

A photograph of a modern city skyline in Denver. In the foreground, there's a multi-story brick and glass building with balconies. A steel truss bridge spans across a river in the middle ground. In the background, several tall skyscrapers are visible under a blue sky with light clouds. A person is riding a bicycle on a path along the riverbank.

Colliers

Denver

Office

25Q1

Denver's office market remained under pressure in Q1 2025. While sublease availability declined, direct vacancy continued to rise. Landlords are increasingly offering concessions to attract tenants, even as asking rents climb—signaling steady demand for high-quality space. These trends are expected to persist throughout the remainder of 2025.

Accelerating success.



Denver

# Office 25Q1

## Key Takeaways

- Leasing activity slows, recording 1.2 MSF.
- Net absorption realizes a negative figure for the seventh consecutive quarter at -136,000 SF.
- Rental rates are still rising. Expected to fall moving forward.



## Testing A New Normal

There has not been significant change in Denver’s office market over the past year, as many of the same trends continue to define the landscape. While sublease vacancy has steadily declined, direct vacancy is expected to rise in its place. Class A space remains the primary driver of leasing activity and continues to shape overall market sentiment. Now several years removed from the pandemic, it’s clear that many roles once tethered to a physical office no longer require it. Both employers and employees have adjusted to this new normal. Looking forward, companies will need to reassess how productivity, workplace satisfaction, and team collaboration evolve. For now, the market remains in a pivotal trial phase—only time will tell if the current workplace model proves viable over the long term.

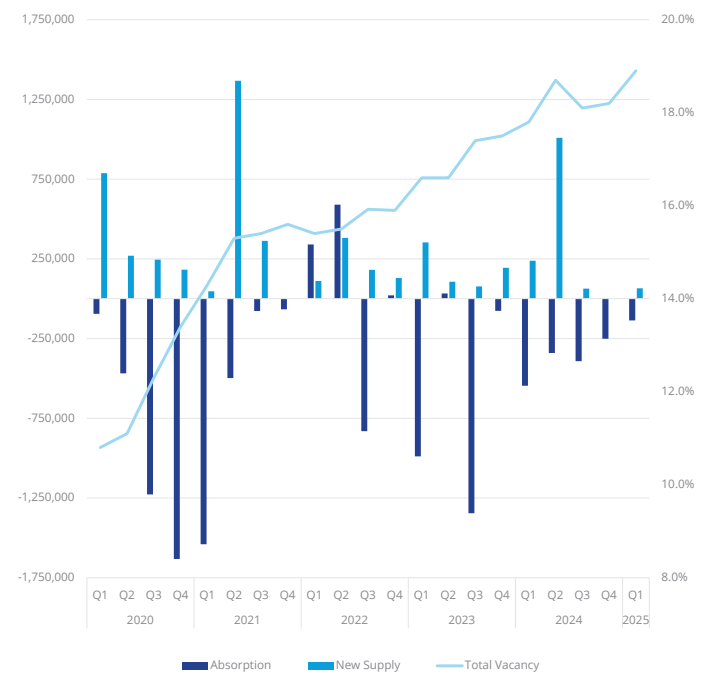
## Market Indicators



## Historic Comparison

	25Q1	24Q4	24Q1
<b>Total Inventory (in Thousands of SF)</b>	176,592	177,809	173,795
<b>New Supply (in Thousands of SF)</b>	65	0	239
<b>Net Absorption (in Thousands of SF)</b>	-135	-250	-546
<b>Overall Vacancy</b>	18.9%	18.2%	17.8%
<b>Under Construction (in Thousands of SF)</b>	913	2,879	3,545
<b>Direct Asking Lease Rates (FSG)</b>	\$32.05	\$31.04	\$31.26

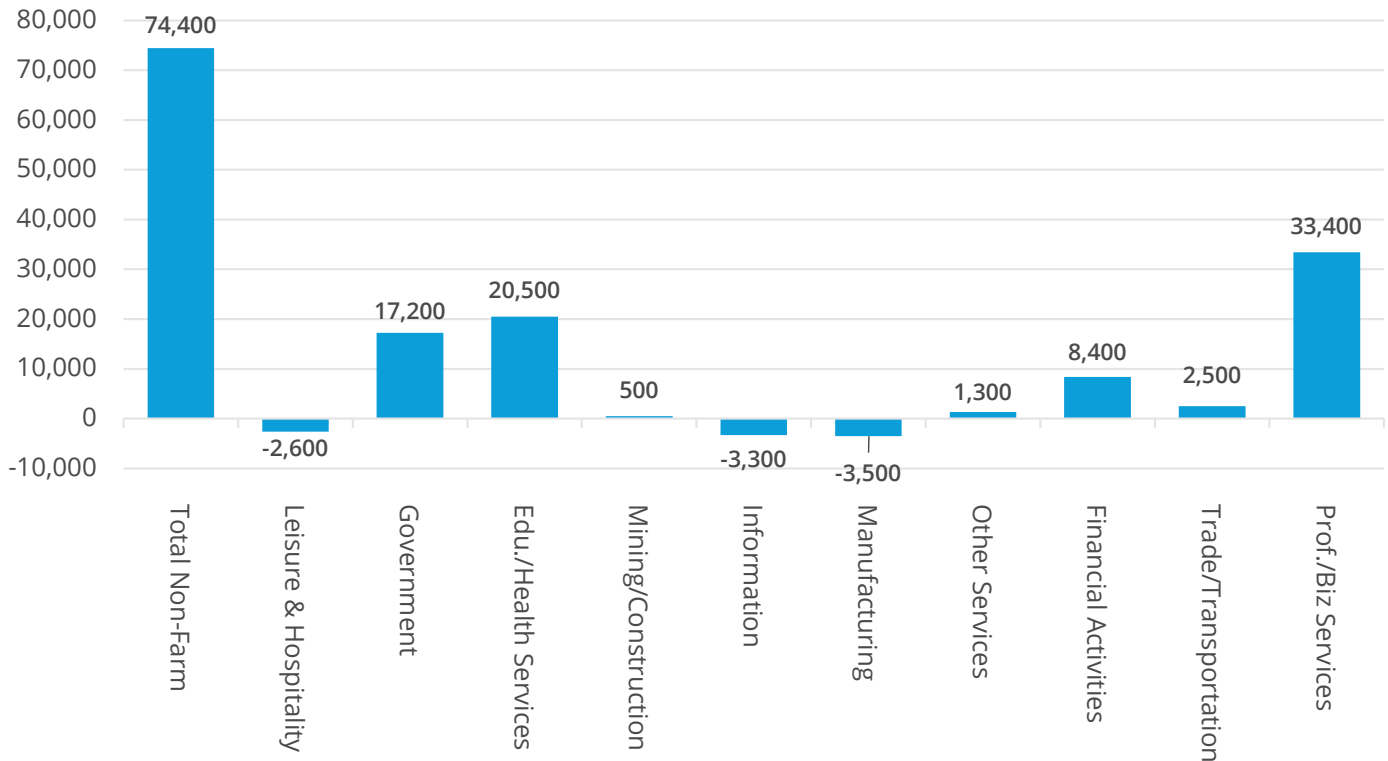
## Market Graph



Q1 metrics highlight the continued strain on Denver’s office market, marking the seventh consecutive quarter of negative absorption. With construction activity slowing and proposed developments increasingly shelved, inventory levels are expected to remain largely unchanged through 2025.

## Denver Employment Change by Sector

Since February 2020



Source: Bureau of Labor Statistics

### Employment

According to the Bureau of Labor Statistics (BLS), the Denver Metro area saw a preliminary decrease of 31,000 nonfarm payroll jobs in Q1. Since its peak unemployment in April 2020, Denver has gained a net total of 187,200 jobs.

The unemployment rate in the Denver MSA rose again in Q1, reaching 4.38%. Employment gains were primarily concentrated in Government and Education & Health Services. Despite the recent uptick, the unemployment rate remains significantly lower than its pandemic-era high of 12.4% recorded in April 2020.

### Vacancy

In Q1 2025, Denver Metro's office vacancy rate increased by 70 basis points to 18.9%. Downtown Denver's vacancy, the highest in the region, dropped slightly by 10 basis points to 28.0%. Sublease vacancy declined, likely shifting to direct vacancy as leases expired, totaling 3.3 million square feet, with 1.2 million square feet in Downtown and the Southeast. Direct vacancy rates are expected to rise further as more sublease space converts.

### Construction

In Q1 2025, only one office building was delivered in the Denver Metro area—a 65,000 square foot project located in Downtown Denver. This submarket continues to face headwinds, as demand for office space remains weaker than anticipated. With many developments paused, the construction pipeline has contracted significantly, and no new projects are expected to break ground this year.

### Absorption & Leasing Activity

The Denver office market recorded its seventh consecutive quarter of negative net absorption in Q1 2025, totaling -135,907 square feet. Leasing activity remained muted, reaching just 1.21 million square feet. This continued slowdown in tenant demand has put further pressure on vacancy rates and suggests that a near-term recovery remains out of reach. As leasing volume hovers below historical averages, landlords will continue to increase concessions in an effort to stabilize occupancy.

## Rents

Rental rates continue to rise in the Denver Metro area, indicating that Class A space still holds the largest demand. The direct average full-service asking rate moved from \$31.04 to \$32.05 per square foot this quarter. Downtown lease rates inched up from \$38.03/SF to \$38.33/SF, while Southeast Denver saw a stronger gain from \$27.11/SF to \$28.44/SF. The pricing gap between the two regions continues to hover around 30%. Looking ahead, we anticipate a rise in leasing concessions and downward pressure on effective rents as the market works to regain balance. With tenant preferences evolving, close attention to development activity and submarket shifts will be key in assessing how the next phase of the recovery unfolds.

## Forecast

The economic backdrop continues to create headwinds for both investors and building owners, as tightening conditions reshape the dynamics of the office sector. Employers are slowly regaining leverage in the workplace, but despite widespread layoffs and paused hiring, demand for office space has yet to rebound. Rather than addressing productivity shortfalls head-on, many firms are simply resizing their teams to align with current output levels.

While challenges persist, flight-to-quality remains a key theme, with tenants prioritizing well-located, amenity-rich properties that can support evolving workplace strategies. As a result, Class A product is expected to outperform, while older or less efficient buildings may continue to struggle with prolonged vacancy. Owners who invest in upgrades and repositioning efforts will be best positioned to capture demand as the market slowly rebalances.

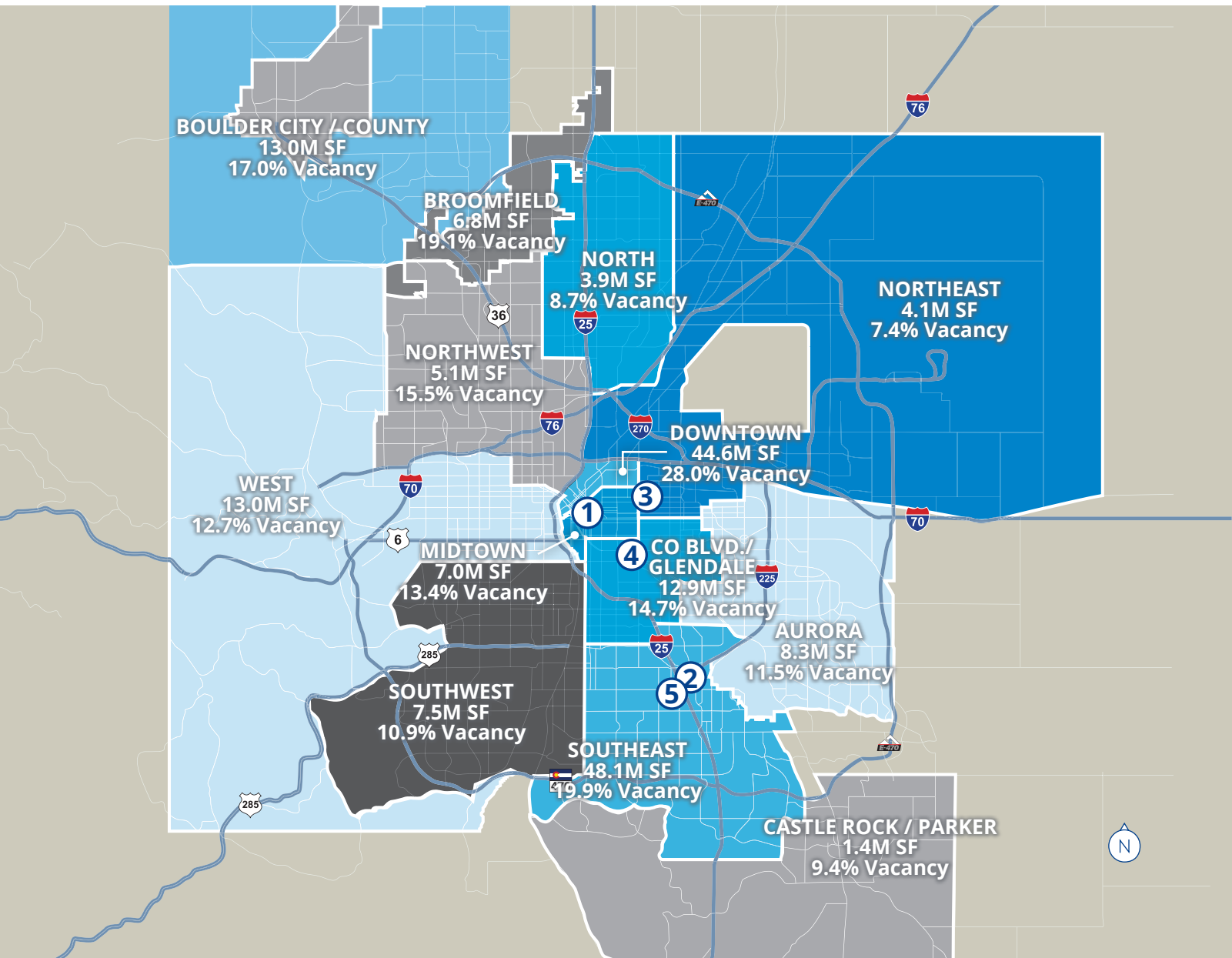
Q1 2025 data reinforces the lasting effects of the pandemic on office fundamentals, with forward-looking indicators pointing to continued volatility. Still, Denver’s deep talent pool and economic diversity remain long-term strengths. These foundational advantages are expected to provide stability and position the market for gradual recovery over time.

**Inflation Rate Falls to 2.4% in March**



Source: BLS

## Submarkets by Vacancy



## Top Leases This Quarter

	Building Address	Building Name	Rentable Square Feet (RSF)	Tenant	Deal Type
1	707 17th St.	City Center	131,380	Colorado Department of Labor	Direct
2	4643 S. Ulster St.	Regency Plaza	47,678	Colorado Access	Direct
3	4347 Airport Way	Gateway Office VII	43,585	Denver International Airport	Direct
4	3250 E. 2nd Ave.		30,000	Avant Management	Direct
5	7001 E. Belleview Ave.	One Belleview Station	29,812	Jacobs Engineering	Sublease



Existing Properties		Vacancy							Activity	Absorption	Construction		Rents
Submarket/ Class	Total Inventory SF	Direct Vacant SF	Direct Vacancy Rate	Sublease Vacant SF	Sublease Vacancy Rate	Total Vacancy SF	Total Vacancy Rate	Vacancy Rate Prior Qtr.	Leasing Activity SF	Net Absorption Current Qtr. SF	Deliveries Current Qtr. SF	Under Construction SF	Avg. Rental Rate
<b>Downtown</b>													
A	31,897,886	8,936,753	28.0%	1,046,621	3.3%	9,983,374	31.4%	31.0%	70,100	-50,854	65,000	322,860	\$39.52
B	11,421,357	2,355,607	20.6%	81,239	0.7%	2,436,846	21.3%	22.9%	1,200	176,699	-	-	\$33.32
C	1,320,898	58,296	4.4%	-	0.0%	58,296	4.4%	4.4%	1,913	-247	-	-	\$36.26
<b>TOTAL</b>	<b>44,640,141</b>	<b>11,350,656</b>	<b>25.4%</b>	<b>1,127,860</b>	<b>2.5%</b>	<b>12,478,516</b>	<b>28.0%</b>	<b>28.1%</b>	<b>73,213</b>	<b>125,598</b>	<b>65,000</b>	<b>322,860</b>	<b>\$38.33</b>
<b>Midtown</b>													
A	1,863,186	395,234	21.2%	75,955	4.1%	471,189	25.3%	10.4%	0	-278,126	-	-	\$27.14
B	3,563,449	316,480	8.9%	6,795	0.2%	323,275	9.1%	9.6%	12,213	18,497	-	-	\$25.33
C	1,588,928	145,913	9.2%	439	0.0%	146,352	9.2%	9.3%	4,662	1,611	-	-	\$18.51
<b>TOTAL</b>	<b>7,015,563</b>	<b>857,627</b>	<b>12.2%</b>	<b>83,189</b>	<b>1.2%</b>	<b>940,816</b>	<b>13.4%</b>	<b>9.7%</b>	<b>16,875</b>	<b>-258,018</b>	<b>-</b>	<b>-</b>	<b>\$26.55</b>
<b>Suburban</b>													
<b>Aurora</b>													
A	1,446,120	502,249	34.7%	6,502	0.4%	508,751	35.2%	35.3%	0	1,790	-	-	\$24.55
B	5,908,588	386,386	6.5%	40,862	0.7%	427,248	7.2%	7.2%	17,250	100	-	-	\$20.69
C	929,287	18,500	2.0%	1,350	0.1%	19,850	2.1%	2.5%	7,050	3,789	-	-	\$17.18
<b>TOTAL</b>	<b>8,283,995</b>	<b>907,135</b>	<b>11.0%</b>	<b>48,714</b>	<b>0.6%</b>	<b>955,849</b>	<b>11.5%</b>	<b>11.6%</b>	<b>24,300</b>	<b>5,679</b>	<b>-</b>	<b>-</b>	<b>\$22.96</b>
<b>Boulder</b>													
A	2,781,736	626,865	22.5%	10,690	0.4%	637,555	22.9%	21.6%	1,437	-37,141	-	-	\$41.97
B	9,474,126	1,352,232	14.3%	145,670	1.5%	1,497,902	15.8%	14.5%	98,313	-125,801	-	-	\$34.16
C	699,318	70,787	10.1%	-	0.0%	70,787	10.1%	10.1%	0	0	-	-	\$22.97
<b>TOTAL</b>	<b>12,955,180</b>	<b>2,049,884</b>	<b>15.8%</b>	<b>156,360</b>	<b>1.2%</b>	<b>2,206,244</b>	<b>17.0%</b>	<b>15.8%</b>	<b>99,750</b>	<b>-162,942</b>	<b>-</b>	<b>-</b>	<b>\$36.14</b>
<b>Broomfield</b>													
A	4,384,133	1,016,313	23.2%	84,294	1.9%	1,100,607	25.1%	27.6%	18,910	111,580	-	62,560	\$31.33
B	2,302,685	175,928	7.6%	17,007	0.7%	192,935	8.4%	7.3%	5,125	-25,527	-	-	\$24.84
C	70,412	-	0.0%	-	0.0%	-	0.0%	0.0%	0	0	-	-	\$0.00
<b>TOTAL</b>	<b>6,757,230</b>	<b>1,192,241</b>	<b>17.6%</b>	<b>101,301</b>	<b>1.5%</b>	<b>1,293,542</b>	<b>19.1%</b>	<b>13.5%</b>	<b>24,035</b>	<b>86,053</b>	<b>-</b>	<b>62,560</b>	<b>\$29.65</b>
<b>Colorado Blvd./Glendale</b>													
A	5,010,935	683,775	13.6%	88,473	1.8%	772,248	15.4%	15.6%	10,626	8,579	-	243,169	\$33.43
B	6,925,692	931,661	13.5%	54,327	0.8%	985,988	14.2%	13.9%	8,467	-24,963	-	-	\$28.43
C	930,461	132,182	14.2%	-	0.0%	132,182	14.2%	12.5%	1,497	-16,178	-	-	\$23.33
<b>TOTAL</b>	<b>12,867,088</b>	<b>1,747,618</b>	<b>13.6%</b>	<b>142,800</b>	<b>1.1%</b>	<b>1,890,418</b>	<b>14.7%</b>	<b>14.4%</b>	<b>20,590</b>	<b>-32,562</b>	<b>-</b>	<b>243,169</b>	<b>\$30.35</b>
<b>Longmont</b>													
A	104,438	7,352	7.0%	-	0.0%	7,352	7.0%	8.5%	0	1,504	-	-	\$33.43
B	836,611	17,987	2.1%	2,178	0.3%	20,165	2.4%	3.2%	7,346	6,470	-	-	\$22.64
C	84,300	-	0.0%	-	0.0%	-	0.0%	0.0%	0	0	-	-	\$17.45
<b>TOTAL</b>	<b>1,025,349</b>	<b>25,339</b>	<b>2.5%</b>	<b>2,178</b>	<b>0.2%</b>	<b>27,517</b>	<b>2.7%</b>	<b>3.5%</b>	<b>7,346</b>	<b>7,974</b>	<b>-</b>	<b>-</b>	<b>\$24.76</b>
<b>North</b>													
A	885,265	43,404	4.9%	4,859	0.5%	48,263	5.5%	4.0%	0	-12,853	-	-	\$26.58
B	2,808,022	223,331	8.0%	58,001	2.1%	281,332	10.0%	9.5%	3,984	-14,272	-	-	\$26.05
C	169,535	5,281	3.1%	-	0.0%	5,281	3.1%	1.6%	1,110	-2,622	-	-	\$15.98
<b>TOTAL</b>	<b>3,862,822</b>	<b>272,016</b>	<b>7.0%</b>	<b>62,860</b>	<b>1.6%</b>	<b>334,876</b>	<b>8.7%</b>	<b>7.9%</b>	<b>5,094</b>	<b>-29,747</b>	<b>-</b>	<b>-</b>	<b>\$26.17</b>
<b>Northeast</b>													
A	719,347	8,530	1.2%	86,738	12.1%	95,268	13.2%	15.4%	0	15,413	-	-	\$20.00
B	2,429,024	180,162	7.4%	-	0.0%	180,162	7.4%	6.2%	78,015	-28,640	-	20,000	\$26.00
C	945,613	27,134	2.9%	-	0.0%	27,134	2.9%	3.0%	1,375	875	-	-	\$14.50
<b>TOTAL</b>	<b>4,093,984</b>	<b>215,826</b>	<b>5.3%</b>	<b>86,738</b>	<b>2.1%</b>	<b>302,564</b>	<b>7.4%</b>	<b>7.1%</b>	<b>79,390</b>	<b>-12,352</b>	<b>-</b>	<b>20,000</b>	<b>\$25.17</b>



Suburban continued

Existing Properties		Vacancy							Activity	Absorption	Construction		Rents
Submarket/ Class	Total Inventory SF	Direct Vacant SF	Direct Vacancy Rate	Sublease Vacant SF	Sublease Vacancy Rate	Total Vacancy SF	Total Vacancy Rate	Vacancy Rate Prior Qtr.	Leasing Activity SF	Net Absorption Current Qtr. SF	Deliveries Current Qtr. SF	Under Construction SF	Avg. Rental Rate
<b>Northwest</b>													
A	1,003,452	139,787	13.9%	3,926	0.4%	143,713	14.3%	19.3%	2,258	49,597	-	-	\$31.00
B	3,406,872	478,625	14.0%	103,574	3.0%	582,199	17.1%	17.5%	47,229	14,164	-	-	\$26.33
C	658,500	57,296	8.7%	-	0.0%	57,296	8.7%	8.7%	1,149	0	-	-	\$29.49
<b>TOTAL</b>	<b>5,068,824</b>	<b>675,708</b>	<b>13.3%</b>	<b>107,500</b>	<b>2.1%</b>	<b>783,208</b>	<b>15.5%</b>	<b>16.7%</b>	<b>50,636</b>	<b>63,761</b>	<b>-</b>	<b>-</b>	<b>\$27.57</b>
<b>Parker/Castle Rock</b>													
A	330,558	25,827	7.8%	-	0.0%	25,827	7.8%	6.2%	2,787	-5,296	-	60,000	\$40.93
B	1,023,793	101,656	9.9%	-	0.0%	101,656	9.9%	8.7%	13,273	-12,352	-	-	\$30.29
C	-	-	0.0%	-	0.0%	-	0.0%	0.0%	0	0	-	-	\$0.00
<b>TOTAL</b>	<b>1,354,351</b>	<b>127,483</b>	<b>9.4%</b>	<b>-</b>	<b>0.0%</b>	<b>127,483</b>	<b>9.4%</b>	<b>8.1%</b>	<b>16,060</b>	<b>-17,648</b>	<b>-</b>	<b>60,000</b>	<b>\$32.87</b>
<b>Southeast</b>													
A	24,889,417	5,044,907	20.3%	753,649	3.0%	5,798,556	23.6%	23.0%	421,980	-82,487	-	205,000	\$31.22
B	22,021,728	3,235,364	14.7%	433,480	2.0%	3,668,844	16.7%	17.9%	203,775	267,383	-	-	\$24.79
C	1,204,702	96,860	8.0%	-	0.0%	96,860	8.0%	7.9%	13,017	-1,161	-	-	\$16.90
<b>TOTAL</b>	<b>48,115,847</b>	<b>8,377,131</b>	<b>17.4%</b>	<b>1,187,129</b>	<b>2.5%</b>	<b>9,564,260</b>	<b>19.9%</b>	<b>20.3%</b>	<b>638,772</b>	<b>183,735</b>	<b>-</b>	<b>205,000</b>	<b>\$28.44</b>
<b>Southwest</b>													
A	1,044,090	62,491	6.0%	-	0.0%	62,491	6.0%	6.4%	7,729	4,290	-	-	\$29.25
B	5,690,119	746,157	13.1%	5,872	0.1%	752,029	13.2%	12.4%	67,642	-46,955	-	-	\$20.32
C	791,692	8,349	1.1%	-	0.0%	8,349	1.1%	1.1%	1,658	263	-	-	\$14.63
<b>TOTAL</b>	<b>7,525,901</b>	<b>816,997</b>	<b>10.9%</b>	<b>5,872</b>	<b>0.1%</b>	<b>822,869</b>	<b>10.9%</b>	<b>10.4%</b>	<b>77,029</b>	<b>-42,402</b>	<b>-</b>	<b>-</b>	<b>\$20.71</b>
<b>West</b>													
A	2,941,140	297,973	10.1%	11,785	0.4%	309,758	10.5%	11.3%	23,101	22,969	-	-	\$30.46
B	9,108,870	1,086,410	11.9%	120,011	1.3%	1,206,421	13.2%	12.8%	46,463	-42,169	-	-	\$25.71
C	976,295	70,582	7.2%	67,624	6.9%	138,206	14.2%	10.7%	3,877	-33,836	-	-	\$26.03
<b>TOTAL</b>	<b>13,026,305</b>	<b>1,454,965</b>	<b>11.2%</b>	<b>199,420</b>	<b>1.5%</b>	<b>1,654,385</b>	<b>12.7%</b>	<b>12.3%</b>	<b>73,441</b>	<b>-53,036</b>	<b>-</b>	<b>-</b>	<b>\$26.83</b>
<b>SUBURBAN TOTAL</b>													
A	45,540,631	8,459,473	18.6%	1,050,916	2.3%	9,510,389	20.9%	21.1%	488,828	77,945	-	570,729	\$29.23
B	71,936,130	8,915,899	12.4%	980,982	1.4%	9,896,881	13.8%	13.7%	596,882	-32,562	-	20,000	\$25.53
C	7,460,115	486,971	6.5%	68,974	0.9%	555,945	7.5%	6.8%	30,733	-48,870	-	-	\$19.05
<b>TOTAL</b>	<b>124,936,876</b>	<b>17,862,343</b>	<b>14.3%</b>	<b>2,100,872</b>	<b>1.7%</b>	<b>19,963,215</b>	<b>16.0%</b>	<b>16.0%</b>	<b>1,116,443</b>	<b>-3,487</b>	<b>-</b>	<b>590,729</b>	<b>\$24.60</b>
<b>DENVER MARKET GRAND TOTAL</b>													
A	79,301,703	17,791,460	22.4%	2,173,492	2.7%	19,964,952	25.4%	24.8%	558,928	-251,035	65,000	893,589	\$31.49
B	86,920,936	11,587,986	13.3%	1,069,016	1.2%	12,657,002	14.6%	14.7%	610,295	162,634	-	20,000	\$26.35
C	10,369,941	691,180	6.7%	69,413	0.7%	760,593	7.3%	6.9%	37,308	-47,506	-	-	\$21.10
<b>TOTAL</b>	<b>176,592,580</b>	<b>30,070,626</b>	<b>17.0%</b>	<b>3,311,921</b>	<b>1.9%</b>	<b>33,382,547</b>	<b>18.9%</b>	<b>18.2%</b>	<b>1,206,531</b>	<b>-135,907</b>	<b>65,000</b>	<b>913,589</b>	<b>\$32.05</b>
<b>DENVER MARKET QUARTERLY COMPARISON AND TOTALS</b>													
Q1 2025	176,592,580	30,070,626	17.0%	3,311,921	1.9%	33,382,547	18.9%	18.2%	1,206,531	-135,907	65,000	913,589	\$32.05
Q4 2024	177,809,824	28,348,971	15.9%	4,083,915	2.3%	32,432,886	18.2%	17.5%	1,764,745	-250,730	0	2,879,061	\$31.04
Q3 2024	177,178,385	27,253,124	15.7%	4,018,823	2.3%	31,271,947	18.1%	17.5%	1,756,714	-391,102	63,701	2,879,061	\$30.96
Q2 2024	177,178,385	28,316,413	16.2%	4,264,829	2.4%	32,581,242	18.7%	17.5%	1,549,607	-340,932	1,010,054	2,910,262	\$30.97

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**18,000 +**  
professionals and staff

## About Colliers

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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