

FIGURES | INDUSTRIAL | Q2 2023

Construction pipeline contracts after historic number of deliveries



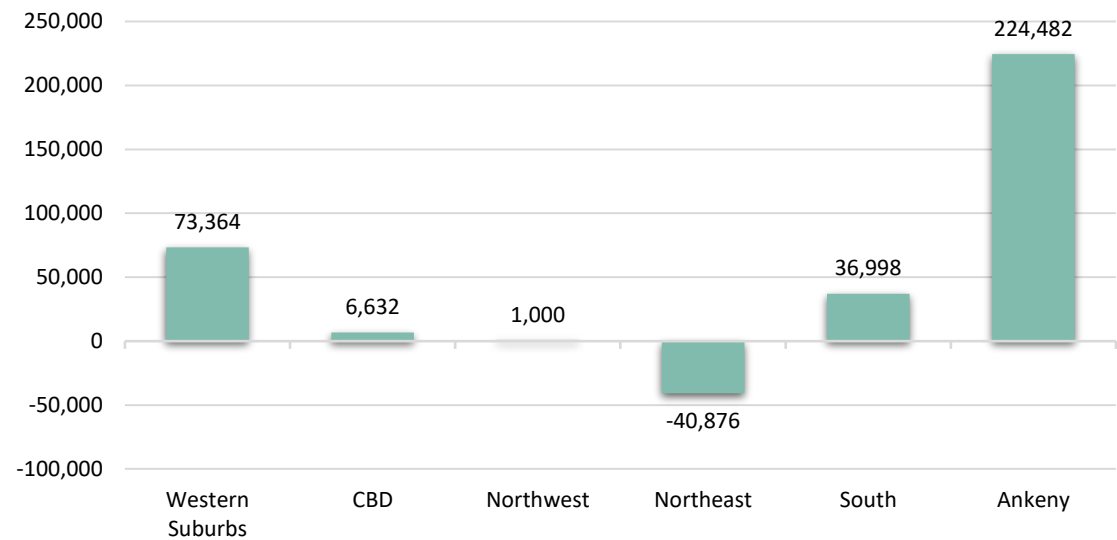
Note: Arrows indicate change from previous quarter.

Summary

- The Des Moines industrial market had a total of 301,600 sq. ft. of positive absorption in Q2 2023. Five of the six submarkets recorded positive absorption quarter-over-quarter, with the Western Suburbs and Ankeny submarkets accounting for over 90% of total absorption.
- Overall warehouse & distribution vacancy rates increased 90 basis points (5.4% to 6.3%) quarter-over-quarter, a result of over 850,000 sq. ft. of vacant speculative space delivering to the market.
- Leasing activity continued to remain active in the second quarter. Capital markets continues to remain on pause as the federal reserve forecasts two more rate hikes before the end of 2023.
- Nearly 1.2 million sq. ft. of new space was completed in Q2 2023, with 18% (210,000 sq. ft.) of this space pre-leased. As a result, 370,000 sq. ft. of space remained under construction at the end of the quarter. (Figure 3)



FIGURE 1: Overall Net Absorption (SF) by Submarket Quarterly



Source: CBRE Research and Other Sources

Completed Construction

Construction completions remained robust in Q2 2023 with five new developments being delivered for a total of 1,176,147 sq. ft. of space, bringing the YTD completions to 2,911,533 sq. ft. (Figure 4). As shown in Figure 2, YTD completions have officially surpassed the total completions that we witnessed in the record year of 2022.

As shown in Figure 4, Altoona led all cites with two total deliveries in Q2 2023 totaling 628,147 sq. ft., bringing its YTD completions to over 1.1 million sq. ft. (39% of total completions). All 1.1 million sq. ft. of space remains vacant. Grimes ranked 2nd in completions in Q2 with two properties being delivered totaling 335,500 sq. ft., bringing its YTD completions to 865,692 sq. ft. (30% of total completions) with 437,692 sq. ft. remaining vacant. Urbandale ranked 3rd for the quarter recording its first delivery of the year for a total of 212,500 sq. ft. with 170,000 sq. ft. remaining vacant.

Under Construction

The under-construction pipeline continues to contract in 2023. Currently, there are two industrial projects under construction in the Des Moines market totaling just over 370,000 sq. ft. (Figure 3). Both projects are being developed on a speculative basis. We anticipate the pipeline to expand going forward as a few other developments have been proposed.

Outlook

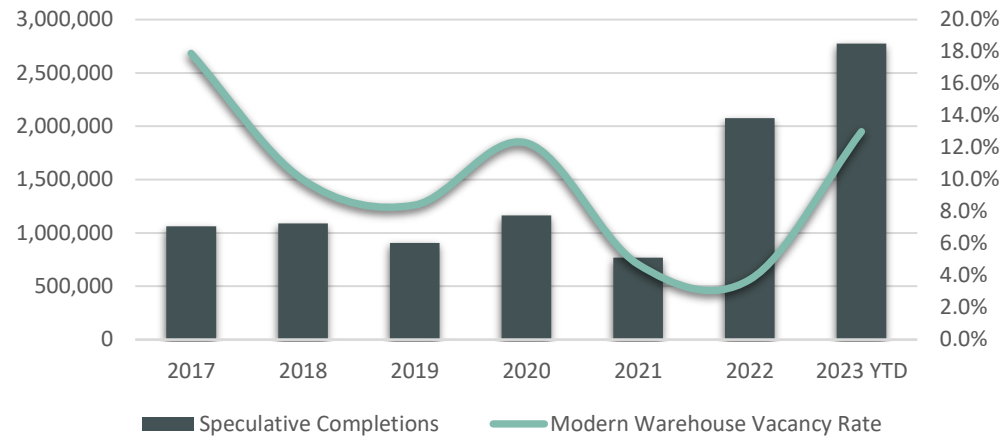
Vacancy is expected to decline through the latter half of 2023 as leasing activity remains robust while the construction pipeline contracts. Record levels of new supply in recent quarters have brought millions of sq. ft. to the market, but the list of prospective tenants and new absorption to the market remains strong.

FIGURE 3 : Construction Pipeline

Under Construction	Size (SF)	Address	City	Submarket	Delivery
Prairie Tower I	234,348	4800 NW 128 th St.	Urbandale	Western Suburbs	2024
Gateway East Business Park (Phase 1)	135,656	305 Adventureland Dr. NW	Altoona	Northeast	Q4, 2023

[Click Here for Interactive Map](#)

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)

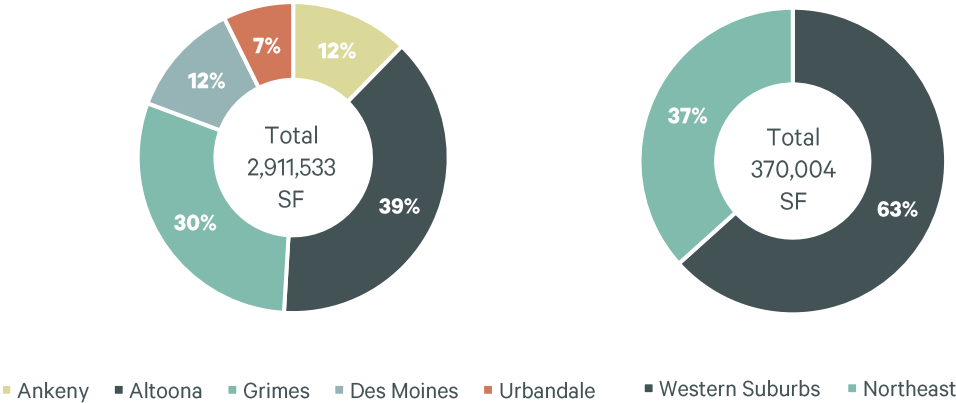
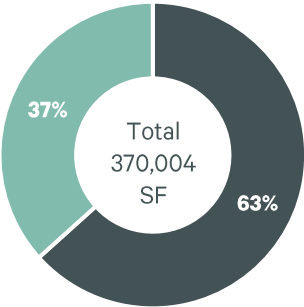


FIGURE 5 : Under Construction (%) by Submarket (SF)



Source: CBRE Research and Other Sources

Warehouse & Distribution Statistics

Submarket	Market Rentable Area (SF)	Vacant (SF)	Vacancy (%)	Q2 Net Absorption (SF)	Under Construction (Spec.) (SF)	NNN Avg. Asking Lease Rate (\$/SF/Yr.)
Western Suburbs	12,183,081	443,906	3.64%	42,923	234,348	\$6.00
CBD	594,479	13,415	2.26%	0	0	\$5.86
Northwest	3,805,010	104,520	2.75%	0	0	\$6.20
Northeast	17,731,946	1,567,577	8.84%	(55,866)	0	\$5.86
South	4,258,016	178,761	4.20%	32,153	0	\$4.95
Ankeny	4,928,314	450,895	9.15%	221,171	0	\$6.00
Greater DSM	43,500,846	2,759,074	6.34%	240,381	234,348	\$5.99

Modern Bulk Warehouse & Distribution Statistics

Submarket	Market Rentable Area (SF)	Vacant (SF)	Vacancy (%)	Q2 Net Absorption (SF)	Under Construction (Spec.) (SF)	NNN Avg. Asking Lease Rate (\$/SF/Yr.)
Western Suburbs	5,149,096	604,192	11.73%	12,000	234,348	\$6.07
CBD	0	0	0.0%	0	0	\$0.00
Northwest	1,632,277	0	0.0%	0	0	\$6.10
Northeast	8,666,711	1,474,947	17.02%	0	0	\$5.96
South	720,834	0	0.0%	0	0	\$4.95
Ankeny	3,335,822	457,229	13.71%	206,971	0	\$6.10
Greater DSM	19,504,740	2,536,368	13.00%	218,971	234,348	\$6.10

Contact

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

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

Manufacturing Statistics

Submarket	Market Rentable Area (SF)	Vacant (SF)	Vacancy (%)	Q2 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	\$5.50
Northeast	3,778,470	74,400	2.00%	0	0	\$5.15
South	963,057	8,298	0.86%	4,845	0	\$6.00
Ankeny	2,932,101	0	0.0%	0	0	\$6.00
Greater DSM	11,853,335	82,698	0.70%	4,845	0	\$5.55

Flex Statistics

Submarket	Market Rentable Area (SF)	Vacant (SF)	Vacancy (%)	Q2 Net Absorption (SF)	Under Construction (Spec.) (SF)	NNN Avg. Asking Lease Rate (\$/SF/Yr.)
Western Suburbs	5,293,272	302,246	5.71%	30,441	0	\$9.25
CBD	327,856	10,980	3.35%	6,632	0	\$8.50
Northwest	806,672	2,052	0.25%	1,000	0	\$9.00
Northeast	3,295,228	52,960	1.61%	14,990	135,656	\$9.00
South	351,129	22,500	6.41%	0	0	\$8.25
Ankeny	792,301	19,247	2.43%	3,311	0	\$10.00
Greater DSM	10,866,458	409,985	3.77%	56,374	135,656	\$9.15

