

# NAR Commercial Real Estate Metro Market Report | 2021.Q2

## Des Moines-West Des Moines, IA

Core-Based Statistical Area Code: 19780

The Des Moines-West Des Moines, IA commercial real estate market is weaker compared to the overall U.S. market.  
NAR Commercial Real Estate Market Conditions Index\* 34.1

Overall economic conditions are stronger than nationally.  
The apartment property market is weaker than nationally.  
The office property market is weaker than nationally.  
The industrial property market is stronger than nationally.  
The retail property market is weaker than nationally.  
The hotel/lodging property market is weaker than nationally.

The commercial real estate market is slowly getting back on track although the rise of Delta variant cases is casting a shadow on the path of the recovery. The multifamily, industrial, and retail property markets will continue to recover more quickly than the office property market where vacancy rates will likely remain elevated in 2021-2022 compared to the pre-pandemic level.

### I. Economic and Demographic

	Des Moines-West Des Moines, IA			U.S.			
	2021 Q2	2021 Q1	2020 Q2	2021 Q2	2021 Q1	2020 Q2	
<b>Economic</b>							
Total non-farm employment ('000)	375	360	349	146,603	143,315	138,501	
Y/Y chg.in nonfarm payroll employment ('000)	27	(11)	(29)	8,102	(6,637)	(13,215)	
Y/Y % chg. in nonfarm payroll employment	7.6%	-3.0%	-7.6%	5.8%	-4.4%	-8.7%	<i>Job creation is stronger than nationally</i>
Unemployment rate (%)	4.1%	3.9%	7.8%	5.9%	6.0%	11.1%	<i>Unemployment rate is lower than nationally</i>
Average weekly wages	\$1,100	\$1,088	\$1,071	\$1,059	\$1,046	\$1,016	
Wage growth, year-over-year (data are as of last month of the quarter)	2.6%	6.8%	9.9%	4.3%	6.7%	5.6%	<i>Wages are rising at a slower pace than nationally</i>
	2019	2018	2017	2019	2018	2017	
GDP growth (%)	0.7%	1.5%	-0.9%	2.3%	2.9%	2.3%	
Median household income	\$71,164	\$71,352	\$68,649	\$87,470	\$84,423	\$81,284	
<b>Demographic</b>							
Net domestic migration ('000)	2.9	3.6	4.8	0	0	0	<i>Area is experiencing net domestic in-migration</i>
Population ('000)	708	700	691	329,484	328,330	326,838	
Population growth (%)	1.07%	1.32%	1.37%	0.35%	0.46%	0.53%	<i>Population is growing faster than nationally</i>

### II. Multifamily

	Des Moines-West Des Moines, IA			U.S.			
	2021 Q2	2021 Q1	2020 Q2	2021 Q2	2021 Q1	2020 Q2	
<b>Demand indicators</b>							
Vacancy rate	6.6%	7.9%	8.6%	4.2%	4.7%	5.5%	<i>The area has a higher vacancy rate than nationally</i>
Absorption of units over the quarter	846	393	322	226,871	169,053	78,282	<i>The area has a lower pace of absorption than nationally</i>
Absorption of units in past 12 months	1,801	1,277	1,368	603,925	455,336	255,168	
Market asking rent per unit	\$986	\$967	\$962	\$1,004	\$978	\$953	
Market asking rent per unit, y/y % chg	2.5%	1.3%	0.7%	6.1%	3.9%	1.8%	<i>Rents are rising more slowly than nationally</i>
Effective rent per unit	\$979	\$953	\$950	\$1,000	\$972	\$945	
Effective rent per unit, y/y % chg	3.0%	1.0%	1.2%	6.4%	3.7%	2.3%	<i>The rent to income ratio is lower than nationally</i>
Rent as a percent of 2-person annual wage income	10.2%	10.1%	10.2%	10.9%	10.7%	10.7%	
<b>Supply indicators</b>							
Inventory	52,368	52,190	51,572	17,259,876	17,168,283	16,881,961	
Net delivered units in past 12 months	796	1,098	1,856	377,954	387,779	389,240	<i>Relatively fewer units are being delivered than nationally</i>
Net delivered units, as % of inventory	1.5%	2.1%	3.6%	2.2%	2.3%	2.3%	
Units under construction	1239	1417	1565	578,162	609,682	681,731	
Units under construction, as % of inventory	2.4%	2.7%	3.0%	3.3%	3.6%	4.0%	<i>Construction activity is slower than nationally</i>
12-month total: 5+ unit building permits	1,919	1,973	1,526	463,443	435,217	452,345	
12-month total: all building permits	7,376	7,335	5,655	1,642,586	1,574,266	1,361,395	<i>Building permits are rising faster than nationally</i>
Ratio of jobs created to permits	3.6	(1.5)	(5.1)	4.9	(4.2)	(9.7)	
<b>Sales transactions</b>							
Total investment acquisitions (in million \$)	\$29.3	\$64.8	\$10.1	\$41,291.4	\$28,735.4	\$13,346.3	<i>Sales transactions are not rising as fast than nationally</i>
Transaction sales price per unit	\$69,806	\$101,352	\$45,070	\$100,508	\$98,594	\$80,364	<i>Prices are rising faster nationally</i>
Cap rate	8.3%	7.2%	7.2%	6.4%	6.6%	6.6%	<i>Cap rates are higher than nationally</i>

### III. Office

	Des Moines-West Des Moines, IA			U.S.			
	2021 Q2	2021 Q1	2020 Q2	2021 Q2	2021 Q1	2020 Q2	
<b>Demand indicators</b>							
Vacancy rate	7.8%	7.6%	6.3%	6.1%	7.6%	6.3%	<i>The area has a higher vacancy rate than nationally</i>
Absorption in sq.ft. over the quarter	15,985	(134,068)	(143,549)	(9,309,111)	(51,131,309)	(13,966,267)	<i>The area has a lower pace of absorption than nationally</i>
Absorption in sq.ft. over 12 months	(229,787)	(389,321)	(333,543)	(140,700,116)	(145,357,270)	19,961,128	
Asking rent per sq.ft.	\$20.9	\$20.9	\$20.9	\$18.9	\$18.9	\$18.8	
Asking rent growth, y/y % chg.	0.0%	0.5%	2.3%	0.3%	0.0%	1.3%	<i>Rent growth is slower than nationally</i>
Leasing activity in sq.ft.	120,431	62,083	106,763	100,568,800	81,175,252	81,276,145	<i>Leasing volume is not rising as fast than nationally</i>
Y/Y chg.in professional/business services jobs ('000) (as of last month of the quarter)	4	(0)	(3)	1,260	(501)	(1,715)	<i>The area has slower office job creation than nationally</i>
<b>Supply indicators</b>							
Inventory in sq. ft.	40,448,052	40,350,080	40,077,525	12,454,676,333	12,428,381,226	12,364,751,288	
Net delivered over 12 months, in sq.ft.	370,527	295,075	102,178	87,967,591	76,138,970	78,991,496	<i>Relatively more units are being delivered than nationally</i>
Net delivered units, as % of inventory	0.9%	0.7%	0.3%	0.7%	0.6%	0.6%	
Under construction in sq.ft.	283,674	347,646	365,159	177,275,188	186,528,025	209,268,041	
Under construction, as % of inventory	0.7%	0.9%	0.9%	1.4%	1.5%	1.7%	<i>Construction activity is slower than nationally</i>
<b>Sales transactions</b>							
Total investment acquisitions (in million \$)	\$18.9	\$20.2	\$15.8	\$23,909.8	\$21,181.7	\$11,269.3	<i>Sales transactions are not rising as fast than nationally</i>
Transaction sale price per sq.ft.	\$160	\$50	\$48	\$108	\$106	\$105	<i>Prices are rising faster nationally</i>
Cap rate	8.3%	7.2%	7.2%	6.4%	6.6%	6.6%	<i>Cap rates are higher than nationally</i>

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### IV. Industrial

	Des Moines-West Des Moines, IA			U.S.			
	2021 Q2	2021 Q1	2020 Q2	2021 Q2	2021 Q1	2020 Q2	
<b>Demand indicators</b>							
Vacancy rate	4.7%	5.3%	4.3%	4.2%	5.3%	4.3%	The area has higher vacancy rate than nationally
Absorption in sq.ft. over the quarter	1,027,078	(549,917)	(72,248)	146,182,325	119,411,326	56,883,324	The area has lower pace of absorption than nationally
Absorption in sq.ft. over 12 months	3,663,067	2,563,741	99,886	437,432,148	348,133,148	231,052,238	
Asking rent per sq.ft.	\$6.2	\$6.1	\$6.0	\$6.5	\$6.4	\$6.1	
Asking rent growth, y/y % chg.	4.0%	2.8%	3.0%	5.2%	2.8%	3.0%	Rent growth is slower than nationally
Leasing activity in sq.ft.	508,284	427,535	374,030	319,474,044	296,163,970	254,024,482	Leasing volume is rising faster than nationally
<b>Supply indicators</b>							
Inventory in sq. ft.	86,804,674	86,271,974	82,614,970	26,553,663,022	26,461,805,496	26,166,021,757	
Net delivered over 12 months, in sq.ft.	4,189,704	4,355,368	1,372,018	385,387,457	398,260,005	382,527,483	Relatively more units are being delivered than nationally
Net delivered units, as % of inventory	4.8%	5.0%	1.7%	1.5%	1.5%	1.5%	
Under construction in sq.ft.	1,185,170	1,035,370	3,711,676	567,307,627	521,498,024	452,528,658	
Under construction, as % of inventory	1.4%	1.2%	4.5%	2.1%	2.0%	1.7%	Construction activity is slower than nationally
<b>Sales transactions</b>							
Total investment acquisitions (in million \$)	\$27.2	\$36.7	\$67.8	\$27,261.9	\$21,600.7	\$13,713.9	Sales transactions are not rising as fast than nationally
Transaction sale price per sq.ft.	\$51	\$61	\$45	\$61	\$56	\$54	Prices are rising faster nationally
Cap rate	0.0%	0.0%	0.0%	7.4%	0.0%	0.0%	Cap rates are lower than nationally

### V. Retail

	Des Moines-West Des Moines, IA			U.S.			
	2021 Q2	2021 Q1	2020 Q2	2021 Q2	2021 Q1	2020 Q2	
<b>Demand indicators</b>							
Vacancy rate	3.4%	4.6%	4.2%	4.3%	4.5%	4.2%	The area has a lower vacancy rate than nationally
Absorption in sq.ft. over the quarter	326,688	(103,915)	(114,673)	26,554,046	6,829,628	(12,969,003)	The area has a lower pace of absorption than nationally
Absorption in sq.ft. over 12 months	371,957	(69,404)	65,922	12,853,280	(26,669,769)	5,842,298	
Asking rent per sq.ft.	\$14.0	\$14.1	\$14.1	\$14.5	\$14.5	\$14.3	
Asking rent growth, y/y % chg.	-0.7%	-0.3%	1.5%	1.4%	1.0%	1.5%	Rent growth is slower than nationally
Leasing activity in sq.ft.	99,186	293,039	163,884	65,144,289	60,598,011	44,924,273	Leasing volume is not rising as fast than nationally
Y/Y chg. in retail trade payroll employment ('000) (as of last month of the quarter)	2.20	(2.60)	(0.20)	822.30	(1,100.50)	(245.60)	The area has weaker retail trade job creation than nationally
<b>Supply indicators</b>							
Inventory in sq. ft.	42,982,782	43,185,818	42,953,008	15,772,300,571	15,764,713,778	15,724,204,780	
Net delivered over 12 months, in sq.ft.	29,774	314,374	387,667	46,178,397	47,102,191	58,535,237	Relatively fewer units are being delivered than nationally
Net delivered units, as % of inventory	0.1%	0.7%	0.9%	0.3%	0.3%	0.4%	
Under construction in sq.ft.	319,795	250,818	325,347	55,829,483	58,628,746	71,303,691	
Under construction, as % of inventory	0.7%	0.6%	0.8%	0.4%	0.4%	0.5%	Construction activity is more robust than nationally
<b>Sales transactions</b>							
Total investment acquisitions (in million \$)	\$51.7	\$112.7	\$33.0	\$20,811.7	\$15,469.2	\$8,857.2	Sales transactions are not rising as fast than nationally
Transaction sale price per sq.ft.	\$98	\$164	\$179	\$134	\$136	\$134	Prices are not rising as fast than nationally
Cap rate	8.4%	6.7%	6.6%	6.6%	6.6%	6.7%	Cap rates are higher than nationally

### VI. Hotel/Lodging

	Des Moines-West Des Moines, IA			U.S.			
	2021 Q2	2021 Q1	2020 Q2	2021 Q2	2021 Q1	2020 Q2	
Leisure and hospitality payroll workers ('000)	37.6	29.5	27.5	15,395.0	13,448.0	12,637.0	Job creation in the leisure industry is weaker than nationally
Y/Y change ('000)	10.1	(5.3)	(11.9)	2,758.0	(2,297.0)	(4,590.0)	
% share to nonfarm payroll employment	10.0%	8.2%	7.9%	10.5%	9.4%	9.1%	The area has a smaller share of leisure jobs than nationally

\*An index below 50 means local market conditions are weaker than nationally, above 50 means local market conditions are stronger, and 50 means local market conditions are about the same as nationally. NAR derived the index by assigning 1 point for each indicator where local market conditions are better than the national (US) condition.

The total points for each local market are divided by the number of variables that are available at the local area, with 46 indicators if all the data are available. The fraction is multiplied by 100 to get the index.

Economic data may not be available for all markets. In some submarkets or metropolitan divisions (e.g., Long Island) reported by CoStar®, the economic data that is reported (e.g. employment) is of the metropolitan area (New York-Newark-Jersey City). The 390 markets in this report are based on the CoStar® market areas.

NAR reserves the right to add new variables or drop variables that comprise the index based on its analysis of variables that impact market trends.

Sources of data used: National Association of Realtors®, CoStar®, US Census Bureau, US Bureau of Labor Statistics, and US Bureau of Economic Analysis.

For information about this report, email data@nar.realtor.