

**MARKET FUNDAMENTALS**

	YOY Chg	12-Month Forecast
<b>14.8%</b> Vacancy Rate	▼	▼
<b>444K</b> YTD Net Absorption, SF	▲	▲
<b>\$20.85</b> Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▲	▲

**ECONOMIC INDICATORS**

	YOY Chg	12-Month Forecast
<b>415K</b> Des Moines MSA Employment	▲	▲
<b>3.3%</b> Des Moines MSA Unemployment Rate	▲	▲
<b>4.3%</b> United States Unemployment Rate	▲	▲

Source: BLS

**MAJOR OFFICE PROJECTS SOLD TO WRAP UP 2025**

In quarter 4, nearly \$20,000,000 in sale transaction volume occurred between just two transactions of major office projects in Des Moines.. Regency West Office Park and the Insurance Exchange building were each sold for \$25 per square foot. They were sold to two different investment groups, Bradford Allen and High Properties respectively. These two transactions put a stamp on the 2025 office market trend of significant office projects sold at steep discounts. Expect to see office sale volume cool down in 2026 as buyers of these large projects purchased in 2025 look to stabilize their properties.

**OVERALL VACANCY AND ASKING RENTS DROP IN 2025**

Asking rents dropped and vacancy followed. 2025 was certainly not a fire sale environment when it came to leasing space, however landlords did adjust their rental rates to provide an incentive to expand. This strategy worked. While some of the reduction in vacancy is due to space being taken off the market for reasons other than lease up, the driving force behind the vacancy rate declining is due to the robust positive absorption due to leasing that we saw in 2025. The year of 2025 was far and away the best year for office leasing in the post-covid era of Des Moines, and has helped turn the tide of the office market in a positive direction as 2026 begins.

**LEASING ACTIVITY REMAINS STRONG WITHIN CLASS A**

Over 730,000 square feet of office leasing occurred in 2025. As this report and previous reports have shown, a large majority of the leasing has taken place within Class A office properties. These are the higher end properties available on the market. On the contrary, activity within office properties that are not Class A, and are more budget friendly has been slower. A trend to watch in 2026 will be what happens with the large inventory of non-Class A properties that are struggling to re-lease their vacancies.

**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	7,932,521	0	1,039,096	13.60%	44,665	25,087	219,012	0	\$21.08	23.25
Ankeny	584,942	19,224	34,972	9.27%	9,892	18,959	33,278	8,821	\$21.47	\$24.32
Northeast	288,080	0	15,622	5.42%	0	3,280	5,780	0	\$18.20	NA
Northwest	434,000	1,394	42,768	10.18%	-485	14,778	7,992	0	\$18.37	NA
South	327,915	0	38,950	11.88%	0	-2,105	0	0	\$17.20	NA
Western Suburbs	8,734,962	128,857	1,384,844	15.85%	210,495	384,053	464,087	0	\$23.25	\$27.25
<b>Total</b>	<b>18,302,420</b>	<b>149,475</b>	<b>1,517,156</b>	<b>14.80%</b>	<b>264,567</b>	<b>444,052</b>	<b>730,149</b>	<b>0</b>	<b>\$20.85</b>	<b>\$23.25</b>

\*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1100 Locust Street	CBD	HDR Engineering	10,119	New Lease
3001 Westown Parkway	Western Suburbs	QCI	24,464	New Lease

\*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
1200 12 <sup>th</sup> Street	Western Suburbs	United Community Services / Des Moines Children's Museum	30,516	\$2.35M / \$77
505 5 <sup>th</sup> Street (Insurance Exchange Building)	CBD	Graham Group / High Properties	174,381	\$4.3M / \$25
Regency West Office Park	Western Suburbs	R&R Realty Group/ Bradford Allen	616,351	\$15.5M / \$25

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