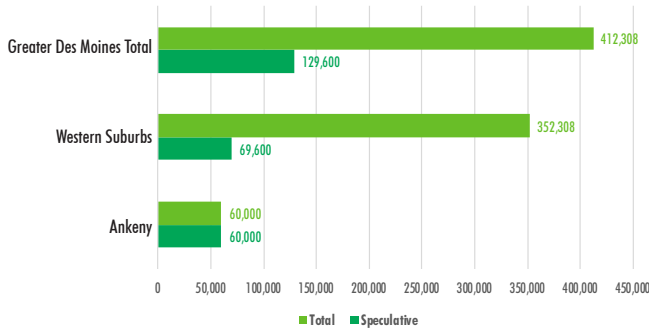


# Des Moines Metro Office, Q2 2019

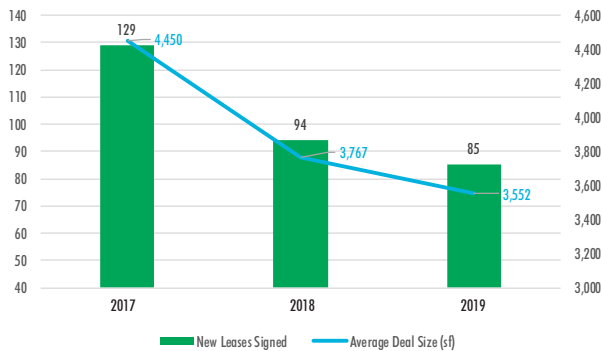
 <b>Competitive Market Vacancy Rate</b> <b>9.8%</b>	 <b>Average Gross Asking Lease Rate</b> <b>\$20.58</b>	 <b>YTD Net Absorption</b> <b>(88,900)</b>	 <b>Competitive Space Under Const</b> <b>129,600 sf</b>	 <b>YTD Deliveries</b> <b>93,666 sf</b>
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**Figure 1: Construction Activity**

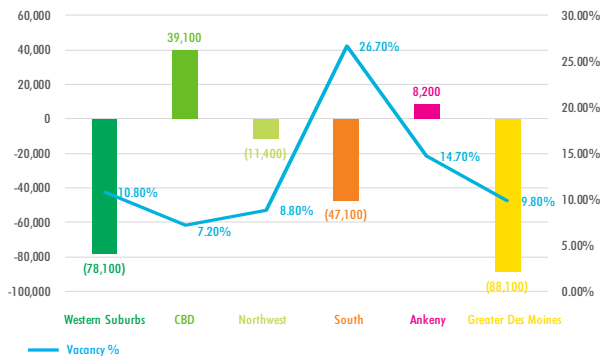


111 East Grand Avenue

**Figure 2: New Leases Sign vs Average Deal Size (sf) - 6 months ending 6/30/2019**



**Figure 4: Net Absorption & Vacancy (%)**



**PERFORMANCE HIGHLIGHTS**

- Wells Fargo announced it will not be renewing its 127,000 sf lease in the Financial Center at 666 Walnut. This announcement adds to the growing inventory of available class A & B space in the CBD. The availability rate in the CBD is now 15.5% and 11.6% across Greater Des Moines.
- Three new projects totaling 93,666 sf delivered YTD.
- Iowa's first mass timber building delivered at 111 E Grand, bringing 64,000 sf of mixed-use office and retail space to the East Village.
- The current construction pipeline includes 412,308 sf across the metro. 129,600 sf (31%) of this space is speculative construction.
- Sammons Financial Group broke ground on their new 215,000 sf headquarters at 81st & Mills Civic. They will vacate 138,000 sf of space at 4350 Westtown Pkwy in late 2021.
- YTD leasing activity included 85 new leases totaling 376,404 sf. Sixty-four percent of these transactions were located in the Western Suburbs.
- West Des Moines dominated YTD investment sale activity with the top 4 transactions, all of which traded in Q2 19.

**Notable Sales Transactions**

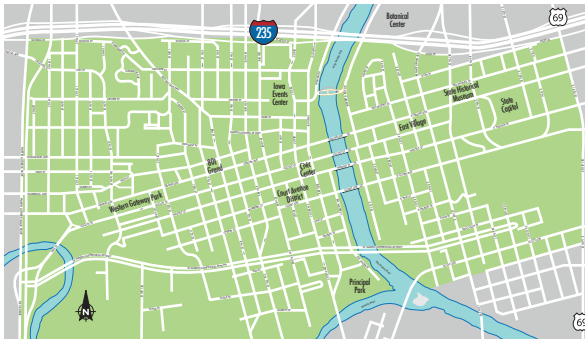
Property	Size (sf)	Submarket	Price	Price PSF
6601 Westown Pkwy	47,559	Western Suburbs	\$7,500,000	\$158
5959 Village View Dr	16,920	Western Suburbs	\$2,500,000	\$148
12129 University Ave	22,305	Western Suburbs	\$3,550,000	\$159

**Notable Lease Transactions**

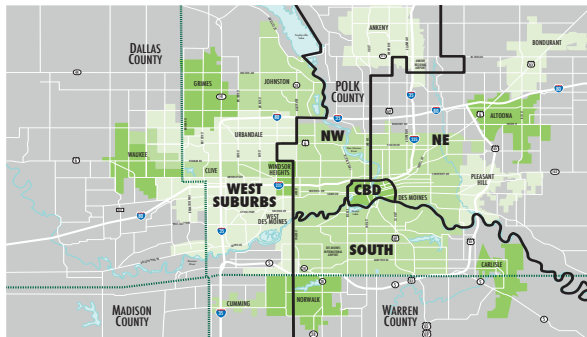
Property	Size (sf)	Type	Submarket	Tenant
1776 West Lakes	88,436	New	Western Suburbs	Unity Point
4200 University Ave	35,007	Renewal	Western Suburbs	LMC Insurance & Risk Management
611 5th Ave	18,397	New	CBD	State of Iowa

**Speculative Construction**

Property	Size (sf)	Delivery Date	City	Submarket
Paradigm	39,600	Aug-19	Urbandale	Western Suburbs
Encompass Building	30,000	Nov-19	Waukee	Western Suburbs
Prairie Trail	45,000	Jun-20	Ankeny	Ankeny



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



**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.

## Competitive Market Statistics

	Market Rentable Area (SF)	Vacant (SF)	Vacancy Rate	YTD Net Absorption	Under Construction	Gross Asking Rate (\$/SF/YR)
<b>Metro Overall</b>	17,508,648	1,711,544	9.8%	(88,900)	163,308	\$20.58
Class A	7,122,245	642,968	9%	162,000		\$23.60
Class B	8,881,972	951,175	10.7%	(199,000)		\$18.94
Class C	1,504,431	117,401	7.8%	(51,900)		\$16.02
<b>Western Suburbs</b>	9,393,413	1,018,518	10.80%	(78,100)	122,308	\$20.57
Class A	2,571,827	263,126	10.20%	129,000		\$24.40
Class B	5,964,749	687,316	11.50%	(188,000)		\$19.61
Class C	856,837	68,076	7.90%	(9,100)		\$15.82
<b>CBD</b>	6,492,585	467,926	7.20%	39,100		\$21.18
Class A	4,506,618	336,135	7.50%	38,600		\$23.19
Class B	1,684,381	131,791	7.80%	(3,500)		\$16.50
Class C	301,586	0	0%	0		\$14.50
<b>Northwest</b>	657,962	58,138	8.80%	(11,400)		\$15.59
Class A	0	NA	NA	NA		NA
Class B	467,138	40,926	8.80%	(6,600)		\$16.19
Class C	190,824	17,212	9%	(4,800)		\$14.15
<b>Northeast</b>	93,750	0	0	0		\$17.83
Class A	0	NA	NA	NA		NA
Class B	34,678	0	0	0		\$17.49
Class C	59,072	0	0	0		\$18.02
<b>South</b>	326,901	87,264	26.70%	(47,100)		\$18.05
Class A	0	0	0	NA		NA
Class B	269,235	68,448	25.40%	(22,500)		\$18.15
Class C	57,666	18,816	32.60%	(18,800)		\$16.41
<b>Ankeny</b>	544,037	79,791	14.70%	8,200	41,000	\$21.80
Class A	0	0	0	NA		NA
Class B	505,591	66,494	13.20%	21,400		\$22.23
Class C	38,446	13,297	34.60%	(13,100)		\$16.15

Note: The tracked base was updated in Q2 2019. Includes all competitive office buildings larger than 7,500 sf.

**GREATER DES MOINES ECONOMIC DATA**



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

Sources: US Bureau of Labor Statistics

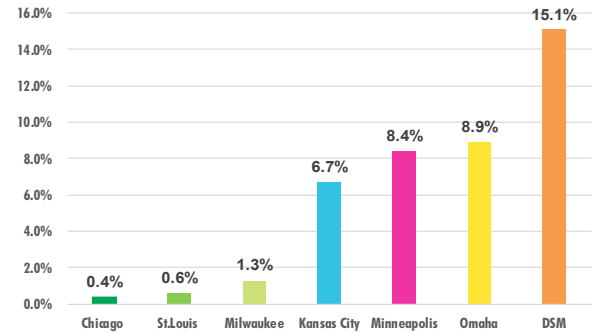


**Unemployment Rate**  
2.4%

Sources: US Bureau of Labor Statistics

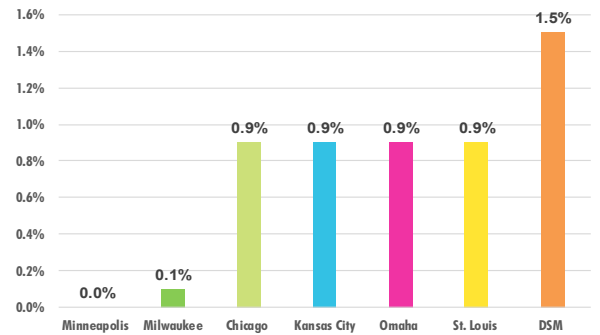
LARGEST EMPLOYERS	EMPLOYEES
Wells Fargo & Company	14,500
UnityPoint Health - Des Moines	8,026
Principal	6,500
Hy-vee	6,400
Nationwide	4,525
Mercy Medical Center	4,228
John Deere	3,089
Vermeer Corporation	2,500
DuPont Pioneer	2,495
JBS USA	2,300
Pella Corporation	2,224
Wellmark Blue Cross Blue Shield of Iowa	2,000
UPS	1,600
Bridgestone Americas Tire Operations	1,600
Mercer	1,560
YMCA	1,300
EMC Insurance Companies	1,269
Casey's	1,200
Tyson Fresh Meats, Inc.	1,200

**Population Growth: 2010 - 2018**

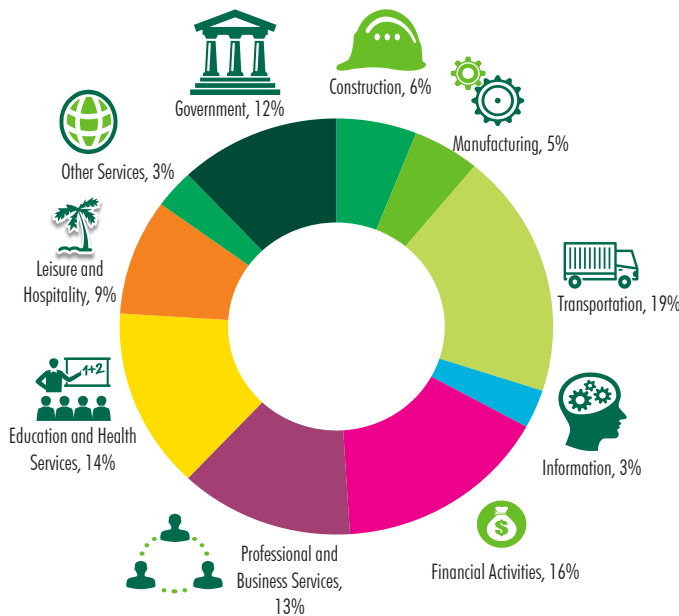


Sources: US Bureau of Labor Statistics

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



Sources: US Bureau of Labor Statistics



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