

FIGURES | DES MOINES OFFICE | Q3 2026

Vacancy declines amid positive absorption and limited supply growth



Note: Arrows indicate change from previous quarter.

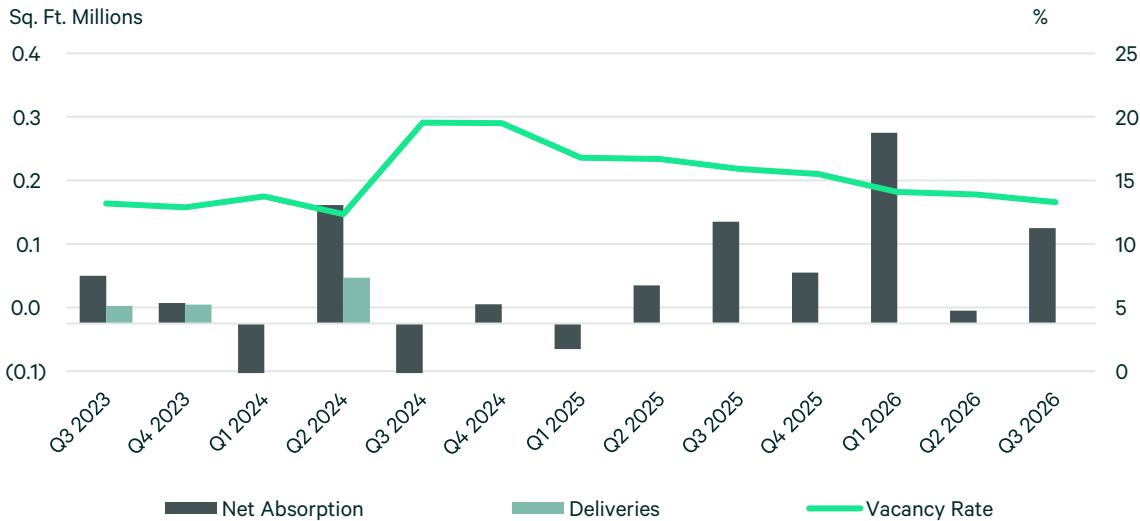
Market Overview

From Q1 2025 through Q3 2026, occupancy improved as vacancy and availability declined amid mostly positive net absorption and no new supply. Vacancy fell 30 basis points from 13.6% in Q2 2026 to 13.3% in Q3 2026.

Net absorption totaled 149,000 sq. ft. in the quarter, lowering vacancy to 13.3% and availability to 14.6%, while average asking rents held at \$20.66 per sq. ft., in line with Q2 2026. With no space under construction and no deliveries in Q3 2026, conditions reflected reliance on existing inventory rather than new supply.

In Q3 2026, leasing activity was moderate and showed some improvement over earlier 2026 readings. Tenants committed to 220,000 sq. ft. in Q3 2026, up from 100,000 sq. ft. in Q2 2026 and close to the 230,000 sq. ft. recorded in Q1 2026. While demand in Q3 2026 remained below the Q2 2025 peak of 680,000 sq. ft., it was stronger than the weakest points of 2024, suggesting that leasing conditions continued to stabilize compared with the more volatile quarters of 2024 and early 2025.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



CBRE Research

Vacancy

Vacancy conditions in Q3 2026 remained mixed across property classes, with continued easing in Class A and Class B space alongside rising vacancy in Class C buildings. In Q3 2026, overall vacancy measured 14.4% in Class A, 13.1% in Class B and 4.8% in Class C, with Class A and Class B down 80 basis points and 70 bps quarter-over-quarter respectively, while Class C rose 70 bps over the same period. Year-over-year, Class A vacancy fell 670 bps from 21.1% in Q3 2025, whereas Class B vacancy increased 50 bps from 12.6% and Class C vacancy climbed 70 bps from 4.1%.

At the submarket level, vacancy rates in Q3 2026 ranged from very tight to highly elevated, highlighting wide variation in vacancy rates. The South submarket posted the lowest overall vacancy rate at 2.4%, followed by Northeast at 5.3%, while Northwest recorded the highest overall vacancy rate at 29.3%. Intermediate conditions prevailed elsewhere, with Ankeny at 7.2%, the Western Suburbs at 11.4% and the CBD at 16.0%, giving owners and occupiers a wide spectrum of options by location.

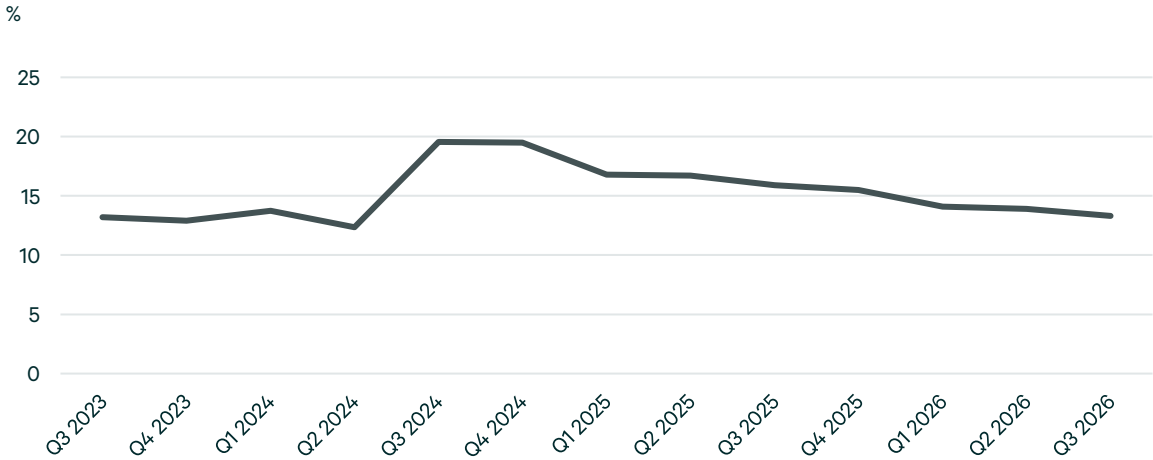
In Q3 2026, sublease vacancy remained low overall, with rates of 0.2% in Class A, 1.2% in Class B and 0.1% in Class C; compared with Q2 2026, this represented no change in Class A and Class C and a 10 bps decline in Class B. Across all submarkets, vacant sublease space totaled 164,000 sq. ft. in the quarter, led by 128,000 sq. ft. in the Western Suburbs.

Asking Rent

Market asking rents trended higher over the data series, with Class A space consistently pricing above the overall average. The overall market asking rent was \$20.66 per sq. ft., unchanged quarter-over-quarter from Q2 2026 and up from \$20.27 per sq. ft. year-over-year, while Class A registered \$21.35 per sq. ft., easing from \$21.65 per sq. ft. quarter-over-quarter but ahead of \$20.57 per sq. ft. in Q3 2025.

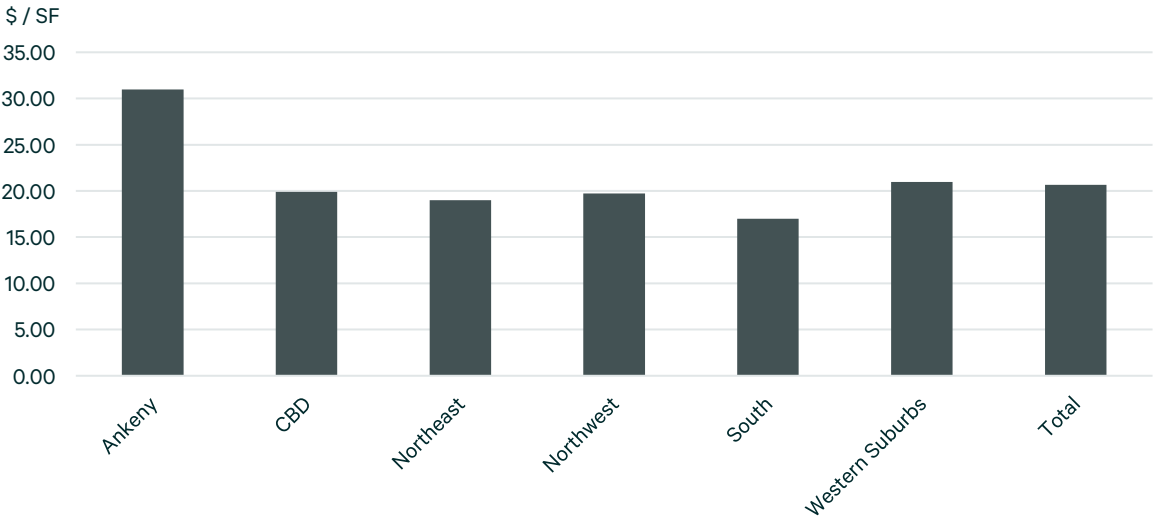
In Q3 2026, Ankeny and the Western Suburbs stood out as the strongest-priced submarkets, particularly for Class A product. Class A asking rent reached \$33.63 per sq. ft. in Ankeny and \$23.46 per sq. ft. in the Western Suburbs, compared with \$19.71 per sq. ft. in the CBD, while Class B rates were also relatively elevated in Ankeny at \$23.00 per sq. ft. and in the Western Suburbs at \$20.33 per sq. ft. Elsewhere, Class B asking rents clustered between \$17.00 per sq. ft. in the South and \$20.49 per sq. ft. in the CBD, and Class C ranged from a low of \$11.00 per sq. ft. in the Northwest to \$15.89 per sq. ft. in the Western Suburbs, underscoring the clear pricing spread between higher- and lower-quality space in select submarkets.

Figure 2: Vacancy Rate



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Figure 3: Average Direct Asking Rate by Submarket



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Net Absorption

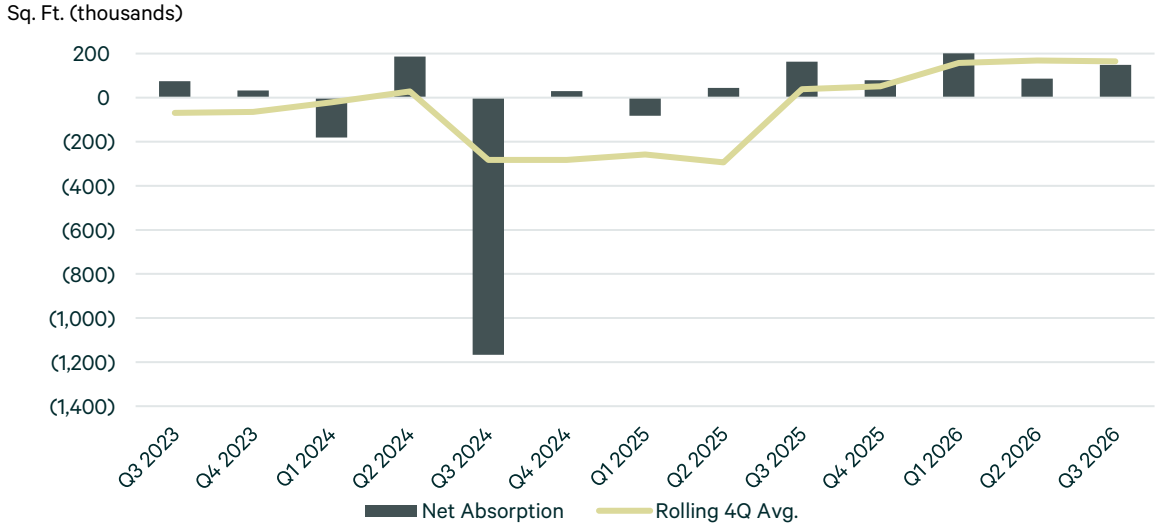
Net absorption in the market strengthened meaningfully in Q3 2026 as occupancy growth picked up across most property classes. Overall net absorption totaled 149,000 sq. ft. in Q3 2026, exceeding the 16,000 sq. ft. recorded in Q2 2026 on a quarter-over-quarter basis but below the 163,000 sq. ft. achieved in Q3 2025 year-over-year. Class A contributed 76,000 sq. ft. and Class B 80,000 sq. ft. of positive net absorption this quarter, partially offset by negative 7,000 sq. ft. in Class C, highlighting that most of the gains came from Class A and Class B assets.

At the submarket level, Western Suburbs accounted for the top two positions for positive net absorption in Q3 2026. Western Suburbs recorded the highest positive net absorption at 113,000 sq. ft., with a second Western Suburbs entry ranking next at 98,000 sq. ft., and no other submarket posting positive net absorption of 10,000 sq. ft. or more. Among submarkets with negative net absorption, the CBD saw the largest occupancy contraction, with one CBD segment at negative 36,000 sq. ft. and another at negative 22,000 sq. ft.

Construction Activity

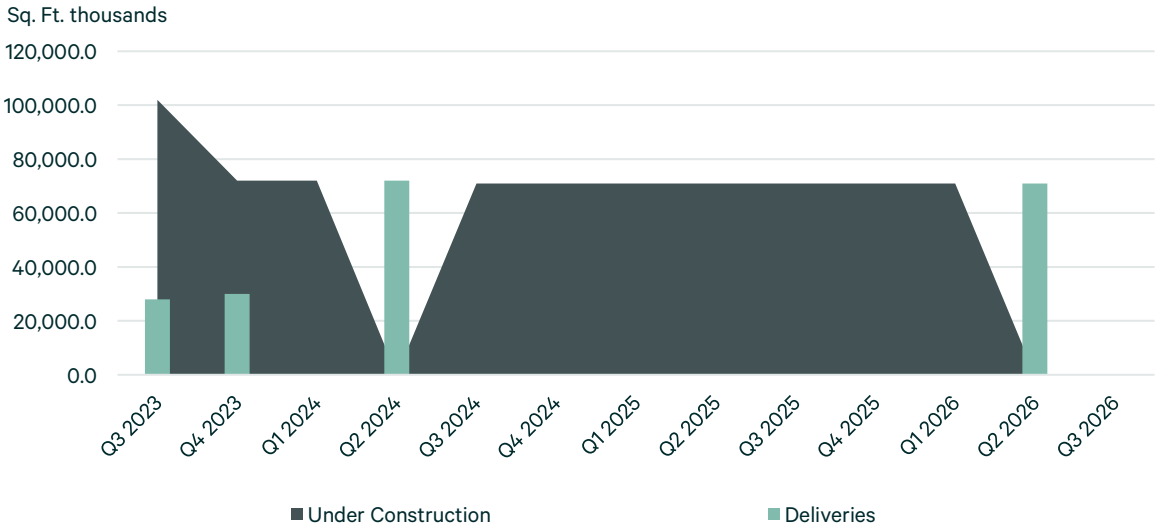
Q3 2026 marked another quarter with no space under construction and no construction deliveries in the market. There was no construction activity this quarter, and under construction and delivered volumes remained unchanged quarter-over-quarter and year-over-year at zero throughout the period from Q3 2023 through Q3 2026.

Figure 4: Net Absorption Trend



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Figure 5: Construction Activity



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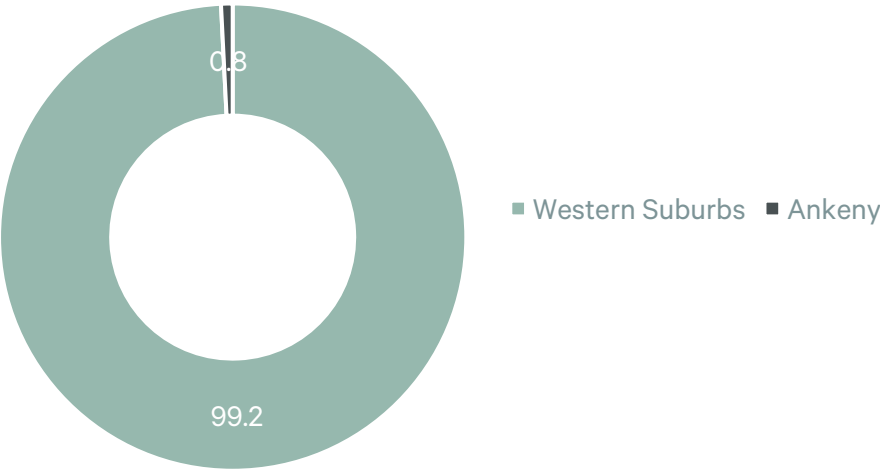
Leasing Activity

Leasing activity increased in Q3 2026 but remained below its level in Q3 2025.

Total leasing reached 220,000 sq. ft. in the quarter, bringing year-to-date 2026 volume to 545,000 sq. ft. Quarter-over-quarter, activity more than doubled from 99,000 sq. ft. in Q2 2026, a 122.2% increase, while year-over-year it declined 24.9% from 293,000 sq. ft. in Q3 2025.

In submarket terms, activity in the quarter was concentrated in the Western Suburbs, with Ankeny registering only limited leasing. Western Suburbs recorded 218,000 sq. ft. of leasing across Class A and Class B space, the highest level among the submarkets, compared with 2,000 sq. ft. in Ankeny, the lowest. Within the Western Suburbs, Class B space accounted for 180,000 sq. ft., while Class A deals totaled 38,000 sq. ft., showing that Class B product captured the bulk of activity in that submarket.

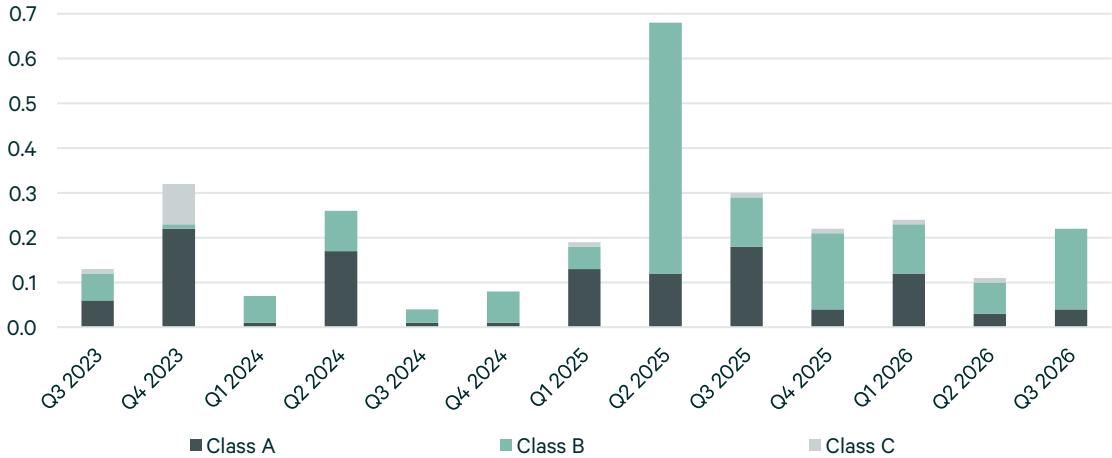
Figure 7: Leasing by Submarket (% of Total Activity)



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Figure 6: Leasing Activity Trend

Sq. Ft. (millions)



CBRE Research

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
De Lage Landen Financial Services	45,000	Renewal	8001 Birchwood Ct	Western Suburbs
EquiTrust Life Insurance Co.	39,000	Renewal	7100 Westown Pkwy	Western Suburbs
Confidential Tenant	35,000	Renewal	4200 University Ave	Western Suburbs
EquiTrust Life Insurance	24,000	New Lease	5550 Wild Rose Ln	Western Suburbs
Confidential Tenant	14,000	New Lease	7001 Westown Pkwy	Western Suburbs
Confidential Tenant	12,000	New Lease	2829 Westown Pkwy	Western Suburbs
UnityPoint Health	7,000	New Lease	1055 Jordan Creek Pkwy	Western Suburbs
Confidential Tenant	6,000	New Lease	1275 NW 128th St	Western Suburbs

Source: CBRE Research, Q3 2026

Investment Sale Activity

Des Moines office investment sales volume increased in Q3 2026 compared with Q2 2026 but remained below Q3 2025 levels. Q3 2026 sales volume totaled \$22.93 million, up 27.7% quarter-over-quarter from \$17.95 million in Q2 2026 and down 51.9% year-over-year from \$47.65 million in Q3 2025. Current-year 2026 office investment sales volume through Q3 2026 totaled \$43.63 million, combining \$2.75 million in Q1 2026, \$17.95 million in Q2 2026, and \$22.93 million in Q3 2026.

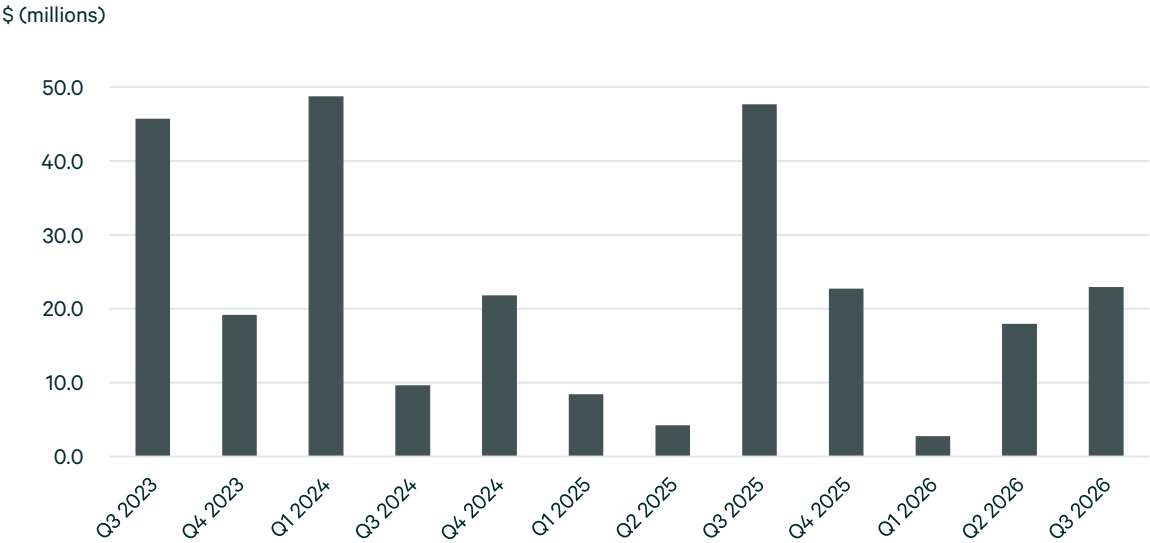
Buyer composition in Q3 2026 consisted of public and private capital, and two office assets traded in the Western Suburbs submarket. Public buyers recorded the highest share of Q3 2026 volume at 81.0%, followed by private buyers at 19.0%, while cross-border, institutional, and user/other buyers each accounted for 0.0%. The largest transaction was the sale of the 197,658 sq. ft. property at 8305 NW 62nd Avenue to Office Props Income Trust for \$18.60 million, reflecting pricing of \$94.00 per sq. ft. The second-largest sale was the 30,400 sq. ft. Northshore II Building acquired by Visiting Nurse Services Of Iowa for \$4.40 million, at \$143.09 per sq. ft.

Figure 10: Key Sales

Property	Submarket	Buyer	Sales Price	Size (SF)	Price Per SF
Northshore II Building	Western Suburbs	Visiting Nurse Services Of Iowa	\$4.4M	30,400	\$143.09
8305 Nw 62nd Avenue	Western Suburbs	Office Props Income Trust	\$18.6M	197,658	\$94.00

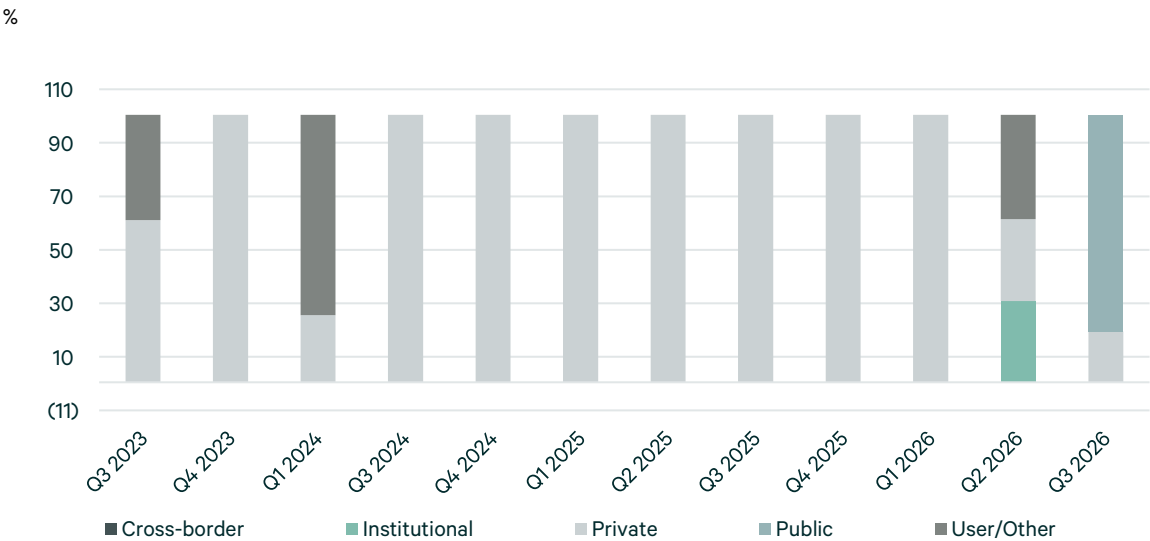
MSCI Real Capital Analytics

Figure 9: Quarterly Sales Volume



MSCI Real Capital Analytics

Figure 11: Buyer Composition



MSCI Real Capital Analytics

Market Statistics

Figure 12: Suburban Market Statistics by Class

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	3.83M	10.3	10.5	10.1	0.4	24.17	98,000	162,000	-	-
Class B	10.08M	13.2	15.2	13.2	2.0	20.30	116,000	162,000	-	-
Class C	1.05M	5.1	5.6	5.2	0.4	15.58	(7,000)	(10,000)	-	-
Total	14.96M	11.9	13.3	11.8	1.5	21.08	207,000	314,000	-	-

Source: CBRE Research, Q3 2026

Figure 13: Urban Market Statistics by Class

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	6.00M	17.0	17.9	17.8	0.1	19.71	(22,000)	201,000	-	-
Class B	1.37M	12.5	15.4	15.4	-	20.49	(36,000)	(50,000)	-	-
Class C	74,000	-	-	-	-	-	-	-	-	-
Total	7.44M	16.0	17.2	17.1	0.1	19.89	(58,000)	151,000	-	-

Source: CBRE Research, Q3 2026

Market Statistics by Class

Figure 14: Metro Market Statistics by Class

Property Class	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	9.82M	14.4	15.0	14.8	0.2	21.35	76,000	363,000	-	-
Class B	11.45M	13.1	15.2	13.4	1.8	20.33	80,000	112,000	-	-
Class C	1.12M	4.8	5.2	4.9	0.3	15.58	(7,000)	(10,000)	-	-
Total	22.40M	13.3	14.6	13.6	1.0	20.66	149,000	464,000	-	-

Source: CBRE Research, Q3 2026

Market Statistics by Submarket

Figure 15

Submarket	Net Rentable Area (SF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate	Class A Asking Rent (\$/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Ankeny	603,000	7.2	8.4	6.0	2.4	30.99	20.41	2,000	(6,000)	-	-
CBD	7.44M	16.0	17.2	17.1	0.1	19.89	19.71	(58,000)	151,000	-	-
Northeast	76,000	5.3	5.3	5.3	-	19.00	-	-	-	-	-
Northwest	913,000	29.3	29.5	27.6	2.0	19.74	-	(5,000)	3,000	-	-
South	665,000	2.4	8.5	2.4	6.1	17.00	-	-	-	-	-
Western Suburbs	12.70M	11.4	12.7	11.5	1.2	20.96	23.46	211,000	317,000	-	-
Total	22.40M	13.3	14.6	13.6	1.0	20.66	21.35	149,000	464,000	-	-

Source: CBRE Research, Q3 2026

Economic Overview

Notable challenges persist, from elevated energy costs and interest rates to lingering geopolitical and technological uncertainties. Despite these concerns, the U.S. economy remains on track to grow by over 2% during 2026, supported by impressive AI-driven business investment. Also, a generally stable labor market continues to underpin consumer activity, providing a cushion against other risks.

The final months of 2026 could prove pivotal. While economic growth supports healthy CRE occupier market fundamentals, the investment side of the market must contend with 5% Treasury yields. Signals from the Federal Reserve, inflation data, and global fixed-income markets suggest rates will remain elevated for the foreseeable future. A key upside catalyst would be a de-escalation in the U.S./Iran conflict, which could ease inflation and provide the Fed with more flexibility.

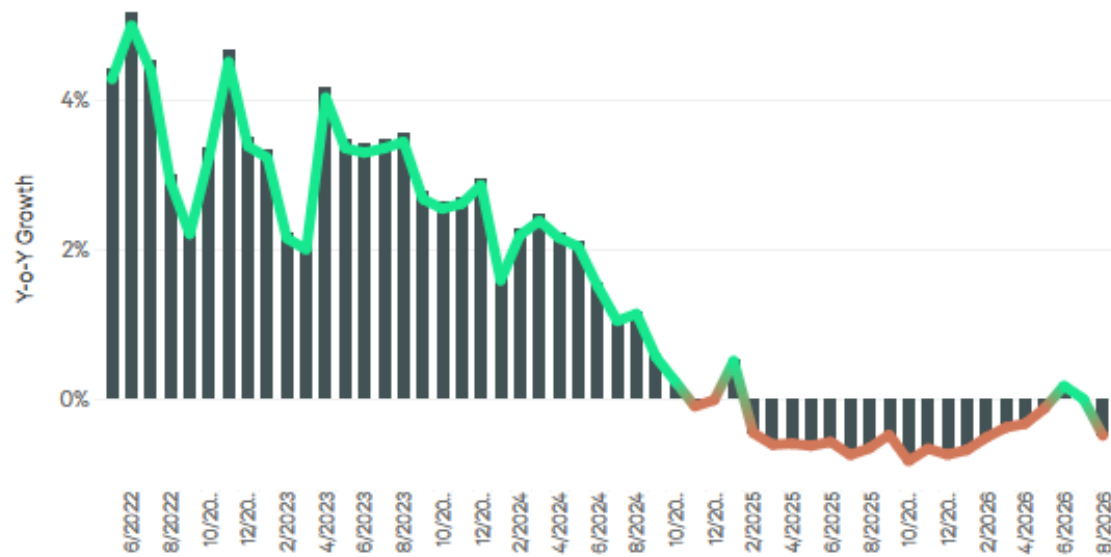
▼ 250.6k
Office Using Jobs

▲ 3.7%
Unemployment Rate

▼ 173.4k
Industrial Using Jobs

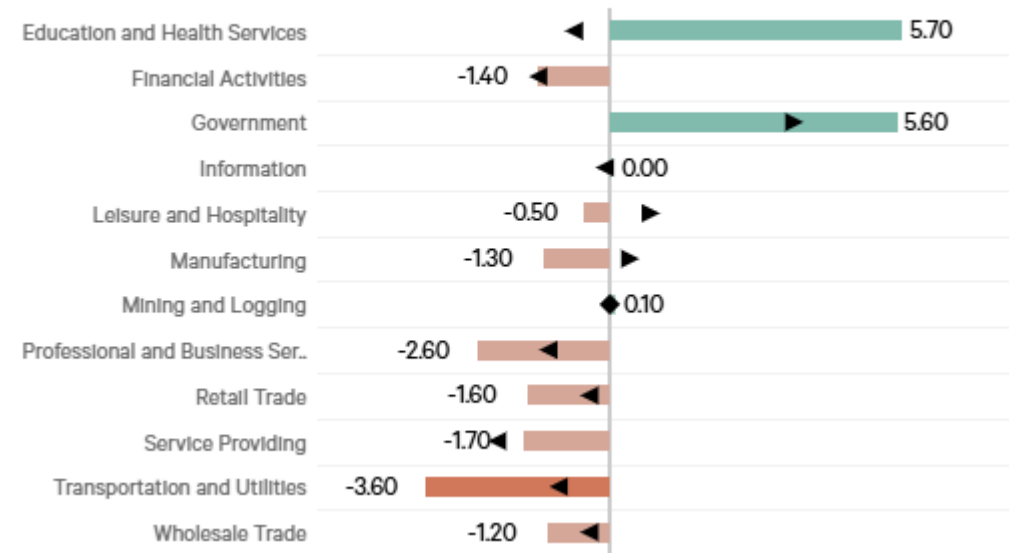
▼ 418k
Labor Force

Job Growth - Year over Year Trend

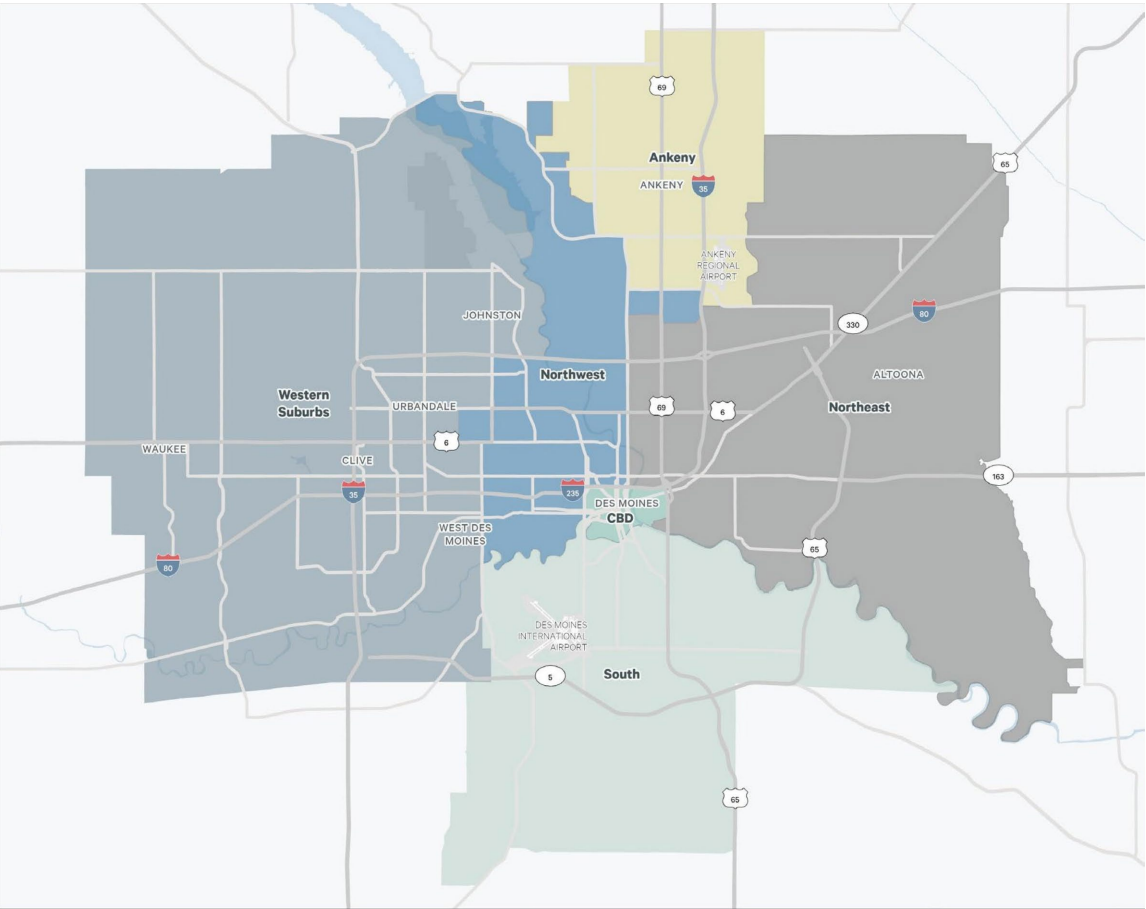


Employment Change by Sector - Yearly & Monthly

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 office 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 office tracked building sets in Des Moines 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 Des Moines most competitive buildings. Building inventories will be evaluated quarterly to ensure they remain the most comprehensive and accurate representation of the market.

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