

MARKET FUNDAMENTALS

	YOY Chg	Outlook
19.0% Vacancy Rate	▼	▼
278.8K YTD Net Absorption, SF	▼	▬
\$23.43 Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
1,176.9K Kansas City Employment*	▲	▲
3.6% Kansas City Unemployment Rate*	▼	▲
4.2% U.S. Unemployment Rate	▼	▲

Source: BLS, Moody's Analytics
*Q3 2026

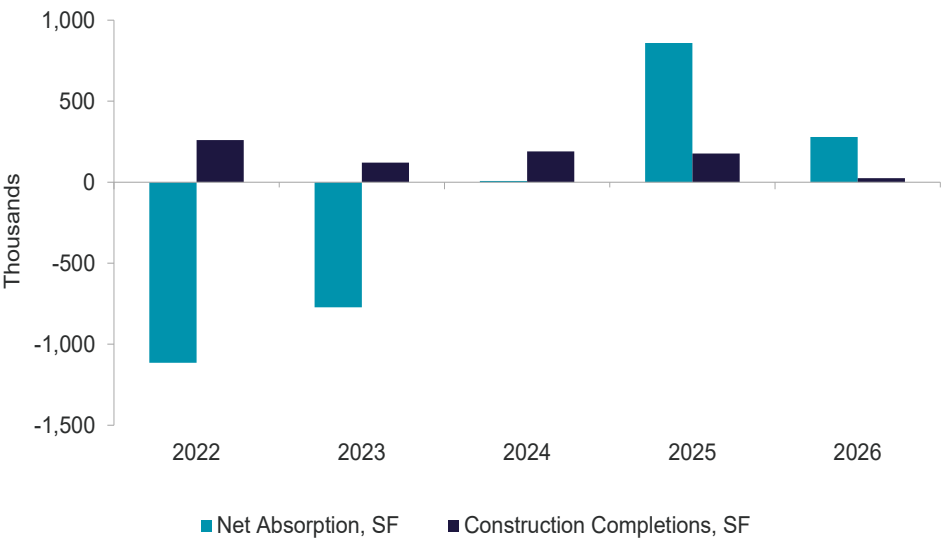
ECONOMY:

It has been a healthy first nine months of the year in the Kansas City commercial real estate market. On the office side, absorption has remained positive and earlier this year ground was broken on the largest new office project in more than a decade. For industrial, all signs have continued to point towards a new period of expansion. While office and industrial have had little in common over the past decade, one trend has become clear for both: older space has struggled. Class B office space continued to lag behind Class A, and older warehouse buildings have failed to backfill space vacated by tenants moving into new construction. Looking at the broader economy, one cannot ignore that inflation remains a primary concern. The Federal Reserve Bank of Kansas City publishes a monthly survey on manufacturing activity in the Tenth Federal Reserve District, and it includes a “Selected Manufacturing Comments” section. While there are examples of growth and optimism about the near- and mid-term future, every monthly report also cites increased costs, an inability to support wage growth, and genuine fear about energy costs and economic policy. The regional economy has remained resilient, and there are positives to be found, but it is clear that fundamental economic threats remain.

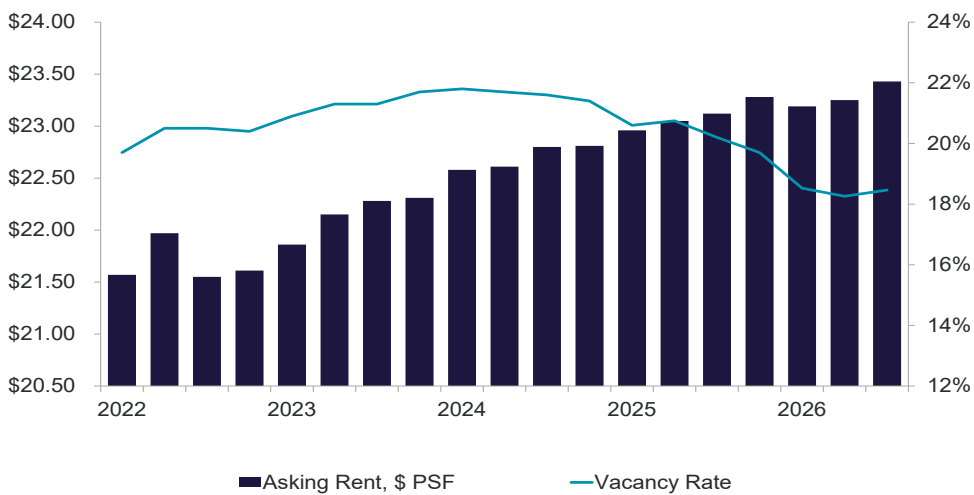
MARKET OVERVIEW:

In many ways, the third quarter summed up the recent trends in the office market. Class A product saw positive absorption of 162,000 square feet (sf), which pushed the year-to-date (YTD) total to 360,000 sf and the vacancy rate down to 16.6%. Unfortunately, Class B space reported negative absorption of 278,000 sf which was enough to flip the YTD figure negative and lift the vacancy rate to 20.1%. The split in performance has been ongoing and shows up in almost every statistical measure. At first glance, Class B space has been outperforming Class A in leasing activity, with 1.1 million square feet (msf) of new deals signed in Class B through the first three quarters compared to 900,000 sf in Class A. But

SPACE DEMAND / DELIVERIES



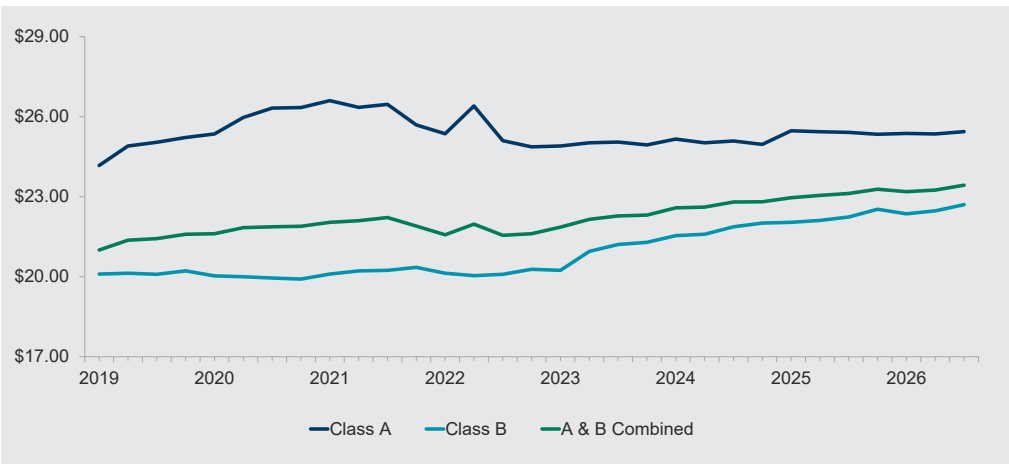
OVERALL VACANCY & ASKING RENT



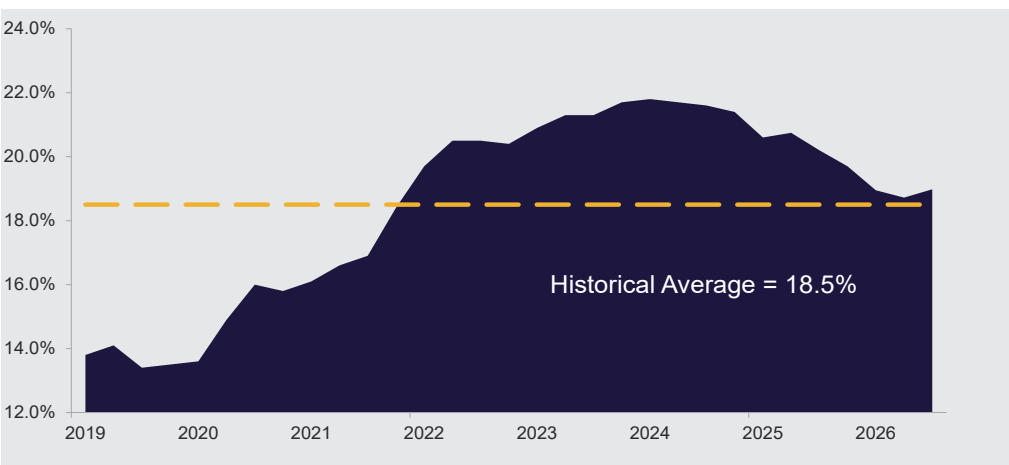
VACANCY TREND



ASKING RENT CLASS A & B



OVERALL VACANCY



inspecting the ratio shows just how disappointing that figure is. So far this year, the ratio of Class B space leased to Class A space leased is 1.2 sf-to-1.0 sf, but the ratio of existing inventory is 2.1 sf-to-1.0 sf. This demonstrates leasing in Class A space is far outpacing leasing in Class B in an apples-to-apples comparison.

A more granular review of the data only reinforces the facts. Nine months into the year there were 37 buildings in the market that had reported negative absorption of at least 10,000 sf, of which 34 were Class B. The three Class A buildings had absorption totals of negative 11,000 sf, negative 12,000 sf, and negative 22,000 sf. In contrast, the Class B buildings averaged negative 27,000 sf per-building. In total, Cushman & Wakefield research tracks 13 different office submarkets and 12 of them have at least one Class B building with more than negative 10,000 sf of absorption so far this year (the one exception is Midtown, which has only 208,000 sf of total inventory). The Class B vacancy rate will improve as Cushman & Wakefield research completes a comprehensive review of the market and removes older, obsolete buildings with elevated vacancy, but that change on its own will not make the existing Class B space in the market more appealing to tenants.

This data does not mean tenants are disinterested in Kansas City office space. It demonstrates that there is a level of quality they are looking for and unfortunately at this time the local market is not providing that. Since the start of 2014 the market has seen the delivery of just under 3.0 msf of Class A space and the occupancy rate in those buildings was 97.4% at the end of the third quarter. Once again, a more thorough review of the statistics only reinforces the trend. Aggregated data on published asking rates can be misleading, but the 8.2 msf of office inventory with a published asking rate of \$28.00-per-square-foot (psf) or more had a vacancy rate of just 12.2%, while the 40.8 msf of inventory with published asking rates below \$28.00-psf had a vacancy rate of 19.7%.

It is obvious demand for office space in Kansas City continues to exist, but it is equally clear that investment is required to create a supply that matches the demand. Kansas City has historically been a market with limited speculative office development, but the older Class B product that populates much of the market is increasingly viewed as obsolete by many tenants. There are legacy buildings in both Class A and Class B that have made significant capital investments, and the leasing activity and occupancy stats show those investments are being rewarded. Tenants have shown a willingness to pay the increased rates associated with higher quality space.

OUTLOOK

- A large engineering firm has been advancing plans for a major development project along the College Boulevard corridor that would include a new Class A+ headquarters building but no speculative office space was noted in the most recent plans.
- Leases have been signed and vacant spaces are awaiting tenant move-ins scheduled for the fourth quarter, but some of those move-ins are local relocations that will create negative absorption and offset the statistical impact.
- Occupiers have shown an increased focus on tenant improvement work and maximizing the impact of ownership investment in properties, a trend that is set to continue and will likely result in more emphasis on upgrading the space a tenant occupies and delivering value for increased rental rates.

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Downtown	6,945,980	131,852	1,212,806	19.4%	-68,973	-42,542	71,927	0	\$22.44	\$22.88
Crown Center/Crossroads	4,609,414	5,670	1,052,088	23.1%	15,273	131,076	49,098	0	\$23.93	\$24.62
CBD	11,555,394	142,406	2,264,894	20.8%	-53,700	88,534	121,025	0	\$23.15	\$23.47
Plaza	3,155,135	20,891	501,133	16.5%	-7,168	24,709	84,254	0	\$29.92	\$30.49
South Kansas City	3,620,930	98,659	380,331	13.2%	-41,082	-72,712	26,956	0	\$20.76	N/A
Northland	3,463,271	10,765	856,821	25.1%	24,017	-66,041	98,102	0	\$21.05	\$26.02
East / SE Jackson County	2,876,744	0	566,842	19.7%	-98,356	-129,314	34,016	0	\$20.91	N/A
North Johnson County	7,058,720	91,310	987,144	15.3%	13,635	53,511	340,089	33,626	\$21.17	\$23.27
South Johnson County	19,993,413	173,226	3,864,357	20.2%	62,788	302,129	1,189,488	458,064	\$24.76	\$28.10
Other Suburban Markets	1,136,001	0	73,573	6.5%	-16,743	77,975	107,891	0	\$19.49	N/A
Suburbs	41,304,214	394,851	7,230,201	18.5%	-62,909	190,257	1,880,796	491,690	\$23.52	\$28.24
Class A	17,120,322	184,301	2,656,845	16.6%	161,723	359,545	894,015	491,690	\$25.44	
Class B	35,739,286	352,956	6,838,250	20.1%	-278,332	-80,754	1,107,806	0	\$22.70	
TOTAL	52,859,608	537,257	9,495,095	19.0%	-116,609	278,791	2,001,821	491,690	\$23.43	\$25.44

*Rental rates reflect full service asking
*Renewals not included in leasing statistics

KEY LEASE TRANSACTIONS Q3 2026

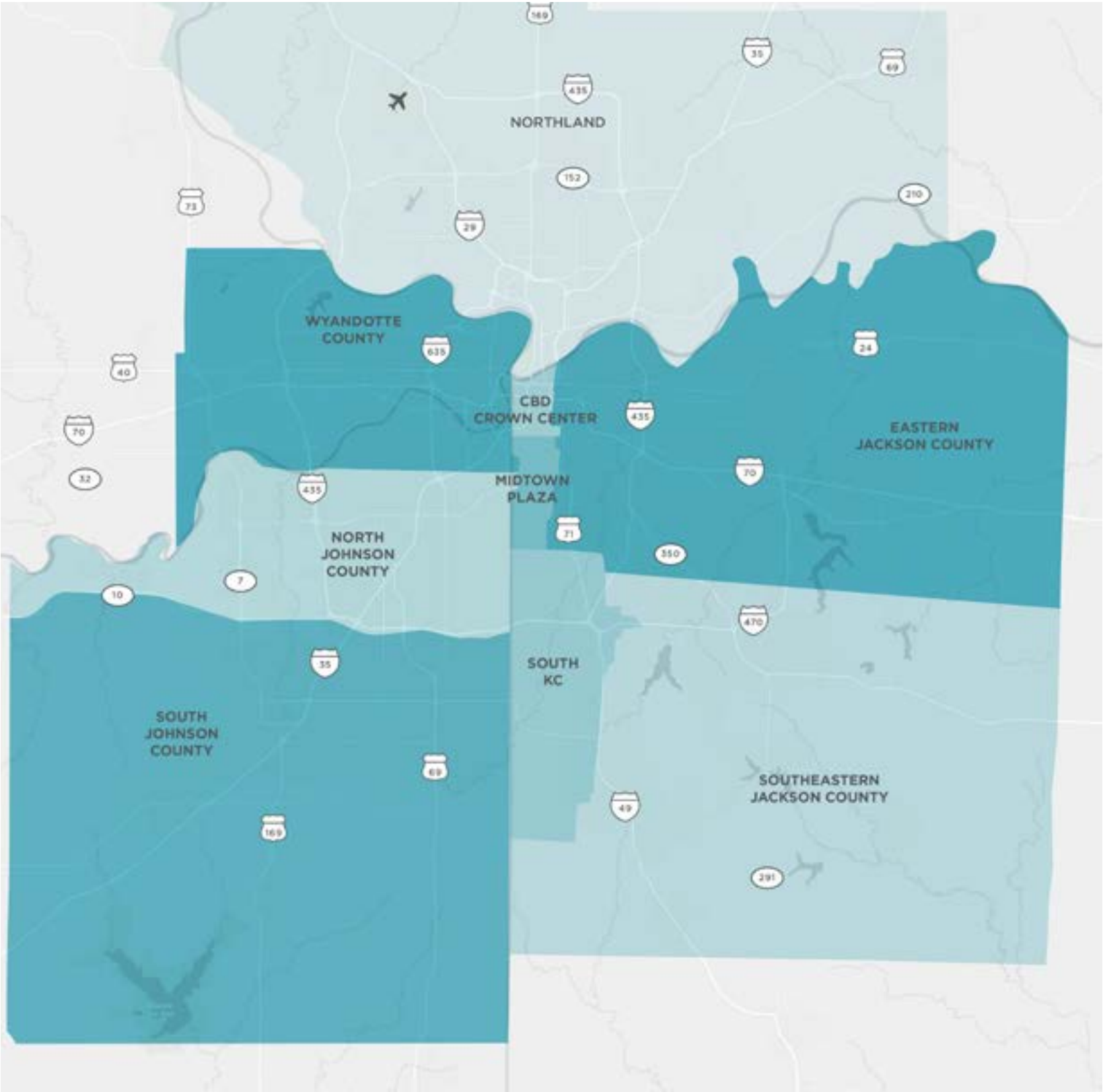
PROPERTY	SUBMARKET	TENANT	SF	TYPE
9800 Metcalf	North Johnson County	Virtus Insurance	20,101	New Lease
25501 W Valley Pkwy	South Johnson County	Navitas	20,100	New Lease
11500 N Ambassador	Northland	State Farm Insurance	19,064	New Lease
6601 College Blvd	South Johnson County	Eversana	16,807	New Lease
11300 Tomahawk Creek Pkwy	South Johnson County	Hallbrook Wood Law Firm	13,395	New Lease
215 W Pershing	Crown Center	Sunflower Development Group	12,303	New Lease
7430 W 130th St	South Johnson County	Wells Fargo	11,508	Renewal
11520 Ash St	South Johnson County	GRSM	10,707	New Lease

*Renewals not included in leasing statistics

KEY SALE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	SELLER / BUYER	SF	BUER TYPE
715 Krk Dr	Downtown	VanTrust / Ability KC	130,627	Owner-User
8900 State Line Rd	North Johnson County	Fred Adams / MCA	85,428	Investor
7301 College Blvd	South Johnson County	Rainen Companies / Executive Hills	80,000	Investor
3350 NE Ralph Powell Rd	East / SE Jackson County	Monte Cristo / Flattery Solutions	18,500	Investor

OFFICE SUBMARKETS



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