

FIGURES | DES MOINES INDUSTRIAL | Q1 2025

Moderate activity in Des Moines industrial market to start 2025



Note: Arrows indicate change from previous quarter.

SUMMARY

Overall net absorption posted 56,137 sq. ft. for Q1 2025. Positive net absorption was concentrated primarily in the Northeast submarket with 103,462 sq. ft. for the quarter.

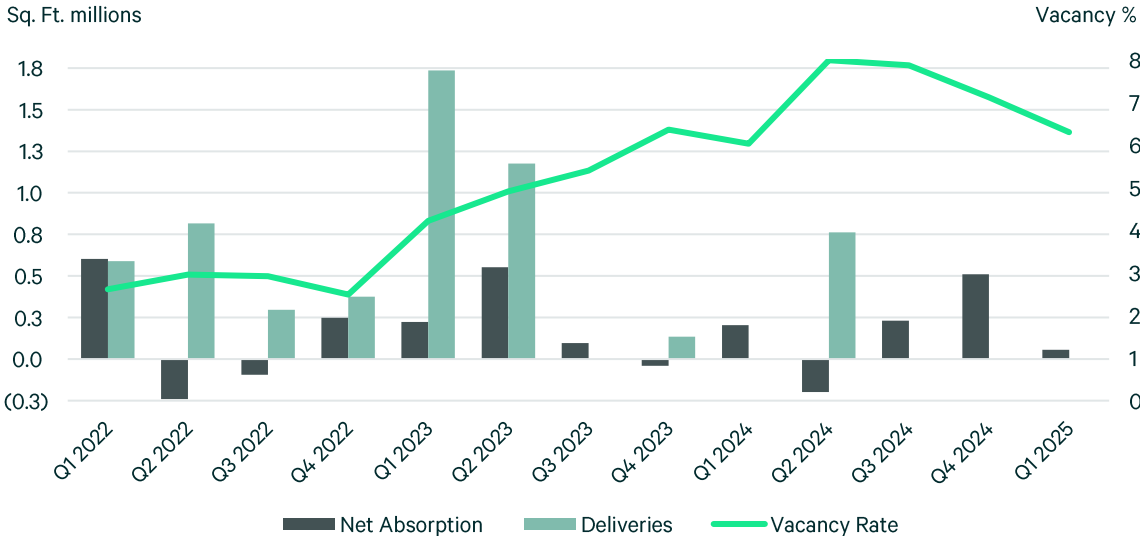
Market vacancy rates experienced a slight decrease in Q1, closing the quarter at 6.3%. The CBD (2.2%) and Ankeny (2.3%) submarkets posted the markets lowest vacancy rates.

The overall market average asking lease rate was \$7.00 at the end of Q1 2025. Distribution/Logistics property types closed the quarter with an asking rate of \$6.32 while R&D/Flex property types closed at \$9.62.

CBRE has updated the criteria for industrial tracked building sets 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 each markets most competitive buildings. Building inventories will be evaluated quarterly to ensure they remain the most comprehensive and accurate representation of each market.



FIGURE 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2025

Vacancy Rate

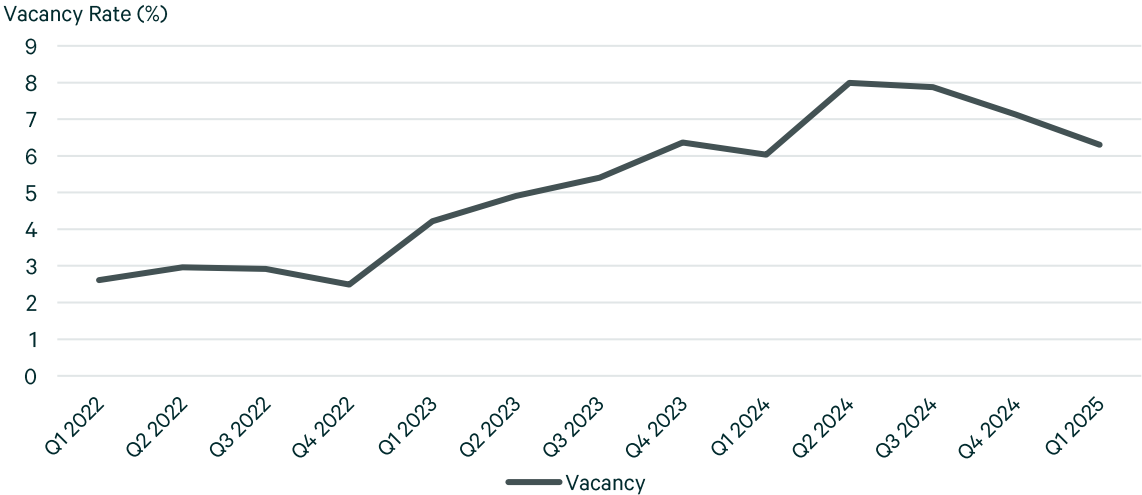
Vacancy rates fell from 7.1% to 6.3% quarter-over-quarter due to positive net absorption. The overall vacancy rate of 6.3% represents a 30 basis points increase year-over-year (6.0% to 6.3%). The South submarket posted the overall highest vacancy rate for the quarter at 10.5%. Followed by the Western Suburbs submarket (7.4%) and the Northeast submarket (6.6%).

Asking Rent

The overall market average asking lease rate was \$7.00 at the end of Q1 2025. Distribution/Logistics property types closed the quarter with an asking rate of \$6.32 while R&D/Flex property types closed at \$9.62

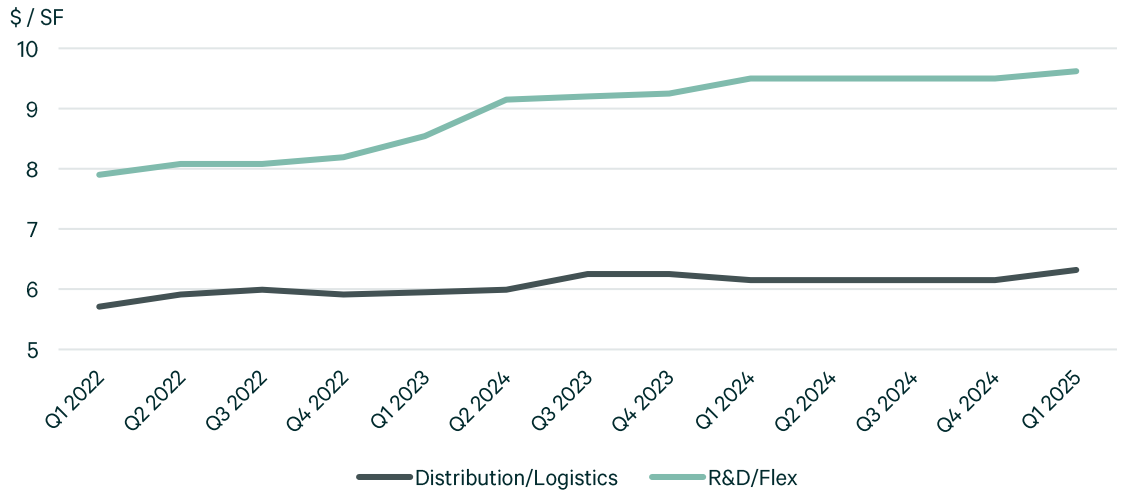
The Western Suburbs led all submarkets with an average asking rate of \$7.54. Primarily driven by new development warehouse and flex space on the market.

FIGURE 2: Vacancy Rates



Source: CBRE Research, Q1 2025

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



Source: CBRE Research, Q1 2025

Net Absorption

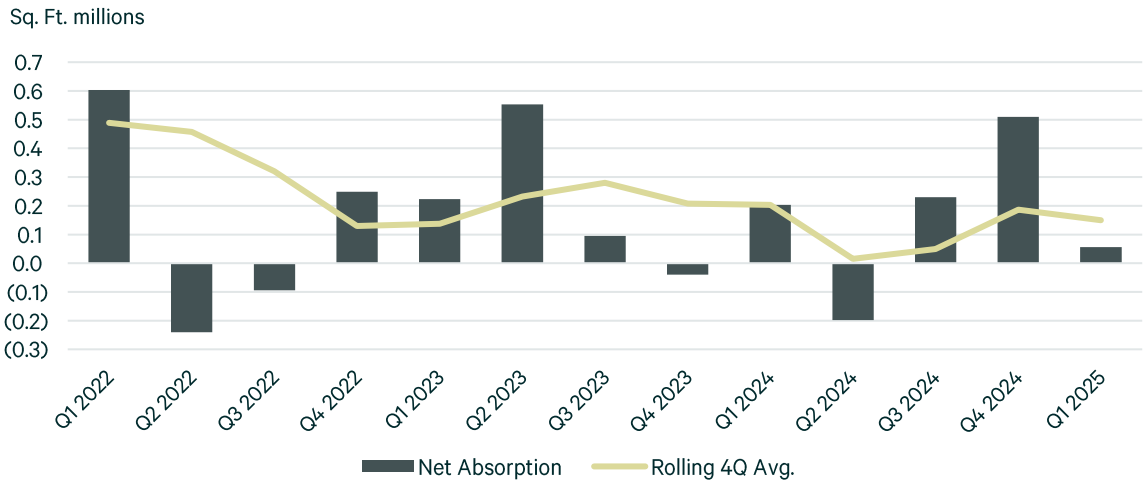
The Des Moines industrial market posted positive 56,137 sq. ft. for Q1 2025. Positive net absorption was concentrated primarily in the Northeast submarket with 103,462 sq. ft. for the quarter. The Western Suburbs submarket recorded the lowest net absorption for Q1 2025, posting negative 39,475 sq. ft., primarily driven by previously occupied space becoming available.

Construction Activity

The Des Moines industrial construction pipeline is comprised of 2 projects totaling 397,000 sq. ft. The largest ongoing development is Kemin Industries new 342,000 sq. ft. warehouse expansion at 2200 Maury St. The project looks to be wrapping up and expected to be completed in Q2. The second ongoing project in the Metro is Insane Impact’s new 55,000 sq. ft. HQ at 7901 SW 22nd St. This project also looks to be near completion with an anticipated Q2 delivery.

Speculative development continued to remain on pause to start the year. Record amounts of speculative product have delivered to the market over the last three years causing the markets overall vacancy to rise. Much of this space remains vacant and is located in the Western Suburbs and Northeast submarkets.

FIGURE 4: Net Absorption Trend



Source: CBRE Research, Q1 2025

FIGURE 5: Construction Activity

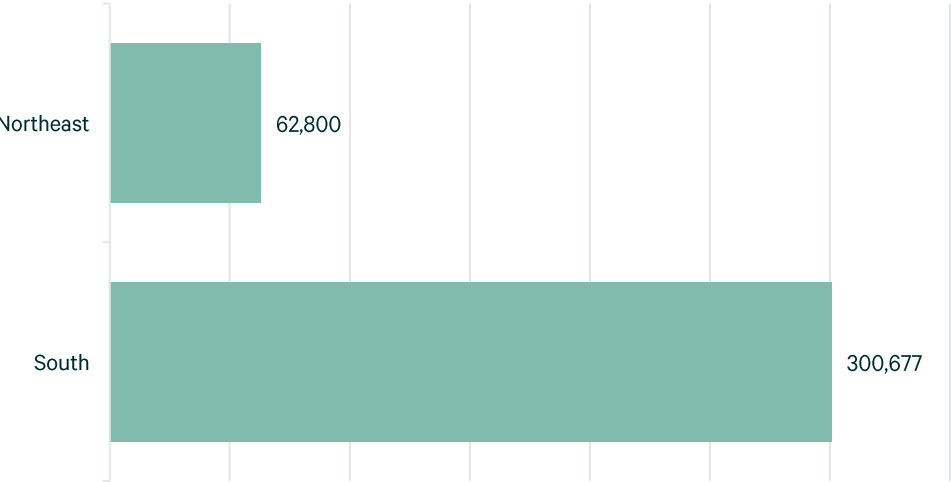


Source: CBRE Research, Q1 2025

Leasing Activity

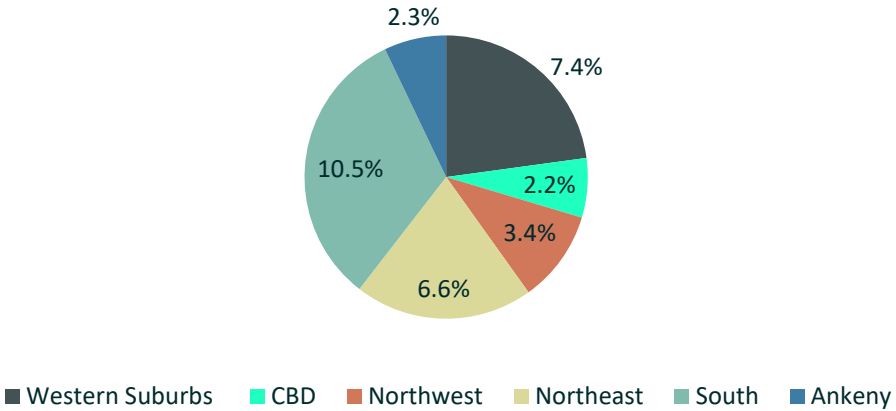
Leasing activity in the Des Moines industrial market totaled just over 481,000 sq. ft. for Q1 2025. The South submarket led the overall market with 300,677 sq. ft. due to a new-to-market electrical and alternative energy supplier Ampacity Renewables securing a 300,677 sq. ft. lease at 3440 Gannett Ave. The Northeast submarket had the second highest activity throughout the quarter totaling just over 118,000 sq. ft. headlined by EPI Power securing a 62,800 sq. ft. lease at 3800 Dixon St. Conversely, both the Western Suburbs (49,319 SF) and Ankeny (13,000 SF) submarkets recorded leasing activity in Q1.

FIGURE 6: Leasing Activity by Submarket – Leases 50,000 sq. ft. and up



Source: CBRE Research, Q1 2025

FIGURE 7: Vacant Space % by Submarket



Source: CBRE Research, Q1 2025

FIGURE 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Ampacity Renewables	300,677	New Lease	3440 Gannett Ave	South
EPI Power	62,800	New Lease	3800 Dixon St	Northeast
Iowa Floor Covering	12,050	New Lease	305 Adventureland Dr NW	Northeast
Blue Kangaroo Packoutz	10,000	New Lease	1400 SE Gateway Dr	Western Suburbs
D1 Sports Training	8,261	New Lease	305 Adventureland Dr NW	Northeast
Sisu Strength Academy	6,600	New Lease	1040 SE Frontier Ave	Western Suburbs

Source: CBRE Research, Q1 2025

Market Statistics by Size

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Under 100,000 sq. ft.	26,613,844	3.9	4.5	4.1	0.4	8.37	(83,041)	(83,041)	0	55,000
100,000-199,999 sq. ft.	12,690,034	7.7	6.5	6.4	0.2	6.34	(10,000)	(10,000)	0	0
200,000-299,999 sq. ft.	9,932,459	5.5	6.1	6.0	0.1	5.96	149,178	149,178	0	0
300,000-499,999 sq. ft.	6,124,156	20.9	16.0	14.3	1.7	6.02	0	0	0	342,000
500,000-749,999 sq. ft.	4,864,113	6.7	6.7	2.6	4.1	-	0	0	0	0
750,000 sq. ft.	6,295,451	0.0	0.0	0.0	0.0	-	0	0	0	0
Total	66,520,057	6.3	5.9	5.3	0.7	7.00	56,137	56,137	0	397,000

Market Statistics by Submarket

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Ankeny	9,095,010	2.3	2.3	2.2	0.1	6.59	(4,850)	(4,850)	0	0
CBD	852,900	2.2	4.0	3.0	1.0	6.62	0	0	0	0
Northeast	25,922,516	6.6	6.4	5.4	1.0	6.49	103,462	103,462	0	342,000
Northwest	5,659,624	3.4	3.4	3.4	0.0	6.62	(3,000)	(3,000)	0	0
South	5,657,657	10.5	6.3	5.9	0.3	6.50	0	0	0	55,000
Western Suburbs	19,332,350	7.4	7.7	6.9	0.8	7.54	(39,475)	(39,475)	0	0
Total	66,520,057	6.3	5.9	5.3	0.7	7.00	56,137	56,137	0	397,000

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.

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413,014

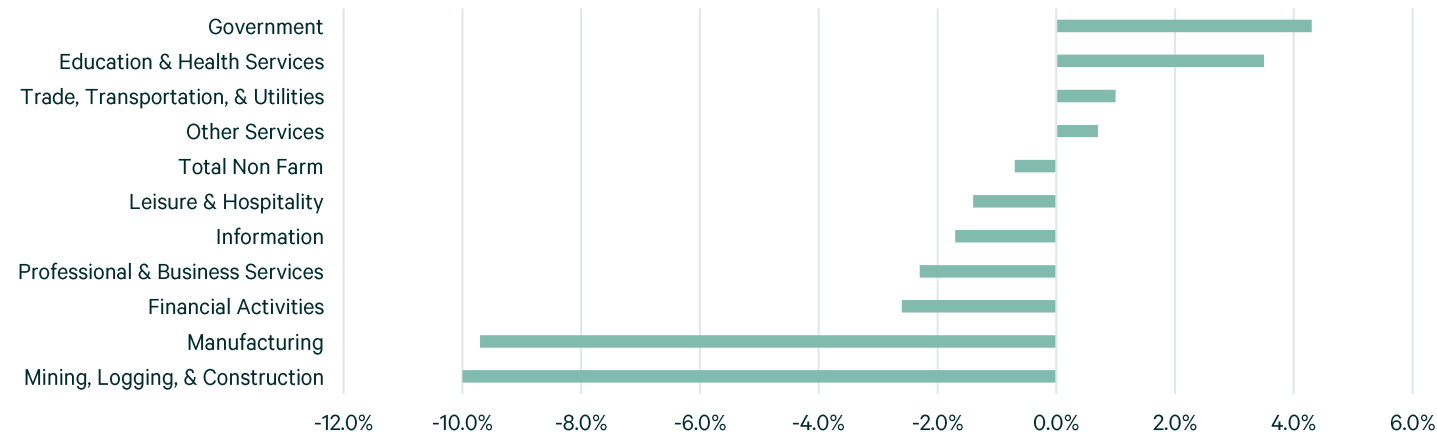
Labor Force

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3.9%

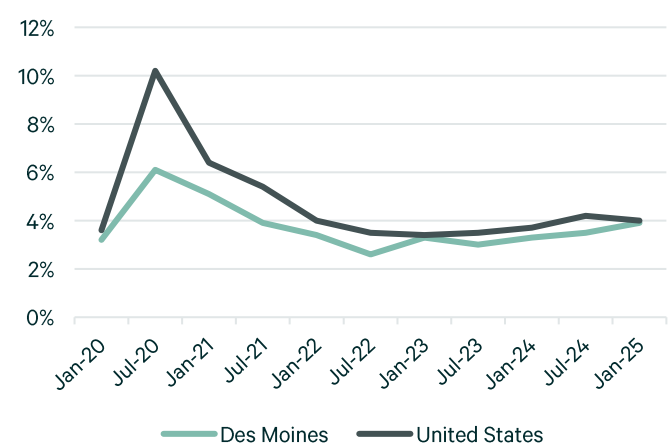
Unemployment Rate

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



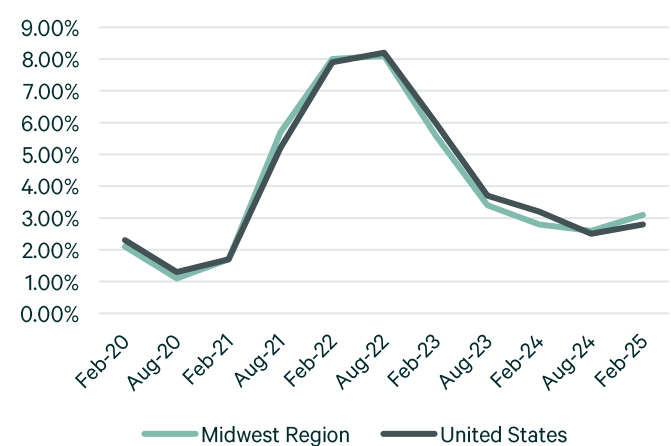
Source: BLS

Figure 10: Unemployment Rate



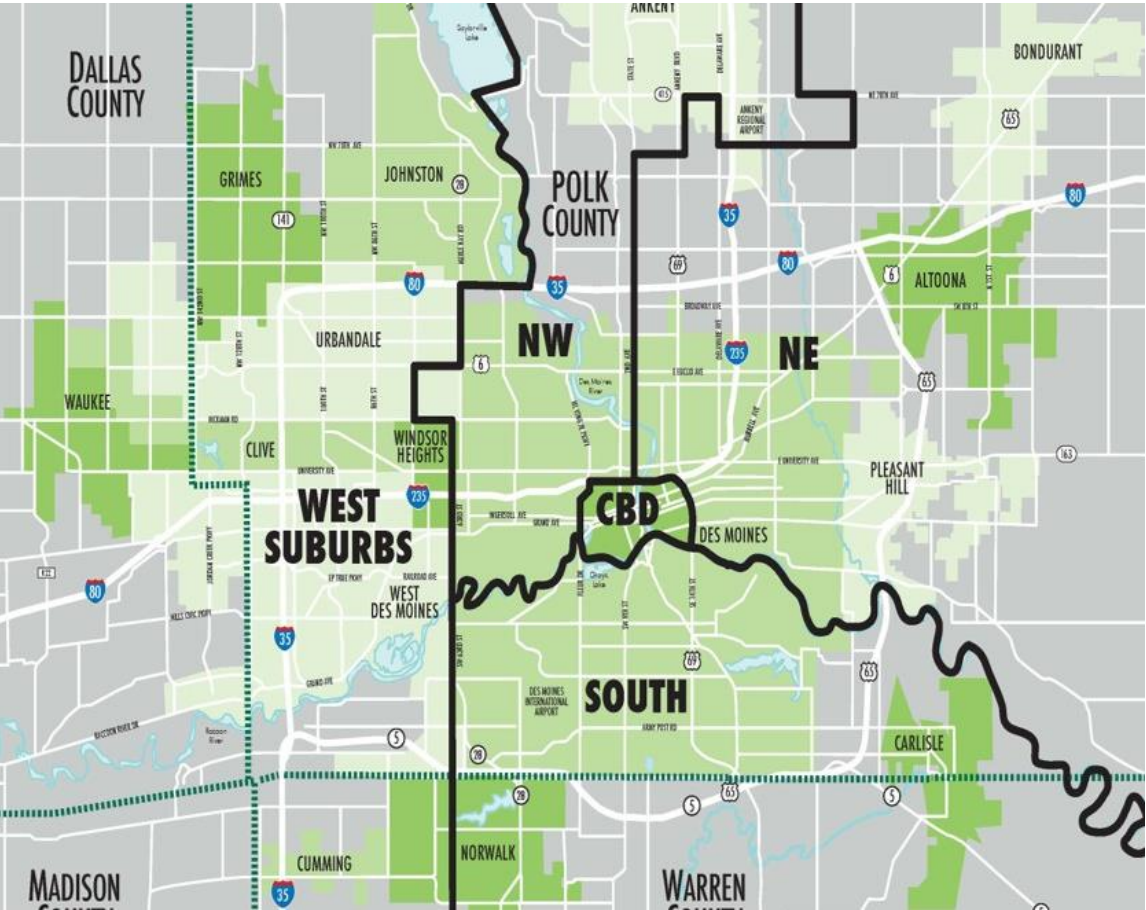
Source: BLS

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 industrial 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

CBRE has updated the criteria for industrial tracked building sets 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 each markets most competitive buildings. Building inventories will be evaluated quarterly to ensure they remain the most comprehensive and accurate representation of each market.

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