

# THE ORANGE REPORT

YOUR SOURCE FOR KANSAS CITY COMMERCIAL PROPERTY INFORMATION

THIRD QUARTER  
2015

## PROPERTY MANAGEMENT: The Other Side of CRE

Skip Rosenstock began his career in Property Management over 25 years ago and has managed virtually every type of commercial property: industrial, institutional, office, government and residential. He has overseen the management of up to five million square feet of commercial space and transitioned to retail management in 2013 after deciding he wanted a new challenge in the CRE industry. Skip has established a reputation for intuitively analyzing and resolving issues unique to commercial property and asset management. In addition to his CPM and CCIM designations, Skip holds multiple experience and education-based designations including Master of Corporate Real Estate, Certified Distressed Property Expert and Green Certified Real Estate Professional – Green Leadership.

### How would you explain Property Management in three sentences or less?

Property Managers are messengers of more than just information. We deliver solutions, guidance and expertise. Each management assignment is a different job entirely, coming with its own set of rules to follow, problems to solve and goals to accomplish.

### What makes a good Property Manager?

It's important to remember that in its essence, Property Management is a customer service role. Communication is one if not THE key ingredient. We do a lot of multi-tasking and planning for the future so organizational skills are vital, along with being proactive and pragmatic. Common sense, follow through and empathy are also important. We deal with many unexpected issues and have to be ready for that. One aspect I think is really crucial, but often missed by people new to the industry, is the ability to learn about and adapt to each of your clients, assessing how they function and then catering to them. Do they like quick bullet-pointed emails once a month or weekly conference calls to discuss their property in detail? Do they prefer being involved in day-to-day minutia or only the major issues? I had a particular client who hated scheduling calls and meetings, but I found that he had no problem with multiple, short calls randomly throughout the week. It makes all the difference to know your clients and build a relationship that works well for both parties.

### What does a day in the life of a Property Manager look like?

Every day as a Property Manager is different. This season, in particular, is the busiest time for Property Managers. Between September and November, we are creating new budgets and forecasts for the upcoming year for each of our properties, and all the summer construction and maintenance projects seem to come to a head at this time of year. We are managing asphalt repairs, paint jobs, roof maintenance, caulking and countless other projects while simultaneously gearing up for the winter months prepping for snow, ice, freezing temperatures and getting a head start on the spring items as well. All this, together with helping retailers prepare for their busiest time of all, the holiday season, makes for some hectic days.

As Property Managers, we focus on time management and planning, but inevitably, as soon as you put a plan for the day together, an emergency will pop up at a property. Your whole day could flip upside down and your plan goes out the window, but that's part of the job. You learn to be flexible, roll with the punches and make it all work.

### Are all properties pretty similar to manage?

Definitely not. Beside the obvious physical differences in each property, there are two main things that change the dynamics of managing a property: the type of owner and the type of tenants.

There are two main types of tenants in retail real estate, national brands and "mom and pop" stores. Generally, most centers are a mix of the two and can be vastly different to work with. National tenants tend to be more demanding in regards to accounting and operational details. They like

*Continued on the next page.*

Data Sources: <sup>1</sup>CoStar: 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. <sup>2</sup>National Retail Federation: Media Release: National Retail Federation Forecasts Holiday Sales to Increase 3.7%. October 8, 2015. <sup>3</sup>City of Overland Park, Kansas. <sup>4</sup>Creighton 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. <sup>5</sup>U.S. Bureau of Labor Statistics. Unemployment rates seasonally adjusted. <sup>6</sup>Kansas City Regional Association of Realtors. Average sales price of new & existing homes. Sources referenced in the article can be furnished upon request.

## Kansas City Sales & Leasing Data

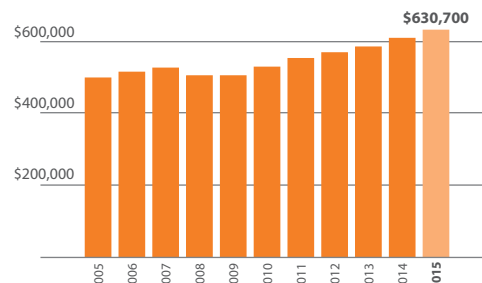
KC MSA Shopping Center Retail <sup>1</sup>			
	Q3 2014	Q3 2015	% Chg
Total GLA (sf)	112,141,349	112,615,849	0.4%
Avg Lease Rate	12.31	12.46	1%
Avg Occupancy Rate	91.1	92.2	1.1

KC's Largest Lease Signings YTD <sup>1</sup>		
Location	Tenant	Size
4800 S Noland Rd.	Bennett Packaging and Displays	132,018 sf
600 NE Barry Rd	At Home	84,000 sf
Liberty Commons	Academy Sports + Outdoors	62,917 sf

Avg. Total Retail Vacancy <sup>1</sup>		Avg. Lease Rate <sup>1</sup>	
Period	Vacancy Rate	Lease Rate	
Q3 2015	11.1%	\$12.46	
Q3 2014	11.6%	\$12.31	
Q3 2013	11.4%	\$12.30	
Q3 2012	11.9%	\$12.38	

## 2015 Holiday Sales Forecast

Retail Industry Expects Holiday Sales to Rise 3.7%



\* In Millions, 2015 Estimate

## National & Regional Trends

U.S. Food & Retail Sales <sup>4</sup>		Business Conditions Index <sup>5</sup>			
Year	In Billions	2015	July	Aug	Sept
Q3 2015	1,342.0	Missouri	49.4	50.9	50.5
Q3 2014	1,311.2	Kansas	50.0	48.2	47.1
Q3 2013	1,255.8	Mid-America	50.6	49.6	47.7
Q3 2012	1,207.3				

Unemployment Rate <sup>6</sup>			Consumer Price Index <sup>6</sup>			
Sept	'14	'15	2015	July	Aug	Sept
Midwest	5.5%	4.5%	Midwest	225.9	225.8	225.2
U.S.	5.9%	5.0%	U.S. City Avg	238.7	238.3	237.9

# THE ORANGE REPORT

YOUR SOURCE FOR KANSAS CITY COMMERCIAL PROPERTY INFORMATION

THIRD QUARTER  
2015

to scrutinize every CAM charge and expect projects to be completed in no time. Often with larger national tenants, it can be hard to communicate on a local level. There may be five different store managers with whom to negotiate, and it may make more sense to communicate with a regional or area manager, though they are not necessarily on site at the property.

Small, local stores have their own set of intricacies. I have found working with these tenants is where empathy goes a long way. Often, with these companies, Property Managers end up becoming more involved in the operations of the business. We help owners find solutions to all sorts of problems from financing and business plans to marketing and interior design. I have found myself working on projects for smaller stores that national brands would have an entire department to facilitate.

The type of ownership a property has can make just as big a difference in the management of it as the types of tenants. Large institutional owners like REITs often require in-depth accounting and reporting on a regular basis and even our main contact at the ownership group may have never visited the property. Local owners tend to require less intricate reporting, but could potentially drive past their property every single day and see every small detail; for example, they notice if the daffodils are dying or the trash can is overflowing. At LANE4, we work with clients of all sorts, from huge national REITs, to an ownership group within the company. Our property reports can reach as far as the coasts or may be as nearby as the next office over. The combination of clients we serve actually helps us be more creative in our management. We can be creative in our problem solving and take solutions normally reserved for large national clients and adapt them to fit a local owner. Also, some of the things we learn from working side-by-side with an owner end up working perfectly for our larger firms as well. Rather than focusing on a single type of client, we have learned to leverage the benefits of both.

#### What do you look for when hiring new Property Management team members?

LANE4 is a bit unique in that we don't look for Property Managers, per se. We look for individuals who have the skills and talent it takes to be a good Property Manager and the personality to fit into our culture. We value skill far above experience. This is not a job that many people know about when they are choosing a career path, but incidentally, those of us who have fallen into it have really found our niche. I myself started my career in cattle feeding and farming. I had no idea what a Property Manager did, but I jumped in headfirst and haven't looked back.

#### What makes LANE4's Property Management Department stand out from others?

LANE4 has multiple things going for it. First, the size of our team and portfolio. Because we are more of a specialized, boutique firm, we are able to truly focus on creating personal relationships with our clients. Each and every project owner gets our time and attention, and we strive for constant communication. Because our office is small, we can make quick decisions without having to go through a lengthy process. If we have a new client who needs us to take on a property ASAP, we can do it. We have and we do. We work as a team and have a very streamlined manner of taking action. We are selective in the assignments that we take on, matching each to the skillset of our team.

The overall culture and skillset of LANE4 also make it different from most management firms. We are truly a full service firm, working in alliance with each other. We have an in-house construction management and development team to help coordinate projects both large and small. Our sales agents and producers are no more than an office or two away, and our support staff is multi-faceted in their talents. Everyone has an understanding of what everyone else is doing, and a true respect for each segment of the industry. That understanding and respect leads to remarkable collaboration in our office. Each project is approached with the creativity and knowledge of not only our Management staff, but an entire real estate team.

*Skip Rosenstock CCIM, CPM, Senior Property Manager*

## 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 Price <sup>7</sup>			
County	Sept 2014	Sept 2015	% Chg
Cass County, MO	\$170,608	\$185,666	9%
Clay County, MO	\$176,732	\$170,438	-4%
Jackson County, MO	\$157,813	\$158,097	0%
Platte County, MO	\$224,079	\$240,547	7%
Johnson County, KS	\$270,308	\$293,529	9%
Leavenworth County, KS	\$168,333	\$184,372	10%
Miami County, KS	\$166,828	\$192,440	15%
Wyandotte County, KS	\$102,290	\$108,143	6%
<b>Kansas City Region</b>	<b>\$192,675</b>	<b>\$200,262</b>	<b>4%</b>

Residential Building Permits- Year To Date <sup>8</sup>			
September	2014	2015	% Chg
Cass County, MO	179	227	27%
Clay County, MO	1001	1189	19%
Jackson County, MO	1402	1448	3%
Platte County, MO	620	345	-44%
Johnson County, KS	2446	2392	-2%
Leavenworth County, KS	162	159	-2%
Miami County, KS	31	80	158%
Wyandotte County, KS	453	131	-71%
<b>Kansas City Region</b>	<b>6,294</b>	<b>5,971</b>	<b>-5%</b>

## Giving Back

For the second year in a row, LANE4 has raised money to provide Thanksgiving meal baskets to students at Benjamin Banneker Elementary School, part of the Kansas City Public School System. The baskets are provided to low income families at the school who otherwise may not have Thanksgiving meals.

We wish all students and families at Benjamin Banneker a safe and happy holiday season!

## For. Your. Information.

**LANE4 Welcomes New Associate**

**Patrick Flynn**

Patrick joins the LANE4 sales team as an Associate Broker. With his experience in retail real estate sales and his passion for deal making, Patrick has become an integral part of the LANE4 team.

Please note Patrick's **new contact information** and include him in your alerts and mailings:

**Patrick Flynn**

**Direct: 816.268.7573**

**Mobile: 630.776.2509**

**pflynn@lane4group.com**



©2015 LANE4 Property Group, Inc. X TEAM