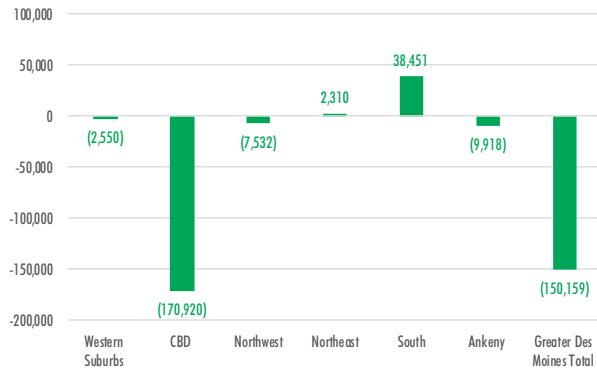


New Space Available in CBD Push Vacancy Upward

▲ Competitive Market Vacancy Rate **13.20%**
⊞ Average Gross Asking Lease Rate **\$21.25**
▼ YTD Net Absorption **(150,159) sf**
⊞ Under Construction **463,000 sf**
▼ YTD Deliveries **0 sf**

Figure 1: Q1 Net Absorption by Submarket



Sarmon Financial Headquarters — Delivery Q4 2020

Figure 2: Vacant Space Distribution

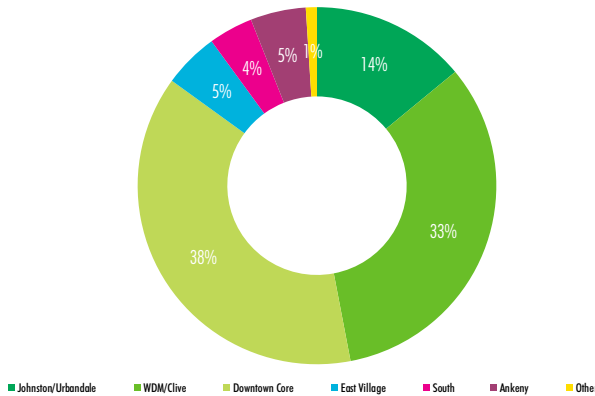
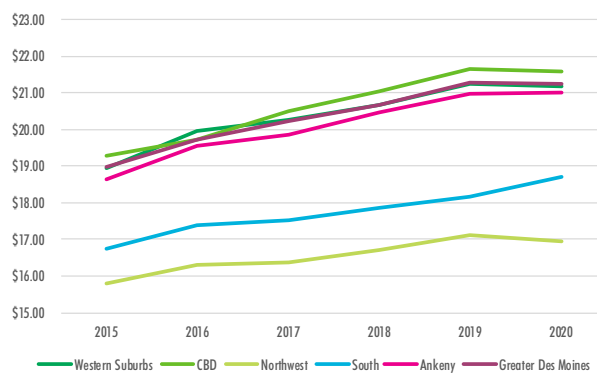


Figure 3: Rent Growth by Submarket



PERFORMANCE HIGHLIGHTS

- Greater Des Moines office vacancy increased 80 bps quarter-over-quarter as the market recorded 150,159 sf of negative absorption through Q1. This negative net absorption was largely driven by Nationwide Insurance adding 100,000 sf of Class A available space in their owner-occupied building at 1200 Locust.
- Iowa Bankers Insurance and Services Inc. announced they will move their headquarters from 8800 N.W. 62nd Ave in Johnston to a two-story 60,000 sf building at 9001 Northpark Drive in Urbandale. Construction of the new headquarters will begin later this summer and is expected to deliver Q4 2021. The move will add approximately 41,000 SF of available space to the Northwest office market.
- 1275 Northwest 128th St in Clive sold for \$10M or \$168 PSF, representing the largest office sale through Q1. The 60,000 SF building was 100% leased at time of sale with notable tenants including XPO Logistics, DSM Sleep Specialists, and Carrier Access Inc.

MOVING FORWARD

The Covid-19 pandemic has forced some states to impose strict stay-at-home orders that are adversely affecting many industries. Although employment in office space will be less negatively affected than in previous downturns, we anticipate deceleration in lease velocity and modest absorption gains over the next 2 quarters amid the uncertainty.

However, given Iowa's underlying economic fundamentals prior to the pandemic and the rate at which restrictions are being lifted – we are optimistic the unique nature of this downturn will result in an unusually swift recovery that could begin as soon as Q4 2020.

The financial and insurance services industry has reported a minimal -0.5% change in employment February through April 2020. This resiliency paired with limited new supply should result in largely unchanged office fundamentals as the market weathers this downturn over the next 2 quarters.

Competitive Market Statistics Greater Des Moines

Competitive Market Statistics	Market Rentable Area (sf)	Vacant (sf)	Vacancy Rate	Quarter-Over-Quarter % Change in Occupancy	Q1 Net Absorption	Under Construction (SF)	Average Asking Rate
Western Suburbs	9,438,712	1,073,443	11.4%	(0.1%)	(2,550)	255,000	\$21.18
CBD	6,283,858	958,293	15.3%	(2.8%)	(170,920)	183,000	\$21.60
Northwest	657,962	70,915	10.8%	(1.2%)	(7,532)	0	\$16.95
Northeast	93,750	13,788	14.7%	2.5%	2,310	0	\$20.50
South	389,901	87,215	22.4%	9.8%	38,451	0	\$18.70
Ankeny	544,037	98,542	18.1%	(1.8%)	(9,918)	25,000	\$21.00
Greater Des Moines Total	17,408,220	2,302,196	13.2%	-0.8%	-150,159	463,000	\$21.25

Competitive Market Statistics Western Suburbs

Competitive Market Statistics	Market Rentable Area (sf)	Vacant (sf)	Vacancy Rate	Q1 Net Absorption	Under Construction (SF)	Average Asking Rate
Johnston	772,371	67,648	8.8%	(15,692)	0	\$20.01
Urbandale	1,871,737	245,931	13.1%	13,082	0	\$17.59
Waukee	113,468	0	0.0%	3,138	38,000	\$19.74
WDM/Clive	6,681,136	759,864	11.4%	(3,078)	217,000	\$22.19
Western Suburbs Totals	9,438,712	1,073,443	11.4%	-2,550	255,000	\$21.18

Q1 Notable Sales

Property	Sale Type	Size (sf)	Submarket	Price	Price PSF
1275 NW 128th St, Clive	Investment	59,387	Western Suburbs	\$10,000,000	\$168
3001 SE Convenience Blvd, Ankeny	Investment	65,250	Ankeny	\$6,574,300	\$101
250 SW Brookside Dr, Grimes	Investment	14,568	Western Suburbs	\$4,825,000	\$331

Recent Lease Transactions

Property	Size (sf)	Type	Submarket	Tenant
111 E Grand Ave	15,840	New	CBD	Fredrickson & Byron, PA
500 SW 7th St	10,180	New	CBD	Iowa Primary Care Association

Notable Projects

Project	Size (sf)	Expected Delivery	City	Submarket	Construction
Sammons Financial HQ	217,000	December, 2020	West Des Moines	Western Suburbs	Owner/User
611 5th Ave Renovation	110,000	TBD	Des Moines	CBD	Competitive
Gray's Landing Office	73,000	January, 2021	Des Moines	CBD	Competitive
Terrastone Building	28,000	July, 2020	Waukee	Western Suburbs	Competitive

GREATER DES MOINES ECONOMIC DATA



Population
644,590 (2018 MSA)

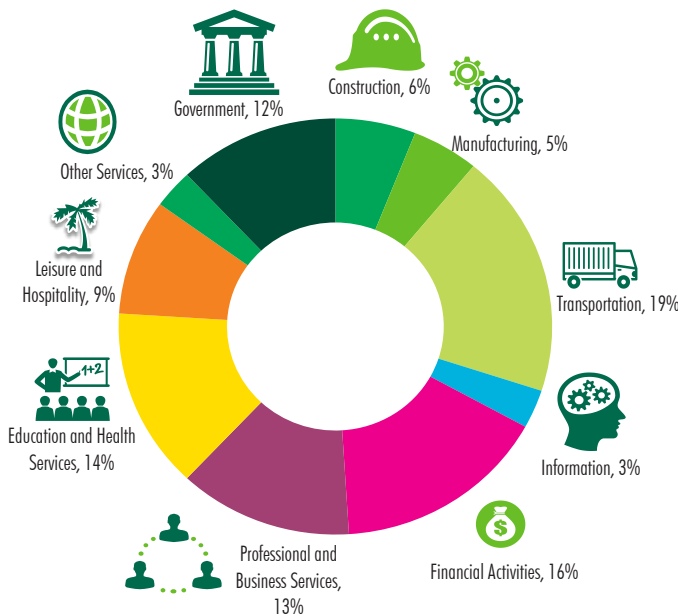
Sources: US Bureau of Labor Statistics



Unemployment Rate
3.2%

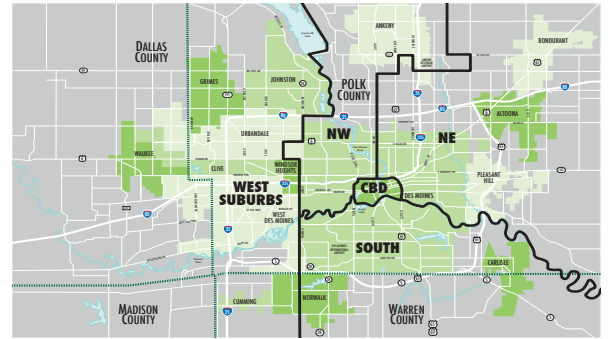
Sources: US Bureau of Labor Statistics

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
Corteva	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



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

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.

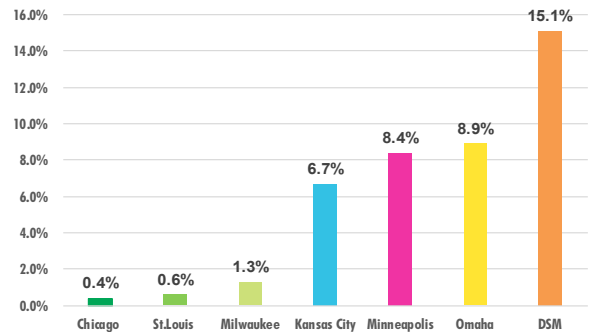
Northwest - Includes Northwest Des Moines and Western Saylor Township.

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.

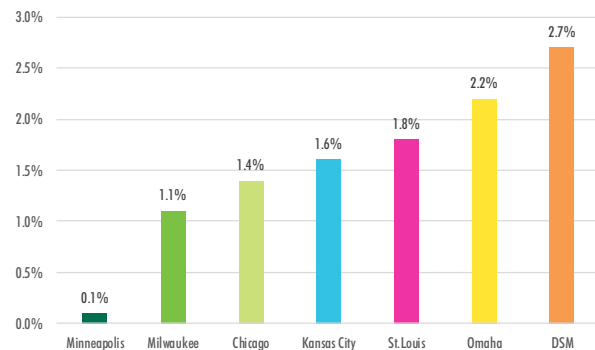
Ankeny - Evaluated separately.

Population Growth: 2010 - 2018



Sources: US Bureau of Labor Statistics

Employment Growth: March 2018 - July 2019



Sources: US Bureau of Labor Statistics