

Market

Trend

Q1 2024

Des Moines - Retail



REDI MOODY'S



MARKET TRENDS

Q1 2024 | Des Moines | Retail

Employment

	<u>Current</u>	<u>Y-o-Y</u>
Employment	364,088	
Area Unemployment	3.1	
U.S. Unemployment	3.9	
Retail Jobs	34,800	

Source: BLS

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

Market Recap

All Properties

Total Inventory ^(sf)	27,305,716
Total # of Bldgs ^(tracked)	1,074
Absorption	(129,592)
Vacancy	5.5%
Asking Rate ^(FSG)	\$17.37
New Construction ^(sf)	420,707

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 retail job growth in leisure and hospitality increased by 700 jobs compared to last year.

Market Overview

The Des Moines retail market consists of 27.3 msf of space in three counties across the metro. Overall there was (129,600) sf negative absorption bringing the YTD to (129,600) sf negative absorption. Q1 2024 ended with a 5.5% vacancy rate. Multi-tenant only properties had (55,400) sf negative absorption. This brought the YTD to (55,400) sf negative absorption and created a 8.9% vacancy rate for Q1 2024. The average asking lease rate for Des Moines came in at \$17.37 psf NNN for all properties. There are 13 construction projects throughout the market with 420,700 sf. Two properties were delivered this year totaled 17,000 sf.

Market Highlights

During Q1 2024, the market experienced over 96,300 sf of leasing activity in 41 transactions. Ankeny was the only market with positive absorption of 3,800 sf. Des Moines West dropped the most with (96,900) sf negative absorption led by Woodsmith Store vacating 58,800 sf. Ankeny and Des Moines Northeast markets posted the lowest vacancy rate at 2.5% for all properties. The highest vacancy rate was 9.7% in the Des Moines CBD market for all properties. Thirteen properties totaling over 200,400 sf sold during Q1 2024 topping \$12.6 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	88,995	116,789	(29,830)	(29,830)	9.2%
Freestanding/Big Box	441	12,600,253	202,547	200,144	(74,173)	(74,173)	1.6%
Mixed Use	92	1,439,517	181,211	180,469	(1,057)	(1,057)	12.5%
Neighborhood Center	90	4,355,811	534,652	447,385	15,340	15,340	10.3%
Regional Center	3	2,311,620	286,773	286,773	667	667	12.4%
Strip Center	439	5,330,709	339,572	282,737	(40,539)	(40,539)	5.3%
Grand Total	1,074	27,305,716	1,633,750	1,514,297	(129,592)	(129,592)	5.5%

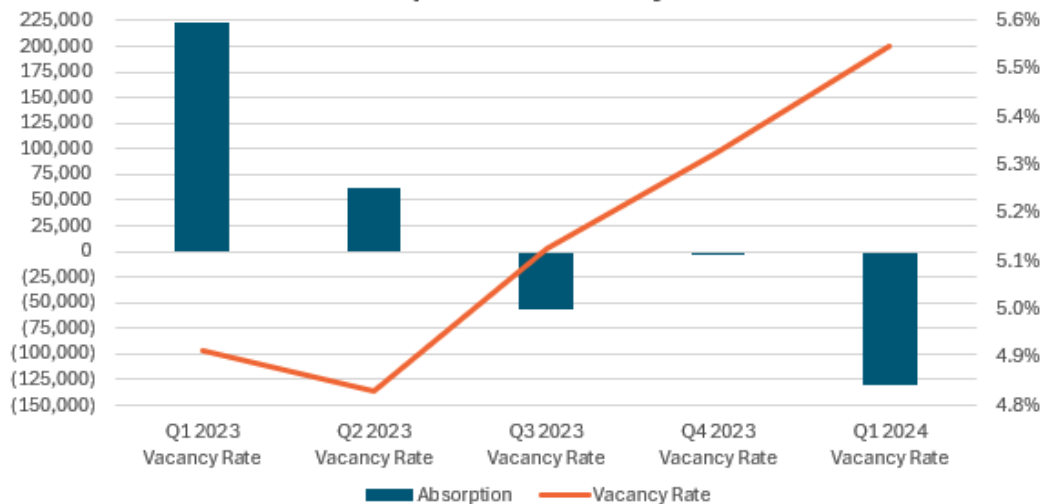
Direct

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	88,995	116,789	(29,830)	(29,830)	9.2%
Freestanding/Big Box	441	12,600,253	135,496	133,093	(74,173)	(74,173)	1.1%
Mixed Use	92	1,439,517	167,712	166,970	12,442	12,442	11.6%
Neighborhood Center	90	4,355,811	508,742	447,385	15,340	15,340	10.3%
Regional Center	3	2,311,620	286,773	286,773	667	667	12.4%
Strip Center	439	5,330,709	322,023	264,422	(40,539)	(40,539)	5.0%
Grand Total	1,074	27,305,716	1,509,741	1,415,432	(116,093)	(116,093)	5.2%

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	441	12,600,253	67,051	67,051	0	0	0.5%
Mixed Use	92	1,439,517	13,499	13,499	(13,499)	(13,499)	0.9%
Neighborhood Center	90	4,355,811	25,910		0	0	0.0%
Regional Center	3	2,311,620			0	0	0.0%
Strip Center	439	5,330,709	17,549	18,315	0	0	0.3%
Grand Total	1,074	27,305,716	124,009	98,865	(13,499)	(13,499)	0.4%

Absorption and Vacancy Rate



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	7,452	2,702	0	0	2.0%
	Freestanding/Big Box	47	2,032,125			0	0	0.0%
	Mixed Use	9	118,874	8,175	11,170	(1,690)	(1,690)	9.4%
	Neighborhood Center	9	406,619	43,989	38,389	(3,394)	(3,394)	9.4%
	Strip Center	66	808,914	39,608	35,079	8,912	8,912	4.3%
	Subtotal	132	3,499,611	99,224	87,340	3,828	3,828	2.5%
Des Moines CBD	Freestanding/Big Box	14	178,815			0	0	0.0%
	Mixed Use	38	670,403	90,638	90,262	(7,938)	(7,938)	13.5%
	Neighborhood Center	1	32,185	2,310		0	0	0.0%
	Strip Center	10	111,258		5,814	0	0	5.2%
	Subtotal	63	992,661	92,948	96,076	(7,938)	(7,938)	9.7%
Des Moines Northeast	Community Center	2	309,081	33,052	33,052	(4,139)	(4,139)	10.7%
	Freestanding/Big Box	113	2,323,607	9,409		(9,409)	(9,409)	0.0%
	Mixed Use	2	13,170	1,000	1,000	0	0	7.6%
	Neighborhood Center	11	454,910	42,528	42,528	3,643	3,643	9.3%
	Strip Center	71	874,003	30,007	24,507	(590)	(590)	2.8%
	Subtotal	199	3,974,771	115,996	101,087	(10,495)	(10,495)	2.5%
Des Moines South	Community Center	3	381,117	22,800	55,344	0	0	14.5%
	Freestanding/Big Box	62	1,452,863			0	0	0.0%
	Mixed Use	3	35,126	913	913	(913)	(913)	2.6%
	Neighborhood Center	11	531,975	131,232	113,025	(14,600)	(14,600)	21.2%
	Regional Center	1	402,000	114,733	114,733	(7,478)	(7,478)	28.5%
	Strip Center	44	540,103	16,305	25,826	4,900	4,900	4.8%
	Subtotal	124	3,343,184	285,983	309,841	(18,091)	(18,091)	9.3%
Des Moines West	Community Center	3	444,529	25,691	25,691	(25,691)	(25,691)	5.8%
	Freestanding/Big Box	205	6,612,843	193,138	200,144	(64,764)	(64,764)	3.0%
	Mixed Use	40	601,944	80,485	77,124	9,484	9,484	12.8%
	Neighborhood Center	58	2,930,122	314,593	253,443	29,691	29,691	8.6%
	Regional Center	2	1,909,620	172,040	172,040	8,145	8,145	9.0%
	Strip Center	248	2,996,431	253,652	191,511	(53,761)	(53,761)	6.4%
	Subtotal	556	15,495,489	1,039,599	919,953	(96,896)	(96,896)	5.9%
Grand Total		1,074	27,305,716	1,633,750	1,514,297	(129,592)	(129,592)	5.5%

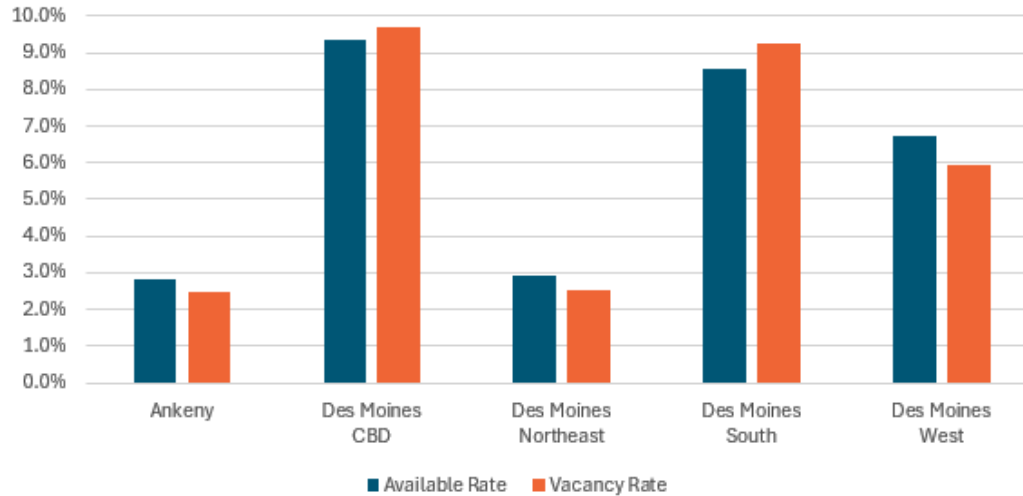
Vacancy Rate by Markets

Market	Property Type	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
		Vacancy Rate	Vacancy Rate	Vacancy Rate	Vacancy Rate	Vacancy Rate
Ankeny	Community Center	4.7%	4.7%	2.0%	2.0%	2.0%
	Freestanding/Big Box	0.0%	0.0%	0.0%	0.0%	0.0%
	Mixed Use	6.8%	6.8%	8.0%	8.0%	9.4%
	Neighborhood Center	2.0%	4.5%	5.4%	8.6%	9.4%
	Strip Center	5.8%	5.2%	4.3%	5.4%	4.3%
	Subtotal	2.0%	2.1%	2.0%	2.6%	2.5%
Des Moines CBD	Freestanding/Big Box	0.0%	0.0%	0.0%	0.0%	0.0%
	Mixed Use	12.5%	12.5%	11.0%	12.0%	13.5%
	Neighborhood Center	0.0%	0.0%	0.0%	0.0%	0.0%
	Strip Center	0.0%	0.0%	0.0%	6.3%	5.2%
	Subtotal	8.4%	8.6%	7.6%	8.9%	9.7%
Des Moines Northeast	Community Center	9.3%	9.3%	9.3%	9.4%	10.7%
	Freestanding/Big Box	0.0%	0.0%	0.0%	0.0%	0.0%
	Mixed Use	9.0%	9.0%	7.6%	7.6%	7.6%
	Neighborhood Center	9.9%	10.1%	10.1%	10.1%	9.3%
	Strip Center	3.8%	3.3%	3.3%	3.4%	2.8%
	Subtotal	2.7%	2.6%	2.6%	2.7%	2.5%
Des Moines South	Community Center	14.5%	14.5%	14.5%	14.5%	14.5%
	Freestanding/Big Box	0.0%	0.0%	0.0%	0.0%	0.0%
	Mixed Use	10.7%	20.3%	20.3%	0.0%	2.6%
	Neighborhood Center	18.4%	18.6%	18.6%	18.5%	21.2%
	Regional Center	27.8%	27.8%	27.8%	26.7%	28.5%
	Strip Center	4.1%	2.5%	3.0%	4.5%	4.8%
	Subtotal	8.7%	8.6%	8.7%	8.5%	9.3%
Des Moines West	Community Center	0.0%	0.0%	0.0%	0.0%	5.8%
	Freestanding/Big Box	2.3%	2.3%	2.3%	2.1%	3.0%
	Mixed Use	12.8%	12.4%	13.3%	14.4%	12.8%
	Neighborhood Center	8.3%	7.0%	9.6%	9.7%	8.6%
	Regional Center	9.9%	10.2%	10.0%	9.4%	9.0%
	Strip Center	4.7%	4.8%	5.4%	6.4%	6.4%
	Subtotal	5.1%	4.9%	5.6%	5.7%	5.9%
Grand Total		4.9%	4.8%	5.1%	5.3%	5.5%

Lease Rates by Market

Market	Property Type	Q1 2023 Lease Rate	Q2 2023 Lease Rate	Q3 2023 Lease Rate	Q4 2023 Lease Rate	Q1 2024 Lease Rate
Ankeny	Community Center	\$16.50	\$16.00	\$17.00	\$17.00	\$17.00
	Freestanding/Big Box					
	Mixed Use	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
	Neighborhood Center	\$10.50	\$13.67	\$15.00	\$15.33	\$14.33
	Strip Center	\$18.95	\$18.22	\$17.60	\$17.85	\$17.83
	Subtotal	\$18.57	\$18.11	\$18.00	\$18.27	\$18.03
Des Moines CBD	Freestanding/Big Box					
	Mixed Use	\$19.22	\$19.22	\$20.17	\$20.00	\$20.17
	Neighborhood Center					
	Strip Center	\$14.43			\$14.00	
	Subtotal	\$18.42	\$19.22	\$20.17	\$18.80	\$20.17
Des Moines Northeast	Community Center	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
	Freestanding/Big Box					
	Mixed Use					
	Neighborhood Center	\$8.88	\$8.88	\$8.88	\$8.88	\$9.31
	Strip Center	\$22.08	\$22.42	\$19.25	\$20.70	\$22.63
	Subtotal	\$17.81	\$18.03	\$15.92	\$16.41	\$17.02
Des Moines South	Community Center					
	Freestanding/Big Box					
	Mixed Use					
	Neighborhood Center	\$9.75	\$9.75	\$9.75	\$9.75	\$9.75
	Regional Center					
	Strip Center	\$13.63	\$14.33	\$20.00	\$14.50	\$18.33
	Subtotal	\$12.85	\$13.19	\$14.88	\$12.13	\$14.90
Des Moines West	Community Center					
	Freestanding/Big Box	\$9.00	\$10.00	\$10.00	\$10.00	\$11.00
	Mixed Use	\$17.19	\$16.97	\$19.75	\$19.31	\$19.28
	Neighborhood Center	\$12.23	\$12.87	\$12.92	\$12.79	\$13.42
	Regional Center					
	Strip Center	\$17.36	\$17.37	\$17.37	\$17.87	\$18.60
	Subtotal	\$15.52	\$15.76	\$16.14	\$16.50	\$17.31
Grand Total		\$16.35	\$16.56	\$16.58	\$16.69	\$17.37

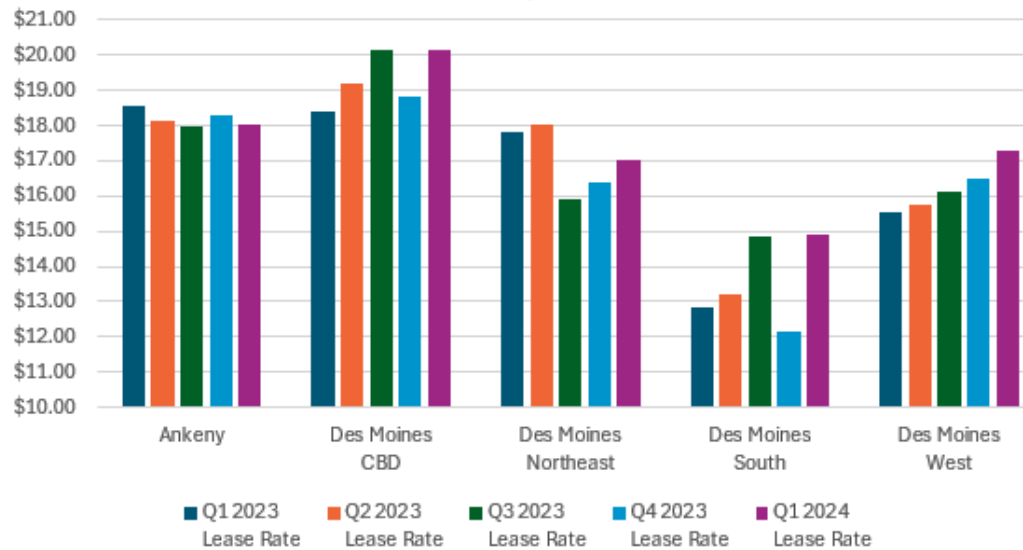
Available and Vacancy Rate



Vacancy Rate by Market

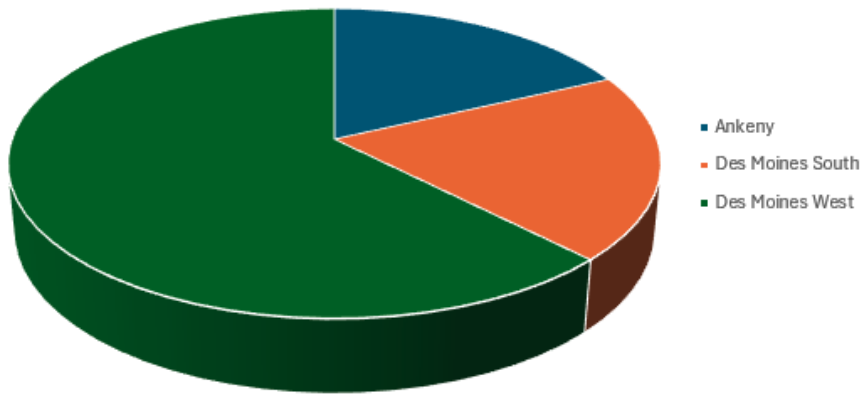


Lease Rate by Market (NNN)



New Developments by Market

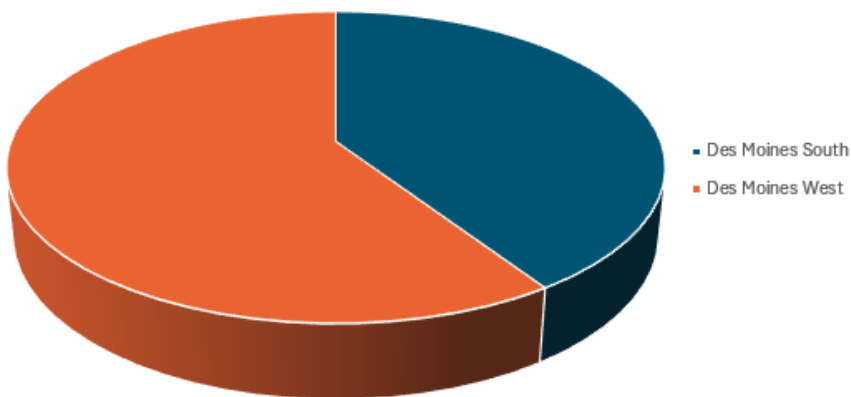
Under Construction (sf)



Market	Bldg (sf)
Ankeny	75,964
Des Moines South	82,021
Des Moines West	262,722
Grand Total	420,707

YTD Delivered by Market

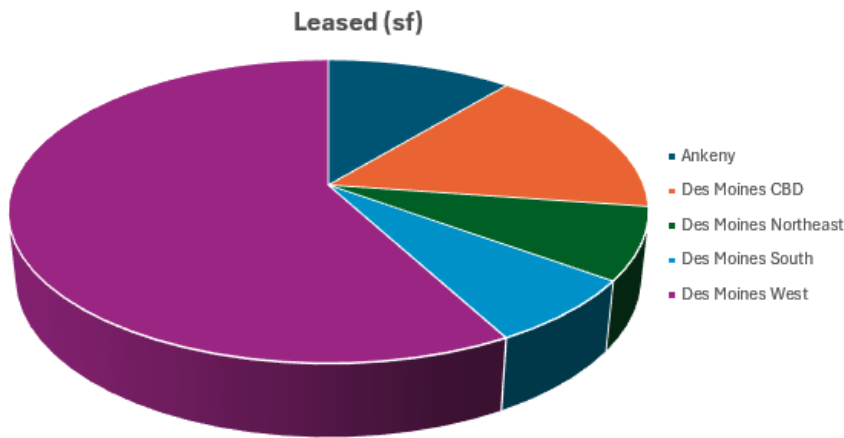
YTD Delivered (sf)



Market	Bldg (sf)
Des Moines South	6,936
Des Moines West	10,124
Grand Total	17,060

Leasing Activity

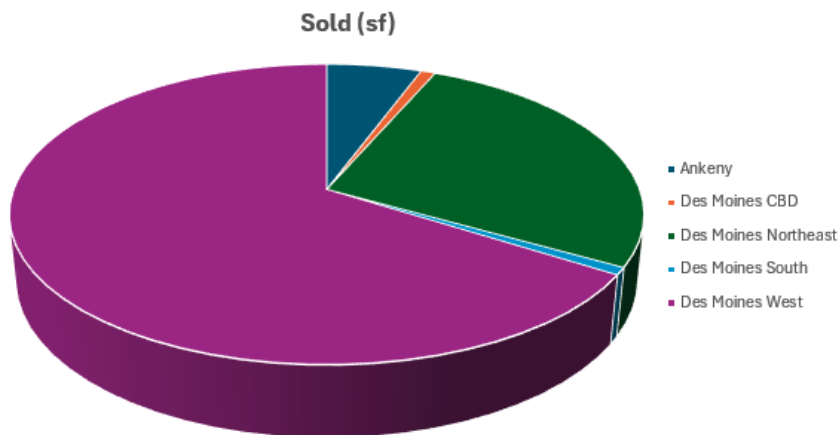
Property	Size (sf)	Market	Tenant	Landlord
The Wilkins Bldg 713 Walnut St	11,634	Des Moines CBD	Fat Putt/Lets Go Putt	Wilkins Redevelopment LLC
Westmark Plaza I 2743 86th St	6,170	Des Moines West	Stanbrough Realty	JDS Real Estate Investments LLC
University Park 8801 University Ave	5,553	Des Moines West	Escapeology	Rack Billiards CIO B LLC
3390 SE Crossroads Dr	4,364	Des Moines West	Green's Appliance Showroom	Crossroads Grimes, LLC
Soll Apartments 2301 Ingersoll Ave	4,359	Des Moines South	Gusto	2301 Ingersoll LLC



Market	Leased (sf)
Ankeny	10,665
Des Moines CBD	15,607
Des Moines Northeast	7,412
Des Moines South	6,855
Des Moines West	55,792
Grand Total	96,331

Sales Activity

Property	Price	Market	Buyer	Seller
University Park 8801 University Ave	\$2,000,000	Des Moines West	Rack Billiards Club LLC	University Park Properties LLC
2249 NW 86th St	\$1,800,000	Des Moines West	Tasty Tacos Inc	The Rack Billiards Club LLC
1201 E 1st St	\$1,800,000	Des Moines West	Richard Christensen & Betty Christensen LIV TR	Strifex LLC
733-761 N Ankeny Blvd	\$1,725,000	Ankeny	KKR LLC	ATI Capital LLC
15950-15966 Hickman Rd	\$1,445,000	Des Moines West	Daralee, LCC	Hickman Road Properties LLC



Market	Sold (sf)
Ankeny	11,370
Des Moines CBD	1,735
Des Moines Northeast	53,442
Des Moines South	1,558
Des Moines West	132,377
Grand Total	200,482

Methodology

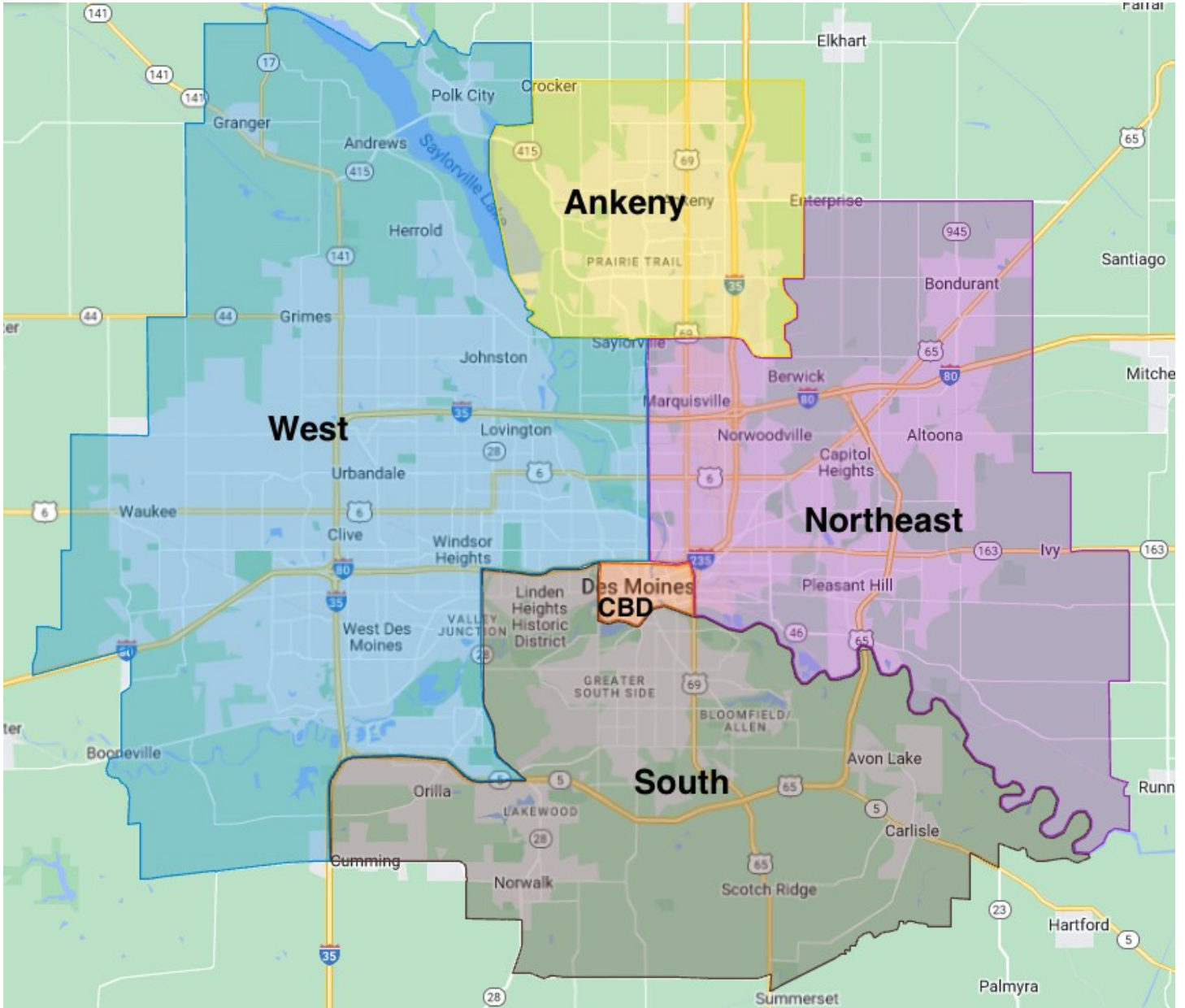
The Des Moines market consists of single and multi-tenant retail buildings 5,000 sf or larger or part of a complex larger than 5,000 sf. The geographic area includes Dallas, Polk and Warren counties. The tracked set does not include mixed use properties with less than 5,000 sf retail space. All tracked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



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	Heath Bullock

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
September Reddis	Director of Sale Comps	september@redicomps.com	
Emma Fonte	Iowa Listing Specialist	emma@redicomps.com	800-574-9185 x 821