

# OFFICE & INDUSTRIAL

## Quarterly

## Segmented strength: NoCo's market is adapting

The Northern Colorado office market, comprised of 18.7 million square feet, inclusive of Fort Collins, Loveland, Greeley, Windsor and the increasingly connected Interstate 25 corridor, continues to evolve through one of the most significant workplace shifts in decades. While national headlines tend to spotlight record vacancy and distressed office assets, Northern Colorado presents a far more nuanced picture: pockets of resilience, targeted leasing momentum, and a clear divide between what tenants want and what the existing building inventory offers.

With the pandemic's impact now largely settled, it has become clear that the Northern Colorado office market has bifurcated into two distinct segments: well-located, amenity-rich Class A buildings and older, traditional offices with minimal updates. Modern buildings, especially those along the I-25 corridor, near major medical employers and established business parks, have benefited from the ongoing demand from professional services, tech firms, construction companies and health care-related users. Since the beginning of 2025, there have only been six lease transactions in Larimer and Weld counties over 10,000 square feet. Of those six, five transactions took place in either Class A buildings, buildings that had received significant upgrades or were located less than five minutes from I-25. In contrast, aging Class B and C buildings located away from main transportation corridors are struggling to attract tenants in a hybrid-focused world. The delta between the top and bottom of the market is wider than it has been in years.

In Northern Colorado, hybrid work has reshaped tenants' space needs. Unlike the Denver metro area where companies have drastically reduced their footprints, most tenants in Northern Colorado have taken a more conservative approach. Hybrid

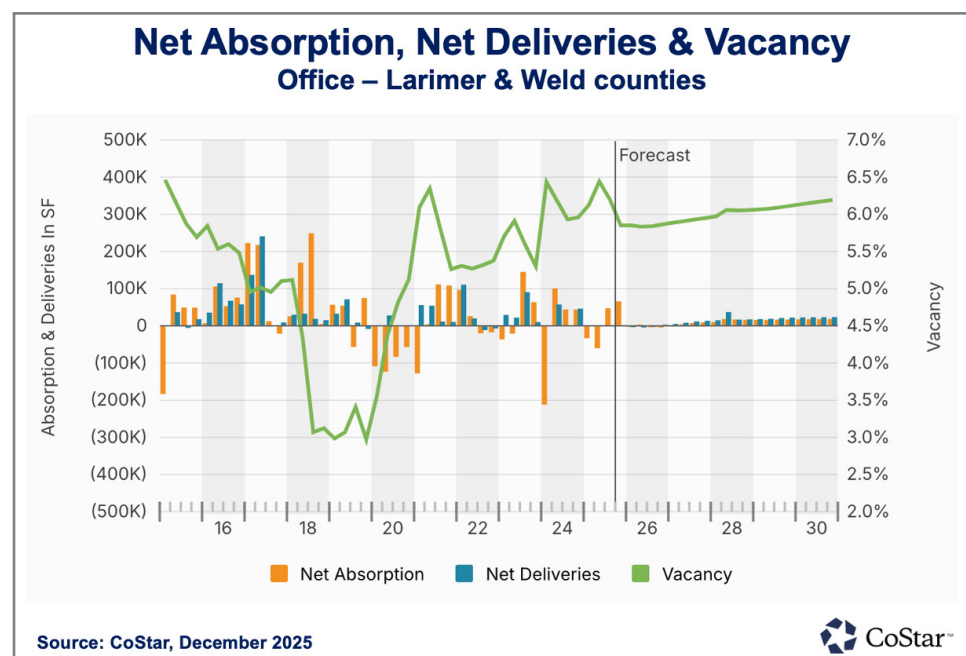


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work has changed how space is used, not whether it's needed. Tenants are prioritizing efficient layouts and shorter lease terms. Of the 245 office transactions completed in Northern Colorado since the beginning of 2025, the average deal size is 2,084 sf. Through tenants being more selective, landlords have had to change their leasing strategies. Landlords need to be prepared to provide a higher tenant improvement allowance, have flexible deal structures that include shorter lease terms or phased expansions and upgrade their facilities.

■ **Fort Collins.** As the economic and institutional hub of Northern Colorado, Fort Collins continues to draw steady office demand. The market totals about 8.5 million sf of inventory, with current vacancy at 5.8%; up modestly from 5.5% in fourth-quarter 2024, but still well below the national vacancy rate of 14.1%. Over the past 12 months, the submarket recorded 26,500 sf of negative net absorption, reflecting a year of measured activity and tenant reshuffling rather than significant expansion or contraction. Recent lease transactions that demonstrate the market's stability include MBI's (formerly Colorado Workwell Occupational Medicine) lease of 5,490 sf at 1600 Specht Point Road and Hausmann Construction's lease of 4,762 sf at 221 E. Mountain Ave.

■ **Loveland and Centerra/I-25 corridor.** The I-25 corridor remains one of the brightest spots in the Northern Colorado office market. Central access, modern floor plates, strong visibility and proximity to growing residential communities make this submarket ideal for employers looking to attract and retain talent. The



submarket contains 1.5 million sf and currently holds a 10.7% vacancy rate, a notable improvement from 14.4% a year earlier. Leasing and investment activity highlight this momentum. Animal Health International recently expanded and renewed its footprint at 2915 Rocky Mountain Ave., now occupying more than 18,000 sf. Additionally, in October, TenderCare Pediatric Services and Medical Supply Inc. purchased a 60,750-sf building at 3760 Rocky Mountain Ave. in Centerra. The company plans to relocate its headquarters from Fort Collins to this new location, further demonstrating the corridor's growing appeal.

■ **Greeley/Weld County.** Greeley's office market includes 6.1 million sf and is largely locally driven, with government, education, energy, and service-based sectors driving demand. While vacancy has increased in some older buildings in downtown and west Greeley, newer medical and professional properties near Highway 34 continue to perform well. As of the fourth quarter, the Greeley/Weld County submarket posts a 4.6% vacancy rate and a 10.3% availability rate. Over the past year, vacancy has shifted only 0.2%,

a reflection of stable conditions supported by no new deliveries and 12,000 sf of negative net absorption. Recent activity includes Western States Reclamation leasing 4,401 sf at 3601 Stagecoach Road, and Next Generation Construction taking 4,297 sf at 234 Main St.

■ **Selective growth to shape 2026.** The Northern Colorado office market is neither distressed nor booming; it is adapting. The region's economic fundamentals remain solid: consistent population growth, expanding residential development and a diverse employment base. Tenants today now expect more from their office space, and buildings that can deliver modern layouts, amenities and flexibility will continue to win. As the region looks ahead to 2026, the office market will continue to be characterized by selective demand, stable fundamentals in certain submarkets, and increasing creativity among landlords to ensure their spaces meet the evolving expectations of Northern Colorado's workforce. ▲

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Sources: CoStar, CoStar News, BizWest