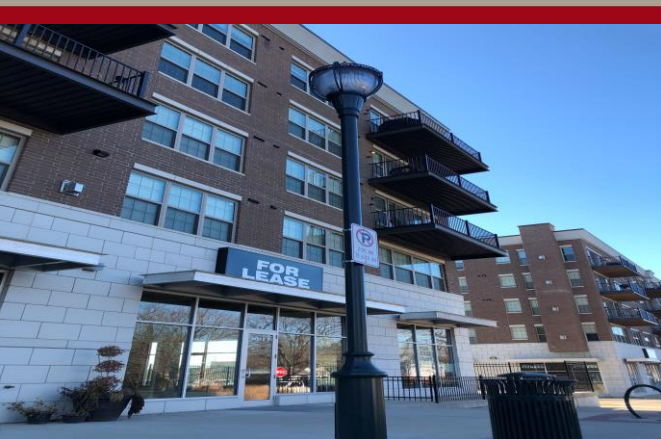


2018 - The purpose of this study was to answer two main questions:

**First**, how have current economic conditions, both national and local impacted occupancy for local commercial real estate?

**Second**, what are the implications for future commercial development in our area?



## COMMERCIAL REAL ESTATE MARKET STUDY

The first step was to survey commercial property owners and/or property managers to collect data directly from the market participants. Second, we conducted various interviews with local professionals active in the market.

## OFFICE/RETAIL MARKET

Currently, the office/retail markets are for the most part in stable condition, with an acceptable vacancy rate of 10% to 11%. Although vacancy and lease rates are currently manageable, we expect that this will become more of an issue if construction continues at its current rate. Additionally, as the new construction fills up, this could result in increased vacancies in other parts of the market.

Office/Retail Vacancy Results			
Zone	Square Feet	Vacant	Vacancy Rate
1	930,297	119,645	12.86%
2	2,650,130	287,117	10.83%
3	2,922,215	286,519	9.80%
4	625,423	61,592	9.85%
<b>Total</b>	<b>7,128,065</b>	<b>754,873</b>	<b>10.59%</b>

We estimated that there are currently 58 platted lots available for resale. However, we recognize that some of the lots that remain available have been on the market for some time, and are less attractive to market participants. With that said, we would expect additional lots to be added to the supply in the next 1 to 2 years. Based on our yearly absorption estimates we approximate there to be a 5 to 6 year supply of commercial lots/land currently available.

Notable Projects & Subdivisions - Office/Retail		
Project	City	Year Platted
Liberty's Gate	North Liberty	2000-2017
Corridor Commercial	North Liberty	2002-2012
Progress Park/Saints Corridor	North Liberty	2004-2007
Liberty Centre	North Liberty	2004-2012
Jacobs Clear Creek	Coralville	2005-2017
Liberty Medical & Commerce	North Liberty	2006
Grand North (Pacha Parkway)	North Liberty	2007
Forevergreen Business Park	Coralville	2007-2016
Villas at Liberty Exec. Park	North Liberty	2008
MWD Davis	Iowa City	2009
Coral Ridge Commerce Park	Coralville	2010-2018
Iowa River Landing	Coralville	2010-2018
Coralville Hotel & Convention	Coralville	2006-2012
808 on 5th	Coralville	2014-2016
The Crossings	Iowa City	2017

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## INDUSTRIAL REAL ESTATE MARKET

In regard to the industrial market; every company is seeking ways to increase efficiency and cut unnecessary expense. The prime strategy other than employment cuts is to more effectively manage inventory both raw and finished. Advanced computer systems and sophisticated logistics have enhanced “just in time” inventory practices and reduced the demand for warehouse space. This is a longer-term trend that is exacerbated in the short term by reduced inventories. The Johnson County market has not been spared from these trends.

The table below shows vacancy rates for all of the industrial/warehouse space with the exception of three large warehouse buildings on Independence Road, as their level of occupancy was not entirely clear.

Industrial Vacancy Results		
Square Feet	Vacant	Vacancy Rate
2,590,698	441,479	17.04%

Few industrial subdivisions have been platted in the last fifteen years due to there being a surplus of lots available 5 to 10 years ago. With the development of the Iowa City Industrial Campus, Iowa City has positioned themselves for any future industrial inquiries. This development has access by truck and rail, and could be subdivided for larger lots (manufacturing or warehouse users).

Typically, with the exception of general warehouse space, most industrial/manufacturing structures are built to suit. Given the availability of industrial warehouse space in the market, there appears to be little demand for this type of space, and much of the recent industrial construction has been of flex space type units ranging in size from 1,200 to 4,800 square feet.

Industrial Subdivisions		
Name	City	Year Platted
Deerfield, RL, North Park	North Liberty	1977-2009
Inter-City/Starr & Shaul/Nemecek/T & R	North Liberty	1992-2013
Scott Six Industrial Park	Iowa City	1997-2013
I-380 Industrial Park	North Liberty	2000
North Airport Development	Iowa City	2001
Westcor Business Park	Coralville	2005-2017
Tiffin Industrial Park	Tiffin	2004