

Market

Trend

Q2 2023

Des Moines - Retail



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ANALYTICS

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MARKET TRENDS

Q2 2023 | Des Moines | Retail

Employment

	<u>Current</u>	<u>Y-o-Y</u>
Employment	373,107	
Area Unemployment	2.4	
U.S. Unemployment	3.6	
Retail Jobs	35,700	

Source: BLS

*Employment figures and area unemployment are based on Des Moines MSA data.

Market Recap

All Properties

Total Inventory (sf)	27,237,184
Total # of Bldgs (tracked)	1,066
Absorption	55,445
Vacancy	4.8%
Asking Rate (FSG)	\$16.55
New Construction (sf)	346,366

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Des Moines metropolitan statistical area (MSA) increased 20 basis points to 2.4% for May 2023 from 2.2% for May 2022. The unemployment rate for the US was at 3.6% in June 2023 which is unchanged from last year. State of Iowa unemployment rate was 2.7%. The Des Moines MSA saw an increase in job growth, and retail job growth in leisure and Hospitality also increased by 400 jobs compared to last year.

Market Overview

The Des Moines retail market consists of 27.2 msf of space in three counties across the metro. Overall there was 55,000 sf positive absorption bringing the YTD to 292,000 sf positive absorption. Q2 2023 ended with a 4.8% vacancy rate. Multi-tenant only properties had 41,700 sf positive absorption. This brought the YTD to 109,000 sf positive absorption and created a 8.0% vacancy rate for Q2 2023. The average asking lease rate for Des Moines came in at \$16.55 psf NNN for all properties. There are 13 construction projects throughout the market with 346,000 sf. Seven properties were delivered YTD totaling 75,900 sf.

Market Highlights

During Q1 2023, the market experienced over 102,000 sf of leasing activity in 37 transactions. Des Moines West posted the highest positive absorption of 244,000 sf led by Von Maur leasing 160,000 sf. Des Moines Northeast dropped the most with (6,700) sf negative absorption led by Family Dollar vacating 7,000 sf. Ankeny market posted the lowest vacancy rate at 2.0% for all properties. The highest vacancy rate was 9.1% in the Des Moines CBD market for all properties. Twenty nine properties totaling over 249,600 sf sold during Q1 2023 topping \$33.7 million.

Market Statistics by Property Type

Total

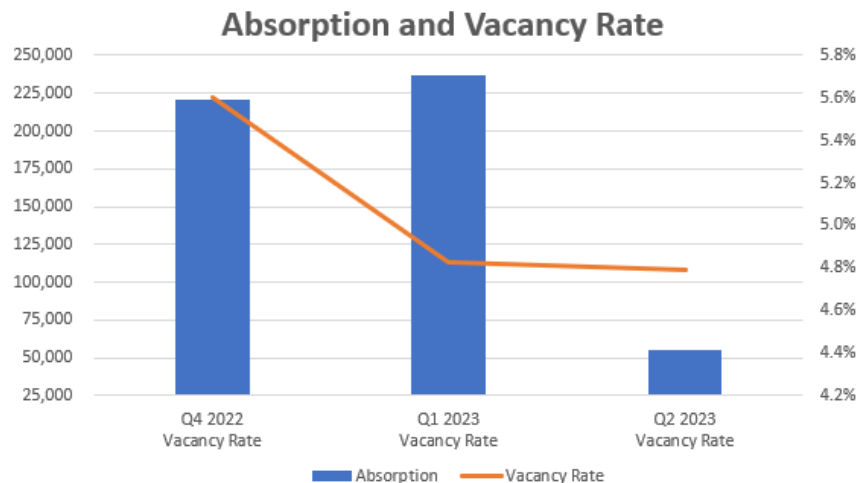
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Community Center	9	1,267,806	90,314	90,314	0	4,553	7.1%
Freestanding/Big Box	443	12,641,045	135,959	132,031	13,664	183,062	1.0%
Mixed Use	88	1,412,905	204,009	156,731	(1,073)	(3,289)	11.1%
Neighborhood Center	90	4,355,811	391,798	369,234	23,489	44,257	8.5%
Regional Center	3	2,311,620	311,183	311,183	(9,701)	(10,854)	13.5%
Strip Center	432	5,247,997	303,669	246,475	29,066	74,711	4.7%
Grand Total	1,065	27,237,184	1,436,932	1,305,968	55,445	292,440	4.8%

Direct

Property Type	# of Bldgs	Inventory	Direct Available (sf)	Direct Vacant (sf)	Direct Absorption (sf)	YTD Direct Absorption (sf)	Vacancy Rate
Community Center	9	1,267,806	90,314	90,314	0	4,553	7.1%
Freestanding/Big Box	443	12,641,045	68,908	64,980	13,664	183,062	0.5%
Mixed Use	88	1,412,905	204,009	156,731	(1,073)	(3,289)	11.1%
Neighborhood Center	90	4,355,811	385,254	367,764	23,489	44,257	8.4%
Regional Center	3	2,311,620	311,183	311,183	(9,701)	(10,854)	13.5%
Strip Center	432	5,247,997	282,628	232,940	30,216	74,136	4.4%
Grand Total	1,065	27,237,184	1,342,296	1,223,912	56,595	291,865	4.5%

Sublease

Property Type	# of Bldgs	Inventory	Sublease Available (sf)	Sublease Vacant (sf)	Sublease Absorption (sf)	YTD Sublease Absorption (sf)	Vacancy Rate
Community Center	9	1,267,806			0	0	0.0%
Freestanding/Big Box	443	12,641,045	67,051	67,051	0	0	0.5%
Mixed Use	88	1,412,905			0	0	0.0%
Neighborhood Center	90	4,355,811	6,544	1,470	0	0	0.0%
Regional Center	3	2,311,620			0	0	0.0%
Strip Center	432	5,247,997	21,041	13,535	(1,150)	575	0.3%
Grand Total	1,065	27,237,184	94,636	82,056	(1,150)	575	0.3%



Market Statistics by Market

Market	Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Ankeny	Community Center	1	133,079	6,230	6,230	0	4,553	4.7%
	Freestanding/Big Box	47	2,032,125			0	0	0.0%
	Mixed Use	8	112,130	5,700	7,657	0	2,142	6.8%
	Neighborhood Center	9	406,619	19,725	18,395	(10,221)	(18,395)	4.5%
	Strip Center	65	797,819	50,942	41,624	4,545	10,615	5.2%
	Subtotal	130	3,481,772	82,597	73,906	(5,676)	(1,085)	2.1%
Des Moines CBD	Freestanding/Big Box	14	178,815			0	0	0.0%
	Mixed Use	36	662,636	96,021	72,834	0	0	11.0%
	Neighborhood Center	1	32,185			0	0	0.0%
	Strip Center	10	111,258	31,306	20,000	0	2,520	18.0%
	Subtotal	61	984,894	127,327	92,834	0	2,520	9.4%
Des Moines Northeast	Community Center	2	309,081	28,740	28,740	0	0	9.3%
	Freestanding/Big Box	113	2,323,607			0	0	0.0%
	Mixed Use	2	13,170	1,189	1,189	0	0	9.0%
	Neighborhood Center	11	454,910	46,171	46,171	(1,136)	(5,436)	10.1%
	Strip Center	71	874,003	29,985	29,085	16,257	13,837	3.3%
	Subtotal	199	3,974,771	106,085	105,185	15,121	8,401	2.6%
Des Moines South	Community Center	3	381,117	55,344	55,344	0	0	14.5%
	Freestanding/Big Box	64	1,471,610			8,624	8,624	0.0%
	Mixed Use	3	35,126	7,137	7,137	(3,373)	(2,173)	20.3%
	Neighborhood Center	11	531,975	31,811	99,146	(1,440)	(1,440)	18.6%
	Regional Center	1	402,000	116,298	116,298	(4,548)	(4,548)	28.9%
	Strip Center	42	521,167	10,474	13,245	0	(2,436)	2.5%
	Subtotal	124	3,342,995	221,064	291,170	(737)	(1,973)	8.7%
Des Moines West	Community Center	3	444,529			0	0	0.0%
	Freestanding/Big Box	205	6,634,888	135,959	132,031	5,040	174,438	2.0%
	Mixed Use	39	589,843	93,962	67,914	2,300	(3,258)	11.5%
	Neighborhood Center	58	2,930,122	294,091	205,522	36,286	69,528	7.0%
	Regional Center	2	1,909,620	194,885	194,885	(5,153)	(6,306)	10.2%
	Strip Center	244	2,943,750	180,962	142,521	8,264	50,175	4.8%
	Subtotal	551	15,452,752	899,859	742,873	46,737	284,577	4.8%
Grand Total		1,065	27,237,184	1,436,932	1,305,968	55,445	292,440	4.8%

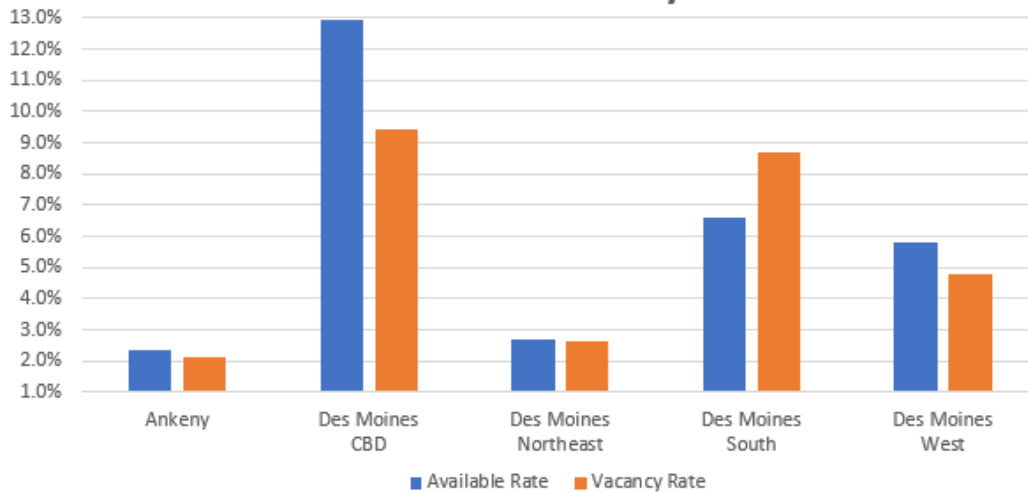
Vacancy Rate by Markets

Market	Property Type	Q3 2022 Vacancy Rate	Q4 2022 Vacancy Rate	Q1 2023 Vacancy Rate	Q2 2023 Vacancy Rate
Ankeny	Community Center	8.1%	8.1%	4.7%	4.7%
	Freestanding/Big Box	0.0%	0.0%	0.0%	0.0%
	Mixed Use	10.3%	8.7%	6.8%	6.8%
	Neighborhood Center	2.4%	0.0%	2.0%	4.5%
	Strip Center	8.5%	6.4%	5.8%	5.2%
	Subtotal	3.1%	2.1%	2.0%	2.1%
Des Moines CBD	Freestanding/Big Box	0.0%	0.0%	0.0%	0.0%
	Mixed Use	12.8%	10.2%	11.0%	11.0%
	Neighborhood Center	0.0%	0.0%	0.0%	0.0%
	Strip Center	20.2%	20.2%	18.0%	18.0%
	Subtotal	10.7%	8.9%	9.1%	9.4%
Des Moines Northeast	Community Center	9.3%	9.3%	9.3%	9.3%
	Freestanding/Big Box	0.3%	0.0%	0.0%	0.0%
	Mixed Use	6.8%	6.8%	9.0%	9.0%
	Neighborhood Center	8.5%	9.0%	9.9%	10.1%
	Strip Center	4.0%	3.5%	3.8%	3.3%
	Subtotal	2.8%	2.5%	2.7%	2.6%
Des Moines South	Community Center	14.5%	14.5%	14.5%	14.5%
	Freestanding/Big Box	0.6%	0.6%	0.6%	0.0%
	Mixed Use	10.7%	14.1%	10.7%	20.3%
	Neighborhood Center	19.7%	18.4%	18.4%	18.6%
	Regional Center	27.8%	27.8%	27.8%	28.9%
	Strip Center	2.1%	2.1%	2.5%	2.5%
	Subtotal	8.9%	8.7%	8.7%	8.7%
Des Moines West	Community Center	0.0%	0.0%	0.0%	0.0%
	Freestanding/Big Box	3.6%	4.5%	2.0%	2.0%
	Mixed Use	10.7%	9.6%	10.5%	11.5%
	Neighborhood Center	9.0%	9.4%	8.3%	7.0%
	Regional Center	10.3%	9.9%	9.9%	10.2%
	Strip Center	5.7%	5.4%	4.7%	4.8%
	Subtotal	6.0%	6.3%	4.9%	4.8%
Grand Total		5.7%	5.6%	4.8%	4.8%

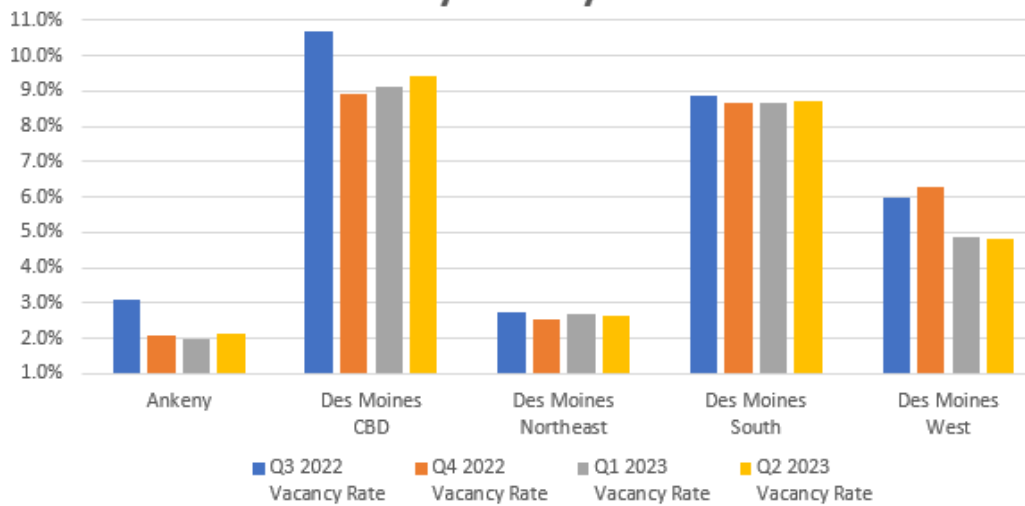
Lease Rates by Market

Market	Property Type	Q3 2022 Lease Rate	Q4 2022 Lease Rate	Q1 2023 Lease Rate	Q2 2023 Lease Rate
Ankeny	Community Center	\$16.00	\$16.50	\$16.50	\$16.00
	Freestanding/Big Box				
	Mixed Use	\$22.50	\$24.00	\$25.00	\$25.00
	Neighborhood Center	\$17.00	\$14.00	\$10.50	\$13.67
	Strip Center	\$17.78	\$18.66	\$18.95	\$18.22
	Subtotal	\$18.11	\$18.57	\$18.57	\$18.11
Des Moines CBD	Freestanding/Big Box				
	Mixed Use	\$18.10	\$18.10	\$19.22	\$19.22
	Neighborhood Center				
	Strip Center	\$15.64	\$15.64	\$15.22	\$16.00
	Subtotal	\$17.18	\$17.18	\$18.08	\$18.68
Des Moines Northeast	Community Center	\$10.00	\$10.00	\$10.00	\$10.00
	Freestanding/Big Box				
	Mixed Use				
	Neighborhood Center	\$9.75	\$12.58	\$8.88	\$8.88
	Strip Center	\$21.88	\$20.81	\$22.08	\$22.42
	Subtotal	\$19.48	\$18.91	\$17.81	\$18.03
Des Moines South	Community Center				
	Freestanding/Big Box				
	Mixed Use	\$10.00	\$10.00		
	Neighborhood Center		\$9.75	\$9.75	\$9.75
	Regional Center				
	Strip Center	\$14.50	\$14.50	\$13.63	\$14.33
Subtotal	\$13.38	\$12.65	\$12.85	\$13.19	
Des Moines West	Community Center				
	Freestanding/Big Box	\$10.67	\$10.00	\$9.00	\$10.00
	Mixed Use	\$18.06	\$18.58	\$17.19	\$16.97
	Neighborhood Center	\$12.79	\$12.46	\$12.23	\$12.87
	Regional Center				
	Strip Center	\$16.66	\$16.80	\$17.36	\$17.37
Subtotal	\$15.65	\$15.27	\$15.52	\$15.76	
Grand Total		\$16.55	\$16.25	\$16.35	\$16.55

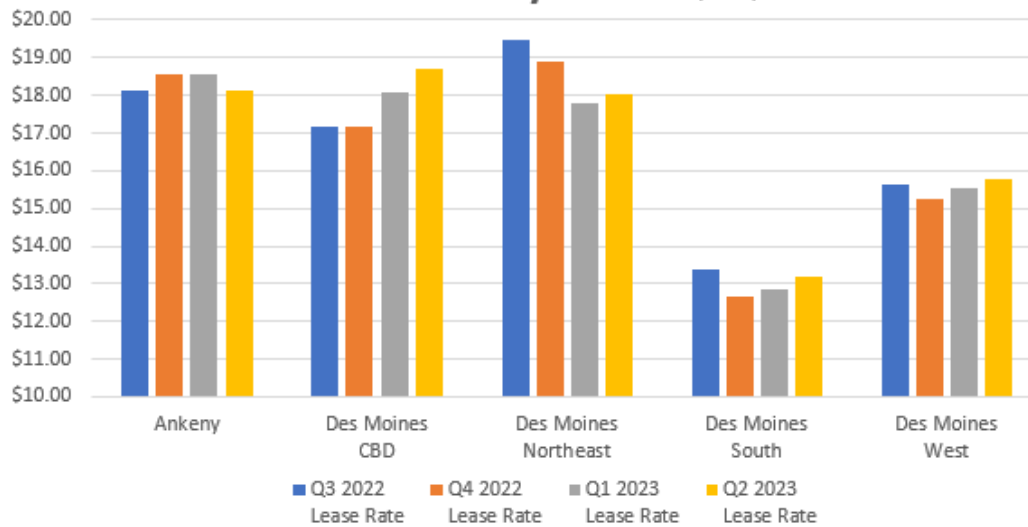
Available and Vacancy Rate



Vacancy Rate by Market

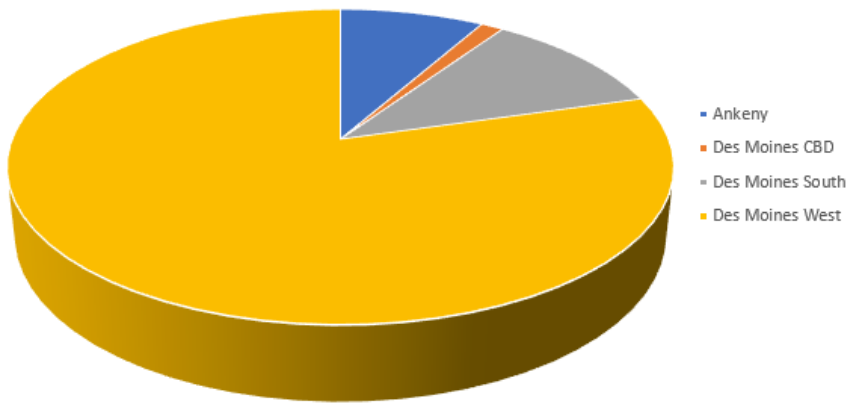


Lease Rate by Market (NNN)



New Developments by Market

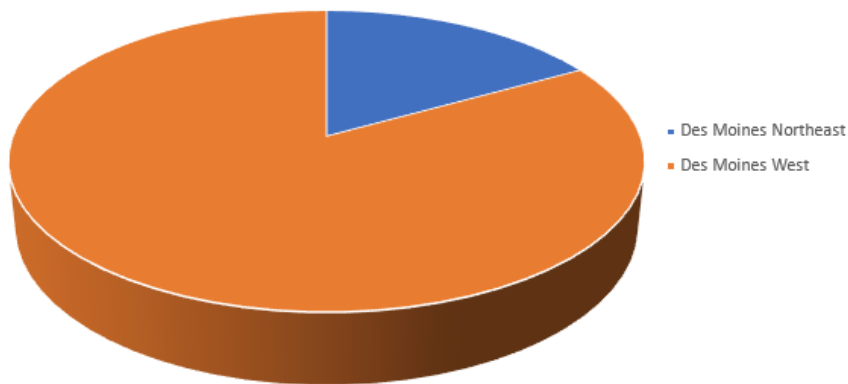
Under Construction (sf)



Market	Bldg (sf)
Ankeny	28,637
Des Moines CBD	4,500
Des Moines South	38,000
Des Moines West	275,229
Grand Total	346,366

YTD Delivered by Market

YTD Delivered (sf)

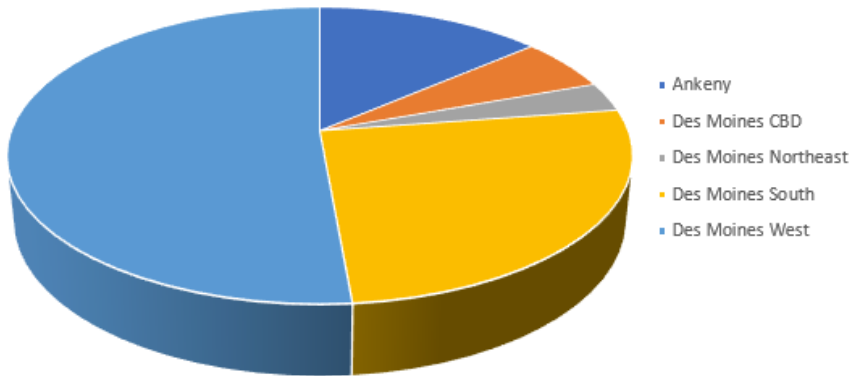


Market	Bldg (sf)
Des Moines Northeast	12,833
Des Moines West	63,057
Grand Total	75,890

Leasing Activity

Property	Size (sf)	Market	Tenant	Landlord
Norwalk Central 1951 E 18th St	30,444	Des Moines South	Sports Plex	Diligent HCC LLC
University Park Bldg 8801 University Ave	11,000	Des Moines West	Glam Prom	WSO University Park Iowa LLC
10101 Hickman Rd	10,935	Des Moines West	Great Day Improvements	MCR Investments VI LLC
Southeast Plaza 5101 SE 14th St	8,624	Des Moines South	Oak Street Health	TKG Southeast Plaza LLC
3000 100th St	6,000	Des Moines West	Metro West Academy	A M Anderson Properties LC

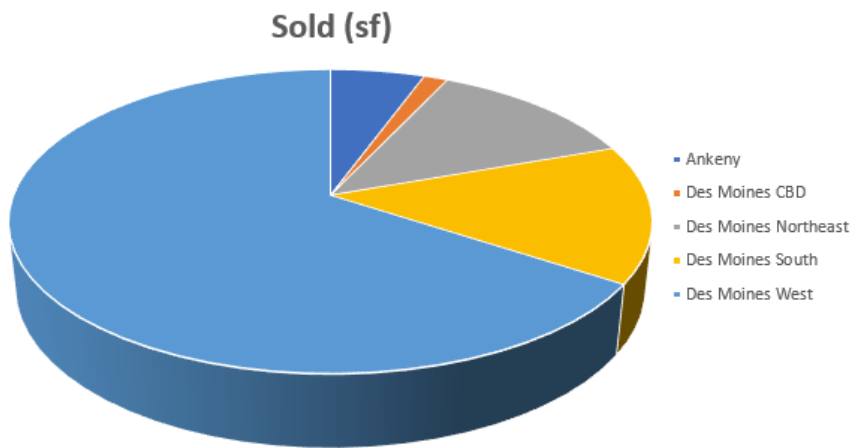
Leased (sf)



Market	Leased (sf)
Ankeny	23,156
Des Moines CBD	9,600
Des Moines Northeast	5,365
Des Moines South	43,614
Des Moines West	86,483
Grand Total	168,218

Sales Activity

Property	Price	Market	Buyer	Seller
Ashworth Plaza 5929 Ashworth Rd	\$6,300,000	Des Moines West	Grewal Virinder Singh; Grewal Paramjit Kaur	Ashworth Partners LLC
8000 - 8056 Douglas Ave	\$3,500,000	Des Moines West	Colby Woods Property LLC	Colby Investments
Westmark Plaza I 2743 86th St	\$2,850,000	Des Moines West	JDS Real Estate Investments LLC	Westmark Properties LLC
Northpointe Village 1875 N Ankeny Blvd	\$2,420,000	Ankeny	Northpointe Village Property LLC	DRA Properties L.C.
2805 N Ankeny Blvd	\$2,505,000	Ankeny	Central Bank	Bricktowne Piper L.C.



Market	Sold (sf)
Ankeny	14,162
Des Moines CBD	3,600
Des Moines Northeast	31,805
Des Moines South	37,164
Des Moines West	166,655
Grand Total	253,386

Methodology

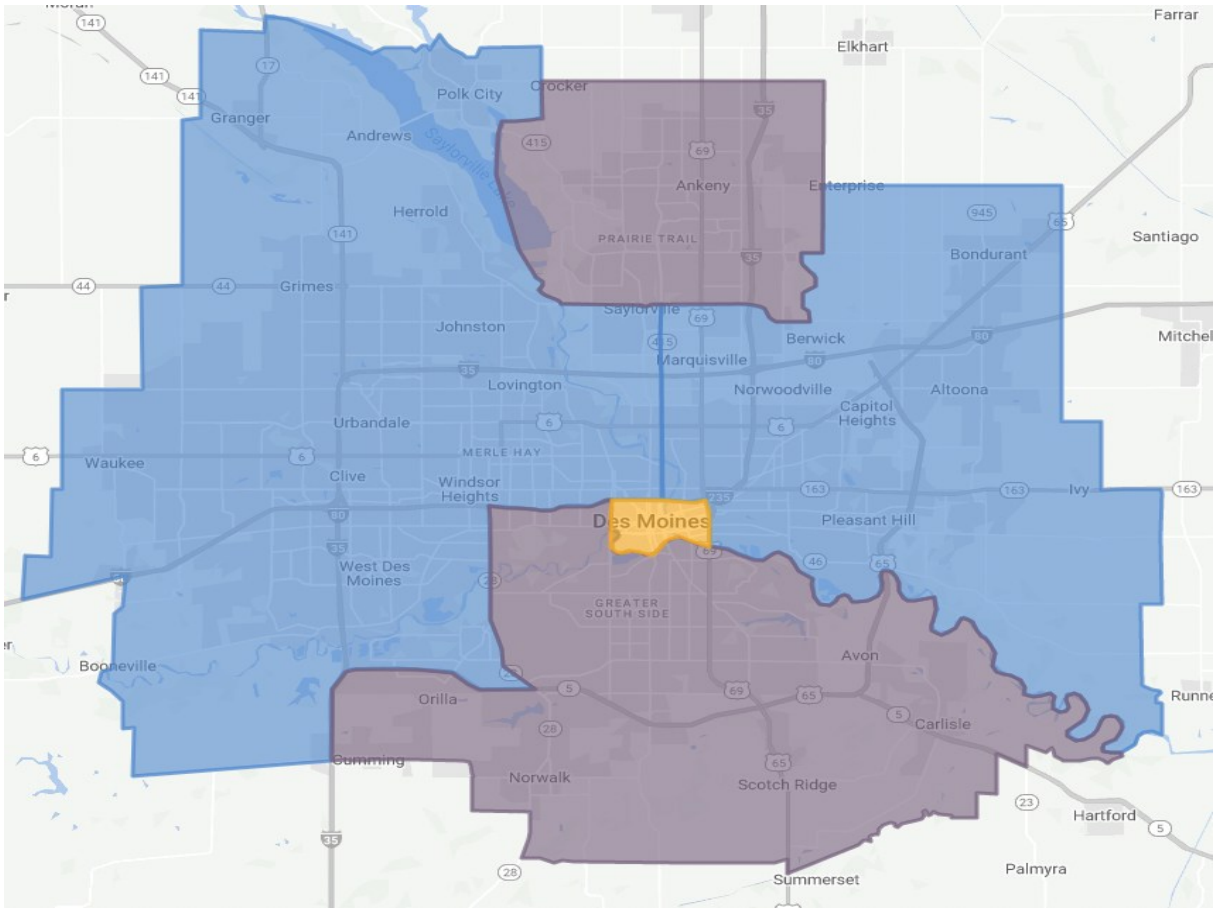
The Des Moines market consists of single and multi-tenant retail buildings 5,000 sf or larger or part of a complex larger than 5,000 sf. The geographic area includes Dallas, Polk and Warren counties. The tracked set does not include mixed use properties with less than 5,000 sf retail space. All tracked 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 NNN basis.

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 future date because a tenant is planning to move.
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 rate expressed as a per square foot value in NNN terms.

Market Map



Advisory Board Members

Anderson Properties	Jeff Saddoris	Knapp Properties	Korey Birkenholtz
Buyers Realty	Mike Cunningham		Brian Erickson
	Bill Wright		Lucas Hedstrom
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	Chris Pendroy		Abi Reiland
Caliber Realty	Blake Pagliai	Locate CRE	Keith Olson
Capstone Commercial	Corey Sedrel	NAI Iowa Realty	Kevin Crowley
CDM RE Services	Sherry Goode	R&R Realty Group	Chris Curran
Cushman & Wakefield	Alec Wilcox	Signature CRE	Andy Hodges
Denny Elwell Company	Carson Hughes	Stanbrough Realty	Jeff Stanbrough

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