

RESEARCH 4Q 2020

NEWMARK

ZIMMER

Kansas City Capital Markets



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 investment 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 investors 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

INDUSTRIAL | AMAZON LOGISTICS FACILITY

1,000,000 SF GLA – SOLD FOR \$137,000,000 (\$137/SF)

Wyandotte County | 9700 Leavenworth Road

MULTIHOUSING | THE LANDING AT TIFFANY SPRINGS

276 UNITS – SOLD FOR \$60,000,000 (\$217,391/UNIT)

Northland | 9641 N Ambassador Drive

MULTIHOUSING | SAVOY APARTMENTS

252 UNITS – SOLD FOR \$48,000,000 (\$190,476/UNIT)

South Johnson County | 7100 W 141st Street

OFFICE/FLEX | BROADRIDGE FINANCIAL SOLUTIONS

317,590 SF GLA – SOLD FOR \$42,111,000 (\$133/SF)

Downtown | 2600 Southwest Boulevard

MULTIHOUSING | CORINTH PORTFOLIO (4)

342 UNITS – SOLD FOR \$39,750,000 (\$116,228/UNIT)

North Johnson County | 8018 Mohawk Street, 3500 W 83rd Street, 3815 Somerset Drive, 3917 W 84th Street



Capital Markets

KANSAS CITY MARKET OVERVIEW

As a leading second-tier market, the Kansas City metropolitan area ranked fourth out of the largest nine Midwest markets in total sales volume during the past twelve months. Capitalization rates decreased 48 basis points (bps) compared to the past 12 months, registering 5.9% in fourth-quarter 2020. Total net absorption across the industrial, office, and retail sectors combined, increased 395,987 square feet year-over-year, registering 1.17 million square feet of absorption in fourth-quarter 2020.

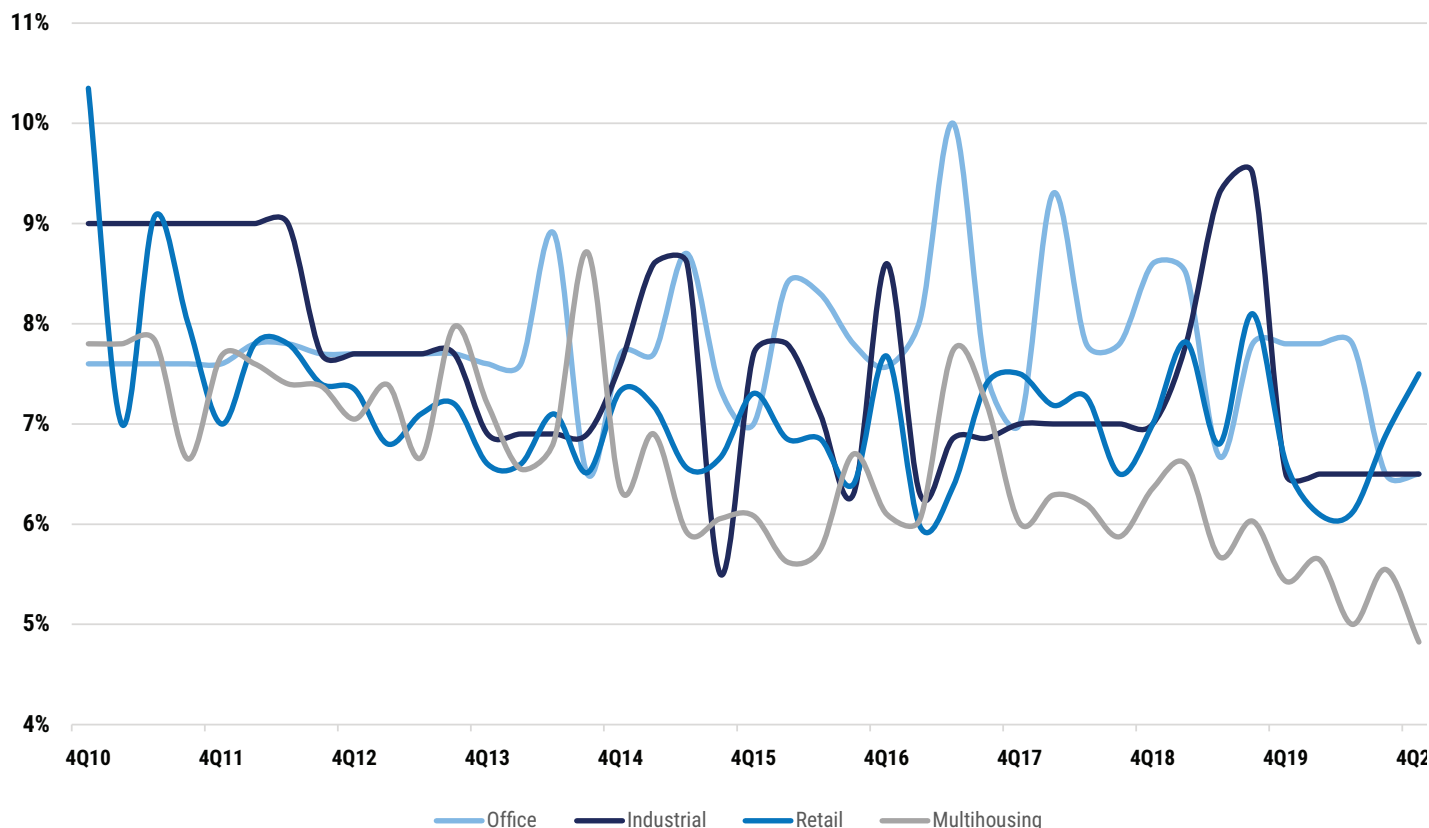
The multihousing sector realized 3,960 units of net absorption during the past four quarters, an increase of 14.9% over the similar time period a year ago. Vacancy increased 260 bps, 100 bps and 60 bps for the office, multihousing and retail sectors respectively, over

the past year. Vacancy decreased 50 bps for the industrial sector during the same period. Over the last 12 months, the sales volume for all property types registered \$2.3 billion. Multihousing and industrial assets led the way over the last 12 months accounting for 67.6% of total sales volume.

The Newmark Zimmer Capital Markets team anticipates increased investment transaction volume over the coming year. Overall, we continue to see multiple sources of debt and equity pursuing opportunities in the Midwest for all property types. The large gap between existing values versus new construction costs as well as significant amounts of dry powder will continue to drive activity across all asset classes in the Kansas City market through 2021.

KANSAS CITY CAP RATES

INCLUDES PROPERTY OR PORTFOLIO SALES \$2.5 MILLION OR GREATER

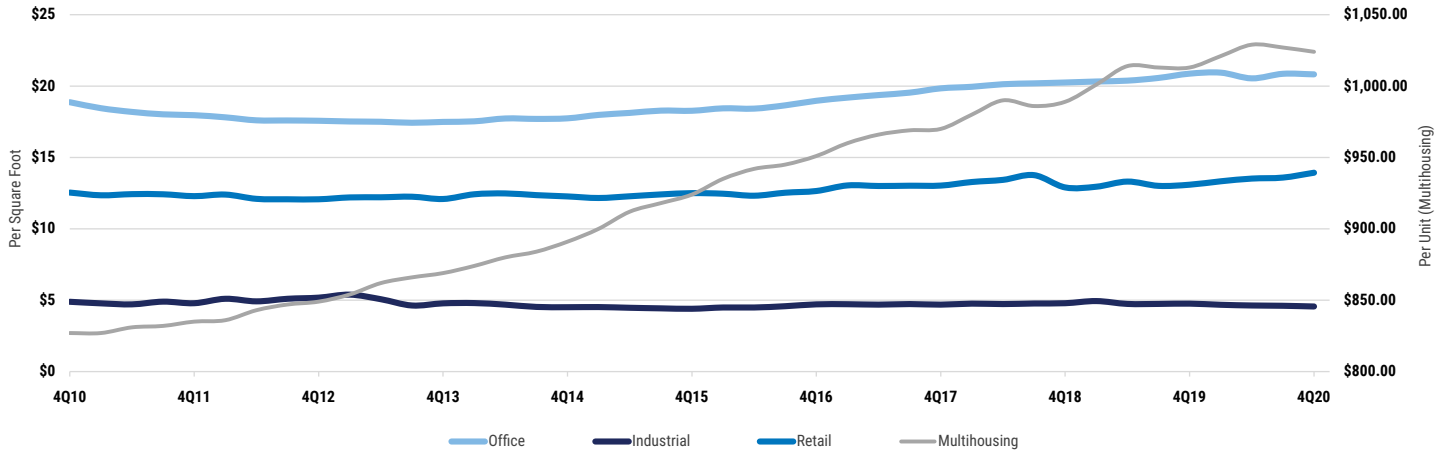


Source: Newmark Zimmer Research, CoStar, Real Capital Analytics

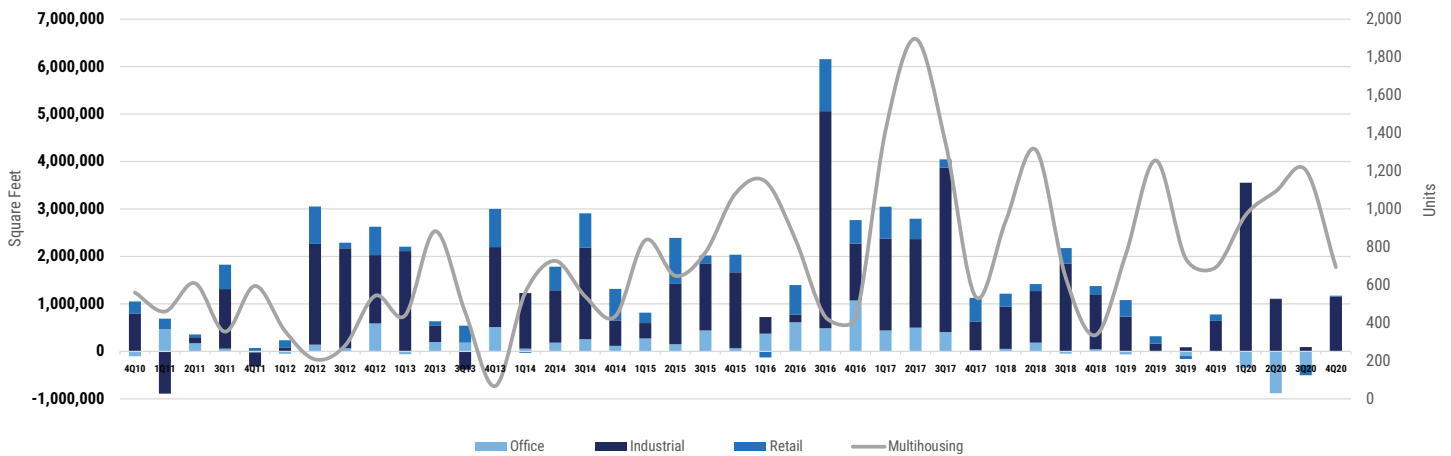
4Q20 Kansas City

MARKET ANALYSIS

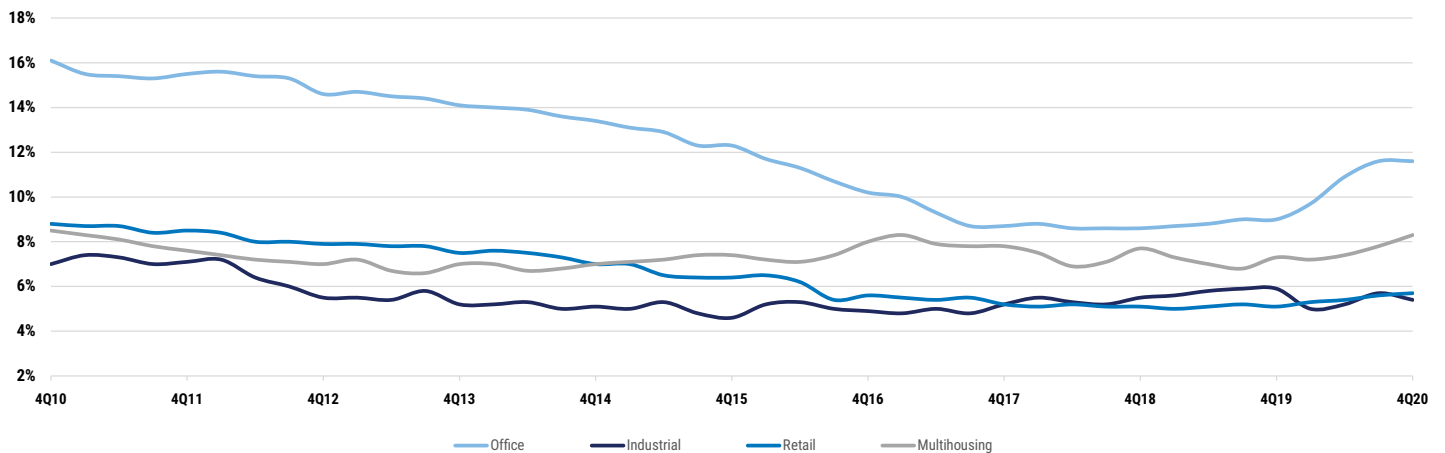
AVERAGE ASKING RENT



NET ABSORPTION



VACANCY RATE





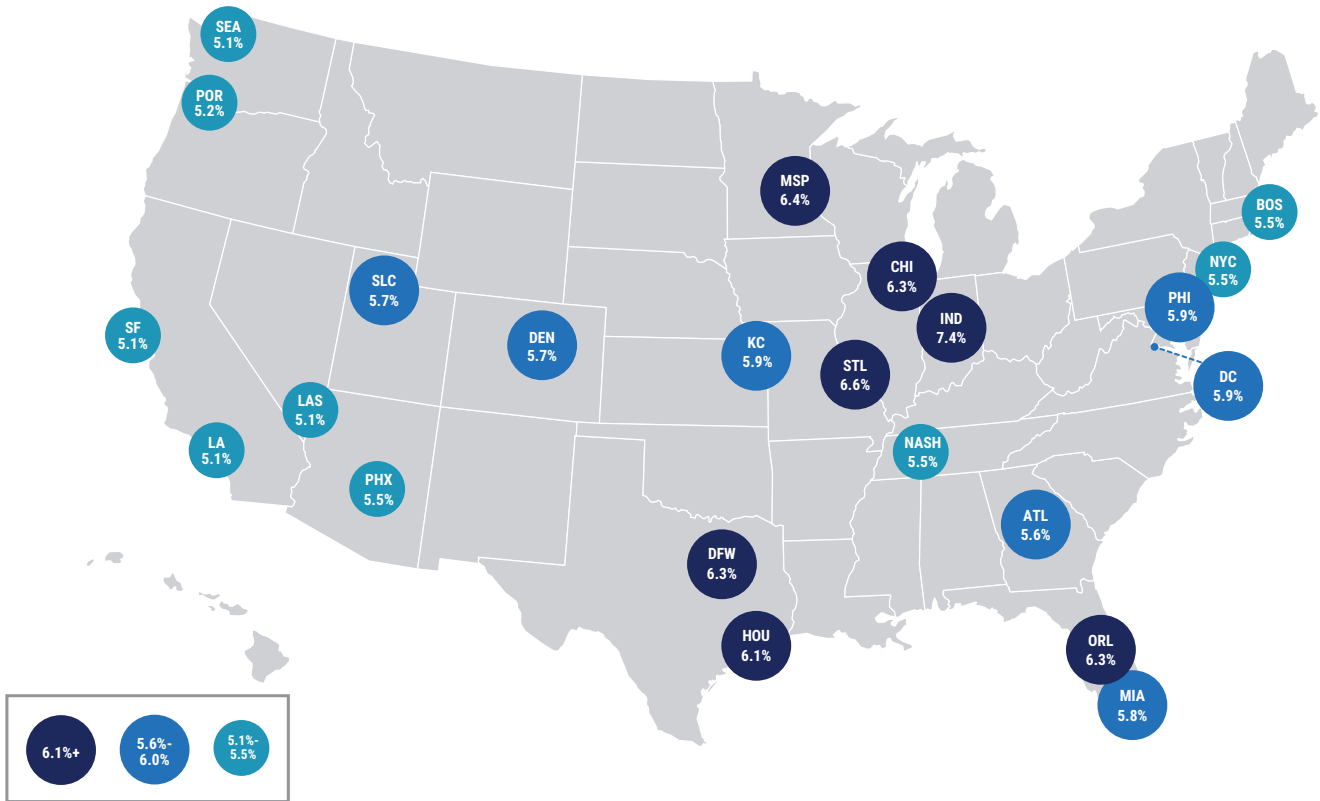
SELECT SALES TRANSACTIONS | FOURTH QUARTER OF 2020

Sector	Building	Submarket	Sale Price	Price per SF/Unit ¹	SF/Units ²
Multihousing	Arbors of Grandview 6731 E 119th Street	South Kansas City	\$21,800,000	\$73,154	298
Multihousing	The Hudson, Meadowbrook Apts & Winner Place Apts Portfolio (3) Independence, MO	East Jackson County	\$21,275,000	\$49,248	432
Multihousing	Chestnut Heights Apartments 12500 S Constance Street	South Johnson County	\$17,650,000	\$110,312	160
Retail	Academy Sports & Outdoors 510 E Markey Parkway	Cass County	\$6,600,000	\$114	57,840
Retail	CVS Pharmacy 4400 NW Barry Road	Northland	\$4,236,200	\$273	15,520
Retail	Walgreens 9430 Blue Ridge Boulevard	South Kansas City	\$3,830,000	\$275	13,910
Hospitality	Baymont by Wyndham Kansas City 501 Southwest Boulevard	Wyandotte County	\$3,212,500	\$30,023	107
Office (Medical)	Element Medical Imaging 9778 Ash Avenue	Northland	\$3,100,000	\$443	7,000
Retail	Country Club SC 3508-3526 NE Vivion Road	Northland	\$2,873,000	\$105	27,320
Retail	Natural Grocers 13335 Shawnee Mission Parkway	North Johnson County	\$2,812,500	\$189	14,900

¹The price per unit/room is displayed for the Multihousing and Hospitality sectors. ²The number of total units/rooms is displayed for the Multihousing and Hospitality sectors.

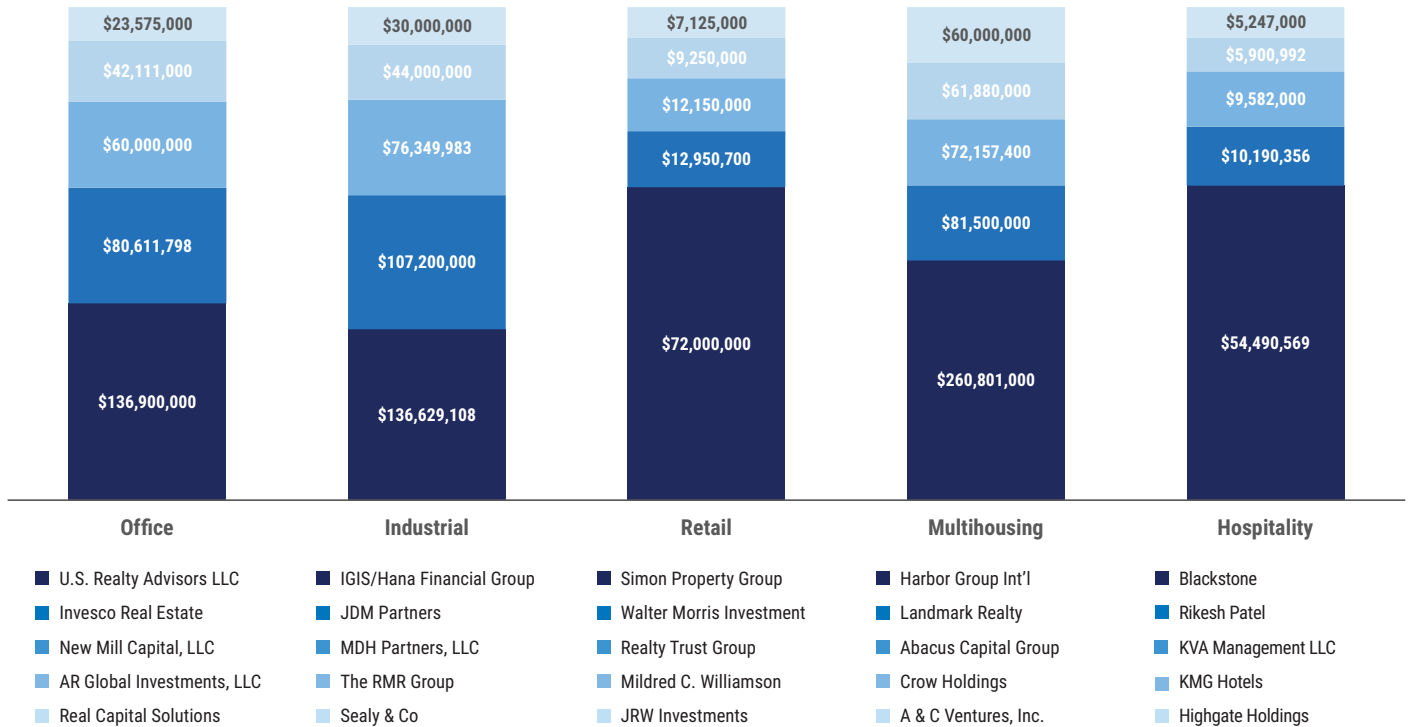
CAP RATES | ALL PROPERTY TYPES

12-MONTH AVERAGE

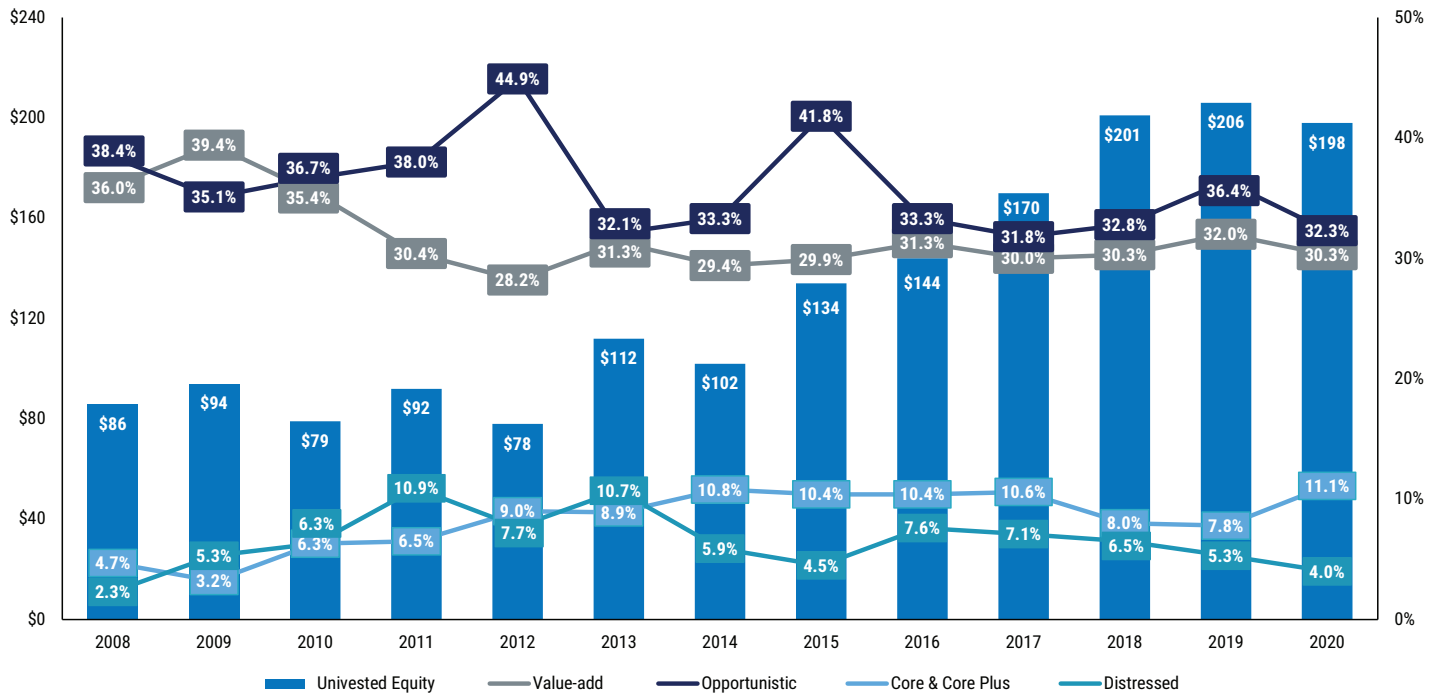


MOST ACTIVE BUYERS IN THE KANSAS CITY MARKET BY ASSET TYPE

12-MONTH TOTALS



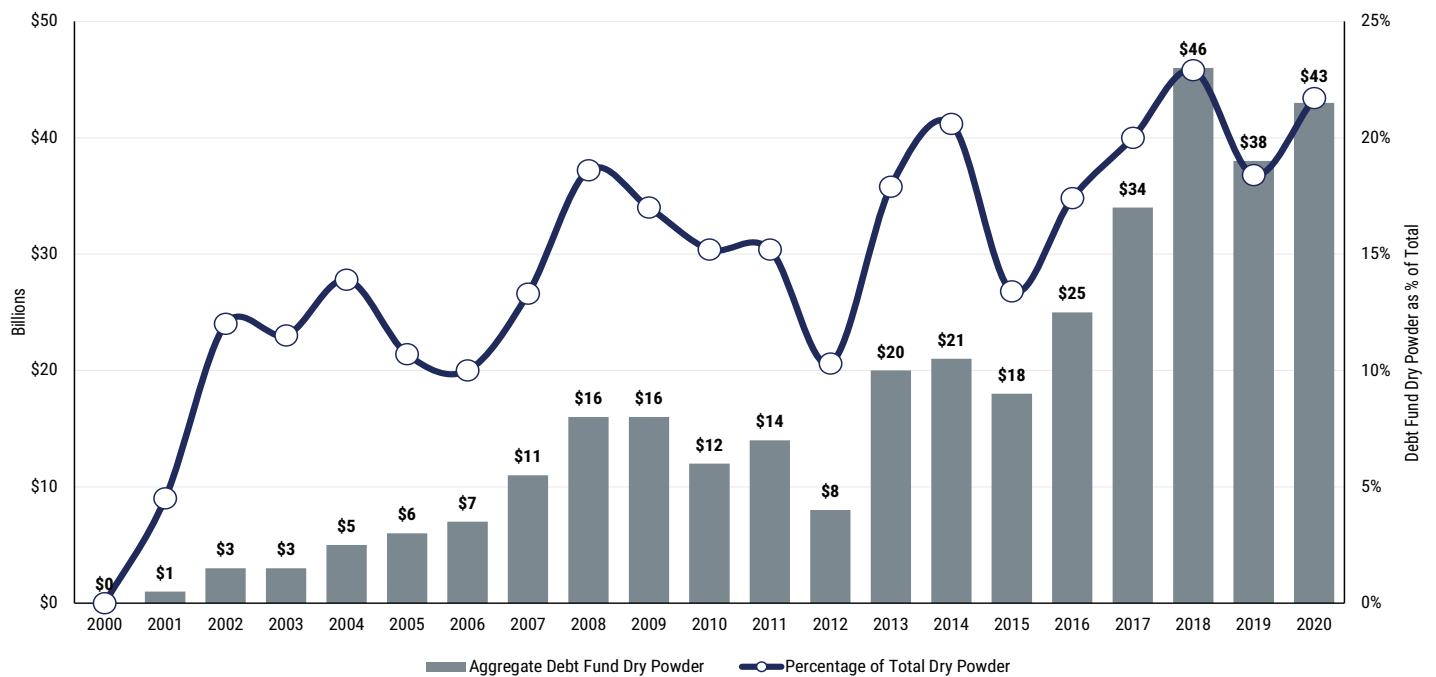
DRY POWDER



Note: Excluding Debt and Distressed Funds

Source: Newmark Research, Prequin

DEBT FUND DRY POWDER



Source: Newmark Research, Prequin

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Africa

Botswana
Kenya
Malawi
Nigeria
South Africa
Tanzania
Uganda
Zambia
Zimbabwe
Uganda
Zambia
Zimbabwe

Middle East

Saudi Arabia
United Arab Emirates

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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