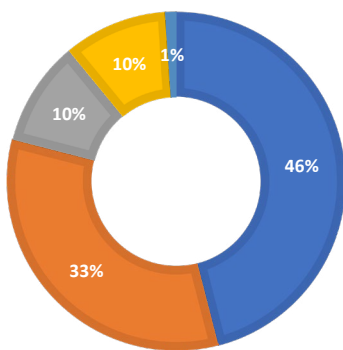
## Leasing Activity

The Fourth Quarter continued to build off of Q3's momentum with notable leases signed above 50,000 square feet. As previously mentioned, the top lease in Q4 was Ace Hardware's 128,982 square feet at the Airport Distribution Center in Aurora. Closer to downtown, the recently completed Central Connection saw an array of leases signed totaling over 100,000 square feet. Kalera signed for over 75,000 square feet at Clarion Gateway in the Northeast/Airport submarket. Farther south, Zynex inked a lease over 50,000 square feet in the Southeast market. Leasing activity is expected to continue its strong trend into 2021.

## Sales by Buyer Type

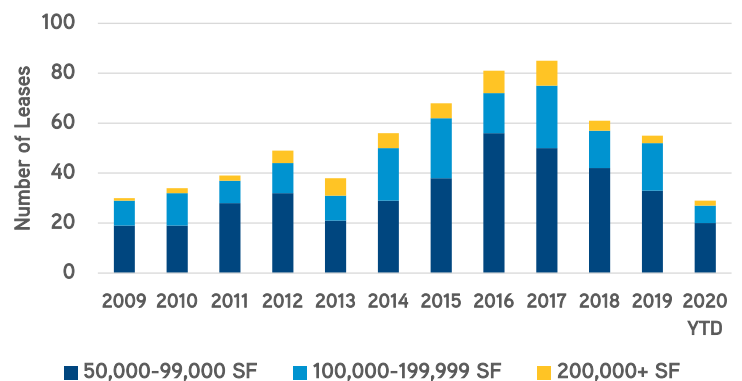
Trailing 12 Months

■ Institutional ■ Private ■ Private Equity ■ User ■ REIT/Public



Source: CoStar, Colliers Analytics

## Annual Lease Deals by Size



Source: CoStar, Colliers Analytics

## NOTABLE TRANSACTIONS Q4 2020

### DENVER INDUSTRIAL MARKET

#### Individual Sales Activity

PROPERTY	SUBMARKET	SALES PRICE	SIZE SF	PRICE PSF	BUYER	SELLER
North Washington Commerce Center	Denver North	\$57,000,000	151,668	\$375.82	Inland Private Capital Corporation	The Opus Group
17450 E. 32nd Pl.	Northeast /Airport	\$12,200,000	141,000	\$86.52	LBA Realty	Milgard Windows & Doors

Source: Catalyst

**NOTABLE TRANSACTIONS Q4 2020 continued**  
DENVER INDUSTRIAL MARKET

Portfolio Sales Activity						
PROPERTY	SUBMARKET	SALES PRICE	SIZE SF	PRICE PSF	BUYER	SELLER
Enterprise Park	Northeast /Airport	\$77,000,000	461,314	\$166.91	Nuveen Real Estate	Etkin Johnson
Broomfield Industrial Portfolio	Denver Northwest	\$48,000,000	509,164	\$94.27	Westcore Properties	Commander Leasing LLC
Parkway Point & Arapahoe Corporate Park II	Denver Southeast	\$23,200,000	149,162	\$155.54	MIG Real Estate, LLC	First Industrial Realty Trust, Inc.
Commerce Sqaure	Northeast /Airport	\$16,000,000	144,464	\$110.75	Graham Street Realty	First Industrial Realty Trust, Inc.
Stapleton Square Business Center	Northeast /Airport	\$8,580,000	64,868	\$132.27	T & S Properties	DePaul Real Estate Advisors

Source: Catalyst

Industrial – Denver - Leasing Activity				
SUBMARKET	SUBMARKET	LEASED SF	LEASE TYPE	TENANT NAME
15965 E. 32nd Ave.	Northeast/Airport	128,982	New	Ace Hardware
22600 E. I-76 Frontage Rd.	I-76/Brighton	128,831	New	Farmers Business Network
11777 E. 55th Ave.	Northeast/Airport	86,200	New	USG Corporation
13427 County Rd. 8	I-76/Brighton	80,000	New	Summit Bodyworks
10405-10445 E. 49th Ave.	Northeast/Airport	79,646	Sublease	The Kroger Co.
1785 W. 160th Ave.	Denver North	56,021	New	Rig-Up
14800 Grasslands Dr.	Denver Southeast	50,488	New	Zynex

Source: Catalyst

Industrial Overview									
EXISTING PROPERTIES									
TYPE	# OF BUILDINGS	TOTAL SF	TOTAL AVAILABLE	TOTAL VACANT	VACANCY %	DIRECT AVAILABLE	SUBLEASE AVAILABLE	ABSORPTION	WEIGHTED AVERAGE RENT
<b>AURORA</b>									
Warehouse/Distribution	6	229,024	10,000	10,000	4.37%	0	0		\$7.50
Flex	35	1,338,651	80,234	75,584	5.65%	0	0		\$9.48
Warehouse/Office	34	709,295	20,000	20,000	2.82%	0	0		\$7.50
<b>Total</b>	<b>75</b>	<b>2,276,970</b>	<b>110,234</b>	<b>105,584</b>	<b>4.64%</b>	<b>0</b>	<b>0</b>	<b>-14,507</b>	<b>\$8.16</b>
<b>CENTRAL BOULDER</b>									
Warehouse/Distribution	4	323,287	0	100,872	31.20%	0	0		\$11.75
Flex	23	977,424	1,900	1,900	0.19%	18,097	0		\$9.95
Warehouse/Office	26	534,985	21,266	0	0.00%	0	0		\$12.48
<b>Total</b>	<b>53</b>	<b>1,835,696</b>	<b>23,166</b>	<b>102,772</b>	<b>5.60%</b>	<b>18,097</b>	<b>0</b>	<b>28,612</b>	<b>\$11.39</b>
<b>DENVER NORTH</b>									
Warehouse/Distribution	49	4,501,424	768,792	607,709	13.50%	648,041	0		\$10.90
Flex	33	1,380,680	87,985	141,485	10.25%	312,611	0		\$13.74
Warehouse/Office	97	2,807,414	208,936	42,111	1.50%	0	0		\$11.28
<b>Total</b>	<b>179</b>	<b>8,689,518</b>	<b>1,065,713</b>	<b>791,305</b>	<b>9.11%</b>	<b>960,652</b>	<b>0</b>	<b>94,416</b>	<b>\$11.97</b>
<b>DENVER NORTH CENTRAL</b>									
Manufacturing	18	772,419	86,043	50,289	6.51%	0	0		\$9.94
Warehouse/Distribution	254	16,161,195	1,769,500	1,028,208	6.36%	0	0		\$9.99
Flex	17	950,072	32,745	32,745	3.45%	0	0		\$13.06
Warehouse/Office	455	8,561,884	246,395	222,594	2.60%	0	0		\$15.43
<b>Total</b>	<b>744</b>	<b>26,445,570</b>	<b>2,134,683</b>	<b>1,333,836</b>	<b>5.04%</b>	<b>0</b>	<b>0</b>	<b>-34,431</b>	<b>\$12.11</b>
<b>DENVER NORTHWEST</b>									
Manufacturing	16	763,756	57,100	42,100	5.51%	57,522	0		\$12.50
Warehouse/Distribution	109	6,954,198	401,016	361,583	5.20%	0	0		\$9.05
Flex	171	7,471,746	523,794	383,710	5.14%	0	0		\$11.71
Warehouse/Office	492	11,730,716	659,576	403,542	3.44%	0	0		\$10.25
<b>Total</b>	<b>788</b>	<b>26,920,416</b>	<b>1,641,486</b>	<b>1,190,935</b>	<b>4.42%</b>	<b>0</b>	<b>0</b>	<b>50,532</b>	<b>\$10.88</b>
<b>DENVER SOUTH CENTRAL</b>									
Manufacturing	89	1,902,652	153,516	100,993	5.31%	0	0		\$7.17
Warehouse/Distribution	179	8,726,846	217,204	127,822	1.46%	0	0		\$8.33
Flex	26	688,798	40,585	24,622	3.57%	0	0		\$10.88
Warehouse/Office	799	11,709,406	428,422	296,053	2.53%	0	0		\$9.44
<b>Total</b>	<b>1,093</b>	<b>23,027,702</b>	<b>839,727</b>	<b>549,490</b>	<b>2.39%</b>	<b>0</b>	<b>0</b>	<b>69,910</b>	<b>\$8.96</b>

## Industrial Overview — continued

### EXISTING PROPERTIES

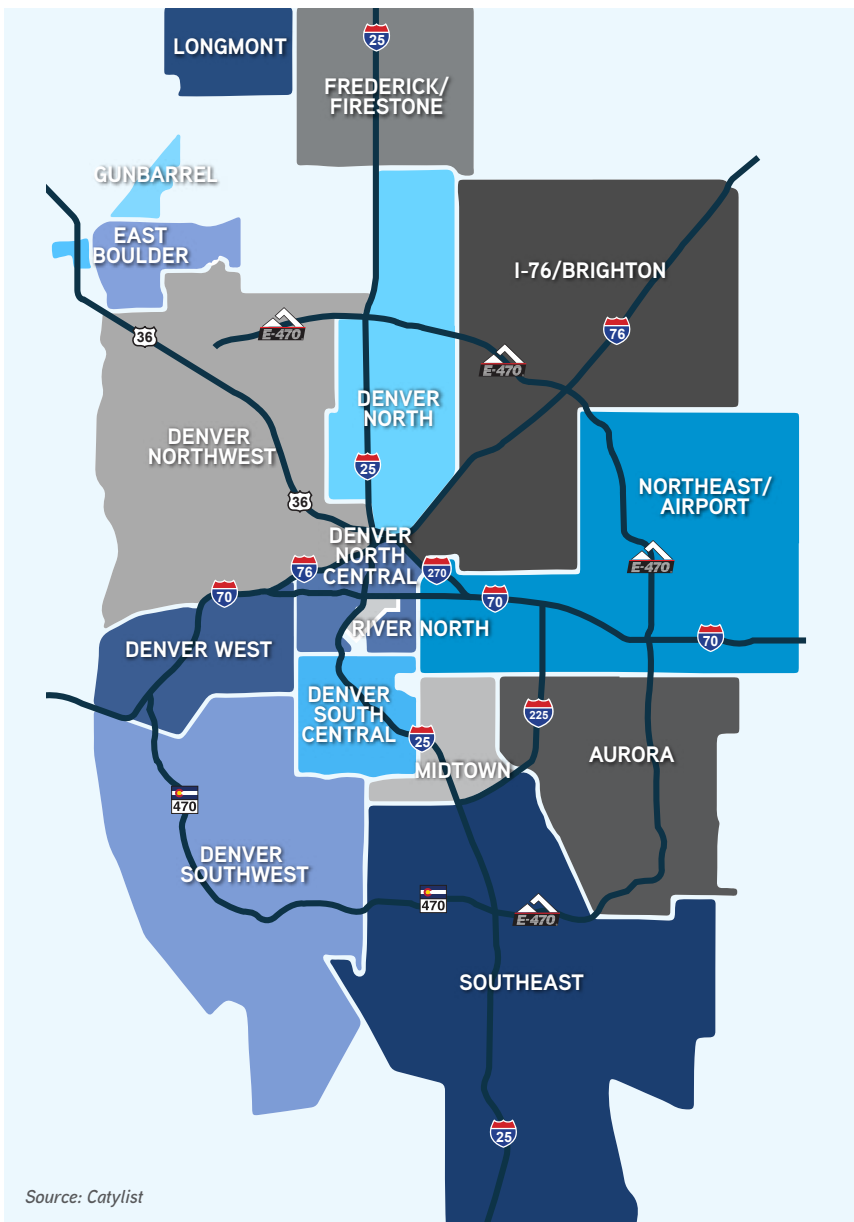
TYPE	# OF BUILDINGS	TOTAL SF	TOTAL AVAILABLE	TOTAL VACANT	VACANCY %	DIRECT AVAILABLE	SUBLEASE AVAILABLE	ABSORPTION	WEIGHTED AVERAGE RENT
<b>DENVER SOUTHEAST</b>									
Warehouse/Distribution	53	5,257,424	723,814	701,025	13.33%	0	0		\$10.76
Flex	249	11,269,698	599,307	353,402	3.14%	0	0		\$11.43
Warehouse/Office	237	6,663,851	279,039	249,284	3.74%	0	0		\$10.16
<b>Total</b>	<b>539</b>	<b>23,190,973</b>	<b>1,602,160</b>	<b>1,303,711</b>	<b>5.62%</b>	<b>0</b>	<b>0</b>	<b>186,834</b>	<b>\$10.78</b>
<b>DENVER SOUTHWEST</b>									
Manufacturing	27	686,939	33,116	33,116	4.82%	0	0		\$15.00
Warehouse/Distribution	33	2,071,572	231,130	14,137	0.68%	0	0		\$6.44
Flex	137	3,882,508	239,028	194,854	5.02%	0	0		\$10.80
Warehouse/Office	205	4,319,984	76,692	86,754	2.01%	0	0		\$10.29
<b>Total</b>	<b>402</b>	<b>10,961,003</b>	<b>579,966</b>	<b>328,861</b>	<b>3.00%</b>	<b>0</b>	<b>0</b>	<b>8,696</b>	<b>\$10.63</b>
<b>DENVER WEST</b>									
Warehouse/Distribution	35	1,926,250	26,882	20,610	1.07%	0	0		\$10.99
Flex	58	4,011,634	155,425	95,177	2.37%	0	0		\$11.76
Warehouse/Office	151	2,234,500	63,518	37,827	1.69%	0	0		\$9.98
<b>Total</b>	<b>244</b>	<b>8,172,384</b>	<b>245,825</b>	<b>153,614</b>	<b>1.88%</b>	<b>0</b>	<b>0</b>	<b>39,879</b>	<b>\$10.91</b>
<b>EAST BOULDER</b>									
Warehouse/Distribution	1	20,289	6,810	6,810	33.56%	0	0		\$9.75
Flex	75	2,504,091	154,881	84,018	3.36%	0	0		\$16.84
Warehouse/Office	71	2,252,259	51,288	42,749	1.90%	0	0		\$13.10
<b>Total</b>	<b>147</b>	<b>4,776,639</b>	<b>212,979</b>	<b>133,577</b>	<b>2.80%</b>	<b>0</b>	<b>0</b>	<b>-46,873</b>	<b>\$13.23</b>
<b>GUNBARREL</b>									
Warehouse/Distribution	4	591,466	120,165	20,000	3.38%	0	0		\$6.96
Flex	53	2,228,162	334,050	328,498	14.74%	0	0		\$12.40
Warehouse/Office	24	1,257,544	56,710	25,551	2.03%	0	0		\$9.41
<b>Total</b>	<b>81</b>	<b>4,077,172</b>	<b>510,925</b>	<b>374,049</b>	<b>9.17%</b>	<b>0</b>	<b>0</b>	<b>49,184</b>	<b>\$9.59</b>
<b>I-76/BRIGHTON</b>									
Warehouse/Distribution	63	6,039,810	240,127	160,127	2.65%	0	0		\$10.75
Warehouse/Distribution	21	2,225,090	634,363	634,363	28.51%	0	0		\$14.00
Warehouse/Office	229	4,078,590	92,233	85,134	2.09%	0	0		\$9.75
<b>Total</b>	<b>313</b>	<b>12,343,490</b>	<b>966,723</b>	<b>879,624</b>	<b>7.13%</b>	<b>0</b>	<b>0</b>	<b>32,208</b>	<b>\$11.50</b>
<b>LONGMONT</b>									
Manufacturing	8	460,720	8,622	8,622	1.87%	0	0		\$12.90
Flex	76	4,376,301	829,583	693,129	15.84%	0	0		\$11.42
Warehouse/Office	108	2,375,191	79,815	46,059	1.94%	0	0		\$11.93
<b>Total</b>	<b>192</b>	<b>7,212,212</b>	<b>918,020</b>	<b>747,810</b>	<b>10.37%</b>	<b>0</b>	<b>0</b>	<b>44,727</b>	<b>\$12.08</b>
<b>MIDTOWN</b>									
Warehouse/Distribution	8	278,138	3,110	3,110	1.12%	0	0		\$10.50
Flex	9	266,360	10,735	10,735	4.03%	0	0		\$9.44
Warehouse/Office	74	1,360,434	34,098	21,471	1.58%	0	0		\$10.94
<b>Total</b>	<b>91</b>	<b>1,904,932</b>	<b>47,943</b>	<b>35,316</b>	<b>1.85%</b>	<b>0</b>	<b>0</b>	<b>-1,089</b>	<b>\$10.29</b>
<b>NORTHEAST/AIRPORT</b>									
Manufacturing	59	3,246,191	400,525	400,525	12.34%	0	0		\$4.11
Warehouse/Distribution	606	71,221,518	5,920,952	5,004,922	7.03%	0	0		\$6.24
Flex	56	3,522,670	456,519	386,483	10.97%	0	0		\$7.39
Warehouse/Office	499	12,265,643	531,182	345,840	2.82%	0	0		\$7.55
<b>Total</b>	<b>1,220</b>	<b>90,256,022</b>	<b>7,309,178</b>	<b>6,137,770</b>	<b>6.80%</b>	<b>0</b>	<b>0</b>	<b>222,132</b>	<b>\$6.32</b>
<b>RIVER NORTH</b>									
Manufacturing	20	1,009,178	32,450	32,450	3.22%	0	0		\$7.50
Warehouse/Distribution	22	1,478,239	124,326	98,634	6.67%	0	0		\$9.90
Warehouse/Office	60	726,500	41,560	36,114	4.97%	0	0		\$6.50
<b>Total</b>	<b>102</b>	<b>3,213,917</b>	<b>198,336</b>	<b>167,198</b>	<b>5.20%</b>	<b>0</b>	<b>0</b>	<b>21,447</b>	<b>\$7.97</b>

Source: Catalyst

## Industrial — Denver Metro Subtotal

QUARTER	UNDER CONSTRUCTION	# OF BUILDINGS	TOTAL SF	TOTAL AVAILABLE	TOTAL VACANT	DIRECT VACANCY %	DIRECT AVAILABLE	SUBLET AVAILABLE	ABSORPTION	WEIGHTED AVERAGE RENT
Q4 2020	7,888,310	6,263	255,304,616	18,407,064	14,335,452	6.51%	16,610,974	1,796,090	751,677	\$10.55
<b>QUARTERLY COMPARISON</b>										
Q3 2020	7,265,542	6,112	247,259,290	16,834,746	12,449,139	6.02%	14,878,116	1,956,630	606,814	\$10.74
Q2 2020	8,071,877	6,133	245,048,344	16,223,581	11,759,857	5.77%	14,135,184	2,088,397	2,077,745	\$10.74
Q1 2020	5,696,928	6,214	241,099,690	16,164,315	11,946,237	6.10%	14,705,824	1,458,491	565,795	\$10.77

Source: Catalyst



**400** offices in  
**68** countries on  
**6** continents

United States: **109**  
Canada: **43**  
Latin America: **18**  
Asia Pacific: **35**  
EMEA: **85**

**\$3.3**  
billion in  
annual revenue

**2.0**  
billion square feet  
under management

**17,300**  
professionals  
and staff

## About Colliers International

Colliers International Group Inc. (NASDAQ: CIGI; TSX: CIG) is a global leader in commercial real estate services with more than 17,300 professionals operating from 400 offices in 68 countries. With an enterprising culture and significant insider ownership, Colliers professionals provide a full range of services to real estate occupiers, owners and investors worldwide. Services include brokerage, global corporate solutions, investment sales and capital markets, project management and workplace solutions, property and asset management, consulting, valuation and appraisal services, and customized research and thought leadership. Colliers International has been ranked among the top 100 outsourcing firms by the International Association of Outsourcing Professionals' Global Outsourcing for 10 consecutive years, more than any other real estate services firm.

### FOR MORE INFORMATION

**Brad Calbert, ULI, NAIOP**  
President | Denver  
+1 303 283 4566  
brad.calbert@colliers.com

### CLIENT SERVICES & ANALYTICS:

**Matthew Giordano**  
Research Analyst | Denver  
+1 720 833 4638  
matthew.giordano@colliers.com

**Ford Malmquist**  
Research Analyst | Denver  
+1 303 283 4561  
ford.malmquist@colliers.com

In the midst of the COVID-19 outbreak, information and data is emerging at a quick and uneven rate. The information contained herein has been obtained from sources deemed reliable at the time the report was written. While every reasonable effort has been made to ensure its accuracy, we cannot guarantee it. No responsibility is assumed for any inaccuracies. Readers are encouraged to consult their professional advisors prior to acting on any of the material contained in this report.

Colliers International | Denver  
4643 South Ulster Street, Suite 1000  
+1 303 745 5800  
colliers.com/denver



Accelerating success.