Lincoln

Denver Industrial Market

Q3 2025

Lincoln Property Company

Market Overview

Denver Industrial Market – Q3 2025

- The Denver industrial and flex markets experienced mixed performance in the third quarter of 2025. While select submarkets posted modest gains in absorption and rent stability, others saw rising vacancy and weaker demand amid limited new deliveries. Market-wide, vacancy expanded slightly, but overall asking rents held relatively steady.
- Across the entire metro, the industrial sector absorbed 649,000 SF in Q3, a strong turnaround from –532,000 SF in Q2. Vacancy improved slightly to 9.9%, while average asking rents were nearly unchanged at $9.75 NNN. The Flex market remained flat with total availability rising to 14.1%. Asking rents increased to $17.03 NNN, indicating continued pressure on higher-cost space despite muted demand.
- Denver's industrial market showed early signs of stabilization in Q3 2025, led by improvement in the DIA–Aurora corridor and consistent demand in Central Denver. However, the Northwest and North Metro submarkets continue to face elevated vacancy due to speculative deliveries and slower leasing velocity.
  Flex space remains challenged across most areas, though rents are holding due to limited new supply. Looking ahead, modest demand and minimal new deliveries suggest that vacancy will level off by early 2026, with rents remaining steady through year-end.
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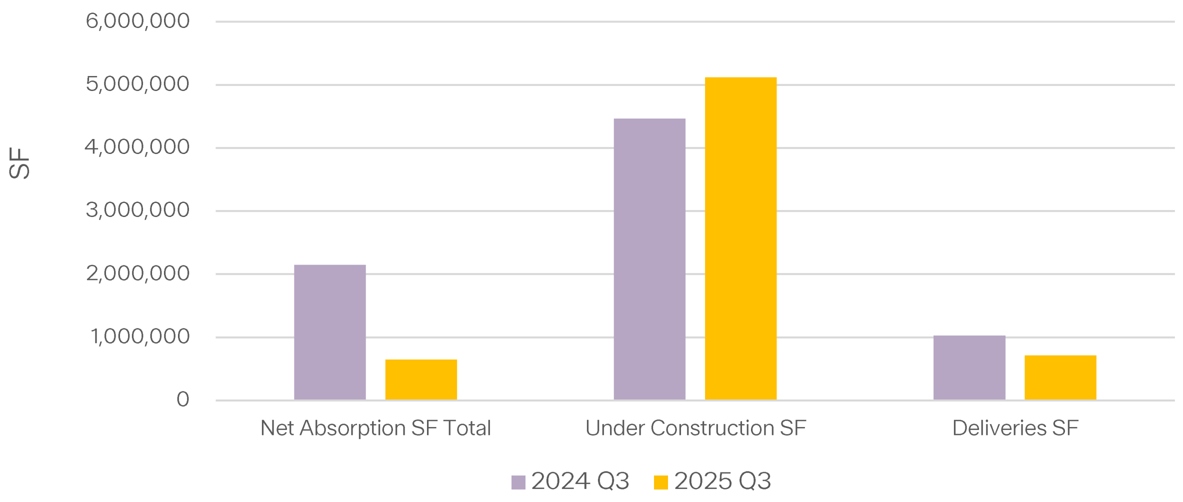
Select Submarket Data

- The DIA–Aurora industrial submarket rebounded in Q3 after a soft Q2, recording positive net absorption of 1.1 million SF, compared to a loss of over 520,000 SF the prior quarter. Vacancy improved to 9.3% from 11.2%, and availability decreased to 13.5%. No new product was delivered, though 3.6 million SF remained under construction. Average asking rents held firm at $8.03 NNN.
  The Flex segment also posted a modest gain of 19,000 SF absorbed, though vacancy stayed elevated at 9.5%, with rents up slightly to $12.55 NNN.
- The Southeast industrial market softened during Q3, posting negative absorption of 132,000 SF after positive activity in Q2. Vacancy climbed to 12.0% and availability remained high at 16.0%. Despite this, 53,000 SF of new product was delivered, with rents holding at $11.36 NNN, down slightly from Q2's $11.62.
  Flex space improved slightly, with positive absorption of 49,000 SF, reversing prior losses. Vacancy edged down to 8.0%, while rents rose modestly to $15.10 NNN.
- The Northwest industrial market recorded another quarter of negative absorption, totaling –165,000 SF, largely driven by two former owner/user properties that were brought to market for lease. This follows –222,000 SF of negative absorption in Q2, pushing the vacancy rate up to 18.7%. New deliveries rose to 359,800 SF, while average asking rents remained stable at $12.31 NNN. Flex space also softened, with –36,700 SF absorbed, vacancy climbing to 15.8%, and rents up slightly to $19.44 NNN

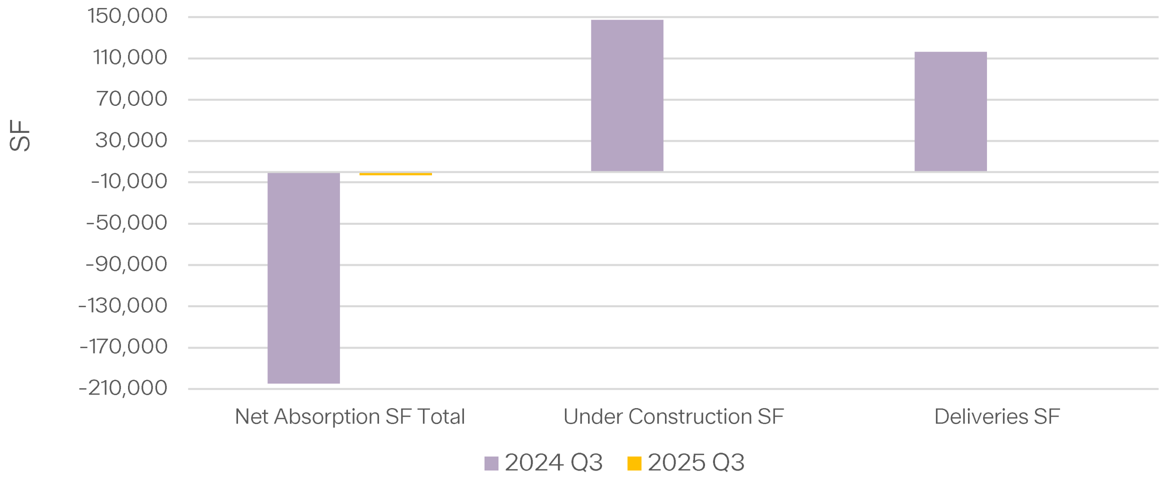
Source: Costar. Industrial Buildings 30K SF and greater, Flex Buildings 10K SF and greater

Year Over Year Comparison

Industrial



Flex



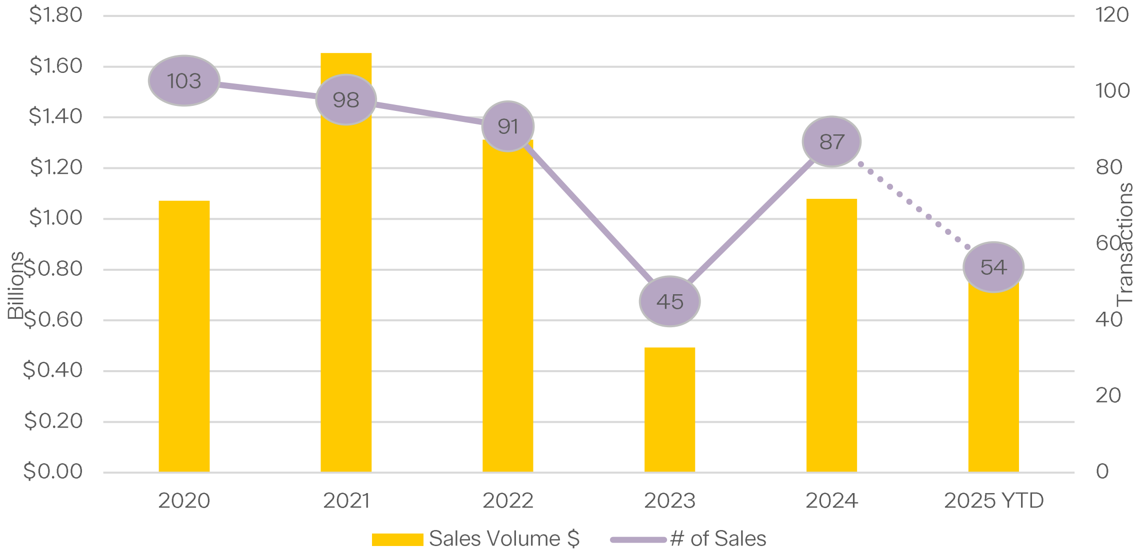
		2024 Q3	2025 Q3
INDUSTRIAL	Total Vacancy	8.60%	9.91%
	Direct Vacancy	8.09%	9.04%
	Asking Rates (NNN)	$10.22	$9.75
	Net Absorption	2,148,851	648,618
FLEX	Total Vacancy	9.56%	10.51%
	Direct Vacancy	8.21%	9.10%
	Asking Rates (NNN)	$16.46	$17.03
	Net Absorption	(204,958)	(2,901)

Net Absorption & Sales Activity

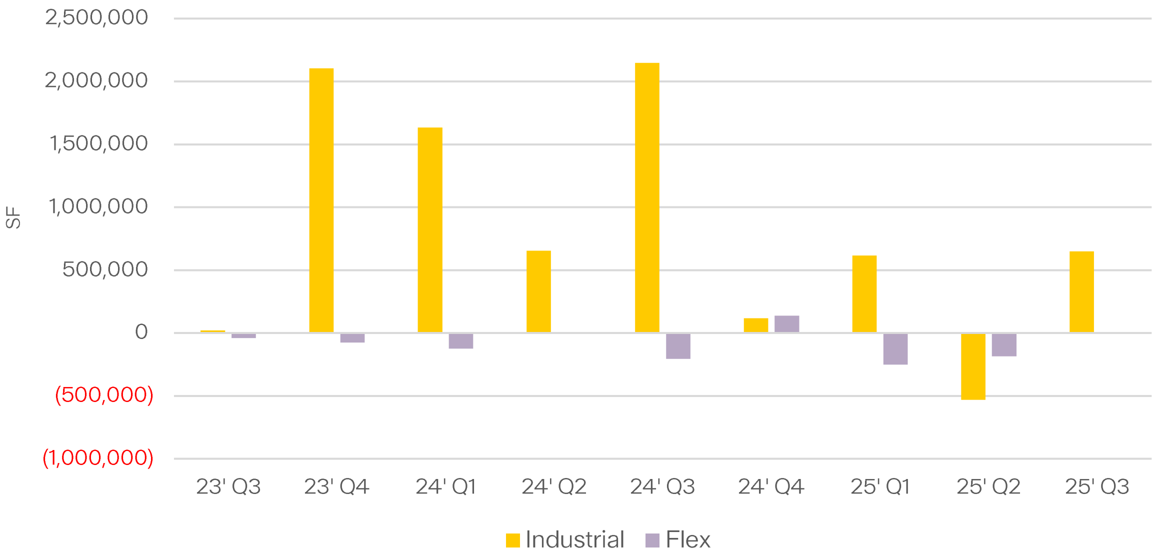
Q3 Notable Sales

Property	Lovett 76 Logistics Center 6196 E Bridge St	9410 Heinz Way	Innovate25 300 E 128th Ave
Bldg RBA	613,758	140,994	107,460
Sale Price	$69,350,000	$29,250,000	$19,500,000
Price/SF	$112.99	$207.46	$181.46
Submarket	DIA	DIA	North Denver
Seller	Lovett Industrial	ASB Capital Management	Brennan Investment Group
Buyer	Trader Joe's	CEMCO	KIOSK Information Systems

Sales Volume (Industrial over 30K sf)



Net Absorption

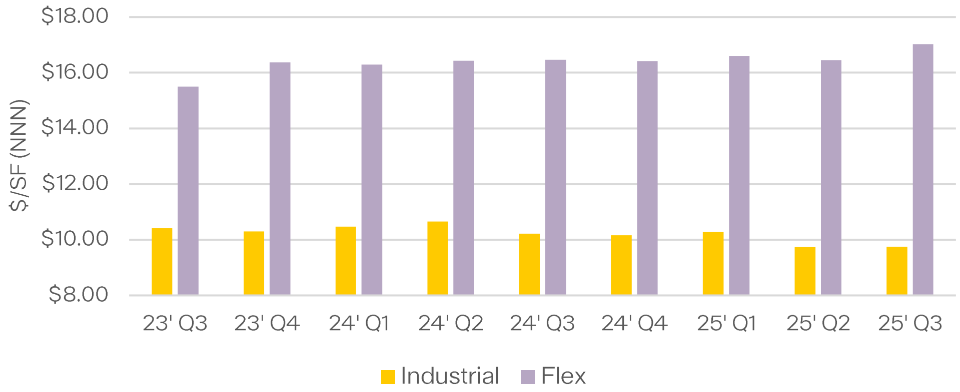


Leasing Fundamentals

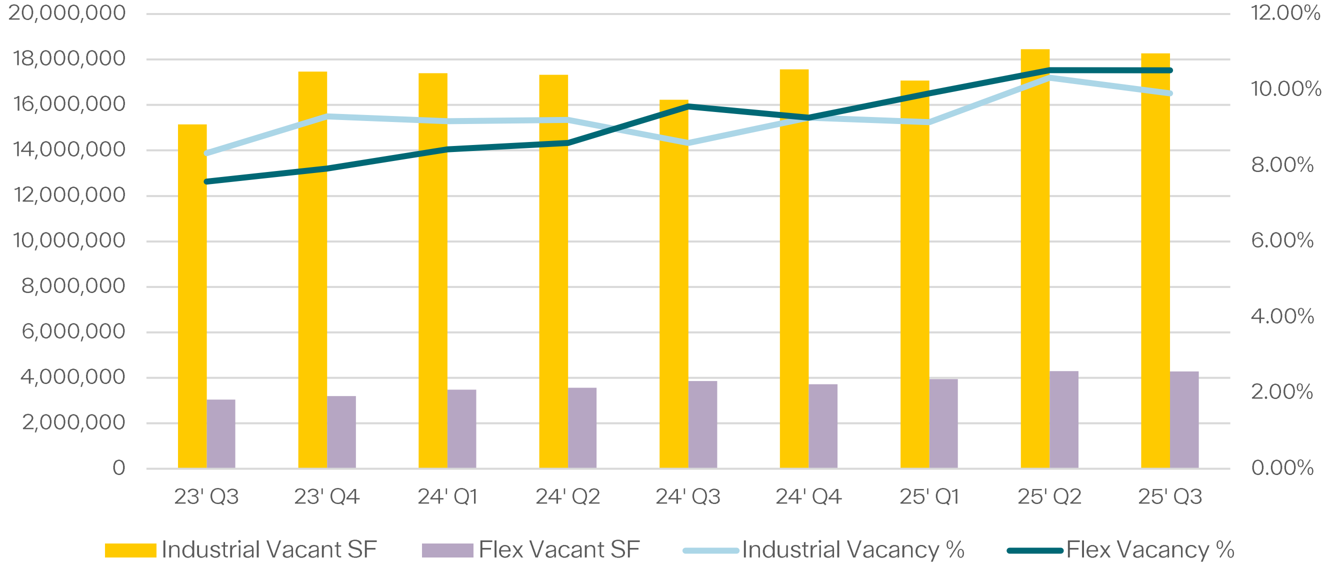
Q3 Notable Leases

Tenant	Redbird	Phillip Morris	1-800-Pack-Rat	Novelty Lights
Property	1485 E 61st Ave	Sun Empire	Majestic Commercenter	Majestic Commercenter
Address	1485 E 61st Ave	25000 E 56th Ave	21250 E 36th Dr	3700 N Windsor Dr
SF	189,120	148,885	94,424	91,744
Submarket	Commerce City	SW DIA/Pena Blvd	SW DIA/Pena Blvd	SW DIA/Pena Blvd
Deal Type	Direct	Direct	Direct	Direct

Asking Rates



Denver Vacancy

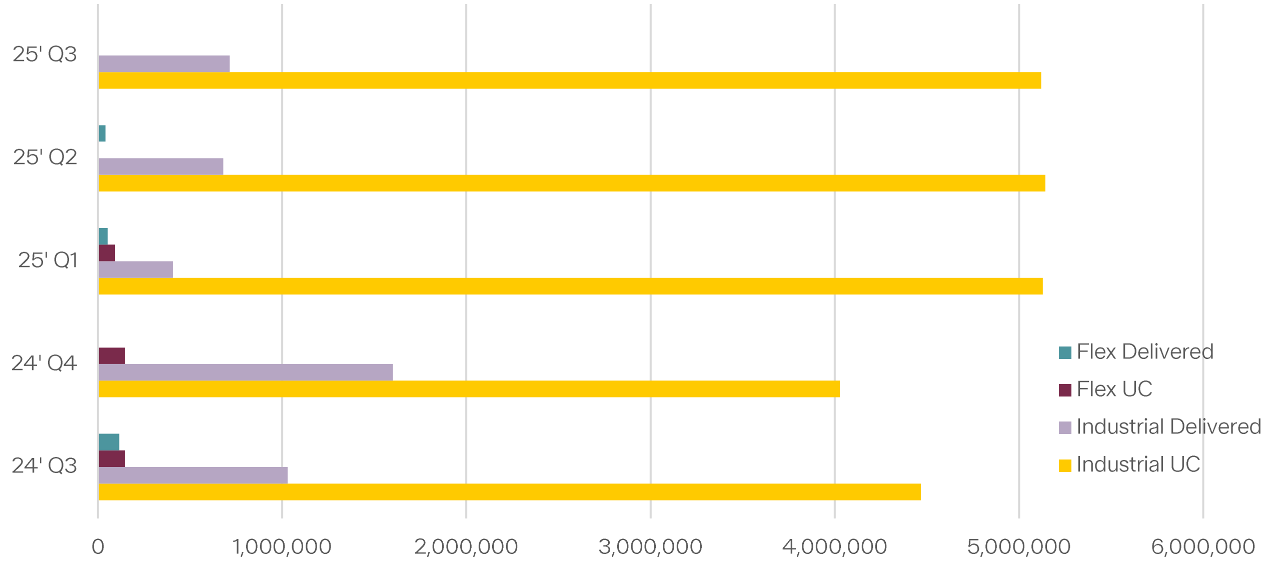


Construction Activity

Under Construction

Address / Project	25100 & 25150 E Smith Rd Aero 70 Logistics 1&2	East 48th Avenue Phillip Morris	45th & Telluride Superblock A&B	10795 Dover St West 108
RBA	817,475	800,000	279,374	75,058
Developer	United Properties	Phillip Morris International	Evergreen Devco	Altus
Submarket	SW DIA/Pena Blvd	SW DIA/Pena Blvd	SW DIA/Pena Blvd	Northwest
Delivery	Q1 2026	Q1 2026	Q1 2026	Q1 2026

Construction Activity & Deliveries



3rd Quarter Submarket Data

			VACANT SPACE			AVAILABLE SPACE			ABSORPTION		CONSTRUCTION			RATES
2025 Q3	# of Buildings	Total Inventory SF	Direct Vacant SF	Sublet Vacant SF	Total Vacant %	Direct Available SF	Sublet Available (SF)	Total Available %	Net Absorption Quarter	Net Absorption YTD	SF Delivered Quarter	SF Delivered YTD	SF Under Const.	Avg. Asking Rent (NNN)
DIA-Aurora														
Industrial	767	105,691,695	8,616,796	1,136,742	9.30%	12,979,701	2,544,109	13.50%	1,115,201	804,962	0	140,000	3,634,925	$8.03
Flex	127	5,216,715	496,224	15,693	9.50%	768,600	15,693	14.50%	19,201	(84,005)	0	0	0	$12.55
Southeast														
Industrial	123	11,807,383	1,237,798	180,408	12.00%	1,728,038	339,000	16.00%	(131,812)	4,657	53,000	219,823	1,053,614	$11.36
Flex	243	8,987,614	618,362	92,785	8.00%	852,737	192,645	11.70%	48,954	(56,640)	0	93,828	0	$15.10
Central														
Industrial	358	25,956,729	1,201,925	65,264	5.00%	1,478,903	65,264	6.00%	51,533	(270,987)	0	30,964	357,000	$9.96
Flex	89	2,812,926	474,530	27,532	17.80%	552,454	45,541	21.30%	7,721	(15,077)	0	0	0	$20.38
West/Southwest														
Industrial	158	13,248,847	514,036	32,060	4.10%	560,771	146,335	5.40%	(10,899)	41,236	0	175,204	0	$10.85
Flex	237	11,133,913	400,849	37,068	4.00%	537,516	63,126	5.30%	(45,247)	(91,961)	0	0	0	$13.71
North Metro														
Industrial	358	32,330,996	4,003,508	251,949	13.60%	4,404,589	324,429	14.80%	(210,242)	601,002	301,631	797,367	75,058	$10.82
Flex	141	4,178,972	437,683	21,352	11.00%	520,265	19,752	12.90%	3,158	(20,060)	0	0	0	$13.57
Northwest														
Industrial	182	15,022,030	2,696,076	94,710	18.70%	3,168,258	177,649	22.10%	(165,163)	(449,525)	359,800	439,028	0	$12.31
Flex	321	14,739,655	1,857,800	469,381	15.80%	2,478,693	620,433	20.90%	(36,688)	(171,973)	0	0	0	$19.44
Metro														
Industrial	1946	204,057,680	18,270,139	1,761,133	9.91%	24,320,260	3,596,786	13.36%	648,618	731,345	714,431	1,802,386	5,120,597	$9.75
Flex	1158	47,069,795	4,285,448	663,811	10.51%	5,710,265	957,190	14.09%	(2,901)	(439,716)	0	93,828	0	$17.03

SOURCE; CoStar. Industrial buildings 30K sf and greater, Flex Buildings 10K sf and greater. Excludes owner occupied and Government owned buildings

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