

Des Moines

Over 1.4 million s.f. of speculative warehouse space delivered in Q4

- The East and North submarkets contributed to the majority of the positive absorption for the Des Moines market in 2022 (89%). These two submarkets had all the speculative warehouse completions during the fourth quarter and have 860,000 s.f. of speculative space under construction going into 2023.
- Echo Electric completed their new 101,000 s.f.-warehouse at 6610 SE Delaware Avenue in Ankeny. They moved from their previous location at 2nd Avenue and I-80/35 in north Des Moines.

Six speculative warehouses completed construction in Q4 2022. VanTrust finished Altus Commerce Center Building C (496,800 s.f.). Opus/Ilex completed two warehouse buildings at Northridge 80|35 (164,000 s.f. & 186,000 s.f.). Chapman Distribution Center was completed by Ryan Companies (200,494 s.f.). Signature Real Estate finished their second building at Commerce Crossing in Altoona (195,500 s.f.). Endeavor Development entered the Des Moines market with their first constructed warehouse (180,000 s.f.).

The largest sale of the quarter was 7400 SE Convenience Drive in Ankeny (Swanwood Logistics Center II). Opus sold the 296,000 s.f.-warehouse to Brown National Lease for \$27.4 million. Brown will utilize a portion of the building and lease the remainder. Brown also owns Swanwood Logistics Center I directly north of Swanwood II. Opus completed that 274,000 s.f. build-to-suit for Brown in 2021.

In Q4, the largest lease signed was JT Logistics at Altus Commerce Center Building A (265,000 s.f.) in Altoona. Other large leases included John Deere at 7305 SE Crosswinds (155,000 s.f.), Vermeer at 1835 NE Broadway (108,000 s.f.) and Benson Hill at 1000 Commerce Parkway (108,000 s.f.).

Outlook

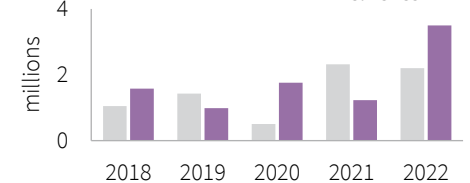
The industrial market will have new availabilities to absorb in 2023. Look for supply to increase with more projects being completed in the West submarket. There are four projects totaling 757,000 s.f. that will be completed in Q1 2023. Expect these buildings and the new warehouses in the East and West submarkets to lease up in the next 18 months. We anticipate industrial demand in Des Moines to remain strong throughout 2023 as the global economy works to alleviate supply chain constraints.

Fundamentals

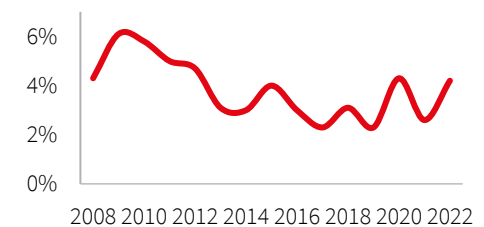
Forecast

YTD net absorption	2,243,032 s.f. ▲
Under construction	1,670,457 s.f. ►
Total vacancy	4.2% ▲
Sublease vacancy	52,000 ►
Direct asking rent	\$5.81 p.s.f. ►
Sublease asking rent	\$4.83 p.s.f. ►
Concessions	Stable ►

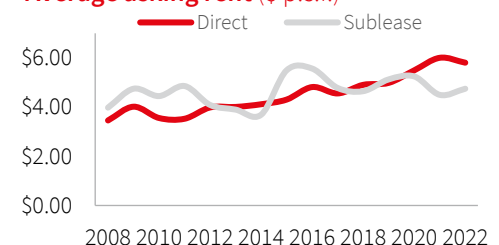
Supply and demand (safe)



Total vacancy (%)



Average asking rent (\$ p.s.f.)



Industrial Statistics

	Inventory (s.f.)	Quarterly total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Total vacancy (%)	Total availability (%)	Average total asking rent (\$ p.s.f.)	Quarterly Completions (s.f.)	YTD Completions (s.f.)	Under construction (s.f.)
Central Iowa/Des Moines total										
Warehouse & Distribution	40,256,042	562,218	2,163,794	5.4%	6.3%	8.0%	\$5.81	1,524,494	3,356,571	1,623,547
Manufacturing	24,596,491	-69,185	126,003	0.5%	0.8%	0.9%	\$5.90	0	46,765	46,910
Overall Total	64,852,533	493,033	2,289,797	3.5%	4.2%	5.4%	\$5.81	1,524,494	3,403,336	1,670,457
CBD Des Moines										
Warehouse & Distribution	606,553	0	-21,000	-3.5%	3.5%	3.5%	\$5.00	0	0	0
Manufacturing	92,367	0	0	0.0%	11.4%	0.0%	\$0.00	0	0	0
Overall Total	698,920	0	-21,000	-3.0%	4.5%	3.0%	\$5.00	0	0	0
East										
Warehouse & Distribution	7,054,339	342,718	1,142,850	16.2%	9.5%	10.9%	\$5.95	692,300	1,579,000	628,147
Manufacturing	5,667,278	0	41,060	0.7%	0.0%	0.0%	\$0.00	0	0	46,910
Overall Total	12,721,617	342,718	1,183,910	9.3%	5.3%	6.2%	\$5.95	692,300	1,579,000	675,057
North										
Warehouse & Distribution	19,036,330	219,500	746,228	3.9%	7.8%	9.4%	\$5.84	832,194	1,777,571	237,900
Manufacturing	11,887,699	-18,105	100,739	0.8%	0.7%	0.9%	\$6.15	0	46,765	0
Overall Total	30,924,029	201,395	846,967	2.7%	5.1%	6.2%	\$5.87	832,194	1,824,336	237,900
South										
Warehouse & Distribution	2,673,193	0	8,750	0.3%	0.0%	1.1%	\$5.25	0	0	0
Manufacturing	2,760,649	-51,080	724	0.0%	3.0%	3.0%	\$4.50	0	0	0
Overall Total	5,433,842	-51,080	9,474	0.2%	1.5%	2.0%	\$4.71	0	0	0
West										
Warehouse & Distribution	10,548,090	0	286,966	2.7%	3.2%	5.2%	\$5.97	0	0	757,500
Manufacturing	3,427,006	0	-16,520	-0.5%	0.5%	1.2%	\$8.95	0	0	0
Overall Total	13,975,096	0	270,446	1.9%	2.5%	4.3%	\$6.14	0	0	757,500