

# Des Moines Metro Multifamily, Q2 2019



**Number of Apartment Homes Surveyed**  
34,113



**Average Effective Rent**  
\$930



**Unit Deliveries YTD**  
859

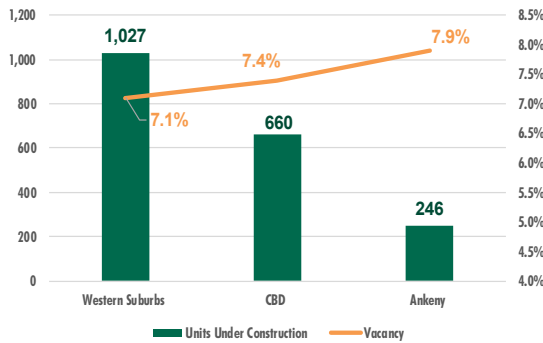


**Occupancy**  
93.2%



**Units Under Construction**  
1,981

**Figure 1: Units Under Construction & Vacancy (%)**

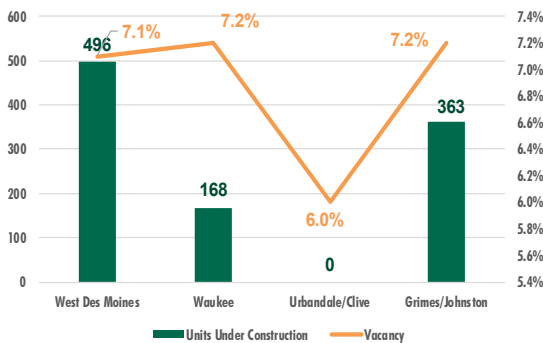


**Figure 4: Units Under Construction by Submarket**

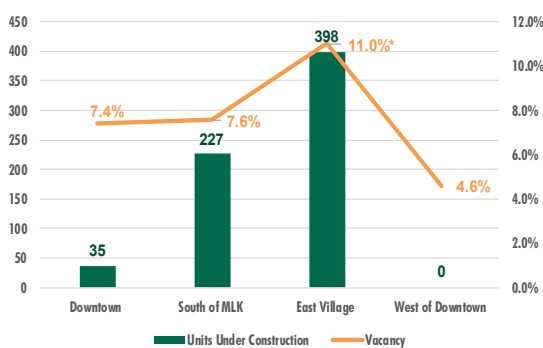


\* Arrows indicate YTD change

**Figure 2: Western Suburbs Units Under Construction & Vacancy (%)**



**Figure 3: CBD Units Under Construction & Vacancy (%)**



Boundary map on page 4.

\* East Village - the removal of 1 project out of the 11 surveyed brings vacancy from 11% to 4.84%

**PERFORMANCE HIGHLIGHTS**

- 859 units were delivered throughout Greater Des Moines YTD. The CBD accounted for approximately 47% of deliveries, while the Western Suburbs and Ankeny accounted for 41% and 9%, respectively.
- CBD demand remains strong with 340 units absorbed YTD resulting in increased occupancy levels across all 4 neighborhoods. It should be noted East Village vacancy levels are skewed upwards as the removal of 1 project out of the 11 surveyed brings vacancy from 11% to 4.84%.
- Healthy absorption has led to a decline in concessions, particularly in the CBD submarket. Of the 44 projects surveyed in the CBD, only 12 were offering some form of concessions. We anticipate a declining trend in CBD concession offerings as the pace of absorption continues to accelerate and the construction pipeline dwindles.
- Development will continue to diminish with just 828 units proposed through 2021 and only one new project expected to begin over the next 2 quarters.
- Des Moines continues to outpace its Midwest peer cities in both population and job growth; reporting a 15.1% increase in population between 2010-2018, along with a 1.5% bump in employment growth from March 2018-2019.
- Greater Des Moines occupancy increased 120 bps YTD. Moving forward we expect strong demand tailwinds paired with dwindling new supply will result in significant improvement in physical occupancy and economic occupancy levels as rent concessions burn off across the metro.

**MARKETVIEW DES MOINES MULTIFAMILY**

Submarket	Units	Vacancy	Average Effective Rent Per Unit	Average Effective Rent Per SF	Units Under Construction	Vacancy by Unit Type				Average Rent by Unit Type			
						Studio	1-Bed	2-Bed	3-Bed	Studio	1-Bed	2-Bed	3-Bed
East	1,196	4.4%	\$746	\$0.95	0	8.2%	5.4%	3.6%	6.4%	\$563	\$698	\$748	\$1,093
South	4,590	6.9%	\$748	\$0.90	0	9.8%	6.5%	8.0%	5.7%	\$560	\$662	\$765	\$995
West	3,268	6.1%	\$773	\$1.01	0	6.8%	6.2%	5.6%	9.2%	\$581	\$767	\$802	\$1,126
CBD	3,882	7.4%	\$1,173	\$1.45	660	6.6%	8.8%	9.7%	10.3%	\$889	\$1,079	\$1,471	\$1,906
West Suburbs	15,875	7.1%	\$967	\$1.03	1,027	6.9%	7.0%	8.9%	9.1%	\$806	\$860	\$959	\$1,266
<b>Subtotal/Average - Greater Des Moines</b>	<b>28,811</b>	<b>6.9%</b>	<b>\$932</b>	<b>\$1.05</b>	<b>1,687</b>	<b>6.9%</b>	<b>9.5%</b>	<b>8.0%</b>	<b>8.3%</b>	<b>\$751</b>	<b>\$860</b>	<b>\$935</b>	<b>\$1,252</b>
Altoona	1,238	3.7%	\$939	\$1.04	48	6.8%	4.0%	2.9%	4.9%	\$539	\$833	\$989	\$1,189
Ankeny	3,554	7.9%	\$965	\$1.03	246	3.9%	11.4%	9.2%	13.3%	\$802	\$842	\$1,041	\$1,308
Indianola	510	4.8%	\$734	\$0.85	0	5.0%	5.5%	4.8%	0%	\$405	\$589	\$776	\$750
<b>Total/Average -- All Units Surveyed</b>	<b>34,113</b>	<b>6.8%</b>	<b>\$930</b>	<b>\$1.05</b>	<b>1,981</b>	<b>6.8%</b>	<b>6.9%</b>	<b>7.6%</b>	<b>8.9%</b>	<b>\$743</b>	<b>\$858</b>	<b>\$944</b>	<b>\$1,244</b>

**WESTERN SUBURBS FUNDAMENTALS**

City	Rent	\$/SF	Vacancy	Units Under Construction
West Des Moines	\$971	\$1.02	7.1%	496
Waukee	\$1,057	\$1.08	7.2%	168
Urbandale/Clive	\$812	\$0.92	6.0%	0
Grimes/Johnston	\$1,051	\$1.09	7.2%	363
<b>Western Suburbs</b>	<b>\$967</b>	<b>\$1.03</b>	<b>7.1%</b>	<b>1,027</b>

**CBD FUNDAMENTALS**

Nbhd	Rent	\$/SF	Vacancy	Units Under Construction
Downtown	\$1,194	\$1.49	7.4%	35
South of MLK	\$1,162	\$1.54	7.6%	227
East Village*	\$1,142	\$1.44	11.0%	398
West Downtown	\$1,062	\$1.02	4.6%	0
<b>CBD Overall</b>	<b>\$1,173</b>	<b>\$1.45</b>	<b>7.40%</b>	<b>660</b>

\* East Village - the removal of 1 project out of the 11 surveyed brings vacancy from 11% to 4.84%

**RECENT TRANSACTIONS**



**WOODLAND PARK**



**ROWECIENDA APARTMENTS**



**TERRACE HILL APARTMENTS**

	Des Moines, IA	Des Moines, IA	Des Moines, IA
City, State	Des Moines, IA	Des Moines, IA	Des Moines, IA
Sale Date	6/9/19	4/25/2019	4/2/2019
# of Units	166	29	85
Price	\$7,700,000	\$2,025,000	\$4,500,000
Price/Unit	\$46,385	\$69,827	\$52,941

**MARKETVIEW DES MOINES MULTIFAMILY**

Under Construction	Address	Project	Developer	Submarket	Units Under Construction	Total Units	Expected Delivery of Units Under Construction
1	935 SE Silkwood Ln, Grimes, IA	The Reserve at Destination Pointe Phase II	Edward Rose & Sons	Western Suburbs	98	390	2019 - 98 units / 2020 - 148 units
2	6410-6430 Merle Hay Rd, Johnston, IA	Brick Towne at Johnston Phase III	Jensen Group	Western Suburbs	77	432	July, 2019
3	1260 S Jordan Creek Pky, West Des Moines, IA	Strathmore Apartment Homes Phase I	Edward Rose & Sons	Western Suburbs	288	522	2019 - 144 units / 2020 - 144 units
4	725 Gateway Dr, Grimes, IA	Allure at 141 Phase II	Perry Reid Properties	Western Suburbs	78	132	Throughout 2019
5	1272 SE Bishop Dr, West Des Moines, IA	The Cove at Kettlestone Phase II	Caliber Iowa	Western Suburbs	28	131	July, 2019
6	720 NE Alices Rd, Waukee, IA	Alice Patricia Apartments Phase II	DSM Rental	Western Suburbs	168	288	Throughout 2019
7	8925 Cascade Ave, West Des Moines, IA	Lift at Jordan Creek	The Garrett Companies	Western Suburbs	180	180	August, 2019
8	1704 NE Gateway Ct, Grimes, IA	Ascend at Heritage Phase II	Classic Builders Inc.	Western Suburbs	110	331	September, 2019
9	600 Northwest Cherry Creek Ln, Ankeny, IA	Brick Towne at Piper Phase III	Jensen Group	Ankeny	192	528	December, 2019
10	1370 SW Radcliffe Ln, Ankeny, IA	Havenwood Phase II	Redwood Living	Ankeny	54	160	August, 2019
11	200 SW 11th St, Des Moines, IA	Linc Apartments	Hubbell	CBD	227	227	April 2020 - 85 Units / January 2021 - 142 Units
12	110 SE 7th St, Des Moines, IA	Rowat Lofts	Nelson Development	CBD	162	162	August, 2019
13	201 SE 6th St, Des Moines, IA	District at 6th	TWG	CBD	213	213	October, 2019
14	600 E 5th St, Des Moines, IA	Lyon Flats	Premier Companies	CBD	23	23	August, 2019
15	319 7th St, Des Moines, IA	Edna Griffin Building Renovation	Des Moines Griffin	CBD	35	35	January, 2020
16	2300 1st Ave S, Altoona, IA	Residences at Ironwood	Highgates Group	Altoona	48	48	August, 2019
Proposed	Address	Project	Developer	Submarket	Expected Start	Proposed Units	Potential Delivery
1	422 Walnut St, Des Moines, IA	The Fifth	Mandelbaum	CBD	TBD	208	2021
2	418 E Grand, Des Moines, IA	418 E Grand	Nelson Development	CBD	TBD	105	2021
3	701 Walnut St, Des Moines, IA	The Blackbird	Black Bird Investments	CBD	TBD	336	2021
4	7750 SE 19th Ln, Ankeny, IA	Ankeny Lofts	TWG Development	Ankeny	TBD	54	2020
5	437 Elgin Ln, Altoona, IA	Linden Oaks Phase II	Redwood	Altoona	TBD	80	2020
6	12th and Tuttle Street	Fusion	Hubbell	CBD	Q3 2019	45	2020
Lease Up	Address	Project	Developer	Submarket	Units Completed in 2019	Total Units of Project	Delivered
1	1165 SE Olson Dr, Waukee, IA	Autumn Ridge Phase II	Kimberley Development	Western Suburbs	198	434	January, 2019
2	5411 NE Lowell Ln, Ankeny, IA	Northgate Apartments Phase II	DSM Rental	Ankeny	32	64	January, 2019
3	541 6th Ave, Des Moines, IA	Carbon 550	Hubbell	CBD	50	50	February, 2019
4	600 Northwest Cherry Creek Ln, Ankeny, IA	Brick Towne at Piper Phase II	Jensen Group	Ankeny	48	528	May, 2019
5	1704 NE Gateway Ct, Grimes, IA	Ascend at Heritage Phase I	Classic Builders Inc.	Western Suburbs	55	331	June, 2019
6	700 E 5th St, Des Moines, IA	The Scott at East Village Renovation	BH Equities LLC	CBD	237	237	July, 2019
7	4000 Ingersoll Ave, Des Moines, IA	The Residences at 4000 Ingersoll	Newbury Living	West	24	24	June, 2019
8	6410-6430 Merle Hay Rd, Johnston, IA	Brick Towne at Johnston Phase II	Jensen Group	Western Suburbs	77	432	June, 2019
9	204 S 64th St, West Des Moines, IA	BelleMeade Phase II	The Richdale Group	Western Suburbs	23	180	June, 2019
<b>Total Units Under Construction</b>		<b>Total Units Expected to Deliver in 2019</b>					
1,981		2,552					
					<b>Western Suburbs</b>	<b>CBD</b>	<b>Ankeny</b>
<b>Under Construction</b>					1,027	660	246
<b>Expected Total Deliveries for 2019</b>					1,226	928	326
<b>Proposed</b>					0	694	54

**GREATER DES MOINES ECONOMIC DATA**



**Population**  
644,590 (2018 MSA)

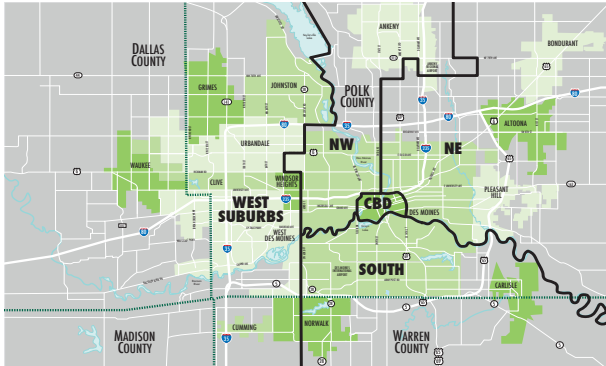
Sources: US Bureau of Labor Statistics



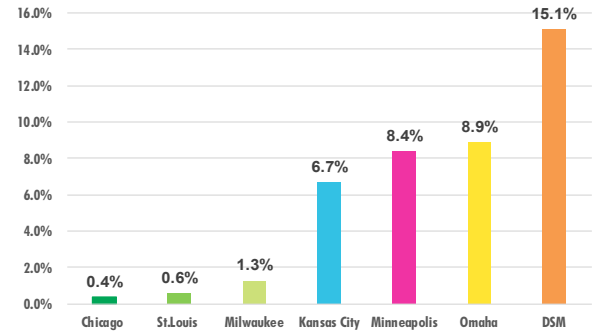
**Unemployment Rate**  
2.4%

Sources: US Bureau of Labor Statistics

**Metro**

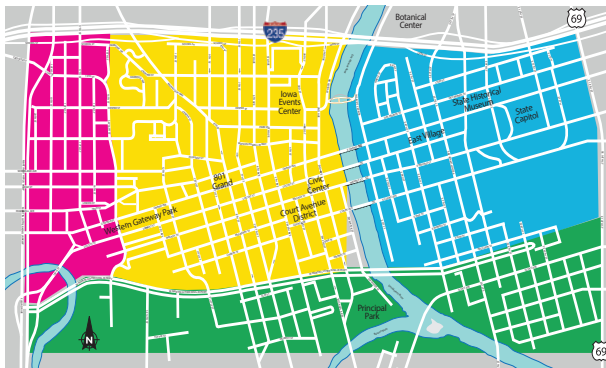


**Population Growth: 2010 - 2018**

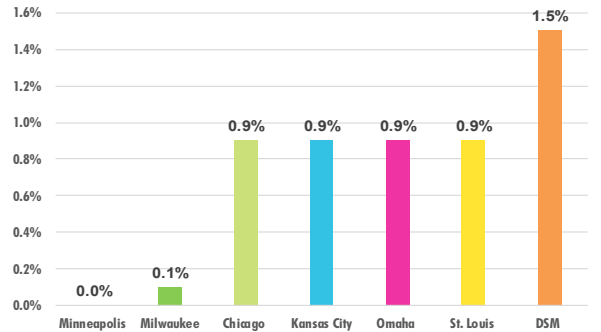


Sources: US Bureau of Labor Statistics

**CBD**



**Employment Growth: March 2018 - March 2019**



Sources: US Bureau of Labor Statistics

**Downtown** - North-235, South-MLK, East-Des Moines River, West-15th St

**East Village** - North-235, South-MLK, East- E 14th St, West-Des Moines River

**South of MLK** - North-MLK, South-Raccoon River\*, East-SE 14th st, West-MLK

**West of Downtown** - North-235, South-MLK, East-15th St, West-MLK

Sources: CoStar Group, Polk County Assessor, Dallas County Assessor, Greater Des Moines Partnership, Bureau of Economic Analysis and US Bureau of Labor Statistics