



KC Industrial Report Fourth Quarter, 2017

Kansas City's Vacancy Stays at 6.1% Net Absorption Positive 1,157,756 SF in the Quarter

The Kansas City Industrial market ended the fourth quarter 2017 with a vacancy rate of 6.1%. The vacancy rate was unchanged over the previous quarter, with net absorption totaling positive 1,157,756 square feet in the fourth quarter. Vacant sublease space increased in the quarter, ending the quarter at 224,269 square feet. Rental rates ended the fourth quarter at \$4.33, an increase over the previous quarter. A total of four buildings delivered to the market in the quarter totaling 1,101,535 square feet, with 4,897,865 square feet still under construction at the end of the quarter.

Absorption

Net absorption for the overall Kansas City Industrial market was positive 1,157,756 square feet in the fourth quarter 2017. That compares to positive 1,611,448 square feet in the third quarter 2017, negative 622,604 square feet in the second quarter 2017, and positive 1,588,851 square feet in the first quarter 2017.

Tenants moving into large blocks of space in 2017 include: Spectrum Brands HHI moving into 927,112 square feet at 31100 W196th St, General Motors moving into 840,000 square feet at 100 Kindelberger Rd, and Amazon Pantry moving into 446,500 square feet at 27200 W 157th St.

The Flex building market recorded net absorption of positive 1,782 square feet in the fourth quarter 2017, compared to negative 69,064 square feet in the third quarter 2017, negative 368,331 in the second quarter 2017, and positive 48,610 in the first quarter 2017.

The Warehouse building market recorded net absorption of positive 1,155,974 square feet in the fourth quarter 2017

compared to positive 1,680,512 square feet in the third quarter 2017, negative (254,273) in the second quarter 2017, and positive 1,540,241 in the first quarter 2017.

Vacancy

The Industrial vacancy rate in the Kansas City market area remained at 6.1% at the end of the second quarter through the fourth quarter 2017. The vacancy rate was 5.4% at the end of the first quarter 2017.

Flex projects reported a vacancy rate of 8.5% at the end of the third and fourth quarter 2017, 8.1% at the end of the second quarter 2017, and 5.4% at the end of the first quarter 2017.

Warehouse projects reported a vacancy rate of 6.0% at the end of the fourth quarter 2017, 5.9% at the end of third quarter 2017, 6.0% at the end of the second quarter 2017, and 5.4% at the end of the first quarter 2017.

Largest Lease Signings

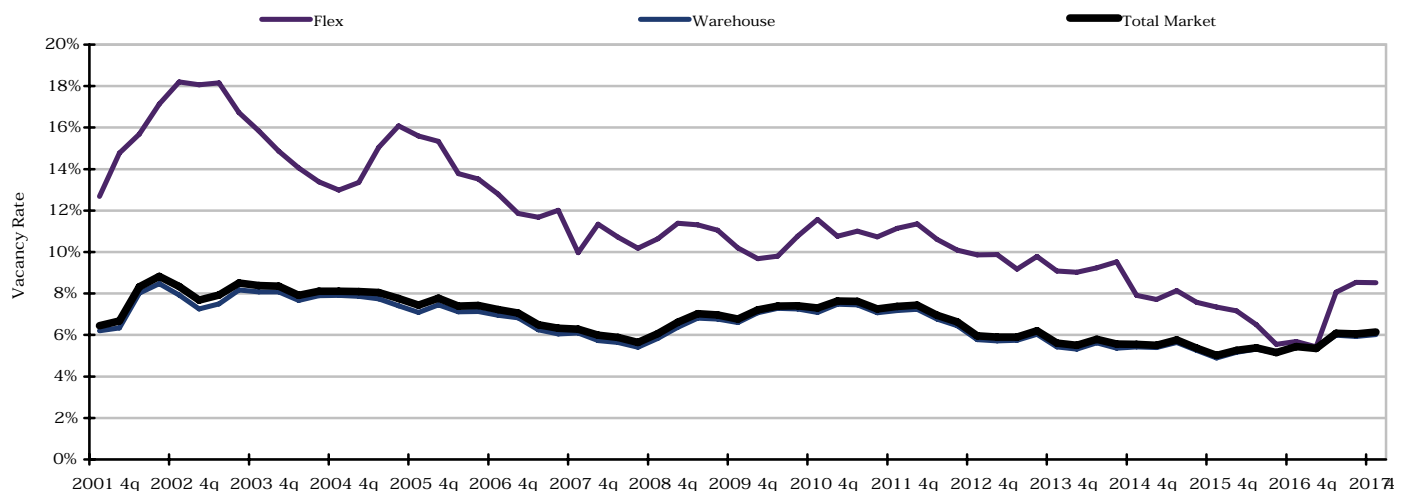
The largest lease signings occurring in 2017 included: the 927,112-square-foot lease signed by Spectrum Brands HHI at 31100 W 196th St in the South Johnson County market; the 432,000-square-foot deal signed by BMS Logistics, Inc at 10221 NW Transcon Dr in the North of the River market; and the 260,000-square-foot lease signed by Staples at 12501 NE 40th St in the North of the River market.

Sublease Vacancy

The amount of vacant sublease space in the Kansas City market increased to 224,269 square feet by the end of the fourth quarter 2017, from 221,847 square feet at the end of the

Vacancy Rates by Building Type

2000-2017



Source: CoStar Property®

third quarter 2017. There was 155,988 square feet vacant at the end of the second quarter 2017 and 319,786 square feet at the end of the first quarter 2017.

Kansas City's Flex projects reported vacant sublease space of 17,820 square feet at the end of fourth quarter 2017, up from the 10,080 square feet reported at the end of the third quarter 2017. There were no sublease space vacant at the end of the second quarter 2017, and 1,625 square feet at the end of the first quarter 2017.

Warehouse projects reported decreased vacant sublease space from the third quarter 2017 to the fourth quarter 2017. Sublease vacancy went from 211,767 square feet to 206,449 square feet during that time. There was 155,988 square feet at the end of the second quarter 2017, and 318,161 square feet at the end of the first quarter 2017.

Rental Rates

The average quoted asking rental rate for available Industrial space was \$4.33 per square foot per year at the end of the fourth quarter 2017 in the Kansas City market area. This represented a 1.6% increase in quoted rental rates from the end of the third quarter 2017, when rents were reported at \$4.26 per square foot.

The average quoted rate within the Flex sector was \$8.76 per square foot at the end of the fourth quarter 2017, while Warehouse rates stood at \$4.11. At the end of the third quarter 2017, Flex rates were \$8.73 per square foot, and Warehouse rates were \$4.06.

Deliveries and Construction

During the fourth quarter 2017, four buildings totaling 1,101,535 square feet were completed in the Kansas City market area. This compares to 10 buildings totaling 1,612,266 square feet that were completed in the third quarter 2017, seven buildings totaling 1,817,252 square feet completed in the second quarter 2017, and 1,396,566 square feet in six buildings

completed in the first quarter 2017.

There were 4,897,865 square feet of Industrial space under construction at the end of the fourth quarter 2017.

Some of the notable 2017 deliveries include: Inland Port XXXIII at 31100 W 196th St, a 927,112-square-foot facility that delivered in second quarter 2017 and is now 100% occupied by Spectrum Brands HHI, and 100 Kindelberger Rd, an 840,000-square-foot building that delivered in third quarter 2017 and is now 100% occupied by General Motors.

The largest projects underway at the end of fourth quarter 2017 were Inland Port VIII at 19310 S Gardner Rd, a 777,222-square-foot spec building with 0% of its space pre-leased, and Inland Port VI at 18451 Montrose St, a 777,222-square-foot spec facility that is 0% pre-leased.

Inventory

Total Industrial inventory in the Kansas City market area amounted to 325,323,287 square feet in 7,547 buildings as of the end of the fourth quarter 2017. The Flex sector consisted of 14,754,806 square feet in 614 projects. The Warehouse sector consisted of 310,568,481 square feet in 6,933 buildings. Within the Industrial market there were 1,263 owner-occupied buildings accounting for 93,218,640 square feet of Industrial space.

Sales Activity

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

In the third quarter, seven industrial transactions closed with a total volume of \$12,347,000. The seven buildings totaled 423,567 square feet and the average price per square foot equated to \$29.15 per square foot. That compares to 11 transactions totaling \$31,809,200 in the second quarter. The total square footage was 618,284 for an average price per square foot of \$51.45.

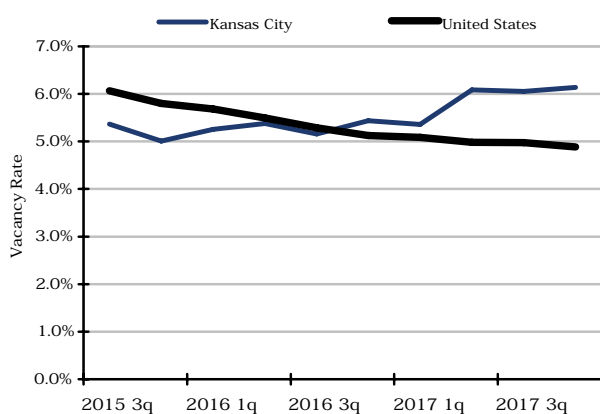
Total year-to-date industrial building sales activity in 2017 is up compared to the previous year. In the first nine months of 2017, the market saw 33 industrial sales transactions with a total volume of \$227,566,036. The price per square foot has averaged \$80.44 this year. In the first nine months of 2016, the market posted 34 transactions with a total volume of \$91,138,104. The price per square foot averaged \$29.56.

Cap rates have been higher in 2017, averaging 7.29%, compared to the first nine months of last year when they averaged 7.25%.

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 New Century. This 446,500-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 10 Quarters

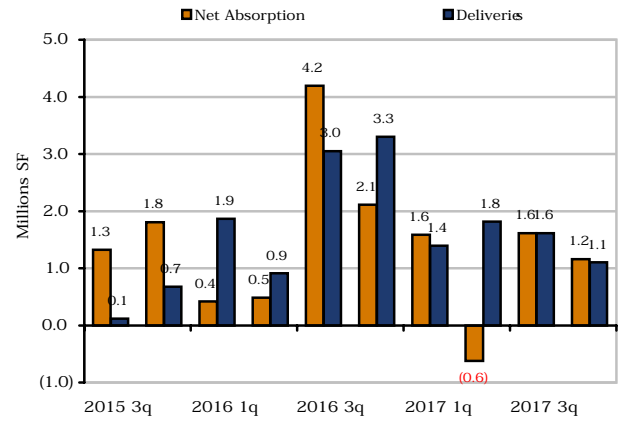


Source: CoStar Property®

Reports compiled by: Emily Thompson, CoStar Research Manager.

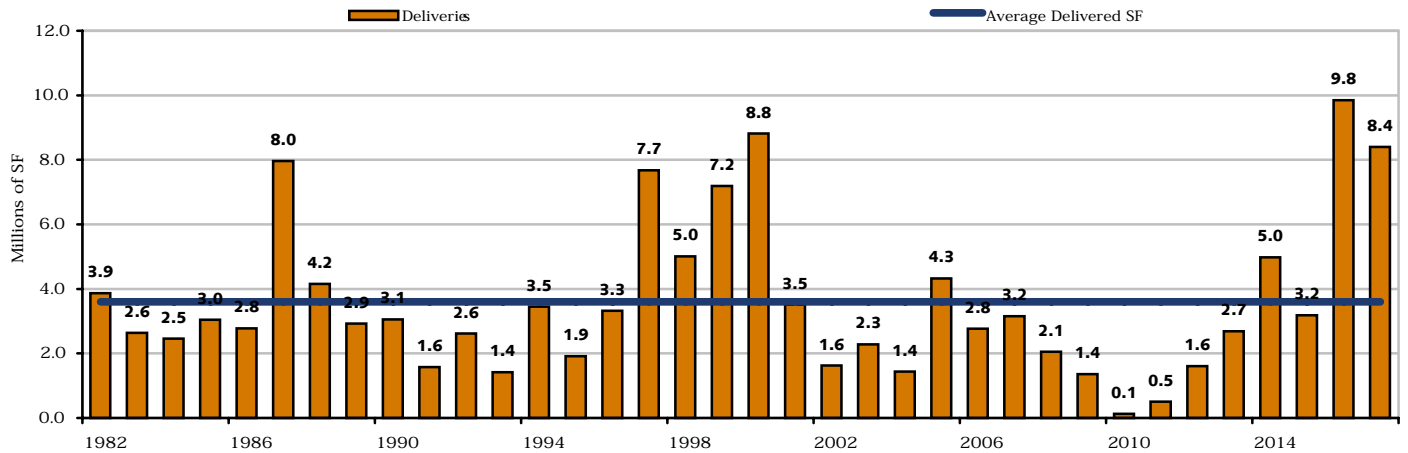
Absorption & Deliveries

Past 10 Quarters



Source: CoStar Property®

Historical Deliveries 1982 - 2017



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

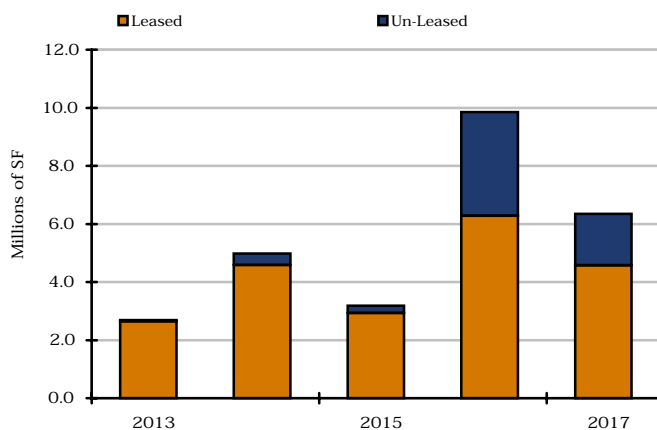
CONSTRUCTION ACTIVITY Markets Ranked by Under Construction RBA

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
South Johnson County Ind	12	3,727,986	1,363,042	36.6%	48,326	310,665
North of the River Ind	4	1,128,664	300,399	26.6%	60,664	282,166
South Jackson County Ind	1	41,215	0	0.0%	40,435	41,215
Lafayette Ind	0	0	0	0.0%	18,908	0
Ottawa Ind	0	0	0	0.0%	80,528	0
North Johnson County Ind	0	0	0	0.0%	34,142	0
Atchison Ind	0	0	0	0.0%	76,866	0
Wyandotte County Ind	0	0	0	0.0%	44,661	0
Leavenworth County Ind	0	0	0	0.0%	59,804	0
Cass County Ind	0	0	0	0.0%	21,533	0
All Other	0	0	0	0.0%	38,489	0
Totals	17	4,897,865	1,663,441	34.0%	43,106	288,110

Source: CoStar Property®

Recent Deliveries

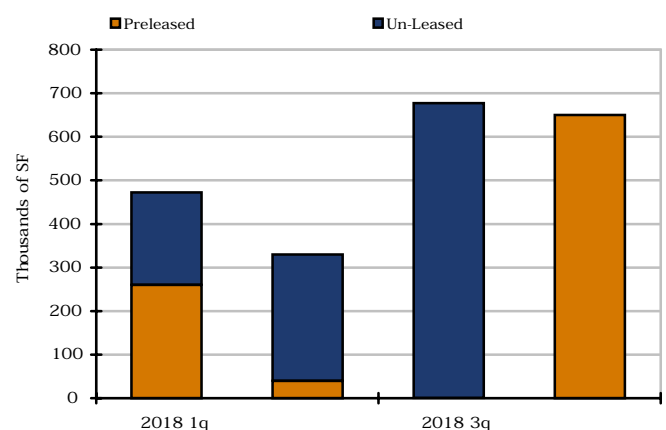
Leased & Un-Leased SF in Deliveries Since 2013



Source: CoStar Property®

Future Deliveries

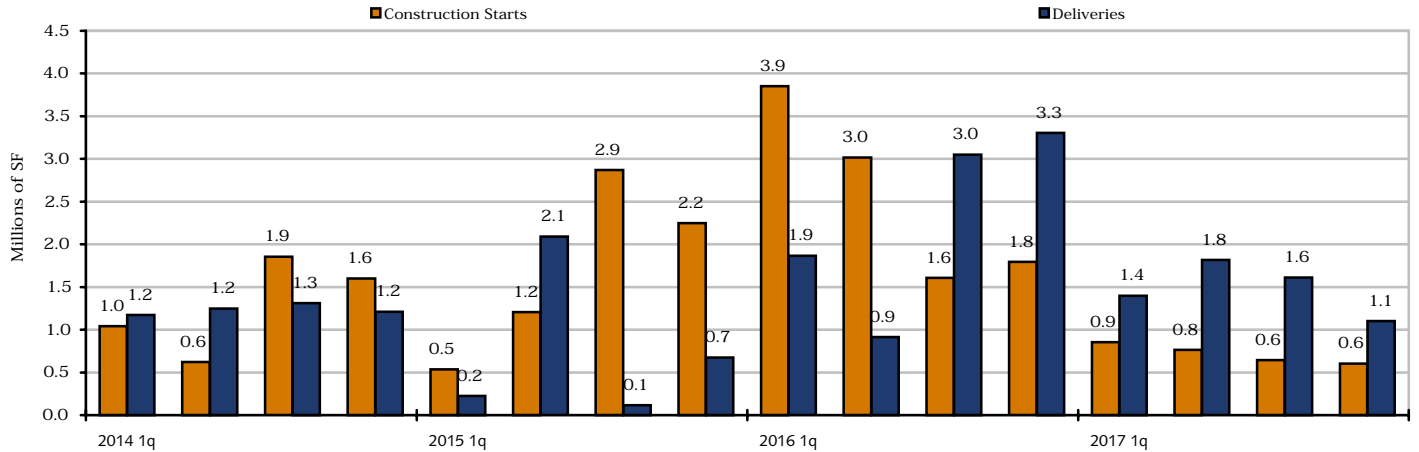
Preleased & Un-Leased SF in Properties Scheduled to Deliver



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	15	279,072	216,100	77.4%	\$8.88	37,923	241,149
50,000 SF - 99,999 SF	1	81,000	81,000	100.0%	\$0.00	0	81,000
100,000 SF - 249,999 SF	4	762,981	352,399	46.2%	\$4.96	0	762,981
250,000 SF - 499,999 SF	6	2,347,420	1,243,355	53.0%	\$4.37	349,000	1,998,420
>= 500,000 SF	4	2,878,244	2,682,494	93.2%	\$4.25	927,112	1,951,132

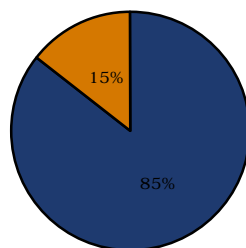
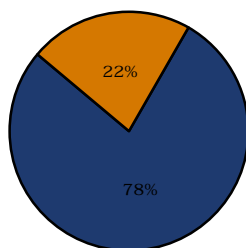
Source: CoStar Property®

Recent Development by Tenancy

Based on RBA Developed for Single & Multi-Tenant Use

2017 Deliveries

Currently Under Construction



■ Multi ■ Single

■ Multi ■ Single

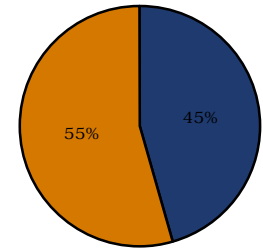
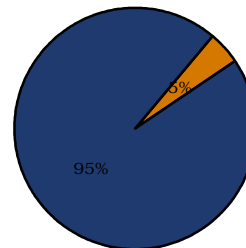
Source: CoStar Property®

Existing Inventory Comparison

Based on Total RBA

By Building Type

By Tenancy Type



■ Flex ■ Warehouse

■ Multi ■ Single

Source: CoStar Property®

Flex Market Statistics

Year-End 2017

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%	500	0	0	\$7.27
Cass County Ind	14	182,075	0	0	0.0%	0	0	0	\$10.20
Downtown Ind	44	548,037	12,400	12,400	2.3%	(5,300)	0	0	\$16.13
East Jackson County Ind	84	1,918,769	137,559	137,559	7.2%	(46,820)	0	0	\$7.33
Johnson County MO Ind	3	16,900	5,300	5,300	31.4%	(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%	(3,885)	0	0	\$9.27
Leavenworth County Ind	2	17,600	0	0	0.0%	0	0	0	\$0.00
Midtown Ind	22	1,370,840	6,980	6,980	0.5%	(6,036)	0	0	\$11.53
Midtown South Ind	11	274,954	18,000	18,000	6.5%	(18,000)	0	0	\$5.00
North Johnson County Ind	104	2,385,890	159,533	159,533	6.7%	129,041	0	0	\$9.14
North of the River Ind	46	1,642,445	487,861	487,861	29.7%	(435,020)	24,000	0	\$8.20
Ottawa Ind	1	10,500	0	0	0.0%	0	0	0	\$0.00
South Jackson County Ind	49	1,361,293	58,165	58,165	4.3%	14,205	9,000	41,215	\$8.50
South Johnson County Ind	152	3,501,981	204,757	214,837	6.1%	(8,243)	0	665,260	\$10.56
St Joseph Ind	6	87,509	0	0	0.0%	0	0	0	\$0.00
Wyandotte County Ind	44	934,555	95,748	95,748	10.2%	(2,145)	0	0	\$8.11
Totals	614	14,754,806	1,240,218	1,258,038	8.5%	(387,003)	33,000	706,475	\$8.76

Source: CoStar Property®

Warehouse Market Statistics

Year-End 2017

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	2,940,217	52,982	52,982	1.8%	(35,782)	7,500	0	\$6.92
Downtown Ind	552	13,720,473	529,431	529,431	3.9%	(66,278)	0	0	\$5.28
East Jackson County Ind	1,326	66,860,454	3,703,940	3,703,940	5.5%	424,826	0	0	\$3.35
Johnson County MO Ind	20	1,084,476	0	0	0.0%	1,500	0	0	\$5.47
Lafayette Ind	41	792,122	6,400	6,400	0.8%	12,780	0	0	\$4.37
Lawrence Ind	267	8,006,211	165,745	165,745	2.1%	37,396	0	0	\$4.56
Leavenworth County Ind	68	4,168,705	2,550,850	2,550,850	61.2%	(2,217,750)	0	0	\$2.08
Midtown Ind	214	5,408,419	377,115	391,115	7.2%	43,453	0	0	\$4.91
Midtown South Ind	119	2,755,811	98,897	98,897	3.6%	35,288	0	0	\$3.80
North Johnson County Ind	674	24,176,941	1,284,608	1,306,159	5.4%	(277,115)	191,940	0	\$5.83
North of the River Ind	893	55,321,491	2,348,244	2,479,142	4.5%	1,988,233	1,448,808	1,128,664	\$4.21
Ottawa Ind	40	3,291,129	0	0	0.0%	0	0	0	\$3.00
South Jackson County Ind	622	25,770,798	935,788	935,788	3.6%	1,133,499	1,186,974	0	\$4.18
South Johnson County Ind	816	43,277,740	4,747,133	4,747,133	11.0%	2,169,301	2,219,397	3,062,726	\$4.65
St Joseph Ind	202	9,067,001	79,196	79,196	0.9%	244,055	0	0	\$2.88
Wyandotte County Ind	933	42,699,139	1,567,552	1,607,552	3.8%	629,048	840,000	0	\$4.14
Totals	6,933	310,568,481	18,498,606	18,705,055	6.0%	4,122,454	5,894,619	4,191,390	\$4.11

Source: CoStar Property®

Flex Submarket Statistics

Year-End 2017

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	49,438	49,438	8.7%	(41,658)	0	0	\$11.46
Armourdale Ind	14	451,255	52,386	52,386	11.6%	7,617	0	0	\$8.54
Atchison Ind	1	2,500	0	0	0.0%	500	0	0	\$7.27
Blue Springs Ind	29	303,064	38,598	38,598	12.7%	(24,878)	0	0	\$8.39
Bonner Springs Ind	8	76,000	28,000	28,000	36.8%	(5,100)	0	0	\$7.28
Cass County Ind	14	182,075	0	0	0.0%	0	0	0	\$10.20
Central KC KS/Fairfa.	3	22,465	8,065	8,065	35.9%	(8,065)	0	0	\$3.95
City of North KC Ind	9	181,917	0	0	0.0%	0	0	0	\$0.00
Claycomo Ind	6	644,641	411,408	411,408	63.8%	(399,532)	0	0	\$5.83
Downtown KC Ind	44	548,037	12,400	12,400	2.3%	(5,300)	0	0	\$16.13
East Bottoms KC Ind	3	368,280	29,600	29,600	8.0%	(8,100)	0	0	\$6.54
Executive Park Ind	11	290,872	45,420	45,420	15.6%	5,671	0	0	\$5.93
Grandview Ind	12	80,196	8,080	8,080	10.1%	11,585	0	0	\$6.60
Independence Ind	13	287,095	2,500	2,500	0.9%	(2,500)	0	0	\$7.99
Johnson County MO In.	3	16,900	5,300	5,300	31.4%	(5,300)	0	0	\$5.22
Kansas City KS Ind	5	38,861	0	0	0.0%	10,700	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%	(3,885)	0	0	\$9.27
Leavenworth County I.	2	17,600	0	0	0.0%	0	0	0	\$0.00
Lees Summit Ind	25	429,221	23,224	23,224	5.4%	5,285	9,000	41,215	\$9.19
Lenexa Ind	56	1,488,986	102,045	102,045	6.9%	28,490	0	0	\$8.51
Liberty Ind	12	152,920	16,900	16,900	11.1%	7,100	24,000	0	\$15.31
Merriam/Mission Ind	8	84,675	6,700	6,700	7.9%	(6,700)	0	0	\$9.50
Metcalfe/SE JoCo Ind	40	558,210	40,854	40,854	7.3%	397	0	665,260	\$11.72
Midtown Ind	22	1,370,840	6,980	6,980	0.5%	(6,036)	0	0	\$11.53
Midtown South Ind	11	274,954	18,000	18,000	6.5%	(18,000)	0	0	\$5.00
Northeast Clay Count.	2	6,700	0	0	0.0%	0	0	0	\$0.00
Olathe Ind	112	2,943,771	163,903	173,983	5.9%	(8,640)	0	0	\$10.28
Ottawa Ind	1	10,500	0	0	0.0%	0	0	0	\$0.00
Overland Park Ind	34	761,994	49,288	49,288	6.5%	100,591	0	0	\$11.15
Raytown/Lakewood Inc	20	294,261	21,441	21,441	7.3%	(17,013)	0	0	\$6.81
Riverside/Parkville	5	89,616	10,115	10,115	11.3%	(930)	0	0	\$10.74
Shawnee Ind	6	50,235	1,500	1,500	3.0%	6,660	0	0	\$9.26
South KC Ind	12	851,876	26,861	26,861	3.2%	(2,665)	0	0	\$8.95
Sports Complex Ind	8	375,197	0	0	0.0%	0	0	0	\$0.00
St Joseph Ind	6	87,509	0	0	0.0%	0	0	0	\$0.00
Turner Ind	14	345,974	7,297	7,297	2.1%	(7,297)	0	0	\$0.00
Totals	614	14,754,806	1,240,218	1,258,038	8.5%	(387,003)	33,000	706,475	\$8.76

Source: CoStar Property®

Warehouse Submarket Statistics

Year-End 2017

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 .	70	6,301,702	77,031	77,031	1.2%	525,848	0	202,000	\$4.79
Armourdale Ind	418	12,713,613	452,050	452,050	3.6%	107,926	0	0	\$4.41
Atchison Ind	15	1,227,354	50,725	50,725	4.1%	0	0	0	\$0.00
Blue Springs Ind	233	3,685,543	74,603	74,603	2.0%	62,383	0	0	\$5.80
Bonner Springs Ind	92	5,862,512	125,788	125,788	2.1%	27,808	0	0	\$5.04
Cass County Ind	131	2,940,217	52,982	52,982	1.8%	(35,782)	7,500	0	\$6.92
Central KC KS/Fairfa.	187	15,506,195	244,545	244,545	1.6%	1,081,556	840,000	0	\$3.77
City of North KC Ind	401	18,510,432	692,137	727,137	3.9%	436,411	430,000	0	\$3.88
Claycomo Ind	144	18,103,912	693,599	693,599	3.8%	382,494	590,760	826,664	\$3.91
Downtown KC Ind	552	13,720,473	529,431	529,431	3.9%	(66,278)	0	0	\$5.28
East Bottoms KC Ind	480	16,635,579	1,500,917	1,500,917	9.0%	151,488	0	0	\$2.76
Executive Park Ind	193	18,197,038	353,340	353,340	1.9%	56,893	0	0	\$4.10
Grandview Ind	302	10,988,940	544,745	544,745	5.0%	753,562	596,000	0	\$3.40
Independence Ind	178	19,642,749	1,603,099	1,603,099	8.2%	65,439	0	0	\$2.84
Johnson County MO In.	20	1,084,476	0	0	0.0%	1,500	0	0	\$5.47
Kansas City KS Ind	86	1,678,448	9,366	9,366	0.6%	634	0	0	\$6.37
Lafayette County Ind	41	792,122	6,400	6,400	0.8%	12,780	0	0	\$4.37
Lawrence Ind	267	8,006,211	165,745	165,745	2.1%	37,396	0	0	\$4.56
Leavenworth County I.	68	4,168,705	2,550,850	2,550,850	61.2%	(2,217,750)	0	0	\$2.08
Lees Summit Ind	235	5,357,897	112,815	112,815	2.1%	24,795	96,320	0	\$8.35
Lenexa Ind	341	17,572,206	947,508	969,059	5.5%	(284,346)	21,940	0	\$5.77
Liberty Ind	117	4,929,178	150,000	245,898	5.0%	112,650	0	0	\$4.43
Merriam/Mission Ind	181	2,516,296	24,000	24,000	1.0%	(13,400)	0	0	\$7.18
Metcalfe/SE JoCo Ind	70	1,288,108	0	0	0.0%	10,504	10,504	0	\$9.02
Midtown Ind	214	5,408,419	377,115	391,115	7.2%	43,453	0	0	\$4.91
Midtown South Ind	119	2,755,811	98,897	98,897	3.6%	35,288	0	0	\$3.80
Northeast Clay Count.	53	1,929,083	23,000	23,000	1.2%	(1,000)	0	0	\$4.30
Olathe Ind	746	41,989,632	4,747,133	4,747,133	11.3%	2,158,797	2,208,893	3,062,726	\$4.64
Ottawa Ind	40	3,291,129	0	0	0.0%	0	0	0	\$3.00
Overland Park Ind	95	2,085,688	72,715	72,715	3.5%	(8,984)	0	0	\$6.14
Raytown/Lakewood Inc	103	3,192,220	39,585	39,585	1.2%	10,043	0	0	\$6.42
Riverside/Parkville .	108	5,547,184	712,477	712,477	12.8%	531,830	428,048	100,000	\$4.65
Shawnee Ind	57	2,002,751	240,385	240,385	12.0%	29,615	170,000	0	\$5.81
South KC Ind	85	9,423,961	278,228	278,228	3.0%	355,142	494,654	0	\$4.48
Sports Complex Ind	139	5,507,325	132,396	132,396	2.4%	78,580	0	0	\$4.09
St Joseph Ind	202	9,067,001	79,196	79,196	0.9%	244,055	0	0	\$2.88
Turner Ind	150	6,938,371	735,803	775,803	11.2%	(588,876)	0	0	\$3.88
Totals	6,933	310,568,481	18,498,606	18,705,055	6.0%	4,122,454	5,894,619	4,191,390	\$4.11

Source: CoStar Property®

Total Industrial Submarket Statistics

Year-End 2017

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 .	82	6,868,353	126,469	126,469	1.8%	484,190	0	202,000	\$5.45
Armourdale Ind	432	13,164,868	504,436	504,436	3.8%	115,543	0	0	\$4.71
Atchison Ind	16	1,229,854	50,725	50,725	4.1%	500	0	0	\$7.27
Blue Springs Ind	262	3,988,607	113,201	113,201	2.8%	37,505	0	0	\$5.99
Bonner Springs Ind	100	5,938,512	153,788	153,788	2.6%	22,708	0	0	\$5.28
Cass County Ind	145	3,122,292	52,982	52,982	1.7%	(35,782)	7,500	0	\$7.04
Central KC KS/Fairfa.	190	15,528,660	252,610	252,610	1.6%	1,073,491	840,000	0	\$3.77
City of North KC Ind	410	18,692,349	692,137	727,137	3.9%	436,411	430,000	0	\$3.88
Claycomo Ind	150	18,748,553	1,105,007	1,105,007	5.9%	(17,038)	590,760	826,664	\$4.04
Downtown KC Ind	596	14,268,510	541,831	541,831	3.8%	(71,578)	0	0	\$5.44
East Bottoms KC Ind	483	17,003,859	1,530,517	1,530,517	9.0%	143,388	0	0	\$2.81
Executive Park Ind	204	18,487,910	398,760	398,760	2.2%	62,564	0	0	\$4.16
Grandview Ind	314	11,069,136	552,825	552,825	5.0%	765,147	596,000	0	\$3.47
Independence Ind	191	19,929,844	1,605,599	1,605,599	8.1%	62,939	0	0	\$3.50
Johnson County MO In.	23	1,101,376	5,300	5,300	0.5%	(3,800)	0	0	\$5.29
Kansas City KS Ind	91	1,717,309	9,366	9,366	0.5%	11,334	0	0	\$6.37
Lafayette County Ind	42	794,122	6,400	6,400	0.8%	12,780	0	0	\$4.37
Lawrence Ind	297	8,503,169	219,660	227,400	2.7%	33,511	0	0	\$5.40
Leavenworth County I.	70	4,186,305	2,550,850	2,550,850	60.9%	(2,217,750)	0	0	\$2.08
Lees Summit Ind	260	5,787,118	136,039	136,039	2.4%	30,080	105,320	41,215	\$8.58
Lenexa Ind	397	19,061,192	1,049,553	1,071,104	5.6%	(255,856)	21,940	0	\$5.99
Liberty Ind	129	5,082,098	166,900	262,798	5.2%	119,750	24,000	0	\$4.52
Merriam/Mission Ind	189	2,600,971	30,700	30,700	1.2%	(20,100)	0	0	\$7.44
Metcalfe/SE JoCo Ind	110	1,846,318	40,854	40,854	2.2%	10,901	10,504	665,260	\$11.40
Midtown Ind	236	6,779,259	384,095	398,095	5.9%	37,417	0	0	\$4.94
Midtown South Ind	130	3,030,765	116,897	116,897	3.9%	17,288	0	0	\$3.97
Northeast Clay Count.	55	1,935,783	23,000	23,000	1.2%	(1,000)	0	0	\$4.30
Olathe Ind	858	44,933,403	4,911,036	4,921,116	11.0%	2,150,157	2,208,893	3,062,726	\$4.88
Ottawa Ind	41	3,301,629	0	0	0.0%	0	0	0	\$3.00
Overland Park Ind	129	2,847,682	122,003	122,003	4.3%	91,607	0	0	\$7.35
Raytown/Lakewood Inc	123	3,486,481	61,026	61,026	1.8%	(6,970)	0	0	\$6.54
Riverside/Parkville .	113	5,636,800	722,592	722,592	12.8%	530,900	428,048	100,000	\$4.74
Shawnee Ind	63	2,052,986	241,885	241,885	11.8%	36,275	170,000	0	\$5.94
South KC Ind	97	10,275,837	305,089	305,089	3.0%	352,477	494,654	0	\$4.51
Sports Complex Ind	147	5,882,522	132,396	132,396	2.3%	78,580	0	0	\$4.09
St Joseph Ind	208	9,154,510	79,196	79,196	0.9%	244,055	0	0	\$2.88
Turner Ind	164	7,284,345	743,100	783,100	10.8%	(596,173)	0	0	\$3.88
Totals	7,547	325,323,287	19,738,824	19,963,093	6.1%	3,735,451	5,927,619	4,897,865	\$4.33

Source: CoStar Property®

Flex Market Statistics

Year-End 2017

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	
2017 4q	614	14,754,806	1,240,218	1,258,038	8.5%	1,782	0	0	3	706,475	\$8.76
2017 3q	614	14,754,806	1,249,740	1,259,820	8.5%	(69,064)	0	0	1	41,215	\$8.73
2017 2q	614	14,754,806	1,190,756	1,190,756	8.1%	(368,331)	1	24,000	1	41,215	\$9.04
2017 1q	613	14,730,806	796,800	798,425	5.4%	48,610	1	9,000	1	24,000	\$8.90
2016 4q	612	14,721,806	836,115	838,035	5.7%	2,061	1	24,000	2	33,000	\$8.98
2016 3q	611	14,697,806	814,176	816,096	5.6%	185,926	1	50,000	2	33,000	\$8.70
2016 2q	610	14,647,806	952,022	952,022	6.5%	96,978	0	0	3	83,000	\$8.63
2016 1q	610	14,647,806	1,049,000	1,049,000	7.2%	28,230	0	0	2	74,000	\$8.95
2015	610	14,647,806	1,077,230	1,077,230	7.4%	81,585	0	0	1	50,000	\$8.94
2014	610	14,647,806	1,144,573	1,158,815	7.9%	535,984	1	400,000	0	0	\$8.47
2013	609	14,247,806	1,280,557	1,294,799	9.1%	123,004	1	13,716	1	400,000	\$8.24
2012	608	14,234,090	1,364,837	1,404,087	9.9%	191,363	1	10,000	0	0	\$8.74
2011	607	14,224,090	1,490,171	1,585,450	11.1%	125,078	2	74,441	1	10,000	\$8.38
2010	605	14,149,649	1,562,864	1,636,087	11.6%	(134,921)	1	50,000	1	62,541	\$8.15
2009	603	14,085,321	1,406,727	1,436,838	10.2%	198,453	5	153,109	1	14,328	\$8.59
2008	598	13,932,212	1,447,714	1,482,182	10.6%	210,998	9	314,809	5	153,109	\$8.49

Source: CoStar Property®

Warehouse Market Statistics

Year-End 2017

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	
2017 4q	6,933	310,568,481	18,498,606	18,705,055	6.0%	1,155,974	4	1,101,535	14	4,191,390	\$4.11
2017 3q	6,927	309,055,848	18,136,629	18,348,396	5.9%	1,680,512	10	1,612,266	15	5,355,023	\$4.06
2017 2q	6,916	307,433,582	18,250,654	18,406,642	6.0%	(254,273)	6	1,793,252	23	6,323,835	\$4.06
2017 1q	6,910	305,640,330	16,040,956	16,359,117	5.4%	1,540,241	5	1,387,566	23	7,394,134	\$4.11
2016 4q	6,905	304,252,764	16,213,643	16,511,792	5.4%	2,111,978	9	3,279,287	22	7,927,612	\$4.19
2016 3q	6,897	301,103,131	15,155,988	15,474,137	5.1%	4,008,850	9	2,999,968	27	9,434,527	\$4.17
2016 2q	6,888	297,460,923	15,522,630	15,840,779	5.3%	385,370	2	912,480	31	10,828,357	\$4.11
2016 1q	6,886	296,548,443	15,055,650	15,313,669	5.2%	390,063	9	1,866,571	19	8,734,958	\$4.10
2015	6,882	295,291,540	14,329,131	14,446,829	4.9%	4,388,469	14	3,107,645	21	6,772,522	\$4.05
2014	6,871	292,343,075	15,545,284	15,886,833	5.4%	4,209,929	20	4,538,038	12	3,069,278	\$3.97
2013	6,856	287,882,494	15,461,622	15,636,181	5.4%	3,439,991	11	2,654,634	14	2,489,039	\$3.91
2012	6,850	285,266,852	16,036,912	16,460,530	5.8%	5,472,197	6	1,539,102	9	2,435,719	\$3.75
2011	6,844	283,724,189	19,747,509	20,390,064	7.2%	(12,862)	4	419,106	5	1,551,538	\$3.85
2010	6,840	283,432,989	19,249,325	20,086,002	7.1%	(1,503,039)	2	52,000	3	961,271	\$3.91
2009	6,837	283,552,508	18,409,544	18,702,482	6.6%	(992,055)	5	1,193,118	3	57,456	\$4.09
2008	6,829	282,344,174	15,853,561	16,502,093	5.8%	1,935,682	12	1,508,579	6	95,714	\$4.08

Source: CoStar Property®

Total Industrial Market Statistics

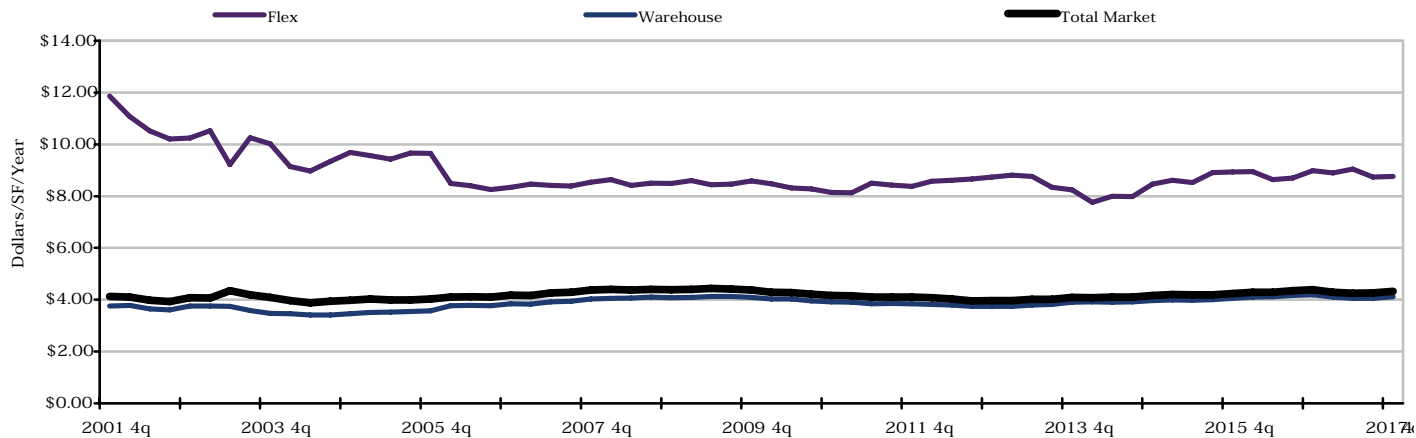
Year-End 2017

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	
2017 4q	7,547	325,323,287	19,738,824	19,963,093	6.1%	1,157,756	4	1,101,535	17	4,897,865	\$4.33
2017 3q	7,541	323,810,654	19,386,369	19,608,216	6.1%	1,611,448	10	1,612,266	16	5,396,238	\$4.26
2017 2q	7,530	322,188,388	19,441,410	19,597,398	6.1%	(622,604)	7	1,817,252	24	6,365,050	\$4.26
2017 1q	7,523	320,371,136	16,837,756	17,157,542	5.4%	1,588,851	6	1,396,566	24	7,418,134	\$4.29
2016 4q	7,517	318,974,570	17,049,758	17,349,827	5.4%	2,114,039	10	3,303,287	24	7,960,612	\$4.39
2016 3q	7,508	315,800,937	15,970,164	16,290,233	5.2%	4,194,776	10	3,049,968	29	9,467,527	\$4.35
2016 2q	7,498	312,108,729	16,474,652	16,792,801	5.4%	482,348	2	912,480	34	10,911,357	\$4.28
2016 1q	7,496	311,196,249	16,104,650	16,362,669	5.3%	418,293	9	1,866,571	21	8,808,958	\$4.29
2015	7,492	309,939,346	15,406,361	15,524,059	5.0%	4,470,054	14	3,107,645	22	6,822,522	\$4.24
2014	7,481	306,990,881	16,689,857	17,045,648	5.6%	4,745,913	21	4,938,038	12	3,069,278	\$4.17
2013	7,465	302,130,300	16,742,179	16,930,980	5.6%	3,562,995	12	2,668,350	15	2,889,039	\$4.09
2012	7,458	299,500,942	17,401,749	17,864,617	6.0%	5,663,560	7	1,549,102	9	2,435,719	\$3.97
2011	7,451	297,948,279	21,237,680	21,975,514	7.4%	112,216	6	493,547	6	1,561,538	\$4.10
2010	7,445	297,582,638	20,812,189	21,722,089	7.3%	(1,637,960)	3	102,000	4	1,023,812	\$4.16
2009	7,440	297,637,829	19,816,271	20,139,320	6.8%	(793,602)	10	1,346,227	4	71,784	\$4.37
2008	7,427	296,276,386	17,301,275	17,984,275	6.1%	2,146,680	21	1,823,388	11	248,823	\$4.39

Source: CoStar Property®

Historical Rental Rates

Based on Quoted Rental Rates



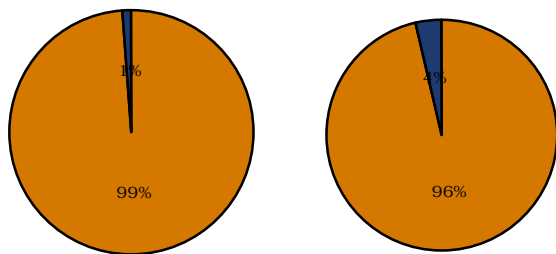
Source: CoStar Property®

Vacancy by Available Space Type

Percent of All Vacant Space in Direct vs. Sublet

Kansas City

United States



Direct Sublet

Direct Sublet

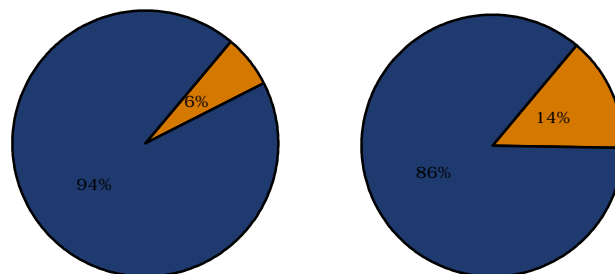
Source: CoStar Property®

Vacancy by Building Type

Percent of All Vacant Space by Building Type

Kansas City

United States



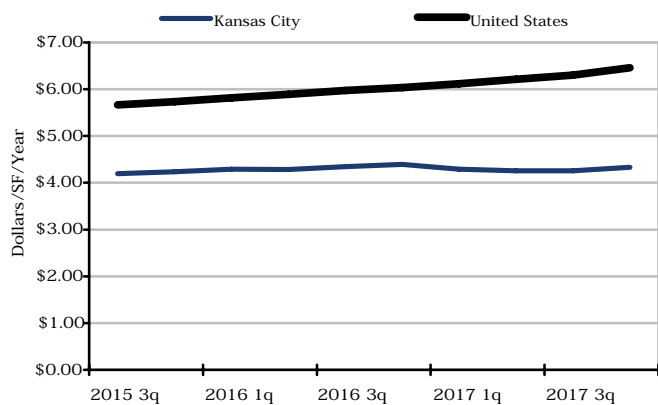
Flex Warehouse

Flex Warehouse

Source: CoStar Property®

U.S. Rental Rate Comparison

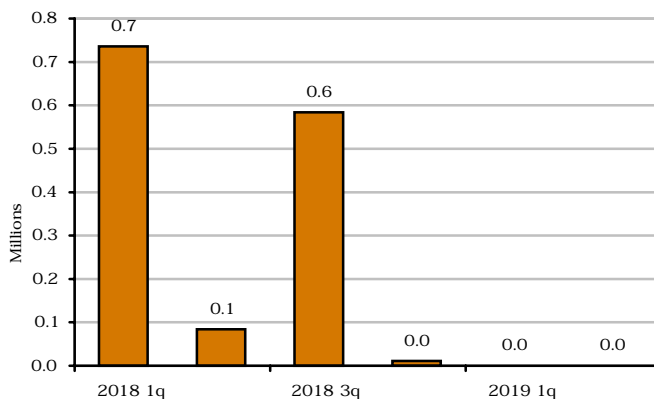
Based on Average Quoted Rental Rates



Source: CoStar Property®

Future Space Available

Space Scheduled to be Available for Occupancy*

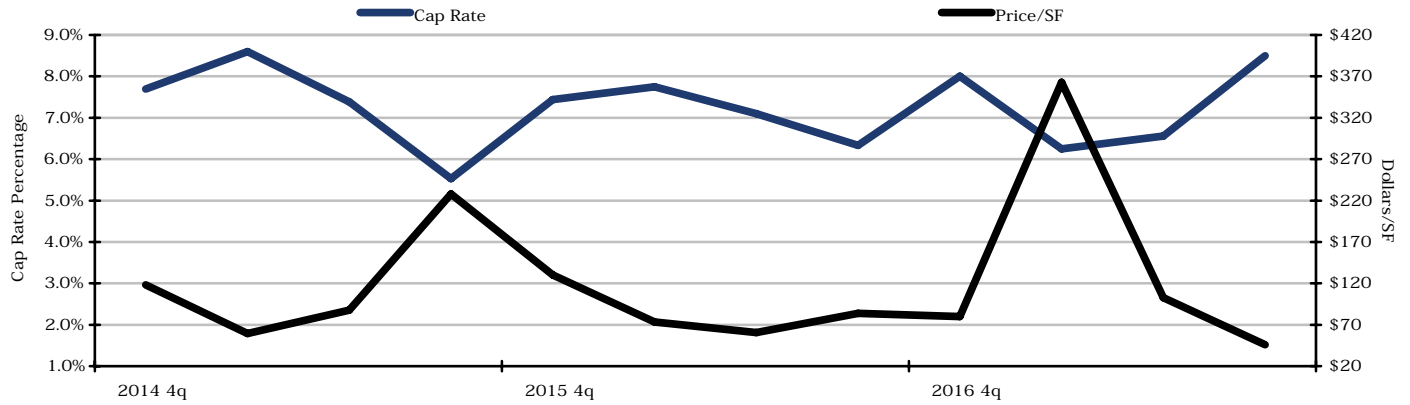


Source: CoStar Property®

* Includes Under Construction Space

The Optimist Sales Index

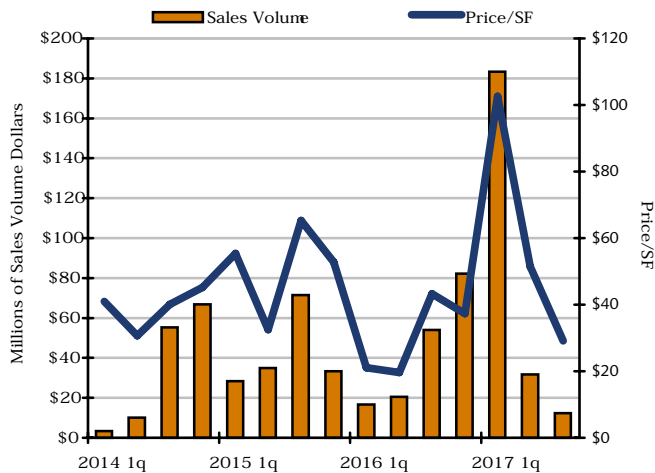
Average of Two Highest Price/SF's and Two Lowest Cap Rates Per Quarter



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

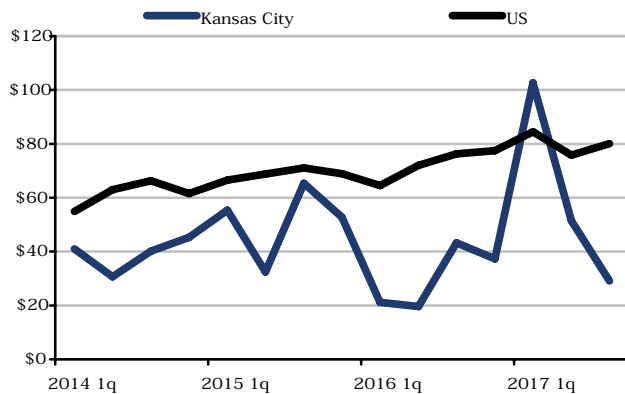
Based on Industrial Bldg Sales From Oct. 2016 - Sept. 2017

Bldg Size	#	RBA	\$ Volume	Price/SF	Cap Rate
< 25,000 SF	27	436,323	\$29,360,395	\$ 67.29	8.30%
25K-99K SF	22	1,066,219	\$39,334,000	\$ 36.89	8.02%
100K-249K SF	7	929,505	\$142,473,476	\$153.28	6.50%
>250K SF	6	2,694,817	\$107,264,000	\$ 39.80	5.99%

Source: CoStar COMPS®

U.S. Price/SF Comparison

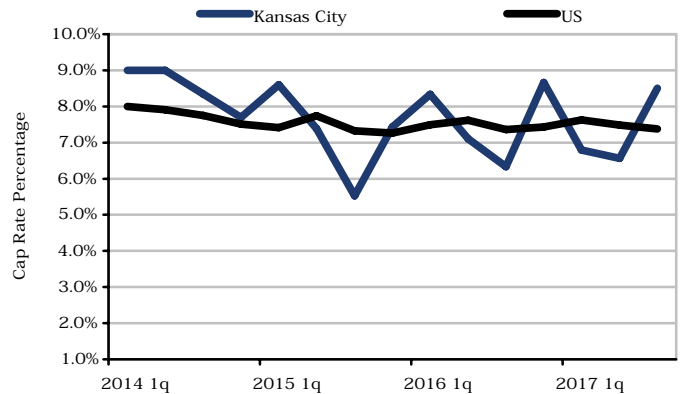
Based on Industrial Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

U.S. Cap Rate Comparison

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



Source: CoStar COMPS®