

# 43rd Commercial Market Overview

by

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Cedar Rapids, Iowa Area, December 2017

Click the "Market Overview" tab on my web site at [www.scotteolson.com](http://www.scotteolson.com) to track the dynamics of our market over the last 17 years by comparing previous reports. This *Market Overview* will be published in the *Corridor Business Journal* in an effort to share this important data with a broader base of individuals/businesses in our creative corridor.

## Election Support

I want to personally thank all of you for your kind words and support during my campaign for Mayor of Cedar Rapids in a very competitive field of 8 candidates. Even though I was disappointed in not making the final two for the runoff election, I am looking forward to my next two years on the city council continuing to represent District 4 in NW/SW quadrants.

## National Rankings Continue

- Cedar Rapids ranks #1 Best Place in America to Raise a Child**  
 Cedar Rapids was named best place to raise a child for the third year in a row. (Smart Asset, August 2017/16/15)
- City of Cedar Rapids awarded Phoenix Award for NewBo District Development**  
 The Phoenix Award recognizes the transformation of a once heavily industrialized and abandoned brownfield site into the active and eclectic district it is today, and recognizes three key development initiatives that have helped create new economic vitality: The NewBo Market, the Geonetric Building, and The Depot. (December 2017)
- Cedar Rapids ranked #2 of Top Places for Teachers**  
 Cedar Rapids ranked first in Iowa, with four other metro areas in the state in the top 15. CR scored strongly in graduation and proficiency rates, as well as affordability and low crime rates. (SmartAsset, 2017)

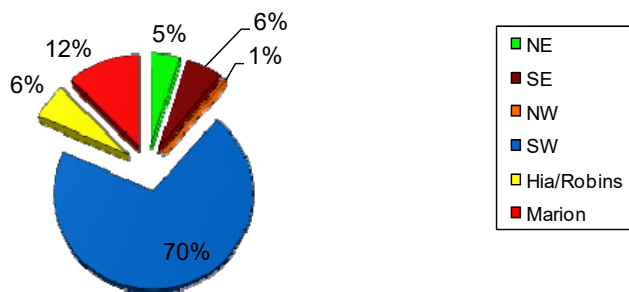
## Commercial Land Market Has Come to Life

This Overview takes an updated look at the land market in our metro area since my last update on this property type in December 2015. The overall active market shows 950 acres which is a decrease from the 2015 report showing 1,162 acres. As illustrated in the pie chart, the majority of land is still in the SW quadrant at 70% with Hiawatha, Marion and the SE quadrant showing slight increases from 2015.

However, the reduction of land on the active market is deceiving as we now have two large land developments not on the active MLS real estate land market. The "Super Park" north of the airport has 600 acres available. Plus the recently announced Alliant Energy "Big Cedar Park" west of Edgewood Road SW stretching into Fairfax has 1300 acres. In reality, both of these developments are designed to attract large users that need air, rail or interstate access but they will be competing with other large land site developers on the market.

Finally, as the headline states, the last two years in 2016 and 2017 have been the most active as far as land sales I have seen in over a decade! We have had transactions totaling 320 acres with an additional 196 acres shown as currently sale pending. Many of these sites have been utilized for new warehouse and industrial facilities constructed to serve our expanding industrial sector. Hopefully, this level of activity will continue into 2018 despite the competition from the two super parks. This activity will lead to future tax base dollars in the city with or without any incentive funding.

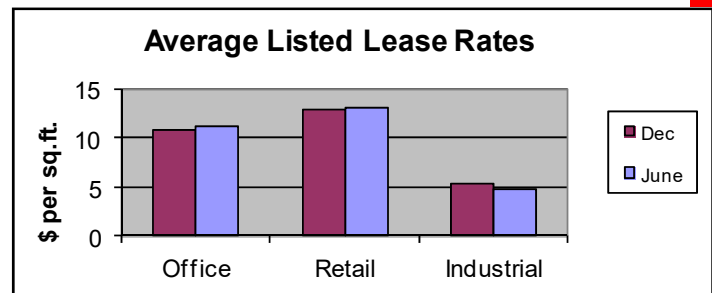
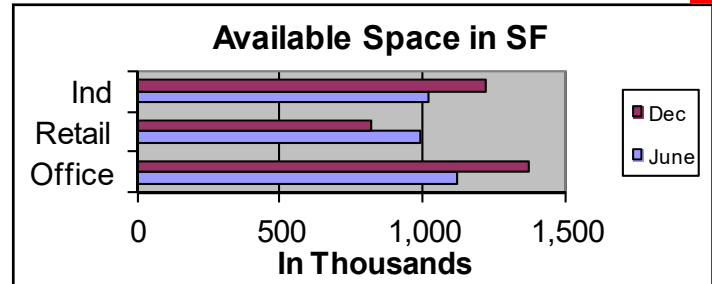
## Available Land by Quadrant



Skogman Commercial at the Penthouse

319-247-5000, [www.scotteolson.com](http://www.scotteolson.com), [scott@scotteolson.com](mailto:scott@scotteolson.com)

All information deemed reliable, but not guaranteed.



Chart/graph data in part, obtained from the December 2017 multiple listing service Research by Karl Hoffman, MBA

## Current Market Trends

### Retail

The amount of retail space on the active market dropped from June's 989,000 SF to 821,000 SF. The main reason is the proposed space to be developed at Westdale is no longer on the market. However, 4 new building are in planning. We have some new projects in planning including Peck's Landing in Hiawatha and 3 retail strip malls from 4,000 to 7,500 SF. The level of activity has dropped as national retailers evaluate the impact of online sales and local ventures are having difficulty obtaining financing, especially for "star-up" concepts. Average rental rates have dropped from \$13.11/SF to \$12.95/SF as landlords become more competitive.

### Office

The active office market took a 22% jump from 1,119,000 SF to 1,370,000 SF. New listings to the market include the former Limo Link building (50,000 SF), a spec build-to-suit of 27,000 SF announced on First Avenue and 9 new listings from 5,000 to 13,000 SF. Wow, this is one of the most dramatic changes in recent years at a time when it is hard for businesses to expand with a tight labor force (3% unemployment) and many companies reducing their square foot allocation per employee. Again, average lease rates decreased from \$11.19/SF to \$10.75/SF due in part to the competitive nature of the market. The active total is the second highest ever (July 2013 highest) in my reports that started in 2001!!

### Industrial

The amount of active industrial space on the market took a leap from 1,019,000 SF to 1,225,000 SF, a 17% increase. This was due to a 110,000 SF SW side spec building announcement and existing 81,000 SF, 74,000 SF, 67,000 SF, 41,000 SF and three 10,000 SF spaces that entered the market. But more concerning is the future inventory from space to be vacated by Lil Drug Stores, three buildings planned by Stickle Enterprises totaling 750,000 SF; and two other projects in planning totaling 300,000 SF. Due in part to all of the new projects, the average rates increased from \$4.31/SF to \$5.34/SF. If the new projects mentioned do get built in 2018, competition for tenants will be fierce. On the positive side, we will have some new large high bay warehouse options that is now lacking in the market.