

**MARKET FUNDAMENTALS**

	YOY Chg	12-Month Forecast
<b>17.2%</b> Vacancy Rate	▼	▲
<b>32K</b> YTD Net Absorption, SF	▲	▲
<b>\$20.75</b> Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▲	▲

**ECONOMIC INDICATORS**

	YOY Chg	12-Month Forecast
<b>394K</b> Des Moines MSA Employment	▼	▼
<b>3.1%</b> Des Moines MSA Unemployment Rate	▲	▲
<b>4.1%</b> United States Unemployment Rate <i>Source: BLS</i>	▲	▲

**FIRST QUARTER OF POSITIVE ABSORPTION SINCE 2020**

For the first time since the onset of the Covid-19 pandemic, the Des Moines office market saw a quarter over quarter positive net absorption of office space. The issue the Des Moines market has faced, as it relates to lowering the market vacancy, is that office users that move have generally not expanded which means vacancy stays flat or rises. The big lease that was signed in this quarter was Holmes Murphy expanding into 75,000 square feet at 7000 Vista Drive in West Des Moines. This expansion was entirely positive absorption for the market as they did not vacate any portion of their owned real estate. As the return to the office trend continues to push forward, we anticipate continued positive absorption going forward.

**OFFICE ASSESSED VALUES REMAIN FLAT IN POLK COUNTY**

In a recent presentation to the Iowa Commercial Real Estate Association, the Polk Assessor's office announced that office buildings over 20,000 square feet will not see an increase in valuation come reassessment time in 2025. All office properties below 20,000 square feet will increase by an average of 14%. This is in response to office sale trends that the assessor has taken note of within the past two years. Many wondered if valuations on properties above 20,000 square feet would actually decrease, but that will not be the case within Polk County.

**SPACE DEMAND / DELIVERIES**



**OVERALL VACANCY & ASKING RENT**



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
CBD	7,651,812	0	1,039,096	13.6%	-80,232	-80,232	6,516	0	\$20.47	\$21.25
Ankeny	562,196	6,217	55,114	10.9%	10,233	10,233	14,176	0	\$20.25	\$23.50
Northeast	290,471	0	15,622	5.4%	3,280	3,280	2,180	0	\$16.45	NA
Northwest	428,983	1,394	43,337	10.4%	16,209	16,209	6,096	0	\$18.10	NA
South	327,915	0	48,421	14.8%	1,895	1,895	0	0	\$17.25	NA
Western Suburbs	8,596,934	71,636	1,792,340	21.7%	80,978	80,978	118,262	0	\$22.50	\$28.01
<b>DES MOINES TOTALS</b>	<b>17,858,311</b>	<b>79,247</b>	<b>2,993,930</b>	<b>17.2%</b>	<b>32,363</b>	<b>32,363</b>	<b>147,230</b>	<b>0</b>	<b>\$20.75</b>	<b>\$21.70</b>

\*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
7000 Vista Drive	Western Suburbs	Holmes Murphy	75,000	New
8850 NW 62 <sup>nd</sup> Avenue	Western Suburbs		12,000	New
7000 Vista Drive	Western Suburbs	The Accel Group	5,000	New

\*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
3601-3629 109 <sup>th</sup> Street	Western Suburbs	Anderson Four LLC/TUV Property Holdings LLC	27,636	\$3.1M/\$112
5615 Hickman Road	Northwest	Camp Fire Heart of Iowa/Fest Properties LLC	3,290	\$345,000 / \$105

LOCAL MARKET RESEARCH LEAD

Alec Wilcox  
Senior Associate  
Tel: +1 515-309-4002  
[awilcox@iowaca.com](mailto:awilcox@iowaca.com)

LOCAL MARKET RESEARCH LEAD

Kurt Mumm  
Tel: +1 515-309-4002  
[kmumm@iowaca.com](mailto:kmumm@iowaca.com)

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