

Quarterly
Snapshot

- ↑

Average Rent
\$33.16/SF
- ↑

Vacancy
19%
- ↑

Net Absorption
(1,358,068) SF

Occupier's
Perspective

Denver's office market remains strongly tenant-favorable as we move through 2025, with vacancy rates at 19%—one of the highest in the country—and continued weak demand for traditional office space. Many companies are downsizing or seeking flexible lease structures in response to hybrid work models, driving negative absorption in several submarkets and motivating landlords to offer aggressive deal terms.

Lease conditions heavily favor occupiers, with steady asking rents paired with significant concessions, including generous TIAs, extended free rent, and flexible terms. Sublease space remains abundant, often offering built-out offices at discounts of up to 30% compared to direct leases. For tenants, this creates an ideal opportunity to secure Class A space at competitive rates with minimal upfront investment.

Average lease sizes have dropped nearly 40% since 2015 as companies right-size and focus on high-quality, amenity-rich spaces over large footprints. Limited new construction—just 1.3 million SF compared to the pre-pandemic average of 3.5 million SF—will help balance supply over time, but elevated vacancy will persist in the near term, giving tenants continued leverage to negotiate favorable terms and align real estate with evolving workplace strategies.

Challenges continue to affect Denver's office market as tenants reassess their space requirements amid slowing office-job growth. The vacancy rate has reached a record high of 19%, with annual net absorption at -1.4M SF, indicating sustained negative demand. Nevertheless, early indicators of stabilization are evident, including a slowdown in vacancy increases, limited new supply pressures, and steady leasing activity. These trends suggest the market could achieve a balanced outlook in the year ahead if economic volatility does not disrupt momentum.

Office availability is expected to remain elevated as companies reduce their space/worker ratios. In Q2 2025, average lease sizes declined to approximately 3,200 square feet—a 40% decrease since 2015. While negative absorption persists, its prevalence has diminished, with only about half of submarkets experiencing losses compared to nearly all in early 2024. Older buildings, especially iconic downtown properties, have been most affected as demand shifts.

With abundant availability, the market remains favorable for tenants. Base rents have stabilized since 2021; however, tenants continue to negotiate significant concessions and higher tenant improvement allowances. Sublease spaces are offering discounts of up to 30% relative to direct leases, providing additional negotiating leverage. Looking ahead, absorption is anticipated to improve as companies finalize space-planning strategies, creating potential for vacancy stabilization by year-end—though economic uncertainty could still hinder recovery.

Source: CoStar Denver-CO USA-Office-Market-2025-7-11

Recent Transactions

Tenant	Size (SF)	Submarket	Type	Building
Civitas Resources	98,806	CBD	Renewal	555 17th Street
CACI	88,100	NW Denver	Renewal	11300 Westmor Cir
Douglas Cty Board of Commissioners	81,063	Meridian	New Lease	11045 E Lansing Cir
CO DLE	77,242	CBD	New Lease	707 17th Street
STRIVE	62,095	CBD	New Lease	1630 Welton Street

Submarket Movement

Vacancy Rate	QOQ Change	Direct Asking Rent (\$/SF)	Submarket
28%	▲	\$38.15	Downtown
6%	◆	\$38.78	Cherry Creek
20%	◆	\$29.53	I-25 South
16%	◆	\$30.01	36 Corridor
17%	◆	\$36.45	Boulder
14%	▲	\$23.18	Aurora
12%	◆	\$26.47	Denver West