

YoY Chg      12-Mo. Forecast

**19.0%**  
Vacancy Rate      ▲      ▲

**-265K**  
Net Absorption, SF      ▲      ▼

**\$19.90**  
Asking Rent, PSF      ▼      ▼

(Overall, All Property Classes)

**ECONOMIC INDICATORS  
Q2 2024**

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**399K**  
Des Moines Employment      ▲      ▲

**2.7%**  
Des Moines Unemployment Rate      ▲      ▲

**4.1%**  
U.S. Unemployment Rate      ▲      ▲

Source: BLS

**No Sign of Office Fire Sales in Quarter 2**

The talk of the Des Moines office market in Quarter 1 centered around the expectation that office values would be reduced significantly in Quarter 2 and beyond. This due in large part to the sales of 7001 Westtown and 13733 University Avenue in West Des Moines. The sales prices were 22.5% and 40% of the property assessed values in 2023. While the properties that sold in Quarter 2 were not near the size and scope of the aforementioned properties, seeing sale prices of notable properties at \$92, \$169, and \$175 per square foot (sf) is a nice sign for office values going forward at least among owner occupied buildings. The Wells Fargo Campus downtown, and Merle Hay Center are currently for sale. Once those properties sell, expect the price per square foot number to be more in line with 7001 Westtown and 13733 University Avenue, but perhaps the transactions in Quarter 2 are leading indicators that once the large, non-owner occupied buildings sell, the sale price per building square foot will be higher than the sale transactions closed in Quarter 4 of 2023.

**Net Absorption Numbers Show Signs of Improvement**

It isn't typical that an absorption number of -265,000 sf of space might be seen as a good thing. However in this case, that absorption number is greater than the Quarter 1 number by nearly 200,000 sf of space. Within the last five quarters the Des Moines market has seen significant blocks of space get brought to the market as a result of announcements made in late 2022 and early 2023. Barring any new announcements, the Des Moines office market has made it through that storm. Thus, any significant leasing activity seen in the upcoming quarters will likely cause the market to show positive absorption. If users move yet refrain from expanding, positive absorption will likely not be seen in the office market. We saw this happen already in 2024 with American Equity moving from over 131,000 sf at 6000 Westtown Parkway in West Des Moines down to just shy of 100,000 sf at 1100 Locust Street.

**SPACE DEMAND / DELIVERIES**



**OVERALL VACANCY & ASKING RENT**



## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRE QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
CBD	8,223,442	27,374	1,254,644	15.3%	-265,163	-256,185	159,278	0	\$20.52	\$19.81
Western Suburbs	8,316,568	53,614	1,712,779	22.5%	17,507	-402,396	163,073	0	\$22.34	\$28.10
Northwest	273,792	0	49,491	18.1%	-2,783	-10,448	2,400	0	\$18.00	NA
Ankeny	408,602	4,967	50,435	13.8%	-15,524	-10,770	12,744	0	\$19.87	\$23.25
Northeast	165,510	0	20,595	12.4%	0	4,740	7,870	0	\$16.45	NA
South	358,750	0	90,246	25.2%	800	800	1,600	0	17.25	NA
<b>MARKET TOTALS</b>	<b>17,588,225</b>	<b>96,622</b>	<b>3,240,846</b>	<b>19.0%</b>	<b>-265,163</b>	<b>-674,259</b>	<b>346,965</b>	<b>0</b>	<b>\$19.90</b>	<b>\$21.45</b>

\*Rental rates reflect full service asking

## KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
699 Walnut Street	CBD	VIAC Services Company	31,036	Renewal
595 S 60 <sup>th</sup> Street	Western Suburbs	Stifel	5,443	New Lease
6400 Westown Parkway	Western Suburbs	Lamson Dugan & Murray LLP	10,411	New Lease

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
1300 NW 138 <sup>th</sup> Street	Western Suburbs	138th Street Professionals LLC / Sahaba Services Revocable Trust	20,412	\$1,875,000 / \$92
5022 Grand Ridge Drive	Western Suburbs	Grand Ridge LC / Hope Law Firm & Associates PC	13,576	\$2,300,000 / \$169
5408 NW 88 <sup>th</sup> Street	Western Suburbs	Lainson Properties 1031 LLC / Walnut Ridge Properties LLC	7,986	\$1,400,000 / \$175

## LOCAL MARKET RESEARCH LEAD

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