



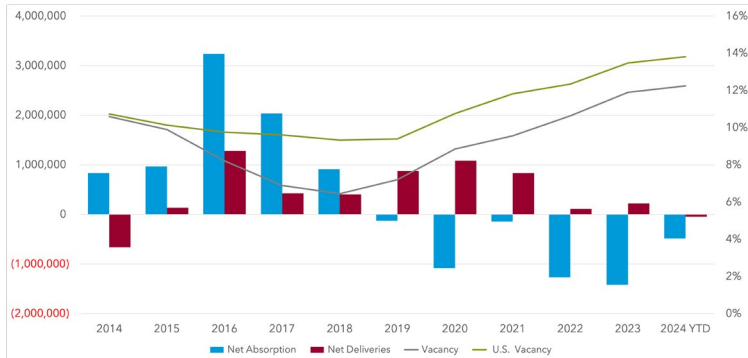
OFFICE MARKET OVERVIEW

MAX LAPKE, *Senior Associate*

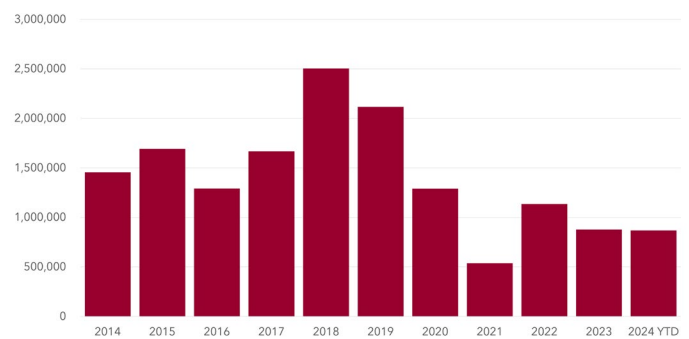
As 2024 commences, the office space market shows some very early signs of stabilization. Tour and leasing activity continue to pick up momentum and the deal size average continues to increase. A notable factor is the shifting landscape of sublease space availability. As of the beginning of 2024, sublet space is down approximately 20% from its peak of 1.7 million SF. Still a considerable barrier to new leases is ever-increasing construction costs, which can make new leases difficult to cash-flow, leading to the best vacancies (most recently renovated) getting leased first. Older spaces, which need a lot of work, are not likely to be leased with these high construction costs.

MARKET INDICATORS	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
▲ 12 Mo. Net Absorption SF	(893,585)	(1,416,366)	(2,020,163)	(2,551,316)	(1,651,692)
▲ Vacancy Rate	12.1%	11.9%	11.8%	11.8%	11.3%
◀ ▶ Avg FSG Asking Rate PSF	\$22.48	\$22.48	\$22.34	\$22.31	\$22.05
▼ SF Under Construction	869,254	877,754	934,058	967,969	1,019,258
▼ Inventory SF	127,714,839	127,760,794	127,648,636	127,620,725	127,565,236

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
20201 E. Jackson Drive Independence, MO	95,527 SF	Undisclosed	City of Independence Missouri Government Employees Health Assoc.	Class A
929 Walnut Street Kansas City, MO	40,000 SF	Undisclosed	Lowenstein Event Marketing Group Worcester Investments	Class B
11200 Corporate Avenue Lenexa, KS	17,910 SF	\$3,223,800 \$180.00 PSF	Building Controls And Services, Inc. Krudwig Structural Engineers	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
1729 Grand Boulevard Kansas City, MO	29,369 SF	3D Development	Tria Health	Health Care and Social Assistance
8345 Lenexa Drive Lenexa, KS	29,174 SF	Henderson Engineers, Inc.	Rally House	Retailer
2301 McGee Street Kansas City, MO	17,275 SF	Crown Center Redev Corp - Hallmark	Greater KC LINC	Professional, Scientific and Technical Services

