

# 47th Commercial Market Overview

by  
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 Cedar Rapids, Iowa Area, December 2019

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 19 years by comparing previous reports. This "Market Overview" will be shared with commercial brokers across the state plus area legislators, government leaders, bankers, appraisers and individuals/businesses in the Creative Corridor.

## Election Support

I want to personally thank the residents of my NW/SW district plus the support from many of you during my election to a third term on the Cedar Rapids City Council representing District 4. I am thrilled and honored to serve this great city for another four years.

## National Recognition Continues

- Cedar Rapids ranked #18 Safest City in America (Wallethub.com 2019)
- Cedar Rapids ranked #4 Best American City to Work in Tech - Rankings based on unemployment rate, cost-of-living index and average tech salary. (SmartAsset 2019)
- Cedar Rapids is #8 in the nation in the ranking of Top 10 cities for living the American dream (SmartAsset 2018, 2019)
- Cedar Rapids Ranked #15 of cities in America with the lowest cost of living (Niche.com2019)

## Sustainability Leadership

The city of Cedar Rapids continues its aggressive efforts to be a leader in sustainability practices. This effort was recognized in 2018 with the city certified as a "Four Star Community" by STAR, the nations leading framework for measuring environmental, economic and social health of a community.

In early 2020 the city will unveil a new action plan to continue its pursuit of sustainability in municipal operations. The **iGreen CR Action Plan** will identify tangible outcomes and action items in four goal areas; resources, nature, development and community. Action items will be routinely assessed and cataloged.

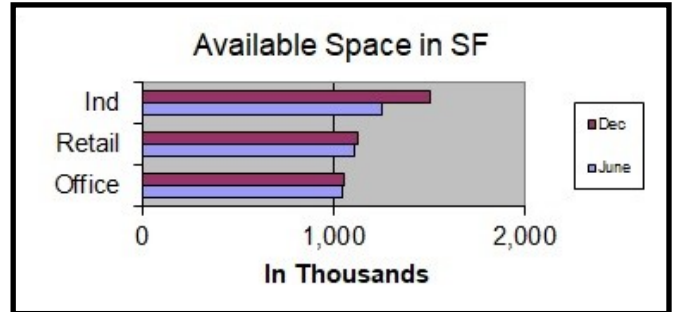
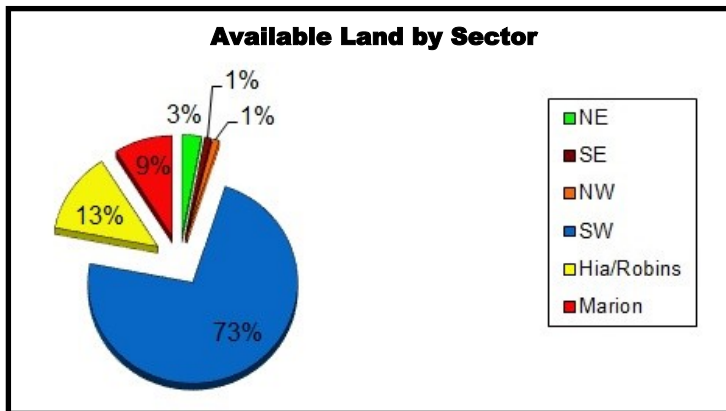
## Commercial Land Market Remains Active

This *Market Overview* highlights the commercial land market since it was last featured in December 2017. The MLS shows 1,060 acres active in our market but does not include several sites marketed privately by developers or the two "Super Parks" near the airport that equal 1,900 plus acres. Total land available is higher than the 950 acres noted in 2017 despite the very active land development occurring by the Eastern Iowa Airport, College Community School District and Hwy 100/Edgewood Road NE.

As noted in the pie chart below, 73% of active land is in the SW quadrant versus 70% in 2017 with decreases noted in the SE/Marion sectors and a major increase in the Hiawatha/Robins area from 6 to 13%.

Despite the active land development occurring in the metro area, land going off the market is replaced by new sites coming on the market. Developers and property owners are encouraged by the activity they see. This trend keeps land prices virtually unchanged over the last decade with large track sales actively trending down in price per acre. Undeveloped land is selling as low as \$18,000 to \$39,000/acre. Larger developed sites range from \$1.70/SF to \$2.75/SF.

Chart/graph data in part, obtained from December 2019 multiple listing service, research by Karl Hoffman, MBA



## Current Market Trends

- **Office**  
 The office market continues to soften as new facilities are built and several spec spaces are on the 2020 horizon at the Fountains, Steve Emerson's downtown high rise and development of the former casino site at 1st Ave/1st St W. Sub leasing of the downtown Honeywell Building of 81,000 SF entered the market along with several other downtown spaces. The active market increased slightly to 1,059,000 SF from 1,044,000 SF in June. Average asking rates softened from \$11.74/SF to \$11.11/SF. The national trends are becoming more prevalent with co-working options and companies using less space per employee. Also, as retail prospects continue to drop, more strip mall developers are pursuing office users.
- **Retail**  
 Retail trends are becoming more evident as we see continued new construction of strip malls - 4 totaling almost 50,000 SF by local developers. Some large box spaces are also entering the market (Gander Outdoors - 30,000 SF & Toys R Us - 45,000 SF) The active market increased from 1,113,000 to 1,126,000 SF. Average rental rates have decreased slightly from \$13.80/SF to \$13.45/SF due to new projects entering the market. The above statistics do not include the former Youngkers and Sears space in Lindale Mall which total 240,000 SF.
- **Industrial**  
 The active available space on the market has jumped to 1,505,000 SF from 1,252,000 in June of this year. We are seeing major construction occurring in SW Cedar Rapids especially by the airport. New projects under construction include facilities of 41,000 SF and 50,000 SF up to a large 300,000 SF spec building. The net increase is only 250,000 SF so you can see several of the new buildings already have partial tenants as well as absorption occurring over the last six months. Average rates decreased slightly from \$5.55 to \$5.47/SF in a competitive market. This market also has several buildings available outside the MLS listings such as the Stickle 20th Avenue SW 210,000 SF under construction. The City of Cedar Rapids recently approved several companies for incentives that will be developing major projects for their own uses.
- **Apartments**  
 The surge of new units from workforce housing to luxury apartments continues throughout the city. Rental rates are increasing as renters demand more amenities. Several new large scale projects are anticipated in 2020 at the former casino site, NewBo and near Green Square.



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All information deemed reliable, but not guaranteed.

