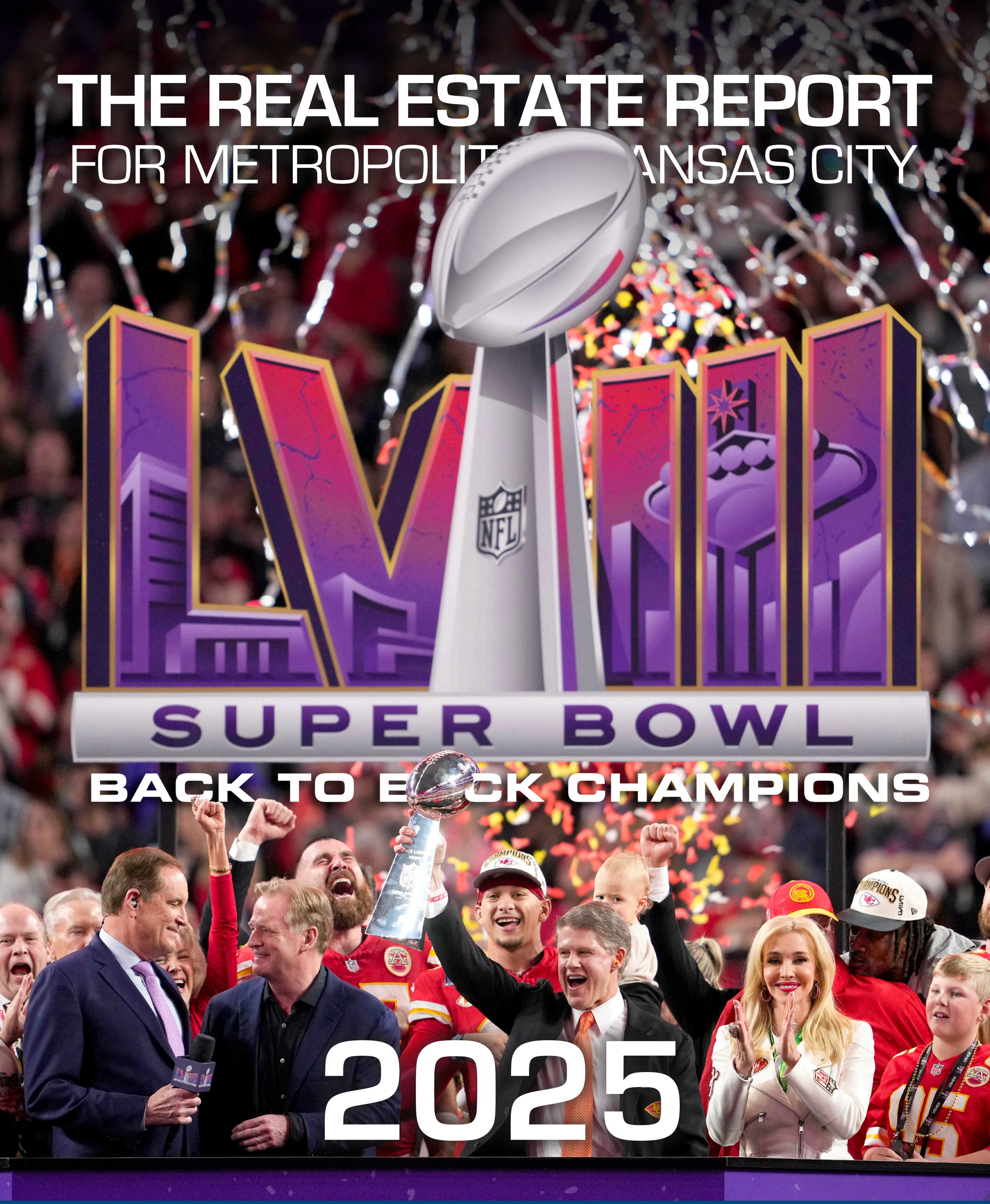
THE REAL ESTATE REPORT
FOR METROPOLITAN KANSAS CITY



BACK TO BACK CHAMPIONS

2025

PRESENTED BY BLOCK REAL ESTATE SERVICES, LLC

CONTENTS

BLOCK REAL ESTATE SERVICES, LLC

BLOCK REAL ESTATE SERVICES, LLC (BRES) HIGHLIGHTS OF 2024

TRANSACTIONS

BRES completed the year with total sales and leasing transactions in excess of $1.3 Billion.

PROPERTY MANAGEMENT

BRES commercial management portfolio reached over 46 million square feet of commercial space and over 11,700 apartment units.

CONSTRUCTION

In 2024, Block Construction Services (BCS) managed a total volume of $292.5 million in development projects and tenant improvement work. Development projects and tenant improvements under construction in 2024 included work in all sectors, including industrial/warehouse/distribution, office, multifamily, and retail.

INVESTMENT

BRES completed over $341 million in investment sales and raised over $103 million in equity funds for new acquisitions and development projects.

AFFILIATES

Block Hawley Commercial Real Estate, LLC is one of the most active industrial brokerage firms in St. Louis, Missouri, with over 1 million square feet in sales and leases in 2024 and over 7 million square feet under management.

Block Multifamily Group (BMG) now manages over 11,700 multifamily units across 64 communities in 10 different states with additional development and construction planned for 2025.

Success Abounds in Kansas City

Block Real Estate Services, LLC (BRES) takes pleasure in presenting our 2025 Real Estate Report for Metropolitan Kansas City — the most comprehensive report on the Kansas City Commercial Real Estate Market. Enclosed within the following pages is detailed information encompassing economic indicators, an overview of global, U.S., and Kansas City markets, along with articles highlighting local and U.S. commercial real estate activity.

The data and analysis provided in this report aim to equip you with the knowledge and confidence required to strategically leverage emerging opportunities in the coming months. Each year, our dedicated team of Principals, brokers, and managers invests significant effort to compile the most detailed real estate report available in the Kansas City market. The release of our 2024 report is timely, offering a crucial understanding of market dynamics.

This report is extended to assist you in formulating and justifying your long-range occupancy and investment strategies. The entire team at Block Real Estate Services stands ready to address your inquiries and aid in synthesizing this information into a clear vision, facilitating sound commercial real estate decision-making throughout 2024.

We trust that you will find this report informative and beneficial. Should you have any questions or require additional information, please feel free to contact any of the authors mentioned herein.

BRES continues to lead the Kansas City commercial real estate industry and has, again, been recognized by the following publications:

KANSAS CITY BUSINESS JOURNAL

- #1 – Largest Commercial Real Estate Developers (Ranked by sq ft of commercial space developed or redeveloped in the KC area in the past 5 years 2019-24)
- #2 – Commercial Real Estate Firms (Ranked by $ volume of sales and lease transactions in the KC area in 2024)
- #1 – Most-Active Commercial Real Estate Firms (Ranked by # of sales and lease transactions in the KC area in 2024)
- #1 – Commercial Property Managers List (Ranked by leasable sq ft under management in the KC area)
- #5 Top Area Office Parks and Complexes (Pine Ridge Business Park — 1.78 million square feet)
- #7 Top Area Multitenant Industrial Facility (Lenexa Logistics Centre — 4.1 million square feet)

The BRES family embraced the holiday spirit with a festive celebration at the Miracle Pop-Up Bar on the Plaza. The event featured joyful camaraderie, delightful treats, and an exciting raffle, making it a memorable evening.

Union Station in downtown Kansas City, Missouri, set the stage for the annual SIOR Development Day. The event brought together top commercial real estate professionals in the grand hall to network, share insights, and strengthen industry connections. BRES proudly exhibited at the event, with many agents and brokers actively participating.

- #9 Top Area Office Parks and Complexes (CityPlace Corporate Centre — 430,916 square feet)
- #17 Top Area Multitenant Industrial Facility (Riverside Industrial and Distribution Center — 2.04 million square feet)
- #22 Top Area Multitenant Industrial Facility (Pine Ridge Business Park — 1.78 million square feet)
- #29 Top Area Multitenant Office Building (46 Penn Centre — 229, 014 total leasable square feet)

ST. LOUIS BUSINESS JOURNAL

- #19 Largest commercial real estate firm, based on number of local active licensed agents (Block Hawley)
- #23 Largest commercial real estate firm, based on number of total local staff (Block Hawley)

NATIONAL REAL ESTATE INVESTOR

- Ranked 23rd for total office space developed or under construction of 600,000 square feet

COMMERCIAL PROPERTY EXECUTIVE - NATIONAL RANKING

- Ranked 13th top national property manager
- Ranked 28th top national commercial development firm
- Ranked 39th top national multifamily owners

MIDWEST REAL ESTATE NEWS

- Ranked 2nd in top owners in the Midwest
- Ranked 9th in top property management in the Midwest
- Ranked 6th in top developers in the Midwest
- Ranked 13th in top brokers in the Midwest

INGRAM'S

- #1 Top area commercial real estate company for square footage managed, sold, and leased
- #2Top area commercial real estate company for gross sales
- Best Commercial Real-Estate Firm - Bronze Award

COSTAR GROUP, INC.

- #2 Top area leasing firms
- #3 Top area sales firms
- Power Broker Award Winner

AWARD WINNING DEVELOPMENTS

- 2024 — CityPlace Corporate Centre IV, Overland Park, Kansas - Capstone Award Winner, *Kansas City Business Journal*
- 2024 — 1520 Grand, Kansas City, Missouri - Costar Impact Award
- 2023 — The Residences at Galleria Capstone Award Winner, *Kansas City Business Journal*
- 2022 — Villas at 44 Washington/44 Washington Capstone Award Winner, *Kansas City Business Journal*
- 2021 — 46 Penn Centre, Kansas City, Missouri - Capstone Award Winner, *Kansas City Business Journal*
- 2019 — 531 Grand, Kansas City, Missouri — Capstone Award Winner, *Kansas City Business Journal*
- 2019 — The Grand, Kansas City, Missouri — Best Adaptive Re-Use, Excellent Award, *Historic Kansas City*
- 2019 — The Grand, Kansas City, Missouri - Capstone Award Winner, *Kansas City Business Journal*
- 2018 — The Equitable, Des Moines, Iowa - William J. Wagner Award, *State Historic Preservation Office*
- 2018 — Lenexa Logistics Centre Building 7, Lenexa, Kansas - Capstone Award Winner, *Kansas City Business Journal*
- 2017 — The Royale at CityPlace, Overland Park, Kansas - Capstone Award Winner, *Kansas City Business Journal*
- 2017 — Lenexa Logistics Centre North Building 1, Lenexa, Kansas — Capstone Award Winner, *Kansas City Business Journal*
- 2015 — Lenexa Logistics Centre Building 4, Lenexa, Kansas — Capstone Award Winner, *Kansas City Business Journal*
- 2014 — Nall Corporate Centre I, Overland Park, Kansas — Capstone Award Winner, *Kansas City Business Journal*

In addition, BRES professionals have been playing an active role in professional organizations on a local, regional, and national level. In addition to professional and industry-related organizations, BRES staff and professionals are active in all parts of the community, both professionally and personally. BRES employees contribute time and resources to numerous chambers of commerce, economic development, local government, social services, community involvement, arts and culture, health, education and youth enrichment organizations.

The BRES team has been providing leadership in the real estate industry for more than 70 years. What follows is a selection of industry-related organizations and business affiliations in which BRES is active:

- American Concrete Institute (ACI)
- Building Owners and Managers Association (BOMA)
- Certified Commercial Investment Member (CCIM)
- Design Build Institute of America (DBIA)
- Institute of Real Estate Management (IREM)
- International Council of Shopping Centers (ICSC)
- Kansas Association of REALTORS®
- Kansas City Area Development Council (KCADC)
- Kansas City Commercial Real Estate Women (KC Crew)
- Kansas City Regional Association of REALTORS® (KCRAR)
- KC SmartPort
- Missouri Association of REALTORS®
- Missouri Growth Association (MGA)
- NAIOP Commercial Real Estate Development Association (NAIOP)
- National Association of REALTORS® (NAR)
- Society of Industrial and Office REALTORS® (SIOR)
- Urban Land Institute (ULI)
- US Green Building Council (USGBC)

In November, BRES once again partnered with the Seigfreid Bingham law firm to host an exceptional and memorable event at the American Royal World Series of BBQ, held at the Kansas Speedway in Kansas City, KS. The collaboration brought together industry leaders, BBQ enthusiasts, and local influencers for a celebration filled with delicious food, lively networking, and unforgettable experiences, solidifying the event as a highlight of the season.

BRES emphasizes continuing development through professional organizations and continuing education. BRES and its professionals hold the following designations:

- Accredited Management Organization (AMO)
- American Institute of Architects (AIA)
- Certified Commercial Investment Member (CCIM)
- Certified Facility Manager (CFM)
- Certified Property Manager (CPM)
- Counselor of Real Estate (CRE)
- Real Property Administrator (RPA)
- Society of Industrial and Office REALTORS® (SIOR)

PROPERTY AND ASSET MANAGEMENT SERVICES TEAM

The property management department continued to grow with multiple new properties under management and newly constructed buildings at CityPlace and Galleria. Block Real Estate takes a highly tailored and strategic approach to property management, focusing on maximizing value for each investor or ownership group. By approaching property management from an asset management perspective, we can make decisions that align with the specific financial and operational goals of each client. This not only helps with increasing property value but also ensures that each property is managed with a clear sense of purpose and direction.

We continue to build long term strategic relationships with tenants, leverage company-wide contracts to reduce cost and increase services, and work closely with the leasing team to maximize occupancy. Every day in property management brings new and unexpected challenges. In 2024 the property management department assisted with multiple large scale parking lot overlay projects, roof replacements, HVAC replacement and retrofits, and elevator modernization. These projects were thoroughly analyzed with the goal of balancing the recovery of project costs from tenants while enhancing the overall value of the property. As we look toward the upcoming year, we are excited about the many new and innovative initiatives on the horizon, and we are optimistic about the continued growth and success of our property portfolio.

BLOCK MAINTENANCE SOLUTIONS

In 2024, Block Maintenance Solutions (BMS) saw growth, as our team is now up to 22 employees. We are looking again to add to the team and continue expanding our services. As the year comes to a close we are looking ahead to rebate opportunities in 2025 with Kansas rebates back on the table for the first time in years. We have made strides in improving our efficiency, however there is always more work to be done.

This year we have taken on 360 inspections to aide our management team. The documents and photos we provide give us a record of what a space looks like prior to move in and after a move out. This is invaluable to ensure we are delivering spaces as we should and serves as a tool to hold tenants accountable upon move out. We work closely with the property management team to ensure we are all doing our due diligence to protect our assets.

In 2025 we also plan to introduce a plan to aide in preventative paving maintenance across our portfolio. We will be working closely with the property management department to implement a procedure and secure contracts that will allow us to improve the longevity of our paved surfaces. This often overlooked form of proactive maintenance will allow us to control expenses while increasing curb appeal and the life span of all paved surfaces.

SYNDICATIONS

In 2024, Block Real Estate Services (BRES), through its investment arm, Block Funds, diligently pursued its goals of safeguarding investor capital, enhancing cash distributions, achieving debt reduction, and capturing property appreciation at sale. This year's efforts were marked by significant expansions and strategic investments across various sectors.

The industrial sector saw the acquisition of I-80 Business Center in Iowa, which added a substantial Class A industrial space to the BRES portfolio. This strategic acquisition is attractive because of its long-term NNN pre-lease with a high-quality user, creating a stable investment outlook. The tenant, JT Logistics, has partnered with BRES on the ownership of the property, aligning the interest of our investors with their own.

In 2024, the multifamily sector saw three strategic acquisitions, adding a total of 503 units to the BRES multifamily portfolio. Among these are Domain at City Center and Aspen Ridge, both situated in the thriving, high-growth market of Johnson County, Kansas. The third acquisition, Hillcrest Village, is in Northwest Arkansas. These properties offer investors a robust hedge against inflation, leveraging real estate's inherent value and price-sensitive rental structures. With rents that can be adjusted in response to inflationary trends, these acquisitions provide both stability and growth potential in dynamic markets.

The retail acquisition of 4700 Summer Avenue has significantly bolstered BRES's retail portfolio. This property's blend of a well-known national tenant with a long-term NNN lease contributes to the firm's stable investment offerings. The property also sits on a large 2.74-acre infill site that offers potential for redevelopment in the future.

Block Funds continues to raise equity to acquire multifamily, industrial, office, and retail deals in single-purpose entities. The goal remains to provide accredited investors with long-term cash flow, to pay down debt principal, and to provide any upside on property appreciation during the hold period. Prospective investors are encouraged to register at www.blockfunds.com to view current equity investment opportunities. For detailed inquiries, Aaron Mesmer remains a direct point of contact for personalized assistance and information, available at 816-412-5858 or via email at amesmer@blockllc.com.

BLOCK CONSTRUCTION SERVICES

In 2024, Block Construction Services (BCS) managed a total volume of $292.5 million in development projects and tenant improvement work.

Some notable projects of 2024 include:

- 167th Street Logistics Centre Building 2, 438,314 square foot industrial building in Olathe, Kansas.
- The Clearing at One28 multifamily development in Olathe, Kansas.
- The View at Castle Rock mixed-use development in Castle Rock, Colorado.
- 100 N. Main, 38-story adaptive re-use project in Memphis, Tennessee.
- Retail spaces at both Apex at CityPlace and The Galleria in Overland Park, Kansas.
- Confidential Bottling Facility as the owner's representative.
- Oakwood Country Club, nine-hole par 3 course with rental cottages and various improvements to the course and clubhouse.

Some notable projects planned for the future include:

- Galleria Phase II — Office, retail, restaurant, entertainment, and second multifamily community with 356 multifamily units and a 269,533 square foot Class A retail center in Overland Park, Kansas.
- The Majestic at CityPlace — Third multifamily community at the CityPlace mixed-use development in Overland Park, Kansas, with 355 units.
- 47 Madison — Multifamily development with a 16-story, 250 luxury unit tower in Kansas City, Missouri.
- 4627 Madison — 10-story, 213-unit multifamily development in Kansas City, Missouri.
- The Southglen — 341 multifamily units in Overland Park, Kansas.
- 56th & Foxridge — 307 multifamily units in Mission, Kansas.

The third annual Kansas City Industrial Summit, hosted by Midwest Real Estate News at Park 39, gathered over 120 attendees on August 8. Industry leaders highlighted the strength and resilience of Kansas City's industrial market, showcasing its ability to thrive amid broader economic challenges.

- Woodside Village — 162 multifamily units in Kansas City, Kansas.
- 143rd & Metcalf — 368-unit multifamily development in Overland Park, Kansas.
- College & Ridgeview — 377-unit multifamily development in Olathe, Kansas.
- K10 and K7 – 552-unit two-phase multifamily development with five buildings, clubhouse, and site amenities per phase in Olathe, Kansas.
- 45 Summit — 16 multifamily apartments, split between two and three-bedroom units in Kansas City, Missouri.
- 4450 Washington — 20-unit multifamily development in Kansas City, Missouri
- Lenexa Logistics Centre South Building 6 — 198,715 square foot industrial building in Lenexa, Kansas.
- Lenexa Logistics Centre North Buildings 6— 202,286 square foot industrial building in Lenexa, Kansas.
- K-7 Logistics Centre — 693,793 and 176,240 square foot industrial buildings in Shawnee, Kansas.
- K-7 & Nettleton — 638,793 and 634,153 square foot industrial buildings in Bonner Springs, Kansas.
- Tiffany Springs — Phase I consisting of three industrial buildings totaling 1,897,364 square feet and Phase II consisting of four industrial buildings totaling 2,087,002 square feet in Kansas City, Missouri,
- Rinker — 213,710 square foot industrial building in Riverside, Missouri.
- Cincy Club — Adaptive re-use project in Cincinnati, Ohio.

More information on these exciting projects can be found inside this report.

BLOCK MULTIFAMILY GROUP

In 2024, Block Multifamily Group (BMG) successfully managed 11,727 units across 10 states, expanding its diverse portfolio of both Block-owned and Fee-Managed communities. BMG's focus on growth led to the addition of 11 properties, comprised of 1 55+ community, 3 New Developments, 2 renovation projects, 3 communities struggling with occupancy, and 2 stabilized assets. A key highlight was BMG's successful stabilization of three communities, including Highpoint Creek Apartments, which saw a 35% increase in rental income. The firm's ability to execute comprehensive renovations and rebranding strategies contributed to its continued success, with an average rent increase of 7.10% across stabilized assets and a 95.10% average occupancy.

Looking ahead to 2025, BMG is poised for further expansion, with plans to grow its portfolio through new development, value-add acquisitions, and fee-managed clients. The firm's continued success stems from its expertise in managing renovations and new construction projects, along with a commitment to delivering high-quality, value-driven results for residents and owners. With a robust track record and a

focus on efficiency, BMG is well-positioned to build on its momentum and continue to thrive in the multifamily sector.

BLOCK HAWLEY COMMERCIAL REAL ESTATE SERVICES, LLC

Block Hawley Real Estate Services is a leader in the St. Louis market with more than 7 million square feet under management and 70 transactions completed in 2024. We leased over 1.0 million square feet of office warehouse space and acquired over 75 acres for new and future development. We also sold more than 750,000 square feet of both user and investment properties. Block Hawley anticipates more exciting projects in the coming year and looks forward to serving our clients in St. Louis and the surrounding markets.

PHILANTHROPY

BRES takes pride in its strong presence in Kansas City, and we feel a sense of responsibility to give back to our community. We don't have only one signature charity; we give back to multiple throughout the community. BRES is proud to be a continued supporter of several worthwhile organizations such as the following:

- Heartstrings Community Foundation
- Light the Night - Leukemia & Lymphoma Society
- Heart of America Boy Scout Council
- EDC Cornerstone
- Nelson Atkins Museum of Art
- The Star in Education
- Kemper Museum
- MainCor
- KU Cancer Center
- Children's Mercy
- Jazzoo - Kansas City Zoo
- Village Shalom
- Operation Breakthrough
- Hope House
- Kansas City Ballet
- American Royal
- Kit's Muse (A Division of Project Sweet Peas)
- The Children's Place
- Wounded Warriors
- Treads & Threads — The University of Kansas Health System
- University of Kansas
- Reach Out and Read
- Children's TLC
- Harvesters
- Guadalupe Centers
- American Cancer Society
- Boys & Girls Club
- St. Joseph Medical Center Foundation
- Multiple Sclerosis Society
- Kansas City Art Institute
- New Reform Temple
- Bacchus Foundation
- Avidus Foundation

Within the following sections of this report, BRES will share information and data we believe to be true and accurate. Certain portions of the information provided herein were gathered from outside, unrelated third-party sources, and BRES is reporting and sharing information. The data contained herein does not necessarily reflect the official policy or position of BRES, its agents, employees, directors, officers or owners. The following content is not intended to support or malign any religious or ethnic group, club, organization, political party, company, individual or anyone or anything whatsoever.

On behalf of all of us at BRES, we wish you a healthy and prosperous year ahead.

Kenneth G. Block

Kenneth G. Block, SIOR, CCIM, Managing Principal

Scott M. Cordes, Executive Vice President, Chief Operating Officer

Economic Indicators

NATIONAL TRENDS

The outlook for commercial real estate markets is brightening, with only a few lingering challenges. Industry professionals are feeling far more optimistic than a year ago while remaining grounded. Better times are ahead, and the recovery is already underway.

The GDP growth in 2024 reflected the overall health of the U.S. economy. Although there were fluctuations in growth rates throughout the year, the economy generally exhibited a positive trajectory, increasing by 2.8% in the third quarter. Real GDP grew in the first half of 2024 at a healthy annualized rate of 2.4% as monetary and inflationary policy eased. A combination of consumer spending (which grew the fastest of all GDP components), business investments and government initiatives contributed to this expansion. The technology, healthcare and renewable energy sectors played pivotal roles in driving economic growth, underscoring the importance of diversification in sustaining a resilient economy.

The first half of 2024 was headlined by the U.S. Federal Reserve's (FED) battle against inflation in which they continued the aggressive monetary policy decisions from 2023. The U.S. economy eagerly awaited relief from the FED, and it was signaled by Jerome Powell in late August when he said, "The time has come for policy to adjust," which sent financial markets soaring. The FED followed through with a 50-basis-point cut in the Federal Funds Rate (FFR) in the middle of September. The FED plans to cut the FFR by another 50 basis points by the end of this year and by another 100 basis points in 2025. Commercial real estate investors are happy to hear this news because the cost of borrowing (market interest rates) generally moves parallel to the FFR. Falling interest rates possibly indicate the beginning of an expansionary cycle for the U.S. economy and the commercial real estate (CRE) sector.

With improving access to capital markets and lending conditions showing signs of recovery, general market conditions in CRE are relatively optimistic. Survey results indicate that more people see market conditions moving toward balance, and the Mortgage Bankers Association (MBA) reported a 2% increase in CRE lending in the first half of 2024 — a significant recovery from the 54% decline in 2023. While lending volumes are still well below the record levels of 2021 and 2022, they are expected to rise in the coming years, with a full recovery anticipated by 2025. On the equity side, sales transactions remain below pre-pandemic levels, particularly in the office sector; however, they are stabilizing. Optimism grows as economic clarity and financing conditions improve, with expectations for transaction activity to return to pre-pandemic levels by 2025 and 2026.

KANSAS CITY ECONOMIC FORECAST

Kansas City historically follows national averages in GDP, employment and inflation, which has continued in 2024. The Kansas City metropolitan economy added as many jobs in the first two quarters of 2024 as in a normal year — an increase of 17,500 seasonally adjusted jobs. During this period, the region ranked first in job growth compared to the 10 other metros against which we benchmark its progress. Since June, two industries appear to have slowed significantly. Education and health services were estimated to have added 8,800 jobs between June 2023 and June 2024; however, by September 2024, this annual gain was down to 4,500. Similarly, the annual growth for accommodation and food slipped from a gain of 1,900 jobs between June 2023 and June 2024, to a loss of 2,200 jobs during the September-to-September period. The professional and business services sector appears to be rebounding. In June, it was estimated to have lost 3,600 jobs over the prior year. The metro's unemployment rate also stands at 3.5%, substantially lower than the national unemployment rate of 4.1%.

SUMMARY

Overall, the outlook for both the U.S. and Kansas City economies is increasingly positive, with signs of recovery across key sectors, including CRE. While challenges remain, particularly in CRE debt markets and certain industries across the metro, there is growing optimism for the future. The U.S. economy is expanding at a healthy pace, fueled by strong consumer spending, business investments and large sectoral growth, particularly in technology, healthcare and renewable energy. The FED's decision to ease interest rates further supports the potential for a broader economic expansion. The Kansas City job market is also performing well, with notable growth in many sectors. With a solid foundation for growth — both at the national and regional levels — the path ahead for the CRE market and the broader economy appears poised for recovery and continued stabilization through 2025.

Sources: Bureau of Labor Statistics, Bureau of Economic Analysis, U.S. Census Bureau, Federal Reserve Economic Data, Mid-America Regional Council, National Association of Realtors, Costar

Contributor: John Mullen, Development Associate, Zachery Gant, Vice President - Investments

Global, U.S., Kansas City Overview

At the start of 2024, economists projected the global economy to grow modestly, with challenges such as high central bank policy rates to combat inflation, reduced fiscal support due to elevated debt levels and sluggish productivity growth shaping the outlook. In the United States, the economy showed strong momentum, driven by solid employment gains, rising incomes, and robust consumer spending. Productivity improvements were instrumental in easing inflationary pressures, creating a favorable environment for steady growth. This positive trajectory set the stage for gradual adjustments in monetary policy and cautious optimism for the year ahead. In the paragraphs below, we outline the important details of what was experienced in 2024, along with major events that took place, and what experts believe will transpire in 2025.

PARIS OLYMPICS

The 2024 Summer Olympics in Paris delivered a stunning display of athletic achievement at the Stade de France and La Défense Arena, with 21 world records shattered across various sports, including swimming, archery and weightlifting. These Games also celebrated numerous historic milestones, such as the first-ever gold medal victories for Saint Lucia, Dominica and Botswana,

From July 26 to August 11, the 2024 Paris Olympics united athletes and spectators worldwide to celebrate athleticism and international harmony. Iconic venues across Paris hosted thrilling competitions, highlighting the city's vibrant culture and global spirit.

and a groundbreaking medal win by Cindy Ngamba, representing the refugee team.

France found a new national hero in swimmer Léon Marchand, who claimed an impressive four gold medals, adding to the host nation's pride. In basketball, the U.S. teams continued their reign, with the men securing a fifth consecutive gold medal and the women extending their streak to an astounding eight.

Icons such as Katie Ledecky and Simone Biles further solidified their legendary statuses. Ledecky expanded her medal collection with four podium finishes, including two golds, while Biles made a triumphant return to gymnastics, winning multiple gold and silver medals. Pole vaulter Armand "Mondo" Duplantis also reached new heights, breaking his own world record for the ninth time.

The U.S. topped the medal table with 126 medals, including 40 golds. China followed closely, matching the U.S. in gold medals, while Australia demonstrated exceptional performance relative to its population size. The Games were notable for the limited presence of Russian athletes, reflecting ongoing global tensions.

RUSSIA-UKRAINE WAR

The Russia-Ukraine war continues to evolve, marked by significant military developments and strategic shifts in December 2024. In eastern Ukraine, Russian forces have advanced near Pokrovsk, capturing villages in the Donetsk region. These gains have led to Ukraine replacing its regional commander, aiming to counter Russia's intensified push toward key strategic locations.

Drones play a critical role in the conflict, with Ukraine intercepting 56 of 108 drones Russia launched in a single night, while Russia downed several Ukrainian drones targeting border regions and the Black Sea. These drone skirmishes reflect the war's escalating technological dimensions.

Humanitarian crises persist as civilian infrastructure remains under attack. A recent Russian missile strike on a Ukrainian medical facility caused extensive casualties, underscoring the conflict's devastating toll on noncombatants. Internal frictions within Russian forces have also emerged, with reports of friendly fire incidents involving allied North Korean troops.

As both sides grapple with mounting challenges, the war's trajectory remains uncertain, demanding sustained international attention and efforts toward resolution.

ISRAEL-HAMAS CONFLICT

The Israel-Hamas conflict remains a focal point of international concern in December 2024, with significant developments in both military operations and diplomatic efforts. Ceasefire negotiations, including discussions on a prisoner exchange, are reportedly advancing, though their success depends on Israeli leadership's key political decisions. These talks reflect the fragile balance between ongoing hostilities and potential resolutions.

Israeli military actions continue, with notable strikes on Hamas facilities in Gaza, including a repurposed school compound used for command operations. The IDF also intercepted a drone launched from Yemen, underscoring the broader regional dynamics of the conflict and Iran's alleged involvement in fueling hostilities.

In the West Bank, escalating tensions have led to increased Israeli operations, uncovering weapon caches and addressing security risks. Additionally, Israel has targeted weapons depots in Syria, emphasizing its broader regional security concerns beyond Gaza.

The humanitarian impact remains severe, with international organizations urging both sides to mitigate civilian harm. As negotiations progress and military actions persist, the situation highlights the urgent need for a lasting resolution to the conflict.

NATURAL DISASTERS IN THE U.S. IN 2024

A series of devastating natural disasters occurred in the U.S. in 2024, including severe tornadoes, floods, and one of the most destructive hurricanes in recent history. These events left communities reeling and exposed the country's increasing vulnerability to extreme weather.

TORNADOES AND SEVERE STORMS

An intense tornado season prevailed in spring 2024, with over 475 tornadoes reported across the U.S. These powerful storms caused extensive damage in many regions, particularly in the Midwest and South. Notably, an EF-4 tornado in Greenfield, Iowa, tragically took five lives, while another EF-4 struck Oklahoma, causing significant destruction. These tornadoes were part of a larger pattern of increasingly severe and frequent storms across the country.

HURRICANE HELENE

Hurricane Helene emerged as one of the year's most impactful events. Forming in the Atlantic Ocean, the storm quickly intensified into a Category 4 hurricane by late September. With winds reaching 140 mph, Helene made landfall in Florida's Big Bend region, causing widespread devastation. The storm brought torrential rains, storm surges, and damaging winds to Florida, Georgia and the Carolinas. As it moved inland, Helene weakened but continued to cause catastrophic flooding, particularly in the mountainous areas of North Carolina. Over 200 lives were lost, with immense damage to homes, infrastructure and local economies.

ECONOMIC TOLL AND RECOVERY

The combined impact of these disasters led to $11 billion weather events in just the first half of the year, with the total damage exceeding $25 billion. The loss of life, homes and businesses has been devastating for many communities, requiring extensive recovery efforts. These events underscore the growing importance of disaster preparedness, response and resilience as the U.S. faces an uncertain future of more frequent and intense natural disasters.

Severe flooding in North Carolina in August 2024 caused widespread damage to homes, businesses, and infrastructure. The disaster underscored the urgent need to address the region's growing vulnerability to extreme weather events.

HIGH-PROFILE BUSINESS BANKRUPTCIES

A series of high-profile bankruptcy filings marked 2024, as economic pressures such as rising interest rates, inflation and changing consumer behaviors took their toll on various industries. Several well-known companies across retail and hospitality sectors sought protection under Chapter 11, signaling broader challenges for businesses nationwide.

RETAIL STRUGGLES

Retailers faced significant challenges in 2024, with several big names succumbing to financial pressures. LL Flooring, formerly Lumber Liquidators, filed for bankruptcy in August, announcing the closure of 94 stores as part of a broader restructuring. The discount retailer 99 Cents Only also struggled, filing for Chapter 11 and closing 125 locations after battling inflation and shifting consumer preferences. These cases underscore the difficult environment for brick-and-mortar stores competing against online retail and coping with rising operational costs.

HOSPITALITY AND RESTAURANTS HIT HARD

The restaurant industry also saw significant bankruptcies, with chains such as Red Lobster and Rubio's Coastal Grill filing for Chapter 11. Red Lobster, burdened by over $1 billion in debt, closed several locations as part of its restructuring, while Rubio's had to shutter 48 restaurants amid rising food and labor costs. Both cases highlight the continued post-COVID-19 pandemic challenges for dining establishments trying to maintain profitability.

BROADER IMPLICATIONS

These bankruptcies represent just a portion of the broader financial struggles that businesses faced in 2024. Rising interest rates made borrowing more expensive, while inflation cut into consumer spending power, leaving many companies unable to adapt. The wave of filings across diverse industries highlights the continued economic uncertainty and the need for businesses to innovate and streamline operations to survive.

As 2024 draws to a close, these cases serve as a sobering reminder of the challenges that businesses face in an evolving and often unpredictable economic landscape.

2024 U.S. ELECTION AND ECONOMIC OUTLOOK

The 2024 U.S. elections marked a dramatic political shift, ushering in a Republican-controlled government. Former

President Donald Trump reclaimed the presidency, defeating Vice President Kamala Harris with 312 electoral votes to her 226. Republicans also regained control of Congress, securing a 53-47 majority in the Senate and holding a narrow edge in the House of Representatives with 220 seats to the Democrats' 215. This unified Republican leadership has set the stage for significant policy changes, with far-reaching implications for the U.S. and its economy.

President Trump's agenda focuses on tax cuts, trade protectionism and stricter immigration controls. While these tax cuts aim to spur economic growth by encouraging consumer spending and business investment, they also risk expanding the federal deficit, which could put upward pressure on interest rates. Similarly, he intends his proposed tariffs on imports from key trading partners such as China, Canada and Mexico to bolster domestic manufacturing, but they may disrupt supply chains, raise production costs and fuel inflation. Immigration restrictions could further strain sectors such as agriculture, construction and hospitality, where immigrant labor is critical, potentially driving up wages but creating labor shortages.

These policies place the Federal Reserve in a challenging position. Although the administration supports lower interest rates to stimulate growth, fiscal stimulus and inflationary pressures from tariffs could force the Fed to maintain or even raise rates to stabilize prices. This tension between the administration's goals and economic realities could result in persistently high borrowing costs, affecting consumers, businesses and real estate markets. Higher interest rates would weigh heavily on the housing market, reducing affordability for buyers and limiting transactions. Many homeowners with low fixed-rate mortgages are likely to hold off on selling, further tightening supply. In commercial real estate, tighter lending standards and maturing debt obligations pose significant risks, especially for sectors already under pressure, such as office and retail. However, targeted tax incentives for industrial expansion and manufacturing could provide regional opportunities in specific markets.

Despite these challenges, there is room for optimism. A unified government provides clarity in decision-making, potentially allowing for faster implementation of economic policies. Tax cuts and deregulation could energize businesses, creating jobs and fostering innovation. Strong industrial investment, particularly in manufacturing, may position the U.S. as a leader in global supply chain realignment. Additionally, renewed focus on domestic production and energy independence could bolster economic resilience and create opportunities for growth in under served regions.

Looking ahead, the Republican agenda may drive short-term economic growth through tax cuts and deregulation, but risks of rising inflation and elevated interest rates loom large. The Federal Reserve's ability to balance these dynamics will be crucial in determining the economic trajectory for 2025 and beyond. As the nation adjusts to this new policy landscape, the interactions of fiscal initiatives and monetary responses will shape the economy's long-term stability.

GLOBAL ECONOMIC RISKS

The world continues to encounter a particularly challenging phase of global risk, marked by both familiar and emerging threats that underline an increasingly volatile decade ahead. Geopolitical tensions, inflationary pressures, environmental crises and rapid technological acceleration are shaping an uncertain future that will require collaboration among governments, institutions and businesses. In addition to these enduring risks, the rise of misinformation and geopolitical fragmentation and the intensifying impacts of climate change have introduced unprecedented complexities to global governance and cooperation. Together, these factors present a stark warning about the fragility of international systems and the need for urgent action.

For over two decades, the World Economic Forum has leveraged insights from nearly 1,500 global experts spanning academia, business, government, civil society and the international community. Its collective analysis identifies the most severe risks the world may face over the next two and 10 years. In its most recent report from 2024, the WEF has ranked the top 10 risks, focusing on both short-term and long-term horizons.

1. **Misinformation and Disinformation** — The widespread dissemination of false or misleading information that undermines trust in institutions, destabilizes societies and exacerbates political and social polarization.

   Ranked as the most severe risk over the next two years, misinformation has become a defining challenge of the digital age. With over three billion people expected to participate in major elections globally in 2024, including in the U.S., India and the United Kingdom, the weaponization of misinformation and disinformation has the potential to influence democratic processes and incite societal unrest. AI-generated content further complicates this landscape, amplifying the scale and speed at which false narratives spread. The societal repercussions of this risk include heightened polarization, civil protests and diminished trust in governance, all of which threaten social cohesion and stability. According to the WEF, the growing use of generative AI technologies and limited regulatory frameworks further exacerbate misinformation's impact.

2. **Extreme Weather Events** — The increasing frequency and severity of climate-related disasters causing loss of life, ecosystem destruction and economic instability on a global scale.

Donald J. Trump emerged victorious in the November 5 U.S. presidential election, defeating Vice President Kamala Harris. Key issues, including the economy, healthcare, and climate change, shaped the campaign, paving the way for a new chapter in national leadership.

   Climate-related disasters remain one of the most critical short-term threats. Extreme weather events, such as hurricanes, floods, wildfires and heatwaves, are intensifying due to climate change. In 2024, the El Niño warming phase is expected to exacerbate these conditions, potentially triggering record-breaking heatwaves and droughts. Such events disproportionately impact low- and middle-income countries, straining their adaptive capacities and exacerbating inequalities. The WEF highlights that these disasters also disrupt critical supply chains and intensify pressures on global food and water systems, with cascading effects on economic and social stability.

3. **Societal Polarization** — The deepening divide within societies due to economic, political and cultural differences, leading to civil unrest and declining social stability.

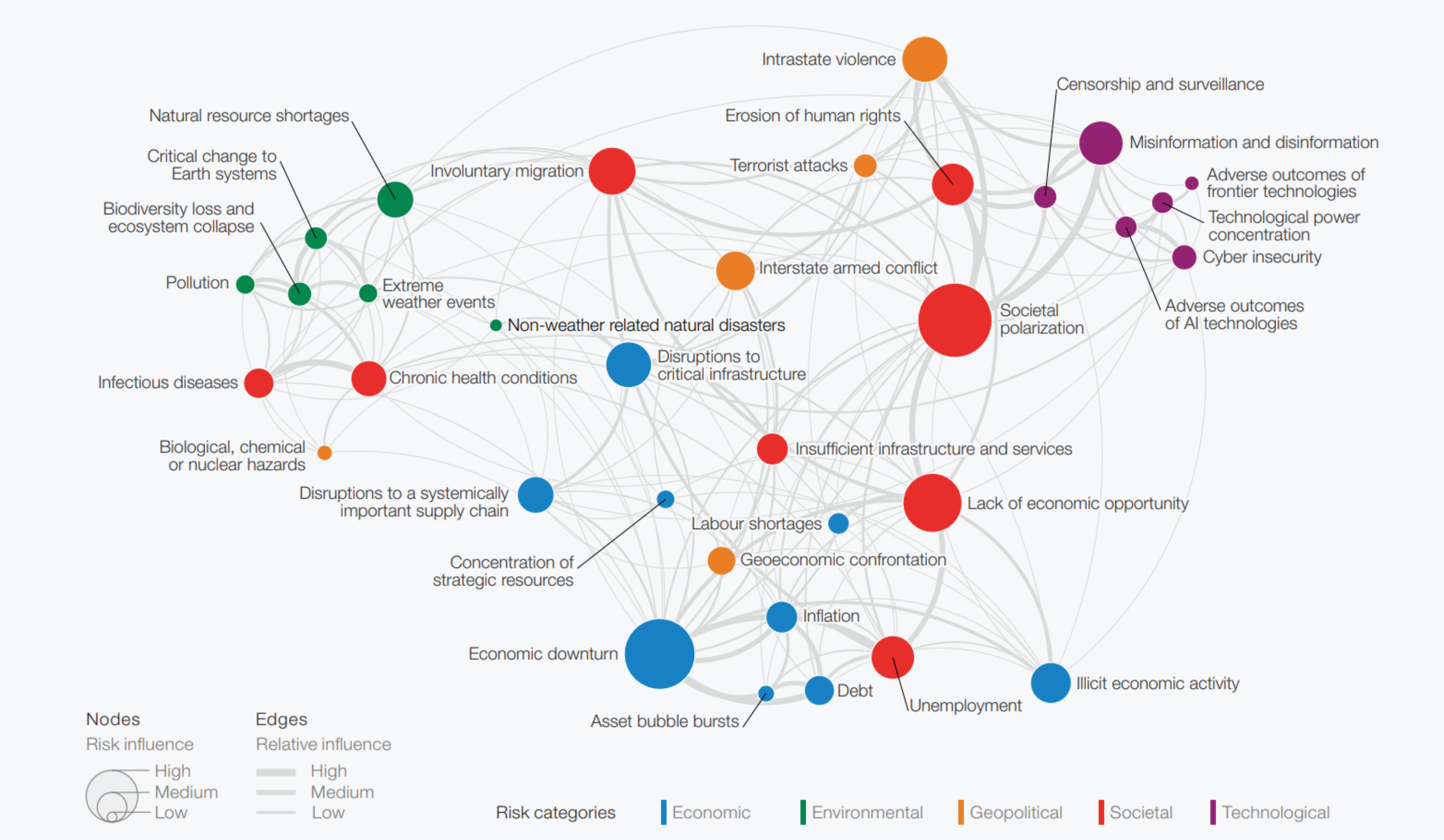
   Societal polarization ranks among the top short-term risks and is closely linked to misinformation and economic disparities. This polarization undermines trust in institutions and erodes the space for collective problem-solving. Disinformation campaigns, politically divisive movements and disruptive narratives exacerbate these divides, increasing the risk of violent protests, strikes and civil unrest. The WEF emphasizes that economic inequities, strained social safety nets and the rise of populist movements amplify polarization, further destabilizing governance structures.

4. **Cyber Insecurity** — Increasingly sophisticated cyberattacks targeting critical infrastructure, private data and essential services.

   Cyber insecurity ranks high among short-term risks due to the growing reliance on digital infrastructure. Threats include ransom-ware attacks, data breaches and disruptions to critical services such as energy, health care, and finance. Governments and private organizations face mounting challenges in strengthening cyber security measures, with insufficient global standards exacerbating vulnerabilities. The WEF highlights that rapid technological advancements and geopolitical tensions are fueling cyberattacks. Additionally, critical infrastructure such as transportation and utilities remain a primary target, increasing the risk of widespread disruptions.

5. **Interstate Armed Conflict** — Heightened geopolitical tensions increasing the likelihood of armed conflicts between nations.

   Geopolitical rivalries and disputes over territorial claims have heightened the risk of interstate armed conflicts. Ongoing tensions, including those involving



Source: World Economic Forum Global Risks Perception Survey 2023-2024, World Economic Forum Global Risks Report 2024

major powers, have increased the potential for armed confrontations. Such conflicts could disrupt trade routes, displace populations and lead to cascading economic and social consequences. The WEF notes the risk of proxy wars, particularly in regions such as Eastern Europe and the Indo-Pacific, which could escalate into broader military engagements with global implications.

6. **Lack of Economic Opportunity** — Limited access to employment and income-generation opportunities that exacerbate poverty and inequality.

   Economic stagnation and systemic inequalities continue to limit upward mobility for millions. Youth unemployment remains a critical challenge, particularly in low-income regions. The WEF warns that lack of access to economic opportunities could fuel societal discontent and increase migration pressures, further straining host economies. The lack of equitable investment in education and job creation exacerbates this risk, widening the gap between developed and developing nations.

7. **Inflation** — Persistent and unpredictable price increases that reduce purchasing power and economic stability.

   Inflation remains a significant short-term concern, eroding consumer purchasing power and creating economic uncertainty. Factors such as disrupted supply chains, energy shortages and geopolitical conflicts contribute to rising inflation rates, complicating recovery efforts for both developed and emerging economies. The WEF highlights that prolonged inflation could destabilize vulnerable economies, particularly those already burdened by high levels of debt and limited fiscal capacity.

8. **Involuntary Migration** — Large-scale population displacement caused by economic, environmental and geopolitical factors.

   Climate change, armed conflicts and lack of resources are driving mass migration. Displaced populations often face inadequate support systems, while host countries struggle to integrate migrants into local economies and social systems. This dynamic exacerbates tensions and strains resources globally. The WEF emphasizes the role of geopolitical crisis as well as environmental disasters, such as flooding and drought, as significant contributors to involuntary migration.

9. **Economic Downturn** — Slowing economic growth or economic contraction that weakens markets and reduces employment opportunities.

   The global economy faces risks of recession due to persistent inflation, rising interest rates and geopolitical tensions. Economic downturns threaten job creation and stability, with far-reaching impacts on trade and investment flows. The WEF highlights vulnerabilities in global supply chains and financial markets, noting that slowing growth in major economies could ripple through emerging markets and deepen global inequality.

10. **Pollution** — Environmental degradation and contamination that harm ecosystems, human health and economic productivity.

    Pollution, including air and water contamination, poses long-term risks to public health and the environment. Addressing pollution requires robust international regulations and investment in cleaner technologies to mitigate its far-reaching impacts. The WEF stresses that pollution exacerbates existing environmental challenges and undermines climate change mitigation efforts. Additionally, pollution's impact on biodiversity and human health increases health care costs and reduces overall productivity.

LONG-TERM GLOBAL RISKS — OVER A 10-YEAR PERIOD

1. **Extreme Weather Events** — The escalating impacts of climate change, including more frequent and severe disasters, threaten ecosystems, economies and societies.

   Over the next decade, climate tipping points could irreversibly alter the global environment, amplifying natural disasters and resource scarcity. Nations unprepared for climate adaptation will bear disproportionate burdens while economic costs mount globally, straining public finances and disrupting supply chains. The WEF highlights that extreme weather could also lead to permanent displacement of populations and widespread loss of biodiversity.

2. **Critical Changes to Earth Systems** — Irreversible environmental changes, such as biodiversity loss and ecosystem collapse, pose long-term existential threats.

   Ecosystem degradation and biodiversity loss may transform natural systems into sources of carbon emissions, accelerating climate change. These shifts exacerbate food and water insecurity, threaten livelihoods and disproportionately affect low-income countries. The WEF notes that crossing planetary boundaries could trigger self-reinforcing cycles of environmental decline.

3. **Biodiversity Loss and Ecosystem Collapse** — The decline in biodiversity and the collapse of critical ecosystems necessary for sustaining life on Earth.

   Biodiversity loss undermines agricultural productivity, increases vulnerability to natural disasters and disrupts food chains. The cascading effects of ecosystem collapse threaten long-term sustainability and economic stability. According to the WEF, these changes also increase the likelihood of zoonotic diseases and food insecurity.

4. **Natural Resource Shortages** — Depletion of essential resources, including water, minerals and energy, driven by overconsumption and environmental changes.

   Resource scarcity, exacerbated by climate change and population growth, increases competition and geopolitical tensions. Regions dependent on scarce resources face heightened risks of conflict and economic instability. The WEF highlights that critical resource shortages could undermine technological advancements and economic growth.

5. **Misinformation and Disinformation** — Continued proliferation of false narratives that undermine societal trust and exacerbate global divisions.

   Over the long term, the persistent spread of misinformation erodes social cohesion and democratic institutions. Technological advancements further amplify the potential for large-scale disinformation campaigns, making it increasingly difficult to establish shared realities.

6. **Adverse Outcomes of AI Technologies** — Unintended consequences of AI applications, including bias, unemployment, and ethical concerns.

   The rapid deployment of AI in critical sectors introduces risks related to accountability, privacy and economic displacement. Without robust governance, these outcomes could undermine societal trust and exacerbate inequality. The WEF also highlights the risk of weaponizing AI in geopolitical conflicts or used for widespread surveillance.

7. **Involuntary Migration** — Climate change and geopolitical instability displacing millions of people, with far-reaching economic and social implications.

   Large-scale migration driven by environmental degradation and conflict will strain global resources and exacerbate humanitarian challenges. Host nations face mounting pressures to integrate displaced populations, while migration corridors become increasingly contested.

8. **Cyber Insecurity** — Persistent vulnerabilities in digital infrastructure leading to large-scale data breaches and operational disruptions.

   The expanding digital landscape creates opportunities for cyberattacks on critical infrastructure, threatening national security and economic stability. Cyber risks remain a long-term challenge that require international collaboration. The WEF notes that cyberattacks could increasingly target emerging technologies such as quantum computing and AI.

9. **Societal Polarization** — Deepening divides between socioeconomic and political groups that undermine governance and stability.

   Prolonged polarization weakens institutional trust and hampers collective problem-solving efforts. Societal fragmentation threatens long-term development and democratic governance. The WEF warns that this polarization could exacerbate regional conflicts and reduce international cooperation.

10. **Pollution** — Long-term environmental degradation reducing quality of life and threatening global ecosystems.

    Pollution's cumulative effects on air, water and soil exacerbate climate challenges, threaten public health and reduce economic productivity. Addressing pollution requires sustained regulatory and technological efforts. The WEF underscores that unchecked pollution could further destabilize ecosystems and amplify health disparities globally.

The 2024 Global Risks Report highlights a world at a pivotal moment, with short-term crises such as extreme weather, misinformation, societal polarization and geopolitical tensions converging with long-term threats such as climate change, resource insecurity and technological disruption. These interconnected risks underscore vulnerabilities in global systems, including rising inequalities, economic fragmentation and increasing reliance on technology with insufficient safeguards. Addressing these challenges requires bold, coordinated action across sectors. Restoring trust in institutions is critical, particularly as misinformation and disinformation erode societal cohesion and democratic stability. Governments, businesses and civil society must counter these threats by enhancing media literacy, regulating AI-generated content and fostering transparency. Similarly, urgent efforts are necessary to combat climate change's escalating impacts, which threaten ecosystems, economies and human livelihoods. Resilient infrastructure, disaster response systems and a shift toward renewable energy are essential to mitigate these effects, while investments in biodiversity and ecosystem restoration can prevent critical environmental tipping points. Economic instability, fueled by inflation and lack of opportunity, demands targeted policies to reduce inequality, create jobs and support vulnerable populations, particularly in regions most affected by migration and resource insecurity. Cyber security, too, must be prioritized, with global standards and advanced protective measures to safeguard critical infrastructure from increasingly sophisticated attacks. At the same time, emerging technologies such as AI require robust ethical frameworks to prevent misuse and ensure equitable access. Amid growing geopolitical tensions, international cooperation is vital to resolving conflicts, managing resource competition and addressing shared risks. By acting collectively to address these challenges, governments and businesses can work to transform the global community's economic and societal vulnerabilities into opportunities, creating a more resilient, equitable and sustainable future. The coming years will undoubtedly test humanity's resolve, but they also offer a chance to build a more resilient and prosperous global community.

GLOBAL ECONOMIC OUTLOOK

In September 2024, the WEF released its Chief Economists Outlook, underscoring a stabilizing global economy, cautiously tempered by ongoing challenges and notable regional disparities. Organized by the WEF's Centre for the New Economy and Society, this quarterly report combines insights from policy research, consultations and surveys with leading economists in the public and private sectors. The WEF aims to provide a clear, actionable overview of the current global economic landscape to guide policymakers and businesses.

In this quarter's report, the WEF emphasized a stabilization in the short-term global economic outlook, with 54% of surveyed economists anticipating unchanged conditions over the next year. However, 37% predict a deterioration, and only 9% foresee improvement. The IMF forecasts a gradual decline in global inflation, from 6.8% in 2023 to 5.9% in 2024, with advanced economies projecting sharper reductions. Despite this positive trend of short-term stabilization, the WEF highlights challenges and vulnerabilities, including sluggish growth, inflationary pressures, political instability and heightened geo-economic risks.

REGIONAL PERSPECTIVES

United States: Nearly 90% of surveyed economists project moderate to strong growth through 2024 and 2025, reflecting the resilience of the U.S. economy despite tight monetary policy and labor market challenges. However, 80% of economists identify the upcoming U.S. presidential election as a critical determinant of future economic policies highlighting its global significance.

Europe: A modestly optimistic outlook has emerged, with 53% of respondents expecting moderate or better growth by 2025, a notable improvement from 29% in 2024. Persistent weak industrial performance, political instability and geopolitical tensions remain barriers to stronger growth.

Asia: South Asia continues to outperform, with 70% of economists forecasting robust growth through 2024, driven by strong economic activity in India. Conversely, China's recovery remains fragile, with nearly 40% of respondents anticipating weak or very weak growth. Challenges such as deflationary pressures, property market dysfunction and trade slowdowns dampen prospects.

Other Regions: Sub-Saharan Africa, Central Asia, Latin America and the Middle East and North Africa face compounding economic headwinds. High public debt, geopolitical instability, structural inefficiencies and inflationary pressures hinder their recovery. Many low-income developing economies' rising debt-servicing costs, limited fiscal space and climate-related crises further exacerbate their vulnerabilities.

INFLATION AND MONETARY POLICY

Global inflationary pressures are easing, with advanced economies leading the trend. In the U.S., economists predict high inflation will fall from 21% in 2024 to just 6% by 2025. Similarly, Europe anticipates a decline from 21% to 3% over the same period. These developments are driving expectations of looser monetary policy globally, although certain regions, such as Central Asia and sub-Saharan Africa, may continue experiencing tighter monetary conditions due to localized challenges. Economists, however, caution that the persistence of tight financial markets could lead to restrictive lending, rising corporate defaults and potential corrections in equity and property markets.

PUBLIC DEBT AND FISCAL POLICY

Public debt remains a significant concern, with 64% of respondents identifying it as a threat to fiscal stability in developing economies and 53% in advanced economies. Elevated interest rates are compounding debt-servicing costs. The effects of these conditions are real, with 3.3 billion people now living in countries spending more on debt interest than on essential resources such as health and education. These dynamics undermine government capacity to invest in growth-oriented initiatives and exacerbate vulnerabilities to future economic shocks.

TECHNOLOGICAL GROWTH AND RISKS

AI continued its advance in 2024, with industries increasingly adopting it to improve efficiency and decision-making. However, this rapid integration also spurred a surge in cyber crime, including sophisticated ransom-ware attacks and data breaches targeting individuals, businesses and critical infrastructure.

GLOBAL DEVELOPMENT AND COOPERATION

The global economic outlook paints a mixed picture for development goals. Financial constraints, geopolitical tensions and fiscal instability continue to challenge progress, particularly in developing economies. Despite these obstacles, optimism exists regarding the potential of private capital and global partnerships to address critical issues such as digital transformation, energy affordability, food security and climate action.

Economists emphasize the importance of unlocking private capital to bridge economic divides and foster sustainable growth. However, they cite political polarization and a lack of global collaboration as significant barriers. Over 91% of respondents identify domestic political challenges as obstacles, while 67% highlight the need for stronger global cooperation to achieve this balanced growth.

OUTLOOK FOR COLLABORATION AND STABILITY

The report underscores the importance of fostering cross-border partnerships and long-term planning to overcome barriers to economic development. Advanced economies are positioned to play a pivotal role in driving global stability by facilitating investments and creating frameworks that prioritize inclusive and sustainable growth. While daunting challenges remain, collaboration between governments, businesses and institutions will be crucial to building a resilient, equitable and strengthened global economy.

U.S. ECONOMY

In 2024, the U.S. economy demonstrated resilience, maintaining moderate growth despite global uncertainties and domestic challenges. Economists expect GDP growth to reach approximately 2.8%, supported by robust consumer spending, manufacturing investment and an improved trade balance driven by energy exports. These outcomes reflect the adaptability of the U.S. economy amid elevated interest rates and persistent inflationary pressures.

Inflation, though decelerating, remained above the Federal Reserve's 2% target. Policymakers retained a cautious approach, holding interest rates at restrictive levels throughout the year to prevent inflation from reaccelerating. While this stance moderated demand in certain sectors, such as housing, it contributed to stronger price stability in areas such as energy and food. Consumer spending remained stronger than expected throughout 2024, driven in part by real wage growth for non-managerial workers, which exceeded pre-COVID-19 pandemic trends and helped improve living standards for many Americans.

LABOR MARKET AND RECENT GROWTH TRENDS

Labor market conditions began to normalize in 2024, with unemployment edging slightly higher from the historically low levels of 2023. Wage growth slowed compared to prior years but remained positive, contributing to easing inflationary pressures. The participation rate, which measures the percentage of the working-age population either employed or actively seeking work, showed incremental improvement, signaling continued recovery from pandemic-related disruptions. However, structural demographic challenges, including an aging workforce, limit long-term expansion.

Since 1950, the U.S. has averaged an annual GDP growth rate of 3.2%, but over the past two decades (2004-2023), growth has averaged just 1.9%, exceeding the 3.2% benchmark only three times — in 2004, 2005 and 2021. William Greiner, chief economist at Mariner Wealth Advisors, attributes this under-performance to factors

In recent months, several well-known U.S. companies have faced major financial struggles, leading to significant bankruptcies. Spirit Airlines, the budget carrier, filed for bankruptcy due to mounting debts and operational challenges. Similarly, Red Lobster, the popular seafood chain, and Party City, known for its party supplies, also succumbed to financial pressures, citing declining sales and rising costs. These high-profile bankruptcies reflect broader economic challenges, including inflation, changing consumer behaviors, and industry-specific hurdles.

such as an aging population, increased government spending as a share of GDP and shifting consumption patterns. While the U.S. economy remains robust compared to other developed nations — accounting for about half of G7 GDP and with per capita output significantly higher than in Western Europe, Canada and Japan — its current growth trajectory continues to fall short of historical norms.

HOUSING AND REAL ESTATE

The housing market faced ongoing challenges in 2024 due to elevated mortgage rates, which hovered near 7.5% throughout the year. These high rates significantly reduced transaction activity because many homeowners remained locked into lower fixed rates secured in prior years. Despite this, tight inventory helped sustain modest increases in home values, reflecting persistent supply-demand imbalances. Manufacturing investment, which reached unprecedented levels in 2024, added a bright spot in real estate as businesses expanded production capacity, boosting demand in industrial and commercial sectors.

The commercial real estate market faced greater headwinds, with $500 billion in debt maturing by year-end and stricter lending standards adding pressure to borrowers. Rising borrowing costs and diminished liquidity have particularly impacted smaller banks and regional markets, leaving uncertainty about the sector's ability to rebound in the near term.

GEOPOLITICAL AND FISCAL CHALLENGES

Geopolitical tensions, including prolonged trade disputes and increased economic competition with China, added to uncertainty in 2024. However, the U.S.' transition to becoming a net exporter of petroleum products bolstered its trade balance, enhancing its position in global energy markets. Fiscal pressures also mounted as elevated public debt, exacerbated by rising interest payments, constrained federal spending on growth-oriented programs. These fiscal challenges have significantly reduced the government's ability to invest in infrastructure, education and other long-term priorities.

Despite these hurdles, rising wages and employment buoyed consumer confidence. Analysts credit strong domestic demand for supporting economic stability, even as external shocks, such as supply chain disruptions and global conflicts, posed ongoing risks.

LOOKING AHEAD

As the U.S. approaches 2025, economic growth is expected to moderate further, with forecasts from the OECD and IMF projecting GDP increases of 2.4% and 2.2%, respectively. Contributing factors include the delayed effects of sustained monetary tightening, an aging workforce that limits labor market expansion and evolving consumer spending patterns. The U.S. GDP's under-performance relative to its historical average remains a critical concern, reflecting the structural limitations that have emerged over the last two decades.

While uncertainties around geopolitical risks and fiscal challenges persist, 2024 highlighted areas of resilience. Inflation rates are nearing the Federal Reserve's target without triggering a recession, signaling effective monetary policy execution. Manufacturing investment remains strong, supporting industrial output, while energy exports continue to play a vital role in stabilizing the trade balance. Analysts emphasize the importance of balanced fiscal and monetary policies, international cooperation and structural reforms to address persistent imbalances and ensure continued resilience.

JOB MARKET

The U.S. job market in 2024 has showcased remarkable resilience while navigating a range of economic shifts. Employment growth remained steady, yet challenges such as inflation, sector-specific fluctuations and labor force dynamics have created a complex landscape.

EMPLOYMENT TRENDS

In November 2024, nonfarm payroll employment rose by 227,000, continuing a steady trend of growth throughout the year. Key sectors driving this increase included health care and social assistance as well as leisure and hospitality, which benefited from sustained consumer demand.

Meanwhile, the retail trade sector experienced notable declines, reflecting shifting consumer habits and industry transformations. The unemployment rate, which started the year at 3.7%, has risen slightly to 4.2% by December, signaling a gradual loosening of the labor market.

LABOR MARKET DYNAMICS

One significant trend has been a decline in the job-finding rate, which saw the steepest drop since the COVID-19 pandemic. Contributing factors include delayed seasonal hiring, uncertainty over immigration policies and a rise in older workers retiring. These shifts have made the labor market more competitive for job seekers.

WAGE GROWTH AND PURCHASING POWER

Despite employment gains, wage growth has been uneven across sectors. Average hourly earnings for all employees on private nonfarm payrolls increased by 4.4% compared to the previous year, slightly outpacing inflation, which stands at 2.7%. While this indicates some improvement in workers' purchasing power, the gains have been concentrated in industries with labor shortages, such as health care and technology.

However, wage growth has lagged in sectors such as retail trade and manufacturing, where economic uncertainties have curbed employers' ability to offer higher pay. As a result, income disparities between industries continue to widen, posing long-term challenges for economic equity.

LOOKING AHEAD

Projections suggest that unemployment will continue to rise gradually, reaching 3.9% in 2024 and 4.4% by 2025. This expected increase reflects a natural adjustment as the labor force expands and employment growth moderates. Wage growth is also expected to decelerate slightly as the labor market becomes less tight, though targeted investments in high-demand sectors may bolster salaries in key industries.

The U.S. job market in 2024 highlights the economy's adaptability amid ongoing challenges. With steady employment gains, wage increases in critical sectors and evolving policies, the labor market remains a cornerstone of the nation's economic resilience, even as businesses and workers navigate an ever-changing environment.

U.S. HOUSING MARKET

In 2024, the U.S. housing market faced notable challenges, including high mortgage rates, elevated home prices and constrained inventory. Mortgage rates peaked at 7.79%, driving the average monthly payment to a record $2,306 in July, according to Intercontinental Exchange. Median home prices exceeded $400,000 in the third quarter, making affordability a critical issue for many buyers. While these high prices reflect sustained demand and limited supply, they have created barriers for prospective homeowners, particularly among middle-income and first-time buyers.

Despite these challenges, there is cautious optimism. Experts anticipate a gradual decline in mortgage rates in 2025, which could enhance affordability and encourage more homeowners to list properties. Danielle Hale, chief economist at Realtor.com, suggests that easing rates may alleviate inventory shortages, improving housing availability over time.

Affordability, however, remains a pressing concern. Limited inventory has sustained upward pressure on prices, even as mortgage rates have shown modest declines. The average 30-year fixed-rate mortgage recently fell to 6.60%, marking a three-week downward trend but remaining above historical norms, according to The Wall Street Journal. This dynamic has fueled interest in the build-to-rent sector, where institutional investors focus on single-family rental properties as an alternative to homeownership. While this trend provides relief for renters, it raises concerns about reducing the pool of homes available for purchase, exacerbating inventory shortages.

Millennials, a key demographic in the housing market, remain hesitant to enter the market due to economic uncertainty and memories of past downturns. Inflationary pressures and economic volatility have contributed to a

The Kansas City metropolitan housing market demonstrated resilience in 2024, outperforming national trends with steady growth and moderate price appreciation.

slower pace of home sales, positioning 2024 as one of the weakest years for the housing market in decades.

Looking ahead, experts expect the market to stabilize gradually. Zillow forecasts a modest increase in home sales for 2025, contingent on favorable mortgage rate trends and improved market conditions. However, structural issues such as limited inventory and rising construction costs are likely to persist, keeping competition high and affordability a concern.

In conclusion, the U.S. housing market in 2024 reflected structural challenges and affordability pressures, but there are signs of incremental improvement. Easing mortgage rates and increased inventory may bring some relief, but sustained recovery will require targeted policies, collaborative efforts and strategic economic navigation.

KANSAS CITY METRO HOUSING MARKET

The Kansas City metropolitan housing market demonstrated resilience in 2024, outperforming national trends with steady growth and moderate price appreciation. This stabilized growth is a testament to the region's growth and relative affordability compared to national trends. Zillow reported a 3.1% year-over-year increase in home values to $233,826, while Redfin noted a 4.7% rise in median sale prices to $270,000. Homes sold within an average of 36 days, highlighting sustained demand. The National Association of Realtors identified Kansas City as a "hot housing market" poised for growth in 2025, supported by affordable inventory, income growth among young adults and favorable migration patterns. Barron's echoed this sentiment, ranking Kansas City among the top metropolitan areas expected to experience a rebound in home sales by 2025.

Johnson County, Kansas, exemplified the area's competitive market, with 56.5% of homes selling above their list price as of July 31, according to Zillow. Redfin reported the median sale price in Johnson County reached $465,000 in September, an 8.1% increase from the previous year. Homes typically sold after 27 days on the market, compared to 22 days the prior year, reflecting robust buyer interest despite rising prices.

National challenges, such as high mortgage rates, have tempered activity in parts of the Kansas City metro area. Some neighborhoods experienced an 8.5% year-over-year decline in median home prices, offering improved affordability for certain buyers. Redfin noted that on average homes in Kansas City sold for approximately 1% below their list price on average as of October. This trend could signal a slightly softening competition in a market with a sustained and strong level of buyer interest.

Looking forward, experts expect Kansas City's housing market to continue its growth trajectory, supported by a strong local job market, infrastructure investments and preparations for hosting FIFA World Cup matches in 2026.

Favorable economic conditions and migration patterns further position Kansas City as a leading housing market in the Midwest, offering opportunities for sustained growth in the years ahead.

U.S. PROPERTY SECTORS AND MARKET

The "Emerging Trends in Real Estate 2025" report, collaboratively produced by the Urban Land Institute and PricewaterhouseCoopers, is an analysis of the real estate industry's current landscape and future directions. This 46th edition highlights key market dynamics, investment opportunities and challenges shaping the sector in the U.S. and Canada.

MARKET OUTLOOK

The report offers a cautiously optimistic outlook for the commercial real estate market. With interest rates expected to stabilize, borrowing costs will likely decrease, facilitating greater transaction activity and more transparent asset pricing. However, slower economic and job growth could temper net operating income expansion, suggesting that while capital markets are poised for recovery, the process may be gradual and uneven.

TOP REAL ESTATE MARKETS

Geographic preferences continue to shift, with the Sunbelt region maintaining dominance in the rankings of top markets. Dallas/Fort Worth has claimed the top spot, benefiting from its diverse economy, robust population growth and strong infrastructure. Other Florida markets, including Tampa and Orlando, have also surged, demonstrating the enduring appeal of affordable, high-growth regions. Cities such as Nashville and Phoenix remain competitive, though these rising metros have outpaced them.

SECTOR-SPECIFIC TRENDS

INDUSTRIAL SECTOR

The industrial real estate market continues to thrive, driven by e-commerce and supply chain needs. However, the sector is evolving with an increasing focus on sustainability. Developers are prioritizing energy-efficient designs and urban logistics facilities to meet growing demand while addressing environmental concerns. Urban industrial projects aimed at reducing last-mile delivery times are expected to gain significant traction.

DATA CENTERS

The data center sector is expanding rapidly, fueled by AI, cloud computing and IoT applications. Yet, challenges such as power constraints and rising operational costs are creating a need for innovative solutions, including renewable energy adoption and more efficient cooling systems. Secondary and tertiary markets are emerging as new hubs for data center development, offering scalability and cost advantages.

MULTIFAMILY HOUSING

Multifamily housing remains a strong performer, but affordability challenges are mounting as rental prices outpace wage growth. The report emphasizes the importance of public-private partnerships and innovative financing models to address this issue. Suburban and secondary urban markets are becoming increasingly attractive due to their affordability and quality-of-life offerings.

SENIOR HOUSING

As the population ages, the demand for senior housing is rising. Developers are responding with age-inclusive communities that integrate health care, social and recreational amenities. The report highlights emerging trends such as multi-generational housing and wellness-focused developments as key areas of growth in this sector.

OFFICE SECTOR

The office market faces ongoing challenges due to hybrid work models and high vacancy rates. However, adaptive reuse projects are gaining momentum, repurposing office buildings for residential, retail or mixed-use purposes. Transit-oriented developments in urban cores are particularly well positioned to adapt to these evolving demands.

RETAIL SECTOR

Retail real estate is transforming into a more experiential and community-driven model. Successful retail spaces are integrating entertainment, dining and events to attract consumers. Additionally, the adoption of omnichannel retail strategies — blending physical stores with robust online platforms — remains essential for the sector's resilience and growth.

TECHNOLOGICAL INTEGRATION

The report highlights the growing role of technology in real estate. Advancements such as AI, big data analytics and automation are reshaping operations across sectors. From energy-efficient property management to predictive market analysis, technology is enabling more efficient, cost-effective and customer-focused solutions.

CONCLUSION

The "Emerging Trends in Real Estate 2025" report offers a comprehensive and forward-looking perspective on the real estate industry. By analyzing market shifts, geographic trends and sector-specific developments, it provides essential guidance for navigating a rapidly changing landscape. The report serves as an invaluable resource for industry professionals seeking to align their strategies with emerging opportunities and challenges in the year ahead.

GLOBAL, U.S., KANSAS CITY OVERVIEW

KANSAS CITY REGION

The Kansas City metropolitan area has seen significant economic developments in recent years, particularly in workforce dynamics, unemployment, labor shortages, wages and economic growth.

WORKFORCE AND UNEMPLOYMENT

The region's unemployment rate remains low, hovering around 3.5%, which is indicative of near full employment. While this reflects a strong labor market, it also highlights the challenges of maintaining workforce availability to meet growing demand across various sectors.

LABOR SHORTAGES AND ECONOMIC GROWTH

Despite the low unemployment figures, labor shortages persist in key industries such as education, health care and hospitality. These shortages have led to challenges such as labor hoarding, where companies retain employees despite reduced demand, and skills mismatches, which hinder hiring efforts. Such dynamics are impacting productivity and placing pressure on businesses to adapt. While the region experienced robust job growth earlier this year, recent data indicates a slight slowdown, signaling a cooling economy after a period of strong expansion.

WAGES

In response to these workforce pressures, wages in the Kansas City area have steadily increased. Average hourly earnings recently climbed to $32.33, reflecting a notable year-over-year growth rate. Much of this growth has been concentrated in the past few months, indicating a trend of accelerating wage gains in response to the tight labor market.

ECONOMIC GROWTH

Overall, Kansas City has demonstrated resilience, adding significant numbers of jobs in the first half of the year. However, the latter half showed signs of moderation, with a slight decline in job creation. Despite this, the region continues to rank among the top metropolitan areas for job growth compared to its peers, showcasing a stable yet cautiously optimistic economic outlook.

KANSAS CITY'S LOCATION

Kansas City stands out for a variety of compelling factors that contribute to its dynamic and thriving environment. Situated at the crossroads of the U. S., within the Central Time Zone, its strategic location offers distinct advantages. This prime positioning allows Kansas City to attract visitors from surrounding states, including Kansas, Missouri, Iowa, Illinois, Nebraska, Arkansas and Oklahoma. With more than 8.92 million people living within a four-hour drive, the city's accessibility boosts its standing as a key tourist destination, offering a wide array of community-driven activities for all interests.

Boasting a population of over 2.66 million, Kansas City is home to several major corporations that shape its business landscape. The city serves as the headquarters for notable names such as JE Dunn Construction Group, UMB Financial Corporation, H&R Block, Garmin International, Burns & McDonnell, Hallmark Cards and AMC Entertainment, among many others. This diverse corporate presence reinforces Kansas City's role as an economic powerhouse in the region.

The Kansas City area also stands out for its highly educated workforce. Over 44% of residents hold a college degree, and nearly 93.4% have completed high school. The region's educational infrastructure includes 15 institutions offering graduate degrees across various fields, such as medicine, dentistry, pharmacy and law. Prominent universities such as the University of Kansas, the University of Missouri and Kansas State University contribute significantly to professional education, with specialized programs in biotechnology, bioscience and osteopathic medicine. Furthermore, the Lewis White Real Estate Center at the University of Missouri-Kansas City consistently ranks among the top five master's programs for real estate in the nation.

Beyond these renowned institutions, Kansas City also boasts a variety of colleges and universities, including Avila University, Park University, Rockhurst University and the Kansas City Art Institute. These establishments, alongside others, help shape a highly educated and vibrant community, positioning Kansas City as a center of intellectual and professional growth.

SPORTS AND ENTERTAINMENT

Kansas City stands out as one of the nation's premier sports and entertainment destinations, offering a dynamic mix of attractions and top-tier professional teams. The city is home to powerhouse franchises, including the Kansas City Chiefs, Kansas City Royals, Sporting Kansas City and Kansas City Current, all of which enrich the local sports scene.

The Kansas City Chiefs continued to showcase their dominance in the NFL during the 2023-2024 season, delivering another stellar performance that led to their second consecutive Super Bowl victory. Quarterback Patrick Mahomes solidified his reputation as one of the league's premier talents, leading a dynamic offense complemented by a resilient defense. The team's strong regular season translated into a triumphant postseason run, further cementing their status as an NFL powerhouse.

The Kansas City Royals experienced a significant resurgence in the 2024 MLB season, with a remarkable 30-game improvement over the prior year, earning their first postseason appearance since 2015. Standout performances from players such as Bobby Witt Jr., who excelled both offensively and defensively, and pitchers Seth Lugo and Cole Ragans, who anchored the rotation with impressive ERAs, were pivotal in the team's success.

Kansas City Current made history by opening the first stadium purpose-built for a professional women's soccer team. With a standout season and a passionate fan base, the team continues to raise the bar in athletic performance and community engagement. Photo source: Fox4kc.com

This turnaround has rejuvenated enthusiasm among fans and set the stage for an exciting future.

The Kansas City Current had a landmark season in 2024, advancing to the NWSL semifinals for the first time in the team's history. Although they faced a narrow 3-2 loss in a hard-fought match against the Orlando Pride, the season marked a significant step forward for the club. The progress demonstrated by the team throughout the year has generated optimism for continued success in the seasons ahead.

Beyond games, the stadiums host a variety of concerts and events, providing entertainment year-round. The Kansas Speedway also adds to the excitement, hosting two major NASCAR weekends each year, attracting motorsports enthusiasts from around the country. Located centrally in the U.S., Kansas City boasts a diverse selection of entertainment venues, from the iconic American Royal Barbecue and Rodeo to family-friendly destinations such as Top Golf, Worlds of Fun, Oceans of Fun, Kansas City Zoo, Legoland Discovery Center and Sea Life Aquarium. Visitors can also enjoy the bustling City Market, Union Station and sports venues such as Community America Ballpark and Hy-Vee Arena. The city's casino offerings, including six area casinos, further enhance the entertainment options.

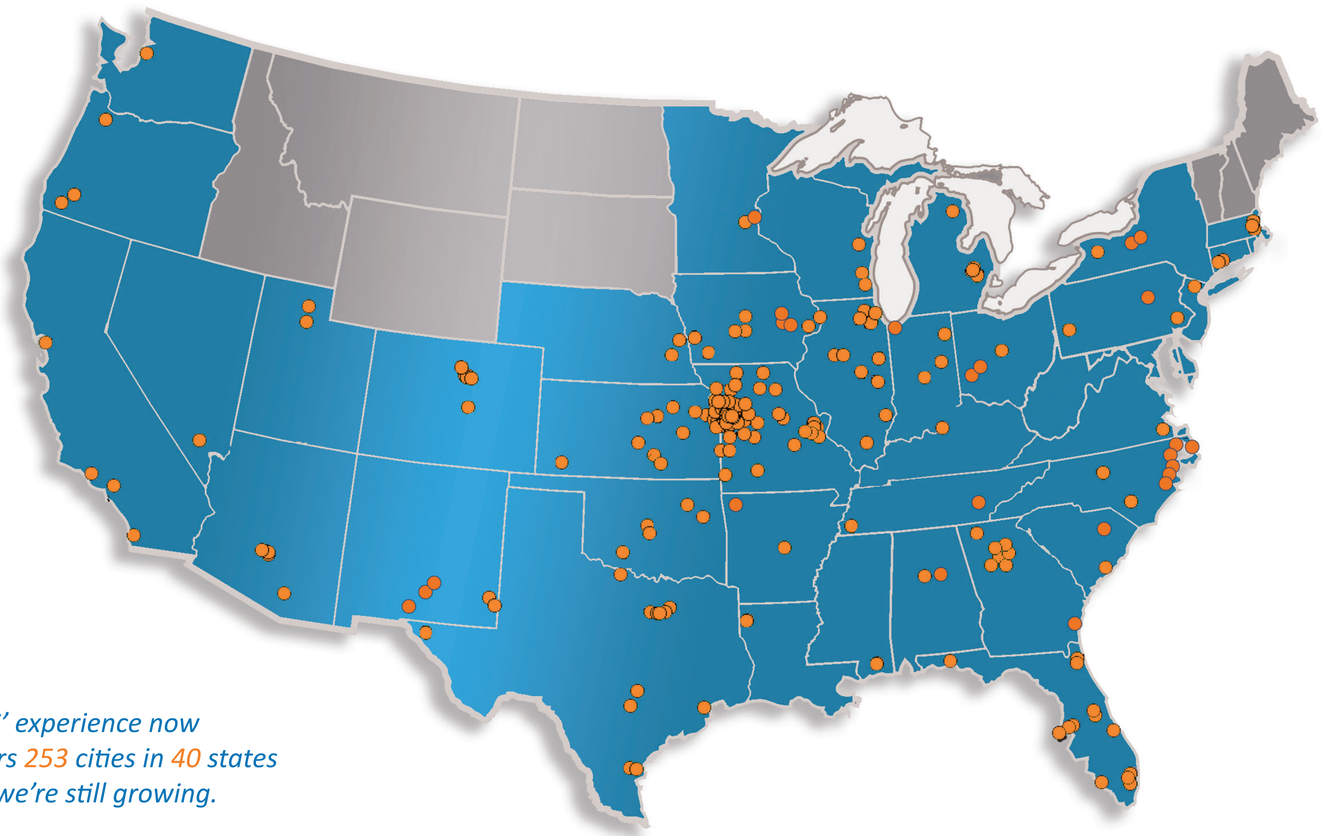
Kansas City's vibrant cultural landscape extends beyond these venues, with unique events and attractions such as the Kansas City Renaissance Festival, the thrilling slopes of Snow Creek Ski Resort and art-centric districts such as Westport, Brookside and the Plaza Art Fairs. The 18th & Vine Jazz District resonates with rhythm, while Powell Gardens and the Overland Park Arboretum and Botanical Gardens offer peaceful retreats. Together, these venues and events contribute to the city's diverse and ever-evolving entertainment landscape, offering something for everyone, whether you're a local or a visitor.

CULTURAL ARTS

Kansas City continues to stand out as a cultural arts destination, offering a rich blend of world-class institutions, dynamic community events and striking public art. At the heart of the city's arts scene are renowned landmarks such as the Kauffman Center for the Performing Arts, home to premier performances by the Kansas City Symphony and Ballet, and celebrated museums such as the Nelson-Atkins Museum of Art and the Kemper Museum of Contemporary Art. These venues showcase extensive collections that span global cultures and artistic styles, from timeless classics to innovative contemporary works.

The Crossroads Arts District amplifies Kansas City's creative energy with its renowned "First Fridays," one of the largest free art events in the country. This event transforms the district into a vibrant showcase of galleries, studios and shops, while its streets come alive with striking murals and street art, reflecting the city's unique spirit and diverse cultural stories.

Kansas City seamlessly weaves art into its identity, integrating creativity into public spaces, such as the Donald J. Hall Sculpture Park, and curating a calendar filled with events, performances and festivals that draw audiences from near and far. With its bold artistic



BRES' experience now covers 253 cities in 40 states and we're still growing.

presence, thriving culinary scene and immersive cultural experiences, Kansas City is more than a city of art — it's a community where creativity thrives and inspires all who visit.

TRANSPORTATION PRESENCE

Fourteen major commercial airlines, along with their partner networks, serve the Kansas City region. Together, these airlines provide a comprehensive schedule, offering over 168 daily departures and nonstop flights to 54 destinations.

As highlighted in the previous year, the newly completed Kansas City International Airport terminal, opened in February 2023, continues to benefit the region's economy significantly. The $1.5 billion project, the largest infrastructure development in the city's history, has not only boosted local employment during construction but also provided ongoing opportunities for small businesses and local enterprises through operations and concessions. Additionally, the new terminal has elevated Kansas City's status as both a business and leisure destination by enhancing the travel experience and operational efficiency.

The terminal's modern design, featuring 39 gates and the capacity to expand to 50, further strengthens Kansas City's position as a competitive hub for air travel. It incorporates cutting-edge technology, improved amenities and sustainable practices, earning LEED Gold certification. This major infrastructure upgrade supports the city's broader objective of becoming a world-class destination, promoting economic growth through increased tourism and business investments.

Kansas City has solidified its place as a significant player in the national distribution and logistics industry, thanks to its central location and robust transportation network. Ranked among the top logistics hubs in the U.S., the city leverages its prime position at the crossroads of major interstate highways (I-35, I-70, I-29, I-49), its status as the largest rail center in the nation by tonnage and its strong air and waterway transportation systems.

The city's industrial and distribution sectors have seen remarkable growth in recent years, with major companies such as Amazon, Walmart and Urban Outfitters establishing new facilities in the region. State-of-the-art intermodal parks, offering seamless integration of rail, highway and air transport, enhance Kansas City's logistics capabilities, ensuring the city is poised to meet the growing demand for efficient distribution networks.

Companies looking to optimize their distribution operations and quickly reach a broad customer base increasingly recognize Kansas City, with its central location and modern infrastructure, as a prime destination.

KANSAS CITY ANIMAL HEALTH CORRIDOR

The Kansas City Animal Health Corridor is a globally renowned region stretching from Manhattan, Kansas, to Columbia, Missouri, with Kansas City at its center. It boasts the largest concentration of animal health and nutrition companies in the world, accounting for nearly 60% of global animal health, diagnostics and pet food sales.

INDUSTRY LEADERSHIP

The corridor is home to over 300 animal health companies, including major industry leaders such as Bayer Animal Health, Boehringer Ingelheim and Hill's Pet Nutrition.

It serves as a magnet for both startups and established firms due to its business-friendly environment and access to top talent.

RESEARCH AND EDUCATION

The region includes renowned institutions such as Kansas State University's College of Veterinary Medicine and the University of Missouri's College of Veterinary Medicine.

It hosts advanced research facilities and innovation hubs dedicated to animal health advancements.

ECONOMIC IMPACT

The corridor drives significant economic activity and supports thousands of jobs, fostering innovation in veterinary medicine, livestock care and pet nutrition.

It also supports a dynamic ecosystem of suppliers, consultants and service providers within the animal health sector.

With its unmatched concentration of expertise, research and industry leaders, the Kansas City Animal Health Corridor plays a vital role in shaping the future of global animal health solutions.

CITY RANKINGS

The Kansas City Area Development Council is a private, nonprofit organization dedicated to advancing the economic interests of the two-state, 18-county Greater Kansas City region, home to 2.5 million residents. Renowned for excellence, KCADC's clients consistently recognize its team as the nation's top regional economic development group. Below is a list of Kansas City's 2024 Ratings & Rankings, as published by the KCADC:

Three KC Suburbs Ranked as Best Small Cities in America Leawood, Shawnee and Lenexa, all ranked in the 90th percentile of finest towns in the U.S., based on affordability, quality of life, education, economic health and safety. WalletHub, October 2024

KC RANKS NO. 2 MOST COST-EFFECTIVE TECH MARKET IN THE U.S.

CBRE Scoring Tech Talent, August 2024

KC RANKS NO. 1 IN THE U.S. FOR "GREEN INFRASTRUCTURE"

ProptechOS, 2024

TWO KC SPOTS ARE AMONG TIME'S WORLD'S GREATEST PLACES OF 2024

Time, July 2024

KCI RANKS IN TOP 10 ON TRAVEL + LEISURE U.S. AIRPORT LIST

Travel + Leisure, July 2024

KC AREA COMMUNITIES RANK AMONG BEST PLACES TO LIVE IN THE U.S.

Zillow, April 2024

KC IS NO. 1 CITY FOR DOG OWNERS

Forbes, April 2024

KC IS NO. 1 EMERGING DATA CENTER MARKET IN THE WORLD

Cushman & Wakefield, March 2024

KC IS NO. 2 MARKET FOR FAMILY AFFORDABILITY

Zillow, February 2024

THREE KC AREA RESTAURANTS RECOGNIZED AMONG BEST IN NORTH AMERICA

Distinguished Restaurants of North America, February 2024

KC SUBURB IS ONE OF "HAPPIEST CITIES IN THE U.S."

U.S. WalletHub, February 2024

THE WALL STREET JOURNAL DUBS KC A TOP 10 BEST PLACE TO VISIT IN THE WORLD

The Wall Street Journal, January 2024

KC LANDS ON NEW YORK TIMES' LIST OF 52 PLACES TO GO IN 2024

James Beard Foundation, January 2024

TWO KC-AREA CITIES RANK AS TOP RENTAL MARKETS

RentCafe, January 2024

KC RANKS ON TRAVEL + LEISURE'S "50 BEST PLACES TO TRAVEL IN 2024"

Travel + Leisure, January 2024

Contributors: Scott M. Cordes, Chief Operating Officer; William A. Block, CCIM, Vice President - Development

The Downtown submarket's geographic boundaries tend to vary, but in this report, we define Downtown Kansas City as the area from the Missouri River to 31st Street, and from State Line Road to Troost Avenue. We can further divide Downtown into various distinct areas, including the CBD, River Market, Crown Center, Crossroads/West Side and the West Bottoms. The following Downtown section includes data for multifamily, office, hotel and specialty real estate.

WEST BOTTOMS REDEVELOPMENT

SomeraRoad Inc. has launched a $526.7 million redevelopment project in Kansas City's West Bottoms, an area with a rich commercial history but little recent investment. The project, known as "The Depot," will include a mix of residential, office, retail and entertainment spaces. Initial work, managed by contractor I-Solutions, involves $25 million in public infrastructure, covering sidewalks, streets and green spaces, with additional planned improvements. SomeraRoad's founder, Ian Ross, expressed excitement for the project's transformative potential, citing a commitment to historical preservation and community engagement.

The first phase features the Moline Plow Building's renovation into apartments and new apartment construction on the former Weld Wheel site, part of a larger 15-year vision for over 1,200 apartments, extensive retail space and a boutique hotel across 26 acres. Mayor Quinton Lucas lauded the development as a model for blending preservation with new construction, enhancing the city's walkability and connectivity. The project's initial private projects are set to open in 2026, with the public infrastructure expected to be completed by the end of 2025.

ROCK ISLAND BRIDGE

For almost 100 years, the Rock Island Bridge functioned as one of the Kansas City Stockyard District's linchpins, allowing the shipment of livestock to pass over the Kansas River to one of the world's largest beef processing plants. The City of Kansas City purchased the bridge in 1980, which has since fallen into disrepair. The bridge has since transferred hands to the City of Kansas City, which has collaborated with Flying Truss to revitalize and reinvent this historic piece of Kansas City history.

Originally set for 2024, the grand opening of the Rock Island Bridge entertainment venue in Kansas City's West Bottoms will occur in spring 2025. Flying Truss cited the need for additional time to ensure a seamless launch. In the meantime, the public will have opportunities to tour the bridge and observe ongoing work. Mike Zeller, the firm's CEO, acknowledged the challenges of pioneering a project of this scale. "This extra time allows us to meet the high standards required for a national-level venture while avoiding the complications of a brief fall opening followed by a winter closure," Zeller said. He highlighted the collaborative effort behind the project, describing it as a community-wide undertaking to create something unprecedented in Kansas City.

The venue will feature bars, coffee shops, restaurants, entertainment hubs for music and gatherings and more, redefining the repurposing of a former railroad bridge. Upon completion, the bridge will feature over 35,000 square feet of usable space.

MULTIFAMILY

In 2024, multifamily projects that continue to dominate the downtown area have contributed significantly to its success. Downtown has continued to experience large population increases — the population has increased by almost 139% in the last 25 years. With the median age of 30 and 85% of the downtown population being renters, luxury Class A multifamily projects are a favorite.

HNTB Corp. is relocating its Kansas City office to the 1111 Main Tower, occupying seven floors and 161,000 square feet by 2025. This move reflects the firm's commitment to innovation and collaboration while continuing its legacy in Kansas City, where it was founded in 1914.

The Port Authority of Kansas City (Port KC) has approved incentives for Molzer Development, Free Heel Capital and Cardinal Crest's $37.6 million plan to convert the historic Aladdin Hotel into 122 apartments with a rooftop cocktail bar. Built in 1925, the 16-story hotel, once Kansas City's tallest building, is now vacant after closing in 2020 due to government lockdowns. The developers' plan includes a mix of studios, one-bedrooms and a penthouse, with some units reserved for affordable housing. To support the project, Port KC will provide a 25-year property tax exemption and a sales tax exemption on construction materials. The developers will also seek additional funding through state and federal historic tax credits. Although Councillor Kevin O'Neill opposed the level of incentives, other Port KC officials emphasized the benefits of restoring the historic structure and avoiding further deterioration. Construction could begin in 2025, following the project's bond and compliance agreements.

The large-scale 800 Grand multifamily project will commence in 2025. Plans for the project, a 25-story, 385-foot mixed-use tower, were announced during the State of Downtown event that took place on Nov. 20. The development, located at 800 Grand Boulevard, which will feature over 300 residential units, 24,000 square feet of retail space and ground floor and rooftop dining options, aims to revitalize a less active area of downtown's perimeter. After more than a year of planning, California-based BR Cos. will begin construction in the third quarter of 2025, pending city approvals. Developers view the project as a transformative addition to Grand Boulevard, designed to attract both residents and businesses. Ryan Sullivan, BR Cos.'s chief development officer, commented that this project represents the company's big entry into the downtown Kansas City market. The firm has invested over $10 billion in Kansas City in the past 25 years, with this project quoted at $250 million.

City Manager Brian Platt emphasized the tower's significance, describing it as a unique contribution that complements the city's character while also acting as a driver of growth in the downtown subdistrict. Residents of 800 Grand will also enjoy proximity to the streetcar line, which provides convenient access to destinations such as the Plaza and the CPKC Stadium.

HOTEL

Downtown's new AC Hotel, located in the historic Rialto Building, opened on Oct. 10 following a $73 million renovation by Beechwood Pinnacle Hotels. The hotel, managed by Greenwood Hospitality Group, will offer 239 rooms with modern European-inspired decor, including amenities such as six event spaces, AC Kitchen + Cafe for tapas and coffee and AC Lounge for wine and cocktails. Alison Ewing-Meeler, the hotel's general manager, has emphasized the significance of repurposing the 112-year-old Rialto Building, which retains features such as the marble staircase and over 100-year-old crown molding. Positioned near major venues such as CPKC Stadium and T-Mobile Center, the AC Hotel aims to attract business and tourism. Ewing-Meeler noted that this revitalization could encourage nearby historic buildings along Grand Boulevard to see similar redevelopments. Campo Architecture & Interior Design, the project's architects that spearheaded this trend by rendering multiple downtown buildings that remain on the National Register of Historic Places, commented, "In doing this project, we opened the door for so many other developers and teams to come in here and start pushing to revitalize this little pocket of space, which is really exciting to see. We're in an area now where this is kind of the place to be in the next five to 10 years."

Several other downtown buildings, including the Sentinel Federal Savings Building, the Beckham Building, 910 Grand Building and 1003 Walnut Street, have been added to the National Register, presenting opportunity for future redevelopment.

KANSAS CITY STAR BUILDING

Patmos, a technology company focusing on developing and managing data centers, announced plans to convert The Kansas City Star's former printing press building into a state-of-the-art data center. This iconic KC structure, spanning 400,000 square feet, is set to become a 100+ megawatt AI innovation hub. The transformation is part of a billion-dollar retrofit project that will utilize the building's existing industrial infrastructure to create a hardware-independent facility. Patmos expects the center to begin operating at partial capacity within the next year and a half, eventually occupying the entire building.

Joe Morgan, the company's chief infrastructure officer, noted that repurposing the existing structure allows for significant savings in both time and cost compared to ground-up development. The decision to retrofit the facility has also shifted the landscape for one of Kansas City's most anticipated development projects. The site was previously considered as one of the top contenders for a downtown Kansas City Royals ballpark relocation. However, with the announcement of the data center, the possibility of a stadium at this site has been eliminated, especially following the failure of a spring sales tax vote intended to fund the project. The Royals had planned to raze the building to construct a new stadium.

The Kansas City Star sold the printing pavilion, originally opened in 2006, to Ambassador Hospitality LLC for $30.1 million in 2019. Although The Star initially intended to lease the property for 15 years, it vacated the building in 2022, relocating to a smaller space in Crown Center. Since then, the structure has sat vacant. Ambassador Hospitality's co-owners, Rosana Privitera Biondo and Tony Privitera, had considered other uses for the building, such as a mix of office, residential, retail or hospitality spaces. Despite these plans, the property remained without tenants until the Patmos announcement.

New York-based developer Somera Road spearheads a $526.7 million redevelopment in Kansas City's historic West Bottoms. The project blends over 1,200 apartments, office spaces, and green areas while preserving the area's rich history and adding modern urban amenities.

While Ambassador Hospitality retains ownership of the building, Patmos has signed a lease agreement that includes an option to purchase. Tony Privitera emphasized that the building's unique power infrastructure makes it an ideal location for a data center. Patmos, which already operates data centers in Kansas City, Phoenix and Dallas, highlighted Kansas City's central location as a key factor in its appeal for further expansion in this sector.

POWER & LIGHT DISTRICT

Kansas City's Power & Light District is set for a $10 million renovation to enhance the KC Live! area, preparing it for large-scale gatherings such as concerts, watch parties and the upcoming FIFA World Cup. Cordish Companies, the developer behind the district, announced the investment on Nov. 7, targeting a completion date ahead of the Big 12 Men's Basketball Tournament in March 2025. Construction was scheduled to begin in November and will proceed in phases. This will allow the venue to remain open through the Kansas City Chiefs' season.

One of the biggest upgrades will be the replacement of the venue's roof with a new, upgraded canopy roof. The upgrade will include heaters and misters to ensure a comfortable experience in both summer and winter. High-definition video boards and lighting will upgrade the visual appeal of events, while additional bar access and increased group seating will improve convenience and capacity. Pizza Bar, a New York-style pizza restaurant, will receive new patio seating, and bar finishes venue-wide will see significant upgrades.

As part of the Power & Light's planned upgrades, Cordish will introduce a new restaurant, Besos y Abrazo, a Latin-inspired restaurant and nightclub set to open in spring 2025. It will replace Leinie Lodge & Beer Garden. The venue will feature a nightlife-inspired atmosphere driven by craft beer and cocktails, DJs and a menu influenced by Latin American street food. Mosaic nightclub will also see a $2.5 million expansion that will nearly double the square footage and incorporate state-of-the-art audio-visual technology, a new video wall and a luxury lounge with additional VIP seating. Its outdoor patio will also be reconfigured.

With events such as the Big 12 Tournament and watch parties for the Super Bowl and World Cup, the district continues to position itself as a premier entertainment destination in downtown Kansas City. The area has also seen increased growth in recent months, with new tenants such as HomeGrown and Modern Market Eatery joining the roster and future openings planned for Three Dog Bakery and The Yard Milkshake Bar in 2025. Last year alone, the district attracted 18 million visitors, including more than six million to the KC Live! area, underlining its role as an important hub for entertainment and nightlife in downtown Kansas City.

Contributors: John Mullen, Associate, Zachery Gant, Vice President — Investments

Kansas City Office Market

The U.S. Office market continued to face an array of challenges in 2024. Although in-person office attendance continued to improve from 2023, increasing from 50-65% to 60-70% depending on the market, job growth in knowledge work sectors rose less than 0.2% in 2024. This is causing occupiers to remain cautious when it comes to occupancy decisions with new leases that are 15-20% smaller than pre-pandemic averages. Companies continue to consolidate footprints opting for less square footage in higher priced buildings. The national vacancy rate stands at a record 13.9%, which is a 4.5% increase from pre-pandemic levels and up 40 basis points from 2023. Sublease availability decreased for the first time since 2020. This is a combination of the space being absorbed and the term on the underlying lease expiring, causing direct vacancy rates to climb.

The square footage of new office product under construction is at the lowest level since 2013. Higher construction costs and interest rates are making it difficult for new developments to pencil. Combine this with low-basis buyers who are starting to pick up existing office buildings on the cheap with below-market rents and above-market tenant improvement allowances, and there will likely be a dearth of new supply for the next several years. The inventory under construction tends to be owner or user and medical space versus traditional, multi-tenant, for-lease product of the past. According to Costar economists, vacancy rates are expected to peak at just over 15% in 2027, with less than 1% rent growth starting in 2026.

The Kansas City office space market is experiencing persistent challenges, with high vacancies and declining demand driven by changing workplace dynamics. By Q3 2024, the vacancy rate had risen to 11.9%, reflecting a 0.5% year-over-year increase. While negative absorption totaled 550,000 square feet over the past year, this was an improvement compared to a record decline of -2.2 million square feet in 2023. Sublet availability also decreased significantly, down 36% from its peak to 1.4 million square feet, representing just 1.1% of the market or half the national average.

Rental rates have remained steady, averaging $23 per square foot, and are in line with comparable Midwestern markets. However, escalating construction and operational costs constrain potential rent reductions. The market has seen limited new development, and most projects are built-to-suit instead of speculative because of a challenging financing environment. Notable developments include Shamrock Trading's 392,000-square foot expansion and the 137,000-square foot FBI building — adaptive reuse projects, such as converting older office buildings into hotels or apartments, have become more prominent.

Tenant behavior indicates a trend toward downsizing, with companies like H&R Block listing a substantial portion of their office space. However, selective expansions persist, such as Populous leasing 108,000 square feet, signaling pockets of growth. Investment activity has plummeted, with annual transactions totaling just $61.4 million, the lowest in over a decade, as tighter lending standards and uncertain demand deter investors. Despite these challenges, newer properties have shown resilience, though the market's overall recovery is expected to remain sluggish through 2025.

Spring Venture Group has renewed its lease for nearly 110,000 square feet at Twelve Wyandotte Plaza. A leader in digital direct-to-consumer sales, the company continues to expand its senior health insurance services with cutting-edge technology and analytics.

OFFICE MARKET

SOUTH JOHNSON COUNTY

South Johnson County comprises 9.4 million square feet of inventory, compared to 129 million square feet across the metro area. The vacancy rate in South Johnson County is 15.3%, marking a slight increase from year-end 2023. Over the past year, the submarket's vacancy rate rose by 1.5%, influenced by the addition of 54,000 square feet of new space and a net absorption of -98,000 square feet.

Market rent per square foot has seen a modest increase, rising from $22.58 at year-end 2023 to $22.71 by year-end 2024. This upward trend is projected to continue into 2025.

9.4M	15.3%	$22.71	$140
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- 25,000 square feet at 7270 W. 161st Street in Overland Park, Kansas
- 24,700 square feet at 8101 W. 135th Street in Overland Park, Kansas
- 15,023 square feet at 6700 W. 121st Street in Overland Park, Kansas, sold for $1,950,000
- 11,998 square feet at 11812-11848 W. 135th Street in Overland Park, Kansas

TOP LEASES

- The City of Olathe leased 79,226 square feet at 100 E. Santa Fe St. in Olathe, Kansas
- The City of Olathe leased 31,945 square feet at 17200 W. 119th St. in Olathe, Kansas
- 31,799 square feet leased at 12900 Foster St. in Overland Park, Kansas

NORTH JOHNSON COUNTY

Northeast and Northwest Johnson County currently have over 424,000 square feet under construction. Over the past year, vacancy rates in both submarkets decreased compared to 2023. Both markets reported a decline of just over 3.2% in market prices, bringing the average to $125 per square foot in Northeast Johnson County, slightly above $134 per square foot in Northwest Johnson County.

13.6M	11.6%	$23.04	$130
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- 96,282 square feet at 8035 Quivira Road in Lenexa, Kansas
- 14,600 square feet at 12208-12210 W. 87th Street Parkway in Lenexa, Kansas
- 10,931 square feet at 9710-9720 Rosehill Road in Lenexa, Kansas

TOP LEASES

- Bank of Labor leased 28,455 square feet at 6301 Glenwood Street in Overland Park, Kansas
- 23,577 square feet leased at 8345 Lenexa Dr.
- 17,977 square feet renewed lease at 8815 Renner Avenue
- 17,130 square feet leased at 9800 Metcalf Ave. in Overland Park, Kansas
- NavMD, 17,130 square feet, also at 9800 Metcalf Ave.

CBD, CROWN CENTER, FREIGHT HOUSE, WEST BOTTOMS

The average vacancy rate across these four submarkets is 14.8%, with CBD exhibiting the highest vacancy rate at 17%. The increase in CBD's vacancy rate is directly attributed to a significant negative net absorption of 339,000 square feet over the past 12 months. Similarly, the West Bottoms submarket experienced negative net absorption year over year. In contrast, Crown Center and the Freight House District were the only submarkets to report positive net absorption during the same period.

29.2M	14.8%	$23.10	$107
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- University Health (part of a portfolio), 90,156 square feet at 2101 Charlotte Street in Kansas City, Missouri
- 49,250 square feet at 1000 Broadway Street in Kansas City, Missouri, for an undisclosed price
- 49,810 square feet at 1301 Oak Street in Kansas City, Missouri, for an undisclosed price

TOP LEASES

- University Health KC, 176,952 square feet at 2301 Holmes Street in Kansas City, Missouri
- HNTB, 159,862 square feet at 111 Main Street in Kansas City, Missouri
- Stinson, 120,477 square feet at 1201 Walnut Street in Kansas City, Missouri

PLAZA/MIDTOWN/BROOKSIDE

The average vacancy rate currently stands at 6% and reflects a modest increase from the previous year's rate of 5.4%. Midtown was the only submarket to experience new deliveries over the past 12 months, yet it still recorded a negative net absorption of 61,100 square feet. However, Brookside was the only submarket among the three to see a slight decrease in its vacancy rate, with a modest positive net absorption of just 1,200 square feet.

Kiewit has unveiled its fourth facility in Kansas City's City Center District—a six-story, 183,000-square foot building featuring a café, 200-seat auditorium, and collaborative office spaces. This expansion underscores the company's growth and commitment to fostering a dynamic work environment.

10.4M	6.0%	$24.87	$114
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- 45,970 square feet (part of Plaza Sale) at 460 Nichols Road in Kansas City, Missouri
- 44,616 square feet (part of Plaza Sale) at 420-424 Nichols Road in Kansas City, Missouri
- 42,622 square feet (part of Plaza Sale) at 315 Nichols Road in Kansas City, Missouri

TOP LEASES

- CBRE, 12,282 square feet at 4520 Main Street in Kansas City, Missouri
- Undisclosed tenant, 9,881 square feet at 4801 Main Street in Kansas City, Missouri
- Axiom Strategies, 7,330 square feet at 800 W. 47th Street in Kansas City, Missouri (renewal)

SOUTH KANSAS CITY (WARD PARKWAY)

The South KC (Ward Parkway) submarket ended 2024 with a vacancy rate of 9.8%, up slightly from 7.6% in 2023. Activity in the submarket remained stagnant, with no new construction completed during the year. Despite this, rental rates rose by 0.45% over the past year, averaging $22.76 per square foot. Over the last 12 months, the submarket recorded eight office sales, achieving an average cap rate of 9.9% and a price of $120 per square foot — the highest cap rate in seven years. As of the end of 2024, the Ward Parkway office market comprises just under 3.6 million square feet of inventory, with 406,100 square feet currently vacant and available.

8.9M	9.8%	$22.61	$120
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- 56,334 square feet at 9229 Ward Parkway, Kansas City, Missouri in April 2024
- 15,000 square feet at 9100 Ward Parkway, Kansas City, Missouri in February 2024
- 12,759 square feet at 2310 W. 75th Street, Prairie Village, Kansas in August 2024

TOP LEASES

- 15,500 square feet at 9201 Ward Parkway in Kansas City
- 10,900 square feet at 8700 State Line in Kansas City
- 5,500 square feet at 8900 State Line Road in Kansas City

NORTH OF THE RIVER

Vacancy in the 1-35 Corridor increased slightly from 5.6% to 6.1% over the past 12 months, while the I-29 Corridor experienced a 4.2% decline in overall vacancy. Both corridors saw a 1% rise in asking rents, and the I-29 Corridor was the only submarket to introduce new inventory, totaling 137,000 square feet.

OFFICE MARKET

12.2M	7.4%	$21.17	$108
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- FBI Building, 136,910 square feet at 1118 NW Prairie View Road in Kansas City, Missouri
- 28,780 square feet (part of a portfolio) at 1 Liberty Plaza in Liberty, Missouri
- 25,661 square feet (part of a portfolio) at 2 Liberty Plaza in Liberty, Missouri

TOP LEASES

- Ferrellgas leased 28,780 square feet at 1 Liberty Plaza in Liberty, Missouri
- Undisclosed tenant, 25,661 square feet lease at 2 Liberty Plaza in Liberty, Missouri
- Boilermakers National Funds leased 14,161 square feet at 12200 N. Ambassador Drive in Kansas City, Missouri

EAST JACKSON COUNTY

East Jackson County experienced a 1.54% reduction in vacancy compared to last year. Over the same period, the submarket recorded 147,000 square feet of positive absorption. Currently, the East Jackson County submarket has 7,500,000 square feet of inventory, with 24,500 square feet under construction.

7.5M	7.3%	$20.06	$93
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- 95,527 square feet at 20201 E. Jackson Dr. in Independence, Missouri
- 35,000 square feet at 9808 E. 66th Terrace in Raytown, Missouri
- 30,300 square feet at 201 E. Partridge Ave. in Independence, Missouri

TOP LEASES

- 35,000 square feet leased at 9808 E. 66th in Raytown, Missouri
- Events Space and Decor leased15,347 square feet at 6204-6250 Raytown Traffic Way in Raytown, Missouri
- 12,180 square feet leased at 3200 NE Ralph Powell Road in Lee Summit, Missouri

KANSAS CITY, KANSAS

The Kansas City, Kansas, office submarket is currently experiencing a vacancy rate of 18.5% as of the fourth quarter of 2024. Over the past year, the vacancy rate has increased by 6.2%, driven by the lack of new deliveries and 214,000 square feet of negative net absorption. Rent growth in the Kansas City, KS, submarket has seen a modest increase of 0.5% year over year, compared to a slightly higher 0.7% increase across the broader metropolitan area.

3.4M	18.5%	$22.31	$126
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- Heart of America Surgery Center, 15,499 square feet located at 8935 State Avenue in Kansas City, Kansas
- 8,000 square feet at 2100 Hutton Road in Kansas City, Kansas, sold for an undisclosed amount
- Spira Care, 7,740 square feet at 9800 Troup Avenue in Kansas City, Kansas, sold for an undisclosed amount

TOP LEASES

- Undisclosed Tenant, 132,188 square feet at 10200 Abilities Way in Kansas City, Kansas
- Anixter Center, 21,071 square feet at 2063 N. 11th Street in Kansas City, Kansas
- Undisclosed tenant, 2,052 square feet at 2812 W. 47th Avenue in Kansas City, Kansas

SOUTHEAST JACKSON COUNTY

Vacancy decreased this year in Southeast Jackson County by 5.6%, bringing the current vacancy rate to 6.9%. Despite 219,000 square feet of positive net absorption, the average market rent for 2024 only saw a modest increase of nearly 1%, reaching $22.08. The market cap rates remained relatively stable, increasing by just 0.45% over the past year.

3.9M	16.8%	$22.08	$99
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- 12,000 square feet at 816-818 NW Park Lane in Lee Summit, Missouri sold for $1,800,000.
- 8,173 square feet at 13013 Fuller Avenue in Grandview, Missouri

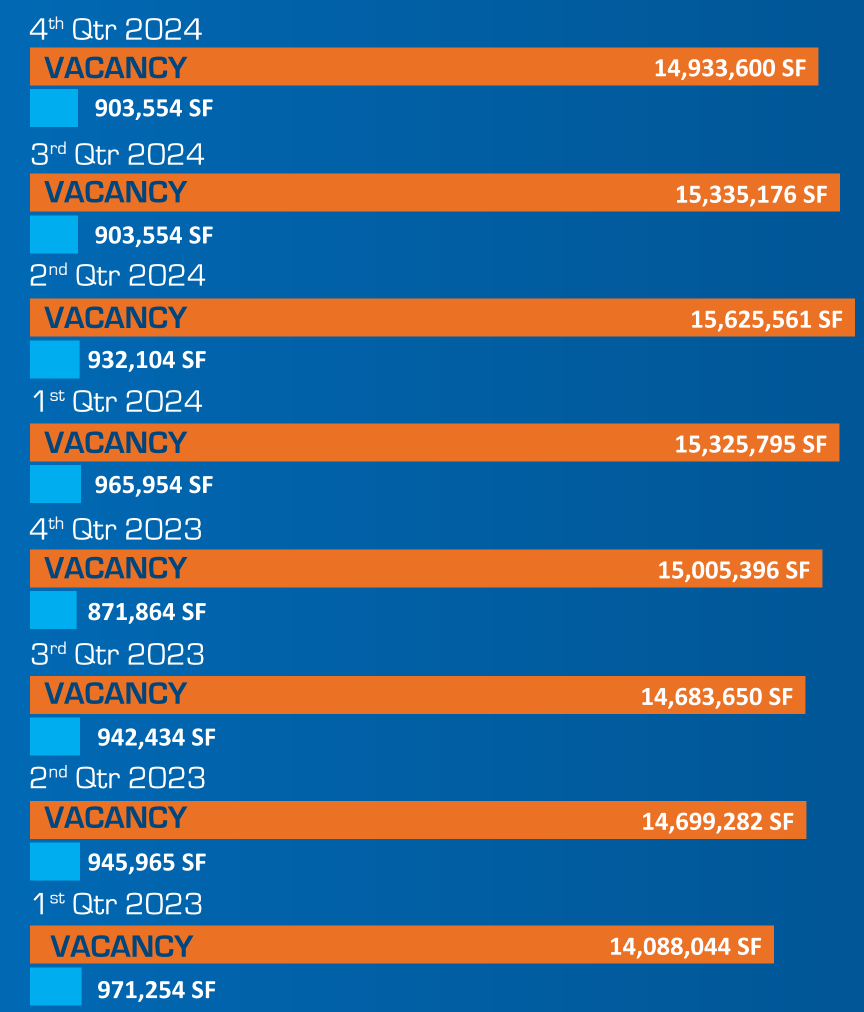
TOP LEASES

- Regus, 21,158 square feet at 200 NE Missouri Road in Lee Summit, Missouri
- 6,500 square feet at 2070 NW Pryor Road in Lee Summit, Missouri
- 5,570 square feet at 925-949 NE Columbus Street in Lee Summit, Missouri

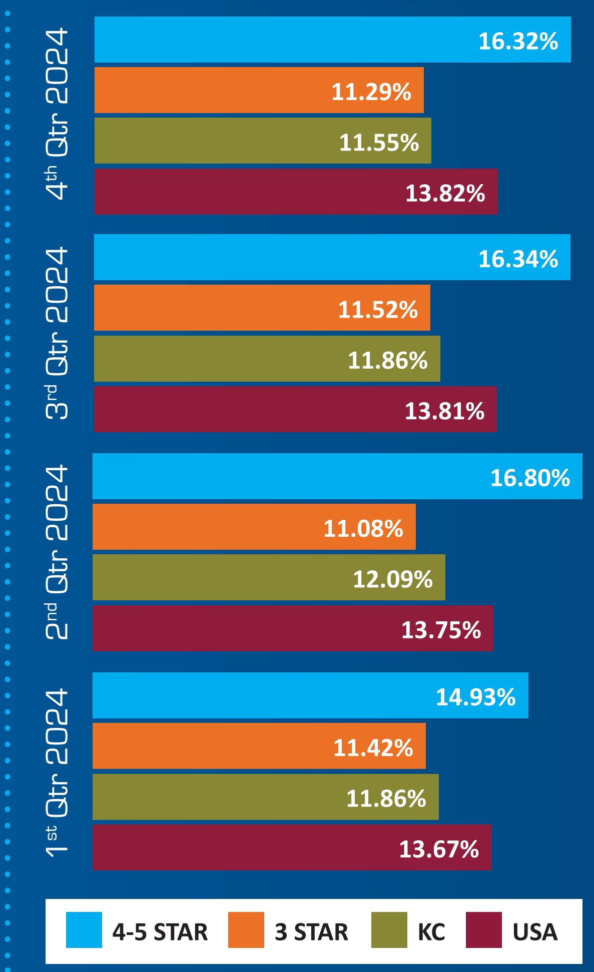
Contributors: Don Maddux, Senior Vice President; Max Wasserstrom, Senior Vice President; Andrew Block, Vice President; Reid Kosic, Associate; and Hagen Vogel, Commercial Brokerage Associate

OFFICE Market at a Glance

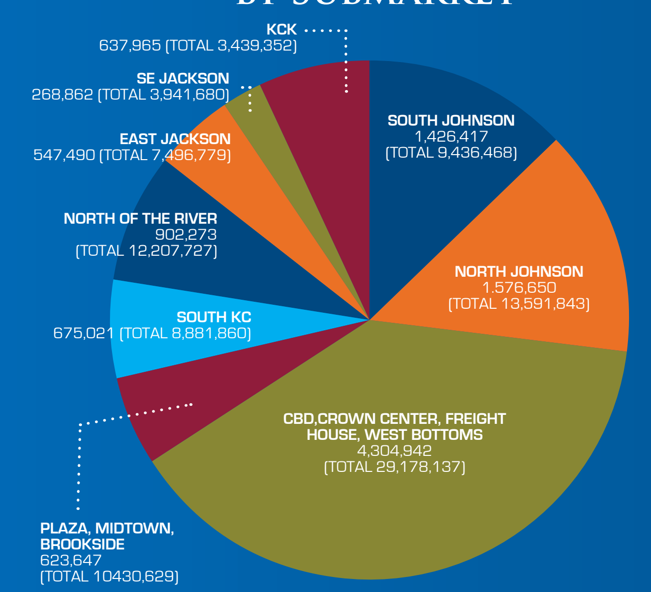
Kansas City Metro 2024 All Classes
OFFICE VACANCY VS. OFFICE UNDER CONSTRUCTION



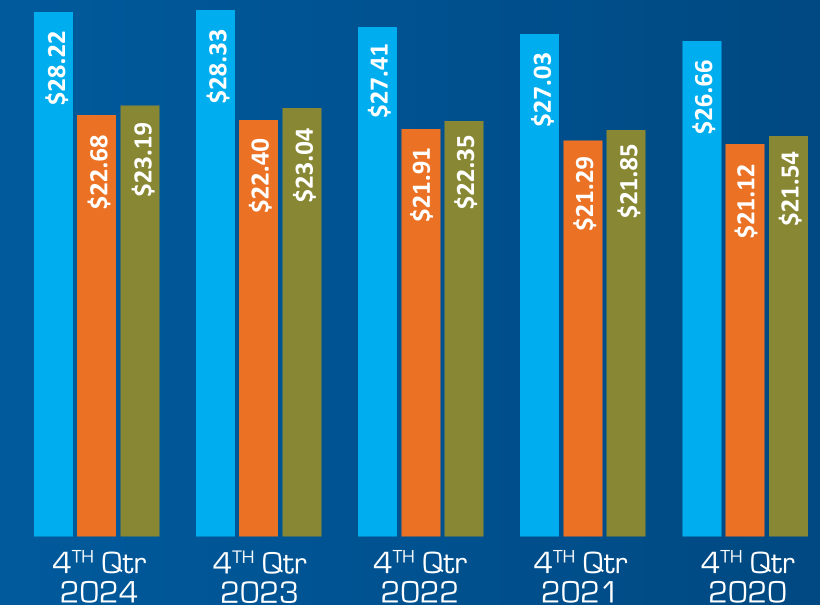
2024 Office Vacancy
4-5 STAR VS. 3 STAR VS. KANSAS CITY VS. U.S.



Vacant Office Space by Submarket



Average Office Rental Rates
4-5 STAR VS. 3 STAR VS. KANSAS CITY AVG.



Kansas City Industrial Market

367M	5.5%	$7.38	3.5M
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	NET ABSORPTION

The Kansas City Metropolitan Area's industrial real estate market has been evolving rapidly over the past few years, with a marked slowdown in construction anticipated for 2025. However, despite this trend, Kansas City's strategic location and infrastructure continue to attract substantial investment in logistics, manufacturing and data centers. Key national economic factors, including the shift toward "friendshoring" and the growing trade with Mexico, continue to have a positive impact on local demand for industrial space.

While the region remains one of the hottest industrial markets in the U.S., industrial construction activity has slowed, with space under construction dropping from a peak of 17.5 million square feet (SF) in Q3 2023 to 13.1 million square feet at the start of 2024. By year-end, only 6 million square feet of new space is expected to be delivered — well below the market's 10-year average.

The regional industrial market's resilience is attributed to several key projects, such as Panasonic's electric vehicle battery plant, Meta's data center in Golden Plains Technology Park and significant developments like Flint Commerce Center and SubTropolis Technology Center, which underscore the region's growth potential. Despite the slowdown, industrial sales, leasing and development activity remain the central focus of Kansas City's economic growth.

Platte International Commerce Center in Platte City, Missouri, offers premier Class A industrial spaces with unmatched connectivity to major U.S. freight hubs. Central Power Systems & Services commenced operations at the center in early 2024.

JACKSON COUNTY

Jackson County remains a central hub within the Kansas City metropolitan area, benefiting from its proximity to major highways, intermodal facilities and the region's robust logistics network. As construction slows across the broader region, Jackson County continues to see strong demand for industrial space, particularly in logistics, warehousing and manufacturing.

102M	6.2%	$7.03	930K
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	NET ABSORPTION

TOP SALES

- Jaguar Transport purchased a 244,074 square foot industrial property in the West Bottoms.
- Blue Ribbon Management LLC purchased a 126,000-square foot warehouse in Midtown.

TOP LEASES

- A4 Apparel leased 204,000 square feet at Raymore Commerce Center II from VanTrust.
- Harmar Mobility leased 146,661 square feet in Raymore Commerce Center for its manufacturing hub.
- Goodwill of Western Missouri Eastern Kansas subleased 135,515 square feet.
- Keystone Technologies expanded and relocated from 88,951 square feet in Three Trails Industrial Park to 163,161 square feet in Blue River Commerce Center.
- Patmos Hosting is converting the former Kansas City Star printing press building into an AI innovation facility, leasing 400,000 square feet.

TOP DEVELOPMENTS

- Raymore Commerce Center by VanTrust Real Estate includes 2.1 million square feet across three buildings, with plans for five additional buildings totaling 3 million square feet.
- Eastgate Commerce Center continues to expand, with new buildings A2 and A3 under construction in Q1 2024 (284,000 square feet and 214,000 square feet).
- Lakewood Business Center by Ward Development includes a 250,000 squre foot Class A industrial/flex building divisible to 25,000 square foot units.
- Scannell's Lee's Summit Commerce Center Buildings A and C total 468,730 square feet and can accommodate tenants from 73,000 square feet and up. The development has a 75% tax abatement for 10 years with a 50% abatement available for years 11-20.

EXECUTIVE PARK/NORTHLAND PARK

Executive Park/Northland Park, located near I-35, I-70 and Kansas City International Airport, is becoming a key industrial submarket. The area's growing appeal can be attributed to strong connectivity to transportation routes, with a mix of speculative and build-to-suit developments continuing to drive demand.

49.4M	2.4%	$7.17	164K
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	NET ABSORPTION

TOP SALES

- BCB Mo Holdings LLC purchased a 220,882 square foot warehouse in Executive Park.

TOP LEASES

- The TAB Group leased 66,700 square feet in Liberty Heartland Logistics Center for its U.S. headquarters.
- Bradco Supply leased 83,000 square feet in Executive Park.
- Winland Foods leased 339,678 square feet from NorthPoint.
- Animal Health International signed a lease of 254,840 square feet at Liberty Heartland Logistics Center Building B.
- OpenStore leased 113,000 square feet in Executive Park Logistics Center.
- McKesson Medical-Surgical Inc. leased 306,556 square feet in Hunt Midwest Business Center's first phase of its distribution center.

TOP DEVELOPMENTS

- Google committed to building a $1 billion data center in Hunt Midwest Business Center, part of a larger development within the 2,500-acre site.
- Executive Park Logistics Center Building III is under construction with a 255,592 square foot facility expandable to 422,671 sqaure feet, featuring 100% tax abatement for the first 10 years.
- Americold plans a 335,000 square foot cold storage facility along the Canadian Pacific Kansas City rail network.

WYANDOTTE COUNTY

Wyandotte County in Kansas continues to attract industrial development because of its strategic location near major highways and rail infrastructure. The area is witnessing steady demand for both manufacturing and warehousing spaces, driven by its proximity to the Kansas City metropolitan area.

In December, NorthPoint Development leased 763,358 square feet of industrial space to Lennox at Logistics Park Kansas City - Building 9 in Gardner, Kansas. This was the largest industrial lease in the state of Kansas for 2024.

51.1M	1.9%	$6.68	62K
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	NET ABSORPTION

TOP SALES

- Klabzuba purchased a 1.07 million square foot building in Wyandotte County's Armourdale District.
- Striem, a plumbing manufacturer, plans a 56,700 square foot manufacturing facility near I-635 and Douglas.

TOP LEASES

- Sunlight Sauna leased 84,000 square feet in the Fairfax Industrial District.
- MARSHALLTOWN leased 200,000 square feet at 435 Logistics Park.
- Mies Wholesale Meats will relocate from North Kansas City to Wyandotte County, building a 75,000 square foot facility in Hart Industrial Park.

TOP DEVELOPMENTS

- Striem plans a 56,700 square foot manufacturing facility near I-635 and Douglas, relocating from Fairfax.
- Construction is underway for Scannell's Compass 70 Business Park Building 3, which will total 243,984 square feet in Bonner Springs.

NORTH KANSAS CITY/RIVERSIDE

North Kansas City and Riverside continue to thrive as key industrial submarkets in the metropolitan area. The region benefits from excellent infrastructure, access to major roads and proximity to Kansas City International Airport, supporting growth in both the logistics and manufacturing industries.

26.6M	4.1%	$6.75	77K
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	NET ABSORPTION

TOP LEASES

- Shaw Supply leased 86,876 square feet in North Kansas City's Paseo Industrial District.
- Midland Paper leased 72,000 square feet in North Kansas City.
- New Perfect Star, a Chinese import-export transportation company, secured a 79,383 square foot lease in North Kansas City.

JOHNSON COUNTY

Johnson County, Kansas, has emerged as a prime industrial location because of its favorable zoning, excellent infrastructure and access to major interstates. The area continues to experience strong demand from both tenants and investors.

99.2M	8.3%	$8.40	2.1M
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	NET ABSORPTION

TOP SALES

- Long Motor Company purchased the former Standard Beverage facility of 52,156 square feet in Lenexa.

TOP LEASES

- Lennox leased 763,358 square feet from Northpoint Development at Logistics Park Kansas City in Gardner, Kansas.
- LKQ leased 530,460 square feet from Hunt Midwest at 43rd & 7 Hwy.
- Flint Commerce Center, located in DeSoto, leased 509,760 square feet of space to Panasonic.
- Federal AG Supply leased 131,784 square feet in Lenexa.
- Altium Packaging leased 164,680 square feet in Lenexa.
- Lennox leased 146,500 square feet in Olathe.
- Olathe Millwork leased 132,503 square feet at New Century Commerce Center in Olathe.

TOP DEVELOPMENTS

- Panattoni Development proposed an intermodal industrial park in Olathe, planning eight buildings totaling 2.8 million square feet, though rezoning efforts were unsuccessful in late 2024.
- Honeywell announced an 84 million square foot expansion of its aerospace manufacturing facility in Olathe.
- Ward Development has announced Park 169 Commerce Center, master planned for 1,500,000 square feet of Class A industrial space. Building 1 will total 65,000 square feet, divisible to 15,000 square foot units, and it has a 50% property tax abatement.
- Northpoint Development has 1,006,016 square feet of Class A spec industrial space available at Inland Port IX in Gardner.
- Flint Development has 509,760 square feet remaining in the 1,019,520 square feet at Flint Commerce Center Building C in De Soto.
- Jones Development has announced Free State Exchange, master planned for 1,868,691 square feet of Class A industrial space. Building 3 of 330,671 square feet is leased to Walmart, with Buildings 1 and 2 on the market. The project has a 10-year 50% tax abatement.

KCI/AIRWORLD

The KCI/Airworld area has seen substantial industrial growth because of its proximity to Kansas City International Airport and major transportation routes. Large undeveloped parcels in the region make it an attractive location for both logistics and manufacturing companies, driving demand for new developments.

12.3M	8.6%	$7.03	39K
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	NET ABSORPTION

TOP LEASES

- Amazon leased 630,000 square feet in KCI 29 Logistics Park for a new distribution center.
- Central Power Systems & Services leased 748,833 square feet in Platte International Commerce Center Building B.

TOP DEVELOPMENTS

- Skyport Industrial Park added a 603,068 square foot facility in Q1 2024, offering a 26-year tax abatement.
- Platte International Commerce Center Building C is under construction with a 526,502 square foot facility.
- Meta is developing an $800 million data center in Golden Plains Technology Park totaling 1 million square feet.

CONCLUSION

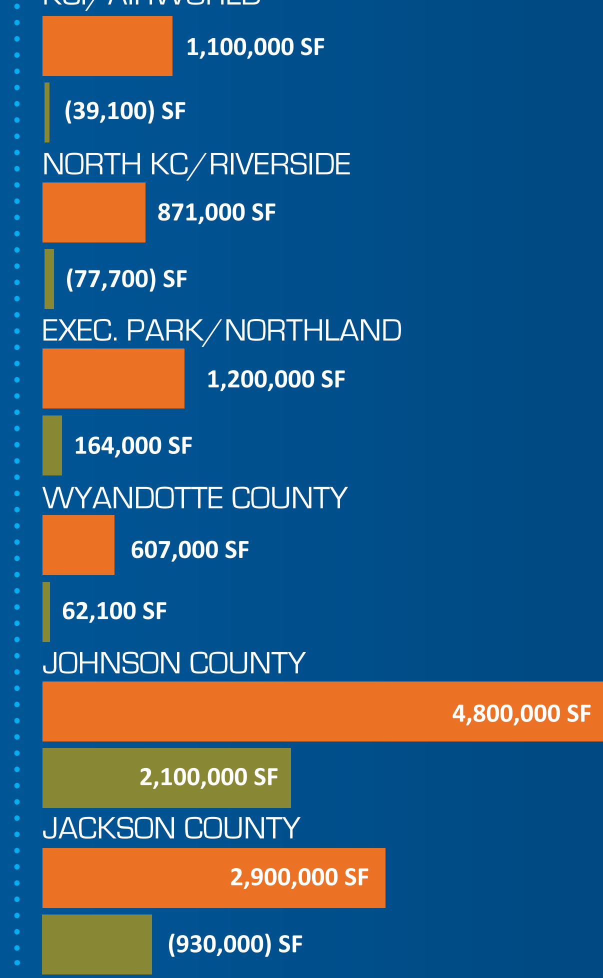
Kansas City's industrial real estate market in 2024 reflects a slowing of new construction but remains robust because of the area's central location, infrastructure and large parcels of land. As the region adjusts to national economic conditions, including rising interest rates and tighter financial conditions, Kansas City's industrial market will continue to be shaped by key developments in logistics, data centers and manufacturing. Despite the slowdown, long-term prospects for industrial growth remain strong in the region.

Contributors: Michael R. Block, Executive Vice President, Designated Broker; Christian D. Wead, Vice President

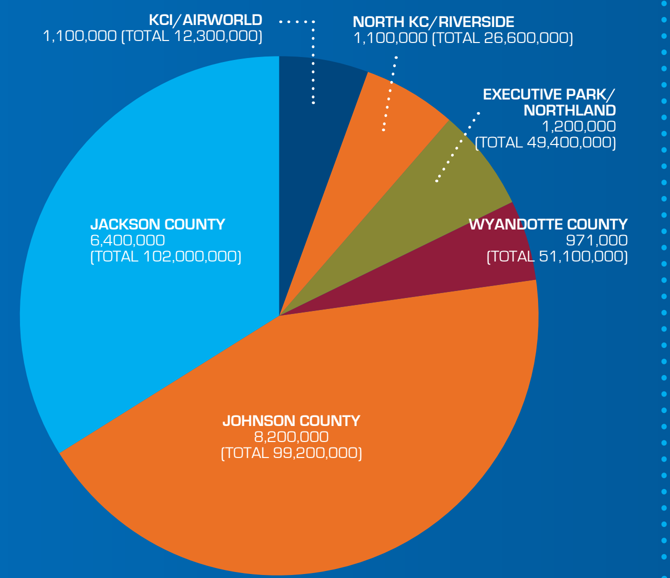
INDUSTRIAL AT A GLANCE

KANSAS CITY METRO ALL CLASSES
INDUSTRIAL VACANCY VS. UNDER CONSTRUCTION

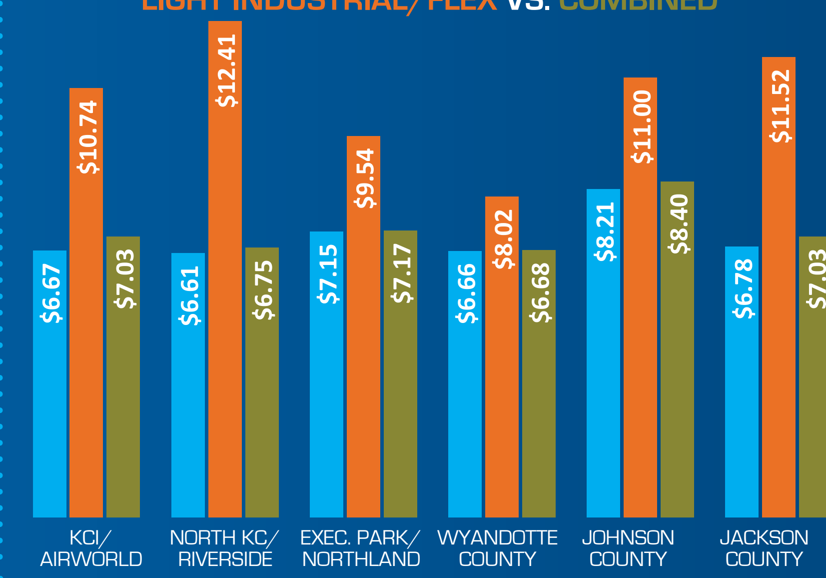
2024 TOTAL INDUSTRIAL
LEASING VS. NET ABSORPTION

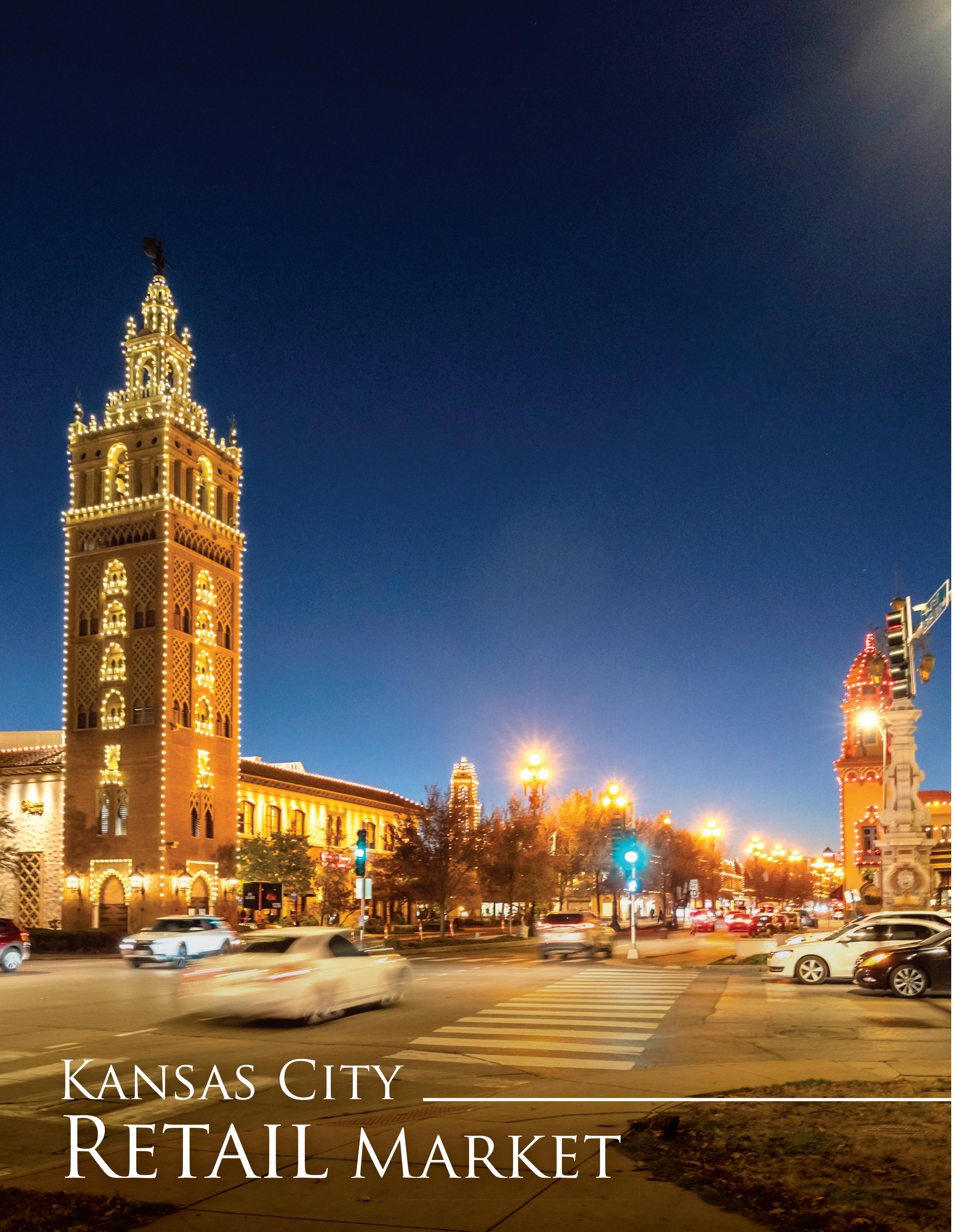


VACANT INDUSTRIAL SPACE BY SUBMARKET (SF)



2024 AVERAGE RENTAL RATES/SF
WAREHOUSE/BULK VS. LIGHT INDUSTRIAL/FLEX VS. COMBINED





Kansas City Retail Market

Retail has once again proven itself quite resilient. Even with online sales reaching new records, brick-and-mortar retailers continue to backfill vacancies. Growth in grocery, entertainment and quick-serve restaurants lead the charge as strategic new developments take shape. Customers continue to become more price- and quality-sensitive as pocketbooks have tightened, but low unemployment and wage growth, combined with low gas prices and a booming stock market, allowed spending throughout the year to keep a healthy, steady pace with expectations for future continued growth.

The almighty consumer spending, the heart and soul of the U.S. economy, represents nearly 68% of the nation's GDP. Household debt continues to rise, reaching a record high in the second quarter of this year. While the Federal Reserve dropped interest rates through the year, easing the burden of credit card balances, credit card debt is higher than it's ever been, topping $1 trillion in the second quarter of 2023 and climbing an additional 8.3% over the twelve months ending September 30, 2024, according to US Bank. Inflation cooled its growth to 2.7% for the 12 months ending November, compared to 3.1% this time last year.

According to the National Retail Federation, holiday spending, the highest-grossing season for retailers, is expected to hit a new record this year as consumers are expected to spend $25 more per person than last year and $16 higher than the previous record, set in 2019—about 3% growth over last year's spending. But the lingering question remains: Will the consumer be able to continue this spending pace?

Investors' appetite for retail product is healthy. Many seek off-market opportunities. In 2024, sales included: The Country Club Plaza, 965,000 square foot mixed-use district; Adams Dairy Landing, 281,040 square foot power center; Nall Hills Shopping Center, 146,603 square foot community center; Westfield Center, 89,793 square foot community center; Harrisonville Crossing, 45,260 square foot community center; Mill Creek West Shops, 29,178 square foot strip center; Oak Brook Plaza, 25,211 square foot strip center; Trailwest Shopping Center, 23,827 square foot strip center; Boulevard Shops, 17,713 square foot strip center; and Crossroads at Westport, 15,447 square foot strip center.

Every year, some retailers close their doors forever and new ones come along.

MULTI-STORE CLOSINGS INCLUDE THE FOLLOWING:

- Big Lots closed all its stores, eight in the metro.
- Applebee's (franchisee) closed eight area locations, leaving only Gladstone and Blue Springs.
- Party City announced it will close all its remaining four area locations.
- Lion's Choice closed four locations; only the Liberty store remains.
- Forever 21 closed three stores, leaving only the Zona Rosa and Oak Park Mall stores.
- Rue 21 closed all three area stores.
- On the Border closed three restaurants, leaving only its Oak Park Mall location.
- Hooters closed in the Northland and Independence, leaving only Overland Park and Kansas City, Kansas.
- Red Lobster closed two of its six area stores.
- Back Yard Burgers closed its last two stores.

MULTI-STORE OPENINGS AND EXPANDING CONCEPTS INCLUDE THE FOLLOWING:

- La Madeliene is looking to open eight locations.
- Hyper Energy Bar is opening its first location in Olathe with plans to open up to six locations.
- Chicken Salad Chick plans to open five locations.
- Salad and Go plans to open two locations in Johnson County, with more to be announced.
- Paris Baguette is opening two locations in Johnson County, with two more in store.
- Meddy's opened two locations this year in Lenexa and Liberty, with plans for four more.

The Country Club Plaza, an iconic Midwestern landmark and the cherished home of our business, began an exciting new chapter in 2024 with a change in ownership. HP Village Partners LP, led by Ray Washburne, hired Ed de Avila — a seasoned expert and former J.C. Nichols Company employee. They are committed to preserving the Plaza's timeless charm while introducing enhancements that honor its rich history. This transition promises to uphold everything Kansas Citians love about The Plaza, while positioning it for a vibrant future.

RETAIL MARKET

- Chase Bank opened four new branches.
- Whataburger opened three restaurants, with another announced in Gardner.
- Total Wine opened two stores.
- Abelardo's Mexican Fresh opened two more restaurants.
- Brookside Barkery opened at 95th Street and Antioch Road with plans to open in Prairie Village next year.
- Dutch Bros is adding two more locations.
- HomeGrown opened at Power & Light, with plans to open in Merriam.
- Betty Rae's Ice Cream opened at Meadowbrook and at Merriam Town Center.
- Crunch Fitness opened in Shawnee with plans to open in Olathe.
- Bahama Buck's has plans to open at 135th and Nieman Road.
- Toastique plans to open in Leawood.
- Swig opened in Blue Springs and Lee's Summit, with three more in process.
- HTeaO opened in Raymore and Gardner, with plans for more.

JOHNSON COUNTY, KANSAS

Vacancy stands at 14.1% in Johnson County, up from 2023, when vacancies stood at 12.1%. Average rental rates jumped to $21.43 per square foot in 2024 compared to $20.30 in 2023.

NOTEWORTHY

BluHawk added Barnes & Noble, Sierra Trading, Ulta Beauty, Rack Room Shoes, and Bath and Body Works; J. Crew has also been announced. AdventHealth Sports Park completed construction on phase I, with 260,000 square feet open for play, including 4,000 retractable stadium seats, ice rink, turf field, and basketball courts that can be converted to volleyball courts. Phase II is expected to expand the facility to over 400,000 square feet, adding a second ice rink, additional basketball courts and another turf field. Additionally, work has started on The Boundary, a 200,000 square foot retail addition to the district, slated for occupancy in 2026.

Prairiefire defaulted on its STAR bonds payment. The development simply isn't generating the sales-tax revenue that had been anticipated. Neither the developer nor the city will have to cover the costs; it appears the payment arrangement will simply be extended to include additional interest on the unpaid portion. The bonds were intended to be retired in 2032; at present levels it could take until 2046. In the meantime, Lava Island, a children's amusement center, subleased the space that had been built for Amazon Fresh.

Star bonds have been approved for an entertainment complex to be developed at the southwest corner of 119th Street and Renner Boulevard. The development plans to include an all-ability amusement park, with carousel, train depot, and sensory village, and a 5,000-seat, 155,000-square foot multi-sport complex with skating rink, six-story, 150-room hotel, and shopping district, and a medical office building. Plans would have the project open in 2026.

Aspiria has approval to add a four-story, 125-room hotel. The hotel developer also purchased surrounding land to add four commercial buildings surrounding the hotel north of Andretti Indoor Karting & Games, planning to open in 2025 at 117th Street and Nall Avenue, with the goal of attracting restaurant and retail tenants.

PGA Superstore and Westlake Hardware opened at The Fountains, and Veterinarian Emergency Group will open in 2025. Pan-Asian relocated from Overland Crossing to Southglen into the former Bed Bath & Beyond space, while Aldi took over the former Buybuy Baby space. Activate Games, a live-action gaming adventure spot, opened at Rosana Square. First Watch opened at Galleria and Starbucks has been announced. BurgerFi closed in Park Place, Mother Clucker opened in the space. Clothing stores Tommy Bahama and Aritzia opened at Town Center together with Yeti, while L.L.Bean, Rockhill Grille and Ruby Jeans closed. Jars by Fabio Viviani, a dessert shop, opened at Hawthorne Plaza. Superkidz World opened in Corbin Park.

Crunch Fitness announced plans to open in the former Hobby Lobby and Goodwill spaces at Rosebud Shopping Center, located at 135th Street and Mur-Len Road in Olathe. Improvements to the shopping center have been backed by a TIF. Other retailers are expected to include a pickleball facility, hardware store, and Quik Trip. Nearby, Downtown Olathe is undergoing a revitalization with the announcement of Char Bar, Third Street Social and Pizza 51.

Miniso, a Chinese retailer, opened at Oak Park Mall together with clothing brand Aur Society and District Eat and Play. Sierra Trading plans to open early 2025 at Orchard Corners, together with Petco relocating from an adjacent corner. DSW is relocating and rightsizing its store at 95th Street and Quivira Road. Kids Empire, First Watch and Einstein Bros. Bagels opened at 95th Street and Quivira Road.

Lenexa's City Center's Restaurant Row announced Zhoug Mediterranean, Enjoy Pure Food and Drink, Cactus Grill and Tupelo Honey. World Fresh Market opened at 103 Metcalf. Sickies Garage opened in the former Red Robin on 95th Street. Pie Five closed its last area location at 91st and Metcalf; Five Guys is replacing it. Five Guys also opened at Quivira Road and Shawnee Mission Parkway, near the new Crunch Fitness. Rush Fun Plex took over the former Incredible Pizza in Shawnee.

Whole Foods Market opened its new 45,791-square foot store, located at 11900 Metcalf Ave., Overland Park, Kan. This new location replaces the previous Overland Park store at 6621 W 119th St., which had served the community for over 15 years. The new store offers a wide selection of more than 750 local products, curated with the expertise of Darcy Landis, Principal Local Forager for Whole Foods Market.

Plans continue to change for 97 Metcalf, the site that once housed Sears before it was demolished in 2022. While Life Time Fitness had plans to open a 93,000 square foot athletic club, the plan is now to create 300 apartments and reduce retail from 135,300 square feet to 42,500 square feet. Tap-Ins will open a miniature golf course and Panera, Dutch Bros., and Salad and Go were also announced.

EAST JACKSON COUNTY, MISSOURI

Vacancy stands at 28.4%, up from 25.1% in 2023. Rental rates in this area increased from an average of $15.16 at the end of 2023 to an average of $16.18 per square foot.

NOTEWORTHY

- Surplus Sales opened in Raytown.
- Though delayed, Wally's, the "Home of the great American road trip," continues with its plans to open a 50,000 square foot travel center in Independence.
- Gabe's, a discount big-box retailer opened its first Kansas City area store in the former Old Time Pottery at U.S. Highway 40 and Noland Road.
- Forever 21 closed at Independence Center. City Gear opened at Independence Plaza in the former Famous Footwear location. And Los Cabos closed at Crackerneck Creek.
- Tim Horton's and Small Sliders will open their first area locations in Blue Springs.

DOWNTOWN/ MIDTOWN/ PLAZA AREA/ SOUTH KANSAS CITY, MISSOURI

Rental rates in this metro area increased from $17.99 per square foot at the end of 2023 to an average of $18.73 per square foot at the end of 2024. The area's vacancy rate increased from 11.9% at the end of 2023 to 15.5% at the end of 2024.

NOTEWORTHY

The Kansas City Current's 11,500 seat CPKC Stadium opened this year with plans to develop two seven-story buildings with 429 apartments and 53,000 square feet of ground-floor retail space by 2026, with additional development planned on the 11 acres surrounding the stadium over the next 10 years.

The West Bottoms is undergoing a transformation, a 15-year, five-phase plan to convert some historic buildings and create a mixed-use project with 1,100 apartments, a 40-room hotel, and 260,000 square feet of creative office and retail space.

Loews Hotel opened 1587 Prime, an 8,000 square foot upscale steakhouse whose investors include Patrick Mahomes and Travis Kelce, together with Los Angeles-based Noble 33. Rieger Hotel added Wise Guy, an Italian eatery. The Yard Milkshake Bar is opening in the former Burger King Whopper Bar space and Three Dog Bakery opened in Power & Light District. AC Hotel Kansas City Downtown completed its conversion of the historic Rialto Building at 9th Street and Grand Boulevard. Richochet, an 11,000 square foot gaming lounge featuring table tennis, billiards, darts, foosball, shuffleboard, and a social bar, will open at Grand Place. Strang Chef Collective closed its downtown Lightwell location. And Banksia, an Australianinspired bistro and café, expanded and relocated its downtown restaurant opening to the former Plowboys Barbeque space at Town Pavilion.

Forever 21, Chuy's, North Face, Amy's Hallmark, Kindred, Express, Parachute, Jax, Sweet Kiss Brigadeiro, Moosejaw, and one of the two Messenger Coffee spots closed in the Country Club Plaza. Bo Lings Country Club Plaza location has been remodeled and rebranded; now Heritage Asian Kitchen, its new menu includes a blend of Asian cuisines including Thai, Japanese and Korean. Strang Chef Collective closed its Country Club Plaza spot inside the Cascade Hotel.

Everbowl, a franchise offering healthy "superfoods," opened its second area store in Brookside, while Michael Forbes closed. Cru Bistro and Bottles plans to open in the spot early 2025. Smitty's Garage and Peter Piper Pizza closed at Ward Parkway Center, but Chuck E. Cheese has been announced. Farm Fresh Market opened at Red Bridge Shopping Center and Harbor Freight opened at State Line Station.

Discovery Park and Paragon Star are under construction in Lee's Summit. Craft Putt will open in Summit Fair and Q39 will open its fourth location in Oldham Village. Total Wine & Spirits opened in Summit Woods. Swig opened at Summit Orchard, and Streets of West Pryor announced Nick the Greek, Chicken Salad Chick and 30hop.

KANSAS CITY, KANSAS/

WYANDOTTE COUNTY

Retail rental rates for Wyandotte County were $17.41 per square foot at the end of last year. They increased to $18.28 per square foot at the end of 2024. The area had a 26.4% vacancy rate at the end of 2024, compared to an 17.1% vacancy rate at the end of 2023.

NOTEWORTHY

The Rock Island Bridge project is expected to open summer of 2025, connecting the West Bottoms, Stockyard area of Kansas City, Missouri across the river to Kansas City, Kansas. The double-decker bridge is being designed as an entertainment destination, with multiple bars, coffee shops, a food hall and event venues.

The 90-acre site at Interstate 635 and State Avenue that housed the former Indian Springs mall site is under development as Midtown Station. While expected to cost $700 million and take 10-years, at completion the goal includes 1,475 apartments, more than 280,000 square feet of retail space including a grocery store, 63 single-family homes, 150 townhomes, 168-room hotel, an innovation campus of up to 150,000 square feet and two greenhouses.

Margaritaville Hotel is planning a spring 2025 opening at 98th Street and State Avenue at the Homefield Development near Interstates I-70 and I-435, along with Atlas 9 Museum, a 30,000 square foot art museum. Top Golf has been announced on 11 acres at 94th Street and State Avenue that had been a portion of the former Schlitterbahn Water Park, and is expected to open in 2026. Earlier this year the youth sports complex opened, hosting basketball and volleyball tournaments together with training facilities for both baseball and softball.

Epic Resort Destinations received approval for a STAR bond district for its $490 million Destination KCK project on 180 acres at 118th Street and State Avenue to include a $115 million Mattel-themed amusement park, an indoor rainforest, a year-round Christmas village, four hotels and other entertainment areas planned to open in 2026.

Buc-ee's continues its work on plans for a 74,000 square foot travel center next to the Kansas Speedway.

Forever 21 Closed at The Legends Outlets, while Todd's Clothiers, K-Pot, World of Wonder (out of Nebraska), and Tropical Smoothie Café opened and Duluth Trading Company has been announced. Nearby, Westlake closed its store on State Avenue.

NORTH OF THE RIVER

Rental rates in the Northland averaged $20.24 at year-end, up from $19.16 per square foot at the end of 2023. The vacancy rate increased to 18.4% from 17.7% at the end of 2023.

NOTEWORTHY

One North, located at Interstate 29/35 and Armour Road, has been slow to secure a grocery tenant—a requirement under the development agreement. As a result, the developer received a default notice from the City of North Kansas City.

The City of Riverside announced its lease and development plans with Live Nation Entertainment who is constructing a 15,000 square foot live entertainment amphitheater on 135 acres northwest of Horizons Parkway and Interstate 635 with plans to open summer of 2025.

Our Favorite Things, a local home goods retailer, opened at Village at Burlington Creek, while Bonefish Grill closed.

Express closed its store at Zona Rosa while SafeSplash Swim School, Toy Time, Kids Empire and Wild Deer Barbershop & Bar opened. Owen & Graham is testing a second area store there, and Plate Pizzeria has been announced.

Dollar Tree opened at Tiffany Springs, while Best Buy closed there but opened at Barrywoods Crossing.

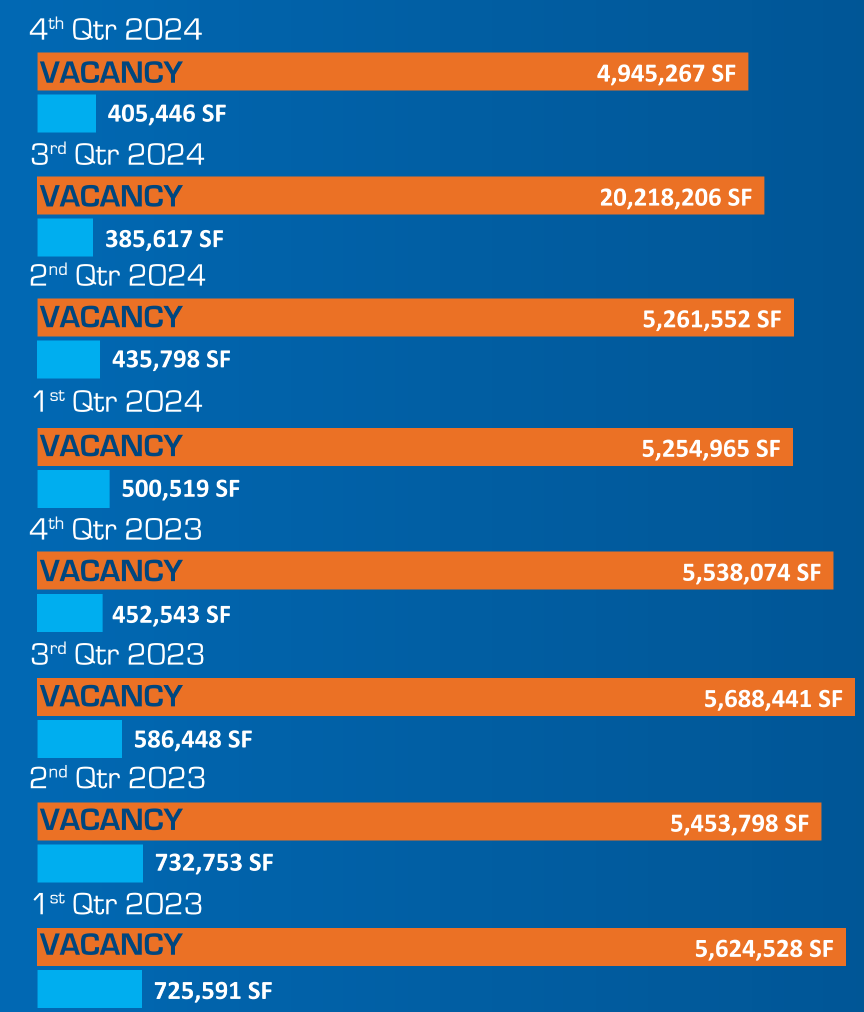
Third Street Social and Andy's Frozen Custard opened in Metro North Crossing, with Thai Orchid and KPot Korean BBQ having been announced.

Floor & Decor opened at 152 Highway and North Platte Purchase Drive, and pOpshelf opened at the Village at Shoal Creek.

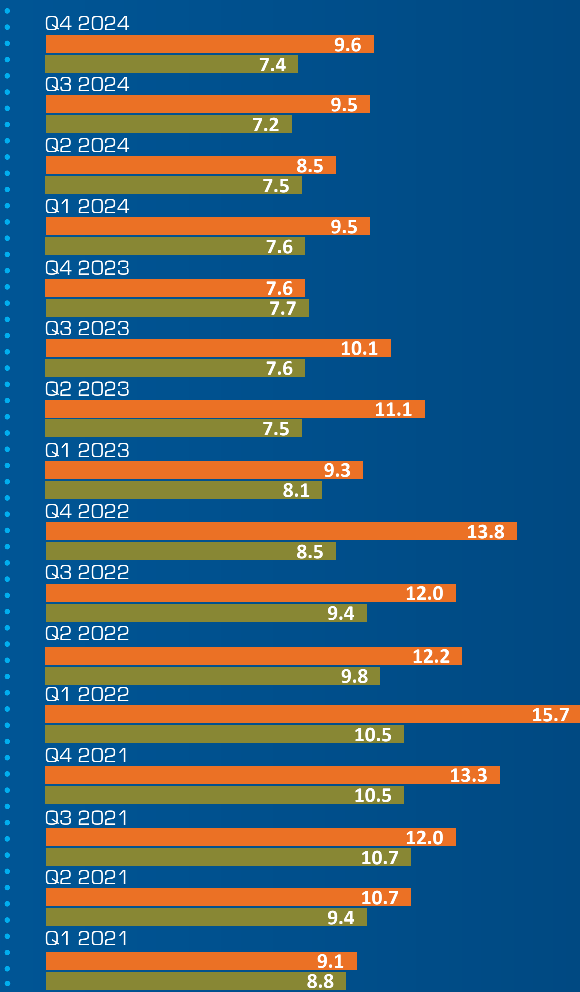
Contributor: Kim Bartalos, CLS, Vice President—Sales & Leasing

RETAIL Market at a Glance

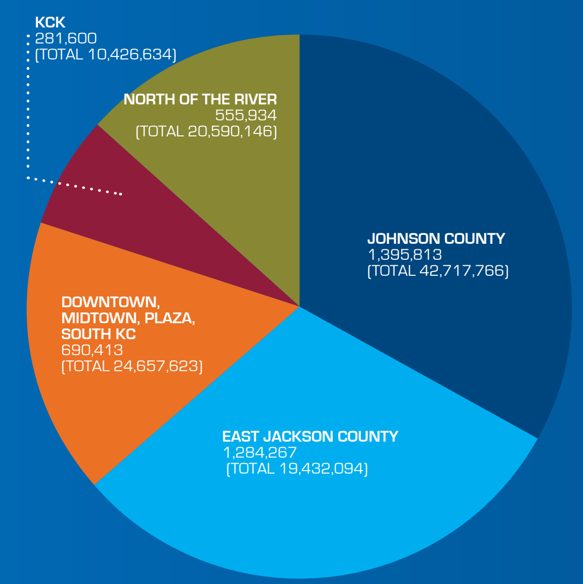
Kansas City Metro All Classes
RETAIL VACANCY VS. UNDER CONSTRUCTION



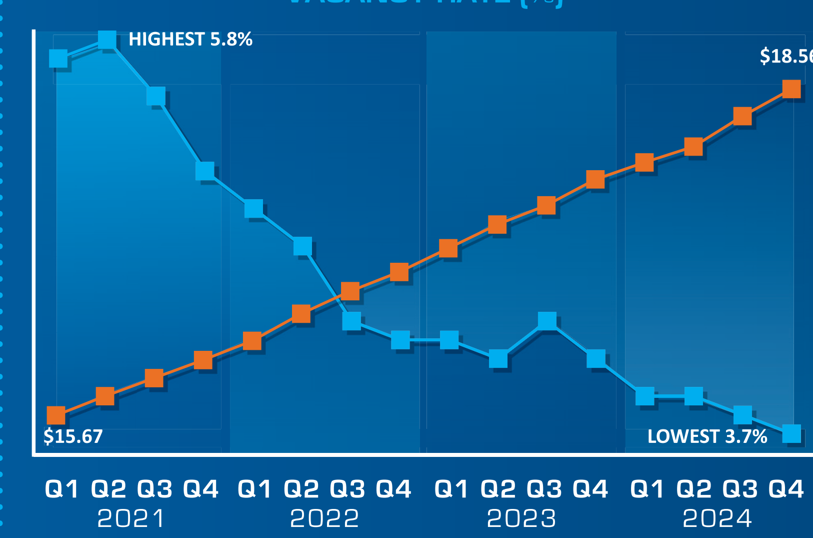
Retail Months to Lease
KANSAS CITY VS. U.S.



Vacant Retail Space by Submarket (SF)



Average Retail Rates
RENTAL RATES ($/SF) VS. VACANCY RATE (%)



Kansas City Multifamily Market

The Kansas City metro multifamily market experienced a year of mixed performance as it navigated capital markets volatility in 2024. Throughout 2022 and 2023, the Federal Reserve increased the federal funds target interest rate by 5.25%. As of January 2024, the federal funds rate stood at 5.40%, its highest level since 2002. For the first half of 2024, most investors and creditors remained hesitant to deploy capital, citing interest in waiting for anticipated Federal Reserve interest rate cuts expected later in the year. Despite cautious investors, the Kansas City multifamily market saw a 69.00% increase in transaction volume compared to 2023. This large uptick represents a larger trend of institutional capital seeking stronger and more stable Midwest markets, such as Kansas City. The Kansas City market continued to outperform national averages with a 7.90% vacancy rate, in line with the national average of 8.00%, and 3.00% rent growth, compared to the national average of 0.80%. As economic volatility subsides, and with potential interest rate cuts on the horizon, expectations are for sales volume to continue to increase. As interest rates decrease, the number of construction starts will likely rise, shifting the focus to the Kansas City market's ability to absorb new product.

20M	8.0%	$1,726	$224K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/ UNIT	MARKET SALE PRICE/UNIT

NATIONAL

Nationwide, there are currently more than 20,270,000 units. The average vacancy rate has risen to 8.00%, marking a 0.60% increase compared to the previous year. The average market rent per unit per month has reached $1,726, reflecting a 0.80% year-over-year growth. The average sale price per unit stands at $224,000. Despite the volatility in capital markets in 2024, the demand for multifamily

The Donovan offers 327 contemporary apartments designed for both work and relaxation. Conveniently located off I-470 and State Route 350, the community caters to the growing demand for multifamily housing in Lee's Summit.The Class A community sodl for $71.4 million, which equates oto $218,349 per unit.

properties continued to rise as residential home prices remained at unprecedented highs, prompting individuals to seek more affordable housing options.

The expectation that the Federal Reserve would cut interest rates throughout 2024 spurred a large increase in transaction volume compared to 2023. In 2024, there was over $95 billion in multifamily sales volume, nearly a 15.00% increase from the $83 billion in sales volume in 2023. With signals from the Federal Open Market Committee suggesting that there will be more interest rate cuts in the near future, the question now is will sales activity continue to increase in 2025.

179K	8.0%	$1,327	$147K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/UNIT	MARKET SALE PRICE/UNIT

KANSAS CITY METRO

The Kansas City metro area comprises approximately 179,366 units. The current average vacancy rate is 7.90%, reflecting a 0.20% rise from the previous year. Market asking rents average $1,327 per unit per month, and the average sale price per unit is $148,000. Following national trends, the Kansas City market experienced ongoing rent growth despite the slight uptick in vacancy rates. Moreover, there was a 69.00% year-over-year increase in transaction volume, with total sales volume in the Kansas City metro topping $456 million.

62.5K	6.5%	$1,465	$171K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/UNIT	MARKET SALE PRICE/UNIT

JOHNSON COUNTY

The Johnson County submarket comprises around 62,456 units. The current average vacancy rate is 6.20%, showing a slight increase from its 2023 level. Market asking rents average $1,464 per unit per month, reflecting an average growth of 4.40%. The average sale price per unit has increased year-over-year, settling at $171,000. Similar to prior years, Johnson County witnessed the highest transaction volume among all submarkets in Kansas City. With the continued demand for suburban office space and a high concentration of the area's top employers, Johnson County remains the most sought-after multifamily submarket. The area continues to experience growth, with 2,387 units currently under construction.

TOP DEALS

- Aspen Ridge — 146-unit Class A community built in 2016 — $34.5 million sale price or $236,301 per unit.
- Satori — 240-unit Class A community built in 2020 — $63 million sale price or $262,500 per unit.
- Sovereign OP — 250-unit Class A community built in 2013 — $62 million sale price or $248,000 per unit.
- Highlands — 448-unit Class B community built in 2004 — $82 million sale price or $183,036 per unit.
- Silverwood Apartments — 280-unit Class B community built in 1986 — $32.7 million sale price or $116,786 per unit.

7.4K	12.0%	$1,036	$97.5K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/UNIT	MARKET SALE PRICE/UNIT

INNER JACKSON COUNTY, WARD PARKWAY

There are 7,435 units in the Inner Jackson County-Ward Parkway area. The average vacancy rate currently stands at 11.90%. Market asking rents average $1,032 per unit per month, and the average sale price per unit is $97,000. Despite a decline in deliveries in 2023, the submarket's average vacancy rate continued to increase. Rents saw a strong increase of 5.50% year-over-year compared to the previous twelve months.

14.3K	8.1%	$1,579	$207K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/UNIT	MARKET SALE PRICE/UNIT

CBD, CROSSROADS, CROWN CENTER, WEST BOTTOMS

The Downtown area boasts 14,324 units, with the current average vacancy rate standing at 8.10%. Market asking rents average $1,578 per unit per month, and the average sale price per unit is $205,000. The Downtown submarket had a strong 2024, with increasing rents and decreasing vacancy. The average sale price per unit in the Downtown submarket saw a slight decrease year-over-year, but this is likely due in part to the very limited transaction volume in the submarket. These strong fundamentals have continued to spur growth, with 1,710 units currently under construction. With significant downtown infrastructure and entertainment upgrades underway in anticipation of the 2026 World Cup, we anticipate another strong year for the Downtown submarket.

TOP DEALS

- Crossroads Westside — 221-unit Class A community built in 2018 — $58.5 million sale price or $264,706 per unit.
- Trolley Park Lofts — 55-unit Class B community redeveloped in 1985 — $8.05 million sale price or $146,364 per unit.
- Piper Lofts at Crossroads Apartments — 118-unit Class B community redeveloped in 2008 — $40 million sale price or $338,983 per unit. Commercial Space Included.

Altitude 970, completed in 2018, sets a new standard for luxury living in Kansas City's thriving Northland area. This 291-unit, Class A community was sold for $63 million, which equates to $216,495 per unit. With its premium amenities and superior living experience, Altitude 970 offers residents a top-tier lifestyle.

14.6K	9.8%	$1,228	$121K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/UNIT	MARKET SALE PRICE/UNIT

PLAZA, MIDTOWN, BROOKSIDE

There are 14,663 units in the Plaza-Midtown-Brookside areas. The average vacancy rate is 9.79%, representing a 1.00% increase from the previous year. Market asking rents average $1,228 per unit per month, while average sale prices per unit are $121,386. Despite the increased vacancy, this area continues to attract developers and investors' attention. It remains a hotspot not only for new development but also for the redevelopment of historic structures. With construction nearly complete on the Streetcar extension, we expect to see continued interest from developers in the Midtown submarket. Coupled with the increase in construction and new deliveries, this submarket experienced a significant increase in transaction volume, and we expect this trend to continue.

TOP DEALS

- ICON at Gallerie — 57-unit Class A community built in 2020 — $12.5 million sale price or $219,298 per unit.
- Gallerie Apartments — 361-unit Class A community built in 2020 — $74.5 million sale price or $206,371 per unit.
- Union Hill Place — 112-unit Class B community built in 1996 — $20 million sale price or $178,571 per unit.

32K	7.5%	$1,268	$143K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/UNIT	MARKET SALE PRICE/UNIT

NORTH OF THE RIVER

There are an impressive 31,902 units in the Northland submarket. The average vacancy rate currently stands at 7.50%, marking a 0.50% decrease from the previous year. Market asking rents average $1,268 per unit per month, while average sale prices per unit are $143,000. The Northland submarket continues to be one of the strongest in the Kansas City market, with consistent rent growth and stable vacancy rates despite continued new deliveries. The submarket saw decreased vacancy while still experiencing net absorption of 1,100 units and has roughly 1,000 more units under construction. Despite the influx of new supply, the submarket experienced an impressive 5.20% year-over-year rent growth. The submarket's strong occupancy in 2023 and 2024 — despite the delivery of 2,223 units in the past eight quarters — demonstrates the continued demand for affordable housing options north of the river.

TOP DEALS

- Altitude 970 — 291-unit Class A community built in 2018 — $63 million sale price or $216,495 per unit.
- Diamond at Creekside — 54-unit Class A community built in 2023 — $13 million sale price or $240,740 per unit.
- Kensington Court — 192-unit Class B community built in 2004 — $22.75 million sale price or 118,490 per unit.

31.5K	8.9%	$1,218	$130K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/UNIT	MARKET SALE PRICE/UNIT

OUTLYING JACKSON COUNTY

There are 31,451 units in the Outlying Jackson County area. The average vacancy rate stands at 8.87%. Market asking rents average $1,218 per unit per month, while average sale prices per unit are $130,438. Similar to many other submarkets in Kansas City, the Outlying Jackson County area saw an increase in asking rents despite a slight rise in vacancy rates. This area experienced a large amount of transaction volume in 2024, partly due to the submarket's geographical size.

TOP DEALS

- The Donovan — 327-unit Class A community built in 2020 — $71.4 million sale price or $218,349 per unit.
- Fairways at Lakewood — 274-unit Class B community built in 2008 — $45.9 million sale price or $167,518 per unit.
- Summit Ridge — 432-unit Class B community built in 2001 — $81.5 million sale price or $188,657 per unit.

5K	10.1%	$849	$82K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/UNIT	MARKET SALE PRICE/UNIT

EAST KANSAS CITY

In the East Kansas City submarket, there are 4,998 units with an average sale price per unit of $82,000. The average vacancy rate stands at 10.15%, with market asking rents averaging $849 per unit per month. The East Kansas City submarket had a strong year compared to previous years; it saw an 11.00% increase in rents and a 7.90% increase in the average sale price per unit. Despite the increased vacancy rate, this was a positive year for what has historically been a weak submarket in Kansas City.

11.1K	9.9%	$1,117	$98K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/UNIT	MARKET SALE PRICE/UNIT

KANSAS CITY, KANSAS

In the Kansas City submarket, there are 11,115 units with the average sale price per unit at $98,181. The current average vacancy rate is 9.91%, reflecting a 1.21% increase from the previous year. The submarket experienced modest year-over-year rent growth of 2.24%, which, although below the Kansas City market average of 3.0%, is still positive given the large supply of new product. Construction activity in the Kansas City area has slowed, with only 451 units under construction, compared to 1,330 the previous year.

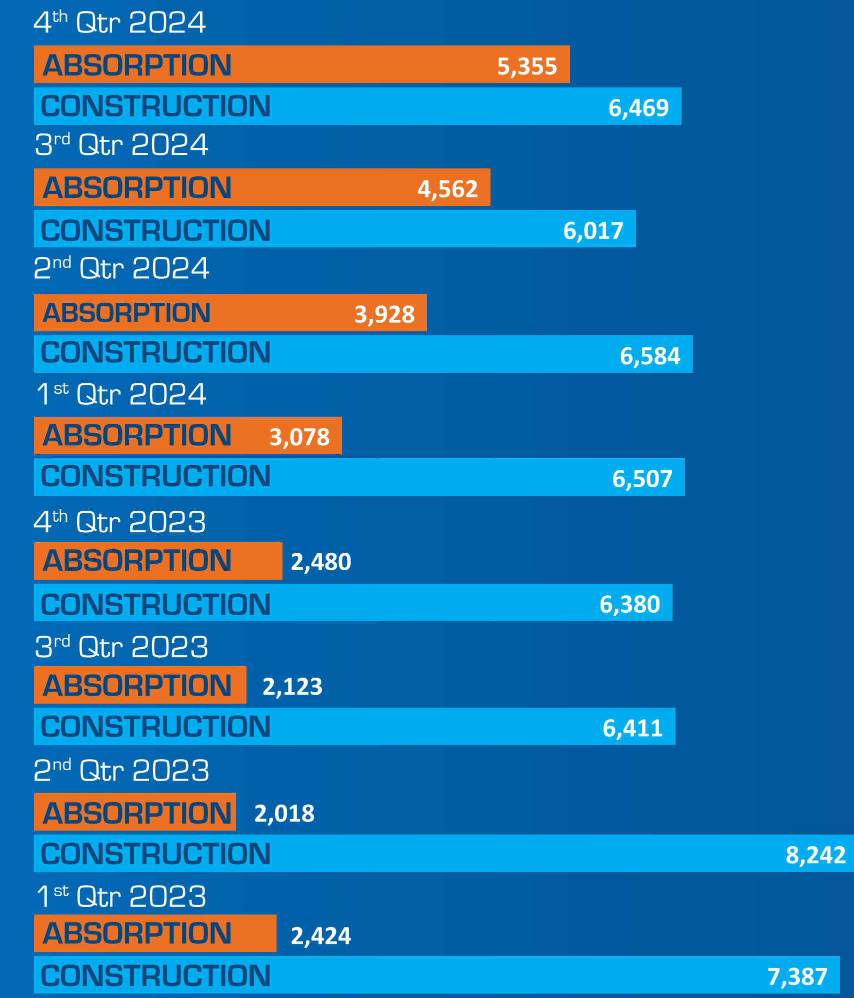
TOP DEALS

- Village Wood Estates — 108-unit Class B community built in 1995 — $15.1 million sale price or 139,815 per unit.

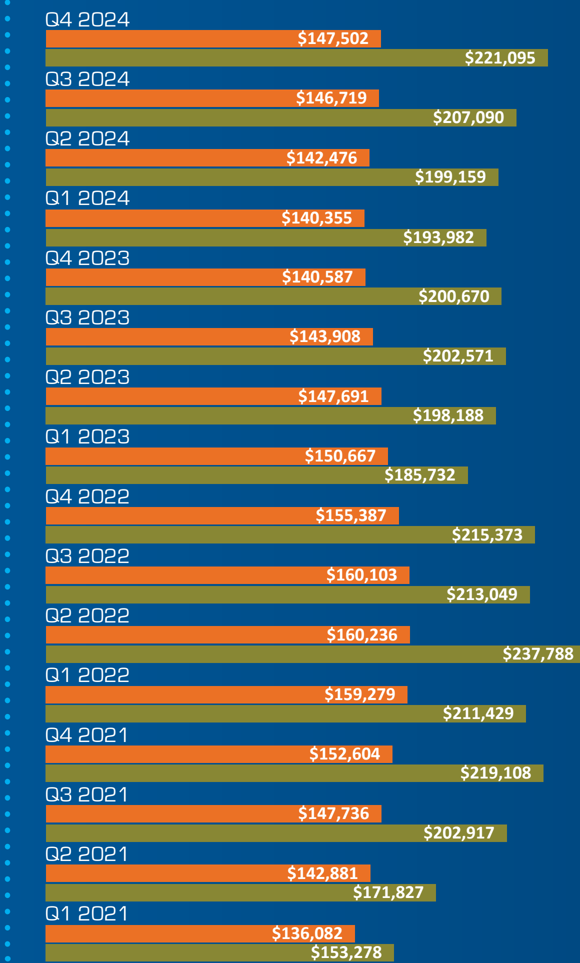
Contributor: Ryan M. Klepper, Assistant Vice President of Acquisitions

MULTIFAMILY AT A GLANCE

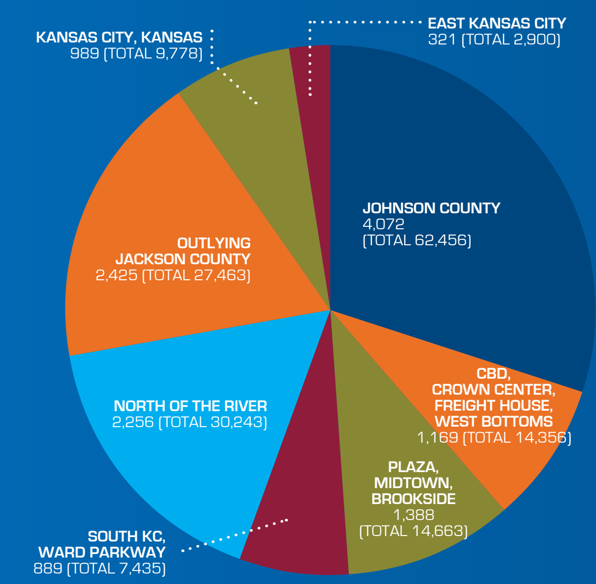
KANSAS CITY METRO ALL CLASSES
ABSORPTION VS. UNDER CONSTRUCTION



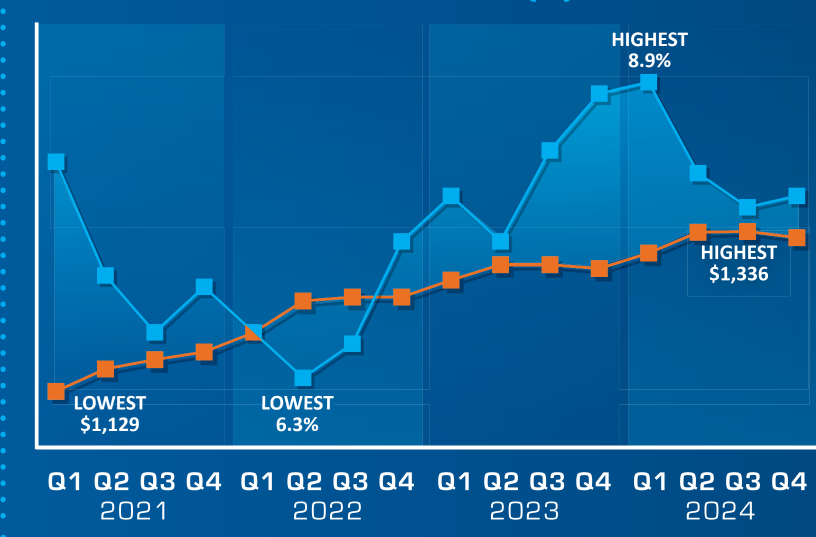
MULTIFAMILY SALE PRICE/UNIT BY LOCATION
KC VS. U.S.



VACANT MULTIFAMILY UNITS BY SUBMARKET



AVERAGE MULTIFAMILY RATES
RENTAL RATE ($)
VS.
VACANCY RATE (%)



Kansas City Investment Market

Commercial real estate has continually been a stable hedge against high inflation and recessions. As we have seen inflation decrease over the past year, this has once again proven to be true. Although the commercial real estate investment market has felt the squeeze of a turbulent economy, the future looks optimistic, and investors continue to chase deals as monetary policy begins to return to normalcy.

MARKET

Continuing in the trend of 2023, the 2024 commercial real estate investment market faced plenty of challenges as well as some opportunities for proficient investors. The rate hikes of 2023 continued to keep borrowing costs high, particularly for office and multifamily properties. Slowing construction activity reduced supply in some sectors. Multifamily and industrial properties fared better, with the latter benefiting from trends such as continued e-commerce growth. However, office spaces continued to struggle with high vacancy rates due to the remnants of COVID-19's remote work trends as well as difficulties in refinancing.

Looking ahead to 2025, a mix of optimism and caution characterizes the investment market. Future Federal Reserve rate cuts will encourage investment and trading activity. Industrial properties remain strong, supported by low vacancies and strong demand, whereas multifamily properties may stabilize as new units are absorbed. However, significant challenges, including rapidly rising property tax and insurance costs and an anticipated wave of loan maturities, could pressure less resilient asset types such as office and hospitality.

The 2025 investment market will likely hinge on broader economic conditions. With the new Trump administration taking aim at inflation management, economic recovery and monetary policy, investors may benefit from increased demand driven by reshoring and future rate cuts. Investments are expected to focus on high-quality, resilient asset types and increasingly leverage technology, such as proptech and AI, to enhance operational efficiency. Although risks persist, sectors such as life sciences and industrial real estate present strong growth opportunities, setting the stage for an optimistic outlook.

INFLATION

Inflation in the U.S. continues to be a significant factor influencing investment

The I-80 Business Park, a state-of-the-art industrial development in Altoona, Iowa, spans over 1 million square feet across three buildings. Home to JT Logistics and Bayer Crop Science, the park exemplifies excellence in logistics and industrial design.

The City of Independence successfully acquired a prominent 95,527-square foot office building situated at 20201 E Jackson Dr. in Independence, Missouri, through a purchase from GEHA. This acquisition marks a significant investment in the city's infrastructure, as the large office space is expected to support future growth, provide economic benefits, and potentially house various government departments or services, contributing to the overall development of the community.

behavior. The 2024 inflation rate peaked in March, reaching 3.5%. Although this was a considerable decrease from the 2022 high of 9.1%, it was an increase from the month before at 3.2%. This reacceleration of inflation between February and March alarmed investors because it raised concerns that monetary tightening was failing to control rising prices, signaling that future rate cuts may be in jeopardy. Nevertheless, inflation did trickle downward to a low of 2.4% in September. This coincides with the rate cuts that the Federal Reserve announced on Sept. 19, leading to the first decrease in interest rates in four years. An additional rate cut was implemented in early November. The inflation rate sits at 2.6% as of November 2024, a slight increase, leaving investors questioning if inflation is truly under control.

KANSAS CITY HIGHLIGHTS

Continuing in the trends of the year before, Kansas City continues to grow. According to Livability's city analysts, Kansas City ranks among the top places to live, with Overland Park, Kansas, ranking fifth in the top places to live in the U.S. based on economy and third based on public education. The Kansas City metropolitan area experienced a 0.81% population increase since 2023, bringing the total population to 1,739,000. As we look forward to 2025, some anticipated developments to watch are the Destination KCK Adventure Park, with construction anticipated to start in 2025, and the historic West Bottoms redevelopment, with resident and tenant move-ins scheduled to take place in the spring of 2025.

KEY SECTOR HIGHLIGHTS

INDUSTRIAL AND LOGISTICS

Kansas City's industrial and logistics sector remains strong heading into 2025. The vacancy rate dropped to 5.4% in late 2024 because of strong leasing activity, especially for midsize and small bay spaces. With over 10 million square feet under construction, much of it build-to-suit for major tenants such as Panasonic and Ace Hardware, the market's growth is driven by infrastructure and demand in e-commerce and manufacturing. Investors should anticipate opportunities in specialized developments but be wary of limited speculative construction, which could tighten supply further. With the prospective stabilization of interest rates, Kansas City is poised for continued expansion, supported by experienced developers and a strong tenant pipeline.

MULTIFAMILY

The multifamily sector has shown resilience, with rents outperforming national averages and annual rent growth reaching 3.3% in late 2024. Occupancy rates remain strong, such as in Johnson County at 95.1%, despite some areas experiencing declines due to new supply. For 2025, rent growth is expected to stabilize, potentially reaching 4.0% as supply pressures ease. Investors should monitor the pipeline of new units, especially in high-growth areas such as Johnson County, while keeping an eye on occupancy shifts in less stable submarkets. With Kansas City's job market strengthening, the multifamily sector remains attractive.

OFFICE

Kansas City's office market in 2024 is navigating a challenging environment with Newmark Zimmer reporting a vacancy rate of approximately 17.0%. This reflects a 0.3% decrease, with vacancy rates expected to reach 16.0% in 2025 as the market adjusts. Asking rents are expected to decrease and stabilize over the next year as well. Although there were pockets of positive absorption earlier in the year, the market saw renewed struggles in the latter half. On a positive note, South Johnson County showed relatively stronger leasing activity among smaller tenants. In 2025, attention will be on stabilizing demand and potential opportunities in adaptive reuse projects.

RETAIL

The retail sector continues to show signs of stability with a 3.9% vacancy rate, driven by strong demand in suburban areas such as Johnson County. We've seen notable developments in 2024, such as the 5,600-square foot restaurant district and 3,300-square foot retail space in Merriam, Kansas, developed by Drake Development. In 2025, developers will continue to focus on repurposing existing spaces as well as adjusting to smaller formats to remain flexible in this changing environment.

COST OF BORROWING

At the time of writing, the effective federal funds rate stands at 4.58%, a 75-basis-point decrease from this time last year. The decrease, as previously noted, comes from a 50-basis-point decrease in September 2024 and a 25-basis-point decrease in November 2024. Although this demonstrates a concerted effort to balance inflation management and economic growth, the current EFFR still sits considerably higher than what many investors would be comfortable with. With the incoming Trump administration stating its goal of cutting government spending and foreign aid, both major contributors, inflation is expected to settle at 2.0% soon, creating fertile grounds for future rate cuts.

CONSTRUCTION COSTS

According to FRED Economic Data, the national trend reflects moderate increases in material costs. Lumber costs have increased by 7.04%, and cement and concrete products have increased 3.79% since Q1 2024. We have seen iron and steel prices decrease 10.87% since Q1 2024. Kansas City's construction costs align closely with these national trends. High demand for skilled workers as well as continued supply chain disruptions have pushed costs up, although moderately in comparison to 2023.

CAPITALIZATION RATES

Capitalization rates (cap rates) measure the expected rate of return on commercial real estate and are calculated by dividing the net operating income of the property by the current asset value. Cap rate expansion is the increase in capitalization rates, which equates to lower asset values and higher returns for investors. Cap rates widen as investors see more risk in the marketplace, demanding a lower price for the property to achieve the same returns. Similarly, cap rate compression happens when there is an increased demand in the market for an asset, requiring a higher price for the property to achieve the same returns. Lower interest rates contribute to cap rate compression because they enable buyers to afford higher property prices without significantly affecting their overall return on investment. It's important to recognize that interest rates and cap rates generally move in the same direction.

Looking at the current debt environment, the Federal Reserve cut the federal funds rate by 50 basis points in September 2024. This monetary policy has made it easier for investors and developers to secure cheaper costs of capital in recent months, leading to economic stimulation. In 2023 and going into 2024, there was cap rate expansion with high interest rates and an economic slowdown. There was a decrease in demand for real estate investments because of these high interest rates and the pessimistic consensus on the economy at the time. Cap rates increased by 30 basis points in the Kansas City market compared to the past 12 months, registering 6.7% in the third quarter of 2024. The elevated cost of borrowing from the Federal Reserve's activity in 2023 is attributed to this headwind of cap rate expansion in 2024, along with uncertainty regarding the U.S. presidential election and general doubts about the economy. Despite this trend, cap rates have begun to stagnate and plateau. Certain sectors have exhibited more resilience, displaying a slower rate of cap rate expansion compared to others.

RETAIL

In 2024, single-tenant net lease (STNL) retail assets continued to demonstrate resilience despite ongoing economic headwinds and a high-interest rate environment. Cap rates in this sector expanded modestly, with increases of 20-40 basis points over the past year in the private capital retail segment, bringing the two-year total rise to 44-90 basis points. Despite these shifts, STNL assets remained attractive to investors because of their stable, long-term cash flows and tenancy from creditworthy retailers.

While retail tenant sales began to normalize in 2024 as the impact of COVID-19-related stimulus dissipated, properties in prime locations and with tenants offering essential or in-demand services continued to perform well. This performance allowed landlords to negotiate incremental rent increases, bolstering asset appeal. Pricing for STNL assets declined by an additional 8% this year, contributing to a cumulative 19% reduction over the past two years. However, STNL cap rate expansion is lower than other asset classes, underscoring the sector's relative stability and investor confidence in its fundamentals.

INDUSTRIAL

After experiencing historical cap rate compression in 2021, the industrial sector saw continued cap rate expansion through 2024, adding another 30-50 basis points to the increases observed in 2023. By mid-2024, the average cap rate for U.S. industrial properties stood at 6.0%, with older assets trading above 6.5% and new builds averaging between 5.25% and 5.5%, depending on location and tenant strength. This marks a cumulative 130-200-basis-point increase since the market's low point in the cap rate cycle. Sales volumes remained subdued, with a year-over-year decline of over 40%, reflecting the ongoing impact of higher borrowing costs on transaction activity. However, all-cash buyers and well-capitalized investors continue to pursue deals in high-growth markets, attracted by the long-term fundamentals of the industrial sector.

MULTIFAMILY

Despite a 210-basis-point rise in mortgage rates through 2023, multifamily cap rates have shown signs of stabilization in 2024, with modest compression emerging in select markets. By mid-2024, the average cap rate for multifamily assets hovered around 5.0%, down slightly from the 5.1% reported in August 2023. Luxury apartments continued to show resilience, trading in the 4.25%-5% range, whereas older assets remained in the 5.5%-6% range. Annual sales volume has begun to recover modestly, although it remains well below pre-2022 levels, reflecting cautious investor sentiment amid elevated borrowing costs. The Q2 2024 data indicate that cap rates may have reached their peak, with normalization between cap rates and mortgage rates gradually occurring. However, until a more significant alignment is achieved, deal volume is expected to remain subdued. Multifamily properties with strong fundamentals, particularly in high-growth markets, continue to attract investor interest, signaling optimism for the sector's long-term stability.

HOW TO COMBAT RISING CAP RATES

There are several ways investors can combat rising cap rates:

1. Explore alternative revenue streams: This is done by monetizing underutilized spaces, such as adding storage units, charging for parking, or leasing rooftop space for solar panels or cell towers. One can also host events or temporary pop-ups to generate supplemental income.
2. Ensure operational efficiency: One can streamline property management processes to reduce operating expenses. Invest in energy-efficient systems, such as smart HVAC and LED lighting, to lower utility costs. Leverage technology for tenant engagement, such as automated lease renewals or communication portals, to boost satisfaction and retention.
3. Diversify tenant base: Seek properties and assets that are recession resistant. Also, seek tenants from recession-resistant industries such as health care, logistics or government services. Explore mixed-use strategies, combining retail, office and residential spaces to reduce reliance on a single sector.
4. Refinance or restructure debt: Take advantage of lower interest rates where possible to refinance existing loans. Consider extending loan maturities to reduce near-term repayment pressures. Partner with lenders to explore creative financing options, such as interest-only loans or mezzanine financing.

SOURCE: Cushman & Wakefield, CBRE, and Newmark Zimmer

2025 OUTLOOK

The 2025 outlook for cap rates is marked by growing optimism, as investors anticipate the Federal Reserve pivoting toward interest rate cuts in response to cooling inflation and slower economic growth. With borrowing costs expected to decline, cap rates across most asset classes are projected to compress modestly, reversing the expansion seen over the past two years. This anticipated easing of monetary policy has already sparked renewed interest in commercial real estate, with investors positioning themselves to capitalize on future pricing stabilization and improved deal economics. Sectors such as multifamily and industrial are expected to see the most pronounced effects because lower financing costs make these already resilient asset classes even more attractive. Although the pace of cap rate compression will depend on the timing and magnitude of rate cuts, the broader sentiment suggests a return to a more balanced investment landscape, fueling confidence in long-term growth potential.

Contributors: Kenneth G. Block, SIOR, CCIM, managing principal; John Mullen, development associate; John Gregory, financial analyst

INVESTORS Chart and Sales Records

Office	SF	Sales Price / Per SF	Cap Rate	Buyer/Seller
Quintiles 6700 W 115th St Overland Park, Kansas 66211	239,366	$6,600,000 $27.57	N/A	**Buyer:** Brain Group **Seller:** SNH Medical Office Properties Trust
Belleview Plaza 4510 Belleview Ave Kansas City, Missouri 64111	36,000	$5,065,060 $140,70	N/A	**Buyer:** Hinrichs Properties, LLC **Seller:** The Zimmer Companies Inc.
Leawood Corporate Manor III 5001 College Blvd Leawood, Kansas 66211	22,030	$3,500,000 $158.87	User	**Buyer:** Venkateswara Rao Chalasani **Seller:** Lee & Associates of Kansas City
National Cable Television Cooperative 11200 Corporate Ave Lenexa, Kansas 66219	17,910	$3,220,000 $179.79	N/A	**Buyer:** Building Controls and Services, Inc. **Seller:** Krudwig Structural Engineers
Lakeside Professional Suites 6700 W 121st St Overland Park, Kansas 66209	15,023	$1,950,000 $129.80	9.33%	**Buyer:** Global Soft Systems, Inc. **Seller:** Farrah Zaery, D.D.S.
Summit Park Plaza 816 NW Park Ln Lee's Summit, Missouri 64063	12,000	$1,800,000 $150.00	7.60%	**Buyer:** Cooper Murdock **Seller:** Kansas Aircraft Corp
Industrial	**SF**	**Sales Price / Per SF**	**Cap Rate**	**Buyer/Seller**
Coldpoint Logistics 31301 W 181st St Edgerton, Kansas 66021	632,000	$223,000,000 $352.85	N/A	**Buyer:** Lineage Real Estate **Seller:** Coldpoint Logistics Real Estate, LLC
Plymouth Industrial 5450 Deramus Ave Kansas City, Missouri 64120	220,882	$9,200,000 $41.65	7.00%	**Buyer:** Becker Holdings, LLC **Seller:** Plymouth Industrial REIT, Inc.
Yellow Corporation 9711 State Ave Kansas City, Kansas 66111	52,935	$12,061,870 $227.86	User	**Buyer:** Ramar Land Corporation **Seller:** Yellow Corporation
Crash Champions 11911 E 40 Hwy Independence, Missouri 64055	34,502	$5,518,272 $159.94	7.00%	**Buyer:** Gerry Realty Corp **Seller:** Highway 40 Acquisitions, LLC
Bluegrass Brothers 2515 Semco Drive Belton, Missouri 64012	22,042	$5,600,000 $254.06	6.86%	**Buyer:** Bluegrass Brothers - Missouri, LLC **Seller:** Semco KC, LLC
Layne Safety & Environmental 620 S 38 St Kansas City, Kansas 66106	20,400	$4,258,000 $208.73	User	**Buyer:** Master-Halco, Inc. **Seller:** Layne Western Company, Inc.
Multifamily	**Units**	**Sales Price / Per Unit**	**Cap Rate**	**Buyer/Seller**
The Gallerie 2705 Mcgee Trafficway Kansas City, Missouri 64108	361	$74,500,000 $206,371.19	5.25%	**Buyer:** Bow River Capital **Seller:** Milhaus
The Donovan 837 Donovan Rd Lee's Summit, Missouri 64086	327	$76,250,000 $233,180.43	5.30%	**Buyer:** Sherman Residential **Seller:** NorthPoint Development
Altitude 970 Apartments 6301 N Klamm Rd Kansas City, Missouri 64151	291	$63,000,000 $216,494.85	User	**Buyer:** BAM Companies **Seller:** Sherman Residential
The Sovereign at Overland Park 13310 Melrose Ln Overland Park, Kansas 66213	250	$62,000,000 $248,000.00	User	**Buyer:** Nolan Living **Seller:** Sherman Residential
Domain at City Center 8800 Penrose Lane Lenexa, Kansas 66219	200	$48,500,000 $242,500.00	5.35%	**Buyer:** Block Funds **Seller:** EPC Real Estate
Aspen Ridge 11691 S Ridgeview Rd Olathe, Kansas 66061	146	$34,500,000 $236,301.37	5.30%	**Buyer:** Block Funds **Seller:** Oddo Development
Retail	**SF**	**Sales Price / Per SF**	**Cap Rate**	**Buyer/Seller**
Hawthorne 40 Shopping Center 14121 E US Highway 40 Kansas City, Missouri 64136	204,233	$7,440,000 $36.43	10.00%	**Buyer:** TALA 2100, LLC **Seller:** K & H Hawthorne, LLC
Olathe Pointe Shopping Center 14905 W 119th St Olathe, KS 66062	140,913	$20,250,000 $143.71	N/A	**Buyer:** G&I Olathe Pointe, LLC **Seller:** Arciterra Olathe Pointe
Quivira 90 Shops 11524-11610 W 95th St Overland Park, Kansas 66214	111,031	$9,589,144 $86.36	9.00%	**Buyer:** Lormax Stern **Seller:** DRA Advisors
Just for Kicks 9063 Bond St Overland Park, Kansas 66214	52,473	$3,418,445 $65.15	7.02%	**Buyer:** SP Capital Partners, LLC **Seller:** Just for Kicks, LLC
Mattress Firm Strip Center 11940 W 95th St Lenexa, KS 66215	10,506	$6,750,000 $642.49	N/A	**Buyer:** Oak Park KS, LLC **Seller:** Quivira Ctr, LLC
Olathe Retail Center 11971 S Blackbob Rd Olathe, Kansas 66062	10,329	$7,980,000 $772.58	4.49%	**Buyer:** MJS Investment Acquisitions, LLC **Seller:** MVG-REH Olathe, LLC

Block Syndications

Block Funds is a leading real estate private equity firm that specializes in the creation and preservation of generational wealth and passive income for our investors through commercial real estate partnership opportunities. At Block Funds, adherence to market fundamentals drives our investment philosophy. The Block Funds team is dedicated to sound market research, detail-oriented asset management and relationship-driven real estate. Adherence to these and other fundamentals helps our professionals find and acquire compelling commercial real estate investments in our target markets and manage those investments in a manner that mitigates risk while maximizing returns for our investors.

OBJECTIVES

1. Preserve, protect and return investor capital contributions.
2. Maximize cash distributions to our investors.
3. Achieve debt principal reduction over time.
4. Realize appreciation in the value of our properties upon their disposition.

Domain City Center in Lenexa, Kansas, is a vibrant multifamily community with 200 units. Strategically located in the City Center development, it offers residents a mix of residential, commercial, and recreational opportunities.

2024 SYNDICATIONS – BLOCK FUNDS

The chart on the following page shows a list of some transactions throughout 2024. A few of the more notable transactions are detailed out by property type:

- **Industrial** – Block Funds acquired the I-80 Business Center in Iowa, adding 314,138 square feet of Class A industrial to Block Real Estate Services' industrial portfolio.
- **Multifamily** – Block Funds acquired Domain at City Center, a 200-unit, Class A multifamily community in Lenexa, Kansas. We acquired Hillcrest Village, a townhouse community in Springdale, Arkansas, adding 157 multifamily units to the multifamily portfolio in Northwest Arkansas. Last, we acquired Aspen Ridge, a 146-unit active adult community in Johnson County, Kansas.
- **Retail** – Block Funds acquired 4700 Summer Avenue in Memphis, Tennessee, currently home to a 20,000-square foot Planet Fitness, adding retail space in a new market to Block Real Estate Services' retail portfolio.

I-80 Business Center (Building A): The I-80 Business Center is a three-building industrial portfolio of new construction totaling 1,035,241 square feet. We offered Building A of this portfolio, totaling 314,138 square feet, to our syndicated investment partners. All three buildings will serve as the headquarters location for JT Logistics (JTL) under long-term, triple net (NNN) leases. JTL is also our partner on the deal and is committed to providing $2,427,555 in cash equity to purchase Building A, which would be forfeited in the event JTL defaults on its lease, providing an additional layer of safety for investors. The lease for Building A is 12 years long with a Year 1 lease rate of $7.65 per square foot, increasing 3% annually for the first 10 years of the lease, followed by increases of 1.5% for the remaining two years of the lease.

Domain at City Center: The acquisition of Domain at City Center enhances Block Real Estate Services' market presence in one of Kansas City's fastest-growing suburbs, Lenexa. The property is in the booming Lenexa City Center, a mixed-use, master-planned development featuring restaurants, retail, offices, hotels, the Lenexa Convention Center and Lenexa City Hall. Block Real Estate already owns EdgeWater at City Center and WaterCrest at City Center, which are two multifamily communities near Domain. Constructed in 2015 and renovated in 2023/2024, Domain at City Center has 200 Class A multifamily units averaging 1,024 square feet in size. Domain Investors, LLC received the opportunity to buy 25.44% of the property alongside the principals of EPC, the original developer, and other investors. This partnership created an immediate alignment of interest because the existing investors had to contribute more than $7,000,000 to buy out the exiting investor. This demonstrates the partners' belief in the property's future performance and their long-term commitment to the asset.

Hillcrest Village: Constructed in 2023, Hillcrest Village features 157 townhome units in Springdale, Arkansas. Block Multifamily Group acquired Hillcrest in 2024 during the lease-up phase of the property with 31.8% occupancy in January 2024. Since taking ownership of the property, Block Multifamily Group has successfully stabilized the property, bringing the occupancy to just over 95%. This tremendous performance has made Hillcrest Village a great investment for stakeholders. Hillcrest Village is a strong addition to Block Real Estate Services' Northwest Arkansas portfolio, with other properties under ownership such as Buckeye Crossing, Habberton Ridge, Rupple Townhomes and Stoneleigh at Centerton.

Aspen Ridge: Block Funds completed the purchase of Aspen Ridge in the affluent market of Johnson County, Kansas, in October 2024. Aspen Ridge is a purpose-built multifamily asset that caters to individuals aged 55 and older. Constructed in 2017, it offers residents a premium lifestyle with upscale finishes, modern amenities and maintenance-free living. The property features 146 Class A units averaging 936 square feet (11 unit types). Aspen Ridge is such an attractive investment because of the aging population demographic. According to the U.S. Census Bureau, older populations are projected to grow faster than any other age cohort in the U.S. over the next 10 years as baby boomers continue to age beyond their retirement years.

4700 Summer Avenue: Block Funds acquired this 20,000-square foot, NNN-leased Planet Fitness located in Memphis, Tennessee, in 2024. The property is strategically located less than 20 minutes from downtown Memphis with great interstate highway access. It presents a stable investment for stakeholders, with the NNN lease set to expire in 2032 with an option to renew. The property sits on a large 2.74-acre site with ample parking. This large site opens the door for redevelopment opportunities in the future.

LOOKING FORWARD – 2025

We will continue to offer additional opportunities for our accredited investors to join in on deals as we identify and acquire them.

Block Funds continues to raise equity to acquire multifamily, industrial, office and retail deals in single-purpose entities. The goal remains to provide accredited investors with long-term cash flow to pay down debt principal and provide any upside on property appreciation during the hold period. Prospective investors can register at www.blockfunds.com to view current equity investment opportunities.

If you have any questions about any of the above opportunities, please do not hesitate to call our CIO, Aaron Mesmer, at 816-412-5858, or email him at amesmer@blockllc.com.

Contributors: John Gregory, Financial Analyst

INVESTORS Transaction History Partial List

Property	Location	Property Type	Units	square feet	Deal Type	Investment Status
2024						
I-80 Business Center	Altoona, Iowa	A-I	-	314,138	New Construction	Closed
Domain City Center	Lenexa, Kansas	A-MF	200	-	Stabilized	Closed
Hillcrest Village	Springdale, Arkansas	A-MF	157	-	New Construction	Closed
Aspen Ridge	Olathe, Kansas	A-MF	146	-	Stabilized	Closed
4700 Summer Avenue	Memphis, Tennessee	A-Retail	-	20,000	Stabilized	Closed
TOTALS			**503**	**334,138**		
2023						
167 Logistics West	Olathe, Kansas	A-I	-	438,314	New Construction	Closed
Grimes Distribution Center I-IV	Grimes, Iowa	A-I	-	439,187-	Stabilized	Closed
120th & Metcalf	Overland Park, Kansas	A-MF	341	-	New Construction	Closed
Haymarket Square	Des Moines, Iowa	B-Retail	-	269,705	Value-Add	Closed
The Renaissance Shops	Bonner Springs, Kansas	B-Retail	-	48,844	Stabilized	Closed
TOTALS			**341**	**1,196,050**		
2022						
Rupple Townhomes	Fayetteville, Arkansas	A - MF	64	-	New Construction	Closed
Pinnacle Pointe Apartments	Lenexa, Kansas	A - MF	160	-	Value-Add	Closed
Pebblebrooke	Basehor, Kansas	A - MF	55	-	Stabilized	Closed
Centennial Park Apartments	Overland Park, Kansas	A - MF	170	-	Value-Add	Closed
Riverside Logistics Centre II	Riverside, Missouri	D - I	-	328,320	New Construction	Closed
CityPlace Corporate Centre IV	Overland Park, Kansas	D - O	-	190,380	New Construction	Closed
Lenexa Logistics Centre South 8	Lenexa, Kansas	D - I	-	195,409	New Construction	Closed
Faith Technologies	Olathe, Kansas	A - I	-	448,479	Stabilized	Closed
TOTALS			**449**	**1,162,588**		
2021						
Ocean Prime / Prime Social at 46 Penn Centre	Kansas City, Missouri	D-R	-	14,072	New Construction	Closed
Lenexa Logistics Centre North Building 5	Lenexa, Kansas	D-I	-	565,027	New Construction	Closed
Lenexa Logistics Centre Building 7	Lenexa, Kansas	D-I	-	401,198	New Construction	Closed
Towne Park	Springdale, Arkansas	A-MF	237	-	Stabilized	Closed
Residence at Stratmoor	Colorado Springs, Colorado	A-MF	78	-	Stabilized	Closed
Habberton Ridge	Springdale, Arkansas	A-MF	98	-	Stabilized	Closed
Residences at River View (Bici Flats)	Des Moines, Iowa	A-MF	154	-	Stabilized	Closed
Millpark Logistics Center	Maryland Heights, Missouri	D-I	-	92,450	New Construction	Closed
1010 SE 54th Street	Ankeny, Iowa	A-I	-	201,884	Stabilized	Closed
8040 Bond Street	Lenexa, Kansas	A-I	-	55,120	Stabilized	Closed
5701 Park Avenue	Des Moines, Iowa	A-I	-	518,564	Stabilized	Closed
TOTALS			**567**	**1,848,315**		
2020						
Buckeye Crossing Townhomes	Bentonville, Arkansas	A-MF	96	-	New Construction	Closed
Woodland Park	Rogers, Arkansas	A-MF	427	-	Stabilized	Closed
3901 Dixon Street	Des Moines, Iowa	A-I	-	200,000	Stabilized	Closed
Platte Valley Industrial Center 5	Riverside, Missouri	A-I	-	155,682	Stabilized	Closed
F&R Medical, LLC	Four Locations, North Carolina	A-MED	-	62,388	Stabilized	Closed
Linpage Industrial Center	St. Louis, Missouri	A - I	-	273,556	Stabilized	Closed
TOTALS			**523**	**691,626**		
5-YEAR TOTALS			**2,383**	**5,232,717**		

O=Office, R=Retail, I=Industrial, Med=Medical, MF=Multifamily, D=New Development, A=Acquisition, RE=Redevelopment
**** Number of Parking Stalls Not Included in Totals***

Block Construction Services Projects

Block Construction Services (BCS) managed over $292.5 million in development projects and tenant improvement work in 2024. Development projects and tenant improvements under construction in 2024 included work in all sectors, including industrial, warehouse, and distribution; office; multifamily; and retail.

OFFICE

In 2024, tenant improvement construction for WellSky Corporation; IMA Financial Group, Inc.; Property Tax Advisory Group, Inc.; and The Andersons, Inc.; was completed in CityPlace Corporate Centre IV, a six-story 188,960 square foot office building and parking garage in Overland Park, Kansas. CityPlace Corporate Centre IV is the third of four planned office buildings totaling 600,250 square feet for CityPlace mixed-use development, with CityPlace Corporate Centre III completed in 2019 and CityPlace Corporate Centre I completed in 2021. The Offices at CityPlace are designed in a campus-like setting and incorporate walking, jogging and bike paths that surround a reflective pond.

INDUSTRIAL, WAREHOUSE, AND DISTRIBUTION PROJECTS

In 2024, the following industrial projects were completed:

- The 167th Street Logistics Centre Building 2 — Construction was completed in July 2024 on this Class A+ 438,314 square foot industrial distribution and logistics building located in Olathe, Kansas. Faith Technologies occupies the building.
- Riverside Logistics Centre II — Tenant improvement construction for Bunzl Distribution, Inc., and Anixter, Inc., was completed in this Class A+ 328,320 square foot industrial distribution and logistics building located in the heart of the Kansas City industrial market with immediate access to the I-635, I-70, and I-29 highway systems. Riverside Logistics Centre I was completed in 2016.
- Lenexa Logistics Centre South Building 8 — Tenant improvement construction for Infinity Fasteners, Inc.; Stratus Surfaces, LLC; Bode Cellmark Forensics, Inc.; and Mambas Basketball Academy, LLC, DBA Shoot 360; was completed in 2024. The Lenexa Logistics Centre South Building 8 is a Class A+ speculative light industrial building totaling 195,409 square feet on 12.4 acres and was completed in October 2023. The Lenexa Logistics Centre North Phase II industrial logistics and distribution park consists of 148.5 acres, and eight buildings that range in size from approximately 51,000 square feet to 565,000 square feet are planned.

The 167th Street Logistics Centre Building 2 in Olathe, Kansas, is a newly completed Class A+ facility spanning 438,314 square feet. Faith Technologies now operates from the site, leveraging its strategic location for logistics and distribution.

MULTIFAMILY PROJECTS

The completed multifamily projects include:

- The Clearing at One28, five (four-story) apartment buildings totaling 270 apartment units and twelve four-plex, two-story townhomes with 48 units, was completed in 2024. This multifamily development in Olathe, Kansas, includes a freestanding clubhouse with outdoor pool amenities, walking trails and dog park.

MIXED-USE PROJECTS

Mixed-use projects currently under construction include:

- The View at Castle Rock is a 221-unit Class A+ multifamily property featuring 19,375 square feet of office, restaurant and commercial space. Upon completion, The View at Castle Rock will provide a unique, luxury, resort-like option as well as a highly visible Class A+ office, commercial and restaurant space for young professionals seeking immediate proximity to Denver and Colorado Springs while also living within a walkable distance to downtown Castle Rock, Colorado. The View at Castle Rock will be a six-level building showcasing a 3,275 square foot clubhouse with two amenity terraces — one featuring a resort-style pool and the other with private gathering spaces and a pet park. The anticipated completion date is May 2025.

ADAPTIVE RE-USE PROJECT

- The 100 N. Main property in Memphis, Tennessee, is a 38-story adaptive re-use project. Phase I, which includes demolition and abatement, began in November 2023 and continues through May 2025. Phase II is scheduled to convert a 1963 office building to a mixed-use building that will include hotel, multifamily, office and commercial space.

RETAIL

- Apex at CityPlace delivered two tenants in 2024 – Entity Lounge and Hotworx. Beloved Nails, UnKCorked and Image Studios were completed in 2023. An additional four pad sites are available.
- The Galleria retail developments include Starbucks, Whataburger, Chick-Fil-A, Fidelity Brokerage Services, First Watch and Andy's Frozen Custard.

OTHER

Confidential Bottling Facility — Block Construction Services was retained as the owner's representative for this project. Construction was completed in 2024.

Oakwood Country Club — This project is a nine-hole, par-3 course with two short-term rental cottages and includes various improvements to the course and clubhouse.

MASTER PLANNING

Master Planning efforts include the following projects:

MIXED USE

- Galleria Phase II — Office, retail, restaurant, entertainment and second multifamily community with 356 multifamily units and a 269,533 square foot Class A retail center in Overland Park, Kansas
- The Majestic at CityPlace — Third multifamily community at the CityPlace mixed-use development in Overland Park, Kansas, with 355 units

MULTIFAMILY

- 47 Madison — Multifamily development with a 16-story, 250-luxury-unit tower in Kansas City, Missouri
- 4627 Madison — 10-story, 213-unit multifamily development in Kansas City, Missouri
- The Southglen — 341 multifamily units in Overland Park, Kansas
- 56th & Foxridge — 307 multifamily units in Mission, Kansas
- Woodside Village — 162 multifamily units in Kansas City, Kansas
- 143rd & Metcalf — 368-unit multifamily development in Overland Park, Kansas
- College & Ridgeview — 377-unit multifamily development in Olathe, Kansas
- K10 and K7 — 552-unit, two-phase multifamily development with five buildings, clubhouse, and site amenities per phase in Olathe, Kansas
- 45 Summit — 16 multifamily apartments split between two- and three-bedroom units in Kansas City, Missouri
- 4450 Washington — 20-unit multifamily development in Kansas City, Missouri

INDUSTRIAL

- Lenexa Logistics Centre South Building 6 — 198,715 square foot industrial building in Lenexa, Kansas
- Lenexa Logistics Centre North Building 6 — 202,286 square foot industrial building in Lenexa, Kansas
- K-7 Logistics Centre — 693,793 and 176,240 square foot industrial buildings in Shawnee, Kansas
- K-7 & Nettleton — 638,793 and 634,153 square foot industrial buildings in Bonner Springs, Kansas
- Tiffany Springs — Phase I consisting of three industrial buildings totaling 1,897,364 square feet and Phase II consisting of four industrial buildings totaling 2,087,002 square feet in Kansas City, Missouri
- Rinker — 213,710 square foot industrial building in Riverside, Missouri

ADAPTIVE RE-USE

- Cincy Club — Adaptive re-use project in Cincinnati, Ohio
- Ruan — Adaptive re-use project in Des Moines, Iowa

TENANT IMPROVEMENTS

Some of the projects coordinated by our tenant improvement division during 2024 include:

- Northstar Wealth Navigation at Pinnacle Corporate Centre IV
- KC Urology at Interstate Business Park IV
- Bunzl Distribution, Inc., at Riverside Logistics Centre II
- Anixter, Inc., at Riverside Logistics Centre II
- Johnson Granite Supply at Platte Valley Industrial Center 2
- CorVel Healthcare Corporation at CityPlace Corporate Centre I
- Sumner Group, Inc., at Pine Ridge West, Building 27
- Shaw Supply Company at Paseo Industrial Center
- Sheels All Sports, Inc., at Kansas Commerce Center #16
- Infinity Fasteners, Inc., at Lenexa Logistics Centre South Building 8
- Bode Cellmark Forensics, Inc., at Lenexa Logistics Centre South Building 8
- Stratus Surfaces, LLC, at Lenexa Logistics Centre South Building 8
- Mambas Basketball Academy, LLC, DBA Shoot 360, at Lenexa Logistics Centre South Building 8
- First Key Homes at Platte Valley Industrial Centre #6
- Convergint Technologies at Pine Ridge West Building 23
- WellSky Corporation at CityPlace Corporate Centre IV
- IMA Financial Group, Inc., at CityPlace Corporate Centre IV
- Property Tax Advisory Group, Inc., at CityPlace Corporate Centre IV
- The Andersons, Inc., at CityPlace Corporate Centre IV
- Faith Technologies, Inc., at 167th Street Logistics Centre Building 2

Contributor: Brad S. Simma, CCIM, Executive Vice President

Block Multifamily Group

Throughout 2024, Block Multifamily Group (BMG), successfully managed a total of 11,727 units across 10 states. Our diverse portfolio included communities under construction, renovation projects, Class A assets, and stable work force housing. While we have seen steady fluctuation throughout the year, our firm is poised for expansion with New Development, Value Add Acquisitions and Fee-Managed clients as we look toward 2025.

In 2024, BMG placed a strong emphasis on diversifying our portfolio, strategically partnering with new owner partners throughout the year. We placed a strong emphasis on growing the third-party management division, while welcoming a healthy mix of property types among our 11 property takeovers. All together, we successfully onboarded 1 55+ community, 3 New Developments, 2 renovation projects, 3 communities struggling with occupancy, and 2 stabilized assets. BMG has positioned ourselves to bring on assets we know we can manage successfully and efficiently. Of these 11 property additions, 80% are classified as Class A, with the remaining positioned for community upgrades. This strategic focus on renovations, coupled with our fined-tuned Construction Management Services, allows us to guide our clients through the renovation process while carefully selecting high-quality, value-add finishes tailored to each local market.

In addition to new acquisitions, BMG's team of professional property managers ushered three communities out of Lease-Up and into stabilization this year. A prime example of this is Highpoint Creek Apartments, a 252-unit community in Oklahoma City, OK. After taking over the management of this property, which was struggling with low occupancy and disrepair, BMG oversaw a comprehensive renovation and re-brand. As a result, rental income soared with 1-bedroom apartments increasing asking rent by an average of $250/month, and 2-bedroom apartments rising by an average of $300/month. This transformation contributed to a 35% increase in scheduled rental income year-over-year and a 111% increase in property income.

The other two communities that finalized lease up in 2024 were Hillcrest Village and The Clearing at ONE28. Hillcrest Village is a 157-unit townhome community located in Springdale, AR. Knowing that much of that area relies on college students and young professionals, there were initial concerns over how quickly we would be able to lease up the community; however, with an aggressive marketing strategy and a Class A product, Hillcrest Village quickly became another success story! After taking over management of the community in March for the third-party developer, and a subsequent purchase

Aspen Ridge is a premier 146-unit, active adult apartment community in Olathe, Kansas. Nestled in the desirable Johnson County submarket, it offers easy access to parks, shopping, and dining, creating an exceptional living experience.

by a Bock Real Estate Services affiliate, the community was successfully stabilized at 95% leased in just seven months, far outpacing the underwritten occupancy. In addition, The Clearing at ONE28, which opened its doors to residents in August 2023, has been a standout performer, leasing to 94% occupancy without the use of any rental concessions. After just 13 months of leasing, the 318-unit community reached stabilization, exceeding ownership's initial outlook.

The firm's consistent track record with New Development projects has positioned us to take over management of Arden Homes at Staley for a new fee-managed client in Q4 of 2024. Arden Homes is a 3- and 4-bedroom townhome community in Kansas City, MO, which, to date, has delivered just 20% of units from construction. The community features modern black finishes, sleek stainless-steel appliances, large, open-concept living and dining rooms, full-size washer and dryers, fenced-in pet yards, and more! We look forward to the year ahead and the prospect of filling this community with residents in the coming months.

In addition to expertise in New Developments, BMG has fine-tuned our Construction Management Services related to both interior and exterior renovations. Throughout 2024, we have successfully overseen renovations at 13 properties, ranging from exterior refurbishments to interior upgrades to full property rebranding projects. At Briar Hill Apartments in Kansas City, MO, for instance, the team oversaw complete exterior renovations including new siding, reinforced stairwells, fresh concrete, upgraded HVAC systems, and new patio decking. Year-over-year the community saw an 8.32% increase in total income, as a result. Additionally, our maintenance teams lead the way on unit upgrades at communities such as Pinnacle Pointe and Centennial Park in Johnson County, KS. Each of these communities continued to work through upgraded interiors, upgrading paint, counters, cabinet fronts, fixtures, flooring, and new appliance packages. The result of these renovations was the notable outcome of exceeding both rental income and NOI year-over-year; 6.1% at Centennial Park and an astounding 9% at Pinnacle Pointe.

In fact, across our entire portfolio, BMG has continuously met or exceeded expectations by achieving an average rent increase of 7.10% on our stabilized assets. Despite some rising operating expenses, our team utilized our specialized knowledge of various multifamily markets to deliver superior service and high-quality assets, keeping occupancy stable and competitive throughout the year. Our stabilized communities averaged 95.10% occupancy year-over-year.

Looking forward, BMG is well-positioned for continued success. Our streamlined policies and procedures, combined with our expertise in managing renovations and new development projects, set the stage for further growth in the coming years. We are excited to continue partnering with new ownership groups and expanding our portfolio with both new developments and renovations that deliver exceptional value to our residents and owners alike.

Contributors: Allison McCranie, Vice President of Marketing; Jason Charcut, President

MARKET STATISTICS CONTINUED

2024 RETAIL

MARKET	ESTIMATED INVENTORY	PERCENT VACANT	VACANCY SF	NET ABSORPTION	AVG. RENTAL RATE	PLANNED DEVELOPMENT
Johnson County	42,717,766	3.2%	1,366,969	595,279	$20.87	167,185
East Jackson County	19,432,094	6.6%	1,284,267	134,392	$15.30	23,461
Midtown/Downtown/Plaza	24,657,623	2.8%	798,010	56,326	$20.06	20,200
Kansas City, Kansas	10,426,634	2.7%	450,815	(109,771)	$14.40	0
North of the River	20,590,146	2.7%	505,062	111,823	$19.36	143,000
TOTAL RETAIL	**117,824,263**	**3.6%**	**4,405,123**	**788,049**	**$18.00**	**353,846**

2024 WAREHOUSE/BULK INDUSTRIAL

MARKET	INVENTORY	# OF BUILDINGS	OVERALL VACANCY	LEASING ACTIVITY	NET ABSORPTION	AVG. GROSS RENT
KCI/Airworld	11,300,000	85	8.80%	1,100,000	(42,400)	$6.67
North Kansas City/Riverside	25,900,000	529	4.20%	857,000	(87,900)	$6.61
Executive Park/Northland	49,000,000	454	2.40%	1,200,000	170,000	$7.15
Wyandotte County	50,200,000	986	1.80%	556,000	42,000	$6.66
Johnson County	91,800,000	1,621	8.10%	4,300,000	2,400,000	$8.21
East Jackson County	97,300,000	2,720	6.70%	2,800,000	(900,000)	$6.78
TOTAL WH/BULK SPACE	**325,500,000**	**6,395**	**5.3%**	**10,813,000**	**1,581,700**	**$7.01**

2024 LIGHT INDUSTRIAL/FLEX

MARKET	INVENTORY	# OF BUILDINGS	OVERALL VACANCY	LEASING ACTIVITY	NET ABSORPTION	AVG. GROSS RENT
KCI/Airworld	1,100,000	21	6.60%	33,300	3,200	$10.74
North Kansas City/Riverside	646,000	16	0.80%	14,300	10,200	$12.41
Executive Park/Northland	408,000	21	2.20%	15,200	(5,800)	$9.54
Wyandotte County	886,000	46	6.30%	50,600	20,100	$8.02
Johnson County	7,300,000	295	11.50%	473,000	(264,000)	$11.00
East Jackson County	5,500,000	272	4.50%	124,000	(121,000)	$11.52
TOTAL LIGHT INDUSTRIAL/FLEX	**15,840,000**	**671**	**5.3%**	**710,400**	**-357,300**	**$10.54**
TOTAL FLEX + BULK	**341,340,000**	**7,066**	**5.3%**	**11,523,400**	**1,224,400**	**$8.78**

2024 MULTIFAMILY

MARKET	UNIT INVENTORY	OVERALL VACANCY	AVG. ASKING RENT	MARKET SALE PRICE/UNIT	UNITS UNDER CONST.
Johnson County	62,454	6.5%	$1,467	$172,160	2,269
North of the River	30,243	7.3%	$1,283	$146,109	916
CBD/Crown Center	14,356	8.2%	$1,586	$210,069	1,710
Southeast Jackson County	27,476	9.1%	$1,204	$126,315	352
Kansas City, Kansas	9,778	9.8%	$1,117	$101,746	451
South Kansas City	7,435	11.8%	$1,033	$97,191	283
East Jackson County	2,894	10.7%	$956	$91,802	0
Country Club Plaza/Midtown	14,663	9.5%	$1,249	$248,726	488
TOTAL MULTIFAMILY	**169,299**	**9.1%**	**$1,237**	**$149,265**	**6,469**

Information accurate as of 12/31/24

MARKET STATISTICS

FOURTH QUARTER 2024 DATA

2024 OFFICE

MARKET	INVENTORY	# OF BUILDINGS	OVERALL VACANCY	YTD DELIVERIES	NET ABSORPTION	AVG. FULL SERVICE RENT
College Blvd	21,848,907	394	15.0%	40,000	(36,049)	$25.93
CBD	17,590,978	175	16.5%	0	(219,407)	$22.48
South Johnson County	9,440,568	513	15.2%	37,617	(118,806)	$22.73
Northeast Johnson County	8,482,649	416	10.3%	0	171,612	$24.05
I-35 Corridor	8,261,465	476	6.2%	0	(36,970)	$21.64
Crown Center	7,032,740	68	12.8%	0	345,414	$23.78
Country Club Plaza	5,194,396	119	11.2%	0	(152,417)	$30.27
Northwest Johnson County	5,117,293	275	11.2%	0	87,170	$24.47
East Jackson County	7,466,153	641	7.1%	4,200	137,890	$20.00
South Kansas City MO	5,373,038	176	4.6%	22,500	10,909	$22.48
I-29 Corridor	3,954,842	164	9.1%	127,783	251,610	$20.71
Kansas City KS	3,435,889	232	18.6%	0	(217,485)	$22.31
Ward Parkway	3,515,090	96	9.7%	0	(65,984)	$22.77
Southeast Jackson County	3,943,348	283	6.6%	0	237,517	$22.07
Midtown	4,420,285	252	4.8%	18,667	(65,634)	$21.14
Kansas City MO	3,946,657	207	3.2%	0	(24,790)	$19.42
Freight House District	2,610,255	123	14.6%	0	(655)	$24.32
Downtown Kansas KC KS	2,089,317	73	8.8%	0	(9,109)	$20.47
West Bottoms	1,945,024	63	11.9%	0	(56,442)	$21.86
Leavenworth County	1,061,890	91	4.2%	0	42,921	$19.84
Brookside	815,948	38	3.8%	0	2,064	$23.22
Cass County	892,516	139	5.7%	0	(5,684)	$20.85
Outer South Kansas City	468,752	77	2.3%	0	970	$19.61
Outlying KC MO	323,197	70	0.0%	0	0	$21.22
Lafayette County	170,008	42	6.5%	0	0	$19.46
Outlying KC MO	309,126	66	0.0%	0	12,489	$20.58
Lafayette County	170,008	42	6.5%	0	0	$18.71
TOTAL OFFICE	**129,401,205**	**5,203**	**8.8%**	**250,767**	**278,645**	**$22.28**

Information accurate as of 12/31/24

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