

Denver

Retail

26Q2

Denver's retail market posted a quieter second quarter as fundamentals moved closer to balance. Vacancy rose 10 basis points to 5.0% and net absorption registered approximately -52,000 SF, a much smaller decline than the first quarter. Asking rents continued higher to \$19.67/SF NNN, up 2.7% year-over-year, and leasing activity totaled approximately 546,000 SF across the metro. Deliveries came in at 103,000 SF, while the construction pipeline expanded to roughly 1.32 million SF on new project starts, signaling renewed developer activity. Investment volume reached \$792 million through midyear, roughly 60% of 2025's full-year total and on pace for a third consecutive year above \$1.25 billion. With rent growth intact, tenant demand consistent, and development activity returning, Denver retail enters the second half of 2026 on stable footing.

Key Takeaways

- Vacancy rose 10 bps QoQ to 5.0%, a 20-bps increase year-over-year
- Net absorption registered -52K SF, a smaller decline than Q1 as occupancy losses moderated
- Asking rents increased to \$19.67/SF NNN, up 2.7% YOY
- Deliveries totaled 103K SF while the pipeline expanded to 1.32M SF from Q1's 1.02M SF on new project starts
- Investment volume reached \$792 million through midyear, roughly 60% of 2025's full-year total



Denver Retail Moves Toward Balance at Midyear

Denver's retail market moved closer to balance in the second quarter. Vacancy rose 10 basis points to 5.0% and net absorption came in at approximately -52,000 SF, a notable improvement from the first quarter's decline. Asking rents increased to \$19.67/SF NNN, up 2.7% year-over-year, extending a steady upward trend. Deliveries totaled 103,000 SF, concentrated in the CO Blvd/Cherry Creek submarket, while the construction pipeline expanded to roughly 1.32 million SF on new project starts. Leasing activity totaled approximately 546,000 SF, led by the Northwest and Central submarkets, indicating tenants continue to transact even as headline absorption remained modestly negative. Investment volume reached \$792 million through midyear, keeping 2026 on pace with two strong prior years and pointing to steady capital interest across the metro.

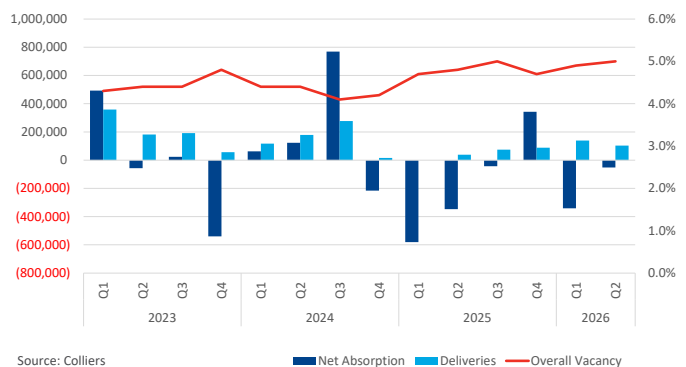
Market Indicators



Historic Comparison

	Q2 2025	Q1 2026	Q2 2026
Total Inventory (SF)	138,600,534	138,749,796	138,852,796
New Supply (SF)	1,059,208	129,000	103,000
Net Absorption (SF)	(289,601)	(179,965)	(52,333)
Overall Vacancy	4.8%	4.9%	5.0%
Under Construction (SF)	1,059,208	1,018,837	1,319,220
Overall Asking Rates (NNN)	\$19.15	\$19.61	\$19.67

Market Graph



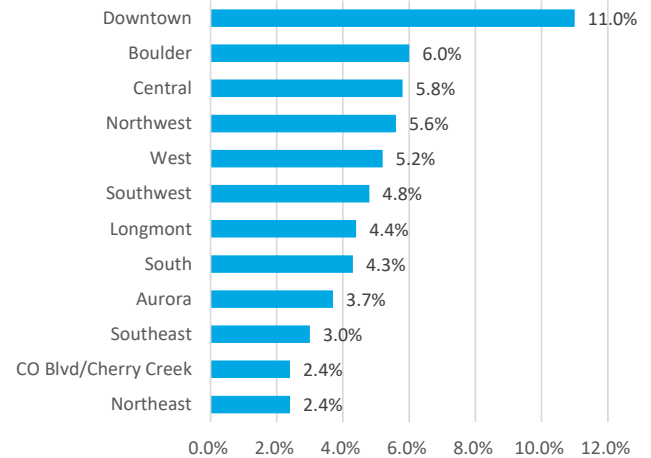
Quarterly swings between positive and negative absorption have defined Denver retail over the past two years, and Q2 continued the pattern at a much smaller scale. Net absorption registered approximately -52,000 SF, moderating from the first quarter's decline as occupancy losses narrowed. Deliveries totaled 103,000 SF, in line with the measured pace of recent quarters, and vacancy moved up 10 basis points to 5.0%. The construction pipeline expanded to roughly 1.32 million SF on new project starts, an early signal of returning developer confidence. With deliveries expected to remain moderate and leasing activity consistent, conditions support absorption trending back toward positive territory in the second half of the year.

Labor Force

	TOTAL NONFARM	LEISURE & HOSPITALITY	SERVICE INDUSTRY
12-Mo. Employment Growth	-0.5%	-0.1%	-4.0%
12-Mo. Actual Employment Change	-9.4	-0.3	-2.7

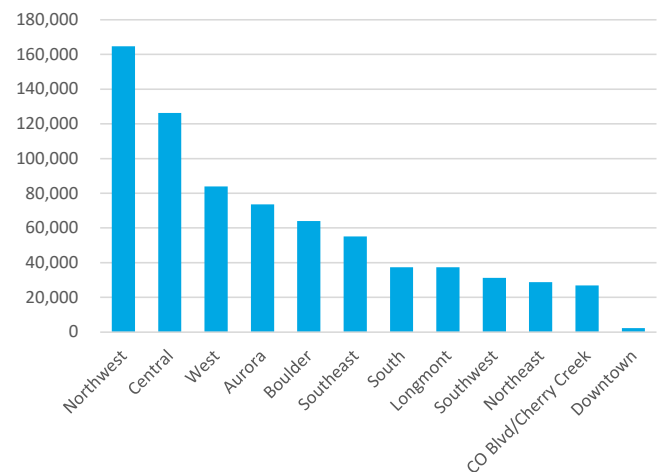
Vacancy

Overall vacancy rose 10 basis points from Q1 to close the second quarter at 5.0%, a 20-basis-point increase year-over-year. Downtown remains the most challenged submarket at 11.0%, up 30 basis points from Q1 and more than double the metro average. On the other end of the spectrum, Northeast (2.4%) and CO Blvd/Cherry Creek (2.4%) continue to hold the metro's tightest conditions, with CO Blvd/Cherry Creek moving up 20 basis points as 103,000 SF of new supply delivered during the quarter. Central posted the largest improvement, declining 30 basis points to 5.8% on 53,000 SF of positive absorption. The four largest submarkets by inventory, Northeast, Northwest, South, and West, together account for roughly 65% of total retail square footage and closed the quarter at a combined 4.5% vacancy, up about 10 basis points from Q1. Excluding Downtown, metro vacancy would sit at approximately 4.9%.



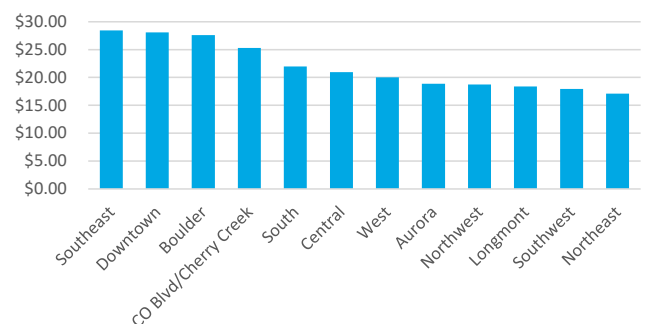
Absorption & Leasing Activity

Denver's retail market recorded approximately -52,000 SF of net absorption in Q2 2026, a moderating decline following the first quarter's pullback. Results were mixed, with 8 of 12 submarkets posting negative absorption during the quarter. CO Blvd/Cherry Creek led all submarkets with 91,000 SF of positive absorption alongside the quarter's new deliveries, followed by Central (53,000 SF), Longmont (13,000 SF), and South (8,000 SF). Declines were led by Northwest (-36,000 SF), Southwest (-35,000 SF), and West (-33,000 SF), though no submarket posted a loss larger than 36,000 SF, underscoring how contained the quarter's movement was. Leasing activity totaled approximately 546,000 SF across the metro, led by Northwest (165,000 SF) and Central (126,000 SF), indicating tenant demand continues to move through the market even as short-term occupancy metrics softened.



Rental Rates

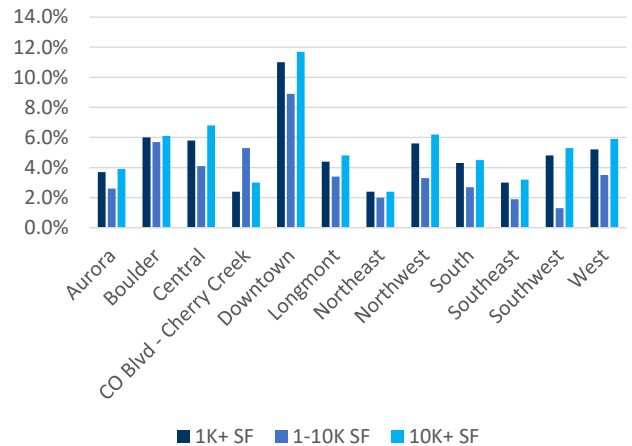
Average retail asking rents closed Q2 2026 at \$19.67/SF on a triple-net basis, up \$0.06 from Q1 and a 2.7% gain year-over-year. Rent growth has held steady even as vacancy has drifted higher, reflecting landlord confidence in the market's long-term fundamentals. The Southeast submarket commands the highest rents in the metro at \$28.46/SF, followed by Downtown (\$28.10/SF), Boulder (\$27.58/SF), and CO Blvd/Cherry Creek (\$25.30/SF). At the lower end, Northeast (\$17.10/SF), Southwest (\$17.94/SF), and Longmont (\$18.38/SF) remain the most affordable submarkets. The spread between the most and least expensive submarkets stands at more than \$11/SF, highlighting the range of retail pricing across the metro.



**These rental rates were pulled from CoStar. Based on our market knowledge, we believe actual rental rates may vary significantly depending on the trade area.*

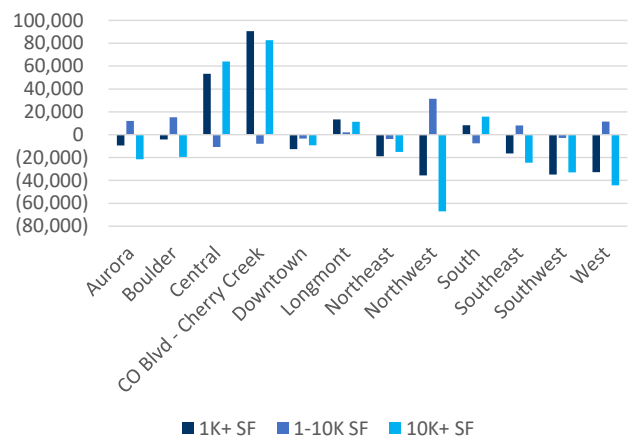
Vacancy by Square Footage

Vacancy rates across the metro continue to show a consistent pattern: smaller spaces (1-10K SF) run tighter than larger spaces (10K+ SF) in most submarkets. The gap is widest in Southwest, where 1-10K vacancy of 1.3% stands 400 basis points below the 5.3% recorded in 10K+ product, making it the metro's tightest small-space segment. Central (4.1% vs 6.8%), Northwest (3.3% vs 6.2%), and West (3.5% vs 5.9%) show similar dynamics, suggesting smaller retail spaces continue to be absorbed more efficiently across the metro. CO Blvd/Cherry Creek is the clearest exception, with 1-10K vacancy of 5.3% running above the 3.0% recorded in 10K+ space. Boulder remains close to parity at 5.7% and 6.1%. Downtown stays an outlier regardless of size, with 10K+ vacancy at 11.7% and 1-10K at 8.9%, both well above any other submarket.



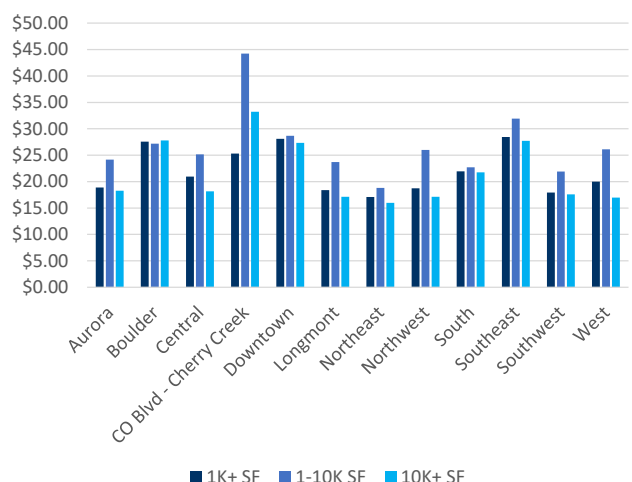
Net Absorption by Square Footage

Size-range results diverged in Q2 2026, with smaller spaces gaining ground while larger formats gave space back. The 1-10K SF segment posted positive absorption in six of 12 submarkets, led by Northwest (31,000 SF), Boulder (15,000 SF), and Aurora (12,000 SF). The 10K+ segment recorded losses in eight of 12 submarkets and drove the majority of the metro's negative headline figure. Northwest illustrates the split most clearly, gaining 31,000 SF in 1-10K space while losing 67,000 SF in 10K+ product. On the positive side, CO Blvd/Cherry Creek's 83,000 SF of 10K+ absorption represented over 90% of the submarket's total gain, and Central added 64,000 SF in larger space. These results suggest demand is currently concentrating in smaller footprints while larger-format space works through turnover.



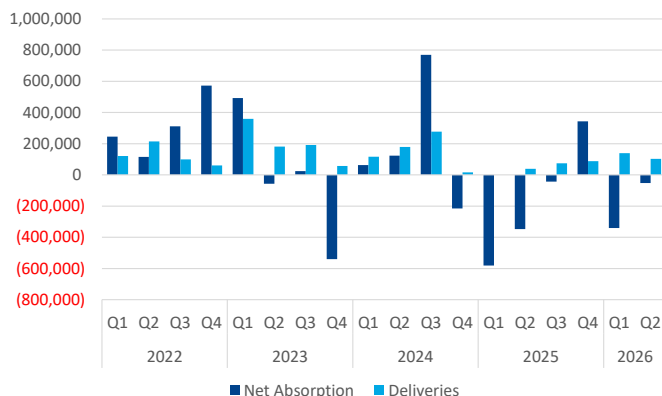
NNN Rent by Square Footage

Smaller retail spaces (1-10K SF) continue to command a rent premium over larger spaces (10K+ SF) across nearly every submarket, consistent with the tighter vacancy conditions in the smaller-space segment. The premium is most pronounced in Northwest, where 1-10K rents of \$25.99/SF are 52% higher than the \$17.11/SF for 10K+ space, and West (\$26.10 vs \$16.97) shows a similar spread. CO Blvd/Cherry Creek maintains the highest rents in both segments, with 1-10K at \$44.24/SF and 10K+ at \$33.24/SF, both well above the metro average. Boulder stands as the lone exception where 10K+ rents (\$27.80) edge above 1-10K (\$27.18), keeping it the most balanced submarket for rent across sizes. Downtown also runs close to parity at \$28.68 and \$27.34. These dynamics indicate tenants seeking smaller footprints continue to face the strongest pricing pressure across the metro.



Construction

Denver retail construction activity remained measured in Q2 2026, with approximately 103,000 SF delivering during the quarter, concentrated in the CO Blvd/Cherry Creek submarket. The construction pipeline expanded to roughly 1.32 million SF, up from 1.02 million SF at the end of Q1. The Southeast submarket now accounts for approximately 56% of the active pipeline, anchored by the 264,000 SF project at 20129 East Mainstreet slated for Q2 2027. Other large projects under construction include URWRLD at 4400 Fox St (165,000 SF, Q1 2027), 701 W Mineral Ave (150,000 SF, Q3 2026), and two M4 Developers projects of 123,000 SF each, both expected in Q4 2026. Deliveries have averaged approximately 100,000 SF per quarter over the past year, keeping new supply well aligned with demand.



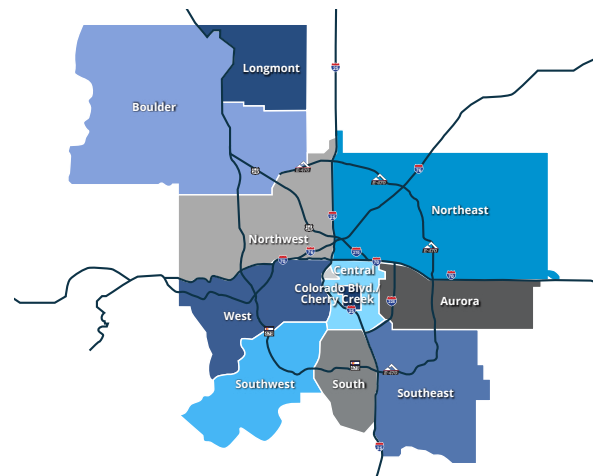
Investment Activity

Denver retail investment activity reached approximately \$792 million in sales volume through the first half of 2026 at an average of \$226.07/SF. The midyear total already represents roughly 60% of 2025's full-year volume of \$1.33 billion, positioning 2026 to potentially mark a third consecutive year above \$1.25 billion. Pricing has moderated from the levels recorded over the past three years, when averages held between \$237 and \$251/SF, with 2025 closing at \$250.46/SF and 2024 at \$248.73/SF. Sustained transaction volume alongside softer pricing reflects a market where buyers and sellers continue to find common ground even amid negative absorption. With momentum carrying over from two strong years, the investment market continues to signal stability and selective opportunity across the metro.



Market Description

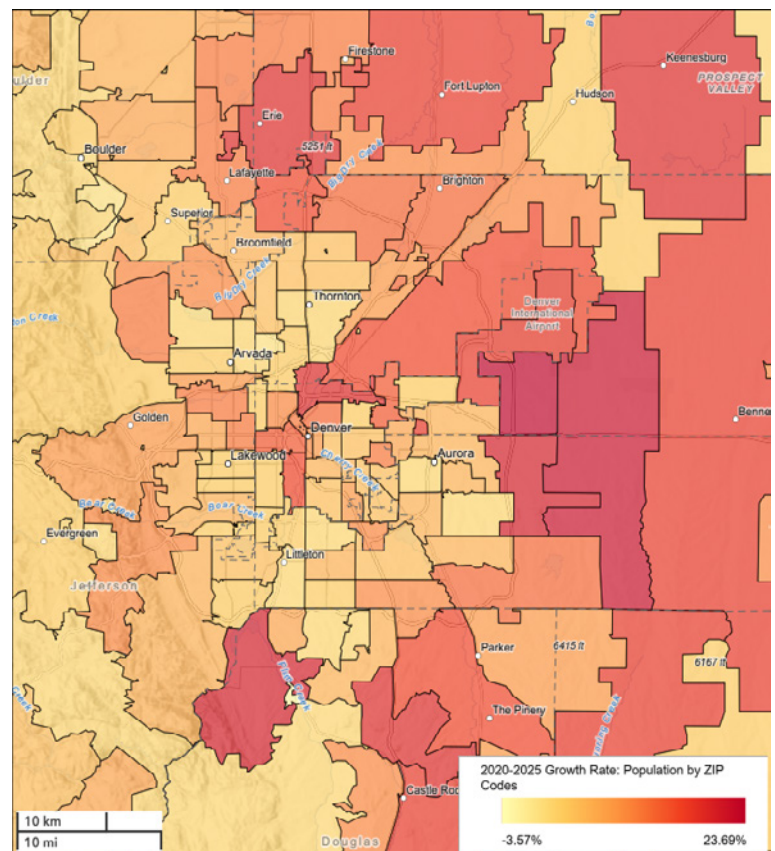
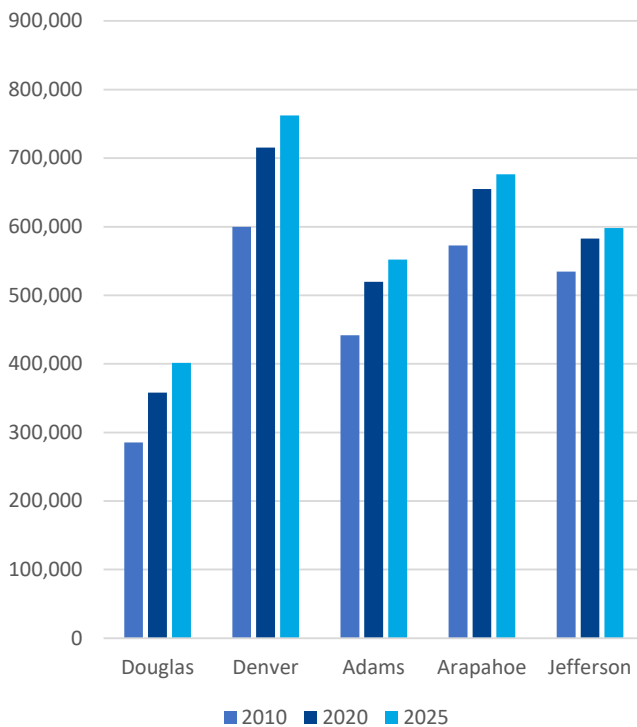
The Denver metro retail market encompasses approximately 138.9 million square feet of product across more than 3,500 buildings [CONFIRM BASIS LANGUAGE, see Flag 1]. Serving as the commercial hub of the Rocky Mountain region, Denver supports a diverse mix of national, regional, and local retailers drawn by the area's strong population growth and expanding suburban footprint. The market's geographic isolation, with no competing major metro within 400 miles, continues to make Denver a key destination for retailers seeking to establish or expand regional operations. Denver's unemployment rate sits at 3.8%, supporting continued consumer spending and overall economic stability. Backed by healthy fundamentals, consistent leasing demand, and a resilient tenant base, Denver's retail market remains well positioned for continued stability through the balance of 2026.



Population

County	2010	2020	2025	Change 20-25	% Change 20-25	%Change 10-25
Douglas	285,465	357,978	401,558	43,580	12.17%	40.67%
Denver	599,649	715,522	762,261	46,739	6.53%	27.12%
Adams	441,603	519,572	551,861	32,289	6.21%	24.97%
Arapahoe	572,446	655,070	676,303	21,233	3.24%	18.14%
Jefferson	534,622	582,910	598,145	15,235	2.61%	11.88%

Population Growth by County



Wealth

County	Average Household Income	Average Home Value	Median Age	Consumer Spending
Adams	\$124,853	\$567,565	35.7	\$13,755,328,181
Arapahoe	\$137,774	\$682,055	37.9	\$20,466,659,840
Denver	\$142,881	\$808,068	35.2	\$27,802,756,346
Jefferson	\$145,081	\$772,579	41.4	\$20,070,041,174
Douglas	\$188,009	\$788,711	39.9	\$15,551,485,836

Notable Retail Sales

Property	Submarket	Sale Price	SF	Price/SF	Buyer	Seller
8055 W Bowles Ave	Southwest	\$45,032,589	195,576	\$230.26	TriGate Capital	Vestar
1171 W Dillon Rd	Boulder	\$22,600,000	137,106	\$164.84	King Soopers	DRA Advisors
8555 W Belleview Ave	Southwest	\$22,393,497	98,919	\$226.38	AmCap	Loja Group
2695 S Monaco Pky	Central	\$18,000,000	78,564	\$229.11	Genesis Health Club	The Wellbridge Company
4000 Red Cedar Dr	South	\$16,982,537	58,573	\$289.94	Regency Centers	Shea Properties

Notable Leasing Activity

Property	Submarket	Leased SF	Lease Type	Tenant Name
4202-4262 Wadsworth Blvd	West	35,070	Direct	Crunch Fitness
10690 Del Mar Pky	Aurora	12,700	Direct	Autism Intervention Services
1200 E 104th Ave	Northeast	10,682	Direct	Halfdays Apparel Corp

Major Development Underway

Property	Submarket	SF	Developer	Estimated Completion
20129 East Mainstreet	Southeast	263,890	Confluence	Q2 2027
4400 Fox St - URWRLD	West	165,000	Vita Fox North	Q1 2027
701 W Mineral Ave	South	150,000	Republic Investment Group	Q3 2026
22600 E Radcliff Dr - King Soopers	Southeast	123,000	M4 Developers	Q4 2026
24755 E Quincy Ave	Aurora	123,000	M4 Developers	Q4 2026

Q2 Retail Overview

Submarket	# of Bldgs.	Total SF	Direct Vacancy %	Sublease Vacancy %	Total Vacancy %	Prior Qtr. Vacancy %	Leasing Activity	Overall Net Absorption	Deliveries	Under Construction	Average Rental Rate SF (NNN)
Aurora	755	12,812,417	3.50%	0.20%	3.70%	3.60%	73,621	(9,333)	0	123,000	\$18.88
Boulder	854	12,083,995	5.90%	0.10%	6.00%	6.00%	64,025	(4,183)	0	0	\$27.58
Central	2370	21,313,442	5.60%	0.30%	5.80%	6.10%	126,275	53,292	0	0	\$20.95
CO Blvd/ Cherry Creek	93	4,202,688	2.40%	0.00%	2.40%	2.20%	26,890	90,645	103,000	123,868	\$25.30
Downtown	220	3,193,801	10.70%	0.30%	11.00%	10.70%	2,366	(12,548)	0	0	\$28.10
Longmont	558	6,757,226	4.30%	0.10%	4.40%	4.60%	37,340	13,439	2,000	0	\$18.38
Northeast	1281	19,949,330	2.40%	0.00%	2.40%	2.30%	28,842	(18,790)	0	27,362	\$17.10
Northwest	1565	25,068,559	5.40%	0.20%	5.60%	5.50%	164,725	(35,677)	0	28,270	\$18.75
South	957	19,842,598	4.20%	0.10%	4.30%	4.30%	37,427	8,244	0	150,000	\$21.96
Southeast	966	16,207,487	2.90%	0.00%	3.00%	2.90%	55,145	(16,468)	2,842	743,943	\$28.46
Southwest	514	10,977,343	4.60%	0.20%	4.80%	4.50%	31,205	(34,759)	0	0	\$17.94
West	2475	25,373,260	5.00%	0.10%	5.20%	5.00%	83,943	(32,742)	0	165,000	\$20.01
MARKET TOTAL	3550	138,852,796	4.90%	0.10%	5.00%	4.90%	545,832	(52,333)	103,000	1,319,220	\$19.67

Q2 Shopping Center Overview

Submarket	# of Bldgs.	Total SF	Direct Vacancy %	Sublease Vacancy %	Total Vacancy %	Prior Qtr. Vacancy %	Leasing Activity	Overall Net Absorption	Deliveries	Under Construction	Average Rental Rate SF (NNN)
Malls	112	11,258,628	6.8%	0.0%	6.8%	5.8%	32,435	(108,323)	0	0	-
Power Centers	198	15,493,350	6.4%	0.0%	6.4%	5.9%	49,831	(71,239)	0	0	\$10.43
Neighborhood/ Community Center	2,415	61,087,117	5.5%	0.1%	5.7%	5.8%	319,453	111,980	0	283,620	\$21.63
Strip Center	376	6,255,572	6.9%	0.1%	7.0%	6.5%	77,002	(30,343)	0	0	\$19.11
Other	4	315,841	-	-	0.0%	0.0%	-	-	0	0	-
SHOPPING CENTERS TOTAL	3,870	96,620,541	5.7%	0.1%	5.8%	5.7%	503,957	(84,809)	0	283,620	\$20.32

351 offices in 67 countries on 6 continents

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



\$3.3B
in revenue



2B
square feet under management



18,000 +
professionals and staff

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