

FIGURES | DES MOINES INDUSTRIAL | Q3 2026

Industrial fundamentals strengthen with positive absorption and rental growth



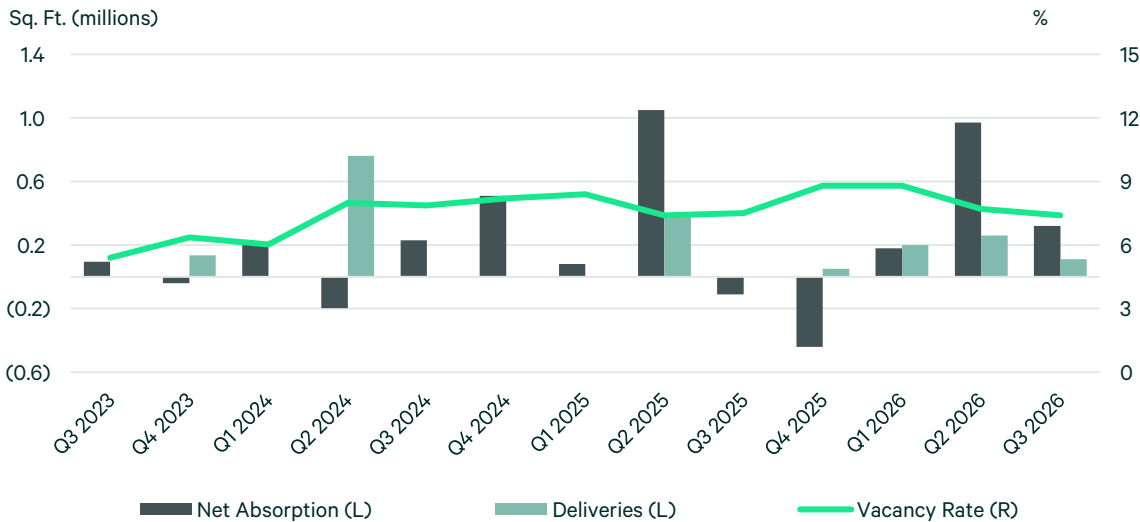
Note: Arrows indicate change from previous quarter.

Market Overview

In Q3 2026, the market showed improving occupancy supported by strong leasing activity while new supply remained elevated but moderated from earlier in the year. Net absorption totaled 316,000 sq. ft., following 970,000 sq. ft. in Q2 2026, as vacancy fell from 7.7% to 7.4%, a decline of 30 basis points. Tenants signed 973,452 sq. ft., up from 634,831 sq. ft. in Q2 2026 and 630,892 sq. ft. in Q1 2026, underscoring continued demand for space. Average asking rent edged up to \$6.70 per sq. ft., compared with \$6.66 per sq. ft. in Q2 2026 and \$6.57 per sq. ft. in Q4 2025, while the construction pipeline eased to 896,000 sq. ft. across 12 properties from 956,000 sq. ft. across 14 properties in Q2 2026, and quarterly deliveries stepped down from 257,000 sq. ft. to 115,000 sq. ft.

Under-construction space expanded from 820,000 sq. ft. in Q3 2023 to 1.18 million sq. ft. in Q1 2026, keeping supply pressure high as vacancy began to improve. Net absorption swung between contraction and strong growth, including 1.05 million sq. ft. in Q2 2025 and negative 439,000 sq. ft. in Q4 2025, while annual leasing rose to 3.22 million sq. ft. in 2025 and stayed elevated in 2026, with the strongest quarter in Q4 2025 at 1.56 million sq. ft.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy



CBRE Research

Vacancy Rate

Vacancy in Q3 2026 stabilized but remained elevated compared with recent years. Overall vacancy was 7.4% in Q3 2026, following 7.5% in Q2 2026, a decline of 10 basis points quarter-over-quarter as direct vacancy slipped from 7.1% to 6.8%. Compared with Q3 2025, overall vacancy decreased slightly from 7.5% to 7.4%, a 10 bps improvement year-over-year. Even with these modest gains, vacancy remained far above the 5.4% level reported in Q3 2023, representing an increase of 200 bps over three years.

Vacancy differed notably across submarkets in Q3 2026, with tight conditions in some areas and much higher rates in others. Northwest recorded the lowest overall vacancy at 2.0%, while Ankeny posted the second lowest rate at 3.8%, both indicating relatively tight availability for occupiers. At the other end of the spectrum, Western Suburbs had the highest overall vacancy at 11.5%, with CBD at 4.8%, South at 5.2% and Northeast at 7.1% falling between these extremes.

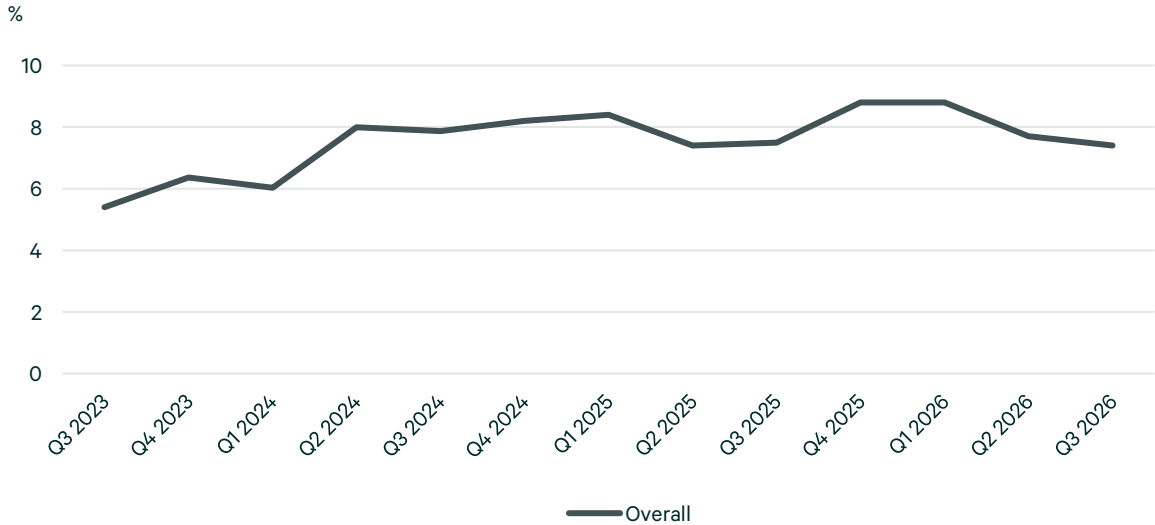
Sublease availability played a smaller but still important role in overall vacancy in Q3 2026. Sublease vacancy held steady quarter-over-quarter at 0.6%, unchanged from Q2 2026, with total sublease space vacant amounting to 394,619 sq. ft. across all submarkets.

Asking Rent

In Q3 2026, the market’s average asking rent was \$6.70 per sq. ft., slightly below the range seen earlier in 2026, which ran from \$6.66 per sq. ft. to \$6.76 per sq. ft. This latest reading represented a 0.6% increase quarter-over-quarter and a 0.2% decline year-over-year, signaling that rent decreases that were more pronounced earlier in 2026 began to level out. Across the full data series from Q1 2025 to Q3 2026, average asking rent moved down from \$7.09 per sq. ft. to \$6.70 per sq. ft., a 5.5% decrease, indicating a gradual step down in pricing followed by emerging stability in recent quarters.

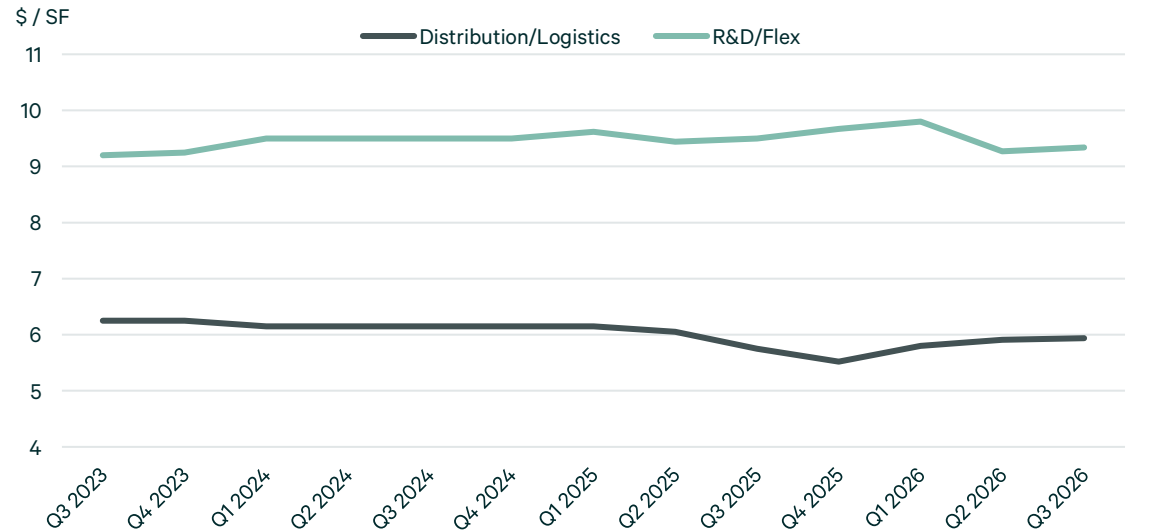
Submarkets in Q3 2026 showed a wide spread in asking rents, with CBD at \$10.21 per sq. ft. and the Northwest at \$7.41 per sq. ft. standing as the highest-priced areas. By contrast, South and Ankeny were the lowest-priced submarkets at \$5.71 per sq. ft. and \$5.85 per sq. ft., respectively, while Northeast at \$6.53 per sq. ft. and Western Suburbs at \$7.08 per sq. ft. offered intermediate rent levels that bridged the gap between the more affordable and premium locations.

Figure 2: Vacancy Rate



CBRE Research

Figure 3: Average Direct Asking Rate



CBRE Research

Net Absorption

In Q3 2026, net absorption totaled 316,000 sq. ft., indicating continued but more moderate occupancy growth at the market level. This result was below the 970,000 sq. ft. recorded in Q2 2026, representing a quarter-over-quarter pullback after a strong Q2 2026. The quarterly total exceeded the negative 112,000 sq. ft. posted in Q3 2025. The rolling four-quarter average net absorption still rose from 143,500 sq. ft. in Q4 2025 to 256,000 sq. ft. in Q3 2026, following earlier gains of 1.05 million sq. ft. in Q2 2025 and a subsequent swing to negative 439,000 sq. ft. in Q4 2025.

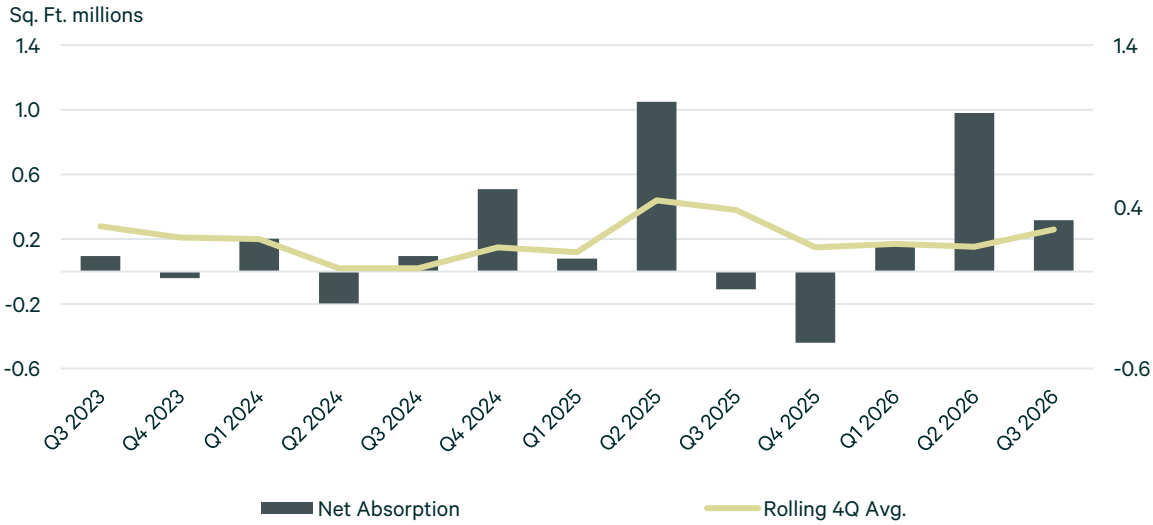
Northwest and Ankeny recorded the strongest positive net absorption in Q3 2026, at 275,000 sq. ft. and 35,000 sq. ft., respectively, driving much of the quarter’s occupancy gains. Among the remaining submarkets, South followed with additional positive net absorption of 10,000 sq. ft., while no other submarkets achieved positive net absorption above 10,000 sq. ft. At the other end of the spectrum, Northeast and Western Suburbs posted negative net absorption of 3,000 sq. ft. and 2,000 sq. ft., respectively, marking the weakest occupancy performance for the quarter. CBD registered a modest 1,000 sq. ft. of positive net absorption, reflecting essentially flat occupied space in the core.

Construction Activity

Construction activity remained elevated in Q3 2026 but moderated compared with Q1 2026 and Q2 2026. Under construction space totaled 896,000 sq. ft. in the quarter, declining 6.3% quarter-over-quarter but increasing 32.2% year-over-year. Delivered construction reached 115,000 sq. ft., down 55.3% quarter-over-quarter.

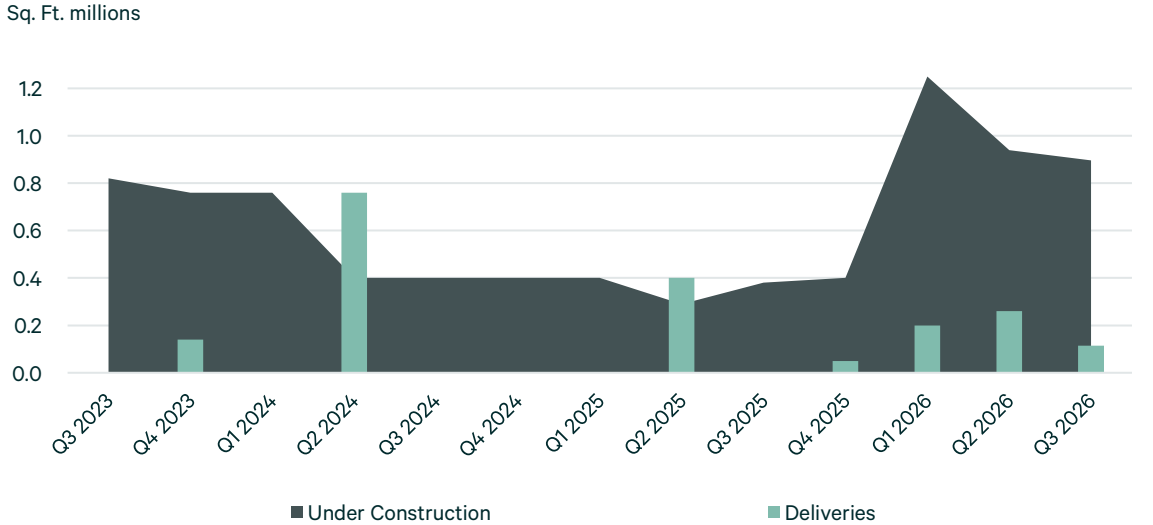
The Northeast submarket recorded the highest under construction activity, followed by the Western Suburbs. No additional submarkets recorded under construction activity above zero.

Figure 4: Net Absorption Trend



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Figure 5: Construction Activity



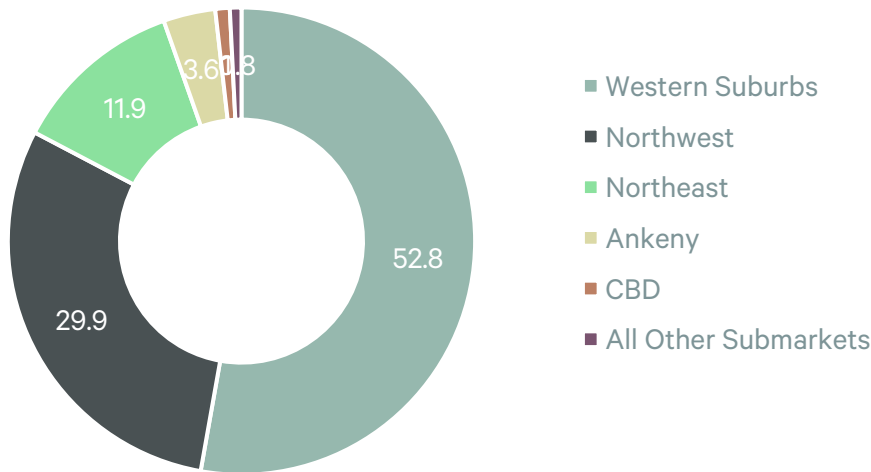
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Leasing Activity

Leasing activity in Q3 2026 totaled 973,000 sq. ft., and year-to-date 2026 volume reached 2.24 million sq. ft. across the market. This latest quarter represented a 53.2% quarter-over-quarter increase in leased area and a 145.7% year-over-year gain, reflecting that demand strengthened meaningfully.

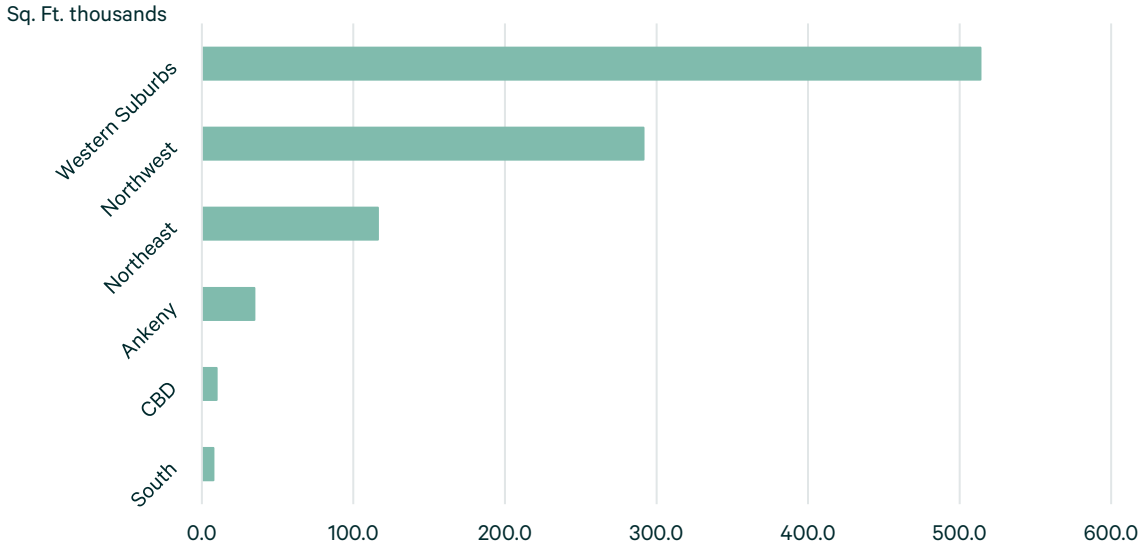
Western Suburbs and Northwest were the most active submarkets, with 514,000 sq. ft. and 292,000 sq. ft. leased, respectively. Positive leasing volumes also occurred in Northeast, Ankeny, the CBD, and South, which recorded 116,000 sq. ft., 35,000 sq. ft., 10,000 sq. ft., and 8,000 sq. ft., respectively.

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



CBRE Research

Figure 6: Leasing Activity by Submarket



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Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
EPI	451,000	New Lease	12501 Plum Dr	Western Suburbs
Red Boot Beverage	275,000	New Lease	5844 NE 19th St	Northwest
Confidential Tenant	31,000	New Lease	3742-3938 Dixon St	Northeast
Mohawk Carpet Distribution	25,000	Renewal	1801 Guthrie Ave	Northeast
Tamarack Materials	23,000	New Lease	2240 NE Broadway Ave	Northeast
Bryan Companies	23,000	New Lease	11300-11398 Meredith Dr	Western Suburbs
Confidential Tenant	20,000	New Lease	1601 SE Gateway Dr	Western Suburbs
Confidential Tenant	18,000	New Lease	2030-2250 Delaware Ave	Northeast

Source: CBRE Research, Q3 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 FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Distribution/Logistics	32.90M	12.9	12.1	10.9	1.1	5.94	296,000	1.32M	31,000	747,000
Manufacturing - General	8.51M	0.1	0.1	0.1	-	-	19,000	19,000	19,000	-
Manufacturing - Advanced	162,000	-	-	-	-	-	-	-	-	-
R&D/Flex	7.28M	8.4	9.0	9.0	-	9.34	25,000	150,000	65,000	149,000
Other Industrial	19.81M	1.1	1.6	0.9	0.7	7.47	(23,000)	(25,000)	-	-
Total	68.66M	7.4	7.2	6.5	0.7	6.70	316,000	1.46M	115,000	896,000

Source: CBRE Research, Q3 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 FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Below 50K SF	16.92M	3.9	4.0	3.8	0.2	9.16	44,000	252,000	115,000	196,000
50K-99,999 SF	11.03M	4.1	6.6	6.6	0.1	7.05	(10,000)	54,000	-	77,000
100K-249,999 SF	17.83M	8.2	8.3	7.5	0.7	6.03	10,000	724,000	-	-
250K-499,999 SF	11.71M	19.4	15.0	13.6	1.3	5.42	273,000	361,000	-	-
500K-749,999 SF	4.86M	4.7	6.3	2.7	3.6	6.00	-	71,000	-	623,000
750,000 SF +	6.30M	-	-	-	-	-	-	-	-	-
Total	68.66M	7.4	7.2	6.5	0.7	6.70	316,000	1.46M	115,000	896,000

Source: CBRE Research, Q3 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 FSG/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	66.99M	6.6	6.4	5.8	0.6	6.70	316,000	1.46M	115,000	896,000
Total	68.66M	7.4	7.2	6.5	0.7	6.70	316,000	1.46M	115,000	896,000

Source: CBRE Research, Q3 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 FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Ankeny	9.07M	3.8	6.0	4.7	1.3	5.85	35,000	(62,000)	-	-
CBD	879,000	4.8	4.8	3.9	0.9	10.21	1,000	(4,000)	-	-
Northeast	26.34M	7.1	7.7	6.9	0.8	6.53	(3,000)	541,000	70,000	750,000
Northwest	5.81M	2.0	2.0	2.0	-	7.41	275,000	363,000	-	-
South	5.77M	5.2	6.3	6.3	-	5.71	10,000	260,000	45,000	-
Western Suburbs	20.78M	11.5	9.0	8.1	0.9	7.08	(2,000)	364,000	-	145,000
Total	68.66M	7.4	7.2	6.5	0.7	6.70	316,000	1.46M	115,000	896,000

Source: CBRE Research, Q3 2026

Investment Sale Activity

Des Moines Industrial investment sales volume in Q3 2026 totaled \$33.64 million, down 49.5% quarter-over-quarter from \$66.63 million in Q2 2026 and down 61.6% year-over-year from \$87.66 million in Q3 2025. Year-to-date 2026 volume reached \$135.20 million, with quarterly totals of \$34.93 million in Q1 2026 and \$66.63 million in Q2 2026.

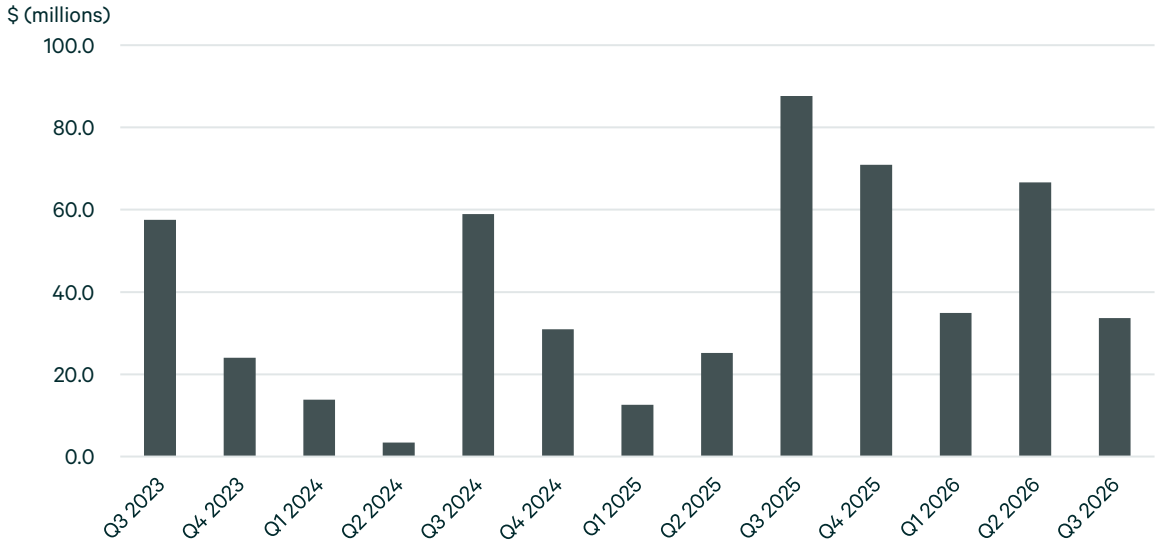
Buyer composition in Q3 2026 showed private buyers accounting for 72.3% of volume, user/other buyers representing 27.7%, and cross-border, institutional and public buyers each at 0.0%. The largest transaction was the 55,000 sq. ft. Insane Impact Headquarters in the South submarket, acquired by 3743 Archer LLC for \$7.00 million, or \$126.56 per sq. ft. The second-largest sale was 1800 Industrial Circle in the Western Suburbs, purchased by Woodgrain Millwork for \$6.10 million for 33,176 sq. ft., or \$183.87 per sq. ft. Top sales also included 2041 East Walnut Street at \$3.70 million for 29,505 sq. ft., 1660 E Aurora Avenue at \$3.30 million for 81,949 sq. ft., 3400 Southeast Crossroads Drive at \$3.30 million for 19,600 sq. ft., and the Midwest Wheel Corporate Office at \$3.20 million for 68,785 sq. ft.

Figure 14: Key Sales

Property	Submarket	Buyer	Sales Price	Size (SF)	Price Per SF
Insane Impact Headquarters	South	3743 Archer LLC	\$7M	55,000	\$126.56
1800 Industrial Circle	Western Suburbs	Woodgrain Millwork	\$6.1M	33,176	\$183.87
2041 East Walnut Street	Northeast	Brian Teeters	\$3.7M	29,505	\$125.40
1660 E Aurora Avenue	Northeast	Bluerock RE LLC	\$3.3M	81,949	\$40.27
3400 Southeast Crossroads Drive	Western Suburbs	Dyowa LLC	\$3.3M	19,600	\$165.82
Midwest Wheel Corporate Office	Northeast	Midwest Wheel Companies	\$3.2M	68,785	\$46.96

MSCI Real Capital Analytics

Figure 13: Quarterly Sales Volume



MSCI Real Capital Analytics

Figure 15: Buyer Composition



MSCI Real Capital Analytics

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.

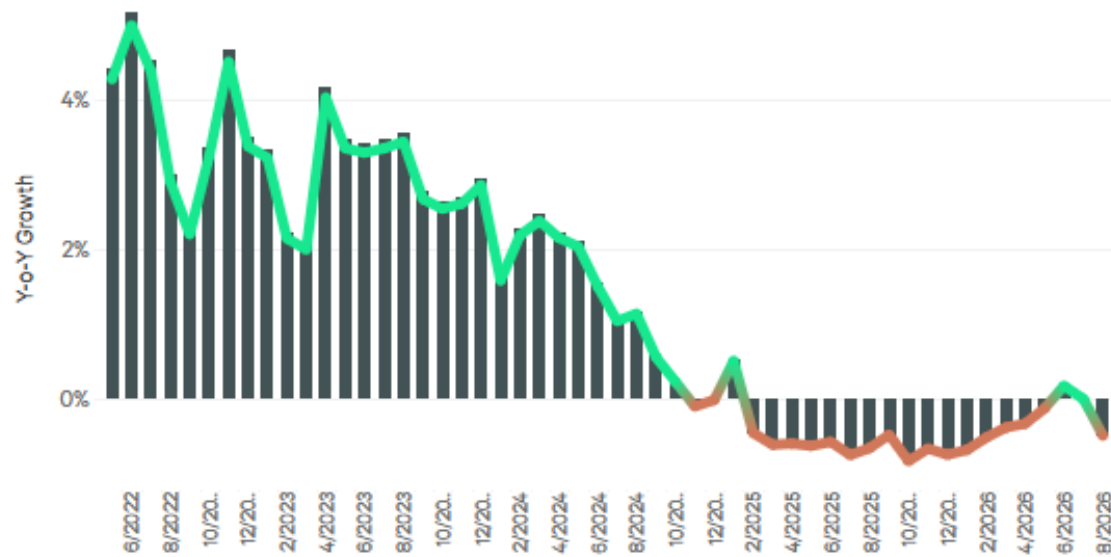
▼ 250.6k
Office Using Jobs

▲ 3.7%
Unemployment Rate

▼ 173.4k
Industrial Using Jobs

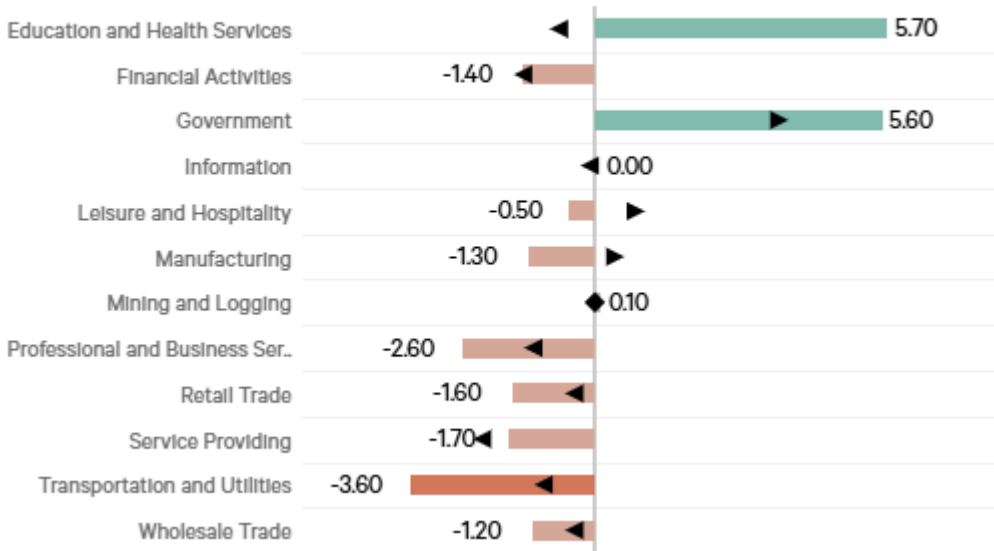
▼ 418k
Labor Force

Job Growth - Year over Year Trend

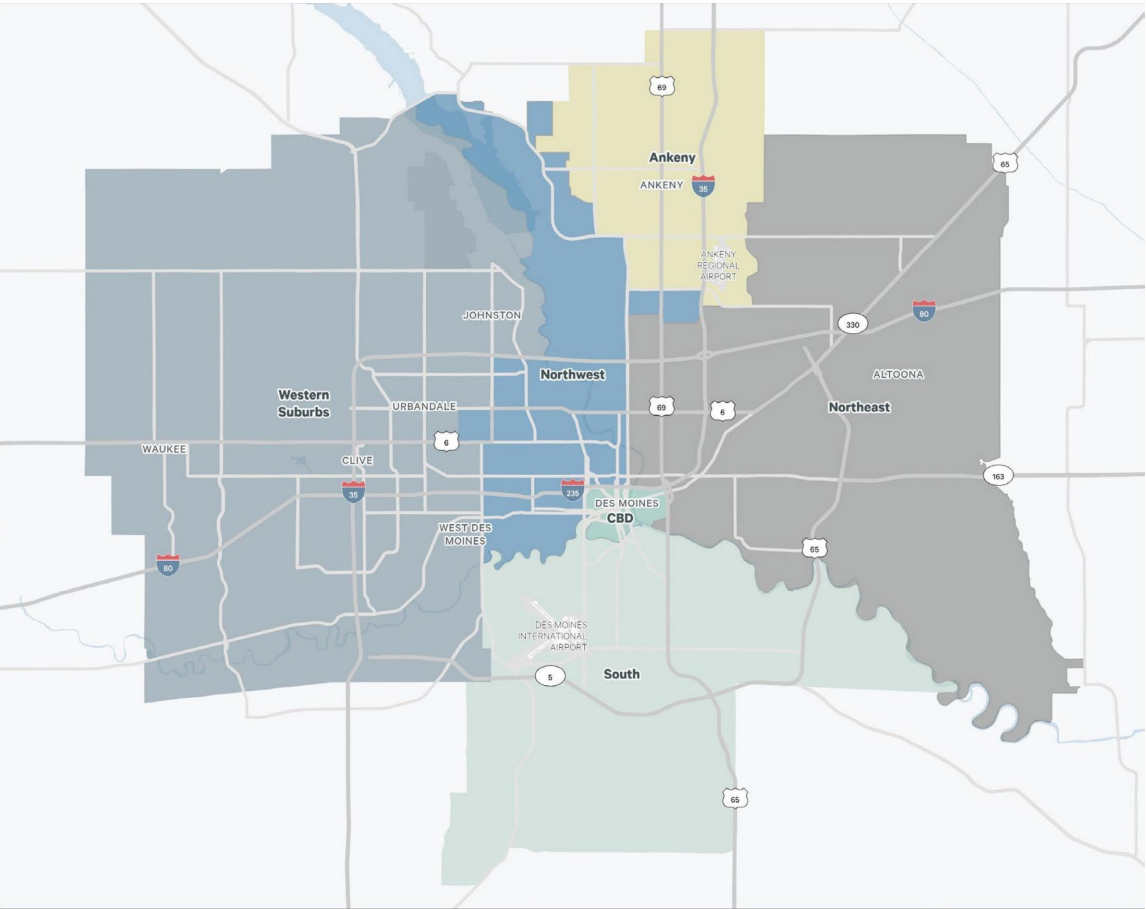


Employment Change by Sector - Yearly & Monthly

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 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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