

Market

Trend

Q3 2023

Des Moines - Retail



REDI

MOODY'S
ANALYTICS

Catylist



MARKET TRENDS

Q3 2023 | Des Moines | Retail

Employment

	<u>Current</u>	<u>Y-o-Y</u>
Employment	369,844	
Area Unemployment	3.0	
U.S. Unemployment	3.8	
Retail Jobs	37,500	

Source: BLS

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

Market Recap

All Properties

Total Inventory (sf)	27,225,663
Total # of Bldgs (tracked)	1,066
Absorption	(62,350)
Vacancy	5.1%
Asking Rate (FSG)	\$16.58
New Construction (sf)	415,875

Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Des Moines metropolitan statistical area (MSA) increased 30 basis points to 3.0% for August 2023 from 2.7% for August 2022. The unemployment rate for the US was at 3.8% in August 2023 increasing 10 basis points from last year. State of Iowa unemployment rate was 2.9%. The Des Moines MSA saw an increase in job growth, and retail job growth in leisure and Hospitality also increased by 600 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 (62,300) sf negative absorption bringing the YTD to 231,800 sf positive absorption. Q3 2023 ended with a 5.1% vacancy rate. Multi-tenant only properties had (62,300) sf negative absorption. This brought the YTD to 48,700 sf positive absorption and created a 8.6% vacancy rate for Q3 2023. The average asking lease rate for Des Moines came in at \$16.58 psf NNN for all properties. There are 16 construction projects throughout the market with 415,800 sf. Thirteen properties were delivered YTD totaling 120,600 sf.

Market Highlights

During Q3 2023, the market experienced over 154,700 sf of leasing activity in 55 transactions. Ankeny posted the highest positive absorption of 12,600 sf led by Abundant Health leasing 3,500 sf. Des Moines West dropped the most with (77,000) sf negative absorption led by Ben Bath & Beyond vacating 35,000 sf. Ankeny market posted the lowest vacancy rate at 2.0% for all properties. The highest vacancy rate was 9.0% in the Des Moines South market for all properties. Fourteen properties totaling over 72,000 sf sold during Q3 2023 topping \$16.9 million.

Market Statistics by Property Type

Total

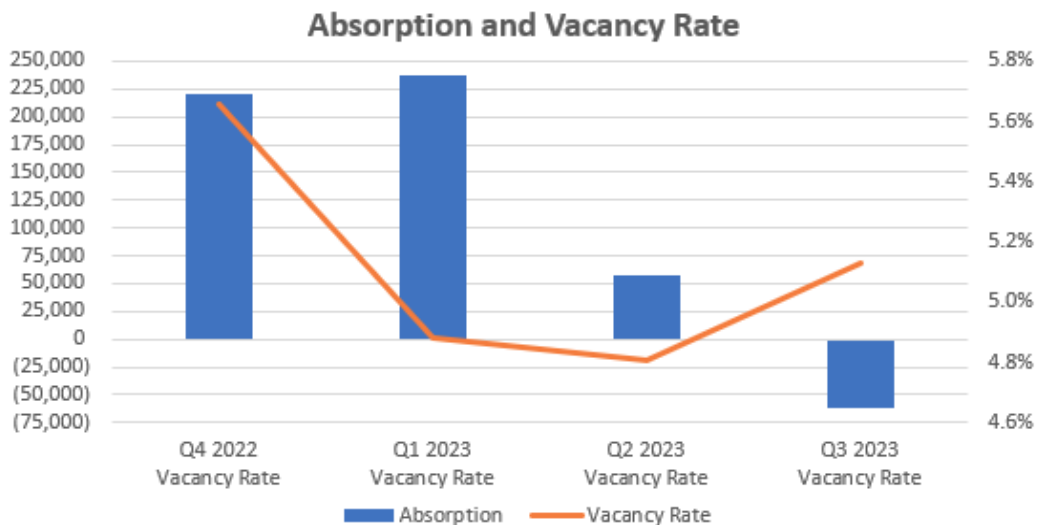
Property Type	# of Bldgs	Inventory	Total Available (sf)	Total Vacant (sf)	Total Absorption (sf)	YTD Total Absorption (sf)	Vacancy Rate
Community Center	9	1,267,806	54,242	86,786	3,528	8,081	6.8%
Freestanding/Big Box	442	12,612,253	135,959	132,031	0	183,062	1.0%
Mixed Use	89	1,423,850	185,984	159,248	21,001	17,712	11.2%
Neighborhood Center	90	4,355,811	457,556	454,111	(84,877)	(40,620)	10.4%
Regional Center	3	2,311,620	307,013	307,013	4,170	(6,684)	13.3%
Strip Center	433	5,254,323	283,171	256,818	(6,172)	70,286	4.9%
Grand Total	1,066	27,225,663	1,423,925	1,396,007	(62,350)	231,837	5.1%

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	54,242	86,786	3,528	8,081	6.8%
Freestanding/Big Box	442	12,612,253	68,908	64,980	0	183,062	0.5%
Mixed Use	89	1,423,850	185,984	159,248	21,001	17,712	11.2%
Neighborhood Center	90	4,355,811	440,812	454,111	(86,347)	(42,090)	10.4%
Regional Center	3	2,311,620	307,013	307,013	4,170	(6,684)	13.3%
Strip Center	433	5,254,323	263,554	245,307	(8,196)	67,687	4.7%
Grand Total	1,066	27,225,663	1,320,513	1,317,445	(65,844)	227,768	4.8%

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	442	12,612,253	67,051	67,051	0	0	0.5%
Mixed Use	89	1,423,850			0	0	0.0%
Neighborhood Center	90	4,355,811	16,744		1,470	1,470	0.0%
Regional Center	3	2,311,620			0	0	0.0%
Strip Center	433	5,254,323	19,617	11,511	2,024	2,599	0.2%
Grand Total	1,066	27,225,663	103,412	78,562	3,494	4,069	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	2,702	2,702	3,528	8,081	2.0%
	Freestanding/Big Box	47	2,032,125			0	0	0.0%
	Mixed Use	9	118,874	7,451	9,480	4,921	7,063	8.0%
	Neighborhood Center	9	406,619	23,889	21,895	(3,500)	(21,895)	5.4%
	Strip Center	65	797,819	41,054	33,954	7,670	18,285	4.3%
	Subtotal	131	3,488,516	75,096	68,031	12,619	11,534	2.0%
Des Moines CBD	Freestanding/Big Box	14	178,815			0	0	0.0%
	Mixed Use	36	662,636	82,700	62,690	10,144	10,144	9.5%
	Neighborhood Center	1	32,185			0	0	0.0%
	Strip Center	10	111,258	24,592	20,000	0	2,520	18.0%
	Subtotal	61	984,894	107,292	82,690	10,144	12,664	8.4%
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	1,000	1,000	189	189	7.6%
	Neighborhood Center	11	454,910	46,171	46,171	0	(5,436)	10.1%
	Strip Center	71	874,003	27,214	28,917	168	14,005	3.3%
Subtotal	199	3,974,771	103,125	104,828	357	8,758	2.6%	
Des Moines South	Community Center	3	381,117	22,800	55,344	0	0	14.5%
	Freestanding/Big Box	63	1,464,863			0	8,624	0.0%
	Mixed Use	3	35,126	7,137	7,137	0	(2,173)	20.3%
	Neighborhood Center	11	531,975	31,811	104,825	(5,679)	(7,119)	19.7%
	Regional Center	1	402,000	116,298	116,298	0	(4,548)	28.9%
	Strip Center	42	521,167	3,553	16,089	(2,844)	(5,280)	3.1%
Subtotal	123	3,336,248	181,599	299,693	(8,523)	(10,496)	9.0%	
Des Moines West	Community Center	3	444,529			0	0	0.0%
	Freestanding/Big Box	205	6,612,843	135,959	132,031	0	174,438	2.0%
	Mixed Use	39	594,044	87,696	78,941	5,747	2,489	13.3%
	Neighborhood Center	58	2,930,122	355,685	281,220	(75,698)	(6,170)	9.6%
	Regional Center	2	1,909,620	190,715	190,715	4,170	(2,136)	10.0%
	Strip Center	245	2,950,076	186,758	157,858	(11,166)	40,756	5.4%
Subtotal	552	15,441,234	956,813	840,765	(76,947)	209,377	5.4%	
Grand Total		1,066	27,225,663	1,423,925	1,396,007	(62,350)	231,837	5.1%

Vacancy Rate by Markets

Market	Property Type	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
		Vacancy Rate	Vacancy Rate	Vacancy Rate	Vacancy Rate	Vacancy Rate
Ankeny	Community Center	8.1%	8.1%	4.7%	4.7%	2.0%
	Freestanding/Big Box	0.0%	0.0%	0.0%	0.0%	0.0%
	Mixed Use	10.3%	8.7%	6.8%	6.8%	8.0%
	Neighborhood Center	2.4%	0.0%	2.0%	4.5%	5.4%
	Strip Center	8.5%	6.4%	5.8%	5.2%	4.3%
	Subtotal	3.1%	2.1%	2.0%	2.1%	2.0%
Des Moines CBD	Freestanding/Big Box	0.0%	0.0%	0.0%	0.0%	0.0%
	Mixed Use	12.8%	10.2%	11.0%	11.0%	9.5%
	Neighborhood Center	0.0%	0.0%	0.0%	0.0%	0.0%
	Strip Center	20.2%	20.2%	18.0%	18.0%	18.0%
	Subtotal	10.7%	8.9%	9.1%	9.4%	8.4%
Des Moines Northeast	Community Center	9.3%	9.3%	9.3%	9.3%	9.3%
	Freestanding/Big Box	0.3%	0.0%	0.0%	0.0%	0.0%
	Mixed Use	6.8%	6.8%	9.0%	9.0%	7.6%
	Neighborhood Center	8.5%	9.0%	9.9%	10.1%	10.1%
	Strip Center	4.0%	3.5%	3.8%	3.3%	3.3%
Subtotal	2.8%	2.5%	2.7%	2.6%	2.6%	
Des Moines South	Community Center	14.5%	14.5%	14.5%	14.5%	14.5%
	Freestanding/Big Box	0.6%	0.6%	0.6%	0.0%	0.0%
	Mixed Use	10.7%	14.1%	10.7%	20.3%	20.3%
	Neighborhood Center	19.7%	18.4%	18.4%	18.6%	19.7%
	Regional Center	27.8%	27.8%	27.8%	28.9%	28.9%
	Strip Center	2.1%	2.1%	2.5%	2.5%	3.1%
Subtotal	8.9%	8.7%	8.7%	8.7%	9.0%	
Des Moines West	Community Center	0.0%	0.0%	0.0%	0.0%	0.0%
	Freestanding/Big Box	3.6%	4.5%	2.0%	2.0%	2.0%
	Mixed Use	13.0%	11.8%	12.8%	12.4%	13.3%
	Neighborhood Center	9.0%	9.4%	8.3%	7.0%	9.6%
	Regional Center	10.3%	9.9%	9.9%	10.2%	10.0%
	Strip Center	5.7%	5.4%	4.7%	4.8%	5.4%
Subtotal	6.1%	6.4%	5.0%	4.8%	5.4%	
Grand Total		5.7%	5.7%	4.9%	4.8%	5.1%

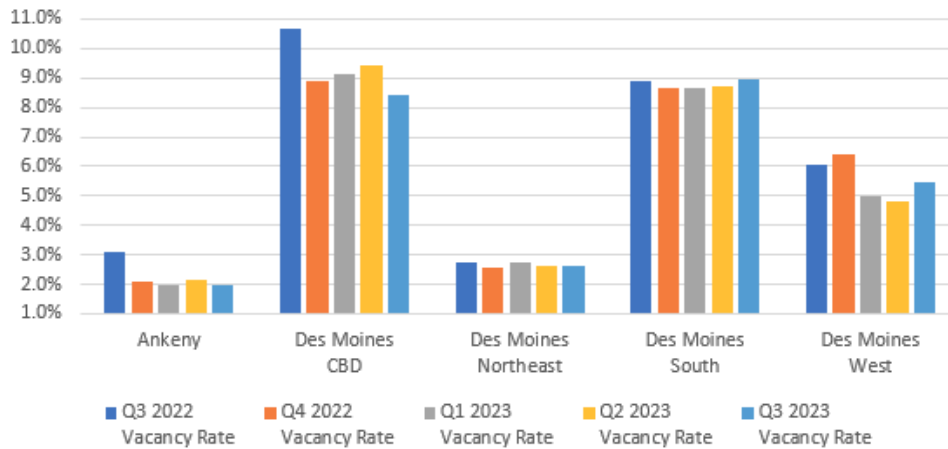
Lease Rates by Market

Market	Property Type	Q3 2022 Lease Rate	Q4 2022 Lease Rate	Q1 2023 Lease Rate	Q2 2023 Lease Rate	Q3 2023 Lease Rate
Ankeny	Community Center	\$16.00	\$16.50	\$16.50	\$16.00	\$17.00
	Freestanding/Big Box					
	Mixed Use	\$22.50	\$24.00	\$25.00	\$25.00	\$25.00
	Neighborhood Center	\$17.00	\$14.00	\$10.50	\$13.67	\$15.00
	Strip Center	\$17.78	\$18.66	\$18.95	\$18.22	\$17.60
	Subtotal	\$18.11	\$18.57	\$18.57	\$18.11	\$18.00
Des Moines CBD	Freestanding/Big Box					
	Mixed Use	\$18.10	\$18.10	\$19.22	\$19.22	\$20.17
	Neighborhood Center					
	Strip Center	\$15.64	\$15.64	\$15.22	\$16.00	\$16.00
	Subtotal	\$17.18	\$17.18	\$18.08	\$18.68	\$19.13
Des Moines Northeast	Community Center	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
	Freestanding/Big Box					
	Mixed Use					
	Neighborhood Center	\$9.75	\$12.58	\$8.88	\$8.88	\$8.88
	Subtotal	\$19.48	\$18.91	\$17.81	\$18.03	\$15.92
Des Moines South	Community Center					
	Freestanding/Big Box					
	Mixed Use	\$10.00	\$10.00			
	Neighborhood Center		\$9.75	\$9.75	\$9.75	\$9.75
	Regional Center					
	Subtotal	\$13.38	\$12.65	\$12.85	\$13.19	\$14.88
Des Moines West	Community Center					
	Freestanding/Big Box	\$10.67	\$10.00	\$9.00	\$10.00	\$10.00
	Mixed Use	\$18.06	\$18.58	\$17.19	\$16.97	\$19.75
	Neighborhood Center	\$12.79	\$12.46	\$12.23	\$12.87	\$12.92
	Regional Center					
	Subtotal	\$15.65	\$15.27	\$15.52	\$15.76	\$16.14
Grand Total		\$16.55	\$16.25	\$16.35	\$16.55	\$16.58

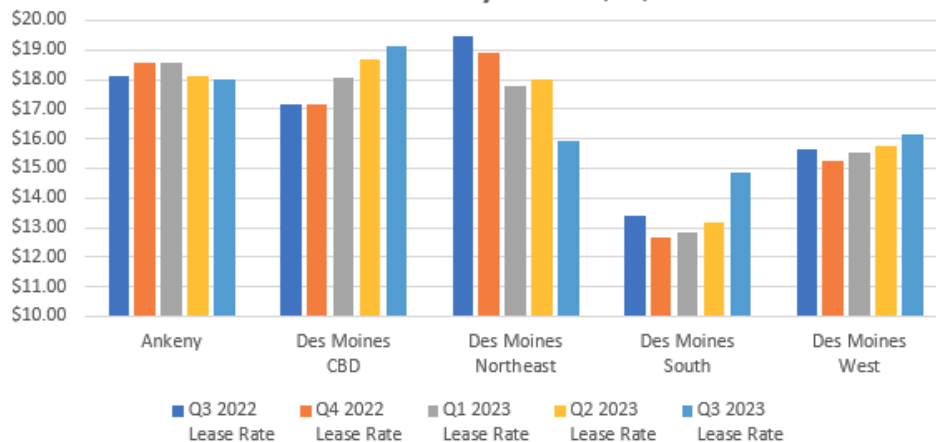
Available and Vacancy Rate



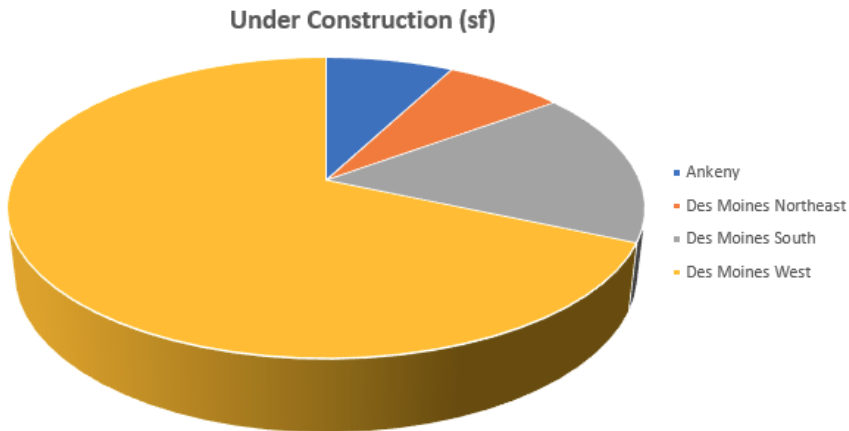
Vacancy Rate by Market



Lease Rate by Market (NNN)

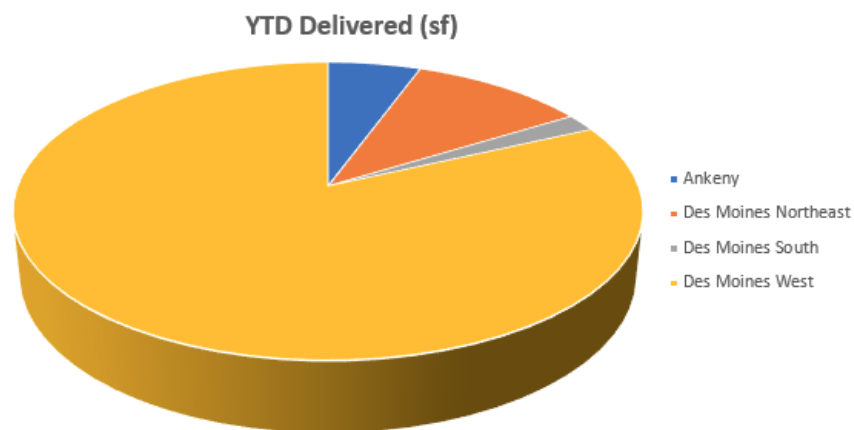


New Developments by Market



Market	Bldg (sf)
Ankeny	32,059
Des Moines Northeast	30,000
Des Moines South	69,167
Des Moines West	284,649
Grand Total	415,875

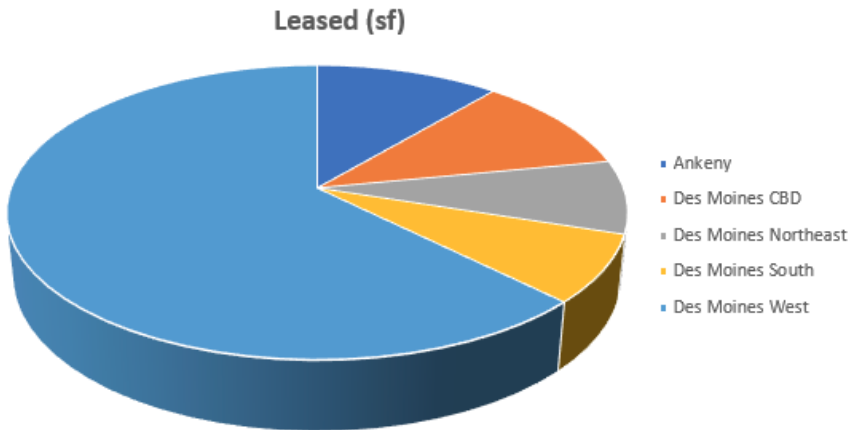
YTD Delivered by Market



Market	Bldg (sf)
Ankeny	6,744
Des Moines Northeast	12,833
Des Moines South	2,284
Des Moines West	98,738
Grand Total	120,599

Leasing Activity

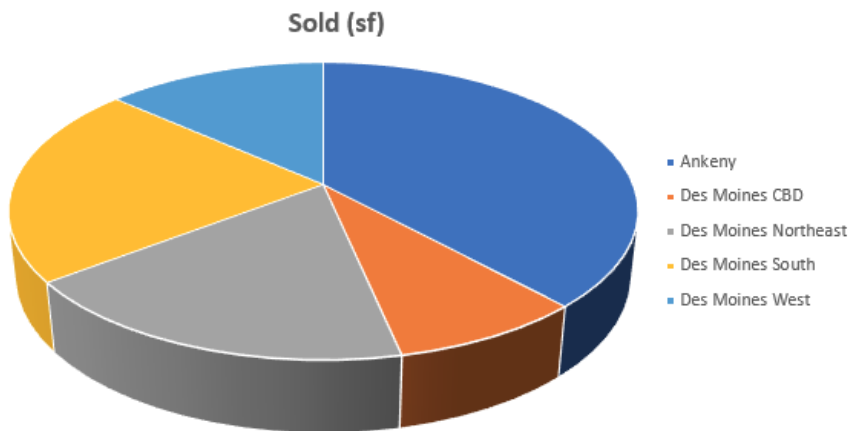
Property	Size (sf)	Market	Tenant	Landlord
Galleria at Jordan Creek 6305 Mills Civic	18,000	Des Moines West	Sierra	S-J-Jordan LLC
Green Meadows West 5627 NW 86th St	9,180	Des Moines West	Circle City ABA of Iowa, LLC	Green Meadows Center LLC
The CC 216 Court Ave	7,309	Des Moines CBD	Stuffed Olive	Court Center LLC
Hope Plaza II 825 NE Gateway Dr	6,444	Des Moines West	The Iowa Clinic	Heretage 141 LLC
AFM Bentley Center 5045 Bentley Dr	5,596	Des Moines West	Wasabi	Bentley Partners LLC



Market	Leased (sf)
Ankeny	17,349
Des Moines CBD	16,588
Des Moines Northeast	12,465
Des Moines South	11,491
Des Moines West	96,854
Grand Total	154,747

Sales Activity

Property	Price	Market	Buyer	Seller
2620 SW Vintage Pkwy	\$4,297,000	Ankeny	SLM Properties LLC	MJ Properties LLC
3004 NW 18th St	\$2,900,000	Ankeny	NC Ankeny, LLC	Consider Him, LLC
5901 SE 14th St	\$2,728,600	Des Moines South	Mary C Cockerill Real Property Trust; Cockerill Family 2010 Trust	BDC-Stoney Point LLC
AFM Bentley Center 5045 Bentley Dr	\$1,500,000	Des Moines West	Bentley Partners LLC; Bentley Drive LLC; 5045 Bentley, LLC	AFM Vista Properties LLC
Bankers Trust 717 7th St	\$1,450,000	Des Moines CBD	BANKERS TRUST COMPANY	Richard G Hansen Revocable Trust



Market	Sold (sf)
Ankeny	27,549
Des Moines CBD	6,124
Des Moines Northeast	12,962
Des Moines South	15,834
Des Moines West	9,721
Grand Total	72,190

Methodology

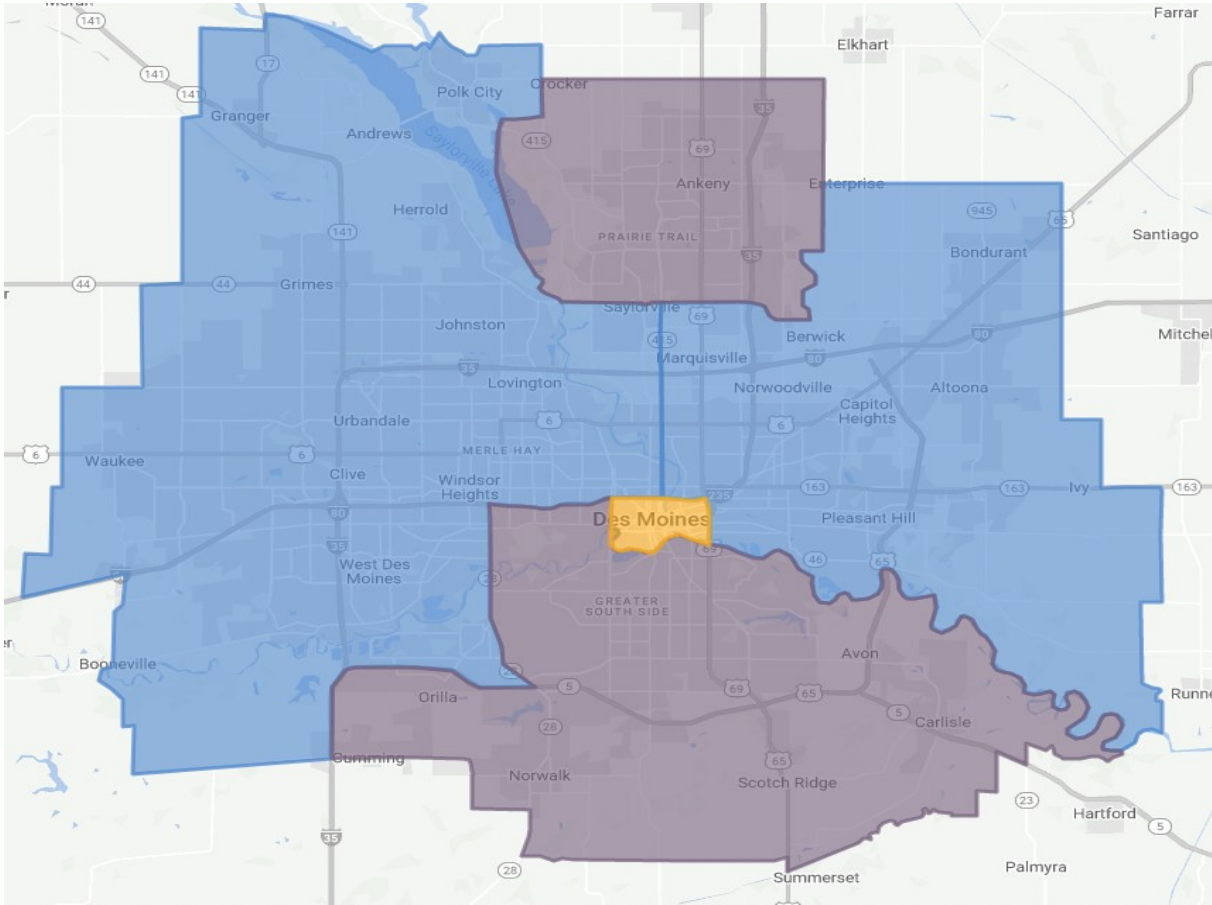
The Des Moines market consists of single and multi-tenant retail buildings 5,000 sf or larger or part of a complex larger than 5,000 sf. The geographic area includes Dallas, Polk and Warren counties. The tracked set does not include mixed use properties with less than 5,000 sf retail space. All tracked 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 Sadoris	Buyers Realty	Mike Cunningham
	Bill Wright	Caliber Realty	Blake Pagliai
CBRE	Blake Bogenrief	Capstone Commercial	Corey Sedrel
	Chris Pendroy	CDM RE Services	Sherri Goode
Cushman & Wakefield	Alec Wilcox	Denny Elwell Company	Carson Hughes
Ferguson CRE	Darin Ferguson		Lucas Hedstrom
	Korey Birkenholtz	JLL	Eric Land
Knapp Properties	Brian Erickson		Justin Lossner
	Angie Tessau		Abi Reiland
Locate CRE	Keith Olson	NAI Iowa Realty	Kevin Crowley
R&R Realty Group	Chris Curran	Signature CRE	Andy Hodges
Stanbrough Realty	Jeff Stanbrough	SVN Create	Heath Bullock
	Andrew McCune		

REDIComps Team

Jeremy Bengtson	CEO	jeremy@redicomps.com	
Chris Allen	Regional Director of Analytics	chris@redicomps.com	800-574-9185 x 802
Kim Platz	Regional Director of Research	kim@redicomps.com	800-574-9185 x 804
Molly Bengtson	Director of Client Services	molly@redicomps.com	800-574-9185 x 803
Lisa Bengtson	Regional Director of Sale Comps	lisa@redicomps.com	
Emma Fonte	Iowa Listing Specialist	emma@redicomps.com	800-574-9185 x 821