



Q1 2021

# GREATER DES MOINES OFFICE FIGURES

**CBRE** | **Hubbell  
Commercial**

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# Des Moines Metro Office: New deliveries, stalled activity edge vacancy higher



Competitive Market  
Vacancy Rate  
**16.2%**



Average Asking Lease  
Rate (NNN)  
**\$12.58**



Q1 Net  
Absorption  
**(273,975) sf**

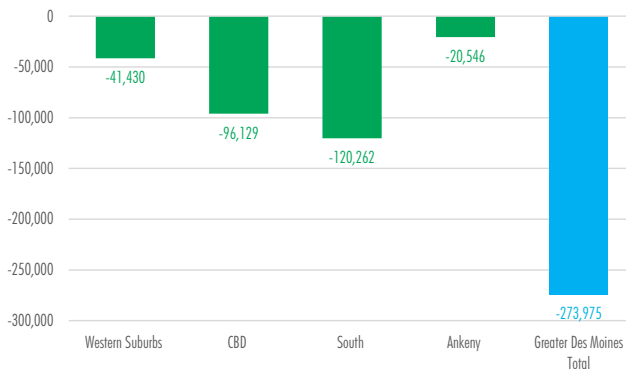


Under  
Construction  
**260,000 sf**



Q1  
Deliveries  
**73,000 sf**

Figure 1: Q1 Net Absorption by Submarket



Gray's Landing Office – Q1 2021 Delivery

Figure 2: Greater DSM Recent Vacancy Rate Trend (%)

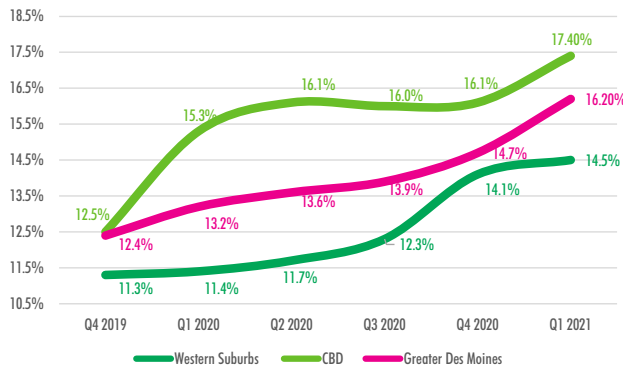
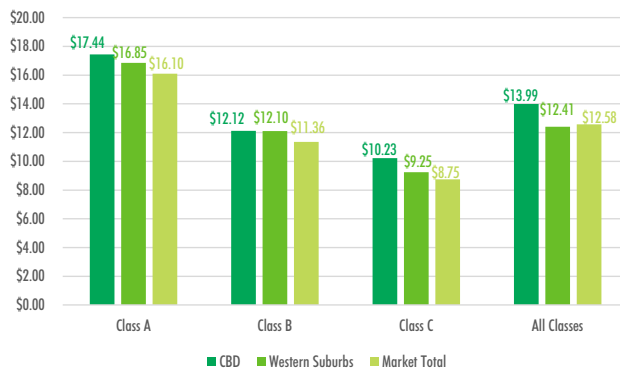


Figure 3: Average Asking Lease Rates (\$/SF/Yr NNN)



## PERFORMANCE HIGHLIGHTS

- The Greater Des Moines office market recorded 273,975 sq.ft. of negative net absorption in Q1, raising overall vacancy by 150 bps to 16.2%. The CBD and South submarkets added a combined 216,491 sq.ft. of available space to the market, accounting for 80% of total Q1 negative absorption.
- CBD vacancy increased 130 bps to 17.4% in Q1, largely driven by the delivery of Gray's Landing Office Park (72,000 sq.ft.) amid the continued pullback in user activity. South Des Moines fundamentals also faced notable headwinds as the Bell Avenue Business Center and 3600 Army Post Rd added a combined 115,000 sq.ft. of availability to the market – resulting in 120,362 sq.ft. of negative absorption in Q1 (See Figure 1).
- Iowa Realty announced plans to consolidate their three existing West Des Moines offices located at Bridgewood Plaza, 3424 EP True Pkwy, and 1516 Valley West Dr into the former Fresh Market space (23,000 sq.ft.) at 5901 Mills Civic Pkwy, WDM. Two of the three existing locations were brought to market in Q1, adding approximately 22,000 sq.ft. to Western Suburbs availability.
- No new product broke ground in Q1 and one new project delivered, bringing the active construction pipeline down to 260,000 sq.ft. – all of which is expected to deliver this year (See Pg.3). However, we don't anticipate a significant impact on vacancy will result, as roughly 63% is already pre-leased.

## MOVING FORWARD

Greater Des Moines office vacancy will persist at a stubbornly high rate in the near-term and rent growth will be difficult to achieve as market conditions remain decidedly in favor of tenants. However, we are optimistic office fundamentals will begin to stabilize in the second half of 2021 as vaccines become widely administered and restore confidence in reoccupying office space.

**MARKETVIEW** GREATER DES MOINES OFFICE

Competitive Market Statistics Greater Des Moines

Competitive Market Statistics	Market Rentable Area (SF)	Vacant (SF)	Vacancy Rate	Quarter-Over-Quarter % Change in Occupancy	Q1 Net Absorption (SF)	Under Construction (SF)	Average Asking Rate (NNN)
Western Suburbs	9,438,712	1,368,843	14.5%	(-0.4%)	(41,430)	125,000	\$12.41
CBD	6,356,858	1,104,889	17.4%	(1.3%)	(96,129)	110,000	\$13.99
Northwest	657,962	81,961	12.5%	0.8%	5,727	0	\$9.44
Northeast	93,750	23,503	25.1%	(1.3%)	(1,235)	0	\$9.20
South	389,901	153,686	39.4%	(30.9%)	(120,362)	0	\$7.23
Ankeny	544,037	102,237	18.8%	(3.8%)	(20,546)	25,000	\$12.03
<b>Greater Des Moines Total</b>	<b>17,481,220</b>	<b>2,835,119</b>	<b>16.2%</b>	<b>-1.5%</b>	<b>-273,975</b>	<b>260,000</b>	<b>\$12.58</b>

Competitive Market Statistics Western Suburbs

Competitive Market Statistics	Market Rentable Area (SF)	Vacant (SF)	Vacancy Rate	Q1 Net Absorption (SF)	Under Construction (SF)	Average Asking Rate (NNN)
Johnston/Grimes	772,371	36,654	4.7%	27,312	0	\$10.91
Urbandale	1,871,737	336,332	18.0%	(15,178)	60,000	\$11.58
Waukee	113,468	10,638	9.4%	(4,102)	44,000	\$17.48
WDM/Clive	6,681,136	985,219	14.7%	(49,462)	21,000	\$12.64
<b>Western Suburbs Totals</b>	<b>9,438,712</b>	<b>1,368,843</b>	<b>14.5%</b>	<b>-41,430</b>	<b>125,000</b>	<b>\$12.41</b>

Notable Sales

Property	City	Sale Type	Size (sf)	Price	Price PSF
1250 SW State St	Ankeny	Investment	26,136	\$4,300,000	\$165
1200 University Avenue	Des Moines	Owner/User	56,392	\$2,855,000	\$51
12951 University Ave	Clive	Investment	16,468	\$2,125,000	\$129

Notable Lease Transactions

Property	Size (sf)	Type	Submarket	Tenant
Mills Crossing	23,000	New	Western Suburbs	Iowa Realty
6400 Westown Pkwy	22,642	New	Western Suburbs	Truckers Insurance
Capital Square	7,205	New	CBD	LCS Leasing

Notable Projects

Project	Size (sf)	Expected Delivery	City	Submarket	Construction
611 5th Ave Renovation	110,000	July, 2021	Des Moines	CBD	Competitive
Iowa Bankers Association HQ	60,000	Q2, 2021	Urbandale	Western Suburbs	Owner/User
Encompass Building	44,000	July, 2021	Waukee	Western Suburbs	Competitive
District VI	25,000	Q2, 2021	Ankeny	Ankeny	Competitive
13101 University Ave	21,000	Q4,2021	Clive	Western Suburbs	Competitive

**GREATER DES MOINES ECONOMIC DATA**



Population  
699,292 (2019 MSA)

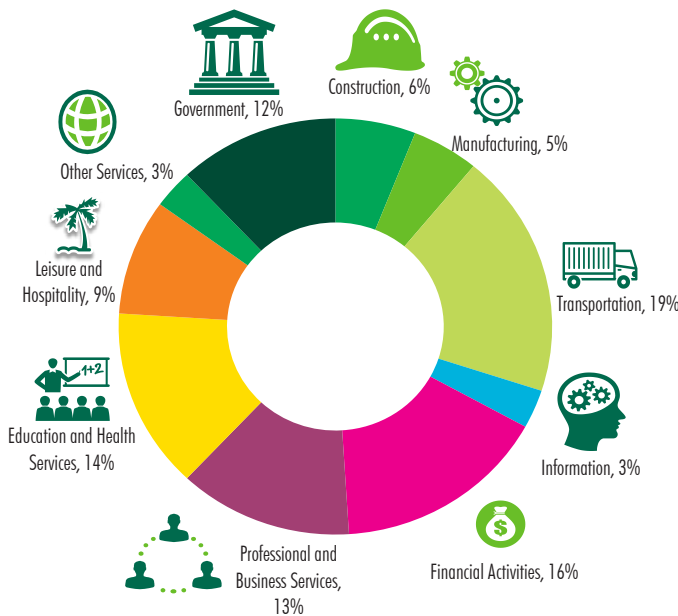
Sources: US Bureau of Labor Statistics



Unemployment Rate  
3.6%

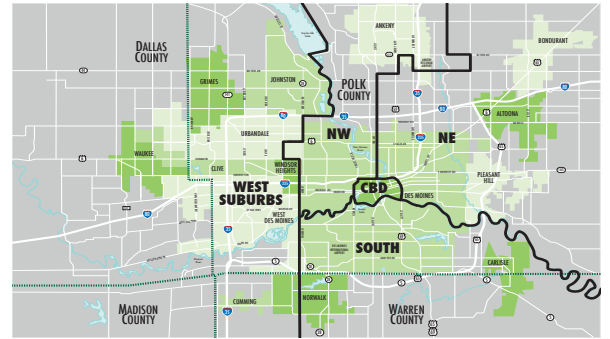
Sources: US Bureau of Labor Statistics

LARGEST EMPLOYERS	EMPLOYEES
Wells Fargo & Company	14,500
UnityPoint Health - Des Moines	8,026
Principal	6,500
Hy-vee	6,400
Nationwide	4,525
Mercy Medical Center	4,228
John Deere	3,089
Vermeer Corporation	2,500
Corteva	2,495
JBS USA	2,300
Pella Corporation	2,224
Wellmark Blue Cross Blue Shield of Iowa	2,000
UPS	1,600
Bridgestone Americas Tire Operations	1,600
Mercer	1,560
YMCA	1,300
EMC Insurance Companies	1,269
Casey's	1,200
Tyson Fresh Meats, Inc.	1,200



Sources: CoStar Group, Polk County Assessor, Dallas County Assessor, Greater Des Moines Partnership, Bureau of Economic Analysis and US Bureau of Labor Statistics

**DES MOINES METROPOLITAN AREA**



**SUBMARKET BOUNDARIES**

**Central Business District (CBD)** - Includes the Western CBD and the East Village, extending west to Martin Luther King Jr. Parkway and east to East 14th Street.

**Western Suburbs** - Encompasses West Des Moines, Clive, Urbandale, Windsor Heights, Johnston, Grimes, Waukee, and some unincorporated areas of Polk, Dallas, and Warren Counties.

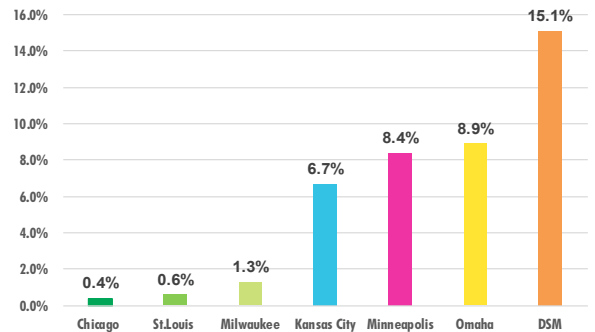
**Northwest** - Includes Northwest Des Moines and Western Saylor Township.

**Northeast** - Consists of Northeast Des Moines (extended south to the Des Moines River), Pleasant Hill, Altoona, Eastern Saylor Township, and Delaware Township.

**South** - Comprises Southwest Des Moines, Southeast Des Moines (south of Des Moines River), and some unincorporated areas of Polk and Warren Counties.

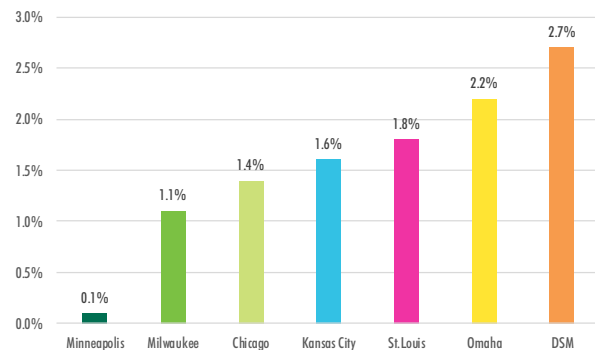
**Ankeny** - Evaluated separately.

**Population Growth: 2010 - 2018**



Sources: US Bureau of Labor Statistics

**Employment Growth: March 2018 - July 2019**



Sources: US Bureau of Labor Statistics