

2017 REAL ESTATE **MARKET SURVEY** DES MOINES METRO

CBRE | Hubbell
Commercial

Part of the CBRE affiliate network

Prepared by Frandson & Associates, L.C

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

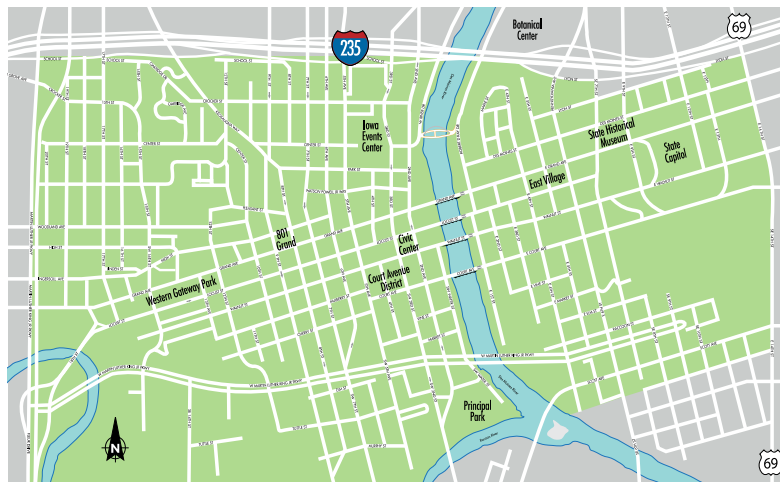
NORTHEAST - Consists of Northeast Des Moines (extended south to the Des Moines River), Pleasant Hill, Altoona, Eastern Saylor Township, and Delaware Township.

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.

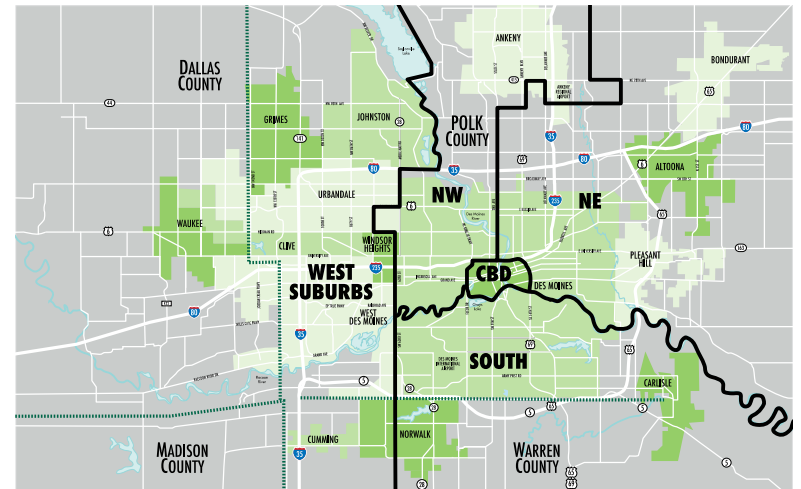
CBRE|Hubbell Commercial and Frandson & Associates have been conducting this survey since 1997. The 2017 Market Survey contains information collected during the first quarters of 2015, 2016, and 2017.

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. Office vacancies have declined slightly from the previous year while some new speculative office buildings are being constructed. New development of Class A office space is mainly a result of home office expansions and owner occupied construction. Lease rates have increased and 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

- In the CBD, new construction of EMC's Class A office building addition is nearing completion. The building contains 102,275 square feet and is located at 219 8th Street.
- A 7,447 square foot Class B office building has been constructed in Johnston and added to the survey. This office is owner occupied by AKC Marketing, and is located west of 86th Street at 8961 Thomas Avenue.
- In the same neighborhood, Premier Credit Union has constructed a loan office at 8831 Thomas Avenue. This Class B building contains 9,500 square feet and is completely owner occupied.

CENTRAL BUSINESS DISTRICT				WESTERN SUBURBS				FIG. 1
CLASS	FULL SERVICE RATE/SF			CLASS	FULL SERVICE RATE/SF			
A	\$17.75 to \$25.00			A	\$18.00 to \$24.50			
B	\$15.00 to \$17.75			B	\$15.00 to \$18.00			
C	Less than \$15.00			C	Less than \$15.00			

- In Ankeny, a Class B office building has been constructed and added to the inventory. This is a single-tenant office occupied by Century 21 located at 1620 SW Magazine Road. The newly constructed building contains 11,100 square feet.
- The Krause Gateway Center located at 1459 Grand Avenue in Gateway West is under construction currently. Steel girders are being placed and the first floor is starting to take shape. This will be the new headquarters for Kum & Go and will consist of a five-story building containing 159,000 square feet. Completion is expected in early 2018.
- Kemin Industries' new development at 1900 Scott Avenue is nearing the end of construction. This development included new construction, completed in phases from 2014 to 2017, and consists of the addition of lab space, production facilities, and a new corporate headquarters. The new two-story corporate headquarters office is connected to the rest of the facility and consists of 92,471 square feet.

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

OFFICE INVENTORY - ENTIRE MARKET

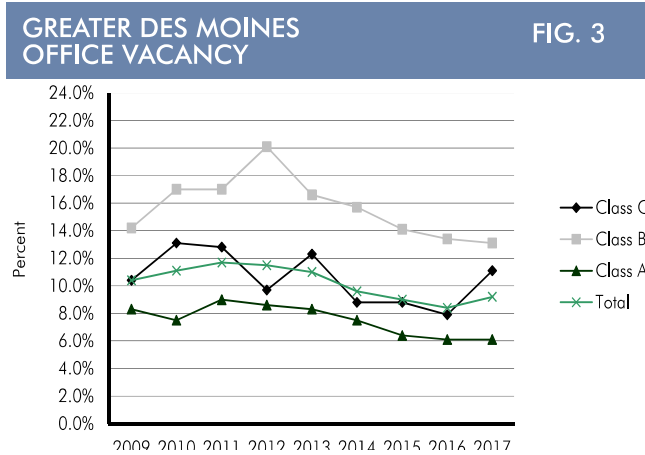
FIG. 2

Submarket	CLASS A			CLASS B			CLASS C			TOTAL (SF)			TOTAL BUILDINGS		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Western Suburbs	7,510,544	7,653,344	7,732,352	3,377,707	3,384,707	3,457,544	2,630,366	2,630,366	2,630,366	13,518,617	13,668,417	13,820,262	342	345	351
CBD	5,815,325	5,815,325	5,917,600	2,712,099	2,712,099	2,712,099	3,179,744	3,127,688	3,127,688	11,707,168	11,655,112	11,757,387	112	111	112
Northwest Des Moines	0	0	0	125,432	125,432	125,432	749,041	739,441	739,441	874,473	864,873	864,873	59	58	58
Northeast Des Moines	0	0	0	102,507	102,507	102,507	299,655	291,747	270,947	402,162	394,254	373,454	25	24	23
South Des Moines	0	0	0	197,981	197,981	153,607	220,297	220,297	220,297	418,278	418,278	373,940	20	20	19
Ankeny	16,732	16,732	16,732	338,194	338,194	359,374	167,481	167,481	167,481	522,407	522,407	543,587	36	36	38
Greater Des Moines Total	13,342,601	13,485,401	13,666,684	6,853,920	6,860,920	6,910,563	7,246,584	7,177,020	7,156,220	27,443,105	27,523,341	27,733,467	594	594	601

OFFICE ENTIRE MARKET

OCCUPANCY AND EVENTS

- There was minimal to no change in occupancy overall for Classes A and B. There was a decline in the Class C occupancy overall, driven by the vacating of an 117,000 square foot office in the South submarket. Hubbell Realty has purchased this former Farmland Insurance Headquarters at 1963 Bell and will renovate to Class A space that is available for multiple tenants.
- The IMT Group has announced plans for the construction of an 85,000 square foot office building north of Mills Civic Parkway and east of 81st Street in West Des Moines.
- Holmes Murphy & Associates plans to move their operations from West Des Moines to Waukee within the next year. The insurance brokerage firm has outgrown their currently leased space at 31st Street and Westown Parkway. Holmes Murphy is the first corporation to announce



plans to move to the Kettlestone development. The 90,000 square foot building is underway and expectations are for the project to be completed by early 2018.

- R&R Realty Group, has announced the development of Westfield Complex, which is a \$27 million office campus located on 12-acres in Country Club Office Plaza in West Des Moines. The complex will consist of two 80,000 square foot four-story office wings and will be connected by a four-story collaboration center. Completion and initial occupancy is expected in mid 2018.
- Mills Crossing is a proposed 35,000 square foot Class B office building located at 587 South 60th Street in West Des Moines. The proposal is for a four-story multi-tenant building with approximately 10,000 square feet available for negotiable NNN rent.

OFFICE OCCUPANCY - ENTIRE MARKET

FIG. 4

Submarket	CLASS A			CLASS B			CLASS C			TOTAL (SF)		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Western Suburbs	94.8%	93.5%	92.7%	88.3%	88.5%	86.6%	89.4%	90.3%	89.3%	92.1%	91.6%	90.6%
CBD	92.1%	94.3%	95.4%	82.9%	85.1%	86.8%	94.8%	95.9%	93.0%	90.7%	92.6%	92.8%
Northwest Des Moines	N/A	N/A	N/A	94.5%	96.8%	96.8%	83.6%	83.3%	84.1%	85.1%	85.3%	85.9%
Northeast Des Moines	N/A	N/A	N/A	100.0%	100.0%	100.0%	87.5%	90.2%	89.7%	90.7%	92.8%	92.5%
South Des Moines	N/A	N/A	N/A	96.3%	73.9%	95.3%	90.9%	88.5%	38.4%	93.4%	81.6%	61.7%
Ankeny	100.0%	100.0%	100.0%	72.0%	80.0%	78.4%	94.7%	95.5%	92.5%	80.2%	85.6%	83.4%
Greater Des Moines Total	93.6%	93.9%	93.9%	85.9%	86.6%	86.9%	91.2%	92.1%	88.9%	91.0%	91.6%	90.8%

OFFICE ENTIRE MARKET

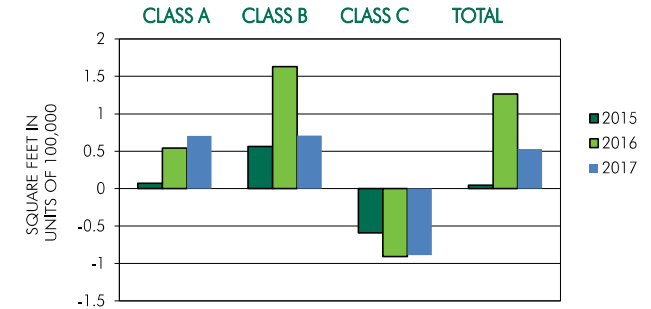
ABSORPTION

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

- There was positive absorption in the Class A market, driven by the addition of EMC's new Class A office in the CBD, and a new Class A office in the Western Suburbs submarkets.
- Class B office experienced positive absorption overall. The CBD had the largest absorption with 46,106 square feet. Positive absorption was also experienced in Class B space in Ankeny.
- There was minimal negative absorption for Class B Space in the Western Suburbs. The Northwest and Northeast submarket show no change.

- Class C negative absorption overall. Negative absorption experienced in each submarket with the exception of the Northeast.
- Negative absorption across all 3 classes, driven by the large negative absorption in the Class C market, which offset the positive absorption in Classes A & B.

GREATER DSM OFFICE ABSORPTION FIG. 5



OFFICE ABSORPTION - ENTIRE MARKET

FIG. 6

Submarket	CLASS A			CLASS B			CLASS C			TOTAL (SF)		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Western Suburbs	71,396	35,881	12,014	59,332	12,950	(1,233)	2,630	23,673	(26,304)	133,358	72,504	(15,523)
CBD	(3,570)	127,937	161,539	59,695	141,597	46,106	(21,000)	(94,673)	(90,703)	35,125	174,861	116,942
Northwest Des Moines	N/A	N/A	N/A	125	2,885	0	(51,094)	(10,244)	5,916	(50,969)	(7,359)	5,916
Northeast Des Moines	N/A	N/A	N/A	0	0	0	0	958	(20,116)	0	958	(20,116)
South Des Moines	N/A	N/A	N/A	0	(44,348)	80	(25,061)	(5,287)	(110,369)	(25,061)	(49,635)	(110,289)
Ankeny	0	0	0	(43,872)	27,056	11,194	8,374	1,340	(5,024)	(35,498)	28,396	6,170
Greater Des Moines Total	67,826	163,818	173,553	75,280	140,140	56,147	(86,151)	(84,233)	(246,600)	56,955	219,725	(16,900)

OFFICE COMPETITIVE MARKET

INVENTORY

- The Newport Building is a 79,008 square foot Class A speculative office building that has been delivered in the Western Suburbs. The building is located at 1075 Jordan Creek Parkway and will be partially occupied by FC Stone.

- In Urbandale, three separate Class B office buildings have been constructed and added to the Western Suburbs submarket. The buildings are located at the southeast quadrant of Meredith Drive and Urbandale Drive. Two of the buildings contain 18,000 square feet each, and the third consists of 19,890 square feet. Two of the

buildings are occupied and one remains vacant and available for lease.

- A new Class B speculative office has been constructed in Ankeny at 215 NW 18th Street. This is a 10,080 multi-tenant office that is vacant and available for lease.

OFFICE INVENTORY - COMPETITIVE MARKET

FIG. 7

Submarket	CLASS A			CLASS B			CLASS C			TOTAL (SF)			TOTAL BUILDINGS		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Western Suburbs	3,168,293	3,198,293	3,277,301	2,447,790	2,462,518	2,535,355	1,978,384	1,978,384	1,995,494	7,594,467	7,639,195	7,808,150	252	254	259
CBD	2,243,082	2,243,082	2,243,082	1,526,235	1,526,235	1,526,235	1,239,059	1,187,003	1,187,003	5,008,376	4,956,320	4,956,320	63	62	62
Northwest Des Moines	0	0	0	79,296	79,296	79,296	520,754	511,154	511,154	600,050	590,450	590,450	39	38	38
Northeast Des Moines	0	0	0	0	0	0	102,248	94,340	73,540	102,248	94,340	73,540	7	6	5
South Des Moines	0	0	0	75,216	75,216	75,216	93,720	93,720	93,720	168,936	168,936	168,936	15	15	15
Ankeny	0	0	0	209,274	269,270	279,350	135,077	135,077	135,077	344,351	404,347	414,427	30	31	32
Greater Des Moines Total	5,411,375	5,441,375	5,520,383	4,337,811	4,412,535	4,495,452	4,069,242	3,999,678	3,995,988	13,818,428	13,853,588	14,011,823	406	406	411

OFFICE OCCUPANCY - COMPETITIVE MARKET

FIG. 8

Submarket	CLASS A			CLASS B			CLASS C			TOTAL		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Western Suburbs	87.9%	84.7%	83.1%	84.0%	84.9%	85.2%	86.4%	87.9%	87.7%	86.3%	85.6%	85.0%
CBD	80.1%	85.9%	88.4%	76.9%	78.7%	78.8%	87.2%	88.7%	81.5%	80.7%	84.2%	83.8%
Northwest Des Moines	N/A	N/A	N/A	91.4%	94.9%	94.9%	81.5%	81.1%	82.1%	82.8%	82.9%	83.8%
Northeast Des Moines	N/A	N/A	N/A	100.0%	100.0%	100.0%	81.1%	88.9%	86.6%	81.1%	88.9%	86.6%
South Des Moines	N/A	N/A	N/A	90.3%	90.3%	90.3%	78.5%	73.0%	79.2%	83.8%	80.7%	84.1%
Ankeny	N/A	N/A	N/A	83.4%	74.9%	72.2%	93.4%	94.4%	90.7%	87.3%	81.4%	78.2%
Greater Des Moines Total	84.6%	85.2%	85.3%	81.7%	82.3%	82.5%	85.7%	87.1%	85.1%	84.1%	84.8%	84.3%

INVENTORY CONTINUED

- There was a slight increase in Class C inventory in the Western Suburbs due to the reclassification of a Class C office from non-competitive to competitive. This is the former State Farm Auto building located at the southwest corner of Westown Parkway and 28th Street in West Des Moines. Class C inventory decreased overall which was driven by the removal of a Class C office building located in the Northeast submarket at 2525 East Euclid. This building contained 20,800 square feet and was razed.

OCCUPANCY AND EVENTS

- The competitive office segment experienced little change in occupancy from the previous survey. There was increased occupancy in Class A office in the CBD.
- In the late 2000's, the market witnessed tenants asking for short lease terms and numerous options to terminate leases early. This trend has become less prevalent and 7 to 10 year lease terms are becoming more common.
- Base rent annual escalators are becoming ever more popular in the market. Our market was behind national markets and even other Iowa markets, but now a one to two and one half percent annual escalator is commonplace. This trend will continue as we see escalators in other Midwest markets of 2 to 3%.

- The office market will continue to be dominated by two geographic areas – CBD and Western Suburbs submarkets. However, keep an eye on the Ankeny market as more office buildings are being developed, specifically in Prairie Trail.

- Landlord concessions continue to be trimmed. The amount of rent abatement or free rent is shrinking and there are more instances where landlords are not turn-keying spaces. Tenants are being required to invest their own capital into tenant construction.

- Finding qualified and skilled labor is the number one issue for occupiers of office space. One of the largest high cube warehouse transactions last year was a 130,000 square foot space leased to Hy-Vee at Prairie Business Park in Grimes. It is being converted to a state-of-the-art IT office that will be attractive work space to millennials, specifically the tech employee.

- Absorption was witnessed in the Western Suburbs submarket. The Class C segment experienced negative absorption overall, with negative absorption in the CBD, Northeast, and Ankeny submarkets.

- 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. Construction is expected to be completed in 2018. The proposed lease rate is between \$16.00-\$18.00 per square foot NNN.

OFFICE COMPETITIVE MARKET

ABSORPTION

- Absorption is the net increase or decrease in actual area occupied between survey periods.
- There was positive Class A and Class B absorption overall. The largest Class A absorption was experienced in the CBD, while the largest Class B absorption was witnessed in the Western Suburbs submarket. The Class C segment experienced negative absorption overall, with negative absorption in the CBD, Northeast, and Ankeny submarkets.

2017 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. Construction is expected to be completed in 2018. The proposed lease rate is between \$16.00-\$18.00 per square foot NNN.
- As mentioned previously, Westfield Complex is being constructed in West Des Moines, with completion expected in mid 2018. This is an 180,000 square foot Class A office complex that will consist of both leased space and owner occupied space.
- In Ankeny, new construction is nearing completion on an addition to the mixed-use project in The District at Prairie Trail, located east of State Street and north of Magazine Road. The new addition contains 100,000 square feet of a mix of office and retail.

OFFICE ABSORPTION - COMPETITIVE MARKET

FIG. 9

Submarket	CLASS A			CLASS B			CLASS C			TOTAL (SF)		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Western Suburbs	(3,168)	(75,975)	14,483	51,516	34,534	69,445	(27,697)	29,676	11,049	20,651	(11,765)	94,977
CBD	10,386	130,099	56,077	9,029	98,419	1,526	(19,704)	(107,550)	(85,464)	(289)	120,968	(27,861)
Northwest Des Moines	N/A	N/A	N/A	159	2,775	0	(8,426)	(9,869)	5,112	(8,267)	(7,094)	5,112
Northeast Des Moines	N/A	N/A	N/A	0	0	0	0	945	(20,183)	0	945	(20,183)
South Des Moines	N/A	N/A	N/A	0	0	0	(11,528)	(5,155)	5,811	(11,528)	(5,155)	5,811
Ankeny	N/A	N/A	N/A	(4,393)	27,149	7	8,375	1,351	(4,998)	3,982	28,500	(4,991)
Greater Des Moines Total	7,218	54,124	70,560	56,311	162,877	70,978	(58,980)	(90,602)	(88,673)	4,549	126,399	52,865



FLEX & INDUSTRIAL

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. Inventory levels are static as no new flex space has been added since the previous survey.

- Increased occupancy across all submarkets. The Northeast submarket had the biggest decrease in occupancy from 94.4% in 2016, to 91.7% in 2017.
- Average quoted net lease rates for flex properties average \$8.00/SF for finished office space and \$5.00/SF for warehouse. In some cases, actual base rents have been increased with concessions such as rent abatement and tenant improvement allowances diminishing.

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

- Positive absorption experienced across all submarkets.
- The Western Suburbs, CBD, and Ankeny submarkets had positive absorption, while the Northeast submarket experienced negative absorption.

FLEX INVENTORY							FIG. 10		FLEX OCCUPANCY				FIG. 11		FLEX ABSORPTION				FIG. 12	
Submarket	TOTAL (SF)			TOTAL BUILDINGS			Submarket	2015	2016	2017	Submarket	2015	2016	2017	Submarket	TOTAL (SF)				
	2015	2016	2017	2015	2016	2017										2015	2016	2017		
Western Suburbs	3,313,328	3,313,328	3,313,328	93	93	93	Western Suburbs	89.5%	92.3%	92.8%	Western Suburbs	(53,013)	92,773	16,567						
CBD	589,697	589,697	589,697	9	9	9	CBD	90.4%	91.6%	94.9%	CBD	(46,702)	7,076	19,460						
Northwest Des Moines	99,161	99,161	99,161	6	6	6	Northwest Des Moines	93.2%	93.2%	93.2%	Northwest Des Moines	2,975	0	0						
Northeast Des Moines	586,110	586,110	586,110	21	21	21	Northeast Des Moines	94.0%	94.4%	91.7%	Northeast Des Moines	18,169	2,344	(15,825)						
South Des Moines	237,370	237,370	237,370	5	5	5	South Des Moines	100.0%	100.0%	100.0%	South Des Moines	5,460	0	0						
Ankeny	421,710	421,710	421,710	16	16	16	Ankeny	91.9%	92.2%	91.2%	Ankeny	(8,434)	1,265	4,217						
Greater Des Moines Total	5,247,376	5,247,376	5,247,376	150	150	150	Greater Des Moines Total	90.7%	92.8%	93.2%	Greater Des Moines Total	(81,545)	103,458	15,985						

INDUSTRIAL WAREHOUSE | MANUFACTURING

INVENTORY

There was increased inventory overall for the warehouse segment and an inventory decline overall in the manufacturing segment inventory. The following lists some of the new warehouse development projects that have occurred in the Greater Des Moines area. The largest increase in warehouse inventory occurred in the Northeast submarket.

- Within the Albaugh industrial park between NE 58th Avenue and NE 66th Avenue, a new warehouse has been added to the Northeast submarket inventory due to new construction located at 6096 NE Industry Drive. This building totals 78,000 square feet.
- Also in the Northeast submarket, the Graham Group has constructed a new 100,000 square foot high-cube warehouse which is located at 1844 NE 61st Street. This has been added to the Northeast submarket inventory and is fully occupied.
- Two additional warehouses owned by DRA Properties have been constructed and added to the Northeast submarket inventory. These buildings are located on NE Industry Drive and contain a combined 39,600 square feet.
- In Ankeny, a new warehouse has been constructed that contains 28,800 square feet. This is located at 1612 NE 69th Place. It is partially owner occupied with Keller & Sons, with approximately 10,000 square feet available for lease.
- A new warehouse has been constructed in Pleasant Hill and added to the survey. This warehouse is fully occupied by Dee Zee and consists of 80,000 square feet. It is located west of NE 56th Street on Sloan's Way.
- In Urbandale, a new 20,000 square foot warehouse has been constructed at 10301 Justin Drive. It is fully occupied by Probioferm.
- In the South submarket, a new office/warehouse is being constructed at the southwest quadrant of Army Post Road and SW 42nd Street. This will be occupied by EP2, and contains 242,800 square feet. Completion is expected in mid-2017.

WAREHOUSE INVENTORY

FIG. 13

Submarket	PRE-1970			POST -1970			TOTAL (SF)			TOTAL BUILDINGS		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Western Suburbs	1,270,413	1,270,413	1,270,413	8,359,962	8,664,647	8,684,647	9,630,375	9,935,060	9,955,060	198	201	202
CBD	1,175,117	1,145,085	1,145,085	194,565	194,565	183,273	1,369,682	1,339,650	1,328,358	44	43	42
Northwest Des Moines	725,104	725,104	714,050	520,086	520,086	520,086	1,245,190	1,245,190	1,234,136	68	68	67
Northeast Des Moines	4,354,396	4,354,396	4,354,396	8,693,359	9,507,519	9,805,119	13,047,755	13,861,915	14,159,515	254	258	263
South Des Moines	1,596,438	1,596,438	1,596,438	2,152,001	2,252,001	2,252,001	3,748,439	3,848,439	3,848,439	56	57	57
Ankeny	271,610	271,610	271,610	3,047,748	3,397,316	3,426,116	3,319,358	3,668,926	3,697,726	65	68	69
Greater Des Moines Total	9,393,078	9,363,046	9,351,992	22,967,721	24,536,134	24,871,242	32,360,799	33,899,180	34,223,234	685	695	700

INDUSTRIAL WAREHOUSE | MANUFACTURING

OCCUPANCY AND EVENTS

- There was a large decrease in occupancy of warehouse space in the South submarket, driven by the vacating of the former RR Donnelly building located at 5701 Park Avenue. This 510,000 square feet was the major factor in the overall declined occupancy in the warehouse segment.
- There was little change in manufacturing occupancy overall from the previous survey. The Northwest submarket witnessed a decline in occupancy driven by the vacating of Manko Glass manufacturing at 616 New York Avenue. An increase in manufacturing occupancy was witnessed in the CBD as a result of the removal of older manufacturing buildings that had been vacant and have been re-purposed in use.

2017 NEW CONSTRUCTION

- R&R Realty Group has broken ground on the expansion of Prairie Business Park at the southeast quadrant of NW 128th Street and NW 54th Avenue in Grimes. Prairie Business Park II will be similar in size as the first building, which contains 250,000 square feet. This is a high-cube warehouse with pre-leasing currently available and completion and occupancy expected in Fall 2017.
- Baker Group is constructing a new office/warehouse located at 1600 SE Corporate Woods Drive in Ankeny. This 141,616 square foot facility will be owner occupied and delivery is expected in Fall 2017.
- Graham Group has announced plans to construct a 300,000 square foot warehouse and distribution center on 20 acres at 6812 N.E. 22nd Street in Ankeny. Construction is expected to begin in the second quarter of 2017.
- Opus plans to add a second 210,000 +/- square foot warehouse facility in Ankeny's Corporate Woods Industrial Center.

MANUFACTURING INVENTORY

FIG. 14

Submarket	PRE-1970			POST -1970			TOTAL (SF)			TOTAL BUILDINGS		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Western Suburbs	1,296,537	1,296,537	1,296,537	1,742,326	1,742,326	1,742,326	3,038,863	3,038,863	3,038,863	58	58	58
CBD	237,023	237,023	211,418	64,900	54,500	54,500	301,923	291,523	265,918	11	10	8
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	783,954	1,199,342	1,199,342	1,172,554	19	19	18
Ankeny	565,921	565,921	565,921	1,342,963	1,394,463	1,394,463	1,908,884	1,960,384	1,960,384	15	15	15
Greater Des Moines Total	7,624,044	7,624,044	7,598,439	5,768,231	5,809,331	5,782,543	13,392,275	13,433,375	13,380,982	185	184	181

INDUSTRIAL WAREHOUSE | MANUFACTURING

WAREHOUSE OCCUPANCY

FIG. 15

Submarket	PRE-1970			POST -1970			TOTAL		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
Western Suburbs	97.3%	97.3%	97.3%	91.6%	93.6%	94.2%	92.4%	94.1%	94.6%
CBD	67.3%	69.0%	69.0%	82.6%	82.6%	81.5%	69.4%	71.0%	70.8%
Northwest Des Moines	94.5%	93.0%	91.1%	91.3%	88.4%	88.5%	93.1%	91.0%	90.0%
Northeast Des Moines	94.3%	96.2%	96.3%	96.3%	96.9%	95.5%	95.7%	96.7%	95.7%
South Des Moines	83.0%	90.9%	92.5%	97.7%	94.3%	72.1%	91.4%	92.9%	80.6%
Ankeny	100.0%	100.0%	100.0%	98.3%	92.0%	91.7%	98.5%	92.6%	92.3%
Greater Des Moines Total	89.6%	92.0%	92.2%	94.8%	94.5%	92.1%	93.3%	93.8%	92.2%

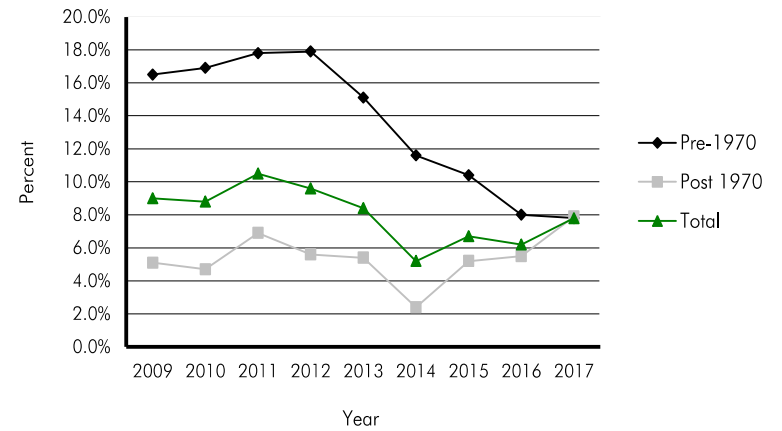
MANUFACTURING OCCUPANCY

FIG. 17

Submarket	PRE-1970			POST -1970			TOTAL		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
Western Suburbs	100.0%	100.0%	100.0%	96.3%	99.1%	99.1%	97.9%	99.5%	99.5%
CBD	73.0%	73.0%	81.8%	84.0%	100.0%	100.0%	75.4%	78.0%	85.6%
Northwest Des Moines	93.7%	93.7%	87.6%	43.6%	100.0%	100.0%	90.7%	94.0%	88.3%
Northeast Des Moines	97.7%	94.7%	94.7%	99.2%	99.0%	99.6%	98.2%	95.9%	96.1%
South Des Moines	96.4%	96.4%	96.4%	98.3%	93.4%	96.6%	97.7%	94.4%	96.5%
Ankeny	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Greater Des Moines Total	97.0%	95.3%	95.0%	97.7%	98.5%	99.1%	97.3%	96.7%	96.8%

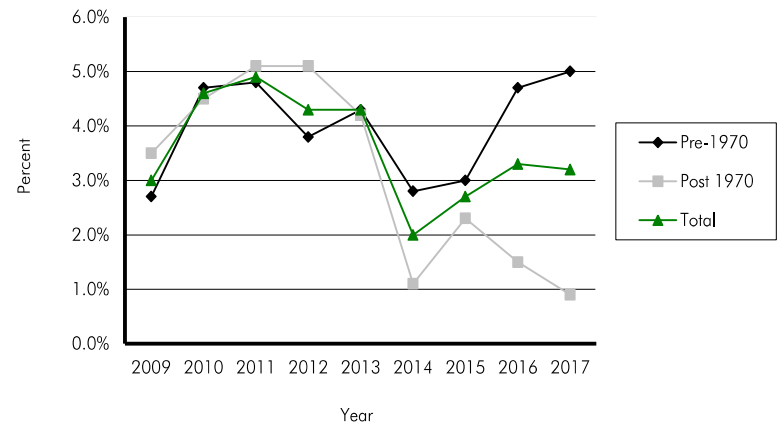
GREATER DES MOINES WAREHOUSE VACANCY

FIG. 16



GREATER DSM MANUFACTURING VACANCY

FIG. 18



INDUSTRIAL WAREHOUSE | MANUFACTURING

ABSORPTION

- Absorption is the net increase or decrease in actual area occupied between survey periods.
- Negative absorption experienced across both classes for manufacturing.
- The vacating of a building in the Northwest submarket at 616 New York Avenue, is a major driver in the negative manufacturing absorption overall.

Fig. 19 and Fig. 20 summarize absorption for both warehouse and manufacturing segments.

WAREHOUSE ABSORPTION

FIG. 19

Submarket	PRE-1970			POST -1970			TOTAL		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
Western Suburbs	180,973	0	0	(102,768)	452,384	70,828	78,205	452,384	70,828
CBD	(140,360)	(745)	0	8,755	0	(11,343)	(131,605)	(745)	(11,343)
Northwest Des Moines	29,004	(10,877)	(23,847)	(45,247)	(15,082)	520	(16,243)	(25,959)	(23,327)
Northeast Des Moines	(113,214)	(82,734)	4,354	225,224	841,081	151,103	112,010	758,347	155,457
South Des Moines	(23,947)	126,119	25,543	(38,736)	21,132	(499,944)	(62,683)	147,251	(474,401)
Ankeny	0	0	0	61,893	129,594	16,218	61,893	129,594	16,218
Greater Des Moines Total	(67,544)	31,763	6,050	109,121	1,429,109	(272,618)	41,577	1,460,872	(266,568)

MANUFACTURING ABSORPTION

FIG. 20

Submarket	PRE-1970			POST -1970			TOTAL		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
Western Suburbs	(7,807)	0	0	(21,249)	48,785	0	(29,056)	48,785	0
CBD	0	0	(87)	(10,384)	(16)	0	(10,384)	(16)	(87)
Northwest Des Moines	0	0	(48,547)	0	28,531	0	0	28,531	(48,547)
Northeast Des Moines	(8,680)	(130,203)	0	(14,054)	(3,513)	10,540	(22,734)	(133,716)	10,540
South Des Moines	(13,990)	0	0	0	(39,726)	67	(13,990)	(39,726)	67
Ankeny	0	0	0	0	51,500	0	0	51,500	0
Greater Des Moines Total	(30,477)	(130,203)	(48,634)	(45,687)	85,561	10,607	(76,164)	(44,642)	(38,027)

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

- Occupancy overall for the three malls increased slightly from the previous survey. Slight increases were experienced at Merle Hay Mall and Jordan Creek Town Center, and Valley West Mall occupancy did not change.

- Staples office supply store in Merle Hay Mall closed February 4th. The store opened in 2009, and was a catalyst for a major renovation at the mall.
- Merle Hay Mall has announced it has signed a lease with Ross Dress for Less. Ross Dress for Less is the largest off-price apparel and home fashion chain in the U.S. Ross is planning to open a 25,000 SF store replacing Staples.
- There was an increase in online shopping in 2016, up two percent from the previous year. That is causing mall operators to rethink their offerings.
- Jordan Creek Town Center continues to lead the market with 99% occupancy in 2017.

RETAIL SHOPPING MALL STATUS

FIG. 21

Center	INVENTORY (SF)			TOTAL STORES			OCCUPANCY		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
Merle Hay Mall	941,866	941,866	941,866	94	96	95	93.6%	94.1%	95.5%
Valley West Mall	910,000	910,000	910,000	111	114	110	91.0%	92.0%	92.0%
Jordan Creek Town Center	979,000	979,000	979,000	123	120	119	98.6%	97.7%	99.0%
Greater Des Moines Total	2,830,866	2,830,866	2,830,866	328	330	324	94.5%	94.7%	95.6%

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.

INVENTORY

There was increased inventory overall, driven by the increase in the Western Suburbs submarket. There are many proposed retail centers across the Des Moines metro that are planned. The following are the new construction events that have occurred or are currently in progress:

- Two new retail buildings were added that are located at 11895 Hickman Road, near the Lifetime Fitness facility. The two buildings total 16,073 square feet and are approximately 80% leased.

- In Waukee, a new multi-tenant retail building has been constructed and added which contains 10,587 square feet. This building is known as Central Plaza, and is located at 1135 SE Alice's Road near the newly completed Grand Prairie Parkway intersection. Pre-leasing continues, with approximately 50% of the building leased.
- In Grimes, a new 3-bay retail building has been constructed which contains 5,233 square feet. This is located adjacent west of Highway 141, near the Gateway Business Park and is 100% occupied.
- In West Des Moines, an additional 3-bay retail building has been added which contains 5,450 square feet. This is located near Kohl's east of Jordan Creek Town Center, and it is 100% leased.
- In Altoona, The Shoppes at Prairie Crossing retail development is currently under construction. This is a 148 acre development which includes shopping, dining, and entertainment. Outlets of Des Moines will bring 300,000 square feet of brand name outlet stores. Completion of this piece is expected in Fall 2017.
- The Shoppes at Prairie Crossing adjoins Outlets of Des Moines, and offers opportunities for big boxes, junior boxes, lifestyle retail, and outlet opportunities, plus residential, office, and medical/wellness components. This mixed-use project contains 200,000 square feet.
- In Ankeny, new construction is nearing completion on an addition to the mixed-use project in the Prairie Trail development, located east of State Street and north of Magazine Road. The new addition contains 100,000 square feet.

NEIGHBORHOOD AND COMMUNITY CENTER INVENTORY

FIG.22

Submarket	TOTAL (SF)			TOTAL BUILDINGS		
	2015	2016	2017	2015	2016	2017
Western Suburbs	3,655,671	3,713,156	3,750,499	184	187	192
CBD	116,867	138,432	138,432	3	5	5
Northwest Des Moines	774,148	780,238	780,238	52	53	53
Northeast Des Moines	818,613	818,613	818,613	43	43	43
South Des Moines	591,706	582,211	582,211	31	31	31
Ankeny	731,332	777,469	777,469	46	48	48
Greater Des Moines Total	6,688,337	6,810,119	6,847,462	359	367	372

NEIGHBORHOOD & COMMUNITY CENTER OCCUPANCY

FIG.23

Submarket	2015	2016	2017
Western Suburbs	83.0%	83.4%	83.5%
CBD	37.1%	42.0%	57.5%
Northwest Des Moines	79.2%	81.8%	82.0%
Northeast Des Moines	85.8%	87.6%	87.2%
South Des Moines	70.6%	78.1%	83.7%
Ankeny	80.9%	84.2%	91.5%
Greater Des Moines Total	80.8%	82.6%	84.2%

RETAIL NEIGHBORHOOD & COMMUNITY CENTERS

- Two additional new retail strip centers are under construction in separate areas of Ankeny. Autumn Crest Plaza is located at 240 NW 36th Street and contains 8,800 square feet. This building has drive-up and patio space available on both end caps. The other retail center is located at 1875 N. Ankeny Boulevard and contains 10,220 square feet, with 8,400 square feet available.
- A new mixed-use project in the East Village is nearing completion. This is located at 219 East Grand and will be a six-story commercial/residential building that contains over 100,000 total square feet, with 17,343 square feet on the ground level.
- A parking structure with a small retail component is under construction in the CBD at 701 Grand Avenue. This is the 701 Shoppes, and will include 4,913 square feet of retail space on the ground floor. The building will be connected via skywalk to 801 Grand, and the Ruan Center.
- A new retail building is under construction in the South submarket. This building will contain 4,500 square feet and is located at 2619 SW 9th Street across from Lincoln High School.

OCCUPANCY AND EVENTS

There was an increase in occupancy overall, with the exception of the Northeast submarket. The retail segments performing well as of the time of the survey include health & fitness, restaurants, hotels, brewery concepts, convenience stores, and experience focused retailers.

The following are the retail projects that are planned or proposed in the Des Moines metropolitan area:

- New retail development in the heart of the Altoona retail corridor is planned. The development is located at the northwest corner of 8th Street SW and Prairie Meadows Drive. The development includes two buildings. One is a 9,800 square foot multi-tenant retail strip and the other building is a 5,000 square foot single-tenant building. Delivery is expected late 2017.
- Campus Town Retail is located SE of SW Oralabor Road and Franklin Drive in Ankeny. This is a two-phased proposed retail development that will include two buildings. Each building is proposed to contain 13,650 square feet.
- Deerfield Village is a planned neighborhood center that is located at the northwest quadrant of Hickman Road and 156th Street in Clive. This is build-to-suit with restaurant, medical, bank, or any general retail use allowed. The planned size is 51,634 square feet.
- In the Northeast submarket, a 5,400 square foot retail center building is planned for the corner of East University and East 28th Court.
- In the Northwest submarket, a 5,150 square foot retail center located at 1228 2nd Avenue is planned. The building will include an available drive-thru and 33 parking spaces.
- A new retail center is planned for 5701 Douglas in the Northwest submarket. The building will contain 7,350 square feet and is located adjacent east of the Burger King/Mattress Firm/Sun Tan City retail center.
- A mixed-use building at 2301 Ingersoll Avenue is proposed. This is a 120,000 square foot mixed-use building with 11,692 square feet of 1st floor retail space. Completion is set for Spring 2018.
- The Wilkins Building is a mixed-use building that was formerly the Younker's building in the CBD. The building is being renovated and will include 60 market rate rental units, and 20,000 square feet of commercial space on the first floor.

RETAIL NEIGHBORHOOD & COMMUNITY CENTERS

- A new retail center in Grimes is proposed which will contain 7,696 square feet. This is located in front of Wal-Mart at the southeast quadrant of Highway 141 and East 1st Street.
- In Johnston, Plaza on 86th is a proposed retail strip center building that will be located west of 86th Street, south of NW 54th Avenue. The proposed center will contain 20,960 square feet.
- Another retail center is proposed in Johnston, located at the southwest quadrant of NW 100th Street and NW 62nd Avenue. This proposed multi-tenant building will contain 8,000 square feet. Adam Ridge, a 10,000 square foot retail building, is another proposed center in the same area of Johnston.
- Interstate Acres Building 1, is a proposed development located at 10922 Meredith Drive in Urbandale. This development includes two phases. Phase One building will include 14,000 square feet and Phase Two building will contain 9,100 square feet.
- Other proposed retail development includes Waukee Marketplace, The Landing at Shadow Creek, Kettlestone Plaza, The Cove at Kettlestone West Building, Core Plaza, and development of a retail building at Mills Civic Parkway and South 64th Street.

ABSORPTION

- Absorption is the net increase or decrease in actual area occupied between survey periods.
- There was positive absorption experienced overall.
- Positive absorption experienced in each of the submarkets, with the exception of the Northeast submarket.
- The largest amount of positive absorption was experienced in the Ankeny submarket which witnessed 56,755 square feet of positive absorption.
- The South submarket and Western Suburbs submarket experienced similar positive absorption of more than 30,000 square feet of positive absorption each.

NEIGHBORHOOD AND COMMUNITY CENTER ABSORPTION

FIG.24

Submarket	TOTAL		
	2015	2016	2017
Western Suburbs	54,631	62,565	34,894
CBD	(14,725)	14,784	21,457
Northwest Des Moines	(44,115)	25,109	1,560
Northeast Des Moines	5,136	14,735	(3,274)
South Des Moines	(42,491)	36,962	32,604
Ankeny	19,971	62,981	56,755
Greater Des Moines Total	(21,593)	217,136	143,996

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

- Increased inventory overall, driven by the increase in inventory in the Western Suburbs submarket. There was no change in retail inventory in any of the other submarkets.
- Three new big box stores were added to the Western Suburbs submarket.
- A new Bomgaar's has been constructed and is open in Grimes. This building contains 56,664 square feet.

- A new big box store has been opened in Urbandale following new construction. This building contains 38,904 square feet.
- In Johnston, a new Fareway grocery store has been added which contains 30,006 square feet.

OCCUPANCY AND EVENTS

- Hy-Vee is scheduled to open their new downtown grocery store this year which is located at 4th Street and Court Avenue. This is a part of a 4-story mixed-use project, with commercial space on the ground level and 81 upper floor apartments. An adjacent parking deck structure is included for additional parking for customers or residents of the project.

- Changes in occupancy include the closing of the Sports Authority store on University Avenue in West Des Moines. This building contains over 50,000 square feet and is currently vacant.
- Hancock Fabrics vacated 12,000 square feet of space at their location on 22nd Street in West Des Moines, next to Chuckie Cheese.
- Best Buy vacated their 35,280 square foot store on SE 14th Street this past year and the space is currently vacant.
- Fresh Market on Mills Civic Parkway opened their doors approximately one year ago, but the store has subsequently closed. They occupied approximately 25,000 square feet, which has been partially backfilled by The Container Store.

BIG BOX INVENTORY

FIG.25

Submarket	TOTAL (SF)			TOTAL BUILDINGS		
	2015	2016	2017	2015	2016	2017
Western Suburbs	5,169,541	5,258,073	5,383,647	67	69	72
CBD	0	0	0	0	0	0
Northwest Des Moines	390,246	390,246	390,246	9	9	9
Northeast Des Moines	1,576,772	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	1,791,343	1,791,343	1,791,343	22	22	22
Greater Des Moines Total	10,229,995	10,318,527	10,444,101	139	141	144

BIG BOX OCCUPANCY

FIG.26

Submarket	2015	2016	2017
Western Suburbs	92.4%	94.1%	96.3%
CBD	N/A	N/A	N/A
Northwest Des Moines	93.1%	100.0%	100.0%
Northeast Des Moines	97.7%	93.7%	94.6%
South Des Moines	99.2%	99.2%	96.5%
Ankeny	95.7%	97.2%	97.3%
Greater Des Moines Total	94.7%	95.4%	96.4%

ABSORPTION

- Absorption is the net increase or decrease in actual area occupied between survey periods.
- Positive absorption experienced overall.
- Positive absorption experienced in each of the submarkets, with the exception of the South submarket.
- The negative absorption in the South submarket was driven mainly by the closing and vacating of the Best Buy store on SE 14th Street.
- The largest positive absorption was experienced in the Western Suburbs submarket which witnessed the absorption of 236,605 square feet.
- The positive absorption in the western suburban submarket was driven by the addition of three new big box stores that are fully occupied.
- A new Bomgaar's store has opened in Grimes which contains 56,644 square feet.
- The former Dahl's located at 5003 E.P. True Parkway has been acquired for owner occupied use which consists of 55,386 square feet.
- Hy-vee acquired and occupied the 88,000 square foot former K's Merchandise store located at 3303 86th Street in Urbandale.
- A new Fareway grocery store has opened in Johnston and contains 30,006 square feet.
- A new Fireplace Superstore has opened in Urbandale which consists of 38,904 square feet.

BIG BOX RETAIL ABSORPTION

FIG.27

Submarket	TOTAL (SF)		
	2015	2016	2017
Western Suburbs	(151,668)	171,191	236,605
CBD	0	0	0
Northwest Des Moines	(68,482)	26,927	0
Northeast Des Moines	235	(63,071)	14,191
South Des Moines	(2,604)	0	(35,157)
Ankeny	71,742	26,870	1,791
Greater Des Moines Total	(150,777)	161,917	217,430

AREA DEMOGRAPHICS

EMPLOYMENT

Total nonfarm payroll employment increased by 227,000 in January 2017, and the unemployment rate was little changed at 4.8 percent, the U.S. Bureau of Labor Statistics reported. Job gains occurred in retail trade, construction, and financial activities. Retail trade employment increased by 46,000 over the month of January 2017, and by 229,000 over the year (since 2016). Three industries added jobs in January 2017—clothing and clothing accessories stores (+18,000), electronics and appliance stores (+8,000), and furniture and home furnishings stores (+6,000).

Employment in construction rose by 36,000 in January 2017, following little change in December. Residential building added 9,000 jobs over the month, and employment continued to trend up among residential specialty trade contractors (+11,000). Over the past 12 months, construction has added 170,000 jobs.

Financial activities added 32,000 jobs in January 2017, with gains in real estate (+10,000), insurance carriers and related activities (+9,000), and credit intermediation and related activities (+9,000). Financial activities added an average

of 15,000 jobs per month in 2016. In January 2017, employment in professional and technical services rose by 23,000, about in line with the average monthly gain in 2016. Over the month, job gains occurred in computer systems design and related services (+13,000).

Employment in food services and drinking places continued to trend up in January 2017 (+30,000). This industry added 286,000 jobs over the past 12 months. Employment in health care also continued to trend up in January (+18,000), following a gain of 41,000 in December. The industry has added 374,000 jobs over the past 12 months.

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

UNEMPLOYMENT RATE				FIG.28
YEAR	DES MOINES MSA	STATE OF IOWA	UNITED STATES	
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%	
2016	4.1%	3.6%	4.7%	

Source: Iowa Workforce Development & Bureau of Labor Statistics

AREA DEMOGRAPHICS

POPULATION

The 2017 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 2007 through 2016 (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 and 2016 to the highest level since 2007.

SINGLE FAMILY BUILDING PERMITS

FIG. 29

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total	2,333	1,198	1,445	1,427	1,708	1,776	2,125	2,066	2,262	2,543
Percentage Change	-21.45%	-48.65%	20.62%	-1.25%	19.69%	3.98%	19.65%	-2.78%	9.49%	12.42%

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).

2017 HOUSEHOLD INCOME			FIG.30
Area	Median Household Income	Average Household Income	Per Capita Income
Des Moines MSA	\$63,513	\$83,547	\$32,736
Dallas County	\$77,989	\$99,802	\$37,774
Polk County	\$61,633	\$81,426	\$32,152
Warren County	\$67,100	\$83,428	\$31,804
Madison County	\$57,928	\$76,656	\$29,648
Guthrie County	\$50,851	\$67,100	\$28,251

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 \$9,769,581,274 in 2016, which is nearly a 26% increase (Fig. 31).

RETAIL SALES			FIG.31
Year	Des Moines MSA	Percentage Change	
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%	
2016	\$9,769,581,274	4.53%	

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.

2017 - HUBBELL COMMERCIAL BROKERS, L.C., D/B/A CBRE | HUBBELL COMMERCIAL AND FRANDSON & ASSOCIATES

The information contained herein has been obtained from sources believed reliable. While we do not doubt its accuracy, we make no guarantee, warranty or representation, either expressed or implied, as to its accuracy or completeness.

FRANDSON & ASSOCIATES, L.C

Frandsen & Associates, L.C. is a full service commercial real estate appraisal and consulting firm based in Des Moines, Iowa. The principals and associates of Frandsen & Associates, L.C. have extensive experience in evaluating complex commercial, industrial, multi-family, development and special use properties.

Financial Center, Suite 1801 • 6th & Walnut • Des Moines, Iowa 50309 • 515.247.0040 • Fax 515.247.0044

www.frandsenandassociates.com

CBRE | HUBBELL COMMERCIAL

CBRE|Hubbell Commercial is part of the CBRE affiliate network and a division of Hubbell Realty Company. CBRE|Hubbell Commercial assists real estate owners, investors and occupiers by offering strategic advice and execution for property leasing and sales; investment strategy; market research and consulting. CBRE|Hubbell Commercial is licensed in the state of Iowa.

SALES AND LEASING SERVICES . LANDLORD | TENANT REPRESENTATION . INVESTMENT PROPERTIES
SITE SELECTION . MARKET RESEARCH & CONSULTING

6900 Westown Parkway • West Des Moines, Iowa 50266 • +1 515 224 4900 • Fax +1 515 221 6652

www.cbrehc.com

Licensed in the state of Iowa.