

Colliers

Denver

Industrial 26Q3

Denver's industrial market is nearing the end of its rebalance. Net absorption outpaced new deliveries again in the third quarter, as steady tenant demand continued to work through space from the last building wave. Leasing activity picked up, and vacancy edged lower for another quarter. Most of the remaining vacancy sits in newer, larger buildings, which will take the longest to fill. Construction has pulled back sharply from its peak, and the pipeline that remains is mostly speculative. Asking rents eased as landlords priced more competitively to fill space. Investment sales are on pace to top last year's total, though higher interest rates are expected to slow activity into year end. With demand ahead of supply and little new construction coming, Denver is set to move into recovery heading into 2027.



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Key Takeaways

- Asking rents eased as landlords priced to fill space, even as vacancy fell 8 bps.
- Net absorption rebounded to 1.4 MSF, outpacing the 1.2 MSF that delivered this quarter.
- 45% of vacant space is in buildings delivered after 2015.

Vacancy Rate	YOY	Net Absorption	YOY	Under Construction	YOY	Overall Industrial Asking Lease Rates (NNN)	YOY
8.11%	▼	1.45M	▲	4.07M SF	▬	$11.13/SF	▼
	FORECAST		FORECAST		FORECAST		FORECAST

Denver Industrial Holds Steady

Denver's industrial market is at the end of rebalance and close to entering recovery. Demand has held steady for years, and supply was the swing factor; the building wave that pushed vacancy higher has now largely delivered. Net absorption reached 1.4 MSF in Q3 2026 and outpaced the 1.2 MSF that delivered, even after a single occupier gave back about 1.1 MSF earlier in the year. Nearly 45% of vacant space sits in buildings delivered after 2015, most of it large big box product, which will take the longest to fill. Asking rents eased as landlords priced to fill space, and construction has held around 1% of inventory, with most of the pipeline speculative. Investment sales are on pace to pass 2025's total, though a 5.24% 10-year Treasury is expected to slow activity in Q4. With absorption expected to outpace deliveries in eight of the next nine quarters, vacancy is forecast to reach 7.0% in about 1.4 years.

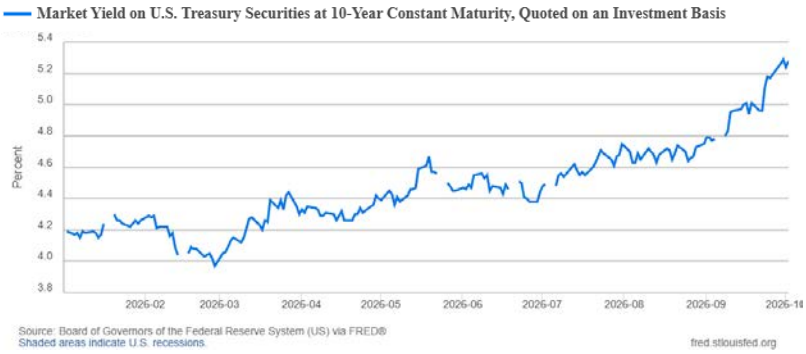
Denver Industrial Stats

	Q3 2026
Total Buildings	5,638
Total RBA (SF)	287,118,697
Direct Vacant SF	21,455,188
Direct Vacancy %	7.47%
Sublet Vacant SF	1,837,905
Sublet Vacancy %	0.64%
Total Vacant SF	23,293,093
Total Vacancy %	8.11%
Net Absorption QTD (SF)	1,454,608
Under Construction SF	4,069,838

Market Indicators

4.60%
Unemployment Rate

5.24%
U.S. 10 Year Treasury Note (as of EOQ)



Labor Force

	12-MO. EMPLOYMENT GROWTH	12-MO. ACTUAL EMPLOYMENT CHANGE
Construction	1.20%	1.4
Manufacturing	-2.60%	-1.7
Transportation	-1.30%	-3.8

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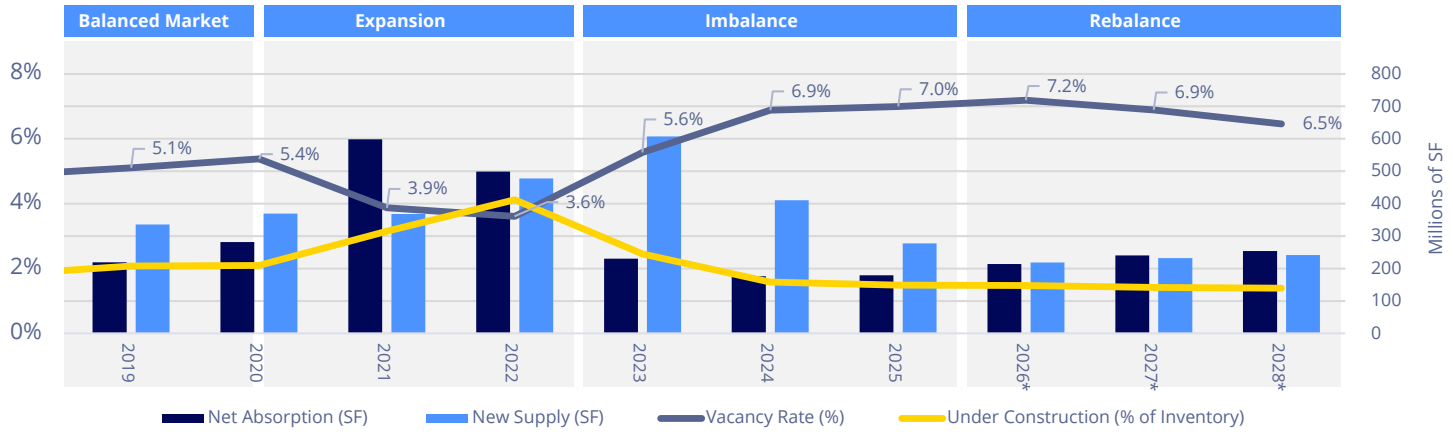
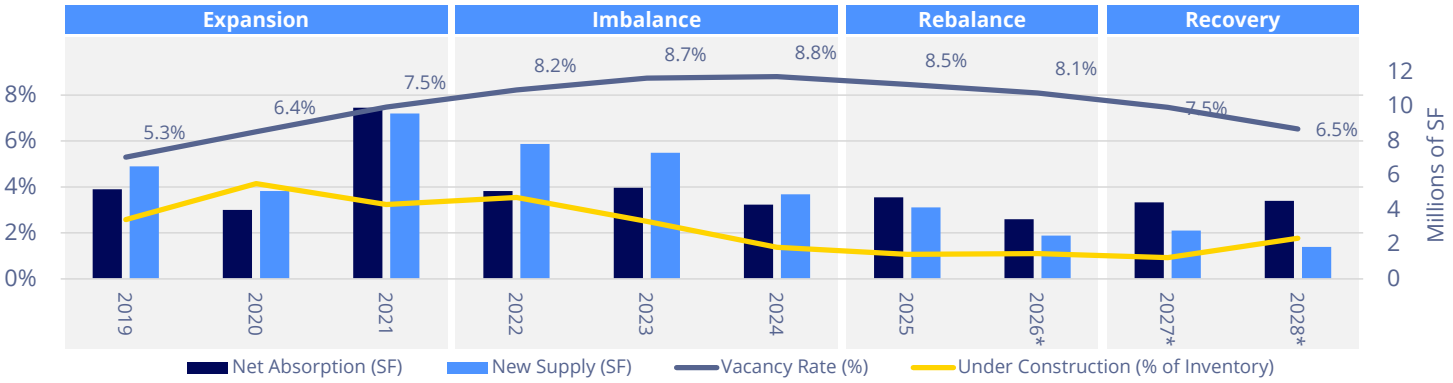
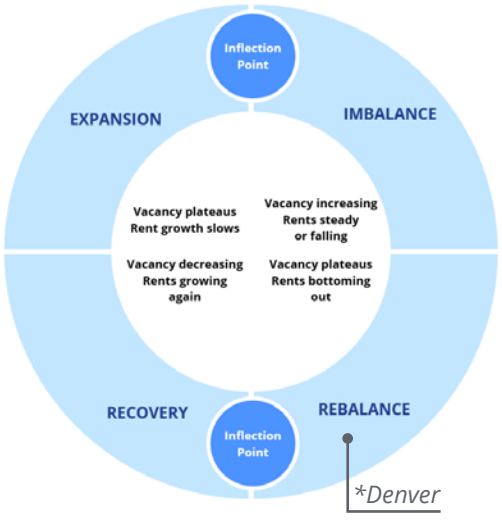
US Market Industrial Cycle



Denver at a Glance

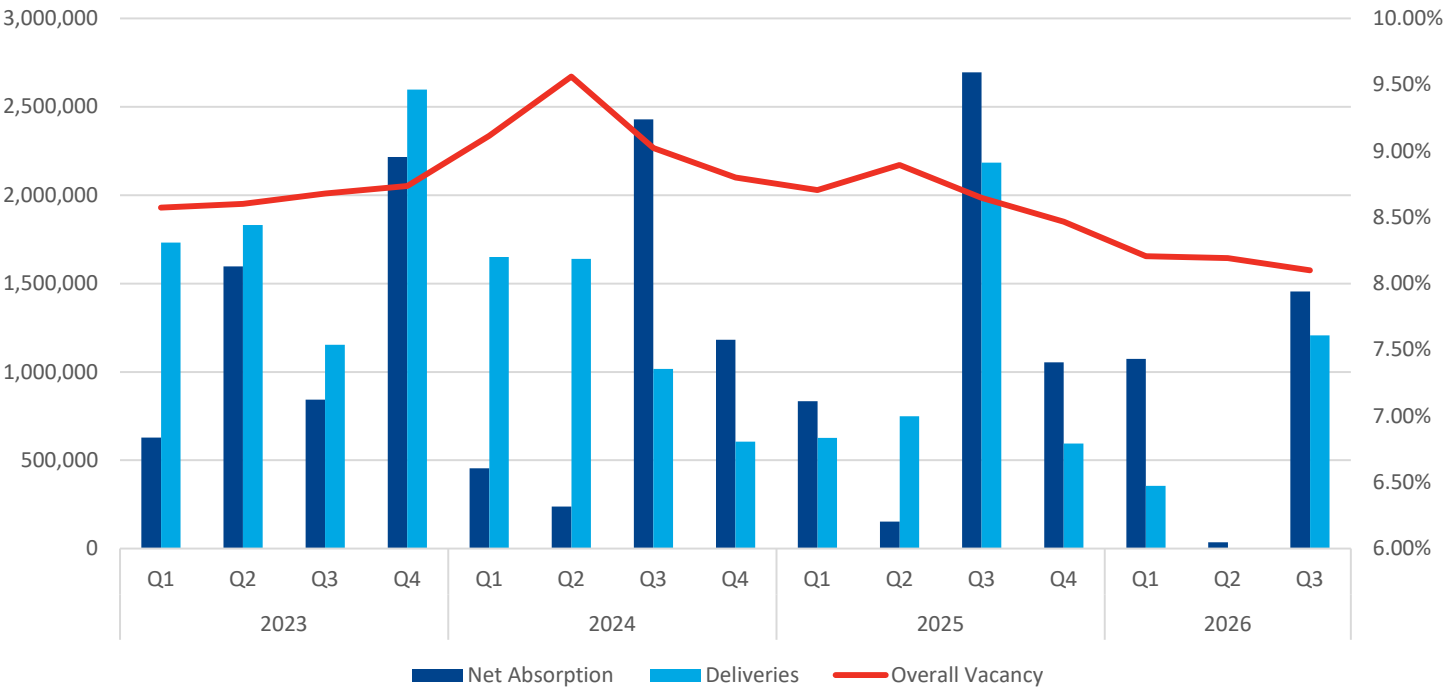


*Forecast



Denver sits at the end of the rebalance phase and is close to moving into recovery. Most of the last building wave has delivered, and new supply is now arriving slower than tenants absorb it. Net absorption has averaged about 1.3 MSF per quarter over the last five quarters, and at that pace demand is expected to outpace deliveries in eight of the next nine quarters. The next quarter will be quieter. About 950,000 SF is scheduled to deliver in Q4 2026, close to what the market is expected to absorb, so vacancy should hold relatively flat. After that the pipeline thins and vacancy should start to fall. At the average pace of demand, Denver reaches 7.0% vacancy in about 1.4 years and a stabilized 5.5% in about 2.3 years. The U.S. market sits a step behind. Nationally, new supply and demand are expected to roughly match in 2026, with absorption only pulling ahead in 2027, while Denver's demand is already ahead of its deliveries. With the pipeline thinning and demand holding steady, Denver is set up to exit rebalance and move into a stable recovery.

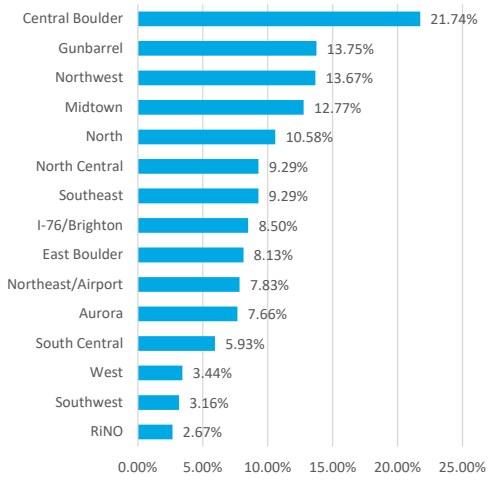
Vacancy and Demand



Demand in Denver has been steadier than vacancy suggests. Annual net absorption has held between about 4.0 and 5.3 MSF every year since 2019, outside of a 9.9 MSF spike in 2021. Supply was the swing factor. From 2022 through 2024, deliveries outran absorption by about 5.4 MSF, and that excess is the space the market is still working through. The trend flipped in 2025, the first year since 2021 that absorption beat deliveries, and 2026 is on track to do it again. A single occupier gave back about 1.1 MSF across Q1 and Q2 2026, but even with that loss Denver has absorbed 2.6 MSF this year against 1.6 MSF of deliveries. Q3 2026 alone brought 1.4 MSF of net absorption against 1.2 MSF delivered. Leasing activity points the same way, rising to 3.9 MSF from 3.2 MSF last quarter and 3.1 MSF a year ago. More tenants are signing deals and fewer new buildings are competing for them, so expect absorption to keep outpacing new supply.

Vacancy

Vacancy has eased for five straight quarters, but the decline has been slow because of where the empty space sits. About 10.4 MSF, nearly 45% of all vacant space, is in buildings delivered after 2015, and most of that came from the big box wave. Since 2019, nearly 90% of new industrial SF has been in buildings over 100,000 SF, while buildings under 50,000 SF made up less than 5%. Vacancy by size follows that pattern. Buildings over 100,000 SF sit at 9.3% and hold 58% of all vacant space, while small bay buildings of 10,000 to 49,999 SF are at 6.6% with almost no new supply competing for tenants. Product type shows a similar split. Warehouse/distribution vacancy is 8.0%, while flex is higher at 8.5% and posted slightly negative absorption this quarter, led by weakness in Central Boulder (28.1%) and Midtown (19.0%) flex.



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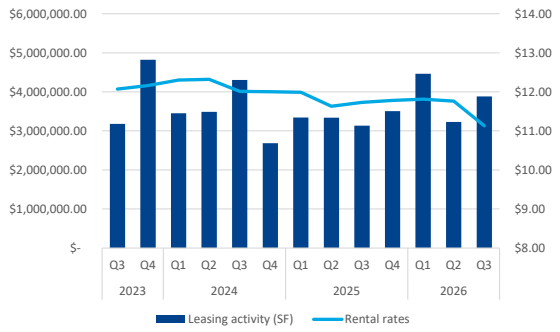
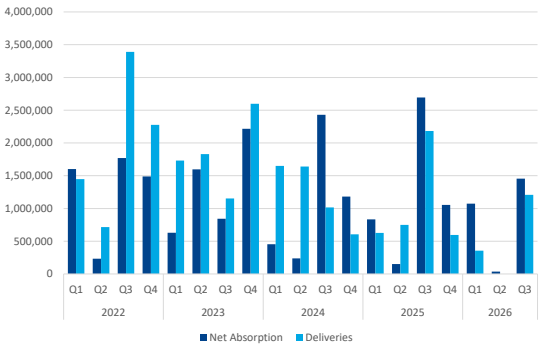
Rental Rates

Industrial vacancy in Denver has held above 8% for 16 straight quarters, and asking rents are starting to reflect it. After sitting in a narrow range of roughly $11.60 to $12.00/SF NNN for two years, the average asking rate dipped to $11.13/SF NNN in Q3 2026. Landlords held pricing through most of the rebalance, but with a large amount of space still available, more are lowering rates to compete for tenants. Leasing activity has stayed steady over the same stretch, between about 3 and 4.5 MSF per quarter, a sign that tenants are active but still have choices. As vacancy eases and the construction pipeline thins, asking rates are expected to hold flat through the early stages of recovery.



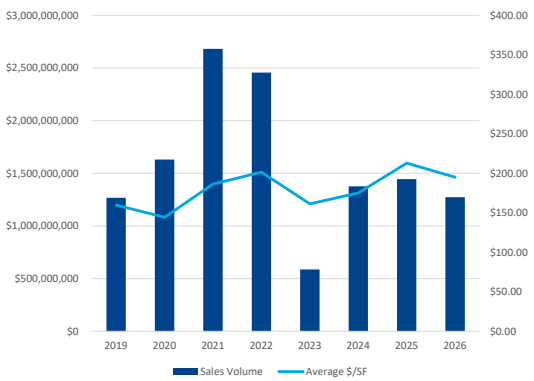
Construction

Construction has pulled back sharply from its peak. Projects under construction equaled about 4% of Denver's inventory in 2020 and have held around 1% since 2024. Deliveries followed, falling from 9.6 MSF in 2021 to 4.2 MSF in 2025, and 2026 is forecast to finish near 2.5 MSF. That slowdown is what has let absorption catch up to supply. Large build to suits made up a meaningful share of recent deliveries, with several projects over 500,000 SF completed since 2023. With construction costs still elevated, few new build to suits have broken ground, and the remaining pipeline is mostly speculative. Of the 4.1 MSF under construction today, about 95% is spec, and four large big box projects on the north and northeast side account for about two thirds of it. Construction is expected to stay around 1% of inventory through 2027 while the market works through existing vacancy, then pick up in 2028 as vacancy nears 7%.



Investment Activity

Denver industrial sales reached $1.27 billion through Q3 2026, an average of about $424 million per quarter, and need only about $172 million in Q4 to pass 2025's full year total of $1.44 billion. Average pricing is lower this year at $195/SF, down from $213/SF in 2025, though that partly reflects the mix of assets that traded. Industrial outdoor storage (IOS) has been the exception. Investor activity in IOS has been heavy, and IOS assets have traded at an average of $242.55/SF in 2026, a 30% premium over non-IOS industrial. Demand for yard space from contractors, fleets, and logistics users keeps that premium in place, and limited zoning for new IOS sites keeps supply tight. The bigger shift is in borrowing costs, with the 10-year Treasury sitting at 5.24% heading into Q4, raising the cost of deb. With that uncertainty in the debt and capital markets, Q4 volume is expected to slow, though Denver remains on pace to pass its 2025 total.



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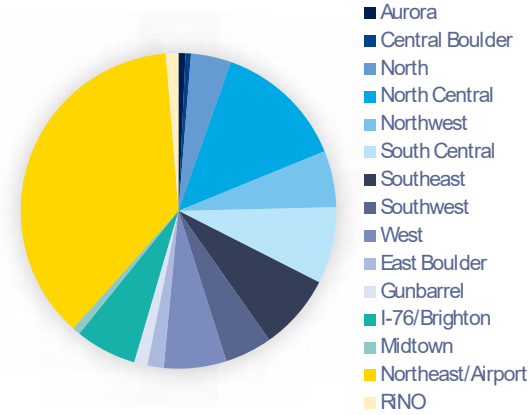
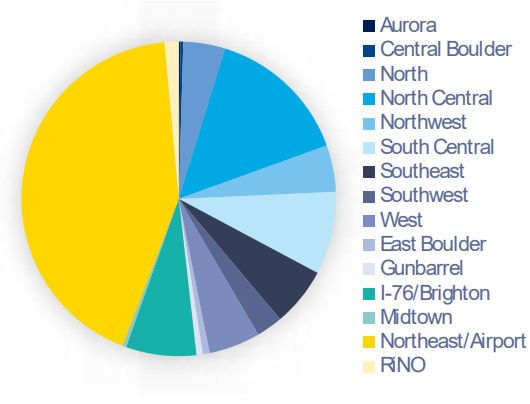


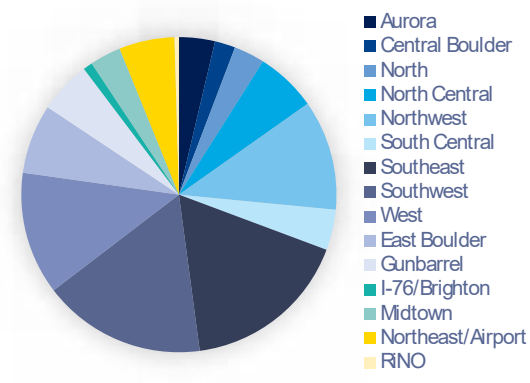
Percent of Total Market

Denver's industrial market totals 287.1 MSF across 15 submarkets, and half of it sits in just two. Northeast/Airport holds 37.1% of all inventory, built around I-70, E-470, and Denver International Airport. North Central follows at 13.4%, anchored by older, centrally located industrial along I-25 and I-70. South Central (7.9%), Southeast (7.8%), West (6.4%), and I-76/Brighton (6.3%) make up the next tier. The Boulder submarkets, Midtown, RiNo, and Aurora are much smaller, and together account for less than 6% of the metro. The result is a market concentrated in a few large corridors, with smaller submarkets serving local and specialty users across the rest of the region.



Percent of Wh/dist SF

Warehouse/distribution totals 243.3 MSF, about 85% of the market, and it is even more concentrated than the total. Northeast/Airport alone holds 42.7% of all warehouse space, and nearly 98% of its own inventory is warehouse/distribution, reflecting its role as Denver's main logistics hub. North Central (14.7%), South Central (8.5%), and I-76/Brighton (7.2%) follow. Together, Northeast/Airport, North Central, and I-76/Brighton hold nearly two thirds of the metro's warehouse inventory. That north and east side of the metro is where land, highway access, and large sites drew most of the big box development of the last decade, and where most of the current pipeline is still being built.



Percent Flex SF

Flex totals 43.8 MSF, about 15% of Denver's industrial inventory, and it follows a very different map than warehouse. Southeast leads with 17.2% of all flex space, followed closely by Southwest (16.7%), West (12.6%), and Northwest (11.3%). Together those four suburban submarkets hold nearly 60% of the metro's flex inventory, mostly in business parks near population centers. The Boulder submarkets add another 14.6%, driven by tech, R&D, and life science users. Northeast/Airport, the center of the warehouse market, holds just 5.7% of flex. Flex is spread more evenly across the metro, serving smaller tenants that value location and access over size.

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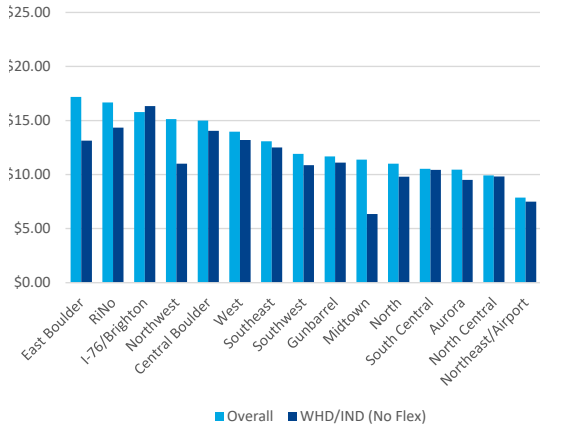
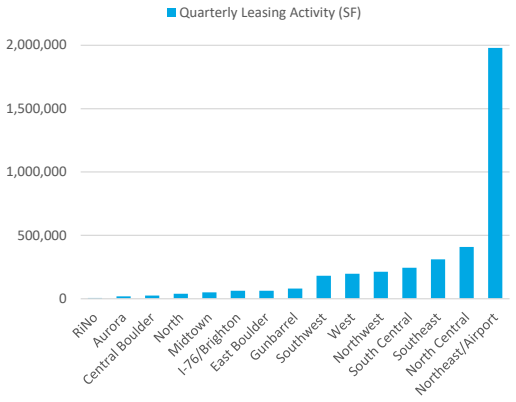
Submarket Rental Rates

Rents follow product type and building size more than location. East Boulder leads at $17.18/SF NNN overall, where flex makes up most of the inventory and new supply is limited. RiNo ($16.67/SF NNN) and I-76/Brighton ($15.78/SF NNN) follow, along with Northwest ($15.13/SF NNN). The gap between overall and warehouse rents shows how much flex lifts pricing. In Northwest, overall rents run more than $4.00/SF above warehouse/distribution at $11.00/SF NNN. At the other end, Northeast/Airport has the lowest rents at $7.87/SF NNN, followed by North Central at $9.92/SF NNN. Both are dominated by large bay warehouse space, where tenants have the most options and landlords compete hardest on price.



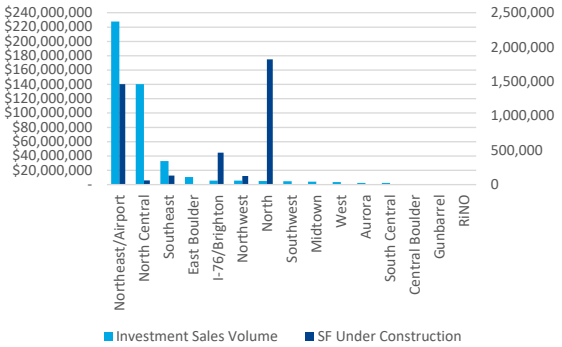
Submarket Demand

Northeast/Airport drove demand in Q3 2026. The submarket recorded 2.0 MSF of leasing activity, about half of the metro total, and led net absorption at 648,574 SF. The quarter's largest deals were all in the submarket, led by Aspen Distribution's 355,630 SF new lease at 11275 E 40th Ave and Gulfside Supply's 94,920 SF at 11075 E 40th Ave. Rexel's 212,800 SF renewal at 11175 E 55th Ave and Larsen Warehousing's 167,995 SF extension at 11685 E 53rd Ave kept large tenants in place. I-76/Brighton followed with 615,000 SF of net absorption despite just 63,000 SF of new leasing. North Central (409,000 SF) and Southeast (310,000 SF) posted the next highest leasing totals. Large bay warehouse remains the main source of demand.



Submarket Investment

Sales and construction are landing in different parts of the metro. Northeast/Airport is the only submarket leading in both, with $228 million in sales volume and 1.5 MSF under construction. North Central ranked second in sales at $140 million, but with just 62,000 SF under construction, investors there are buying existing buildings in a land constrained, central location. North shows the opposite pattern. It holds the most construction in the metro at 1.8 MSF, about 45% of the total, but recorded under $5 million in sales. I-76/Brighton follows a similar path with 466,000 SF under way and limited trading. Outside those corridors, activity is thin. Nine of 15 submarkets have nothing under construction, and most recorded less than $11 million in sales.



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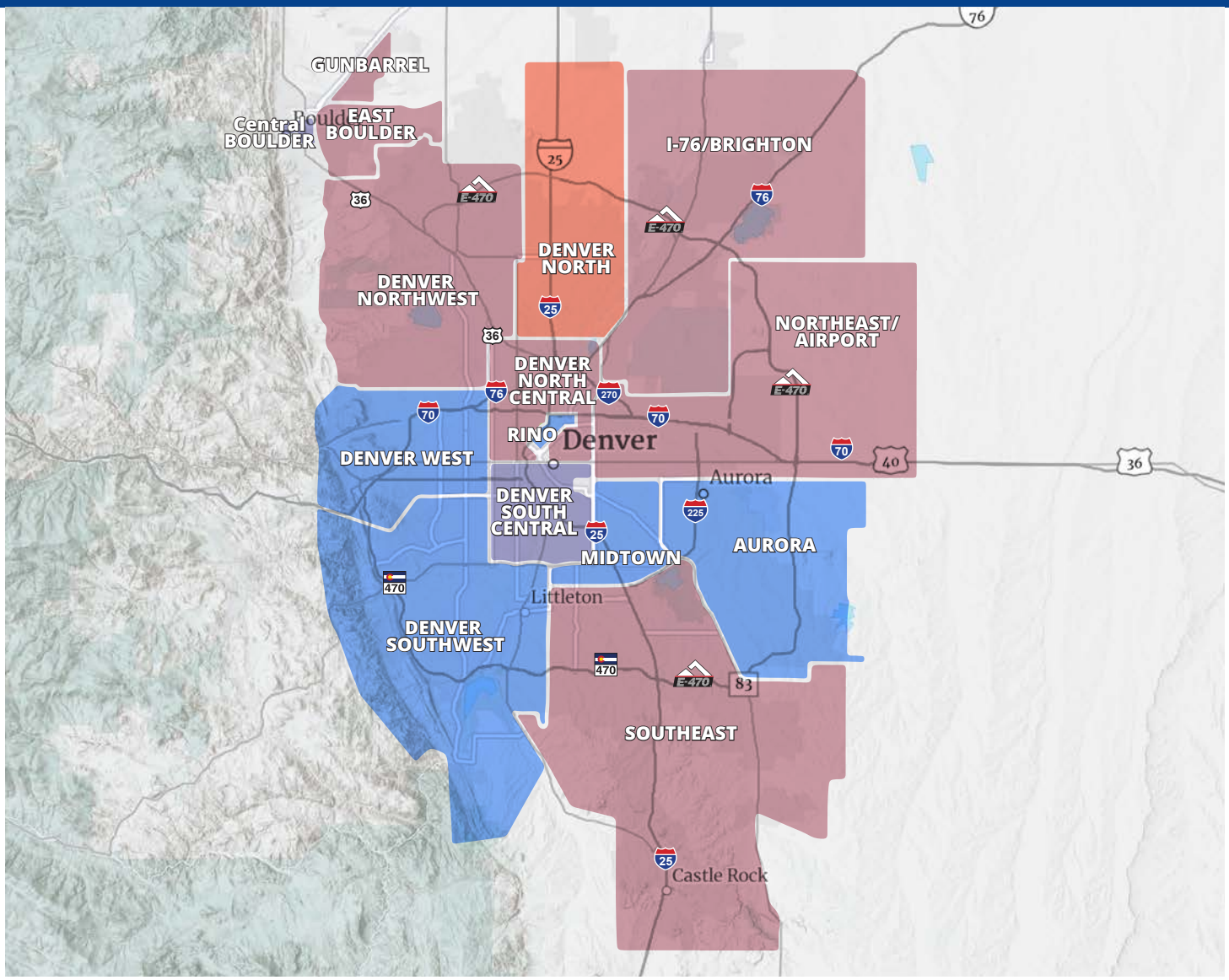

Market Description

The Denver metro industrial market comprises 287 MSF in buildings over 10,000 SF. Denver sits more than 400 miles from the nearest major distribution hub, so companies serving the Mountain West need a local presence, which keeps a steady base of demand under the market. Overall, Denver is at the end of rebalance, but its submarkets sit at different points in the cycle. Aurora, Midtown, RiNo, Southwest, and West are balanced, with supply and demand roughly even and no new construction underway. Central Boulder and South Central are in recovery, as tenants work through available space with no new supply competing for them. Most of the metro remains in rebalance, including Northeast/Airport, I-76/Brighton, North Central, Southeast, Northwest, East Boulder, and Gunbarrel, where construction has slowed and vacancy has leveled off. Northeast/Airport and I-76/Brighton still have about 1.9 MSF under construction between them. North is the only submarket in imbalance, with 1.8 MSF under construction still to deliver. As the pipeline thins, more submarkets are expected to move toward recovery.

IMBALANCE	Supply outpaces demand. Vacancy rises and rents flatten or fall.
REBALANCE	Construction slows. Vacancy plateaus at elevated levels and rents bottom out.
RECOVERY	Demand absorbs excess space. Vacancy falls and rents grow again.
BALANCED	Supply and demand are roughly even. Vacancy is stable and rents grow modestly.
EXPANSION	Demand outpaces supply. Vacancy is low, rents are rising, and developers start new spec projects.

Notable Industrial Sales

Property	Submarket	Sale Price	SF	Price/SF	Buyer	Seller
North Central Logistics Center	North Central	$117,035,000	641,039	$182.57	Stonemont Financial Group	Link Logistics Real Estate
The Collection at Airport Central (5-Property Sale)	Northeast	$73,000,000	604,429	$120.78	Berkeley Partners	Prologis, Inc.
Park 225	Northeast	$34,000,000	142,760	$238.16	Tradition Senior Living, LP	Westcore
Helix-Tesla	Southeast	$28,059,130	60,000	$467.65	Realty Income Corporation	Shea Properties
York IOS	North Central	$10,272,332	21,683	$473.75	Agree Realty	Piedra peak

Notable Leasing Activity

Property	Submarket	Leased SF	Lease Type	Tenant Name
11275 E 40th Ave	Northeast	355,630	New	Aspen Distribution Inc.
11175 E 55th Ave	Northeast	212,800	Renewal	Rexel USA, Inc.
11685 E 53rd Ave	Northeast	167,995	Extension	Larsen Warehousing & Distributing, Inc.
11075 E 40th Ave	Northeast	94,920	New	Gulfside Supply, Inc.

Under Construction

Property	Submarket	SF	Developer	Estimated Completion
Crossroads 25	North	827,900	Trammell Crow	Q4 2027
AERO 70	Northeast	817,475	United Properties	Q4 2026
Eagle 25	North	607,000	LPC	Q3 2027
Picadilly Crossing	Northeast	513,720	Brennan	Q2 2027

Denver | Q3 2026 | Industrial | Market Statistics

Vacancy & Absorption by Submarket: Warehouse/Ind vs Flex

	Warehouse/Ind					Flex					Overall (WH/Ind + Flex)				
Submarket	# BLDGS	RBA	VACANT SF	VAC %	NET ABS	# BLDGS	RBA	VACANT SF	VAC %	NET ABS	# BLDGS	RBA	VACANT SF	VAC %	NET ABS
Aurora	13	435,366	15,000	3.4%	0	50	1,616,082	142,207	8.8%	0	63	2,051,448	157,207	7.7%	0
Central Boulder	16	684,992	90,328	13.2%	0	31	923,946	259,441	28.1%	0	47	1,608,938	349,769	21.7%	0
East Boulder	48	1,712,873	73,185	4.3%	0	115	3,120,436	319,902	10.3%	0	163	4,833,309	393,087	8.1%	0
Gunbarrel	24	1,582,245	368,491	23.3%	0	52	2,346,999	171,634	7.3%	0	76	3,929,244	540,125	13.7%	0
I-76/Brighton	270	17,600,422	1,487,638	8.5%	614,873	22	419,300	43,210	10.3%	0	292	18,019,722	1,530,848	8.5%	614,873
Midtown	32	926,278	30,488	3.3%	0	53	1,403,405	267,053	19.0%	0	85	2,329,683	297,541	12.8%	0
North	141	10,438,559	1,117,680	10.7%	6,298	52	1,385,617	133,287	9.6%	0	193	11,824,176	1,250,967	10.6%	6,298
North Central	803	35,866,222	3,408,225	9.5%	27,123	105	2,742,631	179,945	6.6%	0	908	38,608,853	3,588,170	9.3%	27,123
Northeast/Airport	1,164	103,971,740	8,151,473	7.8%	648,574	88	2,491,680	185,883	7.5%	0	1,252	106,463,420	8,337,356	7.8%	648,574
Northwest	241	11,654,537	1,684,027	14.4%	5,607	146	4,957,250	587,545	11.9%	14,376	387	16,611,787	2,271,572	13.7%	19,983
RiNo	62	3,519,913	80,709	2.3%	0	11	196,352	18,346	9.3%	0	73	3,716,265	99,055	2.7%	0
South Central	668	20,722,570	1,218,479	5.9%	56,964	70	1,822,544	119,148	6.5%	0	738	22,545,114	1,337,627	5.9%	56,964
Southeast	281	14,730,591	1,416,591	9.6%	117,623	244	7,534,154	650,959	8.6%	-46,830	525	22,264,745	2,067,550	9.3%	70,793
Southwest	176	6,602,305	122,961	1.9%	0	165	7,334,752	317,963	4.3%	0	341	13,937,057	440,924	3.2%	0
West	313	12,848,907	289,235	2.3%	0	182	5,526,029	342,060	6.2%	10,000	495	18,374,936	631,295	3.4%	10,000
Total	**4,252**	**243,297,520**	**19,554,510**	**8.0%**	**1,477,062**	**1,386**	**43,821,177**	**3,738,583**	**8.5%**	**-22,454**	**5,638**	**287,118,697**	**23,293,093**	**8.1%**	**1,454,608**

Vacancy & Absorption by Submarket: Size Range

Warehouse/Ind and Flex only. Vacancy bucketed by building RBA. Absorption bucketed by deal SF on POS/NEG.

	10K-49,999					50K-99,999					100K+				
Submarket	# BLDGS	RBA	VACANT SF	VAC %	NET ABS	# BLDGS	RBA	VACANT SF	VAC %	NET ABS	# BLDGS	RBA	VACANT SF	VAC %	NET ABS
Aurora	56	1,137,888	78,650	6.9%	0	4	245,193	24,969	10.2%	0	3	668,367	53,588	8.0%	0
Central Boulder	38	763,035	114,362	15.0%	0	5	321,751	31,840	9.9%	0	4	524,152	203,567	38.8%	0
East Boulder	149	3,125,930	332,947	10.7%	0	7	463,615	1,844	0.4%	0	7	1,243,764	58,296	4.7%	0
Gunbarrel	53	1,317,359	159,090	12.1%	0	11	706,764	92,716	13.1%	0	12	1,905,121	288,319	15.1%	0
I-76/Brighton	223	4,608,952	149,770	3.2%	61,200	29	2,012,947	54,600	2.7%	84,024	40	11,397,823	1,326,478	11.6%	469,649
Midtown	76	1,659,154	128,885	7.8%	0	7	431,409	33,656	7.8%	0	2	239,120	135,000	56.5%	0
North	130	2,866,249	172,040	6.0%	6,298	29	1,916,213	309,713	16.2%	0	34	7,041,714	769,214	10.9%	0
North Central	720	16,023,371	915,694	5.7%	32,431	102	7,072,808	564,143	8.0%	28,406	86	15,512,674	2,108,333	13.6%	-33,714
Northeast/Airport	729	17,166,199	947,710	5.5%	87,555	211	14,767,237	901,238	6.1%	199,660	312	74,529,984	6,488,408	8.7%	361,359
Northwest	290	6,452,988	683,133	10.6%	-36,530	60	4,304,333	523,759	12.2%	56,513	37	5,854,466	1,064,680	18.2%	0
RiNo	57	1,162,745	44,861	3.9%	0	11	743,266	54,194	7.3%	0	5	1,810,254	0	0.0%	0
South Central	659	13,650,397	1,052,312	7.7%	56,964	56	3,799,525	211,672	5.6%	0	23	5,095,192	73,643	1.4%	0
Southeast	381	7,931,954	519,106	6.5%	70,793	96	6,693,159	563,437	8.4%	0	48	7,639,632	985,007	12.9%	0
Southwest	291	6,035,298	339,812	5.6%	0	35	2,376,018	101,112	4.3%	0	15	5,525,741	0	0.0%	0
West	423	9,071,706	473,733	5.2%	10,000	43	2,657,612	143,842	5.4%	0	29	6,645,618	13,720	0.2%	0
Total	**4,275**	**92,973,225**	**6,112,105**	**6.6%**	**288,711**	**706**	**48,511,850**	**3,612,735**	**7.4%**	**368,603**	**657**	**145,633,622**	**13,568,253**	**9.3%**	**797,294**

Historical Trend | 2017 to 2026

Metric	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026 YTD
Vacancy	4.50%	4.30%	5.30%	6.40%	7.50%	8.22%	8.73%	8.80%	8.47%	8.11%
Absorption (SF)	4,231,389	4,779,127	5,203,482	4,002,031	9,936,282	5,093,429	5,284,761	4,305,191	4,735,125	2,565,025
Deliveries (SF)	4,894,266	4,953,656	6,531,350	5,104,782	9,591,406	7,832,085	7,313,071	4,913,458	4,154,658	1,562,936
Deliveries over 100K SF	18	10	20	25	31	28	25	18	14	5 (18 UC)
Average Rate/SF	$8.57	$8.47	$9.00	$9.64	$10.29	$11.04	$12.15	$11.95	$11.84	$11.13

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$5.0B+
annual revenue

2B
square feet under management

24,000
professionals and staff

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