

Advanced Manufacturing, E-Commerce Create High Demand For Industrial Space

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Advanced manufacturing and a growing e-commerce sector are fueling a continued construction boom in Denver, which had 7.9M SF of industrial space under construction in the third quarter, according to [Avison Young](#) research.

There was 2.9M SF of industrial space delivered in the third quarter, following 1.8M SF delivered in the first half of the year.

“While Denver continues to draw tenants in the aerospace and other advanced manufacturing sectors, the market is becoming known as a strong e-commerce hub in the western region,” Avison Young principal Dawn McCombs said. “As businesses look to locate or expand their e-commerce operations in Denver, developers are working hard to keep up with the demand.”

The strong demand for industrial space has pushed up average asking lease rates in recent years. Rates leveled off at \$9.26/SF in the third quarter. Moving forward, rents are expected to grow slowly, if at all, through the end of the current development cycle.

Avison Young researchers expect the Denver industrial market will still require substantial new development to reach equilibrium. Net absorption was 1.26M SF in the third quarter. The vacancy rate was 3.7% for manufacturing; 5% for warehouse and distribution; and 6.6% for flex properties.

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