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MARKETVIEW SNAPSHOT

Des Moines Metro Retail, Q2 2019

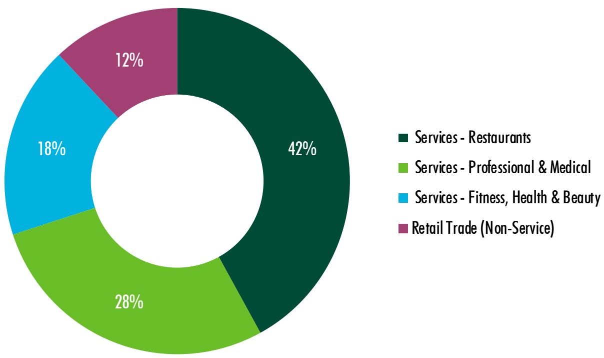
Vacancy Rate (Neighborhood Centers) **8.50%**

Vacancy Rate (Big Box) **3.40%**

Net Absorption (Neighborhood Centers) **(3,995) SF**

Net Absorption (Big Box) **62,284 SF**

Figure 1: Retail Leasing Activity By Industry Sector

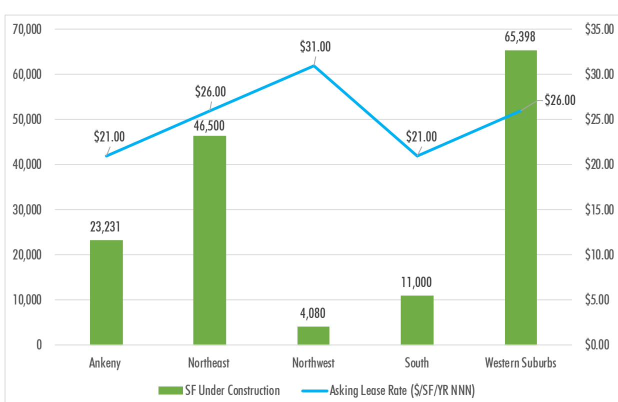


Water Tower Place, West Des Moines

Figure 2: Average Asking Lease Rate by Space Size (with Min & Max)

*Asking Lease Rate ($/SF/YR NNN)

Figure 3: Construction Activity by Submarket (SF) & New Construction Asking Lease Rates by Submarket ($/SF/YR NNN)



PERFORMANCE HIGHLIGHTS

- 2019 YTD retail leasing activity totaled 273,383 sf. The Western Suburbs accounted for 40% of activity while Ankeny and the CBD accounted for 19% and 15%, respectively. Shopping centers continue to be filled by non-traditional retail uses. The largest sectors for leasing were Restaurants (42%) and Professional & Medical (28%). Retail Trade (Non-Service) accounted for just 12% of activity.

- As expected, Big Box vacancy dropped 1.1% YTD, bringing occupancy back to 2017 levels at 96.6%. This was primarily driven by the sale and backfill of the former Dahl's Foods at 156th Street & Hickman Road (Nebraska Furniture Mart) and former K-Mart on Hubbell Avenue (U-Haul). Redevelopment of the former K-Mart in Urbandale is underway.

- 2019 YTD investment sale activity was robust with 9 transactions in excess of $1.5 million each. Most notable was the sale of Water Tower Place Shopping Center to California based Loja Real Estate, LLC for $51.1 million. The average cap rate for single tenant sales was 6.7% and multi-tenant investment transactions was 7.98%. Seven out of the nine transactions involved a national buyer.

Neighborhood & Community Centers Market Statistics

Submarket	Market Rentable Area (SF)	Vacant (SF)	Vacancy Rate	Net Absorption (SF)
Western Suburbs	2,317,196	156,637	6.80%	1,918
CBD	0	0	0	0
Northwest	71,887	14,418	20.10%	0
Northeast	683,474	24,134	3.50%	-2,256
South	727,432	128,367	17.70%	-1,390
Ankeny	442,759	36,070	8.10%	-2,227
Greater Des Moines Total	4,242,748	359,626	8.50%	-3,955

Big Box Market Statistics

Submarket	Market Rentable Area (SF)	Vacant (SF)	Vacancy Rate	Net Absorption (SF)
Western Suburbs	4,736,085	195,598	4.1%	19,280
CBD	59,996	0	0.0%	0
Northwest	450,270	15,910	3.5%	(15,910)
Northeast	1,369,811	0	0.0%	106,914
South	1,375,701	93,488	6.8%	(48,000)
Ankeny	1,396,295	13,400	1.0%	0
Greater Des Moines Total	9,388,158	318,396	3.4%	62,284

Regional Shopping Center Market Statistics

Shopping Center	Total Area (SF)	Total Stores	Occupancy
Merle Hay Mall	1,060,000	89	82%
Valley West Mall	859,399	74	80%
Outlets of Des Moines	325,000	46	93%
Jordan Creek Town Center	1,318,000	144	96%

Notable Sales

Property	City	Submarket	Sale Price	Sale Type
Water Tower Place	West Des Moines	Western Suburbs	$51,196,000	Investment
Normandy Plaza	West Des Moines	Western Suburbs	$5,649,090	Investment
Former Dahl's Foods	Clive	Western Suburbs	$4,750,000	Owner/User
Former K-Mart	Des Moines	Northeast	$3,750,000	Owner/User

GREATER DES MOINES ECONOMIC DATA

Population
644,590 (2018 MSA)

Unemployment Rate
2.4%

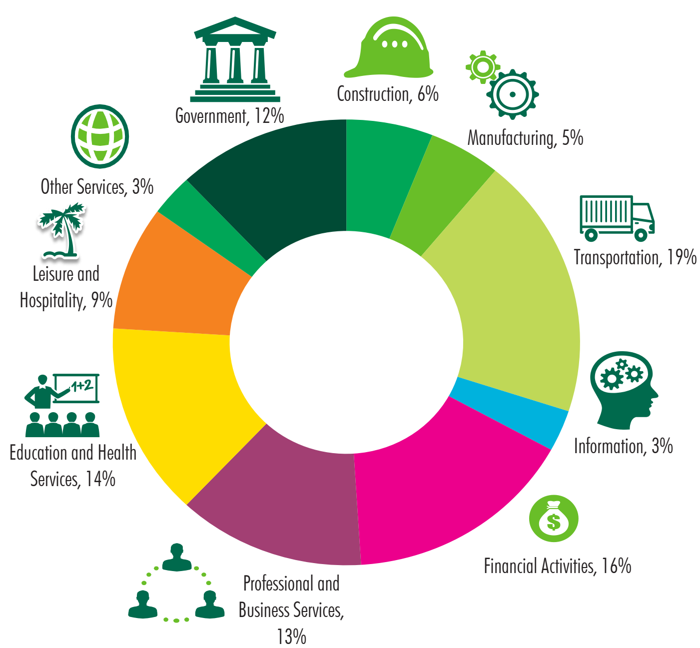
LARGEST EMPLOYERS	EMPLOYEES
Wells Fargo & Company	14,500
UnityPoint Health - Des Moines	8,026
Principal	6,500
Hy-vee	6,400
Nationwide	4,525
Mercy Medical Center	4,228
John Deere	3,089
Vermeer Corporation	2,500
DuPont Pioneer	2,495
JBS USA	2,300
Pella Corporation	2,224
Wellmark Blue Cross Blue Shield 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

12 Month Change in employment
3.3%

Annual Retail Sales

YEAR	DES MOINES MSA	PERCENTAGE CHANGE
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%
2017	$10,071,879,055	3.09%
2018	$10,128,863,313	0.60%

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



Sources:
Greater Des Moines Partnership
Bureau of Economic Analysis
US Bureau of Labor Statistics - December 2018

METHODOLOGY

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 or more in size. Regional shopping centers are considered separately. The 2019 Marketview Snapshot contains information collected during the first half of 2019.

SUBMARKET BOUNDARIES

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

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

Northwest - Includes Northwest Des Moines and Western Saylor Township.

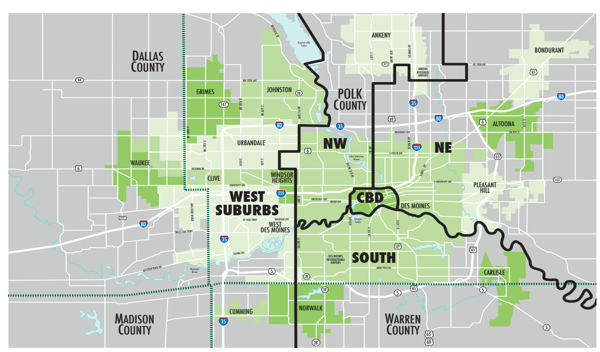
Northeast - Consists of Northeast Des Moines (extended south to the Des Moines River), Pleasant Hill, Altoona, Eastern Saylor Township, and Delaware Township.

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

Ankeny - Evaluated separately.

DES MOINES CENTRAL BUSINESS DISTRICT (CBD)

DES MOINES METROPOLITAN AREA



Sources: CoStar Group, Polk County Assessor and Dallas County Assessor