
RESEARCH 1Q24

Kansas City Retail Report



NEWMARK
ZIMMER

Executive Summary

Newmark Zimmer is constantly monitoring market indicators, tracking and analyzing supply and demand drivers, cyclical patterns and industry trends. The following quarterly research report examines the multifaceted Kansas City retail market.

Newmark Zimmer research and analytics has established a system of data flow unique in our industry. Rather than rely on third party data sources, our data acquisition efforts involve inputs from advisors in the field, analysts and brokers executing transactions. Newmark Zimmer research converts market data and analysis into knowledge that creates value for our clients.

Our clients include market-leading landlords and distinguished institutions in and around the Kansas City area and the Midwest. Our market knowledge continues to expand as the market progresses and evolves.



Select Market Transactions

Hawthorne 40 S/C Portfolio | Kansas City, MO

215,260 SF GLA – SOLD FOR \$8,600,000 (\$40/SF)
East Jackson County | 14121-14221, 14171, 14227, 14231 E Highway 40

Oakbrook Plaza | Overland Park, KS

22,020 SF GLA – SOLD FOR \$4,415,000 (\$201/SF)
North Johnson County | 7620 Metcalf Avenue

Starbucks | Raymore, MO

2,030 SF GLA – SOLD FOR \$2,593,250 (\$1,278/SF)
Cass County | 1631 W Foxwood Drive

CVS Pharmacy | Kansas City, MO

23,210 SF GLA – SOLD FOR \$2,190,000 (\$94/SF)
East Jackson County | 2435 E Independence Avenue

Domino's, SmileShack | Raytown, MO

6,360 SF GLA – SOLD FOR \$2,050,000 (\$322/SF)
East Jackson County | 9103 E State Route 350

Retail

KANSAS CITY MARKET OVERVIEW

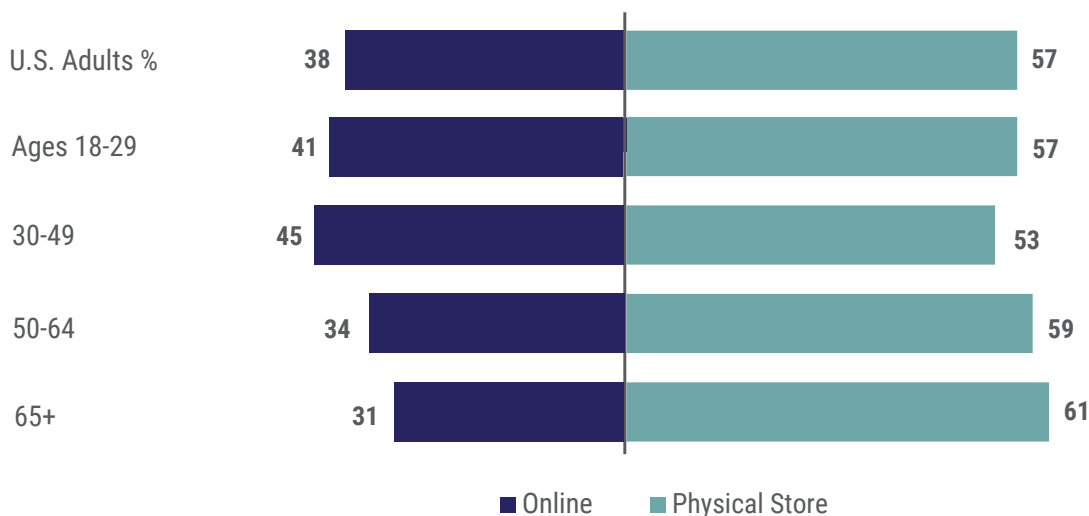
The Kansas City retail landscape continues to see high demand for prime retail space in both the suburban and urban areas of the market. Tenants are right sizing their spaces, refining their real estate site selection process, and actively expanding where space is available. As the economy has shifted, we are seeing trends in Landlord's providing concessions more in the form of free rent versus increasing out of pocket TI Allowance funds. Demand for retail space along the main corridors, with excellent visibility and strong co-tenancy, is at an all-time high and availability is extremely limited. This environment is creating premium rents across the board for retail space. A leveling-out is anticipated to start as we approach 2025.

Market News:

- Occidental Management, Inc. filed plans with the city of Overland Park to develop approximately 2.1 million SF of office, multifamily and retail space at the southeast corner of the Aspiria Campus. A total of 11 buildings measuring 137,000 SF are dedicated to pure retail and restaurant uses, situated primarily along Nall Avenue and 119th Street. In addition, four mixed-use buildings totaling 132,000 SF will offer both office and retail space.
- Farm Fresh Market announced it will occupy the former Sun Fresh space in the Red Bridge Shopping Center. The grocer leased 35,000 SF at 11212 Holmes Rd. and expects to open by the third quarter of 2024.
- Banksia, an Australian-inspired café, will move from 105 West 9th St. to 1111 Main in Downtown and open a new full-service restaurant within a 5,300-SF, street level space.
- Five Guys will open its 13th location in the Metro at 10 Quivira Plaza in Shawnee. The new location is expected to open by June 2024.

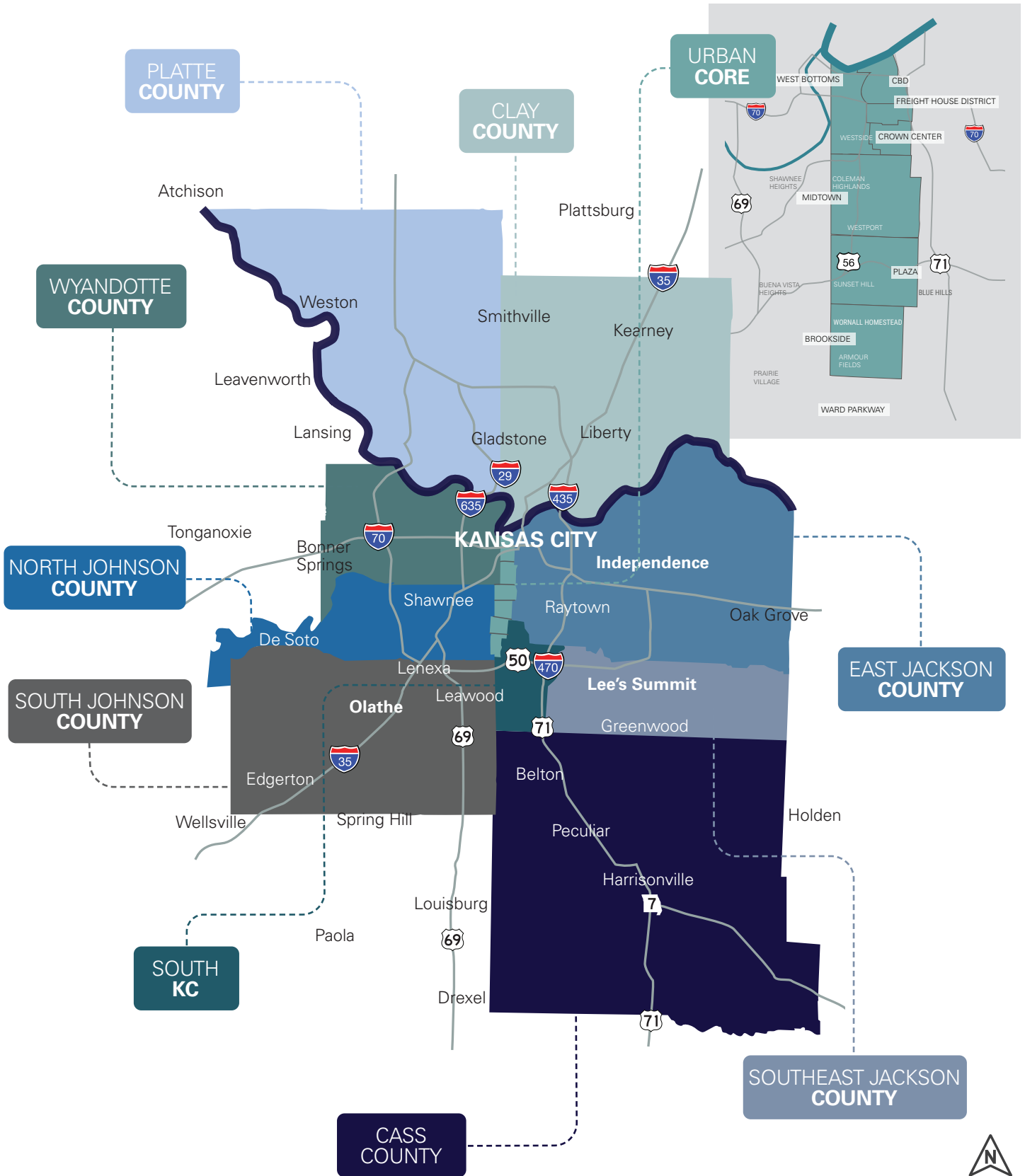
There continues to be a narrative about a potential retail apocalypse and e-commerce superseding traditional retail, with convenience and same-day delivery appealing to the masses. However, e-commerce is responsible for just 15% of total retail sales, according to the Census Bureau of the Department of Commerce. While we are witnessing retailers closing locations, filing for bankruptcy and restructuring, this is a direct reflection on retailers being required to pivot to meet consumer demands. The Pew Research Center identified that 57% of adults in the United States prefer in-person shopping. Retailers that are willing to reassess their real estate and site selection practices, right-size their physical locations and transform the customer experience will continue to be at the forefront of the shift in the retail landscape.

Shopping Preferences in the U.S.



Submarket Maps

DOWNTOWN & SUBURBS



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1Q24 Kansas City

RETAIL MARKET STATISTICS TABLE

	Type	# of Buildings	Total Inventory (SF)	Total Vacancy Rate	Qtr Absorption (SF)	Past 4 Qtrs. Absorption (SF)	Total Asking Rent (NNN)
CASS COUNTY	All	552	5,784,883	2.10%	-4,756	324	\$14.02
	Small Shop	397	1,379,596	2.40%	1,478	-7,563	\$17.35
	Big Box	155	4,405,287	2.00%	-6,234	7,887	\$13.31
CLAY COUNTY	All	1,089	13,928,968	2.30%	22,297	43,050	\$13.25
	Small Shop	699	2,496,061	1.60%	-2,835	20,205	\$20.31
	Big Box	390	11,432,907	2.50%	25,132	22,845	\$13.04
EAST JACKSON COUNTY	All	2,414	24,430,127	6.20%	31,042	27,591	\$10.76
	Small Shop	1,780	5,776,611	2.30%	23,354	19,240	\$18.31
	Big Box	634	18,653,516	7.40%	7,688	8,351	\$9.86
KC URBAN CORE	All	987	9,248,321	3.10%	19,466	-9,943	\$21.34
	Small Shop	658	2,261,372	2.50%	11,838	26,990	\$25.04
	Big Box	329	6,986,949	3.40%	7,628	-36,933	\$19.69
NORTH JOHNSON COUNTY	All	1,184	18,739,907	4.00%	46,202	43,688	\$17.67
	Small Shop	729	2,646,120	2.00%	30,384	25,717	\$22.82
	Big Box	455	16,093,787	4.40%	15,818	17,971	\$16.23
PLATTE COUNTY	All	415	6,468,811	4.30%	-17,302	65,389	\$15.71
	Small Shop	251	1,010,230	1.90%	414	11,953	\$20.64
	Big Box	164	5,458,581	4.70%	-17,716	53,436	\$15.35
SOUTH JOHNSON COUNTY	All	1,273	21,264,713	4.00%	136,728	508,836	\$17.91
	Small Shop	705	2,607,952	2.60%	-2,749	47,895	\$22.36
	Big Box	568	18,656,761	4.30%	139,477	460,941	\$17.29
SOUTH KC	All	571	6,182,916	5.20%	47,246	68,860	\$16.86
	Small Shop	399	1,184,717	2.20%	12,727	19,951	\$18.83
	Big Box	172	4,998,199	5.90%	34,519	48,909	\$16.26
SOUTHEAST JACKSON COUNTY	All	533	7,024,709	2.10%	-39,417	30,735	\$20.00
	Small Shop	357	1,328,869	1.00%	-1,609	12,327	\$21.08
	Big Box	176	5,695,840	2.30%	-37,808	18,408	\$19.80
WYANDOTTE COUNTY	All	1,028	9,948,207	3.90%	-38,413	-38,448	\$9.38
	Small Shop	797	2,518,058	2.30%	7,162	3,119	\$16.92
	Big Box	231	7,430,149	4.40%	-45,575	-41,567	\$8.81
TOTALS	All	10,046	123,021,562	4.00%	203,093	740,082	\$14.94
	Small Shop	6,772	23,209,586	2.10%	80,164	179,834	\$20.16
	Big Box	3,274	99,811,976	4.40%	122,929	560,248	\$13.98

Small Shop: Retail buildings in which GLA is 7500 square feet or less. **Big Box:** Retail buildings in which GLA is 7501 square feet or more.

Examination and calculation of supply and demand determinants by building size uncovered statistically significant inflection points consistently at the 7,500-square-foot building size. For this reason, the division between small-shop and big-box occurs at 7,500 square feet.

Market Indicators

VACANCY RATE, ASKING RENT & NET ABSORPTION

KC URBAN CORE

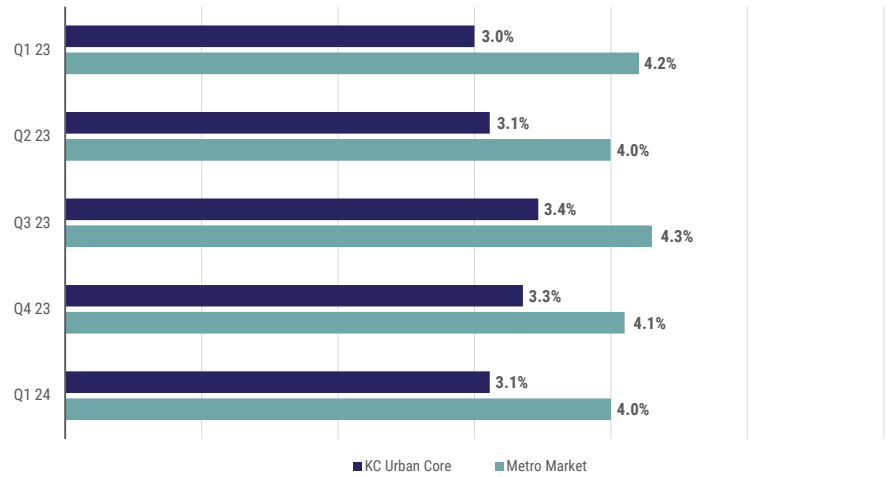
VACANCY RATE

The KC Urban Core vacancy rate displayed an upward trend, increasing **10 basis points** over the past year.

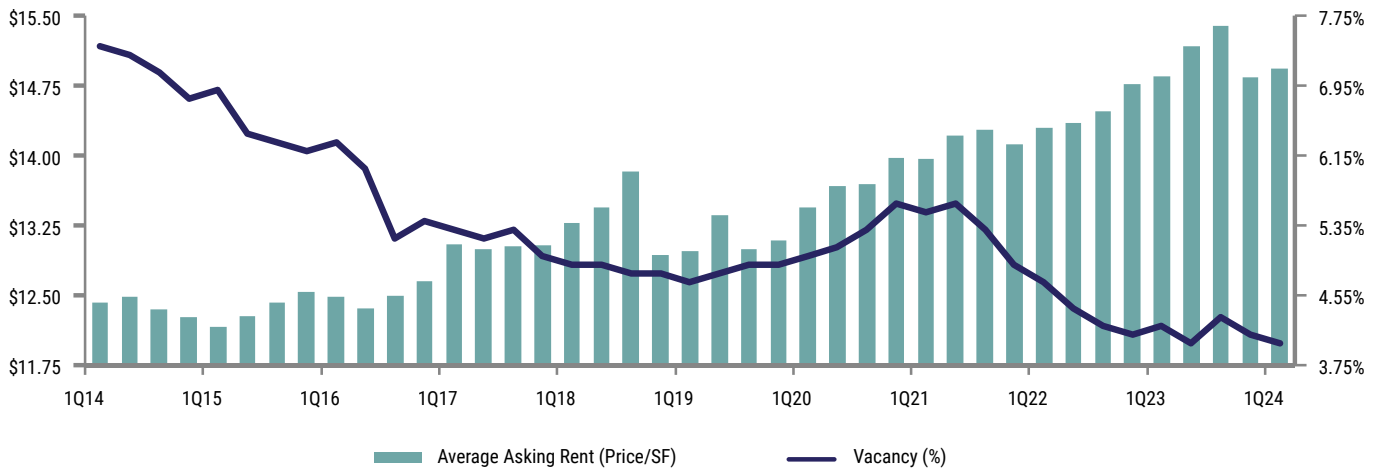
METRO MARKET

VACANCY RATE

The metro market vacancy rate displayed a downward trend, decreasing **20 basis points** compared to the past year.

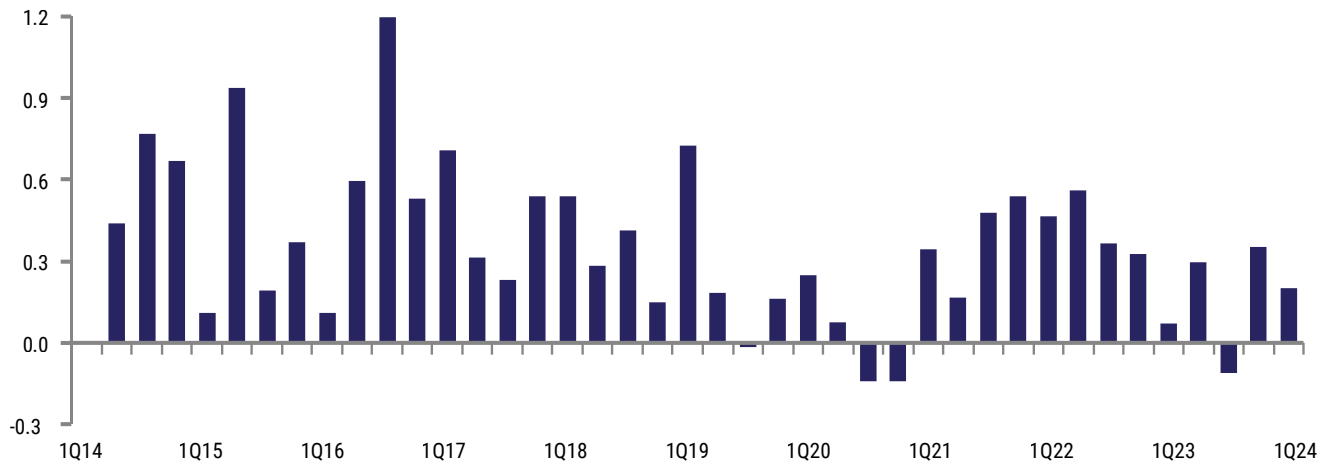


ASKING RENT AND VACANCY



NET ABSORPTION

SQUARE FEET, MILLIONS





1Q24 Kansas City

SUBMARKET VACANCY RATE

NORTH JOHNSON COUNTY

VACANCY RATE

Worsened by **20 basis points** over the past year.

4.0%

1Q24

3.8%

1Q23

North Johnson County displayed the third highest amount of net absorption in the market during the current quarter.

PLATTE COUNTY

VACANCY RATE

Improved by **70 basis points** over the past year.

4.3%

1Q24

5.0%

1Q23

Platte County displayed the third highest amount of net absorption in the market during the past four quarters.

SOUTH JOHNSON COUNTY

VACANCY RATE

Improved by **120 basis points** over the past year.

4.0%

1Q24

5.2%

1Q23

South Johnson County displayed the highest amount of net absorption in the market during the past four quarters.

SOUTHEAST JACKSON COUNTY

VACANCY RATE

Worsened by **10 basis points** over the past year.

2.1%

1Q24

2.0%

1Q23

Southeast Jackson County displays the lowest overall vacancy rate in the market.

For more information:

Kansas City, MO

1220 Washington Street, Suite 300
Kansas City, MO 64105
816-474-2000

Eastern Jackson County

1485 SW Market Street
Lee's Summit, MO 64081
816-474-2000

nmrkzimmer.com



Justin Beal

Executive Managing Director, Principal

t 816-268-4241
jbeal@nzimmer.com

Victor Cascio

Managing Director

t 816-268-4234
vcascio@nzimmer.com

Philip J. Botana

Associate Director

t 816-512-1008
pbotana@nzimmer.com

Kassie Murphy

Associate Director

t 816-471-3571
kmurphy@nzimmer.com

Nicole Gutesha

Associate Director

t 816-268-4215
ngutesha@nzimmer.com

Matt McCauley

Associate

t 816-268-4202
mmccauley@nzimmer.com

Andrew Garten

Director, Research

t 816-474-2000
agarten@nzimmer.com

We transform untapped potential into limitless opportunity.

We don't just adapt to what our partners need—we adapt to what the future demands.

Since our start, we've faced forward, predicting change and pioneering ideas. Almost a century later, the same strategic sense and audacious thinking still guide our approach. Today our integrated platform delivers seamlessly connected services tailored to every type of client, from owners to occupiers, investors to founders, and growing startups to leading companies.

Tapping into smart tech and smarter people, we bring ingenuity to every exchange and transparency to every relationship.

We think outside of boxes, buildings and business lines, delivering a global perspective and a nimble approach. From reimagining spaces to engineering solutions, we have the vision to see what's next and the tenacity to get there first.

TERMS AND DEFINITIONS

Gross Leasable Area (GLA) – Expressed in square feet. It is the total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines. It is the standard measure for determining the size of retail spaces, specifically shopping centers, where rent is calculated based on GLA occupied. There is no real difference between RBA (Rentable Building Area) and GLA except that GLA is used when referring to retail properties while RBA is used for other commercial properties.

Vacancy Rate – The vacancy rate is the amount of physically vacant space divided by the inventory and includes direct and sublease vacant.

Net Absorption – The net change in physically occupied space over a period of time.

Average Asking Rent – The dollar amount asked by landlords for available space expressed in dollars per square foot per year. Retail rents are expressed as triple net where all costs including, but not limited to, real estate taxes, insurance and common area maintenance are borne by the tenant on a prorata basis. The asking rent for each building in the market is weighed by the amount of available space in the building.

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