

Colliers

Denver

Retail 26Q3

Denver retail softened in the third quarter as tenants gave back more space than they leased and new deal activity slowed. The change is coming from demand, not supply. Almost nothing new has delivered in a year, so the vacancy opening up is space tenants left behind in existing centers. Landlords are still holding rents above last year's levels, and smaller shop space remains tighter than larger space across most of the metro. Investors have not pulled back, with sales volume running ahead of last year's pace. With little new supply on the way, the market stays close to balance, and the direction from here depends on whether leasing recovers.



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Key Takeaways

- Vacancy rose 20 bps to 6.1% as move-outs outpaced new leasing
- Net absorption fell to -136K SF; no new space delivered for a fourth straight quarter
- Leasing activity slowed to 506K SF, down 32% year-over-year
- Asking rents reached $20.20/SF NNN, up 4.3% YOY but down slightly from Q2
- Year-to-date sales volume reached $1.06B, running 17% ahead of 2025

Vacancy Rate 6.1% — YOY ▲ / FORECAST ▼

Net Absorption -136K SF — YOY ▼ / FORECAST ▲

Under Construction 316K SF — YOY ▲ / FORECAST ▲

Overall Retail Asking Lease Rates (NNN) $20.20/SF — YOY ▲ / FORECAST ▲

Denver Retail Moves Toward Balance at Midyear

Denver's retail market lost ground in Q3 2026 as tenants vacated more space than they leased. Net absorption totaled about -136,000 SF, the second straight negative quarter, and vacancy rose 20 bps to 6.1%, the highest rate since Q2 2022. Supply played no part in the increase. No new space delivered for the fourth quarter in a row, so the rise came entirely from move-outs in existing centers. Leasing activity slowed to about 506,000 SF, down 32% from Q3 2025, a sign of softer tenant demand rather than a shortage of available space. Asking rents reached $20.20/SF NNN, up 4.3% year-over-year, though they slipped $0.13 from Q2. Investment volume reached $1.06 billion through three quarters, 17% ahead of the same point in 2025. With only 316,000 SF under construction, new supply adds little pressure, and the forecast calls for vacancy to edge lower and absorption to improve.

Market Indicators

4.6% Unemployment Rate

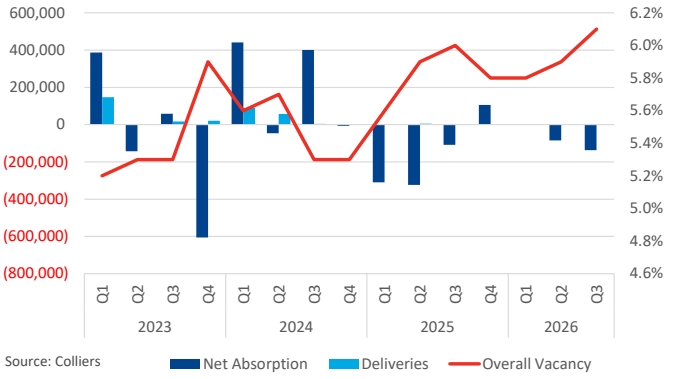
2.96% GDP - % Change YOY

5.240% U.S. 10 Year Treasury Note (as of EOQ)

Historic Comparison

	Q3 2025	Q2 2026	Q3 2026
Total Inventory (SF)	97,754,692	97,675,919	97,675,919
New Supply (SF)	0	0	0
Net Absorption (SF)	(107,893)	(84,295)	(136,470)
Overall Vacancy	6.0%	5.9%	6.1%
Under Construction (SF)	123,868	315,661	315,661
Overall Asking Rates (NNN)	$19.36	$20.33	$20.20

Market Graph



Source: Colliers

Net absorption has swung between gains and losses over the past two years, and Q3 2026 extended a run of losses that began in Q2. The market gave back about 136,000 SF this quarter after an 84,000 SF loss in Q2. What sets this stretch apart is the lack of new supply. Nothing has delivered in four quarters, so the full 20 bps increase in vacancy came from tenants leaving existing space. Through three quarters, 2026 losses total about 218,000 SF, less than a third of the 741,000 SF lost over the same period in 2025. Vacancy has held between 5.2% and 6.2% since 2022, and with the pipeline at less than 1% of inventory, construction will not push it outside that range over the next year.

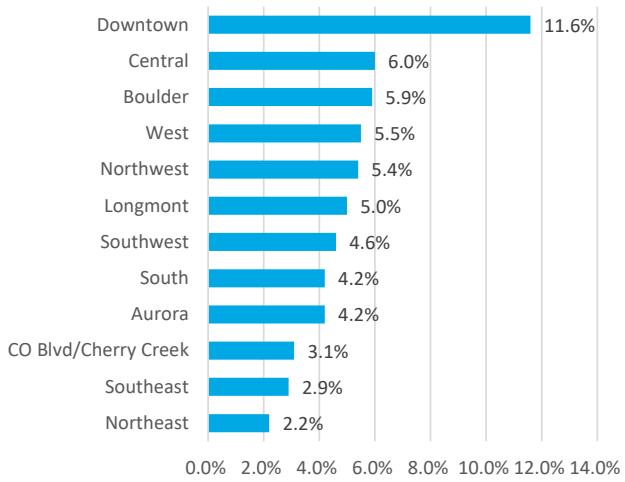
Labor Force

	TOTAL NONFARM	LEISURE & HOSPITALITY	SERVICE INDUSTRY
12-Mo. Employment Growth	0.1%	2.9%	-2.0%
12-Mo. Actual Employment Change	1.7	5.3	-1.4

Denver Retail 26Q3

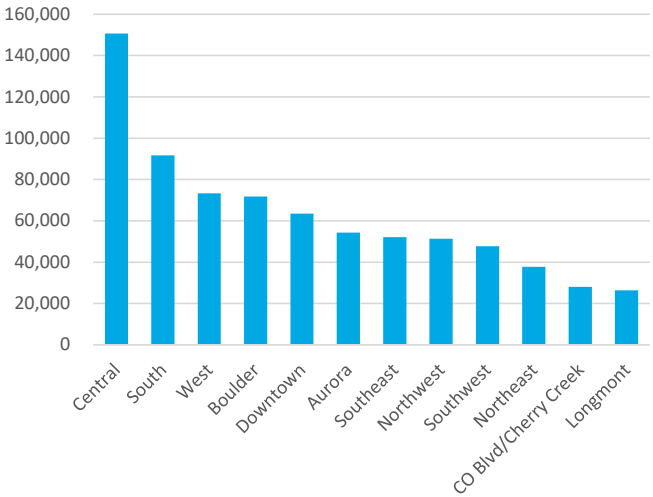
Vacancy

Overall vacancy rose 20 bps to 6.1% in Q3 2026, up 10 bps from a year ago. With no new deliveries, the increase traces to move-outs. Longmont posted the largest jump, up 60 bps to 5.0%, followed by Aurora (up 40 bps to 4.2%) and West (up 30 bps to 5.5%), the same submarkets that led the quarter's absorption losses. Downtown remains the clear outlier at 11.6%, up 30 bps and nearly double the next highest submarket, Central (6.0%). Other submarkets tightened. South improved the most, falling 50 bps to 4.2%, while Southwest (down 30 bps to 4.6%), Northeast, and Northwest (each down 20 bps) also moved lower. Northeast (2.2%), Southeast (2.9%), and CO Blvd/Cherry Creek (3.1%) hold the metro's tightest conditions. Outside the Southeast, which holds the largest share of space under construction, most submarkets face no new supply, so vacancy will follow leasing.



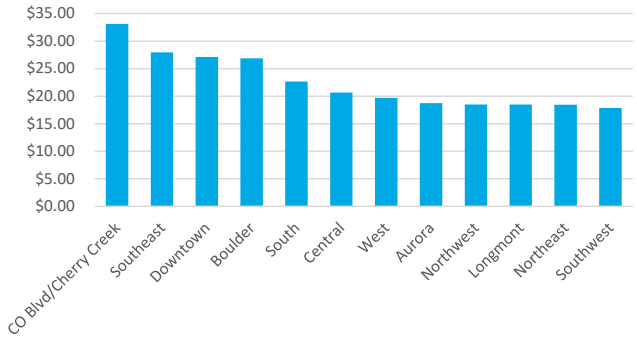
Absorption & Leasing Activity

Denver retail recorded about -136,000 SF of net absorption in Q3 2026, a deeper loss than Q2's -84,000 SF. Results split evenly, with six of 12 submarkets posting gains and six posting losses. West drove the decline at -79,000 SF, 80% of it in spaces of 10,000 SF and up, followed by Aurora (-47,000 SF) and Longmont (-40,000 SF). Northwest led the gains with 46,000 SF, followed by Southwest (33,000 SF) and Northeast (33,000 SF). Leasing activity slowed to about 506,000 SF, down 8% from Q2 and 32% from Q3 2025. Central led with 151,000 SF, followed by South (92,000 SF) and West (73,000 SF). West's total fell by more than half from Q2 and Northwest dropped to 51,000 SF from 143,000 SF, while Downtown jumped to 63,000 SF from about 2,000 SF. Metro leasing has declined each quarter this year, from about 636,000 SF in Q1, and absorption will not turn consistently positive until that trend reverses.



Rental Rates

Average asking rents closed Q3 2026 at $20.20/SF NNN, down $0.13 from Q2 but up 4.3% from a year ago. The quarterly dip is the first since Q3 2025 and lines up with the slower leasing pace, while the annual trend still points higher. CO Blvd/Cherry Creek commands the highest rents in the metro at $33.13/SF, well above Southeast ($27.93/SF), Downtown ($27.11/SF), and Boulder ($26.86/SF). At the low end, Southwest ($17.85/SF), Northeast ($18.45/SF), and Longmont ($18.48/SF) remain the most affordable submarkets. The gap between the highest and lowest submarket stands at more than $15/SF. The forecast calls for rents to keep rising, supported by low vacancy in small shop space, where most of the metro's rent premium sits.

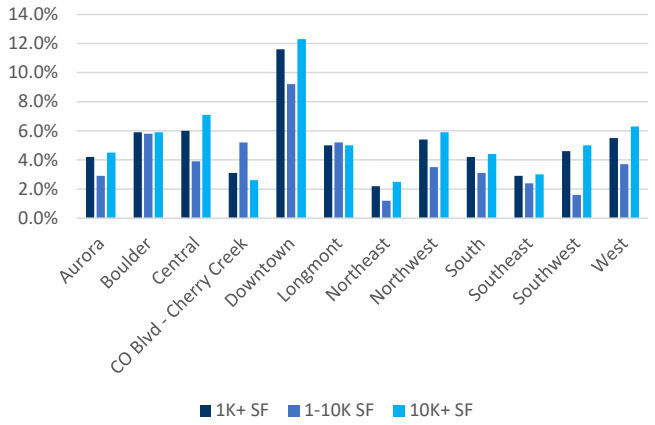


**These rental rates were pulled from CoStar. Based on our market knowledge, we believe actual rental rates may vary significantly depending on the trade area.*

Denver Retail 26Q3

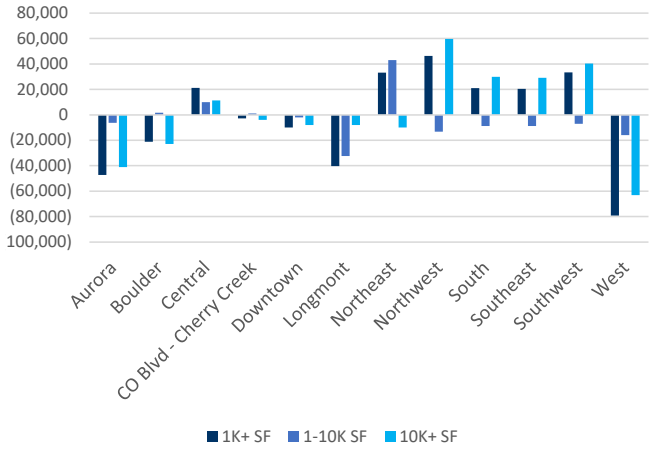
Overall Vacancy Rate

Smaller spaces (1,000 to 10,000 SF) continue to post lower vacancy than larger spaces (10,000 SF and up) in most submarkets. The gap is widest in Southwest, where small shop vacancy of 1.6% sits 340 bps below the 5.0% rate for larger space, followed by Central (3.9% vs. 7.1%) and West (3.7% vs. 6.3%). Northeast holds the metro's tightest small shop segment at 1.2%. Small spaces stay tighter because a wider pool of tenants can fill them than can fill a large box. CO Blvd/ Cherry Creek is the main exception, with small shop vacancy of 5.2% well above the 2.6% rate in larger space. Longmont (5.2% vs. 5.0%) and Boulder (5.8% vs. 5.9%) sit near parity. Downtown is high in both segments at 9.2% and 12.3%. That gap leaves larger boxes as the main source of vacancy risk while leasing stays slow.



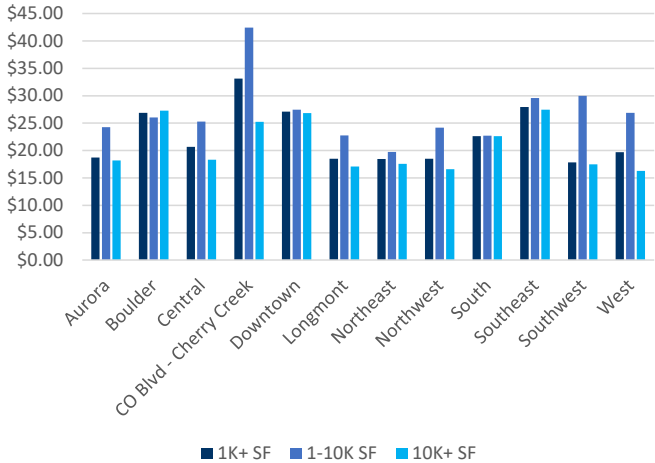
Net Absorption

Larger spaces (10,000 SF and up) posted a combined gain of about 13,000 SF across the 12 submarkets in Q3 2026, while smaller spaces lost about 38,000 SF. Northwest shows the split most clearly, adding 60,000 SF in larger space while giving back 13,000 SF in small shop space. Southwest (40,000 SF), South (30,000 SF), and Southeast (29,000 SF) also posted gains in larger space. Losses in larger space were concentrated in West (-63,000 SF) and Aurora (-41,000 SF). On the small shop side, Longmont gave back 32,000 SF, most of its quarterly loss, while Northeast added 43,000 SF, the largest small shop gain in the metro. Only four of 12 submarkets posted positive small shop absorption. Even with those losses, small shop vacancy still sits below larger space in most submarkets, so the quarter did not close the gap between the two segments.



Overall NNN Rent

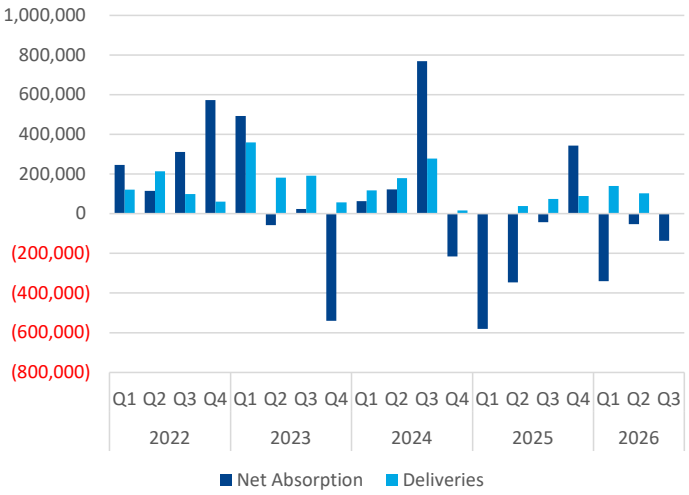
Small shop space (1,000 to 10,000 SF) commands a rent premium over larger space (10,000 SF and up) in 11 of 12 submarkets, in line with its lower vacancy. The premium is widest in Southwest, where small shop rents of $30.00/SF run 72% above the $17.47/SF for larger space. West ($26.86 vs. $16.29) and CO Blvd/Cherry Creek ($42.42 vs. $25.24) show similar spreads, and CO Blvd/Cherry Creek holds the highest small shop rents in the metro by more than $12/SF. Boulder is the lone exception, where larger space ($27.29/SF) rents slightly above small shop space ($26.05/SF). South ($22.70 vs. $22.61) and Downtown ($27.45 vs. $26.83) run close to parity. Tenants looking for smaller footprints continue to face the most pricing pressure, and that will hold as long as small shop vacancy stays low.



Denver Retail 26Q3

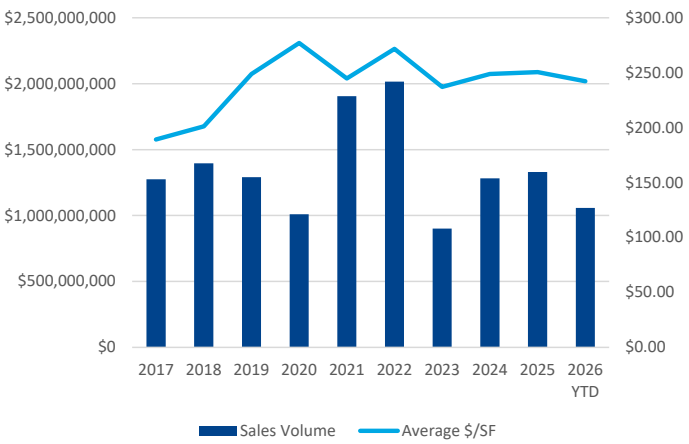
Construction

No new retail space delivered in Q3 2026, the fourth straight quarter without a delivery. The pipeline held at about 316,000 SF across nine buildings, unchanged from Q2 but more than double the 124,000 SF underway a year ago. Retail construction has stayed limited for several years, and the larger projects now underway are concentrated in the Southeast and West. The largest include 20129 East Mainstreet in the Southeast (264,000 SF, Q2 2027), URWRLD at 4400 Fox St in the West (165,000 SF, Q1 2027), and two M4 Developers projects of 123,000 SF each, a King Soopers at 22600 E Radcliff Dr and 24755 E Quincy Ave in Aurora, both expected in Q4 2026. The pipeline equals less than 1% of inventory, so new supply will not be a meaningful driver of vacancy over the next year.



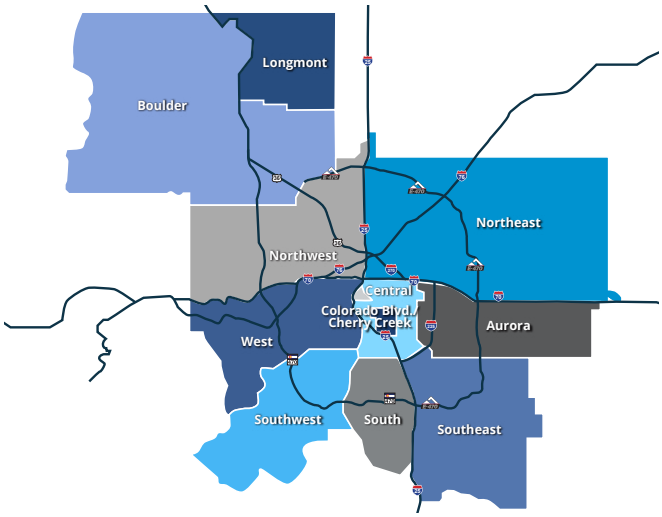
Investment Activity

Denver retail sales volume reached about $306 million in Q3 2026 across 68 transactions, bringing the year-to-date total to $1.06 billion at an average of $242.17/SF. That is 17% ahead of the same point in 2025 and already 77% of 2025's full-year total of $1.38 billion. Pricing has held as volume has grown, with the year-to-date average running above 2025's $233.70/SF. Buyers are transacting at higher yields than earlier in the cycle, with the average cap rate rising from 5.6% in 2022 to 6.6% in both 2025 and 2026 year-to-date. Q3's largest sale was 2501 Dallas St in Central, which traded to Magnetic Capital for $41.2 million ($403/SF). Nuveen also bought 18648-18892 E Hampden Ave in Aurora for $26.6 million. To pass 2025's total, 2026 needs about $321 million in Q4, a level Q4 volume cleared in both 2024 and 2025.



Market Description

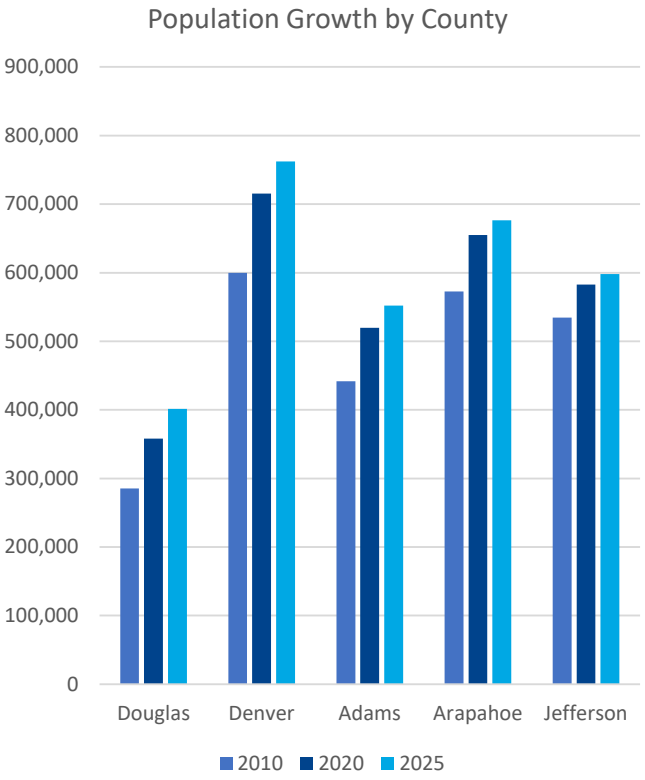
The Denver metro retail market includes approximately 97.7 million SF of shopping center space across 3,862 buildings. As the commercial hub of the Rocky Mountain region, Denver draws national, regional, and local retailers through steady population growth and an expanding suburban footprint. With no competing major metro within 400 miles, Denver remains a key location for retailers establishing or expanding regional operations. Denver's unemployment rate sits at 4.6%, and leisure and hospitality employment grew 2.9% over the past 12 months, adding about 5,300 jobs. Low small shop vacancy and limited new construction keep the market's long-term fundamentals intact even as tenant demand cools.

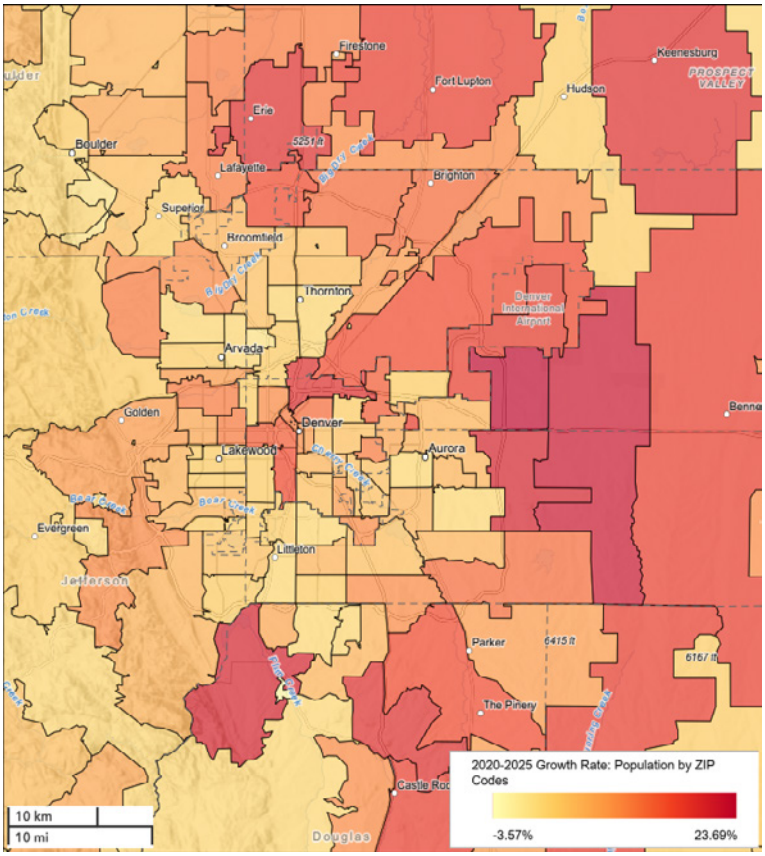


Denver Retail 26Q3

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%





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
2501 Dallas St	Central	$41,150,000	102,125	$402.94	Magnetic Capital	Flightline Ventures
18648-18892 E Hampden Ave	Aurora	$26,597,753	113,833	$233.66	Nuveen	Gerrity Group
12350 W 64th Ave	Northwest	$19,147,987	66,070	$289.81	TRC Retail	First Washington Realty, Inc.
17858-17940 Cottonwood Dr	Southeast	$18,100,000	56,856	$318.35	Centre Point Properties	Western Centers, Inc.
13801-14157 E Exposition Ave	Aurora	$17,750,000	141,942	$125.05	Big Ben Private Real Estate Fund	Core Acquisitions

Notable Leasing Activity

Property	Submarket	Leased SF	Lease Type	Tenant Name
9325 Dorchester St	South	21,000	Direct	UNK
690 Peoria St	Aurora	16,308	Sublet	UNK
2403 Champa St	Central	12,000	Direct	UNK

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

Denver Retail 26Q3

Q3 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	757	12,803,576	3.60%	0.60%	4.20%	3.80%	54,276	(47,350)	0	129,100	$18.74
Boulder	846	11,807,459	5.70%	0.10%	5.90%	5.70%	71,767	(21,121)	0	0	$26.86
Central	2357	20,901,417	5.70%	0.20%	6.00%	6.00%	150,657	21,169	32,485	0	$20.67
CO Blvd/ Cherry Creek	297	4,959,793	3.00%	0.10%	3.10%	3.10%	28,010	(2,759)	0	123,868	$33.13
Downtown	218	3,132,310	11.20%	0.40%	11.60%	11.30%	63,464	(10,027)	0	35,000	$27.11
Longmont	560	6,778,325	4.80%	0.20%	5.00%	4.40%	26,326	(40,327)	0	0	$18.48
Northeast	1284	19,837,468	2.20%	0.10%	2.20%	2.40%	37,809	33,127	7,200	27,362	$18.45
Northwest	1566	25,082,429	5.20%	0.20%	5.40%	5.60%	51,387	46,347	3,331	28,270	$18.49
South	957	19,753,022	4.10%	0.10%	4.20%	4.70%	91,660	21,064	0	309,120	$22.63
Southeast	941	15,961,654	2.80%	0.10%	2.90%	3.00%	52,089	20,470	4,250	648,734	$27.93
Southwest	509	10,804,317	4.40%	0.20%	4.60%	4.90%	47,748	33,348	0	0	$17.85
West	2463	24,861,248	5.40%	0.10%	5.50%	5.20%	73,345	(79,110)	3,211	171,800	$19.68
MARKET TOTAL	**3862**	**97,675,919**	**5.90%**	**0.10%**	**6.10%**	**5.90%**	**505,676**	**(136,470)**	**0**	**315,661**	**$20.20**

Q3 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	116	11,750,523	7.2%	0.0%	7.2%	7.1%	-	(10,868)	0	0	-
Power Centers	455	16,373,456	5.4%	0.1%	5.6%	5.7%	83,402	16,538	0	0	$12.13
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	895	9,144,686	5.9%	0.1%	6.0%	5.9%	73,010	(8,314)	0	0	$19.89
Other	4	315,841	-	-	0.0%	0.0%	-	-	0	0	$22.00
SHOPPING CENTERS TOTAL	**3,858**	**97,360,078**	**6.0%**	**0.1%**	**6.1%**	**5.9%**	**505,676**	**(136,470)**	**0**	**315,661**	**$20.18**

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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