Denver

Office

25Q4

Denver's office market closed 2025 in a phase of recalibration. Elevated vacancy and negative absorption metrics highlight the ongoing challenges in the office market. Leasing activity remains steady, as Landlords continue to utilize concessions to generate leasing activity. Asking rents continue to push higher in top-tier assets where demand remains concentrated. These conditions point to an adjustment process, with similar dynamics expected to persist through much of 2026.

Accelerating success.

Key Takeaways

- Leasing activity holds steady, recording 1.7 MSF.
- Net absorption falls, realizing -516K SF in Q4.
- Rental rates are plateauing. Expected to see rates fall to combat high vacancy.

		YOY	Forecast
Vacancy Rate	19.7%	▲	—
Net Absorption	-516K SF	▼	—
Under Construction	1,157 SF	—	▼
Overall Asking Lease Rates (FSG)	$33.45/SF	▲	—

Turning the Corner?

Denver's office market has shown signs of stability over the past year, despite continued pressure from elevated sublease availability and historically high vacancy. Momentum that emerged in the third quarter and hinted at a potential recovery softened as absorption turned negative and vacancy ticked upward. Leasing activity remains concentrated in Class A buildings, underscoring the ongoing flight to quality. As occupiers refine their space strategies, the long-term viability of the office market will hinge on how effectively the workplace supports productivity, culture, and collaboration.

Market Indicators

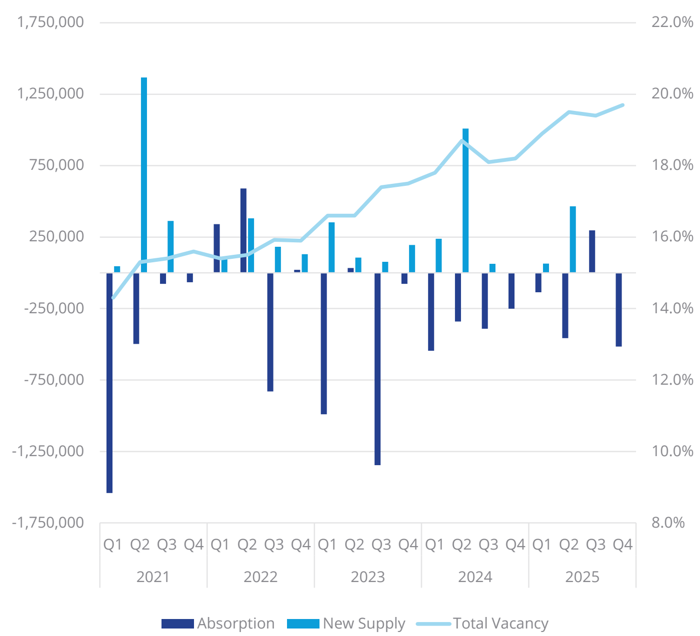
3.9% Unemployment Rate

4.180% U.S. 10 Year Treasury Note
*As of EOQ

Historic Comparison

	25Q4	25Q3	24Q4
Total Inventory (in Thousands of SF)	174,288	176,294	177,809
New Supply (in Thousands of SF)	0	0	0
Net Absorption (in Thousands of SF)	-516	297	-250
Overall Vacancy	19.7%	19.4%	15.9%
Under Construction (in Thousands of SF)	1,157	1,157	2,879
Direct Asking Lease Rates (FSG)	$33.54	$33.45	$31.04

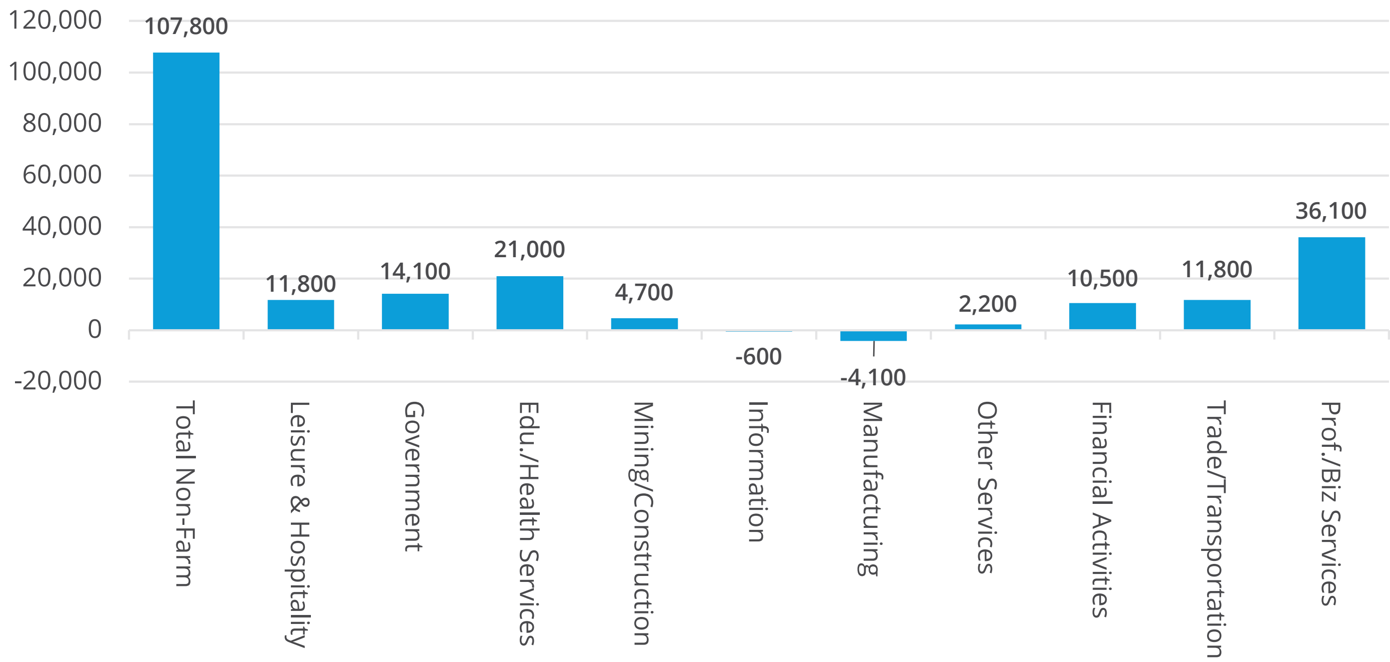
Market Graph



Fourth-quarter metrics tempered the optimism that emerged in Q3, as negative absorption underscored another period of market stress. With construction activity continuing to slow and most proposed projects on hold, overall inventory is expected to remain largely unchanged through the end of 2026.

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 2,200 in November, and the unemployment rate changed slightly at 3.6%.

The unemployment rate in the Denver MSA had a positive shift in Q3, reaching 3.9%, compared to 4.4% last quarter. Employment growth in Q3 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.

Construction

Construction activity remained flat in Q4 2025, with 1.2 million square feet currently underway. The office market continues to face pressure as demand falls short of expectations. With many projects paused, no new developments are anticipated to break ground in the near term.

Vacancy

In Q4 2025, Denver Metro's office vacancy rate increased 30 basis points to 19.7%, reversing the modest improvement seen in the prior quarter. Downtown Denver continued to post the highest vacancy in the region, with rates remaining near 30% despite slight quarter-over-quarter movement. Sublease vacancy declined again in Q4 as additional space converted to direct availability, a trend expected to place continued upward pressure on overall vacancy in the near term.

Absorption & Leasing Activity

Absorption turned negative in Q4, with the market shedding approximately 500,000 square feet, reinforcing the uneven and fragile nature of the recovery. Leasing activity totaled 1.7 million square feet in Q4, remaining below long-term averages but relatively steady. With demand continuing to fluctuate, landlords are expected to maintain aggressive concession packages as they work to stabilize occupancy.

Rents

Rental rates continued to rise across the Denver Metro area, reflecting sustained demand for Class A space. The average direct full-service asking rate increased from $32.20 to $33.45 per square foot this quarter. Downtown lease rates edged up from $40.41 to $40.59 per square foot, while Southeast Denver remained flat at $30.07 per square foot. Asking rates are expected to continue trending upward in top-tier assets as demand for quality space persists, though concessions remain widely available. In contrast, other submarkets are likely to see downward pressure on rents as landlords compete to offset elevated vacancy.

Forecast

While challenges persist, Q4 2025 reinforced that Denver's office market remains in the process of finding its footing rather than entering a clear recovery. Net absorption turned negative during the quarter, highlighting continued friction between tenant demand and available supply, even as leasing activity remained relatively steady. Asking rents held firm in Class A buildings, reflecting ongoing demand for high-quality space, though overall vacancy remained elevated and continues to pressure broader market fundamentals.

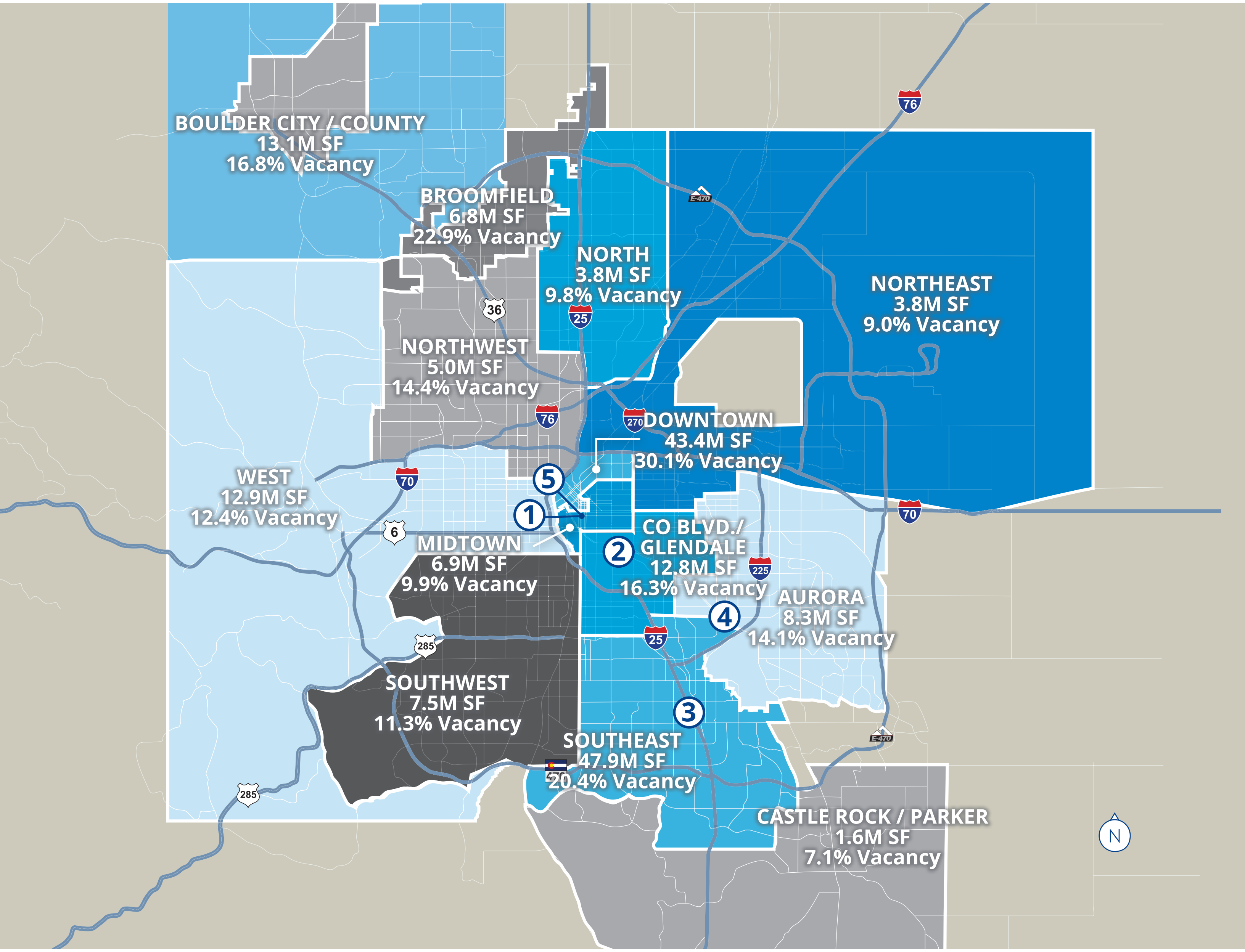
Flight-to-quality remains the dominant theme, with tenant demand concentrated in well-located, amenity-rich assets. Class A properties continue to outperform, while older buildings face increasing pressure to reinvest, reposition, or adjust pricing to remain competitive. Landlords that can offer modern, flexible environments and aggressive concessions are best positioned to capture limited leasing activity.

Q4 data suggests the Denver office market is nearing an inflection point, transitioning from a prolonged rebalancing phase toward the early stages of recovery. While near-term uncertainty persists, forward indicators point to improving momentum in absorption and leasing velocity through 2026. Capital markets activity is expected to continue strengthening, with early signs of upward pressure on pricing per square foot as institutional buyers re-enter the market and debt conditions loosen. 2026 is likely to see an increase in higher-quality, core assets coming to market as confidence returns. Supported by the region's deep talent pool and diversified economic base, Denver appears positioned for a measured but increasingly durable recovery.

Inflation Rate Falls to 2.7% in November

Source: BLS

Submarkets by Vacancy



Top Leases This Quarter

	Building Address	Building Name	Rentable Square Feet (RSF)	Tenant	Deal Type
1	675 15th St.	Block 162	74,000	HDR Engineering	Direct
2	242 Milwaukee St.	Milwaukee Place	45,000	Crusoe	Direct
3	6380 S. Fiddlers Green Cir.	Village Center Station I	40,000	S&P Global	Direct
4	3045 S. Parker Rd.	Marketplace Courtyard	38,810	American Home Agents	Direct
5	675 15th St.	Block 162	29,181	Bank of America	Direct

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Colliers

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	31,535,856	9,623,703	30.5%	782,957	2.5%	10,406,660	33.0%	32.5%	388,513	-159,171	-	120,000	$41.82
B	10,911,236	2,560,593	23.5%	70,193	0.6%	2,630,786	24.1%	24.1%	74,845	-2,921	-	-	$34.77
C	960,614	32,395	3.4%	979	0.1%	33,374	3.5%	4.0%	-	4,952	-	-	$35.41
TOTAL	43,407,706	12,216,691	28.1%	854,129	2.0%	13,070,820	30.1%	29.7%	463,358	-157,140	-	120,000	$40.59
Midtown													
A	1,864,147	357,101	19.2%	54,413	2.9%	411,514	22.1%	25.7%	-	68,180	-	-	$29.58
B	3,592,405	257,273	7.2%	3,553	0.1%	260,826	7.3%	7.6%	3,684	11,168	-	25,000	$27.11
C	1,407,384	6,859	0.5%	439	0.0%	7,298	0.5%	1.3%	7,500	10,909	-	-	$38.64
TOTAL	6,863,936	621,233	9.1%	58,405	0.9%	679,638	9.9%	11.2%	11,184	90,257	-	25,000	$28.47

Suburban

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
Aurora													
A	1,350,686	527,663	39.1%	-	0.0%	527,663	39.1%	38.6%	-	-6,712	-	-	$24.73
B	5,948,235	593,151	10.0%	9,284	0.2%	602,435	10.1%	11.0%	7,120	52,796	-	-	$20.45
C	979,272	24,499	2.5%	16,308	1.7%	40,807	4.2%	3.9%	1,200	-2,380	-	-	$19.36
TOTAL	8,278,193	1,145,313	13.8%	25,592	0.3%	1,170,905	14.1%	14.7%	8,320	43,704	-	-	$22.95
Boulder													
A	2,661,736	598,156	22.5%	36,480	1.4%	634,636	23.8%	23.8%	7,356	-1,408	-	-	$43.21
B	9,623,467	1,422,230	14.8%	36,639	0.4%	1,458,869	15.2%	15.6%	115,186	40,575	-	-	$31.08
C	793,897	79,877	10.1%	20,248	2.6%	100,125	12.6%	12.7%	-	927	-	-	$28.62
TOTAL	13,079,100	2,100,263	16.1%	93,367	0.7%	2,193,630	16.8%	17.1%	122,542	40,094	-	-	$34.40
Broomfield													
A	4,357,980	1,144,504	26.3%	199,428	4.6%	1,343,932	30.8%	27.9%	15,407	-127,259	-	-	$31.82
B	2,389,102	177,181	7.4%	38,806	1.6%	215,987	9.0%	10.9%	-	44,706	-	-	$25.74
C	70,412	-	0.0%	-	0.0%	-	0.0%	0.0%	-	-	-	-	$0.00
TOTAL	6,817,494	1,321,685	19.4%	238,234	3.5%	1,559,919	22.9%	13.5%	15,407	-82,553	-	-	$30.70
Colorado Blvd./Glendale													
A	4,997,595	874,021	17.5%	78,010	1.6%	952,031	19.0%	19.1%	136,961	1,194	-	337,429	$32.63
B	7,038,415	1,028,977	14.6%	66,785	0.9%	1,095,762	15.6%	15.2%	71,644	-25,682	-	-	$28.69
C	746,506	35,863	4.8%	1,850	0.2%	37,713	5.1%	4.4%	1,610	-4,690	-	-	$20.20
TOTAL	12,782,516	1,938,861	15.2%	146,645	1.1%	2,085,506	16.3%	16.1%	210,215	-29,178	-	337,429	$30.03
Longmont													
A	-	-	-	-	-	-	-	-	-	-	-	-	$0.00
B	917,848	43,369	4.7%	-	0.0%	43,369	4.7%	5.1%	12,403	3,688	-	-	$24.06
C	84,300	-	0.0%	-	0.0%	-	0.0%	0.0%	-	-	-	-	$0.00
TOTAL	1,002,148	43,369	4.3%	-	0.0%	43,369	4.3%	4.7%	12,403	3,688	-	-	$24.06
North													
A	885,265	31,332	3.5%	2,128	0.2%	33,460	3.8%	4.2%	7,753	3,910		-	$26.70
B	2,310,399	125,846	5.4%	55,000	2.4%	180,846	7.8%	6.6%	7,515	-28,839	-	-	$25.93
C	274,045	3,301	1.2%	-	0.0%	3,301	1.2%	2.0%	3,934	2,113	-	-	$26.01
TOTAL	3,469,709	160,479	4.6%	57,128	1.6%	217,607	6.3%	5.6%	19,202	-22,816	-	-	$26.20
Northeast													
A	701,373	-	0.0%	86,738	12.4%	86,738	12.4%	13.6%	-	8,530	-	-	$25.89
B	2,494,857	183,190	7.3%	26,527	1.1%	209,717	8.4%	9.1%	18,345	16,962	-	20,000	$26.35
C	561,117	43,354	7.7%	-	0.0%	43,354	7.7%	8.0%	-	1,289	-	77,658	$12.00
TOTAL	3,757,347	226,544	6.0%	113,265	3.0%	339,809	9.0%	9.8%	18,345	26,781	-	97,658	$25.45

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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	944,860	142,600	15.1%	13,546	1.4%	156,146	16.5%	16.5%	3,205	-	-	-	$33.69
B	3,415,686	478,643	14.0%	31,317	0.9%	509,960	14.9%	16.3%	57,752	45,512	-	25,005	$25.20
C	620,161	53,084	8.6%	-	0.0%	53,084	8.6%	8.8%	2,156	1,622	-	-	$29.43
TOTAL	4,980,707	674,327	13.5%	44,863	0.9%	719,190	14.4%	15.4%	63,113	47,134	-	25,005	$28.55
Parker/Castle Rock													
A	331,068	10,545	3.2%	-	0.0%	10,545	3.2%	3.2%	6,812	-	-	-	$35.43
B	1,193,494	99,605	8.3%	-	0.0%	99,605	8.3%	7.7%	3,995	-7,198	-	-	$34.20
C	27,481	-	0.0%	-	0.0%	-	0.0%	0.0%	-	-	-	-	$0.00
TOTAL	1,552,043	110,150	7.1%	-	0.0%	110,150	7.1%	6.6%	10,807	-7,198	-	-	$28.09
Southeast													
A	23,728,342	4,523,932	19.1%	739,190	3.1%	5,263,122	21.8%	22.0%	271,029	-42,828	-	-	$33.69
B	22,911,210	3,985,147	17.4%	395,750	1.7%	4,380,897	19.1%	17.4%	247,980	-403,289	-	317,681	$23.94
C	1,242,792	108,307	8.7%	1,938	0.2%	110,245	8.9%	9.4%	11,240	6,922	-	-	$18.22
TOTAL	47,882,344	8,617,386	18.0%	1,136,878	2.4%	9,754,264	20.4%	19.5%	530,249	-439,195	-	317,681	$30.07
Southwest													
A	1,049,892	45,453	4.3%	-	0.0%	45,453	4.3%	2.9%	-	-14,947	-	-	$31.24
B	5,676,769	740,470	13.0%	2,696	0.0%	743,166	13.1%	13.5%	38,290	22,284	-	-	$20.28
C	754,473	56,078	7.4%	-	0.0%	56,078	7.4%	4.1%	531	-25,420	-	-	$19.82
TOTAL	7,481,134	842,001	11.3%	2,696	0.0%	844,697	11.3%	11.0%	38,821	-18,083	-	-	$20.77
West													
A	2,585,270	233,729	9.0%	11,264	0.4%	244,993	9.5%	8.9%	3,621	-14,154	-	182,000	$33.58
B	9,371,126	1,181,340	12.6%	49,601	0.5%	1,230,941	13.1%	13.1%	160,700	-2,524	-	52,499	$26.43
C	977,313	94,266	9.6%	29,436	3.0%	123,702	12.7%	13.2%	2,743	5,085	-	-	$25.39
TOTAL	12,933,709	1,509,335	11.7%	90,301	0.7%	1,599,636	12.4%	12.3%	167,064	-11,593	-	234,499	$27.06
SUBURBAN TOTAL													
A	43,594,067	8,131,935	18.7%	1,166,784	2.7%	9,298,719	21.3%	20.9%	452,144	-193,674	-	519,429	$29.23
B	73,290,608	10,059,149	13.7%	712,405	1.0%	10,771,554	14.7%	14.4%	740,930	-241,009	-	415,185	$25.53
C	7,131,769	498,629	7.0%	69,780	1.0%	568,409	8.0%	7.8%	23,414	-14,532	-	77,658	$19.05
TOTAL	124,016,444	18,689,713	15.1%	1,948,969	1.6%	20,638,682	16.6%	16.3%	1,216,488	-449,215	-	1,012,272	$24.60
DENVER MARKET GRAND TOTAL													
A	76,994,070	18,112,739	23.5%	2,004,154	2.6%	20,116,893	25.4%	25.8%	840,657	-284,665	-	639,429	$37.55
B	87,794,249	12,877,015	14.7%	786,151	0.9%	13,663,166	15.6%	15.3%	819,459	-232,762	-	440,185	$26.73
C	9,499,767	537,883	5.7%	71,198	0.7%	609,081	6.4%	6.4%	30,914	1,329	-	77,658	$22.76
TOTAL	174,288,086	31,527,637	18.1%	2,861,503	1.6%	34,389,140	19.7%	19.5%	1,691,030	-516,098	-	1,157,272	$33.45
DENVER MARKET QUARTERLY COMPARISON AND TOTALS													
Q4 2025	174,288,086	31,527,637	18.1%	2,861,503	1.6%	34,389,140	19.7%	19.5%	1,691,030	-516,098	-	1,157,272	$33.45
Q3 2025	176,293,551	31,107,737	17.6%	3,036,068	1.7%	34,143,805	19.4%	19.5%	1,665,986	297,339	-	1,157,272	$33.45
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

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351 offices in 67 countries on 6 continents

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