

THE ORANGE REPORT

FIRST QUARTER 2022

YOUR SOURCE FOR KANSAS CITY COMMERCIAL PROPERTY INFORMATION

THE RENAISSANCE OF THE SILICON PRAIRIE

How the domino effect of economic growth has shaped Kansas City

Ten years ago I attended the All Star Game in Kansas City and had just started the Centurion Leadership Program through the Kansas City Chamber of Commerce. As we settled into the game, a few fellow Centurion colleagues and I began discussing what attracts companies to Kansas City. We pondered the cost of living, school districts, level of education in the work force, transportation infrastructure, and opportunity in real estate.

It's important to note this question was posed before the Streetcar was approved, Kansas City Missouri Public Schools had lost their accreditation the year prior, and the infill apartment boom had not yet begun. However, Sporting Kansas City had kicked off their first full season at the new Children's Mercy Park and the Kauffman Center for Performing Arts was celebrating its first year.

In the past decade, the aforementioned events and more have taken place, leaving lasting economic imprints on the Kansas City Metro landscape we know today.

2014: The Streetcar began construction to connect River Market to Union Station/Crown Center, creating an urban thoroughfare for local culture, tourism, and retail. This strategic public transportation investment has created a more vibrant, livable urban core and attracted new residents and jobs. Today a \$361M expansion plan is under construction to extend the Streetcar line south to the Country Club Plaza and the University of Missouri – Kansas City. A third phase is slated to connect the River Market to Berkley Riverfront Park in 2024.

2014: Construction on One Light began, bringing the first class A, luxury apartment living to Downtown Kansas City, setting a standard for subsequent multifamily projects.

2015: Appearing in a second consecutive World Series, the Royals brought home their first championship in thirty years. In a scene repeated by the Chiefs a few years later, the city displayed pride and strengthened a brand that continues to grow behind personalities like Patrick Mahomes and Ted Lasso (or, Jason Sudeikas as we know him).

2019: The largest single infrastructure project in Kansas City history began, the one million square foot, \$1.5B Kansas City International Airport Single Terminal. Today, it is 80% complete and slated to have its first flights in 2023. The airport will have a profound economic impact on the region creating new jobs, opportunities for local and small businesses, and a first-class traveller experience.

2020: Loews Convention Center Hotel opens, bringing 800 rooms and 63,000 sf of meeting spaces to Downtown. Located within walking distance to T-Mobile Center and the Power & Light District, the hotel elevates the city as a national convention and events destination.

2022: The Kansas City Public Schools regains accreditation for the first time in over a decade with a 7-0 vote from the Missouri State Board of Education.

2022: Construction begins on the \$70M, 11,000-seat KC Current Women's Soccer stadium, which is the first stadium built specifically for a women's team in Kansas City. Located in the Berkley Riverfront Park, the stadium is slated to open for the 2023 season.

Continued on the next page.

KANSAS CITY SALES & LEASING DATA

KC MSA RETAIL STATISTICS¹



Total GLA (SF) ▲ 0.08%		Avg. Lease Rate ▲ 7.03%		Avg. Occupancy ▲ 0.70%	
Q1 2022	163,399,667	Q1 2022	\$14.16	Q1 2022	95.0%
Q1 2021	163,273,480	Q1 2021	\$13.23	Q1 2021	94.3%

LARGEST RETAIL LEASE SIGNINGS - Q1 2022¹



Submarket/ Location	Tenant	Size (SF)
8905 Metcalf Ave, Overland Park, KS	SERV	51,500
5550-5840 Antioch Rd, Merriam, KS	Ross Dress for Less	25,980
8236 Wornall Rd, Kansas City, MO	Goodwill	22,000

AVG. VACANCY AND LEASE RATE BY TYPE¹



RETAIL

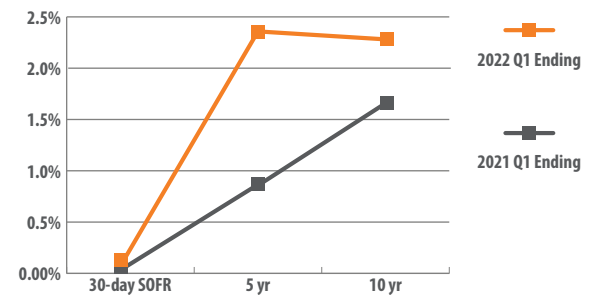
OFFICE

INDUSTRIAL

Avg. Lease Rate ▲ 7.03%		Avg. Lease Rate ▲ 1.35%		Avg. Lease Rate ▲ 8.97%	
Q1 2022	\$14.16	Q1 2022	\$21.83	Q1 2022	\$4.98
Q1 2021	\$13.23	Q1 2021	\$21.54	Q1 2021	\$4.57
Avg. Vacancy ▼ 0.70%		Avg. Vacancy ▲ 0.50%		Avg. Vacancy ▼ 0.10%	
Q1 2022	5.0%	Q1 2022	8.00%	Q1 2022	4.00%
Q1 2021	5.7%	Q1 2021	7.50%	Q1 2021	4.10%

NATIONAL & REGIONAL TRENDS

TREASURY YIELD CURVE²



US FOOD AND RETAIL SALES (IN MILLIONS)³

\$1,997,971			
2022 Q1			
\$1,758,193	\$1,533,147	\$1,515,671	\$1,478,624
2021 Q1	2020 Q1	2019 Q1	2018 Q1

UNEMPLOYMENT RATE⁴

Month	2021	2022
March	2021	2022
Midwest	5.2%	3.7%
U.S.	6.0%	3.6%

CONSUMER PRICE INDEX⁴

Month	2022	Jan.	Feb.	Mar.
2022	Jan.	Feb.	Mar.	
Midwest	261.657	263.988	264.877	
U.S. City Avg.	261.582	263.014	264.877	

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CONTINUED....

Meta announced it is building an \$800M, one million sf data center in the Northland's Golden Plains Technology Park. Meta expects to create roughly 1,300 construction jobs, and once fully operational in 2024, 100 high-paying tech jobs. With Kansas City's wholesale electric prices being one of the lowest in the nation, Meta is on the front end of many high-profile companies the metro is looking to attract.

In the tech sector alone, Kansas City is among nine "rising star" metros in the country. According to the Brookings Institute, over 6,700 employees were added to the technology sector from 2015 to 2019, which is a compound average growth rate of 4.8%.

Kansas City is the 3rd fastest growing tech job market where one in every ten employees are in tech. This puts Kansas City on the top 15 list of 'The Large Metros with the Most Technology Jobs Per Capita' (Spanning.com). Comparatively, 73 of the nation's largest 100 metro areas experienced either negligible or negative growth in their technology sector.

Along with tech, Kansas City's booming industrial market continues to shine with record construction, demand and growth projections. In 2021, Kansas City surpassed 300M sf of industrial inventory, joining only 15 other markets in the US with the same level of space. The Metro has the infrastructure, proximity, and workforce to quickly respond to an increasing demand.

If you've been downtown lately, you know construction and new developments are seemingly sprouting at every corner with hopes for completion before the 2023 NFL Draft. City officials are hopeful Kansas City will be named one of 11 host cities in North America for the 2026 FIFA World Cup. Oracle Corp is nearing closure of its proposed \$28.3B acquisition of Cerner Corp., Kansas City's largest private employer and key player in the healthcare IT world.

All these cumulative efforts are fostering a local and regional ecosystem that's highly attractive for new companies, residents, and tourism. As we've seen proven over the past 10 years, these opportunities and 'wins' tend to lead to a domino effect. Kansas City is rising up beyond its flyover reputation, positioning itself as a centralized region for logistics, tech, healthcare, agriculture, and culture.

Adam Abrams, CCIM
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.

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	
Q1 2022	95,664	Q1 2022	96,917	Q1 2022	23,013
Q1 2021	92,790	Q1 2021	95,003	Q1 2021	22,797
Avg. Lease Rate/SF ▲ 7.09%		Avg. Lease Rate/SF ▲ 6.60%		Avg. Lease Rate/SF ▲ 6.59%	
Q1 2022	\$1.36	Q1 2022	\$1.13	Q1 2022	\$0.97
Q1 2021	\$1.257	Q1 2021	\$1.06	Q1 2021	\$0.91
Avg. Vacancy ▼ 1.60%		Avg. Vacancy ▼ 1.50%		Avg. Vacancy ▼ 0.80%	
Q1 2022	6.4%	Q1 2022	5.9%	Q1 2022	5.0%
Q1 2021	8.0%	Q1 2021	7.4%	Q1 2021	6.2%

RESIDENTIAL BUILDING PERMITS YEAR TO DATE⁶

County	Single Family	Multifamily	2022 Total Year to Date	2021 Total Year to Date	% Chg
Cass County	155	0	155	127	▼ 22%
Clay County	227	294	521	214	▲ 143%
Jackson County	286	202	488	316	▲ 54%
Platte County	80	0	80	95	▼ -16%
Johnson County	455	288	743	579	▲ 28%
Leavenworth County	47	0	47	105	▼ -55%
Miami County	28	0	28	46	▼ -39%
Wyandotte County	13	0	13	35	▲ -63%
Kansas City Region*	1,291	784	2,075	1,517	▲ 37%

For. Your. Information.

This quarter, we're thrilled to welcome three new faces to the team!

Jason Nooteboom, CCIM | Senior Accounting Manager

Jason is a dynamic accounting professional with more than 16 years of real estate and property management experience. He currently serves as Educator on the Kansas City CCIM Chapter Leadership Team.

Mark Allen | Project Manager

Mark comes to us with over 15 years of experience in program oversight and project management in the public sector. He most recently spent time at Johnson County Parks & Recreation District and is an active-duty member of the Kansas Army National Guard.

Hannah Keel | Marketing Coordinator

Graduating from Kansas State in 2022 with a degree in Strategic Communications, Hannah has joined the Marketing Team, working closely with the Marketing Manager and the entire brokerage team to help represent LANE4's rigorous brand standards across multiple platforms.

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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