

THE ORANGE REPORT

YOUR SOURCE FOR KANSAS CITY COMMERCIAL PROPERTY INFORMATION

FOURTH QUARTER
2015

STYLISH ROBOTS, DANCING COWS, AND FREE- FALLING HUMANS, OH MY!

Change: it seems to be the only true constant in the retail world. Large format stores are shrinking their footprints, other store types are getting larger, some concepts are disappearing altogether, and new retail concepts are forever emerging. It's no revelation that online sales will continue to play a major role in retail real estate moving forward, but new, different, or downright weird concepts remain the lifeblood of retail stores. The retail and entertainment concepts listed below have each found ways to truly differentiate themselves in their own way:

Stew Leonard's

What the New York Times has dubbed "The Disney World of Dairy Stores," this family owned and operated grocery chain was founded as a dairy store in Norwalk, CT in 1969. The 70,000 SF stores are not set up as traditional grocery stores, and you can expect entertainment at every turn in addition to knocking out your grocery list. As customers walk through aisles, they are greeted by employees dressed in costume and animatronic characters that sing and dance. The "Farm Fresh Five" not only perform original songs and dances for children at the stores, but have a full album available for listening online via the Stew Leonard's website. The stores also feature petting zoos and outdoor cafes to further refine their strong commitment to customer care and service.

Hointer Beta Store

This Seattle store has found success by finally combatting the age old theory that "Men Hate Shopping." After downloading the Hointer app prior to entering the store, this men's clothing retailer uses robots to deliver clothes in your virtual shopping cart straight to your physical dressing room within 30 seconds. This innovative store format presents a new perspective on integrating onmi-channel tactics within a brick and mortar store. I have to admit that I would jump to be their first customer in Kansas City, and hope this concept finds its way into grocery stores and other stores I find myself being "sent."

Main Event

Dallas-based Main Event Entertainment is a top destination for people ready to play. The concept has taken traditional bowling alleys to a whole new level by adding multi-level laser tag, high ropes courses, pool and virtual arcade games so that anyone can find their entertainment of choice. Replace the tired snack food choices with Main Event's multiple dining options ranging from fast-casual to chef inspired, add stylish creative bars, and you've got an entertainment center for all ages. The 50,000 SF Eat, Bowl, Play concept has 25 locations across the US including one in Independence, MO, and has additional KC Metro locations slated for Olathe & KC North. The company's mission is to give every guest, young and old, a chance to have fun and to create memories with their friends. If the average 3-4 hour wait at the Independence location is any indication, the customer experience is working just fine.

iFLY Indoor Skydiving

When you go to iFLY get ready to be blown away – literally. The folks at Austin-based iFLY, have created an experience like no other, Skydiving—Indoors. Indoor skydiving is the simulation of true freefall conditions, created in a vertical wind tunnel. It's where your dreams of flight become

Continued on the next page.

Sources: ¹CoStar: Total existing space, for all retail and office types, including direct and sub-lease. Change for Average Vacancy Rate represents the difference between 2014 & 2015 percentages. ²Bisnow Top 20 Highest Grossing Retailers and Their Real Estate Power: Based on annual data published by National Retail Federation. Sales as of 1/1/16. ³U.S. Census Bureau: Estimated monthly. ⁴Creighton 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. ⁵U.S. Bureau of Labor Statistics. Unemployment rates seasonally adjusted. ⁶Kansas City Regional Association of Realtors. Average sales price of new & existing homes.

Kansas City Sales & Leasing Data

KC MSA Shopping Center Retail ¹			
	Q4 2014	Q4 2015	% Chg
Total GLA (sf)	112,742,336	113,298,846	0%
Avg Lease Rate	\$12.19	\$12.55	3%
Avg Occupancy Rate	91.7%	92.3%	0.6%

KC's Largest Lease Signings - Year End ¹		
Location	Tenant	Size
4800 S Noland Rd	Bennett Packaging and Displays	132,018 s.f.
Olathe Landing	At Home	104,950 s.f.
600 NE Barry Rd	At Home	84,000 s.f.

Avg. Total MSA Vacancy ¹		Avg. Lease Rate ¹	
Period	Vacancy Rate	Lease Rate	
Q4 2015	11.8%	\$12.55	
Q4 2014	11.4%	\$12.23	
Q3 2013	11.4%	\$12.15	
Q4 2012	11.2%	\$12.38	

Retail Snapshot

Top Five US Retailers by Revenue ²			
Retailer	Annual US Sales	# Stores	Growth
1. Walmart	\$343 billion	5,109	2.8%
2. The Kroger Co.	\$103 billion	3,730	10.1%
3. Costco	\$79 billion	464	6.6%
4. The Home Depot	\$74 billion	1,965	3.6%
5. Target	\$72 billion	1,790	1.9%

National & Regional Trends

U.S. Food & Retail Sales ³		Business Conditions Index ⁵			
Period	In Billions	2015	Oct	Nov	Dec
'12 - Q4	\$1,224.0	Missouri	50.1	41.9	38.9
'13 - Q4	\$1,265.1	Kansas	41.7	42.6	41.7
'14 - Q4	\$1,319.7	Mid-America			
'15 - Q4	\$1,344.4	Mid-America	41.9	40.7	39.6

Unemployment Rate ⁶		Consumer Price Index ⁶				
August	'14	'15	2015	Oct	Nov	Dec
Midwest	5.3	4.7	Midwest	220.5	224.0	222.7
U.S.	5.6	5.0	U.S. City Avg	237.8	237.3	236.5

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Continued....

a reality. There's no parachute, no jumping, and nothing attaching you to the planet Earth, and it is not for the faint of heart.

iFly opened their first location in 1999 in Orlando, FL, and today has 37 locations around the world in the US, Canada, Europe, and Asia. If the experience isn't crazy enough, the massively odd building with a clearly visible wind tunnel will surely cause passerby's a double take.

SCHEELS

The saying "go big or go home" comes to mind when discussing SCHEELS. The 26-store, North Dakota-based mega sporting goods operator has a 295,000-square-foot flagship store in Sparks, Nevada that puts even other SCHEELS locations to shame. In addition to showcasing the world's largest selection of sports goods, sportswear, and footwear under one roof, the Sparks SCHEELS has a unique collection of special attractions, making it as much an entertainment destination as store. Attractions include two 16,000-gallon aquariums; a 35-foot-tall, 800 SF Wildlife Mountain; a 65-foot-tall operating Ferris wheel; a NASCAR Driving Experience, and various shooting galleries and sports simulators where customers can test their on-field skills. A full deli and fudge shop serves breakfast, lunch and dinner every day, including gourmet soups and sandwiches, homemade pastries and baked goods, and over 32 flavors of fudge. To top it all off, you can get a lesson in American History with the Walk of Presidents, featuring 14 presidents and fully animated, talking Thomas Jefferson and Abraham Lincoln. To call the SCHEELS Sparks location a store is like calling the Grand Canyon a big ditch. It's a full mall, amusement park, and natural history museum under one roof.

Bauer Hockey: Own The Moment Experience

Ice hockey equipment manufacturer Bauer Hockey is throwing its puck in the retail arena. The company opened its first mega-store last year in the Boston suburb of Burlington, Massachusetts, and a second location the Minneapolis area.

The Bauer stores, which the company has named "Own The Moment" retail experiences, include a full indoor ice rink where shoppers can try out equipment, as well as a second synthetic rink for specific product testing. Bauer stores have dedicated areas for each product category as well as specific areas to educate new-to-hockey families and welcome them to the sport. Stores will also host several events and sponsor initiatives for players, parents and the overall hockey community.

The interesting thing about the "Own The Moment" experiences, is that product sales is not the goal. Designed to inform and inspire hockey players and community, they focus on guiding customers through a "fit, learn, and experience" process. Store associates are trained to provide insight to the product design and performance, and fit players with the same tools and methods used to fit professional athletes. John Mullins, head of retail at Bauer, has stated that "It's not about selling product at the Own The Moment stores... If players come here for the experience and to get fit and then purchase products elsewhere...We are absolutely fine with that."

The best thing about the retail world is that concepts are constantly changing and adapting. Whether it's taking something as mundane as grocery shopping to a new level at Stew Leonard's, encouraging men to shop in a new way at the Hointer store, reinventing an age old entertainment concept like bowling at Main Event, or even putting a ferris wheel or ice rink at your front door, retailers are upping their game to compete for consumer dollars. Experience is key, and I for one, can't wait to see what the coming years bring.

Tom O'Leary, Senior Vice President

About LANE4 Property Group

LANE4 provides its clients the best position from which to succeed. The firm offers a competitive advantage in tenant representation, project leasing, property management, investment sales, receivership, project management, and development. These comprehensive services allow our clients to streamline their time and optimize their investments. From the initial market analysis through the grand opening and operation, the team at LANE4 executes each step of the process with skill and professionalism.

Our team has forged strong relationships with our constituents: tenants, investors, municipalities, architects, engineers, attorneys, contractors, and developers. This experience, dedication, and focus – combined with creativity and passion – is the LANE4 formula that maximizes our partners' results.

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.

Kansas City Housing

Average Home Sale Price ⁷			
County	Dec '14	Dec '15	% Chg
Cass County, MO	\$193,347	\$211,132	9%
Clay County, MO	\$171,196	\$177,283	4%
Jackson County, MO	\$152,356	\$165,050	8%
Platte County, MO	\$230,385	\$250,516	9%
Johnson County, KS	\$140,719	\$139,316	-1%
Leavenworth County, KS	\$197,902	\$177,570	-10%
Miami County, KS	\$178,691	\$182,546	2%
Wyandotte County, KS	\$99,829	\$113,250	13%
Kansas City Region	\$196,368	\$204,219	4%

Residential Building Permits- Year To Date ⁸			
December	2014	2015	% Chg
Cass County, MO	305	320	5%
Clay County, MO	1,510	1,722	14%
Jackson County, MO	1,799	2,392	33%
Platte County, MO	701	501	-29%
Johnson County, KS	3,046	3,262	7%
Leavenworth County, KS	224	218	-3%
Miami County, KS	52	104	100%
Wyandotte County, KS	493	176	-64%
Kansas City Region	8,130	8,695	7%

For. Your. Information.



LANE4 is proud to celebrate 10 years of business, providing your competitive edge in commercial real estate.

Giving Back

In the spirit of the holidays, LANE4 adopted four families from a nearby elementary school and surprised a total of nine children with bags full of gifts. These families were recognized by school staff members who knew they could use a helping hand this holiday season.

As a last minute initiative, LANE4 employees teamed up to purchase clothing, toys, games, and other items for the children and sent the gifts along with stocking and giftcards for each of the families to the school in time for the holiday break.

