
RESEARCH 4Q22

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

Ward Parkway Center | Kansas City, MO

558,930 SF GLA – SOLD FOR \$62,935,000 (\$113/SF)

South Kansas City | 8600-8800 Ward Parkway

Hawthorne Plaza Portfolio (4) | Overland Park, KS

156,410 SF GLA – SOLD FOR \$41,200,000 (\$263/SF)

South Johnson County | SECW 119th Street & Roe Avenue

The Fountains Portfolio (2) | Overland Park-Leawood, KS

19,550 SF GLA – SOLD FOR \$12,300,000 (\$629/SF)

South Johnson County | 6595; 6675-6685 W 119th Street

JOANN / Planet Fitness | Overland Park, KS

61,710 SF GLA – SOLD FOR \$10,400,000 (\$169/SF)

South Johnson County | 11401-11411 Metcalf Avenue

Academy Sports + Outdoors | Liberty, MO

62,910 SF GLA – SOLD FOR \$8,650,000 (\$138/SF)

Clay County | 269 S Stewart Road

Retail

KANSAS CITY MARKET OVERVIEW

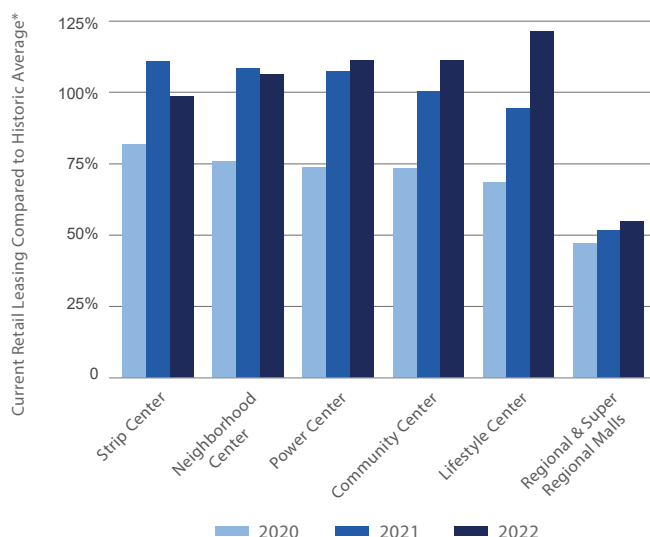
The Newmark Zimmer Midwest Retail Group anticipates steady demand for retail space. National, regional and local retailers are actively expanding. However, continued pressure on the delivery of retail space due to supply issues in the construction sector will remain an issue, as well as increased construction costs and inflation. The traditionally rigid delivery schedules demanded by retailers will be compromised and require flexibility and creative thinking by all parties.

In the local retail market:

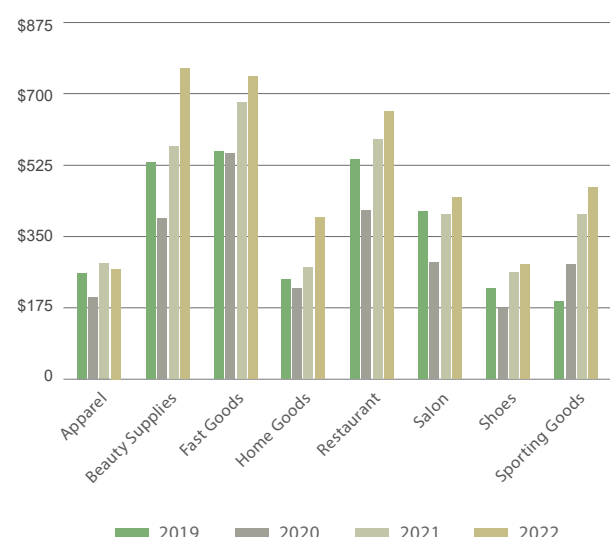
- Fidelis announced the purchase of the 558,930-square-foot Ward Parkway Center shopping center for \$62.9 million, or \$113/SF. The center comprises nearly 50 tenants, including Home Goods, AMC Theaters, Old Navy, PetSmart, Ross Dress for Less and Trader Joe's.
- The Meadowbrook Shopping Center in Prairie Village is currently undergoing renovations and is expected to welcome tenants, including Academy Bank, Aqua-Tots Swim School, Broken Egg Café and The Bar by this spring.
- Community Groceries is now the first store in the U.S. to use Amazon Go's "Just Walk Out" system without being owned by Amazon. Located in the Crossroads district, the grocer will also offer a contactless payment option by scanning the customers' palms.
- LANE4 Property Group announced the purchase of the 156,410-square-foot Hawthorne Plaza retail center for \$41.2 million, or \$263/SF. The center was approximately 96% occupied at the time of sale.

According to the Conference Board, consumer confidence in the United States has improved since July 2022. Increasing steadily from an index of 95.3 in July, consumer confidence ended the year at 109.0, with consumers predicting their incomes will remain relatively stable in the months ahead. The increase in consumer confidence can offer opportunities for companies in the retail sector to take advantage of the uptick in consumer sentiment. As consumer confidence in the US continues to rise, the pandemic's impact on different types of retail shopping centers has become evident according to CoStar, with malls being negatively affected due to their concentration of apparel tenants. On the other hand, strip, neighborhood, power centers, community centers and lifestyle centers have shown strength in 2022 and are considered "back to normal" compared to historical averages. As observed in the below graphic, various retail categories have experienced an annualized sales per square foot increase when comparing 2019 to 2022, indicating a move towards a "back to normal" scenario.

Retail Leasing Returns to Normal Levels

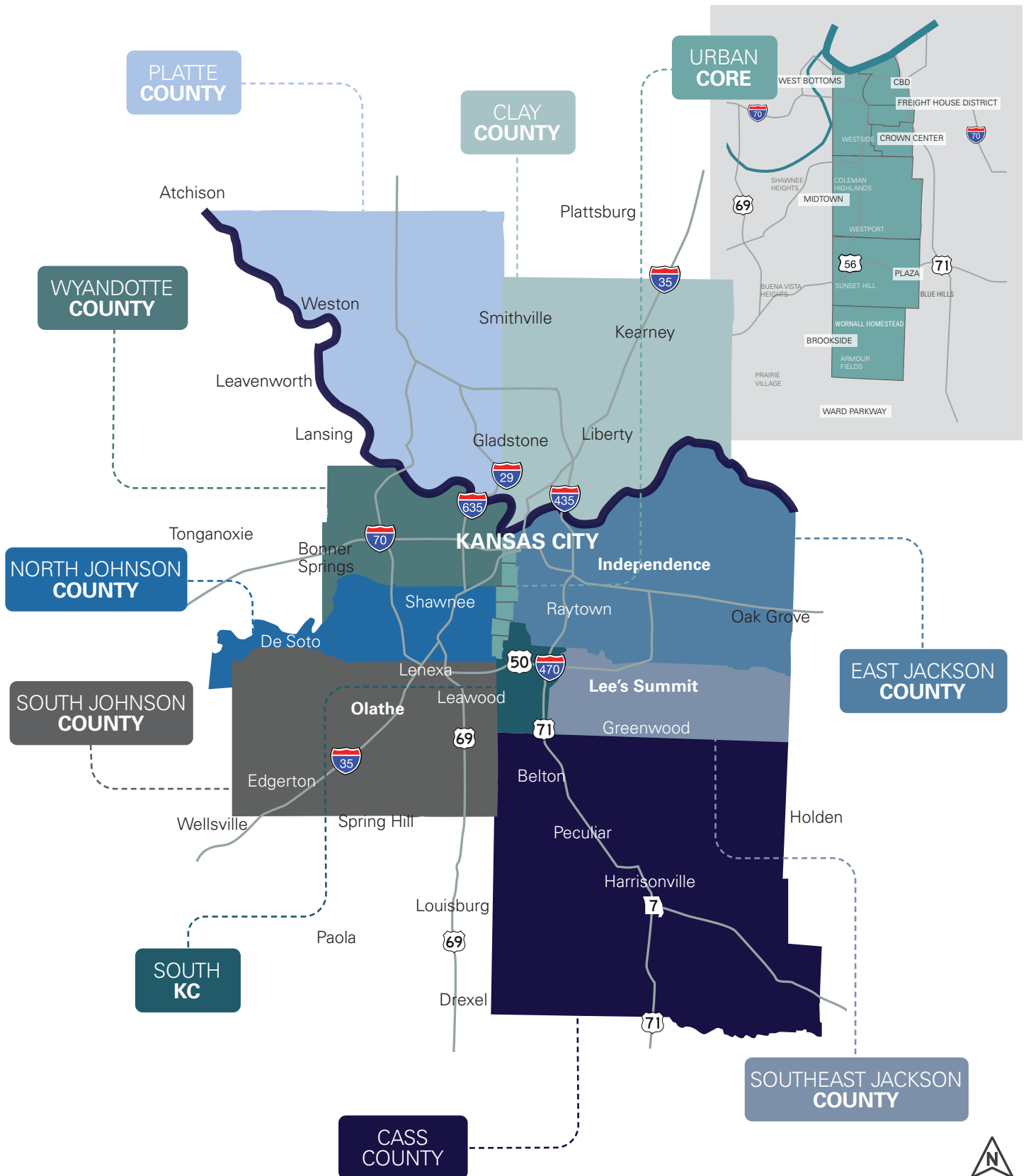


Annualized Retail Sales Per Square Foot



Submarket Maps

DOWNTOWN & SUBURBS



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4Q22 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	536	5,640,802	1.50%	13,145	172,186	\$11.99
	Small Shop	387	1,341,565	1.90%	980	9,652	\$13.38
	Big Box	149	4,299,237	1.30%	12,165	162,534	\$11.84
CLAY COUNTY	All	1,063	13,689,921	2.20%	-8,078	205,857	\$13.90
	Small Shop	685	2,451,262	1.20%	7,117	38,644	\$14.63
	Big Box	378	11,238,659	2.50%	-15,195	167,213	\$13.82
EAST JACKSON COUNTY	All	2,382	23,492,378	6.10%	49,101	243,185	\$11.02
	Small Shop	1,759	5,698,636	2.60%	12,418	23,999	\$15.75
	Big Box	623	17,793,742	7.20%	36,683	219,186	\$10.10
KC URBAN CORE	All	989	9,243,457	2.50%	6,897	95,403	\$18.97
	Small Shop	652	2,223,252	3.00%	-4,684	21,187	\$21.49
	Big Box	337	7,020,205	2.40%	11,581	74,216	\$18.24
NORTH JOHNSON COUNTY	All	1,164	18,753,360	4.40%	172,765	489,090	\$15.82
	Small Shop	717	2,594,990	2.80%	18,028	41,267	\$24.26
	Big Box	447	16,158,370	4.60%	154,737	447,823	\$14.31
PLATTE COUNTY	All	410	6,491,627	6.60%	17,173	35,932	\$15.36
	Small Shop	245	984,369	1.20%	-1,580	35,737	\$21.30
	Big Box	165	5,507,258	7.50%	18,753	195	\$15.23
SOUTH JOHNSON COUNTY	All	1,225	21,422,984	5.20%	15,748	216,000	\$15.83
	Small Shop	674	2,505,104	3.10%	6,410	54,645	\$20.57
	Big Box	551	18,917,880	5.50%	9,338	161,355	\$15.35
SOUTH KC	All	565	6,151,550	5.30%	-1,283	68,072	\$15.82
	Small Shop	394	1,168,647	2.80%	224	4,564	\$14.80
	Big Box	171	4,982,903	5.90%	-1,507	63,508	\$15.87
SOUTHEAST JACKSON COUNTY	All	517	6,859,933	2.20%	13,593	32,712	\$18.79
	Small Shop	350	1,310,536	0.80%	343	5,750	\$21.30
	Big Box	167	5,549,397	2.60%	13,250	26,962	\$18.09
WYANDOTTE COUNTY	All	1,012	9,798,912	3.60%	-27,564	-44,555	\$9.66
	Small Shop	788	2,490,080	2.20%	-9,543	-3,443	\$17.38
	Big Box	224	7,308,832	4.00%	-18,021	-41,112	\$8.58
TOTALS	All	9,863	121,544,924	4.30%	251,497	1,513,882	\$14.33
	Small Shop	6,651	22,768,441	2.40%	29,713	232,002	\$19.36
	Big Box	3,212	98,776,483	4.70%	221,784	1,281,880	\$13.58

Market Indicators

VACANCY RATE, ASKING RENT & NET ABSORPTION

KC URBAN CORE

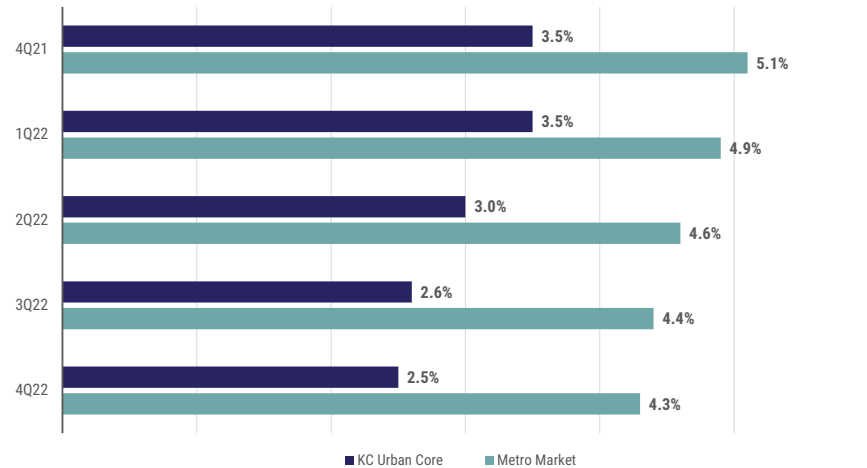
VACANCY RATE

The KC Urban Core vacancy rate has displayed a downward trend decreasing **100 basis points** over the past year.

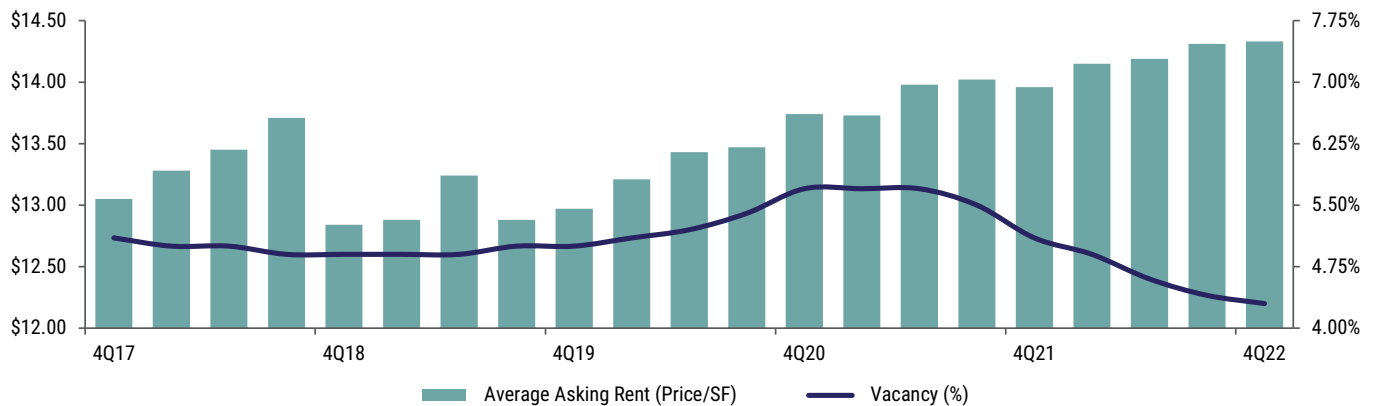
METRO MARKET

VACANCY RATE

The metro market vacancy rate has displayed a downward trend decreasing **80 basis points** over the past year.

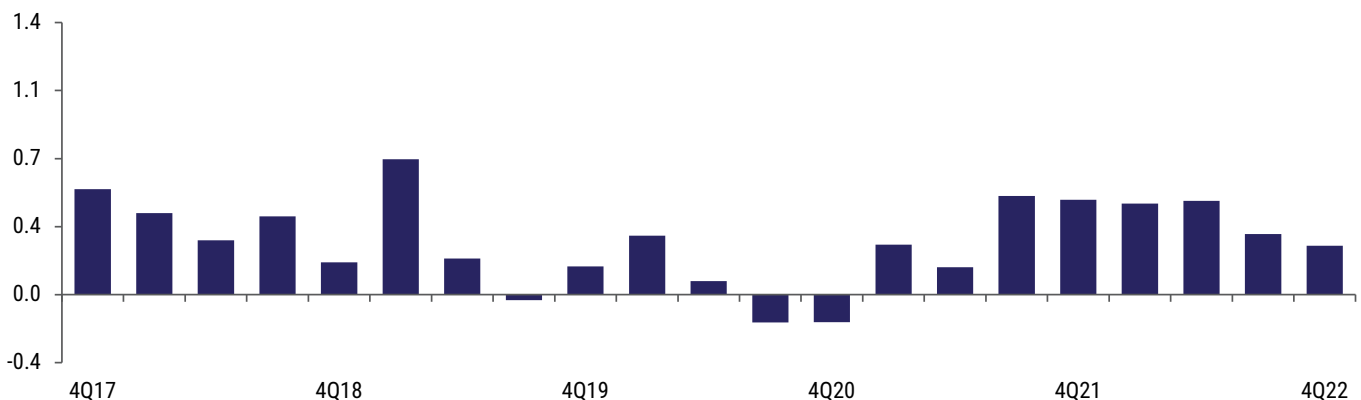


ASKING RENT AND VACANCY



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.



4Q22 Kansas City

SUBMARKET VACANCY RATE

NORTH JOHNSON COUNTY

VACANCY RATE

Improved by **210 basis points** over the past year.

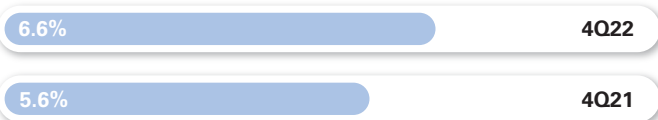


North Johnson County displayed the highest amount of total net absorption in 2022.

PLATTE COUNTY

VACANCY RATE

Worsened by **100 basis points** over the past year.

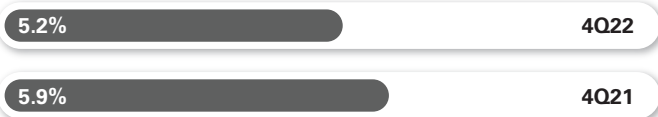


Platte County displays the second lowest vacancy rate for small shop space in the metro registering 1.3%.

SOUTH JOHNSON COUNTY

VACANCY RATE

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

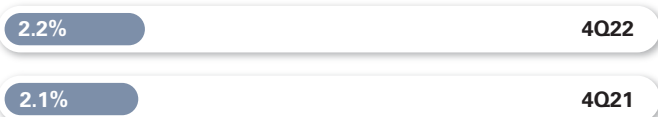


South Johnson County displayed the highest amount of small space net absorption in 2022.

SOUTHEAST JACKSON COUNTY

VACANCY RATE

Worsened by **10 basis points** over the past year.



Southeast Jackson County displays the lowest small shop vacancy rate in the metro.

For more information:

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Kansas City, MO 64105
816-474-2000

St. Louis, MO

8235 Forsyth Boulevard, Suite 200
Clayton, MO 63105
314-254-4600

Eastern Jackson County

1485 SW Market Street
Lee's Summit, MO 64081
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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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