



Denver office market report

Q1 2022

**AVISON
YOUNG**

Office market trends



Tour activity is accelerating while tenants explore optionality

As Covid restrictions lift and businesses analyze their operations, large tenants are out in the market and executing leases. The majority of large block availabilities are concentrated in the CBD and southeast suburban markets.

Our take on this trend...

Many businesses that invested in remote work are still considering office space with an eye towards smaller, more efficient options including move-in-ready and spec suites to mitigate potential construction delays. Owners are maintaining base rents, however likely giving concessions to sign deals. While there has been a lot of “window shopping,” it is an encouraging sign to offset large block vacancies.

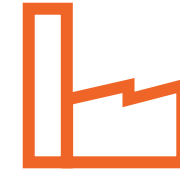


Denver market cap rates in line with US average, sales steady the past three quarters

Year-over-year quarterly sales volume soars by 248% with buyer composition comprised of institutional and private investors and the seller profile similar with 4% cross-border owners from Canada and Singapore dispositioning assets.

Our take on this trend...

Owners are partnering with tenants to entice employees back by adding more communal gathering spaces for team building and networking, outdoor areas, gyms and common area improvements. Highly amenitized office outperforms the market.



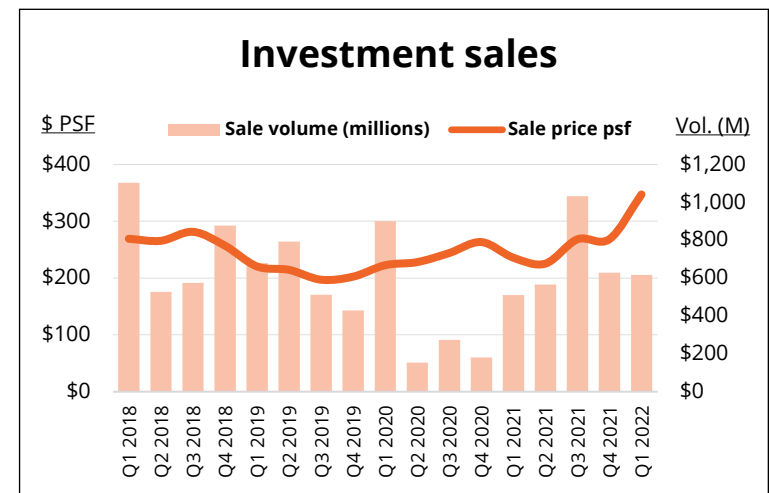
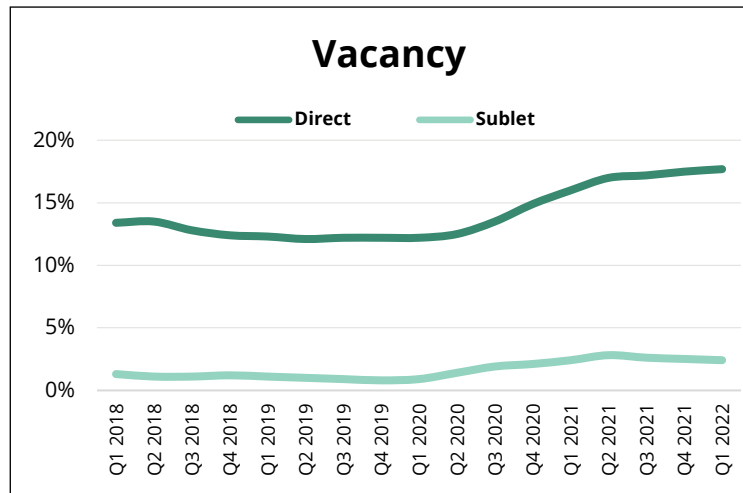
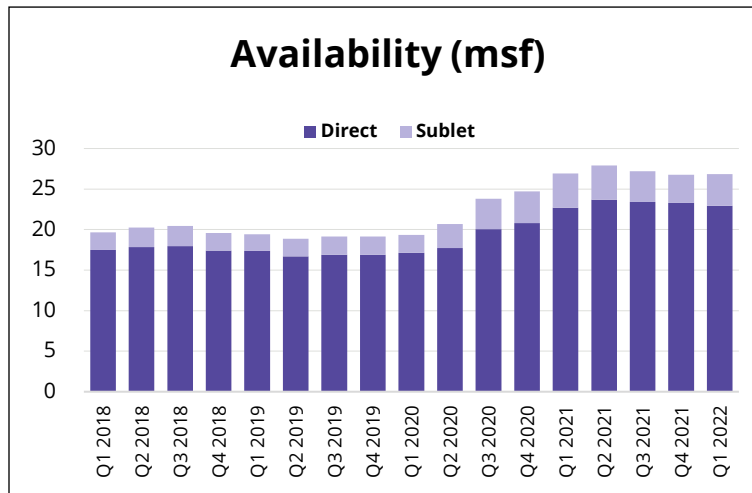
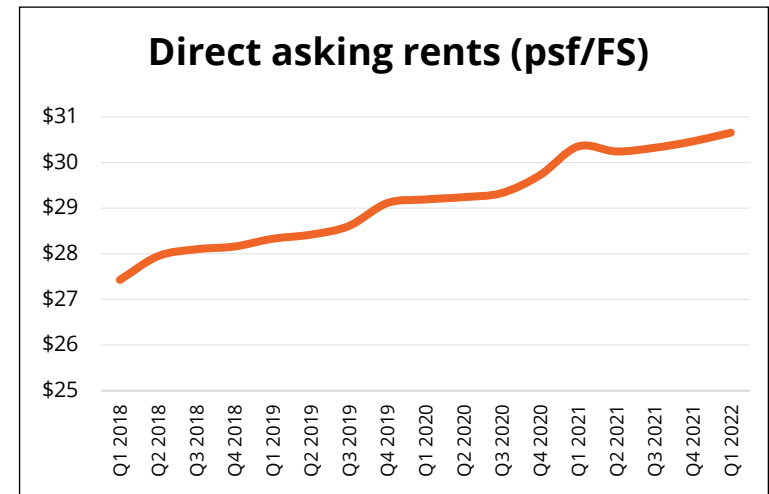
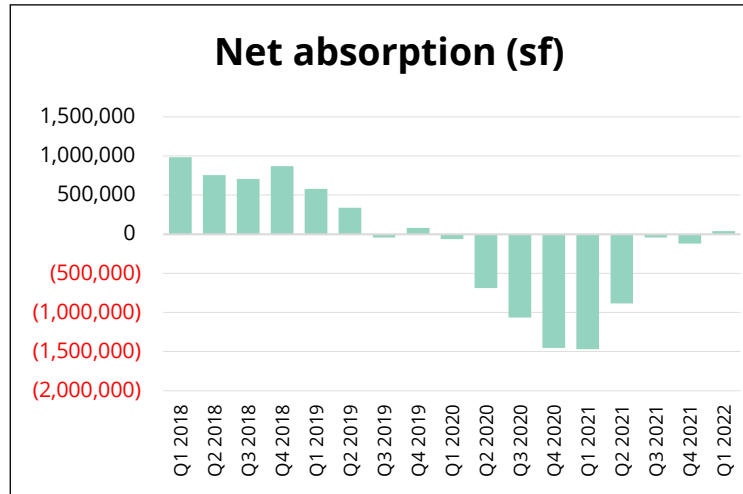
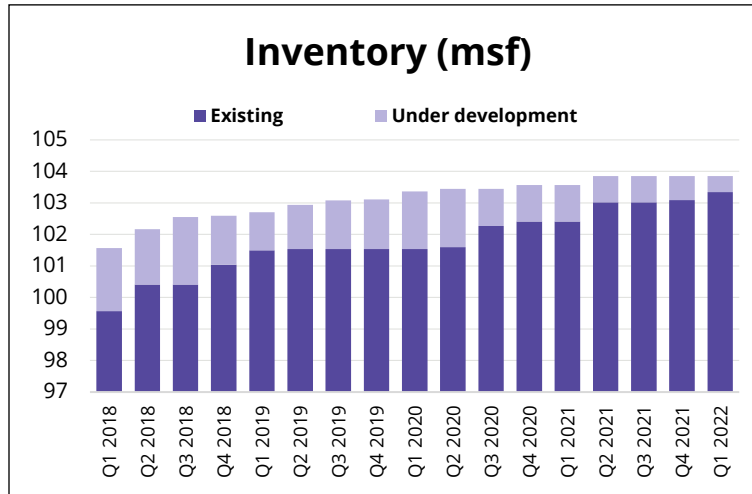
Development marches on

Denver saw 931,000 SF of new office product delivered in 2021 and is on track to incrementally increase over the next two years. With 2.5M SF of office product under construction and under renovation, 1.1M SF of that is anticipated to be delivered in 2022 with another 1.1M SF on track for 2023.

Our take on this trend...

Build-to-suits are becoming more prominent. New construction is leasing extremely well as the flight to quality continues. See more on the development pipeline on page 6 of this report.

Office market indicators



Office market activity

Recent leasing activity

Tenant Name	Address	Sign Date	Size	Transaction Type	Lease Type
Starz Entertainment	6363 S Fiddler's Green Cir	Jan-22	100,119	New	Direct
Thrive Workplace	1415 Park Ave	Jan-22	23,950	New	Direct
Venture X	1800-1890 Wazee St	Feb-22	42,653	New	Direct
Sierra Nevada Corporation	11551-11601 E Arapahoe Rd	Mar-22	85,935	New	Direct
AVI-SPL	8560 Upland Dr	Mar-22	25,865	New	Direct

Recent sales activity

Buyer	Address	Submarket	Sale Date	Sale Price	Sale Price psf	Occupancy	Seller
Beacon Capital Partners	1800 Larimer	CBD	Jan-22	\$291,000,000	\$587	81%	Invesco Real Estate
Hill & Co	5251 DTC Pkwy	Southeast Suburban	Feb-22	\$55,850,000	\$240	82%	Principal RE Investors
Edgewood REIT	8110 E. Union Ave	Southeast Suburban	Mar-22	\$35,000,000	\$277	100%	Simpson Housing
Asana Partners	1515 Wazee St	CBD	Feb-22	\$25,800,000	\$494	100%	Unico Properties

Large contiguous space availabilities

Owner	Address	Block Size	Floors	Asking Rent
Patrinely Group, LLC	675 15th St	301,080 & 177,080	11-22 & 25-30	\$36.00 - 43.00 Est. NNN
Liberty Broadband Corp	8900 Liberty Cir	316,477	1-5	\$24.03 - 29.37 Est. FS
TTEC	9197 S Peoria St	271,678	1-2	\$25.01 - 30.57 Est. FS
SteelWave	1490 Curtis St	205,696	2-12	\$26.00 - 32.00 Est. FS

Office market stats by submarket

Submarket	Existing Inventory	Vacancy % 1Q22	Vacancy % 4Q21	Net Absorption (sf) 1Q22	Completions (sf) 1Q22	Under Construction (sf)	Avg. Asking Rent FSG
Aurora	2,470,641	15.9%	16%	(1,773)	0	0	\$21.23
Broomfield	3,474,473	22.8%	23%	44,550	0	90,000	\$27.43
CBD	32,614,523	22.4%	22%	(164,057)	0	59,223	\$36.46
Cherry Creek	2,471,992	9.5%	10%	44,013	0	111,605	\$33.80
Colorado Blvd / SE	6,148,357	18.8%	19%	(127,968)	0	0	\$29.05
Midtown	641,413	21.7%	21.70%	16,110	0	39,400	\$30.60
North	1,480,546	21.4%	21.40%	30,673	0	0	\$25.40
Northeast	1,500,522	14.0%	14.00%	29,445	0	0	\$24.40
Northwest	3,376,262	14.3%	14.30%	60,707	0	32,734	\$25.05
RiNo / Platte Valley	3,653,511	17.9%	17.90%	(96,551)	250,402	511,407	\$42.03
Southeast Suburban	34,662,959	20.6%	20.60%	259,343	0	537,627	\$28.01
Southwest	3,959,878	15.1%	15.10%	43,218	0	0	\$19.61
West	6,136,567	19.4%	19.40%	39,655	0	15,170	\$25.58
Market Total	102,591,644	18.0%	17.98%	177,365	250,402	1,397,166	\$28.36

New construction pipeline



Address	Area	Total RSF	Available SF	Delivery
1. 1261 Glenarm Pl	CBD	59,223	43,473	1Q22
2. 3550 Clear Creek Dr	West	15,170	3,732	1Q22
3. 3615 Delgany St	Platte River	272,997	188,618	1Q23
4. 200 Clayton St	Cherry Creek	76,715	25,676	1Q23
5. 252 Clayton St	Cherry Creek	34,890		1Q23
6. 2926 Umatilla St	Northwest	32,734	20,120	1Q23
7. Trainstation Cir	Lone Tree	131,733		2Q22
8. 2600 Welton St	Midtown	39,400		2Q22
9. 6165 S Willow Drive	Southeast Suburban	300,000	300,000	2Q23
10. 7222 E Layton Ave	Southeast Suburban	127,798	33,677	4Q22
11. 3500 Blake St	Platte River	238,410	215,523	4Q23
Total		1,307,166	830,819	

For more market insights
and information visit
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