



2024 CEDAR RAPIDS METRO COMMERCIAL REAL ESTATE REPORT





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GLD Commercial would like to acknowledge/express thanks to —

Amanda LaGrange, GLD Commercial marketing & research manager

Jon Westercamp (Appraisal Associates) and Dave Passmore (Rally Appraisal) for assistance in gathering multifamily data.

GD | The abbreviated GLD logo throughout the report denotes GLD Commercial team member involvement in the transaction.

Disclaimer — Real estate data contained herein was acquired through the Cedar Rapids Area Association of Realtors MLS, Cedar Rapids Assessor, Linn County Assessor, Rally Appraisal, Appraisal Associates and Cedar Rapids Area Metro Economic Alliance. All information furnished in this report is obtained from sources deemed in our opinion to be reliable but not guaranteed. If you have property currently listed with another broker, this is not intended as a solicitation of that listing.



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Addie Eichhorn, Brittany Gibbs, CPA, Dave Drown, SIOR, CCIM, Rachel Waters, Adam Gibbs, SIOR, Beth Herridge, Michael Gibbs, Angie Glick-Martin, SIOR, Amanda LaGrange, Erica Seelman, SIOR, Jenn Sexton and Jack Brundell

GLD COMMERCIAL is an independent, locally owned commercial real estate firm based in Eastern Iowa.

When utilizing GLD for your real estate needs, you'll benefit from over 75 years of combined local commercial real estate experience.

You'll also tap into the benefits of the industry's leading designations with GLD Commercial brokers — the Society of Industrial and Office Realtors (SIOR) and Certified Commercial Investment Member (CCIM).

You can trust that our experience, teamwork and track record of proven performance will deliver you the results you deserve.

We take pride in our disciplined approach to every assignment and employ only full-time commercial agents who are passionate about ensuring our clients' success.



A MESSAGE FROM ERICA

It is our pleasure to present the fourth annual Cedar Rapids Metro Commercial Real Estate Report.

In 2024, the commercial real estate industry continued to excel. Industrial leasing and multifamily development persisted while the office market continued to undergo changes due to the widespread adoption of remote work in 2020.

I encourage you to reach out to any of the GLD Commercial real estate experts to further discuss the information contained in this report.

2024 KEY TAKEAWAYS —

Industrial submarket:

- While vacancy remains low, in process and proposed new construction will stabilize market
- Demand for data centers is surging due to the rise of artificial intelligence (AI)
- Modern amenities remain a key focus, highlighting the need to renovate aging facilities

Office submarket:

- Conversion of underutilized CBD office space into apartments continues
- Despite return-to-office (RTO) mandates, remote and hybrid work remains prevalent, especially for larger corporate users
- The growing demand for healthcare services continues to shape the suburban market

Retail submarket:

- First Avenue/Highway 151 experienced significant activity throughout the year
- New construction remains slow as e-commerce continues to dominate retail trends
- Big box retailers are partnering with complementary brands to reduce costs

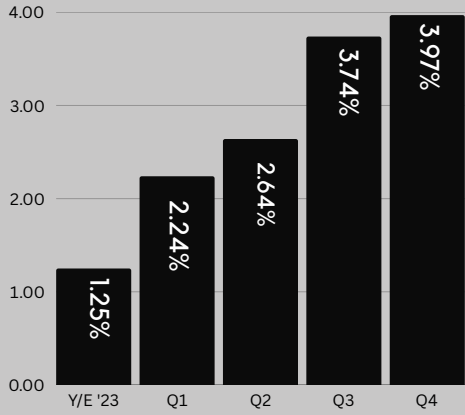
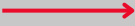
Multifamily/Mixed-use submarkets:

- Demand for amenity-rich properties continues allowing for steady growth
- Although demand still outpaces supply, new construction is slowing

INDUSTRIAL

01

2024
QUARTERLY
METRO
INDUSTRIAL
VACANCY RATES

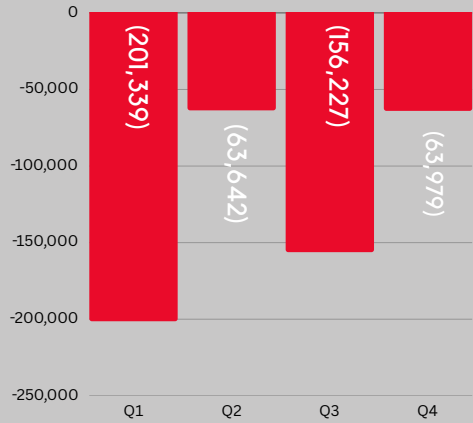


02

2024
QUARTERLY
METRO
INDUSTRIAL NET
ABSORPTION

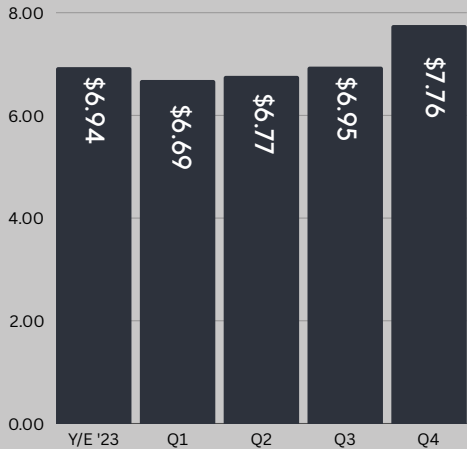
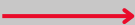


A negative number reflects
square footage added
to the market



03

2024
QUARTERLY
METRO
INDUSTRIAL
AVERAGE PSF
ASKING
RENTAL RATES







MARKET OVERVIEW — The Cedar Rapids industrial market consists of approximately 14,100,000 square feet (SF). Entering 2024, the vacancy rate was 1.25% which increased steadily throughout the year, ending at 3.97%. Much of this increase can be attributed to second and third generation space coming online.

The average asking rental rate is \$7.76/SF NNN. This figure fluctuated slightly but eventually increased after beginning the year at \$6.94/SF NNN. This increase is reflective of the continued increase of construction materials and financing costs.

With the introduction of artificial intelligence (AI), data center demand has risen exponentially. With its massive power demands, few sites can deliver on this requirement. Iowa's first certified mega site, Big Cedar Industrial Park in Cedar Rapids, offers cost-effective land and utilities and has the potential for \$1,326,000,000 investment from Google and QTS Data Centers in 2025.

LOOKING AHEAD — Same- and next-day consumer goods delivery remains a popular option driving the continued demand for warehouse space. However, the large swings in space needs due to the pandemic seem to be behind us. New supply came online quicker than it could be absorbed resulting in the increase in availability.

SIGNIFICANT TRANSACTIONS — ANNOUNCED, IN PROGRESS, COMPLETED OR TRADED

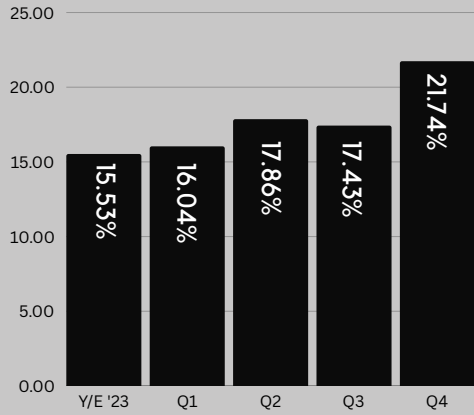
- 76th Avenue & Edgewood Road SW, Cedar Rapids — GOOGLE — \$576,000,000 data center announced
-  • 1203 9th Street SW, Cedar Rapids — L & W SUPPLY — leased 36,048 SF of warehouse space
-  • 7708 6th Street SW, Cedar Rapids — MARTIN EQUIPMENT — constructing a new 21,500 SF facility
-  • 925 Boyson Court, Hiawatha — QUANTUM DIRECT SERVICES — purchased the 8,750 SF former CRAG Gymnastics building
- 76th Avenue & Edgewood Road SW, Cedar Rapids — QTS DATA CENTERS — \$750,000,000 data center announced
-  • 3215 64th Avenue SW, Cedar Rapids — EDGEWOOD LOGISTICS PARK — 203,840 SF industrial building fully leased and added to the market for sale
- Wright Brothers Boulevard SW, Cedar Rapids — AIRPORT COMMERCIAL PARK — \$21,000,000 industrial park on 15 acres with a total of 96,000 SF available for lease
-  • 8315 6th Street SW, Cedar Rapids — 380 COMMERCE PARK — 60,000 SF speculative building constructed and partially leased to Workspace/Storey Kenworthy and Kline Electric

ANALYSIS — The figures contained herein focus on existing, or currently under construction, industrial buildings including warehouse, flex, commercial and small shop properties. Non-competitive, owner-occupied, special-purpose manufacturing buildings do not accurately affect local vacancy or rental rates and are therefore excluded from this analysis.

CBD OFFICE

01

2024
QUARTERLY
CBD OFFICE
VACANCY RATES

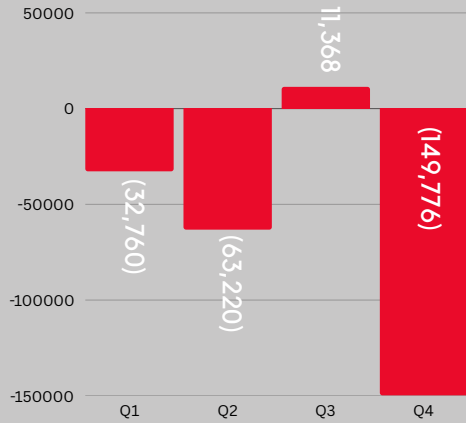


02

2024
QUARTERLY
CBD OFFICE
NET ABSORPTION
PSF

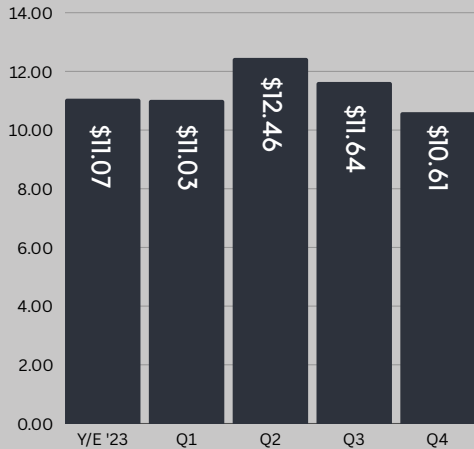


A negative number reflects
square footage added
to the market



03

2024
QUARTERLY
CBD OFFICE
AVERAGE PSF
ASKING
RENTAL RATES



MARKET OVERVIEW — The CBD office market consists of approximately 3,500,000 SF. Entering 2024, the vacancy rate was 15.53% which ultimately increased to 21.74% by the end of the year. The average asking rental rate is \$10.61/SF NNN decreasing from \$11.07/SF NNN at the beginning of 2024.

While the CBD lost Wells Fargo and Dubuque Bank & Trust’s retail banking operations, it gained the consolidated headquarters of both Foundation 2 Crisis Services (in the former Witwer building) and AbbeHealth Mental Health Services (in the former Stamats building).

LOOKING AHEAD — Conversion of underutilized CBD office space to multifamily continued throughout 2024 and is expected to last through 2025.

Despite return-to-office mandates, not all employees are willing participants, meaning remote/hybrid work is here to stay. This will continue to keep the daytime population below pre-pandemic levels, adding to the challenges of CBD service establishments.

SIGNIFICANT TRANSACTIONS — ANNOUNCED, IN PROGRESS, COMPLETED OR TRADED

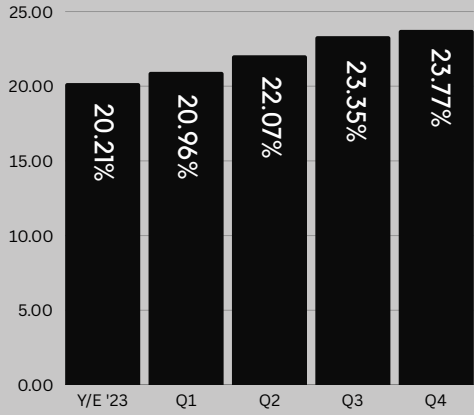
- GLD** • 221 2nd Avenue SE, Cedar Rapids — UI TIPPIE COLLEGE OF BUSINESS CR LEARNING CENTER — closed leaving a 12,000 SF vacancy of lecture hall and classroom space available for lease
- 600 3rd Avenue SE, Cedar Rapids — LUXE ON 3RD — the former Wellmark building was sold to a private investor for \$2,266,000
- GLD** • 500 3rd Avenue SE, Cedar Rapids — SHUTTLEWORTH & INGERSOLL — relocated from four floors of offices in their former US Bank location at 226 2nd Avenue SE
- 226 2nd Avenue SE, Cedar Rapids — FORMER US BANK — was announced as potential for redevelopment as a boutique hotel and upscale apartments
- 151 1st Avenue SW, Cedar Rapids — RYAN COMPANIES — leased 12,154 SF in Kingston Yard
- GLD** • 123 5th Street SE, Cedar Rapids — PALMER BUILDING — 32,256 SF former ITC headquarters listed for sale or lease
- 150 1st Avenue NE, Cedar Rapids — WELLS FARGO — closed banking operations at this 43,418 SF branch and sold the building
- 615 5th Street SE, Cedar Rapids — ABBEHEALTH MENTAL HEALTH SERVICES — consolidated and relocated to the former 31,000 SF Stamats building
- GLD** • 275 1st Avenue SW #204, Cedar Rapids — NYEMASTER GOODE — leased 4,387 SF in Kingston Yard
- GLD** • 222 3rd Street SE, Cedar Rapids — FORMER GUARANTY BANK BLOCK — demolition and renovation began on commercial and multifamily space

ANALYSIS — The figures contained herein focus on all CBD office buildings. Non-competitive hospital-owned properties, radio/television-occupied properties and existing buildings being converted to multifamily housing do not accurately affect local vacancy or rental rates and are therefore excluded from this analysis.

SUBURBAN OFFICE

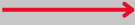
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2024
QUARTERLY
METRO OFFICE
VACANCY RATES

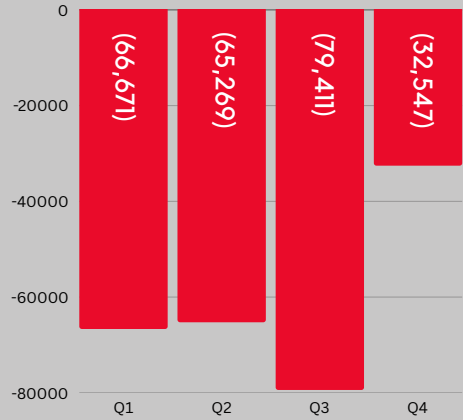


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2024
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METRO OFFICE
NET ABSORPTION
PSF

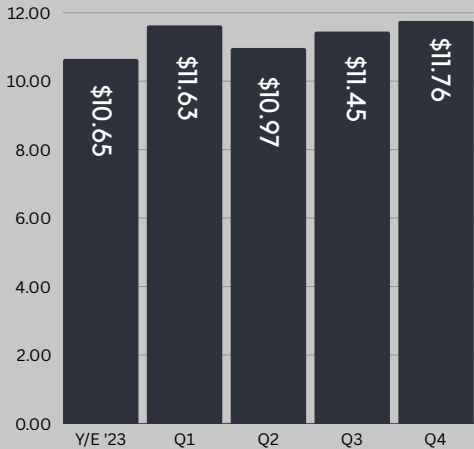


A negative number reflects square footage added to the market



03

2024
QUARTERLY
METRO OFFICE
AVERAGE PSF
ASKING
RENTAL RATES








MARKET OVERVIEW — The Cedar Rapids metro suburban office market consists of approximately 5,800,000 SF. Entering 2024, the vacancy rate was 20.21% which increased throughout the year, finally ending at 23.77%. The average asking rental rate is \$11.76/SF NNN, increasing from \$10.65/SF NNN at the beginning of 2024.

The growing demand for healthcare services is driving vibrant expansion in the suburban office market with medical and dental offices leading the way. Steindler Orthopedic opened a 5,000 SF Cedar Rapids clinic while both Mercy and UnityPoint Hospitals opened free-standing emergency departments in Marion.

Interest rates and buying power have kept new construction starts slow/on hold. Higher vacancy in the suburban office market leads to greater scrutiny from lenders, meaning building owners may find it more difficult to finance tenant improvements or refinance their properties.

LOOKING AHEAD — While net absorption faced challenges in 2024, the trend highlights a significant opportunity for property owners to modernize and enhance aging properties to meet the growing demand for amenities that attract today's tenants.

SIGNIFICANT TRANSACTIONS — ANNOUNCED, IN PROGRESS, COMPLETED OR TRADED

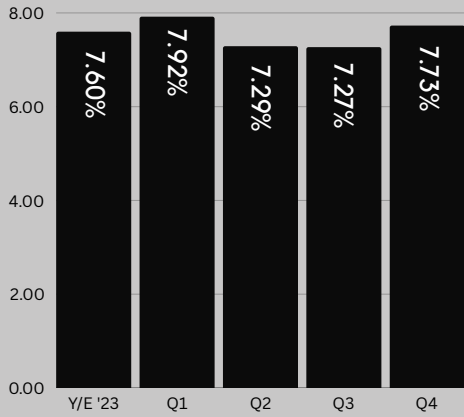
- 385 Collins Road NE, Cedar Rapids — FOUR OAKS — leased the 13,904 SF office building
-  • 1125 Dina Court, Ste. B, Hiawatha — CORDA CREDIT UNION — leased 9,002 SF of the former Safelite AutoGlass call center for their administrative operations and sponsored teacher store
- 4200 C Street SW, Ste. 2, Cedar Rapids — TRITON INC — leased the former 18,854 SF VSPEC office space
-  • 100 6th Avenue, Marion - IOWA KIDS PEDIATRIC DENTISTRY — completed building renovations and opened for business
- 929 Marthas Way, Hiawatha — FORMER TATA CONSULTANCY SERVICES — closed their call center location adding 20,295 SF to the market for lease
-  • 4056 Glass Road NE, Cedar Rapids — THE WELLNESS COLLECTIVE — a private investor purchased this 6,161 SF office building for \$700,000 and leased it to a therapy group
- 1450 Boyson Road, Ste. A, Hiawatha — MEDICAL CLINIC — purchased the 7,200 SF former Interior Perfection building for use as medical office space
-  • 5250 N. River Boulevard NE, Cedar Rapids — OFFICE INVESTMENT — 37,016 SF office building, leased to Wabtec, was listed on the market for sale
-  • 4251 River Center Court NE, Cedar Rapids — IOWA WOMEN'S HEALTH CENTER — 7,029 SF building sold for use as a medical clinic

ANALYSIS — The figures contained herein focus on metro area office properties. CBD office and non-competitive owner-occupied medical buildings do not accurately affect local vacancy or rental rates and are therefore excluded from this analysis.

RETAIL/SERVICE

01

2024
QUARTERLY
METRO
RETAIL/SERVICE
VACANCY RATES

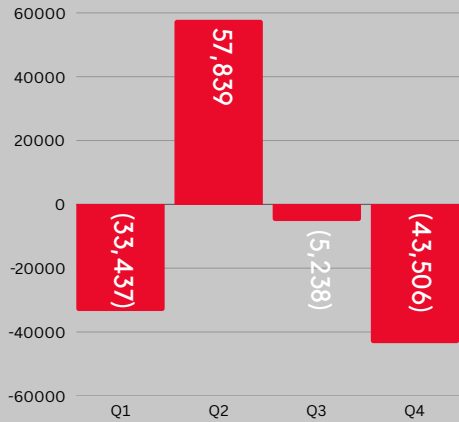


02

2024
QUARTERLY
METRO
RETAIL/SERVICE
NET ABSORPTION
PSF

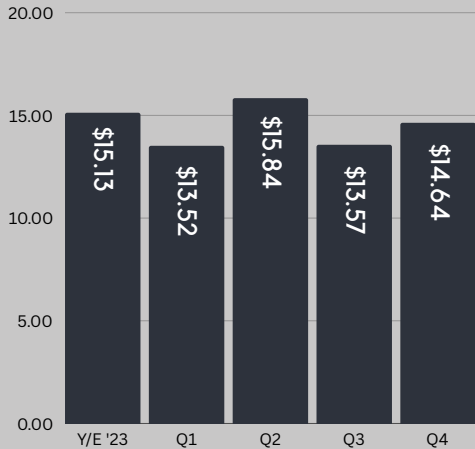


A negative number reflects square footage added to the market



03

2024
QUARTERLY
METRO
RETAIL/SERVICE
AVERAGE PSF
ASKING
RENTAL RATES



MARKET OVERVIEW — The Cedar Rapids retail/service market consists of approx. 9,300,000 SF. Entering 2024, the vacancy rate was 7.60%, remaining consistent throughout the year, ending at 7.73%. The average asking rental rate is \$14.64/SF NNN, a slight decrease from \$15.13/SF NNN at the beginning of 2024.

The retail/service submarket has stabilized due to limited new construction, creating opportunities for retailers and restaurants to quickly step in and revitalize second- and third-generation spaces.

First Avenue/Hwy 151 saw a considerable amount of activity throughout the year. The downtown HyVee grocery closed leaving a “food desert” among the College District and Wellington Heights neighborhoods. Pickle Palace, Aroma Pizza and BarTini’s opened or were announced for Kingston Yard at First Ave. and First St. SW. Barrel House left downtown which was quickly replaced by CityWalk Eatery, and Outback Steakhouse closed at the corner of First Ave. and 40th Street Dr. SE. Harbor Freight Tools backfilled the former Bed, Bath & Beyond at First Ave. and Collins Rd.

LOOKING AHEAD — New construction will remain slow as e-commerce is here to stay. Inflation and increased prices of consumer goods have shoppers looking for less expensive items for everything from groceries to household items. Big box stores will continue partnering with complementary retailers, Target and ULTA Beauty for example, to reduce and/or optimize brick-and-mortar costs.

SIGNIFICANT TRANSACTIONS — ANNOUNCED, IN PROGRESS, COMPLETED OR TRADED

- GLD** • 4444 1st Avenue NE, Ste. 3001, Cedar Rapids — **STYLE ENCORE & PLAY IT AGAIN SPORTS** — purchased the building and opened sister retail stores
- GLD** • 2811 Wiley Boulevard SW — **WESTDALE RETAIL STRIP CENTER** — 16,756 SF fully leased retail strip with Dirty Dough, Lighthouse Autism and Golden Apple Buffet
- 4600 1st Avenue NE, Cedar Rapids — **FORMER SEARS ROEBUCK** — sold to Reserve Development for \$3,400,000; plans include a national retailer and competition sports field
- GLD** • 803 3rd Avenue SE, Cedar Rapids — **FORMER JEFF JONES FURNITURE** — leased 11,760 SF to an ethnic grocery store
- GLD** • 1445 1st Avenue SE, Cedar Rapids — **HORNBILL ASIAN MARKET** — leased this 11,237 SF fully remodeled building
- 1556 First Avenue NE, Cedar Rapids — **HYVEE GROCERY** — closed this underperforming location
- GLD** • 1495 Boyson Road, Hiawatha — **FORMER WORKSPACE/STOREY KENWORTHY** — 15,000 SF retail/showroom/warehouse building sold to an investor for \$1,600,000
- GLD** • 3939 1st Avenue SE, Cedar Rapids — **FORMER OUTBACK STEAKHOUSE** — 7,329 SF restaurant closed and was listed for sale

MARKET OVERVIEW — Similar to last year, higher interest rates and shifting purchasing power encouraged many prospective homebuyers to explore the flexibility and convenience of leasing, contributing to a strong rental market.

Approximately 580 units were added to the Cedar Rapids metro during 2024 with over 1,000 units planned for next year. The average vacancy rate for existing multifamily properties ranged from 5% (newer construction) to 10% (older buildings).



The average capitalization rate (CAP) rate increased only slightly to 7.51% in 2024, compared to 7.34% in 2023 and 7.28% in 2022. The 11 multifamily buildings sold throughout the year were constructed between 1963 and 1978 and included 854 units.

LOOKING AHEAD — The multifamily sector has experienced a significant construction boom in recent years, reflecting strong demand. While the pace of new projects is beginning to moderate, the ongoing need for quality rental housing remains robust, driven by a growing population and the preferences of households seeing flexible living options and amenity-rich properties. Affordable housing continues to be a focus throughout the metro area.

SIGNIFICANT TRANSACTIONS — ANNOUNCED, IN PROGRESS, COMPLETED OR TRADED

- 2200 Buckingham Drive NW, Cedar Rapids — WINDSOR ON THE RIVER — 424-unit apartment complex sold for \$34,100,000
- 550 Quail Court SW, Cedar Rapids — PHEASANT RUN APARTMENTS — 231-unit apartment complex sold for \$15,750,000
- 4010 20th Avenue SW, Cedar Rapids — WESTSIDE APARTMENT PROJECT — 192-unit workforce housing planned on 12.25 acres adjacent to the westside library

LARGE-SCALE MIXED-USE PROJECTS ANNOUNCED OR IN PROGRESS

- 1st Avenue & 1st Street SW, Cedar Rapids — FIRST & FIRST / KINGSTON YARD — Big Grove Brewery and Pickle Palace opened; Aroma Artisan Pizza, BarTini's, several office tenants and a 123-room, AC Hotels by Marriott have opened or been announced at this site
-  • 900 3rd Street SE, Cedar Rapids — NEWBO LOFTUS — construction began on a 5-story mixed-use building with 186 multifamily units and 11,000 SF of commercial space
-  • 1220 3rd Street SE, Cedar Rapids — FULTON LOFTS — construction commenced on this 4-story mixed-use building with 34 multifamily units and 6,480 SF of commercial space

ANALYSIS — The figures contained herein focus on metro area multifamily buildings and/or complexes with a minimum of six units. Small-scale multifamily properties consisting of duplexes, townhomes or condos do not accurately affect local cap rates, vacancy or rental rates and are therefore excluded from this analysis.

New Agents

GLD COMMERCIAL WELCOMED THE FOLLOWING AGENTS IN 2024



Jenn Sexton —

Jenn developed a passion for commercial real estate amidst her first commercial property acquisition. Her entrepreneurial spirit and multitude of sales experience were a natural lead to her joining GLD Commercial. As the co-owner of a local business, Jenn has the ability to offer clients insight from a unique perspective.



Addie Eichhorn —

Addie began her career in commercial real estate at GreenState Credit Union as a commercial lender in 2020. At the beginning of 2024, she traded lending for a opportunity with commercial sales and leasing and ultimately joined GLD Commercial. Her creative and out-of-the-box thinking allows her to find innovative solutions to unique challenges, as no two commercial real estate transactions are ever the same.



Jack Brundell —

Jack's interest and active involvement in multi-family investing led him to the field of commercial real estate in 2021. His approach to client service is rooted in timely and honest communication, an innovative perspective and a deep understanding of client needs versus wants. He goes beyond the traditional roles by connecting clients with trusted resources to ensure a seamless and sustainable experience during and after a sale.

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