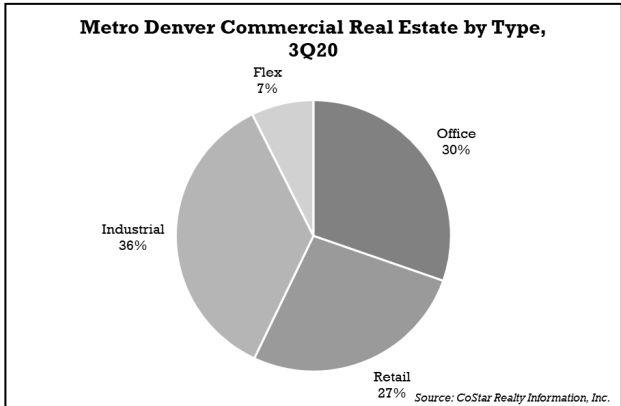
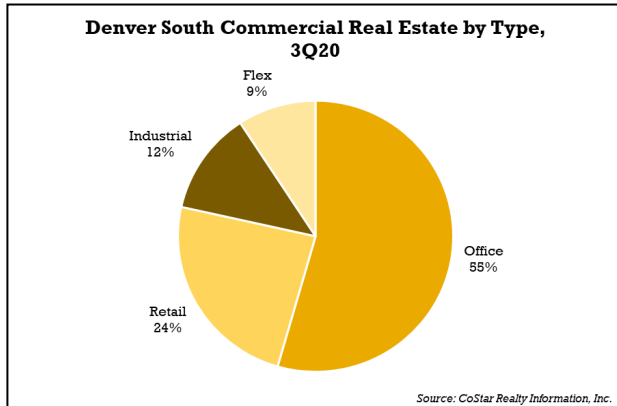
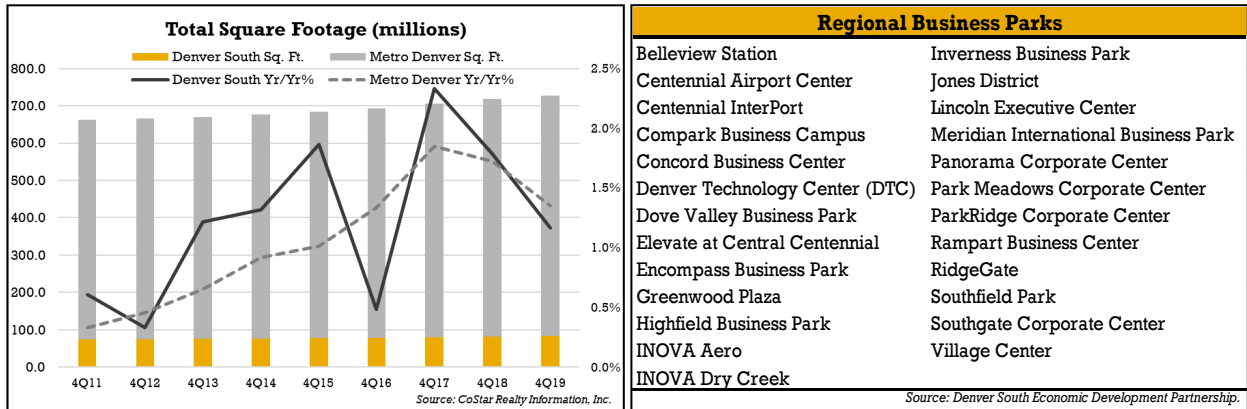


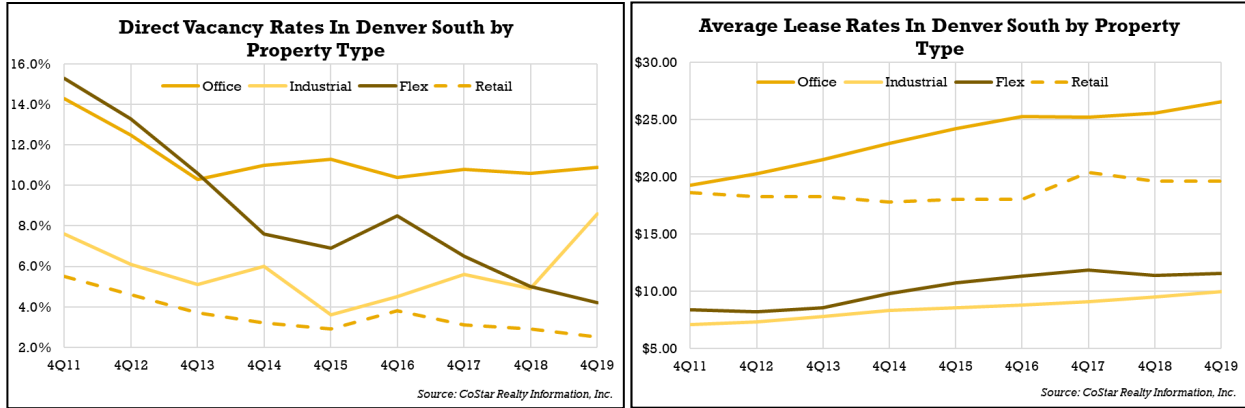
Commercial Real Estate

- The Denver South region has over 83 million square feet of combined office, industrial, flex, and retail space across nearly 2,190 buildings as of the third quarter of 2020.
 - Office space (55 percent) accounted for the largest share of space among the four market types in Denver South, while industrial represented the largest share of Metro Denver's commercial real estate market (36 percent).
 - Historically, the Denver South region has contained nearly 13 percent of the total space in Metro Denver.
 - Since 2011, the Denver South region added over 8 million square feet of total space.



Historical Trends

- The commercial real estate markets in the Denver South region reported significant improvements since 2011, recording record low vacancy rates and record high average lease rates.
- The vacancy rates in the Denver South region fell in three of the four market types between 2011 and 2019, but has fluctuated over the period. The flex market reported the largest percentage declines from 2011 to 2019.
- The average lease rates in Denver South climbed steadily in all four market types between 2011 and 2019.



Current Trends

- Between the third quarters of 2019 and 2020, the vacancy rate in the Denver South region rose in all four markets, with the industrial market recording the largest increase of 4 percentage points.
 - Similar to the Denver South region, the vacancy rate in Metro Denver rose in all four market types over-the-year. The flex market recorded the largest increase of 1.7 percentage points.

Denver South Commercial Vacancy and Lease Rates by Property Type

		Total Existing Square Footage (millions)		Vacancy Rate		Avg Lease Rate (per sq. ft.)	
		3Q 2019	3Q 2020	3Q 2019	3Q 2020	3Q 2019	3Q 2020
Office	Denver South	45.7	45.7	10.8%	12.4%	\$26.55	\$26.86
	Metro Denver	196.2	197.5	8.9%	10.1%	\$27.23	\$27.99
Industrial	Denver South	9.5	10.3	7.5%	11.5%	\$9.86	\$9.75
	Metro Denver	227.2	231.4	5.0%	5.5%	\$8.42	\$8.57
Flex	Denver South	7.7	7.8	3.5%	4.9%	\$11.54	\$11.73
	Metro Denver	46.8	47.7	5.6%	7.3%	\$12.51	\$13.18
Retail	Denver South	20.0	20.2	2.3%	3.8%	\$20.14	\$18.48
	Metro Denver	172.4	173.6	4.0%	5.2%	\$18.39	\$18.48

Note: Vacancy rate and average lease rate are for direct space only (excludes sublet space). Industrial, flex, and retail lease rates are triple-net; office rates are full-service. Source: CoStar Realty Information, Inc.

- The flex market in the Denver South region recorded the largest increase in the average lease rate between the third quarters of 2019 and 2020, rising 1.6 percent to \$11.73 per square foot. The industrial and retail markets reported declines over-the-year, falling 1.1 percent and 8.2 percent, respectively.
 - Average lease rates in all four market types in Metro Denver rose between the third quarters of 2019 and 2020, with the flex market recording the largest increase of 5.4 percent.