

**CLASS A**

Inventory: 21.6 msf

Vacancy: 19.4%

Leasing Activity YTD: 601,800 sf

Average Asking Rent: \$30.83 psf

CLASS B

Inventory: 11.4 msf

Vacancy: 20.4%

Leasing Activity YTD: 273,600 sf

Average Asking Rent: \$23.21 psf

CLASS C

Inventory: 805,100 sf

Vacancy: 11.0%

Leasing Activity YTD: 10,100 sf

Average Asking Rent: \$20.17 psf

OVERALL

Inventory: 33.8 msf

Vacancy: 19.6%

Leasing Activity YTD: 885,500 sf

Average Asking Rent: \$28.13 psf

MARKET FACT**165%**

Leasing activity through the first quarter marked a 165% increase on the activity in the first quarter 2021.

SOUTHEAST SUBURBAN**Vacancy**

The first quarter 2022 saw vacancy rates in the Southeast Suburban Submarket (SES) decrease across all property classes, moving overall vacancy in the submarket to 19.6%. This figure represents a decrease of 110 basis points (bps) quarter-over-quarter (QOQ) and is equal to the vacancy rate seen a year earlier in the first quarter 2021. Class A product experienced the largest change in vacancy, with a decrease of 140 bps QOQ to 19.4%. This marks the lowest Class A vacancy rate since the first quarter 2021, when vacancy sat at 19.3%. Class B vacancy rates saw a QOQ decrease of 80 bps to close out the first quarter 2022 at 20.4%. While vacancy is still elevated across all property classes as a result of the pandemic, it is a positive sign for the market that these figures have become more stable in recent quarters.

Rental Rate

After seeing slight increases for seven consecutive quarters, the SES average asking rent was largely unchanged in the first quarter 2022 at \$28.13 psf, a marginal decrease of 0.2% QOQ. Despite the negligible decline, the overall asking rent is still up 1.9% year-over-year (YOY), and 7.9% since the first quarter 2020. The Class A average asking rent also fell slightly (-0.7% QOQ) in the first quarter 2022 to \$30.83 psf, but continues to demonstrate stability as each of the previous four quarters experienced average rent changes of less than 1.0% QOQ. Class B asking rents saw a slightly larger decrease of 2.4% QOQ to end the first quarter 2022 at \$23.21 psf. On an annual basis however, the Class B average rent is down by a more moderate 0.6% YOY.

Leasing

The SES office submarket posted an impressive 885,500 sf of leasing activity to start 2022, the highest amount of activity of any quarter since the first quarter 2020. The significance of this figure is especially apparent on a YOY basis, as activity in the first quarter 2022 showed an increase of 165% from the first quarter 2021. Class A leasing activity also posted its highest figure since the first quarter 2020, with 601,800 sf of leases signed in the first quarter 2022. The largest lease of the first quarter, by a wide margin, was Boom Supersonic's 287,407-square-foot lease at 6801 and 6803 South Tucson Way in the Inverness/Panorama micro-market. Starz Entertainment accounted for the submarket's next largest new lease, signing for 100,119 sf at 6363 South Fiddlers Green Circle (Palazzo Verdi) in the Greenwood Plaza micro-market.

Absorption

Starting off 2022 with a strong first quarter, the SES submarket snapped its seven-quarter streak of negative net absorption, posting 333,900 sf of positive net absorption. This marks the highest net absorption figure the SES submarket has realized since the fourth quarter 2019. Class A product had the strongest performance with 257,900 sf of positive net absorption, followed by 79,800 sf of positive net absorption in Class B buildings. While Class A product has seen other quarters with positive absorption since the onset of the pandemic, this is the highest Class A net absorption number since the first quarter 2020.

Construction

The construction landscape remained unchanged in the first quarter 2022, as the new Vectra Bank building at 7222 East Layton Avenue remains the sole project under construction. The building is slated to finish in the fourth quarter 2022, and still has approximately 34,000 sf of available space for lease that Vectra Bank will not be occupying for the foreseeable future. The increased activity and lack of current construction in the SES market may very well spur new speculative development in the coming quarters.

SES DENVER

Office Q1 2022

TOP SPACE ADDITIONS

ADDRESS	FLOORS	SIZE (SF)	TYPE	SUBMARKET
9191 South Jamaica Street	4th – 5th	62,084	Sublease	Meridian
4700 South Syracuse Street	7th	17,623	Direct	Denver Tech Center
5619 DTC Parkway	5th	16,784	Direct	Denver Tech Center

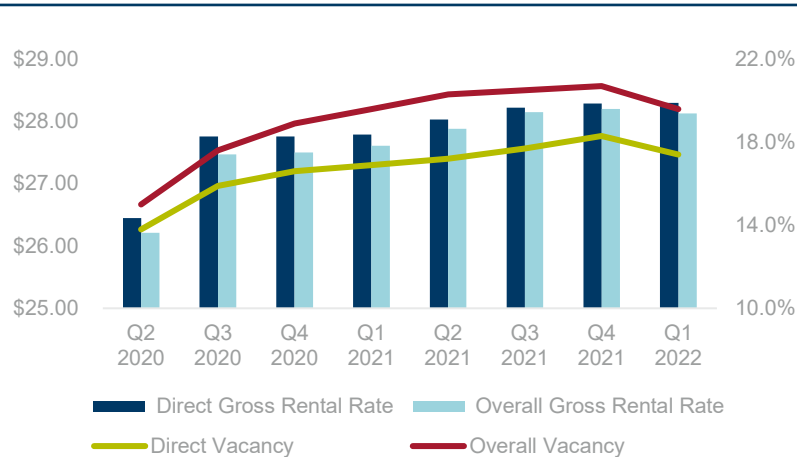
TOP LEASES

ADDRESS	TENANT	SIZE (SF)	TYPE	SUBMARKET
6801 South Tucson Way	Boom Supersonic	287,407	New Lease	Inverness/Panorama
6363 South Fiddlers Green Circle	Starz Entertainment	100,119	New Lease	Greenwood Plaza
11551 East Arapahoe Road	Sierra Nevada Corporation	85,935	Renewal	Arapahoe Road

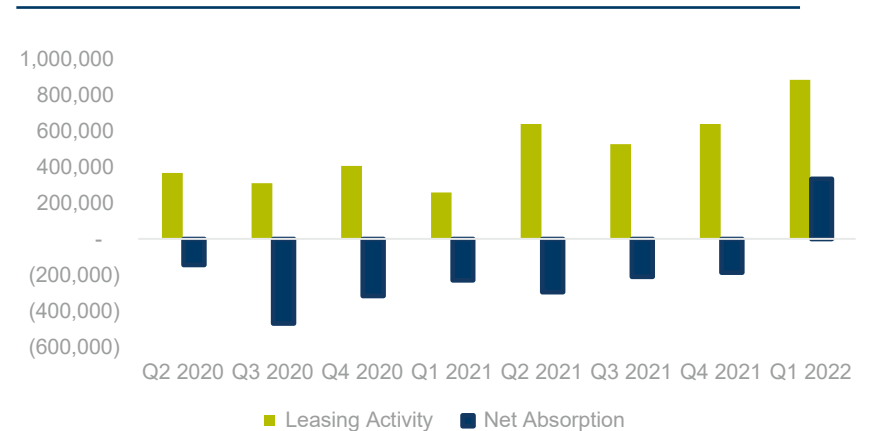
TOP INVESTMENT SALES

ADDRESS	BUYER	SIZE (SF)	SALE PRICE	\$ PSF
5251 DTC Parkway	Hill Companies	240,931	\$55.7M	\$231
8085 South Chester Street	Bridal Dale, LLC	138,771	\$22.2M	\$160

RENTAL RATE VS. VACANCY RATE

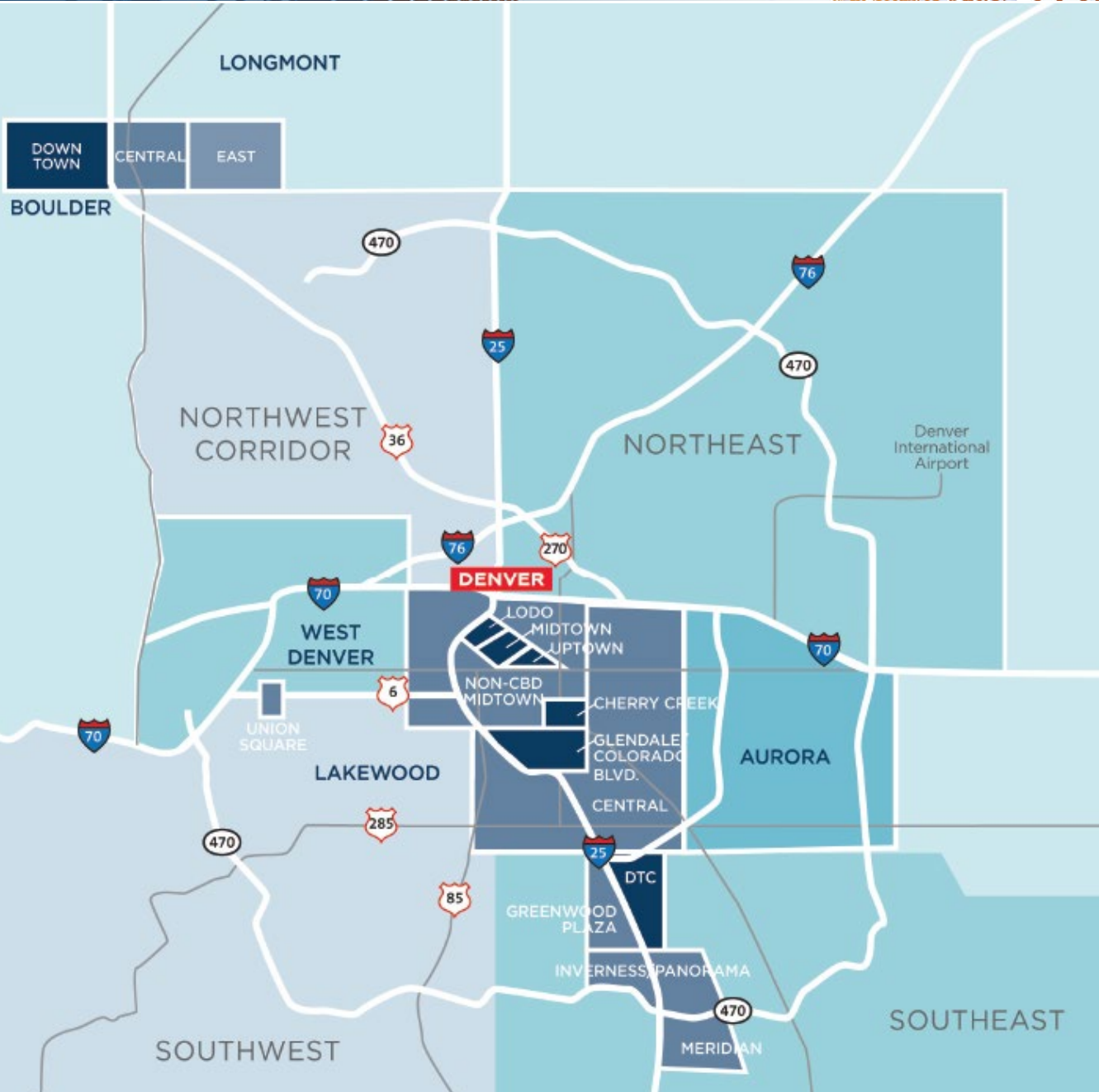


LEASING ACTIVITY VS. ABSORPTION



SES DENVER

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

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