

## STATS

Quoted Rents  
**\$31.56/SF**

Vacancy  
**16%**

Net Absorption  
**(90,786) SF**

### Tenant's Perspective:

1. Financing pressures are becoming a reality, look for some landmark buildings to hit the watch list
2. Downtown continues to be Denver's hardest hit market with 629K SF Negative Absorption & 22% Vacancy
3. Despite increasing vacancy Landlords continue to maintain rental rates...deals are being done with significant free rent and tenant improvement concessions

### Denver Metro Top Five Office Lease

Tenant	Size	Submarket
1 Boom Technologies 6801 S Tucson Bldgs 1&2	266,707 SF	Centennial
2 PDC Energy 1099 18th Street	108,459 SF	Denver
3 Brownstein Hyatt Farber 675 15th Street	103,974 SF	Denver
4 Starz Entertainment 6363 S Fiddler's Green Cir	100,119 SF	Greenwood Village
5 Davis Graham & Stubbs 3400 Walnut Street	77,142 SF	Denver

### Rental Rates

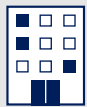
Submarket	2-Yr COVID Impact
Metro <b>\$31.56</b>	\$2.62 ▲
CBD <b>\$39.16</b>	\$2.17 ▲
Cherry Creek <b>\$35.29</b>	(\$2.17) ▼
I-25 South <b>\$27.80</b>	\$1.11 ▲
Boulder <b>\$34.19</b>	\$8.24 ▲
36 Corridor <b>\$28.15</b>	\$1.80 ▲
West <b>\$25.75</b>	\$1.47 ▲
East (Aurora) <b>\$23.05</b>	\$2.85 ▲
CO Springs <b>\$26.22</b>	\$7.64 ▲

### Vacancy Rates

Submarket	2-Yr COVID Impact	Total Available
Metro <b>16%</b>	5.4% ▲	22%
CBD <b>22%</b>	10.4% ▲	31%
Cherry Creek <b>7%</b>	(3.0%) ▼	11%
I-25 South <b>18%</b>	5.4% ▲	17%
Boulder <b>13%</b>	5.6% ▲	18%
36 Corridor <b>12%</b>	0.1% ▲	16%
West <b>12%</b>	3.2% ▲	15%
East (Aurora) <b>12%</b>	4.2% ▲	18%
CO Springs <b>10%</b>	1.9% ▲	14%

## OPINIONS & SOUNDBYTES

### Metro Outlook: "Tenant market" Conditions to Continue into 2023



- 16.5% Vacant (Pre-pandemic vacancy was 11%)
- Rates remain stable but concessions on the rise.
- Absorption finished slightly negative driven by 629K SF of negative absorption downtown and almost all other mkts showing positive absorption for the year

### Downtown & I-25 South: Most Tenant-Favorable Markets



- 629K SF Negative Absorption & 22% Vacancy
- Despite increasing vacancy and back to back years of negative absorption, Landlords continue to increase rates up nearly 6% in 2 years

### Other Submarkets: Equilibrium



- Vacancy averages 12% across the rest of metro area
- Cherry Creek is the only outlier with 7% vacancy

### Landlord Mentality



- Many landlords are beginning to look for the "panic button"
- Watch for some exceptional deals into next year, especially downtown, subleases and Class B Buildings
- Some landlords facing re-financing pressures

### Sublease Space: All-Time High at 6M SF



- Notable companies that put space up for sublease this year include AECOM, TIAA, Guild Education, Twilio, Health Grades, Newmont Mining, Whiting, Gusto, Western Union, Angi, Robin Hood, Vail Resorts, Comcast, ADT, and NetApp

### Remote Work Models: More Vacancy Coming...



- Hybrid work models are the new normal
- This will add vacancy in 2023/2024