

MARKET NEWSLETTER | JANUARY 2025

# 2025 Outlook: Embracing Opportunities in the Denver/Boulder Market

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## Welcome to 2025!

As we kick off the new year, we're excited to report on and embrace the continued positive momentum across the metro-Denver real estate market and local economy. Much of this

momentum has been fueled by growth from organizations like yours across the various industries we support. Therefore, we'd also like to congratulate all our clients and partners who experienced success last year, whether through organizational growth, investment funding, or executing a real estate transaction.

While looking forward to what lies ahead in 2025, it's essential to reflect on the trends from 2024. Below, we've highlighted local office, industrial & Life Science trends, overall investment activity, key economic indicators, and construction costs, some of which has or will likely play a role in your decision making going forward and projects we're working on together.

In addition, CBRE has launched a 5-part series called 'Global Workplace and Occupancy Insights.' As these insights roll out, organizations can learn how to effectively create and measure the most productive work environment for their operations, ensuring their workplaces are aligned with their business needs and cultural objectives. Parts 1, 2, and 3 are linked below, with Parts 4 and 5 coming soon. The CBRE workplace team has also provided their 2024 office occupancy benchmarks across a variety of industry types. This data is impactful as users can get a sense on how similar users are planning their policies today.

Although leasing fundamentals are expected to gradually improve, owners of distressed and low-occupancy assets with limited capacity for capital improvements may face challenges. Overall, the market's outlook remains cautiously optimistic, with signs of positive momentum in 2025. This year, we're eager to build on our past momentum as we work on several new projects. We look forward to seeing these opportunities come together and connecting with you as the year progresses. We hope you'll join us in exploring the slopes, rivers, trails, real estate, and communities that make our region unique.

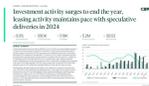
Here's to the start of a fantastic year!

Cheers,  
Brian and Marty



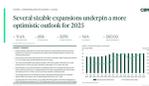
### Office Q4 2024 Highlights

Signs of a market recovery: two quarters of positive absorption and higher leasing activity in 2024



### Industrial Q4 2024 Highlights

Investment activity surges to end the year, leasing activity maintains pace with speculative deliveries in 2024



### Life Science Q4 2024 Highlights

Several sizable expansions underpin a more optimistic outlook for 2025

## 2024 Investment Activity

Global startup funding growth was moderate, reaching approximately \$314 billion—a 3% increase from 2023 and led by investments in AI, healthcare & biotech, fintech and cybersecurity. According to Crunchbase, Q4 recorded the largest total since the downturn in Q3 2022.

- *Crunchbase*

Total North American VC investments increased 21% over 2023 to \$185 billion. More than 37% of all investments were made in AI, nearly double the AI investments made in 2023.

- *Crunchbase*

2024 Colorado VC funding remained robust with 30% growth from 2023 with a total of approximately \$3.5 billion in investments.

- *CBInsights*



## 2024 Economic Indicators

### Employment

U.S. unemployment for the year closed out at 4.2%, a .5% increase from January 2024.

- *US Bureau of Labor Statistics*

### Inflation

The annual inflation rate in the US rose for a 3rd consecutive month to 2.9% in December 2024 from 2.7% in November, in line with market expectations.

- *Trading Economics*

### Construction Costs

Turner Construction Company announced that the Third Quarter 2024 Turner Building Cost Index—which measures costs in the non-residential building construction market in the United States—had increased to the value of 1432. This represents a 0.77% quarterly increase from the Second Quarter 2024 and a 3.64% yearly increase from the Third Quarter 2023.

- *Turner Construction*

Other factors that may influence 2025 construction pricing are products imported from China, including lower-cost commodity items such as certain metals, coatings, plumbing components and HVAC parts. These products could see significant price increases, if Trump's tariff announcements go into effect and are enforced.

- *ConstructionDive*

## 2024-2025 Global Workplace and Occupancy Insights

Five part series offering guidance for organizations seeking to align their workplace with business goals and corporate culture.

[2024-2025 Global Workplace & Occupancy Insights Overview](#)

[Part 1](#)

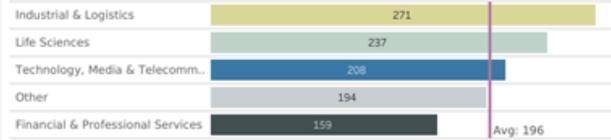
[Part 2/3](#)

# Office Occupancy Management Benchmarks

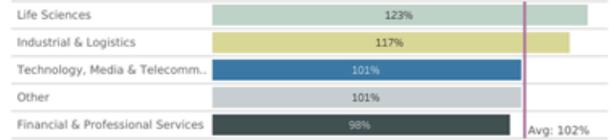


<b>2024</b> Reporting Year	<b>69</b> Client Count	<b>6,278</b> Building Count	<b>1,850,177</b> Total Design Capacity	<b>2,016,929</b> Total Sharing Capacity	<b>1,610,283</b> Headcount	<b>375,969,865</b> Total Rentable SF
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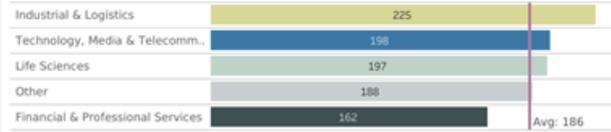
## Design Density SF/Seat by Sector



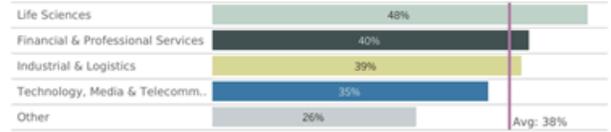
## Occupancy Rate by Sector



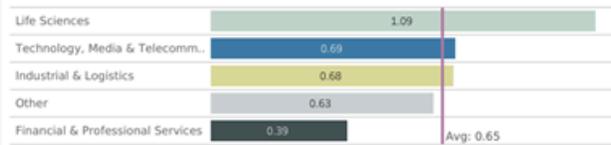
## People Density SF/Person by Sector



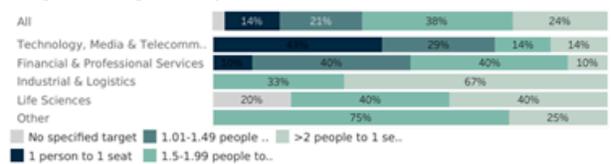
## Average Utilization Rate by Sector



## Collaboration Ratio by Sector



## Target Sharing Ratio by Sector



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