



Colliers

Denver

Industrial

24Q4

The Denver industrial market ended the year on a high note, closing the second half with the strongest two-quarter stretch for absorption since 2021 while investment volume recorded its strongest quarter since 2022. Vacancy remains elevated due to the delivery of new construction, but as the pipeline has slowed, expect contraction as we move through the new year. **Denver is poised to surge into 2025.**

Accelerating success.



Denver Industrial 24Q4

Key Takeaways

- The market recorded 1.2 MSF of absorption, bringing the total for 2024 to over 4.3 MSF.
- Average asking rates continue to hover near record highs, with growth in small bay and flattening in the larger availabilities.
- Just over 606,000 SF delivered during the fourth quarter, with 5.3 MSF under construction at year's end.
- Investment activity recorded the strongest quarterly volume figure since 2022, bringing total volume for the year to \$1.3B.



A Robust Second Half Sends Denver Surging into the New Year

The Denver industrial market ended the year on a high note, with the third and fourth quarters representing the strongest two-quarter stretch for absorption since 2021. Average asking rates remain near record highs as 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 many developers await lease up on recent deliveries. Investment volume continued its rebound as total sales volume for the fourth quarter represented the strongest quarterly figure since 2022. Expect leasing activity and absorption to start the new year strong and for vacancy to contract over the first half of 2025. Denver remains the premier location for doing business in the Rocky Mountain region.

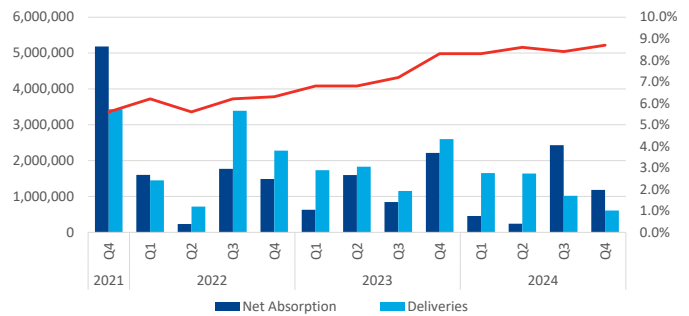
Market Indicators



Historic Comparison

	Q4 2023	Q3 2024	Q4 2024
Total Inventory (SF)	288,064,666	291,918,138	292,524,435
New Supply (SF)	2,597,701	1,017,412	606,297
Net Absorption (SF)	2,215,233	2,429,562	1,182,143
Overall Vacancy	8.3%	8.4%	8.7%
Under Construction (SF)	6,935,793	4,125,412	5,293,062
Overall Asking Rates (NNN)	\$12.16	\$12.00	\$12.02

Market Graph



Source: Colliers

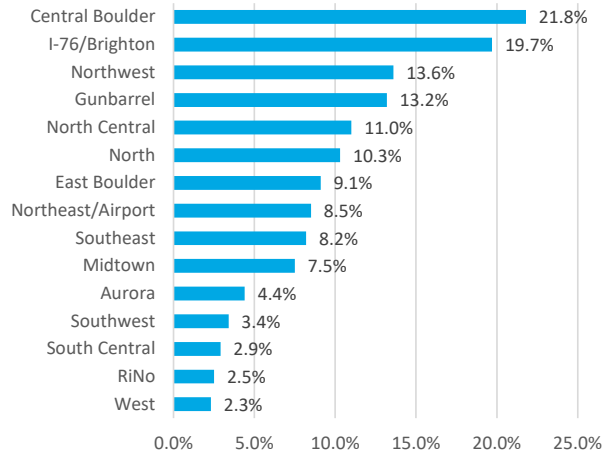
Absorption recorded its strongest two-quarter stretch since 2021 over the past two quarters, but vacancy held mostly flat as this figure was balanced by continued spec deliveries. Developers have taken notice of rising vacancy, with many pressing pause on proposed projects as they await lease up on existing spec projects. Over 52% of the 5.3 MSF remaining in the pipeline is BTS product, so expect vacancy to contract over the next several quarters with 3.3 MSF of already signed leases expected to occupy over the first half of 2025.

Labor Force

	CONSTRUCTION	MANUFACTURING	TRANSPORTATION, TRADE & UTILITIES
12-Mo. Employment Growth	1.9%	0.0%	-1.2%
12-Mo. Actual Employment Change	2,100	0	-3,700

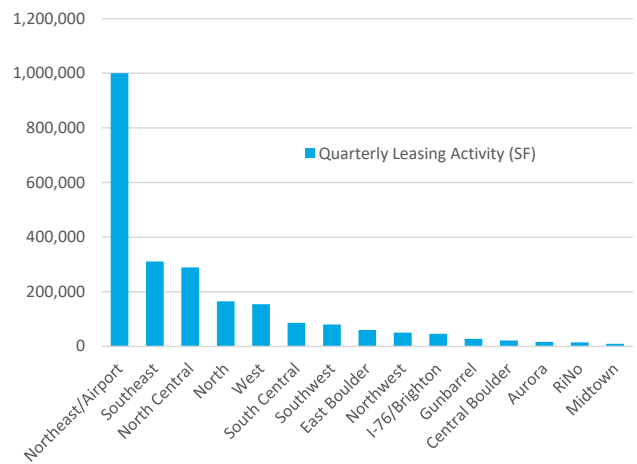
Vacancy

Vacancy closed the year at 8.7% on an overall basis, representing a 40 bps increase over the course of 2024 as strong absorption was balanced by robust spec delivery volume. 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 large new product around the metro area. When looking only at buildings that delivered before the end of 2022, essentially removing the last two years of deliveries from the inventory, Denver’s vacancy is 240 basis points lower at 6.3%. Similarly, vacancy in product smaller than 100,000 SF is 250 bps below the metro average at 6.2%. The pipeline has slowed dramatically as many developers await lease up on existing spec product, so expect vacancy to contract over the next several quarters as strong absorption continues and deliveries slow.



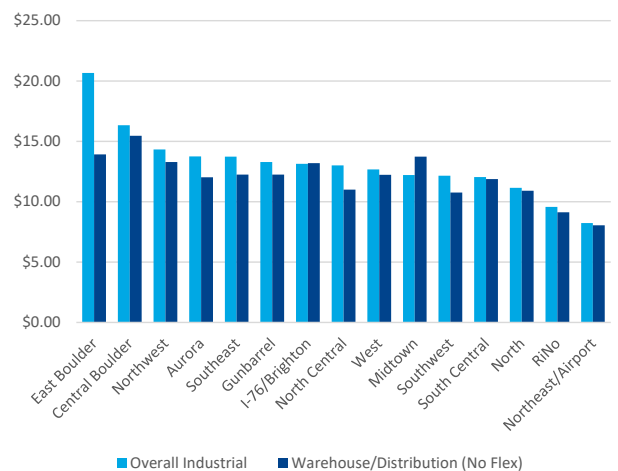
Absorption & Leasing Activity

Denver industrial product recorded north of 13.6 MSF of leasing activity during 2024. The largest new lease of the quarter was Brown Note Productions’ 121,700 SF lease at 25 Commerce Park’s Building 2, expected to deliver in early 2025. Also noteworthy was Kelly Spicer’s 112,500 SF lease at 4735 Florence Street. Absorption concluded its strongest two-quarter stretch since 2021 with 1.2 MSF during the fourth quarter bringing 2024’s total to 4.3 MSF. Expect leasing activity and absorption to remain strong into the new year, with the latter aided by 3.3 MSF of already signed leases expected to occupy over the first half of the year.



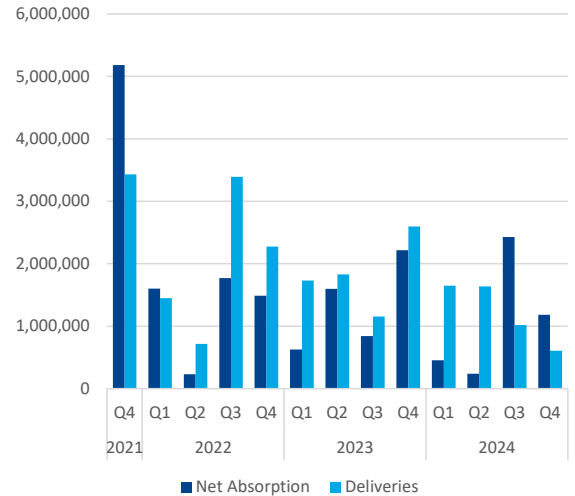
Rental Rates

Average asking rental rates continued to hover near record highs, closing the fourth quarter at \$12.02/SF on a triple net basis. This marked the fifth consecutive quarter of essentially flat rent growth as rising rates in smaller bay product have been balanced by contraction in the big bomber spaces around the metro. Asking rates for warehouse and distribution product (excluding flex) directly mirrored this flat growth, while flex product continued to record slow growth, increasing 1.8% during 2024. Tenant demand remains strong in Denver, and escalations north of 3.0% are fast becoming the norm across the metro area, but as many large spaces remain available around the metro, expect flat to moderate growth over the first half of 2025, and for that growth to accelerate as vacancy contracts.



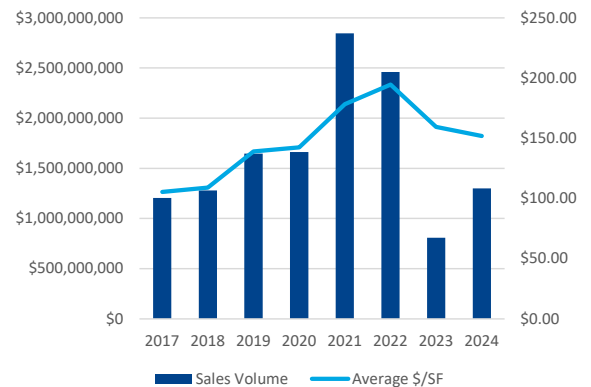
Construction

The Denver industrial market delivered 606,300 SF during the fourth quarter, bringing the total for 2024 to over 4.9 MSF. More than 97% of this total was spec product. The most notable delivery of the quarter was Candelas Innovation Park, as two buildings delivered a total of 183,200 SF to the market. Also noteworthy was Whole Foods' BTS at Highpoint for 137,000 SF. The 5.3 MSF remaining under construction at year's end are dominated by BTS product, with Pepsi (1.2 MSF), Philip Morris (+/- 800,000 SF), and Target (529,000 SF) leading the way. As developers have taken notice of rising vacancy, spec development has slowed, with only 2.5 MSF of spec product remaining in the pipeline, although it is worth noting AERO 70 broke ground on two buildings totaling 817,500 SF during the fourth quarter. Considering the volume of proposed projects that dot the metro, expect construction activity to accelerate as we move through 2025, pending the lease up of existing projects.



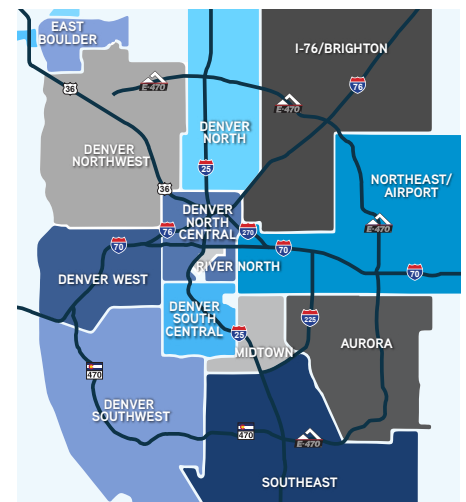
Investment Activity

Industrial investment volume continued to rebound throughout 2024 and ended on a high note with the \$555.5M transacted during the fourth quarter representing the strongest sales volume figure since 2022, and bringing 2024's total to \$1.3B. The most notable sale of the quarter was Central Park Logistics Center, which traded from Brookfield to The Mormon Church for \$100.0M (\$143.84/SF). Volatility in the debt market has continued, as the ten-year fluctuates almost daily, but investors demonstrated a renewed vigor for Denver industrial product during 2024, and with fresh allocations as we enter the new year, expect sales volume to remain strong to start 2025.



Market Description

The Denver metro industrial market is composed of 292.5 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 30.1% 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
Central Park Logistics Center	Northeast/Airport	\$100,100,000	695,899	\$143.84	The Mormon Church	Brookfield
Ascent Commerce Center	Northeast/Airport	\$61,000,000	594,976	\$102.53	Ambrose	PGIM
Bolder Innovation Campus	Northwest	\$49,500,000	198,720	\$249.09	Blue Vista	United Properties
Compark Portfolio	Southeast	\$47,250,000	264,209	\$178.84	Good Investment Partners	CW Capital/Kenai Capital
Nexus at DIA - Building C	Northeast/Airport	\$34,705,200	329,940	\$105.19	Chandler's Sand & Gravel	Becknell

Notable Leasing Activity

Property	Submarket	Leased SF	Lease Type	Tenant Name
12645-12695 E. 39th Avenue	Northeast/Airport	153,800	Renewal	Dish Network
25 Commerce Park - Building 2	North	121,700	New	Brown Note Productions
4735 Florence Street	Northeast/Airport	112,500	New	Kelly Spicer
3250 Abilene Street	Northeast/Airport	80,800	New/Expansion	Katzke
Denali - Building 3	Northeast/Airport	58,800	New	Intermountain Electric

Under Construction

Property	Submarket	SF	Developer	Estimated Completion
Pepsi BTS	Northeast/Airport	1,200,000	Gray Construction	Q1 2025
AERO 70 - Buildings 1 & 2	Northeast/Airport	817,500	United Properties	Q4 2025
PMI/Zyn BTS	Northeast/Airport	800,000		TBD
Target BTS	North	529,000	Hillwood	Q1 2025
Arista 36 - Buildings 1-3	Northwest	359,800	LaPour	Q1 2025

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)
AURORA											
WAREHOUSE/DISTRIBUTION	24	589,431			10,065	1,565	0.3%	10,065	0		\$12.03
FLEX	42	1,597,773			108,336	95,613	6.0%	108,336	0		\$14.00
TOTAL	66	2,187,204	0	0	118,401	97,178	4.4%	118,401	0	26,383	\$13.75
CENTRAL BOULDER											
WAREHOUSE/DISTRIBUTION	32	1,080,986			137,463	137,463	12.7%	133,498	3,965		\$15.46
FLEX	18	652,366			291,731	240,390	36.8%	140,347	151,384		\$16.87
TOTAL	50	1,733,352	0	0	429,194	377,853	21.8%	273,845	155,349	(100,872)	\$16.34
NORTH											
WAREHOUSE/DISTRIBUTION	147	9,546,069			1,761,577	1,085,008	11.4%	1,586,731	197,846		\$10.90
FLEX	39	1,154,002			48,088	18,987	1.6%	45,541	2,547		\$12.64
TOTAL	186	10,700,071	131,250	1,153,544	1,809,665	1,103,995	10.3%	1,632,272	200,393	164,694	\$11.15
NORTH CENTRAL											
WAREHOUSE/DISTRIBUTION	852	36,436,136			4,015,194	3,530,842	9.7%	3,815,953	199,241		\$11.00
FLEX	67	2,346,432			803,443	747,769	31.9%	747,714	55,729		\$23.02
TOTAL	919	38,782,568	0	97,336	4,818,637	4,278,611	11.0%	4,563,667	254,970	282,212	\$13.00
NORTHWEST											
WAREHOUSE/DISTRIBUTION	241	11,338,684			2,850,463	1,638,995	14.5%	2,772,338	78,125		\$13.28
FLEX	149	5,755,219			760,556	681,289	11.8%	668,919	91,637		\$16.78
TOTAL	390	17,093,903	252,425	703,600	3,611,019	2,320,284	13.6%	3,441,257	169,762	47,376	\$14.32
SOUTH CENTRAL											
WAREHOUSE/DISTRIBUTION	704	22,144,445			1,156,979	630,405	2.8%	1,057,636	115,856		\$11.88
FLEX	38	1,110,197			39,852	41,320	3.7%	35,740	4,112		\$13.83
TOTAL	742	23,254,642	31,022	0	1,196,831	671,725	2.9%	1,093,376	119,968	16,332	\$12.04
SOUTHEAST											
WAREHOUSE/DISTRIBUTION	284	13,925,978			1,426,159	1,210,797	8.7%	1,129,306	296,853		\$12.24
FLEX	243	8,477,364			1,075,306	637,282	7.5%	900,626	174,710		\$15.03
TOTAL	527	22,403,342	0	116,271	2,501,465	1,848,079	8.2%	2,029,932	471,563	395,425	\$13.73
SOUTHWEST											
WAREHOUSE/DISTRIBUTION	212	6,743,469			567,006	283,374	4.2%	440,434	126,572		\$10.76
FLEX	128	7,188,363			244,147	188,523	2.6%	184,825	59,322		\$13.45
TOTAL	340	13,931,832	0	175,204	811,153	471,897	3.4%	625,259	185,894	47,585	\$12.15
WEST											
WAREHOUSE/DISTRIBUTION	355	17,633,624			493,010	373,701	2.1%	490,010	3,000		\$12.22
FLEX	142	4,896,471			198,259	135,026	2.8%	162,684	35,575		\$13.87
TOTAL	497	22,530,095	0	0	691,269	508,727	2.3%	652,694	38,575	26,798	\$12.67

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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)
EAST BOULDER											
WAREHOUSE/DISTRIBUTION	90	2,857,107			218,769	168,064	5.9%	198,642	20,127		\$13.92
FLEX	80	2,328,141			552,718	302,909	13.0%	476,377	76,341		\$25.64
TOTAL	170	5,185,248	0	0	771,487	470,973	9.1%	675,019	96,468	27,077	\$20.66
GUNBARREL											
WAREHOUSE/DISTRIBUTION	37	1,800,477			440,419	363,184	20.2%	413,665	26,754		\$12.25
FLEX	48	2,577,867			314,213	213,291	8.3%	308,033	6,180		\$15.44
TOTAL	85	4,378,344	0	0	754,632	576,475	13.2%	721,698	32,934	(157,489)	\$13.29
I-76/BRIGHTON											
WAREHOUSE/DISTRIBUTION	261	16,930,886			3,462,495	3,427,177	20.2%	3,173,923	288,572		\$13.20
FLEX	21	628,764			31,336	31,336	5.0%	31,336	0		\$12.51
TOTAL	282	17,559,650	54,600	0	3,493,831	3,458,513	19.7%	3,205,259	288,572	(15,556)	\$13.13
MIDTOWN											
WAREHOUSE/DISTRIBUTION	43	1,204,704			58,342	51,798	4.3%	58,342	0		\$13.74
FLEX	42	1,239,578			209,260	131,242	10.6%	203,159	6,101		\$11.31
TOTAL	85	2,444,282	0	0	267,602	183,040	7.5%	261,501	6,101	(27,489)	\$12.21
NORTHEAST/AIRPORT											
WAREHOUSE/DISTRIBUTION	1,180	103,095,111			11,483,645	8,780,353	8.5%	10,269,859	1,232,805		\$8.05
FLEX	73	3,284,244			443,751	269,858	8.2%	441,751	2,000		\$13.79
TOTAL	1,253	106,379,355	137,000	3,047,107	11,927,396	9,050,211	8.5%	10,711,610	1,234,805	486,783	\$8.23
RINO											
WAREHOUSE/DISTRIBUTION	73	3,665,057			163,877	94,388	2.6%	163,877	0		\$9.12
FLEX	6	295,490			5,550	5,550	1.9%	5,550	0		\$20.43
TOTAL	79	3,960,547	0	0	169,427	99,938	2.5%	169,427	0	(37,116)	\$9.57

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
Q4 2024	5,293,062	292,524,435	33,372,009	25,517,499	8.1%	30,175,217	3,255,354	1,182,143	\$10.62	\$12.02
Quarterly Comparison										
Q3 2024	4,125,412	291,306,097	30,929,591	24,519,941	7.9%	27,990,639	2,976,652	2,429,562	\$10.59	\$12.00
Q2 2024	4,730,185	290,181,366	32,368,320	25,016,871	8.1%	29,573,382	2,843,206	238,818	\$10.84	\$12.30
Q1 2024	5,846,829	289,261,132	32,478,239	23,919,448	7.8%	29,901,209	2,662,879	454,668	\$10.82	\$12.31
Q4 2023	6,935,793	288,064,666	32,066,852	24,006,788	7.9%	29,365,229	2,724,561	2,215,233	\$10.68	\$12.16

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\$3.3B

in revenue



2B

square feet under management



18,000 +

professionals and staff

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