

THE ORANGE REPORT

YOUR SOURCE FOR KANSAS CITY COMMERCIAL PROPERTY INFORMATION

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Economic Impacts of Attracting International Investors

In an increasingly global economy, commercial real estate professionals are turning to emerging markets overseas for investment and development opportunities. As the retail market becomes increasingly saturated with competitive concepts, many retailers and investors are looking to untapped markets to achieve their desired returns. While opportunities are ripe, there is a huge source of risk in dealing with foreign governments and economies whose practices can differ greatly from procedures in the United States.

In order to examine this trend, students in the Master's program at the University of Missouri - Kansas City's (UMKC) Lewis White Real Estate Center made a trip across the Atlantic to several destinations in the Baltic Sea region this past July. Brandon Buckley and Roxanne Elliott, two associates at LANE4 who are enrolled in UMKC's Masters in Real Estate program, feel they gained a lot from meeting with real estate professionals in Sweden, Latvia, Poland, and Finland to explore commercial development opportunities in emerging markets.

Brandon Buckley, a retail broker for LANE4 Property Group, warns of some important challenges that US real estate professionals might face when working in international markets. "The first and most important component of completing successful deals internationally is ensuring that you have a strong relationship with a reputable local developer and political figures in the targeted market," says Buckley. "It is simply too risky to invest in commercial development projects without the assurance of efficient public/private partnerships. As an outsider, it was easy for us to tell which countries are 'development friendly' just by touring the market and looking at the most recent projects."

The experience of visiting a foreign country from an investor's standpoint provided an unexpected result for Buckley and Elliott. The focus of the learning experience turned back home to how Kansas City can attract international businesses and investments. Commercial development establishes an identity for our city and provides a catalyst for population and economic growth, putting the importance on public/private partnerships and incentive packages to produce first-class projects.

As Kansas City continues to define itself as a center for innovation and entrepreneurship, we are likely to see more domestic and international businesses start to put Kansas City on their radar for investment. "A perfect example is Kansas City winning the bid for the Google Fiber network. One of the reasons Google made the decision to come here first is the proven efficiency of cooperation between the Unified Government and the private sector," says Elliott.

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Sources: ¹Kansas City Regional Association of Realtors. Average sales price of new & existing homes. ²RETAILSALES QUARTERLY SALES REPORTS. ³CoStar: Total existing space, for all retail and office types, including direct and sub-lease. Change for Average Vacancy Rate represents the difference between 2011 & 2012 percentages. ⁴U.S. Census Bureau: Estimated monthly. ⁵U.S. Bureau of Labor Statistics. Unemployment rates seasonally adjusted. ⁶Creighton Economic Forecasting Group. Survey ranges from 0-100 with a score of 50 considered growth neutral. Under 50 indicates a contracting economy for the next three to six months. Mid-America survey states are Kansas, Missouri, Arkansas, Iowa, Minnesota, Nebraska, North Dakota, Oklahoma and South Dakota.

Kansas City Sales & Leasing Data

KC MSA Shopping Center Retail ²			
	Q2-11	Q2-12	% Chg
Total GLA	64,912,272	65,862,352	1.5 %
Avg Lease Rate	\$12.56	\$12.28	- 2.2 %
Avg Occupancy Rate	11.8 %	11.9 %	0.1 %

KC's Largest Lease Signings - Mid Year ³		
Location	Tenant	Size
Hawthorne 40	Furniture Deals	60,192 S.F.
Independence Commons	Ross Dress for Less	40,000 S.F.
Recency Park	Natural Grocers	28,600 S.F.

Shopping Center Vacancy ³	
Period	Rate
Q3-11	14.5 %
Q4-11	14.4 %
Q1-12	14.6 %
Q2-12	14.0 %

Retail Snapshot

Net Retail Sales by Quarter ²			
Retailer	Q2-11	Q2-12	% Chg
Walmart	\$103,016,000	\$108,638,000	5.5 %
Target	\$15,580,000	\$16,435,000	5.5 %
Walgreen's	\$18,502,000	\$18,651,000	0.8 %
Best Buy	\$10,902,000	\$10,856,000	-0.8 %
Costco	\$20,449,000	\$22,508,000	10.1 %

National & Regional Trends

Period	U.S. Food & Retail Sales ⁴ In Billions	Business Conditions Index ⁶			
		2012	May	June	July
Q3-11	\$1,168.1	Missouri	59.1	59.1	50.2
Q4-11	\$1,191.8	Kansas	50.8	51.7	47.8
Q1-12	\$1,211.4	Mid-America	57.6	57.2	48.7
Q2-12	\$1,208.4				

Period	Unemployment Rate ⁵		Consumer Price Index ⁴			
	'11	'12	2012	May	June	July
July						
Midwest	8.6	7.5	Midwest	219.1	219.1	218.9
U.S.	9.1	8.3	U.S. City Avg	229.8	229.4	229.1

Economic Impacts of Attracting International Investors *(continued)*

Projects with government incentives, if done right, will improve KC's ability to compete with other cities for investments from international businesses.

Because of our extensive knowledge of commercial real estate, including international markets, LANE4 is constantly making strides to market Kansas City as a 'first class' development and investment market. "Attracting events such as the 2012 All Star Game and various Fortune 500 companies such as Sprint Nextel Corp, AMC Entertainment, and H&R Block help make Kansas City a top contender for investments and attracting new retailers to the area," says Elliott. Public incentives are also a great way for cities to improve their statuses and therefore increase potential for investments from international businesses. By working to market Kansas City for new business development, LANE4 and others play an important role for the city's economy by attracting new businesses, creating jobs, and attracting new residents, from both US markets and international markets. For more information on why businesses are choosing Kansas City, visit www.thinkkc.com.

Katie McDonald, Marketing & Communications Coordinator

Sources: http://www.thinkkc.com/SiteLocation/TaxesIncentives/TaxProfile_main.php

Giving Back

For the sixth year in a row, LANE4 Property Group is a proud supporter of Bike MS. The firm is sponsoring a team of more than 20 riders in an effort to raise money for the National MS Society. On September 22, nearly 4,500 people will join to create a world free of multiple sclerosis. In 2011 alone, through the national office and 50 state network of chapters, the society devoted more than \$164 million to programs and services that enhanced more than 1 million lives. The Society also invested \$40 million to support more than 325 new research projects. [Join the movement.](#)

About LANE4 Property Group

LANE4 Property Group is one of the fastest growing commercial real estate companies in the Midwest, specializing in project leasing, tenant representation, development, investment sales, property management, incentive services, receivership, research, and marketing services. Our success is based on an unwavering commitment to streamlining processes and optimizing our client's objectives by providing in-depth knowledge and experience, attention to detail, creativity, and passion in every project we tackle. Today we have a multitude of mixed-use, office, retail, and hospitality projects and continue to rapidly expand throughout the United States. LANE4 is a proud partner of X Team International, a leading retail real estate brokerage alliance serving the world's premier tenants, landlords, developers and investors throughout the retail and real estate industry. www.lane4group.com

Kansas City Housing

Average Home Price ¹			
County	July-11	July-12	% Chg
Cass County, MO	\$134,882	\$138,695	2.8 %
Clay County, MO	\$123,095	\$135,904	10.4 %
Jackson County, MO	\$110,098	\$124,822	13.4 %
Platte County, MO	\$173,682	\$163,904	-5.6 %
Johnson County, KS	\$236,166	\$230,918	-2.2 %
Leavenworth County, KS	\$159,574	\$143,667	-10.0 %
Miami County, KS	\$153,436	\$173,559	13.1 %
Wyandotte County, KS	\$64,483	\$77,147	19.6 %
Kansas City Region	\$153,956	\$162,256	5.4 %

Residential Building Permits-YTD ¹			
Month	2011	2012	% Chg
January	90	188	108.9 %
February	121	182	50.4 %
March	180	270	50.0 %
April	210	277	31.9 %
May	230	293	27.4 %
June	262	265	1.1 %
July	204	288	41.2 %
Total	1297	1763	35.9 %

For. Your. Information.

2012 X Team Conference

September 10-12

More than 25 U.S and Canadian Markets were represented during the 2012 X Team National Real Estate Conference that LANE4 hosted in Kansas City.

All information furnished is from sources deemed to be reliable, but no warranty or representation is made as to the accuracy thereof and the same is subject to errors, omissions, changes, or other conditions.



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