

# MARKET PULSE [OFFICE]

## KANSAS CITY Year-End 2020

### KANSAS CITY ANNOUNCEMENTS

The former Sprint World Headquarters Campus will officially be renamed Aspiria, "an innovative and transformative destination." The new owner, Occidental Management, plans to transform the project into the nation's second-largest corporate campus and shift the development towards a mixed-use offering including 1.4 million square feet of additional office space to the South Johnson County market.

Three new tenants have moved to the former Sprint Campus in Overland Park, Kansas. Kindred at Home, A Place for Mom, and Inside Response. Each company occupies a full floor totaling approximately 42,000 sf.

Honeywell leased an additional 22,490 sf at 9221 Ward Parkway, South Kansas City, Missouri.

Centauri Health Solutions leased 15,137 sf at Holmes Corporate Center in South Kansas City, Missouri.

PLS, LLC leased 11,254 sf in Corporate Woods, Overland Park, Kansas.

### CONSTRUCTION ACTIVITY

Kansas City has had little spec office space under construction that would add significant pressure on vacancies. Roughly, 1.3 million sf was under construction in 2Q20 with more than 90% preleased. The largest chunk of available space due to come online will be at the Creative Planning Campus in Overland Park. VanTrust is developing the third, 108,000-sf building, which was started in September 2020 and expects to complete in 3Q21. **[In all likelihood, there will be a challenge in leasing the building. While most employers expect to return to the office eventually, when that may happen is yet to be determined.]**

The 2<sup>nd</sup> largest project under construction is Waddell & Reed's new 260,000-sf-headquarters at 1400 Baltimore Avenue with a scheduled completion date of early 2022. Waddell & Reed was granted a \$35 million, 15-year tax abatement to make the move from their Overland Park HQ and add 1,000 workers to the downtown area.

Just announced March 2, 2021, Waddell & Reed says it won't move into HQ building after merger with Australia's Macquarie Group leaving the potential to be on the hook for more than \$10 million in annual rent for 15 years. Macquarie will sell off Waddell & Reed's wealth management platform to LPL Financial Holdings, Inc. in Boston and terminate 200+ employees.

### RECENT SALE ACTIVITY

Burns & McDonnell's old office building is now under the same oversight as the new offices on its 34-acre South Kansas City HQ campus. New York-based U.S. Realty Advisors, LLC acquired the company's 485,833-sf offices at 9300-9400 Ward Parkway for \$121 million / \$249.06/sf in May.

The 295,631-sf-Swiss Re building located at 5200 Metcalf in Overland Park, Kansas sold in July 2020 for an estimated \$5,636,000/\$19.06/sf. SomeraRoad, Inc. purchased the vacant building and plans to upgrade the interiors and offer the building to the market for lease.

The 146,000-sf-former Lee Jeans HQ located at 9001 West 67<sup>th</sup> Street, Merriam, Kansas sold for \$5,100,000 / \$34.93/sf in September 2020. Nations Holding Company was the buyer and plans to renovate and occupy the building.

### RECENT SIGNIFICANT SALES

- 2600 Southwest Blvd., KCMO (\$42,110,895 / \$133.00/sf)
- 9601 Renner Boulevard, Lenexa, KS (\$14,351,000 / \$185.00/sf)
- 16400 College Boulevard, OPKS (\$1,800,000 / \$56.00/sf)
- Seven Pine Ridge Plaza, 8215 Melrose Drive, Lenexa, KS (\$1,825,000 / \$113/sf)
- 8527-8551 Bluejacket Drive, Lenexa, KS (\$3,750,000 / \$132.00/sf)
- 9786 Ash, OPKS (\$3,100,000 / \$443/sf)

### LARGE BLOCKS OF SPACE ON THE MARKET OR HEADED OUR WAY

- Waddell & Reed Campus (400,000 RBA / 361,683 sf Available 1Q 2022)
- 1100 Main, KCMO (663,656 RBA / 228,032 sf Available)
- 5200 Metcalf, OPKS (220,511 RBA / 100% Available)
- 2400-2480 Pershing Road, KCMO (596,011 sf / 227,315 sf Available)
- 2001 NE 46<sup>th</sup> Street, KCMO (212,122 RBA / 100% Available)
- 2555 Grand Blvd., KCMO (183,555 sf Available)
- 9401 Renner Blvd., Lenexa, KS (150,958 RBA / 100% Available)
- 9701 Renner Road, Lenexa, KS (129,321 RBA / 100% Available)
- 1100 Walnut St., KCMO (100,527 sf Available)
- 1200 Main, KCMO (822,391 RBA / 100,000 sf Available)
- 333 W 11<sup>th</sup> Street, KCMO (87,488 RBA / 100% Available)
- CityPlace CC I, Lenexa, KS (120,000 RBA / 75,000 sf Available)
- Former Sprint Campus / Third-Party (1,461,921 RBA / 260,485 sf Available in 8 buildings) \*Total Campus 3.9 million sf

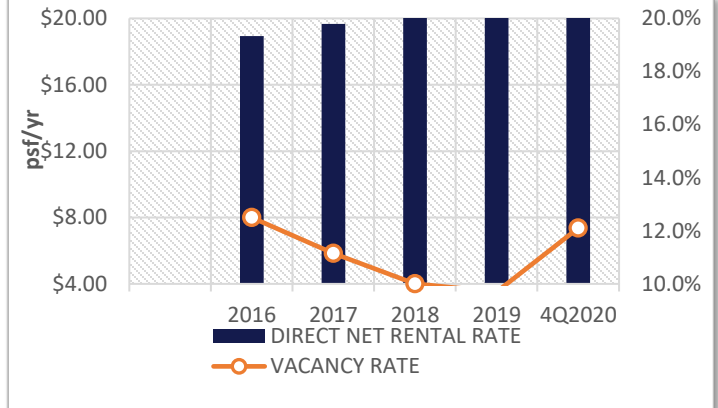
# KANSAS CITY Year-End 2020

## KESSINGER HUNTER TRANSACTIONS

### Year-End 2020:

- Wyrsh Hobbs & Mirakian (7,333 sf)
- The Civic Council of Greater Kansas City (4,525 sf)
- The Triple-I Corporation (3,899 sf)
- Three Oaks Hospice (3,267 sf)
- Community Lending of America, Inc. (3,201 sf)
- Mullins & McMillan (2,871 sf)
- First Student, Inc. (2,584 sf)
- Purity Wellness (2,392 sf)
- Social Security Solutions, Inc. (1,936 sf)

### DIRECT RENT VS. VACANCY RATES



Market	Existing Inventory		Vacancy		YTD Net Absorption	Average Rents
	# Buildings	Total RBA	Total SF Available	% Vacant		
<b>Downtown/CBD</b>	75	11,527,035	1,449,081	12.6%	(178,082)	\$21.04
East Jackson County	70	2,330,086	228,919	9.8%	(2,047)	\$16.50
Kansas City, KS	15	1,038,002	31,150	3.0%	1,313	\$16.97
Midtown	46	3,956,332	566,719	14.4%	60,955	\$25.52
North Johnson County	139	5,724,506	610,975	10.7%	(300,588)	\$21.52
North of the River	60	3,377,692	797,734	23.6%	(136,302)	\$15.74
South Johnson County	195	14,760,411	1,674,950	11.3%	(60,753)	\$23.00
South Kansas City	53	3,676,497	349,271	9.5%	3,212	\$19.11
Southeast Jackson County	3	1,096,769	41,166	3.8%	0	\$19.37
<b>Subtotal of Non-CBD</b>	581	35,960,295	4,300,884	12.0%	(434,210)	\$21.03
<b>Totals = CBD + Non-CBD</b>	656	47,522,635	5,757,715	12.1%	(769,709)	\$21.03

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

Kessinger Hunter is pleased to announce the procurement of a 2.5-million-sf-portfolio of management and leasing for the Kansas City-based Privitera family. The portfolio consists of 69 properties (office, industrial, and retail) throughout the Kansas City Metropolitan Area.



### Featured Property

**THE STAR Building** - Available for sale or lease in the heart of downtown Kansas City is 1601 McGee Street, the well-known, state-of-the-art printing pavilion built in 2006 and currently occupied by The Kansas City Star, who is vacating the space this year. The parcel contains approximately 344,130 sf and sits on 4.57 acres. 1708 Locust Street is a separate parcel and has been utilized as a paved parking area for the printing pavilion and is an approximately 0.64-acre lot.