FIGURES | INDUSTRIAL | Q3 2022

Deliveries remain robust through Q3

▲ 3.3%
Warehouse & Distribution Vacancy

▼ 2.2%
Flex Vacancy

▲ 1,700,707
YTD Deliveries (SF)

▼ (94,370)
Q3 Overall Net Absorption

▼ 2,874,386
Under Construction (SF)

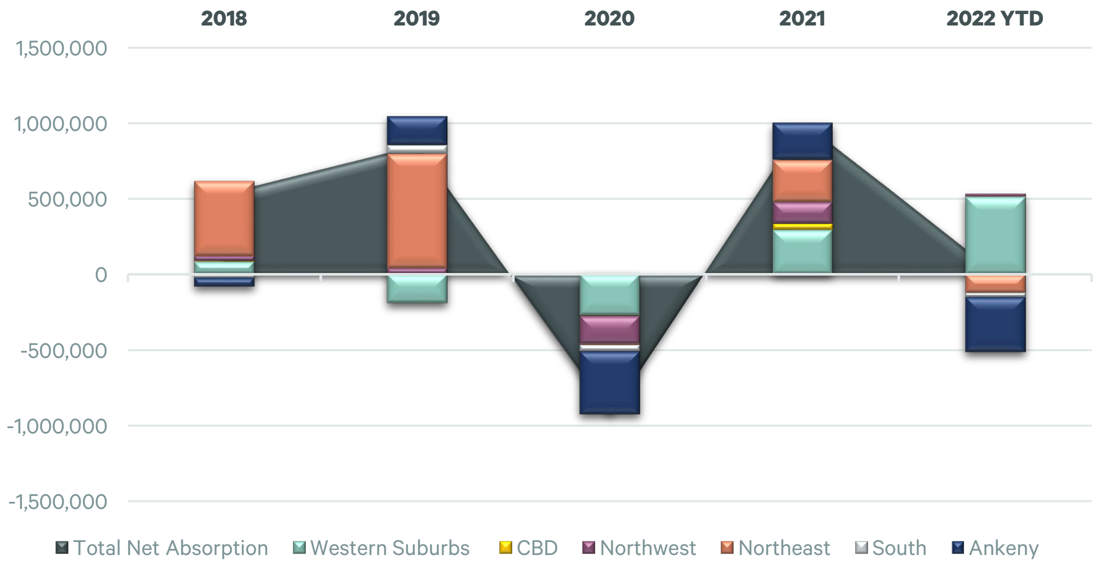
Note: Arrows indicate change from previous quarter.

Summary & Outlook

- Overall Warehouse & Distribution vacancy increased 36 basis points (bps) quarter-over-quarter, a result of nearly 300,000 sq. ft. of vacant speculative warehouse being delivered to the market.
- Net absorption for the quarter was led by the Western Suburbs submarkets with over 112,000 sq. ft. of positive absorption - driven by strong leasing activity and low levels of new supply.
- Flex properties saw the strongest numbers in Q3 as vacancy decreased 188 bps (4.14% to 2.26%) as a result of strong absorption in both the Western Suburbs and Northeast submarkets.
- The Ankeny submarket vacancy rate continued to climb in Q3, driven by over 500,000 sq. ft. of newly developed warehouse space delivering to the market over the last two quarters.

Vacancy is expected to edge higher in the near term as speculative deliveries will remain robust over the next 2-3 quarters. High levels of new supply in coming quarters will likely keep high-cube distribution lease rates largely flat amid increased availability. We anticipate fundamentals will begin to stabilize in the latter half of 2023.

FIGURE 1 : Overall Net Absorption (SF) by Submarket Yearly



Source: CBRE Research and Other Sources

Completed Construction

One building was completed in Q3 2022 bringing the YTD number of completions up to seven buildings totaling 1.7 million sq. ft. of space (Figure 4). A total of 1.4 million sq. ft. was delivered in the first half of 2022 and approximately 300,000 sq. ft. was delivered in Q3 2022. As shown in Figure 2, construction completions have already surpassed each of the previous five years (2017-2021) and is expected to continue this trend.

Under Construction

Approximately 2.9 million sq. ft. of space remains under construction. As shown in Figure 5, projects under construction are located throughout the Metro with a majority (47%) taking place in the Northeast submarket.

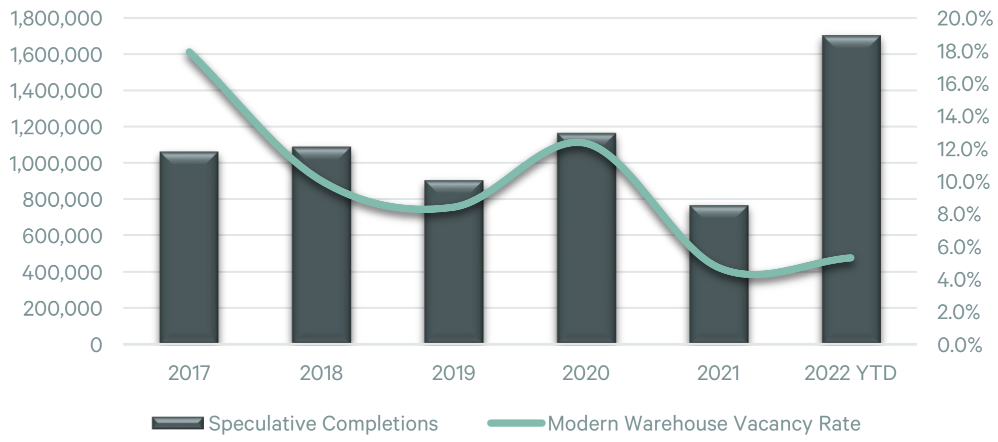
An additional 900,000 sq. ft. of space is expected to deliver by the end of the year with multiple projects nearing completion.

Click Here for Interactive Map

FIGURE 3 : Construction Pipeline

Under Construction	Size (SF)	Address	City	Submarket	Delivery
I-80 Distribution Center (Building A)	300,000	451 9th St NE	Altoona	Northeast	Q1, 2023
Altus Commerce (Building C)	496,800	2600 20th Ave SW	Altoona	Northeast	Q1, 2023
Chapman Distribution Center	200,494	SE Delaware Ave & SE Corporate Woods Dr	Ankeny	Ankeny	Q4, 2022
I-35 Distribution	180,000	7055-7125 SE Delaware Ave	Ankeny	Ankeny	Q1, 2023
Commerce Crossings (Phase II)	195,500	1000 Commerce Parkway SW	Bondurant	Northeast	Q4, 2022
Northridge (Building B & C)	350,000	4600 NE 14th St	Des Moines	Northeast	Q4, 2022
Prairie Business Park IV	260,000	400 SE 41st St	Grimes	Western	Q1,2023
Center Pointe Warehouse	212,500	I-80/35 & 100th St	Urbandale	Western	Q1, 2023
Four Mile Distribution (North & South)	273,400	6550 & 6910 SE Four Mile Drive	Ankeny	Ankeny	Q1, 2023
Rider Logistics Center (Building A)	270,192	3901 SE Park Dr	Grimes	Western	Q1, 2023
Legacy 3 at Legacy Park	135,500	1200 SE 19th St	Grimes	Western	Q4, 2022

FIGURE 2 : Warehouse & Distribution Completions (SF) & Vacancy Rate



Modern Warehouse: Warehouses built in 1990 or later with 24' or higher clear height

FIGURE 4 : 2022 YTD Completions (SF)

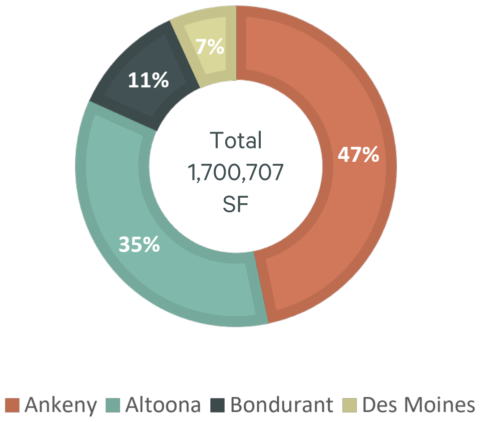
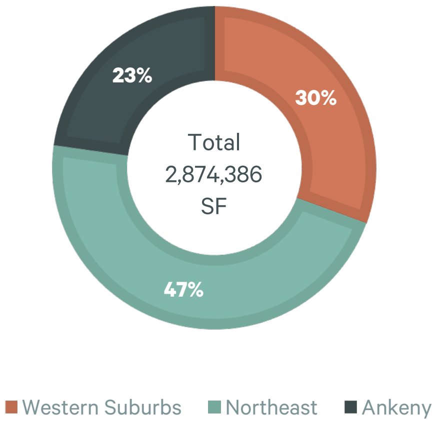


FIGURE 5 : Under Construction (%) by Submarket (SF)



Source: CBRE Research and Other Sources

Warehouse & Distribution Statistics

Submarket	Market Rentable Area (SF)	Vacant (SF)	Vacancy (%)	Q3 Net Absorption (SF)	YTD Net Absorption (SF)	Under Construction (Spec.) (SF)	NNN Avg. Asking Lease Rate ($/SF/Yr.)
Western Suburbs	11,452,889	101,350	0.88%	76,080	512,024	742,692	$6.92
CBD	579,479	2,804	0.48%	0	0	0	$5.25
Northwest	3,787,477	67,080	1.77%	(36,000)	17,116	0	$7.71
Northeast	16,061,499	413,127	2.57%	70,811	(122,439)	1,342,300	$5.58
South	4,268,512	218,914	5.13%	(28,666)	(27,666)	0	$4.87
Ankeny	4,389,920	555,777	12.66%	(235,440)	(363,695)	653,894	$5.61
Greater DSM	**40,539,776**	**1,359,052**	**3.35%**	**(153,215)**	**15,340**	**2,738,886**	**$5.99**

Manufacturing Statistics

Submarket	Market Rentable Area (SF)	Vacant (SF)	Vacancy (%)	Q3 Net Absorption (SF)	YTD Net Absorption (SF)	Under Construction (Spec.) (SF)	NNN Avg. Asking Lease Rate ($/SF/Yr.)
Western Suburbs	1,832,269	39,000	2.13%	0	0	0	$5.34
CBD	0	0	0.0%	0	0	0	$0.00
Northwest	2,347,438	0	0.0%	0	0	0	$5.00
Northeast	3,787,447	182,400	4.82%	(74,400)	(74,400)	0	$4.95
South	874,350	13,143	1.50%	55,370	55,370	0	$6.00
Ankeny	2,932,101	0	0.0%	0	0	0	$0.00
Greater DSM	**11,773,605**	**234,543**	**1.99%**	**(19,030)**	**(19,030)**	**0**	**$5.48**

Modern Bulk Warehouse & Distribution Statistics

Submarket	Market Rentable Area (SF)	Vacant (SF)	Vacancy (%)	Q3 Net Absorption (SF)	YTD Net Absorption (SF)	Under Construction (Spec.) (SF)	NNN Avg. Asking Lease Rate ($/SF/Yr.)
Western Suburbs	4,418,904	61,300	1.39%	34,500	394,239	742,692	$7.04
CBD	0	0	0.0%	0	0	0	$0.00
Northwest	1,632,277	0	0.0%	0	0	0	$5.38
Northeast	6,996,264	265,200	3.79%	46,368	(198,337)	1,342,300	$5.95
South	720,834	0	0.0%	0	0	0	$4.95
Ankeny	2,700,428	545,077	20.18%	(256,300)	(354,745)	653,894	$5.17
Greater DSM	**16,469,207**	**871,577**	**5.29%**	**(175,432)**	**(158,843)**	**2,738,886**	**$6.05**

Flex Statistics

Submarket	Market Rentable Area (SF)	Vacant (SF)	Vacancy (%)	Q3 Net Absorption (SF)	YTD Net Absorption (SF)	Under Construction (Spec.) (SF)	NNN Avg. Asking Lease Rate ($/SF/Yr.)
Western Suburbs	4,942,726	178,405	3.61%	36,390	162,620	135,500	$9.01
CBD	327,856	14,612	4.46%	0	10,643	0	$6.62
Northwest	801,126	9,920	1.24%	4,948	(2,364)	0	$8.90
Northeast	3,077,654	3,400	0.11%	21,675	39,950	0	$6.95
South	258,129	0	0.0%	0	2,400	0	$7.71
Ankeny	787,903	23,655	3.00%	14,862	34,502	0	$9.29
Greater DSM	**10,195,394**	**229,992**	**2.26%**	**77,875**	**247,751**	**135,500**	**$8.08**

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