

DENVER OFFICE MARKET WATCH

AUGUST 2016



RATES
\$26.25/FS



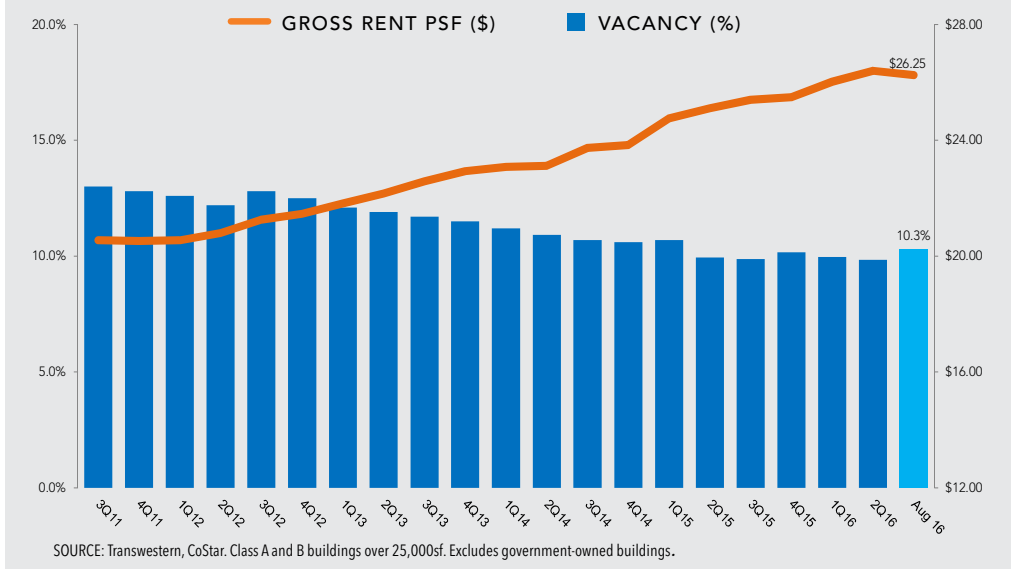
DIRECT VACANCY
10.30%



Y.T.D DIRECT ABSORPTION
(120,137 SF)

* Arrow indicators represent change from previous month

OFFICE LEASE STATISTICS :: VACANCY & GROSS RENTAL RATE



Office Market Statistics By Submarket - August 2016

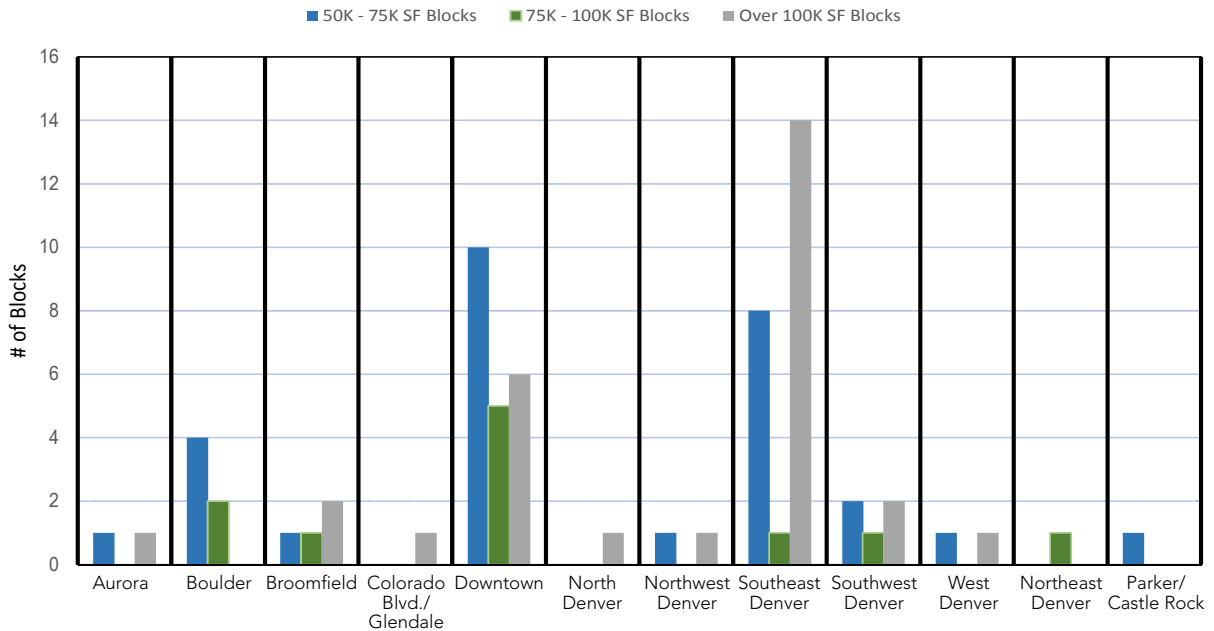
SUBMARKET	INVENTORY	NO. OF BLDGS	DIRECT VACANCY RATE	OVERALL VACANCY RATE	DIRECT VACANT & AVAILABLE SF	SUBLEASE TOTAL AVAILABLE SF	YTD DIRECT ABSORPTION	YTD NET ABSORPTION	YTD COMPLETIONS	UNDER CONSTRUCTION	ASKING DIRECT RATE PER COSTAR	\$/PSF TREND FROM PREVIOUS MONTH
Downtown												
Class A	21,595,436	51	11.00%	12.88%	2,369,624	1,084,418	(86,986)	(180,670)	0	2,157,200	\$35.24/fs	▼
Class B	10,535,415	118	8.85%	9.84%	930,871	258,135	(72,289)	(90,429)	66,000	53,478	\$29.85/fs	▲
Totals	32,130,851	169	10.27%	11.86%	3,300,495	1,342,553	(159,274)	(271,099)	66,000	2,210,678	\$33.81/fs	▼
Southeast Suburban												
Class A	22,317,193	141	7.79%	9.20%	1,736,297	970,684	(69,130)	(208,252)	0	1,125,381	\$26.69/fs	▼
Class B	18,652,137	268	13.97%	14.73%	2,623,802	270,743	(397,413)	(419,536)	50,000	0	\$22.06/fs	▲
Totals	40,969,330	409	10.64%	11.75%	4,360,099	1,241,427	(466,543)	(627,788)	50,000	1,125,381	\$24.29/fs	▲
Suburban (Non S. East)												
Class A	17,930,658	131	8.12%	8.94%	1,456,364	491,951	136,992	152,394	469,110	544,446	\$0.00/fs	▼
Class B	41,634,615	632	10.74%	10.97%	0	366,270	368,688	292,353	212,000	491,834	\$20.98/fs	▲
Totals	59,565,273	763	10.07%	10.48%	1,456,364	858,221	505,681	444,747	681,110	1,036,280	\$23.08/fs	▲
Denver Metro												
Class A	61,843,287	323	9.01%	10.41%	5,562,285	2,547,053	(19,124)	(236,528)	469,110	3,827,027	\$30.65/fs	▲
Class B	70,822,167	1,018	11.31%	11.79%	8,096,989	895,148	(101,013)	(217,612)	328,000	545,312	\$22.45/fs	▲
Totals	132,665,454	1,341	10.30%	11.21%	13,659,274	3,442,201	(120,137)	(454,140)	797,110	4,372,339	\$26.25/fs	▲
Totals With Class C	140,482,172	1,491	9.90%	10.75%	13,969,256	3,448,230	(76,742)	(410,745)	797,110	4,372,339	\$26.05/fs	▲

*Source: Transwestern, CoStar. The information in this report is the result of a compilation of information on the office properties located in the Denver metropolitan area. This report includes single tenant, multi-tenant, and owner-user office properties over 25,000 SF and larger excluding properties owned and occupied by a government agency.

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Contiguous Large Block Availabilities by Submarket Cluster



Office Market Statistics By Submarket

SUBMARKET	INVENTORY	NO. OF BLDGS	DIRECT VACANCY RATE	OVERALL VACANCY RATE	DIRECT VACANT & AVAILABLE SF	SUBLEASE TOTAL AVAILABLE SF	YTD DIRECT ABSORPTION	YTD NET ABSORPTION	YTD COMPLETIONS	UNDER CONSTRUCTION	ASKING DIRECT RATE PER COSTAR	\$/PSF TREND FROM PREVIOUS MONTH
CBD												
Class A	17,592,085	31	11.65%	13.80%	2,043,149	926,977	(150,530)	(216,087)	0	1,071,015	\$34.32/fs	▼
Class B	6,689,318	55	9.66%	11.10%	636,643	202,343	(54,128)	(113,694)	0	0	\$26.86/fs	▲
Totals	24,281,403	86	11.04%	12.98%	2,679,792	1,129,320	(204,659)	(329,781)	0	1,071,015	\$32.89/fs	▼
LoDo (LoDo and Platte River)												
Class A	4,003,351	20	8.15%	8.85%	326,475	157,441	63,545	35,417	0	1,086,185	\$42.33/fs	▼
Class B	3,846,097	63	7.50%	7.71%	294,228	55,792	(18,160)	23,265	66,000	53,478	\$34.01/fs	▲
Totals	7,849,448	83	7.91%	8.37%	620,703	213,233	45,385	58,682	66,000	1,139,663	\$37.60/fs	▼
Midtown (Capital Hill and South Midtown)												
Class A	933,825	5	0.65%	0.65%	6,064	0	(6,064)	(6,064)	0	0	\$26.61/fs	↔
Class B	2,815,949	39	4.07%	4.14%	116,785	4,415	(4,926)	(8,534)	0	328,600	\$23.14/fs	▼
Totals	3,749,774	44	3.28%	3.33%	122,849	4,415	(10,990)	(14,598)	0	328,600	\$23.55/fs	▼
Cherry Creek												
Class A	1,046,784	9	12.06%	12.06%	126,248	5,812	(27,311)	(27,311)	0	112,000	\$34.88/fs	▲
Class B	1,186,707	19	9.63%	9.82%	111,811	9,850	4,186	9,261	0	0	\$31.34/fs	▼
Totals	2,233,491	28	10.66%	10.76%	238,059	15,662	(23,125)	(18,050)	0	112,000	\$33.84/fs	▲
Co Blvd/Glendale												
Class A	2,811,037	15	10.54%	11.20%	296,411	66,712	(46,229)	(61,818)	0	232,446	\$28.26/fs	▲
Class B	5,548,380	68	10.49%	10.49%	581,967	34,267	32,706	35,247	0	0	\$21.34/fs	▲
Totals	8,359,417	83	10.51%	10.73%	878,378	100,979	(13,523)	(26,571)	0	232,446	\$24.56/fs	▲
Northwest (Northwest and Broomfield County)												
Class A	5,208,259	40	9.95%	10.58%	515,795	160,672	41,847	54,927	98,980	0	\$27.25/fs	▲
Class B	6,024,499	89	10.89%	11.61%	668,717	61,724	(42,628)	(50,353)	0	0	\$21.31/fs	▼
Totals	11,232,758	129	10.55%	11.23%	1,184,512	222,396	(781)	4,574	98,980	0	\$24.11/fs	▼

SOURCE: Transwestern, CoStar. Class A and B buildings over 25,000 sf. Excludes government-owned buildings.

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North												
Class A	706,944	5	2.35%	3.07%	16,590	5,090	42,533	37,443	41,400	0	\$21.43/fs	↔
Class B	2,191,371	33	9.69%	9.69%	235,579	27,874	63,043	41,162	53,000	30,000	\$21.35/fs	▲
Totals	2,898,315	38	8.70%	8.88%	252,169	32,964	105,576	78,605	94,400	30,000	\$21.36/fs	▲
Aurora/Northeast (Aurora, Northeast, and East I-70/Montbello)												
Class A	2,477,734	19	4.83%	4.83%	119,564	66,846	18,322	18,312	0	0	\$22.99/fs	▲
Class B	6,782,534	93	8.27%	8.41%	566,398	73,792	118,514	108,408	0	0	\$18.47/fs	↔
Totals	9,260,268	112	7.41%	7.51%	685,962	140,638	136,835	126,720	0	0	\$19.14/fs	▲
Southwest												
Class A	1,333,735	6	12.35%	13.72%	167,965	18,524	(114,968)	(118,167)	0	0	\$26.05/fs	▼
Class B	4,437,798	76	15.86%	16.09%	697,909	22,817	74,947	72,624	0	25,000	\$17.31/fs	▲
Totals	5,771,533	82	15.00%	15.50%	865,874	41,341	(40,020)	(45,543)	0	25,000	\$18.12/fs	▲
West												
Class A	1,824,166	17	5.57%	5.57%	101,589	74,950	16,042	16,042	28,258	0	\$25.60/fs	▼
Class B	7,014,591	112	15.28%	15.45%	1,074,161	43,725	246,881	240,397	159,000	0	\$21.08/fs	▼
Totals	8,838,757	129	13.30%	13.44%	1,175,750	118,675	262,923	256,439	187,258	0	\$21.61/fs	▼
Boulder (Boulder and Boulder County)												
Class A	1,588,174	15	6.70%	11.27%	106,138	93,345	213,746	239,030	300,472	200,000	\$35.63/fs	▼
Class B	5,632,786	103	8.34%	8.66%	488,989	87,806	(139,045)	(155,859)	0	108,234	\$24.42/fs	▲
Totals	7,220,960	118	8.24%	9.50%	595,127	181,151	74,700	83,171	300,472	308,234	\$26.76/fs	▼
Denver Tech Center												
Class A	7,317,136	37	9.59%	12.10%	700,276	415,370	48,938	(63,964)	0	617,702	\$27.43/fs	▲
Class B	3,261,993	37	22.51%	23.52%	737,515	43,814	(119,816)	(118,161)	0	0	\$23.48/fs	▲
Totals	10,579,129	74	13.59%	15.63%	1,437,791	459,184	(70,878)	(182,125)	0	617,702	\$26.18/fs	▲
Greenwood Village												
Class A	3,667,855	17	5.55%	6.19%	203,972	69,664	210	22,115	0	0	\$27.67/fs	▼
Class B	4,540,769	55	17.44%	18.79%	791,984	114,535	(205,649)	(210,348)	0	0	\$23.24/fs	▲
Totals	8,208,624	72	12.13%	13.17%	995,956	184,199	(205,439)	(188,233)	0	0	\$24.37/fs	▼
Inverness												
Class A	2,051,357	16	14.16%	16.41%	290,532	160,882	(73,529)	(119,711)	0	447,679	\$25.54/fs	↔
Class B	2,783,837	42	16.28%	17.43%	471,847	36,910	(157,211)	(172,307)	0	0	\$19.82/fs	▲
Totals	4,835,194	58	15.77%	17.41%	762,379	197,792	(230,740)	(292,018)	0	447,679	\$21.63/fs	▲
Meridian												
Class A	2,419,613	19	7.19%	7.67%	172,997	152,269	(100,791)	(110,232)	0	0	\$27.53/fs	▲
Class B	791,760	7	5.44%	5.96%	43,035	18,792	11,285	7,168	0	0	\$23.24/fs	▲
Totals	3,211,373	26	6.73%	7.22%	216,032	171,061	(89,506)	(103,064)	0	0	\$26.83/fs	▲
Lone Tree												
Class A	2,238,274	17	6.22%	6.50%	139,266	6,111	837	10,864	0	0	\$30.20/fs	▼
Class B	493,560	11	16.88%	16.88%	83,304	0	(16,351)	(16,351)	0	0	\$30.41/fs	↔
Totals	2,731,834	28	8.15%	8.37%	222,570	6,111	(15,514)	(5,487)	0	0	\$30.30/fs	▼
Balance Of Southeast (Arapahoe Rd, Centennial, Panorama/Highland Park East Hampden, Highlands Ranch and Parker/Castle Rock)												
Class A	4,622,958	35	4.98%	5.90%	229,254	166,388	55,250	52,676	0	60,000	\$22.18/fs	▼
Class B	6,780,218	116	7.32%	7.46%	496,117	56,692	94,336	90,463	50,000	0	\$19.04/fs	▲
Totals	11,403,176	151	6.36%	6.82%	725,371	223,080	149,586	143,139	50,000	60,000	\$20.25/fs	▲

SOURCE: Transwestern, CoStar. Class A and B buildings over 25,000 sf. Excludes government-owned buildings.

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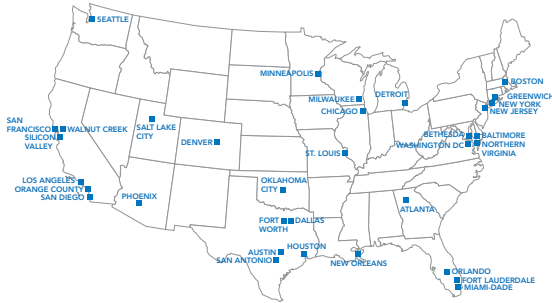
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About Transwestern

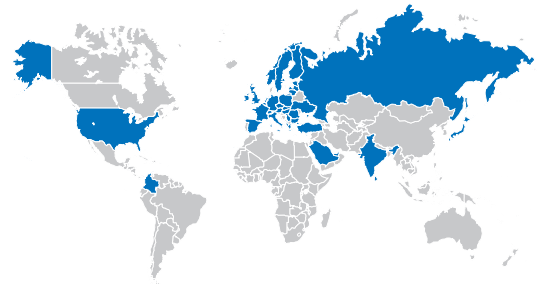
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CONTACT: Kevin Roberts :: President, Southwest
713.270.3347 :: kevin.roberts@transwestern.com

Bill Lawrence :: Senior Vice President
303.407.1460 :: bill.lawrence@transwestern.com

Jeffrey Buckingham :: Research Analyst
303.952.5606 :: jeffrey.buckingham@transwestern.com

*Source

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Net absorption occurs when a lease is signed, not when physically occupied, pre-leased space counts as net absorption when a building delivers. Vacant space that is not available for direct lease is excluded, sublease space is excluded.



4643 S. Ulster Street, Suite 300
Denver, CO 80237

T 303.639.3000
www.transwestern.com/denver