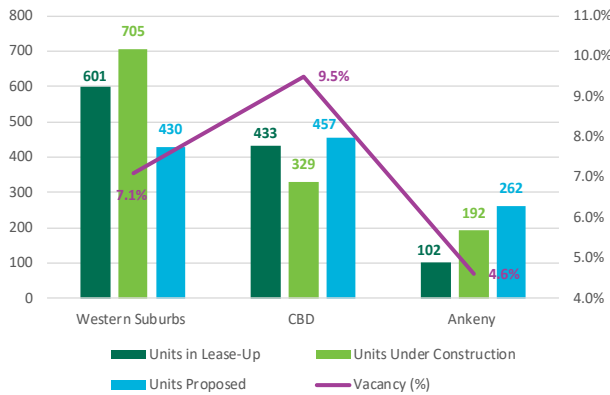


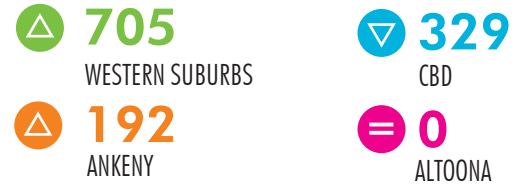
# Des Moines Metro Multifamily: Fundamentals Were Strong Prior to Covid-19

 <b>Number of Apartment Homes Surveyed</b> 34,681	 <b>Average Effective Rent</b> \$936	 <b>Q1 Unit Deliveries</b> 248	 <b>Occupancy</b> 92.7%	 <b>Units Under Construction</b> 1,226
---	--	--	---	--

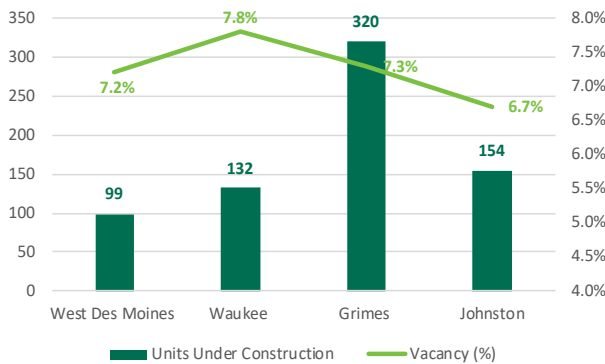
**Figure 1: Greater Des Moines Development & Vacancy**



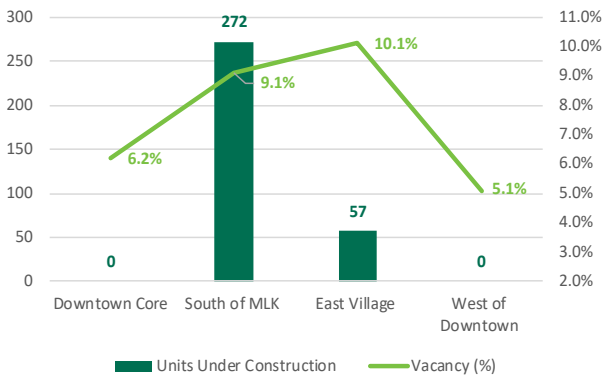
**Figure 4: Units Under Construction by Submarket**



**Figure 2: Western Suburbs Fundamentals**



**Figure 3: CBD Fundamentals**



Boundary map on page 4.

**PERFORMANCE HIGHLIGHTS**

- Q1 deliveries were modest and apartment demand was balanced, resulting in largely flat vacancy levels across the metro as the market continues to absorb late 2019 deliveries.
- The market saw three new construction starts and two new projects deliver in Q1, bringing the active construction pipeline to approximately 1,226 units. We forecast an additional 780 units will deliver by year-end, bringing the projected total to approximately 1,030 units for 2020— a 65% decline from 2019 totals.
- The Carbon 550 project sold to an investment firm from New York for \$10.08M or \$201K/unit.
- Transaction velocity quarter-over-quarter was flat in terms of number of transactions, and up 35% in terms of total volume (See Figure 8). However, we anticipate a decline through Q2 and Q3.

**MOVING FORWARD**

The Covid-19 pandemic has forced some states to impose strict stay-at-home orders that are adversely affecting many industries. Although Greater Des Moines apartment fundamentals were stable through Q1, we anticipate the impacts created by the pandemic will drive further rent concessions resulting in a softening of economic occupancy levels over the next 2 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 swift recovery that could begin as soon as Q4 2020.

Temporarily, multifamily fundamentals will be hindered by COVID-19 restrictions and related impacts such as a rise in unemployment. However, we are optimistic Iowa's pro-active measures to re-open the economy as quickly and safely as possible will bear fruit in the near term. Shortly after restrictions are lifted, we anticipate underlying fundamentals, improved resident economic confidence, limited new supply and pent-up demand will facilitate a noticeable up-tick of the Greater Des Moines apartment market.

**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	5.5%	\$748	\$0.91	0	8.20%	5.60%	6.00%	6.70%	\$563	\$717	\$723	\$1,187
South	4,590	8.8%	\$778	\$0.99	0	7.70%	7.80%	10.10%	6.10%	\$567	\$712	\$771	\$964
West	3,268	7.5%	\$789	\$1.06	0	8.80%	8.30%	7.10%	6.30%	\$592	\$748	\$838	\$1,288
CBD	4,169	9.5%	\$1,160	\$1.48	329	8.80%	9.20%	9.80%	11.80%	\$818	\$1,054	\$1,357	\$1,731
West Suburbs	16,124	7.1%	\$985	\$1.05	705	7.10%	6.90%	7.30%	6.70%	\$819	\$871	\$969	\$1,287
<b>Subtotal/Average - Greater Des Moines</b>	<b>29,347</b>	<b>7.7%</b>	<b>\$943</b>	<b>\$1.06</b>	<b>1,034</b>	<b>7.70%</b>	<b>7.50%</b>	<b>7.50%</b>	<b>6.50%</b>	<b>\$766</b>	<b>\$882</b>	<b>\$950</b>	<b>\$1,270</b>
Altoona	1,238	6.1%	\$982	\$1.05	0	5.60%	4.70%	6.70%	5.90%	\$560	\$861	\$983	\$1,197
Ankeny	3,586	4.6%	\$1,053	\$1.02	192	5.50%	4.40%	4.80%	3.50%	\$810	\$871	\$1,037	\$1,339
Indianola	510	3.9%	\$747	\$0.87	0	4.60%	3.80%	4.00%	0.80%	\$550	\$592	\$791	\$750
<b>Total/Average -- All Units Surveyed</b>	<b>34,681</b>	<b>7.3%</b>	<b>\$936</b>	<b>\$1.06</b>	<b>1,226</b>	<b>7.40%</b>	<b>7.20%</b>	<b>7.20%</b>	<b>6.40%</b>	<b>\$761</b>	<b>\$864</b>	<b>\$946</b>	<b>\$1,257</b>

**FIGURE 5: WESTERN SUBURBS FUNDAMENTALS**

City	Rent	\$/SF	Vacancy	Units Under Construction
West Des Moines	\$975	\$1.03	7.20%	99
Waukee	\$1,140	\$1.10	7.80%	132
Urbandale/Clive	\$820	\$0.95	5.20%	0
Grimes/Johnston	\$1,132	\$1.13	6.90%	474
<b>Western Suburbs</b>	<b>\$985</b>	<b>\$1.05</b>	<b>7.10%</b>	<b>705</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	\$615	\$1.36	6.60%	\$745	\$1.48	4.40%	\$885	\$1.59	7.10%
1-Bed	\$720	\$1.09	6.30%	\$771	\$1.15	6.60%	\$1,031	\$1.37	7.50%
2-Bed	\$766	\$0.92	6.00%	\$840	\$0.95	6.60%	\$1,227	\$1.12	7.30%
3-Bed	\$979	\$0.85	6.20%	\$1,030	\$0.86	5.60%	\$1,396	\$1.02	7.10%
<b>Overall</b>	<b>\$749</b>	<b>\$0.94</b>	<b>6.10%</b>	<b>\$839</b>	<b>\$0.95</b>	<b>6.50%</b>	<b>\$1,171</b>	<b>\$1.21</b>	<b>7.40%</b>

**FIGURE 6: CBD FUNDAMENTALS**

Nbhd	Rent	\$/SF	Vacancy	Units Under
Downtown Core	\$1,176	\$1.51	6.20%	0
South of MLK	\$1,233	\$1.46	9.10%	272
East Village	\$1,152	\$1.51	10.10%	57
West Downtown	\$997	\$1.22	5.10%	0
<b>CBD Overall</b>	<b>\$1,160</b>	<b>\$1.48</b>	<b>9.50%</b>	<b>329</b>

**FIGURE 8: TRANSACTION DIVERSITY YOY**

Deal Size	# of Deals		Sales Volume	
	2019 Q1	2020 Q1	2019 Q1	2020 Q1
\$500K - \$1M	3	3	\$1,890,000	\$2,275,000
\$1M - \$3M	5	3	\$7,631,500	\$5,096,000
\$3M - \$10M	1	3	\$8,250,370	\$19,635,710
<b>Total</b>	<b>9</b>	<b>9</b>	<b>\$17,771,870</b>	<b>\$27,006,710</b>

**RECENT TRANSACTIONS**



**CARBON 550**



**NORTH TRILEIN APARTMENTS**



**EAST VILLAGE PARK APARTMENTS**

	Des Moines, IA	Ankeny, IA	Des Moines, IA
City	Des Moines, IA	Ankeny, IA	Des Moines, IA
Sale Date	February, 2020	February, 2020	March, 2020
# of Units	50	54	69
Price	\$10,080,710	\$3,375,000	\$2,700,000
Price/Unit	\$201,614	\$62,500	\$39,130

**MARKETVIEW DES MOINES MULTIFAMILY**

Under Construction	Address	Project	Developer	Submarket	Units Under Construction	Total Units of Project	Timeline
1	7750 NE 19th Ln, Ankeny, IA	Oakwood Place	TWG Development	Ankeny	54	54	Fall 2020
2	SW Elm St & SW Magazine Rd, Ankeny, IA	The Sterling North at Prairie Trail Phase	SB Communities	Ankeny	138	400	Summer 2021
3	401 SE 6th St, Des Moines, IA	Connolly Lofts	Newbury Development	CBD	57	57	2021
4	200 SW 11th St, Des Moines, IA	Linc Apartments	Hubbell	CBD	227	227	June 2020 - 85 Units / January 2021 - 142 Units
5	12th and Tuttle Street, Des Moines, IA	Linc III	Hubbell	CBD	45	45	Phased Delivery Q3 2020 - Q1 2021
6	725 Gateway Dr, Grimes, IA	Allure at 141 Phase II	Perry Reid Properties	Western Suburbs	78	132	Summer 2020
7	720 NE Alices Rd, Waukee, IA	Alice Patricia Apartments Phase II	DSM Rental	Western Suburbs	72	288	Summer 2020
8	1260 S Jordan Creek Pky, West Des Moines, IA	Strathmore Apartment Homes Phase II	Edward Rose & Sons	Western Suburbs	99	528	Fall 2020
9	1704 NE Gateway Ct, Grimes, IA	Ascend at Heritage Phase II	Classic Builders Inc.	Western Suburbs	144	309	Fall 2020
10	SE University Ave & SE LA Grant Parkway,	Centennial Crossing Townhomes Phase I	Hubbell	Western Suburbs	60	130	Spring 2021
11	935 SE Silkwood Ln, Grimes, IA	The Reserve at Destination Pointe	Edward Rose & Sons	Western Suburbs	98	390	Summer 2020
12	6410-6430 Merle Hay Rd, Johnston, IA	Brick Towne at Johnston Phase III & V	Jensen Group	Western Suburbs	154	462	Fall 2020
Proposed	Address	Project	Developer	Submarket	Expected Start	Proposed Units	Potential Delivery
1	422 Walnut St, Des Moines, IA	The Fifth	Mandelbaum	CBD	TBD	208	TBD
2	Adventureland Dr, Altoona, IA	Blue Ridge Commons	Signature Companies	Altoona	2020	TBD	TBD
3	SW Elm St & SW Magazine Rd, Ankeny, IA	The Sterling North at Prairie Trail Phase	SB Communities	Ankeny	2021	262	2022-2023
4	NE Bondurant, IA	Parkside Apartments	Larson Development	Northeast	2020	108	2021
5	SE University Ave & SE LA Grant Parkway, Waukee, IA	Centennial Crossing Townhomes Phase II	Hubbell	Western Suburbs	2021	130	2022
6	E 4th & E 2nd St, Des Moines, IA	Level Apartments	Hubbell	CBD	2020	114	2021
7	418 E Grand, Des Moines, IA	418 E Grand	Nelson Development	CBD	TBD	105	2021
8	19th & Crocker St, Des Moines, IA	Bricktop Lofts	Caliber	CBD	TBD	30	2021
9	NE Horizon Dr & NE Westgate Dr, Waukee, IA	Bricktowne at Prairie Crossing	Jensen Group	Western Suburbs	Summer 2020	300	2021
10	437 Elgin Ln, Altoona, IA	Linden Oaks Phase II	Redwood	Altoona	TBD	80	2021
Lease Up	Address	Project	Developer	Submarket	Units in Lease Up	Total Units of Project	Delivered
1	1260 S Jordan Creek Pky, West Des Moines, IA	Strathmore Apartment Homes Phase I	Edward Rose & Sons	Western Suburbs	102	522	November, 2019
2	1704 NE Gateway Ct, Grimes, IA	Ascend at Heritage Phase I	Classic Builders Inc.	Western Suburbs	165	331	September, 2019
3	8925 Cascade Ave, West Des Moines, IA	Lift at Jordan Creek	The Garrett Companies	Western Suburbs	180	180	September, 2019
4	600 E 5th St, Des Moines, IA	Lyon Flats	Premier Companies	CBD	23	23	September, 2019
5	6410-6430 Merle Hay Rd, Johnston, IA	Brick Towne at Johnston Phase II & III	Jensen Group	Western Suburbs	154	462	September, 2019
6	110 SE 7th St, Des Moines, IA	Rowat Lofts	Nelson Development	CBD	162	162	October, 2019
7	2300 1st Ave S, Altoona, IA	The Barclay at Ironwood	Highgates Group	Altoona	48	48	September, 2019
8	1370 SW Radcliffe Ln, Ankeny, IA	Havenwood Phase II	Redwood Living	Ankeny	54	160	December, 2019
9	319 7th St, Des Moines, IA	Edna Griffin Building Renovation	Revive Community	CBD	35	35	March, 2020
10	600 Northwest Cherry Creek Ln, Ankeny, IA	Brick Towne at Piper Final Phase	Jensen Group	Ankeny	48	480	December, 2019
11	201 SE 6th St, Des Moines, IA	District at 6th	TWG	CBD	213	213	March, 2020

	Total Units Under Construction	Total Units in Lease-Up
Western Suburbs	705	601
CBD	329	433
Ankeny	192	102
Altoona	0	48
Greater DSM	1226	1184

**GREATER DES MOINES ECONOMIC DATA**



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

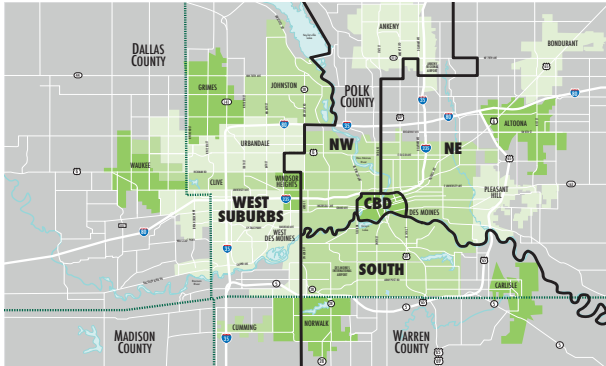
Sources: US Bureau of Labor Statistics



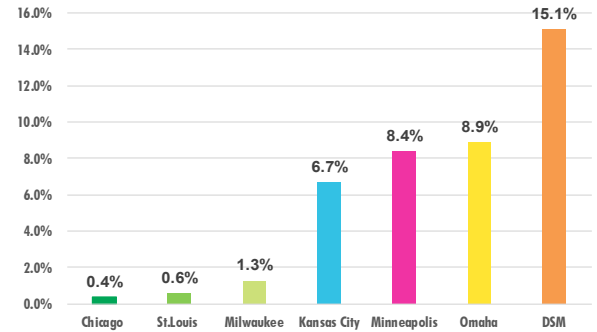
**Unemployment Rate**  
3.2%

Sources: US Bureau of Labor Statistics

**Metro**

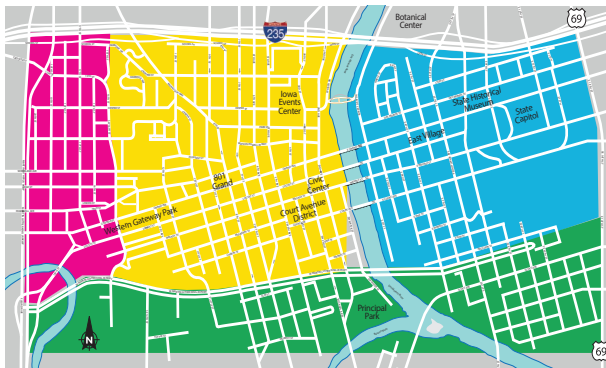


**Population Growth: 2010 - 2018**

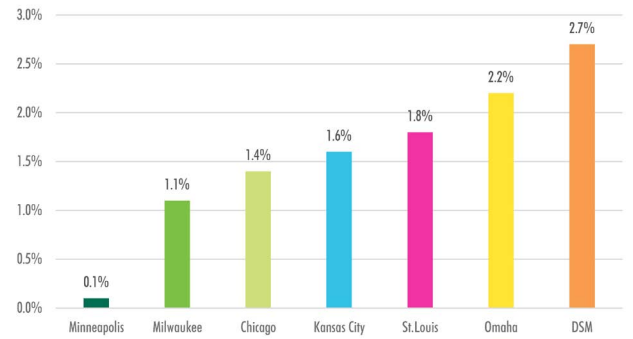


Sources: US Bureau of Labor Statistics

**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