Record year of deliveries in the Des Moines industrial market

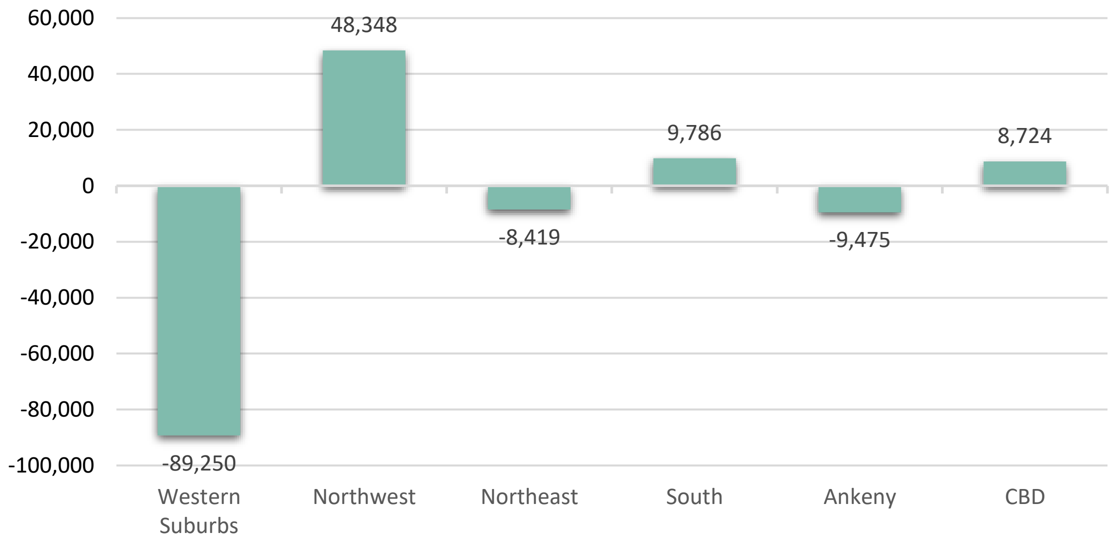
▲ 7.9%	▲ 5.9%	▲ 3,047,189	▼ (40,286)	▼ 761,834
Warehouse & Distribution Vacancy	Flex Vacancy	2023 Completions (SF)	Q4 Overall Net Absorption	Under Construction (SF)

Note: Arrows indicate change from previous quarter.

Summary

- Overall warehouse & distribution vacancy rates increased 130 basis points (6.6% to 7.9%) quarter-over-quarter. The overall warehouse & distribution vacancy rate of 7.9% represents a 250 basis points (bps) increase since the beginning of Q1 2023 (5.4% to 7.9%), a result of over 3 million sq. ft. of space delivering to the marketplace in 2023.
- The Des Moines industrial market had a total of 40,286 sq. ft. of negative absorption in Q4 2023. Three of the six submarkets recorded negative absorption quarter-over-quarter, with the Western Suburbs accounting for over 80% of negative absorption. (Figure 1)
- The overall modern bulk warehouse & distribution average asking lease rate was $6.25 NNN at the end of Q4 2023. Modern bulk average asking lease rates increased 3.3% year-over-year ($6.05 NNN to $6.25 NNN)
- Over 3 million sq. ft. of new space was delivered in 2023 with approximately 77% (2.3 million sq. ft.) of this space remaining vacant.

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



Source: CBRE Research and Other Sources

Construction

One building was completed in Q4 2023 bringing the YTD number of completions to twelve buildings totaling just over 3 million sq. ft. of space (Figure 4). A total of 2.9 million sq. ft. was delivered in the first half of 2023 and approximately 135,000 sq. ft. was delivered in the second half of 2023. As shown in Figure 4, YTD construction completions surpassed each of the previous six years (2017-2022).

As shown in Figure 5, Altoona led all cities with 4 total deliveries in 2023 totaling over 1.2 million sq. ft. (41% of total completions.) Almost all the newly delivered space remains vacant. Grimes ranked 2nd in completions with 4 properties being delivered totaling 865,000 sq. ft. (28% of total completions) with over 400,000 sq. ft. leased. Ankeny came in 3rd with 2 deliveries totaling 358,000 sq. ft. (12% of total completions) with 200,000 sq. ft. leased. Des Moines was 4th with 2 deliveries totaling 350,000 sq. ft. (12% of total completions.) All 350,000 sq. ft remains vacant. Lastly, Urbandale ranked 5th with 1 delivery totaling 212,000 sq. ft. (7% of total completions) with 40,000 sq. ft. leased.

FIGURE 2 : Notable Leasing Transactions Quarterly

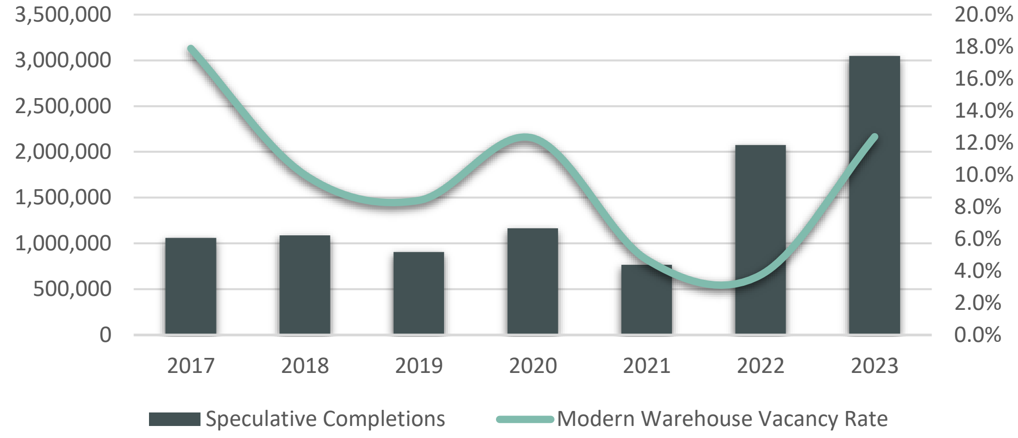
User	Location	Size (SF)	Submarket	Type
Fiber Recycling Services	96 Jefferson Ave	28,000	Northwest	New
Robison Construction	11201 Aurora Ave	14,946	Western Suburbs	Expansion
Continuus Materials of Iowa	2301 Shiloh Rose Pkwy	10,800	Northeast	New

FIGURE 3 : Construction Pipeline

Click Here for Interactive Map

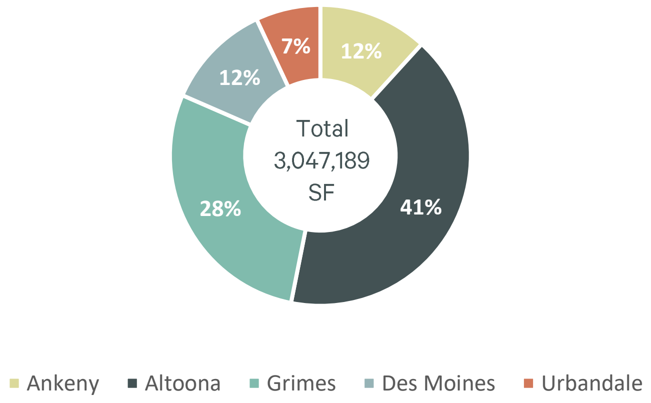
Under Construction	Size (SF)	Address	City	Submarket	Est. Delivery
Prairie Tower I	234,348	4800 NW 128th St.	Urbandale	Western Suburbs	2024
Urban Loop Commerce Center I	450,686	NW 128th St & Meredith Dr.	Urbandale	Western Suburbs	Q1, 2024
South Branch Flex Warehouse I	76,800	4210 SE Army Post Rd	West Des Moines	Western Suburbs	Q2, 2024

FIGURE 4 : Warehouse & Distribution Completions (SF) & Vacancy Rate



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

FIGURE 5 : 2023 Completions (SF)



Source: CBRE Research and Other Sources

Warehouse & Distribution Statistics

Submarket	Market Rentable Area (SF)	Vacant (SF)	Vacancy (%)	Q4 Net Absorption (SF)	Under Construction (Spec.) (SF)	NNN Avg. Asking Lease Rate ($/SF/Yr.)
Western Suburbs	12,183,081	567,612	4.66%	(85,466)	685,034	$6.25
CBD	594,479	4,691	0.79%	0	0	$6.00
Northwest	3,865,010	108,080	2.80%	38,800	0	$6.25
Northeast	17,737,235	1,993,309	11.24%	(31,600)	0	$6.25
South	4,258,016	208,628	4.90%	2,286	0	$5.25
Ankeny	5,211,314	611,117	11.73%	(9,475)	0	$6.25
Greater DSM	**43,849,135**	**3,493,437**	**7.97%**	**(76,731)**	**685,034**	**$6.15**

Manufacturing Statistics

Submarket	Market Rentable Area (SF)	Vacant (SF)	Vacancy (%)	Q4 Net Absorption (SF)	Under Construction (Spec.) (SF)	NNN Avg. Asking Lease Rate ($/SF/Yr.)
Western Suburbs	1,882,576	0	0.0%	0	0	$6.30
CBD	0	0	0.0%	0	0	$0.00
Northwest	2,346,399	0	0.0%	0	0	$5.50
Northeast	3,779,644	94,400	2.50%	0	0	$7.00
South	963,057	0	0	0	0	$4.75
Ankeny	2,932,101	0	0.0%	0	0	$7.00
Greater DSM	**11,903,777**	**94,400**	**0.79%**	**0**	**0**	**$6.30**

Modern Bulk Warehouse & Distribution Statistics

Submarket	Market Rentable Area (SF)	Vacant (SF)	Vacancy (%)	Q3 Net Absorption (SF)	Under Construction (Spec.) (SF)	NNN Avg. Asking Lease Rate ($/SF/Yr.)
Western Suburbs	5,548,196	584,112	10.53%	0	685,034	$6.50
CBD	0	0	0.0%	0	0	$0.00
Northwest	2,085,427	20,000	0.96%	0	0	$6.25
Northeast	8,915,145	1,474,947	16.54%	0	0	$6.25
South	720,834	0	0.0%	0	0	$5.25
Ankeny	3,969,432	550,456	13.87%	0	0	$6.50
Greater DSM	**21,239,034**	**2,629,515**	**12.38%**	**0**	**685,034**	**$6.25**

Flex Statistics

Submarket	Market Rentable Area (SF)	Vacant (SF)	Vacancy (%)	Q3 Net Absorption (SF)	Under Construction (Spec.) (SF)	NNN Avg. Asking Lease Rate ($/SF/Yr.)
Western Suburbs	5,349,447	426,538	7.97%	(3,784)	76,800	$9.45
CBD	327,856	10,980	3.35%	0	0	$9.00
Northwest	823,617	13,985	1.70%	9,548	0	$9.00
Northeast	3,430,884	156,147	4.55%	23,181	0	$9.00
South	351,129	21,600	6.15%	7,500	0	$8.25
Ankeny	792,301	33,574	4.24%	0	0	$10.00
Greater DSM	**11,075,234**	**662,869**	**5.99%**	**36,445**	**76,800**	**$9.25**

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