

Availability fluctuates over the quarter with new deliveries; asking rents push upwards

Overall availability in the Denver market increased in the fourth quarter, now at 17.6% - an 80-basis-point increase over the quarter, but essentially unchanged from the end of last year. The increase is largely attributed to a robust development pipeline, with 32 buildings currently under construction in the market totaling 3.5 million square feet (msf). The overall average asking rent was relatively unchanged over the quarter, increasing just 0.5% to \$28.66 per square foot (psf), but has increased 2.9% year over year. Downtown asking rents increased 2.1% over the year to \$35.71 psf. The quality of amenities and space efficiencies offered by new construction in the downtown submarkets make the area an increasingly desirable option for many tenants.

Tech industry flourishing; large deals spread out across the market

Tech companies are continuing to expand rapidly within the market. According to The Downtown Denver Partnership, the number of tech companies in Denver has increased by 89.0% since 2010 and Denver has seen tech employment grow by 103.0% over the same period (14.0% year over year). Denver now ranks in the top 5 cities in the country for tech share of total employment, according to the Census Bureau. Two major tech companies were active in the market this quarter. Salesforce committed to a new 63,045-square-foot (sf) lease in the CBD submarket, while tech giant Google grew into 32,850 sf at 4740 Walnut Street in Boulder. New product remains in high demand and, notably, EF Education First has leased 54,232 sf at the new 2375 15th Street along the Platte River.

Denver's solid fundamentals cement its place as a must-be market for corporate occupiers

With solid market fundamentals and continued economic growth, Denver is increasingly attracting new corporations to the region. The area's lower cost of living and high quality of life are a few of the many factors that have attracted businesses and young educated employees to the Denver area. Population has grown by 8.0% in the past five years and the regional economy continues to expand. The region boasts one of the country's most educated workforces (41.4% hold a bachelor's degree or higher) and a very low unemployment rate of 2.4% (compared to a national average of 3.6%), all factors that make it a desirable corporate location.

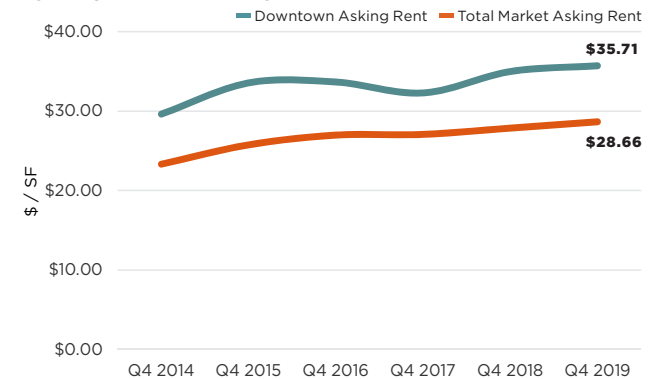
Outlook

- Even with a slight increase in availability due to recent deliveries, competition for large-block options remains high, particularly in core submarkets
- The strength of the tech industry in Denver is poised for continued growth, highlighted by a continual flow of tech leasing and a surge in tech employment since 2010
- Quality of life attributes afforded by the region, along with various corporate saving opportunities, has helped to position Denver as a very attractive location for out-of-market companies to expand in

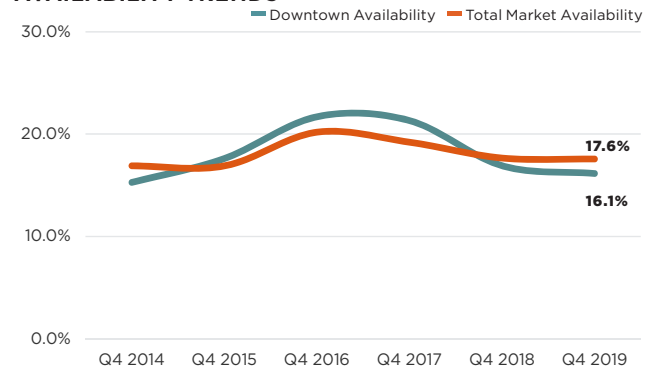
KEY STATISTICS

	Q4 2018	Q4 2019	y-o-y Change
Inventory	110.8 MSF	112.3 MSF	▲
Availability Rate	17.7%	17.6%	▼
Asking Rental Rate	\$27.85	\$28.66	▲
Downtown Asking Rate	\$34.99	\$35.71	▲
Quarterly Leasing Activity	2.0 MSF	2.2 MSF	▲

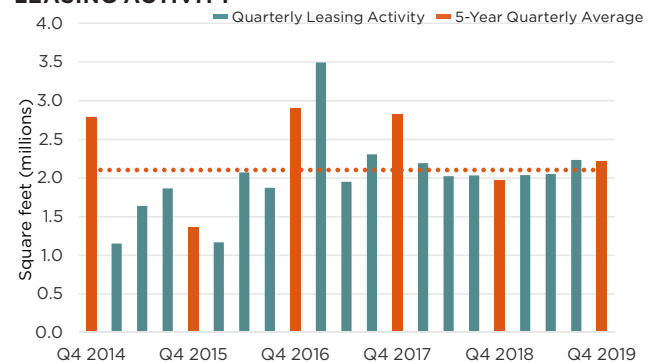
ASKING RENT TRENDS



AVAILABILITY TRENDS



LEASING ACTIVITY



MAJOR TRANSACTIONS

73.7%

of major transactions were **new locations and relocations**

26.3%

of large transactions occurred in the **Northwest** submarket

28.8%

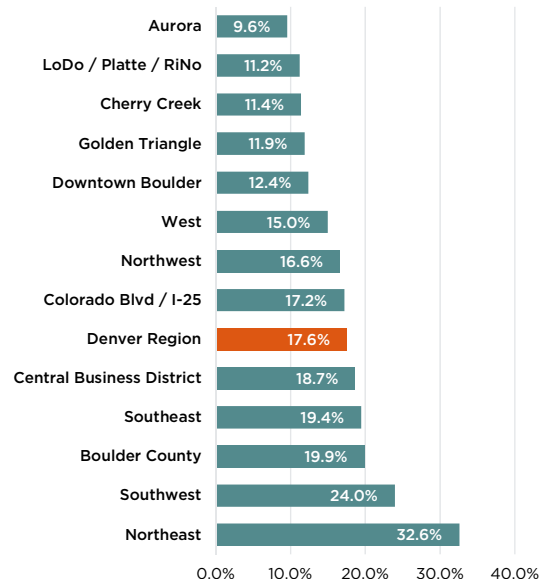
TAMI represented 28.8% of major transactions

Tenant	Square feet	Address	Transaction type	Submarket	Industry
Danone North America	137,040	12002 Airport Way	Renewal	Northwest	Manufacturing
Salesforce.com, Inc.	63,045	1225 17th Street	New Location	CBD	TAMI
Delta Dental of Colorado	55,438	6465 S Greenwood Plaza Boulevard	Relocation	Southeast	Healthcare
EF Education First	54,232	2375 15th Street	Relocation	CBD	Education
United Health Group	41,868	169 Inverness Drive W	Relocation	Southeast	Healthcare
Delt Services LLC	38,924	500 E 84th Avenue	New Location	Northeast	Professional Services
Lockheed Martin Corporation	36,736	1951 S Fordham Street	New Location	Boulder County	Professional Services
Google	32,850	4740 Walnut Street	New Location	Boulder County	TAMI
Felsburg, Holt & Ullevig	31,107	6400 S Fiddlers Green Circle	Relocation	Southeast	Professional Services
Project Pioneer	29,907	7595 Technology Way	New Location	Southeast	Associations and Nonprofits

Source Savills Research

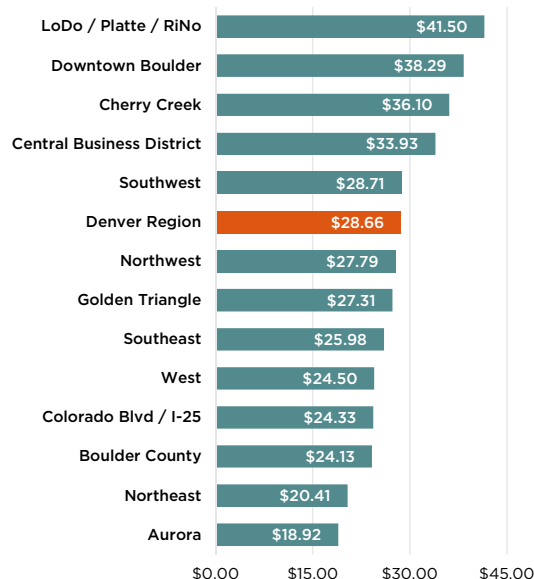
AVAILABILITY RATE COMPARISON

Denver Submarkets



RENTAL RATE COMPARISON (\$/SF)

Denver Submarkets



Unless otherwise noted, all rents quoted throughout this report are average asking gross (full service) rents per square foot (psf). Statistics are calculated using both direct and sublease information. Current and historical availability and rent data are subject to change due to changes in inventory.

The information in this report is obtained from sources deemed reliable, but no representation is made as to the accuracy thereof. Unless otherwise noted, source for data is Savills research.

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