Vacancy rates remain steady for Q4 2024

▸ **4.2%** Vacancy Rate

▼ **265,370** SF Net Absorption

▼ **253,000** SF Construction Delivered

▲ **5.0M** SF Under Construction

▲ **$5.83** NNN/YR Lease Rate

Note: Arrows indicate change from previous quarter.

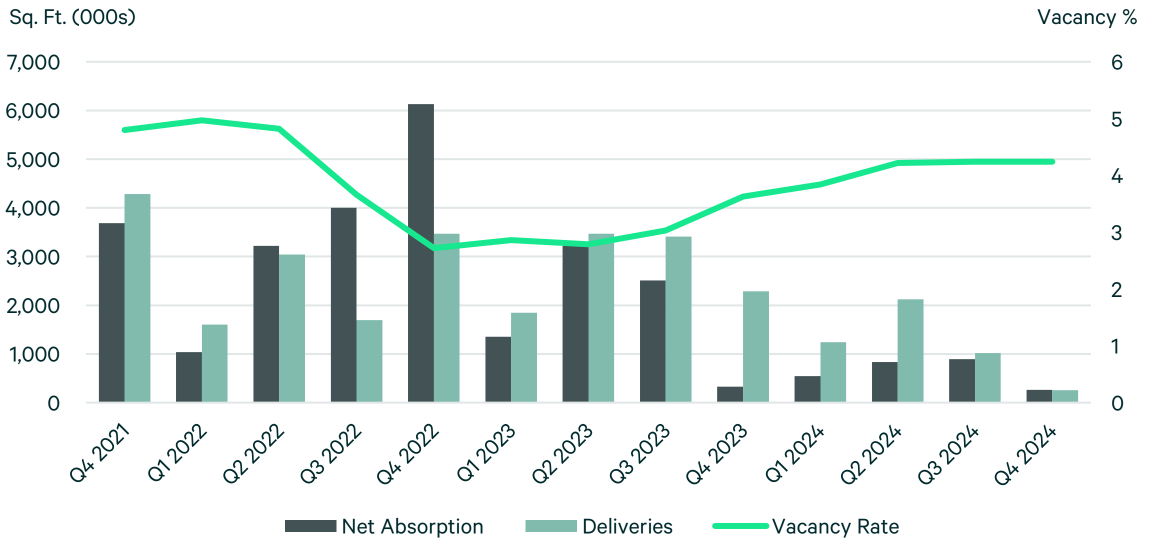
SUMMARY

Overall net absorption posted positive 253,000 sq. ft. for Q4 2024, and 2.5 million sq. ft. for all of 2024. Positive net absorption was led by Johnson County with 1.0 million sq. ft. in Q4 2024 and 2.1 million sq. ft. for 2024.

Vacancy rates remained steady at 4.2% quarter-over-quarter as positive net absorption balanced out with speculative deliveries. Looking longer-term vacancy rates increased from 3.7% to 4.2% year-over-year, and decreased from 4.8% to 4.2% over the previous three years.

Asking lease rates in the overall market increased 5.2% year-over-year ($5.54 per sq. ft. to $5.83 per sq. ft.). Over the previous three years the average asking lease rate increased 13.9% ($5.12 per sq. ft. to $5.83 per sq. ft.).

FIGURE 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q4 2024

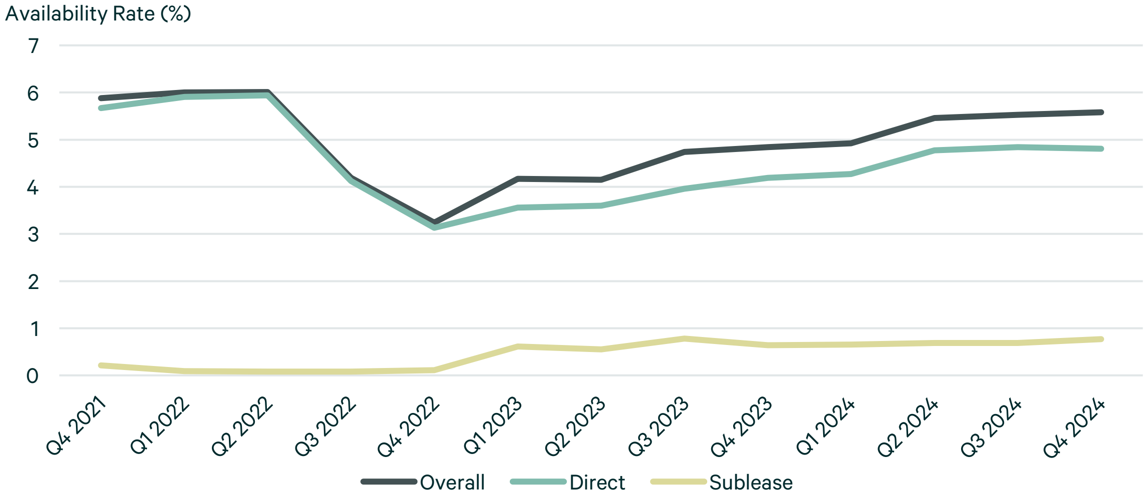
Availability Rate

The Kansas City Industrial market availability rate finished Q4 2024 at 5.6%, a slight increase from the Q3 2024 average of 5.5%. Looking longer-term availability rates increased from 4.8% to 5.6% year-over-year, and decreased from 5.9% to 5.6% over the previous three years.

The Clay County submarket had the lowest availability rate in the overall metro at 3.1%, followed by Cass County at 3.3%. The Platte County submarket had the highest availability rate at 9.4%, a significant amount of speculative development has had an especially large influence on Platte County due to its relatively small size.

Sublease space increased over the past few years with an availability rate of 0.8% as of Q4 2024, compared to only 0.2% in Q4 2021. In total there was approximately 2.5 million sq. ft. of sublease space on the market in Q4 2024. Approximately 1.3 million sq. ft. of the sublease space came from just two buildings, 17150 Mercury St in Gardner, KS with 1.1 million sq. ft., and LPKC XI with 228,294 sq. ft.

FIGURE 2: Availability Rates



Source: CBRE Research, Q4 2024

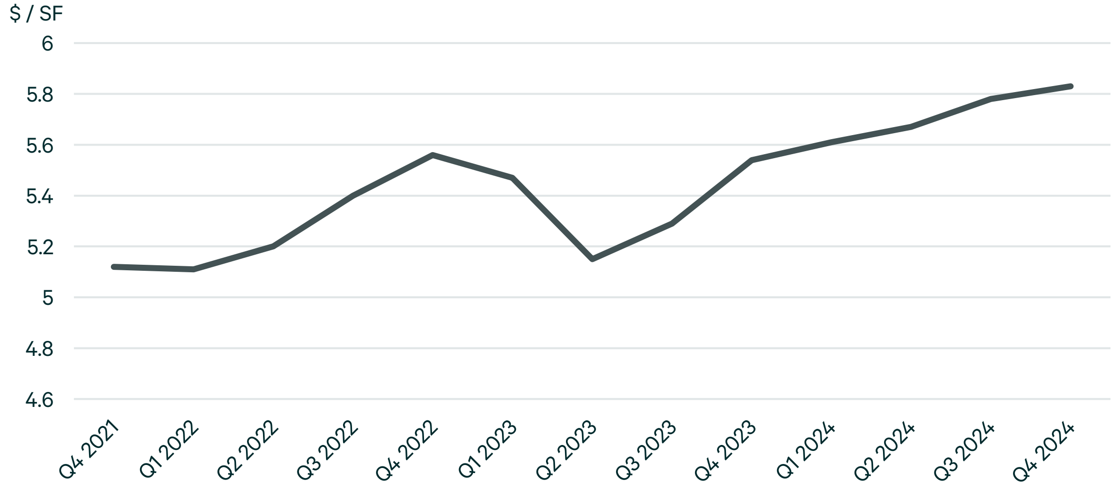
Asking Rent

Asking lease rates increased 0.9% ($5.78 per sq. ft. to $5.83 per sq. ft.) quarter-over-quarter, and increased 5.2% year-over-year ($5.54 per sq. ft. to $5.83 per sq. ft.).

The Johnson County submarket led the overall market for average asking lease rate at $6.23 per sq. ft. Johnson County also had the highest quarter-over-quarter increase in lease rates, increasing 2.8% ($6.06 per sq. ft. to $6.23 per sq. ft.). Wyandotte County had the lowest average rates at $5.06 per sq. ft., followed by Clay County with an average rate of $5.28 per sq. ft.

Asking rates vary between the three major industrial types with Distribution/Logistics average rate of $5.75 per sq. ft., Manufacturing average rate of $5.40 per sq. ft., and R&D/Flex average rate of $9.95 per sq. ft.

FIGURE 3: Avg. Direct Asking Rate (NNN/YR)



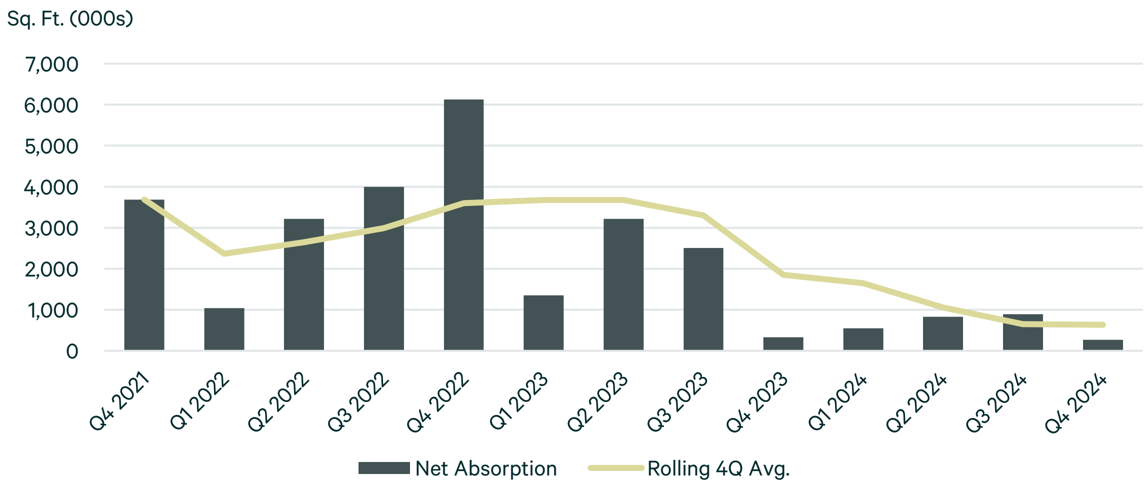
Source: CBRE Research, Q4 2024

Net Absorption

The Kansas City industrial market finished 2024 with a net absorption total of 2.5 million sq. ft. Net absorption totals have decreased significantly from record totals in previous years as development has declined and demand has returned closer to the long-term norms.

Positive net absorption in 2024 was concentrated primarily in the Johnson County submarket with 2.1 million sq. ft. for the year. Two other submarkets recorded positive net absorption totals for the year in Cass County with 421,357 sq. ft. and Clay County with 256,471 sq. ft.

FIGURE 4: Net Absorption Trend



Source: CBRE Research, Q4 2024

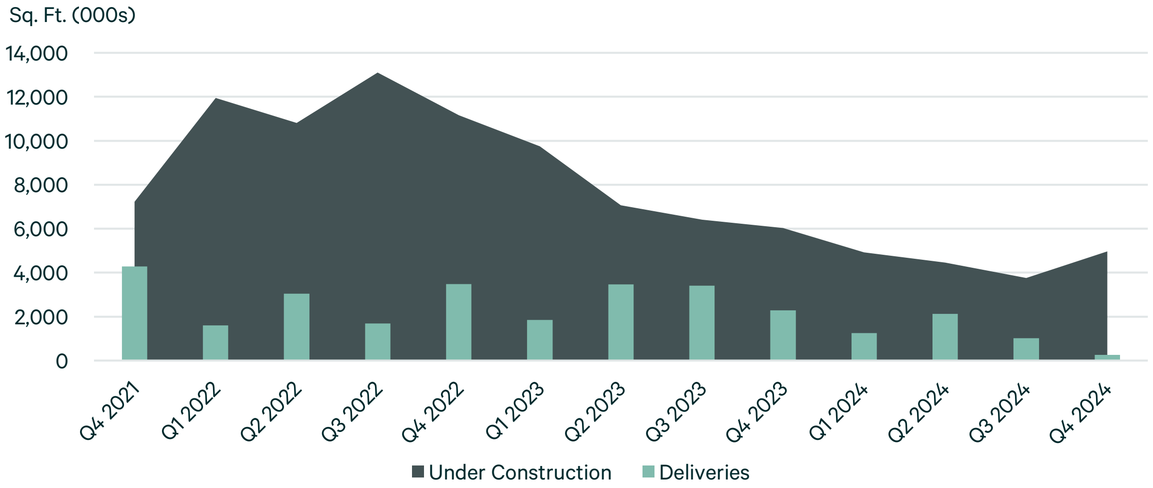
Construction Activity

One building was completed in Q4 2024 with 253,000 sq. ft. of speculative space. For 2024, a total of 4.6 million sq. ft. was completed from 12 buildings. All completions in 2024 came from buildings which broke ground on a speculative basis. As of the end of Q4 2024, speculative completions for the year were 61% occupied.

Over the past three years the Kansas City market delivered 25.4 million sq. ft. of new industrial space. Deliveries over this time-period came from 81% (20.5 million sq. ft.) speculative projects and 19% (4.9 million sq. ft.) build-to-suit projects.

Four new projects broke ground in Q4 2024 with 1.4 million sq. ft. of space, exceeding deliveries and resulting in the total amount under construction increasing to 5.0 million sq. ft. The majority of projects under construction broke ground on a build-to-suit basis with a total of 2.8 million sq. ft., the remaining 2.2 million sq. ft. represent speculative development.

FIGURE 5: Construction Activity



Source: CBRE Research, Q4 2024

Leasing Activity

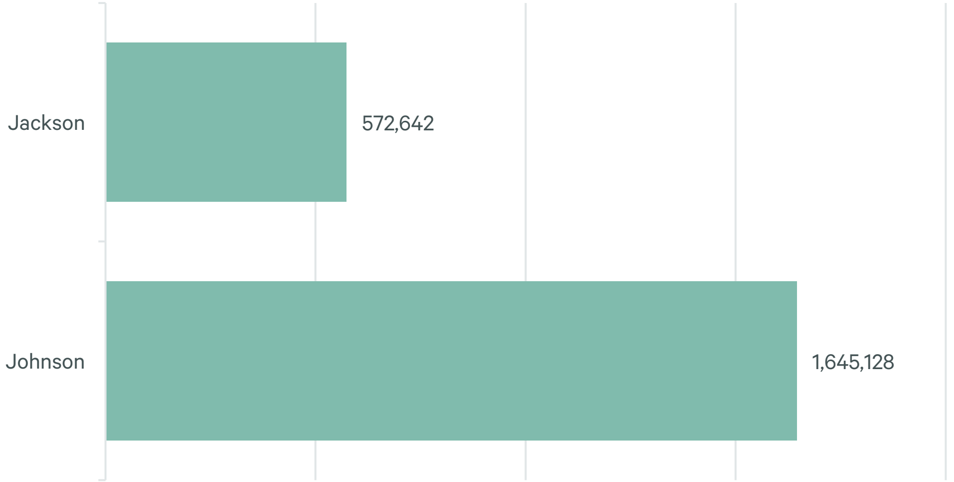
- Lennox Industries signed a new lease for 763,318 sq. ft. in LPKC IX in Edgerton, KS. LPKC IX is a 1.0 million sq. ft. speculative building delivered in Q2 2024.

- A new 400,000 sq. ft., $85 million build-to-suit cold storage distribution center broke ground for Flora Food Group. The warehouse is located at 159th Street and Lenexa Pkwy in New Century, KS adjacent to the company's existing production plant.

- OpenStore, an innovative e-commerce platform chose Kansas City for the company's first fulfillment center. The company will occupy approximately 113,000 sq. ft. at Executive Park Logistics Center in Kansas City, MO.

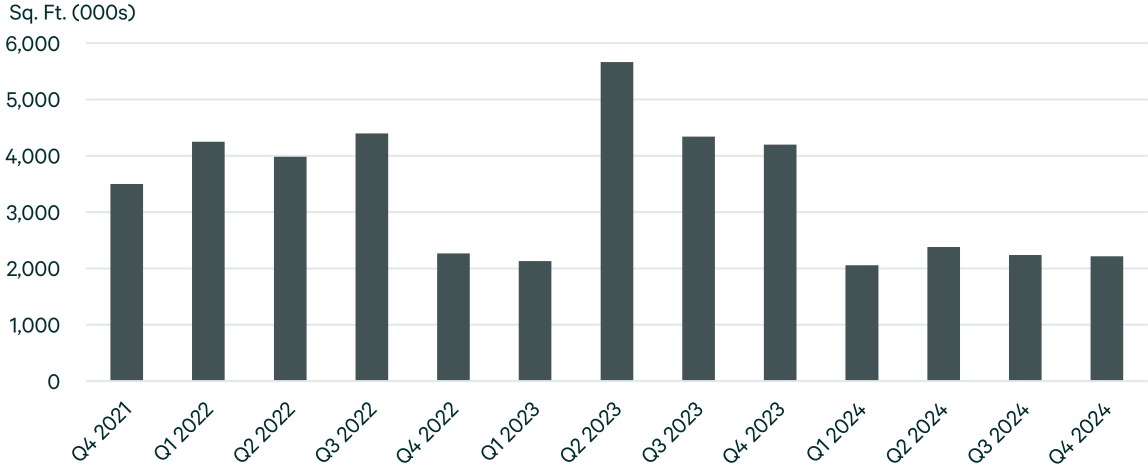
Leasing activity in the Kansas City industrial market totaled 2.5 million sq. ft. for Q4 2024, and 11.0 million sq. ft. for all of 2024. The Johnson County submarket led the overall market with 1.8 million sq. ft. in Q4 2024, and 4.6 million sq. ft. for all of 2024.

FIGURE 6: Leasing Activity by Submarket – Leases 50,000 sq. ft. and up



Source: CBRE Research, Q4 2024

FIGURE 7: Leasing Activity Trend – Leases 50,000 sq. ft. and up



Source: CBRE Research, Q4 2024

FIGURE 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Lennox Industries	763,318	New Lease	30574-31452 W 183rd St	Johnson
Flora Food Group	400,000	New Lease	27080 W 159th St	Johnson
Menco Royal	250,000	Renewal	1600 Mo291	Jackson
Adams Cable Equipment	144,388	New Lease	16000 W 116th St	Johnson
Goodwill of Western Missouri and Eastern Kansas	134,650	New Lease	5000 E Bannister Rd	Jackson
OpenStore	112,992	New Lease	1898 N Corrington Ave	Jackson
Taylor Cable Products	75,000	New Lease	301 High Grove Rd	Jackson
Temp-CON	75,000	New Lease	10601 W 79th St	Johnson
Amanda Blu	73,192	New Lease	15555-15607 W 100th Ter	Johnson
Shasta	71,556	New Lease	9850-9854 Industrial Blvd	Johnson

Market Statistics by Size

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Under 100,000 sq. ft.	96,666,649	2.3	3.0	2.8	0.3	7.27	105,600	(143,933)	0	0
100,000-199,999 sq. ft.	48,246,325	2.3	3.9	2.8	1.1	6.35	(150,392)	392,743	0	0
200,000-299,999 sq. ft.	33,651,154	6.8	7.9	7.8	0.1	5.41	(238,205)	(157,940)	253,000	952,985
300,000-499,999 sq. ft.	38,680,355	6.2	8.4	8.0	0.4	5.30	(565,474)	(815,820)	0	1,050,000
500,000-749,999 sq. ft.	30,927,324	3.3	3.5	3.3	0.2	5.32	145,587	1,423,098	0	526,502
750,000 sq. ft.	72,329,425	6.3	8.4	6.4	2.0	5.47	968,254	1,838,955	0	2,432,045
Total	**320,501,232**	**4.2**	**5.6**	**4.8**	**0.8**	**5.83**	**265,370**	**2,537,103**	**253,000**	**4,961,532**

Market Statistics by Product Type

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Distribution / Logistics	237,177,918	5.2	6.9	5.9	1.0	5.75	248,994	3,046,702	253,000	4,631,532
Manufacturing	60,555,186	1.6	2.0	1.9	0.0	5.40	29,476	(457,473)	0	330,000
R&D / Flex	5,633,643	3.3	3.7	3.4	0.3	9.95	(11,088)	(41,752)	0	0
Other Industrial	17,134,485	0.5	0.9	0.9	0.0	10.57	(2,012)	(10,374)	0	0
Total	**320,501,232**	**4.2**	**5.6**	**4.8**	**0.8**	**5.83**	**265,370**	**2,537,103**	**253,000**	**4,961,532**

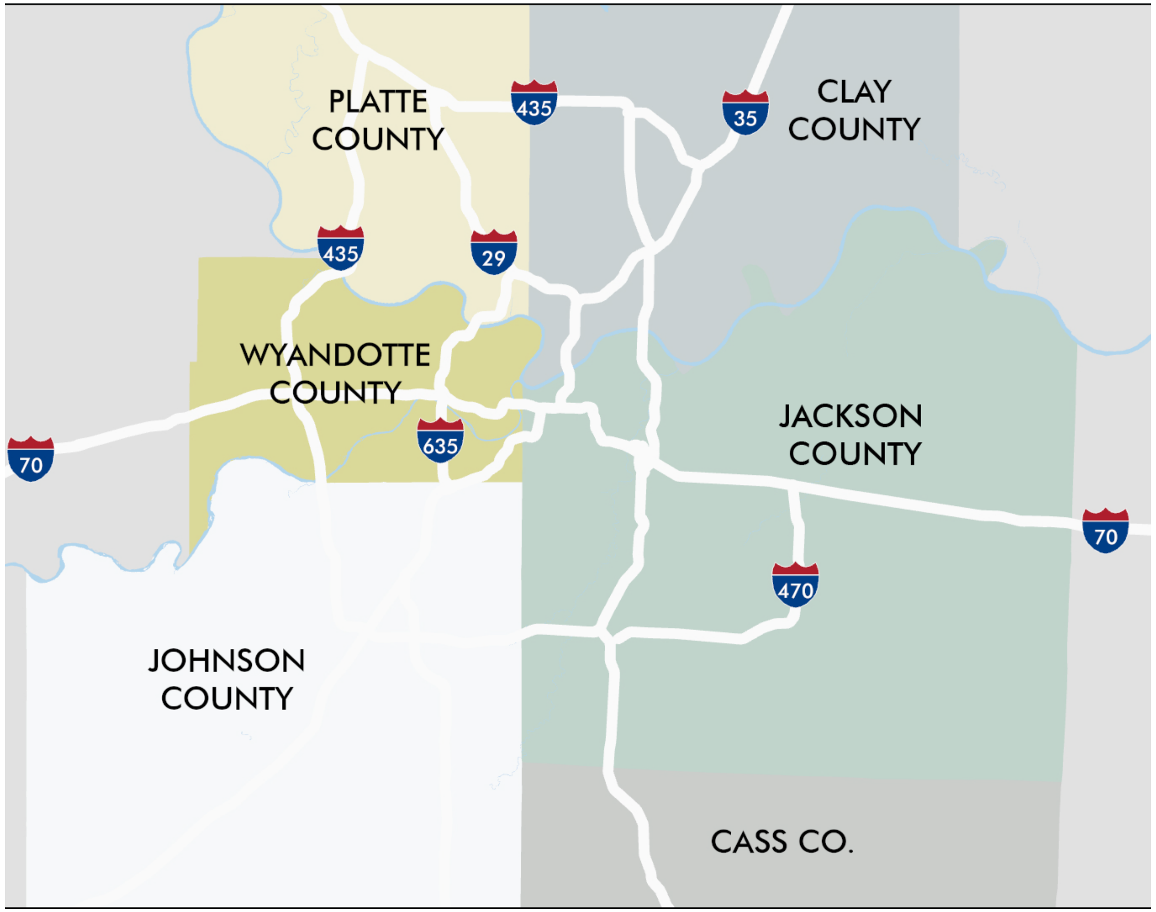
Market Statistics by Class

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Class A	42,366,376	10.6	14.4	10.9	3.5	5.99	142,541	1,725,287	0	0
All Other Buildings	278,134,856	3.3	4.2	3.9	0.3	5.76	122,829	811,816	253,000	4,961,532
Total	**320,501,232**	**4.2**	**5.6**	**4.8**	**0.8**	**5.83**	**265,370**	**2,537,103**	**253,000**	**4,961,532**

Market Statistics by Submarket

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Cass	4,493,695	3.3	3.3	3.3	0.0	5.75	29,120	421,357	0	0
Clay	54,364,928	1.8	3.1	2.9	0.2	5.28	(251,613)	256,471	0	0
Jackson	107,772,146	4.8	5.4	5.0	0.4	5.74	152,134	(2,760)	253,000	545,592
Johnson	89,868,625	5.6	7.8	5.9	1.8	6.23	1,052,340	2,183,998	0	1,826,194
Platte	18,076,666	7.7	9.4	9.2	0.1	5.76	(554,361)	(102,783)	0	2,062,547
Wyandotte	45,925,172	1.9	3.4	3.0	0.4	5.06	(162,250)	(219,180)	0	527,199
Total	320,501,232	4.2	5.6	4.8	0.8	5.83	265,370	2,537,103	253,000	4,961,532

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the "drip line" of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the "net" costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32' or greater clear height and ESFR sprinklers.

Survey Criteria

Includes all competitive industrial buildings 10,000 sq. ft. and greater in size in Johnson County (KS), Wyandotte County (KS), Platte County (MO), Clay County (MO), Jackson County (MO), and Cass County (MO). Buildings under construction includes buildings which have begun development beyond initial site work.

Contacts

David Ronsick

Senior Research Analyst
+1 816 968 5879
david.ronsick@cbre.com

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