

CLASS A

Inventory: 4.8 msf

Vacancy: 20.1%

Leasing Activity YTD: 46,100 sf

Average Asking Rent: \$31.57 psf

CLASS B

Inventory: 3.5 msf

Vacancy: 13.8%

Leasing Activity YTD: 39,500 sf

Average Asking Rent: \$25.44 psf

CLASS C

Inventory: 61,500 sf

Vacancy: 5.7%

Leasing Activity YTD: 3,900 sf

Average Asking Rent: \$14.66 psf

OVERALL

Inventory: 8.4 msf

Vacancy: 17.5%

Leasing Activity YTD: 89,400 sf

Average Asking Rent: \$29.46 psf

MARKET FACT**4.0%**

increase in the submarket's average asking rent year-over-year.

NORTHWEST CORRIDOR**Vacancy**

Overall vacancy in the Northwest Corridor in the first quarter 2022 registered 17.5%, representing an increase of 130 basis points (bps) year-over-year (YOY). This slight increase closely mirrors those witnessed in other larger submarkets across the Denver metro over the past 12 months. On a more positive note, the submarket's overall vacancy is down 30 bps over the past 24 months. By subtype, Class A vacancies have experienced a more pronounced increase over the past year, rising 270 bps to 20.1% as of the first quarter 2022. Class B vacancies have declined 100 bps over the same period to 13.8%.

Rental Rate

The Northwest Corridor submarket has seen average asking rents increase across all product classes over the past year. The overall average asking rent rose to \$29.46 per square foot (psf) in the first quarter 2022, representing an increase of 4.0% year-over-year (YOY) and making it one of the best performing submarkets in terms of rent growth over that period. Class A asking rents have risen to an average of \$31.57 psf, an increase of 3.0% YOY, while Class B asking rents averaged \$25.44 psf in the first quarter 2022, an increase of 5.5% YOY.

Leasing

New leasing activity in the Northwest Corridor submarket moderated slightly in the first quarter 2022 to 89,400 sf following heightened levels of activity in the second half of 2021. The first-quarter total was 21.4% below the quarterly average of 113,700 sf seen in 2021. Activity was almost evenly balanced among Class A and B space in 2021, with that trend continuing in the first quarter 2022. Class A buildings captured approximately 52.1% of activity in 2021 and a nearly identical 51.5% of activity this quarter. Several new leases above 10,000 were signed in the first quarter 2022. KPA, a consulting and software company, accounted for the largest new lease in the first quarter 2022 at 16,200 sf.

Absorption

Net absorption was nearly flat in the first quarter 2022, a further indication that market conditions are stabilizing in the Northwest Corridor. Reaching just negative 4,800 sf this quarter, the pace of negative absorption has slowed considerably over the past 12 months. 2021 net absorption totaled negative 165,200 sf, or a quarterly average of roughly negative 41,300 sf. After accounting for all of 2021's absorption decrease, Class A space recorded 25,600 sf of positive absorption in the first quarter 2022, while Class B space saw a contraction of negative 29,000 sf.

Construction

The construction pipeline in the Northwest Corridor submarket is poised to turn active again after several years of no new development. Schnitzer West is moving closer to beginning construction on the first of two office buildings situated at the site of the former Westminster Mall. Phase I is expected to comprise 200,000 sf of office, with an additional 400,000 sf slated for Phase II. Lincoln Property Company's Innovation Campus Phase I at 235 Interlocken Parkway (approx. 140,000 sf) is likely to break ground over the next 12 months. Hines' EOS Phase II at 250 Interlocken Boulevard (approx. 185,000 sf) could also kickoff but will likely require some preleasing. In addition to these projects, several new developments targeting life sciences users are expected to begin construction over the next year.

TOP SPACE ADDITIONS

ADDRESS	FLOORS	SIZE (SF)	TYPE	SUBMARKET
13601 Via Varra Road	2nd – 3rd	88,293	Sublease	NW Corridor
370 Interlocken Boulevard	2nd	20,901	Direct	NW Corridor
320 Interlocken Parkway	1st	15,615	Direct	NW Corridor

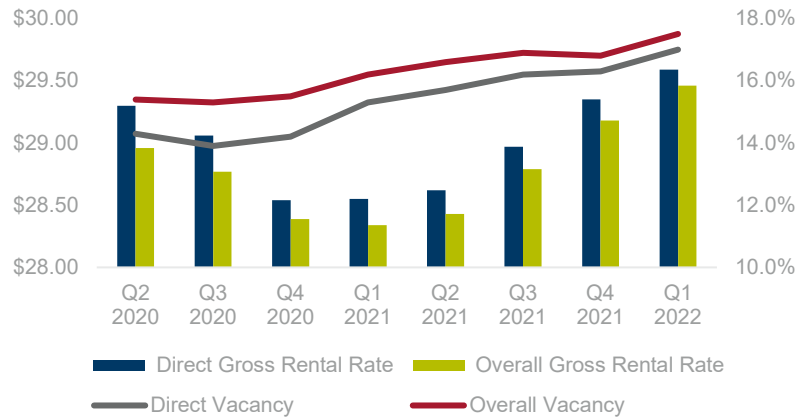
TOP LEASES

ADDRESS	TENANT	SIZE (SF)	TYPE	SUBMARKET
11080 Circle Point Road	KPA	16,161	New Lease	NW Corridor

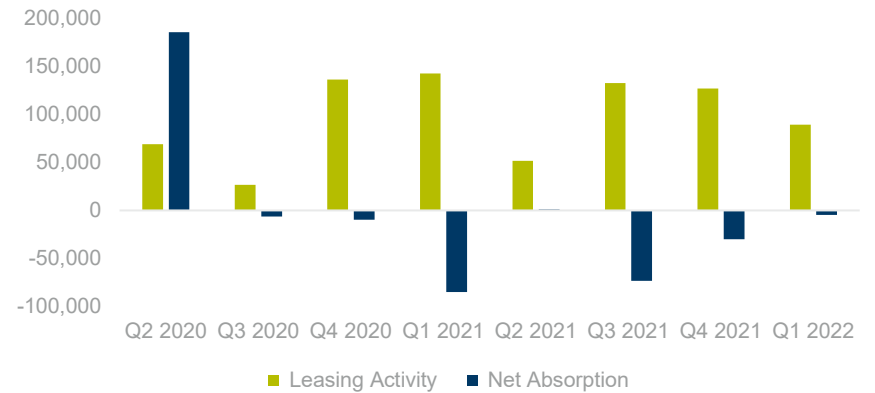
TOP INVESTMENT SALES

ADDRESS	BUYER	SIZE (SF)	SALE PRICE	\$ PSF
12202 Airport Way	Ball Corporation	114,900	\$25.3M	\$220

RENTAL RATE VS. VACANCY RATE

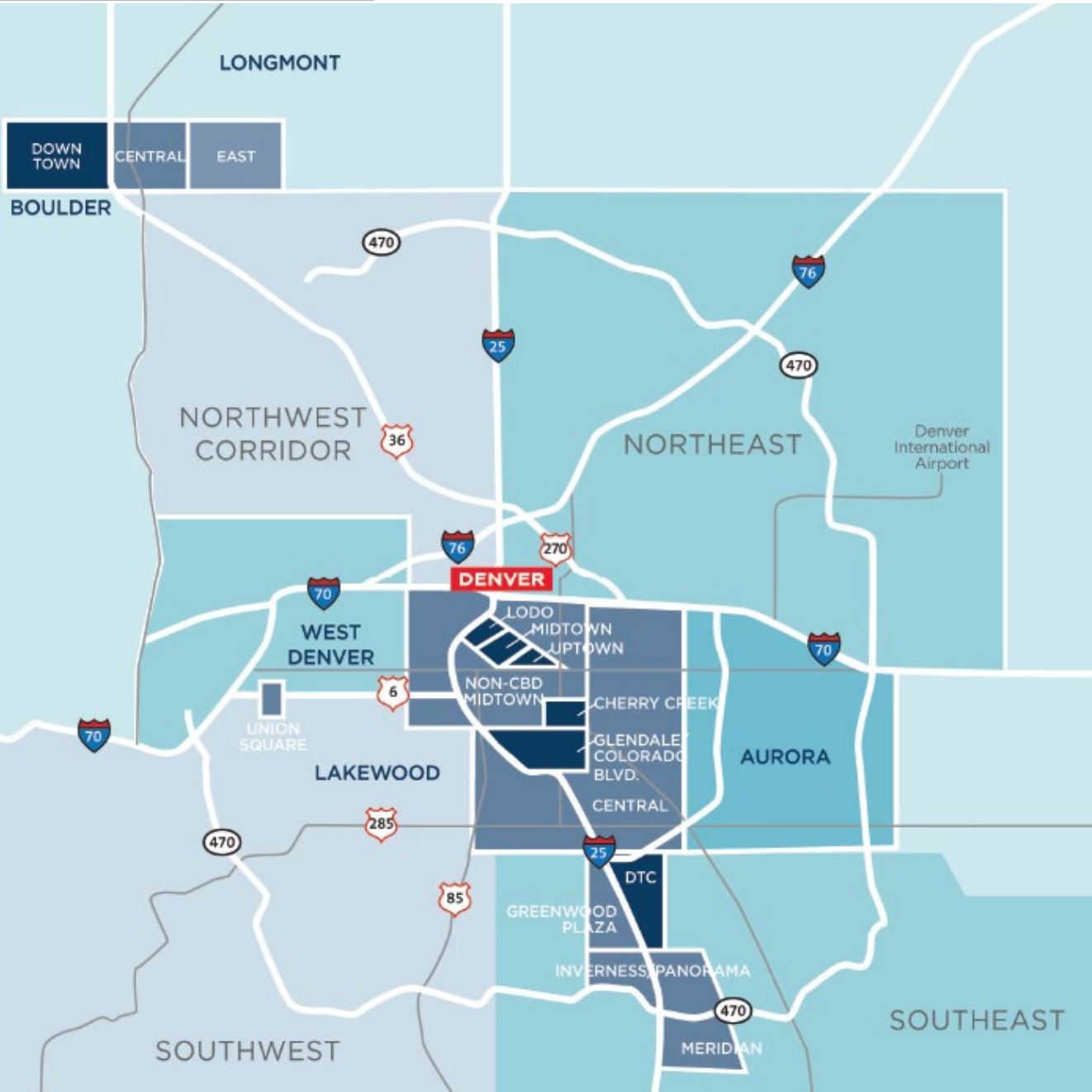


LEASING ACTIVITY VS. ABSORPTION



NW Corridor

Office Q1 2022



JONATHAN SULLIVAN

Research Manager

Tel: +1 303 312 1911

jonathan.sullivan@cushwake.com

MICKEY MORAN

Research Analyst

Tel: +1 303 218 3280

mickey.moran@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 60 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