MARKETBEAT
Des Moines
OFFICE Q3 2024

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
20.0% Vacancy Rate	▲	▲
-714K YTD Net Absorption, SF	▲	▼
$19.96 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
396K Des Moines MSA Employment	▼	▲
2.9% Des Moines MSA Unemployment Rate	▲	▲
4.1% U.S. Unemployment Rate	▲	▼

Source:BLS

OFFICE SALE VALUES RISE AGAIN

For the third quarter in a row, the average office sales price per square foot (psf) in the Des Moines market has increased. The average sale price of office properties in Q1 was $134 psf, Q2 sales averaged $152 psf, and Q3 sales averaged $168 psf. Larger projects that will likely transact in the next two quarters should bring the average down quite significantly, but those projects are outliers in terms of price per square foot.

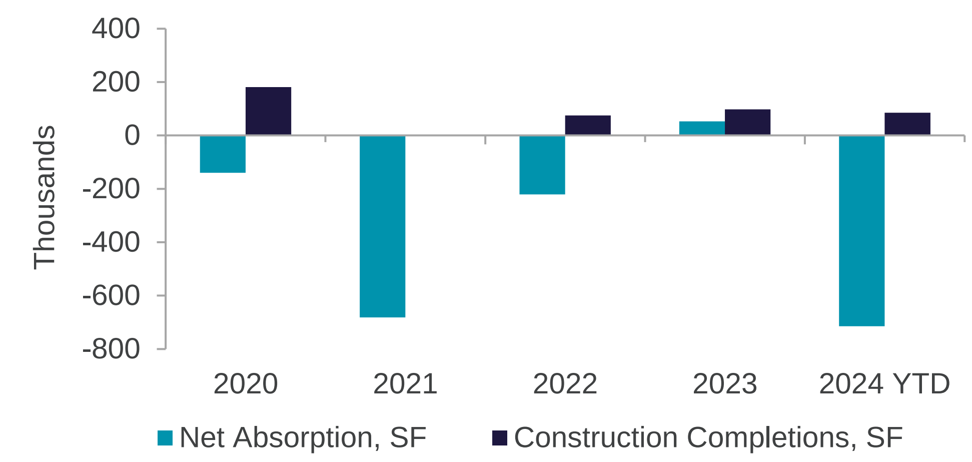
OFFICE REDEVELOPMENT ANNOUNCEMENTS CONTINUE

Office redevelopments continue to be announced in the Des Moines market, specifically in downtown Des Moines. It was confirmed the potential buyer of the Wells Fargo campus downtown will be redeveloping a portion of the project. Additionally, the former LifeServe Blood Center in the East Village has been purchased by Hawkeye Hotels and will be razed to make way for future hotel development. This move by Hawkeye Hotels could be replicated as the office market continues to stabilize.

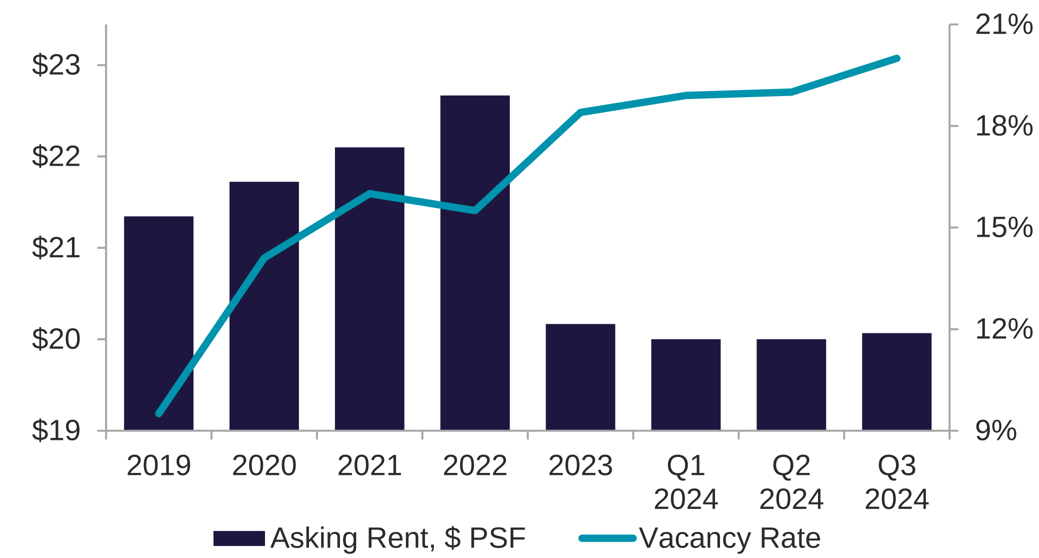
DES MOINES IN OFFICE/REMOTE WORK TRENDS

In March 2020, the workplace environment changed dramatically. Virtually every business that is coming back to the office, has already done so, and set a long-term plan in place for office space usage. In Des Moines, among organizations that are 50 employees or larger, our data shows that the average policy features three days in the office and two days remote. The two days remote are typically Monday and Friday. This trend tracks with nationwide research done by Cushman & Wakefield. Des Moines organizations that have 50 employees or less average 4 days a week in office and one day remote. Regardless of the number of employees, the post-COVID-19 workplace environment features enhanced flexibility for employees.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
CBD	7,664,439	374	1,246,650	16.41%	-40,475	-246,938	167,136	0	$19.87	$20.50
Ankeny	429,696	4,967	31,101	10.71%	3,900	1,673	24,913	0	$19.87	$23.34
Northeast	230,955	0	18,902	8.18%	2,052	9,943	0	0	$16.45	NA
Northwest	314,943	0	48,111	17.01%	-780	-22,018	2,400	0	$18.00	NA
South	358,750	0	32,400	9.03%	3,670	4,470	2,800	0	$17.25	NA
Western Suburbs	8,050,343	73,456	1,960,643	25.93%	-8,842	-461,864	192,461	0	$22.18	$28.01
DES MOINES TOTALS	17,049,126	78,797	3,337,807	20.0%	-40,475	-714,734	389,710	0	$19.96	$21.57

**Rental rates reflect full service asking*

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
6611 University Avenue	Western Suburbs	Gravitate	7,872	New
5521 NW 88th Street	Western Suburbs	Prism Medical	4,285	Renewal*
3737 Woodland Avenue (Colony Park)	Western Suburbs	Counseling Associates of Central Iowa	3,355	New

**Renewals not included in leasing statistics*

KEY SALES TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
505 Market Street	Western Suburbs	Outcomes Holdings LLC/505 Market Street LLC	28,626	$3.5M/$122
4201 Corporate Drive	Western Suburbs	KAVI Ventures/Lifespace Communities Inc.	30,786	$3.1M/$103
2540 SE Encompass Drive	Western Suburbs	D O Double G LLC/Tax Education Support Organization	5,443	$2M / $367

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