

# DENVER OFFICE MARKET

Yardi® Matrix

## Market Analysis

Fourth Quarter 2017

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## Companies Compete for Space



On the back of robust economic growth, Denver's office market is expanding significantly. Businesses—led by the technology, telecommunications and energy sectors—are expanding in or relocating to the city, creating competition for space in the Central Business District (CBD) and suburbs such as Boulder and Centennial. To keep the momentum going, the metro is improving its infrastructure with public parking and transportation, boosting the live-work-play environment.

Office **vacancies average 13.9%** in the metro, and demand for space has been consistently strong in recent years. Among the companies that have taken large blocks of space over the past four quarters are financial services firm TIAA, defense contractors AECOM and Raytheon, and media giant Comcast. Some **13 million square feet** of space is available for lease, half of it clustered in the CBD and Tech Center submarkets.

Absorption is healthy even as new developments are added at a fast pace throughout the metro. With more than 2 million square feet scheduled to come online in 2017 and about 4 million square feet under development, new supply is estimated to **add around 3.5%** to the existing inventory of 114 million square feet. This construction boom might lead to an increase in vacancy and temper rent growth while the new space is absorbed. Transaction activity is expected to remain strong as investors are attracted to the market's strong performance and prospects for continued growth.