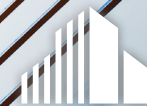


MARKETBEAT

# DENVER, COLORADO

Office Q1 2020



CUSHMAN &  
WAKEFIELD

## U.S. Economic Update

The arrival of the COVID-19 pandemic has created an economic shock that has likely pushed the global economy and the U.S. into recession. Policies initiated to “flatten the curve” of potential infection include the voluntary and mandated shutdown of large sectors and regions of the economy. Retail establishments, restaurants, passenger transportation, schools and leisure activities have almost all grinded to a halt while customers self-quarantine and practice social distancing.

## Record-Setting Layoffs, Declining Employment

Over the last two weeks (ending on March 28th), a cumulative 10 million people have applied for unemployment benefits—by far the largest number of applications in history since record-keeping began in 1967. Initial unemployment claims are a highly reliable leading indicator of trends in labor markets and therefore the economy at large. Given the size of the increase, along with other high-frequency data trends that are similarly bleak, it is widely believed that the U.S. economy has entered a recession. This was reinforced in early April when the Labor Department reported that payroll employment in the U.S. fell by 701,000 jobs in March, one of the largest declines in history. It’s all but certain that even more jobs will be lost in the months ahead.

Given the way these events have unfolded and the huge number of layoffs, the current thinking among economic forecasters is that the second quarter of 2020 will see one of the largest real GDP declines in U.S. history. What is less clear is what the economic trajectory will be following Q2. As of this writing (4-7-2020), hopeful signs are emerging that policy steps to “flatten the curve” are beginning to work in certain areas, but many unknowns remain. It is too soon to say if these signs are sustainable and how they will impact the trajectory of the economy.

We continue to monitor developments extremely closely and are working around the clock to publish data and insight as quickly as possible.

To view our latest perspective on the coronavirus and its potential impact on CRE and the economy, access Cushman & Wakefield’s [COVID-19 resource page](#).

## TRENDS AND INSIGHTS

### Cushman & Wakefield Covid-19 Webinar Replay

Learn more on the evolving COVID-19 situation and its implication for **real estate occupiers and investors**. [Click to Replay](#)

### COVID-19: A Wholly Unprecedented Policy Response

On March 27, 2020, an enormous \$2.2 trillion emergency coronavirus stimulus package was signed into law by President Trump. The legislative package—the Coronavirus Aid, Relief and Economic Security (CARES) Act—is the largest rescue package in U.S. history. [Click for Summary](#)

### Lessons From Landlords In China’s Post Covid-19 Recovery Phase

With local infections down, China is getting back to work. As the lights are turned back on in offices across the country, landlords and tenants alike are inevitably finding themselves in a new paradigm. [Click for Article](#)

### 2020 Asia Pacific Office Outlook

In this report, you will find detailed but succinct analysis of the trends in each of the region’s key Grade A office markets over the next two years that we hope will help refine your organization’s CRE strategy. [Click for Article](#)

## CUSHMAN & WAKEFIELD WEEKLY COVID-19 UPDATES

[Click to Sign Up for ongoing insights in your inbox](#)

# MARKETBEAT DENVER, COLORADO



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## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)
Boulder	5,848,272	379,206	61,133	7.5%	62,019	62,019	189,648	221,956	\$35.12	\$38.77
Midtown (Non-CBD)	3,728,136	426,572	20,224	12.0%	12,317	12,317	40,619	28,036	\$26.45	\$24.07
CBD	30,715,079	4,234,382	635,635	15.9%	73,016	73,016	415,359	1,114,690	\$37.56	\$41.78
RiNo	1,751,557	223,175	9,800	13.3%	81,025	81,025	13,184	462,698	\$43.81	\$46.49
Aurora/Northeast	7,618,571	1,028,000	8,100	13.6%	45,998	45,998	111,695	0	\$20.41	\$23.31
Northwest	14,343,485	2,069,425	136,676	15.4%	-27,055	-27,055	192,757	0	\$26.58	\$29.38
Southeast Suburban	33,475,774	4,472,054	351,901	14.4%	199,662	199,662	596,869	364,970	\$26.06	\$27.44
Southeast Central	11,026,256	1,267,437	86,648	12.3%	-43,310	-43,310	154,157	0	\$27.08	\$32.10
Southwest	9,594,294	1,069,591	110,073	12.3%	20,163	20,163	133,753	0	\$21.40	\$24.74
<b>DENVER TOTALS</b>	<b>118,101,424</b>	<b>15,169,842</b>	<b>1,420,190</b>	<b>14.0%</b>	<b>423,835</b>	<b>423,835</b>	<b>1,848,041</b>	<b>2,192,350</b>	<b>\$28.90</b>	<b>\$32.50</b>

\*Rental rates reflect full service gross asking

## KEY LEASE TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
7595 Technology Way (Crossroads DTC)	Southeast Suburban (DTC)	AECOM	70,170	New Lease
3390 Valmont Road (S'PARK Railyards)	Boulder	Twitter	64,000	New Lease
3333 Walnut Street	Boulder	Google	60,726	New Lease
720 South Colorado Blvd. (Galleria Office Towers)	Colorado Blvd./Glendale	Covius Services	47,076	Expansion/Renewal*
1401 Lawrence Street	CBD (Midtown)	Freshworks	44,078	Sublease

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/ \$ PSF
707 & 717 17th Street (Denver City Center & Johns Manville Portfolio )	CBD (Midtown)	Shorenstein Properties/ Brookfield Asset Management	1,226,205	\$400.0M / \$326
1200 17th Street (Tabor Center)*	CBD (Midtown)	Ivanhoe Cambridge, Inc./ Beacon Capital Partners	696,027	\$396.6M / N/A
5660, 5760, 5680 Greenwood Plaza Boulevard (Triad at Orchard Station)	Southeast Suburban (GV)	Stockbridge JV SteelWave/ Focus Property Group	411,000	\$54.0M / \$131
600 & 650 South Cherry Street (Cherry Creek Plaza I & II )	Colorado Blvd./Glendale	Origin Investments/ TerraCap Management	313,959	\$54.6M / \$174
4601 DTC Boulevard	Southeast Suburban (DTC)	LBA Realty/Rockwood Capital JV DPC Development	238,957	\$46.0M / \$193

\*Partial interest sale of 50.9% in Tabor Center and rights to development of Tabor Two.

## KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
9th & Colorado	Colorado Blvd./Glendale	N/A	64,680	Continuum Partners

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### A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

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