



January 2012
42nd Annual Metro Des Moines
Apartment Survey

CBRE | **Hubbell**
Commercial

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Prepared by Commercial Appraisers of Iowa, Inc.

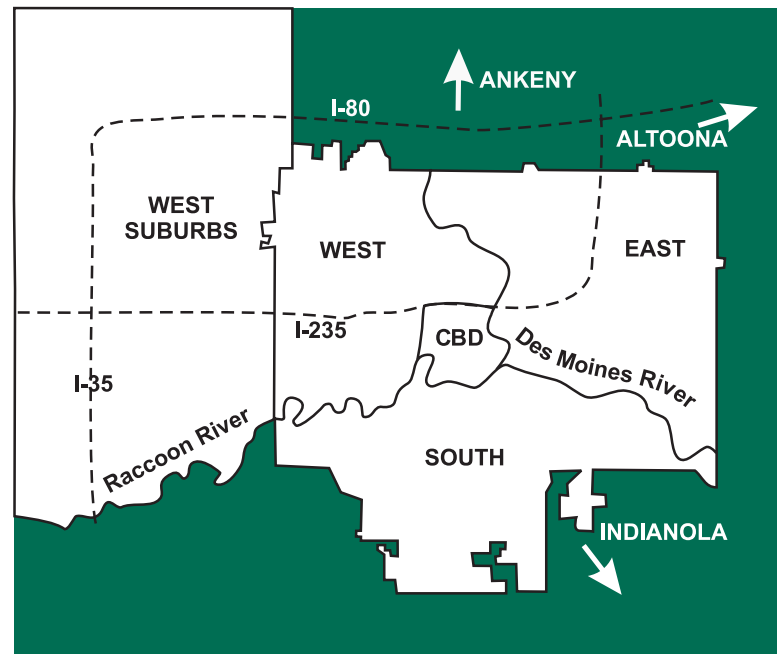
INTRODUCTION This annual survey of apartments in the Greater Des Moines Metropolitan Area includes both conventional apartments and tax credit projects. The survey has been completed to assist in the decision-making process of developers, property owners, brokers, investors, managers, assessors, and other market participants regarding multi-housing properties.

METHODOLOGY This 42nd Annual Apartment Survey covers a sample of 21,058 conventional apartment units located in 258 projects and separately surveys 3,101 Section 42 Low Income Housing Tax Credit units in 51 projects. The survey covers both high-rise and garden-style apartments, and was conducted during January of 2012. Occupancy and rental data was furnished by owners and/or managers of each building project, and was obtained by a mailed survey questionnaire.

The complexes surveyed were generally built after 1950. The apartments cover a wide range of amenities and units per complex, ranging from 8 to 450 units. The survey does not include senior housing, student housing, government subsidized units, or projects with rental amenities such as meals. A separate study for tax credit projects is included later in this report.

The survey includes only the units available for rent as of January 2012. This survey does not include units under construction as of the survey date.

Although the method of survey and occupancy data reports are considered valid and reliable, they are not guaranteed of being free of error, statistically or otherwise. In our opinion, this survey is an objective picture of the occupancy and rental situation at this time. Reproduction of this information is permitted with acknowledgement to Commercial Appraisers of Iowa, Inc. and CBRE/Hubbell Commercial.



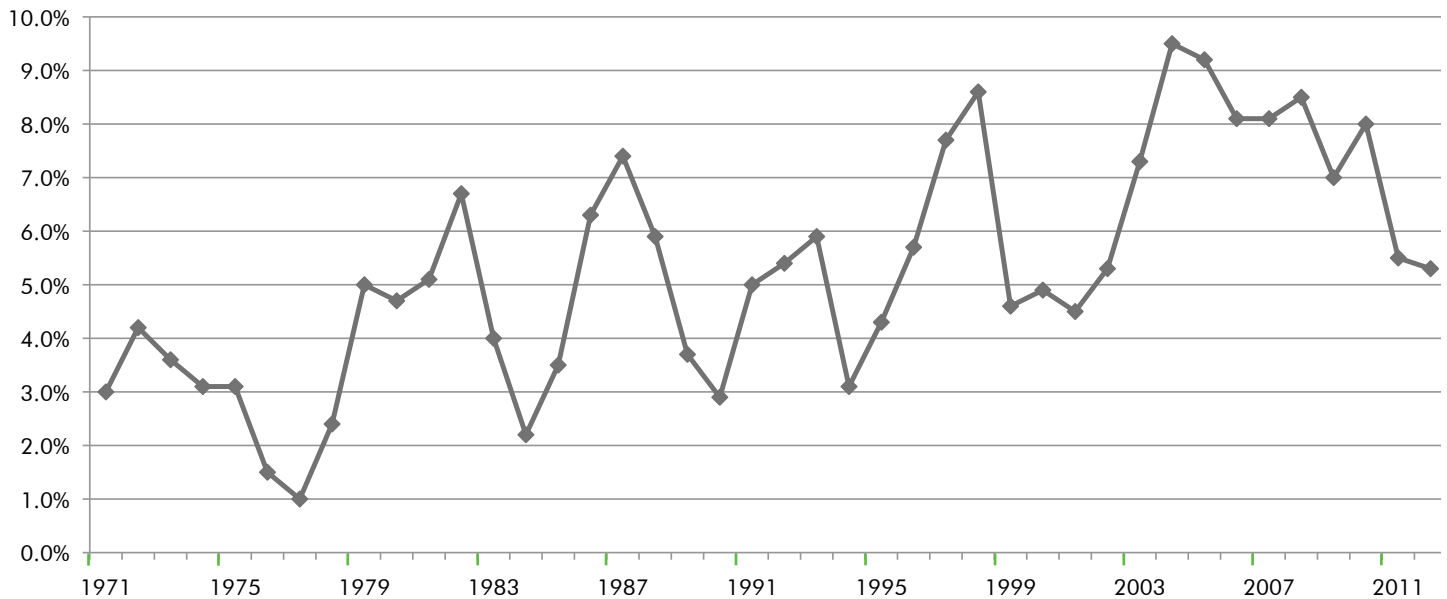
For purposes of this study, the Greater Des Moines Metropolitan Area is geographically divided into the following areas:

1. East
All east and north of the Des Moines River, except CBD
2. South
All south of the Raccoon and Des Moines Rivers including Norwalk
3. CBD
Central Business District south of I-235, east of Martin Luther King Parkway, north of Raccoon River including East Village to the State Capitol
4. West
All west of the Des Moines River, north of the Raccoon River, except CBD
5. West Suburbs
Clive, Urbandale, Windsor Heights, West Des Moines, Grimes, Waukee and Johnston

HISTORICAL DES MOINES METROPOLITAN APARTMENT VACANCY RATES

GREATER DM AREA	#of Units	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
East	1,220	5.7%	7.4%	6.1%	8.1%	6.3%	6.8%	6.3%	4.0%	12.9%	11.0%	9.6%	7.1%	8.0%
South	3,731	7.0%	7.9%	8.7%	8.3%	12.6%	9.7%	8.4%	12.0%	8.6%	7.1%	6.0%	5.5%	6.5%
West	2,937	4.6%	4.9%	7.1%	6.7%	6.7%	7.7%	5.7%	7.5%	9.3%	6.6%	4.6%	3.9%	3.7%
CBD	911	2.1%	5.9%	5.0%	5.2%	4.7%								
West Suburbs	10,197	5.1%	4.9%	8.6%	6.8%	8.7%	8.9%	9.6%	9.4%	10.0%	7.3%	4.8%	4.0%	4.3%
TOTALS	18,996	5.3%	5.8%	8.0%	7.1%	9.1%	8.6%	8.3%	9.3%	9.8%	7.4%	5.4%	4.6%	5.0%
Altoona	508	2.8%	3.5%	5.1%	2.5%	1.7%	5.6%	6.8%	10.5%	10.7%	10.0%	8.9%	3.3%	3.5%
Ankeny	1,266	4.6%	3.5%	9.0%	7.7%	4.8%	5.4%	7.2%	8.0%	7.1%	6.3%	2.5%	3.3%	4.5%
Indianola	288	9.0%	2.3%	9.0%	5.6%	7.8%	3.1%	6.0%	11.5%	6.4%	9.3%	9.6%	8.0%	5.9%
Grand Totals	21,058	5.3%	5.5%	8.0%	7.0%	8.5%	8.1%	8.1%	9.2%	9.5%	7.3%	5.3%	4.5%	4.9%

HISTORICAL DES MOINES METROPOLITAN APARTMENT VACANCY RATES



VACANCY BY UNIT TYPE AND GEOGRAPHIC AREA

	Efficiency	1-Bedroom	2-Bedroom	3-Bedroom	Total
East	4.7%	3.3%	7.5%	0.0%	5.7%
South	4.3%	5.0%	8.2%	6.8%	7.0%
West	6.3%	4.2%	4.4%	5.5%	4.6%
CBD	4.3%	2.0%	1.9%	0.0%	2.1%
West Suburbs	4.2%	4.3%	5.2%	7.4%	5.1%
Altoona	5.6%	2.5%	2.3%	6.9%	2.8%
Ankeny	0.0%	2.8%	5.4%	11.3%	4.6%
Indianola	0.0%	10.3%	9.1%	0.0%	9.0%
Average of Units Surveyed	5.1%	4.0%	5.7%	7.1%	5.3%

AVERAGE RENT BY UNIT TYPE AND GEOGRAPHIC AREA

Submarket	Efficiency	1-Bedroom	2-Bedroom	3-Bedroom
East	\$479	\$527	\$638	\$943
South	\$467	\$555	\$644	\$807
West	\$483	\$579	\$679	\$1,090
CBD	\$763	\$809	\$1,063	\$1,217
West Suburbs	\$637	\$704	\$779	\$995
Average GDM	\$556	\$647	\$737	\$974
Altoona	\$444	\$544	\$637	\$822
Ankeny	\$478	\$589	\$744	\$1,176
Indianola	\$500	\$553	\$653	\$650
Average of Units Surveyed	\$553	\$640	\$734	\$978

RENTAL RATE COMPARISON								
	EFFICIENCY		1-BEDROOM		2-BEDROOM		3-BEDROOM	
Geographic Area	% Change 2010 -11	% Change 2011-12	% Change 2010 -11	% Change 2011-12	% Change 2010 -11	% Change 2011-12	% Change 2010 -11	% Change 2011-12
East	3.3%	10.9%	5.6%	3.7%	-3.6%	7.0%	2.0%	5.1%
South	-3.1%	-1.1%	3.4%	0.4%	3.3%	2.4%	3.7%	2.8%
West	1.5%	2.1%	1.2%	1.4%	1.4%	0.7%	7.5%	2.5%
CBD	8.6%	21.3%	0.7%	13.8%	1.1%	9.1%	N/A	11.3%
West Suburbs	19.6%	2.4%	8.3%	1.9%	6.9%	3.2%	5.2%	4.1%
Average GDM	8.1%	3.7%	5.4%	3.0%	4.7%	3.7%	5.1%	4.6%
Altoona	-1.3%	0.0%	2.1%	0.6%	-0.2%	1.1%	3.5%	2.8%
Ankeny	-15.0%	25.8%	5.9%	2.1%	10.8%	0.9%	37.0%	11.8%
Indianola	N/A	2.0%	14.6%	2.0%	3.0%	5.3%	N/A	9.4%
Average Of All Units Surveyed	7.5%	3.9%	5.4%	3.1%	4.9%	3.8%	5.8%	5.3%

RENTAL RATE COMPARISON Rents have increased for all unit types over the past year. The increase in average rents ranged from 3.1% for one bedroom units to 5.3% for three bedroom units. The rents included in our past three annual surveys have been adjusted for any rent concessions offered, such as a free garage or rent, to arrive at an effective rent. Prior to 2010, the rents included in the survey were not adjusted for concessions. Approximately 14% of the market rate projects offered some type of rental concessions to new tenants, which is a decrease from 20% in 2011 and 40% in 2010.

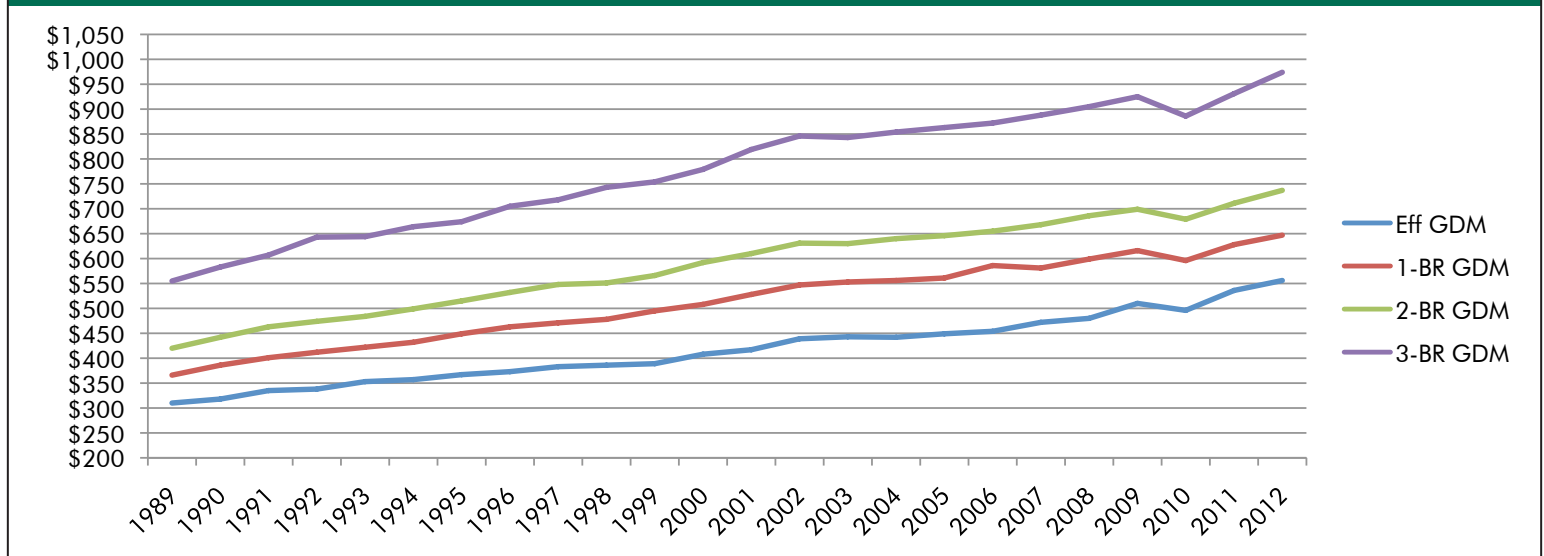
TAX CREDIT DEVELOPMENT Section 42 of the Internal Revenue Service Code provides for tax credits to developers of rental housing for low income tenants. The Iowa Housing Finance Authority administers a program involving low income tax credits under which many apartments have been built or rehabbed in recent years. Since these projects have rent restrictions, they are not included in the market rate survey previously described in this report.

We surveyed 51 tax credit projects containing a total of 3,101 units within the greater Des Moines metropolitan area. The average vacancy rate is 4.6%, which is slightly higher than the 4.4% vacancy last year.

LOW INCOME HOUSING TAX CREDIT PROJECTS				
VACANCY RATE				
2012	2011	2010	2009	2008
4.6%	4.4%	5.6%	6.9%	8.1%
2012 VACANCY BY UNIT TYPE ON 3,101 UNITS				
Total	Efficiency	1-Bedroom	2-Bedroom	3-Bedroom
4.6%	3.0%	4.3%	4.8%	4.8%
2012 AVERAGE RENT BY UNIT TYPE				
	Efficiency	1-Bedroom	2-Bedroom	3-Bedroom
	\$498	\$585	\$670	\$810
% RENTAL RATE CHANGE				
	Efficiency	1-Bedroom	2-Bedroom	3-Bedroom
2011-12	1.0%	0.7%	3.1%	5.3%
2010-11	9.1%	2.5%	0.8%	0.0%

Approximately 6% of the tax credit projects responding to this survey provided rental concessions in the form of free rent, which is similar to the prior year.

HISTORICAL RENTS BY UNIT TYPE



SUMMARY This survey indicates an overall vacancy rate of 5.3%, which is a decrease from 5.5% in January of 2011. The vacancy rate is at its lowest level since 2002. The highest vacancy rates by geographic area are 9% for Indianola and 7% for the south side of Des Moines. The CBD submarket showed the best improvement, with vacancy reduced from 5.9% to 2.1%. The vacancy rate for the tax credit projects increased slightly to 4.6% from 4.4% the prior year.

The West Suburbs and the new units added to the Central Business District have the highest average rents. The lowest average monthly rental rates tend to be in the South, East, Altoona, and Indianola submarkets.

Approximately 455 new rental apartment units (not including senior housing and some "for-sale" condominiums) were added to the rental market in 2011, versus 963 units in 2010. Of these, 274 are market rent apartments and 181 are tax credit units.

For the coming year, construction is underway or permits have been issued for 1,101 units, including 976 conventional units and 125 Tax Credit units. The planned conventional market rate projects include the Villages at Jordan Creek (180 units), Providence Point West in Johnston (166 units), Fieldstream Apartments in Ankeny (126 units), Meadowlark Place in Grimes (120 units), Adams Ridge in Johnston (112 units), and redevelopment of the Fleming Building in the CBD (96 units). Other planned units include Woodland Reserve in Ankeny (68 units), West End Lofts in the CBD (37 units), Tradition Pointe in Ankeny (36 units), and Plaza 50 in West Des Moines (35 units). In addition, 250 conventional units are planned to be added to the Broadmoor at Jordan Creek Complex in West Des Moines during the next two years. The larger Tax Credit projects to be constructed include Dovetail in Grimes (40 units) and Crane Artist Lofts in the CBD (36 units).

There has been increased demand for apartment units over the past year. Vacancy levels are decreasing and rental rates are increasing, with fewer concessions offered. The increased demand has resulted from the continued shift toward renting versus buying homes, increased lending requirements on homes, and increases in the metropolitan area population. Mortgage credit requirements are likely to remain tight, causing many households to remain apartment tenants. Another trend observed is that some condominium projects originally developed for owner-occupancy are now entering the upper-end rental market. Therefore, we included a few of these projects that are exclusively rented in this year's survey.

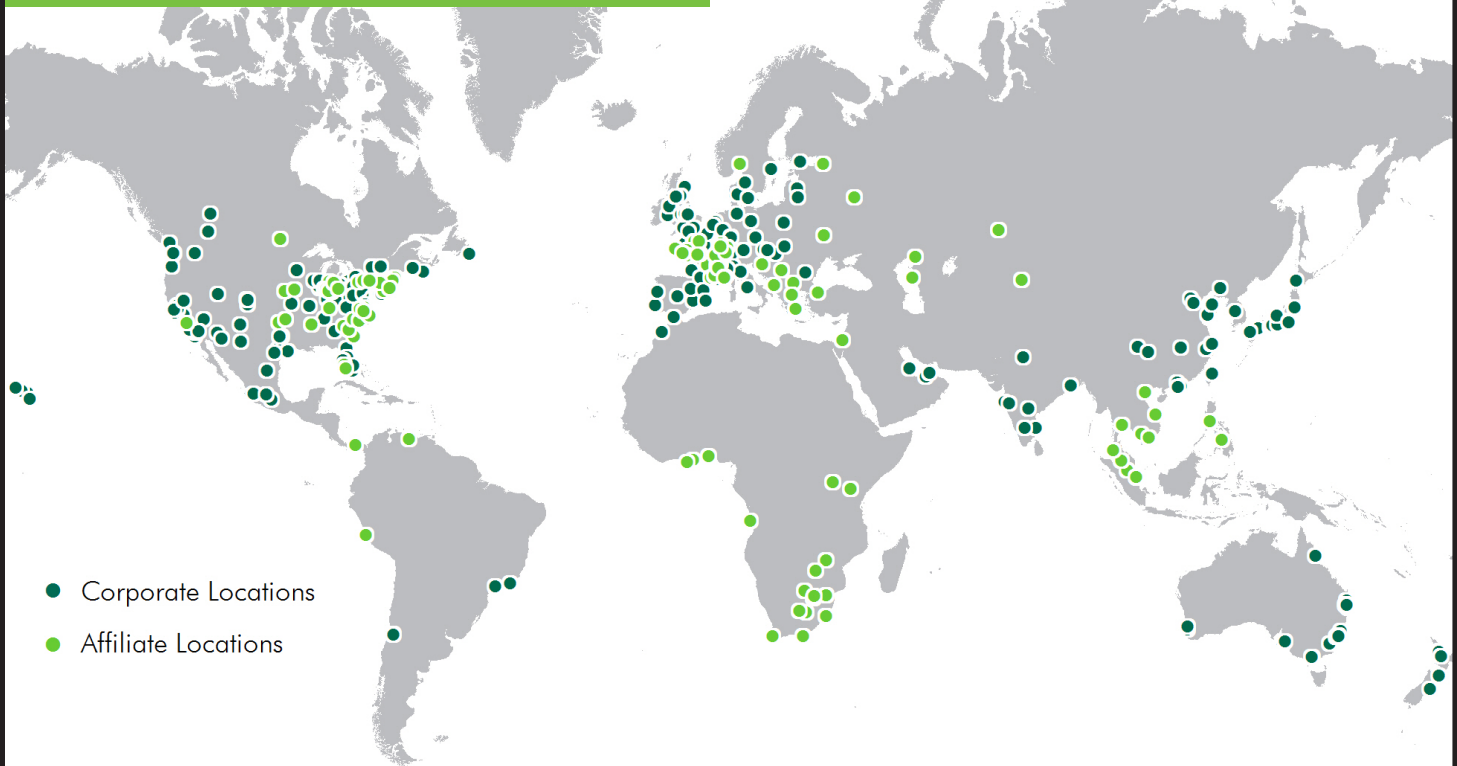
ACKNOWLEDGEMENTS We wish to thank the property owners, developers and managers who made this survey possible by providing rental and vacancy data over the past 42 years.

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