



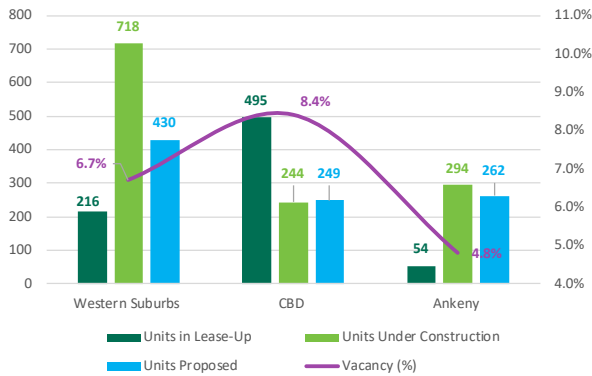
Q2 2020

# GREATER DES MOINES MULTIFAMILY FIGURES

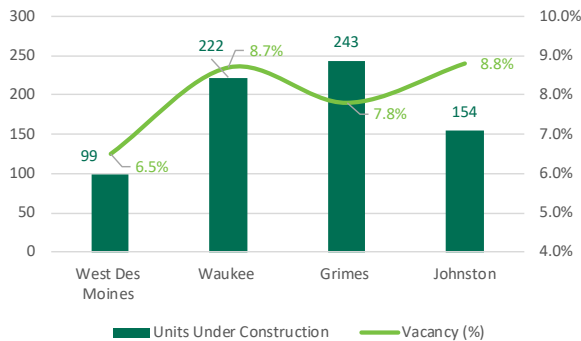
# Des Moines Metro Multifamily: Fundamentals hold steady through first half of the year

 <b>Number of Apartment Homes Surveyed</b> 35,251	 <b>Average Effective Rent</b> \$938	 <b>Q2 Unit Deliveries</b> 199	 <b>Occupancy</b> 93.2%	 <b>Units Under Construction</b> 1,256
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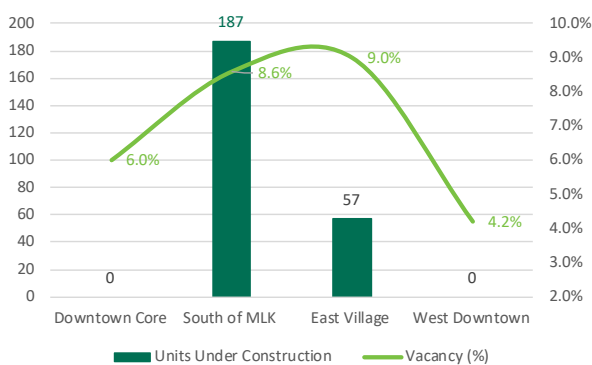
**Figure 1: Greater Des Moines Development & Vacancy**



**Figure 2: Western Suburbs Fundamentals**



**Figure 3: CBD Fundamentals**



Boundary map on page 4.

**Figure 4: Units Under Construction by Submarket**



**PERFORMANCE HIGHLIGHTS**

- New deliveries continued at a modest pace in Q2 at 199 units, bringing the total to 450 units delivered through the first half of the year. We forecast an additional 600 units will be added by year-end, totaling approximately 1,050 units expected to deliver in 2020, down 52% from the previous 5-year average.
- The spring leasing season paired with modest new supply led to positive net absorption of approximately 150 units through Q2, leading to a 50bps uptick in physical occupancy across the metro.
- However, economic occupancy and effective rent growth held largely flat as rent concessions remain in place throughout the market, most notably in the CBD. A CBD survey of 28 properties indicated 21 were offering concessions in the form of free rent.
- Q2 multifamily investment was largely flat in number of deals year-over-year, but fell 43% in total sales volume. However, investor appetite remains strong for assets positioned under \$2.5M -- Most notably the under \$500K price point, which saw a 26% increase in total sales volume year-over-year (See Figure 8).

**MOVING FORWARD**

Despite the resiliency through Q2, we anticipate market fundamentals will experience headwinds in H2 2020 as spring leasing demand wanes and unemployment remains high. We expect continued use of rent concessions as a result, likely hindering economic occupancy and effective rent growth for the balance of the year.

However, we are optimistic government efforts surrounding the extension of unemployment benefits will prove successful, allowing apartment fundamentals to remain intact as the economy works towards recovery. This preservation of market fundamentals paired with healthy new supply, pre-downturn economics and favorable demographic shifts will all facilitate a steady rebound of the Greater Des Moines apartment market as the economy begins to recover.

**MARKETVIEW DES MOINES MULTIFAMILY**

**FIGURE 4: GREATER DES MOINES FUNDAMENTALS**

Submarket	Units	Vacancy	Average Effective Rent Per Unit	Average Effective Rent Per SF	Units Under Construction	Vacancy by Unit Type				Average Rent by Unit Type			
						Studio	1-Bed	2-Bed	3-Bed	Studio	1-Bed	2-Bed	3-Bed
East	1,196	5.3%	\$749	\$0.90	0	4.50%	5.00%	5.90%	6.60%	\$555	\$717	\$759	\$990
South	4,590	6.8%	\$767	\$0.93	0	4.70%	6.00%	7.80%	5.10%	\$567	\$697	\$773	\$976
West	3,268	7.4%	\$785	\$0.99	0	8.00%	8.10%	6.90%	5.90%	\$565	\$730	\$790	\$1,011
CBD	4,192	8.4%	\$1,179	\$1.47	244	9.00%	9.10%	8.90%	11.00%	\$874	\$1,093	\$1,424	\$1,740
West Suburbs	16,623	6.7%	\$987	\$1.04	718	6.30%	7.10%	6.60%	6.50%	\$817	\$873	\$978	\$1,337
<b>Subtotal/Average - Greater Des Moines</b>	<b>29,869</b>	<b>7.0%</b>	<b>\$945</b>	<b>\$1.06</b>	<b>962</b>	<b>7.00%</b>	<b>7.30%</b>	<b>7.10%</b>	<b>6.40%</b>	<b>\$767</b>	<b>\$885</b>	<b>\$948</b>	<b>\$1,265</b>
Altoona	1,286	6.1%	\$977	\$1.04	0	3.30%	2.60%	8.10%	4.20%	\$559	\$854	\$988	\$1,179
Ankeny	3,586	4.8%	\$1,051	\$1.04	294	4.70%	4.50%	5.60%	3.80%	\$828	\$870	\$1,081	\$1,317
Indianola	510	10.6%	\$760	\$0.89	0	13.90%	14.80%	9.90%	6.90%	\$550	\$600	\$799	\$913
<b>Total/Average -- All Units Surveyed</b>	<b>35,251</b>	<b>6.8%</b>	<b>\$938</b>	<b>\$1.05</b>	<b>1,256</b>	<b>6.90%</b>	<b>7.10%</b>	<b>7.30%</b>	<b>6.20%</b>	<b>\$759</b>	<b>\$866</b>	<b>\$965</b>	<b>\$1,250</b>

**FIGURE 5: WESTERN SUBURBS FUNDAMENTALS**

City	Rent	\$/SF	Vacancy	Units Under Construction
West Des Moines	\$1,007	\$1.06	6.50%	99
Waukee	\$1,168	\$1.14	8.70%	222
Urbandale/Clive	\$819	\$0.95	4.50%	0
Grimes/Johnston	\$1,121	\$1.09	8.10%	397
<b>Western Suburbs</b>	<b>\$987</b>	<b>\$1.04</b>	<b>6.70%</b>	<b>718</b>

**FIGURE 7: GREATER DES MOINES FUNDAMENTALS BY YEAR BUILT**

By Year	1960 - 1979			1980 - 1999			2000 - 2018		
	Unit Type	Rent	\$/SF	Vacancy	Rent	\$/SF	Vacancy	Rent	\$/SF
Studio	\$599	\$1.26	5.60%	\$660	\$1.51	2.60%	\$882	\$1.59	7.10%
1-Bed	\$702	\$1.03	5.40%	\$773	\$1.14	6.70%	\$1,025	\$1.36	7.50%
2-Bed	\$765	\$0.88	6.00%	\$850	\$0.92	6.50%	\$1,229	\$1.14	7.30%
3-Bed	\$975	\$0.83	7.00%	\$1,156	\$0.90	3.30%	\$1,395	\$1.01	7.10%
<b>Overall</b>	<b>\$733</b>	<b>\$0.93</b>	<b>6.30%</b>	<b>\$871</b>	<b>\$0.96</b>	<b>6.40%</b>	<b>\$1,180</b>	<b>\$1.22</b>	<b>7.70%</b>

**FIGURE 6: CBD FUNDAMENTALS**

Nbhd	Rent	\$/SF	Vacancy	Units Under
Downtown Core	\$1,168	\$1.48	6.00%	0
South of MLK	\$1,247	\$1.48	8.60%	187
East Village	\$1,150	\$1.50	9.00%	57
West Downtown	\$990	\$1.15	4.20%	0
<b>CBD Overall</b>	<b>\$1,179</b>	<b>\$1.47</b>	<b>8.40%</b>	<b>244</b>

**FIGURE 8: TRANSACTION DIVERSITY YOY**

Deal Size	# of Deals		Sales Volume	
	2019 Q2	2020 Q2	2019 Q2	2020 Q2
\$200K - \$500K	6	9	\$2,010,500	\$2,718,250
\$500K - \$1M	3	2	\$1,980,000	\$1,530,000
\$1M - \$2.5M	2	2	\$2,465,000	\$2,600,000
\$2.5M +	2	1	\$12,787,000	\$4,100,000
<b>Total</b>	<b>13</b>	<b>14</b>	<b>\$19,242,500</b>	<b>\$10,948,250</b>

**RECENT TRANSACTIONS**



**THE QUARTERS AT 9TH      NORTH TRILEIN APARTMENTS      EAST VILLAGE PARK APARTMENTS**

City	Des Moines, IA	Des Moines, IA	Des Moines, IA
Sale Date	April, 2020	May, 2020	April, 2020
# of Units	84	48	20
Price	\$4,100,000	\$1,425,000	\$1,175,000
Price/Unit	\$48,810	\$29,688	\$58,750

**MARKETVIEW DES MOINES MULTIFAMILY**

Under Construction	Address	Project	Developer	Submarket	Units Under Construction	Total Units of Project	Timeline
1	SW Elm St & SW Magazine Rd, Ankeny, IA	The Sterling North at Prairie Trail Phase	SB Communities	Ankeny	138	400	2021
2	2810 SE Rio Dr, Ankeny, IA	Oakwood Place	TWG Development	Ankeny	52	52	Fall 2020
3	SW 11th St, Ankeny, IA	Chalet at Prairie Trail	Caliber	Ankeny	104	104	Q2 2021
4	401 SE 6th St, Des Moines, IA	Connolly Lofts	Newbury Development	CBD	57	57	Q1 2021
5	200 SW 11th St, Des Moines, IA	Linc Apartments Phase II	Hubbell	CBD	142	227	May, 2021
6	12th and Tuttle Street, Des Moines, IA	Linc III	Hubbell	CBD	45	45	Q3 2020-Q3 2021
7	1260 S Jordan Creek Pky, West Des Moines, IA	Strathmore Apartment Homes Phase II	Edward Rose & Sons	Western Suburbs	99	528	Fall 2020
8	1704 NE Gateway Ct, Grimes, IA	Ascend at Heritage Phase II	Classic Builders Inc.	Western Suburbs	144	309	Q4,2020
9	935 SE Silkwood Ln, Grimes, IA	The Reserve at Destination Pointe	Edward Rose & Sons	Western Suburbs	99	390	Q4, 2020
10	SE University Ave & SE LA Grant Parkway, Waukee, IA	Centennial Crossing Townhomes Phase I	Hubbell	Western Suburbs	60	130	Spring 2021
11	175 NW Common Pl, Waukee, IA	The Commons at Greenway Park	Lloyd	Western Suburbs	162	162	Q4, 2020 - 2021
12	6410-6430 Merle Hay Rd, Johnston, IA	Brick Towne at Johnston Phase III & V	Jensen Group	Western Suburbs	154	385	Fall 2020
Proposed	Address	Project	Developer	Submarket	Expected Start	Proposed Units	Potential Delivery
1	Adventureland Dr, Altoona, IA	Blue Ridge Commons	Signature Companies	Altoona	2021	TBD	TBD
2	437 Elgin Ln, Altoona, IA	Linden Oaks Phase II	Redwood	Altoona	TBD	80	2021
3	SW Elm St & SW Magazine Rd, Ankeny, IA	The Sterling North at Prairie Trail Phase II & III	SB Communities	Ankeny	2021	262	2022-2023
4	E 4th & E 2nd St, Des Moines, IA	Level Apartments	Hubbell	CBD	2021	114	2022
5	418 E Grand, Des Moines, IA	418 E Grand	Nelson Development	CBD	TBD	105	2021
6	19th & Crocker St, Des Moines, IA	Bricktop Lofts	Caliber	CBD	TBD	30	2021
7	NE Bondurant, IA	Parkside Apartments	Larson Development	Northeast	2021	108	2021
8	SE University Ave & SE LA Grant Parkway, Waukee, IA	Centennial Crossing Townhomes Phase II	Hubbell	Western Suburbs	2021	130	2022
9	NE Horizon Dr & NE Westgate Dr, Waukee, IA	Bricktowne at Prairie Crossing	Jensen Group	Western Suburbs	Q4, 2020	300	2021
Lease Up	Address	Project	Developer	Submarket	Units in Lease Up	Total Units of Project	Delivered
1	1370 SW Radcliffe Ln, Ankeny, IA	Havenwood Phase II	Redwood Living	Ankeny	54	160	December,2019
2	110 SE 7th St, Des Moines, IA	Rowat Lofts	Nelson Development	CBD	162	162	October, 2019
3	319 7th St, Des Moines, IA	Edna Griffin Building Renovation	Revive Community Development	CBD	35	35	March,2020
4	201 SE 6th St, Des Moines, IA	District at 6th	TWG	CBD	213	213	March, 2020
5	200 SW 11th St, Des Moines, IA	Linc Apartments Phase I	Hubbell	CBD	85	227	July, 2020
6	1260 S Jordan Creek Pky, West Des Moines, IA	Strathmore Apartment Homes Phase I	Edward Rose & Sons	Western Suburbs	102	522	November,2019
7	720 NE Alices Rd, Waukee, IA	Alice Patricia Apartments Phase II	DSM Rental	Western Suburbs	36	288	July, 2020
8	725 Gateway Dr, Grimes, IA	Allure at 141 Phase II	Perry Reid Properties	Western Suburbs	78	138	July,2020

	Total Units Under Construction	Total Units in Lease-Up
Western Suburbs	718	216
CBD	244	495
Ankeny	294	54
Greater DSM	1256	765

**GREATER DES MOINES ECONOMIC DATA**



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

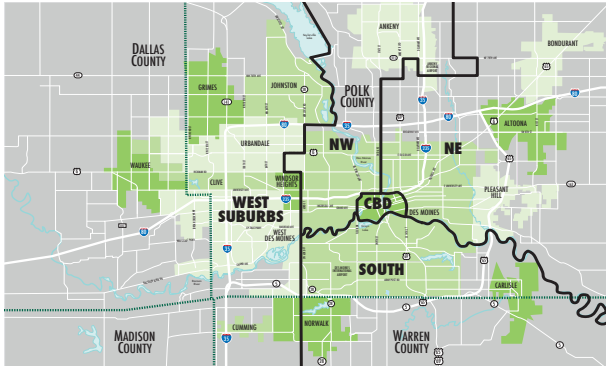
Sources: US Bureau of Labor Statistics



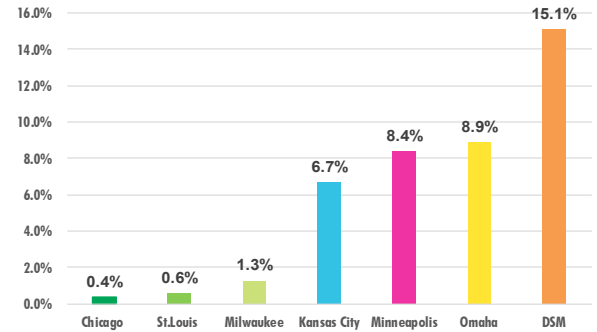
**Unemployment Rate**  
8.0%

Sources: US Bureau of Labor Statistics

**Metro**

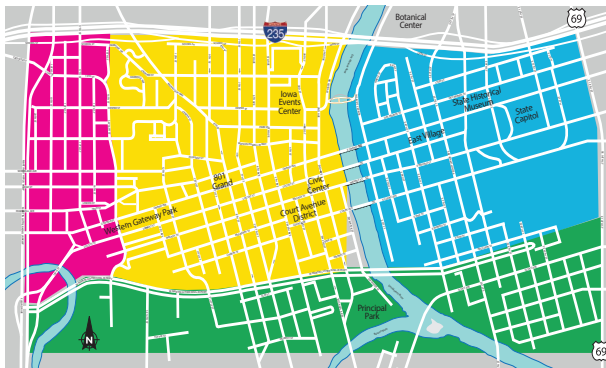


**Population Growth: 2010 - 2018**

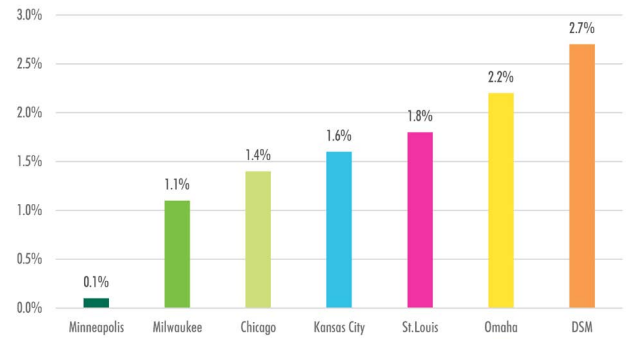


Sources: US Bureau of Labor Statistics

**CBD**



**Employment Growth: July 2018-July 2019**



Sources: US Bureau of Labor Statistics

**Downtown** - North-235, South-MLK, East-Des Moines River, West-15th St

**East Village** - North-235, South-MLK, East- E 14th St, West-Des Moines River

**South of MLK** - North-MLK, South-Raccoon River\*, East-SE 14th st, West-MLK

**West of Downtown** - North-235, South-MLK, East-15th St, West-MLK

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

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