



# KC Industrial Report Second Quarter, 2018

## Kansas City's Vacancy Decreases to 5.2% Net Absorption Positive 1,413,191 SF in the Quarter

The Kansas City Industrial market ended the second quarter 2018 with a vacancy rate of 5.2%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 1,413,191 square feet in the second quarter. Vacant sublease space increased in the quarter, ending the quarter at 331,230 square feet. Rental rates ended the second quarter at \$4.29, an increase over the previous quarter. A total of five buildings delivered to the market in the quarter totaling 1,290,808 square feet, with 3,384,814 square feet still under construction at the end of the quarter.

### Absorption

Net absorption for the overall Kansas City Industrial market was positive 1,413,191 square feet in the second quarter 2018. That compares to negative (4,052,313) square feet in the first quarter 2018, positive 1,109,564 square feet in the fourth quarter 2017, and positive 1,952,726 square feet in the third quarter 2017.

Tenants moving out of large blocks of space in 2018 include: Quidsi Logistics LLC moving out of 299,047 square feet at 11011 Lackman Rd, Pick-n-Pull Auto and Truck Dismantlers moving out of 244,000 square feet at 7701 - 7705 E Wilson Ave, and Owens Corning moving out of 200,057 square feet at 1601 Fairfax Tfwy.

Tenants moving into large blocks of space in 2018 include: Dollar General Distribution Center moving into 951,686 square feet at 202 NE County Rd E & Hopkins Manufacturing Corporation moving into 406,426 square feet at 30900 W 183rd St.

The Flex building market recorded net absorption of nega-

tive (22,251) square feet in the second quarter 2018, compared to positive 12,014 square feet in the first quarter 2018, positive 8,146 in the fourth quarter 2017, and negative (56,668) in the third quarter 2017.

The Warehouse building market recorded net absorption of positive 1,435,442 square feet in the second quarter 2018 compared to negative (4,064,327) square feet in the first quarter 2018, positive 1,101,418 in the fourth quarter 2017, and positive 2,009,394 in the third quarter 2017.

### Vacancy

The Industrial vacancy rate in the Kansas City market area decreased to 5.2% at the end of the second quarter 2018. The vacancy rate was 6.6% at the end of the first quarter 2018, 4.8% at the end of the fourth quarter 2017, and 4.7% at the end of the third quarter 2017.

Flex projects reported a vacancy rate of 8.5% at the end of the second quarter 2018, 8.4% at the end of the first quarter 2018, and 8.2% at the end of the fourth quarter 2017 thru third quarter 2017.

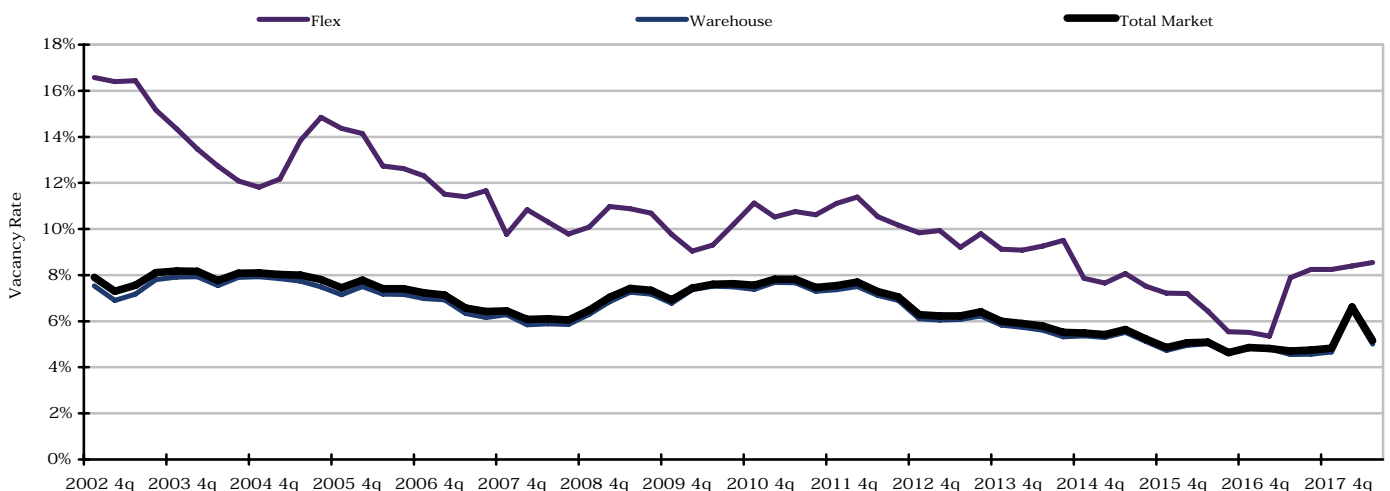
Warehouse projects reported a vacancy rate of 5.0% at the end of the second quarter 2018, 6.5% at the end of first quarter 2018, 4.7% at the end of the fourth quarter 2017, and 4.6% at the end of the third quarter 2017.

### Largest Lease Signings

The largest lease signings occurring in 2018 included: the 363,063-square-foot lease signed by Turn5 Inc. at 17700 - 17790 College Blvd in the South Johnson County market & the 345,379-square-foot deal signed by FedEx SmartPost at 22161

## Vacancy Rates by Building Type

2000-2018



Source: CoStar Property®

W 167th St in the South Johnson County market.

### Sublease Vacancy

The amount of vacant sublease space in the Kansas City market increased to 331,230 square feet by the end of the second quarter 2018, from 283,042 square feet at the end of the first quarter 2018. There was 210,269 square feet vacant at the end of the fourth quarter 2017 and 207,847 square feet at the end of the third quarter 2017.

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

Warehouse projects reported increased vacant sublease space from the first quarter 2018 to the second quarter 2018. Sublease vacancy went from 265,222 square feet to 313,410 square feet during that time. There was 192,449 square feet at the end of the fourth quarter 2017, and 197,767 square feet at the end of the third quarter 2017.

### Rental Rates

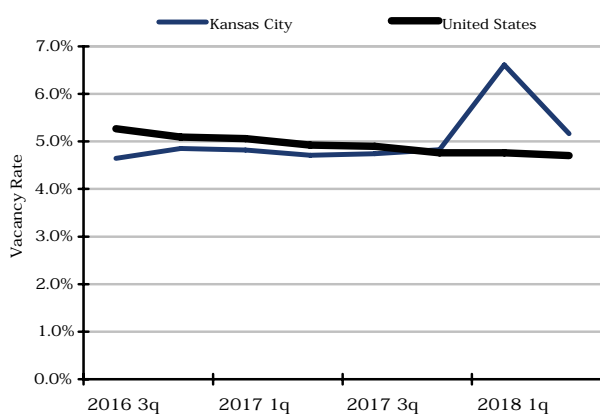
The average quoted asking rental rate for available Industrial space was \$4.29 per square foot per year at the end of the second quarter 2018 in the Kansas City market area. This represented a 0.5% increase in quoted rental rates from the end of the first quarter 2018, when rents were reported at \$4.27 per square foot.

The average quoted rate within the Flex sector was \$9.04 per square foot at the end of the second quarter 2018, while Warehouse rates stood at \$4.04. At the end of the first quarter 2018, Flex rates were \$8.97 per square foot, and Warehouse rates were \$4.02.

### Deliveries and Construction

## U.S. Vacancy Comparison

Past 8 Quarters



Source: CoStar Property®

During the second quarter 2018, five buildings totaling 1,290,808 square feet were completed in the Kansas City market area. This compares to nine buildings totaling 2,267,191 square feet that were completed in the first quarter 2018, five buildings totaling 1,109,135 square feet completed in the fourth quarter 2017, and 1,935,266 square feet in eight buildings completed in the third quarter 2017.

There was 3,384,814 square feet of Industrial space under construction at the end of the second quarter 2018.

Some of the notable 2018 deliveries include: 202 NE County Rd E, a 951,686-square-foot facility that delivered in second quarter 2018 and is now 100% occupied, and 30900 W 183rd St, a 777,222-square-foot building that delivered in first quarter 2018 and is now 52% occupied.

The largest projects underway at the end of second quarter 2018 were at 155th St & Old 56 Hwy, an 884,000-square-foot building with 64% of its space pre-leased, and 1200 E 151st St, the Garmin Manufacturing & Distribution Center, a 712,842-square-foot facility that is 100% pre-leased.

### Inventory

Total Industrial inventory in the Kansas City market area amounted to 344,487,245 square feet in 8,307 buildings as of the end of the second quarter 2018. The Flex sector consisted of 15,949,947 square feet in 674 projects. The Warehouse sector consisted of 328,537,298 square feet in 7,633 buildings. Within the Industrial market there were 1,297 owner-occupied buildings accounting for 92,834,166 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 first quarter 2018 in terms of dollar volume compared to the fourth quarter of 2017.

In the first quarter, 11 industrial transactions closed with a total volume of \$22,958,000. The 11 buildings totaled 623,478 square feet and the average price per square foot equated to \$36.82 per square foot. That compares to nine transactions totaling \$94,065,683 in the fourth quarter. The total square footage was 1,672,606 for an average price per square foot of \$56.24.

Total year-to-date industrial building sales activity in 2018 is down compared to the previous year. In the first three months of 2018, the market saw 11 industrial sales transactions with a total volume of \$22,958,000. The price per square foot has averaged \$36.82 this year. In the first three months of 2017, the market posted 18 transactions with a total volume of \$206,761,661. The price per square foot averaged \$88.02.

Cap rates have been lower in 2018, averaging 7.00%, compared to the first three months of last year when they averaged 7.55%.

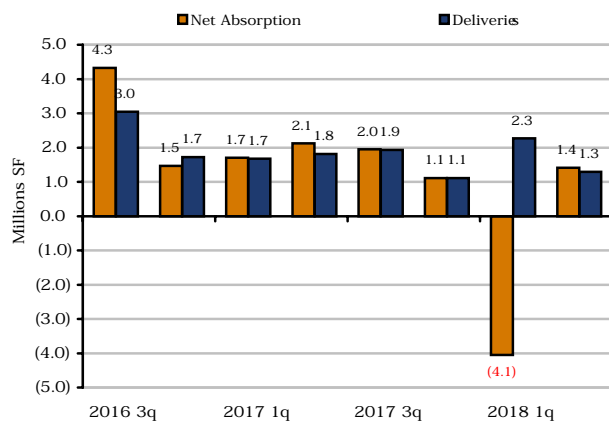
One of the largest transactions that has occurred within

the last four quarters in the Kansas City market is the sale of 15300-15310 W 101st Ter on 8/21/2017 in Lenexa. This 596,325-square-foot industrial building sold for \$37,200,000, or \$62.38 per square foot.

Reports compiled by: Andrew Desai, CoStar Research Manager.

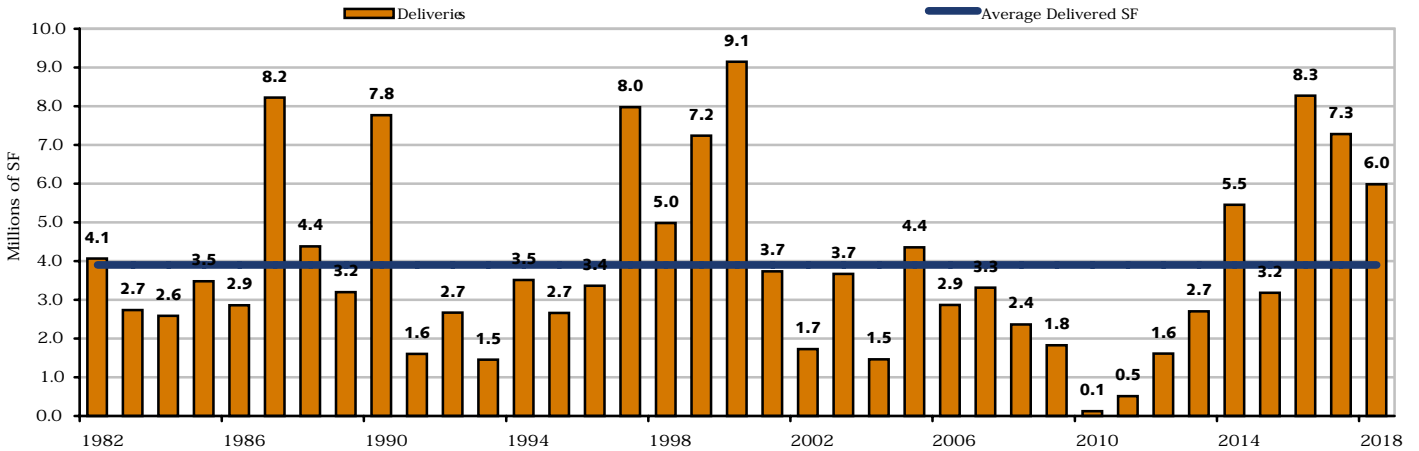
## Absorption & Deliveries

Past 8 Quarters



Source: CoStar Property®

## Historical Deliveries 1982 - 2018



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

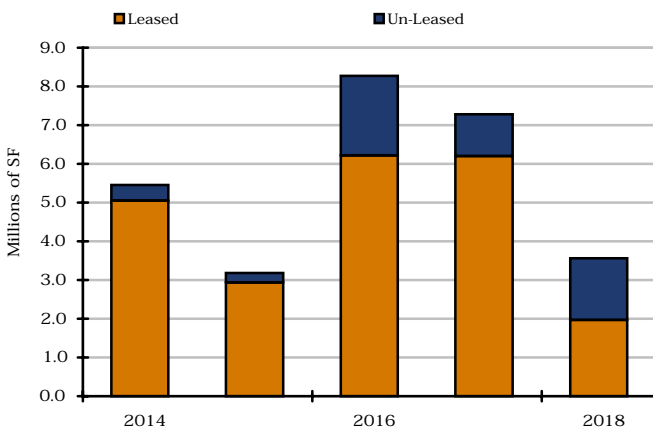
## CONSTRUCTION ACTIVITY Markets Ranked by Under Construction RBA

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
South Johnson County Ind	6	1,838,842	1,286,602	70.0%	49,111	306,474
North of the River Ind	5	964,556	296,666	30.8%	60,544	192,911
East Jackson County Ind	1	250,000	250,000	100.0%	48,412	250,000
North Johnson County Ind	2	158,106	98,106	62.1%	34,030	79,053
Lawrence Ind	1	153,310	0	0.0%	28,645	153,310
Topeka Ind	1	20,000	0	0.0%	31,772	20,000
Lafayette Ind	0	0	0	0.0%	18,552	0
Atchison Ind	0	0	0	0.0%	76,866	0
Wyandotte County Ind	0	0	0	0.0%	44,522	0
Leavenworth County Ind	0	0	0	0.0%	59,804	0
All Other	0	0	0	0.0%	30,402	0
<b>Totals</b>	<b>16</b>	<b>3,384,814</b>	<b>1,931,374</b>	<b>57.1%</b>	<b>41,470</b>	<b>211,551</b>

Source: CoStar Property®

## Recent Deliveries

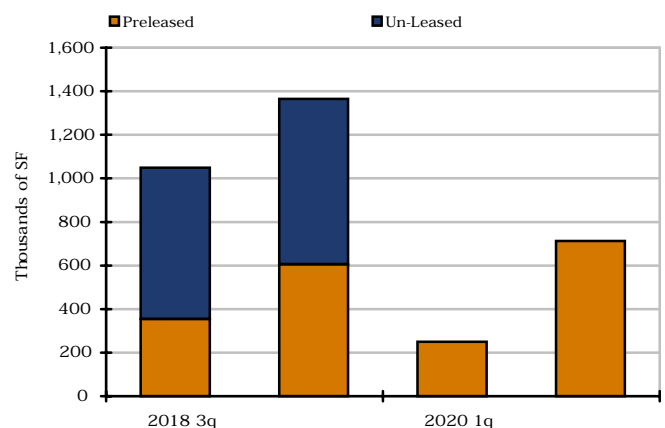
Leased & Un-Leased SF in Deliveries Since 2014



Source: CoStar Property®

## Future Deliveries

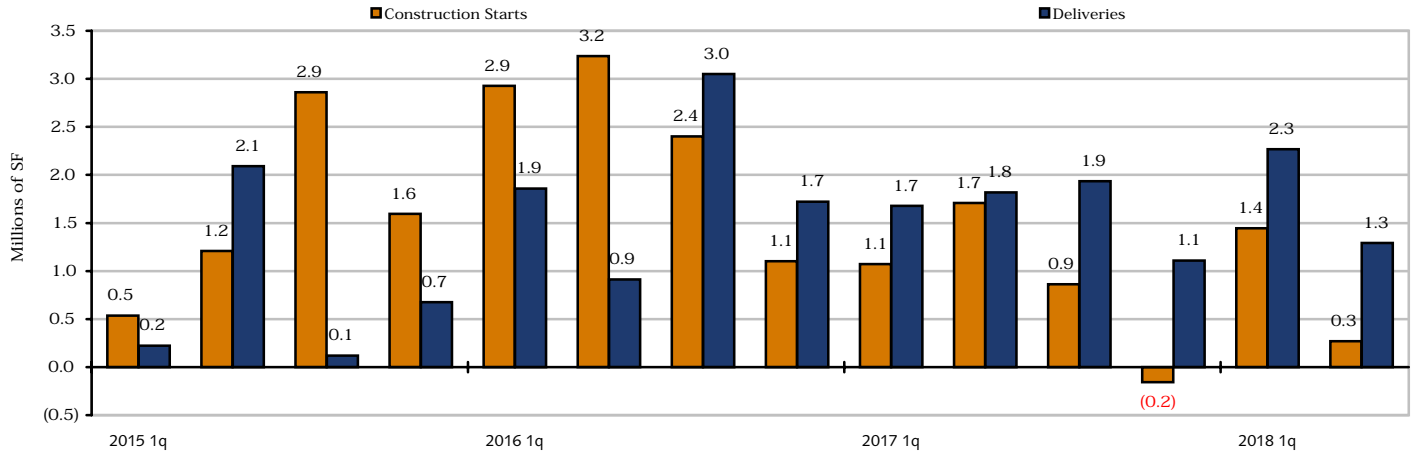
Preleased & Un-Leased SF in Properties Scheduled to Deliver



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	7	141,415	86,700	61.3%	\$9.08	6,000	135,415
50,000 SF - 99,999 SF	1	70,000	70,000	100.0%	\$0.00	0	70,000
100,000 SF - 249,999 SF	2	427,122	197,000	46.1%	\$4.75	0	427,122
250,000 SF - 499,999 SF	1	413,332	260,399	63.0%	\$4.37	0	413,332
>= 500,000 SF	3	2,506,130	1,355,841	54.1%	\$4.25	0	2,506,130

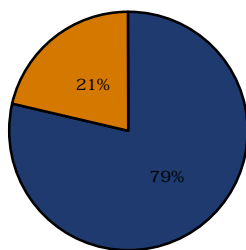
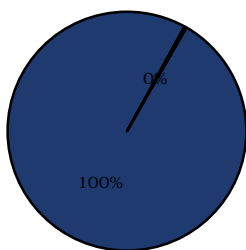
Source: CoStar Property®

## Recent Development by Tenancy

Based on RBA Developed for Single & Multi-Tenant Use

2018 Deliveries

Currently Under Construction



■ Multi ■ Single

■ Multi ■ Single

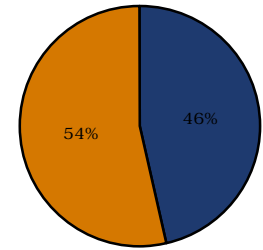
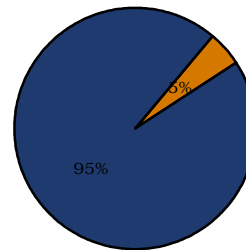
Source: CoStar Property®

## Existing Inventory Comparison

Based on Total RBA

By Building Type

By Tenancy Type



■ Flex ■ Warehouse

■ Multi ■ Single

Source: CoStar Property®

## Flex Market Statistics

Mid-Year 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	4,000	4,000	2.2%	(4,000)	0	0	\$10.00
Downtown Ind	43	522,408	10,800	10,800	2.1%	1,600	0	0	\$12.53
East Jackson County Ind	87	1,978,261	203,834	203,834	10.3%	(26,115)	0	0	\$7.78
Johnson County MO Ind	3	16,900	0	0	0.0%	5,300	0	0	\$3.74
Lafayette Ind	2	5,600	0	0	0.0%	0	0	0	\$0.00
Lawrence Ind	30	496,958	48,795	56,535	11.4%	5,120	0	0	\$9.05
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	2,345,102	181,239	181,239	7.7%	(54,636)	0	58,106	\$9.34
North of the River Ind	47	1,650,645	488,393	488,393	29.6%	(5,217)	0	0	\$7.13
Ottawa Ind	1	10,500	0	0	0.0%	0	0	0	\$0.00
Outer South Kansas City In	10	93,625	7,000	7,000	7.5%	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	51	1,143,079	88,358	88,358	7.7%	8,357	41,215	0	\$7.51
South Johnson County Ind	154	3,584,634	217,338	227,418	6.3%	6,719	0	0	\$12.35
St Joseph Ind	7	112,382	0	0	0.0%	0	0	0	\$0.00
Topeka Ind	44	1,212,878	64,443	64,443	5.3%	(19,648)	0	20,000	\$5.59
Wyandotte County Ind	41	916,679	30,445	30,445	3.3%	47,303	0	0	\$8.00
<b>Totals</b>	<b>674</b>	<b>15,949,947</b>	<b>1,344,645</b>	<b>1,362,465</b>	<b>8.5%</b>	<b>(10,237)</b>	<b>41,215</b>	<b>78,106</b>	<b>\$9.04</b>

Source: CoStar Property®

## Warehouse Market Statistics

Mid-Year 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	132	2,947,226	43,480	43,480	1.5%	1,545	0	0	\$7.91
Downtown Ind	552	13,734,936	492,431	497,633	3.6%	15,221	0	0	\$4.88
East Jackson County Ind	1,336	66,912,444	2,764,441	2,849,606	4.3%	(92,102)	0	250,000	\$3.68
Johnson County MO Ind	23	2,064,314	0	0	0.0%	951,686	951,686	0	\$0.00
Lafayette Ind	41	792,122	7,680	7,680	1.0%	(1,280)	0	0	\$4.12
Lawrence Ind	268	8,039,313	148,445	148,445	1.8%	19,500	0	153,310	\$4.93
Leavenworth County Ind	68	4,168,705	356,900	356,900	8.6%	(6,050)	0	0	\$2.10
Midtown Ind	212	5,109,500	300,857	300,857	5.9%	54,918	0	0	\$5.03
Midtown South Ind	120	2,759,811	93,168	93,168	3.4%	5,729	0	0	\$4.76
North Johnson County Ind	682	24,368,113	1,310,355	1,362,500	5.6%	(43,521)	87,700	100,000	\$5.89
North of the River Ind	905	55,987,364	2,198,479	2,329,377	4.2%	581,262	473,332	964,556	\$4.08
Ottawa Ind	42	3,285,100	76,142	76,142	2.3%	0	0	0	\$3.24
Outer South Kansas City In	67	1,022,920	2,000	2,000	0.2%	14,780	0	0	\$3.01
Outlying KC MO Ind	47	1,925,006	50,000	50,000	2.6%	4,125	0	0	\$1.94
South Jackson County Ind	626	20,738,981	833,083	833,083	4.0%	(5,007,310)	6,000	0	\$4.35
South Johnson County Ind	831	44,789,402	5,054,016	5,054,016	11.3%	843,545	1,998,066	1,838,842	\$4.35
St Joseph Ind	208	9,313,727	187,399	187,399	2.0%	(65,003)	0	0	\$2.71
Topeka Ind	522	16,769,918	571,597	571,597	3.4%	78,530	0	0	\$3.10
Wyandotte County Ind	936	42,581,042	1,575,747	1,615,747	3.8%	15,540	0	0	\$4.06
<b>Totals</b>	<b>7,633</b>	<b>328,537,298</b>	<b>16,116,945</b>	<b>16,430,355</b>	<b>5.0%</b>	<b>(2,628,885)</b>	<b>3,516,784</b>	<b>3,306,708</b>	<b>\$4.04</b>

Source: CoStar Property®

## Total Industrial Market Statistics

Mid-Year 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	16	1,229,854	50,725	50,725	4.1%	0	0	0	\$0.00
Cass County Ind	146	3,129,301	47,480	47,480	1.5%	(2,455)	0	0	\$8.08
Downtown Ind	595	14,257,344	503,231	508,433	3.6%	16,821	0	0	\$5.03
East Jackson County Ind	1,423	68,890,705	2,968,275	3,053,440	4.4%	(118,217)	0	250,000	\$3.98
Johnson County MO Ind	26	2,081,214	0	0	0.0%	956,986	951,686	0	\$3.74
Lafayette Ind	43	797,722	7,680	7,680	1.0%	(1,280)	0	0	\$4.12
Lawrence Ind	298	8,536,271	197,240	204,980	2.4%	24,620	0	153,310	\$5.49
Leavenworth County Ind	70	4,186,305	356,900	356,900	8.5%	(6,050)	0	0	\$2.10
Midtown Ind	233	6,477,940	300,857	300,857	4.6%	61,898	0	0	\$5.09
Midtown South Ind	131	3,034,765	93,168	93,168	3.1%	23,729	0	0	\$4.79
North Johnson County Ind	785	26,713,215	1,491,594	1,543,739	5.8%	(98,157)	87,700	158,106	\$6.29
North of the River Ind	952	57,638,009	2,686,872	2,817,770	4.9%	576,045	473,332	964,556	\$4.22
Ottawa Ind	43	3,295,600	76,142	76,142	2.3%	0	0	0	\$3.24
Outer South Kansas City In	77	1,116,545	9,000	9,000	0.8%	14,780	0	0	\$3.01
Outlying KC MO Ind	49	1,939,733	50,000	50,000	2.6%	4,125	0	0	\$1.94
South Jackson County Ind	677	21,882,060	921,441	921,441	4.2%	(4,998,953)	47,215	0	\$4.48
South Johnson County Ind	985	48,374,036	5,271,354	5,281,434	10.9%	850,264	1,998,066	1,838,842	\$4.72
St Joseph Ind	215	9,426,109	187,399	187,399	2.0%	(65,003)	0	0	\$2.71
Topeka Ind	566	17,982,796	636,040	636,040	3.5%	58,882	0	20,000	\$3.25
Wyandotte County Ind	977	43,497,721	1,606,192	1,646,192	3.8%	62,843	0	0	\$4.18
<b>Totals</b>	<b>8,307</b>	<b>344,487,245</b>	<b>17,461,590</b>	<b>17,792,820</b>	<b>5.2%</b>	<b>(2,639,122)</b>	<b>3,557,999</b>	<b>3,384,814</b>	<b>\$4.29</b>

Source: CoStar Property®



### Flex Submarket Statistics

Mid-Year 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	46,459	46,459	8.2%	2,979	0	0	\$9.19
Armourdale Ind	14	451,379	30,445	30,445	6.7%	21,941	0	0	\$8.51
Atchison Ind	1	2,500	0	0	0.0%	0	0	0	\$0.00
Blue Springs Ind	29	302,661	86,727	86,727	28.7%	(7,969)	0	0	\$8.82
Bonner Springs Ind	5	58,000	0	0	0.0%	10,000	0	0	\$0.00
Cass County Ind	14	182,075	4,000	4,000	2.2%	(4,000)	0	0	\$10.00
Central KC KS/Fairfa.	3	22,465	0	0	0.0%	8,065	0	0	\$3.95
City of North KC Ind	10	190,117	8,200	8,200	4.3%	(8,200)	0	0	\$7.41
Claycomo Ind	6	644,641	412,054	412,054	63.9%	(646)	0	0	\$5.83
Downtown KC Ind	43	522,408	10,800	10,800	2.1%	1,600	0	0	\$12.53
East Bottoms KC Ind	3	359,600	20,550	20,550	5.7%	9,050	0	0	\$7.00
Executive Park Ind	11	290,872	36,475	36,475	12.5%	8,945	0	0	\$5.90
Grandview Ind	13	92,996	6,136	6,136	6.6%	1,944	0	0	\$5.23
Independence Ind	15	298,087	2,500	2,500	0.8%	0	0	0	\$7.99
Johnson County MO In	3	16,900	0	0	0.0%	5,300	0	0	\$3.74
Kansas City KS Ind	5	38,861	0	0	0.0%	0	0	0	\$0.00
Lafayette County Ind	2	5,600	0	0	0.0%	0	0	0	\$0.00
Lawrence Ind	30	496,958	48,795	56,535	11.4%	5,120	0	0	\$9.05
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	\$10.09
Lenexa Ind	55	1,449,998	143,259	143,259	9.9%	(56,214)	0	58,106	\$9.33
Liberty Ind	12	152,920	16,250	16,250	10.6%	650	0	0	\$12.72
Merriam/Mission Ind	8	82,875	2,300	2,300	2.8%	2,200	0	0	\$8.66
Metcalf/SE JoCo Ind	41	619,938	31,615	31,615	5.1%	9,239	0	0	\$12.05
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	113	2,964,696	185,723	195,803	6.6%	(2,520)	0	0	\$12.43
Ottawa Ind	1	10,500	0	0	0.0%	0	0	0	\$0.00
Outer South Kansas C.	10	93,625	7,000	7,000	7.5%	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	35,680	35,680	4.7%	(2,122)	0	0	\$9.71
Raytown/Lakewood Inc	20	294,261	0	0	0.0%	21,441	0	0	\$6.96
Riverside/Parkville	5	89,616	5,430	5,430	6.1%	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	\$6.50
Sports Complex Ind	9	432,780	57,582	57,582	13.3%	(57,582)	0	0	\$0.00
St Joseph Ind	7	112,382	0	0	0.0%	0	0	0	\$0.00
Topeka Ind	44	1,212,878	64,443	64,443	5.3%	(19,648)	0	20,000	\$5.59
Turner Ind	14	345,974	0	0	0.0%	7,297	0	0	\$6.84
<b>Totals</b>	<b>674</b>	<b>15,949,947</b>	<b>1,344,645</b>	<b>1,362,465</b>	<b>8.5%</b>	<b>(10,237)</b>	<b>41,215</b>	<b>78,106</b>	<b>\$9.04</b>

Source: CoStar Property®

### Warehouse Submarket Statistics

Mid-Year 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 .	73	6,387,453	90,077	90,077	1.4%	17,454	30,000	202,800	\$4.38
Armourdale Ind	416	12,500,226	316,769	316,769	2.5%	132,866	0	0	\$4.05
Atchison Ind	15	1,227,354	50,725	50,725	4.1%	0	0	0	\$0.00
Blue Springs Ind	240	3,724,988	102,590	102,590	2.8%	(21,487)	0	250,000	\$6.64
Bonner Springs Ind	96	5,960,512	193,888	193,888	3.3%	(45,200)	0	0	\$5.80
Cass County Ind	132	2,947,226	43,480	43,480	1.5%	1,545	0	0	\$7.91
Central KC KS/Fairfa.	188	15,515,505	297,429	297,429	1.9%	(52,884)	0	0	\$3.84
City of North KC Ind	401	18,534,188	778,615	813,615	4.4%	(65,978)	0	0	\$3.87
Claycomo Ind	147	18,533,215	798,690	798,690	4.3%	308,741	413,332	413,332	\$3.65
Downtown KC Ind	552	13,734,936	492,431	497,633	3.6%	15,221	0	0	\$4.88
East Bottoms KC Ind	481	16,617,318	1,368,307	1,368,307	8.2%	154,530	0	0	\$2.66
Executive Park Ind	193	18,198,461	594,412	679,577	3.7%	(174,753)	0	0	\$4.15
Grandview Ind	303	10,996,452	467,026	467,026	4.2%	85,319	6,000	0	\$3.66
Independence Ind	180	19,663,985	592,584	592,584	3.0%	(115,825)	0	0	\$4.39
Johnson County MO In.	23	2,064,314	0	0	0.0%	951,686	951,686	0	\$0.00
Kansas City KS Ind	86	1,666,428	19,800	19,800	1.2%	(10,434)	0	0	\$9.18
Lafayette County Ind	41	792,122	7,680	7,680	1.0%	(1,280)	0	0	\$4.12
Lawrence Ind	268	8,039,313	148,445	148,445	1.8%	19,500	0	153,310	\$4.93
Leavenworth County I.	68	4,168,705	356,900	356,900	8.6%	(6,050)	0	0	\$2.10
Lees Summit Ind	236	5,363,597	152,404	152,404	2.8%	(60,869)	0	0	\$7.82
Lenexa Ind	347	17,748,824	957,794	1,002,339	5.6%	(20,460)	87,700	100,000	\$5.80
Liberty Ind	119	4,989,394	212,506	308,404	6.2%	(29,206)	30,000	50,000	\$4.15
Merriam/Mission Ind	182	2,522,999	39,902	39,902	1.6%	(15,902)	0	0	\$7.05
Metcalfe/SE JoCo Ind	70	1,288,108	8,000	8,000	0.6%	(8,000)	0	0	\$6.34
Midtown Ind	212	5,109,500	300,857	300,857	5.9%	54,918	0	0	\$5.03
Midtown South Ind	120	2,759,811	93,168	93,168	3.4%	5,729	0	0	\$4.76
Northeast Clay Count.	57	1,994,229	9,000	9,000	0.5%	18,300	0	0	\$5.88
Olathe Ind	761	43,501,294	5,046,016	5,046,016	11.6%	851,545	1,998,066	1,838,842	\$4.35
Ottawa Ind	42	3,285,100	76,142	76,142	2.3%	0	0	0	\$3.24
Outer South Kansas C.	67	1,022,920	2,000	2,000	0.2%	14,780	0	0	\$3.01
Outlying KC MO Ind	47	1,925,006	50,000	50,000	2.6%	4,125	0	0	\$1.94
Overland Park Ind	96	2,093,539	106,774	114,374	5.5%	(41,659)	0	0	\$6.23
Raytown/Lakewood Inc	103	3,194,896	47,803	47,803	1.5%	(8,218)	0	0	\$6.14
Riverside/Parkville .	108	5,548,885	309,591	309,591	5.6%	331,951	0	298,424	\$4.50
Shawnee Ind	57	2,002,751	205,885	205,885	10.3%	34,500	0	0	\$6.02
South KC Ind	87	4,378,932	213,653	213,653	4.9%	(5,031,760)	0	0	\$4.85
Sports Complex Ind	139	5,512,796	58,745	58,745	1.1%	73,651	0	0	\$4.22
St Joseph Ind	208	9,313,727	187,399	187,399	2.0%	(65,003)	0	0	\$2.71
Topeka Ind	522	16,769,918	571,597	571,597	3.4%	78,530	0	0	\$3.10
Turner Ind	150	6,938,371	747,861	787,861	11.4%	(8,808)	0	0	\$3.79
<b>Totals</b>	<b>7,633</b>	<b>328,537,298</b>	<b>16,116,945</b>	<b>16,430,355</b>	<b>5.0%</b>	<b>(2,628,885)</b>	<b>3,516,784</b>	<b>3,306,708</b>	<b>\$4.04</b>

Source: CoStar Property®

### Total Industrial Submarket Statistics

Mid-Year 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 .	85	6,954,104	136,536	136,536	2.0%	20,433	30,000	202,800	\$4.62
Armourdale Ind	430	12,951,605	347,214	347,214	2.7%	154,807	0	0	\$4.32
Atchison Ind	16	1,229,854	50,725	50,725	4.1%	0	0	0	\$0.00
Blue Springs Ind	269	4,027,649	189,317	189,317	4.7%	(29,456)	0	250,000	\$7.61
Bonner Springs Ind	101	6,018,512	193,888	193,888	3.2%	(35,200)	0	0	\$5.80
Cass County Ind	146	3,129,301	47,480	47,480	1.5%	(2,455)	0	0	\$8.08
Central KC KS/Fairfa.	191	15,537,970	297,429	297,429	1.9%	(44,819)	0	0	\$3.84
City of North KC Ind	411	18,724,305	786,815	821,815	4.4%	(74,178)	0	0	\$3.89
Claycomo Ind	153	19,177,856	1,210,744	1,210,744	6.3%	308,095	413,332	413,332	\$3.88
Downtown KC Ind	595	14,257,344	503,231	508,433	3.6%	16,821	0	0	\$5.03
East Bottoms KC Ind	484	16,976,918	1,388,857	1,388,857	8.2%	163,580	0	0	\$2.70
Executive Park Ind	204	18,489,333	630,887	716,052	3.9%	(165,808)	0	0	\$4.22
Grandview Ind	316	11,089,448	473,162	473,162	4.3%	87,263	6,000	0	\$3.68
Independence Ind	195	19,962,072	595,084	595,084	3.0%	(115,825)	0	0	\$4.97
Johnson County MO In.	26	2,081,214	0	0	0.0%	956,986	951,686	0	\$3.74
Kansas City KS Ind	91	1,705,289	19,800	19,800	1.2%	(10,434)	0	0	\$9.18
Lafayette County Ind	43	797,722	7,680	7,680	1.0%	(1,280)	0	0	\$4.12
Lawrence Ind	298	8,536,271	197,240	204,980	2.4%	24,620	0	153,310	\$5.49
Leavenworth County I.	70	4,186,305	356,900	356,900	8.5%	(6,050)	0	0	\$2.10
Lees Summit Ind	263	5,836,433	210,430	210,430	3.6%	(54,456)	41,215	0	\$8.18
Lenexa Ind	402	19,198,822	1,101,053	1,145,598	6.0%	(76,674)	87,700	158,106	\$6.27
Liberty Ind	131	5,142,314	228,756	324,654	6.3%	(28,556)	30,000	50,000	\$4.37
Merriam/Mission Ind	190	2,605,874	42,202	42,202	1.6%	(13,702)	0	0	\$7.30
Metcalf/SE JoCo Ind	111	1,908,046	39,615	39,615	2.1%	1,239	0	0	\$11.11
Midtown Ind	233	6,477,940	300,857	300,857	4.6%	61,898	0	0	\$5.09
Midtown South Ind	131	3,034,765	93,168	93,168	3.1%	23,729	0	0	\$4.79
Northeast Clay Count.	59	2,000,929	9,000	9,000	0.4%	18,300	0	0	\$5.88
Olathe Ind	874	46,465,990	5,231,739	5,241,819	11.3%	849,025	1,998,066	1,838,842	\$4.65
Ottawa Ind	43	3,295,600	76,142	76,142	2.3%	0	0	0	\$3.24
Outer South Kansas C.	77	1,116,545	9,000	9,000	0.8%	14,780	0	0	\$3.01
Outlying KC MO Ind	49	1,939,733	50,000	50,000	2.6%	4,125	0	0	\$1.94
Overland Park Ind	130	2,855,533	142,454	150,054	5.3%	(43,781)	0	0	\$6.64
Raytown/Lakewood Inc	123	3,489,157	47,803	47,803	1.4%	13,223	0	0	\$6.38
Riverside/Parkville .	113	5,638,501	315,021	315,021	5.6%	331,951	0	298,424	\$4.58
Shawnee Ind	63	2,052,986	205,885	205,885	10.0%	36,000	0	0	\$6.05
South KC Ind	98	4,956,179	237,849	237,849	4.8%	(5,031,760)	0	0	\$4.95
Sports Complex Ind	148	5,945,576	116,327	116,327	2.0%	16,069	0	0	\$4.22
St Joseph Ind	215	9,426,109	187,399	187,399	2.0%	(65,003)	0	0	\$2.71
Topeka Ind	566	17,982,796	636,040	636,040	3.5%	58,882	0	20,000	\$3.25
Turner Ind	164	7,284,345	747,861	787,861	10.8%	(1,511)	0	0	\$3.83
<b>Totals</b>	<b>8,307</b>	<b>344,487,245</b>	<b>17,461,590</b>	<b>17,792,820</b>	<b>5.2%</b>	<b>(2,639,122)</b>	<b>3,557,999</b>	<b>3,384,814</b>	<b>\$4.29</b>

Source: CoStar Property®

### Flex Market Statistics

Mid-Year 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 2q	674	15,949,947	1,344,645	1,362,465	8.5%	(22,251)	0	0	2	78,106	\$9.04
2018 1q	674	15,949,947	1,322,394	1,340,214	8.4%	12,014	1	41,215	1	58,106	\$8.97
2017 4q	673	15,908,732	1,293,193	1,311,013	8.2%	8,146	1	7,600	2	99,321	\$8.63
2017 3q	672	15,901,132	1,301,479	1,311,559	8.2%	(56,668)	0	0	3	106,921	\$8.59
2017 2q	672	15,901,132	1,254,891	1,254,891	7.9%	(382,051)	1	24,000	2	99,321	\$8.89
2017 1q	671	15,877,132	847,215	848,840	5.3%	35,310	1	9,000	2	82,106	\$8.74
2016	670	15,868,132	873,230	875,150	5.5%	338,289	2	74,000	2	33,000	\$8.84
2015	668	15,794,132	1,139,439	1,139,439	7.2%	102,085	0	0	1	50,000	\$8.74
2014	668	15,794,132	1,227,282	1,241,524	7.9%	562,018	1	400,000	0	0	\$8.28
2013	667	15,394,132	1,389,300	1,403,542	9.1%	123,612	1	13,716	1	400,000	\$8.09
2012	666	15,380,416	1,474,188	1,513,438	9.8%	203,940	1	10,000	0	0	\$8.59
2011	665	15,370,416	1,595,830	1,707,378	11.1%	68,040	2	74,441	1	10,000	\$8.21
2010	663	15,295,975	1,627,754	1,700,977	11.1%	(148,889)	1	50,000	1	62,541	\$8.19
2009	661	15,231,647	1,457,649	1,487,760	9.8%	186,531	5	153,109	1	14,328	\$8.63
2008	656	15,078,538	1,486,714	1,521,182	10.1%	208,032	7	260,409	5	153,109	\$8.55
2007	648	14,794,129	1,410,379	1,444,805	9.8%	649,985	11	194,459	5	155,909	\$8.59

Source: CoStar Property®

### Warehouse Market Statistics

Mid-Year 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 2q	7,633	328,537,298	16,116,945	16,430,355	5.0%	1,435,442	5	1,290,808	14	3,306,708	\$4.04
2018 1q	7,628	332,336,490	21,409,767	21,674,989	6.5%	(4,064,327)	8	2,225,976	18	4,347,516	\$4.02
2017 4q	7,620	330,110,514	15,192,237	15,384,686	4.7%	1,101,418	4	1,101,535	22	5,127,758	\$4.04
2017 3q	7,614	328,647,881	14,825,704	15,023,471	4.6%	2,009,394	8	1,935,266	24	6,385,591	\$3.99
2017 2q	7,602	326,493,315	14,736,311	14,878,299	4.6%	2,502,306	6	1,793,252	27	7,466,003	\$3.96
2017 1q	7,593	324,682,063	15,248,192	15,569,353	4.8%	1,669,829	10	1,669,964	28	7,593,616	\$4.00
2016	7,583	323,012,099	15,268,069	15,569,218	4.8%	6,734,933	27	7,465,845	31	8,251,292	\$4.07
2015	7,562	315,668,508	14,839,862	14,960,560	4.7%	4,753,962	14	3,107,645	20	6,109,201	\$3.90
2014	7,551	312,720,043	16,421,508	16,766,057	5.4%	6,126,384	22	5,013,205	12	3,069,278	\$3.84
2013	7,534	307,784,295	17,777,098	17,956,693	5.8%	3,317,407	11	2,654,634	16	2,964,556	\$3.79
2012	7,527	305,153,886	18,214,787	18,643,691	6.1%	5,253,065	6	1,539,102	9	2,435,719	\$3.69
2011	7,521	303,611,223	21,702,471	22,354,093	7.4%	321,200	4	419,106	5	1,551,538	\$3.78
2010	7,515	303,310,998	21,513,055	22,375,068	7.4%	(1,936,780)	2	52,000	4	967,271	\$3.86
2009	7,514	303,452,982	20,261,998	20,580,272	6.8%	85,719	6	1,658,718	3	57,456	\$3.98
2008	7,505	301,779,048	18,343,525	18,992,057	6.3%	1,531,826	15	1,567,447	5	85,648	\$3.99
2007	7,477	300,111,840	18,360,376	18,856,675	6.3%	4,832,906	34	2,519,362	21	1,464,572	\$3.94

Source: CoStar Property®

### Total Industrial Market Statistics

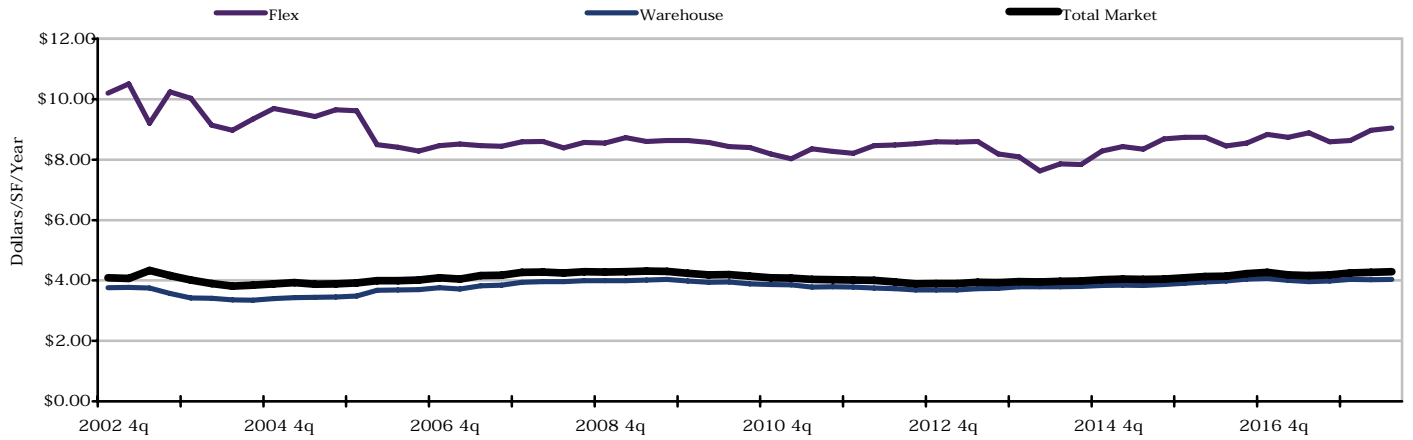
Mid-Year 2018

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 2q	8,307	344,487,245	17,461,590	17,792,820	5.2%	1,413,191	5	1,290,808	16	3,384,814	\$4.29
2018 1q	8,302	348,286,437	22,732,161	23,015,203	6.6%	(4,052,313)	9	2,267,191	19	4,405,622	\$4.27
2017 4q	8,293	346,019,246	16,485,430	16,695,699	4.8%	1,109,564	5	1,109,135	24	5,227,079	\$4.25
2017 3q	8,286	344,549,013	16,127,183	16,335,030	4.7%	1,952,726	8	1,935,266	27	6,492,512	\$4.19
2017 2q	8,274	342,394,447	15,991,202	16,133,190	4.7%	2,120,255	7	1,817,252	29	7,565,324	\$4.16
2017 1q	8,264	340,559,195	16,095,407	16,418,193	4.8%	1,705,139	11	1,678,964	30	7,675,722	\$4.18
2016	8,253	338,880,231	16,141,299	16,444,368	4.9%	7,073,222	29	7,539,845	33	8,284,292	\$4.27
2015	8,230	331,462,640	15,979,301	16,099,999	4.9%	4,856,047	14	3,107,645	21	6,159,201	\$4.09
2014	8,219	328,514,175	17,648,790	18,007,581	5.5%	6,688,402	23	5,413,205	12	3,069,278	\$4.03
2013	8,201	323,178,427	19,166,398	19,360,235	6.0%	3,441,019	12	2,668,350	17	3,364,556	\$3.96
2012	8,193	320,534,302	19,688,975	20,157,129	6.3%	5,457,005	7	1,549,102	9	2,435,719	\$3.90
2011	8,186	318,981,639	23,298,301	24,061,471	7.5%	389,240	6	493,547	6	1,561,538	\$4.01
2010	8,178	318,606,973	23,140,809	24,076,045	7.6%	(2,085,669)	3	102,000	5	1,029,812	\$4.09
2009	8,175	318,684,629	21,719,647	22,068,032	6.9%	272,250	11	1,811,827	4	71,784	\$4.24
2008	8,161	316,857,586	19,830,239	20,513,239	6.5%	1,739,858	22	1,827,856	10	238,757	\$4.28
2007	8,125	314,905,969	19,770,755	20,301,480	6.4%	5,482,891	45	2,713,821	26	1,620,481	\$4.27

Source: CoStar Property®

## Historical Rental Rates

Based on Quoted Rental Rates

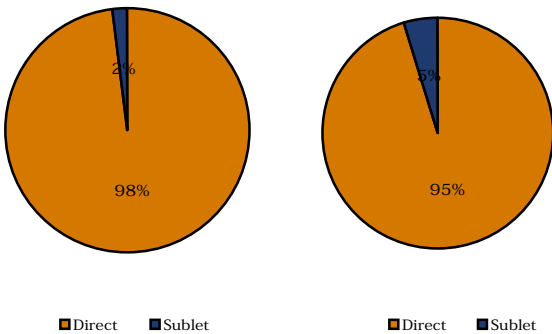


Source: CoStar Property®

## Vacancy by Available Space Type

Percent of All Vacant Space in Direct vs. Sublet

Kansas City      United States

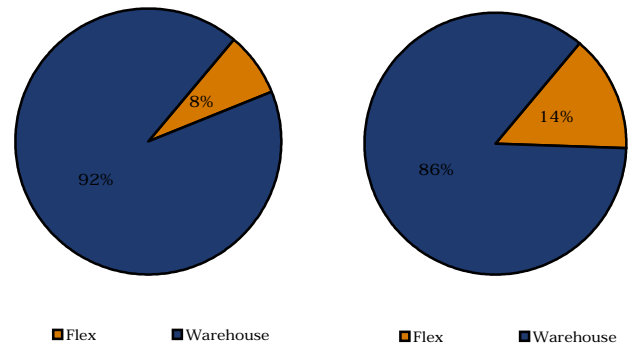


Source: CoStar Property®

## Vacancy by Building Type

Percent of All Vacant Space by Building Type

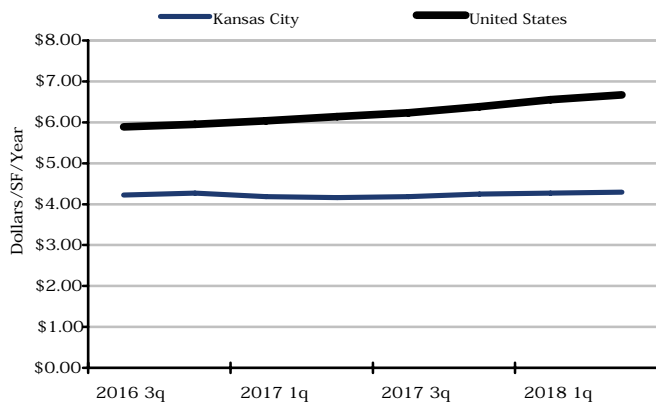
Kansas City      United States



Source: CoStar Property®

## U.S. Rental Rate Comparison

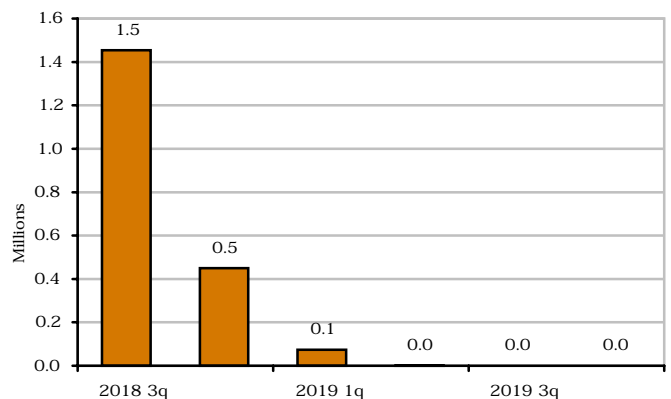
Based on Average Quoted Rental Rates



Source: CoStar Property®

## Future Space Available

Space Scheduled to be Available for Occupancy\*

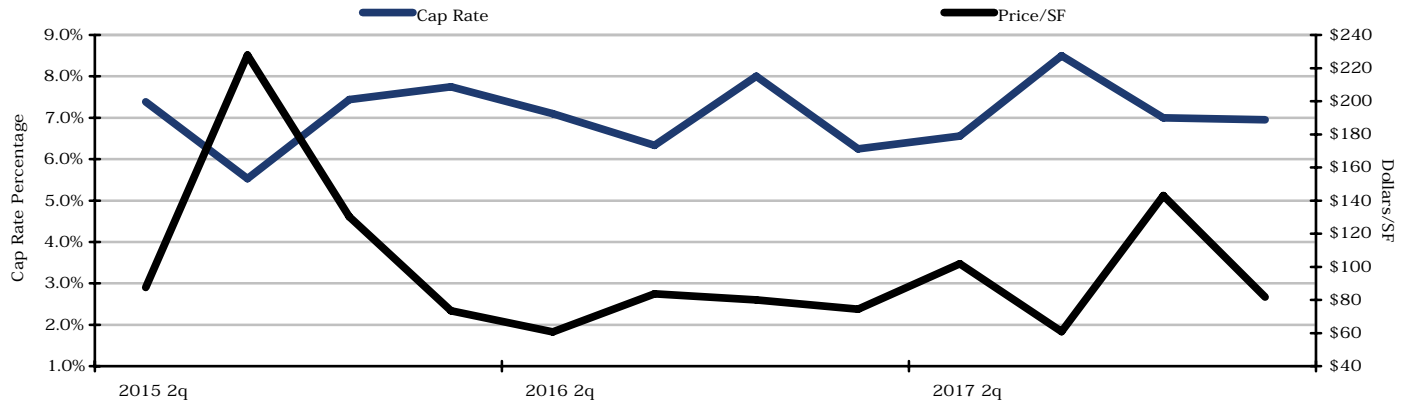


Source: CoStar Property®

\* Includes Under Construction Space

## The Optimist Sales Index

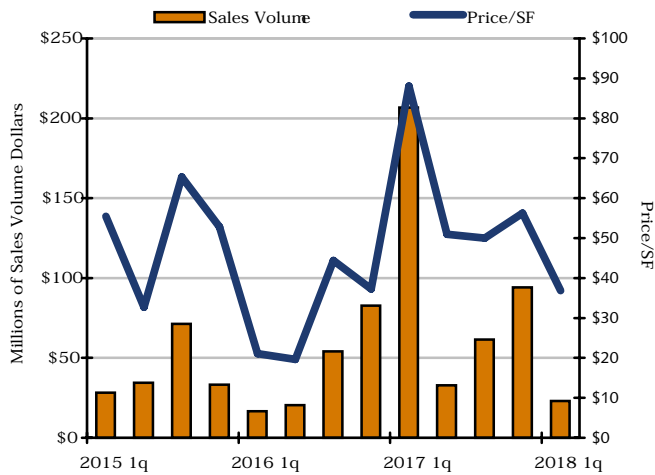
Average of Two Highest Price/SF's and Two Lowest Cap Rates Per Quarter



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

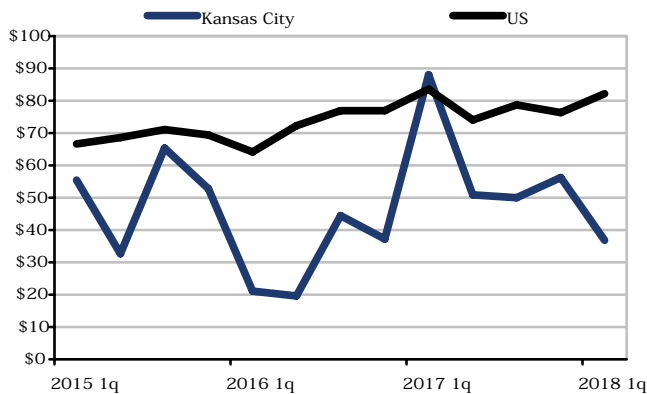
Based on Industrial Bldg Sales From April 2017 - March 2018

Bldg Size	#	RBA	\$ Volume	Price/SF	Cap Rate
< 25,000 SF	21	324,215	\$27,890,248	\$ 86.02	7.79%
25K-99K SF	20	911,027	\$35,022,683	\$ 38.44	6.56%
100K-249K SF	7	1,041,439	\$64,298,000	\$ 61.74	7.00%
>250K SF	4	2,015,837	\$98,370,000	\$ 48.80	-

Source: CoStar COMPS®

## U.S. Price/SF Comparison

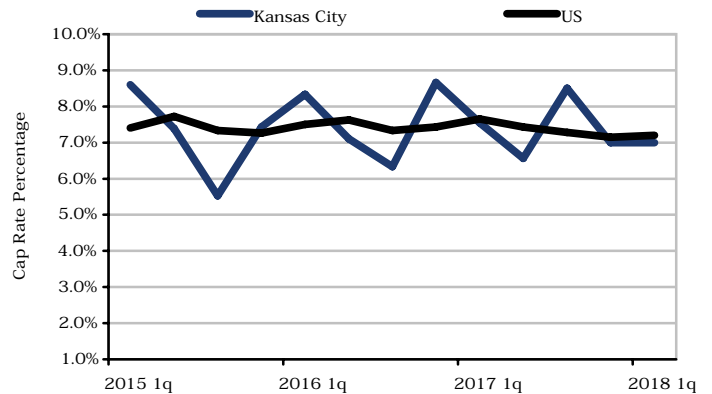
Based on Industrial Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

## U.S. Cap Rate Comparison

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



Source: CoStar COMPS®