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KESSINGER HUNTER

commercial real estate

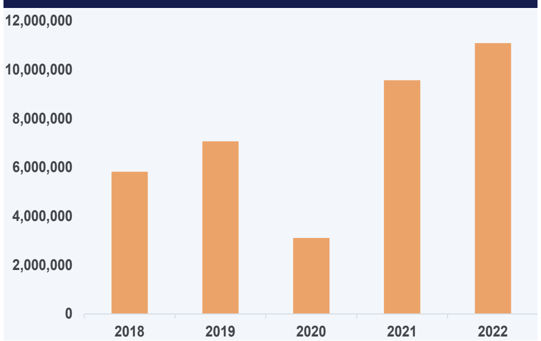
KANSAS CITY
YEAR-END 2022

US Industrial Real Estate Sales Demand Slows From Record

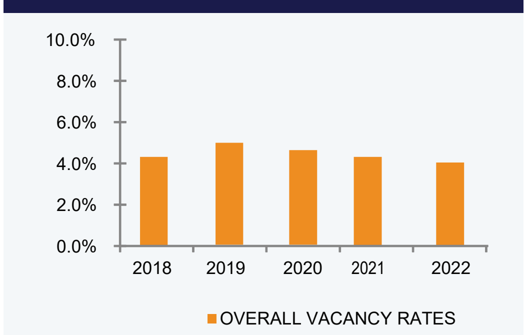
STATS ON THE GO

	2022	12 MONTH FORECAST
Overall Vacancy	4.03%	▲
Overall Absorption	11,094,409	▼

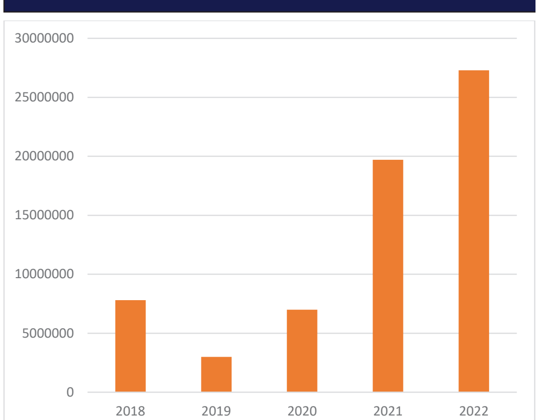
OVERALL ABSORPTION



OVERALL VACANCY RATES



OVERALL CONSTRUCTION ACTIVITY



Source: 2023 CoStar Group

Despite Weakening Economy, 2022 Still Ranks Among Strongest Years For Industrial Deals

Industrial demand is on pace to make 2022 the second strongest on record as businesses grabbed warehouse space for most of the year, even in the face of economist concerns about a potential global recession.

The United States is headed toward surpassing 400 million square feet more space leased than put on the market this year for just the second time after 2021's record-shattering 518 million square feet of net absorption, according to Brandon Svec, an industrial analyst and CoStar's national director of U.S. retail analytics.

Industrial property sales are on track to reach their second-highest annual total of all time after last year's record of $125 billion, though buyers and sellers pulled back in recent months amid worries about rising interest rates and a slowing economy.

"There are a lot fewer investors that are prepared to make deals today and that's driven entirely by the disruptions in the capital markets," Colliers investment sales broker Michael Kendall told CoStar in an interview. "The inflation and recession fears are pushing a lot of capital to the sidelines."

CoStar data shows that despite a pullback from warehouses by such large corporations as online retailer Amazon, leasing of warehouses and other industrial buildings declined only slightly in 2022 from the prior year's record levels as other businesses stepped forward to lease. Demand for space has led to construction plans from California's Inland Empire to Phoenix, Arizona, to New Jersey.

The national vacancy rate at the end of the year is at an all-time low of 4%, despite the addition of at least 370 million square feet of warehouse and other industrial space.

"The U.S. industrial market is rounding out another incredibly strong year," Svec said. "While demand growth slowed from the torrid pace seen in 2021, this year still saw 45% more demand growth than any other year on record."

"Sellers, buyers, and lenders have had difficulty agreeing on deal pricing, in part due to the so-called appraisal lag -- the inability of real estate appraisers to keep up with valuation changes amid interest rate increases and inflation," Svec said.

Source: By Randyl Drummer | CoStar News
December 28, 2022 | 1:36 PM

FEATURED PROPERTY

3141 W. Heartland Dr, Liberty, MO

New Speculative
Industrial Space for Lease

24,000± SF - 181,321± SF

An Opus Development

De Soto Plant Begins Life With A New Name

Astra Enterprise Park facility breaks ground on $4B, 4,000-job site

As Panasonic Energy Co. Ltd. starts work on its new $4B battery manufacturing operation at the former Sunflower Army Ammunition Plant, the owners of the De Soto property have renamed the location.

The 9,035-acre property is now called Astra Enterprise Park, according to Kessinger Hunter & Co., a managing member for owner Sunflower Redevelopment Group, alongside RESIGHT Holdings LLC of Littleton, Colorado, and Midland Properties of Mission Woods.

The name was inspired by the Kansas State motto "Ad Astra per Aspera" - "To the stars, through difficulty" - as well as the former World War II powder and propellant plant's planned access from Evening Star Road.

"The name has significance to us because it reflects what's possible when you work hard to achieve big goals," Kessinger Hunter principal Chuck Hunter said in the release. "Just as Astra was an important employment center for thousands of families in its previous life, we believe it will be even more significant in decades ahead."

Initially, Panasonic plans to use 309 acres for its 4,000-job electric-vehicle battery manufacturing plant, where it aims to start mass producing lithium-ion 2170 batteries by March 2025.

Source: Kansas City Business Journal
November 11-17, 2022

Kansas City Metro
Industrial Submarkets

> Heartland Coca-Cola Bottling Company leased 1,188,700± SF at the SWC of Hedge Lane & 167th Street, Olathe, KS

> Simmons Pet Food leased 760,646± SF at 20500 S. Corliss Road, Olathe, KS

> Beyond Warehousing leased 436,690± SF at 30901 W. 191st Street, Olathe, KS

> Hill's Pet Food leased 325,927± SF at 6810 Orville Avenue, Kansas City, KS

> The Hillman Group leased 305,045± SF at 6107 E. 155th Street in Cass County

> Carlisle Brand Tires & Wheels renewed their 179,280± SF space at 2701 S. 98th Street, Bonner Springs, KS

> Skymark Refuelers leased 146,640± SF at 4001 E. 149th Street, Grandview, MO

> QCD leased 82,349± SF at 4400 NW 41st Street, Riverside/Parkville, MO

Market	Total Market Size	Market Vacancy	Under Construction	Deliveries
Platte & Clay/Northland	73,006,263± SF	3.3%	3,002,795± SF	5,142,976± SF
Wyandotte	49,770,007± SF	3.0%	42,500± SF	1,476,065± SF
Jackson/Cass	125,043,582± SF	3.7%	3,293,378± SF	3,695,453± SF
Johnson	92,805,566± SF	5.6%	5,814,301± SF	4,826,645± SF
Overall Market	340,625,418± SF	4.03%	12,152,974± SF	15,141,139± 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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