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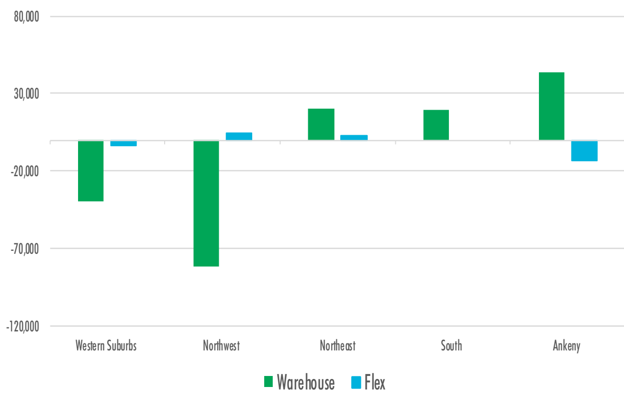
MARKETVIEW SNAPSHOT - Q1 2020

Des Moines Metro Industrial: Fundamentals Hold Steady in Q1, Activity to Slow Through 2020

Overall Vacancy Rate	Warehouse & Dist. Asking Lease Rate NNN	Q1 Net Absorption	Under Construction
4.40%	**$5.07 PSF**	**(16,079 SF)**	**1,116,350 SF**

Figure 1: Warehouse & Flex Q1 Net Absorption (SF)



Crosswinds Business Park I – Delivers Q2 2020

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

Figure 3: Flex Space Average Asking Lease Rate by Submarket (With Min & Max)

PERFORMANCE HIGHLIGHTS

- Greater Des Moines industrial fundamentals were broadly unchanged in Q1 as the market recorded a minimal 16,709 SF of negative net absorption resulting in largely flat vacancy rates across the metro.
- Q1 saw no new construction starts or deliveries. The active pipeline consists of approximately 1.1M SF -- all of which is currently expected to deliver by year-end (See Page 3).
- Hubbell Realty Company's Grimes Distribution Center buildings I-IV sold to Block Real Estate Services (Kansas City) for $28.25M. This represents the second largest industrial transaction on record for the Greater Des Moines market.
- Plans were announced for a 1M SF warehouse development at 4600 and 4700 NE 14th St, Des Moines. The long vacant parcel sits just south of I-80 and would be developed by Opus Group. The construction timeline remains tentative.
- Plans are proposed for a 110,000 SF distribution center at the junction of I-35 and Hwy 5 in West Des Moines. The development would be the first speculative project of its size and class in the emerging southwest quadrant of the metro.

MOVING FORWARD

The Covid-19 pandemic has forced some states to impose strict stay-at-home orders that are adversely affecting many industries. Although the Greater Des Moines industrial market remains strong, we suspect the responses to the pandemic could temporarily hinder transaction velocity in the coming months. This paired with upcoming new supply will likely result in minimal absorption gains over the next 2-3 quarters.

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.

Overall, we suspect the industrial market should weather the downturn fairly well, and the accelerated adaption of e-commerce will likely bolster demand for warehouse space, last-mile facilities and cold-storage moving forward.

Market Statistics

	Market Rentable Area (SF)	Vacant (SF)	Vacancy Rate (%)	Q4 Net Absorption (SF)	Under Construction
Greater Des Moines					
Warehouse Pre 1970	10,492,992	171,296	1.63%	22,389	
Warehouse Post 1970	28,287,518	1,570,142	5.55%	(78,212)	1,095,350
Manufacturing Pre 1970	7,247,016	14,292	0.20%	23,402	
Manufacturing Post 1970	4,072,299	209,929	5.16%	30,646	
Flex	10,121,871	687,357	6.79%	(14,304)	21,000
TOTAL	60,221,696	2,653,016	4.4%	(16,079)	1,116,350
Western Suburbs					
Warehouse Pre 1970	1,615,824	0	0.00%	0	
Warehouse Post 1970	9,923,812	786,177	7.92%	(39,877)	27,450
Manufacturing Pre 1970	620,467	0	0.00%	0	
Manufacturing Post 1970	898,811	63,385	7.05%	0	
Flex	5,115,786	598,197	11.69%	(3,304)	21,000
CBD					
Warehouse Pre 1970	558,521	15,764	2.82%	(15,764)	
Warehouse Post 1970	271,961	12,036	4.43%	(2,076)	
Manufacturing Pre 1970	53,436	0	0.00%	0	
Manufacturing Post 1970	12,737	0	0.00%	0	
Flex	552,378	5,400	0.98%	(5,400)	
Northwest					
Warehouse Pre 1970	1,711,194	0	0.00%	50,000	
Warehouse Post 1970	4,365,177	240,284	5.50%	(131,814)	154,400
Manufacturing Pre 1970	1,874,114	0	0.00%	0	
Manufacturing Post 1970	231,777	0	0.00%	30,646	
Flex	808,001	2,400	0.30%	4,850	
Northeast					
Warehouse Pre 1970	4,228,613	60,860	1.44%	(13,887)	
Warehouse Post 1970	9,885,983	383,193	3.88%	34,400	913,500
Manufacturing Pre 1970	1,968,317	4,500	0.23%	0	
Manufacturing Post 1970	1,932,889	85,540	4.43%	0	
Flex	2,709,360	13,545	0.50%	3,024	
South					
Warehouse Pre 1970	2,151,279	94,672	4.40%	2,040	
Warehouse Post 1970	2,086,794	24,600	1.18%	17,355	
Manufacturing Pre 1970	278,914	9,792	3.51%	23,402	
Manufacturing Post 1970	519,974	61,004	11.73%	0	
Flex	250,110	28,015	11.20%	0	
Ankeny					
Warehouse Pre 1970	227,561	0	0.00%	0	
Warehouse Post 1970	1,753,791	123,852	7.06%	43,800	
Manufacturing Pre 1970	2,451,768	0	0.00%	0	
Manufacturing Post 1970	476,111	0	0.00%	0	
Flex	686,236	39,800	5.80%	(13,474)	

Construction Pipeline

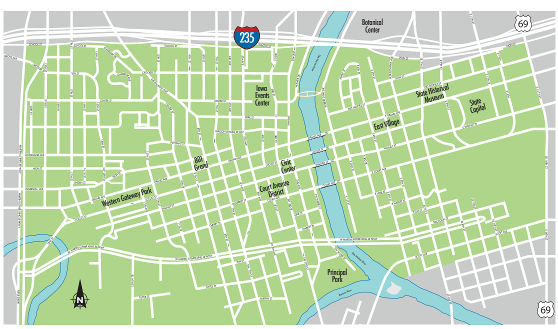
Property	City	Submarket	Property Type	Size (sf)	Expected Delivery
Graham Warehouse Bldg I	Altoona	Northeast	Warehouse	270,000	Q2 2020
Graham Warehouse Bldg 2	Altoona	Northeast	Warehouse	270,000	Q3 2020
Corporate Woods-Phase 3	Ankeny	Northeast	Warehouse	200,000	Q4 2020
Crosswinds Business Park 1	Ankeny	Northeast	Warehouse	137,500	Q2 2020
5548 NW 2nd St	Des Moines	Northwest	Warehouse/Flex	120,000	Q4 2020
4761 NE 20th Ln	Des Moines	Northeast	Warehouse	36,000	Q3 2020
4707 SE Rio Court Rd	Ankeny	Northwest	Warehouse	34,400	Q3 2020
1690 All State Court	West Des Moines	Western Suburbs	Warehouse	27,450	Q3 2020
1040 SE Frontier Ave	Waukee	Western Suburbs	Flex	21,000	Q2 2020

Notable Sales

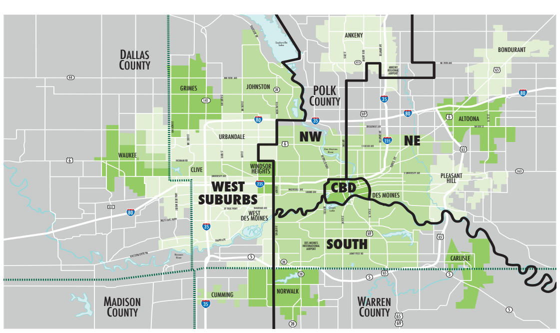
Property	City	Submarket	Property Type	Size (sf)	Sale Price	Sale Price PSF
Grimes Distribution Bldgs I-IV	Grimes	Western Suburbs	Warehouse	440,000	$28,250,010	$64
2165 NW 108th St	Clive	Western Suburbs	Flex	52,050	$3,660,000	$70
1851 SE Destination Dr	Grimes	Western Suburbs	Warehouse	25,600	$2,100,000	$82

Notable Lease Transactions

Property	City	Submarket	Size SF	Tenant	Lease Type
1500 Delaware Ave	Des Moines	Northeast	66,366	Blue Ridge Logistics	New Lease
175 S 9th St	West Des Moines	Western Suburbs	30,000	Scheels All Sports	New Lease
4043 120th St	Urbandale	Western Suburbs	22,500	Evolving Edge	New Lease



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.

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GREATER DES MOINES ECONOMIC DATA

Population
644,590 (2018 MSA)

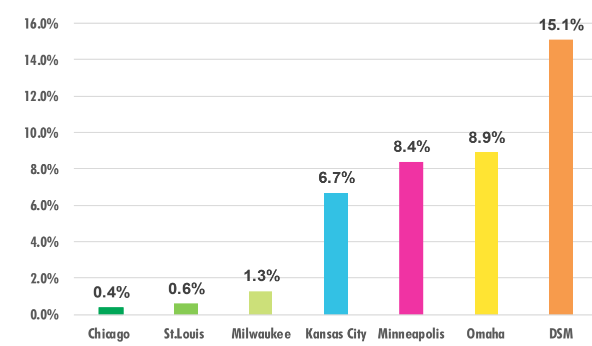
Sources: US Bureau of Labor Statistics

Unemployment Rate
3.2%

Sources: US Bureau of Labor Statistics

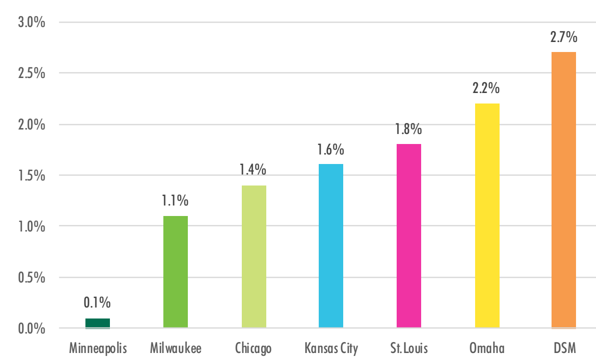
LARGEST EMPLOYERS	EMPLOYEES
Wells Fargo & Company	14,500
UnityPoint Health - Des Moines	8,026
Principal	6,500
Hy-vee	6,400
Nationwide	4,525
Mercy Medical Center	4,228
John Deere	3,089
Vermeer Corporation	2,500
Corteva	2,495
JBS USA	2,300
Pella Corporation	2,224
Wellmark Blue Cross Blue Shield of Iowa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

Population Growth: 2010 - 2018

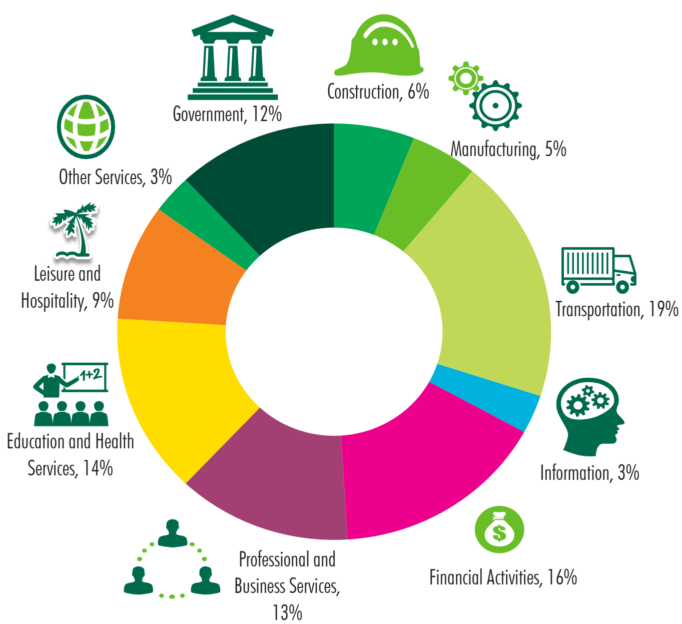


Sources: US Bureau of Labor Statistics

Employment Growth: March 2018 - July 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