

205 W 9TH STREET

DOWNTOWN KANSAS CITY, MISSOURI



Prime Downtown Development Site

OFFERING MEMORANDUM



205 W 9TH STREET

DOWNTOWN KANSAS CITY, MISSOURI

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PROPERTY DESCRIPTION

Address: 205 W 9th Street, Kansas City, Missouri

Site size: .636 acres (\pm 27,714 SF)

Price: \$3,100,000 (\$112 PSF)

Zoning: DC-15 (Downtown Core: High Density)



1

Rare Downtown Development Site



2

Just two blocks from 9th & Main streetcar stop



3

Conveniently walkable to some of KC's finest restaurants and bars, as well as the Convention Center and the Power & Light District



4

Outstanding potential for residential, hotel, or mixed-use development



5

Downtown Core District zoning regulations are primarily intended to accommodate a broad mix of high density residential, office, commercial, and entertainment uses



6

Located in the charming Library District

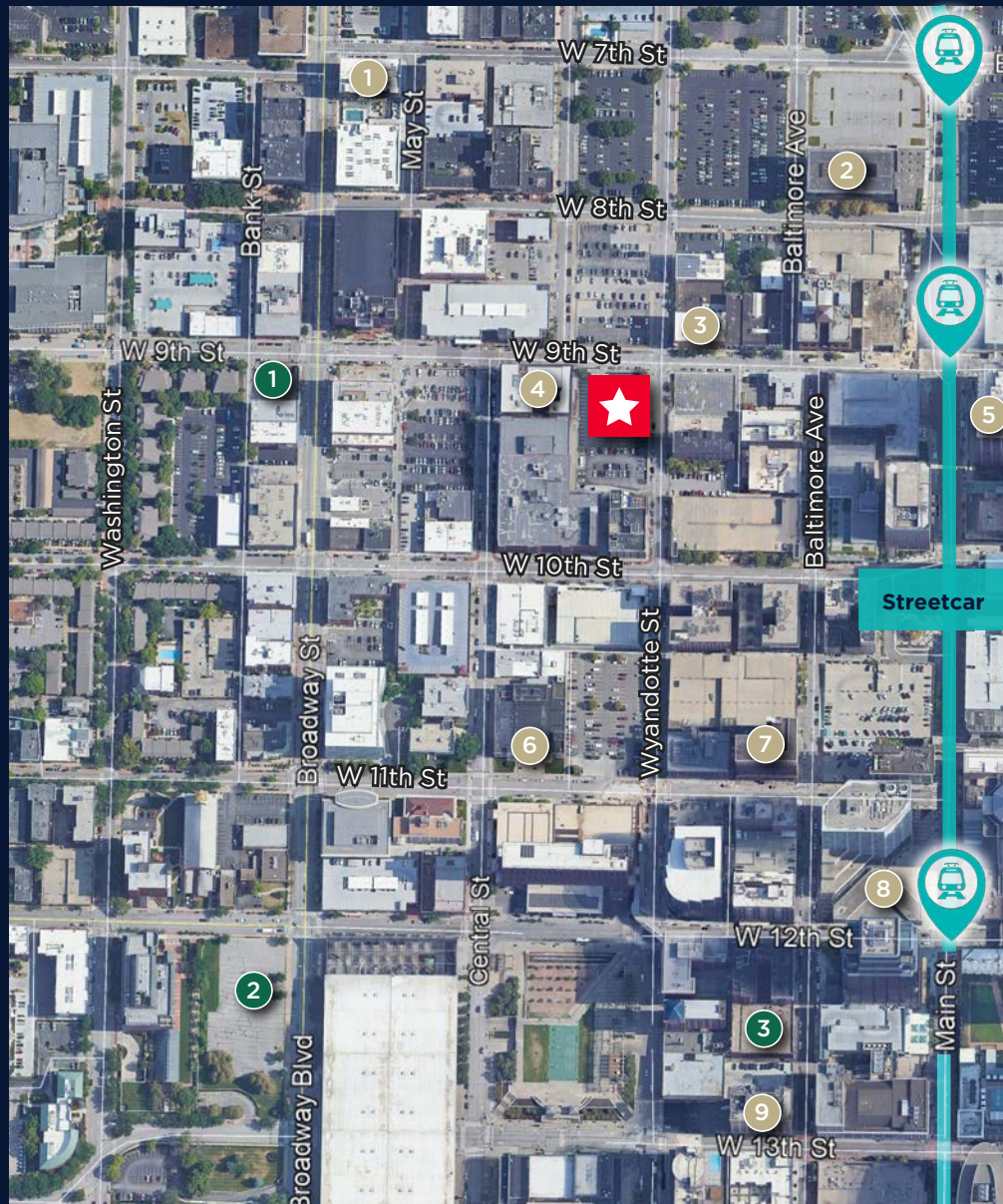
SOUTHEAST FACING AERIAL



PROPOSED/RECENTLY COMPLETED DEVELOPMENTS

Proposed/Under Construction Development Projects

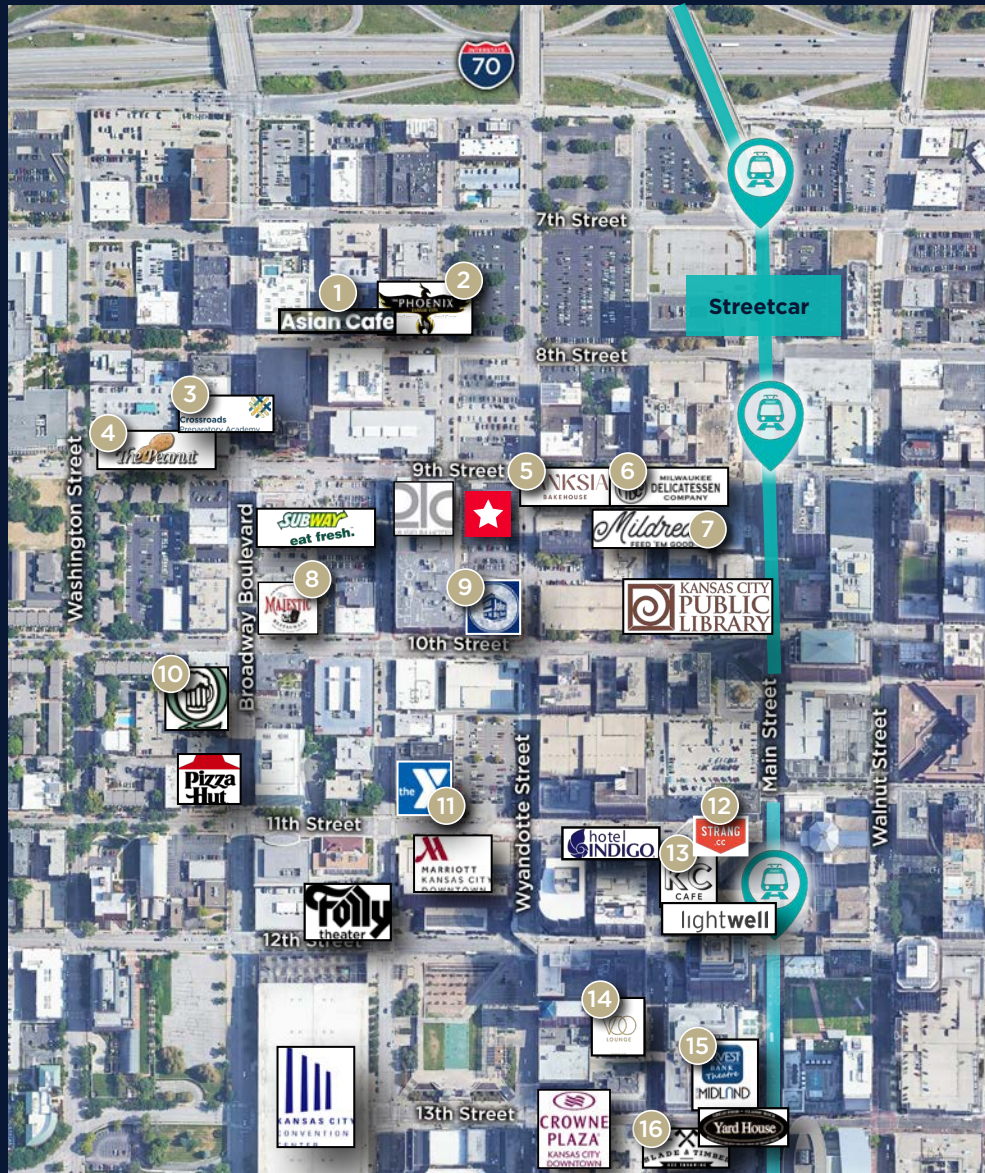
1. Hyatt House - 900 Broadway Blvd (\$40M new construction hotel, 154 rooms)
2. Canadian Pacific Kansas City Railroad HQ expansion & mixed-use development - 1200-1210 Broadway
3. Muehlbach redevelopment - 1212 Baltimore Avenue (\$29.8M project, 190 units)



Recently Completed Developments

1. Roaster's Block Apartments - 701 Broadway Blvd (\$36M Project, 146 units)
2. Flashcube Apartments - 720 Main Street (\$70M Project, 184 units)
3. New England Building Apartments - 112 W 9th Street (\$9M project, 32 units)
4. 21c Museum Hotel - 219 W 9th Street (\$50M project, 120 room boutique hotel)
5. Commerce Tower - (\$139M project, 355 units)
6. New Downtown YMCA - 222 W 11th Street (\$36M project)
7. The Mark Apartments - 106 W 11th St. (\$60M project, 222 units)
8. Lightwell/WeWork - (660,000 SF, \$60M project)
9. Hotel Kansas City - 1228 Baltimore Avenue (\$59.5M project, 144 rooms)

NEARBY AMENITIES



Local Amenities

1. Asian Café
2. The Phoenix Jazz Club
3. Crossroads Preparatory Academy
4. The Peanut Bar & Grill
5. Banksia Bakehouse Bakery
6. Milwaukee Delicatessen
7. Mildred's Coffeehouse
8. The Majestic Restaurant
9. John's Big Rooftop Deck Bar & Grill
10. Quaff Sports Bar & Grill
11. New YMCA
12. Strang Chef Collective
13. Made in KC Café & Store
14. Voo Lounge
15. Arvest Bank Theatre at the Midland
16. Blade & Timber Axe Throwing

CATALYTIC PROJECTS



STREETCAR

- 205 W 9th Street is located just two blocks from the stop at 9th & 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 205 W 9th Street with unparalleled front door access to all the major sites in Kansas City's urban core.





ROYALS' PLANNED DOWNTOWN BASEBALL STADIUM:

- The Kansas City Royals (Major League Baseball team) have announced their intention to relocate their stadium to the Crossroads by 2028. 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 \$217 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.

#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

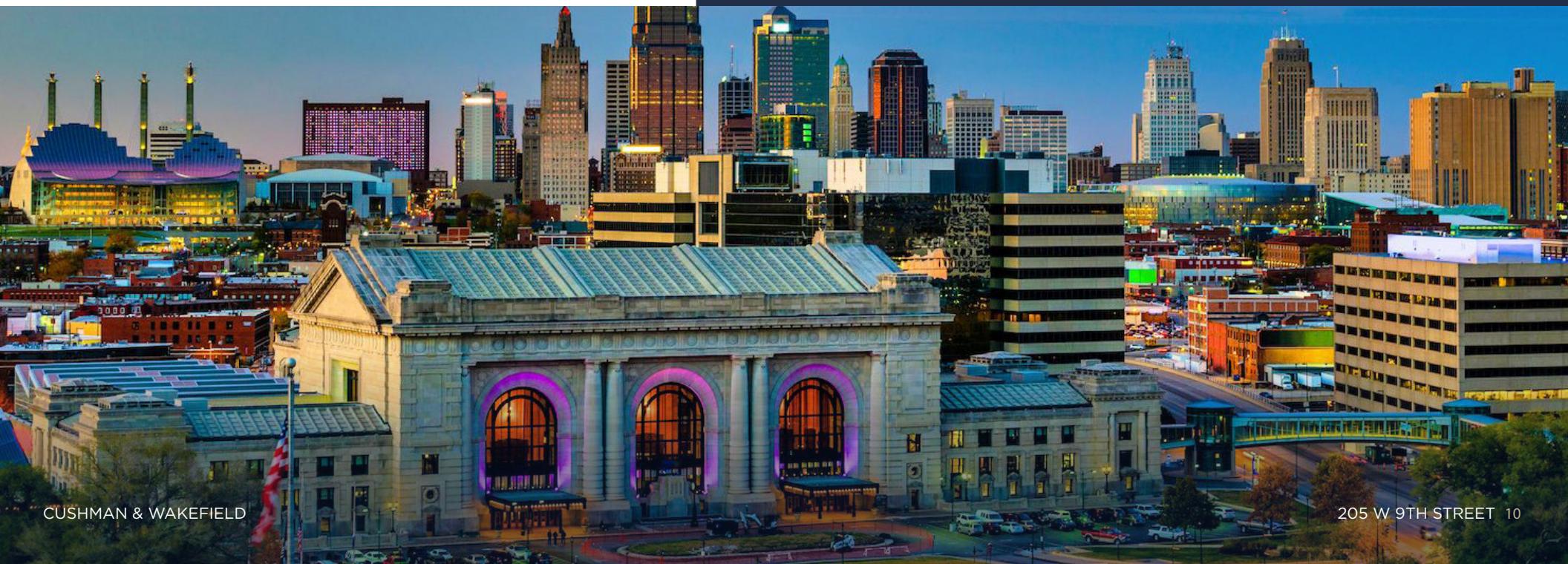
Development completed or under construction in Downtown KC since 2005

\$3.1B

Development planned for Downtown KC in next couple years

113,531

Downtown employees



COMPANIES LOCATED IN DOWNTOWN KANSAS CITY

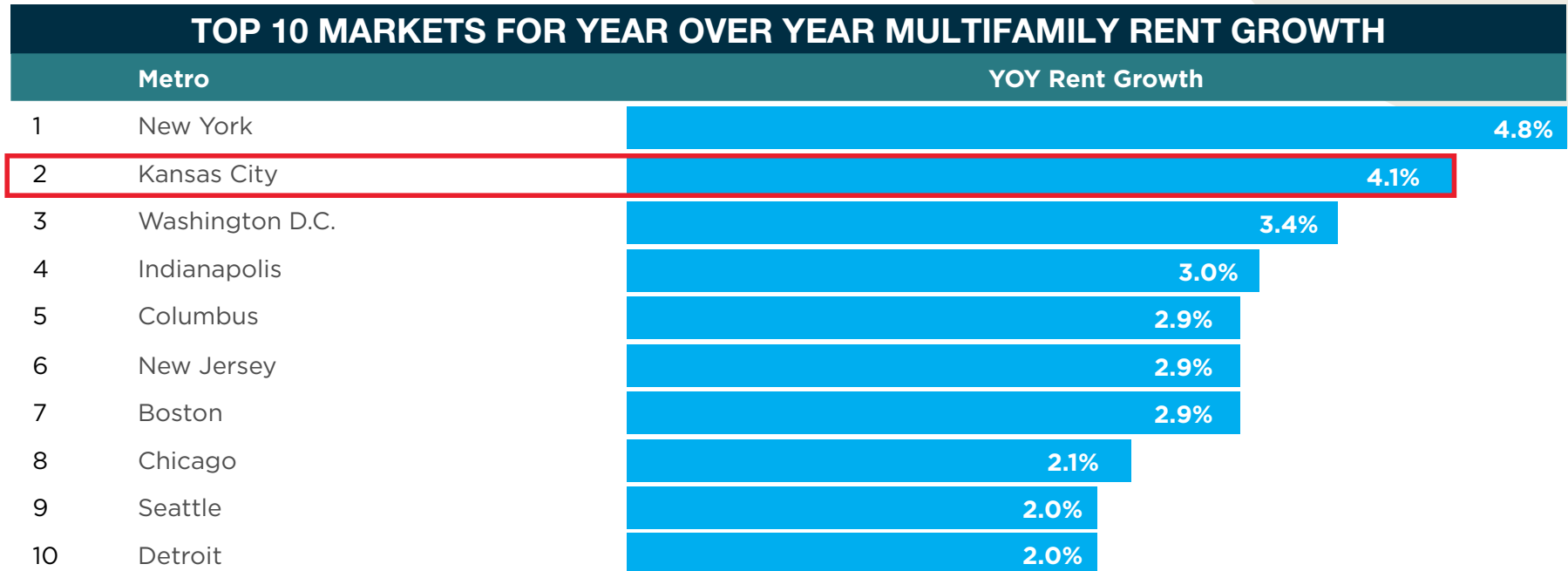


COMPARABLE MULTIFAMILY PROPERTY RENTS:

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

MULTIFAMILY OVERVIEW

KANSAS CITY MULTIFAMILY RENT GROWTH:



Source: <https://www.yardimatrix.com/blog/national-multifamily-market-report/#:-:text=Leaders%20in%20rent%20growth%20remained%20gateway%20cities%20in,%28-3.4%25%29%2C%20Phoenix%20%28-2.9%25%29%20Orlando%20and%20Atlanta%20%28both%20-2.7%25%29.>

KANSAS CITY APARTMENT DEMAND INCREASES IN 2024:

Improving conditions such as increased demand and pressure from new construction slowing, have increased multifamily rent growth across the Kansas City metro market to 3.2%.

Kansas City's multifamily rent growth was the second highest in the nation last year among multifamily markets with at least 75,000 units of inventory.

At the end of 2024, the vacancy rate was 7.9%, a 90-basis point improvement from the prior year, as all three property segments saw vacancy decline.

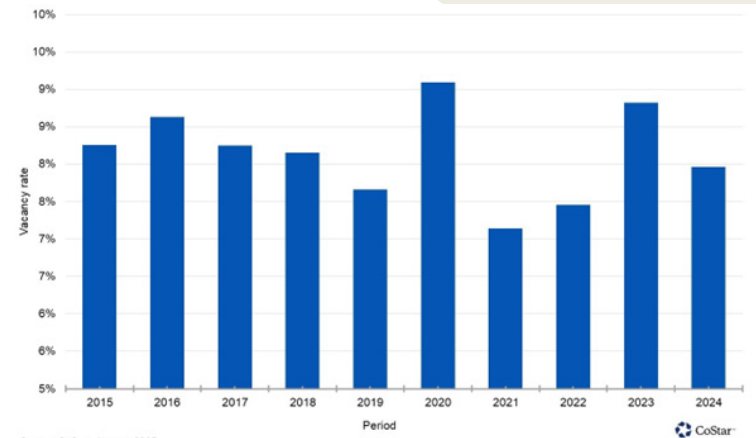
Increasing demand saw absorption; the difference between move-in and move-outs reached 5,100 units last year, an improvement of nearly 130% from 2023's total and the second-highest amount in the past 10 years.

The largest increase in demand occurred among three-star properties as consumer sentiment continued to rise from its low, and the pace of inflation slowed. These properties totaled just over 1,600 units of absorption in 2024, a nearly 550% improvement from the previous year.

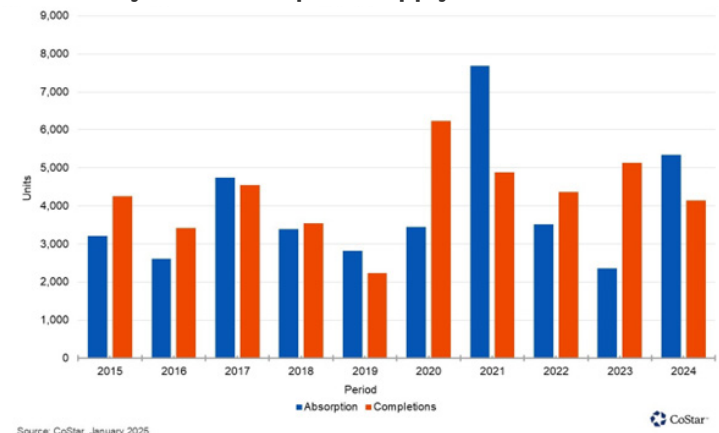
This rise in demand pushed the vacancy rate among three-star properties down to 7.8%, a 70-basis point improvement from 2023's year-end number.

Along with rising demand was a slowing development pipeline. With borrowing costs up and tighter lending requirements, construction fell to 4,144 units last year, the lowest annual total since 2019. This is a 9% decline from the market's average over the past five years.

Kansas City apartment vacancies improved in 2024

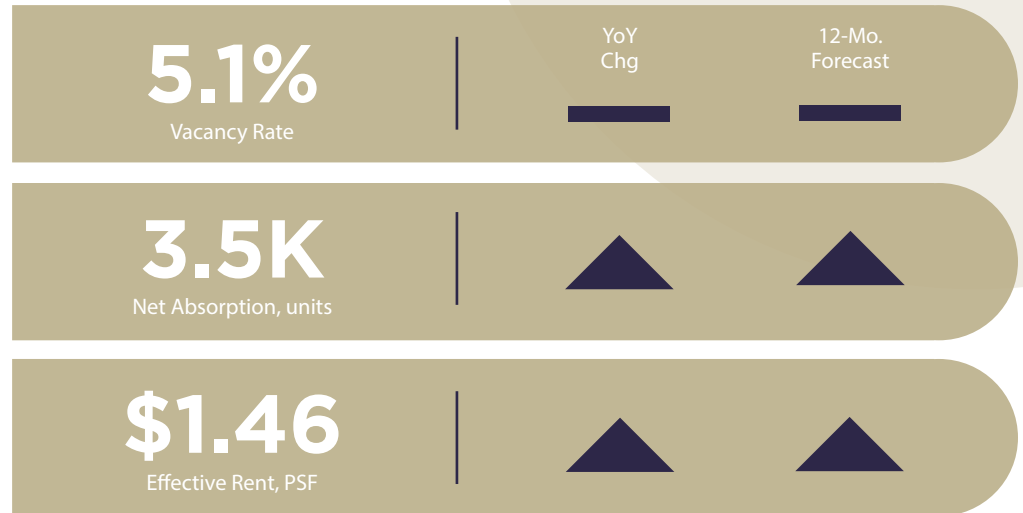


Kansas City demand outpaces supply for the first time since 2021



ECONOMY:

The year-over-year increase in Kansas City's total employment was 1.3% at the end of the third quarter, slightly below the national level of 1.5%. However, the unemployment rate in Kansas City remains lower than the national average by a decent amount—3.4% compared to 4.1%—and the prospects for a continued increase in local jobs remain strong. The local labor market, which is a critical component in the success of multifamily real estate, remains strong. Kansas City has significant development projects underway in multiple economic sectors, which points to continued job growth.



(Overall, All Property Classes)
Source: BLS

PRICING:

Pricing around the market has normalized. The year-over-year effective growth rate was 4.8%, down from 5.5% a year ago and 10.6% the year before that. Stable annual rent growth of between 2.0% and 3.5% is a reasonable expectation moving forward.

SUPPLY AND DEMAND:

From a demand perspective, the Kansas City performed well over the first nine months of the year, with absorption of 3,500 units outpacing the delivery of 2,500 units. The year-over-year vacancy rate was essentially unchanged at the end of the third quarter but was roughly 70 basis points (bps) lower than it had been at the end of 2023. Seasonality plays a factor in that, although the market is going through a bit of ebb and flow following 24 months of aggressive rent growth.

Looking at the pipeline, there was a healthy number of units under construction at the end of the third quarter. One potential area for additional growth is Shawnee/Lenexa/Mission, which had a little over 1,000 units under construction but is a likely site for housing to support the 4,000 employees for Panasonic's new manufacturing facility in De Soto, KS that will come online in 2025. The Olathe/Gardner submarket, which had almost no construction activity at the end of the third quarter, could also see new projects focused on attracting those employees.

ECONOMIC INDICATORS Q3 2024

1,151.9K

Kansas City Employment

YoY
Chg



12-Mo.
Forecast



3.4%

Kansas City Unemployment Rate



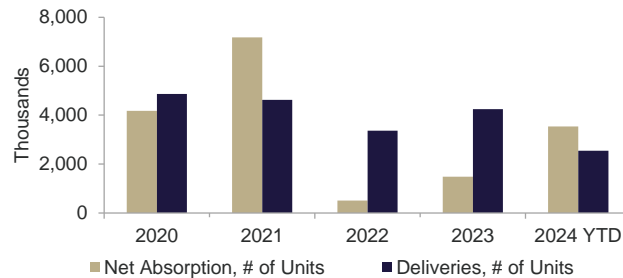
1.1%

Kansas City Household Growth

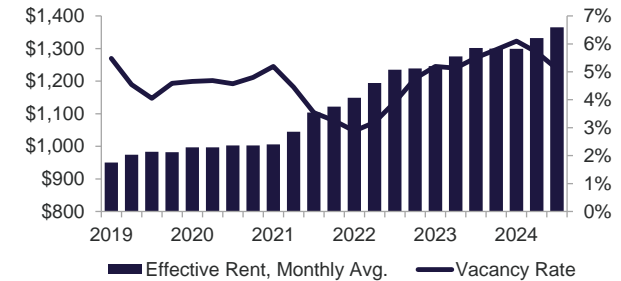


Source: BLS

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	29,741	577	2.0%	1,847	357	7.5%	1.3%	\$1,591	\$1.87	6.5%
Clay County	22,058	376	1.7%	636	415	5.4%	0.0%	\$1,188	\$1.26	3.8%
Independence/East Kansas City	15,492	275	1.8%	240	350	6.7%	0.9%	\$1,178	\$1.39	4.0%
Lee's Summit/Blue Springs	15,266	-	0.0%	791	97	5.6%	-0.8%	\$1,313	\$1.40	3.9%
North Overland Park	13,216	-	0.0%	649	203	4.0%	-0.9%	\$1,377	\$1.46	4.9%
Olathe/Gardner	11,289	608	5.7%	15	662	2.9%	-0.4%	\$1,385	\$1.53	9.7%
Platte County	10,600	140	1.3%	444	194	4.7%	-0.5%	\$1,271	\$1.38	3.3%
Shawnee/Lenexa/Mission	17,296	88	0.5%	1,065	225	3.4%	0.1%	\$1,456	\$1.48	5.1%
South Kansas City/Grandview	18,799	272	1.5%	283	629	6.5%	-0.8%	\$1,068	\$1.14	6.6%
South Overland Park	20,721	22	0.1%	809	218	4.3%	0.1%	\$1,613	\$1.62	5.3%
Wyandotte County/Leavenworth	13,652	189	1.4%	656	186	6.5%	0.2%	\$1,116	\$1.32	0.7%
Total	188,130	2,547	1.4%	7,435	3,536	5.1%	0.0%	\$1,365	\$1.46	4.8%

KEY SALES TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	YEAR BUILT	AVG SF PER UNIT	UNITS
Summit Ridge	Lee's Summit/Blue Springs/Raytown	2001	952	432
Gallerie Apartments	Central Kansas City	2020	889	418
The Donovan	Lee's Summit/Blue Springs/Raytown	2020	926	327
Altitude 970	Platte County	2017	988	291

KEY CONSTRUCTION COMPLETIONS Q3 2024

PROPERTY	SUBMARKET	DEVELOPER	AVG SF PER UNIT	UNITS
Clearing at ONE28	Olathe/Gardner	Block Real Estate Services	1,011	318
Cendana Olathe	Olathe/Gardner	Davis Development	1,118	285
Ora	Clay County	Milhaus	930	275
Adirondack	Independence/East Kansas City	Case & Associates	1,089	275

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