

FIGURES | DES MOINES RETAIL | Q3 2025

Retail investment sales grow quarter-over-quarter

▶ **4.0%**
Vacancy Rate

▼ **25,637**
SF Net Absorption

▶ **\$17.50**
NNN/YR Lease Rate

Note: Arrows indicate change from previous quarter.

Summary

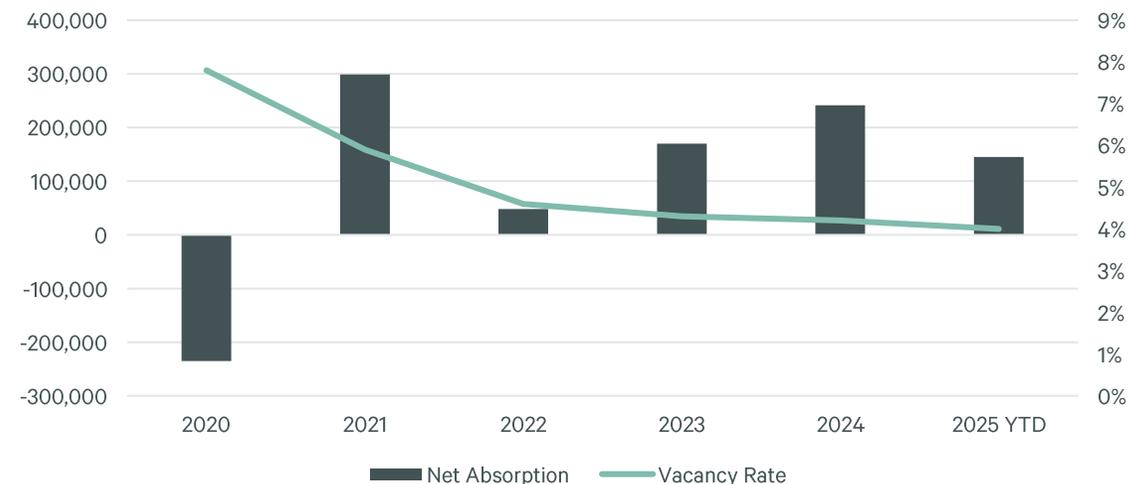
Overall net absorption posted positive 25,637 sq. ft. for Q3 2025, bringing the year-to-date total for 2025 to 145,136 sq. ft.

Vacancy rates remained flat at 4.0% quarter-over-quarter. The South submarket posted the highest vacancy rate at 12.4%, followed by the Northwest submarket at 5.9%. The Northeast (1.7%) and CBD (2.3%) submarkets posted the markets lowest vacancy rates.

Retail investment sales volume recorded a strong Q3, totaling just over \$50 million, bringing the year-to-date total for 2025 to just over \$90 million.

The overall market average asking lease rate remained unchanged quarter-over-quarter at \$17.50 per sq. ft. Overall asking lease rates have increased 4.3% year-over-year (\$16.77 per sq. ft. to \$17.50 per sq. ft.).

FIGURE 1: Historical Absorption vs. Vacancy Rate



Source: CBRE Research, Q3 2025

FIGURE 2: Q3 Notable Sales

Property	Address	City	Sale Price	Sale Price PSF
Hy-Vee	8701 Douglas Ave	Urbandale	\$19,474,435	\$206
Hobby Lobby	5075 SE Delaware	Ankeny	\$9,758,000	\$180
Pizza Ranch	4954 86th St	Urbandale	\$3,900,000	\$624
Raising Canes	2929 8th St SW	Altoona	\$3,504,000	\$1,155
Hawaiian Bros	1005 SE Alices Rd	Waukee	\$3,488,168	\$1,212

Source: CBRE Research, Q3 2025

FIGURE 3: Q3 Notable Leases

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Polk County Pickleball	14,036	New	2220 SW Vintage Pky	Ankeny
Boot Barn	12,680	New	6503 Mills Civic Pkwy	Western Suburbs
Five Below	10,377	New	1111 E Army Post Rd	South
Highland Park Fitness & Nutrition	6,200	New	3614 6 th Ave	Northwest
Bath & Body Works	4,000	New	1111 E Army Post Rd	South

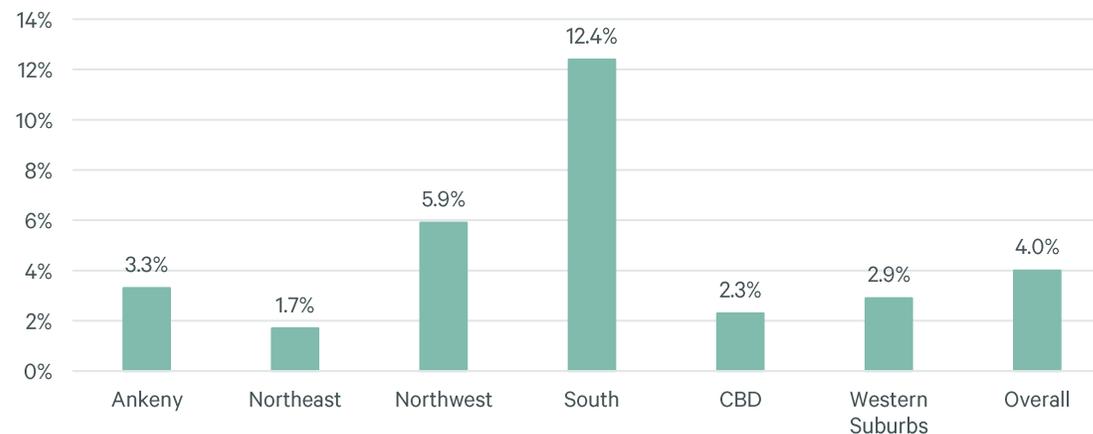
Source: CBRE Research, Q3 2025

FIGURE 4: Vacancy Rate by Type



Source: CBRE Research, Q3 2025

FIGURE 5: Vacancy Rate by Submarket



Source: CBRE Research, Q3 2025

Market Statistics by Submarket

	Net Rentable Area	Total Vacancy	Q3 2025 Net Absorption	YTD Net Absorption	Avg. Direct Asking Rate (NNN/YR)
Ankeny	3,364,910	3.3	16,828	34,419	24.50
Northeast	4,086,991	1.7	5,618	5,506	15.25
Northwest	2,434,092	5.9	(23,084)	(31,347)	15.33
South	3,231,594	12.4	4,340	867	12.64
CBD	1,119,114	2.3	(6,929)	23,074	20.42
Western Suburbs	16,492,552	2.9	28,864	112,617	19.80
Total	30,727,938	4.0	25,637	145,136	17.50

Market Statistics by Subtype

	Net Rentable Area	Total Vacancy	Q3 2025 Net Absorption	YTD Net Absorption	Avg. Direct Asking Rate (NNN/YR)
NBHD, Community & Strip	8,695,045	5.3	14,157	80,668	16.36
Power / Lifestyle	1,217,851	10.5	0	0	24.88
Regional Mall	3,511,014	4.0	4,000	(2,804)	23.75
Steet, Freestanding, Other	17,304,028	2.3	7,480	67,272	15.50
Total	30,727,938	4.0	25,637	145,136	17.50

Market Outlook

The appetite from investors for retail investment product continues to be strong. Investors are attracted to consistent annual base rent growth, limited new construction, and low vacancy rates. However, there continues to be limited sellers in today’s marketplace. Retail fundamentals continue to remain stable, but we are beginning to see signs of increasing stress on retailers, specifically locally-owned retailers, restaurants and entertainment concepts. Economic uncertainty, costs of labor, tariffs, and other input costs are all factors in these heightened stress levels. Vacancy in the Des Moines marketplace was flat for the previous quarter, but we anticipate there will be a slight uptick in vacancy over the next six months. Growth continues to be spread across all areas of the Metro, but a high amount of concentrated growth will be focused in the Waukee market near Target and the surrounding Kettlestone and Alice’s Road corridors.

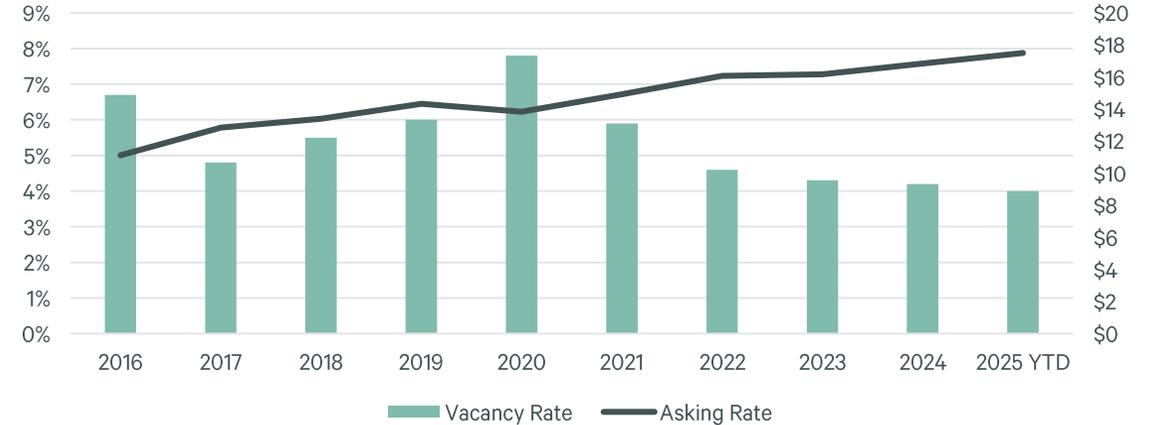
We anticipate base rent growth to continue and be in range of 2 to 3% in growing corridors. Due to limited new construction, opportunities for expanding retailers remains difficult to find. Speculative construction will remain limited and primarily focused in only premium markets, including Ankeny and Waukee. Many lenders are requiring high levels of preleasing to be completed as all input costs are rising, including land acquisition, construction, and a higher level of municipal requirements being placed on new projects.

FIGURE 6: Investment Sales Volume Trend



Source: CBRE Research, Q3 2025

Figure 7: Avg. Direct Asking Rate (NNN/YR) vs. Vacancy Rate



Source: CBRE Research, Q3 2025

Figure 8: Avg. Direct Asking Rate (NNN/YR) by Submarket



Source: CBRE Research, Q3 2025

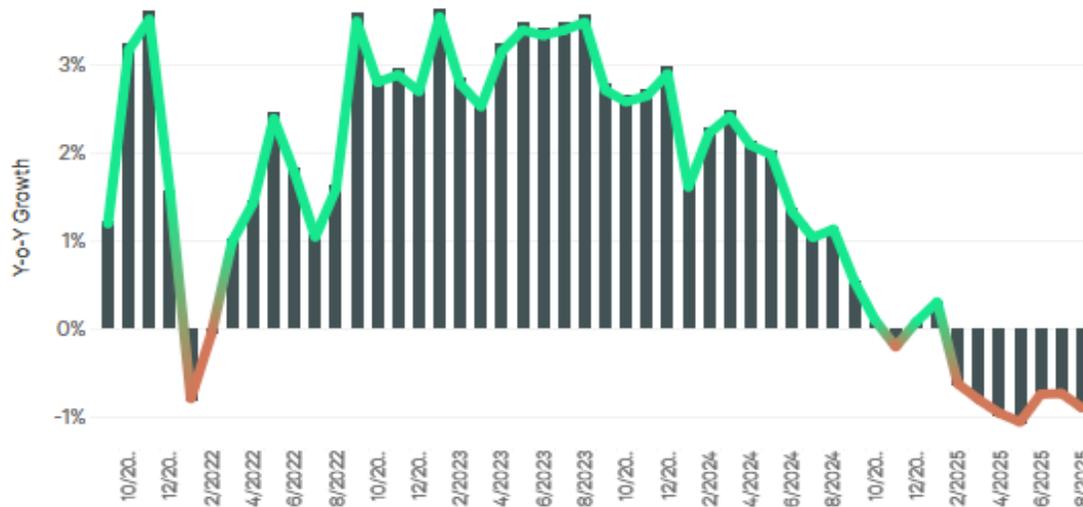
Economic Overview

CBRE has revised its U.S. growth outlook upward, a shift from the more pessimistic view held in the spring. Greater clarity around trade policy and private sector resilience should equate to 1.6% GDP growth this year. Much of this growth should be frontloaded as higher inflation—peaking in the low-3% range by early 2026—creates some headwinds during the latter half of this year. The labor market is flashing important signals such as falling job openings and weak hiring by firms.

Despite the modest growth outlook and expectations for further rate cuts, 10-year Treasury yields are holding steady in the low 4% range. A combination of higher inflation and excessive U.S. debt levels should keep yields near this level through 2027. This environment—with Treasury yields fluctuating between 4% and 4.5% and moderate economic growth—is fostering some recovery in commercial real estate (CRE) capital markets. Investment volumes are on track to exceed 2023 and 2024 levels.



Job Growth - Year over Year Trend

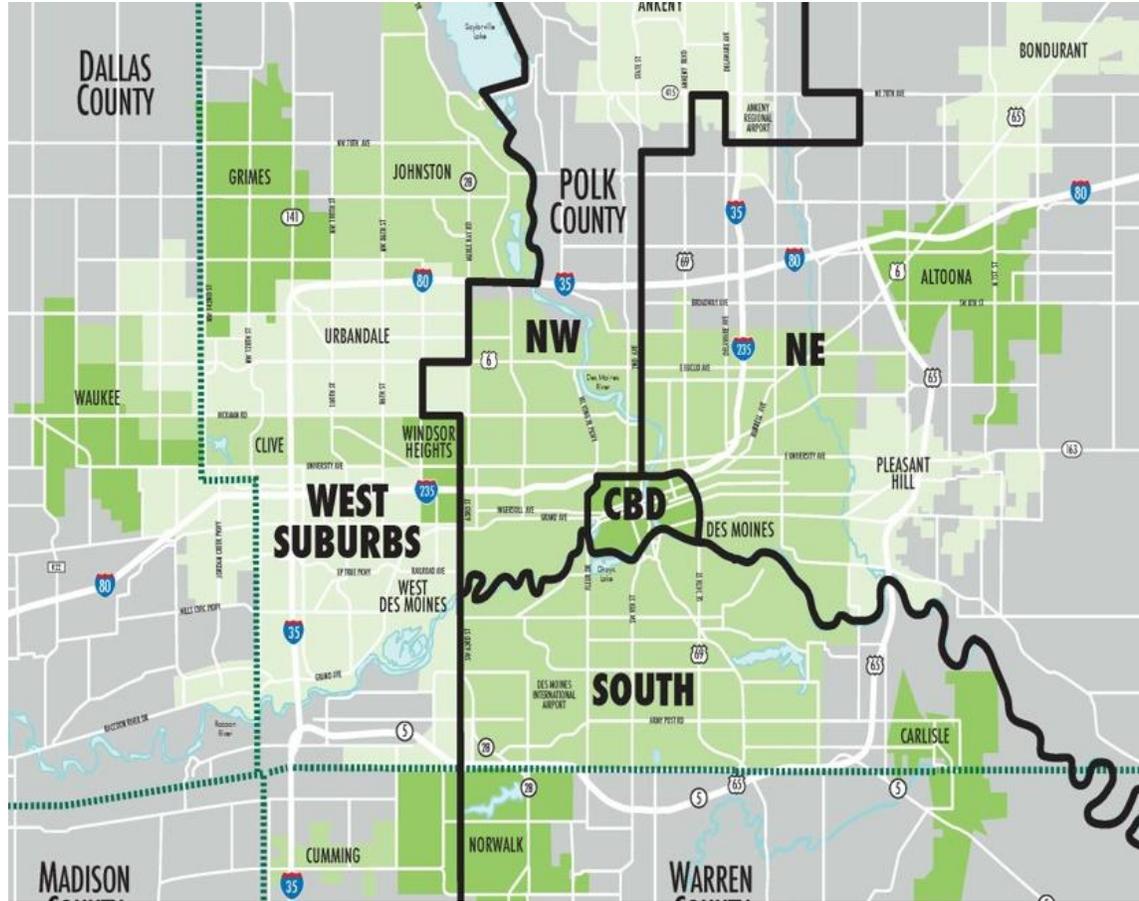


Employment Change by Sector - Yearly & Monthly

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

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