UPDATE

Each year NAI Ruhl Commercial publishes the Quad Cities Region Commercial Real Estate Market Report to examine trends across the local market. As we enter the fourth quarter of 2026, this update looks at how the market has performed since the May 2026 report and what we are watching as we head into 2027.

INDUSTRIAL

- The QC industrial market remains fundamentally stable in 2026, though leasing and investment decisions have slowed due to higher borrowing costs, economic uncertainty, tariffs, and trade concerns.
- Demand continues for well-located, functional industrial properties, particularly in the underserved 5,000 to 50,000 sq. ft. segment, while older and less efficient buildings face longer marketing times.
- Industrial land remains one of the market's greatest challenges, with a limited supply of shovel-ready sites constraining business expansion and new development. At the same time, modern industrial facilities and large-scale development opportunities continue to attract interest, including from industrial and data center users.
- Power, natural gas, water, sewer, fiber and speed to market are becoming more important in site selection, particularly for large industrial and data center users.

OFFICE

- The QC office market has largely stabilized following years of post-pandemic adjustment, although a clear divide continues to emerge between high-quality suburban office properties and older Class B and C inventory.
- Tenants remain active but are increasingly focused on location, efficiency, flexibility, and move-in-ready space, reinforcing the continued flight to quality in well-positioned suburban centers while prompting businesses to right-size their footprints and favor smaller space requirements.
- Downtown properties continue to face challenges from shifting tenant preferences, but adaptive reuse and redevelopment initiatives are creating new opportunities for older assets.
- The market is expected to remain stable yet is growing more selective, with quality suburban properties performing well while older spaces rely on reinvestment, conversion and creative reuse to remain competitive.

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RETAIL

- The QC retail market remains stable with retail activity concentrated in established corridors as tenants become more selective about location and deal economics.
- Available space does not always meet retailers' requirements. Household growth, income, access, neighboring tenants and customer shopping patterns are gaining more influence on site selection.
- Existing improvements can make a meaningful difference in deal feasibility. Restaurant kitchens, drive-thrus and other usable improvements can reduce the cost of opening a location while buildout costs remain high.
- New retail development remains highly targeted, with very little speculative construction. Developers generally seek tenant commitments, while reuse and redevelopment remain important alternatives to ground-up construction.

INVESTMENT & MULTIFAMILY

- Investment activity in the QC has remained selective in 2026, with buyers continuing to pursue quality assets while underwriting more carefully.
- Properties with strong occupancy, dependable cash flow, realistic pricing, and manageable capital needs continue to attract interest, while assets requiring significant improvements or facing weaker fundamentals receive greater scrutiny.
- Refinancing pressure from higher interest rates may create additional opportunities as some owners face increased debt-service costs.
- Multifamily investment demand has softened amid changing rate and pricing dynamics, with buyers placing greater emphasis on occupancy, rent performance, expenses, and property condition.
- Overall, investment activity is expected to remain opportunity-driven, with realistic pricing and financing that works for buyers remaining key factors.

LAND & FARM

- The QC farm & transitional land market remains fundamentally healthy, supported by strong demand for high-quality farmland, limited supply of well-positioned land, and continued interest in future development opportunities.
- While improving commodity prices have created some optimism, rising fuel, fertilizer, borrowing, and operating costs continue to pressure farm profitability.
- The amount of farmland coming to market will be an important trend to watch heading into 2027, along with auction activity and the market's ability to absorb additional inventory.
- In the broader market, vacant land and farmland with access to utilities and located near established growth corridors remain desirable. Well-located farmland and transitional land continue to have a higher value.

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