

A photograph of a modern urban landscape in Denver. In the foreground, a multi-story brick and glass building with balconies stands on the left. A steel truss bridge spans a river in the middle ground. In the background, several tall skyscrapers rise against a blue sky with light clouds. A person is riding a bicycle on a path along the riverbank on the right.The Colliers logo, featuring the word "Colliers" in white serif font on a blue rectangular background with a thin yellow and red horizontal stripe at the bottom.

Denver

Office

26Q2

Denver's office market found its footing in the second quarter of 2026. Net absorption turned positive at 575,000 square feet, the market's first positive quarter of the year and the largest absorption figure since Q2 2022. Vacancy edged down to 19.6%, leasing activity climbed to 2.0 million square feet, and new deliveries totaled 182,000 square feet. Asking rents continued to climb, reaching \$33.68 per square foot, driven by Class A demand. With investment sales activity also accelerating, the early signs of stabilization seen in the first quarter appear to be taking hold.

Accelerating success.



Denver Office 26Q2

Key Takeaways

- Leasing activity rises to 2.0 MSF, up from 1.9 MSF last quarter.
- Net absorption turns positive at +575K SF, the market's largest figure since Q2 2022.
- Asking rents continue rising, reaching \$33.68/SF. Concessions remain prevalent.



Vacancy Rate

19.6%

YOY



FORECAST



Net Absorption

575K SF

YOY



FORECAST



Under Construction

761K SF

YOY



FORECAST



Overall Asking Lease Rates (FSG)

\$33.68/SF

YOY



FORECAST

Turning the Corner

Denver's office market delivered its clearest evidence of a turnaround yet in the second quarter. Net absorption swung firmly positive at 575,000 square feet, while leasing activity climbed to 2.0 million square feet, marking the strongest quarterly performance in recent periods. Vacancy edged down to 19.6%, and sublease availability declined as tenants continued to absorb space. New deliveries totaled 182,000 square feet, while the construction pipeline thinned to roughly 761,000 square feet underway. Flight to quality remains the defining trend, with Class A assets capturing the bulk of tenant demand. Sustained positive absorption over the coming quarters will determine whether the corner has truly been turned.

Market Indicators



3.84%

Unemployment Rate



2.94%

YoY Real GDP Growth



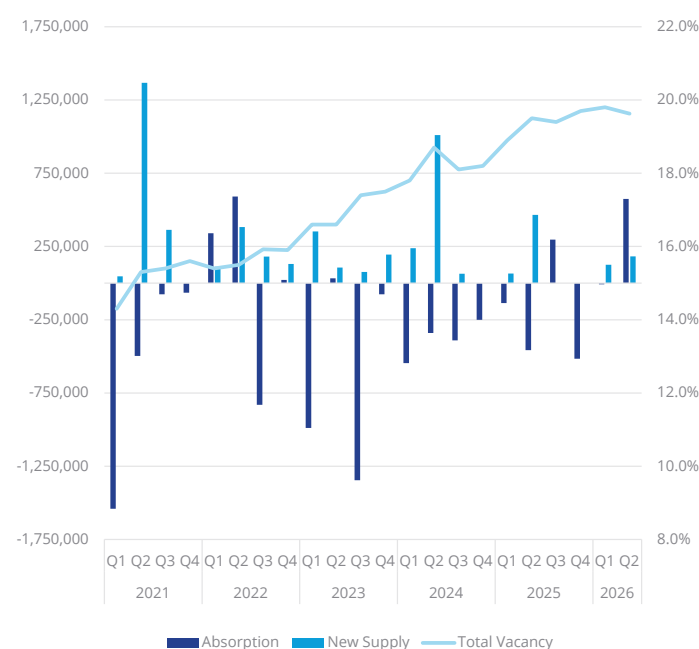
4.370%

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

Historic Comparison

	26Q2	26Q1	25Q2
Total Inventory (in Thousands of SF)	174,229	174,009	175,950
New Supply (in Thousands of SF)	182	125	476
Net Absorption (in Thousands of SF)	575	-8	-457
Overall Vacancy	19.6%	19.8%	19.5%
Under Construction (in Thousands of SF)	761	1,284	764
Direct Asking Lease Rates (FSG)	\$33.68	\$33.51	\$32.20

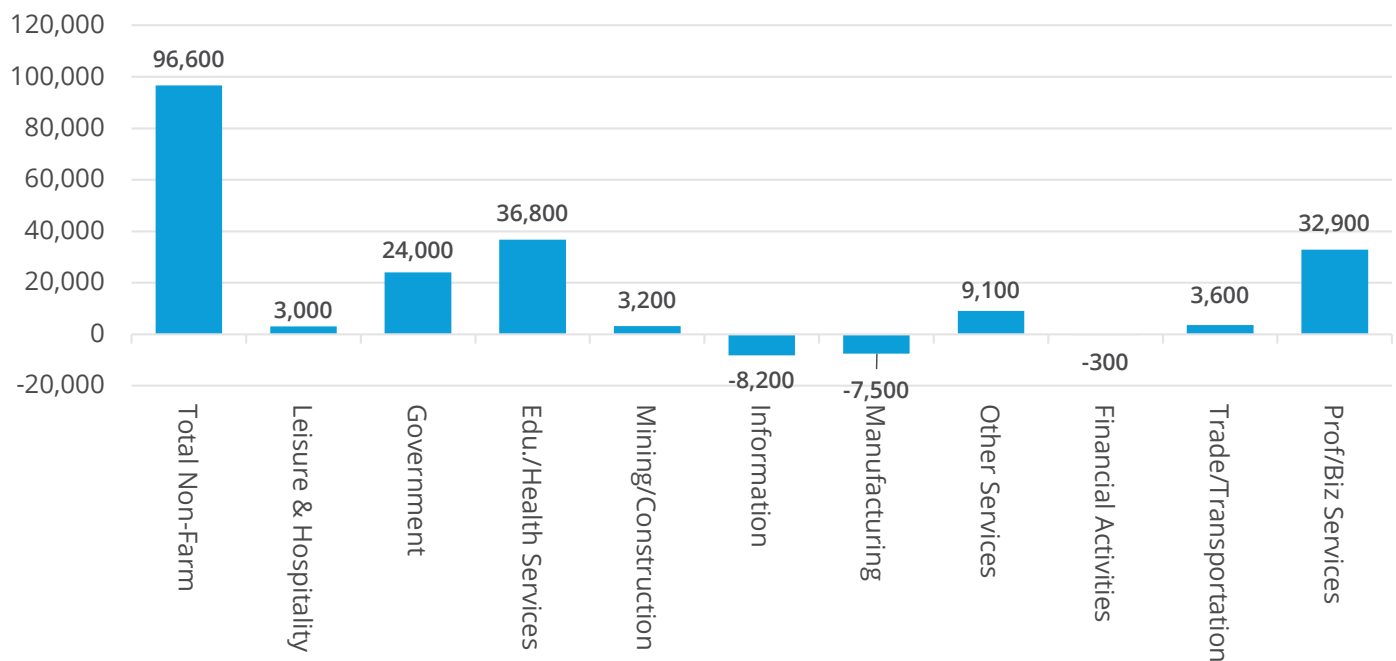
Market Graph



Q2 metrics showed broad improvement over Q1, as net absorption turned positive and leasing activity strengthened. New supply totaled 182,000 square feet delivered, while construction activity declined to roughly 761,000 square feet underway. Vacancy eased to 19.6%, its first quarterly decline in recent periods.

Denver Employment Change by Sector

Since February 2020



Source: Bureau of Labor Statistics

Employment

According to the Bureau of Labor Statistics (BLS), the Denver-Aurora-Centennial MSA recorded total nonfarm payroll employment of 1,636,300 in April 2026, representing a 0.2% year-over-year decline. The unemployment rate stood at 3.84% as of April 2026.

The unemployment rate in the Denver MSA stood at 3.84% in April 2026, remaining low by historical standards. Since February 2020, employment gains have been led by Education & Health Services (+36,800 jobs), Professional & Business Services (+32,900), and Government (+24,000). The unemployment rate remains significantly lower than its pandemic-era high of 12.4% recorded in April 2020. More broadly, GDP growth of 2.94% and a 10-year Treasury yield of 4.37% frame a steady macroeconomic backdrop heading into the second half of 2026.

Construction

Construction activity contracted in Q2 2026, with approximately 761,000 square feet currently underway, down from 1.2 million square feet last quarter. The quarter saw 182,000 square feet of new deliveries. The pipeline remains constrained, with no significant new groundbreakings expected in the near term as developers await clearer demand signals.

Vacancy

In Q2 2026, Denver Metro's office vacancy rate edged down roughly 20 basis points to 19.6%, reversing the gradual upward trend of recent quarters. Downtown Denver remained the softest submarket, with vacancy near 29.9%. Sublease vacancy continued to decline, falling to approximately 2.65 million square feet as tenants absorbed space and additional availabilities converted to direct. While vacancy remains elevated, the quarter's decline is an encouraging sign as the market works through excess supply.

Absorption & Leasing Activity

Net absorption turned decisively positive in Q2, registering 575,000 square feet and marking the first positive quarter this year, a dramatic improvement from the negative 8,000 square feet recorded in Q1 2026. Leasing activity totaled 2.0 million square feet, up from 1.9 million square feet last quarter and the strongest quarterly showing in recent periods. The swing to positive absorption, paired with rising leasing velocity, suggests the stabilization signaled earlier in the year is taking hold.

Rents

Rental rates continued their upward trajectory across the Denver Metro area, driven by sustained demand for premium space. The average direct full-service asking rate rose from \$33.51 to \$33.68 per square foot. Downtown lease rates held steady near \$40.44 per square foot, while Southeast Denver averaged \$29.94 per square foot. Asking rates in Class A assets are expected to remain firm as flight-to-quality demand persists, though concessions continue to play a significant role in deal-making. Older, less competitive buildings face ongoing pressure to adjust pricing.

Investment Sales

Investment activity in Denver's office market continued to accelerate in the second quarter. Sales volume reached approximately \$208 million, nearly triple the total from a year earlier, bringing trailing twelve-month volume to roughly \$1.0 billion, a 57% increase over the prior period. The composition of demand has also shifted. Average deal size more than tripled year over year as larger, institutional-quality assets returned to the market, highlighted by the \$92.5 million (\$941 per square foot) sale of 255 Fillmore Street in Cherry Creek. With pricing now reset across much of the market, investors are increasingly stepping in to capture an attractive basis, a dynamic we expect to continue driving liquidity through the second half of 2026.

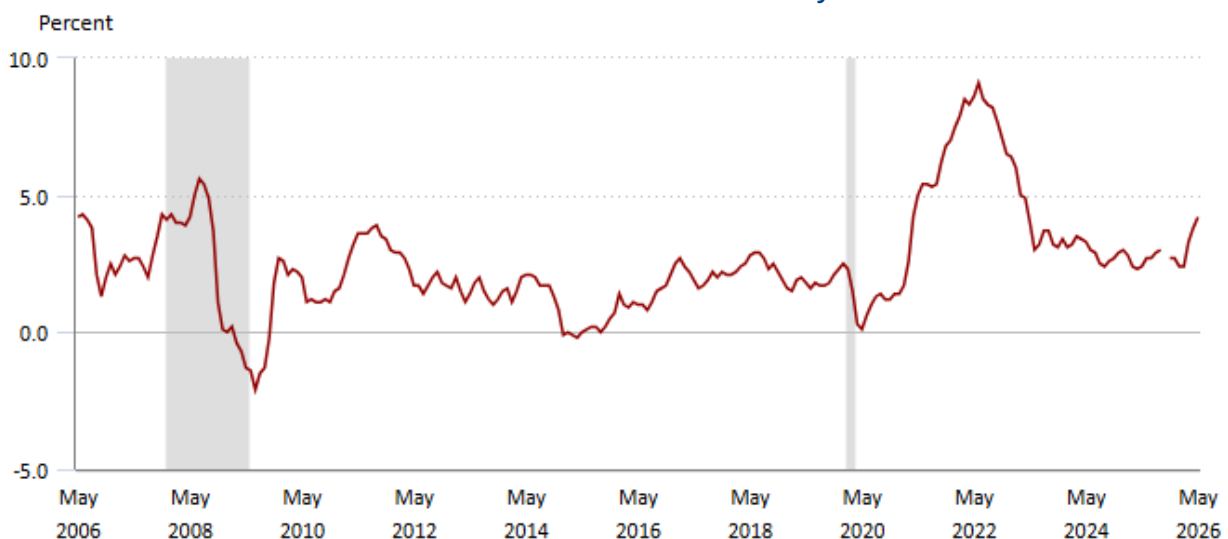
Forecast

Q2 2026 delivered the strongest evidence yet that Denver's office market is stabilizing. Net absorption posted its first positive quarter in recent periods at 575,000 square feet, and leasing activity reached its highest level in recent memory. Vacancy, while still elevated at 19.6%, declined for the first time in several quarters. Asking rents held firm in Class A buildings, reflecting ongoing demand for high-quality space, while broader market fundamentals continue to face pressure from excess supply.

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.

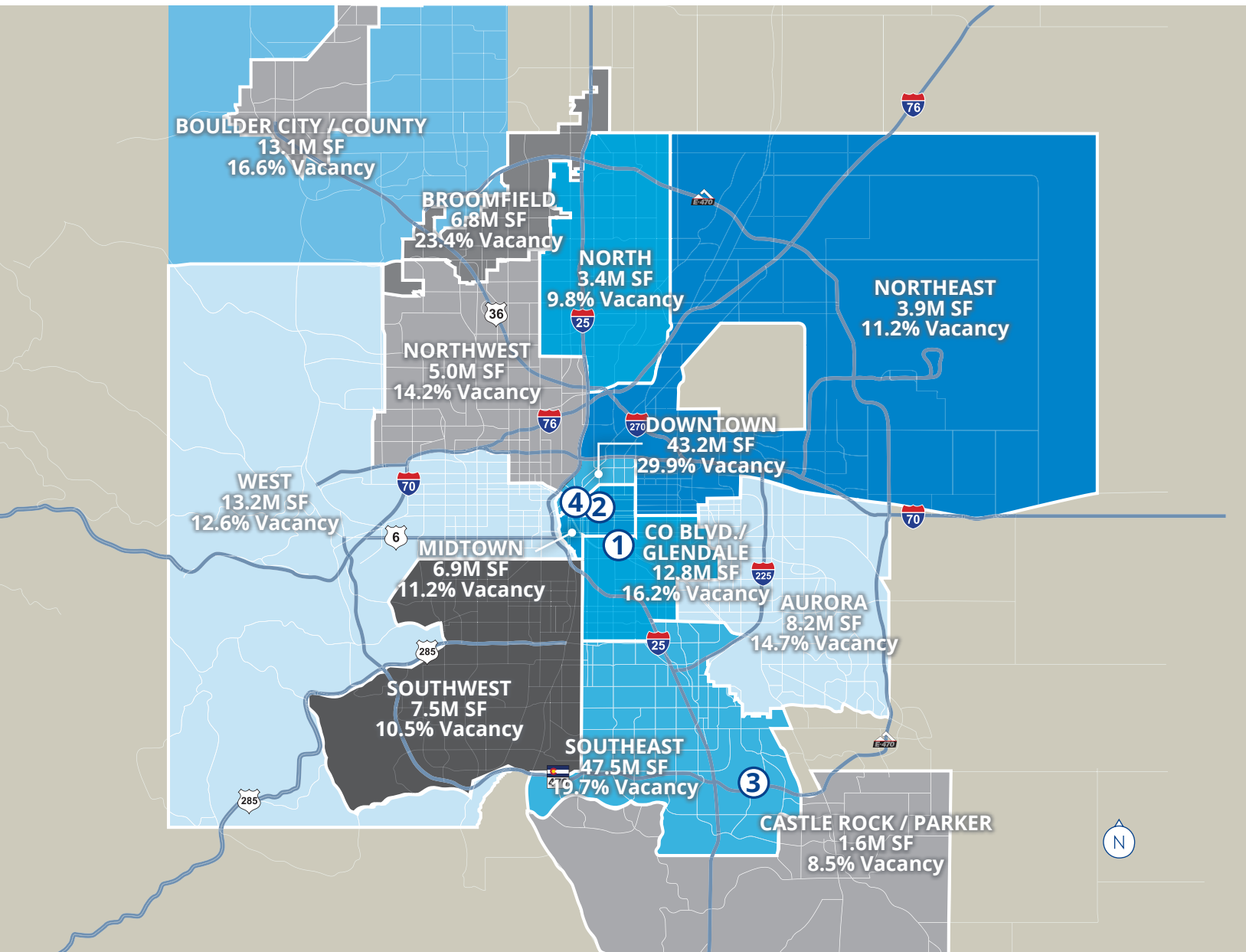
Q2 data suggests the Denver office market has reached an inflection point. The swing to positive absorption and continued strength in leasing velocity are encouraging, though several consecutive quarters of gains will be needed to confirm a durable recovery. Capital markets activity strengthened markedly this quarter and is expected to continue building as institutional buyers re-enter the market and debt conditions ease. The limited construction pipeline should help reduce supply-side pressure over time. Supported by the region's deep talent pool and diversified economic base, Denver appears positioned for a gradual but increasingly durable recovery through the balance of 2026.

Inflation Rate Rises to 4.2% in May



Source: BLS

Submarkets by Vacancy



Top Leases This Quarter

	Building Address	Building Name	Rentable Square Feet (RSF)	Tenant	Deal Type
1	2375 E 1st Avenue	Cherry Lane (UMB Building)	55,000	UMB Bank	Direct
2	1700 Lincoln Street	Wells Fargo Center	50,456	SM Energy	New
3	8900 Liberty Circle	Liberty Campus	47,824	National Cattlemen's Beef Association	New
4	1801 California Street	1801 California	43,977	Hall & Evans	New

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	30,932,344	9,425,964	30.5%	691,704	2.2%	10,117,668	32.7%	33.1%	461,581	120,058	-	120,000	\$41.54
B	11,317,179	2,622,516	23.2%	151,336	1.3%	2,773,852	24.5%	24.4%	126,491	-8,446	-	-	\$35.93
C	970,950	23,147	2.4%	979	0.1%	24,126	2.5%	2.5%	7,763	0	-	-	\$39.88
TOTAL	43,220,473	12,071,627	27.9%	844,019	2.0%	12,915,646	29.9%	30.1%	595,835	111,612	-	120,000	\$40.44
Midtown													
A	1,857,078	462,767	24.9%	-	0.0%	462,767	24.9%	23.9%	1,969	-19,573	-	-	\$30.13
B	3,617,405	274,512	7.6%	-	0.0%	274,512	7.6%	7.4%	5,697	-8,478	-	-	\$26.88
C	1,407,384	31,239	2.2%	-	0.0%	31,239	2.2%	0.2%	0	-28,435	-	-	\$37.38
TOTAL	6,881,867	768,518	11.2%	-	0.0%	768,518	11.2%	10.3%	7,666	-56,486	-	-	\$29.36

Suburban

Aurora													
A	1,243,322	548,271	44.1%	3,595	0.3%	551,866	44.4%	37.9%	2,403	-80,056	-	-	\$23.98
B	6,021,115	628,279	10.4%	-	0.0%	628,279	10.4%	9.3%	18,701	-65,606	-	-	\$21.31
C	979,272	13,032	1.3%	16,308	1.7%	29,340	3.0%	4.6%	10,088	15,447	-	-	\$26.74
TOTAL	8,243,709	1,189,582	14.4%	19,903	0.2%	1,209,485	14.7%	13.1%	31,192	-130,215	-	-	\$22.74
Boulder													
A	2,666,179	573,468	21.5%	34,301	1.3%	607,769	22.8%	24.3%	26,884	38,828	-	-	\$47.72
B	9,580,851	1,373,800	14.3%	87,298	0.9%	1,461,098	15.3%	15.8%	26,789	49,539	-	-	\$31.73
C	822,796	86,258	10.5%	20,248	2.5%	106,506	12.9%	13.4%	0	3,971	-	-	\$28.10
TOTAL	13,069,826	2,033,526	15.6%	141,847	1.1%	2,175,373	16.6%	17.4%	53,673	92,338	-	-	\$34.67
Broomfield													
A	4,370,505	1,119,207	25.6%	192,971	4.4%	1,312,178	30.0%	33.2%	127,782	136,984	-	-	\$33.50
B	2,382,493	234,987	9.9%	48,974	2.1%	283,961	11.9%	10.5%	4,152	-33,635	-	-	\$24.18
C	70,412	0	0.0%	-	0.0%	-	0.0%	0.0%	0	0	-	-	\$0.00
TOTAL	6,823,410	1,354,194	19.8%	241,945	3.5%	1,596,139	23.4%	24.9%	131,934	103,349	-	-	\$30.98
Colorado Blvd./Glendale													
A	5,091,299	877,368	17.2%	105,520	2.1%	982,888	19.3%	18.8%	73,222	-24,110	-	411,230	\$33.99
B	6,994,623	999,410	14.3%	65,552	0.9%	1,064,962	15.2%	15.8%	102,057	39,681	-	-	\$28.42
C	746,506	30,509	4.1%	-	0.0%	30,509	4.1%	5.9%	1,213	13,399	-	-	\$20.68
TOTAL	12,832,428	1,907,287	14.9%	171,072	1.3%	2,078,359	16.2%	16.4%	176,492	28,970	-	411,230	\$30.11
Longmont													
A	0	0	0.0%	0	0.0%	-	0.0%	0.0%	0	0	-	-	\$0.00
B	944,853	49,379	5.2%	1,980	0.2%	51,359	5.4%	7.5%	28,376	19,085	-	-	\$24.82
C	84,300	0	0.0%	0	0.0%	-	0.0%	0.0%	0	0	-	-	\$0.00
TOTAL	1,029,153	49,379	4.8%	1,980	0.2%	51,359	5.0%	6.8%	28,376	19,085	-	-	\$23.57
North													
A	898,121	45,166	5.0%	0	0.0%	45,166	5.0%	4.0%	3,387	-9,689	-	-	\$27.39
B	2,247,392	178,472	7.9%	104,531	4.7%	283,003	12.6%	8.3%	10,984	-96,046	-	-	\$26.76
C	274,045	8,372	3.1%	0	0.0%	8,372	3.1%	1.4%	0	-4,549	-	-	\$68.57
TOTAL	3,419,558	232,010	6.8%	104,531	3.1%	336,541	9.8%	6.6%	14,371	-110,284	-	-	\$26.71
Northeast													
A	747,140	129,321	17.3%	0	0.0%	129,321	17.3%	14.1%	0	-23,793	-	-	\$40.92
B	2,438,349	210,903	8.6%	26,527	1.1%	237,430	9.7%	8.5%	50,530	-29,711	-	-	\$27.64
C	678,381	64,241	9.5%	-	0.0%	64,241	9.5%	9.8%	2,545	2,545	-	-	\$15.77
TOTAL	3,863,870	404,465	10.5%	26,527	0.7%	430,992	11.2%	9.8%	53,075	-50,959	-	-	\$28.09



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	156,623	16.6%	3,926	0.4%	160,549	17.0%	18.9%	11,311	17,816	-	-	\$33.89
B	3,390,480	501,267	14.8%	18,763	0.6%	520,030	15.3%	14.9%	30,124	-13,320	-	25,005	\$23.78
C	672,457	28,130	4.2%	0	0.0%	28,130	4.2%	5.6%	10,052	9,693	-	-	\$28.36
TOTAL	5,007,797	686,020	13.7%	22,689	0.5%	708,709	14.2%	14.4%	51,487	14,189	-	25,005	\$27.37
Parker/Castle Rock													
A	331,068	5,703	1.7%	-	0.0%	5,703	1.7%	1.7%	0	0	-	-	\$40.05
B	1,219,097	127,944	10.5%	1,124	0.1%	129,068	10.6%	10.3%	13,213	-3,746	-	-	\$37.37
C	27,481	0	0.0%	-	0.0%	-	0.0%	0.0%	0	0	-	-	\$0.00
TOTAL	1,577,646	133,647	8.5%	1,124	0.1%	134,771	8.5%	8.3%	13,213	-3,746	-	-	\$34.47
Southeast													
A	23,634,335	4,182,628	17.7%	666,059	2.8%	4,848,687	20.5%	21.1%	441,433	141,650	-	-	\$33.77
B	22,682,630	4,036,860	17.8%	340,998	1.5%	4,377,858	19.3%	20.0%	227,822	162,530	-	205,000	\$24.88
C	1,199,102	108,143	9.0%	5,835	0.5%	113,978	9.5%	10.7%	14,005	14,038	-	-	\$18.66
TOTAL	47,516,067	8,327,631	17.5%	1,012,892	2.1%	9,340,523	19.7%	20.3%	683,260	318,218	-	205,000	\$29.94
Southwest													
A	1,071,846	58,366	5.4%	-	0.0%	58,366	5.4%	5.8%	0	3,736	-	-	\$29.79
B	5,712,044	683,921	12.0%	3,510	0.1%	687,431	12.0%	12.5%	46,135	23,821	-	-	\$20.21
C	712,934	38,062	5.3%	-	0.0%	38,062	5.3%	7.7%	962	16,538	-	-	\$18.80
TOTAL	7,496,824	780,349	10.4%	3,510	0.0%	783,859	10.5%	11.0%	47,097	44,095	-	-	\$20.48
West													
A	2,763,188	302,312	10.9%	11,264	0.4%	313,576	11.3%	9.6%	17,419	115,922	182,000	-	\$33.52
B	9,246,579	1,211,565	13.1%	21,379	0.2%	1,232,944	13.3%	14.2%	120,219	80,695	-	-	\$26.59
C	1,236,168	91,845	7.4%	28,376	2.3%	120,221	9.7%	9.6%	4,776	-1,616	-	-	\$24.41
TOTAL	13,245,935	1,605,722	12.1%	61,019	0.5%	1,666,741	12.6%	12.9%	142,414	195,001	182,000	-	\$28.13
SUBURBAN TOTAL													
A	43,761,863	7,998,433	18.3%	1,017,636	2.3%	9,016,069	20.6%	21.0%	703,841	317,288	182,000	411,230	\$34.27
B	72,860,506	10,236,787	14.0%	720,636	1.0%	10,957,423	15.0%	15.2%	679,102	133,287	-	230,005	\$25.96
C	7,503,854	468,592	6.2%	70,767	0.9%	539,359	7.2%	8.1%	43,641	69,466	-	-	\$24.48
TOTAL	124,126,223	18,703,812	15.1%	1,809,039	1.5%	20,512,851	16.5%	16.8%	1,426,584	520,041	182,000	641,235	\$28.81
DENVER MARKET GRAND TOTAL													
A	76,551,285	17,887,164	23.4%	1,709,340	2.2%	19,596,504	25.6%	26.0%	1,167,391	417,773	182,000	531,230	\$34.63
B	87,795,090	13,133,815	15.0%	871,972	1.0%	14,005,787	16.0%	16.1%	811,290	116,363	-	230,005	\$27.18
C	9,882,188	522,978	5.3%	71,746	0.7%	594,724	6.0%	6.4%	51,404	41,031	-	-	\$27.28
TOTAL	174,228,563	31,543,957	18.1%	2,653,058	1.5%	34,197,015	19.6%	19.8%	2,030,085	575,167	182,000	761,235	\$33.68
DENVER MARKET QUARTERLY COMPARISON AND TOTALS													
Q2 2026	174,228,563	31,543,957	18.1%	2,653,058	1.5%	34,197,015	19.6%	19.8%	2,030,085	575,167	182,000	761,235	\$33.68
Q1 2026	174,008,612	31,736,151	18.2%	2,719,110	1.6%	34,455,261	19.8%	19.7%	1,888,167	-7,586	125,280	1,283,920	\$33.51
Q4 2025	174,288,086	31,527,637	18.1%	2,861,503	1.6%	34,389,140	19.7%	19.4%	1,691,030	-516,098	0	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	0	1,157,272	\$33.45

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\$5.0B+
in revenue



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square feet under management



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