

# Denver



## OVERVIEW

Following a strong first quarter, Denver's office market continued in the trend of expansion, posting 414,000 square feet of net absorption bringing total year to date net absorption to a total of 922,000 square feet. Vacancy has fallen to 14.8% down from 15.3% in first quarter 2019, following the delivery of 3.2 million square feet in 2018 and an additional 409,000 square feet in the last quarter. Despite an energy-driven interruption a little more than a year ago, Denver's well-diversified economy and highly educated labor force continue to support the office sector. Tech demand has been more than robust. The metro area, and the central business district, has become an increasing nexus for the tech sector, including a host of high-profile west coast tech firms. Several larger firms that initially started out in smaller coworking spaces, such as Slack, have since announced major permanent leases.

## FUNDAMENTALS

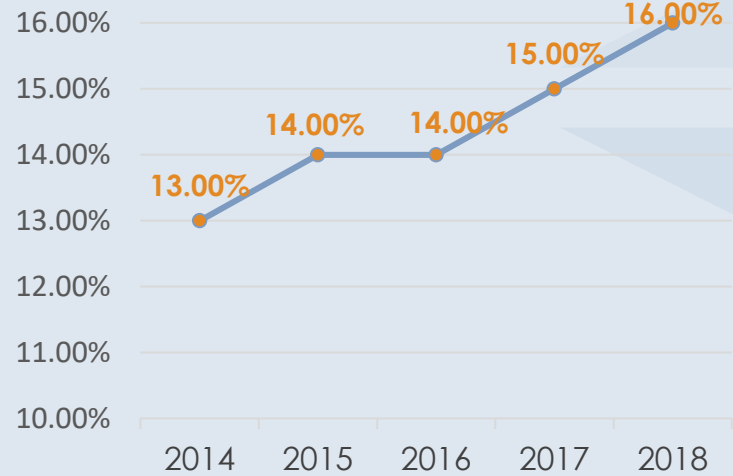
Forecast

<b>YTD net absorption</b>	Down prior 2 quarters had 1.6MSF	▼
<b>Under construction</b>	2.1 MSF up Q4 18 had 1.8MSF	▲
<b>Average asking rent (gross)</b>	\$28.70	▲
<b>Concessions</b>	Flat to rising	▲

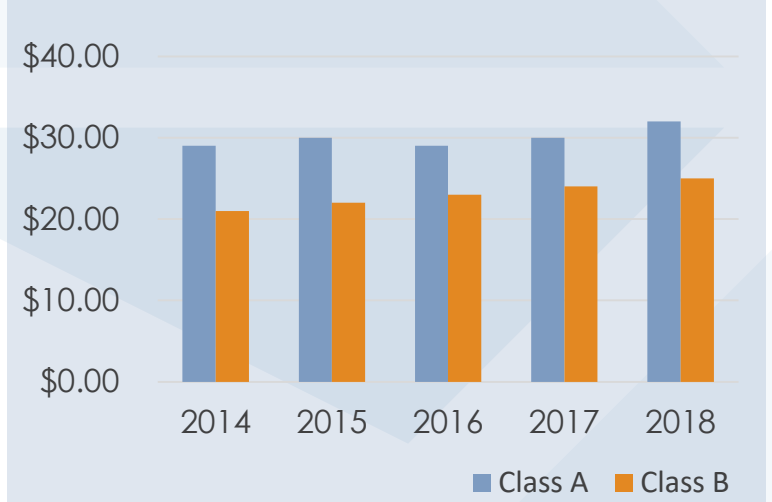
  

<b>Market Size</b>	<b>Largest Office Deal</b>	<b>Total Vacancy</b>
99,381,439	Well Fargo Renewal 245,000SF	14.8%

## TOTAL VACANCY



## AVERAGE ASKING RENTS



## OUTLOOK

Last year proved exceptional for the Denver Office Market, which posted 2.3 million square feet of annual net absorption. The market has not seen this level of net absorption since 2006, prior to the recession. Increasing land and construction pricing will likely contain future

development resulting in lower vacancy and appreciating rental rates for the next several quarters.

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