



KC Industrial Report Third Quarter, 2018

Kansas City's Vacancy Decreases to 4.8% Net Absorption Positive 1,254,163 SF in the Quarter

The Kansas City Industrial market ended the third quarter 2018 with a vacancy rate of 4.8%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 1,254,163 square feet in the third quarter. Vacant sublease space decreased in the quarter, ending the quarter at 249,077 square feet. Rental rates ended the third quarter at \$4.33, an increase over the previous quarter. A total of eight buildings delivered to the market in the quarter totaling 868,638 square feet, with 4,007,957 square feet still under construction at the end of the quarter.

Absorption

Net absorption for the overall Kansas City Industrial market was positive 1,254,163 square feet in the third quarter 2018. That compares to positive 1,571,190 square feet in the second quarter 2018, positive 1,061,602 square feet in the first quarter 2018, and positive 1,062,064 square feet in the fourth quarter 2017.

Tenants moving into large blocks of space in 2018 include: Dollar General Distribution 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; and Overstock.com moving into 329,000 square feet at 5300 Kansas Ave.

The Flex building market recorded net absorption of positive 96,844 square feet in the third quarter 2018, compared to negative 52,095 square feet in the second quarter 2018, positive 7,354 in the first quarter 2018, and positive 4,746 in the fourth quarter 2017.

The Warehouse building market recorded net absorption

of positive 1,157,319 square feet in the third quarter 2018 compared to positive 1,623,285 square feet in the second quarter 2018, positive 1,054,248 in the first quarter 2018, and positive 1,057,318 in the fourth quarter 2017.

Vacancy

The Industrial vacancy rate in the Kansas City market area decreased to 4.8% at the end of the third quarter 2018. The vacancy rate was 5.0% at the end of the second quarter 2018, 5.0% at the end of the first quarter 2018, and 6.2% at the end of the fourth quarter 2017.

Flex projects reported a vacancy rate of 8.4% at the end of the third quarter 2018, 8.7% 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.

Warehouse projects reported a vacancy rate of 4.7% at the end of the third quarter 2018, 4.8% at the end of second quarter 2018, 4.9% at the end of the first quarter 2018, and 6.1% at the end of the fourth quarter 2017.

Largest Lease Signings

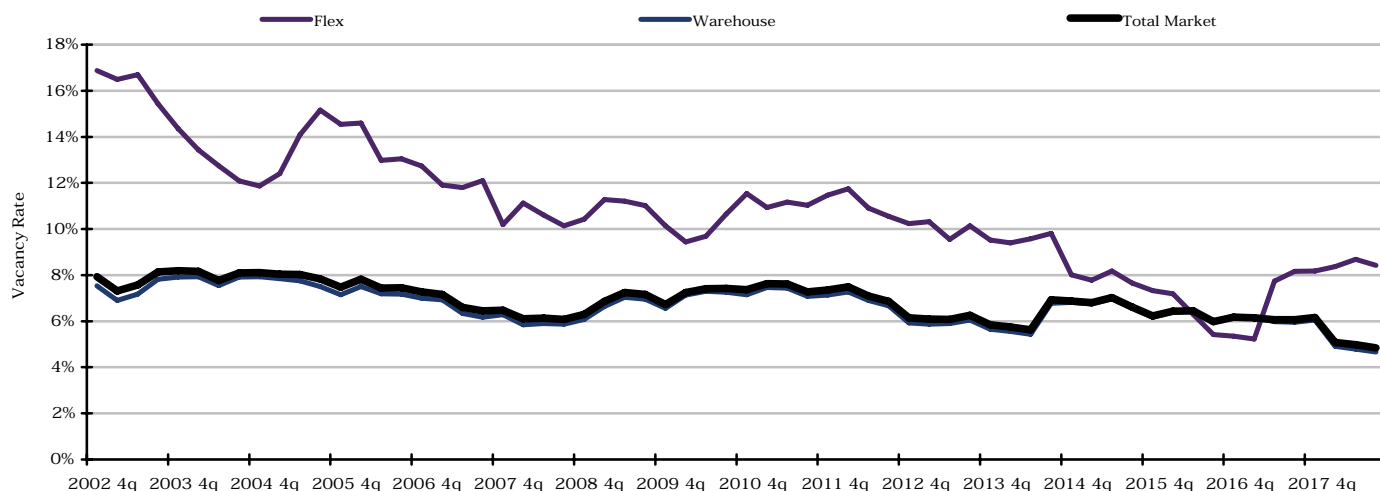
The largest lease signings occurring in 2018 included: the 517,000-square-foot lease signed by Overstock.com at 5300 Kansas Ave in the Wyandotte County market; the 363,063-square-foot deal signed by Turn5 Inc. at 17700 College Blvd in the South Johnson County market; and the 345,379-square-foot lease signed by FedEx SmartPost at 22101 W167th St in the South Johnson County market.

Sublease Vacancy

The amount of vacant sublease space in the Kansas City

Vacancy Rates by Building Type

2000-2018



Source: CoStar Property®

market decreased to 249,077 square feet by the end of the third quarter 2018, from 331,230 square feet at the end of the second quarter 2018. There was 283,042 square feet vacant at the end of the first quarter 2018 and 210,269 square feet at the end of the fourth quarter 2017.

Kansas City's Flex projects reported vacant sublease space of 46,432 square feet at the end of third quarter 2018, up from the 17,820 square feet reported at the end of the second quarter 2018, end of first quarter 2018, and end of fourth quarter 2017.

Warehouse projects reported decreased vacant sublease space from the second quarter 2018 to the third quarter 2018. Sublease vacancy went from 313,410 square feet to 202,645 square feet during that time. There was 265,222 square feet at the end of the first quarter 2018, and 192,449 square feet at the end of the fourth 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 third quarter 2018 in the Kansas City market area. This represented a 0.7% increase in quoted rental rates from the end of the second quarter 2018, when rents were reported at \$4.30 per square foot.

The average quoted rate within the Flex sector was \$9.32 per square foot at the end of the third quarter 2018, while Warehouse rates stood at \$4.07. At the end of the second quarter 2018, Flex rates were \$9.01 per square foot, and Warehouse rates were \$4.05.

Deliveries and Construction

During the third quarter 2018, eight buildings totaling 868,638 square feet were completed in the Kansas City market area. This compares to four buildings totaling 1,060,686 square feet that were completed in the second quarter 2018, nine buildings totaling 2,267,191 square feet completed in the

first quarter 2018, and 1,109,135 square feet in five buildings completed in the fourth quarter 2017.

There was 4,007,957 square feet of Industrial space under construction at the end of the third 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 fully 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 third quarter 2018 were 155th St & Old 56 Hwy, an 884,000-square-foot building with 64% of its space pre-leased, and 1200 E 151st St, a 712,842-square-foot facility that is fully pre-leased.

Inventory

Total Industrial inventory in the Kansas City market area amounted to 346,540,563 square feet in 8,330 buildings as of the end of the third quarter 2018. The Flex sector consisted of 16,275,580 square feet in 681 projects. The Warehouse sector consisted of 330,264,983 square feet in 7,649 buildings. Within the Industrial market there were 1,254 owner-occupied buildings accounting for 91,414,649 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 second quarter 2018 in terms of dollar volume compared to the first quarter of 2018.

In the second quarter, three industrial transactions closed with a total volume of \$6,700,000. The three buildings totaled 106,375 square feet and the average price per square foot equated to \$62.98 per square foot. That compares to 11 transactions totaling \$22,958,000 in the first quarter. The total square footage was 623,478 for an average price per square foot of \$36.82.

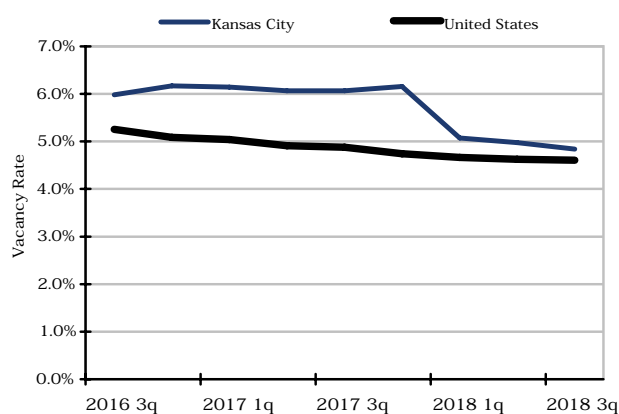
Total year-to-date industrial building sales activity in 2018 is down compared to the previous year. In the first six months of 2018, the market saw 14 industrial sales transactions with a total volume of \$29,658,000. The price per square foot has averaged \$40.64 this year. In the first six months of 2017, the market posted 31 transactions with a total volume of \$457,242,861. The price per square foot averaged \$55.29.

Cap rates have been lower in 2018, averaging 7.00%, compared to the first six months of last year when they averaged 7.05%.

One of the largest transactions that has occurred within the last four quarters in the Kansas City market is the sale of 9140 Woodend Rd on 11/17/2017 in Wyandotte. This 213,059 square foot industrial building sold for \$32,700,000, or \$153.48 per square foot.

U.S. Vacancy Comparison

Past 9 Quarters



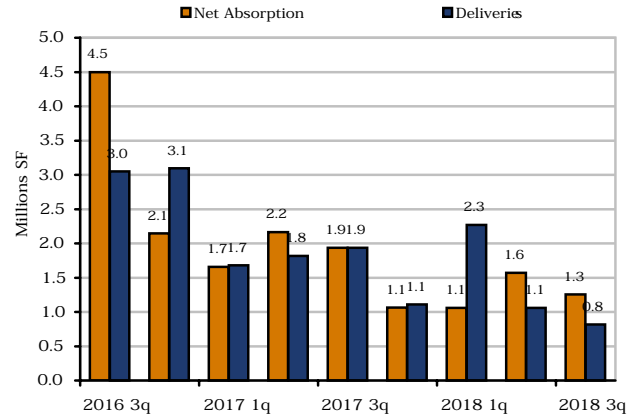
Source: CoStar Property®

Reports compiled by: Lauren Chesley, CoStar Research Manager and

CoStar's Kansas City Research Team.

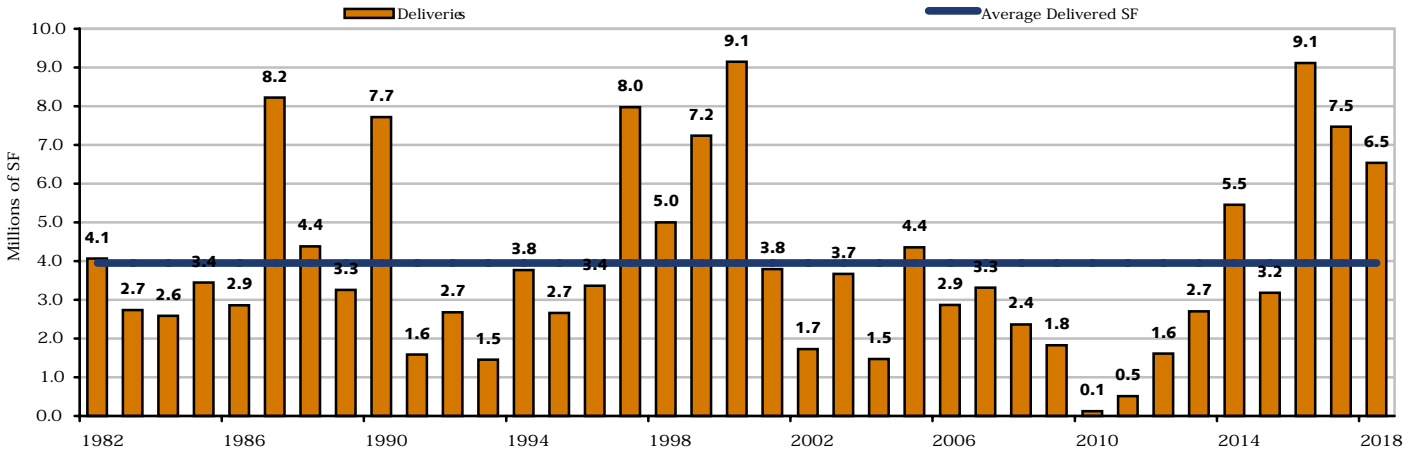
Absorption & Deliveries

Past 9 Quarters



Source: CoStar Property®

Historical Deliveries 1982 - 2018



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

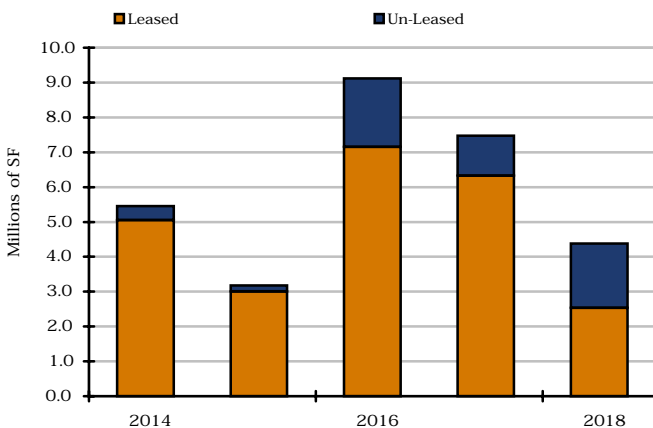
CONSTRUCTION ACTIVITY Markets Ranked by Under Construction RBA

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
South Johnson County Ind	6	1,852,198	1,300,667	70.2%	49,791	308,700
North of the River Ind	7	1,541,845	276,116	17.9%	61,277	220,264
East Jackson County Ind	1	250,000	250,000	100.0%	48,204	250,000
North Johnson County Ind	2	240,604	40,000	16.6%	34,296	120,302
Lawrence Ind	1	153,310	0	0.0%	28,653	153,310
Topeka Ind	1	20,000	17,600	88.0%	31,691	20,000
Lafayette Ind	0	0	0	0.0%	18,799	0
Atchison Ind	0	0	0	0.0%	76,866	0
Wyandotte County Ind	0	0	0	0.0%	44,403	0
Leavenworth County Ind	0	0	0	0.0%	58,416	0
All Other	0	0	0	0.0%	30,366	0
Totals	18	4,057,957	1,884,383	46.4%	41,602	225,442

Source: CoStar Property®

Recent Deliveries

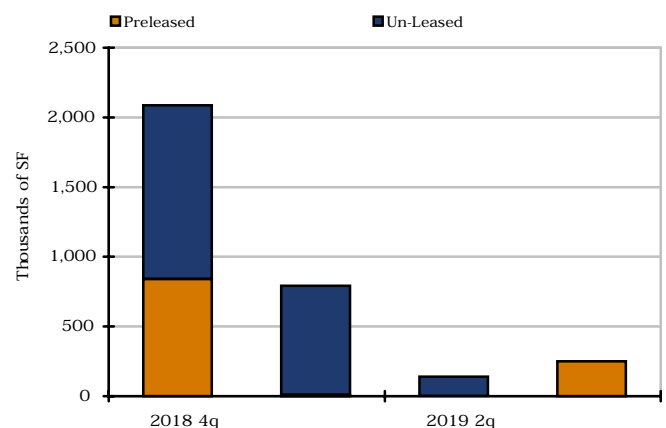
Leased & Un-Leased SF in Deliveries Since 2014



Source: CoStar Property®

Future Deliveries

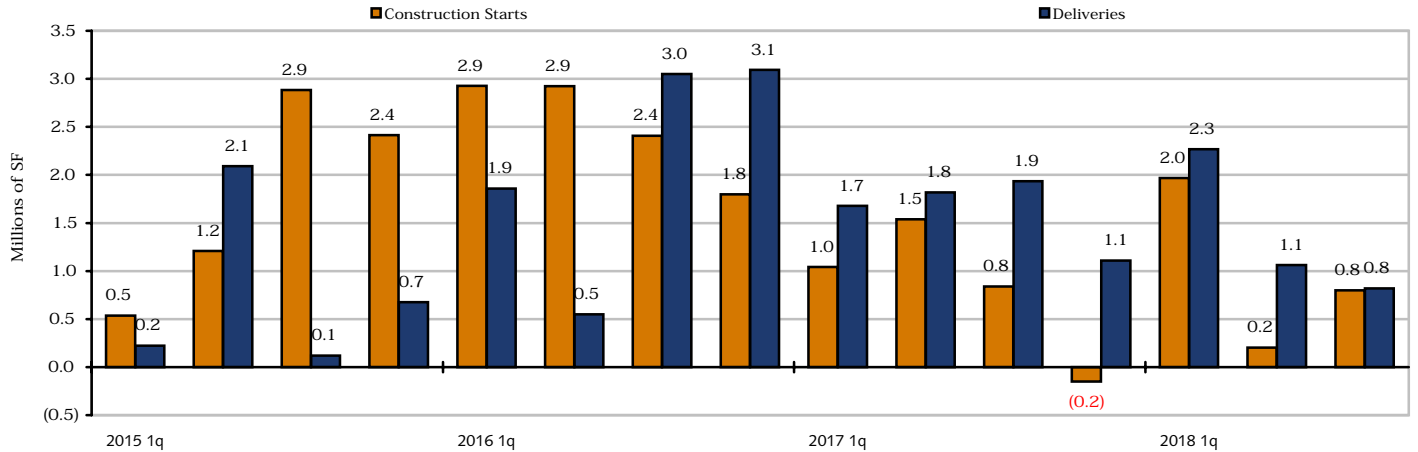
Preleased & Un-Leased SF in Properties Scheduled to Deliver



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	10	185,815	109,700	59.0%	\$9.67	14,000	171,815
50,000 SF - 99,999 SF	2	128,106	128,106	100.0%	\$0.00	0	128,106
100,000 SF - 249,999 SF	4	729,922	322,145	44.1%	\$4.75	0	729,922
250,000 SF - 499,999 SF	2	826,664	615,865	74.5%	\$4.41	0	826,664
>= 500,000 SF	3	2,506,130	1,355,841	54.1%	\$4.25	0	2,506,130

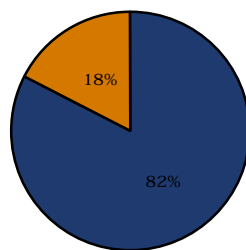
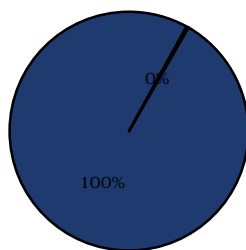
Source: CoStar Property®

Recent Development by Tenancy

Based on RBA Developed for Single & Multi-Tenant Use

2018 Deliveries

Currently Under Construction



■ Multi ■ Single

■ Multi ■ Single

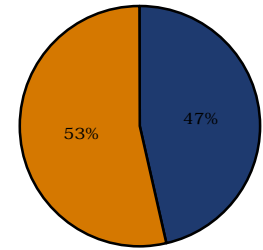
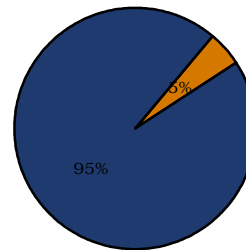
Source: CoStar Property®

Existing Inventory Comparison

Based on Total RBA

By Building Type

By Tenancy Type



■ Flex ■ Warehouse

■ Multi ■ Single

Source: CoStar Property®

Flex Market Statistics

Third Quarter 2018

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Atchison Ind	1	2,500	0	0	0.0%	0	0	0	\$0.00
Cass County Ind	14	182,075	0	0	0.0%	0	0	0	\$10.00
Downtown Ind	44	526,493	8,400	8,400	1.6%	4,000	0	0	\$13.86
East Jackson County Ind	89	1,987,941	180,430	186,742	9.4%	1,877	0	0	\$7.78
Johnson County MO Ind	4	20,900	0	0	0.0%	5,300	0	0	\$3.74
Lafayette Ind	1	2,000	0	0	0.0%	0	0	0	\$0.00
Lawrence Ind	30	496,958	59,840	67,580	13.6%	(5,925)	0	0	\$9.50
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	\$9.24
Midtown South Ind	11	273,994	14,000	14,000	5.1%	4,000	0	0	\$10.91
North Johnson County Ind	105	2,415,319	225,577	230,377	9.5%	(45,668)	58,106	0	\$9.45
North of the River Ind	48	1,909,831	491,740	491,740	25.7%	16,736	0	0	\$8.72
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	52	1,150,629	88,358	88,358	7.7%	8,357	41,215	0	\$8.38
South Johnson County Ind	153	3,552,301	143,024	153,104	4.3%	56,173	0	15,260	\$11.94
St Joseph Ind	7	112,382	0	17,500	15.6%	(17,500)	0	0	\$3.25
Topeka Ind	45	1,220,686	71,151	71,151	5.8%	(25,756)	0	20,000	\$4.94
Wyandotte County Ind	41	916,679	34,219	34,219	3.7%	43,529	0	0	\$8.05
Totals	681	16,275,580	1,323,739	1,370,171	8.4%	52,103	99,321	35,260	\$9.32

Source: CoStar Property®

Warehouse Market Statistics

Third Quarter 2018

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Atchison Ind	15	1,227,354	50,725	50,725	4.1%	0	0	0	\$0.00
Cass County Ind	133	2,952,065	34,580	34,580	1.2%	10,445	0	0	\$7.95
Downtown Ind	549	13,655,383	346,726	351,928	2.6%	189,326	0	0	\$5.64
East Jackson County Ind	1,338	66,798,557	1,951,268	1,965,668	2.9%	126,236	6,400	250,000	\$3.46
Johnson County MO Ind	23	2,064,314	0	0	0.0%	951,686	951,686	0	\$0.00
Lafayette Ind	42	806,372	7,680	7,680	1.0%	(480)	0	0	\$4.12
Lawrence Ind	268	8,041,613	148,040	148,040	1.8%	19,905	0	153,310	\$4.93
Leavenworth County Ind	70	4,188,377	359,900	359,900	8.6%	5,550	0	0	\$2.10
Midtown Ind	212	5,115,354	324,707	324,707	6.3%	31,068	0	0	\$5.30
Midtown South Ind	120	2,759,811	75,645	75,645	2.7%	23,252	0	0	\$4.40
North Johnson County Ind	682	24,575,400	1,409,065	1,461,210	5.9%	44,821	87,700	240,604	\$5.86
North of the River Ind	910	56,793,741	2,706,422	2,837,320	5.0%	831,551	1,219,464	1,541,845	\$4.15
Ottawa Ind	42	3,285,100	76,142	76,142	2.3%	0	0	0	\$3.30
Outer South Kansas City In	68	1,027,088	2,000	2,000	0.2%	14,780	0	0	\$2.91
Outlying KC MO Ind	47	1,925,006	50,000	50,000	2.6%	4,125	0	0	\$1.94
South Jackson County Ind	625	20,740,391	842,353	842,353	4.1%	83,420	6,000	0	\$4.32
South Johnson County Ind	835	45,641,270	4,744,767	4,744,767	10.4%	1,151,904	1,775,944	1,836,938	\$4.41
St Joseph Ind	208	9,314,965	260,021	260,021	2.8%	(137,625)	0	0	\$2.71
Topeka Ind	525	16,843,433	547,698	547,698	3.3%	108,429	0	0	\$3.17
Wyandotte County Ind	937	42,509,389	1,254,828	1,254,828	3.0%	376,459	0	0	\$4.05
Totals	7,649	330,264,983	15,192,567	15,395,212	4.7%	3,834,852	4,047,194	4,022,697	\$4.07

Source: CoStar Property®

Total Industrial Market Statistics

Third Quarter 2018

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Atchison Ind	16	1,229,854	50,725	50,725	4.1%	0	0	0	\$0.00
Cass County Ind	147	3,134,140	34,580	34,580	1.1%	10,445	0	0	\$8.12
Downtown Ind	593	14,181,876	355,126	360,328	2.5%	193,326	0	0	\$5.89
East Jackson County Ind	1,427	68,786,498	2,131,698	2,152,410	3.1%	128,113	6,400	250,000	\$3.76
Johnson County MO Ind	27	2,085,214	0	0	0.0%	956,986	951,686	0	\$3.74
Lafayette Ind	43	808,372	7,680	7,680	1.0%	(480)	0	0	\$4.12
Lawrence Ind	298	8,538,571	207,880	215,620	2.5%	13,980	0	153,310	\$5.69
Leavenworth County Ind	72	4,205,977	359,900	359,900	8.6%	5,550	0	0	\$2.10
Midtown Ind	233	6,483,794	324,707	324,707	5.0%	38,048	0	0	\$5.45
Midtown South Ind	131	3,033,805	89,645	89,645	3.0%	27,252	0	0	\$5.67
North Johnson County Ind	787	26,990,719	1,634,642	1,691,587	6.3%	(847)	145,806	240,604	\$6.23
North of the River Ind	958	58,703,572	3,198,162	3,329,060	5.7%	848,287	1,219,464	1,541,845	\$4.25
Ottawa Ind	43	3,295,600	76,142	76,142	2.3%	0	0	0	\$3.30
Outer South Kansas City In	78	1,120,713	9,000	9,000	0.8%	14,780	0	0	\$2.91
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	21,891,020	930,711	930,711	4.3%	91,777	47,215	0	\$4.49
South Johnson County Ind	988	49,193,571	4,887,791	4,897,871	10.0%	1,208,077	1,775,944	1,852,198	\$4.83
St Joseph Ind	215	9,427,347	260,021	277,521	2.9%	(155,125)	0	0	\$2.73
Topeka Ind	570	18,064,119	618,849	618,849	3.4%	82,673	0	20,000	\$3.27
Wyandotte County Ind	978	43,426,068	1,289,047	1,289,047	3.0%	419,988	0	0	\$4.17
Totals	8,330	346,540,563	16,516,306	16,765,383	4.8%	3,886,955	4,146,515	4,057,957	\$4.33

Source: CoStar Property®

Flex Submarket Statistics

Third Quarter 2018

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Airport/N Platte Co .	13	825,762	46,459	46,459	5.6%	28,279	0	0	\$8.66
Armourdale Ind	14	451,379	27,319	27,319	6.1%	25,067	0	0	\$8.55
Atchison Ind	1	2,500	0	0	0.0%	0	0	0	\$0.00
Blue Springs Ind	29	302,661	60,258	60,258	19.9%	18,500	0	0	\$8.79
Bonner Springs Ind	5	58,000	0	0	0.0%	10,000	0	0	\$0.00
Cass County Ind	14	182,075	0	0	0.0%	0	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	190,192	11,890	11,890	6.3%	(11,890)	0	0	\$6.36
Claycomo Ind	6	644,641	409,484	409,484	63.5%	1,924	0	0	\$5.98
Downtown KC Ind	44	526,493	8,400	8,400	1.6%	4,000	0	0	\$13.86
East Bottoms KC Ind	3	359,600	35,500	35,500	9.9%	5,000	0	0	\$7.00
Executive Park Ind	11	290,872	27,090	33,402	11.5%	12,018	0	0	\$6.10
Grandview Ind	14	100,546	6,136	6,136	6.1%	1,944	0	0	\$8.78
Independence Ind	17	307,767	0	0	0.0%	2,500	0	0	\$8.00
Johnson County MO In	4	20,900	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	1	2,000	0	0	0.0%	0	0	0	\$0.00
Lawrence Ind	30	496,958	59,840	67,580	13.6%	(5,925)	0	0	\$9.50
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	57	1,520,215	188,814	193,614	12.7%	(48,463)	58,106	0	\$9.45
Liberty Ind	12	152,920	11,250	11,250	7.4%	5,650	0	0	\$12.72
Merriam/Mission Ind	8	82,875	0	0	0.0%	4,500	0	0	\$8.66
Metcalf/SE JoCo Ind	41	606,918	30,863	30,863	5.1%	4,431	0	15,260	\$11.70
Midtown Ind	21	1,368,440	0	0	0.0%	6,980	0	0	\$9.24
Midtown South Ind	11	273,994	14,000	14,000	5.1%	4,000	0	0	\$10.91
Northeast Clay Count.	2	6,700	0	0	0.0%	0	0	0	\$0.00
Olathe Ind	112	2,945,383	112,161	122,241	4.2%	51,742	0	0	\$11.99
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	36,763	36,763	4.8%	(3,205)	0	0	\$9.71
Raytown/Lakewood Inc	20	294,261	0	0	0.0%	21,441	0	0	\$6.62
Riverside/Parkville	5	89,616	12,657	12,657	14.1%	(7,227)	0	0	\$9.42
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	17,500	15.6%	(17,500)	0	0	\$3.25
Topeka Ind	45	1,220,686	71,151	71,151	5.8%	(25,756)	0	20,000	\$4.94
Turner Ind	14	345,974	6,900	6,900	2.0%	397	0	0	\$6.84
Totals	681	16,275,580	1,323,739	1,370,171	8.4%	52,103	99,321	35,260	\$9.32

Source: CoStar Property®

Warehouse Submarket Statistics

Third Quarter 2018

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Airport/N Platte Co .	74	6,590,253	312,227	312,227	4.7%	(1,896)	232,800	0	\$4.89
Armourdale Ind	416	12,353,230	337,549	337,549	2.7%	112,086	0	0	\$4.18
Atchison Ind	15	1,227,354	50,725	50,725	4.1%	0	0	0	\$0.00
Blue Springs Ind	241	3,731,388	99,250	99,250	2.7%	(11,747)	6,400	250,000	\$6.76
Bonner Springs Ind	96	6,017,606	176,163	176,163	2.9%	(27,475)	0	0	\$6.16
Cass County Ind	133	2,952,065	34,580	34,580	1.2%	10,445	0	0	\$7.95
Central KC KS/Fairfa.	188	15,515,505	305,279	305,279	2.0%	(60,734)	0	0	\$3.92
City of North KC Ind	401	18,534,188	874,365	909,365	4.9%	(161,728)	0	0	\$3.77
Claycomo Ind	149	18,947,472	955,989	955,989	5.0%	564,774	826,664	946,405	\$3.96
Downtown KC Ind	549	13,655,383	346,726	351,928	2.6%	189,326	0	0	\$5.64
East Bottoms KC Ind	483	16,705,216	704,307	718,707	4.3%	126,130	0	0	\$2.73
Executive Park Ind	193	18,206,455	519,654	519,654	2.9%	(14,830)	0	0	\$4.17
Grandview Ind	302	10,991,237	448,426	448,426	4.1%	103,919	6,000	0	\$3.65
Independence Ind	180	19,679,213	552,484	552,484	2.8%	(69,725)	0	0	\$3.14
Johnson County MO In.	23	2,064,314	0	0	0.0%	951,686	951,686	0	\$0.00
Kansas City KS Ind	87	1,671,678	19,800	19,800	1.2%	(10,434)	0	0	\$9.18
Lafayette County Ind	42	806,372	7,680	7,680	1.0%	(480)	0	0	\$4.12
Lawrence Ind	268	8,041,613	148,040	148,040	1.8%	19,905	0	153,310	\$4.93
Leavenworth County I.	70	4,188,377	359,900	359,900	8.6%	5,550	0	0	\$2.10
Lees Summit Ind	236	5,374,022	182,939	182,939	3.4%	(91,404)	0	0	\$6.10
Lenexa Ind	346	17,740,711	937,090	981,635	5.5%	150,196	87,700	240,604	\$5.81
Liberty Ind	119	4,989,394	226,490	322,388	6.5%	(16,490)	60,000	50,000	\$4.42
Merriam/Mission Ind	182	2,573,399	33,780	33,780	1.3%	(8,380)	0	0	\$6.33
Metcalfe/SE JoCo Ind	69	1,280,108	7,200	7,200	0.6%	(7,200)	0	0	\$7.37
Midtown Ind	212	5,115,354	324,707	324,707	6.3%	31,068	0	0	\$5.30
Midtown South Ind	120	2,759,811	75,645	75,645	2.7%	23,252	0	0	\$4.40
Northeast Clay Count.	57	1,994,229	22,280	22,280	1.1%	5,020	0	0	\$6.07
Olathe Ind	766	44,361,162	4,737,567	4,737,567	10.7%	1,159,104	1,775,944	1,836,938	\$4.40
Ottawa Ind	42	3,285,100	76,142	76,142	2.3%	0	0	0	\$3.30
Outer South Kansas C.	68	1,027,088	2,000	2,000	0.2%	14,780	0	0	\$2.91
Outlying KC MO Ind	47	1,925,006	50,000	50,000	2.6%	4,125	0	0	\$1.94
Overland Park Ind	96	2,088,539	96,395	103,995	5.0%	(31,280)	0	0	\$6.29
Raytown/Lakewood Inc	102	3,109,896	36,828	36,828	1.2%	2,757	0	0	\$6.14
Riverside/Parkville .	110	5,738,205	315,071	315,071	5.5%	441,871	100,000	545,440	\$4.49
Shawnee Ind	58	2,172,751	341,800	341,800	15.7%	(65,715)	0	0	\$5.90
South KC Ind	87	4,375,132	210,988	210,988	4.8%	70,905	0	0	\$4.64
Sports Complex Ind	139	5,366,389	38,745	38,745	0.7%	93,651	0	0	\$4.28
St Joseph Ind	208	9,314,965	260,021	260,021	2.8%	(137,625)	0	0	\$2.71
Topeka Ind	525	16,843,433	547,698	547,698	3.3%	108,429	0	0	\$3.17
Turner Ind	150	6,951,370	416,037	416,037	6.0%	363,016	0	0	\$3.61
Totals	7,649	330,264,983	15,192,567	15,395,212	4.7%	3,834,852	4,047,194	4,022,697	\$4.07

Source: CoStar Property®

Total Industrial Submarket Statistics

Third Quarter 2018

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Airport/N Platte Co .	87	7,416,015	358,686	358,686	4.8%	26,383	232,800	0	\$5.39
Armourdale Ind	430	12,804,609	364,868	364,868	2.8%	137,153	0	0	\$4.46
Atchison Ind	16	1,229,854	50,725	50,725	4.1%	0	0	0	\$0.00
Blue Springs Ind	270	4,034,049	159,508	159,508	4.0%	6,753	6,400	250,000	\$7.58
Bonner Springs Ind	101	6,075,606	176,163	176,163	2.9%	(17,475)	0	0	\$6.16
Cass County Ind	147	3,134,140	34,580	34,580	1.1%	10,445	0	0	\$8.12
Central KC KS/Fairfa.	191	15,537,970	305,279	305,279	2.0%	(52,669)	0	0	\$3.92
City of North KC Ind	411	18,724,380	886,255	921,255	4.9%	(173,618)	0	0	\$3.80
Claycomo Ind	155	19,592,113	1,365,473	1,365,473	7.0%	566,698	826,664	946,405	\$3.97
Downtown KC Ind	593	14,181,876	355,126	360,328	2.5%	193,326	0	0	\$5.89
East Bottoms KC Ind	486	17,064,816	739,807	754,207	4.4%	131,130	0	0	\$2.77
Executive Park Ind	204	18,497,327	546,744	553,056	3.0%	(2,812)	0	0	\$4.24
Grandview Ind	316	11,091,783	454,562	454,562	4.1%	105,863	6,000	0	\$3.81
Independence Ind	197	19,986,980	552,484	552,484	2.8%	(67,225)	0	0	\$3.68
Johnson County MO In	27	2,085,214	0	0	0.0%	956,986	951,686	0	\$3.74
Kansas City KS Ind	92	1,710,539	19,800	19,800	1.2%	(10,434)	0	0	\$9.18
Lafayette County Ind	43	808,372	7,680	7,680	1.0%	(480)	0	0	\$4.12
Lawrence Ind	298	8,538,571	207,880	215,620	2.5%	13,980	0	153,310	\$5.69
Leavenworth County I.	72	4,205,977	359,900	359,900	8.6%	5,550	0	0	\$2.10
Lees Summit Ind	263	5,846,858	240,965	240,965	4.1%	(84,991)	41,215	0	\$6.45
Lenexa Ind	403	19,260,926	1,125,904	1,175,249	6.1%	101,733	145,806	240,604	\$6.24
Liberty Ind	131	5,142,314	237,740	333,638	6.5%	(10,840)	60,000	50,000	\$4.64
Merriam/Mission Ind	190	2,656,274	33,780	33,780	1.3%	(3,880)	0	0	\$6.59
Metcalfe/SE JoCo Ind	110	1,887,026	38,063	38,063	2.0%	(2,769)	0	15,260	\$10.58
Midtown Ind	233	6,483,794	324,707	324,707	5.0%	38,048	0	0	\$5.45
Midtown South Ind	131	3,033,805	89,645	89,645	3.0%	27,252	0	0	\$5.67
Northeast Clay Count.	59	2,000,929	22,280	22,280	1.1%	5,020	0	0	\$6.07
Olathe Ind	878	47,306,545	4,849,728	4,859,808	10.3%	1,210,846	1,775,944	1,836,938	\$4.76
Ottawa Ind	43	3,295,600	76,142	76,142	2.3%	0	0	0	\$3.30
Outer South Kansas C.	78	1,120,713	9,000	9,000	0.8%	14,780	0	0	\$2.91
Outlying KC MO Ind	49	1,939,733	50,000	50,000	2.6%	4,125	0	0	\$1.94
Overland Park Ind	130	2,850,533	133,158	140,758	4.9%	(34,485)	0	0	\$6.70
Raytown/Lakewood Inc	122	3,404,157	36,828	36,828	1.1%	24,198	0	0	\$6.27
Riverside/Parkville .	115	5,827,821	327,728	327,728	5.6%	434,644	100,000	545,440	\$4.56
Shawnee Ind	64	2,222,986	341,800	341,800	15.4%	(64,215)	0	0	\$5.92
South KC Ind	98	4,952,379	235,184	235,184	4.7%	70,905	0	0	\$4.72
Sports Complex Ind	148	5,799,169	96,327	96,327	1.7%	36,069	0	0	\$4.28
St Joseph Ind	215	9,427,347	260,021	277,521	2.9%	(155,125)	0	0	\$2.73
Topeka Ind	570	18,064,119	618,849	618,849	3.4%	82,673	0	20,000	\$3.27
Turner Ind	164	7,297,344	422,937	422,937	5.8%	363,413	0	0	\$3.64
Totals	8,330	346,540,563	16,516,306	16,765,383	4.8%	3,886,955	4,146,515	4,057,957	\$4.33

Source: CoStar Property®

Flex Market Statistics

Third Quarter 2018

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2018 3q	681	16,275,580	1,323,739	1,370,171	8.4%	96,844	1	58,106	2	35,260	\$9.32
2018 2q	680	16,217,474	1,391,089	1,408,909	8.7%	(52,095)	0	0	2	78,106	\$9.01
2018 1q	680	16,217,474	1,338,994	1,356,814	8.4%	7,354	1	41,215	1	58,106	\$8.97
2017 4q	679	16,176,259	1,305,133	1,322,953	8.2%	4,746	1	7,600	2	99,321	\$8.68
2017 3q	678	16,168,659	1,310,019	1,320,099	8.2%	(69,968)	0	0	3	106,921	\$8.62
2017 2q	678	16,168,659	1,250,131	1,250,131	7.7%	(383,082)	1	24,000	2	99,321	\$8.90
2017 1q	677	16,144,659	841,424	843,049	5.2%	30,103	1	9,000	2	82,106	\$8.74
2016	676	16,135,659	862,232	864,152	5.4%	386,127	2	74,000	2	33,000	\$8.83
2015	674	16,061,659	1,176,279	1,176,279	7.3%	111,204	0	0	1	50,000	\$8.77
2014	674	16,061,659	1,273,241	1,287,483	8.0%	603,103	1	400,000	0	0	\$8.35
2013	673	15,661,659	1,476,344	1,490,586	9.5%	123,715	1	13,716	1	400,000	\$8.25
2012	672	15,647,943	1,561,335	1,600,585	10.2%	201,968	1	10,000	0	0	\$8.60
2011	671	15,637,943	1,681,005	1,792,553	11.5%	78,524	2	74,441	1	10,000	\$8.22
2010	669	15,563,502	1,723,413	1,796,636	11.5%	(161,848)	1	50,000	1	62,541	\$8.12
2009	667	15,499,174	1,540,349	1,570,460	10.1%	182,531	4	115,659	1	14,328	\$8.59
2008	662	15,346,065	1,565,414	1,599,882	10.4%	219,032	7	260,409	5	153,109	\$8.53

Source: CoStar Property®

Warehouse Market Statistics

Third Quarter 2018

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2018 3q	7,649	330,264,983	15,192,567	15,395,212	4.7%	1,157,319	6	760,532	16	4,022,697	\$4.07
2018 2q	7,643	329,504,451	15,478,589	15,791,999	4.8%	1,623,285	4	1,060,686	19	3,999,842	\$4.05
2018 1q	7,637	328,203,643	15,859,254	16,124,476	4.9%	1,054,248	8	2,225,976	21	4,876,650	\$4.03
2017 4q	7,630	331,077,667	19,860,299	20,052,748	6.1%	1,057,318	4	1,101,535	22	5,133,854	\$4.04
2017 3q	7,624	329,615,034	19,449,666	19,647,433	6.0%	2,006,073	8	1,935,266	24	6,385,591	\$3.99
2017 2q	7,613	327,553,466	19,449,950	19,591,938	6.0%	2,547,760	6	1,793,252	27	7,491,203	\$3.97
2017 1q	7,603	325,572,214	19,837,285	20,158,446	6.2%	1,627,529	10	1,669,964	29	7,788,816	\$4.01
2016	7,593	323,902,250	19,814,862	20,116,011	6.2%	7,579,501	28	8,476,043	33	8,476,492	\$4.07
2015	7,568	315,716,260	19,388,824	19,509,522	6.2%	4,758,393	14	3,107,645	24	6,951,600	\$3.91
2014	7,557	312,767,795	20,974,901	21,319,450	6.8%	1,025,999	22	5,013,205	12	3,069,278	\$3.83
2013	7,540	307,832,047	17,230,106	17,409,701	5.7%	3,324,892	11	2,654,634	16	2,964,556	\$3.78
2012	7,533	305,201,638	17,675,280	18,104,184	5.9%	5,111,413	6	1,539,102	9	2,435,719	\$3.69
2011	7,527	303,658,975	21,021,312	21,672,934	7.1%	313,175	4	419,106	5	1,551,538	\$3.77
2010	7,522	303,361,775	20,826,896	21,688,909	7.1%	(1,936,096)	3	55,025	4	967,271	\$3.86
2009	7,520	303,500,734	19,573,498	19,891,772	6.6%	145,451	6	1,658,718	4	60,481	\$3.98
2008	7,511	301,826,800	17,714,757	18,363,289	6.1%	2,184,910	15	1,567,447	5	85,648	\$3.99

Source: CoStar Property®

Total Industrial Market Statistics

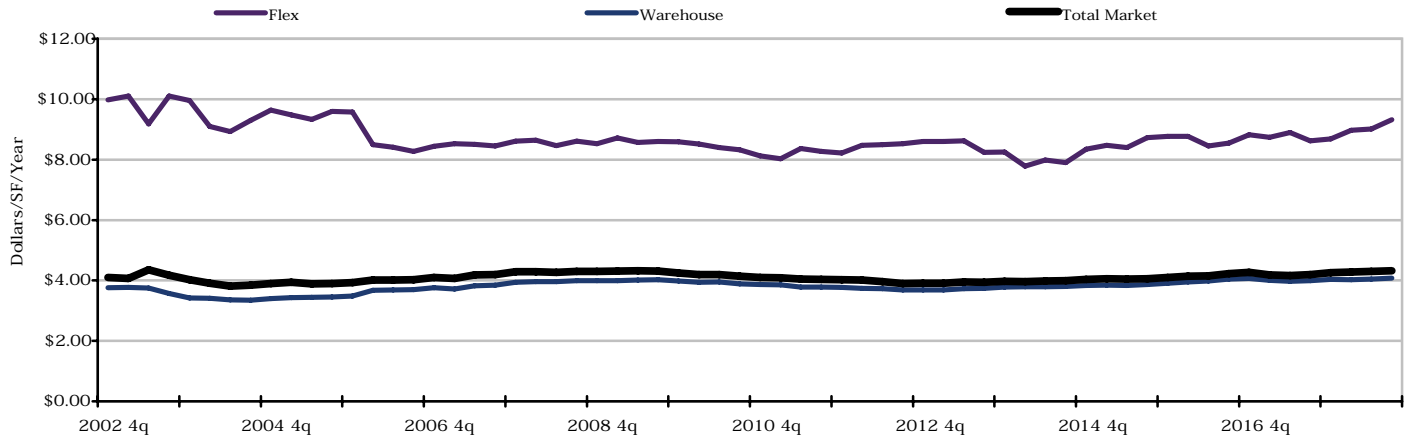
Third Quarter 2018

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2018 3q	8,330	346,540,563	16,516,306	16,765,383	4.8%	1,254,163	7	818,638	18	4,057,957	\$4.33
2018 2q	8,323	345,721,925	16,869,678	17,200,908	5.0%	1,571,190	4	1,060,686	21	4,077,948	\$4.30
2018 1q	8,317	344,421,117	17,198,248	17,481,290	5.1%	1,061,602	9	2,267,191	22	4,934,756	\$4.28
2017 4q	8,309	347,253,926	21,165,432	21,375,701	6.2%	1,062,064	5	1,109,135	24	5,233,175	\$4.25
2017 3q	8,302	345,783,693	20,759,685	20,967,532	6.1%	1,936,105	8	1,935,266	27	6,492,512	\$4.19
2017 2q	8,291	343,722,125	20,700,081	20,842,069	6.1%	2,164,678	7	1,817,252	29	7,590,524	\$4.17
2017 1q	8,280	341,716,873	20,678,709	21,001,495	6.1%	1,657,632	11	1,678,964	31	7,870,922	\$4.19
2016	8,269	340,037,909	20,677,094	20,980,163	6.2%	7,965,628	30	8,550,043	35	8,509,492	\$4.27
2015	8,242	331,777,919	20,565,103	20,685,801	6.2%	4,869,597	14	3,107,645	25	7,001,600	\$4.09
2014	8,231	328,829,454	22,248,142	22,606,933	6.9%	1,629,102	23	5,413,205	12	3,069,278	\$4.03
2013	8,213	323,493,706	18,706,450	18,900,287	5.8%	3,448,607	12	2,668,350	17	3,364,556	\$3.97
2012	8,205	320,849,581	19,236,615	19,704,769	6.1%	5,313,381	7	1,549,102	9	2,435,719	\$3.91
2011	8,198	319,296,918	22,702,317	23,465,487	7.3%	391,699	6	493,547	6	1,561,538	\$4.03
2010	8,191	318,925,277	22,550,309	23,485,545	7.4%	(2,097,944)	4	105,025	5	1,029,812	\$4.10
2009	8,187	318,999,908	21,113,847	21,462,232	6.7%	327,982	10	1,774,377	5	74,809	\$4.25
2008	8,173	317,172,865	19,280,171	19,963,171	6.3%	2,403,942	22	1,827,856	10	238,757	\$4.29

Source: CoStar Property®

Historical Rental Rates

Based on Quoted Rental Rates



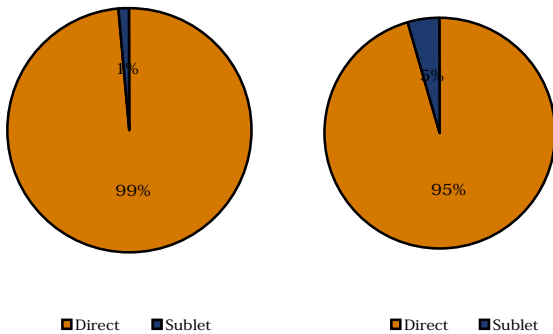
Source: CoStar Property®

Vacancy by Available Space Type

Percent of All Vacant Space in Direct vs. Sublet

Kansas City

United States



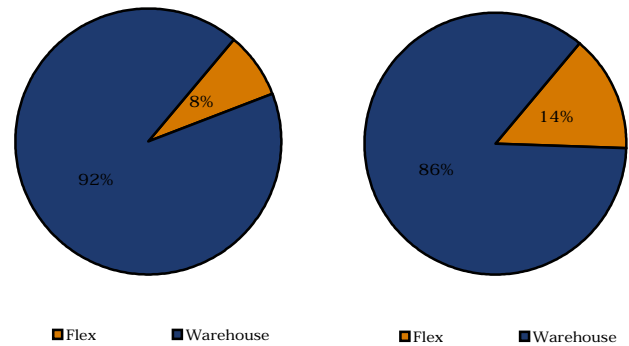
Source: CoStar Property®

Vacancy by Building Type

Percent of All Vacant Space by Building Type

Kansas City

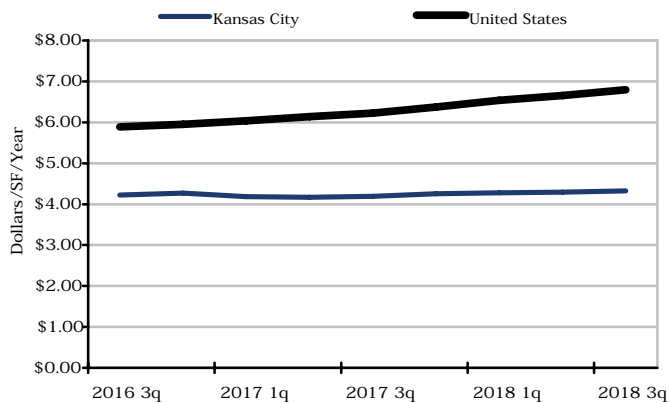
United States



Source: CoStar Property®

U.S. Rental Rate Comparison

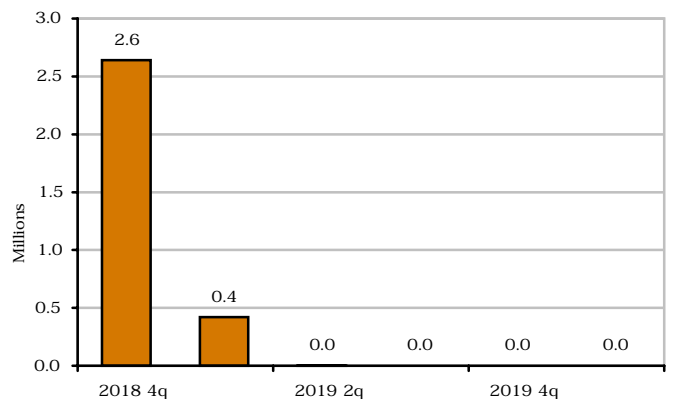
Based on Average Quoted Rental Rates



Source: CoStar Property®

Future Space Available

Space Scheduled to be Available for Occupancy*

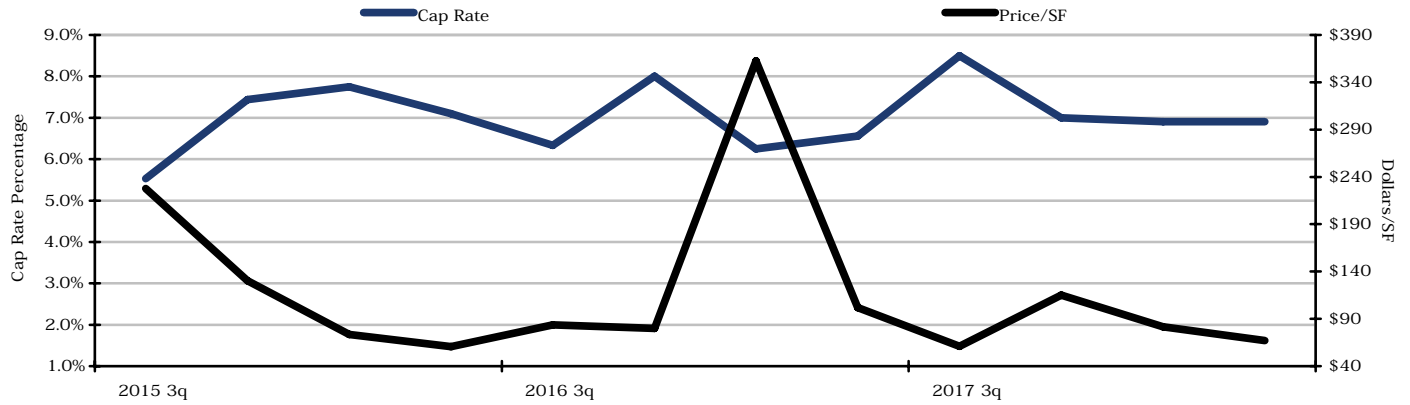


Source: CoStar Property®

* Includes Under Construction Space

The Optimist Sales Index

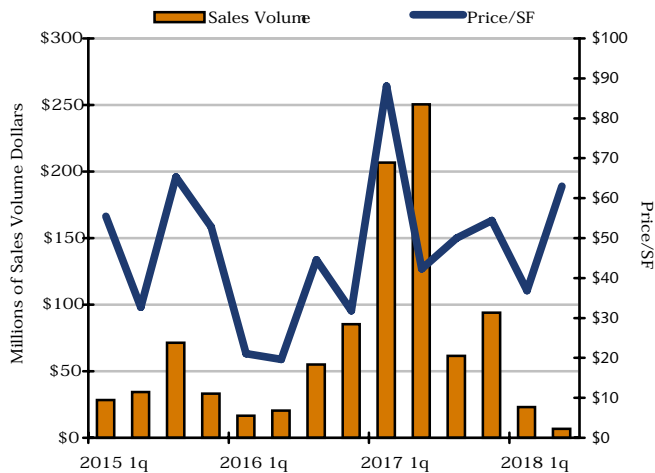
Average of Two Highest Price/SF's and Two Lowest Cap Rates Per Quarter



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

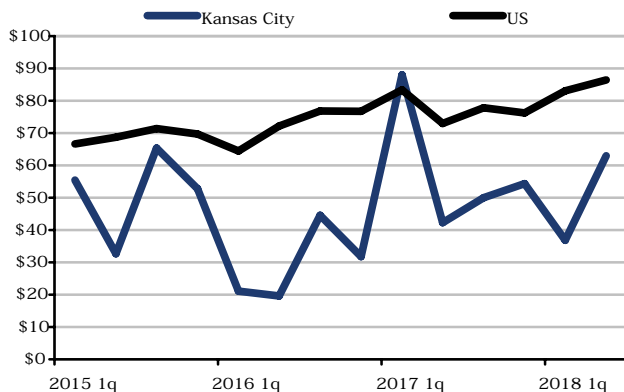
Based on Industrial Bldg Sales From July 2017 - June 2018

Bldg Size	#	RBA	\$ Volume	Price/SF	Cap Rate
< 25,000 SF	24	338,737	\$28,415,610	\$ 83.89	7.79%
25K-99K SF	14	678,343	\$27,985,683	\$ 41.26	-
100K-249K SF	7	1,098,533	\$64,298,000	\$ 58.53	7.00%
>250K SF	3	1,744,968	\$82,700,000	\$ 47.39	-

Source: CoStar COMPS®

U.S. Price/SF Comparison

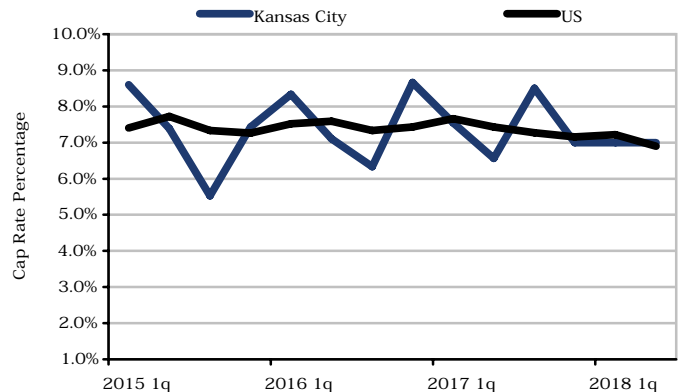
Based on Industrial Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

U.S. Cap Rate Comparison

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



Source: CoStar COMPS®