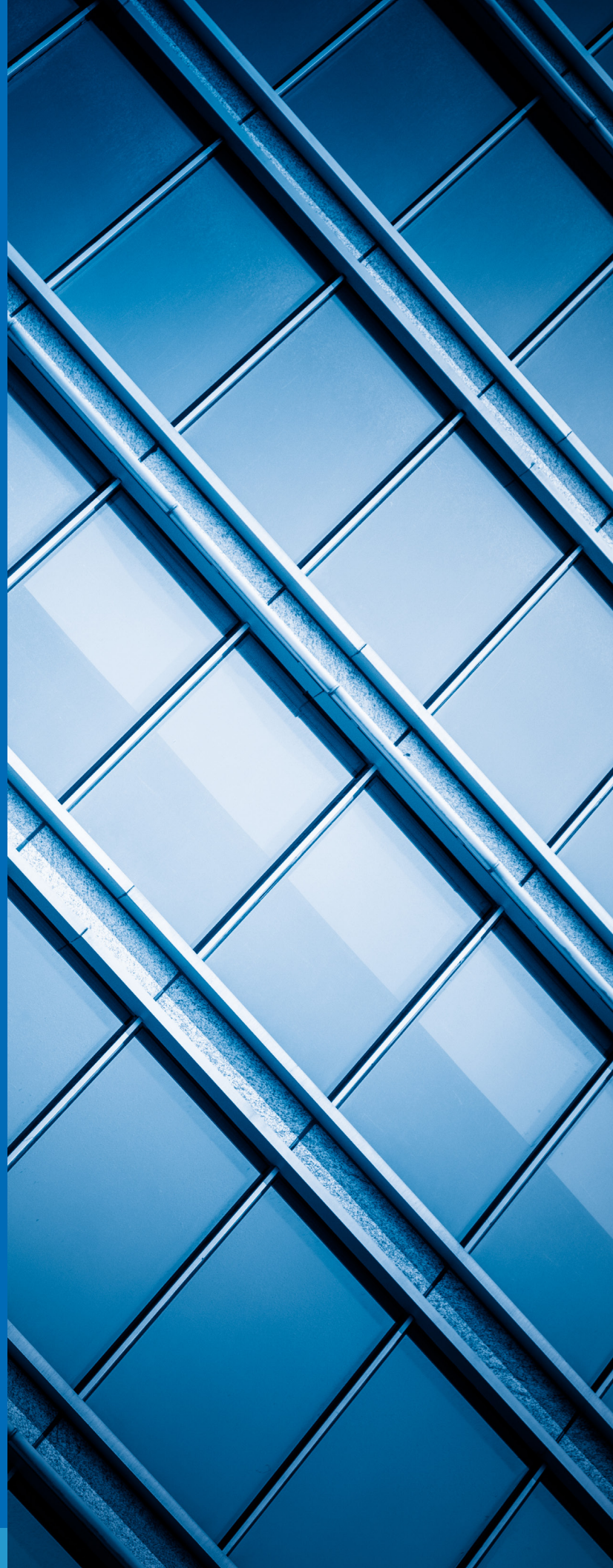

RESEARCH 4Q23

Kansas City Capital Markets

NEWMARK
ZIMMER



Executive Summary

Newmark Zimmer is continuously 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

Multifamily | Westley on Broadway

256 Units – Sold for \$50,500,000 (\$197,266/Unit)

Midtown | 4111 Broadway Boulevard

Multifamily | Madison Overland Park

200 Units – Sold for \$44,340,000 (\$221,700/Unit)

South Johnson County | 13900 Newton Street

Retail | Oak Park Commons – Portfolio (12)

342,160 SF GLA – Sold for \$40,000,000 (\$117/SF)

North Johnson County | NW & NE Corners of 95th Street & Quivira Road

Industrial | Heartland Meadows Commerce Center

181,320 SF GLA – Sold for \$19,500,000 (\$108/SF)

Northland | 3141 W Heartland Drive

Industrial | Heartland Meadows – U.S. Motor Works

167,580 SF GLA – Sold for \$17,000,000 (\$101/SF)

Northland | 3161 W Heartland Drive



Capital Markets

KANSAS CITY MARKET OVERVIEW

The pace of investment activity in the Kansas City market slowed during the past four quarters, with sales volume totaling \$1.8 billion, a decrease of 51.6% compared to the prior five-year average. As a leading second-tier market, the Kansas City Metropolitan area ranked seventh out of the largest 13 Midwest markets in total sales volume during the past 12 months, with multifamily and office assets combining for 68.0% of the Metro's activity.

Capitalization rates increased 25 basis points compared with the past 12 months, registering 6.3% in the fourth quarter of 2023. Top-quantile capitalization rates increased 76 bps compared with the past 12 months, registering 5.8% in the fourth quarter of 2023. Total net absorption across the industrial, office and retail sectors totaled 4.3 million SF during the past four quarters, a decrease of 73.5% compared with the preceding year. The multifamily sector realized 1,436 units of net absorption during the past four quarters, a decrease of 55.2% over a similar period a year ago.

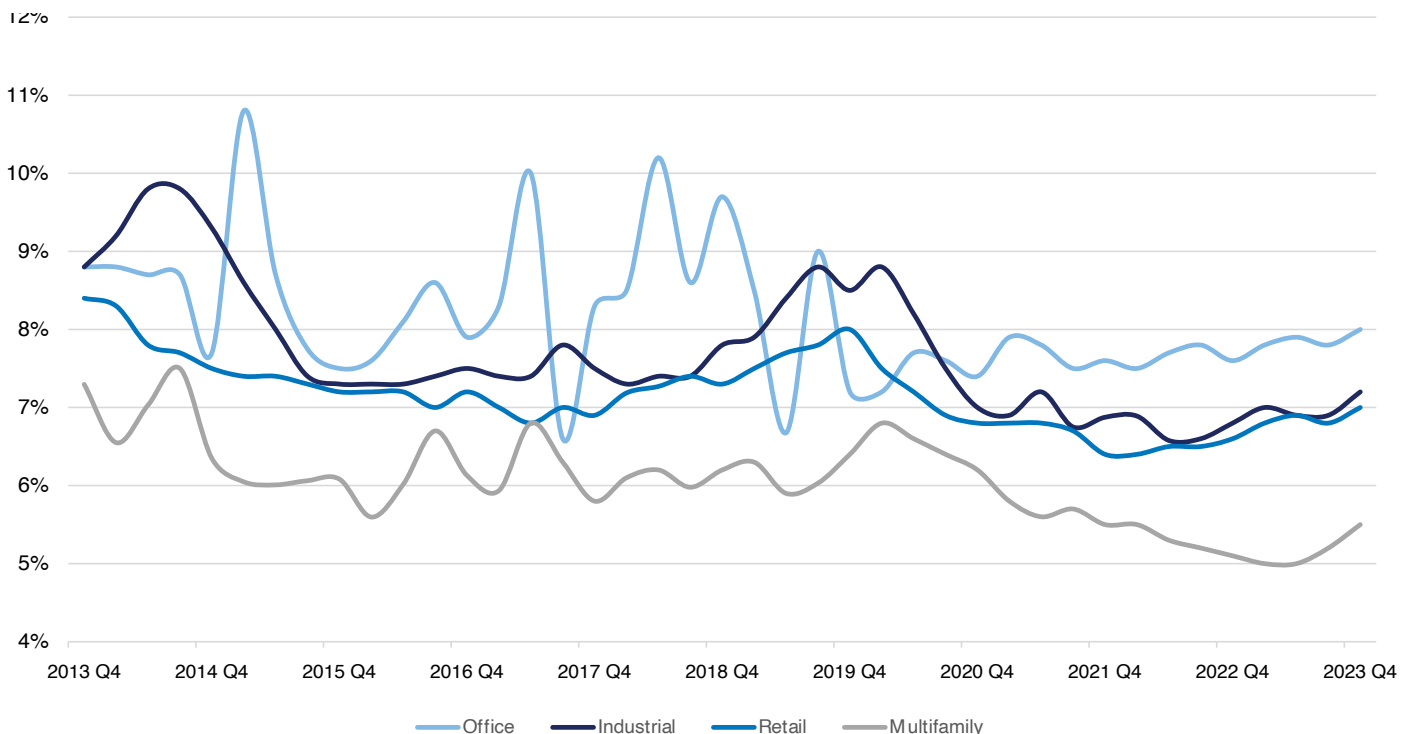
With development kept in check and incentives being offered to lock tenants in for longer lease terms, the industrial sector

experienced a new record high for asking rental rates during the fourth quarter of 2023. Rental rates for modern office and retail space, as well as multifamily offerings, are near record highs after pulling back slightly during the quarter. Vacancy in all sectors increased compared with the prior year except for the retail sector which remained flat at 4.1%. The industrial sector increased 190 bps to 5.4%, the multifamily sector increased 130 bps to 8.6%, while the office sector increased 120 bps to 17.0%.

The Newmark Zimmer Midwest Capital Markets team anticipates an increase in sales volume in the first half of 2024, as buyers and sellers begin to adjust to the current market conditions and the interest rate environment stabilizes. Allocations for commercial real estate investment continue to remain steady for industrial, neighborhood retail, multifamily and medical office with strong operating fundamentals. We continue to monitor the impact of lending conditions on leveraged buyers return expectations and valuations.

KANSAS CITY CAP RATES

Office 8.0% **Industrial 7.2%** **Retail 7.0%** **Multifamily 5.5%**



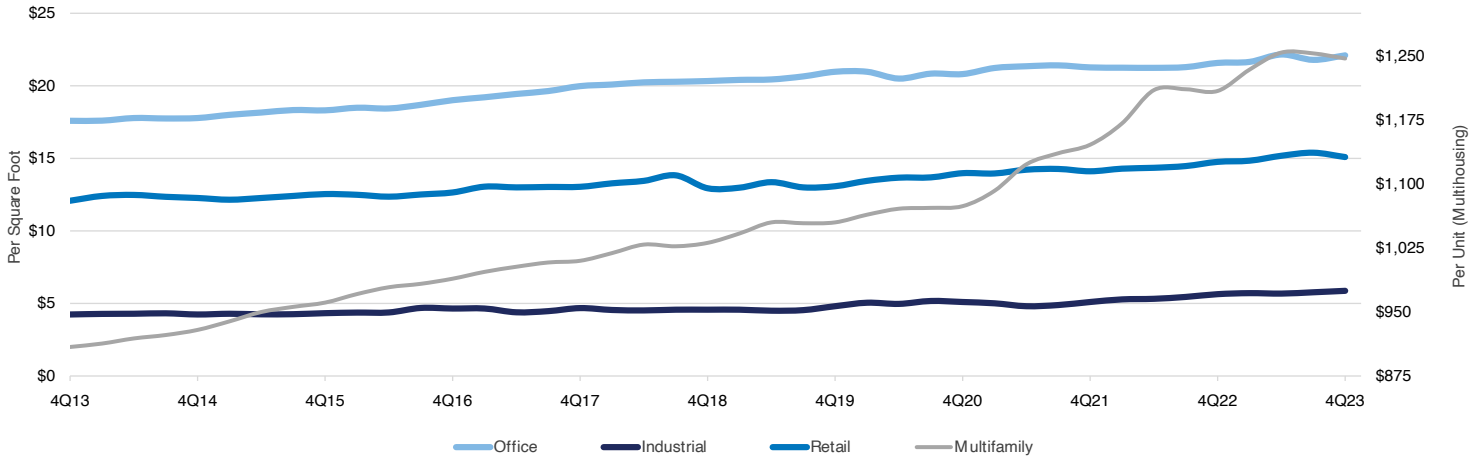
Source: Newmark Zimmer Research, CoStar, Real Capital Analytics

4Q23 Kansas City

MARKET ANALYSIS

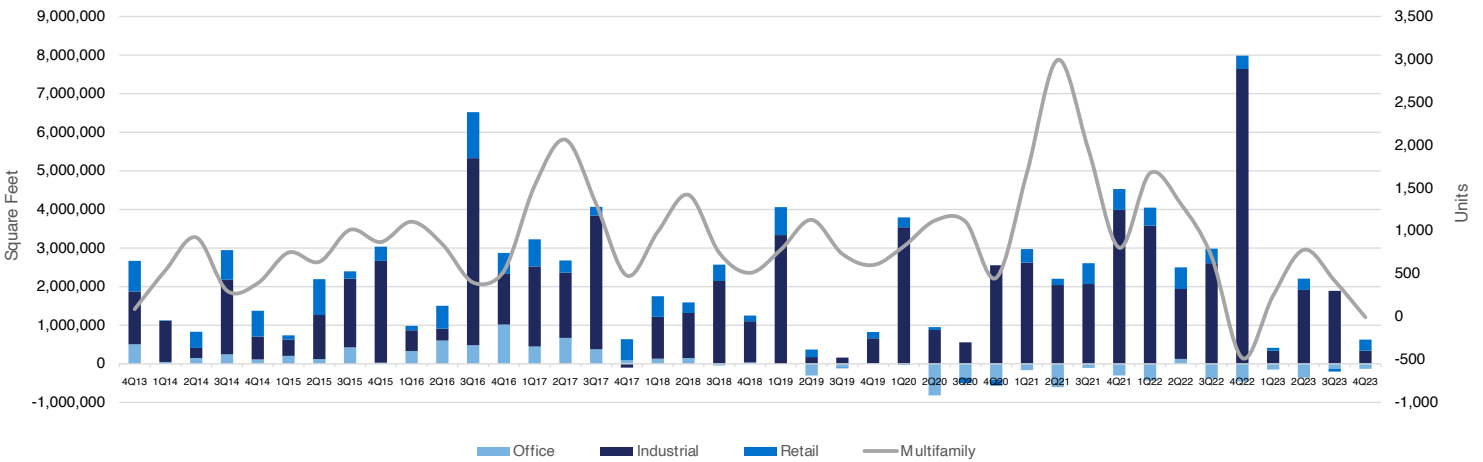
AVERAGE ASKING RENT

Office **\$22.10** Industrial **\$5.87** Retail **\$15.09** Multifamily **\$1,247**



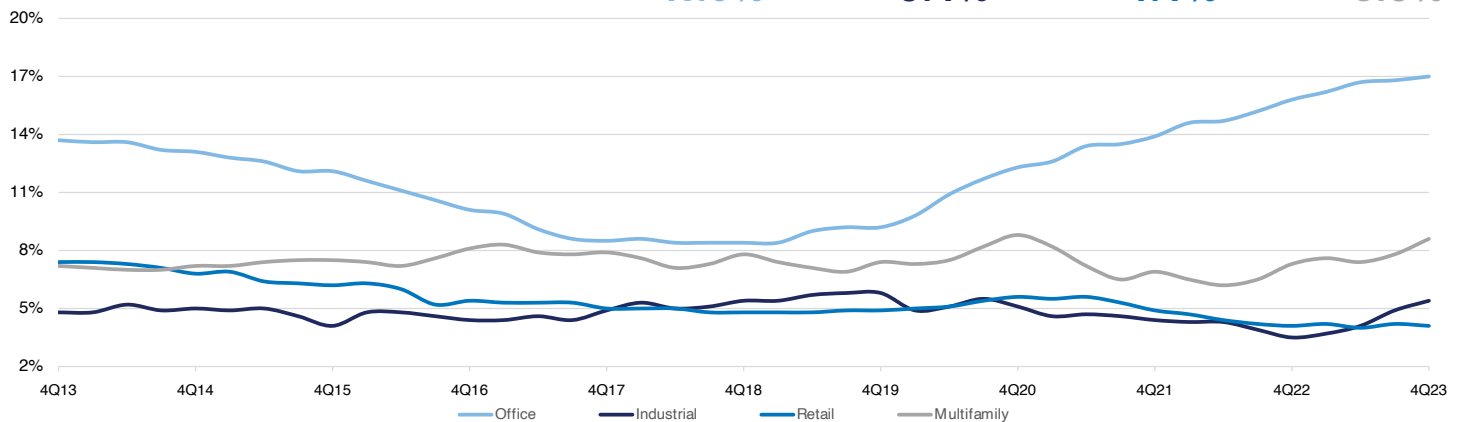
NET ABSORPTION

Office **-129,831 SF** Industrial **340,849 SF** Retail **285,900 SF** Multifamily **-7 Units**



VACANCY RATE

Office **17.0%** Industrial **5.4%** Retail **4.1%** Multifamily **8.6%**





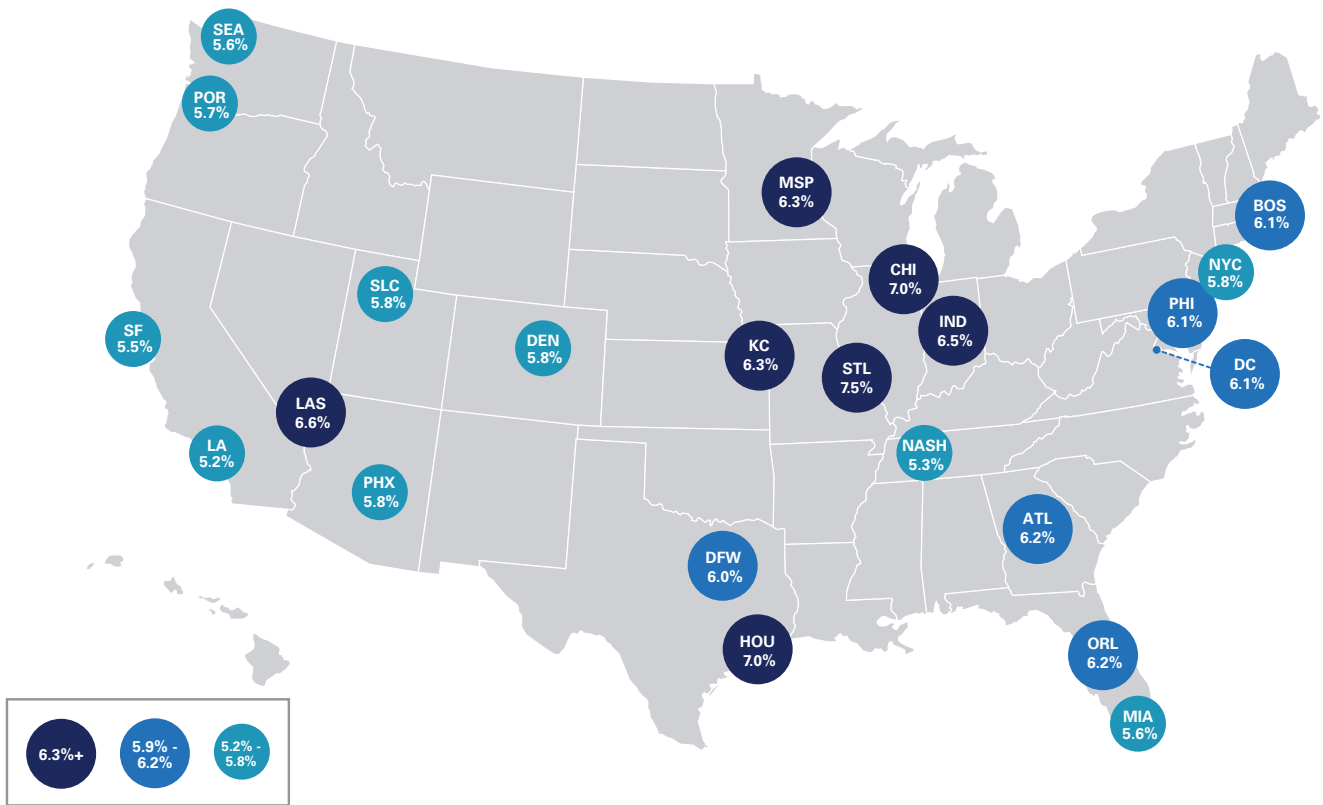
SELECT SALES TRANSACTIONS | FOURTH QUARTER OF 2023

Sector	Building	Submarket	Sale Price	Price Per SF/Unit ¹	SF/Units ²
Multifamily	Riverside Heights 4424 NW Hon Drive	Northland	\$8,850,000	\$81,944	108
Hospitality	Fairfield Inn & Suites by Marriott KC-Liberty 8101 N Church Road	Northland	\$5,985,000	\$60,455	99
Industrial	Hennessey Research Associates 9735 Commerce Parkway	North Johnson County	\$4,200,000	\$121	34,680
Hospitality	HomeTowne Studios KC-Worlds of Fun 4301 N Corrington Ave	Northland	\$4,050,000	\$30,224	134
Office	Deer Creek Office Centre 6240 W 135th Street	South Johnson County	\$4,000,000	\$200	20,000
Industrial	Auto Plus 5900 E Front Street	East Jackson County	\$3,720,000	\$142	26,150
Industrial	Lone Elm Business Park 1150 W 151st Street	South Johnson County	\$3,100,000	\$90	34,380
Retail	Ulta Beauty- Liberty Commons 249 S Stewart Street	Northland	\$2,850,000	\$287	9,930
Retail	Andy's Frozen Custard 10641 State Line Road	South Kansas City	\$2,545,000	\$1,167	2,180
Office (Medical)	Ironhorse Centre- Building IV 5401 W 151st Street	South Johnson County	\$2,100,000	\$197	10,660

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

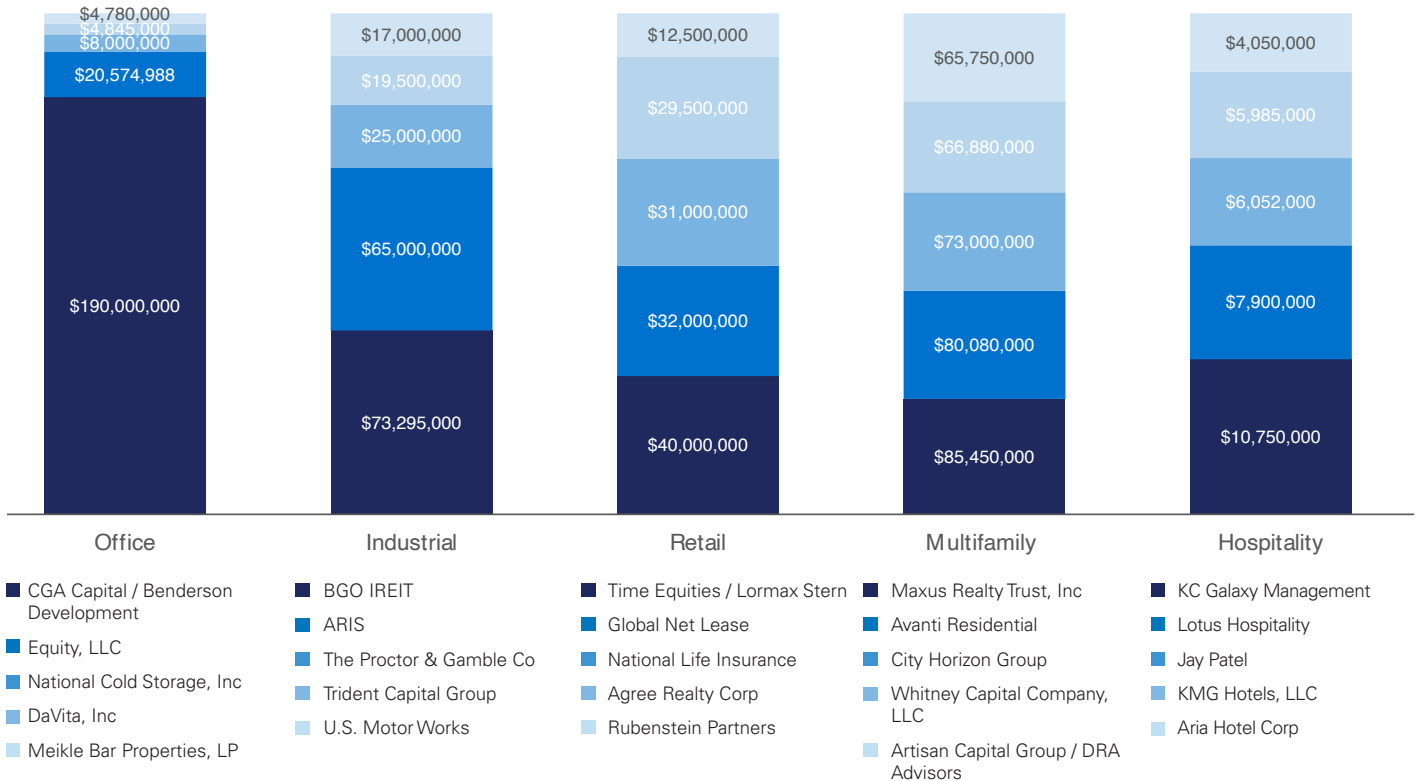
CAP RATES | ALL PROPERTY TYPES

12-MONTH AVERAGE, INCLUDES PROPERTY OR PORTFOLIO SALES \$2.5 MILLION OR GREATER

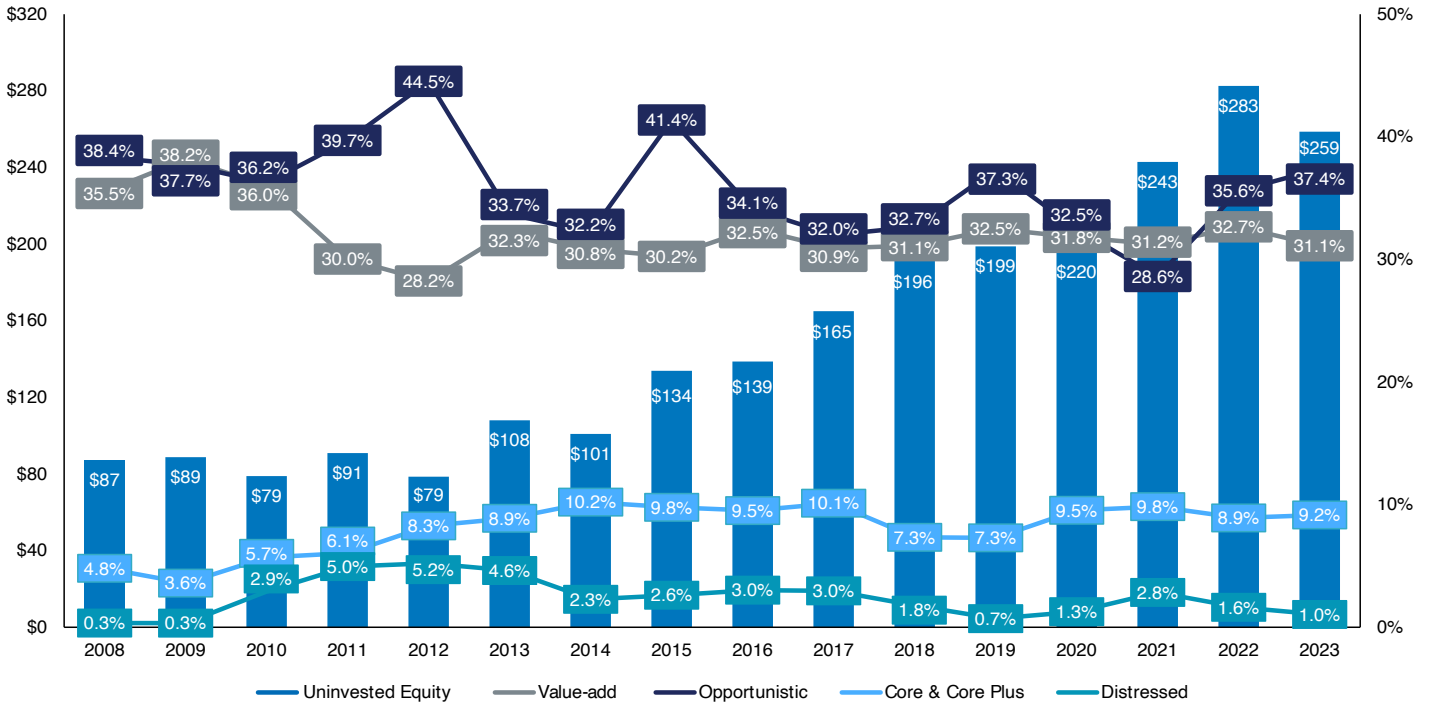


MOST ACTIVE BUYERS IN THE KANSAS CITY MARKET BY ASSET TYPE

12-MONTH TOTALS



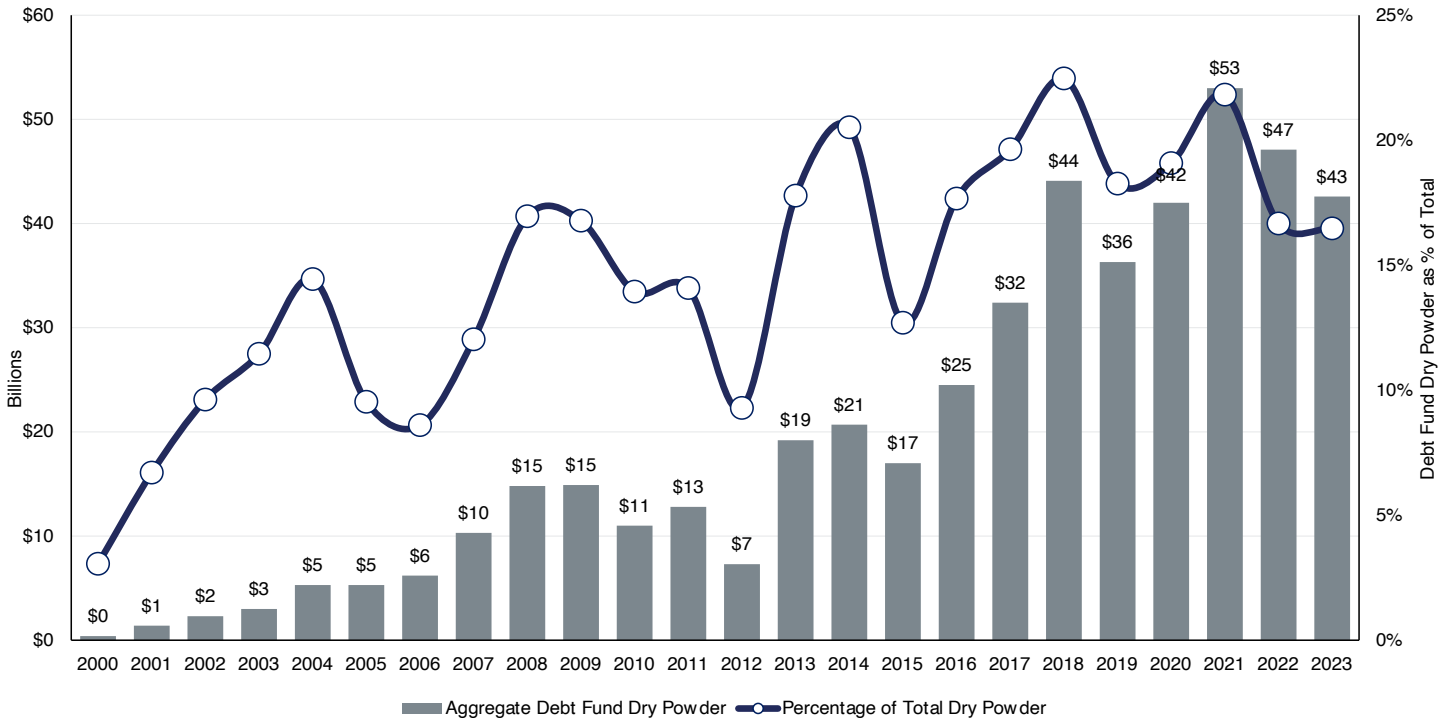
DRY POWDER



Note: Excludes Debt Funds, Secondaries, Fund of Funds, Co-Investment

Source: Newmark Research, Prequin

DEBT FUND DRY POWDER



Source: Newmark Research, Prequin

For more information:

Kansas City, MO

1220 Washington Street, Suite 300
Kansas City, MO 64105
816-474-2000

St. Louis, MO

1001 Highlands Plaza Dr, Suite 250
St. Louis, MO 63110
314-254-4600

Eastern Jackson County

1485 SW Market Street
Lee's Summit, MO 64081
816-474-2000

nmrkzimmer.com



Michael VanBuskirk, SIOR, CCIM, CRE

Vice Chairman, Principal

mvanbuskirk@nzimmer.com
816-512-1010

Chris Robertson, CCIM

Executive Managing Director, Principal

crobertson@nzimmer.com
816-512-1014

Raegen Root

Senior Financial Analyst

rroot@nzimmer.com
816-512-1005

Andrew Garten

Director, Research

agarten@nzimmer.com
816-256-4288

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.

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.

DISCLAIMER

All information contained in this publication (other than that published by Newmark) is derived from third party sources. Newmark (i) has not independently verified the accuracy or completeness of any such information, (ii) does not make any warranties or representations, express or implied, concerning the same and (iii) does not assume any liability or responsibility for errors, mistakes or inaccuracies of any such information. Further, the information set forth in this publication (i) may include certain forward-looking statements, and there can be no guarantee that they will come to pass, (ii) is not intended to, nor does it contain sufficient information, to make any recommendations or decisions in relation to the information set forth therein and (iii) does not constitute or form part of, and should not be construed as, an offer to sell, or a solicitation of any offer to buy, or any recommendation with respect to, any securities. Any decisions made by recipient should be based on recipient's own independent verification of any information set forth in this publication and in consultation with recipient's own professional advisors. Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains with any third party. This publication is for informational purposes only and none of the content is intended to advise or otherwise recommend a specific strategy. It is not to be relied upon in any way to predict market movement, investment in securities, transactions, investment strategies or any other matter. If you received this publication by mistake, please reply to this message and follow with its deletion, so that Newmark can ensure such a mistake does not occur in the future.

RESEARCH

Newmark Zimmer research reports are also available at nmrkzimmer.com