

INVESTMENT FORECAST

Office
Denver Metro Area

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2025

Reduced Development and Suburban Stability Aids Denver's Office Market Recovery

Office landscape mixed across submarkets. Downtown Denver's vacancy remained the metro's highest at over 30 percent in 2024 amid new speculative supply and downsizing tech firms; however, local net absorption reached its highest level since 2019. This boost, fueled by improved demand across quality tiers, helped limit vacancy expansion. A single 300,000-square-foot delivery in 2025 — one-third of 2024's completions — and move-ins like Ibotta's 85,000-square-foot lease should further ease vacancy pressures. Elsewhere, Cherry Creek is projected to stay exceptionally tight, with vacancy near 5 percent entering 2025. A 140,000-square-foot build-to-suit project and 100,000-square-foot office, already 60 percent pre-leased, should sustain strong property performance here. Some suburban areas are also seeing rising tenant demand, led by health care firms that cater to elderly clients and favor convenient locations. Aurora and Thornton exemplify this trend. By absorbing a net of over 200,000 square feet in 2024, they enabled local vacancy to fall more than 100 basis points from their 2023 peaks to roughly 10 percent each.

Investors adapt to varied vacancy trends. Despite large move-outs like Lockheed Martin in Southeast Denver, business parks near the Tech Center should stay key targets, as vacancy has climbed just 340 basis points since 2020, compared with over 1,000 in the CBD. Recent commitments from firms such as AT&T, Fidelity and Douglas County highlight the area's broad appeal. Buyers here last year focused on high-vacancy 1990s- and 2000s-vintage buildings, trading for around \$50 per square foot. Investors seeking well-leased assets may prioritize suburbs like Lakewood, where properties changed hands for around \$150 per square foot last year. Similarly, some investors may target sub-50,000-square-foot buildings downtown, which saw vacancy near 10 percent in 2024.

2025 MARKET FORECAST

+1.0%



EMPLOYMENT: Denver will add 17,000 jobs this year, slightly outpacing 2024. The traditionally office-using sector will expand by 7,000 roles, tying for the fourth-most among major U.S. markets.

600,000
sq. ft.



CONSTRUCTION: Completions are set to slow from last year and align with 2023 for the lowest total on record. Deliveries remain concentrated in Downtown Denver and Cherry Creek.

+10 bps



VACANCY: Slowing development and stable job growth will drive the smallest vacancy expansion in six years. Still, at 22.3 percent, the metro's rate will be the second highest among major U.S. markets.

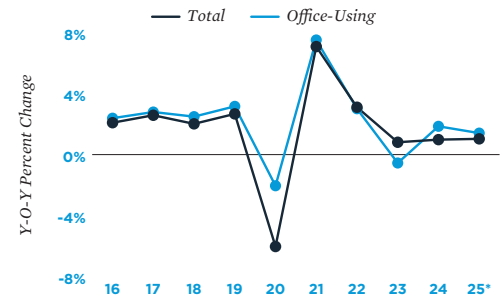
-0.4%



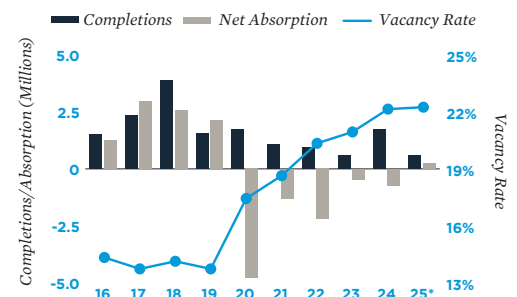
RENT: Elevated sublease availability will continue to weigh on market rates this year. Denver's mean asking rent reaches \$23.43 per square foot by year-end, aligning with its 2019 level.

INVESTMENT: *More investors may target suburbs such as Montbello in the Northeast, Dakota Ridge in the Southwest and Parker-Castle Rock, where local vacancy rates have remained below historical averages.*

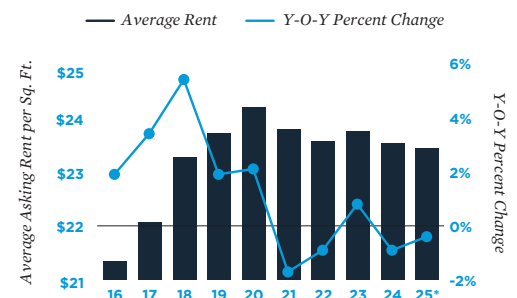
Employment Trends



Supply and Demand



Rent Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

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Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of December 2024. Effective rent is equal to asking rent less concessions. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and apartment data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.