



# Kansas City, Missouri

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

## Overview

The Kansas City market ended 2011 with an overall vacancy rate of 13.8%, down slightly from 14.1% last quarter. Year to date net absorption was 400,161 SF, and two buildings were under construction at the end of 2011. These flat numbers reflect a continuing stagnant market in Kansas City that is predicted to continue until uncertainty on national issues improves. Tenants are continuing to delay major hiring initiatives on a large scale basis and look for ways to streamline their workforces. Part of this process often involves real estate and selecting new more efficient space to assist in lowering overall operating costs. Select buildings in suburban submarkets showed some marginal improvement in vacancy as tenants took the opportunity to move to higher quality space with the lower rental rates and additional incentives from landlords.

Investment activity in the capital markets arena remains at all-time lows as investors struggle to find financing and quality product to add to their portfolios. National economic factors that have historically had limited impact on the Kansas City market, now are chilling even local investors.

## Market Trends

- Absorption for 2011 ended at 1% or 400,161 SF.
- Tenants that are flexible on location continue to see ample options when considering new locations.
- Landlords are looking for creative and cost effective ways to maintain current tenants and attract new ones.

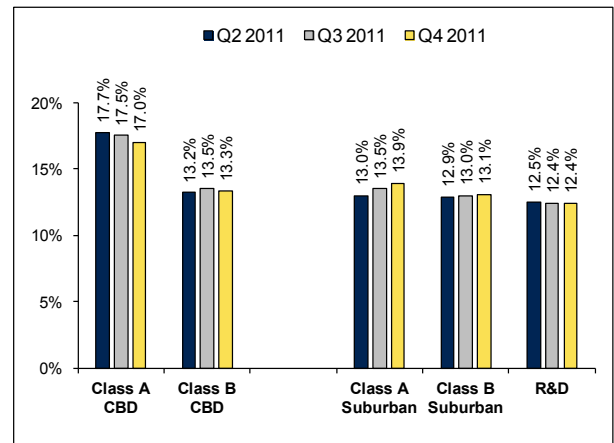
## Tenant's Perspective

The market shows signs of activity in the quarters to come, but significant positive absorption will remain elusive as companies are avoiding additional investments in real estate and personnel in these uncertain times. In addition, new technology developed in the furniture industry is allowing companies to lease less square footage and house the same number of employees. Tenants that have the ability to be creative and flexible in their market search have an opportunity to capitalize on market conditions, realizing overall lower occupancy costs, or increase the quality of their occupied space.

## Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Blount Manufacturing	349,000	Industrial	Lease
Polsinelli Shughart	193,500	Office	Lease
United Credit Recovery	80,170	Office	Lease
Fishnet Securities	62,000	Office	Lease
AXIS	39,877	Office	Lease
ITT Technical Institute	28,000	Office	Lease
Willbros Engineering	16,720	Office	Lease
Axctet HR Solutions	13,982	Office	Lease
Archer Capital	14,500	Office	Lease
LCC Design	10,908	Office	Lease

## Vacancy Rate



## Average Rental Rates

CBD	Q2 2011	Q3 2011	Q4 2011
Class A Office	\$18.00	\$17.80	\$17.57
Class B Office	\$15.70	\$15.75	\$15.54
Suburban	Q2 2011	Q3 2011	Q4 2011
Class A Office	\$20.94	\$20.90	\$21.47
Class B Office	\$16.97	\$17.09	\$17.00
R&D	\$8.80	\$8.59	\$8.23