

1400 OVERLOOK DR



1420 OVERLOOK DR



1400 & 1420 OVERLOOK

LAFAYETTE, COLORADO

28,800 SF NET LEASED INVESTMENT OPPORTUNITY | SINGLE-TENANT

CONFIDENTIAL OFFERING MEMORANDUM





CONFIDENTIALITY AGREEMENT

This Offering Memorandum is confidential and is furnished to prospective purchasers of the Property described herein subject to the terms of the Confidentiality Agreement previously provided to and executed by such prospective purchasers. This Memorandum is intended solely to assist prospective purchasers in their evaluation of the Property and their consideration of whether to purchase the Property. It is not to be used for any other purpose or made available to any other person without the prior written consent of the Seller of the Property.

This Memorandum was prepared on the basis of information available to the Seller and to Cushman & Wakefield, Inc., the Seller's exclusive agent in connection with the sale of the Property. It contains pertinent information about the Property and the surrounding area but it does not contain all the information necessary for a complete evaluation of the Property. The projected cash flow and other financial information contained herein are for reference only.

Although the information contained in this Memorandum is believed to be accurate and reliable, neither the Seller nor its exclusive agent guarantees its accuracy or completeness. Because of the foregoing and because the Property will be sold on an "as is" basis, prospective purchasers should make their own independent assessments, investigations, and projections regarding the Property. Although

additional material, which may include engineering, environmental, or other reports, may be provided to certain prospective purchasers as appropriate, such parties should confer with their own engineering and environmental experts, counsel, accountants and other advisors. The Seller expressly reserves the right, in its sole discretion, to reject any offer to purchase the Property or to terminate any negotiations with any party at any time, with or without notice. The Seller shall have no legal commitment or obligation to any prospective purchaser unless and until a written Purchase and Sale Agreement has been fully executed and delivered and any and all conditions to the Seller's obligations thereunder have been fully satisfied or waived.

The Seller is responsible for any commission due its agent in connection with a sale of the Property. The Seller shall not be responsible for any commission claimed by any other agent or broker in connection with a sale of the Property. No other party, including the Seller's exclusive agent, is authorized to make any representation or agreement on behalf of the Seller. This Memorandum remains the property of the Seller and its exclusive agent and may be used only by parties approved by the Seller and its exclusive agent. No portion of this Memorandum may be copied or otherwise reproduced or disclosed to anyone except as provided herein and as permitted by the express terms of the Confidentiality Agreement.

TABLE OF CONTENTS

04 / EXECUTIVE SUMMARY

06 / PROPERTY OVERVIEW

07 / SALE & LEASE COMPARABLES

09 / FINANCIAL INFORMATION

15 / TENANT OVERVIEW

16 / OFFERING TERMS

17 / MARKET & LOCATION OVERVIEW

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EXECUTIVE SUMMARY

THE OFFERING

Cushman & Wakefield, the exclusive agent for this offering and is pleased to offer to qualified principals the opportunity to acquire 1400 & 1420 Overlook in Lafayette, Colorado. This offering represents a unique opportunity to invest in a high quality, single-tenant office/warehouse encompassing two buildings totaling 28,800 square feet on 2.49 acres. This freestanding property offers ample parking and drive-in loading in the Northwest Denver submarket.



PROPERTIES: 2 AT 14,400 SF EACH
LAND AREA: 2.49 AC
OCCUPANCY: 100%

PROPERTY & INVESTMENT HIGHLIGHTS



WELL-POSITIONED LOCATION

The Property is ideally located in Denver's Northwest submarket, one of Denver's highly sought after submarkets. With a current vacancy of rate of 8.7% this submarket is a desired location for companies spanning a myriad of different industries, including food processing, clean energy and high-tech manufacturing, aerospace, product supply, GSA, R&D, and general services. Businesses are lured by the talented workforce and high quality of life in Boulder County, along with easy access to Boulder and Denver metro via its convenient location adjacent to E-470 (4 minutes), near Highway 36 (10 minutes) and Interstate I-25 (11 minutes).



STRONG TENANCY

Probi, has occupied both buildings for over 10 years and has modified both buildings over time to optimize business operations. Probi, a publicly traded company with impeccable credit and zero debt, recently reaffirmed its commitment to the project by signing a new, 5-year term lease extension. The new lease terms include a strong upside in rent over time, with 3.5% annual escalations.



ASSET FUNCTIONALITY & FLEXIBILITY

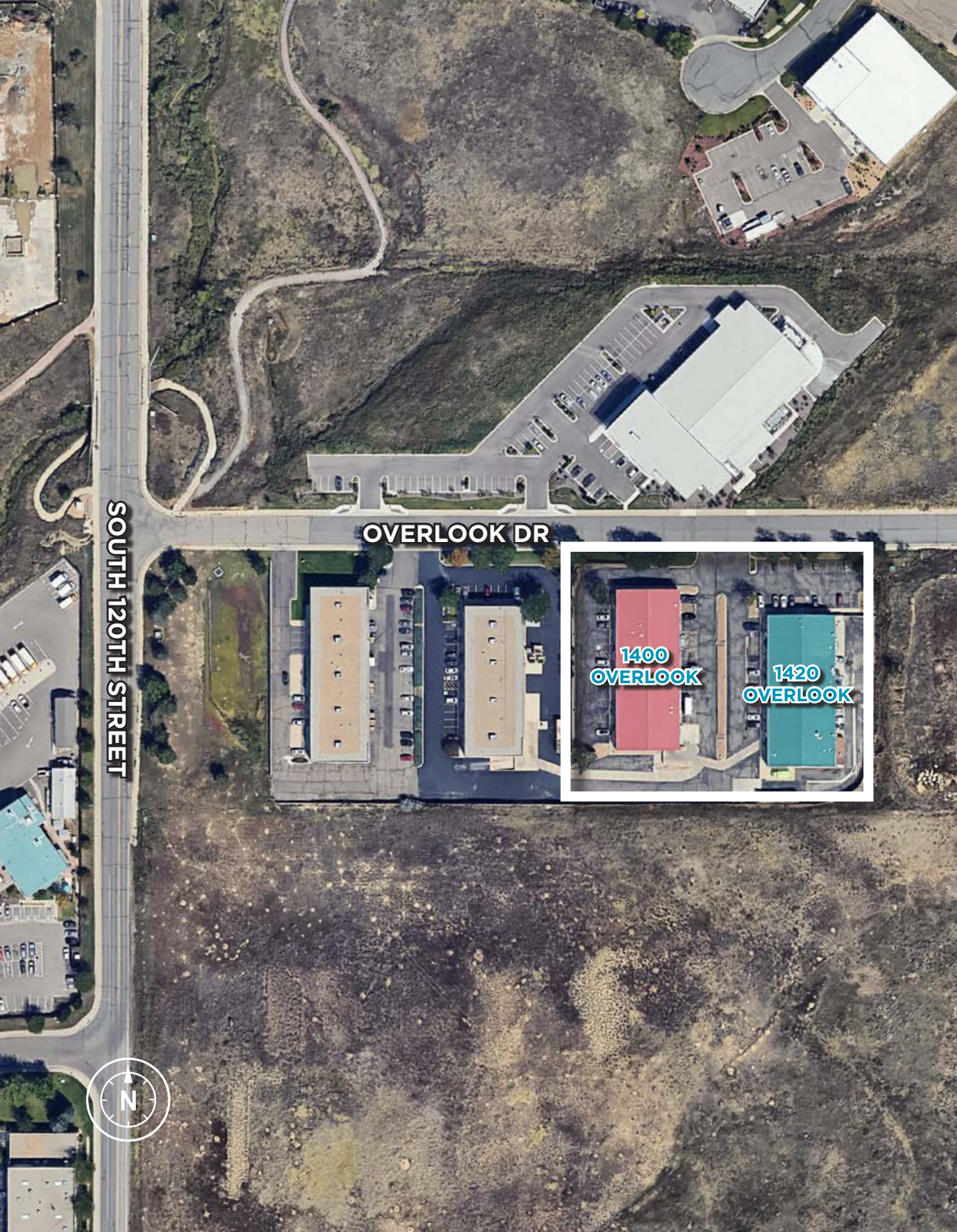
The Property is currently set up as a single-tenant, net leased asset. However, both buildings could be easily converted to a two-tenant solution should the tenant ever vacate. Both buildings have strong curb appeal and offer features that are attractive to tenants in this submarket.



- The property is located in Boulder County, the seventh most populous county in Colorado.
- Boulder County's current population is 327,468 people with record growth and economic opportunity for the next twenty years
- The County is highly educated with 60% of the population having a bachelor's degree or higher; greater than both Colorado and U.S.
- Top employers include: IBM, Ball Corp., Level 3 Communication, Oracle, Covidien, Seagate Technology, Entrado, DigitalGlobe, Amgen, Lockheed Martin, Micro Motion, Whole Foods, Ricoh, Markit On Demand and Epsilon

ACCESS

E-470	2.4 miles
Highway 36	5.6 miles
Boulder	12 miles
Downtown Denver	20 miles
Denver Tech Center	33 miles
Denver International Airport	30 miles



SOUTH 120TH STREET

OVERLOOK DR



PROPERTY SUMMARY

Building Size	±28,800 SF (14,400 SF Each)
Land Area	2.49 AC
Occupancy	100%
Year Built	1997
Loading	1400: 5 Drive-ins 1420: 5 Drive-ins (more possible)
Clear Height	14'-18'
Power	To be verified by an electrician
Construction	Block
Roof	Metal
Taxes	Mill Levy: 87.094 1400: \$45,196.56 1420: \$44,710.58
Building Features	Lab and manufacturing build-out



EXECUTIVE SUMMARY

Property Overview	
Size	28,800 SF
Analysis Start Date	Oct-25
Occupancy at Start	100.00%
Hold Period	10 yr.
Exit Cap. Rate	6.50%
Stabilized Year	Year 3
Lease-Up Period	N/A

New Financing	
Loan-to-Value (Acquisition)	55.00%
Loan-to-Cost	55.00%
Amortization	25 yr.
Interest Rate	10-Yr. T+1.94% 6.25%
Interest Only Period	2 Years
Debt Yield (NOI)	12.19%
DSCR (NOI)	1.95x

Debt/Equity Analysis			
Equity	\$94/sf	\$2,700,000	45.00%
Debt (Initial Funding)	\$115/sf	\$3,300,000	55.00%
Purchase Price	\$208/sf	\$6,000,001	
10 Year Midpoint Returns			
Return on Cost		8.90%	
Stabilized Debt Yield		17.68%	
Equity Multiple		2.97x	

10 Year Hold Returns		All Cash						Levered				
Value (PSF)	In-Place Cap Rate	10 yr. IRR	Year 3 RoC	Avg. Cash-On-Cash				10 yr. IRR	3 Year	5 Year	7 Year	10 Year
				3 Year	5 Year	7 Year	10 Year					
\$6,200,000 \$215/sf	6.49%	9.75%	6.95%	6.72%	6.62%	6.96%	7.20%	12.85%	6.61%	5.83%	6.37%	6.73%
\$6,100,000 \$212/sf	6.60%	9.98%	7.07%	6.83%	6.72%	7.07%	7.32%	13.25%	6.85%	6.07%	6.62%	6.99%
\$6,000,000 \$208/sf	6.71%	10.21%	7.19%	6.94%	6.84%	7.19%	7.44%	13.67%	7.10%	6.32%	6.88%	7.26%
\$5,900,000 \$205/sf	6.82%	10.45%	7.31%	7.06%	6.95%	7.31%	7.57%	14.09%	7.37%	6.58%	7.15%	7.54%
\$5,800,000 \$201/sf	6.94%	10.70%	7.43%	7.18%	7.07%	7.44%	7.70%	14.52%	7.64%	6.85%	7.43%	7.83%

Cash Flows (Middle Value)	In-Place	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Year Ending	Month 1	9/30/2026	9/30/2027	9/30/2028	9/30/2029	9/30/2030	9/30/2031	9/30/2032	9/30/2033	9/30/2034	9/30/2035	9/30/2036
NOI	\$402,336	\$402,336	\$416,448	\$431,136	\$446,112	\$461,216	\$476,831	\$492,975	\$509,665	\$526,921	\$556,616	\$583,390
Cap Rate	6.71%	6.71%	6.94%	7.19%	7.44%	7.69%	7.95%	8.22%	8.49%	8.78%	9.28%	9.72%
Return on Cost		6.71%	6.94%	7.19%	7.44%	7.55%	7.81%	8.07%	8.35%	8.63%	8.90%	9.33%
Total Leasing Costs		\$0	\$0	\$0	\$0	(\$106,443)	\$0	\$0	\$0	\$0	(\$148,538)	\$0
Cash Before Debt Service		\$402,336	\$416,448	\$431,136	\$446,112	\$354,773	\$476,831	\$492,975	\$509,665	\$526,921	\$408,078	
Debt Service		(\$206,250)	(\$206,250)	(\$261,229)	(\$261,229)	(\$261,229)	(\$261,229)	(\$261,229)	(\$261,229)	(\$261,229)	(\$261,229)	
Cash After Debt Service		\$196,086	\$210,198	\$169,907	\$184,883	\$93,544	\$215,602	\$231,746	\$248,436	\$265,691	\$146,849	
Proceeds less 2.00% cost of sale											\$8,795,730	
Loan Balance											\$2,731,223	
Net Proceeds		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,064,507	
Total Cash Unlevered	(\$6,000,000)	\$402,336	\$416,448	\$431,136	\$446,112	\$354,773	\$476,831	\$492,975	\$509,665	\$526,921	\$9,203,808	10 yr. CAGR
Total Cash Levered	(\$2,703,300)	\$196,086	\$210,198	\$169,907	\$184,883	\$93,544	\$215,602	\$231,746	\$248,436	\$265,691	\$6,211,356	3.67%

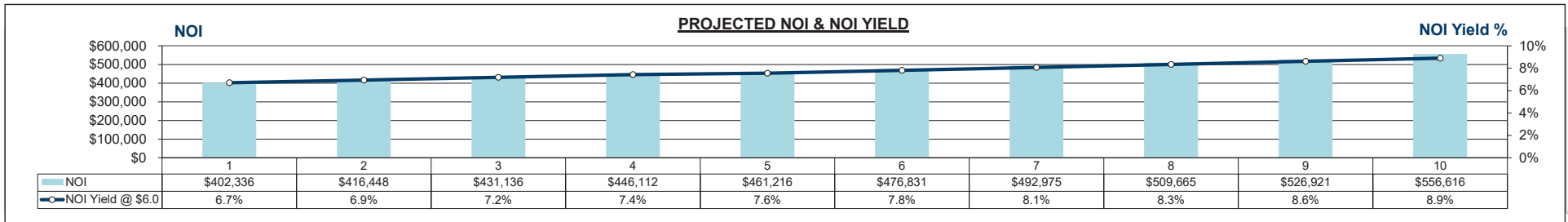
ASSUMPTIONS

Net Rentable Area	28,800	Hold Period (Years)		10 yr.	Start of Analysis	Oct-25	Initial Occupancy		100.0%	
General Assumptions										
		2025	2026	2027	2028	2029	2030	2031	2032	2033
Inflation										
General Inflation		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Expense Inflation		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Market Rent Growth		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Weighted Average Market Rent		\$15.00	\$15.45	\$15.91	\$16.39	\$16.88	\$17.39	\$17.91	\$18.45	\$19.00
General Vacancy Loss		Capital Reserves			Management Fee		Leasing Commissions			
0.00% of Potential Gross Revenue		\$0.00 / SF			3.0% of Net Rent		New / Renew: 8.00% / 3.00%			
Financing Assumptions										
	LTV	LTC	Amortization	Index/Rate	Spread	All-In Rate	Interest Only Period			
	55.00%	55.00%	25 yr.	10-Yr. Treasury	193.5 bps	6.25%	2 Years			
				4.32%						
*Financing Assumptions as of 3/12/25										
Reversion Sale Assumptions										
Reversion Cap Rate					Cost of Sale					
6.50%					2.00%					
Market Leasing Assumptions										
MLA	Term (Yrs/Mo)	Market Rent	Rent Steps	Free Rent New	Free Rent Renew	TI New	TI Renew	Renew Prob	Downtime	Recovery Method
\$15.00 NNN	5/3	\$15.00	3.50%	3 Mos	0 Mos	\$5.00	\$1.00	95.0%	3 Mos	NNN

CASH FLOW

NRA: 28,800 SF		Year 1	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Start Date: Oct-25		Per SF	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036
Avg Annual Occupancy			100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
General Vacancy/Credit Loss			0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Economic Occupancy			100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
RENTAL REVENUE													
Potential Base Rent	\$13.97		\$402,336	\$416,448	\$431,136	\$446,112	\$461,216	\$476,831	\$492,975	\$509,665	\$526,921	\$563,662	\$583,390
Free Rent	\$0.00		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$7,046)	\$0
Scheduled Base Rent	\$13.97		\$402,336	\$416,448	\$431,136	\$446,112	\$461,216	\$476,831	\$492,975	\$509,665	\$526,921	\$556,616	\$583,390
Total Expense Recoveries	\$4.58		\$131,872	\$135,930	\$140,118	\$144,423	\$148,842	\$153,396	\$158,090	\$162,928	\$167,914	\$173,646	\$179,359
Total Rental Revenue	\$18.55		\$534,208	\$552,378	\$571,254	\$590,535	\$610,058	\$630,227	\$651,065	\$672,593	\$694,835	\$730,262	\$762,749
Potential Gross Revenue	\$18.55		\$534,208	\$552,378	\$571,254	\$590,535	\$610,058	\$630,227	\$651,065	\$672,593	\$694,835	\$730,262	\$762,749
EFFECTIVE GROSS REVENUE	\$18.55		\$534,208	\$552,378	\$571,254	\$590,535	\$610,058	\$630,227	\$651,065	\$672,593	\$694,835	\$730,262	\$762,749
	PSF / Mo.>		\$1.55	\$1.60	\$1.65	\$1.71	\$1.77	\$1.82	\$1.88	\$1.95	\$2.01	\$2.11	\$2.21
Real Estate Taxes	\$3.49		\$100,418	\$103,430	\$106,533	\$109,729	\$113,021	\$116,412	\$119,904	\$123,501	\$127,206	\$131,022	\$134,953
Insurance	\$0.36		\$10,307	\$10,616	\$10,934	\$11,263	\$11,600	\$11,948	\$12,307	\$12,676	\$13,056	\$13,448	\$13,851
Repairs & Maintenance	\$0.04		\$1,031	\$1,062	\$1,093	\$1,126	\$1,160	\$1,195	\$1,231	\$1,268	\$1,306	\$1,345	\$1,385
Management Fee	\$0.70		\$20,117	\$20,822	\$21,557	\$22,306	\$23,061	\$23,842	\$24,649	\$25,483	\$26,346	\$27,831	\$29,170
Total Operating Expenses	\$4.58		\$131,872	\$135,930	\$140,118	\$144,423	\$148,842	\$153,396	\$158,090	\$162,928	\$167,914	\$173,646	\$179,359
	PSF / Mo.>		\$0.38	\$0.39	\$0.41	\$0.42	\$0.43	\$0.44	\$0.46	\$0.47	\$0.49	\$0.50	\$0.52
NET OPERATING INCOME	\$13.97		\$402,336	\$416,448	\$431,136	\$446,112	\$461,216	\$476,831	\$492,975	\$509,665	\$526,921	\$556,616	\$583,390
	PSF / Mo.>		\$1.16	\$1.21	\$1.25	\$1.29	\$1.33	\$1.38	\$1.43	\$1.47	\$1.52	\$1.61	\$1.69
Tenant Improvements	\$0.00		\$0	\$0	\$0	\$0	\$32,415	\$0	\$0	\$0	\$0	\$45,093	\$0
Leasing Commissions	\$0.00		\$0	\$0	\$0	\$0	\$74,028	\$0	\$0	\$0	\$0	\$103,445	\$0
Total Leasing Costs	\$0.00		\$0	\$0	\$0	\$0	\$106,443	\$0	\$0	\$0	\$0	\$148,538	\$0
NET CASH FLOW BEFORE DEBT	\$13.97		\$402,336	\$416,448	\$431,136	\$446,112	\$354,773	\$476,831	\$492,975	\$509,665	\$526,921	\$408,078	\$583,390

Return Metric Summary	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Capitalization Rate	6.71%	6.94%	7.19%	7.44%	7.69%	7.95%	8.22%	8.49%	8.78%	9.28%
Unlevered Cash-on-Cash Return	6.71%	6.94%	7.19%	7.44%	5.91%	7.95%	8.22%	8.49%	8.78%	6.80%
Levered Cash-on-Cash Return	5.94%	6.37%	5.15%	5.60%	2.83%	6.53%	7.02%	7.53%	8.05%	4.45%
Unlevered IRR	11.35%	10.77%	10.56%	10.44%	10.09%	10.08%	10.08%	10.07%	10.26%	10.21%
Levered IRR	17.44%	16.00%	15.42%	14.99%	14.16%	13.98%	13.82%	13.67%	13.87%	13.67%



RENT ROLL

Suite #	Tenant	As-Is RSF	% of NRA	Lease Terms			Base Rent				Rent Escalations				Recovery Type	Assigned MLA
				Start	Expiration	Remaining Term (Yrs)	Annual	PSF	Monthly	PSF/Monthly	Date	PSF/Monthly	PSF	Annual		
1400 & 1420	Probi USA, Inc.	28,800	100.0%	Oct-24	Sep-29	4.1	\$402,336	\$13.97	\$33,528	\$1.16	Oct-26 Oct-27 Oct-28	\$1.21 \$1.25 \$1.29	\$14.46 \$14.97 \$15.49	\$416,448 \$431,136 \$446,112	NNN	\$15.00 NNN
1400 & 1420	Probi USA, Inc. (Option 1)	28,800	100.0%	Oct-29	Sep-34	9.1	\$461,216	\$16.01	\$38,435	\$1.33	Oct-30 Oct-31 Oct-32 Oct-33	\$1.38 \$1.43 \$1.47 \$1.52	\$16.56 \$17.12 \$17.70 \$18.30	\$476,831 \$492,975 \$509,665 \$526,921	NNN	\$15.00 NNN
		As-Is		WALT			Annual	\$/PSF	Monthly	\$/PSF						
Total Leased		28,800	100.0%	4.1			\$402,336	\$13.97	\$33,528	\$1.16						
Total Vacant		0	0.0%													
Total NRA		28,800	100.0%				\$402,336	\$13.97	\$33,528							

TENANT OVERVIEW



<https://www.probi.com/>

Probi is an international company focused exclusively on developing, producing, and delivering clinically proven probiotics. We've spent three decades exploring and refining solutions that make the health-enhancing benefits of probiotics available to people everywhere.

We are experts at managing stable, live bacteria from R&D through every stage of the manufacturing process, and into finished products, including bulk formats, supplements, and functional foods. Health concepts, formulations, and formats are supported by documentation.

Since our founding at Sweden's Lund University, in 1991, Probi has expanded its presence to more than 40 markets. We hold more than 400 patents globally.



OFFERING TERMS

The Property is being offered without an asking price. Buyers should base their offers on an “as is and where is” condition of the Property.



Building Size	±28,800 SF
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Site Size	2.49 AC
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Percentage Leased	100%
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Year One NOI	\$402,336
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CAP Rate	OFFER
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Sale Price	OFFER
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OFFERS

Please submit with your Offer with the following information:

1. Description of the buying entity along with resume including current properties under ownership.
2. A list of three most recent properties purchased with names and phone numbers of seller contacts.
3. Evidence of funds available for the purchase of the property.

CONTINGENCY PERIODS

Please outline what is required for all due diligence on the property.

CLOSE OF ESCROW

Please outline what time period is required to close escrow following completion of due diligence.

DEPOSIT

Please outline what deposit will be made concurrent with the contract execution. (Upon expiration of the due diligence period, said deposit will become non-refundable to Buyer and be released to Seller, but will be credited to the purchase price, with accrued interest, at closing.)

REPRESENTATIONS AND WARRANTIES

The Property is being sold “as-is - where is”.

ON SITE INSPECTIONS

Please contact Aaron Valdez, Alec Rhodes, or Tyler Smith with Cushman & Wakefield to schedule appointments to view the property. Please do not contact any of the tenants directly.

TITLE AND ESCROW

To be determined.

CONFIDENTIALITY AGREEMENT

To be executed by the proposed buying entity.

DENVER INDUSTRIAL MARKET OVERVIEW

MARKETBEAT DENVER INDUSTRIAL Q4 2024



MARKET FUNDAMENTALS		
	YOY Chg	Outlook
7.4% Vacancy Rate	▼	▼
3.9M YTD Net Absorption, SF	▼	▲
\$10.29 Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▲	▲
ECONOMIC INDICATORS		
	YOY Chg	Outlook
1.6M Denver Employment	▲	▲
4.2% Denver Unemployment Rate	▲	▼
4.2% United States Unemployment Rate <i>Source: BLS</i>	▲	▲

ECONOMY: DENVER'S POPULATION GROWTH

The Denver unemployment rate rose for the sixth consecutive quarter, ending December 2024 at 4.2%. This reflects a 20-basis-point (bps) increase quarter-over-quarter (QOQ) and 90-bps surge year-over-year (YOY). In preceding quarters, Denver has outperformed the national unemployment rate; however, Denver's unemployment level met the national figure by the end of the year. Denver continued to register population and non-farm job growth throughout 2024, closing the year with over 1.6 million individuals employed and a population growth rate of 1.7%. While the Denver Metro population growth rate jumped 10-bps YOY, the United States reported a 10-bps decline in its annual growth rate to 1.0%.

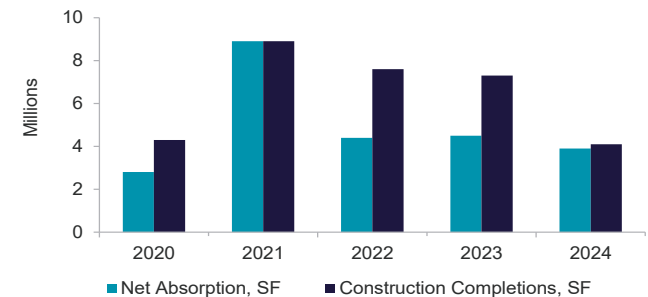
SUPPLY: VACANCY RATES BEGIN TO RECOVER IN 2024

The fourth quarter 2024 marked the first quarter since 2022 where industrial vacancy rates declined YOY. Overall vacancy fell by 10-bps while direct vacancy dropped by 20-bps, ending the quarter at 7.4% and 7.0%, respectively. Both rates improved on a QOQ basis, each reflecting a 20-bps decrease from the third quarter 2024. The decline in vacancy was directly correlated to the tightening of the construction pipeline; which has helped alleviate concerns of oversupply and allowed demand to catch up to the current supply. With new development starts projected to remain well below the five-year average, it is likely that the vacancy rate will remain flat or improve further throughout 2025.

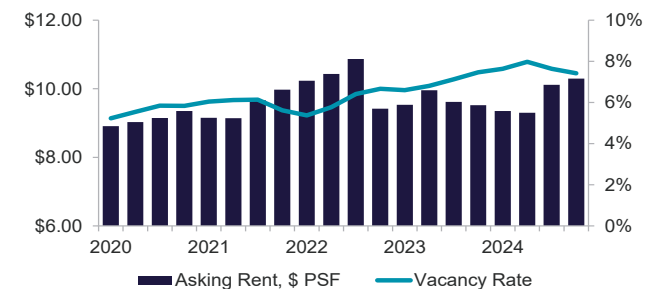
PRICING: ASKING RATES CONTINUE TO INCREASE

Average asking rents across all product types increased on both an overall and direct basis QOQ, ending the fourth quarter 2024 at \$10.29 per square foot (psf) triple net (NNN) and \$10.44 psf NNN, respectively. Rents hiked for the second consecutive quarter, following a year-long price contraction that began in Q3 2023. All product types reported asking rate increases from Q3 2024; however, not all markets yielded the same trend. Of the nine submarkets, the Southeast and South Central submarkets reflected QOQ rate declines by 2.9% and 3.0%. Minimal leasing volume within these markets had a minor impact on a market-wide price hike.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



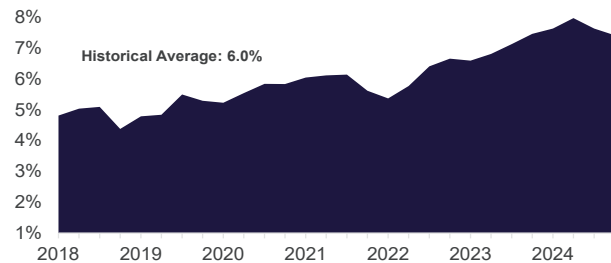
* decrease in 4Q23 due to inclusion of previously-undisclosed rents

DENVER INDUSTRIAL MARKET OVERVIEW

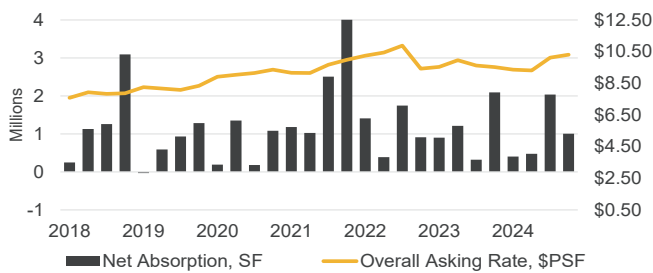
MARKETBEAT

DENVER INDUSTRIAL Q4 2024

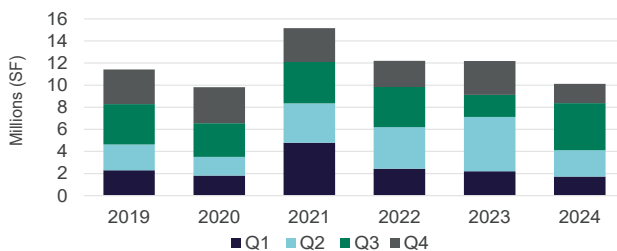
OVERALL VACANCY



ABSORPTION VS. RENT



LEASING ACTIVITY



ACTIVITY: LEASING DECLINES FOLLOWING A STRONG THIRD QUARTER

While leasing activity in the third quarter mimicked strong post-pandemic leasing activity, Q4 demand fell by 59.4% QOQ with just 1.7 million square feet (msf) of leases signed. This brought year-end (YE) leasing activity to 10.1 msf, trailing the 2023 YE total (12.2 msf) by 17.0%. Despite a decline in overall leasing activity, the fourth quarter recorded over 481,400 sf in renewal transactions — a 42.2% climb QOQ. An uncertain political and financial atmosphere likely fueled a hesitant leasing market in the fourth quarter.

ABSORPTION: QUARTERLY ABSORPTION REFLECT PRE-PANDEMIC LEVELS

The quarterly net absorption level halved both YOY and QOQ, ending at 1.0 msf. The 2024 annual total (3.9 msf), registered a 13.4% drop from 2023's total (4.5 msf) and marked its lowest level since 2020. Recent reductions in built-to-suit (BTS) development and new-build leasing activity in 2024 likely contributed to fourth-quarter market performance matching pre-pandemic levels. While comparatively low to historic absorption levels, Denver vastly outperformed the greater U.S West region's fourth-quarter-average of 60,400 sf.

CONSTRUCTION: DELIVERIES TAPER THROUGHOUT 2025

There were 452,700 sf of new supply added to the market in the fourth quarter, well below the five-year average of 1.6 msf. Completion totals were concentrated in the Northwest, North, and Airport submarket. The largest delivery consisted of two speculative buildings at Candelas Innovation Park, located in the Northwest submarket. Meanwhile, the Whole Foods 137,200 sf BTS at HighPoint Industrial Park recorded the largest single building completion in Q4 2024. More than 870,500 sf broke ground during the quarter, a 111.5% increase in construction starts QOQ. Although the pipeline currently sits 2.0 msf under the five-year average, new development growth indicates a resilient desire to expand Denver's industrial footprint.

SALES: SALES BOOST IN RESPONSE TO DECREASED BORROWING COSTS

Industrial sales activity posted a strong rebound in Q4 2024, recording just under \$539.0 million, an increase of 89.3% QOQ and 220.6% YOY. Sales volume was largely aided by sale of Central Park Logistics Center; two buildings spanning over 695,900 sf which Brookfield sold to the LDS church for \$100.1 million. Lower interest rates from rate cuts in the latter half of 2024 brought more certainty to investors that promoted a more positive sales environment in Denver and continues to spur cautious optimism for 2025.

OUTLOOK

- With increased cost of capital and difficulty securing debt and equity remaining a barrier to new development, it is likely that the construction pipeline will remain below the five-year average for the next several quarters, particularly as the Denver Metro anticipates unpredictable demand heading into 2025 and begins to recalibrate its market-wide vacancy rate.
- As prices climb and three-to five-year leases approach expiration, 2025 is expected to experience greater renewal volumes, compared to the peak levels observed over the last five years.
- With several BTS projects scheduled to deliver in 2025, absorption will likely rebound during the next few quarters, even if economic uncertainty and higher interest rates persist.
- Following a thriving sales atmosphere at the end of 2024, optimism is high for enhanced investor and owner-user spending habits throughout 2025.

DENVER INDUSTRIAL MARKET OVERVIEW

MARKETBEAT

DENVER INDUSTRIAL Q4 2024

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	QTRLY CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Airport	83,693,350	7,510,887	9.0%	498,899	1,309,065	3,880,551	3,067,475	137,200	\$6.25	\$13.18	\$6.94
Boulder	8,470,594	630,134	7.4%	(135,270)	(91,540)	85,077	0	0	\$11.93	\$16.64	\$14.80
I-76	13,696,565	3,156,481	23.0%	248	962,257	1,199,736	54,600	0	\$10.03	\$13.50	\$10.16
North	10,965,619	1,089,695	9.9%	204,137	715,273	784,406	1,146,683	132,300	\$10.32	\$13.35	\$9.75
North Central	59,865,689	3,377,668	5.6%	180,745	277,414	1,706,254	97,336	0	\$9.24	\$12.35	\$10.32
Northwest	34,832,462	1,749,721	5.0%	(25,136)	315,976	859,582	708,100	183,212	\$11.80	\$13.98	\$12.70
South Central	21,586,438	664,481	3.1%	(38,206)	(149,785)	341,777	31,022	0	\$12.32	\$12.76	\$11.14
Southeast	22,176,246	1,601,126	7.2%	271,648	646,527	789,508	116,271	0	\$7.00	\$13.15	\$11.59
Southwest	15,871,637	342,724	2.2%	45,480	(69,753)	477,141	175,204	0	\$20.24	\$12.34	\$16.82
MARKET TOTALS	271,158,600	20,122,917	7.4%	1,002,545	3,915,434	10,124,032	5,396,691	452,712	\$9.66	\$13.59	\$9.24

*Rental rates reflect weighted net asking \$psf/year

Abbreviations: MF, Manufacturing; OS, Office Service; WD, Warehouse/Distribution

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
25 Commerce Park – Bldg. 2	North	Izzio Bakery	176,000	New
12905 East 39th Avenue	Airport	Dish Network	132,800	Renewal*
25 Commerce Park – Bldg. 3	North	Four Walls Entertainment	121,700	New
Stapleton Business Center – Bldg. D-3	Airport	Kelly Spicers	112,500	New
Upland III	Airport	Katzke	80,200	Expansion

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
Central Park Logistics Center*	Airport	Brookfield / LDS Church	696,000	\$100.1M / \$144
Ascent Commerce Center*	Airport	PGIM / Ambrose	594,400	\$61.0M / \$107
Boulder Innovation Campus*	Boulder	United Properties / Blue Vista Capital	199,300	\$49.5M / \$248
CW Capital Portfolio*	Southeast	Hendricks Commercial Properties / CW Capital JV Kenai Capital	262,700	\$47.3M / \$180
Nexus at DIA, Bldg. C	Airport	Becknell Industrial / Chandler's Sand & Gravel	329,900	\$34.7M / \$105

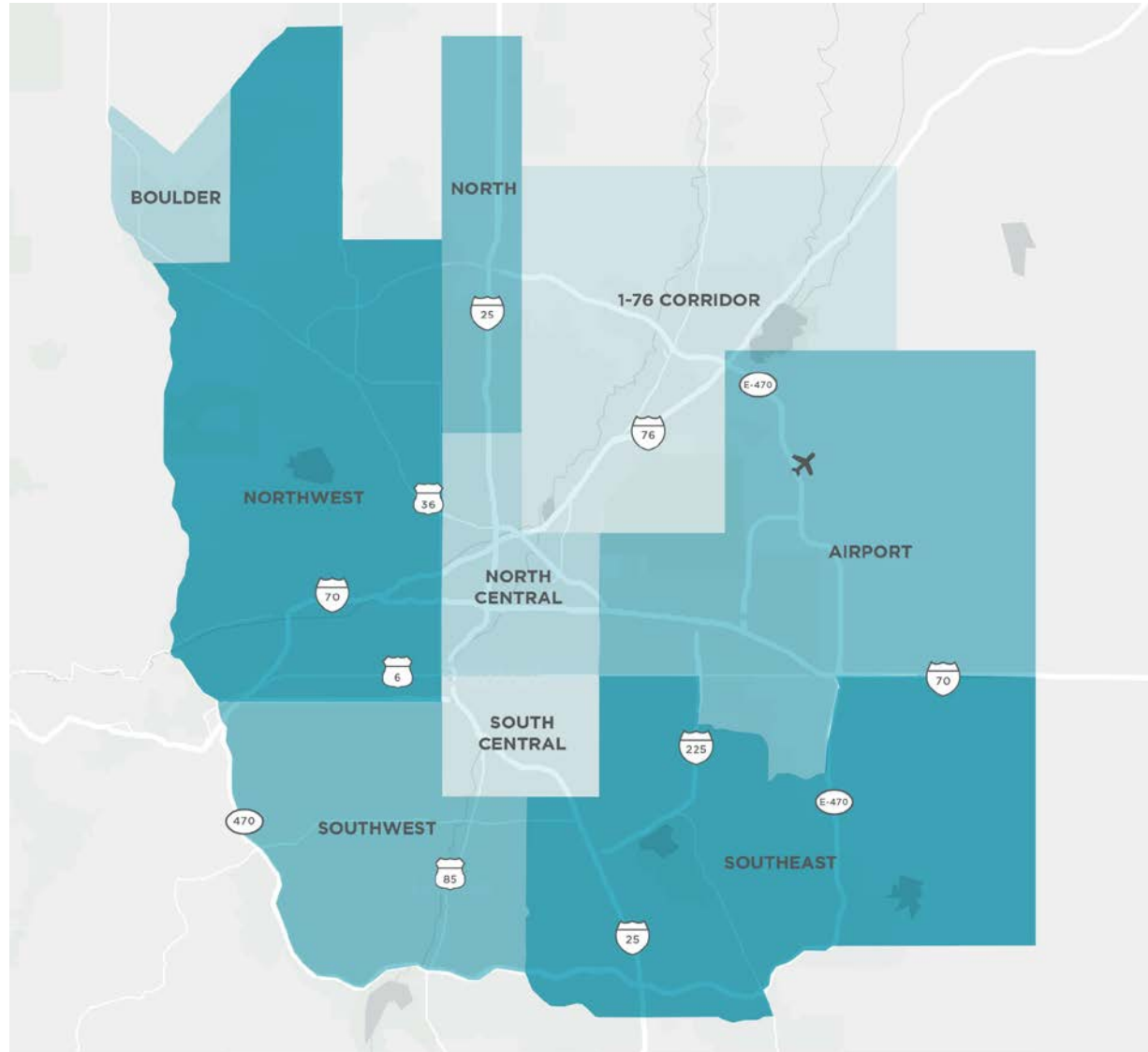
* Multi-building sale

KEY CONSTRUCTION COMPLETIONS Q4 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Candelas Innovation Park – Bldgs. 1 & 2	Northwest	N/A	183,212	Candelas / OCC Industrial
Whole Foods Built-To-Suit	Airport	Whole Foods	137,200	Hyde Development and Mortenson
25 Commerce Park – Bldg. 1	North	N/A	132,300	Rockefeller Group

DENVER INDUSTRIAL MARKET OVERVIEW

INDUSTRIAL SUBMARKETS



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