

Market

# Trend

# Q1 2024

## Des Moines - Industrial



# REDI MOODY'S



# MARKET TRENDS

Q1 2024 | Des Moines | Industrial

## Employment

|                   | <u>Current</u> | <u>Y-o-Y</u>   |
|-------------------|----------------|--|
| Employment        | 364,088        |   |
| Area Unemployment | 3.1            |   |
| U.S. Unemployment | 3.9            |   |
| Industrial Jobs   | 23,600         |  |

Source: BLS

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

## Market Recap

### All Properties

|                            |            |
|----------------------------|------------|
| Total Inventory (sf)       | 79,156,421 |
| Total # of Bldgs (tracked) | 1255       |
| Total Absorption (sf)      | (83,713)   |
| Vacancy                    | 5.6%       |
| Asking Rate (FSG)          | \$8.60     |
| New Construction (sf)      | 2,908,871  |

### Multi-tenant Properties

|                            |            |
|----------------------------|------------|
| Total Inventory (sf)       | 25,840,667 |
| Total # of Bldgs (tracked) | 422        |
| Total Absorption (sf)      | 47,889     |
| Vacancy                    | 14.7%      |
| Asking Rate (FSG)          | \$8.89     |

## Economic Overview

According to the Bureau of Labor Statistics (BLS), the unemployment rate for the Des Moines metropolitan statistical area (MSA) increased 10 basis points to 3.1% for February 2024 from 3.0% for February 2023. The unemployment rate for the US was at 3.9% in February 2024 increasing 30 basis points from last year. State of Iowa unemployment rate was 2.9%. The Des Moines MSA saw a decrease in job growth, but industrial job growth in manufacturing increased by 500 jobs compared to last year.

## Market Overview

The Des Moines industrial market consists of 79.1 msf of space in three counties across the metro. Overall there was (83,700) sf in negative absorption bringing YTD up to (83,700) sf negative absorption. Q1 2024 finished with a 5.6% vacancy rate. Multi-tenant properties totaled 47,900 sf positive absorption bringing YTD to 47,900 sf. This created a 14.7% vacancy rate for Q1 2024. There are currently 12 construction projects throughout the market with 2.9 msf. One property was delivered YTD totaling 328,000 sf.

## Market Highlights

During Q1 2024, the market experienced over 646,600 sf of leasing activity in 26 transactions. The highest vacancy rate was 7.2% in the Des Moines Northeast market for all properties and 25.2% for multi-tenant properties. Des Moines South topped all markets with 99,000 sf positive absorption led by owner occupied property with 87,000 sf. Des Moines West led all markets with (83,700) sf negative absorption. Eight properties totaling 81,300 sf sold this quarter topping \$14,800,000.

# Market Statistics by Property Type (Multi and Single Tenant)

## Total

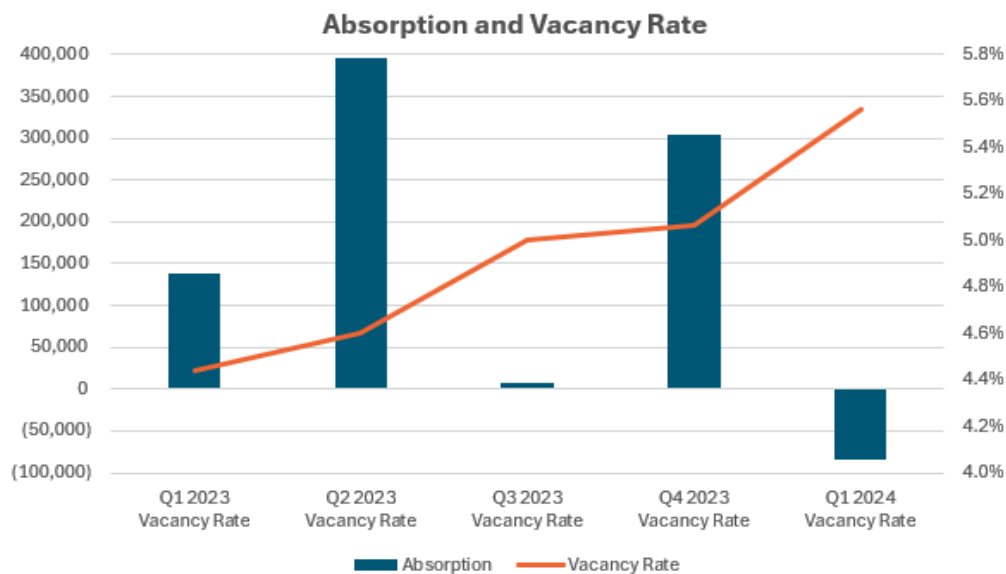
| Property Type          | # of Bldgs   | Inventory         | Total Available (sf) | Total Vacant (sf) | Total Absorption (sf) | YTD Total Absorption (sf) | Vacancy Rate |
|------------------------|--------------|-------------------|----------------------|-------------------|-----------------------|---------------------------|--------------|
| Flex/R&D               | 147          | 5,152,775         | 486,213              | 514,213           | (30,238)              | (30,238)                  | 10.0%        |
| Manufacturing          | 132          | 18,420,052        | 19,600               | 19,600            | 88,998                | 88,998                    | 0.1%         |
| Warehouse Distribution | 248          | 36,389,599        | 3,513,794            | 3,358,273         | (104,661)             | (104,661)                 | 9.2%         |
| Warehouse Office       | 728          | 19,193,995        | 709,433              | 510,148           | (37,812)              | (37,812)                  | 2.7%         |
| <b>Grand Total</b>     | <b>1,255</b> | <b>79,156,421</b> | <b>4,729,040</b>     | <b>4,402,234</b>  | <b>(83,713)</b>       | <b>(83,713)</b>           | <b>5.6%</b>  |

## Direct

| Property Type          | # of Bldgs   | Inventory         | Direct Available (sf) | Direct Vacant (sf) | Direct Absorption (sf) | YTD Direct Absorption (sf) | Vacancy Rate |
|------------------------|--------------|-------------------|-----------------------|--------------------|------------------------|----------------------------|--------------|
| Flex/R&D               | 147          | 5,152,775         | 384,958               | 434,958            | (30,238)               | (30,238)                   | 8.4%         |
| Manufacturing          | 132          | 18,420,052        | 19,600                | 19,600             | 88,998                 | 88,998                     | 0.1%         |
| Warehouse Distribution | 248          | 36,389,599        | 3,394,023             | 3,222,502          | (104,661)              | (104,661)                  | 8.9%         |
| Warehouse Office       | 728          | 19,193,995        | 708,233               | 508,948            | (36,612)               | (36,612)                   | 2.7%         |
| <b>Grand Total</b>     | <b>1,255</b> | <b>79,156,421</b> | <b>4,506,814</b>      | <b>4,186,008</b>   | <b>(82,513)</b>        | <b>(82,513)</b>            | <b>5.3%</b>  |

## Sublease

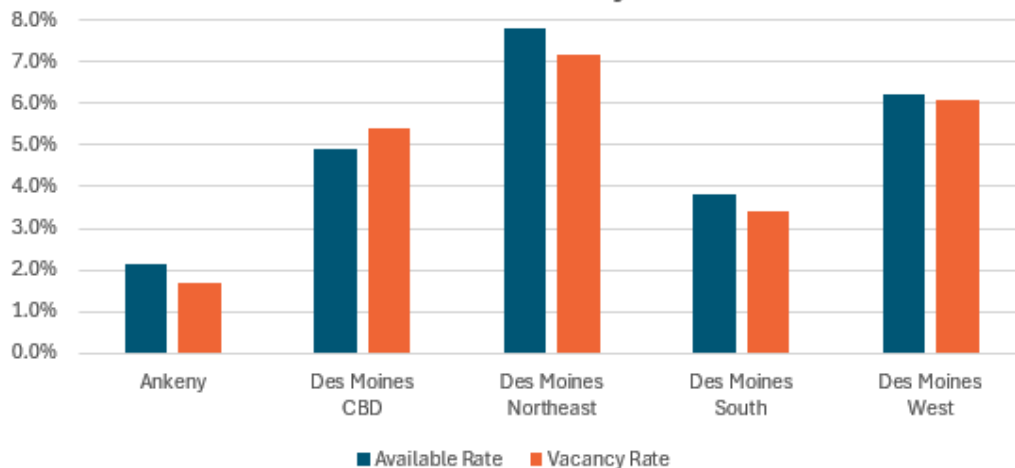
| Property Type          | # of Bldgs   | Inventory         | Sublease Available (sf) | Sublease Vacant (sf) | Sublease Absorption (sf) | YTD Sublease Absorption (sf) | Vacancy Rate |
|------------------------|--------------|-------------------|-------------------------|----------------------|--------------------------|------------------------------|--------------|
| Flex/R&D               | 147          | 5,152,775         | 101,255                 | 79,255               | 0                        | 0                            | 1.5%         |
| Manufacturing          | 132          | 18,420,052        |                         |                      | 0                        | 0                            | 0.0%         |
| Warehouse Distribution | 248          | 36,389,599        | 119,771                 | 135,771              | 0                        | 0                            | 0.4%         |
| Warehouse Office       | 728          | 19,193,995        | 1,200                   | 1,200                | (1,200)                  | (1,200)                      | 0.0%         |
| <b>Grand Total</b>     | <b>1,255</b> | <b>79,156,421</b> | <b>222,226</b>          | <b>216,226</b>       | <b>(1,200)</b>           | <b>(1,200)</b>               | <b>0.3%</b>  |



# Market Statistics by Market (Multi and Single Tenant)

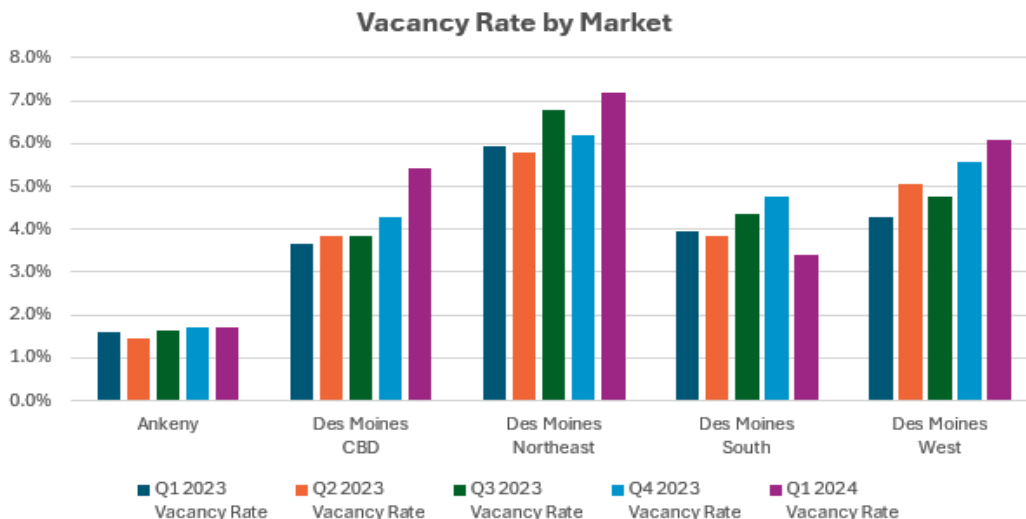
| Market               | Property Type          | # of Bldgs   | Inventory         | Total Available (sf) | Total Vacant (sf) | Total Absorption (sf) | YTD Total Absorption (sf) | Vacancy Rate |
|----------------------|------------------------|--------------|-------------------|----------------------|-------------------|-----------------------|---------------------------|--------------|
| Ankeny               | Flex/R&D               | 14           | 504,218           | 46,041               | 48,252            | (3,000)               | (3,000)                   | 9.6%         |
|                      | Manufacturing          | 13           | 5,267,983         |                      |                   | 1,750                 | 1,750                     | 0.0%         |
|                      | Warehouse Distribution | 36           | 6,100,556         | 202,616              | 157,900           | 0                     | 0                         | 2.6%         |
|                      | Warehouse Office       | 68           | 1,966,624         | 47,430               | 28,641            | 3,600                 | 3,600                     | 1.5%         |
|                      | <b>Subtotal</b>        | <b>131</b>   | <b>13,839,381</b> | <b>296,087</b>       | <b>234,793</b>    | <b>2,350</b>          | <b>2,350</b>              | <b>1.7%</b>  |
| Des Moines CBD       | Flex/R&D               | 8            | 327,801           | 44,458               | 44,458            | (17,080)              | (17,080)                  | 13.6%        |
|                      | Manufacturing          | 5            | 264,630           |                      |                   | 0                     | 0                         | 0.0%         |
|                      | Warehouse Distribution | 3            | 134,389           |                      |                   | 0                     | 0                         | 0.0%         |
|                      | Warehouse Office       | 25           | 559,577           | 18,876               | 25,162            | 2,804                 | 2,804                     | 4.5%         |
|                      | <b>Subtotal</b>        | <b>41</b>    | <b>1,286,397</b>  | <b>63,334</b>        | <b>69,620</b>     | <b>(14,276)</b>       | <b>(14,276)</b>           | <b>5.4%</b>  |
| Des Moines Northeast | Flex/R&D               | 24           | 557,809           | 47,860               | 65,860            | 0                     | 0                         | 11.8%        |
|                      | Manufacturing          | 69           | 7,554,639         | 19,600               | 19,600            | 0                     | 0                         | 0.3%         |
|                      | Warehouse Distribution | 110          | 17,716,425        | 2,306,298            | 2,120,984         | 21,600                | 21,600                    | 12.0%        |
|                      | Warehouse Office       | 313          | 8,051,872         | 272,379              | 230,216           | (72,496)              | (72,496)                  | 2.9%         |
|                      | <b>Subtotal</b>        | <b>516</b>   | <b>33,880,745</b> | <b>2,646,137</b>     | <b>2,436,660</b>  | <b>(50,896)</b>       | <b>(50,896)</b>           | <b>7.2%</b>  |
| Des Moines South     | Flex/R&D               | 11           | 498,020           | 54,098               | 54,098            | 0                     | 0                         | 10.9%        |
|                      | Manufacturing          | 9            | 418,877           |                      |                   | 87,248                | 87,248                    | 0.0%         |
|                      | Warehouse Distribution | 23           | 3,283,733         | 82,666               | 73,622            | 0                     | 0                         | 2.2%         |
|                      | Warehouse Office       | 66           | 2,319,408         | 111,991              | 95,000            | 12,000                | 12,000                    | 4.1%         |
|                      | <b>Subtotal</b>        | <b>109</b>   | <b>6,520,038</b>  | <b>248,755</b>       | <b>222,720</b>    | <b>99,248</b>         | <b>99,248</b>             | <b>3.4%</b>  |
| Des Moines West      | Flex/R&D               | 90           | 3,264,927         | 293,756              | 301,545           | (10,158)              | (10,158)                  | 9.2%         |
|                      | Manufacturing          | 36           | 4,913,923         |                      |                   | 0                     | 0                         | 0.0%         |
|                      | Warehouse Distribution | 76           | 9,154,496         | 922,214              | 1,005,767         | (126,261)             | (126,261)                 | 11.0%        |
|                      | Warehouse Office       | 256          | 6,296,514         | 258,757              | 131,129           | 16,280                | 16,280                    | 2.1%         |
|                      | <b>Subtotal</b>        | <b>458</b>   | <b>23,629,860</b> | <b>1,474,727</b>     | <b>1,438,441</b>  | <b>(120,139)</b>      | <b>(120,139)</b>          | <b>6.1%</b>  |
| <b>Grand Total</b>   |                        | <b>1,255</b> | <b>79,156,421</b> | <b>4,729,040</b>     | <b>4,402,234</b>  | <b>(83,713)</b>       | <b>(83,713)</b>           | <b>5.6%</b>  |

Available and Vacancy Rates



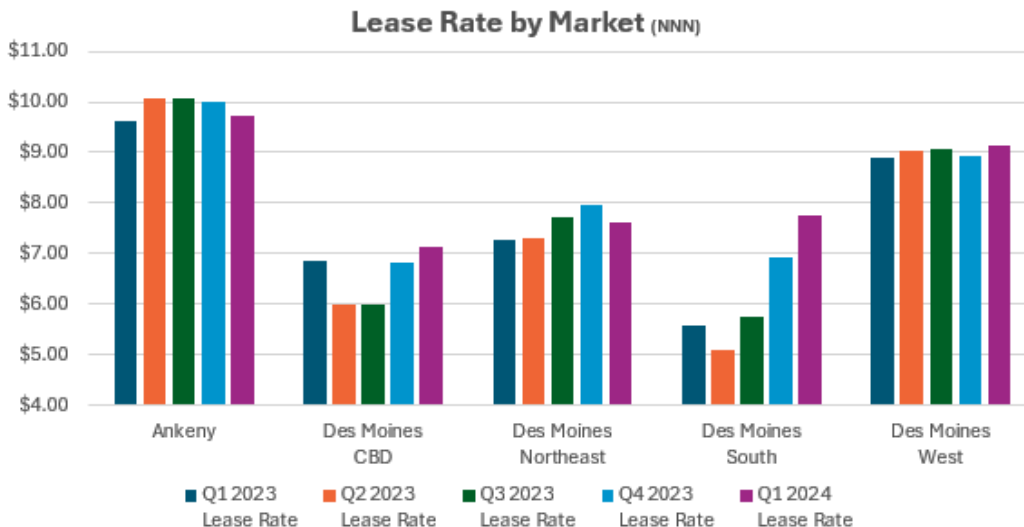
# Vacancy Rates by Market (Multi and Single Tenant)

| Market                  | Property Type          | Q1 2023<br>Vacancy Rate | Q2 2023<br>Vacancy Rate | Q3 2023<br>Vacancy Rate | Q4 2023<br>Vacancy Rate | Q1 2024<br>Vacancy Rate |
|-------------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Ankeny                  | Flex/R&D               | 7.5%                    | 6.5%                    | 7.6%                    | 9.0%                    | 9.6%                    |
|                         | Manufacturing          | 0.0%                    | 0.0%                    | 0.0%                    | 0.0%                    | 0.0%                    |
|                         | Warehouse Distribution | 2.6%                    | 2.6%                    | 2.6%                    | 2.6%                    | 2.6%                    |
|                         | Warehouse Office       | 1.2%                    | 0.6%                    | 1.4%                    | 1.7%                    | 1.5%                    |
|                         | <b>Subtotal</b>        | <b>1.6%</b>             | <b>1.5%</b>             | <b>1.6%</b>             | <b>1.7%</b>             | <b>1.7%</b>             |
| Des Moines<br>CBD       | Flex/R&D               | 8.4%                    | 8.4%                    | 8.4%                    | 8.4%                    | 13.6%                   |
|                         | Manufacturing          | 0.0%                    | 0.0%                    | 0.0%                    | 0.0%                    | 0.0%                    |
|                         | Warehouse Distribution | 0.0%                    | 0.0%                    | 0.0%                    | 0.0%                    | 0.0%                    |
|                         | Warehouse Office       | 3.7%                    | 4.1%                    | 4.1%                    | 5.0%                    | 4.5%                    |
|                         | <b>Subtotal</b>        | <b>3.6%</b>             | <b>3.8%</b>             | <b>3.8%</b>             | <b>4.3%</b>             | <b>5.4%</b>             |
| Des Moines<br>Northeast | Flex/R&D               | 4.0%                    | 0.0%                    | 4.6%                    | 5.0%                    | 11.8%                   |
|                         | Manufacturing          | 0.0%                    | 0.0%                    | 0.0%                    | 0.3%                    | 0.3%                    |
|                         | Warehouse Distribution | 10.4%                   | 10.3%                   | 12.0%                   | 11.0%                   | 12.0%                   |
|                         | Warehouse Office       | 2.8%                    | 2.7%                    | 2.6%                    | 2.0%                    | 2.9%                    |
|                         | <b>Subtotal</b>        | <b>5.9%</b>             | <b>5.8%</b>             | <b>6.8%</b>             | <b>6.2%</b>             | <b>7.2%</b>             |
| Des Moines<br>South     | Flex/R&D               | 0.0%                    | 0.0%                    | 5.8%                    | 10.9%                   | 10.9%                   |
|                         | Manufacturing          | 20.8%                   | 20.8%                   | 20.8%                   | 20.8%                   | 0.0%                    |
|                         | Warehouse Distribution | 2.1%                    | 2.1%                    | 2.2%                    | 2.2%                    | 2.2%                    |
|                         | Warehouse Office       | 4.3%                    | 4.0%                    | 4.1%                    | 4.1%                    | 4.1%                    |
|                         | <b>Subtotal</b>        | <b>4.0%</b>             | <b>3.9%</b>             | <b>4.4%</b>             | <b>4.8%</b>             | <b>3.4%</b>             |
| Des Moines<br>West      | Flex/R&D               | 9.7%                    | 9.8%                    | 8.6%                    | 8.9%                    | 9.2%                    |
|                         | Manufacturing          | 0.0%                    | 0.0%                    | 0.0%                    | 0.0%                    | 0.0%                    |
|                         | Warehouse Distribution | 5.1%                    | 7.5%                    | 7.1%                    | 9.6%                    | 11.0%                   |
|                         | Warehouse Office       | 3.7%                    | 3.1%                    | 3.1%                    | 2.3%                    | 2.1%                    |
|                         | <b>Subtotal</b>        | <b>4.3%</b>             | <b>5.1%</b>             | <b>4.8%</b>             | <b>5.6%</b>             | <b>6.1%</b>             |
| <b>Grand Total</b>      |                        | <b>4.4%</b>             | <b>4.6%</b>             | <b>5.0%</b>             | <b>5.1%</b>             | <b>5.6%</b>             |



# Lease Rates by Market (Multi and Single Tenant NNN)

| Market               | Property Type          | Q1 2023 Lease Rate | Q2 2023 Lease Rate | Q3 2023 Lease Rate | Q4 2023 Lease Rate | Q1 2024 Lease Rate |
|----------------------|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Ankeny               | Flex/R&D               | \$10.06            | \$10.19            | \$10.69            | \$10.25            | \$10.16            |
|                      | Manufacturing          |                    |                    | \$9.00             | \$9.00             |                    |
|                      | Warehouse Distribution |                    |                    |                    |                    | \$4.95             |
|                      | Warehouse Office       | \$9.33             | \$10.00            | \$9.86             | \$10.00            | \$10.50            |
|                      | <b>Subtotal</b>        | <b>\$9.63</b>      | <b>\$10.08</b>     | <b>\$10.06</b>     | <b>\$10.00</b>     | <b>\$9.73</b>      |
| Des Moines CBD       | Flex/R&D               |                    |                    |                    | \$8.50             | \$7.73             |
|                      | Manufacturing          |                    |                    |                    |                    |                    |
|                      | Warehouse Distribution |                    |                    |                    |                    |                    |
|                      | Warehouse Office       | \$6.88             | \$6.00             | \$6.00             | \$6.00             | \$5.95             |
|                      | <b>Subtotal</b>        | <b>\$6.88</b>      | <b>\$6.00</b>      | <b>\$6.00</b>      | <b>\$6.83</b>      | <b>\$7.13</b>      |
| Des Moines Northeast | Flex/R&D               | \$10.75            | \$10.75            | \$12.00            | \$11.00            | \$11.00            |
|                      | Manufacturing          |                    | \$8.50             | \$8.50             | \$8.50             |                    |
|                      | Warehouse Distribution | \$6.60             | \$5.97             | \$5.56             | \$6.26             | \$6.07             |
|                      | Warehouse Office       | \$7.19             | \$7.70             | \$8.42             | \$8.52             | \$8.43             |
|                      | <b>Subtotal</b>        | <b>\$7.28</b>      | <b>\$7.29</b>      | <b>\$7.71</b>      | <b>\$7.95</b>      | <b>\$7.62</b>      |
| Des Moines South     | Flex/R&D               |                    |                    |                    | \$10.50            | \$10.50            |
|                      | Manufacturing          | \$4.50             | \$5.00             | \$4.50             | \$4.50             |                    |
|                      | Warehouse Distribution | \$5.25             | \$5.25             | \$6.38             | \$6.38             | \$6.38             |
|                      | Warehouse Office       | \$7.00             |                    |                    |                    |                    |
|                      | <b>Subtotal</b>        | <b>\$5.58</b>      | <b>\$5.08</b>      | <b>\$5.75</b>      | <b>\$6.94</b>      | <b>\$7.75</b>      |
| Des Moines West      | Flex/R&D               | \$9.14             | \$9.51             | \$9.55             | \$9.42             | \$9.44             |
|                      | Manufacturing          |                    |                    |                    |                    |                    |
|                      | Warehouse Distribution | \$7.75             | \$7.50             | \$7.50             | \$7.80             | \$8.00             |
|                      | Warehouse Office       | \$8.71             | \$8.60             | \$8.71             | \$8.55             | \$9.08             |
|                      | <b>Subtotal</b>        | <b>\$8.91</b>      | <b>\$9.02</b>      | <b>\$9.07</b>      | <b>\$8.94</b>      | <b>\$9.14</b>      |
| <b>Grand Total</b>   |                        | <b>\$8.42</b>      | <b>\$8.47</b>      | <b>\$8.62</b>      | <b>\$8.65</b>      | <b>\$8.60</b>      |



# Market Statistics by Property Type (Multi-Tenant)

## Total

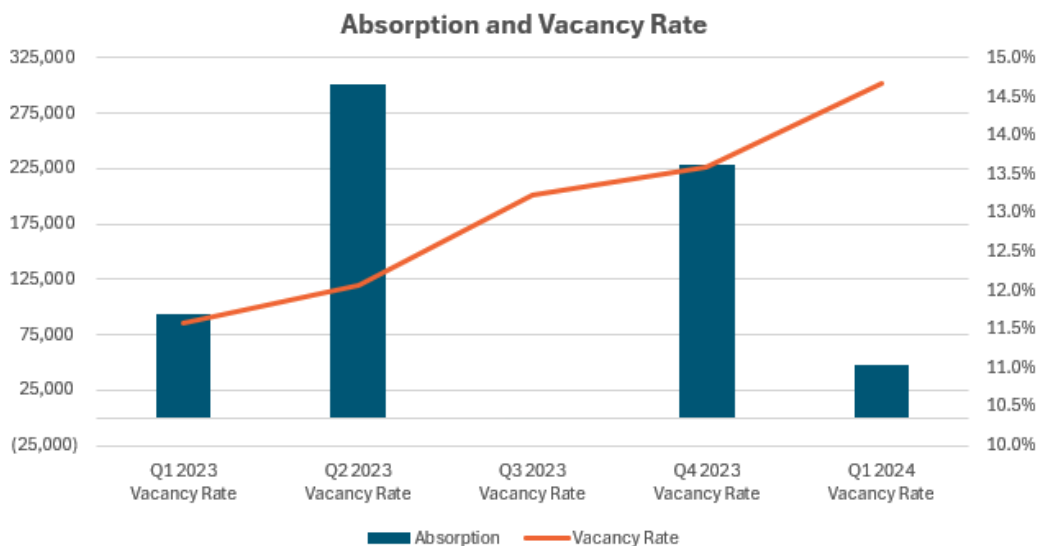
| Property Type          | # of Bldgs | Inventory         | Total Available (sf) | Total Vacant (sf) | Total Absorption (sf) | YTD Total Absorption (sf) | Vacancy Rate |
|------------------------|------------|-------------------|----------------------|-------------------|-----------------------|---------------------------|--------------|
| Flex/R&D               | 120        | 4,209,403         | 464,545              | 514,213           | (30,238)              | (30,238)                  | 12.2%        |
| Manufacturing          | 14         | 1,726,303         | 19,600               | 19,600            | 1,750                 | 1,750                     | 1.1%         |
| Warehouse Distribution | 90         | 13,946,625        | 2,671,178            | 2,934,957         | 35,339                | 35,339                    | 21.0%        |
| Warehouse Office       | 198        | 5,958,336         | 269,353              | 324,833           | 41,038                | 41,038                    | 5.5%         |
| <b>Grand Total</b>     | <b>422</b> | <b>25,840,667</b> | <b>3,424,676</b>     | <b>3,793,603</b>  | <b>47,889</b>         | <b>47,889</b>             | <b>14.7%</b> |

## Direct

| Property Type          | # of Bldgs | Inventory         | Direct Available (sf) | Direct Vacant (sf) | Direct Absorption (sf) | YTD Direct Absorption (sf) | Vacancy Rate |
|------------------------|------------|-------------------|-----------------------|--------------------|------------------------|----------------------------|--------------|
| Flex/R&D               | 120        | 4,209,403         | 363,290               | 434,958            | (30,238)               | (30,238)                   | 10.3%        |
| Manufacturing          | 14         | 1,726,303         | 19,600                | 19,600             | 1,750                  | 1,750                      | 1.1%         |
| Warehouse Distribution | 90         | 13,946,625        | 2,551,407             | 2,879,186          | 35,339                 | 35,339                     | 20.6%        |
| Warehouse Office       | 198        | 5,958,336         | 268,153               | 323,633            | 42,238                 | 42,238                     | 5.4%         |
| <b>Grand Total</b>     | <b>422</b> | <b>25,840,667</b> | <b>3,202,450</b>      | <b>3,657,377</b>   | <b>49,089</b>          | <b>49,089</b>              | <b>14.2%</b> |

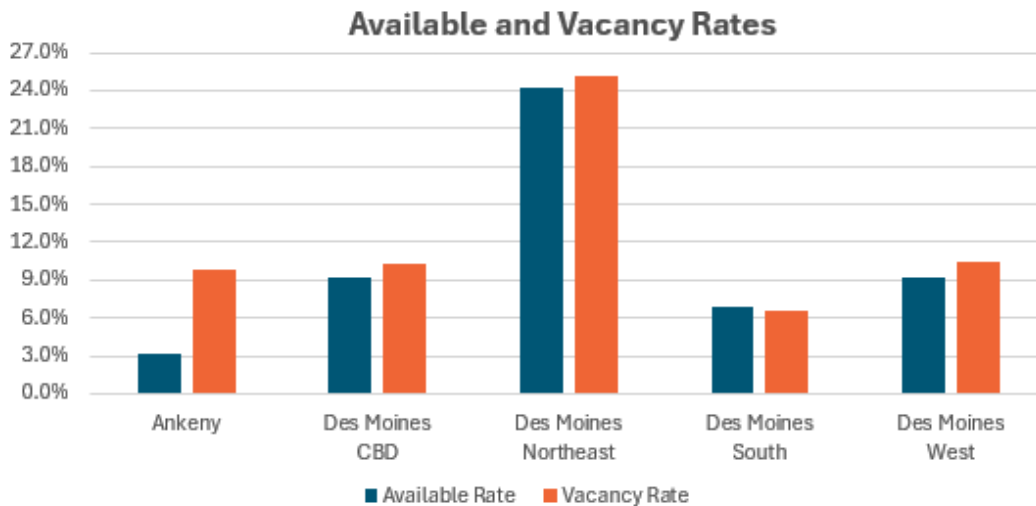
## Sublease

| Property Type          | # of Bldgs | Inventory         | Sublease Available (sf) | Sublease Vacant (sf) | Sublease Absorption (sf) | YTD Sublease Absorption (sf) | Vacancy Rate |
|------------------------|------------|-------------------|-------------------------|----------------------|--------------------------|------------------------------|--------------|
| Flex/R&D               | 120        | 4,209,403         | 101,255                 | 79,255               | 0                        | 0                            | 1.9%         |
| Manufacturing          | 14         | 1,726,303         |                         |                      | 0                        | 0                            | 0.0%         |
| Warehouse Distribution | 90         | 13,946,625        | 119,771                 | 55,771               | 0                        | 0                            | 0.4%         |
| Warehouse Office       | 198        | 5,958,336         | 1,200                   | 1,200                | (1,200)                  | (1,200)                      | 0.0%         |
| <b>Grand Total</b>     | <b>422</b> | <b>25,840,667</b> | <b>222,226</b>          | <b>136,226</b>       | <b>(1,200)</b>           | <b>(1,200)</b>               | <b>0.5%</b>  |



# Market Statistics by Market (Multi-Tenant)

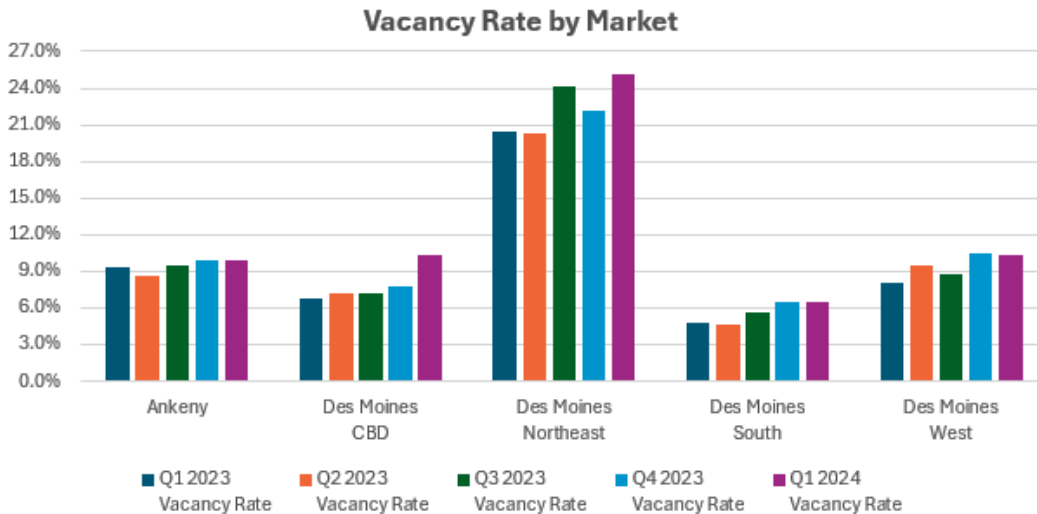
| Market               | Property Type          | # of Bldgs | Inventory         | Total Available (sf) | Total Vacant (sf) | Total Absorption (sf) | YTD Total Absorption (sf) | Vacancy Rate |
|----------------------|------------------------|------------|-------------------|----------------------|-------------------|-----------------------|---------------------------|--------------|
| Ankeny               | Flex/R&D               | 11         | 291,586           | 46,041               | 48,252            | (3,000)               | (3,000)                   | 16.5%        |
|                      | Manufacturing          | 3          | 425,192           |                      |                   | 1,750                 | 1,750                     | 0.0%         |
|                      | Warehouse Distribution | 8          | 1,213,756         |                      | 157,900           | 0                     | 0                         | 13.0%        |
|                      | Warehouse Office       | 20         | 395,399           | 26,430               | 22,641            | 3,600                 | 3,600                     | 5.7%         |
|                      | <b>Subtotal</b>        | <b>42</b>  | <b>2,325,933</b>  | <b>72,471</b>        | <b>228,793</b>    | <b>2,350</b>          | <b>2,350</b>              | <b>9.8%</b>  |
| Des Moines CBD       | Flex/R&D               | 7          | 291,719           | 44,458               | 44,458            | (17,080)              | (17,080)                  | 15.2%        |
|                      | Warehouse Distribution | 2          | 84,999            |                      |                   | 0                     | 0                         | 0.0%         |
|                      | Warehouse Office       | 6          | 195,018           | 8,326                | 14,612            | 2,804                 | 2,804                     | 7.5%         |
|                      | <b>Subtotal</b>        | <b>15</b>  | <b>571,736</b>    | <b>52,784</b>        | <b>59,070</b>     | <b>(14,276)</b>       | <b>(14,276)</b>           | <b>10.3%</b> |
| Des Moines Northeast | Flex/R&D               | 19         | 422,507           | 47,860               | 65,860            | 0                     | 0                         | 15.6%        |
|                      | Manufacturing          | 5          | 546,566           | 19,600               | 19,600            | 0                     | 0                         | 3.6%         |
|                      | Warehouse Distribution | 32         | 5,529,853         | 1,906,411            | 1,946,334         | 21,600                | 21,600                    | 35.2%        |
|                      | Warehouse Office       | 60         | 1,880,692         | 52,948               | 79,371            | 6,354                 | 6,354                     | 4.2%         |
|                      | <b>Subtotal</b>        | <b>116</b> | <b>8,379,618</b>  | <b>2,026,819</b>     | <b>2,111,165</b>  | <b>27,954</b>         | <b>27,954</b>             | <b>25.2%</b> |
| Des Moines South     | Flex/R&D               | 7          | 264,568           | 54,098               | 54,098            | 0                     | 0                         | 20.4%        |
|                      | Warehouse Distribution | 8          | 1,441,509         | 54,000               | 44,956            | 0                     | 0                         | 3.1%         |
|                      | Warehouse Office       | 17         | 1,277,613         | 95,000               | 95,000            | 12,000                | 12,000                    | 7.4%         |
|                      | <b>Subtotal</b>        | <b>32</b>  | <b>2,983,690</b>  | <b>203,098</b>       | <b>194,054</b>    | <b>12,000</b>         | <b>12,000</b>             | <b>6.5%</b>  |
| Des Moines West      | Flex/R&D               | 76         | 2,939,023         | 272,088              | 301,545           | (10,158)              | (10,158)                  | 10.3%        |
|                      | Manufacturing          | 6          | 754,545           |                      |                   | 0                     | 0                         | 0.0%         |
|                      | Warehouse Distribution | 40         | 5,676,508         | 710,767              | 785,767           | 13,739                | 13,739                    | 13.8%        |
|                      | Warehouse Office       | 95         | 2,209,614         | 86,649               | 113,209           | 16,280                | 16,280                    | 5.1%         |
|                      | <b>Subtotal</b>        | <b>217</b> | <b>11,579,690</b> | <b>1,069,504</b>     | <b>1,200,521</b>  | <b>19,861</b>         | <b>19,861</b>             | <b>10.4%</b> |
| <b>Grand Total</b>   |                        | <b>422</b> | <b>25,840,667</b> | <b>3,424,676</b>     | <b>3,793,603</b>  | <b>47,889</b>         | <b>47,889</b>             | <b>14.7%</b> |





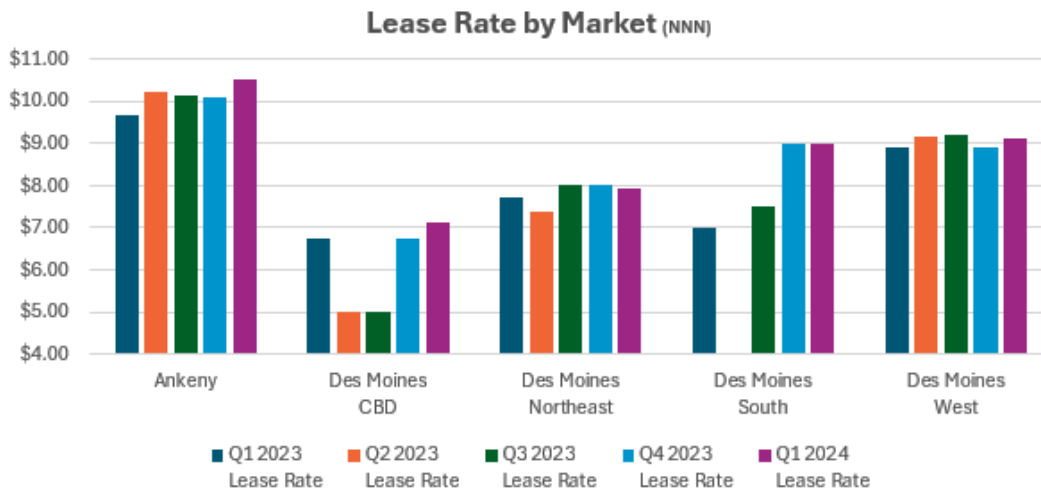
# Vacancy Rates by Market (Multi-Tenant)

| Market                  | Property Type          | Q1 2023<br>Vacancy Rate | Q2 2023<br>Vacancy Rate | Q3 2023<br>Vacancy Rate | Q4 2023<br>Vacancy Rate | Q1 2024<br>Vacancy Rate |
|-------------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Ankeny                  | Flex/R&D               | 12.9%                   | 11.3%                   | 13.2%                   | 15.5%                   | 16.5%                   |
|                         | Manufacturing          | 0.0%                    | 0.0%                    | 0.0%                    | 0.4%                    | 0.0%                    |
|                         | Warehouse Distribution | 13.0%                   | 13.0%                   | 13.0%                   | 13.0%                   | 13.0%                   |
|                         | Warehouse Office       | 5.2%                    | 2.2%                    | 6.1%                    | 6.6%                    | 5.7%                    |
|                         | <b>Subtotal</b>        | <b>9.3%</b>             | <b>8.6%</b>             | <b>9.5%</b>             | <b>9.9%</b>             | <b>9.8%</b>             |
| Des Moines<br>CBD       | Flex/R&D               | 9.4%                    | 9.4%                    | 9.4%                    | 9.4%                    | 15.2%                   |
|                         | Warehouse Distribution | 0.0%                    | 0.0%                    | 0.0%                    | 0.0%                    | 0.0%                    |
|                         | Warehouse Office       | 5.9%                    | 7.1%                    | 7.1%                    | 8.9%                    | 7.5%                    |
|                         | <b>Subtotal</b>        | <b>6.7%</b>             | <b>7.2%</b>             | <b>7.2%</b>             | <b>7.8%</b>             | <b>10.3%</b>            |
| Des Moines<br>Northeast | Flex/R&D               | 5.3%                    | 0.0%                    | 6.2%                    | 6.8%                    | 15.6%                   |
|                         | Manufacturing          | 0.0%                    | 0.0%                    | 0.0%                    | 3.6%                    | 3.6%                    |
|                         | Warehouse Distribution | 30.5%                   | 30.5%                   | 34.9%                   | 31.5%                   | 35.2%                   |
|                         | Warehouse Office       | 4.1%                    | 4.5%                    | 5.6%                    | 4.6%                    | 4.2%                    |
|                         | <b>Subtotal</b>        | <b>20.5%</b>            | <b>20.3%</b>            | <b>24.1%</b>            | <b>22.1%</b>            | <b>25.2%</b>            |
| Des Moines<br>South     | Flex/R&D               | 0.0%                    | 0.0%                    | 11.4%                   | 20.4%                   | 20.4%                   |
|                         | Warehouse Distribution | 2.8%                    | 2.8%                    | 3.1%                    | 3.1%                    | 3.1%                    |
|                         | Warehouse Office       | 8.0%                    | 7.5%                    | 7.5%                    | 7.5%                    | 7.4%                    |
|                         | <b>Subtotal</b>        | <b>4.8%</b>             | <b>4.6%</b>             | <b>5.7%</b>             | <b>6.5%</b>             | <b>6.5%</b>             |
| Des Moines<br>West      | Flex/R&D               | 10.7%                   | 10.9%                   | 9.5%                    | 9.9%                    | 10.3%                   |
|                         | Manufacturing          | 0.0%                    | 0.0%                    | 0.0%                    | 0.0%                    | 0.0%                    |
|                         | Warehouse Distribution | 7.0%                    | 10.8%                   | 10.2%                   | 14.1%                   | 13.8%                   |
|                         | Warehouse Office       | 9.4%                    | 7.7%                    | 7.1%                    | 5.9%                    | 5.1%                    |
|                         | <b>Subtotal</b>        | <b>8.0%</b>             | <b>9.5%</b>             | <b>8.8%</b>             | <b>10.5%</b>            | <b>10.4%</b>            |
| <b>Grand Total</b>      |                        | <b>11.6%</b>            | <b>12.1%</b>            | <b>13.2%</b>            | <b>13.6%</b>            | <b>14.7%</b>            |

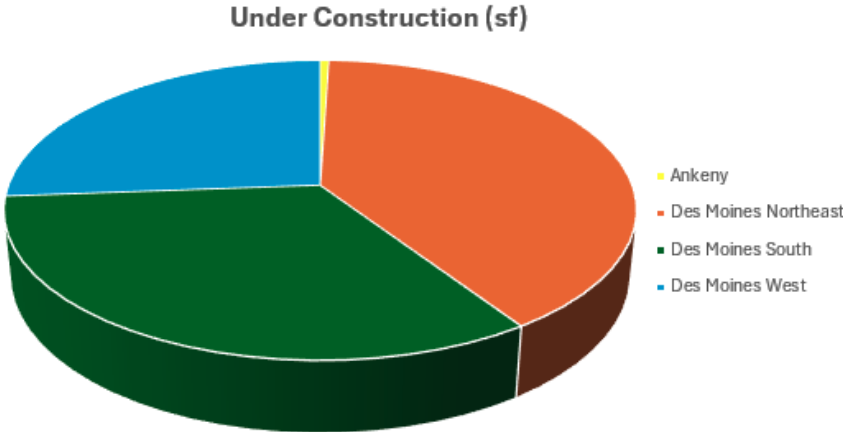


# Lease Rates by Market (Multi-Tenant NNN)

| Market               | Property Type          | Q1 2023 Lease Rate | Q2 2023 Lease Rate | Q3 2023 Lease Rate | Q4 2023 Lease Rate | Q1 2024 Lease Rate |
|----------------------|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Ankeny               | Flex/R&D               | \$10.06            | \$10.19            | \$10.69            | \$10.25            | \$10.16            |
|                      | Manufacturing          |                    |                    | \$9.00             | \$9.00             |                    |
|                      | Warehouse Distribution |                    |                    |                    |                    |                    |
|                      | Warehouse Office       | \$9.40             | \$10.25            | \$10.00            | \$10.20            | \$11.00            |
|                      | <b>Subtotal</b>        | <b>\$9.69</b>      | <b>\$10.22</b>     | <b>\$10.16</b>     | <b>\$10.10</b>     | <b>\$10.52</b>     |
| Des Moines CBD       | Flex/R&D               |                    |                    |                    | \$8.50             | \$7.73             |
|                      | Warehouse Distribution |                    |                    |                    |                    |                    |
|                      | Warehouse Office       | \$6.75             | \$5.00             | \$5.00             | \$5.00             | \$5.95             |
| <b>Subtotal</b>      | <b>\$6.75</b>          | <b>\$5.00</b>      | <b>\$5.00</b>      | <b>\$6.75</b>      | <b>\$7.13</b>      |                    |
| Des Moines Northeast | Flex/R&D               | \$10.75            | \$10.75            | \$12.00            | \$11.00            | \$11.00            |
|                      | Manufacturing          |                    |                    |                    |                    |                    |
|                      | Warehouse Distribution | \$4.68             | \$3.85             | \$4.92             | \$6.31             | \$6.28             |
|                      | Warehouse Office       | \$7.73             | \$7.44             | \$8.75             | \$8.21             | \$8.53             |
|                      | <b>Subtotal</b>        | <b>\$7.72</b>      | <b>\$7.39</b>      | <b>\$8.00</b>      | <b>\$8.04</b>      | <b>\$7.92</b>      |
| Des Moines South     | Flex/R&D               |                    |                    |                    | \$10.50            | \$10.50            |
|                      | Warehouse Distribution |                    |                    | \$7.50             | \$7.50             | \$7.50             |
|                      | Warehouse Office       | \$7.00             |                    |                    |                    |                    |
| <b>Subtotal</b>      | <b>\$7.00</b>          | <b>\$7.00</b>      | <b>\$7.50</b>      | <b>\$9.00</b>      | <b>\$9.00</b>      |                    |
| Des Moines West      | Flex/R&D               | \$9.14             | \$9.51             | \$9.55             | \$9.42             | \$9.44             |
|                      | Manufacturing          |                    |                    |                    |                    |                    |
|                      | Warehouse Distribution | \$7.75             | \$8.25             | \$8.25             | \$7.80             | \$8.69             |
|                      | Warehouse Office       | \$8.79             | \$8.62             | \$8.58             | \$8.44             | \$8.43             |
|                      | <b>Subtotal</b>        | <b>\$8.93</b>      | <b>\$9.17</b>      | <b>\$9.20</b>      | <b>\$8.93</b>      | <b>\$9.12</b>      |
| <b>Grand Total</b>   |                        | <b>\$8.83</b>      | <b>\$9.03</b>      | <b>\$9.04</b>      | <b>\$8.88</b>      | <b>\$8.89</b>      |



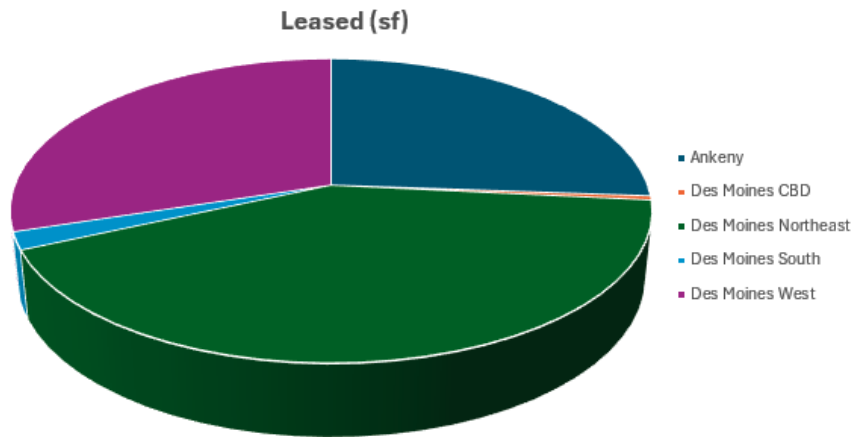
# New Developments by Market



| Market               | Bldg (sf)        |
|----------------------|------------------|
| Ankeny               | 14,850           |
| Des Moines Northeast | 1,167,535        |
| Des Moines South     | 965,000          |
| Des Moines West      | 761,486          |
| <b>Grand Total</b>   | <b>2,908,871</b> |

# Leasing Activity

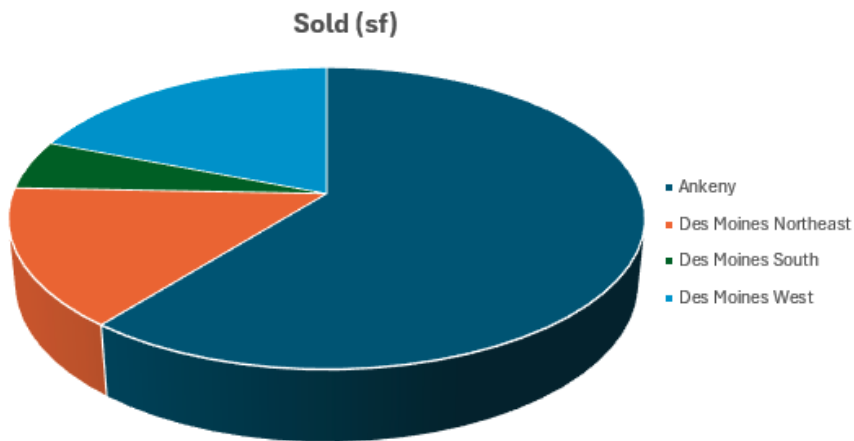
| Property  | Size (sf) | Market               | Tenant                | Landlord               |
|---|-----------|----------------------|-----------------------|------------------------|
| Northridge Distribution Center<br>900 NE Broadway Ave | 163,254   | Des Moines Northeast | AFC Industries        | Jerry Enterprises Inc  |
| 4430 112th St   | 100,000   | Des Moines West      | Quality Manufacturing | ISA IV LLC             |
| 4101-4143 121st St                                    | 27,000    | Des Moines West      | PickUp USA Fitness    | Jaks Properties II LLC |
| 2100 Delaware Ave                                     | 17,128    | Des Moines Northeast | Jetz Service Co       | A E Farms Inc          |
| Legacy 3<br>1400 SE 19th St                           | 15,000    | Des Moines West      | World Wide Fittings   | Anderson Four LLC      |



| Market               | Leased (sf)    |
|----------------------|----------------|
| Ankeny               | 169,052        |
| Des Moines CBD       | 2,804          |
| Des Moines Northeast | 269,748        |
| Des Moines South     | 12,000         |
| Des Moines West      | 193,046        |
| <b>Grand Total</b>   | <b>646,650</b> |

# Sales Activity

| Property           | Price       | Market           | Buyer                     | Seller                |
|--------------------|-------------|------------------|---------------------------|-----------------------|
| 6715 Hickman Rd    | \$6,300,000 | Des Moines West  | TKG III Urbandale LLC     | Hickman Storage LLC   |
| 801 SW Ordnance Rd | \$2,750,000 | Ankeny           | Lea Holding Company 2 LLC | For the Kids IX LLC   |
| 804 SW Cherry St   | \$2,000,000 | Ankeny           | Lea Holding Company 2 LLC | For the Kids VIII LLC |
| 1445 NE 67th Pl    | \$1,600,000 | Ankeny           | Diamond Investments LLC   | DRA Properties        |
| 2720 Garden Rd     | \$585,000   | Des Moines South | Nixon Properties LLC      | Hurd Garden LLC       |



| Market               | Sold (sf) |
|----------------------|-----------|
| Ankeny               | 49,400    |
| Des Moines Northeast | 12,080    |
| Des Moines South     | 4,300     |
| Des Moines West      | 15,522    |
| Grand Total          | 81,302    |

# Methodology

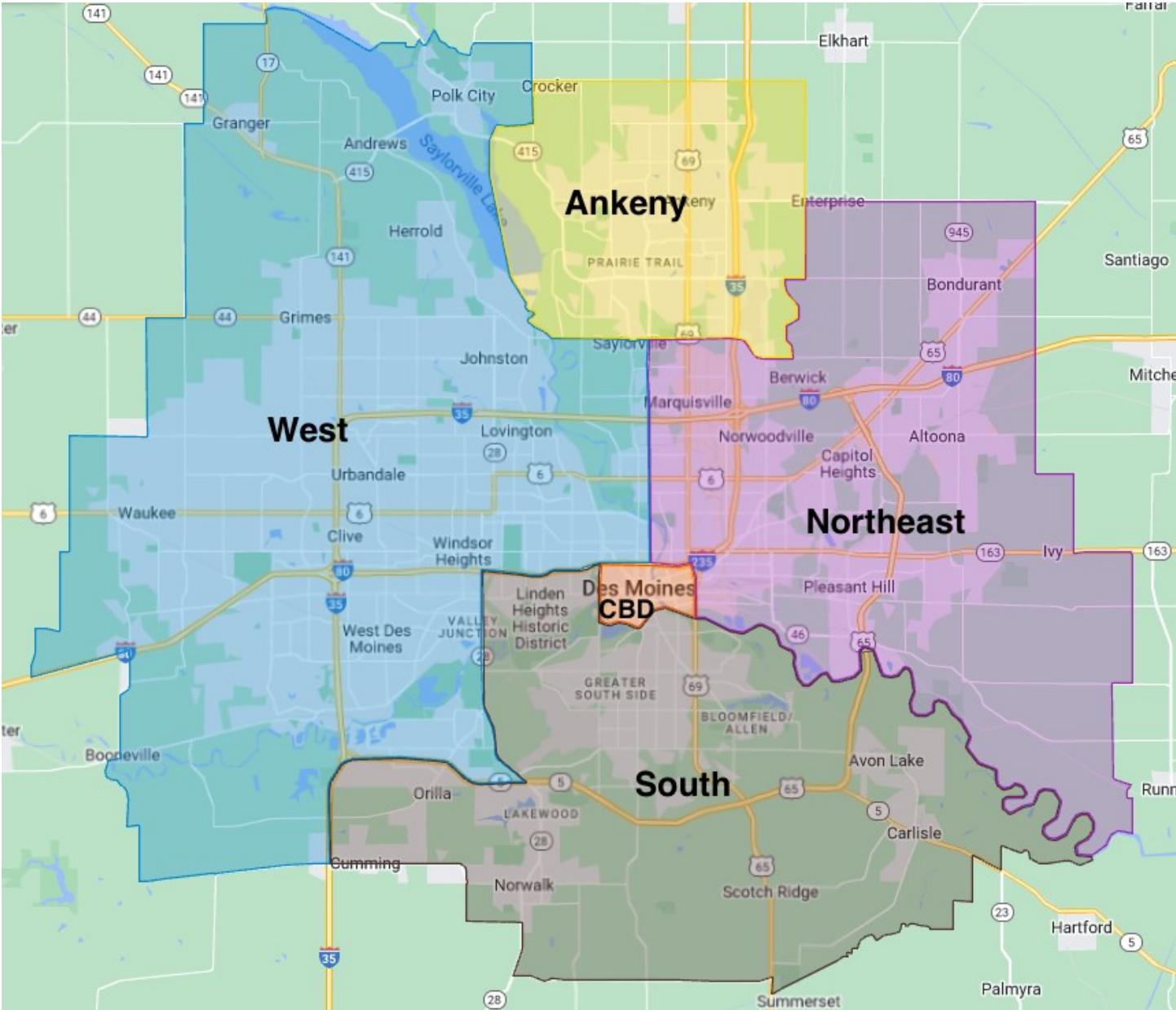
The Des Moines market consists of single and multi-tenant industrial buildings 10,000 sf or larger or part of a complex larger than 10,000 sf. The geographic area includes Dallas, Polk and Warren counties. The tracked set does not include self-storage facilities and non-conforming property types such as grain elevators or fuel storage facilities. 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

|                             |   |
|-----------------------------|---|
| <b>Inventory</b>            | The total square feet (sf) of existing multi-tenant buildings greater than 10,000 sf or are part of a complex that totals greater than 10,000 sf located in Dallas, Polk and Warren Counties.   |
| <b>Total Available (sf)</b> | 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. |
| <b>Total Vacant (sf)</b>    | The total of all the vacant square feet within a building including both direct and sublease space.   |
| <b>Direct Vacant (sf)</b>   | The total of the vacant square footage in a building that is being marketed by an agent representing the landlord.  |
| <b>Sublease Space</b>       | 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.  |
| <b>Net Absorption</b>       | The net change in occupancy from quarter to quarter, expressed in square feet.  |
| <b>Average Asking Rate</b>  | The average lease rate expressed as a per square foot value in NNN terms.   |

# Market Map



Images courtesy of Google maps

## Advisory Board Members

|                     |                 |                   |                   |
|---------------------|-----------------|-------------------|-------------------|
| Anderson Properties | Jeff Sadoris    |                   | Lucas Hedstrom    |
| Buyers Realty       | Mike Cunningham | JLL               | Tanner Hedstrom   |
| Caliber Realty      | Blake Pagliai   |                   | Justin Lossner    |
| Capstone Commercial | Corey Sedrel    |                   | Abi Reiland       |
| CBRE                | Bill Wright     |                   | Korey Birkenholtz |
|                     | Blake Bogenrief | Knapp Properties  | Brian Erickson    |
|                     | Marty Herrmann  |                   | Angie Tessau      |
|                     | Chris Pendroy   | NAI Iowa Realty   | Kevin Crowley     |
| CDM RE Services     | Sherri Goode    | R&R Realty Group  | Chris Curran      |
| Cushman & Wakefield | Alec Wilcox     | Signature CRE     | Andy Hodges       |
| Ferguson CRE        | Darin Ferguson  | Stanbrough Realty | Jeff Stanbrough   |
| Locate CRE          | Keith Olson     |                   | Andrew McCune     |
|                     |                 |                   | SVN Create        |

## REDIComps Team

|                  |                                |  |                    |
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| Chris Allen      | Regional Director of Analytics | <a href="mailto:chris@redicomps.com">chris@redicomps.com</a>         | 800-574-9185 x 802 |
| Kim Platz        | Regional Director of Research  | <a href="mailto:kim@redicomps.com">kim@redicomps.com</a>             | 800-574-9185 x 804 |
| Molly Bengtson   | Director of Client Services    | <a href="mailto:molly@redicomps.com">molly@redicomps.com</a>         | 800-574-9185 x 803 |
| September Reddis | Director of Sale Comps         | <a href="mailto:september@redicomps.com">september@redicomps.com</a> |                    |
| Emma Fonte       | Iowa Listing Specialist        | <a href="mailto:emma@redicomps.com">emma@redicomps.com</a>           | 800-574-9185 x 821 |