Deliveries remain robust to start 2023 adding new space to the market

▲ 5.4%
Warehouse & Distribution Vacancy

▲ 3.4%
Flex Vacancy

▲ 1,735,386
2023 YTD Completions (SF)

▼ (1,195,649)
Q1 Overall Net Absorption

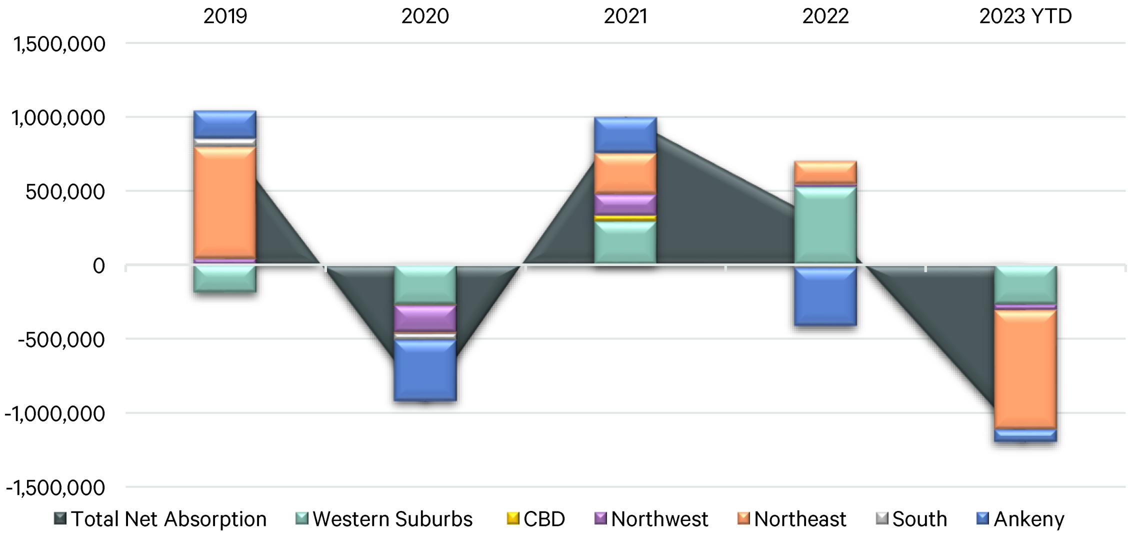
▼ 1,176,147
Under Construction (SF)

Note: Arrows indicate change from previous quarter.

Summary

- The Des Moines industrial market had a total of 1,195,649 sq. ft. of negative absorption in Q1, 2023. Four of the six submarkets recorded negative absorption quarter-over-quarter, with the NE and Western Suburbs submarkets being impacted the most by recent deliveries.
- The Western Suburbs and NE submarkets recorded a total of 1,080,946 sq. ft. of negative absorption quarter-over-quarter, driven by over 500,000 sq. ft. of new space being delivered in each individual submarket (Figure 4).
- Overall warehouse & distribution vacancy rates increased 270 basis points (2.7% to 5.4%) quarter-over-quarter, a result of over 1.7 million sq. ft. of newly developed space delivering to the market.
- Flex property types saw a slight uptick in vacancy (2.4% to 3.4%) in Q1, with a total of 104,951 sq. ft. of negative absorption quarter-over-quarter.

FIGURE 1 : Overall Warehouse & Distribution Net Absorption (SF) by Submarket Yearly



Source: CBRE Research and Other Sources

Completed Construction

Six developments were completed in Q1 2023 for a total of 1,735,386 sq. ft. of space (Figure 4). As shown in Figure 2 , YTD construction completions have already tallied over 80% of the total completions that we saw in the record year of 2022.

As shown in Figure 4, Grimes led all cities with two total deliveries in Q1 2023 totaling 530,192 sq. ft. (30% of total completions). 270,192 sq. ft. of the newly delivered space remains vacant. Altoona ranked 2nd in completions with one property being delivered totaling 496,800 sq. ft. (29% of total completions). All 496,800 sq. ft. remains vacant. Ankeny came in 3rd with two deliveries totaling 358,394 sq. ft. (21% of total completions) with 157,900 sq. ft. remaining vacant. Des Moines ranked 4th in completions with two properties being delivered totaling 350,000 sq. ft. All 350,000 sq. ft. remains vacant.

Under Construction

The pipeline continues to shrink to start off 2023. Approximately 1.2 million sq. ft. of space remains under construction. As shown in Figure 5, projects under construction are located throughout the Metro with 53% taking place in the Northeast submarket and 47% in the Western Suburbs submarket. In addition, we anticipate that all 1.2 million sq. ft. of space will deliver in 2023 with a few other developments expected to break ground.

Outlook

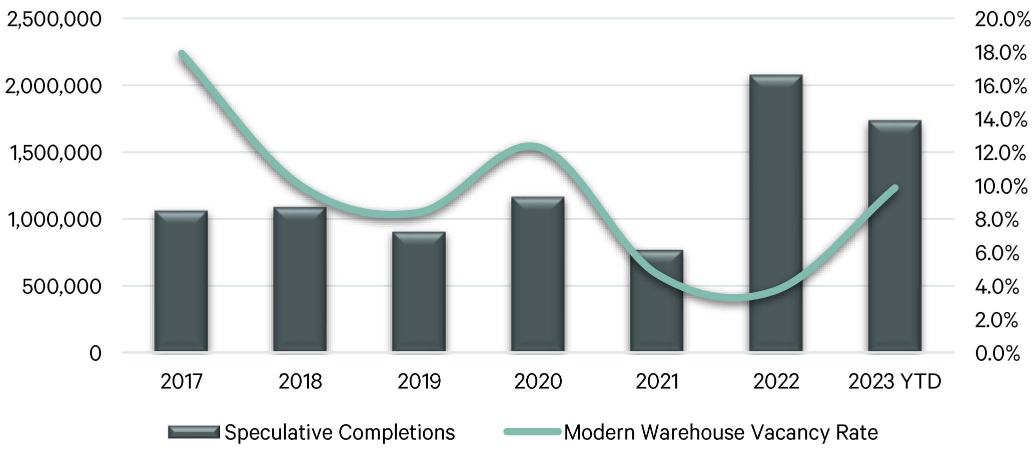
Vacancy is expected to decline throughout 2023 as the construction pipeline is starting to shrink. High levels of new supply in recent quarters have brought millions of sq. ft. to the market, but the list of prospective tenants and new absorption to the market remains strong. We believe the increase in vacancy is likely to be temporary and fundamentals will begin to stabilize in the latter half of 2023.

Click Here for Interactive Map

FIGURE 3 : Construction Pipeline

Under Construction	Size (SF)	Address	City	Submarket	Delivery
I-80 Distribution Center	300,000	555 9th St NE	Altoona	Northeast	Q2, 2023
Altus Commerce Center (Building B)	328,147	2600 20th SW	Altoona	Northeast	Q2, 2023
Center Pointe Warehouse	212,500	Interstate 80/35 & 100th St	Urbandale	Western	Q2, 2023
Donovan Marine Grimes Warehouse	200,000	501 SW 37th St	Grimes	Western	Q3, 2023
Legacy 3 at Legacy Park	135,500	1200 SE 19th St	Grimes	Western	Q2, 2023

FIGURE 2 : Warehouse & Distribution Completions (SF) & Vacancy Rate



Modern Warehouse: Built in 1990 or later with 24' or higher clear height

FIGURE 4 : 2023 YTD Completions (SF)

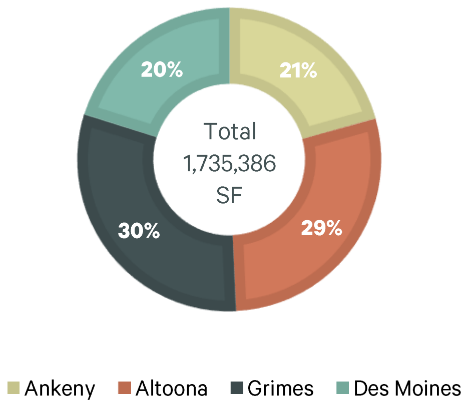
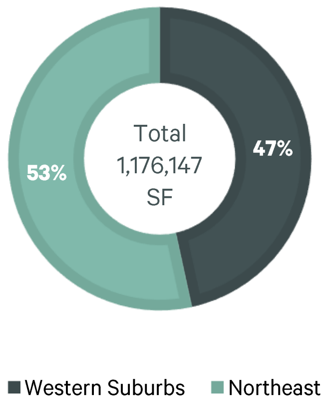


FIGURE 5 : Under Construction (%) by Submarket (SF)



Source: CBRE Research and Other Sources

Warehouse & Distribution Statistics

Submarket	Market Rentable Area (SF)	Vacant (SF)	Vacancy (%)	Q1 Net Absorption (SF)	Under Construction (Spec.) (SF)	NNN Avg. Asking Lease Rate ($/SF/Yr.)
Western Suburbs	11,983,081	356,372	2.97%	(269,422)	412,500	$6.84
CBD	594,479	13,415	2.26%	0	0	$5.86
Northwest	3,805,010	104,520	2.75%	(37,440)	0	$6.24
Northeast	17,103,799	941,319	5.50%	(807,636)	628,147	$5.71
South	4,258,016	210,914	4.95%	0	0	$4.92
Ankeny	4,928,314	672,066	13.64%	(84,200)	0	$6.25
Greater DSM	**42,672,699**	**2,298,606**	**5.39%**	**(1,198,698)**	**1,040,647**	**$5.95**

Manufacturing Statistics

Submarket	Market Rentable Area (SF)	Vacant (SF)	Vacancy (%)	Q1 Net Absorption (SF)	Under Construction (Spec.) (SF)	NNN Avg. Asking Lease Rate ($/SF/Yr.)
Western Suburbs	1,832,269	0	0.0%	0	0	$5.81
CBD	0	0	0.0%	0	0	$0.00
Northwest	2,347,438	0	0.0%	0	0	$5.00
Northeast	3,787,447	74,400	1.96%	108,000	0	$5.15
South	963,057	13,143	1.36%	0	0	$6.00
Ankeny	2,932,101	0	0.0%	0	0	$0.00
Greater DSM	**11,862,312**	**87,543**	**0.74%**	**108,000**	**0**	**$5.52**

Modern Bulk Warehouse & Distribution Statistics

Submarket	Market Rentable Area (SF)	Vacant (SF)	Vacancy (%)	Q1 Net Absorption (SF)	Under Construction (Spec.) (SF)	NNN Avg. Asking Lease Rate ($/SF/Yr.)
Western Suburbs	4,949,096	321,692	6.50%	(260,392)	412,500	$7.04
CBD	0	0	0.0%	0	0	$0.00
Northwest	1,632,277	0	0.0%	0	0	$5.38
Northeast	8,038,564	846,800	10.53%	(846,800)	628,147	$5.96
South	720,834	0	0.0%	0	0	$4.95
Ankeny	3,238,822	664,200	20.51%	(94,900)	0	$5.95
Greater DSM	**18,579,593**	**1,832,692**	**9.86%**	**(1,202,092)**	**1,040,647**	**$6.13**

Flex Statistics

Submarket	Market Rentable Area (SF)	Vacant (SF)	Vacancy (%)	Q1 Net Absorption (SF)	Under Construction (Spec.) (SF)	NNN Avg. Asking Lease Rate ($/SF/Yr.)
Western Suburbs	5,123,740	295,187	5.76%	(102,148)	135,500	$9.37
CBD	327,856	17,612	5.37%	(3,000)	0	$7.20
Northwest	801,126	3,052	0.38%	(1,000)	0	$9.00
Northeast	3,092,612	14,990	0.48%	(9,740)	0	$8.25
South	316,629	0	0.0%	0	0	$8.00
Ankeny	792,301	22,558	2.85%	10,937	0	$9.41
Greater DSM	**10,454,264**	**353,399**	**3.38%**	**(104,951)**	**135,500**	**$8.54**

Contact

Tony Leshen
Research Analyst
515 221 6690
tony.leshen@cbre.com

Bill Wright
Managing Director
515 221 6672
bill.wright2@cbre.com