
RESEARCH 2024

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

Price Chopper | Leavenworth, KS

51,030 SF GLA – SOLD FOR \$5,750,000 (\$113/SF)

Leavenworth County | 2107 S 4th Street

Texas Roadhouse | Lee's Summit, MO

7,420 SF GLA – SOLD FOR \$2,950,000 (\$398/SF)

Southeast Jackson County | 740 NW Blue Parkway

Dollar General | Peculiar, MO

8,000 SF GLA – SOLD FOR \$2,400,000 (\$300/SF)

Cass County | 650 S Peculiar Drive

Dutch Bros | Olathe, KS

950 SF GLA – SOLD FOR \$2,195,000 (\$2,311/SF)

South Johnson County | 14075 W 135th Street

Chase Bank | Belton, MO

3,290 SF GLA – SOLD FOR \$1,700,000 (\$517/SF)

Cass County | 105 Mullen Road

Retail

KANSAS CITY MARKET OVERVIEW

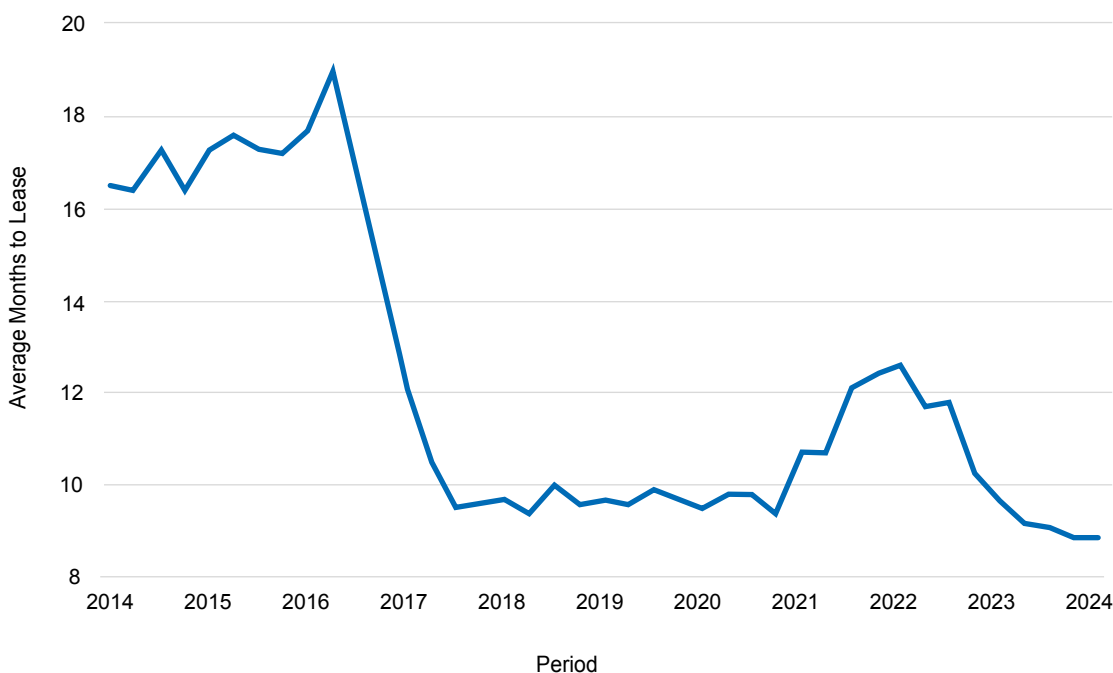
Vacancy rates continue to trend at just above 3.8% during the second quarter of 2024 in the Kansas City retail market. Continued demand coupled with limited supply is creating a competitive environment for retailers who are vying for ideal-sized space and prime locations in thriving retail centers. Retailers of all sizes and varying uses are expanding, but the window of opportunity to identify a target space is shifting to a tight timeline. Per CoStar, “Over 80% of retail spaces listed on the market during the past year were leased within six months of first becoming available, while 98% were leased within nine months.”

Market News:

- Dallas-based Charter Holdings announced it officially closed on the purchase of the Country Club Plaza from the joint venture of The Macerich Co. and Taubman Centers. The new owners have promised a more local ownership presence and plan to fill recent vacancies with high-quality local tenants over national chains. Improvements across the 15-block retail center are planned to update facades, lighting and other infrastructure issues.
- A new Mattel Adventure theme park will be coming to Bonner Springs in 2026. The company announced plans for Mattel Adventure Park Kansas City, a family-friendly themed entertainment destination with attractions such as HotWheels roller coasters, a Thomas & Friends area, a Barbie Beach House among others.
- Drake Development is redeveloping the former ADESA industrial site near Oldham Parkway in Lee’s Summit into a \$206.2 million retail center totaling 65,875 square feet. The planned development, Oldham Village, will feature 15 pad sites. Tenant commitments to-date include Starbucks, Chick-fil-A and Q39 barbeque.

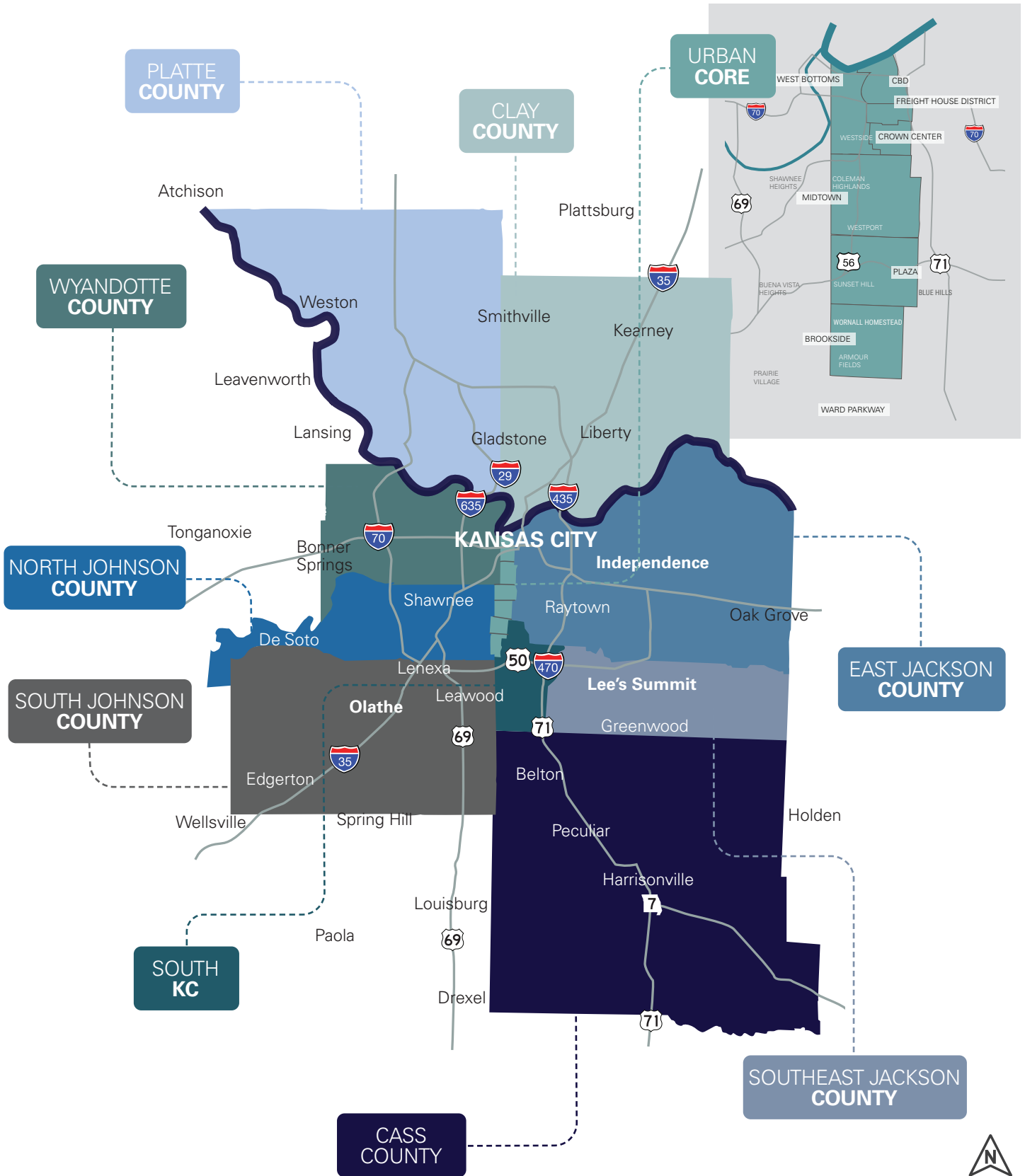
There are decent opportunities in both new construction projects and second-generation space. However, tenants are aware of the ongoing competition for space, the need for insight into the market, identifying prime space quickly, and making decisions effectively. Landlords continue to aggressively force rents upward and push additional costs onto the Tenant. Expect this trend to continue throughout the second half of 2024 with demand expected to apply pressure on supply.

Average Time For Retail Space To Lease Hits Decade Low



Submarket Maps

DOWNTOWN & SUBURBS



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2Q24 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	553	5,786,679	2.40%	-4,093	-32,774	\$13.45
	Small Shop	398	1,381,291	2.50%	-1,550	-8,923	\$17.05
	Big Box	155	4,405,388	2.40%	-2,543	-23,851	\$13.14
CLAY COUNTY	All	1,092	13,980,809	2.10%	29,394	83,837	\$15.96
	Small Shop	702	2,510,611	1.70%	4,007	-2,462	\$20.36
	Big Box	390	11,470,198	2.10%	25,387	86,299	\$15.56
EAST JACKSON COUNTY	All	2,422	24,501,694	6.30%	-52,450	-7,415	\$10.86
	Small Shop	1,788	5,799,560	2.50%	-2,153	13,602	\$19.00
	Big Box	634	18,702,134	7.60%	-50,297	-21,017	\$9.69
KC URBAN CORE	All	987	9,231,190	2.90%	20,671	16,667	\$22.06
	Small Shop	659	2,270,931	2.40%	2,865	32,769	\$26.29
	Big Box	328	6,960,259	3.10%	17,806	-16,102	\$20.37
NORTH JOHNSON COUNTY	All	1,186	18,624,263	3.00%	107,602	225,838	\$17.06
	Small Shop	730	2,653,033	1.90%	-10,675	34,421	\$23.03
	Big Box	456	15,971,230	3.20%	118,277	191,417	\$15.58
PLATTE COUNTY	All	423	6,499,378	4.00%	18,922	44,721	\$16.04
	Small Shop	258	1,027,871	1.00%	10,079	26,867	\$21.35
	Big Box	165	5,471,507	4.60%	8,843	17,854	\$15.70
SOUTH JOHNSON COUNTY	All	1,276	21,327,916	3.70%	32,255	496,783	\$18.02
	Small Shop	709	2,616,311	1.80%	18,267	46,612	\$22.47
	Big Box	567	18,711,605	3.90%	13,988	450,171	\$17.41
SOUTH KC	All	573	6,196,718	5.10%	3,349	129,054	\$15.68
	Small Shop	400	1,189,961	1.90%	732	41,303	\$18.05
	Big Box	173	5,006,757	5.90%	2,617	87,751	\$15.28
SOUTHEAST JACKSON COUNTY	All	536	7,075,098	2.00%	-1,222	14,205	\$20.25
	Small Shop	358	1,336,005	1.40%	-1,570	633	\$21.38
	Big Box	178	5,739,093	2.10%	348	13,572	\$20.05
WYANDOTTE COUNTY	All	1,032	10,422,203	4.50%	-85,057	-38,448	\$8.96
	Small Shop	799	2,521,579	1.80%	17,293	9,478	\$16.51
	Big Box	233	7,900,624	5.40%	-102,350	-151,767	\$7.65
TOTALS	All	10,080	123,645,948	3.80%	69,371	932,468	\$14.92
	Small Shop	6,801	23,307,153	2.10%	37,295	194,300	\$20.40
	Big Box	3,279	100,338,795	4.20%	32,076	634,327	\$13.94

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

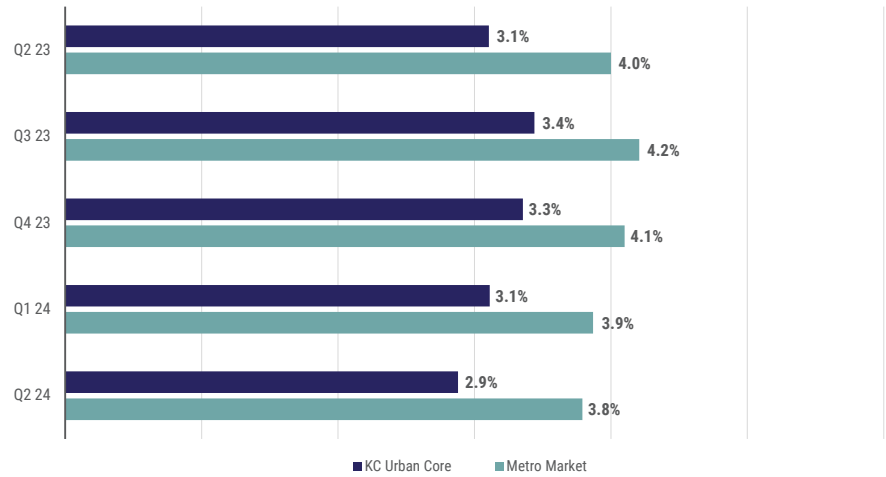
VACANCY RATE

The KC Urban Core vacancy rate displayed a downward trend, decreasing **20 basis points** over the past year.

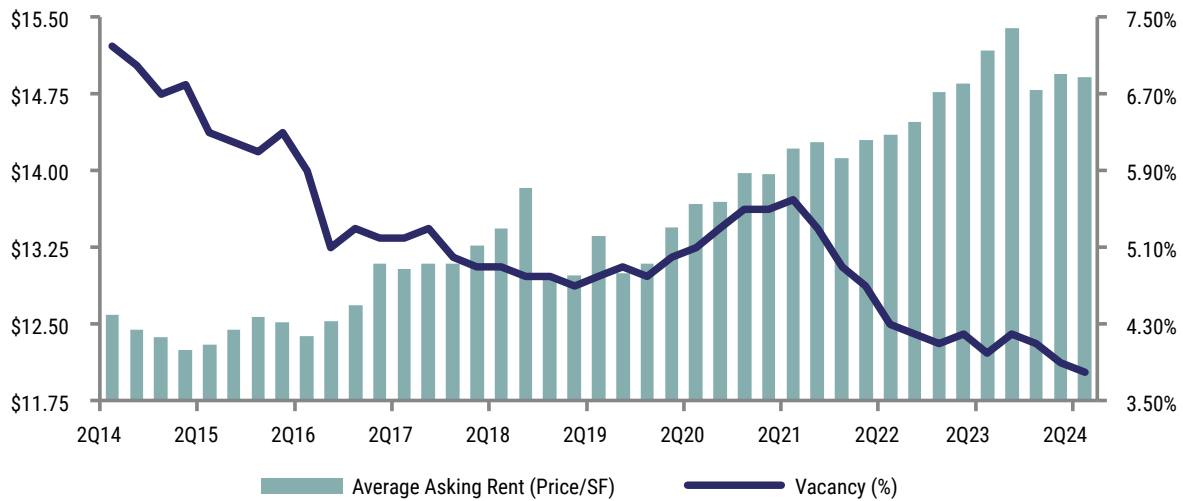
METRO MARKET

VACANCY RATE

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

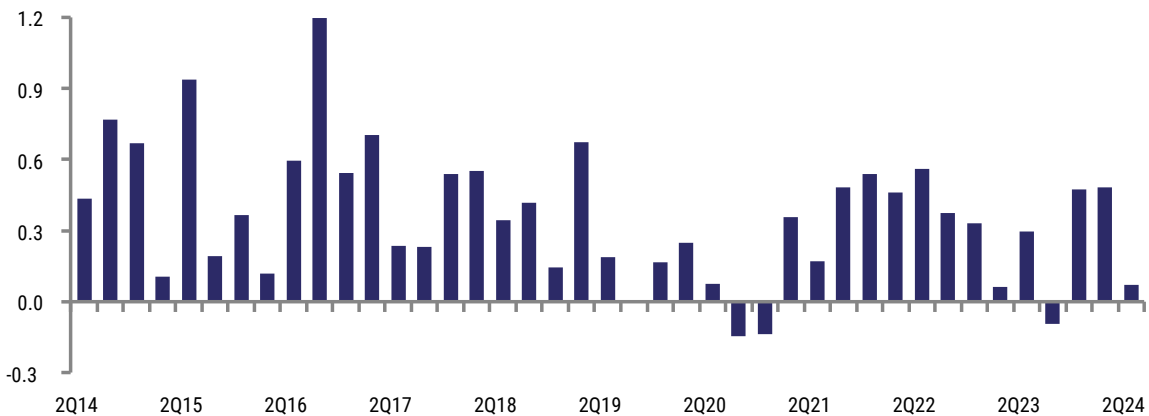


ASKING RENT AND VACANCY



NET ABSORPTION

SQUARE FEET, MILLIONS





2Q24 Kansas City

SUBMARKET VACANCY RATE

NORTH JOHNSON COUNTY

VACANCY RATE

Improved by **80 basis points** over the past year.

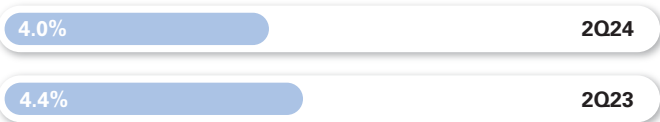


North Johnson County displayed the highest amount of net absorption in the market during the quarter.

PLATTE COUNTY

VACANCY RATE

Improved by **40 basis points** over the past year.



Platte County displays the lowest 'Small Space' vacancy rate in the market at 1.0%.

SOUTH JOHNSON COUNTY

VACANCY RATE

Improved by **90 basis points** over the past year.

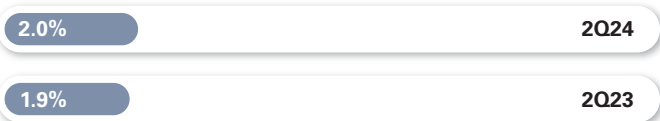


South Johnson County displayed the highest amount of net absorption in the market during the past four quarters.

SOUTHEAST JACKSON COUNTY

VACANCY RATE

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



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

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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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