



MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
6.2% Vacancy Rate	▲	▬
151K YTD Net Absorption, SF	▲	▲
\$6.79 Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▲	▬

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
411K Des Moines Employment	▼	▼
3.4% Des Moines Unemployment Rate	▲	▼
4.1% U.S. Unemployment Rate	▲	▲

Source: BLS

ECONOMY

The Des Moines metro labor force held steady in Q1, indicating stable workforce participation. While employment dipped slightly from 399,600 in October to 397,700 in February, the region continues to demonstrate resilience amid shifting economic conditions. Growth in education, healthcare, and government employment provided a stabilizing influence, offsetting contractions in areas such as manufacturing, construction, and finance. If momentum in key service industries continues, Des Moines could see gradual employment gains and a moderation in unemployment through the remainder of the year.

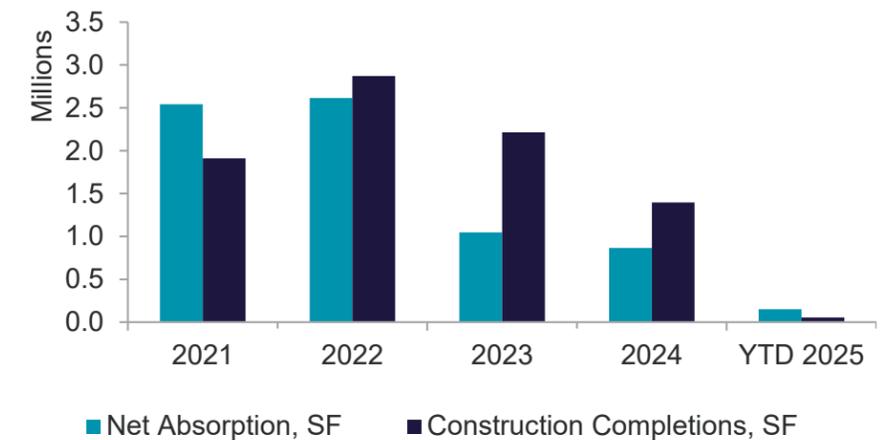
MARKET OVERVIEW

Following the delivery of 1.4 million square feet (msf) of new warehouse distribution space in 2024, big-box warehouse development has largely paused. Construction has shifted toward smaller flex projects under 50,000 square feet (sf). A slight drop in vacancy rates has been a positive sign for investors, particularly those with recently completed product. The most notable lease this quarter was a 300,677-sf deal at 3440 Gannett Avenue, just south of the Des Moines International Airport.

Despite a broader slowdown, the Des Moines industrial market recorded 151,778 sf of positive net absorption in Q1. The development pipeline has narrowed significantly, suggesting potential supply constraints as demand remains stable and vacancies are absorbed. Asking rents declined slightly to \$6.55 per square foot (psf), with the Northeast submarket reporting the lowest average at \$5.90 psf due to elevated vacancy.

Capital markets remain under pressure. Persistently elevated interest rates are creating refinancing challenges for assets financed in 2021 and 2022. While many investors had anticipated rate relief, the lack of movement has tempered expectations for a stronger second half of the year.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Western Suburbs	28,162,685	1,372,066	4.87%	(85,140)	597,244	23,000	35,399	\$9.15	\$7.41
CBD	1,415,165	75,833	5.36%	(9,519)	18,935	-	-	\$9.95	\$7.23
Northwest	10,228,425	342,236	3.35%	69,755	13,814	-	-	\$9.25	\$6.00
Northeast	29,200,979	2,202,683	7.54%	478,938	78,579	-	-	\$10.98	\$5.90
South	7,368,094	621,435	8.43%	(315,219)	71,612	-	19,500	\$9.55	\$6.60
Ankeny	3,645,277	121,019	3.32%	12,963	85,888	-	-	\$9.70	\$6.15
DES MOINES TOTALS	76,375,348	4,735,272	6.20%	151,778	151,778	23,000	54,899	\$9.76	\$6.55

*Rental rates reflect weighted net asking \$psf/year

KEY LEASE TRANSACTIONS YTD 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
3440 Gannett Ave.	South	Not Disclosed	300,677	New
4141 Dixon Street.	Northeast	JD Capital	60,000	New

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
2201 Bell Ave. (Portfolio)	South	Mid America Investment Co / Susa Capital, LLC	180,674	\$6.25M / \$35 PSF
1675 NE 51 st St Ave	Northeast	51st Street Properties, LLC / 10705 South 47th Street, LC	128,057	\$4.9M / \$38 PSF
600 Holcomb Ave.	Northwest	Jakers Mark 43, LLC / Everlasting Properties, LLC	56,788	\$1.8M / \$32 PSF

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