



Colliers

Denver

Industrial

24Q2

A relatively slow start to the year positions Denver's industrial market for a promising 2024. Low levels of absorption are expected to rebound as signed leases occupy in the future quarters. Asking rates continue to set record highs across the metro area and high investment levels show promise moving forward. **The table is set strong for the rest of 2024.**

Accelerating success.



# Denver Industrial 24Q2

## Key Takeaways

- The market recorded 216,000 SF of net absorption to start the year.
- Average asking rates continued their steady climb, closing at the highest on record for the fifth consecutive quarter.
- 1.6 MSF of industrial product delivered during the second quarter, with the 5.9 MSF still under construction at quarter's end among the lowest figures in years.
- Investment activity showed signs of acceleration in the first half of the year, recording the strongest quarterly volume since 2022.



## Industrial Set for a Strong Second Half of 2024

Leasing activity in Denver started slowly this year but is expected to pick up as tenant interest remains strong. Average asking rates for industrial properties reached record highs for the sixth consecutive quarter, driven by continued rent growth across most submarkets in the metro area. Vacancy rates remain elevated and have been increasing, largely due to the delivery of several large buildings over the past few quarters that are still awaiting lease-up. In response to rising vacancy, developers have slowed construction starts, resulting in the lowest volume of product under construction in years by the end of the quarter. Investment activity has seen a resurgence, as investors who were sidelined for much of last year have re-entered the market with renewed interest. Leasing activity and absorption are expected to accelerate as vacancy contracts over the remainder of the year. Denver continues to be the premier location for business in the Rocky Mountain region.

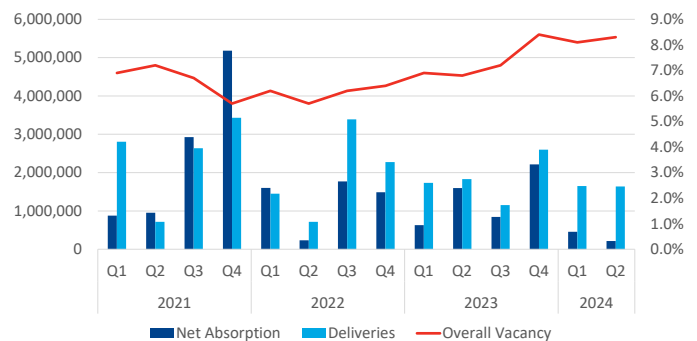
## Market Indicators



## Historic Comparison

	Q2 2023	Q1 2024	Q2 2024
<b>Total Inventory (SF)</b>	281,257,081	287,021,067	289,517,488
<b>New Supply (SF)</b>	1,118,809	1,650,565	1,639,184
<b>Net Absorption (SF)</b>	628,702	454,668	216,019
<b>Overall Vacancy</b>	6.5%	8.1%	8.3%
<b>Under Construction (SF)</b>	8,924,365	5,846,829	4,207,645
<b>Overall Asking Rates (NNN)</b>	\$11.75	\$12.30	\$12.32

## Market Graph



Source: Colliers

Absorption started slow this year but is expected to accelerate substantially, with nearly 4.0 MSF in deals already signed and expected to occupy over the remainder of the year. Although vacancy remained elevated during the second quarter, it is anticipated to decrease throughout 2024. The construction pipeline has decreased. Developers have responded to the elevated vacancy by slowing construction starts, allowing recently delivered products to lease up. As absorption increases over the remainder of the year, a drop in vacancy is anticipated.

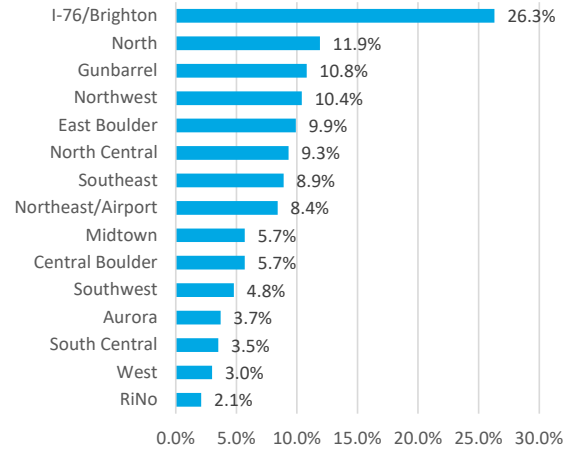
## Labor Force

	CONSTRUCTION	MANUFACTURING	TRANSPORTATION, TRADE & UTILITIES
<b>12-Mo. Employment Growth</b>	-3.9%	0.6%	-2.5%
<b>12-Mo. Actual Employment Change</b>	-4,400	400	-7,500

## Vacancy

Vacancy closed the second quarter at 8.8% overall, marking a 200 basis point (bps) increase year-over-year. Direct vacancy followed a similar trend, rising 180 bps to 8.3% over the past year, while sublet space remained steady at 0.5%. Although this vacancy rate may appear high compared to other metros in the western region, it has been driven almost entirely by the continued delivery of new speculative product around the metro area.

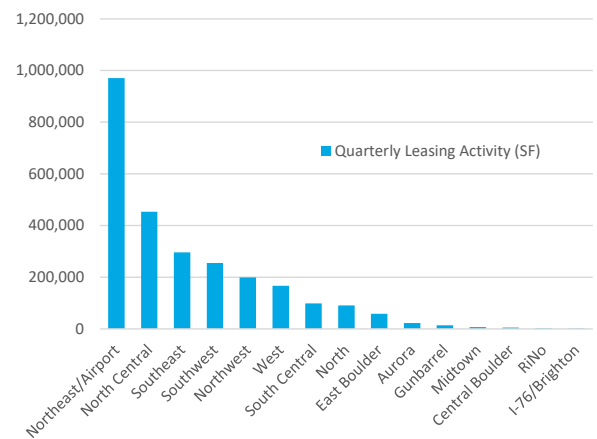
When considering only buildings delivered before the end of 2021—essentially excluding the past two years of deliveries from the inventory—Denver’s vacancy drops by 300 bps to 5.1%. Construction starts ground to a halt this quarter, as developers have responded to rising vacancy by awaiting lease-ups on large, recently delivered projects. Vacancy is expected to contract for the rest of the year as absorption balances out.



## Absorption & Leasing Activity

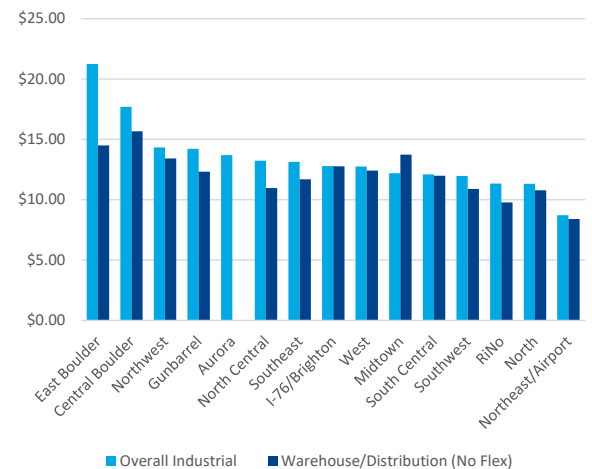
Denver’s industrial sector recorded 2.6 million square feet (MSF) of leasing activity during the second quarter of 2024. While this figure is lower than the quarterly activity seen over the past three years, it’s important to remember that those years represented the strongest period of activity in Denver’s history. This quarter’s figure is more in line with historical averages.

The two largest new deals of the quarter were ID Logistics’ 224,000 SF lease at 21001 E. 13th Ave. and Airhead Sports Group’s 181,860 SF lease at 12000 E. 45th Ave. Overall, net absorption for the quarter totaled 216,000 SF. Both leasing activity and absorption are expected to accelerate throughout 2024, supported by 4.0 MSF of leases already signed and set to occupy this year.



## Rental Rates

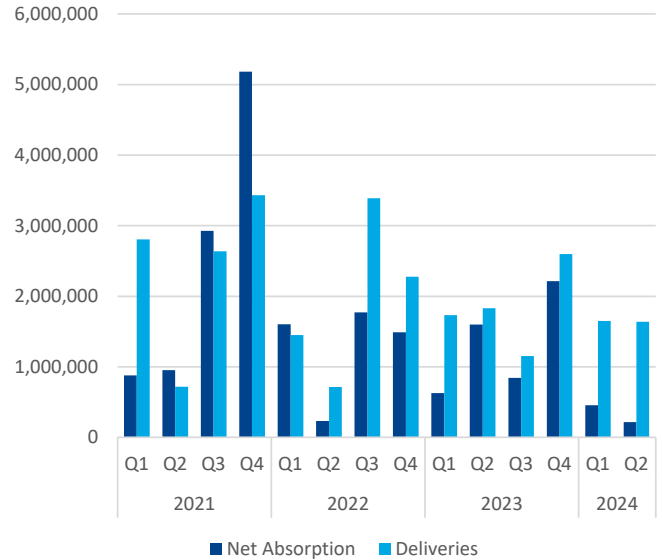
Average asking rental rates continued their steady growth, closing the first half of the year at \$12.32/SF on a triple net basis. This figure indicated year-over-year growth of 4.9% and marked the sixth consecutive quarter of the highest asking rates on record for the metro area. Asking rates for warehouse and distribution product (excluding flex) closed the quarter at \$10.84/SF NNN, demonstrating year-over-year growth of 4.8%. Flex rates closed the quarter at \$16.67/SF NNN which represented 6.6% growth from the first quarter of last year. As new product continues to deliver on increasingly expensive ground and lease escalations north of 3.0% have become the norm for the metro, expect this growth to continue as we enter the new year, although it will be more substantial in some submarkets than others. Expect to see this trend moving forward as we conclude the first half of 2024.



## Construction

Delivery volume remained strong in Q2, with 1.6 million square feet (MSF) delivered. The largest delivery of the quarter was Building 1 at Denali Logistics Park, a 352,614 SF facility. Another significant delivery was Building 1 at Quantum 56, totaling 352,029 SF. The largest project still under construction is the 1.2M SF build-to-suit (BTS) for Pepsi near the airport, expected to deliver during the third quarter of this year.

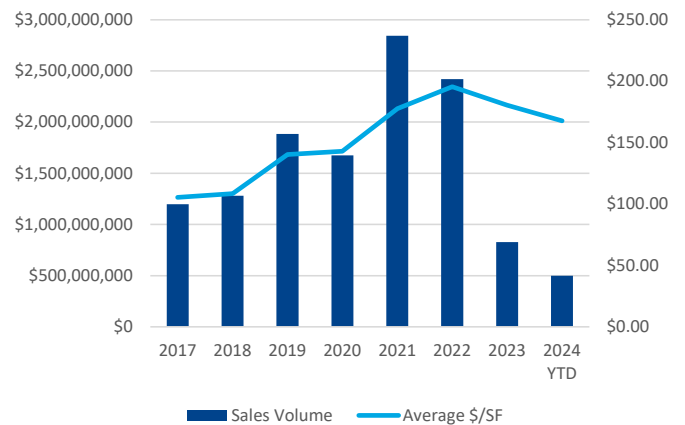
Notably, only 4.2M SF remained under construction at the quarter's end, marking the lowest figure to close a quarter during this cycle for Denver. While the number of proposed projects around the metro remains high, groundbreakings have stalled as developers await the lease-up of recently delivered projects, which have substantially increased vacancy across the metro area. Construction volume is expected to remain muted over the next several quarters as developers wait for vacancy rates to decline.



## Investment Activity

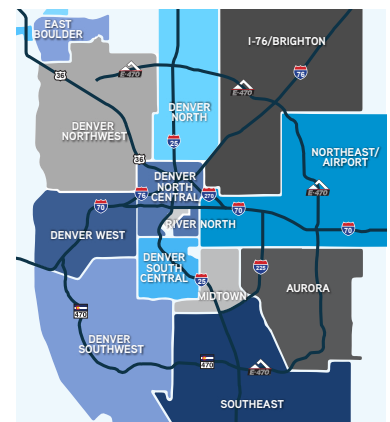
Industrial investment activity showed signs of a rebound in the first half of 2024, with \$2.5 billion in volume marking the largest quarterly figure since 2022. This surge was driven largely by a single major transaction: the sale of 9940 Havana St., which closed at just over \$70 million.

Volatility in the debt market has persisted, with the ten-year rate fluctuating almost daily. However, renewed allocations from both the debt market and investors, following a down year in 2023, have sparked reinvigorated demand at the start of this year. Investment volume is expected to be much stronger throughout 2024 compared to last year.



## Market Description

The Denver metro industrial market is composed of 289M SF of product in buildings over 10,000 SF. Denver is unique as despite a rapidly growing population and strong economy, it exists on an island in the middle of the country without a major city for over 400 miles in any direction. As a result, companies that want to distribute in Denver, need to have a presence in Denver. Industrial activity has steadily risen as e-commerce, food and beverage users, and other local distribution needs have increased. Tenant requirements are increasing in both volume and size as 28.4% of the buildings over 100,000 SF in the market have been built since the end of 2015. Denver is in the midst of unprecedented growth and poised for it to continue for the indefinite future.



## Notable Industrial Sales

Property	Submarket	Sale Price	SF	Price/SF	Buyer	Seller
9940 Havana St.	I-76/Brighton	\$72,240,000	280,000	\$258.00	Eaton Vance	Scannell Properties
18245 E. 40th Ave.	Northeast/Airport	\$16,000,000	155,916	\$102.62	Brennan Investment Group	William & Sheri Gold
7300 Miller Dr.	North	\$14,200,000	108,400	\$131.00	Investors Associated LLP	Star Precision Inc.
1314 W. Oxford Ave.	Southwest	\$11,475,000	60,000	\$191.25	Embrey Partners, Ltd.	Mikey's Total Car Care
11100 E. 51st Ave.	Northeast/Airport	\$10,700,000	59,940	\$178.51	Logan Cheng	AEC Partners

## Notable Leasing Activity

Property	Submarket	Leased SF	Lease Type	Tenant Name
21001 E. 13th Ave.	Northeast/Airport	223,850	New	ID Logistics
12000 E. 45th Ave.	Northeast/Airport	181,860	New	Airhead Sports Group
5725 Pecos St.	North Central	144,000	New	Lennox
19100 E. 38th Ave.	Northeast/Airport	116,344	New	Alliance Door Products
16600 Table Mountain Pkwy.	West	83,391	Renewal	Transportation Management Services

## Under Construction

Property	Submarket	SF	Developer	Estimated Completion
Pepsi BTS	Northeast/Airport	1,200,000	Gray Construction	Q2 2024
Sun Empire - Bldg. 1A	Northeast/Airport	622,500	Opus	Q2 2024
Target BTS	North	529,000	Hillwood	Q1 2025
Sun Empire - Bldg. 1B	Northeast/Airport	203,800	Opus	Q2 2024
25 Commerce Park - Bldg. 3	North	176,000	Rockefeller	Q1 2025

# Denver | Q2 2024 | Industrial | Market Statistics



Type	# of Bldgs	Total SF	Q2 Deliveries	Under Construction	Total Available SF	Total Vacant SF	Vacancy %	Direct Available	Sublease Available	Absorption	Weighted Average Rent (NNN)
<b>AURORA</b>											
WAREHOUSE/DISTRIBUTION	24	589,431			7,233	3,733	0.6%	7,233	0		-
FLEX	42	1,601,204			124,771	77,135	4.8%	124,771	0		\$13.69
<b>TOTAL</b>	<b>66</b>	<b>2,190,635</b>	<b>0</b>	<b>0</b>	<b>132,004</b>	<b>80,868</b>	<b>3.7%</b>	<b>132,004</b>	<b>0</b>	<b>36,289</b>	<b>\$13.69</b>
<b>CENTRAL BOULDER</b>											
WAREHOUSE/DISTRIBUTION	34	1,095,889			49,975	48,156	4.4%	49,975	0		\$15.66
FLEX	18	600,063			75,052	48,224	8.0%	75,052	0		\$18.03
<b>TOTAL</b>	<b>52</b>	<b>1,695,952</b>	<b>0</b>	<b>0</b>	<b>125,027</b>	<b>96,380</b>	<b>5.7%</b>	<b>125,027</b>	<b>0</b>	<b>3,737</b>	<b>\$17.69</b>
<b>NORTH</b>											
WAREHOUSE/DISTRIBUTION	145	9,340,688			1,945,027	1,205,556	12.9%	1,943,527	1,500		\$10.77
FLEX	39	1,196,336			43,415	48,188	4.0%	43,415	0		\$13.29
<b>TOTAL</b>	<b>184</b>	<b>10,537,024</b>	<b>135,000</b>	<b>1,283,038</b>	<b>1,988,442</b>	<b>1,253,744</b>	<b>11.9%</b>	<b>1,986,942</b>	<b>1,500</b>	<b>101,755</b>	<b>\$11.31</b>
<b>NORTH CENTRAL</b>											
WAREHOUSE/DISTRIBUTION	845	35,716,735			4,167,927	2,989,697	8.4%	3,949,443	233,484		\$10.96
FLEX	64	1,980,493			540,091	513,568	25.9%	522,027	52,491		\$22.57
<b>TOTAL</b>	<b>909</b>	<b>37,697,228</b>	<b>786,242</b>	<b>155,300</b>	<b>4,708,018</b>	<b>3,503,265</b>	<b>9.3%</b>	<b>4,471,470</b>	<b>285,975</b>	<b>(31,297)</b>	<b>\$13.23</b>
<b>NORTHWEST</b>											
WAREHOUSE/DISTRIBUTION	238	10,926,591			2,325,692	1,070,165	9.8%	2,167,181	158,511		\$13.42
FLEX	146	5,725,407			833,440	667,882	11.7%	732,274	107,422		\$16.28
<b>TOTAL</b>	<b>384</b>	<b>16,651,998</b>	<b>67,200</b>	<b>574,985</b>	<b>3,159,132</b>	<b>1,738,047</b>	<b>10.4%</b>	<b>2,899,455</b>	<b>265,933</b>	<b>135,858</b>	<b>\$14.32</b>
<b>SOUTH CENTRAL</b>											
WAREHOUSE/DISTRIBUTION	703	22,052,305			1,118,988	740,146	3.4%	1,071,393	68,665		\$11.98
FLEX	38	978,186			51,932	70,611	7.2%	46,963	4,969		\$13.24
<b>TOTAL</b>	<b>741</b>	<b>23,030,491</b>	<b>0</b>	<b>31,022</b>	<b>1,170,920</b>	<b>810,757</b>	<b>3.5%</b>	<b>1,118,356</b>	<b>73,634</b>	<b>57,033</b>	<b>\$12.09</b>
<b>SOUTHEAST</b>											
WAREHOUSE/DISTRIBUTION	280	13,619,339			1,442,738	1,420,078	10.4%	1,214,961	227,777		\$11.69
FLEX	239	8,296,844			1,113,191	520,736	6.3%	968,360	144,861		\$14.77
<b>TOTAL</b>	<b>519</b>	<b>21,916,183</b>	<b>298,128</b>	<b>0</b>	<b>2,555,929</b>	<b>1,940,814</b>	<b>8.9%</b>	<b>2,183,321</b>	<b>372,638</b>	<b>335,603</b>	<b>\$13.13</b>
<b>SOUTHWEST</b>											
WAREHOUSE/DISTRIBUTION	210	7,288,203			1,231,156	455,881	6.3%	1,116,881	114,275		\$10.88
FLEX	128	7,188,363			234,611	236,128	3.3%	173,064	61,547		\$13.27
<b>TOTAL</b>	<b>338</b>	<b>14,476,566</b>	<b>0</b>	<b>0</b>	<b>1,465,767</b>	<b>692,009</b>	<b>4.8%</b>	<b>1,289,945</b>	<b>175,822</b>	<b>(267,256)</b>	<b>\$11.97</b>
<b>WEST</b>											
WAREHOUSE/DISTRIBUTION	351	17,669,490			454,035	494,192	2.8%	412,323	41,712		\$12.42
FLEX	143	4,879,942			219,252	182,166	3.7%	213,802	5,450		\$13.31
<b>TOTAL</b>	<b>494</b>	<b>22,549,432</b>	<b>0</b>	<b>0</b>	<b>673,287</b>	<b>676,358</b>	<b>3.0%</b>	<b>626,125</b>	<b>47,162</b>	<b>27,340</b>	<b>\$12.74</b>

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Type	# of Bldgs	Total SF	Q2 Deliveries	Under Construction	Total Available SF	Total Vacant SF	Vacancy %	Direct Available	Sublease Available	Absorption	Weighted Average Rent (NNN)
<b>EAST BOULDER</b>											
WAREHOUSE/DISTRIBUTION	88	2,667,308			256,744	198,342	7.4%	213,546	43,198		\$14.50
FLEX	80	2,299,251			523,426	292,569	12.7%	473,372	51,660		\$29.04
<b>TOTAL</b>	<b>168</b>	<b>4,966,559</b>	<b>0</b>	<b>0</b>	<b>780,170</b>	<b>490,911</b>	<b>9.9%</b>	<b>686,918</b>	<b>94,858</b>	<b>25,654</b>	<b>\$21.25</b>
<b>GUNBARREL</b>											
WAREHOUSE/DISTRIBUTION	37	1,804,650			465,770	210,334	11.7%	408,559	57,211		\$12.32
FLEX	48	2,554,904			351,009	262,113	10.3%	337,010	13,999		\$16.36
<b>TOTAL</b>	<b>85</b>	<b>4,359,554</b>	<b>0</b>	<b>0</b>	<b>816,779</b>	<b>472,447</b>	<b>10.8%</b>	<b>745,569</b>	<b>71,210</b>	<b>(14,708)</b>	<b>\$14.21</b>
<b>I-76/BRIGHTON</b>											
WAREHOUSE/DISTRIBUTION	259	17,119,676			3,862,693	4,669,595	27.3%	3,644,848	217,845		\$12.76
FLEX	20	613,739			5,404	-	#VALUE!	5,404	0		\$14.00
<b>TOTAL</b>	<b>279</b>	<b>17,733,415</b>	<b>0</b>	<b>0</b>	<b>3,868,097</b>	<b>4,669,595</b>	<b>26.3%</b>	<b>3,650,252</b>	<b>217,845</b>	<b>(105,000)</b>	<b>\$12.78</b>
<b>MIDTOWN</b>											
WAREHOUSE/DISTRIBUTION	43	1,202,558			38,073	26,296	2.2%	32,405	5,668		\$13.74
FLEX	42	1,239,743			142,348	113,085	9.1%	142,348	0		\$11.64
<b>TOTAL</b>	<b>85</b>	<b>2,442,301</b>	<b>0</b>	<b>0</b>	<b>180,421</b>	<b>139,381</b>	<b>5.7%</b>	<b>174,753</b>	<b>5,668</b>	<b>(2,519)</b>	<b>\$12.19</b>
<b>NORTHEAST/AIRPORT</b>											
WAREHOUSE/DISTRIBUTION	1,173	102,070,467			11,115,438	8,549,435	8.4%	9,965,055	1,154,689		\$8.39
FLEX	73	3,270,312			491,857	334,459	10.2%	483,870	7,987		\$14.95
<b>TOTAL</b>	<b>1,246</b>	<b>105,340,779</b>	<b>352,614</b>	<b>2,163,300</b>	<b>11,607,295</b>	<b>8,883,894</b>	<b>8.4%</b>	<b>10,448,925</b>	<b>1,162,676</b>	<b>(49,756)</b>	<b>\$8.72</b>
<b>RINO</b>											
WAREHOUSE/DISTRIBUTION	73	3,631,831			129,293	76,297	2.1%	129,293	0		\$9.77
FLEX	6	297,540			5,550	5,550	1.9%	5,550	0		\$20.43
<b>TOTAL</b>	<b>79</b>	<b>3,929,371</b>	<b>0</b>	<b>0</b>	<b>134,843</b>	<b>81,847</b>	<b>2.1%</b>	<b>134,843</b>	<b>0</b>	<b>(13,915)</b>	<b>\$11.34</b>

## Denver Metro Totals

Quarter	Under Construction	Total SF	Total Available	Total Vacant	Direct Vacancy %	Direct Available	Sublet Available	Absorption	Weighted Average Rent - WH/D	Weighted Average Rent - ALL
<b>Q2 2024</b>	<b>4,207,645</b>	<b>289,517,488</b>	<b>33,366,131</b>	<b>25,530,317</b>	<b>8.3%</b>	<b>30,673,905</b>	<b>2,774,921</b>	<b>216,019</b>	<b>\$10.84</b>	<b>\$12.32</b>
<b>Quarterly Comparison</b>										
Q1 2024	5,846,829	288,073,893	33,732,558	24,291,085	8.0%	31,258,240	2,594,594	454,668	\$10.82	\$12.31
Q4 2023	6,935,793	286,892,427	33,486,027	24,146,146	8.0%	30,852,689	2,656,276	2,215,233	\$10.68	\$12.16
Q3 2023	9,347,677	282,375,890	32,770,376	20,462,947	6.8%	30,511,037	2,429,013	843,088	\$10.82	\$12.08
Q2 2023	8,924,365	281,257,081	29,464,634	19,228,128	6.5%	27,785,467	1,693,849	1,597,738	\$10.34	\$11.75

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# 351 offices in 67 countries on 6 continents

United States: 115

Canada: 41

Latin America: 12

Asia Pacific: 33

EMEA: 78



## \$3.3B

in revenue



## 2B

square feet under management



## 18,000 +

professionals and staff

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Colliers (NASDAQ, TSX: CIGI) is a leading diversified professional services and investment management company. With operations in 67 countries, our more than 15,000 enterprising professionals work collaboratively to provide expert advice to real estate occupiers, owners and investors. For more than 25 years, our experienced leadership with significant insider ownership has delivered compound annual investment returns of almost 20% for shareholders. With annualized revenues of \$3.0 billion (\$3.3 billion including affiliates) and \$40 billion of assets under management, we maximize the potential of property and accelerate the success of our clients and our people. Learn more at [corporate.colliers.com](http://corporate.colliers.com), Twitter @Colliers or LinkedIn.

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