Des Moines Industrial Figures

▼7.5%
Vacancy Rate

▲981,748
SF Net Absorption

▲257,344
SF Construction Delivered

▼936,538
SF Under Construction

▼$6.62
NNN/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

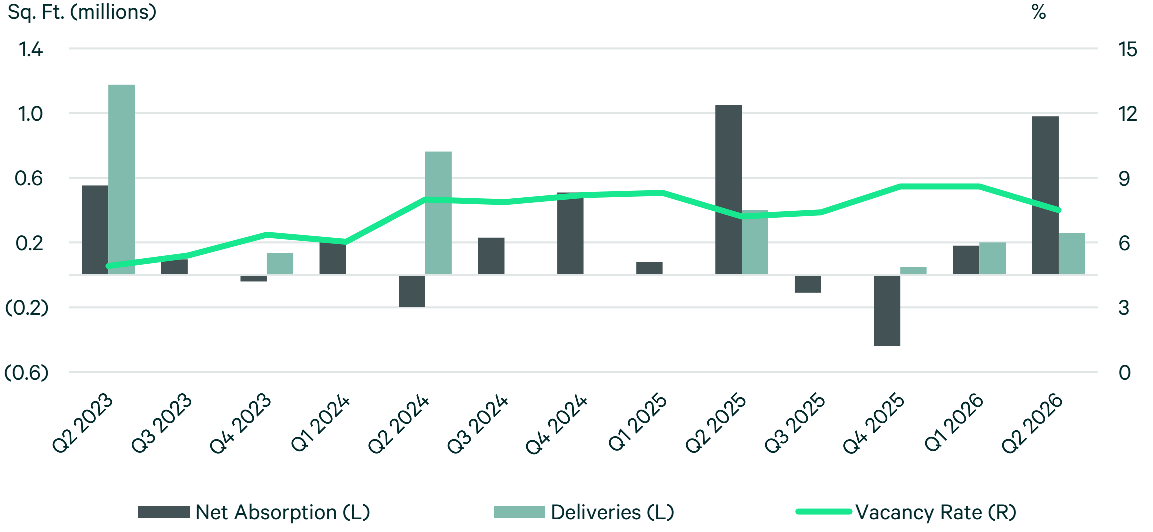
Market Overview

By Q2 2026, the market posted 982,000 sq. ft. of net absorption, bringing vacancy down to 7.5% and availability to 8.0%. This demand was accommodated alongside 257,000 sq. ft. of new deliveries across three properties and 937,000 sq. ft. under construction in 14 projects. Average asking rent in Q2 2026 was $6.62, with vacancy still elevated relative to the sub-5.0% readings seen through late 2023.

Quarter-over-quarter, vacancy fell from 8.6% to 7.5%, a negative 110 basis point move, as net absorption increased by 805,000 sq. ft. Availability declined from 8.4% to 8.0%, a negative 40 basis point change, while the average asking rate decreased 2.1% from $6.76. Year-over-year, vacancy and availability are up 30 and 40 basis points, respectively, versus Q2 2025, with net absorption down 67,000 sq. ft. from 1.0 million sq. ft. and asking rents 2.9% lower.

Under-construction volume has more than doubled year-over-year, rising from 461,000 sq. ft. across eight projects to 937,000 sq. ft. across 14.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2026

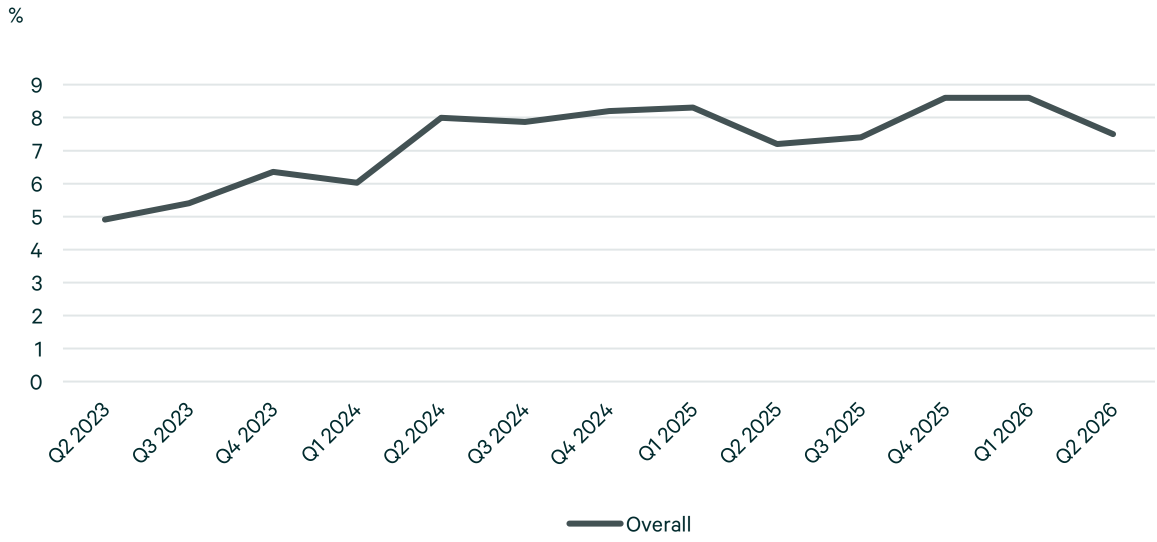
Vacancy Rate

In Q2 2026, the market posted an overall vacancy rate of 7.5%, with direct vacancy at 7.0% and sublease vacancy at 0.6%. On a quarter-over-quarter basis, overall vacancy declined by 110 basis points from 8.6% in Q1 2026, and direct vacancy decreased by 120 basis points from 8.2%, while sublease vacancy increased by 10 basis points from 0.5%. Year-over-year, overall vacancy is 30 basis points higher than the 7.2% recorded in Q2 2025 and direct vacancy is 40 basis points above the 6.6% level, with sublease vacancy unchanged at 0.6%. Compared with Q2 2023, overall vacancy is up 260 basis points from 4.9%.

At the submarket level, CBD recorded the lowest overall vacancy at 3.6% with 22,968 sq. ft. of direct vacancy, followed by Ankeny at 4.1% and 262,780 sq. ft. of direct vacancy. Western Suburbs posted the highest overall vacancy at 11.1%, with 2.1 million sq. ft. of direct vacancy, while Northeast registered 6.8% and 1.7 million sq. ft. of direct vacancy.

Across all submarkets, sublease availability totaled 399,155 sq. ft. in Q2 2026, and the market-wide sublease vacancy rate rose quarter-over-quarter by 10 basis points, from 0.5% in Q1 2026 to 0.6%.

Figure 2: Vacancy Rate

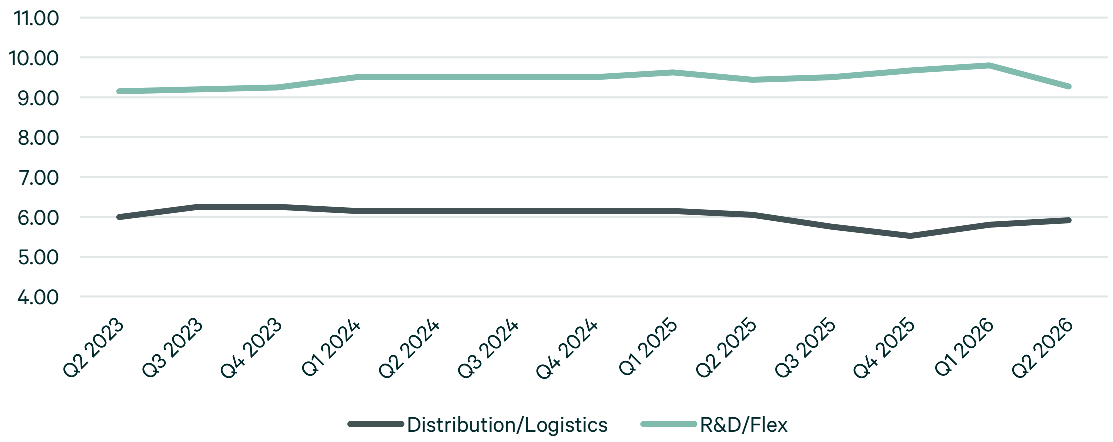


Source: CBRE Research, Q2 2026

Asking Rent

- Average asking rent was $6.62 per sq. ft. year net at the close of Q2 2026, down 1.6% ($0.11) quarter-over-quarter.
- By submarket, the highest average asking rent of $7.14 per sq. ft. can be found in the Northwest submarket. The lowest average asking rent of $4.41 per sq. ft. can be found in the CBD submarket.
- Properties that are 100,000 sq. ft. or smaller in size command the highest average asking rent of $8.84 per sq. ft. while properties between 300,000 and 499,999 sq. ft. in size have the lowest average asking rent in the market of $5.42 per sq. ft.
- By property type, properties classified as Other Industrial command a higher average asking rent of $9.93 per sq. ft. versus $5.91 per sq. ft. in Distribution/Logistics properties.

Figure 3: Average Direct Asking Rate



Source: CBRE Research, Q2 2026

Net Absorption

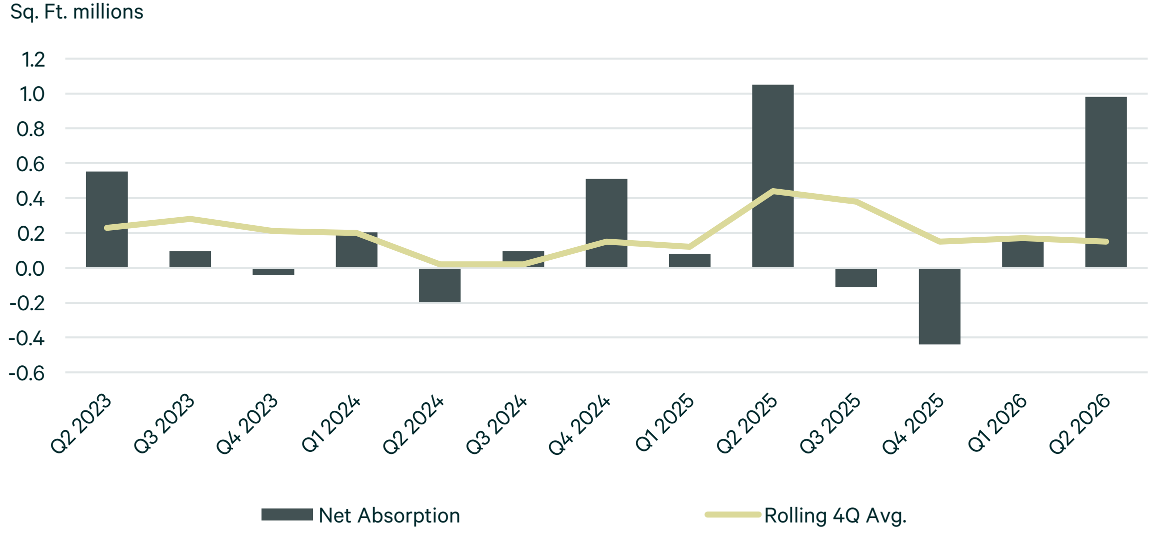
Net absorption was positive 982,000 sq. ft in Q2 2026, an increase from 188,788 sq. ft in the previous quarter. Over the last four quarters net absorption totaled positive 610,000 sq. ft.

Over 649,000 sq. ft. of net absorption for the quarter occurred in the Northeast submarket, while the Ankeny submarket experience negative absorption of over 178,000 sq. ft.

Large move-ins for the quarter include:

- Logistics Plus 357,000 sq. ft. occupancy in a property near Dixon Street and Euclid Avenue in Des Moines
- PepsiCo occupied their newly constructed 215,344 sq. ft. space in Grimes
- Triple J Environmental purchased a 159,705 sq. ft. property near Sunset Road and Fleur Drive in Des Moines

Figure 4: Net Absorption Trend



Source: CBRE Research, Q2 2026

Construction Activity

In Q2 2026 there were 14 projects underway, totaling 936,538 sq. ft. Under construction activity decreased quarter-over-quarter from 1.3 million sq. ft to 936,538 sq. ft. Over 725,000 sq. ft. is either pre-leased or build-to-suit, which represents 77.5% of the space under construction.

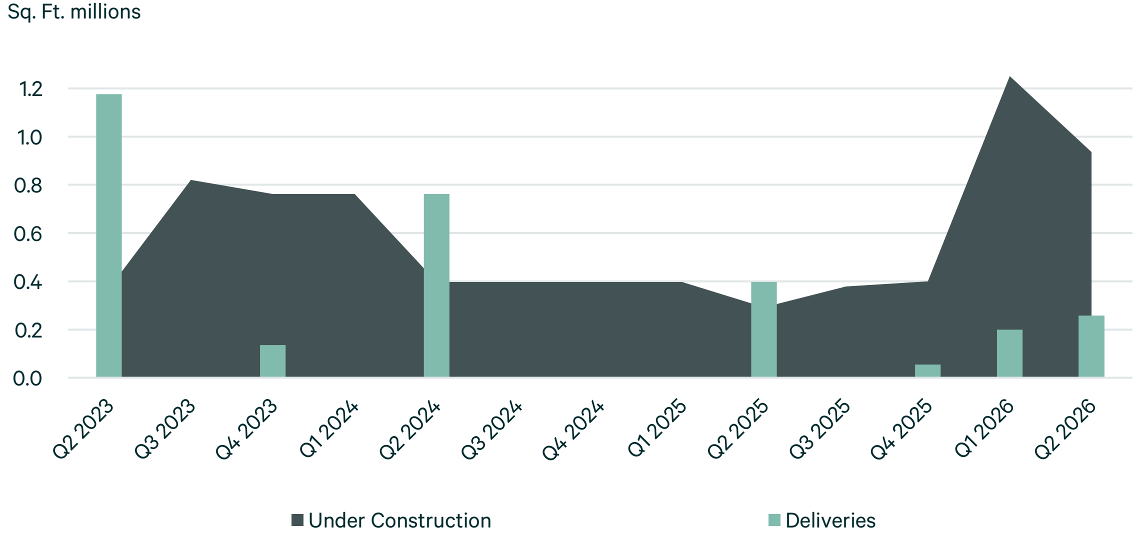
By submarket, 81.8% of the space that is under construction can be found in the Northeast submarket, while 13.4% of the space is located in the Western Suburbs submarket and 4.8% in the South submarket.

Three properties totaling 257,344 sq. ft. delivered to the market this quarter:

- PepsiCo's 215,344 sq. ft. property in Grimes
- CLE Production's 28,000 sq. ft. property near Army Post Road and Register Drive in Des Moines
- A 14,000 sq. ft. property in Bondurant

Year-to-date, new construction deliveries total 456,928 sq. ft. over six properties.

Figure 5: Construction Activity



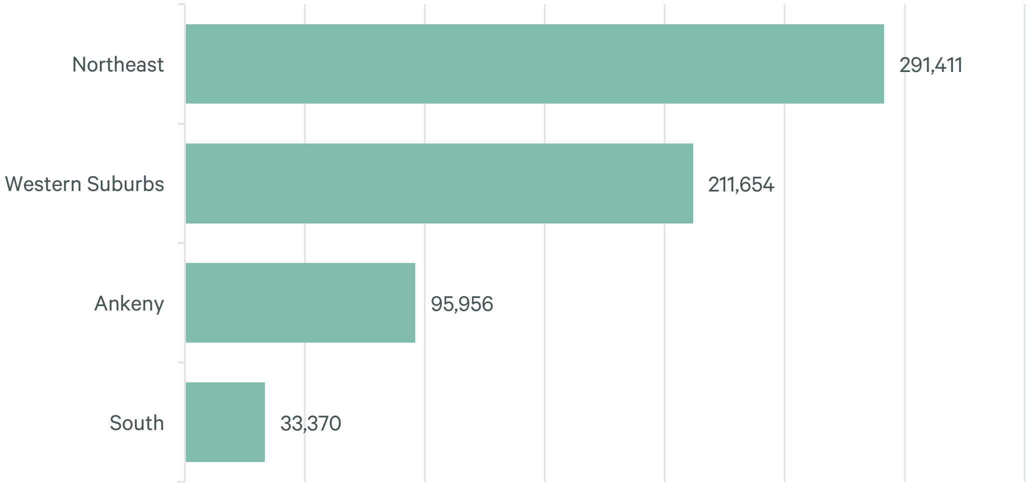
Source: CBRE Research, Q2 2026

Leasing Activity

Current quarter new lease activity is anchored by three large commitments totaling 149,000 sq. ft. across key submarkets. JDSCO signed the largest new lease at 89,000 sq. ft. in Ankeny, highlighting demand for sizable blocks there. John Deere's 39,000 sq. ft. lease in the Northeast submarket and Nebraska Air Filter's 21,000 sq. ft. lease in the South submarket show that tenants are engaging across multiple areas rather than concentrating in a single location.

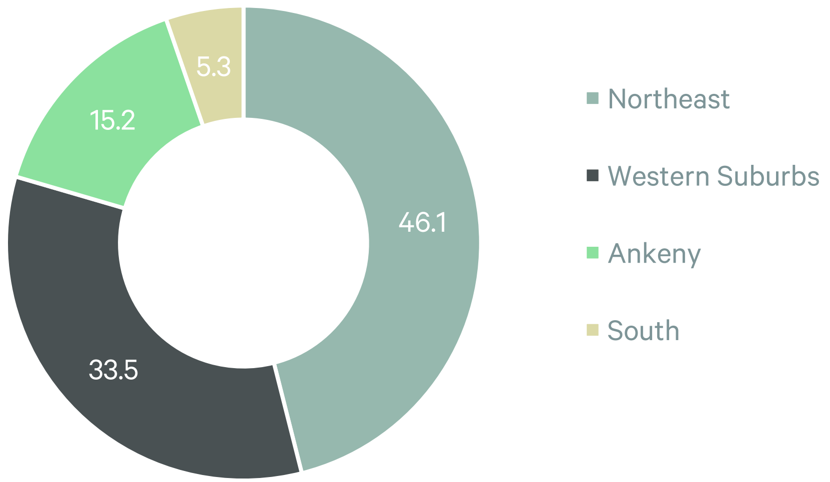
For occupiers, this set of transactions illustrates that substantial space requirements can be met in several submarkets, offering flexibility in location strategy. For investors, the dispersion of new leasing across Ankeny, Northeast, and South underscores active tenant interest in assets capable of accommodating mid- to large-block requirements.

Figure 6: Leasing Activity by Submarket



Source: CBRE Research, Q2 2026

Figure 7: Leasing Activity by Submarket (% of Total Activity)



Source: CBRE Research, Q2 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
JDSCO	89,000	Sublease	6150 SE Rio Cir	Ankeny
John Deere	39,000	Sublease	7305 SE Crosswinds Dr	Northeast
Deere	27,000	New Lease	7310 SE Crosswinds Dr	Northeast
Nebraska Air Filter	21,000	New Lease	1245-1405 Thomas Beck Rd	South
Rusty's Retreat	14,000	New Lease	2514 Robinson Ave NE	Northeast
Confidential Tenant	14,000	New Lease	1617 NE 51st Ave	Northeast
Herc Rentals	14,000	New Lease	4989 NW Johnston Dr	Western Suburbs
Confidential Tenant	12,000	New Lease	6001 Thornton Ave	South

Source: CBRE Research, Q2 2026

Market Statistics by Product Type

Figure 9

Product Type	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution/Logistics	32.41M	13.5	14.4	13.5	0.9	5.91	999,000	1.04M	243,000	729,000
Manufacturing - General	8.50M	0.1	0.1	0.1	-	12.00	-	-	-	19,000
R&D/Flex	7.09M	8.0	8.4	8.2	0.2	9.27	56,000	125,000	14,000	188,000
Other Industrial	20.31M	1.0	1.1	0.5	0.6	9.93	(73,000)	(1,000)	-	-
Total	**68.31M**	**7.5**	**8.0**	**7.4**	**0.6**	**6.62**	**982,000**	**1.16M**	**257,000**	**937,000**

Source: CBRE Research, Q2 2026

Market Statistics by Size

Figure 10

Size Range	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50K SF	16.83M	3.4	3.7	3.6	0.1	8.84	75,000	220,000	42,000	237,000
50K-99,999 SF	10.92M	4.0	5.2	4.9	0.3	7.28	33,000	64,000	-	77,000
100K-249,999 SF	17.83M	8.3	8.5	7.7	0.7	6.02	477,000	714,000	215,000	-
250K-499,999 SF	11.57M	21.1	22.1	20.7	1.3	5.42	323,000	88,000	-	-
500K-749,999 SF	4.86M	4.7	4.7	2.7	2.1	6.00	73,000	71,000	-	623,000
750,000 SF +	6.30M	-	-	-	-	-	-	-	-	-
Total	**68.31M**	**7.5**	**8.0**	**7.4**	**0.6**	**6.62**	**982,000**	**1.16M**	**257,000**	**937,000**

Source: CBRE Research, Q2 2026

Market Statistics by Class

Figure 11

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	1.66M	38.0	38.0	31.7	6.3	6.75	-	-	-	-
Institutional	1.10M	54.8	54.8	45.3	9.6	-	-	-	-	-
Other Class A	567,000	5.3	5.3	5.3	-	6.75	-	-	-	-
All Other Industrial	66.64M	6.8	7.3	6.8	0.5	6.62	982,000	1.16M	257,000	937,000
Total	**68.31M**	**7.5**	**8.0**	**7.4**	**0.6**	**6.62**	**982,000**	**1.16M**	**257,000**	**937,000**

Source: CBRE Research, Q2 2026

Market Statistics by Submarket

Figure 12

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate ($/SF NNN/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Ankeny	9.05M	4.1	4.8	3.5	1.3	6.58	(179,000)	(97,000)	-	-
CBD	879,000	3.6	3.6	2.6	0.9	4.41	8,000	8,000	-	-
Northeast	26.40M	6.8	7.2	6.7	0.5	6.36	650,000	544,000	14,000	766,000
Northwest	5.81M	6.7	6.8	6.8	-	7.14	90,000	88,000	-	-
South	5.55M	4.8	5.0	5.0	-	4.74	217,000	250,000	28,000	45,000
Western Suburbs	20.62M	11.1	11.9	11.0	0.9	6.92	196,000	365,000	215,000	126,000
Total	**68.31M**	**7.5**	**8.0**	**7.4**	**0.6**	**6.62**	**982,000**	**1.16M**	**257,000**	**937,000**

Source: CBRE Research, Q2 2026

Economic Overview

The U.S. economy enters mid-2026 navigating crosscurrents but growing at a healthy pace, with CBRE projecting GDP growth averaging 2.2%, broadly in line with 2025. The AI investment boom is certainly a key driver of this expansion. Concerns surrounding the sustainability of this growth are valid, but we expect AI-related business investment to continue.

The more pressing concern in recent months has been the U.S./Iran conflict and its impact on world energy prices, which recently pushed U.S. inflation to 4.2%. Should the prospective peace deal announced in June come to fruition, inflation would fall to the upper 3% range by year-end as energy prices slowly decrease. Stickier inflation has pushed Treasury yields well above 4%, complicating real estate markets. On the upside, the prospect for peace and normal trade flows in the Persian Gulf could refresh the optimism the CRE market felt at the beginning of the year.

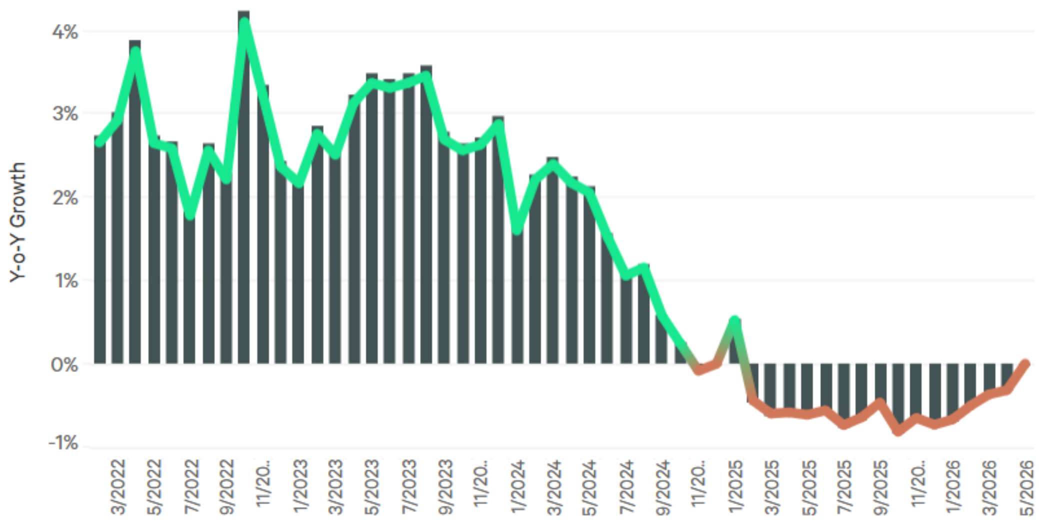
▲250.6k
Office Using Jobs

▼ 2.5%
Unemployment Rate

▼ 98.8k
Industrial Using Jobs

▼ 421k
Labor Force

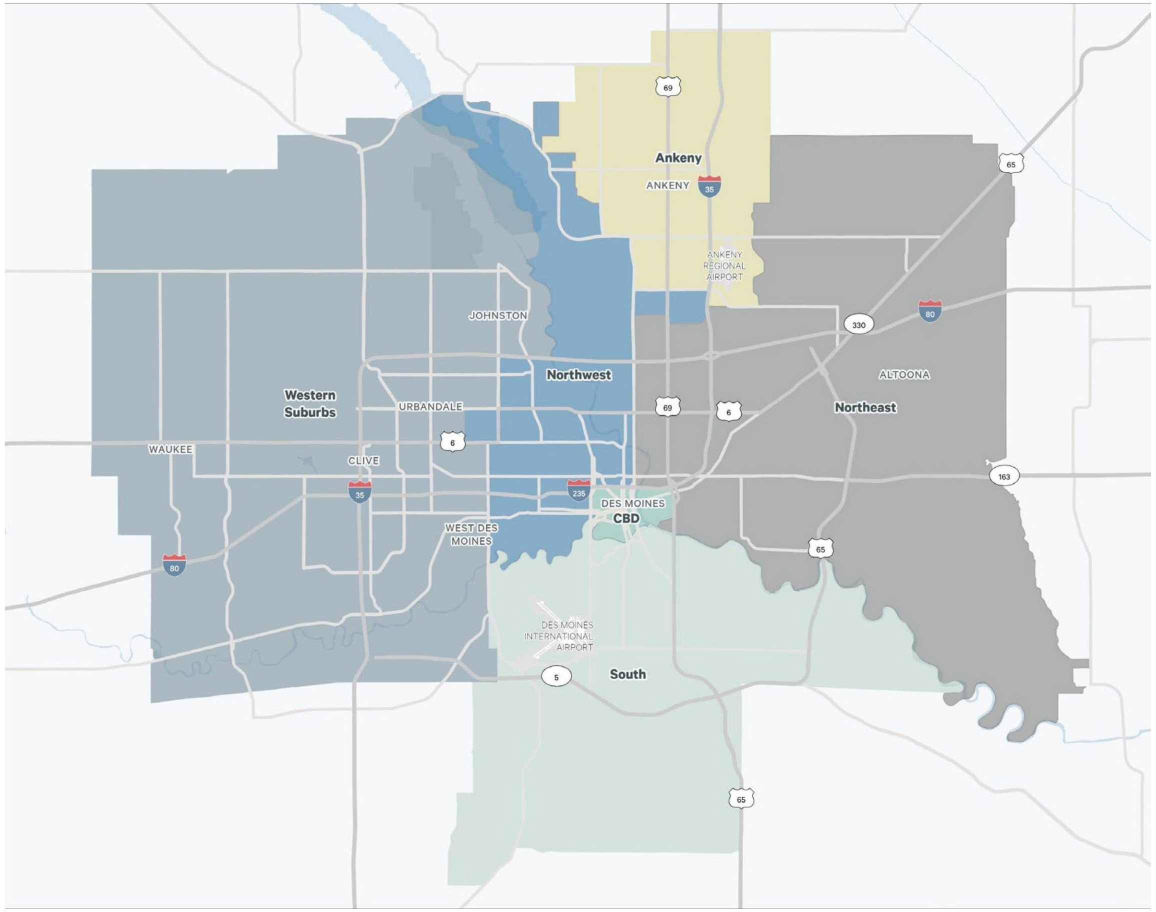
Job Growth - Year over Year Trend



Employment Change by Sector - Yearly & Monthly

Bars indicate yearly trend, arrows indicate monthly trend

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the "drip line" of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the "net" costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32' or greater clear height and ESFR sprinklers.

Survey Criteria

Includes all industrial buildings 10,000 sq. ft. and greater in size. Buildings which have begun construction as evidenced by site excavation or foundation work.

Updated Tracked Criteria

CBRE has updated the criteria for industrial tracked building sets to reflect buildings with a Net Rentable Area (NRA) of 10,000 square feet or higher. In addition to creating regional consistency, this change will enhance the reporting and depth of data on each markets most competitive buildings. Building inventories will be evaluated quarterly to ensure they remain the most comprehensive and accurate representation of each market.

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