

FIGURES | DES MOINES OFFICE | Q1 2025

Des Moines office posts negative absorption to start 2025

▲ 15.8%

Vacancy Rate

▼ (101,057)

SF Net Absorption

► 0

SF Construction Delivered

► 0

SF Under Construction

▲ \$14.78

NNN/YR Lease Rate

Note: Arrows indicate change from previous quarter.

MARKET OVERVIEW

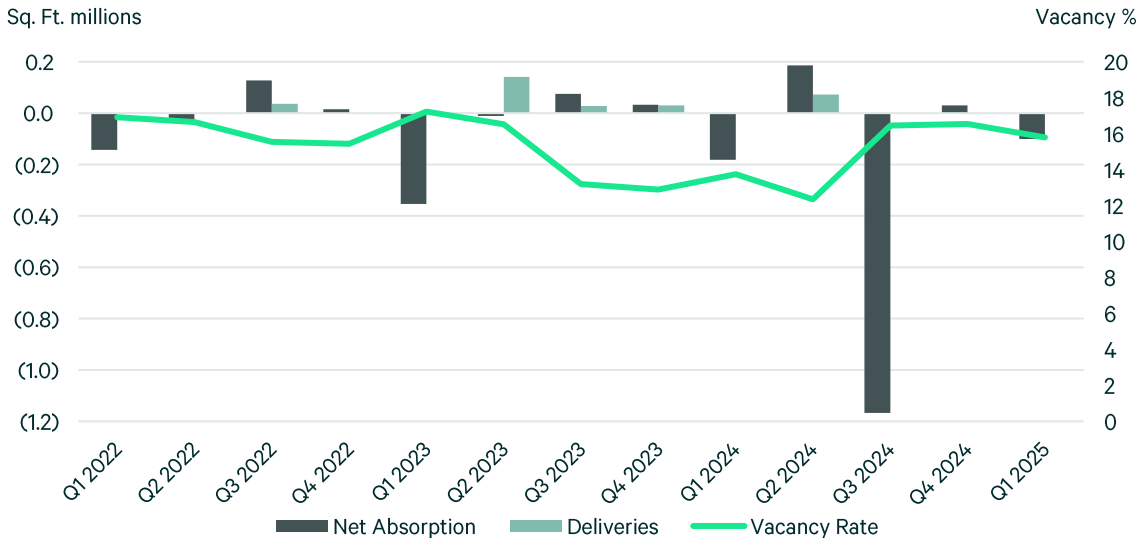
Overall net absorption posted negative 101,057 sq. ft. for Q1 2025. Negative net absorption was concentrated primarily in the CBD submarket with negative 76,663 sq. ft. for the quarter.

Market vacancy rates closed the quarter at 15.8%. The CBD posted the markets highest vacancy rates at 27.5%. The South (1.5%) and Northeast (4.6%) submarkets posted the markets lowest vacancy rates.

The overall market average asking lease rate was \$14.78 at the end of Q1 2025. The Ankeny submarket recorded the highest rate at \$20.01, while the South submarket posted the lowest rate at \$7.05.

CBRE has updated the criteria for office tracked building sets in Des Moines to reflect buildings with a Net Rentable Area (NRA) of 10,000 square feet or higher. In addition to creating regional consistency, this change will enhance the reporting and depth of data on Des Moines most competitive buildings. Building inventories will be evaluated quarterly to ensure they remain the most comprehensive and accurate representation of the market.

FIGURE 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2025

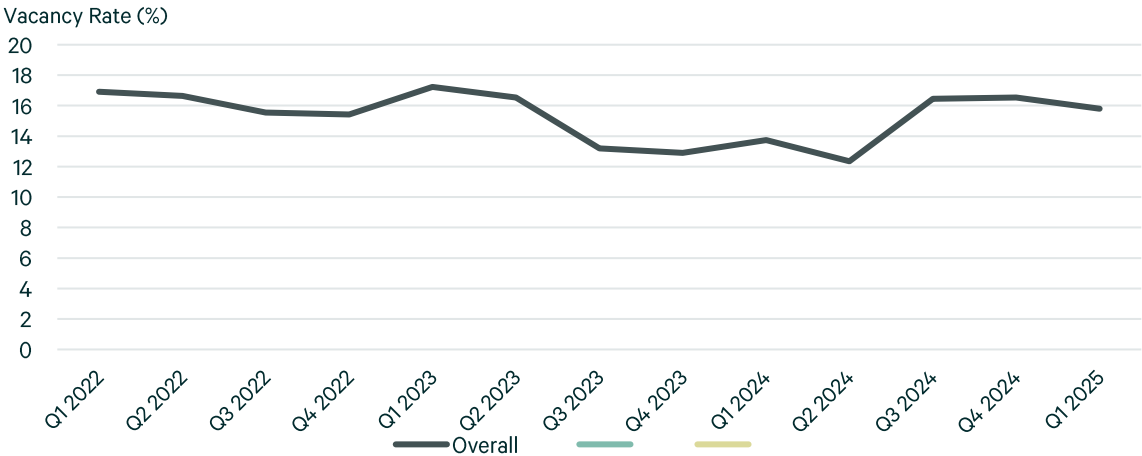
Vacancy

The overall vacancy rate closed at 15.8% for the quarter. The CBD submarket has posted the overall highest vacancy rates for another quarter at 27.5%. The trend of tenants exiting or consolidating locations has greatly impacted the downtown vacancy rate over the last couple of years. The Western Suburbs submarket ended the quarter with a vacancy rate of 11.8%.

Asking Rent

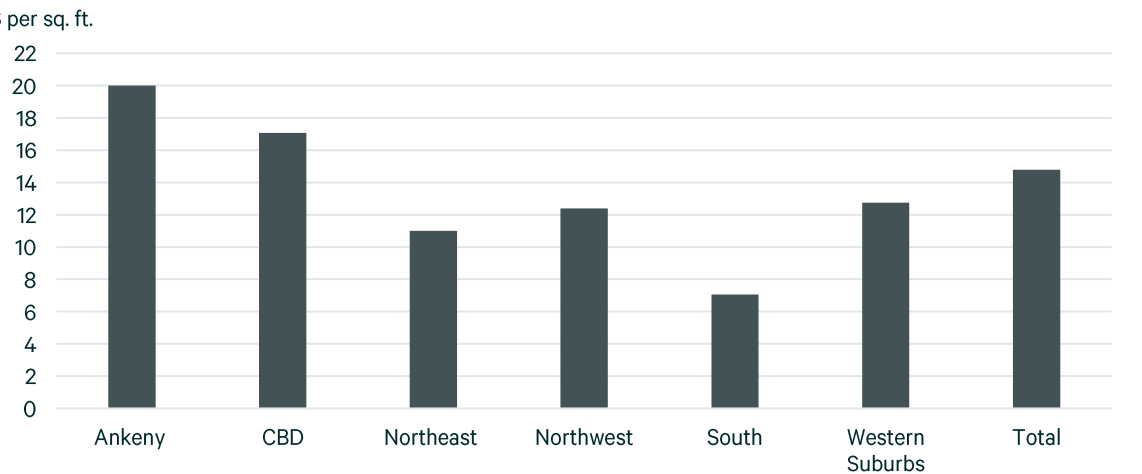
In Q1 2025, the overall office average asking rates came in at \$14.78 per sq. ft. The highest asking lease rates originate in the Ankeny submarket, closing the quarter at \$20.01 per sq. ft. On the other end of the spectrum, the South submarket maintained the lowest asking rates at \$7.05 per sq. ft. The Western Suburbs submarket closed the quarter with an average asking rate of \$12.75.

FIGURE 2: Vacancy Rate



Source: CBRE Research, Q1 2025

FIGURE 3: Avg. Direct Asking Rate by Submarket (NNN/YR)



Source: CBRE Research, Q1 2025

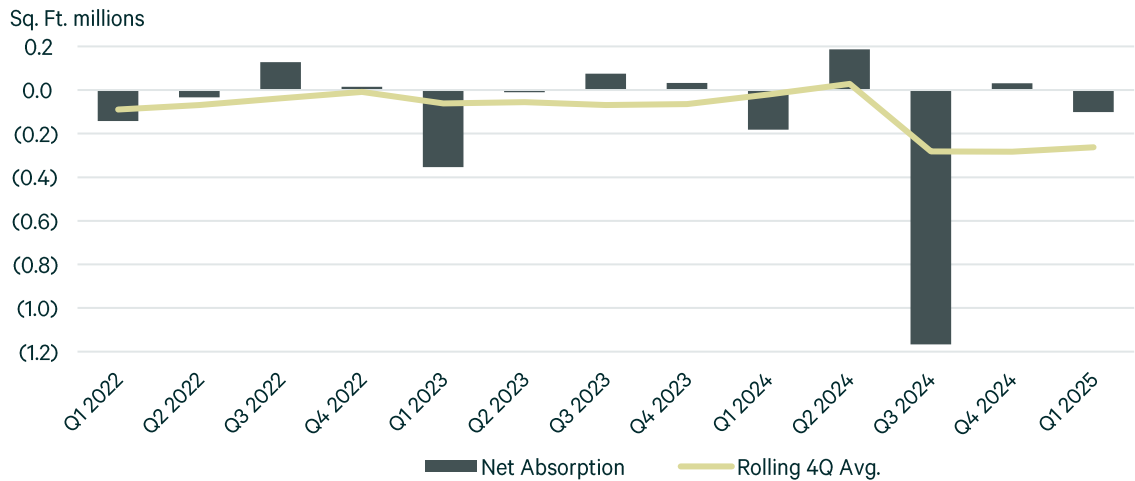
Net Absorption

Des Moines posted negative 101,057 sq. ft. of absorption in Q1 2025. Three of the six submarkets recorded absorption during the quarter, all of which being negative. The lowest net absorption for the quarter was recorded in the CBD submarket which recorded negative 76,663 sq. ft. This was largely driven by over 90,000 sq. ft. of space getting brought to the market at 801 Grand Avenue. Next in line was the Western Suburbs submarket, recording negative 15,842 sq. ft. of absorption. Lastly, the Northwest submarket recorded negative 8,552 sq. ft. of absorption.

Construction Activity

Office construction continues to be at a historical low with no new buildings under construction. The last asset to deliver was the New West Bank Headquarters (72,000 SF) in West Des Moines back in Q2 2024.

FIGURE 4: Net Absorption Trend



Source: CBRE Research, Q1 2025

FIGURE 5: Construction Activity

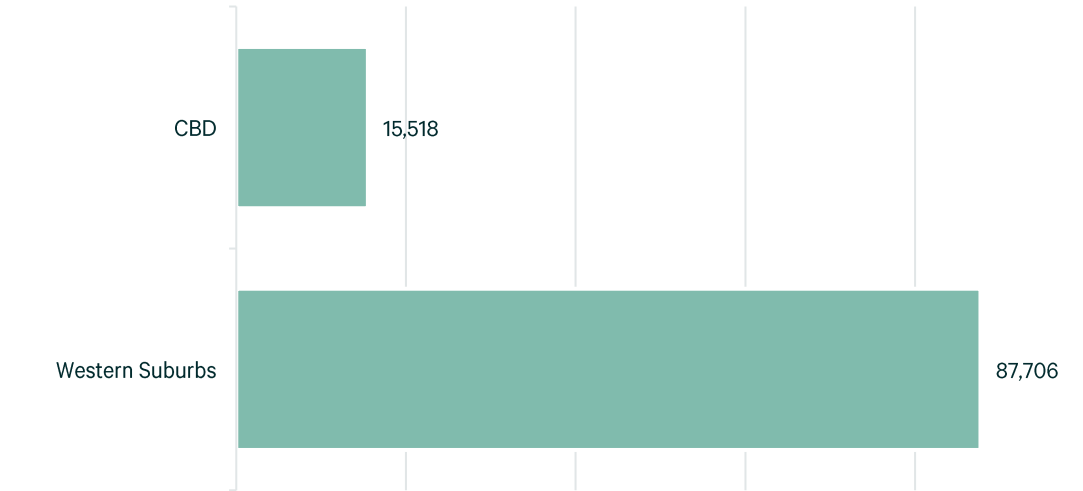


Source: CBRE Research, Q1 2025

Leasing Activity

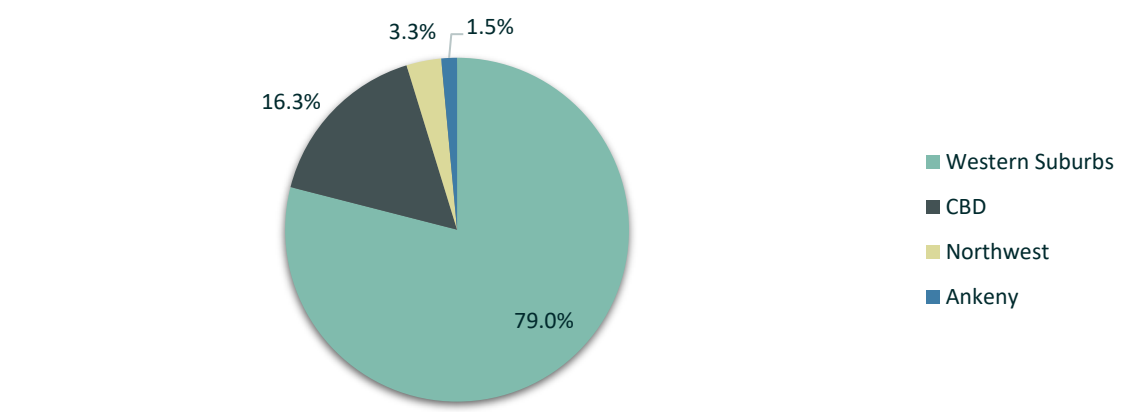
Leasing saw an increase in activity in Q1 2025. Leasing activity came in at just under 160,000 sq. ft. during the quarter, an increase of approximately 20,000 sq. ft. quarter-over-quarter. The Western Suburbs accounted for 79% of the total leasing activity, largely due to Holmes Murphy securing a lease for approximately 75,000 sq. ft. in the “Arcadia” building at 7000 Vista Drive in West Des Moines. The company will be relocating some of its employees from their Waukee office location here this fall. Another notable deal includes a new lease by Merit Management Group (12,706 SF) at 8850 NW 62nd Ave in Johnston.

FIGURE 6: Leasing by Submarket – 10,000 sq. ft. and up



Source: CBRE Research, Q1 2025

FIGURE 7: Leasing Activity



Source: CBRE Research, Q1 2025

FIGURE 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Holmes Murphy & Associates	75,000	New Lease	7000 Vista Dr	Western Suburbs
Merit Management Group	12,706	New Lease	8850 NW 62nd Ave	Western Suburbs
FRK Architects + Engineers	5,850	New Lease	555 17th St	CBD
Full Circle Recovery	5,183	New Lease	4725 Merle Hay Rd	Northwest
MidWestOne Bank	5,107	New Lease	1245 Jordan Creek Pkwy	Western Suburbs
Austin Capital Bank SSB	4,419	New Lease	1420 Locust St	CBD

Source: CBRE Research, Q1 2025

Market Statistics by Submarket

	Net Rentable Area	Total Vacancy	Total Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Ankeny	672,890	6.4	8.8	20.01	0	0	0	0
CBD	6,540,227	27.5	28.3	17.07	(76,663)	(76,663)	0	0
Northeast	87,518	4.6	4.6	11.0	0	0	0	0
Northwest	634,020	7.3	7.5	12.39	(8,552)	(8,552)	0	0
South	743,309	1.5	6.9	7.05	0	0	0	0
Western Suburbs	13,211,625	11.8	11.6	12.75	(15,842)	(15,842)	0	0
Total	21,889,589	15.8	16.2	14.78	(101,057)	(101,057)	0	0

Economic Overview

Policy speculation and announcements are now the key drivers of macro expectations and financial markets. The reality of material trade conflicts this year is now paired with realized softer economic data. Some of this could be due to firms taking a ‘wait-and-see’ approach as they digest changing trade policy. Consumer sentiment has declined noticeably, albeit much more than actual spending. Consequently, CBRE has revised its GDP growth outlook for this year down to just below 2%.

Despite policy uncertainty, credit markets are more accommodative, with tighter spreads and more issuance compared to a few quarters ago. More fluid credit markets have yet to translate into stronger sales volume, as many institutional owners and reams of dry powder capital remain on the sidelines. The continuation of accretive credit trends and eventual deployment of dry powder will depend on the impact of new policies. Should they prove more inflationary, this would erode recent capital markets progress. If not, and macro impacts are limited, this could give the Fed a green light for further cuts and help unlock monies waiting on the sidelines.

▲

413,014

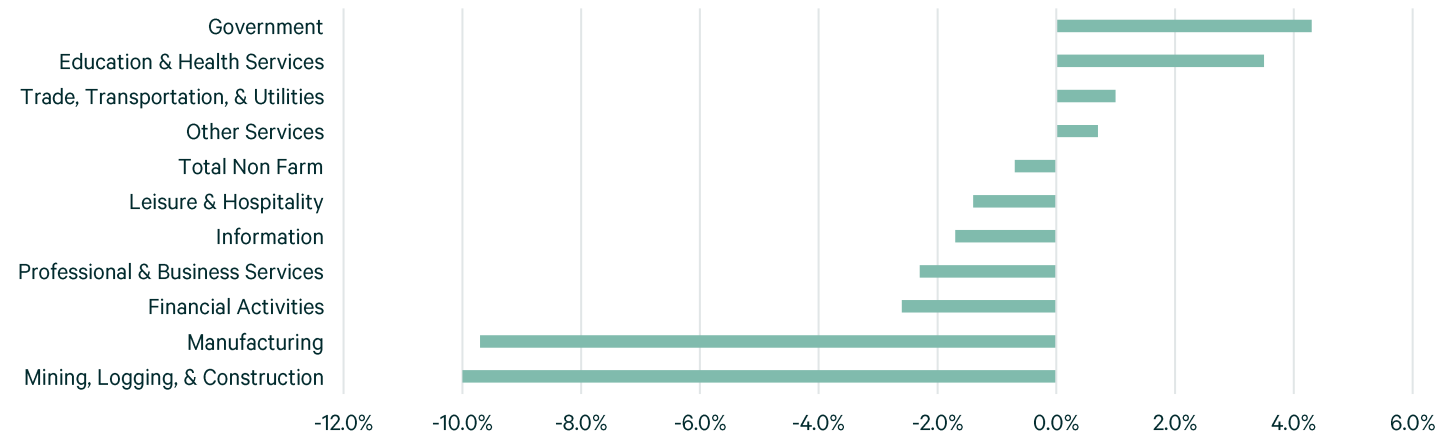
Labor Force

▲

3.9%

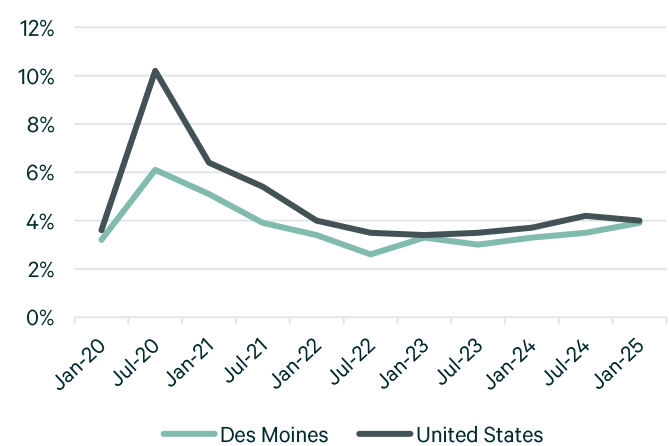
Unemployment Rate

Figure 9: Employment Growth by Industry, 12-Month Percent Change



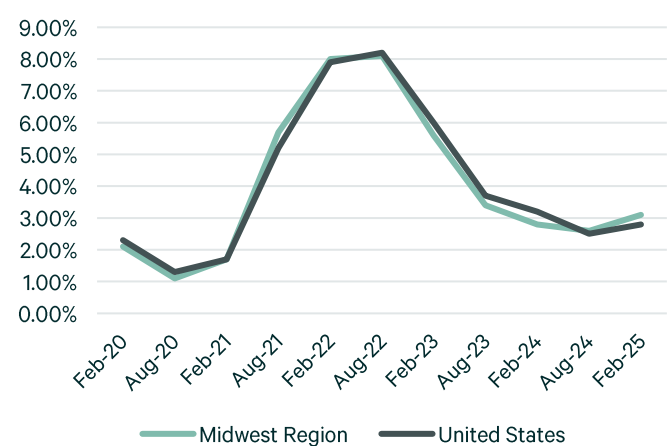
Source: BLS

Figure 10: Unemployment Rate



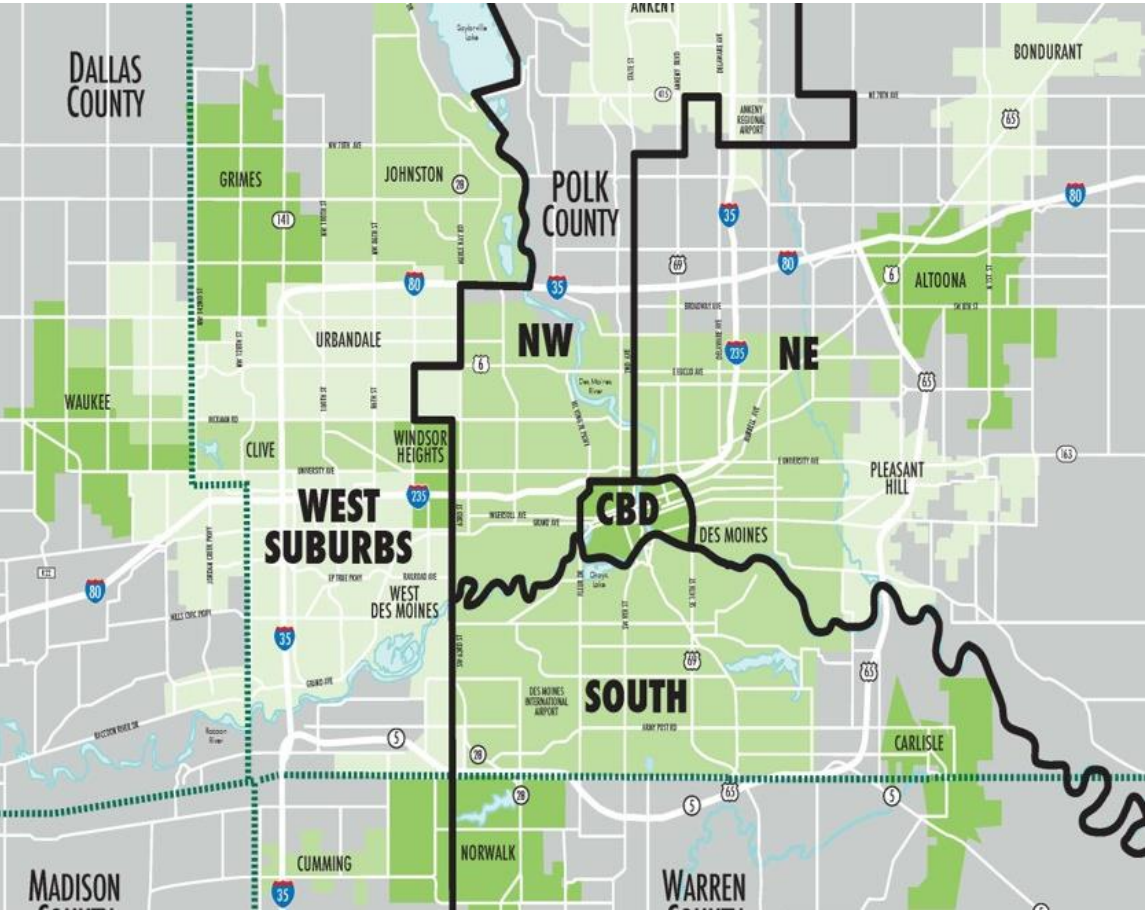
Source: BLS

Figure 11: Consumer Price Index, 12-Month Percent Change



Source: BLS

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the “drip line” of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the “net” costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days.

Survey Criteria

Includes all office buildings 10,000 sq. ft. and greater in size. Buildings which have begun construction as evidenced by site excavation or foundation work.

Updated Tracked Criteria

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