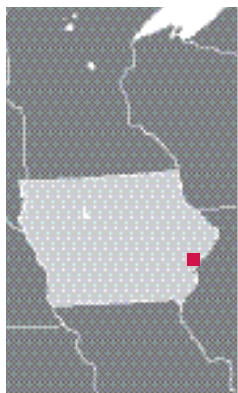


Davenport, Bettendorf, Iowa and Rock Island, Moline, Illinois



The Quad Cities (Davenport and Bettendorf, Iowa, and Rock Island and Moline, Illinois), the four cities bordering the Mississippi River, continues to be a vibrant community in which to do business. While population is relatively static, the area has continued to enjoy modest but steady growth.

Local economic conditions seem slightly better than average. John Deere had several excellent successive years, which carried over to many of the subcontractors and suppliers who do business with them and others in the agricultural areas. The Rock Island Arsenal facilities, slated for closing as part of the federal governments Base Realignment and Closing initiative, ironically became the area's top employer again if you include the many civilian subcontractors based on the island. This is due in part to the war and to making space available to third parties not under the control of the military. Overall, it seems to be a good time to do business in the Midwest.

Retail seems to be the bright spot in the area with a significant amount of new neighborhood strip centers being constructed as well as most of the big-box spaces that were vacant have become re-tenanted in the past year. In addition, there are several new big-boxes being constructed. Retail land sales have also been active. The I-74 corridor is still the centerpiece of the retail activity on the Iowa side and John Deere Road is the preferred location in the Illinois QC, though the Illinois segment is far less active.

The office market has enjoyed a slight resurgence as many developers enjoyed strong leasing activity on new and second generation space that has been notably slow in the past two years. At this point, there is not much new speculative space entering the market as the building owners await the lease-up of some additional space still available. There are several single-use office buildings being constructed in the 40,000-80,000 SF range including a new headquarters for E-Serve a Perot company and a new AT&T call/service center.

The industrial sector, which has always been the backbone of our market, has enjoyed a reasonably good year. Any of the modern, well located, high-bay space has enjoyed strong activity.

The largest multi-tenant facility in the area, the River Cities Industrial Park, is nearing full occupancy. There is still a shortage of newer modern buildings for purchase, as many that hit the market sell quickly.

Contact

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Metropolitan Area Economic Overview

| | |
|--------------------------------|----------|
| 2008 Population | 377,359 |
| 2013 Estimated Population | 378,231 |
| Employment Population | 224,860 |
| Household Average Income | \$59,188 |
| Median Household Income | \$50,305 |
| Total Population Median Age | 38 |

Davenport, Bettendorf, Iowa and Rock Island, Moline, Illinois At A Glance

| (Rent/SF/YR) | Low | High | Effective Avg. | Vacancy |
|--|---------------|----------|----------------|---------|
| DOWNTOWN OFFICE | | | | |
| New Construction (AAA) | \$ 14.00 | \$ 18.50 | \$ 16.25 | 10.0% |
| Class A (Prime) | \$ 13.00 | \$ 18.00 | \$ 15.25 | 15.0% |
| Class B (Secondary) | \$ 7.00 | \$ 11.00 | \$ 9.50 | 20.0% |
| SUBURBAN OFFICE | | | | |
| New Construction (AAA) | \$ 14.50 | \$ 21.00 | \$ 16.50 | 10.0% |
| Class A (Prime) | \$ 13.00 | \$ 16.50 | \$ 14.75 | 12.0% |
| Class B (Secondary) | \$ 10.50 | \$ 13.00 | \$ 11.25 | 15.0% |
| INDUSTRIAL | | | | |
| Bulk Warehouse | \$ 2.25 | \$ 4.75 | \$ 3.38 | 10.0% |
| Manufacturing | \$ 2.75 | \$ 5.00 | \$ 3.88 | 7.0% |
| High Tech/R&D | \$ 7.00 | \$ 11.00 | \$ 9.00 | 10.0% |
| RETAIL | | | | |
| Downtown | \$ 8.00 | \$ 12.00 | \$ 10.00 | 10.0% |
| Neighborhood Service Centers | \$ 12.00 | \$ 28.00 | \$ 15.00 | 7.0% |
| Community Power Center | \$ 10.00 | \$ 17.00 | \$ 12.50 | 10.0% |
| Regional Malls | \$ 20.00 | \$ 26.00 | \$ 23.00 | 10.0% |
| DEVELOPMENT LAND | | | | |
| | Low | | High | |
| Office in CBD (per buildable SF) | \$ 6.00 | | \$ 18.00 | |
| Land in Office Parks (per acre) | \$ 217,800.00 | | \$ 392,040.00 | |
| Land in Industrial Parks (per acre) | \$ 43,560.00 | | \$ 108,900.00 | |
| Office/Industrial Land - Non-park (per acre) | \$ 43,560.00 | | \$ 108,900.00 | |
| Retail/Commercial Land (per acre) | \$ 348,480.00 | | \$ 609,840.00 | |
| Residential (per acre) | \$ 43,560.00 | | \$ 87,120.00 | |