2018 - 2019 Iowa & Illinois
Quad Cities Area
Commercial Real Estate Market Report

EVOLVE

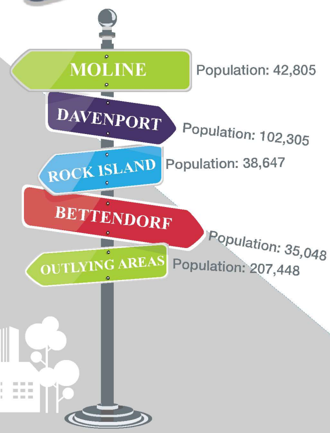
NAI Ruhl Commercial Company
5111 UTICA RIDGE ROAD | DAVENPORT, IOWA
563 355 4000 | WWW.RUHLCOMMERCIAL.COM

QUAD CITIES

IOWA & ILLINOIS

BUILD YOUR BUSINESS here

The Quad Cities metro area, including the communities and surrounding areas of Moline, East Moline, and Rock Island in Illinois, and Davenport and Bettendorf in Iowa, is constantly evolving. More than 30,000 businesses, including John Deere World Headquarters, Arconic, Kraft, Exelon, and a major military installation, the Rock Island Arsenal, call the Quad Cities home.



37 Million
live within a 300 mile radius of the Quad Cities

'Heart of the Midwest'
along the Mississippi River, I-80, I-88, and I-74

Companies can efficiently move goods & services globally by:

Barge

Rail

Air

Interstates

Low Cost
of doing business & cost of living

400,000 MSA

Iowa Ranks #5 Nationally
for Physicians to work and live

Top 10 Places for Millenials to Live,
RealtyHop, 2018

40
Colleges & Universities
within a 90 mile radius around the Quad Cities

Illinois wins 2018 Silver Shovel Award
for high-value investement and large job-creating projects, Area Development Magazine, 2018

Infrastructre, Health Care, and Education Lead Iowa to No. 1 Best State,
U.S. News & World Report, 2018

Source: Quad Cities Chamber of Commerce and Bi-State Regional Commission

Q2030 A REGIONAL ACTION PLAN

Cool • Creative • Connected • Prosperous

NAI Ruhl Commercial Company

John G. Ruhl
President

Welcome to year six of our Annual Commercial Real Estate Market Report document and associated event. We are enthused with the ongoing responses to our information and presentation. Who knew that there would be enough interest in our business that we would attract in excess of 450 attendees at the Waterfront Convention Center, record a distribution of over 2,000 written reports, and countless digital views.

The information is comprised of a summary of area activity, Commercial Multiple Listing Service (CMLS) statistics, interviews, data collected by our brokerage and property management professionals, research provided by local appraisers, and multiple data sources locally, regionally, and nationally.

NAI Ruhl Commercial Company is the leading full service commercial real estate service provider in the Quad Cities region and the only provider of a report of this comprehensive nature in this market.

Please utilize this report to make your important commercial real estate decisions and forecasts, and guide your valued clients in the year to come.

Sincerely,

John G. Ruhl
President
NAI Ruhl Commercial Company

Total Sold & Leased Volume:
$127,548,404

Average Transaction Price:
$438,311

70
Sales Transactions

96
Lease Transactions

Contents

Commercial Real Estate Market Report, is produced once per year by NAI Ruhl Commercial Company to serve the region's business and community leaders, and real estate decision makers.

Facebook.com/ruhlcommercial
Twitter.com/ruhlcommercial
Linkedin.com/company/nai-ruhl-commercial-company

Get Social!

Economic Overview

Information contributed by John G. Ruhl

The commercial real estate sector showed positive growth both regionally and nationally in 2018 and is alive and well in 2019. Despite some interest rate fluctuation including increases and most recently a decrease in rates has demonstrated insignificant restriction in commercial property purchases for user activity and for investment. CAP rates, a common measure for real estate investment capitalization, remain very low (low = more buyer competition = buyers paying higher prices) indicating that compared to other investments, commercial real estate is highly regarded as an investment category.

The United States continues to have record low unemployment hovering around 3.8% which demonstrates a positive economy. The US also continues to see growth in its Gross Domestic Product at in excess of $19 Trillion which continues to be well above any other country. These factors, along with many others, are good lead indicators for the success of commercial real estate. There are factors that suggest some volatility in the future of these numbers such as an impending election and current trade conflicts dealing primarily with China and Europe. Despite these concerns, commercial real estate investors and corporations both large and small continue to drive on cautiously.

2019 is expected to provide similar results in the commercial real estate industry to what we saw in 2018, which was an exceptional year nationally, regionally and for NAI Ruhl Commercial Co.

The top concern in the Midwest and Quad Cities region is inventory. Our agents are finding it increasingly difficult to identify good quality investment and user product for their clients. This lack of inventory is primarily in Class A office product and modern, well located and high bay industrial product of an adequate size. New construction remains an option for some, though it drives rents too high, other than for those whose businesses can support a higher rent or occupancy costs for their own locational or specific space needs.

The Quad Cities region is doing well at the time and concerted efforts and economic driving factors are in place which would suggest continued growth. You will note that the key word for our report this year is “EVOLVE” which takes on several meanings but generally suggests that our area will continue to be a solid place to do business. We are on the map of several existing national companies, educational institutions, have a strong medical presence, a large military based segment, and are attracting new retail establishments positioned to take advantage of a population with expendable income.

We, as the Quad Cities, currently have a collective number of activities in play at the same time, which is creating a positive movement economically, as a place to live and as an attracter of talented people. A few of the positive things transpiring are as follows:

- The Q2030 Initiative is in full swing. The subtext suggests “Cool-Creative-Connected-Prosperous” and the plan carefully breaks down how those elements work together to make our community thrive. The leadership behind this initiative is very strong and has deep experience. The core initiatives suggest population growth, attraction of talented people which our employers need to grow, more entertainment, restaurant and lodging opportunities and items that are “cool” and set us apart from other communities and are generally limited to larger cities. If you have not looked at the website please take the time to do so at https://www.q2030.org/measuring-success/

- The new I-74 bridge project has had a major impact on our economy already and will continue to do so in many ways

• There is new Quad Cities Chamber of Commerce leadership in place which combines experienced members and leaders with new voices

• There is new leadership in place at the Quad Cities International Airport which recognizes development opportunities surrounding the airport site

• Political change at the Illinois state level has drawn additional attention to passenger rail in the Quad Cities and the collateral development and growth it will cause

• New housing solutions are available for young workers and talent making the Quad Cities a viable destination

• New entertainment, restaurant, and lodging/hospitality options are being constructed at a rate that greatly outpaces previous year's activity

• "Big Table" discussions throughout the community have created a platform for all voices to be included and heard directly by community leaders

It should be noted that at the very time of publication of this report, the 2019 Mississippi River flood has taken a turn for the worse. On the afternoon of April 30th, the HESCO flood barriers were breached and areas of downtown Davenport were impacted. Primarily properties and businesses on 2nd Street, including many newer projects. Our thoughts go out to those impacted in all parts of the Quad Cities Region. Our maintenance and Property Management teams are busy assisting Ruhl managed property owners.

It is our hope that the Federal Emergency Management Agency, or FEMA, reacts accordingly and we experience a positive end result, including federal and other financial assistance to help those in need, and causing bigger and better improvements, resulting in a more permanent solution for downtown Davenport to protect from future flooding.

Please join our team in doing your part to make the Quad Cities an even more dynamic place to live, work, and evolve!

Pricing Summary

Office

	Low Rental Rates (NNN)	High Rental Rates (NNN)	Avg. Rental Rates (NNN)	Low Sale Prices	High Sale Prices	Avg. Sale Prices	Vacancy Rate
Class A	$10.00/SF	$19.50/SF	$13.00/SF	$40.00/SF	$200.03/SF	$121.28/SF	4%
Class B	$9.00SF	$12.00/SF	$10.50/SF	$7.37/SF	$159.29/SF	$35.99/SF	10%
Class C	$5.00/SF	$9.00/SF	$7.00/SF	$6.35/SF	$90.06/SF	$26.76/SF	15%

Retail

	Low Rental Rates (NNN)	High Rental Rates (NNN)	Avg. Rental Rates (NNN)	Low Sale Prices	High Sale Prices	Avg. Sale Prices	Vacancy Rate
Downtown	$8.00/SF	$14.00/SF	$10.00/SF	$35.00/SF	$85.00/SF	$60.00/SF	5%
Neighborhood	$9.00/SF	$18.00/SF	$14.00/SF	$50.00/SF	$120.00/SF	$80.00/SF	13%
Regional Strip	$16.00/SF	$22.00/SF	$19.00/SF	$120.00/SF	$190.00/SF	$150.00/SF	5%
Big Box	$3.00/SF	$10.00/SF	$7.00/SF	$15.00/SF	$35.00/SF	$25.00/SF	15%

Industrial

	Low Rental Rates (NNN)	High Rental Rates (NNN)	Avg. Rental Rates (NNN)	Low Sale Prices	High Sale Prices	Avg. Sale Prices	Vacancy Rate
Bulk Warehouse	$2.00/SF	$2.75/SF	$2.50/SF	$15.00/SF	$20.00/SF	$17.50/SF	15%
Distribution	$3.00/SF	$5.50/SF	$4.25/SF	$20.00/SF	$45.00/SF	$32.50/SF	3%
Manufacturing	$2.50/SF	$5.50/SF	$4.00/SF	$20.00/SF	$40.00/SF	$30.00/SF	3%
Flex Space	$5.50/SF	$8.00/SF	$6.75/SF	$40.00/SF	$55.00/SF	$47.50/SF	5%

Land & Farm

	Low Sale Price	High Sale Price	Low Sale Price	High Sale Price
Agriculture Land - Illinois	$4,500 AC	$12,000 AC	---	---
Agriculture Land - Iowa	$4,000 AC	$12,000 AC	---	---
Transitional Land	$30,000 AC	$500,000 AC	---	---
Land - Office	$125,000 AC	$395,000 AC	$3.00 PSF	$9.00 PSF
Land - Retail	$128,000 AC	$522,720 AC	$2.95 PSF	$22.00 PSF
Land - Industrial (Less than 10 AC)	$21,780 AC	$98,000 AC	$0.50 PSF	$2.83 PSF
Land - Industrial (More than 10 AC)	$21,780 AC	$43,560 AC	$0.50 PSF	$1.00 PSF

Office

As Leasing Activity and Occupancy Growth Speeds Past Expectations, the Office Market is Heading into 2019 in Marginally Positive Territory

Information contributed by David A. Levin and Shawn Langan

NATIONAL RECAP

According to Institutional Real Estate, Inc., after three quarters of positive but slowing activity, the fourth quarter of 2018 ended on a highly optimistic note. 2018 was characterized by an active leasing market, sustained absorption, and rent growth. While a lower amount of new supply is still driving a gradual shift in dynamics, the extended run of office performance and continued expansion from tenants will make this transition particularly incremental and balanced. Activity in Illinois has increased with both investments being in short supply and as new construction starts and lease-up continues.

A strong US economy continued to fuel the commercial real estate market in 2018. 2019 began with the threat of potential rising interest rates, however, after the Federal Reserve met, interest rates will most likely stay stable throughout 2019. However, the industry is expected to face hindrances in the form of tightening credit and lingering uncertainty over the geo-political climate. Many commercial real estate experts remain enthusiastic on the market moving through 2019, particularly as the longer-term effects of tax reform come into focus.

NEW OFFICE CONSTRUCTION

New office construction has been somewhat muted at the end of 2018 and into 2019, and most properties have been build to suit projects with pre-construction leases constructing modern tenant-driven designs and locations to meet specific tenant needs. Due to moderately stagnant growth in rents, as well as employment adjusted for a new economy, which is still well below pre-recession levels, developers have avoided breaking ground on speculative projects. Also, the strongest demand has been for Class A or B office space. The cost benefit ratio to construct similar speculative buildings is prohibitive. 2019 will bring a similar limited volume of new office construction.

SALES

In 2018, sales were in part due to the need for 1031 Like-Kind Exchanges, and the need to have user occupied buildings. As owner/users continued to watch profit margins and trim employees to maintain budgetary sustainability, their lenders continued to be watchful as to their growth and needs for capital. Investors continued looking at the Quad Cities for growth potential properties, with upside in rents and increased occupancy. The number of these properties remained scarce.

Office Trends

ACTIVITY

INVENTORY

VACANCY RATES

AVERAGE SALE PRICE

AVERAGE RENTAL RATES (NNN)

RENT/LEASES

Rents rose marginally in Class B and C Properties; an improvement over the second quarter, but still slower than earlier in the recovery, as tenant demand remained stable and second-generation properties continued to dominate the marketplace.

The office asset class continues to be a favorite of institutional investors who continue to expand their sights into the secondary markets, like the Quad Cities and fringe areas. Despite the increase in freelance workers and short-term labor contracts, office-based jobs still account for 39% of total job growth globally. As a result, with the expanding economy, and improving employment scenario, the need for office space is expected to increase as well.

The average market rent for the entire Quad Cities Office Market was $12.06/SF (Net) with individual categories of Class A, B, and C buildings for those measuring at 3,500 SF or more. The average amount of time on the market for these properties is 9.5 months. Individual rental prices for both States are as follows and are calculated on a Triple Net Basis, meaning the tenant pays pro-rata share of Common Area Maintenance.

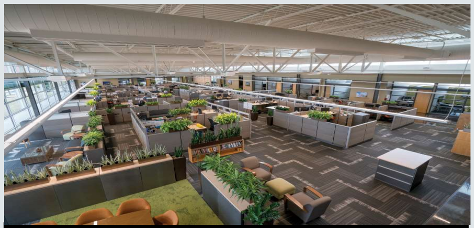
Pricing

	Low Rental Rates (NNN)	High Rental Rates (NNN)	Avg. Rental Rates (NNN)	Low Sale Prices	High Sale Prices	Avg. Sale Prices	Vacancy Rate
Class A	$10.00/SF	$19.50/SF	$13.00/SF	$40.00/SF	$200.03/SF	$121.28/SF	4%
Class B	$9.00SF	$12.00/SF	$10.50/SF	$7.37/SF	$159.29/SF	$35.99/SF	10%
Class C	$5.00/SF	$9.00/SF	$7.00/SF	$6.35/SF	$90.06/SF	$26.76/SF	15%

Similar rental trends in non-growth are seen in nearby metro areas such as Rockford and Peoria, largely because of a lack of demand from high-value tenants. Most of the time these same tenants are filling vacant spaces with some added incentives given by landlords for either free rent, tenant improvement dollars, or both. Average asking rents are about half of the national average, which is approximately 25% less than those in Des Moines, and 30% less than those in Rockford. The Iowa Quad Cities commands some of highest rents and is also among the leaders in rent growth in 2018. It contains about 25% of the metro's inventory and has been one of the most active areas of new construction.

Existing Space Leases

RSM
Former John Deere Office, Davenport
Leasing 32,578 SF



Lee Enterprises
Existing Russell Construction Office, Davenport
Leasing 21,540 SF

E2Open
Redeveloped Space
City Square, Davenport
Leasing 5,928 SF

New Office Developments

IH Mississippi Valley Credit Union
Moline River Front & 41st Street and
Avenue of the Cities, Moline

Ascentra Credit Union
State and Grant Streets, Bettendorf

Hospital Expansions by Unity Point and
Genesis Health Systems

Russell Construction Office
East 53rd Street, Davenport

RiverStone Group Headquarters
56th Street, Davenport

Based on data collected from the Bi-State Regional Data Portal and the Quad Cities Chamber, we can conclude employers utilizing office space in the Greater Davenport Quad Cities have the metro's youngest and most educated workforce at their disposal, as the submarket has the highest share of 20-34 year old individuals and bachelor degree's in the Greater Metro Market.

WHAT'S NEXT FOR OFFICE IN OUR MARKETPLACE?

Opportunity in Opportunity Zones?

2019-2020 may be interesting years based on the Opportunity Zone program, which was created by the Tax Cuts and Jobs Act of 2017 to leverage private capital to improve distressed areas across the US; 8,700 by current estimations. Under the Opportunity Zone program, investors can invest unrealized capital gains in an opportunity fund that in turn finances residential or commercial development, or even business enterprises, within the designated Opportunity Zone census territories. The longer investors leave their money in the fund, the more tax forgiveness they get.

"Opportunity Zones have the potential to pump equity into distressed communities with less risk than existed before the funds were created," says Charlton Hamer, senior vice president of Habitat Affordable Group, the affordable housing division of The Habitat Company.

Medical Offices

Medical providers are increasingly looking to tap into the wellness trend, where employees are looking to be more fit and have more amenities in medical facilities. Many new office buildings are connected to a public walking path, so patients and employees can incorporate exercise into their daily routine. "Tech-savvy" millennials are driving a lot of the wellness features that will continue to drive healthcare design in the coming year. With providers and consumers increasingly focused on preventive care, we're starting to see that reflected in real estate. For example, Millennials have embraced wearable tech that provides incentive to log activity and make their daily steps, and landlords and providers have responded by incorporating features such as a fitness center within it.

The Largest Users of Office Space Continues to be Technology and Health Care

Investors, landlords, and tenants continue to remain bullish as technology, consumerization, and mergers further transform the health care landscape market fundamentals, which shows that the U.S. health care real estate sector remains on solid footing.

The national vacancy rate for medical office buildings (MOBs) held virtually flat after 2017's all-time low, even though an increase in square footage of new medical office space was delivered in 2018. Pricing and capitalization rates (cap rates) held firm in 2018, while MOB rental growth in 2018 was the highest on record. Construction and investor demand remain weighted toward off-campus hospital assets. This is partly due to lower availability of on-campus assets plus the growing trend of health systems expanding their reach to strategic off-campus locations accessible to their patients.

There are persistent challenges confronting the health care industry and medical real estate that are likely to continue into 2019, including financial scrutiny and profitability, demographic changes, and the drive to retail locations. However, there are two factors that are set to dominate the year ahead. First, the range and impact of technology, telehealth, and consumer devices is becoming wider and deeper. Secondly, there is increased disruption to the nature of health care systems led by mega-mergers of health systems and new investment players entering the marketplace. These mergers serve to consolidate bargaining power among fewer, larger firms covering a broad spectrum of costs, including real estate. It may also reduce space needs as merging health systems consolidate redundancies. Although concerns over health care policy persist, the issue could recede over the short-term. With a divided House following the mid-term elections in 2018, it is unlikely that any significant legislative changes will be passed during the remaining term of the current Trump Administration.

Two other factors will continue to play out in 2019: rising competition among health care providers, which is impacting locational choice, and the decline of health facilities in low-population rural areas. Many clinics and hospitals are completely leaving the rural markets. While investors should take note of these factors, the medical office sector remains attractive in terms of both stability and diversification. Healthcare needs are growing as the U.S. population continues to age. However, greater selectivity and a degree of caution are critical in determining the nature, type, and location of assets to target.

According to the 2019 Health Care Marketplace U.S. Research Report, consumer demand for flexibility and convenience suggests that newer, better-located medical office and health care real estate should continue to generate stronger returns than older properties, particularly hospitals. Technology is driving the increase in, and demand for, lower cost outpatient centers focusing on surgical procedures that formerly required a hospital stay. Security of income due to low insurance reimbursements remains a key challenge facing owners of health care assets, and the credit strength of tenants should be and is closely monitored. Sustained pressure for health care operators to lower spending while remaining competitive should increase sensitivity to real estate overheads. The health care industry continues to evolve at a rapid pace, and health systems are facing disruption. MOB assets need to be flexible in order to embrace change. Capital improvements to reposition older holdings may be necessary. The rise of telehealth has the potential to influence physical real estate, and a greater understanding of its impact should emerge over the medium-term. However, while telehealth can provide convenient alternatives to some clinical visits, there will still be strong demand for in-person visits for initial consultations or procedures. Competition between providers is driving increased demand for prominent retail locations, with tenants showing a willingness to pay higher rents for in-demand locations. Opportunities exist for owners of retail properties to repurpose them for medical use. It may be quicker and less expensive to reposition such space rather than build new.

Other Key Factors for 2019: Increase Competition Among Providers

The 2019 Health Care Marketplace U.S. Research Report goes on to further state that competition among health care providers continues to intensify, especially for primary and urgent care services. Location is increasingly determined by proximity to both consumers and a critical mass of complementary health care services. Two ways in which this is manifesting itself are greater demand for downtown and high-street locations and an increase in the number of smaller space requirements in the market. It is increasingly common to see two or three doctors coming together and leasing around 5,000 square feet in street-level retail locations, despite the higher rents incurred. Balancing costs and pricing remain front and center for such providers. Price sensitivity among some consumers is on the rise as deductibles continue to escalate and providers need to remain cost competitive. In its June 2018 report to Congress, the Medicaid Payment Advisory Commission found that almost 70 rural hospitals had closed since 2013, one-third of which were more than 20 miles from the nearest alternative hospital.

Office Trends for 2019

According to Ambius, in 2018 we saw office design trends that focused on innovative workplace designs and the creative use of workspaces. The trends of 2019 build upon the trends of yesteryear. Shining an even-larger spotlight on employee and customer happiness, they maintain a focus on all things green.

In this hyper-competitive workplace environment, attracting and retaining top talent is a key driver of success. It's more important than ever to understand what potential recruits are looking for in a workplace environment while considering the expectations of current employees.

Co-working spaces are becoming popular. Traditional co-working spaces, popularized by tech startups, bring multiple companies under one roof. The various entities operate separately and often remain closed off from one another. In the new cohabitation spaces, the walls are coming down and allowing companies to share the same space, resources, and sometimes even talent. The core features of the design all share the goal of maximizing collaboration, creativity, flexibility, and promoting innovative ideas. These open-format office spaces often share some of the same design tendencies.

Idea generation and constant interaction aside, all of the features represented in a free-range workspace are designed to attract millennials.

Ambius defines some of the common characteristics of the cohabitation space as:

- Open plan office design
- Dynamic, multi-use meeting areas
- Technology resource spaces
- Unconventional creative spaces
- Lots of glass
- Plants and greenery
- Portable green wall dividers
- Lightweight, mobile furniture
- Plenty of desk space with no cubicles
- Comfortable couches and chairs
- Coffee and espresso bars

OLD MEETS NEW

What falls out of favor will rise once again due to new found popularity. The Old Meets New trend follows this cyclical phenomenon, injecting new life into fantastic old buildings with classical craftsmanship traditions bringing once dilapidated steel and brick structures and warehouses in serious disrepair back to life.

These Old Meets New spaces often balance the ageless features of the old buildings with modern furniture and decor, according to Ambius. They further explain the Old Meets New trend as cutting-edge technological expressions and rough, worn, sturdy aesthetic combined with innovative yet unconventional spaces, which creates a design that moves effortlessly into the future while maintaining its inherent connection to the past.

The Old Meets New design features include:

- Antique and weathered textures
- Modern design accents
- Glass and metals
- Carpet or wall coverings with abstract designs
- Modern furniture and office equipment

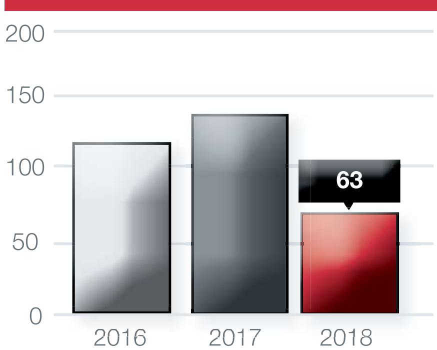
Old Meets New Locally

Caxton Building
Moline

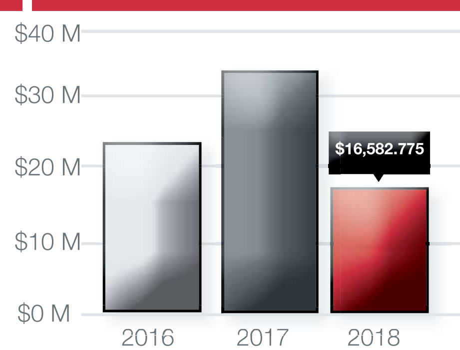
City Square
Davenport

MARKET ACTIVITY

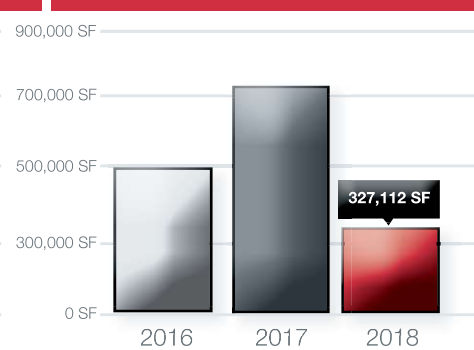
Number of Transactions
Sold or Leased



Dollar Volume
Sold or Leased



Total Square Feet
Sold or Leased



Retail

Evolving Methods of Consumer Shopping Shaping the Retail Real Estate Market

Information contributed by Richard Weinstein and Chris Wilkins

The Quad Cities retail sector benefited from much anticipated additions to the market, while seeing a slight decline in overall market activity. The market had an increase in the total square footage absorbed, while the number of transactions and market volume declined.

IOWA

The strength of the Iowa Quad City market was proven once again with the additions of Portillo's along 53rd Street and H&M at the NorthPark Mall. For Portillo's and H&M, their Davenport stores are the only Iowa locations for both brands. Portillo's will anchor the 6.5 acre retail development known as Hanlan's Creek Subdivision, located across from Costco. Joining Portillo's will be First Midwest Bank and Raising Cane's, along with up to two additional users most likely to be retail or restaurants. H&M, one of the world's largest fashion retailers, opened a 20,000 square foot (sq. ft.) location in NorthPark Mall as part of a growth plan in 2018 of 50 stores.

Growth on the Elmore corridor continued with the opening of a 22,000 sq. ft. Home Goods in late 2018 at Elmore Marketplace, adding to one of the market's most successful retail developments in recent years. Additions to Elmore Marketplace are anticipated in 2019, with a 100-room Fairfield Inn and additional retail to the north of Great Escape.

The TBK Sports Complex area continues to be a 'game-changer' for retail in north Bettendorf. This 76 acre development saw construction commence on four retail buildings and a 112-room Cambria Hotel in 2018. Pre-leasing activity was very strong, adding users to the development such as Hurts Donuts, Cheesy Cow, Coffee Hound, Foundry and Subway to name a few. Planned additions to the project include Kwik-Star and at least one retail building.

Utica Ridge continues to experience steady growth. Construction commenced in late 2018 on an 8,000 sq. ft. retail building just south of Buffalo Wild Wings. Home 2 Suites by Hilton will anchor the redevelopment of the former Jumer's Castle Lodge site with a 107-room hotel. Kwik-Star has purchased land in this redevelopment project and there are also plans in the coming year to redevelop the former 7- Eleven site with an 8,000 sq. ft. retail building along Utica Ridge.

The gas station/convenience store business continues to be very active in the Iowa Quad Cities. 2018 saw the acquisitions of aforementioned Kwik-Star sites at the TBK Sports Complex and the former Lodge site. Additionally, Kwik-Star has acquired land along Devils Glen at Belmont Road for future development. In December, Hy-Vee Fast & Fresh opened a 10,000 sq. ft miniature grocery store, gas station, and Starbucks concept at 3200 East Kimberly Road in Davenport.

Retail Trends

- ↓ ACTIVITY
- ↑ INVENTORY
- ↑ VACANCY
- ↑ AVERAGE SALE PRICE
- ↓ AVERAGE RENTAL RATE

ILLINOIS

Much like Iowa, the Illinois Quad Cities is seeing continued demand in the ‘tried and true’ retail corridors, such as John Deere Road, the SouthPark Mall area, and the Avenue of the Cities.

The SouthPark Mall saw the opening of a 31,000 sq. ft. Ashley Furniture in October of 2018. The former Mills Chevrolet project has seen the ongoing renovation of the existing dealership that is anchored by Unity Point, and includes Jersey Mike’s, as well as the newly constructed retail building that is anchored by Moe’s Southwest Grill and FedEx Office.

The former Staples in the Walmart anchored Rock River Plaza, was leased in 2018 to the national retailer Marshalls to be part of their growing store count that now exceeds 1,000 stores in 42 states. Marshalls, who left Duck Creek in Bettendorf to make the move to Illinois, continues to be one of the more active retailers in an economy with a shrinking retail footprint.

The ‘Avenue of the Cities Corridor’ continues to see redevelopment of older projects with the continued leasing of the former Aldi’s building and the former Sonic at King Plaza was converted to a freestanding Subway.

After a few years of recent store contraction, Starbucks continues to add stores in the Illinois market with a new location at near 41st Street along Avenue of the Cities. Starbucks also opened on the Unity Point campus at 7th Avenue and John Deere Road.

New Hotels Open or Under Construction

HOME2 SUITES BY HILTON
FAIRFIELD INN & SUITES Marriott
HOMEWOOD SUITES Hilton
element BY WESTIN
HYATT PLACE
HYATT house
CAMBRiA hotels & suites
My PLACE ECONOMY EXTENDED STAY
SPRINGHILL SUITES BY MARRIOTT

Retail Openings

ALDI
DOLLAR GENERAL
BIG LOTS!
DOLLAR TREE
ATHLETICO PHYSICAL THERAPY
DRY GOODS
FAMILY DOLLAR
Marshalls
STARBUCKS COFFEE
ULTA BEAUTY
H&M
five BELOW
ROSS
OLD NAVY
HOBBY LOBBY

NATIONAL

On the national level, retail bankruptcies and closings continue to be in the headlines. Over 5,500 stores closed in 2018 with 17 national chains filing bankruptcy. In the first quarter of 2019, another nine chains also filed. The causes include a change in shopping patterns towards e-commerce, a lack of online presence by some retailers, and heavy corporate debt.

Yet other chains are expanding. Over 2,200 new stores opened in 2018. Similar numbers are anticipated for 2019. Most successful national retailers in today’s economy have developed a strategy that includes internet sales in addition to brick and mortar locations. The International Council of Shopping Centers reports that 53% of online shoppers are using click-and-collect, an option that allows consumers to make purchases online and pick up their items at a physical retail location.

The industry is adapting to new realities. Big box stores are opting for smaller footprints. Malls are aggressively working to lease vacant anchor spaces to new retailers, but are also looking at non-retail tenant uses including entertainment, fitness, healthcare, senior living, office, and hotels.

Retail Bankruptcies

claire's
charlotte russe
Sears
Younkers
Payless ShoeSource
ROCKPORT
Toys R Us
SHOPKO
MATTRESS FIRM
BEAUTY BRANDS
DAVID'S BRIDAL
Remington Outdoor Company Est. 1816
THINGS REMEMBERED
Brookstone

Retail Closings

Foot Locker
ANN TAYLOR
Younkers
Sam's Club
Payless ShoeSource
Sears
macy's
SHOPKO
Toys R Us
VICTORIA'S SECRET
MATTRESS FIRM
Lane Bryant
Staples
H&R BLOCK
BEAUTY BRANDS

Pricing

	Low Rental Rates (NNN)	High Rental Rates (NNN)	Avg. Rental Rates (NNN)	Low Sale Prices	High Sale Prices	Avg. Sale Prices	Vacancy Rate
Downtown	$8.00/SF	$14.00/SF	$10.00/SF	$35.00/SF	$85.00/SF	$60.00/SF	5%
Neighborhood	$9.00/SF	$18.00/SF	$14.00/SF	$50.00/SF	$120.00/SF	$80.00/SF	13%
Regional Strip	$16.00/SF	$22.00/SF	$19.00/SF	$120.00/SF	$190.00/SF	$150.00/SF	5%
Big Box	$3.00/SF	$10.00/SF	$7.00/SF	$15.00/SF	$35.00/SF	$25.00/SF	15%

LARGE RETAIL SPACE AVAILABLE

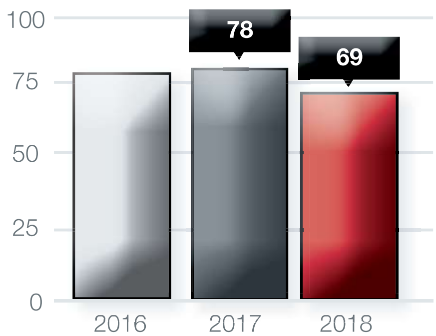
Property	City	Size
Former Sams Club	Moline	135,000 SF
Former Sears NorthPark	Davenport	115,000 SF
Former Younkers SouthPark	Moline	107,000 SF
Former Younkers NorthPark	Davenport	105,000 SF
Former Hobby Lobby	Bettendorf	65,000 SF
Former Dick's Sporting Goods	Davenport	45,000 SF
Former Toys R Us	Davenport	45,000 SF
Former Best Buy	Moline	42,000 SF
Village Shopping Center	Davenport	35,000 SF
Former OfficeMax	Davenport	32,000 SF
Former Gander Mountain	Davenport	28,000 SF

LARGE RETAIL SPACE ABSORBED

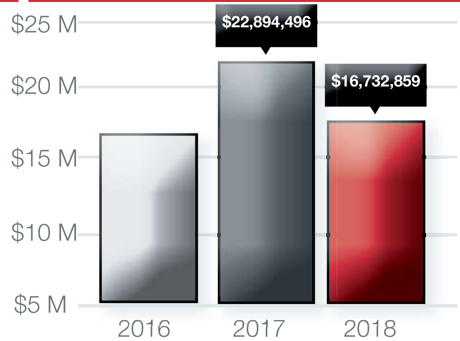
Property	City	Size	New Tenant
Former Shopko	Moline	104,000 SF	Storage of America
Former Toys R Us	Moline	43,000 SF	Big Lots
Former Dunham's Sports	Davenport	37,000 SF	American Freight Furniture
Former Staples	Moline	25,000 SF	Marshalls

MARKET ACTIVITY

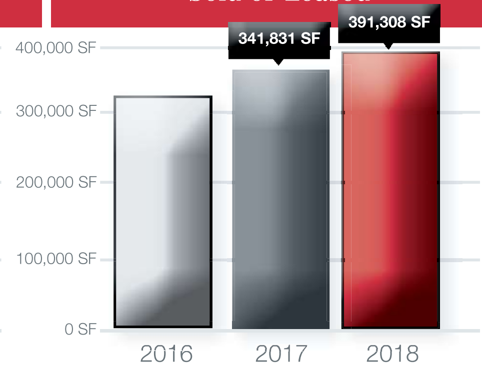
Number of Transactions Sold or Leased



Dollar Volume Sold or Leased



Total Square Feet Sold or Leased



FORECAST

2019 will likely see similar net closings nationally, however, the Quad Cities is poised to see growth in several expanding areas.

New Developments

Hanlan's Creek Subdivision

This 6.9 acre development will be anchored by the 8,964 sq. ft. Portillo's restaurant on 2.56 acres. Adding to the development will be Raising Cane's, occupying 4,135 sq. ft. immediately west of Portillo's, as well as First Midwest Bank that will occupy approximately 3,000 sq. ft. east of the Portillo's building. The developer is actively engaged in negotiations on the additional two remaining pads.

TBK Bank Sports Complex

The 76 acres sports and entertainment complex continues to see tremendous development momentum. The 112-room Cambria hotel is nearing completion along with four retail buildings totaling over 31,000 sq. ft. of retail space. Approximately 85% of the retail space has been leased or is under Letter of Intent. Kwik-Star is expected to break ground in late spring 2019, continuing the growth in north Bettendorf.

Elmore Marketplace

The Heart of America project that was constructed in 2013 continues to be one of the best retail projects developed in the region for many years. This 93,850 sq. ft. retail project is anchored by Home Goods, DSW Shoes, Pier 1, and many others. In the coming months, Heart of America will break ground on a new Fairfield Inn 100-room hotel, along with some additional retail.

Gurley Leep Automotive

(Lujacks) acquired a 14 acre site located at the southeast corner of Eastern Avenue and 53rd Street in Davenport for the construction of a new 51,000 sq. ft. car dealership for Audi, Volkswagen, Mercedes-Benz, and Mercedes-Benz Sprinter.

Industrial Trends

- ↑ $ VOLUME
- ↑ SF ABSORPTION
- ↓ # OF TRANSACTIONS
- ↑ % OF OCCUPANCY
- ↑ $ PRICING

Industrial

Another Postive Year for the Quad Cities Industrial Market with Quality Inventory Still in Short Supply

Information contributed by Charlie Armstrong, SIOR, Alex Kelly, and Rick Schaefer

The Greater Quad Cities region is home to many Fortune 500 industrial companies including John Deere corporate headquarters and manufacturing plants, HNI/HON Company, Arconic, Tyson Fresh Meats, Sterilite, Kraft Heinz, ADM, Exelon, 3M, LyondellBasell, and Illinois Tool Works, along with the Rock Island Arsenal, a major U.S. military installation. Many other national, regional, and local companies support, supply, and service these companies and others, and consume industrial real estate in our market.

The Quad Cites industrial market totals approximately 53 million square feet while the regional submarkets add nearly 10 million additional square feet of industrial space. Manufacturing facilities represent approximately 45% of this total and warehouse/distribution properties make up the remaining 55%. Approximately 65% of all industrial property is located in the Iowa Quad Cities, and 35% is located in the Illinois Quad Cities.

QUAD CITIES INDUSTRIAL: BY THE NUMBERS

- The Quad Cities industrial market totals: 53 million square feet
- 55% of the market is warehouse/ distribution properties
- Adding in the regional submarkets: Clinton, Musactine, DeWitt, Galesburg, and Geneseo provides an additional: 10 million square feet
- 65% of industrial properties are located in Iowa Quad Cities
- 45% of the market is manufacturing properties
- 35% of industrial properties are located in Illinois Quad Cities

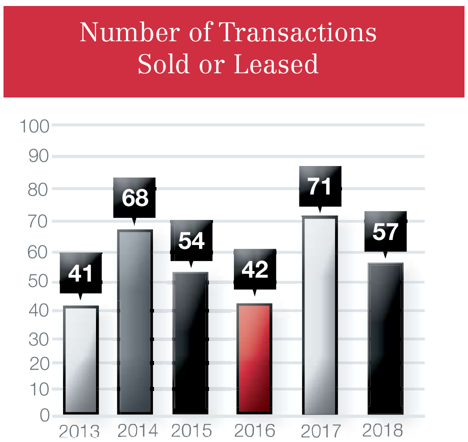
Stable……Normal…..Predictable…..are just a few adjectives used to describe the Quad Cities industrial real estate market in 2018. Our industrial employer base is diversified, our lending practices are conservative, and our development is “user” driven and not aggressively speculative. Such are the characteristics of our tertiary real estate market. We never seem to have the high peaks or the low valleys often experienced in larger markets throughout the country. Certainly some years are better than others, but even when the national economy is quickly swinging one direction or the other, the Quad Cities Region “keeps it between the rails” for a fairly smooth ride.

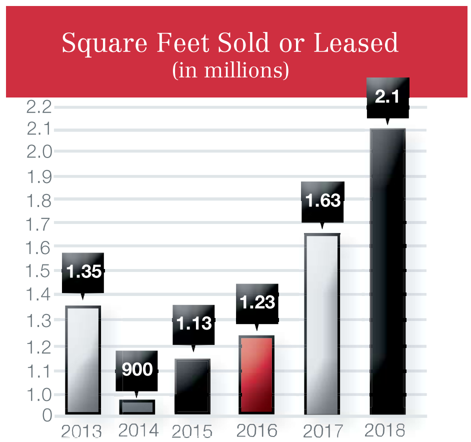
The e-commerce industry is driving the industrial distribution real estate market across the country as retailers continue to move from brick and mortar outlets to fulfillment centers for online sales. To illustrate the significance of this statement, consider Amazon alone. In 1997, Amazon had two fulfillment centers totaling less than 300,000 square feet. Today, there are 135 active Amazon fulfillment centers across the country totaling over 100 million square feet with another 16 facilities scheduled for completion in 2019. While Amazon is the largest example, there are many others. This trend is sweeping the retail world, and is having a major impact on industrial distribution real estate.

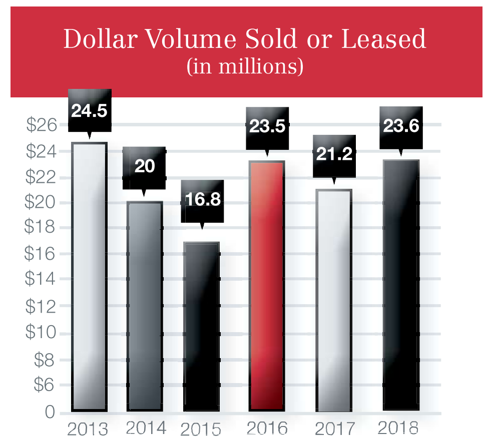
While the e-commerce fulfillment boom has not hit the Quad Cities in a significant way, its rapid growth does affect the entire distribution supply chain and impacts local technology service providers, data storage firms, third-party logistics providers, fleet maintenance shops, and other local industrial real estate users.

While there has been significant progress in manufacturing job growth, the manufacturing sector of the United States faces headwinds with trade war challenges, high raw material and labor costs, shortage of skilled workers, and low commodity prices. Despite these national challenges, our diverse local manufacturers report strong earnings in 2018 and remain optimistic about 2019. The focus will continue to be on process through logistics efficiencies, cost controls, and adoption and implementation of new technologies.

MARKET ACTIVITY







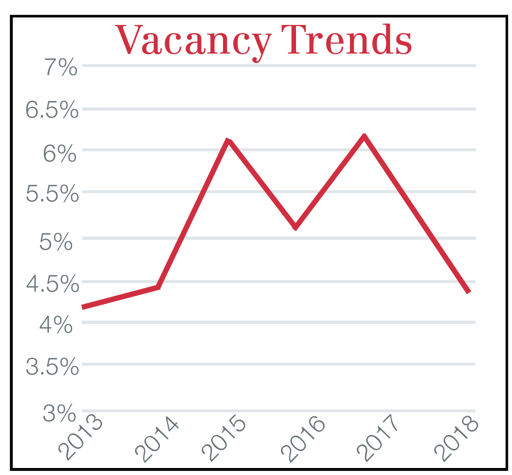
We closely track details of our industrial real estate activity as reported by our Regional Multiple Listing Service. On average, there are 55 industrial real estate transactions completed in a given calendar year, and an average of 1.4 million square feet leased or sold for a total average annual volume of $21.6 million dollars. In 2018, there were a total of 57 industrial transactions completed, absorbing 2.1 million square feet and totaling $23.6 million dollars of volume. Compared to last year, this represents a decrease in the number of transactions, but an increase in both square feet absorbed and dollar volume transacted.

In 2018, 72% of the completed transactions were for industrial properties located in the Iowa Quad Cities, and 28% were located in Illinois. This represents a 4% increase in the number of Iowa transactions and a 4% decrease in the number of transactions completed in Illinois when compared to last year. Of the 2.1 million total square feet transacted in 2018, almost 1.5 million square feet were located in Iowa whereas 619,000 square feet were located in Illinois. In 2018, over 67% of the completed transactions were for 30,000 square feet or less.

Of the 57 total transactions completed in 2018, 60% were lease transactions and 40% were sale transactions. This year leasing activity was up compared to 2017 where we experienced a 50/50 split between lease and sale activity.

VACANCY

The industrial vacancy rate is tracked annually for all multi-tenant industrial buildings over 50,000 square feet and all available single occupant buildings over 50,000 square feet throughout the Quad Cities market. When this vacancy rate is applied to the entire Quad Cities industrial market for all buildings over 50,000 square feet, the resulting vacancy rate for 2018 is 4.2%, a decrease from 6.1% in 2017. It should be noted that this vacancy rate does not include smaller, single occupant buildings which continue to be in high demand and short supply, and would indicate a much lower overall industrial vacancy rate.



AVAILABLE INVENTORY

The following chart illustrates the industrial inventory currently available in the Quad Cities regional market, including Clinton, DeWitt and Muscatine:

	10,000 SF or Less	10,001 - 30,000 SF	30,001- 50,000 SF	50,001 - 100,000 SF	100,001 - 200,000 SF	Over 200,00	Total
Iowa	22	9	2	2	3	0	38
Illinois	24	13	3	5	3	0	48
Total	46	22	5	7	6	0	86
Percentage	53.5%	25.6%	5.8%	8.1%	7%	0%	100%

For several years now, we have suggested our market is ready for new industrial development. Much of our inventory is functionally obsolete, located outside of the Quad Cities Metro Area, and does not meet the standards required by distribution or manufacturing users today. Often it is cost prohibitive to retrofit functionally obsolete buildings to meet the requirements demanded by users today.

To meet demands today, distribution space needs to be strategically located, offer high ceiling clearances, as few columns as possible, multiple dock doors, Early Suppression, Fast Response (ESFR) sprinkler systems, and expansive truck circulation areas for staging.

The consumer of manufacturing space is focused on facilities that can accommodate automation and efficiencies, life safety issues, environmental regulation, transportation systems (interstate and rail), and infrastructure requirements such as power, water, and sewer capacity.

DEVELOPMENT

In 2018, 7G Distributing completed and moved into its new 110,000 square feet facility in Northwest Davenport. Lewis Machine is nearing completion of its 75,000 square feet facility in Eldridge, Iowa. Atlantic Bottling Company broke ground on a new 105,000 square feet distribution center in Walcott, Iowa with an expected completion spring 2019. There are several planned expansions of existing facilities including a recently announced 38,000 square feet expansion of the 382,000 square feet Kraft Heinz facility completed in 2017.

Recently Developed Industrial

Lewis Machine
Eldridge, Iowa
75,000 SF

7G Distributing
Davenport, Iowa
110,000 SF

Atlantic Bottling
Walcott, Iowa
105,000 SF

FORECAST

We are optimistic about industrial real estate activity in the Quad Cities for the foreseeable future. There are industrial users actively looking and our industrial landlords are enjoying high occupancy rates. Due to limited inventory, we anticipate industrial vacancy periods will be shortened and upward pressure on lease rates for higher quality product. Likewise, with a limited supply of inventory available for purchase we expect sale prices to rise as well. Purchasing existing product can still be a real value when compared to the cost of purchasing land and constructing new. Older and functionally obsolete inventory will continue to struggle as users are often not willing to sacrifice. Our biggest challenge continues to be identifying good options for prospective users or buyers to evaluate and consider. We expect new development to continue to be user driven and little to no speculative development. While lease rates are increasing, rates and transaction velocity have not yet reached levels high enough to spark speculative development.

Pricing

	Low Rental Rates (NNN)	High Rental Rates (NNN)	Avg. Rental Rates (NNN)	Low Sale Prices	High Sale Prices	Avg. Sale Prices	Vacancy Rate
Bulk Warehouse	$2.00/SF	$2.75/SF	$2.50/SF	$15.00/SF	$20.00/SF	$17.50/SF	15%
Distribution	$3.00/SF	$5.50/SF	$4.25/SF	$20.00/SF	$45.00/SF	$32.50/SF	3%
Manufacturing	$2.50/SF	$5.50/SF	$4.00/SF	$20.00/SF	$40.00/SF	$30.00/SF	3%
Flex Space	$5.50/SF	$8.00/SF	$6.75/SF	$40.00/SF	$55.00/SF	$47.50/SF	5%

STRATEGIES

With the continued shortage of available inventory, it will be a challenge to find options to lease or purchase. Start your search early and be prepared to act quickly when the right property is identified. With lease rates expected to rise, tenants would be wise to lock in specified rates longer term. With longer term leases, landlords will be more motivated to fund improvements to the real estate in lieu of accepting lower rent or accepting rent abatement periods. With the security of a longer term lease, landlords would be wise to reinvest capital into their building to preserve value long term.

NOTABLE INDUSTRIAL TRANSACTIONS

Address	City and State	Size	Type
4415 85th Ave West	Rock Island, IL	112,280 SF	Lease
1924 Comenitz	Davenport, IA	105,868 SF	Lease
3206 Hershey Ave	Muscatine, IA	200,000 SF	Lease
8717 Northwest Blvd	Davenport, IA	46,679 SF	Sale
6875 State Street	Bettendorf, IA	398,233 SF	Sale

Land & Farm Trends

FARM LAND CAP RATES

FARM LAND RENTAL RATES

AVERAGE PRICE OF FARM LAND

IN-FILL COMMERCIAL LAND INVENTORY

Land & Farm

Iowa and Illinois Farmland Values - Steady Course Overall

Information contributed by Dwayne Anderson and Thomas Dalton

For 2018, the annual Quad Cities region land and farm sector values were generally stable overall in light of record production of corn and soybeans and tariff issues.

Commodity prices and tight margins, uncertainty in government programs and tariffs, credit conditions, as well as the potential for long term interest rates increasing have been major negatives for the land market and struggling farm sector. As buying opportunities continue, positive factors include the continued limited amount of land inventory for sales, uncertainty of alternative investments, some 1031 exchange activity, higher than anticipated crop production, and the stronger farming operations have some cash on hand and equity.

Overall, prices being paid for high quality Illinois and Iowa farmland, as well as cash rents have stayed essentially stable for the past 12 months. There was significant price variability within individual land classes throughout the two states with slight declines noted locally. The East Central region of Iowa showed steady to an overall average farmland value decrease at -1.3% in the last six months. In the Northwest Illinois region, excellent, good, and average classes showed slight declines ranging from -1.7 to -7.9 percent. Fair quality farmland was flat to modestly up and recreational land prices were seen as generally stable to slightly down. And once again, there were still a few farms that have sold for more than $12,000 per acre on both sides of the river. For the Midwest region including Illinois and Iowa, the Seventh Federal Reserve District survey results showed an inflation adjusted yearly decrease of 2%. Comparatively though, the average price paid for this same farmland in 2002, over 15 years ago, was a little over $3,400 per acre. This well supports the long-term growth and income potential of buying and owning farmland.

There is still a great deal of variability in cash rents for a given land productivity. In Northwestern Illinois for example, the highest cash rents were stable with a continued trend towards variable leases. Iowa cash rents remained generally steady. The profile of the buyers of farmland has not changed in many years with farmers accounting for a majority. Investors, local and otherwise, are the second largest group of purchasers along with recreational buyers. Estate and trusts sales still lead the way as the greatest reason for a property to come on the market. Current farm operators have been selling to generate operating capital, including sale and leasebacks. Brokered transactions are still the most popular way of selling land followed by public auction.

As previously noted, there are major factors contributing to current farmland values, farm incomes and sector investment returns. Our local economy remains somewhat dependent on the strength of the farm sector. Lower farm incomes relate to lower farm equipment sales for the agricultural implement manufacturers. In general, the impact can extend into other real estate sectors, including housing, development, commercial, industrial, and transitional land.

We believe that the farmland market will continue on the same trend with stable to slightly declining values in 2019.

Influencing Factors on Land Pricing

- Trade Agreements and Tariffs
- Governmental Policy Impact on Ethanol and Biofuels
- Weather and Yields
- Commodity Prices
- Interest Rates
- Net Farm Income
- US Dollar/Exchange Rates
- Alternative Investments
- General Economy Growth
- Stock Market Uncertainty
- Long-term Inflation

TRANSITIONAL LAND

The Iowa Quad Cities has been on the forefront of transitional land transactions, which is farmland that has evolved into housing, both single and multi-family, recreational, industrial, and retail. A prime example of this is the Forest Grove Road corridor.

Land prices near the TBK Sports Complex have increased substantially in the past year as the facility was completed and opened to the public, and developers have responded to demand by building out-lot buildings around the complex.

IOWA QUAD CITIES

Site searches are increasing from users out of the market area for a variety of retail developments. The Costco and Portillo's developments, the completion of Veteran's Parkway, and the new TBK Bank Sports Complex will spur and increase prime retail land inventory moving into and through 2019.

Due to the availability of development sites in the Iowa Quad Cities, we are seeing strong retail, hotel, convenience store, and restaurant activity and searches.

ILLINOIS QUAD CITIES

Out-lots and land sales have remained flat in the Illinois Quad Cities as potential businesses are concerned about the financial situation of the state, the $15.00 an hour minimum wage, and bridge construction on I-74 that will continue well into 2020.

However, the completion of the John Deere Road improvements should offset some of the negative impact on land sales and development. Fewer developed parcels are available and little are on the horizon. Prices will continue to hold or increase due to lack of product.

RETAIL

Demand for retail land remained steady to improving in 2018. There has been additional out-lot and lot inventory for new and existing properties in Iowa QC.

OFFICE

Demand for office land continues to improve in growth corridors. Medical facilities and clinics, banks or credit unions, and institutional users are driving office land absorption.

This sales activity is increasing the square foot prices of office development land, especially in Bettendorf and Eastern Davenport.

INDUSTRIAL

Demand for industrial vacant land is soft after several large sales in 2017.

The Quad Cities area still has a shortage of shovel ready industrial sites, which needs to be addressed in order to secure industrial, manufacturing, and distribution users.

In Iowa, the Eastern Iowa Industrial Center area has seen growth and to the north, the city of Eldridge is planning a large industrial park development.

The Illinois Quad Cities has little industrial development land due to geographic and topographic limitations and low demand.

Recently marketed sites around the Quad City International Airport, while having been available for many years, are now quantified in pricing and size. If one is to observe other international airport locations, it suggests that these areas should generate new activity.

Pricing

	Low Sale Price Per Acre	High Sale Price Per Acre	Low Sale Price Per SF	High Sale Price Per SF
Agriculture Land - Illinois	$4,500 AC	$12,000 AC	---	---
Agriculture Land - Iowa	$4,000 AC	$12,000 AC	---	---
Transitional Land	$30,000 AC	$500,000 AC	---	---
Land - Office	$125,000 AC	$395,000 AC	$3.00 PSF	$9.00 PSF
Land - Retail	$128,000 AC	$522,720 AC	$2.95 PSF	$22.00 PSF
Land - Industrial (Less than 10 AC)	$21,780 AC	$98,000 AC	$0.50 PSF	$2.83 PSF
Land - Industrial (More than 10 AC)	$21,780 AC	$43,560 AC	$0.50 PSF	$1.00 PSF

Multi-Family & Investments

Information contributed by Matt Slavens

Multi-Family & Investment Facts

Current Cap Rates

RETAIL:
6.6%

MULTI-FAMILY
6.2%

OFFICE:
7.1%

INDUSTRIAL:
7.4%

National Trends in Multi-family Housing

According to the Yardi Matrix, 2019 appears to be shaping up for a healthy year for the multi-family market with an expected 300,000 units delivered, marking the fourth year in a row to hit this range. This shows strong utilization on a national basis, but not without some challenges. New supply will be exceeding demand, which in turn will limit rent growth. We will see some submarkets fall victim to overbuilding creating rent stagnation or declines, although we should see demand consistent with 2018 as lifestyle trends continue to favor the multi-family market. Items that we reported on last year such as urban lifestyle, families delaying having children, flexibility for job change, interest rates, and student debt, which limits purchasing power, will continue to play in the favor of renting verses owning.

According to the National Real Estate Investor, Class C Apartments will see highest demand with the lowest vacancies. Given the amount of new development in Class A units with higher rent rates, millennials are expected to push Class C vacancies to 3.9%, the lowest year-end level in 19 years. Rents expected to rise between 3.7% and 4.5% led by secondary markets. We are still seeing the use of 20% Historic Tax Credits (HTC) to overhaul older buildings, but historics have lost some of their luster with the qualification that the credit has to be spread over the course of five years versus the previous allocation being usable at building completion.

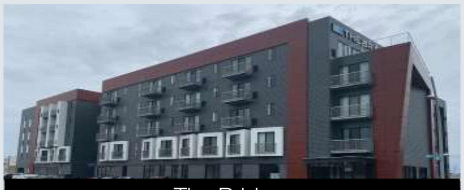
Iowa Market

During 2018, the Bettendorf area noticed the most multi-family activity.

New Developments - Bettendorf

53rd Street and Devils Glen

Build to Suit is currently under contract to develop the area north of 53rd Street and Devils Glen, resulting in an expected 180 multi-family and 76 two-family unit project. This development has seen a phase one completion with construction on phase two under the way with the expectation that phase three and four will be complete in early 2020.



The Bridges

"The Bridges" with 76 units has completed the first building and is currently leasing, while the second building is under construction.

* Rates are for Midwest Markets at the time of publication.

While the new construction is focused primarily in Bettendorf, we are seeing HTC at work in Davenport as well.

New Developments - Davenport

The Kahl Building

The Kahl building will be 70 apartments with a blend of market rate and restricted-income, along with renovation of the Capital Theatre and new commercial space available.

Gordon-Van Tine Co.

The Gordon-Van Tine Co. building's historic renovation is set to be completed June 1 of this year and will add 113 loft style apartments when complete.

Illinois Market

In Moline, construction is underway for 22 units developed by Illinois Domus, a subsidiary of Landmark Properties, on 6th Avenue with a completion date slated for September of 2019.

The Bend is moving forward with its market rate apartments with utilizing prefabrication and construction finalizing in November of this year.

Investments

We continue to see investment monies coming into the Quad Cities region from larger markets trying to find better returns than what are available in their markets and placements for 1031 Like Kind Exchange monies. We continue with a lack of inventory in our area as quality properties that are listed are selling almost immediately as our realtors have ready buyers at hand. We expect prices to be level as cap rates mirror the rise of interest rates. There is considerable competition from national investors as there is a lack of product nationally and investors are flocking to the Midwest.

NOTABLE INVESTMENT TRANSACTIONS

Address	City and State	Sold Price	Cap Rate
5620 Carey Avenue	Davenport, IA	$700,000	7.6%
1019 Mound Street	Davenport, IA	$667,000	9.1%
321 E 7th Street	Davenport, IA	$2,250,000	7.0%
2525 24th Street	Rock Island, IL	$900,000	9.5%

Property Management

Expertise to Provide Property Management from the Owner's Viewpoint

Information contributed by Laurie A. Peters, Senior Property Manager

Property Management is the foundation of profitability and value of a real estate investment.

With over 1.7 million managed square feet of office, retail, institutional, and industrial space throughout the Quad Cities and surrounding area, our property management team is recognized as the leading commercial management firm by a wide variety of individual and institutional clientele.

With a unified team, we are able to harness the combined creativity and drive to produce superior quality and results as proven through one of our many case studies.

Approaching property and facility management from an owner's perspective, Ruhl delivers unparalleled service, asset management, energy efficiency, and the reduction of real estate investment risk.

In 2018, Old Town Mall received a major facelift.The mall on East Kimberly has over 20 tenants, including national chains such as Chuck E Cheese, Aaron's Rents, Cosmo-Prof, and local companies like QC Rock Academy, Hi-Ho Mongolian Grill, Shield's Sewing, and Hungry Hobo. The last major renovation was about 15 years ago, and the 2018 renovation brings the mall into the 21st century.

Old Town Mall Properties, a Chicago investor, owns the mall, and local contractor, Estes Construction, oversaw the improvements. The mall's stores remained open during the renovation with NAI Ruhl handing all communications between the contractor and tenants. The final product has attracted many prospects and tenants are very happy with the results.

"Since hiring Ruhl Commercial several years ago, our family has had the peace of mind knowing that our property is being well attended to. We recently did a major renovation overseen by our property manager. Her attention to detail, communication, and ideas were amazing and essential to the success of the project. Since then, leasing activity has increased substantially."

John Girgis, Old Town Mall

PROPERTY MANAGEMENT: BY THE NUMBERS

80 years of combined service

50 properties managed

1,742,565 square feet managed

8 team members

24 hour on-call services

3 full-time maintenance techs

began in 1991

John G. Ruhl
President | Partner

Caroline Ruhl
Partner

Chris Beason
Partner

Our Company

A Solid Foundation in Commercial Real Estate

More Than 150 Years of Experience

Ruhl & Ruhl was established in 1862 during the Civil War. Additional real estate services were added by owner John H. Ruhl in 1900, and the company quickly grew into a community and industry leader. During the mid-twentieth century, Charles Ruhl, Sr. guided the real estate division into one of the region's best known residential and commercial brokerages. The company also established a strong emphasis on property management. Even during the slower economy of the 1980's, when many firms were contracting or had failed, the company continued to expand through market penetration and acquisitions.

Now in the fourth generation of the Ruhl family leadership, the company has evolved into three independent operations specializing in commercial real estate, residential real estate, and insurance.

A Major Force In Commercial Real Estate

Today, NAI Ruhl Commercial Company is led by President John G. Ruhl II, Caroline Ruhl, and Chris Beason, and has expanded into the region's largest full service commercial real estate firm with significant market presence in the Quad Cities, Iowa City and Dubuque, Iowa. In addition to commercial real estate, NAI Ruhl Commercial Company manages over 1.7 million square feet of office, retail, multi-family and industrial space throughout Iowa and Illinois, and is recognized as a leading commercial management and brokerage firm by a wide variety of individual and institutional clientele.

While still remaining true to our founders' Midwestern values, we have extended our reach throughout the world. We're proud to be affiliated with NAI Global, the largest managed network of commercial real estate firms connecting us to over 7,000 real estate professionals in 400 offices around the globe.