

INVESTMENT FORECAST

Retail
Denver

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2026

Regionally Low Recent Development Limits Vacancy Expansion and Supports Rent Growth

Demographic tailwinds moderate, as does construction. Population growth in Denver has cooled from its rapid pace during the 2010s. The metro is projected to expand by 0.5 percent this year after averaging 1.6 percent annually, well above the national rate. Hiring has similarly cooled, while a slowdown in local retail sales growth last year detracted from tenant expansion goals. These dynamics contributed to notable net space relinquishment in 2025, driven by suburban big-box move-outs such as Macy's and Party City, alongside ongoing weakness downtown. That said, Denver's retail inventory has increased by just 4.3 percent over the past decade, the lowest among major Rocky Mountain metros. The limited presence of newer product and a constrained development pipeline should help buffer a metrowide vacancy increase and keep it on par with the national rate, even as softer leasing activity emerged in the second half of 2025. Broader economic uncertainty may carry that pressure into this year.

Private buyers remain active as transactions pick up. Metrowide sales activity rose 40 percent year-over-year in 2025, with transactions above \$20 million increasing by a similar proportion, indicating renewed interest in larger deals in a market historically dominated by smaller, private trades. At the submarket level, Central Denver recorded the largest year-over-year increase in vacancy among suburban submarkets last year and also posted the fastest pickup in transaction velocity, largely driven by institutional dispositions and owner-user acquisitions. Additionally, while the urban core continues to contend with vacancy above 10 percent entering 2026, investor interest could gradually return as city-led revitalization efforts aimed at increasing foot traffic move forward, including the ongoing renovation of the 16th Street Mall.

2026 MARKET FORECAST

+0.4%



Employment: Job growth is expected to improve this year, with 7,000 positions added following last year's 900-job gain. Even so, growth remains below the metro's long-term average of 1.9 percent.

250,000
sq. ft.



Construction: Deliveries will remain limited and in line with last year's levels, with more than 80 percent of this year's completions pre-leased as of early 2026.

+30 bps



Vacancy: A second consecutive year of net space relinquishment is anticipated, pushing the retail vacancy rate up to 5.1 percent, 10 basis points above the national rate.

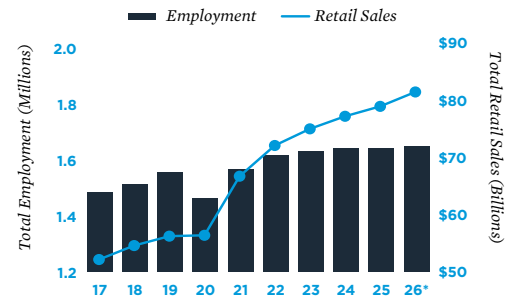
+2.4%



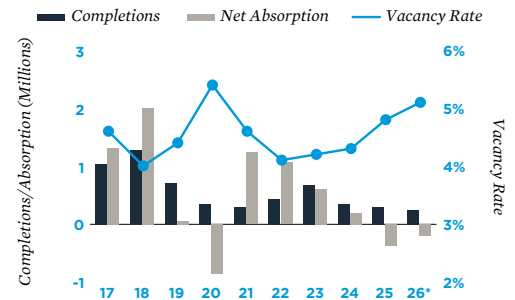
Rent: Strong rent growth in the southern portion of the metro should continue to support metrowide gains. The average asking rent is projected to reach \$21.81 per square foot by December.

INVESTMENT: Convenience store trades tripled in 2025, with many clustered near Interstates 70 and 25, where planned infrastructure investment could support performance and draw investors.

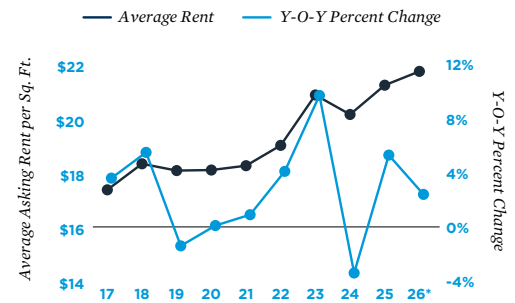
Economic Trends



Supply and Demand



Rent Trends



* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

IPA Retail

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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 January 2026. 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 office 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.