



Colliers

Denver

Industrial

25Q1

The Denver industrial market started the year well with the highest absorption figure for a first quarter since 2022. Average asking rates continue to hover near record highs. Vacancy remains elevated as a result of the continued delivery of big spec product, but tenant demand continues with steady leasing activity and 9-12 MSF of active tenant requirements currently in the market. **Expect another strong year in 2025.**

Accelerating success.

Key Takeaways

- The market recorded 834,500 SF of net absorption during the first quarter, marking the strongest first quarter since 2022.
- Average asking rates continue to hover near record highs, with growth in small bay and flattening in the larger availabilities.
- Just over 626,300 SF delivered during the first quarter, with 5.1 MSF under construction at quarter's end.
- Investment activity was slow to start the year with \$127.7M transacting during the first quarter.



Vacancy Rate
8.5%



Net Absorption
834.5K SF



Under Construction
5.1M SF



Overall Industrial Asking Lease Rates (NNN)
\$11.94/SF



Denver Industrial Surges into the New Year

The Denver industrial market started the year on a strong note with quarterly absorption reaching the strongest figure for a first quarter since 2022. Average asking rates remain near record highs as growth in small bay product has been balanced by flattening in the big bomber availabilities. Vacancy remains elevated as the market continues to chip through large new spec projects that dot the metro area. The slowdown for development proved to be short-lived with several new projects breaking ground and more expected during the second quarter of this year. Expect leasing activity and absorption to hold steady over the first half of 2025, and for vacancy to begin to contract towards the end of the year. Denver remains the premier location for doing business in the Rocky Mountain region.

Market Indicators



4.3%
Unemployment Rate



2.68%
GDP - % Change Yr./Yr.

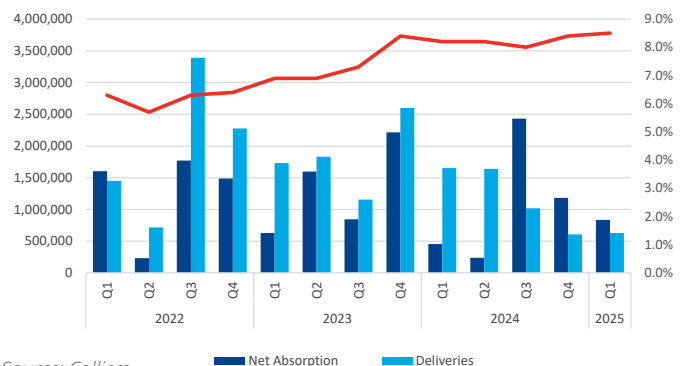


4.210%
U.S. 10 Year Treasury Note (as of EOQ)

Historic Comparison

	Q1 2024	Q4 2024	Q1 2025
Total Inventory (SF)	286,358,901	289,807,433	290,433,798
New Supply (SF)	1,650,565	606,297	626,365
Net Absorption (SF)	454,668	1,182,143	834,467
Overall Vacancy	8.2%	8.4%	8.5%
Under Construction (SF)	5,846,829	5,293,062	5,063,564
Overall Asking Rates (NNN)	\$12.29	\$11.95	\$11.94

Market Graph



Source: Colliers

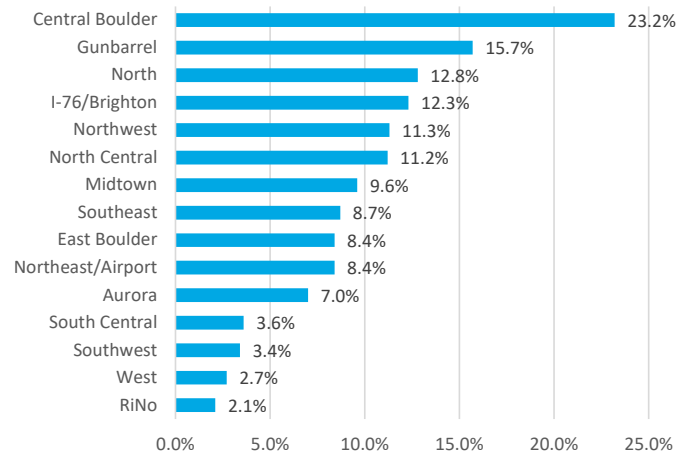
Absorption recorded its strongest first quarter since 2022 to start the year, but vacancy remained elevated as big bomber spec product continued to heavily impact vacancy. The slowdown on new developments proved to be short-lived as several projects broke ground during the first quarter, with several more slated to follow suit over the next few months. 44% of the 5.1 MSF remaining under construction at quarter's end are BTS projects, and nearly 2.0 MSF of already-signed leases are expected to occupy over the next few quarters, so expect vacancy to remain mostly flat before beginning to contract by year's end.

Labor Force

	CONSTRUCTION	MANUFACTURING	TRANSPORTATION, TRADE & UTILITIES
12-Mo. Employment Growth	0.2%	0.1%	-1.2%
12-Mo. Actual Employment Change	200	-100	-3,400

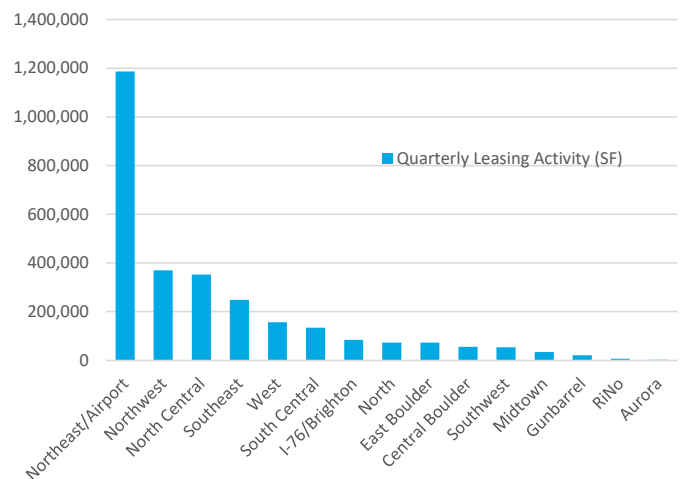
Vacancy

Vacancy closed the first quarter at 8.5% on an overall basis, representing minimal change over the prior quarter and marking the sixth consecutive quarter of essentially flat vacancy as strong absorption figures continued to be balanced by the large vacant spec deliveries around the metro area. To illustrate the impact that new deliveries have had on vacancy, if we look only at buildings that delivered before the end of 2022, vacancy is 190 bps lower at 6.6%. Similarly, when looking only at buildings smaller than 100,000 SF, regardless of delivery year, vacancy is 180 bps lower at 6.7%. The groundbreaking slowdown proved to be short-lived, so expect vacancy to remain mostly flat for the majority of the year, before beginning to contract towards year's end and into 2026.



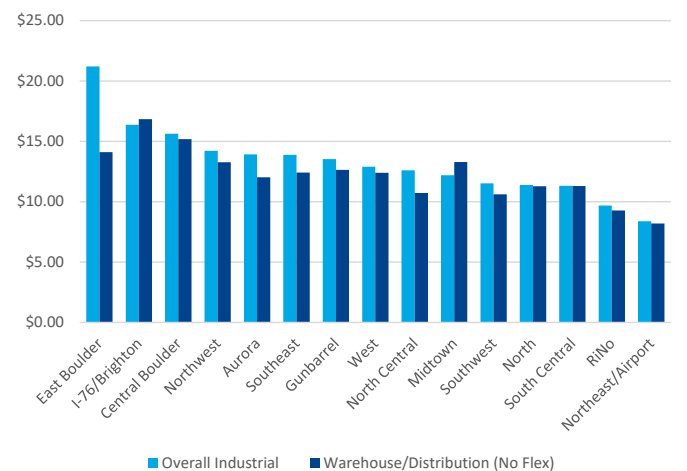
Absorption & Leasing Activity

Denver metro industrial product recorded nearly 2.9 MSF of leasing activity during the first quarter. The largest new lease of the quarter was TJMaxx as they sublet the 200,200 SF Hawthorne sublease at HighPoint's Building 1. Also noteworthy were Fresenius' new 152,700 SF lease at Majestic's Building 7 and Electra Steel's new 133,600 SF lease at Verve Commerce Center's Building 2. Net absorption recorded its strongest first quarter since 2022, largely aided by the delivery of Target's 529,800 SF BTS near the interchange of E-470 and I-25 in the North submarket. Expect both leasing activity and absorption to remain strong as we move along through 2025 with the latter aided by nearly 2.0 MSF of already signed leases awaiting occupancy.



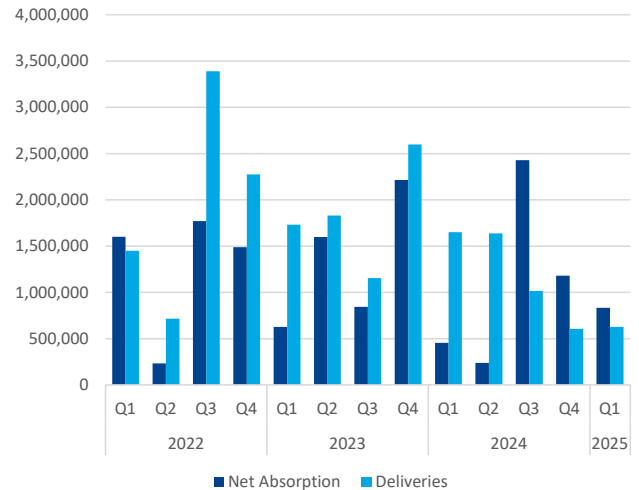
Rental Rates

Average asking rental rates continued to hover near record highs, closing the first quarter at \$11.94/SF on a triple net basis. This marked the seventh consecutive quarter of essentially flat asking rent growth as rising rates in smaller bay product have been balanced by contraction in the big bomber spaces around the metro area. Tenant demand remains steady, with 9-12 MSF of active tenants currently touring the market, and escalations north of 3.0% have become the norm across the metro area, but as many large spaces remain available, expect flat to moderate growth to continue as we move through 2025.



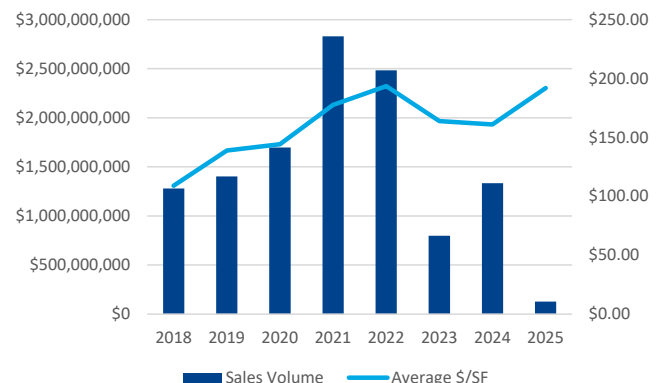
Construction

The Denver industrial market delivered 626,400 SF during the first quarter, primarily due to the aforementioned Target BTS at 529,800 SF. Nearly 5.1 MSF remained under construction at quarter's close, 44% of which is BTS product headlined by Pepsi (1.2 MSF), PMI/Zyn (800,000 SF), and Food Bank of the Rockies (229,600 SF). The most noteworthy spec projects underway are the 817,500 SF two building AERO 70 project, 359,800 SF between three buildings at Arista 36, and the 343,800 SF two building Northwest Commerce Center. Groundbreakings had slowed during the second half of 2024, but developers have demonstrated renewed confidence in 2025, with 396,900 SF breaking ground during the quarter and several more projects slated for the second quarter. Expect construction volume to hold steady throughout 2025.



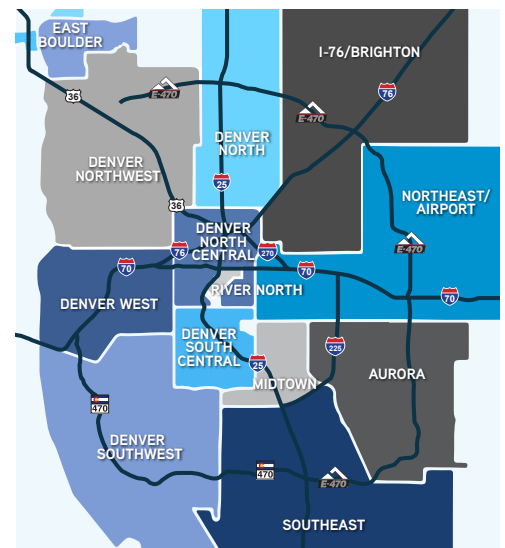
Investment Activity

Industrial investment volume recorded \$127.7M during the first quarter. The largest investment sale of the quarter in terms of both price and size was the single-tenant 17450 E 32nd PI which traded from LBA to The Koll Company or \$15.8M (\$110.94/SF). Volatility in the debt market has continued, as the ten-year fluctuates almost daily, but investors have fresh allocations to start the new year and demonstrated a renewed vigor for Denver industrial product during the second half of 2024. Expect investment volume to accelerate, especially with a number of options currently on the market.



Market Description

The Denver metro industrial market is composed of 290.4 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
15450 Washington Street	North	\$231,000,000	529,836	\$435.98	Target	Hillwood
17450 East 32nd Place	Northeast/ Airport	\$15,800,000	142,413	\$110.94	The Koll Company	LBA Realty
11100 Bradford Road	Southwest	\$10,750,000	64,058	\$167.82	Jefferson County	Karis
360 Inverness Drive South	Southeast	\$8,800,000	68,285	\$128.87	WareSpace	Lum Yip Kee
17805 South Golden Road	West	\$7,350,000	24,904	\$295.13	Alpine Civil Construction	Flywheel

Notable Leasing Activity

Property	Submarket	Leased SF	Lease Type	Tenant Name
HighPoint - Building 1	Northeast/Airport	200,200	Sublease	TJMaxx
Majestic - Building 7	Northeast/Airport	152,700	New	Fresenius
Verve Commerce Center - Building 2	Northwest	133,600	New	Electra Steel
Gateway Park - Building 10	Northeast/Airport	129,000	Renewal	Serta
Innovate at Dove Valley	Southeast	103,600	New	Koala

Under Construction

Property	Submarket	SF	Developer	Estimated Completion
Pepsi BTS	Northeast/Airport	1,200,000	Gray Construction	Q4 2025
AERO 70 - Buildings 1 & 2	Northeast/Airport	817,500	United Properties	Q4 2025
PMI/Zyn BTS	Northeast/Airport	800,000		2026
Arista 36 - Buildings 1-3	Northwest	359,800	LaPour	Q2 2025
Northwest Commerce Center - Buildings 1 & 2	Northwest	343,800	Ryan Companies	Q2 2025

Denver | Q1 2025 | Industrial | Market Statistics



Type	# of Bldgs	Total SF	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			13,815	10,315	1.7%	13,815	0		\$12.03
FLEX	42	1,597,773			158,260	142,764	8.9%	158,260	0		\$14.18
TOTAL	66	2,187,204	0	0	172,075	153,079	7.0%	172,075	0	(13,975)	\$13.92
CENTRAL BOULDER											
WAREHOUSE/DISTRIBUTION	32	1,082,972			160,098	176,844	16.3%	154,188	5,910		\$15.18
FLEX	18	646,866			273,293	224,960	34.8%	145,798	127,495		\$16.79
TOTAL	50	1,729,838	0	0	433,391	401,804	23.2%	299,986	133,405	(11,976)	\$15.62
NORTH											
WAREHOUSE/DISTRIBUTION	151	10,506,087			1,661,421	1,459,781	13.9%	1,506,575	177,846		\$11.27
FLEX	39	1,154,002			70,310	35,013	3.0%	70,310	0		\$12.26
TOTAL	190	11,660,089	529,029	624,515	1,731,731	1,494,794	12.8%	1,576,885	177,846	583,494	\$11.39
NORTH CENTRAL											
WAREHOUSE/DISTRIBUTION	848	36,331,556			4,181,841	3,580,826	9.9%	3,969,629	212,212		\$10.73
FLEX	69	2,380,937			789,305	773,821	32.5%	773,804	25,037		\$22.47
TOTAL	917	38,712,493	97,336	0	4,971,146	4,354,647	11.2%	4,743,433	237,249	(52,506)	\$12.60
NORTHWEST											
WAREHOUSE/DISTRIBUTION	242	11,117,062			2,339,253	1,360,034	12.2%	2,323,762	15,491		\$13.26
FLEX	149	5,664,530			651,572	542,805	9.6%	500,275	151,297		\$16.67
TOTAL	391	16,781,592	0	703,600	2,990,825	1,902,839	11.3%	2,824,037	166,788	18,837	\$14.21
SOUTH CENTRAL											
WAREHOUSE/DISTRIBUTION	703	22,126,667			1,261,420	789,901	3.6%	1,190,525	70,895		\$11.30
FLEX	37	1,048,419			48,900	37,020	3.5%	41,520	7,380		\$11.95
TOTAL	740	23,175,086	0	0	1,310,320	826,921	3.6%	1,232,045	78,275	(88,486)	\$11.32
SOUTHEAST											
WAREHOUSE/DISTRIBUTION	287	14,360,039			1,757,135	1,252,750	8.7%	1,517,384	239,751		\$12.42
FLEX	245	8,577,231			1,115,834	739,181	8.6%	943,079	172,755		\$15.05
TOTAL	532	22,937,270	0	116,271	2,872,969	1,991,931	8.7%	2,460,463	412,506	48,883	\$13.88
SOUTHWEST											
WAREHOUSE/DISTRIBUTION	212	6,702,927			606,615	273,766	4.1%	477,543	129,072		\$10.61
FLEX	128	7,216,264			262,574	197,203	2.7%	214,130	48,444		\$12.65
TOTAL	340	13,919,191	0	175,204	869,189	470,969	3.4%	691,673	177,516	37,058	\$11.52
WEST											
WAREHOUSE/DISTRIBUTION	356	14,406,530			472,785	376,092	2.6%	469,785	3,000		\$12.40
FLEX	141	4,879,571			282,274	150,264	3.1%	233,444	48,830		\$14.21
TOTAL	497	19,286,101	0	0	755,059	526,356	2.7%	703,229	51,830	24,904	\$12.89

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Denver | Q1 2025 | Industrial | Market Statistics



Type	# of Bldgs	Total SF	Deliveries	Under Construction	Total Available SF	Total Vacant SF	Vacancy %	Direct Available	Sublease Available	Absorption	Weighted Average Rent (NNN)
EAST BOULDER											
WAREHOUSE/DISTRIBUTION	90	2,859,785			213,958	155,866	5.5%	197,881	16,077		\$14.11
FLEX	78	2,314,714			546,928	278,729	12.0%	497,677	49,314		\$25.54
TOTAL	168	5,174,499	0	0	760,886	434,595	8.4%	695,558	65,391	42,913	\$21.20
GUNBARREL											
WAREHOUSE/DISTRIBUTION	37	1,799,675			469,641	429,428	23.9%	442,887	26,754		\$12.64
FLEX	48	2,577,867			326,908	258,754	10.0%	307,913	18,995		\$15.18
TOTAL	85	4,377,542	0	0	796,549	688,182	15.7%	750,800	45,749	(27,927)	\$13.52
I-76/BRIGHTON											
WAREHOUSE/DISTRIBUTION	264	17,161,028			4,134,744	2,157,241	12.6%	3,718,899	415,845		\$16.83
FLEX	21	628,055			31,336	31,336	5.0%	31,336	0		\$12.51
TOTAL	285	17,789,083	0	0	4,166,080	2,188,577	12.3%	3,750,235	415,845	62,476	\$16.38
MIDTOWN											
WAREHOUSE/DISTRIBUTION	43	1,204,704			67,864	69,608	5.8%	67,864	0		\$13.29
FLEX	42	1,239,578			255,310	163,946	13.2%	249,209	6,101		\$11.65
TOTAL	85	2,444,282	0	0	323,174	233,554	9.6%	317,073	6,101	(12,629)	\$12.19
NORTHEAST/AIRPORT											
WAREHOUSE/DISTRIBUTION	1,182	103,067,463			12,245,275	8,675,176	8.4%	10,911,806	1,333,469		\$8.20
FLEX	73	3,256,286			397,923	269,408	8.3%	385,544	12,379		\$13.40
TOTAL	1,255	106,323,749	0	3,443,974	12,643,198	8,944,584	8.4%	11,297,350	1,345,848	199,809	\$8.37
RINO											
WAREHOUSE/DISTRIBUTION	71	3,640,289			155,477	79,681	2.2%	155,477	0		\$9.27
FLEX	6	295,490			3,200	3,200	1.1%	3,200	0		\$20.43
TOTAL	77	3,935,779	0	0	158,677	82,881	2.1%	158,677	0	23,592	\$9.68

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
Q1 2025	5,063,564	290,433,798	34,955,269	24,695,713	7.8%	31,673,519	3,314,349	834,467	\$10.64	\$11.94
Quarterly Comparison										
Q4 2024	5,293,062	289,971,610	33,018,480	24,376,933	7.8%	29,824,420	3,252,622	1,182,143	\$10.59	\$11.95
Q3 2024	4,125,412	288,359,706	30,852,980	23,147,933	7.5%	27,916,265	2,974,415	2,429,562	\$10.57	\$11.98
Q2 2024	4,730,185	287,203,915	31,861,716	23,531,797	7.7%	29,071,747	2,838,237	238,818	\$10.81	\$12.29
Q1 2024	5,846,829	286,358,901	32,108,012	23,477,972	7.8%	29,533,291	2,660,570	454,668	\$10.78	\$12.29

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\$3.3B
in revenue



2B
square feet under management



18,000 +
professionals and staff

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