

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 a river in the middle ground. In the background, several tall skyscrapers are visible under a blue sky with some clouds. A person is riding a bicycle on a path along the river.The Colliers logo, featuring the word "Colliers" in white serif font on a blue rectangular background with a yellow and red horizontal stripe at the bottom.

Denver

Office

25Q2

Denver's office market remained under pressure in Q2 2025. Both direct and sublease vacancy levels have increased. Landlords are continuing to offer 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
25Q2

Key Takeaways

- Leasing activity rebounds, recording 1.8 MSF
- Net absorption realizes a negative figure for the 8th consecutive quarter at -457K SF
- Rental rates are still rising. Expected to plateau moving forward.

**Vacancy Rate**
19.5%**Net Absorption**
-457K SF**Under Construction**
764K SF**Overall Asking Lease Rates (FSG)**
\$32.20/SF

Testing A New Normal

Denver's office market has remained relatively stable over the past year, with many of the same dynamics continuing to shape the landscape. Sublease vacancy is staying high, as total vacancy hits record highs. Class A space remains the dominant force behind leasing activity, heavily influencing overall market sentiment. Five years after the onset of the pandemic, the shift away from traditional office use has solidified, with many roles no longer tied to a physical workspace. Employers and employees alike have adapted to this new reality. As the market navigates this transitional period, companies will need to reassess how productivity, employee satisfaction, and team collaboration evolve to determine whether today's workplace model is sustainable in the long run.

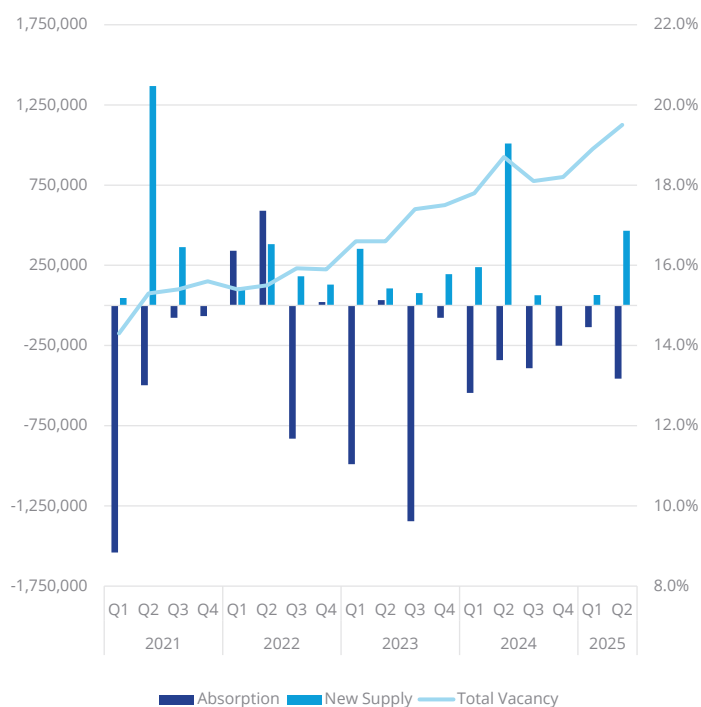
Market Indicators

**4.5%**
Unemployment Rate**2.53%**
YOY Real GDP Growth**4.228%**
U.S. 10 Year Treasury Note

Historic Comparison

	25Q2	25Q1	24Q2
Total Inventory (in Thousands of SF)	175,950	176,592	177,178
New Supply (in Thousands of SF)	465	65	1,010
Net Absorption (in Thousands of SF)	-457	-135	-340
Overall Vacancy	19.5%	18.9%	18.7%
Under Construction (in Thousands of SF)	763	913	2,910
Direct Asking Lease Rates (FSG)	\$32.20	\$32.05	\$30.97

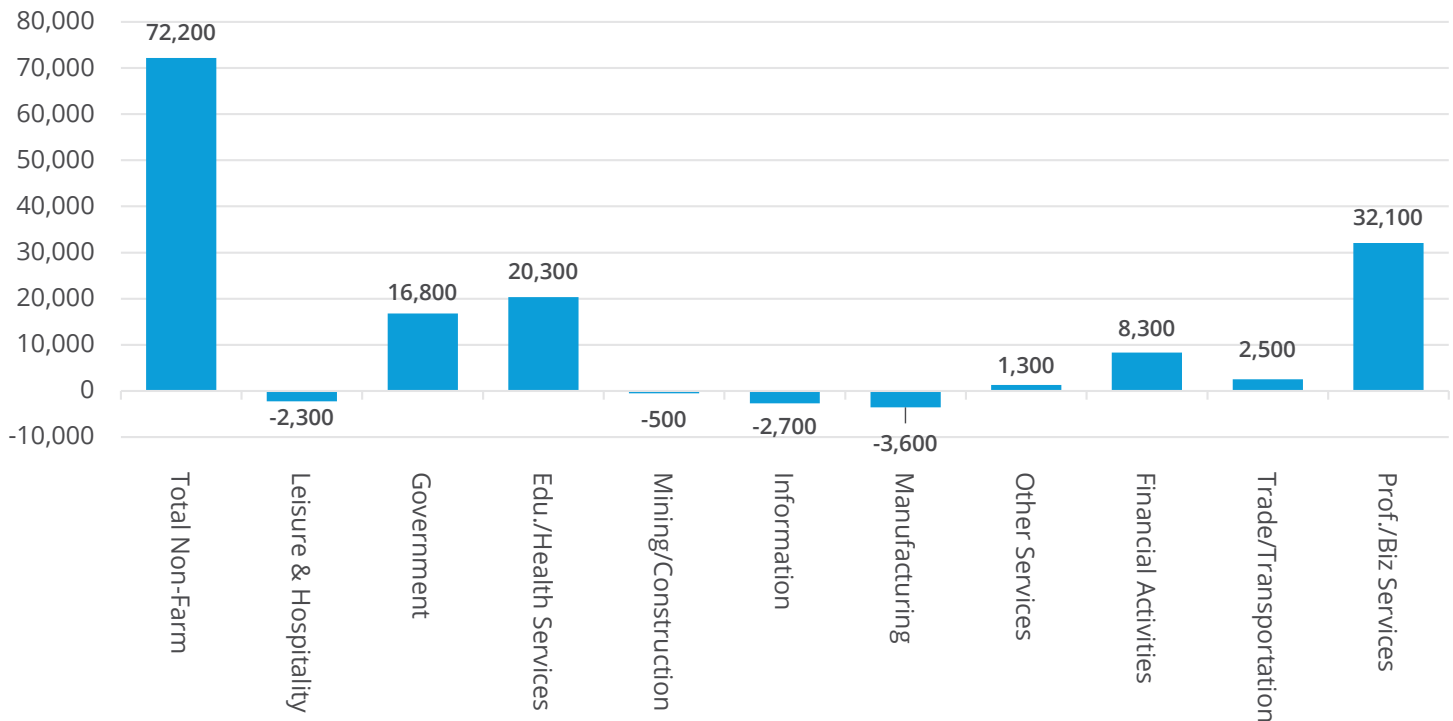
Market Graph



Q2 metrics underscore ongoing challenges in Denver's office market, with negative absorption recorded for the eighth straight quarter. As construction activity slows and more proposed projects are put on hold, inventory levels are expected to stay mostly flat 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 Total nonfarm payroll employment increased by 147,000 in June, and the unemployment rate changed slightly at 4.1%.

The unemployment rate in the Denver MSA had a positive shift in Q2, reaching 4.1%, compared to 4.4% last quarter. Employment growth in Q2 was driven largely by the Government and Education & Health Services sectors, which accounted for the bulk of recent job gains. The unemployment rate remains significantly lower than its pandemic-era high of 12.4% recorded in April 2020.

Vacancy

In Q2 2025, Denver Metro's office vacancy rate increased 60 basis points to 19.5%. Downtown Denver's vacancy, the highest in the region, increased slightly to 29.5%. Sublease vacancy increased slightly, and direct vacancy is expected to rise further as more sublease space converts.

Construction

In Q2 2025, construction activity continued to slow, with just 763,509 SF currently underway. The market remains under pressure as demand for office space falls short of expectations. With many projects on hold, the construction pipeline has contracted sharply, and no new developments are expected to break ground this year.

Absorption & Leasing Activity

In Q2 2025, the Denver office market posted its eighth straight quarter of negative net absorption, totaling -457,001 square feet. Leasing activity bounced back in Q2, realizing 1.8 million square feet, still below historical averages. This ongoing slowdown has pushed vacancy rates higher and indicates that a near-term recovery is unlikely. Landlords are expected to continue to offer increased concessions in efforts 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 \$32.05 to \$32.20 per square foot this quarter. Downtown lease rates inched up from \$38.33/SF to \$39.62/SF, while Southeast Denver saw a similar gain from \$28.44/SF to \$29.29/SF. Looking ahead, increased leasing concessions and downward pressure on effective rents are expected as the market strives to regain equilibrium. As tenant preferences continue to evolve, monitoring development activity and shifts across submarkets will be critical to understanding the trajectory of the next phase of recovery.

Forecast

The economic backdrop remains challenging for investors and building owners, as tightening conditions continue to reshape the office sector's fundamentals. While employers are gradually regaining leverage in workplace dynamics, the rebound in office demand has yet to materialize despite widespread layoffs and hiring freezes. Instead of directly addressing productivity concerns, many firms are opting to downsize their teams to better match current performance levels.

Despite ongoing challenges, flight-to-quality remains a dominant trend, with tenants favoring well-located, amenity-rich properties that align with modern workplace strategies. Class A assets are expected to outperform, while older or less efficient buildings may face continued vacancy pressure. Owners who proactively invest in upgrades and repositioning will be best positioned to attract demand as the market gradually rebalances.

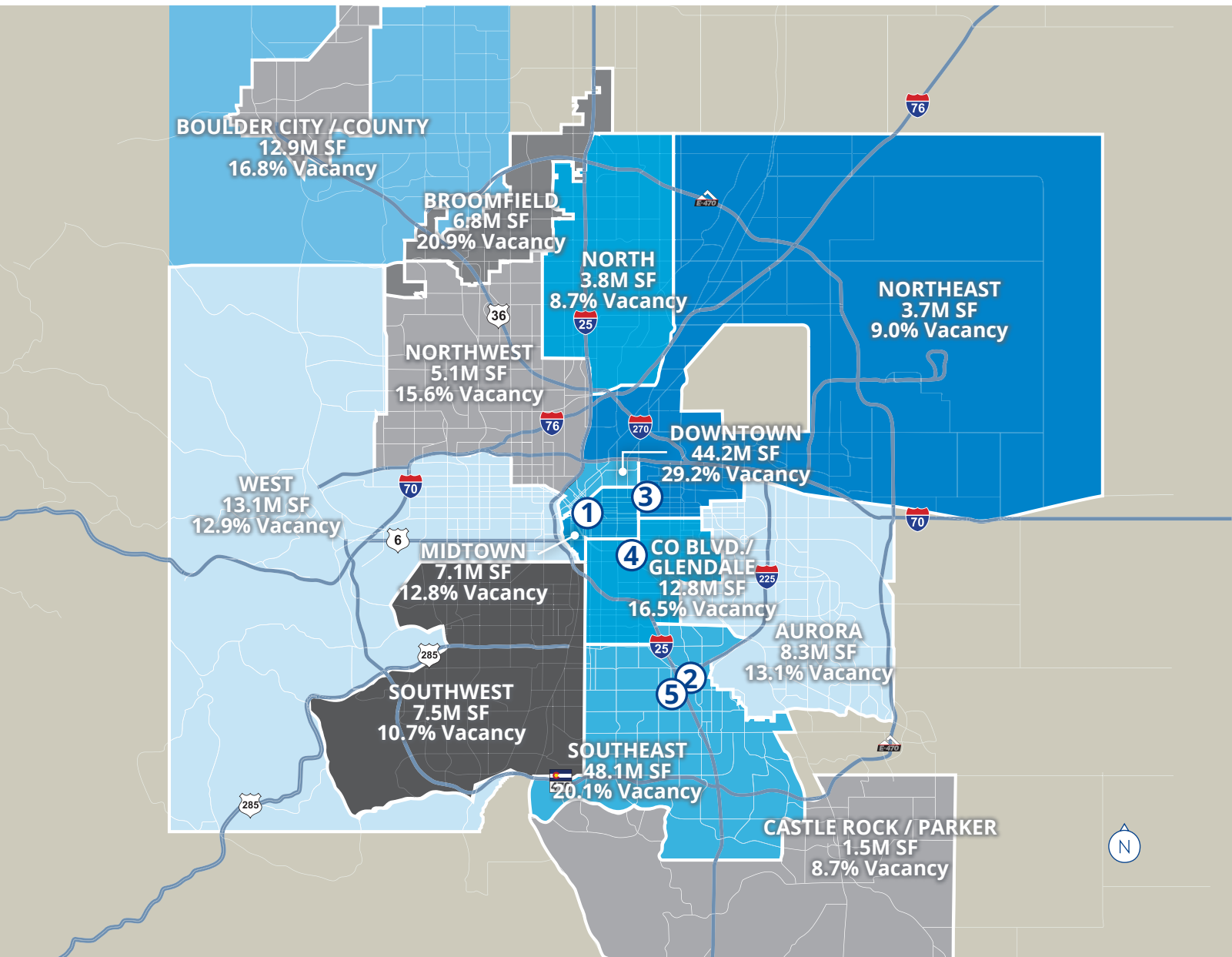
Q2 2025 data highlights the enduring impact of the pandemic on office fundamentals, with forward-looking indicators signaling ongoing volatility. Nevertheless, Denver's robust talent pool and diverse economy continue to serve as key long-term strengths, providing a foundation for stability and positioning the market for a gradual recovery over time.

Inflation Rate Rises to 2.7% in June



Source: BLS

Submarkets by Vacancy



Top Leases This Quarter

	Building Address	Building Name	Rentable Square Feet (RSF)	Tenant	Deal Type
1	1700 Lincoln St.	Wells Fargo Center	74,036	SM Energy Company	Direct
2	4610 Ulster St.	Metropoint II	56,441	Cherry Creek School District	Direct
3	10000 Park Meadows Dr.	Lone Tree	48,565	Verizon	Direct
4	2000 S. Colorado Blvd.	Tower II	43,624	PCL Construction	Direct
5	6312 S. Fiddlers Green Cir.	Tuscany Village Center	39,508	TTEC Services Corp	Direct

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
Downtown													
A	31,693,407	9,339,877	29.5%	981,168	3.1%	10,321,045	32.6%	31.9%	414,253	16,689	332,860	120,000	\$39.62
B	11,202,424	2,449,124	21.9%	85,474	0.8%	2,534,598	22.6%	21.8%	66,287	-97,752	-	-	\$33.10
C	1,290,013	38,371	3.0%	-	0.0%	38,371	3.0%	3.2%	2,631	2,631	-	-	\$34.71
TOTAL	44,185,844	11,827,372	26.8%	1,066,642	2.4%	12,894,014	29.2%	28.5%	483,171	-78,432	332,860	120,000	\$38.33
Midtown													
A	1,863,186	403,222	21.6%	75,955	4.1%	479,177	25.7%	25.3%	1,540	-7,988	-	-	\$27.08
B	3,608,847	275,719	7.6%	-	0.0%	275,719	7.6%	9.0%	14,685	47,556	-	-	\$36.01
C	1,595,239	147,882	9.3%	439	0.0%	148,321	9.3%	9.2%	-	-1,969	-	-	\$29.35
TOTAL	7,067,272	826,823	11.7%	76,394	1.1%	903,217	12.8%	13.3%	16,225	37,599	-	-	\$26.55
Suburban													
Aurora													
A	1,446,120	508,943	35.2%	6,502	0.4%	515,445	35.6%	35.2%	1,604	-6,694	-	-	\$24.53
B	5,915,352	516,910	8.7%	33,386	0.6%	550,296	9.3%	7.2%	22,878	-123,048	-	-	\$20.77
C	979,272	24,284	2.5%	-	0.0%	24,284	2.5%	2.0%	-	-4,434	-	-	\$17.02
TOTAL	8,340,744	1,050,137	12.6%	39,888	0.5%	1,090,025	13.1%	11.5%	24,482	-134,176	-	-	\$22.96
Boulder													
A	2,661,736	628,426	23.6%	26,366	1.0%	654,792	24.6%	24.0%	47,625	-17,237	-	-	\$41.19
B	9,533,169	1,301,329	13.7%	134,209	1.4%	1,435,538	15.1%	15.4%	50,978	29,971	-	-	\$32.62
C	754,580	63,451	8.4%	20,248	2.7%	83,699	11.1%	8.4%	2,165	-20,248	-	-	\$31.31
TOTAL	12,949,485	1,993,206	15.4%	180,823	1.4%	2,174,029	16.8%	16.7%	100,768	-7,514	-	-	\$36.14
Broomfield													
A	4,392,563	1,053,865	24.0%	91,827	2.1%	1,145,692	26.1%	25.9%	36,769	97,595	142,680	21,080	\$32.32
B	2,302,685	174,719	7.6%	93,496	4.1%	268,215	11.6%	8.4%	39,226	-75,280	-	-	\$24.78
C	70,412	-	0.0%	-	0.0%	-	0.0%	0.0%	-	-	-	-	\$0.00
TOTAL	6,765,660	1,228,584	18.2%	185,323	2.7%	1,413,907	20.9%	13.5%	75,995	22,315	142,680	21,080	\$29.65
Colorado Blvd./Glendale													
A	5,007,020	908,893	18.2%	58,222	1.2%	967,115	19.3%	15.4%	112,194	-194,867	-	337,429	\$33.61
B	6,922,912	954,759	13.8%	77,061	1.1%	1,031,820	14.9%	14.2%	86,081	-45,832	-	-	\$28.44
C	830,917	107,883	13.0%	-	0.0%	107,883	13.0%	15.9%	-	24,299	-	-	\$22.79
TOTAL	12,760,849	1,971,535	15.4%	135,283	1.1%	2,106,818	16.5%	14.8%	198,275	-216,400	-	337,429	\$30.35
Longmont													
A	104,438	10,119	9.7%	-	0.0%	10,119	9.7%	7.0%	-	-2,767	-	-	\$33.43
B	809,861	24,558	3.0%	2,178	0.3%	26,736	3.3%	2.5%	5,997	-6,571	-	-	\$23.55
C	84,300	-	0.0%	-	0.0%	-	0.0%	0.0%	-	-	-	-	\$17.45
TOTAL	998,599	34,677	3.5%	2,178	0.2%	36,855	3.7%	2.8%	5,997	-9,338	-	-	\$24.76
North													
A	885,265	43,736	4.9%	2,128	0.2%	45,864	5.2%	5.5%	13,933	2,399	-	-	\$26.01
B	2,732,508	227,300	8.3%	55,903	2.0%	283,203	10.4%	10.3%	19,372	-1,861	-	-	\$26.01
C	230,093	4,118	1.8%	-	0.0%	4,118	1.8%	2.3%	1,744	1,163	-	-	\$15.98
TOTAL	3,847,866	275,154	7.2%	58,031	1.5%	333,185	8.7%	8.7%	35,049	1,701	-	-	\$26.17
Northeast													
A	701,373	8,530	1.2%	86,738	12.4%	95,268	13.6%	13.6%	8,530	-	-	-	\$20.00
B	2,438,857	236,224	9.7%	-	0.0%	236,224	9.7%	7.0%	43,741	-64,911	-	20,000	\$26.22
C	606,117	7,061	1.2%	-	0.0%	7,061	1.2%	4.5%	500	20,073	-	-	\$14.50
TOTAL	3,746,347	251,815	6.7%	86,738	2.3%	338,553	9.0%	7.8%	52,771	-44,838	-	20,000	\$25.17



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
Northwest													
A	1,003,452	144,803	14.4%	3,926	0.4%	148,729	14.8%	14.3%	5,217	-5,016	-	-	\$31.36
B	3,452,490	474,089	13.7%	103,574	3.0%	577,663	16.7%	16.9%	27,826	4,096	-	-	\$26.40
C	620,161	66,293	10.7%	-	0.0%	66,293	10.7%	9.2%	6,262	-8,997	-	-	\$24.72
TOTAL	5,076,103	685,185	13.5%	107,500	2.1%	792,685	15.6%	15.4%	39,305	-9,917	-	-	\$27.57
Parker/Castle Rock													
A	330,558	25,923	7.8%	-	0.0%	25,923	7.8%	7.8%	-	-96	-	60,000	\$10.91
B	1,124,567	102,555	9.1%	-	0.0%	102,555	9.1%	9.0%	23,020	-899	-	-	\$30.41
C	27,481	-	0.0%	-	0.0%	-	0.0%	0.0%	-	-	-	-	\$0.00
TOTAL	1,482,606	128,478	8.7%	-	0.0%	128,478	8.7%	8.6%	23,020	-995	-	60,000	\$32.87
Southeast													
A	24,597,079	4,812,862	19.6%	743,703	3.0%	5,556,565	23.6%	23.4%	432,375	206,347	-	205,000	\$31.00
B	22,269,957	3,506,916	15.7%	492,220	2.2%	3,999,136	18.0%	17.0%	237,365	-206,748	-	-	\$24.34
C	1,209,119	101,768	8.4%	1,201	0.1%	102,969	8.5%	9.0%	9,963	5,297	-	-	\$17.67
TOTAL	48,076,155	8,421,546	17.5%	1,237,124	2.6%	9,658,670	20.1%	20.1%	679,703	4,896	-	205,000	\$28.44
Southwest													
A	1,050,320	49,317	4.7%	-	0.0%	49,317	4.7%	5.9%	25,529	13,174	-	-	\$29.29
B	5,686,639	745,267	13.1%	4,447	0.1%	749,714	13.2%	13.3%	49,780	3,879	-	-	\$20.14
C	791,692	9,967	1.3%	-	0.0%	9,967	1.3%	1.1%	-	-1,618	-	-	\$14.48
TOTAL	7,528,651	804,551	10.7%	4,447	0.1%	808,998	10.7%	11.0%	75,309	15,435	-	-	\$20.71
West													
A	2,941,140	293,222	10.0%	11,785	0.4%	305,007	10.4%	10.5%	19,481	4,751	-	-	\$30.62
B	9,237,853	1,151,345	12.5%	104,394	1.1%	1,255,739	13.6%	13.1%	37,505	-42,441	-	-	\$25.34
C	944,910	70,229	7.4%	67,624	7.2%	137,853	14.6%	14.6%	6,175	353	-	-	\$26.27
TOTAL	13,123,903	1,514,796	11.5%	183,803	1.4%	1,698,599	12.9%	12.7%	63,161	-37,337	-	-	\$26.83
SUBURBAN TOTAL													
A	45,121,064	8,488,639	18.8%	1,031,197	2.3%	9,519,836	21.1%	21.1%	703,257	97,589	142,680	623,509	\$29.23
B	72,426,850	9,415,971	13.0%	1,100,868	1.5%	10,516,839	14.5%	13.8%	643,769	-529,645	-	20,000	\$25.53
C	7,149,054	455,054	6.4%	89,073	1.2%	544,127	7.6%	7.8%	26,809	15,888	-	-	\$19.05
TOTAL	124,696,968	18,359,664	14.7%	2,221,138	1.8%	20,580,802	16.5%	16.1%	1,373,835	-416,168	142,680	643,509	\$24.60
DENVER MARKET GRAND TOTAL													
A	78,677,657	18,231,738	23.2%	2,088,320	2.7%	20,320,058	25.4%	25.5%	1,119,050	106,290	475,540	743,509	\$29.36
B	87,238,121	12,140,814	13.9%	1,186,342	1.4%	13,327,156	15.3%	14.6%	724,741	-579,841	-	20,000	\$27.01
C	10,034,306	641,307	6.4%	89,512	0.9%	730,819	7.3%	7.4%	29,440	16,550	-	-	\$22.19
TOTAL	175,950,084	31,013,859	17.6%	3,364,174	1.9%	34,378,033	19.5%	18.9%	1,873,231	-457,001	475,540	763,509	\$32.20
DENVER MARKET QUARTERLY COMPARISON AND TOTALS													
Q2 2025	175,950,084	31,013,859	17.6%	3,364,174	1.9%	34,378,033	19.5%	18.9%	1,873,231	-457,001	475,540	763,509	\$32.20
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%	18.1%	1,764,745	-250,730	-	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

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\$3.3B
in revenue



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