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## Kansas City Mid-Year 2009 Industrial Real Estate Index



Provided by Kessinger/Hunter & Company, a Cushman & Wakefield Alliance Firm

### Kansas City Activity Slows Significantly

Area industrial activity has slowed significantly since the first of the year. Though some transactions are getting done, there are very few prospects.

Significant deals with FedEx (126,000 sq.ft. in Olathe, Kansas) Wainwright Industries (180,000 sq.ft. in Kansas City, Missouri) and Arm & Hammer (250,000 sq.ft. in Grandview, Missouri) have kept the vacancy rate quite low for spaces greater than 100,000 sq.ft. Also, the ongoing construction of the 1.1 million square foot Coleman distribution center in Gardner (pictured below) remains one of the most significant transactions in our market in many years.



Spaces below 100,000 sq.ft. remain plentiful, especially service center space in the 5,000 to 20,000 sq.ft. range. Many of these tenants are representative of locally owned small businesses, and are nearly "frozen in place" battling credit issues and an inability to collect receivables. Many have downsized or sought rent relief from Landlords during this uncertain time. Many of these tenants are asking for short-term renewals because of the uncertainty. Landlords are obliging because in the event of a turnaround, Landlords can readjust the numbers to higher market rates. Some national tenants are taking advantage of the cycle and renewing early for lower rates, called "blend and extend."

#### BNSF Intermodal Progress

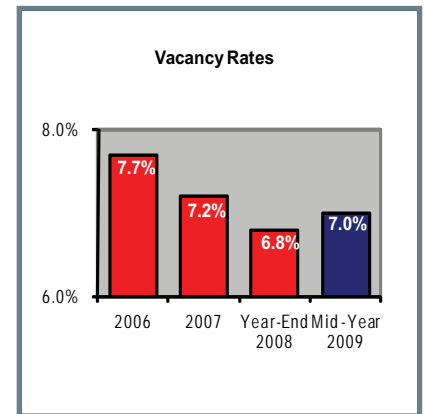
According to recent articles in the *Kansas City Business Journal*, progress on the BNSF Intermodal Facility has been stalled in this tough economy, but may be closer to becoming a reality if a stimulus grant is approved. In June of 2009, the Gardner City Council rescinded agreements for Logistics Park Kansas City, anchored by a BNSF Railway Co. intermodal freight hub, voting not only to nullify the agreements, but also to renegotiate the agreements and de-annex the property owned by BNSF, making it no longer part of Gardner.

In an interview at the time, the developer of the project (The Allen Group - Kansas City) expressed their disappointment in the council's decision and called it "shortsighted". The president of the council indicated that he was concerned with the costs of the infrastructure that the city could be taking on and that the Gardner City Council felt that other nearby localities should be asked to share the costs, since the project would benefit the entire region.

A spokesman for BNSF said at the time that the company planned to talk with entities that want to work with BNSF on the project, including Edgerton and Johnson County. He noted that the project was still likely to go forward and that only the timing was in question. BNSF previously decided in February to push back completion of the 1,000-acre, \$735 million project because of the troubled national economy.

More recently, in mid-July, the BNSF Railway spokesman announced that construction of the stalled intermodal facility anchoring the project will begin in 2010 if a \$50 million stimulus grant is approved.

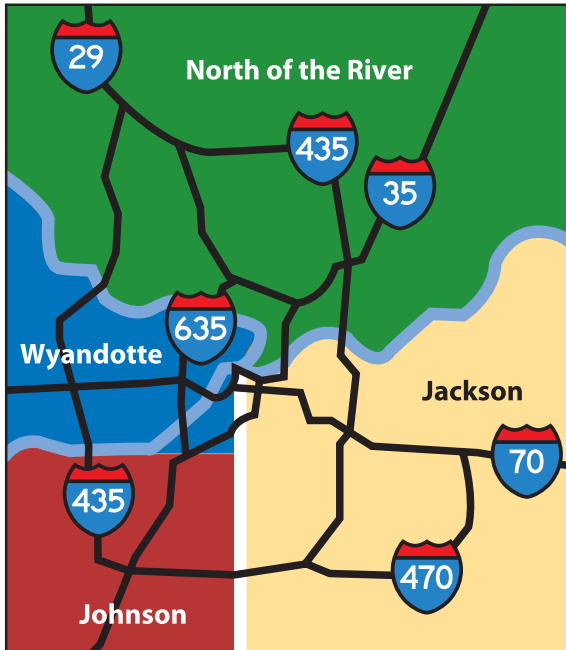
The Kansas Department of Transportation has agreed to seek a Transportation Investment Generating Economic Returns (TIGER) grant for the intermodal facility, to be built near 191st Street and U.S. Highway 56. Financed by \$1.5 billion appropriated through the American Recovery and Reinvestment Act, TIGER grants are expected to be awarded early next year. "If the state is successful in competing with (projects from) other states, that would move the start of construction up into 2010," said BNSF spokesman Steve Forsberg.



**Featured Property**

167th & Lone Elm, Olathe, Kansas  
475,472 ± sq.ft. available  
\$4.25 per sq.ft. net

## Kansas City Metro - Industrial Submarkets



## Top Transactions - Mid-Year 2009

**FedEx** leased 126,000 sq.ft. in Olathe, Kansas at the new 167th & Lone Elm speculative project developed by Kessinger/Hunter & Company.

**Wainwright Industries** leased 180,000 sq.ft. at Airworld Business Park in Kansas City, Missouri.

**Watts Water** leased 130,000 sq.ft. in Executive Park, located at 4700 Deramus Ave., Kansas City, Missouri.

**O'Reilly Automotive** is near completion on a 220,000 sq.ft. warehouse building in Kansas City, Missouri at Century Ave. & Front St.

**Sports Associated** purchased a 140,000 sq.ft. building on Kansas Ave. in Kansas City, Kansas.

**Maverick Paper** leased 72,000 sq.ft. in North Kansas City, Missouri.

**Church & Dwight, d/b/a Arm & Hammer**, leased 250,000 sq.ft. on Botts Road in Grandview, Missouri.

**\*Absorption of <800,000> sq.ft. through the 2nd Quarter of 2009\***

Market	Total Market Size	Market Vacancy	2009 Mid-Year Construction
Johnson County	51,000,000 sf	7.0%	1,137,000 sf
Wyandotte County	40,000,000 sf	4.4%	15,000 sf
Jackson County	103,957,000 sf	7.2%	70,000 sf
North of the River	27,000,000 sf	7.5%	0 sf

Kessinger/Hunter & Company is a full-service real estate organization, recently ranked by the Kansas City Business Journal as "Kansas City's Most Active Commercial Real Estate Company," based on number of transactions.

Kessinger/Hunter & Company's affiliation with Cushman & Wakefield has continued to be a success. Cushman & Wakefield is the premier real estate services firm in the world, with over 11,000 employees in 49 countries. Our firm represents multinational corporations, pension funds, REITs, developers, entrepreneurs, government entities, small and midsize companies and financial institutions worldwide. We are market leaders in all of our core businesses.



*Left to right:*

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