

Denver

Industrial

25Q2

The Denver industrial market cooled in the second quarter, with absorption taking a significant hit following a strong start to the year. However, a rebound is anticipated as a wave of signed leases are set to occupy in the second half of 2025. Vacancy remains elevated due to continued deliveries of big bomber speculative product. Leasing activity has slowed compared to the first quarter and rental rates are beginning to adjust, though they remain historically high. Despite near-term headwinds, investor interest in the market remains strong. **Cautious optimism remains for a strong second half of 2025.**

Key Takeaways

- The market recorded 152,535 SF of net absorption in Q2.
- Average asking rates remain flat, likely to combat rising vacancy levels and increase in supply.
- Just over 636,000 SF delivered during the second quarter, with 5.1 MSF remaining under construction, 44% of which is BTS product.
- Investment activity rebounds, seeing over \$500M in transaction volume, well above the 3-year quarterly average.



Denver Industrial Slows In Q2

Following a strong start to the year, the Denver industrial market slowed in Q2, with almost flat absorption. Despite the drop, a substantial volume of recently signed leases are set to occupy in the second half of 2025, setting the stage for a potential rebound in fundamentals. Vacancy remains elevated, driven largely by newly delivered large spec product that continues to impact the market. Asking rents continue to record flat growth, while tenant demand has returned to historical figures after a robust post-pandemic run. Investment activity rebounded significantly, indicating continued confidence in the market among investors. While short-term fundamentals have tempered, long-term confidence in Denver's industrial sector remains intact.

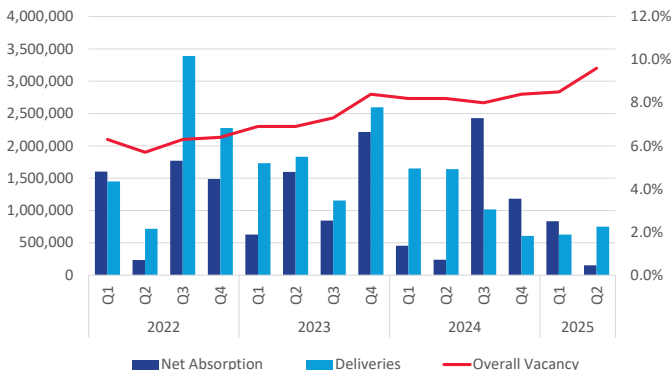
Market Indicators



Historic Comparison

	Q2 2024	Q1 2025	Q2 2025
Total Inventory (SF)	289,517,488	290,433,798	291,097,928
New Supply (SF)	1,639,184	626,365	749,595
Net Absorption (SF)	216,019	834,467	152,535
Overall Vacancy	8.8%	8.5%	9.6%
Under Construction (SF)	4,730,185	5,063,564	5,114,235
Overall Asking Rates (NNN)	\$12.32	\$11.94	\$11.57

Market Graph



Source: Colliers

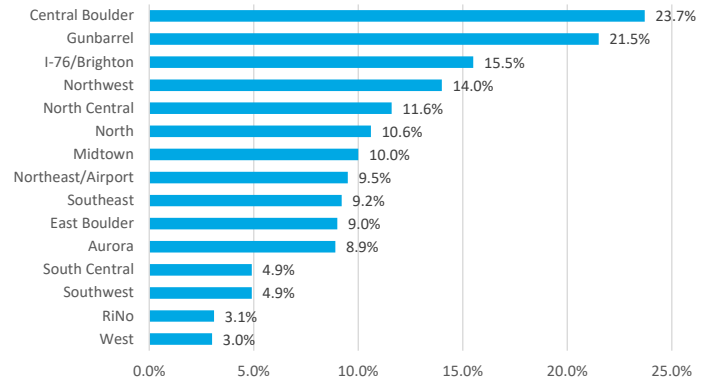
After a strong first quarter, absorption slowed significantly in Q2, but the market is poised for a rebound as nearly 1.4 MSF of recently signed leases are expected to commence in the second half of 2025, excluding the 1.2 MSF BTS for Pepsi which may deliver this year as well. Vacancy remains elevated, largely due to continued deliveries of large spec product that has yet to fully lease. Of the 5.1 MSF still under construction at quarter's end, 44% is build-to-suit, which should limit additional speculative supply pressure. With most new occupancy backloaded into the year, vacancy is expected to hold relatively flat in the near term before beginning to contract by year's end.

Labor Force

	CONSTRUCTION	MANUFACTURING	TRANSPORTATION, TRADE & UTILITIES
12-Mo. Employment Growth	-1.9%	-0.7%	-2.3%
12-Mo. Actual Employment Change	-2,200	-500	-6,100

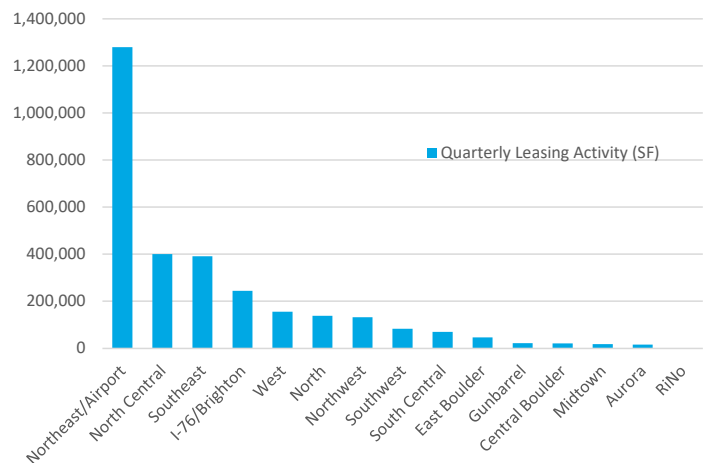
Vacancy

Vacancy closed the second quarter at 9.6% on an overall basis, representing a high water mark for this cycle as nearly flat absorption was met by the continued delivery of new spec product. 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 7.7%. Similarly, when looking only at buildings smaller than 100,000 SF, regardless of delivery year, vacancy is 320 bps lower at 6.7%. This recent uptick is expected to be short-lived as newer product leases up in the second half of the year.



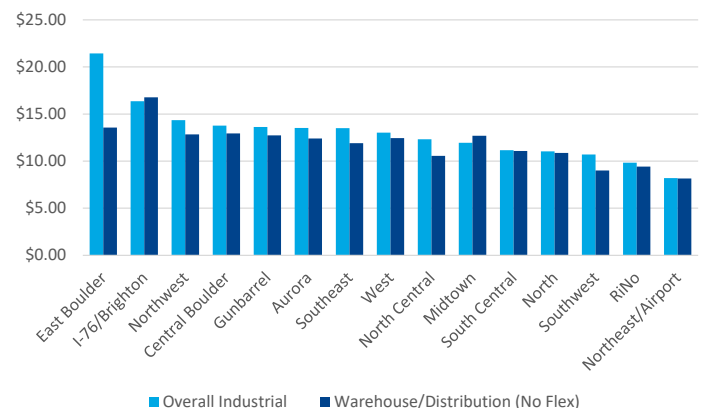
Absorption & Leasing Activity

Denver metro industrial product recorded just north of 3.0 MSF of leasing activity during the second quarter. The largest new lease of the quarter was National Tire Wholesale as they leased 264,000 SF at Airways Business Center. Also noteworthy were Bibbeo's new 118,000 SF lease at Majestic's Building 28 and Chadwell Supply's new 104,000 SF lease at Denali Logistics Park. Net absorption fell significantly in Q2, although it is expected to rebound with 1.4 MSF already signed and expected to occupy in the second half of 2025.



Rental Rates

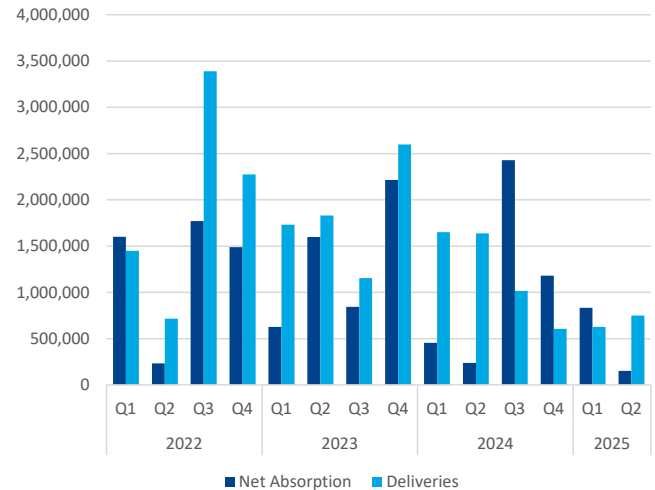
Average asking rents declined in Q2, ending the quarter at \$11.57/SF on a triple-net basis. The dip reflects softening following the market's uptick in vacancy. Despite this, tenant activity remains strong, with more than 10 million square feet of active requirements in the market. Annual rent escalations above 3.0% are now standard across the metro. However, with a number of large blocks still on the market, rental growth is expected to remain flat to modest through the second half of 2025.



Construction

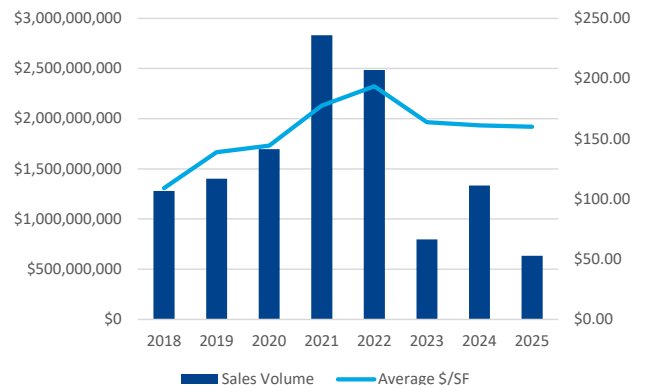
The Denver industrial market saw 636,100 SF deliver in Q2, with just over 5.1 MSF still under construction at quarter's end. Roughly 44% of that pipeline is build-to-suit, led by Pepsi (1.2 MSF), PMI/Zyn (800,000 SF), and Food Bank of the Rockies (229,600 SF). Notable spec projects include the 817,500 SF, two-building AERO 70 development and 359,800 SF across three buildings at Arista 36.

Q2 was highlighted by the delivery of the 343,800 SF, two-building Northwest Commerce Center project. While new starts slowed in late 2024, developer activity picked back up to start 2025, with 686,700 SF breaking ground in Q2 and several more projects scheduled for the second half of the year. Construction volume is expected to remain steady through year-end.



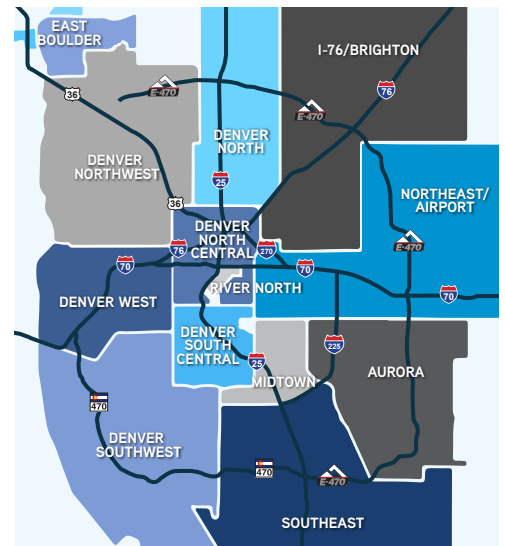
Investment Activity

Industrial investment volume totaled \$504.3M in Q2. The largest transaction by both price and size was a five-property portfolio acquired by Principal Real Estate Advisors for \$119.1M (\$100.74/SF). Debt market volatility remains a factor, with the 10-year yield fluctuating almost daily. However, investors have demonstrated renewed appetite for Denver industrial assets through the first half of 2025. Investment activity is expected to remain strong through the remainder of the year.



Market Description

The Denver metro industrial market is composed of 291 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
Mile High Business Center	Northeast	\$119,110,000	1,182,309	\$100.74	Principal Real Estate Investors	Clarion Partners
Parc Santa Fe	Southwest	\$69,500,000	345,126	\$201.38	LBA Realty	LaSalle Investment Management
403 S. Airport Blvd.	Aurora	\$9,500,000	160,509	\$59.19	Chandler's Sand & Gravel	Global Village Charter Collaborative
Enterprise Business Center - Bldg. 7	Northeast	\$25,500,000	160,262	\$159.11	Dream REIT	United Properties Management
1150 E. 58th Ave.	Northeast	\$11,900,000	87,860	\$135.44	Purvis Industries, LTD	Steven Paris

Notable Leasing Activity

Property	Submarket	Leased SF	Lease Type	Tenant Name
Airways Business Center - Building 3	Northeast/Airport	264,431	New	National Tire Wholesale
Majestic - Building 28	Northeast/Airport	118,000	New	Bibbeo
Denali Logistics Park - Building 1	Northeast/Airport	103,922	New	Chadwell Supply

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	Q3 2025

Denver | Q2 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	25	639,483			3,625	5,625	0.9%	3,625	0		\$12.40
FLEX	42	1,603,050			203,810	192,912	12.0%	203,810	0		\$13.60
TOTAL	67	2,242,533	0	0	207,435	198,537	8.9%	207,435	0	(45,458)	\$13.53
CENTRAL BOULDER											
WAREHOUSE/DISTRIBUTION	32	1,082,972			150,088	149,278	13.8%	144,178	5,910		\$12.95
FLEX	18	646,866			276,283	260,738	40.3%	148,788	127,495		\$16.55
TOTAL	50	1,729,838	0	0	426,371	410,016	23.7%	292,966	133,405	(20,526)	\$13.78
NORTH											
WAREHOUSE/DISTRIBUTION	152	10,533,631			1,539,824	1,202,279	11.4%	1,417,738	145,086		\$10.88
FLEX	39	1,152,193			50,974	39,801	3.5%	50,974	0		\$12.46
TOTAL	191	11,685,824	176,000	448,515	1,590,798	1,242,080	10.6%	1,468,712	145,086	153,000	\$11.04
NORTH CENTRAL											
WAREHOUSE/DISTRIBUTION	846	36,397,161			4,119,368	3,740,056	10.3%	4,019,175	100,193		\$10.57
FLEX	69	2,414,144			785,359	750,562	31.1%	729,653	55,706		\$22.33
TOTAL	915	38,811,305	0	0	4,904,727	4,490,618	11.6%	4,748,828	155,899	439,065	\$12.32
NORTHWEST											
WAREHOUSE/DISTRIBUTION	243	11,426,136			2,516,843	1,759,985	15.4%	2,501,352	71,676		\$12.83
FLEX	149	5,696,023			861,960	631,385	11.1%	694,423	167,537		\$16.39
TOTAL	392	17,122,159	343,800	451,152	3,378,803	2,391,370	14.0%	3,195,775	239,213	(34,403)	\$14.34
SOUTH CENTRAL											
WAREHOUSE/DISTRIBUTION	702	22,087,573			1,531,934	1,094,915	5.0%	1,452,691	79,243		\$11.07
FLEX	37	1,048,419			41,261	38,261	3.6%	35,261	6,000		\$13.06
TOTAL	739	23,135,992	0	0	1,573,195	1,133,176	4.9%	1,487,952	85,243	(121,084)	\$11.15
SOUTHEAST											
WAREHOUSE/DISTRIBUTION	289	14,445,786			2,222,928	1,306,413	9.0%	1,908,465	314,463		\$11.90
FLEX	246	8,538,811			1,025,491	811,087	9.5%	849,858	175,633		\$14.93
TOTAL	535	22,984,597	116,271	595,390	3,248,419	2,117,500	9.2%	2,758,323	490,096	158,266	\$13.50
SOUTHWEST											
WAREHOUSE/DISTRIBUTION	214	6,894,959			650,369	483,923	7.0%	523,797	126,572		\$9.01
FLEX	128	7,220,264			236,631	208,062	2.9%	203,483	33,148		\$12.52
TOTAL	342	14,115,223	0	175,204	887,000	691,985	4.9%	727,280	159,720	(45,812)	\$10.70
WEST											
WAREHOUSE/DISTRIBUTION	357	14,345,867			515,434	385,324	2.7%	479,734	35,700		\$12.44
FLEX	141	4,845,799			268,269	189,887	3.9%	251,881	32,100		\$14.25
TOTAL	498	19,191,666	0	0	783,703	575,211	3.0%	731,615	67,800	34,216	\$13.02

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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	91	2,842,387			233,462	173,221	6.1%	221,405	12,057		\$13.57
FLEX	78	2,307,642			534,806	292,067	12.7%	496,121	38,748		\$26.17
TOTAL	169	5,150,029	0	0	768,268	465,288	9.0%	717,526	50,805	(3,363)	\$21.44
GUNBARREL											
WAREHOUSE/DISTRIBUTION	38	1,885,057			653,700	612,330	32.5%	530,154	123,546		\$12.73
FLEX	48	2,555,572			438,688	341,236	13.4%	371,811	84,621		\$15.15
TOTAL	86	4,440,629	0	0	1,092,388	953,566	21.5%	901,965	208,167	(265,384)	\$13.63
I-76/BRIGHTON											
WAREHOUSE/DISTRIBUTION	266	17,219,027			4,374,129	2,739,063	15.9%	3,956,668	1,190,000		\$16.77
FLEX	22	641,999			31,336	31,336	4.9%	31,336	0		\$12.00
TOTAL	288	17,861,026	0	0	4,405,465	2,770,399	15.5%	3,988,004	1,190,000	193,730	\$16.36
MIDTOWN											
WAREHOUSE/DISTRIBUTION	43	1,204,704			78,073	76,135	6.3%	78,073	0		\$12.69
FLEX	42	1,239,578			264,683	167,725	13.5%	258,582	6,101		\$11.44
TOTAL	85	2,444,282	0	0	342,756	243,860	10.0%	336,655	6,101	(10,306)	\$11.95
NORTHEAST/AIRPORT											
WAREHOUSE/DISTRIBUTION	1,181	103,000,492			12,405,928	9,870,451	9.6%	11,234,420	1,202,708		\$8.15
FLEX	74	3,267,924			386,451	239,844	7.3%	376,859	9,592		\$11.53
TOTAL	1,255	106,268,416	0	3,443,974	12,792,379	10,110,295	9.5%	11,611,279	1,212,300	(242,130)	\$8.20
RINO											
WAREHOUSE/DISTRIBUTION	71	3,793,424			187,609	116,957	3.1%	187,609	0		\$9.43
FLEX	5	115,491			3,200	3,200	2.8%	3,200	0		\$20.43
TOTAL	76	3,908,915	0	0	190,809	120,157	3.1%	190,809	0	(37,276)	\$9.84

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
Q2 2025	5,114,235	291,097,928	36,592,516	27,914,058	8.5%	33,365,124	4,143,835	152,535	\$10.22	\$11.57
Quarterly Comparison										
Q1 2025	5,063,564	290,784,867	34,638,080	25,458,558	8.1%	31,356,330	3,314,349	834,467	\$10.63	\$11.93
Q4 2024	5,293,062	290,401,907	32,859,608	24,422,115	7.8%	29,665,548	3,252,622	1,182,143	\$10.59	\$11.95
Q3 2024	4,125,412	288,790,003	30,835,169	23,200,960	7.5%	27,898,454	2,974,415	2,429,562	\$10.57	\$11.98
Q2 2024	4,730,185	287,623,632	31,713,540	23,586,475	7.7%	28,923,571	2,838,237	238,818	\$10.81	\$12.29

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\$3.3B
in revenue



2B
square feet under management



18,000 +
professionals and staff

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