

MARKETBEAT OFFICE SNAPSHOT



KANSAS CITY, MO

A Cushman & Wakefield Alliance Research Publication

Q4 2011



ECONOMIC OVERVIEW

The Kansas City office market ended the 4Q11 with a vacancy rate of 17.7% from 17.6% 3Q11. The 4Q11 CBD vacancy rate ended at 16.6% with the Non-CBD at 18.2%. No new space was completed in the Kansas City market during 4Q11. This compares to two buildings totalling 80,258 square feet (sf) completed in 2Q11. A two-building office complex sold in 4Q11 totalling approximately 158,038 sf located on the Country Club Plaza.

The Kansas City area's unemployment rate dipped to 7.4% in November, as compared to 9.1% year-end 2010, according to the U.S. Bureau of Labor Statistics.

KANSAS CITY ANNOUNCEMENTS

March 30th, Google announces Kansas City, Kansas as the winner of a nationwide competition to be the first city wired with its ultra-fast broadband network. Seven weeks later, Kansas City, Missouri is also selected.

AMC Entertainment announces it is leaving downtown Kansas City, its home since the firm was established in 1920, for the Park Place development in Leawood, Kansas. The decision to relocate the company and its 400 jobs was prompted by a \$47-million incentive package from Kansas.

The Kauffman Center for the Performing Arts opened a \$413-million investment that attracts international attention to Kansas City and promises to be a magnet for future investment in the surrounding area.

MARKET ACTIVITY

Black & Veatch leased 81,766 sf of space on the Sprint Campus while the engineering firm prepares for renovations and expansions to its headquarters building located at 11401 Lamar in Overland Park, Kansas.

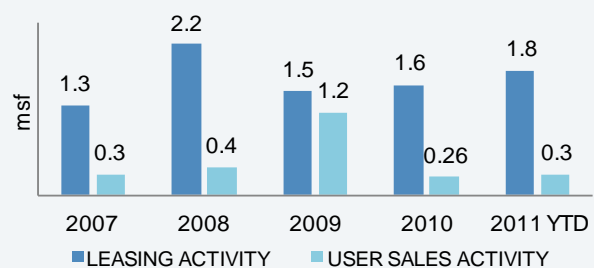
The 220,000-sf office building located at 8140 Ward Parkway has been vacant for approximately two years and is now 90% occupied with the signing of New Directions Behavioral Health's 60,337-sf lease during 4Q11 and Applebee's International 130,000-sf lease relocating their headquarters from Lenexa, Kansas to Kansas City, Missouri due to incentives received.

The 110,000-sf Silver LEED Certified, class A, Two Hallbrook Place, in Leawood, Kansas completed construction in May 2009. Leases were signed in 2011 with Ascend Technologies for 83,037 sf, Morgan Stanley for 10,800 sf, and Davis Ketchmark McCreight Law Firm for 7,701 sf taking this building to approximately 92% occupied.

STATS ON THE GO

	4Q10	4Q11	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	18.5%	17.7%	-0.8pp	▼
Direct Asking Rents (psf)	\$18.23	\$17.37	-4.7%	▼
YTD Leasing Activity (sf)	1,567,819	1,799,254	14.8%	▲

OVERALL OCCUPIER ACTIVITY



DIRECT RENTAL VS. VACANCY RATES

