DOWNTOWN CEDAR RAPIDS MARKET ASSESSMENT

SPRING/SUMMER 2023

Prepared by Progressive Urban Management Associates (P.U.M.A.)

Draft – 7-20-23

CONTENTS

1. INTRODUCTION 2
WHAT FOLLOWS IN THIS DOCUMENT? 2
MARKET AREAS 2
PEER CITIES 3
2. SUMMARY OF FINDINGS 4
LIVE 4
WORK 5
SHOP & DINE 7
VISIT & STAY 8
3. LIVE 9
DEMOGRAPHICS 9
REGIONAL HOUSING MARKET 13
DOWNTOWN CEDAR RAPIDS HOUSING MARKET 14
LOOKING AHEAD 15
4. WORK 17
THE REGIONAL ECONOMY 17
THE DOWNTOWN ECONOMY 19
DOWNTOWN OFFICE MARKET 22
DOWNTOWN INDUSTRIAL REAL ESTATE MARKET 23
LOOKING AHEAD 23
5. SHOP & DINE 25
DOWNTOWN STOREFRONT ECONOMY 25
LOOKING AHEAD 23
6. VISIT & STAY 28
REGIONAL TOURISM – OVERVIEW 28
MAJOR EVENTS & ATTRACTIONS 28
LODGING MARKET 29
LOOKING AHEAD 29

1. INTRODUCTION

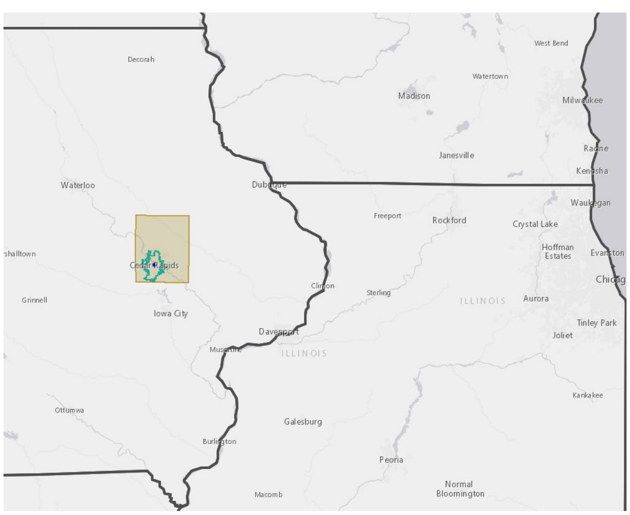
This market assessment was completed to help inform the *Cedar Rapids Downtown Vision Plan Update*. Data was obtained from a variety of primary and secondary sources, including the City of Cedar Rapids, Linn County, the Downtown Cedar Rapids SSMID, Cedar Rapids Metro Economic Alliance, Cedar Rapids Tourism, Esri, the U.S. Census, CoStar, and real estate research and interviews, among other available sources.

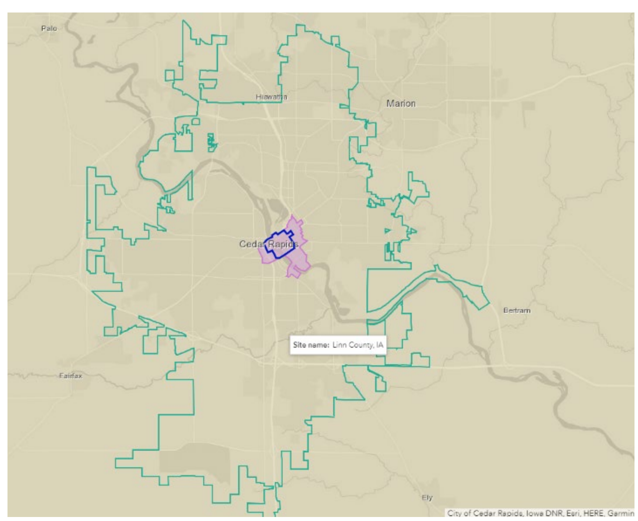
WHAT FOLLOWS IN THIS DOCUMENT?

- *The market assessment is organized into two main sections:*
    - **The Summary of Findings provides an overview of key take-aways, organized by sector.** It provides a snapshot of existing conditions – in Cedar Rapids and Linn County, and in Downtown and adjacent neighborhoods – with implications for Downtown and the city moving forward.
    - **Detailed supporting research is provided in four subsequent sections** ("Live," "Work," "Shop & Dine," and "Visit & Stay"). The *Live* chapter summarizes demographic and housing trends for each of the market geographies, while the *Work* section assesses regional and Downtown employment and the office and industrial real estate sectors. *Shop & Dine* examines Downtown's storefront economy and retail challenges and opportunities. *Visit & Stay* provides insights for Downtown and regional tourism.

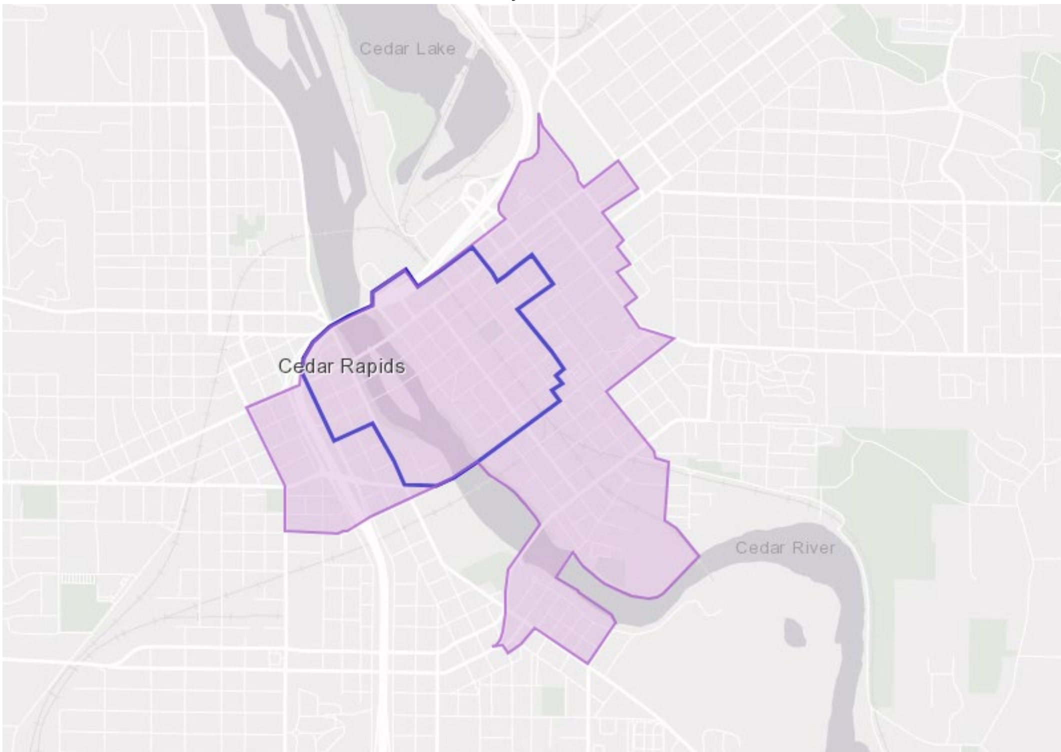
MARKET AREAS

- Data was collected for four market areas: **(1) Downtown,** as defined by the Downtown Cedar Rapids SSMID boundaries, **(2)** a **Primary Market Area** that includes the MedQ SSMID, Kingston Village, New Bohemia, Czech Village, and the Downtown SSMID neighborhoods (see map on following page), **(3) the City of Cedar Rapids**, and **(4) Linn County**.
- Cedar Rapids and Linn County (brown rectangle and the green polygon in the regional context map, below, left) are key markets and points of comparison for Downtown. A zoomed in view of the City of Cedar Rapids (outlined in green) is shown in the bottom, right map.
- Downtown is a 0.43-square-mile area shown on the map on the following page (outlined in blue).





- In the map below, the purple area represents the Primary Market Area, while the blue outline represents Downtown (the Downtown SSMID boundary).



PEER CITIES

- **Peer cities and their downtowns offer a comparative lens for Downtown Cedar Rapids.** Peer communities used in this assessment include Appleton, Wisconsin; Davenport, Iowa; Evansville, Indiana; Fargo, North Dakota; Grand Rapids, Michigan; and Sioux Falls, South Dakota. All are midwestern cities situated within similarly-sized metropolitan areas (except for Grand Rapids), have downtowns of comparable scale, and have many of the same economic underpinnings and market dynamics. These cities were selected through discussions with economic development experts and P.U.M.A.'s national work in downtowns.
- Boundaries for peer downtowns were approximated and drawn in *Esri Business Analyst*, based on existing improvement district boundaries where available, or neighborhood boundaries and land use maps.

Peer Cities/Downtowns		
City	**Regional Population***	**Downtown Size**
Cedar Rapids, IA	**276,500**	0.43 sq. mi.
Appleton, WI	239,100	0.29 sq. mi.
Davenport, IA	384,600	0.37 sq. mi.
Evansville, IN	358,600	0.48 sq. mi.
Fargo, ND	250,200	0.72 sq. mi.
Grand Rapids, MI	1,087,592	0.66 sq. mi.
Sioux Falls, SD	276,700	0.76 sq. mi.

*Approximate values for metropolitan/micropolitan statistical areas, 2020 census

2. SUMMARY OF FINDINGS

The following section highlights key findings for each of the Market Assessment's four topic areas: *Live*, *Work*, *Shop & Dine*, and *Visit & Stay*. It provides an overview of existing conditions and evaluates the strengths and challenges expected to impact Downtown Cedar Rapids over the next five years and beyond.

LIVE

CITY & REGIONAL DEMOGRAPHICS OVERVIEW

- **Linn County's population grew 10.5% between 2010 and 2022**, **while the city grew by 9.4%.** Roughly half of the county's 230,000 residents live within the City of Cedar Rapids.
- **The region's predominant race/ethnicity is white, although the city and region have begun to diversify in the past decade.**[1] More than 82% of Linn County and more than 77% of the city's residents identify as "white alone."
- **By some estimates, immigration accounts for about half of all growth Linn County has experienced since 2012.**[2] The region's immigrant and refugee populations include people from Sudan, Central African Republic, Burundi, Afghanistan, and many other nations.

DOWNTOWN DEMOGRAPHICS OVERVIEW

- **The larger downtown area (the Primary Market Area) grew by 36% between 2010 and 2022, adding 840 residents.** The average growth rate among peer downtowns was 30% for the same time period.
- The total population in the Downtown SSMID is approximately 1,151 people*, which represents <1% of the city's total. The Primary Market Area represents 2.3% of the city's total.[3]
- **Downtown Cedar Rapids has low residential density compared to its peer downtowns.**
- **Downtown and the Primary Market Area are more diverse compared to the region**, with about 21% of residents identifying as African American/Black, and 6% identifying as Hispanic.[4]
- **Downtown has smaller households on average and lower median household incomes, but its educational attainment rate is on par with the city and region.**
- **Downtown's median age in 2022 was 41.2, the highest among Cedar Rapids' market areas and the second highest median age among peer downtowns** (the median age is even higher in the data report that excludes the correctional facility, which puts Downtown's median age at 43.8.). This trend is partly due to the existence of several senior housing complexes Downtown, including Geneva Tower, an income-restricted property for seniors aged 62 and over. But it also denotes a trend upheld by anecdotal observation that the

[1] The region is diversifying: between 2000 and 2020, the population of non-white residents in the 6-county region grew from 6% to 16%. (Source: Envision East Central Iowa CEDS 2022)

[2] https://www.newamericaneconomy.org/press-release/new-data-shows-cedar-rapids-immigrants-accounted-for-nearly-half-of-the-countys-total-population-growth/

[3] This Downtown SSMID total population estimate includes Linn County Correctional Facility's inmate population. While a separate Esri report that excluded Mays Island was pulled for this analysis, estimates are not guaranteed to be a completely accurate point-in-time count, based on US Census counting protocols and our understanding of how Esri extrapolates data. The "prison excluded" report estimates the Downtown population to be 935, which one could infer that the prison population was 216 if subtracted from the original results. However, according to US Census conventions, "group quarters" population estimates for correctional facilities do not necessarily count all inmates in the same way (e.g., depending on length of time in the facility, some inmates are counted as living at their previous address). Nevertheless, "with prison" and "without prison" demographic results will periodically be compared throughout this assessment. Linn County Correctional Facility is located within the Downtown SSMID on Mays Island and has a maximum capacity of 400 beds.

[4] Note: "Hispanic" is the term used in the US Census.

preference for the convenience and amenities of downtown living is growing among older, higher-earner workers and active older adults and retirees.

HOUSING MARKET OVERVIEW

- **Cedar Rapids is affordable compared to many peer markets nationally**. The region has not experienced post-pandemic housing affordability and inventory issues to the same extent that many other cities have. However, some inflation of home prices and rental costs has been occurring locally over the last several years.
- **Cedar Rapids' median home value was $191,000 in April 2023.** This is just slightly lower than Iowa's statewide median home value of $203,000, but well below the median value in the United States of $343,000, and below most of Cedar Rapids' peers, except for Davenport and Evansville.
- **Rents increased from an average of $697 in 2012 to an average of $898 in 2022.** This is lower than the average rental cost in most of the peer communities.
- **Most Downtown residents are renters (66%) compared to 20% who are owners.**
- **Downtown and Primary Market Area ownership units and rental units tend to carry a premium over properties located elsewhere in Cedar Rapids, with the highest premium for New Bohemia and Kingston.** For example, a two-bedroom, 900 square foot loft in the Depot Building in New Bohemia is listed at $1,365/month. By comparison, the citywide average 2-bedroom rent is $920/month.
- **Around 300 new multi-family housing units were built in the Downtown SSMID since 2021, with hundreds more built just outside of Downtown within the Primary Market Area (e.g., New Bohemia).** There are several additional housing developments on the horizon that are planned or under construction.

STRENGTHS & OPPORTUNITIES

- **Construction of new multi-family residential buildings could nearly double the population of Downtown and the Primary Market Area over the next several years**. Under construction and planned residential development projects located within the Primary Market Area could yield over 800 new residential units within the next several years, substantially increasing the residential base Downtown.
- **Housing will continue to be a strong market for Downtown moving forward.** According to the online survey, 60% of the 1,414 respondents indicated interest in living in Downtown Cedar Rapids**.** In line with national trends, there will likely be additional demand for more downtown housing options at all price points, particularly for demographics interested in being in closer proximity to jobs and entertainment, and for young professionals starting their careers and retirees downsizing from single family homes. Of the survey respondents who were interested in downtown living options, the majority were attracted to ownership options, including **condominium units** and **townhouses.**
- **Compared to peer markets, Cedar Rapids offers more attainable housing for first-time homebuyers. This may help with attracting a talented workforce, particularly as younger, educated households are being priced out of larger cities and peer markets.** The city continues to grow in appeal particularly for young people drawn by its relative affordability, manageable pace of life, and quality of life amenities.

WORK

REGIONAL EMPLOYMENT OVERVIEW

- Cedar Rapids and Linn County are the economic hub of Eastern Iowa. The region's largest employment sectors are **manufacturing**, **health care & social assistance**, **retail**, **finance & insurance**, and **educational services.**
- **The city has seen modest employment growth over the last decade – adding a net 2,000 jobs, equating to a 2.9% increase in total employment.** However, this is a low growth rate relative to Cedar Rapids' peers.

- **Compared to the six peer cities, Cedar Rapids is on the lower end of educational attainment,** with 34% of its population with a Bachelor's degree or higher.

DOWNTOWN EMPLOYMENT OVERVIEW

- **Downtown contains 11% of Cedar Rapids' businesses and 10% of its employees, while making up only 0.6% of the city's land area.**
- There are approximately **42.3 employees per acre** in Downtown, **compared to just 2.6 per acre citywide**. This employment density is about average compared to the peer cities analyzed in this report.
- **"Knowledge sector" employment represents approximately 61.2% of all Downtown jobs**, or 7,122 jobs.[5] The top contributing industries are Professional, Scientific & Tech Services, Health Care & Social Assistance, and Finance & Insurance**.** In terms of the downtown knowledge sector job share, Downtown Cedar Rapids outperforms all peers except for Appleton and Fargo.
- **Retail & accommodation and food services together represent 7% of Downtown employment.**
- Compared to the city and county overall, Downtown and Primary Market Area employees are much more likely to be male, slightly more likely to have an advanced degree, and more likely to earn over $40,000. Both the city and Downtown **lack racial and ethnic diversity in their employment base**, with over 90% of workers identifying as white.
- **Very few Downtown workers (<1%) both live and work in Downtown Cedar Rapids.** 61% of Downtown workers live within 10 miles of Downtown (based on the "Downtown" zip code of 52401).

OFFICE MARKET OVERVIEW

- There is an estimated 6.2 million square feet of office space within a 1-mile radius of Downtown[6], which represents **45% of all office space in Cedar Rapids.[7]**
- **The office sector continues to be the real estate sector with the most uncertainty post-pandemic, both locally and nationally.** More flexible work environments and post-Covid work trends are still evolving, and the long-term impact remains to be seen.
- **The office vacancy rate Downtown is lower (4.2%) compared to citywide (6.3%).** The 24-month **lease renewal rate in Downtown is 91.1%,** a much more favorable rate than the citywide rate of 78%.
- **There are several large employers located within single-occupancy office towers, and a few of them have not yet implemented a return-to-work policy.** Thus, there are several nearly empty office spaces as workers continue to work from home.
- **However, most small- and mid-sized companies in Downtown Cedar Rapids have implemented either a full or partial (hybrid, flexible) return-to-work policy.[8]**

INDUSTRIAL REAL ESTATE MARKET OVERVIEW

- **There is nearly 4 million square feet of industrial real estate within a 1-mile radius of Downtown**, representing 14% of the city's industrial facilities. Most *new* construction occurring in the industrial real estate sector is outside of the Primary Market Area, particularly in the southwest part of the city near the airport, with major investment from BAE Systems.
- There are notable **large-scale agriculture-based manufacturers** adjacent to the Downtown boundaries include Quaker Oats and Cargill. Downtown is also home to a cluster of **smaller scale, niche manufacturing**

[5] The "Knowledge Sector" is a term used to describe jobs that tend to be fast-growing, high-paying, and require highly educated talent. An estimate of a city's total jobs in this sector can be a good stand-in for measuring economic health and growth potential.
[6] *Note: a 1-mile radius is the closest proxy for Downtown Cedar Rapids, based on available CoStar reporting for the Cedar Rapids market.*
[7] CoStar Office Market Report, Cedar Rapids and 1-Mile Downtown Radius
[8] Based on P.U.M.A.'s interviews and employer roundtables

businesses as well as specialty businesses occupying repurposed industrial spaces. The area between 8th and 5th Avenues, from 2nd Street to 7th Street, exemplifies this land use.

- The **Downtown area's industrial vacancy rate is just 0.2%.** The 24-month lease renewal rate is 98.4%. Citywide, the vacancy rate is 2.5% with an **82.6% lease renewal rate**.[9]

STRENGTHS & OPPORTUNITIES

- While Downtown's employment density is on par with peer cities, there may be opportunities to **increase employment density moving forward.**
- There may be opportunities to **convert excess conventional office space** to other uses, such as **coworking and flex office space** and **housing.**
- **There could be potential to expand on Downtown's niche, small-scale manufacturing cluster** by attracting additional manufacturing uses, which can help preserve a diverse job base and provide opportunities to incubate new, home-grown creative businesses.
- **There is an opportunity to preserve and celebrate Downtown Cedar Rapids' agricultural and manufacturing heritage through branding and physical interventions.** For example, the bike trail connecting Downtown to Cedar Lake could feature educational wayfinding signage with information about facilities like the Quaker Oats plant, along with stories that convey agriculture's impact on the city over time.

SHOP & DINE

DOWNTOWN STOREFRONT ECONOMY OVERVIEW

- There are approximately **124 street-level businesses in Downtown Cedar Rapids** (including civic, nonprofit, and religious uses). ***Services*** **are the most common category, comprising 36% of storefront units**. These services range from beauty and fitness to medical, banking, legal, and financial, and other professional services. ***Restaurants, bars, and cafes*** **represent around 30% of Downtown ground-floor uses.**
- **Only 12% of Downtown storefronts are national chains, while 74% are local independents**, and 14% can be classified as "chainlets."[10]
- Average market lease rates for retail space in the Downtown area are $11.86/sf, about one dollar per square foot lower compared to the city. The market real estate sales price is $128/sf, which is about $15 less per square foot than the city overall.[11]
- According to CoStar estimates, the retail vacancy rate in the 1-mile radius is 2.0%, which is lower than national comparisons. However, it is slightly higher than the citywide retail vacancy rate of 1.2%.
- Some of the most prominent commercial corridors that compete with Downtown are located within the Primary Market Area, including **New Bohemia** and **Czech Village.** Another competitor is **Marion Township.**
- Downtown and the Primary Market Area have distinct sub-districts each with a unique flavor and competing offerings – which is a both a vulnerability and an opportunity for greater collaboration and synergy.
- Downtown's storefront economy is critical to its success, in terms of attracting visitors, driving foot traffic, and creating vibrancy and activation. **However, the limited number and lack of diversity in existing retail businesses needs to be addressed in order to attract and appeal to visitors and residents alike.**

STRENGTHS & OPPORTUNITIES

- **Many of the newer, successful street-level businesses that have cropped up Downtown are restaurants and bars, particularly innovative concepts led by local, entrepreneurial owners.** Many Cedar Rapids

[9] CoStar Office Market Report, Cedar Rapids and 1-Mile Downtown Radius
[10] Chainlets are defined as businesses that have a dozen or fewer locations nationwide or statewide.
[11] Note: a 1-mile radius is the closest proxy for Downtown Cedar Rapids, based on available CoStar reporting for the Cedar Rapids market.

stakeholders interviewed in this planning process mentioned Downtown's restaurant scene very favorably. According to community feedback**,** the variety and sophistication of dining in Downtown Cedar Rapids has improved significantly in the last 10+ years. "Restaurants, bars, food trucks, and coffee shops" was selected by 70% of the 1,400 survey respondents as a reason they come Downtown, making it the top draw.
- **Improving the variety of restaurant and dining experiences is a key market opportunity.** When asked to choose just one service as most important from a list of ten options, online survey respondents chose "continue diversifying restaurant and bar offerings" most frequently. Respondents desire greater variety of cuisines, price points, and experiences (including rooftop bars).
- **Downtown's business composition could better reflect the racial, ethnic, and cultural diversity of the city and region.** There is demand for a wider array of dining and retail across market segments. Supporting new business opportunities for underrepresented groups, such as immigrants, for example, could help meet this market demand while increasing cultural belonging, economic prosperity, and storefront activation.
- **As Downtown's residential population base grows over the next decade, there will be critical market opportunities for more neighborhood-serving retail and service-based businesses**.

VISIT & STAY

REGIONAL AND DOWNTOWN TOURISM OVERVIEW

- **Visitation to Cedar Rapids declined sharply during the onset of the pandemic in 2020 but has since made a full recovery.** Hotel-motel tax revenues in 2022 were at a 9-year high.
- **For a community of its size, Cedar Rapids offers a wide array of theaters, performing arts venues, and cultural amenities.**
- **There are a variety of events that take place in and around Downtown Cedar Rapids each year, ranging from large-scale events to smaller festivals and activations.**[12] The city also boasts a growing number of outdoor recreational opportunities in and around Downtown, including an extensive bike trail system that connects the riverfront, lakes, and neighborhoods.

LODGING MARKET OVERVIEW

- **Cedar Rapids has 23 hotels, totaling 1,600 rooms, but only one hotel is in Downtown, the DoubleTree by Hilton.** The 267-room Hilton also has an on-site conference center.
- Compared to March 2022, citywide lodging metrics have all improved. The occupancy rate of 60.3% is just shy of the national average of 65.3%.[13] Cedar Rapids has over 2,000 short-term rental listings, but less than 200 were active listings.[14]
- A new boutique hotel is slated for Downtown Cedar Rapids as part of the *1st & 1st* development. This new hotel will help meet some of the demand for downtown lodging.

STRENGTHS & OPPORTUNITIES

- **There are near-term opportunities for additional hotel and lodging options in Downtown.**
- According to community feedback, there may be an opportunity for a **mid-sized venue to help expand Downtown's live music niche.**
- **Downtown and city partners should continue exploring ways to build on the outdoor recreation niche.**

[12] SSMID Annual Report 2021
[13] "STR: U.S. hotel performance for March 2023," str.com
[14] May 2023

3. LIVE

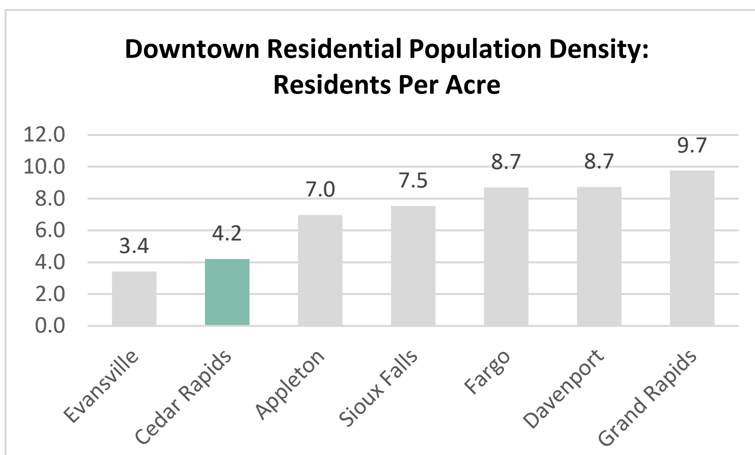
The following section outlines relevant data and trends related to population growth, demographics, and housing. A demographic summary table for the four market areas is shown on page 12. Data sources included Esri Business Analyst, the US Census, city records, Zillow, local news articles, and recent studies including the *Cedar Rapids Housing Needs Update (July 2021)* and *Envision East Central Iowa CEDS 2022*.

DEMOGRAPHICS

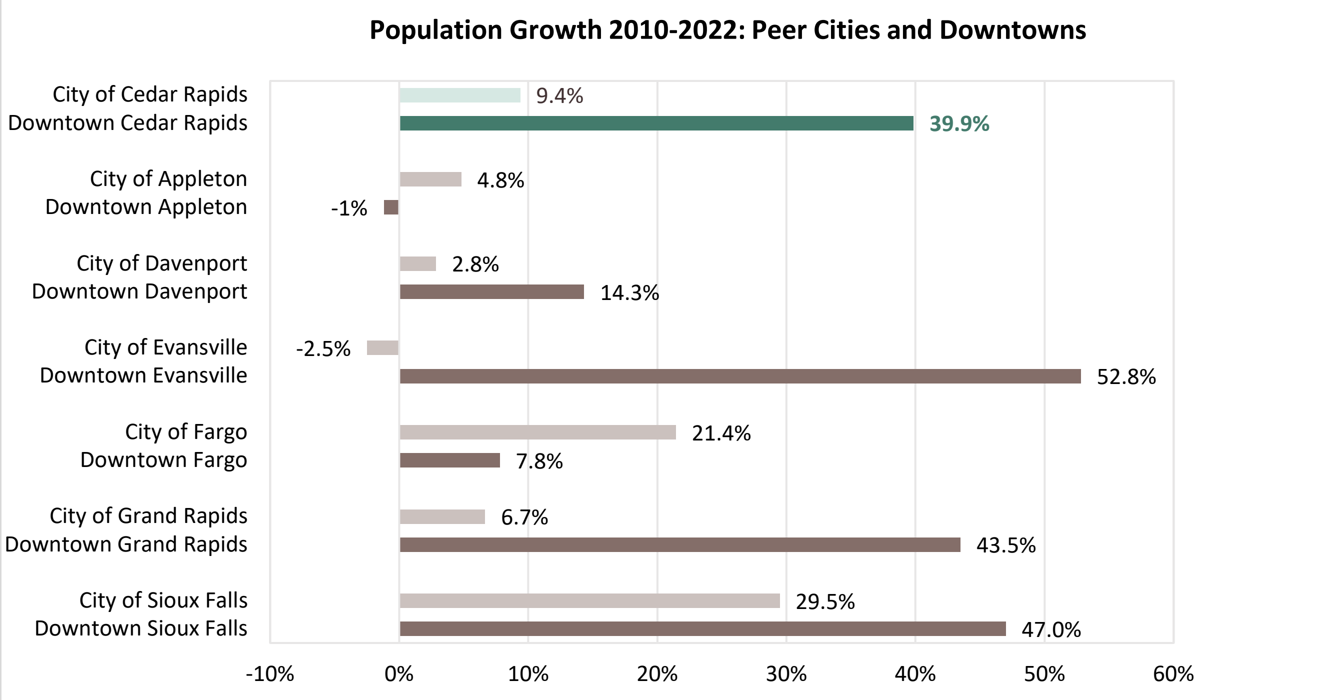
Population Growth

Total Population			
	2010	2022	Growth
Downtown SSMID*	823	1,151	39.9%
Primary Market Area*	2,325	3,160	35.9%
City of Cedar Rapids	127,395	139,344	9.4%
Linn County	211,226	233,301	10.5%
Source: Esri Community Profile			

- **Cedar Rapids' population was 139,344 in 2022, up 9.4% from 2010,** while **Linn County grew 10.5%, to 233,301** during the same period. **By some estimates, immigration accounts for about half of all growth Linn County has experienced since 2012.**[15] The region's immigrant and refugee populations include residents from Sudan, Central African Republic, Burundi, Afghanistan, and many other nations.
- **Includes Linn County Correctional Facility's inmate population. While a separate Esri report that excluded Mays Island was pulled for this analysis, those population estimates are not guaranteed to be completely accurate point-in-time count, based on US Census counting protocols and how Esri extrapolates data. That report estimates the Downtown population at 935, to which one could infer that the prison population was 216 if subtracted from the original results. However, according to US Census protocols, "group quarters" population estimates for correctional facilities do not count all inmates in the same way (e.g., depending on length of time in the facility, some inmates are counted as living at their previous address). <u>Nevertheless, "with prison" and "without prison" demographic results will periodically be compared throughout this assessment.</u> Linn County Correctional Facility, located within the Downtown SSMID on Mays Island, has a maximum capacity is 400 beds.*
- **Downtown and the Primary Market Area have experienced significant population growth in the past decade**. The Primary Market Area gained around 835 residents since 2010, increasing by about 36%. A chart comparing peer citywide and downtown growth rates is shown on the following page.
- **At just over 4 residents, Downtown Cedar Rapids has very low residential density compared to peer downtowns**, as illustrated by the chart at right.[16]



[15] https://www.newamericaneconomy.org/press-release/new-data-shows-cedar-rapids-immigrants-accounted-for-nearly-half-of-the-countys-total-population-growth/
[16] ESRI Business Summary data



Race/Ethnicity

- **More than 82% of Linn County and more than 77% of the city's residents identify as "white alone."** However, the region is diversifying: between 2000 and 2020, the population of non-white residents in the 6-county region grew from 6% to 16% of the total population.[17]
- **Comparatively, Downtown and the Primary Market Area (PMA) are more racially and ethnically diverse**, with 65% and 64% identifying as white, respectively. Downtown's population of residents identifying as Black is 20.7% (21.5% in the PMA), compared to 10.6% citywide and 7.3% county-wide.

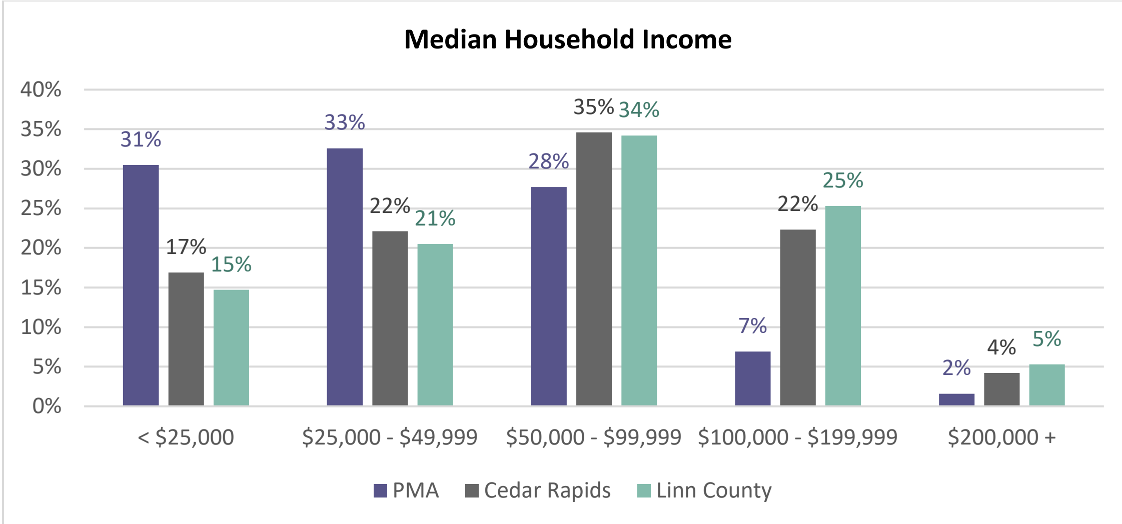
Household Composition and Incomes

- **Cedar Rapids has a comparatively high median household income of $60,547.** Only Appleton and Sioux Falls have higher median incomes.
- **Compared to citywide and regional demographics, Downtown Cedar Rapids has *smaller households* and *lower median incomes*.** The median household income in the Downtown SSMID was between $37,680 and $44,869 (without the correctional facility population). This is considerably less than the median household income in Linn County as a whole. Nearly 2 in 3 households in the Primary Market Area earn less than $50,000 annually, compared to 1 in 3 households in Linn County earning less than $50,000 annually.

Median Household Income	
Sioux Falls, SD	$66,990
Appleton, WI	$63,603
Cedar Rapids, IA	$60,547
Fargo, ND	$58,756
Davenport, IA	$56,747
Grand Rapids, MI	$56,323
Evansville, IN	$46,732
Source: Esri, Community Profile - 2022	

- **Group quarters:** even when the correctional facility population is excluded, nearly 15% of all Downtown (SSMID) residents reside in group quarters.[18] Group quarters include both institutional (correctional facilities, nursing homes) and non-institutional (which can include college dorms, group homes, missions, and shelters).

[17] *Envision East Central Iowa CEDS 2022*
[18] 2022 Esri Estimates, community profile



Demographic Snapshot, 2022*					
	Downtown SSMID	Downtown SSMID - without jail	PMA	Cedar Rapids	Linn County
Population	1,151	935	3,160	139,344	233,301
Households	549	553	1,420	58,954	96,078
Avg. Household Size	1.79	1.44	1.91	2.3	2.37
Median Age	41.2	43.8	39.5	37.9	38.5
Gender:					
Female	45.0%	46.0%	46%	51%	49%
Male	55.0%	55.5%	54%	49%	51%
Race/Ethnicity:					
White Alone	65.4%	65.5%	64.1%	77.3%	82.3%
American Indian	0.3%	0.4%	0.3%	0.3%	0.2%
Some Other Race	1.8%	2.0%	2.0%	1.7%	1.3%
Two or More Races	6.2%	8.9%	9.5%	7.0%	6.2%
Black	20.7%	20.0%	21.5%	10.6%	7.3%
Asian	2.8%	2.9%	2.2%	2.7%	2.4%
Hispanic Origin	6.0%	6.3%	6.3%	4.8%	3.9%
Income & Education					
Median Household Income	$37,680	$44,869	$39,376	$60,547	$66,607
Bachelor's Degree or Higher	32.5%	35.4%	28.3%	34.4%	35.5%
Unemployment Rate	10.1%	4.8%	8.9%	3.0%	2.8%
Employed Pop. By Occupation:					
White Collar	56.3%	69.0%	53.3%	62.6%	64.1%
Blue Collar	25.6%	15.5%	26.5%	23.5%	22.8%
Services	18.1%	15.1%	20.3%	13.8%	13.1%

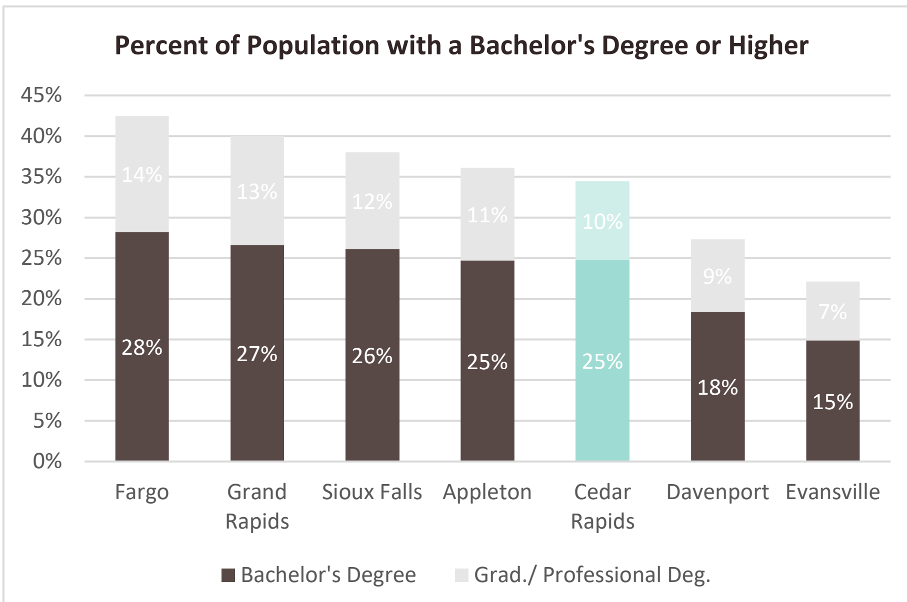
** 2023 estimates are shown for the Downtown SSMID without jail population*
Source: Esri, Community Profile & Population Summary; P.U.M.A.

Age

Downtown Median Age		
	2010	**2022**
Cedar Rapids	**38.9**	**41.2**
Davenport, IA	35.6	38.4
Evansville, IN	50.1	42.8
Fargo, ND	34.2	37.7
Grand Rapids, MI	31.6	33.3
Sioux Falls, SD	34.8	37.3
Appleton, WI	30.3	31.8

- **Downtown's median age is 41.2, the highest among Cedar Rapids' market areas, and second highest among the peer cities.** The median age is even higher in the data report that excludes the correctional facility, which puts Downtown's median age at 43.8.
    - This relatively high median age is partly due to several **senior multi-family housing complexes in Downtown,** including Geneva Tower, an income-restricted housing property consisting of approximately 180 units for seniors aged 62 and older as well as adults with disabilities.
    - **But this pattern can also be attributed to lifestyle choices:** based on quantitative estimates and anecdotal observations, many of the new multi-family housing options (apartments and condos) in Downtown Cedar Rapids have been popular among **Gen X households** and **retirees and seniors seeking more convenient urban living options.**

Education



- **Compared to the six peer cities, Cedar Rapids is on the mid-to-lower end of educational attainment, with 34% of its population over the age of 25 with a Bachelor's degree or higher.** As shown in the chart at right, Appleton, Sioux Falls, Grand Rapids, and Fargo, have a slightly more educated population base, with levels ranging from 36% to 43%. The national average is 35.1%.[19]
- **While Downtown's median income is quite a bit lower than Linn County**, **Downtown residents are comparably educated:** 34.5% of Downtown residents and 35.5% of Linn County residents have a Bachelor's Degree or higher.

Resident Psychographics (I.E., Lifestyle Segments)

- Psychographics are a broad, qualitative characterization of a given population, taking into consideration demographics, lifestyles, consumer data, and cultural influences. Esri's *Tapestry Segmentation* system has 60 distinct psychographic "segments" that attempt to capture the range of demographic and economic sub-groups in the United States. The table on the right lists the top three tapestry segments in Downtown, the Primary Market Area, and the City of Cedar Rapids.
- Downtown and the Primary Market Area are made up of three key tapestry segments: *Young and Restless, Social Security Set,* and *Set to Impress.* segment. Summaries of these segments follow:

[19] Esri Community Profile, 2022 estimates

- *Young and Restless:* Younger (Millennial), well-educated workers employed in professional and technical occupations, and sales and administrative roles. This demographic is dominated by single-person apartment renting households, is highly mobile, beginning careers and changing addresses frequently.
- *Social Security Set:* Residents within this sector are older, with many on fixed incomes, that often live alone in low-rent high-rise buildings in urban areas. They enjoy their proximity to services like hospitals, community centers, and public transportation.
- *Set to Impress:* This market is depicted by residents dwelling in medium to large multiunit apartments with lower-than-average rents. People in this tapestry group tend to be younger, educated, mobile, with low and moderate incomes. Nearly one in three residents is 20 to 34 years old, and a large portion are single-person nonfamily households. Median income is below average ($33,000) and this group is price-sensitive. They also enjoy leisure activities such as nightlife and the local music scene.

Psychographic Segments
Downtown
1. Young and Restless
2. Social Security Set
3. Set to Impress
Primary Market Area
1. Social Security Set
2. Set to Impress
3. Young and Restless
Cedar Rapids
1. Rustbelt Traditions
2. Old and Newcomers
3. Set to Impress
Source: Esri, Tapestry Segmentation

- The two dominant tapestry segments in Cedar Rapids are *Rustbelt Traditions* and *Old & Newcomers.* Summaries of these segments follow:
  - *Rustbelt Traditions:* A common lifestyle demographic in dense urban fringe neighborhoods in the older industrial cities in the Midwest, households tend to be a mix of married-couple families and singles living in older single-family home developments. They are predominately in white collar professions and earn moderate incomes, with higher-than-average net worths. They are family-oriented, budget-conscious consumers.
  - *Old and Newcomers:* This market features singles' lifestyles on a budget, comprised of renters who are just beginning their careers *or* retiring. Residents in this tapestry group live in a mix of single-family and multi-family units, and housing affordability is an important factor. These are smaller households on average, many are single households with a mix of married couples with no children. They value convenience more than consumerism, economy over acquisition. They have a strong sense of community and support local organizations, and tend to be environmentally conscious.

REGIONAL HOUSING MARKET

Cedar Rapids & the Regional Housing Market

- **Cedar Rapids is more affordable than many similarly sized markets nationally**, but there has still been an inflation of home prices and rental rates in the last several years.
- **Housing construction challenges were amplified during the COVID pandemic and derecho events.** Increased competition for financial resources, along with supply chain issues, inflated construction costs. Projects were also delayed due to the general uncertainty of downtown market post-pandemic.[20]
- **Most of the city's housing units are owner-occupied.** Cedar Rapids has roughly 63,604 housing units. The majority of these are owner-occupied (64%), while 28% are renter-occupied and the remaining 7% are classified as vacant. Linn County has approximately 103,021 housing units, with a slightly higher proportion of owner-occupied housing (69%). The county has a renter-occupied rate of 25%, and a 7% vacancy rate.

[20] Cedar Rapids Housing Needs Update, July 2021.

- As will be explored in the Downtown Housing Market section, **Downtown and Primary Market Area renting and owning percentages are essentially the exact opposite from the city and county, with around 20% owning and 66% renting**.[21]

Housing Costs: For-Sale Market

- **Cedar Rapids and Iowa are more affordable** for home-buying compared to national averages. According to Zillow, the median home value in Cedar Rapids in April 2023 was a $191,000. This is close to Iowa's median home value of $203,000, but **well below the median value in the United States of $343,000.**
- The pandemic's impact on housing prices was marginally less severe in Iowa compared to peer markets and the country, but still notable. Between March of 2022 and March of 2023, **the average home value in Cedar Rapids increased by 4.6%.[22]**

Home Values, 2023		
	Zillow: Home Value Index*, 2023	Home Value Index 1-year % Change, 2023*
Sioux Falls, SD	$316,103	4.8%
Fargo, ND	$278,913	4.8%
Grand Rapids, MI	$256,007	2.2%
Appleton, WI	$242,345	6.3%
Cedar Rapids, IA	**$187,027**	**4.6%**
Evansville, IN	$173,581	4.1%
Davenport, IA	$162,036	0.8%

Housing Costs: Rental Market

- Rents in Cedar Rapids increased from an average of **$697 in 2012** to an average of **$898 in 2022.[23]**
- During and since the pandemic, between 2019 and 2022, average rent increased at a slightly higher rate.
- **Cedar Rapids remains slightly more affordable than its peers, except for Appleton and Davenport.** The table below compares average 2023 rents in peer markets for a studio, 1-bedroom, 2-bedroom, 3-bedroom, and 4-bedroom unit.

2023 Rents by MSA:	Average	Studio	1 Bed	2 Bed	3 Bed	4 Bed
Davenport, IA	**$ 958**	$ 606	$ 733	$ 906	$ 1,193	$ 1,353
Appleton, WI	**$ 985**	$ 681	$ 748	$ 949	$ 1,271	$ 1,276
Cedar Rapids, IA	**$ 1,022**	$ 615	$ 699	$ 920	$ 1,307	$ 1,567
Fargo, ND	**$ 1,028**	$ 634	$ 749	$ 911	$ 1,295	$ 1,552
Evansville, IN	**$ 1,033**	$ 691	$ 778	$ 973	$ 1,260	$ 1,462
Sioux Falls, SD	**$ 1,068**	$ 710	$ 793	$ 949	$ 1,274	$ 1,616
Grand Rapids, MI	**$ 1,301**	$ 954	$ 1,005	$ 1,211	$ 1,576	$ 1,761

DOWNTOWN CEDAR RAPIDS HOUSING MARKET

OVERVIEW

- **New multi-family housing development has been occurring in Downtown Cedar Rapids and surrounding areas over the past decade.** Multi-family housing construction peaked in 2017, followed by a slowdown between 2018 and 2020,[24] and then an uptick beginning in 2021. 300 new multi-family units were built in Downtown since 2021**,** according to permitting records from the City's building department. *Note: "Downtown" in the table below refers only to buildings located within the SSMID. It does not include New Bohemia or other adjacent neighborhoods.*

[21] Esri Community Profiles
[22] Zillow Home Value Index
[23] RentCafe
[24] City of Cedar Rapids Housing Needs Update, July 2021

- There were an estimated 644 housing units in Downtown as of 2022 (note: this is not necessarily reflective of all the new multi-family developments that have come on line in the last two years).
- **Less than 1% of the City's total housing units are located within the Downtown**. More than 2.5% of the City's housing inventory is in the Primary Market Area.
- **66% of units Downtown are owner-occupied** and **20% are renter-occupied**. This ratio generally aligns with the housing characteristics seen in most other downtowns.

Multi-Family Real Estate Market, 2023		
	Downtown (1-mile)	**Cedar Rapids**
Inventory	1,507 units	17,782 units
Under construction	312 units	405 units
Existing Buildings	51	326
Avg. Units per Building	30	55
12 mo. Absorption Units	30 units	173 units
Vacancy Rate	3.9%	8.1%
Asking Rent/sf	$1.07	$1.04
Market Rent	$894/unit	$854/unit
Market Sales Price	$81,300/unit	$70,300/unit
Asking Price Per Unit	$297,727	$233,442
Source: CoStar via City of Cedar Rapids		

- **Downtown and Primary Market Area ownership and rental units tend to carry a premium over properties located elsewhere in Cedar Rapids, with the highest premium in New Bohemia and Kingston**. For example, a two-bedroom, 900 sf loft in the new Depot Building in New Bohemia is listed $1,365/month.[25]
- Within a 1-mile radius of Downtown, the asking rent in multi-family buildings was $1.07 per square foot compared with $1.04 citywide.
- In June 2023, virtually no homes were listed for sale within the Downtown boundary. However, there were several dozen units for rent.

New Multi-Family Construction in Cedar Rapids, 2018-2023						
	Downtown		**Non-Downtown***		**Total**	
Year	Units	Buildings	Units	Buildings	Units	Buildings
2018	0	0	692	18	692	18
2019	45	1	280	12	325	13
2020	0	0	187	6	187	6
2021	187	1	316	13	503	14
2022	106	2	273	14	379	16
2023	0	0	32	4	32	4
Total	**338**	**4**	**1,780**	**67**	**2,118**	**71**
Source: City of Cedar Rapids Building Department; Geographic tally: P.U.M.A. **- any part of the city outside of the Downtown SSMID boundary.*						

LOOKING AHEAD

- **Under construction and planned residential development projects located within the Primary Market Area could yield over 800 new residential units over the next several years, which could nearly double the residential base Downtown.** Recently built or under construction developments in the Primary Market Area include *NewBo Lofts* (111 units, New Bohemia) and *Banjo Block* (224 units, Downtown SSMID).[26] Other projects planned for Downtown and adjacent neighborhoods include the *1st & 1st West* mixed-use development with 270 housing units, the *Loftus Lumber* site, which is expected to add 186 rental units with

[25] Zillow search, May 2023
[26] https://www.kcrg.com/2021/12/16/demolition-begins-new-downtown-cedar-rapids-development/

ground-floor retail space in New Bohemia, just southeast of the Downtown SSMID boundary,[27]and *Cedar Rapids Brickstone*, a 44-unit affordable housing project on 7th Avenue Southeast.[28] There are also several office-to-residential conversion projects in Downtown in the works.

- **There is additional room for growth in the downtown residential market looking ahead.** According to the City's 2021 *Housing Needs Update*, the population of the "Downtown Core" (defined by an area[29] slightly larger than the PMA used in this study) could grow by 15.5% by 2030, compared to a projected 10.3% growth rate citywide. Based on market data, local stakeholder feedback, and knowledge of national real estate trends, there could be significant demand for new housing in the Downtown SSMID as well as the broader Primary Market Area. According to the online survey, 60% of the 1,414 respondents indicated interest in living in Downtown Cedar Rapids**.**
- **There will be demand for both market-rate for-sale and rental units as well as subsidized and affordable options**. In line with national downtown trends, there will likely be additional demand for more housing options at all price points, particularly for demographics interested in living within closer proximity to jobs and entertainment, especially young professionals starting their careers and retirees downsizing from single family homes. Of the survey respondents who were interested in downtown living option, the majority were attracted to ownership options, including condominium units and townhouses.
- **Compared to peer markets, Cedar Rapids offers more attainable housing for first-time homebuyers. This presents opportunities to continue attracting a talent workforce, particularly as younger, educated households are being priced out of larger cities and peer markets.** Anecdotally, the appeal of Cedar Rapids (and surrounding towns like Marion) is growing for people desiring a slower, more affordable pace of life, and younger couples moving back to raise their families, but that do not want to give up city and cultural amenities or economic opportunities.

[27] https://www.thegazette.com/local-government/cedar-rapids-developer-seeks-incentives-to-turn-loftus-lumber-site-into-36m-mixed-use-project/

[28] https://corridorbusiness.com/new-affordable-housing-project-proposed-in-cedar-rapids/

[29] "Downtown Core" in the Housing Needs Update includes the following census tracts: 12, 19, 22, 25, 26, 27 and a portion of 28

4. WORK

The following section presents findings related to the regional economy, Downtown employment characteristics, and the office and industrial real estate markets. Data sources include Esri Business Analyst, the Bureau of Labor Statistics, CoStar, local news articles, city records, recent studies including *Envision East Central Iowa CEDS 2022*, and interviews with local employers and real estate experts.

THE REGIONAL ECONOMY

- Cedar Rapids is the economic hub of eastern Iowa which has maintained a robust economy anchored by manufacturing, food processing, engineering & automation, transportation and logistics, and finance & insurance industries. Educational technology & services, and biotech and medical technology, are also growing sectors.[30]
- The region's largest employment sectors, organized by total employment in the standardized NAICS code system, are**: manufacturing, health care and social assistance, retail trade, finance & insurance,** and **educational services.**
- The table at right lists the region's fifteen largest employers, from Alliant Energy with 575 employees to Transamerica with 9,000. The companies highlighted in blue are those that are located in or directly adjacent to Downtown Cedar Rapids. Not highlighted are the City of Cedar Rapids and Linn County which both have significant employment Downtown but with jobs across the city and county.
- Approximately half of Linn County's 140,000 workers are employed within Cedar Rapids.[31]

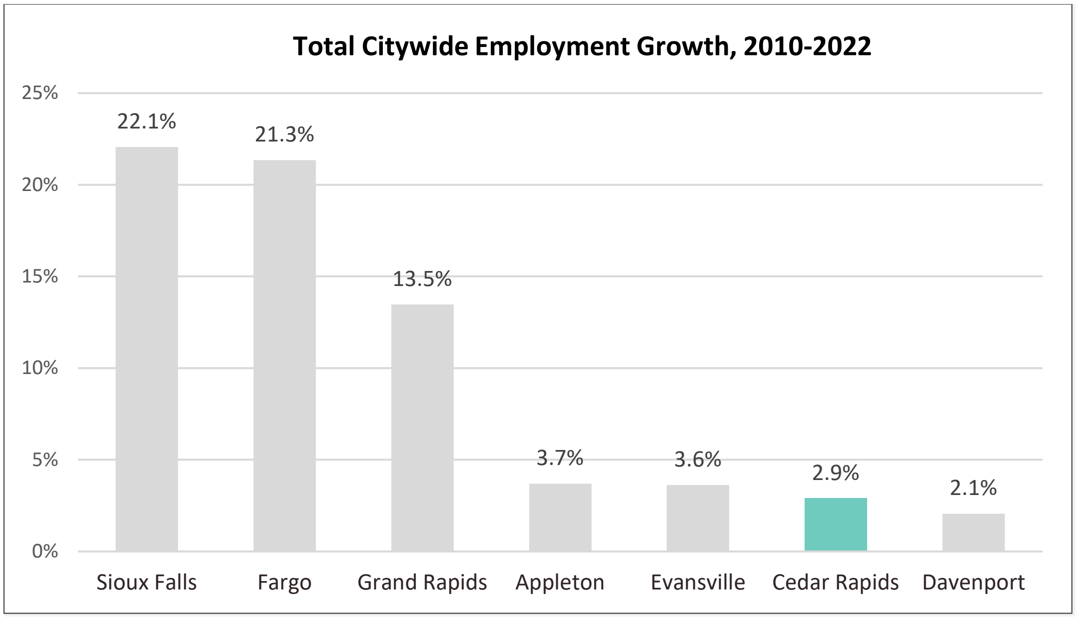
Top Industries by Employment	
Cedar Rapids	**Linn County**
Healthcare & Social Assistance (13.5%)	Manufacturing (11.7%)
Manufacturing (12.5%)	Healthcare & Social Assistance (11.0%)
Finance & Insurance (10%)	Retail Trade (10.8%)
Retail Trade (9.4%)	Finance & Insurance (9.3%)
Transportation & Warehousing (9.1%)	Educational Services (9.3%)
Source: Esri Business Profiles, NAICS	

Top Cedar Rapids Employers	
Employer	**Employees**
Transamerica	9,000
Collins Aerospace	8,289
Unity Point	3,610
Mercy Medical	2,814
Kirkwood Community College	2,154
City of Cedar Rapids	1,369
TLC Associates	1,352
Quaker Oats/Pepsico	920
Linn County	771
McGrath Family of Dealerships	763
Westside Transport	700
General Mills	650
CRST International	624
GreatAmerica Financial Services	595
Alliant Energy	575
TOTAL	**34,186**
Source: Corridor Business Journal, 2021	

EMPLOYMENT GROWTH

- **Cedar Rapids has seen modest employment growth over the last decade** – adding roughly 2,000 jobs, equating to a 2.9% increase in total employment.
- **Compared to its peer cities, 2.9% is on the lower end of growth.** The chart on the following page shows percentage employment growth over the last decade among Cedar Rapids and its peers. Sioux Falls and Fargo are two of the fastest growing cities relative to their size in the country, notably due to the prominence of the oil & gas industry in those regions.

[30] *Envision East Central Iowa CEDS 2020; CRMEA; City of Cedar Rapids Economic Development*
[31] Metropolitan and Nonmetropolitan Area Occupational Employment and Wage Estimate, Bureau of Labor Statistics



Employment Snapshot, 2022		
	Downtown	**Cedar Rapids**
# of Businesses	596	5,644
# of Employees	11,615	121,735
Businesses per Acre	2.2	0.1
Employees per Acre	42.2	2.6
Source: Esri, Business Summary		

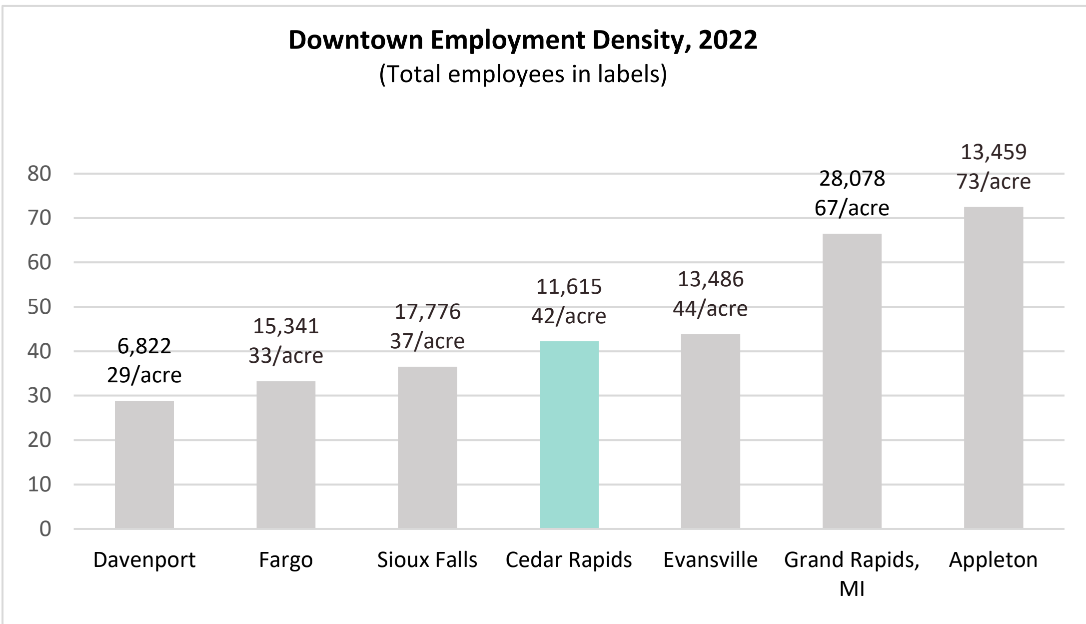
WORKFORCE TALENT & EDUCATIONAL ATTAINMENT

- Educational attainment is often used to predict the economic strength of a community or region. With 34% of the population having a bachelor's degree or higher, **Cedar Rapids is more educated than Davenport and Evansville**, but **slightly behind Sioux Falls, Grand Rapids, and Fargo.**
- Cedar Rapids is home to two private, four-year colleges and a community college that helps fuel the regional and downtown economies. **Coe College**, situated in a neighborhood just north of Downtown and adjacent to MedQ, is a private, non-profit college attended by 1,400 students annually. **Mount Mercy University** is a private, non-profit institution with an annual enrollment of 1,600 students that is located about 2 miles north of Downtown. **Kirkwood Community College** is a public, 2-year institution with 14 locations across the 7-county region. The main campus is in the southern part of the city.

THE DOWNTOWN ECONOMY

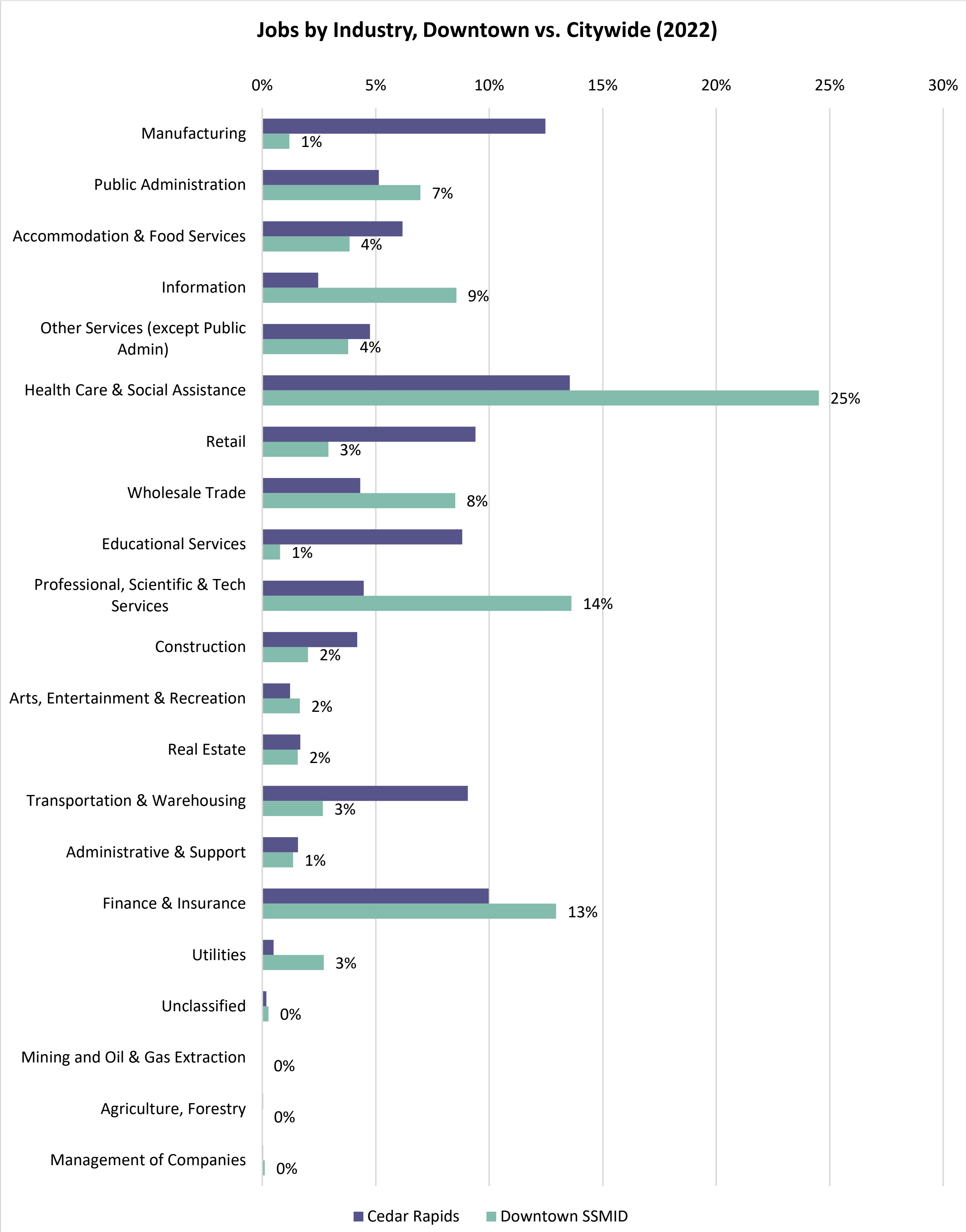
- Downtown has **11% of Cedar Rapids' businesses and 10% of its employees,** while only making up 0.6% of the city's area. There are approximately 596 businesses and over 11,600 employees in the Downtown SSMID.
- There are approximately **42.3 employees per acre** in Downtown, compared to just **2.6 per acre citywide.**
- **Downtown Cedar Rapids' employment density is about average compared to peer cities**, as illustrated by the chart and table below.

Employment Snapshot: Peer Downtowns							
DOWNTOWN:	**Cedar Rapids**	**Davenport**	**Evansville**	**Fargo**	**Grand Rapids**	**Sioux Falls**	**Appleton**
# of Businesses	596	423	572	841	1,294	1,093	405
# of Employees	11,615	6,822	13,486	15,341	28,078	17,776	13,459
Businesses per Acre	2.2	1.8	1.9	1.8	3.1	2.2	2.2
Employees per Acre	42.2	28.8	43.9	33.3	66.5	36.5	72.5



TOP INDUSTRIES

- The chart on the following page, "Jobs by Industry," represents percentages of total employment by NAICS industry sectors, both citywide and in Downtown Cedar Rapids.
- The three largest employment sectors in Downtown Cedar Rapids are **finance & insurance**, **health care & social assistance**, and **professional services.** Together, these sectors represent 51% of all Downtown jobs.
- Several sectors have a significantly stronger presence in Downtown than the city, including – utilities (half of all utilities jobs are located Downtown), and information (nearly 1 in 3 information jobs in based Downtown).
- **Retail and accommodation** and **food services** together represent only **7% of Downtown employment**, which is a bit lower compared to many of the downtown's that PUMA works in.
- **Downtown Cedar Rapids is home to one-third of all the city's professional, scientific, and tech services jobs and one-third of all jobs in information.** Downtown has only 6% of the city's accommodation and food services jobs which underscores Downtowns low relative amount of retail. 19% of the city's wholesale trade jobs are located Downtown. 17% of the city's healthcare and social assistance jobs are in Downtown.



Jobs by Industry, Downtown vs. Citywide (2022)
0%
5%
10%
15%
20%
25%
30%
Manufacturing
1%
Public Administration
7%
Accommodation & Food Services
4%
Information
9%
Other Services (except Public Admin)
4%
Health Care & Social Assistance
25%
Retail
3%
Wholesale Trade
8%
Educational Services
1%
Professional, Scientific & Tech Services
14%
Construction
2%
Arts, Entertainment & Recreation
2%
Real Estate
2%
Transportation & Warehousing
3%
Administrative & Support
1%
Finance & Insurance
13%
Utilities
3%
Unclassified
0%
Mining and Oil & Gas Extraction
0%
Agriculture, Forestry
0%
Management of Companies
0%
Cedar Rapids
Downtown SSMID

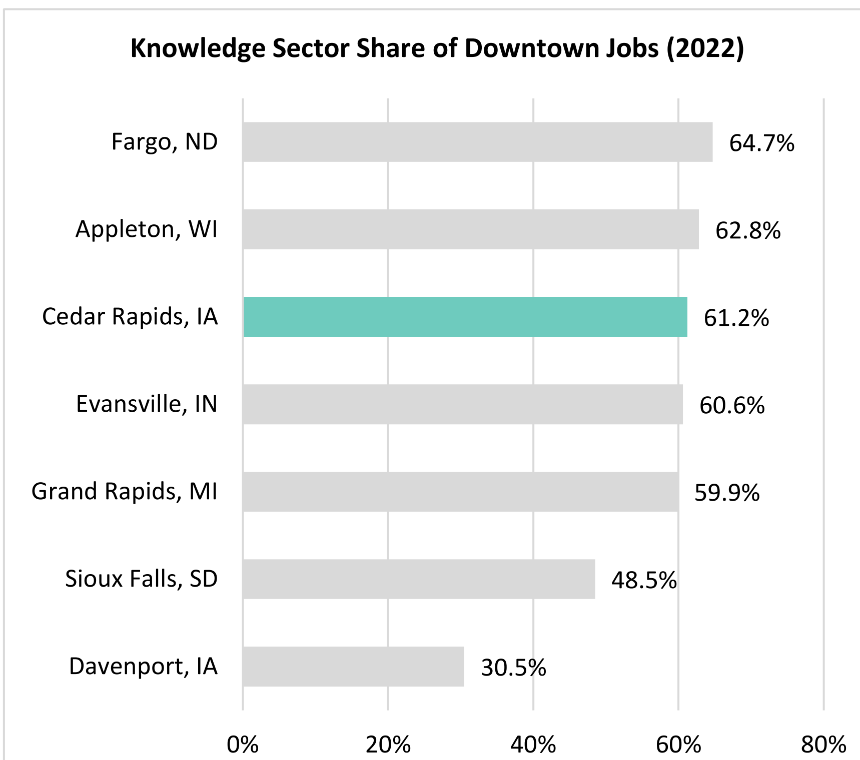
KNOWLEDGE-BASED ECONOMY

- **"Knowledge sector" employment represents 61.2% of all Downtown jobs, or 7,122 jobs.**[32] The top contributing industries are Professional, Scientific & Tech Services, Health Care & Social Assistance, and Finance and Insurance. 17% of the city's knowledge sector jobs are based Downtown.
- **In terms of the knowledge sector job share, Downtown Cedar Rapids outperforms all but Appleton and Fargo.** Downtown Fargo has the downtown with the highest share of knowledge sector jobs at 64.7%.

Knowledge Sector Employment, 2022

	Cedar Rapids, City		Downtown	
	#	Share of Total	#	Share of Total
Professional, Scientific & Tech Services	5,438	4.5%	1,582	13.6%
Health Care & Social Assistance	16,494	13.5%	2,848	24.5%
Finance and Insurance	14,183	11.7%	1,504	12.9%
Real Estate	2,041	1.7%	182	1.6%
Management of Companies	44	0.0%	13	0.1%
Information	3,003	2.5%	993	8.5%
TOTAL	**41,203**	**33.9%**	**7,122**	**61.2%**

Source: Esri, Business Summary



[32] The "Knowledge Sector" is a term used to describe jobs that tend to be fast-growing, high-paying, and require highly educated talent. An estimate of a city's total jobs in this sector can be a good stand-in for measuring economic health and growth potential.

DOWNTOWN EMPLOYEE CHARACTERISTICS

- Primary Market Area employee characteristics and demographics are summarized and compared to city-wide data in the following table. Downtown and Primary Market Area employees, compared to the city overall, are much **more likely to be male,** and slightly **more likely to have an advanced degree,** and **earn over $40,000**. Downtown and the county both **lack racial and ethnic diversity in the employment base.**
- **Very few Downtown workers (<1%) both live and work in Downtown Cedar Rapids.**[33]
- The chart to the right shows where Downtown workers live within the region. **Most Downtown workers live within the City of Cedar Rapids (38%).** Approximately 12% reside in Marion. The remaining are scattered throughout the greater region. 61% of Downtown workers live within 10 miles of Downtown (based on the "Downtown" zip code of 52401).
- There is potential to increase the volume and variety of downtown housing so that more people have an opportunity to live closer to where they work and play.

Employee Characteristics		
	PMA	**Cedar Rapids**
Age		
29 or younger	21%	23%
30 to 54	56%	54%
55 or older	23%	23%
Gender		
Female	36%	48%
Male	64%	52%
Race & Ethnicity		
White	93%	90%
American Indian	0%	0%
Two or More	1%	2%
Black or African American	4%	6%
Asian	2%	2%
Hispanic/Latinx	3%	4%
Educational Attainment		
Less than H.S.	5%	7%
H.S. or equivalent	18%	21%
Some college/Associate degree	29%	27%
Bachelor's/Advanced degree	28%	23%
Annual Earnings		
$15,000 or less	18%	22%
$15,000 to $40,000	23%	24%
More than $40,000	59%	54%

Source: U.S. Census LEHD; 2020 data (latest available). PMA geography drawn by PUMA. Accessed 5/28/23.

Where Downtown (Zip Code 52401) Workers Live	
Downtown	1%
Cedar Rapids *(outside Downtown boundaries)*	38%
Marion	12%
Iowa City	2%
North Liberty	2%
Hiawatha	2%
Robins	1%
Source: U.S. Census, LEHD (2020 data)	

DOWNTOWN OFFICE MARKET

INVENTORY

- **Within a 1-mile radius of Downtown, there is over 6 million square feet of office space, which represents 45% of all office space in Cedar Rapids.**[34]
- The downtown office vacancy rate is lower (4.2%) than it is citywide (6.3%).
- There is not currently office space under construction in Downtown, but 10,800 square feet is under construction elsewhere in the city.

POST-PANDEMIC OUTLOOK

- **The office sector continues to be the real estate sector with the most uncertainty post-pandemic, both locally and nationally.** More flexible work environments and post-Covid work trends are still evolving, and the long-term impact remains to be seen.

[33] US Census via onthemap.com
[34] CoStar Office Market Report, Cedar Rapids and 1-Mile Downtown Radius

- **There are several large employers located within single-occupancy office towers, and a few of them have not yet implemented a return-to-work policy.** Thus, there are a handful of nearly empty office spaces as workers continue to work from home. However, most small- and mid-sized companies in Downtown Cedar Rapids have implemented either a full or partial (hybrid, flexible) return-to-work policy.[35]
- **On a positive note, the 24-month lease renewal rate in the 1-mile Downtown radius is 91.1%, a more favorable rate than the citywide rate of 78%.**

Office Real Estate Market		
	Downtown (1-Mile Radius)	Cedar Rapids
Building Inventory (sf)	6.2 million sf	13.7 million sf
Under Construction	0 sf	10,800 sf
12 Mo. Net Absorption	31,300	381,000
Vacancy (sf)	8,482 sf	65,125 sf
Vacancy Rate	4.2%	6.3%
Market Rent	$20.52/sf	$21.38/sf
Market Sale Price	$116/sf	$117/sf
24 Mo Lease Renewal Rate	91.1%	78.0%
Source: CoStar via City of Cedar Rapids		

- **There are several coworking spaces in the Primary Market Area, with potential market demand for additional coworking and flex office space.** This sector is likely to experience positive demand for flexible/remote workers as well as small firms desiring more flexibility in terms of lease agreements and worker amenities.

DOWNTOWN INDUSTRIAL REAL ESTATE MARKET

- **There is nearly 4 million square feet of industrial space within a 1-mile radius of Downtown Cedar Rapids**, representing 14% of the city's industrial facilities. *Note: a 1-mile radius is the closest proxy for Downtown Cedar Rapids, based on available CoStar reporting for the Cedar Rapids market.*
- The 1-mile Downtown radius industrial vacancy rate is just 0.2%. The 24-month lease renewal rate is 98.4%. Citywide, the vacancy rate is 2.5% with an 82.6% lease renewal rate.[36]
- Most new construction in Cedar Rapids' industrial real estate sector is occurring outside of the Primary Market Area, particularly the southwest part of the city near the airport with major investment from BAE Systems.
- Notable large-scale manufacturers adjacent to the Downtown boundaries include Quaker Oats and Cargill.
- Downtown Cedar Rapids is also home to a cluster of **smaller scale, niche manufacturing businesses** as well as specialty businesses occupying repurposed industrial spaces. The area between 8th and 5th Avenues, from 2nd Street to 7th Street, exemplifies this land use.
  - Small-scale industrial businesses include auto repair/supply, specialty retail/supply (e.g., furniture stores, print shops, paint stores, electrical supply), and food and beverage production (e.g., Iowa Brewing), as well as distribution centers (e.g., Pepsi).

Industrial Real Estate Market, 2023		
	Downtown	Cedar Rapids
Building Inventory (sf)	3.9 million sf	27.7 million sf
Existing Buildings (#)	91	799
Under construction	0 sf	1 million sf
12 mo. Absorption	(9000 sf)	1.2 million sf
Vacancy (sf)	9,000 sf	696,000 sf
Vacancy Rate	0.2%	2.5%
Percent Leased Rate	99.8%	97.6%
24 Mo. Lease Renewal Rate	98.4%	82.6%
Market Rent	$6.19/sf	$6.63/sf
Market Sales Price	$52/sf	$73/sf
Source: CoStar via City of Cedar Rapids		

[35] Based on P.U.M.A.'s interviews and employer roundtables
[36] CoStar Office Market Report, Cedar Rapids and 1-Mile Downtown Radius

Other businesses that have sprung up in former manufacturing facilities include retail (e.g., Benz Beverage Depot,) and event space (e.g., The Harmac).

- **This niche manufacturing and retail cluster provides jobs and economic opportunity and should to be preserved and built upon.** There may be an opportunity to expand on this niche by attracting additional creative manufacturing uses.

LOOKING AHEAD

- While Downtown's employment density is on par with peer cities, there may be opportunities to **increase employment density moving forward.**
- There may be opportunities to **convert excess conventional office space** to other uses, such as **coworking and flex office space** and **housing.**
- **There could be potential to expand on Downtown's niche, small-scale manufacturing cluster** by attracting additional manufacturing uses, which can help preserve a diverse job base and provide opportunities to incubate new, home-grown creative businesses.
- There is an opportunity to **preserve and celebrate Downtown Cedar Rapids' agricultural manufacturing heritage** through branding and physical interventions.

5. SHOP & DINE

The following section examines Downtown's storefront economy. It provides a snapshot of Downtown's business mix and the retail real estate market trends. Data sources included Esri Business Analyst, Google Maps, CoStar, City records and studies, local news articles, and P.U.M.A.'s knowledge of comparable markets.

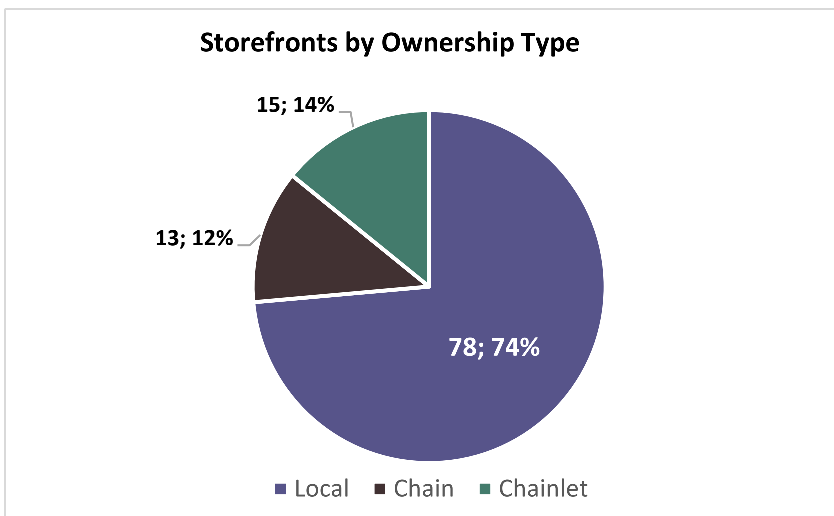
DOWNTOWN STOREFRONT ECONOMY

OVERVIEW

- **There are approximately 124 street-level businesses in Downtown Cedar Rapids. (including civic, nonprofit, and religious storefront uses)** The table below provides a breakdown of storefront businesses and uses by category. These figures are an approximation based on an inventory conducted through Google Street View in May 2023, combined with knowledge of local conditions and an abbreviated retail and restaurant database provided by the Cedar Rapids Metro Economic Alliance.
- ***Services* are the most common storefront category,** comprising roughly 36% of storefront units. Businesses in this category range from beauty and fitness, to medical, banking, legal, and financial, and other professional services.
- ***Restaurants, bars, and cafes* represent around 30% of Downtown ground-floor uses.** There are 37 establishments, with 27 (or 22% of total Downtown uses) being restaurants and bars.
- **Civic, nonprofit, and religious uses make up around 15% of Downtown storefront uses.**
- Downtown's storefront economy is critical to its success, attracting visitors, driving foot traffic, and fueling the neighborhood's vibrancy. **However, the limited number and diversity of retail businesses is a vulnerability** that needs to be addressed, in order to attract and appeal to visitors and residents alike.

Downtown Street Level Business Inventory		
Type	Establishments	Share of Total
Restaurants, Bars, and Cafes	**37**	**30%**
Restaurant, Bar/Bar & Grill*	27	22%
Brewery	3	2%
Café	8	6%
Shopping	**16**	**13%**
Services (beauty, fitness, banking etc.)	**45**	**36%**
Other entertainment	**8**	**6%**
Civic, nonprofit, religious	**18**	**15%**
Total	124	

Source: P.U.M.A. inventory via Google, building from a Cedar Rapids Metro Economic Alliance business database



- As the pie chart to above illustrates, **74% of Downtown's storefronts are local independents**, while 14% are classified as chainlets, and 12% are chains. Note: civic, nonprofit, and religious uses are not included. "Chainlets" are defined as businesses that have a dozen or fewer locations nationwide or statewide.

RETAIL AND RESTAURANT MARKET

- **Traditional retail has and continues to struggle in Downtown Cedar Rapids**. In recent years, there has been notable turnover and a slight uptick in vacancies. Diminished foot traffic since the start of the pandemic have perpetuated the challenges for small businesses.
- **Many of the newer, successful street-level businesses that have cropped up Downtown are restaurants and bars, particularly innovative concepts led by entrepreneurial owners.** Many Cedar Rapids stakeholders interviewed in this planning process mentioned Downtown's restaurant scene very favorably. The variety and sophistication of dining has improved significantly in the last 10+ years. However, there is still desire for a great number, variety, cuisines, and experience types (e.g., outdoor dining). This fits national trends that show food and beverage on a growth trajectory and retail remaining relatively stagnant over the last decade.
- There is roughly 1.3 million square feet of retail space in the 1-mile radius, and 13.9 million in the city at large.
- Average lease rates in the Downtown area (1-mile radius of Downtown) are $11.86/sf, about **one dollar lower per square foot compared to the city**. The market real estate sales price is $128/sf, which is about $15 less per square foot than the city overall.
- **According to CoStar estimates**, **the retail vacancy rate in the 1-mile radius is 2.0%, which is lower than national comparisons**. It is slightly higher than the citywide retail vacancy rate of 1.2%.

Retail Real Estate Market		
	Downtown (1-mile)	**Cedar Rapids**
Building Inventory (sf)	1.3 million sf	13.9 million sf
Under Construction	0 sf	24,500 sf
Vacancy Rate	2.0%	1.2%
12 Mo. Net Absorption	-10,800	-13,100
Market Rent	$11.86/sf	$12.84/sf
Market Sale Price	$128/sf	$143/sf
Source: CoStar via City of Cedar Rapids		

COMPETITION AND VULNERABILITIES

- **There is strong retail competition from other parts of the city and region.** If local options sales tax revenue is any indicator of the retail market, the retail market is doing well citywide. The largest increase in annual sales tax revenue of the last ten years occurred between 2021 and 2022, when revenues increased by nearly 29%, from $24 million to $31 million.[37]
- **Some of the most prominent commercial corridors that compete with the downtown core are in the Primary Market Area: New Bohemia, Kingston Village,** and **Czech Village.** Another competitor is **Marion Township.** These areas tend to be walkable, aesthetically pleasing, and provide a concentration of unique retail and dining options that appeal to visitors and residents.
- Downtown's storefront economy is critical to its success, attracting visitors, driving foot traffic, and creating a greater sense of vibrancy and safety. **However, the limited number and diversity of retail businesses is a vulnerability that needs to be addressed in order to attract and appeal to visitors and residents alike.**
- Moreover, anecdotal feedback suggests that more coordination is needed to ensure more establishments are open in the evening and on the weekends.

[37] City of Cedar Rapids, Tax Revenues by Source, Governmental Funds, Last Ten Fiscal Years

LOOKING AHEAD

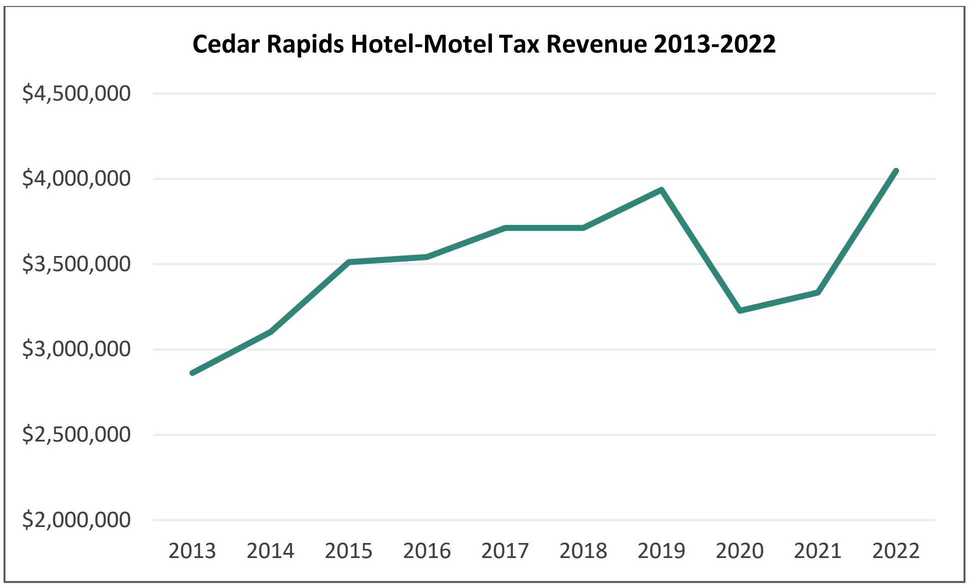
- **Many of the newer, successful street-level businesses that have cropped up Downtown are restaurants and bars, particularly innovative concepts led by local, entrepreneurial owners.** Many Cedar Rapids stakeholders interviewed in this planning process mentioned Downtown's restaurant scene very favorably. According to community feedback**,** the variety and sophistication of dining in Downtown Cedar Rapids has improved significantly in the last 10+ years. "Restaurants, bars, food trucks, and coffee shops" was selected by 70% of the 1,400 survey respondents as a reason they come Downtown, making it the top draw.
- **Improving the variety of restaurant and dining experiences is a key market opportunity.** When asked to choose just one service as most important from a list of ten options, online survey respondents chose "continue diversifying restaurant and bar offerings" most frequently. Respondents desire greater variety of cuisines, price points, and experiences (including rooftop bars).
- **Downtown's business composition could better reflect the racial, ethnic, and cultural diversity of the city and region.** There is demand for a wider array of dining and retail options across market segments. Supporting new businesses opportunities for underrepresented groups, such as immigrants, for example, could help meet this market demand while increasing cultural belonging, economic prosperity, and storefront activation
- **As Downtown's residential population base grows over the next decade, there will be critical market opportunities for more neighborhood-serving retail and service-based businesses**.

6. VISIT & STAY

This section offers a snapshot of Downtown's tourism trends, attractions, amenities, and venues, as well as hotel and lodging metrics. Data sources include City of Cedar Rapids reports, VenuWorks data, Downtown Cedar Rapids SSMID and Cedar Rapids Metro Economic Alliance databases, local news articles, and stakeholder interviews.

REGIONAL TOURISM – OVERVIEW

- Cedar Rapids is not considered a conventional tourism-driven economy, but it offers ample events and attractions throughout the year that bring in a wide array of visitors from across the region and country.
- Visitation to Cedar Rapids declined significantly when the pandemic began in 2020 but has since made a full recovery, as can be inferred by the Hotel-Motel Tax Revenue chart below.
- **In 2022, Hotel-Motel Tax revenues were at a 9-year high.**[38]



MAJOR EVENTS & ATTRACTIONS

- Among the city's key cultural attractions are the **Cedar Rapids Museum of Art**, and the National Czech and Slovak Museum & Library. The modern Cedar Rapids Library is an amenity enjoyed by locals, which offers conference space.
- Downtown Cedar Rapids boasts several concert and performing arts venues, including **Theatre Cedar Rapids** and **Paramount Theatre.**
- The outdoor **McGrath Amphitheater** opened Downtown in 2014, accommodates 6,000 people, and draws in world-renowned musical artists.
- The **9,000 seat Alliant Energy Powerhouse Arena** and adjacent DoubleTree Conference Center accommodate thousands of people each year for concerts and conventions.
- Major events that take place in and around Downtown Cedar Rapids include **Freedom Festival**. Smaller festivals and activations of public spaces occur throughout the year, such as **BLOCKtoberfest**. The **Downtown Farmers Market** and **Market After Dark** bring thousands of visitors Downtown several

[38] City of Cedar Rapids

weekends per year. The average attendance for a Downtown Farmers Market was 12,500 in 2021. Market After Dark drew in nearly 25,000 people.[39]

- There is growing interest in Cedar Rapids as an outdoor recreation destination. For example, the City and its partners are investing in miles of new bike trails that connect Downtown to the region. The *ConnectCR* project is expected to help revitalize Cedar Lake to create a new Downtown-adjacent recreation destination.

LODGING MARKET

Hotel Metrics - Cedar Rapids: March 2022 vs. March 2023			
	March 2023	**March 2022**	**Change**
Occupancy	60.3%	57.4%	+5.1%
ADR	$118.99	$111.75	+$7.24
RevPAR	$71.79	$64.14	+$7.65
Source: VenuWorks of Cedar Rapids (Response Partners)			

Cedar Rapids Short-Term Rental Market	
Total Listed Rentals	2,109
Active Rentals (May 2023)	179
Avg. Daily Rate	$126
Occupancy Rate	58%
Bedrooms (avg)	2.3
Guest (avg)	5.8
Market Grade - Rental Demand	71
Listing Type	
Entire unit	84%
Private Room	15%
Source: AirDNA; last-twelve-months data as of May 2023	
Active Rental are those that had at least one reserved or available day in the last month	

- **Cedar Rapids has 23 hotels, totaling over 1,600 rooms, but only one is located Downtown.**
- **The DoubleTree by Hilton Hotel** has 267 rooms. Originally opened in 1979, the hotel and conference center underwent over $100 million in capital improvements in 2013.[40] Based on anecdotal feedback, the hotel is frequently over-booked, particularly when there are multiple large events or conferences taking place in Cedar Rapids.
- A new boutique hotel is slated for Downtown Cedar Rapids as part of the *1st & 1st* development. This new hotel will help meet demand for downtown lodging.
- Occupancy, ADR, and RevPAR metrics for the Cedar Rapids market have all increased compared to March 2022. The Average Daily Rate (ADR) is $119, a bit lower than the national average of $158 for the same time period, which is expected for a smaller market like Cedar Rapids. The occupancy rate of 60.3% is just shy of the national average of 65.3%.[41]
- Cedar Rapids has over 2,000 short-term rental listings, but less than 200 were active listings (May 2023).

LOOKING AHEAD

- **There is an immediate opportunity for more hotel rooms in Downtown Cedar Rapids. Part of this need will be met by the new 1st & 1st hotel, but there may still be market opportunities for additional downtown lodging options in the near future.**
  - According to community feedback, there may be an opportunity for a **mid-sized venue to help expand Downtown's live music niche.**
  - **Downtown and city partners should continue exploring ways to build on the outdoor recreation niche.**

[39] SSMID Annual Report 2021
[40] https://opnarchitects.com/portfolio/doubletree-by-hilton-hotel-cedar-rapids/
[41] "STR: U.S. hotel performance for March 2023," str.com