

MARKET HIGHLIGHT: CEDAR RAPIDS

CEDAR RAPIDS: AN UNPARALLELED MIDWEST CITY



Scott Olson
AIA, RCFM, RSIOR
Architect, Emeritus
2015 Midwest Real
Estate Hall of Fame
Member,
Cedar Rapids City
Council Since 2012

As I look back over the last 12 months since my August 2025 Cedar Rapids update, the resilience of this city to adapt despite high interest rates, tariffs and a Middle East conflict is second to none. Our city council priorities have remained unchanged:

- Housing options and affordability
- Strengthen and stabilize neighborhoods
- Clean and safe city
- Recreational and cultural amenities
- Homelessness
- Flood control system

The economic growth highlighted in this report is matched by city efforts in all the priority areas. Our current national rankings reflect these successes:

- No. 3 Best Place to Live in the Midwest (SpaceWise, 2026)
- No. 3 City with the Most Affordable Rent (WalletHub, 2026)
- No. 5 Midwest City for a Peaceful Retirement (Investopedia, 2026)
- No. 11 Most Affordable Small City to Buy a Home (WalletHub, 2026)
- No. 16 Best City to Buy a House in America (Niche.com, 2026)
- No. 19 Safest City in Americas (WalletHub, 2026) — ranked across key dimensions, including home and community safety and natural disaster risk and financial safety
- No. 22 Best Run City in the U.S. (WalletHub, 2025)
- No. 30 City with the Lowest Cost of Living in America (Niche.com, 2026)
- No. 38 Best Place to raise a Family (WalletHub, 2025) — Cedar Rapids has maintained a top 40 ranking since 2017.

- Top 75 Best Places to Retire in America (Niche.com, 2026)
- Top 125 Best City for Jobs in America (WalletHub, 2026)

As the city council and staff appreciate this recognition, there are still challenges to be addressed. Our \$1.25 billion flood control systems are one-half completed. Beginning in 2015 after the historic flood of 2008, the East side is nearly 75 percent complete and the West side nearly one-third complete. The entire system is on track for a 2035 completion.

One of the signature features starting next spring is the \$76 million 8th Avenue bridge placement, which will become an integral part of our flood system. Over \$62 million of the bridge is funded by federal and state grants. To date, \$469 million has been expended on the system, with currently 19 projects under construction or to be awarded this year totaling \$305 million.

Other exciting elements include the redevelopment of green space along the flood wall system. Park planning is underway on the West side of the Cedar River from Time Check Park in the Northwest to the Round House/Sculpture Park project in Czech Village.

On the East side, the Connect CR project is redeveloping amenities from Cedar Lake north of downtown to the nearly complete Lightline pedestrian/bicycle bridge across the Cedar River connecting New Bohemia with Mount Trashmore and the trail system. These developments totaling well over \$40 million will greatly enhance resident and visitor recreational activities.

Other major city projects include the opening of the new \$24 million, 40,000-square-foot Cedar Rapids Public Library - Busse Branch in September, as well as participation in the new \$37 million College Community Schools/YMCA center of 95,000 square feet that will provide numerous indoor recreation activities.



Triangle Park Place is a seven-unit, \$2.45 million complex on a unique triangle lot in the New Bohemia District that will feature three-bedroom, 2.5-bath units.

Finally, our unique Paving for Progress project, funded by a local one cent sales tax, has expended nearly \$262 million on 500 projects over 12 years with 133 miles of city streets improved. The fiscal year 2026 budget includes 50 projects totaling \$32.5 million currently under construction.

Adding to the many new Cedar Rapids amenities is the long-anticipated Cedar Crossing Casino & Entertainment Center that will open this fall in the Northwest quadrant adjacent to downtown Cedar Rapids. This \$275 million, 110,000-square-foot facility will provide additional entertainment opportunities while creating 350 new jobs.

Due to this facility creating new entertainment options, convention events are expected to grow. Besides the Marriott AC hotel to open soon in Kingston Yard, a new 70-room Holiday Inn Express and an 88-room Hyatt Studios are under construction near the airport. Plus, a hotel is in the planning stage for the New Bohemia district.

The data centers announced in 2024 are well underway and have grown beyond what was initially projected. The Google Center is now up to five buildings, and the QTS Data complex will feature seven buildings. The permanent employment is now estimated at nearly 1,000 with over 13,000 construction workers on the two sites.

As part of the data center agreements with the city, as well as the new casino, each will pay an annual amount into a newly created "Community Betterment Fund" that is projected to generate up to \$93 million over 25 years. These funds will be

used to enhance amenities in the Cedar Rapids metro area.

Plus, the NextEra Energy Nuclear plant in Palo is on track to open in 2029 to provide additional power to the area. This project will create additional construction and permanent employment in our metro area.

As well as amenity projects in the city, the water plant and water pollution control facilities are being updated. The water plant in Northwest Cedar Rapids is finalizing the design on expansion of the plant by 12 to 13 million gallons per day. This \$125 million project also includes an aquifer storage recovery well to provide underground water storage for summer and water quality needs.

The water pollution control facility in Southeast Cedar Rapids is 20 months into a four-year, \$348 million update to the facility with the latest technologies and creating biogas from wastewater followed by cleaning it to natural gas quality for energy use. The Solid Waste and Recycling department is upgrading to artificial intelligence-based software to improve routing efficiencies.

Another part of the construction activity is that the Cedar Rapids Community School District has three elementary school projects in progress totaling nearly \$120 million, and two high school additions of \$30 million each. The Xavier Catholic School System is renovating a former Toyota Financial office into a \$40 million centralized middle school.

Besides the above activity and what will be outlined later, the city reached a building permit record in fiscal year 26 of more than \$11 billion. Driven



Construction has begun on the 92,000-square-foot, \$15.2 million logistics and warehouse facility for Plumb Supply LLC in Southwest Cedar Rapids.

by data center construction, the 7,028 permits included all sizes of commercial, industrial and residential projects. There were 177 permits of over \$1 million with the top 20 ranging from \$151 million to \$1.1 billion. The excess building permit revenue was transferred to the city's general fund, helping the city to keep the property tax levy for fiscal year 27 the same as this year.

Industrial sector is strong

Manufacturing momentum continues in Cedar Rapids in 2026. Existing buildings are quickly leased or sold. Due to the construction of data centers, the demand for new warehouse construction has increased with rental rates now exceeding \$7 per square foot triple net. However, this new construction has led to increased vacancies by nearly 8 percent. Large parcel land acquisitions have increased as local and national companies look to build new facilities in Cedar Rapids. Two examples of this growth are:

- Sub-Zero Group has just announced the addition of 225,000 square feet to its recently completed 400,000-square-foot distribution and assembly facility. This \$196 million addition will create 312 full-time jobs, which add to the 200 jobs in the initial building.
- Plumb Supply LLC has started construction on a new 92,000-square-foot warehouse and logistics building in Southwest Cedar Rapids to expand its operation in lieu of constructing in other communities. This \$15.2 million investment will create seven new jobs.

Multifamily is in demand

As seen across the country, multifamily housing demand in our market has reached record levels. Due to data center workers and overall growth in jobs of all types, new complexes are fully leased when they are completed and vacancies in apartments in the city are at their lowest level.

In fiscal year 26, permits were issued for 143 single-family units, 153 duplex/townhomes/ADU units and 184 multifamily units. Several hundred units are being finished this year, with several projects in the planning stage to begin late 2026 or early 2027. This development includes the planned conversion of three older office buildings into housing in downtown Cedar Rapids, as well as the following projects:

- Pedcor Investments A LLC will begin construction on Atheneum Apartments, a 192-unit affordable housing complex next to the city's new Cedar Rapids Public Library - Busse Branch. This \$30 million investment will include a mix of one-, two- and three-bedroom units for the 60 percent area median income target market. The eight three-story buildings will be

designed to feature a fully staffed clubhouse, multi-purpose community room, exercise facility and an outdoor bark park.

- Triangle Park Place by OFB LLC in the new Bohemia District will feature two three-story townhomes creating seven three-bedroom, 2.5 bath units with interior garages. Construction will begin on this \$2.45 million project in August.

- Ahmann Cos. announced a new mixed-use, multi-story building on First Avenue West next to Kingston Lofts. This \$22.5 million development will feature 52 market-rate apartments and 33,000 square feet of commercial space. Completion is scheduled for fall 2027.

Retail is active

The city continued its annual visit to the ICSC World Retail Convention in Las Vegas. With the assistance of Retail Coach, our meetings garnered interest in Cedar Rapids from several national chains. Our three major retail areas, the Fountains, Lindale Mall and Westdale Mall, all showed expansion in the last year.

Overall, vacancy rates remained constant in the 7 to 8 percent range with triple net rents averaging under \$14 per square foot. Second-generation retail and spaces with restaurant build-outs were in demand. The new 120,000-square-foot Dick's Sporting Goods store opened to large crowds in June, and several new projects were announced:

- VASA Fitness will be converting the former Hy-Vee store on Collins Road next to Lindale Mall. This 63,000-square-foot facility will feature spaces for cardio, strength and performance lifting. Amenities will include a sauna, hot tub, half-court basketball court and a 25-yard pool. It will open later this year.
- Tractor Supply Co. has a new 21,533-square-foot retail building under construction. This \$3 million facility will feature exterior display areas plus product warehousing.
- Westdale Mall continued its rapid expansion with the additions of retailers Ulta, Five Below, Maurices and Bed Bath & Beyond, plus a freestanding Chipotle and Caravel Autism. Complementing retail growth was the final phase of 150 apartments completed.

The biggest impairment to retail growth remains the cost of space build-out and still-high interest rates for small businesses.

Office sector is stable

Vacancy rates for the office market remain in the mid-20 percent for both downtown and suburban areas. Several conversions of older offices to apartments continue downtown, which will eventually bring that rate



The Midwest Equity headquarters was created by an \$11 million LEED-certified renovation of the former Wells Fargo Bank building in downtown Cedar Rapids that will feature a rooftop patio and three new office tenants on the upper three floors.

down. Rental rates remain very competitive in the \$11 to \$13 per-square-foot range.

We are also seeing a positive trend of companies relocating to newer downtown spaces ranging from accountants, attorneys, engineering companies and contractors. Most first-floor commercial spaces in mixed-use buildings are leased by service and food businesses. A new financial building downtown just broke ground.

An example of this trend is the recently completed renovation of the former Wells Fargo Bank into an \$11 million, 42,000-square-foot, LEED-certified office building for the headquarters of Midwest Equity, with the upper three floors utilized by WSG Realty, HR Green Civil Engineers and Honkamp PC Certified Public Accountants.

Hills Bank and Trust's new downtown facility will be a 10,000-square-foot, two-story building across from Kingston Yard. This \$7 million project will include drive-up facilities as well as office space for administrative functions. Completion is slated for

late spring 2027.

City council priorities

As highlighted earlier, the city council priorities serve as the basis for the business and economic growth in the city. This priority strategy is also evident in the success of our Homeless Systems Initiative, which involves partners in Cedar Rapids, Linn County, local nonprofits/businesses and especially Cedar Rapids Bank & Trust. Since the initiative was started, the number of street homelessness has dropped by 50 percent in Linn County.

Also, over 99 individuals and children in the CRBT Transitional Housing Grant have received apartment units. This program also includes services to help them secure permanent housing and future employment. Plus, a new facility named Commons on 16th was just announced. In partnership with CRST Transportation, this project will use a former training center for transitional housing for 85 people, providing 24-hour staff support.

Please join us in the "City of Five Seasons" where you will find that "WELCOME" is our language.



Atheneum Apartments is a 192-unit, \$30 million housing complex by Pedcor Investments A LLC that will feature affordable housing units at 60 percent of the area median income. Construction is slated to begin later this year next to the new Cedar Rapids Public Library - Busse Branch.