

Cherry Creek

Office Q1 2022

CLASS A

Inventory: 2.1 msf

Vacancy: 8.2%

Leasing Activity YTD: 107,800 sf

Average Asking Rent: *\$34.25 psf

*Weighted rent based on available space, not indicative of market rates for typical Class A buildings

CLASS B

Inventory: 529,900 sf

Vacancy: 11.8%

Leasing Activity YTD: 10,800 sf

Average Asking Rent: \$32.87 psf

CLASS C

Inventory: 213,000 sf

Vacancy: 1.8%

Leasing Activity YTD: N/A

Average Asking Rent: \$19.00 psf

OVERALL

Inventory: 2.8 msf

Vacancy: 8.4%

Leasing Activity YTD: 118,600 sf

Average Asking Rent: \$33.66 psf

MARKET FACT

8.4%

Creek vacancy rate, the second lowest among Denver metro micro-markets with more than 2.0 msf of office inventory.

CHERRY CREEK

Vacancy

The Cherry Creek micro-market continues to boast some of the strongest office market fundamentals within Metro Denver. Its overall vacancy rate reached 8.4% in the first quarter 2022, an impressive decrease of 470 basis points (bps) year-over year (YOY). This rate continues to be the second lowest among micro-markets tracked by Cushman & Wakefield with more than 2.0 million square feet (msf) of inventory. Class A vacancy edged downward again in the first quarter 2022, reaching 8.2% or a decline of 120 bps quarter-over-quarter (QOQ) and 520 bps YOY. Class B vacancy was largely stable in 2021 at approximately 13.0% but dropped moderately in the first quarter 2022 to 11.8%.

Rental Rate

The submarket's overall and Class A average asking rents continue to be weighted downward by the lack of Class A available space, particularly in Cherry Creek North where asking rents for prime Class A space including new construction are exceeding \$60.00 per square foot (psf) gross. On a weighted average basis, the submarket's overall asking rent reached \$33.66 per square foot (psf) in the first quarter 2022. Class A asking rents averaged \$34.25 psf, down slightly year-over-year due to lower availability of higher priced Class A space. Class B asking rents averaged \$32.87 psf, up from an average of \$31.81 psf a year earlier.

Leasing

Following a slight lull in leasing activity during the previous quarter, first quarter 2022 activity jumped back above 100,000 sf on its way to the highest quarterly total seen over the past two years. Class A space continues to capture the large majority of activity, recording more than 90.9% of the first quarter 2022 total. Due to limited availability in the highly sought-after Cherry Creek North micro-market, tenants looking for space there are largely targeting new construction, which accounted for 74.0% of the entire submarket's overall leasing activity in the first quarter 2022. All of the new leases greater than 10,000 sf in the first quarter 2022 were done in new construction and included deals by Deutsche Financial, Class 6 Ventures and Crusoe Energy.

Absorption

Healthy new lease activity over the past several quarters and sustained demand from existing tenants kept net absorption in Cherry Creek positive for a third straight quarter. First quarter 2022 net absorption totaled 32,200 sf, which followed on the heels of 132,700 sf of positive net absorption in 2021. Along with Boulder and LoDo in the CBD, Cherry Creek was one of the few markets to post positive net absorption in 2021. In the first quarter 2022, it was a part of a growing list of submarkets and micro-markets to witness absorption gains.

Construction

The Cherry Creek construction pipeline remains active, with several additional projects expected to commence construction in 2022. BMC Investments, which delivered 240 Saint Paul Street during the previous quarter, is expected to break ground on 255 Fillmore Street in the second quarter 2022. More than 90% of the building's roughly 90,000 sf of office space has already been preleased. Also set to enter the pipeline by year end is 300 Fillmore Street and 300 University Boulevard, which will include roughly 50,000 sf and 58,000 sf of office, respectively. Broe Real Estate, which is currently working on its project at 200 Clayton Street that is approximately 70% preleased, is also expected to redevelop the two adjacent properties at 216 and 252 Clayton Street.

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TOP SPACE ADDITIONS

ADDRESS	FLOORS	SIZE (SF)	TYPE	SUBMARKET
44 Cook Street	4th	7,743	Direct	Cherry Creek
3773 Cherry Creek Drive North	1st	4,566	Direct	Cherry Creek

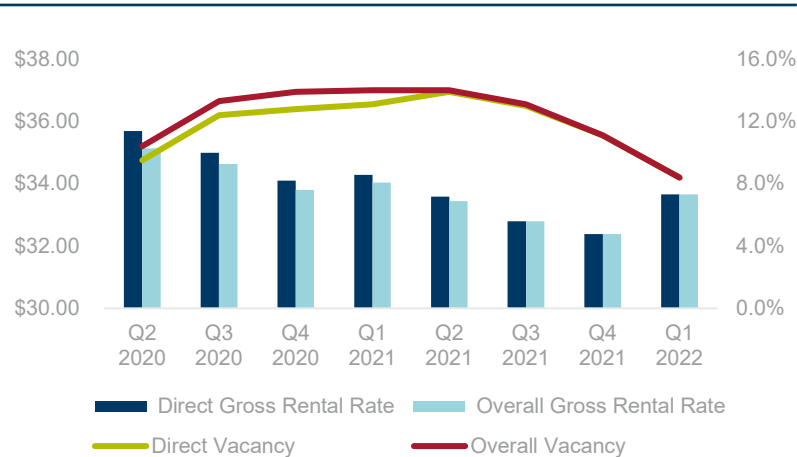
TOP LEASES

ADDRESS	TENANT	SIZE (SF)	TYPE	SUBMARKET
235 Fillmore Street	Crusoe Energy	31,336	New Lease	Cherry Creek
235 Fillmore Street	Deutsche Financial	8,619	New Lease	Cherry Creek
3773 Cherry Creek Drive North	Keyence Corp.	6,888	New Lease	Cherry Creek

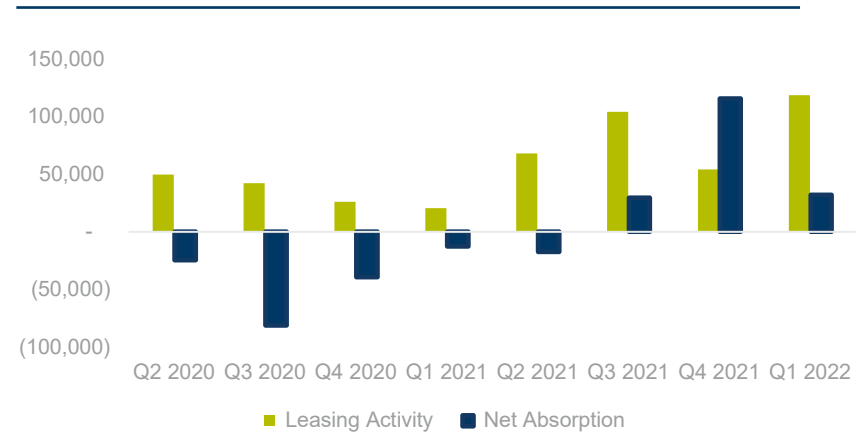
TOP INVESTMENT SALES

ADDRESS	BUYER	SIZE (SF)	SALE PRICE	\$PSF
44 Cook Street & 55 Madison Street	Granite Properties	264,300	\$104,800,000	\$397

RENTAL RATE VS. VACANCY RATE

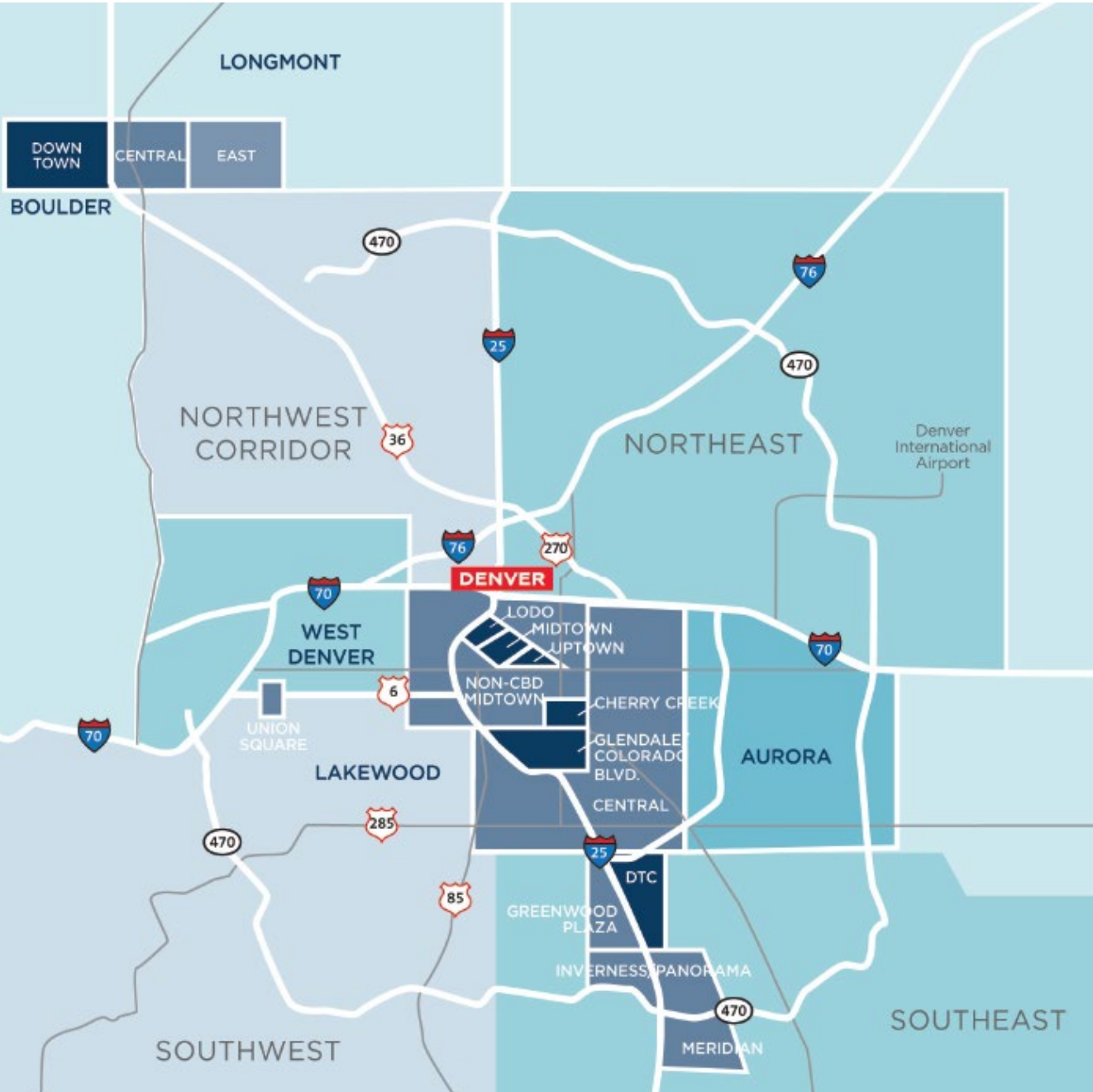


LEASING ACTIVITY VS. ABSORPTION



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