

Cherry Creek

Office Q2 2022



CLASS A

Inventory: 2.1 msf

Vacancy: 7.8%

Leasing Activity YTD: 156,900 sf

Average Asking Rent: *\$35.20 psf

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

CLASS B

Inventory: 529,900 sf

Vacancy: 9.1%

Leasing Activity YTD: 20,500 sf

Average Asking Rent: \$33.22 psf

CLASS C

Inventory: 213,000 sf

Vacancy: 2.0%

Leasing Activity YTD: N/A

Average Asking Rent: \$20.36 psf

OVERALL

Inventory: 2.8 msf

Vacancy: 7.6%

Leasing Activity YTD: 177,400 sf

Average Asking Rent: \$34.32 psf

MARKET FACT

198,996sf

Net absorption over the past 12 months, the third highest total among the 24 micro-markets tracked by Cushman & Wakefield.

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 dropped further in the second quarter 2022, reaching 7.6% or a decrease of 80 basis points (bps) quarter-over-quarter. Over the past year, vacancy has dropped from 14.0%, a market-leading decrease of 640 bps. Among micro-markets with more than 2.0 million square feet (msf) of inventory, Cherry Creek continues to have the second lowest vacancy rate, behind Central Boulder's 6.9%. The gap between Class A and Class B vacancy continued to narrow, with Class A vacancy down from 12.8% a year earlier to 7.8% and Class B vacancy down from 18.3% a year earlier to 9.1%.

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 \$34.32 per square foot (psf) in the second quarter 2022. Class A asking rents averaged \$35.20 psf, down slightly year-over-year due to the lower availability of higher priced Class A space. Class B asking rents averaged \$33.22 psf, up from an average of \$31.06 psf a year earlier.

Leasing

After reaching a two-year high in the previous quarter, new leasing activity returned to a level on par with the quarterly average seen over that period. Second quarter 2022 activity totaled 58,800 sf, just under half of the previous quarter's total of 118,600 sf. Last quarter's strong performance was tied to the leasing of new construction, which has been in high demand despite headwinds associated with the pandemic. The submarket's two buildings under construction were 88.0% preleased at the end of the second quarter 2022. The overwhelming majority of new activity is taking place in Class A space, which captured 88.5% of first half 2022 activity.

Absorption

Strong market fundamentals spawned another quarter of positive net absorption in Cherry Creek, its fifth in a row. Second quarter 2022 net absorption totaled 18,000 sf, bring the year-to-date total to approximately 52,500 sf. In context, the annual total for 2021 reached 132,700 sf, which was among the best performances across the Denver metro. The submarket's abundant amenities, prime location, exclusiveness and overall live-work environment is luring an increasingly diverse tenant base, but one that remains primarily comprised of boutique, private companies engaged in financial and professional services.

Construction

The Cherry Creek construction pipeline remains active, with several additional projects expected to commence construction in 2022. BMC Investments broke ground on 255 Fillmore Street late in the second quarter 2022. 98.0% of the building's roughly 90,000 sf of office has been preleased. Given its recent success at both 240 Saint Paul and 255 Fillmore, the developer is teeing up another office building at 242 Milwaukee Street that is expected to begin construction by early 2023. 300 Fillmore Street and 300 University Boulevard are likely to kickoff by yearend and will include roughly 50,000 sf and 58,000 sf of office, respectively. Broe Real Estate, which has 200 Clayton Street underway and is more than 70% preleased, will next turn to redeveloping 216 and 252 Clayton Street.

Cherry Creek

Office Q2 2022

TOP SPACE ADDITIONS

ADDRESS	FLOORS	SIZE (SF)	TYPE	SUBMARKET
44 Cook Street	3rd	2,756	Direct	Cherry Creek
3773 Cherry Creek Drive North	1st	4,566	Direct	Cherry Creek

TOP LEASES

ADDRESS	TENANT	SIZE (SF)	TYPE	SUBMARKET
255 Fillmore Street	Undisclosed	6,813	Direct	Cherry Creek

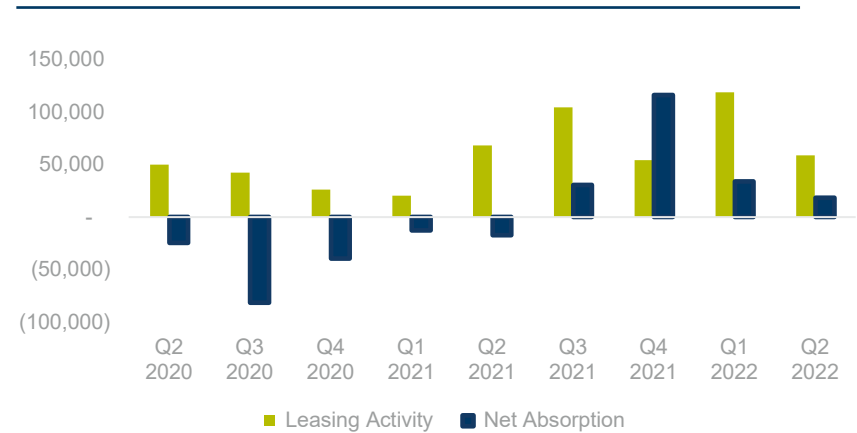
TOP INVESTMENT SALES

ADDRESS	BUYER	SIZE (SF)	SALE PRICE	\$PSF
299 Milwaukee Street	BMC Investments	41,478	\$20.6M	\$497
239 Detroit Street	Stillwater Capital Investments	12,500	\$11.0M	\$880

RENTAL RATE VS. VACANCY RATE

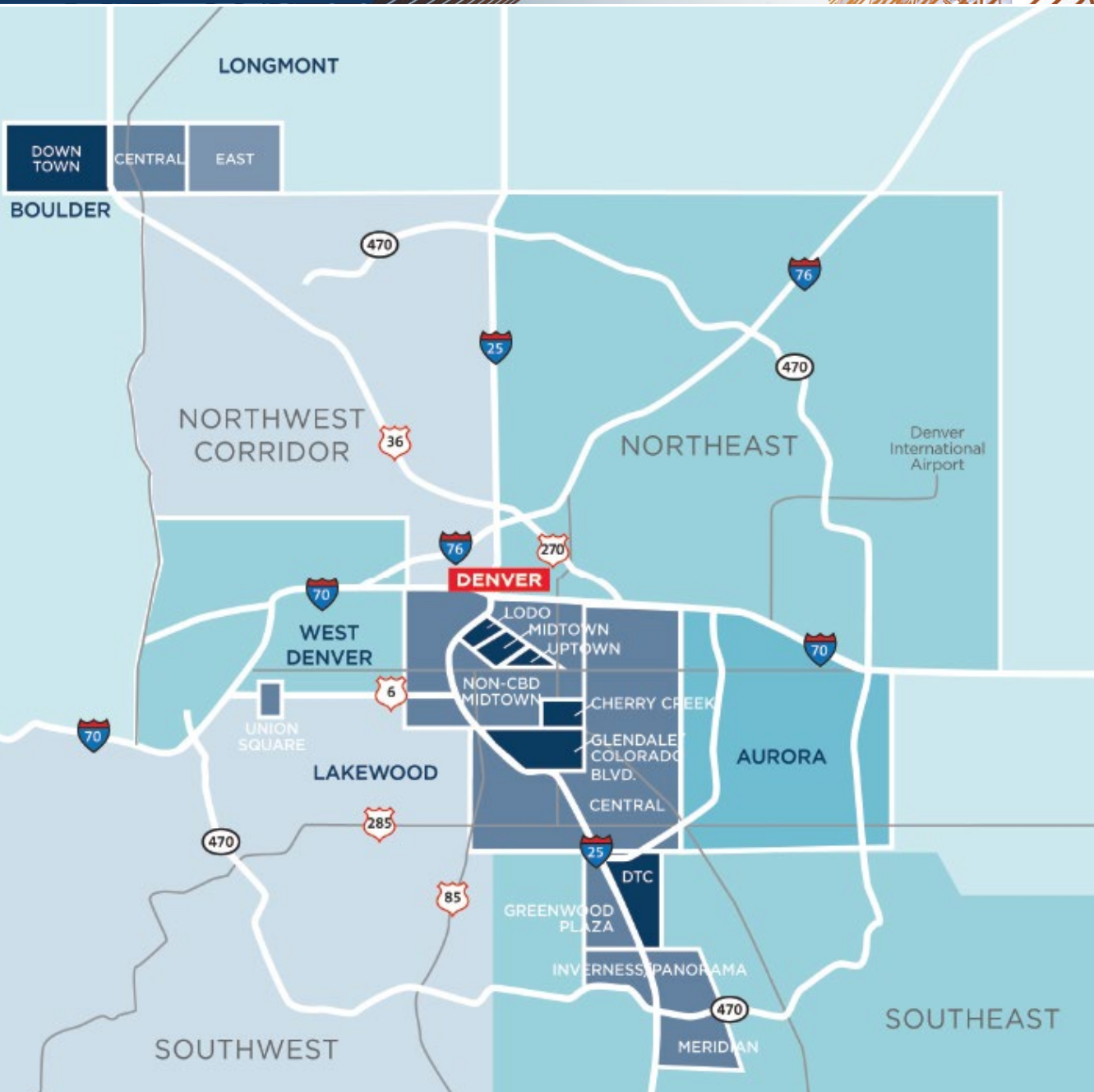


LEASING ACTIVITY VS. ABSORPTION



Cherry Creek

Office Q2 2022



JONATHAN SULLIVAN

Research Manager

Tel: +1 303 312 1911

jonathan.sullivan@cushwake.com

ELI SNYDER

Research Analyst

Tel: +1 303 312 4268

eli.snyder@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in over 400 offices and approximately 70 countries. In 2021, the firm had revenue of \$9.4 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

©2022 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

cushmanwakefield.com