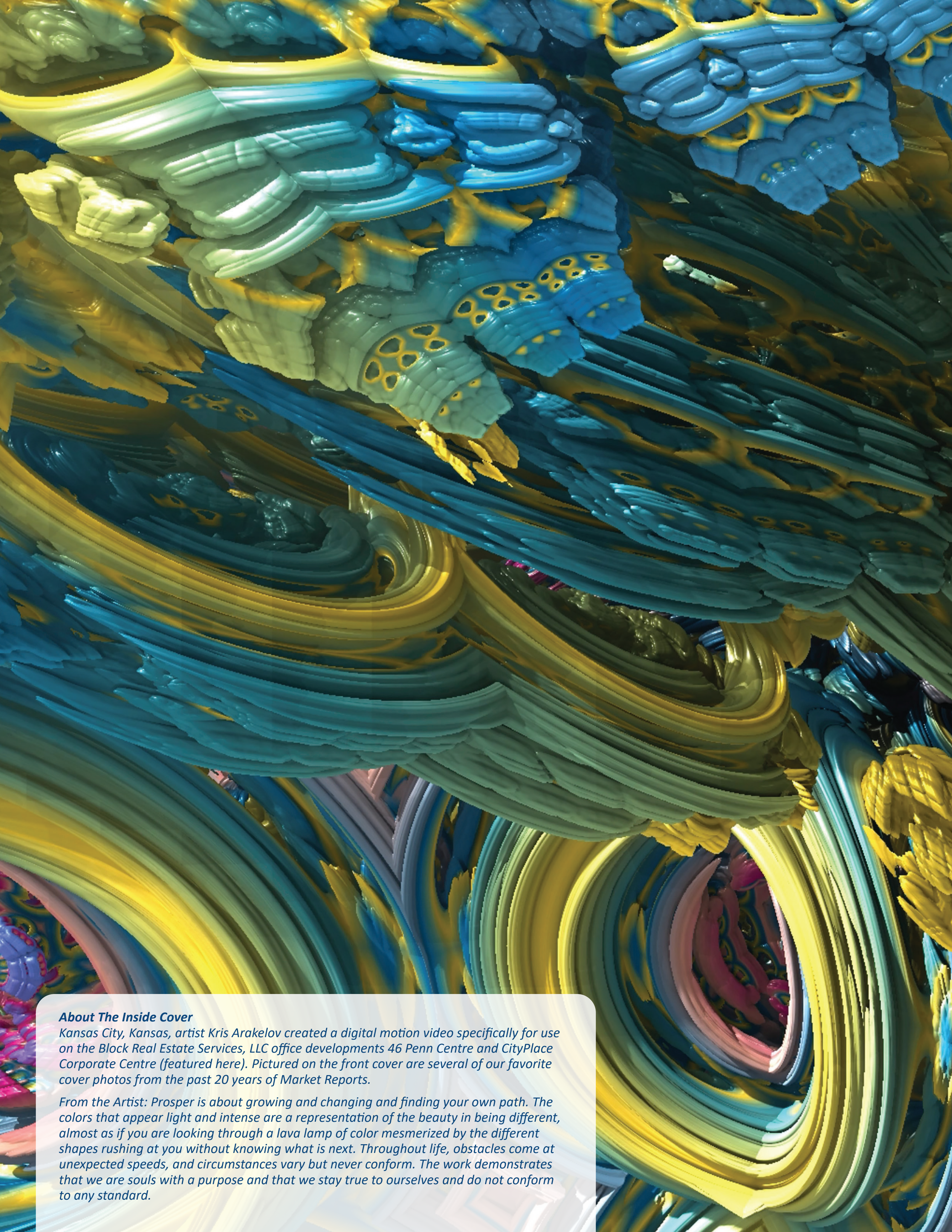
THE REAL ESTATE REPORT
FOR METROPOLITAN KANSAS CITY

20TH EDITION

2023

PRESENTED BY BLOCK REAL ESTATE SERVICES, LLC



About The Inside Cover

Kansas City, Kansas, artist Kris Arakelov created a digital motion video specifically for use on the Block Real Estate Services, LLC office developments 46 Penn Centre and CityPlace Corporate Centre (featured here). Pictured on the front cover are several of our favorite cover photos from the past 20 years of Market Reports.

From the Artist: Prosper is about growing and changing and finding your own path. The colors that appear light and intense are a representation of the beauty in being different, almost as if you are looking through a lava lamp of color mesmerized by the different shapes rushing at you without knowing what is next. Throughout life, obstacles come at unexpected speeds, and circumstances vary but never conform. The work demonstrates that we are souls with a purpose and that we stay true to ourselves and do not conform to any standard.

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BLOCK REAL ESTATE SERVICES, LLC

BLOCK REAL ESTATE SERVICES, LLC (BRES) HIGHLIGHTS OF 2022

TRANSACTIONS

BRES completed the year with total sales and leasing transactions in excess of $1.3 Billion.

PROPERTY MANAGEMENT

BRES commercial management portfolio reached over 45 million square feet of commercial space and 9,500 apartment units.

CONSTRUCTION

Block Construction Services (BCS) managed over $251 million in development projects and coordinated over $25 million in tenant improvement work in 2022. Development projects and tenant improvements under construction in 2022 included work in all sectors, including industrial/warehouse/distribution, office, multifamily, and retail.

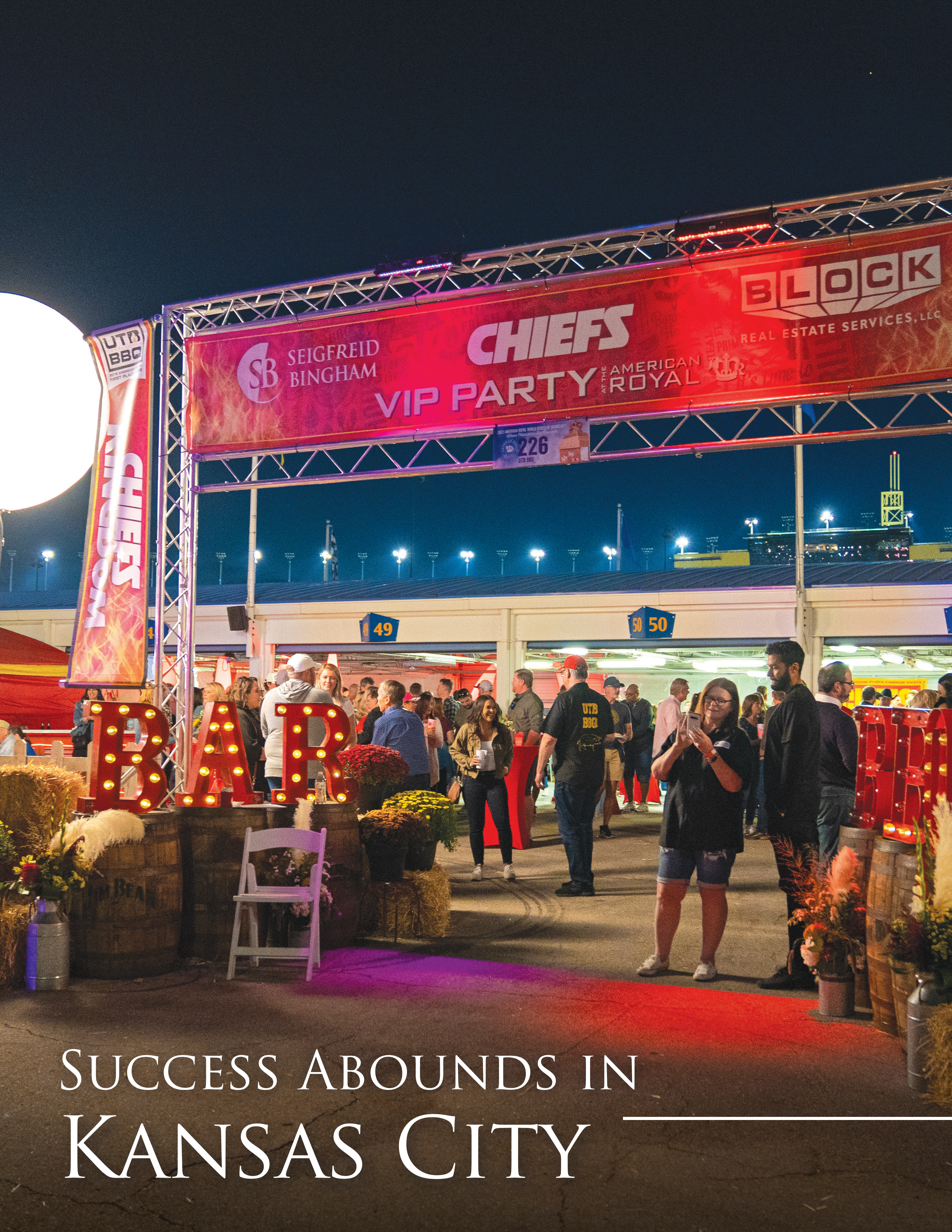
INVESTMENT

BRES completed over $341 million in investment sales and raised over $103 million in equity funds for new acquisitions and development projects.

AFFILIATES

Block Hawley Commercial Real Estate, LLC is one of the most active industrial brokerage firms in St. Louis, Missouri, with approximately 3 million square feet in sales and leases in 2022 and over 6 million square feet under management.

Block Multifamily Group (BMG) now manages over 10,600 units, with approximately an additional 2,500 in either development or construction.



Success Abounds in Kansas City

SUCCESS ABOUNDS IN KANSAS CITY

Block Real Estate Services, LLC (BRES) is pleased to present our 2023 Real Estate Report for Metropolitan Kansas City, the most comprehensive report on the Kansas City Commercial Real Estate Market. Within the following pages, you will find detailed information on economic indicators; an overview of global, U.S., and Kansas City markets; and detailed articles on local and U.S. commercial real estate activity.

The data and analysis in the following report will provide you with the knowledge and confidence you need to be prepared to leverage the opportunities that will emerge in the months ahead. Every year our experienced team of principals, brokers, and managers dedicate an extensive amount of time to provide our clients with the most comprehensive real estate report available in the Kansas City market. Our 2023 report comes at a time when a clear understanding of the market dynamics is critical.

This report will help you prepare and justify your long-range occupancy and investment strategies. The entire team at Block Real Estate Services is prepared to answer your questions and help you synthesize this information into a clear vision that will result in sound commercial real estate decision-making in 2023.

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.

BRES continues to lead the Kansas City commercial real estate industry and has, again, been recognized by the following publications:

In October 2022, BRES was once again excited to take part in the American Royal World Series of BBQ at the Kansas Speedway in Kansas City, Kansas. BRES partnered with law firm Siegfried Bingham and the Kansas City Chiefs to throw an epic party on Friday night at the American Royal.

KANSAS CITY BUSINESS JOURNAL

- 2022 – #1 Commercial real estate property manager—managing over 45 million gross leasable square feet; managing industrial, office, retail, and 9,500 units of apartments
- 2022 – #2 Most active commercial real estate firm with 915 transactions
- 2022 – #2 Largest commercial real estate firm with a volume of $1.33 billion
- 2022 – #2 Commercial real estate company with 69 real estate agents

ST. LOUIS BUSINESS JOURNAL

- 2022 – #11 Largest commercial real estate firm ranked by volume of transactions (Block Hawley)
- 2022 – #19 Largest commercial real estate firm based on the number of local active licensed agents (Block Hawley)

COMMERCIAL PROPERTY EXECUTIVE - NATIONAL RANKING

- 2021 – Ranked 21st top commercial property manager
- Ranked 28th top national commercial development firm
- Ranked 39th top national multifamily owners

MIDWEST REAL ESTATE NEWS

- 2022 – Ranked 3rd in top owners in the Midwest
- 2022 – Ranked 7th in top developers in the Midwest
- 2022 – Ranked 9th in top property management in the Midwest
- 2022 – Ranked 18th in top brokers in the Midwest

INGRAM'S

- 2022 – #1 Top area commercial real estate company for $890 million gross sales
- 2022 – #1 Top area commercial real estate company for square footage managed/sold/leased
- 2022 – Best Commercial Real-Estate Firm - Bronze Award

COSTAR GROUP INC.

- 2021 – Top area leasing firms
- 2021 – Power Broker Award Winner

AWARD WINNING DEVELOPMENTS

- 2022 – Villas at 44 Washington / 44 Washington Capstone Award Winner - *Kansas City Business Journal*
- 2021 - 46 Penn Centre, Kansas City, Missouri - Capstone Award Winner - *Kansas City Business Journal*
- 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*

The collective BRES family, including Block Multifamily Group, Block Maintenance Solutions, Block Construction Services, and Pinnacle Construction, once again came together to celebrate the end of the year at No Other Pub in downtown Kansas City. The team enjoyed an afternoon of delicious food, drinks, and games with everyone and celebrated another successful year at Block Real Estate Services, LLC.

- 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*

In addition, BRES professionals have played an active role in professional organizations on a local, regional, and national level. In addition to professional and industry-related organizations, BRES staff and professionals are involved in all parts of the community, both professionally and personally. BRES employees contribute time and resources to numerous chambers of commerce, economic development, local government, social services, community involvement, arts and culture, health, education, and youth enrichment organizations.

The BRES team has provided leadership in the real estate industry for more than 70 years. Below is a selection of industry-related organizations and business affiliations in which BRES is active:

- American Concrete Institute (ACI)
- Building Owners and Managers Association (BOMA)
- Certified Commercial Investment Member (CCIM)
- Design-Build Institute of America (DBIA)
- Institute of Real Estate Management (IREM)
- International Council of Shopping Centers (ICSC)
- Kansas Association of REALTORS®
- Kansas City Area Development Council (KCADC)
- Kansas City Commercial Real Estate Women (KC Crew)
- Kansas City Regional Association of REALTORS® (KCRAR)
- KC SmartPort
- Missouri Association of REALTORS®
- Missouri Growth Association (MGA)
- NAIOP Commercial Real Estate Development Association (NAIOP)
- National Association of REALTORS® (NAR)
- Society of Industrial and Office REALTORS® (SIOR)
- Urban Land Institute (ULI)
- U.S. Green Building Council (USGBC)

BRES emphasizes continuing development through professional organizations and continuing education. BRES and its professionals hold the following designations:

- Accredited Management Organization (AMO)
- American Institute of Architects (AIA)
- Certified Commercial Investment Member (CCIM)
- Certified Facility Manager (CFM)
- Certified Property Manager (CPM)

SIOR Development Day, the annual networking event, was once again held at Union Station in downtown Kansas City, Missouri. The top commercial real estate professionals from the metro area were in attendance to talk shop and get to know one another in the beautiful grand hall at Union Station. BRES once again exhibited at the event and had many of the agents and brokers in attendance.

- Counselor of Real Estate (CRE)
- Society of Industrial and Office REALTORS® (SIOR)

Many of the major highlights for BRES and its affiliates in 2022 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

In 2022, we challenged the property management team to find new creative and innovative ways to improve the efficiency of our portfolio and, in doing so, increase tenant satisfaction. They did not disappoint. Our managers communicate and listen to each tenant to understand and anticipate their needs. We strive to give our tenants a positive experience over the long term. We are committed to tenant satisfaction and continually look for new ways to enhance tenant service. Our tenants' needs are at the core of everything we do. Several of our team members play an active role in professional organizations on local, regional, and national levels, including the Building Owners and Managers Association (BOMA) and the Institute of Real Estate Management (IREM).

BLOCK MAINTENANCE SOLUTIONS

In 2022, Block Maintenance Solutions (BMS) stayed true to our roots and continued to identify savings on numerous energy efficiency projects. Our team addressed interior and exterior LED lighting upgrades, and we are now focused on growing our electrical team and expanding our in-house services.

We welcomed a few new members to our team in 2022 and hope for continued growth in 2023 as new BRES developments come online. BMS has added an installation technician to our staff. He will assist the IT staff with on site service calls/installations and work at the individual properties. As always, BMS will work closely with BRES to identify and manage capital projects to keep our infrastructure up to date and in top-notch condition.

This past year BMS has started providing consulting to various customers throughout the Kansas City metro. With our talented team of building engineers, we have been successful in helping customers understand and maintain their building systems. We have worked on several HVAC retrofits, repairs, replacements, and upgrades to building automation systems.

BLOCK SYNDICATIONS

The past year, the Block Real Estate Services, (BRES) investment arm, Block Funds, has continued to leverage its expertise in identifying, negotiating, and closing investment opportunities for private investors interested in real asset opportunities. Acting as the sponsoring general partner, BRES maintains a transparent and cooperative relationship with its investors as the firm acquires and begins the operational phase of the investments. Through the Investor Portal, our investment team can quickly and concisely offer unique investment opportunities to investors in a variety of unit amounts that allow for increased portfolio diversification.

BRES's investment team has syndicated and closed eight transactions in 2022, with an average transaction size exceeding $31.4M. In a conscious effort to allow for diversity, the team has managed to offer an average minimum investment of $47,128 across these syndications. Because of the unique market conditions, the sponsoring partner has focused on three asset types: multifamily, industrial, and office. In 2022, of the closed transactions, the equity breakdown of these asset types were $42.2M, $30.2M, and $19.4M, respectively.

In the year to come, the investment team will continue to raise equity to acquire and develop multifamily, industrial, office, and retail deals in single-purpose entities. The goal remains to provide accredited investors with long-term cash flow, pay down debt principal, and provide any upside on property appreciation during the hold period. Prospective investors can register at www.blockfunds.com to view current equity investment opportunities.

BLOCK CONSTRUCTION SERVICES

In 2022, Block Construction Services (BCS) managed a total volume of $251 million in development projects and a total of $25 million in tenant improvement projects.

SOME NOTABLE PROJECTS OF 2022 INCLUDE THE FOLLOWING:

- CityPlace Corporate Centre IV, a 188,868 square foot, six-story office building in Overland Park, Kansas, the third of four planned office buildings at the CityPlace mixed-use development.
- Millpark and Bastian industrial/warehouse/office buildings in Maryland Heights, Missouri.
- Lenexa Logistics Centre North Phase II Buildings 5 and 11, which are the first two of eight industrial/warehouse buildings in the 148.5-acre Lenexa Logistics Centre North Phase II development.
- Lenexa Logistics Centre South Building 8, a 195,409 square foot industrial building in Lenexa, Kansas.
- Riverside Logistics Centre II, a 300,176 square foot industrial building in Riverside, Missouri.
- 175th Street Commerce Centre Building 1.
- The Residences at Galleria Phase I mixed-use development in Overland Park, Kansas.
- The Clearing at Anderson Pointe multifamily development in Olathe, Kansas.
- The View at Castle Rock mixed-use development in Castle Rock, Colorado.
- Retail spaces at both Apex at CityPlace and The Galleria in Overland Park, Kansas.

SOME NOTABLE PROJECTS WE ARE STARTING OR PLANNING FOR 2023 INCLUDE THE FOLLOWING:

- Phase II of The Galleria's office, retail, restaurant, entertainment, and the second multifamily community at The Galleria.
- Cincy Club, a historical multifamily renovation in Cincinnati, Ohio.
- 47 Madison, a multifamily development with 238 luxury units.
- The Majestic, the third multifamily community at the CityPlace development with 355 units.
- The Southglen, a 34-unit multifamily development in Overland Park, Kansas.

BRES employees at our 46 Penn location were treated to a lunch from Chick-Fil-A as an employee appreciation event earlier this year. In addition to this lunch, BRES employees have also taken part in several employee appreciation events such as a Chili Cookoff and Red Friday!

- 56th & Foxridge, a 307-unit multifamily development in Mission, Kansas.
- Woodside Village, a 162-unit multifamily development in Westwood, Kansas.
- 143rd & Metcalf, a 368-unit multifamily development in Overland Park, Kansas.
- College & Ridgeview, a 377-unit multifamily development in Olathe, Kansas.
- Residences at Renner 95, a 80-unit multifamily development with office and retail space in Overland Park, Kansas.
- K-7 Logistics Centre, comprising 406,793 and 551,793 square foot industrial buildings in Shawnee, Kansas.
- K-7 & Nettleton, comprising two 638,793 square foot industrial buildings in Shawnee, Kansas.

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

BLOCK MULTIFAMILY GROUP

Block Multifamily Group (BMG) celebrated many successes throughout 2022, including growth into an 8th state and taking on the management of 2 assets in Mississippi. Additionally, they have added 1,200 units to the portfolio, growing by nearly 15% in 2022. BMG was also recognized as the Best Property Management Company in Kansas City by The Pitch Magazine.

Currently the firm manages 10,518 multifamily units, ranging from Class A new development projects to Class C renovation projects. In 2022, BMG welcomed its first 55+ community by acquiring Pebblebrooke Villas in Basehor, Kansas. The firm continues to be successful because of the well-rounded abilities and resources of the management team, which positions BMG for continued growth in the new year.

BLOCK HAWLEY COMMERCIAL REAL ESTATE SERVICES, LLC

Block Hawley Real Estate Services is a leader in the St. Louis market, with over 6 million square feet under management and 65 transactions completed in 2022. We leased over 2 million square feet of office/warehouse space and acquired over 130 acres for new and future development. We also sold over 1 million square feet of investment properties. Block Hawley anticipates more exciting projects in the coming year and looks forward to serving our clients in St. Louis and the surrounding markets.

PHILANTHROPY

BRES takes pride in its strong presence in Kansas City, and we feel responsible for giving back to our community. We don't have just one signature charity; we give back to multiple throughout the community. BRES is proud to be a continued supporter of several worthwhile organizations, such as the following:

- Light the Night — Leukemia & Lymphoma Society
- Heart of America Boy Scout Council
- EDC Cornerstone
- Nelson Atkins Museum of Art
- The Star in Education
- Kemper Museum
- MainCor
- KU Cancer Center
- Children's Mercy
- Jazzoo — Kansas City Zoo
- Village Shalom
- Operation Breakthrough
- Hope House
- Kansas City Ballet
- American Royal
- Kit's Muse (A Division of Project Sweet Peas)
- The Children's Place
- Wounded Warriors
- Treads & Threads — The University of Kansas Health System
- University of Kansas
- Reach Out and Read
- Children's TLC
- Harvesters
- Guadalupe Centers
- American Cancer Society
- Boys & Girls Club
- St. Joseph Medical Center Foundation
- Multiple Sclerosis Society
- Kansas City Art Institute
- New Reform Temple
- Bacchus Foundation
- Avidus Foundation

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 were gathered from outside, unrelated third-party sources, and in these cases, BRES is 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 religious or 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

Economic Indicators

NATIONAL TRENDS

Continuing with last year's trend, Americans have lived through another period of economic turbulence driven by not only the remnants of COVID-19 but also the escalation of the war in Eastern Europe. Supply chain disruptions have slowly been pieced back together but continue to highlight the unforeseen issues of globalization. Unrestrained inflation has rocked consumers' pockets as our government struggles to regain control and give coherent answers to citizens' questions.

A promising and noteworthy accomplishment in 2022 was the regeneration of the employment market, indicated by strong job reports and decreases in unemployment measures. Monthly job growth has averaged 392,000 in 2022, and nonfarm employment increased by 22 million since reaching a low point in April 2020, has returned to pre-pandemic level. In November 2022, the unemployment rate fell to 3.7%, with the number of unemployed estimated at 6 million. Compared to a calendar year ago, unemployment was measured at 3.9% in December 2021. A growing disparity, however, is the labor force participation rate. The rate peaked at 67.3% in 2000 and has steadily fallen, measuring 61.9% in November 2021 and 62.1% in November 2022. By 2030, the participation rate is predicted to decline to 60.4%, driven by the aging of the baby boomer population and other recent trends.

Furthermore, traditional employment sectors continue to evolve. Retail trade is expected to lose almost 590,000 jobs between 2020 and 2030, which is the most of any sector. On the opposite end, employment in the healthcare sector is projected to add approximately 3.3 million jobs over the same period, which is also the largest growth of any sector. Although the longer-term employment outlook is favorable, we must also note the real gross domestic product (GDP) changes accumulated in the past year. The Federal Reserve predicts an increase of 1.2% in 2023, a 1.7% increase in 2024, and a 1.8% increase in 2025. After remaining near the Fed's target inflation rate of 2% for the past 10+ years, the Personal Consumption Expenditure (PCE) index is expected to decrease to 2.8% in 2023, 2.3% in 2024, and return to a basis of 2% in 2025. Nominal civilian wage growth tallied a 5.1% increase for the 12 months ending September 2022 compared to 4.2% for the year prior. Comparatively, real average hourly earnings decreased by 2.8% for the 12 months ending in October 2022 and a decrease of 1.9% for the year prior. To combat rising inflation, the Fed announced plans to raise the federal funds rate, which they have six consecutive times. These announcements are particularly significant as Fed officials at this point last year signaled that rate increases wouldn't be warranted until 2023. Before the pandemic, the federal funds rate reached 2.42% in April 2019, settling near zero again in April 2020, and jumping to 3.83% after a series of rate hikes.

KANSAS CITY ECONOMIC FORECAST

Kansas City historically follows national averages in GDP, employment, and inflation, which is expected to hold true in most regards. However, Kansas City's employment recovery trajectory has been much shallower than the nation's. Of the 139,300 jobs lost during the peak of the COVID-19 lockdowns, Kansas City lags behind the national average, regaining only 127,200 jobs, which is a 91% recovery. Despite our city's slow employment growth, our unemployment rate is 0.6% below our pre-lockdown low. Kansas City's employment growth began to accelerate just before the recession was expected to hit, with economists forecasting a loss of up to 15,000 jobs measured on a Q4 to Q4 basis. As a result, Kansas City is not expected to recover all of its lost jobs until 2026. Looking forward, construction, manufacturing, professional services, healthcare, and warehousing jobs will experience the most growth.

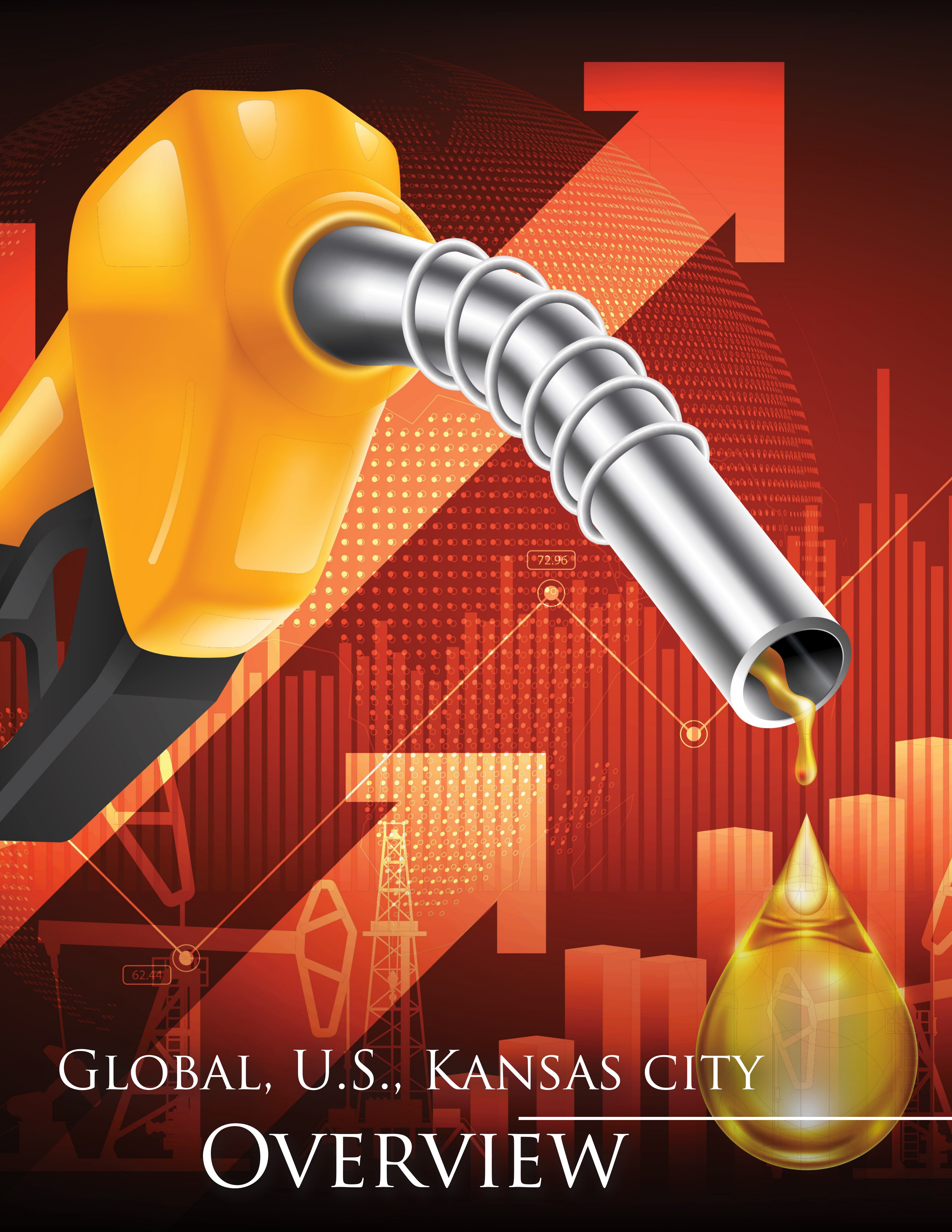
SUMMARY

Employment in the nation is nearing what many economists consider "natural" or "full" employment, whereas Kansas City continues to lag. The rapid rise in interest rates will continue to impact the housing markets and add significant costs to the investment markets. With stimulus gone and excess savings beginning to dwindle, consumers are unlikely to be able to plug the gaps in the demand these factors are causing. With average real GDP growth close to zero thus far in 2022, another economic shock could push the economy into a recession. As further rate hikes seem likely to bring inflation to a 2% target, economists forecast a mild recession in mid-2023. Disruptions brought about by government-mandated shutdowns will have lasting effects on the economic drivers of the U.S. in 2023, but growth is predicted to recover in 2024.

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

Contributor: Zachery Gant, Senior Financial Analyst

Once again, in 2022, inflation was a major topic of discussion and a primary catalyst for many financial and business decisions. According to the 12-month percentage change in the consumer price index, which measures the monthly inflation rate for goods and services in the United States, prices grew by 7.1% in November 2022 compared to November 2021.



Global, U.S., Kansas city Overview

The global and United States economy entered 2022 in a weaker position than previously expected. As the new Omicron COVID-19 variant spread, countries reimposed mobility restrictions. Rising energy prices and supply disruptions resulted in higher and more broad-based inflation than anyone anticipated. In the below paragraphs we outline the important details of what was experienced in 2022 as well as what experts believe will transpire in 2023.

INFLATION AND INTEREST RATES

Early in the COVID-19 pandemic, as lockdowns began and many were unable to work, the U.S. government pumped substantial money into the economy to prevent it from collapsing. Globally, other countries took similar financial steps, increasing the stock of money as quickly as possible to avoid immediate economic depressions. In the short term, these actions helped ease the stressors of a complete economic shutdown. Today, this relaxed monetary policy has caught up to consumers in a dramatic fashion. Compounded by the continued wake of supply chain disruptions the pandemic created, these COVID-19-era federal policies have resulted in a direct increase in the price of goods and services sold. This increasing inflation rose in 2022 to the highest levels in 40 years.

After officials spent much of 2021 dismissing notable price increases as “transitory,” the U.S. Federal Reserve took swift action to raise rates in March of 2022. These hikes began slowly but increased to aggressive levels, with the previous four increases coming in 0.75% increments. Before 2022, the Fed had not raised rates more than a quarter of a point at a time in 22 years. At the same time, officials have also engaged in “quantitative tightening” policies. The Fed allows maturing bonds to roll off its balance sheet rather than reinvesting them. The Fed and its members hope that applying these monetary policy tools will help take money out of the economy, reduce demand, and ultimately drive prices lower.

In November, the Department of Labor reported that consumer prices rose just 0.1%, less than expected for a second straight month. Additionally, the 12-month rate dropped to 7.1% amid an economic backdrop of notable gasoline costs, used/new vehicles, and healthcare reductions. This consumer price change marked the smallest annual increase in inflation in nearly a year and “a welcome reduction for October and November in the monthly pace of price increases,” according to Fed Chair Jerome Powell. As a result of this data, the Federal Reserve elected to raise the interest rates by half a percentage point at its December meeting as opposed to a potentially feared 75 basis point increase. Officials indicated they expect to keep rates higher through 2023 with no reductions until 2024. The terminal rate, or the point where the Fed expects to end rate increases, was set at 5.1%. With rates now at the highest level in 15 years, Federal Reserve officials and the Biden administration will look to continue this deflationary momentum into the new year as policymakers and consumers alike remain hopeful that prices will continue to stabilize.

2022 has seen some of the highest gas prices in the US since 2018. The current national average of $3.18 per gallon is higher than the average gas price since 2018 ($2.90 per gallon), even though it is a long way from the top of $4.99 per gallon in June 2022. Consequently, the price at the pump at the end of 2022 will be around $0.28 higher than the national five-year average.

SUPPLY CHAIN AND CHINA

More than two years after the pandemic, China's "ZERO-COVID" policy and its effect on the country's manufacturing output and procurement efficiencies has remained a major stressor on global supply chains. Major trade hubs such as Beijing and Shanghai responded to waves of Omicron-driven infections with restrictive policies requiring workers to provide negative COVID-19 tests to enter public places. For example, demanding testing and quarantine rules for truckers have dramatically increased the transit times of goods within the country. As a result, these procedures and others like them have prevented the efficient transition of products from manufacturing facilities to Chinese ports via normal transportation methods. Businesses and manufacturers in the country, such as Tesla and Apple's Foxconn, have been forced in certain circumstances to operate in a "closed-loop" system where workers and factory employees live on site. Significantly unpredictable procurement within the country has resulted in increased delays in products' arrival at global destinations.

SUPPLY CHAIN DISTURBANCES ULTIMATELY REACHED COMPANIES AND CONSUMERS IN 2022, AS GOODS, SERVICES, AND CONSTRUCTION MATERIALS CONTINUED TO ARRIVE WITH EXCESSIVE LEAD TIMES AND HIGHER PRICES — FURTHER COMPOUNDING GLOBAL INFLATIONARY ELEMENTS.

China combated waves of COVID-19 infection by placing strict restrictions on major distribution provinces. Port cities such as Shenzen and Shanghai, in particular, featured significant shipping container and cargo distribution disruptions that resulted in major congestion for global suppliers. These backlogs forced businesses to attempt to route cargo to other destinations, creating similar congestion in other Chinese cities. These supply chain disturbances ultimately reached companies and consumers in 2022, as goods, services, and construction materials continued to arrive with excessive lead times and higher prices — further compounding global inflationary elements.

Recently, as Chinese officials have elected to end these zero-COVID policies and abruptly dismantle restrictions, a large COVID-19 surge in a relatively uninfected population base has caused substantial stress on the country's workforce and healthcare systems. According to the *Economic Times*, Chinese factories have begun to prepare for this tsunami of cases through methods such as hoarding medicines, beds, disinfectants, and other items for their workers. Outbreaks have the potential to cripple production, further threatening the global supply of products of all types. Western countries waged these battles against COVID-19 infections over previous years, but China's approach to the pandemic has delayed what some experts have considered inevitable. Where financial institutions and service-based positions are able to work from home, manufacturers require a certain volume of working staff to meet delivery targets and assemble products on site. As U.S.-led monetary restrictions take effect and economic activity slows over the coming months, experts hope that distribution networks, supply chains, and prices will stabilize and return to efficiency.

GAS PRICES AND RUSSIA

On February 24, 2022, against numerous earlier refutations of plans to do so, the world watched as Russia invaded neighboring Ukraine in the region of the Crimean peninsula. In what Vladimir Putin deemed a "special military operation," this incursion marked a new phase of an eight-year territorial conflict. Following the Ukrainian Revolution of Dignity in 2014, Putin-backed unmarked forces previously invaded and claimed the Crimean Peninsula for Russia in a move not recognized by the international community. Since then, a proxy war between Russian-backed forces and Ukraine in the area has already claimed over 14,000 lives.

Russia's invasion earlier this year has become the largest mobilization of forces Europe has seen since WWII. Moscow, however, has been unable to achieve the swift victory it expected, as Ukrainian forces have continually prevented a significant number of Russian advances in the region. Much to Putin's dismay, strong military support from Western countries and creative Ukrainian troops have contributed to the strength of the resistance in the face of a vastly ill-prepared invasion force. As a result, Russian commanders have been increasingly issuing indiscriminate strikes of intensifying nature, with some military operations resorting to tactics previously used in conflicts such as Chechnya and Syria. Since the 2022 phase of this conflict began, over three million people have fled Ukraine, creating a significant refugee crisis in the region.

Diplomatic talks between the two countries have failed to stop the Russo-Ukrainian war. The U.N. and U.S. have continued to impose some of the toughest economic sanctions on the government and specific Russian individuals linked to Putin. Hundreds of Western businesses, such as retailers, fast-food businesses, and oil companies, have ceased operations in Russia. Destruction from the war and escalating sanctions have interfered with oil production and distribution in the region. Additionally, Western financial sanctions have made it difficult for Russian oil transactions to clear Western banks. After the invasion, the Biden administration promptly signed an executive order to ban Russian oil and gas imports. European countries followed suit, either partially or completely, banning the imports of these resources,

Warsaw, Poland, February 26, 2022: Protest against the war in Ukraine and Russia's invasion. People marched with flags at a demonstration supporting Ukraine two days after Russia's large-scale invasion under the guise of "special military operations." Missiles and artillery attacks struck several Ukrainian cities, including Kyiv, the capital.

which previously accounted for around 10% of the global oil supply. Though Russian oil and gas are still being traded and distributed, the volume has decreased substantially, creating a gap in the supply for energy production. With this lower supply, prices have skyrocketed, exposing E.U. Countries' dependence on Russian supplies. This led to an exacerbated energy crisis in the region.

The Biden administration has spent this year attempting to strike a balance between working to reduce dependence on fossil fuels and easing prices for citizens at the pump. In April, the White House announced it would release 180 million barrels of oil from the national stockpile. This supply change decreased gas prices and provided consumers with some short-term relief. Peaking at an average of about $5 per gallon this summer, gas prices have returned in December to pre-Russo-Ukrainian conflict prices. Time will tell if supply chain issues and potentially continued conflict will see higher prices as we shift into 2023.

NASDAQ/S&P 500

The year 2022 has been very challenging for U.S. stocks. Against the backdrop of supply chain disruptions and significant increases in consumer prices, the U.S. government acted swiftly with an aggressive strategy to tighten monetary policy and increase interest rates. As the Fed's implementation of these policies reached U.S. companies, the stock market began its plunge into bear territory.

For the first time since 2008, the NASDAQ Composite Index (NASDAQ) is on track to post a negative annual return. This index tracks the stocks of over 2,500 corporations listed on the NASDAQ — a global economic exchange for buying and trading securities that primarily consists of the world's most prominent technology giants such as Apple, Microsoft, and Intel. This year, the index has fallen more than 30%, with over 5% of those losses occurring in the past month. Large market-cap giants such as Meta and Amazon have led these losses as they conduct layoffs in a short-term effort to trim costs. Experts predict that the first half of 2023 will likely see a continued correction of overvalued tech stocks as declines stretch into the new year. Others expect that as rate hikes stabilize and inflation unwinds in a "soft landing" for the economy, renewed economic activity will generate headwinds and opportunities for a better 2023.

In its first double-digit loss since the Great Recession, the S&P 500 index (S&P 500) is on course to close the year down more than 17%. Like the NASDAQ, the S&P 500 is a market-capitalization-weighted index that specifically tracks 500 of America's leading publicly traded companies that meet predetermined criteria. To put this year's losses into perspective, this index has not seen back-to-back years of decline since the dot-com bubble of 2001/2002. Of its individual sectors, the S&P 500 Energy sector saw

2022 will be remembered as a pivotal moment for the British royal family. In addition to Queen Elizabeth's 70th year on the throne and her Platinum Jubilee, this year will always be known as the year the long-reigning monarch passed away. The royal family gathered to mourn their matriarch after her passing in September in Balmoral. During that time, Prince Charles ascended the throne as King Charles III, and Prince William and Kate, Duchess of Cambridge, were crowned as the new Prince and Princess of Wales.

increases of over 50% in 2022 due to the conflict in Ukraine and increased oil and gas prices. Communication, however, was the worst-performing sector of the S&P, posting losses of over 40%. These declines were due primarily to higher interest rates' effect on the substantial debt this collection of firms carries and the high dividend payout ratios typical of the industry. Some forecast these decreases in the S&P index to continue into 2023. Still, hope remains among investors and experts that next year could feature stabilized supply chains, an easing of inflation, and the beginnings of an economic rebound for the entire marketplace.

BEIJING OLYMPICS

In more ways than not, the 2022 Winter Olympics (Officially XXIV Olympic Winter Games) was strange. Taking place over February in Beijing, China, and surrounding areas, these exciting events featured many firsts, including a record 109 games across 15 disciplines.

Beijing's hosting of the games was not without controversy, as worldwide concerns surrounding the Uyghur genocide and various human rights violations in the country led to substantial protests. Once the games had officially begun, however, focus turned to the athletes and participants as a major doping scandal involving a Russian Olympic Committee (ROC) figure skater quickly took center stage. Russia competed under this national title, having been banned from participating in the games due to a systemic doping scandal from the 2014 Sochi Olympics. Entering the 2022 games as a front-runner in her sport, 15-year-old Kamila Velieva led the ROC to a figure skating team event win. After that, she tested positive for a banned heart medication. After complaints from international organizations, the Court of Arbitration of Sports officially allowed Valieva to continue participating in the games while her appeal was processed. She posted the best score in the individual women's short program but couldn't build from her strong performance, falling multiple times in her free skating routine. Overall, Kamila finished fourth in the women's competition.

Additionally, the extremes of the anti-COVID-19 measures garnered worldwide attention as the People's Republic of China and organizers implemented policies related to their promises of a "simple, safe, and splendid" Beijing Olympics. As a result, protocols and restrictions for athletes and attendees alike were numerous in the presence of the new Omicron variant. The games were run on a closed-loop system — meaning venues, participants, and guests were segregated from the surrounding cities in epidemiological bubbles. Like the Tokyo Olympics just six months prior, these health and safety protocols resulted in restricted public access to the events and, ultimately, limited attendance. Volunteers and event workers agreed to spend months away from their families in these Olympic "bubbles" to support the games.

Furthermore, athletes were restricted to their rooms when not training or competing, and many U.S. participants complained of the resources they received in quarantine after testing positive. The closed-loop system maintained a 0.01% positivity rate and was one of the safest places on Earth at the time, according to the International Olympic Committee (IOC) president. Though 180 athletes and officials tested positive, there were no major disruptions to the games caused by outbreaks.

The U.S. finished with the fifth most medals at 25, behind Norway, Russia, Germany, and Canada. With a population of just over five million, Norway left Beijing with 16 gold medals — a new Olympic record.

QUEEN ELIZABETH

On September 8, 2022, Her Majesty Queen Elizabeth passed away peacefully at her royal family's estate in the Scottish Highlands. The official royal cause of death for the 96-year-old monarch was revealed as "old age." Tributes from leaders around the globe immediately began to pour into the country as the world's longest-reigning monarch and the U.K. figurehead for seven decades was lost. In London, Queen Elizabeth II's death triggered 12 days of mourning. Thousands flocked to royal spots across the capital to pay their respects, celebrate her reign, and witness the historical events. Most praised the consistent and strong leadership Queen Elizabeth represented as England transitioned into the modern era. At her funeral, an estimated one million people — including 2,000 dignitaries — took to the streets to observe the funeral procession from Westminster Abbey to Windsor Castle.

Her Majesty's eldest son and heir, Prince Charles of Wales, 73, immediately adopted the throne as King Charles III upon her death. After a lifetime of preparation that began in childhood, he now hopes to generate the same public support that characterized the beloved queen and her relationship with the British people. In interviews, Charles has said he hopes to cut expenses and reform the monarchy to represent modern Britain better. The next heir in line for the throne is William, Prince of Wales, 40.

IRAN WOMEN'S RIGHTS PROTEST

On September 16, Masha (Zhina) Amini, a 22-year-old Kurdish-Iranian Woman, died in the capital of Tehran while in the custody of the country's "Morality Police." This police force, designed to enforce the strict Islamic dress code for women, has been subject to international scrutiny since it was first established following the 1979 Islamic Revolution. Within Iran and among residents, these security forces are considered the most visible face of the regime's suppression of women's rights.

As initial news broke of Amini's hospitalization, angry citizens began demonstrating in public areas against the morality police. In the latest stage of protests that have spanned decades, outrage quickly spread around the country. With the support of Western leaders and media, Iranian women began to demand the liberation of female bodies. In response, the regime initially attempted to crack down on these protests with violent police intervention. Human rights groups have claimed that the ensuing conflict with officials has resulted in over 1,000 citizens arrested and the death of hundreds.

Nevertheless, against the backdrop of the regime's threats, demonstrations have continued. At the World Cup, Iranian players refused to sing their national anthem in a courageous demonstration of solidarity with their homeland's ongoing human rights protests and movements. Iranians have a long history of losing patience with the regime and its sanctions. Just weeks after Iran established the theocratic regime in 1979, women took to the streets of Tehran in protest of rumors that officials would enforce mandatory veiling. As a result, the government implemented this policy over various years, with mandatory compliance not required until 1981. Today, however, this policy and other outdated sanctions are increasingly placing social and economic pressures on the country and its inhabitants in the context of a more connected world. The protests of 2022, led by women and minority groups for the first time, are different than those of years past. Various identity groups are joining suit, such as ethnic minorities, youth, the unemployed, worker's unions, and more. As the pressure of these individuals and their demonstrations on the public stage increase, the regime's theocratic rule will be evaluated on the world stage, and officials will face the scrutiny of not only the modern world but also the Iranians who demand the rights that come with it.

HURRICANE IAN

On September 28, 2022, Hurricane Ian landed on the southwest Florida coast. The deadliest hurricane to strike the state since 1934, this powerful Category 4 storm caused significant damage through its strong winds, heavy rain, and consequent flooding. Ian's storm surge of 10–15 feet caused substantial damage near coastal areas. The storm weakened over the U.S. mainland before continuing offshore back into the Atlantic. In a rare 'double landfall' meteorological phenomenon, the storm turned back toward the mainland and made a second landfall with a regained hurricane-strength intensity in South Carolina. While popular destinations such as Fort Myers Beach, Florida and Naples, Florida were particularly affected, other communities, such as Sanibel Island, Florida and Pine Island, Florida, suffered the most substantial destruction of both structures and homes. The Sanibel Causeway and bridge to Pine Island became completely impassable after they were heavily damaged by Ian's storm surge, leaving a combined 15,000 residents without a means to access or exit their homes by vehicle. Fortunately, Pine Island repairs were completed days

Voters once again returned to the polls for the 2022 midterm election. The predicted "red wave" failed to materialize as expected, but the Republican Party managed to regain control of the House of Representatives, whereas Democrats held onto power in the Senate by a small margin, thus ensuring that neither political party had complete control of Congress.

after construction efforts began. Sanibel Island's 6,000 residents regained land access to their properties as a coordinated effort to perform temporary repairs to the causeway was completed ahead of schedule. The storm caused more than an estimated $50 billion of damage to areas of the Caribbean and the southeast United States.

U.S. MIDTERMS

Many experts had predicted a "red wave" leading up to the U.S. midterms. Many Americans were frustrated with surging gas prices, inflation, rising crime, and a crisis along the U.S.–Mexico border. However, leading up to the midterm elections, the Supreme Court overturned the landmark Roe v. Wade ruling and sent the issue of legal abortion back to the states, which energized Democrats. Upon completion of the midterms, Republicans gained control of the U.S. House of Representatives, winning 222 seats to Democrats' 213. Democrats retained control of the U.S. Senate, winning 51 seats in the chamber to Republicans' 49.

FIFA WORLD CUP

On November 20, 2022, Qatar became the first Middle Eastern country to host the FIFA World Cup. Thirty-two nations qualified for the tournament, with games lasting through December 18. Held for the first time at the end of the calendar year to avoid the summer heat of the host country, games were held in eight air-conditioned venues.

The games featured story lines of heartbreak and heroism that kept fans on edge. Powerhouses and household names such as Portugal, Germany, England, and Brazil failed to make it through the tournament's semifinals. The final four teams were Argentina, France, Croatia, and even small-market Morocco — against all odds. Ultimately, however, the storyline of the final was as captivating as any potential outcome that could have transpired. Lionel Messi and Argentina took on Kylian Mbappe and France in what has been deemed one of the greatest sporting events of all time. In the match, after Argentina enjoyed a 2-0 lead for most of the game, France's Mbappe scored two goals in the 80th and 81st minute to level the score. As a result, the game entered overtime at a 2-2 draw, with each side adding another goal in the allotted extra time periods. The World Cup Final was ultimately decided in penalty kicks, with Lionel Messi leading Argentina to the country's third World Cup championship.

Next, fans turn to Canada, Mexico, and the United States as the next countries selected to host the games in 4 years collectively. After a competitive process, Kansas City, Missouri, was specifically chosen as one of the 11 U.S. host cities over notable snubs such as Washington, D.C.; Denver; Nashville; and others. Over the next several months, Kansas City Chiefs' leadership and local and state officials will weigh potential improvements to Arrowhead Stadium and surrounding areas as our community is positioned on the world stage.

GLOBAL ECONOMIC RISKS

Today, a divergent economic recovery due to the pandemic has deepened global divisions amid geopolitical conflict, social divides, and a growing climate crisis. As a result, societies and the international community must cooperate to address these and other compounding global risks. The World Economic Forum's (WEF's) Global Risks Report leverages the collective intelligence of the world's foremost risk experts and regional and thematic experts from the public and private sectors to identify risks. These threats are collectively considered events or conditions that, if they occur, could cause significant negative impacts for countries or industries over the next 10 years. This year's risks, in order of severity, are as follows:

1. CLIMATE ACTION FAILURE

Respondents to the Global Risks Perception Survey used in the report designated Climate Action Failure as the most critical threat to the world in both the medium term (2–5 years) and long term (5–10 years). This risk was also cited as having the highest potential to damage societies, economies, and the planet severely. To make matters worse, most respondents asserted that efforts to mitigate climate change have "not started' or are in "early development," supporting the idea that too little is being done globally to minimize this risk. The WEF defines climate action failure as a failure of government and businesses to enforce, enact, or invest in effective climate change adaptation and mitigation measures;preserve ecosystems; protect populations; and transition to a carbon-neutral economy.

The economic crisis caused by the pandemic, combined with weakened social cohesion in advanced and developing economies alike, will potentially continue to stress the financial and political capital available for stronger climate action. The European Union, the U.K., and the U.S. have been reluctant to formally commit to financial targets to combat worsening climate change. Others, like China and India, have lobbied to reduce the language of the Glasgow Climate Pact to reduce the immediacy of required reductions in coal power usage. Ultimately, financial strains will continue delaying efforts to tackle climate change as economic growth and security remain at the forefront of immediate issues.

2. EXTREME WEATHER

Experts predict that climate action failure will continue to lead to worsening extreme weather. The WEF defines extreme weather in its Global Risks Report as loss of human life, damage to ecosystems, destruction of property, and global financial loss due to extreme weather events such as cold fronts, fires, floods, heat waves, and windstorms. As storms increase in intensity, the economic ramifications will continue to stress governments worldwide. As of October, this year alone had nearly thirty weather-related disasters with more than one billion dollars in damages. Two events topped the charts at over $20 Billion: Hurricane Ian in the United States and the European drought and heat wave. Experts conclude that global weather mega-disasters in the billions of dollars are increasing in frequency and intensity. This year was extremely costly for climate and weather disasters within the U.S., as 15 events totaled more than one billion in damages as of October. According to Climate Central, over the past five years, the average time between billion-dollar disasters in the United States has increased to 18 days, compared to 82 days in the 1980s. Less time between disasters worldwide undoubtedly means that governments will be less equipped to accumulate the resources and time required to respond to, recover from, and prepare for future events as needed. Worsening extreme weather disasters will continue to trigger large-scale migration and displacement as millions are affected by the damage these phenomena present. The full toll of these events, including impacts on health, cannot be captured in any single statistic. In the future, societies of developing and developed nations will need to prepare for increasingly extreme weather, the direct damage it causes, and its lingering effects on the health and migration of the most affected populations.

3. BIODIVERSITY LOSS

Biodiversity is extremely important to society and human activity. Unfortunately, this biological variety is decreasing faster than at any other time in human history. In fact, according to a U.K. Parliament report, over one-half of global GDP (55%) is dependent on high-functioning biodiversity and natural ecosystems. The WEF defines biodiversity loss as species extinction or reduction resulting in irreversible consequences for the environment, humankind, and economic activity and permanent destruction of national capital. This global risk continually tops WEF experts' lists as one of the concerning risks to society and economies.

Biodiversity, in fact, continually proves essential to maintaining human health and well-being through its effect on food provisions, water security, and air quality regulation. The latest Convention on Biodiversity's Global Biodiversity Outlook report determined that natural habitats are continually disappearing as a rising number of species are threatened by land use and climate changes. A study of Fortune 500 companies found that only five had established specific targets to account for ecological risks internally. These nature-related threats have already begun to affect the global economy. A failure to halt current and future biodiversity loss will undoubtedly lead to catastrophic economic impacts and severe effects on human beings. Global leaders in the public and private sectors will need to increasingly track and invest in policies that protect the environment and its invaluable resources for society.

In the past century, climate change has become the world's greatest, most pervasive threat to the environment and societies, and poorer countries are bearing the brunt of the harm. As a result of climate change, human rights are being negatively impacted and violated throughout the world. This encompasses the freedom from abuse and the rights to life, health, food, development, self-determination, water and sanitation, work, and sufficient housing.

4. SOCIAL COHESION EROSION

Erosion of social cohesion is the loss of social capital and a fracture of social networks, negatively impacting social stability, individual well-being, and economic productivity due to persistent public anger, distrust, divisiveness, lack of empathy, marginalization of minorities, political polarization, etc. This risk, in particular, has worsened globally since the start of the COVID-19 pandemic. Experts perceive social cohesion erosion as one of society's most damaging and critical threats over the next 10 years. Economic, political, technological, and intergeneration inequality has long challenged societies before the pandemic's effects further increased income disparities. Research by the World Bank predicts these disparities will continue to grow as the richest of the world's population begin to recover their pandemic-era losses and the poorest continue to fall into economic decline. By 2030, more than 50 million people are projected to live in extreme poverty. According to the WEF, these income disparities and their socioeconomic effects will continue to be exacerbated by uneven economic recovery risks, increased polarization, and resentment within societies. In the U.S., for example, a recent poll found that division within the country was a top concern for voters. In Europe, a separate survey revealed significant differences between generations among trending issues in the country. Experts predict societal cohesion is necessary for progress, growth, and prosperity. Cooperation among leadership and decreased political polarization will be essential to continued improvement.

5. LIVELIHOOD CRISIS

The WEF describes employment and livelihood crises as the structural deterioration of work prospects and standards for the working-age population: unemployment, underemployment, lower wages, fragile contracts, erosion of workers' rights, etc. Large segments of the global population increasingly face an uncertain outlook as individuals seek to cross borders in search of stronger economic opportunities. Over the past 10 years, the number of migrants on the international stage has consistently increased, growing from 221 million in 2019 to 281 million in 2020. Geopolitical conflicts such as the Russian war on Ukraine, climate change, and economic hardship are forcing millions to leave their homes to seek asylum, enhanced living conditions, and access to jobs. Collaboration among international powers is essential to manage this flow of migrants and to ensure that these families can receive the assistance and shelter they need. These economic migrants can ultimately contribute positively to the economies of destination countries through means such as reducing labor shortages. Over 60% of experts who responded to the Global Risks Perception Survey believe that "migration and refugees" is an area in which international mitigation efforts are continually falling short. As climate change, socioeconomic crises, geopolitical conflict, and extreme weather continue to displace people worldwide, livelihood crises will continue to rise in society's list of risks. Cooperation among governments and the preservation of political stability is essential to restoring livelihoods and maintaining opportunities in diverse communities worldwide.

6. INFECTIOUS DISEASES

Unsurprisingly, the risk of infectious diseases is a top concern among experts in the context of potential threats to society and global economies. This risk is defined as the massive and rapid spread of viruses, parasites, fungi, or bacteria that cause an uncontrolled contagion of infectious diseases, resulting in an epidemic or pandemic with loss of life and economic disruption. By 2024, the WEF asserts that the global economy will be roughly 2.3% smaller than it would have been without the pandemic. Infectious diseases and future pandemics, or damaging variants of COVID-19, present a substantial set of risks for socioeconomic development and progress. These threats stem far beyond the health risks of the diseases themselves. During the pandemic, healthcare systems were strained beyond their capacity in nearly every country. Many procedures were delayed, tests were foregone, and health was de-prioritized as COVID-19 took center stage. These conditions have had extensive collateral health impacts due to the de-prioritization of other health issues and diseases. Economically, many countries turned to debt resources for relief as the pandemic reduced workforce availability and lockdowns slowed supply chains considerably. This debt, particularly in developing countries, is increasingly at a heightened risk for deleveraging. As a result, experts have pointed to debt crises as a critical short- and medium-term threat to the world and a severe risk over the next 10 years. Infectious diseases pose a significant risk to global society, even in a post-pandemic environment. Leaders must be prepared to combat infectious diseases and the strains they present to healthcare systems and economies worldwide.

7. HUMAN ENVIRONMENTAL DAMAGE

Human environmental damage is a top concern of respondents to the 2022 Global Risks Perception Survey due to its direct impact on ecosystems and the essential resources that sustain economic processes and overall human activity. This risk is described as a loss of human life, damage to ecosystems, destruction of property, or financial loss on a global scale as a result of human activity and failure to coexist with animal ecosystems. It results from deregulation of protected areas, industrial accidents, oil spills, radioactive contamination, wildlife trade, etc. As populations continue to rise, strains of human activity on surrounding biomes will increase. Unregulated resource consumption, deregulation of protected areas, over-farming, corporate accidents such as oil spills, and industrial contamination will continue to damage the environment and the invaluable resources it provides. In lower-income countries, where inhabitants are more likely to live near pollutants, ecological degradation can also cause health problems such as respiratory diseases, heart disease, and various forms of cancer. These negative effects of unchecked environmental damage are important risks for policymakers to consider while establishing public and private activity regulations.

8. NATURAL RESOURCE CRISES

The WEF summarizes natural resource crises as global chemical, food, mineral, water, or other global natural resource crises due to human overexploitation and mismanagement of critical natural resources. Since the industrial era, economic production has increased significantly. As Earth climbs past 8 billion people and industrialized production methods expand, societies' demand has led to a substantial overuse of the surrounding ecosystem. This overconsumption has led to deforestation, degraded soils, polluted air and water, and dramatic fish and other species decline. As the Earth's population increases continue to outpace technological advancements that expand what can be produced sustainably from the natural world, experts predict that natural resources will become more stressed in the future. The U.N. asserts that the extraction and processing of materials, fuels, and food contributes to half of total greenhouse gas emissions and over 90% of biodiversity loss and water stress.

Additionally, resource extraction has tripled since 1970, including a 45% increase in fossil fuel use. Transitioning from fossil fuels to renewable energy sources is key to moving away from manufacturing methods that can deplete natural resources and damage the ecosystem. As humans continue to overuse surrounding ecosystems beyond the Earth's sustainable capacity, the natural resource crises will continue to worsen. Public and private sector leaders must consider mitigating the risk of societies' growing strain on the surrounding environment. In doing so, leaders will need to employ conservation efforts, renewable energy, environmentally friendly manufacturing methods, and sustainable sourcing of products to ensure we are not living beyond the means of the planet.

9. DEBT CRISES

Experts believe the debt crisis will reach its most critical point in the next three to five years. The WEF defines a debt crisis as corporate and/or public finances being overwhelmed by debt accumulation and/or debt servicing in large economies, resulting in mass bankruptcies, defaults, insolvency, liquidity crises, or sovereign debt crises. During the pandemic, governments turned to stimulus packages to protect incomes, keep businesses afloat, and preserve families' incomes as economic activity came to a screeching halt among lockdowns and infections. Debt burdens, including sovereign debt, are now extremely high as budgets continue to be stretched due to the pandemic. According to the WEF, government debt increased by 13% to 97% of GDP in 2020. As a result of these current debt crises, developing countries' already strained public finances are increasingly at risk of deleveraging. Experts assert that these financial conditions will make it more difficult for governments to invest in a socially just, net-zero transition.

Furthermore, leaders will have scarce resources to deal with the supply chain disruptions and lingering economic impacts of COVID-19. Nations and policymakers must evaluate their debt structures case by case to ensure they are not over-leveraged and can afford current obligations. Going forward, these leaders will need to make informed public financing decisions to ensure society can begin to unwind the substantial debt crises that have become a risk to global economies due to the pandemic and its socioeconomic effects.

10. GEO-ECONOMIC CONFRONTATION

Geo-economic confrontations and tensions are a considerable threat to global and economic growth due to their negative influence on nations' ability to cooperate to tackle common goals such as climate change. The WEF describes geo-economic confrontations as the deployment of economic levers, including investment controls, trade controls, nontariff barriers, and/or currency measures, by global or regional powers to decouple economic interactions between nations and consolidate spheres of influence. Experts predict these confrontations present one of the most potentially severe risks over the next 10 years. Political conflicts, such as the Russo-Ukrainian war, have created opportunities for global divergence. Furthermore, intense competition between countries such as the United States and China is increasing. China's military strength challenges the balance of power in the Western Pacific as the U.S. strengthens strategic alliances in response. At the same time, key global and regional powers continue to test the boundaries of international law and cooperation by performing military exercises around high-tension areas, such as the Japan Sea and the Taiwan Strait. Militarization is intensifying in newer dimensions and geographies, such as in the weaponization of space and developments in cyberspace. In cyberspace, tensions between governments have been tested by the complicit commission of virtual attacks. As geopolitical tensions rise, economic barriers to cooperation have increased in kind. Western countries are beginning to encounter many obstacles to doing business in China and Russia. Western countries are creating restrictions for investment from geopolitical competitors in strategic sectors. These geopolitical tensions threaten private and public cooperation among nations in an economic environment where collaboration is necessary to enhance supply chain and distribution efficiencies.

GLOBAL ECONOMIC OUTLOOK

In their September 2022 Chief Economists Outlook, the WEF summarized what experts consider a time of "significant economic danger." Experts cite risks such as persistent inflation, which has now risen to levels not seen in a generation due to supply chain and demand-side factors. In the meantime, the WEF notes consumer confidence and real wages have begun to free-fall, further increasing headwinds to growth and raising concerns of social unrest. Policymakers and leaders must weigh difficult decisions in combating rising inflation and triggering a spike in unemployment and recession against supply chain disruptions and economic turmoil.

Experts assert that policymakers moving to introduce any additional financial support measures for struggling families will risk adding to the substantial liabilities of countries that were forced to increase public borrowing to initially combat the pandemic. These financial actions have created underlying debt distress that has become a considerable concern among WEF respondents. This debt distress presents a particularly difficult economic environment for lower-income countries that may be more ill-equipped to manage high debt service payments. Additionally, this higher set of liabilities could increase these countries' exposure and limit their ability to respond to future shocks such as climate-related natural disasters. Leaders and policymakers of developing and developed countries will need to monitor these unique financial circumstances over the near term.

Longer-term risks cited by the report include the deepening of geopolitical fissures that continue to undermine government policy coordination. These fractures in cooperation weaken the global interconnectedness that has been formed over decades and reduces societies' overall economic opportunity and growth potential. Experts assert that these fissures are dramatically illustrated by changes to global supply chains as corporations seek to react to and recalibrate in response to various international political and economic shocks. Ultimately, decisions faced by governments and businesses over the coming months will lead the global economy through unchartered waters and carry a wake of importance for years to come.

The WEF asserts that the immediate outlook for the global economy and much of the world's population is economic pressure that requires significant public and private sector leadership. The report maintains that medium- and long-term horizons must also be given attention. Critical focus areas for this effort include sectors that will lead to sustainable growth and higher standards of living worldwide. Investments in the education of workforces, food quality, and energy security are necessary for a stable and secure future. This long-term mindset will determine the systemic health of our societies in the context of the global economy for future generations and years to come.

U.S. ECONOMY

In 2022, the U.S. economy saw high inflation, rising interest rates, and soft economic growth. Many believe

After a few years of dealing with the impacts of the pandemic, supply chain shortages, transportation capacity constraints, rising costs, and a persistent labor shortage, the supply chain in 2022 is far from where it used to be pre-pandemic. Warehouse bottlenecks, vehicle backups at inland hubs, and dock worker contract negotiations were some of the newer issues companies grappled with midyear. It is now more important than ever to ensure operations are flexible and resilient, with projects carried out, operations kept up to date, and unnecessary added costs avoided.

that a broad downturn is now underway. Recent guidance from the Federal Reserve on the interest rate trajectory has many concerned, and experts warn a recession could extend into the 2nd quarter of 2023. The Conference Board notes that 2022 real gross domestic product (GDP) growth will come in at 1.8 percent and 2023 growth will slow to zero percent year over year.

Soft economic growth throughout 2022 and persistently high inflation readings bring the U.S. economy into a stagflation environment. Several actions could help cool inflation, including easing supply constraints or a more aggressive monetary policy. However, rising interest rates will tip the U.S. economy into a broad-based recession. During this period, the unemployment rate may peak at 4.5 percent, which by historical standards is low. The recession could last three quarters, and inflation will remain above the Fed's 2 percent target until at least 2024.

JOB MARKET

Gradual momentum in the U.S. job market continued in 2022 as the unemployment rate declined to roughly 3.7% by the end of the year. The job market's strength comes despite the economy's much slower growth. GDP narrowly declined in the first two quarters of 2022, then showed modest improvement in the third quarter. Experts expect that the jobs market will likely follow suit if the economy continues to slow. Some signs are somewhat concerning. In the third and fourth quarters of 2022, Amazon announced plans to lay off as many as 10,000 workers, Peloton laid off thousands, and Twitter slashed 50% of its workforce.

Meta, Netflix, Shopify, Carvana, DoorDash, and Redfin announced plans to lay off a portion of their workforces. Many layoffs are likely because business growth is slowing while labor costs increase. We suspect that the unemployment rate will likely increase in 2023.

HOUSING MARKET

At the start of 2022, the housing market continued its momentum, with low-interest rates while property values continued to increase. Unfortunately, that didn't continue. Home prices peaked nationally in June 2022, and housing sales began to decrease in July. The major reason behind the decline was the steady climb in mortgage interest rates, fueled partly by the Federal Reserve's decision to raise rates multiple times across 2022. At its November meeting, the Fed increased interest rates for the sixth straight time. This was done hoping that the spiking rates would curb inflation, and the real estate market has suffered accordingly.

Experts concur that we are not in a housing bubble, nor is a housing crash on the horizon. Most mortgage loans made in the past 10 years have sound underlying financials and low risk. However, many experts believe that a slight reduction in home values will continue into 2023.

U.S. PROPERTY SECTORS AND MARKET

The Urban Land Institute (ULI) and PricewaterhouseCoopers (PWC), in their joint publication "Emerging Trends in Real Estate 2023," stated that "With interest rates headed 'higher for longer' the risk of a deeper, full-fledged recession is rising." The following conditions would be problematic for property markets: slowing or falling economic growth dampens tenant demand, while higher interest rates raise the cost of developing or acquiring properties. Both factors would cut returns and reduce values. Indeed, rising interest rates and uncertainty over future market conditions are already killing deals because sellers have not been willing to succumb to buyers' growing demands for price concessions.

The publication also laid out some interesting trends that should be expected in 2023 and beyond:

- Some property sectors may cool, including residential and industrial, whereas others may heat up to historical average levels, such as hotels and retail.
- Returns and prices of most assets are declining as cap rates rise and transaction volumes fall from record levels, while rent gains for others are merely moderating as demand returns to a more sustainable pace.
- Property investment returns are primed for a reset. Earnings have been unusually robust, driven by strong property fundamentals, intense investor demand, and ultracheap debt. The 43 economists surveyed expect total returns to drop to 3.8 percent in 2023 and recover to a moderate and normalized 7% in 2024.
- The white-hot Industrial market also seems set to cool after several years of unprecedented growth and rent gains that have pushed rents far above prior records. The industrial sector still enjoys record-low vacancy rates, as demand for high-quality, well-located logistics facilities has been running ahead of the market's ability to supply them. Still, the ratings are a bit less exuberant than last year, and this high-riding sector does not look as invulnerable as it had in recent years.
- Multifamily rents have continued to push even higher, but the pace has been moderating in recent months. The rental rates are expected to decelerate to more normalized averages of around 3–4% increases annually. In addition, construction starts have also slowed.
- Impacts on the office markets have been relatively muted during this prolonged discovery period that started at the onset of COVID-19 and has lasted while employees continued to work from home. Firms have held onto their offices either as a precaution or because they could not break their lease. Vacancy rates are slowly rising, but experts don't expect a mass departure from office buildings.
- There seems to be a growing consensus that the beleaguered retail sector has been oversold in recent years and has repositioned. If you survived to this point in retail, your future probably looks pretty good. Restaurant sales are back above groceries sales, as they had been since 2015 until COVID-19 shut down dining establishments.
- The industrial sector continues to lead as the favorite of all major property types, followed closely by multifamily. These two sectors have ranked at or near the top almost every year going back to 2008–2009. Office and retail remain out of favor. Office displaced retail as the lowest-ranked property sector this year. Retail had registered the lowest ranking of any property type for over a decade but seems to have at least stabilized, whereas the future of the office sector is uncertain at best.

KANSAS CITY REGION

According to a forecast prepared by the Mid-America Regional Council, the Kansas City economy appears headed for a mild recession in 2023. This recession is mainly due to the rapid rise in interest rates set by the Federal Reserve to contain inflation. However, the Kansas City Area continues to focus on investing in new industries, projects that create a higher quality of life, and finding ways to attract new visitors. Some of these investments include opening the new Kansas City International Airport (KCI), hosting the 2023 NFL Draft, and hosting the 2026 World Cup games. In addition, Kansas City is extending the Streetcar and potentially building a new stadium in downtown Kansas City to host the Kansas City Royals. Exciting news was released about the opening of Panasonic's new battery plant that will bring 4,000 new jobs to the Kansas City Area. By investing in these projects, the region should be able to improve its trajectory and accelerate its progress.

Frank Leck, Director of the Mid-America Regional Council, was the guest speaker at the Greater Kansas City Chamber of Commerce's Economic Forecast held on December 8, 2022. Key points from that presentation related to Kansas City employment included the following:

- Kansas City's employment growth rate is currently running 4.3 percent behind the U.S. Yet, despite slow employment growth, our unemployment rate is 2.6%, which is well below its pre-pandemic low of 3.2%. This is the second-lowest unemployment rate among its peers.
- Kansas City won't quite fully recover the jobs lost during the pandemic before they begin to fall again under the weight of a second recession. The Research Center in Quantitative Economics's forecast predicts this recession will be much milder, with a net loss of about 16,000 jobs. Experts predict the job loss will begin in early 2023 and last about

The new KCI Airport that is due to open in early Spring of 2023 will be 1 million square feet, with 39 gates and 6,200 parking spaces. The single terminal airport will feature a modern environment with dedicated arrival and departure levels, ample covered parking, moving walkways, and consolidated checkpoints for easy navigation. Photo by Cheryl Schoenberg.

a year. Once the economy starts to rebound, Kansas City may not recover all its lost jobs until 2026.

The Wichita State University Center for Real Estate has published the annual Wichita State 2022 Kansas City Housing Markets Forecast report. This year's report analyzes employment, inflation, mortgage rates, and more to make predictions for the Kansas City housing market in the coming year.

The report, created by Dr. Stanley D. Longhofer, breaks down the 2023 market forecasts for major metropolitan areas across Kansas, including Kansas City.

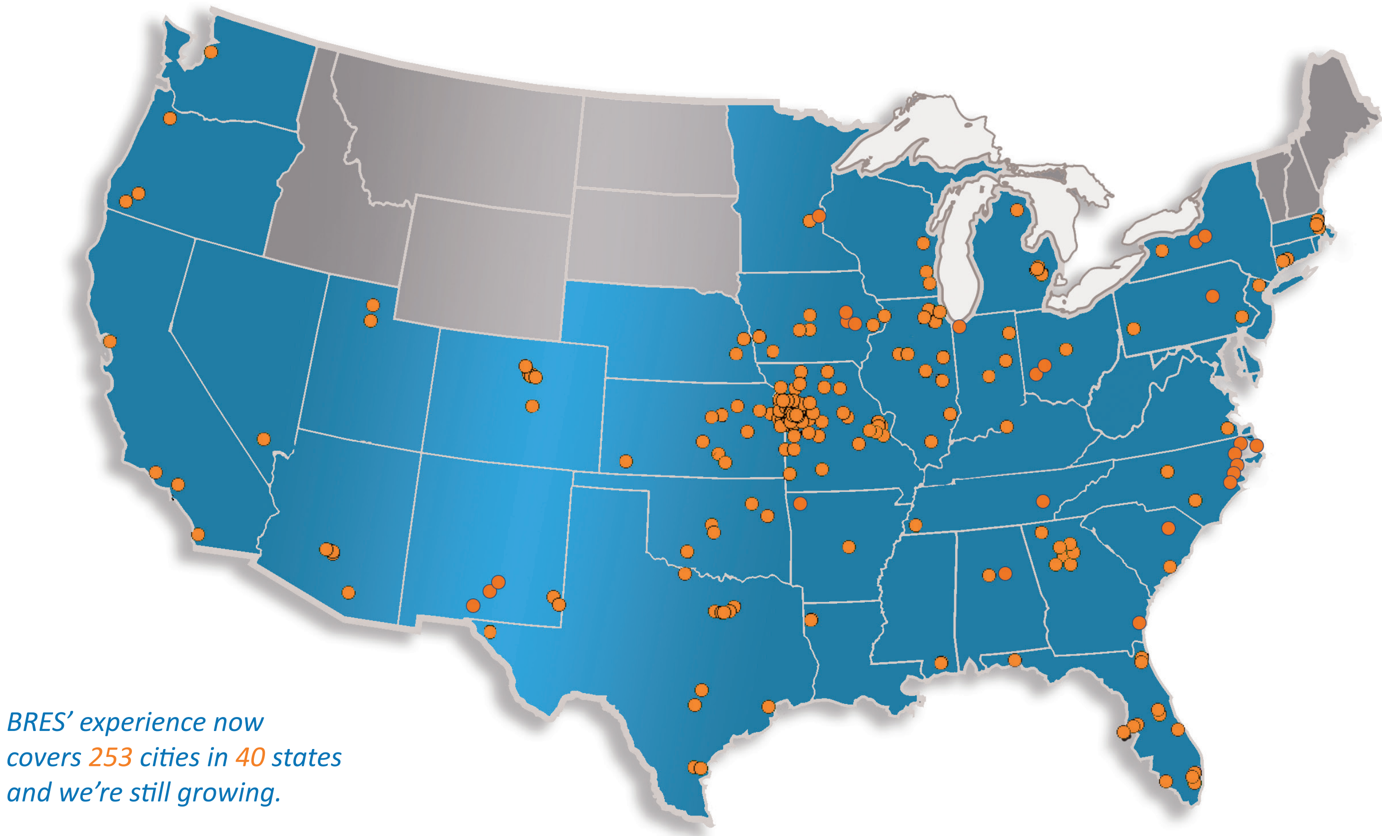
"Demand has softened slightly due to rising mortgage rates since the beginning of the year. Nevertheless, sales have slowed this year because of a lack of homes available for sale. We forecast that total home sales in the Kansas City area will end the year down 8.3% at 41,940 units. Sales activity should rebound in 2023, rising 6.6% to 44,290 units," Longhofer said. "After strong gains in 2020 and 2021, single-family permitting activity in the Kansas City metropolitan area slowed considerably over the first half of this year due to supply chain issues and labor shortages. Although new home construction should pick up over the next several months, we project that Kansas City will end the year with 6,295 single-family permits, down 10.7% from 2021. Permitting activity should drop again slightly in 2023, falling 1.7% to 6,185 units."

Longhofer's report further stated, "Although it may seem like the recent explosion in home prices was due to the pandemic, it has actually been the result of supply problems that have been building for years. In fact, less than half as many homes were available for sale at the beginning of 2020 as in 2011. As a result, Kansas City has been in a seller's market with less than a four months' supply of homes available for sale since at least 2015. Even if there is a significant softening in demand due to higher mortgage rates, it will take a long time for Kansas City to return to a balanced market."

Longhofer also observes that extremely tight inventories will continue to put upward pressure on home prices and projects the Kansas City metro area home values will end the year up 13.8% before slowing to a more normal but strong appreciation rate of 6.5% in 2023.

KANSAS CITY'S LOCATION

Kansas City continues to benefit from a 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 attracts a constant influx of visitors from a multitude of small communities in the seven neighboring 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 several significant corporate headquarters, including JE Dunn Construction Group, UMB Financial Corporation, Mariner Wealth Advisors, DeBruce Grain, DST Systems, H & R Block, Garmin International, Creative Planning, Burns & McDonnell, YRC Worldwide, Black & Veatch, American Century Investments, AMC Entertainment, BATS Global Markets, Seaboard Corporation, Hallmark Cards, Inc., Evergy (formed from a merger between Westar Energy and Great Plains Energy), Oracle Cerner, Commerce Bank, and a host of others.

The area population is extremely well educated, with over 44% having a college degree and nearly 93.4% having a high school education. Fifteen institutions within the Kansas City Metro area offer graduate degrees in numerous disciplines. The University of Kansas (KU) and the University of Missouri (MU) offer professional medical, dentistry, pharmacy, and law degrees. Kansas State University offers biotechnology and bioscience programs, and Kansas City University of Medicine and Biosciences offers osteopathic medicine degrees. The Lewis White Real Estate Center at the University of Missouri–Kansas City's Henry W. Bloch School of Management continues to rank as one of the top five master's programs for real estate in the country. Other colleges and universities in and around the Kansas City Metro include Avila University, Cleveland University, DeVry University, 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 country's top sports and entertainment cities. 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 Monarchs, and the Kansas City Current. 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.

Because of its location in the center of the country, Kansas City is also home to a variety of entertainment venues, including American Royal Barbecue 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, Westport, Brookside, and Plaza Art Fairs, Wyandotte County Fair, 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.

CULTURAL ARTS

Kansas City continues to be known nationally and internationally for its art and culture and has many amazing venues to enjoy these events. Perhaps the most well-known of all is the renowned Kauffman Center for the Performing Arts, ranked among the world's top three performance halls. Other outstanding venues include the American Royal Museum and Visitor Center, American Jazz Museum, Nelson-Atkins Museum of Art, 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 National World War I Museum and Memorial. Because of the large number of acclaimed artistic venues, Kansas City ranks as one of the country's top four cultural art destination cities.

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 KCI, continues to strengthen cargo shipment capabilities and distribution opportunities, with several intermodal locations 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 opening in early 2023, Kansas City will be known as a regional center for commercial airline activity. It is expected to increase passenger ridership with the expanded terminal capacity. KCI is currently the 41st 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-five distribution town. 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, 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 distribution flow in the metro area and throughout the U.S.

KANSAS CITY ANIMAL HEALTH CORRIDOR

Kansas City Animal Health Corridor, which stretches from Manhattan, Kansas, to Columbia, Missouri, is host to the single largest concentration of animal health assets in the world. The corridor now represents 56 percent of all sales in the global animal health market. More than 300 animal-related companies operate in the region, including FitBark, Inc., Ceva Animal Health, Nestle Purina PetCare Co., MRI Global, Agri-Labs Inc., Zoetis US, 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.

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, National Bio and Agro-Defense Facility, and Stowers Institute for Medical Research, have continued to propel Kansas City forward as one of the top five national life sciences cities in the country. In Kansas City alone, the life science industry has spent more than $2.0 Billion in research during the past 18 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 foremost life sciences leaders in the country.

CITY RANKINGS

The Kansas City metropolitan area consistently ranks high in several areas surveyed by various sources. According to Niche.com, Kansas City received an "A" as their overall grade, earning an average of 4 out of 5 stars from 670 written reviews. Some of the notable rankings are below:

1.	Public Schools	**B+**	6.	Jobs	**A-**
2.	Housing	**B**	7.	Weather	**B**
3.	Nightlife	**A**	8.	Health & Fitness	**B**
4.	Good for families	**A-**	9.	Outdoor activities	**A-**
5.	Diversity	**A**	10.	Commute	**A-**

The Kansas City Area Development Council (KCADC) is a private, nonprofit organization. It represents the economic interests of the entire two-state, 18-county Greater Kansas City region of 2.5 million. KCADC's clients consistently rank their team as the nation's #1 Regional Economic Development Group.

Contributors: Scott M. Cordes, Chief Operating Officer; William A. Block, Vice President - Development

Kansas City Downtown market

With a year highlighted by record-breaking sales, downtown Kansas City promptly responded with more plans for development. The geographic boundaries of the downtown submarket tend to vary. This report defines downtown Kansas City as the area from the Missouri River to 31st Street and from State Line Road to Troost Avenue. Downtown can further be divided into various distinct areas, including the Central Business District (CBD), River Market, Crown Center, Crossroads/West Side, and the West Bottoms. The following downtown section includes multifamily, office, hotel, and specialty real estate data.

KC STREETCAR

As construction on the highly anticipated KC Streetcar wages onward, the Kansas City Area Transportation Authority is reaching out to residents for feedback regarding future routes. Officials hosted a public open house in mid-October, surveying attendees on preferences for the streetcar, including routes and extensions. The route alignments presented include 48 combinations that include a western, middle, and eastern segment. Among the most important priorities for this new east-to-west extension include new rider connections; greater access to housing, job opportunities, healthcare, education; and reduced vehicle use. RideKC is on track for the streetcar's completion by late 2024, with passenger services beginning in 2025.

Ten Main Center, located at 920 Main Street, Kansas City, Missouri 64105, is a 294,873 square foot multitenant Class A office building on a 1.56-acre lot and was sold to a Kansas City-area developer that plans to convert the remaining floors into apartments.

MULTIFAMILY

Continuing with the trends of 2021, multifamily projects have filled the downtown skyline, making up a substantial part of downtown Kansas City's development. With downtown's population jumping almost 30% in the past decade, multifamily projects have proven necessary as demand for housing continues to increase. With 85% of the downtown population being renters and as the median income continues to climb, luxury lifestyle-based apartments are in hot demand.

Cordish Cos. continues to fill the downtown landscape with its lofty, luxurious towers as they press forward with their current project, Three Light. The project will be a 288-unit, $140 million luxury high-rise next to its sister building, Two Light. The glass facade with large balconies will soar 25 stories into the air and provide units ranging from 400 square foot studios to 2,300 square foot penthouses. The development company confirms that the building is 48% complete, having just finished the 16th floor's concrete and framing. Keeping with current demographic trends in the downtown area, over half of Cordish's One Light and Two Light residents have relocated downtown from outside the Kansas City metro. Three Light is expected to follow the same demographic trends. One Light and Two Light saw great success during the lockdowns, with occupancy stabilizing at 95% and moving to 100% post-lockdown. Cordish expects similar success with Three Light as the building sits 15% leased at half completion. With construction at full steam, the project is set to be completed in September 2023.

As Cordish narrows in on its completion of Three Light, the development company is wasting no time moving on to the next big project. Property records show that a 0.81 acre plot adjacent to historic B&B Theatres has been chosen for the company's fourth residential tower, Four Light. Plans for this development are still in their very early preliminary stages, says the president of Cordish's KC Power & Light District, John Moncke. Soil testing began mid-October, as groundbreaking and a future timeline are still unknown.

As housing needs in the downtown area continue to grow, city officials are contemplating a $112 million rehabilitation of Barney Allis Plaza. As it stands, Barney Allis Plaza is in dire straits, with large portions of the garage closed indefinitely due to a crumbling and failing foundation. The current plans to revive this large portion of downtown include a $65 million, 10-story apartment building, reconstruction of the garage that would add 600 spaces for public parking, as well as a 1.1-acre green area that includes event space, a dog park, and a communal play area. The apartment development would offer 226 units, with groundbreaking to start as early as late 2024 and completion in mid-2026.

As the Kansas City Street Car continues to move forward, NorthPoint Development has proposed a $122 million redevelopment of the vacant and vandalized Trinity Lutheran Hospital that has sat empty for over two decades. Less than one-third of the proposed condos were built under former property ownership since construction was halted in 2019 due to various debilitating issues. NorthPoint's plans look to demolish what is left of the former hospital and construct a 6-story, 370–390-unit complex that would run parallel to the KC Streetcar Expansion. Demolition could start as early as 2023, pending the sale of the property.

With transit-oriented projects gaining more traction in the Kansas City area, Live and Ride KC Partners' conceptual idea could be a defined development as soon as next summer. The crux of this unique project is that tenants could live near complex and useful transit for a vehicle-less commute. The proposed development will be a 20-story, mixed-use tower located a stone's throw away from the transit hub at 10th and Main Street. Live and Ride completed due diligence, giving the team an additional 9 months to advance its architecture and engineering before needing to submit for permitting. The tower will feature upwards of 240 units, all of which will be available at or before 130% MFI. Additional aspects of the project include a 30,000 square foot KCATA office and a 10,000 square foot street-level mobility plaza. The developers expect to break ground on the project

AS RESTRICTIVE GOVERNMENT MANDATES RELEASE THEIR CHOKEHOLD ON PRIVATE BUSINESS, MORE AND MORE PEOPLE ARE RETURNING TO THE OFFICE AS THINGS SETTLE BACK INTO NORMALCY.

As the primary regional connection between downtown Kansas City and communities north of the Missouri River, the John Jordan "Buck" O'Neil Memorial Bridge (formerly the Broadway Bridge) is set to be rebuilt to better serve the growing Kansas City metro population. The above rendering show what the new bridges will look like upon completion. Photo courtesy of the Missouri Department of Transportation.

sometime between the summer and early fall of 2023 and hope for a grand opening in the second or third quarter of 2025.

Local developer Copaken Brooks has narrowed its sights to the vacant, century-old former bank building at 1822 Main Street. They have proposed a nearly $39 million multifamily redevelopment to place a 13-story tower in the heart of the crossroads. The site was listed on Historic Kansas City's 2019 list of endangered buildings because it was not pursued for protection by the National Register of Historic Places, leaving the building up for grabs. The development would be situated on a 0.348-acre plot. It would contain 10 stories of apartments ranging from micro-units to two-bedroom units, a 3-floor garage offering 102 parking spaces, and a 1,900 square foot ground-floor commercial space. The proposed complex would sit just a half mile from two of Copaken's other multifamily developments, the Arterra and the Reverb.

OFFICE

As restrictive government mandates release their chokehold on private business, more and more people are returning to the office as things settle back into normalcy. In the weeks following Labor Day, office attendance across major cities has hit nearly 50%, the highest since pre-lockdowns. Local advisors advocate that Kansas City's downtown area should support almost 15% of our city's workforce. As it stands now, this figure sits at just under 10%. Tim Schaffer of AREA Real Estate Advisors predicts that Kansas City will need to construct almost 8 million square feet of office space and draw in 50,000 new employees in the next 20 years. With innovative and inventive developments hitting downtown at an exceptional rate, the landscape is in good shape for developers to begin to speculate on what the upcoming decades will bring to the area. Following these trends, office space is currently rising in demand as downtown is not only seeing an increase in residents but also an increase in workers. The year 2022 has seen exciting developments in the downtown area and is a sign of good things to come.

Breaking ground with the first speculative office development in decades, the joint venture between Americo Life and Burns & McDonnell 1400 KC has secured its first and only tenant, Blue Cross Blue Shield. The health insurer has moved to relocate its headquarters to the 1400 KC building, signing a 15-year lease. Blue Cross & Blue Shield will occupy the entirety of the 18-story building, taking up 260,000 square feet. The relocation will allow for the complete consolidation of all on site employees, 10 levels of parking, fully customized floor plans, and outdoor space on every floor. The entire interior build-out and relocation are aimed for completion by early 2025. CBRE's Senior Vice President Bob Fagan, who represented 1400KC, noted that the full lease up for 1400KC exemplifies the current and ensuing trend of upgrading the atmosphere of office workers as in-office attendance continues to shift upward.

The proposed 5.5-acre park over the South loop of I-670 is believed to have a transformational impact on downtown and the city. The South Loop project, designed by HNTB Corp., will be roughly a $170 million undertaking connecting the highway's current downtown and the Crossroads Arts District division.

The Kansas City Planning Commission recommended that the city give up a 167-foot alleyway between 17th and 18th Street for plans to rehabilitate Kansas City's famous Film Row. Approval of this recommendation would accommodate local philanthropist and advocate for the arts Shirley Helzberg's plan to renovate the historic office space. The plan of a connecting structure would link the Columbia Pictures building to the MGM Studios building in an effort to share amenities and become more economically viable because they have previously experienced leasing struggles. In addition to the rehab of these office spaces, plans for a north-facing apartment building have been made. These early plans do not include an official unit count. Still, they are expected to be fewer than 5 stories to accommodate height restrictions to preserve the view of the Kauffman Center and the Liberty Memorial.

HOTEL

Whether it's out-of-state tourism, sports fans looking to watch the Chiefs dominate, or people in town on business, Kansas City continues to attract travelers from far and wide, and the ongoing developments in the city reflect that. As lockdowns are a thing of the past and full-range traveling is upon us again, Kansas City's tourism industry is booming. Every year Kansas City sees more than 25 million visitors, with almost half staying one or more nights in the metropolitan area, creating fertile soil for a flourishing hotel industry. Here we have detailed some of the most notable and exciting examples.

With the addition of the Kindler Hotel, the number of luxury-based hotel rooms continues to rise to meet the demand of our ever-increasing visitors. The Kindler Hotel is the passion project of Arizona-based Nick Castaneda, who has proposed the 35-room boutique hotel in the heart of the downtown area. This will be his second venture into the hotel industry, the first of which shares the same name and is based out of Lincoln, Nebraska, where he saw great success. The hotel will be situated at the corner of Grand and 11th Street in the century-old Mason Building that Castaneda acquired in 2020 for $1.35 million. The development seeks $3.4 million in incentives as well as $3.8 million in federal and state tax credits and a $375 thousand brownfield tax credit. The $24 million proposal would feature a main floor Boitano's Lounge, a fitness center, a spa, and a conference center. Interior demolition started in October, with a projected opening of Spring 2024.

Just over a block away at 906 Grand Boulevard, the 110-year-old Rialto Building will receive similar treatment

"A NEW HOME WOULD BE A FAR BETTER INVESTMENT, BOTH FOR THE LOCAL TAXPAYER DOLLARS ALREADY SUPPORTING OUR FACILITY AND FOR THE KANSAS CITY COMMUNITY."
JOHN SHERMAN REGARDING THE NEW ROYALS STADIUM PROPOSAL

as new life is breathed into the historic building's lungs. Beechwood Pinnacle Hotels of Little Rock, Arkansas, is expected to start construction on the 13-story building in late December, and is expected to be completed as early as the end of 2022, according to a memo sent to city council members. The staggering $72 million renovation budget will transform the building into a 240-room luxury boutique hotel in the heart of the city that includes a first-floor restaurant, bar, board room, and exercise center. Last year, the renovation project saw issues as it struggled to jump through various hoops established by Kansas City's affirmative action programs in order to receive valuable local incentives. Beechwood has worked with the city to ensure these mandates were satisfied and estimates that the project will create 331 construction jobs and 110 full-time hotel employee jobs. The Rialto Building, originally built in 1912, was added to the National Register of Historic Places in 2020 and could be one of the last available historic redevelopment opportunities in the Central Business District.

SPECIALTY

Traditionally, multifamily, office space, and hotel developments have dominated the majority of the projects in Downtown Kansas City. However, some that don't fit into any of these categories are too interesting to overlook. These developments are as exciting as they are different and will make serious waves in transforming our downtown area's look, culture, and future.

The South Loop Link, a bold development that will transform the look and feel of downtown Kansas City, has begun early engineering and design work for the 5.5-acre park that will cover a large portion of I-670 from Wyandotte Street to Grand Street. Although currently only in the preparatory stages, engineers and construction personnel are calculating the support needed for hundreds of thousands of cubic feet of soil, trees, and water drainage systems as well as lighting and fire safety required for the tunnel below. Design proposal entry submissions have just recently ended and are now in the hands of a selection committee that will begin contract negotiations. Design work and groundbreaking are scheduled to start in 2024 and 2025, respectively, with a partial opening to be set before the 2026 FIFA World Cup. The National Infrastructure Project Assistance program, a federally funded grant program aimed at supporting large complex projects, is anticipated to cover most of the $170 million project costs in conjunction with $28 million in verbal funding and $5 million pledged by Loews Hotel & Co.

The much anticipated and fervently discussed relocation of the Kansas City Royals' stadium has reached a significant milestone as Royals Chairman and CEO John Sherman announced in November that the MLB team would be building a new stadium. Kauffman Stadium has served the Royals since 1973 and underwent extensive renovations and upgrades in 2009. Several locations are under consideration at the moment, and all are in close proximity to downtown Kansas City. "A new home would be a far better investment, both for the local taxpayer dollars already supporting our facility and for the Kansas City Community," said Sherman about the new stadium. The undertaking would be the most costly public–private development project in Kansas City's history, estimated to cost upwards of $2 billion. The Royals expect construction to create over 20,000 jobs, $1.4 billion in labor income, and $2.8 billion in total economic output.

Contributors: Ethan Ravencamp, Zachery Gant, and Ryan Klepper, Financial Analysts

Kansas City Office Market

OFFICE MARKET

As companies continue to grapple with what the future of work looks like, the United States office market was presented with further challenges in 2022 in the form of rising interest rates as the Federal Reserve combats inflation and a looming recession.

8.2B	12.31%	$34.37	$325
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

Although the national unemployment rate improved from 4.2% to 3.7% year over year, sublease inventory continues to rise across most major markets. This trend results from companies continuing to shrink their footprints as they adopt a hybridized work model, with employees splitting time between working in the office and working from home. A clear dichotomy is starting to emerge between Class A amenity-heavy products and the older commoditized office stock. There is a flight to quality, with firms using the savings from footprint reductions as an opportunity to trade up in quality and commit to long-term leases in Class A buildings to lure workers back into the office. Meanwhile, the rest of the market houses the lion's share of sublease inventory, which is sitting at record highs, with the tenants who are staying in place only willing to commit to short-term extensions.

128M	10.2%	$21.32	$144
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

The same trends playing out nationally are being seen in the Kansas City office market. Kansas City's unemployment rate and median household income remain stronger than the national average, and nonfarm payroll is back to pre-pandemic levels. Vacancy sits at 10.2%, up from 6.9% in 2019. The 12-month absorption rate is negative 1.1 million square feet. Sublease inventory sits at 1.6% compared to the long-term average of 0.7%. Rent growth remained flat across the metro. New construction fared well in 2022. Blue KC leased 260,000 square feet at 1400KC, the brand-new tower originally constructed for Waddell and Reed's corporate headquarters within the Central Business District and WellSky's 132,000 square foot CityPlace Corporate Centre IV is under construction in Overland Park, Kansas.

1400 Baltimore Avenue, the 18-story, 260,000 square foot office building located in downtown Kansas City, was leased to Blue Cross Blue Shield of Kansas City in September 2022.

SOUTH JOHNSON COUNTY

Southern Johnson County vacancies stand at 14.9%, a slight increase from year-end 2021 (14.44%) and 2020 (11.2%). Demand in this submarket continues to pick up and expects to continue strongly into 2023, despite having one of the highest vacancy percentages.

Market rent per square foot has slightly decreased from year-end 2021 ($22.81) to year-end 2022 ($21.14). Similar trends are expected heading into 2023.

9.1M	14.9%	$21.15	$160
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- 102,035 square feet at 10551 South Ridgeview Road in Olathe for $14,250,000 (Bulk Portfolio Sale)
- 26,792 square feet at 6300 West 143rd Street in Overland Park for $4,000,000
- 20,000 square feet at 13401 Mission Road in Leawood for an undisclosed amount
- 18,000 square feet at 13839 South Mur-Len Road in Olathe for $1,700,000

TOP LEASES

- The Headache & Pain Center, leased 19,266 square feet at 8101 West 135th St. (Renewal)
- Sokkia Corp., leased 13,727 square feet at 16900 West 118th Street in Olathe
- PSI, subleased 10,376 square feet at 18000 West 105th Street in Olathe

NORTH JOHNSON COUNTY

There has been 522,000 square feet of new office inventory in Northeast and Northwest Johnson County. 97.6% of this new inventory is pre-leased in Northeast Johnson County, and 100% pre-leased in Northwest Johnson County. The most significant delivery in 2022 was the Shamrock Trading Building II at 9345 Metcalf Avenue in Overland Park, consisting of 392,400 square feet.

14.3M	13.8%	$22.15	$158
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- 86,402 square feet (part of a portfolio) at 7171 West 95th Street in Overland Park for an undisclosed amount
- 57,431 square feet (part of a portfolio) at 8725 Rosehill Road in Lenexa for an undisclosed amount
- 40,731 square feet (redevelopment project) at 9415 Nall Avenue in Prairie Village for $6,770,000
- 32,276 square feet (part of a three-building portfolio) at 5675 Roe Boulevard in Mission for $14,040,000

TOP LEASES

- IAC, expanded into 62,566 square feet at Summit52 in Mission, Kansas
- FireMon, leased 39,344 square feet at 8815 Renner Avenue in Lenexa, Kansas
- Allied Staffing, subleased 21,864 square feet at 10901 West 84th Terrace in Lenexa, Kansas
- Mercury Broad Band, leased 21,500 square feet at 6329 Glenwood Street in Mission, Kansas

CBD, CROWN CENTER, FREIGHT HOUSE, WEST BOTTOMS

Vacancy stands at 11.6%, with just over 3,331,000 square feet available. Crown Center has the highest vacancy rate in this submarket at 17.9%, with the CBD experiencing negative absorption of 248,800 square feet and only the Freight House District showing positive absorption (54,800 square feet).

28.8M	11.6%	$20.91	$130
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- 355,241 square feet at 920 Main Street in Kansas City for $39,131,435 ($110/square feet)
- 82,664 square feet at 1300 Washington Street in Kansas City for $9,000,000 ($109/square feet)
- 500 East 8th Street sold to Washington D.C.-based The Bernstein Companies for multifamily redevelopment. The building is 340,000 square feet and sold for $13,000,000 ($38/square feet)

TOP LEASES

- Blue KC, leased 260,000 square feet at 1400 Baltimore Avenue in Kansas City
- Bank Midwest, leased 56,000 square feet at 1111 Main Street in Kansas City
- Academy Bank Corporation, leased 49,789 square feet at 1201 Walnut Street in Kansas City

PLAZA/MIDTOWN/BROOKSIDE

Vacancy stands at 5.5%, which is 2.1% less than the year prior. There has been a total of 143,115 square feet of positive absorption in these submarkets, driven primarily by activity at 46 Penn Centre and 130,000 square feet of space being converted to other property types in the Midtown market.

10.5M	5.5%	$23.85	$135
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

Three Hallbrook Place. located at 11141 Overbrook Road in Leawood, Kansas, is a four-story, 120,000 square foot office development by KBP Foods and will serve as its new headquarters.

TOP SALES

- 52,752 square feet at 3011 Baltimore Avenue in Kansas City for an undisclosed amount
- 30,500 square feet at 4739 Belleview Avenue in Kansas City for an undisclosed amount

TOP LEASES

- IRS Processing Facility, leased 1,140,000 square feet at 333 West Pershing Road in Kansas City (renewal)
- Hoefer Welker, leased 26,229 square feet at 4622 Pennsylvania Avenue in Kansas City
- Amply Media, leased 18,140 square feet at 4600 Madison Avenue in Kansas City

SOUTH KANSAS CITY (WARD PARKWAY)

The South KC and Ward Parkway market ended 2022 with a 5.9% vacancy rate, which is slightly higher than the 5.2% vacancy rate in 2021. The 12-month absorption rate is negative 89,000 square feet, and sublease inventory sits at 108,000 square feet. Zooming out for a longer term perspective shows both positive absorption and rental rate increases over the past 5 years. As 2022 comes to a close, South KC and Ward Parkway's inventory sits just under 9 million square feet, with 520,000 square feet being vacant and available to the market. Oracle's announcement that they will be placing Cerner's former South Kansas City campus on the market presents significant headwinds within this submarket.

8.9M	5.9%	$21.05	$137
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- 155,925 square feet at 9201 State Line Road in Kansas City for $27,600,000
- 99,000 square feet at 8700 State Line Road in Kansas City for an undisclosed price
- 32,513 square feet at 222 West Gregory Boulevard in Kansas City for a 7.77% cap

NORTH OF THE RIVER

As of the end of Q3, vacancy for all office classes, including sublease space, stands at 10.9%, a slight improvement from 2021 when vacancies, including sublease space, stood at 12.6%. The submarket has experienced 4 straight quarters of positive absorption. Substantially all the positive absorption was a result of small square footage transactions.

12M	10.9%	$18.93	$131
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- 30,172 square feet at 9151 Northeast 81st Terrace in Medical Office Building sale leaseback in Kansas City
- 28,680 square feet at 1828 Swift in Kansas City, part of the Northtown Devco portfolio sale
- 26,835 square feet at 105 North Stewart Court in Kansas City

TOP LEASES

- The Scarbrough Group, leased 22,000 square feet at 7280 NW 87th Terrace
- Inspired Homes, leased 6,900 square feet at 1300 NW Briarcliff Parkway

EAST JACKSON COUNTY

Vacancy stands at 7.2%, up from 5.5% in 2021. New office leasing activity was minimal and included primarily small-sized leases throughout this market in 2022.

7.2M	7.2%	$18.22	$109
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- 50,010 square feet at 4911 South Arrowhead Drive for $9,500,000
- 101,469 square feet at 4240 Blue Ridge Boulevard for $5,700,000
- 15,748 square feet at 4031 Northeast Lakewood Way for $3,000,000

SOUTHEAST JACKSON COUNTY

Vacancy increased year over year in the Southeast Jackson County submarket, reaching 9.3% up from 6.8% at year-end 2021. This is the highest vacancy rate in this submarket in the past decade, with 100,000 square feet of negative absorption.

3.7M	9.3%	$18.94	$111
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- 14,359 square feet at 304 Southeast 3rd Street in Lee's Summit for $1,770,000

TOP LEASES

- U.S. Citizenship and Immigration Services, renewed its lease of 314,123 square feet in Lee's Summit at Summit Technology Center

KANSAS CITY, KANSAS

Kansas City, Kansas, contains around 3.4 million square feet of office space. Vacancy stands at 3.4%, which is a slight decrease from year-end 2021 (4.2%) because of there being no new construction in the submarket. Lease absorption improved 1.3% or 42,818 square feet. In 2021 this submarket had a negative net lease absorption (-12,000).

3.4M	3.4%	$21.61	$151
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- 23,450 square feet at 1333 Meadowlark Lane in Kansas City for $1,050,000
- 11,985 square feet at 4301 State Avenue in Kansas City for an undisclosed amount
- 10,296 square feet at 2812 West 47th Avenue in Kansas City for $1,700,000

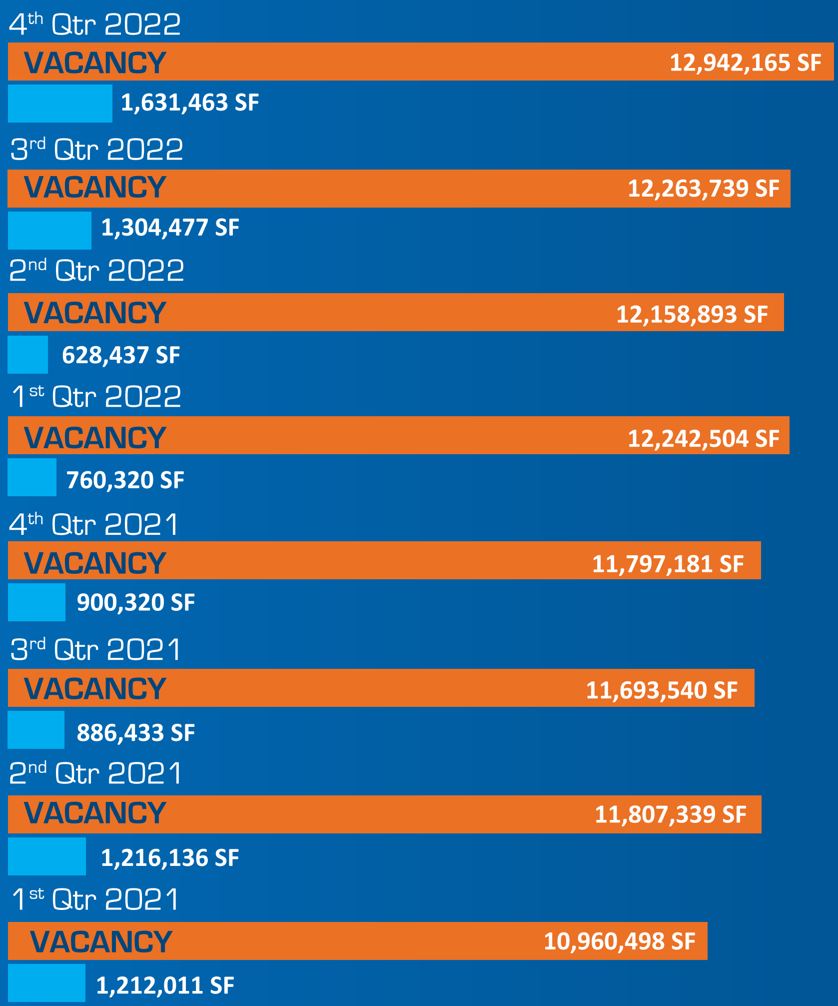
TOP LEASE

- 5,009 square feet at 132 Abbie Avenue in Kansas City
- 4,053 square feet at 1155 Adams Street in Kansas City
- 2,812 square feet at 2700 State Avenue in Kansas City

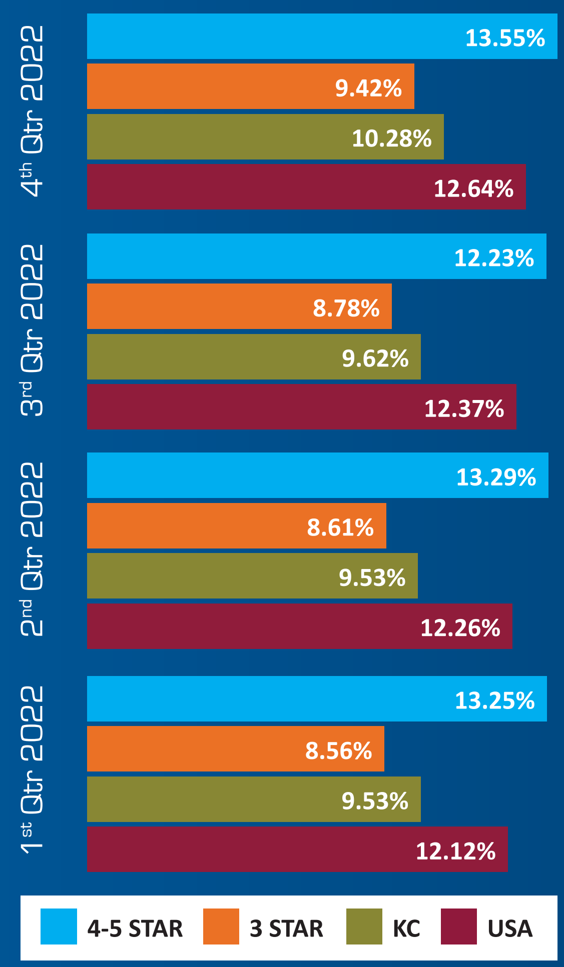
Contributors: Don Maddux, Senior Vice President; Bruce Johnson, Vice President; Max Wasserstrom, Senior Vice President; Andrew Block, Vice President; Reid Kosic, Associate; and Hagen Vogel, Commercial Brokerage Associate

OFFICE MARKET AT A GLANCE

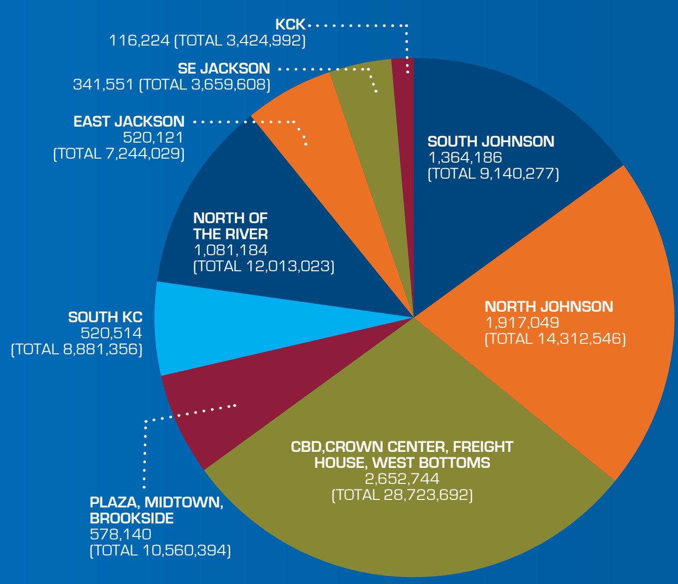
KANSAS CITY METRO 2022 ALL CLASSES
OFFICE VACANCY VS. OFFICE UNDER CONSTRUCTION



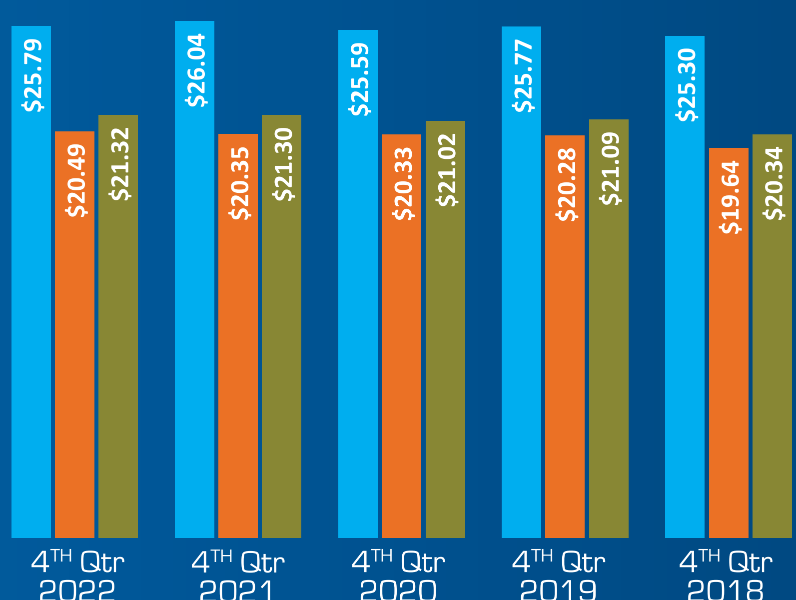
2022 OFFICE VACANCY
4-5 STAR VS. 3 STAR VS. KANSAS CITY VS. U.S.



VACANT OFFICE SPACE BY SUBMARKET



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



Kansas City Industrial Market

18.1B	4.0%	$11.02	397M
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	NET ABSORPTION

As one of the nation's largest hubs for warehousing, distribution, and manufacturing operations, Kansas City is experiencing rapid growth as a central inland logistics port. The global shipping disruptions that occurred before COVID-19 and have continued since exposed the country's need for a more agile, modern, and efficient supply chain. More companies are seeking ways to minimize the risk to their supply chain by investing in more domestic and regional facilities. As the disruption in the global supply chains continues, this has driven the need to store more inventory closer to the end consumer and to bring manufacturing back into the U.S. COVID-19 accelerated U.S. eCommerce penetration as a percentage of retail sales at approximately 20% at the end of 2021. It is projected to reach 33% in the next ten years. Online shoppers are here to stay, and the demand from online sales and online returns (reverse logistics) will be robust for the foreseeable future. eCommerce will continue to dominate about 35% to 40% of the growth in industrial development.

Just-In-Time ("JIT") was an excellent process for reducing unnecessary space for manufacturing and processing as it became ever more efficient. JIT depended on the delivery of raw materials timed to production cycles, and thus it reduced the need for large storage space. However, COVID-19 changed everything. When auto manufacturers like Ford and General Motors had to shut down production for weeks or months because of a shortage of computer chips, they realized JIT didn't work anymore.

Lenexa Logistics Centre North 5 was completed in 2022 for $35.8 million. The 565,170 square foot bulk cross-dock facility is located on 27.4-acres. LLCN 5 currently has 158,736 square feet available for a tenant to lease. Existing tenants include TURN5 and KGP Telecommunications.

INDUSTRIAL MARKET

SUPPLY CHAIN WOES CONTINUE

During the earliest days of the pandemic, consumers were shocked to find many empty shelves at their local retailers and grocers. At the same time, online ordering of everything from electronics to clothing took longer to show up to the consumer. Companies are trying to avoid shortages again, and many are bringing manufacturing operations back to the U.S. This "onshoring" is increasing the demand for industrial space. In addition, existing manufacturers are also modernizing their facilities to be more productive. Companies want their manufacturing closer to their customers and more control over their output quality.

Even as retail inventories rose in 2022 and loaded inbound ocean container volume was up by 20% at U.S. seaports, retail sales rose sharply due to consumer demand, keeping inventories depleted. Supply chain costs were growing significantly faster than facility costs, with ocean and domestic shipping costs far exceeding increasing rental costs and employee hourly wage increases.

In addition, transportation costs have increased dramatically. They are leading users to seek additional distribution facilities to help cut costs while maintaining their ability to reach a maximum amount of the U.S. population in the shortest time. Twenty years ago, companies were moving toward "just-in-time" deliveries and outsourcing manufacturing worldwide. Still, the past several years have proven that this is not a sustainable mode. As consumer demand shifts, accelerated speed to market has become essential. Global supply chain disruptions drive companies to store more just-in-case goods closer to end consumers, and onshoring has brought manufacturing back to the U.S.

With continued optimization of the global supply chain, the Kansas City region continues to see record demand due to infrastructure; centralized location; and a strong, available, and talented workforce. Being in the center of the U.S., the region is positioned to be a central inland logistics port. The region has over 200,000 manufacturing, transportation, and warehousing workers, and they are nearly 15% more productive than the national average, as measured by JobsEQ. The abundance of adjacent development-ready land will help us compete for more megaproject facilities like Meta and Panasonic.

STRONG MARKET METRICS

Kansas City is a move-in-ready market with an existing building inventory and a wide selection of vertical-ready sites. The region has the lowest truckload shipment costs and the most central location in the United States — featuring 4 major rail intermodal parks with available buildings and industrial sites ready to go today. Along with available real estate, Kansas City's central location, logistics infrastructure network, and skilled workforce make it an ideal location for freight-based operations.

In 2021 the Kansas City region's industrial footage placed it in the top 15 markets. At the start of 2022 there were 15 active projects with 22 speculative buildings under construction, totaling 8.6 million square feet. The buildings were located across 6 counties in the metro through 13 different developers. By the end of the first quarter, nearly 13 million square feet of new industrial space was under construction, including 16 Class A industrial buildings ranging from 500,000 to 1 million -plus square feet, setting yet another market record. The market remains one of the strongest in the country, with solid numbers in both absorption and leasing. This pace of new development has accelerated over the past 2 years to fall in line with the demand that has existed over the previous 5 years. Kansas City's industrial market has repositioned itself over the past 5 years with an average absorption between 7 and 8 million square feet per year and doesn't appear to be slowing down. Despite this lofty average of delivered space, supply has not kept up with demand. During this time, the overall vacancy rate has dropped over 2.5% and remains near historic lows. Midway through 2022, the Kansas City industrial market was one of the strongest in the country, with leasing activity, absorption, and space under construction all at or extremely close to record highs. By the midpoint of 2022, the recent increases in industrial asking rates began to show up more prominently.

The Liberty Logistics Park development sits adjacent to the Ford Assembly Plant and features three large buildings, built on a speculative basis for commercial manufacturing and distributions operations. Pictured above is the largest and first building to be constructed. This 741,000 square foot building is fully leased to Kenco and Scarbrough Logistics and developed by Lane 4.

BY THE NUMBERS

349M	3.2%	$6.43	17.1M
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	NET ABSORPTION

Overall industrial vacancy had dropped from the second quarter of 2021 to the second quarter of 2022, whereas absorption in the first half of the year was 5.3 million square feet compared to 2.3 million square feet in 2021, with 13.1 million square feet under construction versus 13.4 million square feet in 2021. Nearly 50% of the space delivered over the past 9 months of 2022 was either build-to-suit (BTS) or pre-leased. The Kansas City industrial market has yet to see this much broad-based strength in its history as it has seen in the past several years. The demand strength seems to be throughout the entire market, including existing and new construction. Kansas City continues to lead the national market with speed-to-market solutions and ongoing speculative development throughout the region. This is anticipated to include several additional cold storage developments in 2022. Continued growth in eCommerce, as well as food and beverage operations continued in 2022, and the region also saw a spike in electric vehicle-related projects in the market. Kansas City may have come close to reaching equilibrium, but space remains tight.

Class B space decreased vacancy to 3.5%, lower than the overall vacancy rate with rising rents. Both over and under 50,000 square feet of space availability shrank during 2022. Rent growth in Class B since the end of 2019 has increased by 17.4%, with 2022 on pace for an 8.3% overall average increase. Furthermore, 2022's overall vacancy rate of 3.2% was 1% lower than 2021's year-end rate of 4.2%. Despite record development, there are no signs of overbuilding as the development pipeline continues to increase. Overall Kansas City is still one of the best markets in the country to obtain space, even at its low overall vacancy rate.

FUTURE DEVELOPMENT

Industrial sector executives cite many factors driving growth in Kansas City, starting with the availability of land. Future development projects in the metro that have been proposed or are in the planning stages should allow for expansion through 2023. After that, land ready for industrial development will be through large tracts near KCI airport, existing and new development tracts in Johnson County at Logistics Park Kansas City and from 167th to 175th along I-35, and

21800 W 167th St in Olathe was purchased from Faith Technologies Inc. by a BRES sponsored investment group in May 2022. The 448,479 square foot building has 28,254 square feet of office on a 22.6-acre piece of land and is currently occupied by Faith Technologies and Excellerate.

new developments near I-70 and I-435 in Wyandotte County and eastern Jackson County.

OUTLOOK

Supply and demand fundamentals will continue to push demand for space in the Kansas City Market. Kansas City is positioned to grow disproportionately in the transportation, distribution, and logistics industries. Consolidation of expensive inventories into a single location and eCommerce, where proximity to parcel carriers is a major location factor, will continue to drive the Kansas City market. Still, we are now seeing the manufacturing sector requiring additional space with its long lead time.

Being landlocked is a major advantage, given that many major markets have restricted options due to coastlines and mountains. An affordable and qualified workforce and access to transportation routes that include highway, rail, air, and water also are big factors. In addition, the attention of institutional investors flowing into the region supports an additional supply of inventory, which helps users seek available facilities on an immediate basis. The late 2021 merger between Kansas City Southern Railway and Canadian Pacific, the second-largest railroad in Canada, created an additional impetus to industrial growth in Kansas City. The Midwest will see a huge amount of cargo that makes its way from the north deep into Mexico and to Gulf and Pacific ports. This merger puts Kansas City at the center of North America's most extensive intracontinental rail system.

Going forward, companies will continue to seek locations like Kansas City, with a strong logistics infrastructure to move products in and out that also has a high-quality workforce, and a strong industrial operations culture.

Low vacancies and record-high rents will lead to more distribution outsourcing to 3PL operators.

The use of automation and artificial intelligence will accelerate rapidly to counter labor shortages.

There are no signs that the industrial demand will start to lessen anytime soon. The market has a lot of support from a lot of different fundamentals. However, as interest rates rise, they and other economic concerns could impact momentum. In addition, the supply chain complicates construction, making building costs more expensive and driving the increased warehouse demand.

98M	3.1%	$6.37	2.3M
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	NET ABSORPTION

eCommerce continues its growth, but the infrastructure is still needed to support it, and we anticipate continued demand for facilities that support eCommerce.

Rent growth for warehouses and logistics space could rise by more than 15% over the next 2 years as supply chain investments make it possible for Americans to shop from anywhere and rapidly receive packages. online sales grew by 14.6% or $870 billion in 2022. This should push Class A rents higher.

Onshoring of manufacturing will continue to increase, improving the manufacturing fundamentals in the marketplace. Up to two-thirds of logistics costs come from transportation, and locating warehousing within close proximity to where goods are being delivered will motivate the market.

Safety stock was a primary demand driver throughout 2022 because many companies held onto significantly more stock. Often the warehouse stock is held by wholesalers and 3PLs.

JACKSON COUNTY

One of NorthPoint's biggest industrial parks, Eastgate Commerce Center, is starting up in Independence. This park calls for as many as 26 Class A buildings ranging from 200,000 to 1 million-plus square feet, spread over 1,000 acres along Little Blue Parkway and Missouri Route 78, with excellent access to I-70. NorthPoint cites the strong labor pool in the submarket capable of supporting distribution operations, plus a void of industrial development in Independence. Fully built out, Eastgate could exceed 10 million square feet and would rank as NorthPoint's second largest project in the metro area, behind only Logistics Park Kansas City, which has seen more than 14 million square feet constructed since 2013, with a capacity of 31.4 million square feet. The property will have real estate tax abatement and a fixed payment-in-lieu-of-tax (PILOT) for 20 years. The first two buildings, A2 and A3, each of 284,000 square feet, are under construction, with delivery in October of 2023.

At Blue River Commerce Center, NorthPoint has Building I of 242,353 square feet complete and fully leased, with Nautical Fulfillment taking an additional 185,760 square feet. Building II of 436,161 square feet is fully leased, with Beyond Warehousing leasing 367,397 square feet and Genesys Integrators in the balance. Building III of 463,160 square feet was delivered in December 2022 and was leased by Nautical Fulfillment, along with Building IV of 390,943 square feet was delivered in December 2022, with 246,453 square feet already leased to Alpla, leaving 144,000 square feet of additional cross-dock space available. Building V of 201,003 square feet was also delivered in December 2022 and was leased to Imperial Bag. Buildings VI of 200,000 square feet, and Buildings VII and VIII, each of 324,000 square feet, are future/ speculative construction.

The former General Motors Leeds Assembly Plant at 6817 Stadium Drive in Kansas City, Missouri, will become a rail-served industrial development with up to 30 acres of outdoor storage on the 90-acre site. A new 800,000 square foot building will feature a 20-year real estate tax abatement. Stonemont Financial Group is the developer.

Raymore Commerce Center, a VanTrust development, is a three-building development located at the southeast quadrant of the I-49 and North Cass Parkway in Raymore, Missouri. Building 1 of 564,970 square feet was completed and sold to Southern Glazer's Wine & Spirits. Building 3 of 1,024,290 square feet is to be delivered in Q1 2023, whereas Building 2 of 498,960 square feet is under construction for delivery in May 2023. The buildings all have a 20-year PILOT real estate tax abatement.

I-49 Industrial Center at I-49 and M-150 in Kansas City, Missouri, is a Platform Ventures development. Building 7 is speculative and has 920,400 square feet. Construction began in the Summer of 2022, with delivery slated for Q2 of 2023. The building features a 40' clear height, 182 dock doors, and 497 trailer parking spaces with an auxiliary trailer lot. In Building 6, Skymark Refuelers will make a major expansion and relocate from 53,000 square feet in Kansas City, Kansas, to 146,640 square feet and join Amazon, which leased the other 220,000 square feet of the 366,600 square foot building. On the north side of M-150, at Botts Road, Platform has another 225 acres being readied for development to support another 2.5 million square feet.

Lee's Summit Commerce Center, a Scannell Properties development, is an 80-acre park designed for 3 buildings totaling 781,000 square feet. The site is near I-470 and U.S. 50 Highway and offers real estate tax abatement for twenty years. Construction began in mid-2022, with delivery in Q2 of 2023. Building A is a 431,460 square foot cross-dock with 215,730 square feet pre-leased to Zoetis. Buildings B and C are 238,000 and 113,000 square feet, respectively.

Lee's Summit officials have seen potential in two massive tracts of land, including 1,100 acres east of I-470 and north of Colbern Road and another of 3,100 acres south of Longview Road. The Mormon Church owns both tracts, but no determination has been made on whether industrial use will fit into the mix, and there is no timetable on when they may come to the market.

Southview Commerce Center Building 4 in Belton, Missouri, is 501,280 square feet and 40' clear with excellent real estate tax abatement and came online in the Summer of 2022. NorthPoint is developing the property.

Ball's Foods signed a lease on 120,000 square feet in the West Bottoms.

EXECUTIVE PARK/NORTHLAND PARK

47.5M	2.9%	$4.73	3.6M
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	NET ABSORPTION

Amazon will move into Building 7, a 1.049 million square foot distribution facility developed by NorthPoint in the 337-acre Liberty Commerce Center Industrial Park. It will feature a 40' clear height, 112 dock doors, 2 drive-thru doors, 20,000 square feet of office space, and a full temperature-maintained facility. The park launched by NorthPoint in 2021 will ultimately host 8 buildings with a total of 3.6 million square feet of industrial space on 337 acres and features a 20-year real estate tax abatement. It is near the Liberty city border with Claycomo, just west of Ford Motor Company's stamping facility and not far from the automaker's Kansas City Assembly Plant. Ford announced plans to spend nearly $100 million and add 1,000 employees to its plant. Building 1 of 204,543 square feet came online in late 2021, and Building 2 of 516,552 square feet was delivered in Q1 of 2022, featuring a 40' clear height. Building 3, 257,000 square feet is a future speculative building, whereas Building 4, 517,000 square feet was a build-to-suit and leased to RevLogical with occupancy

in 2022. Both Buildings 5 and 6 of 463,000 square feet and 514,000 square feet, respectively, were built-to-suit for Ford Motor Company with occupancy in 2022.

Liberty Logistics Park, developed by Lane 4, has Building 1 of 741,000 square feet fully leased to Kenco and Scarbrough Logistics, which took 188,840 square feet to add to an existing 226,000 square feet. Building 2 of 80,000 square feet is owned by Star Development, which is working on a possible build-to-suit. Building 3 is 132,500 square feet but has not started yet. The site totals 63 acres.

Liberty Heartland Logistics Center, a development of The Opus Group, will be a four-building development totaling 2.3 million square feet. The development covers 218 acres and will have 90% real estate tax abatement for 10 years. Building B, a 572,000 square foot cross-dock, and Building C, a 240,000 square foot rear-load, are under construction with a June 2023 delivery. Building D of 676,000 square feet is slated for future development. Opus is also developing Hallmark's Liberty Distribution Center II, 850,000 square feet, which is scheduled for completion in early 2023.

BCB Development built Heartland Cold Storage Logistics Center, a 167,575 square foot 32' clear height building that includes trailer storage and has cold storage specs as a fully insulated building. It includes enhanced roof load capability and a specialized floor slab for freezer/cooler users. It was completed in early 2022 as speculative construction and is offered for sale or lease.

In Northland Park, Building 7 off Highway 210 was completed of 418,619 square feet, and 172,962 square

Lenexa Logistics Centre East — Building 4, is a 606,580 square foot bulk cross-dock facility on 31-acres of land. It is occupied by Faith Technologies and Advantage Sales & Marketing. Completed in 2022, this $36.95 million building was the second to be built in the the Lenexa Logistics Centre East industrial park.

feet was available for lease. There are eight buildings totaling 3.1 million square feet, and the other seven are fully leased.

Cold Solutions at Rush Creek is a new underground facility that opened in the Summer of 2022. The third-party cold-chain logistics provider is a public cold storage facility with multi-temperatures to accommodate multiple food storage, manufacturing, and distribution customers. Cold Solutions offers blast freezing, meat boxing, exporting, tempering, shuttling, and cross-docking in 1 million square feet on 78 acres, with a 38,000 square foot blast freezing/special services building at the facility's entrance. The facility in Liberty is located on Missouri 210 Highway, east of Missouri 291 Highway and northeast of Northland Park.

Hunt Midwest Business Center Logistics IV, a Hunt Midwest Real Estate development, came online in Q3 of 2022 and is the newest building within the 2,500-acre industrial park at I-435 and Parvin Road. At 478,295 square feet, the building features 95% real estate tax abatement and 36' clear height. UPS leased 210,600 square feet.

Google, since 2019, has owned 78.9 acres in Hunt Midwest Business Center, northeast of Parvin Road and Arlington Avenue. In December of 2021, it nearly quadrupled its land holdings in the area, acquiring an additional 237-acres just north of Hunt Midwest. The property could become a $600 million data center development, though there is no confirmed timeline for construction.

Other large transactions include TricorBraun, which leased 122,594 square feet in Executive Park, while RLE International leased 100,000 square feet at Hunt Midwest SubTropolis.

WYANDOTTE COUNTY

49.8M	3.1%	$5.32	2.8M
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	NET ABSORPTION

Compass 70 Logistics is located at I-70 and 110th Street in Bonner Springs and is master-planned for 2 million square feet of industrial development in three buildings. Medline purchased the Building I site and is constructing a 806,250 square foot building for its own occupancy. Building II, 596,900 square feet, is available and currently under construction, whereas Building III, 672,000 square feet, is a planned build-to-suit. The developer is Scannell Properties. The property enjoys a fixed PILOT real estate tax for 10 years.

At another Scannell development, the 400-acre Scannell 435 Logistics Center has Building B of 456,840 square feet slated for Q2 2023 delivery. The park will have 8 speculative buildings totaling over 2.1 million square feet in addition to the 1.08 million square foot Amazon facility that was built-to-suit.

Turner Logistics Center, by NorthPoint, has Building II of 543,554 square feet, Building IV of 248,985 square feet, and Building V of 346,826 square feet. All were delivered in 2022. The development is designed for 9 buildings at the intersection of I-70 and College Parkway/Turner Diagonal, with total square footage exceeding 2.8 million square feet. Orange EV leased 419,000 square feet, including all of Building 5 and the balance of space in Building 4. They will relocate from 52,000 square feet in Riverside, Missouri, in 2023. Hill's Pet Nutrition, a subsidiary of Colgate-Palmolive, also made a lease of 325,927 square feet in Building 2. All existing buildings in Turner Logistics Center are now fully leased, with the final three buildings to be constructed on the west side of College Parkway.

A couple of projects could be built near 110th Street near Urban Outfitters' new distribution facility. There is also the anticipation of a big announcement by year-end at 435 Logistics Park. There is growing interest in the bottomlands at I-435/Wolcott for industrial development, particularly from potential Panasonic suppliers and manufacturing because it is already zoned for heavy industrial development. Old Dominion's new facility at K-7/I-70 is now operational.

eShipping leased 100,045 square feet in Fairfax in Kansas City, Kansas. The third-party logistics firm and customs broker took occupancy in the summer of 2022.

NORTH KANSAS CITY/RIVERSIDE

26M	2.4%	$5.20	705K
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	NET ABSORPTION

The City of Riverside continues to receive inquiries for their ground for industrial development on the west side of Horizons Parkway. Still, the City is pursuing different opportunities on this remaining undeveloped ground. Several parcels by private owners continue to be marketed for smaller industrial building development. The City is continuing to fill the former Rinker Hydro conduit site just west of Platte Valley Industrial Park.

With the impending move of Orange EV to Wyandotte County, Bunzl Distribution will expand by 52,000 square feet to take over the entire 245,507 square foot Riverside Logistics Centre Building 1 in early 2023. In the Summer of 2023, Riverside Logistics Centre Building 2 of 328,320 square feet will be delivered by Block Real Estate Services (BRES).

Tnemec Company is moving forward with a $33M facility expansion in North Kansas City. They will construct a 310,700 square foot Class A industrial facility on 18.4 vacant acres connected just south of the company's existing paint manufacturing plant. Tnemec requested a 15-year property tax abatement.

EXLTUBE, which recently sold to Zekelman Industries, completed the construction of a second mill to manufacture and distribute specialty steel tubing.

JOHNSON COUNTY

92.2M	4.0%	$5.90	5.7M
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	NET ABSORPTION

In Olathe and south Johnson County, development activity is increasing. 175 Commerce Centre in Olathe, Kansas, is a joint venture development of BRES and TPA Group of Atlanta, Georgia. The site includes two parcels, straddling Hedge Lane at 175th Street, and totaling 386 acres. The overall development can accommodate nearly 4.6 million square feet. Lenexa-based Heartland Coca-Cola purchased 150 acres at the site to construct a new $300 million, 600,000 square foot manufacturing facility. In addition, speculative construction of Building 1, 1,071,139 square feet, was underway with a delivery date of Summer 2023. Additional sites for land sales and build-to-suit also exist in the park.

Just south of 175 Commerce Centre, a 151-acre site is under contract with Bluestem Properties and ReCor Properties, and they received M-2 industrial zoning for four buildings, at 203,470, 387,049, 564,779, and 974,877 square feet, for a total build-out of 2.13 million square feet. In addition, owners of another parcel of 186 acres at the NEC of 175th and Claire Road recently filed with the City of Olathe for annexation and rezoning to M-2, and a 149-acre site at the NWC of 167th Street and U.S. 169 Highway was approved for Jones Development Company (JDC). JDC's plan includes 2.47 million square feet made up of Building E of 1.31 million square feet; Buildings A and B, both at 653,640 square feet; and Buildings C and D, both flex, rear-loaded buildings of 77,760 square feet each.

Other Olathe developments coming online include Lone Elm Commerce Center, which has Building 3 of 134,643 square feet, and Building 4, 147,955 square feet, both divisible to 27,000 square feet. The buildings feature a 32' clear height and a fixed PILOT on real estate taxes for 10 years. Delivery for Buildings 3 and 4 is anticipated in the 1st quarter of 2023. They will join Building 2 of 211,920 square feet housing WESCO, which expanded by 112,000 square feet to occupy the entire building, and Building 1, built by Lineage Cold Logistics, of 353,693 square feet. Smithfield Foods, one of the world's largest producers of pork and pork products, will have a 420,000 square foot distribution center at the park. The development runs from 167th Street on the south and from I-35 on the west to Lone Elm Road on the east, and it covers 228-acres. Future Buildings 5 through 15 running north and on both sides of I-35 are planned. The developer is Heise-Meyer/Odyssey.

Nearby, at the NEC of 159th Street and I-35, BlueScope Properties Group is developing the Great Plains Commerce Center. Building A is a 235,522 square foot speculative building divisible to 33,740 square feet. It features a 32' clear height and is rear loaded, with delivery slated for Q1 2023.

At I-35 Logistics Park, near 159th Street and U.S. 56 Highway, Building I of 569,594 square feet was fully leased by a single tenant, Clorox, and Building II of the same square feet is under construction with delivery slated for Q1 2023. The development, started by Sun Life Financial and purchased by Scannell Properties, encompasses 330 acres, of which 213 were undeveloped when Scannell acquired it. The property has a 10-year, 50% real estate tax abatement for the proposed six-building complex totaling 3.46 million square feet.

Southpark Commerce Center delivered three new rear-loaded flex buildings in Q4. Building A is 112,500 square feet, while Buildings B and C are 135,000 square feet, respectively. They feature 32' clear height and 50% ten-year real estate tax abatement. The buildings are on a 34-acre site near U.S. 56 Highway and Dennis, just west of I-35, in Olathe. The park is a product of BCB Development.

In south Johnson County at New Century AirCenter, a 667-acre rail-served site, is expanding with the development of more than 845-acres on the north and east sides of the airport. VanTrust Real Estate is the master developer and has the New Century Commerce Center now under construction. Building A of 333,365 square feet and Building B1 of 752,400 square feet are being constructed with a projected delivery of Q1 2023. Both buildings offer a PILOT real estate tax abatement, 36' and 40' clear height, respectively, and ample automobile and trailer parking onsite. The developer is VanTrust.

Garmin's acquisition of 175-acres at the Southwest quadrant of 151st and Lone Elm Road in late 2021 will be annexed by Olathe for a potential future expansion down the street from the company's headquarters campus. This is in addition to the 193 acres at the NWC of 151st and I-35, the former Great Mall of the Great Plains property that Garmin acquired for expansion.

Further south at NorthPoint Development's Inland Port in Edgerton, Inland Port (IP) LII of 1,007,715 square feet shell was completed in 2022, and Simmons Pet Food leased 780,000 square feet for a distribution and sortation center. A different Simmons unit took the balance of the building. At IP V, Beyond Warehousing leased 436,000 square feet. Two other buildings, IP IX and XXX, of 492,283 square feet. Over 1 million square feet is anticipated to be built in 2023.

In Lenexa, Meritex Lenexa Executive Park has surface buildings 3, 4 and 5 under construction for Q2 2023 delivery. The three new Class A industrial buildings have excellent access to K-10, I-435, and I-35. Building 3 is 189,000 square feet divisible to 47,250 square feet, Building 4 is 84,816 square feet divisible to 19,344 square feet, and Building 5 is 72,048 square feet divisible to 16,432 square feet. The buildings join the existing Buildings 1 and 2, of 120,000 square feet each, and all will have real estate tax abatement.

Nearby at Lenexa Logistics Centre South (LLC S), a BRES development, LLC S8, is under construction. The new Class A building of 195,409 square feet will be rear-loaded and front glass-facing College Boulevard, just west of Renner Boulevard. Space will divide down to 22,000 square feet. LLC S8 is part of over 3.9 million square feet of buildings already developed by BRES in the three Lenexa Logistics Parks, South, North, and East, with future development of up to another 1.4 million square feet available. The remaining land sites are available for speculative development as well as build-to-suit or sales to users.

BCB Development acquired 45 acres at I-35 and 119th Street in Lenexa, dubbed Santa Fe Commerce Industrial. The site, visible to 161,000 cars per day on I-35, is slated for build-to-suit buildings with space from 41,000 to 179,000 square feet. BCB also delivered its new flex buildings A and B at College and Lackman in Q3, 2022, totaling 54,707 square feet.

Karbank built a 142,500 square foot building divisible to 20,000 square feet at Kansas Commerce Center in Lenexa. The property features 10 year, 50% tax abatement, and will be available by Q4 of 2022.

Hunt Midwest crossed the state line in Shawnee with its first industrial development and the largest in Shawnee. Acquiring the remaining 113-acres of Heartland Logistics Park, located on the west side of 43rd and K-7, from Burns & McDonnell, they started Building 2, a 574,732 square foot cross-dock building in Spring 2022, with delivery slated for Spring 2023. The remaining acreage can support nearly 2 million square feet in three more buildings. Burns & McDonnell developed Building 1 in 2020, and in 2022, ADM, a global food and agricultural company, signed a full-building lease of 272,882 square feet in the park.

BRES plans a 260,000 square foot speculative rear-loaded Class A building across the street from Hunt Midwest and adjacent to Building 1 of Heartland Logistics Park. The new development, known as 43rd Street Logistics Centre, will also feature easy access to I-70 with great access to labor in north Johnson and south Wyandotte Counties via K-7. No time frame for construction has been announced yet.

At the western side of the county, in De Soto, Flint Development announced Flint Commerce Center, a 371-acre park planned to accommodate six Class A industrial facilities ranging from 300,000 to 1.3 million square feet for a total build-out of 4.7 million square feet. They are offering build-to-suit for ownership or lease or land sales to users. Located between Edgerton Road and Evening Star Road along K-10, the site was annexed into De Soto and will have two highway access points and improved road access around the project. The site will have abatement in place for real estate taxes. No buildings have been announced as of yet, but site work began in Q2 2022.

Nearby, the former Sunflower Army Ammunition Plant site of 9,035 acres, both in De Soto and unincorporated Johnson County, received real estate tax abatement for future industrial and mixed-use development. The ownership recently renamed the site Astra Enterprise Park. Panasonic Energy Co. LTD. will build a $4 Billion factory at the site. While the Army's clean-up efforts will continue for years, more than 1,100 acres of the site are near shovel-ready and should receive their final state and federal environmental approvals soon. DeSoto may annex an additional 2,800 acres from unincorporated Johnson County, where part of the former Sunflower site is located.

Large leases include Allegion leasing 117,042 square feet in the Summer of 2022 at 162nd & Lone Elm in Olathe, Manna Pro Products leasing 155,000 square feet in Shawnee from Clarion Partners, and Artio receiving approval for a 50,000 square foot manufacturing and distribution facility in Olathe expandable to 100,000 square feet.

KCI/AIRWORLD

10.8M	1.6%	$6.34	325K
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	NET ABSORPTION

When KCI opened in 1972, there was hope for significant development around the airport. Unfortunately, that development never materialized. But now, there's a greater population density and more synergies with the brand-new terminal coming online in early 2023. It will be approximately 25% larger than the current terminals the day it opens. Upon completion, the new state-of-the-art single-terminal KCI will help bolster the growth of this project and submarket.

The City of Kansas City owns 11,000 acres around the airport, making it the 3rd largest airport grounds in the country. However, the actual aviation-related development is currently 4,000 acres. More than 1,900 acres of prime airport land are still available for future development.

Hunt Midwest has substantially increased its land holdings just northeast of KCI, clearing the way for what could become Missouri's largest logistics park. Hunt acquired more than 1,300 acres, supplementing the roughly 2,000 acres it already owned southeast of Missouri Route 92 and I-29. Across the 3,300 acres, Hunt contemplates up to 20 million square feet of Class A logistics, manufacturing, and office/commercial space within what it has christened the KCI 29 Logistics Park. The master plan shows 28 industrial and 4 commercial lots in its 4 phases. They hope to start vertical construction on the park's first building in 2023. The park will include available onsite transmission-level power, a transmission water line, and a wastewater treatment plant. It will offer occupants immediate access to KCI Air Cargo operations, as well as hubs for UPS, FedEx, USPS, and Interstates I-29 and I-435 interchanges.

Less than 2 miles from the airport at I-29 and Highway 92 in Platte City, VanTrust Real Estate is constructing approximately 830,000 square feet of speculative industrial space in its project called Platte International Commerce Center.

Trammell Crow Company was originally selected as the master developer in 2006 for ground owned by the City at the airport when the aviation department determined it needed to diversify revenue streams away from the reliance primarily on the airlines. From 2007 through 2011, permitting and infrastructure development occurred on a 600-acre site known as KCI Intermodal Logistics Centre. In the past 10 years, 8 buildings representing 3 million square feet have been constructed on the site, with two additional buildings under design. The development is subject to ground leases. Today, Trammel Crow's joint-venture partner, Clarion Partners, continues the development of KCI Intermodal Business Centre. Logistics Centre 8 was under construction, with anticipated delivery in Q4 of 2022. The 459,680 square foot building features 36' clear height, ample car and trailer parking, and a cross-dock configuration and will be expandable up to one million square feet. Logistics Centre 7, also under construction, is 216,320 square feet, and MMC Contractors signed a lease for 121,680 square feet.

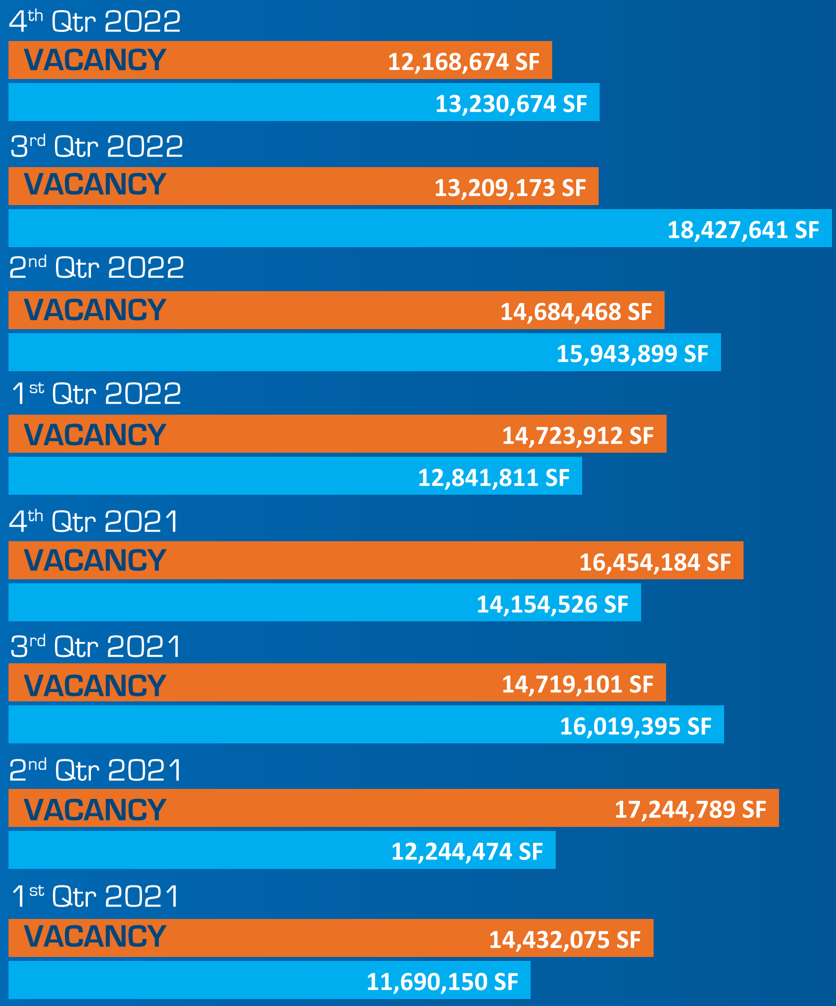
Meta, aka Facebook, is starting construction on a two-building data center designed to encompass nearly one million square feet. The two data centers should be online by 2024 and are designed to be supplied with 100% renewable energy. Meta bought a 375-acre portion of the park in 2020, which can support three data center buildings with up to 1.88 million square feet. This is the first public commitment to Golden Plains Technology Park, an 882-acre corporate campus hyperscale development planned 7 miles east of KCI. Kansas City-based Diode Ventures, a subsidiary of Black & Veatch, is the developer for the park that could accommodate 3 zones with up to 16 data centers and about 5.5 million square feet. If fully built out, Golden Plains would be one of the largest data center campuses in the country.

In addition to Golden Plains, Diode is developing Rocky Branch Creek Technology Park, a 360-acre data center campus northeast of I-435 & U.S. Highway 169. The latest plan spans 12 data centers totaling 4.31 million square feet. A yet-to-be-named company is in line to be an end-user. South of Golden Plains is Hampton Meadows, a 30-acre property between I-435 and NW Cookingham Drive that may be developed as a third hyperscale site.

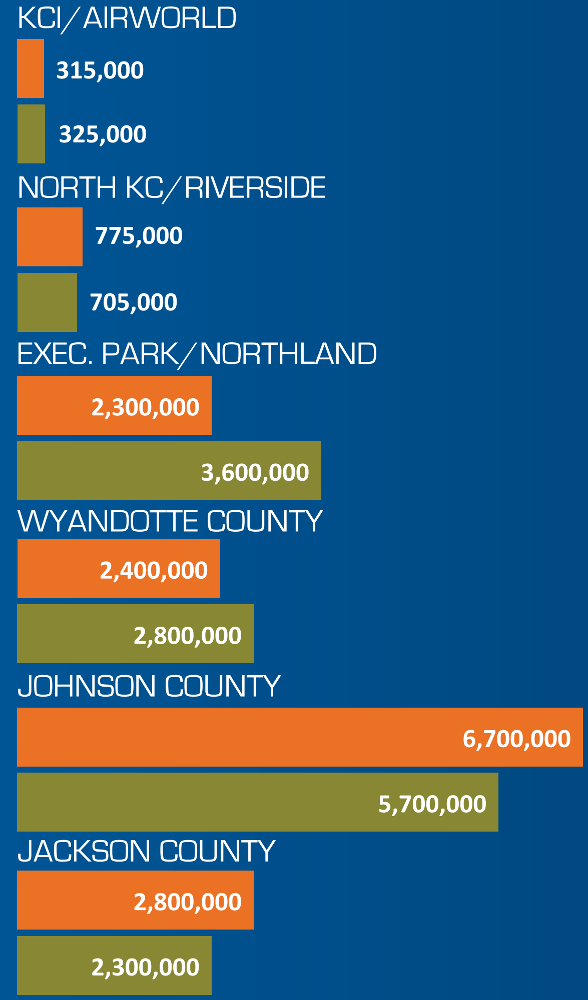
Contributors: Michael R. Block, Principal, Designated Broker; Christian D. Wead, Industrial Sales & Leasing

INDUSTRIAL AT A GLANCE

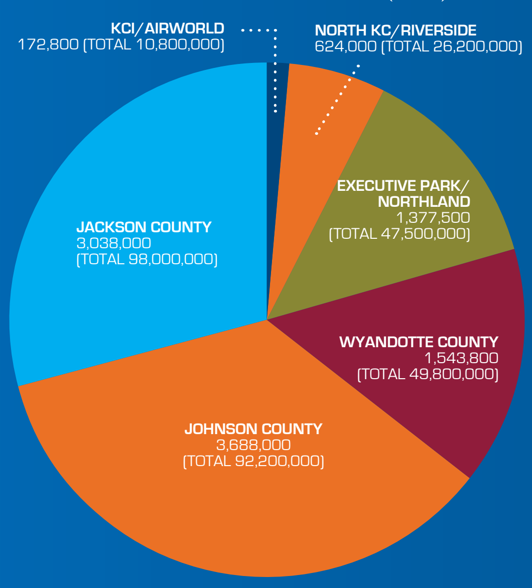
KANSAS CITY METRO ALL CLASSES
INDUSTRIAL VACANCY VS. UNDER CONSTRUCTION



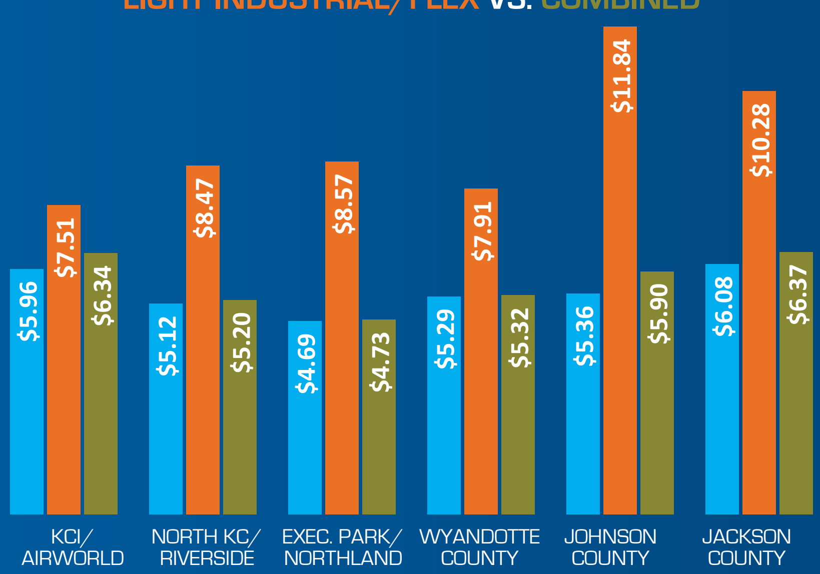
2022 TOTAL INDUSTRIAL
LEASING VS. NET ABSORPTION



VACANT INDUSTRIAL SPACE BY SUBMARKET (SF)



2022 AVERAGE RENTAL RATES/SF
WAREHOUSE/BULK VS. LIGHT INDUSTRIAL/FLEX VS. COMBINED



Kansas City Retail Market

RETAIL MARKET

The retail industry has essentially recovered from the pandemic only to face a new set of challenges. Continued strain from supply chain disruptions, together with the highest inflation seen since the 1980s, have once again proven retailers need to be agile to remain significant. In addition to rising interest rates, inventory costs, energy costs, employee and benefit costs, and labor shortages, retailers have had to continue to juggle the change in consumer habits and preferences, which have shifted over the years. Meanwhile, the consumer is also concerned about rising interest rates and gas and energy prices. The government incentives are gone, and consumer confidence is mixed.

11.8B	4.26%	$23.70	$242
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

On the one hand, consumers have been able to relieve the pent-up demand for activities and are back to pre-pandemic trends: playing pickleball, and attending shows, concerts, and sporting events, all while still enjoying the perks of curbside pick-up and delivery of everything from groceries to vehicles. On the other hand, the cash saved by consumers during the pandemic has mostly been spent, with personal savings falling fast, while credit card debt is 15% higher than it was a year ago, the largest increase in 20 years. A ripple of layoffs are starting to be announced (Amazon, Walmart, H&M, Carvana, VF Corp., Best Buy, Peloton, DoorDash, HelloFresh, Wayfair, CBRE, and others). Target and Walmart have announced that they will start closing stores and/or raising prices if shrinkage (by theft) doesn't get under control, largely likely spurred on by self-checkouts, which reduce the retailers' demand for labor. The sound of recession is evident, but the forecast of the depth and length of such an event is a highly debated topic.

Local, regional, and national brands continue to announce expansion plans, and recreational marijuana in Missouri will increase the number of dispensaries, all helping fill shopping center vacancies, and proving retail is resilient and capturing the consumer's dollar remains the name of the game. Interest rates will cool investment sales, and retail properties with CMBS loans maturing in 2023 may face issues refinancing, likely causing several area properties to head into foreclosure. While many developments have stalled over the past few years, we expect an increase in rents market-wide with continued growth in those projects that put retailers at the consumers' doorstep.

Ocean Prime, the acclaimed restaurant from the award-winning Cameron Mitchell Restaurants (CMR) group, opened in 2022 on the 3rd floor of 46 Penn Centre, in the Country Club Plaza. Ocean Prime consists of 8,500 square feet of space, including three private dining rooms and a peninsula bar.

131.5M	4.1%	$17.20	$165
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

Amazon pulled its plan to open a 4-star store in Kansas City, closing 68 stores nationwide (including Amazon Books and Pop Up). At the same time, it focuses on Amazon Fresh, Whole Food Market, Amazon Style stores, and its Amazon Go, with Just Walk Out technology. The Amazon Go and Just Walk Out technology is being used at Community Groceries in the Crossroads. This technology allows customers to swipe a credit card upon arrival and leave without waiting to checkout. Somehow the technology uses computer vision and sensors to analyze what the customers picked up and bill them accordingly. They also offer the contactless payment method, Amazon One, a palm-scanning device that reads your palm and charges your account.

MULTI-STORE CLOSINGS INCLUDE THE FOLLOWING:

- Sally Beauty announced the closing of five of its 18 area stores. All store closings are on the Missouri side of the state line.
- CVS closed at least three of its area stores.
- Plowboy's BBQ closed in Kansas City and Blue Springs.

MULTI-STORE OPENINGS AND EXPANDING CONCEPTS INCLUDE THE FOLLOWING:

- Penn Station East Coast Subs hopes to open 23 locations in the area over the next five years.
- Locally owned Scissors & Scotch, an upscale barbershop, opened three new stores with plans for ten more.
- El Pollo Loco plans to open eight area locations over the next ten years through a franchisee.
- Chase Bank opened eight new locations.
- Stretch Lab opened four locations: Corbin Park, Ranchmart, Fairway Shops, and downtown, while Stretch Zone opened its 5th location in Burlington Creek.
- Mo' Bettahs Hawaiian Style Food opened in Liberty, Blue Springs, and Olathe.
- Ollie's Bargain Outlet opened in Twin Creeks north of the river and at Quivira 95 in Overland Park.
- Rally House opened in Belton and Overland Park.
- Fareway Meat Market opened in Olathe, with another planned to open north of the river this summer.
- Nick the Greek opened in Olathe on 135th Street near Blackbob Road with plans to open in January at Ward Parkway Shopping Center.

JOHNSON COUNTY, KANSAS

Vacancy stands at 4.6% in Johnson County, down from 2021, when vacancies stood at 6.9%. Average rental rates jumped to $18.95 per square foot in 2022 compared to $18.32 in 2021.

35.2M	4.6%	$18.95	$181
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

NOTEWORTHY

Mission Gateway continues to struggle. Its partially completed entertainment complex and parking garage sit unfinished as we go into another year. The developer is seeking approval for a new 20-year TIF redevelopment agreement and a 22-year community improvement district. If approved, construction would start again in 2023 with a 2025 completion goal of the first phase, which would include nearly 50,000 square feet of small shop commercial space and 90,000 square feet of retail, restaurant, and entertainment space together with 373 apartments and a hotel. The developer would then have 3 years to complete the first phase. Cinergy Entertainment complex and Tom Colicchio's Food Hall had been previously announced at the development.

Leawood Village is under construction at 86th Terrace and State Line Road. The 182-unit apartment and 24-townhome development will include 7,000 square feet of office and retail space on the first floor and three commercial pad sites. Completion is expected Fall of 2023.

Serv opened at the Promontory. The 14,520 square foot building houses six indoor pickleball courts, two outdoor courts, and seven shipping containers for retail use with various food and retail services, a performance stage, and a 5,185 square foot restaurant. The developer has dropped its plans to add new first-floor retail space under apartments in the spot that formerly housed Half Price Books. Instead, it will build a four-story, 150-unit apartment building, together with a sky bridge connecting the two apartment buildings. Dave's Hot Chicken will open soon.

Along 95th Street, Billie's Grocery is opening at the redeveloped Ranch Mart Shopping Center at Mission Road. Meadowbrook Shopping Center at Nall Avenue is under redevelopment. New tenants include Broken Egg Café, Aqua-Tots Swim School, Academy Bank, The Bar, and Primrose Schools. Living Spaces, a furniture company, is under construction, with its first area store at the site of the former Kohl's at I-35.

Life Time Fitness will open at 97 Metcalf, the site of the former Sears building. Demolition has begun. Plans include a Panera Bread, QuikTrip, coffee shop, and another restaurant.

CityPlace saw its first retail tenants open at College Boulevard, Switzer Road, Beloved Nails, and UnCorked.

West Pryor, located in Lee's Summit, Missouri, is a $179 million mixed-use development that has been completed and welcomed its first residents. In addition to Firebirds Wood Fire Grill, First Watch, Starbucks, and Bibibop, the development will include several other restaurants and entertainment venues.

Along Nall, Chick-Fil-A, Andy's Frozen Custard, Whataburger, and Fidelity Bank opened at Galleria at 115th Street, where phase 2 is about to start, including another five retail/restaurant buildings. Andretti Indoor Karting & Games purchased land at the Aspiria campus for its 103,430 square foot entertainment facility at 117th Street. Pig & Finch closed in Park Place, and Mission Taco Joint will open elsewhere in the center after the first of the year.

Along 119th Street, Rockhill Grille opened its second location in Leawood's Town Center Crossing in the space formerly occupied by La Bodega Tapas & Lounge. At the same time, Café Europa converts the former Zoe's for its second location. Perry's Steakhouse Grille pulled out of its plans at Leawood Town Center Plaza. PGA Superstore signed a lease for the space Whole Foods will vacate at The Fountains, Simplicity Laser opened, and KU Home Health Medical Supplies is under construction, along with Scenthound and Nico and Ana's Italian Restaurant, all set to open in early 2023.

US Toy closed at Overland Crossing, where Whole Foods is under construction along with Five Below. Burlington Coat Factory is reducing its footprint to make way for a 27,000 square foot Nordstrom Rack. An additional 25,000 square feet of retail space will be constructed.

Along 135th Street, Craft Putt opened at Quivira Crossings, Painted Tree opened at Overland Point Marketplace, and K9 Resorts Luxury Pet Hotel opened just off Antioch. KU Health, Petco, and Brkthrough, a 22,500 square foot escape room concept with 35 enclosed game rooms, opened in Corbin Park along with a University of Kansas Health System primary care clinic. Prairiefire is nearing completion, with Veritas Whiskey and Wine opening this year and Amazon Fresh and Messenger Coffee slated to open in 2023.

BluHawk broke ground on the first phase of its Sports Park, the 240,000 square foot building with an ice rink, basketball courts, and an indoor multipurpose turf field is projecting a March 2024 opening. The second phase of the sports complex includes 195,000 square feet with four more basketball courts, a second ice rink, more turf fields, an e-Sports arena, a laser tag arena, a bowling alley, putt-putt golf, and training areas. Andy's Frozen Custard, Whataburger, Jinya Ramen, Blush Fitness, Five Guys, Nekter Juice Bar, and European Wax Center opened in the development this year, with an additional 134,000 square feet of retail space still planned for a Spring 2024 opening.

The Bass Pro Shops-anchored Olathe Gateway went into foreclosure along with a portion of Olathe Pointe, anchored by Whole Foods and including Marshalls, HomeGoods, Old Navy, and Five Below.

EAST JACKSON COUNTY, MISSOURI

Vacancy stands at 6.8%, down from 2021. Rental rates in this area increased from an average of $13.51 at the end of 2021 to an average of $14.88 per square foot.

18.7M	6.8%	$14.88	$143
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

NOTEWORTHY

Barnes & Noble opened in Adams Dairy Landing in Blue Springs, and Mo' Bettahs Hawaiian Style Food opened along Missouri Highway 7. Community America is under construction near Missouri Highway 7 and SW Clark Road.

Martin City Brewing opened Station 7 in Lake Lotawana at Missouri 7 Highway and Colbern Road.

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

Rental rates in this metro area increased from $16.28 per square foot at the end of 2021 to an average of $18.00 per square foot at the end of 2022. The area's vacancy rate decreased from 4.0% at the end of 2021 to 3.1% at the end of 2022.

24.7M	3.1%	$18.00	$155
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

NOTEWORTHY

In downtown Kansas City, Blue Sushi Sake Grill plans to open in the Power & Light District in January, and The Strang Chef Collective, a food hall, opened in Lightwell office tower. BOK Financial announced plans to open a full-service bank at 17th Street and Grand Boulevard, the first pad site to sell within Grand Place, the development at the site of the former home of *The Kansas City Star*. Plans for the 225,000 square foot offices include a fitness center, spa, two-story European-style market, food hall, and an urban business club. One Nine Vine, a mixed-use project at 19th and Vine Streets, broke ground on its 80-unit apartment complex with first-floor retail space.

In Westport, Port Fonda and Mickey's Hideaway closed, whereas Dave's Hot Chicken opened.

The Country Club Plaza lost local tenants, such as Restoration Emporium, along with national tenants White House Black Market, Chico's, Victoria's Secret, Michael Kors, Kate Spade, Marine Layer, Starbucks, and Brighton Collectibles. Puttery is slated to take the space formerly slated for Punch Bowl Social in the Jack Henry Building, and Chiefs Fit opened a 40,000 square foot gym. This year's tenants new to the shopping district include The Normal Brand, Tirza Design, KC Style Haus, The Shade Store, Pandora Jewelry, Psycho Bunny, Pink Lipps Cosmetics Store, Pure Barre, and Club Pilates. Ice Cream Bae, Capital One Café, Parachute Home, JD Sports, and Nike Live have announced they will open soon, while Nordstrom announced that it had abandoned its plan to relocate to the Plaza.

Shagan's Chicken & Parathas and OMO Japanese Ramen & Sushi opened near 85th Street and Ward Parkway. Also, Cold Stone Creamery and Rocky Mountain Chocolate Factory opened at the former Starbucks location in Ward Parkway Shopping Center.

In Grandview, Rue21 is closing at Truman Marketplace while WingStop is under construction at the center. Waffle House closed on Main Street, and Simply Grand Kitchen & Creamery opened nearby. Popeye's Louisiana Chicken opened along I-49. Construction to convert the outer roads of I-49 from one-way to two-way is underway while the city seeks a second grocery store for vacant land off I-49 and 150 Highway.

In Lee's Summit, Macy's closed at Summit Fair and was replaced by Furniture Mall of Missouri. Cooper's Hawk Winery and Restaurant opened at Summit Orchard. At the same time, Pinsa Pizzeria & Kitchen and Menchie's Frozen Yogurt closed at Summit Woods Crossing, and Baxter's Coffee + Donuts opened in a newly constructed freestanding building with a drive-thru near Langsford Road and Todd George Parkway.

Freddy's Frozen Custard & Steakburgers opened in Martin City.

KANSAS CITY, KANSAS/ WYANDOTTE COUNTY

Retail rental rates for Wyandotte County were $14.52 per square foot at the end of last year. They decreased to $12.98 per square foot at the end of 2022. The area had a 2.5% vacancy rate at the end of 2022, compared to an 2.9% vacancy rate at the end of 2021.

9.9M	2.5%	$12.98	$150
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

NOTEWORTHY

The American Royal Association has revamped its plans focusing on rodeos, livestock shows, and equine events. The new plans include 400,000 square feet of exhibition space, two indoor arenas, an outdoor arena, a large barn, and an education and welcome center.

The Legends Outlets added Aerie, Rue21, Q.Z. Poke Ramen, Spencer's, and Attic Salt.

Whataburger opened near the Legends Outlets on Parallel Parkway.

NORTH OF THE RIVER

Rental rates in the Northland averaged $17.84 at year-end, up from $15.83 per square foot at the end of 2021. The vacancy rate decreased to 4.0% from 4.2% at the end of 2021.

20.2M	4.0%	$17.84	$170
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

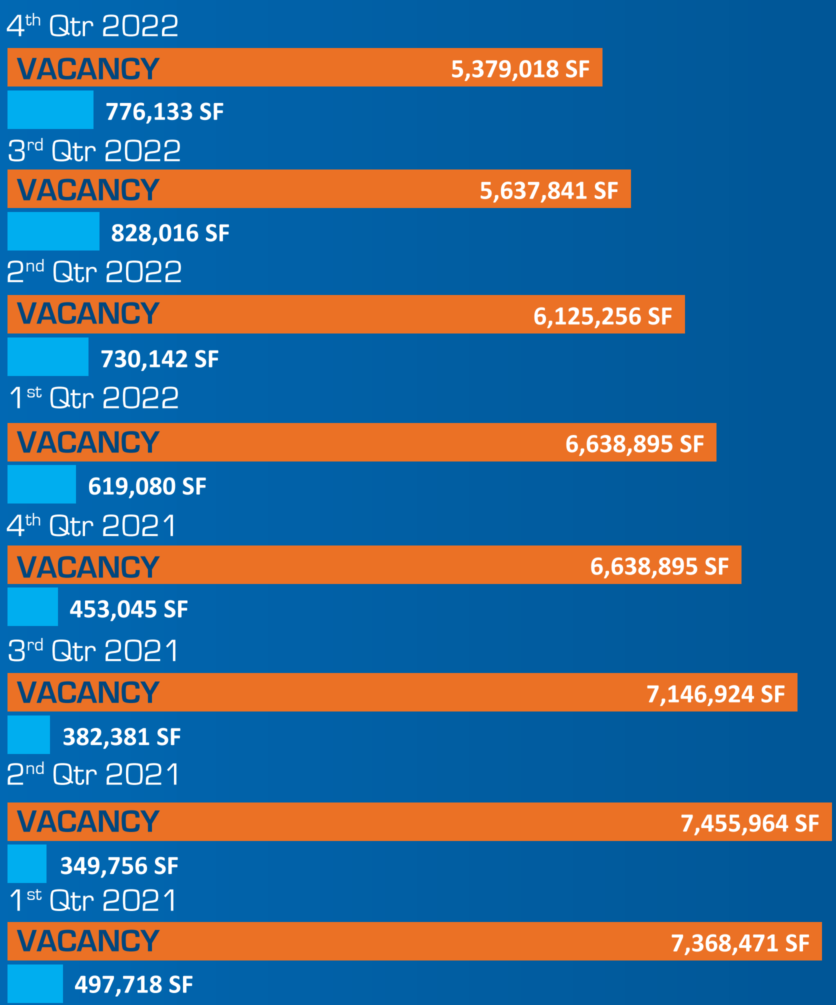
NOTEWORTHY

District Biskuits opened, and Smokin' Guns BBQ closed in North Kansas City

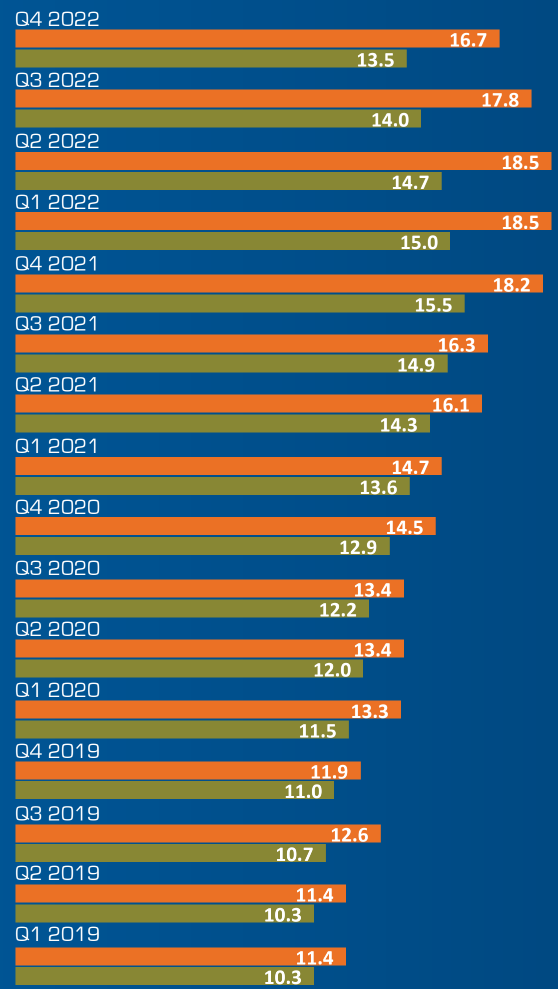
Contributor: Kim Bartalos, CLS, Vice President—Sales & Leasing

RETAIL MARKET AT A GLANCE

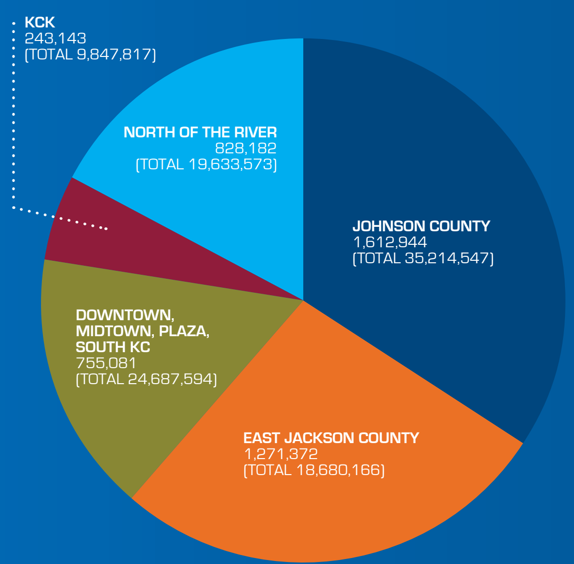
KANSAS CITY METRO ALL CLASSES
RETAIL VACANCY VS. UNDER CONSTRUCTION



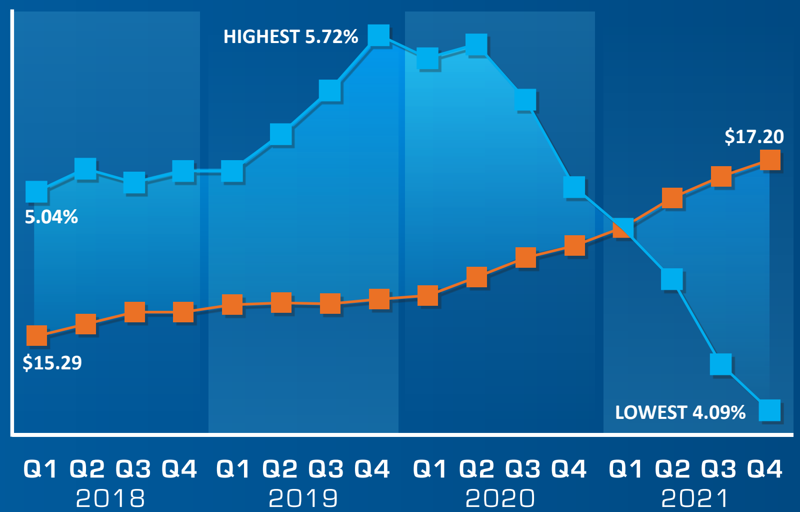
RETAIL MONTHS TO LEASE
KANSAS CITY VS. U.S.



VACANT RETAIL SPACE BY SUBMARKET (SF)



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



Kansas City Multifamily Market

The Kansas City Metro apartment market has continued its strong performance as it recovered from the pandemic. 2022 has shown a decrease in the average vacancy rate to 4.30%, despite over 3,200 new units being delivered into the market. Strong growth continues with a 9.8% increase in asking rents. The most significant change in the market centered on sales volume and the increasing upward pressure on sale prices. In 2022, the Kansas City market saw an 11.7% increase in the total number of units sold compared to the same period a year prior. As activity continued to rise, prices have pushed higher, with a 27.7% increase from the 2021 average price. As of now, more than 3,200 units are expected to be completed before the end of 2022, which is a 25% decrease compared to 2021. Coupling the decrease in new deliveries with the already strong rent growth, expectations are for sales to flatline or continue the current trend despite uncertainty in the capital markets. The Kansas City multifamily market should have another active year as inventory continues to grow and investors look to capitalize on record-high prices.

18M	5.9%	$1,622	$257K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/ UNIT	MARKET SALE PRICE/UNIT

NATIONAL

There are just over 18,600,000 units nationally. The average vacancy rate currently stands at 5.9%, a slight uptick from a year prior. Market asking rents are averaging $1,622 per unit per month, a 5.74% year over year increase. Average sale prices per unit are $257,000. Year over year, these statistics have continued to rise since the pandemic. The continued growth has been caused by increased demand. As residential homes reached record-high prices, many people turned toward the multifamily product to seek a more affordable cost of living. With economic uncertainty looming, the question is when the market will begin to decelerate to normal growth levels.

Reverb, the 132-unit luxury apartment complex at 1800 Walnut Street, began leasing in 2022. The 14-story multifamily community was purchased in October 2022 by SemREF and was developed as a joint venture by Copaken Brooks and Burns and McDonnell.

MULTIFAMILY MARKET

KANSAS CITY METRO

There are roughly 171,089 total units in the Kansas City Metro area. The average vacancy rate currently stands at 4.3%. Market asking rents are averaging $1,187 per unit per month. Average sale prices per unit are $172,881. Vacancy decreasing along with asking rents and sales prices per unit both rising further prove the demand exists for good rental housing in the market, and we continue to see strong national investment.

171K	4.3%	$1,187	$172K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/ UNIT	MARKET SALE PRICE/UNIT

JOHNSON COUNTY

There are 60,850 total units in Johnson County. The average vacancy rate currently stands at 4.4%, a decrease from the 2021 average. Market asking rents are averaging $1,276 per unit per month. The average sale price per unit is $179,000. In conjunction with the Kansas City market as a whole, the 2022 average sale price per unit represents a 21.8% increase compared to the prior 12 months. Given the high concentration of top employers in Johnson County, the submarket has seen continued success in decreasing vacancy rates and increasing rents. Johnson County continues to have strong submarket fundamentals and remains one of the most sought-after submarkets in Kansas City.

60.8K	4.4%	$1,276	$179K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/ UNIT	MARKET SALE PRICE/UNIT

TOP DEALS

1. The Village at Mission Farms — 212-unit Class A community built in 2012 - $57.24 million sale price or $269,978 per unit.
2. Highlands Lodge — 230-unit Class A community built in 2014 - $63.05 million sale price or $274,113 per unit.
3. Pinnacle Pointe Apartments — 160-unit Class B community built in 1999 - $31.52 million sale price or $197,031 per unit.
4. Park Edge Apartments — 260-unit Class B community built in 1999 - $62.40 million sale price or $240,000 per unit.

CBD, CROSSROADS, CROWN CENTER, WEST BOTTOMS

There are 13,701 total units in the Downtown area. The average vacancy rate currently stands at 9.4%. Market asking rents are averaging $1,480 per unit per month. Average sale prices per unit are $207,000. The Downtown submarket has shown strong sales growth with a 12.5% increase in the average sale price per unit and a 5 year low average cap rate of 5.5%. Downtown rents have grown an impressive 4.1% over the past year, outperforming the annualized average for the past five years. Downtown deliveries have begun to slow, with less than 1,000 units delivered in 2022. The lack of new construction coupled with the steady to decreasing vacancy rate will continue the upward pressure on the submarket's rents.

13.7K	9.5%	$1,480	$207K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/ UNIT	MARKET SALE PRICE/UNIT

TOP DEALS

1. REVERB — 132-unit Class A community built in 2020 - $41.54 million sale price or $314,685 per unit.
2. Arte KC — 341-unit Class A community built in 2021 - $75.2 million sale price or $220,527 per unit.
3. Cold Storage Lofts — 224-unit Class B community developed in 2007 - $42.6 million sale price or $190,247 per unit.

Centennial Park Apartments, a 37-building multifamily community located at 12000 Hayes Lane, Overland Park, Kansas, sold in October 2022. Maxus Realty Trust Inc. sold the 204,858 square foot combined community to a joint venture of Block Funds and Thackeray Partners.

PLAZA, MIDTOWN, BROOKSIDE

There are 14,001 total units in the Plaza, Midtown and Brookside areas. The average vacancy rate currently stands at 6.9%. Market asking rents are averaging $1,124 per unit per month. Average sale prices per unit are $131,000. Despite new supply coming into the market, vacancy over the past 12 months has decreased while rents have grown impressively by just under 4%.

14K	6.9%	$1,124	$131K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/ UNIT	MARKET SALE PRICE/UNIT

TOP DEALS

1. The Maxwell — 103-unit Class B community - $25.54 million sale price or $247,946 per unit.
2. Mcgee and Locust Streets — 220-unit Class C redevelopment - $36.26 million sale price
3. Ruxton — 12-Unit Class C community - $1.375 million sale price or $114,583 per unit

SOUTH KANSAS CITY/WARD PARKWAY

There are 7,204 total units in the South Kansas City-Ward Parkway area. The average vacancy rate currently stands at 11.2%. Market asking rents are averaging $966 per unit per month. Average sale prices per unit are $103,000. 2022 sales volume in this submarket was up year over year. The continually increased price per unit on sales shows how interested local, regional, and national investment firms are in value-add opportunities. There were 473 units delivered in the past 12 months, which is extremely high for the submarket, given the minimal amount of infill land opportunities.

7.2K	11.2%	$966	$103K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/ UNIT	MARKET SALE PRICE/UNIT

TOP DEALS

1. Three Fountains — 170-unit Class B community built in 1987 - $31.98 million sale price or $188,108 per unit.
2. Fountainhead — 112-unit Class B community built in 1986 - $15.54 million sale price or $138,750 per unit.
3. Holmeswood Apartments — 166-unit Class C community built in 1970 - $18.7 million sale price or $112,751 per unit.

MULTIFAMILY MARKET

NORTH OF THE RIVER

There are 27,409 total units in the Northland submarket. The average vacancy rate currently stands at 5.5%. Market asking rents are averaging $1,130 per unit per month. Average sale prices per unit are $155,000. The demand for the Northland submarket continues to rise, as shown by a large number of new deliveries. Over the past year, 570 units have been delivered, with another 1,100 units under construction. The increase in new apartment products has helped grow the market rents by 6.7% year over year and 42.1% in the past decade. Strong rent fundamentals and an increasing supply of new products continue to bring institutional-level capital to the area north of the river.

27.4K	5.5%	$1,130	$155K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/ UNIT	MARKET SALE PRICE/UNIT

TOP DEALS

- The Element — 276-unit Class A community built in 2021 - $51.9 million sale price or $188,004 per unit.
- Kinsley Forest — 328-unit Class A community built in 2018 - $60.0 million sale price or $182,926 per unit.
- The Landing at Savannah West — 201-unit Class A community built in 2017 - $37.8 million sale price or $188,065 per unit.
- Brighton Creek — 306-unit Class A community built in 2016 – Undisclosed sale price

OUTLYING JACKSON COUNTY

There are 24,838 total units in the Outlying Jackson County submarket. The average vacancy rate stands at 6.0%. Market asking rents are averaging $1,071 per unit per month. Average sale prices per unit are $119,000. Despite the completion of several mixed-use projects, the submarket has seen a decrease in the number of units delivered annually. Based on slowing inventory growth and increased demand, the submarket has experienced strong rent growth of 6.1% over the past 12 months, outpacing the annualized three-year average.

24.8K	6.0%	$1,071	$119K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/ UNIT	MARKET SALE PRICE/UNIT

TOP DEALS

1. Meridian at View High Apartments – 312-unit Class A community built in 2019 - $96 million sale price or $307,692 per unit.
2. The Kings – 408-unit Class B community built in 1973 - $48.5 million sale price or $118,872 per unit.
3. Wingate Duplexes – 32-unit Class B community built in 2003 - $5.1 million sale price or $159,375 per unit.

KANSAS CITY, KANSAS

There are 9,780 total units in Kansas City, Kansas. The average vacancy rate currently stands at 7.0%. Market asking rents are averaging $983 per unit per month. Average sale prices per unit are $110,000. The Kansas City, Kansas submarket continues to see strong growth in the sale prices of assets growing almost 9% from the prior 12 months, despite being well below the average price for the Kansas City region.

9.7K	7.0%	$983	$110K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/ UNIT	MARKET SALE PRICE/UNIT

TOP DEALS

4. University Villa — 108-unit Class C community built in 1987 - $16.03 million sale price or $148,461 per unit.
5. Stove Factory Lofts — 184-unit Class B community built in 2017 - $26.15 million sale price or $142,140 per unit.

EAST KANSAS CITY

There are 2,963 total units in the East Kansas City submarket. The average vacancy rate stands at 5.5% Market asking rents are averaging $848 per unit per month. The average sale price per unit has risen drastically over the past three years and now stands at $101,000. Market rents have grown an impressive 7.2% over the past year. The submarket currently has fewer than 100 units under construction. We anticipate the lack of supply will continue to increase this area's rent.

2.9K	5.5%	$848	$101K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/ UNIT	MARKET SALE PRICE/UNIT

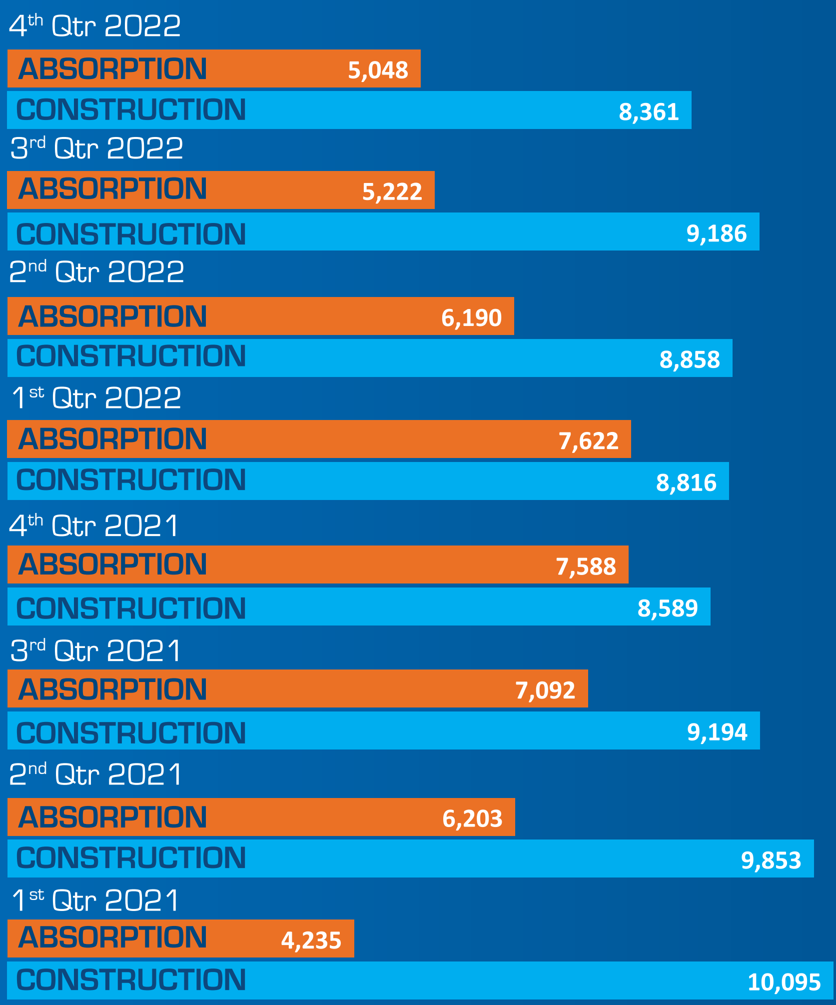
TOP DEALS

1. Eastwood Crossings — 455-unit Class B community built in 1969 - $42.5 million sale price or $93,406 per unit.
2. One Nine Vine Phase I — 80-unit first phase of a Class A community, started construction in May 2022, set to complete construction in May 2023.

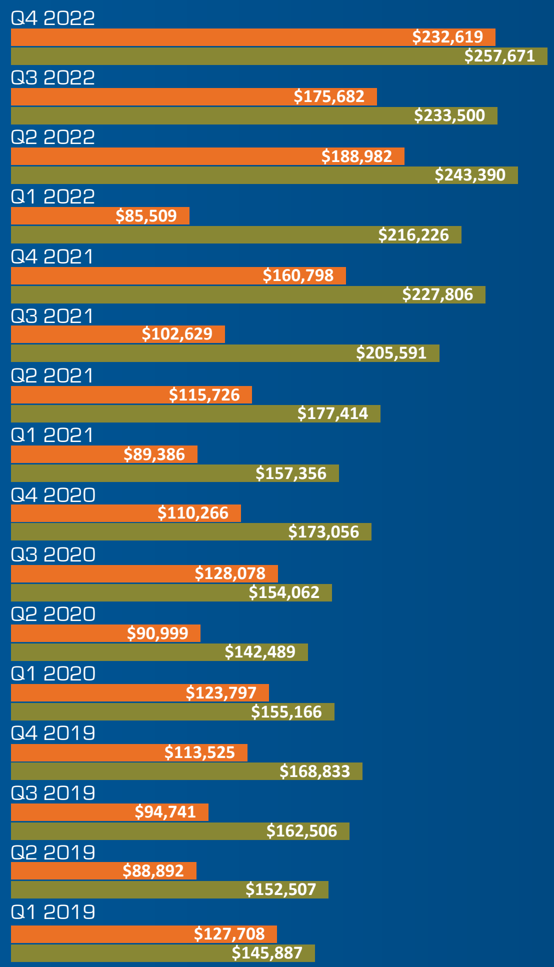
Contributors: Grant O. Reves, Director of Acquisitions; Ryan Klepper, Financial Analyst

MULTIFAMILY AT A GLANCE

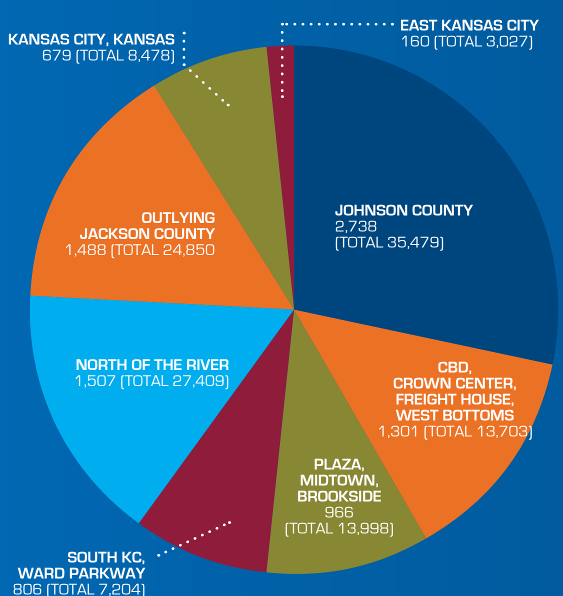
KANSAS CITY METRO ALL CLASSES
ABSORPTION VS. UNDER CONSTRUCTION



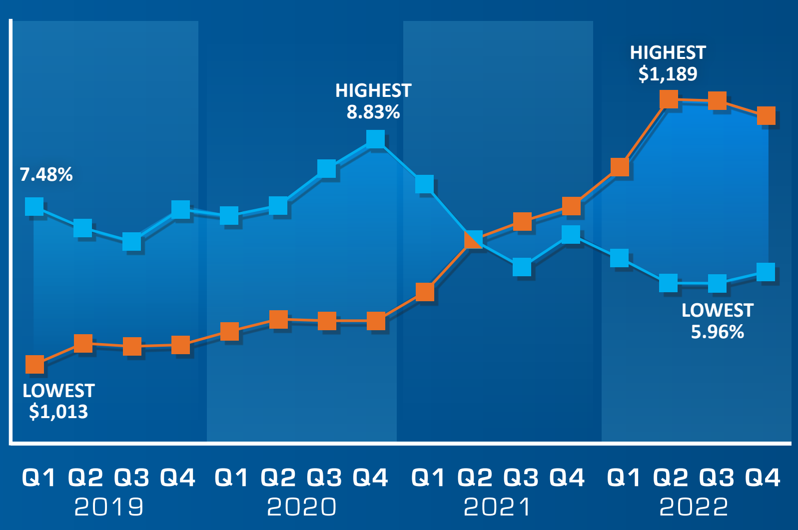
MULTIFAMILY SALE PRICE/ UNIT BY LOCATION
KC VS. U.S.



VACANT MULTIFAMILY UNITS BY SUBMARKET



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



Kansas City Investment Market

INVESTMENT MARKET

This past year brought forth several new challenges, including high inflation and whispers of a recession. Commercial real estate has continually been a strong hedge against these obstacles and will remain a durable industry throughout 2023. Although the commercial real estate investment market feels some effects from the economic slowdown late in 2022, cautious optimism exists throughout the industry. Capital is still chasing deals, but the bid ask spread is widening and is slowing transaction volumes.

Property fundamentals are still strong, and rents are increasing in multifamily and industrial, but cap rates are rising, thus decreasing property values. Fueled by the low cost of borrowing and increasing property fundamentals, property values saw an all-time high in the first half of 2022. Through the summer and fall, deals started to fall out of contract as pricing was reset. This has created an opportunity for some buyers to reenter the market and pick up deals more attractively.

In the latter half of 2022, the frantic pace of investment real estate transactions began to slow. Market uncertainty created a gap in buyer and seller expectations caused by rising debt and tightening underwriting standards. Investor interest is still strong, but there are fewer bidders for deals. Instead of 20 offers for deals, you might have 10 bidders for a quality investment property.

MARKET

Early in 2022, Globest.com wrote that many markets' lease trade-outs throughout the upcoming year could exceed 15% in return for the market rates that fell during the pandemic. This forecast has been true throughout 2022, and multifamily will continue to be a strong asset class during 2023. In markets like Kansas City, job growth has impacted rent growth and demand for multifamily projects. Although current assets will continue to perform throughout 2023, new investment and development will decline slightly until late 2023.

INFLATION

Throughout 2022, inflation has consistently been one of the main discussion topics worldwide. Inflation skyrocketed from 2021 to 2022 for various reasons. Whether it was the pandemic stimulus, supply chain complications, or various foreign affairs, inflation reached a four-decade high in June of 9.1%, and the

Northtown Devco affiliates sold 62 land parcels housing numerous industrial, office, and commercial buildings to ATCAP Partners, a Dallas-based investment firm. The properties are located on various parcels of land close to I-29, north of the river. Together, the sites cover at least 156.4-acres.

Lenexa Logistics Centre East — Building 3, a 249,150 square foot industrial building originally developed in a joint venture of BRES principals and Humphrey's was acquired by a BRES sponsored investment group in 2022. This building was bought from the joint venture and adds another building to BRES's Lenexa Logistics' portfolio. Located right off I-35, close to I-435, this building is in a prime location for interstate access.

Federal Reserve (Fed) attempted to tame it. Despite record inflation levels, consumer spending has not seen a drastic decline. This is likely due to a strong job market recovery following the pandemic. Historically, commercial real estate has proven to be a strong hedge against inflation due to stable cash flow and rent increases. This showed double-digit year over year rent increases in many markets. Property values also increased early due to this increase in cash flow.

In the latter half of 2022, property values decreased slightly due to cap rate increases with the Federal Reserve's decision to increase rates. Moreover, 2023 will be a year that will reduce inflation to the Federal Reserve's hopeful 2%, which will, in turn, allow them to decrease interest rates for 2024.

INTEREST RATES

Since the beginning of 2022, the Federal Reserve has started to implement interest rate hikes. With the federal funds rate close to zero throughout the pandemic and inflation continuing to rise, the Federal Reserve decided to make changes. Through 2022, rates increased by over 375 basis points. This increase was made to bring inflation down to 2% by 2024. During various press conferences, the Federal Reserve stated that their main goal over the next few years is to get inflation down to a constant 2% while keeping unemployment around 4%. The increase in interest rates has had a major impact on the acquisition and development of commercial real estate. Businesses will look to hold assets while interest rates are high and refinance once they begin to decrease. Also, continuing to push rents to increase revenue will allow businesses to build their liquid capital, which can be used to continue investing during 2023.

With inflation at a 40-year high, the Federal Reserve decided to raise interest rates throughout the latter half of the year. With multiple 75 basis point rate increases throughout the year, the rate of commercial deals has decreased significantly. To reduce inflation, the rise in interest rates has dramatically increased the cost of borrowing. This volatility has made lenders uneasy, making loans harder to close. Going into 2023, experts are confident that the Federal Reserve will continue to raise rates above the 4.5–4.75 percent projections they had in September.

Looking forward to 2023, lenders are likely waiting for clearer market conditions. Once the Federal Reserve stops raising rates, expected in early 2023, lenders will start making deals more often.

RECESSION

Throughout the first half of 2022, acquisitions were high, and development was steady despite increased construction costs. The latter half saw interest rate hikes, which seemed to halt commercial real estate because

borrowing became more expensive. Forecasting 2023 will depend on interest rate variation and inflation changes. The start of 2023 will likely see a decrease in inflation due to the previous interest rate hikes, leading to more normal inflation levels and the ability to decrease rates throughout the year. These changes will allow commercial real estate to regain its strength as a promising investment.

KANSAS CITY HIGHLIGHTS

Kansas City is certainly not stopping when it comes to growing as a city. Projects such as 1400KC, a 10-story, 900-space parking garage and office development were completed in 2022. Looking forward to 2023, the final phase of the Kansas City International airport will be completed by the time Kansas City hosts the NFL draft in late April. The new riverfront soccer stadium, which officially broke ground in October 2022, is likely to soft open by the end of 2023. In early 2024, the stadium will be ready for regular season games. This new stadium will have a positive economic and community impact on Kansas City. Three Light, an apartment high-rise in downtown Kansas City, is over half complete and is expected to finish by September 2023.

KEEP AN EYE ON THE FOLLOWING:

A handful of projects are looking to help develop Kansas City even more. The Barney Allis Plaza revitalization. This redevelopment could bring in over 45,000 square feet of downtown green space. Also, there will be a new parking garage and apartments. Grand Place redevelopment plans for an office and mixed-use building with various amenities for downtown use. A public park, "South Loop Link," is in the early planning stages in hopes of completing a much-desired 5.5-acre park that would include playgrounds, dog parks, art installations, and amphitheater opportunities stakeholders have wanted for years. Also, efforts for Cordish's Four Light Development are likely to increase tractions throughout 2023.

KEY SECTOR HIGHLIGHTS

REAL ESTATE CAPITAL MARKETS

Inflation is high, and interest rates are rising. It was more expensive to borrow in the latter half of 2022 since pre-pandemic levels. 2023 will likely be a hold year for most capital. There will still be deals, but at a slower pace than the past 18 months.

INDUSTRIAL AND LOGISTICS

Like last year, industrial has continued to be the strongest and highest growing sector. This is likely to slow, but only slightly. ECommerce and logistics are steadily contributing to this sector's expansion. Industrial vacancies were a stable 4.4%–4.6% on average and are expected to stay the same or even decrease in the future. The high cost of land and construction should continue to put upward pressure on the rental rates of existing industrial buildings and keep vacancy rates low.

MULTIFAMILY

A large portion of markets in 2022 realized over a 10% increase in rent year over year. With high housing prices, vacancy rates fell significantly with people moving to rent over owning.

RESIDENTIAL

Housing prices continued to rise at the beginning of 2022. In the latter half of the year, prices declined slowly due to increased interest rates. This trend of housing price and construction cost increases has led to less supply of single-family homes.

OFFICE

As people return to the office, there has been an increased demand for high-quality office products. Higher demand for class A offices helps fill newly developed offices post-pandemic. Class B and C office buildings have continued to struggle.

Many owners want to reposition this Class B and C office to residential and lab space. Residential conversion of office buildings is becoming more prevalent to capitalize on raising rental rates, but not all facilities are candidates. Existing buildings need the proper floor plates to make conversion viable.

RETAIL

Retail is performing better than during the pandemic, especially in densely populated areas. Grocery stores and restaurants are recovering. Many owners and developers are looking for new ways to utilize underperforming assets.

BUY/SELL

Transactions are getting done at cap rates that are 25 to 75 basis points wider than Summer 2022, but there is still uncertainty if that is the right pricing because fewer deals are getting done, making it unclear to know where the market has established itself. In the 4th quarter of 2022, more sellers have been hesitant sell and are waiting to see where the market settles. The slowing of deal flow shows that pricing expectations have changed for buyers and sellers.

COST OF BORROWING

The cost of borrowing has become more expensive than in the previous year. With interest rate increases by the Federal Reserve and inflation levels abnormally high throughout the year, the ability to acquire loans that fit the underwriting for deals has become more difficult. Deal quantity slowed in the latter half of 2022 and will continue this trend through 2023. Deals are still getting done, but different underwriting strategies are being used, with various factors changing to make deals work.

Investors have taken a more conservative approach to leverage in this cycle. Buyers typically use 60%–65% loans to values versus 70%–75% in previous cycles, thus preventing distressed and forced sales. The one exception to this is the use of floating-rate debt. Investors that have used floating-rate debt are beginning to feel the effects of increased interest rates and might be forced to sell as they struggle to service their debt.

INDUSTRIAL

Kansas City has identified itself as one of the country's most important emerging industrial markets. Industrial has changed a lot over the past decade. More than ever, demand for industrial is high due to eCommerce and logistics increases. Even though construction costs have increased in the past year, developers are still looking to build for the future. Industrial will be another stable sector for commercial real estate in the coming years.

MULTIFAMILY

With high housing prices and mortgage rates increasing throughout the year, people continue to rent over buying a house. The national vacancy rate at the beginning of 2022 was under 5%. Multifamily is still strong, and rent growth hit double digits in 2022 year over year. The affordable housing supply is still a problem, and governments are hoping to attack this by incentivizing developers and redevelopers to produce a percentage of affordable housing units in their new projects. Multifamily has been and will continue to be a solid investment going into 2023.

CONSTRUCTION COST IMPACTING SUPPLY

Whether it is supply chain issues or inflation, construction costs have increased significantly since the pandemic. Developers are continuing to build because there is still an upside despite changes in overall project cost projections. Development will likely slow in 2023 until inflation decreases and supply chain issues are fixed. Developers are hopeful these issues will be addressed by the second half of 2023.

RETAIL

Class B and C malls are still struggling and unlikely to recover to pre-pandemic levels. Many development and redevelopment companies seek opportunities to create mixed-use retail/housing projects. Others are looking to redevelop into warehouses and fulfillment centers.

OFFICE

The office industry has been hit hard over the past two years. In the post-pandemic world, the office sector is getting back on its feet. Although hybrid work schedules are here to stay, many companies are returning to their office in some capacity. In this new era of work/life balance and hybrid schedules, many developers are looking into how to increase the demand to be in the office with higher-quality offices and amenities. This change in the office sector will likely change how companies decide their future of office versus at-home work. (Amenities include outdoor space, daycare, catering, fitness facilities, etc.).

Few people think we are heading for a collapse of the real estate market. There are few signs of distress in the marketplace. Values have not fallen significantly, balance sheets remain strong, and leverage is low, so few assets struggle to service their debt. Owners can still get replacement financing, albeit at higher rates and tighter underwriting standards.

Real estate fundamentals should remain strong. Capital has slowed on the equity and lending side of the business, and we think investment deals will slow but pick back up in the 2nd and 3rd quarters of 2023. The job market has remained strong through this downturn. As is typical, the industrial and multifamily segments will lead the industry. Retail has started to show signs of improvement, and Class B and C office space continues to be challenged.

There are still significant levels of "dry powder" on the sidelines looking for a home in commercial real estate. Property owners are not overleveraged and are under little pressure to sell immediately. Transactions will slow as the market determines where buyers and sellers can agree on pricing.

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

INVESTORS Chart and Sales Records

Office	SF	Sales Price / Per SF	Cap Rate	Buyer/Seller
Lighton Plaza 7300–7500 College Boulevard, Overland Park, Kansas	475,804	$61,810,000 $129.91	6.93%	**Buyer:** Price Brothers **Seller:** Bentail Green Oak
10 Main Center 920 Main Street, Kansas City, Missouri	396,800	$48,000,000 $120.97	"Partial MF Conversion"	**Buyer:** Price Brothers **Seller:** Sovereign Partners
Burns and McDonnell 9201 State Line Road, Kansas City, Missouri	155,925	$27,600,000 $177.01	10.98%	**Buyer:** Nazareth Enterprises **Seller:** Real Capital Solutions
Argus Building 1300 Washington Street, Kansas City, Missouri	82,664	$9,000,000 $108.87	User	**Buyer:** Jackson County **Seller:** DST Systems
Parkhill Office Building 10975 El Monte, Overland Park, Kansas	70,373	$15,000,000 $213.15	7.95%	**Buyer:** Sunlight Saunas **Seller:** Mortgage Lenders of America
Deer Creek Surgery Center 7200–7220 W. 129th Street, Overland Park, Kansas	61,380	$6,749,364 $109.96	4.81%	**Buyer:** Midwest Equity Investors, LLC **Seller:** MTM Designs, LLC & DCSEE Properties, LLC
Industrial	**SF**	**Sales Price / Per SF**	**Cap Rate**	**Buyer/Seller**
Guitar Center Distribution Center (North Fleet Logistics Center) 4001 Northeast Norfleet Road, Kansas City, Missouri	701,480	$60,375,000 $86.07	4.85%	**Buyer:** STAG Industrial Holdings, LLC. **Seller:** LaSalle Inv. Mgmt.
Clorox Distribution Center 15801 South Green Road, Olathe, Kansas	569,584	$44,000,364 $77.25	5.38%	**Buyer:** Sealy **Seller:** Scannell
Faith Technologies 21800 West 167th Street, Olathe, Kansas	448,479	$26,315,000 $58.68	6.11%	**Buyer:** A BRES Sponsored Entity **Seller:** Faith Technologies
FedEx KC Terminal 9140 Woodend Road, Edwardsville, Kansas	274,970	$93,000,000 $338.22	4.18%	**Buyer:** Stockbridge **Seller:** Kiernan West
Lenexa Logistics Centre East #3 16401 West 116th Street, Lenexa, Kansas	249,150	$30,225,000 $121.31	4.81%	**Buyer:** A BRES Sponsored Entity **Seller:** Humphreys Capital
Staples 1400 North Cambridge Avenue, Kansas City, Missouri	244,200	$18,000,000 $73.71	5.04%	**Buyer:** A BRES Sponsored Entity **Seller:** Block Venture III
Multifamily	**Units**	**Sales Price / Per Unit**	**Cap Rate**	**Buyer/Seller**
Lexington Farms 8500 West 131st Place, Overland Park, Kansas	404	$100,000,000 $247,525	3.45%	**Buyer:** Sentinel **Seller:** Crow Holdings
Artistry KC 1918 Locust Street, Kansas City, Missouri	341	$94,000,000 $275,660	3.75%	**Buyer:** Avanti Residential **Seller:** Milhaus & CrossHarbor Capital Partners
Meridian at View High Apartments 201 Northwest Kessler Drive, Lees Summit, Missouri	312	$96,000,000 $307,692	4.19%	**Buyer:** Canyon View Properties **Seller:** Cityscape Residential
Century West Apartments 940 Northwest Pryor Road, Lees Summit, Missouri	237	$94,326,000 $398,000	4.20%	**Buyer:** Centennial Holding Company **Seller:** Tegethoff Development
Centennial Park 12000 Hayes Street, Overland Park, Kansas	170	$40,200,000 $236,471	4.09%	**Buyer:** A BRES Sponsored Entity **Seller:** Maxus Properties
Pinnacle Pointe 10460 Pflumm Road, Lenexa, Kansas	160	$31,525,000 $197,031	4.40%	**Buyer:** A BRES Sponsored Entity **Seller:** Maxus Properties
Retail	**SF**	**Sales Price / Per SF**	**Cap Rate**	**Buyer/Seller**
Hy-Vee Grocery Store 13550 West 63rd Street, Shawnee, Kansas	353,900	$35,932,012 $101.53	4.49%	**Buyer:** Hurd Land Company, LLC **Seller:** HY-VEE, INC.
Pinnacle Village 7501 West 119th Street, Overland Park, Kansas	108,729	$17,000,000 $156.35	7.13%	**Buyer:** Cherry Hill Properties **Seller:** PEBB Enterprises
Shawnee Marketplace 6485 Quivira, Shawnee, Kansas	83,831	$6,100,000 $72.77	8.75%	**Buyer:** Eternia LLC **Seller:** Walpert Properties
Aspen Solan & Spa/Davita 8250–8260 North Booth Avenue, Kansas City, Missouri	92,210	$5,680,667 $61.61	6.00%	**Buyer:** Boulevard Properties **Seller:** Rubenstein Real Estate Co., LLC
Jo-Ann & Planet Fitness 11401 Metcalf Avenue, Overland Park, Kansas	61,712	$10,300,000 $166.90	6.87%	**Buyer:** Convergence Capital Management **Seller:** Crimson Capital
Michaels & Office Depot 8531 North Evansion Avenue, Kansas City, Missouri	41,011	$5,150,000 $125.58	7.73%	**Buyer:** Warren Davis Properties **Seller:** Goldberg Family Partnership, LP

BLOCK SYNDICATIONS

Block Funds is a leading real estate private equity firm specializing in creating and preserving generational wealth and passive income for our investors through commercial real estate partnership opportunities. At Block Funds, our investment philosophy is driven by adherence to market fundamentals. The Block Funds team is dedicated to sound market research, detail-oriented asset management, and relationship-driven real estate. Commitment to these and other fundamentals helps our professionals find and acquire compelling commercial real estate investments in our target markets and manage those investments in a manner that mitigates risk while maximizing returns for our investors.

OBJECTIVES

1. Preserve, protect, and return investor capital contributions.
2. Maximize cash distributions to our investors.
3. Achieve principal debt reduction over time.
4. Realize appreciation for the value of our properties upon their disposition.

2022 SYNDICATIONS — BLOCK FUNDS

A list of some transactions throughout 2022 can be found on the chart on the following page. A few of the more notable transactions are detailed by property type:

- **Industrial —** Riverside Logistics Centre II broke ground in 2022, adding over 325,000 square feet of industrial in Riverside, Missouri.
- **Multifamily —** The acquisitions of Pinnacle Point Apartments, Pebblebrooke Villas, and Centennial Park Apartments resulted in 385 units added to BRES's Kansas-owned projects.
- **Office —** Cityplace Corporate Centre IV broke ground in 2022. Three of the four Cityplace Corporate Centre developments will be finished upon completion.

Lenexa Logistics Centre East 2 (LLCE 2) was completed in 2022 for $22.7 million. This 273,477 square foot bulk cross-dock facility is located on a 17.37-acre site. LLCE 2 currently has 39,763 square feet available for prospects to join existing tenants ASMI Stone and Tile, Jaeckle Distributors, Golden Star, and Kansas Living Spaces.

Pinnacle Pointe Apartments, a 160-unit multifamily development in Lenexa, Kansas, was acquired by BRES in 2022. This community was part of a multi-property portfolio sold by Maxus Realty Trust Inc.

Rupple Townhomes: The acquisition of a newly constructed, 64-unit, Class A townhome community in Fayetteville, Arkansas. Fayetteville is the third largest city in the state of Arkansas. The Block Funds team is pleased to expand its presence in Northwest Arkansas MSA, which continues to see strong year over year growth.

Pinnacle Pointe Apartments: The acquisition of this project brought 160 units to BRES's Kansas portfolio. This project is a promising value-add community that should be an excellent investment. This community will see significant rent growth following the renovation of the units and amenities the management team plans to add, such as a dog park.

Pebblebrooke Villas: Early in 2022, BRES acquired this 55-unit community in Basehor, Kansas. With access to major metropolitan highways, the property is conveniently positioned. The community is 20 minutes from Kansas City, Missouri; KCI Airport; Leavenworth; Lawrence; Overland Park; and Olathe. With a strong occupancy history, BRES looks to leverage the experience of BMG to increase efficiencies within Pebblebrooke's operations.

Centennial Park Apartments: The 170-unit property was offered as a value-add opportunity BRES acquired in 2022. This community has impressive upside once units are renovated and community amenities are upgraded. BRES is excited to show how this project performs following its renovation, which is expected to complete in the next two years.

Riverside Logistics Centre II: The 328,320 square foot Class A+ industrial development broke ground in 2022, with completion expected in May 2023. The project is being developed in an established market with unparalleled highway access. The site is one of the last remaining spots around Horizon's business park trade area. Riverside Logistics Centre II is a promising investment added to the ever-growing list of BRES developments.

Cityplace Corporate Centre IV: Developing as the third of four Cityplace Corporate Centres, this 190,380 gross square foot office building broke ground in 2022 and is expected to be delivered by November 2023. Pre-leased to WellSky Information Systems, Inc. for 15 years, this project will add another building to the BRES Cityplace site alongside The Royale, The Apex, and Corporate Centre I & III.

Lenexa Logistics Centre South 8: Adding to the Lenexa Logistics Centre portfolio, Building South 8 will be a Class A+ light industrial building totaling 195,409 square feet. Projected completion in May 2023 will make this project the fifth completed building in the South lot. Like other Lenexa Logistic Centres, South Building 8 shares the established, desirable location and proven development team that will make this project a sound investment upon completion.

Faith Technologies: This 448,479 square foot Class A distribution center was acquired by BRES in 2022. The deal included a 15-year sale-leaseback, with Faith Technologies occupying 100% of the facility. This triple net tenant is set to occupy the building until at least 2037, proving this is a stable investment for the future.

LOOKING FORWARD — 2023:

We will continue to offer additional opportunities for our credited investors to join in on deals as they are identified and acquired.

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

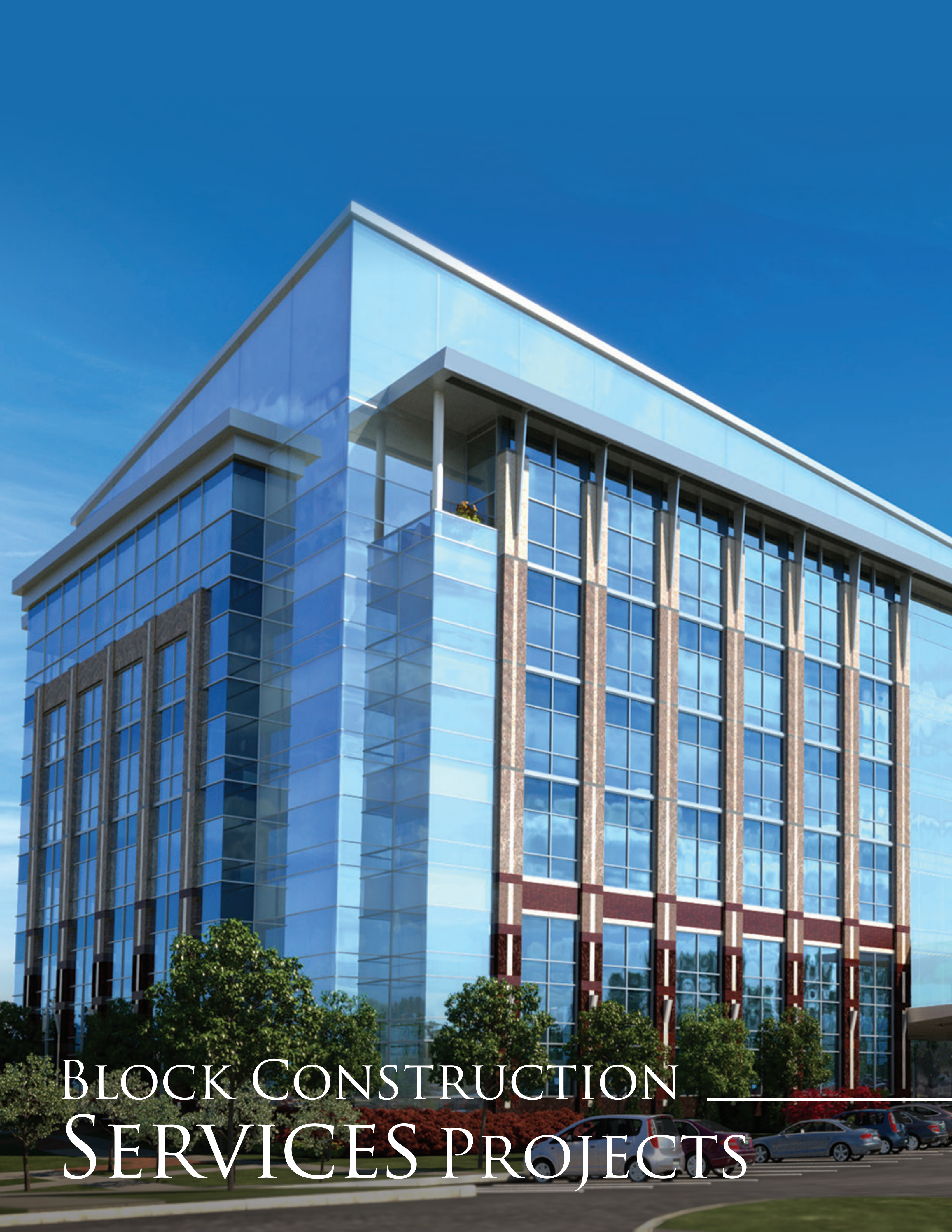
If you have any questions about the above opportunities, please do not hesitate to call Brian Beggs at 816-932-5568 or email him at bbeggs@blockllc.com.

Contributors: Zachery Gant, Senior Financial Analyst; Asher Titus, Financial Analyst

INVESTORS Transaction History Partial List

Property	Location	Property Type	Units	Square Feet	Deal Type	Investment Status
2022						
Rupple Townhomes	Fayetteville, Arkansas	A - MF	64	-	New Construction	Closed
Pinnacle Pointe Apartments	Lenexa, Kansas	A - MF	160	-	Value-Add	Closed
Pebblebrooke	Basehor, Kansas	A - MF	55	-	Stabilized	Closed
Centennial Park Apartments	Overland Park, Kansas	A - MF	170	-	Value-Add	Closed
Riverside Logistics Centre ll	Riverside, Missouri	D - I	-	328,320	New Construction	Closed
CityPlace Corporate Centre lV	Overland Park, Kansas	D - O	-	190,380	New Construction	Closed
Lenexa Logistics Centre South 8	Lenexa, Kansas	D - I	-	195,409	New Construction	Closed
Faith Technologies	Olathe, Kansas	A - I	-	448,479	Stabilized	Closed
TOTALS			**449**	**1,162,588**		
2021						
Ocean Prime / Prime Social at 46 Penn Centre	Kansas City, Missouri	D-R	-	14,072	New Construction	Closed
Lenexa Logistics Centre North Building 5	Lenexa, Kansas	D-I	-	565,027	New Construction	Closed
Lenexa Logistics Centre Building 7	Lenexa, Kansas	D-I	-	401,198	New Construction	Closed
Towne Park	Springdale, Arkansas	A-MF	237	-	Stabilized	Closed
Residence at Stratmoor	Colorado Springs, Colorado	A-MF	78	-	Stabilized	Closed
Habberton Ridge	Springdale, Arkansas	A-MF	98	-	Stabilized	Closed
Residences at River View (Bici Flats)	Des Moines, Iowa	A-MF	154	-	Stabilized	Closed
Millpark Logistics Center	Maryland Heights, Missouri	D-I	-	92,450	New Construction	Closed
1010 SE 54th Street	Ankeny, Iowa	A-I	-	201,884	Stabilized	Closed
8040 Bond Street	Lenexa, Kansas	A-I	-	55,120	Stabilized	Closed
5701 Park Avenue	Des Moines, Iowa	A-I	-	518,564	Stabilized	Closed
TOTALS			**567**	**1,848,315**		
2020						
Buckeye Crossing Townhomes	Bentonville, Arkansas	A-MF	96	-	New Construction	Closed
Woodland Park	Rogers, Arkansas	A-MF	427	-	Stabilized	Closed
3901 Dixon Street	Des Moines, Iowa	A-I	-	200,000	Stabilized	Closed
Platte Valley Industrial Center 5	Riverside, Missouri	A-I	-	155,682	Stabilized	Closed
F&R Medical, LLC	Four Locations, North Carolina	A-MED	-	62,388	Stabilized	Closed
Linpage Industrial Center	St. Louis, Missouri	A - I	-	273,556	Stabilized	Closed
TOTALS			**523**	**691,626**		
2019						
Barrington Park Townhomes	Lenexa, Kansas	A-MF	408	-	Value-Add	Closed
Buckeye Crossing	Bentonville, Arkansas	A-MF	96	-	New Construction	Closed
Pine Meadow Townhomes	Shawnee, Kansas	A-MF	102	-	Stabilized	Closed
Westowne Center	West Des Moines, Iowa	A-R	-	181,974	Value-Add	Closed
Villas at Waterside	Lenexa, Kansas	D-MF	296	-	Development	Closed
CityPlace Corporate Centre I	Overland Park, Kansas	D-O	-	125,912	Development	Closed
TOTALS			**902**	**307,886**		
2018						
Northgate Plaza Shopping Center	Pittsburg, Kansas	A-R	-	85,622	Redevelopment	Closed
Pinecrest Townhomes	Olathe, Kansas	A-MF	144	-	Value-Add	Closed
CityPlace Corporate Center III	Overland Park, Kansas	D-O	-	120,268	Development	Closed
44 Washington	Kansas City, Missouri	D-MF	196	-	Development	Closed
The Royale at CityPlace	Overland Park, Kansas	D-MF	344	-	Development	Closed
The Apex at CityPlace	Overland Park, Kansas	D-MF/R	370	18,500	Development	Closed
TOTALS			**1,054**	**224,390**		
5-YEAR TOTALS			**3,495**	**4,234,805**		

O=Office, R=Retail, I=Industrial, Med=Medical, MF=Multifamily, D=New Development, A=Acquisition, RE=Redevelopment
**** Number of Parking Stalls Not Included in Totals***



Block Construction Services Projects

Block Construction Services (BCS) managed over $251 million in development projects and coordinated over $25 million in tenant improvement work in 2022. Development projects and tenant improvements under construction in 2022 included work in all sectors, including industrial/warehouse/distribution, office, multifamily, and retail.

OFFICE

Construction has commenced on CityPlace Corporate Centre IV, a six-story 188,960 square foot office building and parking garage in Overland Park, Kansas. CityPlace Corporate Centre IV is the third of four planned office buildings totaling 600,250 square feet at the CityPlace mixed-use development, with CityPlace Corporate Centre III completed in 2019 and CityPlace Corporate Centre I completed in 2021. Tenants will include WellSky Corporation and IMA Financial Group, Inc. The Offices at CityPlace are designed in a campus-like setting incorporating walking, jogging, and bike paths that surround a reflective pond.

CityPlace Corporate Centre IV is a six-story, 188,960 square foot office building and parking garage in Overland Park, Kansas. CityPlace Corporate Centre IV is the third of four planned office buildings totaling 600,250 square feet at the CityPlace mixed-use development. (Above) Executives from BRES as well as WellSky and government officials were in attendance for the groundbreaking ceremony in June 2022.

BLOCK CONSTRUCTION SERVICES

INDUSTRIAL/WAREHOUSE/DISTRIBUTION

In 2022, the construction of the following projects was completed:

- Millpark, a 92,450 square foot industrial warehouse and office building in Maryland Heights, Missouri. Tenants include Tierpoint, LLC and Wesco Distribution, Inc.
- Bastian, a 140,000 square foot tilt-up build-to-suit industrial building in Maryland Heights, Missouri.
- Lenexa Logistics Centre North Phase II Building 5 with 565,027 square feet, completed March 2022. Tenants include KGP Telecommunications and Turn5, Inc.
- Lenexa Logistics Centre North Phase II Building 11 with 200,000 square feet, a build-to-suit for MS International, Inc. completed.
- Lenexa Logistics Centre North Phase II industrial logistics and distribution park consists of 148.5 acres. Eight buildings that range in size from approximately 51,000 square feet to 565,000 square feet are planned.

Construction is currently underway on the following projects:

- Riverside Logistics Centre II — Construction began in August 2022 on this Class A+ 328,320 square foot industrial distribution and logistics building located in the heart of the Kansas City Industrial market with immediate access to the I-635, I-70, and I-29 highway systems. Riverside Logistics Centre I was completed in 2016.
- Lenexa Logistics Centre South Building 8 — Class A+ speculative light industrial building totaling 195,409 square feet on 12.4 acres with a projected delivery date of August 2023.
- 175th Street Commerce Centre Building 1 — Construction has begun on a 1,066,240 square foot bulk cross-dock industrial facility on 56.9 acres in Olathe, Kansas, with a projected delivery date of June 2023.

MULTIFAMILY

In 2022, construction was completed on the following:

- The Residences at Galleria consisting of 322 Class A+ units in this mixed-use development comprised of office, retail, restaurant, entertainment, and multifamily uses located adjacent to Aspiria (formerly Sprint world headquarters campus) in Overland Park, Kansas.

Multifamily projects currently under construction include:

- The Clearing at 128 will include five four-story apartment buildings totaling 270 apartment units and twelve four-plex two-story townhomes with 48 units. This multifamily development in Olathe, Kansas, will also include a freestanding clubhouse with outdoor pool amenities, walking trails, and a dog park. Construction is scheduled to be completed in June 2024.

- The View at Castle Rock, is a 221-unit Class A+ multifamily property featuring 19,375 square feet of office, restaurant, and commercial space. Upon completion, The View at Castle Rock will provide a unique, luxury, resort-like option as well as a highly visible Class A+ office, commercial, and restaurant space for young professionals seeking immediate proximity to Denver and Colorado Springs while being walkable to downtown Castle Rock, Colorado. The View at Castle Rock will consist of a 6-level building showcasing a 3,275 square foot clubhouse and two amenity terraces, one featuring a resort-style pool and the other with private gathering spaces and a pet park.

RETAIL

The Galleria and The View at Castle Rock mixed-use developments include retail space and multifamily units. Retail tenants at The Galleria include Whataburger, Chick-Fil-A, and Fidelity Brokerage Services.

MASTER PLANNING

Master Planning efforts include the following projects:

- Galleria Phase II — office, retail, restaurant, entertainment, and second multifamily community with 356 multifamily units and a 269,533 square foot Class A retail center in Overland Park, Kansas.

MS International, Inc. (MSI) announced the completion of its latest distribution center supplying flooring, countertops, wall tile, and hardscaping products in Kansas City at 10757 Mill Creek Road in Lenexa, Kansas. Construction of the new 201,569 square foot facility on 14.7± acre land is complete. It will serve residential and commercial markets in and around Kansas. The building is expected to open in Q1 of 2023. Development services were provided by Block Development Company.

- Cincy Club — historical multifamily renovation in Cincinnati, Ohio.
- 47 Madison — Multifamily development with 238 luxury units in Kansas City, Missouri.
- The Majestic at CityPlace — Third multifamily community at the CityPlace mixed-use development in Overland Park, Kansas, with 355 units.
- The Southglen — 341 multifamily units in Overland Park, Kansas.
- 56th & Foxridge — 307 multifamily units in Mission, Kansas.
- Woodside Village — 162 multifamily units in Kansas City, Kansas.
- 143rd & Metcalf — 368-unit multifamily development in Overland Park, Kansas.
- College & Ridgeview — 377-unit multifamily development in Olathe, Kansas.
- Residences at Renner 95 — 80-unit multifamily development with 10,221 square feet of office and retail space.
- K-7 Logistics Centre — 406,793 and 551,793 square foot industrial buildings in Shawnee, Kansas.
- K-7 & Nettleton — Two 638,793 square foot industrial buildings in Shawnee, Kansas.

TENANT IMPROVEMENTS

Some of the projects coordinated by our tenant improvement division during 2022 include:

- Axis Reinsurance at 46 Penn Centre
- Fisher & Phillips at 46 Penn Centre
- Arthur J. Gallagher Risk Management Services at 46 Penn Centre
- Parris Communications at 46 Penn Centre
- 1248 Holdings at 46 Penn Centre
- Kansas Living Spaces at Lenexa Logistics Centre East Building 2
- Golden Star at Lenexa Logistics Centre East Building 2
- ASMI Stone at Lenexa Logistics Centre East Building 2
- Plus Two at CityPlace Corporate Centre I
- Turn5 at Lenexa Logistics Centre North Building 5
- KGP Telecommunications at Lenexa Logistics Centre North Building 5
- Gateway Spine at Plaza Corporate Centre
- Vital Care Cleanroom at Riverside Industrial Center #3
- EMC at Nall Corporate Centre II

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


BLOCK
MULTIFAMILY GROUP

In 2022, Block Multifamily Group (BMG) successfully managed 10,518 multifamily units across eight states. The portfolio expanded by nearly 15% throughout the year, welcoming 8 additional properties, including a 55+ Community, 3 major renovation projects, and one new development. As we look forward to 2023, the firm plans for continued growth and expansion into new markets.

BMG is dedicated to our core values of Integrity, Quality, Collaboration, Value, Customer Service, and Efficiency. Throughout 2022, BMG has been successful in each of these six areas.

Our greatest value at BMG is our moral and ethical principles, including honesty, fairness, and trust. This integrity is seen in the relationships we build with various ownership partners. This year alone, the firm added two fee-managed properties in Jackson, Mississippi, with 224 additional third-party units. This new territory expansion came with the trust the firm has built with one of our most significant owner partnerships. BMG manages 2,173 units in 3 different states for this one client. In 2022, we were not only entrusted with additional assets but have also overseen major renovations for this client.

The firm is working on three massive renovation projects in Northwest Arkansas, where BMG is the second largest Property Management Company in the region. BMG has played a pivotal role in modernizing these assets from start to finish. All three communities were renamed, re-branded, and are currently undergoing interior and exterior renovations. At The Reserve on Central, the team has worked closely with ownership to select all finishes that modernize the community and add the quality that BMG is known for. These upgrades to paint, countertops, appliances, flooring, cabinetry, and amenity spaces will add to residents' quality of life and the owner's quality of product. Each design decision is made with residents and owners in mind as we analyze value-add and ROI. In the end, these Northwest Arkansas communities will undergo considerable renovations, exemplifying the quality associated with Block communities.

BMG's high level of collaboration with residents and ownership partners makes BMG's renovation and new development projects so successful. In 2022, our teams oversaw 13 renovation projects in varying degrees of intensity, along with one new development. One renovation project is at Bella Madera, a 612-unit asset in the Dallas area in Texas. For this project, we considered the desires of the residents and the needs of the owners to land on extremely minimal, value-based unit upgrades while completing a massive overhaul of the

The preliminary plans for Galleria 115, a $350 million mixed-use project, have been approved by Overland Park city officials. The proposed development is situated north of the old Sprint site in southern Overland Park, close to 115th Street and Nall Avenue. It consists primarily of offices, restaurants, retail and 2 apartment complexes.

The Residences at Galleria was built with a full suite of amenities including a massive resort-style pool with swim-up bar, private cabanas, a day spa, digital sports simulator and a state-of-the-art fitness center.

Clubhouse and Fitness Center. Even without significant work inside the units, Bella Madera has seen a new rent growth average of 8.38%.

On the other end of the spectrum, Barrington Park Townhomes continues to undergo substantial interior renovations, bringing an average of 16.06% rent growth this year. BMG weighs the material cost and availability when determining these upgrade packages to retain the best value for both resident and owner. This eye for value is also seen in new development projects. The Villas at Waterside, which opened its doors to residents in May 2021, reached stabilization in Q1 2022. With this 298-unit project sitting comfortably at 95% occupied within 12 months of opening, the team was able to tackle our next new development project — The Residences at Galleria.

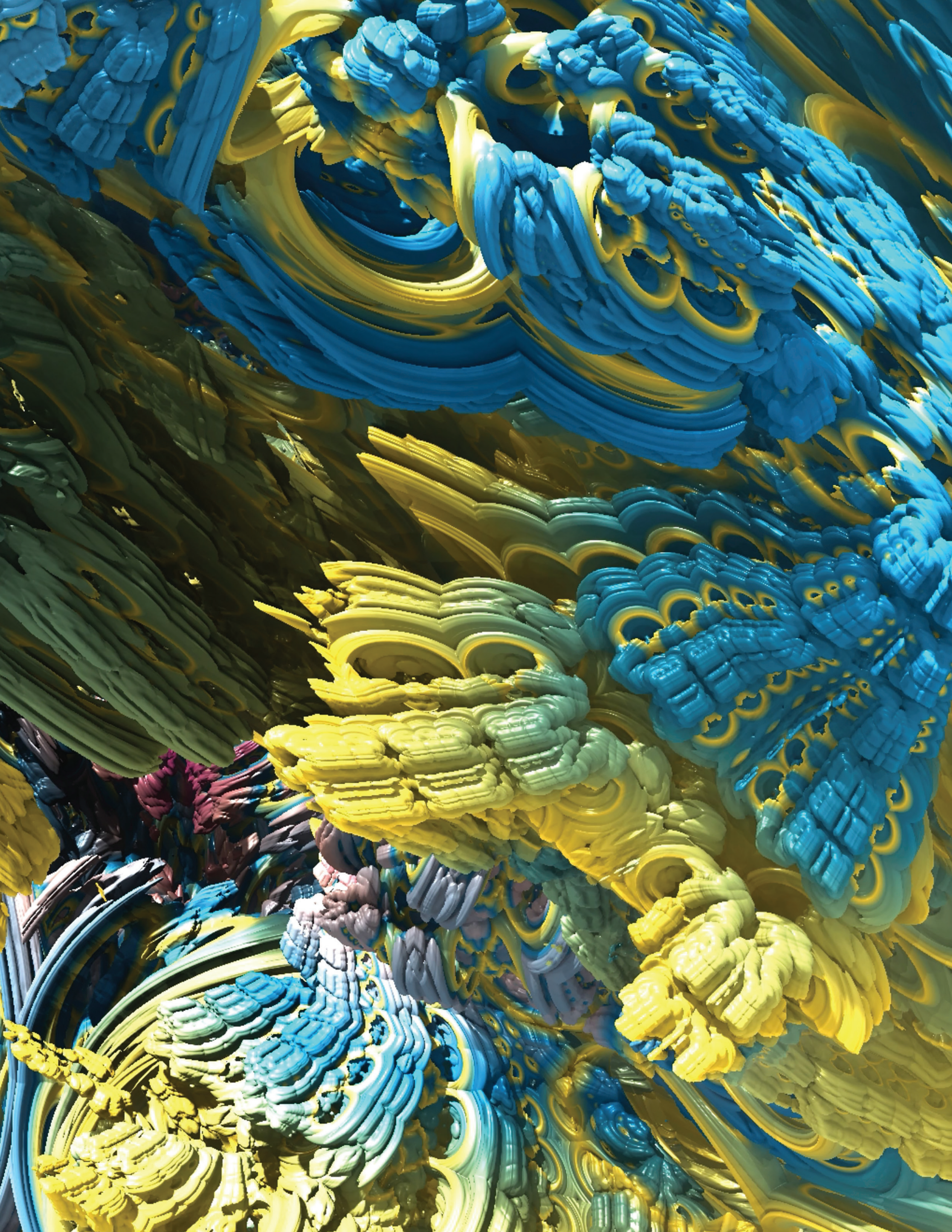
The Residences at Galleria is the first phase of a mixed-use development located on Nall Avenue between 112th and 115th Streets in Overland Park, Kansas, a genuinely remarkable apartment home community offering 322-units ranging from executive suites to 3-bedroom apartment homes. The community boasts a full suite of both indoor and outdoor amenities, including a Great Hall with a fully functional chef's kitchen, a Game Lounge with a full bar, poker tables, a pool table, and digital sports simulator, a Day Spa with massage room, tanning bed, and hair salon, a coworking space, a Media Lounge, a state-of-the-art Fitness Center, and a massive resort-style pool with a swim-up bar, private cabanas, and more! Inside each home, residents fall in love with the beautiful quartz countertops, luxury vinyl plank flooring, built-in storage solutions, walk-in closets, coat closets in every floor plan, and even pull-out trash cans. This community opened its doors to residents in March 2022, and will close the year 70% occupied. In the 9 months since it opened, it has not offered any concessions or move-in specials, and the team continues to push toward stabilization. Throughout the development process, the team at BMG works closely with ownership to ensure the asset delivery is priced competitively and every fit and finish is of a caliber that will interest prospective residents. By working together with ownership and key vendor partners, BMG delivers results unlike any other.

These positive results have been seen throughout the year with an onslaught of awards and recognition. Most recently, BMG was named Best Property Management Company in Kansas City, according to *The Pitch Magazine's* Best of KC. Similarly, 44 Washington was awarded Best Apartment Complex in Kansas City, and Waterside Residences on Quivira was named Best Apartment Complex in Johnson County. In addition, this year's Apartment Association of Kansas City presented nine Crystal Merit Awards to BMG. These honors include The Villas at WaterSide for Clubhouse/Leasing Office of the Year, The Apex at CityPlace for Community Amenities of the Year, and EdgeWater at City Center for Property Management Team of the Year, along with individual awards for Maintenance Executive, Most Valuable Player, Community Manager, Rookie Manager, Assistant Manager, and Leasing Consultant of the Year.

Moreover, BMG had nearly 10% of the firm's total communities on the Elite 1% list for J. Turner's ORA Scores. This list is a compilation of the top 1% of properties nationwide based on online reputation analysis. The Equitable in Des Moines, Iowa, and The Grand in Kansas City, Missouri, were recognized as top communities in their respective states. Our dedication to providing the best customer service pays off with these accolades; however, our retention rate is even more valuable in this regard. In 2022, BMG's portfolio averaged a renewal rate of 50.13%, which lends itself to an overall trend of 92% throughout the year.

Although there may be anticipated uncertainty in the market for 2023, our team can rely on our robust systems of efficiency and organization internally. Over the past two years, BMG has doubled in size, from 5,486 units at the end of 2019 to 10,518 units today. With this massive growth, a key focus of the firm was to improve internal procedures throughout the year. As a result, the firm successfully hired a new HR payroll manager, updated payroll software, modernized the Employee Handbook, enhanced employee benefits, improved training, and streamlined the onboarding process for new hires. This focus has served BMG well, as the firm employs approximately 250 personnel across 8 states. With the right people, culture, and processes, BMG is positioned for continued growth in the new year. The firm is enthusiastic to welcome new opportunities in 2023 from all ownership partners as we strive for excellence in changing multifamily housing, one Block at a time.

Contributors: Alison McCranie, Director of Marketing; Chandler Thompson, Executive Vice President; Jason Charcut, President.



MARKET STATISTICS

FOURTH QUARTER 2022 DATA

2022 OFFICE

MARKET	INVENTORY	# OF BUILDINGS	OVERALL VACANCY	YTD DELIVERIES	NET ABSORPTION	AVG. FULL SERVICE RENT
College Blvd	21,321,544	391	12.7%	8,489	(319,386)	$23.98
CBD	17,657,438	178	10.3%	300,000	(408,438)	$20.60
Topeka	12,013,771	593	5.5%	0	68,245	$17.69
South Johnson County	9,140,277	504	15.5%	20,000	(223,269)	$21.14
Northeast Johnson County	8,915,125	423	12.0%	22,908	(21,267)	$21.80
I-35 Corridor	8,218,959	472	5.6%	0	66,200	$19.21
East Jackson County	7,255,823	635	7.5%	0	(99,336)	$18.20
Crown Center	6,479,557	66	18.1%	0	(913)	$21.58
Country Club Plaza	5,511,916	120	8.6%	0	28,460	$28.06
South Kansas City, MO	5,419,546	171	4.6%	0	(25,940)	$21.22
Northwest Johnson County	5,397,421	275	15.0%	14,531	(317,865)	$22.55
Midtown	4,432,927	253	2.1%	0	100,902	$19.49
Kansas City, MO	3,813,307	205	2.5%	0	168,767	$17.61
I-29 Corridor	3,805,364	161	16.1%	25,585	62,157	$18.64
Southeast Jackson County	3,659,608	283	9.4%	10,180	(97,633)	$18.96
Ward Parkway	3,461,810	95	8.3%	0	(75,748)	$20.77
Kansas City, KS	3,424,992	233	3.5%	0	37,650	$21.60
St Joseph	3,338,633	251	7.0%	0	(20,100)	$14.37
Lawrence	3,280,723	292	12.6%	4,000	(94,927)	$22.27
Freight House District	2,573,967	119	13.5%	0	51,281	$21.24
West Bottoms	2,012,730	63	7.4%	0	(27,726)	$20.18
Downtown Kansas City, KS	1,758,404	73	8.9%	0	(89,181)	$19.35
Leavenworth County	1,045,555	86	11.1%	0	(40,986)	$18.74
Cass County	827,217	135	4.0%	0	8,694	$18.84
Brookside	615,551	38	0.8%	0	9,086	$23.97
Outer South Kansas City	427,939	72	4.8%	0	(16,794)	$18.54
Outlying Kansas City, MO	292,220	63	4.3%	0	(2,900)	$20.02
Lafayette County	166,101	40	6.6%	0	0	$18.08
TOTAL OFFICE	**146,268,425**	**6,290**	**8.5%**	**405,693**	**(1,280,967)**	**$20.31**

Information accurate as of 12/30/22

BLOCK

REAL ESTATE SERVICES, LLC

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MARKET STATISTICS CONTINUED

2022 RETAIL

MARKET	ESTIMATED INVENTORY	PERCENT VACANT	VACANCY SF	NET ABSORPTION	AVG. RENTAL RATE	PLANNED DEVELOPMENT
Johnson County	35,202,503	4.6%	1,603,591	684,836	$18.93	378,472
East Jackson County	18,680,166	6.80%	1,271,372	214,057	$14.88	12,197
Midtown/Downtown/Plaza	24,687,594	3.1%	759,166	162,284	$18.00	123,075
Kansas City, Kansas	9,847,817	2.4%	234,526	(43,485)	$12.98	6,364
North of the River	20,210,496	4.0%	803,670	285,523	$17,83	182,219
TOTAL RETAIL	**108,628,576**	**4.18%**	**4,672,325**	**1,303,215**	**$16.20**	**702,327**

2022 WAREHOUSE/BULK INDUSTRIAL

MARKET	INVENTORY	# OF BUILDINGS	OVERALL VACANCY	LEASING ACTIVITY	NET ABSORPTION	AVG. GROSS RENT
KCI/Airworld	9,700,000	83	0.90%	297,000	344,000	$5.96
North Kansas City/Riverside	25,400,000	525	2.40%	773,000	707,000	$5.12
Executive Park/Northland	47,200,000	443	2.90%	2,300,000	3,600,000	$4.69
Wyandotte County	48,900,000	979	3.00%	2,400,000	2,800,000	$5.29
Johnson County	85,100,000	1,586	3.90%	6,200,000	5,400,000	$5.36
East Jackson County	91,800,000	2,687	2.80%	2,600,000	2,300,000	$6.08
TOTAL WH/BULK SPACE	**308,100,000**	**6,303**	**2.65%**	**14,570,000**	**15,151,000**	**$5.42**

2022 LIGHT INDUSTRIAL/FLEX

MARKET	INVENTORY	# OF BUILDINGS	OVERALL VACANCY	LEASING ACTIVITY	NET ABSORPTION	AVG. GROSS RENT
KCI/Airworld	1,100,000	20	7.60%	18,700	(18,800)	$7.51
North Kansas City/Riverside	535,000	16	3.60%	2,400	(1,800)	$8.47
Executive Park/Northland	375,000	18	4.00%	20,000	204	$8.57
Wyandotte County	896,000	44	8.10%	38,900	5,700	$7.91
Johnson County	7,100,000	274	5.90%	428,000	276,000	$11.84
East Jackson County	6,200,000	240	8.00%	266,000	(66,200)	$10.28
TOTAL LIGHT INDUSTRIAL/FLEX	**16,206,000**	**612**	**6.20%**	**774,000**	**195,104**	**$9.10**
TOTAL FLEX + BULK	**324,306,000**	**6,915**	**4.43%**	**15,344,000**	**15,346,104**	**$7.26**

2022 MULTIFAMILY

MARKET	UNIT INVENTORY	OVERALL VACANCY	AVG. ASKING RENT	MARKET SALE PRICE/UNIT	UNITS UNDER CONST.
Johnson County	60,849	4.50%	$1,280	$180,973	2,502
North of the River	27,405	5.80%	$1,129	$158,097	1,093
CBD/Crown Center	13,875	9.70%	$1,467	$211,893	886
Southeast Jackson County	24,850	5.70%	$1,070	$119,604	857
Kansas City, Kansas	8,478	6.60%	$981	$116,028	1,031
South Kansas City	7,204	11.30%	$964	$104,295	0
East Jackson County	2,983	4.40%	$857	$102,050	80
Country Club Plaza/Midtown	13,998	7.00%	$1,149	$136,916	1,014
TOTAL MULTIFAMILY	**159,642**	**6.88%**	**$1,112**	**$141,232**	**7,463**

Information accurate as of 12/30/22

OUR SERVICES

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