



Colliers

Denver

Industrial

24Q3

The Denver industrial market accelerated into the second half of the year, recording the strongest leasing activity and absorption figures of the year during the third quarter. Vacancy remains elevated, but as construction slows and demand remains strong, expect contraction over the next several quarters. **The table is set strong for the rest of 2024 and beyond.**

Accelerating success.

## Key Takeaways

- The market recorded north of 2.4 MSF of net absorption, bringing YTD to 3.1 MSF.
- Average asking rates continue to hover near record highs, with growth in small bay and flattening in the larger availabilities.
- 1.0 MSF of industrial product delivered during the third quarter and 4.1 MSF remained under construction, representing the smallest pipeline to end a quarter in years.
- Investment activity continues to rebound, with volume through three quarters of 2024 nearly matching 2023's total.



# Denver Industrial 24Q3



## Industrial Starts the Second Half Strong

The Denver industrial market surged into the second half of the year, recording its strongest quarter for leasing activity this year and the strongest absorption figure since 2021. Average asking rates continued to hover near record highs as continued growth in small bay product was balanced by some flattening in the big bomber availabilities. Vacancy rates remain elevated as spec product has continued to deliver, but the development pipeline has slowed as developers have pressed pause on proposed projects as they await lease up on recent deliveries. Investment volume continued its rebound as total volume has nearly surpassed 2023's volume through just three quarters of this year. Expect leasing activity and absorption to remain strong through the end of the year and beyond, and for vacancy to contract over the next several quarters. Denver remains the premier location for doing business in the Rocky Mountain region.

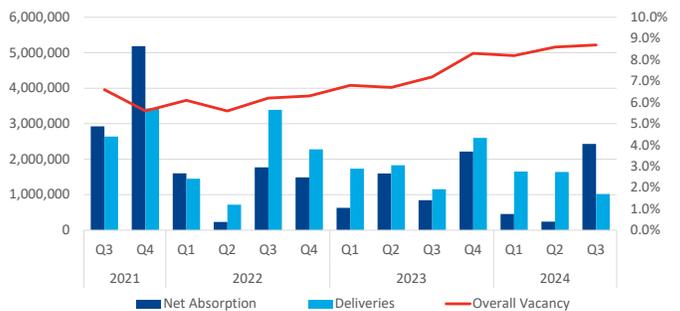
## Market Indicators



## Historic Comparison

	Q3 2023	Q2 2024	Q3 2024
<b>Total Inventory (SF)</b>	283,275,986	290,834,784	291,852,196
<b>New Supply (SF)</b>	1,154,172	1,639,184	1,017,412
<b>Net Absorption (SF)</b>	843,088	238,818	2,429,562
<b>Overall Vacancy</b>	7.2%	8.6%	8.7%
<b>Under Construction (SF)</b>	9,347,677	4,730,185	4,125,412
<b>Overall Asking Rates (NNN)</b>	\$12.08	\$12.31	\$12.01

## Market Graph



Source: Colliers

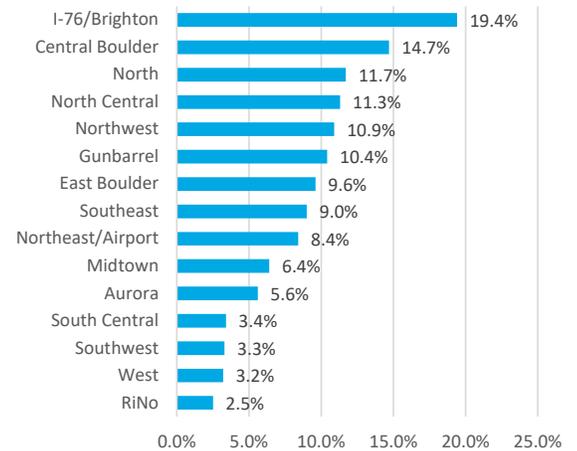
Absorption recorded its strongest figure since 2021 during the third quarter, but vacancy held mostly flat as this figure was balanced by several fully vacant spec deliveries. Developers have taken notice of rising vacancy and have put proposed developments on hold as they await lease up on recently delivered product. The 4.1 MSF still under construction at quarter's end was the lowest figure to end a quarter in years, and over 51% of this figure is BTS product. Expect absorption to end the year strong and vacancy to begin to contract over the next several quarters.

## Labor Force

	CONSTRUCTION	MANUFACTURING	TRANSPORTATION, TRADE & UTILITIES
<b>12-Mo. Employment Growth</b>	-0.3%	-0.7%	-1.6%
<b>12-Mo. Actual Employment Change</b>	-3,000	-500	-4,800

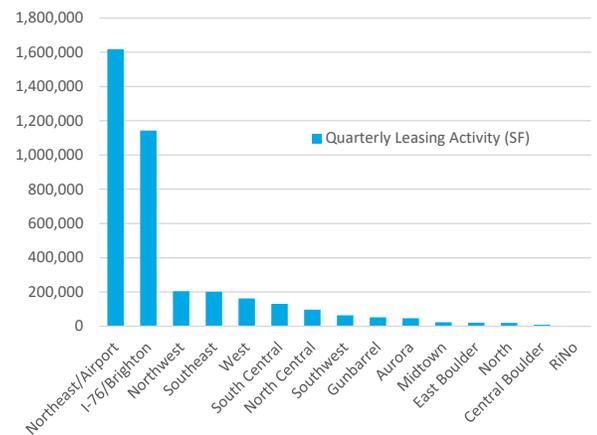
## Vacancy

Vacancy closed the third quarter at 8.7% on an overall basis, staying mostly flat as a strong quarter for absorption was balanced by more vacant spec deliveries. While this vacancy may look high compared to other metros in the west region, it has been driven almost completely by the continued delivery of new spec product around the metro area. When looking only at buildings that delivered before the end of 2022, essentially removing the last seven quarters of deliveries from the inventory, Denver's vacancy is 250 basis points lower at 6.2%. Construction starts have nearly ground to a halt around the metro area as developers have taken note of rising vacancy and await lease up on large recently delivered projects. Expect vacancy to remain flat through the end of the year, then begin to contract over the course of 2025 as strong absorption continues and deliveries slow.



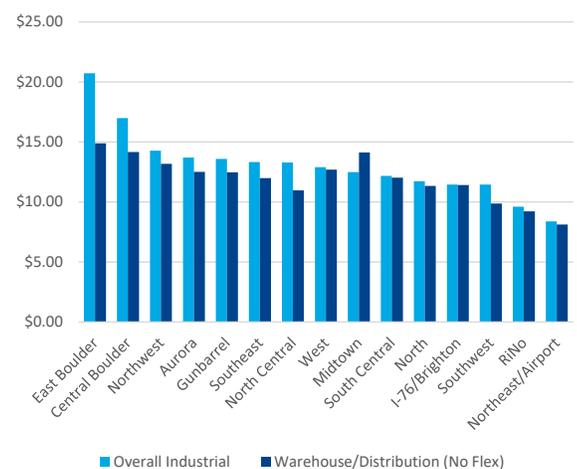
## Absorption & Leasing Activity

Denver industrial product recorded 3.8 MSF of leasing activity during the third quarter, marking the strongest quarter of the year and bringing YTD volume to 9.2 MSF. The largest lease of the quarter was BroadRange Logistics, as they took the entirety of Buildings 1 and 3 at 76 Commerce Center for nearly 1.1 MSF. Also noteworthy was QED's 220,100 SF at Stafford Logistic Center's Building 3. Absorption similarly recorded the strongest figure since 2021 with 2.4 MSF. This figure was aided by immediate occupancy on the BroadRange deal, as well as Amazon's user purchase of the 625,000 SF Building 1 at DIA Logistics Park. Expect both leasing activity and absorption to remain strong through the end of the year and beyond, especially considering the nearly 2.2 MSF of BTS product that is expected to deliver over the next several quarters.



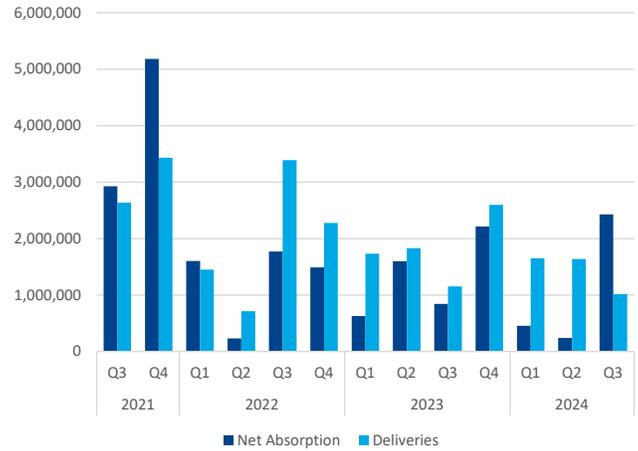
## Rental Rates

Average asking rental rates continued to hover near record highs, closing the third quarter at \$12.01/SF on a triple net basis across all industrial product types. This marks the fourth consecutive quarter of flat rate growth, with only \$0.07/SF change over the past year, as continued growth in small bay product has been balanced by flattening in the larger vacancies. Asking rates for warehouse and distribution product (excluding flex) have contracted 2.2% over the past year, while flex product has continued to set record highs, increasing 7.7% over the past year. Tenant demand remains strong in Denver, and escalations north of 3.0% are fast becoming the norm across the metro area, so expect asking rents to remain flat through the end of the year but for growth to return in 2025 as the pipeline shrinks and vacancy contracts.



## Construction

The Denver industrial market delivered 1.0 MSF of spec product during the third quarter, bringing total delivery volume to 4.3 MSF year-to-date. The most notable delivery of the quarter was the first two buildings at Sun Empire for 830,100 SF. The 4.1 MSF remaining in the pipeline represented the lowest figure to end a quarter in years, and over 51% of this product is BTS, headlined by 1.2 MSF for Pepsi, 529,000 SF for Target, and 250,000 SF for the Food Bank of the Rockies. As vacancy has risen due to the delivery of vacant spec product, developers have hit pause on their proposed projects. Expect construction activity to remain muted for several quarters while recently delivered product leases up, and to accelerate again towards the second half of next year as the proposed stage of the pipeline remains robust.



## Investment Activity

Industrial investment volume continued its rebound through the third quarter as year-to-date volume reached \$715.7M, nearly reaching 2023's total volume through just three quarters. The most notable investment sale of the quarter was BlueScope Logistics Center II, which traded from BlueScope to LBA for \$41.05M (\$134.76/SF) with a full-building lease to Amazon in place. Volatility in the debt market has continued, as the ten-year fluctuates almost daily, but investors have demonstrated a renewed vigor for Denver industrial product. With plenty of data points and an evolving buyer pool, expect investment activity to hold strong through the end of the year.



## Market Description

The Denver metro industrial market is composed of 291.9 MSF 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
DIA Logistics Park - Building 1	Northeast/Airport	\$91,081,990	625,000	\$145.73	Amazon	Ambrose
BlueScope Logistics Center II	Southeast	\$41,050,000	304,620	\$134.76	LBA	BlueScope
Valley Business Center	South Central	\$37,700,000	204,574	\$184.29	Adler	BKM
Rampart Center	Southeast	\$18,000,000	100,455	\$179.18	River Rise Capital	Libitzky
4690 Florence Street	Northeast/Airport	\$14,175,000	100,175	\$141.50	Hercules Industries	Pacific Acquisitions

## Notable Leasing Activity

Property	Submarket	Leased SF	Lease Type	Tenant Name
76 Commerce Center - Buildings 1 & 3	I-76/Brighton	1,072,400	New	BroadRange Logistics
Stafford Logistics Center - Building 3	Northeast/Airport	220,100	New	QED
25 Commerce Park - Building 3	North	176,000	New	Ellevio Bakery
HighPoint Logistics Park - Building 1	Northeast/Airport	156,000	New	Dematic
5025 Florence Street	Northeast/Airport	154,000	Renewal	American Building Supply

## Under Construction

Property	Submarket	SF	Developer	Estimated Completion
Pepsi BTS	Northeast/Airport	1,200,000	Gray Construction	Q1 2025
Target BTS	North	529,000	Hillwood	Q1 2025
25 Commerce Park - Buildings 1-3	North	453,600	Rockefeller Group	Q1 2025
Arista 36 - Buildings 1-3	Northwest	359,800	LaPour	Q1 2025
Northwest Commerce Center - Buildings 1 & 2	Northwest	343,800	Ryan Companies	Q2 2025

# Denver | Q3 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			12,306	18,323	3.1%	12,306	0		\$12.50
FLEX	42	1,601,204			103,173	105,238	6.6%	103,173	0		\$13.78
<b>TOTAL</b>	<b>66</b>	<b>2,190,635</b>	<b>0</b>	<b>0</b>	<b>115,479</b>	<b>123,561</b>	<b>5.6%</b>	<b>115,479</b>	<b>0</b>	<b>(46,920)</b>	<b>\$13.69</b>
<b>CENTRAL BOULDER</b>											
WAREHOUSE/DISTRIBUTION	33	1,062,189			12,406	12,739	1.2%	12,406	0		\$14.16
FLEX	19	654,050			305,026	238,932	36.5%	153,642	151,384		\$17.25
<b>TOTAL</b>	<b>52</b>	<b>1,716,239</b>	<b>0</b>	<b>0</b>	<b>317,432</b>	<b>251,671</b>	<b>14.7%</b>	<b>166,048</b>	<b>151,384</b>	<b>(15,529)</b>	<b>\$16.98</b>
<b>NORTH</b>											
WAREHOUSE/DISTRIBUTION	145	9,342,225			1,948,356	1,195,381	12.8%	1,882,870	65,486		\$11.33
FLEX	39	1,203,140			33,164	35,328	2.9%	30,617	2,547		\$13.52
<b>TOTAL</b>	<b>184</b>	<b>10,545,365</b>	<b>0</b>	<b>1,284,794</b>	<b>1,981,520</b>	<b>1,230,709</b>	<b>11.7%</b>	<b>1,913,487</b>	<b>68,033</b>	<b>199,906</b>	<b>\$11.73</b>
<b>NORTH CENTRAL</b>											
WAREHOUSE/DISTRIBUTION	850	36,307,879			4,200,733	3,617,347	10.0%	3,999,209	201,524		\$10.97
FLEX	66	2,302,803			816,285	738,449	32.1%	776,588	54,741		\$22.67
<b>TOTAL</b>	<b>916</b>	<b>38,610,682</b>	<b>155,300</b>	<b>97,336</b>	<b>5,017,018</b>	<b>4,355,796</b>	<b>11.3%</b>	<b>4,775,797</b>	<b>256,265</b>	<b>68,596</b>	<b>\$13.29</b>
<b>NORTHWEST</b>											
WAREHOUSE/DISTRIBUTION	238	11,123,393			1,992,673	1,113,199	10.0%	1,880,048	112,625		\$13.18
FLEX	149	5,772,305			797,800	724,123	12.5%	704,948	92,852		\$16.70
<b>TOTAL</b>	<b>387</b>	<b>16,895,698</b>	<b>32,000</b>	<b>886,785</b>	<b>2,790,473</b>	<b>1,837,322</b>	<b>10.9%</b>	<b>2,584,996</b>	<b>205,477</b>	<b>(28,683)</b>	<b>\$14.27</b>
<b>SOUTH CENTRAL</b>											
WAREHOUSE/DISTRIBUTION	703	22,088,715			1,097,109	725,893	3.3%	1,050,066	63,556		\$12.03
FLEX	38	1,109,589			115,785	73,865	6.7%	113,548	2,237		\$13.73
<b>TOTAL</b>	<b>741</b>	<b>23,198,304</b>	<b>0</b>	<b>31,022</b>	<b>1,212,894</b>	<b>799,758</b>	<b>3.4%</b>	<b>1,163,614</b>	<b>65,793</b>	<b>(55,707)</b>	<b>\$12.17</b>
<b>SOUTHEAST</b>											
WAREHOUSE/DISTRIBUTION	282	13,752,511			1,493,964	1,431,402	10.4%	1,272,404	221,560		\$11.98
FLEX	241	8,443,281			1,042,687	567,461	6.7%	888,352	154,365		\$14.97
<b>TOTAL</b>	<b>523</b>	<b>22,195,792</b>	<b>0</b>	<b>63,271</b>	<b>2,536,651</b>	<b>1,998,863</b>	<b>9.0%</b>	<b>2,160,756</b>	<b>375,925</b>	<b>89,606</b>	<b>\$13.33</b>
<b>SOUTHWEST</b>											
WAREHOUSE/DISTRIBUTION	210	7,297,302			1,118,750	311,534	4.3%	1,004,475	114,275		\$9.87
FLEX	128	7,177,238			226,150	167,421	2.3%	171,878	54,272		\$13.36
<b>TOTAL</b>	<b>338</b>	<b>14,474,540</b>	<b>0</b>	<b>175,204</b>	<b>1,344,900</b>	<b>478,955</b>	<b>3.3%</b>	<b>1,176,353</b>	<b>168,547</b>	<b>754</b>	<b>\$11.44</b>
<b>WEST</b>											
WAREHOUSE/DISTRIBUTION	353	17,621,603			552,689	516,849	2.9%	528,795	23,894		\$12.70
FLEX	143	4,872,223			212,737	191,874	3.9%	209,262	3,475		\$13.43
<b>TOTAL</b>	<b>496</b>	<b>22,493,826</b>	<b>0</b>	<b>0</b>	<b>765,426</b>	<b>708,723</b>	<b>3.2%</b>	<b>738,057</b>	<b>27,369</b>	<b>59,873</b>	<b>\$12.89</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	90	2,854,332			235,221	176,500	6.2%	204,232	30,989		\$14.88
FLEX	80	2,321,785			567,637	321,550	13.8%	491,296	78,129		\$25.82
<b>TOTAL</b>	<b>170</b>	<b>5,176,117</b>	<b>0</b>	<b>0</b>	<b>802,858</b>	<b>498,050</b>	<b>9.6%</b>	<b>695,528</b>	<b>109,118</b>	<b>37,301</b>	<b>\$20.73</b>
<b>GUNBARREL</b>											
WAREHOUSE/DISTRIBUTION	37	1,804,907			428,730	192,488	10.7%	376,519	52,211		\$12.47
FLEX	48	2,554,995			327,620	262,570	10.3%	321,440	6,180		\$15.11
<b>TOTAL</b>	<b>85</b>	<b>4,359,902</b>	<b>0</b>	<b>0</b>	<b>756,350</b>	<b>455,058</b>	<b>10.4%</b>	<b>697,959</b>	<b>58,391</b>	<b>25,586</b>	<b>\$13.59</b>
<b>I-76/BRIGHTON</b>											
WAREHOUSE/DISTRIBUTION	259	16,644,860			2,800,681	3,358,025	20.2%	2,512,109	288,572		\$11.41
FLEX	21	628,764			52,000	-	-	52,000	0		\$14.00
<b>TOTAL</b>	<b>280</b>	<b>17,273,624</b>	<b>0</b>	<b>0</b>	<b>2,852,681</b>	<b>3,358,025</b>	<b>19.4%</b>	<b>2,564,109</b>	<b>288,572</b>	<b>1,070,325</b>	<b>\$11.45</b>
<b>MIDTOWN</b>											
WAREHOUSE/DISTRIBUTION	43	1,203,312			56,683	40,550	3.4%	56,683	0		\$14.12
FLEX	42	1,239,743			152,653	115,001	9.3%	152,653	0		\$11.59
<b>TOTAL</b>	<b>85</b>	<b>2,443,055</b>	<b>0</b>	<b>0</b>	<b>209,336</b>	<b>155,551</b>	<b>6.4%</b>	<b>209,336</b>	<b>0</b>	<b>(16,170)</b>	<b>\$12.49</b>
<b>NORTHEAST/AIRPORT</b>											
WAREHOUSE/DISTRIBUTION	1,174	103,163,874			10,815,703	8,640,505	8.4%	9,694,522	1,125,506		\$8.12
FLEX	73	3,167,734			445,995	292,638	9.2%	438,008	7,987		\$15.42
<b>TOTAL</b>	<b>1,247</b>	<b>106,331,608</b>	<b>830,112</b>	<b>1,587,000</b>	<b>11,261,698</b>	<b>8,933,143</b>	<b>8.4%</b>	<b>10,132,530</b>	<b>1,133,493</b>	<b>1,058,715</b>	<b>\$8.38</b>
<b>RINO</b>											
WAREHOUSE/DISTRIBUTION	73	3,649,269			178,584	94,388	2.6%	178,584	0		\$9.22
FLEX	6	297,540			5,550	5,550	1.9%	5,550	0		\$20.43
<b>TOTAL</b>	<b>79</b>	<b>3,946,809</b>	<b>0</b>	<b>0</b>	<b>184,134</b>	<b>99,938</b>	<b>2.5%</b>	<b>184,134</b>	<b>0</b>	<b>(18,091)</b>	<b>\$9.61</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>Q3 2024</b>	<b>4,125,412</b>	<b>291,852,196</b>	<b>32,148,850</b>	<b>25,285,123</b>	<b>8.1%</b>	<b>29,278,183</b>	<b>2,908,367</b>	<b>2,429,562</b>	<b>\$10.59</b>	<b>\$12.01</b>
<b>Quarterly Comparison</b>										
Q2 2024	4,730,185	289,897,353	33,555,005	24,890,625	8.1%	30,828,352	2,774,921	238,818	\$10.84	\$12.31
Q1 2024	5,846,829	288,977,119	33,721,706	23,816,020	7.8%	31,212,961	2,594,594	454,668	\$10.82	\$12.31
Q4 2023	6,935,793	287,792,653	33,297,092	23,897,620	7.9%	30,663,754	2,656,276	2,215,233	\$10.68	\$12.17
Q3 2023	9,347,677	283,275,986	32,633,500	20,264,273	6.7%	30,357,097	2,421,513	843,088	\$10.83	\$12.08

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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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