Peak Performance

Commercial Real Estate Trends Update

April 2026

Michael Palmer, SIOR
Senior Broker
719-332-0044 (C)
mpalmer@olivereg.com

Paul Palmer
Senior Broker
Member Associate,
Society of Industrial and
Office Realtors
719-209-3162 (C)
ppalmer@olivereg.com

Offering excellence in commercial brokerage throughout the Pikes Peak Region

OLIVE REAL ESTATE GROUP

Olive Real Estate Group
102 N Cascade Ave., Ste. 250
Colorado Springs, CO 80903
719-598-3000
www.olivereg.com

PEAK PERFORMANCE NEWSLETTER

MARKET SNAPSHOT

The commercial real estate landscape continues to evolve as tenants adapt to new workplace dynamics and capital markets remain constrained. While industrial demand is normalizing after historic highs, the office sector is undergoing a structural transformation driven by hybrid work and shifting tenant preferences.

OFFICE SECTOR: ADAPTATION & BIFURCATION

A key emerging trend is the rapid rise of **move-in-ready (spec) suites**, which are now dominating leasing activity. Recent data from CoStar shows that more than **80% of office leases in 2024–2025 involve pre-built spaces**, a significant increase from roughly 50% pre-pandemic. These suites are also leasing materially faster—**approximately 22 months vs. 33 months** for non-move-in-ready spaces—highlighting strong tenant preference for speed, cost certainty, and flexibility .

This trend aligns with broader shifts in tenant behavior:

- **Shorter lease terms** and increased demand for flexibility
- Preference for **plug-and-play, lower upfront capital commitments**
- Growth in **small tenant leasing activity**, replacing large headquarters deals

At the same time, the office market is increasingly **bifurcated**:

- **Class A, amenitized buildings** continue to capture demand
- **Older Class B/C assets** face rising vacancy and obsolescence

Additional structural trends include:

- Continued **"flight to quality"** as tenants downsize but upgrade
- Expansion of **office-to-residential and mixed-use conversions** in high-vacancy CBDs
- Increased emphasis on **amenities and workplace experience** to support return-to-office efforts

Overlaying these fundamentals is mounting **capital markets pressure**, with a wave of loan maturities and higher interest rates driving refinancing challenges and potential distress across the sector.

INDUSTRIAL SECTOR: STRONG BUT NORMALIZING

The industrial sector remains fundamentally healthy, though it is transitioning from peak pandemic-driven demand to a more balanced environment.

Key trends include:

- **Rising vacancy in select markets** due to recent overbuilding
- Continued strength in **last-mile and infill logistics locations**
- Ongoing **e-commerce network optimization**, including subleasing by large users

At the same time, several long-term demand drivers remain intact:

- **Reshoring and nearshoring of manufacturing**, particularly in sectors like semiconductors, energy, and defense
- Growing demand for **modern, high-clear-height facilities** designed for automation
- Increasing importance of **power availability**, especially for data centers and advanced manufacturing users

CROSS-SECTOR THEMES

Across both office and industrial, several macro trends are shaping the market:

- **Capital markets constraints** are limiting transaction volume and development activity
- Increased focus on **energy efficiency and ESG standards**
- Greater reliance on **data-driven site selection and labor analytics**
- Shift toward **smaller, more distributed tenant footprints**

BOTTOM LINE

- **Office** is in a period of structural reset, with demand shifting toward flexibility, quality, and efficiency
- **Industrial** remains a top-performing asset class, though growth is stabilizing
- **Capital availability and cost of debt** are now the primary drivers of market activity

Owners and investors who align product with evolving tenant preferences—particularly flexibility, quality, and speed to occupancy—will be best positioned in the current cycle.