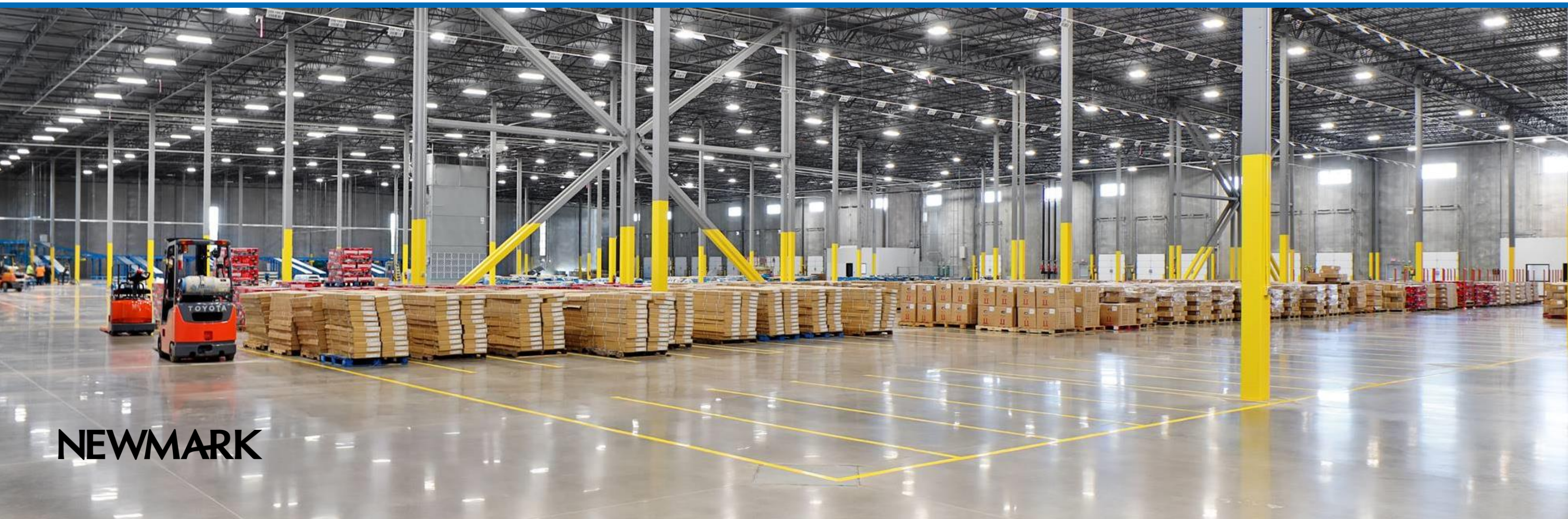


3Q24

Denver Industrial Market Overview



NEWMARK

Market Observations

Economy

- The region’s unemployment inched up but is 23 basis points under the national rate.
- Despite sluggish job growth, payroll company ADP rated Denver the hottest hiring market in the nation based on pay growth, starting wages and hiring rate for 15 million workers.
- The University of Colorado Leeds School of Business recorded decreased confidence for the coming fourth quarter of 2024 among Colorado business leaders, largely due to national issues such as the upcoming presidential election and inflation.

Major Transactions

- Broadrange Logistics leased and occupied 76 Commerce Center Buildings 1 & 3 for a total of 1.1M SF.
- The largest sale of the quarter was Amazon’s purchase of DIA Logistics Park at Porteos Building 1 in the East submarket for \$85.6M or \$137/SF.
- 25 North Building 6, the third largest building to deliver this quarter at 135,000 SF, was fully occupied by Ferguson upon completion.

Leasing Market Fundamentals

- Quarterly absorption recorded a robust 2.1M SF and brought year-to-date absorption out of the red to 1.7M SF.
- Vacancy decreased to 9.5%, the first drop in vacancy from the prior quarter since 1Q22 and indicative of the slowing pipeline of vacant speculative space.
- Leasing activity increased by more than 537,000 SF from the previous quarter.

Outlook

- Absorption and leasing activity is expected to slow but still be at a healthy level in the fourth quarter, as some companies choose to wait for the results of the presidential election and holidays to pass.
- While rental rates are expected to be steady, the pipeline will continue to slow until more of the current supply of existing first-generation space is leased up.
- In the near term, real estate investment company Prologis predicts that demand will remain soft, and vacancy should reach or near its peak as the supply line continues to shrink.

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1. Economy
 2. Leasing Market Fundamentals
 3. Appendix / Tables

3Q24

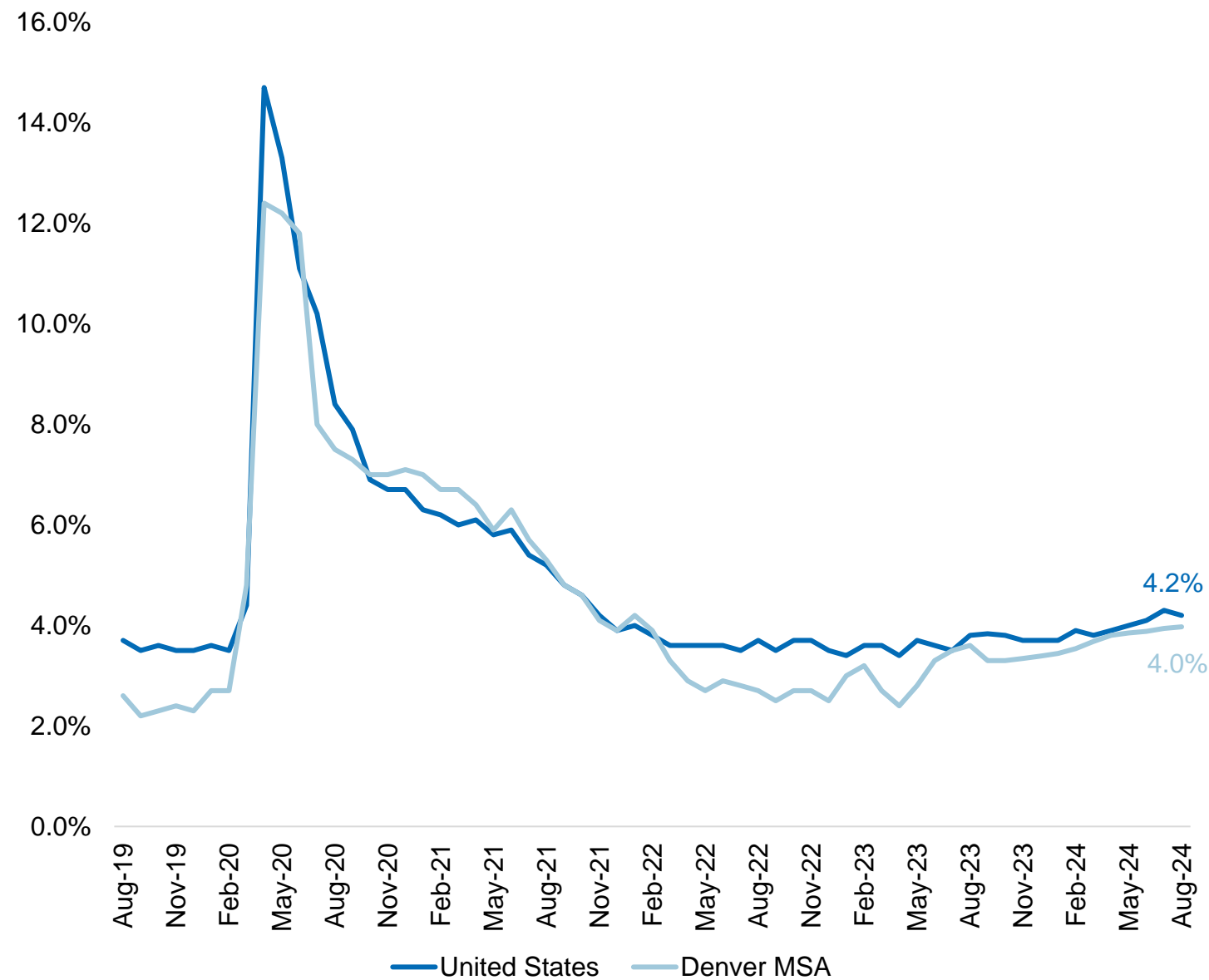
Economy



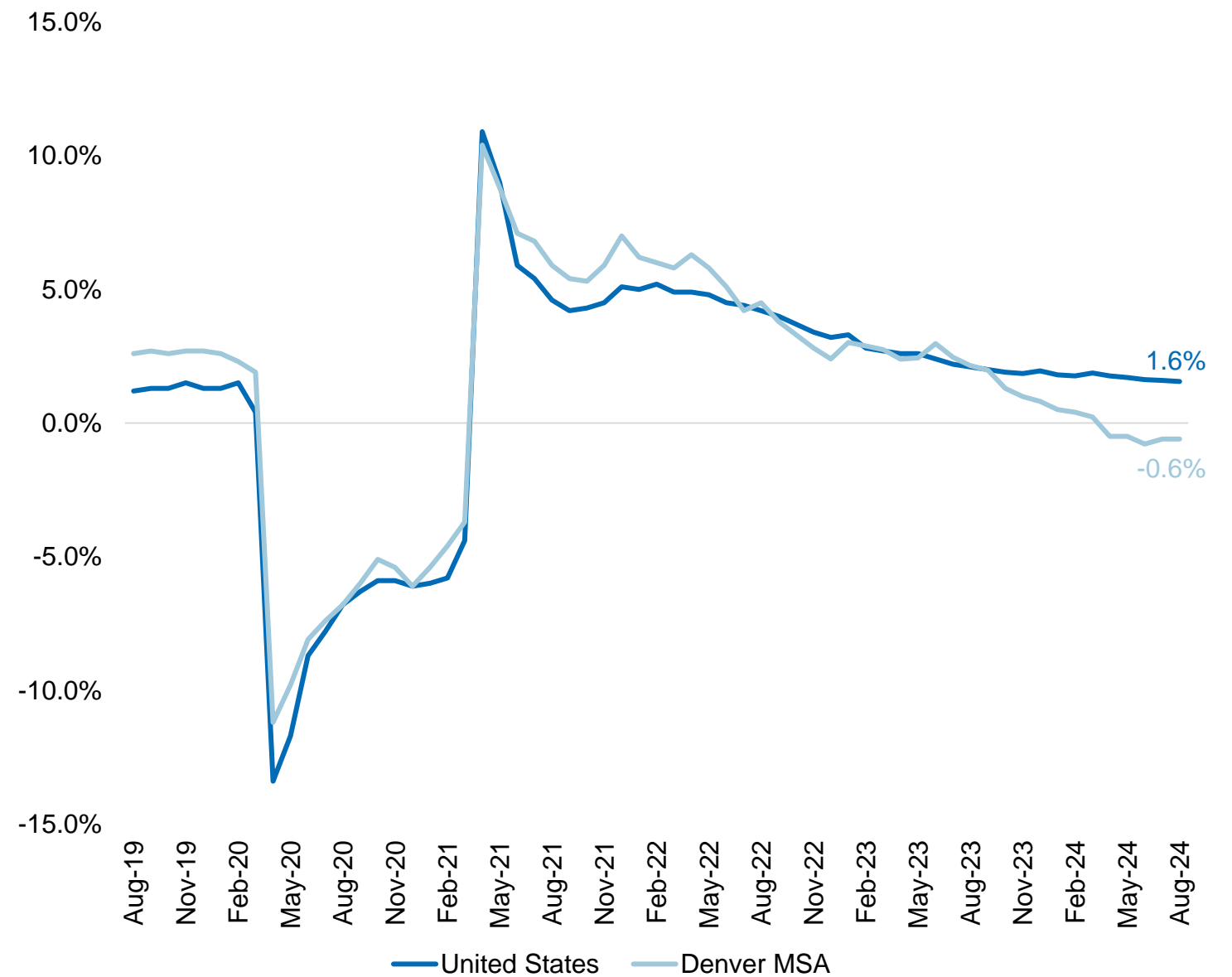
Unemployment Beats National Level but Job Growth Lags

Denver as well as Colorado's larger economy often outpace the nation in multiple key metrics, despite lethargic job growth. Both rank higher than the national rate on labor force participation and wage growth. According to ADP, yearly pay growth hit 5.8% in Denver, ranking in the 98th percentile for the nation.

Unemployment Rate, Seasonally Adjusted



Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change

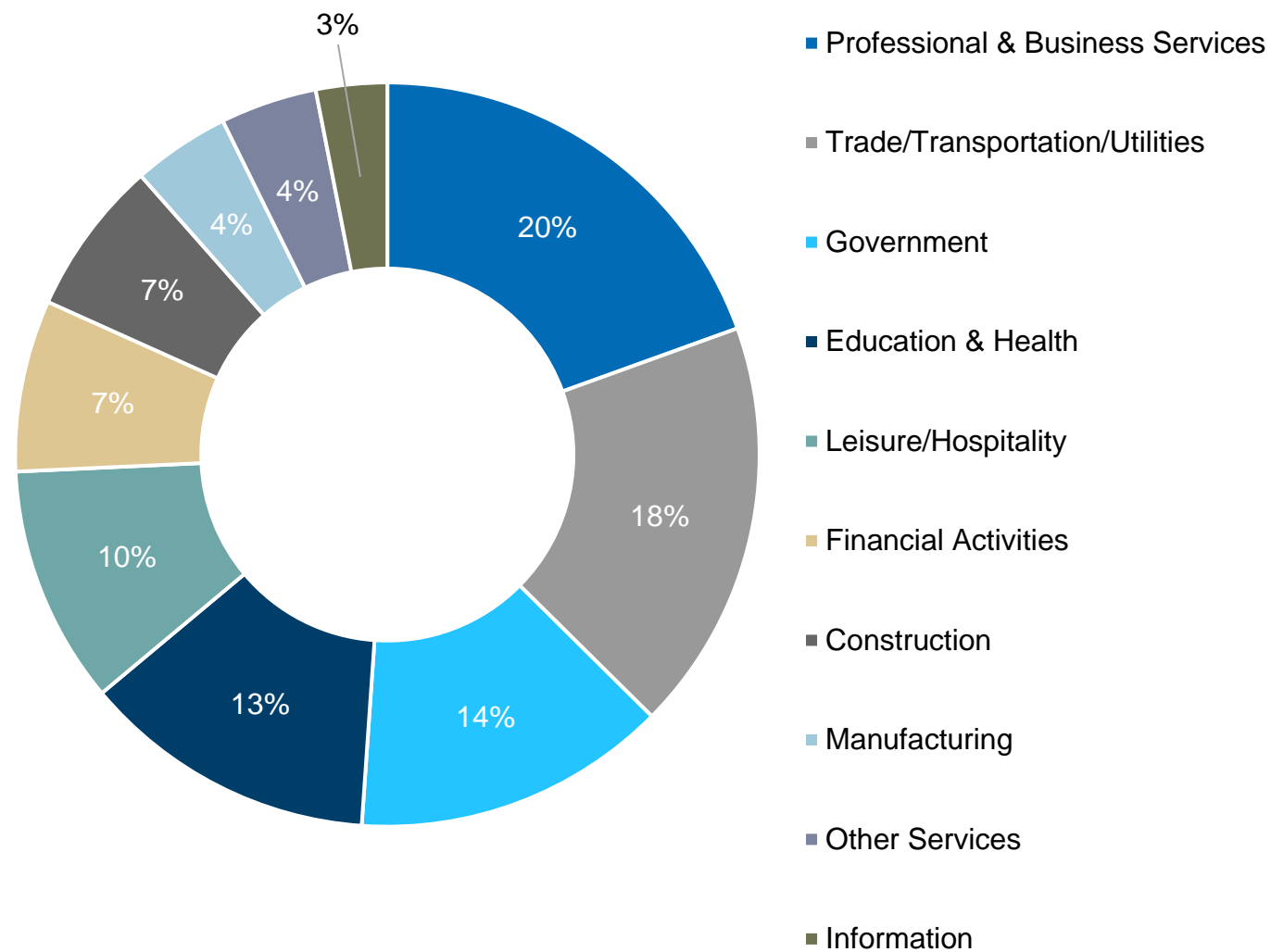


Source: U.S. Bureau of Labor Statistics, Denver MSA

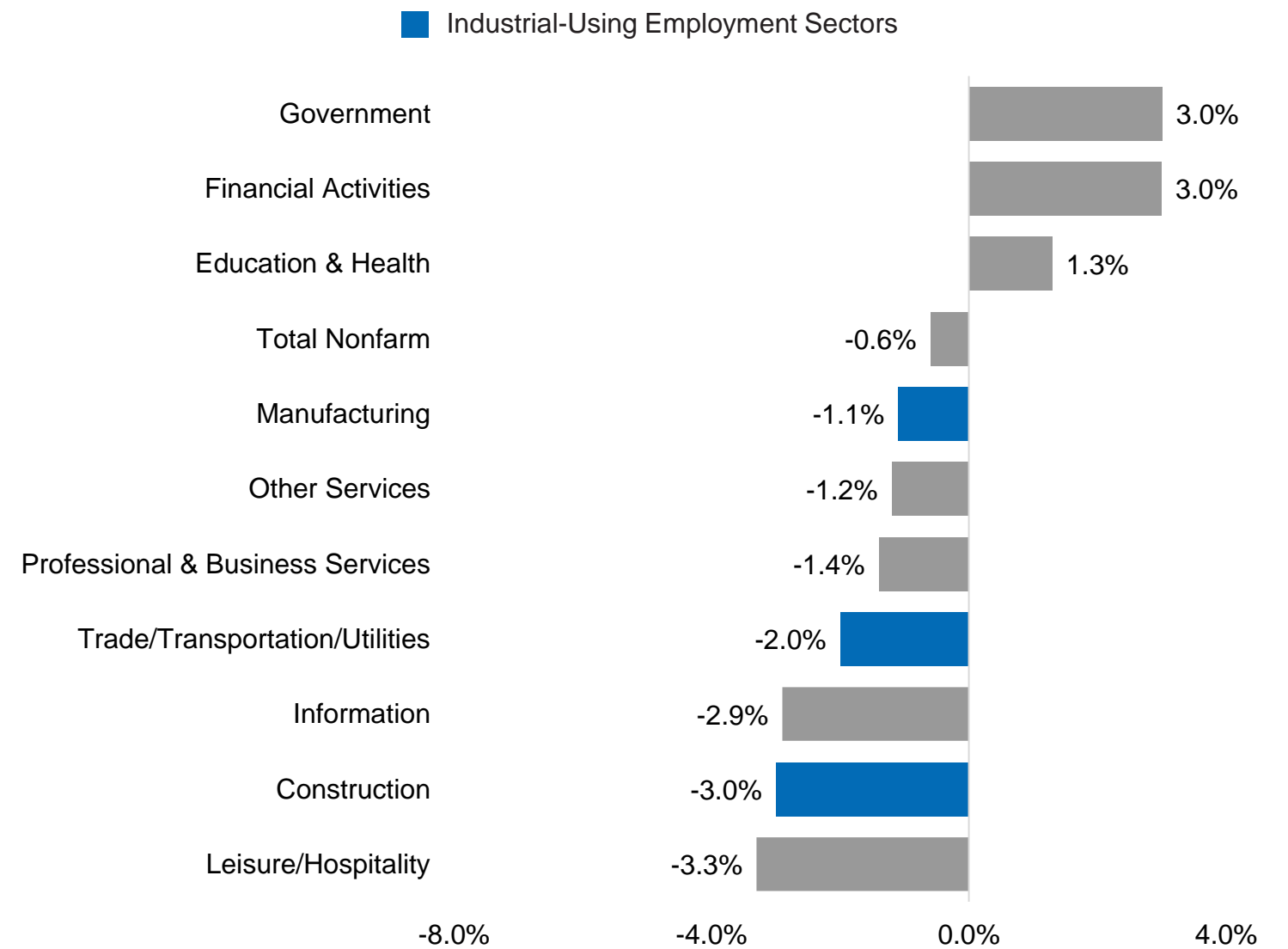
Interest Rate Cut Effects Not Yet Seen

All three of the industrial-using sectors recorded a drop in employment year-over-year. Although seven of the ten sectors posted some year-over-year job loss despite the anticipated interest rate cut, both the construction and professional services were cited by ADP's research as having higher starting wages than other markets.

Employment by Industry, August 2024(p)



Employment Growth by Industry, 12-Month % Change, May 2024(p)

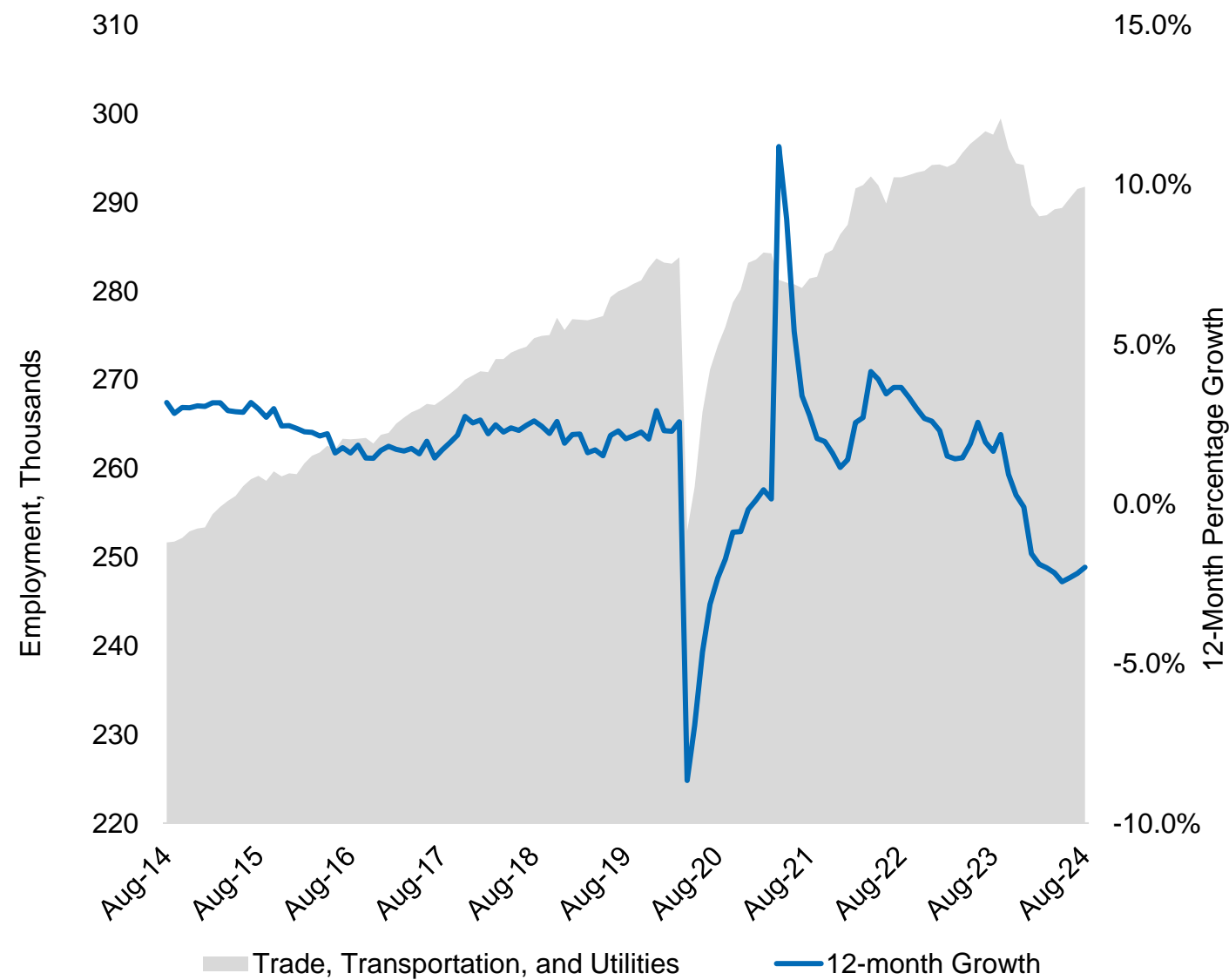


Source: U.S. Bureau of Labor Statistics, Denver MSA

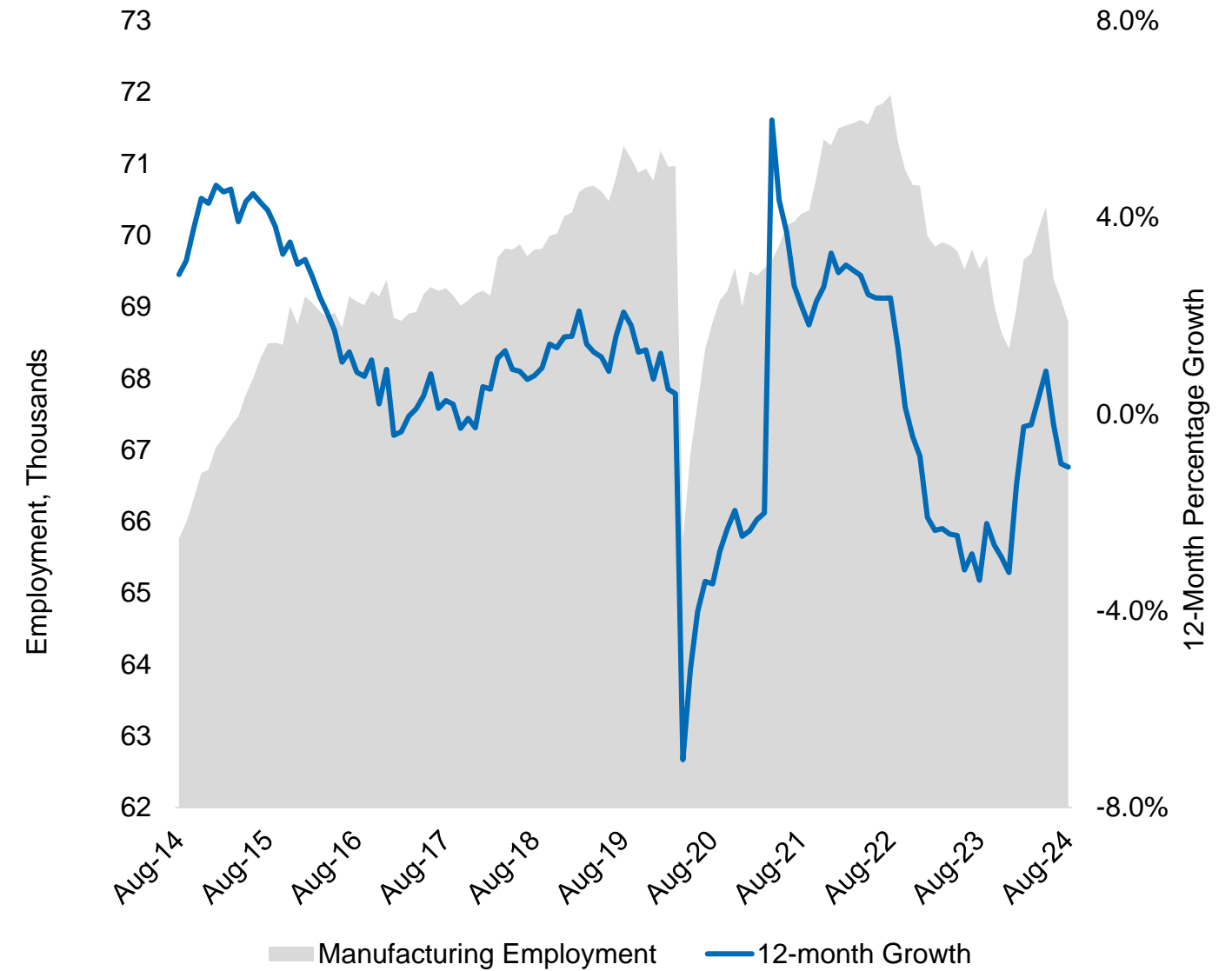
Trade/Transportation/Utilities Slowly Grows but Manufacturing Starts Shedding Jobs

Trade/transportation/utilities employment remains down year-over-year but has been consistently growing since March 2024. In contrast, manufacturing has seen fewer jobs since May 2024.

Total Employment and 12-Month Growth Rate, Trade, Transportation & Utilities



Total Employment and 12-Month Growth Rate, Manufacturing



Source: U.S. Bureau of Labor Statistics, Denver MSA

3Q24

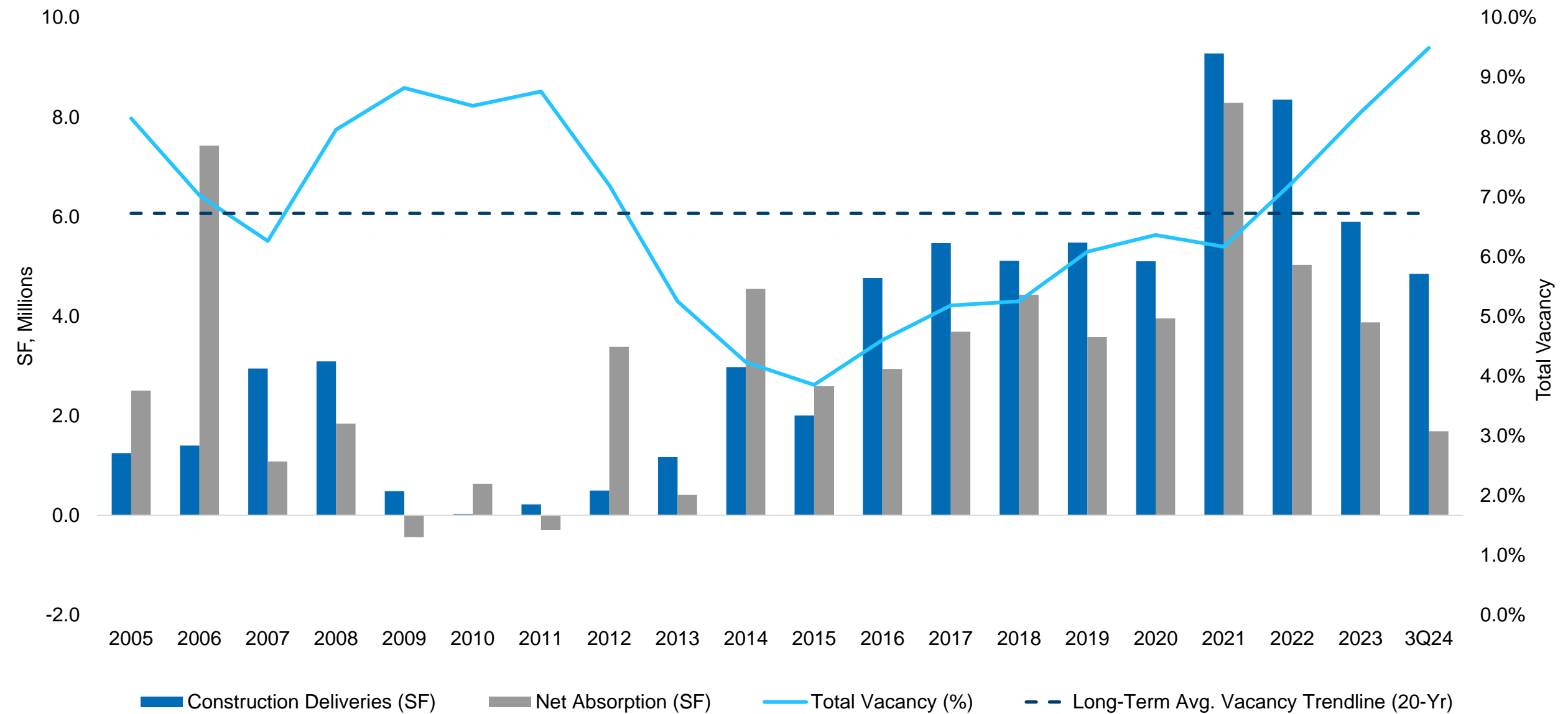
Leasing Market Fundamentals



Market Posts a Vigorous Rebound Following Atypical Quarter

After multiple factors converged in the prior quarter to bring absorption down into negative numbers, the third quarter swung hard in the other direction and single-handedly put the market back on track for a strong year of absorption. However, it will take more time to lease the supply of vacant speculative space already delivered.

Historical Construction Deliveries, Net Absorption, and Vacancy

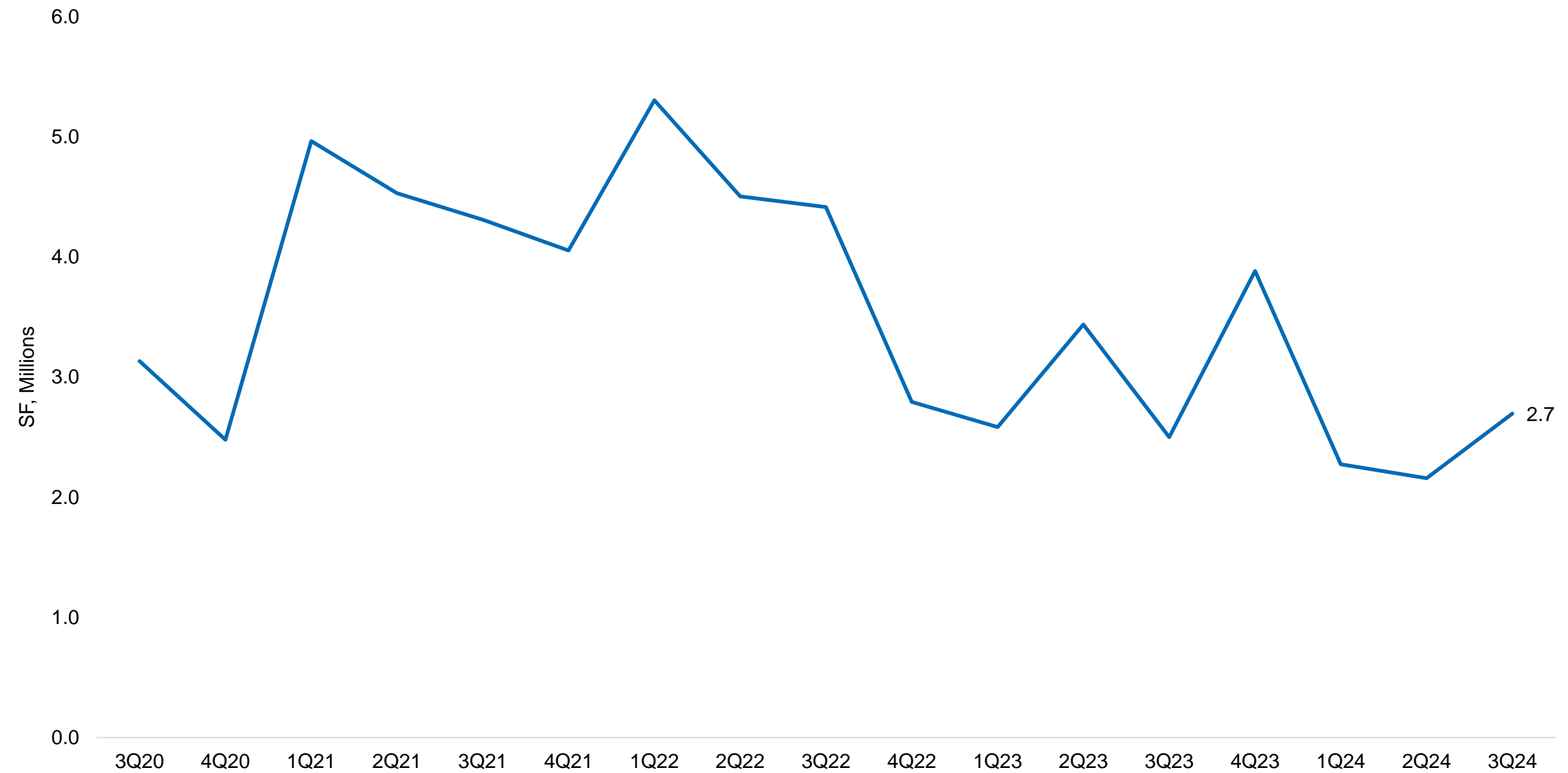


Source: Newmark Research

Leasing Activity Accelerates from 2Q and YOY

Leasing outpaced new deliveries by more than double and multiple tenants fully leased existing vacant first-generation spec buildings.

Total Leasing Activity (SF)

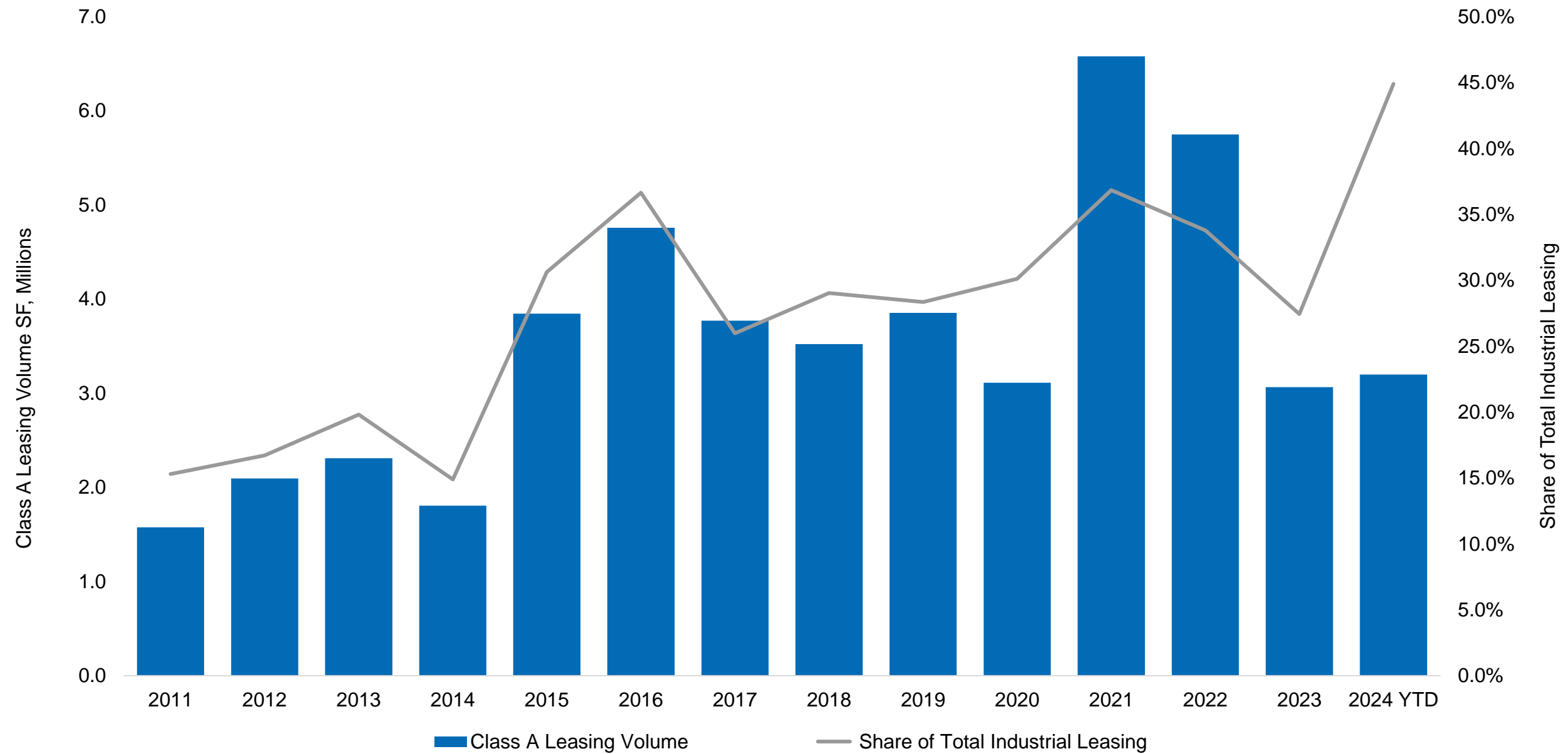


Source: Newmark Research, CoStar

Total Leasing Activity Predominately in Class A Warehouse Product

Class A warehouse product leasing so far in 2024 accounted for 44.9% of total Industrial leasing, almost double the 27.4% of overall activity in 2023 and the average of 27.8% between 2017-2019, showing the continuing appeal of top-quality space and flight to quality is a driving force in the market.

Industrial Class A Leasing Volume and Percentage of Total Industrial Leasing Volume



Source: Newmark Research, CoStar

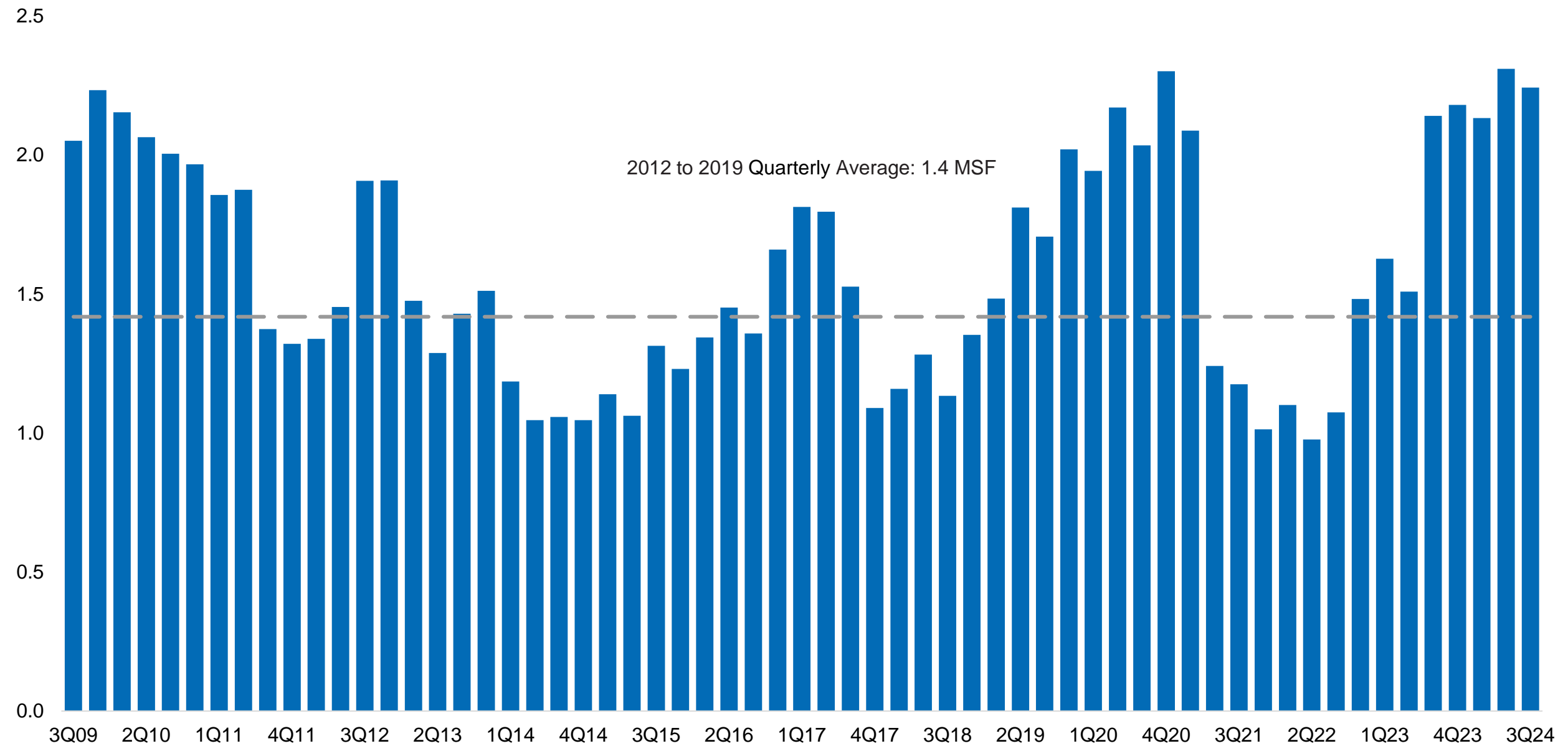
Northeast's Massive Quarterly Absorption Helps Lower Its Vacancy Rate

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Industrial Sublease Availability Dips But Still Above Pre-Pandemic Average

Available sublease space decreased by 2.9% but the reliable demand for industrial space is encouraging tenants who are contemplating downsizing to keep their space on the market.

Available Industrial Sublease Volume (msf)



Source: Newmark Research, CoStar

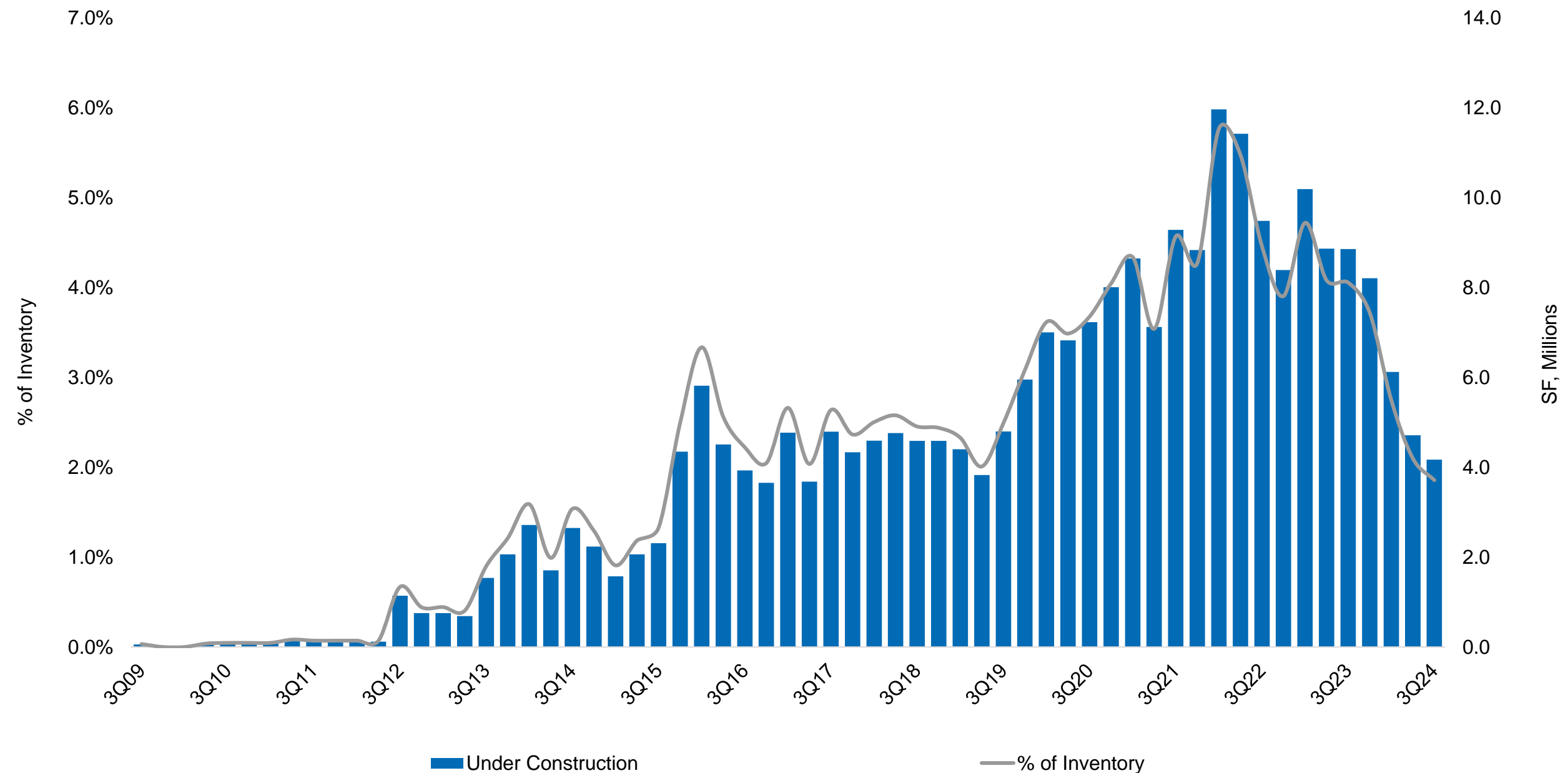
Sublet Availability Elevated YoY in the Majority of Submarkets

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Industrial Supply Pipeline Deceleration Slows

Six new projects broke ground for 824,500 SF, compared to the 10 delivered buildings for a total of 1.3 MSF. Despite healthy absorption and leasing activity, financing for speculative projects remains difficult to secure due to the amount of existing first-generation spec space currently available and vacant.

Industrial Under Construction and % of Inventory



Source: Newmark Research, CoStar

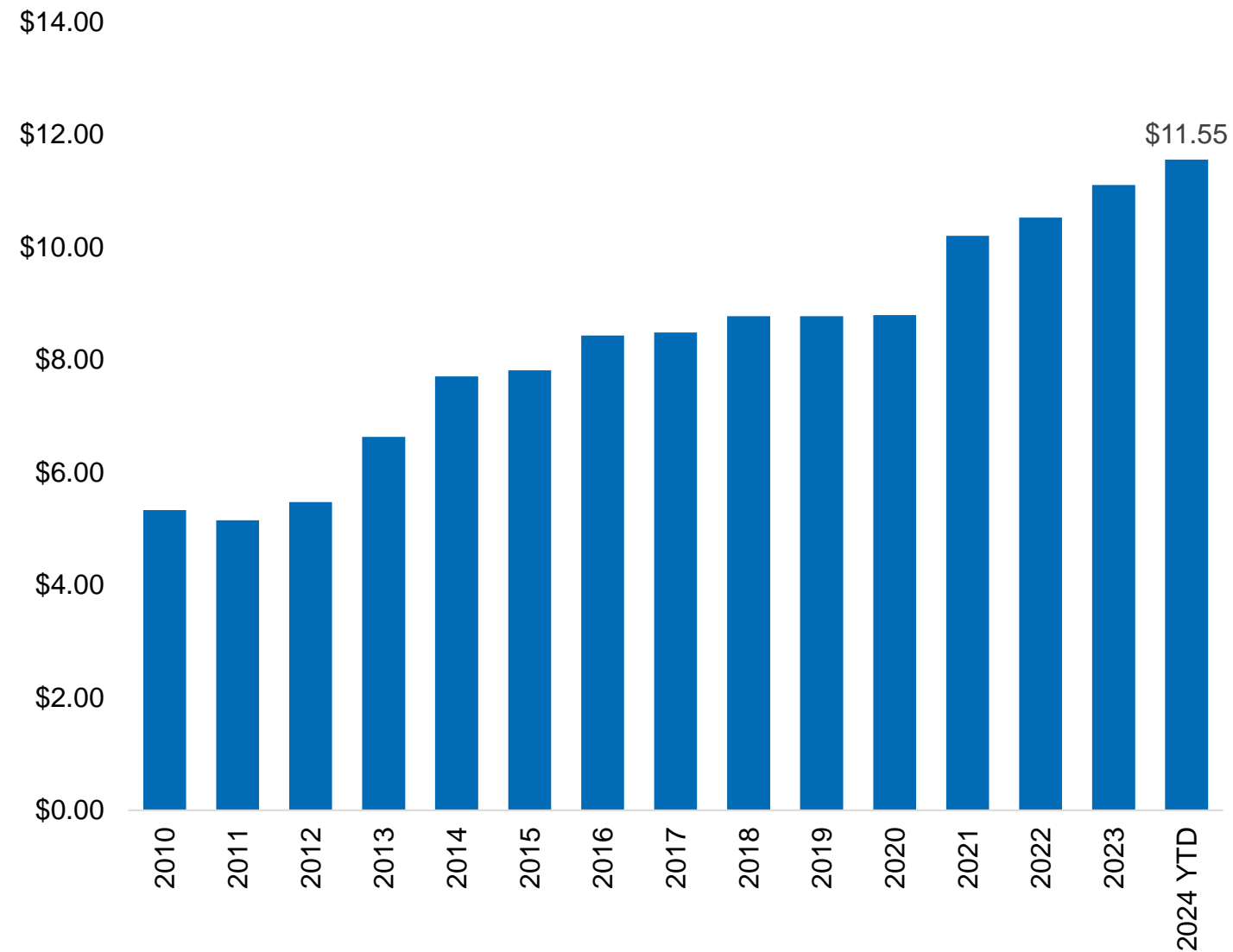
Over Half of Space Under Construction Spoken For

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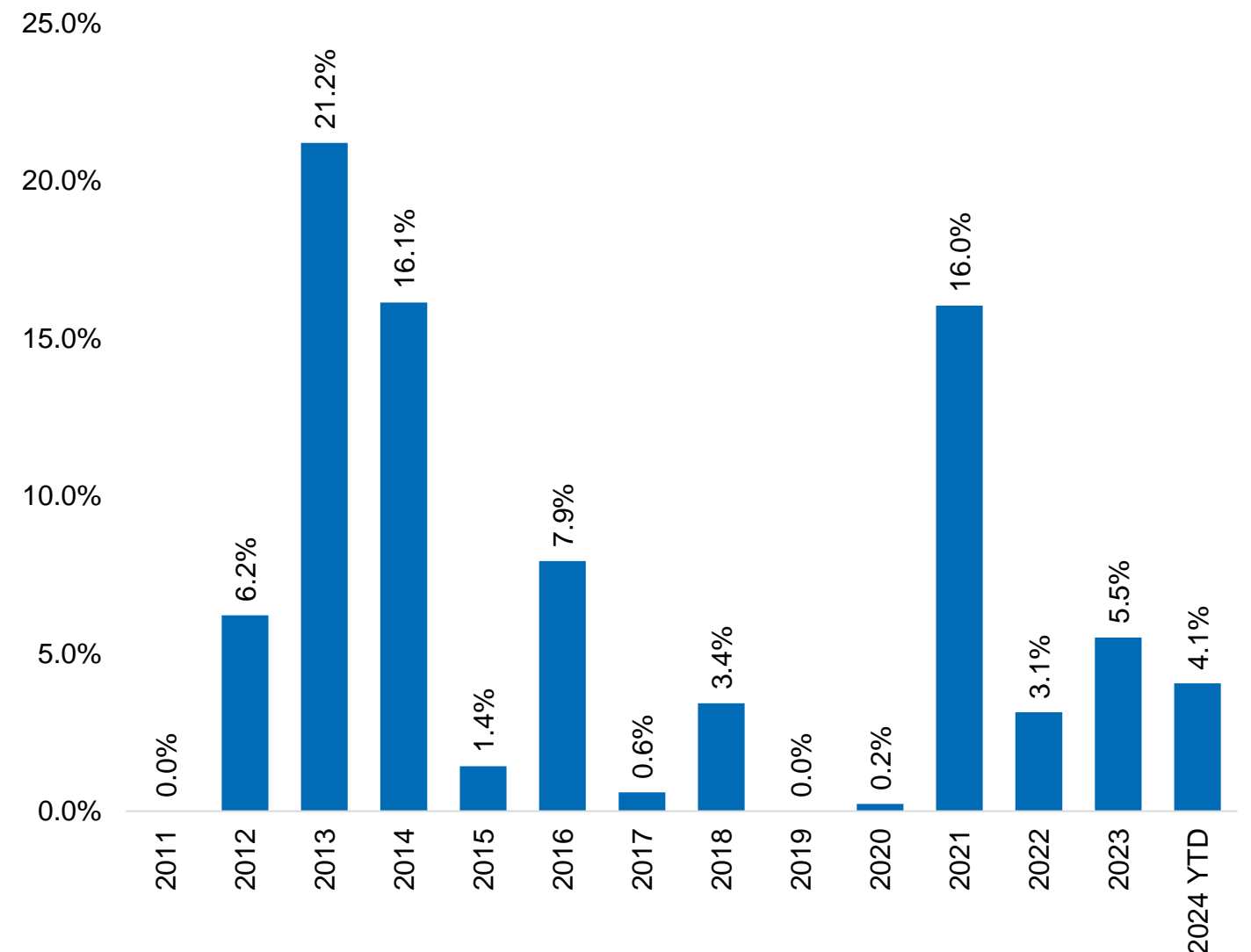
Abundance of Available Space is Keeping Rental Rate Hikes Restrained

Median asking rates have been steadily increasing since the frenzy of 2021 due to stable demand and the delivery of new class A product.

Industrial Median Asking Rent, \$/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Class A Warehouse Rents Steady Since Increase in 1Q24

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Rates Remain Unchanged for Every Submarket but the East

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Notable 3Q24 Lease Transactions

Tenants continued to lease up top quality new construction that had delivered without any pre-leasing.

Select Lease Transactions

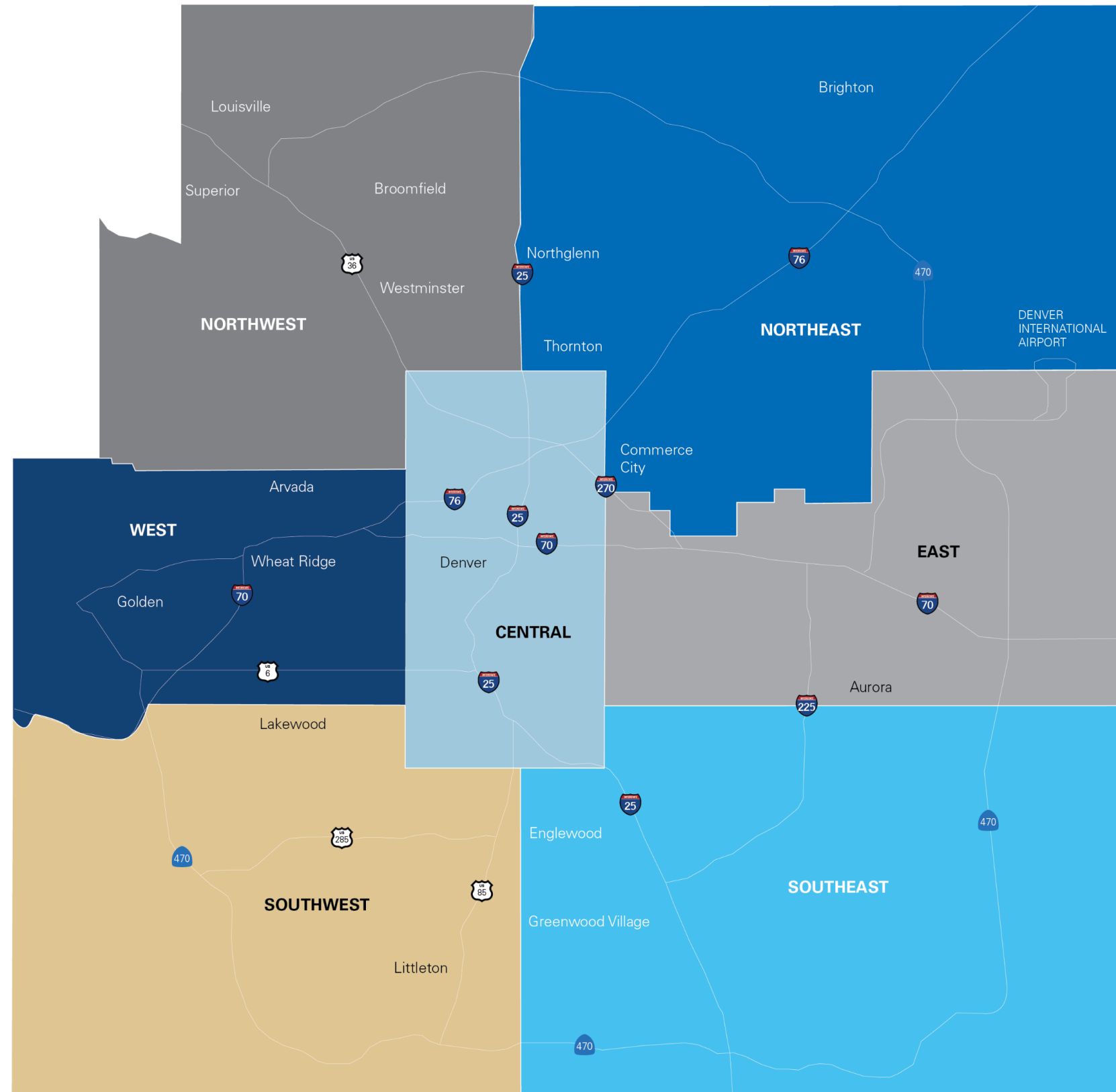
Tenant	Building	Submarket	Type	Square Feet
Broadrange Logistics <i>Broadrange occupied in the same quarter this full spec building that delivered in 2023.</i>	22250 East I-76 Frontage Road	Northeast	Direct New	546,000
Broadrange Logistics <i>Building 3 of the 76 Commerce Center has been vacant since it delivered in 2021.</i>	22500 East I-76 Frontage Road	Northeast	Direct New	526,400
Quality Electrical Distribution <i>Stafford Logistics Building 3 delivered vacant last year and is now fully leased.</i>	21001 East 13th Avenue	East	Direct New	220,071
Dematic <i>This will be Dematic's first location in the Denver market.</i>	6225 North Denali Street	East	Direct New	156,000
Colorado Distribution System <i>Colorado Distribution Systems signed its original lease in July 2009.</i>	11551 East 45th Avenue	East	Lease Renewal	62,614

3Q24

Appendix / Tables



Submarket Map



Source: Newmark Research



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Central Submarket Overview

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East Submarket Overview



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Northeast Submarket Overview

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Northwest Submarket Overview

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Southeast Submarket Overview

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Newmark business contact for this information

For more information:

Mandi Johnson

Research Manager

Denver Research

Mandi.Johnson@nmrk.com

Denver

1800 Larimer Street, Suite 1700

Denver, CO 80202

t 303-892-1111

New York Headquarters

125 Park Ave.

New York, NY 10017

t 212-372-2000

nmrk.com

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