



KANSAS CITY, MO

PLUM LENDING MARKET SPOTLIGHT

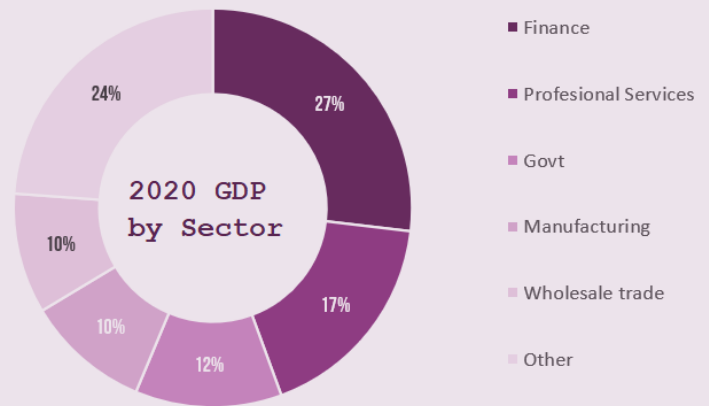


PLUM LENDING MARKET SPOTLIGHTS ARE INTENDED TO GIVE INVESTORS AND BORROWERS A DETAILED OVERVIEW OF THE INFORMATION THAT IS ALLOWING PLUM TO PLACE COMMERCIAL REAL ESTATE DEBT IN GROWING MARKETS

PLUM MARKET SPOTLIGHT - KANSAS CITY, MO

- The Kansas City MSA has a 2020 Census population of over 2,192,000 with a median age of 37.7 (2019). Kansas City, MO is ranked within the top 60 of U.S. News & World Report's 2021-2022 Best Places to Live.
- The Kansas City airport is undergoing the single largest infrastructure project in the City's history. The \$1.5 BN project is set to open in early 2023 and will be replacing three terminals with a single, modern terminal. The single terminal will be comprised of 39 gates.
- The median household income in 2019 was \$70,215, representing a 30% increase from 2010, or a CAGR of 3.44%.
- In 2021, Amazon opened four new developments in the metro, including a \$110 MM, 1.08M SF development at the Scannell 435 Logistics Center.
- The unemployment rate for the MSA is 3.4% (December 2021) and is expected to reach pre-pandemic levels (3.2%) before Q2 2022. The metro is defined in PWC's 2022 Emerging Trends in Real Estate Report in its Determined Competitors subcategory, which are regionally strong markets that have been successfully revitalizing their downtowns and neighborhoods.
- Kansas City, MO holds a AA- credit rating from Fitch

2010-2020 YOY GDP Growth



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Commercial Real Estate Trends:

Multifamily: The Kansas City Metro has seen multifamily rents increase by approximately 2-3% annually over the past ten years. However, in the past four quarters, market rents throughout the metro have increased at a much faster clip (5-7%). This sharp increase in market rental rates can be attributed to a variety of factors, including rising wages throughout the metro and median home values increasing from \$159,900 in 2015 to approximately \$215,000 in 2021. Home prices in the Kansas City MSA have continued to accelerate since the onset of the coronavirus pandemic, forcing some potential homeowners to continue to rent.

Another factor that has attributed to the increased rent growth in the Kansas City multifamily market is the continued delivery of newer, Class A properties at higher rents. Over the past 12 months, approximately 5,000 multifamily units have been delivered across the metro. 520 East (110 units), Villas at Waterside (298 units), and Converge KC (213 units) are three Class A properties that were delivered within the past 12 months.

Overall, Kansas City remains one of the most affordable mid-size cities in the country. Market rent throughout the metro is approximately \$1,100/unit. Asking rents at some of the recently delivered Class A properties are approximately:

- Studio: \$995+ (Converge KC)
- 1BD/1BA: \$1,295+ (Converge KC)
- 2BD/2BA: \$1,669+ (Villas at Waterside)

Retail: The retail market in Kansas City has regained its footing after an assortment of city-wide restrictions plagued growth for the past two years. Annual rent growth has remained below 2.5% for the past four quarters, illustrating a slower growth rate than what has been seen in Kansas City's multifamily and industrial sectors.

One area of the Kansas City retail market that has thrived throughout the past two years is fast food. Due to the recent success, many of these chains and operators have expanded their store count in the MSA. Fast food chain Whataburger currently has three locations in Kansas City with 12 more locations slated to be opened within the next 18 months. Eight of the 12 locations are being opened by KMO Burger, a new investor-led Whataburger franchise group that includes Patrick Mahomes II.



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Sales Activity:

On December 30th, Villas at Ridgeview Falls (11835 S Fellows St) sold for \$65,550,000 (\$276k/Unit) on a 4.25% cap rate. The transaction was financed with a \$39,000,000 loan from New York Life. Villas at Ridgeview Falls was built in 2020 and consists of 237 units. The property is situated on 8.58 acres and has amenities such as a pool, gym, rooftop terrace, and more.

On December 7th, One Renner Ridge sold for \$22,600,000, or approximately \$194/SF. The 116,540 SF office building was built in 2000 and is situated on 8.00 acres of land. Tenants at the property include St John Health, TouchNet, GBA, and more.

Development Activity:

Three Light Luxury Apartments

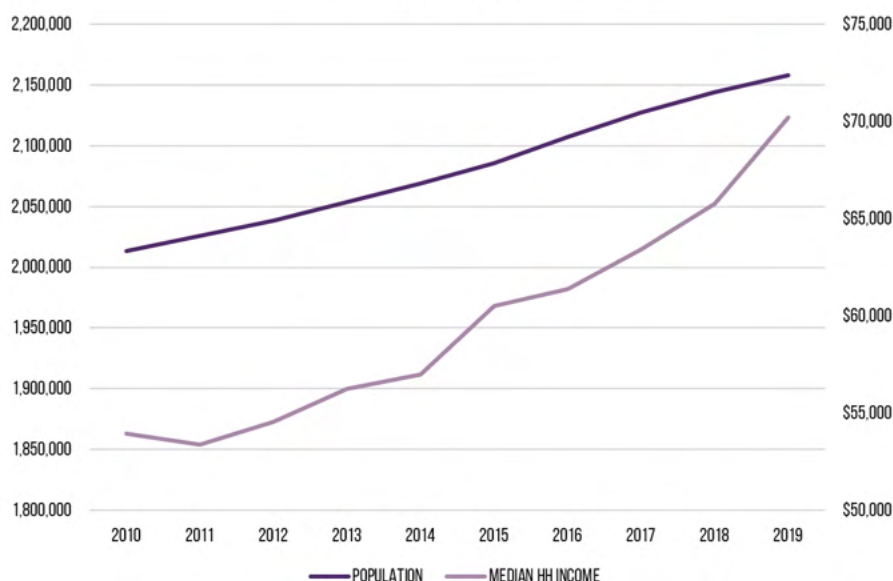
- 26-Stories
- Class A
- Expected Delivery: Q3 2023

West Plaza Flats

- 5-Stories
- Expected Delivery: September 2022

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