



Q3 2020

GREATER DES MOINES INDUSTRIAL & LOGISTICS FIGURES

CBRE | **Hubbell
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Des Moines Metro Industrial: Vacancy up amid new deliveries, speculative construction dwindles

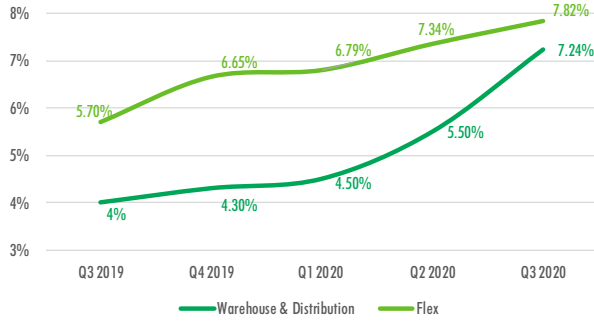
Overall Vacancy Rate
6.1%

Warehouse & Dist.
Asking Lease Rate NNN
\$5.06 PSF

Q3 Net Absorption
(714,857 SF)

Under Construction
287,000 SF

Figure 1: Recent Vacancy Trend by Property Type



Crosswinds Business Park: Q2 Delivery | 137,500 sq. ft. | Ankeny Submarket

Figure 2: Greater DSM Industrial Construction Activity (SF)

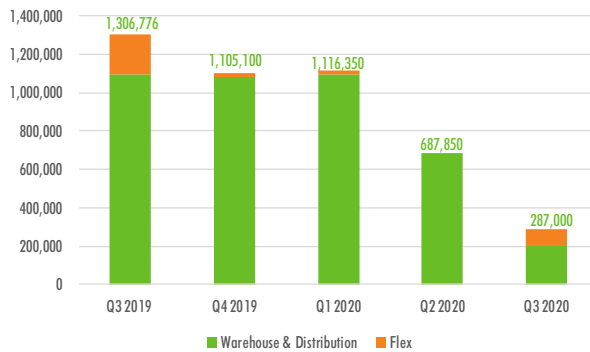
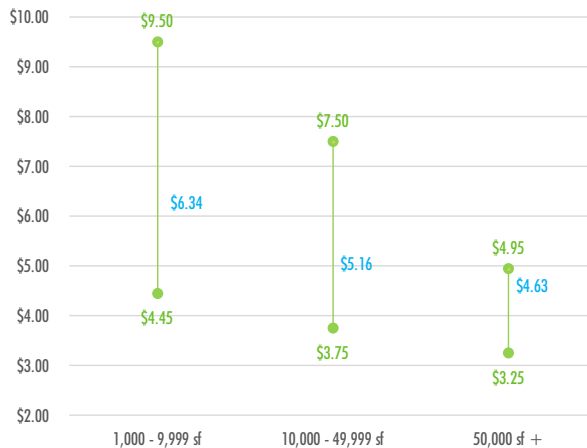


Figure 3: Warehouse Average Asking Lease Rate by Space Size (With Min & Max)



PERFORMANCE HIGHLIGHTS

- The Greater Des Moines industrial market saw a 120 bps uptick in overall vacancy in Q3 as a surge in speculative deliveries paired with a modest pullback in new lease activity resulted in 714,857 sq. ft. of negative net absorption.
- Speculative deliveries were robust in Q3 totaling approximately 530,000 sq. ft. -- bringing the active construction pipeline down to 287,000 sq.ft. The Northeast submarket accounted for 95% of Q3 deliveries and has now added 877,000 sq.ft. of high-cube space to its competitive inventory YTD.
- YTD new lease activity has been modest compared to prior periods, with an approximate 35% decline in number of deals reported year-over-year. XPO Logistics renewed their 199,180 sq. ft. lease at 3901 Dixon St, Des Moines, which represents the largest lease transaction of the quarter and the only deal over 100,000 sq. ft. reported YTD.
- Notable sales transactions in Q3 include 3901 Dixon St, Des Moines, which sold to a private investor out of Kansas City for \$13.5M, or \$68 per sq. ft. The single-tenant 199,180 sq. ft. warehouse is leased to XPO Logistics who exercised a renewal option this year. Additionally, 6290 NE Industry Dr, Des Moines sold for \$3.7M or \$77 per sq. ft. The 48,000 sq.ft. multi-tenant warehouse traded to a local private investor and was 100% leased at time of sale.

MOVING FORWARD

The notable upward pressure on vacancy levels over the past two quarters was expected given the surge in speculative deliveries amid the uncertainty surrounding Covid-19. However, new deliveries will significantly moderate over the next two quarters and speculative construction starts in the near-term are unlikely given current availability levels in the marketplace.

We expect lease activity to pick up over the next two quarters as the economy continues to re-open and uncertainty amongst users begins to wane. We anticipate this acceleration in lease velocity over the next two quarters paired with minimal upcoming supply will facilitate steady absorption gains moving into 2021.

Market Statistics

	Market Rentable Area (SF)	Vacant (SF)	Vacancy Rate (%)	Q3 Net Absorption (SF)	Under Construction
Greater Des Moines					
Warehouse Pre 1970	10,492,992	205,842	1.96%	(13,500)	
Warehouse Post 1970	29,228,468	2,672,145	9.14%	(634,752)	198,400
Manufacturing Pre 1970	7,247,016	2,772	0.04%	4,500	
Manufacturing Post 1970	4,072,299	79,017	1.94%	(14,132)	
Flex	10,121,871	791,922	7.82%	(56,973)	88,600
TOTAL	61,162,646	3,751,698	6.1%	(714,857)	287,000
Western Suburbs					
Warehouse Pre 1970	1,615,824	7,500	0.46%	(7,500)	
Warehouse Post 1970	9,951,262	903,896	9.08%	(87,434)	50,000
Manufacturing Pre 1970	620,467	0	0.00%	0	
Manufacturing Post 1970	898,811	63,385	7.05%	0	
Flex	5,115,786	646,577	12.64%	(54,682)	69,900
CBD					
Warehouse Pre 1970	558,521	15,000	2.69%	0	
Warehouse Post 1970	271,961	57,670	21.21%	(21,000)	
Manufacturing Pre 1970	53,436	0	0.00%	0	
Manufacturing Post 1970	12,737	0	0.00%	0	
Flex	552,378	39,203	7.10%	(3,067)	
Northwest					
Warehouse Pre 1970	1,711,194	0	0.00%	0	
Warehouse Post 1970	4,365,177	423,532	9.70%	(59,916)	148,400
Manufacturing Pre 1970	1,874,114	0	0.00%	0	
Manufacturing Post 1970	231,777	14,132	6.10%	(14,132)	
Flex	808,001	11,014	1.36%	(5,524)	
Northeast					
Warehouse Pre 1970	4,228,613	88,670	2.10%	(6,000)	
Warehouse Post 1970	10,661,983	1,053,293	9.88%	(381,100)	
Manufacturing Pre 1970	1,968,317	0	0.00%	4,500	
Manufacturing Post 1970	1,932,889	1,500	0.08%	0	
Flex	2,709,360	31,937	1.18%	8,700	
South					
Warehouse Pre 1970	2,151,279	94,672	4.40%	0	
Warehouse Post 1970	2,086,794	23,075	1.11%	1,525	
Manufacturing Pre 1970	278,914	2,772	0.99%	0	
Manufacturing Post 1970	519,974	0	0.00%	0	
Flex	250,110	17,740	7.09%	0	
Ankeny					
Warehouse Pre 1970	227,561	0	0.00%	0	
Warehouse Post 1970	1,891,291	210,679	11.14%	(86,827)	
Manufacturing Pre 1970	2,451,768	0	0.00%	0	
Manufacturing Post 1970	476,111	0	0.00%	0	
Flex	686,236	45,451	6.62%	(2,400)	18,700

Construction Pipeline

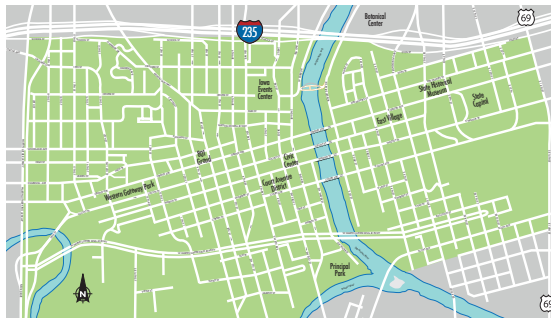
Property	City	Submarket	Property Type	Size (sf)	Expected Delivery
5548 NW 2nd St	Des Moines	Northwest	Warehouse/Flex	114,000	Q4 2020
2105 SE Gateway Dr	Grimes	Western Suburbs	Warehouse	50,000	Q2 2021
1405 SE 28th St Buildings I & II	Grimes	Western Suburbs	Flex	48,000	Q4 2020
4707 SE Rio Court Rd	Ankeny	Northwest	Warehouse	34,400	Q4 2020
1040 SE Frontier Ave	Waukee	Western Suburbs	Flex	21,000	Q4 2020
1615 SE Cortina Dr	Ankeny	Ankeny	Flex	18,700	Q4 2020

Notable Sales

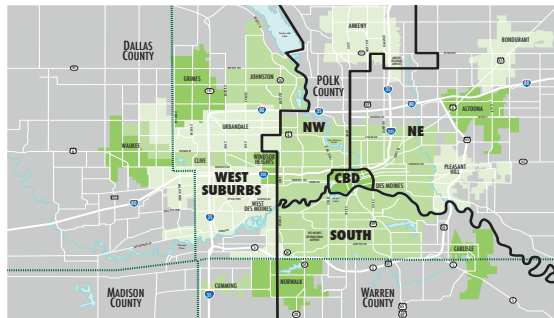
Property	City	Submarket	Property Type	Size (sf)	Sale Price	Sale Price PSF
3901 Dixon St	Des Moines	Northeast	Warehouse	199,180	\$13,545,000	\$68
6290 NE Industry Dr	Des Moines	Northeast	Warehouse	48,000	\$3,710,000	\$77
1800 Hull Ave	Des Moines	Northeast	Warehouse	85,540	\$3,350,000	\$39

Notable Lease Transactions

Property	City	Submarket	Size SF	Tenant	Lease Type
3901 Dixon St	Des Moines	Northeast	199,180	XPO Logistics	Renewal
1641 E Euclid Ave	Des Moines	Northeast	20,550	Warner's Stelian	New
920 Morgan St	Des Moines	CBD	19,510	Raygun	New



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.

GREATER DES MOINES ECONOMIC DATA



Population
644,590 (2018 MSA)

Sources: US Bureau of Labor Statistics

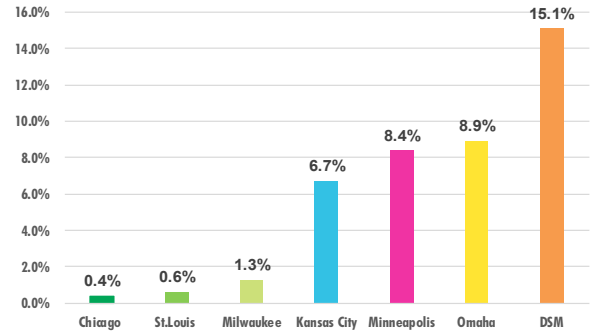


Unemployment Rate
8%

Sources: US Bureau of Labor Statistics

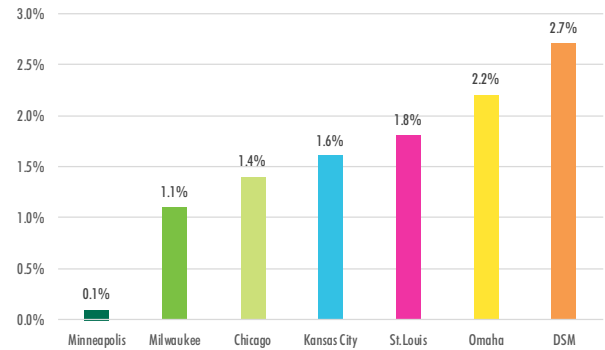
LARGEST EMPLOYERS	EMPLOYEES
Wells Fargo & Company	14,500
UnityPoint Health - Des Moines	8,026
Principal	6,500
Hy-vee	6,400
Nationwide	4,525
Mercy Medical Center	4,228
John Deere	3,089
Vermeer Corporation	2,500
Corteva	2,495
JBS USA	2,300
Pella Corporation	2,224
Wellmark Blue Cross Blue Shield of Iowa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

Population Growth: 2010 - 2018

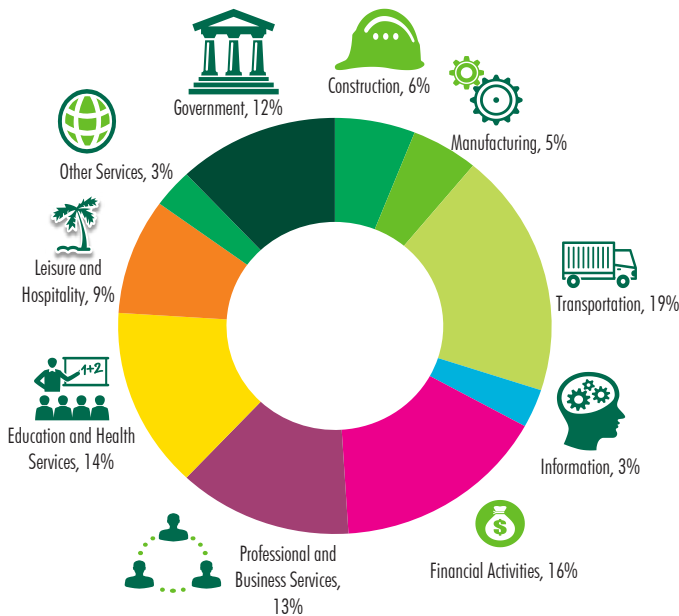


Sources: US Bureau of Labor Statistics

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