



Part of the CBRE affiliate network

**2012**  
**Real Estate**  
**Market Survey**  
**Greater Des Moines**



Prepared by Frandson & Associates, L.C.



# Introduction

This market survey includes office, flex, industrial, and retail space analysis. The office market analysis consists of the entire market and a competitive subset in Classes A, B, and C. Following the office analysis is the flex market review. Industrial space consists of warehouse and manufacturing categories separated by age groups. Retail space consists of regional malls, neighborhood and community centers, and big box retail. Property type analysis is separated by geographic market area within the Greater Des Moines metropolitan area.

CBRE/Hubbell Commercial and Frandson & Associates have been conducting this survey since 1997. The 2012 Market Survey contains information collected during the first quarters of 2010, 2011, and 2012.

We thank the owners, managers, and brokers throughout the Greater Des Moines area for the cooperation we received in compiling this survey. For additional information about this survey and about the Greater Des Moines metropolitan market, please contact CBRE/Hubbell Commercial at (515) 224-4900.

## SUBMARKET BOUNDARIES

**Central Business District (CBD)** - Includes the Western CBD and the East Village, extending west to Martin Luther King Jr. Parkway and east to East 14th Street.

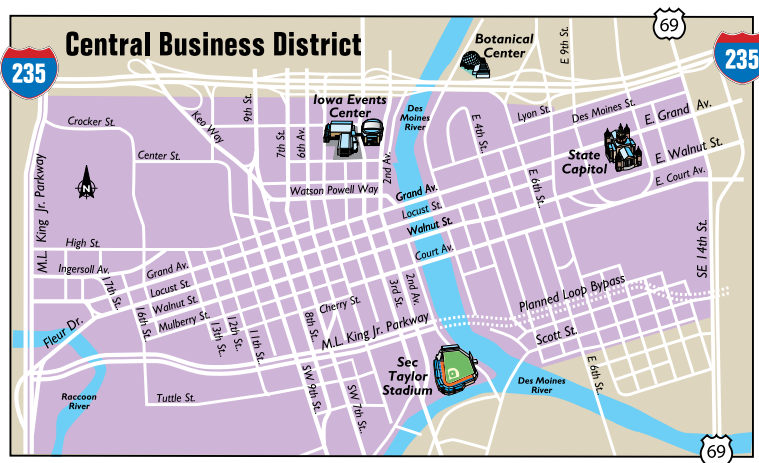
**Western Suburbs** - Encompasses West Des Moines, Clive, Urbandale, Windsor Heights, Johnston, Grimes, Waukee, and some unincorporated areas of Polk, Dallas, and Warren Counties.

**Northwest** - Includes Northwest Des Moines and Western Saylor Township.

**Northeast** - Consists of Northeast Des Moines (extended south to the Des Moines River), Pleasant Hill, Altoona, Eastern Saylor Township, and Delaware Township.

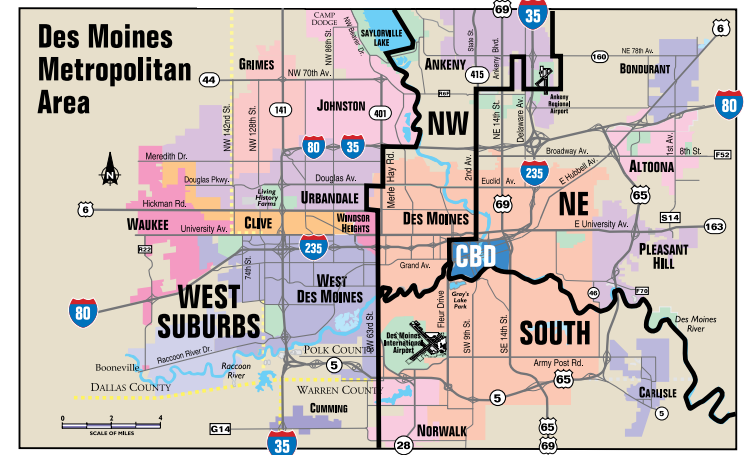
**South** - Comprises Southwest Des Moines, Southeast Des Moines (south of Des Moines River), and some unincorporated areas of Polk and Warren Counties.

**Ankeny** - Evaluated separately.



**DES MOINES CENTRAL BUSINESS DISTRICT (CBD)**

**DES MOINES METROPOLITAN AREA**



# Office - Entire Market

## Introduction

The entire market segment includes competitive and non-competitive office space in Classes A, B, and C. While there is transition and increased vacancy in some submarkets, office inventory and total occupied square feet have continued to grow in each of the last 13 years. This is mainly due to large new owner occupied buildings being added that include more space than had previously been occupied by the same users.

## Inventory

The high concentration of large occupiers provides stability to the office market, but there is potential for greater changes in vacancy.

Since the first quarter of 2011, the overall market added nearly 200,000 net SF of new office space to the Greater Des Moines market. Last year, Wellmark and Aviva USA vacated space from multiple locations, expanding operations into their new buildings.

## CENTRAL BUSINESS DISTRICT

## WESTERN SUBURBS

**FIG. 1**

Class	Full Service Rate/SF	Class	Full Service Rate/SF
A	\$16.50 to \$23.00	A	\$16.50 to \$23.50
B	\$13.00 to \$16.49	B	\$13.50 to \$16.49
C	Less than \$13.00	C	Less than \$13.50

New office construction has slowed substantially in the last two years. However, in comparison with other larger markets around the country, the Greater Des Moines market has shown remarkable stability during the economic downturn. Conversions to residential use continue in the CBD. These conversions have taken older Class C space off of the market.

Fig. 2 demonstrates aggregate office inventory in the entire market segregated by class and by submarket.

## OFFICE INVENTORY - ENTIRE MARKET

**FIG. 2**

Submarket	CLASS A			CLASS B			CLASS C			TOTAL (SF)			TOTAL BUILDINGS		
	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
Western Suburbs	8,122,441	8,492,022	8,691,994	2,426,826	2,474,687	2,523,982	2,243,110	2,243,110	2,229,430	12,792,377	13,209,819	13,445,406	333	339	341
CBD	5,884,844	6,484,724	6,484,724	3,119,784	3,119,784	3,119,784	3,262,717	3,262,717	3,187,983	12,267,345	12,867,225	12,792,491	121	122	121
Northwest Des Moines	79,296	79,296	79,296	84,199	84,199	84,199	744,934	744,934	744,934	908,429	908,429	908,429	60	60	60
Northeast Des Moines	0	0	0	121,407	121,407	128,147	274,015	274,015	274,015	395,422	395,422	402,162	25	25	25
South Des Moines	0	0	0	216,773	216,773	216,773	235,360	235,360	235,360	452,133	452,133	452,133	23	23	23
Ankeny	16,732	16,732	16,732	271,868	271,868	294,386	144,201	144,201	144,201	432,801	432,801	455,319	32	32	34
<b>Greater Des Moines Total</b>	<b>14,103,313</b>	<b>15,072,774</b>	<b>15,272,746</b>	<b>6,240,857</b>	<b>6,288,718</b>	<b>6,367,271</b>	<b>6,904,337</b>	<b>6,904,337</b>	<b>6,815,923</b>	<b>27,248,507</b>	<b>28,265,829</b>	<b>28,455,940</b>	<b>594</b>	<b>601</b>	<b>604</b>

# Office - Entire Market

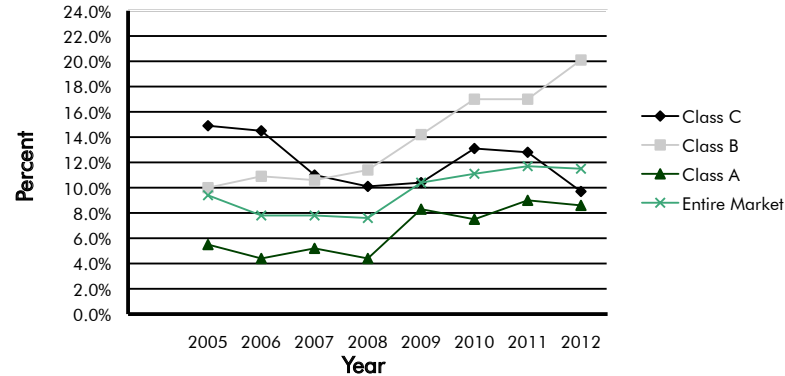
## Occupancy and Events

The percentage of occupied office space remained relatively consistent overall since the last survey. Classes A and C experienced positive occupancy increases while Class B experienced an overall decline in occupancy of 3.1%.

The increased vacancies in Class B office buildings were the largest in the Western Suburbs and CBD. Less than a 1% decline in occupancy occurred in the Northeast submarket while an increase in occupancy was experienced in the Ankeny submarket for Class B office space.

- In Johnston, a new office building has been constructed on NW 62nd Avenue, east of 86th Street. This is a two-story 199,962 SF office which has been added to the Class A inventory in the Western Suburbs. This office is going to be occupied by Pioneer Hi-Bred and is considered non-competitive.
- Dice.com has moved operations from its previous location on Urbandale Drive to a new build-to-suit office in Paragon Park on Meredith Drive. This new facility is a 35,295 SF office building located in the Western Suburbs.
- Sysco Foods has constructed a new 20,187 SF office at the southwest corner of Hulsizer Road and Shurfine Drive in Ankeny. This office has been added to the Class B inventory (non-competitive). The new office is a stand-alone building separate from the warehouse facility.
- On the southeast corner of NE 14th Street and NE 54th Avenue, a new office building is being constructed by IBEW Local 55. This new office building contains 6,721 SF and has been added to the Class B inventory (non-competitive) in the Northeast Des Moines submarket.
- The Fleming Building, located at 604 Walnut Street in the CBD, has been removed from the survey because it is being converted to non-office uses. This removes 93,654 SF from the competitive CBD Class C inventory.
- The removal of Class C space from the CBD submarket inventory was a factor in the increased occupancy of Class C space in the CBD.

**GREATER DES MOINES OFFICE VACANCY FIG. 3**



**OFFICE OCCUPANCY - ENTIRE MARKET FIG. 4**

Submarket	CLASS A			CLASS B			CLASS C			TOTAL (SF)		
	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
Western Suburbs	89.9%	92.4%	93.0%	81.4%	85.3%	80.4%	84.3%	83.7%	87.7%	87.3%	89.6%	89.8%
CBD	96.0%	89.2%	89.2%	82.7%	79.2%	76.6%	90.0%	88.7%	92.0%	91.0%	86.6%	86.8%
Northwest Des Moines	89.0%	84.0%	90.2%	91.0%	91.0%	91.0%	77.6%	86.8%	88.6%	79.8%	86.9%	89.0%
Northeast Des Moines	N/A	N/A	N/A	97.9%	96.9%	96.3%	92.5%	97.1%	97.1%	94.2%	97.0%	96.8%
South Des Moines	N/A	N/A	N/A	93.2%	94.6%	93.2%	89.2%	88.3%	91.0%	91.1%	91.3%	92.0%
Ankeny	100.0%	100.0%	100.0%	84.1%	87.6%	90.4%	89.4%	91.7%	85.8%	86.5%	89.4%	89.3%
<b>Greater Des Moines Total</b>	<b>92.5%</b>	<b>91.0%</b>	<b>91.4%</b>	<b>83.0%</b>	<b>83.0%</b>	<b>79.9%</b>	<b>86.9%</b>	<b>87.2%</b>	<b>90.3%</b>	<b>88.9%</b>	<b>88.3%</b>	<b>88.5%</b>

# Office - Entire Market

## Absorption

Absorption is the net increase or decrease in actual area occupied between survey periods. Net absorption could come from existing available space, even when no new construction occurs – where occupancy increases. Absorption could be negative in the absence of demolition, new construction, or when no change in inventory occurs, due to a decline in occupancy.

Aggregate absorption within the Greater Des Moines area was positive since the last survey with 237,695 SF of net positive absorption. The occupancy of the new owner-occupied Pioneer Hi-Bred office on NW 62nd Avenue in the Western Suburbs was the main driver that resulted in positive absorption in the Class A market, occupying nearly 200,000 SF. Overall, positive absorption was seen in both the Class A and C markets, while the Class B office segment experienced negative absorption.

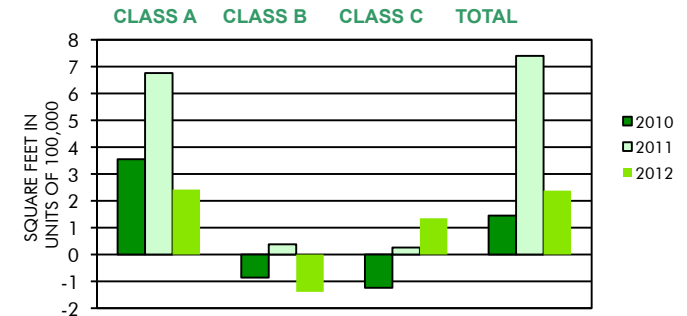
Positive Class C office absorption in the CBD submarket was due to increased occupancy of several smaller low rise buildings located in the fringe, which had been vacated in 2010.

Following the 2008 - 2010 economic downturn, quoted rental rates experienced little to no decline. However, actual negotiations resulted in a decline in net effective rents due to rent reductions and concessions.

The relatively stable occupancy rates observed during the past year are largely due to retention of existing tenants resulting from reductions of effective rent.

**GREATER DES MOINES OFFICE ABSORPTION**

**FIG. 5**



**OFFICE ABSORPTION - ENTIRE MARKET**

**FIG. 6**

Submarket	Class A			Class B			Class C			Total (SF)		
	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
<b>Western Suburbs</b>	319,775	544,554	236,926	(7,340)	135,472	(81,626)	(28,975)	(13,459)	77,727	283,460	666,567	233,027
<b>CBD</b>	17,655	134,924	0	(78,246)	(109,192)	(81,114)	(29,364)	(42,415)	38,914	(89,955)	(16,683)	(42,200)
<b>Northwest Des Moines</b>	793	(3,965)	4,916	0	0	0	(38,737)	68,534	13,409	(37,944)	64,569	18,325
<b>Northeast Des Moines</b>	N/A	N/A	N/A	0	(1,214)	5,762	(274)	12,605	0	(274)	11,391	5,762
<b>South Des Moines</b>	N/A	N/A	N/A	(4,769)	3,035	(3,035)	(19,300)	(2,118)	6,355	(24,069)	917	3,320
<b>Ankeny</b>	16,732	0	0	4,350	9,515	27,969	(7,787)	3,317	(8,508)	13,295	12,832	19,461
<b>Greater Des Moines Total</b>	354,955	675,513	241,842	(86,005)	37,616	(132,044)	(124,437)	26,464	127,897	144,513	739,593	237,695

# Office - Competitive Market

## Inventory

Competitive office is a segment of the entire market. It consists of buildings considered by the market to be competing for tenants. The competitive inventory can vary from year to year,

without any new construction or demolition, as buildings may be reclassified from non-competitive. The current competitive inventory is 49.7% of the entire office market. The percentage of competitive

inventory relative to the entire market for Classes A, B, and C is 43.7%, 60.2%, and 53.3%, respectively.

## OFFICE INVENTORY - COMPETITIVE MARKET

**FIG. 7**

Submarket	Class A			Class B			Class C			Total (SF)			Total Buildings		
	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
<b>Western Suburbs</b>	3,913,058	3,913,058	3,913,058	1,842,451	1,876,091	1,913,303	1,742,713	1,742,713	1,738,593	7,498,222	7,531,862	7,564,954	247	250	251
<b>CBD</b>	2,680,231	2,680,231	2,680,231	1,586,913	1,586,913	1,586,913	1,206,372	1,206,372	1,131,638	5,473,516	5,473,516	5,398,782	67	67	66
<b>Northwest Des Moines</b>	79,296	79,296	79,296	23,150	23,150	23,150	490,302	490,302	490,302	592,748	592,748	592,748	38	38	38
<b>Northeast Des Moines</b>	0	0	0	18,900	18,900	18,900	75,440	75,440	75,440	94,340	94,340	94,340	6	6	6
<b>South Des Moines</b>	0	0	0	94,008	94,008	94,008	87,960	87,960	87,960	181,968	181,968	181,968	16	16	16
<b>Ankeny</b>	0	0	0	175,928	175,928	198,446	111,797	111,797	111,797	287,725	287,725	310,243	26	26	28
<b>Greater Des Moines Total</b>	6,672,585	6,672,585	6,672,585	3,741,350	3,774,990	3,834,720	3,714,584	3,714,584	3,635,730	14,128,519	14,162,159	14,143,035	400	403	405

## OFFICE OCCUPANCY - COMPETITIVE MARKET

**FIG. 8**

Submarket	CLASS A			CLASS B			CLASS C			TOTAL (SF)		
	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
<b>Western Suburbs</b>	79.3%	83.6%	86.9%	76.4%	81.5%	75.0%	81.0%	81.2%	85.9%	79.0%	82.5%	83.7%
<b>CBD</b>	91.2%	73.9%	74.3%	66.2%	72.4%	67.3%	73.8%	69.8%	77.8%	80.1%	72.6%	73.0%
<b>Northwest Des Moines</b>	89.0%	84.0%	90.2%	67.4%	67.4%	67.4%	69.6%	83.6%	86.4%	72.1%	83.0%	86.1%
<b>Northeast Des Moines</b>	N/A	N/A	N/A	86.7%	80.0%	75.0%	75.6%	90.5%	90.5%	77.8%	88.4%	87.4%
<b>South Des Moines</b>	N/A	N/A	N/A	84.4%	87.5%	84.4%	90.9%	88.6%	87.5%	87.5%	88.0%	85.9%
<b>Ankeny</b>	N/A	N/A	N/A	83.9%	80.8%	85.7%	86.3%	89.3%	81.7%	84.9%	84.1%	84.3%
<b>Greater Des Moines Total</b>	84.2%	79.7%	81.9%	72.6%	77.7%	72.5%	77.5%	78.4%	83.4%	79.4%	78.8%	79.7%

# Office - Competitive Market

## Occupancy and Events

Occupancy percentage in the competitive market is typically lower and can be more variable compared to the entire market, due to a smaller inventory. Overall occupancy of competitive office space remained relatively stable over the last 24 months. Class A competitive space experienced nearly a 2% increase in occupancy. Class B competitive space occupancy decreased 5.2%.

The competitive market experienced positive total absorption of 114,855 SF across all three classes. The largest contribution to the positive absorption occurred in the Class A Western Suburbs submarket, which experienced positive absorption of 129,131 SF.

The impact of Wellmark and Aviva USA occupying their new owner occupied facilities remains. The CBD competitive office space occupancy rate is 73% compared to 83.7% in the Western Suburbs.

The Hub Tower was recently purchased by a local insurance company that is in the process of occupying multiple floors, plus new tenants have been added. Ruan Center has recently added new tenants which is a positive trend for Class A CBD office.

Historically, the shifting of space in the downtown market has been from older buildings to newer ones. Some of the older buildings have and are in the process of being converted to alternative uses such as apartments and a hotel which is a healthy trend.

Due to current supply levels and the speed at which the general economy and Iowa's unemployment rate are improving, little inventory is expected to be added to the market in 2012. In many situations, current rental rates do not justify new construction.

## 2012 New Construction Deliveries and Plans

- In Johnston, a new competitive office has been constructed at 9241 Northpark Drive. This is the fifth office constructed within this development and adds 14,000 SF of Class B office space (competitive) to the Western Suburbs.
- A new office has been constructed at 1250 NW State Street in Ankeny. This is a multi-tenant competitive office building, which contains 15,040 SF. This has been added to the Class B office category for Ankeny.

## OFFICE ABSORPTION - COMPETITIVE MARKET

**FIG. 9**

Submarket	CLASS A			CLASS B			CLASS C			TOTAL (SF)		
	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
<b>Western Suburbs</b>	66,522	168,261	129,131	(32,306)	121,382	(94,037)	(22,655)	3,485	78,368	11,561	293,128	113,462
<b>CBD</b>	16,081	(463,680)	10,721	(37,184)	98,389	(80,933)	(20,508)	(48,255)	38,367	(41,611)	(413,546)	(31,845)
<b>Northwest Des Moines</b>	793	(3,965)	4,916	0	0	0	(21,083)	68,642	13,728	(20,290)	64,677	18,644
<b>Northeast Des Moines</b>	N/A	N/A	N/A	0	(1,266)	(945)	(226)	11,241	0	(226)	9,975	(945)
<b>South Des Moines</b>	N/A	N/A	N/A	(5,734)	2,914	(2,914)	(1,847)	(2,023)	(968)	(7,581)	891	(3,882)
<b>Ankeny</b>	N/A	N/A	N/A	19,176	(5,454)	27,918	(7,826)	3,354	(8,497)	11,350	(2,100)	19,421
<b>Greater Des Moines Total</b>	83,396	(299,384)	144,768	(56,048)	215,965	(150,911)	(74,145)	36,444	120,998	(46,797)	(46,975)	114,855

# Flex

## Inventory

All of the flex space is considered to be “competitive” space. The occupancy trend of flex space is more office oriented in nature.

The majority of flex space is located in the Western Suburbs. No submarkets experienced the addition of new flex space since the 2009 survey. It is likely that this lack of construction activity trend will continue as demand remains tempered.

## Occupancy and Events

Overall occupancy of flex space improved slightly since the last survey from 85% in 2011, to 85.5% in 2012.

The two largest submarkets, Western Suburbs and CBD, experienced improved occupancy since the last survey while the smaller submarkets in terms of inventory experienced a decline in occupancy. The CBD occupancy improved from 83.7% in 2011, to 85.4% in 2012, and the Western Suburbs occupancy jumped 1.5% over the last 12 months.

Quoted net lease rates for flex properties average \$7.50/SF for finished office space and \$4.50/SF for unfinished space. In many cases, actual base rents have been lowered in addition to offering concessions such as rent abatement and increased tenant improvement allowances.

## Absorption

Absorption is the net increase or decrease in actual area occupied between survey periods.

After a significant net increase in occupied flex space in the Greater Des Moines market in 2010, absorption slowed in 2011 yet remained positive. Positive absorption occurred in the Western Suburbs and CBD submarkets, while the remaining submarkets experienced a net loss of occupied space.

The positive absorption was not a single large event, but rather the absorption of space by a number of smaller to medium sized occupiers.

There is ample land available for further flex development; however, the existing occupancy of the current inventory will need to improve before new construction will begin.

### FLEX INVENTORY

FIG. 10

Submarket	Total (SF)			Total Buildings		
	2010	2011	2012	2010	2011	2012
Western Suburbs	3,273,236	3,273,236	3,273,236	91	91	91
CBD	735,885	735,885	735,885	14	14	14
Northwest Des Moines	99,161	99,161	99,161	6	6	6
Northeast Des Moines	586,110	586,110	586,110	21	21	21
South Des Moines	237,370	237,370	237,370	5	5	5
Ankeny	421,710	421,710	421,710	16	16	16
<b>Greater Des Moines Total</b>	<b>5,353,472</b>	<b>5,353,472</b>	<b>5,353,472</b>	<b>153</b>	<b>153</b>	<b>153</b>

### FLEX OCCUPANCY

FIG. 11

Submarket	TOTAL (SF)		
	2010	2011	2012
Western Suburbs	83.3%	84.6%	86.1%
CBD	88.0%	83.7%	85.4%
Northwest Des Moines	90.6%	98.0%	96.7%
Northeast Des Moines	86.0%	88.0%	84.5%
South Des Moines	60.4%	80.2%	77.8%
Ankeny	88.0%	87.3%	83.3%
<b>Greater Des Moines Total</b>	<b>83.6%</b>	<b>85.0%</b>	<b>85.5%</b>

### FLEX ABSORPTION

FIG. 12

Submarket	TOTAL (SF)		
	2010	2011	2012
Western Suburbs	(172,515)	42,552	49,099
CBD	(8,095)	(31,643)	12,510
Northwest Des Moines	2,975	7,338	(1,289)
Northeast Des Moines	35,753	11,722	(20,514)
South Des Moines	3,086	46,999	(5,697)
Ankeny	(4,639)	(2,952)	(16,868)
<b>Greater Des Moines Total</b>	<b>(143,435)</b>	<b>74,016</b>	<b>17,241</b>



# Industrial

## Inventory

Industrial properties are divided into categories of warehouse and manufacturing space. Warehouse and manufacturing inventory are analyzed in two general age groups: Pre-1970 and Post-1970.

This segregation of inventory and occupancy into subgroups allows for a more precise analysis of each sector. Special use properties are excluded from the analysis.

In the industrial market, there is significant competition across submarkets, so aggregate occupancy and absorption are more of a consideration.

### WAREHOUSE INVENTORY

**FIG. 13**

Submarket	Pre-1970			Post-1970			Total (SF)			Total Buildings		
	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
<b>Western Suburbs</b>	1,347,993	1,347,993	1,309,748	7,266,945	7,281,295	7,341,463	8,614,938	8,629,288	8,651,211	188	189	190
<b>CBD</b>	1,997,028	1,715,900	1,662,631	206,065	206,065	206,065	2,203,093	1,921,965	1,868,696	62	58	56
<b>Northwest Des Moines</b>	793,979	793,979	793,979	520,086	520,086	520,086	1,314,065	1,314,065	1,314,065	71	71	71
<b>Northeast Des Moines</b>	4,426,029	4,426,029	4,426,029	7,905,837	7,869,399	8,056,143	12,331,866	12,295,428	12,482,172	242	243	246
<b>South Des Moines</b>	1,596,438	1,596,438	1,596,438	1,851,324	1,851,324	2,152,001	3,447,762	3,447,762	3,748,439	55	55	56
<b>Ankeny</b>	271,610	271,610	271,610	2,574,725	2,574,725	2,559,875	2,846,335	2,846,335	2,831,485	65	65	64
<b>Greater Des Moines Total</b>	10,433,077	10,151,949	10,060,435	20,324,982	20,302,894	20,835,633	30,758,059	30,454,843	30,896,068	683	681	683

### MANUFACTURING INVENTORY

**FIG. 14**

Submarket	Pre-1970			Post-1970			Total (SF)			Total Buildings		
	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012
<b>Western Suburbs</b>	1,325,867	1,325,867	1,325,867	1,705,484	1,705,484	1,705,484	3,031,351	3,031,351	3,031,351	60	60	60
<b>CBD</b>	267,661	267,661	267,661	64,900	64,900	64,900	332,561	332,561	332,561	12	12	12
<b>Northwest Des Moines</b>	795,857	795,857	795,857	50,587	50,587	50,587	846,444	846,444	846,444	12	12	12
<b>Northeast Des Moines</b>	4,412,616	4,404,966	4,387,366	1,584,363	1,584,363	1,584,363	5,996,979	5,989,329	5,971,729	72	71	70
<b>South Des Moines</b>	388,600	388,600	388,600	810,742	810,742	810,742	1,199,342	1,199,342	1,199,342	19	19	19
<b>Ankeny</b>	565,921	565,921	565,921	968,992	968,992	1,010,971	1,534,913	1,534,913	1,576,892	13	13	13
<b>Greater Des Moines Total</b>	7,756,522	7,748,872	7,731,272	5,185,068	5,185,068	5,227,047	12,941,590	12,933,940	12,958,319	188	187	186

# Industrial

## Occupancy and Events

In the Des Moines Metro area market, aggregate occupancy across submarkets must be considered because many industrial users consider a variety of submarkets.

Overall occupancy of warehouse space in the Greater Des Moines market remained steady over the last five years. Limited addition of warehouse inventory occurred in the two largest submarkets, Western Suburbs and Northeast Des Moines, while manufacturing inventory experienced minimal change.

Lease rates have remained stable with nominal rent reductions and concessions. Generally, net lease rates for warehouse space range from \$2.50/SF to \$4.95/SF, depending on the age, quality of the building, and features such as clear height, loading capabilities, and interstate access.

The following summarizes current and recently completed industrial construction and other relevant events in the Des Moines Metro area market:

- A new warehouse was constructed at 4219 NE 50th Street in Broadway Business Park. The building adds 35,867 SF to the Northeast Des Moines submarket warehouse inventory.
- In the South Des Moines submarket, a new warehouse was completed at 3440 Gannett Avenue. The warehouse contains 300,677 SF and was built adjacent to existing warehouse space occupied by Hewlett Packard, which expanded operations into the new building.
- Accu-mold has constructed an addition to its existing manufacturing building at 1711 SE Oralabor Road in Ankeny. The expansion added 41,979 SF to the manufacturing inventory in the Ankeny submarket.
- A new 30,000 SF speculative warehouse was delivered at 1715 NE 61st Place in Albaugh Industrial Park in the Northeast Des Moines submarket.
- In the Western Suburbs submarket, a 40,168 SF warehouse was completed for Composites One, at 3350 SE Gateway Drive in Grimes.
- Deere & Company is proposing a 300,000 SF expansion of its agricultural equipment plant in Ankeny. The company plans to invest \$35 million in construction costs.
- Pre-leasing is underway for a to-be-constructed warehouse containing approximately 140,000 SF located within Meredith Business Park in the Western Suburbs. Delivery is planned for late 2012.

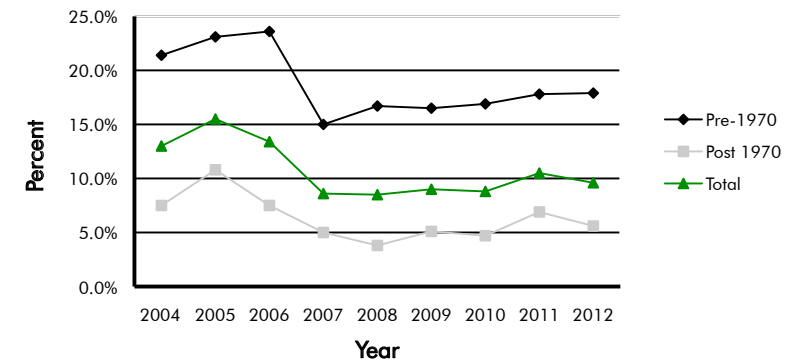
## WAREHOUSE OCCUPANCY

FIG. 15

Submarket	PRE-1970			POST-1970			TOTAL		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
Western Suburbs	94.6%	93.2%	94.4%	92.2%	92.4%	93.2%	92.6%	92.6%	93.4%
CBD	62.8%	60.2%	58.3%	90.0%	90.0%	90.0%	65.4%	63.4%	61.8%
Northwest Des Moines	80.3%	79.6%	74.9%	97.2%	97.8%	100.0%	87.0%	86.8%	84.8%
Northeast Des Moines	83.1%	83.7%	84.6%	96.3%	92.0%	96.5%	91.5%	89.0%	92.3%
South Des Moines	97.2%	91.5%	90.1%	99.5%	96.9%	95.8%	98.5%	94.4%	93.4%
Ankeny	100.0%	96.1%	100.0%	98.3%	95.0%	89.0%	98.5%	95.1%	90.1%
<b>Greater Des Moines Total</b>	<b>83.1%</b>	<b>82.2%</b>	<b>82.1%</b>	<b>95.3%</b>	<b>93.1%</b>	<b>94.4%</b>	<b>91.2%</b>	<b>89.5%</b>	<b>90.4%</b>

## GREATER DES MOINES WAREHOUSE VACANCY

FIG. 16



# Industrial

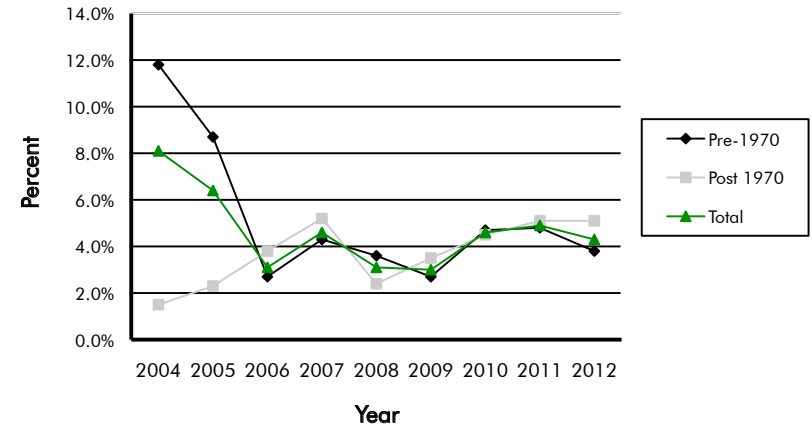
## MANUFACTURING OCCUPANCY

FIG. 17

Submarket	PRE-1970			POST-1970			TOTAL		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
Western Suburbs	93.0%	92.3%	95.1%	94.7%	94.3%	94.3%	94.0%	93.4%	94.6%
CBD	85.6%	85.6%	85.6%	71.5%	71.5%	84.0%	82.9%	82.9%	85.3%
Northwest Des Moines	93.7%	93.7%	93.7%	100.0%	100.0%	100.0%	94.0%	94.0%	94.0%
Northeast Des Moines	96.2%	95.9%	97.8%	100.0%	100.0%	100.0%	97.2%	97.0%	98.4%
South Des Moines	96.0%	100.0%	90.1%	85.1%	82.6%	81.0%	88.6%	88.2%	83.9%
Ankeny	100.0%	100.0%	100.0%	99.6%	99.5%	99.7%	99.8%	99.7%	99.8%
<b>Greater Des Moines Total</b>	<b>95.3%</b>	<b>95.2%</b>	<b>96.2%</b>	<b>95.5%</b>	<b>94.9%</b>	<b>94.9%</b>	<b>95.4%</b>	<b>95.1%</b>	<b>95.7%</b>

## GREATER DES MOINES MANUFACTURING VACANCY

FIG. 18



## Absorption

Absorption is the net increase or decrease in actual area occupied. Net absorption could occur in existing available space, even when no new construction occurs - if occupancy increases.

In the Greater Des Moines total warehouse market, both inventory and occupancy increased, resulting in positive aggregate absorption. Northeast Des Moines led with 186,744 SF of new inventory in three buildings and absorption of 574,165 SF. The South Des Moines and Western Suburbs warehouse markets also had positive absorption, but these were offset by negative absorption in the other submarkets.

Manufacturing inventory and occupancy continues to be stable across all submarkets posting a slight gain of 104,067 SF absorbed and 24,379 SF of net new inventory.

Fig. 19 and Fig. 20 (page 11) summarize absorption for both warehouse and manufacturing segments.

# Industrial

## WAREHOUSE ABSORPTION

**FIG. 19**

Submarket	PRE-1970			POST-1970			TOTAL		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
<b>Western Suburbs</b>	(39,092)	(18,872)	(19,927)	91,830	27,793	114,327	52,738	8,921	94,400
<b>CBD</b>	(148,808)	(221,162)	(63,658)	(8,655)	0	0	(157,463)	(221,162)	(63,658)
<b>Northwest Des Moines</b>	(31,759)	(5,558)	(37,317)	1,560	3,121	11,442	(30,199)	(2,437)	(25,875)
<b>Northeast Des Moines</b>	136,997	26,556	39,834	33,796	(373,474)	534,331	170,793	(346,918)	574,165
<b>South Des Moines</b>	(34,227)	(90,997)	(22,350)	38,878	(48,134)	267,684	4,651	(139,131)	245,334
<b>Ankeny</b>	20,642	(10,593)	10,593	23,173	(84,966)	(167,700)	43,815	(95,559)	(157,107)
<b>Greater Des Moines Total</b>	(96,247)	(320,626)	(92,825)	180,582	(475,660)	760,084	84,335	(796,286)	667,259

## MANUFACTURING ABSORPTION

**FIG. 20**

Submarket	PRE-1970			POST-1970			TOTAL		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
<b>Western Suburbs</b>	(78,226)	(9,281)	37,124	(43,417)	(6,822)	0	(121,643)	(16,103)	37,124
<b>CBD</b>	0	0	0	(17,922)	0	8,113	(17,922)	0	8,113
<b>Northwest Des Moines</b>	0	0	0	0	0	0	0	0	0
<b>Northeast Des Moines</b>	(79,427)	(20,574)	66,482	36,767	0	0	(42,660)	(20,574)	66,482
<b>South Des Moines</b>	0	15,544	(38,471)	29,944	(20,269)	(12,972)	29,944	(4,725)	(51,443)
<b>Ankeny</b>	0	0	0	0	(969)	43,791	0	(969)	43,791
<b>Greater Des Moines Total</b>	(157,653)	(14,311)	65,135	5,372	(28,060)	38,932	(152,281)	(42,371)	104,067

# Retail

## Retail Introduction

This survey focuses on three major categories of retail development including regional malls, neighborhood and community centers, and big box retail. This is not intended to be inclusive of the entire retail market, as there are numerous smaller free standing retail properties which are not included in our survey.

## Regional Malls

The four regional malls in the greater Des Moines area are Valley West Mall and Jordan Creek Town Center, both located in the Western Suburbs submarket (West Des Moines), Merle Hay Mall, located in the Northwest Des Moines submarket, and Southridge Mall, located in the South Des Moines submarket.

Southridge Mall has historically had the highest vacancy of the four regional malls and has struggled with maintaining occupancy. However, Southridge Mall ownership has begun the process of redeveloping the property. Plans call for the deconstruction and

reconfiguration of the eastern portion of the mall to make way for attractive retail space with outside entrances, repurposing of the former JC Penney store, and the revamping of more than 90,000 SF into a climate – controlled athletic space. Sears, Target and Younkers continue to anchor the mall. Consequently, Southridge has been temporarily held from the survey results in Fig. 21 until the redevelopment is complete.

Occupancy at the other three malls has remained relatively stable since the last survey. Jordan Creek Town Center has had the same occupancy of 98% for the past three years. Nike Factory Store is a new tenant occupying space in The Villages of Jordan Creek outspace. Zumi's is another new tenant announced for 2012.

Valley West Mall increased occupancy for the second year in a row, from 92% in 2011, to 93% in 2012. Noodles and Company is a new tenant which has its own exterior entrance in addition to an interior

entrance, plus an outdoor patio. Other new tenants include Taco John's, Famous Footwear, and Kitchen Collections.

As of first quarter 2012, Merle Hay Mall is 94.7% occupied, which is up from 93.5% in 2011. Two new leases were just announced for over 16,000 SF with Famous Labels and FL Home to open in the second quarter. Additional larger tenants are under negotiation for fall 2012 openings.

The following table (Fig. 21) summarizes total mall area, which includes mall anchors as well as the number of stores and current occupancy percentages.

REGIONAL SHOPPING MALL STATUS*							FIG. 21		
	Inventory (SF)			Total Stores			Occupancy		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
<b>Merle Hay Mall</b>	1,163,000	1,163,000	1,163,000	135	135	131	86.0%	93.5%	94.7%
<b>Valley West Mall</b>	910,000	910,000	910,000	132	132	132	91.0%	92.0%	93.0%
<b>Jordan Creek Town Center</b>	979,000	979,000	979,000	138	138	138	98.0%	98.0%	98.0%
<b>Greater Des Moines Total</b>	3,052,000	3,052,000	3,052,000	405	405	401	91.3%	94.5%	95.3%

\* Southridge Mall held from figure due to redevelopment

# Retail

## Neighborhood and Community Centers

The neighborhood and community center analysis focuses on multi-tenant buildings with small to medium size occupants. Retail center bays smaller than 20,000 SF are included in this segment. Retail bays generally larger than 20,000 SF are analyzed separately in the big box retail segment.

## Occupancy and Events

In 2012, the Greater Des Moines market experienced a slight increase in inventory with nearly 50,000 SF of net new space added. The Western Suburbs submarket had a net loss of over 10,000 SF of space with the razing of two centers. The net decrease of inventory combined with significant positive absorption of available space in the Western Suburbs resulted in the first increase in the submarket's occupancy in six years. Also, occupancy in the Greater Des Moines market experienced the first increase since 2004.

The overall retail vacancy rates have experienced minimal change over the last few years, masking the true effect of the recent recession on the retail market.

Landlords have reduced rents, offered tenant improvements, and provided free rent in an effort to attract and retain tenants. These incentives have lowered the net effective rent of retail space which has limited new speculative construction.

- In Ankeny, three separate retail centers have been added, which total 34,842 SF. Two of these centers are located on NW 18th Street, and the other retail center is located at 2505 SW White Birch Drive. This center has two buildings which are north of Oralabor Road in the Prairie Trail development.
- Two new retail centers have been constructed at 3737 and 3801 Merle Hay Road, at the intersection of Merle Hay Road and Douglas Avenue, southeast of Merle Hay Mall. The center on the northeast corner contains 15,344 SF, and the building on the southeast corner contains 9,280 SF.
- In West Des Moines, a 9,300 SF multi-tenant retail center has been added at 5010 Mills Civic Parkway, which is located east of Interstate 35 at the intersection of Mills Civic Parkway and 50th Street.

## Absorption

Absorption is the net increase or decrease in actual area occupied between survey periods. Net absorption could result from existing available spaces, even when no new construction occurs – where occupancy increases. Absorption could be negative in the absence of demolition, new construction, or when no change in inventory occurs, due to a decline in occupancy.

Overall net absorption was significantly higher than last year with nearly 200,000 SF of positive absorption since the first quarter of 2011. The majority of positive absorption during the past year occurred in the Western Suburbs. The CBD experienced the largest loss in occupied space with negative absorption of 15,568 SF. This is mostly the result of spaces at Kaleidoscope at The Hub becoming vacant. Negative absorption also occurred in the Northwest Des Moines submarket while each of the other submarkets experienced positive absorption.

Fig. 24 (Page 14) summarizes absorption between the first quarters of 2010, 2011, and 2012.

### NEIGHBORHOOD AND COMMUNITY CENTER INVENTORY

**FIG. 22**

Submarket	TOTAL (SF)			TOTAL BUILDINGS		
	2010	2011	2012	2010	2011	2012
Western Suburbs	3,517,545	3,545,693	3,534,475	171	174	175
CBD	112,000	112,000	112,000	2	2	2
Northwest Des Moines	713,573	713,573	738,197	47	47	49
Northeast Des Moines	791,595	791,595	791,595	39	39	39
South Des Moines	616,938	616,938	616,938	31	31	31
Ankeny	605,738	605,738	640,580	32	32	36
<b>Greater Des Moines Total</b>	<b>6,357,389</b>	<b>6,385,537</b>	<b>6,433,785</b>	<b>322</b>	<b>325</b>	<b>332</b>

### NEIGHBORHOOD AND COMMUNITY CENTER OCCUPANCY

**FIG. 23**

Submarket	2010	2011	2012
Western Suburbs	73.4%	73.0%	76.9%
CBD	53.8%	64.6%	50.7%
Northwest Des Moines	82.1%	85.0%	81.8%
Northeast Des Moines	78.8%	80.0%	81.5%
South Des Moines	70.7%	63.4%	67.5%
Ankeny	80.2%	80.3%	82.5%
<b>Greater Des Moines Total</b>	<b>75.3%</b>	<b>75.0%</b>	<b>77.3%</b>

# Retail

## 2012 New Construction Deliveries and Plans

- A new multi-tenant retail center is being planned for 5824 Douglas Avenue, which is south of the entrance to Target and Merle Hay Mall. This building is proposed to contain 9,500 SF.
- A retail center continues to be planned for the area adjacent to Super Target and Home Depot, located at NW Urbandale Drive and Plum Drive in Urbandale.
- Construction of the new Hy-Vee store located at 86th Street and Douglas Avenue has begun. Westdale Mall, located west of the existing Hy-Vee store was razed, which was a multi-tenant retail center containing 37,950 SF, making room for the new store. Plans are to raze the current Hy-Vee store after the new one has been completed.

Most retailers are maintaining a cautious position, holding expansion plans for an improved economic climate.

NEIGHBORHOOD AND COMMUNITY CENTER ABSORPTION		FIG. 24		
	Total (SF)			
Submarket	2010	2011	2012	
Western Suburbs	5,467	6,478	129,655	
CBD	(42,042)	19,600	(15,568)	
Northwest Des Moines	(13,824)	9,276	(2,692)	
Northeast Des Moines	51,820	9,499	11,874	
South Des Moines	(2,468)	(45,036)	25,294	
Ankeny	(4,846)	606	42,071	
<b>Greater Des Moines Total</b>	<b>(5,893)</b>	<b>423</b>	<b>190,634</b>	

## Big Box Retail

Big box stores generally include grocery stores, home improvement stores, large retail stores, and discount stores that contain approximately 20,000 SF.

## Inventory

Over half of the big box retail inventory is located in the Western Suburbs, which includes several retailers located on or near Jordan Creek Town Center regional mall campus. The Jordan Creek development also includes, in addition to the enclosed mall, detached retail centers, restaurants, and hotels.

Fig. 25 (page 15) summarizes big box retail inventory for 2010, 2011, and 2012.

## Occupancy and Events

Overall big box occupancy decreased slightly from 95.4% in 2011, to an occupancy of 95% in 2012. As was the case last year, most of the submarkets were relatively stable and experienced little change. The Northeast Des Moines submarket experienced the largest gain in occupancy from 93.7% in 2011, to 95.2% in 2012.

In the Western Suburbs submarket, the Best Buy store located in the Water Tower Place Shopping Center has downsized and moved out of 34,890 SF, which is going to be occupied by Whole Market Foods in summer of 2012. In Ankeny, a new Staples store is being constructed on an outlot in front of Menards. This stand alone building is 16,296 SF with a planned delivery of spring 2012. The Furniture by Consignment store, located west of 63rd Street on Hickman Road, was razed during the past year as part of a street widening project. This was a 21,616 SF building, which had been vacant for a number of years.

## Absorption

Absorption is the net increase or decrease in actual area occupied between survey periods. Net absorption could result from existing available spaces, even when no new construction occurs – where occupancy increases. Absorption could be negative in the absence of demolition, new construction, or when no change in inventory occurs due to a decline in occupancy.

The most notable change in absorption occurred in the Western Suburbs submarket, which experienced 69,676 SF of negative absorption since the last survey. All other submarket have remained relatively unchanged.

# Retail

## BIG BOX RETAIL INVENTORY

**FIG. 25**

Submarket	TOTAL (SF)			TOTAL BUILDINGS		
	2010	2011	2012	2010	2011	2012
<b>Western Suburbs</b>	4,909,725	4,909,725	4,888,109	64	64	63
<b>CBD</b>	0	0	0	0	0	0
<b>Northwest Des Moines</b>	447,926	447,926	447,926	10	10	10
<b>Northeast Des Moines</b>	1,611,042	1,611,042	1,611,042	21	21	21
<b>South Des Moines</b>	1,302,093	1,302,093	1,302,093	20	20	20
<b>Ankeny</b>	1,280,270	1,280,270	1,296,566	18	18	19
<b>Greater Des Moines Total</b>	<b>9,551,056</b>	<b>9,551,056</b>	<b>9,545,736</b>	<b>133</b>	<b>133</b>	<b>133</b>

## BIG BOX RETAIL OCCUPANCY

**FIG. 26**

Submarket	2010	2011	2012
<b>Western Suburbs</b>	96.1%	96.2%	95.2%
<b>CBD</b>	N/A	N/A	N/A
<b>Northwest Des Moines</b>	91.6%	91.6%	91.6%
<b>Northeast Des Moines</b>	93.7%	93.7%	95.2%
<b>South Des Moines</b>	92.1%	94.0%	94.0%
<b>Ankeny</b>	97.2%	97.0%	96.3%
<b>Greater Des Moines Total</b>	<b>95.1%</b>	<b>95.4%</b>	<b>95.0%</b>

## 2012 New Construction Deliveries and Plans

As previously mentioned, Hy-Vee is constructing a new store at the northwest corner of 86th Street and Douglas Avenue. In addition, a new Hy-Vee store is planned for the northwest corner of SW State Street and SW Oralabor Road in Ankeny.

Top-Value Foods, located at 801 University Avenue, has been vacant since 2005. Plans for a new grocery store and a workforce training, education, and employment center received approval from the Des Moines City Council in January, 2012. The workforce component is called the Evelyn K. Davis Center for Working Families. The building is proposed to house the workforce component along with a grocery store and other retail outlets. The community foundation indicates plans to open in mid-2012.

## BIG BOX RETAIL ABSORPTION

**FIG. 27**

Submarket	TOTAL (SF)		
	2010	2011	2012
<b>Western Suburbs</b>	186,852	4,910	(69,676)
<b>CBD</b>	0	0	0
<b>Northwest Des Moines</b>	23,855	0	0
<b>Northeast Des Moines</b>	75,405	0	24,166
<b>South Des Moines</b>	5,208	24,740	0
<b>Ankeny</b>	(3,841)	(2,561)	6,731
<b>Greater Des Moines Total</b>	<b>287,479</b>	<b>27,089</b>	<b>(38,779)</b>



# Area Demographics

## Employment

Overall, the Des Moines MSA improved in 2011, up 2,800 jobs from 2010, with the biggest gains in education, healthcare, and construction.

Iowa Work Force Development indicates that employment growth in the Des Moines MSA was a negative 1.66% in 2009. Growth was also negative in 2010, although to a smaller degree. In 2011, small growth was experienced with an increase of 0.89%. Total non-farm employment increased from 314,400 in 2010, to 317,500 in 2011, a positive 0.99% increase.

As a whole, employment for 2011 increased by 0.5% in the Des Moines MSA after a year of record high unemployment. Financial activities have experienced slight growth, with the majority being insurance and agribusiness related. Increases were also seen in transportation and warehousing. Since last year, trade and transportation have experienced losses of 400 jobs in wholesale and retail trade.

Total unemployment remains consistently below the national average. See Fig. 28.

## Population

The latest estimate for the Des Moines MSA indicates a population of 569,633. The total Des Moines MSA population increased 79% over the 20-year period from 1990 to 2010.

Between 2000 and 2010, the Des Moines MSA grew 25%. This growth rate outpaced some other Midwest MSAs for the same period: Omaha 13%, Minneapolis 7.8%, Chicago 4.0%, and St. Louis -8.3%.

## Building Permits

The total aggregate number of single-family building permits for the Greater Des Moines metro area are shown from 2004 through 2011. (Fig. 29)

Growth rates for the Des Moines suburbs outpaced the Des Moines proper growth rate substantially. After a record high of single family building permits issued in 2005, significant declines have been seen since that time. In 2011, an increase was experienced with the highest level of permits issued since 2007.

## UNEMPLOYMENT RATE

**FIG. 28**

YEAR	DES MOINES MSA	STATE OF IOWA	UNITED STATES
1996	2.8%	3.6%	5.4%
1997	2.6%	3.2%	4.9%
1998	2.1%	2.9%	4.5%
1999	1.9%	2.6%	4.2%
2000	2.4%	2.8%	4.0%
2001	2.8%	3.3%	4.7%
2002	3.5%	3.9%	5.8%
2003	4.0%	4.4%	6.0%
2004	4.5%	4.7%	5.5%
2005	4.0%	4.3%	5.1%
2006	3.5%	3.8%	4.6%
2007	3.5%	3.7%	4.6%
2008	3.8%	4.0%	5.8%
2009	6.2%	6.6%	10.0%
2010	6.5%	6.7%	9.8%
2011	6.0%	6.0%	8.5%

Source: Iowa Workforce Development & Bureau of Labor Statistics

## SINGLE FAMILY RESIDENTIAL BUILDING PERMITS

**FIG. 29**

	2004	2005	2006	2007	2008	2009	2010	2011
<b>Total</b>	2,775	3,758	2,970	2,333	1,198	1,445	1,427	1,708
<b>Percentage Change</b>		35.42%	-20.97%	-21.45%	-48.65%	20.62%	-1.25%	19.69%

Source: Home Builders Association of Greater Des Moines

# Area Demographics

## Income

Per capita income in the Des Moines MSA remains consistent or exceeds the per capita income of many other major Iowa communities, excluding Dallas County. (Fig. 30)

2011 HOUSEHOLD INCOME			FIG. 30
Area	Median Household Income	Average Household Income	Per Capita Income
<b>Des Moines MSA*</b>	\$55,914	\$72,505	\$28,694
<b>Dallas County</b>	\$61,947	\$82,250	\$31,580
<b>Polk County</b>	\$54,674	\$70,938	\$28,352
<b>Warren County</b>	\$57,488	\$68,416	\$26,072
<b>Madison County</b>	\$48,292	\$58,990	\$22,835
<b>Guthrie County</b>	\$40,848	\$54,078	\$22,669

\*Includes Polk, Dallas, and Warren Counties Only

Source: ESRI, US Bureau of the Census

## Retail Sales

Des Moines is a regional trade center and draws consumers from outside the MSA. Retail sales in the Des Moines MSA increased from \$6,547,158,008 in 2002, to \$7,870,715,301 in 2011, which is a 20.22% increase. (Fig. 31)

RETAIL SALES			FIG. 31
YEAR	DES MOINES MSA	PERCENTAGE CHANGE	
<b>2002</b>	\$6,547,158,008	-2.80%	
<b>2003</b>	\$6,707,480,722	2.45%	
<b>2004</b>	\$6,576,250,006	-1.96%	
<b>2005</b>	\$7,076,325,335	7.60%	
<b>2006</b>	\$7,484,250,875	5.76%	
<b>2007</b>	\$7,569,326,208	1.14%	
<b>2008</b>	\$7,755,191,970	2.46%	
<b>2009</b>	\$7,786,021,305	0.40%	
<b>2010</b>	\$7,588,426,960	-2.54%	
<b>2011</b>	\$7,870,715,301	3.72%	

The 2005-2011 figures include five counties, up from three counties used in 2002, 2003, and 2004

Source: Iowa Retail and Use Tax Report, Iowa Department of Revenue and Finance

# Categories / Methodology

## Property Categories

**Office** - Individual buildings consist of Classes A, B, or C primarily based on their quality, age, location and appeal in the market. The survey then indicates full service rental rate ranges for each class. The survey includes buildings 5,000 SF and larger. Medical and government buildings are excluded.

The office category consists of analysis of both the entire market and a competitive subset. The competitive market consists of buildings the market considers to be competing for tenants.

**Warehouse** - Individual bulk storage and distribution warehouse properties 7,500 SF and larger are all considered. Special use properties such as cold storage facilities and truck terminals with multiple doors used to transfer freight between trucks are not included.

**Manufacturing** - Light and heavy manufacturing facilities 7,500 SF and larger are all considered. Truck shops and other service facilities are not included. Other special use properties such as bulk oil facilities, etc. are also not included.

**Flex Space** - This multi-purpose space typically contains a better quality front facade, but also contains dock high or drive-in doors at the rear of the building. This type of space is designed to easily accommodate 100% finish or any combination of office, retail, showroom, and warehouse.

**Retail** - While there are a variety of retail uses, this survey focuses on regional shopping malls, neighborhood and community centers, and big box retail. The neighborhood and community centers analysis focuses on multi-tenant with small to medium size occupiers. Big box includes grocery stores, home improvement stores, and larger retail and discount stores containing approximately 20,000 SF. Regional shopping centers are considered separately.

## Methodology

Inventory of each property type is based on the Polk County Assessor's records and municipal building permits. The public data is further refined and classified through a variety of direct contacts and physical inspections.

Properties are grouped by property type and broad geographic region. Offices are further divided by Classes A, B, and C, and industrial properties are divided into two broad age groups.

All industrial, flex, and retail space is considered competitive space since occupiers can change from long-term to short-term leases, and from leasing to owner-occupying space. Therefore, occupancy estimates of these categories are based on the actual occupancy of the entire inventory of space.

The office category analysis consists of both the entire market and a competitive subset in Classes A, B, and C. The competitive market consists of buildings the market considers to be competing for tenants. The competitive inventory can vary from year to year without any new construction, as buildings may be reclassified. Occupancy percentage in the competitive market is typically lower and can be more varied compared to the entire market, due to a smaller inventory.

Overall, 99% of the office, flex, industrial, retail and big box space was surveyed on a random basis, resulting in at least a 99.5% statistical confidence level.

Absorption is defined as the net increase or decrease in actual area occupied between survey periods. Net absorption could occur in existing available spaces, even when no new construction occurs - where occupancy increases. Absorption could be negative in the absence of demolition, new construction, or when no change in inventory occurs, due to a decline in occupancy.

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