

est. 1879

# KESSINGER HUNTER

commercial real estate

*Celebrating 140 Years*

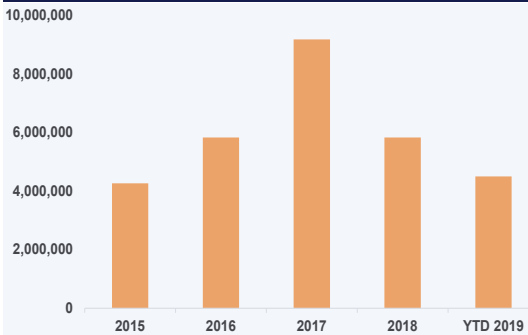
## ALL SYSTEMS GO IN THE INDUSTRIAL MARKET

KANSAS CITY  
MID-YEAR 2019

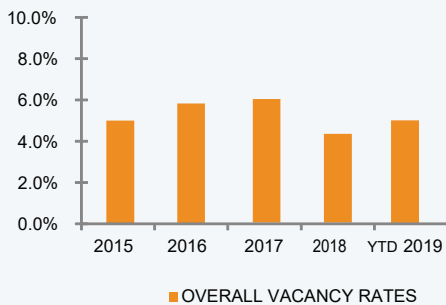
### STATS ON THE GO

	YTD 2019	12 MONTH FORECAST
Overall Vacancy	5.15%	◆◆
Overall Absorption	4,533,616	◆◆

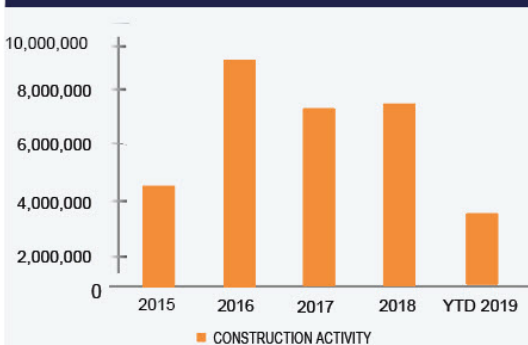
### OVERALL ABSORPTION



### OVERALL VACANCY RATES



### OVERALL CONSTRUCTION ACTIVITY



As anticipated, the industrial market in Kansas City, as well as the rest of the country, continues to march forward. Industrial vacancy rates in all of the monitored US markets are in the single digits with Kansas City ending the 2Q around 5.15%. E-commerce warehousing is the main driver behind the sustained growth as demand is strong for sorting, distribution, and logistics requirement. As such requirements are evolving, developers are working to meet the needs of users, which includes multi-story warehouses and the conversion and adaptation of big box retail stores and dead shopping centers to serve as last mile logistics facilities.

Because of the growth and strength of the industrial market over the last few years, industrial real estate is the favored asset class across the country. Kansas City has seen a lot of activity with local and out of state investors looking for quality investment opportunities which is driving cap rates down and making it a highly competitive market.

Source: Ray Hankamer  
REDNews  
June 2019

### LABOR MARKET A FACTOR

The labor market in Kansas City is tight and is expected to get tighter which creates a competitive atmosphere for staffing all of these new large warehouse facilities across the metro. As prospective companies look to enter our market, we often hear questions related to labor and wage rates; more and more businesses are growing concerned about their ability to hire the work force they need to staff large distribution and logistics facilities. This is a regional and national problem as well, and the business community is working alongside the local educational institutions to facilitate the vocational training necessary to keep up with demand.



### FEATURED PROPERTY

#### I-35 Logistics Park

Building C



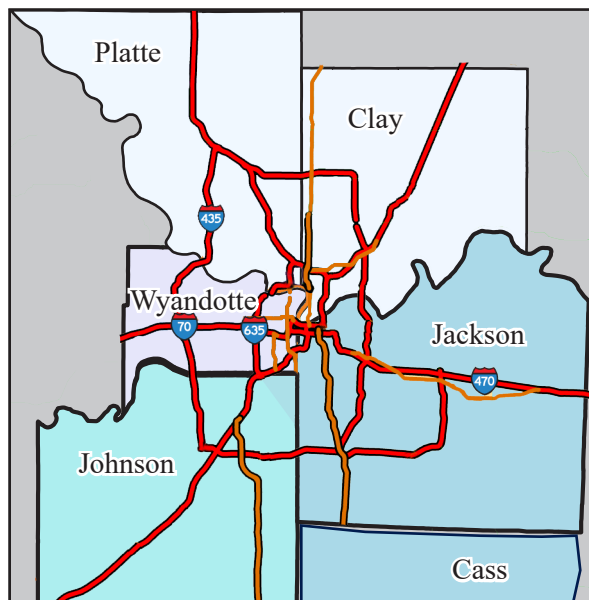
157,621-315,242± SF AVAILABLE  
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### INDUSTRIAL OUTLOOK

E-commerce is not the only driver behind all the industrial growth. The health of the economy has been good for most businesses that make up the industrial sector as local business owners and small businesses have been real players in the real estate market. This has resulted in a seller and landlord market in the smaller owner/user buildings and lease spaces. Lease rates have increased a bit, but the biggest price movement has been seen in the increase of sale prices for industrial product. Another area that could affect sale prices as the year moves on is the pending implementation of medical cannabis licenses in the state of Missouri. Currently there are a number of speculative businesses in the market looking for manufacturing facilities and commercial spaces to operate in, and once businesses are granted a licence, we could see some dramatic prices paid for quality manufacturing buildings. Kansas City should see a strong second half with businesses moving quickly to capitalize on industrial opportunities in what looks to remain a very tight and competitive market.

## KANSAS CITY METRO INDUSTRIAL SUBMARKETS



## KANSAS CITY MID-YEAR 2019

### TOP TRANSACTIONS

**Kessinger Hunter** finalized a long-term lease with **ITRenew**, an Information Technology and Service Provider from Silicon Valley, for 315,000± SF of rentable space. This space in Building C was the last vacancy of the over 1.3 million SF presently constructed at I-35 Logistics Park in Olathe, Kansas.

**Hostess Brands LLC** expanded their presence in Kansas City with a 740,000± build-to-suit in Edgerton, Kansas.

**PAE** leased 507,000± SF in Edgerton, Kansas.

**Faith Technologies** purchased 440,000± SF in Olathe, Kansas.

**Dakota Bodies, LLC** leased 96,687± SF in Liberty, Missouri.

**T.J. Maxx** leased 145,000± SF in Olathe, Kansas.

**Black & Veatch** leased 86,876± SF in North Kansas City, Missouri.

**Wurth Baer Supply Company** leased 66,448± SF in Kansas City, Missouri.

Market	Total Market Size	Market Vacancy	2019 Deliveries & Under Const.
Platte & Clay/Northland	61,113,858± SF	5.7%	1,879,156± SF
Wyandotte	43,517,011± SF	3.1%	0± SF
Jackson/Cass	117,766,765± SF	3.7%	904,489± SF
Johnson	78,166,608± SF	8.1%	880,000± SF
Overall Market	300,564,242± SF	5.15%	3,663,645± SF

Kessinger Hunter & Company is the premier commercial real estate services firm in Kansas City. Our firm represents multinational corporations, pension funds, REITS, developers, entrepreneurs, government entities, small and mid-size companies, and financial institutions worldwide. We are market leaders in all of our core businesses.



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