THE REAL ESTATE REPORT
FOR METROPOLITAN KANSAS CITY

2021

PRESENTED BY BLOCK REAL ESTATE SERVICES, LLC

About The Cover

Overland Park, Kansas, artist Jeffrey Owen Hanson (1993-2020) passed away in December, 2020, from a brain tumor associated with neurofibromatosis. To honor our friend, a great artist and philanthropist, 46 Penn Centre featured animated videos of Jeff's artwork including Cruising the Caribbean, (pictured front with close-up on inside cover) which he generously allowed us to display on CityPlace Corporate Centre III in 2019. We look forward to showcasing more of Jeff Hanson's work, as well as other local artists. Jeff's studio, Jeff Hanson Art, will continue creating original paintings in Jeff's signature style, for sale and commission, while pursuing Jeff's goal of $10 million to charity (currently at $6.7 million).

Visit JeffHansonArt.com to learn more.

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BLOCK REAL ESTATE SERVICES, LLC

BLOCK REAL ESTATE SERVICES, LLC (BRES) HIGHLIGHTS OF 2020

TRANSACTIONS

BRES completed the year with total sales and leasing transactions in excess of $1.2 Billion.

PROPERTY MANAGEMENT

BRES commercial management portfolio reached over 44.02 million square feet of commercial space.

CONSTRUCTION

Block Construction Services (BCS) managed over $337 million of development projects and coordinated over $25 million of development projects and tenant improvements under construction in 2020, including work in all sectors, including office, industrial/ warehouse/distrbution, multifamily, and retail.

INVESTMENT

BRES completed over $337 million in investment sales and raised over $105 million in equity funds for new acquisitions and development projects.

AFFILIATES

Block Hawley Commercial Real Estate, LLC ran Kansas as one of the most active industrial brokerage firms in St.Louis, with approximately 2.2 million square feet of listed property and nearly 4.5 million square feet under management.

Block Multifamily Group (BMG) now manages approximately 6,750 units with approximately an additional 2,067 in either development or construction.

Block Technology Solutions (BTS) completed 132 installations in over 33 million square feet totaling over $2 million in sales volume.

Success Abounds in Kansas City

Exhausting, Lost, Chaotic, Surreal, Relentless.

These were all words readers of The Washington Post used to describe 2020. No matter what word you use to describe this past year, it will certainly be a year that we will not soon forget. Below is a snapshot of some of the significant events of 2020. We will provide additional details on some of these items in the Global, U.S., Kansas City Overview section.

2020 began with the Australian bushfires, followed by the COVID-19 pandemic and the impeachment of President Donald Trump.From there we went into the stock market crash of 2020, the killing of George Floyd, and the Black Lives Matter protests. Later in the year, 2020 brought us the west coast wildfires followed by the death of Supreme Court Justice Ruth Bader Ginsberg.

We were able to end 2020 on a positive note with the COVID-19 vaccine rollout and Congress passing a $2.3 trillionappropriations bill which included a $900 billion COVID relief stimulus package.Even though this year was especially challenging, we did see this nation come together in ways we have never experienced before.Neighbors started singing in the rain with socially distanced dance parties; Elon Musk's SpaceX launched Americans into orbit from U.S. soil for the first time in almost nine years; LeVar Burton read to quarantined people; an Iowa boy sold baseball bats from fallen trees to aide storm victims and a seven-year-old threw a personal prom for his babysitter after hers was cancelled due to the pandemic.In November, a Boston resident held a virtual Thanksgiving dinner and invited anyone spending the holiday alone to join her.

As we put 2020 behind us and look forward to 2021, let's use the following words to describe the coming year:

Restorative, Promising, Encouraging, Hopeful, Peaceful.

In May 2020, BRES was honored to win Best Companies to Work For by Ingram's. With the events surrounding 2020, the recognition means just that much more as the leadership at BRES made quick decisions enabling all of its employees to continue working in a safe, remote manner. Pictured above, left to right: Kimberly Mann, Chief Financial Officer; Michael Block, Principal-Designated Broker; Brian Beggs, Executive Vice President, Chief Investment Officer; Doug Roth, Chief Information Officer; Stephen Block, Principal; Scott Cordes, Senior Vice President, Chief Operating Officer; Ali Brady, Insurance Manager; Ken Block, Managing Principal.

SUCCESS ABOUNDS IN KANSAS CITY

A world where we can put aside our differences, come together and coexist is a world where we can disagree without conflict.

Block Real Estate Services, LLC (BRES) continues to lead the Kansas City commercial real estate industry and was recognized in 2020 by the following publications based on their 2019 numbers:

KANSAS CITY BUSINESS JOURNAL

- #1 Commercial real estate property manager—managing over 42 million gross leasable square feet—managing industrial, office and retail
- #1 Most active commercial real estate firm with 769 transactions
- #3 Largest commercial real estate firm with volume of $890.50 million
- #2 Commercial real estate company with 69 real estate agents
- #9 Top Area Multitenant Industrial Facility (Pine Ridge Business Park—2,649,076 square feet)
- #15 Top Area Multitenant Industrial Facility (Lenexa Logistics Centre—1,712,724 square feet)
- #20 Top Area Multitenant Industrial Facility (Riverside Industrial & Distribution Center—1,337,561 square feet)
- #22 Top Area Multitenant Industrial Facility (Paseo Industrial Park—926,000 square feet)
- #23 Top Area Multitenant Industrial Facility (College Crossing Business Park—820,140 square feet)
- #24 Top Area Multitenant Office Building (Pinnacle Corporate Centre I—73,393 leasable square feet)
- #25 Top Area Multitenant Office Building (Four Pine Ridge Plaza—68,773 leasable square feet)

ST. LOUIS BUSINESS JOURNAL

- #19 Largest commercial real estate firm, based on number of local active licensed agents (Block Hawley)
- #23 Largest commercial real estate firm, based on number of total local staff (Block Hawley)

NATIONAL REAL ESTATE INVESTOR

- Ranked 23rd for total office space developed or under construction of 600,000 square feet

COMMERCIAL PROPERTY EXECUTIVE - NATIONAL RANKING

- Ranked 13th top national property manager
- Ranked 28th top national commercial development firm
- Ranked 39th top national multifamily owners

MIDWEST REAL ESTATE NEWS

- Ranked 5th in top owners in the Midwest
- Ranked 9th in top property management in the Midwest
- Ranked 11th in top developers in the Midwest
- Ranked 12th in top brokers in the Midwest

INGRAM'S

- #1 Top area commercial real estate company for $890 million gross sales
- #1 Top area commercial real estate company for square footage managed/sold/leased
- Best Commercial Real-Estate Firm - Silver Award

COSTAR GROUP, INC.

- #2 Top area leasing firms
- #3 Top area sales firms
- Power Broker Award Winner

AWARD WINNING DEVELOPMENTS

- 2019 - 531 Grand, Kansas City, Missouri - Capstone Award Winner - Kansas City Business Journal
- 2019 - The Grand, Kansas City, Missouri - Best Adaptive Re-Use, Excellent Award - Historic Kansas City
- 2019 - The Grand, Kansas City, Missouri - Capstone Award Winner - Kansas City Business Journal
- 2018 - The Equitable, Des Moines, Iowa - William J. Wagner Award - State Historic Preservation Office
- 2018 - Lenexa Logistics Centre Building 7, Lenexa, Kansas - Capstone Award Winner - Kansas City Business Journal
- 2017 - The Royale at CityPlace, Overland Park, Kansas - Capstone Award Winner - Kansas City Business Journal
- 2017 - Lenexa Logistics Centre North Building 1, Lenexa, Kansas - Capstone Award Winner - Kansas City Business Journal
- 2015 - Lenexa Logistics Centre Building 4, Lenexa, Kansas - Capstone Award Winner - Kansas City Business Journal
- 2014 - Nall Corporate Centre I, Overland Park, Kansas - Capstone Award Winner - Kansas City Business Journal

Many of the major highlights for BRES and its affiliates in 2020 will be discussed within the pages of this report. Of those, below are some that stand out from the rest:

PROPERTY AND ASSET MANAGEMENT SERVICES TEAM

BRES has continued to evolve and expand its commercial footprint in the Kansas City area as well as Alabama, Arizona, Arkansas, Florida, Georgia, Indiana, Iowa, Kentucky, Minnesota, Nevada, New Mexico, Ohio, South Carolina, and Tennessee.Management of 2020 new ground up construction includes the following properties:

46 Penn Centre, CityPlace Corporate Centre III, Lenexa Logistics Centre East, and additional medical buildings in various states. The management team has been working closely with our investors which has resulted in the addition of management for several retail and industrial properties throughout the Metro.

In 2020, the management team focused on completing several parking lot overlays, extensive roof repairs and replacements, energy retrofits, and has added additional security and CCTV systems. These tasks served to improve and enhance the properties while enhancing the owners return and satisfying tenant's needs. To further support the property management team's growth and ensure utilization of innovative industry resources and knowledge, many team members are involved in, and possess professional certifications with organizations such as Certified Commercial Investment Member (CCIM), the Institute of Real Estate Management (IREM), and the Building Owners and Managers Association (BOMA), with our Vice President, Lisa Earlywine, currently sitting on the BOMA KC Board of Directors.

In 2021, the property management team will continue to grow the management portfolio across all types of commercial properties. Leadership will focus on developing managers' tenant relations, accounting, finance, and business skills to further enhance the team. They will continue to process improvement initiatives designed to enhance management efficiency and maintain BRES' leadership position in commercial property management.

BLOCK MAINTENANCE SOLUTIONS

In 2020, Block Maintenance Solutions (BMS) experienced the grip of an unseen foe. Like everyone else around the world, we were forced to combat a virus that we could not see. Working with our great leadership team and our dedicated staff, we have been able to implement policies and procedures that keep our buildings and staff safer amid a pandemic. Although the year has been challenging for us all on a global basis, we continue to provide services to our customers. Our staff has risen to the challenge of a new normal that commands our respect and attention.

This year we have been directly involved in securing more than $2 million in MOCEF Pace funds to complete various capital improvement projects within Block Real Estate Services (BRES) portfolios. We have worked closely with the Missouri Clean Energy Division, Evergy, various lenders, contractors and BRES leadership to gain approval and provide oversight for these projects. Our team of valuable building engineers have worked to improve our efficiency and customer service as well. We continue to work with the property management arm of BRES to combine our talents and improve our portfolios.

In 2020, two of BRES' employees were awarded individual recognitions. Kimberly Mann (top) was recognized by the Kansas City Business Journal as a top-ranking woman in Kansas City business through their Women Who Mean Business program. She was recognized for having taken an active role in the community and in helping other businesswomen succeed and grow. William Block (bottom) was recognized by Ingram's magazine as one of the 20 in Their Twenties of 2020. He was recognized for being a go-getter and focusing on work that creates as much social value as economic value.

SUCCESS ABOUNDS IN KANSAS CITY

BLOCK CONSTRUCTION SERVICES

In 2020, Block Construction Services (BCS) managed a total volume of $337 million in development projects and a total of $25 million in tenant improvement projects.

Some notable projects of 2020 include:

- 46 Penn Centre, the newest high-rise development on the Country Club Plaza, an eight story, 200,465 square foot Class A office building with an 8,572 square foot rooftop restaurant in addition to a 5,500 square foot restaurant
- CityPlace Corporate Centre I, a 125,912 square foot, four-story office building in the CityPlace mixed use development in Overland Park, Kansas
- Lenexa Logistics Centre East Building 3, the first of four industrial/warehouse buildings in the 79-acre Lenexa Logistics Centre East development
- The Villas at Waterside, a luxury multifamily project adjacent to the Waterside Residences on Quivira in Lenexa, Kansas
- The Apex at CityPlace, the second multifamily community at the CityPlace development in Overland Park, Kansas
- The Residences at Galleria consisting of 322 Class A+ units scheduled to be completed in 2022

Some notable projects we are starting or planning for 2021 include:

- Phase II of The Galleria 115's office, retail, restaurant, entertainment, and second multifamily community which, once completed, will consist of 548 multifamily units and a 269,533 square foot Class A retail center
- The Magestic at CityPlace, the third multifamily community at the CityPlace mixed-use development in Overland Park, joining The Royale and The Apex multi-family developments and CityPlace Corporate Centre I and CityPlace Corporate Centre III office buildings
- The Apex at CityPlace retail space consisting of 27,000 square feet
- The Clearing at Anderson Pointe, a planned multifamily development consisting of 303 units spread over five buildings located on the corner of South Blackbob Road and Indian Creek Parkway in Olathe, Kansas
- Ridgeview Corporate Centre, a Class A office complex in Olathe, Kansas consisting of four office buildings totaling 420,000 square feet

More information on these exciting projects can be found inside this report.

BLOCK MULTIFAMILY GROUP

In 2020, Block Multifamily Group (BMG) was successful in reaching a total 6,750 of managed units across the U.S. with plans for continued growth in 2021. The increase of approximately 1,625 units resulted from the addition of:

- Casa Maria at Post in Rogers, Arkansas
- Flagstone Creek in Bentonville, Arkansas
- Tanglewood Townhomes in Bentonville, Arkansas
- Town Square in Bentonville, Arkansas
- Woodland Park in Rogers, Arkansas
- The Loft in Kansas City, Missouri
- The Dixson in Kansas City, Missouri
- Fox Trail Apartments in Shreveport, Louisiana
- South Pointe Apartments in Shreveport, Louisiana
- Summer Pointe Apartments in Shreveport, Louisiana
- Westwood Village in Shreveport, Louisiana

Our 2020 lease up focus involved two podium-style communities, including 44 Washington North Plaza Residences (196 units) just north of the Country Club Plaza by St. Luke's Hospital of Kansas City, and The Apex at CityPlace (370 units) in Overland Park, Kansas, the second multifamily community within the CityPlace multi-use development. The first units at the 44 Washington community were received in late March 2020 and by mid-December it was leased just over 70%. First units at The Apex at CityPlace community were received in late November 2020 and by mid-December leased at 4%.

Due to the uncertainty of the pandemic early on, we made the strategic decision to keep occupancy high by renewing residents with minimal to no increases. Our on-site teams were very compassionate with our residents during these unprecedented times. This strategy worked well as we were able to increase our renewal percentage by 19% for properties owned for all of 2019 and 2020.

New development planning considerations are evolving around social changes as a result of the coronavirus pandemic as well. For example, because more residents are now working from home we are looking to include more units with dens which can be used as an office, more conference and co-working spaces in common areas to be utilized for meetings or an alternate work area outside of their immediate apartment home. In addition, we will expand and provide ample outdoor amenities and activities to consider safer fresh air open environments for residents, friends, and family gatherings.

New developments either under construction or under development include:

- The Villas at WaterSide
- The Apex at CityPlace
- The Residences at Galleria
- The Villas at 44 Washington

In 2020, BMG took home multiple awards from the Apartment Association of Kansas City at their Crystal Merit Gala 2020. These awards included Management Company of the Year and Maintenance Company of the Year in addition to multiple awards at the individual and property level.

BLOCK TECHNOLOGY SOLUTIONS

Block Technology Solutions (BTS) completed 132 installations in over 33 million square feet of office, industrial, and multifamily space in 2020, totaling approximately $2 million in sales volume. This breaks down to 29% in low voltage data wiring, 24% in audio visual, and 47% in security card access, cameras, and construction time lapse footage.BTS has installed over 400,000 feet of network cabling in over 545 apartment units, clubhouses, Class A office and common areas. Additionally, BTS has installed 350 NVR, or network video recorder cameras, and multiple audio-visual setups at Class A office and multifamily complexes.

BTS has expanded their coverage range to include all of Missouri, and a large part of eastern Kansas, and a continued relationship with Wansecurity has brought gigabit fiber and wireless to over 11 million square feet of space.

The 2020 move to the new headquarters for Block Real Estate Services brought many challenges in keeping our operations flowing smoothly. Cloud based Phone, redundant services, and disaster recovery were on the forefront of technology BTS was able to bring to the table.

2020 has seen some incredible external full-motion LED lighting in the new 46 Penn Centre building, Cityplace I and III. BTS is working closely with the development groups, ownership groups, and manufactures to ensure the lighting will be the forefront of digital lighting in the KC metro area.

In addition to providing card access, local desktop, and server contract support, BTS will continue to work with new technology companies to bring the latest and greatest to the drawing boards for their clients.

BLOCK HAWLEY COMMERCIAL REAL ESTATE SERVICES, LLC

In 2020, Block Hawley leased and sold over 2.2 million square feet of industrial product, which includes over half a million square feet of investment transactions. They also added over 500,000 square feet of new management business.

In 2021, Block Hawley will begin construction on a 92,500 square foot office warehouse and a 112,000 square foot office warehouse, with more projects slated for later in the year. They will also bring another 750,000 square feet of investment property to the market.

Block Hawley anticipates many exciting projects in the coming year and looks forward to serving their clients in St. Louis and the surrounding markets.

BLOCK HEALTHCARE DEVELOPMENT

In 2020, much like all industries and real estate sectors, the COVID-19 pandemic brought significant challenges and opportunities to the healthcare real estate sector. Block Healthcare Development (BHD) took a very hands-on approach in working with tenants who needed assistance, while continuing to aggressively seek out opportunities which would add to our growing portfolio. The result was BHD realizing a record year in terms of acquisition volume while at the same time having the means to help any of our tenants that requested assistance. This allowed them all to get back on track and navigate some of the uncertainty 2020 brought.

BHD targets acquisitions traditionally with one to three tenants in off-campus medical office buildings (MOB).

Leading up to the first Super Bowl appearance by the Kansas City Chiefs in 50 years, BRES and our employees showed our support for the team by wearing red before each game. Being a Kansas City company, we support our hometown teams at every opportunity and encourage our employees to show their fandom off as well.

In 2020, BHD completed a total of seven acquisition transactions that spanned a total of 12 MOBs, totaling 217,000 square feet. The total transaction size of $70 million reflects a blended asset purchase price of $322 per square foot, which continues to track at the national average of $321 per square foot for MOB sales. The average purchase price in 2020 for BHD acquisitions was a 7.22% cap rate with an average lease length of 11.25 years. In comparison, the national average purchase price for MOBs was trending in the 6.7% range. By leveraging our track record as a proven buyer that selling brokers can trust will follow through with a close, BHD has continued to see success in our ability to transact at a better value than the national average. For this reason, BHD sees a significant amount of off/pre-marketed opportunities.

Key acquisitions in 2020 included MOBs in Canton, Georgia, and multiple transactions in North Carolina. The Canton, Georgia, acquisition was structured as a sale/leaseback with a vacant suite that provided upside opportunity to the purchaser upon lease. As BHD typically acquires properties that are 100% leased, BHD pursued this "value add" opportunity due to the new construction and location in a growing Atlanta suburb. To offset the vacancy risk, BHD structured the acquisition with 24 months of vacancy reserves allowing time for our Atlanta-based broker to identify the appropriate tenant for the space. Within eight months, that tenant was identified and at the end of 2020, a long-term lease was executed to bring the building to 100% occupancy. The tenant is scheduled to commence rent payments eight months before the expiration of the vacancy reserves. By exceeding lease-up projection, BHD now has multiple options to maximize the investment to its investors.

As we look towards what is hopefully a healthier 2021, BHD is already projecting that it will exceed its record year of 2020. There are multiple development opportunities being forecasted as well as two first quarter sale/leaseback structured deals currently being negotiated. The healthcare sector in real estate continues to be one of the leading sectors, and BHD will continue to be one of the national leaders in the marketplace.

BLOCK FUNDS

The COVID-19 pandemic of 2020 made for an interesting time of both turmoil and opportunity for the Block Funds. The Principals were able to use their relationships across the country and step in to acquire fundamentally sound real estate despite one of the worst times our country has ever faced. All three property sectors the Funds concentrate on — medical, industrial and multifamily — continued to fare well despite the global pandemic. Below are the major highlights for 2020.

BLOCK INCOME FUND III

Staples, who is a tenant in our Executive Park building renewed their lease for an additional seven years ensuring the building will continue its track record of excellent cash flow since acquisition.

Multiple tenants in our Riverside Business Center exercised renewal options and the five-building portfolio remained at 100% occupancy.

Fund III sold a portion of its long-term note payable in the 46 Penn Centre office building on the Country Club Plaza and distributed a significant cash payment to the LPs of the Fund.

BLOCK INCOME FUND IV

All the assets in Block Fund IV continue to be leased and provide the investors with cash flow on a monthly basis.

Prime Source renewed for an additional 10 years and allowed the Fund to refinance the property on a new fixed rate 10-year loan, paying out a lump sum cash distribution to the LPs. This also increased the monthly cash flow to the Fund by lowering the annual debt service on the property.

Block Funds continues to raise equity to acquire multifamily deals, industrial deals, and medical deals in single purpose entities. The goal remains to provide our investors with long-term cash flow, to pay down debt principal, and to provide any upside on property appreciation during the hold period.

PHILANTHROPY

BRES has always been deeply involved in giving back to the Kansas City community. While this year presented challenges, BRES was able to support organizations throughout the local community. A few of these were Children's Place, Operation Breakthrough, Big Brothersand Big Sisters of Kansas City, and the Kansas City Hospice and Palliative Care. Our biggest contribution came in the form of creating the ReNew KC Neighborhoods foundation by Ken Block's family and supported by BRES. Their mission is to renovate, restore, and renew blighted Kansas City Metro neighborhoods while working to relieve the housing crisis that exists among the homeless veteran, impoverished, and elderly population in our community. They are looking to make their first investment within the community in early 2021.To learn more about ReNew KC Neighborhoods, you may visit their website at **www.ReNewKCNeighborhoods.org**.

We hope you find this report to be informative and beneficial. If you have questions or require additional information, you may contact any of the authors named herein.

Within the following sections of this report, BRES will share information and data we believe to be true and accurate. Certain portions of the information provided herein was gathered from outside, unrelated sources. We are simply reporting and sharing information. The data contained herein does not necessarily reflect the official policy or position of BRES, its agents, employees, directors, officers, or owners.The following content is not intended to support or malign any religions, ethnic group, club, organization, political party, company, individual or anyone or anything whatsoever.

On behalf of all of us at BRES, we wish you a healthy and prosperous year ahead.

Kenneth G. Block, SIOR, CCIM, Managing Principal

Scott M. Cordes, Senior Vice President, Chief Operating Officer

46 Penn Centre DEVELOPMENT

JUNE 2015

Victory Court apartments used for training by KCFD prior to demolition and land redevelopment

JULY 2017

Preparations for construction begins as existing utilities are relocated

OCT. 2017

The groundbreaking ceremony for 46 Penn Centre takes place. In attendance are leadership from BRES, CrossFirst Bank and Kansas City Officials, including former Kansas City Mayor, Sly James

APRIL 2018

Building permit is issued and construction officially begins

JAN. 2019

First precast piecesfor parking structure placed

2011 | 2015 | 2017 | 2018

MARCH 2011

Victory Court apartments purchased with plans for new Class A office development

2017

Block Real Estate Services, LLC announces that its' corporate headquarters will be relocating to 46 Penn Centre

BLOCK REAL ESTATE SERVICES, LLC

2017

CrossFirst Bank signs lease to become anchor tenant upon completion of 46 Penn Centre

CROSSfirst® BANK

2019

Group RSM signs lease to occupy a floor of 46 Penn Centre upon completion

RSM

2019

Investment banking firm UBS signs lease at 46 Penn Centre

UBS

TIMELINE

JUNE 2019

Precast concrete garage is completed as erection of structural steel commences

DEC. 2019

Slab on deck completed

AUG. 2020

46 Penn Centre receives Temporary Certification of Occupancy

SEPT. 2020

46 Penn Centre officially opens as tenants movein

2019

PULSE DESIGN GROUP

2019

Pulse Design Group signs lease for 46 Penn Centre

NOV. 2019

Structural Steel is completed andBRES holds a small topping out ceremony to celebrate

2020

JAN. 2020

Exterior architectural precast is completed

AUG. 2020

Glazing completed

NOV. 2020

Standard Vision lighting and display systems are installed and completed

Economic Indicators

NATIONAL TRENDS

In 2020, we watched the longest economic expansion in our country's history come to a screeching halt as COVID-19 shocked the world, initiating a recession by February. In March, panic had consumed Americans and the world alike. The unprecedented event exposed our weakest links as the travel industry went on life support and hotels, restaurants, event centers and most retailers were forced to close their doors while medical professionals rushed to peoples' aid. Supply chains were tested, and borrower-lender relationships were strained as businesses and consumers felt the consequences of the economic shutdown. Federal stimulus has helped stave off utter disaster and a vaccine for the novel coronavirus has encouraged the markets' recovery.

The Federal Reserve's dual mandate of maximum employment and price stability was certainly a challenge in 2020. In 2019, the U.S. unemployment rate fell as far as 3.5%. The Bureau of Labor Statistics (BLS) reported that in April 2020, unemployment in the U.S. peaked at 14.7%, a rate unprecedented since data collection began in 1948, before settling at 6.7% in November. The Federal Reserve predicts unemployment will fall to 5.0% in 2021 with job growth estimates of 350,000 per month, rebounding to pre-pandemic levels by 2023. The U6 unemployment rate reached a peak of 24.5% in April and as of December 2020 was at 11.6% compared to 6.7% in December 2019 according to the BLS. From March to April, 20.5 million jobs were lost and only 12.3 million jobs were recovered through November, with a net loss expected to be reported for December. The inflation rate target of 2% was largely missed with only a 1.1% increase in the Personal Consumption Expenditure (PCE) index from November 2019 to November 2020. Median wage growth, on the other hand, grew by 3.6% according to the Federal Reserve for the 12 months ending November 2020, unchanged from a year prior. Despite favorable news related to nominal wages, the Federal Reserve expects real gross domestic product (GDP) will have decreased by 2.4% in 2020, with preliminary estimates of 4.2% growth in 2021 and 3.2% in 2022. This compares to a 2.3% increase in GDP in 2019. To maintain forward momentum, the Federal Reserve has indicated that they expect to keep the Federal Funds Rate near zero through at least 2023. While the Federal Funds Rate peaked at 2.42% in April 2019, it has since plunged and remains near zero at 0.09% as of December 2020. Low interest rates over the last decade have bolstered businesses and especially the commercial real estate industry. They've also had a tremendous impact on the housing market with the U.S. median existing home price as of November 2020 being at $310,800, up 14.6% from November 2019, and extending the year-over-year gains streak to 105 months as reported by the National Association of Realtors. Existing home sales also increased year-over-year in November by 25.8% with new housing permits increasing 6.2% for the 12 months ending November 2020.

KANSAS CITY ECONOMIC FORECAST

Kansas City's economy largely mirrored that of the U.S. in 2020 as it typically does. GDP contraction followed that of the U.S. and the recovery expected in late 2021 and 2022 will likely follow suit. Unlike the U.S., however, Kansas City has experienced a faster rebound in the unemployment rate which is currently at 4.6%, according to the BLS, as of November 2020. The region is expected to have lost 53,000 jobs in 2020, with forecasts predicting Kansas City to recover them by 2023. Despite stronger employment than that of the rest of the Nation, total nonfarm wages experienced a 3.8% decline year-over-year as of November 2020.

Kansas City's economic recovery is currently being driven by increased employment and demand from the construction industry, followed closely by the computer science, business and legal sectors. E-Commerce continues to skyrocket as consumers have demonstrated an increased preference for purchasing goods online. Kansas City's strategic location has benefited from heavy demand for warehouse space, with multiple industrial projects announced, and approximately 7.8 million square feet under construction at the end of 2020. Approximately 5,900 multifamily apartment units were delivered, and more than 4,900 units were under construction in the Kansas City Metro heading into late 2020. The lenses aren't as rose-colored for the office and retail sectors, but investment continues to follow select projects and optimism remains high once most of the public is vaccinated. Numerous projects are planned for the Kansas City Metro and while the short-term outlook remains clouded, Kansas City's talented leaders, solid fundamentals and continued investment in infrastructure and business will carry the area to the next apex.

SUMMARY

The country remains very much in a state of recovery. The U.S. government has injected more than $3.5 trillion in federal stimulus funds into the economy, extending unemployment benefits and tax relief for many. The recently approved vaccines will trickle into the population over time, but most of the country's businesses will continue to struggle until COVID-19 is under control. Political strife still looms and the incoming administration has a tall task of getting the country back on its feet. However, the world still turns and if there's a silver lining to this long and winding road, look to the stock market which we can only hope is the harbinger of a more prosperous economic future.

Sources: Bureau of Labor Statistics, Bureau of Economic Analysis, U.S. Census Bureau, Federal Reserve Economic Data, Mid-America Regional Council, National Association of Realtors, Costar

Contributors: Adam Barnard, Director of Investor Relations

After unemployment peaked at 14.7% in April 2020, a rate unseen since data collection started in 1948, it settled in November 2020 at 6.7% and is expected to decrease to 5.0% in 2021 but won't reach pre-pandemic levels until 2023. During 2020, politicians and leaders provided emergency aid to individuals and businesses causing government deficits to skyrocket, reaching levels that have not been seen since the years following World War II.

Global, U.S., Kansas City Overview

GLOBAL, U.S., KANSAS CITY OVERVIEW

As we look back to the beginning of 2020, the global and United States' (U.S.) economies were very strong, and the economic outlook was unparalleled. Little did anyone know that lurking just beyond the horizon were multiple events that would immediately change the momentum and direction of both the global and U.S. economies. Now, as we look forward to 2021, it is important to review 2020 to understand the multitude of events that changed the trajectory of one of the strongest global economies ever.

CORONAVIRUS

THE BEGINNINGS

In the final weeks of 2019, reports of a mysteriously infectious severe pneumonia in China's central Hubei province were spreading on social media platforms among doctors and medical experts. On December 31, 2019, Chinese government officials were compelled to acknowledge an unknown novel virus was overwhelming hospitals in the city of Wuhan. After a largely criticized, and delayed, investigation period, the World Health Organization (WHO) confirmed in January 2020 that a new form of coronavirus was behind the quickly spreading disease. At the time, experts considered the impact to be similar in significance to the since-contained SARS and MERS coronavirus outbreaks of the mid-2000s. As the year dragged on and cases of what would come to be known as COVID-19 grew at exponential rates, the social, economic, and geopolitical ramifications of the new disease would begin to take effect in even the furthest reaches of the world.

THE DISEASE

The coronavirus disease (COVID-19) is caused by the virus severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). The origination of the COVID-19 disease is still under investigation by many agencies, including the WHO. Some scientists currently believe that the disease originated near where the first infections were documented in the Wuhan, China wet market. In wet markets, it's common for many species of animals to be grouped together for sale or consumption. Experts hypothesize this situation could have led to a coronavirus 'jumping' from one species, through an intermediate host, to the first humans. Other medical professionals have pointed to the disease originating in bats located in the region. Definitive answers to its origination will likely take years to decades to determine.

To date, the disease has a documented infection total of over 70 million

With the onset of stay at home orders due to COVID-19 many locations that normally would see massive amounts of foot traffic and tourists turned to ghost towns. Most notably was Times Square in New York as the photo (top) from March 29, 2020 shows. Additionally, healthcare workers and National Guard members were put to additional work within their communities, with citizens showing their support and gratitude in any way possible.

individuals, with 15.5 million in the U.S. alone. Unfortunately, as infections continue to surge, the illness has claimed the lives of 1.6 million worldwide and over 300,000 in the U.S. Individuals from all walks of life are bearing the personal loss of friends, family, and loved ones while healthcare systems around the world have been completely restructured to handle surges of patients.

THE EIU LABELED THE COVID-19 PANDEMIC A TOTAL "GAMECHANGER." THEY NOTED THAT THE GLOBAL GDP WILL LIKELY NOT RECOVER TO PRE-CORONAVIRUS LEVELS UNTIL 2022, WITH 2021 AND 2020 LIKELY LOST GROWTH YEARS.

SLOWING THE SPREAD

As hospitals around the world sounded the alarm for the patient surge that could occur in high-infection zones, governments made tough decisions to curb the spread of the disease. Initially, knowledge of the disease and testing capabilities were lacking, allowing the disease to unknowingly spread beneath the cover of other illnesses with similar symptoms. These circumstances were a recipe for disaster in cities such as New York City, U.S., and Bergamo, Italy, among others. Local governments saw firsthand the strain the new illness could have on medical facilities. As a result, many enacted strict lockdown measures to curb the spread of the disease. The goal around the lockdowns was to limit the ability of the virus to spread from person to person and give more time for additional research which lead to the development of treatments and rapid testing. It also afforded hospitals with the time to increase their supplies and setup new processes for patient care.

ECONOMIC EFFECTS

The COVID-19 pandemic truly was a shock like no other to global economies. Lockdowns and other measures in the early stages caused advanced economies to grind to a crawl previously unseen in the history of modern society. The strongest supply chains suffered from manufacturing disruptions, an infection-reduced workforce, facility closures, and forced lockdowns. Demand for products and services such as air travel, hospitality, and restaurant/bars decreased to nearly zero.

In the U.S., economic stagnation and lockdowns forced the unemployment rate to skyrocket from 3.4% to 15% in just a few weeks. While unemployment has steadily recovered, employment levels remain well below pre-COVID-19 numbers. Ultimately, uncertainty about the future, virus fears, government restrictions, and health-system stresses led to a decrease in consumer confidence and spending as job losses soared.

The U.S. economy, according to experts, is estimated to have been reduced by 4.3% in 2020, with forecasts projecting an expansion of 3.1% in 2021. According to the Economic Intelligence Unit (EIU), Gross Domestic Product (GDP) for the first half of 2020 was largely wiped out. Economists predict, however, that the economic recession seen around the world would have been significantly more damaging had it not been for targeted government-funded relief in the early stages of the downturn.

Different government structures led to differing levels of lockdown measures. Western countries saw the largest hit to economic progress as they were unable to implement as strict of lockdowns, in turn hindering their ability to quickly curb the disease's effects. In countries such as Canada, France, and Germany, four years of economic growth was lost. Though the recovery is expected to be strong in these regions, high levels of unemployment threatens future growth. In some Asian regions, masks and social distancing were already an accepted cultural norm. The adoption of COVID-19 prevention measures were implemented immediately and the disease was suppressed to manageable levels. As a result, the region saw less of an economic blow from the health crisis. China, the EIU projects, will be the only world power to not enter an economic recession for the year 2020. The country still faces headwinds, as one fifth of its economy relies on exports, largely to countries in Europe and the U.S.

A report from the EIU labels the COVID-19 pandemic a total "gamechanger", and notes that global GDP will likely not recover to pre-coronavirus levels until 2022. In terms of GDP and growth, the EIU predicts that 2020 and 2021 will be largely lost years. On both a macro- and micro- scale, the economic fallout of the pandemic will disproportionately affect smaller and more vulnerable industries, businesses, and entrepreneurs while developing and emerging economies are likely to be set back years in terms of progress. Extreme global poverty is expected to rise for the first time in more than two decades.

To combat the economic slowdown, politicians and leaders provided emergency aid to individuals and businesses causing government deficits to skyrocket, reaching levels that have not been seen since the years following World War II. The EIU asserts that developed governments have decided an increase in public debt is preferable to the total widespread destruction of productive capacity through the pandemic. As a result, some developed countries will, in the mid-term, find themselves in the middle of a fundamental debt crisis, particularly in countries with existing weak fiscal positions that faced a larger impact from the pandemic such as Italy and Spain. Likewise, poorer emerging economies could emerge from the current virus-driven economic crisis in a more financially stressed position than before. EIU representatives expect that tracking the pandemic's effects will require unprecedented fiscal efforts in an

Just over three million initial doses of the coronavirus vaccines from both Pfizer and Moderna were administered in the 19 days following the first shipments and leading up to the end of 2020. Approximately 14 million doses had been distributed in the U.S. short of Operation Warp Speed's goal of 20 million doses by the end of the year.

environment with lower fiscal revenue and higher healthcare and social expenses.

To mitigate the economic effects of COVID-19, multilateral financial institutions such as the International Monetary Fund (IMF) and the World Bank, together with the world's wealthiest countries, have offered financial support to ease the burden for low-income and emerging market economies. These efforts will give the world's poorer countries some short-term breathing space to strengthen healthcare spending and implement short-term economic stimulus and relief. In the future, attention will likely turn to more widespread debt restructuring and relief for these areas as the crisis unfolds in both the developing and emerging world.

At the individual level, tenants unable to afford rent have continually sought relief from landlords. In turn, property owners have been forced to work with lenders to creatively structure debt payments to accommodate the crisis. With the unprecedented shift for companies to promote working from home, office users sought rent relief on largely vacant spaces to accommodate investment in software and technological infrastructure necessary for a secure remote work environment. Throughout the crisis, a truly extraordinary dialogue existed between lessees, lessors, lenders, owners and the like. The unprecedented times have, in some cases, led to exceptional cooperation and business resolutions.

In mid-November, rising COVID-19 cases in the Kansas City Metro pushed local hospitals to capacity. Out of fears that over-capacity issues would lead to unnecessary deaths, Mayor Quinton Lucas and the Kansas City Health Department instituted a "Safer at Home" order. These guidelines were designed to mitigate the spread of the disease, place restrictions on restaurant/bar hours and add social distancing restrictions to gatherings and events. Per Dr. Archer, the Director of the Kansas City Health Department, "not only are we seeing record increases in new cases and COVID deaths, we will also experience additional deaths that could have been saved if there was room in the hospital to treat other conditions." Mayor Lucas, Dr. Archer, and other local experts strongly encouraged local businesses to allow their employees to work from home to promote distancing where possible.

Through the economic collapse, ecommerce has surged. Customers, unable to follow normal shopping habits and in-person transactions, turned to online shopping both from local businesses and from larger merchants such as Amazon. As the movement to at-home shopping continued, consumers pursued more products and services. In November of 2020 alone, shoppers made more than 60 million online grocery orders. To accommodate these changes in consumer spending, companies had to build out their logistics systems and invest in a robust distribution strategy.

Cybersecurity risks increased as companies shifted, and retooled, for a remote work environment following the work from home movement in 2020. Ransomware, which has been around since 1996, has represented one of the largest threats to networks that have been rapidly adapted for large scale remote access. NetWalker, one of the worst, has impacted companies, municipalities, hospitals, law enforcement, emergency services, school districts, colleges, and universities, using the COVID-19 pandemic to extort these groups.

Due to the supply chain disruption issues faced by manufacturing and production companies through the pandemic lockdowns, many firms are looking to relocate production and warehouse facilities back to the U.S. As a result, distribution warehouse and industrial real estate has skyrocketed in demand and continues to be one of the strongest investment opportunities in the industry.

CYBERSECURITY RISKS

The unprecedented work from home movement has led to an immense investment in new technologies by companies while they seek to retool operations to accommodate employee remote access. Hackers and cybercriminals, always looking to find the next weakness to exploit, quickly took advantage of vulnerabilities as firms struggled to secure their new operations. In fact, according to a report from Global Data Systems, 90% of IT and cybersecurity leaders said they have seen an increase in cyberattacks over the past year and 80% said the attacks have become even more sophisticated. Most worrisome of all, 94% had admitted they suffered a breach in the preceding 12 months. According to cybersecurity experts, cybercriminals will continue efforts to utilize the COVID-19 pandemic as a theme for phishing campaigns. Attacks might coincide with coronavirus events such as the announcement of a new drug or a message from the CDC. The attacker's goals are to coerce unsuspecting victims to click on a malicious link giving up sensitive information. The link might be disguised by malicious individuals as coming from government agencies attempting to reach out to provide stimulus payments.

As the work from home trend continues and businesses rely more heavily on IT to supplement the day-to-day workflow, cybercriminals will target security weaknesses such as employee personal devices, VPN access technology, and vulnerabilities in the cloud infrastructure. To combat these efforts, businesses will need to continue investing in IT security and focus on adoption of the most secure technology hardware and software available.

VACCINE PROGRESS & HOPE

As a result of easing lockdowns and the rapid deployment of policy supported on an extraordinary scale by governments and central banks around the world, the global economy is returning from the depths of its collapse in early-mid 2020. Employment, consumer spending, and financial markets – led by a surge in ecommerce and hopes of a forthcoming government aid bill – are on the path to resurgence. While rising infection rates in the near-term threaten a quick recovery, the promise of effective and safe vaccinations providing immunity continue to inspire hope in countries hit hard by the health crisis.

Economists have repeatedly noted that a coordinated and strong implementation of an effective pool of vaccines could lead to a much quicker recovery of economies worldwide.

Recently, two American companies, Pfizer and Moderna, published results from their Phase III clinical trials that showed their vaccines were 95% and 94.5% effective, respectively. AstraZeneca and Oxford, partners in the development of another vaccine, revealed their Phase III trial showed up to 90% effectiveness. A new technology a decade in development, and the first ever authorized of its type, the Moderna and Pfizer vaccines use mRNA to trigger the body's immune system to produce protective antibodies without using bits of the actual virus. Policymakers expect that both Pfizer's and Moderna's vaccines will be approved under an FDA emergency authorization, and shots will begin in mid-December. In the U.S., the two-dose vaccines will first be given to high-risk frontline healthcare workers. From there, it will likely go to employees and residents of nursing homes followed by essential workers and those with underlying medical conditions. By mid-2021, experts project that most U.S. residents should have access to a vaccine as needed. Moderna plans to ship 20 million doses in 2020 and another 500 million to 1 billion in 2021. Pfizer expects to produce up to 50 million in 2020 and 1.3 billion in 2021. As these are two dose vaccines, they will protect half as many people. Looking ahead to ensure the world can recover as effectively as possible from this pandemic, scientists believe promotion of safe and effective vaccines in poor countries will be an imperative investment for world powers.

ISRAEL COMMITTED TO THE EXCHANGE OF EMBASSIES AND AMBASSADORS WITH U.A.E, BAHRAIN, MOROCCO, AND SUDAN THROUGH "THE ABRAHAM ACCORDS." THIS WAS AN EFFORT TO MOVE AWAY FROM PAST CONFLICTS.

Hopes of "The Roaring 20s," such as those that followed the Spanish Flu, provide optimism for a medium-term future with immense economic activity. Though a notably difficult time for the country and world as a whole, the outlook for the future of the coronavirus health crisis and its economic and societal impacts is a positive one. One thing is certain, COVID-19 has left its mark on the lives of everyone in functional society.

COVID-19, while the most important event, wasn't the only notable one in 2020. A few additional major events included:

AFGHANISTAN TREATY

On February 29, 2020, the U.S. signed a deal negotiated by President Donald Trump with the Taliban to try and bring peace to Afghanistan and remove the U.S. from a war that has lasted over 19 years. Talks between Afghanistan, the U.S., and the Taliban had been underway for months, and in the seven months following the deal, no Americans had been killed in Afghanistan. Yet even Senate Majority leader Mitch McConnell noted that a "rapid withdrawal of U.S. forces from Afghanistan now would hurt our allies and delight the people who wish us harm." President Trump's goal was to leave only 2,500 Americans in Afghanistan and Iraq in a primary advisory role.

OLYMPICS

Despite Tokyo claiming that the 2020 Olympics would continue as planned, on March 22, 2020, once multiple nations said they would pull out, including Australia, Canada, and others, the Olympics were officially postponed. The International Olympic Committee made the announcement that the games would take place in the summer of 2021.

HONG KONG

On May 13, 2020, after nearly five months of isolation due to the coronavirus, many Hong Kong citizens took to the streets to continue the protests that had started in 2019. Chinese officials proceeded to arrest 230 people for breaking social distancing and assembly laws. On June 30, 2020, China officially passed the controversial National Security Law. The law affected Hong Kong through a loophole in its constitution and now allows China to enforce four laws laid out by the bill: succession, subversion against the central Chinese government, terrorist activities, and collusion with foreign forces to endanger national security. Chinese officials were then allowed to operate in Hong Kong, thereby strengthening their hand and allowing them to make further arrests of protesters to squelch any additional opposition.

USMCA

On July 1, 2020, the new Canada-United States-Mexico Agreement (USMCA) became official. The agreement was signed by the G20 leaders in Buenos Aires in November 2018 and was designed to preserve the key elements of the long-lasting trade relationship through the previously approved North American Free Trade Agreement (NAFTA). The new agreement incorporated new and updated provisions to address 21st century trade issues and promote opportunities for the nearly half a billion people who call North America home. From the U.S. point of view, it was designed to provide the U.S. with fairer trade relationships, improved pricing, and an enhanced ability for farmers and suppliers to get their product into the Canada and Mexico markets.

MIDDLE EAST PEACE AGREEMENT

President Trump presided over the signing ceremony at the White House on September 15, 2020, establishing the foundation of the peace agreement between Israel and the United Arab Emirates (U.A.E.) named the "Abraham

Accords." Bahrain also accepted the president's invitation to participate after they reached an agreement with Israel. The countries committed to the exchange of embassies and ambassadors, along with cooperating across a broad range of fields, including education, healthcare, trade, and security. The deal has been only the beginning of normalized relations between Israel and its neighbors as Morocco and Sudan also joined the agreement and others in the region are expected to join as well. These agreements were the result of President Trump's effort to rebuild trust with regional partners of the U.S. and move them away from conflicts of the past. The new agreement was a completely different approach to foreign policy of the past. As distrust in Iran, and an understanding of their efforts to promote terrorist activities across the region has grown, these nations believe that normalized relations will accelerate growth and economic opportunity across the region by expanding business and financial ties. The President nicknamed this new agreement the "Abraham Accords" named for the "Father of All Three Great Faiths". The negotiation of this important Peace Agreement was led by Senior Advisor, and President Trump's son-in-law, Jared Kushner. The President urged Jared Kushner and his team to take an untraditional approach, "You cannot solve problems that have gone unsolved the way people have done before you and failed."

CHINA TRADE

In early January 2020, President Trump touted the "historic" deal with China for the Phase I Trade Agreement. The agreement, following nearly two years of additional tariffs on goods between China and the U.S., required China to commit to purchasing an additional $200 billion of American-made goods and services throughout 2020 and 2021. However, as 2020 continued and COVID-19 knocked the world's economy, including China's, on its heels, the $200 billion dollar figure had not been reached at year-end 2020.

It is important to note that throughout 2020, China was constantly looking to improve its global trade position. In the latter part of 2020, they and 14 other nations, including Japan and New Zealand, formally signed the Regional Comprehensive Economic Partnership or R.C.E.P. The pact covers more humanity, 2.2 billion people, than any other previous regional trade agreement and could help further cement China's image as the dominant economic power in the region. The R.C.E.P. encompasses the ten countries of the Association of Southeast Asian Nations (ASEAN) plus Australia, China, Japan, New Zealand and South Korea. The pact will most likely formalize, rather than remake, business between these countries.

Key trends to watch in U.S.-China relations are as follows:

- The continued trajectory of a shift in the U.S. posture towards long-term strategic competition with China.
- U.S. economic tools evolving to focus on targeted restrictions, while also broadening their scope and aperture to review key strategic issues, challenges, and vulnerabilities.
- An increased risk of technology decoupling as data flows into and out of China. The State Department's push for a global "clean network" of telecommunication companies raises a potential for further fragmentation in global ICT networks.
- A growing scrutiny on supply chains, particularly for linkages with Chinese military, state security, and/or police forces and any other entity that may be involved with human rights in China.
- Accelerating innovation competition with increased focus on intellectual property, RND investment, and influence in universities and academia.
- Growing proxy competition for economic, security, and coachable influence in third countries in southeast Asia, Africa, Latin America, and elsewhere.
- Increased revocation of student and worker visas and additional diplomatic restrictions used as retaliatory tools by both the U.S. and China.

CHINA AND 14 OTHER NATIONS FORMALLY SIGNED THE R.C.E.P. IN LATE 2020. THE REGIONAL TRADE AGREEMENT COVERS MORE OF HUMANITY, 2.2 BILLION PEOPLE, THAN ANY PREVIOUS AGREEMENT.

AUSTRALIAN WILDFIRES

Australia faced one of the worst fire seasons in history beginning in 2019 and continuing throughout 2020. Flames burned a record 47 million acres and killed more than a billion animals.

IMPEACHMENT ACQUITTAL

In December 2019, the U.S. House of Representatives voted to impeach President Donald Trump on charges of abuse of power and obstruction of Congress. On February 5, 2020, the U.S. Senate ultimately voted to acquit President Trump on both charges.

TERRORISTS

On January 3, 2020, the U.S. killed Qasem Soleimani. This followed the death of Abu Bakr al-Baghdadi, Qasim al-Raymi, and a deputy to Ayman al-Zawahiri. The loss of these major leaders struck a serious blow to Al Qaeda and other major terrorist groups.

BLACK LIVES MATTER (BLM)

2020 saw perhaps the largest series of protests in the country since the 1960s. The May 25, 2020, death of George Floyd in Minneapolis was the spark that ignited a racial reckoning not seen in our country's history.

On May 25, 2020, George Floyd, a 46-year old African American, was handcuffed and pinned to the ground by

Following the death of George Floyd on May 25, 2020 protests erupted across the country in many major cities. Pictured above is a group of protesters on the east end of the Country Club Plaza in Kansas City, Missouri on May 31, 2020. Protests during the day turned to riots and looting after dark, and by the second day, many store fronts on the Plaza had been boarded up and access to the area restricted.

Derrick Chauvin, a Minneapolis Police Officer. Mr. Floyd later died after Chauvin placed his knee on Mr. Floyd's neck, pinning him to the ground. Chauvin was eventually arrested and charged with second-degree manslaughter and second-degree murder after a cell phone video, showing the arrest, was seen on newscasts nationwide. Bystanders can be heard in the video pleading for Chauvin to stop. After the initial release of the video, demonstrators poured onto Minneapolis streets for several nights to protest Mr. Floyd's death.

Other instances of alleged police brutality were then highlighted by the media, such as the death of Walter Wallace Jr. in Philadelphia and Breonna Taylor in Louisville. These deaths caused further protests to spread across the country, including Los Angeles, New York, Boston, Louisville, Portland, Seattle and even Kansas City.

There is no question that this has been an ugly time in the history of our country. In Kansas City, protestors were teargassed, sprayed with mace, shot with rubber bullets and arrested by KCPD as they started fires, broke storefront windows, and looted shops in the Country Club Plaza, one of the most iconic shopping and office districts in the country. Quinton Lucas, the Kansas City Mayor, announced several changes to the KCPD, including more internal investigations, creating protective services for whistle blowers, and developing processes for outside agencies to investigate use of force complaints on officer-involved shootings. Mayor Lucas said, "Accountability is always important for 21st century policing. It will be important in Kansas City."

DEFUND THE POLICE

There have also been many calls around the country to "Defund the Police." In some cities, such as Seattle, Portland, and San Francisco, this has occurred, leading people to become fearful. When people do not feel safe, they ultimately look to relocate to safer areas. In this regard, many businesses have been fleeing New York, San Francisco, Los Angeles, Portland, Seattle, Minneapolis, and others. Many businesses are not able to operate in these downtowns due to the blocks and blocks of plywood-covered windows, graffiti, and other dangerous conditions. Real estate in these cities has been detrimentally affected with Landlord and Tenants alike not able to operate their businesses in a normal manner.

PRESIDENTIAL ELECTION

The 2020 Presidential Election was like something out of a movie. This time around, President Donald Trump was running for re-election and over 23 candidates vied for the job representing the Democratic Party. Eventually, former Vice President Joe Biden emerged as the candidate for the Democrats. But in 2020, COVID-19 was the major factor in the Presidential election. Because of COVID-19

The 2020 Presidential Election saw President Donald J. Trump seek re-election against former Vice President Joseph R. Biden. With the election taking place during a pandemic campaigning took on a different look. In-person events were suspended and ultimately resumed but with attendees practicing social distancing and wearing masks. Trump sought to be in-person right away while Biden opted to speak remotely.

nationwide, many of the states determined that voting in person was too dangerous and decided that mail-in ballots were a safer way to vote.

As of December 22, 2020, over one month after election day, Joe Biden was considered President Elect Biden, after 306 electoral votes were certified to him on December 14, 2020. Thereafter, Joseph Robinette Biden, Jr. was inaugurated on January 20, 2021 as the United States' 46th President.

President Biden's policies will be quite different than those followed by President Trump over the last four years. In order to understand the differences between the two sets of policies, below is a quick look at the accomplishments of the Trump Administration and a look at how things might change under a Biden Administration.

Twenty of the top accomplishments under the Trump Administration include:

1. Finalized the creation of Space Force, the 6th U.S. military branch.
2. Trump's EPA gave $100 million to fix the water infrastructure problem in Flint, Michigan.
3. Under Trump's leadership in 2018, the U.S. surpassed Russia and Saudi Arabia to become the world's largest producer of crude oil.
4. President Trump signed an Executive Order in 2020 that forced all healthcare providers to disclose the cost of their services so that Americans can comparison shop and a Bill to allow some drug imports from Canada at lower prices.
5. In 2018, President Trump signed the groundbreaking First Step Act, a criminal justice bill that enacted reforms that make our justice system fair and help former inmates successfully return to society.
6. President Trump increased funding for historically black colleges and universities (HBCUs) by more than 14%.
7. The poverty rate fell to a 17-year low of 11.8% under the Trump Administration as a result of a job surge environment.
8. Poverty rates for African Americans and Hispanic Americans reached their lowest level since the U.S. began collecting such data.
9. More than 600,000 manufacturing jobs were created during the four years of the Trump Administration.
10. President Trump signed funding legislation in September 2018 to increase funding for School Choice, one of his strongest beliefs.
11. Opportunity Zones were expanded under the Trump Administration and are expected to spur $100 billion in long term private capital investment

in economically distressed communities across the country.

12. Over $1 trillion returned to the U.S. from overseas for new investment from the Tax Cuts and Jobs Act (TCJA) bill that Trump signed in 2017 as part of the overhaul of the Federal Tax Law.
13. The stock market by year-end 2020 reached the highest level ever recorded at 30,606.
14. African American, Hispanic American, and Asian American unemployment reached all-time lows in late 2019 prior to the Coronavirus.
15. In 2019, women's unemployment rate reached a 65-year low and youth unemployment reached a 50-year low along with the lowest unemployment rate since 1950.
16. The Trump Administration removed a record number of regulations that were hurting small businesses, resulting in a small business boom.
17. The U.S. became a net natural gas exporter for the first time since 1957.
18. The U.S. Embassy was moved to Jerusalem.
19. The new CUSMA Trade Deal between Mexico and Canada to replace the North America Free Trade Agreement was completed.
20. In 2018, President Trump signed into law a $2.4 billion funding increase for the childcare and development fund and increased child and dependent care tax credits under the CDCT law.

While many would say there were more President Trump accomplishments, many others would say that the standing of the U.S. in the world community was reduced because of the "America First" policy put into place by the Trump Administration. Some would also note that President Trump was just the third Commander-in Chief in U.S. history to be impeached, although ultimately acquitted.

President Joe Biden will enter the White House facing a deeply polarized country amid a global pandemic and its economic fallout. Biden has made a lengthy list of priorities for the first 100 days of his presidency, though COVID-19 will likely rank highest.

According to the Biden/Harris transition website, the main goals of this new presidency will be economic recovery, racial equality and climate change. One of the first items on Biden's agenda is to meet with every governor and urge them to "mandate mask wearing" in their states and if they refuse, he would go to the mayors and county executives to get local masking requirements in place nationwide. He also stated that he would begin on day one to implement an effective distribution plan for the COVID-19 vaccine although one appears to already be in place and in operation. The Biden Administration also stated it will invest $25 billion in vaccine manufacturing and distribution "that will guarantee it gets to every American, cost free."

President Biden said he would "restore our leadership on the world stage" by rejoining the World Health Organization on his first day in office. According to President Biden's website, he plans big increases in spending on social, education, and development programs as critical to longer term growth. Biden has also proposed nearly $5.4 trillion in spending over the next decade, according to the University of Pennsylvania's Penn Wharton Budget Model. That includes $1.9 trillion on education and $1.6 trillion on new infrastructure – roads, bridges, highways and other public structures – along with research and development.

President Biden also said he would raise $3.4 trillion in additional tax revenue over a decade to help pay for the additional spending. He would do this by raising corporate income taxes from 21% to 28%, reversing half of Trump's cut from 35% in 2017. He would also raise income and payroll taxes for people making $400,000.00 per year or more – which is about 2% of the population. President Biden may also commit significant political capital to deliver legislative immigration reform. He also has noted that he wants to resolve the fate of millions of undocumented people living in the U.S. and he is unlikely to continue the construction of the wall between the U.S. and Mexico, as he previously stated that border security could be done with technology and less physical borders.

PRESIDENT JOE BIDEN SAID HE WOULD RAISE AN ADDITIONAL $3.4 TRILLION IN TAX REVENUE OVER A DECADE TO PAY FOR THE ADDITIONAL $5.4 TRILLION IN SPENDING HE HAS PLANNED ON EDUCATION, INFRASTRUCTURE, ALONG WITH RESEARCH AND DEVELOPMENT.

President Biden also believes racial equality is a distinct pillar of the "Build Back Better Plan" that he is promoting. He wants to remove barriers to participation in our economy, expand access to opportunity, and fully enforce the policies and laws that we already have on the books.

Biden also has a lengthy climate plan, which includes a promise to rejoin the Paris Climate Agreement on day one. He would like to convene a climate world summit with major carbon emitting countries and persuade them to strengthen their climate practice. However, it is unlikely that major global polluters such as China, India, Pakistan, and Russia, among others, would abide by such a plan. The Biden Administration also plans to reinstate the Deferred Action for Childhood Arrivals program (DACA), which currently shelters from deportation about 650,000 people who came to the country when they were young. The former Vice-President and U.S. Senator also has four decades of relationships with union leaders, and this could set him up to potentially be the most labor-friendly President the U.S. has ever had. During the Trump Administration, union membership dropped considerably. The Biden Administration could focus on heightened work safety enforcement, the pursuit of a progressive labor policy and a $15.00/hour minimum wage, and support for Protecting the Right to Organize Act (PRO) which will strengthen workers ability to unionize. Biden would also advocate for a pro-American worker tax and trade strategy to fix some of the policies he feels would give our manufacturers and workers a better shot at business. And finally, he would be more labor friendly at the National Laborer Relations Board, which is responsible for enforcing and settling disputes between unions and employers.

THE BIDEN ADMINISTRATION PROPOSED REDUCING THE $11.58 MILLION GST TAX EXEMPTIONS TO AS LOW AS $3.5 MILLION PER PERSON FOR ESTATES AND $1 MILLION PER PERSON FOR LIFETIME GIFTS.

President Biden may also address student loan forgiveness. Currently 45 million people are carrying over $1.54 trillion in student loan debt for a whopping $30,000 in debt on average. The Biden Administration believes this debt overhang has major implications for the housing market and is the major reason for lower home ownership rates among millennials.

The Biden Administration also has proposed a refundable, advanceable (paid at time of usage) tax credit of up to $15,000 to help first time home buyers and fully funding the Section 8 Voucher Program, so that the program can serve more than the 25% of the eligible households it currently serves. On tax reform, President Biden has several proposals including modifying or eliminating a little-known provision called "Step-Up in Basis." When people inherit assets after the death of a friend or relative, a Step-Up in Basis can provide big tax benefits. Assets passed down in a will, like a home or stocks, may have gained substantial value since the deceased originally purchased it. A Step-Up in Basis allows those assets to be stepped up in value to match the present fair market value of the asset and avoid any taxable consequence for this increase in value. If the Step-Up in Basis is adjusted, or even eliminated, it could help the Biden Administration fund its long list of policy promises but would be extremely detrimental to those Americans who own stocks or other value assets such as farms, along with inheritances left to them that might be taxable under a revised plan.

The Biden Administration also calls for taxing long-term Capital Gains as ordinary income for those earning more than $1 million in annual income. Profits from the sale of assets right now under capital gains are taxed at either 15% or 20% depending on your annual income. The Biden Administration proposes raising the top rate to 39.6% for the highest earners. This would cause an immediate reduction in sales activity whether it be in stocks, bonds or real estate assets. People would avoid selling if they felt that they would be taxed at a substantially higher rate.

Healthcare could see substantial changes as well. The Biden Administration has suggested it would bolster the Affordable Care Act – and expand insurance subsidies to help more people afford it. However, it is likely this could become a "one size fits all" health insurance program which eventually would lead to the elimination of the private insurance industry. While this has not been stated explicitly by the Biden Administration, there are progressive forces within the country that would like to see the government take control of health insurance.

The Biden Plan also includes several initiatives that can impact the healthcare industry. These include bringing Medicaid expansion to additional states, providing for Medicare to negotiate lower prices with drug companies and providing access to such pricing to private plans participating in the individual marketplace, imposing controls on drug price increases above the general inflation rate, allowing consumers to import prescription drugs from other countries, and ending the tax deduction for drug advertising expenses. Biden is also expected to address prescription drug pricing and availability, including permitting Medicare to negotiate lower drug prices for manufacturers and establishing an independent review board to access value and recommend prices for new specialized drugs.

Finally, the Biden Administration has proposed reducing the current U.S. $11.58 million Estate, Gift and Generation Skipping Transfer (GST) Tax Exemptions to as low as $3.5 million per person for estates and $1 million per person for lifetime gifts. This plan would also increase the tax rate on transfers in excess of these exemption amounts from 40% to 45%. These would bring the exemptions and tax rates back to 2009 levels.

U.S. SENATE

On January 6, 2021, the balance of power in the U.S. Senate shifted in favor of the Democrats. The two Senate seats in Georgia, previously held by David Perdue and Kelly Loeffler, were won by Jon Ossoff and Raphael Warnock, two of the most progressive candidates ever in Georgia. There are now 50 Republican Senators and 50 Democratic Senators. The Democrats will now have the tie-breaking vote with Vice-President Kamala Harris. It is likely now that many of the items in the progressive platform proposed under the Biden Administration may be more likely to pass.

Also, in the 2020 election, 10 seats were gained by the Republican Party in the House of Representatives, so the

On January 5, 2021 Georgia held a runoff election for two Senate seats. As a result Democrat Raphael Warnock defeated incumbent Republican Kelly Loeffler and Democrat Jon Ossoff defeated incumbent Republican David Perdue. The two elections decided control of the Senate giving 50 seats to both the Repulicans and Democrats with the tiebreaking vote going to Vice President Kamala Harris.

makeup is 222 to 211, led by the Democratic Party. This is the smallest majority held by either Party in many years, which will make it more difficult to propose new policies that may not garner enough votes for passing.

GLOBAL RISKS

The world today is more interconnected than ever before. Environments and happenings that only affected one country or region in the past, can now have worldwide economic ramifications that last well into the future. The World Economic Forum (WEF) publishes a yearly report on what it predicts will be the biggest threats to long term worldwide economic progress. This year, the top 10 from their list for 2020 include:

1. EXTREME WEATHER

The year 2020 has proven that the threat of extreme weather is no longer a theory or assertion, but a real and immediate threat to global society. Climate change is striking harder and more rapidly than experts had previously expected. The last five years, according to the WEF, are on track to be the warmest on record, natural disasters are becoming more intense and more frequent, and the last two years have featured unprecedented extreme weather across the world. Scientists fear the staggering rise of climate emergency over the last 20 years will continue to increase. From 2008 to 2016, over 20 million people a year have been forced from their homes by extreme weather events such as storms, floods, wildfires, and hotter temperatures. In the U.S. alone, there were 16 notable natural disasters that caused $1 billion in damages, tying the record set in both 2011 and 2017. In 2020, the Atlantic hurricane season shattered records as the most active on record. For only the second time in history, the alphabetical list of hurricane names was used up, forcing meteorologists to move to the supplementary Greek alphabet names for forecasting. Hurricane Iota, the strongest storm of 2020, struck central America causing devastation across areas recovering from a separate major hurricane impact just two weeks earlier. In Louisiana, a record five storms made landfall causing residents to be displaced for extended periods. After witnessing the most named storms on record, scientists warned that more severe hurricane seasons are to come as climate change triggers these extreme events. Australian wildfires, occurring in early 2020 on the heels of a historic drought, was declared among the greatest world wildlife disasters in modern history. Scientists estimate that nearly three billion animals were affected by the wildfire season, three times their original estimate. The disaster's magnitude, experts note, is incomparable to that of any previous natural disaster. The fires were so great, in fact, they projected an amount of smoke into the atmosphere that temporarily blocked sunlight causing a brief global cooling affect like those after volcanic eruptions. Wildfires have taken an enormous toll in Western communities of

September 9, 2020, the Bidwell Bar Bridge on Lake Oroville was surrounded by fire during the Northern California Bear Fire in Oroville, California. The fire grew rapidly the night before, contributing an unprecedented amount of smoke to enter the atmosphere leading to darkened orange and yellow skies across the area including San Francisco Bay.

the U.S. as well. Doubling the record set in 2018, wildfires have burned over four million acres in California. According to the Scientific American, five of the state's largest fires burned this year. Eight of the top 10 have occurred this decade. Climatologists predict that climate change will continue to influence more large-scale extreme weather events across the globe. It is imperative that society takes action to combat these events and protect the planet's sustainability through the future.

2. CLIMATE ACTION FAILURE

Despite the warnings of climatologists and other experts, the world is not doing enough to combat climate change. Alarmingly, global temperatures are on track to increase by more than three degrees Celsius toward the end of this century – twice what climate scientists had previously warned is the limit to avoid the most severe economic, social, and environmental consequences. In the near term, the consequences of climate change include loss of life, social and geopolitical tensions, and negative economic impact.

3. NATURAL DISASTERS

Not all-natural disasters are directly linked to climate change; however, according to the World Meteorological Organization, "a clear fingerprint of human induced climate change has been identified." Scientists expect future heatwaves, droughts, storms, hurricanes, flooding, and other weather extremes to grow. These weather events can even lead to incidents such as the devastating wildfires in Australia and California in 2020. According to the Scientific American, human actions outside of climate change are also increasing to the societal toll of these disasters. As communities build up in vulnerable areas, such as along the coasts and in fire-prone areas of the West, more people will find themselves in harm's way. As technology increases for the prediction of disasters and a stronger infrastructure, especially in developed countries, it may not be enough to combat climate-induced natural disasters.

4. BIODIVERSITY LOSS

The WEF Forum's multistakeholder network rates biodiversity loss as the second most impactful and third most likely risk for the next 10 years. At current rates, extinction is tens to hundreds of times higher than the average over the past 10 million years and is accelerating. Perhaps the most undervalued business-related risk, society relies on biodiversity in fundamental ways such as pollinating crops and managing our food supply, curing diseases, and acquiring clean water. The worth of biodiversity, according to economists, is around $33 trillion per year, close to the GDP of China and the U.S. combined. Biodiversity loss has critical implications to humanity from the collapse of food security and health systems to failures of entire supply chains.

5. HUMAN-MADE ENVIRONMENTAL DISASTERS

Human-made environmental disasters present unique risks to economic activity. Oil spills, for example, can lead to extensive damage to an entire marine ecosystem and cost billions in cleanup efforts. Other examples include environmental crime, waste dumping, infrastructure damage, and radioactive contamination. Wildlife crime is becoming increasingly persistent in the regions of Asia, Africa, and Latin America. In some areas, illegal trade of items such as rhino horn, tiger skins, and elephant ivory are leading entire species closer to the brink of extension. As overhunting continues, wildlife trafficking is also becoming a threat to the fragile biological ecosystem. Illegal fishing, pollution, mining, and other forms of ecological crime will continue to have detrimental effects to the environment over the next 10 years.

6. DATA-FRAUD OR THEFT

With the growth of digitalization, experts believe data theft and fraud will continue to increase. As companies expand their digital footprint and implement new technologies, cybercriminals will continue to pursue targeted weaknesses in business systems. Large scale wrongful exploitation of public and private data will continue to take place on an unprecedented scale. Additionally, the rise of artificial intelligence (AI) technology presents both an opportunity and a risk. According to the UN's International Telecommunication Union (ITU), "massive interdisciplinary collaboration" will be needed to unlock AI's full potential. China, presented with this new digital frontier for competitive geopolitics, has strongly encouraged companies to invest in AI, making it a national security priority. In the U.S., the Defense Department's Joint Artificial Intelligence Center recently requested a tripling of its budget to $268 million, citing the rapid development of AI capabilities in countries such as Russia and China. According to the ITU, because AI can also bring significant risk, multilateral cooperation is needed to address challenges such as security, verification, deep fake videos, mass surveillance, and advanced weaponry.

THE AUSTRALIAN 2020 WILDFIRES, FOLLOWING A HISTORIC DROUGHT, WERE DECLARED AMONG THE GREATEST WORLD WILDLIFE DISASTERS IN MODERN HISTORY.

7. CYBERATTACKS

As technological advancements continue, the opportunity for cybercriminals to target weaknesses in business systems will inherently follow. Largescale cyberattacks will take a multitude of forms from data theft and ransom to the complete overtaking of systems with potentially harmful consequences. Unfortunately, using "security-by-design" principles to integrate cybersecurity systems into new products remains secondary to getting products out quickly to market. Cyberattacks on critical infrastructure have become the new normal across energy, healthcare, and transportation sectors. Such attacks can affect entire cities. Public and private sectors alike are at risk of being held hostage in these circumstances. Organized cybercrime entities are continuing to advance and expand as their likelihood of detecting surges is estimated to be as low as 0.05% in the U.S. By 2021, experts predict cybercrime damages might reach $6 trillion, roughly the GDP of the world's third largest economy.

8. WATER CRISES

Water scarcity, a threat that affects a quarter of the world's current population, will increasingly become an issue facing many regions around the world. As climate change reshapes the security of and access to water, countries will face more potential points of contention. Countries already at odds over unresolved land barriers and maritime boundaries could increasingly debate who has rights to common property resources such as fishing waters. In fact, according to the UN, water was a major factor in conflict in 45 countries in 2017. These disputes will likely grow in number and intensity as a transition to a more decentralized renewable energy economy alters geopolitical landscapes and creates vulnerabilities for new regions. Rising sea levels will continue to create refugees as people flee low-lying areas. Right now, 844 million people lack basic freshwater – more than one in every 10 people on earth. Some experts predict that by 2050 at least one in four individuals will likely live in a country affected by prolonged or recurring fresh-water shortages. Unfortunately, over one million people die each year from water, sanitation, and hygiene related diseases. Many ecosystems that in the past have been relied upon to keep ecosystems thriving and feed a growing human population are becoming stressed. Aquifers, rivers, and lakes around the world are becoming too polluted to use or drying up entirely. As the world's population continues to grow, experts predict this situation will only become worse. An emphasis on the urgency of the escalating global water crisis is at the forefront of global risks experts' minds.

9. GLOBAL GOVERNANCE FAILURE

Up from ninth in the 2019 report, WEF experts predict that the second most likely risk to increase over the next few years is "domestic political polarization." The current geopolitical landscape is unsettled. States are increasingly viewing opportunities and challenges through a unilateral lens. What were once considered through alliance structures and multilateral systems have become nationalistic in a pursuit of individual agendas. If stakeholders concentrate on geostrategic advantage and fail to coordinate during this unsettled period, opportunities for actions on critical global issues may slip away. In the face of an increased risk of economic stagnation, low trade barriers, fiscal prudence, and strong global investment are fraying as leaders advance state-centered policies. Furthermore, international policies are largely lagging behind technological advancements. The lack of a global governance framework for new technology creates a risk for the fragmentation of cyberspace and creates an increased business influence on standard setting. In turn, economic growth and aggravated geopolitical conflicts will widen divisions within societies.

10. ASSET BUBBLE

An asset bubble exists when the price of an asset continues to rise despite an equal rise in market demand or fundamentals that would justify the increase. Largely blamed for the 2007-2009 Great Recession, asset bubbles can cause devastating economic impacts. According to the WEF, an increase in unsustainably overpriced assets such as housing, commodities, financial instruments, etc. continues to threaten global markets.

THE WEF SEES AN ASSET BUBBLE IN UNSUSTAINABLY OVERPRICED ASSETS SUCH AS HOUSING, COMMODITIES, FINANCIAL INSTRUMENTS, ETC. SIMILAR TO WHAT CAUSED THE 2007-2009 GREAT RECESSION.

More recently, in a post-coronavirus special edition article, the WEF noted that the economic fallout from COVID-19 and a possible global recession dominates companies' risk perceptions. Over the next 18 months, a prolonged recession of the global economy is the most likely and concerning event in the wake of this worldwide pandemic. WEF identified bankruptcies, industry consolidations, the failure of businesses to recover, and disruption of supply chains as critical issues on the minds of leaders. As previously mentioned, increases in cyber-attacks, data fraud, and the increasing breakdown of IT infrastructure networks are all concerns among companies across the globe. With news of vaccine effectiveness dominating recent headlines, businesses are hopeful that increased consumer confidence will lead to strong economic growth across the globe.

GLOBAL ECONOMY

The International Monetary Fund (IMF) expects the overall world economy to contract in 2020 by 4.4% but it is projected to grow by 5.2% in 2021. This is a far cry from the global growth of 3.4% originally projected in 2020, prior to the effect of COVID-19. The global economy is just now beginning to climb out of the forced recession caused by the great lockdown in April 2020. But with the COVID-19 Pandemic continuing to spread in late 2020, and vaccines not expected to be fully available to the vast majority of the population until mid-year 2021, many countries have slowed reopening, and some have reinstated partial lockdowns to protect susceptible populations. Vaccines now offered by Pfizer and Moderna, and soon by a host of other companies, will be released to the U.S. and global population in 2021, although much of the world will not be fully vaccinated until early 2022. The COVID-19 Pandemic has caused a recession that is very different from past recessions. In previous downturns, service-oriented sectors have tended to suffer smaller growth declines than manufacturing. In the current crisis, the service sector, which is reliant on face-to-face interactions, particularly wholesale and retail trade, hospitality, and arts & entertainment have seen larger contractions than manufacturing. It should be noted that close to 90 million people could fall below the $1.90 per day income threshold of extreme poverty this year. In addition, school closures during the Pandemic have posed a significant new challenge that could set back human capital accumulations severely. In summary, it is important to know what has happened to the world economy based upon the COVID-19 Pandemic. In 2019, the global economy grew at 2.8% while in 2020, and as mentioned earlier, will contract at 4.4% but then it's expected to expand in 2021 by 5.2%. The U.S. economy grew at the rate of 1.9% in 2019 but is expected to contract by 5.8% by year-end 2020. It is expected to grow again to 3.9% in 2021. Japan, which grew at 0.7% in 2019, will contract at 5.3% in 2020 and then is expected to grow at 2.3% in 2021. The United Kingdom, which grew at 1.5% in 2019, will contract by 9.8% in 2020 and then grow by 5.9% in 2021. China, which grew by 6.1% in 2019, will still grow by 1.9% in 2020, before expanding to 8.2% in 2021. Of all the major top five nations of the world, China is the only one that will not contract its GDP in 2020.

Global GDP reached $91.98 trillion in 2020. GDP helps to provide a snapshot of a country's economy and can be calculated using world expenditures, production, or incomes. In comparison to 2020, the world GDP in 2017 was $80.93 trillion, in 2018 it was $84.84 trillion, and in 2019 it was $88.08 trillion. The U.S. continues to lead the world with a GDP of $21.44 trillion, while ranking second in the world for the approximate value of natural resources at $45 trillion. China remains the second largest economy in the world and continues to gain on the U.S. Its nominal GDP stands at $15.73 trillion and has $23 trillion in natural resources. Japan remains the third largest economy in the world with a GDP of $5.42 trillion. Germany is the fourth largest economy in the world with a GDP of $4.47 trillion; India fifth largest at $3.21 trillion; the United Kingdom sixth largest with $2.83 trillion, followed by France at seventh largest with a GDP of $2.71 trillion.

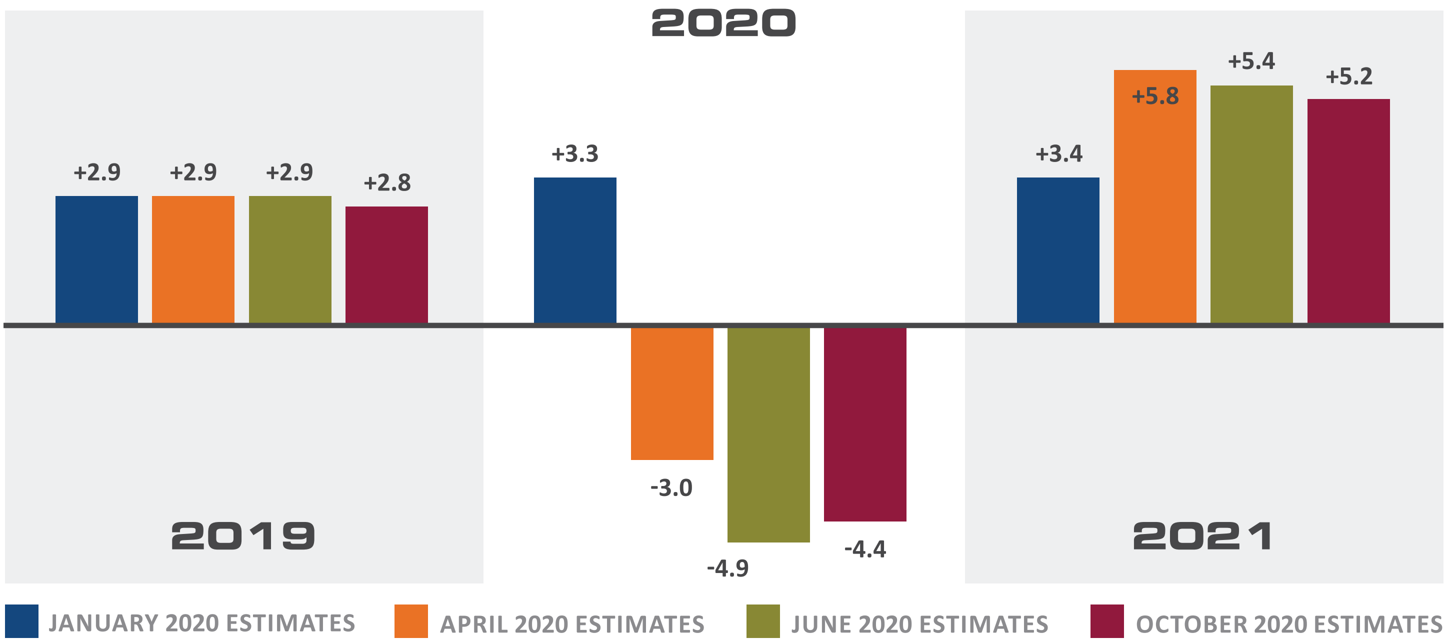
The coronavirus has wreaked havoc across the world, increasing global government debt to near 100% of GDP.

Monetary policy is expected to remain highly accommodative. But expect the dollar to remain the dominant global currency, with the euro still far behind entering 2021.

Because of a very accommodative monetary policy, U.S. treasury notes, UK gilts, German bunds, and French

IMF Forcast Shows Slight Improvement for 2020

GLOBAL GDP GROWTH ESTIMATES PUBLISHED BY THE IMF BEFORE, DURING, AND AFTER (2021) THE COVID-19 PANDEMIC (IN %)"



The WEF sees an asset bubble in unsustainably overpriced assets such as housing, commodities, financial instruments, etc. similar to what caused the 2007-2009 great recession.

SOURCE: INTERNATIONAL MONETARY FUND

securities have dropped even further than the 60 to 100 basis points drop that occurred in 2019. In the U.S. and in other economies around the world, Accommodative Monetary Policy will allow and support higher inflation than was acceptable in the past. The Federal Reserve has set a limit of about 2% as a safe level for inflation growth and has suggested inflation will be allowed to increase more in the future, perhaps a level of 2.5% or slightly higher depending on other characteristics of the economy.

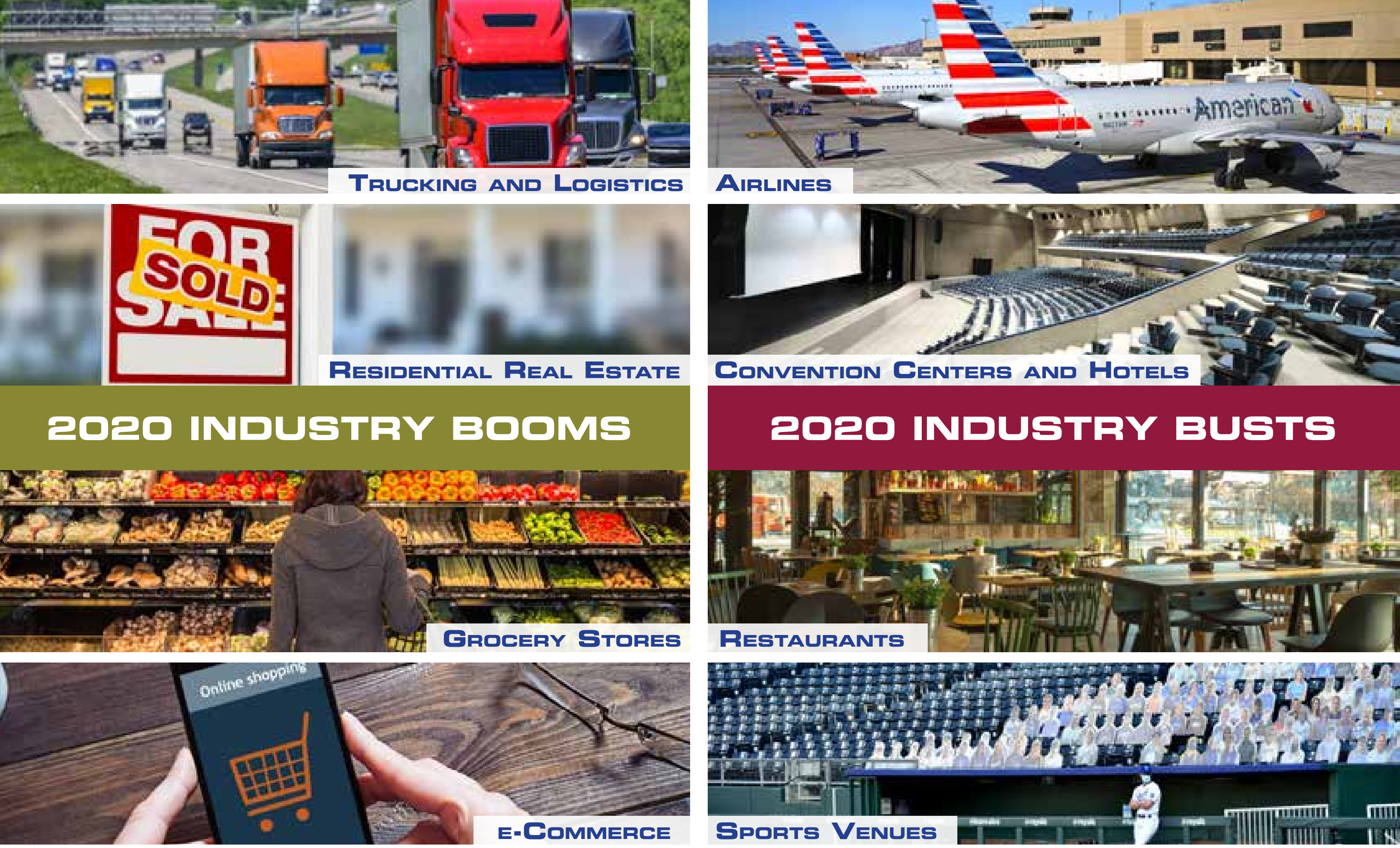
U.S. ECONOMY

The federal deficit had been expected to increase in 2020, but no one could have imagined that the onslaught of COVID-19 would forever change the U.S. economy. In 2020, the federal deficit, due to stimulus packages passed by the Senate totaling $2.9 trillion, together with the effects of the shutdown of our economy, caused it to rise quickly. The Congressional Budget Office (CBO) now projects that the federal budget deficit for 2020 will exceed $3.3 trillion, more than triple the shortfall recorded in 2019. The 2020 deficit was 16.0% of GDP and the largest percent deficit since 1945.

The U.S. Government has been operating on a budget deficit since 2002. In 2001, we had our biggest surplus at $127 billion. U.S. GDP growth was 2.4% in 2019 and was expected to slow to about 2% in 2020 followed by an increase in 2021 to 2.1%. The CBO now expects the GDP to contract by 4.6% by year-end 2020, followed by an increase of 3.6% in 2021 and a 2.6% increase in 2022.

Part of the reason for the higher deficit in 2020 was The Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act. This was a $2 trillion economic stimulus bill passed by the 116th U.S. Congress and signed into law by President Trump on March 27, 2020, in response to the economic fallout of the COVID-19 Pandemic in the U.S. The CARES Act included $290 billion in direct payments to eligible tax payers, $260 billion in expanded unemployment insurance, $150 billion for state and local governments, $510 billion in expanded lending for businesses and local governments, $377 billion in new loans and grants for small business, and $127 billion for hospitals for ventilators and other equipment. As a specific part of the CARES Act, the Paycheck Protection Program (PPP) was provided to help fight the already rising unemployment in the U.S. This portion of the stimulus package was aimed to protect jobs by offering employers a loan of either up to $10 million or 2.5 times their average monthly payroll. Much of these monies went to good use as businesses across the nation qualified for these loans. As of year-end 2020, most of these loans are expected to be forgiven and applications by most employers are in process with the SBA to complete the forgiveness process.

Due to the fragile economy, the feds are unlikely to take an aggressive approach and, in fact, should be very patient as it relates to rate hikes, essentially insuring a longer lower rate environment as the economy recovers. For commercial real estate, this likely will translate into



In 2020, industries such as residential real estate, trucking and logistics, grocery stores, and e-Commerce saw growth or greater adoption across the U.S. Other industries, however, were negatively impacted by COVID-19, such as airlines, convention centers and hotels, sporting venues, and restaurants. Many of these will likely not be able to fully recover until the vaccines are more widely administered.

greater downward pressure on long term cap rates. And while low interest rates are generally good for commercial real estate, there could be other impacts not widely considered, such as central bankers becoming more vigilant about preventing asset bubbles and therefore tightening underwriting standards and requiring more reserves. This would certainly affect Loan-To-Value (LTV) ratios for real estate.

At this time, Federal Reserve officials expect to leave interest rates near 0% to 0.25% through at least 2023 and will tolerate periods of higher inflation as they try to revive the labor market and economy based on their September policy and economic projections. The policy setting Federal Open Market Committee "expects it will be appropriate to maintain this target range until labor market conditions have reached levels consistent with the committee's assessments and maximum employment and inflation has risen to 2% and is on track to moderately exceed 2% for some time."

If we study the total U.S. debt, it is truly scary. At year-end 2019, the total U.S. debt was just over $23.2 trillion, but at year-end 2020, it jumped to $27.5 trillion for an increase of over $4.3 trillion dollars. This creates a debt per citizen of over $82,927 and per actual taxpayer of $219,704. It is important to know that the U.S. federal debt to GDP ratio continues to rise to unacceptable levels. In 1960, it was 52.11%; in 1980, 34.71%; in 2000, 5.28%; and at year-end 2020 it stands at 128.59% of GDP.

The U.S. total national assets stand at $158.3 trillion dollars or approximately $478,612.00 per person. Unfortunately, between Social Security liability, Medicare liability and other liabilities, the total U.S. unfunded liabilities exceed $156.1 trillion dollars or $471,750.00 per citizen. Essentially, our unfunded liabilities are nearly equal to our assets.

One bright spot in the U.S. economy is the stock market. As of year-end 2020, the Dow Jones Industrial Index stood at 30,606 (on a preliminary basis), the highest level ever recorded in the history of the stock market. The Trump Administration was very business oriented and supportive of the removal of so many regulations that allowed businesses to prosper as evidenced by the rise in the stock market. The Dow Jones and S&P 500 both rose to all-time highs by year-end 2020.

JOB MARKET

By the end of 2019, the U.S. job market was the strongest ever recorded, with unemployment at an all-time low at 3.5%. The U.S. economy had 22 consecutive months at or below 4% unemployment and it was expected that this would continue through 2020. Unemployment rates were the lowest ever recorded for African Americans, Hispanics, and people with disabilities, and the lowest rate in nearly 50 years for women. But unfortunately, COVID-19 hit in January 2020 and resulted in a total devastation of the employment picture for the U.S. In the three and a half months following the announcement of COVID-19 in January 2020, unemployment in the U.S. swelled to 20.5 million people and shot up from just over 3.5% to nearly 14.4% in April 2020. The rise in the number of unemployed workers due to COVID-19 was substantially greater than the increase due to the Great Recession when the number of unemployed increased by 8.8 million from the end of 2007 to the beginning of 2010. However, with the Moderna, Pfizer and other vaccines in the market in 2021, we can expect a very quick decrease in unemployment as businesses are able to open back up, including restaurants, entertainment, and other face-to-face industry jobs.

The labor participation rate at year end 2019 stood at 63%, but due to COVID-19, the labor participation rate slipped to approximately 61.6% at year-end 2020 and is not expected to return to the 2019 level for 18 to 24 months.

AFTER ENDING 2019 AT AN ALL-TIME LOW UNEMPLOYMENT OF 3.5%, THE U.S. UNEMPLOYMENT RATE SHOT UP TO NEARLY 14.4% IN APRIL 2020 FOLLOWING THE RISE OF COVID-19.

U.S. HOUSING MARKET

As of year-end 2020, the housing market remained a seller's real estate market, with annual price growth reaching record highs and inventories continuing to fall. Buyers were looking for signs of a slowdown in the housing market that had been red hot since its post-Pandemic recovery, but prices continue to skyrocket. Asking prices soared at nearly 13% over last year. Additionally, record low mortgage rates and the shortage of inventory kept the U.S. housing market very strong. On the negative side, more than 6 million households failed to make their rent or mortgage payments in the latter months of 2020 according to the Mortgage Banker Association Research Institute for Housing America. Millions of student debt borrowers were behind on their loan payments as well which will have future ramifications for the housing market, as many of these potential future buyers will be delayed from entering the market. With mortgage rates for housing expected to stay near 3% over the next 18 months, buying a home will remain an attractive proposition. Therefore, we expect the housing market will continue to lead the economy forward in 2021.

U.S. PROPERTY SECTORS AND MARKET

For the 11th consecutive year, the Urban Land Institute (ULI) and PricewaterhouseCoopers (PWC) in their joint publication "Emerging Trends in Real Estate 2021," have indicated that "U.S. property sectors and markets will again be the top choice for investment dollars both nationally and internationally." It is exciting to note that the current real estate cycle has now continued for over 133 months and has become the longest cycle ever, exceeding the period from 1991 to 2001. While investors continued to describe the cycle as mature, as they did in 2018 and 2019, low interest rates and a large infusion of global capital has continued to cause the real estate industry, as a whole, to remain very strong. Financing has been more flexible and easier to obtain than in 2019, but only for those developers and investors who are financially capable. Well capitalized investors and/or developers with long standing track records will continue to be successful in their borrowings, but we do expect LTV ratios that declined in 2020 to remain about the same in 2021.

The availability of investment capital seeking higher quality properties continues to be the major theme in 2021. Capital to invest in real estate has continued to increase from nearly $500 billion in 2019 to nearly $625 billion in 2021. Cap rates on coastal properties have slid into the low to middle 3% range and this continues to cause many investors to look at both secondary and tertiary markets. Cap rates in those markets have also declined 75 to 100 basis points in the last 18 months reaching some of the lowest cap rates ever on record. There continues to be an increase in international investment activity in the U.S. although the trend has expanded from 24-hour cities to secondary and even tertiary investment centers.

For seven straight years, industrial property has continued to be the top ranked property sector and it is expected to continue at the top in 2021. COVID-19 has only strengthened the industrial sector, as online purchasing has become mainstream throughout the U.S. economy. Those that distanced themselves from online buying in the past were forced to consider this option when they were in a "lockdown" and unable to go out into the marketplace to purchase goods. This lockdown has further increased the growth of e-Commerce in 2020 and it will continue in 2021.

E-Commerce and logistics real estate have been transformed structurally by demand, supply, and capital markets, and will continue to lead the industrial category. E-Commerce and logistics real estate has surged due to COVID-19 and vacancy rates continue to reach all-time lows. As demands strengthen, supply has grown dramatically, and it is now expected that the U.S. will need over two billion square feet in the next five years. Expect food and healthcare supply categories to further expand and become mainstays of online acquisition activity in 2021 and beyond.

As noted in 2019, the multifamily and healthcare investment markets were also quite strong in 2020 and are expected to remain strong in 2021. The demand for apartment development is changing dramatically as there is now a new surge for suburban apartment projects as many renters flee urban markets due to the concerns about COVID-19, and the lack of security due to protests, looting, and rioting. The healthcare sector continues to expand as hospitals decouple from main campuses and look to locate facilities close to population, in easy-to-get-to locations. The continued relocation of surgical centers and 24-hour care centers close to the patient is also creating growth in the healthcare industry. Innovation within healthcare has also caused a demand for new and more technologically advanced facilities.

REAL ESTATE WILL CONTINUE TO COMMAND A PREMIUM OVER FIXED INCOME INVESTMENTS IN 2021 AS INTEREST RATES REMAIN LOW AND INSTITUTIONAL CAPITAL FROM ALL OVER THE WORLD REMAINS AVAILABLE.

In the office sector, one of the most oft-mentioned themes that we heard was that COVID-19 did not create a new trend but accelerated those already underway. One of the biggest trends that lost momentum due to COVID-19 was the appeal of big cities. The office sector remained strong in previous years due to the growth in major 24-hour cities with mass transit ridership, live entertainment and other opportunities available. But with COVID-19 shutting down much of these opportunities in the big cities, the office sector weakened substantially in 2020. While the office market is expected to improve in 2021 as vaccines are rolled out, there is clearly an analysis underway on office space demand, work-from-home (WFH) options, and "right sizing" in the office sector.

Retail continues to be the hardest hit category in 2020 and, except for fast food and fast casual restaurant categories, the retail sector has been severely damaged. Sit-down restaurants with indoor dining, retail trade and shops with face-to-face service requirements, and the entertainment sector, such as indoor theaters, have been shut down for vast portions of the year throughout the U.S. This has left the retail sector in disarray although there is an expectation in 2021, as the vaccine for COVID-19 is administered throughout the country, that we will see a "roaring 20s" return in this sector.

In 2021, real estate will continue to command a premium over fixed income investments. Low interest rates and the availability of institutional capital from all over the world will keep cap rates declining in most areas of the country. Equity markets remain strong, but the bond industry and other fixed income assets did not fare well in 2020 and that is expected to continue in 2021. The real estate sector will again continue to be the most attractive in terms of total investment activity in 2021 as it has over the last several years and will attract the vast majority of investment capital. This investment capital will continue to look at 24-hour cities, 18-hour cities and those top secondary and tertiary markets throughout the U.S. as they continually strive for higher investment returns.

Notwithstanding COVID-19 and all of the concerns that it has caused, it is important to note that there is still a number of trends that are occurring in real estate that smart investors should be looking at as they determine their investment activity going forward in 2021. Some of these major trends are as follows:

1. **Are we home yet?** WFH policies have continued in 2020 and will continue in the early part of 2021 until the vaccine has been administered to most of the population. Company's employees have been talking about telecommuting and WFH for decades, but COVID-19 caused this to become reality for the vast majority of America in 2020 with the extensive use of Zoom, Teams, Webex, GoToMeeting, and other online meeting platforms. Most companies will look closely at their in-person office space requirements in 2021 and beyond.
2. **The great American move:** COVID-19 and the breakdown of law and order in many of the larger cities around the country have caused people to begin to look at moving from denser cities to the suburbs and from an apartment to a home.
3. **Reinvented cities post-COVID-19:** While urban centers have been the focal point for office, multifamily, and other property types, the trend for suburban locations is now increasing. Expect to see many center city offices and residents move to suburban centers for lifestyle choices. Millennials will continue to form the bulk of the geographic shift to suburbs, but they are likely to be joined by other generations such as Generation Z.
4. **Accelerating the retail transformation:** Retail owners are being forced to look at changes to vacant space and how to convert them to non-retail uses. COVID-19 has accelerated store closures and placed a further hardship on many of these underperforming retail centers. Landlords will need to become more creative in transforming these underperforming centers into residential, office, or medical communities.
5. **From "just in time" to "just in case":** Strategies are shifting quickly from "just in time" to "just in case." Management is now focused on preparedness, which includes holding higher inventory, diversifying sales channels, and having optionality and production notes – engendering "just in case" strategies. Expect them to acquire additional logistic and e-Commerce facilities in order to hold this increase in supply chain requirements.
6. **Location, location, safety:** COVID-19 can be transmitted more easily in indoor spaces than outdoor spaces and since real estate is by definition an indoor space, building owners will be called on to reduce a likelihood of indoor transmission through

Tele-commuting and work from home, along with home schooling, became the norm in 2020 for most of the world and will remain in place through at least the early part of 2021. Use of online meeting platforms such as Zoom, Webex, and GoToMeeting, among others, have caused many companies to look closely at their office space requirements going forward. These same platforms have helped facilitate the continued education of children, in addition to parents taking on a new, more hands on, role in their children's education.

redesigned spaces, cleaner surfaces, more effective filtration, lower density and other techniques. The buildings with advanced HVAC systems and other clean air technology will likely be at an advantage over older properties.

7. **The economy stumbles (and the real estate sector hangs on):** With COVID-19 and the stumbling of so many businesses and the closure of many more, the question of future real estate prices comes to the forefront. Some sectors like industrial and multifamily have been disrupted far less than retail, restaurants and entertainment facilities. The strongest real estate properties in the best locations will continue to be in demand.
8. **The great fiscal challenge:** Local, regional, and state governments throughout the country, absent a major relief package from Washington, will be forced to raise taxes and offer reduced services, infrastructure and employment.
9. **From moment to moment** "Racial and Social Equity": Systematic racism and bias has certainly been seen in the history of the U.S. The real estate industry as a whole will need to focus on greater racial and social equity.
10. **Affordable housing crisis:** The COVID-19 crisis has swelled the number of unemployed and low-income workers and many of them will struggle to afford rent until their jobs are restored. So, providing more affordable housing will be a key focus in many communities around the country in 2021.

KEY POINTS:

- Nearly 80% of U.S. industrial markets will see positive rent growth over the next 12 months and most will exceed their historical rent growth average over the next several years.
- Rising e-Commerce fulfillment will require new design features for warehouse and distribution buildings, including ceiling heights of 40' and up, multiple mezzanine floors, buildings as large as three million total square feet or more in buildings. In the short term, many of these buildings will be build-to-suit and significantly boost net absorption totals.
- More warehouses will have HVAC systems for employee comfort and to keep machinery at optimal operating temperatures.
- U.S. multifamily is expected to increase by 33% in 2021 to $148 billion, with suburban submarkets in the Midwest and Southeast regions continuing to outperform other markets
- Once the recovery accelerates in 2021, we expect

*On **February 2, 2020** the Kansas City Chiefs defeated the San Francisco 49ers 31-20 at Hard Rock Stadium in Miami Gardens, Florida, becoming Super Bowl LIV Champions. This marked the first Super Bowl appearance, and victory, for the Chiefs in 50 years, when they won Super Bowl IV. Patrick Mahomes was named Super Bowl MVP and in the off season signed a 10-year $500 million contract essentially ensuring he remains a Chief for his entire NFL career. Additionally, both Head Coach Andy Reid and General Manager Brett Veach signed six-year extensions in the off season. (Yes, we know we lost the Super Bowl in 2021!)*

Class "A" office properties to experience faster improvement in demand, vacancy, and rents than other categories. Users are increasingly demanding flexible space options, shared meeting space, indoor air quality, connected building apps and touchless technology when considering new leases. A recent study suggests that remote working could cut the overall need for office space by 15%.

KANSAS CITY REGION

The Gross Regional Product (GRP) grew at an annual rate of 2.3% in 2019 and was expected to fall to 1.6% in 2020, and to rise again to 1.9% in 2021. Due to COVID-19, all of these numbers changed dramatically. The actual GRP for Kansas City fell 4.2% during 2020.

The unemployment rate in Kansas City at year-end 2019 was 3.3% and was expected to stay near that level through most of 2020. Unfortunately, due to COVID-19 and a forced shutdown, the unemployment rate reached 10.3% at year-end 2020 after hitting a high of 11.3% in April. Overall, the region's job growth forecast had projected 13,100 new jobs in 2020 but instead the region lost 47,000 jobs. In 2021, the Kansas City economy is projected to recover and add about 14,500 workers with growth at a slow 1.4% pace.

Kansas City's total non-farm payroll employment declined by 125,700 jobs in April of 2020 alone, but by year-end had recovered nearly 60% of the total lost jobs, losing only 53,000 for the year. Construction was one portion of the economy in the Kansas City region that remained strong. With $4 billion in construction starts occurring in 2020, split roughly half between residential and non-residential, this still was a bright spot in the Kansas City region. Single family and multifamily residential construction showed modest increases over the same period last year despite the pandemic. The value of single-family home construction grew 11% while multifamily grew 24%. However, industrial construction grew by a whopping 62% over the previous year. The spike in institutional construction in 2019 was a result of starting the new terminal at KCI. This construction is ongoing, however, so the drop-in value may not reflect the drop-in actual activity.

Kansas City continues to have a diverse economy, whose industry structure tends to mirror that of the nation. Healthcare and professional services lead the way. The Healthcare and Social Assistance sector employs 160,000 jobs, while professional, scientific, and technical services are second with 136,000 jobs. Retail trade, state and local government, accommodation and food services are the next three largest categories in the Kansas City region.

The Kansas City Metro area continues to show reasonably good economic strength compared to other large metropolitan areas. These economic strength ratings, which are created by Policom Corp., study the characteristics of strong and weak economies and determine which ones have rapid consistent growth in both size and quality for an extended period. In 2019, the Kansas City strength rating was 58, down from its rating of 49 in 2018 and 24 in 2017. Unfortunately, Kansas City continued to drop slightly in this ranking in 2020 to number 60. The good news is Kansas City currently ranks 29th in annual GDP growth, 31st in quality jobs growth, and 11th in real median household income. Kansas City continues to compare quite well based on these overall statistics. In summary, Kansas City has regained nearly 60% of the jobs lost since April 2020, which is a faster recovery than most U.S. cities. The current forecast suggests the Kansas City economy will fully recover the jobs lost by 2023, about a year faster than the U.S.

Kansas City, Missouri, is the largest city in the state and the 37th largest in the U.S. The Kansas City Metropolitan Area is the 27th largest in the U.S. Kansas City is the 3rd largest beef producing city in the U.S. and is home to the 2nd largest rail network. Kansas City houses many factories, manufacturing plants, and an official international trade zone, and more foreign trade zone space than anywhere else in the nation.

The most exciting thing that happened in Kansas City in 2020, and which seems like a long time ago, was the Kansas City Chiefs winning their first Super Bowl victory in 50 years. The Chiefs once again became champions winning Super Bowl LIV in epic fashion at Hard Rock Stadium, beating the San Francisco 49ers 31 to 20. The Chiefs became the first team in NFL history to win three games after trailing by 10 or more points in a single post season. Patrick Mahomes, the 2018 league MVP, was named the Super Bowl MVP. He joined Ben Roethlisberger and Tom Brady as the only quarterbacks to host a Lombardi trophy before their 25th birthday. Mahomes became the youngest player to win both an NFL MVP award and a Super Bowl title, surpassing Pro Football Hall of Famer Emmitt Smith. While it was an incredibly long wait of 50 years, the town made sure they gave their Super Bowl Champions an amazing day in the sun with a celebration parade in front of 800,000+ fans.

Another exciting event for Kansas City was the return of Professional Women's Soccer. FC Kansas City was founded in 2012 and after winning back-to-back championship titles in 2014 and 2015, ceased operations in November 2017. Chris and Angie Long, founders of Palmers Square Capital Management LLC, recently scored the approval of the National Women's Soccer League to launch an expansion team in Kansas City. The couple is leading the ownership group comprised of mostly female business leaders, including Marketing and Creative Executive Jen Gulvik, Fitness Entrepreneur Brittany Matthews, the fiancée of Kansas City Chiefs quarterback Patrick Mahomes, and a host of other top business leaders. The new team will begin playing in 2021 at JustBats Field at T-Bones Stadium in Kansas City, Kansas.

ANGIE AND CHRIS LONG HEAD UP AN OWNERSHIP GROUP COMPRISED OF MOSTLY FEMALE BUSINESS LEADERS BRINGING THE NATIONAL WOMEN'S SOCCER LEAGUE BACK TO THE KANSAS CITY MARKET THROUGH AN EXPANSION TEAM IN 2021, FOLLOWING APPROVAL BY THE BOARD OF GOVERNORS IN 2020.

Another exciting development for Kansas City is the potential expansion of the streetcar system from the River Market to a new sub-station near the University of Missouri – Kansas City campus. The Federal Transit Administration executed a full funding grant agreement with Kansas City for $174.1 million on January 8, 2021. This grant, in tandem with $50.8 million dollars awarded in August, will support the final design and construction for the three and a half mile streetcar extension along Main Street. The balance of funds for the $351 million dollar project will come from the transportation development district which was approved by voters in 2018.

While the new airport has been under construction for some time, Mayor Quinton Lucas just announced that the $1 billion, new single-terminal Kansas City International Airport should open on March 3, 2023. With the COVID-19 Pandemic in 2020, air travel was down 55% at KCI compared to 2019. However, with the new Kansas City International Airport being completed in early 2023, they project overall increases in air traffic to be substantially higher than had been previously projected.

The Kansas City Metro is to be home to another billion-dollar acquisition. Nesco Holdings, Inc. signed a definitive agreement to acquire Kansas City based Custom Truck One Source for $1.47 billion. Custom Truck, which has grown to 1,700 employees, is a builder and supplier of custom specialty work trucks. The deal will involve an investment of more than $850 million into Nesco and it is expected to allow the company to expand substantially.

Waddell & Reed also recently sold for $1.7 billion and this could cause a major hiccup for the office market in downtown Kansas City. Australian Financial Services Company, MacQuarie, is expected to purchase the company and it is possible that the company may not move into all or portions of the brand new $140 million 18-story tower that is currently under construction at 1400 Baltimore Avenue in downtown Kansas City, Missouri. If that were to occur, it would certainly be a hit to the downtown market and slow future office high-rises that are planned. On the other hand, it could provide much needed high-quality class "A" office space that could attract new users downtown.

With the future vacation by the Kansas City Star of their $200 million downtown printing and distribution headquarters, the opportunity for a downtown baseball stadium is again being discussed. Rosana Privitera Biondo, Principal with the building owner Ambassador Hospitality LLC, has floated multiple possibilities for the site including a logistics center, call fulfillment space, a brewery or even a downtown baseball stadium.

A number of interesting real estate projects appear to be close to moving forward in Kansas City, including the $100 million hotel project on the Country Club Plaza, designed for two new hotels by Capital Management, Inc. looks like it is close to starting. There is a planned late 2022 opening for the two hotels; one will be a 10-story, 175 room Tribute portfolio hotel and the other a 7-story, 121 room Aloft hotel by Marriott on the 1.5-acre site south of 46th Street between Broadway and Wornall. Also, the mixed-use project led by Overland Park based Drake Development, LLC, called the Streets of West Pryor, is a $178 million mixed-use development in Lee's Summit, which continues to gain momentum. The development's retail tenants include a variety of restaurants and a 63,000 square foot McKeever's Market. There are also future plans for more multifamily residential units and a senior living facility at the project. This may just be the start of things to come as land owned by the Mormon Church in Lee's Summit, totaling 4,200 acres, is set to become available for development over the next few years. Lee's Summit could see a substantially increased amount of activity from the real estate community.

SIMON, THROUGH ITS OPERATING PARTNERSHIP, SIMON PROPERTY GROUP, L.P., THE LARGEST SHOPPING MALL OPERATOR IN THE U.S., ACQUIRED TAUBMAN CENTERS, INC., 50-50 CO-OWNERS OF THE COUNTRY CLUB PLAZA WITH MACERICH CO., IN A DEAL VALUED AT $3.6 BILLION.

CityPlace, a mixed-use development led by Block Real Estate Services, LLC, continues to expand; already in place are 140 units of assisted living; 240,000 square feet across two office buildings; and nearly 700 units of multifamily with the new Apex multifamily project opening in early 2021. Plans also call for upwards of an additional 700 units of multifamily, 360,000 square feet of office, and 60,000 square feet of retail and restaurant space to finalize the full service "live-work-play" community.

In another interesting turn of events, Simon Property Group, the largest shopping mall operator in the U.S., will buy fellow mall owner Taubman Centers Inc. as well as most of the real estate investment trust that co-owns the Country Club Plaza in a deal valued at around $3.6 billion. It is hard to know at this time what plan Simon Property Group may have planned for the Country Club Plaza but expect this very strong and experienced retail and restaurant operator to continue forward with plans to further improve the Country Club Plaza. Nordstrom's again delayed their move to the Plaza until 2023, citing COVID-19 as the reason.

Another major announcement, Occidental Management, which purchased the former Sprint World Headquarters in 2019, plans to rename the campus to Aspiria, as it rolls out its plan for approximately 2.7 million square feet of new development office, retail, multifamily, hotel, and assisted living uses. The developer hopes to create a true mixed use "live-work-play" environment at the campus.

The Galleria project at 112th Street and Nall Avenue in Overland Park, led by Block Real Estate Services, LLC (BRES) in a new joint venture with Hartford Investment Management Co. of Connecticut, is building the first phase, a 322-unit apartment community on 5.74 acres. The Residences at Galleria will include a host of amenities including a large resort style swimming pool, outdoor group fitness areas, executive business center, spa and salon, tanning and a variety of other amenities. BRES plans to move forward immediately with the construction of the retail and office components of the project in early 2021. BRES hopes to bring a number of high-profile restaurants to the project thereby providing an opportunity for workers near the site to have additional places for food and entertainment.

In other news, two companies that have been major employers in Kansas City saw different paths for the future. YRC Worldwide, Inc. received a $700 million loan from the U.S. Department of the Treasury through the CARES Act. The loan is significant because it was the first made from a portion of the CARES Act set aside for companies deemed critical and because the agreement gives the U.S. Government a 29.6% equity stake in YRC. On the other hand, the world's largest Pizza Hut franchisee, Leawood based NPC International, filed for Chapter 11 Bankruptcy in early July. NPC operates 1,227 Pizza Hut restaurants in 27 states as well as 393 Wendy's restaurants in eight states. COVID-19 certainly had an effect on operations for the company as many of the current locations were not drive-thru and were not able to be accessed by customers during lockdowns across the U.S.

Another large mixed-use development on 325 acres abutting Cerner's Innovation Campus in South Kansas City may begin to see development. Newly named The Glade, it is a mixed-use project led by co-developer Jim Stowers III, owner of Oxford Company and Ryan Companies, a Minneapolis-based developer, designer and building manager. A concept map for The Glades depicts two single-family home communities, a section of multifamily

The Residences at Galleria is the first of two apartment communities planned at the Galleria mixed-use project located southwest of 112th Street and Nall Avenue in Overland Park, Kansas. The 322-unit apartment community broke ground in 2020 and sits on 5.74 acres. Once completed it will feature luxury amenities including a large resort style swimming pool, outdoor group fitness areas, cabanas, grill stations, and a host of other amenities.

buildings and townhomes, a four million square foot office campus and a mixed-use center in the property's center. The development is the renamed version of Stowers Oxford on the Blue, a mixed-use development which was proposed in 2014 as a $1.3 billion bio tech research park. Indianapolis based multifamily developer and manager Milhaus will start work at The Glade with a 265-unit apartment development.

The $375 million-dollar mixed-use Twin Creek Village in the Northland continues to move forward after receiving Kansas City Planning Commission approval to rezone about 487 acres around the intersection of Missouri Highway 152 and North Platte Purchase Drive into a master plan development district. MD Management is overseeing the eight-phase development proposal on the 487 acres that will include 1,412 dwelling units or lots, 265,000 square feet of retail, restaurant, office and entertainment space, a middle and high school campus, and the 12-field Kansas City North sports complex.

Another interesting project may unfold at 5200 Metcalf where Somera Road, Inc. is planning to redevelop nearly 300,000 square feet of office space vacated by Swiss RE with its move to One Kansas City Place in Downtown Kansas City, Missouri. The project now rebranded as Summit 52, will offer flexible floor plates with as much as 78,000 contiguous square feet on a single floor. Renovations of the lobby, café, conference facilities, fitness space and other portions of the facility will begin in 2021.

On the historic front, the 140-year-old Oakwood Country Club in Kansas City is now under new ownership. OCC Investors LLC, led by Kenneth Block, Managing Principal at Block Real Estate Services, LLC, and a group of current club members acquired the 210-acre club at 9800 Grandview Road on May 1, 2020. The club will be repositioned as a world class golf and country club destination, where players of all skill levels – from young beginners to local pros – can have a good time and learn the game. Renovations continued throughout 2020 and include a totally renovated front entrance to the club, new parking areas, upgrades throughout the clubhouse, several new golf holes, all new golf tees, all new Billy Bunker traps, a new world class short game facility, range facility, and putting course, and with plans to bring new pickleball and tennis courts, as well as other amenities to the club.

On the philanthropic side, a couple of new announcements bode well for the Kansas City charitable community. The Sunderland Foundation, which has been making charitable grants for construction of special interest projects for 75 years, just made a $1 million dollar investment in Equity2 Impact Fund, the region's only 100% Kansas City-focused, Community Impact Oriented Opportunity Zone Fund. The money will be used to make equity investments in purpose-driven businesses and

Land for Lenexa Logistics Centre North Phase II at the northwest intersection of Renner and College Boulevards was acquired by Block Real Estate Services' sponsored investment group in 2020. LLC North Building 5, a 565,027 square foot industrial building, the first of eight buildings in the development, is planned to get under construction in early 2021. This follows the construction of LLC East Building 4 totaling 603,662 square feet, LLC East Building 2 totaling 274,031 square feet, and LLC East Building 3 totaling 249,366. Once completed the entire Lenexa Logistics Centre development will include over 5.5 million square feet of light industrial and logistics space.

community-focused real estate projects in the Kansas City area. Equity2 LLC was founded in June 2019 by Kansas City-based AltCap, a community development financial institution devoted to providing capital to underserved communities in the metro area. Now leading the Equity2 group is managing director Emily Lecuyer.

On a similar front, ReNew KC Neighborhoods is expected to make their first investment in early 2021. ReNew KC Neighborhoods was founded as a non-profit 501(c)(3) entity with one mission: the renovation, restoration, and renewal of blighted Kansas City Metro neighborhoods and working to relieve the housing crisis that exists among the homeless veteran, impoverished, and elderly population in our community. Led by President William Block, CCIM and Assistant Development Manager at BRES, they have enlisted a strong Board of Directors to help search out opportunities across the metro where ReNew KC Neighborhoods can use their donated funds to make a real difference in the community.

In another part of town, EPC Real Estate Group is working towards the development of approximately 200 "active adult" apartments above two levels of structured parking, situated on 4.5 acres immediately south of the existing Ranch Mart South Retail Center. At this time, EPC is working with the adjacent community to find a compromise in the height, number of units, and green areas in order to bring this project to reality.

There are numerous multifamily projects under construction throughout the marketplace. In addition to those mentioned above, others certainly deserve mentioning as they are interesting in their own right:

1. Indianapolis-based Milhaus continues to add to their portfolio in the metro with their latest development, a 221-unit project proposed on 1.98 acres at the southeast corner of Park and Chestnut Streets, formerly the location of the Olathe Public Library downtown branch. The City Council of Olathe approved the issuance of up to $40 million in industrial revenue bonds to provide the apartment project a 10-year 100% real property tax abatement, valued at $11.9 million.
2. In Olathe, Block Real Estate Services, LLC is nearing the start of its $53.9 million apartment and townhome project called The Clearing at Anderson Pointe sometime in 2021. The project will include 255 apartments, 48 townhomes, and a large amenity package set on a 17.4-acre site at the northwest corner of Blackbob Road and Indian Creek Parkway. The project is expected to open for occupancy in 2022.
3. NorthPoint Development is also ready to start

development on a $60 million project in the Berkley Riverfront area called CORE. The 355-unit community will showcase studio, 1- and 2-bedroom apartment homes offering a modern and convenient lifestyle within the urban core.

Perhaps the most exciting part of the development and construction market is in the industrial sector where industrial development projects are springing up all over the metro. It would be hard to list them all but here are a few of the newest projects announced in the latter part of 2020:

1. Heartland Logistics Park, which sits on 182 acres on the west side of Kansas State Highway K7 and 43rd Street will house up to 2 million square feet of industrial space. This project is owned by Burns & McDonnell.
2. NorthPoint is underway with its $135 million Blue River Commerce Center at East Bannister Road and Troost Avenue. Development plans show seven buildings ranging from 241,000 to 438,000 square feet and totaling 2.6 million square feet of new construction.
3. Block Real Estate Services, LLC continues to expand its industrial stronghold in the City of Lenexa with the opening of Lenexa Logistics Centre East, Building 3, a 249,150 square foot bulk distribution warehouse and construction of Lenexa Logistics Centre East, Building 4, a 606,580 bulk cross-dock warehouse, with plans for another two million square feet of light and bulk distribution projects in this corridor.
4. VanTrust recently broke ground on the $105 million Raymore Commerce Center, 136-acres at Interstate 49 and North Cass Parkway. This project could house three or four spec buildings spanning about 1.9 million square feet of industrial space.
5. Lane 4 Property Group, Inc. is building a 710,200 square foot industrial building in the 62-acre industrial park at U.S. 69 and Liberty Parkway called Liberty Logistics Center.
6. VanTrust Real Estate LLC also was selected as the master developer for up to 6.5 million square feet of new vertical light industrial space in one of Kansas City's largest multitenant parks, the 845-acre New Century Business Park.

KANSAS CITY'S LOCATION

Kansas City continues to benefit from a very long list of attributes, with its location in the middle of the country and in the Central Time Zone being the most significant. This location allows it to attract a constant influx of visitors from a multitude of small communities in the surrounding seven states. Kansas City's location is within a four-hour drive of over 8.92 million people in Kansas, Missouri, Iowa, Illinois, Nebraska, Arkansas, and Oklahoma. Because of this and the multitude of activities available throughout the community, Kansas City ranks as one of the top tourist destinations in the country.

Kansas City is home to over 2.66 million people and to a number of significant corporate headquarters including: JE Dunn Construction Company, UMB Financial, Mariner Wealth Advisors, DeBruce Grain, DST Systems, H & R Block, Garmin International, Creative Planning, Inc., Burns & McDonnell, YRC Worldwide, Black & Veatch, American Century Investments, AMC Entertainment, BATS Global Markets, Westar Energy, Seaboard Corporation, Great Plains Energy, Hallmark Cards, The Andersons, Cerner Corporation, Commerce Bank, and a host of others.

The area population is very well educated with over 44% having a college degree and nearly 93.4% having a high school education. Fifteen institutions within the Metro area offer graduate degrees in numerous disciplines. Additionally, the University of Kansas (KU) and the University of Missouri (MU) offer professional degrees in medicine, dentistry, pharmacy, and law. Kansas State University offers biotechnology and bioscience programs, and Kansas City University of Medicine and Biosciences offers degrees in Osteopathic Medicine. The Lewis White Real Estate Center at the University of Missouri-Kansas City Henry W. Bloch School of Management continues to rank as a top five master's program for real estate in the country. Other colleges and universities in and around the Kansas City Metro include Avila University, Cleveland Chiropractic College, DeVry University-Missouri, MidAmerican Nazarene University, Missouri Western State University, Kansas City Art Institute, Ottawa University, Rockhurst University, Webster University, William Jewell College, University of Phoenix, and a host of others.

SPORTS AND ENTERTAINMENT

Kansas City continues to rank as one of the top sports and entertainment cities in the country. Several professional teams call Kansas City home including: the Kansas City Chiefs, the Kansas City Royals, Sporting Kansas City, Kansas City Storm, Kansas City Mavericks, Kansas City Comets, Kansas City T-Bones, Kansas City Tornadoes, Kansas City Renegades, and new to the area will be a National Women's Soccer League expansion team. Major college and university teams from the University of Kansas and University of Missouri-Kansas City, as well as the Kansas City Chiefs, the Kansas City Royals and Sporting Kansas City have each reached the pinnacle in their sports in the past and have brought national visibility to Kansas City. The recent sale of the Kansas City Royals to a local ownership group, led by John Sherman, brings new hope to the community that we will see future baseball championships.

Due to its location in the center of the country, Kansas City is also home to a variety of entertainment venues including American Royal Barbeque and Rodeo, Top Golf, Worlds of Fun, Oceans of Fun, the Kansas City Zoo, Legoland Discovery Center, Cable Dahmer Arena, Union

Station, Community America Ballpark, the Hy-Vee Arena, the Kansas Speedway, Sea Life Aquarium, City Market, and six area casinos. In addition to these amazing venues, the Kansas City Renaissance Festival, Snow Creek Ski Resort, the Westport, Brookside, and Plaza Art Fairs, the Wyandotte County Fair, the 18th & Vine Jazz District, Powell Gardens, Overland Park Arboretum and Botanical Gardens, as well as many other venues, provide a variety of entertainment options in Kansas City.

APPRECIATION FOR CULTURAL ARTS

Kansas City continues to be known nationally and internationally for its art and culture and has a multitude of amazing venues to enjoy these events. Perhaps the most well-known of all is the renowned Kauffman Center for the Performing Arts, which is ranked among the top three performance halls in the world. Other outstanding venues include the American Royal Museum and Visitor Center, American Jazz Museum, the Nelson-Atkins Museum of Art, the Kansas City Symphony, Lyric Opera of Kansas City, Folly Theatre, Starlight Theatre, Kansas City Ballet, Kansas City Chamber Orchestra, Kansas City Repertory Theatre, Airline History Museum, Nerman Museum of Contemporary Art, Negro Leagues Baseball Museum, and the National World War I Museum and Memorial. Because of the large number of acclaimed artistic venues, Kansas City ranks as a top four cultural art destination in the country.

UNPARALLELED TRANSPORTATION PRESENCE

The Kansas City area is served by 11 major commercial airlines and their connection partners. These carriers offer over 174 daily departures with nonstop service to nearly 46 destinations. Kansas City's new air modal center, adjacent to Kansas City International (KCI), continues to strengthen cargo shipment capabilities and distribution opportunities together with several intermodal locations located in our community. Kansas City is now recognized as one of the top three cities in the nation for cargo distribution. With the new airport now planned to be open by 2023, Kansas City will be known as a regional center for commercial airline activity and it is expected to increase passenger ridership with the expanded terminal capacity. KCI is currently the 39th busiest airport in the country.

Kansas City is also ranked as one of the top five distribution centers in the country. It has the number one ranking by rail freight volume and the number two ranking of largest rail carriers in the U.S., behind Chicago. Kansas City's new rail intermodal hubs, one by Burlington Northern Santa Fe railroad, and one by Kansas City Southern railroad, joined existing hubs run by Union Pacific and Norfolk-Southern, further strengthening Kansas City's reputation as a top four distribution town.

THE NEW TERMINAL AT KANSAS CITY INTERNATIONAL AIRPORT IS PLANNED TO OPEN IN EARLY 2023; IT IS THE 39TH BUSIEST AIRPORT IN THE COUNTRY.

Kansas City also has eight, Class 1 rail carriers, three regional lines, and a local switching carrier (KC Terminal) serving the area. Amtrak passenger trains also serve the city multiple times per day. The city is served by four interstates including I-70, I-35, I-29, and I-49. The city has four additional linkages including I-635, I-470, I-670, and I-435 which provide local transportation around the community. Kansas City is further served by 10 federal highways, thereby providing a superior traffic system throughout the region. I-35, now known as the USMCA Highway, stretches from Mexico to Canada, and continues to enhance and expedite the flow of distribution, not only in the metro area but also throughout the U.S.

KANSAS CITY ANIMAL HEALTH CORRIDOR

Kansas City Animal Health Corridor, which stretches from Manhattan, Kansas, to Columbia, Missouri, continues its long-term growth as it has for many previous years. The corridor now represents 37.1% of all sales in the global animal health market, which now totals $24.65 billion. More than 305 animal-related companies operate in the region, including FitBark, Inc., Ceva Animal Health, Nestle Purina PetCare Co., MRI Global, AgriLabs, Inc., Pfizer Animal Health, LLC, Bayer HealthCare Animal Health, Hills' Pet Nutrition, Inc., ZuPreem, KC Canine, MWI Veterinary Supply, Inc., TVAX Animal Health, U.S. Animal Health Association, Boehringer Ingelheim Vetmedic, Inc., Cereal Food Processors, Inc., Argenta and several others. Also, the Kansas City Region is now considered a critical hub for the food supply chain. More than 660 food and beverage companies call Kansas City home in Kansas City's $226 billion industry. The advanced infrastructure network allows our area companies to reach 85% of the U.S. population in two days or less. Recent entries to the Kansas City market include: Dot's Homestyle Pretzels, World Pantry, and PepsiCo.

Kansas City Area Life Sciences Institute, Inc., together with major life science partners such as the Kansas City Animal Health Corridor, Midwest Research Institute, Kansas City University of Medicine and Biosciences, the National Bio and Agro-Defense Facility, and the Stowers Institute for Medical Research, have continued to propel Kansas City forward as one of the top five national life science cities in the country. In Kansas City alone, the life science industry has spent more than $2.0 billion in research during the last 16 years, which puts it among the top three areas in the country for life sciences research. The Midwest Research Institute, together with the Stowers Institute and other local organizations, continues to search for the top leaders in the life sciences sector, thereby protecting Kansas City's position as one of the top life sciences leaders in the country.

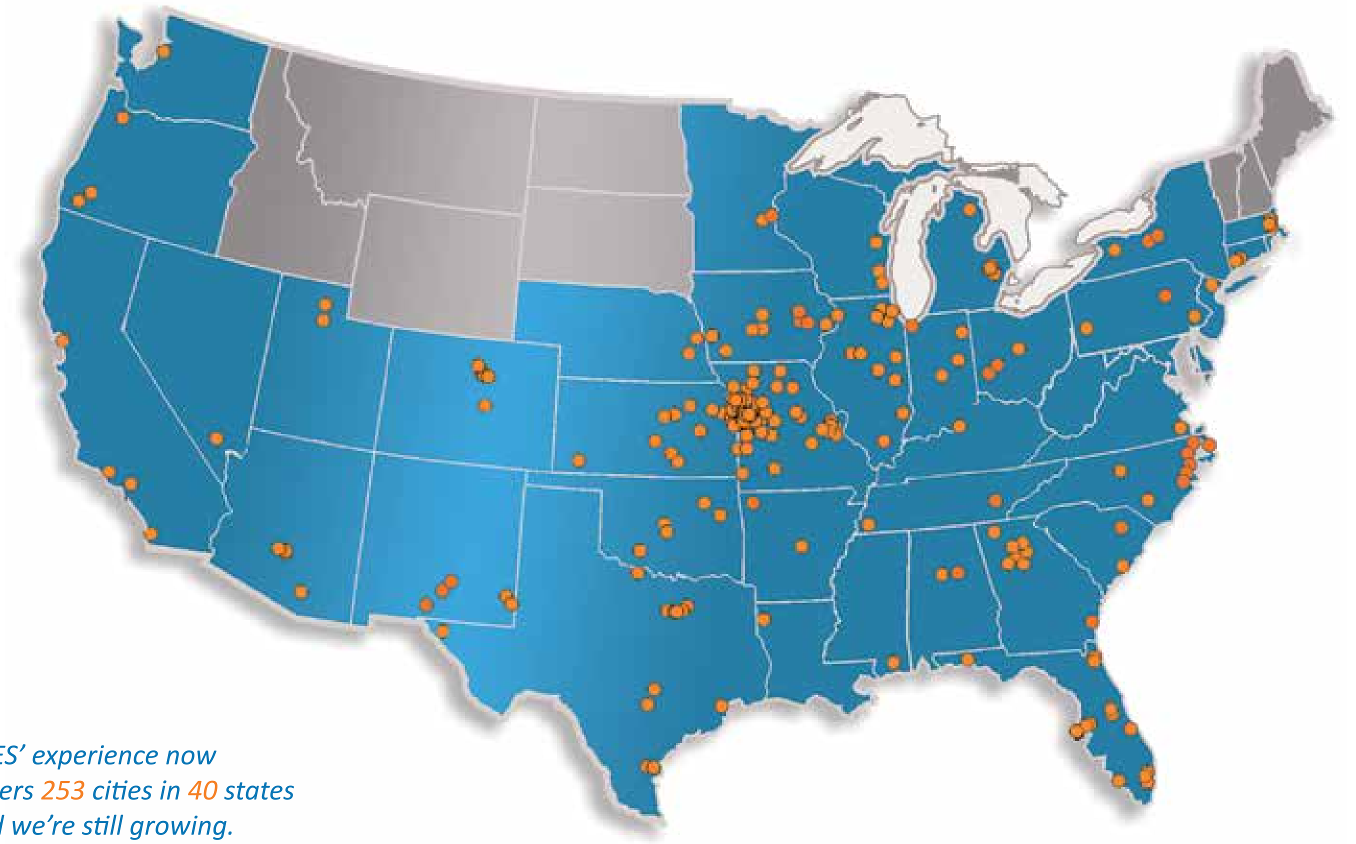
Following the acquisition of Sprint Corp. by T-Mobile in April 2020, the Sprint Center in downtown Kansas City was rebranded on July 9, 2020 at the T-Mobile Center. The arena opened in 2007 with Sprint signing a 25-year naming rights contract. The rebranding as T-Mobile Center will continue through at least 2032. Rated the second busiest venue in the U.S. and eighth busiest in the world, it has been a huge success for Kansas City.

CITY RANKINGS

The Kansas City Area Development Council, which was ranked as the number one regional economic development team in the U.S. in the 2014 Winning Strategies Report, continues to rank in the top five in 2020. The KCADC is the major promoter for the Kansas City region. The organization helps sell companies on Kansas City when they are evaluating relocation options. Kansas City ranks very high in a number of areas, including No. 4 for Young Entrepreneurs, No. 5 on the list of America's smartest cities, No. 3 in the 10 best U.S. Cities for real estate investors, No. 6 Best Place to Retire, No. 6 for America's Best Downtowns, a top 10 travel destination, No. 20 in the country for young brain power, No. 8 for best park systems in the nation, No. 11 best city in America, No. 3 for female entrepreneurs, a top 10 coolest city in the Midwest, a top three most philanthropic community in the country, and No. 13 in Travel+Leisure magazine America's Best Cities for Hipsters. Today, a top five romantic city by Livability.com, No. 5 overall best city in America to raise a family by Parenting magazine, No. 7 Top City for Tech Start Ups by Entrepeneur.com. Kansas City also ranks tenth best city in America for sports and continues to strengthen its ranking as the No. 1 city for soccer in the country. Kansas City ranks as a "smart city" as it continues to be one of the most connected cities in the country, thanks to cutting edge technologies through a $15 million public-private partnership that was set up several years ago.

Kansas City ranks No. 20 of the best places for business and careers out of 1,200 U.S. cities with populations between 25,000 and 100,000 and based on 33 key indicators of livability. Leawood, Kansas, a community within the Kansas City Metro Area, and Overland Park, Kansas, ranked in the 99th percentile for desirability and No. 1 and No. 3 on the affordability index, respectively.

The T-Mobile Center (formerly the Sprint Center) continues its ranking as the second busiest venue in the U.S. and the eighth busiest venue in the world. Kansas City continues its ranking as the No. 1 city in the country for barbeque and hosts the largest barbeque event in the country, the American Royal Barbeque Tournament. Kansas City also ranks No. 13 as the overall strongest metropolitan area in the country. It ranks No. 2 as the best city for women in tech, No. 3 for the best job market according to the American Community Survey, a top five affordable city for millennials according to Zillow, No. 2 best city for jobs according to Glassdoor, No. 4 Greenest City according to Travel+Leisure, No. 3 most cultured city in America according to Travel+Leisure, No. 7 on Travel+Leisure's list of 20 coolest cities in America, and No. 2 on the top 10 budget destinations for travelers according to Sherman's Travel blog. Our very own Starlight Theatre was voted the third best outdoor music venue in the nation by USA Today. Other Kansas City rankings include fourth best friendly city in



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KANSAS CITY METRO RECAP

In 2020, the Kansas City Metro economy was devastated by COVID-19, as were economies all across the U.S. Surprisingly, the real estate sector remained strong and continued to perform well. This is simply because Kansas City continues to be one of the strongest markets in the country for real estate investments in terms of stability, long term yields, and overall investment capital returns. It also continues to be ranked as a top city for investments because of its consistent and predictable investment cycle. Frankly, this ranking has continued to attract more institutional and foreign investment activity to the Kansas City Market over the last several years.

In 2020, the industrial sector was by far and away the strongest real estate sector. Frankly, the growth has been phenomenal as e-Commerce and intermodal activities led the way. Frankly, it is a bit shocking the amount of speculative industrial space that was built in 2020 and planned for 2021 but it is simply because the market fundamentals are incredibly attractive due to the location of Kansas City in the middle of the country, in the Central Time Zone, and bisected by three major national highways including I-70, I-49, and I-35.

In 2020, over 5.3 million square feet delivered as compared to 2.91 million square feet in 2019. The vast majority of space being developed is speculative Class "A" bulk industrial, with a portion also consisting of mid-bulk or light industrial. According to CoStar, absorption in 2020 was over 7.8 million square feet of speculative and build-to-suit development as compared to 6.3 million square feet in 2019, and 6.1 million square feet in 2018. Predictions for the Kansas City Industrial Market in 2021 are again extremely strong, as e-Commerce and intermodal activity will again lead the way. Major industrial developers include NorthPoint Development, Block Real Estate Services, LLC, VanTrust Real Estate, Trammell Crow/Clarion Partners, Scannell Properties and, Burns & McDonnell.

The multifamily sector in 2020 continued an impressive growth rate that was surprising with COVID-19 causing all kinds of disarray in the markets. In 2020, over 5,900 units were constructed and another 4,900 units are currently under construction as we enter 2021. The multifamily sector continues to charge ahead and we do not expect any slowdown in activity in 2021 as interest rates remain low. Also, there is new flight to the suburbs with more and more projects being built in "live, work, and play" environments. However, developers continue to be strategic about their development and to date, have not over built the market; however, increased interest in Kansas City could change this.

In the office sector, 2020 was a very slow year as the coronavirus really made a dent in lease-up for the currently developed projects in the market. In actuality, there was negative absorption in the market totaling just over 1.1

million square feet and major Class "A" buildings continued to see very little activity as many companies closed their offices and worked virtually during 2020. With the expectation that vaccines will become available to most of the U.S. over the early months of 2021, the office market should begin to improve. However, companies will study all of their onsite and offsite needs which may affect absorption for years to come. The strongest activity in Johnson County remained in the College Boulevard corridor running from State Line to Highway 69 with the most recent Class A office project at CityPlace Corporate Centre I still in lease-up at year-end 2020.

The retail sector was devastated in 2020 but grocery-anchored neighborhood centers did well along with fast food and fast casual dining. Entertainment anchored retail projects were stopped dead in their tracks by the coronavirus. The soft goods industry was hit hard and will struggle to come back even in 2021.

The healthcare sector in Kansas City, which has been strong for several years, again was active with new healthcare development by area hospitals, medical developers and health service providers. This growth will continue again in 2021 but will slow somewhat as the focus remains on getting people vaccinated for the coronavirus.

In 2020, more than 6.13 million square feet of multifamily, commercial, and industrial construction was underway in the Metro area. This level was somewhat lower than the 6.24 million square feet at the end of 2019 but higher than the 5.39 million at the end of 2018, still remaining strong particularly in a recession area market caused by the coronavirus.

As noted previously, there are certainly some concerns facing our nation and the world in 2021, including the following:

In its announcement on December 16, 2020, the Federal Open Market Committee (FMOC) announced that it would keep rates at 0% to 0.25% throughout the year as the recession caused by COVID-19 raged on throughout 2020. It is expected that no raises in the Fed Funds rate will occur in 2021 or maybe through 2022 as the economy tries to regain its footing. It also said it would continue its purchases of bonds and mortgage backed securities at a rate of $80 billion and $40 billion respectively per month until further progress is made toward employment and inflation goals.

Coronavirus remains front and center with over 20 million cases reported in the U.S. by year end 2020 and over 350,000 deaths. However, there may be a light at the end of the tunnel with new vaccines produced by Pfizer, Moderna, and several other companies in use by 2021. It is expected that most developed countries will have their populations vaccinated by year-end 2021, with slower developed countries being fully vaccinated in early 2022.

While there are projections now that the GDP will rise by around 4.2% in 2021 and the U.S. projected 2021 growth of 5.9%, it will continue to be tough times for the world's population as we deal with the worst pandemic ever.

The country has been divided for several years, but the most recent election in 2020 certainly has made it very clear that the country is not coming together in the near future. As of year-end 2020, President-Elect Joe Biden is set to become the next President of the United States although President Trump has not conceded due to his belief the results of the election have been compromised. Additionally, in the House of Representatives, the Democrat majority has shrunk from a 35 to 11 advantage over Republicans. And in the Senate, the Republicans at year-end had 50 seats and the Democrats had 48 seats, with two seats up for a special election in Georgia on January 5, 2021. These two seats are currently held by Republicans but if the Democrats win both seats, they would have control of the Presidency, the House of Representatives, and the Senate, while if the Republicans win the two seats, there would be a divided Congress. At this time, it is uncertain how this will play out, but it could have quite an effect on what policies can be put in place over the next four years.

Local Kansas City business and government leadership have been working together well over the last year after the two states signed the Border Treaty in 2019. It is important that our leadership work as a united community to promote the Kansas City Metro and to bring more business into our community from the outside. Kansas City will have to continue to create more job opportunities in order to keep up with their peer cities and to do that, it is essential that there is a strong public/private partnership in all fifty separate communities that make up the Kansas City Metropolitan Area. There needs to be consistent legislation by city leaders so that developers know "the rules" before they look for development opportunities around the Metro. Additionally, by strengthening overall sentiment toward developers and development activity, and understanding that the development community takes substantial risk and provides its own capital to create new places to live, work and play, we can create a stronger business and social community in the Kansas City region.

All of us know that Kansas City is one of the great places to live and work in the United States. Our community will continue to grow and remain a great city economically, culturally, and socially, as long as we remain focused and our leadership continues to work together for the benefit of all. By working together in a true public/private partnership, Kansas City will continue to remain "a great place to live, work and play".

Contributor: Kenneth G. Block, SIOR, CCIM, Managing Principal and William Block, CCIM, Associate Vice President - Development

Kansas City Downtown Market

DOWNTOWN MARKET

In a year highlighted by uncertainty, the resurgence of Downtown Kansas City continued to press on. The geographic boundaries of the Downtown submarket tend to vary, but in this report, Downtown Kansas City is defined as the area from the Missouri River to 31st Street and from State Line Road to Troost Avenue. Downtown can be further divided into various distinct areas including the Central Business District (CBD), River Market, Crown Center, Crossroads/West Side and the West Bottoms. The overall Downtown submarket section includes data for office, industrial, retail, multifamily and specialty real estate.

The ongoing COVID-19 pandemic has played a major role in commercial real estate in 2020, affecting the market and projects in various ways. However, the pandemic has not been able to slow down the Kansas City Streetcar's (KC Streetcar) expansion plans. Since the KC Streetcar's opening in 2016, the City has experienced approximately $2 billion in new economic development in both private and public projects Downtown. At its current length of 2.2 miles, the free-to-ride KC Streetcar conveniently connects the River Market to Union Station along Main Street. Plans were approved in 2018 to expand the route an additional 3.6 miles south through the heart of Midtown to the University of Missouri, Kansas City campus and the Country Club Plaza. As a part of the Capital Investment Grants (CIG) Program, the Federal Transit Authority (FTA) locked in a $174 million grant to the Kansas City Streetcar Main Street Expansion project

The Loews Kansas City Hotel opened its doors in 2020 a few months later than expected due to concerns around COVID-19. The $370 million project is located immediately adjacent to the convention center on the northeast corner of W. 116th and Wyandotte Streets. With 800 rooms, the Loews Hotel is the largest new hotel project since the Kansas City Marriott Downtown opened over three decades ago.

in early December 2020. The grant allows designs to be finalized and for the expansion to enter the construction phase. Construction is expected to begin in late 2021 or early 2022, with opening projected in 2025. Boasting exceptional satisfaction rates and over eight million rides to date, the fully integrated transit system will undoubtedly fuel continued development for years to come.

MULTIFAMILY

In 2020, both new and redevelopment multifamily projects continued to dominate the landscape of Downtown. As the residential paradigm continues to shift for Kansas City, more and more residents have eschewed the notion of living Downtown as less-than-desirable, particularly in the millennial subset where greater value is placed on the ability to live in a walkable urban center. Downtown enjoys the highest percentage of millennial residents in the area at 43%. Additionally, 52% of the Downtown population is considered ethnically diverse, nearly twice as diverse as the Metropolitan Statistical Area (MSA) in general. This great diversity is what drives the vivacity and excitement of Downtown and will be a major factor in the growing residential demand here. According to population estimates from the Downtown Council of Kansas City, the Downtown population is estimated to increase, reaching nearly 36,000 residents by 2026, a growth rate of 27% from 2019.

MUCH OF THE DOWNTOWN MULTIFAMILY GROWTH CAN BE ATTRIBUTED TO THE SUCCESS THE CORDISH COMPANIES HAS HAD IN TRANSFORMING NINE CITY BLOCKS IN THE HEART OF DOWNTOWN INTO A TOP DESTINATION TO LIVE, WORK AND PLAY.

Much of this growth can be attributed to the success The Cordish Companies has had in transforming nine city blocks in the heart of Downtown into a top destination to live, work and play. Kicking off in 2004 with the development of Kansas City Live! the entertainment and retail district has served as the catalyst in the $5 billion urban renaissance for Downtown, which includes the likes of the T-Mobile Center arena (formerly Sprint Center), Kaufmann Performing Arts Center, and the Loews Kansas City Hotel next to the convention center. Shortly after many of the venues opened in 2008, Cosentino's Market opened as the first downtown grocery store in over 50 years. This paved the way for Cordish to break ground on the first new market rate, high-rise apartment tower in Downtown in nearly 40 years. One Light, which boasted an 80% occupancy at its grand opening in 2016, took full advantage of the low supply and pent-up demand for Class A luxury residences, setting a standard for the future of high-rise live, work, play development in the Kansas City Metro. Following up on its success, Cordish announced plans for an additional three developments. Two Light, a 296-unit luxury apartment tower located on Grand Boulevard adjacent to the T-Mobile Center and acclaimed Power & Light District, is the first of these three and began leasing in May 2018. Three Light, a 300-unit luxury apartment tower which had originally anticipated breaking ground in 2019 on Truman Road adjacent to Two Light, pushed back its start date and is now anticipated to be completed in 2022.

Completed in August 2020, REVERB, which offers 132 apartments in a striking and modern 14-story design, represents the latest Crossroads offering from Copaken Brooks. Following up on the success of ARTerra, another Copaken Brooks apartment development delivered in 2018 just blocks away, REVERB offers sleek, minimalistic finishes and features, and is targeted toward creative Crossroads residents who place a high priority on modern amenities and open-concept floorplans. Offering easy access to all the food, shopping and entertainment Downtown has to offer, REVERB also features an above-ground parking garage, 1,827 square feet of first-floor commercial space and an amenity-driven top floor featuring unobstructed skyline views and The Mercury Room, a trendy new cocktail bar concept rivaling those seen in other predominant metros.

WEST BOTTOMS

With a rapidly shrinking number of conversion possibilities, and a strong trend supporting urban community living, the West Bottoms, which boasts some of Kansas City's oldest buildings, continues to be another area ripe for development in the Downtown submarket. Conversion of these properties into residential use has brought strong community and economic viability to the area. However, the high expense associated with attaining compliance for modern life safety standards, coupled with the vulnerability of the aged and crumbling infrastructure and environmental issues created by former use and historic flooding, has traditionally kept developers from attempting these ambitious multifamily conversions.

Despite these challenges, the West Bottoms saw its first new large-scale project delivered in 2020. Paying homage to the area that once was the economic engine of Kansas City with sprawling livestock yards and meatpacking plants, the $41 million mixed-use project called The Yards features 232 luxury apartment units, 5,500 square feet of retail and an 8,000 square foot amenity center and is currently over 50% occupied. Developer Flaherty & Collins Properties plans to break ground on The Yards II, the second phase of the luxury apartment community, in the third quarter of 2021.

Just a few minutes north, Cleveland-based MCM Co., Inc. opened three apartment buildings between March and May as part of a $68 million West Bottoms restoration project. Dubbed the West Bottom Flats,

In 2020, Waddell & Reed, one of the nation's oldest financial planning firms, decided to jump the state line for their new headquarters building. The 260,000 square foot, $140 million office tower will be located at 1400 Baltimore Avenue. Construction is expected to be completed in mid-2022, but it is unclear at this time how their acquisition by Macquire Group will impact the project.

the project contains 265 apartment units across four historic warehouse buildings that previously served as home to the Abernathy Furniture Company and Bemis Bag Company. The Liberty, Abernathy and Wyoming buildings were converted for apartment use, with the Bemis building serving parking needs for the project. Leasing has gone well and MCM is planning a $25 million expansion with 80 to 90 more apartments, plus a repositioning of another property at 920 Wyoming Street. These buildings, plus many others in the area, form the heart of Kansas City's original Downtown which fueled the economic development of the city in the late 19th and early 20th centuries.

RIVER MARKET

The innovative apartment development Second + Delaware in Kansas City's historic River Market was completed toward the end of 2020 after various delays. The $90 million, 276-unit luxury apartment development at 122 Delaware Street was built to combine the best of sustainable design and attractive lifestyle features. Among the green design features are 16-inch-thick walls, with six inches of insulation between 10 inches of concrete, as well as dedicated outdoor air and ventilation systems, which can extract indoor air while injecting 60 cubic feet of fresh air per minute into the apartments. The design of the development also utilizes thicker walls and windows to achieve energy-efficiency standards which exceed current LEED platinum requirements. Developed by Arnold Development Group, this development is touted to be the world's largest structure to achieve Passive House energy-efficiency standards. Second + Delaware also offers unique amenities including a saltwater pool overlooking the Missouri River, rooftop gardens, and proximity to the KC Streetcar.

OFFICE

As Downtown Kansas City's renaissance continues to move along at an impressive rate, one thing is clear: people want to be Downtown. With each passing year providing ever-increasing levels of vibrancy and demand for new and varied residential and entertainment experiences, years of investment in the Downtown submarket have started to pay off. Fortunately, 2020 brought a few landmark office projects to the table to meet the increasing demand for the live, work, play lifestyle:

- Waddell & Reed, one of the nation's oldest financial planning firms, began construction on a new headquarters location across the state line in Missouri, relocating from its long-time home in Overland Park, Kansas. The firm's future headquarters, a striking 260,000 square foot office tower will be located at 1400 Baltimore Avenue in Downtown Kansas City. Waddell & Reed chose Burns & McDonnell and Financial Holding Corp. as the developer. The financial services firm will not own the building, estimated to cost over $140 million, opting instead for a 15-year

The Kansas City Star announced in 2020 that they would be moving out of their iconic glass printing and distribution building at 1601 McGee Street at the end of 2021. Built in 2006, the 424,000 square foot building sold in May 2019 to Ambassador Hospitality by Cypress Media for $30.1 million. They are currently evaluating multiple options for the location, including a logistics center, call fulfillment space, brewery or, more notably, the new home of the Kansas City Royals.

lease. Incentives are still being finalized, though just under $100 million in combined city and state tax abatements are expected. The development is expected to be completed in the first half of 2022 and is expected to bring roughly 1,000 jobs to the Central Business District. At the time of this writing, it isn't clear the impact their acquisition by Macquarie Group, an Australian financial services company, will have on the project.

- Strata, a 25-story speculative office building to be developed in partnership by Copaken Brooks, H&R Block Inc., and Ron Jury & Associates is anticipated to begin construction in early 2021. The project, which is to be located at 1300 Main Street in the Power & Light District, will be Downtown Kansas City's first Class A office high-rise multi-tenant building developed in nearly 30 years. The $133 million Strata project will be built on top of the two currently existing levels of retail located at the site and will include parking for 770 cars. As the project is being developed on a speculative basis, with no specific tenant in mind, it is expected to highlight Kansas City as a top option for new national tenants looking to establish a presence in the area. However, COVID-19 has resulted in prospective tenants opting to wait and assess their long-term space needs. By promising unparalleled aesthetic design and proximity to Downtown's exciting amenities, Strata is anticipated to redefine the Downtown office experience as the dust from the pandemic settles.

HOTEL

As Downtown Kansas City continues to attract increasing numbers of residents, businesses, and visitors, the need for modern and sophisticated hotel accommodations has increased proportionally. Historically, Kansas City has lagged other comparable cities in the ability to host major conventions due to a lack of hotel rooms in the Downtown area. That has changed with the addition of the Loews Kansas City Hotel, adjacent to the convention center, after a relatively quiet opening midway through the year, and a few months later than anticipated due to COVID-19. After seven years of planning and discussion, the project broke ground at the beginning of 2018 with a projected cost of $325 million, which increased by $45 million by completion. The ambitious project is Downtown's largest new hotel project since the Vista International, now included in Kansas City's iconic Marriott, opened over three decades ago. Offering 800 rooms, multiple restaurants, and ample amenities and meeting space, the hotel marks a new chapter for Downtown Kansas City. The project occupies a 3-acre city block across from the Bartle Hall Grand Ballroom and bound by Truman Road (North) to 16th Street (South), and Wyandotte Street (West) to Baltimore Avenue (East). An enclosed pedestrian bridge over Wyandotte Street connects the hotel to the ballroom.

While the hotel boom currently underway in Downtown Kansas City is highlighted by the Loews Kansas City Hotel, another notable development was recently completed, further addressing the conviction that Kansas City lacks adequate accommodations for major future events. Hotel Kansas City, located in the historic Kansas City Club building at 1228 Baltimore Avenue, celebrated its grand opening in October 2020 to much excitement. As part of Hyatt Hotels' Unbound Collection, the 144-room hotel is the first full-service Hyatt in the metro since the Crown Center Hyatt shifted to Sheraton in 2011 and maintains the signature features and feel of the iconic Kansas City Club, paying homage to the building's extraordinary history while offering modern and sophisticated updates.

WHILE CURRENTLY LOCKED INTO A LEASE AT KAUFFMAN STADIUM THROUGH 2031, TALK OF A NEW DOWNTOWN STADIUM HAS STARTED TO PICK UP STEAM FOLLOWING THE TEAM'S PURCHASE IN 2019.

A few other hotels planned or under construction in the Downtown area include:

- Grand Reserve, a proposed renovation of the former Federal Reserve Bank of Kansas City headquarters at 925 Grand Boulevard. The $182 million redevelopment of the 21-story building would include an Embassy Suites with 284 rooms, a 450-space parking garage, and a 40,000 square foot family entertainment center under the garage. The project is being developed by Delta Quad Holdings and completion is expected in the fall of 2021.
- Hyatt House Hotel, a 13-story, 154-room hotel at 900 Broadway. The $38 million project is being led by Colorado-based developer, Scott Pedersen. Construction had started, but stalled out following financing trouble with AltosGroup, the original financier on the project. Pedersen is currently seeking alternative financing options.
- Wyndham Hotel, a 193-room renovation of the historic Scarritt building located at 818 Grand is in the early stages of development.
- Cambria Hotel, a proposed six-story, 149-room hotel at the southwest corner of Ninth and Wyandotte Streets was announced in late 2019, but it is unclear how COVID-19 has impacted their plans at this time.
- Berkley Riverfront Hotel, Port KC is in talks with a unique hotel brand to the Kansas City market to develop 1.7 acres adjacent to BarK into a five-story, 120 room boutique hotel.
- Hotel Bravo, a proposed $63 million five-star luxury hotel located next to the Kauffman Center for the Performing Arts and south of the new Loews Kansas City Hotel.

SPECIALTY

While apartments, hotels and office developments comprise the bulk of new and envisioned development downtown, there are a few equally exciting projects in the works nearby. Children's Mercy Research Institute anticipates an early 2021 grand opening for its new $200 million headquarters, a nine-story, 375,000 square foot tower located on Hospital Hill. The striking building, which features an all-glass curtain wall system, will feature an open stairway resembling a DNA helix, 400-seat auditorium and creative arts and performance space. Children's Mercy projects that the new headquarters will be able to support 1,000 employees in the next ten years and will make a statement to Kansas City's status as a nexus of information flow, dedicated to improving the health and well-being of children, according to Dr. Tom Curran, the research institute's executive director and chief scientific officer.

Speculation continues to run rampant as to the future of the iconic glass Kansas City Star building at 1601 McGee Street. With the renowned newspaper planning to relocate by the end of 2021, there are many possibilities for the iconic building, including a logistics center, call fulfillment space, brewery or, most notably, the new home of the Kansas City Royals.

Talk of a Downtown stadium has started to pickup steam again following the sale of the Kansas City Royals in 2019. While currently locked into a lease at Kauffman Stadium through 2031, development of a stadium will take significant time. A downtown stadium would be appealing to many Kansas Citians, the Kansas City Star building footprint would represent a significant increase in development costs associated with acquiring and demolishing the building when cheaper land is available nearby. Specifically, the 16.2-acre East Village Neighborhood located just inside the downtown loop has been pitched to include the stadium for many years and has been seen as a way to encourage development on the east side of the CBD. In any case, an eventual move Downtown by the Royals would undoubtedly catalyze future growth and development and further accelerate the vibrancy that Downtown Kansas City has become known for.

As Kansas City continues to look to the future and shake off the unprecedented effects the COVID-19 pandemic has created, one thing is certain: the future of Downtown continues to be bright.

Contributors: Reed Levi, Chip Chalender, Zach Gant and Connor Childress, Financial Analysts

Kansas City Office Market

The United States office market has been experiencing a wait and see approach from most tenants during the pandemic. While the unemployment rate spiked to 14.7% in April, 2020, it has steadily dropped through the following months reaching 6.7% in November, 2020. Following the stay at home orders in the Kansas City Metro, office tenants shifted to remote working while keeping only a few, essential employees in their physical spaces. While many companies have been successful during these times, often maintaining services with little impact, others have experienced both positives and negatives. Our agents saw many tenants renew instead of looking for new space or use the opportunity to reduce their footprint.

Demand nationally for office space within mixed-use developments offering a work, live, play environment remains vibrant. Urban core revitalization continues to attract office users and mass transit options are continuing to expand meeting that demand. The proposed move of Waddell & Reed to a new downtown tower and the construction of CityPlace Corporate Centre I and III demonstrate the attraction of the work, live, play concepts in both an urban and suburban environment in the Kansas City Metro.

8.1B	11.51%	$34.36	$310
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

In 2020, the office market, nationally, saw a slight decrease in the average rental rate to $34.36 per square foot, down from $34.45 per square foot in 2019, across all classes. Year-to-date (YTD) delivery of office space was approximately 61.6 million square feet with another 159 million square feet under construction.

126.3M	8.69%	$20.96	$129
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

The Kansas City market saw a decrease in YTD absorption, negative 906,624 square feet, versus a year ago, 32,592 square feet. Following the national trend, transactions were down from 311 in 2019 to 197 for 2020. The vacant square footage in the Kansas City office market has increased almost 24% to just under 10.9 million square feet.

In September 2020, Occidental Management unveiled redevelopment plans for the former Sprint Campus that would add more than 2.7 million square feet of new construction, including: 600 multifamily units across 805,000 square feet, 375,000 square feet of retail, and more than 1.4 million square feet of office space. In December 2020, they announced the rebranding of the 200-acre campus to Aspiria.
Photo Credit: Occidental Management and Hoefer Wysocki

SOUTH JOHNSON COUNTY

Vacancy stood at 11.2%, an uptick from 2019 when vacancies stood at just over 8%. New office developments are planned within the submarket including one at Aspiria, formerly the Sprint Campus.

30.4M	11.2%	$22.81	$156
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- 54,336 square feet at 8000 W 110th Street in Overland Park for $6,950,000
- 28,417 square feet at 3400 College Boulevard in Overland Park for $6,393,825
- 41,161 square feet at 401 W Frontier Land in Olathe for $2,700,000

TOP LEASES

- A Place For Mom, 42,046 square feet at 6300 Sprint Parkway in Overland Park
- BOK, 32,720 square feet, BHC Rhodes, 23,983 square feet, and GE, 17,922 square feet at 7101 Tower in Overland Park
- ProPharma, 19,312 square feet at 14 Corporate Woods in Overland Park

NORTH JOHNSON COUNTY

Vacancy stood at 10.4%, an uptick from 2019 when vacancies stood at just over 9%. Sublet vacancy climbed from 0.01% in the first quarter of 2020 to 0.73% by year-end.

13.5M	10.4%	$21.26	$134
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- 77,311 square feet at 9601 Renner Boulevard in Lenexa for $15,900,000
- 68,376 square feet at 2020 W 89th Street in Leawood for $7,400,000
- 28,481 square feet at 8527-8551 Bluejacket Drive in Lenexa for $3,759,492

TOP LEASES

- 32,000 square feet at 17501 W 98th Street in Lenexa
- 25,000 square feet at 7321 W 80th Street in Overland Park
- Henderson Building Solutions, 20,942 square feet at 10901 W 84th Terrace in Lenexa

CBD, CROWN CENTER, FREIGHT HOUSE, WEST BOTTOMS

Vacancy stands at 8.9%, an uptick from 2019 when vacancies stood at 5.7%, representing a decline of roughly 800,000 square feet of office space.Each component of the submarket had negative absorption, but the CBD and Crown Center represented the lion's share.

28.4M	8.6%	$20.69	$128
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- 138,125 square feet at 906 Grand Boulevard in Kansas City for $6,323,195
- 27,600 square feet at 910 Grand Boulevard in Kansas City for $1,276,805
- Both vacant office buildings sold together for redevelopment into possible hotel.

TOP LEASES

- Waddell & Reed, 260,000 square feet at 1400 Baltimore Avenue in Kansas City
- Jack Cooper Transport, 24,548 square feet at 2345 Grand Boulevard in Kansas City
- PayIt, 22,971 square feet at 1100 Main Street in Kansas City

PLAZA/MIDTOWN/BROOKSIDE

Vacancy stands at 7.7%, an uptick from 2019 when vacancies stood at 5.5%.On the sale side, very little traded hands with both of the top sales being small owner/user medical transactions. Baty, Otto, Coronado signed the largest lease in the submarket relocating within the Plaza from 4600 Madison.

10.7M	7.1%	$23.56	$127
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- 6,322 square feet at 4440-4444 Broadway Street in Kansas City for $3,000,000
- 11,010 square feet at 4233 Roanoke Road in Kansas City for $735,000

TOP LEASES

- Baty, Otto, Coronado, 14,832 square feet at 4435 Main Street in Kansas City
- Triad Capital Advisors, 2,980 square feet at 46 Penn Centre in Kansas City

9300-9400 Ward Parkway, 485,833 square feet total, was purchased in May 2020 by New York-based U.S. Realty Advisors for $121 million from James Campbell Co. LLC. The buildings are 100% leased by Burns & McDonnell as part of their world headquarters and the acquisition brings the 1986 properties under the same ownership as the 310,000 square foot, 2016, and 142,000 square foot, 2020, expansion buildings at 9450 Ward Parkway.

SOUTH KANSAS CITY (WARD PARKWAY)

The South KC market ended 2020 with a 4.2% vacancy rate which held steady with the 2019 vacancy rate of 4.2%. South KC saw a positive absorption of 548,288 square feet due in large part to the delivery of another building on the Cerner campus.

8.9M	4.8%	$20.72	$111
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- 269,000 square feet at 9400 Ward Parkway in Kansas City for $66,817,956
- 219,259 square feet at 9300 Ward Parkway in Kansas City for $54,182,044
- 43,324 square feet at 9201 Ward Parkway in Kansas City

TOP LEASES

- Honeywell, 22,490 square feet at 9221 Ward Parkway in Kansas City
- Centauri Health Solutions, 15,137 square feet at 1001 E 101st Terrace in Kansas City

NORTH OF THE RIVER

Vacancy stands at 11.2%, an uptick from 2019 when vacancies stood at 9.5%.Limited sizable new lease transactions along with several large tenants vacating space in 2020, including planned give back of space at Williams Tech Center by Maximus contributed to this uptick.On the positive side, several office buildings at Tiffany Circle are being removed from inventory as redevelopment plans are pending.

11.8M	12.2%	$19.45	$116
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- 21,222 square feet at 1333 NW Vivion Road in Kansas City for $1,950,000
- 6,413 square feet at 5841 NW 72nd Street in Kansas City for $1,237,500
- 185,000 square feet (4 building portfolio) 7310-7509 NW Tiffany Springs in KCMO for $2,500,000.

TOP LEASES

- McClure Energy Solutions, 36,400 square feet at 1600-1700 Swift Avenue in North Kansas City
- Universal Guardian 15,000 square feet at 603 East Street, Parkville.

EAST JACKSON COUNTY

Vacancy stand at 8.1%, an uptick from 2019 when vacancies stood at just over 6.9%. New office leasing activity was minimal thought this market in 2020.

7.1M	7.1%	$17.73	$100
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- 14,188 square feet at 3751 NE Ralph Powell Road in Lees Summit for $1,785,000
- 9,000 square feet at 1201-1209 NW North Ridge Drive in Blue Springs for $657,000

TOP LEASES

- MO/KAN Labors District Office, 2,250 square feet at 4731 Cochise Drive, Independence MO
- Communication Workers Of America, 3000 square feet at 3675 S. Noland Road, Independence MO
- HCA Midwest Health, 5,000 square feet at 19550 E 39th Street in Independence

SOUTHEAST JACKSON COUNTY

Vacancy improved year-over-year in the southeast Jackson County submarket reaching 5.1% down from 6.8% at year-end 2019. The submarket is the only one in the Kansas City Metro to have stats with inventory square footage, vacancy rate and market rent per square feet. Additionally, it showed no change in sale price per square foot.

3.3M	5.1%	$19.14	$104
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- 16,050 square feet at 6200 Main Street in Grandview for $895,000
- 10,000 square feet at 5907 Highgrove Road in Grandview for $485,000
- 3,150 square feet at 700-706 NE Langsford Road in Lee's Summit for $450,000

TOP LEASES

- Integrity Home Care, 6,900 square feet at 1210-1218 Windsor Drive in Lees Summit

KANSAS CITY, KANSAS

Kansas City, Kansas contains around 3.4 million square feet of office space. Vacancy stands at 4.8 % or about 164,000 square feet. This is lower than last year and likely because there has been little or no new product developed in the submarket. About 40,000 square feet in the past three years. The net absorption was 26,000 square feet. Rents have not increased in 2020 which is the worst effect in the prior five years.

Sources believe COVID-19 has caused employers to rethink uses of office space.

3.4M	3.7%	$19.90	$132
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- 6,000 square feet at 6013 Leavenworth Road in Kansas City for $449,000
- 2,000 square feet at 2119 Minnesota Avenue in Kansas City for $200,000
- 4,368 square feet at 132 S 17th Street in Kansas City for $119,900

TOP LEASE

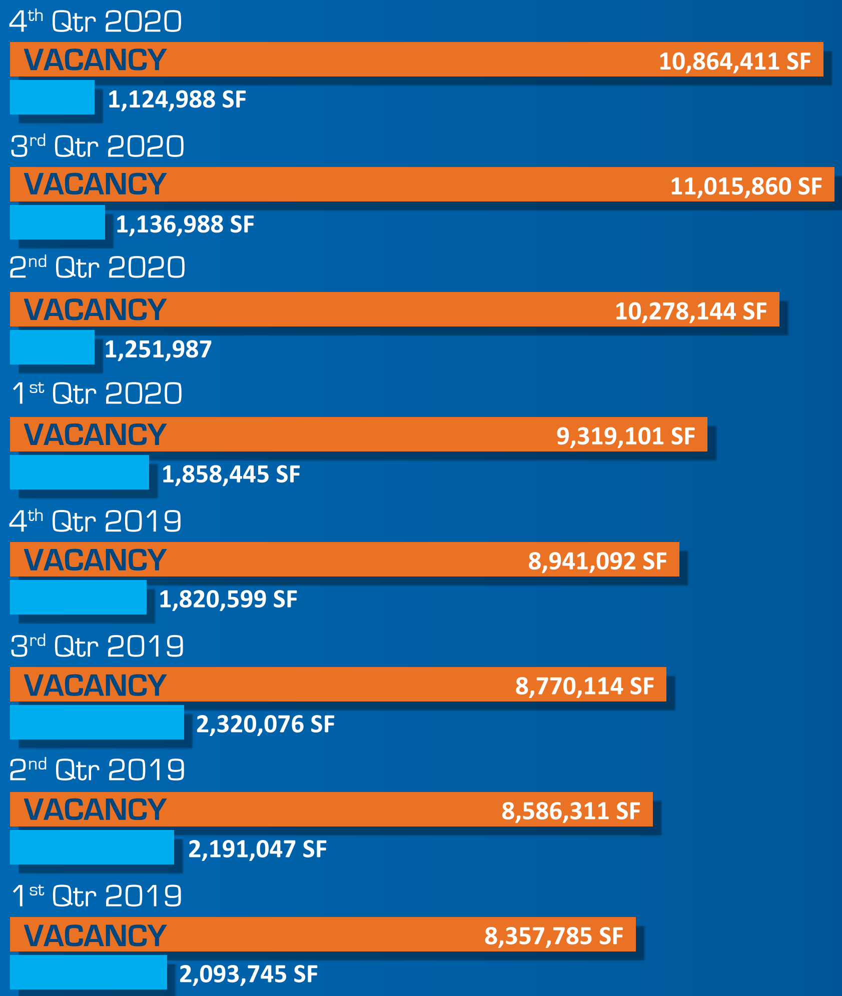
- McAnany, Van Cleave & Phillips, P.A., 38,485 square feet at 10 E Cambridge Circle in Kansas City
- 8,400 square feet at 7925 State Avenue in Kansas City
- 3,725 square feet at 8919 Parallel Parkway in Kansas City

Contributors include: Don Maddux, Senior Vice President; Hunter Johnson, Senior Vice President; Bruce Johnson, Vice President; Connor Knabe, Sales Associate; Max Wasserstrom, Senior Vice President; and Brent Roberts, Senior Vice President, Office Specialist

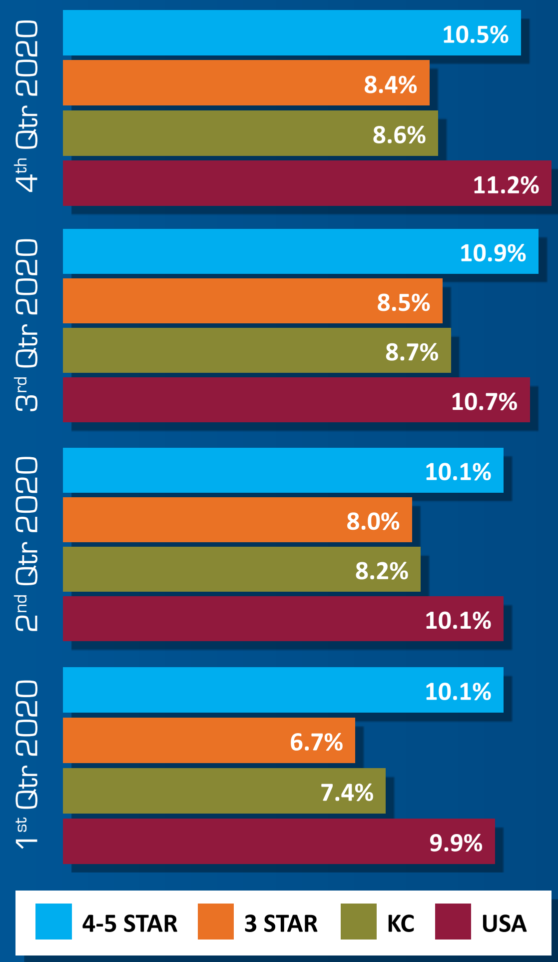
Block Real Estate Services, LLC closed on three leases totaling 74,625 square feet at the 230,000 square foot 7101 Tower in Overland Park, Kansas. Tenants include BOK Financial Corp., GE, and BHC Rhodes. BOK Financial Corp. announced in July 2020 they would be relocating their Kansas City market headquarters, and approximately 100 employees, to 7101 College Boulevard.

OFFICE MARKET AT A GLANCE

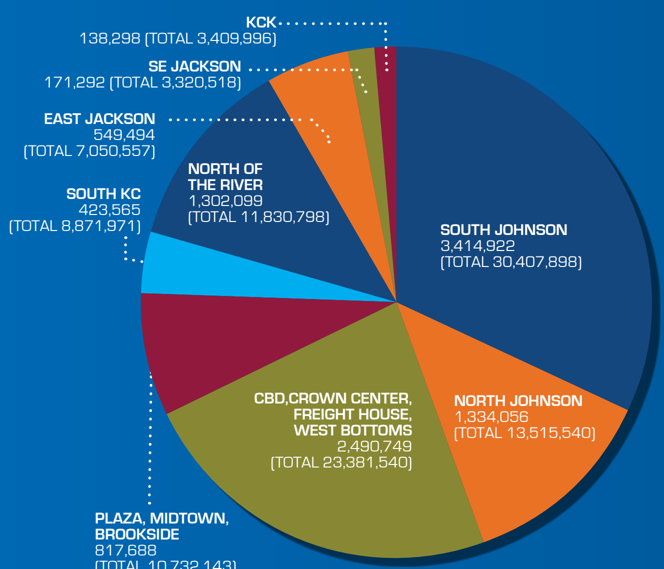
KANSAS CITY METRO 2020 ALL CLASSES
OFFICE VACANCY VS. OFFICE UNDER CONSTRUCTION



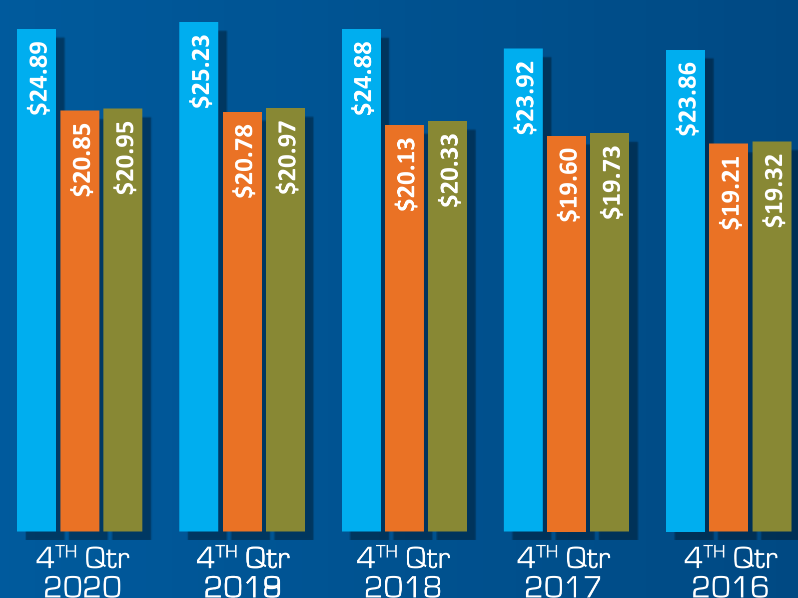
2019 OFFICE VACANCY
4-5 STAR VS. 3 STAR VS. KANSAS CITY VS. U.S.



VACANT OFFICE SPACE BY SUBMARKET



AVERAGE OFFICE RENTAL RATES
4-5 STAR VS. 3 STAR VS. KANSAS CITY AVG.



Kansas City Industrial Market

LARGER TRENDS IN PLAY – INVENTORY REDUNDANDCY VERSUS JUST-IN-TIME?

Americans have adopted online shopping at an unprecedented pace, accelerated in 2020 due to COVID-19, changing the industrial market. With e-Commerce growth we will see a continued need for distribution space to support the move from brick-and-mortar retail to warehouse fulfillment. The desire to reduce supply chain risk will cause a change with companies using a just-in-time fulfillment to one of redundancy. Redundancy as well as efficiency will provide back-up to inventory supplies to serve consumers. Companies will locate additional distribution to serve the population hubs in an expedient and cost-effective manner while ensuring their business has multiple options to cover events and get their product to where it needs to go. Many companies will be willing to hold more inventory to better serve clients, increasing demand for space. Southeast Asian manufacturing, nearshoring and greater inventory levels will continue to drive demand across the supply chain. This will increase distribution demand in Kansas City and e-Commerce will continue to be the headline for growth as enhanced supply chain diversity from manufacturer to customer will be the focus.

Pandemic related challenges, including disruptions to supply chains and trade, reduced manufacturing and increased retail store closures, will increase demand for e-Commerce. More consumers have relied on e-Commerce and online grocery sales for their purchases during the pandemic, adding pressure on the supply chain and making the location of distribution and fulfillment centers even more important. Having existing, move in ready, building inventory and a selection of vertical-ready sites enables e-Commerce companies to secure their real estate and begin operations or development of their facilities immediately.

DRIVERS FOR SPECULATIVE INDUSTRIAL DEVELOPMENT – KANSAS CITY AS A LOGISTICS HOTSPOT

During 2020, the market saw stable occupancy with rising construction entering on a roll and continuing increases during the first quarter. However, this was before the nation's economy was thrown into turmoil by the pandemic. Industrial and big-box retail clients are in a race to meet surging demand for rapid shipping to consumers' doorsteps. What was already a fast-gaining trend before the pandemic has only accelerated as manufacturers have shifted facilities and distributors are rearranging their supply chain.

The Kansas City region ranks number three in the U.S. for industrial construction activity in cities with populations between one and four million, outpacing larger markets. Over the past five years, the region has attracted logistics companies to occupy 16.7 million square feet of industrial space and the pipeline remains strong with several million square feet of active e-Commerce and food-related prospects. This has played a part in transforming Kansas City into a logistics hot spot. Numerous third-party logistics companies provide options for flexible warehousing for safety stock and other services. Foreign Trade Zones provide options for safety stock as well as value-added production activities.

Companies are looking at new locations for e-Commerce, food production and cold storage and Kansas City has the available real estate. Kansas City is a leader in food and beverage production, ingredient manufacturing, cold storage, and other food-related activities. The Animal Health Corridor, along I-70, between Columbia, Missouri, and Manhattan, Kansas, represents the world's largest concentration of animal health companies, accounting for 56% of the

Thermo Fisher Scientific Inc. secured a federal contract to provide viral transport media (VTM) for the collection of COVID-19 samples in May 2020. To accommodate the increased production, they expanded their existing facility at 12076 Santa Fe Trail Drive and leased 120,000 square feet at 17000 W. 116th Street in Lenexa, Kansas, owned by a BRES sponsored entity. The expansion in May had already increased production from 50,000 tubes a week to more than 1 million.

total worldwide animal health, diagnostics, and pet food sales. With proximity to agriculture markets and access to 85% of the U.S. population in two days or less by truck, coupled with Kansas City's agricultural legacy, this makes the region a prime location for food related distribution.

INFRASTRUCTURE - THE KEY TO CONTINUED GROWTH

The Kansas City region's transportation infrastructure offers a clear advantage to e-Commerce operations. Our central location sits at the intersection of four major Interstates and is served by five Class I rail lines, along with a new Kansas City International Airport terminal under construction, to offer unprecedented transportation. Many consumer goods ship in containers that are carried on either trucks or trains. That is good news for Kansas City as building near intermodal sites skirting the edges of the metro area has created 40 million square feet of industrial space since 2012 with no let-up in sight.

Since the opening of the BNSF Railway's facility at Logistics Park Kansas City (LPKC) in 2013, 17 million square feet of development has occurred in its vicinity. BNSF is seeing lots of interest in intermodal growth coming from both the west coast ports and domestic volume coming into Kansas City. United Parcel Service (UPS) also notes that the Kansas City region is an integral part of its overall strategy of growth. They have made significant investments in facilities at the airport to expand the aircraft apron and modernize their 50,000 square foot express package sorting facility. In Lenexa, Kansas, UPS recently expanded the facility from 226,000 square feet to 430,000 square feet.

BY THE NUMBERS

Kansas City's industrial market continued the unprecedented expansion that has occurred over the past several years, through 2020, as several new developments came online. Speculative construction has been the catalyst for the current expansion; however, the cycle is evolving. This growth was driven by speculative construction for several years accounting for the majority of completed space. During 2019, though speculative construction levels remained high, there was a noticeable transition to more build-to-suit projects. Build-to-suit construction will continue to be a major driver in the Kansas City market but with the changes in distribution networks and redundancy, more speculative construction has taken place in 2020 and is projected to continue in 2021 and beyond.

The Metro warehouse and flex market continued to grow with 363 million square feet in total, up 11 million square feet over 2019, being added. Of the total, 344 million square feet or 95%, is warehouse space and 299 million square feet located in the major submarkets, with over 284 million square feet of that being warehouse space. The overall occupancy is 94.9%.

Leasing in 2020 totaled 13.2 million square feet with 12.6 million square feet in warehouse and overall net absorption of 5.4 million square feet. As the occupancy rates have increased, market rents, on average, have increased nearly 15% since 2013.

In the three-year span of 2016 to 2018, nearly 17 million square feet of speculative space was completed. Since the record high of 9.3 million square feet delivered in 2017, the warehouse vacancy rate has dropped, coinciding with 18.7 million square feet of positive net absorption during the same period.

Since 2015, deliveries in Kansas City were the highest total in the Midwest outside of Chicago, and the market continues to exhibit strong performance. Average net absorption since recovering from the recession has been 4.7 million square feet. 2020 was another strong year with another 3.7 million square feet delivered, 8.5 million square feet leased and net absorption of 4.6 million square feet.

MARKET EXPECTATIONS - CONTINUED GROWTH

Since 2012, Kansas City added over 38 million square feet of industrial space and during that time, the vacancy rate has dropped from 8.3% to 5.2% and occupancy should remain strong.

Major tenants looking for one-half million plus square foot facilities will continue to choose Kansas City as a regional base for distribution.

Absorption levels will remain high as there will be steady demand for 75,000 to 200,000 square foot spaces. Demand for e-Commerce, including the build-out of last-mile logistics centers will replace two-day delivery by next-day delivery, and the move towards online grocery shopping will necessitate more same-day delivery capabilities. Smaller, well-located, specialized facilities are required for many of the last-mile logistics centers and frequently the parking and loading needs are unique enough to require build-to-suit solutions.

The Kansas City industrial market is anticipated to have net deliveries, in the near term, exceeding net absorption and pushing the vacancy rate up slightly but rent growth should also rise 1.5% to 2% over the next 18 to 24 months.

South Johnson County will continue to lead the market in square feet delivered.

Warehouse site selection will be less "port centric" and more oriented to domestic production and consumption with a heightened interest in warehousing in the central U.S. near manufacturing and agricultural production, like Kansas City. We are in a unique position with continued speculative development throughout the region.

It's an exciting time to be in the industrial development market in Kansas City and industrial construction in 2021 and beyond should continue at a high growth pace.

PepsiCo Inc. announced in December 2020 that it would occupy the entirety of the 952,956 square foot Inland Port VII building in Edgerton, Kansas, at Logistics Park Kansas City. PepsiCo Inc. will operate a new Gatorade distribution center in what was the largest speculative industrial building in the Kansas City Metro and state of Kansas.

JOHNSON COUNTY

NOTABLE DEVELOPMENT ACTIVITY

Shawnee's Heartland Logistics Park at K-7 and West 43rd Street will feature two million square feet of industrial space. It sits on 182 acres with buildings ranging from 192,000 to 940,000 square feet. Construction on the first building is expected be done by year-end 2020. The project is being developed by a Burns & McDonnell entity. The buildings will be Class A space, offering additional car and trailer storage options and 32- to 36-foot clear heights. The park offers immediate access to K-7 with quick access to I-70 and strong labor demographics. The City of Shawnee and Kansas Department of Transportation (KDOT) are both participating in the public infrastructure for the area within the project, including wastewater and public road improvements. KDOT will work with the developer to provide funding for the project through its Economic Development program.

As Amazon continues to grow and develop its own internal package delivery system, it has set up multiple package delivery centers in the Kansas City area, including Blue Springs, Midtown, Shawnee and Lenexa, Kansas. Amazon will build a facility in Lenexa Logistics Centre North, of 142,776 square feet as a delivery station. The building will have 984 cars parking and sits on 29.9 acres. This will complement their existing 260,707 square foot logistics center located across the street in Lenexa Logistics Center South. The two locations are along College Boulevard just west of Renner Boulevard. The developer for the new facility is Indianapolis-based Ambrose Property Group LLC. Other facilities include an 856,000 square foot fulfillment center at the Turner Diagonal Parkway in Kansas City, Kansas, an 822,104 square foot fulfillment center at Logistics Park Kansas City in Edgerton, a 446,500 square foot Amazon Pantry fulfillment center in the New Century AirCenter near Gardner, an 80,000 square foot distribution center in Shawnee's WestLink Business Center, along with an 80,000 square foot Amazon Flex fulfillment center in Kansas City, Missouri.

At WestLink, buildings on sites five and six will not be built as that land is being turned into parking for Amazon employees and vehicles, so the park is now fully developed with four buildings totaling 680,000 square feet.

NOTABLE LEASE/SALE TRANSACTIONS

PepsiCo will be moving into the state-of-the-art Inland Port VII building at Logistics Park Kansas City where they signed a lease for 952,956 square feet to distribute their Gatorade product line. The building, built by NorthPoint Development, was the largest speculative building in the Kansas City Metro and in the State of Kansas when it was completed in early 2020.

Lineage Logistics has plans to construct a 385,434 square foot 83-foot clear height freezer-warehouse at

Lenexa Logistics Centre East Building 3, a 249,150 square foot bulk cross-dock facility at 16301-16501 W. 116th Street, Lenexa, Kansas, was completed in 2020 by Block Real Estate Services, LLC. The building is currently 100% leased to tenants MAVS, Emerson Ecologics and Propak.

167th Street and I-35 in Lone Elm Commerce Center. The park's developer also plans to construct another 140,000 square foot speculative industrial building in 2021.

Merck & Co. Inc. has announced it is investing $100 million to expand its DeSoto, Kansas, facility for their Animal Health operations.

Builder's Stone purchased land at 119th Street and Kansas City Road in Olathe, Kansas, to build two new 70,000 square foot buildings, with plans to occupy one full building and about half of the other and will have 20,000 to 30,000 square feet available for lease. The developer, Brandon Becker, has plans to construct a three-building flex building complex at the northwest corner of College Boulevard and Lackman Road in Lenexa, Kansas. The new development will be known as College West Business Center. Spaces will be available from 4,950 to 40,700 square feet. A smaller office building on the corner of the intersection will be available as well as a smaller flex building on the west side of the parcel.

Oddo Development, on behalf of family-owned entities, Citywide Development and Baxsys, completed construction of a 90,000 square foot building in Lenexa, adjacent to the J.C. Penney Distribution Center, to relocate those operations. Novation IQ leased 82,749 square feet in Lenexa Logistics Centre. Regal Arts leased 118,187 square feet from Stag Industrial in Olathe at Lone Elm Logistics Centre. Tomkins Industries consolidated from smaller buildings and purchased a 60,978 square foot building in Olathe, ZL Plastics will lease, with an option to purchase, 65,000 square feet of the 90,000 square foot south building at Renner Commerce Center in Lenexa.

Thermo Fisher Scientific leased 149,544 square feet in Lenexa for a COVID-19 test kit manufacturing facility.

MAVS Volleyball leased 69,891 square feet, Emerson Ecologics took 62,904 square feet and Propak Logistics leased 116,355 square feet to fill the newly delivered Lenexa Logistics Centre East Building 3, a 249,150 square foot cross-dock warehouse developed by Block Real Estate Services, LLC, and the first of four buildings in the new park at 116th Street and Renner Boulevard.

American News Group leased 455,000 square feet at Lone Elm 716 in Olathe. Dot's Pretzels and Tuthill Corporation announced new manufacturing facilities with Dot's selecting Logistics Park Kansas City in Edgerton for its new 186,107 square foot manufacturing facility, while DaVinci Roofscapes leased 66,883 square feet and Tuthill opened a new 53,352 square foot warehouse, both in Lenexa, Kansas.

Viracor, the clinical specialty lab bought 15+/- acres in Meritex Lenexa Executive Park to construct a 110,000 square foot facility, with plans to move in during the fourth quarter of 2021. An out-of-state developer is constructing a new 250,000 square foot facility for Rockwell Collins, in Kansas Commerce Center, to relocate their Anaheim, California, refrigeration operation.

BY THE NUMBERS

Johnson County has a total industrial inventory of 81 million square feet with occupancy of 92.7% in late 2020, compared to 90.3% at year-end of 2019. This decrease in vacancy reiterates the attractiveness of the Johnson County submarket, while keeping in mind all the events that unfolded in 2020. Representing 27% of the Kansas City Metro industrial market, Johnson County continues to be the most dynamic, with more new construction and deliveries, the highest net absorption, and the highest overall rents per square foot.

EXECUTIVE PARK/NORTHLAND PARK

Kansas City is second in automotive manufacturing in the U.S., behind only Detroit. The Ford Claycomo Assembly Plant and the General Motors Fairfax Assembly are among the major driving forces of this submarket. The heavy emphasis on warehouse space versus flex space has boded well for the submarket in 2020. There is also a large presence of modern bulk industrial buildings that have been developed by both local and national developers.

NOTABLE DEVELOPMENT ACTIVITY

MDC, Inc. is constructing two new industrial buildings in their Executive Park Logistics Center, one of 132,465 square and the second of 263,990 square feet. These are the first two of a four buildings they plan at the Logistics Center. Both are 32′ clear with EFSR sprinklers and LED lighting and will be available in the first quarter of 2021. The development offers 100% tax abatement for 10 years and 50% for the next five years and they are located within an Opportunity Zone. There is significant trailer storage available and great I-435 visibility and accessibility. Dependent on leasing momentum, buildings three and four will follow.

Liberty Logistics Park is a three-building complex, being developed by Lane4 Property Group, located adjacent to the Ford Claycomo Assembly Plant. The development has excellent I-35 access and visibility and draws from a strong, diverse labor pool in the area. Located at I-35, Highway 69 and south Liberty, the site totals 62.42 acres and is zoned M-2. The three buildings will total 922,700 square feet. Building one is 710,200 square feet and is 36′ clear with large column bay spacing and speed bays in a cross-dock configuration with ample trailer parking on site. The kicker, no real estate taxes through 100% property tax abatement for 10 years. They signed their first lease with Kenco Logistics Services for 295,000 square feet.

SubTropolis is an EnergyStar rated development that provides 24/7, year-round temperature and security with the ability for tenants to expand their space within a short timeframe. Hunt Midwest is developing the underground facility in limestone formations, which in general is rather unique to the Kansas City market. In early 2020, they completed construction of 400,000 square feet of speculative warehouse and logistics space, bringing the amount of leasable space in SubTropolis to more than 6.5 million square feet, leaving another 7.5 million square feet available for future development.

The Opus Group has begun construction on Heartland Meadows Commerce Center, a 182,000 square foot building that will be the first speculative construction in the Liberty Industrial Park within the last decade.

NOTABLE LEASE/SALE TRANSACTIONS

Northpoint Development's Northland Park Buildings are leasing up before construction is completed and more speculative construction is on the way. The first six buildings built in 2016 to 2020, totaling 2.425 million square feet, are fully leased. Building six of 550,000 square feet was fully leased to FedEx Ground. Building eight, which is speculative construction, is 274,730 square feet and is set to deliver by year-end 2020, with building seven of 418,619 square feet scheduled for Summer 2021. Millbank Manufacturing purchased a 117,600 square foot building in Executive Park.

Logoplaste expanded their facility by 160,000 SF to a total of 360,000 SF on Stilwell in Executive Park.

BY THE NUMBERS

The Executive Park/Northland Park submarket is Kansas City's fourth-largest industrial submarket with 436 buildings totaling 43.1 million square feet. It's booming with the second lowest vacancy percentage in the Metro at 4%, which is a steady drop from 5.2% in 2018 and 4.8% in 2019. Steady leasing activity provided 796,000 square feet of net absorption in 2020. The submarket has the highest percentage of warehouse space with 98.9% of the industrial supply listed as warehouse versus only 1.1% as flex space. The average rental rate in 2020 was $5.38 per square foot.

NORTH KANSAS CITY/RIVERSIDE

North Kansas City and Riverside are two of the most centrally located industrial submarkets in the Kansas City Metro. These submarkets are led by their namesake cities and have none of their space in Kansas City, Missouri. Both are situated directly north of the Central Business District, adjacent to the Missouri River, and have fantastic highway access and transportation infrastructure. Their locations provide great access to the skilled labor necessary to operate industrial warehousing and manufacturing including major manufacturing such as the General Motors and Ford assembly plants.

The North Kansas City building inventory is older but functional. It consists mainly of warehouse and manufacturing space that was developed between the 1940s and the 1970s. Riverside's smaller industrial spaces are slightly newer as it was predominantly developed in the 1980s and beyond. Most of the newer buildings were developed in the Paseo Industrial District of North Kansas City, located east of I-35. However, the Riverside

Horizons Industrial Park has also seen major development activity since 2011. The park surrounds I-635 as it bisects Riverside, which has a heavy presence of mid-sized office/warehouse product versus North Kansas City's higher level of manufacturing buildings and larger distribution spaces. Warehouse logistics space has become a mainstay of Riverside due to great Interstate highway access for distribution and sequencing, and good proximity to basic industry. The submarket supports a diversified combination of third-party logistics, Tier 1 suppliers for manufacturers such as General Motors and Ford, sequencers, secondary support manufacturers, quality assurance providers, service companies, as well as local, regional, and national distributors. There are still available land sites in and around Horizons to meet the steady demand for logistics and distribution.

NOTABLE DEVELOPMENT ACTIVITY

In Riverside Horizons Business Park, a master planned industrial park designed for 2,537,341 square feet, building 10 of 207,752 square feet completed for year-end 2020 delivery. The building features all the modern amenities including 32' clear height, abundant dock high and drive-in doors, and is divisible to 45,000 square feet. The building has a generous tenant improvement build-out package and being in Riverside, offers no E-Tax and low real estate taxes due to a lack of a city real estate tax. The Park is in an Enhanced Enterprise Zone and is eligible for the Evergy Economic Development Rider Program.

NOTABLE LEASE/SALE TRANSACTIONS

PVI-Gordon signed a 42,880 square foot lease, Reverse Logistics leased 232,000 square feet, while Banner Logistics leased 71,456 square feet, all in the Paseo Industrial District. Cogent, a Kansas City-based engineering and manufacturing operation, will be moving to a new 100,000 square foot facility in Riverside Horizons.

BY THE NUMBERS

The 25.5 million square foot submarket saw a slight downturn in activity through 2020, including negative 112,000 square feet of net absorption. Submarket vacancy grew to 5.6% from 4.8% in 2019. The submarket has a large concentration of warehouse and distribution space at 98.3% of the industrial supply versus only 1.7% listed as flex space. The average rental rate in this submarket is one of the lowest in the Kansas City Metro at $5.07 per square foot.

WYANDOTTE COUNTY

The Wyandotte County industrial submarket has 44.6 million square feet of inventory primarily concentrated in six industrial districts, all of which are well served by highway and railway infrastructure. Much of the inventory is centrally located within the Kansas City Metro and havsgood access to stable and qualified industrial labor. The submarket features many manufacturers and distribution users, many of which are owner occupied which help the submarket's strong occupancy rate of 96.1%. Only 1.74 million square feet was vacant at year's end, despite the COVID-19 pandemic.

The submarket had both good and bad news in the last year. In February 2019, Proctor & Gamble announced it would close a major soap manufacturing plant in Armourdale by 2020. The facility is used to manufacture products for brands such as Dawn, Gain, Ivory, and Joy. They have since announced that due to a spike in demand, caused by COVID-19, the plant will remain in operation through at least 2023.

The Wyandotte County submarket has always been an attractive location for just-in-time suppliers to the automotive assembly plants as well as for 3PL distribution. With proximity to I-35, I-70, I-270, I-435, and I-635, there is quick access to all the Metro intermodal centers as well as ease of transportation to and through downtown Kansas City to KCI. Kansas City's location is the center of the U.S. and Wyandotte County is often considered the center of the City.

The submarket continues its upward trajectory with development of bulk industrial space and continues to gain attention for build-to-suit and large tenant speculative construction; however, there is a supply shortage in warehouse space for tenants under 40,000 square feet and tenants under 20,000 square feet are having difficulty finding space which is pushing rents higher.

NOTABLE DEVELOPMENT ACTIVITY

Turner Logistics Center is a new NorthPoint Development property at I-70 and New Turner Diagonal in Kansas City, Kansas. Construction has started at the 250-acre site that will hold up to eight buildings totaling three million square feet of Class A industrial product. The adjacent Amazon Fulfillment Center was completed in 2017. The development will have real estate tax abatement creating a charge of $0.12 per square foot with modest increases over the ten-year abatement. Building I of 109,000 square feet had a December 2020 delivery. Buildings II and III are planned for Spring 2021 delivery with 543,354 square feet and 375,536 square feet respectively. Harte-Hanks will leave their long-time home in Johnson County for 297,000 square feet in the development.

Indianapolis-based Scannell Properties has purchased the former Woodlands racetrack and plans to initially construct five buildings amounting to three million square feet on the 415-acre site at I-435 and Leavenworth Road. The first building for Amazon will be a 1.08 million square foot logistics facility on 100 acres. Scannell is reserving 245 of the 415 acres for future development and 70 acres will be deeded to the Parks & Recreation Department to expand its trail system, while a portion will be for retail service buildings.

NASCAR acquired Kansas Speedway by buying its parent company, International Speedway Corp. The auto racing company announced that it would partner with Dallas-

I-35 Logistics Park Building B and C, 15250-15351 S Green Road, Olathe, Kansas, was sold by Sun Life Assurance Company of Canada to MDH Partners LLC in December 2020. Totaling approximately 1.39 million square feet of industrial space, both buildings are fully leased by 1A Auto and S&S Activewear, Building B, and ITRenew and KGP Logistics, Building C. Built in 2013 and 2018, respectively the two buildings sold for a total of $73.35 million.

based Hillwood Development Co. to redevelop surplus land nationwide, including opportunities around the Kansas City, Kansas, track. The first development will be for Urban Outfitters for an 880,000 square foot omni-channel distribution center on the land near I-70 and I-435.

Other notable transactions include Amerihart's lease of 51,000 square feet and Excel Linen Supply's purchase of a 131,570 square foot building in Fairfax.

KCI/AIRWORLD

The KCI/AirWorld submarket is the smallest, yet most distinct, in the Metro with just 8.6 million square feet in 92 buildings; however, Kansas City International Airport's (KCI) new single terminal under construction is expected to increase demand and growth of air cargo.

NOTABLE DEVELOPMENT ACTIVITY

Construction started on VanTrust Real Estate's Congress Logistics Center 634 near KCI, a $35 million 634,344 square foot building. The speculative industrial building will sit on 65 acres of land near I-29 and 112th Street. Close airport access will suit the Logistics Center well as Kansas City leads the transport of air cargo in the six-state region. In addition to the project's location, the development will offer a 16-year tax abatement.

Golden Plains Technology Park is proposed and would entail as many as 13 data center buildings on 882.5 acres spanning Platte and Clay County, along I-435 and US 169 Highway. This would allow as much as 6.75 million square feet of buildings. Diode Ventures is a wholly owned subsidiary of Black & Veatch and anticipates a total investment of up to $2 billion. Diode mentioned economic perks to building in the Midwest including improved network connectivity with coastal counterparts, less risk of natural disasters and competitive power pricing.

KCI Intermodal Business Centre is offering build-to-suit facilities from 50,000 to 1.6 million square feet in their master planned park. The 690-acre park will support 5.4 million square feet of buildings and already has significant economic incentive programs in place. Those incentives include a Foreign Trade Zone, an Enhanced Enterprise Zone, a Tax Benefit Program, and a Missouri Quality Jobs Program. There will be excellent I-29 exposure and access allowing connectivity to the Metro area and intermodal rail facilities. Construction of a new distribution facility was completed by developer Trammell Crow Company. The 349,440 square foot LogisticsCentre VI is a Class A rear-loaded facility with room for up to six tenants. It is the sixth facility built in the park adjacent to KCI. Pure Fishing leased LogisticsCentre V, a 542,640 square foot cross-dock building at I-29 and 112th Street.

BY THE NUMBERS

The combined industrial and flex occupancy rate at year-end 2020 was just under 90% with average rental rates at $5.59 per square foot. That was a slight increase in vacancy from 2019's combined occupancy rate of just over 95% and rental rates of $5.38 per square foot. The increase in vacancy for this year could be a result of higher rents and businesses shutting down because of the COVID-19 pandemic. Net absorption for the KCI/AirWorld submarket was up to 326,000 from -486,000 in 2019.

SUBMARKET OUTLOOK

The submarket will likely see slow but continued growth in new industrial product due to the availability of large tracts of land that are zoned or appropriate for industrial and distribution development and construction of the new KCI. Having a foreign trade zone at KCI Intermodal will continue to pull international assembly and distribution companies to the location. Excellent highway access with I-29 bisecting and I-435 looping through the submarket will also impact, though the lack of rail availability and the distance from the center of the city will limit overall growth.

JACKSON COUNTY

NOTABLE DEVELOPMENT ACTIVITY

Northpoint Development introduced its newest project, Blue River Commerce Center, located on the site of the former Bannister Federal Complex at Bannister Road, 95th Street and Troost Avenue, just one mile west of I-435/I-49, in South Kansas City, Missouri. The location touts' access to a large labor pool in the southeast portion of the metro area. The 300-acre site is designed for seven buildings ranging from 241,000 to 438,000 square feet with a total build-out of 2.6 million square feet. Building one will be speculative construction of 243,353 square feet with 36' clear height and all of the amenities of new Class A construction. The project will have 20-year real estate tax abatement, fixed for the first ten years at $0.08 per square foot and then at 50% abatement for the second 10 years. The park's full buildout could take seven to 12 years but given recent e-Commerce and industrial trends it could likely be completed much faster.

Chewy will be Belton's newest e-Commerce company. The online pet supplier based in Florida will lease a 796,000 square foot fulfillment center with the ability to expand by another 215,000 square feet. The location is in the Southview Commerce Center, Northpoint Development's 148-acre industrial park along I-49. BOXYCHARM, a leader in the beauty subscription box industry, has selected Southview as well for their new 575,000 square foot e-Commerce operation.

Raymore Commerce Center, a VanTrust Real Estate development, will be located at the southwest corner of I-49 and North Cass Parkway in Raymore, Missouri. The site is designed to incorporate three buildings totaling 1.9 million square feet on 136 acres. Building one is a 564,970 square foot speculative industrial building which should be available in the third quarter of 2021. Raymore has provided for real estate taxes starting at $0.03 per square foot, increasing over the 20-year abatement period to $0.71 per square foot, averaging $0.28 per square foot over the term.

Home Depot could become the first Tenant in Platform Ventures' new I-49 Industrial Center. The facility would be a 297,600 square foot distribution center, located at the southeast corner of 149th Street and Thunderbird Road in Kansas City. It would sit on 38.8 acres adjacent to the 150 acres that Platform Ventures acquired in 2019 within the CenterPoint Intermodal Center. Platform is adding another 60 acres of adjacent land to the industrial park. The site has potential for four buildings totaling two million square feet. Platform is working on a 366,000 square foot speculative building designed for up to four tenants as well as a new facility for Kansas City Southern at 300,000 square feet for a freight multi-modal distribution facility.

Bennett Packaging plans to develop a corporate campus at U.S. 40 Highway and Noland Road in Independence, Missouri. They plan to renovate an existing 172,000 square foot warehouse space and 20,000 square feet of blighted in-line retail shopping space to support manufacturing uses. In addition, they will build 212,300 square feet of new manufacturing space; and construct a 120,000 square foot third-party logistics warehouse and distribution center for a total of 524,300 square feet. There will be a 25-year real estate tax abatement for each phase at 75% for the first 10 years and 37.5% for the next 15 years.

Blue Springs Logistics, a proposed speculative industrial warehouse of 585,000 square feet, will be located at Jefferson just north of I-70. The developer, Flint Development, requested 10 years of full real estate tax abatement.

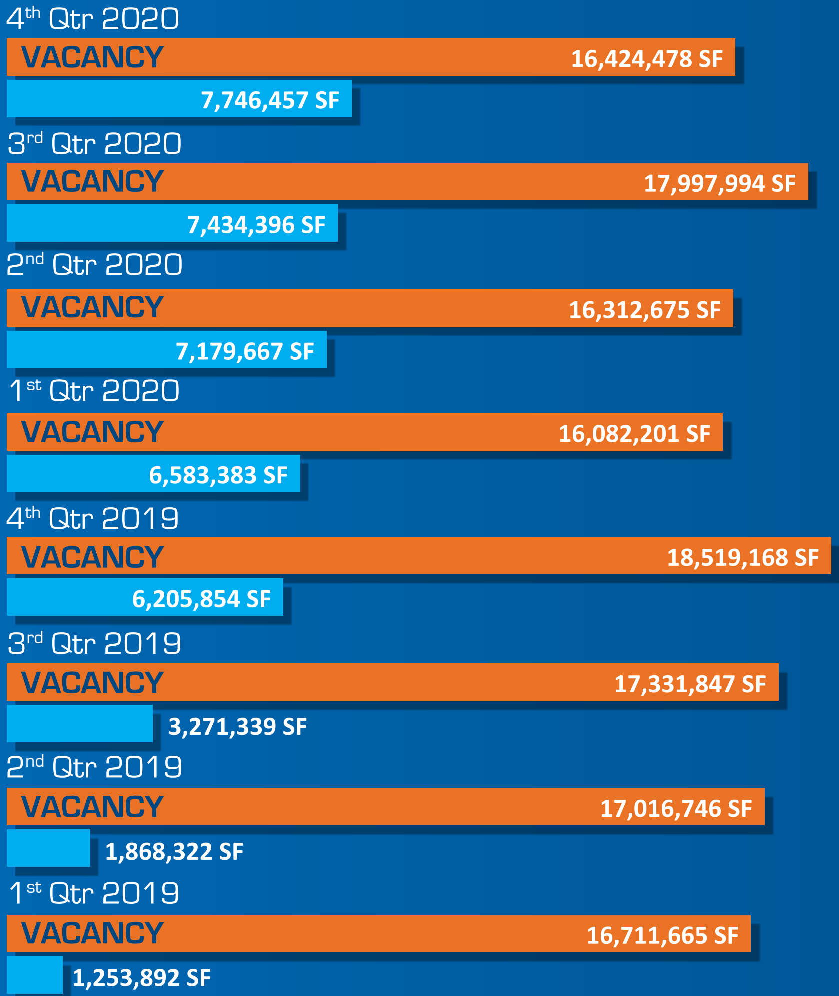
BY THE NUMBERS

The 96.6 million square feet of industrial space in East Jackson County has seen steady activity over the past couple of years. Since 2019, the submarket has added 24 new industrial buildings. 20 of those buildings have been light industrial/flex while four have been warehouse logistics buildings. Net absorption improved to 898,000 square feet in 2020 from -679,000 square feet in 2019, which is a good sign for the submarket. Vacancy was nearly flat at 4.4% in 2020 and 4.3% in 2019. About 8% of the buildings in the submarket are light industrial/flex buildings while the other 92% are warehouse and manufacturing buildings. The average rental rate in this submarket is $5.32 per square feet. Year-to-date, the submarket has had the second-highest amount of industrial square footage leased at 1.8 million.

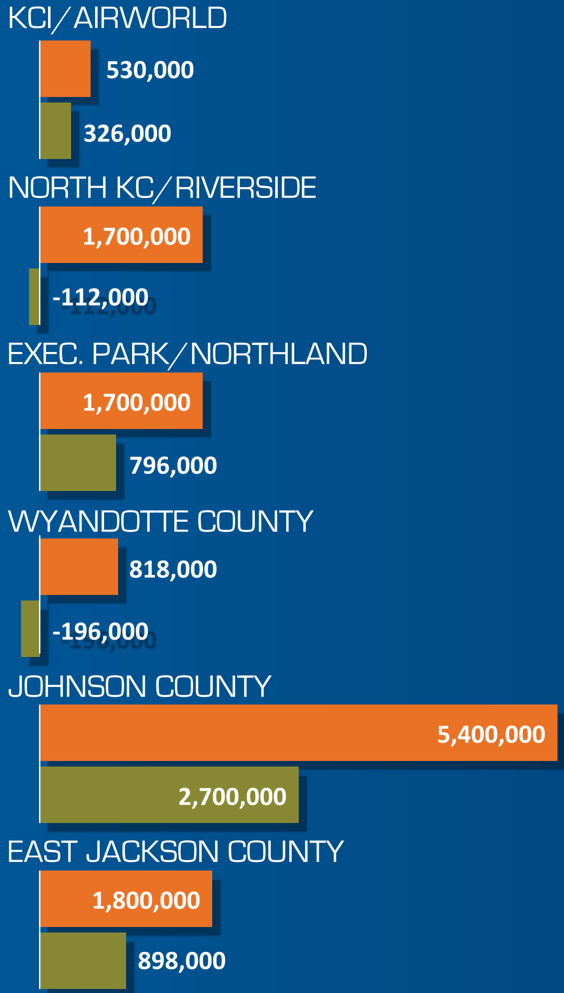
Contributors include Michael R. Block, Principal and Christian D. Wead, Industrial Sales Associate.

INDUSTRIAL AT A GLANCE

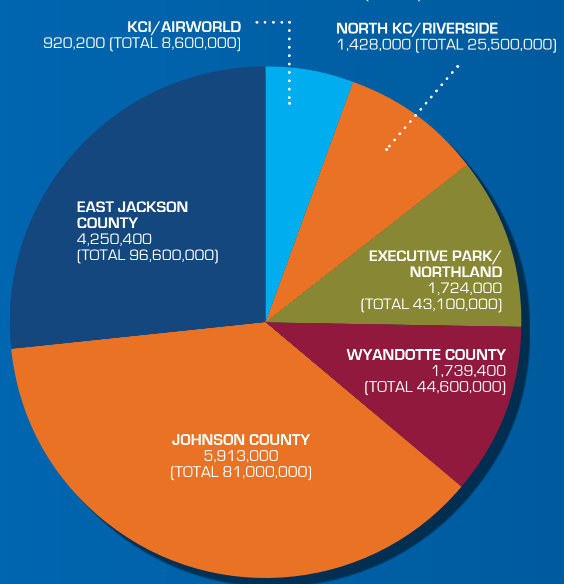
KANSAS CITY METRO ALL CLASSES
INDUSTRIAL VACANCY VS. UNDER CONSTRUCTION



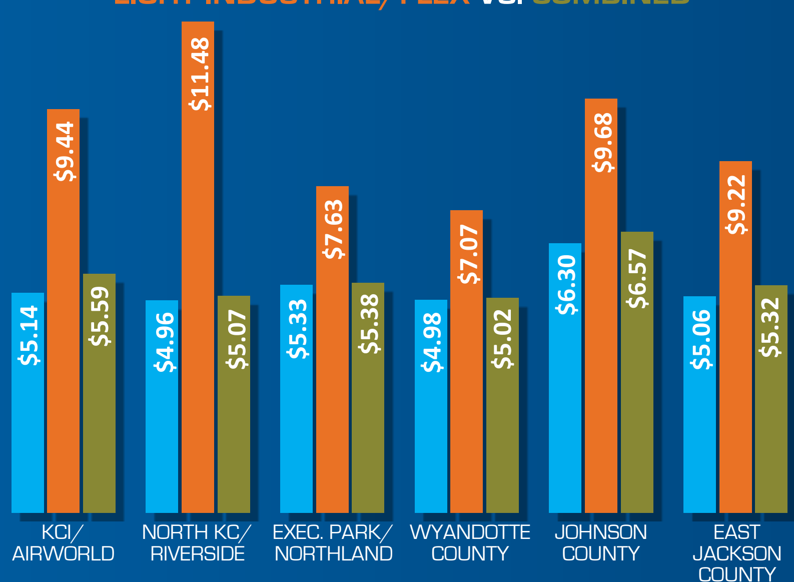
2020 TOTAL INDUSTRIAL
LEASING V. NET ABSORPTION



VACANT INDUSTRIAL SPACE BY SUBMARKET (SF)



2020 AVERAGE RENTAL RATES/SF
WAREHOUSE/BULK VS. LIGHT INDUSTRIAL/FLEX VS. COMBINED



Kansas City Retail Market

The retail market has been hardest hit by the pandemic, but it's been business as usual for the likes of auto parts stores, pharmacies, hardware stores, grocers, general merchandise stores and restaurants with drive thru services. During the government-mandated closures and the limited customer counts that followed to achieve social distancing requirements, fast casual and full-service restaurants were forced to adapt, offering curb side pick-up and delivery options to their loyal customers. Hotels, movie theaters, bars, gyms, and mall-based retailers lost precious income during those days, leaving many businesses facing precarious financial challenges.

The pandemic influenced consumer spending habits. No longer was the new outfit needed as many worked from home and had no social events to attend. Home repair projects soared and online shopping gained greater momentum. Dining out wasn't an option in early spring; many dined at home through carry-out options provided by their favorite restaurants, but the drop in income for restaurateurs caused more than four dozen to close through the year. The number of national retailers that sought Chapter 11 bankruptcy protection in 2020 is the highest seen in over a decade. The threat to brick and mortar stores rages on despite the efforts to create a safe shopping experience for patrons and staff alike. Some will come out stronger with fewer stores, others will be gone forever.

11.6B	5.09%	$21.58	$212
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

While starting the year strong, consumer confidence fell in April and has bounced across the floor like a deflated balloon. However, according to the U.S. Census Bureau, retail sales going into the holiday season were up 5.7% over 2019 and the National Retail Federation expects holiday sales to increase again this year somewhere between 3.6% and 5.2%.

T-Shotz, a golf and entertainment venue similar to Top Golf, opened a 52,000 square foot facility with a 200-yard target range and 66 climate-controlled hitting bays across three levels in Kansas City at Metro North Crossing in October 2020. T-Shotz features a TrackMan radar system that can note aspects such as spin rates and carry distance. It also has two farm-to-market restaurants, The Raw Bar, and private event spaces on premises.
Photo Credit: T-Shotz

Chapter 11 bankruptcies and area store closures in 2020 included:

- Pier 1 Imports (closed all stores, eight in the Kansas City area)
- Stein Mart (closed all stores, two in the Kansas City area)
- JCPenney (closed Bolger Square in Independence)
- Ascena Retail Group, parent company for Ann Taylor, Lane Bryant, Justice and Catherines (closed 13 area stores, eight Justice, two Catherines, two Lane Bryant Outlets and one Loft Outlet)
- Bar Louie (closed both of its area stores, Power & Light District and Zona Rosa)
- NPC International, Inc. (the largest Pizza Hut Franchisee, also Wendy's franchisee)
- Haddad Restaurant Group parent company for Plaza III Steakhouse and Winstead's (only two Winstead's remain open)
- Tailored Brands, parent company for Men's Wearhouse (closed Lenexa) and Jos. A. Bank (closed in Power & Light District)
- Sur La Table (closed on the Country Club Plaza)
- Ruby Tuesday (closed all area locations)
- Francesca's
- Chinos Holdings, parent company for J. Crew and Madewell
- FoodFirst Global Restaurants parent company for Brio Tuscan Grille & Bravo Cucina Italiana
- Tuesday Morning
- Lucky Brand
- Brooks Brothers
- Chuck E. Cheese
- Victoria's Secret
- Guitar Center
- GNC

Despite the pandemic-caused turmoil, new concepts continue to make their way into KC. This list includes:

- Torchy's Tacos
- Another Broken Egg
- Snooze AM Eatery
- DGX

Rockler Hardware, Fajita Pete's and Whataburger have announced plans to enter the market in 2021.

130.1M	5.8%	$15.74	$154
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

The Kansas City market saw a decrease in YTD absorption, negative 553,529 square feet, versus a year ago, 13,115 square feet. The vacancy rate in the Kansas City retail market has increased from 5.2% to 5.8%. The average rental rate at the end of 2020 was $15.66 per square foot versus $15.62 per square foot at the end of 2019.

JOHNSON COUNTY, KANSAS

Vacancy stands at 7.4% in Johnson County, an uptick from 2019 when vacancies stood at 7.2%. Average rental rates changed to $18.43 per square foot in 2020 compared to $18.20 in 2019.

39.5M	7.4%	$18.43	$174
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

NOTEWORTHY

CBL & Associates Properties, owner of Oak Park Mall, filed Chapter 11 bankruptcy.

Ranch Mart North Shopping Center is undergoing a full remodel with plans for adding a 25,000 square foot two-story mixed-use building with retail on the ground floor and office on the second story.

Macy's closed in Prairie Village with plans for mixed-use redevelopment, featuring office on the second floor and retail spaces on the ground level of the space at 71st Street and Mission Road.

Corinth Quarter at 83rd Street and Mission Road is under construction, planning to deliver more than 25,000 square feet of retail space to tenants in the spring of 2021. New tenant announcements include: Scissors & Scotch, Club Pilates and Nekter Juice Bar.

A new grocery store opened in the the space most recently occupied by Viva Fashion in the Twin Trails Shopping Center west of I-35 on Santa Fe in Olathe.

Prairiefire at 135th Street between Nall and Lamar revised its plans to reduce office space in order to accommodate a grocery store and bank with drive-thru. Chicken N Pickle plans to open in 2021.

T.J. Maxx will open at Bluhawk Marketplace at 159th Street and Antioch Road in 2021. Plans for the 309,000 square foot indoor multi-sports complex with a 3,500-seat arena, Bluhawk Sports Park advanced. Construction should start in 2021 with opening slated for fall 2022.

The Kansas City Chiefs joined with Mark Mastrov, the founder and former chairman of 24 Hour Fitness, to create Chiefs Fit, a state-of-the-art fitness concept planned to open in 2021 at Regency North at 93rd and Metcalf Avenue.

Torchy's Tacos announced plans for two new locations in Johnson County: 119th Street and Strang Line Road and in Corbin Park at 135th Street and Metcalf Avenue.

Following the trend of pop up stores, Dick's Sporting Goods opened one of its new warehouse concepts in the former Best Buy at 117th Street and Strang Line Road.

EAST JACKSON COUNTY, MISSOURI

Vacancy stands at 6.6%, an uptick from 2019 when vacancies stood at just over 4.9%. Rental rates in this area

In November 2020, CBL & Associates Properties Inc., a joint venture owner of Oak Park Mall with Teachers Insurance and Annuity Association, filed for Chapter 11 bankruptcy protection following multiple retail bankruptcies caused by forced closings due to COVID-19. Oak Park Mall has seen over a 40% drop in traffic from September 2019 to September 2020. While Nordstrom still plans to relocate to the Country Club Plaza, their opening originally scheduled for 2021, has been delayed keeping one of Oak Park's largest tenants in place till at least 2023.
Photo Credit: Klover Architects

increased from an average of $13.34 at the end of 2019 to a current average of $13.45 per square foot.

18.5M	6.6%	$13.60	$125
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

NOTEWORTHY

Barnes & Noble will close their store at Independence Commons.

DOWNTOWN/ MIDTOWN/ PLAZA AREA/ SOUTH KANSAS CITY, MISSOURI

Rental rates in this area of the metro increased from $14.32 per square foot at the end of 2019 to an average of $16.17 per square foot at the end of 2020. The area's vacancy rate increased from 5.5% at the end of 2019 to 6.6% at the end of 2020.

29M	5.1%	$16.17	$135
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

NOTEWORTHY

While longtime favorite restaurants, Webster House, Nara, Flying Saucer Draught Emporium, and The Mixx closed, the new, long-awaited 800-room convention hotel, Lowe's Kansas City Hotel opened at 15th Street and Wyandotte Street. DGX opened its first concept store in the Crossroads at the new City Club Apartments redevelopment at 20th and Main Streets. Sinkers Lounge a mini golf concept has plans to open in the Power & Light district in 2021. Starbucks & Burnt End BBQ opened at Crown Center.

The Country Club Plaza has seen its fair share of closings: Pinstripes, Nani Nalu, Vom Foss, Sperry Top-Sider, t.Loft, Parkway Social Kitchen, Helzberg Diamonds and others. 2021 should see both Amazon 4-star store and Punch Bowl Social open, but Nordstrom has delayed its opening until 2023.

Big Biscuit, Atomic Cowboy, Denver Biscuit Co., Fat Sully's and Frozen Gold opened in Westport.

Tesla moved from the Plaza to South Kansas City.

Price Chopper is planning to open a grocery store on the site of the former Kmart on Bannister Road east of I-435 in 2021.

Westlake Hardware will open in the former Tuesday Morning spot in Brookside.

Torchy's Tacos opened its first area location at Ward Parkway Shopping Center.

Streets of West Pryor, a new construction project including McKeever's, First Watch, Firebirds Wood Fired

DEMDACO, a Leawood, Kansas based consumer products manufacturer, opened their first branded retail store in June 2020. The 2,460 square foot store is located at Legends Outlets Kansas City, featuring gift items and an area with coffee and baked goods, the store provides a new opportunity to better understand which products and concepts resonate with consumers. DEMDACO works with more than 100 artists to create a variety of goods which are sold at more than 10,000 retailers nationwide.

Grill and Red Door Grill will open in 2021.

Summit Orchard, a new construction project opened with Aldi, Five Below and Lions Choice on a pad site, with Ross Dress for Less and HomeGoods opening in 2021.

KANSAS CITY/ WYANDOTTE COUNTY, KANSAS

Retail rental rates for Wyandotte County were $15 per square foot at the end of last year. They decreased to $14.98 per square foot at the end of 2020 after bottoming out at $14.84 in the third quarter. The area had a 4.8% vacancy rate at the end of 2020, compared to a 3.6% vacancy rate at the end of 2019.

8.6M	4.8%	$15.01	$164
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

NOTEWORTHY

The Legends Outlets has struggled with its loan payments through the pandemic causing it to land as the highest valued local property on the CMBS watchlist. Regardless, new tenants continue to sign on for the property. DEMDACO, a Leawood-based consumer products manufacturer, opened its first branded retail store at the Legends, and Sephora is slated to open in 2021. Also planning to open nearby in 2021 are an Aldi grocery store and The Hard Rock Hotel & Event Center.

NORTH OF THE RIVER

Rental rates in the Northland averaged $15.82 at year-end, up from $14.58 per square foot at the end of 2019. The vacancy rate decreased to 4.3% from 5.5% at the end of 2019.

19.4M	4.3%	$15.82	$179
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

NOTEWORTHY

Zona Rosa will reduce its footprint, demolishing nearly 35,000 square feet of vacant retail space to make way for North Park, a green space designed for outdoor activities and community events.

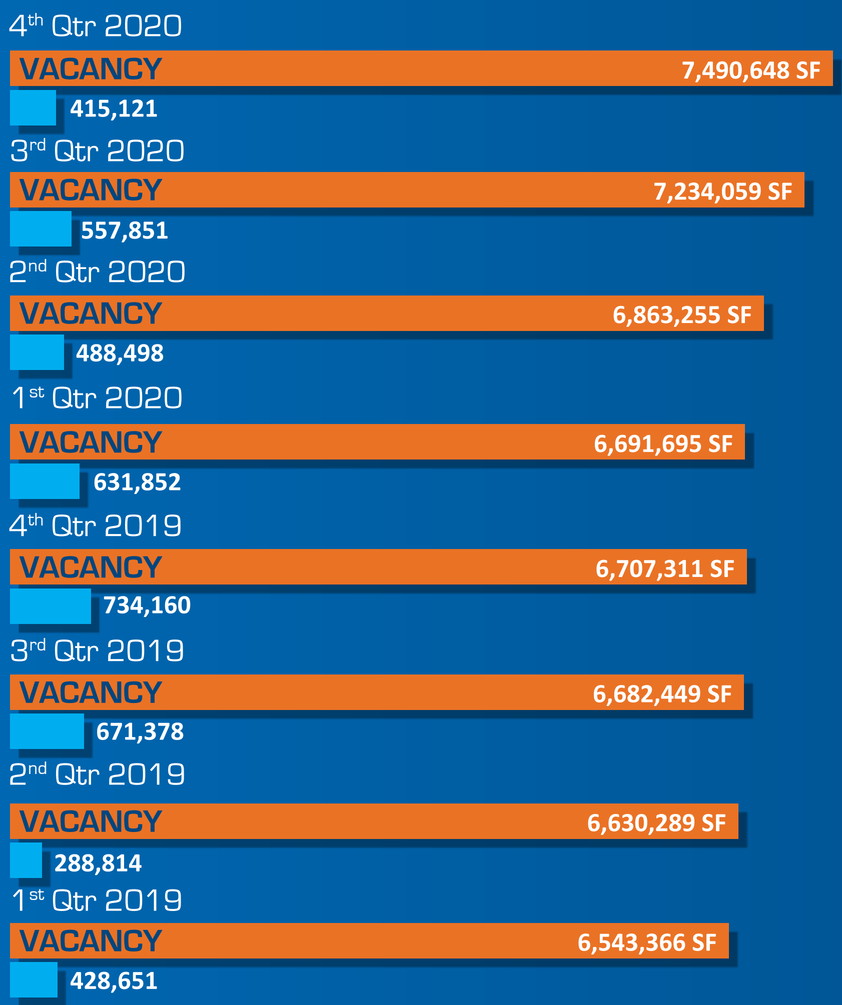
T-Shotz opened its state-of-the-art driving range at Metro North Crossing.

Bed Bath and Beyond will close its location at Wilshire Plaza at the end of the year.

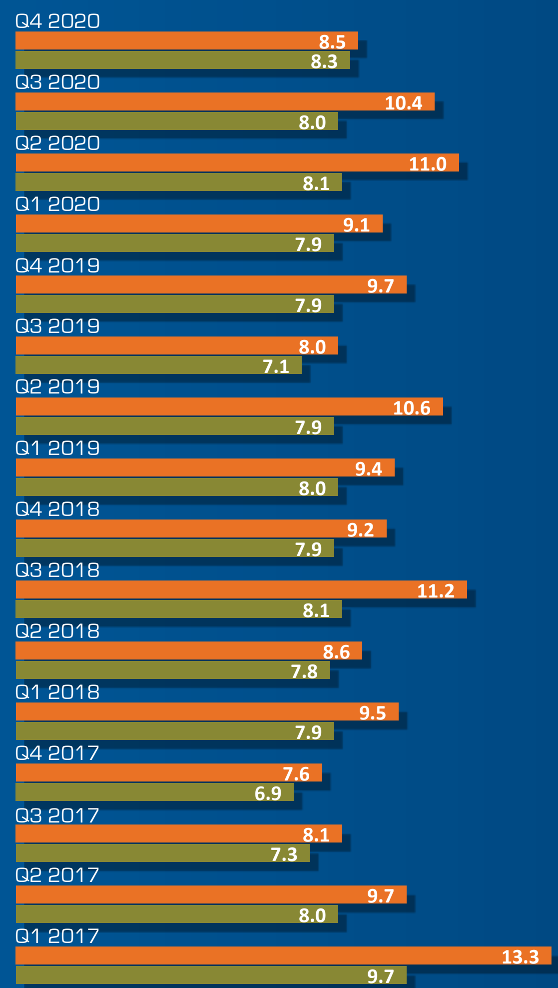
Contributor: Kim Bartalos, CLS, Vice President of Retail Leasing

RETAIL MARKET AT A GLANCE

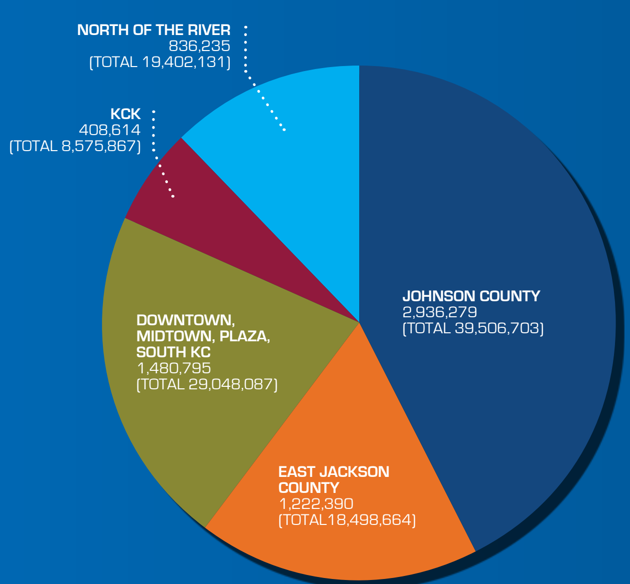
KANSAS CITY METRO ALL CLASSES
RETAIL VACANCY VS. UNDER CONSTRUCTION



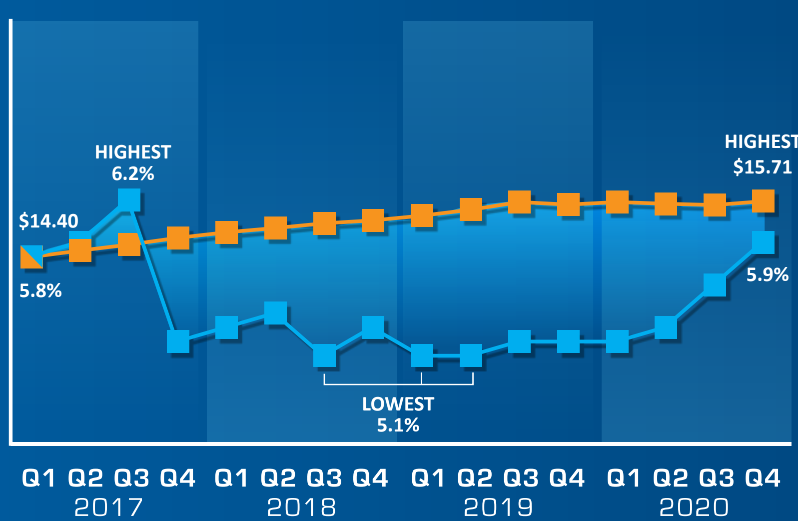
RETAIL MONTHS TO LEASE
KANSAS CITY V. U.S.



VACANT RETAIL SPACE BY SUBMARKET (SF)



AVERAGE RETAIL RATES
RENTAL RATES ($/SF)
VS.
VACANCY RATE (%)



Kansas City Multifamily Market

The Kansas City apartment market has battled its way through the pandemic. Despite an uptick in average vacancy rates to 8.2% and deliveries of 5,922 new units into the market, the Metropolitan area still absorbed 4,081 units and increased asking rents by 1%. The most significant change in the market centered on sales volume, or lack thereof. Heading into the end of the 2020 calendar year, there has been roughly $560 million in sales, which is close to half of the volume tracked in 2019. As of now, 4,900 additional units are under construction and due to be delivered before the end of 2021. Coupling new deliveries over the coming year with continued economic issues being caused by the pandemic, expectations are for sales to continue the current trend and asking rents to flatline or even decline in certain submarkets. The Kansas City apartment market should have another interesting year to battle through as the COVID-19 vaccine makes its way across the country and things slowly go back to normal.

NATIONAL

There are roughly 17.4 million units nationally. The average vacancy rate currently stands at 6.79%. Market asking rents are averaging $1,367 per unit per month. Average sale prices per unit are $203,000. Year over year, these statistics are down, but given the issues caused by the pandemic, it was a given that some fundamental statistics would see negative declines due to a variety of factors, including higher than normal unemployment levels.

17.4M	6.79%	$1,367	$203K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/ UNIT	MARKET SALE PRICE/UNIT

KANSAS CITY METRO

There are roughly 187,500 total units in the Kansas City Metro area. The average vacancy rate currently stands at 8.19%. Market asking rents are averaging $1,017 per unit per month. Average sale prices per unit are $115,000. Despite vacancy being negatively affected this year, asking rents and sales prices per unit are both up in Kansas City, proving our demand for good rental housing and national investment remains strong.

156K	8.19%	$1,008	$117K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/ UNIT	MARKET SALE PRICE/UNIT

A&C Ventures Inc. out of Sonoma, California, purchased the 276-unit Watermark at Tiffany Springs apartment community from Watermark Residential in November 2020. Located at 9641 N Ambassador Drive in Kansas City, Missouri, the Class A community sold for $60 million.

SOUTH JOHNSON COUNTY

There are 34,375 total units in South Johnson County. The average vacancy rate currently stands at 8.70%. Market asking rents are averaging $1,173 per unit per month. Average sale prices per unit are $141,000. Given the high concentration of top employers and office space in South Johnson County, as soon as a COVID-19 vaccine is approved and made available to the general public, we're going to see this submarket's fundamentals rebound quickly.

34.4K	8.7%	$1,173	$141K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/ UNIT	MARKET SALE PRICE/UNIT

TOP DEALS

1. Lexington Farms – 404-unit Class A community built in 1997 – $61.88 million sale price or $153,168 per unit
2. The Sovereign – 250-unit Class A community built in 2012 – $49.25 sale price or $197,000 per unit
3. Savoy Overland Park – 252-unit Class A community built in 2001 – $48 million sale price or $190,476 per unit

CBD, CROSSROADS, CROWN CENTER, WEST BOTTOMS

There are 10,774 total units in the CBD-Crossroads-Crown Center-West Bottoms areas. The average vacancy rate currently stands at 15.10%. Market asking rents are averaging $1,304 per unit per month. Average sale prices per unit are $178,000. This submarket saw the worst of the pandemic's teeth. Downtown has seen large amounts of deliveries over the last couple years and they're all being absorbed during this pandemic, which has slowed lease-up schedules and caused higher vacancy rates throughout.

10.8K	15.1%	$1,304	$178K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/ UNIT	MARKET SALE PRICE/UNIT

TOP DEALS

1. Artistry KC – 341-unit Class A community currently under construction in the Crossroads – scheduled to be completed Q1 2021.
2. The Continental – 226-unit Class A community under construction in the CBD – scheduled to be completed in 2021.
3. Cold Storage Lofts – 226-unit Class B community built in 1922.

TOP DELIVERIES

1. Reverb – 132-unit Class A high-rise community recently completed in the Crossroads Arts District.
2. City Club – 283-unit Class A community recently completed in the Crossroads Arts District.

NORTH JOHNSON COUNTY

There are 29,405 total units in North Johnson County. The average vacancy rate currently stands at 6.00%. Market asking rents are averaging $1,088 per unit per month. Average sale prices per unit are $119,000. North Johnson County didn't see as many units deliver in 2020, which allowed the vacancy rate to remain solid because there was less to absorb into the submarket.

29.3K	6.0%	$1,088	$119K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/ UNIT	MARKET SALE PRICE/UNIT

TOP DEALS

1. Corinth Portfolio – 342-unit Class A community – $39.8 million sale price or $116,374 per unit.
2. Villas at Loiret – 46-unit Class A community built in 2004 – $9.108 million sale price or $198,000 per unit.
3. Villa Medici – 166-unit Class B community built in 1968 – $25 million sale price or $150,602 per unit.

PLAZA, MIDTOWN, BROOKSIDE

There are 16,586 total units in the Plaza-Midtown-Brookside areas. The average vacancy rate currently stands at 10.10%. Market asking rents are averaging $1,055 per unit per month. Average sale prices per unit are $111,000. Amidst everything going on, the largest plaza apartment community traded in September at a sub-5% cap rate, which reiterates the reoccurring message regarding Kansas City's positive reputation from Institutional level investment firms.

16.6K	10.1%	$1,055	$111K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/ UNIT	MARKET SALE PRICE/UNIT

TOP DEALS

1. Fountain View on the Plaza – 398-unit Class A community built in 1999 - $87 million sale price or $218,592 per unit.
2. Uptown Lofts – 223-unit Class A community under construction in Midtown – scheduled to open Summer 2021.
3. Brookside Commons – 210-unit Class A community under construction in Brookside – scheduled to open Fall 2021.

TOP DELIVERIES

1. 44 Washington North Plaza Residences – 190-unit Class A community recently completed in the North Plaza neighborhood.

Fountain View on the Plaza, a 398 unit luxury apartment community built in 1998, was sold by DWS Group to Abacus Capital Group LLC in September 2020 for $87 million. Located at 4800 Oak Street in Kansas City, Missouri, it is immediately adjacent to the Country Club Plaza and near a future stop of the Kansas City Streetcar extension. The purchased marks the New York based investors return to the Kansas City market since their sale of Northland Passage Apartments in 2016.

SOUTH KANSAS CITY/WARD PARKWAY

There are 11,829 total units in the South Kansas City-Ward Parkway areas. The average vacancy rate currently stands at 7.40%. Market asking rents are averaging $794 per unit per month. Average sale prices per unit are $81,400. Although 2020 sales volume in this submarket was down year over year, the continual increased price per unit on sales goes to show how interested local, regional and national investment firms are in value-add opportunities.

11.9K	7.4%	$794	$81.4K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/ UNIT	MARKET SALE PRICE/UNIT

TOP DEALS

1. Coach House – 807-unit Class B community built in 1961 – $88.345 million sale price or $109,473 per unit.
2. Timber Lakes at Red Bridge – 322-unit Class B community built in 2002 – $57.902 million sale price or $179,819 per unit.
3. Bridlespur – 160-unit Class A community currently under construction at I-435 & Wornall – scheduled to be completed by Summer 2021.

NORTH OF THE RIVER

There are 33,472 total units North of the River. The average vacancy rate currently stands at 5.70%. Market asking rents are averaging $971 per unit per month. Average sale prices per unit are $122,000. An increase over the last couple years in new apartment product has grown all fundamental statistics in this submarket and is bringing Institutional level capital to the submarkets north of the river.

33.5K	5.7%	$971	$122K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/ UNIT	MARKET SALE PRICE/UNIT

TOP DEALS

- The Landing at Tiffany – 276-unit Class A community built in 2018 – $60 million sale price or $217,391 per unit.
- Copper Ridge – 292-unit Class A community built in 2019 – $58.4 million sale price or $200,000 per unit.
- Brighton Creek – 306-unit Class A community built in 2015 – $45.6 million sale price or $149,019 per unit.

SOUTHEAST JACKSON COUNTY

There are 8,056 total units in Southeast Jackson County. The average vacancy rate currently stands at 10.40%. Market asking rents are averaging $999 per unit per month. Average sale prices per unit are $107,000. Lee's Summit, Missouri, has become a hub for new development in recent years, and its continued success and growth are going to be important as many of these new developments, including some mixed-use projects, are completed.

8K	10.4%	$999	$107K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/ UNIT	MARKET SALE PRICE/UNIT

TOP DEALS

1. Streets of West Pryor – 235-unit Class A community under construction in Lee's Summit, Missouri – scheduled to open in April 2021.
2. Elevate 114 – 276-unit Class A community under construction in downtown Lee's Summit, Missouri – scheduled to open in early 2022.
3. Meridian at View High – 312-unit Class A community under construction in Lee's Summit, Missouri – scheduled to be completed Summer 2021.

KANSAS CITY, KANSAS

There are 12,744 total units in Kansas City, Kansas. The average vacancy rate currently stands at 7.80%. Market asking rents are averaging $816 per unit per month. Average sale prices per unit are $70,000.

12.8K	7.8%	$816	$70K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/ UNIT	MARKET SALE PRICE/UNIT

TOP DEALS

1. Brougham Estates II – 180-unit community built in 1981 – $9.45 million sale price or $52,500 per unit.
2. Legends 267 – 267-unit Class A development by Beck Cal Development on the southeast corner of Parallel and Village West Parkways. The $54 million development seeks to bring an urban multifamily product, similar to Two Light, to Wyandotte County. Construction is expected to start in March 2021.
3. Village West III – 323-unit Class A development by NorthPoint between Parallel Parkway and State Avenue. The $52 million development will include studio, one-, and two-bedroom units. Construction is expected to start in mid- to late-2021.

EAST JACKSON COUNTY

There are 18,102 total units in East Jackson County. The average vacancy rate currently stands at 4.40%. Market asking rents are averaging $852 per unit per month. Average sale prices per unit are $88,300.

18K	4.4%	$852	$88.3K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/ UNIT	MARKET SALE PRICE/UNIT

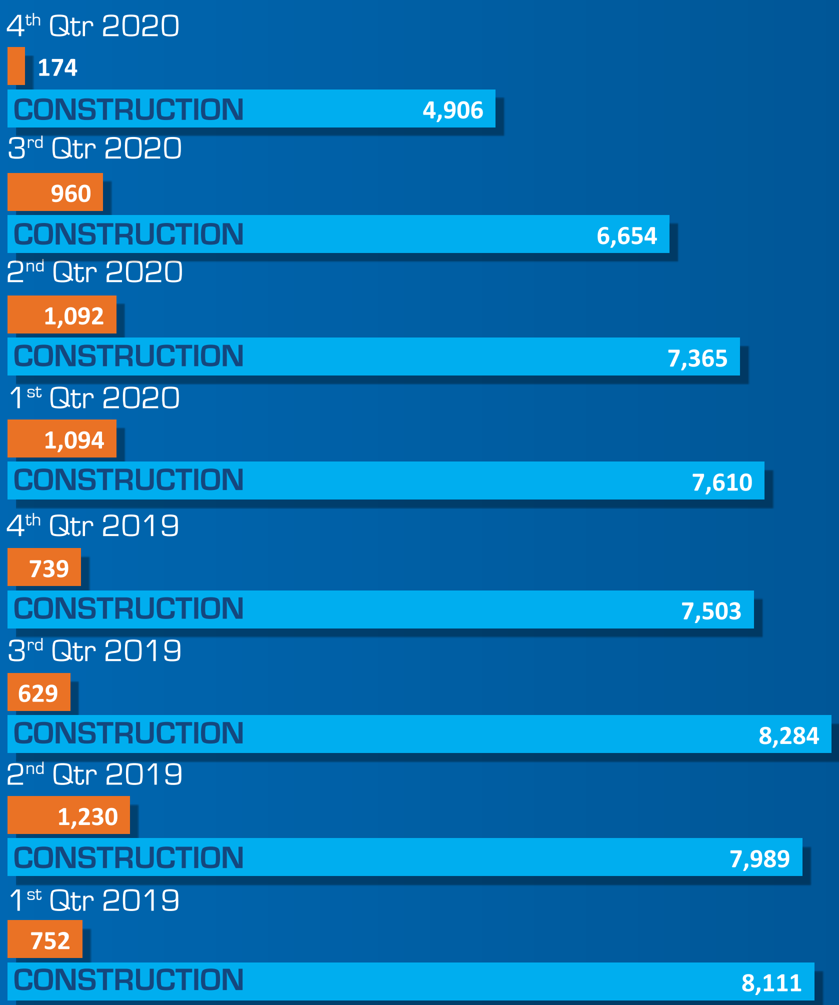
TOP DEALS

1. The Mansion – 550-units built in 1987, sold as part of a 37-property portfolio – $53.7 million sale price or $97,558 per unit.
2. The Fairways – 274-unit community built in 2008, sold as part of a 37-property portfolio – $32.14 million sale price or $117,308 per unit.
3. The Hudson – 253-unit community built in 1969 and renovated in 2007, sold as part of a three-property portfolio – $12.64 million sale price or $49,940 per unit.

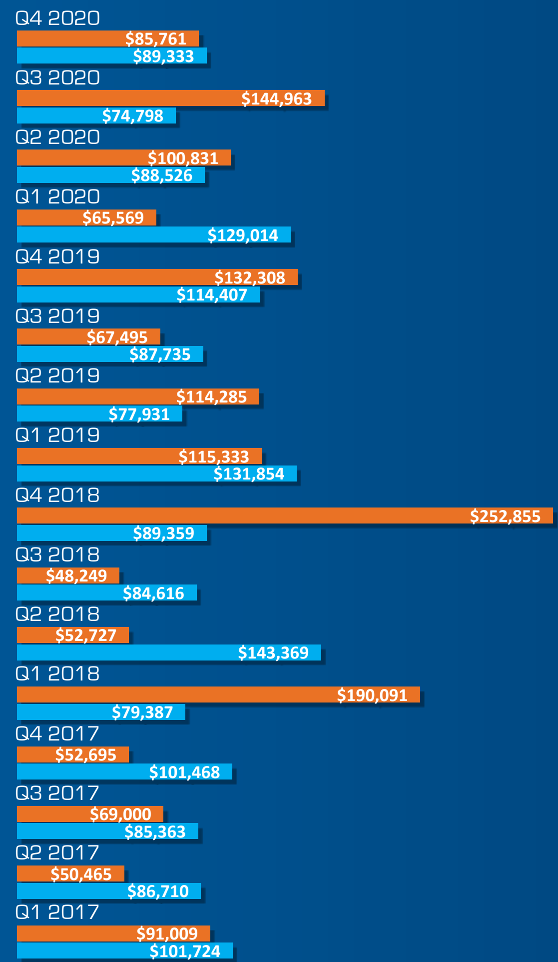
Avenue Living Asset Management purchased a four community portfolio from Lane4 Property Group Inc. in November 2020. The Calgary-based firm completed the purchase under their new Avenue Living U.S. Real Estate Trust and marks the largest investment in its 15-year history. The portfolio included Corinth Place, Corinth Paddock, Corinth Gardens and Corinth Valley totaling 342 units or 73% of Prairrie Village's total multifamily product.

MULTIFAMILY AT A GLANCE

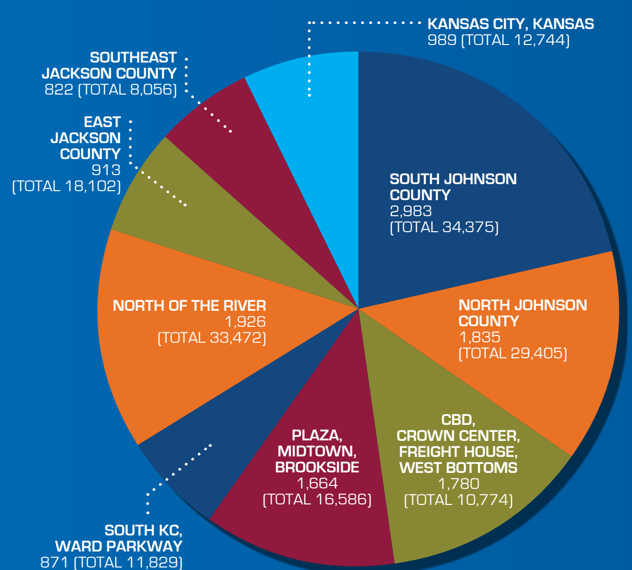
KANSAS CITY METRO ALL CLASSES
ABSORPTION VS. UNDER CONSTRUCTION



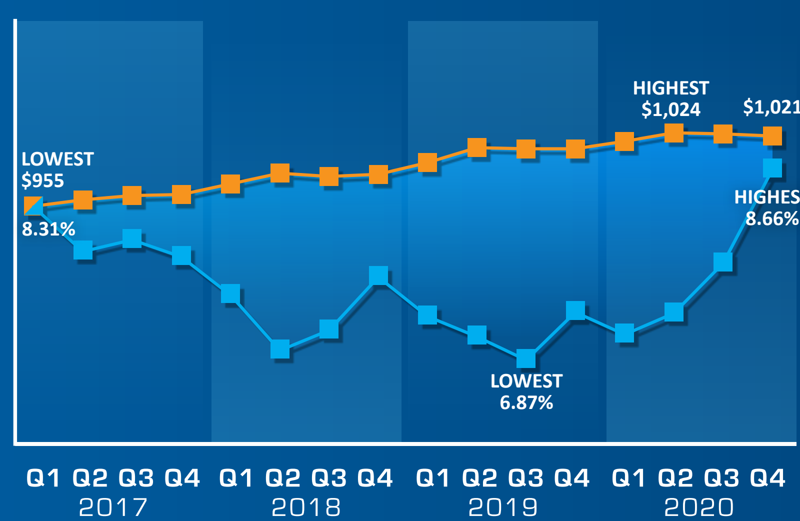
MULTIFAMILY SALE PRICE/ UNIT BY LOCATION
CBD V. SUBURBAN.



VACANT MULTIFAMILY UNITS BY SUBMARKET



AVERAGE MULTIFAMILY RATES
RENTAL RATE ($) VS. VACANCY RATE (%)



Kansas City Investment Market

INVESTMENT MARKET

As in past economic downturns, Kansas City has remained better off than many of its peer group cities due in part to its broadly diversified economy. The government sector, comprised of the 10th District, Federal Reserve, adds to the diverse economy in Kansas City. Propelled by the "Amazon effect," the demand for industrial and distribution space has grown this year and shows no signs of slowing down. The demand is fueling investments in the industrial sector, but the multifamily and healthcare sectors are close behind for investor interest from both U.S. and International institutional investors.

In Kansas City, much like the rest of the country, unemployment spiked briefly at 11% from April to May. Since then, unemployment had fallen to a modest 4.5% by October 2020 compared to 3.1% at the beginning of the year. The market hasn't suffered a major loss, such as an auto plant closing, in 2020 and the completed Sprint/T-Mobile merger has left a substantial technology workforce in place in Kansas City. The U.S. investment market was on "pause" from mid-March until July but came roaring back to finish strong in the fourth quarter.

As the financial landscape has shifted during the pandemic, there has been a tremendous change in the way we live, work and play. This has resulted in pressures on certain property types.

The 856,605 square foot Amazon Fulfillment Center and Distribution Center at 6925 Riverview Avenue in Kansas City, Kansas, sold in July 2020. JDM Partners, LLC purchased the industrial building for $107 million from USAA Real Estate as part of a two building deal. Clayco, the original developer, started construction on the 170 acre project in 2016 with operations commencing in 2017. Within nine months, the facility employed more than 2,000 full-time associates.

INVESTMENT MARKET

Key sector highlights:

- Real Estate Capital Markets: Liquidity recovering globally as investors adapt to the 'new normal' and pent-up demand and low interest rates boost fourth quarter sales.
- Industrial / Logistics: Robust activity as e-Commerce drives demand for space.
- Multifamily: Continued resilience as stable cash flows attract investors.
- Residential: Supply and demand favors builders. Interest rates favor first-time buyers and downsizing by seniors.
- Offices: Demand remains subdued, but the 18 to 24-month outlook is stronger.
- Retail: Resurgence of COVID-19 stalls recovery in retail sales.

Transaction pipelines are rebuilding globally, offering a sense of optimism for the year ahead. Investors are remaining cautious with many preferring defensive, income-oriented assets. Opportunistic and high-net-worth investors are poised to capitalize on market fragmentation while institutions remain critical of pricing. There continues to be a bid-ask spread that has widened since the pandemic started in March 2020.

When looking at U.S. commercial real estate transaction volumes, COVID-19 certainly caused an impact. When examining the numbers, the first and expected fourth quarters are inline with historical sales volumes. We saw the drop off in the second and third quarters as investors were monitoring their portfolios and making future philosophical investment decisions based on the pandemic's impact on commercial real estate fundamentals.

Through the first three quarters of 2020, investment sales volume reached $216 million which was a 40% decrease over the same period in 2019. As expected, the second quarter of 2020 had the weakest sales volume for the year. We then experienced a 31% increase between the second and third quarters of 2020. As of the date of this report, the fourth quarter statistics were not available, but we anticipate a significant rebound in investment sales activity, perhaps even back to pre-pandemic levels.

The 2021 edition of Emerging Trends in Real Estate, stated that COVID-19 "has accelerated and reversed key real estate trends." The accelerated rise in e-Commerce and the continued shift away from physical stores increased the health of the industrial market and suppressed the retail market even further. Additionally, in multifamily, the arms race for common area amenities has slowed. In the office sector, compressing the square footage per employee has halted.

THERE IS A CLEAR DELINEATION BETWEEN THE HAVES AND HAVE NOTS. THE OFFICE AND RETAIL INVESTMENT SECTORS WERE THE LEAST DESIRABLE PRIOR TO THE PANDEMIC AND FELL EVEN FURTHER FROM FAVOR FOLLOWING THE DOWNTURN.

CAPITAL MARKETS

COVID-19 struck the commercial real estate capital markets in the same way as most industries in 2020. According to CBRE Research, investment volume in the first three quarters of 2020 fell by nearly 40% but then rebounded nicely in the fourth quarter of 2020. The investment sales market in the second and third quarters of 2020 was at a stale mate as 61% of buyers sought a discount while only 9% of sellers were willing to offer one.

The investment market has created a clear bifurcation in investor preferences. Industrial has risen to the top of investor demand followed by single-family housing while the multifamily market has remained resilient. Medical office investments have remained strong and will continue into 2021 and beyond.

There is a clear delineation between the haves and have nots. The office and retail investment sectors were the least desirable prior to the pandemic and fell even further from favor following the downturn.

US Realty purchased 9601 Renner Boulevard in July 2020 for $15.9 million from Acquiport Lenexa LLC. The 77,311 square foot building was built in 2004 and is 100% leased to Quest Diagnostics.

Investors are focused on the operating fundamentals of the property types. Industrial, single-family housing, multifamily and medical office, for the most part, have had positive operating fundamentals while Class B office and retail properties have experienced negative operating fundamentals.

The pandemic has been different from the Global Financial Crisis of 2008, as debt markets have remained adequately liquid. We have seen signs of troubled loans increasing and lenders are tightening underwriting standards to combat higher delinquencies.

In a survey done by Emerging Trends, the investment and development prospects rank in the same order:

1. Industrial
2. Single-family housing
3. Multifamily
4. Medical office
5. Office
6. Retail

We will discuss each property type and the current state of the sector and highlight some of the significant sales in industrial, multifamily, office and retail.

INDUSTRIAL

Industrial space headed into the pandemic in a position of strength with a national market vacancy of only 4.6%, compared to 7.4% during the 2008 Global Financial Crisis. Buoyed by the pandemic, online spending is expected to increase by $137 million over 2019 spending. The resulting need for additional space has caused the industrial market to remain viable throughout the pandemic. Demand for space, in the near-term, will be driven by e-Commerce. Amazon has led the way with a myriad of new development deliveries across the country.

Rents in industrial space continued to grow during the pandemic. In the heart of the downturn, industrial rents grew 6.3% in the second quarter compared to the same period in 2019. As a result of rent growth and strong fundamentals, investor demand in the sector continued to increase. In 2019, investment sales that reached nearly $120 billion will likely dip below $100 billion in 2020. However, investment sales are forecasted by CBRE Research to reach over $110 billion in 2021. Block Funds was able to buy four industrial properties during 2020 and will continue to seek out quality industrial investment opportunities in 2021.

The most significant sale in the Kansas City industrial space was the Amazon Fulfillment Center on Riverview Avenue in Kansas City, Kansas. This 856,605 square foot building sold for $107 million at a 4.8% cap rate and equates to a price per square foot of $124. The credit worthiness of Amazon drove the cap rate down and the price well above replacement cost.

Four local multifamily properties were purchased in January 2020 for approximately $214.3 million as part of a 37 property portfolio spanning the country. The four communities accounted for 1,953 units, The Mansion - 550 units, Timber Lakes at Red Bridge - 322 units, The Fairways - 274 units, and Coach House - 807 units.

SINGLE-FAMILY HOUSING

The single-family housing market is as hot as it has ever been throughout the pandemic. The lack of inventory in the resale market forced buyers to consider new construction. Builders we spoke to had already surpassed their 2019 deliveries halfway through 2020. The demand for single-family rentals and townhome rentals is also booming. As tenants want more space, and to be socially distanced from their neighbors, rental demand in these segments has skyrocketed. We also believe that as rent accustomed millennials begin families and outgrow apartments, the demand for single-family rentals and townhomes will continue to grow. The dilemma facing the single-family housing market is that demand for home ownership is nearing the low levels of the 1930's. We think this trend will only bolster the rental market demand for all property types including single-family, townhomes and apartments. The demand for single-family housing will continue to be a significant contributor to the U.S. economy.

MULTIFAMILY

The multifamily sector remained relatively healthy in 2020, only trailing the industrial market. Even compared to other recessions, the sector held up better in 2020. Class A assets saw the biggest headwinds as new properties continued to be delivered, increasing supply while tenants elected to go down the quality spectrum to seek lower housing cost. Class B and C properties have seen decreased vacancy rates, but the Class C properties are experiencing higher delinquencies. The multifamily sector is facing a current headwind from the government preventing evictions. Multifamily owners would welcome additional federal aid which would help renters affected by the pandemic to continue to make rent payments.

According to CBRE Research, multifamily investment volume is expected to increase in 2021 by $148 billion, which will outpace 2020's $111 billion, but is not expected to reach the 2019 level of $191 billion. We are seeing new international investors enter into the apartment market in the U.S. as apartments are viewed as a safe place to put their money in an uncertain global market. All investors view apartments as a great hedge against inflation since apartment leases are annual and rents rise along with prices in the broader economy.

The investment volume numbers reflect a lag of investment during the second and third quarters of 2020 as the market was trying to regain footing. As investors monitored their portfolios to see the fallout of COVID-19, investors regained confidence in the marketplace which will translate into increased investment activity in the fourth quarter of 2020 and into 2021. Historically low interest rates and availability of debt from Fannie Mae and Freddie Mac have continued to prop up investment activity.

Of the four property sectors, the Kansas City multifamily market always has the most transactions to track. We have chosen six significant sales to list on our Investment Sales Chart at the end of this section. The most notable transactions include the four-property, Aaragon Portfolio located in Kansas City's southeast suburbs of Kansas City along with Fountain View located in the urban Country Club Plaza district.

The Aaragon Portfolio consisted of four properties totaling 1,953 units ranging in age from the 1980s to 2000. Harbor Group bought these properties as part of a 36-property national portfolio consisting of over 13,000 units totaling $1.85 billion. The Kansas City portion of the portfolio sold for $214 million at a 5.10% cap rate. The cap rate is reflective of the age and value-add component of the Kansas City properties within the portfolio.

The Fountain View sale is significant due to the high price per unit the cap rate that was achieved. This Class A, infill property sold for over $218,000 per unit at a 4.5% cap rate which is reflective of high rents and prestige of the Country Club Plaza.

MEDICAL OFFICE INVESTMENT TRANSACTIONS REMAINED STEADY THROUGH 2020 AND WERE A BRIGHT SPOT COMPARED TO OTHER REAL ESTATE CATEGORIES.

MEDICAL OFFICE

At Block Funds we have traditionally invested heavily in the medical office market and this preference has not changed through the pandemic. The demand for health services related properties is on the rise, being fueled by our aging population. Medical offices that house clinics are growing at a faster rate than hospital use. The demand is also maintained by a U.S. population that is 91% insured, a factor that has also seen a significant increase since 2010. The sector did experience a blip during the pandemic as elective procedures were put on hold. The key is that the procedures were only delayed and not canceled. Currently, many medical professionals are working longer hours to meet the increased demand levels.

Medical office investment transaction remained steady through 2020 and was a bright spot compared to other real estate categories. Pricing is tied more than ever to a tenants' credit and lease term. We expect demand for investment in this space to remain strong in the near-term.

At Block Funds, we syndicate six to ten medical office deals per year and can add new investors. If you have an appetite to invest, please visit BlockFunds.com to see current offerings in the medical office space.

OFFICE

The pandemic has thrown a wrench into the office market. The shelter-in-place orders implemented in March of 2020, caused many decision makers to put their office requirements on hold for the time being. Before the pandemic, the future of office space was not in question, but now the game has changed. As workers continue to be successful working from home, the demand for new office space is uncertain. Office buildings are not at full capacity today and until we have a vaccine that is widely available, we do not expect to see the workforce coming back to offices in meaningful numbers. The saving grace for the office market is that there are leases in-place, and the quicker the vaccine is implemented, companies that have lease expirations in the near future will not have the incentive to downsize.

The most significant investment sale in the office sector was the sale of the 485,833 square foot Burns & McDonnell campus on Ward Parkway in Kansas City, Missouri. Burns & McDonnell first sold their campus on a sale-lease back in 2001, for $72 million to the James Campbell Estate. The sale in 2020, was for $121 million or $250 per square foot at a 6.6% cap rate to U.S. Realty Advisors.

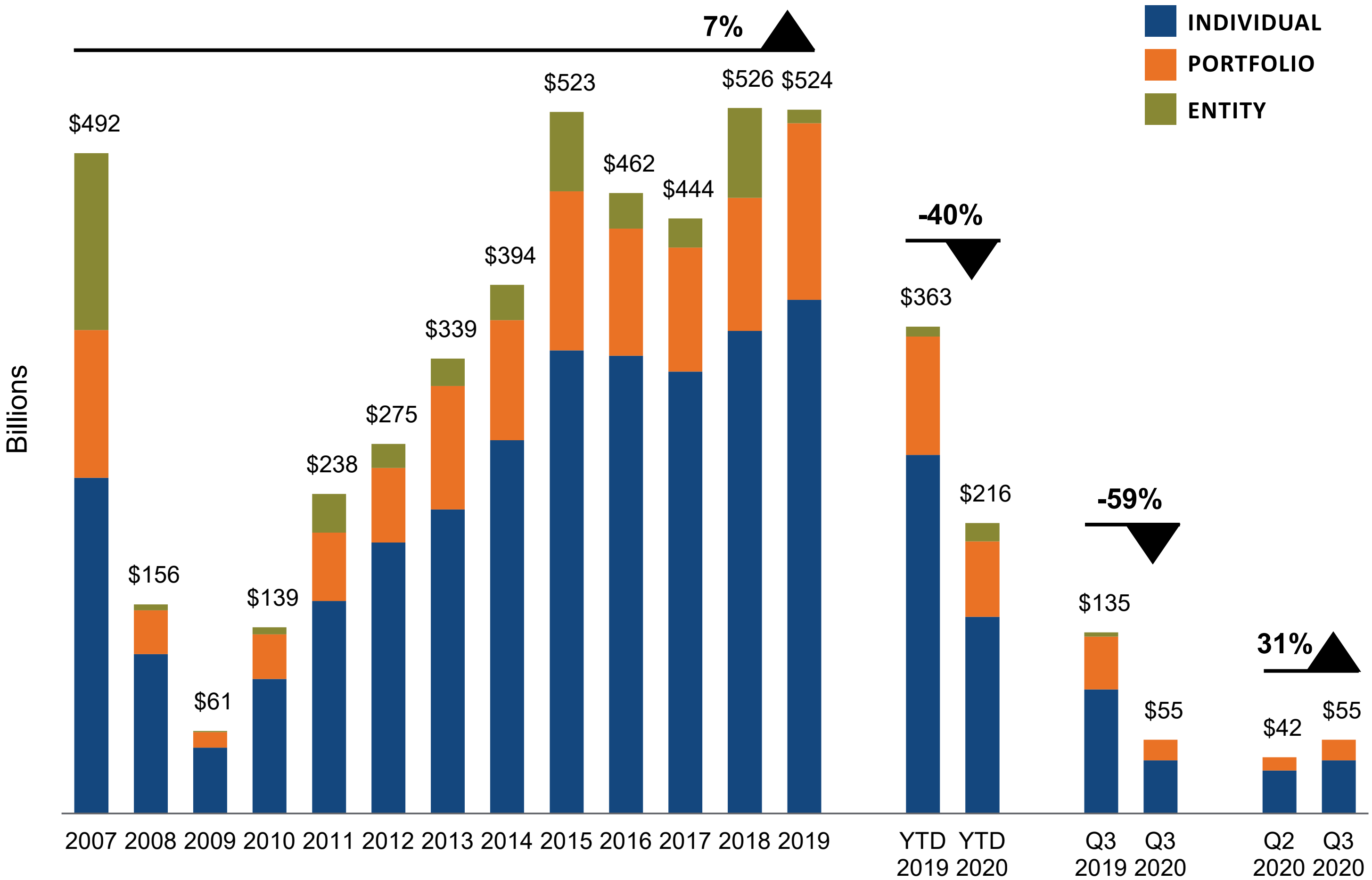
RETAIL

The "brick and mortar" sector of retail had already seen significant headwinds prior to the pandemic, and things have only gotten worse in the last nine months of 2020. The pandemic has accelerated online shopping and serves as the greatest threat to the sector. We are seeing more and more space in shopping centers occupied by non-traditional retailers. This trend will continue to persist. The public health orders have hamstrung retailers that feature close personal contact such as gyms, salons, bars and restaurants and indoor entertainment establishments. Retail sales growth in April of 2020 was down 20% compared to the same period in 2019.

We will continue to see shopping centers close or be converted to other uses. There remains investor demand in the single-tenant, long-term leased assets, and grocery anchored shopping centers. In these two segments of the retail market, don't be surprised to see cap rate compression as the flight to quality continues. The big box retail centers will continue to reinvent themselves, however, it will take time for all that to shake out. For that and other reasons, retail is the investment segment that is in least demand by institutional investors. Don't be confused or alarmed. The Retail sector is not dead, it just needs to right size and reinvent itself.

In 2020, there were some retail investment sales of interest. The Grain Valley, Missouri, Price Chopper, a local grocer supplied by Associated Wholesale Grocers, sold in February 2020 pre-COVID-19 at a 5.9% cap rate. The Hobby Lobby located in Olathe, Kansas, also sold pre COVID-19 for a 6.1% cap rate. These were both long-term leased properties and we would not expect the cap rates to be affected at all by the pandemic.

Recovery Apparent in Q3 as U.S. Deal Volume Rebounds



SOURCE: JLL RESEARCH, REAL CAPTIAL ANALTYICS (TRANSACTIONS OVER $5 MILLION)

CAPITALIZATION RATES

It has been reported that more than $300 billion in capital is on the sidelines waiting to be deployed around the world and most of it targets U.S. commercial real estate. CBRE has reported that "this wall of capital is a major contributor to the constrained expansion of cap rates." Industrial and multifamily cap rates are at all-time lows. The chart below shows that cap rates are projected to decrease through 2022 or at worst remain flat compared to 2019.

LOOKING AHEAD

Assuming a vaccine for COVID-19 is widely available in mid-2021, it is anticipated that the commercial real estate market will stabilize. According to CBRE Research, the anticipated stabilization is based on three factors: 1) abundant liquidity, 2) low cost of capital and 3) attractive returns. As underwriting standards become more conservative, the low cost of debt will help offset the anticipation of lower rent growth. It appears the Fed will keep interest rates at near zero through the end of 2023. With cap rates remaining stable and the decrease in the 10-year treasury, investors should achieve higher returns post COVID-19.

Investment capital will continue to look at Kansas City and other midwestern cities. This continues to be evidenced by new institutional investors making new investments in Kansas City such as Justus from Indiana, Abacus Capital Group, US Realty Advisors and JDM Partners. This trend will continue as Kansas City is viewed favorably by institutional investors nationwide and worldwide.

Demand for commercial real estate has never been stronger and, along with CBRE, JLL and other national forecasts, we do not see an end to capital chasing investment grade commercial real estate.

Contributors include: Grant O. Reves, Director of Acquisitions; Kenneth G. Block, SIOR, CCIM, Managing Principal; Bill Powell, Vice President; and Zachery Gant, Financial Analyst.

INVESTORS Chart and Sales Records

Office	SF	Sales Price / Per SF	Cap Rate	Buyer/Seller
Burns & McDonnell 9300-9400 Wark Parkway, Kansas City, Missouri	485,833	$121,000,000 $249.06	6.60%	**Buyer**: U.S. Realty Advisors LLC **Seller**: James Campbell Co. LLC
906 Grand Boulevard Kansas City, Missouri	200,000	$9,750,000 $48.75	USER	**Buyer**: Pinnacle Hotel Group **Seller**: UMB Bank
Quest Diagnostic 9601 Renner Boulevard, Lenexa, Kansas	77,311	$15,900,000 $205.66	6.82%	**Buyer**: US Realty **Seller**: Acquiport Lenexa LLC
20/20 Building 2020 W 89th Street, Leawood, Kansas	68,376	$7,400,000 $108.23	8.30%	**Buyer**: S J RAM LC **Seller**: Rollins Capital Partners, LP
3400 College Boulevard Leawood, Kansas	28,417	$6,393,825 $225.00	6.60%	**Buyer**: Kirkland Woods & Martinsen LLP **Seller**: Tomahawk Pointe LLC
Interstate Business Park (Building 4) 8551 Bluejacket Street	28,481	$3,759,492 $132.00	7.70%	**Buyer**: 2025 Wilshire Werbo LLC **Seller**: A BRES Sponsored Entity

Industrial	SF	Sales Price / Per SF	Cap Rate	Buyer/Seller
Amazon Fulfillment Center and Distribution Center 6925 Riverview Avenue, Kansas City, Kansas	856,605	$107,000,000 $124.91	4.80%	**Buyer**: JDM Partners, LLC **Seller**: USAA Real Estate
Inland Port VI & Hopkins Manufacturing 185th Street, Edgerton, Kansas	1,554,444	$95,600,000 $61.50	5.94%	**Buyer**: ARES **Seller**: NorthPoint Development
I-35 Logistics Park 15250-15351 S Green Road, Olathe, Kansas	1,388,778	$76,350,000 $54.98	6.25%	**Buyer**: MDH **Seller**: Sun Life Assurance Company of Canada
17001 W Mercury St 17001 W Mercury Street, Gardner, Kansas	645,462	$44,000,000 $68.17	6.32%	**Buyer**: JDM Partners, LLC **Seller**: USAA Real Estate
1202 S. Lone Elm Road Olathe, Kansas	230,000	$21,419,900 $93.13	6.50%	**Buyer**: STAG **Seller**: Opus
Perimeter Park 23504-23540 W 86th Street, Shawnee, Kansas	99,704	$11,235,000 $112.68	5.21%	**Buyer**: Sealy Acquisitions, LLC **Seller**: Jones Development

Multi-Family	Units	Sales Price / Per Unit	Cap Rate	Buyer/Seller
Aragon Portfolio Four Property Portfolio	1,953	$214,291,667 $109,724	5.10%	**Buyer**: Harbor Group International **Seller**: Aragon
Fountain View on the Plaza 4800 Oak Street, Kansas City, Missouri	398	$87,000,000 $218,593	4.50%	**Buyer**: Abacus Capital Group LLC **Seller**: DWS
Lexington Farms 8500 W 131st Terrace, Overland Park, Kansas	404	$62,000,000 $153,465	4.49%	**Buyer**: Crow Holdings **Seller**: JMG Realty
Watermark at Tiffany Springs 9641 N Ambasador Drive, Kansas City, Missouri	276	$60,000,000 $217,391	5.00%	**Buyer**: A&C Ventures **Seller**: Watermark Residential
Copper Ridge Apartments 341 N Forest Avenue, Liberty, Missouri	292	$56,000,000 $191,781	5.20%	**Buyer**: Justus Companies **Seller**: GFI Capital Resources
The Savoy 7100 W 141st Street, Overland Park, Kansas	252	$48,000,000 $190,476	4.60%	**Buyer**: Griffis/Blessing Inc, Freshwater Investments **Seller**: DRA Advisors, Fogelman Mgmt Group

Retail	SF	Sales Price / Per SF	Cap Rate	Buyer/Seller
Crowley/Sprouts Overland Park Retail 6821 W 135th Street, Overland Park, Kansas	56,837	$12,150,000 $213.77	7.97%	**Buyer**: Realty Trust Group **Seller**: Carson Development Inc./Aspen Square Inc.
Price Chopper 1191 NE McQuerry Road, Grain Valley, Missouri	60,700	$9,200,000 $151.57	5.90%	**Buyer**: Mildred C. Williamson **Seller**: Associated Wholesale Grocers, Star Development
Lukas Liquors 12100 Blue Valley Parkway, Overland Park, Kansas	40,976	$9,137,000 $223.00	8.00%	**Buyer**: Mitchell Asset Group, Inc. **Seller**: TMI Real Estate Company and Rentals Inc.
Hobby Lobby 14475 W 135th Street, Olathe, Kansas	55,000	$7,150,000 $130.00	6.10%	**Buyer**: JRW Investments **Seller**: The R.H. Johnson Company
Walgreens 3845 Broadway Street, Kansas City, Missouri	15,120	$4,236,147 $456.35	6.20%	**Buyer**: Jnups1-4 LLC **Seller**: Allstate Corporate Services Corp
CVS 4400 NW Barry Road, Kansas City, Missouri	15,521	$1,396,890 $90.00	5.25%	**Buyer**: Benny Lee Family Partnership **Seller**: Richard Bacigalupi

Block Income Funds

BLOCK INCOME FUNDS

The COVID-19 pandemic of 2020 made for an interesting time of both turmoil and opportunity for Block Funds. The Principals were able to use their relationships across the country to step in and acquire fundamentally sound real estate despite one of the worst times our country has ever faced.All three property sectors the Funds concentrate on, medical, industrial, and multifamily continued to fare well despite the global pandemic. Below are the major highlights for 2020.

BLOCK INCOME FUND III

Staples, a tenant in our Executive Park building, renewed their lease for an additional seven years, ensuring the building will continue its track record of excellent cash flow since acquisition.

Multiple tenants in Riverside Business Center exercised renewal options and the five building portfolio remained at 100% occupancy.

Fund III sold a portion of its long-term note payable in the 46 Penn Centre office building on the Country Club Plaza and distributed a significant cash payment to the LPs of the Fund.

BLOCK INCOME FUND IV

All of the assets in Block Income Fund IV continue to be leased and provide the investors with cash flow on a monthly basis.

Prime Source renewed for an additional 10 years and allowed the Fund to refinance the property on a new fixed rate 10-year loan and pay out a lump sum cash distribution to the LPs.This also increased the monthly cash flow to the Fund by lowering the annual debt service on the property.

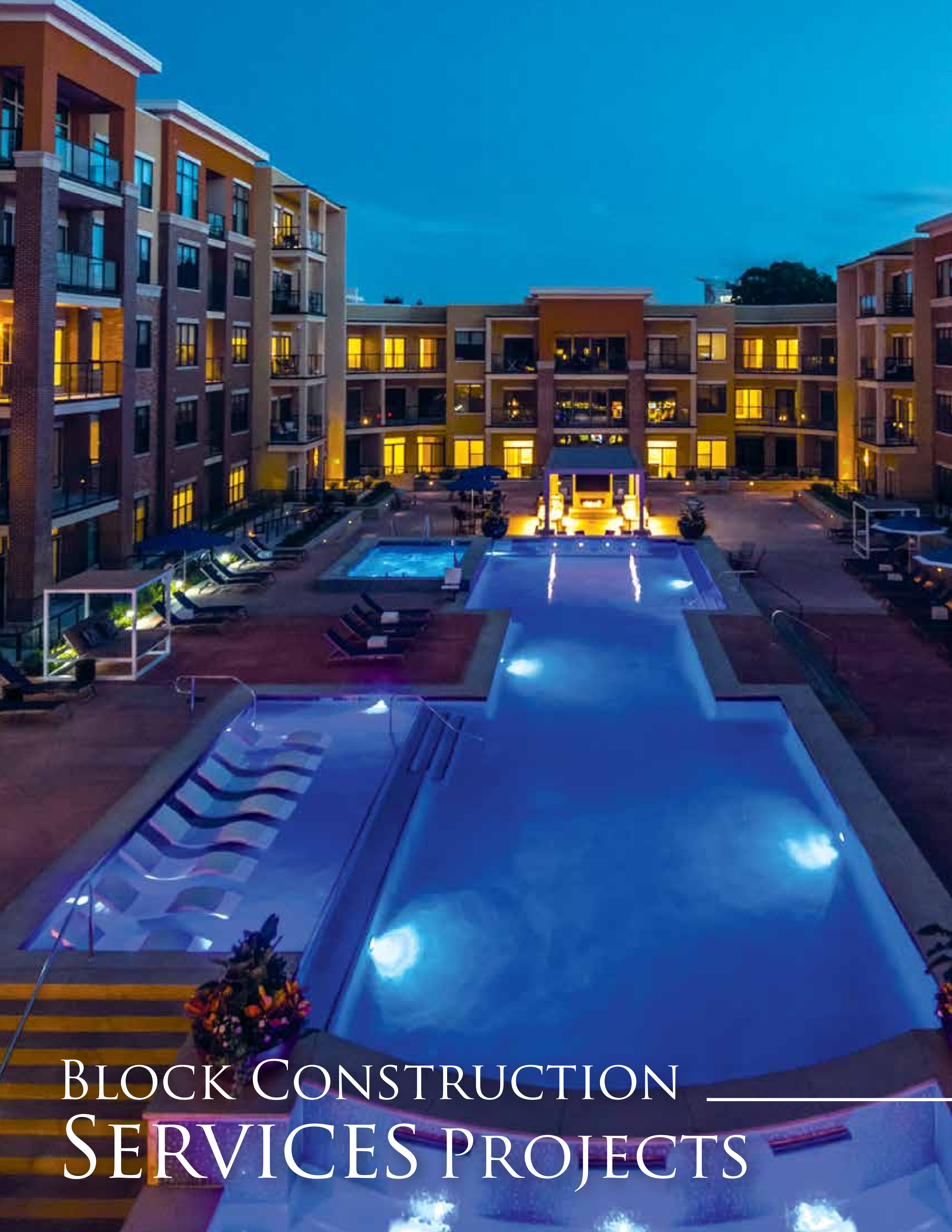
BLOCK FUNDS SYNDICATIONS

Block Funds continues to raise equity to acquire multifamily, industrial, and medical deals in single purpose entities. The goal remains to provide accredited investors with long-term cash flow, to pay down debt principal, and to provide any upside on property appreciation during the hold period. Prospective investors can register at **www.blockfunds.com** to view current equity investment opportunities.

If you have any questions about any of the Block Income Funds, please do not hesitate to call Brian Beggs at 816-932-5568, or email him at bbeggs@blockllc.com.

Contributor: Brian R. Beggs, CFA, Chief Investment Officer

Grimes Distribution, a four building, 439,187 square foot industrial portfolio in Grimes, Iowa, was purchased by a BRES sponsored entity in April 2020.



Block Construction Services Projects

BLOCK CONSTRUCTION SERVICES

Block Construction Services (BCS) managed over $337 million in development projects and coordinated over $25 million in tenant improvement work in 2020. Development projects and tenant improvements under construction in 2020 included work in all sectors, including industrial/warehouse/distribution, office, multifamily, and retail.

OFFICE

In September 2020, BCS completed 46 Penn Centre, a Class A office building featuring 200,465 square feet of office space in eight stories, a 246,666 square foot parking structure, and a 3,708 square foot wellness center which includes fitness and locker rooms along with a café area. Also planned is an 5,500 square foot restaurant for the top floor of the building along with an additional 8,572 square foot restaurant on the third floor. The building was constructed with only four columns per floor for maximum space-plan efficiency and features a balcony on each office floor overlooking the Country Club Plaza. The Plaza's popularity and reputation has been recognized around the country, making 46 Penn Centre an ideal location for companies to call home. The entire 15-block district, with more than 150 shops and dozens of fine restaurants, makes The Plaza one of Kansas City's premier destinations.

Tenants at 46 Penn Centre include CrossFirst Bank, RSM, Pulse Design, UBS Financial Services, Q10 Triad Capital Advisors and Block Real Estate Services, LLC.

44 Washington North Plaza Residences, a 196-unit podium-style community, located just north of the Country Club Plaza by St. Luke's Hospital of Kansas City was delivered in late March 2020. The luxury apartment community, developed by Block Real Estate Services, LLC, was 70% leased by mid-December 2020. The second phase, The Villas at 44 Washington, next door, started construction in June 2020 and when completed in late 2021, will feature eight unique three-bedroom floor plans across four floors.

BLOCK CONSTRUCTION SERVICES

In 2020, BCS completed CityPlace Corporate Centre I, a 125,912 square foot, four-story building in Overland Park, Kansas. Build-out was also completed on a customized space for WorldWide Express, which leased 48,727 square feet of the building. CityPlace Corporate Centre I is the second of four planned office buildings totaling 600,250 square feet at the CityPlace mixed-use development with CityPlace Corporate Centre III being completed in 2019. The Offices at CityPlace are designed in a campus-like setting incorporating walking, jogging, and bike paths that surround a reflective pond.

INDUSTRIAL/WAREHOUSE/DISTRIBUTION

Construction is ongoing in the 79-acre Lenexa Logistics Centre East development. Four buildings that range in size from approximately 58,000 to 604,000 square feet are planned. Each structure will be single-story with loading docks or drive-in doors.

In 2020, construction was completed on Lenexa Logistics Centre East Building 3, the first of the four buildings, consisting of 249,150 square feet. The speculative project features easy access to I-35, K-10, and I-435, a 32-foot clear height, high-bay LED fixtures, and 24 dock doors. Tenants include MAV Sports and Emerson Ecologics.

Construction is underway on both Lenexa Logistics Centre East Building 2 (274,031 square feet with a scheduled completion date of October 2021) and Lenexa Logistics Centre East Building 4 (606,623 square feet with a completion date of July 2021).

BCS is in the final planning stages of Lenexa Logistics Centre North Phase II, a 148.5 acre industrial logistics and distribution park located in the heart of the Kansas City industrial market with immediate access to central highway systems throughout the metro area. The planned development includes 1,291,496 square feet between four Class A industrial/flex buildings ranging in size and clear height to meet multiple users' business requirements.

The 175th Street Commerce Centre in Olathe, Kansas, is planned to be a 228-acre mixed-use development offering eight e-Commerce ready, build-to-suit buildings for distribution/warehouse totaling 3,517,910 square feet. The development is located near the growing corridor around the BNSF Intermodal terminal and offers immediate access to I-35 at 175th Street and 159th Street.

MULTIFAMILY

The Villas at Waterside, a luxury multifamily project adjacent to the successful Waterside Residences on Quivira development, has an anticipated completion date of July 2021 with the first phase and clubhouse being completed in March 2021. The Villas at Waterside will provide resort-style living with Class A+ finishes and amenities in Lenexa, Kansas. It will consist of 296-units in approximately 355,682 total square feet on seven and one-half acres in a top-growth area of Kansas City.

Construction is underway on The Villas at 44 Washington. Directly adjacent to the original 196-unit 44 Washington community, The Villas at 44 Washington will feature eight three-bedroom, penthouse quality units with an emphasis on luxury finishes. A chef's kitchen, two-story vaulted living rooms, sophisticated electric fireplaces, multiple terraces in each unit, and other elevated elements will complement the wide range of amenities available to residents just next door. With direct access to the Country Club Plaza, The Villas at 44 Washington will truly feature Kansas City living at its very best. Construction is scheduled to be completed in the Spring of 2021.

Construction continues on The Apex at CityPlace, the second multifamily community at the mixed-use CityPlace development in Overland Park, Kansas. The Apex is a Class A multifamily project that includes 18,500 square feet of retail space, 370-units and is the only vertically mixed-use building within the CityPlace Master Plan. A truly resort-style community, The Apex will offer amenities unmatched in the Overland Park marketplace. In 2020, 68 units, two model units, 18,550 square feet of retail shell, first level garage and storage units within the first level of the garage have been delivered and construction of the first retail store has begun. The project is scheduled to finish in August 2021.

Galleria is a mixed-use development comprised of office, retail, restaurant, entertainment, and multifamily uses. Construction is underway on the first

Site work on the Galleria mixed-use development at W 112th Street and Nall Avenue in Overland Park, Kansas, started in 2020. The Residences at Galleria, the first of two planned luxury apartment communities within the development, started vertical construction on the west side of the development at Outlook and W 112th Streets. When completed, The Residences at Galleria will feature 322 luxury apartments.

of the two multifamily communities. The Residences at Galleria consisting of 322 Class A+ units is scheduled to be completed in 2022. The site is adjacent to Aspiria (formerly Sprint world headquarters campus) in Overland Park, Kansas.

MASTER PLANNING

Master Planning continues for:

- Phase II of the Galleria's office, retail, restaurant, entertainment, and second multifamily community which, once completed, will consist of 548 multifamily units and a 269,533 square foot Class A retail center.
- The Majestic at CityPlace, the third multifamily community at the CityPlace mixed-use development in Overland Park, joining The Royale and The Apex multifamily developments and CityPlace Corporate Centre I and CityPlace Corporate Centre III office buildings.
- The Apex at CityPlace retail space consists of 27,000 square feet.
- The Clearing at Anderson Pointe, a planned multifamily development consisting of 303 units spread over five buildings located on the corner of South Blackbob Road and Indian Creek Parkway in Olathe, Kansas.
- Ridgeview Corporate Centre, a mixed-use development in Olathe, Kansas, which, once completed, will feature 245,000 square feet of Class A+ office across three buildings and 337 luxury apartment units.

TENANT IMPROVEMENTS

Some of the projects coordinated by our tenant improvement division during 2020 include:

- Ameriprise at Nall Corporate Centre II (expansion project)
- Aspen Funds at Nall Corporate Centre II
- AGI at 8040 Bond
- National General at Pinnacle Corporate Centre I
- Centene Corporation at Four Pine Ridge Plaza
- Henderson Engineers Fitness Centre at Pine Ridge Building K
- Expertec/Emerson at Millennium Business Centre
- Virtus at Roe Corporate Centre
- Northstar Wealth at Pinnacle Corporate Centre IV
- Centrinex at Pine Ridge East
- Bunzel Expansion at Riverside Logistics Centre

Contributor: Brad S. Simma, CCIM, Executive Vice President

Block Healthcare Development

In 2020, much like other industries and real estate sectors, COVID-19 brought significant challenges and opportunities to healthcare real estate. Block Healthcare Development (BHD) took a very hands-on approach in working with tenants who needed assistance, while at the same time, aggressively seeking out opportunities for our growing portfolio. The result was BHD realizing a record year in terms of acquisition volume, and more importantly, the ability to assist all of our tenants who requested help, enabling them to get back on track.

The BHD acquisition targets are traditionally one to three tenant, off-campus medical office buildings (MOBs). BHD completed a total of seven acquisitions in 2020, spanning 12 MOBs totaling 217,000 square feet. The $70 million in total transaction size reflects a blended asset purchase price of $322 per square foot, which continues to track at the national average of $321 per square foot for MOB sales. The average BHD purchase price in 2020 was a 7.22% cap rate with an average lease length on the entire acquisition group of 11.25 years. In comparison, the national average purchase price for MOBs was trending in the 6.7% range. BHD attributes the success in continuing to transact at a better value than the national average to being able to leverage its track record as a proven buyer, one that selling brokers can trust will follow through with a close. For this reason, BHD sees a significant amount of off/pre-marketed opportunities. Key acquisitions from the record volume in 2020 were in Canton, Georgia and multiple cities in North Carolina.

The Canton, Georgia acquisition was structured as a sale/leaseback with a vacant suite that provided upside opportunity to the purchaser upon lease. As BHD typically acquires properties that are 100% leased, BHD pursued this "value-add" opportunity due to the new construction and location in a growing Atlanta suburb. To offset the vacancy risk, BHD structured the acquisition with 24 months of vacancy reserves allowing time for our Atlanta-based broker to identify the appropriate tenant. Within eight months that tenant was identified, and at the end of 2020 a long-term lease was executed bringing the building to 100% occupancy. The tenant is scheduled to commence rent payments eight months before the expiration of the vacancy reserves. By exceeding lease-up projections, BHD now has multiple options to maximize the investment to its investors.

Another key acquisition for BHD came via a sale/leaseback transaction with a leading orthopedic and sports medicine group in eastern North Carolina. The acquisition included the sale of two MOBs owned by the practice along with an additional pad-ready development site that is currently being utilized as overflow parking. Through the terms of the 12-year lease, the new ownership group will be able to develop a new building on the pad-ready site for the orthopedic group's physical therapy practice. The benefit to the practice includes creating additional clinic space within their current MOBs where physical therapy is occurring. The benefit to the investment group is the opportunity to contribute the pad site to a new development for a significant share in the improvements. The project is another example of BHD working with sellers to help them reach their strategic goals, while also benefitting its investors.

In 2020, BHDs healthcare portfolio, like all sectors of the industry, did have tenants that were significantly impacted at the onset of COVID-19. With the pausing in elective procedures and patients not making routine office visits for non-COVID issues, we had multiple tenants make a request for assistance. Because BHD conservatively structures its acquisitions with low leveraged debt and retains a good amount of capital reserves, we were able to help all of our tenants that made a request without having to modify any of our current mortgage obligations. In almost every case, BHD and its tenants worked out a six month repayment of any abated rent, which typically spanned two to three months. The efforts between the landlord and tenant has resulted in 100% compliance of the repayment terms, and in some cases lease extensions. In addition, during the months that distributions may have been paused, those too have been fully caught up by year end, so that investment projections remained on track. The success of the workouts in such challenging times is a direct reflection of a strong collaboration between all stakeholders.

As we look towards what is hopefully a healthier 2021, BHD is already projecting that it will exceed its record year of 2020. There are multiple development opportunities being forecasted, as well as two first quarter sale/leaseback deals currently being negotiated. The healthcare sector in real estate continues to be one of the leading sectors and BHD will continue to be one of the national leaders in the marketplace.

Contributors: Stephen Bessenbacher, Senior Vice President/Healthcare Acquisitions & Development

A BRES sponsored investment group, CGA Medical, LLC, closed on a 19,457 square foot medical office building at 100 Liberty Boulevard, Canton, Georgia, an Atlanta suburb, in February 2020. The $5.9 million deal was 80% leased at the time of closing with the remaining suite being leased out within eight months to a new tenant who signed a long-term lease.

Block Multifamily Group

In 2020, Block Multifamily Group was successful in accomplishing a total number of managed units of 6,750 across the U.S. with plans of continued growth for 2021.

In 2020 BMG added multiple stabilized communities to its management portfolio including the following:In February, Casa Maria at Post in Rogers, Arkansas, Flagstone Creek in Bentonville, Arkansas, Tanglewood Townhomes in Bentonville, Arkansas, Town Square in Bentonville, Arkansas, and Woodland Park in Rogers, Arkansas. In May, Zona Rosa Living, including The Loft and The Dixson in Kansas City, Missouri. In June, Fox Trail Apartments, South Pointe Apartments, Summer Pointe Apartments, and Westwood Village in Shreveport, Louisiana. In December, Cross Lake Apartment Homes in Shreveport, Louisiana. As a result, our total unit count increased by about 1,625 units.

The 2020 lease-up focus involved two podium-style communities: The 196-unit 44 Washington North Plaza Residences, located just north of the Country Club Plaza by St. Luke's Hospital of Kansas City, and the 370-unit The Apex at CityPlace, located at the CityPlace mixed-use development in Overland Park, Kansas. First units at the 44 Washington community were received in late March 2020 and by mid-December leased at about 70%. First units at The Apex at CityPlace community were received in late November 2020 and by mid-December leased at 4%.

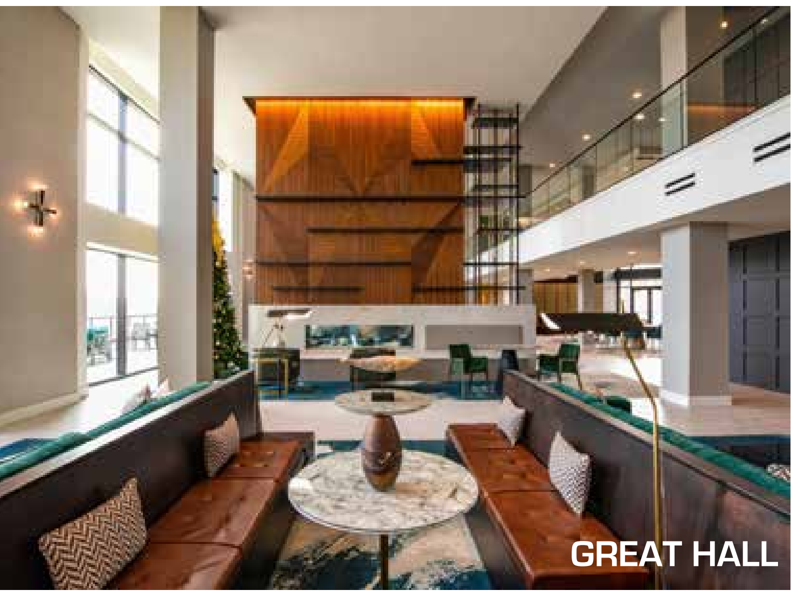
Receiving two new lease-up communities during the COVID-19 pandemic was not without its challenges. Of course, the need to increase our cleaning initiatives took immediate priority as well as increasing the stock of PPE and cleaning supplies for use around the communities. Displaying new signage was a necessity, and maintaining an overall healthy environment in common areas was our main concern, especially when our teams, and everyone else, knew very little of the virus in the early stages of the pandemic.

BMG as a property manager was innovative across the portfolio by implementing several different ways for prospects to tour units, including a variety of virtual touring methods and self-guided tours. Because our electronic/paperless initiatives prior to COVID-19 were on our company's critical path, it was considerably easier to adapt to the touchless society necessitated by the pandemic. We expanded our creativity even further to host an array of virtual events to keep our residents engaged and still feel a sense of community even in a time where so many felt isolated and secluded. These virtual resident events included wine tastings through partnerships with local restaurants, cooking demos, painting classes, contests and raffles (items contributed by local businesses), bingo, and trivia nights to name a few.

With an influx of people working from home, the number of maintenance requests increased. In the beginning, our teams were required to hold off on the lower priority requests and responded to emergency work orders only for the safety of both the tenants and staff. In response, our teams again remained optimistic and creative, helping residents by providing instructions over the phone or using FaceTime calls for minor or simpler tasks such as changing an air filter.

Our on-site teams were very compassionate with our residents during

The Apex at CityPlace, a 370-unit Class A multifamily community with 18,500 square feet of retail, saw its first units delivered in late November 2020. The second of four planned multifamily communities at the CityPlace mixed-use development in Overland Park, Kansas, The Apex is expected to be completed by late summer 2021 with development plans for the third community already underway.



this unprecedented time. Due to the uncertainty of the pandemic, early on we made the strategic decision to keep occupancy high by renewing residents with minimal to no increases. This strategy proved to be sound as we were able to increase our renewal percentage by 19% for properties owned for all of 2019 and 2020.

As a result of the pandemic, new development planning considerations are evolving as well. For example, because more residents are now working from home, we are looking to include more units with dens, which can be used as an office, along with more conference and co-working spaces in common areas to be utilized for meetings or as an alternate work area outside of tenants, immediate apartment homes. In addition, we will expand and provide ample outdoor amenities and activities to consider safer fresh air open environments for residents, friends, and family gatherings.

Development continues to be a concentration for expanding our Kansas City portfolio. During 2020, we continued our planning efforts for the newest construction projects to make their grand debut on the market in 2021. One example is The Villas at WaterSide (298 units) located just north of WaterSide Residences on Quivira. Clubhouse completion and first unit deliveries are planned for April 2021. The podium-style community is comprised of executive suites, one-, two- and three-bedroom floor plans. The units will feature Smart Home Technology allowing residents to control their door lock, thermostat, and light switches through both a resident app and a provided Amazon Alexa device.

There are three outdoor amenity decks filled with countless resort-style amenities including an infinity pool featuring a swim-up bar, private cabanas, a Zen garden with a water feature, two pickleball courts, various hammock gardens, outdoor gaming areas, including bocce ball, snook ball, horseshoes, bags, and a putting green. The outdoor amenity spaces are more usable year-round than ever before with numerous fire pits, lighting, and outdoor heaters.

The interior clubhouse features a conference room, co-working spaces, controlled delivery access and package acceptance areas with 24-hour access, including a parcel pending system as well as a dedicated package room. Additionally, we will have an underground heated parking garage, pet spa, makers space, tanning and massage rooms, fitness center with Yoga and Cycle studios, outdoor fitness equipment, and walking trails around three beautiful ponds.

Our 2021 multifamily new development planning efforts include The Residences at Galleria (322 units) located in the Leawood/Overland Park submarket. Construction will occur throughout 2021 with anticipated turnover in 2022.

Contributors: Jason Charcut, President and Chandler Thompson, Executive Vice President

MARKET STATISTICS CONTINUED

2020 RETAIL

MARKET	ESTIMATED INVENTORY	PERCENT VACANT	VACANCY SF	NET ABSORPTION	AVG. RENTAL RATE	PLANNED DEVELOPMENT
Johnson County	39,506,703	7.40%	2,936,279	(363,509)	$18.43	144,439
East Jackson County	18,498,664	6.60%	1,222,390	(25,958)	$13.60	29,280
Midtown/Downtown/Plaza	29,048,087	5.10%	1,480,795	16,610	$16.17	122,000
Kansas City, Kansas	8,575,867	4.80%	408,614	(9,282)	$15.01	10,000
North of the River	19,402,131	4.30%	836,235	61,805	$15.82	65,800
TOTAL RETAIL	**115,031,452**	**5.80%**	**6,884,313**	**(320,334)**	**$15.74**	**371,519**

2020 WAREHOUSE/BULK INDUSTRIAL

MARKET	INVENTORY	# OF BUILDINGS	OVERALL VACANCY	LEASING ACTIVITY	NET ABSORPTION	AVG. GROSS RENT
KCI/Airworld	7,700,000	76	11.20%	511,000	243,000	$5.14
North Kansas city/Riversdie	25,000,000	516	5.70%	1,700,000	(121,000)	$4.96
Executive Park/Northland	42,200,000	417	3.00%	1,600,000	779,000	$5.33
Wyandotte County	43,700,000	951	3.70%	781,000	(120,000)	$4.98
Johnson County	74,300,000	1,554	7.30%	5,100,000	2,300,000	$6.30
East Jackson County	90,800,000	2,661	4.30%	1,800,000	735,000	$5.06
TOTAL WH/BULK SPACE	**283,700,000**	**6,175**	**5.11%**	**11,492,000**	**3,816,000**	**$5.41**

2020 LIGHT INDUSTRIAL/FLEX

MARKET	INVENTORY	# OF BUILDINGS	OVERALL VACANCY	LEASING ACTIVITY	NET ABSORPTION	AVG. GROSS RENT
KCI/Airworld	908,000	16	6.20%	18,700	82,800	$9.44
North Kansas city/Riversdie	441,000	15	2.00%	6,500	9,300	$11.48
Executive Park/Northland	483,000	18	5.30%	33,500	16,400	$7.63
Wyandotte County	925,000	42	13.20%	37,200	(75,300)	$7.07
Johnson County	6,700,000	263	7.70%	337,000	424,000	$9.68
East Jackson County	6,100,000	227	6.20%	87,400	164,000	$9.22
TOTAL LIGHT INDUSTRIAL/FLEX	**15,557,000**	**581**	**7.12%**	**520,300**	**621,200**	**$9.32**
TOTAL FLEX + BULK	**299,400,000**	**6,757**	**5.21%**	**11,948,000**	**4,412,000**	**$5.61**

2020 MULTIFAMILY

MARKET	UNIT INVENTORY	OVERALL VACANCY	AVG. ASKING RENT	ASKING RENT YOY CHANGE	UNITS UNDER CONST.
South Johnson County	34,375	8.70%	$1,173	$141,000	875
North Johnson County	29,405	6.00%	$1,088	$119,000	1,798
CBD/Crown Center	10,774	15.10%	$1,304	$178,000	236
Country Club Plaza/Midtown	16,586	10.10%	$1,055	$111,000	521
South Kansas City	11,829	7.40%	$794	$81,400	92
North of the River	33,472	5.70%	$971	$122,000	575
Kansas City, Kansas	12,744	7.80%	$816	$70,000	0
East Jackson County	18,102	4.40%	$852	$88,300	520
Southeast Jackson County	8,056	10.40%	$999	$107,000	245
TOTAL MULTIFAMILY	**175,343**	**8.19%**	**$1,008**	**$117,000**	**4,862**

MARKET STATISTICS

FOURTH QUARTER 2020 DATA

2020 OFFICE

MARKET	INVENTORY	# OF BUILDINGS	OVERALL VACANCY	YTD DELIVERIES	NET ABSORPTION	AVG. FULL SERVICE RENT
College Boulevard	21,263,942	388	9.40%	129,000	(39,426)	$23.48
Central Business District	17,885,556	188	6.40%	260,000	(254,910)	$20.36
Topeka	11,718,056	575	5.30%	0	(291,684)	$16.76
South Johnson County	9,147,045	504	14.60%	18,500	(686,986)	$21.17
Northeast Johnson County	8,477,415	421	11.10%	223,698	163,566	$20.50
Country Club Plaza	5,455,147	120	8.60%	0	89,845	$27.40
I-35 Corridor	8,429,801	463	11.20%	0	(305,652)	$19.70
Crown Center	5,993,998	65	15.20%	375,000	(332,725)	$21.45
Northwest Johnson County	5,038,125	268	9.20%	30,000	(89,814)	$22.28
South Kansas City, Missouri	5,442,567	169	3.90%	3,000	515,777	$20.76
East Jackson County	7,081,989	620	7.40%	15,000	(362)	$17.58
Midtown	4,657,133	264	4.10%	0	14,497	$19.38
Kansas City, Kansas	3,411,660	230	3.90%	0	10,234	$19.88
I-29 Corridor	3,698,873	155	21.20%	0	(236,570)	$18.22
Ward Parkway	3,472,507	96	6.00%	0	(10,827)	$20.67
Southeast Jackson County	3,320,518	271	4.90%	39,808	90,560	$19.05
Kansas City, Missouri	4,440,888	208	0.70%	21,396	28,184	$16.89
Lawrence	2,968,467	279	8.40%	29,000	204,871	$20.44
St. Joseph	3,229,876	242	7.50%	0	8,905	$14.35
Freight House District	2,519,088	114	11.70%	0	(60,578)	$21.40
Downtown KC Kansas	1,728,523	70	4.70%	0	12,535	$18.15
West Bottoms	2,006,229	62	5.30%	0	(28,158)	$20.02
Leavenworth County	1,061,163	83	6.50%	0	23,533	$19.22
Cass County	818,785	131	5.00%	0	14,286	$18.85
Outer South Kansas City	406,455	68	0.00%	0	1,955	$17.68
Outlying KC Missouri	271,553	58	6.70%	0	(18,300)	$18.44
Lafayette County	151,483	37	17.40%	0	(3,480)	$17.23
TOTAL OFFICE	**144,096,842**	**6,149**	**8.01%**	**1,144,402**	**(1,180,724)**	**$19.68**

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