

**CLASS A**

Inventory: 2.2 msf

Vacancy: 13.3%

Leasing Activity YTD: 43,100 sf

Average Asking Rent: \$45.21 psf

**CLASS B**

Inventory: 3.5 msf

Vacancy: 15.5%

Leasing Activity YTD: 98,450 sf

Average Asking Rent: \$35.83 psf

**CLASS C**

Inventory: 303,000 sf

Vacancy: 4.8%

Leasing Activity YTD: N/A

Average Asking Rent: \$26.48 psf

**OVERALL**

Inventory: 6.1 msf

Vacancy: 14.2%

Leasing Activity YTD: 141,700 sf

Average Asking Rent: \$38.90 psf

**MARKET FACT****\$45.21**

Class A average asking rent in Q2 2022, an increase of 9.5% year-over-year.

**BOULDER****Vacancy**

Vacancy in the Boulder submarket rose slightly in the second quarter 2022 following two straight quarters of a sizable drop in vacancy. Overall vacancy ended the quarter at 14.2%, an increase of 50 basis points (bps) quarter-over-quarter (QOQ), but a decline of 40 bps year-over-year (YOY) from 14.6% in the second quarter 2021 despite the influx of some new supply. Boulder remains as one of the tightest markets in the Denver metro. In fact, the submarket has the lowest vacancy rate among the major submarkets with more than 5.0 million square feet of office inventory. By product type, vacancy trended in opposite directions in the second quarter 2022. Class A vacancy declined to 13.3%, a decline of 80 bps QOQ, while Class B vacancy increased 130 bps QOQ to 15.5%.

**Rental Rate**

The Boulder submarket has seen some of the highest growth in asking rents in the Denver metro over the past year. The overall average asking rent increased to \$38.90 per square foot (psf) in the second quarter 2022, up from \$36.67 psf in the previous quarter and from \$33.63 psf a year earlier or an increase of 15.7% YOY. Following a similar trend, the Class A average asking rate rose to \$45.21 psf, an increase from \$44.07 psf in the prior quarter and up from \$41.30 psf or an increase of 9.5% YOY. The Class B average asking rent reached \$35.83 psf, an increase from \$32.02 psf a quarter earlier and up from \$29.81 or an increase of 20.2% YOY. Limited Class A inventory and its low vacancy has propelled the increase in Class B rents as demand for Boulder office space has been consistent over the past 24 to 36 months.

**Leasing**

Similar to the trend witnessed in other submarkets, Boulder's leasing activity declined noticeably in the second quarter 2022. Leasing activity dropped to 50,500 sf this quarter, down from 91,100 sf a quarter earlier and below the 104,400-sf quarterly average seen in 2021. Given the submarket's limited new construction and low Class A vacancy, most of the activity was in Class B space in the first half of 2022. This follows the same trend seen in 2021, when Class B space accounted for 74.1% of leasing activity. Demand for Boulder office space remains high and therefore, market fundamentals are expected to remain favorable for the foreseeable future.

**Absorption**

Net absorption dipped slightly into the red in the second quarter 2022 at negative 28,250 sf, but remains positive through the first half of the year at 17,600 sf following a strong performance a quarter earlier. In 2021, Boulder was the only major submarket to record positive net absorption, which totaled 33,900 sf. As of midyear 2022, both Class A and Class B space had positive net absorption, albeit at just 14,400 sf and 5,100 sf, respectively.

**Construction**

After remaining quiet for several quarters, Boulder's construction pipeline became active again in the second quarter 2022. At Flatiron Park, the development's new owner, BioMed Realty, has commenced construction on Apple's build-to-suit which spans approximately 163,000 sf that will deliver in mid-2023. Boulder 29, which comprises the redevelopment of a former Macy's department store, also began construction this quarter and will add approximately 150,000 sf to the Central Boulder micro-market by late 2023.

### TOP SPACE ADDITIONS

ADDRESS	FLOORS	SIZE (SF)	TYPE	SUBMARKET
2300 55th Street	1st – 2nd	61,117	Direct	East Boulder
5395 Pearl Parkway	1st	46,445	Sublease	East Boulder
4740 Walnut Street	1st	32,872	Sublease	East Boulder

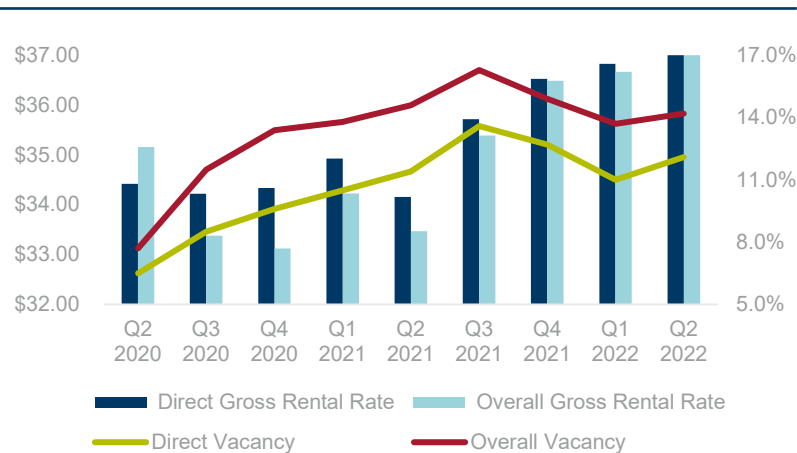
### TOP LEASES

ADDRESS	TENANT	SIZE (SF)	TYPE	SUBMARKET
3101 Iris Avenue	Undisclosed	5,631	Direct	Central Boulder

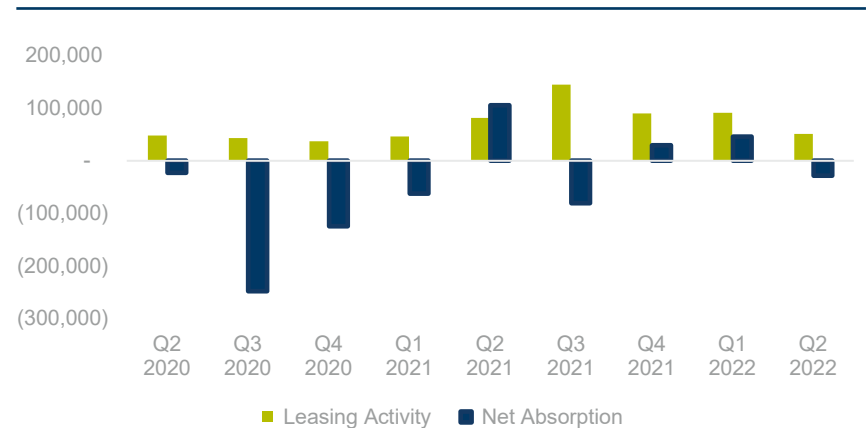
### TOP INVESTMENT SALES

ADDRESS	BUYER	SIZE (SF)	SALE PRICE	\$ PSF
Flatiron Park (22-property portfolio)	BioMed Realty	1.03M	\$625.15M	\$607

### RENTAL RATE VS. VACANCY RATE



### LEASING ACTIVITY VS. ABSORPTION





# Boulder

Office Q2 2022



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