

20  
09

KANSAS CITY  
RETAIL REPORT



**LANE4**  
PROPERTY GROUP



# 2009 KANSAS CITY RETAIL REPORT

After several years of unprecedented commercial and residential expansion, retail activity in the Kansas City Metropolitan Area has begun to feel the effects of the national economic decline. Although most submarkets will continue to benefit from steady development activity in 2009, leasing activity has been adversely affected and the introduction of new projects is slowing. However, new destination and mixed-use projects have set the tone for growth in recent years and this trend continues for 2009. It should be noted that many of these projects were planned and began construction before the 2008 economic downturn, leading to a substantial amount of new product coming on line at a time of curtailed tenant demand.

The trend toward infill redevelopment is intensifying in the metropolitan area. Kansas City has been known for its abundant, uncongested highways and lack of natural barriers. Those factors have led to a sprawling residential and commercial landscape that has drawn energy away from the city's core. Currently, a slowdown in greenfield residential construction and the slowing of store expansion plans have weakened the outlook for retail development in outlying suburbs. Although Kansas City will likely remain a suburban-oriented market in the long term, developers have turned their attention to the urban core and inner-ring suburbs for opportunities within well-established and underserved submarkets.

## NORTHWEST KANSAS CITY

The Northland submarket, previously defined as anything north of the Missouri River, has grown so significantly in recent years that it has become two separate trade areas. The Northwest Kansas City trade area encompasses the area west of 169 Highway and north of the Missouri River. Retail in Northwest Kansas City is anchored at the I-29 and Barry Road corridors, which now includes more than 2.5 million square feet of retail space. Zona

Rosa debuted its second phase with Dillard's (a relocation from Metro North Mall) and several lifestyle retailers new to the Northland. Cousins Properties opened Tiffany Springs MarketCenter at 90% occupancy with an impressive roster of anchors including Target, JC Penney, Home Depot, Best Buy, Sports Authority and PetSmart. Further south in this trade area, The Tuileries is aggressively pursuing tenants to join the unanchored center designed in a lifestyle format. Just north of downtown, Briarcliff Village has continued to prosper with the addition of the nationally renowned Nell Hill's Furniture and Design Center, which has solidified a unique mix of quality local retailers.

## NORTHEAST KANSAS CITY

The portion of the Northland located east of Highway 169 has developed into a major submarket sufficient to warrant its own designation. Much of Northeast Kansas City's retail growth has followed the residential surge along the northern I-35 and Highway 152 corridors. Liberty Triangle has added momentum with the addition of a planned Hy-Vee supermarket and several high-volume national restaurants, including Olive Garden and Texas Roadhouse, and well-leased new shops. The Shoal Creek South project is nearing capacity after adding JC Penney as an anchor. Although there have been two competing sites for the submarket's first department store-anchored lifestyle center, both projects have been stalled. Further south in this submarket, North Oak Village has opened with a Lowe's and Office Depot. The planned redevelopment of the former Antioch Center regional mall has received zoning and TIF approval but waits for tenants to join the Sears store that will remain in place. Redevelopment plans for Metro North Mall are in process.

## CENTRAL KANSAS CITY

A major portion of Kansas City's once moribund downtown is hardly recognizable

these days. The Kansas City Power & Light District has received an enthusiastic response from retailers and guests, with traffic to the entertainment portion of the project exceeding expectations. An AMC Theater opened in late 2008 and Cosentino's is preparing to open Kansas City's first downtown modern grocery store. The Sprint Arena has not secured a professional hockey or basketball team, but the venue has staged a large number of well attended concerts and events. For the most part, local retailers and restaurants are thriving on the outskirts of downtown as the residential population continues to climb.

## SOUTH KANSAS CITY

The South Kansas City submarket is anticipating the commencement of one of Kansas City's largest redevelopment projects. The Trails, developed by LANE4 Property Group in conjunction with OnGoal, LLC, is a 400+ acre project consisting of a stadium for The Wizards—Kansas City's Major League Soccer franchise—along with tournament soccer fields, nearly 1 million square feet of retail space, and a 1.5 million square foot corporate campus for multiple office tenants. The city and state have granted zoning and entitlement approvals and a majority of the land has been assembled. The stadium is scheduled to open for the 2011 season. The rest of this submarket, which primarily consists of well established, stable neighborhoods, has seen little additional retail activity, with limited growth but also limited vacancy increases.

## LEE'S SUMMIT, RAYMORE, BELTON

Traditionally one of the faster growing residential markets in the metropolitan area, the Lee's Summit, Raymore and Belton trade area mirrors the Kansas City market as a whole, with previously announced centers coming on line, but little in the way of new projects—particularly in outlying sectors. Construction continues on Summit Fair, which will open in 2009 with Macy's and JC Penney as anchors.

## KANSAS CITY SHOPPING CENTER SURVEY

Data provided by LANE4 Research and third-party sources. Survey includes retail space located in shopping centers with a minimum GLA of 50,000 square feet. Lease rates represent average quoted pricing per designated trade area in the Kansas City Metropolitan Market. SF = Square Feet

SUBMARKET	VACANCY RATE	AVERAGE LEASE RATE	VACANT SF	TOTAL SF	% OF TOTAL SF
Northwest Kansas City	5.7%	\$14.92	167,008	2,944,039	7%
Northeast Kansas City	6.2%	\$17.49	312,714	5,028,278	12%
Central Kansas City	5.6%	\$13.23	117,701	2,084,511	5%
South Kansas City	11.3%	\$8.41	476,552	4,199,596	10%
Lee's Summit/Raymore/Belton	4.8%	\$15.22	132,214	2,781,122	7%
East Jackson County	5.8%	\$9.77	374,736	6,459,089	16%
North Johnson County	7.8%	\$12.10	622,071	7,933,822	19%
South Johnson County	6.7%	\$16.59	480,111	7,119,240	17%
Wyandotte County	17.3%	\$11.44	502,425	2,896,551	7%
<b>TOTAL SURVEYED AREA</b>	<b>7.7%</b>	<b>\$12.69</b>	<b>3,185,532</b>	<b>41,446,248</b>	<b>100%</b>

# 2009 KANSAS CITY RETAIL REPORT

The Belton and Raymore areas have witnessed rapid residential growth, but previously planned new retail projects have failed to take shape as retailers delay plans for these still relatively green sites. Belton Marketplace reached completion in 2008 by adding Office Depot and PetSmart.

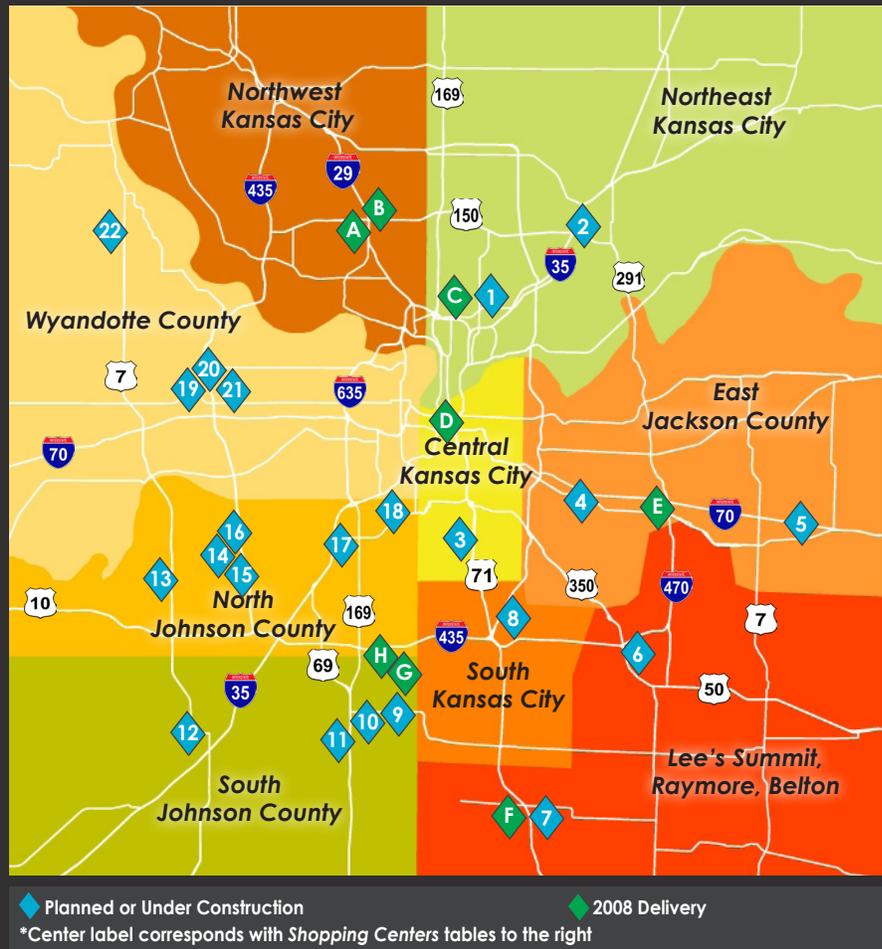
## EAST JACKSON COUNTY

The Independence portion of East Jackson County serves as a regional retail hub anchored by Independence Center, the second highest volume mall in the market. Although fairly stable in general, the Independence market has witnessed both significant progress and substantial shortfalls. The Falls at Crackerneck Creek opened in 2008 with the long-awaited Bass Pro Shop, but the accompanying retail that was expected to follow has not yet materialized. The Pavilions at Hartman Heritage has been a successful power center in a key location, but has felt the effects of national economic trends and is now actively re-tenanting several spaces. The successful 2008 opening of a Wal-Mart Supercenter at Blue Ridge Crossings has spurred the addition of Lowe's and other retailers in 2009. In Blue Springs, Adams Dairy Landing, just south of I-70, will feature Target, Lowe's and Kohl's for its 2009 opening.

## NORTH JOHNSON COUNTY

The North Johnson County market is considered one of the most stable and desirable in the Kansas City region. Oak Park Mall continues to be the most successful enclosed mall in the metropolitan area and recently added a Barnes & Noble, although a larger planned makeover has been delayed. Similarly, the redevelopment of the Metcalf South Mall that was previously scheduled to open in 2010 has been delayed. Grading has been completed at the site of the former Mission Mall. Its replacement, The Gateway mixed use project, awaits vertical construction. The Gateway will feature a

## SUBMARKETS & SHOPPING CENTER DEVELOPMENTS



public aquarium, a major fitness center and an upscale specialty theater.

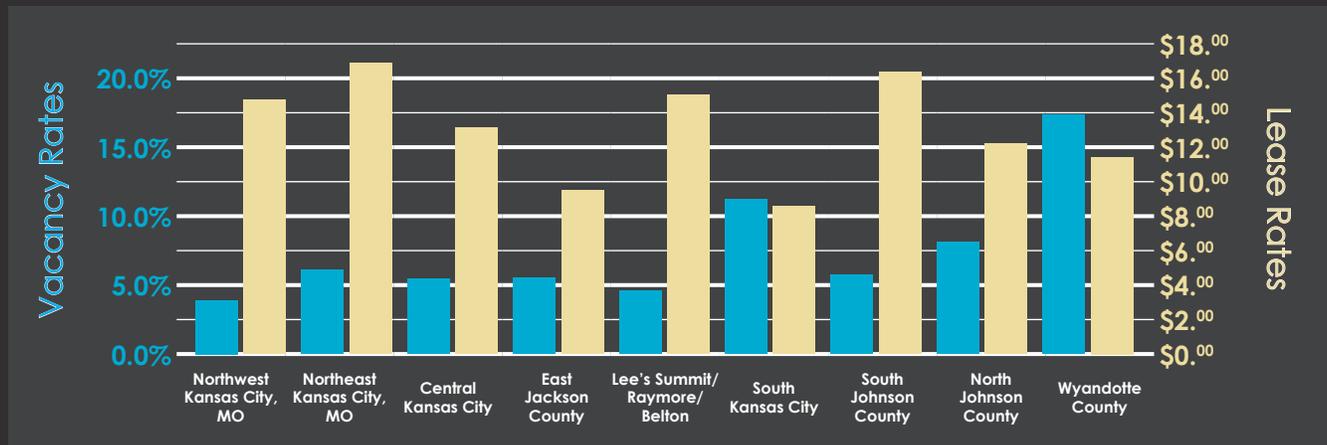
## SOUTH JOHNSON COUNTY

The most anticipated project in South Johnson County is Corbin Park, a 1.1 million square foot regional center located in south Overland

Park. Corbin Park will now open in phases with Von Maur, Lifetime Fitness, Backwoods and several outparcels having opened in late 2008, while the major portion of the center opens in 2009 with JC Penney, Sports Authority, Barnes & Noble, Old Navy, Office Depot and several specialty and fashion shops

## VACANCY & LEASE RATES BY SUBMARKET

Data provided by LANE4 Research and third-party sources. Survey includes retail space located in shopping centers with a minimum GLA of 50,000 square feet. Lease rates represent average quoted pricing per designated trade area in the Kansas City Metropolitan Market.



and restaurants. The mixed-use Prairiefire project adjacent to Corbin Park has announced one of the more distinctive tenants in the metropolitan area—an outpost of New York's Museum of Natural History. Additional retail development in South Johnson County has slowed considerably with several planned developments electing not to break ground this year. Similarly, although some of western Lenexa's highly anticipated retail growth is still occurring—notably a Lifetime Fitness—several projects have slowed in the area. Retailers cannot ignore South Johnson County's high growth rates and outstanding income levels for long. Accordingly, Price Brothers is planning a 2011 opening for Coffee Creek, a 1 million square foot regional retail center at 159th Street and Highway 69, to satisfy retailers that currently have successful stores in the area and want to capitalize on continued southward expansion in the county.

## WYANDOTTE COUNTY

As with the past several years, retail activity in Wyandotte County centers around the Kansas Speedway and adjacent areas. The Cordish Company and International Speedway Corporation have proposed a hotel, casino and entertainment project to be built in phases on the grounds of the Kansas Speedway. Plans include a 1.5 million square foot Hard Rock Hotel and Casino with a 300 room luxury hotel, 3,000 slot machines and 140 gaming tables, and a 275,000 square foot retail, dining and entertainment facility. The Plaza at the Speedway is under construction and will be anchored by an "environmentally green" Wal-Mart Supercenter, Kohl's and Best Buy. Site work has commenced on the Schlitterbahn Vacation Village which plans to add a 200,000 square foot Scheels sports store along with other unique retail venues to the destination water park and resort.

## LOOKING FORWARD TO 2009

The Kansas City Metropolitan Area is in transition as it experiences the repercussions of a greater, national trend. As many anchor and national retailers have reevaluated expansion plans, retail development has been adversely affected. This being said, when compared to other regions of the country, the commercial and residential growth in the Kansas City Metropolitan Area has remained relatively stable. Because the duration of this slowdown is unknown, both developers and retailers are approaching new projects with measured caution. Many of the large national retailers are now exclusively focusing on 2010 and 2011 projects and are particularly selective about required co-tenancy. Retailers are placing a renewed emphasis on bottom-line economics as they are less likely to stretch in anticipation of continued residential and sales growth.

Redevelopment and repositioning of existing retail projects in infill areas will take on added importance as construction costs and slower residential construction makes greenfield

## SHOPPING CENTERS ANNOUNCED OR UNDER CONSTRUCTION

Label	Shopping Center	Location
<b>Northeast Kansas City</b>		
1	Antioch Center Redevelopment	NEQ Vivion Rd & Antioch Rd
2	Liberty Triangle Redevelopment	NEQ I-35 & Hwy 152
<b>Central Kansas City</b>		
3	Citadel Plaza	NWQ 63rd St & Prospect Ave
<b>East Jackson County</b>		
4	Blue Ridge Crossing	SWQ I-70 & Blue Ridge Blvd
5	Adams Dairy Landing	SEQ I-70 & Adams Dairy Pkwy
<b>Lee's Summit, Raymore, Belton</b>		
6	Summit Fair	SEQ I-470 & Hwy 50
7	Raymore Galleria	SEQ Hwy 58 & Dean Ave
<b>South Kansas City</b>		
8	The Trails	NEQ I-435 & 95th St
<b>South Johnson County</b>		
9	Prairiefire at Lionsgate	SWQ 135th St & Nall Ave
10	Corbin Park	SEQ 135th & Metcalf Ave
11	Coffee Creek	SWQ Hwy 169 & 159th St
12	Olathe Great Mall Redevelopment	NWQ Hwy 7 & W 151st St
<b>North Johnson County</b>		
13	The Falls at Prairie Star	SEQ Hwy 7 & Prairie Star Rd
14	North Village at Lenexa City Center	NWQ 87th St Pkwy & Renner Blvd
15	City Center Lenexa	SWQ 87th St Pkwy & Renner Blvd
16	Village Green at City Center	NEQ W 85th Ter & Renner Blvd
17	Merriam Village	SEQ I-35 & Johnson Dr
18	The Gateway (former Mission Mall)	NWQ Shawnee Mission Pkwy & Roe Blvd
<b>Wyandotte County</b>		
19	Plaza at the Speedway	NWQ I-435 & State Ave
20	Schlitterbahn Vacation Village	NEQ I-435 & State Ave
21	Hard Rock Hotel & Casino	NWQ I-435 & State Ave
22	Lansing Town Center	NWC SWC Hwy 7 & West Mary St

## 2008 DELIVERIES

Label	Shopping Center	Location
<b>Northwest Kansas City</b>		
A	Zona Rosa Phase 2	SWQ Hwy 152 & I-29
B	Tiffany Springs MarketCenter	NEQ I-29 & Hwy 152
<b>Northeast Kansas City</b>		
C	North Oak Village	NEQ Vivion Rd & North Oak Trfy
<b>Central Kansas City</b>		
D	Kansas City Power & Light District	14th St & Main St
<b>East Jackson County</b>		
E	The Falls at Crackerneck Creek	SWQ I-70 & I-470
<b>Lee's Summit, Raymore, Belton</b>		
F	Belton Marketplace	SWC Hwy 58 & Mullen Rd
<b>South Johnson County</b>		
G	One Nineteen	SEQ 119th & Roe Ave
H	Park Place	SEQ Nall Ave & Town Center Rd

development more challenging. Retailers and developers can benefit from the dense, underserved populations and prices far below replacement costs. Perhaps the most important aspect of 2009 is that 2010 is right

around the corner. Ever optimistic, retailers and retail developers are looking forward to breaking the logjam and returning to Kansas City's normal, healthy growth curve.

# 2009 KANSAS CITY RETAIL REPORT

## NEW RETAILERS TO THE KANSAS CITY AREA IN 2008

<b>Firehouse Subs</b>	<b>Casual Fast Food Restaurant</b>
Kansas City, MO	
<b>Five Guys Famous Burgers &amp; Fries</b>	<b>Casual Fast Food Restaurant</b>
Kansas City, MO   Lawrence, KS   Lee's Summit, MO   Olathe, KS	
<b>Flying Saucer Draught Emporium</b>	<b>Restaurant &amp; Bar</b>
Kansas City, MO	
<b>Fogo de Chão</b>	<b>Brazilian Steakhouse</b>
Kansas City, MO	
<b>Gordon Biersch Brewery &amp; Restaurant</b>	<b>Brewery &amp; Restaurant</b>
Kansas City, MO	
<b>Howl at the Moon</b>	<b>Piano Bar</b>
Kansas City, MO	
<b>Lucky Strike Lanes</b>	<b>Hollywood Themed Bowling Alley</b>
Kansas City, MO	
<b>LUSH</b>	<b>Cosmetics</b>
Overland Park, MO	
<b>Maker's Mark</b>	<b>Upscale American Restaurant &amp; Lounge</b>
Kansas City, MO	
<b>MidAmerica Sailing and Kayak</b>	<b>Boating &amp; Nautical Supplies</b>
Merriam, KS	
<b>Mitzy London's</b>	<b>Lifestyle Shoppe</b>
Leawood, KS	
<b>Natural Body Spa and Shoppe</b>	<b>Spa Services/Wellness Products</b>
Leawood, KS	
<b>NoRTH</b>	<b>Modern Italian Cuisine</b>
Leawood, KS	
<b>Nuts and Bolts</b>	<b>Destination Hardware Store</b>
Independence, MO   Overland Park, KS	

<b>Paul Mitchell The School</b>	<b>Academy &amp; Styling Products</b>
Overland Park, KS	
<b>Silk Road Travelers</b>	<b>Asian Antiques &amp; Accessories</b>
Kansas City, MO	
<b>Soho 119</b>	<b>Fashion</b>
Leawood, KS	
<b>Solstice Sunglass Boutique</b>	<b>Designer Brand Sunwear</b>
Leawood, KS	
<b>Sports Authority</b>	<b>National Sporting Goods Retailer</b>
Kansas City, MO   Lenexa, KS	
<b>Sprint Studio</b>	<b>Mobile Technology</b>
Kansas City, MO	
<b>Staples</b>	<b>World's Largest Office Supply Retailer</b>
Kansas City, MO (2 Stores)   Overland Park, KS	
<b>Sullivan's Steakhouse</b>	<b>1940's Style Steakhouse</b>
Leawood, KS	
<b>Von Maur</b>	<b>High-End Department Store</b>
Overland Park, KS	
<b>Tumi</b>	<b>Luxury Travel &amp; Business Accessories</b>
Kansas City, MO	
<b>West Elm</b>	<b>Home Furnishings Boutique</b>
Leawood, KS	



## HOUSING STARTS

The monthly average number of new privately owned housing units authorized by building permit.

SUBMARKET	2004	2005	2006	2007	2008*	% Change 2007-2008	5 Year Monthly Average
<b>METROPOLITAN STATISTICAL AREA</b>							
Kansas City, MO-KS MSA	1,254.8	1,268.2	1,100.4	677.4	495.5	-26.9%	959.3
<b>COUNTIES</b>							
Johnson County, KS	366.5	371.3	312.6	215.9	178.2	-17.5%	288.9
Wyandotte County, KS	49.2	56.3	39.9	37.1	17.7	-52.3%	40.0
Clay County, MO	87.2	48.3	36.8	37.5	18.8	-49.9%	45.7
Jackson County, MO	499.2	505.7	478.6	234.1	166.4	-28.9%	376.8
Platte County, MO	34.3	31.3	38.0	21.6	14.2	-34.2%	27.9
<b>CITIES</b>							
Lenexa, KS	31.6	40.8	39.7	35.8	45.1	26.2%	38.6
Olathe, KS	98.3	108.9	102.6	50.8	34.1	-32.8%	78.9
Overland Park, KS	86.5	78.7	91.5	48.8	44.7	-8.3%	70.0
Shawnee, KS	53.7	59.2	22.6	28.5	12.7	-55.4%	35.3
Blue Springs, MO	38.9	22.2	41.8	22.6	10.9	-51.7%	27.3
Independence, MO	41.7	34.7	50.3	17.1	9.6	-43.8%	30.7
Kansas City, MO	246.5	280.4	267.9	89.3	117.3	31.4%	200.3
Lee's Summit, MO	102.1	95.7	68.9	64.8	13.9	-78.6%	69.1
Raymore, MO	36.8	40.6	28.8	15.5	35.8	131.0%	31.5

\*Average January-October 2008. Source Data: US Census Bureau



# KANSAS CITY RETAIL REPORT



LANE4 Property Group specializes in commercial real estate brokerage and development throughout the Midwest. We provide our clients an advantage in tenant representation, project leasing, property management, investment sales, receivership and project management. 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 LANE4 team executes each step of the process with skill and professionalism. Offering more than 280 years of combined experience, LANE4's 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.

#### CONTACT US:

LANE4 Property Group  
4705 Central Street  
Kansas City, MO 64112  
P: 816.960.1444 • F: 816.960.1441  
[www.lane4group.com](http://www.lane4group.com)

*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. This report should not be used as the sole factor in making real estate decisions.*



**LANE4**  
PROPERTY GROUP