
RESEARCH 2022

Kansas City Retail Report

NEWMARK
ZIMMER



Executive Summary

Newmark Zimmer is constantly monitoring market indicators, tracking and analyzing supply and demand drivers, cyclical patterns and industry trends. The following quarterly research report examines the multifaceted Kansas City retail market.

Newmark Zimmer research and analytics has established a system of data flow unique in our industry. Rather than rely on third party data sources, our data acquisition efforts involve inputs from advisors in the field, analysts and brokers executing transactions. Newmark Zimmer research converts market data and analysis into knowledge that creates value for our clients.

Our clients include market-leading landlords and distinguished institutions in and around the Kansas City area and the Midwest. Our market knowledge continues to expand as the market progresses and evolves.



Select Market Transactions

Firestone Complete Auto Care | Lenexa, KS

7,630 SF GLA – SOLD FOR \$4,250,000 (\$557/SF)

North Johnson County | 12380 West 95th Street

Culver's | Kansas City, KS

4,550 SF GLA- SOLD FOR \$4,150,000 (\$912/SF)

Wyandotte County | 1925 Prairie Crossing Street

Raintree Shopping Center | Lee's Summit, MO

20,080 SF GLA – SOLD FOR \$4,000,000 (\$199/SF)

Southeast Jackson County | 3735-3757 Raintree Drive

Shawnee Station Shopping Center | Shawnee, KS

6,720 SF GLA – SOLD FOR \$3,600,000 (\$536/SF)

North Johnson County | 15830 Shawnee Mission Parkway

Oakview Village Shopping Center | Gladstone, MO

28,880 SF GLA – SOLD FOR \$2,965,000 (\$103/SF)

Clay County | 6245-6295 North Oak Trafficway

Tractor Supply Comm. Center | Excelsior Springs, MO

67,230 SF GLA – SOLD FOR \$2,750,000 (\$41/SF)

Clay County | 115 Crown Hill Road

Retail

KANSAS CITY MARKET OVERVIEW

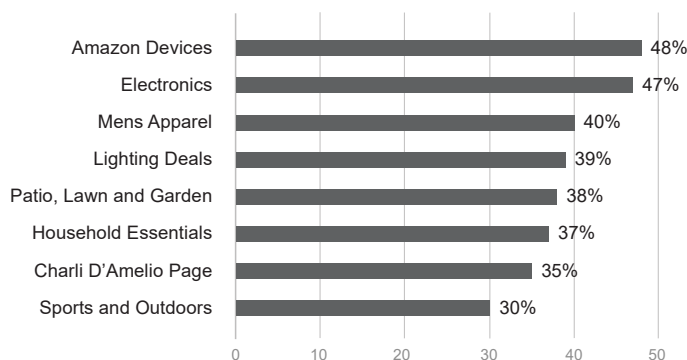
The overall Kansas City retail market tightened year-over-year in the second quarter of 2022, realizing a 110-basis-point decrease in vacancy to 4.9%. Net absorption totaled 1.7 million square feet for the past four quarters, as well as during the past two years due to negative absorption in both the third quarter of 2020 and fourth quarter of 2020. The average quoted rental rate is \$14.07/SF, up \$0.09/SF from one year ago.

In the local retail market:

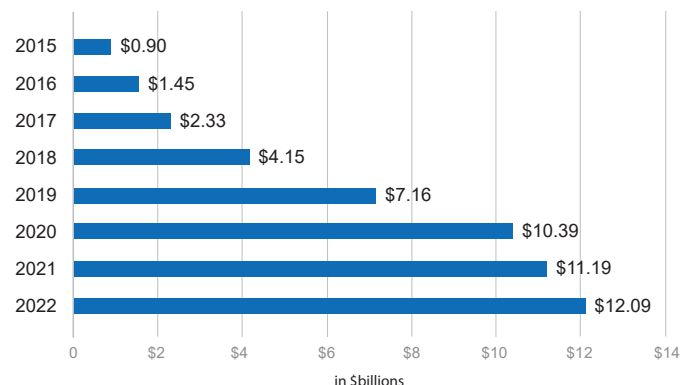
- The Rainer Companies announced the purchase of the Class A, 545,200-square-foot SummitWoods Crossing center in May 2022. The center is the second investment in the Metro for the company following its purchase of Truman's Marketplace in 2019.
- Price Chopper signed a new lease for 77,000 square feet at 207 NE Englewood Road in the Creekwood Commons development. The grocer relocated from another center within the submarket. Newmark Zimmer provided owner representation services in the transaction.
- Scissors & Scotch, an upscale barber shop franchise, purchased a two-story building for \$1.8 million at 1908 Main St. in Downtown. The property will serve as a new headquarters as Scissors & Scotch which currently has 20 stores open with 20 additional locations in the works.
- McBee's Coffee N' Carwash, a family-owned luxury car wash, opened its first location in the Metro at 590 East North Ave. in Belton. Focused on fast, high-quality washes, coupled with a complementary cup of coffee, the conveyor belt system wash is designed to take only three minutes.

Amazon's Prime Day officially ended with more than 300 million items purchased globally, a new record high. Acting as a potential barometer for retail consumption for the upcoming holiday sales season, the mid-year sales event was a surprising success. With inflation at 40-year highs in the U.S. and at record levels for many countries across the globe, consumers locked in nearly \$1.7 billion in savings during the two-day event. Patient shoppers grabbed some highly-desired tech items at never-before-seen discounts, suggesting retailers are still able to persuade consumers to spend money on nonessential items in the face of a potential economic slowdown. Consumer Price Index at 40-year highs, expect businesses to continue to employ tactics such as shrinking discounts, increasing surcharges, using shrinkflation and complementary pricing to increase prices.

Average Discount – Amazon Prime Day 2022



Amazon Prime Day Sales

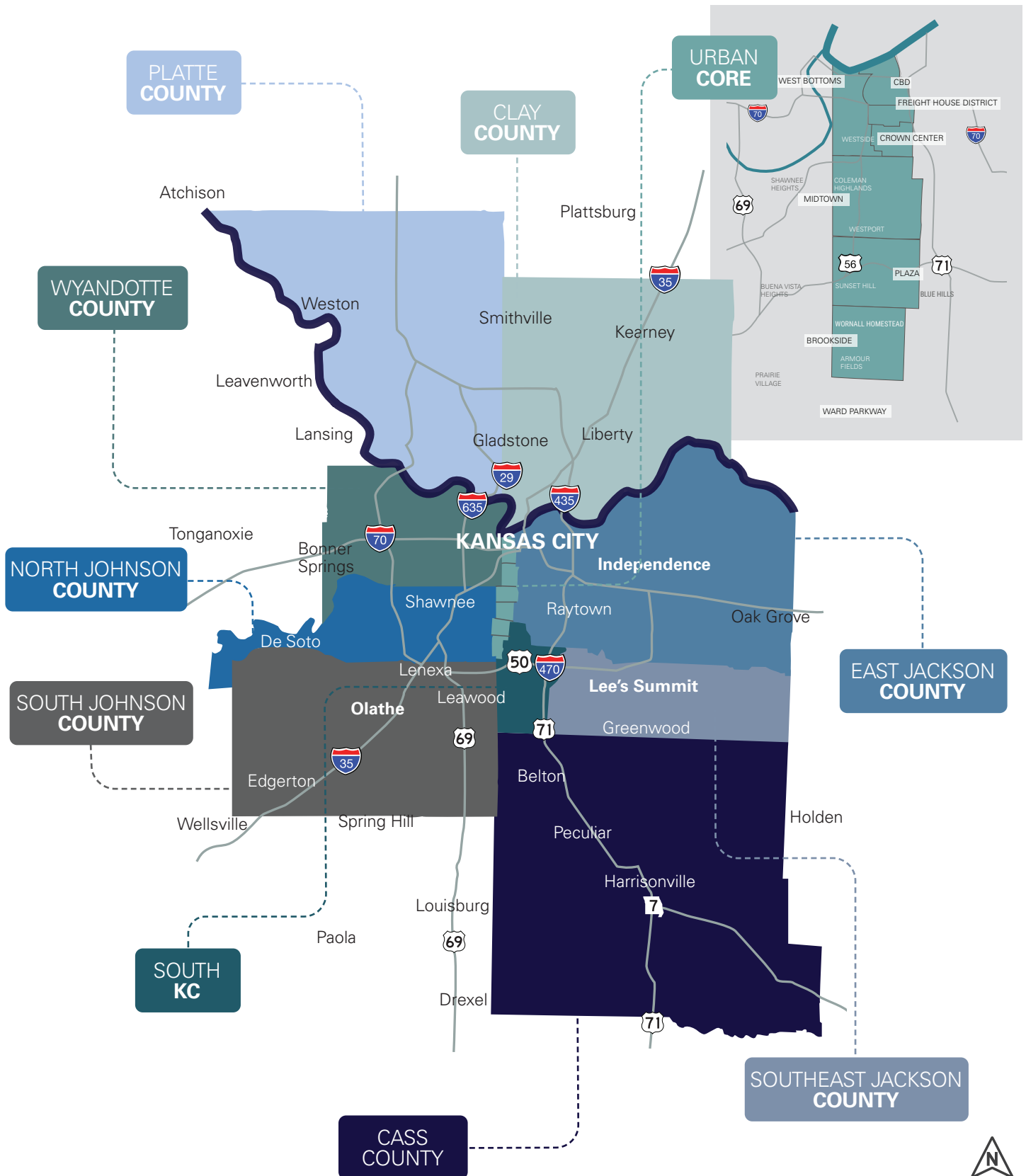


Did Inflation Influence Your Prime Day Purchases?



Submarket Maps

DOWNTOWN & SUBURBS



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2Q22 Kansas City

RETAIL MARKET STATISTICS TABLE

	Type	# of Buildings	Total Inventory (SF)	Total Vacancy Rate	Qtr Absorption (SF)	YTD Absorption (SF)	Total Asking Rent (NNN)
CASS COUNTY	All	535	5,645,952	3.40%	32,192	51,119	\$12.11
	Small Shop	385	1,334,737	1.50%	9,297	16,892	\$15.18
	Big Box	150	4,311,215	4.00%	22,895	34,227	\$11.72
CLAY COUNTY	All	1,043	13,549,866	2.40%	38,487	162,514	\$13.85
	Small Shop	675	2,407,182	1.40%	9,598	25,911	\$18.06
	Big Box	368	11,142,684	2.60%	28,889	136,603	\$13.36
EAST JACKSON COUNTY	All	2,377	23,407,405	6.70%	37,660	87,690	\$10.63
	Small Shop	1,753	5,678,127	2.60%	1,575	16,834	\$14.79
	Big Box	624	17,729,278	8.10%	36,085	70,856	\$9.81
KC URBAN CORE	All	996	9,250,154	3.10%	39,806	46,338	\$18.47
	Small Shop	659	2,246,897	2.30%	11,902	37,747	\$21.59
	Big Box	337	7,003,257	3.40%	27,904	8,591	\$17.88
NORTH JOHNSON COUNTY	All	1,164	18,959,561	6.50%	116,577	166,806	\$14.44
	Small Shop	715	2,576,026	3.30%	-4,383	1,442	\$22.86
	Big Box	449	16,383,535	7.00%	120,960	165,364	\$13.57
PLATTE COUNTY	All	390	6,338,665	6.50%	-5,330	-47,935	\$15.05
	Small Shop	233	933,215	1.10%	4,908	23,841	\$19.87
	Big Box	157	5,405,450	7.50%	-10,238	-71,776	\$14.95
SOUTH JOHNSON COUNTY	All	1,212	21,399,801	5.80%	50,390	116,283	\$15.86
	Small Shop	668	2,473,374	3.30%	23,222	36,885	\$21.44
	Big Box	544	18,926,427	6.10%	27,168	79,398	\$15.26
SOUTH KC	All	567	6,129,936	5.50%	7,243	59,590	\$15.53
	Small Shop	395	1,174,306	2.50%	4,852	7,709	\$14.85
	Big Box	172	4,955,630	6.20%	2,391	51,881	\$15.55
SOUTHEAST JACKSON COUNTY	All	512	6,826,304	2.10%	30,149	19,905	\$18.54
	Small Shop	345	1,293,225	0.80%	6,586	3,664	\$22.22
	Big Box	167	5,533,079	2.40%	23,563	16,241	\$17.96
WYANDOTTE COUNTY	All	1,021	9,964,151	2.60%	57,195	41,747	\$9.13
	Small Shop	791	2,497,408	1.80%	3,105	1,757	\$16.23
	Big Box	230	7,466,743	2.90%	54,090	39,990	\$8.15
TOTALS	All	9,817	121,471,795	4.90%	404,369	704,057	\$14.07
	Small Shop	6,619	22,614,497	2.30%	70,662	172,682	\$19.01
	Big Box	3,198	98,857,298	5.50%	333,707	531,375	\$13.46

Market Indicators

VACANCY RATE, ASKING RENT & NET ABSORPTION

KC URBAN CORE

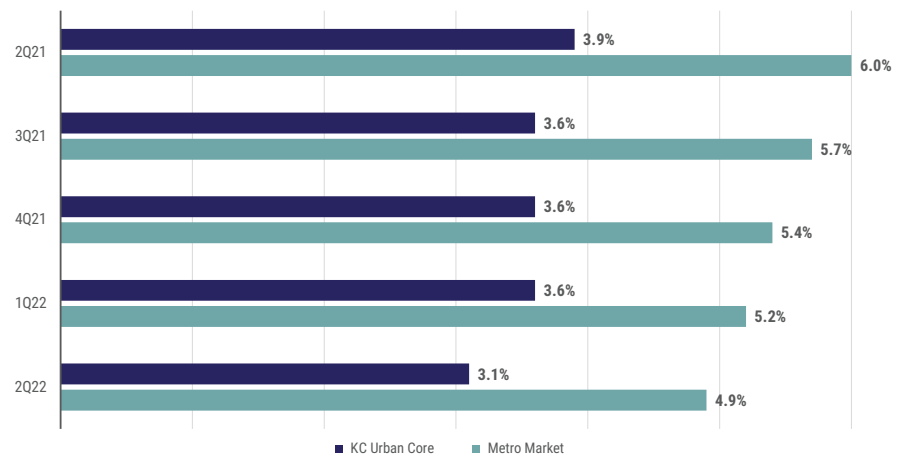
VACANCY RATE

The KC Urban Core vacancy rate has displayed a downward trend decreasing 80 basis points over the past year.

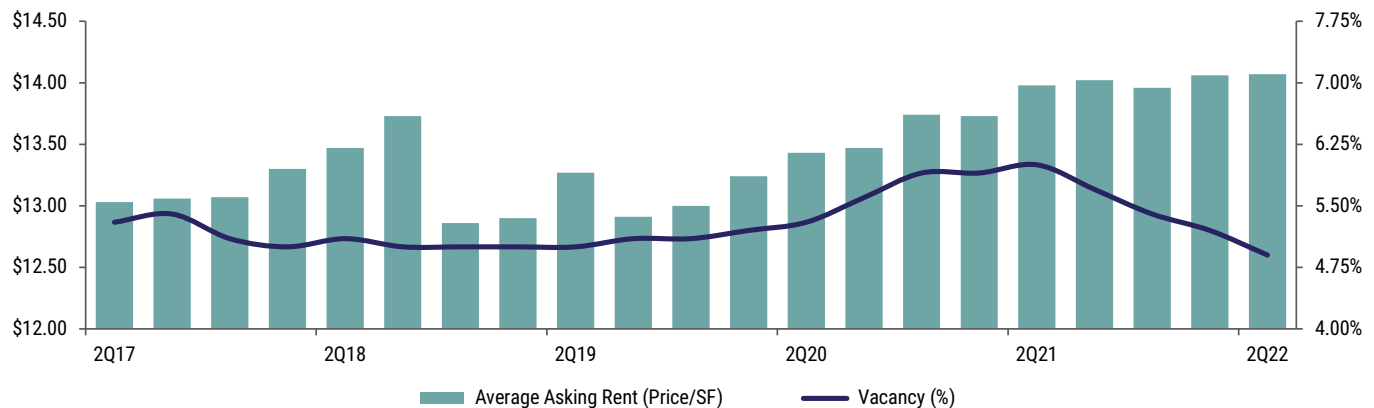
METRO MARKET

VACANCY RATE

The metro market vacancy rate has displayed a downward trend decreasing 110 basis points over the past year.

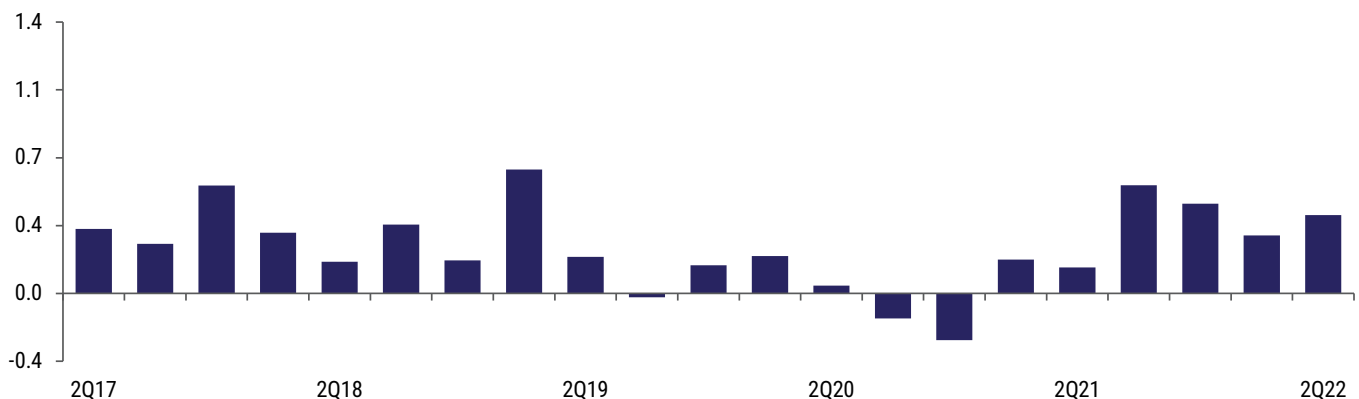


ASKING RENT AND VACANCY



NET ABSORPTION

SQUARE FEET, MILLIONS



Small Shop: Retail buildings in which GLA is 7,500 square feet or less. **Big Box:** Retail buildings in which GLA is 7,501 square feet or more.

Examination and calculation of supply and demand determinants by building size uncovered statistically significant inflection points consistently at the 7,500-square-foot building size. For this reason, the division between small-shop and big-box occurs at 7,500 square feet.



2Q22 Kansas City

SUBMARKET VACANCY RATE

NORTH JOHNSON COUNTY

VACANCY RATE

Improved by **130 basis points** over the past year.

6.5%

2022

7.8%

2021

North Johnson County ranks first in total net absorption for 2022.

PLATTE COUNTY

VACANCY RATE

Improved by **70 basis points** over the past year.

6.5%

2022

7.2%

2021

Platte County displays the second lowest vacancy rate for small shop space in the metro registering 1.1%.

SOUTH JOHNSON COUNTY

VACANCY RATE

Improved by **120 basis points** over the past year.

5.8%

2022

7.0%

2021

The South Johnson County posts the highest small shop space vacancy in the metro at 4.2%.

SOUTHEAST JACKSON COUNTY

VACANCY RATE

Improved by **70 basis points** over the past year.

2.1%

2022

2.8%

2021

Southeast Jackson County displays the lowest overall vacancy rate in the metro.

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Kansas City, MO 64105
816-474-2000

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We transform untapped potential into limitless opportunity.

We don't just adapt to what our partners need—we adapt to what the future demands.

Since our start, we've faced forward, predicting change and pioneering ideas. Almost a century later, the same strategic sense and audacious thinking still guide our approach. Today our integrated platform delivers seamlessly connected services tailored to every type of client, from owners to occupiers, investors to founders, and growing startups to leading companies.

Tapping into smart tech and smarter people, we bring ingenuity to every exchange and transparency to every relationship.

We think outside of boxes, buildings and business lines, delivering a global perspective and a nimble approach. From reimagining spaces to engineering solutions, we have the vision to see what's next and the tenacity to get there first.

Retail Terms and Definitions

Gross Leasable Area (GLA) – Expressed in square feet. It is the total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines. It is the standard measure for determining the size of retail spaces, specifically shopping centers, where rent is calculated based on GLA occupied. There is no real difference between RBA (Rentable Building Area) and GLA except that GLA is used when referring to retail properties while RBA is used for other commercial properties.

Vacancy Rate – The vacancy rate is the amount of physically vacant space divided by the inventory and includes direct and sublease vacant.

Net Absorption – The net change in physically occupied space over a period of time.

Average Asking Rent – The dollar amount asked by landlords for available space expressed in dollars per square foot per year. Retail rents are expressed as triple net where all costs including, but not limited to, real estate taxes, insurance and common area maintenance are borne by the tenant on a prorata basis. The asking rent for each building in the market is weighed by the amount of available space in the building.

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