



Kansas City, Missouri

Tenant's Guide ▪ North American Markets ▪ First Quarter 2012

Overview

The Kansas City market ended the first quarter of 2012 with an overall vacancy rate of 12.8%, down from 13.8% at the end of 2011. Year to date net absorption was 101,741 SF, and two buildings were under construction at the end of the quarter. These numbers reflect a continuing slow market in Kansas City that is predicted to continue until uncertainty on national issues improves. Tenants are continuing to delay major hiring initiatives on a large scale basis and look for ways to streamline their workforces. Part of this process often involves real estate and selecting new more efficient space to assist in lowering overall operating costs. Select buildings in suburban submarkets showed some marginal improvement in vacancy as tenants took the opportunity to move to higher quality space with the lower rental rates and additional incentives from landlords.

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

Market Trends

- Available sublease space continues to decline to a total of 215,000 SF.
- Tenants that are flexible on location, continue to see ample options when considering new locations.
- Landlords are looking for creative and cost effective ways to maintain current tenants and attract new ones.

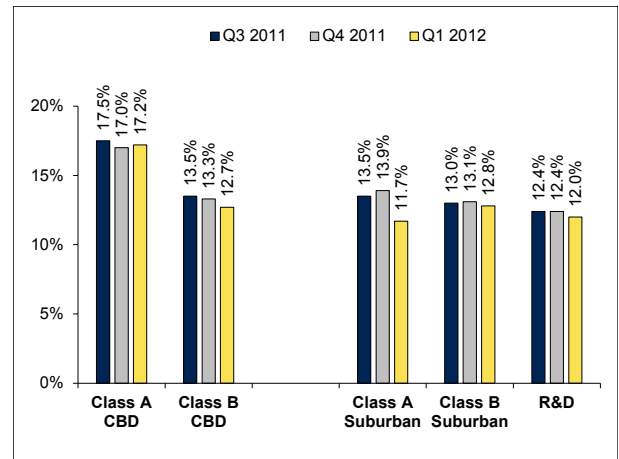
Tenant's Perspective

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

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Ameriprise Holdings	5,000	Office	Lease
ATS	17,748	Office	Lease
Caremark	60,324	Office	Lease
Crane Cartage	146,000	Industrial	Lease
Inergy Propane	42,025	Office	Lease
Kiewit	31,366	Office	Lease
Mattress Hub	15,900	Office	Lease
Morgan Stanley Smith Barney	10,000	Office	Lease
Patterson Dental Supply	11,655	Office	Lease
State of Missouri	14,094	Office	Lease

Vacancy Rate



Average Rental Rates

CBD	Q3 2011	Q4 2011	Q1 2012
Class A Office	\$17.80	\$17.57	\$17.89
Class B Office	\$15.75	\$15.54	\$15.65
Suburban	Q3 2011	Q4 2011	Q1 2012
Class A Office	\$20.90	\$21.47	\$21.85
Class B Office	\$17.09	\$17.00	\$16.95
R&D	\$8.59	\$8.23	\$8.48

