



KC Office Report Fourth Quarter, 2017



Kansas City's Vacancy Decreases to 7.7% Net Absorption Negative 70,167 SF in the Quarter

The Kansas City Office market ended the fourth quarter 2017 with a vacancy rate of 7.7%. The vacancy rate was down over the previous quarter, with net absorption totaling negative 70,167 square feet in the fourth quarter. Vacancy decreased while absorption was negative for the quarter due to inventory adjustments. Vacant sublease space increased in the quarter, ending the quarter at 487,896 square feet. Rental rates ended the fourth quarter at \$19.17, an increase over the previous quarter. A total of one building delivered to the market in the quarter totaling 7,880 square feet, with 516,968 square feet still under construction at the end of the quarter.

Absorption

Net absorption for the overall Kansas City office market was negative 70,167 square feet in the fourth quarter 2017. That compares to negative 10,879 square feet in the third quarter 2017, positive 781,008 square feet in the second quarter 2017, and positive 655,887 square feet in the first quarter 2017.

Tenants moving into large blocks of space in 2017 include: Plexpod moving into 141,035 square feet at 300 E 39th St; NBKC moving into 105,915 square feet at 8320 Ward Pky; and Dairy Farmers of America moving into 100,000 square feet at 1405 S 98th St.

The Class-A office market recorded net absorption of negative 102,077 square feet in the fourth quarter 2017, compared to positive 233,593 square feet in the third quarter 2017, positive 596,780 in the second quarter 2017, and positive 154,142 in the first quarter 2017.

The Class-B office market recorded net absorption of

negative 2,747 square feet in the fourth quarter 2017, compared to negative 239,226 square feet in the third quarter 2017, positive 175,392 in the second quarter 2017, and positive 464,968 in the first quarter 2017.

The Class-C office market recorded net absorption of positive 34,657 square feet in the fourth quarter 2017 compared to negative 5,246 square feet in the third quarter 2017, positive 8,836 in the second quarter 2017, and positive 36,777 in the first quarter 2017.

Net absorption for Kansas City's central business district was negative 14,972 square feet in the fourth quarter 2017. That compares to negative 218,465 square feet in the third quarter 2017, positive 127,453 in the second quarter 2017, and positive 406,160 in the first quarter 2017.

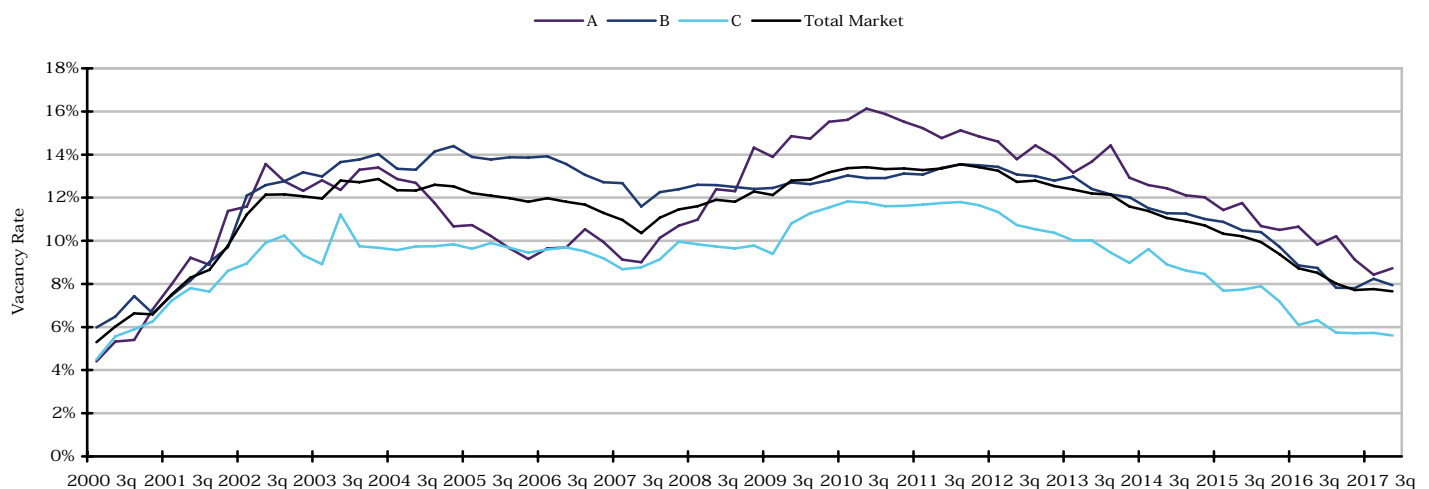
Net absorption for the suburban markets was negative 55,195 square feet in the fourth quarter 2017. That compares to positive 207,586 square feet in third quarter 2017, positive 653,555 in the second quarter 2017, and positive 249,727 in the first quarter 2017.

Vacancy

The office vacancy rate in the Kansas City market area decreased to 7.7% at the end of the fourth quarter 2017. The vacancy rate was 7.8% at the end of the third quarter 2017, 7.7% at the end of the second quarter 2017, and 8.0% at the end of the first quarter 2017.

Class-A projects reported a vacancy rate of 8.7% at the end of the fourth quarter 2017, 8.4% at the end of the third quarter 2017, 9.1% at the end of the second quarter 2017, and 10.2% at the end of the first quarter 2017.

Vacancy Rates by Class 2000-2017



Source: CoStar Property®

Class-B projects reported a vacancy rate of 7.9% at the end of the fourth quarter 2017, 8.2% at the end of the third quarter 2017, 7.8% at the end of the second quarter 2017, and 7.8% at the end of the first quarter 2017.

Class-C projects reported a vacancy rate of 5.6% at the end of the fourth quarter 2017, 5.7% at the end of third quarter 2017, 5.7% at the end of the second quarter 2017, and 5.7% at the end of the first quarter 2017.

The overall vacancy rate in Kansas City's central business district at the end of the fourth quarter 2017 decreased to 7.8%. The vacancy rate was 8.5% at the end of the third quarter 2017, 7.7% at the end of the second quarter 2017, and 8.2% at the end of the first quarter 2017.

The vacancy rate in the suburban markets changed to 7.6% in the fourth quarter 2017. The vacancy rate was 7.6% at the end of the third quarter 2017, 7.7% at the end of the second quarter 2017, and 8.0% at the end of the first quarter 2017.

Largest Lease Signings

The largest lease signings occurring in 2017 included: the 120,179-square-foot lease signed by Swiss Re Financial Services Corporation at 1200 Main St in the Downtown market; the 65,000-square-foot deal signed by KU Healthcare Systems at 11300 Corporate Ave in the South Johnson County market; and the 62,575-square-foot lease signed by Honeywell Federal Manufacturing & Technologies LLC at 6700 W 115th St in the South Johnson County market.

Sublease Vacancy

The amount of vacant sublease space in the Kansas City market increased to 487,896 square feet by the end of the fourth quarter 2017, from 420,179 square feet at the end of the third quarter 2017. There was 533,308 square feet vacant at the end of the second quarter 2017 and 545,690 square feet at the end of the first quarter 2017.

Kansas City's Class-A projects reported vacant sublease

space of 230,405 square feet at the end of fourth quarter 2017, up from the 187,750 square feet reported at the end of the third quarter 2017. There were 313,990 square feet of sublease space vacant at the end of the second quarter 2017, and 346,575 square feet at the end of the first quarter 2017.

Class-B projects reported vacant sublease space of 248,815 square feet at the end of the fourth quarter 2017, up from the 218,083 square feet reported at the end of the third quarter 2017. At the end of the second quarter 2017 there were 216,236 square feet, and at the end of the first quarter 2017 there were 196,865 square feet vacant.

Class-C projects reported decreased vacant sublease space from the third quarter 2017 to the fourth quarter 2017. Sublease vacancy went from 14,346 square feet to 8,676 square feet during that time. There was 3,082 square feet at the end of the second quarter 2017, and 2,250 square feet at the end of the first quarter 2017.

Sublease vacancy in Kansas City's central business district stood at 167,548 square feet at the end of the fourth quarter 2017. It was 110,474 square feet at the end of the third quarter 2017, 104,712 square feet at the end of the second quarter 2017, and 97,103 square feet at the end of the first quarter 2017.

Sublease vacancy in the suburban markets ended the fourth quarter 2017 at 320,348 square feet. At the end of the third quarter 2017 sublease vacancy was 309,705 square feet, was 428,596 square feet at the end of the second quarter 2017, and was 448,587 square feet at the end of the first quarter 2017.

Rental Rates

The average quoted asking rental rate for available office space, all classes, was \$19.17 per square foot per year at the end of the fourth quarter 2017 in the Kansas City market area. This represented a 2.0% increase in quoted rental rates from the end of the third quarter 2017, when rents were reported at \$18.80 per square foot.

The average quoted rate within the Class-A sector was \$22.34 at the end of the fourth quarter 2017, while Class-B rates stood at \$18.22, and Class-C rates at \$14.51. At the end of the third quarter 2017, Class-A rates were \$22.10 per square foot, Class-B rates were \$17.96, and Class-C rates were \$14.45.

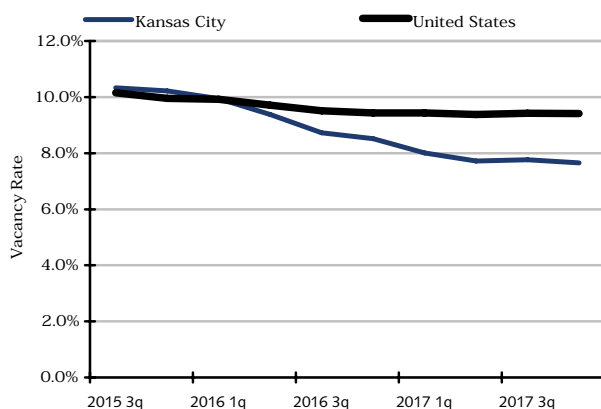
The average quoted asking rental rate in Kansas City's CBD was \$19.03 at the end of the fourth quarter 2017, and \$19.21 in the suburban markets. In the third quarter 2017, quoted rates were \$18.61 in the CBD and \$18.86 in the suburbs.

Deliveries and Construction

During the fourth quarter 2017, one building totaling 7,880 square feet was completed in the Kansas City market area. This compares to seven buildings totaling 93,921 square feet that were completed in the third quarter 2017, six buildings totaling 451,345 square feet completed in the second quarter 2017, and

U.S. Vacancy Comparison

Past 10 Quarters



Source: CoStar Property®

405,816 square feet in seven buildings completed in the first quarter 2017.

There were 516,968 square feet of office space under construction at the end of the fourth quarter 2017.

Some of the notable 2017 deliveries include: 300 E 39th St, a 166,650-square-foot facility that delivered in second quarter 2017 and is now 100% occupied by Plexpod, and 5700 W 112th St, a 147,463-square-foot building that delivered in first quarter 2017 and is now 93% occupied by multiple tenants.

The largest projects underway at the end of fourth quarter 2017 were I-435 And Nall Ave - Building One, a 121,615-square-foot spec building with 0% of its space pre-leased, and 5100 W 110th St, a 77,985-square-foot facility that is 34% pre-leased.

Inventory

Total office inventory in the Kansas City market area amounted to 125,524,111 square feet in 5,174 buildings as of the end of the fourth quarter 2017. The Class-A office sector consisted of 33,112,770 square feet in 193 projects. There were 2,183 Class-B buildings totaling 66,079,334 square feet, and the Class-C sector consisted of 26,332,007 square feet in 2,798 buildings. Within the Office market there were 334 owner-occupied buildings accounting for 16,672,564 square feet of office space.

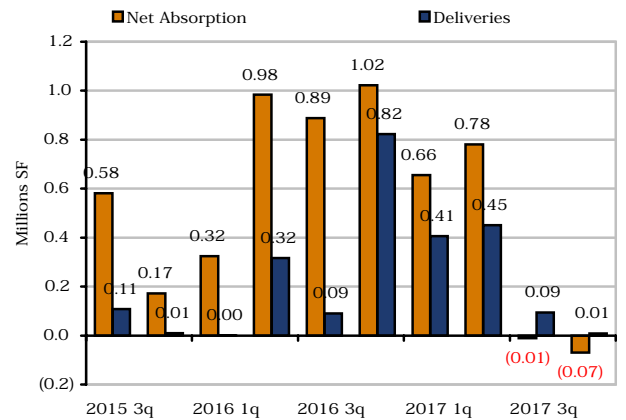
Sales Activity

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

In the third quarter, three office transactions closed with a total volume of \$3,914,340. The three buildings totaled 61,057 square feet and the average price per square foot equated to \$64.11 per square foot. That compares to three transactions totaling \$9,216,740 in the second quarter 2017. The total square footage in the second quarter was 123,614 square feet for an average price per square foot of \$74.56.

Absorption & Deliveries

Past 10 Quarters



Source: CoStar Property®

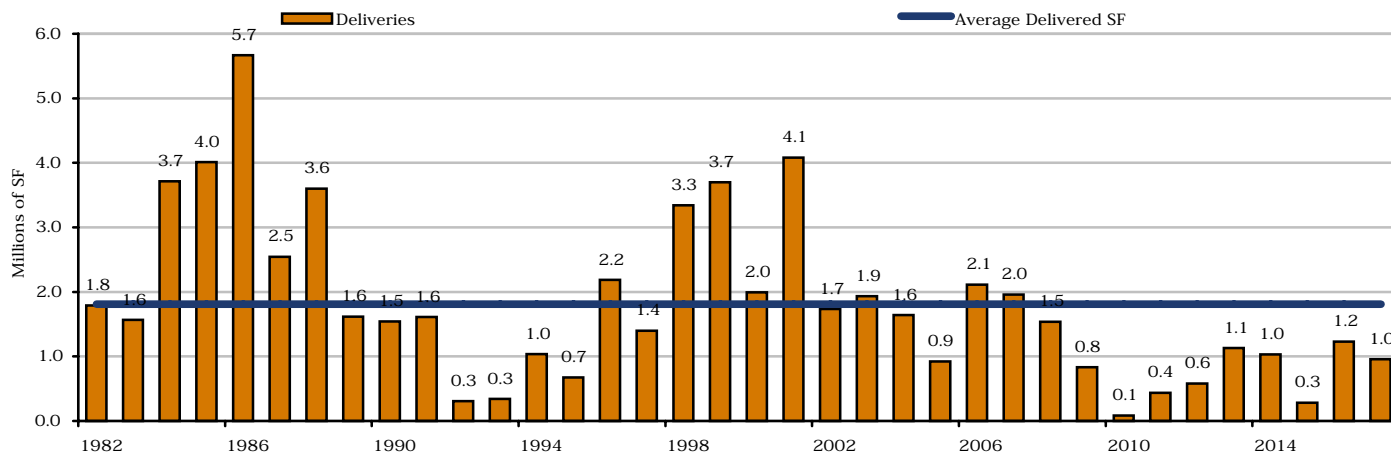
Total office building sales activity in 2017 was down compared to 2016. In the first nine months of 2017, the market saw 15 office sales transactions with a total volume of \$141,824,830. The price per square foot averaged \$166.21. In the same first nine months of 2016, the market posted 30 transactions with a total volume of \$241,611,322. The price per square foot averaged \$75.47.

Cap rates have been higher in 2017, averaging 9.21% compared to the same period in 2016 when they averaged 8.01%.

One of the largest transactions that has occurred within the last four quarters in the Kansas City market is the sale of 444-450 W 47th St in Kansas City. This 125,668-square-foot office building sold for \$78,000,000, or \$620.68 per square foot. The property sold on 3/17/2017, at a 3.90% cap rate.

Reports compiled by: Emily Thompson, CoStar Research Manager.

Historical Deliveries 1982 - 2017



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

CONSTRUCTION ACTIVITY Markets Ranked by Under Construction Square Footage

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
South Johnson County	6	409,208	184,533	45.1%	34,395	68,201
East Jackson County	1	67,760	0	0.0%	12,597	67,760
Kansas City KS	1	40,000	20,000	50.0%	17,637	40,000
Johnson County MO	0	0	0	0.0%	4,945	0
Ottawa	0	0	0	0.0%	5,329	0
North Johnson County	0	0	0	0.0%	18,960	0
Atchison	0	0	0	0.0%	8,686	0
South KC	0	0	0	0.0%	35,780	0
Leavenworth County	0	0	0	0.0%	11,902	0
Lawrence	0	0	0	0.0%	11,214	0
All Other	0	0	0	0.0%	29,031	0
Totals	8	516,968	204,533	39.6%	24,261	64,621

Source: CoStar Property®

Recent Deliveries

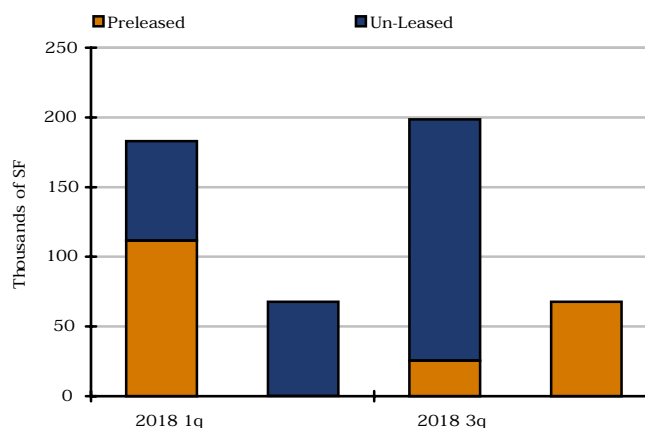
Leased & Un-Leased SF in Deliveries Since 2013



Source: CoStar Property®

Future Deliveries

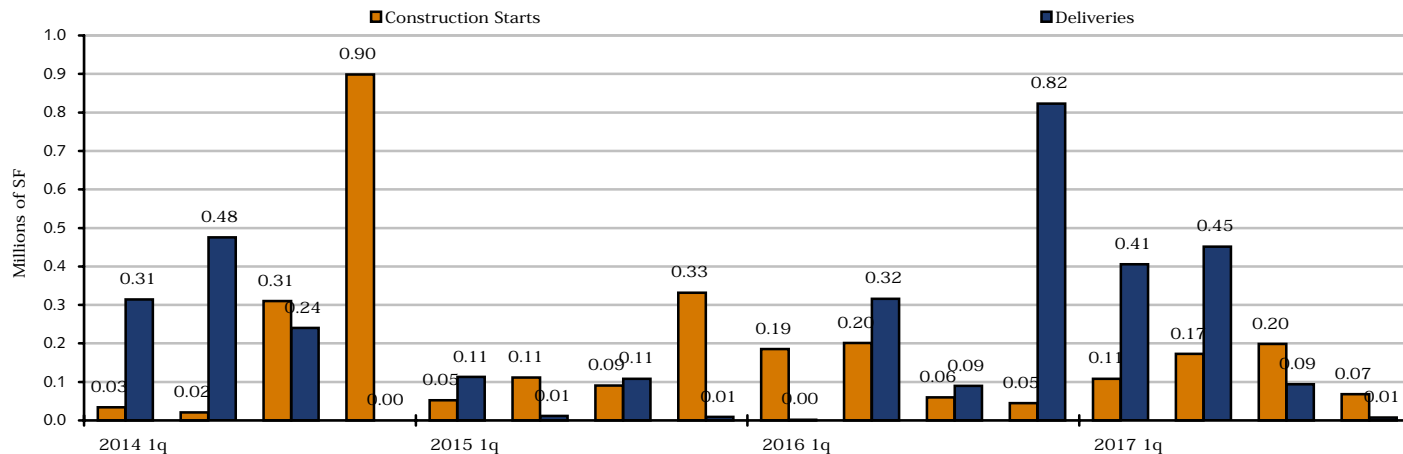
Preleased & Un-Leased SF in Properties Scheduled to Deliver



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	13	191,154	163,000	85.3%	\$29.86	37,639	153,515
50,000 SF - 99,999 SF	5	353,695	288,347	81.5%	\$32.90	90,000	263,695
100,000 SF - 249,999 SF	3	414,113	403,791	97.5%	\$28.50	0	414,113
250,000 SF - 499,999 SF	0	0	0	0.0%	\$0.00	0	0
>= 500,000 SF	0	0	0	0.0%	\$0.00	0	0

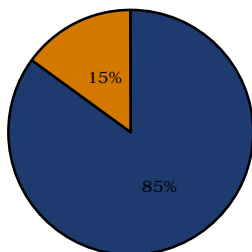
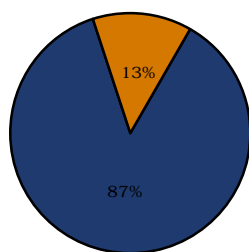
Source: CoStar Property®

Recent Development by Tenancy

Based on RBA Developed for Single & Multi Tenant Use

2017 Deliveries

Currently Under Construction



■ Multi ■ Single

■ Multi ■ Single

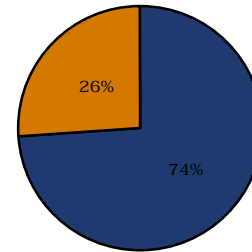
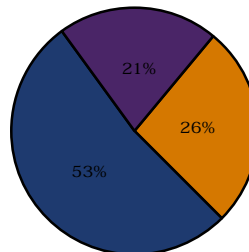
Source: CoStar Property®

Existing Inventory Comparison

Based on Total RBA

By Class

By Space Type



■ Class A ■ Class B ■ Class C

■ Multi ■ Single

Source: CoStar Property®

Select Top Under Construction Properties

Based on Project Square Footage

1. I-435 And Nall Ave - Overland One

Submarket: **South Johnson County**
 RBA: **121,615**
 # Floors: **5**
 Class: **A**
 Preleased: **0%**
 Quoted Rate: **\$24.58**
 Grnd Brk Date: **Third Quarter 2017**
 Deliv Date: **Third Quarter 2018**
 Leasing Co: **Colliers International**
 Developer: **Van Trust Real Estate**
 Architect: **N/A**

2. 5100 W 110th St

Submarket: **South Johnson County**
 RBA: **77,985**
 # Floors: **3**
 Class: **A**
 Preleased: **34%**
 Quoted Rate: **Negotiable**
 Grnd Brk Date: **First Quarter 2017**
 Deliv Date: **First Quarter 2018**
 Leasing Co: **Block Real Estate Services**
 Developer: **Titan Construction**
 Architect: **N/A**

3. I-435 And Nall Ave - Overland Two

Submarket: **South Johnson County**
 RBA: **77,000**
 # Floors: **3**
 Class: **A**
 Preleased: **33%**
 Quoted Rate: **Negotiable**
 Grnd Brk Date: **Third Quarter 2017**
 Deliv Date: **Third Quarter 2018**
 Leasing Co: **Colliers International**
 Developer: **Van Trust Real Estate**
 Architect: **N/A**

4. 2411 E 70th Ter - Blenheim

Submarket: **East Jackson County**
 RBA: **67,760**
 # Floors: **3**
 Class: **B**
 Preleased: **0%**
 Quoted Rate: **Negotiable**
 Grnd Brk Date: **Fourth Quarter 2017**
 Deliv Date: **Second Quarter 2018**
 Leasing Co: **Sunflower Development Group**
 Developer: **N/A**
 Architect: **N/A**

5. S Ridgeview Rd - Terracon

Submarket: **South Johnson County**
 RBA: **65,000**
 # Floors: **2**
 Class: **B**
 Preleased: **100%**
 Quoted Rate: **N/A**
 Grnd Brk Date: **Second Quarter 2017**
 Deliv Date: **First Quarter 2018**
 Leasing Co: **Van Trust Real Estate**
 Developer: **KC Webber**
 Architect: **Finkle/Williams Architecture**

6. 1601 N 98th St

Submarket: **Kansas City KS**
 RBA: **40,000**
 # Floors: **2**
 Class: **A**
 Preleased: **50%**
 Quoted Rate: **\$27.41**
 Grnd Brk Date: **Second Quarter 2017**
 Deliv Date: **First Quarter 2018**
 Leasing Co: **Cushman & Wakefield**
 Developer: **N/A**
 Architect: **N/A**

7. W 135th St Colonial Village Lot 1 Building A

Submarket: **South Johnson County**
 RBA: **39,900**
 # Floors: **2**
 Class: **B**
 Preleased: **100%**
 Quoted Rate: **N/A**
 Grnd Brk Date: **Second Quarter 2017**
 Deliv Date: **Fourth Quarter 2018**
 Leasing Co: **Scenic Development LLC**
 Developer: **Scenic Development LLC**
 Architect: **N/A**

8. W 135th St Colonial Village Lot 3 Building C

Submarket: **South Johnson County**
 RBA: **27,708**
 # Floors: **2**
 Class: **B**
 Preleased: **100%**
 Quoted Rate: **N/A**
 Grnd Brk Date: **Second Quarter 2017**
 Deliv Date: **Fourth Quarter 2018**
 Leasing Co: **Scenic Development LLC**
 Developer: **Scenic Development LLC**
 Architect: **N/A**

Class A 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	0	0	0	0	0.0%	0	0	0	\$0.00
Downtown	29	8,775,488	1,033,944	1,156,920	13.2%	154,759	0	0	\$20.25
East Jackson County	6	378,372	15,489	15,489	4.1%	(11,723)	0	0	\$25.10
Johnson County MO	0	0	0	0	0.0%	0	0	0	\$0.00
Kansas City KS	5	1,061,979	209,600	209,600	19.7%	82,995	100,000	40,000	\$27.41
Lawrence	2	64,432	2,884	2,884	4.5%	(2,884)	0	0	\$20.00
Leavenworth County	0	0	0	0	0.0%	0	0	0	\$0.00
Midtown	17	3,487,526	122,291	133,503	3.8%	6,546	0	0	\$23.73
North Johnson County	22	2,370,378	276,942	285,203	12.0%	12,575	36,000	0	\$24.93
North of the River	9	1,213,052	228,737	228,737	18.9%	1,635	0	0	\$20.98
Ottawa	0	0	0	0	0.0%	0	0	0	\$0.00
South Johnson County	81	11,399,407	677,195	765,151	6.7%	291,498	351,158	276,600	\$23.77
South KC	18	3,870,071	87,949	87,949	2.3%	347,940	90,000	0	\$20.30
Southeast Jackson County	3	128,104	5,321	5,321	4.2%	(903)	0	0	\$20.50
St Joseph	1	363,961	0	0	0.0%	0	0	0	\$0.00
Totals	193	33,112,770	2,660,352	2,890,757	8.7%	882,438	577,158	316,600	\$22.34

Source: CoStar Property®

Class B 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	5	64,101	0	0	0.0%	0	0	0	\$0.00
Downtown	198	13,624,149	633,261	669,989	4.9%	277,924	60,000	0	\$17.82
East Jackson County	278	5,325,625	274,325	295,947	5.6%	221,445	0	67,760	\$16.04
Johnson County MO	18	113,523	1,100	1,100	1.0%	2,746	0	0	\$14.56
Kansas City KS	79	2,063,167	123,073	123,073	6.0%	(4,153)	0	0	\$16.68
Lawrence	80	1,373,244	146,887	146,887	10.7%	6,463	19,205	0	\$19.43
Leavenworth County	30	637,949	90,504	90,504	14.2%	(12,855)	0	0	\$16.19
Midtown	147	4,348,020	167,104	167,104	3.8%	156,924	166,650	0	\$21.47
North Johnson County	279	7,590,330	528,646	540,065	7.1%	29,398	29,170	0	\$19.76
North of the River	291	7,873,144	996,391	1,014,704	12.9%	(2,581)	29,746	0	\$15.85
Ottawa	9	55,591	0	0	0.0%	0	0	0	\$0.00
South Johnson County	474	15,091,561	1,313,764	1,372,604	9.1%	(158,896)	57,033	132,608	\$20.31
South KC	103	4,398,920	415,556	517,449	11.8%	(46,359)	20,000	0	\$17.78
Southeast Jackson County	106	2,245,490	178,837	178,837	8.0%	(67,987)	0	0	\$18.33
St Joseph	86	1,274,520	123,508	123,508	9.7%	(3,682)	0	0	\$12.98
Totals	2,183	66,079,334	4,992,956	5,241,771	7.9%	398,387	381,804	200,368	\$18.22

Source: CoStar Property®

Class C 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	12	83,562	4,800	4,800	5.7%	(4,800)	0	0	\$0.00
Downtown	195	4,956,213	238,919	246,763	5.0%	(5,822)	0	0	\$16.14
East Jackson County	493	4,084,150	248,843	248,843	6.1%	27,310	0	0	\$12.84
Johnson County MO	30	123,817	2,000	2,000	1.6%	(300)	0	0	\$0.00
Kansas City KS	195	1,795,491	110,023	110,023	6.1%	15,345	0	0	\$13.64
Lawrence	189	1,601,431	32,115	32,947	2.1%	(4,003)	0	0	\$15.73
Leavenworth County	40	195,212	21,351	21,351	10.9%	16,200	0	0	\$11.25
Midtown	263	2,647,891	147,054	147,054	5.6%	11,456	0	0	\$14.73
North Johnson County	370	2,761,165	182,831	182,831	6.6%	(30,885)	0	0	\$15.27
North of the River	269	2,217,182	144,700	144,700	6.5%	(9,920)	0	0	\$14.23
Ottawa	23	114,922	0	0	0.0%	0	0	0	\$14.40
South Johnson County	297	2,813,581	186,240	186,240	6.6%	31,356	0	0	\$16.91
South KC	137	962,255	46,073	46,073	4.8%	(68)	0	0	\$11.51
Southeast Jackson County	147	751,665	20,134	20,134	2.7%	4,942	0	0	\$13.90
St Joseph	138	1,223,470	81,699	81,699	6.7%	24,213	0	0	\$12.65
Totals	2,798	26,332,007	1,466,782	1,475,458	5.6%	75,024	0	0	\$14.51

Source: CoStar Property®

Total Office 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	17	147,663	4,800	4,800	3.3%	(4,800)	0	0	\$0.00
Downtown	422	27,355,850	1,906,124	2,073,672	7.6%	426,861	60,000	0	\$18.96
East Jackson County	777	9,788,147	538,657	560,279	5.7%	237,032	0	67,760	\$16.27
Johnson County MO	48	237,340	3,100	3,100	1.3%	2,446	0	0	\$14.56
Kansas City KS	279	4,920,637	442,696	442,696	9.0%	94,187	100,000	40,000	\$16.07
Lawrence	271	3,039,107	181,886	182,718	6.0%	(424)	19,205	0	\$18.20
Leavenworth County	70	833,161	111,855	111,855	13.4%	3,345	0	0	\$15.51
Midtown	427	10,483,437	436,449	447,661	4.3%	174,926	166,650	0	\$19.80
North Johnson County	671	12,721,873	988,419	1,008,099	7.9%	11,088	65,170	0	\$20.38
North of the River	569	11,303,378	1,369,828	1,388,141	12.3%	(10,866)	29,746	0	\$16.50
Ottawa	32	170,513	0	0	0.0%	0	0	0	\$14.40
South Johnson County	852	29,304,549	2,177,199	2,323,995	7.9%	163,958	408,191	409,208	\$21.93
South KC	258	9,231,246	549,578	651,471	7.1%	301,513	110,000	0	\$17.88
Southeast Jackson County	256	3,125,259	204,292	204,292	6.5%	(63,948)	0	0	\$17.62
St Joseph	225	2,861,951	205,207	205,207	7.2%	20,531	0	0	\$12.82
Totals	5,174	125,524,111	9,120,090	9,607,986	7.7%	1,355,849	958,962	516,968	\$19.17

Source: CoStar Property®

Class A 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 %				
Atchison	0	0	0	0	0.0%	0	0	0	\$0.00
Brookside	1	58,194	0	0	0.0%	0	0	0	\$0.00
CBD	16	5,557,431	771,177	788,677	14.2%	192,094	0	0	\$20.15
College Blvd	68	10,174,338	564,760	652,716	6.4%	292,478	276,158	276,600	\$23.89
Country Club Plaza	15	2,865,022	122,291	133,503	4.7%	6,546	0	0	\$23.73
Crown Center	9	2,842,300	237,936	343,412	12.1%	(53,839)	0	0	\$20.20
Downtown Kansas KC KS	2	301,979	209,600	209,600	69.4%	(17,005)	0	0	\$0.00
East Jackson County	3	257,822	15,489	15,489	6.0%	(11,723)	0	0	\$22.03
Freight House District	3	223,757	24,831	24,831	11.1%	16,504	0	0	\$27.02
I-29 Corridor	2	290,300	199,539	199,539	68.7%	0	0	0	\$18.50
I-35 Corridor	7	922,752	29,198	29,198	3.2%	1,635	0	0	\$27.50
Johnson County MO	0	0	0	0	0.0%	0	0	0	\$0.00
Kansas City KS	3	760,000	0	0	0.0%	100,000	100,000	40,000	\$27.41
Kansas City MO	3	120,550	0	0	0.0%	0	0	0	\$26.09
Lawrence	2	64,432	2,884	2,884	4.5%	(2,884)	0	0	\$20.00
Leavenworth County	0	0	0	0	0.0%	0	0	0	\$0.00
Midtown	1	564,310	0	0	0.0%	0	0	0	\$0.00
Northeast Johnson County	10	1,159,488	46,091	54,352	4.7%	5,150	0	0	\$32.66
Northwest Johnson County	12	1,210,890	230,851	230,851	19.1%	7,425	36,000	0	\$22.73
Ottawa	0	0	0	0	0.0%	0	0	0	\$0.00
South Johnson County	13	1,225,069	112,435	112,435	9.2%	(980)	75,000	0	\$22.38
South Kansas City MO	9	1,963,396	0	0	0.0%	190,000	90,000	0	\$21.00
Southeast Jackson County	3	128,104	5,321	5,321	4.2%	(903)	0	0	\$20.50
St Joseph	1	363,961	0	0	0.0%	0	0	0	\$0.00
Ward Parkway	9	1,906,675	87,949	87,949	4.6%	157,940	0	0	\$19.50
West Bottoms	1	152,000	0	0	0.0%	0	0	0	\$0.00
Totals	193	33,112,770	2,660,352	2,890,757	8.7%	882,438	577,158	316,600	\$22.34

Source: CoStar Property®

Class B 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 %				
Atchison	5	64,101	0	0	0.0%	0	0	0	\$0.00
Brookside	5	25,064	0	0	0.0%	0	0	0	\$0.00
CBD	105	9,039,915	401,445	435,869	4.8%	108,086	0	0	\$16.84
College Blvd	227	8,975,513	896,002	947,538	10.6%	(59,148)	7,880	0	\$20.75
Country Club Plaza	57	2,001,767	67,598	67,598	3.4%	(709)	0	0	\$25.79
Crown Center	24	2,397,528	124,684	124,684	5.2%	58,125	60,000	0	\$20.02
Downtown Kansas KC KS	25	844,379	55,976	55,976	6.6%	15,306	0	0	\$16.11
East Jackson County	224	3,400,967	218,246	239,868	7.1%	136,987	0	0	\$15.91
Freight House District	48	1,332,925	52,178	54,482	4.1%	(17,472)	0	0	\$17.60
I-29 Corridor	94	3,125,265	580,085	594,395	19.0%	(10,029)	13,060	0	\$15.18
I-35 Corridor	197	4,747,879	416,306	420,309	8.9%	7,448	16,686	0	\$16.81
Johnson County MO	18	113,523	1,100	1,100	1.0%	2,746	0	0	\$14.56
Kansas City KS	54	1,218,788	67,097	67,097	5.5%	(19,459)	0	0	\$17.09
Kansas City MO	54	1,924,658	56,079	56,079	2.9%	84,458	0	67,760	\$17.53
Lawrence	80	1,373,244	146,887	146,887	10.7%	6,463	19,205	0	\$19.43
Leavenworth County	30	637,949	90,504	90,504	14.2%	(12,855)	0	0	\$16.19
Midtown	85	2,321,189	99,506	99,506	4.3%	157,633	166,650	0	\$16.80
Northeast Johnson County	167	5,159,712	429,710	437,323	8.5%	20,417	18,900	0	\$19.67
Northwest Johnson County	112	2,430,618	98,936	102,742	4.2%	8,981	10,270	0	\$20.01
Ottawa	9	55,591	0	0	0.0%	0	0	0	\$0.00
South Johnson County	247	6,116,048	417,762	425,066	7.0%	(99,748)	49,153	132,608	\$19.38
South Kansas City MO	61	2,813,270	255,687	258,515	9.2%	82,145	20,000	0	\$18.56
Southeast Jackson County	106	2,245,490	178,837	178,837	8.0%	(67,987)	0	0	\$18.33
St Joseph	86	1,274,520	123,508	123,508	9.7%	(3,682)	0	0	\$12.98
Ward Parkway	42	1,585,650	159,869	258,934	16.3%	(128,504)	0	0	\$17.15
West Bottoms	21	853,781	54,954	54,954	6.4%	129,185	0	0	\$17.97
Totals	2,183	66,079,334	4,992,956	5,241,771	7.9%	398,387	381,804	200,368	\$18.22

Source: CoStar Property®

Class C 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 %				
Atchison	12	83,562	4,800	4,800	5.7%	(4,800)	0	0	\$0.00
Brookside	31	416,338	44,257	44,257	10.6%	17,963	0	0	\$14.36
CBD	65	2,701,698	90,161	90,161	3.3%	3,967	0	0	\$16.37
College Blvd	80	1,418,529	99,940	99,940	7.0%	65,874	0	0	\$17.81
Country Club Plaza	48	296,992	11,387	11,387	3.8%	(3,747)	0	0	\$18.68
Crown Center	31	900,114	92,308	92,308	10.3%	(199)	0	0	\$0.00
Downtown Kansas KC KS	40	596,408	84,033	84,033	14.1%	(10,559)	0	0	\$13.79
East Jackson County	343	2,402,161	170,756	170,756	7.1%	56,985	0	0	\$13.55
Freight House District	64	847,631	45,450	53,294	6.3%	(7,090)	0	0	\$17.38
I-29 Corridor	47	297,391	3,012	3,012	1.0%	13,107	0	0	\$12.86
I-35 Corridor	222	1,919,791	141,688	141,688	7.4%	(23,027)	0	0	\$14.39
Johnson County MO	30	123,817	2,000	2,000	1.6%	(300)	0	0	\$0.00
Kansas City KS	155	1,199,083	25,990	25,990	2.2%	25,904	0	0	\$13.49
Kansas City MO	150	1,681,989	78,087	78,087	4.6%	(29,675)	0	0	\$9.72
Lawrence	189	1,601,431	32,115	32,947	2.1%	(4,003)	0	0	\$15.73
Leavenworth County	40	195,212	21,351	21,351	10.9%	16,200	0	0	\$11.25
Midtown	184	1,934,561	91,410	91,410	4.7%	(2,760)	0	0	\$14.79
Northeast Johnson County	239	1,901,323	122,317	122,317	6.4%	(7,021)	0	0	\$16.26
Northwest Johnson County	131	859,842	60,514	60,514	7.0%	(23,864)	0	0	\$13.31
Ottawa	23	114,922	0	0	0.0%	0	0	0	\$14.40
South Johnson County	217	1,395,052	86,300	86,300	6.2%	(34,518)	0	0	\$16.16
South Kansas City MO	92	721,290	14,073	14,073	2.0%	8,932	0	0	\$10.05
Southeast Jackson County	147	751,665	20,134	20,134	2.7%	4,942	0	0	\$13.90
St Joseph	138	1,223,470	81,699	81,699	6.7%	24,213	0	0	\$12.65
Ward Parkway	45	240,965	32,000	32,000	13.3%	(9,000)	0	0	\$15.51
West Bottoms	35	506,770	11,000	11,000	2.2%	(2,500)	0	0	\$11.42
Totals	2,798	26,332,007	1,466,782	1,475,458	5.6%	75,024	0	0	\$14.51

Source: CoStar Property®

Total Office 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 %				
Atchison	17	147,663	4,800	4,800	3.3%	(4,800)	0	0	\$0.00
Brookside	37	499,596	44,257	44,257	8.9%	17,963	0	0	\$14.36
CBD	186	17,299,044	1,262,783	1,314,707	7.6%	304,147	0	0	\$18.54
College Blvd	375	20,568,380	1,560,702	1,700,194	8.3%	299,204	284,038	276,600	\$22.55
Country Club Plaza	120	5,163,781	201,276	212,488	4.1%	2,090	0	0	\$24.56
Crown Center	64	6,139,942	454,928	560,404	9.1%	4,087	60,000	0	\$20.13
Downtown Kansas KC KS	67	1,742,766	349,609	349,609	20.1%	(12,258)	0	0	\$14.83
East Jackson County	570	6,060,950	404,491	426,113	7.0%	182,249	0	0	\$15.54
Freight House District	115	2,404,313	122,459	132,607	5.5%	(8,058)	0	0	\$18.36
I-29 Corridor	143	3,712,956	782,636	796,946	21.5%	3,078	13,060	0	\$15.84
I-35 Corridor	426	7,590,422	587,192	591,195	7.8%	(13,944)	16,686	0	\$17.33
Johnson County MO	48	237,340	3,100	3,100	1.3%	2,446	0	0	\$14.56
Kansas City KS	212	3,177,871	93,087	93,087	2.9%	106,445	100,000	40,000	\$17.00
Kansas City MO	207	3,727,197	134,166	134,166	3.6%	54,783	0	67,760	\$19.56
Lawrence	271	3,039,107	181,886	182,718	6.0%	(424)	19,205	0	\$18.20
Leavenworth County	70	833,161	111,855	111,855	13.4%	3,345	0	0	\$15.51
Midtown	270	4,820,060	190,916	190,916	4.0%	154,873	166,650	0	\$15.95
Northeast Johnson County	416	8,220,523	598,118	613,992	7.5%	18,546	18,900	0	\$20.29
Northwest Johnson County	255	4,501,350	390,301	394,107	8.8%	(7,458)	46,270	0	\$20.54
Ottawa	32	170,513	0	0	0.0%	0	0	0	\$14.40
South Johnson County	477	8,736,169	616,497	623,801	7.1%	(135,246)	124,153	132,608	\$19.59
South Kansas City MO	162	5,497,956	269,760	272,588	5.0%	281,077	110,000	0	\$18.24
Southeast Jackson County	256	3,125,259	204,292	204,292	6.5%	(63,948)	0	0	\$17.62
St Joseph	225	2,861,951	205,207	205,207	7.2%	20,531	0	0	\$12.82
Ward Parkway	96	3,733,290	279,818	378,883	10.1%	20,436	0	0	\$17.55
West Bottoms	57	1,512,551	65,954	65,954	4.4%	126,685	0	0	\$16.77
Totals	5,174	125,524,111	9,120,090	9,607,986	7.7%	1,355,849	958,962	516,968	\$19.17

Source: CoStar Property®

Class A 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	193	33,112,770	2,660,352	2,890,757	8.7%	(102,077)	0	0	4	316,600	\$22.34
2017 3q	193	33,112,770	2,600,930	2,788,680	8.4%	233,593	0	0	4	316,600	\$22.10
2017 2q	193	33,112,770	2,708,283	3,022,273	9.1%	596,780	4	264,695	2	117,985	\$21.87
2017 1q	189	32,848,075	3,007,783	3,354,358	10.2%	154,142	3	312,463	5	342,680	\$21.68
2016 4q	186	32,535,612	2,880,969	3,196,037	9.8%	990,758	2	805,000	7	577,158	\$21.56
2016 3q	184	31,730,612	2,997,988	3,381,795	10.7%	31,724	1	90,000	9	1,382,158	\$21.04
2016 2q	183	31,640,612	3,028,292	3,323,519	10.5%	332,481	1	310,000	9	1,436,158	\$21.10
2016 1q	182	31,330,612	3,047,338	3,346,000	10.7%	334,101	0	0	8	1,617,463	\$20.90
2015	182	31,330,612	3,377,293	3,680,101	11.7%	298,961	2	94,924	7	1,470,000	\$21.01
2014	180	31,235,688	3,616,277	3,884,138	12.4%	1,136,249	4	870,000	5	1,209,924	\$20.06
2013	176	30,365,688	4,084,551	4,150,387	13.7%	954,460	5	1,064,720	4	870,000	\$19.97
2012	171	29,300,968	3,968,916	4,040,127	13.8%	587,194	1	352,099	6	1,465,720	\$19.78
2011	170	28,948,869	4,156,094	4,275,222	14.8%	509,430	2	99,207	1	352,099	\$20.17
2010	167	28,810,662	4,323,453	4,646,445	16.1%	(368,425)	0	0	1	48,268	\$21.05
2009	167	28,810,662	3,939,062	4,278,020	14.8%	(168,877)	5	614,940	0	0	\$20.77
2008	162	28,195,722	3,251,434	3,494,203	12.4%	(125,123)	6	477,189	5	614,940	\$21.25

Source: CoStar Property®

Class B 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	2,183	66,079,334	4,992,956	5,241,771	7.9%	(2,747)	1	7,880	4	200,368	\$18.22
2017 3q	2,183	66,302,471	5,244,078	5,462,161	8.2%	(239,226)	7	93,921	4	140,488	\$17.96
2017 2q	2,177	66,254,750	4,958,978	5,175,214	7.8%	175,392	2	186,650	11	234,409	\$18.06
2017 1q	2,175	66,068,100	4,967,091	5,163,956	7.8%	464,968	4	93,353	10	288,451	\$17.84
2016 4q	2,173	66,232,055	5,696,498	5,792,879	8.7%	91,092	2	18,271	11	351,378	\$17.69
2016 3q	2,171	66,213,784	5,769,353	5,865,700	8.9%	569,836	0	0	10	324,574	\$17.50
2016 2q	2,171	66,213,784	6,364,741	6,435,536	9.7%	461,649	1	6,000	8	300,321	\$17.26
2016 1q	2,170	66,207,784	6,804,982	6,891,185	10.4%	51,607	1	1,360	6	233,921	\$17.23
2015	2,169	66,206,424	6,829,074	6,941,432	10.5%	640,237	11	146,623	4	197,010	\$17.12
2014	2,157	66,075,737	7,356,474	7,450,982	11.3%	583,076	6	159,077	8	112,704	\$16.63
2013	2,155	66,264,966	8,079,283	8,223,287	12.4%	472,652	5	57,017	7	218,765	\$16.42
2012	2,150	66,225,330	8,451,532	8,656,303	13.1%	320,988	4	207,246	8	178,836	\$16.55
2011	2,146	66,096,972	8,722,150	8,848,933	13.4%	(55,856)	7	257,865	4	150,026	\$16.68
2010	2,136	65,797,247	8,372,697	8,493,352	12.9%	(69,831)	6	52,655	8	279,239	\$17.22
2009	2,127	65,717,267	8,202,680	8,343,541	12.7%	98,872	10	177,380	10	188,906	\$17.37
2008	2,114	65,515,887	8,131,558	8,241,033	12.6%	(127,435)	30	433,214	11	299,781	\$17.18

Source: CoStar Property®

Total Office Market Statistics

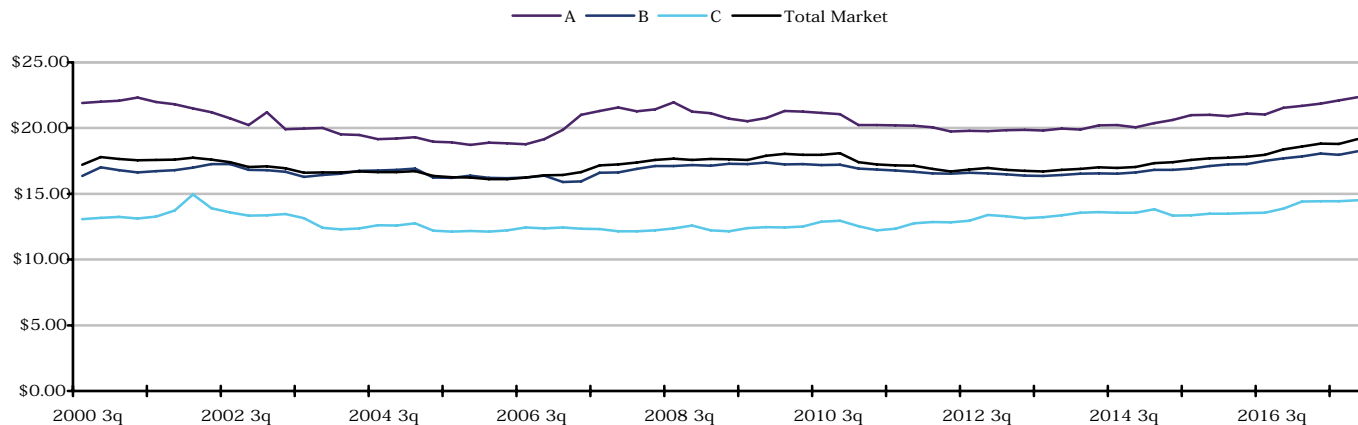
Year-End 2017

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	5,174	125,524,111	9,120,090	9,607,986	7.7%	(70,167)	1	7,880	8	516,968	\$19.17
2017 3q	5,174	125,747,248	9,340,777	9,760,956	7.8%	(10,879)	7	93,921	8	457,088	\$18.80
2017 2q	5,168	125,699,527	9,169,048	9,702,356	7.7%	781,008	6	451,345	13	352,394	\$18.81
2017 1q	5,162	125,248,182	9,486,329	10,032,019	8.0%	655,887	7	405,816	15	631,131	\$18.60
2016 4q	5,159	125,221,178	10,245,503	10,660,902	8.5%	1,021,710	4	823,271	18	928,536	\$18.38
2016 3q	5,155	124,397,907	10,373,467	10,859,341	8.7%	887,920	1	90,000	19	1,706,732	\$17.96
2016 2q	5,154	124,307,907	11,261,771	11,657,261	9.4%	984,294	2	316,000	17	1,736,479	\$17.82
2016 1q	5,152	123,991,907	11,910,222	12,325,555	9.9%	323,754	1	1,360	14	1,851,384	\$17.74
2015	5,152	124,010,647	12,232,047	12,668,049	10.2%	1,249,000	13	241,547	11	1,667,010	\$17.70
2014	5,138	123,785,036	13,307,133	13,691,438	11.1%	1,833,333	10	1,029,077	13	1,322,628	\$17.05
2013	5,136	123,304,141	14,800,100	15,043,876	12.2%	1,632,947	10	1,121,737	11	1,088,765	\$16.82
2012	5,125	122,185,785	15,246,819	15,558,467	12.7%	1,160,588	5	559,345	15	1,658,556	\$16.96
2011	5,123	121,727,938	15,984,823	16,261,208	13.4%	456,148	9	357,072	5	502,125	\$17.14
2010	5,110	121,290,006	15,799,653	16,279,424	13.4%	(688,484)	6	52,655	9	327,507	\$18.09
2009	5,099	121,201,976	14,983,321	15,502,910	12.8%	(342,795)	15	792,320	12	196,956	\$17.90
2008	5,079	120,371,151	13,944,680	14,329,290	11.9%	(500,939)	39	936,093	16	914,721	\$17.57

Source: CoStar Property®

Historical Rental Rates

Based on Full-Service Equivalent Rental Rates



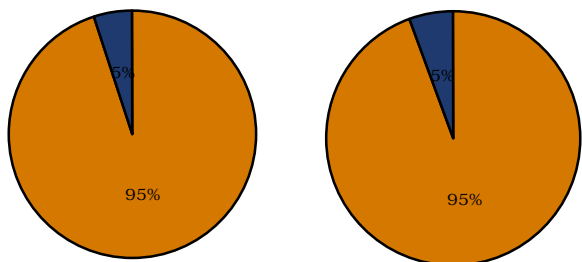
Source: CoStar Property®

Vacancy by Available Space Type

Percent of All Vacant Space in Direct vs. Sublet

Kansas City

United States



Direct Sublet

Direct Sublet

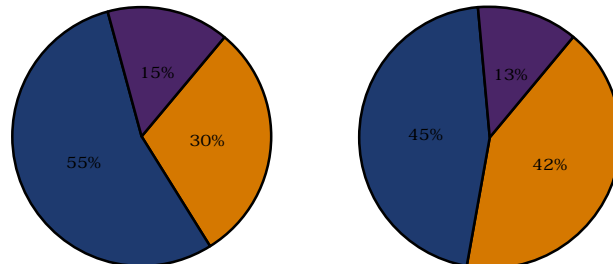
Source: CoStar Property®

Vacancy by Class

Percent of All Vacant Space by Class

Kansas City

United States



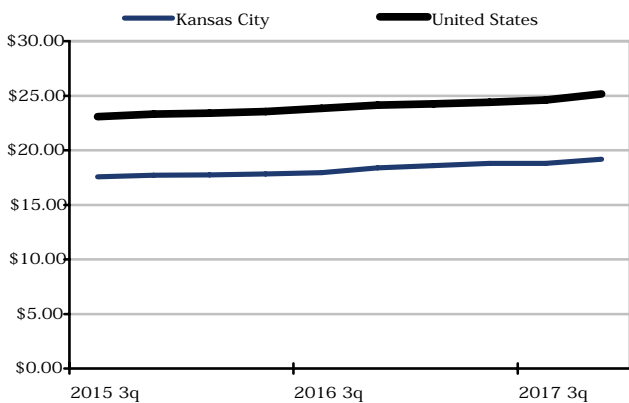
Class A Class B Class C

Class A Class B Class C

Source: CoStar Property®

U.S. Rental Rate Comparison

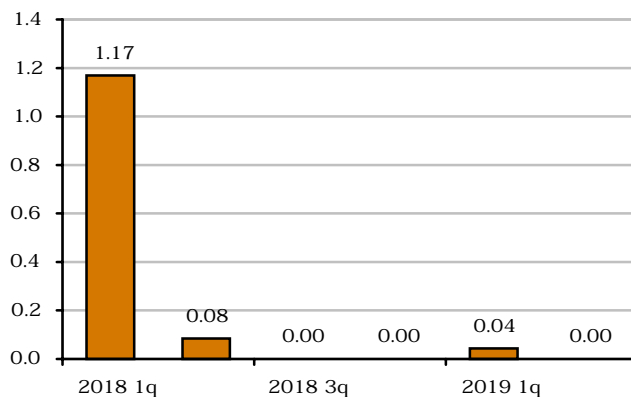
Based on Full-Service Equivalent Rental Rates



Source: CoStar Property®

Future Space Available

Space Scheduled to be Available for Occupancy*

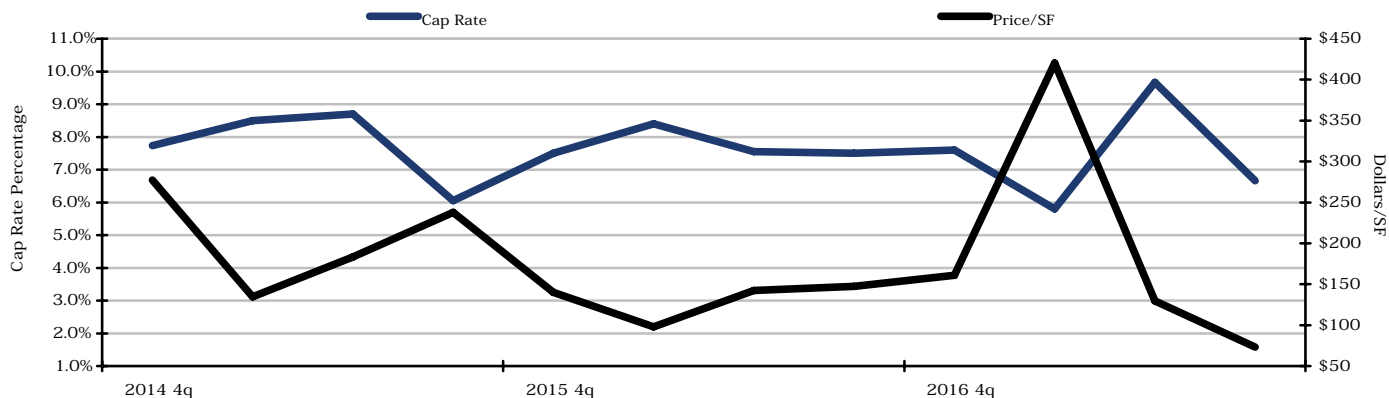


* Includes Under Construction Spaces

Source: CoStar Property®

The Optimist Sales Index

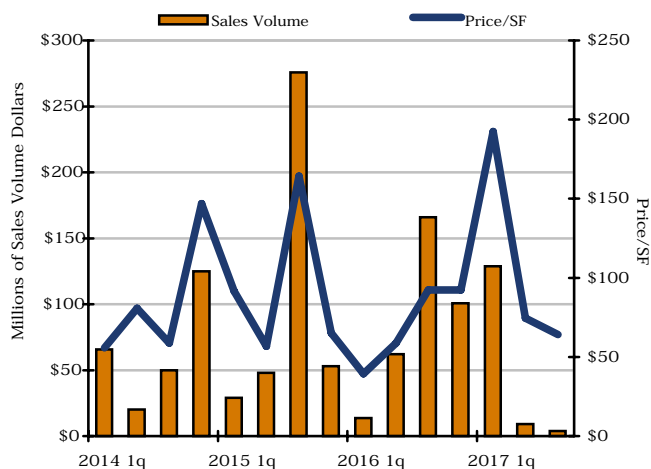
Average of Two Highest Price/SF's and Two Lowest Cap Rates Per Quarter



Source: CoStar COMPS®

Sales Volume & Price

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



Source: CoStar COMPS®

Sales Analysis by Building Size

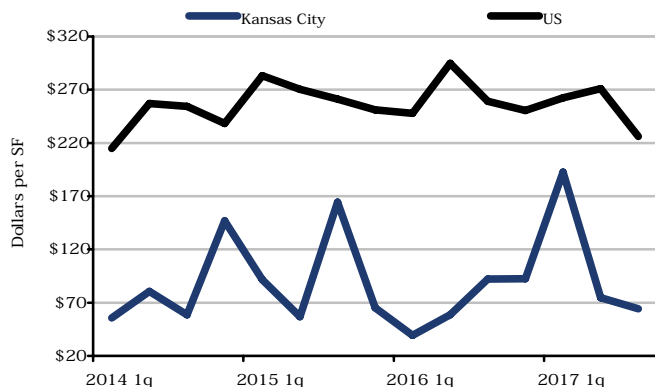
Based on Office Building Sales From Oct. 2016 - Sept. 2017

Bldg Size	#	RBA	\$ Volume	Price/SF	Cap Rate
< 50,000 SF	37	669,153	\$87,189,355	\$ 130.30	8.59%
50K-249K SF	8	919,942	\$165,387,150	\$ 179.78	7.86%
250K-499K SF	-	-	-	\$ -	-
>500K SF	1	514,270	\$35,000,000	\$ 68.06	-

Source: CoStar COMPS®

U.S. Price/SF Comparison

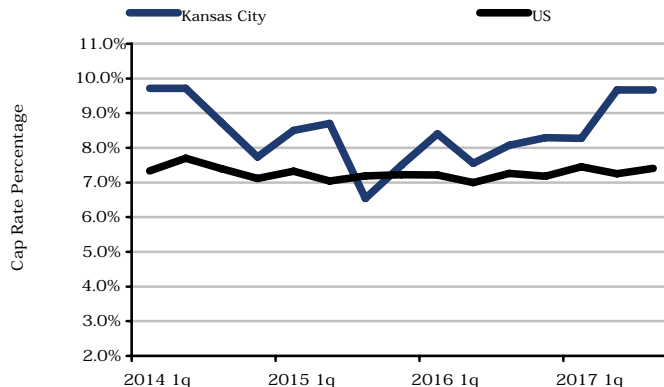
Based on Office Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

U.S. Cap Rate Comparison

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



Source: CoStar COMPS®