Leasing Surge Amid Volatile Absorption and Stabilizing Vacancy

▼8.5%	▲188,788	▲199,584	▲1.3M	▲$6.73
Vacancy Rate	SF Net Absorption	SF Construction Delivered	SF Under Construction	NNN/YR Direct Lease Rate

Note: Arrows indicate change from previous quarter.

Market Overview

After three straight quarters of increased vacancy, the Des Moines Industrial market ended Q1 2026 with 8.5% vacancy, which is 10 bps lower than last quarter. Vacancy is 30 bps higher than one year ago and 430 bps higher than three years ago.

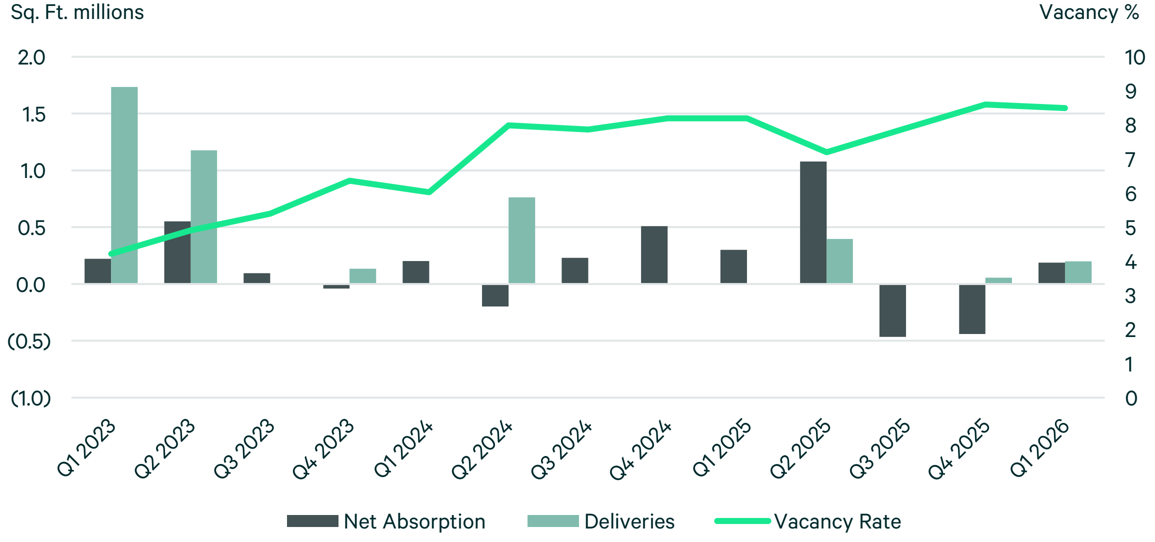
Average asking rents were $6.73 per sq. ft. for Q1 2026, an increase of $0.20 per sq. ft. or 3.1% from the previous quarter.

Net absorption was positive 188,788 sq. ft. in Q1 2026, which outpaces average quarterly absorption levels of 118,153 sq. ft. in 2025.

Three properties totaling 199,584 sq. ft. of newly constructed industrial space was completed in Q1 2026. 97.5% of this space was either build-to-suit space or pre-leased.

The amount of industrial space under construction in the Des Moines market is now over 1.3 million sq. ft., which is the highest level since Q4 2022.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2026

Vacancy Rate

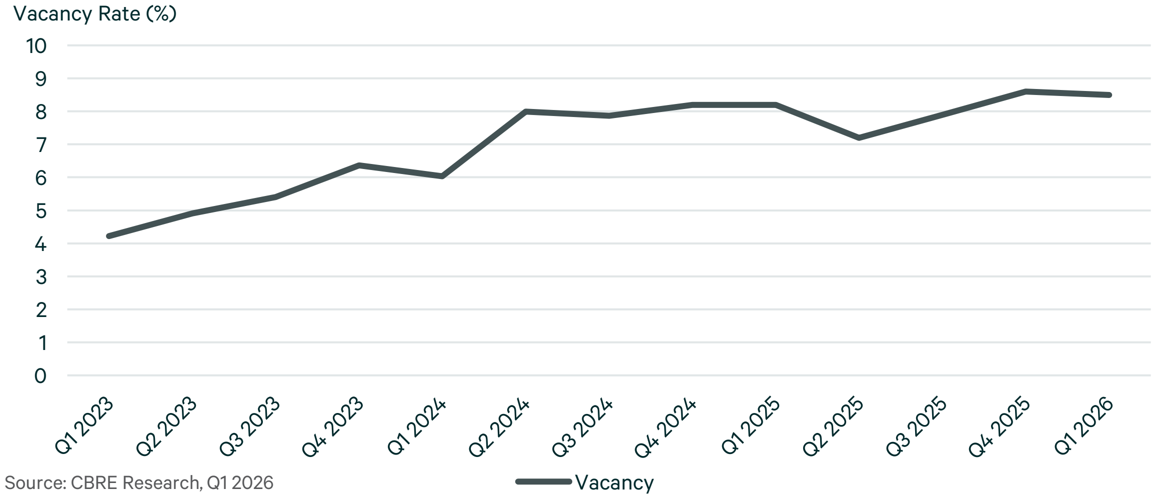
In Q1 2026 the Des Moines Industrial market reported a total vacancy rate of 8.5%, down 10 bps quarter-over-quarter and up 30 bps year-over-year, with a 430 bps increase over the past 3 years.

Direct vacancy was 7.6% in Q1 2026 while vacant sublease space stood at only 0.8% in Q1 2026.

By submarket, Western Suburbs had the highest vacancy rate of 11% for the quarter. Conversely, Ankeny showed a low vacancy rate of 2.2% in Q1 2026.

By size, properties that are 750,000 sq. ft. or larger in size have 0% vacancy in the Des Moines metro. The highest vacancies can be found in properties that are between 300,000 sq. ft. and 499,999 sq. ft. in size, with a vacancy rate of 29.8%.

Figure 2: Vacancy Rates



Source: CBRE Research, Q1 2026

Asking Rent

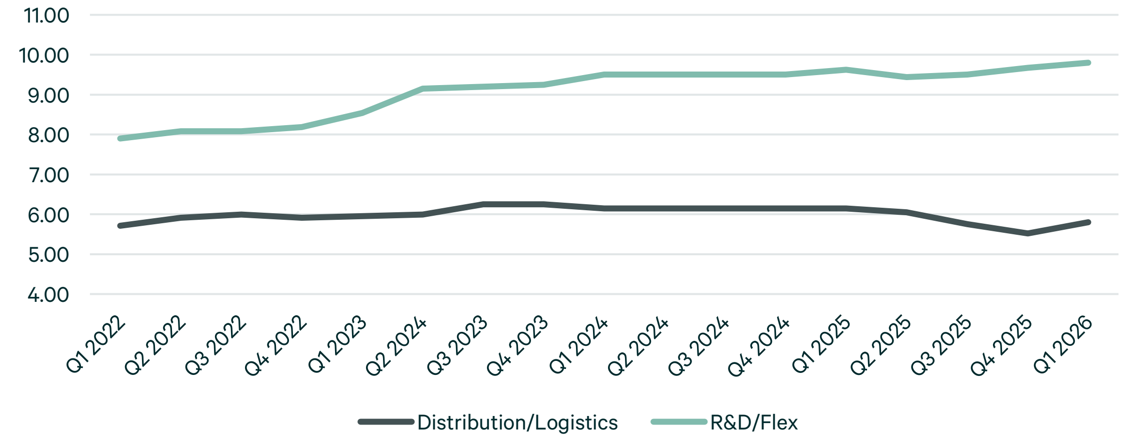
Average asking rent was $6.73 per sq. ft. year net at the close of Q1 2026, up 3.1% ($0.20) quarter-over-quarter.

By submarket, the highest average asking rent of $7.11 per sq. ft. can be found in the Northwest submarket. The lowest average asking rent of $4.30 per sq. ft. can be found in the South submarket.

Properties that are 100,000 sq. ft. or smaller in size command the highest average asking rent of $8.56 per sq. ft. while properties between 300,000 and 499,999 sq. ft. in size have the smallest average asking rent in the market of $4.50 per sq. ft.

By property type, R&D/Flex properties command a higher average asking rent of $9.80 per sq. ft. versus $5.80 per sq. ft. in Distribution/Logistics properties.

Figure 3: Average Direct Asking Rate



Source: CBRE Research, Q1 2026

Net Absorption

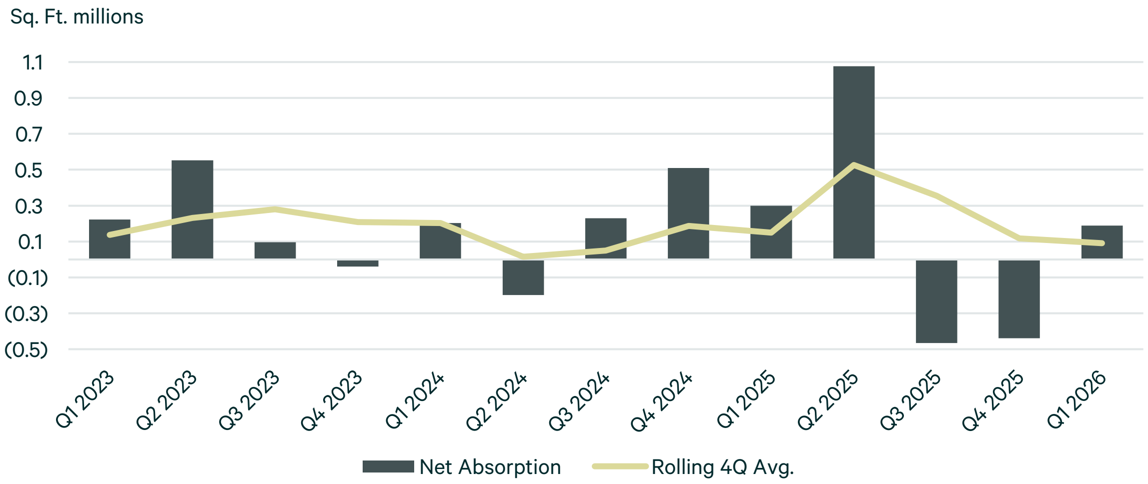
Net absorption was positive 188,788 sq. ft in Q1 2026, an increase from negative 438,807 sq. ft in the previous quarter. Over the last four quarters net absorption totaled positive 361,363 sq. ft.

Over 169,000 sq. ft. of net absorption for the quarter occurred in the Western Suburbs submarket, while the Northeast submarket experience negative absorption of over 90,000 sq. ft.

While there was a large move-out of 265,200 sq. ft. in one of the Altus Commerce Buildings in Altoona, several move-ins offset this negative absorption to result in positive net absorption.:

- Red Boot Distillery occupied 118,000 sq. ft.
- MHC Kenworth occupied their newly constructed 100,584 sq. ft. property.
- Dee Zee Manufacturing occupied their newly constructed 79,800 sq. ft. west building.

Figure 4: Net Absorption Trend



Source: CBRE Research, Q1 2026

Construction Activity

In Q1 2026 there were 16 projects underway, totaling 1.3 million sq. ft. Under construction activity accelerated quarter-over-quarter from 660,043 sq. ft to 1.3 million sq. ft. Over 1 million sq. ft. is either pre-leased or build-to-suit, which represents 82.9% of the space under construction.

By submarket, 66.6% of the space that is under construction can be found in the Northeast submarket, while 27.5% of the space is located in the Western Suburbs submarket and 5.8% in the South submarket.

Average asking rents for properties currently under construction is $11.06 per sq. ft. on a triple net basis.

The level of construction is at the greatest level since Q4 2022.

Figure 5: Construction Activity

Source: CBRE Research, Q1 2026

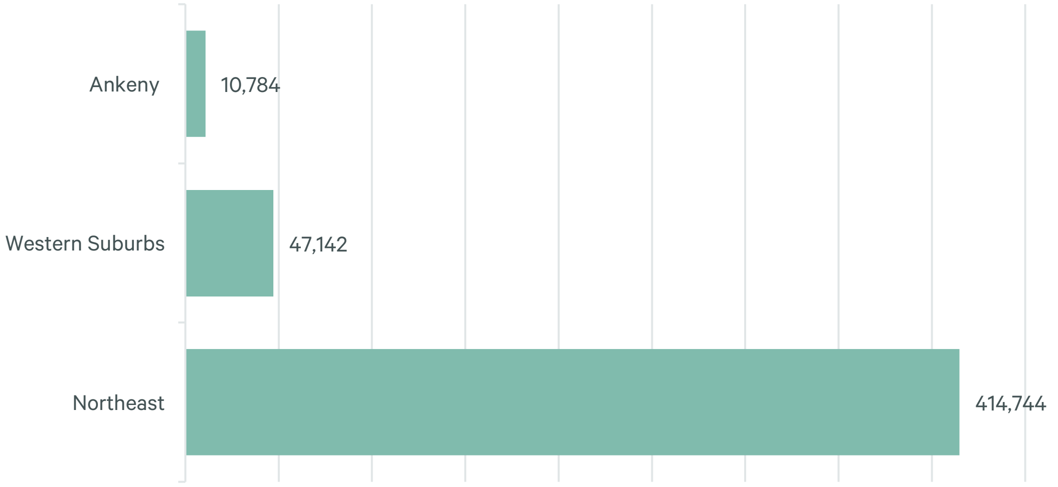
Leasing Activity

Leasing activity in the Des Moines Industrial in Q1 2026 totaled 472,670 sq. ft leased across 17 leases.

87.7% of the leasing activity took place in the Northeast submarket.

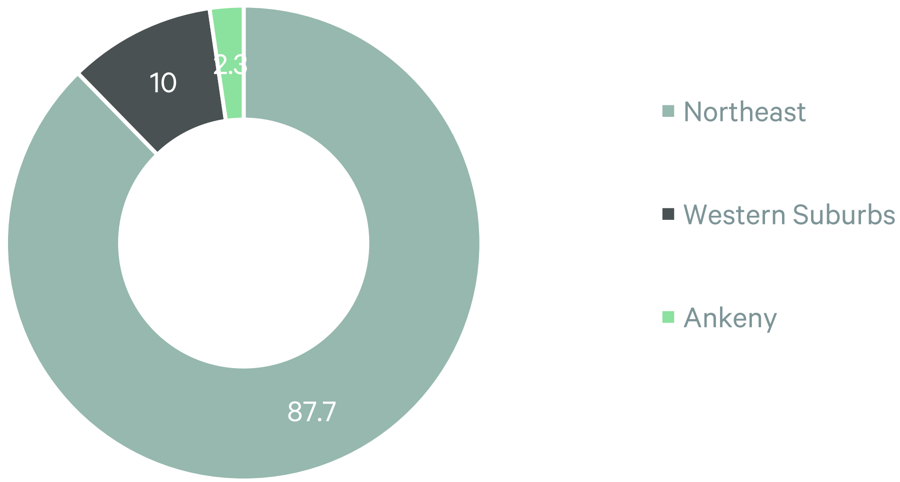
Baker Group's 270,000 sq. ft. lease in Altoona accounts for 57.1% of total leasing activity in the Des Moines market and 65.1% of leasing activity in the Northeast submarket.

Figure 6: Leasing Activity by Submarket



Source: CBRE Research, Q1 2026

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



Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Baker Group	270,000	New Lease	2900 21st St NW	Northeast
Munn Lumber	69,696	New Lease	990 E Broadway	Northeast
Deere	26,500	Renewal	7310 SE Crosswinds Dr	Northeast
Los Campeones Gym	23,698	New Lease	4771 NW 2nd St	Northeast
Burlington Trailways	20,550	New Lease	1641 E Euclid Ave	Northeast

Market Statistics by Size

Figure 9

Size Range	Net Rentable Area (MSF)	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 (MSF)
Under 100,000 sq. ft.	27.63	3.8	4.3	4.2	0.1	8.56	188,000	188,000	99,000	0.41
100,000-199,999 sq. ft.	13.13	8.2	8.0	7.0	1.0	5.70	120,000	120,000	101,000	-
200,000-299,999 sq. ft.	10.22	14.8	17.2	15.5	1.7	6.08	(236,000)	(236,000)	-	0.22
300,000-499,999 sq. ft.	6.44	29.8	24.3	22.6	1.6	4.50	118,000	118,000	-	-
500,000-749,999 sq. ft.	4.86	6.2	4.2	2.1	2.1	6.00	(2,000)	(2,000)	-	0.62
750,000 sq. ft.	6.30	-	-	-	-	-	-	-	-	-
Total	**68.57**	**8.5**	**8.4**	**7.6**	**0.8**	**6.73**	**189,000**	**189,000**	**200,000**	**1.25**

Source: CBRE Research, Q1 2026

Market Statistics by Submarket

Figure 10

Submarket	Net Rentable Area (MSF)	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 (MSF)
Ankeny	9.33	2.1	4.2	2.1	2.1	6.29	82,000	82,000	101,000	-
CBD	0.88	4.4	4.4	3.5	0.9	5.10	-	-	-	-
Northeast	26.54	9.2	7.8	7.2	0.6	6.70	(93,000)	(93,000)	99,000	0.83
Northwest	5.61	8.6	7.0	7.0	-	7.11	(2,000)	(2,000)	-	-
South	5.82	7.8	7.4	7.4	-	4.30	33,000	33,000	-	0.07
Western Suburbs	20.39	11.0	11.9	11.0	0.9	7.01	169,000	169,000	-	0.34
Total	**68.57**	**8.5**	**8.4**	**7.6**	**0.8**	**6.73**	**189,000**	**189,000**	**200,000**	**1.25**

Source: CBRE Research, Q1 2026

Economic Overview

The current business cycle may be five years old, but U.S. growth appears resilient, despite clear risks on the horizon. GDP growth should average 2.1%, matching 2025 and exceeding peer economies. America's aggressive build-out of AI infrastructure is a unique edge. Hyperscaler capex is nearing 3% of GDP—just below residential investment. Concerns about the sustainability of this growth and its broader impact are rattling both credit and equity markets. Operation Epic Fury and global energy prices are also a concern. Assuming the conflict is resolved quickly, and U.S. oil prices stay in the $80/bbl range, the impact on U.S. growth should be minimal. The impact on headline inflation, which is forecast to average 3.2% this year, up from the mid-2% range in February, will be material. Should the conflict escalate, this would elevate inflation and long-term yields and would likely impact the commercial real estate market.

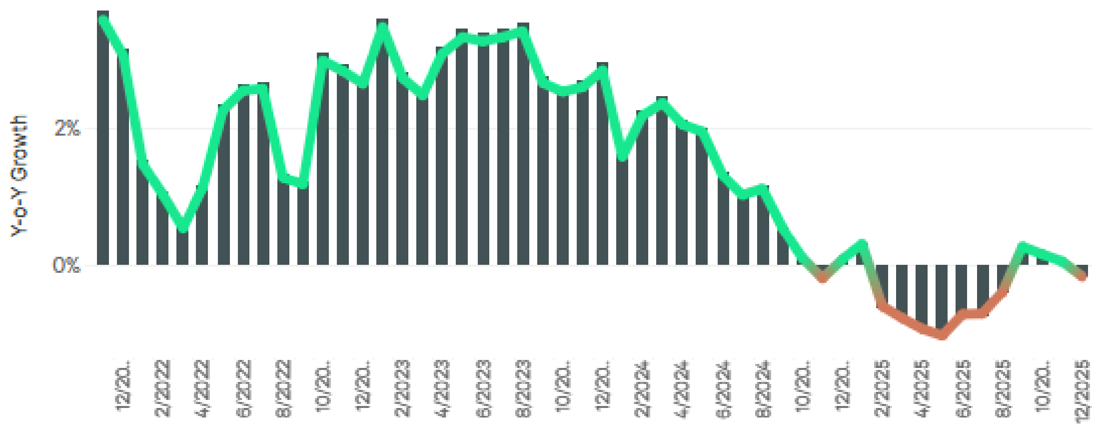
▲ 247k
Office Using Jobs

▲ 3.3%
Unemployment Rate

▲ 103k
Industrial Using Jobs

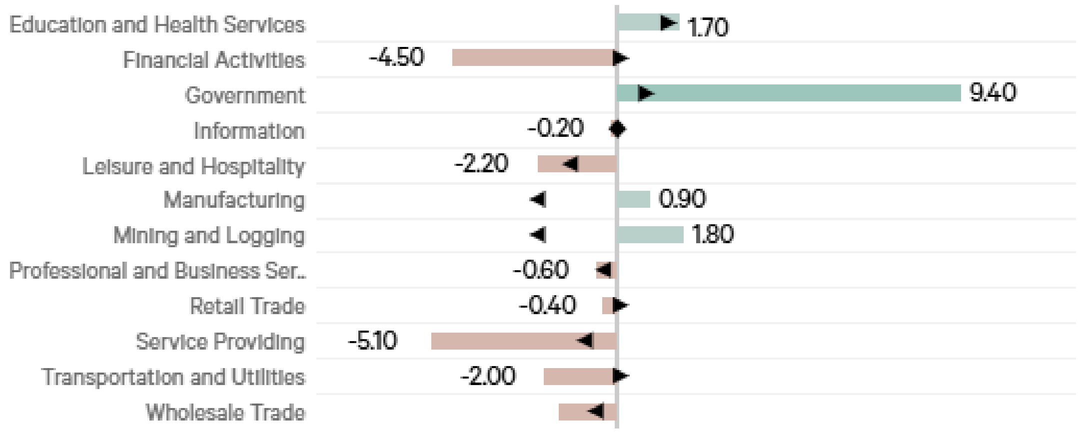
▼ 422k
Labor Force

Job Growth - Year over Year Trend

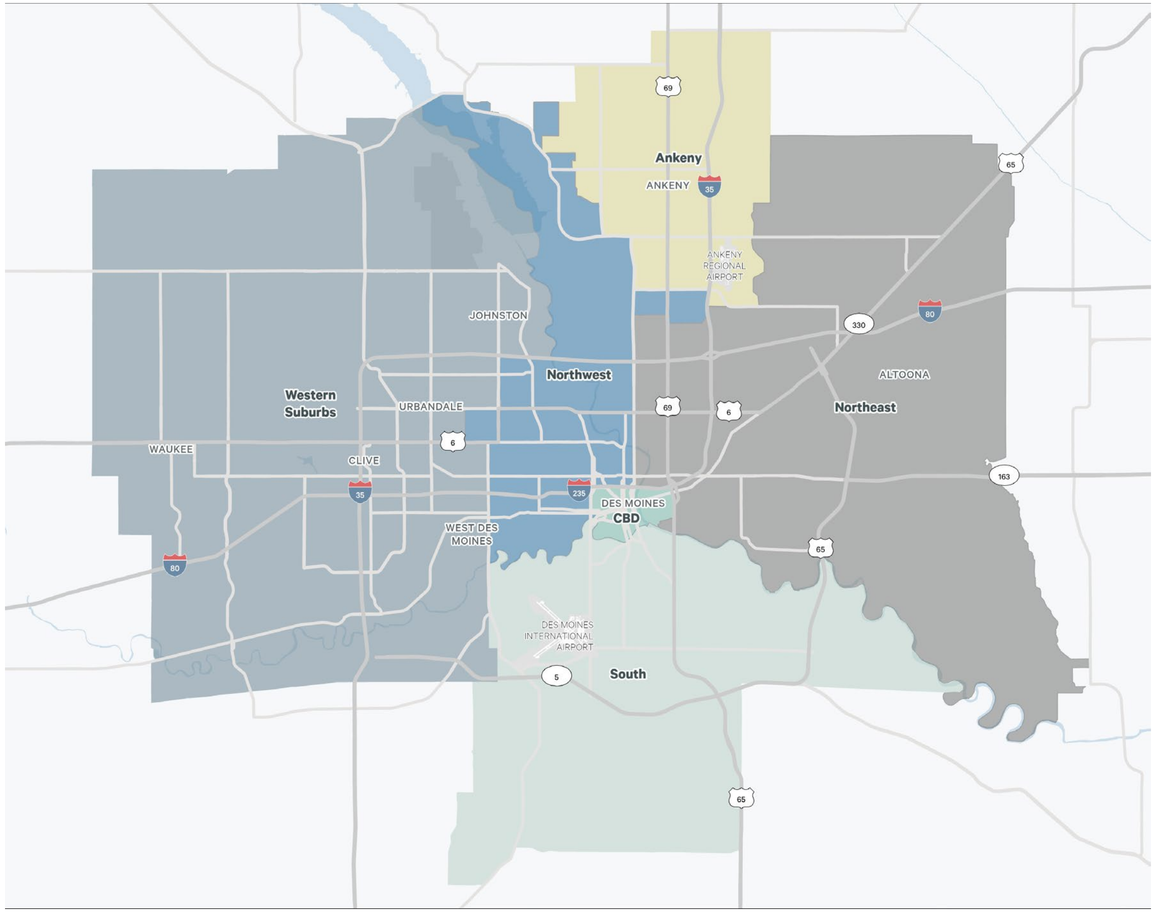


Employment Change by Sector - Yearly & Monthly

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.

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.

Contacts

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