RESEARCH 3Q24

Kansas City Retail Report

NEWMARK ZIMMER

Executive Summary

Newmark Zimmer is constantly monitoring market indicators, tracking and analyzing supply and demand drivers, cyclical patterns and industry trends. The following quarterly research report examines the multifaceted Kansas City retail market.

Newmark Zimmer research and analytics has established a system of data flow unique in our industry. Rather than rely on third party data sources, our data acquisition efforts involve inputs from advisors in the field, analysts and brokers executing transactions. Newmark Zimmer research converts market data and analysis into knowledge that creates value for our clients.

Our clients include market-leading landlords and distinguished institutions in and around the Kansas City area and the Midwest. Our market knowledge continues to expand as the market progresses and evolves.

Select Market Transactions

Country Club Plaza Portfolio (Retail & Office)
1,328,260 SF GLA – SOLD FOR $175,600,000 ($132/SF)
KC Urban Core | 41 properties total

Olathe Pointe Portfolio | Olathe, KS
142,450 SF GLA – SOLD FOR $20,250,000 ($142/SF)
South Johnson County | 14677 W 119th Street

Hy-Vee | Kansas City, MO
77,490 SF GLA – SOLD FOR $19,330,000 ($250/SF)
Platte County | 8301 N St. Clair Avenue

Hy-Vee | Overland Park, KS
77,910 SF GLA – SOLD FOR $16,400,000 ($211/SF)
North Johnson County | 8501 W 95th Street

Dollar Tree | Claycomo, MO
14,820 SF GLA – SOLD FOR $3,500,000 ($236/SF)
Clay County | 358 NE 69 Highway

Retail

KANSAS CITY MARKET OVERVIEW

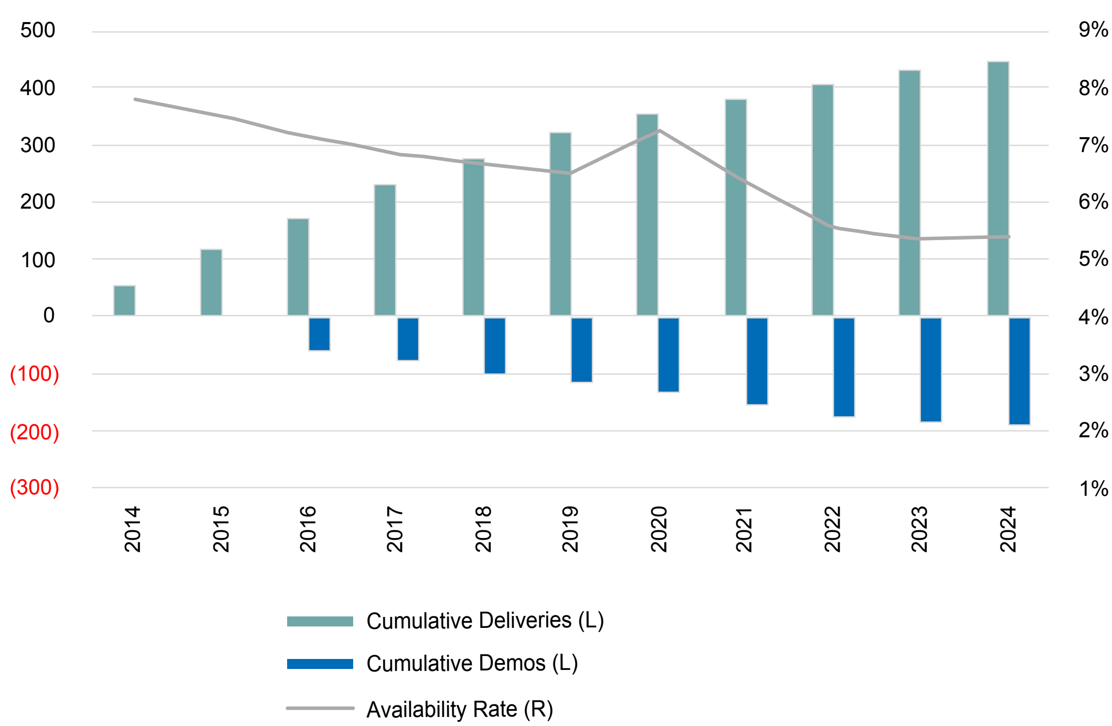
In the third quarter of 2024, vacancy continues to be tight with limited supply leading retailers to reevaluate their real estate space and prototypes as they look to the future. The Kansas City retail market is anticipating several large-scale retail projects and redevelopment in the pipeline extending across state lines in both Kansas and Missouri.

Market News:

- The $338 million Olathe Gateway mixed-use entertainment complex received approval from the Olathe City Council to create a STAR bond district. Located on 130 acres near 119th St. and Renner Blvd., the project is expected to feature a Michael's Wonder World theme park, a 5,000-seat sports area, a 150-room hotel and various retail spaces.
- Monticello Village LLC received approval from the Shawnee City Planning department for 30,000 SF of retail on six acres west of the Monticello Village shopping center. A proposed 15,500-SF Westlake Ace Hardware building, a 10,700-SF property, and a 3,400-SF drive-thru structure are currently planned.
- A former Best Buy at the Speedway Shopping Center in Kansas City, Kansas sold to Planet Fitness. The fitness club will occupy 25,000 SF and lease out the remaining 20,000 SF.
- Crown Center will be home to a future Museum of BBQ. The space will explore the primary regions of barbeque: Kansas City, the Carolinas, Texas and Memphis. The museum will be located on the second floor of Crown Center shops and will open by spring 2025.

Consumer habits combined with market demands for retail space will continue to be a driving force behind the acquisition and use of space. Location has always been a dominating factor in site selection, but a lack of desirable locations is leading to more flexibility in prototypes. Retailers are adjusting to smaller formats both in the food service and soft goods retail sectors. They are also moving away from a strict template as far as size and store frontage width, and stressing design of the space and how it translates to the brand, marketing and relevance among social media and consumers. We anticipate this continues to be a priority for retail and restaurants as vacancy will remain tight for the foreseeable future.

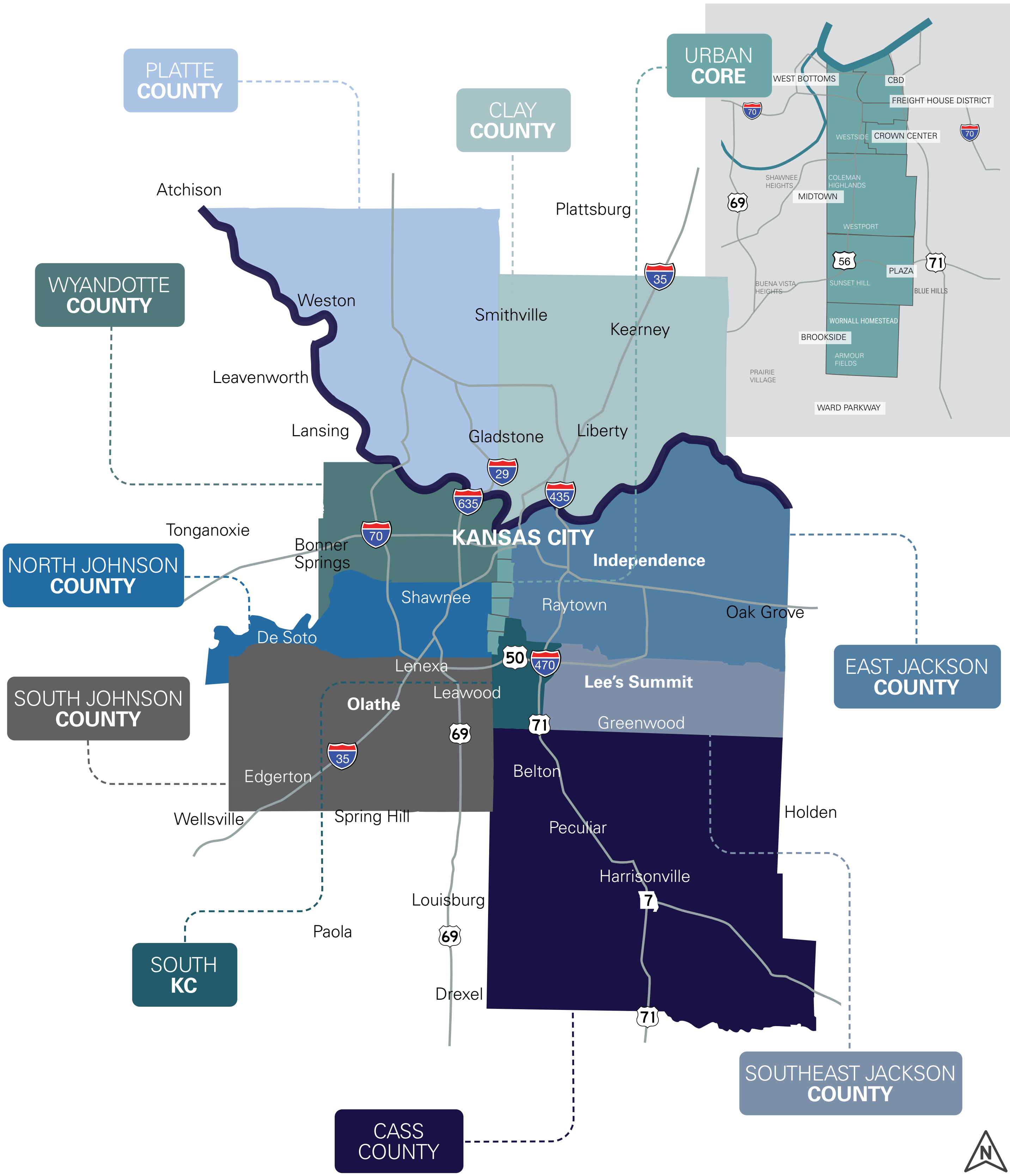
Retail Deliveries and Demolitions, Cumulatively, in Millions of SF, and % Availability



Source: Costar, Newmark Research

Submarket Maps

DOWNTOWN & SUBURBS



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RETAIL MARKET STATISTICS TABLE

	Type	# of Buildings	Total Inventory (SF)	Total Vacancy Rate	Qtr Absorption (SF)	Past 4 Qtrs. Absorption (SF)	Total Asking Rent (NNN)
CASS COUNTY	**All**	560	5,866,959	2.00%	13,342	18,168	$14.59
	Small Shop	403	1,411,083	1.90%	7,932	5,390	$17.15
	Big Box	157	4,455,876	2.00%	5,410	12,778	$13.53
CLAY COUNTY	**All**	1,100	13,911,843	2.10%	1,331	158,014	$16.59
	Small Shop	709	2,535,979	1.30%	3,120	10,537	$20.50
	Big Box	391	11,375,864	2.20%	-1,789	147,477	$15.66
EAST JACKSON COUNTY	**All**	2,436	24,465,608	6.60%	-9,755	-54,933	$11.55
	Small Shop	1,797	5,832,503	2.60%	-4,442	5,708	$18.55
	Big Box	639	18,633,105	7.80%	-5,313	-60,641	$9.27
KC URBAN CORE	**All**	983	9,120,458	2.60%	851	70,245	$23.58
	Small Shop	658	2,268,843	2.20%	-1,534	20,939	$25.26
	Big Box	325	6,851,615	2.80%	2,385	49,306	$22.88
NORTH JOHNSON COUNTY	**All**	1,191	18,749,086	3.00%	35,231	262,351	$17.92
	Small Shop	731	2,650,991	1.90%	7,747	32,712	$23.55
	Big Box	460	16,098,095	3.20%	27,484	229,639	$16.73
PLATTE COUNTY	**All**	429	6,713,150	4.10%	10,189	14,380	$16.54
	Small Shop	264	1,060,104	1.00%	1,500	15,456	$21.67
	Big Box	165	5,653,046	4.60%	8,689	-1,076	$15.80
SOUTH JOHNSON COUNTY	**All**	1,282	21,438,001	3.50%	46,533	563,874	$18.90
	Small Shop	713	2,626,496	1.80%	5,090	31,046	$24.35
	Big Box	569	18,811,505	3.70%	41,443	532,828	$17.48
SOUTH KC	**All**	571	6,183,369	5.20%	-1,928	141,783	$16.34
	Small Shop	399	1,187,444	2.00%	2,168	29,835	$18.10
	Big Box	172	4,995,925	6.00%	-4,096	111,948	$15.31
SOUTHEAST JACKSON COUNTY	**All**	543	7,249,381	2.50%	-29,895	-59,207	$21.28
	Small Shop	360	1,340,236	1.80%	-8,400	-13,389	$21.48
	Big Box	183	5,909,145	2.70%	-21,495	-45,818	$20.92
WYANDOTTE COUNTY	**All**	1,030	10,439,294	4.60%	-9,586	-135,200	$9.38
	Small Shop	798	2,521,581	2.10%	-11,688	-530	$16.74
	Big Box	232	7,917,713	5.40%	2,102	-134,670	$8.00
TOTALS	**All**	10,125	124,137,149	3.90%	56,313	979,475	$15.05
	Small Shop	6,832	23,435,260	2.10%	1,493	137,704	$20.52
	Big Box	3,293	100,701,889	4.30%	54,820	841,771	$14.08

Small Shop: Retail buildings in which GLA is 7,500 square feet or less. **Big Box:** Retail buildings in which GLA is 7,501 square feet or more.

Examination and calculation of supply and demand determinants by building size uncovered statistically significant inflection points consistently at the 7,500-square-foot building size. For this reason, the division between small-shop and big-box occurs at 7,500 square feet.

Market Indicators

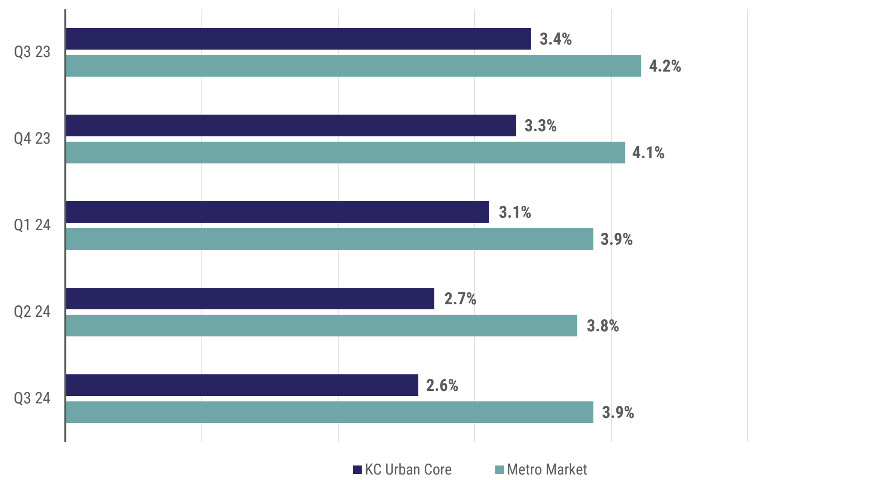
VACANCY RATE, ASKING RENT & NET ABSORPTION

KC URBAN CORE
VACANCY RATE

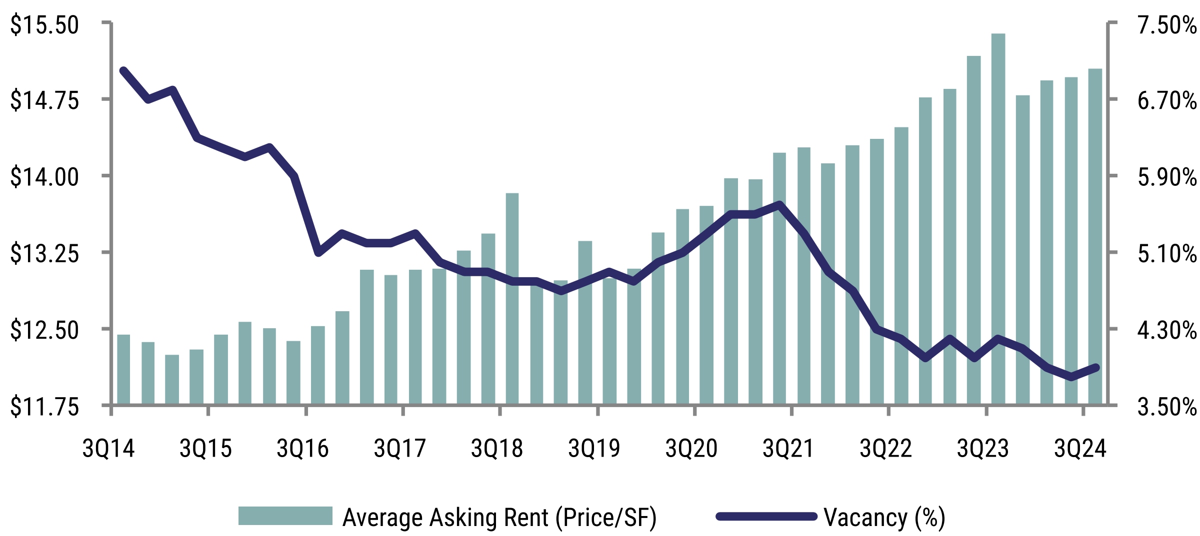
The KC Urban Core vacancy rate displayed a downward trend, decreasing **80 basis points** over the past year.

METRO MARKET
VACANCY RATE

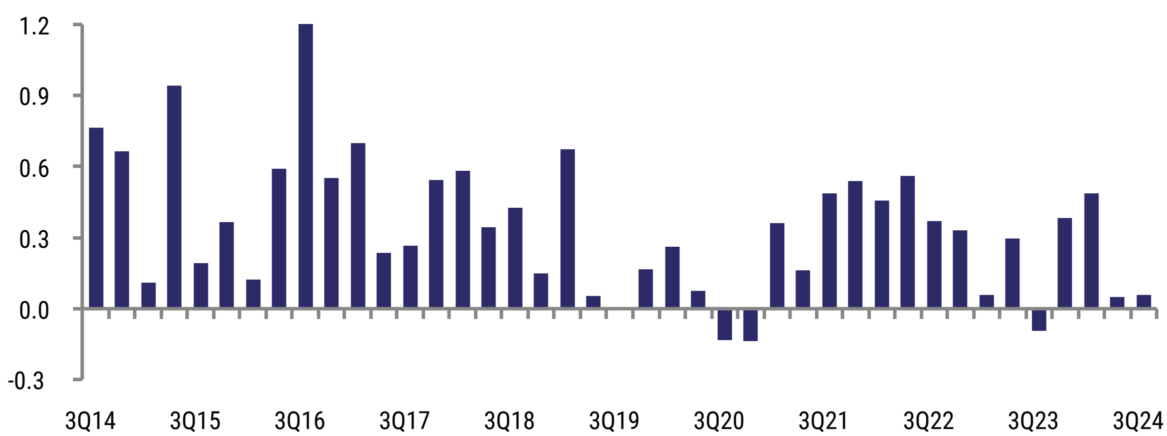
The metro market vacancy rate displayed a downward trend, decreasing **30 basis points** compared to the past year.



ASKING RENT AND VACANCY



NET ABSORPTION
SQUARE FEET, MILLIONS



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SUBMARKET VACANCY RATE

NORTH JOHNSON COUNTY
VACANCY RATE

Improved by **100 basis points** over the past year.

3.0%	3Q24
4.0%	3Q23

North Johnson County displayed the second highest amount of net absorption in the market during the quarter.

PLATTE COUNTY
VACANCY RATE

Remained flat compared to the past year.

4.1%	3Q24
4.1%	3Q23

Platte County displays the lowest 'Small Space' vacancy rate in the market at 1.0%.

SOUTH JOHNSON COUNTY
VACANCY RATE

Improved by **150 basis points** over the past year.

3.5%	3Q24
5.0%	3Q23

South Johnson County displayed the highest amount of net absorption in the market during the past four quarters.

SOUTHEAST JACKSON COUNTY
VACANCY RATE

Worsened by **120 basis points** over the past year.

2.5%	3Q24
1.3%	3Q23

Southeast Jackson County displays the second highest average asking rental rate in the market.

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NEWMARK ZIMMER

We transform untapped potential into limitless opportunity.

We don't just adapt to what our partners need—we adapt to what the future demands.

Since our start, we've faced forward, predicting change and pioneering ideas. Almost a century later, the same strategic sense and audacious thinking still guide our approach. Today our integrated platform delivers seamlessly connected services tailored to every type of client, from owners to occupiers, investors to founders, and growing startups to leading companies.

Tapping into smart tech and smarter people, we bring ingenuity to every exchange and transparency to every relationship.

We think outside of boxes, buildings and business lines, delivering a global perspective and a nimble approach. From reimagining spaces to engineering solutions, we have the vision to see what's next and the tenacity to get there first.

TERMS AND DEFINITIONS

Gross Leasable Area (GLA) – Expressed in square feet. It is the total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines. It is the standard measure for determining the size of retail spaces, specifically shopping centers, where rent is calculated based on GLA occupied. There is no real difference between RBA (Rentable Building Area) and GLA except that GLA is used when referring to retail properties while RBA is used for other commercial properties.

Vacancy Rate – The vacancy rate is the amount of physically vacant space divided by the inventory and includes direct and sublease vacant.

Net Absorption – The net change in physically occupied space over a period of time.

Average Asking Rent – The dollar amount asked by landlords for available space expressed in dollars per square foot per year. Retail rents are expressed as triple net where all costs including, but not limited to, real estate taxes, insurance and common area maintenance are borne by the tenant on a prorata basis. The asking rent for each building in the market is weighed by the amount of available space in the building.

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RESEARCH

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