

THE ORANGE REPORT

FOURTH QUARTER 2021

YOUR SOURCE FOR KANSAS CITY COMMERCIAL PROPERTY INFORMATION

THE RESILIENCE AND RESURGENCE OF RETAIL

How retail led the resilience of the American economy into the post-pandemic world

Since March 2020, we've pivoted, adapted, re-calibrated and said, "new normal" so much that it has become the "new normal." Through shutdowns and re-openings, layoffs and staff shortages, online groceries and supply chain disruptions, we've all had to find a deep well of resilience to persevere through challenging times.

While we often perseverate over our shortcomings and missteps since the world turned upside down, we owe ourselves a pat on the back for areas where we have managed to excel in the face of adversity. Certainly, the first tracks on our "COVID Greatest Hits" album are dedicated to the medical professionals, teachers, and other essential workers that have answered the calls over and over and continue to do so.

After thanking our heroes, we should also give a tip of the cap to our economy. It would not have surprised any of us if the 2020 recession had been deeper and longer. In fact, most of us anticipated that it would be, and in other parts of the world, it has and continues to be. While inflation and other headwinds remain, we enter 2022 on an economic trajectory that we all would have gladly signed up for 18 months ago.

Maybe we are biased, but the retail sector is the perfect microcosm of the resilience of the American economy. We have long been an economy driven by consumer spending, and while COVID accelerated the trend towards spending online, our shopping centers weathered the brunt of this crisis and have emerged stronger and in better shape than at any point since before the Great Recession. 2020 served as the catalyst the industry needed to "clear the waters" of several brands that were already sinking. 2021, then, allowed the brands and businesses that had the fundamental strength to push through this latest "retail apocalypse" an opportunity to adapt, analyze and eventually double down on what they've learned about how to keep their business thriving.

"The strategy we adopted in the height of the pandemic is playing out better than we could have expected," Simon Property Group Chairman & CEO David Simon told investors on the company's earnings call. "We made the right move. We got the renewals done. We accommodated the vast majority of retailers, assuming they were reasonable in their approach. We got the job done. We kept our properties functioning. We bet on the rebound. And we're seeing the benefits of that."

Some of the more resilient brands benefitted from their inherent product and service lines. Grocery, pharmacies, fast casual and drive-thru restaurants and smaller format convenience stores flourished. But more traditional retailers have gotten back on track as well and even surpassed pre-pandemic performance indicators. The most basic and competitive retail sector, clothing and accessories, has shown increased monthly sales over 2019 numbers consistently since March 2021 (statista.com). Meaning, not only did retailers make up for the dramatic losses in 2020, they have outperformed 2019 on a consistent basis, even through the ongoing pandemic.

Restaurants have perhaps been hit harder than any other industry in the pandemic. While they face their own uphill post-pandemic battle, their

Continued on the next page.

KANSAS CITY SALES & LEASING DATA

KC MSA RETAIL STATISTICS¹



Total GLA (SF) ▲ 0.15%		Avg. Lease Rate ▲ 4.24%		Avg. Occupancy ▲ 0.30%	
Q4 2021	163,809,026	Q4 2021	\$13.78	Q4 2021	94.6%
Q4 2020	163,567,212	Q4 2020	\$13.22	Q4 2020	94.3%

LARGEST RETAIL LEASE SIGNINGS - Q4 2021¹



Submarket/ Location	Tenant	Size (SF)
9012 - 9078 Metcalf Ave, Overland Park, KS	Glenwood Antique Mall	45,037
10310 Mastin St, Overland Park, KS	Stockyards Brewing Co.	25,500
7600 - 7660 State Line Rd, Prairie Village, KS	Destination ET	10,551

AVG. VACANCY AND LEASE RATE BY TYPE¹



RETAIL

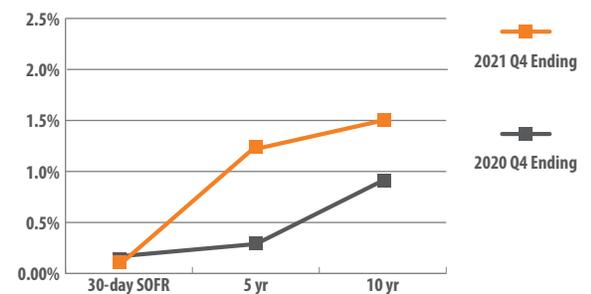
OFFICE

INDUSTRIAL

Avg. Lease Rate ▲ 4.24%		Avg. Lease Rate ▲ 2.66%		Avg. Lease Rate ▲ 8.00%	
Q4 2021	\$13.78	Q4 2021	\$21.64	Q4 2021	\$4.86
Q4 2020	\$13.22	Q4 2020	\$21.08	Q4 2020	\$4.50
Avg. Vacancy ▼ 0.90%		Avg. Vacancy ▲ 0.50%		Avg. Vacancy ● 0.00%	
Q4 2021	5.0%	Q4 2021	8.40%	Q4 2021	4.40%
Q4 2020	5.9%	Q4 2020	7.90%	Q4 2020	4.40%

NATIONAL & REGIONAL TRENDS

TREASURY YIELD CURVE²



US FOOD AND RETAIL SALES (IN MILLIONS)³

\$1,907,027 2021 Q4			
\$1,626,054 2020 Q4	\$1,567,781 2019 Q4	\$1,509,576 2018 Q34	\$1,467,467 2017 Q4

UNEMPLOYMENT RATE⁴

September	2020	2021
Midwest	6.7%	3.9%
U.S.	5.7%	4.0%

CONSUMER PRICE INDEX⁴

2021	Oct.	Nov.	Dec.
Midwest	259.609	258.911	257.793
U.S. City Avg.	278.802	277.948	276.589

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FOURTH QUARTER 2021

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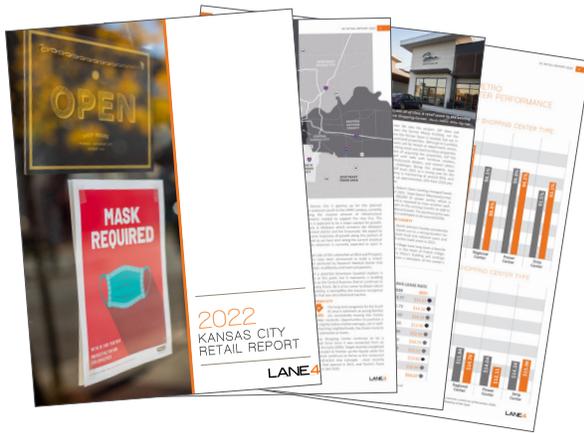
current woes are more related to employee shortages and a disastrous supply-chain than a lack of consumers and demand. A record number of restaurants closed in 2020, but second-generation restaurant space is being absorbed at record pace (rejournal.com).

2020, 2021 and now 2022 have been viewed through catastrophic, apocalyptic, pandemic-smothered lenses. However, if you peel those lenses off, you will see the same themes that have driven our economy for years. The businesses, retailers, and concepts that understand their customers, changing behaviors and preferences, and can adapt successfully to meet them, will survive and grow. You just need to visit your local shopping center to see this dynamic in action.

Michael Berenbom
Managing Partner

This article was originally included in the 2022 Kansas City Retail Report published by LANE4 Property Group.

To download the full report, [click here](#).



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.

In-Text Sources: ¹Prosper Insight and Analytics ²The Harris Poll: Covid19 Tracker ³Restaurant Business Online ⁴Ernst and Young ⁵AMC Global Research ⁶Edelman Trust Barometer

Real Estate and Economic Trend Data 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.

RESIDENTIAL AND MULTIFAMILY

KC MSA MULTIFAMILY STATISTICS⁵



1 BED



2 BEDS



3 BEDS

Total Units		Total Units		Total Units	
Q4 2021	94,705	Q4 2021	96,362	Q4 2021	23,016
Q4 2020	92,037	Q4 2020	94,494	Q4 2020	22,795
Avg. Lease Rate/SF ▲ 5.60%		Avg. Lease Rate/SF ▲ 6.73%		Avg. Lease Rate/SF ▲ 5.56%	
Q4 2021	\$1.32	Q4 2021	\$1.11	Q4 2021	\$0.95
Q4 2020	\$1.25	Q4 2020	\$1.04	Q4 2020	\$0.90
Avg. Vacancy ▼ 1.80%		Avg. Vacancy ▼ 1.60%		Avg. Vacancy ▼ 0.90%	
Q4 2021	7.0%	Q4 2021	6.3%	Q4 2021	5.5%
Q4 2020	8.8%	Q4 2020	7.9%	Q4 2020	6.4%

RESIDENTIAL BUILDING PERMITS YEAR TO DATE⁶

County	Single Family	Multifamily	2021 Total Year to Date	2020 Total Year to Date	% Chg
Cass County	651	494	1,145	898	▲ 28%
Clay County	848	0	848	1,124	▼ -25%
Jackson County	1,515	0	1,515	1,695	▼ -11%
Platte County	580	0	580	487	▲ 19%
Johnson County	2,353	571	2,924	2,803	▲ 4%
Leavenworth County	304	10	314	294	▲ 7%
Miami County	148	0	148	120	▲ 23%
Wyandotte County	146	218	364	237	▲ 54%
Kansas City Region*	6,545	1,293	7,838	7,658	▲ 2%

For. Your. Information.

LANE4 is growing! Come join our dynamic team of commercial real estate professionals who thrive off fresh, innovative ideas and projects.

Click the job title to view the full job description.

Property Manager

Responsibilities include the full range of management functions in retail and office settings: building operations, tenant relations, accounting, invoice processing, budget preparation and facility maintenance.

Staff Accountant

Work with our Controller and the Property Management Team to develop, maintain, and analyze budgets for a variety of retail and office properties. *Construction and/or proerty management accounting a plus.*

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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