

Denver

Industrial 25Q3

The Denver industrial market gained momentum through the third quarter, signaling a steady rebound after several quarters of uneven performance. Market fundamentals strengthened as absorption improved, leasing activity held firm, and vacancy posted its first decline in three quarters. Deliveries spiked as a single large build-to-suit campus reached completion, driving quarterly supply higher. Although investment volume has moderated compared to last year's pace, activity remains healthy, reflecting continued investor confidence in Denver's industrial sector. Asking rents have held flat since early 2023, yet sustained leasing activity highlights solid tenant demand and a stable pricing environment. **With fundamentals trending in a positive direction, Denver's industrial sector is positioned for a strong finish to 2025 and steady growth heading into 2026.**

Key Takeaways

- Net absorption rose to 2.69 MSF in Q3, marking the highest quarterly total since Q4 2021.
- Over 2.18 MSF delivered during the quarter, with 55% attributed to the Pepsi BTS campus. Another 3.12 MSF remains under construction.
- Vacancy declined slightly to 9.3%, its first downward movement since Q3 2024.
- Investment activity slowed, placing total volume slightly behind 2024's pace but still on track to surpass \$1 billion.
- Average asking rents held flat at \$11.71/SF (NNN), remaining relatively unchanged since Q1 2023.



Denver Industrial Gains Momentum

The Denver industrial market delivered a strong performance in Q3, rebounding from Q2's slowdown with notable gains in deliveries and absorption. Q3's net absorption reached the highest level recorded since Q4 2021, and leasing activity remained strong, matching last quarter and showing a much-needed rebound in fundamentals. Vacancy, while still elevated, fell 30 basis points, marking its first decline in three quarters, while asking rents have remained flat since Q1 2023, reinforcing a stable pricing environment. Investment activity, while below 2024's levels, is still on pace to surpass the \$1 billion mark, showing consistent investor confidence. With fundamentals trending in the right direction, Denver's industrial sector is regaining momentum and positioned for steady growth heading into 2026.

Market Indicators

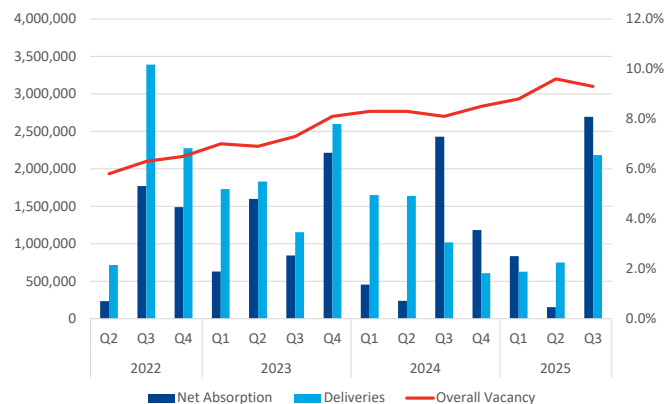
3.9%
Unemployment Rate

4.160%
U.S. 10 Year Treasury Note
(as of EOQ)

Historic Comparison

	Q3 2024	Q2 2025	Q3 2025
Total Inventory (SF)	286,846,915	287,701,745	289,885,264
New Supply (SF)	1,017,412	749,595	2,183,519
Net Absorption (SF)	2,429,562	152,535	2,693,948
Overall Vacancy	8.1%	9.6%	9.3%
Under Construction (SF)	4,125,412	5,114,235	3,120,716
Overall Asking Rates (NNN)	\$11.99	\$11.59	\$11.71

Market Graph



Source: Colliers

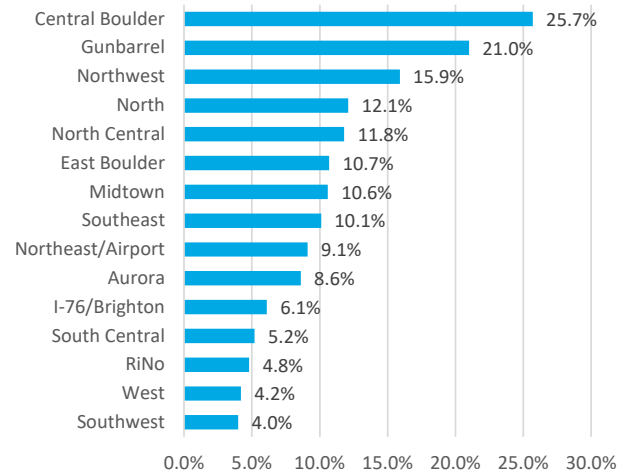
After a slow second quarter, absorption increased significantly in Q3, reaching 2.69 MSF, the highest level since late 2021, as tenant demand remained steady across most submarkets. Vacancy declined to 9.3%, marking the first decrease in three quarters and signaling early signs of overall market stabilization. Deliveries totaled 2.18 MSF, led by Pepsi's 1.2 MSF campus. Groundbreakings have ground to a halt, so expect muted construction activity until contract vacancy restores developer confidence.

Labor Force

	CONSTRUCTION	MANUFACTURING	TRANSPORTATION, TRADE & UTILITIES
12-Mo. Employment Growth	-0.4%	0.6%	-1.5%
12-Mo. Actual Employment Change	-1,800	-200	-2,200

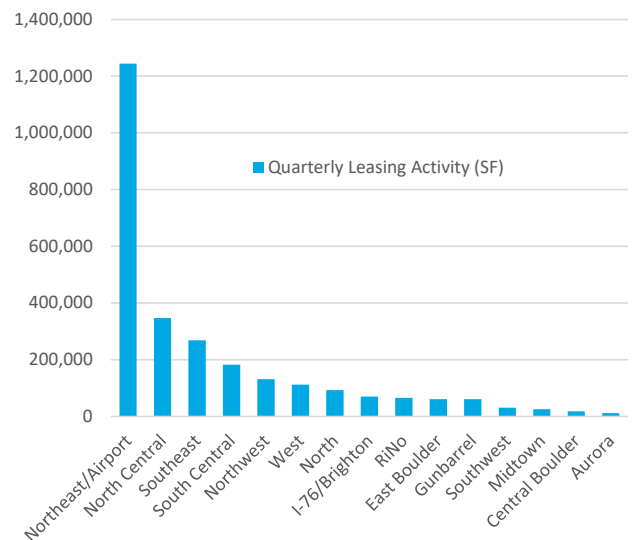
Vacancy

Vacancy closed the third quarter at 9.3%, signaling the beginning of a potential downward trend. While overall vacancy remains elevated, it is heavily influenced by building size and development timing. Projects delivered after 2022 account for nearly 7% of total inventory and carry a 38.3% vacancy rate, reflecting ongoing lease-up of newer product. In contrast, buildings completed before the end of 2022 recorded a 7.4% vacancy rate, a 30-basis-point decline from last quarter, showing continued stability among existing assets. By size, buildings between 10,000 and 75,000 SF reported a 7.7% vacancy rate, representing nearly 43% of total inventory, while properties above 75,000 SF recorded 10.4% vacancy, indicating that small bay assets continue to outperform larger ones. As construction activity has slowed dramatically, vacancy is likely to dip further as demand continues to absorb existing space.



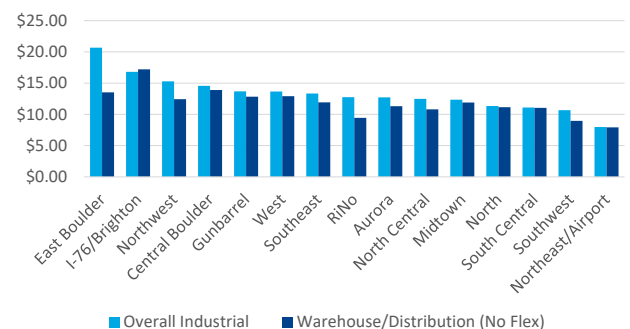
Absorption & Leasing Activity

Denver's industrial market recorded over 2.7 MSF of leasing activity during the third quarter. While slightly lower than the previous quarter, activity remains on pace to match 2024's total, reflecting consistent tenant demand. Nearly half (48%) of all transactions occurred in spaces between 10,000 and 30,000 SF, while 55% of total square footage leased was in buildings over 75,000 SF. The largest lease of the quarter was a 278,000 SF renewal by RK Mechanical at 20101 E. 36th Drive, while Redbird signed the largest new lease, taking 189,000 SF at 1485 E. 61st Avenue. Notably, the Northeast/Airport submarket continues to be the metro's most active, consistently reporting quarterly leasing totals above 1.2 MSF. Net absorption surged to 2.69 MSF, boosted by Pepsi's 1.2 MSF BTS delivery, the highest level since late 2021. While such elevated absorption is unlikely to repeat in the near term, momentum is expected to remain steady, with more than 2.1MSF already signed and expected to occupy over the next several quarters.



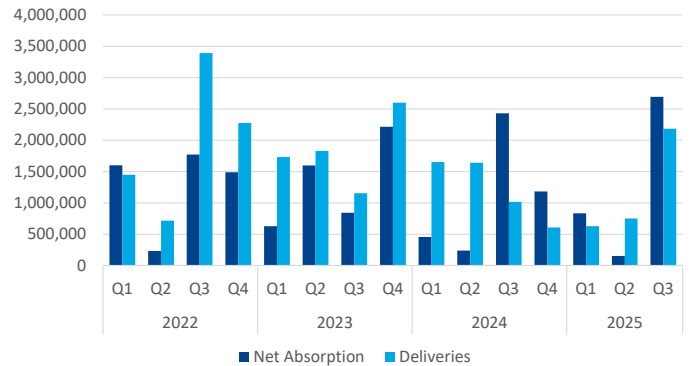
Rental Rates

Average asking rents inched up slightly in Q3 to \$11.71/SF on a triple net basis. The increase reflects lower vacancy and steady demand, though pricing has remained largely unchanged since early 2023. With this consistency, rental rates are expected to remain flat through the coming quarters. Notably, Northwest, West, and the Southeast submarkets remain the most expensive major rental submarkets, while the Northeast/Airport submarket recorded a slight quarterly decline, likely due to the amount of large availabilities.



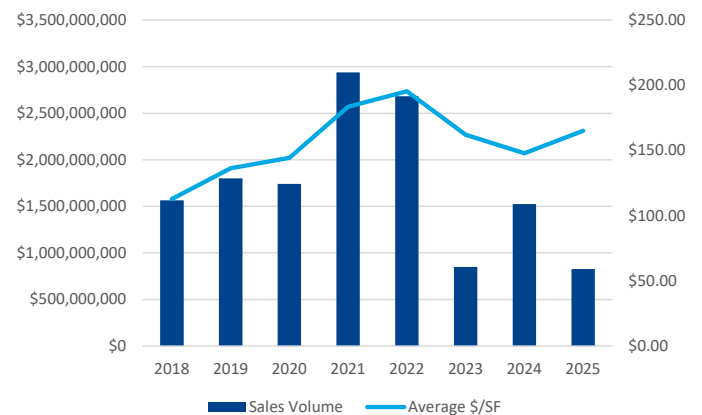
Construction

The Denver industrial market recorded 2.18 MSF in deliveries during Q3, the highest total since Q4 2023, highlighted by Pepsi's 1.2 MSF build-to-suit campus. At quarter's end, 3.12 MSF remained under construction, with approximately 1.38 MSF, or 44% of the pipeline, scheduled to deliver in Q1 2026. Roughly 39% of projects are build-to-suit, including developments for Food Bank of the Rockies, Chick-fil-A, and PMI/Zyn. Other notable projects currently underway include SuperBlock Buildings A and B, Eastpark 70 Building 7, and Catalyst Industrial, all located in the Southeast submarket.



Investment Activity

Industrial investment sales volume totaled \$206 million in Q3, down from last quarter's high of nearly \$500 million. Although total sales volume is trending below 2024 levels, it is still expected to surpass \$1 billion, with \$/SF prices remaining consistent. Following the Federal Reserve's 25-basis-point rate cut in late September, debt markets have shown early signs of stabilization, providing some relief to investors. Confidence in Denver's industrial market remains strong, supported by steady fundamentals and sustained buyer interest.



Market Description

The Denver metro industrial market comprises 289 million square feet of product in buildings over 10,000 SF. Despite its scale, Denver remains geographically unique, positioned more than 400 miles from the nearest major distribution hub, making a local presence essential for companies serving the Mountain West. Industrial demand held steady through 2025 as logistics, manufacturing, and food and beverage users continued to drive leasing across the metro. While construction has slowed from previous highs, underlying fundamentals remain strong, supported by population growth, in-migration, and consistent user demand across size ranges. After a period of adjustment, the market is regaining traction in its fundamentals, signaling that Denver's industrial sector is gaining momentum.



Notable Industrial Sales

Property	Submarket	Sale Price	SF	Price/SF	Buyer	Seller
6196 E. Bridge St.	I-76/Brighton	\$69,354,654	613,758	\$113.00	Trader Joe's	Lovett Industrial, LLC
9410 Heinz Way	I-76/Brighton	\$29,250,000	140,994	\$207.46	CEMCO	ASB Capital Management
300 E. 128th Ave.	North	\$19,500,000	107,460	\$181.46	KIOSK Information Systems	Brennan Investment Group
5150 Colorado Blvd.	Northeast/ Airport	\$12,250,000	129,489	\$94.60	WareSpace	Warehouse Specialists, Inc.
1700 E. 68th Ave.	North Central	\$11,500,000	82,394	\$139.57	LIGA Real Estate Partners	Vision Real Estate Investments, Inc

Notable Leasing Activity

Property	Submarket	Leased SF	Lease Type	Tenant Name
20101 E. 36th Dr.	Northeast/Airport	278,812	Renewal	RK Mechanical
1485 E. 61st Ave.	North Central	189,120	New	RedBird
25000 E. 56th Ave.	Northeast/Airport	148,885	New	Phillip Morris

Under Construction

Property	Submarket	SF	Developer	Estimated Completion
AERO 70 - Buildings 1 & 2	Northeast/Airport	817,500	United Properties	Q1 2026
PMI/Zyn BTS	Northeast/Airport	800,000		2026
Food Bank of the Rockies BTS	Northeast/Airport	229,632	Majestic Realty	Q4 2025
Catalyst Industrial	Southeast	188,000	Opus Development	Q1 2026

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	625,528			8,625	1,875	0.3%	8,625	0		\$11.31
FLEX	42	1,603,050			210,277	189,042	11.8%	210,277	0		\$12.88
TOTAL	67	2,228,578	0	0	218,902	190,917	8.6%	218,902	0	15,240	\$12.73
CENTRAL BOULDER											
WAREHOUSE/DISTRIBUTION	31	1,026,088			173,694	172,875	16.8%	169,729	3,965		\$13.90
FLEX	18	646,866			268,337	256,598	39.7%	140,842	127,495		\$16.85
TOTAL	49	1,672,954	0	0	442,031	429,473	25.7%	310,571	131,460	(9,729)	\$14.57
NORTH											
WAREHOUSE/DISTRIBUTION	155	10,818,955			1,408,566	1,421,385	13.1%	1,353,080	78,486		\$11.15
FLEX	39	1,155,068			55,265	30,270	2.6%	55,265	0		\$12.54
TOTAL	194	11,974,023	448,515	0	1,463,831	1,451,655	12.1%	1,408,345	78,486	229,748	\$11.33
NORTH CENTRAL											
WAREHOUSE/DISTRIBUTION	843	35,871,282			4,346,357	3,783,765	10.5%	4,145,014	271,343		\$10.80
FLEX	69	2,391,670			779,061	712,580	29.8%	722,768	56,293		\$21.74
TOTAL	912	38,262,952	0	0	5,125,418	4,496,345	11.8%	4,867,782	327,636	17,857	\$12.47
NORTHWEST											
WAREHOUSE/DISTRIBUTION	245	11,644,768			2,620,154	2,110,011	18.1%	2,602,233	74,106		\$12.42
FLEX	148	5,618,329			724,646	641,515	11.4%	597,347	127,299		\$18.72
TOTAL	393	17,263,097	359,800	91,352	3,344,800	2,751,526	15.9%	3,199,580	201,405	115,108	\$15.29
SOUTH CENTRAL											
WAREHOUSE/DISTRIBUTION	700	21,514,081			1,601,626	1,134,541	5.3%	1,512,314	110,412		\$11.03
FLEX	38	1,064,860			62,499	49,976	4.7%	56,499	6,000		\$12.50
TOTAL	738	22,578,941	0	0	1,664,125	1,184,517	5.2%	1,568,813	116,412	14,102	\$11.09
SOUTHEAST											
WAREHOUSE/DISTRIBUTION	291	14,475,297			2,293,734	1,577,845	10.9%	1,944,334	349,400		\$11.91
FLEX	247	8,581,637			1,107,621	754,347	8.8%	911,726	195,895		\$14.72
TOTAL	538	23,056,934	0	655,390	3,401,355	2,332,192	10.1%	2,856,060	545,295	(9,052)	\$13.34
SOUTHWEST											
WAREHOUSE/DISTRIBUTION	215	6,883,049			559,736	384,079	5.6%	433,164	126,572		\$8.97
FLEX	129	7,256,663			205,195	181,176	2.5%	200,995	4,200		\$12.73
TOTAL	344	14,139,712	175,204	0	764,931	565,255	4.0%	634,159	130,772	(13,000)	\$10.67
WEST											
WAREHOUSE/DISTRIBUTION	356	14,300,243			642,826	529,033	3.7%	561,141	81,685		\$12.90
FLEX	141	4,703,208			422,282	267,456	5.7%	380,764	58,926		\$14.67
TOTAL	497	19,003,451	0	0	1,065,108	796,489	4.2%	941,905	140,611	12,266	\$13.65

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			234,134	196,144	6.9%	222,077	12,057		\$13.53
FLEX	79	2,326,885			601,498	358,578	15.4%	559,113	42,448		\$24.41
TOTAL	170	5,169,272	0	0	835,632	554,722	10.7%	781,190	54,505	(44,717)	\$20.66
GUNBARREL											
WAREHOUSE/DISTRIBUTION	38	1,885,057			645,943	615,195	32.6%	522,397	123,546		\$12.82
FLEX	48	2,576,977			449,290	324,004	12.6%	340,843	126,191		\$15.08
TOTAL	86	4,462,034	0	0	1,095,233	939,199	21.0%	863,240	249,737	28,734	\$13.67
I-76/BRIGHTON											
WAREHOUSE/DISTRIBUTION	265	17,187,649			3,563,541	1,049,202	6.1%	3,147,696	1,190,000		\$17.21
FLEX	22	641,999			31,336	31,336	4.9%	31,336	0		\$12.00
TOTAL	287	17,829,648	0	0	3,594,877	1,080,538	6.1%	3,179,032	1,190,000	912,135	\$16.81
MIDTOWN											
WAREHOUSE/DISTRIBUTION	44	1,215,934			78,085	79,183	6.5%	78,085	0		\$11.89
FLEX	42	1,239,578			309,329	180,235	14.5%	303,228	6,101		\$12.66
TOTAL	86	2,455,512	0	0	387,414	259,418	10.6%	381,313	6,101	(7,779)	\$12.34
NORTHEAST/AIRPORT											
WAREHOUSE/DISTRIBUTION	1,171	102,496,390			12,062,703	9,410,849	9.2%	10,698,094	1,386,727		\$7.92
FLEX	78	3,369,602			381,762	225,631	6.7%	372,170	9,592		\$11.94
TOTAL	1,249	105,865,992	1,200,000	2,373,974	12,444,465	9,636,480	9.1%	11,070,264	1,396,319	1,460,585	\$7.97
RINO											
WAREHOUSE/DISTRIBUTION	71	3,792,679			165,669	172,057	4.5%	165,669	0		\$9.43
FLEX	6	129,585			17,294	17,294	13.3%	17,294	0		\$25.20
TOTAL	77	3,922,264	0	0	182,963	189,351	4.8%	182,963	0	(27,550)	\$12.75

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
Q3 2025	3,120,716	289,885,364	36,031,085	26,858,077	8.5%	32,464,119	4,568,739	2,693,948	\$10.20	\$11.71
Quarterly Comparison										
Q2 2025	5,114,235	289,170,933	36,098,080	27,857,572	8.6%	32,880,708	4,130,121	152,535	\$10.22	\$11.59
Q1 2025	5,063,564	288,857,872	34,371,158	25,471,710	8.1%	31,112,569	3,287,106	834,467	\$10.62	\$11.95
Q4 2024	5,293,062	288,458,812	32,725,784	24,425,369	7.9%	29,554,885	3,225,379	1,182,143	\$10.59	\$11.97
Q3 2024	4,125,412	286,846,915	30,772,817	23,186,627	7.5%	27,836,102	2,974,415	2,429,562	\$10.57	\$11.99

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\$5.0B+
annual revenue



2B
square feet under management



24,000
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