User activity keeps pace with record year of deliveries in 2022

▼ 2.7%
Warehouse & Distribution Vacancy

▲ 2.4%
Flex Vacancy

▲ 2,076,207
2022 Completions (SF)

▲ 516,825
2022 Overall Net Absorption

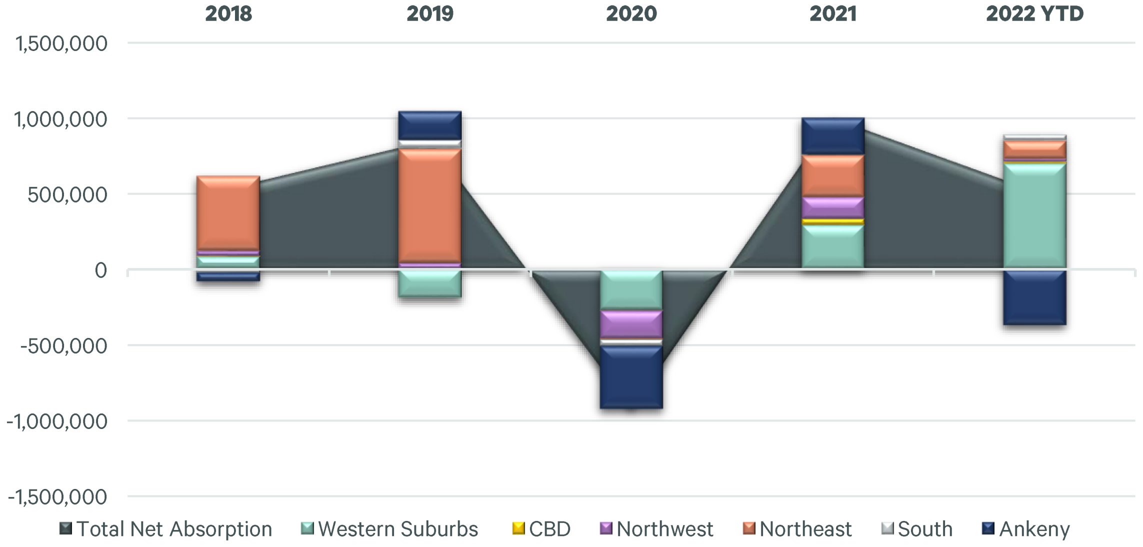
▼ 2,383,386
Under Construction (SF)

Note: Arrows indicate change from previous quarter.

Summary

- Overall warehouse & distribution vacancy rates decreased 69 basis points (bps) quarter-over-quarter, a result of just under 250,000 sq. ft. of positive net absorption in Q4 2022.
- Net absorption for the year was led by the Western Suburbs submarket with over 600,000 sq. ft. of positive absorption -driven by strong lease activity and relatively low levels of new supply.
- A strong Q4 brought the Greater Des Moines industrial market overall net absorption to over 500,000 sq. ft. on the year. Robust activity in both warehouse & distribution and flex property types drove market performance, accounting for over 90% of the total with five of the six submarkets experiencing positive net absorption for the year (Figure 1).
- Over 2 million sq. ft. of new space was delivered in 2022 with approximately 75% (1.5 million sq. ft.) of this space already leased. Record levels of development continue with over 2.3 million sq. ft. of space under construction going into 2023 and other new developments expected to break ground.

FIGURE 1 : Overall Net Absorption (SF) by Submarket Yearly



Source: CBRE Research and Other Sources

Completed Construction

Two buildings were completed in Q4 2022 bringing the YTD number of completions to nine buildings totaling just under 2.1 million sq. ft. of space (Figure 4). A total of 1.4 million sq. ft. was delivered in the first half of 2022 and approximately 670,000 sq. ft. was delivered in the second half of 2022. As shown in Figure 2, YTD construction completions surpassed each of the previous five years (2017-2021) and is expected to increase again in 2023.

As shown in Figure 4, Ankeny led all cities with 4 total deliveries in 2022 totaling 975,000 sq. ft. (47%) of total completions. Over 500,000 sq. ft. of the newly delivered space remains vacant. Altoona ranked 2nd in completions with 2 properties being delivered totaling 595,000 sq. ft. (29%) of total completions. All 595,000 sq. ft. has been leased. Bondurant was 3d with 2 deliveries totaling 391,000 sq. ft. (19%) of total completions with all 391,000 sq. ft. being leased.

Under Construction

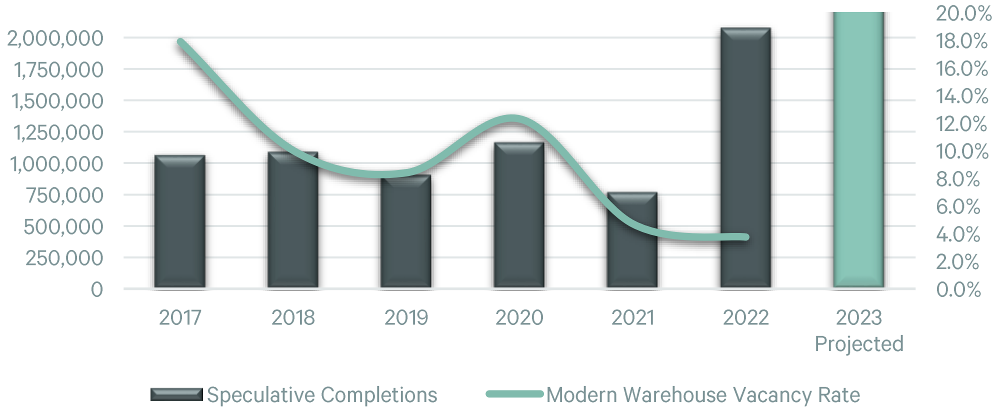
Approximately 2.4 million sq. ft. of space remains under construction. As shown in Figure 5, projects under construction are located throughout the Metro with 48% taking place in the Northeast submarket. In addition, we anticipate that all 2.4 million sq. ft. of space will deliver in 2023 with multiple projects expected to deliver in the first half (Figure 3).

Click Here for Interactive Map

FIGURE 3 : Construction Pipeline

Under Construction	Size (SF)	Address	City	Submarket	Delivery
I-80 Distribution Center	300,000	451 9th St NE	Altoona	Northeast	Q1, 2023
Northridge (Building B & C)	350,000	4600 NE 14th St	Des Moines	Northeast	Q1, 2023
Altus Commerce Center (Building C)	496,800	2600 20th Ave SW	Altoona	Northeast	Q1, 2023
Chapman Distribution Center	200,494	SE Delaware Ave & SE Corporate Woods Dr	Ankeny	Ankeny	Q1, 2023
Four Mile Distribution (South)	157,900	6910 SE Four Mile	Ankeny	Ankeny	Q1, 2023
Center Pointe Warehouse	212,500	Interstate 80/35 & 100th St	Urbandale	Western	Q2, 2023
Rider Logistics Center Phase 1	270,192	3901 SE Park Dr	Grimes	Western	Q1,2023
Prairie Business Park IV	260,000	400 SE 41st St	Grimes	Western	Q1, 2023
Legacy 3 at Legacy Park	135,500	1200 SE 19th St	Grimes	Western	Q2, 2023

FIGURE 2 : Warehouse & Distribution Completions (SF) & Vacancy Rate



Modern Warehouse: Warehouses built in 1990 or later with 24' or higher clear height

FIGURE 4 : 2022 Completions (SF)

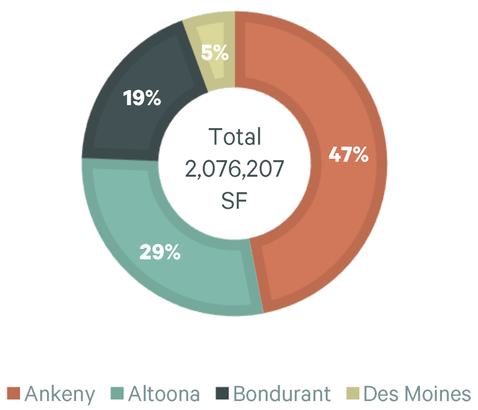
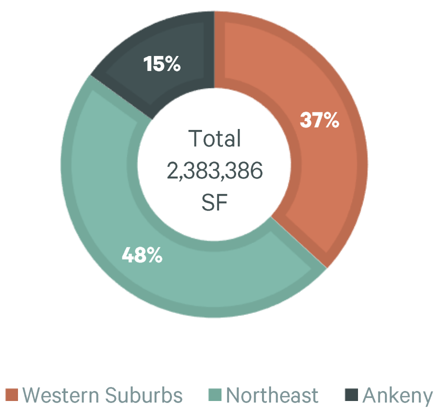


FIGURE 5 : Under Construction (%) by Submarket (SF)



Source: CBRE Research and Other Sources

Warehouse & Distribution Statistics

Submarket	Market Rentable Area (SF)	Vacant (SF)	Vacancy (%)	Q4 Net Absorption (SF)	2022 Net Absorption (SF)	Under Construction (Spec.) (SF)	NNN Avg. Asking Lease Rate ($/SF/Yr.)
Western Suburbs	11,452,889	86,950	0.76%	14,400	526,424	742,692	$6.84
CBD	579,479	2,804	0.48%	0	0	0	$5.00
Northwest	3,787,477	67,080	1.77%	0	17,116	0	$5.85
Northeast	16,256,999	133,683	0.82%	279,444	157,005	1,146,800	$5.69
South	4,268,512	210,914	4.94%	8,000	(19,666)	0	$4.87
Ankeny	4,569,920	587,866	12.86%	(32,089)	(395,784)	358,394	$5.75
Greater DSM	**40,915,276**	**1,089,297**	**2.66%**	**269,755**	**285,095**	**2,247,886**	**$5.96**

Manufacturing Statistics

Submarket	Market Rentable Area (SF)	Vacant (SF)	Vacancy (%)	Q4 Net Absorption (SF)	2022 Net Absorption (SF)	Under Construction (Spec.) (SF)	NNN Avg. Asking Lease Rate ($/SF/Yr.)
Western Suburbs	1,832,269	39,000	2.13%	0	24,385	0	$5.81
CBD	0	0	0.0%	0	0	0	$0.00
Northwest	2,347,438	0	0.0%	0	0	0	$5.00
Northeast	3,787,447	182,400	4.82%	0	(74,400)	0	$4.95
South	874,350	13,143	1.50%	0	55,370	0	$5.97
Ankeny	2,932,101	0	0.0%	0	0	0	$0.00
Greater DSM	**11,773,605**	**234,543**	**1.99%**	**0**	**5,355**	**0**	**$5.40**

Modern Bulk Warehouse & Distribution Statistics

Submarket	Market Rentable Area (SF)	Vacant (SF)	Vacancy (%)	Q4 Net Absorption (SF)	2022 Net Absorption (SF)	Under Construction (Spec.) (SF)	NNN Avg. Asking Lease Rate ($/SF/Yr.)
Western Suburbs	4,418,904	61,300	1.39%	0	394,239	742,692	$7.04
CBD	0	0	0.0%	0	0	0	$0.00
Northwest	1,632,277	0	0.0%	0	0	0	$5.38
Northeast	7,191,764	0	0.0%	265,200	66,863	1,146,800	$5.95
South	720,834	0	0.0%	0	0	0	$4.95
Ankeny	2,880,428	569,300	19.76%	(24,223)	(378,968)	358,394	$5.75
Greater DSM	**16,844,207**	**630,600**	**3.74%**	**240,977**	**82,134**	**2,247,886**	**$6.13**

Flex Statistics

Submarket	Market Rentable Area (SF)	Vacant (SF)	Vacancy (%)	Q4 Net Absorption (SF)	2022 Net Absorption (SF)	Under Construction (Spec.) (SF)	NNN Avg. Asking Lease Rate ($/SF/Yr.)
Western Suburbs	5,014,291	193,039	3.85%	(14,634)	147,986	135,500	$9.15
CBD	327,856	14,612	4.46%	0	10,643	0	$6.44
Northwest	801,126	2,052	0.26%	4,948	2,584	0	$8.93
Northeast	3,077,654	5,250	0.17%	(1,850)	38,100	0	$7.25
South	316,629	0	0.0%	0	2,400	0	$7.50
Ankeny	792,301	33,495	4.23%	(9,840)	24,662	0	$9.29
Greater DSM	**10,329,857**	**248,448**	**2.41%**	**(21,376)**	**226,375**	**135,500**	**$8.19**

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