



Q3 2020

GREATER DES MOINES MULTIFAMILY FIGURES

New Deliveries Low, Occupancy Nearly Flat



Number of Apartment Homes Surveyed
35,251



Average Effective Rent
\$941



Q3 Unit Deliveries
72



Occupancy
93.3%



Units Under Construction
1,334

Figure 1: Recent Occupancy Trend & New Deliveries

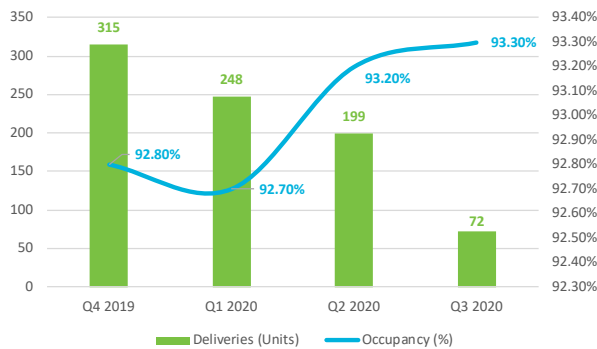


Figure 4: Units Under Construction by Submarket



Figure 2: Greater Des Moines Construction & Vacancy

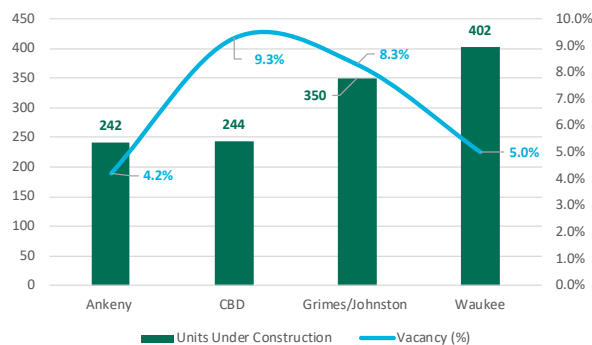
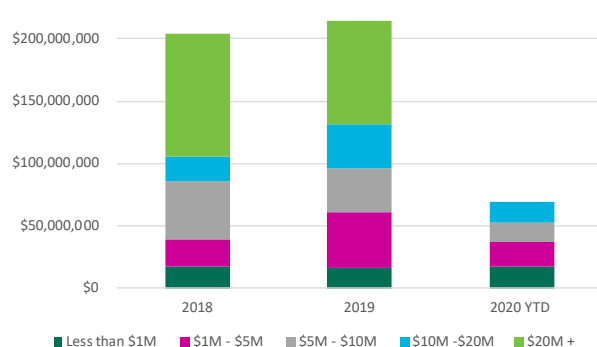


Figure 3: Historical Sales Volume by Deal Size



PERFORMANCE HIGHLIGHTS

- Q3 deliveries were low, but a continued pullback in leasing activity resulted in minimal absorption gains and largely flat occupancy levels across the metro. Ankeny and Altoona were the only submarkets that recorded notable gains through Q3, resulting in a 60 bps and 120 bps uptick in occupancy, respectively.
- A total of 72 units across two projects were delivered in Q3 representing a 70% decline from the previous 3-quarter average. Oakwood Place in Ankeny delivered 54 of the units, and Phase II of Linden Oaks in Altoona delivered the remaining 18 units. (See Figure 1)
- We anticipate an acceleration in new deliveries in Q4 with an additional 380 units expected by year-end. This brings the projected total for 2020 deliveries to approximately 900 units, which would be a 55% decline from the previous 5-year average.
- Sales volume continues to be driven by deals under \$1M in size. Sales volume and total number of deals under \$1M have already surpassed 2018 & 2019 totals in the first three quarters of the year alone. However, total sales volume lags year-over-year with just one deal over \$10M recorded YTD. (See Figures 3 & 8).

MOVING FORWARD

Covid-19 restrictions, consumer uncertainty, and the historically low mortgage rate environment will continue to hinder Greater Des Moines apartment fundamentals over the next two quarters. CBD demand will face the strongest headwinds in the near-term as Covid-19 restrictions continue to suppress the downtown amenities and activities expected from residents. Rent concessions will remain in place and potentially increase as result, making economic occupancy and rent gains unlikely through the next two quarters.

Forward looking, we expect the pullback in new development paired with the lifting of Covid-19 related restrictions and restored consumer confidence will allow for a healthy recovery of Des Moines apartment fundamentals as we move through the spring/summer leasing season.

FIGURE 4: GREATER DES MOINES FUNDAMENTALS

Submarket	Units	Vacancy	Average Rent Per Unit	Average 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	5.2%	\$750	\$0.91	30	4.40%	5.00%	5.80%	6.70%	\$560	\$725	\$760	\$991
South	4,590	7.1%	\$789	\$0.95	0	2.70%	6.10%	8.00%	5.40%	\$559	\$712	\$791	\$1,012
West	3,268	7.2%	\$786	\$0.97	0	7.90%	8.00%	6.90%	5.70%	\$560	\$725	\$791	\$1,010
CBD	4,192	9.3%	\$1,129	\$1.42	244	9.40%	9.30%	9.30%	8.40%	\$829	\$1,033	\$1,367	\$1,872
West Suburbs	16,623	6.4%	\$982	\$1.04	818	5.90%	7.10%	6.40%	5.00%	\$823	\$873	\$970	\$1,334
Subtotal/Average - Greater Des Moines	29,869	7.0%	\$946	\$1.05	1,092	6.40%	7.30%	7.10%	5.80%	\$770	\$880	\$956	\$1,295
Altoona	1,286	4.9%	\$991	\$1.05	0	2.70%	2.20%	5.40%	4.70%	\$559	\$846	\$1,012	\$1,194
Ankeny	3,586	4.2%	\$980	\$0.99	242	3.90%	4.10%	4.50%	3.70%	\$827	\$860	\$1,053	\$1,015
Indianola	510	11.2%	\$768	\$0.88	0	15.20%	16.40%	10.30%	8.30%	\$550	\$615	\$806	\$750
Total/Average -- All Units Surveyed	35,251	6.7%	\$941	\$1.05	1,334	6.20%	6.80%	6.60%	5.30%	\$758	\$863	\$966	\$1,244

FIGURE 5: WESTERN SUBURBS FUNDAMENTALS

City	Rent	\$/SF	Vacancy	Units Under Construction
West Des Moines	\$978	\$1.04	6.80%	66
Waukee	\$1,124	\$1.10	5.00%	402
Urbandale/Clive	\$816	\$0.95	4.30%	0
Grimes/Johnston	\$1,091	\$1.09	8.30%	350
Western Suburbs	\$982	\$1.04	6.40%	818

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	Vacancy
Studio	\$595	\$1.25	5.50%	\$655	\$1.49	2.50%	\$790	\$1.59	6.90%
1-Bed	\$701	\$1.01	5.60%	\$775	\$1.13	6.60%	\$990	\$1.36	7.50%
2-Bed	\$780	\$0.85	6.10%	\$901	\$0.92	6.50%	\$1,229	\$1.14	7.40%
3-Bed	\$970	\$0.83	6.70%	\$1,096	\$0.90	3.50%	\$1,395	\$1.01	6.70%
Overall	\$733	\$0.91	6.10%	\$875	\$0.99	6.30%	\$1,099	\$1.21	7.20%

FIGURE 6: CBD FUNDAMENTALS

Nbhd	Rent	\$/SF	Vacancy	Units Under Construction
Downtown Core	\$1,130	\$1.45	6.40%	0
South of MLK	\$1,232	\$1.46	9.80%	187
East Village	\$1,147	\$1.49	9.90%	57
West Downtown	\$924	\$1.17	4.50%	0
CBD Overall	\$1,129	\$1.42	9.30%	244

FIGURE 8: TRANSACTION DIVERSITY YOY

Deal Size	# of Deals		Sales Volume	
	2019	2020 YTD	2019	2020 YTD
Less than \$1M	35	41	\$16,256,500	\$17,171,550
\$1M - \$5M	22	9	\$44,480,800	\$19,571,000
\$5M - \$10M	5	2	\$35,544,370	\$16,260,710
\$10M+	4	1	\$118,283,200	\$16,545,060
Total	66	53	\$214,564,870	\$69,548,320

RECENT TRANSACTIONS

			
	CAMBRIDGE COURT	GRAND STRATFORD APARTMENTS	660 2ND ST
City	West Des Moines, IA	Des Moines, IA	Waukee, IA
Sale Date	July, 2020	August, 2020	September, 2020
# of Units	192	48	12
Price	\$16,545,060	\$3,250,000	\$990,000
Price/Unit	\$86,172	\$67,708	\$82,500

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 I	SB Communities	Ankeny	138	400	Q2, 2021
2	SW 11th St, Ankeny, IA	Chalet at Prairie Trail	Caliber	Ankeny	104	104	Q2, 2021
3	401 SE 6th St, Des Moines, IA	Connolly Lofts	Newbury Development	CBD	57	57	Q1, 2021
4	200 SW 11th St, Des Moines, IA	Linc Apartments Phase II	Hubbell	CBD	142	227	Q2, 2021
5	12th and Tuttle Street, Des Moines, IA	Linc III	Hubbell	CBD	41	45	Q2, 2021
6	2415 Paine St, Bondurant, IA	Parkside Apartments Phase I	Larson Development	East	30	120	Q4, 2020
7	1260 S Jordan Creek Pkwy, West Des Moines, IA	Strathmore Apartment Homes Phase III	Edward Rose & Sons	Western Suburbs	66	528	Q1, 2021
8	1704 NE Gateway Ct, Grimes, IA	Ascend at Heritage Phase II	D.R. Horton	Western Suburbs	110	323	Q4, 2020
9	935 SE Silkwood Ln, Grimes, IA	The Reserve at Destination Pointe Phase II	Edward Rose & Sons	Western Suburbs	96	384	Q4, 2020
10	SE University Ave & SE LA Grant Parkway, Waukee, IA	Centennial Crossing Townhomes Phase I	Hubbell	Western Suburbs	60	130	Q3, 2021
11	NE Horizon Dr & NE Westgate Dr, Waukee, IA	Bricktowne at Prairie Crossing Phase I	Jensen Group	Western Suburbs	180	300	Q1, 2021 - Q2, 2021
12	175 NW Common Pl, Waukee, IA	The Commons at Greenway Park	Lloyd	Western Suburbs	162	162	Q1, 2020 - Q2, 2021
13	6410-6430 Merle Hay Rd, Johnston, IA	Brick Towne at Johnston Phase III & V	Jensen Group	Western Suburbs	144	360	Q4, 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	SW Elm St & SW Magazine Rd, Ankeny, IA	The Sterling North at Prairie Trail Phase II & III	SB Communities	Ankeny	2021	262	2022-2023
3	E 4th & E 2nd St, Des Moines, IA	Level Apartments	Hubbell	CBD	2021	114	2022
4	418 E Grand, Des Moines, IA	418 E Grand	Nelson Development	CBD	TBD	105	2021
5	19th & Crocker St, Des Moines, IA	Bricktop Lofts	Caliber	CBD	TBD	30	2021
6	SE University Ave & SE LA Grant Parkway, Waukee, IA	Centennial Crossing Townhomes Phase II	Hubbell	Western Suburbs	2021	130	2022
7	NE Horizon Dr & NE Westgate Dr, Waukee, IA	Bricktowne at Prairie Crossing Phase II	Jensen Group	Western Suburbs	2021	120	2021 - 2022
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	2810 SE Rio Dr, Ankeny, IA	Oakwood Place	TWG Development	Ankeny	52	52	September, 2020
3	437 Elgin Ln, Altoona, IA	Linden Oaks Phase II	Redwood	Altoona	18	118	September, 2020
4	200 SW 11th St, Des Moines, IA	Linc Apartments Phase I	Hubbell	CBD	85	227	June, 2020
5	319 7th St, Des Moines, IA	Edna Griffin Building Renovation	Revive Community Development	CBD	35	35	March, 2020
6	201 SE 6th St, Des Moines, IA	District at 6th	TWG	CBD	213	213	March, 2020
7	1260 S Jordan Creek Pkwy, West Des Moines, IA	Strathmore Apartment Homes Phase I & II	Edward Rose & Sons	Western Suburbs	132	522	38
8	720 NE Alices Rd, Waukee, IA	Alice Patricia Apartments Phase II	DSM Rental	Western Suburbs	36	288	June, 2020
9	725 Gateway Dr, Grimes, IA	Allure at 141 Phase II	Perry Reid Properties	Western Suburbs	78	138	June, 2020

	Total Units Under Construction	Total Units in Lease-Up
Western Suburbs	818	246
CBD	240	333
Ankeny	242	106
Greater DSM	1330	703

GREATER DES MOINES ECONOMIC DATA



Population
644,590 (2018 MSA)

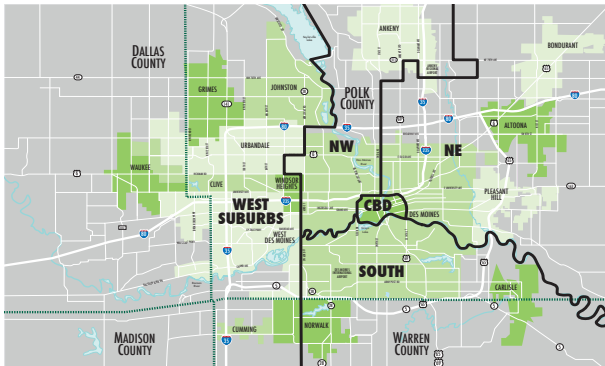
Sources: US Bureau of Labor Statistics



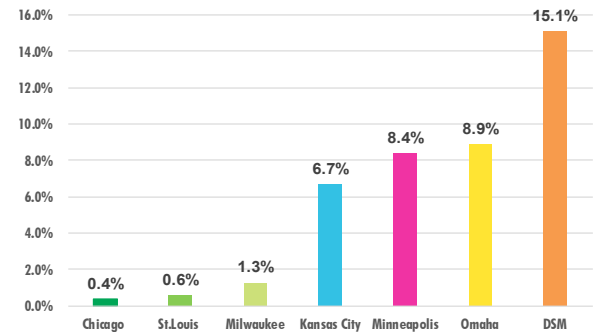
Unemployment Rate
8.0%

Sources: US Bureau of Labor Statistics

Metro

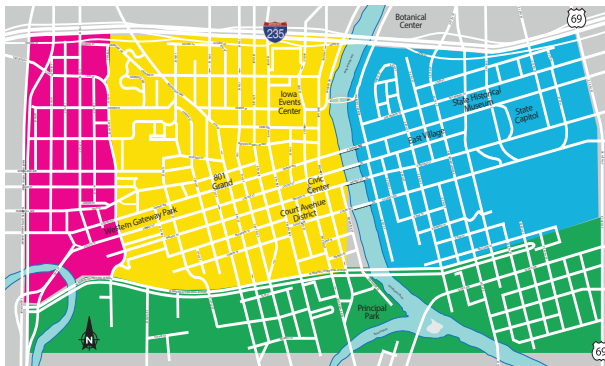


Population Growth: 2010 - 2018

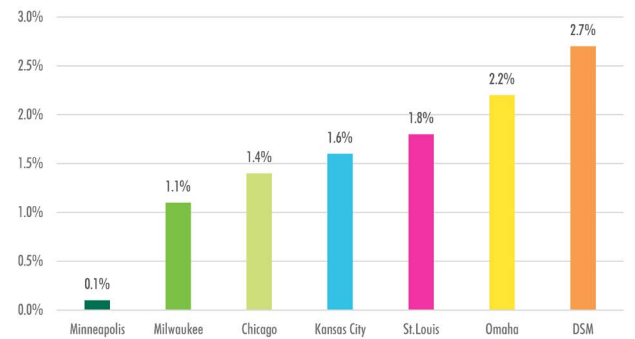


Sources: US Bureau of Labor Statistics

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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