



# KC Industrial Report First Quarter, 2018

## Kansas City's Vacancy Increases to 5.4% Net Absorption Positive 846,116 SF in the Quarter

The Kansas City Industrial market ended the first quarter 2018 with a vacancy rate of 5.4%. The vacancy rate was up over the previous quarter, with net absorption totaling positive 846,116 square feet in the first quarter. Vacant sublease space increased in the quarter, ending the quarter at 283,042 square feet. The market experienced an increase in vacancy in light of positive absorption due to the delivery of several large spec projects. Rental rates ended the first quarter at \$4.28, an increase over the previous quarter. A total of seven buildings delivered to the market in the quarter totaling 2,243,491 square feet, with 3,524,622 square feet still under construction at the end of the quarter.

### Absorption

Net absorption for the overall Kansas City Industrial market was positive 846,116 square feet in the first quarter 2018. That compares to positive 1,138,320 square feet in the fourth quarter 2017, positive 2,053,692 square feet in the third quarter 2017, and positive 2,085,275 square feet in the second quarter 2017.

Tenants moving into large blocks of space in 2018 include: Victualic moving into 130,000 square feet at 4525 NW 41ST St - Horizons Industrial VI, Winco Company moving into 124,786 square feet at 14100 Botts Rd, and Wal-Mart Stores East LP moving into 90,787 square feet at 4429 139th St.

The Flex building market recorded net absorption of positive 27,791 square feet in the first quarter 2018, compared to negative (25,668) square feet in the fourth quarter 2017, negative (55,418) in the third quarter 2017, and negative (366,651) in the second quarter 2017.

The Warehouse building market recorded net absorption of positive 818,325 square feet in the first quarter 2018 compared to positive 1,163,988 square feet in the fourth quarter 2017, positive 2,109,110 in the third quarter 2017, and positive 2,451,926 in the second quarter 2017.

### Vacancy

The Industrial vacancy rate in the Kansas City market area increased to 5.4% at the end of the first quarter 2018. The vacancy rate was 5.1% at the end of the fourth quarter 2017, 4.9% at the end of the third quarter 2017, and 5.0% at the end of the second quarter 2017.

Flex projects reported a vacancy rate of 8.6% at the end of the end of the fourth quarter 2017 through the end of the first quarter 2018, 8.4% at the end of the third quarter 2017, and 8.0% at the end of the second quarter 2017.

Warehouse projects reported a vacancy rate of 5.3% at the end of the first quarter 2018, 4.9% at the end of fourth quarter 2017, 4.8% at the end of the second and third quarter 2017.

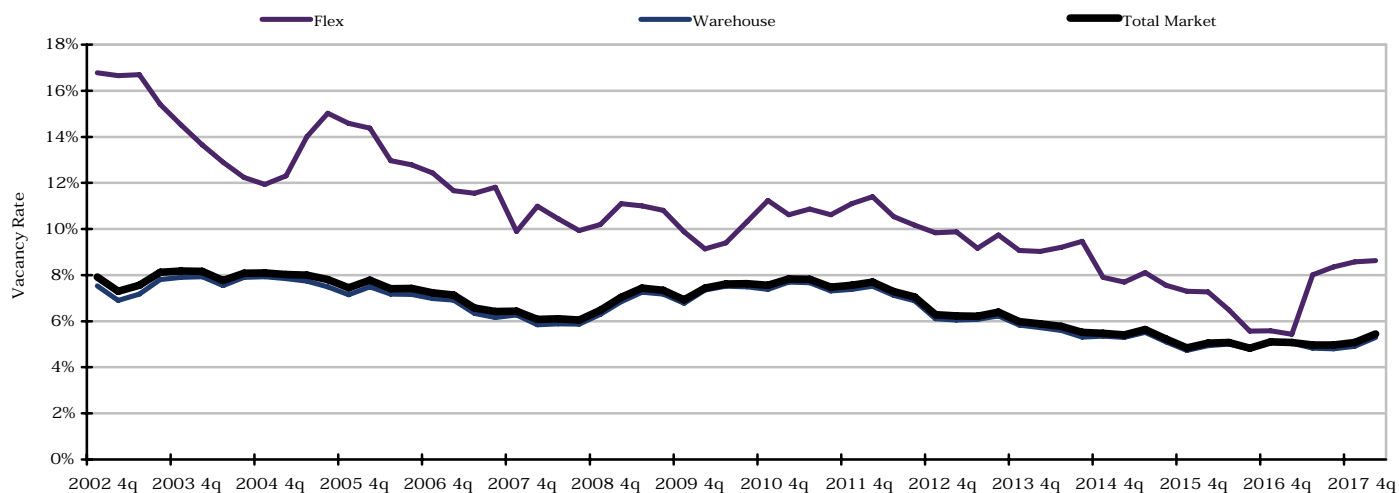
### Largest Lease Signings

The largest lease signings occurring in 2018 included: the 179,280-square-foot lease signed by Carlisle Brand Tires & Wheels at 2701 S 98th St in the Wyandotte County market; the 90,787-square-foot deal signed by Wal-Mart Stores East LP at 4429 139th St in the South Jackson County market; and the 80,600-square-foot lease signed by PR&G Inc. at 110 W 26th Ave in the North of the River market.

### Sublease Vacancy

## Vacancy Rates by Building Type

2000-2018



Source: CoStar Property®

The amount of vacant sublease space in the Kansas City market increased to 283,042 square feet by the end of the first quarter 2018, from 210,269 square feet at the end of the fourth quarter 2017. There was 207,847 square feet vacant at the end of the third quarter 2017 and 141,988 square feet at the end of the second quarter 2017.

Kansas City's Flex projects reported vacant sublease space of 17,820 square feet at the end of first quarter 2018, from the 17,820 square feet reported at the end of the fourth quarter 2017. There were 10,080 square feet of sublease space vacant at the end of the third quarter 2017.

Warehouse projects reported increased vacant sublease space from the fourth quarter 2017 to the first quarter 2018. Sublease vacancy went from 192,449 square feet to 265,222 square feet during that time. There was 197,767 square feet at the end of the third quarter 2017, and 141,988 square feet at the end of the second quarter 2017.

### Rental Rates

The average quoted asking rental rate for available Industrial space was \$4.28 per square foot per year at the end of the first quarter 2018 in the Kansas City market area. This represented a 0.7% increase in quoted rental rates from the end of the fourth quarter 2017, when rents were reported at \$4.25 per square foot.

The average quoted rate within the Flex sector was \$8.97 per square foot at the end of the first quarter 2018, while Warehouse rates stood at \$4.02. At the end of the fourth quarter 2017, Flex rates were \$8.62 per square foot, and Warehouse rates were \$4.04.

### Deliveries and Construction

During the first quarter 2018, seven buildings totaling 2,243,491 square feet were completed in the Kansas City market area. This compares to five buildings totaling 1,109,135 square feet that were completed in the fourth quarter 2017,

eight buildings totaling 1,935,266 square feet completed in the third quarter 2017, and 1,817,252 square feet in seven buildings completed in the second quarter 2017.

There were 3,524,622 square feet of Industrial space under construction at the end of the first quarter 2018.

Some of the notable 2018 deliveries include: Inland Port VIII, a 777,222-square-foot spec facility that delivered in first quarter 2018 and is now 0% occupied, and Inland Port VI, a 777,222-square-foot spec building that delivered in first quarter 2018 and is now 0% occupied.

The largest projects underway at the end of first quarter 2018 were 202 NE County Rd E, a 951,686-square-foot building with 100% of its space pre-leased to Dollar General, and 1200 E 151st St, a 712,842-square-foot facility that is 100% pre-leased to Garmin Manufacturing & Distribution.

### Inventory

Total Industrial inventory in the Kansas City market area amounted to 349,265,441 square feet in 8,279 buildings as of the end of the first quarter 2018. The Flex sector consisted of 15,822,427 square feet in 671 projects. The Warehouse sector consisted of 333,443,014 square feet in 7,608 buildings. Within the Industrial market there were 1,292 owner-occupied buildings accounting for 97,411,692 square feet of Industrial space.

### Sales Activity

Tallying industrial building sales of 15,000 square feet or larger, Kansas City industrial sales figures rose during the fourth quarter 2017 in terms of dollar volume compared to the third quarter of 2017.

In the fourth quarter, nine industrial transactions closed with a total volume of \$94,065,683. The nine buildings totaled 1,672,606 square feet and the average price per square foot equated to \$56.24 per square foot. That compares to 10 transactions totaling \$73,455,000 in the third quarter. The total square footage was 1,434,107 for an average price per square foot of \$51.22.

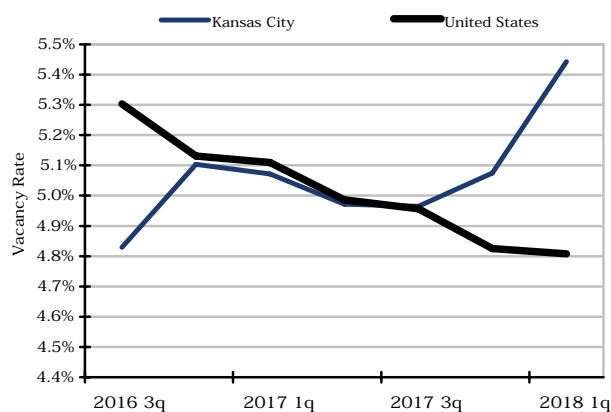
Total year-to-date industrial building sales activity in 2017 is up compared to the previous year. In the twelve months of 2017, the market saw 50 industrial sales transactions with a total volume of \$624,763,544. The price per square foot has averaged \$54.91 this year. In the twelve months of 2016, the market posted 54 transactions with a total volume of \$173,328,939. The price per square foot averaged \$33.00.

Cap rates have been lower in 2017, averaging 7.40%, compared to the twelve months of last year when they averaged 7.61%.

One of the largest transactions that has occurred within the last four quarters in the Kansas City market is the sale of 27200 W 157th St in Edgerton. This 5,275,910-square-foot industrial building sold for \$14,400,000, or \$32.25 per square foot. The property sold on 2/23/2017, at a 5.99% cap rate.

## U.S. Vacancy Comparison

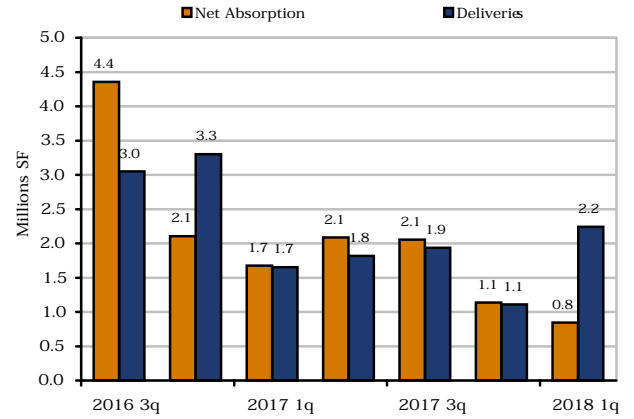
Past 7 Quarters



Source: CoStar Property®

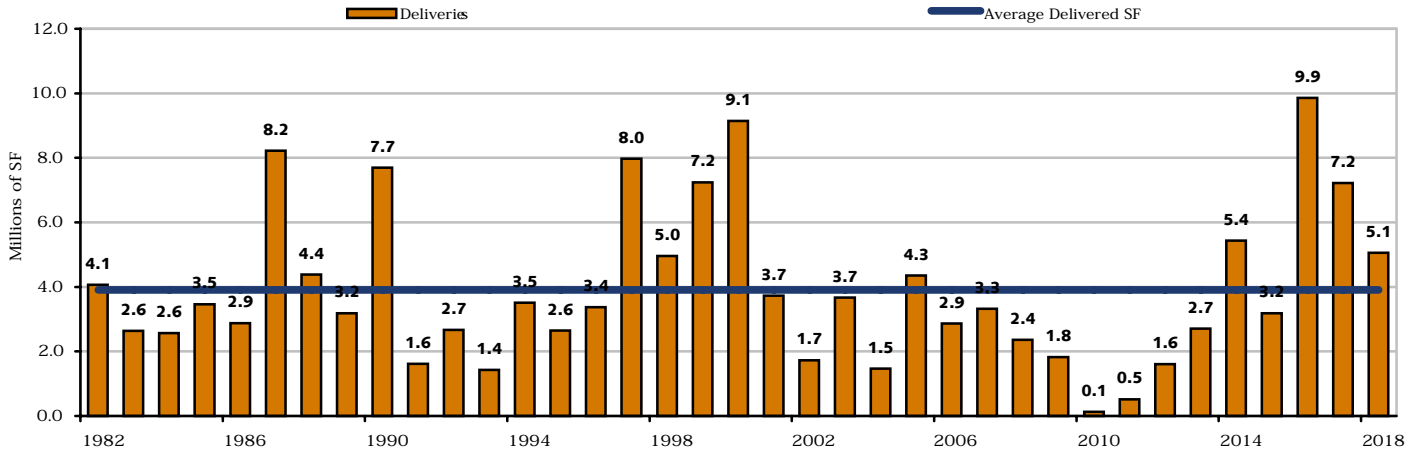
## Absorption & Deliveries

Past 7 Quarters



Source: CoStar Property®

## Historical Deliveries 1982 - 2018



Source: CoStar Property® \* Future deliveries based on current under construction buildings.

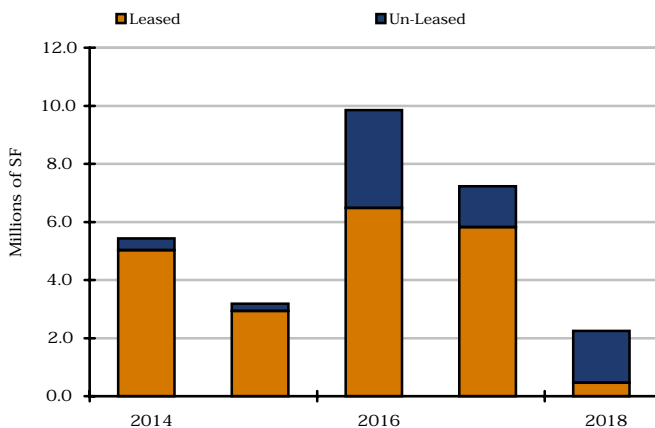
## CONSTRUCTION ACTIVITY Markets Ranked by Under Construction RBA

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
South Johnson County Ind	8	1,196,964	756,842	63.2%	50,533	149,620
North of the River Ind	6	994,556	326,666	32.8%	60,767	165,759
Johnson County MO Ind	1	951,686	951,686	100.0%	45,181	951,686
North Johnson County Ind	3	228,106	168,106	73.7%	33,964	76,035
Lawrence Ind	1	153,310	0	0.0%	28,632	153,310
Lafayette Ind	0	0	0	0.0%	18,908	0
Ottawa Ind	0	0	0	0.0%	80,473	0
Atchison Ind	0	0	0	0.0%	76,866	0
Wyandotte County Ind	0	0	0	0.0%	44,717	0
Leavenworth County Ind	0	0	0	0.0%	59,804	0
All Other	0	0	0	0.0%	37,244	0
<b>Totals</b>	<b>19</b>	<b>3,524,622</b>	<b>2,203,300</b>	<b>62.5%</b>	<b>42,187</b>	<b>185,506</b>

Source: CoStar Property®

## Recent Deliveries

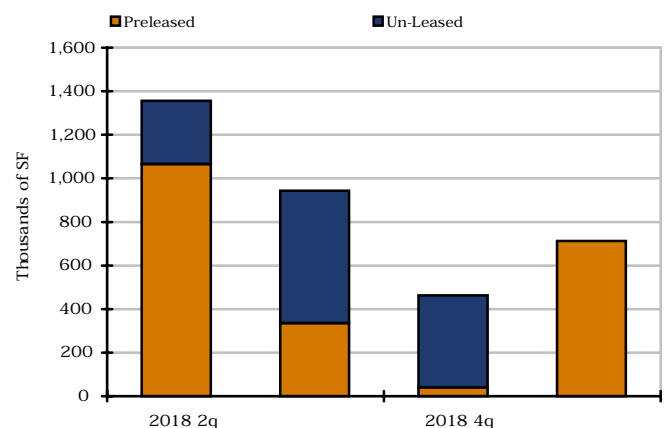
Leased & Un-Leased SF in Deliveries Since 2014



Source: CoStar Property®

## Future Deliveries

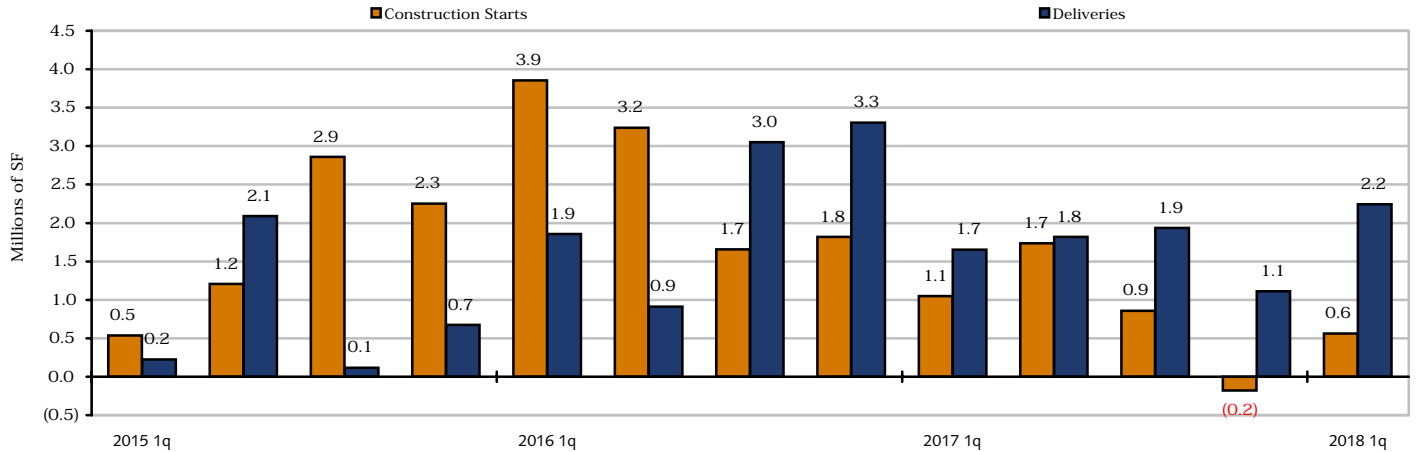
Preleased & Un-Leased SF in Properties Scheduled to Deliver



Source: CoStar Property®

## Historical Construction Starts & Deliveries

Square Footage Per Quarter Starting and Completing Construction



Source: CoStar Property®

## RECENT DELIVERIES BY PROJECT SIZE Breakdown of Year-to-Date Development Based on RBA of Project

Building Size	# Bldgs	RBA	SF Leased	% Leased	Avg Rate	Single-Tenant	Multi-Tenant
< 50,000 SF	3	78,715	0	0.0%	\$9.80	0	78,715
50,000 SF - 99,999 SF	0	0	0	0.0%	\$0.00	0	0
100,000 SF - 249,999 SF	1	197,000	197,000	100.0%	\$0.00	0	197,000
250,000 SF - 499,999 SF	1	413,332	260,399	63.0%	\$4.37	0	413,332
>= 500,000 SF	2	1,554,444	0	0.0%	\$0.00	0	1,554,444

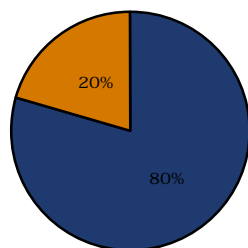
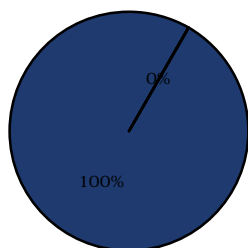
Source: CoStar Property®

## Recent Development by Tenancy

Based on RBA Developed for Single & Multi-Tenant Use

2018 Deliveries

Currently Under Construction



■ Multi ■ Single

■ Multi ■ Single

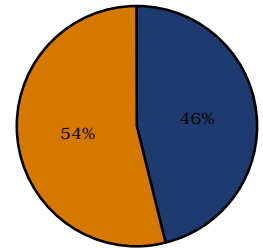
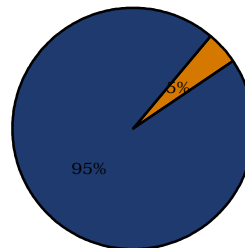
Source: CoStar Property®

## Existing Inventory Comparison

Based on Total RBA

By Building Type

By Tenancy Type



■ Flex ■ Warehouse

■ Multi ■ Single

Source: CoStar Property®

## Flex Market Statistics

First Quarter 2018

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Atchison Ind	1	2,500	0	0	0.0%	0	0	0	\$0.00
Cass County Ind	14	182,075	0	0	0.0%	0	0	0	\$10.00
Downtown Ind	44	549,667	9,400	9,400	1.7%	3,000	0	0	\$13.63
East Jackson County Ind	84	1,918,769	161,002	161,002	8.4%	16,717	0	0	\$7.81
Johnson County MO Ind	3	16,900	0	0	0.0%	5,300	0	0	\$5.22
Lafayette Ind	1	2,000	0	0	0.0%	0	0	0	\$0.00
Lawrence Ind	30	496,958	53,915	61,655	12.4%	0	0	0	\$9.27
Leavenworth County Ind	2	17,600	0	0	0.0%	0	0	0	\$0.00
Midtown Ind	21	1,368,440	0	0	0.0%	6,980	0	0	\$9.66
Midtown South Ind	11	274,954	0	0	0.0%	18,000	0	0	\$5.00
North Johnson County Ind	103	2,329,859	179,360	179,360	7.7%	(34,343)	0	58,106	\$9.03
North of the River Ind	47	1,650,645	479,885	479,885	29.1%	7,976	0	0	\$7.09
Ottawa Ind	1	10,500	0	0	0.0%	0	0	0	\$0.00
Outer South Kansas City In	9	89,625	7,000	7,000	7.8%	0	0	0	\$0.00
Outlying KC MO Ind	2	14,727	0	0	0.0%	0	0	0	\$0.00
South Jackson County Ind	50	1,130,279	90,302	90,302	8.0%	6,413	41,215	0	\$8.65
South Johnson County Ind	153	3,516,255	233,993	244,073	6.9%	(9,936)	0	0	\$11.93
St Joseph Ind	7	112,382	0	0	0.0%	0	0	0	\$0.00
Topeka Ind	44	1,203,613	64,443	64,443	5.4%	(19,648)	0	0	\$4.72
Wyandotte County Ind	44	934,679	68,416	68,416	7.3%	27,332	0	0	\$7.87
<b>Totals</b>	<b>671</b>	<b>15,822,427</b>	<b>1,347,716</b>	<b>1,365,536</b>	<b>8.6%</b>	<b>27,791</b>	<b>41,215</b>	<b>58,106</b>	<b>\$8.97</b>

Source: CoStar Property®

## Warehouse Market Statistics

First Quarter 2018

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Atchison Ind	15	1,227,354	50,725	50,725	4.1%	0	0	0	\$0.00
Cass County Ind	131	2,935,697	40,100	40,100	1.4%	4,925	0	0	\$7.28
Downtown Ind	552	13,723,201	495,605	495,605	3.6%	6,349	0	0	\$4.76
East Jackson County Ind	1,334	66,874,350	2,629,568	2,629,568	3.9%	135,316	0	0	\$3.49
Johnson County MO Ind	22	1,112,628	17,700	17,700	1.6%	(17,700)	0	951,686	\$0.00
Lafayette Ind	41	792,122	7,680	7,680	1.0%	(1,280)	0	0	\$4.12
Lawrence Ind	267	8,006,771	155,441	155,441	1.9%	10,304	0	153,310	\$4.85
Leavenworth County Ind	68	4,168,705	355,000	355,000	8.5%	(4,150)	0	0	\$2.10
Midtown Ind	213	5,100,359	333,405	333,405	6.5%	43,710	0	0	\$5.03
Midtown South Ind	119	2,756,811	98,418	98,418	3.6%	479	0	0	\$4.06
North Johnson County Ind	681	24,298,130	1,248,955	1,316,879	5.4%	(85,600)	0	170,000	\$5.92
North of the River Ind	901	55,956,044	2,281,764	2,424,662	4.3%	432,377	443,332	994,556	\$4.12
Ottawa Ind	40	3,288,901	76,142	76,142	2.3%	0	0	0	\$2.68
Outer South Kansas City In	66	991,945	124,500	124,500	12.6%	(108,220)	0	0	\$1.87
Outlying KC MO Ind	47	1,925,006	54,125	54,125	2.8%	0	0	0	\$4.47
South Jackson County Ind	625	25,814,309	754,979	769,379	3.0%	169,074	0	0	\$4.39
South Johnson County Ind	828	46,056,273	6,497,798	6,497,798	14.1%	70,553	1,758,944	1,196,964	\$4.54
St Joseph Ind	207	9,281,097	61,563	61,563	0.7%	45,133	0	0	\$2.86
Topeka Ind	518	16,379,012	512,477	512,477	3.1%	128,784	0	0	\$2.81
Wyandotte County Ind	933	42,754,299	1,581,766	1,621,766	3.8%	(11,729)	0	0	\$4.09
<b>Totals</b>	<b>7,608</b>	<b>333,443,014</b>	<b>17,377,711</b>	<b>17,642,933</b>	<b>5.3%</b>	<b>818,325</b>	<b>2,202,276</b>	<b>3,466,516</b>	<b>\$4.02</b>

Source: CoStar Property®

### Flex Submarket Statistics

First Quarter 2018

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Airport/N Platte Co .	12	566,651	47,338	47,338	8.4%	2,100	0	0	\$9.31
Armourdale Ind	14	451,379	37,427	37,427	8.3%	14,959	0	0	\$8.37
Atchison Ind	1	2,500	0	0	0.0%	0	0	0	\$0.00
Blue Springs Ind	29	303,064	84,008	84,008	27.7%	(5,250)	0	0	\$8.85
Bonner Springs Ind	8	76,000	23,000	23,000	30.3%	5,000	0	0	\$7.28
Cass County Ind	14	182,075	0	0	0.0%	0	0	0	\$10.00
Central KC KS/Fairfa.	3	22,465	4,865	4,865	21.7%	3,200	0	0	\$3.95
City of North KC Ind	10	190,117	8,200	8,200	4.3%	(8,200)	0	0	\$0.00
Claycomo Ind	6	644,641	409,232	409,232	63.5%	2,176	0	0	\$5.83
Downtown KC Ind	44	549,667	9,400	9,400	1.7%	3,000	0	0	\$13.63
East Bottoms KC Ind	3	368,280	24,600	24,600	6.7%	5,000	0	0	\$7.63
Executive Park Ind	11	290,872	49,894	49,894	17.2%	(4,474)	0	0	\$5.90
Grandview Ind	12	80,196	8,080	8,080	10.1%	0	0	0	\$6.47
Independence Ind	13	287,095	2,500	2,500	0.9%	0	0	0	\$7.99
Johnson County MO In.	3	16,900	0	0	0.0%	5,300	0	0	\$5.22
Kansas City KS Ind	5	38,861	0	0	0.0%	0	0	0	\$0.00
Lafayette County Ind	1	2,000	0	0	0.0%	0	0	0	\$0.00
Lawrence Ind	30	496,958	53,915	61,655	12.4%	0	0	0	\$9.27
Leavenworth County I.	2	17,600	0	0	0.0%	0	0	0	\$0.00
Lees Summit Ind	27	472,836	58,026	58,026	12.3%	6,413	41,215	0	\$11.50
Lenexa Ind	54	1,424,755	145,709	145,709	10.2%	(46,950)	0	58,106	\$9.01
Liberty Ind	12	152,920	5,000	5,000	3.3%	11,900	0	0	\$15.31
Merriam/Mission Ind	9	92,875	3,500	3,500	3.8%	7,700	0	0	\$9.39
Metcalfe/SE JoCo Ind	41	569,010	37,063	37,063	6.5%	3,791	0	0	\$11.99
Midtown Ind	21	1,368,440	0	0	0.0%	6,980	0	0	\$9.66
Midtown South Ind	11	274,954	0	0	0.0%	18,000	0	0	\$5.00
Northeast Clay Count.	2	6,700	0	0	0.0%	0	0	0	\$0.00
Olathe Ind	112	2,947,245	196,930	207,010	7.0%	(13,727)	0	0	\$11.91
Ottawa Ind	1	10,500	0	0	0.0%	0	0	0	\$0.00
Outer South Kansas C.	9	89,625	7,000	7,000	7.8%	0	0	0	\$0.00
Outlying KC MO Ind	2	14,727	0	0	0.0%	0	0	0	\$0.00
Overland Park Ind	34	761,994	30,151	30,151	4.0%	3,407	0	0	\$8.83
Raytown/Lakewood Inc	20	294,261	0	0	0.0%	21,441	0	0	\$6.96
Riverside/Parkville	5	89,616	10,115	10,115	11.3%	0	0	0	\$10.74
Shawnee Ind	6	50,235	0	0	0.0%	1,500	0	0	\$11.60
South KC Ind	11	577,247	24,196	24,196	4.2%	0	0	0	\$0.00
Sports Complex Ind	8	375,197	0	0	0.0%	0	0	0	\$0.00
St Joseph Ind	7	112,382	0	0	0.0%	0	0	0	\$0.00
Topeka Ind	44	1,203,613	64,443	64,443	5.4%	(19,648)	0	0	\$4.72
Turner Ind	14	345,974	3,124	3,124	0.9%	4,173	0	0	\$6.84
<b>Totals</b>	<b>671</b>	<b>15,822,427</b>	<b>1,347,716</b>	<b>1,365,536</b>	<b>8.6%</b>	<b>27,791</b>	<b>41,215</b>	<b>58,106</b>	<b>\$8.97</b>

Source: CoStar Property®



### Warehouse Submarket Statistics

First Quarter 2018

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Airport/N Platte Co .	72	6,357,453	96,093	96,093	1.5%	(18,562)	0	232,800	\$4.58
Armourdale Ind	417	12,687,873	351,480	351,480	2.8%	98,155	0	0	\$4.38
Atchison Ind	15	1,227,354	50,725	50,725	4.1%	0	0	0	\$0.00
Blue Springs Ind	239	3,722,988	90,023	90,023	2.4%	(14,920)	0	0	\$6.80
Bonner Springs Ind	93	5,942,512	179,788	179,788	3.0%	(49,100)	0	0	\$4.80
Cass County Ind	131	2,935,697	40,100	40,100	1.4%	4,925	0	0	\$7.28
Central KC KS/Fairfa.	187	15,506,195	297,429	297,429	1.9%	(52,884)	0	0	\$3.71
City of North KC Ind	401	18,579,488	740,269	787,269	4.2%	(60,132)	0	0	\$3.77
Claycomo Ind	147	18,533,215	815,953	815,953	4.4%	291,478	413,332	413,332	\$3.76
Downtown KC Ind	552	13,723,201	495,605	495,605	3.6%	6,349	0	0	\$4.76
East Bottoms KC Ind	480	16,603,576	1,386,014	1,386,014	8.3%	114,903	0	0	\$2.60
Executive Park Ind	193	18,197,016	498,554	498,554	2.7%	6,270	0	0	\$4.17
Grandview Ind	303	10,990,152	440,111	440,111	4.0%	104,634	0	0	\$3.54
Independence Ind	179	19,646,549	517,359	517,359	2.6%	(5,300)	0	0	\$3.44
Johnson County MO In.	22	1,112,628	17,700	17,700	1.6%	(17,700)	0	951,686	\$0.00
Kansas City KS Ind	86	1,679,348	17,266	17,266	1.0%	(7,900)	0	0	\$9.18
Lafayette County Ind	41	792,122	7,680	7,680	1.0%	(1,280)	0	0	\$4.12
Lawrence Ind	267	8,006,771	155,441	155,441	1.9%	10,304	0	153,310	\$4.85
Leavenworth County I.	68	4,168,705	355,000	355,000	8.5%	(4,150)	0	0	\$2.10
Lees Summit Ind	235	5,357,897	113,215	127,615	2.4%	(14,800)	0	0	\$8.32
Lenexa Ind	346	17,678,841	894,485	954,809	5.4%	(60,630)	0	170,000	\$5.82
Liberty Ind	119	4,989,394	236,056	331,954	6.7%	(52,756)	30,000	50,000	\$4.36
Merriam/Mission Ind	182	2,522,999	33,040	33,040	1.3%	(9,040)	0	0	\$6.70
Metcalfe/SE JoCo Ind	70	1,288,108	0	0	0.0%	0	0	0	\$9.02
Midtown Ind	213	5,100,359	333,405	333,405	6.5%	43,710	0	0	\$5.03
Midtown South Ind	119	2,756,811	98,418	98,418	3.6%	479	0	0	\$4.06
Northeast Clay Count.	54	1,949,310	23,000	23,000	1.2%	1,200	0	0	\$5.80
Olathe Ind	758	44,768,165	6,497,798	6,497,798	14.5%	70,553	1,758,944	1,196,964	\$4.53
Ottawa Ind	40	3,288,901	76,142	76,142	2.3%	0	0	0	\$2.68
Outer South Kansas C.	66	991,945	124,500	124,500	12.6%	(108,220)	0	0	\$1.87
Outlying KC MO Ind	47	1,925,006	54,125	54,125	2.8%	0	0	0	\$4.47
Overland Park Ind	96	2,093,539	84,645	92,245	4.4%	(19,530)	0	0	\$6.56
Raytown/Lakewood Inc	103	3,194,896	53,873	53,873	1.7%	(14,288)	0	0	\$6.16
Riverside/Parkville .	108	5,547,184	370,393	370,393	6.7%	271,149	0	298,424	\$4.47
Shawnee Ind	57	2,002,751	236,785	236,785	11.8%	3,600	0	0	\$5.97
South KC Ind	87	9,466,260	201,653	201,653	2.1%	79,240	0	0	\$4.63
Sports Complex Ind	140	5,509,325	83,745	83,745	1.5%	48,651	0	0	\$4.17
St Joseph Ind	207	9,281,097	61,563	61,563	0.7%	45,133	0	0	\$2.86
Topeka Ind	518	16,379,012	512,477	512,477	3.1%	128,784	0	0	\$2.81
Turner Ind	150	6,938,371	735,803	775,803	11.2%	0	0	0	\$3.74
<b>Totals</b>	<b>7,608</b>	<b>333,443,014</b>	<b>17,377,711</b>	<b>17,642,933</b>	<b>5.3%</b>	<b>818,325</b>	<b>2,202,276</b>	<b>3,466,516</b>	<b>\$4.02</b>

Source: CoStar Property®

### Total Industrial Submarket Statistics

First Quarter 2018

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Airport/N Platte Co .	84	6,924,104	143,431	143,431	2.1%	(16,462)	0	232,800	\$4.82
Armourdale Ind	431	13,139,252	388,907	388,907	3.0%	113,114	0	0	\$4.73
Atchison Ind	16	1,229,854	50,725	50,725	4.1%	0	0	0	\$0.00
Blue Springs Ind	268	4,026,052	174,031	174,031	4.3%	(20,170)	0	0	\$7.68
Bonner Springs Ind	101	6,018,512	202,788	202,788	3.4%	(44,100)	0	0	\$4.97
Cass County Ind	145	3,117,772	40,100	40,100	1.3%	4,925	0	0	\$7.46
Central KC KS/Fairfa.	190	15,528,660	302,294	302,294	1.9%	(49,684)	0	0	\$3.71
City of North KC Ind	411	18,769,605	748,469	795,469	4.2%	(68,332)	0	0	\$3.77
Claycomo Ind	153	19,177,856	1,225,185	1,225,185	6.4%	293,654	413,332	413,332	\$3.95
Downtown KC Ind	596	14,272,868	505,005	505,005	3.5%	9,349	0	0	\$5.00
East Bottoms KC Ind	483	16,971,856	1,410,614	1,410,614	8.3%	119,903	0	0	\$2.66
Executive Park Ind	204	18,487,888	548,448	548,448	3.0%	1,796	0	0	\$4.22
Grandview Ind	315	11,070,348	448,191	448,191	4.0%	104,634	0	0	\$3.60
Independence Ind	192	19,933,644	519,859	519,859	2.6%	(5,300)	0	0	\$4.27
Johnson County MO In.	25	1,129,528	17,700	17,700	1.6%	(12,400)	0	951,686	\$5.22
Kansas City KS Ind	91	1,718,209	17,266	17,266	1.0%	(7,900)	0	0	\$9.18
Lafayette County Ind	42	794,122	7,680	7,680	1.0%	(1,280)	0	0	\$4.12
Lawrence Ind	297	8,503,729	209,356	217,096	2.6%	10,304	0	153,310	\$5.45
Leavenworth County I.	70	4,186,305	355,000	355,000	8.5%	(4,150)	0	0	\$2.10
Lees Summit Ind	262	5,830,733	171,241	185,641	3.2%	(8,387)	41,215	0	\$8.57
Lenexa Ind	400	19,103,596	1,040,194	1,100,518	5.8%	(107,580)	0	228,106	\$6.20
Liberty Ind	131	5,142,314	241,056	336,954	6.6%	(40,856)	30,000	50,000	\$4.46
Merriam/Mission Ind	191	2,615,874	36,540	36,540	1.4%	(1,340)	0	0	\$7.35
Metcalf/SE JoCo Ind	111	1,857,118	37,063	37,063	2.0%	3,791	0	0	\$11.69
Midtown Ind	234	6,468,799	333,405	333,405	5.2%	50,690	0	0	\$5.10
Midtown South Ind	130	3,031,765	98,418	98,418	3.2%	18,479	0	0	\$4.19
Northeast Clay Count.	56	1,956,010	23,000	23,000	1.2%	1,200	0	0	\$5.80
Olathe Ind	870	47,715,410	6,694,728	6,704,808	14.1%	56,826	1,758,944	1,196,964	\$4.94
Ottawa Ind	41	3,299,401	76,142	76,142	2.3%	0	0	0	\$2.68
Outer South Kansas C.	75	1,081,570	131,500	131,500	12.2%	(108,220)	0	0	\$1.87
Outlying KC MO Ind	49	1,939,733	54,125	54,125	2.8%	0	0	0	\$4.47
Overland Park Ind	130	2,855,533	114,796	122,396	4.3%	(16,123)	0	0	\$6.91
Raytown/Lakewood Inc	123	3,489,157	53,873	53,873	1.5%	7,153	0	0	\$6.37
Riverside/Parkville .	113	5,636,800	380,508	380,508	6.8%	271,149	0	298,424	\$4.56
Shawnee Ind	63	2,052,986	236,785	236,785	11.5%	5,100	0	0	\$6.00
South KC Ind	98	10,043,507	225,849	225,849	2.2%	79,240	0	0	\$4.63
Sports Complex Ind	148	5,884,522	83,745	83,745	1.4%	48,651	0	0	\$4.17
St Joseph Ind	214	9,393,479	61,563	61,563	0.7%	45,133	0	0	\$2.86
Topeka Ind	562	17,582,625	576,920	576,920	3.3%	109,136	0	0	\$2.89
Turner Ind	164	7,284,345	738,927	778,927	10.7%	4,173	0	0	\$3.78
<b>Totals</b>	<b>8,279</b>	<b>349,265,441</b>	<b>18,725,427</b>	<b>19,008,469</b>	<b>5.4%</b>	<b>846,116</b>	<b>2,243,491</b>	<b>3,524,622</b>	<b>\$4.28</b>

Source: CoStar Property®

### Flex Market Statistics

First Quarter 2018

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2018 1q	671	15,822,427	1,347,716	1,365,536	8.6%	27,791	1	41,215	1	58,106	\$8.97
2017 4q	670	15,781,212	1,334,292	1,352,112	8.6%	(25,668)	1	7,600	2	99,321	\$8.62
2017 3q	669	15,773,612	1,308,764	1,318,844	8.4%	(55,418)	0	0	3	106,921	\$8.57
2017 2q	669	15,773,612	1,263,426	1,263,426	8.0%	(366,651)	1	24,000	2	99,321	\$8.86
2017 1q	665	15,731,612	853,150	854,775	5.4%	31,610	1	9,000	5	100,106	\$8.72
2016	664	15,722,612	875,465	877,385	5.6%	338,504	2	74,000	5	51,000	\$8.81
2015	662	15,648,612	1,141,889	1,141,889	7.3%	95,685	0	0	1	50,000	\$8.72
2014	662	15,648,612	1,223,332	1,237,574	7.9%	545,049	1	400,000	0	0	\$8.26
2013	661	15,248,612	1,368,381	1,382,623	9.1%	129,712	1	13,716	1	400,000	\$8.08
2012	660	15,234,896	1,459,369	1,498,619	9.8%	201,863	1	10,000	0	0	\$8.59
2011	659	15,224,896	1,595,203	1,690,482	11.1%	85,679	2	74,441	1	10,000	\$8.21
2010	657	15,150,455	1,628,497	1,701,720	11.2%	(148,082)	1	50,000	1	62,541	\$8.19
2009	655	15,086,127	1,459,199	1,489,310	9.9%	186,631	5	153,109	1	14,328	\$8.63
2008	650	14,933,018	1,488,364	1,522,832	10.2%	211,532	7	260,409	5	153,109	\$8.56
2007	642	14,648,609	1,415,529	1,449,955	9.9%	644,785	11	194,459	5	155,909	\$8.60
2006	630	14,335,570	1,738,914	1,781,701	12.4%	1,482,934	10	162,125	9	215,506	\$8.49

Source: CoStar Property®

### Warehouse Market Statistics

First Quarter 2018

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2018 1q	7,608	333,443,014	17,377,711	17,642,933	5.3%	818,325	6	2,202,276	18	3,466,516	\$4.02
2017 4q	7,602	331,240,738	16,066,533	16,258,982	4.9%	1,163,988	4	1,101,535	21	5,107,058	\$4.04
2017 3q	7,595	329,648,105	15,632,570	15,830,337	4.8%	2,109,110	8	1,935,266	25	6,388,891	\$4.00
2017 2q	7,583	327,513,539	15,662,893	15,804,881	4.8%	2,451,926	6	1,793,252	30	7,473,003	\$3.97
2017 1q	7,577	325,720,287	16,142,394	16,463,555	5.1%	1,645,231	10	1,644,966	25	7,555,616	\$4.01
2016	7,567	324,075,321	16,162,671	16,463,820	5.1%	7,402,173	29	9,046,741	28	8,208,294	\$4.07
2015	7,543	315,105,934	14,775,908	14,896,606	4.7%	4,749,412	14	3,107,645	21	6,762,985	\$3.91
2014	7,532	312,157,469	16,353,004	16,697,553	5.3%	6,111,518	21	4,992,776	12	3,069,278	\$3.84
2013	7,516	307,242,150	17,714,157	17,893,752	5.8%	3,333,607	11	2,654,634	15	2,944,127	\$3.79
2012	7,509	304,611,741	18,168,296	18,596,950	6.1%	5,304,892	6	1,539,102	9	2,435,719	\$3.69
2011	7,503	303,069,078	21,691,288	22,359,179	7.4%	265,962	4	419,106	5	1,551,538	\$3.78
2010	7,498	302,771,878	21,465,928	22,327,941	7.4%	(1,922,788)	2	52,000	4	967,271	\$3.86
2009	7,496	302,910,837	20,225,838	20,544,112	6.8%	88,969	6	1,658,718	3	57,456	\$3.98
2008	7,487	301,236,903	18,310,615	18,959,147	6.3%	1,497,626	15	1,567,447	6	95,714	\$3.99
2007	7,459	299,569,695	18,293,266	18,789,565	6.3%	4,849,416	34	2,519,562	21	1,464,572	\$3.94
2006	7,404	296,644,407	20,036,332	20,713,693	7.0%	1,865,353	24	1,062,930	39	2,053,285	\$3.76

Source: CoStar Property®

### Total Industrial Market Statistics

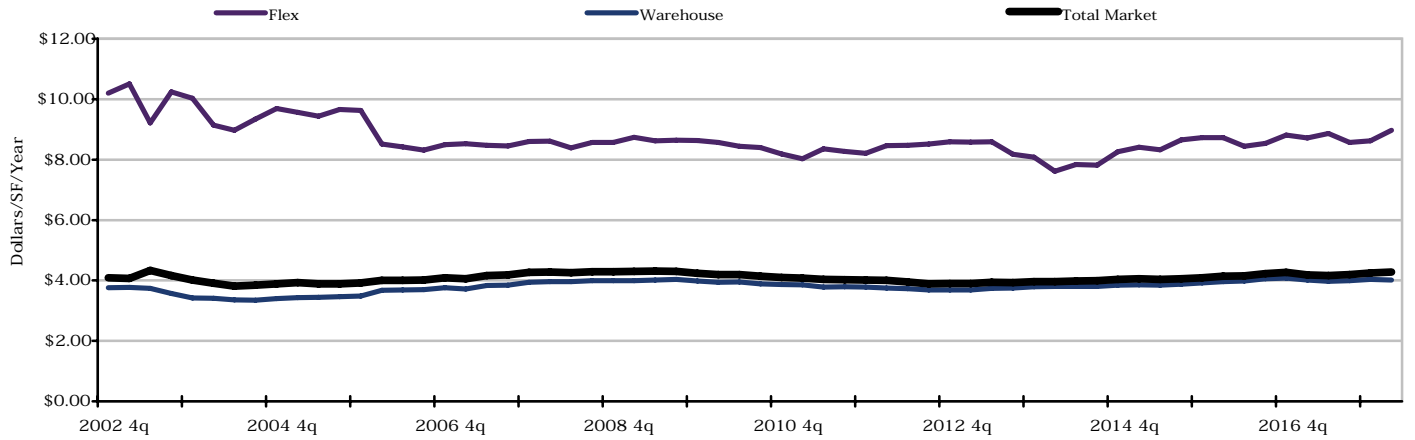
First Quarter 2018

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2018 1q	8,279	349,265,441	18,725,427	19,008,469	5.4%	846,116	7	2,243,491	19	3,524,622	\$4.28
2017 4q	8,272	347,021,950	17,400,825	17,611,094	5.1%	1,138,320	5	1,109,135	23	5,206,379	\$4.25
2017 3q	8,264	345,421,717	16,941,334	17,149,181	5.0%	2,053,692	8	1,935,266	28	6,495,812	\$4.19
2017 2q	8,252	343,287,151	16,926,319	17,068,307	5.0%	2,085,275	7	1,817,252	32	7,572,324	\$4.17
2017 1q	8,242	341,451,899	16,995,544	17,318,330	5.1%	1,676,841	11	1,653,966	30	7,655,722	\$4.19
2016	8,231	339,797,933	17,038,136	17,341,205	5.1%	7,740,677	31	9,120,741	33	8,259,294	\$4.27
2015	8,205	330,754,546	15,917,797	16,038,495	4.8%	4,845,097	14	3,107,645	22	6,812,985	\$4.09
2014	8,194	327,806,081	17,576,336	17,935,127	5.5%	6,656,567	22	5,392,776	12	3,069,278	\$4.03
2013	8,177	322,490,762	19,082,538	19,276,375	6.0%	3,463,319	12	2,668,350	16	3,344,127	\$3.96
2012	8,169	319,846,637	19,627,665	20,095,569	6.3%	5,506,755	7	1,549,102	9	2,435,719	\$3.90
2011	8,162	318,293,974	23,286,491	24,049,661	7.6%	351,641	6	493,547	6	1,561,538	\$4.01
2010	8,155	317,922,333	23,094,425	24,029,661	7.6%	(2,070,870)	3	102,000	5	1,029,812	\$4.09
2009	8,151	317,996,964	21,685,037	22,033,422	6.9%	275,600	11	1,811,827	4	71,784	\$4.24
2008	8,137	316,169,921	19,798,979	20,481,979	6.5%	1,709,158	22	1,827,856	11	248,823	\$4.28
2007	8,101	314,218,304	19,708,795	20,239,520	6.4%	5,494,201	45	2,714,021	26	1,620,481	\$4.27
2006	8,034	310,979,977	21,775,246	22,495,394	7.2%	3,348,287	34	1,225,055	48	2,268,791	\$4.09

Source: CoStar Property®

## Historical Rental Rates

Based on Quoted Rental Rates



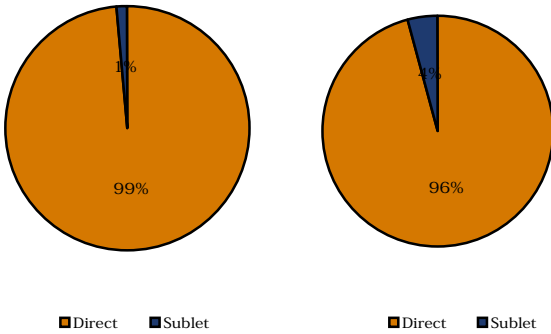
Source: CoStar Property®

## Vacancy by Available Space Type

Percent of All Vacant Space in Direct vs. Sublet

Kansas City

United States



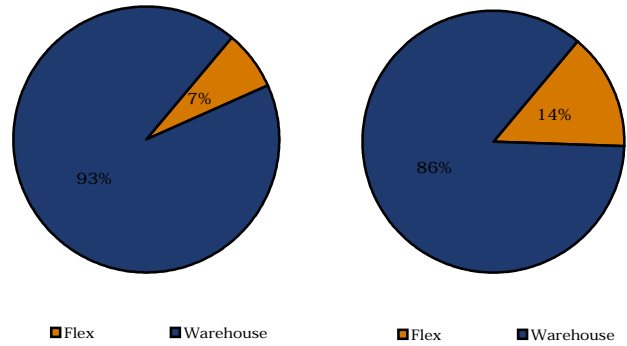
Source: CoStar Property®

## Vacancy by Building Type

Percent of All Vacant Space by Building Type

Kansas City

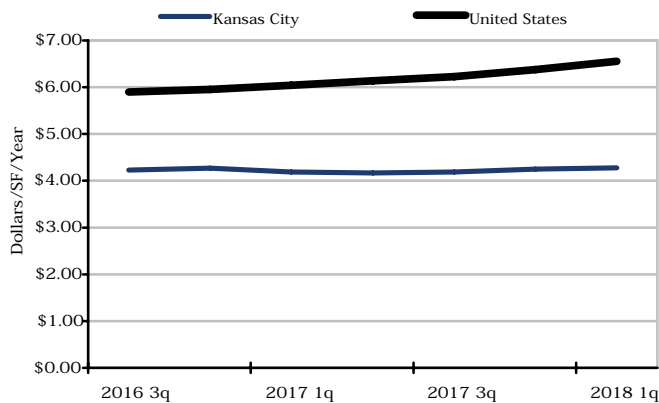
United States



Source: CoStar Property®

## U.S. Rental Rate Comparison

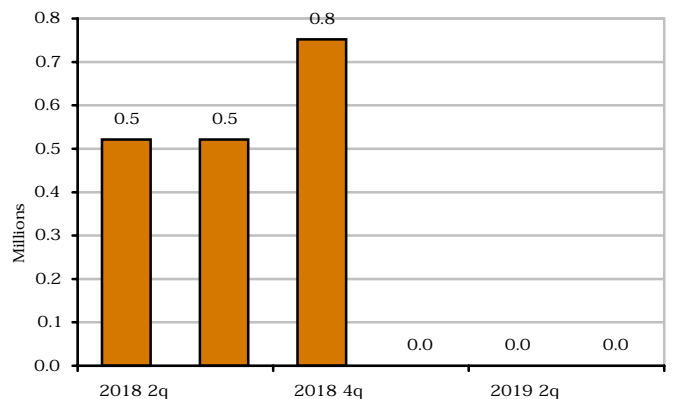
Based on Average Quoted Rental Rates



Source: CoStar Property®

## Future Space Available

Space Scheduled to be Available for Occupancy\*

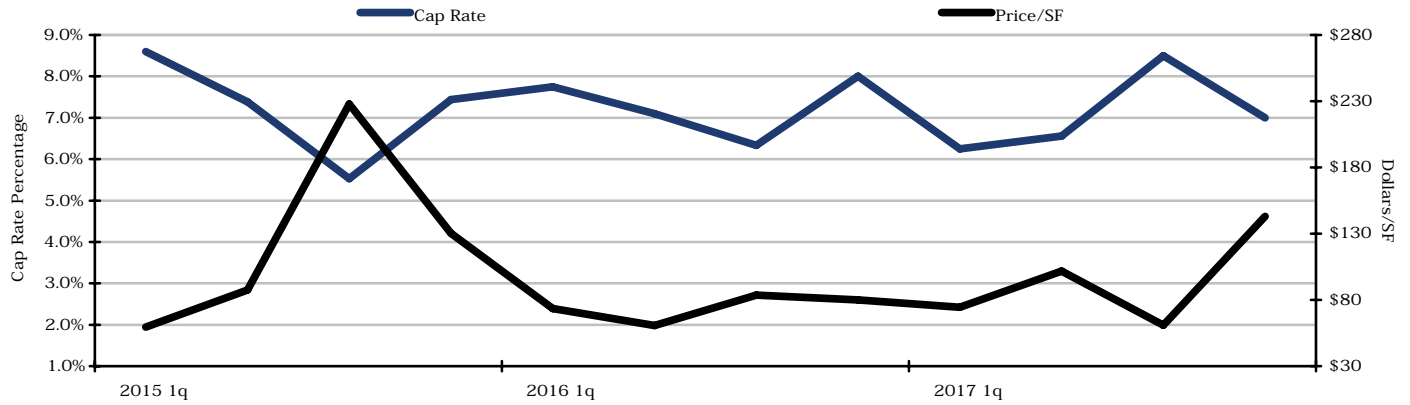


Source: CoStar Property®

\* Includes Under Construction Space

## The Optimist Sales Index

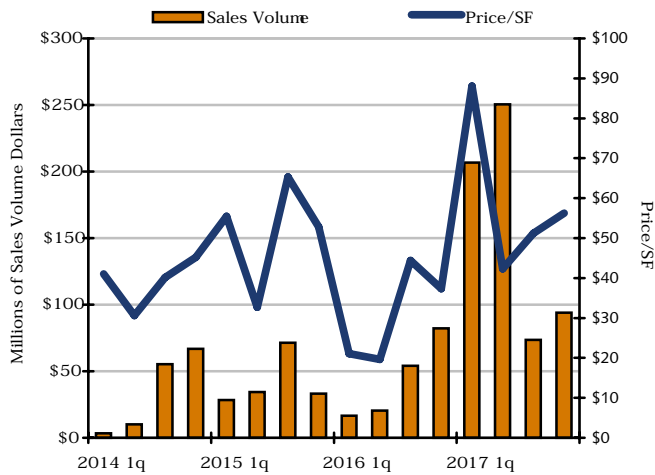
Average of Two Highest Price/SF's and Two Lowest Cap Rates Per Quarter



Source: CoStar COMPS®

## Sales Volume & Price

Based on Industrial Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

## Sales Analysis by Building Size

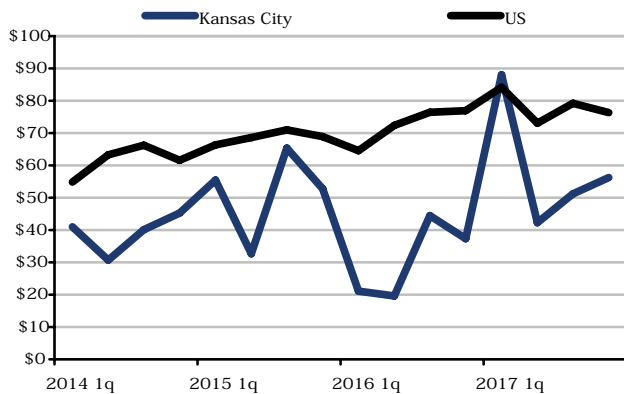
Based on Industrial Bldg Sales From Jan. 2017 - Dec. 2017

Bldg Size	#	RBA	\$ Volume	Price/SF	Cap Rate
< 25,000 SF	21	326,247	\$24,357,560	\$ 74.66	8.20%
25K-99K SF	19	846,413	\$30,212,683	\$ 35.69	6.56%
100K-249K SF	11	1,733,412	\$212,723,476	\$122.72	6.75%
>250K SF	8	8,573,703	\$367,801,825	\$ 42.90	7.90%

Source: CoStar COMPS®

## U.S. Price/SF Comparison

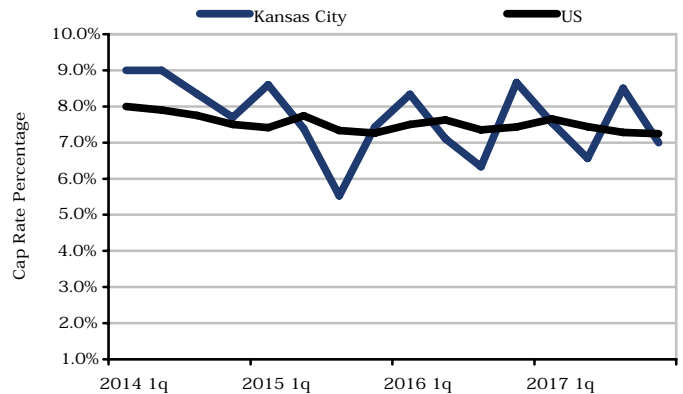
Based on Industrial Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

## U.S. Cap Rate Comparison

Based on Industrial Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®