



DES MOINES METRO

2016 REAL ESTATE MARKET SURVEY

CBRE | Hubbell
Commercial

Part of the CBRE affiliate network

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INTRODUCTION

DES MOINES METROPOLITAN AREA

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.

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.

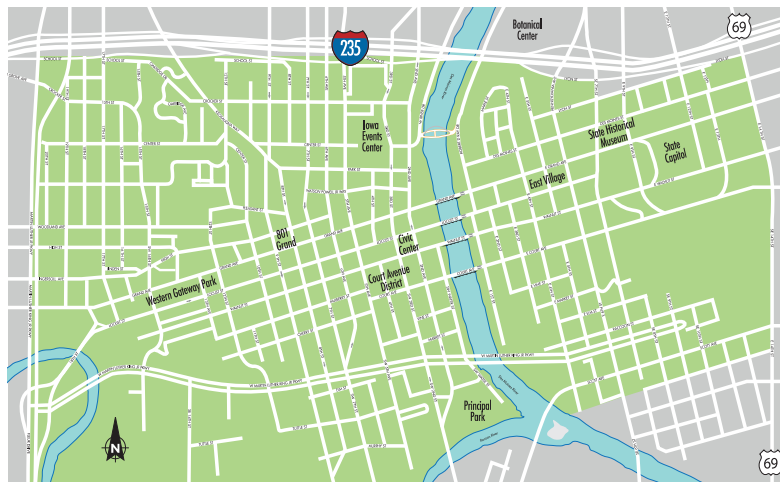
NORTHEAST - Consists of Northeast Des Moines (extended south to the Des Moines River), Pleasant Hill, Altoona, Eastern Saylor Township, and Delaware Township.

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.

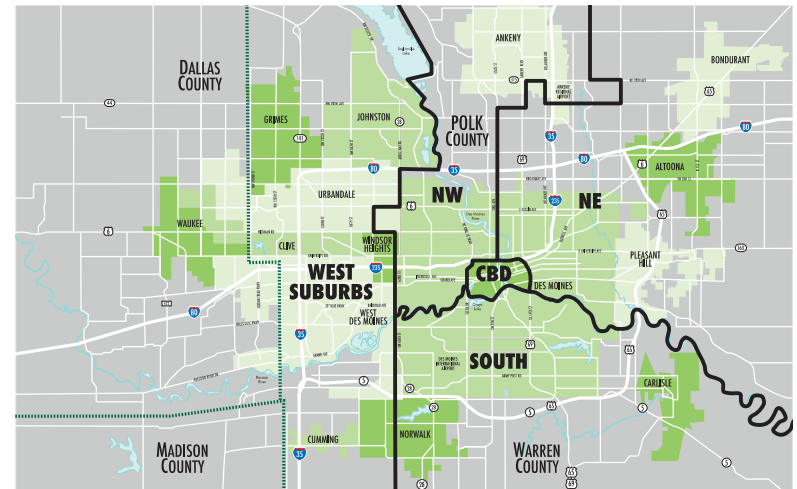
CBRE|Hubbell Commercial and Frandson & Associates have been conducting this survey since 1997. The 2016 Market Survey contains information collected during the first quarters of 2014, 2015, and 2016.

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.



DES MOINES
CENTRAL BUSINESS
DISTRICT (CBD)

DES MOINES
METROPOLITAN AREA



OFFICE

OFFICE ENTIRE MARKET

INTRODUCTION

The entire office market analysis includes competitive and non-competitive office space in Classes A, B, and C. The economy continues to improve, and the office market has benefitted. Office vacancies have improved slightly from the previous year, but new speculative office development continues to remain relatively flat. New development of Class A office space is mainly a result of home office expansions and owner occupied construction. Lease rates have remained generally unchanged. Tenant concessions continue but are dependent upon specific building conditions. Fig. 1 summarizes the rental rate ranges indicated by this survey for the three classes of space.

INVENTORY

There has not been significant new office development in the Greater Des Moines area over the past year. However, there was a slight increase in total office inventory this year, after two years of net decreased office inventory. This year's increase was driven mainly by new construction in Class A space in the Western Suburbs submarket. In West Des Moines, construction has been completed on an owner occupied home office in addition to the completion of a new speculative office building, which is reported to be fully leased. Also, increases in Class A inventory were realized with the current expansion of Hy-Vee's corporate office and Hubbell Realty Company's new addition.

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 \$16.50			B	\$13.50 to \$16.50			
C	Less than \$13.00			C	Less than \$13.50			

Declines in inventory were seen in Class C space in the CBD, Northwest, and Northeast submarkets, as smaller older office buildings were razed or repurposed. The Clemens Building in the CBD was sold, which primarily contained Class C office space. Plans are to convert the building into 44 market-rate apartments with space for a retailer on the sidewalk level.

In the CBD, construction has begun on the new corporate headquarters for Kum & Go between 14th and 15th streets and Grand and Ingersoll avenues. The proposed five-story building will contain 160,000 square feet, and is targeted to be completed in early 2018.

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			
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	
Western Suburbs	8,744,170	8,772,124	8,914,924	2,523,982	2,530,082	2,537,082	2,229,430	2,229,430	2,229,430	13,497,582	13,531,636	13,681,436	342	343	346	
CBD	6,484,724	6,506,012	6,506,012	2,707,973	2,603,296	2,603,296	2,791,553	2,707,429	2,655,373	11,984,250	11,816,737	11,764,681	116	113	112	
Northwest Des Moines	79,296	79,296	79,296	84,199	84,199	84,199	744,934	710,978	701,378	908,429	874,473	864,873	60	59	58	
Northeast Des Moines	0	0	0	128,147	128,147	128,147	274,015	274,015	266,107	402,162	402,162	394,254	25	25	24	
South Des Moines	0	0	0	216,773	216,773	216,773	228,208	214,537	214,537	444,981	431,310	431,310	22	21	21	
Ankeny	16,732	16,732	16,732	347,816	380,944	380,944	133,641	133,641	133,641	498,189	531,317	531,317	36	37	37	
Greater Des Moines Total	15,324,922	15,374,164	15,516,964	6,008,890	5,943,441	5,950,441	6,401,781	6,270,030	6,200,466	27,735,593	27,587,635	27,667,871	601	598	598	

OFFICE ENTIRE MARKET

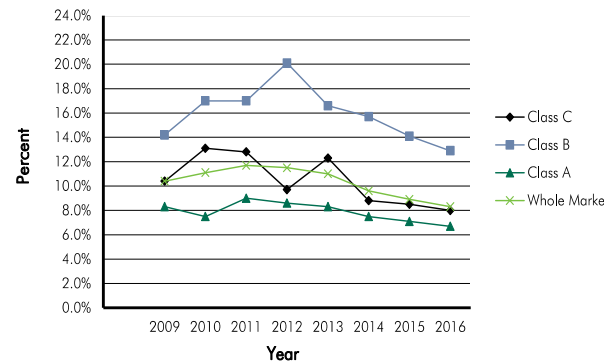
OCCUPANCY AND EVENTS

The percentage of occupied office space remained stable overall since the last survey, increasing slightly from 91.1% in 2015 to 91.7% in 2016. Increased occupancy was witnessed across all three classes, with slight increases indicative of a flat yet stable market. The most dramatic decrease in occupancy occurred in the South submarket Class B space, which experienced a decrease of 23.1%. This large decrease is due to the fact that Merchant's Bonding company vacated their home office in this submarket to move to their newly constructed home office in West Des Moines. Since the South submarket class has relatively few buildings, small changes can have a significant impact on the total.

The office market has remained relatively stable since the previous survey, with little new construction. The following summarizes office construction in the Greater Des Moines metropolitan market:

GREATER DES MOINES
OFFICE VACANCY

FIG. 3



- Merchant's Bonding has completed their new Class A office building at 6770 Westown Parkway, in West Des Moines. The home office is fully occupied and adds 53,000 square feet to Class A inventory in the Western Suburbs submarket.

- Also in West Des Moines, the Hy-Vee corporate office is expanding their conference center with new construction. They are adding 53,400 square feet of new space to their office located on Westown Parkway. In addition, they are planning a corporate office expansion in 2017, which will be an additional 144,000 square foot four-story office building with underground parking.
- Hubbell Commercial has expanded their office on Westown Parkway. The construction of this new space adds 6,400 square feet of Class A office space to the Western Suburbs submarket.
- A new Class B owner occupied office has been delivered in Johnston, at 8831 Windsor Parkway. This fully occupied office contains 7,000 square feet and has been added to the Western Suburbs submarket inventory.

OFFICE OCCUPANCY - ENTIRE MARKET

FIG. 4

Submarket	CLASS A			CLASS B			CLASS C			TOTAL (SF)		
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
Western Suburbs	93.9%	94.3%	93.2%	84.0%	86.8%	87.7%	89.8%	89.7%	90.1%	91.4%	92.1%	91.7%
CBD	90.5%	91.2%	93.4%	81.8%	84.8%	87.5%	93.4%	95.5%	96.2%	89.2%	90.8%	92.7%
Northwest Des Moines	91.2%	91.4%	94.9%	100.0%	100.0%	100.0%	85.8%	82.7%	82.4%	87.6%	85.1%	85.3%
Northeast Des Moines	N/A	N/A	N/A	93.9%	93.9%	94.7%	89.2%	89.2%	91.8%	90.7%	90.7%	92.8%
South Des Moines	N/A	N/A	N/A	93.6%	96.6%	73.5%	96.2%	90.6%	90.9%	95.0%	93.6%	82.2%
Ankeny	100.0%	100.0%	100.0%	92.3%	75.1%	82.2%	94.0%	93.4%	94.4%	93.0%	80.5%	85.8%
Greater Des Moines Total	92.5%	92.9%	93.3%	84.3%	85.9%	87.1%	91.2%	91.5%	92.0%	90.4%	91.1%	91.7%

OFFICE ENTIRE MARKET

2016 NEW CONSTRUCTION ANNOUNCEMENTS

- Kum & Go has begun construction on a new corporate headquarters located north of the Pappajohn Sculpture Park in the Western Gateway along Grand Avenue between 14th and 15th Streets. The new building will contain five stories and total 160,000 square feet. Kum & Go will move their operations from their current West Des Moines location upon completion of the new headquarters in early 2018.
- Construction is nearing completion in the Anderson Business Park in Urbandale on two new Class B office buildings. The buildings will contain a total of nearly 40,000 square feet and will be added to next year's survey.
- Construction has begun on a 4-story EMC Insurance support center in the CBD. The building will contain approximately 100,000 square feet and will house offices, conference room space, and a fitness center.

ABSORPTION

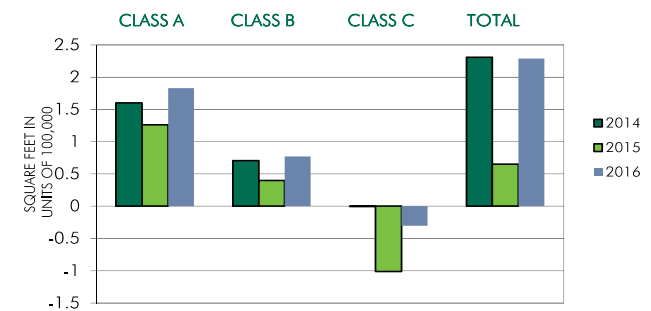
Absorption is the net increase or decrease in actual area occupied between survey periods.

Aggregate absorption within the Greater Des Moines area was positive since the last survey with 229,293 SF of net positive absorption overall. Similar to last year's survey, positive absorption was witnessed in Classes A and B space, with negative absorption in Class C space. Negative absorption occurred in Class B space in the South submarket, driven by the relocation of the office space formerly occupied by Merchant's Bonding. Class C space witnessed negative absorption across three of the six submarkets, with positive absorption in the Western Suburbs, South, and Ankeny submarkets.

The positive net absorption for total office space was nearly the same as was witnessed in 2014, which experienced over 230,000 square feet of positive absorption. Positive absorption was also witnessed

in 2015, with approximately 65,000 square feet absorbed. With the addition of new office space at corporate home offices such as Wells Fargo and Pioneer, it appears that shadow space (empty desks) is becoming less of an issue, which will aid in the office market recovery.

GREATER DSM OFFICE ABSORPTION FIG. 5



OFFICE ABSORPTION - ENTIRE MARKET

FIG. 6

Submarket	CLASS A			CLASS B			CLASS C			TOTAL (SF)		
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
Western Suburbs	127,221	61,337	36,596	30,288	75,967	28,910	42,359	(2,229)	8,918	199,868	135,075	74,424
CBD	32,424	64,808	143,132	13,540	(7,527)	70,289	(66,718)	(21,716)	(31,126)	(20,754)	35,565	182,295
Northwest Des Moines	793	159	2,775	7,578	0	0	14,154	(51,175)	(10,043)	22,525	(51,016)	(7,268)
Northeast Des Moines	N/A	N/A	N/A	(2,050)	0	1,025	(6,028)	0	(135)	(8,078)	0	890
South Des Moines	N/A	N/A	N/A	6,070	6,503	(50,075)	12,655	(25,166)	644	18,725	(18,663)	(49,431)
Ankeny	0	0	0	15,388	(34,945)	27,047	2,940	(802)	1,336	18,328	(35,747)	28,383
Greater Des Moines Total	160,438	126,304	182,503	70,814	39,998	77,196	(638)	(101,088)	(30,406)	230,614	65,214	229,293

OFFICE COMPETITIVE MARKET

INVENTORY

Competitive office is a segment of the entire market and 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. There was a change in Class B inventory in the Western Suburbs and Ankeny submarkets due to the reclassification of buildings from non-competitive. Despite the reclassification of some buildings, the overall

competitive inventory of 50.2% of the entire market is unchanged from the previous survey. The percentage of competitive inventory relative to the entire market for Classes A, B, and C is 43.6%, 62.6%, and 54.7%, respectively.

OFFICE INVENTORY - COMPETITIVE MARKET

FIG. 7

Submarket	CLASS A			CLASS B			CLASS C			TOTAL (SF)			TOTAL BUILDINGS		
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
Western Suburbs	3,949,490	3,949,490	3,979,490	1,913,303	1,919,403	1,934,131	1,738,593	1,738,593	1,738,593	7,601,386	7,607,486	7,652,214	252	253	255
CBD	2,680,231	2,701,519	2,701,519	1,302,405	1,354,405	1,354,405	982,324	952,452	900,396	4,964,960	5,008,376	4,956,320	63	63	62
Northwest Des Moines	79,296	79,296	79,296	23,150	23,150	23,150	490,302	497,604	488,004	592,748	600,050	590,450	38	39	38
Northeast Des Moines	0	0	0	18,900	18,900	18,900	83,348	83,348	75,440	102,248	102,248	94,340	7	7	6
South Des Moines	0	0	0	94,008	94,008	94,008	87,960	87,960	87,960	181,968	181,968	181,968	16	16	16
Ankeny	0	0	0	230,464	243,114	303,110	101,237	101,237	101,237	331,701	344,351	404,347	29	30	31
Greater Des Moines Total	6,709,017	6,730,305	6,760,305	3,582,230	3,652,980	3,727,704	3,483,764	3,461,194	3,391,630	13,775,011	13,844,479	13,879,639	405	408	408

OFFICE OCCUPANCY - COMPETITIVE MARKET

FIG. 8

Submarket	CLASS A			CLASS B			CLASS C			TOTAL		
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
Western Suburbs	88.1%	87.6%	85.0%	78.9%	82.6%	84.8%	89.2%	87.5%	87.9%	86.1%	86.3%	85.6%
CBD	79.0%	79.3%	84.5%	82.7%	79.1%	80.4%	87.4%	87.2%	88.9%	81.6%	80.7%	84.2%
Northwest Des Moines	91.2%	91.4%	94.9%	100.0%	100.0%	100.0%	83.5%	80.6%	80.2%	85.2%	82.8%	82.9%
Northeast Des Moines	N/A	N/A	N/A	58.8%	58.8%	63.8%	86.2%	86.2%	95.2%	81.1%	81.1%	88.9%
South Des Moines	N/A	N/A	N/A	85.3%	92.2%	86.1%	90.2%	77.1%	77.8%	87.7%	84.9%	82.1%
Ankeny	N/A	N/A	N/A	88.4%	85.7%	77.7%	92.0%	91.2%	92.6%	89.5%	87.3%	81.4%
Greater Des Moines Total	84.5%	84.3%	84.9%	81.1%	81.7%	82.7%	87.9%	86.2%	87.1%	84.5%	84.1%	84.8%

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. Overall occupancy of competitive office space increased from 84.1% last year to 84.8% this year. Overall, increases in occupancy were witnessed across all three classes of space.

The competitive market experienced positive total absorption of 129,954 SF across all three classes. The positive absorption amount reflects the continued improvement in the market. This year's survey mirrored the results of last year with the Western Suburbs submarket competitive Class A office segment experiencing negative absorption, offset by positive Class A absorption in the CBD. The negative absorption in the Western Suburbs is mainly driven by the relocation of Wells Fargo and Pioneer employees to their new corporate office campuses. Negative absorption was witnessed for

Class C space overall, with the largest negative absorption occurring in the CBD.

The general economy and Iowa's unemployment rate continue to improve. However, little inventory is expected to be added to the market in 2016. In many situations, current rental rates do not justify new construction. Expect modest overall positive absorption in the office market through 2016; however, it remains a tenant's market and concessions continue. Tenant concessions are dependent upon specific building conditions.

The following summarizes office construction in the Greater Des Moines metropolitan market:

- A new Class A multi-tenant office building has been constructed in West Des Moines at 7545 Ashworth Road. This building contains 30,000 square feet and is reported to be fully occupied by two tenants.

2016 NEW CONSTRUCTION

- New construction of a 3-story 73,000 square foot Class A office building is proposed for the Gray's Lake Office Park located at Martin Luther King Jr. Parkway and SW 9th Street, just south of the CBD. Features include free surface parking (with underground parking available) rooftop deck, fitness center, showers, and onsite bike storage. The proposed lease rate is between \$16.00-\$18.00/SF NNN.

OFFICE ABSORPTION - COMPETITIVE MARKET

FIG. 9

Submarket	CLASS A			CLASS B			CLASS C			TOTAL (SF)		
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
Western Suburbs	82,966	(19,747)	(77,187)	15,307	75,831	54,717	60,851	(29,556)	6,954	159,124	26,528	(15,516)
CBD	85,767	24,922	140,479	2,605	(5,755)	17,607	28,487	(28,013)	(30,086)	116,859	(8,846)	128,000
Northwest Des Moines	793	159	2,775	7,547	0	0	13,728	(8,333)	(9,690)	22,068	(8,174)	(6,915)
Northeast Des Moines	N/A	N/A	N/A	(2,022)	0	945	2,592	0	(27)	570	0	918
South Des Moines	N/A	N/A	N/A	6,111	6,487	(5,734)	2,375	(11,523)	616	8,486	(5,036)	(5,118)
Ankeny	N/A	N/A	N/A	15,352	4,619	27,168	2,936	(810)	1,417	18,288	3,809	28,585
Greater Des Moines Total	169,526	5,334	66,067	44,900	81,182	94,703	110,969	(78,235)	(30,816)	325,395	8,281	129,954

INDUSTRIAL & 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, especially in the CBD. In other submarkets, flex space has a wider variety of occupiers.

Over 60% of the flex market is located in the Western Suburbs submarket, which has an inventory of 3,313,328 SF. This is the same inventory from the previous survey, as no new flex space has been added since the previous survey.

OCCUPANCY AND EVENTS

Overall occupancy of flex space increased since the last survey from 90.7% in 2015 to 92.8% in 2016. Occupancy gains were experienced in all submarkets with the exception of the Northwest and South submarkets which remained unchanged.

Quoted net lease rates for flex properties average \$7.50/SF for finished office space and \$4.50/SF

for unfinished space. In some cases, actual base rents have been lowered in addition to offering concessions such as rent abatement and attractive tenant improvement allowances.

ABSORPTION

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

Aggregate absorption was positive in occupied flex space since the previous survey with over 100,000 square feet of net positive absorption. This is a turnaround from the previous year which experienced negative absorption. Each of the submarkets experienced positive absorption this year except for the Northwest and South submarkets which experienced zero absorption. The positive absorption was driven mainly by the Western Suburbs submarket where the majority of the flex space is located.

There is ample land available for further flex development, however, significant new flex development is not expected in the immediate future.

FLEX INVENTORY							FIG.10			FLEX OCCUPANCY				FIG.11			FLEX ABSORPTION				FIG.12		
Submarket	TOTAL (SF)			TOTAL BUILDINGS			Submarket	2014	2015	2016	Submarket	2014	2015	2016	Submarket	TOTAL (SF)							
	2014	2015	2016	2014	2015	2016										2014	2015	2016					
Western Suburbs	3,313,328	3,313,328	3,313,328	93	93	93	Western Suburbs	91.1%	89.5%	92.3%	Western Suburbs	111,952	(53,013)	92,773									
CBD	706,197	589,697	589,697	13	9	9	CBD	82.1%	90.4%	91.6%	CBD	22,598	(46,702)	7,076									
Northwest Des Moines	99,161	99,161	99,161	6	6	6	Northwest Des Moines	90.2%	93.2%	93.2%	Northwest Des Moines	(1,983)	2,975	0									
Northeast Des Moines	586,110	586,110	586,110	21	21	21	Northeast Des Moines	90.9%	94.0%	94.4%	Northeast Des Moines	19,928	18,169	2,344									
South Des Moines	237,370	237,370	237,370	5	5	5	South Des Moines	97.7%	100.0%	100.0%	South Des Moines	0	5,460	0									
Ankeny	421,710	421,710	421,710	16	16	16	Ankeny	93.9%	91.9%	92.2%	Ankeny	71,269	(8,434)	1,265									
Greater Des Moines Total	5,363,876	5,247,376	5,247,376	154	150	150	Greater Des Moines Total	90.6%	90.7%	92.8%	Greater Des Moines Total	223,764	(81,545)	103,458									

INDUSTRIAL WAREHOUSE | MANUFACTURING

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		
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
Western Suburbs	1,278,956	1,270,413	1,270,413	8,041,962	8,359,962	8,664,647	9,320,918	9,630,375	9,935,060	197	198	201
CBD	1,363,417	1,175,117	1,145,085	194,565	194,565	194,565	1,557,982	1,369,682	1,339,650	48	44	43
Northwest Des Moines	725,104	725,104	725,104	520,086	520,086	520,086	1,245,190	1,245,190	1,245,190	68	68	68
Northeast Des Moines	4,354,396	4,354,396	4,354,396	8,270,539	8,693,359	9,507,519	12,624,935	13,047,755	13,861,915	249	254	258
South Des Moines	1,596,438	1,596,438	1,596,438	2,152,001	2,152,001	2,252,001	3,748,439	3,748,439	3,848,439	56	56	57
Ankeny	271,610	271,610	271,610	3,009,275	3,047,748	3,397,316	3,280,885	3,319,358	3,668,926	65	65	68
Greater Des Moines Total	9,589,921	9,393,078	9,363,046	22,188,428	22,967,721	24,536,134	31,778,349	32,360,799	33,899,180	683	685	695

MANUFACTURING INVENTORY

FIG. 14

Submarket	PRE-1970			POST -1970			TOTAL (SF)			TOTAL BUILDINGS		
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
Western Suburbs	1,312,217	1,296,537	1,296,537	1,718,007	1,742,326	1,742,326	3,030,224	3,038,863	3,038,863	59	58	58
CBD	237,023	237,023	237,023	64,900	64,900	54,500	301,923	301,923	291,523	11	11	10
Northwest Des Moines	795,857	795,857	795,857	50,587	50,587	50,587	846,444	846,444	846,444	12	12	12
Northeast Des Moines	4,340,106	4,340,106	4,340,106	1,756,713	1,756,713	1,756,713	6,096,819	6,096,819	6,096,819	70	70	70
South Des Moines	388,600	388,600	388,600	810,742	810,742	810,742	1,199,342	1,199,342	1,199,342	19	19	19
Ankeny	565,921	565,921	565,921	1,342,963	1,342,963	1,394,463	1,908,884	1,908,884	1,960,384	15	15	15
Greater Des Moines Total	7,639,724	7,624,044	7,624,044	5,743,912	5,768,231	5,809,331	13,383,636	13,392,275	13,433,375	186	185	184

INDUSTRIAL WAREHOUSE

OCCUPANCY AND EVENTS

Overall occupancy of warehouse space in the Greater Des Moines market increased since the previous survey from 93.3% in 2015, to 93.8% in 2016.

The occupancy of manufacturing space has been hovering above 95% occupied for several years. This year, manufacturing occupancy declined slightly from 97.3% in 2015, to 96.7% in 2016. Declines were experienced in the Northeast and South submarkets, with increases in occupancy in each of the other submarkets, with the exception of Ankeny which remained unchanged.

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

- In the Northeast submarket, a new high cube warehouse has been constructed and added to the survey. The building contains 600,000 square feet and is fully occupied by a single tenant. The building is located at the southeast corner of NE 14th Street and NE 58th Avenue.
- A speculative warehouse that contains 110,600 square feet has been added to the Northeast submarket. This is located in the Albaugh Industrial Park between NE 58th Avenue and NE 66th Avenue (east of NE 14th Street).
- Within the same industrial park, two additional warehouse buildings have been added due to new construction. These two buildings total 102,000 square feet and are fully occupied.
- In the CBD, a pre-1970 warehouse which was fully occupied has been removed from the survey. This building contained 30,032 square feet. In the same neighborhood, a post-1970 manufacturing building which had been vacant for the past few years was also removed, which contained 10,400 square feet. Both of these buildings have been razed and the site is being developed with a new hotel.
- In the Ankeny submarket, three separate warehouse buildings have been constructed and added to the survey. A local developer has constructed a 60,000 square foot speculative warehouse on SE Shurfine. Northstar is occupying a new warehouse on SE 72nd Street that contains 83,568 square feet. A new speculative high-cube warehouse containing 206,000 square feet is nearing completion and has been added to the survey.

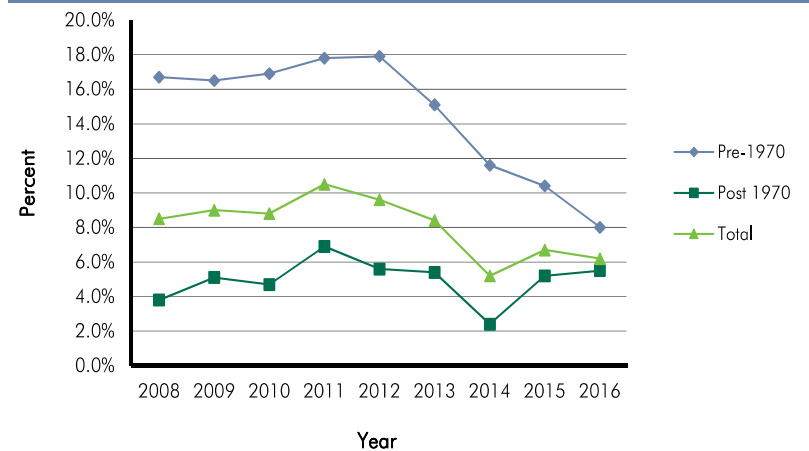
WAREHOUSE OCCUPANCY

FIG. 15

Submarket	PRE-1970			POST -1970			TOTAL		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
Western Suburbs	82.5%	97.3%	97.3%	96.5%	91.6%	93.6%	94.6%	92.4%	94.1%
CBD	68.3%	67.3%	69.0%	78.1%	82.6%	82.6%	69.5%	69.4%	71.0%
Northwest Des Moines	90.5%	94.5%	93.0%	100.0%	91.3%	88.4%	94.5%	93.1%	91.0%
Northeast Des Moines	96.9%	94.3%	96.2%	98.5%	96.3%	96.9%	97.9%	95.7%	96.7%
South Des Moines	84.5%	83.0%	90.9%	99.5%	97.7%	94.3%	93.1%	91.4%	92.9%
Ankeny	100.0%	100.0%	100.0%	97.5%	98.3%	92.0%	97.7%	98.5%	92.6%
Greater Des Moines Total	88.4%	89.6%	92.0%	97.6%	94.8%	94.5%	94.8%	93.3%	93.8%

GREATER DES MOINES WAREHOUSE VACANCY

FIG. 16



INDUSTRIAL MANUFACTURING

- The South submarket warehouse inventory is being increased due to the construction of a 100,000 square foot high-cube warehouse in the Airport Commerce Park located south of the airport.
- In the Western Suburbs submarket, another high-cube warehouse located at the northwest corner of Highway 141 and NW 62nd Avenue in Grimes, has been added due to new construction. This building contains 182,000 square feet, with 50,000 square feet available for lease.
- Two additional warehouse buildings located in Grimes have been newly constructed and added. These two warehouses contain 22,500 SF and 22,800 SF respectively.

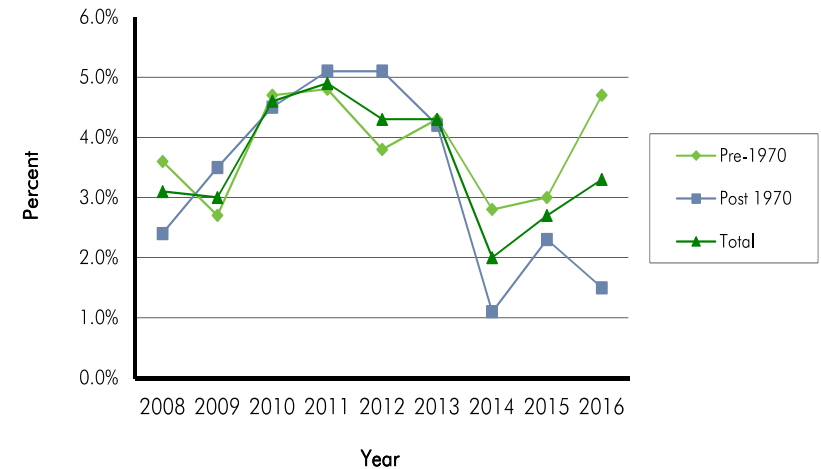
MANUFACTURING OCCUPANCY

FIG. 17

Submarket	PRE-1970			POST -1970			TOTAL		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
Western Suburbs	99.4%	100.0%	100.0%	98.9%	96.3%	99.1%	99.1%	97.9%	99.5%
CBD	73.0%	73.0%	73.0%	100.0%	84.0%	100.0%	78.8%	75.4%	78.0%
Northwest Des Moines	93.7%	93.7%	93.7%	43.6%	43.6%	100.0%	90.7%	90.7%	94.0%
Northeast Des Moines	97.9%	97.7%	94.7%	100.0%	99.2%	99.0%	98.5%	98.2%	95.9%
South Des Moines	100.0%	96.4%	96.4%	98.3%	98.3%	93.4%	98.9%	97.7%	94.4%
Ankeny	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Greater Des Moines Total	97.2%	97.0%	95.3%	98.9%	97.7%	98.5%	98.0%	97.3%	96.7%

GREATER DSM MANUFACTURING VACANCY

FIG. 18



ABSORPTION

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

The Greater Des Moines total warehouse market inventory increased and occupancy also increased, resulting in positive aggregate absorption of over 1,600,000 SF. This is in addition to positive absorption the prior three years. The Northeast submarket led with 923,815 SF of positive

absorption followed by the Western Suburbs submarket, with 452,384 SF of positive absorption. Ankeny and the South submarkets experienced positive absorption as well. The Northwest and CBD submarkets experienced minimal negative warehouse absorption.

In the manufacturing sector, overall negative absorption occurred with 44,642 SF of net negative

absorption since the prior survey. Negative absorption was experienced in the Northeast and South submarkets with positive absorption in the Western Suburbs, Northwest, and Ankeny submarkets. The CBD experienced virtually zero absorption.

Fig. 19 and Fig. 20 (page 14) summarize absorption for both warehouse and manufacturing segments.

INDUSTRIAL WAREHOUSE | MANUFACTURING

WAREHOUSE ABSORPTION

FIG. 19

Submarket	PRE-1970			POST -1970			TOTAL		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
Western Suburbs	(181,263)	180,973	0	516,803	(102,768)	452,384	335,540	78,205	452,384
CBD	(72,595)	(140,360)	(745)	3,502	8,755	0	(69,093)	(131,605)	(745)
Northwest Des Moines	21,389	29,004	(10,877)	10,922	(45,247)	(15,082)	32,311	(16,243)	(25,959)
Northeast Des Moines	433,763	(113,214)	82,734	452,864	225,224	841,081	886,627	112,010	923,815
South Des Moines	(94,190)	(23,947)	126,119	58,104	(38,736)	21,132	(36,086)	(62,683)	147,251
Ankeny	0	0	0	63,195	61,893	129,594	63,195	61,893	129,594
Greater Des Moines Total	107,104	(67,544)	197,231	1,105,390	109,121	1,429,109	1,212,494	41,577	1,626,340

MANUFACTURING ABSORPTION

FIG. 20

Submarket	PRE-1970			POST -1970			TOTAL		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
Western Suburbs	55,377	(7,807)	0	30,127	(21,249)	48,785	85,504	(29,056)	48,785
CBD	(25,578)	0	0	10,384	(10,384)	(16)	(15,194)	(10,384)	(16)
Northwest Des Moines	0	0	0	0	0	28,531	0	0	28,531
Northeast Des Moines	(37,493)	(8,680)	(130,203)	32,420	(14,054)	(3,513)	(5,073)	(22,734)	(133,716)
South Des Moines	38,471	(13,990)	0	86,749	0	(39,726)	125,220	(13,990)	(39,726)
Ankeny	0	0	0	45,153	0	51,500	45,153	0	51,500
Greater Des Moines Total	30,777	(30,477)	(130,203)	204,833	(45,687)	85,561	235,610	(76,164)	(44,642)

RETAIL



RETAIL REGIONAL MALLS

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 three 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), and Merle Hay Mall located in the Northwest Des Moines submarket. Occupancy at the three malls remains relatively strong. The Jordan Creek Town Center has had the

highest occupancy of all the malls since its opening. Occupancy declined slightly from last year from 98.6% occupied to 97.7%. The vacated Victoria's Secret and Coldwater Creek space on the first floor has been filled with two new tenants: Michael Kors and Anthropologie. Anthropologie will occupy approximately 9,000 square feet and Michael Kors will be about 2,500 square feet. New retailers announced for 2016 include Oakley, which is a retailer best known for its sunglasses is scheduled to open a store this summer. Forever 21, will move temporarily into the old Tommy Hilfiger space on the first floor in February while construction of their current space is expanded. The new Forever 21 store is expected to open June 1st. Other changes are coming which will be announced as leases are signed and space is made available.

The other two malls both had increased occupancy since the previous survey. The occupancy at Valley West Mall increased from 91.0% in 2015 to 92.0% occupied in 2016.

Similarly, Merle Hay Mall increased slightly from 93.6% in 2015, to 94.1% in 2016. Flix Brewhouse is the only first-run movie theater in the world to have a fully functioning microbrewery. The movie theater occupies approximately 40,000 SF and is located in the center of the mall.

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

RETAIL SHOPPING MALL STATUS										FIG. 21
Center	INVENTORY (SF)			TOTAL STORES			OCCUPANCY			
	2014	2015	2016	2014	2015	2016	2014	2015	2016	
Merle Hay Mall	941,866	941,866	941,866	131	94	96	96.0%	93.6%	94.1%	
Valley West Mall	910,000	910,000	910,000	132	111	114	96.5%	91.0%	92.0%	
Jordan Creek Town Center	979,000	979,000	979,000	138	123	120	98.0%	98.6%	97.7%	
Greater Des Moines Total	2,830,866	2,830,866	2,830,866	401	328	330	96.9%	94.5%	94.7%	

RETAIL

NEIGHBORHOOD & COMMUNITY CENTERS

NEIGHBORHOOD AND COMMUNITY CENTERS

The neighborhood and community center analysis focuses on multi-tenant centers 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 2016, the Greater Des Moines market experienced an increase in inventory with over 120,000 SF of net new space added. This is in addition to over 65,000 SF of net new space added in 2015. The Western Suburbs, CBD, Northwest and Ankeny submarkets each experienced increases in inventory, while the South submarket saw a decline in inventory. The Northeast submarket inventory remained unchanged. Overall occupancy increased from 80.8% in 2015, to 82.6% in 2016, following a year of slightly decreased occupancy. Each of the submarkets witnessed an increase in occupancy which is reflective of an improving economy.

The following summarizes current and recently completed neighborhood retail construction and other relevant events in the Greater Des Moines metropolitan market:

- In Ankeny, a newly constructed multi-tenant retail center located west of I-35 on East 1st Street has been delivered. This new center contains 10,220 square feet. The center is approximately 25% leased, with Subway as one of the end cap tenants.
- Also in Ankeny, a new retail center has been constructed and added to inventory in the Prairie Trail area north of Oralabor Road and west of State Street. The new retail center contains 16,417 square feet.

- Another retail shopping center in Ankeny is nearing completion and has been added to the survey. This building located west of the Prairie Trail area on Oralabor Road, will contain approximately 29,700 square feet, with Ace Hardware as one of the tenants.
- In the Northwest submarket, a new retail center has been constructed and added to the survey. This is a two bay center located in front of Office Max/Dollar General that contains 6,090 square feet. The retail building is fully occupied with Pancheros as one of the tenants.
- In the CBD, a new retail center has been constructed and added to the survey. This is located south of I-235 on Keo Way in the north portion of the CBD. The new retail center contains 9,565 square feet, and currently has Subway as one of the end cap tenants, and an Asian restaurant as the other end cap tenant.

NEIGHBORHOOD AND COMMUNITY CENTER INVENTORY

FIG.22

Submarket	TOTAL (SF)			TOTAL BUILDINGS		
	2014	2015	2016	2014	2015	2016
Western Suburbs	3,607,235	3,655,671	3,713,156	181	184	187
CBD	116,867	116,867	138,432	3	3	5
Northwest Des Moines	784,296	774,148	780,238	53	52	53
Northeast Des Moines	803,265	818,613	818,613	41	43	43
South Des Moines	616,938	591,706	582,211	31	31	31
Ankeny	692,941	731,332	777,469	42	46	48
Greater Des Moines Total	6,621,542	6,688,337	6,810,119	351	359	367

NEIGHBORHOOD & COMMUNITY CENTER OCCUPANCY

FIG.23

Submarket	2014	2015	2016
Western Suburbs	82.6%	83.0%	83.4%
CBD	49.7%	37.1%	42.0%
Northwest Des Moines	83.8%	79.2%	81.8%
Northeast Des Moines	86.8%	85.8%	87.6%
South Des Moines	74.6%	70.6%	78.1%
Ankeny	82.5%	80.9%	84.2%
Greater Des Moines Total	81.9%	80.8%	82.6%

RETAIL NEIGHBORHOOD & COMMUNITY CENTERS

- Also in the CBD, a new retail center has been constructed and added to the retail inventory. Located in the south portion of the CBD on 9th Street, this new development is known as Cityville. This is a mixed-use development with residential uses on the upper floors and approximately 12,000 square feet of retail space available on the ground level.
- In West Des Moines, construction has been completed on the Hawthorne Plaza III retail development. This is located west of the other two phases of the Hawthorne Plaza development on University Avenue. This most recent phase includes two buildings which total 55,031 square feet.
- Also in West Des Moines, a newly constructed multi-tenant retail center has been completed and added to the Western Suburbs retail inventory. This retail center contains 14,854 square feet, and is located near the Jordan Creek Town Center in front of Kohl's.
- South Creek Crossing is a new retail center located in West Glen at 5585 Mills Civic Parkway. The retail center contains over 8,400 SF of retail/restaurant space, with delivery expected in the 1st quarter of this year.
- A two bay retail center was added to the South submarket retail inventory, which contains 3,025 square feet. One half of this center is occupied with a Jimmy John's, and the other half is currently vacant.

ABSORPTION

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

Overall net absorption was positive for the Greater Des Moines area with 217,136 SF of positive net absorption since the first quarter of 2015. Positive absorption occurred in each of the submarkets, with no negative absorption occurring. Ankeny and the Western Suburbs submarkets experienced the largest amounts of positive absorption, each with over 60,000 square feet absorbed.

Fig. 24 summarizes absorption between the first quarters of 2014, 2015, and 2016.

2016 NEW CONSTRUCTION DELIVERIES AND PLANS

- West of I-80/35 on Hickman Road, a new retail strip center is under construction. This is located in front of the new Lifetime Fitness facility, east of the Kum & Go convenience store. The new center will contain approximately 7,600 square feet.
- A new multi-tenant retail center is being constructed in Grimes, west of Highway 141 in the Gateway Business Park. The new center is to contain 5,300 square feet, with expected delivery in the 2nd quarter of 2016.
- In Johnston, a new retail center is being constructed on NW 86th Street. This is within the Westfield Commercial Plaza and will be the second building in the development to be constructed. The new building will contain approximately 4,000 square feet.

NEIGHBORHOOD AND COMMUNITY CENTER ABSORPTION

FIG.24

Submarket	TOTAL		
	2014	2015	2016
Western Suburbs	183,882	54,631	62,565
CBD	(45)	(14,725)	14,784
Northwest Des Moines	72,208	(44,115)	25,109
Northeast Des Moines	18,837	5,136	14,735
South Des Moines	(1,851)	(42,491)	36,962
Ankeny	26,043	19,971	62,981
Greater Des Moines Total	299,074	(21,593)	217,136

RETAIL BIG BOX

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.

Big box inventory increased from 2015 to 2016, with over 88,500 SF of net new space. This is the result of new construction of two separate big box stores in West Des Moines and Clive. The new West Des Moines big box store is located on Mills Civic Parkway, east of South 60th Street, and contains retailers REI and Fresh Market. Approximately one-third of the building is available for lease. Natural Grocers is a new grocery store constructed in Clive at the corner of 86th and Hickman.

Fig. 25 summarizes big box retail inventory for 2014, 2015, and 2016.

BIG BOX INVENTORY				FIG.25		
Submarket	TOTAL (SF)			TOTAL BUILDINGS		
	2014	2015	2016	2014	2015	2016
Western Suburbs	5,065,081	5,169,541	5,258,073	65	67	69
CBD	0	0	0	0	0	0
Northwest Des Moines	447,926	390,246	390,246	10	9	9
Northeast Des Moines	1,617,932	1,576,772	1,576,772	21	21	21
South Des Moines	1,302,093	1,302,093	1,302,093	20	20	20
Ankeny	1,654,152	1,791,343	1,791,343	21	22	22
Greater Des Moines Total	10,087,184	10,229,995	10,318,527	137	139	141

BIG BOX OCCUPANCY				FIG.26		
Submarket	2014	2015	2016			
Western Suburbs	97.3%	92.4%	94.1%			
CBD	N/A	N/A	N/A			
Northwest Des Moines	96.4%	93.1%	100.0%			
Northeast Des Moines	95.2%	97.7%	93.7%			
South Des Moines	99.4%	99.2%	99.2%			
Ankeny	99.3%	95.7%	97.2%			
Greater Des Moines Total	97.5%	94.7%	95.4%			

OCCUPANCY AND EVENTS

Overall, big box occupancy increased from 94.7% in 2015, to 95.4% in 2016. Increases in occupancy were experienced in most submarkets, except the Northeast submarket which experienced the only decline in occupancy. There was no change in occupancy in the South submarket. The Dahl's stores went through a transition last year to new ownership and operations for some of the stores by Price Chopper. Not all stores were re-occupied for grocery store use and some of the buildings remain vacant. The vacancy of the Dahl's store in Eastwood Village on East Euclid was the main source of the decline in occupancy in the Northeast submarket. Other vacant Dahl's stores include 50th/EP True Parkway, 86th Street/Hickman (both in the Western Suburbs), and the Dahl's store in Ankeny. Approximately 35% of the Ankeny store has been leased. The former Dahl's store at 50th/EP True was purchased by Kum & Go. The front of the site will be a new Kum & Go convenience

store. The grocery store is available for partial re-use or redevelopment. The former Dahl's store on Grand Avenue in West Des Moines was backfilled with The Picker Knows antique store, and is now fully occupied.

The former discount theatres on Merle Hay Road in the Northwest submarket have been vacant for the past few years. A Salvation Army store has occupied space there this year, and the submarket now has 100% occupancy for the big box sector.

The former American TV & Appliance retail store in Johnston was vacant last year, but now is occupied with Goodwill Industries; the Office Max store in Clocktower Square was vacant last year, but is now occupied with Fresh Thyme Market. Both of these events helped offset the Dahl's grocery store vacancies in the Western Suburbs.

2016 NEW CONSTRUCTION DELIVERIES AND PLANS

- Fareway has begun construction of a new grocery store in Johnston. The store is announced to contain 20,735 square feet and is to be located at 6005 Merle Hay Road.
- Construction has begun on the new Hy-Vee store planned for Court Avenue in the CBD. The site is located east of the courthouse, and completion is expected in 2017.

ABSORPTION

Overall net absorption was positive for the Greater Des Moines area with 161,917 SF of positive net absorption since the first quarter of 2015. Positive absorption was experienced in three submarkets, with the largest positive absorption in the Western Suburbs. Negative absorption occurred in the Northeast submarket, and the CBD and South submarkets experienced zero net absorption. The main catalyst for the Western Suburbs includes the 144,899 square foot occupancy of the former American TV & Appliance store on 86th Street in Johnston by Goodwill Industries, along with Fresh Thyme Market at Clocktower Square and the addition of REI/Fresh Market in West Des Moines, and Natural Grocers in Clive.

The largest amount of negative absorption occurred in the Northeast submarket, which experienced 63,071 SF of negative absorption, driven by the vacating of the Dahl's store on East Euclid Avenue.

BIG BOX RETAIL ABSORPTION

FIG.27

Submarket	TOTAL (SF)		
	2014	2015	2016
Western Suburbs	170,512	(151,668)	171,191
CBD	0	0	0
Northwest Des Moines	0	(68,482)	26,927
Northeast Des Moines	31,327	235	(63,071)
South Des Moines	13,021	(2,604)	0
Ankeny	128,636	71,742	26,870
Greater Des Moines Total	343,496	(150,777)	161,917

AREA DEMOGRAPHICS

EMPLOYMENT

Overall, the Des Moines MSA improved in 2015, up 10,000 jobs from 2014. Professional and business services had added the most jobs during that timeframe, followed by financial services, and leisure and hospitality. Only two sectors are down since last year: information and education and health services, down 300 and 100 jobs, respectively.

Iowa Workforce Development indicates that Iowa's nonfarm employment added 1,100 jobs in December 2015. The monthly gain was the second-consecutive and helped strengthen a year that was generally positive for nonfarm employment. Overall, the state averaged 2,100 jobs added per month during the year. Private sectors fueled the job growth in December, with gains in construction leading the way, which may be partially attributed to fair weather to end the year. Other services also had a large gain of 1,400 jobs. The growth was an expansion on an already prosperous year that saw 4,500 jobs added.

Annually, construction has added 10,000 jobs since last December. However, some of these gains may diminish in 2016 as large-scale projects come to an end. Education and health services are markedly up, with over 6,700 jobs,

followed by other services, adding 4,500 jobs. Financial activities added 3,200 jobs. Annual losses were slight in those industries that are down annually with the exception of manufacturing and information services.

Total unemployment remains consistently below the national average (Fig. 28).

POPULATION

The 2015 estimate for the Des Moines MSA indicates a population of 616,088. 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 metropolitan area are shown from 2006 through 2015 (Fig 29).

Growth rates for the Des Moines suburbs continue to outpace the Des Moines proper growth rate substantially. Following the economic recession

and downturn in building permits in 2008, the number issued increased in 2009 and remained relatively unchanged in 2010. Approximately the same number of total permits were issued in both 2011 and 2012, and an increase of nearly 20% was experienced in 2013. In 2014, permits dipped slightly, but rebounded in 2015 to the highest level since 2007.

UNEMPLOYMENT RATE FIG. 28

YEAR	DES MOINES MSA	STATE OF IOWA	UNITED STATES
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%
2012	5.2%	5.2%	8.1%
2013	4.6%	4.7%	7.4%
2014	4.2%	4.4%	6.2%
2015	3.5%	3.8%	5.3%

Source: Iowa Workforce Development & Bureau of Labor Statistics

SINGLE FAMILY BUILDING PERMITS FIG. 29

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total	2,970	2,333	1,198	1,445	1,427	1,708	1,776	2,125	2,066	2,262
Percentage Change	-20.97%	-21.45%	-48.65%	20.62%	-1.25%	19.69%	3.98%	19.65%	-2.78%	9.49%

Source: Each city within the Greater Des Moines area provides their own data.

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).

2015 HOUSEHOLD INCOME			FIG.30
Area	Median Household Income	Average Household Income	Per Capita Income
Des Moines MSA	\$60,555	\$79,801	\$31,436
Dallas County	\$77,613	\$97,875	\$37,419
Polk County	\$57,833	\$77,323	\$30,687
Warren County	\$65,280	\$79,272	\$30,311
Madison County	\$61,249	\$76,915	\$29,738
Guthrie County	\$55,199	\$64,370	\$26,940

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 \$7,755,191,970 in 2008, to \$9,346,317,273 in 2015, which is a 20.5% increase (Fig. 31).

RETAIL SALES			FIG.31
Year	Des Moines MSA	Percentage Change	
2008	\$7,755,191,970	2.46%	
2009	\$7,786,021,305	0.40%	
2010	\$7,588,426,960	(2.54%)	
2011	\$7,870,715,301	3.72%	
2012	\$8,270,064,777	5.07%	
2013	\$8,411,526,797	1.71%	
2014	\$8,787,650,388	4.47%	
2015	\$9,346,317,273	6.36%	

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

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 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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