

Commercial Markets

We developed this newsletter as an easily digestible tool for you to get a quick picture of the Kansas City commercial real estate market in the last quarter.

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Some figures are interpolated and estimated due to variances between the information sources.

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Retail

- Lane4 starts \$13.25 million plan to revitalize 145,000 SF in the Red Bridge Shopping Center.

Retail Snapshot							
Market	Vacancy			Quoted Rates			Net Absorption
	Single Tenant	Shopping Center	Restaurant	Single Tenant	Shopping Center	Restaurant	
Downtown	4.0%	3.2%	3.6%	\$14.11	\$12.00	\$25.00	4,598
Midtown	6.2%	12.9%	2.5%	\$11.34	\$13.17	\$11.00	9,506
Plaza	2.0%	24.0%	-	\$26.08	-	-	9,752
East Jackson	3.8%	9.7%	4.2%	\$11.05	\$11.47	\$17.50	100,456
South KC/South Jackson	7.3%	15.7%	7.8%	\$13.10	\$11.48	\$17.10	154,250
North Johnson	5.7%	12.8%	4.0%	\$11.96	\$13.46	\$18.00	(55,168)
South Johnson	3.2%	8.6%	4.3%	\$20.25	\$15.80	\$20.70	354,522
North of the River	7.5%	8.4%	5.0%	\$13.99	\$12.93	\$18.86	37,596
Wyandotte	2.0%	7.7%	4.2%	\$10.90	\$10.39	-	48,808
Total	4.8%	10.5%	4.3%	\$12.76	\$12.81	\$18.36	664,318

Office

- Corporate Woods 2.2 million SF of office space has been put on the market. Expected to be sold for over \$300 million

Office Snapshot						
Market	Class A		Class B		Net Absorption	YTD Net Absorption
	Vacancy	Quoted Rates	Vacancy	Quoted Rates		
Downtown	15.5%	\$18.98	11.2%	\$16.21	145,193	434,520
East Jackson	7.6%	\$21.35	12.6%	\$15.03	148,660	205,220
Kansas City, KS	24.1%	\$21.00	10.5%	\$15.66	125,497	144,879
Midtown	4.9%	\$23.78	7.7%	\$19.72	85,919	107,380
North Johnson	13.8%	\$26.20	8.3%	\$16.88	59,999	67,548
North of the River	24.2%	\$21.17	15.9%	\$15.74	71,956	108,213
South Johnson	9.0%	\$23.34	10.3%	\$19.02	198,824	208,167
South KC	5.7%	\$19.32	12.2%	\$15.83	9,441	13,944
Total	11.6%	\$21.82	11.0%	\$16.88	845,487	1,289,869



Valbridge Property Advisors is one of the largest commercial property valuation and advisory services firms in the U.S.

Valbridge has 188 MAIs, 67 office locations and 650+ staff across the nation. Each Valbridge office is led by an appraiser who holds the MAI designation of the Appraisal Institute.

Valbridge Property Advisors | Shaner Appraisals, Inc. provides appraisals, consulting, market studies and feasibility analyses within the Kansas City MSA and the four surrounding states.

The firm has expertise in multifamily, land, retail, commercial, medical, religious buildings, land development single and multi-tenant buildings, office, hotel/motel, special use, and industrial property.

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Industrial

- Excel Industries leased 345,000 SF in Edgerton, KS in the 657,354 SF Port XII facility.

Industrial Snapshot					
Market	Vacancy		Quoted Rates		Net Absorption
	Warehouse	Flex	Warehouse	Flex	
Downtown	7.5%	7.4%	\$4.87	\$9.78	154,320
Midtown/Plaza	7.4%	8.5%	\$3.96	\$13.81	13,364
Jackson County	6.1%	11.5%	\$4.65	\$8.55	577,832
Johnson County	7.4%	10.0%	\$5.17	\$8.82	742,444
North of the River	5.4%	18.9%	\$4.44	\$8.17	356,744
Wyandotte County	6.2%	9.4%	\$4.20	\$7.74	167,351
Total	6.5%	9.5%	\$4.82	\$8.67	2,012,054

Single Family Home Sales & Construction

- Kansas City home values increased a little over 3% over the last year.

Housing Snapshot						
County	Market Share	Building	YTD '15		YTD '14	
		Permits YTD	Closed Sales	Avg Sales Price	Closed Sales	Avg Sales Price
Cass	6.0%	88	1,306	\$184,484	1,099	\$166,964
Clay	26.2%	383	3,643	\$182,034	3,081	\$177,758
Jackson	5.5%	81	7,831	\$160,394	6,999	\$150,337
Johnson	40.1%	586	8,674	\$282,784	7,781	\$270,236
Leavenworth	5.7%	83	823	\$179,951	670	\$163,338
Miami	2.1%	30	433	\$189,100	329	\$172,855
Platte	10.1%	147	1,373	\$238,215	1,186	\$236,739
Wyandotte	4.4%	64	1,227	\$108,680	1,158	\$96,712

Cap Rates – National

According to the **Real Estate Research Corporation (RERC)** "*Real Estate Report*" and the **PwC** "*Real Estate Investor Survey*," these are the respective Cap Rates nationally.

*Includes Neighborhood Center.

Property	National Rates			Change
	Low	High	Average	
Apartment	3.7%	7.0%	5.1%	None
Warehouse	4.3%	7.3%	5.7%	None
Flex	5.8%	8.7%	7.1%	None
CBD Office	4.0%	7.5%	5.5%	Decrease
Suburban Office	4.9%	8.5%	6.5%	None
Regional Mall	4.0%	8.5%	6.0%	Increase
Power Center	5.1%	8.0%	6.4%	Decrease
Strip Center*	4.7%	8.5%	6.5%	None

*Includes Neighborhood Center data



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Unemployment & Lending Rates

Unemployment	Sept '15	Aug '15	Sept '14
Kansas City MSA	4.4%	5.2%	5.4%
National	4.9%	5.2%	5.7%
Rates	Sept '15	Aug '15	Sept '14
15-Year Fixed	3.17%	3.15%	3.43%
30-Year Fixed	3.92%	3.89%	4.24%
1-Year ARM	3.06%	3.08%	2.83%
10-Year Treasury	2.06%	2.21%	2.52%

Data Sources

- Block Real Estate Services, LLC
- Colliers International
- CoStar Group, Inc.
- DTZ
- Federal Financial Institutions Examination Council
- Home Builders Association of Greater Kansas City
- Kansas City Regional Association of Realtors
- Lane4 Property Group
- MarketGraphics
- Missouri Economic Research and Information Center
- PwC
- Real Estate Research Corp.
- RealtyRates.com
- U.S. Department of Labor
- U.S. Department of the Treasury
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