



MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
6.7% Vacancy Rate	▲	▬
594K YTD Net Absorption, sf	▼	▲
\$6.83 Asking Rent, psf <i>(Overall, Net Asking Rent)</i>	▼	▬

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
422K Des Moines Employment	▼	▼
4.2% Des Moines Unemployment Rate	▲	▲
4.3% U.S. Unemployment Rate	▲	▲

Source: BLS

ECONOMY

The Des Moines labor market saw steady growth from January to August 2025. The labor force and total employment both increased a little. The unemployment rate moved to 4.2% in August, up from its low of 3.2% in April. Total nonfarm employment went from about 412,500 to 413,000. Construction continued to gain strength with a 4.5% year-over-year increase. Manufacturing stayed mostly flat and is down about 3.9% over the past year. Government had the strongest growth at 4.0%. Leisure and hospitality continued to soften with a 6.0% decline. Financial activities and trade also showed signs of slowing. Overall, the region is still growing, but the pace depends on the industry.

MARKET OVERVIEW

Industrial activity in the Des Moines metro slowed in the third quarter of 2025. The market saw about 451,000 square feet (sf) of negative absorption in Q3, though year-to-date figures still show roughly 594,000 sf of positive absorption.

The Northeast submarket continued to lead with more than 575,000 sf absorbed so far this year. Ankeny and the Northwest also posted modest gains. The CBD and Western Suburbs posted the largest pullbacks, tied to older space and buildings needing improvements. Construction remains limited with around 489,000 sf underway, most in the Northeast. About 86,000 sf has delivered so far this year.

Asking rents continued to rise, now averaging \$10.17 per square foot (psf) for office service industrial space and \$6.54 psf for warehouse space. The Northeast remains the highest rent area. Sales activity has been selective due to lending conditions, but well located and stabilized assets are still drawing interest, especially in the Northeast and South.

Sales this quarter included a mix of large user deals and smaller infill properties. The largest was 555 8th St NE in the Northeast at 300,000 sf for about \$25 million. Several CBD properties sold to Maxwell Street Capital Partners, showing continued interest in older buildings that can be improved. Smaller buildings like 519 18th St in the West Suburbs also moved, which shows steady demand for well located flex and industrial space.

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 CONSTRUCTION (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
CBD	1,415,165	86,969	6.1%	-15,368	-10,987	0	0	\$10.41	\$7.36
Ankeny	3,645,277	121,194	3.3%	0	11,213	0	0	\$9.70	\$6.02
Northeast	29,020,979	2,516,206	8.7%	-245,626	575,490	256,082	31,302	\$11.66	\$6.37
Northwest	10,228,425	404,926	4.0%	-76,040	79,845	74,207	0	\$9.56	\$7.00
South	7,368,094	470,837	6.4%	-80,337	10,302	43,398	19,500	\$9.99	\$6.46
Western Suburbs	24,301,426	1,481,940	6.1%	-34,443	-71,998	125,377	35,399	\$9.70	\$6.02
DES MOINES TOTALS	75,979,366	5,082,072	6.7%	-451,814	593,865	499,064	86,201	\$10.17	\$6.54

*Rental rates reflect base rental asking rate per year. Construction completions are tracked based on completion of investment product. BTS and/or owner user properties are not included. Does not match national stats.

KEY LEASE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
4121 Dixon St.	Northeast	BradyPLUS	177,431	New
6600 Merle Hay Road	Western Suburbs	Beverage Distributor	118,000	New
1550 E Washington Ave	Northeast	Library Binding Services	56,330	New
1350 SE Gateway Dr.	Western Suburbs	Architectural Surfaces	50,000	Renewal

KEY SALES TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
555 8 th St NE	Northeast	Endeavor Development / Buzz Oates	300,000	\$25M / \$83.33
2701 Onthank Dr.	CBD	PDM / Maxwell Street Capital Partners	81,808	\$1.7M / \$20.69
930 Morgan St.	CBD	Hubbell Realty / Ingham Frederick	72,000	\$4.4M / \$61.11
2728 6 th Ave	CBD	PDM / Maxwell Street Capital Partners	17,621	\$955K / \$54.23
519 18 th St.	West Suburbs	Compass Group / Dynanmic Machining	14,250	\$1.5M / \$101.75

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