

MARKET PULSE [OFFICE]

KANSAS CITY Q1 2017

ECONOMIC OVERVIEW

Per the U.S. Bureau of Labor Statistics, the unemployment rate for the Kansas City Metro area at the end of February 2017 was 4.4%, up from 3.8% in November 2016. Though unemployment is up, annual job gains in the Kansas City metropolitan area have exceeded 20,000 each month since May 2014.

KANSAS CITY ANNOUNCEMENTS

The \$50 million-plus Corrigan Station restoration project will add about 140,000 square feet (sf) of Downtown office space. It represents the first new multi-tenant Class A office building since 1201 Walnut was completed in 1991. The co-working firm WeWork leased 44,000 sf in the project.

The largest lease signings included AutoAlert's 45,000-sf lease in the former Kansas City Southern Railway building, Marsh and McLennan at the Sprint Campus for 21,426 sf, both in the South Johnson County submarket, and an 11,000-sf lease with Virgin Mobile at 1200 Main Street in the Downtown market.

Sprint Corp. announced it will market for sale five of the buildings located on the Sprint Campus in Overland Park, Kansas.

COMMERCIAL REAL ESTATE GROUP HONORS KC'S TOP BROKERS



KCRAR 2016 Office Deal Maker of the Year awarded to
GREGORY W. SWETNAM

KCRAR 2016 Roger Cohen Rookie of the Year Award recipient
CASSIDY MEARS

<http://www.bizjournals.com/kansascity/news/2017/02/24/commercial-real-estate-group-honors-kcs-top.html>

STATS ON THE GO

	Q1 2016	Q1 2017
Overall Vacancy	13.8%	12.2%
Direct Asking Rents (psf/yr)	\$18.47	\$19.12
YTD Leasing Activity (sf)	478,059	455,463

CONSTRUCTION ACTIVITY

Six buildings totaling 315,816 sf were completed in the Kansas City market area with 809,375 sf of office space under construction at the end of 1Q17. The largest project delivered was Nall Corporate Center II, a 147,463-sf facility located at College Boulevard and Nall Avenue, and is 44.5% pre-leased by Mariner Wealth Advisors.

SALES ACTIVITY

The largest transaction within the last four quarters was the recent sale of seven buildings at the intersection of College Boulevard & Metcalf, Overland Park, Kansas totaling 806,244 sf selling for an average of \$116.59 psf at an 8.78% cap rate.

Valencia Place Office Building on the Country Club Plaza was sold to Price Brothers for an undisclosed amount. Lockton Companies renewed their lease in 2012 to remain in the building until 2030.

The Woodbury Corporation, headquartered in Salt Lake City, Utah, purchased Holmes Corporate Center I & II at I-435 & Holmes Road. The properties were recently improved with over \$1.7 million invested in common areas and landscaping. Kessinger/Hunter manages and leases the 198,000-sf portfolio. Space available ranges from 1,500 sf to 15,000 sf.

Mohr Capital out of Dallas sold the Broadmoor Place office building in Mission, Kansas for \$132 psf to Senior Housing Property Trust and MO Investors, LLC sold 9229 Ward Parkway totaling 52,807 sf to Clint Drive Properties, LLC.

Cap rates have been higher in 2016, averaging 8.07% compared to the same period in 2015 when they averaged 7.81%.

FEATURED LISTING

Holmes Corporate Center I & II

1001 & 800 E. 101st Terrace | Kansas City, Missouri 64131

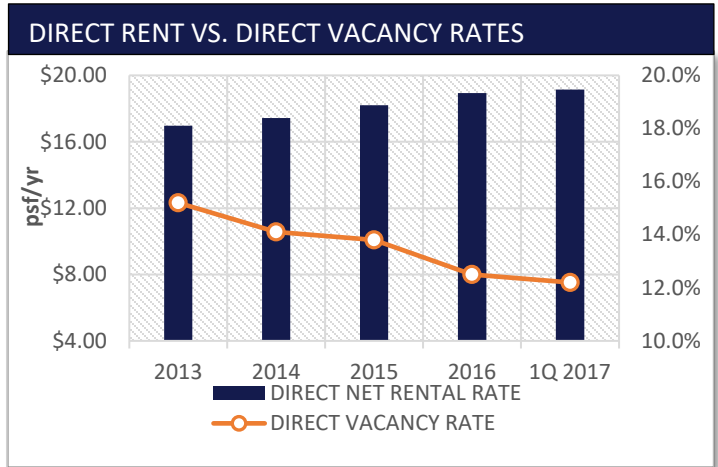


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KANSAS CITY Q1 2017

KESSINGER/HUNTER TRANSACTIONS FOR Q1 2017:

- Saint Luke's South Hospital, Inc. (12,648 sf)
- VCapital Management, LLC (6,644 sf)
- Odyssey Healthcare of Kansas City, LLC and Gentiva Health Services, Inc. (6,164 sf)
- Hunkeler Eye Institute (5,535 sf)
- Saint Luke's South Hospital, Inc. (4,862 sf)
- Ifft & Co. (4,302 sf)



Market	# Buildings	Total RBA	Total SF Available	% Vacant	YTD Net Absorption	Rents
Downtown/CBD	76	11,636,358	1,692,409	14.5%	37,482	\$18.97
East Jackson County	70	2,264,050	233,286	10.3%	22,072	\$15.01
Kansas City, KS	15	1,098,892	248,611	22.6%	(13,757)	\$18.71
Midtown	45	3,785,919	303,485	8.0%	(12,352)	\$20.08
North Johnson County	136	5,404,475	452,572	8.4%	(1,098)	\$18.98
North of the River	59	3,311,341	813,459	24.6%	9,252	\$15.54
South Johnson County	191	14,285,110	1,191,863	8.3%	60,850	\$21.34
South Kansas City	54	3,905,789	724,398	18.5%	43,538	\$18.32
Southeast Jackson County	3	1,089,390	54,123	5.0%	0	\$19.01
Subtotal of Non-CBD	573	35,144,966	4,021,797	13.2%	108,505	\$18.37
Totals = CBD + Non-CBD	649	46,781,324	5,714,206	12.2%	145,987	\$19.12

Kessinger/Hunter's subset includes buildings 10,000 sf & greater, non-owner/user, non-medical, and non-government

KESSINGER/HUNTER OFFICE BROKERAGE PROFESSIONALS



BACK ROW: Cassidy Mears, Greg Swetnam, Joe Heinzler FRONT ROW: Debbie Schulte, Kathy Lapp, Holly Mills, Sharon Gartin