

2001 WALNUT at FREIGHT HOUSE VILLAGE



Approved Multifamily Development Site

OFFERING MEMORANDUM



2001 WALNUT

at FREIGHT HOUSE VILLAGE

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PROPERTY DESCRIPTION

Address:	2001-2019 Walnut Street, Kansas City, MO 64108 (composed of two parcels) <ul style="list-style-type: none">• Located at the southeast corner of 20th & Walnut in downtown Kansas City, Missouri.
Site size:	1.06 acres (46,174 SF)
Price:	\$132 PSF includes all incentive approvals
Zoning:	UR Development zoning



1 Rare Crossroads multifamily development site



2 Incentives grandfathered in (no multifamily affordability requirement)



3 Conveniently walkable to exciting Crossroads restaurants, eclectic breweries/distilleries, the city's best office redevelopments, and outstanding hotels



4 Unmatched Crossroads site located on a quiet, dead-end street ideal for midrise multifamily development



5 Two blocks from 19th & Main Street streetcar stop



6 Superb location in newly planned multi-use Freight House Development District



7 Greenline Recreational Path Trailhead with Outdoor Sculpture and Dog Parks

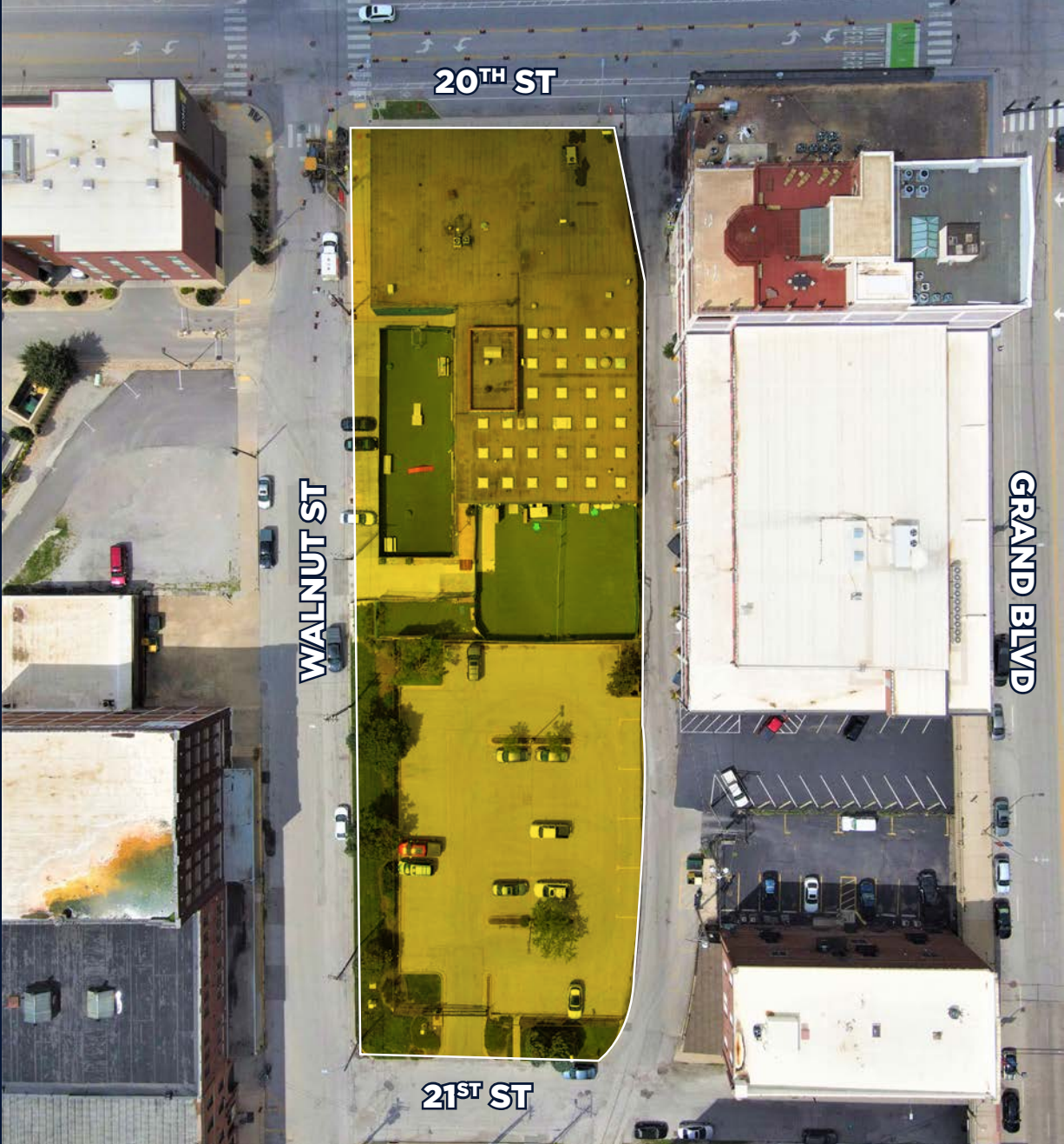
DEVELOPMENT BENEFITS

INCENTIVES

- PIEA: Freight House Development District in place
 - PIEA Incentives to include 10-year 75% plus 5-year 37.5% tax abatement and exemption from construction material sales taxes
- No Affordability Requirement



SITE OVERVIEW



RENDERING CONCEPTS



CUSHMAN & WAKEFIELD



2601 WALNUT

EAST
FACING
AERIAL

WESTERN
AUTO



GRAND BLVD

20TH ST

21ST ST

WALNUT ST



UNDER-CONSTRUCTION:
MILHAUS' THE TRACKS
APARTMENT PROJECT
(193-UNITS)

PLANNED: SUPERIOR
OFFICE LOFTS
(75,000 SF)

PLANNED: THE PODIUM
OFFICE DEVELOPMENT
(250,000 SF)

CROSSROADS ARTS DISTRICT

GRÜN AUER
JACK STACK BARBECUE
LEBARON
HISTORIC FREIGHT HOUSE
RESTAURANT ROW

20TH STREET

FUTURE GREENLINE CONNECTION

RAILROAD TRACKS

UNION STATION

GRAND STREET

MAIN STREET / STREETCAR LINE

PENNWAY POINT

SUMMARY

The Freight House Development District is a focused master development plan that reimagines an underutilized area along the railroad tracks separating the Crossroads Arts District and Crown Center.

CATALYTIC PROJECTS



STREETCAR

- 2001 Walnut is located one block off the streetcar line, just two blocks from the stop at 19th & Main Street. The original 2.2 mile KC Streetcar line (completed 2016) has been one of the most successful in the United States by ridership numbers and has attracted more than \$4 billion of investment in new development projects near the track from 2013-2020. The KC Streetcar has won numerous national awards and there are currently two expansion lines under construction. The planned southern 3.5-mile extension of Kansas City's streetcar on Main Street to the Country Club Plaza/UMKC and the northern expansion line to the Riverfront are expected to be completed in 2024. The extensions will provide the 2001 Walnut with unparalleled front door access to all the major sites in Kansas City's urban core.





ROYALS INTEND TO RELOCATE DOWNTOWN:

- The Kansas City Royals (Major League Baseball team) have announced their intention to relocate their stadium to Downtown Kansas City. The Royals plan to build a new Downtown ballpark and construct a mixed-use development "Ballpark District." Estimated total project cost for the ballpark and the district is \$2 billion.
- Financing, site announcement, and timeline are expected to be finalized in 2024.

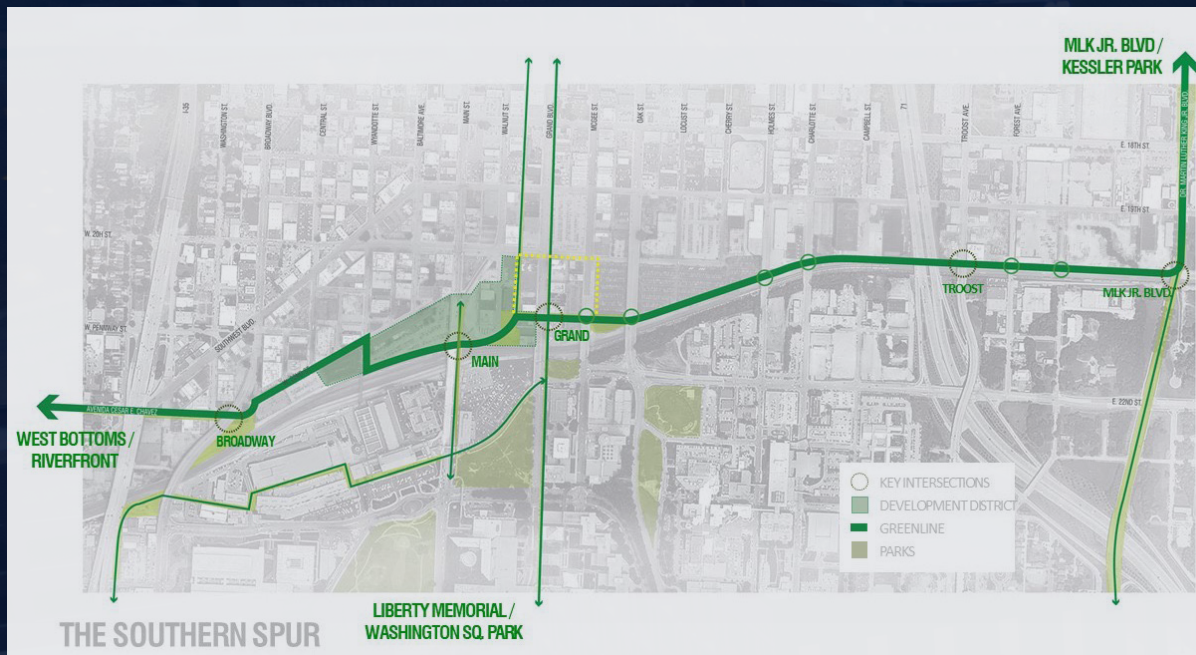


SOUTH LOOP LINK:

- Kansas City officials have announced their intent to cap a four-block stretch of Interstate 670 to create a new \$200 million+ green park that would link the Crossroads District and the Central Business District.
- The planned park will bring a spectacular green space downtown. The park's tentative concepts include a walking trails, playgrounds, arts and amphitheater programming, a dog park, entertainment, and unique food & beverage offerings, etc.
- Engineering studies are under way and groundbreaking is expected to occur in 2024.

GREENLINE

- The Greenline is a proposed new 10-mile loop that will circle downtown, inspired by the High Line in New York, and the Beltline in Atlanta.
- Designed to connect neighborhoods, add walkability and spur development, 2001 Walnut will be both a primary trailhead as well as a destination point. People can park and ride the streetcar or park and walk the Greenline.
- Organizers are currently seeking federal funding and the initial phase is projected to be completed in the next few years.
- The Greenline Recreational Path Trailhead with Outdoor Sculpture and Dog Parks is planned to be within a block of 2001 Walnut.



#8

Eighth-Hottest US
Job Market
(WSJ, 2022)

#3

Hottest real estate
market
(Zillow, 2023)

Top 10

Best business climate
(Business Facilities, 2022)

#10

Best city for foreign
investment
(Financial Times and
Nikkei, 2022)

WHY KANSAS CITY?

- Rising national metro area:
 - 18% population growth rate for the KC MSA since 2010, vs 3.1% for the Midwest
 - Panasonic \$4B battery plant and Meta's \$800M hyperscale data center project
- New \$1.5B Kansas City International Airport (opened February 2023).
 - New Kansas City Airport is Ranked No. 1 in the US (Travel Awaits, 2023)
- Downtown has fastest growing population in the metro

KC NATIONAL ACCOLADES

KC named #3 city to visit in the U.S. by Travel Awaits (2022)

- <https://www.msn.com/en-us/travel/tripideas/our-12-favorite-cities-to-visit-in-the-u-s/ar-AAXAUQ0>

KC named as one of The 23 Best Places to Go in the U.S. in 2023- Conde Nast (2022)

- <https://www.cntraveler.com/story/best-places-to-go-in-the-us-2023>

KC Named Top 10 for Net Pandemic Migration Gains (2021)

- The Kansas City region ranks No. 8 among 38 major metros for the largest migration gains since the start of the pandemic. Top regions listed offer strong affordability, manageable housing prices and spacious geography (2021)

- Source: LinkedIn

The Kansas City area has the third fastest growing tech market, only outpaced by San Francisco and Austin (2021)

- Source: CompTIA Cyberstates

#7 Hottest Real Estate Markets of 2023

- Zillow (2023)

#1 Kansas City is No. 1 Location Worldwide for a Workcation

- Icelandair (2022)

DOWNTOWN DEVELOPMENT



DOWNTOWN IS ON THE RISE

\$9.2B

Development completed or under construction in Downtown KC since 2005

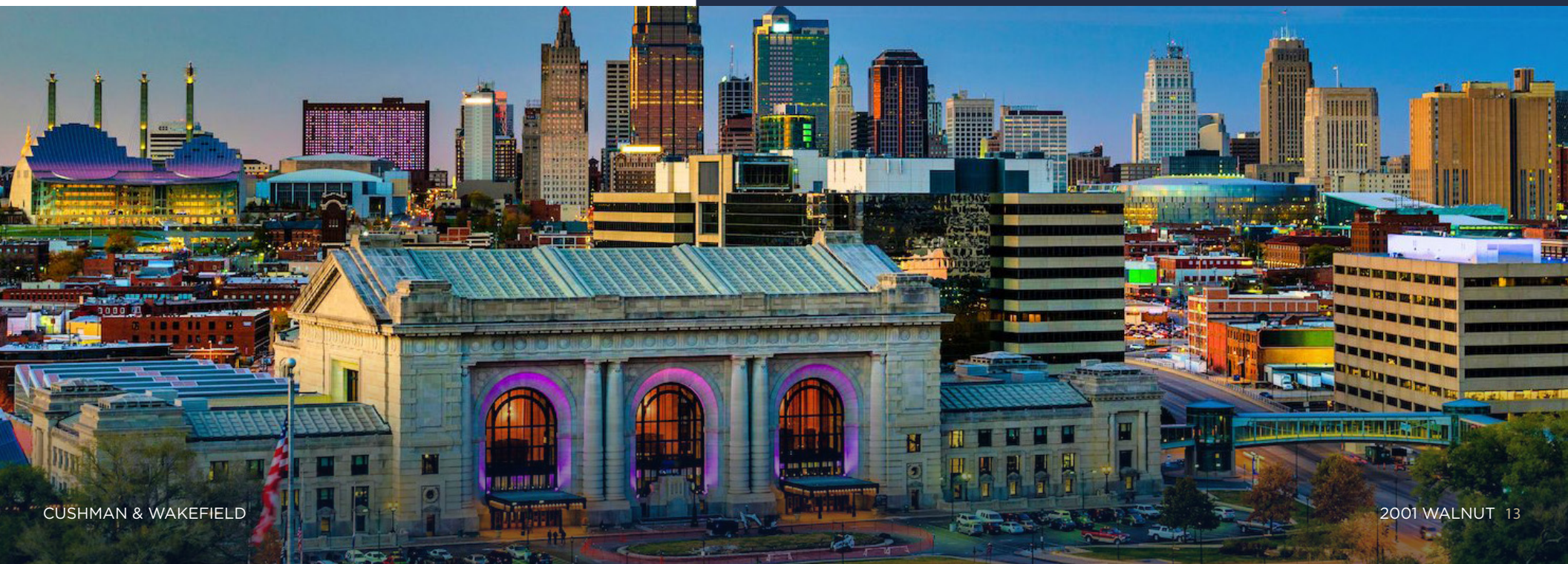
\$3.1B

Development planned for Downtown KC in next couple years

113,531

Downtown employees

Home to KC's top restaurants including three James Beard Award winning chefs within 3-blocks of 201 Walnut



COMPANIES LOCATED IN DOWNTOWN KANSAS CITY



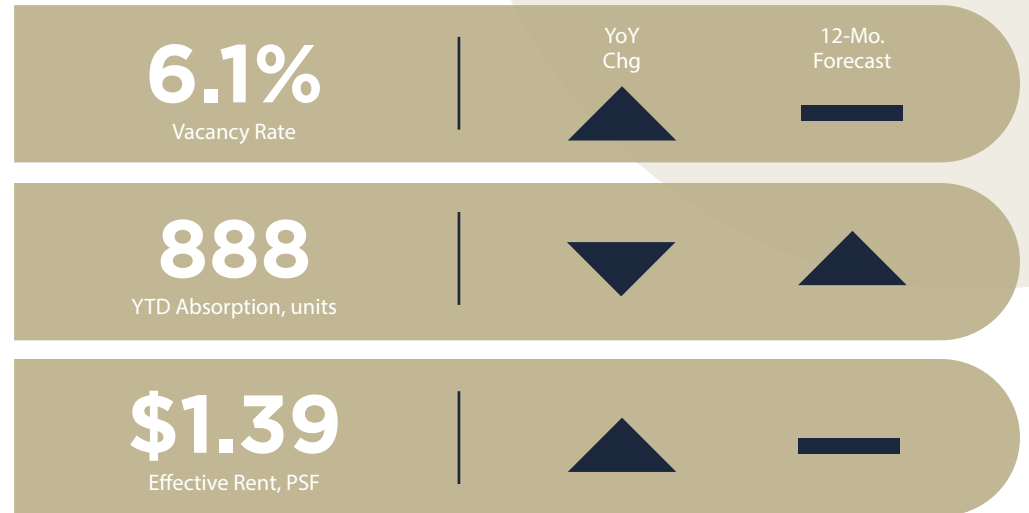
COMPARABLE MULTIFAMILY PROPERTY RENTS:

- One Light: \$2.35 psf (delivered 2015)
- Two Light: \$2.97 psf (delivered 2018)
- Three Light: \$3.26 psf (delivered 2023)

MULTIFAMILY OVERVIEW

ECONOMIC OVERVIEW

For the past several years, the local economy has been powered by job growth. Since the pandemic recovery began, Kansas City has maintained an unemployment rate well below the national level and at times so low that the lack of available workers had the potential to be a major drag on growth. The Federal Reserve Bank has long defined “full employment” as an unemployment rate of 5.0%, so the local market remains tight. Yet this is still a noticeable step up in worker availability over the past couple of years, where the local unemployment rate has dipped as low as 2.3%. The Kansas City metro area added 6,300 jobs over the last 12 months and forecasts call for that growth to continue.



PRICING: Rent Growth and Occupancy

*(Overall, All Property Classes)
Source: Yardi*

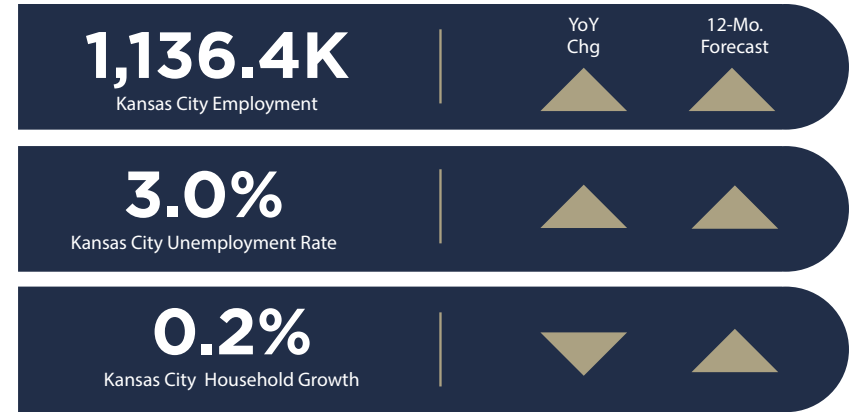
In 2022, effective rates in both Kansas City and nationally rose rapidly. While those rates slowed in 2023, they remained high. In the second quarter of 2022, the growth of local effective rates reached a high of 14.3% year-over-year (YOY) and since then that number has come down each quarter, reaching 4.3% in the first quarter of 2024. In fact, the average effective rate for a unit in Kansas City over the first three months of the year was \$1,299, down \$1 from the previous quarter. Such a small move hardly qualifies as statistically relevant, and on a per-unit basis the average effective rate in Kansas City is up 13.1% compared to two years ago and on a per-square-foot (psf) basis it is up 10.3%.

Not surprisingly, the vacancy rate in Kansas City has been creeping up over as rents have risen. In the first quarter of 2022, the vacancy rate reached a low of 2.9%, driven in part by pent up demand from the challenges of 2020 and 2021. Since then, the rise in vacancy has followed the trend of rental rates, although not as dramatically. The market saw a substantial number of new deliveries in 2023 and as those are absorbed the vacancy rate should drop. It is also worth noting that there can be seasonality factors in the multi-family market and the second quarter has a positive history. In 2019, the last pre-pandemic year, the vacancy rate fell from 5.5% in the first quarter to 4.5% in the second quarter.

INVESTOR ACTIVITY: Continued Interest in High-End Properties

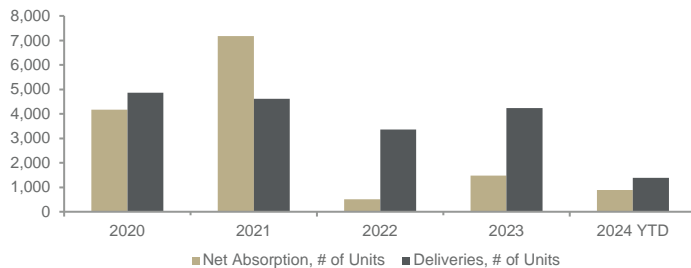
Investment activity in the market was slow in the first quarter, marking the third quarter in a row where volume in both dollars and units was subdued. Kansas City saw an explosion of investment activity in 2021 and 2022. In 2021, the market set a record for total dollar volume and in 2022 that was shattered by 64.9%. One factor is a lack of product ready to come to market in submarkets such as Central Kansas City and Johnson County submarkets, but higher quality assets in the Jackson County suburban submarkets have started to generate investor interest.

ECONOMIC INDICATORS Q1 2024

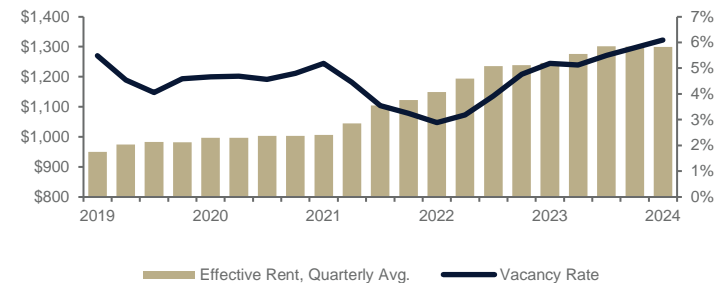


Source: BLS, Census Bureau, Moody's Analytics 2024Q1 Data are based on latest available data.

DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET DRIVERS

- Central Kansas City has seen a large number of conversions to multi-family over the past decade, but it is unlikely that trend will continue in the immediate future.
- As work on the KC Streetcar continues, sites along the line that will run from Crown Center to the Plaza remain in high demand for multifamily development.
- If the Federal Reserve Bank does drop interest rates in the second half of the year, investor activity could pick up quickly.

MARKET STATISTICS

SUBMARKET	INVENTORY (UNITS)	YTD DELIVERIES (UNITS)	YTD % INVENTORY GROWTH	UNDER CONSTRUCTION (UNITS)	YTD NET ABSORPTION (UNITS)	VACANCY RATE	YOY VACANCY RATE CHANGE	AVG EFFECTIVE RENT / UNIT	AVG EFFECTIVE RENT PSF	YOY % EFFECTIVE RENT GROWTH
Central Kansas City	29,555	391	2.6%	1,613	419	6.9%	0.9%	\$1,478	\$1.76	1.8%
Clay County	21,916	235	2.3%	435	178	5.8%	0.7%	\$1,156	\$1.24	4.5%
Independence/East Kansas City	15,256	39	0.3%	236	(74)	7.9%	1.6%	\$1,111	\$1.31	4.9%
Lee's Summit/Blue Springs	15,266	-	0.5%	323	(36)	6.3%	0.1%	\$1,257	\$1.35	3.9%
North Overland Park	13,216	-	0.4%	499	(44)	5.8%	1.3%	\$1,313	\$1.39	3.7%
Olathe/Gardner	11,167	486	10.5%	313	448	3.7%	0.5%	\$1,311	\$1.44	6.1%
Platte County	10,380	20	1.9%	200	(32)	5.8%	0.1%	\$1,218	\$1.32	4.0%
Shawnee/Lenexa/Mission	17,208	-	0.2%	1,153	(100)	4.7%	0.7%	\$1,392	\$1.41	6.3%
South Kansas City/Grandview	18,670	143	6.6%	129	172	8.3%	1.6%	\$1,045	\$1.12	7.3%
South Overland Park	20,699	-	0.0%	831	(129)	5.9%	1.3%	\$1,510	\$1.51	3.7%
Wyandotte County/Leavenworth	13,532	69	2.1%	775	86	6.5%	0.6%	\$1,090	\$1.28	3.5%
Total	186,865	1,383	2.3%	6,507	888	6.1%	0.9%	\$1,299	\$1.39	4.3%

*Rental rates reflect full service asking

KEY SALES TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	SELLER / BUYER	UNITS	PRICE / \$ UNIT
Juniper Gardens	Wyandotte County/Leavenworth	HAKC / Expo Real Estate Holdings	390	N/A
Madison Overland Park	South Overland Park	Equus Capital Partners / Archstone Capital	202	N/A
Village Woods Estates	Wyandotte County/Leavenworth	Urban Village / Axiom Property Management	108	N/A
Soho West Lofts	Central Kansas City	Master Realty Props / Ives Dairy Shoppes	55	N/A

**Renewals not included in leasing statistics

KEY CONSTRUCTION COMPLETIONS Q1 2024

PROPERTY	SUBMARKET	UNITS	OWNER / DEVELOPER
Legends 267	Wyandotte County/Leavenworth	275	KKR
Twin Creeks	Platte County	220	Red River Development

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