est.1879

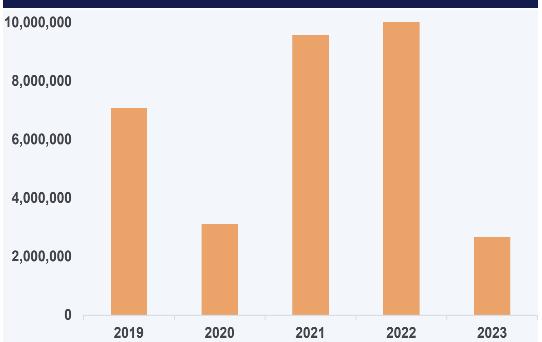
KESSINGER HUNTER
commercial real estate

Despite Concerning Headlines, US Industrial Real Estate Maintains Healthy Growth

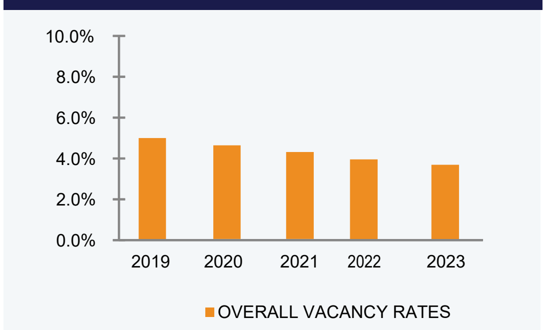
STATS ON THE GO

	2023	12 MONTH FORECAST
Overall Vacancy	3.95%	▲
Overall Absorption	2,678,993	◆

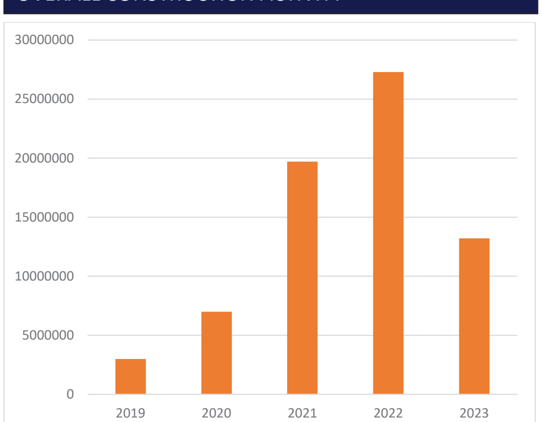
OVERALL ABSORPTION



OVERALL VACANCY RATES



OVERALL CONSTRUCTION ACTIVITY



Source: 2023 CoStar Group

Few are unaware of the unprecedented demand and growth the US industrial real estate market realized over the course of the last 24 months. What many do not yet realize is the demand slowing down over the last 6+ months is the best thing that could have happened to stabilize the market. From Q2 of 2021 through Q2 of 2022, deal velocity and demand were so strong, it was impossible for supply to keep up. Vacancy numbers were reaching historic lows around the country as industrial operators were looking to stabilize their supply chains. As a result, market dynamics were seriously overleveraged in favor of sellers and landlords. This created an environment where tenants were forced to make hasty decisions, which over time increases the likelihood of serious market overcorrections.

Beginning late 2022, as interest rates started to climb, many operators hit the pause button on long-term decisions. One marquee name created some cloudy concerns as news spread that Amazon was going to begin closing warehouses and cutting costs. This cost cutting has continued into 2023. While to many this was an early sign the market was headed in the wrong direction, this was simply proof that the unprecedented growth in 2021 and 2022 was not healthy for the market and needed to stabilize and correct itself. This is exactly what we are seeing as we head into Q3 of 2023. While there has been an increase of vacant sublease space coming online in some markets, this is occurring at a very nominal rate. Additionally, many of the sublease opportunities are reflective of opportunistic tenants that need to grow out of their space and can mitigate their existing rent obligation due to higher market rents being attainable.

So, while transaction volume is down in 2023, it is a much more practical environment for industrial landlords, tenants, investors, and operators, etc. to be making decisions. Vacancy rates are coming back up to a healthy threshold which allows for supply to match the healthy demand we are seeing in the market. Additionally, landlords are continuing to see rent growth and absorption numbers that fall in line with the pre-pandemic numbers. The year-to-date statistics reflect a healthy growth pattern in line with that of 2018 and 2019. It is important to recall that at the time, 2018 and 2019 were still considered to be great, even "historic," years for the US Industrial real estate market.

FEATURED PROPERTY
7943-7957 Bond St, Lenexa, Kansas

PINE RIDGE BUILDING 22 | FOR SALE
31,766± SF on 3.11± ACRES

ASTRA Enterprise Park

In November 2022, Panasonic broke ground on a $4 billion advanced battery production facility.

This 309-acre project confirms both the strategic advantage of locating in America's heartland, as well as the market's belief in the owners' ability to deliver a world-class enterprise park.

Kessinger Hunter remains actively involved in Astra Enterprise Park, the new home of Panasonic's $4B advanced battery production facility. This site is encompassed by the 9,000+ acre enterprise park that offers utility-scale renewable energy on-site, surrounded by a skilled workforce in the heart of North America.

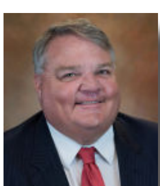
Contact us for more information on Astra Enterprise Park today.

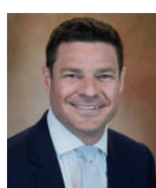
Kansas City Metro Industrial Submarkets

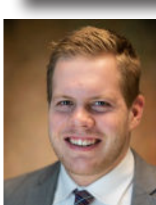
- > Ace Hardware Corporation leased 1,536,045± SF at KCI 29 Logistics Park, Kansas City, MO
- > AT&T leased 108,000± SF at 3141 Heartland Drive, Liberty, MO
- > West Liberty Foods leased 327,000± SF at I-49 Industrial Center, Kansas City, MO
- > Urban Outfitters leased 604,000± SF at Raymore Commerce Center, Raymore, MO
- > Allen Distribution leased 367,000± SF at Space Center Caves, Independence, MO
- > Price Brothers acquired 400,830± SF at 7501 NW 106th Terrace, Kansas City, MO
- > Kalmar Solutions leased 574,732± SF in Olathe, KS
- > Chick-fil-A Supply leased 147,960± SF in Lone Elm Commerce Center, Olathe, KS
- > Standard Motor Products leased 574,732± SF in Heartland Logistics Park, Shawnee, KS

Market	Total Market Size	Market Vacancy	Under Construction	Deliveries	Absorption
Platte & Clay/Northland	73,257,822± SF	2.6%	3,938,868± SF	124,700± SF	600,869
Wyandotte	49,899,854± SF	1.5%	80,000± SF	0± SF	743,331
Jackson/Cass	126,441,121± SF	4.4%	2,414,277± SF	2,358,800± SF	1,334,293
Johnson	94,695,207± SF	5.7%	6,779,891± SF	2,208,041± SF	0
Overall Market	344,294,004± SF	3.95%	13,213,036± SF	4,691,541± SF	2,678,493

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.





Left to right:

Patrick McGannon, SIOR
Dan Jensen, SIOR
Jerry Fogel, SIOR
Matthew Severns, Director, SIOR, CCIM
Michael Watson
Andy Taylor, SIOR Member Associate
Kurt Jensen, SIOR Member Associate
Stewart Jensen

2600 Grand Boulevard, Suite 700 | Kansas City, Missouri 64108
Phone: 816.842.2690 | Fax: 816.421.5659
www.kessingerhunter.com

est.1879 KH KESSINGER HUNTER commercial real estate