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# MARKET REPORT

# DENVER



INDUSTRIAL



MULTIFAMILY



OFFICE



RETAIL

**Q2 | 2019**

400 south broadway | denver, colorado 80209 | [www.uniqueprop.com](http://www.uniqueprop.com)

**OFFICE MARKET REPORT**

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12 Mo Deliveries in SF

**1.6 M**

12 Mo Net Absorption in SF

**2.9 M**

Vacancy Rate

**10.0%**

12 Mo Rent Growth

**3.8%**

The Denver office market is in the midst of a moderate rebound. Rent growth slowed sharply throughout 2015 and 2016 as the market felt the full brunt of the collapse in oil prices, and rents at 4 & 5 Star properties briefly turned negative. As oil prices rebounded throughout most of 2018 (and staged another rebound in early 2019 after falling late last year), rents have regained some momentum.

Speculative development has ramped up, and tenants considering major expansions or relocations have far more options today than they did a few years ago. Still, conditions remain well-controlled relative to historical averages (and exceptionally tight for low- to mid-tier office space). Roughly 60% of what was underway in mid 2019 was in core downtown submarkets: The CBD, LoDo, or Platte River, the latter of which includes includes the RiNo neighborhood.

In a major turnabout, core Downtown Denver submarkets took over the first, second and third strongest rent growth performances by mid-2019, after initially accelerating last year. Tech demand has been more than robust, and spec development notwithstanding, that momentum doesn't appear to be dissipating.

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. The metro area, and in particular the downtown area, have 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 and Facebook) have since announced major permanent leases—a testament to the ability of tech companies to find talent despite a tight labor market.

## KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	72,661,422	11.8%	\$32.40	17.6%	91,755	0	2,697,979
3 Star	70,409,792	9.8%	\$24.66	12.7%	45,152	0	133,971
1 & 2 Star	32,379,165	6.5%	\$20.31	9.4%	(86,706)	0	0
<b>Market</b>	<b>175,450,379</b>	<b>10.0%</b>	<b>\$27.14</b>	<b>14.2%</b>	<b>50,201</b>	<b>0</b>	<b>2,831,950</b>

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-0.9%	12.3%	10.4%	16.3%	2003 Q3	6.9%	2000 Q2
Net Absorption SF	2.9 M	1,690,859	1,414,218	5,198,501	2000 Q4	(2,122,726)	2002 Q4
Deliveries SF	1.6 M	2,298,716	2,242,686	8,004,021	2001 Q3	505,579	2012 Q1
Rent Growth	3.8%	1.5%	1.5%	12.3%	2007 Q1	-10.1%	2009 Q4
Sales Volume	\$3.3 B	\$1.8B	N/A	\$4.2B	2007 Q3	\$336.9M	2009 Q4

Net absorption on a trailing year basis edged well over 3 million SF by year-end 2018, a new highmark for the current cycle. This represents a marked turnaround in relatively short time: In the year ending 17Q1, net absorption came in below 500,000 SF on a trailing year basis, a period when a prolonged slump in oil prices had a pronounced impact on the market (particularly on the CBD, where energy tenants let up upwards of 1 million SF).

Vacancies have flattened out over the past several years, and rebounding demand was met what will likely be the peak year of supply this cycle in 2018 (and elevated supply for at least two more years). Leasing at large scale spec development, both downtown and in the suburbs, has been consistently strong.

New construction in Denver's downtown submarkets is attracting tenants both within and outside the metro. Specifically, Denver has successfully fostered a culture of innovation that is attracting startups akin to those in the Silicon Valley. Gusto (formerly Zen Payroll) recently announced it will add 1,000 jobs over the next few years, and Slack plans to higher over 500.

Leasing has been impressive at At 1144 Fifteenth, a 670,000-SF tower that recently delivered in the CBD (near the LoDo border). Two tenants signed on for 50,000 SF in 17Q4, including Unicom Capital, which signed on for the 40-story building's 20,000-SF top floor. In August 2018, law firm Faegre Baker Daniels signed on for 58,000 SF, and will be moving from a roughly 85,000 SF space at 1700 Lincoln Street. In a trend that is playing out nationally, law firms are downsizing their footprints (but often moving to higher-end buildings), as functions such as large physical libraries aren't necessitated in the digital era.

Chipotle signed on for 150,000 SF at 1144 15th in early 2018, but shortly thereafter announced plans to move its headquarters to Newport Beach, CA. The firm's six full floors remained available for sublease as of late 2018.

In 2018, WeWork went all-in on Downtown Denver. The coworking giant signed on for 450,000 SF at six new locations over the course of 2018. Those leases will take its total footprint to about 600,000 SF, at which point the firm will surpass DaVita as the largest office user in Downtown Denver. All of the firm's eight locations are located in core Downtown Submarkets: The CBD, LoDo, or Platte River (which includes RiNo).

But WeWork is not alone. Including WeWork, CoStar has tracked over 60 co-working locations that have been opened or leased since the beginning of 2015, containing just over 1.5 million SF combined. There are 16 office submarkets with at least one coworking location, but nearly 75% of co-working space is in the CBD, LoDo, or Platte River.

LoDo's status as Denver's premier office submarket continues, and major national tenants continue to show willingness to shell out a significant premium for the location. This was made clear when a rare, ultra-large block of space was leased by VF Corp, which took all 285,000 SF at 1551 Wewatta on a lease running through 2030 that was signed towards the end of 18Q3. The international apparel firm is relocating its headquarters here from Greensboro, NC.

The two vacating tenants at 1551 Wewatta, Gates Corporation and DaVita, are moving into new construction projects, both on the border of the LoDo submarket (Gates at 1144 Fifteenth in the CBD, and DaVita at 16 Chestnut in Platte River). For DaVita, which occupied just over half of 1551 Wewatta, the move represents its ongoing major expansion in the area. The firm will be taking just over 340,000 SF at 16 Chestnut, which delivered in late 2018.

Energy tenant move-outs hit the CBD where sublease availability jumped to a peak of 4.5% in late-2016, following multiple downturns in oil prices beginning in late-2014.

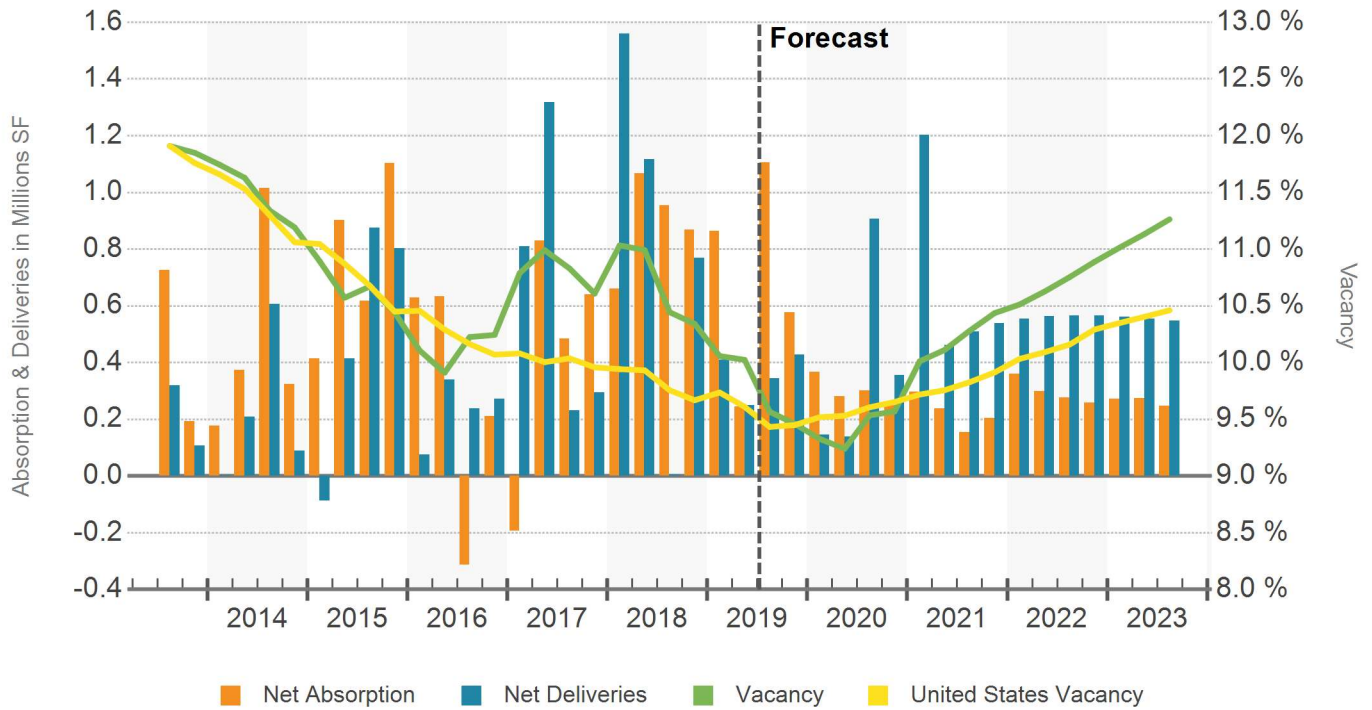
Prior to recent volatility in oil prices (a late-2018 drop followed by an early-2019 rebound), strength from late 2017 through 18Q3 provided a major lift to the CBD, where absorption rebounded sharply: After posting negative net absorption of 900,000 square feet from 15Q2 through 17Q3, the submarket posted positive net absorption of over one million SF from 17Q4 through 18Q4 (or +700,000 SF excluding move-ins at the recently delivered 1144 Fifteenth). Many of the sublet spaces placed on the market during the oil downturn have now been leased, often by energy tenants.

Major suburban leases recently signed include Biomet, Inc., taking 104,000 SF in Northwest Denver and HighBrook Investors leasing up the 76,500-SF former NREL building in West Denver. Charter Communications signed on for 306,000 SF at a new built-to-suit in Greenwood Village that opened in early 2018 as part of a major expansion, and followed that up with the

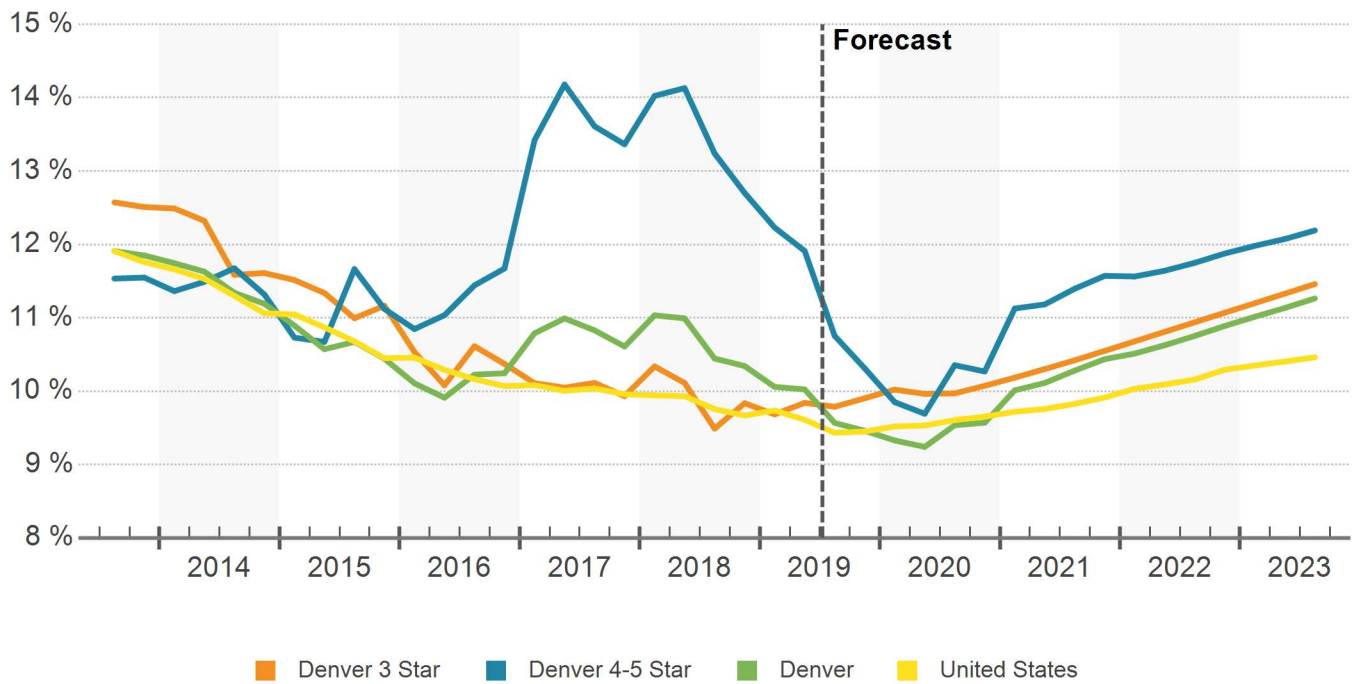
aforementioned 260,000 SF lease at Granite Place. In August 2017, Western Union signed a lease for 267,000

SF at One Bellevue Station, a 318,000-SF spec building in the DTC that delivered in 17Q2.

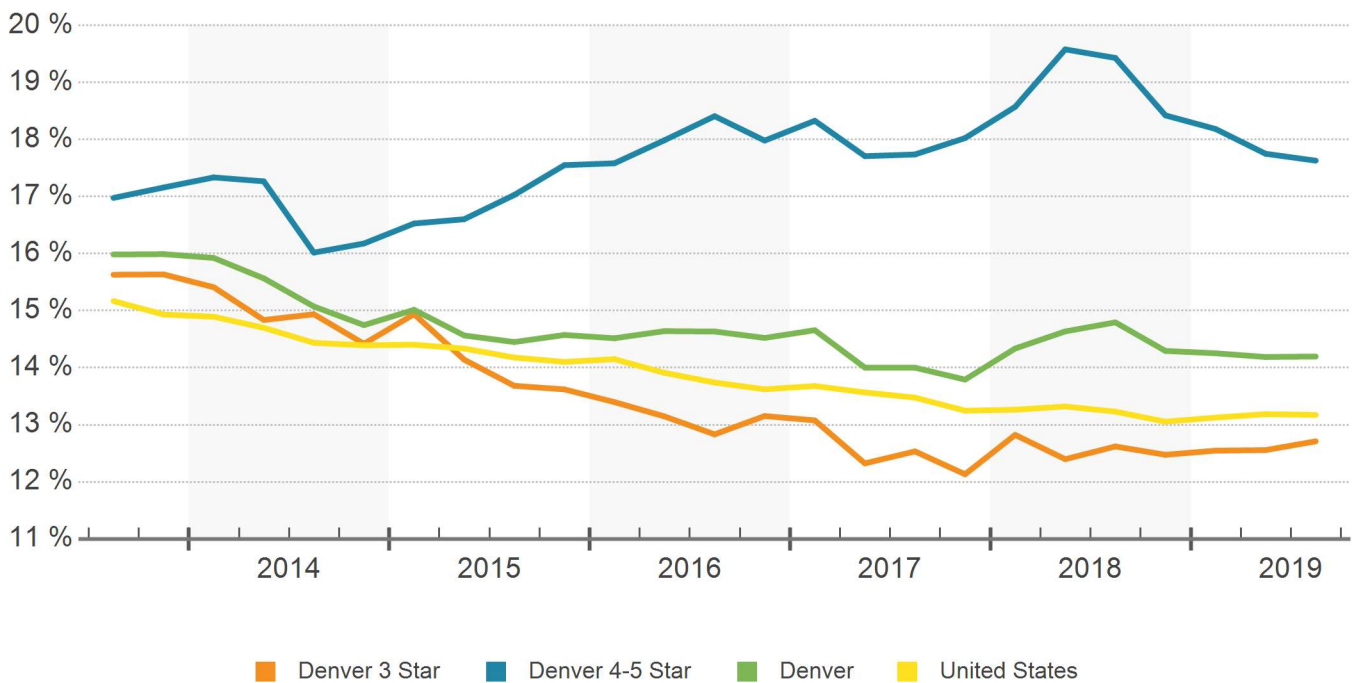
## NET ABSORPTION, NET DELIVERIES & VACANCY



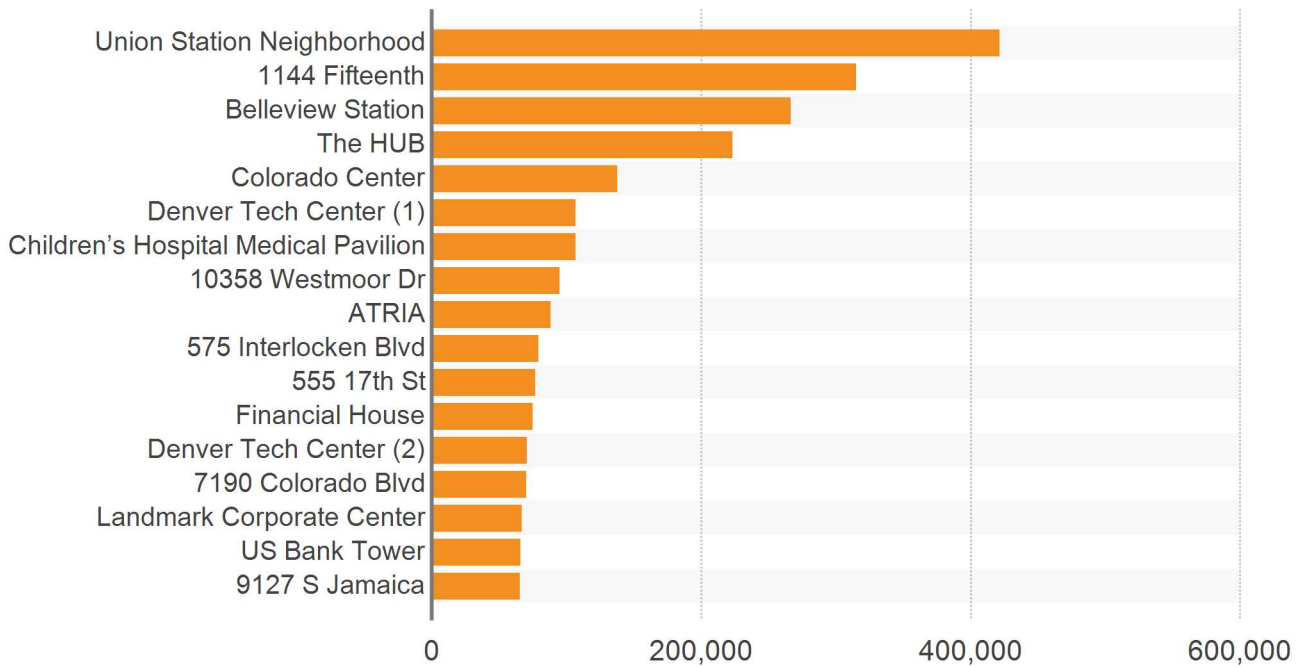
## VACANCY RATE



## AVAILABILITY RATE



## 12 MONTH NET ABSORPTION SF IN SELECTED BUILDINGS



Building Name/Address	Submarket	Bldg SF	Vacant SF	Net Absorption SF				
				1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	12 Month
Union Station Neighborhood	Platte River	428,219	6,725	0	79,585	0	0	421,494
1144 Fifteenth	CBD	672,000	253,585	47,085	58,000	0	0	315,228
Bellevue Station	Denver Tech Center	318,000	0	0	0	0	0	266,658
The HUB	Platte River	279,317	56,154	221,204	1,959	0	0	223,163
Colorado Center	Colorado Blvd/I-25	229,670	72,177	143,329	(11,569)	1,469	0	137,591
Denver Tech Center (1)	Denver Tech Center	366,184	70,768	768	(2,722)	0	0	106,968
Children's Hospital Medical Pavil...	Aurora	113,568	0	0	0	106,794	0	106,794
10358 Westmoor Dr	Northwest Denver	125,000	30,000	0	0	0	0	95,000
ATRIA	Broomfield County	88,293	0	88,293	0	0	0	88,293
575 Interlocken Blvd	Broomfield County	79,000	0	79,000	0	0	0	79,000
555 17th St	CBD	725,011	79,135	(13,796)	61,252	(1,327)	0	77,054
Financial House	Cherry Creek	75,000	0	75,000	0	0	0	75,000
Denver Tech Center (2)	Denver Tech Center	192,838	17,360	50,391	4,117	0	0	70,480
7190 Colorado Blvd	Northeast Denver	69,984	0	0	0	0	0	69,984
Landmark Corporate Center	Greenwood Village	215,000	0	0	0	0	0	66,822
US Bank Tower	CBD	531,608	52,593	0	(10,795)	19,809	0	66,091
9127 S Jamaica	Meridian	114,012	42,840	0	0	20,171	0	65,600
<b>Subtotal Primary Competitors</b>		<b>4,622,704</b>	<b>681,337</b>	<b>691,274</b>	<b>179,827</b>	<b>146,916</b>	<b>0</b>	<b>2,331,220</b>
Remaining Denver Market		170,827,675	16,856,912	173,167	65,576	(96,715)	0	557,332
<b>Total Denver Market</b>		<b>175,450,379</b>	<b>17,538,249</b>	<b>864,441</b>	<b>245,403</b>	<b>50,201</b>	<b>0</b>	<b>2,888,552</b>

## TOP OFFICE LEASES PAST 12 MONTHS

Building Name/Address	Submarket	Leased SF	Qtr	Tenant Name	Tenant Rep Company	Leasing Rep Company
1551 Wewatta St	LoDo	285,000	Q3 18	VF Corp	Cushman & Wakefield	CBRE
ParkRidge Corporate Ctr	Lone Tree	161,219	Q1 19	Cochlear Americas	CBRE	CBRE
Wells Fargo Center	CBD	135,178	Q3 18	Whiting Petroleum	Cushman & Wakefield	JLL
Denver City Center	CBD	118,131	Q1 19	Sunrun	Colliers International	JLL
Wells Fargo Center	CBD	117,060	Q3 18	WeWork	-	JLL
Verizon Call Center	Highlands Ranch	106,000	Q4 18	Lockheed Martin	-	Colliers International
Junction 23	Platte River	86,127	Q1 19	WeWork	CBRE	Newmark Knight Frank
Union Station Neighborhood	Platte River	80,474	Q3 18	Slack	Colliers International	Cushman & Wakefield
Meridian Office Park	Meridian	77,697	Q2 19	-	-	Cushman & Wakefield
1515 Wynkoop	LoDo	72,496	Q4 18	Amazon	-	CBRE
Revolution 360	Platte River	65,000	Q4 18	WeWork	-	JLL
1401 Wynkoop St	LoDo	58,568	Q4 18	Zayo Group	-	Amerimar Enterprises, I...
1144 Fifteenth	CBD	58,000	Q3 18	Faegre Baker Daniels	Savills	JLL
The Circa	Platte River	57,787	Q4 18	WeWork	-	JLL
The Square at Southbridge *	Southwest Denver	57,630	Q3 18	RSI	-	-
16th Street Mall	LoDo	53,259	Q3 18	Advanced Energy Industri...	Cushman & Wakefield	CBRE
The HUB	Platte River	50,620	Q4 18	HomeAdvisor, Inc.	-	JLL
The HUB	Platte River	50,125	Q2 19	-	-	JLL
City Center	CBD	49,920	Q1 19	Service Source	CBRE	JLL
Westmoor Technology Park	Northwest Denver	48,253	Q2 19	Ball Corp	-	CBRE
Republic Plaza	CBD	47,897	Q2 19	-	-	Cushman & Wakefield
Denver Tech Center	Denver Tech Center	47,753	Q3 18	AIMCO Commercial	-	CBRE
1515 Wynkoop	LoDo	47,429	Q4 18	Black Hills Corporation	Cushman & Wakefield	-
1600 Broadway	CBD	47,123	Q4 18	CoBiz Financial, Inc.	-	Cushman & Wakefield
The HUB	Platte River	45,000	Q3 18	WeWork	-	JLL
Meridian Int'l Bus Center *	Meridian	41,536	Q1 19	Sierra Nevada	Cushman & Wakefield	Newmark Knight Frank
The Vault	CBD	40,600	Q4 18	WeWork	-	CBRE
1999 Broadway	CBD	38,073	Q4 18	Internal Revenue Service	-	CBRE
Bellevue Station	Denver Tech Center	37,006	Q4 18	Newmont Mining	Cushman & Wakefield	Cushman & Wakefield
Broadway Station	Colorado Blvd/I-25	36,157	Q3 18	OrthoFi	-	Cushman & Wakefield
Park Central	CBD	34,896	Q4 18	Gusto	-	Cushman & Wakefield
1001 17th Street	CBD	32,923	Q4 18	Centennial Resource Dev...	Energy Real Estate...	Colliers International
Civica Cherry Creek	Cherry Creek	30,861	Q3 18	Spaces	JLL	Pinnacle Real Estate A...
Denver Tech Center	Denver Tech Center	30,502	Q3 18	-	-	CBRE
50 FIFTY DTC	Denver Tech Center	29,387	Q1 19	Yes! Communities	-	RISE Commercial Prop...
8165 Wallace Ct *	Centennial	29,000	Q4 18	Sierra Nevada Corporation	Cushman & Wakefield	-
Denver Tech Center	Denver Tech Center	28,809	Q4 18	-	-	CBRE
Carrara Place	Greenwood Village	28,387	Q2 19	-	-	CBRE;DPC Developme...
Denver Tech Center	Denver Tech Center	28,339	Q2 19	-	-	Cushman & Wakefield
Denver Tech Center	Denver Tech Center	27,687	Q4 18	-	-	JLL

\*Renewal



Following years of outperformance against the national average, rent growth moderated considerably in 2016 to a rate of just over 1% year-over-year. Rents returned to stronger growth in 2017, and retained solid momentum in 2018—once again outpacing the national average.

While the total square-footage under construction is off of cyclical peaks, the amount of speculative development has never been higher, notably in the greater downtown area (in RiNo, or otherwise within a mile of Union Station). Even with peak levels of speculative construction, the availability rate (which includes available under construction space) was within 100 basis points of cycle lows in early 2019.

Stronger oil prices for most of 2018 helped to remove a glut of bargain-rate space sublet in the CBD. Further helping rents, employment growth has been generally accelerating since late-2017, essentially reversing a three-year deceleration.

With an expanded roster of high-end options hitting the market (at the same time oil move-outs began in earnest), existing high-end properties experienced the most acute rent growth slowdown several years ago. While all cohorts of office space grew by about 5% from 2014- 2015, divergent performance became apparent thereafter: From 2016 to 2017, 4 & 5 Star office space posted an average annual increase of less than 1%, while 1 & 2 Star and 3 Star space both managed average annual gains of 4%. In core CBD markets (Platte River, LoDo, and the CBD), 4 & 5 Star rents declined slightly on the net over those two years.

In 2018, the story changed. High-end rent growth trended upwards throughout the year, and on an annual basis 4 & 5 Star rent growth surpassed that of low- to mid-tier product for the first time in four years. Strength at the high-end likely stems from a rebounding economy, more incentive to upgrade space in an

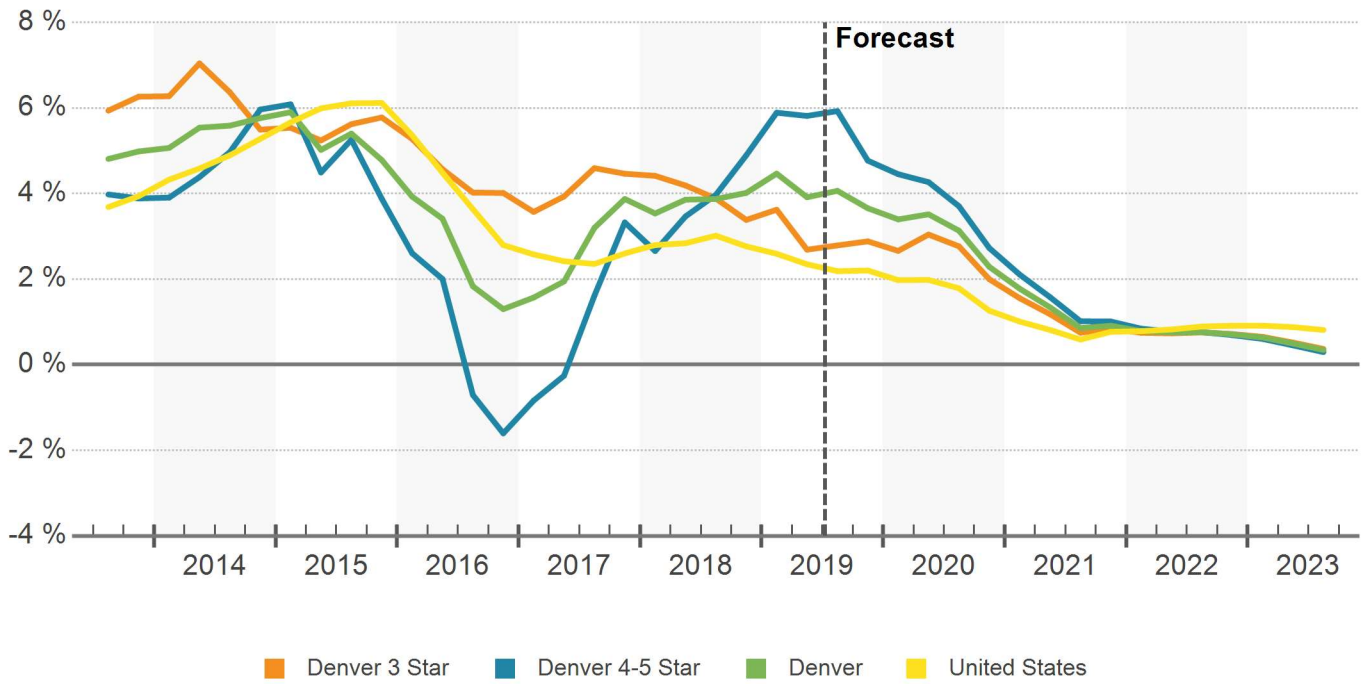
exceptionally tight labor market, along with more money to potentially throw into office space via corporate tax cuts. Tight conditions prevail for low- to mid-tier office space, although vacancies have started to flatten out after years of decline. Rents, after posting exceptional gains for over five years, are still growing at a solid clip, but have moderated.

This emerging trend in 2018—renewed strength at the high-end and moderation at the low- to mid-end—has been most pronounced in core downtown submarkets. Here, rents for low- to mid-tier properties have stalled (up by less than 1% in 2018), ending a multiyear stretch of truly outsized gains. Meanwhile, high-end rents were growing at their strongest annual rate in over three years, close to 4%. Over 1.1 million SF of coworking space has opened or been leased in Downtown Denver since the start of 2015 (75% of the metro total), and there are reasons to expect this could be a factor in the slowdown for 1-3 Star properties.

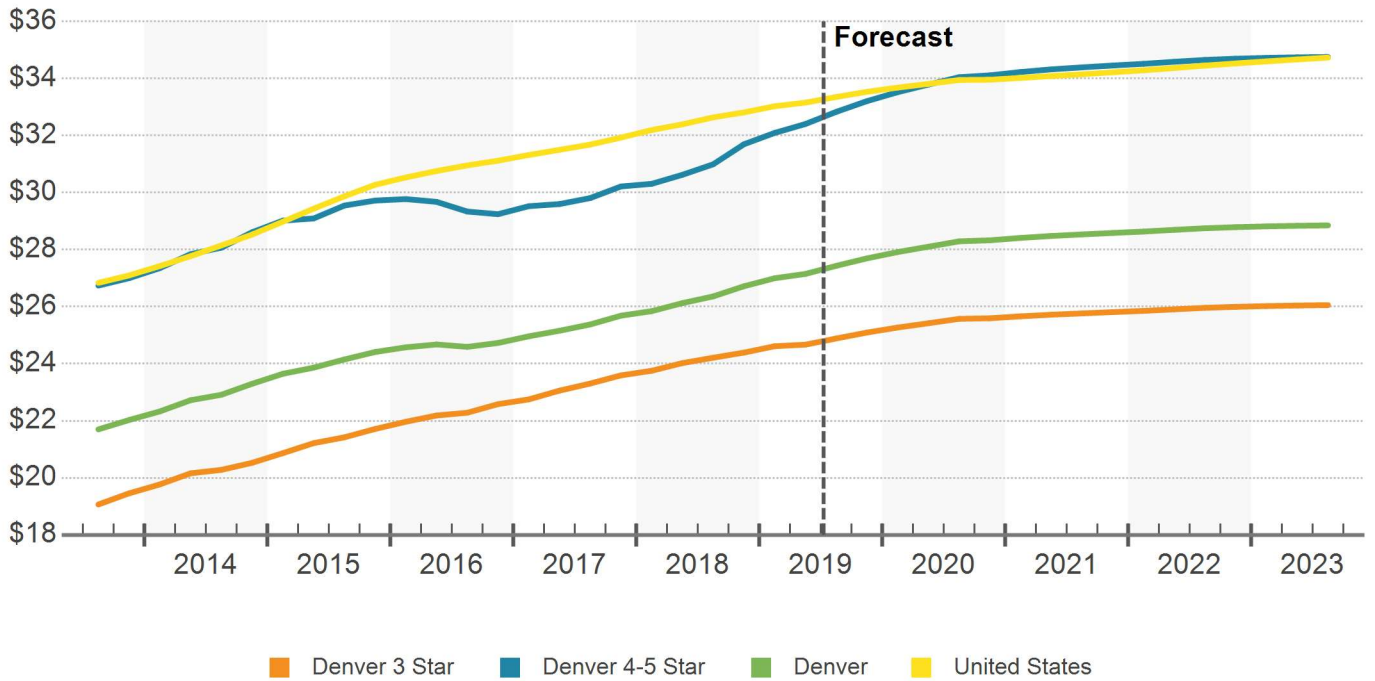
First, while co-working space is often in high-end or brand new buildings, the space-per-employee is a fraction of traditional office space. For example, WeWork's 147,000 SF Tabor Center location has 2,200 desks, or about 68 SF per-worker assuming 100% occupancy. That's about one-quarter of the 250 SF per-worker average for traditional office space. The result is that WeWork and other co-working providers can offer significantly lower costs 'per-employee' than 4- and 5-Star market rents would otherwise imply.

Second, co-working has provided a compelling new option for smaller tenants, tenants that drive a majority of leasing activity for low- to mid-tier offices: Over 95 percent of new leases signed in 2018 for 1- to 3-Star offices in Downtown Denver were for less than 10,000 square feet. In square-footage terms, these smaller deals represented more than 60% of space leased.

## MARKET RENT GROWTH (YOY)



## MARKET RENT PER SQUARE FOOT



## 4 & 5 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
<b>Denver</b>	\$0.58	\$1.10	\$0.19	\$4.88	\$5.41	<b>\$12.16</b>
Aurora	\$0.83	\$1.09	\$0.24	\$2.38	\$4.27	<b>\$8.81</b>
Broomfield	\$0.61	\$1.05	\$0.22	\$4.55	\$4.84	<b>\$11.27</b>
Clear Creek County	\$0.33	\$0.45	\$0.14	\$0.73	\$2.21	<b>\$3.86</b>
Colorado Blvd/Glendale	\$0.61	\$1.29	\$0.22	\$4.02	\$5.48	<b>\$11.62</b>
Downtown	\$0.59	\$1.17	\$0.21	\$5.90	\$6.61	<b>\$14.48</b>
Midtown	\$0.49	\$1.07	\$0.17	\$3.70	\$6.26	<b>\$11.69</b>
North Denver	\$0.44	\$0.89	\$0.14	\$5.25	\$3.80	<b>\$10.52</b>
Northeast Denver	\$0.55	\$1.00	\$0.17	\$4.84	\$4.52	<b>\$11.08</b>
Northwest Denver	\$0.55	\$0.96	\$0.20	\$4.18	\$4.47	<b>\$10.36</b>
Outlying Douglas County	\$0.70	\$0.95	\$0.29	\$0.94	\$3.72	<b>\$6.60</b>
Parker/Castle Rock	\$0.86	\$1.16	\$0.36	\$3.10	\$3.78	<b>\$9.26</b>
Southeast Denver	\$0.54	\$1.13	\$0.17	\$5.19	\$5.46	<b>\$12.49</b>
Southwest Denver	\$0.65	\$0.88	\$0.19	\$2.99	\$3.62	<b>\$8.33</b>
West Denver	\$0.58	\$0.85	\$0.23	\$3.87	\$3.70	<b>\$9.23</b>

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

## 3 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
<b>Denver</b>	\$0.47	\$0.92	\$0.13	\$3.53	\$3.67	<b>\$8.72</b>
Aurora	\$0.78	\$1.02	\$0.10	\$2.45	\$3.11	<b>\$7.46</b>
Broomfield	\$0.48	\$0.96	\$0.12	\$4.86	\$3.47	<b>\$9.89</b>
Clear Creek County	\$0.42	\$0.97	\$0.13	\$1.96	\$4.11	<b>\$7.59</b>
Colorado Blvd/Glendale	\$0.58	\$1.24	\$0.21	\$3.90	\$4.49	<b>\$10.42</b>
Downtown	\$0.53	\$1.08	\$0.18	\$3.87	\$5.58	<b>\$11.24</b>
Elbert County	\$0.36	\$0.71	\$0.09	\$5.64	\$2.81	<b>\$9.61</b>
Midtown	\$0.44	\$0.91	\$0.16	\$2.69	\$4.36	<b>\$8.56</b>
North Denver	\$0.42	\$0.83	\$0.11	\$3.55	\$3.19	<b>\$8.10</b>
Northeast Denver	\$0.43	\$0.82	\$0.11	\$3.73	\$3.14	<b>\$8.23</b>
Northwest Denver	\$0.43	\$0.84	\$0.11	\$3.11	\$3.04	<b>\$7.53</b>
Outlying Arapahoe County	\$0.49	\$0.82	\$0.10	\$4.42	\$2.95	<b>\$8.78</b>
Outlying Douglas County	\$0.37	\$0.73	\$0.09	\$4.46	\$2.89	<b>\$8.54</b>
Park County	\$0.43	\$0.86	\$0.11	\$1.64	\$3.34	<b>\$6.38</b>
Parker/Castle Rock	\$0.43	\$0.85	\$0.11	\$3.53	\$2.82	<b>\$7.74</b>
Southeast Denver	\$0.43	\$0.86	\$0.11	\$3.93	\$3.69	<b>\$9.02</b>
Southwest Denver	\$0.43	\$0.84	\$0.11	\$3.68	\$3.29	<b>\$8.35</b>
West Denver	\$0.44	\$0.86	\$0.11	\$2.93	\$3.21	<b>\$7.55</b>

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

## 1 & 2 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
<b>Denver</b>	\$0.42	\$0.62	\$0.12	\$3.26	\$2.45	<b>\$6.87</b>
Aurora	\$0.45	\$0.49	\$0.10	\$2.23	\$2.50	<b>\$5.77</b>
Broomfield	\$0.39	\$0.51	\$0.10	\$3.61	\$1.77	<b>\$6.38</b>
Clear Creek County	\$0.39	\$0.54	\$0.12	\$1.11	\$2.78	<b>\$4.94</b>
Colorado Blvd/Glendale	\$0.44	\$0.65	\$0.16	\$3.92	\$3.37	<b>\$8.54</b>
Downtown	\$0.49	\$0.91	\$0.17	\$4.39	\$3.52	<b>\$9.48</b>
Elbert County	\$0.35	\$0.49	\$0.09	\$2.38	\$1.96	<b>\$5.27</b>
Gilpin County	\$0.41	\$0.57	\$0.10	\$2.29	\$2.29	<b>\$5.66</b>
Midtown	\$0.45	\$0.78	\$0.17	\$3.49	\$2.24	<b>\$7.13</b>
North Denver	\$0.41	\$0.54	\$0.10	\$3.25	\$1.53	<b>\$5.83</b>
Northeast Denver	\$0.41	\$0.54	\$0.11	\$2.80	\$1.95	<b>\$5.81</b>
Northwest Denver	\$0.41	\$0.58	\$0.10	\$3.46	\$2.30	<b>\$6.85</b>
Outlying Adams County	\$0.41	\$0.57	\$0.10	\$2.07	\$2.29	<b>\$5.44</b>
Outlying Arapahoe County	\$0.39	\$0.53	\$0.09	\$5.08	\$2.74	<b>\$8.83</b>
Outlying Douglas County	\$0.39	\$0.53	\$0.10	\$2.01	\$2.15	<b>\$5.18</b>
Park County	\$0.41	\$0.57	\$0.10	\$1.85	\$2.30	<b>\$5.23</b>
Parker/Castle Rock	\$0.39	\$0.54	\$0.10	\$3.78	\$2.16	<b>\$6.97</b>
Southeast Denver	\$0.40	\$0.51	\$0.10	\$3.28	\$2.94	<b>\$7.23</b>
Southwest Denver	\$0.42	\$0.57	\$0.11	\$2.78	\$2.10	<b>\$5.98</b>
West Denver	\$0.40	\$0.56	\$0.10	\$2.98	\$2.36	<b>\$6.40</b>

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

The expansion of Denver's light rail network has significant implications for office development. Outside of Cherry Creek and Broomfield, every 100,000-SF plus office building constructed this cycle has been located within one-mile of a light rail station (and most within a half-mile). Since 2013, 26 light rail stations have opened, and 16 more are under construction (all set to open by 2020 or earlier). While major suburban transit-oriented-developments have largely been focused in established TOD submarkets in Denver's southeast corridor (where the light rail line opened in 2006), developers are faced with an array of new potential TOD opportunities.

Outside of southeast Denver, development has been concentrated in corridors in and around the CBD, notably LoDo, Platte River, and increasingly in the RiNo neighborhood (located within the Platte River submarket). Around the start of 19Q2, roughly two-thirds of the entire pipeline was located in core downtown submarkets: The CBD, LoDo, and Platte River.

The 428,000-SF Chestnut Building delivered in late 2018, a project which moved forward when DaVita Healthcare committed to 265,000 SF of the project. The development is located in the Platte River Submarket, but right on the border of LoDo. DaVita would go on to commit for an additional 74,000 SF at the building.

The remaining 80,000 SF at 16 Chestnut was leased in by Slack in August 2018. The San Francisco-based developer of a popular workplace messaging platform plans to grow its workforce from less than 50 people (initially working out of coworking space at Galvanize) to over 550 in the coming years. The firm received just over \$10 million in job-creation dependent economic incentives, and looked at Phoenix, Austin, and Portland, OR before landing on Denver to locate what appears to be tantamount to a second headquarters.

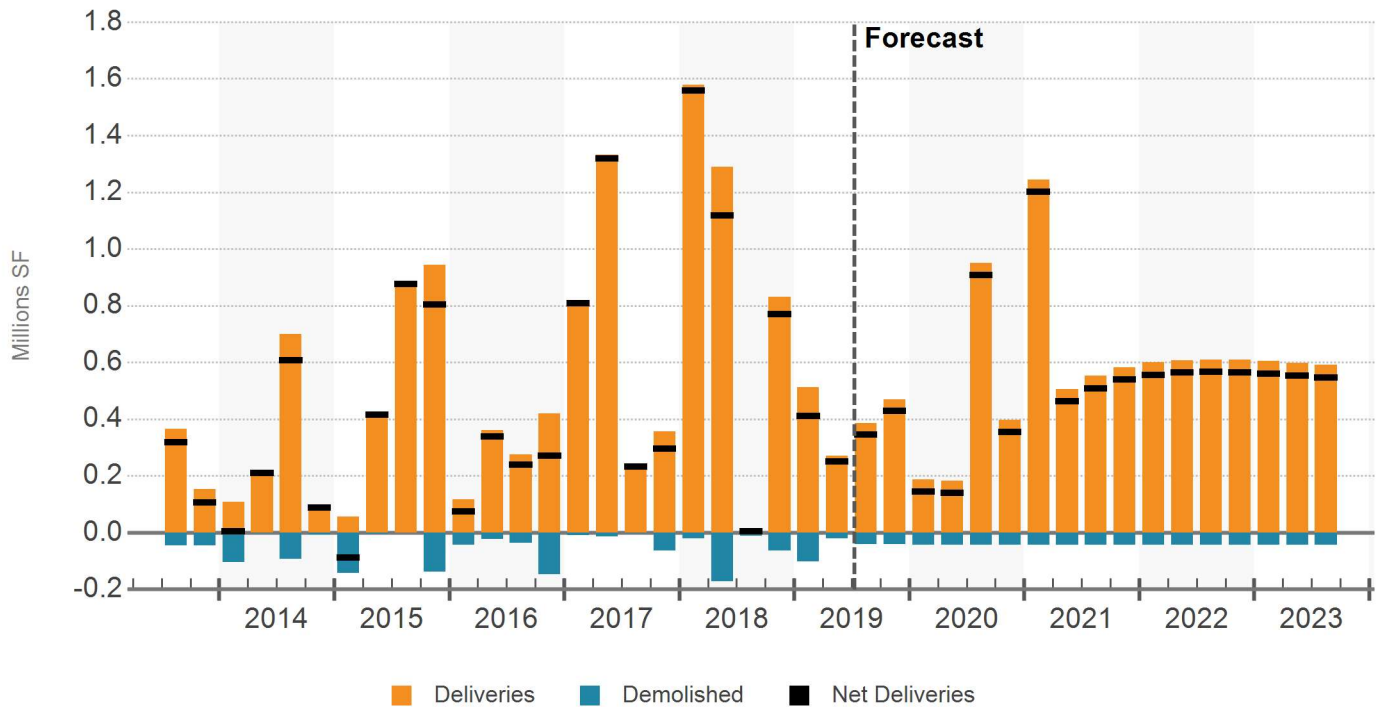
Co-working has acted as a significant source of demand

for new-construction 4- and 5-Star buildings. In core downtown offices constructed since 2015 or currently underway, co-working tenants have leased a little over 600,000 square feet, representing nearly 20 percent of all leasing activity at these buildings.

In early 2017, the developers behind Block 162 signaled that the project was ready to move ahead. Site work began around the start of 2018, and the foundation was poured towards the end of 18Q2, with a late 2020 or 2021 completion timeframe. Located on the corners of California and 15th streets, it is being designed as a 30-story, 595,000-SF office tower. Patrinely Group and USAA Real Estate Company are handling the development. The development is the first large speculative project in the core part of the CBD market (as opposed to 1144 Fifteenth on the border of LoDo) since the early 1980's, and its success in attracting tenants to this part of the downtown will likely act as a barometer for developers considering projects in this long-untested area, one that is historically dependent on energy tenants.

Numerous speculative developments recently delivered or are underway in the suburbs, with large projects almost universally located near light rail stations. Fully leased single-tenant properties such as those typical earlier in the cycle included the Charles Schwab campus in Lone Tree, the CoBank Center in Greenwood Village, the Denver Health Administration building in South Midtown, and the FirstBank building in West Denver. Despite the backfill space that these firms have left, the overall impact on fundamentals has been largely positive. Now, projects such as INOVA Dry Creek in the Inverness Submarket and One Belleview Station in the Denver Tech Center are bringing fully spec development to the suburbs. Comcast signed a lease for the entire 211,000-SF INOVA building, and developer United Properties broke ground on the second INOVA building shortly thereafter.

## DELIVERIES & DEMOLITIONS



## SUBMARKET CONSTRUCTION

No.	Submarket	Under Construction Inventory				Average Building Size			
		Bldgs	SF (000)	Pre-Leased SF (000)	Pre-Leased %	Rank	All Existing	Under Constr	Rank
1	Platte River	6	652	76	11.6%	6	43,515	108,697	4
2	CBD	2	598	32	5.3%	8	212,434	298,775	2
3	Denver Tech Center	1	385	188	48.7%	4	109,872	385,094	1
4	LoDo	2	306	211	68.9%	3	47,846	153,150	3
5	Cherry Creek	2	155	133	85.7%	1	26,063	77,500	8
6	South Midtown	2	147	120	81.8%	2	12,841	73,403	9
7	East Hampden	1	104	10	9.6%	7	25,298	104,000	5
8	Capitol Hill	1	90	23	25.0%	5	13,837	90,000	6
9	Lone Tree	1	80	0	0%	9	48,601	80,000	7
10	Glendale	1	63	0	0%	9	45,344	62,995	10
	All Other	14	252	142	56.2%		26,027	18,002	
<b>Totals</b>		<b>33</b>	<b>2,832</b>	<b>933</b>	<b>32.9%</b>		<b>32,271</b>	<b>85,817</b>	

# Under Construction Properties

Denver Office

Properties

**33**

Square Feet

**2,831,950**

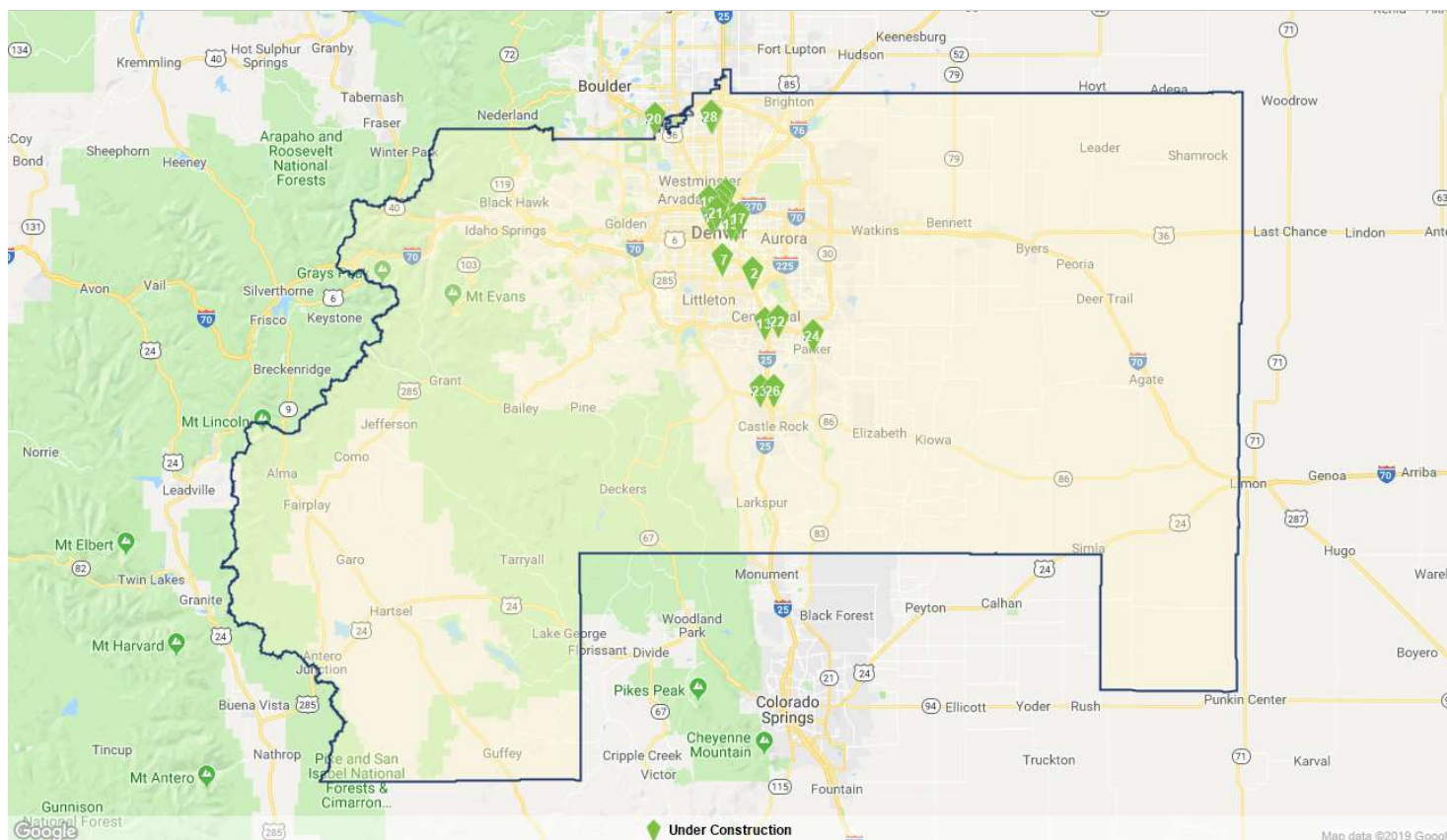
Percent of Inventory

**1.6%**

Released

**32.9%**

## UNDER CONSTRUCTION PROPERTIES



## UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 <b>Block 162</b> 675 15th St	★★★★★	566,050	30	Jun-2018	Dec-2020	Patrinely Group, LLC NAI Shames Makovsky
2 <b>6900 Layton Ave</b>	★★★★☆	385,094	15	Sep-2018	Jul-2020	Prime West Prime West Companies
3 <b>McGregor Square</b> 1901 Wazee St	★★★★★	210,900	8	Oct-2018	Jan-2021	Hensel Phelps Colorado Rockies
4 <b>Revolution 360</b> 3600 Brighton Blvd	★★★★☆	171,000	5	May-2019	Jun-2020	Haselden Construction, LLC First Century Development, LLC
5 <b>Platte 15</b> 2375 15th St	★★★★☆	156,915	5	Feb-2018	Oct-2019	Crescent Real Estate LLC Crescent Real Estate LLC
6 <b>HUB North</b> 3650 Blake St	★★★★☆	105,340	8	Mar-2019	Jul-2020	- Beacon Capital Partners
7 <b>Synergy Medical Center</b> 500 E Hampden Ave	★★★★★	104,000	5	Jun-2019	Dec-2019	Hill Companies, LLC Hill Companies, LLC

# Under Construction Properties

Denver Office

## UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
8 1601 Market St	★★★★☆	95,400	6	Jun-2018	Mar-2020	Continuum Partners LLC Continuum Partners LLC
9 Saint Joseph Medical Off... 18th Ave & Ogden St	★★★★☆	90,000	4	Jun-2019	Jul-2020	Saunders Construction, Inc. -
10 UC Health Offices 100 Cook St	★★★★☆	89,000	5	Oct-2017	Aug-2019	Brookhaven Capital Partners The City and County of Denver -...
11 North Wynkoop 4180 Wynkoop St	★★★★☆	88,925	3	Jul-2017	Sep-2019	Westfield Company, Inc. Westfield Company, Inc.
12 All Copy Products 1635 W 13th Ave	★★★★☆	81,000	5	Jan-2018	Aug-2019	Bryan Construction All Copy Products
13 Pinnacle @ Ridgeway Ridgeway Pky	★★★★★	80,000	3	Dec-2018	Oct-2019	National Healthcare Development... National Healthcare Realty, Inc
14 3060 Brighton Blvd	★★★★☆	70,000	2	Mar-2018	Sep-2019	Mass Equities, Inc. OZ Architecture
15 260 North 260 N Josephine St	★★★★☆	66,000	6	Jun-2018	Aug-2019	Elevation Development Group Elevation Development Group LLC
16 DHA Central Office 1035 Osage St	★★★★☆	65,805	11	Sep-2017	Aug-2019	Shaw Construction Denver Housing Authority
17 9th & Colorado Office 9th Ave	★★★★☆	62,995	5	Oct-2018	Nov-2019	Continuum Partners LLC Continuum Partners LLC
18 Buell Public Media Center 2101 Arapahoe St	★★★★☆	60,000	3	Nov-2018	Sep-2020	Mortenson Construction Rocky Mountain Public Broadcast...
19 LoHi Offices 2128 W 32nd Ave	★★★★☆	57,433	3	Mar-2019	May-2020	City Street Investors City Street Investors
20 1200 El Dorado Blvd	★★★★☆	38,500	3	Dec-2018	Dec-2019	Prime West Companies Partners Group AG
21 Glenham Pl	★★★★☆	31,500	4	Apr-2019	Dec-2020	Stonebridge Companies Stonebridge Companies
22 Meridian Medical Office 12625 E Lincoln Ave	★★★★☆	30,000	3	Feb-2018	Aug-2019	National Healthcare Realty, Inc National Healthcare Realty, Inc
23 3855 Ambrosia St	★★★★☆	21,406	3	Dec-2017	Jan-2020	- -
24 19920 E Hilltop Rd	★★★★☆	15,430	1	Mar-2019	Mar-2020	- -
25 Taiva Building 2 12235 Pecos St	★★★★☆	15,000	2	Jun-2018	Aug-2019	Entasis Group LLC Entasis Group LLC
26 Metzler Professional Plaza 4342 Woodlands Blvd	★★★★☆	14,000	2	Jan-2019	Dec-2019	- The Point At Metzler Ranch Llc
27 Taiva Building 3 12235 Pecos St	★★★★☆	12,607	2	Jun-2018	Aug-2019	Entasis Group LLC Entasis Group LLC
28 Taiva Building 1 12235 Pecos St	★★★★☆	10,674	1	Jun-2018	Aug-2019	Entasis Group LLC Entasis Group LLC



Not surprisingly perhaps given renewed strength in the oil sector, the headline trades of 2018 involved major assets in the CBD, which recorded \$1 billion in sales in 2018. In each of the three years following the late-2014 oil downturn, investment in the CBD clocked in below \$500 million.

Large energy tenants in Denver are overwhelmingly concentrated in the CBD, and fundamentals in the submarket can significantly fluctuate alongside material changes in oil prices. The sublet availability rate in the CBD reached a recent peak of 4.5% in late 2016—an uptick driven by energy move-outs— but was down to slightly less than 2% by early 2018 alongside much improved oil prices.

Metrowide in 2018, sales volume matched the 2017 total by the start of 18Q4, and easily established a new cycle high-mark by year-end with over \$3 billion in total sales.

One of the headline trades of 2018 occurred in April, when Washington, DC-based AFL-CIO acquired a 51% stake in 1801 California for \$285 million, a deal that valued the 1.37 million SF building at \$560 million (or \$407/SF). The buyer is under contract to acquire the remaining 49% interest. The seller, Brookfield Office Properties, had acquired the entire building for \$215 million in 2011, at which point 80% of the leased space was set to expire by 2012. The buyer implemented renovations (initially announced as a \$50 million renovation package) and secured leases from a host of new tenants prior to the recent sale.

In another major 2018 trade in the CBD that closed in August, the 705,000 SF 1670 Broadway tower sold for

\$238 million (\$338/SF) at a cap rate in the mid-5% range. Switzerland-based UBS Realty Investors sold the building to Hana Financial Group, a South Korean bank holding company. With this trade, there have now been at least five office deals involving international buyers in 2018, with total dollar sales exceeding \$500 million from this group of buyers.

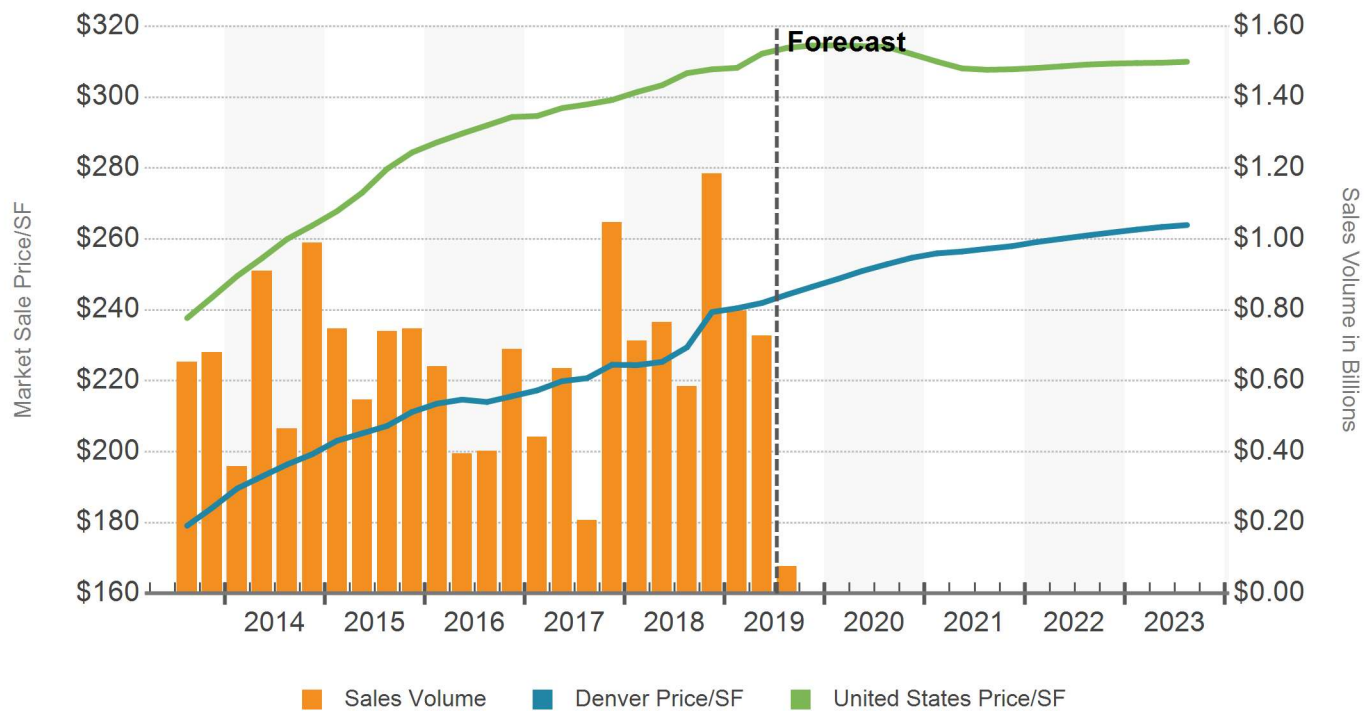
International buyers comprised more than 20% of all office buying activity in 2018, in dollar terms.

Five of the six largest 2017 deals involved properties built this cycle, and three involved properties that delivered in 2017, all in Denver's southeast corridor.

The largest 2017 trade closed in December: Chicago, IL-based Heitman acquired 1401 Lawrence, a 311,000 SF tower that delivered in 2016, for approximately \$225 million, which translates into a staggering \$723/SF, a new record for the Denver metro. The building was essentially fully leased at the time of the sale.

Most of the largest 2017 deals involved new construction. In May, Frankfurt, Germany-based Union Investment Real Estate acquired the 227,000 SF Triangle Building in LoDo for \$154 million, or a staggering \$678/SF. The building, a 15Q3 delivery, was 98% occupied at the time of the sale. Its two largest tenants, WeWork and Liberty Global, each occupy just over 70,000 SF. In another noteworthy May 2017 trade, Chicago-based Capri EGM acquired the 227,000 SF INOVA Dry Creek 1 for \$67.5 million, or \$319/SF. The building was in its final phases of construction at the time of the sale, but was completed in early 17Q3. The build-to-suit houses Comcast's Business Services group.

## SALES VOLUME & MARKET SALE PRICE PER SF



# Sales Past 12 Months

Denver Office

Sale Comparables

**441**

Avg. Cap Rate

**7.2%**

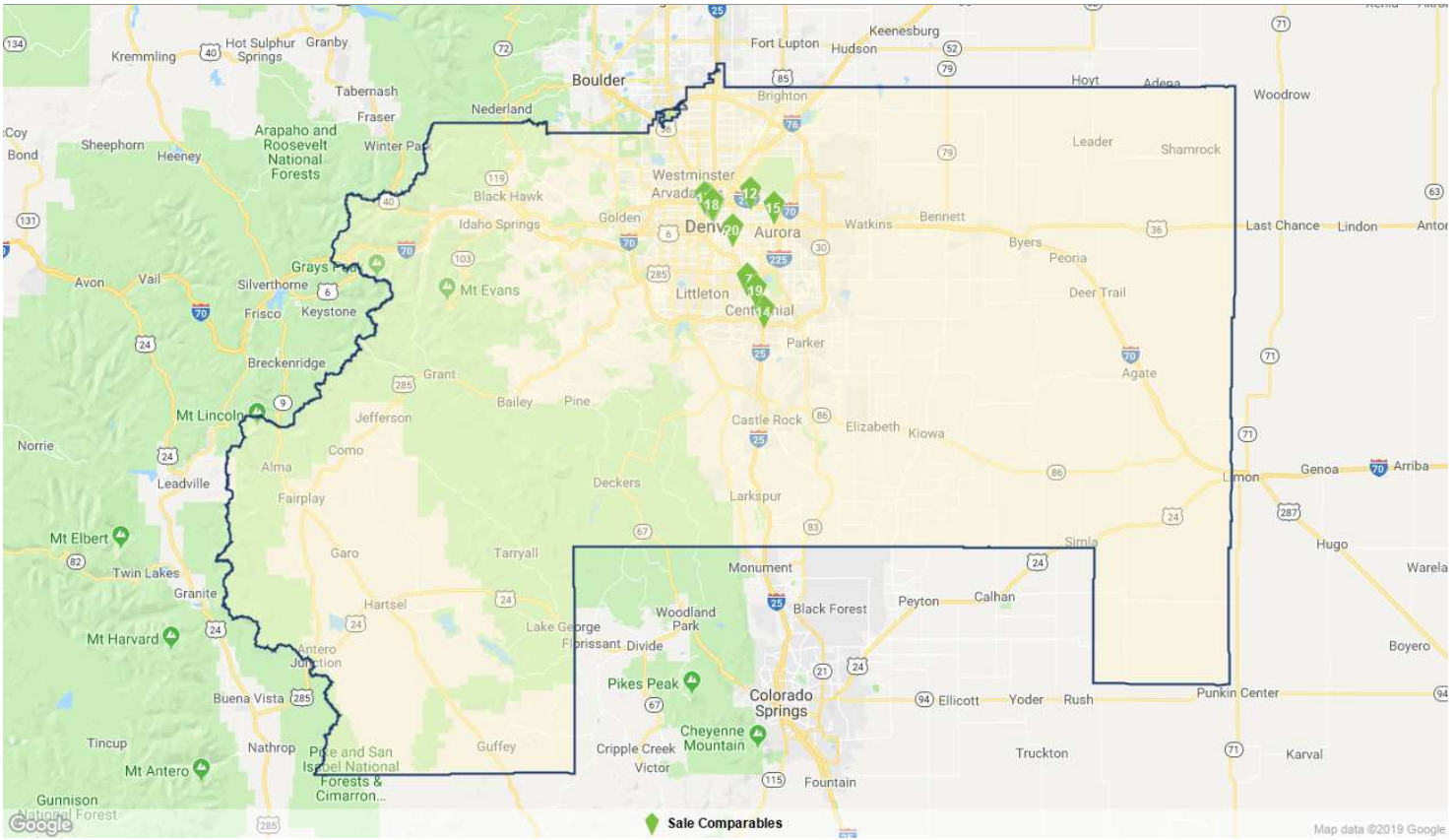
Avg. Price/SF

**\$228**

Avg. Vacancy At Sale

**14.1%**

## SALE COMPARABLE LOCATIONS



## SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$70,000	\$11,252,346	\$2,500,000	\$238,000,000
Price Per SF	\$2.80	\$228	\$173	\$1,296
Cap Rate	3.1%	7.2%	7.3%	10.4%
Time Since Sale in Months	0.2	6.1	6.3	12.0
Property Attributes	Low	Average	Median	High
Building SF	728	43,942	12,157	704,065
Stories	1	3	2	36
Typical Floor SF	548	11,144	7,047	83,964
Vacancy Rate At Sale	0%	14.1%	0%	100%
Year Built	1887	1971	1978	2018
Star Rating	★ ★ ★ ★ ★	★ ★ ★ ★ ★ 2.5	★ ★ ★ ★ ★	★ ★ ★ ★ ★

# Sales Past 12 Months

Denver Office

## RECENT SIGNIFICANT SALES

Property Name - Address	Property				Sale				
	Rating	Yr Built	Bldg SF	Vacancy	Sale Date	Price	Price/SF	Cap Rate	
1 1670 Broadway	★★★★★	1980	704,065	9.3%	8/16/2018	\$238,000,000	\$338	5.5%	
2 1601 Wewatta St	★★★★★	2015	299,127	2.5%	12/13/2018	\$222,000,000	\$742	-	
3 US Bank Tower 950 17th St	★★★★★	1974	531,608	11.6%	12/19/2018	\$194,227,500	\$365	-	
4 410 17th St	★★★★★	1977	436,455	16.9%	6/27/2019	\$127,250,000	\$292	-	
5 Civic Center Plaza 1560 Broadway	★★★★★	1983	598,592	12.2%	6/27/2019	\$124,692,600	\$208	-	
6 1600 Broadway	★★★★★	1972	444,595	5.5%	1/11/2019	\$110,900,000	\$249	-	
7 Millennium Plaza 6200 S Quebec St	★★★★★	1984	335,855	15.8%	10/2/2018	\$85,200,000	\$254	6.0%	
8 1700 Broadway Office 1700 Broadway	★★★★★	1956	394,174	2.3%	6/28/2019	\$78,000,000	\$198	-	
9 Denver Financial Center... 1775 Sherman St	★★★★★	1983	352,714	10.3%	10/15/2018	\$76,944,363	\$218	6.9%	
10 The DC Building 518 17th St	★★★★★	1954	281,397	36.2%	1/17/2019	\$76,605,605	\$272	-	
11 Union Station North Wing 1705 17th St	★★★★★	2013	109,078	0%	3/7/2019	\$76,000,000	\$697	-	
12 FBI Headquarters - Denv... 8000 E 36th Ave	★★★★★	2010	175,155	0%	3/4/2019	\$72,900,000	\$416	5.4%	
13 Union Tower West 1801 Wewatta St	★★★★★	2017	112,651	3.4%	10/19/2018	\$69,000,000	\$613	-	
14 TriZetto World HQ 9655 Maroon Cir	★★★★★	2012	166,912	0%	7/3/2019	\$61,250,000	\$367	-	
15 Fitzsimons 100 13100 E Colfax Ave	★★★★★	2011	168,029	0%	2/27/2019	\$48,034,800	\$286	-	
16 The LAB 2420 17th St	★★★★★	2015	78,575	14.2%	11/1/2018	\$45,500,000	\$579	5.0%	
17 The Circa 1615 Platte St	★★★★★	2018	98,481	58.7%	1/17/2019	\$44,379,502	\$451	-	
18 Trinity Place 1801 Broadway	★★★★★	1981	195,753	12.4%	4/5/2019	\$40,200,000	\$205	-	
19 9201 E Dry Creek Rd	★★★★★	2001	128,500	0%	5/2/2019	\$40,100,000	\$312	6.1%	
20 Elevate 4100 E Mississippi Ave	★★★★★	1984	209,817	1.4%	3/8/2019	\$35,750,000	\$170	-	

Denver has been frequently lauded as a destination for job seekers throughout this cycle, and current labor conditions (and a slew of companies actively expanding in the metro) reinforces this proposition today. Headwinds could come from housing costs, which are dramatically higher today for both renters and prospective owners. While home prices continue to climb into the stratosphere (albeit at a slower rate than the peak years of this cycle), apartment rent growth has moderated alongside massive levels of development, which may provide a relief valve for those considering the metro for its otherwise robust employment prospects.

Along with a highly educated and growing labor force, the FasTracks transit expansion will pay dividends as additional lines connect downtown to North Denver, Aurora and the Denver International Airport, all in addition to an expansion to the southeast rail line.

Healthcare, a major growth sector for years to come, is seeing major investment in the \$1.3 billion VA hospital in Aurora, the Denver Health Administration's new headquarters in South Midtown, and Catalyst's 300,000 SF digital health facility in RiNo (Platte River Submarket).

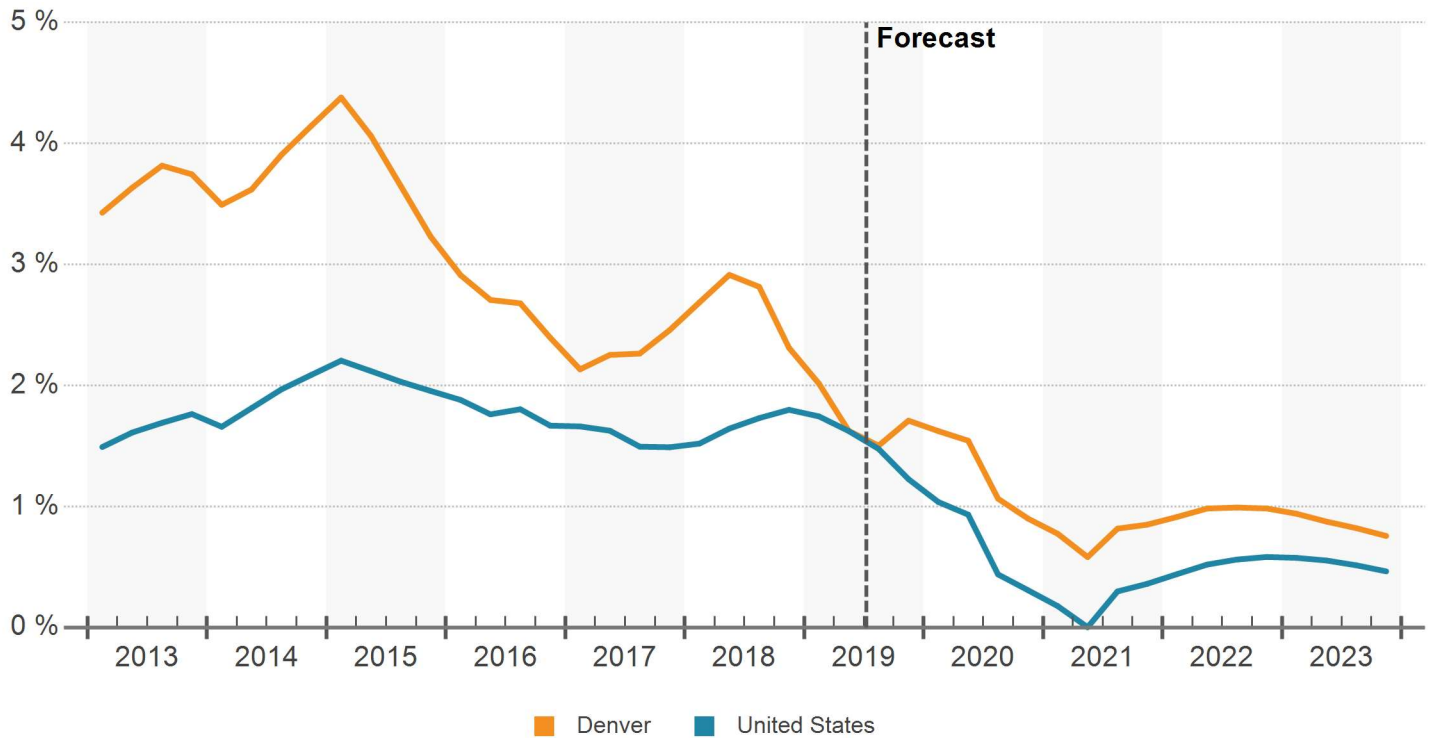
Geographic isolation remains an economic liability in some respects. The geographic separation from large business and financial centers makes locating a corporate headquarters here difficult for companies that benefit from proximity to suppliers, competitors, financiers, and customers, although firms that draw on Denver's natural resources and brainpower have thrived. As a result, the metro has had to rely on its own brand of specialization in high-value-add industries like engineering, energy, communications, and high tech to drive growth.

## DENVER EMPLOYMENT BY INDUSTRY IN THOUSANDS

NAICS Industry	Current Jobs		Current Growth		10 Yr Historical		5 Yr Forecast	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	71	0.5	1.30%	1.39%	1.09%	0.81%	0.55%	0.13%
Trade, Transportation and Utilities	277	1.0	1.98%	1.20%	1.84%	1.17%	0.98%	0.42%
Retail Trade	139	0.9	0.02%	0.14%	1.51%	0.87%	0.74%	0.31%
Financial Activities	112	1.3	-0.44%	1.27%	1.75%	1.01%	0.50%	0.40%
Government	199	0.9	-0.24%	0.55%	1.32%	-0.02%	1.08%	0.76%
Natural Resources, Mining and Construction	111	1.3	1.62%	3.26%	3.61%	2.02%	1.16%	0.26%
Education and Health Services	193	0.8	2.54%	1.93%	3.46%	2.08%	0.75%	0.32%
Professional and Business Services	283	1.3	3.99%	2.47%	3.27%	2.62%	1.36%	0.85%
Information	50	1.7	-1.55%	-0.10%	1.00%	0.07%	0.09%	0.43%
Leisure and Hospitality	171	1.0	0.14%	2.24%	3.10%	2.46%	0.64%	0.39%
Other Services	61	1.0	3.46%	0.99%	2.34%	0.95%	0.79%	0.21%
<b>Total Employment</b>	<b>1,527</b>	<b>1.0</b>	<b>1.61%</b>	<b>1.61%</b>	<b>2.42%</b>	<b>1.42%</b>	<b>0.92%</b>	<b>0.47%</b>

Source: Oxford Economics  
LQ = Location Quotient

## YEAR OVER YEAR JOB GROWTH



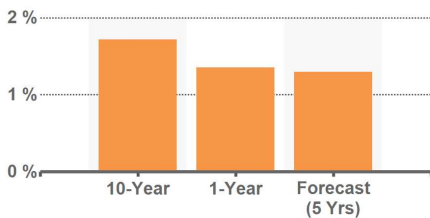
Source: Oxford Economics

## DEMOGRAPHIC TRENDS

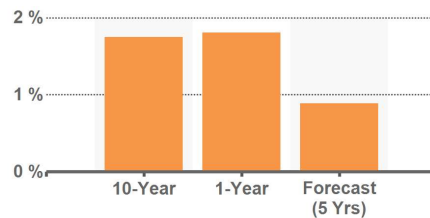
Demographic Category	Current Level		Current Change		10-Year Change		Forecast Change (5 Yrs)	
	Metro	U.S.	Metro	U.S.	Metro	U.S.	Metro	U.S.
Population	2,965,614	329,298,625	1.3%	0.7%	1.7%	0.7%	1.3%	0.7%
Households	1,132,657	121,280,875	1.2%	0.6%	1.6%	0.7%	1.2%	0.6%
Median Household Income	\$81,830	\$64,035	3.3%	3.6%	3.2%	2.3%	4.2%	4.3%
Labor Force	1,671,449	163,713,391	1.8%	1.2%	1.7%	0.6%	0.9%	0.5%
Unemployment	3.5%	3.8%	0.8%	-0.1%	-0.4%	-0.6%	-	-

Source: Oxford Economics

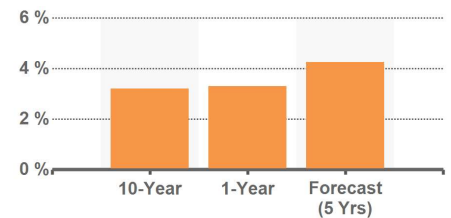
### POPULATION GROWTH



### LABOR FORCE GROWTH



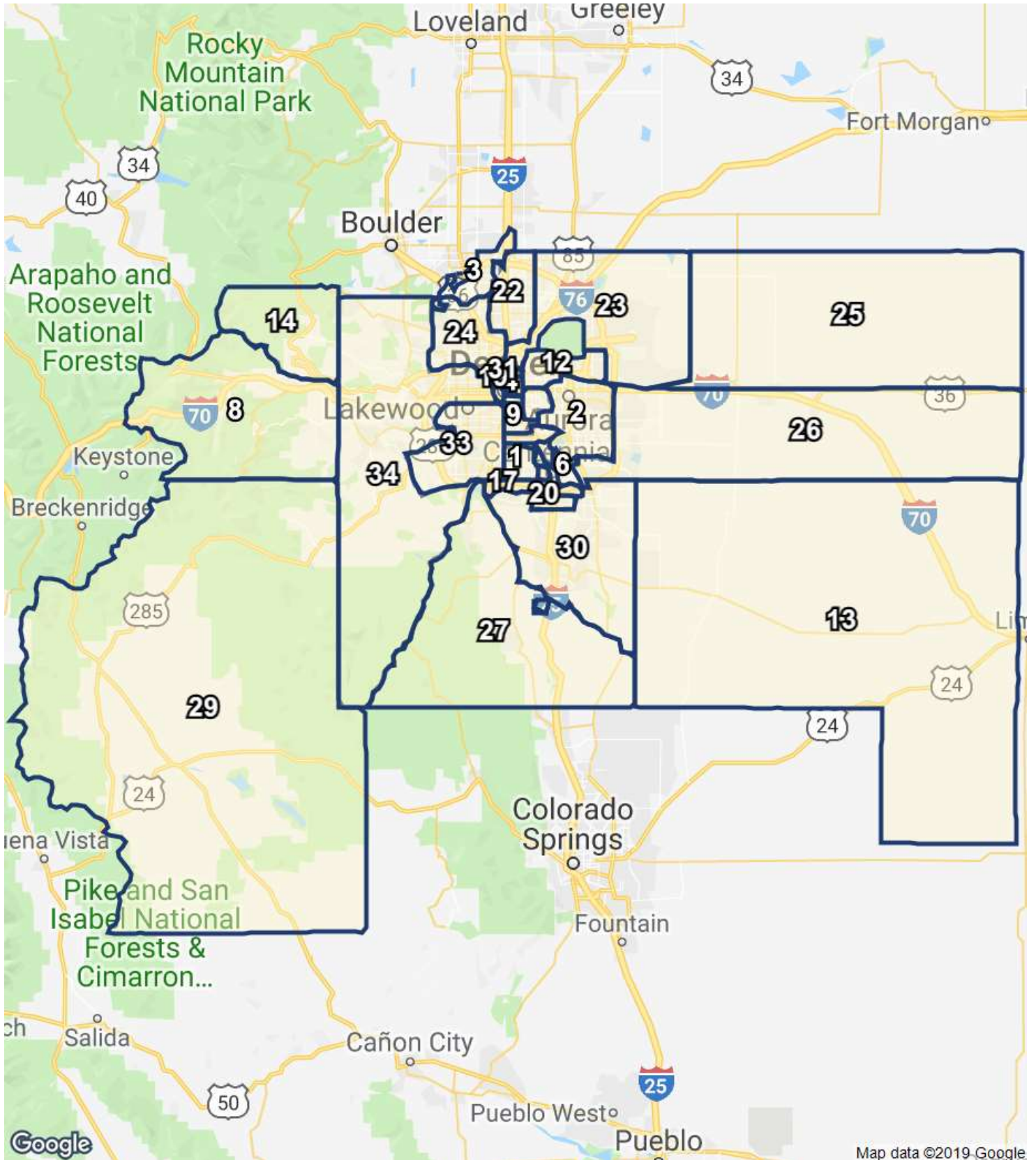
### INCOME GROWTH



Source: Oxford Economics

# Submarkets

## DENVER SUBMARKETS



## SUBMARKET INVENTORY

No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	SF (000)	% Market	Rank	Bldgs	SF (000)	Percent	Rank	Bldgs	SF (000)	Percent	Rank
1	Aurora	311	9,444	2.7%	11	0	0	0%	-	0	-	-	-
2	Broomfield County	138	6,917	2.0%	17	2	106	1.5%	5	1	39	0.6%	8
3	Capitol Hill	437	6,047	1.7%	21	0	0	0%	-	1	90	1.5%	5
4	CBD	132	28,041	8.0%	1	1	112	0.4%	4	2	598	2.1%	2
5	Centennial	89	3,563	1.0%	33	0	0	0%	-	0	-	-	-
6	Colorado Blvd/I-25	248	5,873	1.7%	23	1	23	0.4%	9	0	-	-	-
7	Denver Tech Center	108	11,866	3.4%	5	1	185	1.6%	2	1	385	3.2%	3
8	Glendale	115	5,215	1.5%	25	0	0	0%	-	1	63	1.2%	6
9	Greenwood Village	137	9,571	2.7%	9	0	0	0%	-	0	-	-	-
10	Inverness	113	6,109	1.7%	19	2	61	1.0%	6	0	-	-	-
11	LoDo	160	7,655	2.2%	13	0	0	0%	-	2	306	4.0%	4
12	North Denver	180	4,982	1.4%	27	2	36	0.7%	8	3	38	0.8%	9
13	Northwest Denver	487	7,086	2.0%	15	2	134	1.9%	3	2	62	0.9%	7
14	Panorama/Highland Park	63	3,739	1.1%	31	0	0	0%	-	0	-	-	-
15	Platte River	103	4,482	1.3%	29	2	708	15.8%	1	6	652	14.6%	1
16	Southwest Denver	568	10,103	2.9%	7	3	42	0.4%	7	0	-	-	-
17	West Denver	764	15,923	4.5%	3	0	0	0%	-	2	12	0.1%	10

## SUBMARKET RENT

No.	Submarket	Gross Asking Rent		12 Month Asking Rent		Annualized Quarterly Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
1	Aurora	\$21.42	16	4.2%	5	-3.7%	17
2	Broomfield County	\$27.32	5	3.5%	7	-0.7%	5
3	Capitol Hill	\$24.45	12	2.6%	11	-2.2%	12
4	CBD	\$33.89	3	7.0%	1	0%	4
5	Centennial	\$22.89	14	2.3%	12	-1.5%	9
6	Colorado Blvd/I-25	\$25.09	9	3.4%	8	3.5%	2
7	Denver Tech Center	\$27.70	4	2.2%	13	0.5%	3
8	Glendale	\$25.15	8	4.4%	4	-2.3%	13
9	Greenwood Village	\$26.73	6	2.1%	15	5.3%	1
10	Inverness	\$24.62	11	2.1%	14	-1.0%	7
11	LoDo	\$37.23	2	5.2%	3	-2.5%	14
12	North Denver	\$24.78	10	3.4%	9	-3.3%	16
13	Northwest Denver	\$21.66	15	3.0%	10	-1.9%	10
14	Panorama/Highland Park	\$26.58	7	1.9%	16	-2.0%	11
15	Platte River	\$40.01	1	6.7%	2	-2.7%	15
16	Southwest Denver	\$19.70	17	-1.4%	17	-1.0%	8
17	West Denver	\$23.03	13	3.7%	6	-1.0%	6



## SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Net Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construct. Ratio
1	Aurora	668,578	7.1%	4	107,275	1.1%	9	-
2	Broomfield County	359,118	5.2%	1	326,859	4.7%	3	0.3
3	Capitol Hill	322,218	5.3%	2	(51,192)	-0.8%	15	-
4	CBD	3,735,298	13.3%	15	719,524	2.6%	2	0.2
5	Centennial	259,031	7.3%	5	(62,009)	-1.7%	17	-
6	Colorado Blvd/I-25	523,227	8.9%	9	278,666	4.7%	4	1.4
7	Denver Tech Center	1,887,866	15.9%	16	168,177	1.4%	6	1.1
8	Glendale	515,050	9.9%	12	(59,090)	-1.1%	16	-
9	Greenwood Village	1,219,397	12.7%	14	81,555	0.9%	11	-
10	Inverness	1,035,754	17.0%	17	118,520	1.9%	7	0.5
11	LoDo	597,105	7.8%	7	46,726	0.6%	12	-
12	North Denver	331,836	6.7%	3	81,646	1.6%	10	0.4
13	Northwest Denver	591,997	8.4%	8	185,294	2.6%	5	0.7
14	Panorama/Highland Park	346,023	9.3%	11	27,556	0.7%	13	-
15	Platte River	505,788	11.3%	13	801,805	17.9%	1	0.9
16	Southwest Denver	914,919	9.1%	10	4,732	0%	14	-
17	West Denver	1,209,490	7.6%	6	117,651	0.7%	8	-

## OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2023	184,929,041	2,201,166	1.2%	1,134,024	0.6%	1.9
2022	182,727,875	2,249,881	1.2%	1,193,454	0.7%	1.9
2021	180,477,994	2,710,901	1.5%	892,242	0.5%	3.0
2020	177,767,093	1,544,198	0.9%	1,209,567	0.7%	1.3
2019	176,222,895	1,803,880	1.0%	2,791,240	1.6%	0.6
YTD	175,450,379	1,031,364	0.6%	1,160,045	0.7%	0.9
2018	174,419,015	3,449,306	2.0%	3,547,958	2.0%	1.0
2017	170,969,709	2,653,443	1.6%	1,759,056	1.0%	1.5
2016	168,316,266	922,642	0.6%	1,158,098	0.7%	0.8
2015	167,393,624	2,004,878	1.2%	3,035,808	1.8%	0.7
2014	165,388,746	908,081	0.6%	1,888,205	1.1%	0.5
2013	164,480,665	746,639	0.5%	1,890,673	1.1%	0.4
2012	163,734,026	952,681	0.6%	1,372,374	0.8%	0.7
2011	162,781,345	545,815	0.3%	1,462,010	0.9%	0.4
2010	162,235,530	1,322,198	0.8%	2,613,168	1.6%	0.5
2009	160,913,332	2,020,827	1.3%	117,628	0.1%	17.2
2008	158,892,505	2,495,512	1.6%	155,585	0.1%	16.0
2007	156,396,993	1,929,900	1.2%	3,046,004	1.9%	0.6

## 4 & 5 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2023	82,789,836	2,376,160	3.0%	1,838,478	2.2%	1.3
2022	80,413,676	2,425,211	3.1%	1,898,524	2.4%	1.3
2021	77,988,465	2,886,952	3.8%	1,573,386	2.0%	1.8
2020	75,101,513	1,694,165	2.3%	1,551,232	2.1%	1.1
2019	73,407,348	1,359,243	1.9%	2,929,206	4.0%	0.5
YTD	72,661,422	613,317	0.9%	1,201,477	1.7%	0.5
2018	72,048,105	3,631,074	5.3%	3,623,412	5.0%	1.0
2017	68,417,031	2,220,437	3.4%	803,093	1.2%	2.8
2016	66,196,594	678,332	1.0%	237,855	0.4%	2.9
2015	65,518,262	1,552,148	2.4%	1,505,387	2.3%	1.0
2014	63,966,114	898,928	1.4%	942,619	1.5%	1.0
2013	63,067,186	760,745	1.2%	1,369,837	2.2%	0.6
2012	62,306,441	730,819	1.2%	536,181	0.9%	1.4
2011	61,575,622	400,462	0.7%	1,262,192	2.0%	0.3
2010	61,175,160	1,153,049	1.9%	2,044,672	3.3%	0.6
2009	60,022,111	1,247,560	2.1%	309,559	0.5%	4.0
2008	58,774,551	1,747,278	3.1%	(395,934)	-0.7%	-
2007	57,027,273	567,485	1.0%	1,811,091	3.2%	0.3

# Supply & Demand Trends

Denver Office

## 3 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2023	70,536,763	(911)	0%	(367,680)	-0.5%	-
2022	70,537,674	(1,772)	0%	(368,086)	-0.5%	-
2021	70,539,446	(1,755)	0%	(337,509)	-0.5%	-
2020	70,541,201	22,266	0%	(99,994)	-0.1%	-
2019	70,518,935	526,613	0.8%	53,313	0.1%	9.9
YTD	70,409,792	417,470	0.6%	46,605	0.1%	9.0
2018	69,992,322	(72,780)	-0.1%	1,538	0%	-
2017	70,065,102	446,705	0.6%	707,857	1.0%	0.6
2016	69,618,397	322,660	0.5%	838,405	1.2%	0.4
2015	69,295,737	665,920	1.0%	897,515	1.3%	0.7
2014	68,629,817	15,978	0%	631,181	0.9%	0
2013	68,613,839	26,237	0%	500,747	0.7%	0.1
2012	68,587,602	257,015	0.4%	522,283	0.8%	0.5
2011	68,330,587	180,643	0.3%	34,612	0.1%	5.2
2010	68,149,944	150,980	0.2%	447,719	0.7%	0.3
2009	67,998,964	450,633	0.7%	(134,698)	-0.2%	-
2008	67,548,331	733,276	1.1%	563,748	0.8%	1.3
2007	66,815,055	1,342,632	2.1%	1,319,781	2.0%	1.0

## 1 & 2 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2023	31,602,442	(174,083)	-0.5%	(336,774)	-1.1%	-
2022	31,776,525	(173,558)	-0.5%	(336,984)	-1.1%	-
2021	31,950,083	(174,296)	-0.5%	(343,635)	-1.1%	-
2020	32,124,379	(172,233)	-0.5%	(241,671)	-0.8%	-
2019	32,296,612	(81,976)	-0.3%	(191,279)	-0.6%	-
YTD	32,379,165	577	0%	(88,037)	-0.3%	-
2018	32,378,588	(108,988)	-0.3%	(76,992)	-0.2%	-
2017	32,487,576	(13,699)	0%	248,106	0.8%	-
2016	32,501,275	(78,350)	-0.2%	81,838	0.3%	-
2015	32,579,625	(213,190)	-0.7%	632,906	1.9%	-
2014	32,792,815	(6,825)	0%	314,405	1.0%	-
2013	32,799,640	(40,343)	-0.1%	20,089	0.1%	-
2012	32,839,983	(35,153)	-0.1%	313,910	1.0%	-
2011	32,875,136	(35,290)	-0.1%	165,206	0.5%	-
2010	32,910,426	18,169	0.1%	120,777	0.4%	0.2
2009	32,892,257	322,634	1.0%	(57,233)	-0.2%	-
2008	32,569,623	14,958	0%	(12,229)	0%	-
2007	32,554,665	19,783	0.1%	(84,868)	-0.3%	-

## OVERALL RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2023	\$28.85	129	0.2%	8.0%	20,968,754	11.3%	0.5%
2022	\$28.79	129	0.7%	7.7%	19,896,685	10.9%	0.5%
2021	\$28.58	128	0.9%	7.0%	18,835,451	10.4%	0.9%
2020	\$28.32	127	2.3%	6.0%	17,011,843	9.6%	0.1%
2019	\$27.69	124	3.7%	3.7%	16,671,895	9.5%	-0.9%
YTD	\$27.14	122	1.6%	1.6%	17,538,249	10.0%	-0.3%
2018	\$26.71	120	4.0%	0%	18,038,608	10.3%	-0.3%
2017	\$25.68	115	3.9%	-3.9%	18,137,260	10.6%	0.4%
2016	\$24.73	111	1.3%	-7.4%	17,242,873	10.2%	-0.2%
2015	\$24.41	109	4.8%	-8.6%	17,478,956	10.4%	-0.7%
2014	\$23.30	104	5.8%	-12.8%	18,509,886	11.2%	-0.7%
2013	\$22.03	99	5.0%	-17.5%	19,490,010	11.8%	-0.8%
2012	\$20.98	94	4.5%	-21.5%	20,634,044	12.6%	-0.3%
2011	\$20.08	90	2.0%	-24.8%	21,053,737	12.9%	-0.6%
2010	\$19.69	88	-1.8%	-26.3%	21,972,704	13.5%	-0.9%
2009	\$20.06	90	-10.1%	-24.9%	23,263,674	14.5%	1.0%
2008	\$22.32	100	1.8%	-16.5%	21,360,475	13.4%	1.3%
2007	\$21.93	98	10.9%	-17.9%	19,050,548	12.2%	-0.9%

## 4 & 5 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2023	\$34.75	126	0.2%	9.6%	10,087,034	12.2%	0.3%
2022	\$34.69	126	0.7%	9.5%	9,550,203	11.9%	0.3%
2021	\$34.45	125	1.0%	8.7%	9,024,377	11.6%	1.3%
2020	\$34.11	124	2.7%	7.6%	7,711,649	10.3%	0%
2019	\$33.20	120	4.8%	4.8%	7,569,363	10.3%	-2.4%
YTD	\$32.40	118	2.2%	2.2%	8,563,124	11.8%	-0.9%
2018	\$31.69	115	4.9%	0%	9,151,284	12.7%	-0.7%
2017	\$30.21	110	3.3%	-4.7%	9,143,622	13.4%	1.7%
2016	\$29.24	106	-1.6%	-7.7%	7,726,278	11.7%	0.6%
2015	\$29.72	108	3.9%	-6.2%	7,285,801	11.1%	-0.2%
2014	\$28.61	104	6.0%	-9.7%	7,239,040	11.3%	-0.2%
2013	\$27.00	98	3.9%	-14.8%	7,282,731	11.5%	-1.1%
2012	\$25.99	94	5.7%	-18.0%	7,891,823	12.7%	0.2%
2011	\$24.59	89	3.1%	-22.4%	7,697,185	12.5%	-1.5%
2010	\$23.86	87	-2.1%	-24.7%	8,558,915	14.0%	-1.8%
2009	\$24.36	88	-11.6%	-23.1%	9,450,538	15.7%	1.3%
2008	\$27.55	100	2.8%	-13.0%	8,512,537	14.5%	3.3%
2007	\$26.80	97	12.2%	-15.4%	6,399,325	11.2%	-2.3%

## 3 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2023	\$26.06	134	0.2%	6.8%	8,174,823	11.6%	0.5%
2022	\$25.99	134	0.7%	6.6%	7,808,052	11.1%	0.5%
2021	\$25.81	133	0.8%	5.8%	7,441,737	10.5%	0.5%
2020	\$25.59	132	2.0%	4.9%	7,105,981	10.1%	0.2%
2019	\$25.09	129	2.9%	2.9%	6,983,719	9.9%	0.1%
YTD	\$24.66	127	1.1%	1.1%	6,883,523	9.8%	-0.1%
2018	\$24.39	125	3.4%	0%	6,884,336	9.8%	-0.1%
2017	\$23.59	121	4.5%	-3.3%	6,958,654	9.9%	-0.4%
2016	\$22.58	116	4.0%	-7.4%	7,219,806	10.4%	-0.8%
2015	\$21.71	112	5.8%	-11.0%	7,736,178	11.2%	-0.4%
2014	\$20.53	106	5.5%	-15.8%	7,967,773	11.6%	-0.9%
2013	\$19.46	100	6.3%	-20.2%	8,582,976	12.5%	-0.7%
2012	\$18.31	94	3.6%	-24.9%	9,057,486	13.2%	-0.4%
2011	\$17.68	91	1.2%	-27.5%	9,322,754	13.6%	0.2%
2010	\$17.48	90	-1.2%	-28.3%	9,176,723	13.5%	-0.5%
2009	\$17.69	91	-9.0%	-27.5%	9,473,462	13.9%	0.8%
2008	\$19.44	100	0.4%	-20.3%	8,888,131	13.2%	0.1%
2007	\$19.36	100	10.0%	-20.6%	8,718,603	13.0%	-0.2%

## 1 & 2 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2023	\$21.20	129	0.4%	4.9%	2,706,897	8.6%	0.6%
2022	\$21.13	129	0.8%	4.6%	2,538,430	8.0%	0.6%
2021	\$20.97	128	0.7%	3.8%	2,369,337	7.4%	0.6%
2020	\$20.82	127	1.4%	3.1%	2,194,213	6.8%	0.3%
2019	\$20.53	125	1.6%	1.6%	2,118,813	6.6%	0.4%
YTD	\$20.31	124	0.5%	0.5%	2,091,602	6.5%	0.3%
2018	\$20.20	123	2.5%	0%	2,002,988	6.2%	-0.1%
2017	\$19.70	120	4.3%	-2.5%	2,034,984	6.3%	-0.8%
2016	\$18.89	115	5.3%	-6.5%	2,296,789	7.1%	-0.5%
2015	\$17.93	109	5.7%	-11.2%	2,456,977	7.5%	-2.5%
2014	\$16.97	103	5.7%	-16.0%	3,303,073	10.1%	-1.0%
2013	\$16.05	98	6.0%	-20.5%	3,624,303	11.0%	-0.2%
2012	\$15.14	92	2.2%	-25.0%	3,684,735	11.2%	-1.0%
2011	\$14.82	90	-0.1%	-26.7%	4,033,798	12.3%	-0.6%
2010	\$14.83	90	-2.4%	-26.6%	4,237,066	12.9%	-0.3%
2009	\$15.19	93	-7.3%	-24.8%	4,339,674	13.2%	1.0%
2008	\$16.39	100	1.3%	-18.8%	3,959,807	12.2%	0.1%
2007	\$16.18	99	8.1%	-19.9%	3,932,620	12.1%	0.3%

## OVERALL SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2023	-	-	-	-	-	-	\$264.54	189	6.9%
2022	-	-	-	-	-	-	\$261.85	187	6.9%
2021	-	-	-	-	-	-	\$257.98	184	6.9%
2020	-	-	-	-	-	-	\$254.72	182	6.8%
2019	-	-	-	-	-	-	\$246.51	176	6.7%
YTD	207	\$1,602 M	4.3%	\$11,788,625	\$216.83	7.3%	\$240.58	172	6.7%
2018	425	\$3,245 M	8.1%	\$11,384,569	\$242.39	7.0%	\$239.40	171	6.7%
2017	459	\$2,328 M	7.2%	\$7,517,805	\$199.60	7.1%	\$224.53	160	6.8%
2016	465	\$2,124 M	8.3%	\$6,274,272	\$164.50	7.2%	\$215.65	154	6.8%
2015	462	\$2,780 M	9.7%	\$7,880,537	\$179.24	7.1%	\$211.21	151	6.8%
2014	513	\$2,724 M	10.2%	\$7,788,514	\$165.93	7.5%	\$199.28	142	6.9%
2013	451	\$2,366 M	9.3%	\$7,857,075	\$171.58	8.3%	\$184.17	131	7.2%
2012	367	\$1,737 M	7.9%	\$7,542,329	\$145.07	7.9%	\$170.25	121	7.5%
2011	318	\$1,375 M	6.0%	\$7,862,273	\$156.91	7.1%	\$160.47	114	7.8%
2010	253	\$827.9 M	4.2%	\$5,563,574	\$140.82	9.3%	\$140.43	100	8.5%
2009	179	\$336.9 M	2.0%	\$3,333,137	\$115.14	9.5%	\$119.89	86	9.6%
2008	378	\$1,198 M	4.8%	\$5,550,382	\$158.85	6.9%	\$140.18	100	8.9%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

## 4 & 5 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2023	-	-	-	-	-	-	\$333.71	188	6.6%
2022	-	-	-	-	-	-	\$330.59	186	6.6%
2021	-	-	-	-	-	-	\$325.83	183	6.6%
2020	-	-	-	-	-	-	\$321.67	181	6.5%
2019	-	-	-	-	-	-	\$310.14	175	6.4%
YTD	22	\$1,134 M	6.2%	\$51,531,250	\$250.51	5.4%	\$301.02	169	6.4%
2018	39	\$1,965 M	8.4%	\$65,390,105	\$326.83	7.0%	\$301.64	170	6.3%
2017	36	\$1,421 M	7.3%	\$44,306,897	\$290.89	6.2%	\$282.08	159	6.4%
2016	40	\$1,175 M	10.0%	\$36,657,074	\$187.02	6.8%	\$270.64	152	6.5%
2015	39	\$1,466 M	9.8%	\$40,720,984	\$239.12	7.0%	\$268.35	151	6.4%
2014	55	\$1,768 M	11.6%	\$43,072,876	\$239.62	6.3%	\$254.14	143	6.5%
2013	47	\$1,617 M	12.8%	\$50,317,211	\$228.62	7.1%	\$235.19	132	6.8%
2012	34	\$1,140 M	9.9%	\$54,251,698	\$197.56	6.8%	\$218.12	123	7.0%
2011	53	\$1,042 M	8.7%	\$45,222,147	\$207.67	6.6%	\$205.00	115	7.3%
2010	22	\$487.6 M	4.5%	\$37,459,733	\$205.31	8.2%	\$178.76	101	8.0%
2009	4	\$181.7 M	2.3%	\$45,415,100	\$133.73	-	\$152.40	86	9.0%
2008	19	\$589.1 M	5.2%	\$34,652,534	\$194.51	5.5%	\$177.60	100	8.4%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

## 3 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2023	-	-	-	-	-	-	\$224.80	188	7.0%
2022	-	-	-	-	-	-	\$222.36	186	7.0%
2021	-	-	-	-	-	-	\$219.01	183	7.0%
2020	-	-	-	-	-	-	\$216.21	181	6.9%
2019	-	-	-	-	-	-	\$209.81	176	6.9%
YTD	73	\$323.5 M	2.8%	\$6,498,000	\$169.60	7.4%	\$205.52	172	6.8%
2018	178	\$1,000 M	8.3%	\$8,854,924	\$179.96	6.9%	\$202.75	170	6.8%
2017	180	\$628.0 M	6.9%	\$5,612,289	\$137.48	7.0%	\$190.38	159	6.9%
2016	185	\$715.9 M	7.3%	\$6,095,921	\$157.35	7.5%	\$183.22	153	7.0%
2015	196	\$930.9 M	10.1%	\$7,474,885	\$140.36	7.3%	\$177.17	148	7.0%
2014	230	\$744.3 M	10.4%	\$5,255,614	\$108.40	7.5%	\$167.74	140	7.1%
2013	178	\$519.3 M	7.0%	\$5,312,876	\$116.75	8.2%	\$155.76	130	7.4%
2012	149	\$474.8 M	7.5%	\$6,340,010	\$96.41	8.9%	\$143.95	120	7.7%
2011	139	\$264.1 M	4.5%	\$3,581,169	\$97.31	7.2%	\$136.12	114	7.9%
2010	127	\$258.4 M	3.8%	\$4,638,057	\$114.90	8.6%	\$119.33	100	8.7%
2009	83	\$119.0 M	1.7%	\$3,351,569	\$122.62	9.7%	\$102.12	85	9.7%
2008	196	\$449.1 M	4.7%	\$5,302,457	\$143.08	7.3%	\$119.47	100	9.0%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

## 1 & 2 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2023	-	-	-	-	-	-	\$190.02	194	7.4%
2022	-	-	-	-	-	-	\$187.73	191	7.4%
2021	-	-	-	-	-	-	\$184.83	188	7.3%
2020	-	-	-	-	-	-	\$182.65	186	7.3%
2019	-	-	-	-	-	-	\$178.25	182	7.2%
YTD	112	\$144.4 M	3.2%	\$2,177,733	\$151.40	7.5%	\$176.30	180	7.1%
2018	208	\$280.1 M	7.2%	\$1,934,534	\$154.03	7.1%	\$174.26	178	7.1%
2017	243	\$278.8 M	7.9%	\$1,630,198	\$126.20	7.4%	\$164.83	168	7.2%
2016	240	\$233.1 M	7.1%	\$1,210,881	\$112.07	6.9%	\$158.18	161	7.3%
2015	227	\$382.6 M	8.9%	\$1,980,711	\$139.39	7.0%	\$152.27	155	7.4%
2014	228	\$211.3 M	6.9%	\$1,218,941	\$97.37	8.2%	\$140.18	143	7.5%
2013	226	\$230.5 M	7.4%	\$1,232,403	\$101.43	9.6%	\$127.21	130	7.9%
2012	184	\$121.7 M	5.0%	\$877,199	\$95.46	7.3%	\$116.05	118	8.3%
2011	126	\$69.1 M	4.0%	\$832,921	\$66.89	7.5%	\$109.78	112	8.6%
2010	104	\$82.0 M	4.2%	\$1,005,172	\$65.30	10.4%	\$97.11	99	9.3%
2009	92	\$36.2 M	2.3%	\$564,296	\$60.69	8.9%	\$82.86	84	10.5%
2008	163	\$160.1 M	4.3%	\$1,343,316	\$116.36	6.7%	\$98.15	100	9.7%

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