

MARKET FUNDAMENTALS

	YOY Chg	Outlook
27.1% Vacancy Rate	▲	▲
-395.1K Net Absorption, SF	▼	▲
\$33.80 Asking Rent, PSF (Overall, All Property Classes)	▲	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
1.6M Denver Employment	▲	▲
3.9% Denver Unemployment Rate	▲	▲
4.2% U.S Unemployment Rate Source: BLS	▼	▲

ECONOMY: DENVER REMAINS STABLE AMID UNCERTAIN CONDITIONS

Denver’s labor market continued to outperform national trends during third quarter 2026, with unemployment rising 10 basis points (bps) year-over-year (YOY) to 3.9%, compared with the U.S. rate of 4.2%. Expectations for lower interest rates also shifted as persistent inflation, driven in part by higher energy prices, led the Federal Reserve to raise the federal funds rate by 25 bps to 4.0% and signaled the potential for additional increases by year-end. For Denver’s office market, elevated borrowing costs will continue to weigh on investment and development, while economic uncertainty contributed to cautious decision-making among larger space users.

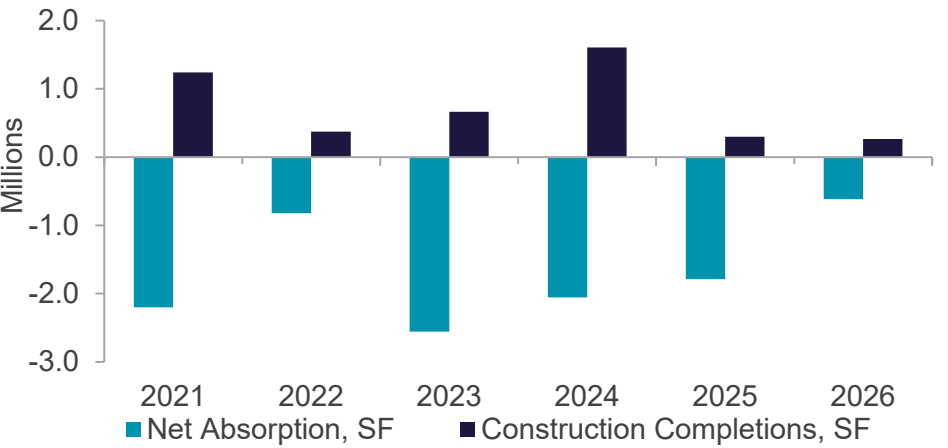
SUPPLY: CBD MOVE-OUTS DRIVE VACANCY HIGHER

Overall vacancy increased across Metro Denver during third quarter 2026, with the overall rate reaching 27.1%, up 50 bps quarter-over-quarter (QOQ) and 60 bps YOY. The increase was more pronounced in the Central Business District (CBD), where overall vacancy ended the quarter at 37.1%, up 160 bps QOQ and 190 bps YOY. Direct vacancy in the CBD followed a similar trend, rising 180 bps QOQ and 270 bps YOY to 33.5%. Several large tenant move-outs contributed to the increase throughout the market, with the most significant impact occurring in the CBD.

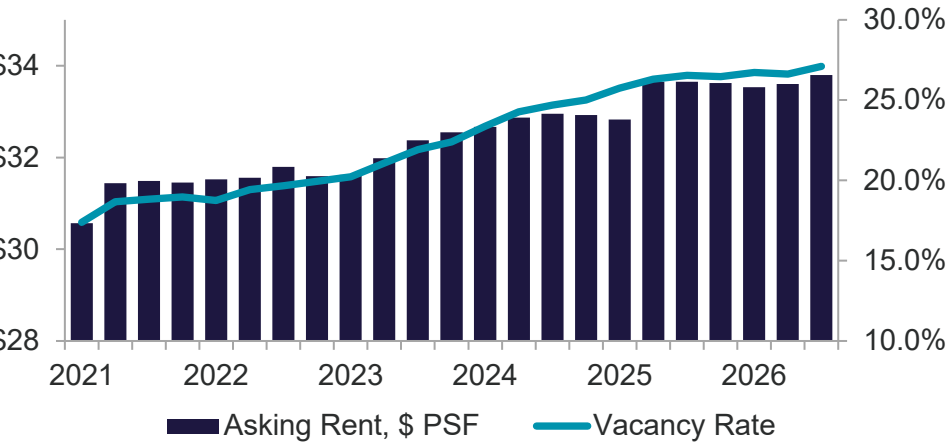
SUBLEASE: SUBLEASE INVENTORY CONTINUES TO CONTRACT

Sublease availability across Metro Denver continued its downward trajectory during third quarter 2026, declining by approximately 276,700 square feet (sf) QOQ to just under 3.7 million square feet (msf). The sublease availability rate decreased 30 bps from the previous quarter and 80 bps YOY, marking the sixth consecutive quarter of declining availability. With fewer large blocks entering the market, sublease inventory is expected to continue falling, though the pace of decline is likely to moderate as new listings and expiring inventory become more balanced. As existing subleases expire, some of this space may return to landlords as direct availability, placing additional upward pressure on direct vacancy. The quarter’s largest sublease transaction was Prime Data Centers’ approximately 24,000-sf commitment at 3601 Walnut Street in RiNo.

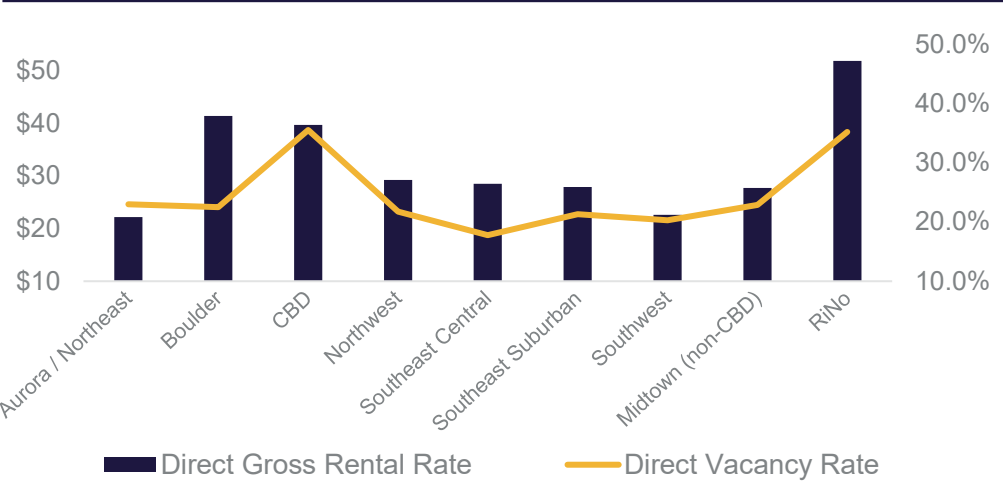
SPACE DEMAND / DELIVERIES



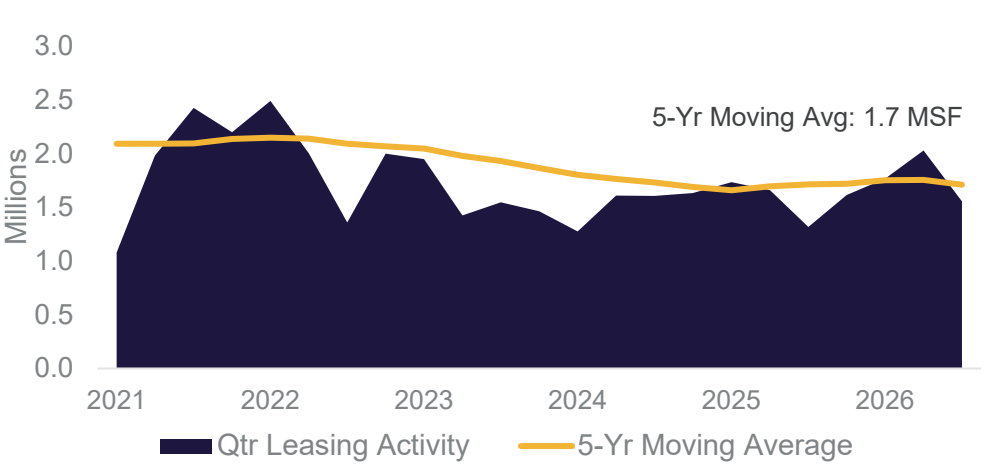
OVERALL VACANCY & ASKING RENT



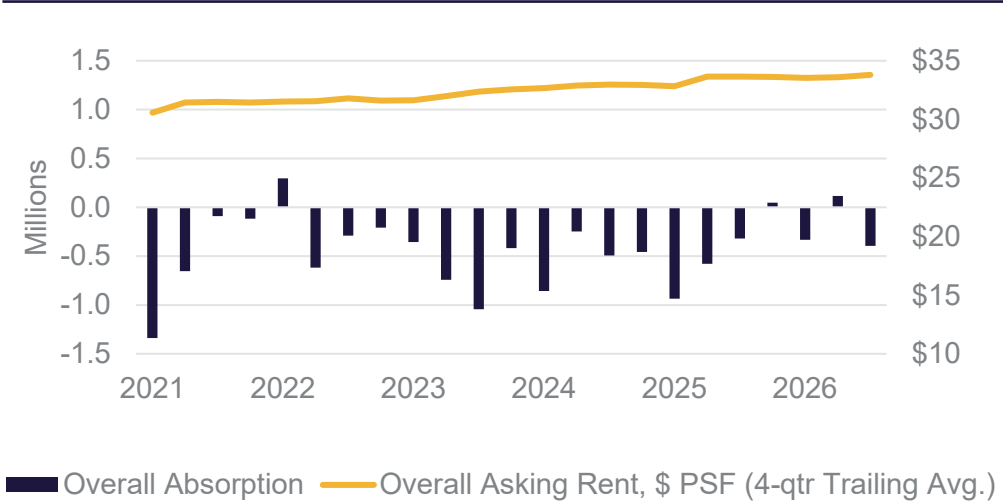
SUBMARKET COMPARISON



LEASING ACTIVITY VS. HISTORICAL AVERAGE



ABSORPTION VS. OVERALL ASKING RENT



PRICING: ASKING RENTS POSTED MODEST GROWTH

Overall asking rents across the Denver Metro edged higher during third quarter 2026, increasing \$0.20 per square foot (psf) QOQ and \$0.15 psf YOY to \$33.80 psf full-service gross (FSG). Direct asking rents rose \$0.15 psf QOQ to \$33.70 psf FSG but remained \$0.07 psf below year-ago levels. In the CBD, direct asking rents increased \$0.02 psf QOQ to \$39.66 psf FSG, while overall rents stood at \$39.76 psf FSG, down \$0.06 psf YOY. Despite softer fundamentals, asking rents remained resilient as landlords maintained rates and competed through concessions.

ACTIVITY: LEASING ACTIVITY EASES IN THE THIRD QUARTER

Office leasing activity totaled just over 1.5 msf during the third quarter 2026, a decrease of approximately 472,700 sf QOQ but an increase of just under 238,600 sf YOY. Economic uncertainty and hybrid workplace strategies continued to limit demand for larger space requirements, while leasing activity remained healthy among tenants seeking less than 10,000 sf. Flight-to-quality trends also persisted, with Class A properties capturing just under 1.0 msf, or 61.7%, of total leasing activity, compared with approximately 525,700 sf, or 33.7%, for Class B properties. The quarter's largest new lease was Watchmaker Genomics' approximately 99,500-sf commitment at 5575 Flatiron Parkway in the Boulder submarket. Additional notable activity included Gusto's renewal and expansion, which totaled approximately 75,400 sf at 1200 17th Street within the CBD.

ABSORPTION: TENANT MOVE-OUTS DRIVE NEGATIVE ABSORPTION

The Denver office market recorded approximately 395,100 sf of negative net absorption during the third quarter 2026. The CBD accounted for much of the decline, posting 521,700 sf of negative net absorption. This was largely driven by several significant tenant move-outs, including TIAA's departure from approximately 290,400 sf at 1670 Broadway, the largest move-out recorded across the Denver Metro during the quarter. Other notable move-outs included Comcast, which vacated its remaining 72,000 sf at 9401 East Panorama Circle in the Southeast, and the State of Colorado, which vacated 66,400 sf at 1560 Broadway. Offsetting some of these losses, CoorsTek completed the quarter's largest move-in, occupying approximately 119,300 sf at its new headquarters in the recently-completed Clayworks development.

CONSTRUCTION: TWO PROJECTS CROSS THE FINISH LINE

Two projects were completed in the Denver Metro during Q3 2026: 2nd & Adams at 3250 East 2nd Avenue in Cherry Creek, totaling 110,400 sf, and Clayworks at 800 Ford Street, totaling 182,000 sf in Golden. Cherry Creek remains a hotspot for construction activity, with four projects underway totaling approximately 439,100 sf. Continued development reflects the micromarket's strong performance, supported by sustained tenant demand, premium rental rates, and limited availability.

OUTLOOK

- Leasing activity is expected to remain steady through the remainder of 2026 as tenants continue to evaluate long-term space needs amid hybrid work and economic uncertainty. Smaller transactions under 10,000 sf are expected to remain a key source of demand, while larger requirements may take longer to materialize.
- Net absorption is expected to remain uneven as the market continues to contend with tenant move-outs and downsizing. Scheduled occupancies should provide some support, though additional space reductions may continue to place upward pressure on vacancy.
- Sublease availability is expected to remain on a gradual downward trend through the remainder of 2026, though the pace of decline is likely to moderate as new listings and expiring inventory become more balanced.
- Construction activity across the metro remains constrained by economic headwinds and rising costs. However, Cherry Creek continues to emerge as the most active submarket, with development largely concentrated in this area.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Boulder	5,909,253	1,330,059	69,311	23.7%	-32,808	-68,162	269,723	0	\$41.22	\$51.40
Midtown (Non-CBD)	3,545,450	811,771	0	22.9%	5,419	-17,011	63,239	25,005	\$27.72	\$32.92
CBD	32,765,648	11,636,089	511,167	37.1%	-521,726	-456,604	1,286,216	0	\$39.76	\$43.29
RiNo	3,142,690	1,106,268	136,131	39.5%	62,867	75,549	187,625	0	\$51.00	\$52.35
Aurora/Northeast	7,507,314	1,723,927	7,990	23.1%	-12,660	-149,768	185,033	0	\$22.18	\$26.07
Northwest	14,638,523	3,182,142	325,965	24.0%	119,189	-52,738	621,331	0	\$29.09	\$31.97
Southeast Suburban	32,619,770	6,947,895	902,089	24.1%	-43,499	29,140	1,553,850	0	\$28.04	\$30.43
Southeast Central	11,469,738	2,038,357	109,299	18.7%	41,499	52,003	645,122	439,102	\$29.30	\$33.44
Southwest	9,043,004	1,834,766	25,020	20.6%	-13,372	-26,406	545,455	0	\$22.65	\$28.15
DENVER TOTALS	120,641,390	30,611,274	2,086,972	27.1%	-395,091	-613,997	5,357,594	464,107	\$33.80	\$38.37

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
5775 Flatiron Parkway	Boulder	Watchmaker Genomics	99,500	New Deal
1200 17th Street	CBD	Gusto	75,400	Renewal
1900 Lawrence Street	CBD	RSM US	61,900	New Deal
349 Inverness Drive South	Southeast Suburban	Viasat	55,100	Renewal
4610 South Ulster Street	Southeast Suburban	Elevance	42,900	New Deal

*Renewals not included in leasing statistics

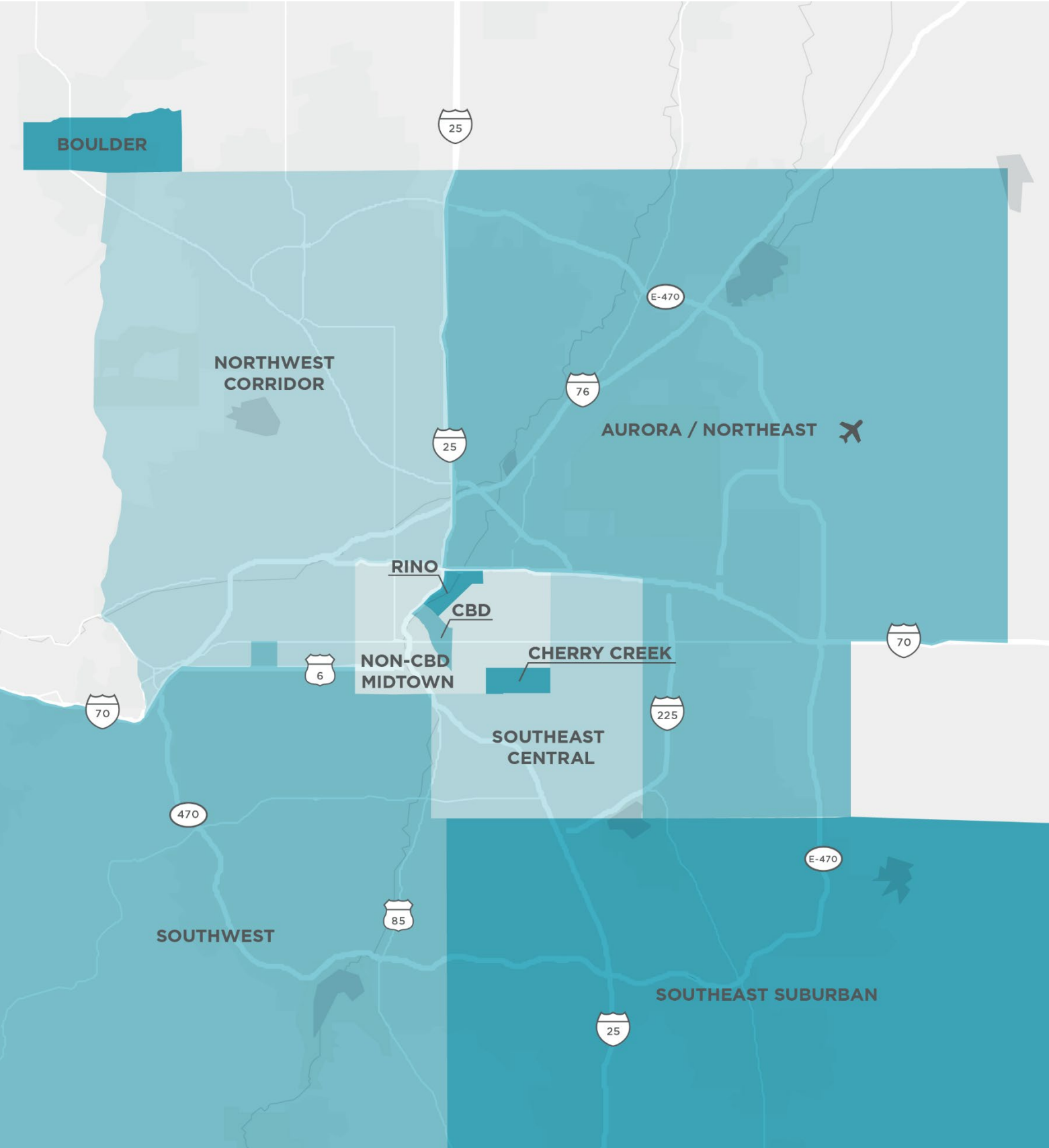
KEY SALES TRANSACTIONS YTD

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE (\$)	PRICE / \$ PSF
4643 South Ulster Street	Southeast Suburban	Granite Properties / Pauls Corp	335,900	\$57.3 M	\$170/PSF
999 18th Street	CBD	LBA Realty / CP Group, Time Equities	930,000	\$47.5 M	\$51/PSF
7800 East Union Avenue (Denver Tech Center, One & Two)	Southeast Suburban	Terracap Management Corp / Cress Capital	396,500	\$36.2 M	\$91/PSF
1050 17th Street	CBD	Heitman / University of Colorado	567,300	\$28.0 M	\$49/PSF
11001 West 120th Avenue (Eldorado Ridge I, II, III)	Northwest	Mark IV Investment Group / Certus Development	324,300	\$23.0 M	\$71/PSF
1025 Eldorado Boulevard (Portfolio Sale)	Northwest	Lumen Technologies / Park West Colorado LLC	776,100	\$15.0 M	\$19/PSF

KEY UNDER-CONSTRUCTION PROJECTS DELIVERING NEXT

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
201 Fillmore Street	Cherry Creek	Antero	140,500	Schnitzer West
242 Milwaukee Street	Cherry Creek	Crusoe Energy	82,700	BMC Investments
2926 Umatilla Street	Urban Core	TBD	25,000	ZHONGMIN WU

OFFICE SUBMARKETS



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