

Denver

Office

25Q3

Denver's office market continued to navigate structural challenges in the third quarter of 2025. While direct and sublease vacancy rates remained largely unchanged, the market recorded positive absorption for the first time in eight quarters, indicating selective tenant demand and leasing momentum for well-located, well-capitalized assets. Although asking rents are inching upward, landlords continue to offer concessions to support transaction volume. These dynamics suggest a market in transition, with opportunities emerging for landlords and tenants. Colliers forecasts that Denver is at the forefront of a gradual recovery.



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Key Takeaways

- Leasing activity holds steady, recording 1.7 MSF.
- Net absorption realizes positive figure for the first time in two years.
- Rental rates are still rising, but expected to plateau moving forward.



Vacancy Rate

19.4%

YOY

FORECAST



Net Absorption

297K SF

YOY

FORECAST



Under Construction

1,157 SF

YOY

FORECAST



Overall Asking Lease Rates (FSG)

\$33.45/SF

YOY

FORECAST

Turning the Corner?

Denver's office market has remained relatively steady over the past year, with elevated sublease and record-high total vacancy. However, Q3 delivered a positive sign as net absorption turned positive for the first time in nearly two years, hinting at potential stabilization. Class A space continues to lead leasing activity, reinforcing its influence on the market. As companies continue to adapt, the sustainability of today's workplace model will depend on how well it supports productivity, culture, and collaboration.

Market Indicators



4.4%

Unemployment Rate



2.68%

YOY Real GDP Growth



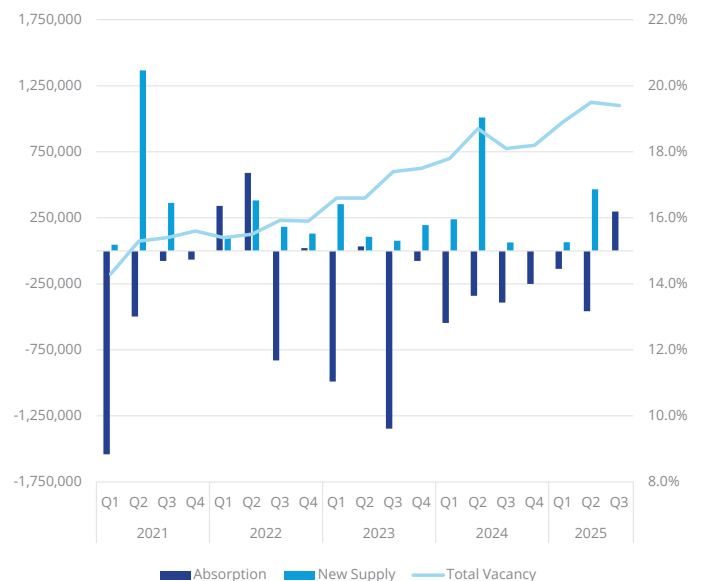
4.210%

U.S. 10 Year Treasury Note
*As of EOQ

Historic Comparison

	25Q3	25Q2	24Q3
Total Inventory (in Thousands of SF)	176,294	175,950	177,178
New Supply (in Thousands of SF)	0	465	64
Net Absorption (in Thousands of SF)	297	-457	-391
Overall Vacancy	19.4%	19.5%	18.1%
Under Construction (in Thousands of SF)	1,157	763	2,879
Direct Asking Lease Rates (FSG)	\$33.45	\$32.20	\$30.96

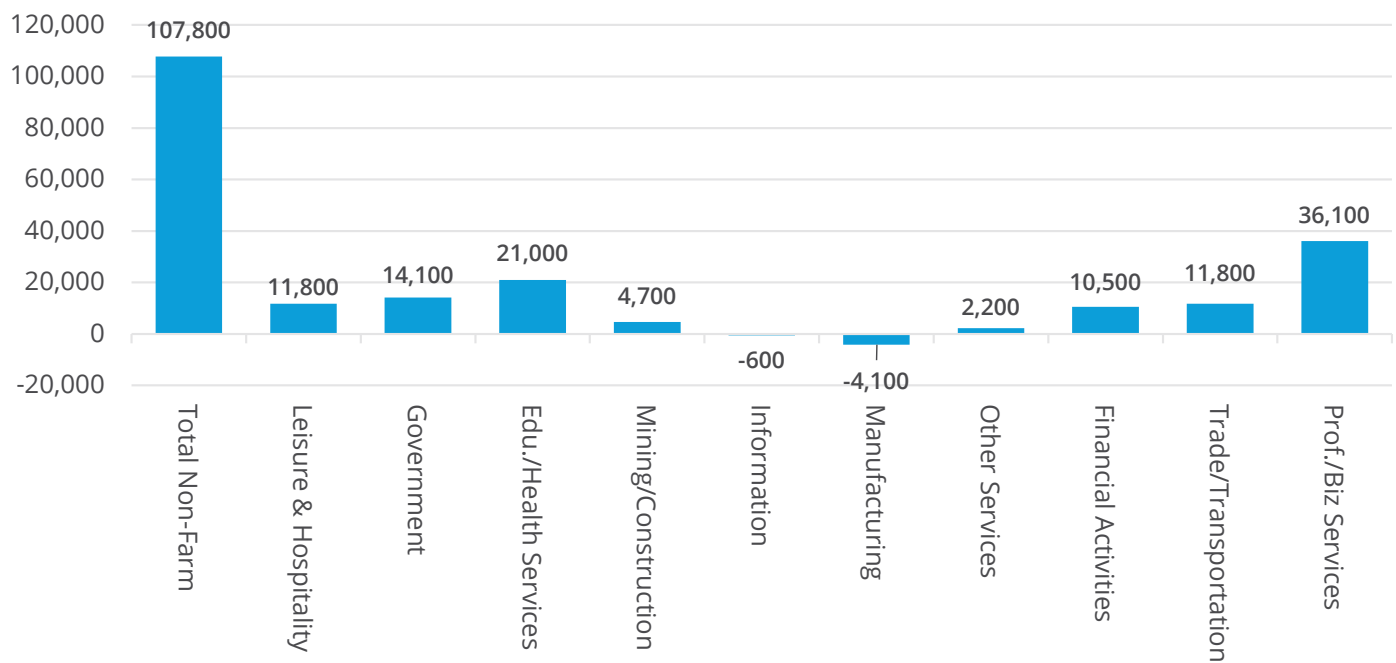
Market Graph



Q3 metrics offer a potential turning point for Denver's office market, as the streak of negative absorption ended with a modest gain. While overall challenges persist, this marks the first sign of positive momentum in two years. With construction activity continuing to slow and proposed projects largely paused, inventory levels are expected to remain stable through the end of 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 decreased by 69,000 in August, and the unemployment rate changed slightly at 4.4%.

The unemployment rate in the Denver MSA had a negative shift in Q2, reaching 4.4%, compared to 4.1% 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 Q3 2025, Denver Metro's office vacancy rate dropped 10 basis points to 19.4%. Downtown Denver's vacancy, the highest in the region, decreased slightly to 29.1%. Sublease vacancy decreased slightly, and direct vacancy is expected to rise moving forward as more sublease space converts.

Absorption & Leasing Activity

In Q3 2025, Denver's office market broke its eight-quarter streak of negative net absorption, posting a modest gain, an encouraging sign after nearly two years of contraction. Leasing activity reached 1.7 million square feet, still trailing long-term averages but holding steady. While overall momentum remains subdued, the shift to positive absorption could signal the early stages of stabilization. Landlords are expected to maintain generous concession packages as they work to shore up occupancy.

Construction

In Q3 2025, construction activity saw a slight increase with 1.2MSF currently underway. The market remains under pressure as demand for office space falls short of expectations. With many projects on hold, no new developments are expected to break ground in Q4.

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 \$32.20 to \$33.45 per square foot this quarter. Downtown lease rates inched up from \$39.62/SF to \$40.41/SF, while Southeast Denver saw a similar gain from \$29.29/SF to \$30.07/SF. Expect to see these rates continue to rise as the demand for Class A space holds, and concessions remain abundant.

Forecast

While challenges remain, Q3 2025 offered glimmers of progress for Denver’s office market. Positive net absorption marked a notable shift after two years of losses, and leasing activity held steady at 1.7 million square feet. Asking rents continued to rise, reflecting sustained demand for high-quality space, even as overall vacancy remained elevated. Though the recovery is still in its early stages, the market appears to be inching toward greater balance.

Flight-to-quality continues to shape tenant behavior, with demand concentrated in well-located, amenity-rich assets. Class A properties are expected to maintain their edge, while older buildings may require upgrades or repositioning to remain competitive. Landlords investing in modern, flexible environments are better positioned to capture activity as leasing decisions evolve.

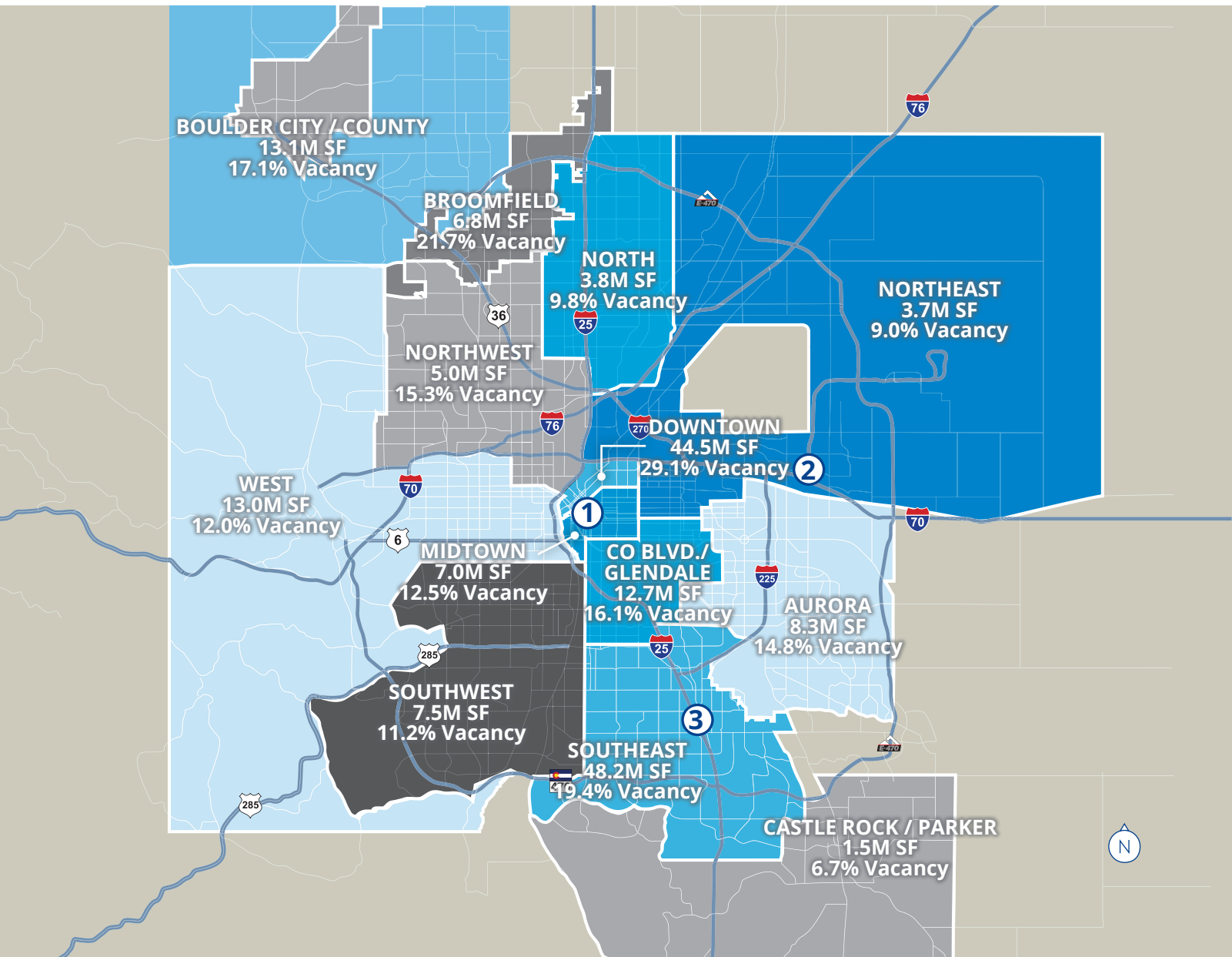
Q3 data suggests that Denver’s office market may be entering a more stable phase. While uncertainty lingers, the region’s deep talent pool and diversified economy offer a strong foundation for long-term resilience and measured recovery.

Inflation Rate Rises to 3.0% in September



Source: BLS

Submarkets by Vacancy



Top Leases This Quarter

	Building Address	Building Name	Tenant	Rentable Square Feet (RSF)	Deal Type
1	1550 17th St.	Millenium Financial Center	EOG Resources	99,420	Direct
2	4300 Kittredge St.	Building 5	Concorde Career Institute	60,000	Direct
3	6380 S. Fiddlers Green Cir.	Village Center Station	Black and Veatch	43,321	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	31,797,482	9,425,219	29.6%	845,193	2.7%	10,270,412	32.3%	32.3%	327,439	-3,973	-	120,000	\$41.85
B	11,403,726	2,556,493	22.4%	73,347	0.6%	2,629,840	23.1%	22.9%	43,713	-22,458	-	-	\$34.12
C	1,329,947	37,347	2.8%	979	0.1%	38,326	2.9%	2.9%	0	45	-	-	\$35.38
TOTAL	44,531,155	12,019,059	27.0%	919,519	2.1%	12,938,578	29.1%	29.0%	371,152	-26,386	-	120,000	\$40.41
Midtown													
A	1,864,147	425,281	22.8%	54,413	2.9%	479,694	25.7%	25.7%	69,233	-517	-	-	\$27.78
B	3,549,576	268,441	7.6%	3,553	0.1%	271,994	7.7%	8.0%	21,728	10,605	-	25,000	\$25.81
C	1,563,363	117,768	7.5%	439	0.0%	118,207	7.6%	9.5%	0	30,114	-	-	\$38.64
TOTAL	6,977,086	811,490	11.6%	58,405	0.8%	869,895	12.5%	13.0%	90,961	40,202	-	25,000	\$26.94

Suburban

Aurora													
A	1,362,421	520,951	38.2%	-	0.0%	520,951	38.2%	36.8%	0	-20,213	-	-	\$24.45
B	5,913,326	655,996	11.1%	9,284	0.2%	665,280	11.3%	9.3%	11,315	-114,984	-	-	\$20.34
C	979,272	22,119	2.3%	16,308	1.7%	38,427	3.9%	2.5%	1,565	-14,143	-	-	\$17.90
TOTAL	8,255,019	1,199,066	14.5%	25,592	0.3%	1,224,658	14.8%	13.0%	12,880	-149,340	-	-	\$22.67

Boulder													
A	2,661,736	615,373	23.1%	17,855	0.7%	633,228	23.8%	24.6%	23,039	21,564	-	-	\$42.86
B	9,611,729	1,383,266	14.4%	116,178	1.2%	1,499,444	15.6%	15.0%	19,978	-55,323	-	-	\$31.22
C	793,897	80,804	10.2%	20,248	2.6%	101,052	12.7%	12.4%	0	-2,304	-	-	\$28.58
TOTAL	13,067,362	2,079,443	15.9%	154,281	1.2%	2,233,724	17.1%	16.8%	43,017	-36,063	-	-	\$34.46

Broomfield													
A	4,357,980	1,112,303	25.5%	104,370	2.4%	1,216,673	27.9%	26.3%	17,489	-70,981	-	-	\$31.63
B	2,389,102	167,197	7.0%	93,496	3.9%	260,693	10.9%	11.2%	615	7,522	-	-	\$25.76
C	70,412	-	0.0%	-	0.0%	-	0.0%	0.0%	0	0	-	-	-
TOTAL	6,817,494	1,279,500	18.8%	197,866	2.9%	1,477,366	21.7%	13.5%	18,104	-63,459	-	-	\$30.70

Colorado Blvd./Glendale													
A	4,997,595	888,446	17.8%	64,779	1.3%	953,225	19.1%	19.4%	71,292	13,890	-	337,429	\$32.59
B	7,039,085	1,007,157	14.3%	62,923	0.9%	1,070,080	15.2%	15.7%	97,268	38,450	-	-	\$28.26
C	713,083	31,173	4.4%	1,850	0.3%	33,023	4.6%	4.6%	0	0	-	-	\$23.51
TOTAL	12,749,763	1,926,776	15.1%	129,552	1.0%	2,056,328	16.1%	16.5%	168,560	52,340	-	337,429	\$29.84

Longmont													
A	0	-	#DIV/0!	0	#DIV/0!	-	#DIV/0!	#DIV/0!	0	0	-	-	-
B	915,929	44,879	4.9%	2,178	0.2%	47,057	5.1%	4.0%	7,220	-10,202	-	-	\$25.87
C	84,300	0	0.0%	0	0.0%	-	0.0%	0.0%	0	0	-	-	-
TOTAL	1,000,229	44,879	4.5%	2,178	0.2%	47,057	4.7%	3.7%	7,220	-10,202	-	-	\$25.87

North													
A	885,265	35,242	4.0%	2,128	0.2%	37,370	4.2%	5.2%	14,740	8,494	-	-	\$26.61
B	2,734,637	228,459	8.4%	55,000	2.0%	283,459	10.4%	10.4%	3,235	-256	-	-	\$26.22
C	230,093	5,414	2.4%	0	0.0%	5,414	2.4%	1.8%	2,616	-1,296	-	-	-
TOTAL	3,849,995	269,115	7.0%	57,128	1.5%	326,243	8.5%	8.7%	20,591	6,942	-	-	\$26.32

Northeast													
A	701,373	8,530	1.2%	86,738	12.4%	95,268	13.6%	13.6%	0	0	-	-	\$25.88
B	2,494,888	200,152	8.0%	26,527	1.1%	226,679	9.1%	10.3%	79,628	29,661	-	20,000	\$26.81
C	561,117	44,643	8.0%	-	0.0%	44,643	8.0%	0.8%	0	-40,000	-	77,658	\$12.00
TOTAL	3,757,378	253,325	6.7%	113,265	3.0%	366,590	9.8%	9.5%	79,628	-10,339	-	97,658	\$25.72



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	142,600	14.2%	13,546	1.3%	156,146	15.6%	14.8%	2,360	-7,417	-	-	\$33.09
B	3,383,722	453,358	13.4%	102,114	3.0%	555,472	16.4%	16.6%	73,143	6,691	-	25,005	\$26.67
C	620,161	54,706	8.8%	0	0.0%	54,706	8.8%	10.7%	4,706	11,587	-	-	\$29.35
TOTAL	5,007,335	650,664	13.0%	115,660	2.3%	766,324	15.3%	15.5%	80,209	10,861	-	25,005	\$28.55
Parker/Castle Rock													
A	331,068	10,545	3.2%	-	0.0%	10,545	3.2%	7.8%	7,220	15,378	-	-	\$40.48
B	1,187,468	92,407	7.8%	-	0.0%	92,407	7.8%	8.9%	12,939	13,673	-	-	\$34.11
C	27,481	-	0.0%	-	0.0%	-	0.0%	0.0%	0	0	-	-	-
TOTAL	1,546,017	102,952	6.7%	-	0.0%	102,952	6.7%	8.5%	20,159	29,051	-	-	\$34.97
Southeast													
A	23,903,124	4,460,377	18.7%	730,755	3.1%	5,191,132	21.8%	22.7%	381,582	243,845	-	-	\$33.65
B	23,105,066	3,601,452	15.6%	444,322	1.9%	4,045,774	17.5%	17.9%	227,164	85,059	-	317,681	\$24.57
C	1,206,183	100,722	8.4%	1,201	0.1%	101,923	8.5%	8.5%	9,555	1,046	-	-	\$17.20
TOTAL	48,214,373	8,162,551	16.9%	1,176,278	2.4%	9,338,829	19.4%	20.1%	618,301	329,950	-	317,681	\$30.07
Southwest													
A	1,049,892	30,506	2.9%	-	0.0%	30,506	2.9%	4.7%	2,591	18,811	-	-	\$31.20
B	5,721,475	781,064	13.7%	-	0.0%	781,064	13.7%	13.3%	28,836	-19,904	-	-	\$20.30
C	754,473	30,658	4.1%	-	0.0%	30,658	4.1%	1.3%	275	-20,691	-	-	\$15.15
TOTAL	7,525,840	842,228	11.2%	-	0.0%	842,228	11.2%	10.9%	31,702	-21,784	-	-	\$20.77
West													
A	2,726,870	267,777	9.8%	11,785	0.4%	279,562	10.3%	10.8%	1,267	13,590	-	182,000	\$32.31
B	9,325,332	1,134,571	12.2%	45,123	0.5%	1,179,694	12.7%	13.6%	99,792	87,900	-	52,499	\$25.61
C	942,303	64,341	6.8%	29,436	3.1%	93,777	10.0%	14.6%	2,443	44,076	-	-	\$25.78
TOTAL	12,994,505	1,466,689	11.3%	86,344	0.7%	1,553,033	12.0%	13.1%	103,502	145,566	-	234,499	\$27.06
SUBURBAN TOTAL													
A	43,980,776	8,092,650	18.4%	1,031,956	2.3%	9,124,606	20.7%	21.3%	521,580	236,961	-	519,429	\$29.23
B	73,821,759	9,749,958	13.2%	957,145	1.3%	10,707,103	14.5%	14.6%	661,133	68,287	-	415,185	\$25.53
C	6,982,775	434,580	6.2%	69,043	1.0%	503,623	7.2%	6.9%	21,160	-21,725	-	77,658	\$19.05
TOTAL	124,785,310	18,277,188	14.6%	2,058,144	1.6%	20,335,332	16.3%	16.5%	1,203,873	283,523	-	1,012,272	\$24.60
DENVER MARKET GRAND TOTAL													
A	77,642,405	17,943,150	23.1%	1,931,562	2.5%	19,874,712	25.4%	25.9%	918,252	232,471	-	639,429	\$30.31
B	88,775,061	12,574,892	14.2%	1,034,045	1.2%	13,608,937	15.3%	15.4%	726,574	56,434	-	440,185	\$26.83
C	9,876,085	589,695	6.0%	70,461	0.7%	660,156	6.7%	6.8%	21,160	8,434	-	77,658	\$20.29
TOTAL	176,293,551	31,107,737	17.6%	3,036,068	1.7%	34,143,805	19.4%	18.9%	1,665,986	297,339	-	1,157,272	\$33.45
DENVER MARKET QUARTERLY COMPARISON AND TOTALS													
Q2 2025	176,293,551	31,107,737	17.6%	3,036,068	1.7%	34,143,805	19.4%	18.9%	1,873,231	297,339	0	1,157,272	\$33.45
Q1 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
Q4 2024	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
Q3 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	0	2,879,061	\$31.04

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351 offices in 67 countries on 6 continents

United States: 115
Canada: 41
Latin America: 12
Asia Pacific: 33
EMEA: 78



\$5.0B+
in revenue



2B
square feet under management



24,000
professionals and staff

About Colliers

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