



Q3 2020

GREATER DES MOINES OFFICE FIGURES

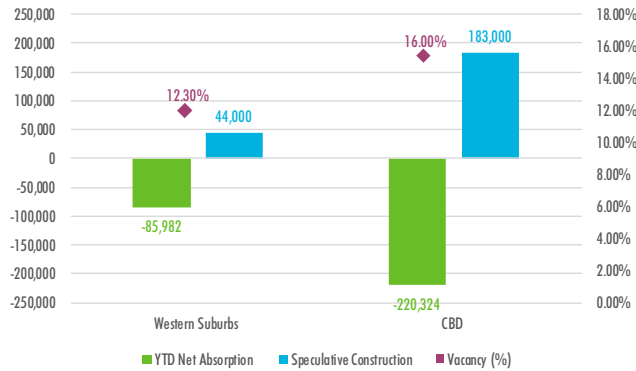
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Des Moines Metro Office: Uptick in vacancy amid pullback in demand

 Competitive Market Vacancy Rate 13.90%	 Average Asking Lease Rate (NNN) \$13.03	 Q3 Net Absorption (50,282) sf	 Under Construction 469,000 sf	 Q3 Deliveries 0 sf
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Figure 1: YTD Net Absorption/Construction & Vacancy by Submarket



Gray's Landing Office - Q1 2021 Delivery

Figure 2: Greater DSM Recent Vacancy Rate Trend (%)

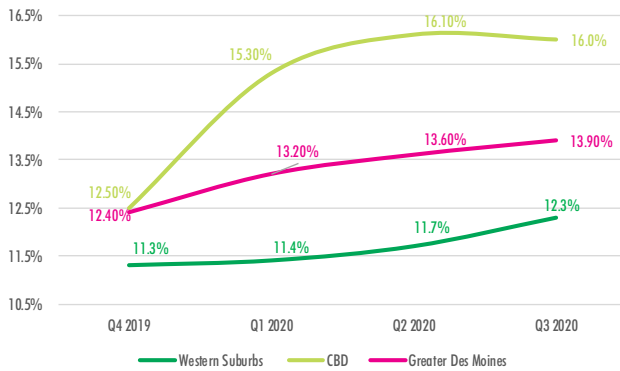
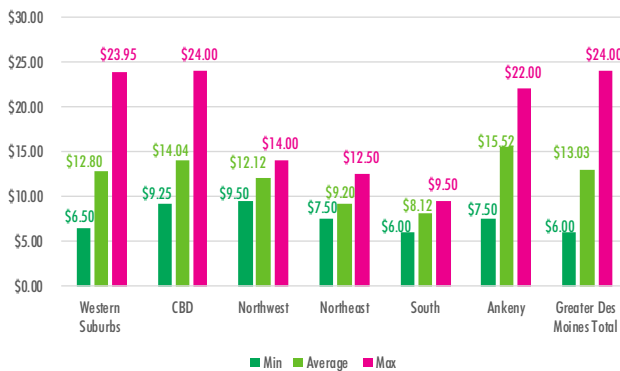


Figure 3: Asking Rents by Submarket with Min & Max (NNN)



PERFORMANCE HIGHLIGHTS

- The Greater Des Moines office market recorded approximately 50,282 sq.ft. of negative net absorption in Q3 2020, raising the overall vacancy by 30 bps to 13.9%. Increased vacancy through Q3 was driven by the Western Suburbs recording 53,313 sq.ft. of negative net absorption, resulting in a 60 bps uptick in vacancy quarter-over-quarter. This comes on the heels of Iowa Student Loan vacating the entirety of their once owner-occupied 42,000 sq.ft. building at 6775 Vista Dr in West Des Moines. The former call center space is now marketed for lease at an asking rate of \$15.50 full service.
- New lease activity slowed through Q3 with an approximate 25% decline in number of deals reported in the first three quarters year-over-year. Morgan Stanley signed a 21,034 sq.ft. lease at The Westfield Campus with plans to relocate from the Village of Ponderosa later this year – which represents the largest lease of the quarter and the only new deal reported over 20,000 sq.ft YTD.
- Krause Group purchased the East Grand Office Park in the East Village for \$14.1M or \$126 per sq.ft. The multi-tenant office park was 100% leased at time of sale and represents the largest office investment transaction since Q4 2018.
- Christensen Development announced plans to redevelop the former Big Lar's bar at 217 E. Second St in the East Village with improvements designed to mitigate any future pandemic issues. The project is 100% pre-leased by design and engineering firm ISG who will occupy approximately 15,000 sq.ft., along with an additional undisclosed tenant who will lease the remainder of the 19,000 sq.ft. building.

MOVING FORWARD

We anticipate continued pullback in leasing activity as many users in the marketplace keep real estate decisions on hold amid the uncertainty surrounding the future of their office space needs. This pullback in demand will be met with a surge in new supply as Sammons Financial Group is relocating from 93,000 sq.ft. At Regency West in Q4 along with Gray's Landing Office and District VI slated to deliver a combined 98,000 sq.ft. of new construction over the next two quarters. The high volume of incoming supply paired with hindered demand will make any notable absorption gains unlikely and continue to apply pressure on vacancy levels into 2021.

MARKETVIEW GREATER DES MOINES OFFICE

Competitive Market Statistics Greater Des Moines

Competitive Market Statistics	Market Rentable Area (sf)	Vacant (sf)	Vacancy Rate	Quarter-Over-Quarter % Change in Occupancy	Q3 Net Absorption	Under Construction (SF)	Average Asking Rate (NNN)
Western Suburbs	9,438,712	1,156,875	12.3%	-0.6%	-53,313	261,000	\$12.80
CBD	6,283,858	1,007,697	16.0%	0.1%	3,340	183,000	\$14.04
Northwest	657,962	76,387	11.6%	0.0%	-152	0	\$12.12
Northeast	93,750	22,608	24.1%	-5.6%	-5,310	0	\$9.20
South	389,901	86,210	22.1%	0.7%	2,666	0	\$8.12
Ankeny	544,037	75,128	13.8%	0.5%	2,487	25,000	\$15.52
Greater Des Moines Total	17,408,220	2,424,905	13.9%	-0.3%	-50,282	469,000	\$13.03

Competitive Market Statistics Western Suburbs

Competitive Market Statistics	Market Rentable Area (sf)	Vacant (sf)	Vacancy Rate	Q3 Net Absorption	Under Construction (SF)	Average Asking Rate (NNN)
Johnston/Grimes	772,371	67,648	8.8%	0	0	\$12.08
Urbandale	1,871,737	255,052	13.6%	-11,664	0	\$11.70
Waukee	113,468	6,536	5.8%	0	44,000	\$16.00*
WDM/Clive	6,681,136	827,639	12.4%	-41,649	217,000	\$13.22
Western Suburbs Totals	9,438,712	1,156,875	12.3%	-53,313	261,000	\$12.80

Q3 Notable Sales

Property	City	Sale Type	Size (sf)	Price	Price PSF
East Grand Office Park	Des Moines	Investment	111,748	\$14,100,000	\$126
2037-2041 Grand Ave	West Des Moines	Investment	23,050	\$1,625,000	\$70
12289 Stratford Dr	Clive	Owner/User	6,320	\$1,096,000	\$173

Recent Lease Transactions

Property	Size (sf)	Type	Submarket	Tenant
Westfield	21,034	New	Western Suburbs	Morgan Stanley
801 Grand	19,340	New	CBD	Fidelity Guaranty
Westridge	12,754	New	Western Suburbs	ICG Mortgage

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	July, 2021	Des Moines	CBD	Competitive
Gray's Landing Office	73,000	February, 2021	Des Moines	CBD	Competitive
Encompass Building	44,000	July, 2021	Waukee	Western Suburbs	Competitive
District VI	25,000	December, 2020	Ankeny	Ankeny	Competitive

GREATER DES MOINES ECONOMIC DATA



Population
644,590 (2018 MSA)

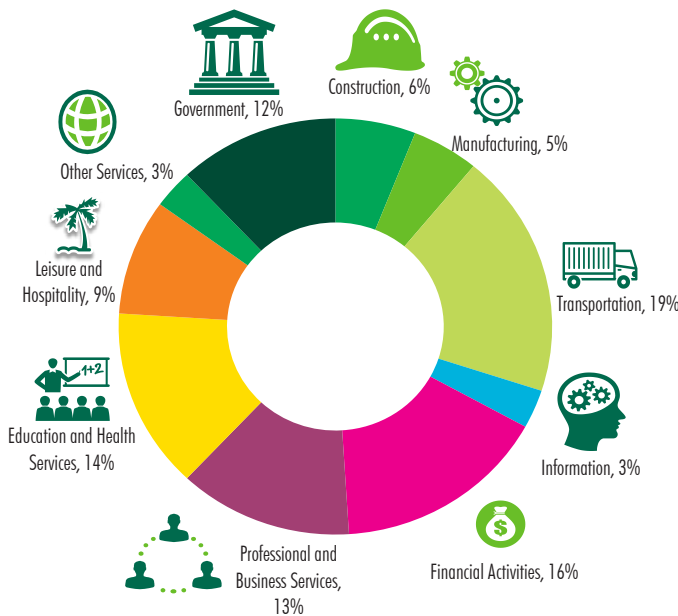
Sources: US Bureau of Labor Statistics



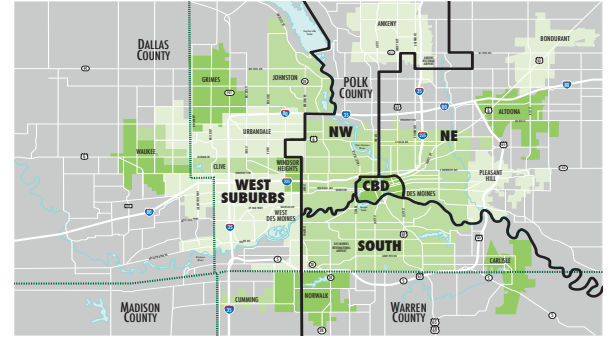
Unemployment Rate
8%

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



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.

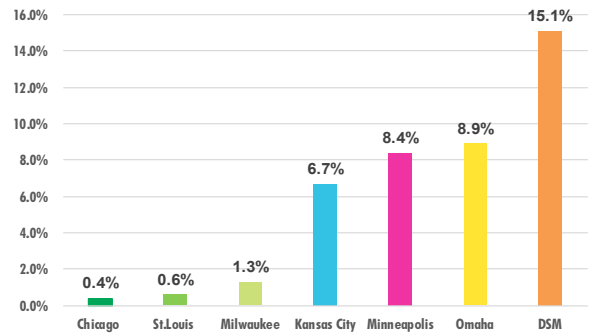
Northwest - Includes Northwest Des Moines and Western Saylor Township.

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.

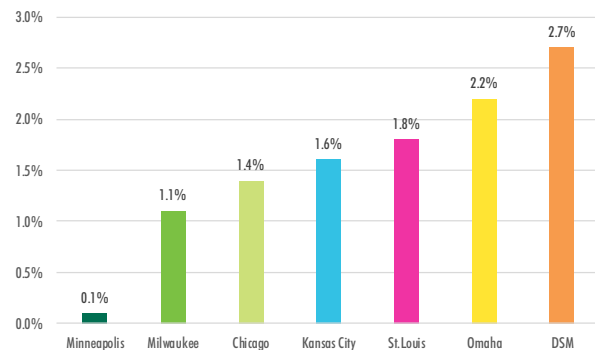
Ankeny - Evaluated separately.

Population Growth: 2010 - 2018



Sources: US Bureau of Labor Statistics

Employment Growth: March 2018 - July 2019



Sources: US Bureau of Labor Statistics

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