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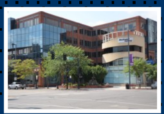
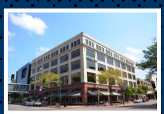
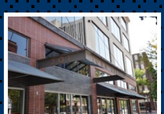
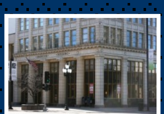
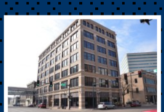
SKOGMAN
Commercial Real Estate Services Group

Current Listings

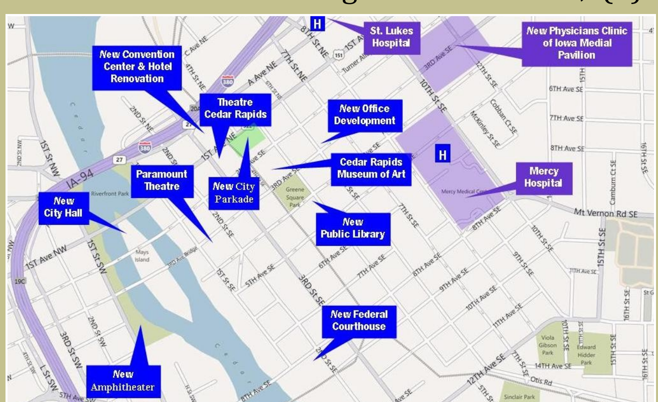


Commercial Trends
Cedar Rapids Real Estate Market

October 2011

The Cedar Rapids office market has stayed strong because of positive job growth and the city has received recent acclaim being tagged as a top "city to watch in 2011" by national media. http://blogs.forbes.com/kurtbadenhausen/2010/10/29/names-you-need-to-know-in-2011-cedar-rapids/ Accordingly, the evolution of the Central Business District continues. Several key elements to rebuilding and or re-tenanting have now been decided on and commenced.

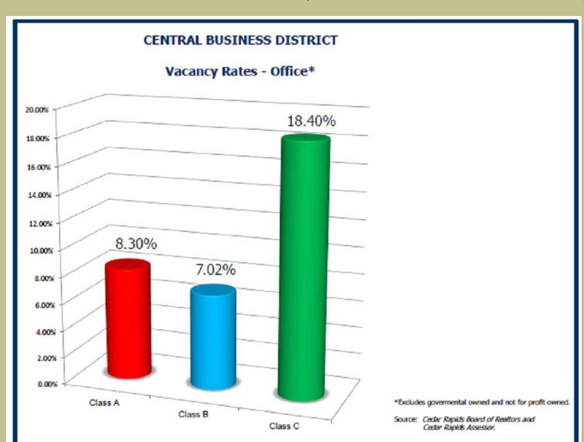
Overall, it is an exciting time to see significant transformation of the downtown with approximately $456 million dollars of Federal, State and local match deployed in the Central Business District of Cedar Rapids during a period of approximately 20 months. Municipal government has firmly committed to downtown with the following projects underway: (1) the new City Hall locating in a remodeled former Federal Building on First Street, (2)



the new Events Center is fully underway on First Avenue and Third Street, (3) a new 600 space public parking ramp behind Theatre Cedar Rapids, (4) the new Federal Court house at 1st Street and 7th Avenue, (5) construction of the Cedar Rapids Library at the former "True North" site along Fourth Avenue, (6) a new public amphitheater on the rivers edge at which will serve the city as outdoor music venue, (7) the new Central Fire Station on 1st Avenue at 6th Street, (8) total renovation of the Paramount Theatre with a planned reopening in 2012, and (9) The County offices will return to their pre-flood home on Second Street SW. In addition, these projects are bookended by a project in midtown which is a hospital owned $47 million dollar medical pavilion for cancer care and research at starting at 4 blocks outside of downtown at 10th Street SE, along 2nd and 3rd Avenues.

Several private projects are also underway representing significant private investment in the downtown area. TrueNorth Companies will be moving to the former Library site that was flooded in 2008 and will invest nearly $10 million dollars in its new home. It will open for business at this location yet in 2011. Intermec has announced an expansion with a new $10.5 million facility planned along 4th Street SE. A new office tower will break ground in 2011 with an opening planned for late 2012 at the former People's Church site at 3rd Avenue and 6th Street. Several floors of this new building are preleased.

Vacancy rates have remained relatively stable among classes of office. Of the approximately 2.3 million square feet of leasable space in the central business district, the current vacancy



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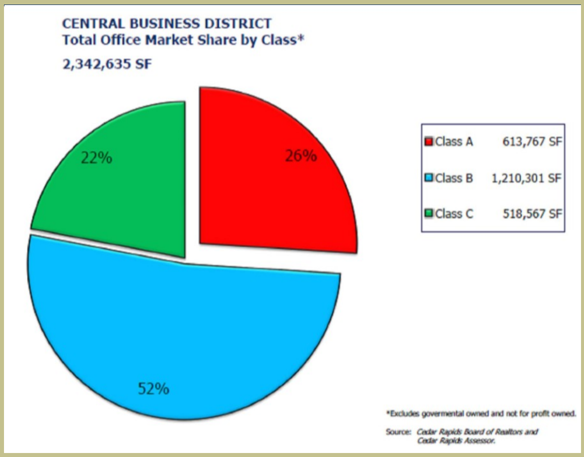
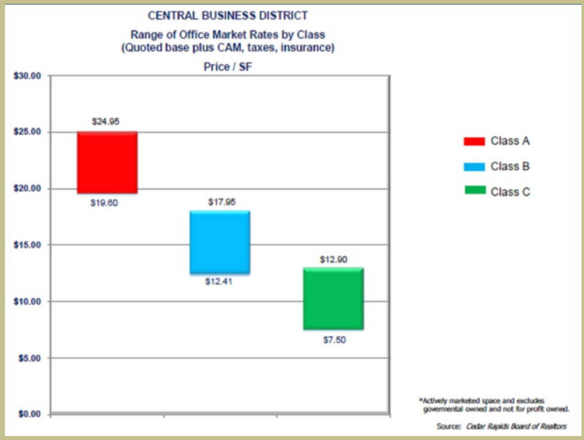
rate is approximately 9.88%, aggregated among Class A, B and C office spaces. The allocation between office spaces is 8.3% vacancy in the Class A category, 7.02% in Class B and 18.4% in Class C office spaces.

When compared to the overall availability of office space by class, Class C space has the highest relative vacancy rate as compared to overall availability by class. Class B space carries slightly over half of all available space, followed by Class A with Class C space representing the smallest segment of space available, currently counting as the smallest segment. The explanation for the higher vacancy rate in the Class C category is three fold. First, there are several large blocks of call center space and the call center leasing activity has been quiet during the prior 24 months. Secondly, most of the C Class spaces are quite rough and will require significant capital investment to attract a user. Property owners have been reluctant to invest in these properties ahead of seeing strong leasing activity. Finally, there are several large owner/occupants in the Class B category which is both a stabilizing factor in this segment such that owners tend to stay put and not create vacancy.



During the last 24 months there has been positive absorption of vacant office space in the CBD. 263,888 rentable square feet has been reported leased in the last 12 months. The aggregated vacancy rate across classes has dropped by approximately 4% in the last 24 months.

Positive absorption has caused some upward movement in leasing rates during the last 24-26 months. Rates have crept upward approximately $1/SF during this time period. The vast majority of leases in the central business district are structured as triple net leases, where any increases in taxes or other operating expenses are born by the tenant. Current, average list rates for Class A office space are between $24.95 and $19.60/SF per year, gross when factoring in all lease expenses except utilities. Class B is between $17.95/SF and $12.41/SF and Class C is between $12.90/SF and $7.50/SF, respectively. In comparing these same list rates to rates advertised 12 and 24 months ago, one sees that rates have increased approximately 12% over that 24 month period. Based on current leasing trends, absorption rate among Class A and B space will continue to put upward pressure on rates.



Overall, the Central Business District has had minimal change in the last year, but 2011 and forward with the new projects underway will have significant positive impact, not only on tenancy but the overall vibrancy and excitement of the area.