



MARKET AT A GLANCE



OCCUPANCY RATE **94.8%**
Down **160 bps** since 3Q16



ASKING RENT **\$932**
Up **0.5%** since 3Q16

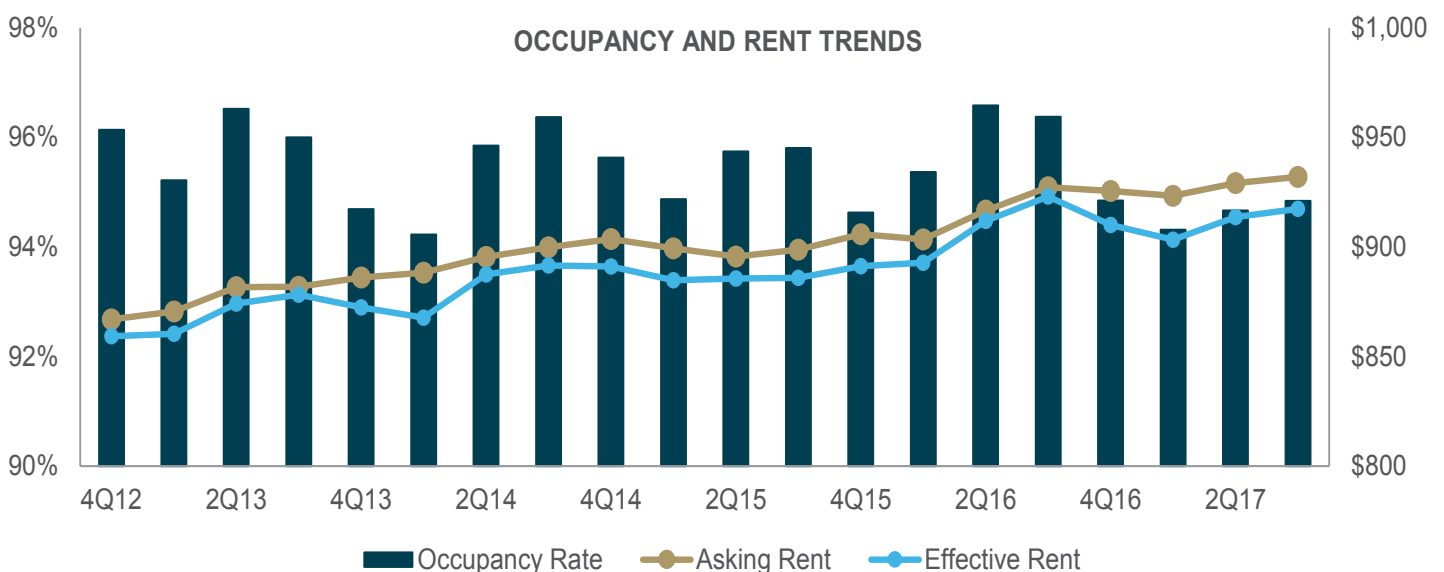


CONCESSIONS **1.6%**
Up **100 bps** since 3Q16

OCCUPANCY AND RENT TRENDS

APARTMENT CONCESSIONS LOWER AS OCCUPANCY RISES IN THIRD QUARTER

Multifamily leasing activity elevated during the third quarter, to shift apartment occupancy up in the Des Moines metropolitan area. Residents newly occupied 900 units during the last three months, up from 868 units absorbed in the second quarter. Contributing to healthy rental demand was rising home prices, which advanced each month since the close of the second quarter to \$190,300 in September. The most recent leasing activity exceeded deliveries to cause occupancy to rise 10 basis points to 94.8% in September. A total of 849 units came online among 17 properties since June. Construction was underway on 16 properties during the third quarter, which were scheduled to bring 1,557 units online by year-end 2018. Developers showed confidence in the Des Moines multifamily market by filing permits for 1,496 units year to date. Issuance was on pace to surpass the five-year average of 1,789 units issued annually. With occupancy rising amid steady inventory growth, average apartment rent advanced 0.3% quarter over quarter to \$932 per month. At the same time, effective rent advanced 0.4% to \$917 per month in September to trim concessions to an average of 1.6% of asking rent.



DES MOINES

MULTIFAMILY REPORT

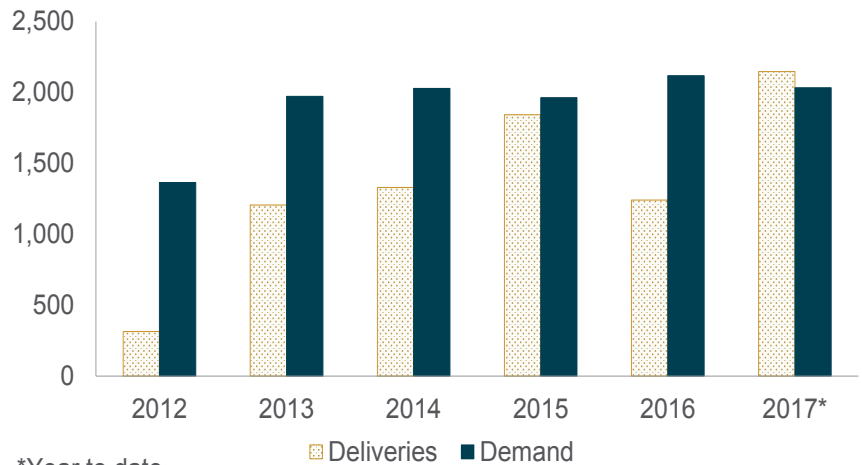
DELIVERIES AND DEMAND



DELIVERIES 2,148
Units YTD



NET ABSORPTION 2,034
Units YTD



*Year to date

ECONOMIC TRENDS

2016 **UNEMPLOYMENT*** 2017
3.5% **-50 BPS** 3.0%
CHANGE

2016 **EMPLOYMENT*** 2017
359.3k **3.4%** 371.6k
CHANGE

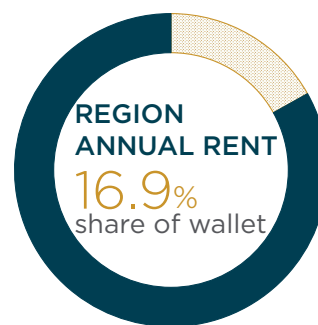
2016 **EXISTING SFH SALES**** 2017
11.6k **27.6%** 14.8k
CHANGE

2016 **MEDIAN SFH PRICE**** 2017
\$183.8k **3.5%** \$190.3k
CHANGE

2016 **10-YEAR TREASURY**** 2017
1.63% **60 BPS** 2.20%
CHANGE

*August; **September

Des Moines total nonfarm employment expanded 3.4%, or by 12,300 net jobs, in the 12-month period through August 2017. Annual job growth was up from a 2.4% increase during the preceding year. The most recent employment growth in Greater Des Moines was more than double the 1.4% national average increase since August 2016. Underpinning the rise in the labor force was job creation in the professional and business services sector. Employers recruited a metro-high 3,900 personnel to grow 8.1% year over year. Businesses in the leisure and hospitality industry contributed an additional 2,900 workers to the local labor force, representing an 8.3% expansion in the sector. Nearly matching hiring in the leisure and hospitality industry, organizations in the education and health services segment created 2,100 new positions to grow 4.3%. With the majority of employment sectors posting gains, the unemployment rate was 3.0% in August 2017, down 50 basis points from one year prior. Des Moines unemployment was 140 basis points lower than the national average of 4.4%.



DES MOINES

MULTIFAMILY REPORT

SUBMARKET BREAKDOWN

SUBMARKET NAME	OCCUPANCY		AVG RENT INCREASE		AVG RENT		NET ABSORPTION		DELIVERED UNITS	
	3Q16	3Q17	3Q16	3Q17	3Q16	3Q17	3Q17	ANNUAL	3Q17	ANNUAL
Des Moines	96.4%	94.8%	3.2%	0.5%	\$927	\$932	900	2,447	849	2,570
TOTALS	96.4%	94.8%	3.2%	0.5%	\$927	\$932	900	2,447	849	2,570



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