Vacancy down, lease rates up amid strong spring leasing in first two quarters

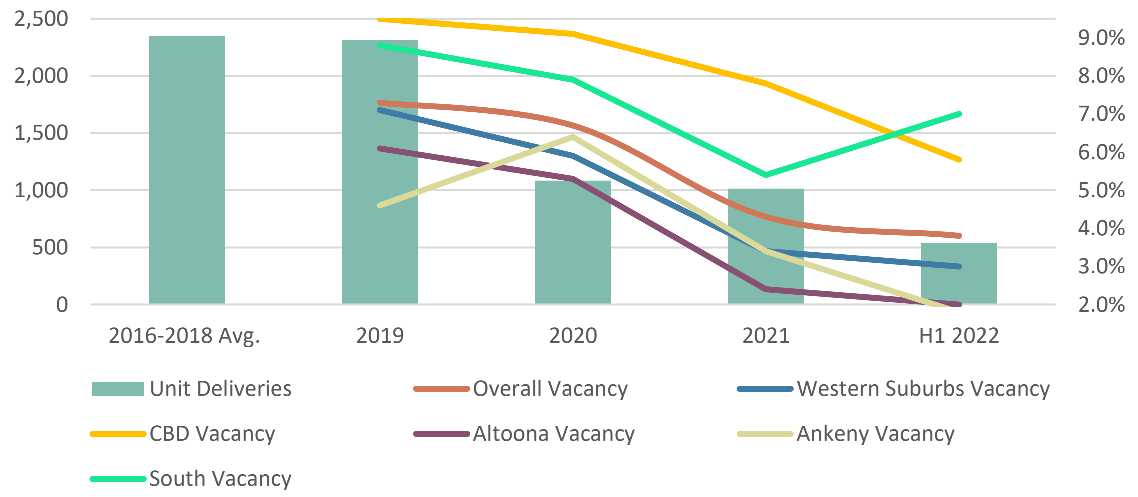
▲96.2%	▲$1,045	▲337	▲542	▲2,015	▲1,460
Overall Occupancy	Average Asking Rent	Q2 Unit Deliveries	H1 Unit Deliveries	Units Under Construction	Upcoming Construction Starts (Units)

Note: Arrows indicate change from previous quarter.

Highlights

- Greater Des Moines multifamily vacancy decreased 50bps to 3.8% in the first half of the year as strong spring leasing paired with modest levels of new supply allowed for strong absorption through the first two quarters.
- All but one of the five major submarkets experienced positive absorption, most notably the CBD as downtown apartment vacancy fell 200 bps to 5.8% in H1 2022.
- Approximately 542 units across 5 projects delivered in the first two quarters, bringing the active construction pipeline to 2,015 units. An additional 1,460 units are expected to break ground over the next 2-3 quarters (See Page 4).
- Overall asking lease rents increased by 1.4% since the start of the year but varied considerably by submarket. Most notable rent growth came in the Ankeny and Altoona submarkets as both recorded 6.7% rent growth in H1.
- Investment sales remained robust at $275M in total volume across 86 transactions in the first two quarters. This represents 53% of 2021's record volume of $515M. (See Figure 9).

FIGURE 1: Historical Deliveries and Vacancy



Source: CBRE Research

Construction Activity

Hubbell Realty's Project "Level" (114 Units) in the Bridge District of the East Village – 2023 Delivery

FIGURE 3: Recent Deliveries by Quarter & Vacancy

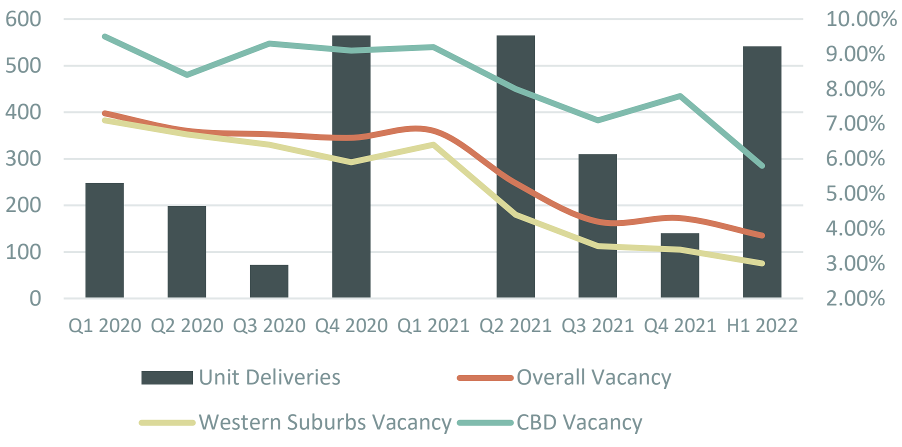
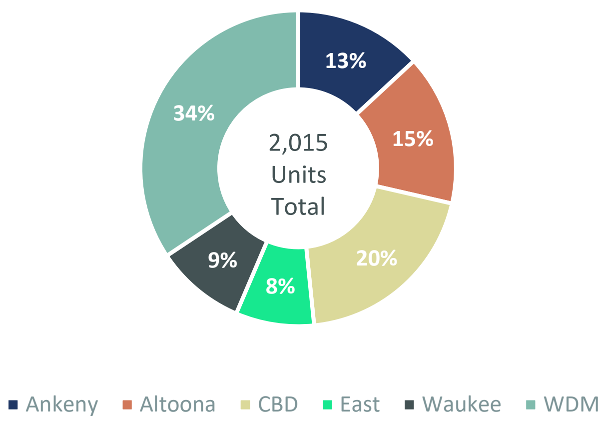


FIGURE 4: % of Construction Activity by Submarket



Source: CBRE Research

FIGURE 2: Percent of H1 2022 Deliveries

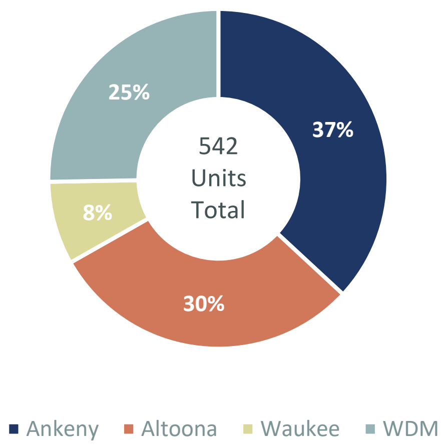
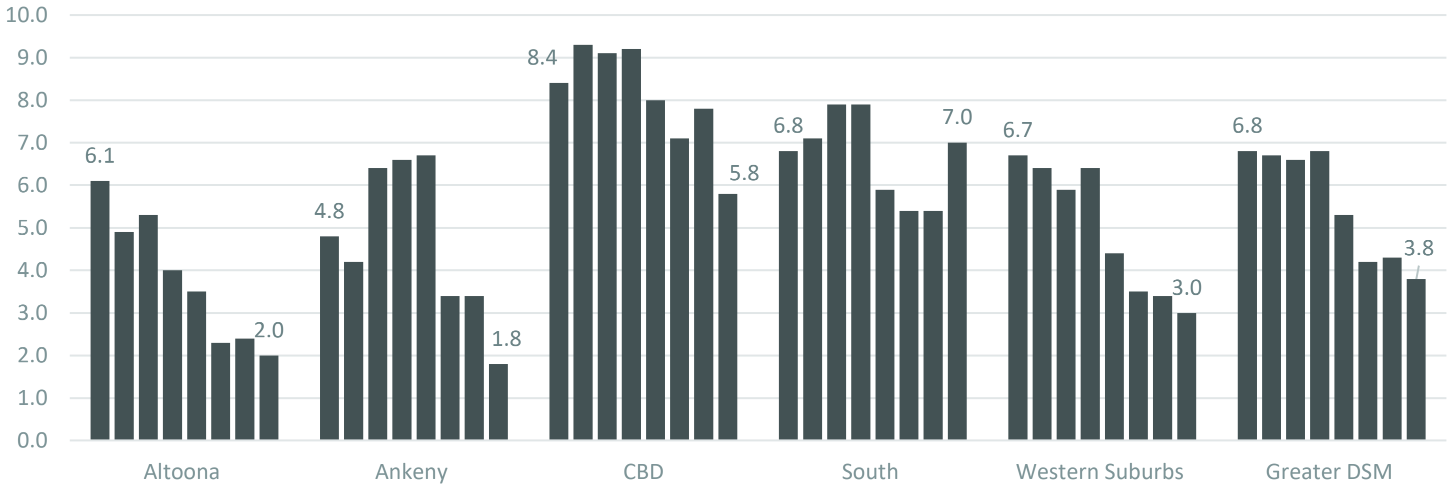


FIGURE 5: Vacancy Trend by Submarket by Quarter (Q2, 2020 – Q2, 2022)



Source: CBRE Research

FIGURE 6: Asking Rents/Unit

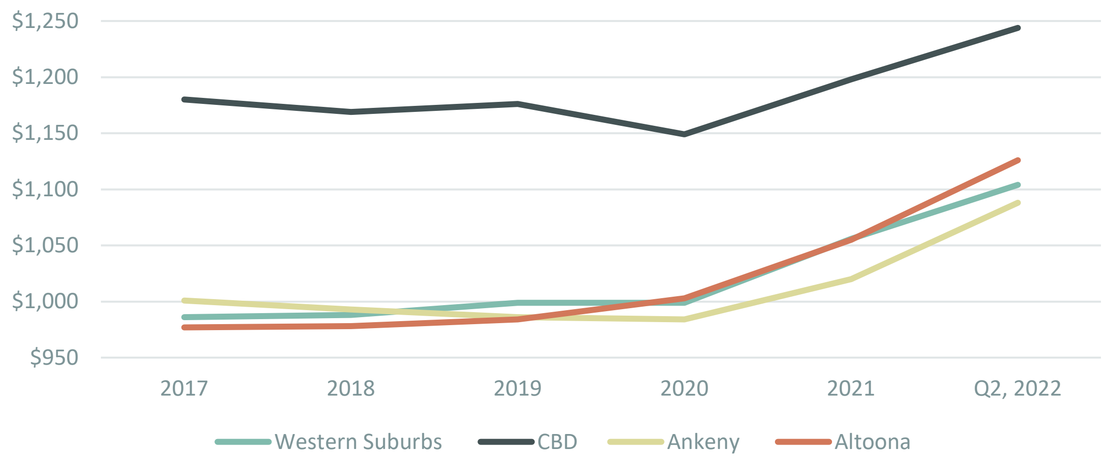


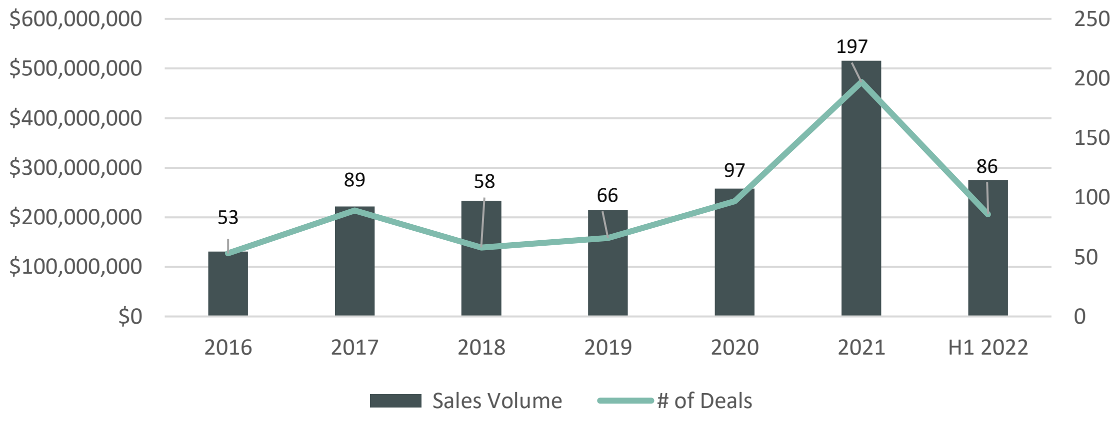
FIGURE 8: Asking Rents by Unit Type & Submarket

Market	Studio		1-Bed		2-Bed		3-Bed	
	$/Unit	$/SF	$/Unit	$/SF	$/Unit	$/SF	$/Unit	$/SF
South	$607	$1.25	$763	$1.18	$859	$0.96	$1,065	$0.98
CBD	$901	$1.85	$1,144	$1.66	$1,530	$1.43	$1,597	$1.22
Western Suburbs	$886	$1.58	$984	$1.32	$1,122	$1.11	$1,369	$1.04
Ankeny	$860	$1.55	$985	$1.28	$1,162	$1.14	$1,022	$0.75
Altoona	$626	$1.62	$915	$1.33	$1,188	$1.20	$1,294	$1.15
Greater Des Moines	$835	$1.62	$938	$1.33	$1,071	$1.10	$1,269	$1.00

FIGURE 7: Notable Q1-Q2 Sales

Project	Address	City	Submarket	Year Built	Units	Sale Price	Sale Price/Unit
Wellington Apartments	4700 EP True Pkwy	West Des Moines	Western Suburbs	1990	420	$44.8M	$106,761/Unit
Altoona Meadows	619 17th Ave NW	Altoona	Northeast	1996	155	$13.7M	$88,387/Unit
Broadway Heights	4216 E 50th St	Des Moines	Northeast	2013	120	$13.0M	$108,333/Unit
Windsor Terrace	3333 Grand Ave	Des Moines	Northwest	1942	136	$10.9M	$80,147/Unit

FIGURE 9: Historical Sales Volume (Polk & Dallas County)



Source: CBRE Research

Greater Des Moines Construction Pipeline

Under Construction	Project	Address	Developer	Submarket	Units Under Construction	Total Units of Project	Expected Delivery
1	The Emory (Phase II)	1490 34th Ave SW, Altoona	Haverkamp	Altoona	150	300	2022-2023
2	Blue Ridge Commons (Phase 2)	1401 Adventureland Dr NW, Altoona	Signature Companies	Altoona	162	324	2023-2024
3	District Lofts (Phase II)	SW Merchant St, Ankeny	Caliber	Ankeny	48	48	2022-2023
4	The Sterling North (Phase I)	1102 SW 11th St, Ankeny	SB Communities	Ankeny	216	432	2023
5	Level	220 Maple St, Des Moines	Hubbell	CBD	114	114	Q3, 2023
6	The Nexus (Phase II)	415 SW 11th St, Des Moines, IA	Sherman Associates	CBD	175	175	2023-2024
7	The Lab	317 E 6th St, Des Moines	Heart of America Group	CBD	110	110	2024
8	Forge65	799 NE 60th St, Pleasant Hill	Hubbell	East	162	162	2023
9	Kettlestone Apartments	2595 SE Encompass Dr, Waukee	Encompass Holdings	Waukee	86	86	Q4, 2022
10	Redwood at Waukee	355 NW 17th St, Waukee	Redwood	Waukee	100	100	2023
11	The Reserve at Jordan Creek (Phase 1)	6375 Village View Dr	Caliber	Western Suburbs	100	228	2023-2024
12	Strathmore Apartment Homes (Final Phase)	1260 S Jordan Creek Pkwy, WDM	Edward Rose & Sons	Western Suburbs	160	522	Phased Q4,2022-Q2,2023
13	Bricktowne at Prairie Crossing (Final Phase)	731 NE Venture Dr, Waukee	Jensen Group	Western Suburbs	120	300	Q4 2022
14	The Cunningham	SWC of Jordan Creek Pkwy & Ashworth Rd, WDM	CRG Residential	Western Suburbs	199	199	Q4 2023
15	Grand Valley Townhomes	3400 Grand Ave	Caliber	Western Suburbs	113	113	2023

Upcoming Starts	Project	Address	Developer	Submarket	Potential Start	Number of Units
1	Falcon Drive Apartments	NW Corner of 13th St & Mulberry St, Des Moines	Green Acre Companies	CBD	Planned	78
2	The Village of Sugar Creek	NE Corner of S 88th St & Booneville Rd, WDM	Encompass Holdings	Western Suburbs	2022	400
3	The Pitch	Douglas Avenue & Bershire Pkwy, Waukee	Lloyd Companies	Western Suburbs	2023	162
4	Fountain Terrace	655 S 88th St, West Des Moines	Larson Development	Western Suburbs	Q4 2022	146
5	Converge (Phase 1)	NW 6th St & Berkshire Pkwy, Waukee	Hubbell	Western Suburbs	Q4, 2022	200
6	West Light	Hickman Rd & Berkshire Pkwy, Waukee	Caliber	Western Suburbs	Q4, 2022	174
7	Fireside	NW 2nd St, Waukee	Realty Link	Western Suburbs	Q4, 2022	300

Greater Des Moines Fundamentals

Submarket	Units	Vacancy	Avg. Rent/Unit	Avg. Rent PSF	Units Under Construction
East	1,420	3.3%	$789	$1.01	162
South	4,721	7.0%	$856	$1.01	0
West	3,203	3.6%	$886	$1.17	0
CBD	4,516	5.8%	$1,244	$1.55	399
Western Suburbs	17,105	3.0%	$1,104	$1.16	878
Subtotal Greater DSM	30,965	4.1%	$1,035	$1.18	1,439
Altoona	1,515	2.0%	$1,126	$1.18	312
Ankeny	3,626	1.8%	$1,088	$1.05	264
Indianola	746	4.8%	$826	$0.97	0
Total Greater DSM	36,852	3.8%	$1,045	$1.17	2,015

Western Suburbs Fundamentals

City	Avg. Rent/Unit	Avg. Rent PSF	Vacancy	Units Under Construction
West Des Moines	$1,086	$1.15	3.0%	692
Waukee	$1,277	$1.21	2.1%	186
Urbandale/Clive	$929	$1.06	3.0%	0
Grimes/Johnston	$1,175	$1.20	3.3%	0
Western Suburbs	$1,104	$1.20	3.3%	878

CBD Fundamentals

Neighborhood	Avg. Rent/Unit	Avg. Rent PSF	Vacancy	Units Under Construction
Downtown Core	$1,216	$1.57	3.7%	0
South of MLK	$1,291	$1.57	5.5%	175
East Village	$1,146	$1.52	7.2%	224
West Downtown	$1,185	$1.36	3.5%	0
CBD Overall	$1,244	$1.55	5.8%	399

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