



Q1 2021

GREATER DES MOINES MULTIFAMILY FIGURES

Market fundamentals flat in Q1, poised for recovery in 2021

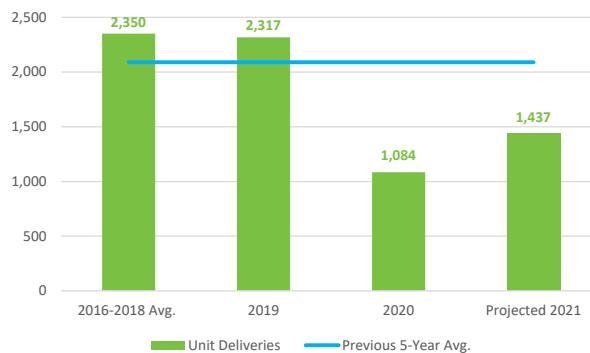
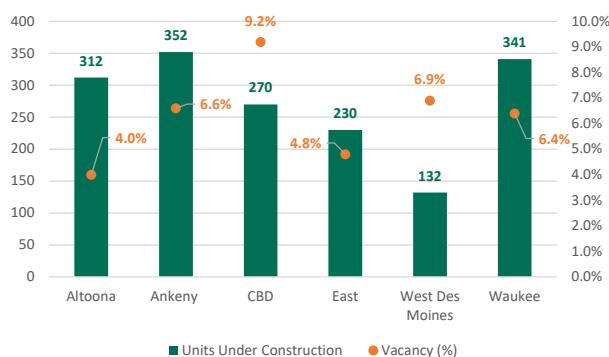
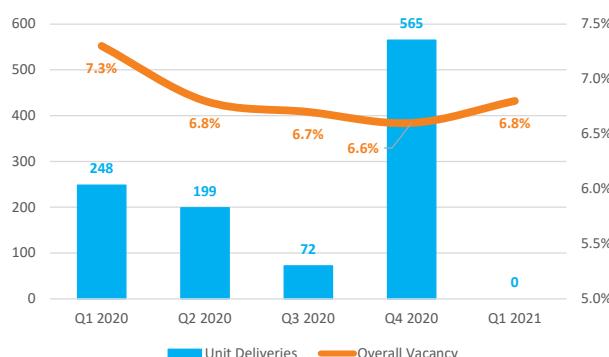

Number of Apartment Homes Surveyed
35,251


Average Asking Rent
\$955


Q1 Deliveries
0


Occupancy
93.2%


Units Under Construction
1,637

Figure 1: Great Des Moines Units Delivered/Projected

Figure 2: Greater Des Moines Construction & Vacancy

Figure 3: Recent Vacancy Trend & Deliveries

Figure 4: Units Under Construction by Submarket

PERFORMANCE HIGHLIGHTS

- Greater Des Moines overall vacancy rose 20 bps to 6.8% in Q1 as the market worked to absorb the surge in Q4 deliveries amid historically weak leasing months. The slight pullback in Q1 was primarily driven by Western Suburb vacancy increasing 50 bps to 6.4% after the submarket accounted for 75% of the 565 units delivered in Q4.
- While there were no new deliveries in Q1, the market saw two new construction starts totaling 302 units, bringing the active construction pipeline to 1,637 units. We anticipate 1,437 of these units will deliver in 2021, which is approximately 30% below the previous 5-year average of annual deliveries (See Figure 1).
- The first phase of “Blue Ridge Commons” broke ground at 1401 Adventureland Dr in Altoona and will consist of 100 low-rise apartments and 62 townhome-style units. “Rising Ridge” apartments in Pleasant Hill also broke ground in Q1 and will total 140 units. Both projects are expected to deliver in Q4 of this year (See Page 3).
- Two Q1 transactions greater than \$25M underpinned a 55% surge in total investment volume YOY (See Figure 8). Cadence Apartments in Johnston sold to investors out of Chicago for \$26M or \$133K/unit. ReNew Jordan Creek also traded to California based investors for \$28.6M or \$109K/unit.
- While average asking rents increased slightly in Q1 to \$955/unit, effective rent growth continued to stall as heavy use of rent concessions persisted in softer submarkets – most notably the CBD. A Q1 survey indicated 29 out of 39 CBD projects are currently offering concessions in the form of free rent – an identical level seen in Q4 2020.

MOVING FORWARD

The upcoming spring leasing season paired with the growing availability of the Covid-19 vaccine should facilitate a steady recovery of multifamily fundamentals beginning as soon as Q2. Softer markets like the CBD should experience accelerated recovery through the latter half of 2021 as the vaccine becomes widely administered and downtown amenities return. We anticipate a concession burn-off will follow, allowing for restored economic occupancy and rent stabilization through the second half of 2021.

MARKETVIEW DES MOINES MULTIFAMILY
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	4.8%	\$718	\$0.90	230	7.70%	7.10%	3.20%	4.10%	\$574	\$581	\$770	\$1,184
South	4,590	7.9%	\$774	\$0.93	0	8.80%	6.30%	9.20%	6.70%	\$575	\$683	\$781	\$990
West	3,268	6.7%	\$805	\$1.09	0	5.50%	6.40%	7.80%	9.00%	\$609	\$759	\$880	\$1,161
CBD	4,192	9.2%	\$1,200	\$1.47	270	8.60%	9.30%	10.10%	7.00%	\$845	\$1,064	\$1,389	\$1,866
Western Suburbs	16,623	6.4%	\$983	\$1.05	473	6.10%	6.40%	6.60%	4.90%	\$798	\$865	\$975	\$1,305
Subtotal/Average - Greater Des Moines	29,869	6.9%	\$952	\$1.08	973	6.60%	6.90%	7.10%	5.00%	\$760	\$874	\$956	\$1,304
Altoona	1,286	4.0%	\$1,018	\$1.09	312	3.90%	2.50%	4.90%	3.60%	\$567	\$889	\$1,047	\$1,236
Ankeny	3,586	6.6%	\$996	\$1.04	352	7.00%	7.00%	6.40%	3.70%	\$820	\$860	\$1,028	\$1,320
Indianola	510	7.0%	\$760	\$0.85	0	9.00%	9.50%	6.80%	6.50%	\$550	\$605	\$810	\$874
Total/Average -- All Units Surveyed	35,251	6.8%	\$955	\$1.06	1,637	6.70%	6.90%	6.70%	5.00%	\$750	\$860	\$975	\$1,218

FIGURE 5: WESTERN SUBURBS FUNDAMENTALS

City	Rent	\$/SF	Vacancy	Units Under Construction
West Des Moines	\$973	\$1.03	6.90%	132
Waukee	\$1,154	\$1.10	6.40%	341
Urbandale/Clive	\$822	\$0.97	4.90%	0
Grimes/Johnston	\$1,046	\$1.10	7.00%	0
Western Suburbs	\$983	\$1.05	6.40%	473

FIGURE 6: CBD FUNDAMENTALS

Nbhd	Rent	\$/SF	Vacancy	Units Under Construction
Downtown Core	\$1,224	\$1.47	8.00%	0
South of MLK	\$1,287	\$1.48	11.20%	183
East Village	\$1,130	\$1.47	9.70%	57
West Downtown	\$1,150	\$1.31	4.00%	30
CBD Overall	\$1,200	\$1.47	9.20%	270

FIGURE 7: GREATER DES MOINES FUNDAMENTALS BY YEAR BUILT

By Year Unit Type	1960 - 1979			1980 - 1999			2000 - 2019		
	Rent	\$/SF	Vacancy	Rent	\$/SF	Vacancy	Rent	\$/SF	Vacancy
Studio	\$635	\$1.40	6.00%	\$691	\$1.46	3.90%	\$874	\$1.57	7.60%
1-Bed	\$702	\$1.03	6.60%	\$781	\$1.16	6.50%	\$1,021	\$1.35	7.40%
2-Bed	\$782	\$0.90	7.30%	\$869	\$0.95	6.30%	\$1,256	\$1.14	8.10%
3-Bed	\$1,004	\$0.86	7.10%	\$911	\$0.74	3.00%	\$1,463	\$1.06	5.80%
Overall	\$750	\$0.94	7.00%	\$848	\$0.95	5.80%	\$1,183	\$1.19	7.40%

RECENT TRANSACTIONS


	CADENCE APARTMENTS	RENEW JORDAN CREEK	UNIVERSITY PARK APARTMENTS
City	Johnston	West Des Moines	Des Moines
Sale Date	March, 2021	February, 2021	January, 2021
# of Properties	1	1	3
# of Units	195	261	47
Price	\$26,000,000	\$28,600,000	\$2,919,600
Price/Unit	\$133,333	\$109,579	\$62,119

MARKETVIEW DES MOINES MULTIFAMILY

Under Construction	Address	Project	Developer	Submarket	Units Under Construction	Total Units of Project	Expected Delivery
1	1435 SW 11th St, Ankeny, IA	Chalet at Prairie Trail Townhomes	Caliber	Ankeny	104	104	Q2, 2021 - Q4, 2021
2	1335 SW Merchant St, Ankeny, IA	District Lofts	Caliber	Ankeny	48	48	Q3, 2021
3	NE Otterview Cir & NE 36th St, Ankeny	The Standard at 36th	Caliber	Ankeny	200	200	2022
4	1490 34th Ave SW, Altoona	The Emory Phase I	Haverkamp	Altoona	150	300	Q2 - Q3, 2021
5	1401 Adventureland Dr NW, Altoona	Blue Ridge Commons Phase I	Signature Companies	Altoona	162	324	Q4, 2021
6	401 SE 6th St, Des Moines, IA	Connolly Lofts	Newbury Development	CBD	57	57	Q2, 2021
7	200 SW 11th St, Des Moines, IA	Linc Apartments Phase II	Hubbell	CBD	142	227	Q2, 2021
8	19th & Crocker St, Des Moines, IA	Bricktop Lofts	Caliber	CBD	30	30	Q4, 2021
9	12th and Tuttle Street, Des Moines, IA	Linc III	Hubbell	CBD	41	45	Q3, 2021
10	NW of NE 70th St & Rising Sun Dr, Pleasant Hill, IA	Rising Ridge	Knapp	East	140	140	Q4, 2021
11	2415 Paine St, Bondurant, IA	Parkside Apartments Phase II	Larson Development	East	90	120	Q2, 2021
12	1260 S Jordan Creek Pkwy, West Des Moines, IA	Strathmore Apartment Homes Phase II	Edward Rose & Sons	Western Suburbs	132	528	Q2, 2021
13	SE University Ave & SE LA Grant Parkway, Waukee, IA	Centennial Crossing Townhomes Phase I	Hubbell	Western Suburbs	80	130	Q3, 2021
14	NE Horizon Dr & NE Westgate Dr, Waukee, IA	Bricktowne at Prairie Crossing Phase I	Jensen Group	Western Suburbs	180	300	Q2, 2021 - Q3, 2021
15	175 NW Common Pl, Waukee, IA	The Commons at Greenway Park Phase II	Lloyd	Western Suburbs	81	162	Q2, 2021 - Q3, 2021
Potential Starts	Address	Project	Developer	Submarket	Expected Start	Proposed Units	Potential Delivery
1	Adventureland Dr, Altoona, IA	Blue Ridge Commons Phase II	Signature Companies	Altoona	2022	162	2022
2	SW Elm St - Prairie Trail	The Sterling North Phase I	SB Communities	Ankeny	Q3, 2021	200	2022
3	1490 34th Ave SW, Altoona	The Emory Phase II	Haverkamp	Altoona	2021	150	2021-2022
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	2022
6	NW Sunrise Dr & NW 10th St, Waukee	Stratford Pointe	Dan Dolan Homes	Western Suburbs	Q2, 2021	149	2022
7	S 88th St & EP True Pkwy, West Des Moines	88th Street Lofts	TWG	Western Suburbs	TBD	49	2022
8	1260 S Jordan Creek Pkwy, West Des Moines, IA	Strathmore Apartment Homes Phase III	Edward Rose & Sons	Western Suburbs	2021-2022	297	2022-2023
9	SE University Ave & SE LA Grant Parkway, Waukee, IA	Centennial Crossing Townhomes Phase II	Hubbell	Western Suburbs	Q4, 2021	50	2022
10	NE Horizon Dr & NE Westgate Dr, Waukee, IA	Bricktowne at Prairie Crossing Phase II	Jensen Group	Western Suburbs	2021-2022	120	2021 - 2022
Lease Up	Address	Project	Developer	Submarket	Units in Lease Up	Total Units of Project	Delivered
1	2810 SE Rio Dr, Ankeny, IA	Oakwood Place	TWG Development	Ankeny	52	52	Q3, 2020
2	437 Elgin Ln, Altoona, IA	Linden Oaks Phase II	Redwood	Altoona	18	118	Q3, 2020
3	200 SW 11th St, Des Moines, IA	Linc Apartments Phase I	Hubbell	CBD	85	227	Q2, 2020
4	201 SE 6th St, Des Moines, IA	District at 6th	TWG	CBD	213	213	Q2, 2020
5	2415 Paine St, Bondurant, IA	Parkside Apartments Phase I	Larson Development	East	30	120	Q4, 2020
6	935 NE Silkwood Ln, Grimes, IA	The Reserve at Destination Pointe Phase II	Edward Rose & Sons	Western Suburbs	96	384	Q4, 2020
7	1704 NE Gateway Cr, Grimes, IA	Ascend at Heritage Phase II	D.R. Horton	Western Suburbs	110	323	Q4, 2020
8	175 NW Common Pl, Waukee, IA	The Commons at Greenway Park Phase I	Lloyd	Western Suburbs	81	162	Q4, 2020
9	6410-6430 Merle Hay Rd, Johnston, IA	Brick Towne at Johnston Phase III & V	Jensen Group	Western Suburbs	144	360	Q4, 2020
10	720 NE Alices Rd, Waukee, IA	Alice Patricia Apartments Phase II	DSM Rental	Western Suburbs	36	288	Q2, 2020
11	725 Gateway Dr, Grimes, IA	Allure at 141 Phase II	Perry Reid Properties	Western Suburbs	78	138	Q2, 2020

	Total Units Under Construction	Potential Starts (Units)
Western Suburbs	473	665
CBD	270	114
Ankeny	352	200
Altoona	312	312
Greater DSM	1637	1396

GREATER DES MOINES ECONOMIC DATA



Population
69,292 (2019)

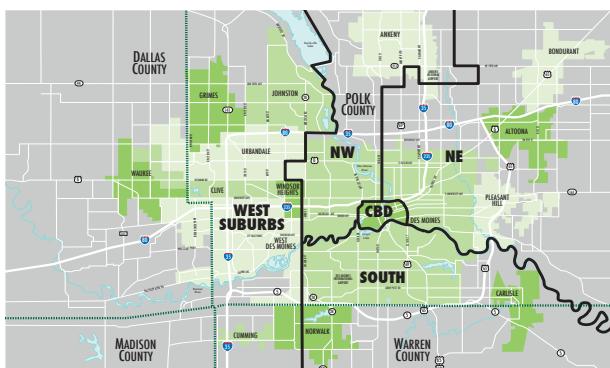
Sources: US Bureau of Labor Statistics



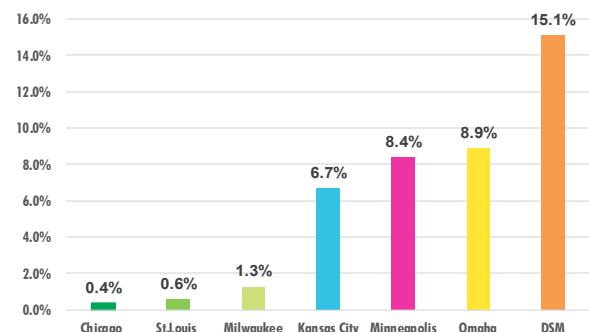
Unemployment Rate
3.1%

Sources: US Bureau of Labor Statistics

Metro



Population Growth: 2010 - 2018

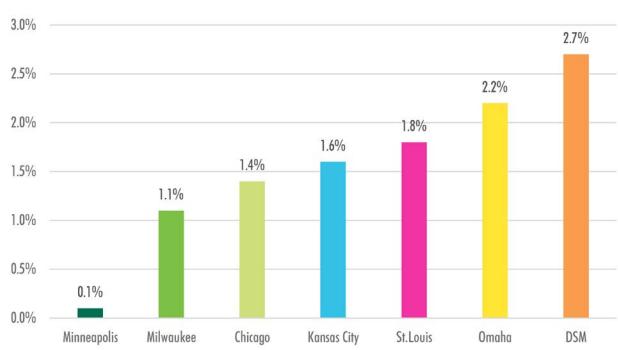


Sources: US Bureau of Labor Statistics

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