

YOUR SOURCE FOR KANSAS CITY COMMERCIAL PROPERTY INFORMATION

“EVERYTHING’S UP TO DATE IN KANSAS CITY”

Over \$2.5 billion in commercial development projects enhance the Metro’s competitive edge

As I was headed out of town for summer vacation, my kids asked me about some of the cranes we passed in downtown Kansas City on our way to the airport. When I began to tell them about the various projects underway around the metro, it reminded me that Kansas City is on a roll; just like the song from the musical, Oklahoma, “Everything’s up to date in Kansas City.”

Consider the following projects underway and announced in the Kansas City Metro:

North Kansas City

- KCI Terminal Reconstruction:** Construction is well underway for the development of a new terminal at Kansas City International Airport. This \$1.5 billion reconstruction, led by Edgemoor Real Estate, is projected to be complete in 2023. The reconstruction and development of the airport will enhance Kansas City’s competitive edge within the Midwest region, to spur economic development, and draw corporate headquarter facilities. From the beginning, this project has prioritized community. By implementing services and programs such as the Terminal Workforce Enhancement Program, the new airport is designed to grow local workforce and small businesses to strengthen the Kansas City community.

Wyandotte County

- Bonner Crossings:** This one-of-a-kind 180-acre mixed-use project near the Speedway has been proposed by local developer, The Solutions Group. The \$500 million arts and entertainment project would include various commercial and multi-family development along with residential units, concert pavilion, various venues, and an assisted living facility. Together with the American Royal (also planned to move to the area), the Bonner Crossings project would further extend the boundaries and density of the already successful Village West Shopping District.

Downtown Kansas City

- Loews Kansas City hotel:** Currently under construction with an expected Spring 2020 completion, the Loews Kansas City hotel will showcase 800 guest rooms and 60,000 square feet of meeting and event space. A new connector bridge will directly connect the Kansas City Convention Center to the hotel. The \$325 million property will be in walking distance to key downtown attractions such as the Power & Light District, Sprint Center, Kansas City Streetcar, and the Kauffman Center. This project, which has been in a seven-year planning period, will play an integral role in establishing Kansas City as a major destination for professional associations and tourism.

East Kansas City

- Cerner Innovation Campus:** Construction on phases three and four of Cerner’s \$4.5 billion campus is expected to be complete in 2020. The \$220 million phase will nearly double the amount of office space on the Innovations Campus, with 777,000 additional square feet and room for 3,000 more employees. When the entire campus is complete in 2025, the 4.7 million-square-foot project will be

Continued on the next page.

KANSAS CITY SALES & LEASING DATA

KC MSA RETAIL STATISTICS¹



Total GLA (s.f.) ▲ 0.47%		Avg. Lease Rate ▲ 4.35%		Avg. Occupancy ▲ 0.21%	
Q2 2019	128,466,020	Q2 2019	\$13.68	Q2 2019	94.6%
Q2 2018	127,865,842	Q2 2018	\$13.11	Q2 2018	94.4%

AVG. VACANCY AND LEASE RATE BY TYPE¹



RETAIL

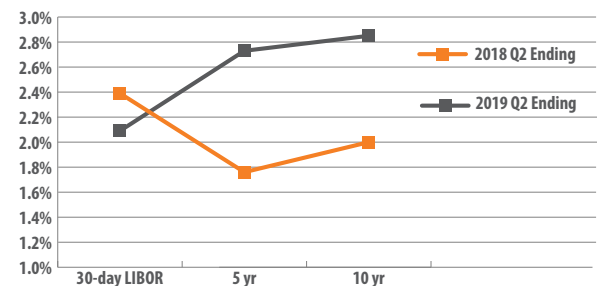
OFFICE

INDUSTRIAL

Avg. Lease Rate ▲ 17.50%		Avg. Lease Rate ▲ 2.82%		Avg. Lease Rate ▲ 3.70%	
Q2 2019	\$15.71	Q2 2019	\$20.43	Q2 2019	\$5.32
Q2 2018	\$13.37	Q2 2018	\$19.87	Q2 2018	\$5.13
Avg. Vacancy = 0.0%		Avg. Vacancy ▼ 0.1%		Avg. Vacancy ▲ 0.3%	
Q2 2019	5.4%	Q2 2019	6.4%	Q2 2019	5.2%
Q2 2018	5.4%	Q2 2018	6.5%	Q2 2018	4.9%

NATIONAL & REGIONAL TRENDS

TREASURY YIELD CURVE²



US FOOD AND RETAIL SALES (IN MILLIONS)³

\$1,553,112			
Q2 2019			
\$1,502,43	\$1,421,542	\$1,366,641	\$1,335,485
Q2 2018	Q2 2017	Q2 2016	Q2 2015

UNEMPLOYMENT RATE⁴

June	2018	2019
Midwest	3.7%	3.7%
U.S.	3.9%	3.8%

CONSUMER PRICE INDEX⁴

2019	April	May	June
Midwest	237.5	238.2	238.3
U.S. City Avg	255.6	256.1	256.1

Sources: ¹CoStar Property: Analytic History. Retail and industrial lease rates based on quoted all service types. Office lease rate based on quoted full-service lease type. ²30-day LIBOR: Intercontinental Exchange. Based on USD. US Interest rates: US Dept. of Treasury Daily Yield Curve. Based on last business day of quarter. ³U.S. Census Bureau: Estimated monthly. ⁴U.S. Bureau of Labor Statistics. Unemployment rates seasonally adjusted. ⁵CoStar Property: Analytic History. Lease rate/Sf based on quoted rates. ⁶Home Builders Association of Greater Kansas City.

THE ORANGE REPORT

YOUR SOURCE FOR KANSAS CITY COMMERCIAL PROPERTY INFORMATION

SECOND QUARTER 2019

CONTINUED....

home to 16,000 employees, including space for future retail development. This project, on the former site of Bannister Mall, is already making significant impacts in southeast Kansas City.

Lee's Summit

- Streets of West Pryor: This 70-acre mixed-use development between Interstate 470 and Chipman Road is currently under construction at an estimated cost of \$180 million. The development will bring a grocery store, hotel, luxury apartments, senior living, and additional retail to the area. Expected to be complete in 2020, this project has been in the works since 2014.

Johnson County

- Mentum: Proposed at \$300 million, this large scale mixed-use development will be located at the former site of the Great Mall in Olathe. Developer, Woodbury Corp of Utah, is incorporating entertainment concepts starting with a 4,000-seat hockey arena. This project is expected to be a multi-state draw, offering local residents and regional tourists an increased selection of new restaurants, multi-family housing, and retail options in Olathe.
- Sprint Campus Purchase: Occidental Management of Wichita closed on the purchase of the Sprint headquarters campus this past month. After an extensive nationwide process, Sprint chose Occidental as the buyer due to their vision. They plan to re-invigorate the campus by creating an environment for companies to recruit and retain top workforce talent in the region and country. The estimated price for the 190-acre campus was valued at over \$250 million. Sprint will lease back one million square feet of office space, primarily in the southern portion of the campus.

In addition to all this great momentum, it has been reported that Google is considering Kansas City to house a new data center project with an estimated cost of \$600 million. The proposed site is in the Hunt Midwest Business Center in the Northland.

If you were keeping up, that's \$2.225 billion in projects under construction in the Kansas City Metro and another \$800 million in projects in the planning process. Not to mention the Sprint Campus purchase and future development plans within the property.

There is another line in the Rogers & Hammerstein song about Kansas City that says, "Everything is like a dream in Kansas City." Right now, more than ever, Kansas City is a great place to live, work, and play. Let's keep dreaming KC.

Tom O'Leary, Senior Vice President

About LANE4 Property Group

LANE4 provides our clients the best position from which to succeed. We offer an 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 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.

RESIDENTIAL AND MULTIFAMILY

KC MSA MULTIFAMILY STATISTICS⁵



1 BED



2 BEDS



3 BEDS

Total Units		Total Units		Total Units	
Q2 2019	73,002	Q2 2019	64,151	Q2 2019	9,547
Q2 2018	71,268	Q2 2018	74,788	Q2 2018	16,040
Avg. Lease Rate/SF ▲ 1.71%		Avg. Lease Rate/SF ▲ 1.01%		Avg. Lease Rate/SF ▲ 1.14%	
Q2 2019	\$1.19	Q2 2019	\$1.00	Q2 2019	\$0.89
Q2 2018	\$1.17	Q2 2018	\$0.99	Q2 2018	\$0.88
Avg. Vacancy ▼ 0.3%		Avg. Vacancy ▼ 0.3%		Avg. Vacancy = 0.0%	
Q2 2019	6.2%	Q2 2019	6.6%	Q2 2019	6.9%
Q2 2018	6.5%	Q2 2018	6.9%	Q2 2018	6.9%

RESIDENTIAL BUILDING PERMITS YTD⁶

County	Single Family	Multifamily	Total 2019	Total 2018	% Chg
Cass County	178	0	178	276	▼ 36%
Clay County	304	240	544	508	▲ 7%
Jackson County	498	299	797	1477	▼ 46%
Platte County	147	0	147	289	▼ 49%
Johnson County	701	447	1148	1281	▼ 10%
Leavenworth County	83	0	83	142	▼ 38%
Miami County	35	108	143	62	▲ 131%
Wyandotte County	67	0	67	107	▼ 37%
Kansas City Region*	809	846	3,107	4,4142	▼ 25%

For. Your. Information.

Quarter two brought us four new hires to add to our team!

Deb Wagner - Vice President of Senior Living

Bailey Driver - Marketing & Communications Coordinator

Klark Critten - Assistant Property Manager

Brianna Golden - Multi Family Staff Accountant

LANE4 continues to grow and enhance the Kansas City commercial real estate landscape. We're so excited to welcome our new team members and can't wait to see what they bring to LANE4.

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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