



MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
5.6% Vacancy Rate	▼	▬
644K YTD Net Absorption, SF	▲	▲
\$7.06 Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▲	▬

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
416K Des Moines Employment	▼	▼
3.6% Des Moines Unemployment Rate	▲	▼
4.1% U.S. Unemployment Rate	▲	▲

Source: BLS

ECONOMY

The Des Moines metro labor market showed steady growth from January to June 2025. The civilian labor force and employment both ticked up slightly, while the unemployment rate dropped to 3.2% in April before climbing back to 3.6% in June. Total nonfarm employment increased from 404.7k to 417.1k. Construction gained momentum with a 2.6% year-over-year increase, while manufacturing remained flat and down 10.4% annually. Health services saw the strongest growth at 7.8%, while leisure and hospitality declined 6.6%. Financial activities and trade showed weakening trends. Overall, the region is expanding, but growth is uneven across sectors.

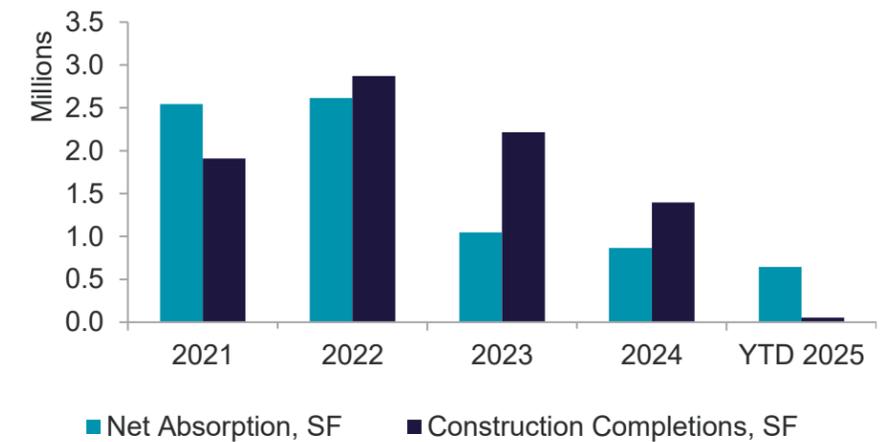
MARKET OVERVIEW

Industrial activity in the Des Moines metro remained steady through the first half of 2025, recording 492,035 square feet (sf) of net absorption in Q2 and over 643,000 sf year-to-date. The South and Northeast submarkets were the top performers, supported by major leases including John Deere's 300,000-sf deal on 9th Street and a 300,677-sf lease at 3440 Gannett Avenue near the airport. Despite slowing construction, over 107,000 sf remains underway, mostly in the Northeast. Overall asking rents climbed to \$9.77 per square foot (psf), with the Northeast commanding the highest average at \$11.15 psf. The South also saw strong activity with over 315,000 sf absorbed in Q2, a notable rebound given recent sluggish performance. CBD was the only submarket to post negative absorption, reflecting ongoing challenges for older infill product.

New construction remains limited, which could put upward pressure on rents if demand stays consistent. On the capital markets side, two notable Q2 trades included the sale of 7055 SE Delaware Ave for \$16.65 million (\$92.50 psf) and 219 Washington Ave for \$3.3 million (\$82.50 psf). Investor activity has been more selective given interest rate pressure and a tighter lending environment.

However, well-located, stabilized assets are still trading at strong pricing, especially in submarkets like Northeast where rent growth and tenant demand remain healthy.

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)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
CBD	1,415,165	84,269	5.9%	-15,764	-25,283	0	0	\$9.95	\$7.52
Ankeny	3,645,277	111,337	3.0%	12,963	11,213	0	0	\$9.28	\$6.15
Northeast	29,200,979	1,496,147	5.1%	91,939	584,653	84,803	0	\$11.15	\$6.51
Northwest	10,228,425	302,575	2.9%	23,700	83,105	0	0	\$9.14	\$7.15
South	7,368,094	571,720	7.7%	315,234	11,302	0	19,500	\$9.55	\$6.60
Western Suburbs	24,090,124	1,721,739	7.1%	63,963	-21,177	23,000	35,399	\$9.28	\$6.15
DES MOINES TOTALS	75,948,064	4,287,787	5.6%	492,035	643,813	107,803	54,899	\$9.78	\$7.06

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
3440 Gannett Ave.	South	Ampacity Renewables	300,677	New
555 9 th Street	Northeast	John Deere	300,000	New
4141 Dixon Street	Northeast	JD Capital	60,000	New

KEY SALES TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
7055 SE Delaware Ave	Northwest	Endeavor Development / Buzz Oates	180,000	\$16.65 M / \$92.50
319 Washington Ave	Northeast	CAB Properties / Ankeny Glass	40,000	\$3.3M / \$82.50

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