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Denver **Medical Office**
24Q1

Key Takeaways

- The outlook for 2024 is bright for medical office as Denver's population continues to steadily grow, and Denver's strong healthcare presence serves not only the entire state, but several of the surrounding states as well.
- Denver continues to maintain a healthy job market, with a 3.3% unemployment rate that lies 40 bps below the national average.
- While Denver's overall office market remains hampered in a lingering post-pandemic recovery, medical office has been much more active.

Medical Office Update

Medical office space has continued to experience steady demand and growth as we enter the new year. A recent Colliers National Healthcare report noted that "the realm of medical outpatient buildings (MOB) stands out as a beacon of stability and promise. The soaring demand for specialty care, primary care, and behavioral health, largely fueled by an aging population, has transformed these buildings into prime investment opportunities."* Additionally, "fundamentals in the medical outpatient building sector remain robust. Occupancy rates are on an upward trajectory across most metropolitan areas, outpacing the supply as construction levels decrease quarter-over-quarter. The high construction costs further amplify the value of existing medical spaces, exerting upward pressure on rents for second generation space."*

* Why Medical Outpatient Buildings are Healthy Investments - Jordan Selbiger

Market Indicators



General Office vs. Medical Office Space vs. Retail Since the Pandemic Since Q1 2020

Increases in Vacancy

General Office	Medical Office	Retail
650 BPS	160 BPS	0 BPS

Total Absorption

General Office	Medical Office	Retail
(8.2 MSF)	284.3 KSF	1.1 MSF

Average Market Rates Vary by Class and Location

Suburban Class A MOB	\$20-22/SF NNN
Class A MOB	\$22-25/SF NNN (\$30-38/SF FSG)
Class B MOB	\$18-30/SF FSG
Retail	\$22-40/SF NNN (*Varies)

Top Leases Past 12 Months

Building	Tenant	SF
6560 Greenwood Plaza Blvd.	Kaiser Permanente	121,000
11802 Ridge Pkwy.	ZOLL Medical Corp	72,200
2300 55th St.	Corden Pharma	61,100
9555 S. Maroon Cir.	Zynex Medical	42,800

Top Sales Past 12 Months

Address	Buyer	Sale Type	SF	Price	Price/SF
145 Inverness Dr. E.	Remedy Medical	Investment	55,602	\$25,000,000	\$449.62
9777 S. Yosemite St.	Anchor Health	Investment	38,560	\$13,035,000	\$338.04
135 Inverness Dr. E.	Remedy Medical	Investment	20,046	\$12,000,000	\$598.62
1700 N. Marion St.	UC Health	Owner/User	21,480	\$7,000,000	\$325.88

Submarket Pricing Trends

* General outlook only. Office, MOB, and Retail vary.

