Market

Trends

Q2 2022

Des Moines - Office

Iowa Commercial Data Exchange

REDI

MARKET TRENDS

Q2 2022 | Des Moines | Office

Employment

	Current	Y-o-Y
Employment	359,085	▲
Area Unemployment	2.2	▼
U.S. Unemployment	3.6	▼
Office Jobs	113,600	▲

Source: BLS

*Employment figures and area unemployment are based on Mpls-St Paul MSA data.

Market Recap

All Properties	
Total Inventory (sf)	28,257,268
Total # of Bldgs (tracked)	668
Absorption (sf)	5,320
Vacancy	11.5%
Asking Rate (FSG)	$19.45
New Construction (sf)	1,769,110

Multi-tenant Properties	
Total Inventory (sf)	16,073,654
Total # of Bldgs (tracked)	427
Absorption (sf)	2,950
Vacancy	18.9%
Asking Rate (FSG)	$19.46

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Des Moines metropolitan statistical area (MSA) decreased 250 basis points to 2.2% for May 2022 from 4.7% for May 2021. The unemployment rate for the US was at 3.6% in May 2022 down from 6.0% last year. State of Iowa unemployment rate was 2.7%. The Des Moines MSA saw an increase in job growth and office job growth in professional, financial and information increased by 700 jobs compared to last year.

Market Overview

The Des Moines office market, consisting of over 28.2 msf of space in three counties across the metro posted 5,300 sf positive absorption bringing the YTD to (160,400) sf negative absorption and finished Q2 2022 with 11.5% vacancy rate for all properties. Multi-tenant only properties had 2,900 sf positive absorption bringing the YTD to (174,900) sf negative absorption and ended with 18.9% vacancy rate. The average asking lease rate for Des Moines came increased to $19.45 psf FSG for all properties. To date, there are 9 construction projects totaling 1.7 msf while two properties were delivered YTD with 19,800 sf.

Market Highlights

During Q2 2022 the market experienced over 158,000 sf of leasing activity in 55 transactions. Des Moines West had the two largest leases with Ventech leasing 24,000 sf and Heartland Counseling leasing 11,000 sf. Des Moines South had the most gained with 29,000 sf positive absorption while Des Moines West dropped the most with (34,000) sf negative absorption. Sixteen properties with over 244,000 sf sold during Q2 2022 topping $34.7 million.

Market Statistics by Building Class (Multi and Single Tenant)

Total

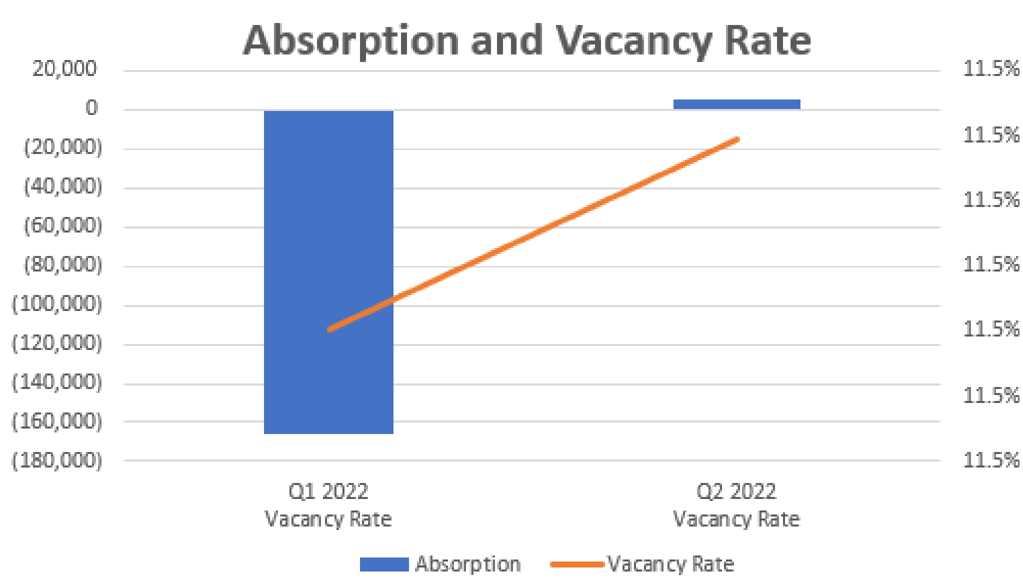
Bldg Class	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
A	42	7,907,579	1,131,053	906,029	32,201	35,681	11.5%
B	401	16,515,324	2,379,008	2,104,614	(13,205)	(159,487)	12.7%
C	225	3,834,365	274,042	238,855	(13,676)	(36,646)	6.2%
Grand Total	**668**	**28,257,268**	**3,784,103**	**3,249,498**	**5,320**	**(160,452)**	**11.5%**

Direct

Bldg Class	# of Bldgs	Inventory	Direct Available (sf)	Direct Vacant (sf)	Direct Absorption (sf)	YTD Direct Absorption (sf)	Vacancy Rate
A	42	7,907,579	953,898	813,874	32,201	36,068	10.3%
B	401	16,515,324	2,233,395	1,989,001	(29,914)	(177,335)	12.0%
C	225	3,834,365	271,648	236,461	(14,476)	(36,646)	6.2%
Grand Total	**668**	**28,257,268**	**3,458,941**	**3,039,336**	**(12,189)**	**(177,913)**	**10.8%**

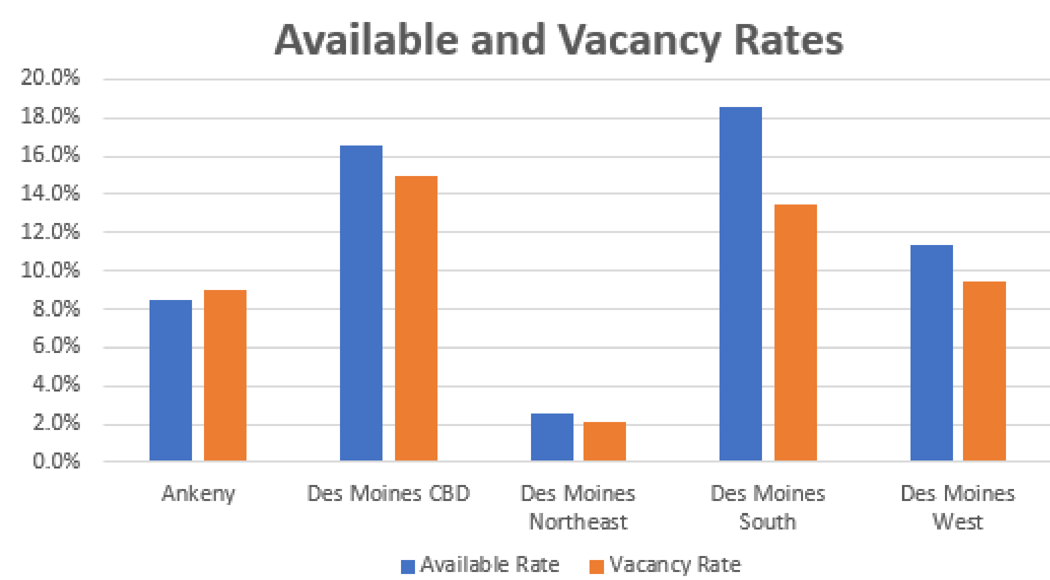
Sublease

Bldg Class	# of Bldgs	Inventory	Sublease Available (sf)	Sublease Vacant (sf)	Sublease Absorption (sf)	YTD Sublease Absorption (sf)	Vacancy Rate
A	42	7,907,579	177,155	92,155	0	(387)	1.2%
B	401	16,515,324	145,613	115,613	16,709	17,848	0.7%
C	225	3,834,365	2,394	2,394	800	0	0.1%
Grand Total	**668**	**28,257,268**	**325,162**	**210,162**	**17,509**	**17,461**	**0.7%**



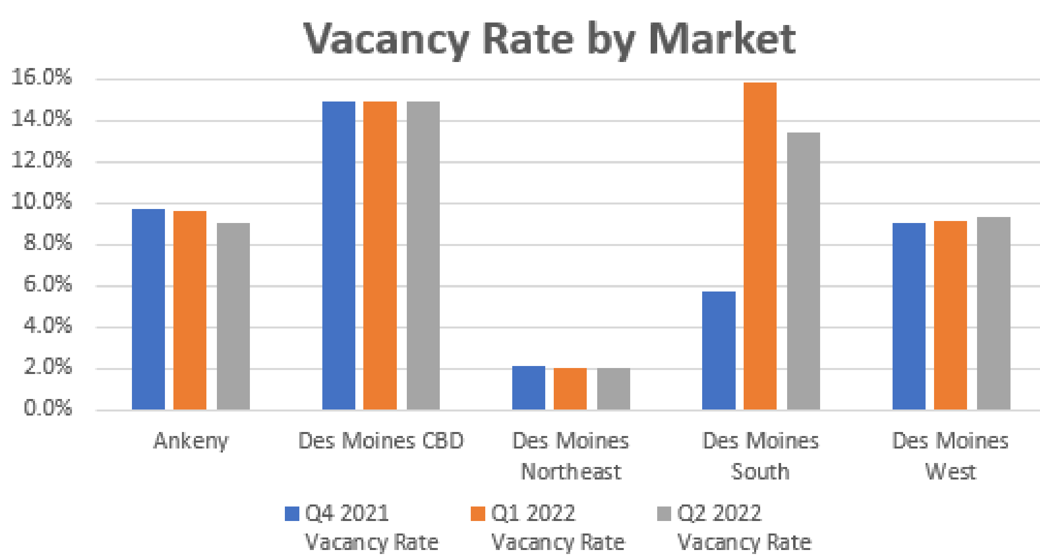
Market Statistics by Market (Multi and Single Tenant)

Market	Bldg Class	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Ankeny	A	2	32,186			0	919	0.0%
	B	35	514,201	60,075	63,915	5,511	7,854	12.4%
	C	14	178,970	1,823	1,600	800	(1,090)	0.9%
	Subtotal	**51**	**725,357**	**61,898**	**65,515**	**6,311**	**7,683**	**9.0%**
Des Moines CBD	A	23	6,302,828	818,146	651,579	23,988	35,896	10.3%
	B	50	3,333,965	873,714	877,166	(6,395)	(22,499)	26.3%
	C	39	906,768	48,694	44,639	(14,459)	(20,639)	4.9%
	Subtotal	**112**	**10,543,561**	**1,740,554**	**1,573,384**	**3,134**	**(7,242)**	**14.9%**
Des Moines Northeast	B	16	382,163	5,177	5,177	0	0	1.4%
	C	13	105,697	7,200	5,000	0	0	4.7%
	Subtotal	**29**	**487,860**	**12,377**	**10,177**	**0**	**0**	**2.1%**
Des Moines South	B	29	809,559	207,677	154,701	23,385	(101,297)	19.1%
	C	39	435,978	23,043	13,143	6,500	2,439	3.0%
	Subtotal	**68**	**1,245,537**	**230,720**	**167,844**	**29,885**	**(98,858)**	**13.5%**
Des Moines West	A	17	1,572,565	312,907	254,450	8,213	(1,134)	16.2%
	B	271	11,475,436	1,232,365	1,003,655	(35,706)	(43,545)	8.7%
	C	120	2,206,952	193,282	174,473	(6,517)	(17,356)	7.9%
	Subtotal	**408**	**15,254,953**	**1,738,554**	**1,432,578**	**(34,010)**	**(62,035)**	**9.4%**
Grand Total		**668**	**28,257,268**	**3,784,103**	**3,249,498**	**5,320**	**(160,452)**	**11.5%**



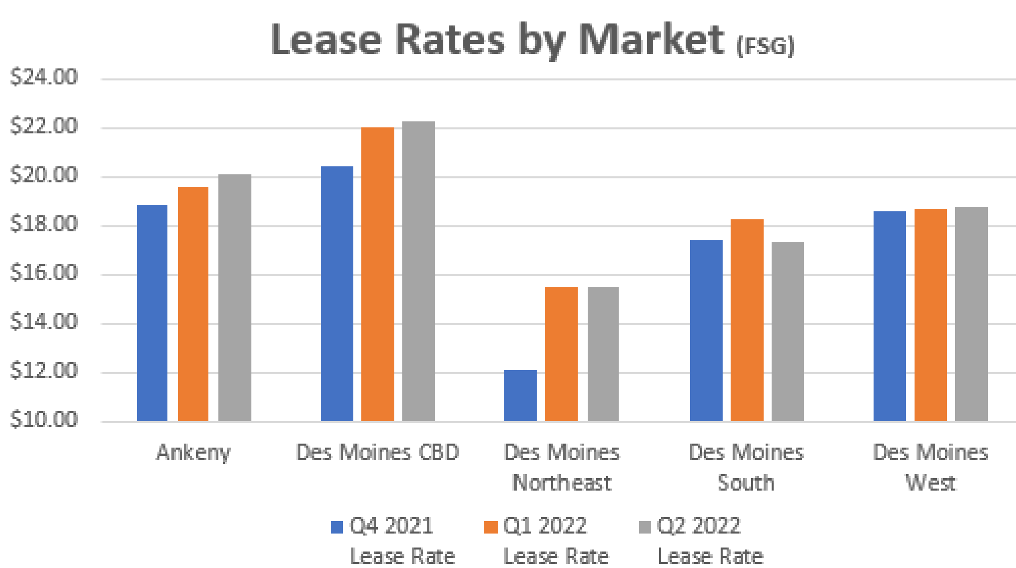
Vacancy Rates by Market (Multi and Single Tenant)

Market	Bldg Class	Q4 2021 Vacancy Rate	Q1 2022 Vacancy Rate	Q2 2022 Vacancy Rate
Ankeny	A	2.9%	0.0%	0.0%
	B	13.7%	13.5%	12.4%
	C	0.3%	1.2%	0.9%
	Subtotal	**9.7%**	**9.7%**	**9.0%**
Des Moines CBD	A	10.9%	10.7%	10.3%
	B	25.7%	26.1%	26.3%
	C	2.8%	3.3%	4.9%
	Subtotal	**15.0%**	**14.9%**	**14.9%**
Des Moines Northeast	B	1.4%	1.4%	1.4%
	C	4.7%	4.7%	4.7%
	Subtotal	**2.2%**	**2.1%**	**2.1%**
Des Moines South	B	6.9%	22.0%	19.1%
	C	3.7%	4.5%	3.0%
	Subtotal	**5.8%**	**15.9%**	**13.5%**
Des Moines West	A	16.3%	16.7%	16.2%
	B	8.4%	8.3%	8.7%
	C	7.2%	7.7%	7.9%
	Subtotal	**9.0%**	**9.1%**	**9.4%**
Grand Total		**11.0%**	**11.5%**	**11.5%**



Lease Rates by Market (Multi and Single Tenant FSG)

Market	Bldg Class	Q4 2021 Lease Rate	Q1 2022 Lease Rate	Q2 2022 Lease Rate
Ankeny	A			$23.00
	B	$18.90	$19.93	$20.36
	C		$17.00	$15.00
	Subtotal	**$18.90**	**$19.63**	**$20.09**
Des Moines CBD	A	$22.82	$25.09	$24.91
	B	$20.03	$20.78	$21.05
	C	$17.00	$17.58	$20.59
	Subtotal	**$20.42**	**$22.07**	**$22.27**
Des Moines Northeast	B	$13.82	$15.54	$15.54
	C	$10.36		
	Subtotal	**$12.09**	**$15.54**	**$15.54**
Des Moines South	B	$16.95	$19.10	$19.10
	C	$20.20	$16.35	$14.49
	Subtotal	**$17.49**	**$18.31**	**$17.37**
Des Moines West	A	$25.66	$25.86	$25.46
	B	$18.79	$18.92	$19.23
	C	$15.34	$14.52	$14.78
	Subtotal	**$18.66**	**$18.69**	**$18.81**
Grand Total		**$18.70**	**$19.33**	**$19.45**



Market Statistics by Building Class (Multi-Tenant)

Total

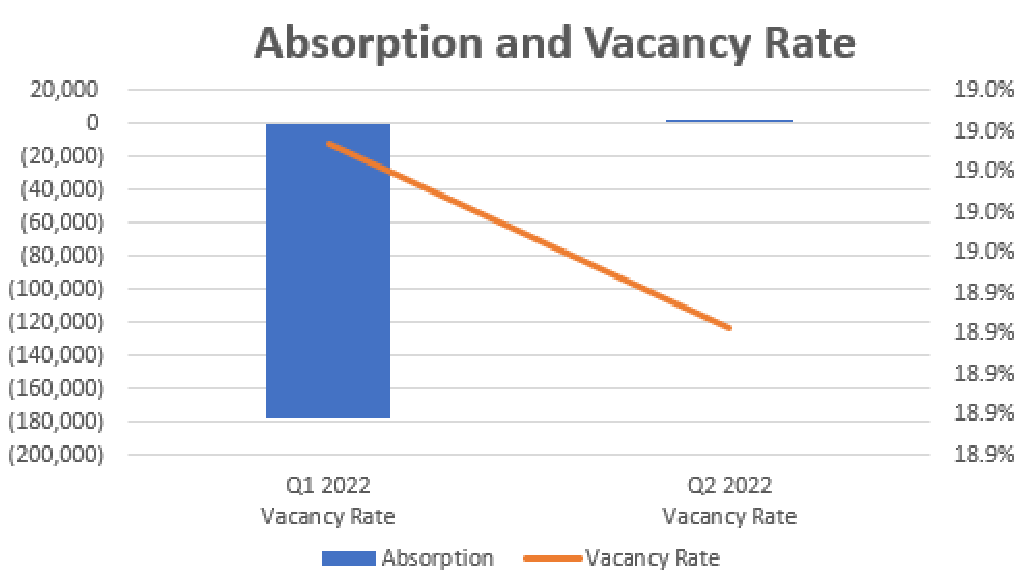
Bldg Class	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
A	30	4,072,989	1,115,989	890,965	32,201	35,681	21.9%
B	267	9,642,028	2,148,460	1,955,659	(30,431)	(189,410)	20.3%
C	130	2,358,637	225,982	196,371	1,180	(21,190)	8.3%
Grand Total	**427**	**16,073,654**	**3,490,431**	**3,042,995**	**2,950**	**(174,919)**	**18.9%**

Direct

Bldg Class	# of Bldgs	Inventory	Direct Available (sf)	Direct Vacant (sf)	Direct Absorption (sf)	YTD Direct Absorption (sf)	Vacancy Rate
A	30	4,072,989	938,834	798,810	32,201	36,068	19.6%
B	267	9,642,028	2,058,056	1,895,255	(50,140)	(210,258)	19.7%
C	130	2,358,637	223,588	193,977	380	(21,190)	8.2%
Grand Total	**427**	**16,073,654**	**3,220,478**	**2,888,042**	**(17,559)**	**(195,380)**	**18.0%**

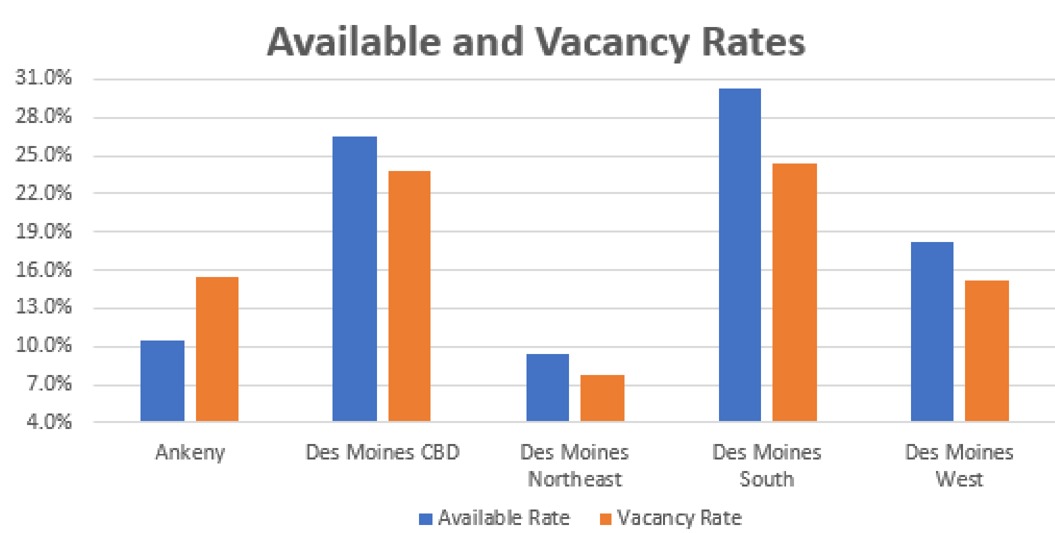
Sublease

Bldg Class	# of Bldgs	Inventory	Sublease Available (sf)	Sublease Vacant (sf)	Sublease Absorption (sf)	YTD Sublease Absorption (sf)	Vacancy Rate
A	30	4,072,989	177,155	92,155	0	(387)	2.3%
B	267	9,642,028	90,404	60,404	19,709	20,848	0.6%
C	130	2,358,637	2,394	2,394	800	0	0.1%
Grand Total	**427**	**16,073,654**	**269,953**	**154,953**	**20,509**	**20,461**	**1.0%**



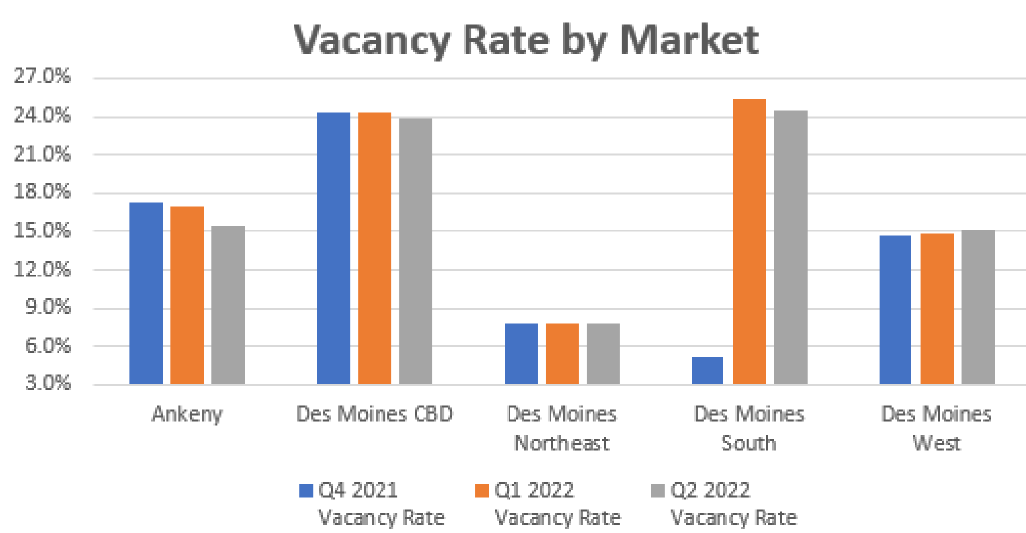
Market Statistics by Market (Multi-Tenant)

Market	Bldg Class	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Ankeny	A	2	32,186			0	919	0.0%
	B	23	331,805	42,715	63,915	5,511	7,854	19.3%
	C	8	58,426	1,823	1,600	800	(1,090)	2.7%
	Subtotal	**33**	**422,417**	**44,538**	**65,515**	**6,311**	**7,683**	**15.5%**
Des Moines CBD	A	15	3,155,502	818,146	651,579	23,988	35,896	20.6%
	B	38	2,595,500	824,389	827,841	3,045	(13,059)	31.9%
	C	23	568,739	31,262	29,783	397	(5,783)	5.2%
	Subtotal	**76**	**6,319,741**	**1,673,797**	**1,509,203**	**27,430**	**17,054**	**23.9%**
Des Moines Northeast	B	8	93,333	5,177	5,177	0	0	5.5%
	C	5	38,092	7,200	5,000	0	0	13.1%
	Subtotal	**13**	**131,425**	**12,377**	**10,177**	**0**	**0**	**7.7%**
Des Moines South	B	16	442,980	184,701	154,701	0	(137,379)	34.9%
	C	22	242,777	23,043	13,143	6,500	2,439	5.4%
	Subtotal	**38**	**685,757**	**207,744**	**167,844**	**6,500**	**(134,940)**	**24.5%**
Des Moines West	A	13	885,301	297,843	239,386	8,213	(1,134)	27.0%
	B	182	6,178,410	1,091,478	904,025	(38,987)	(46,826)	14.6%
	C	72	1,450,603	162,654	146,845	(6,517)	(16,756)	10.1%
	Subtotal	**267**	**8,514,314**	**1,551,975**	**1,290,256**	**(37,291)**	**(64,716)**	**15.2%**
Grand Total		**427**	**16,073,654**	**3,490,431**	**3,042,995**	**2,950**	**(174,919)**	**18.9%**



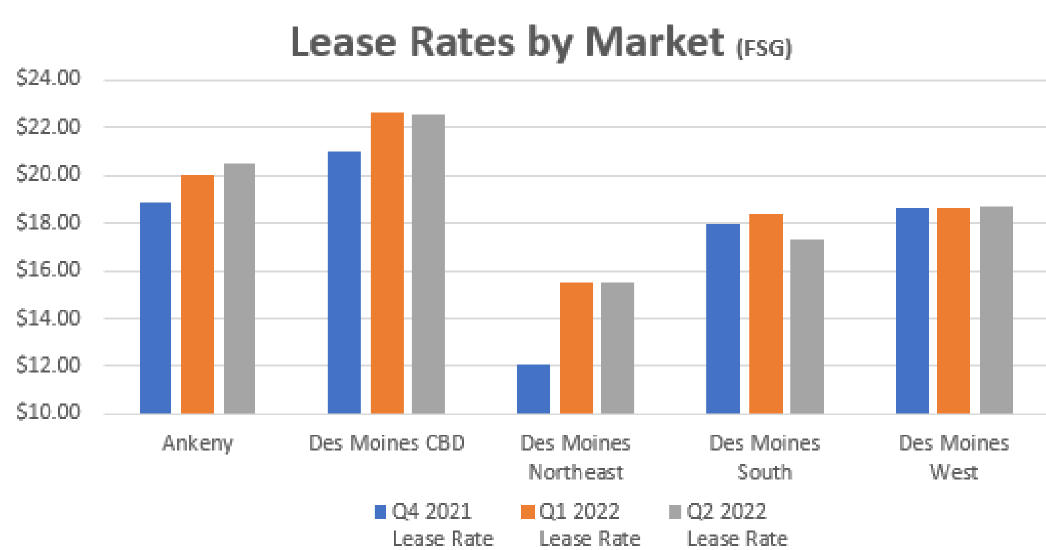
Vacancy Rates by Market (Multi-Tenant)

Market	Bldg Class	Q4 2021 Vacancy Rate	Q1 2022 Vacancy Rate	Q2 2022 Vacancy Rate
Ankeny	A	2.9%	0.0%	0.0%
	B	21.6%	20.9%	19.3%
	C	0.9%	4.1%	2.7%
	Subtotal	**17.3%**	**17.0%**	**15.5%**
Des Moines CBD	A	21.8%	21.4%	20.6%
	B	31.5%	32.0%	31.9%
	C	4.4%	5.3%	5.2%
	Subtotal	**24.3%**	**24.3%**	**23.9%**
Des Moines Northeast	B	5.5%	5.5%	5.5%
	C	13.1%	13.1%	13.1%
	Subtotal	**7.7%**	**7.7%**	**7.7%**
Des Moines South	B	4.2%	34.9%	34.9%
	C	6.7%	8.1%	5.4%
	Subtotal	**5.1%**	**25.4%**	**24.5%**
Des Moines West	A	27.4%	28.0%	27.0%
	B	14.2%	14.1%	14.6%
	C	9.0%	9.7%	10.1%
	Subtotal	**14.7%**	**14.8%**	**15.2%**
Grand Total		**18.1%**	**19.0%**	**18.9%**



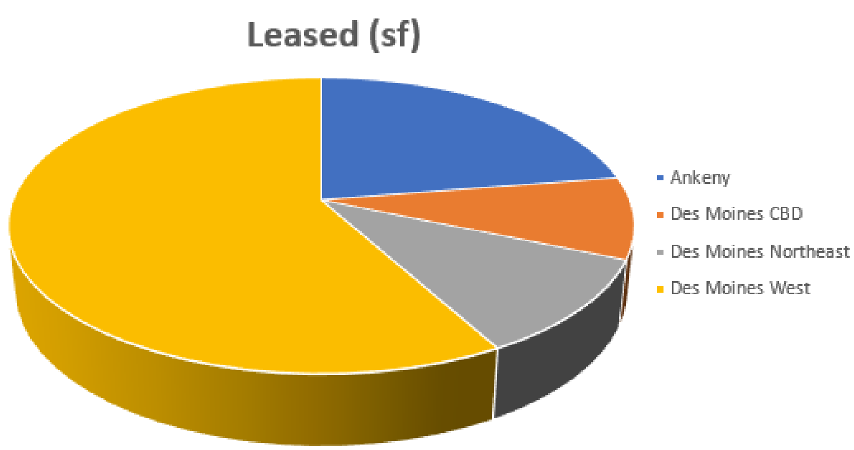
Lease Rates by Market (Multi-Tenant FSG)

Market	Bldg Class	Q4 2021 Lease Rate	Q1 2022 Lease Rate	Q2 2022 Lease Rate
Ankeny	A			$23.00
	B	$18.90	$20.38	$20.94
	C		$17.00	$15.00
	Subtotal	**$18.90**	**$20.01**	**$20.51**
Des Moines CBD	A	$22.82	$25.09	$24.91
	B	$20.03	$20.94	$21.19
	C		$18.75	$21.69
	Subtotal	**$21.05**	**$22.65**	**$22.60**
Des Moines Northeast	B	$13.82	$15.54	$15.54
	C	$10.36		
	Subtotal	**$12.09**	**$15.54**	**$15.54**
Des Moines South	B	$17.43	$19.43	$19.43
	C	$20.20	$16.35	$14.49
	Subtotal	**$17.99**	**$18.40**	**$17.31**
Des Moines West	A	$25.66	$26.39	$26.01
	B	$18.79	$18.90	$19.22
	C	$15.34	$13.84	$13.99
	Subtotal	**$18.66**	**$18.60**	**$18.74**
Grand Total		**$18.77**	**$19.35**	**$19.46**



Leasing Activity

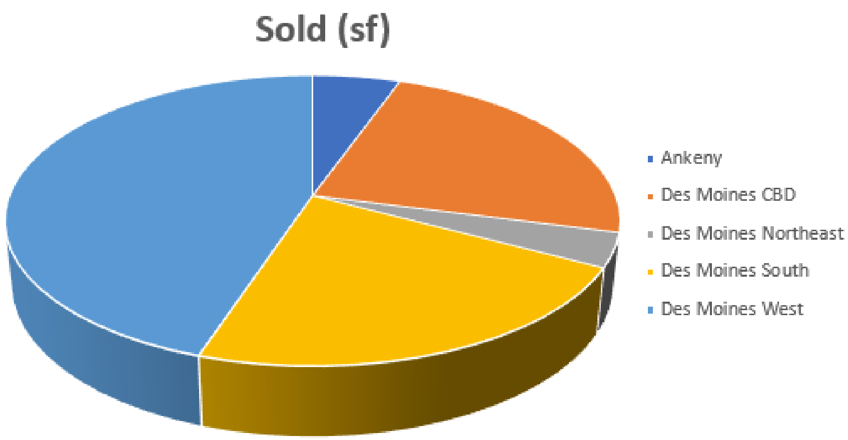
Property	Size (sf)	Market	Tenant	Landlord
12000 Ridgemont Dr	24,030	Des Moines West	Ventech	Jaks Properties LLC
Westown Gateway 1701 48th St	11,092	Des Moines West	Heartland Counseling	Knapp Properties
Colby Woods Center 8104 Douglas Ave	7,342	Des Moines West	No Coast Brazilian Jiu Jitsu	Colby Interests
Park Fair Mall 100 E Euclid Ave	6,869	Des Moines Northeast	Central Iowa Centers for Independent Living	Denny Elwell Family LC
300 E Locust St	6,786	Des Moines CBD	East Village Spa	Metro Waste Authority



Market	Leased (sf)
Ankeny	35,487
Des Moines CBD	14,121
Des Moines Northeast	16,721
Des Moines West	91,764
Grand Total	**158,093**

Sales Activity

Property	Price	Market	Buyer	Seller
1275 NW 128th St	$11,500,000	Des Moines West	Terveen Manufactured Homes LLC	Galloway Holdings LLC
301 Grand ave	$7,100,000	Des Moines CBD	Tucker Building LLC	301 Grand LC
13137 University Ave	$3,804,000	Des Moines West	13101 University Ave LLC	Next Phase Development LLC
5901 Thornton Ave	$2,600,000	Des Moines South	City of Belmond, Belmond Comm Hospital	Thornton Avenue Realty Investments LLC
516 3rd St	$1,900,000	Des Moines CBD	516 3rd LLC	Encore Properties LC



Market	Sold (sf)
Ankeny	13,287
Des Moines CBD	57,662
Des Moines Northeast	9,235
Des Moines South	54,456
Des Moines West	109,773
Grand Total	**244,413**

Methodology

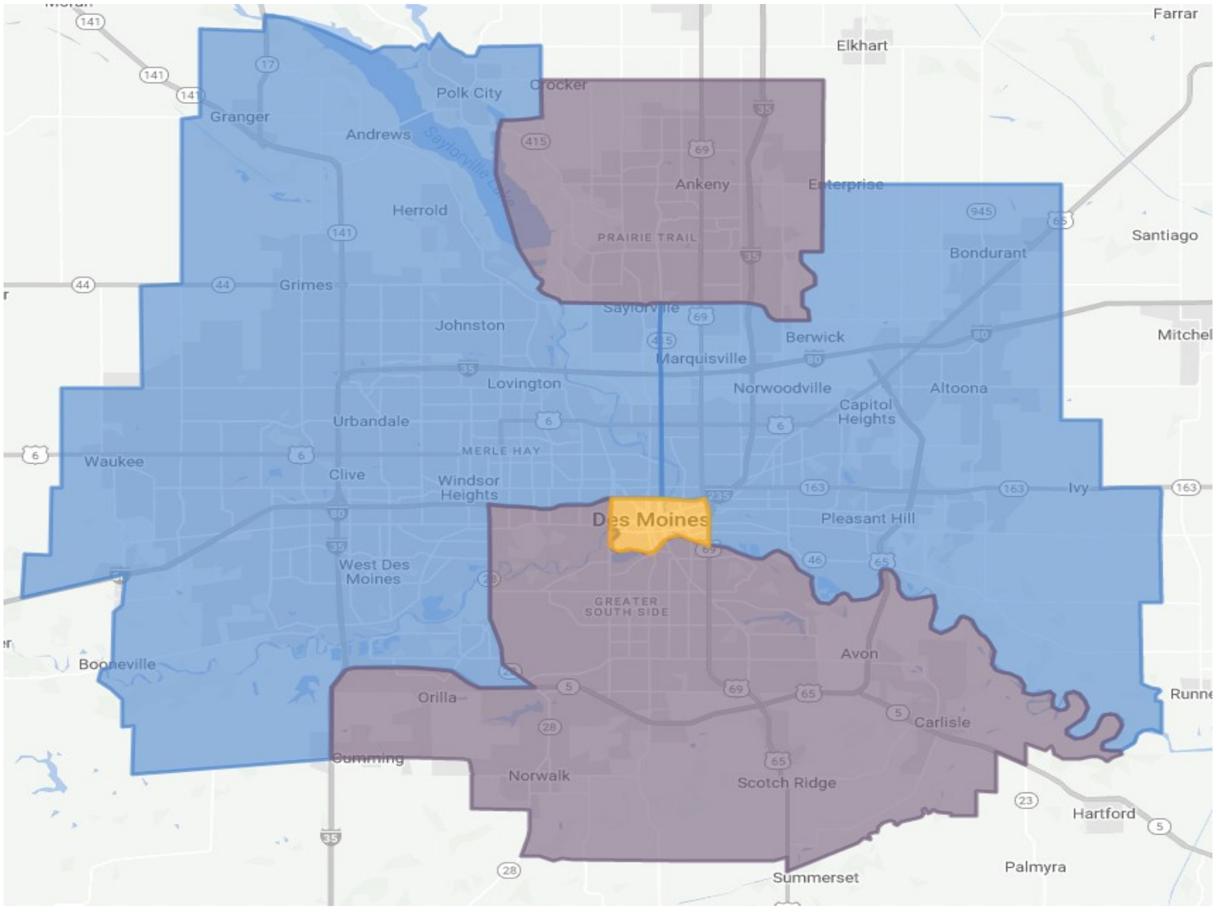
The Des Moines market consists of single and multi-tenant office buildings 5,000 sf or larger or part of a complex larger than 5,000 sf. The geographic area includes Dallas, Polk and Warren counties. The tracked set does not include medical or government properties. All tracked properties are existing. Statistically, net absorption will be calculated based on occupancy change during the current quarter. Asking lease rates are based on an average asking rate and noted on a FSG terms with Net type leases grossed up.

The Des Moines tracked set consists of an inventory of buildings considered to be competitive by the brokerage community. All buildings within the competitive tracked set have been reviewed and verified by members of the Advisory Boards for each market area.

Terminology

Inventory	The total square feet (sf) of existing multi-tenant buildings greater than 5,000 sf or are part of a complex that totals greater than 5,000 sf located in Dallas, Polk and Warren Counties.
Total Available (sf)	All of the available leasable space within a building, whether it is occupied or vacant, for direct lease or sublease space. Space can be available but not vacant, for example, if the landlord, or his agent, is marketing space that will be coming available at a
Total Vacant (sf)	The total of all the vacant square feet within a building including both direct and sublease space.
Direct Vacant (sf)	The total of the vacant square footage in a building that is being marketed by an agent representing the landlord.
Sublease Space	Space that is offered for lease by a current tenant, or his agent, within a property. Whether the tenant is paying rent or not, the space is considered vacant only if it is unoccupied.
Net Absorption	The net change in occupancy from quarter to quarter, expressed in square feet.
Average Asking Rate	The average lease rated expressed as a per square foot value in Full Service Gross (FSG) terms with Net type leases grossed up.

Market Map



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