

CCIM

Kansas City
CCIM Chapter

**KANSAS CITY'S
COMMERCIAL
REAL ESTATE
DEALMAKERS
2023**

CERTIFIED COMMERCIAL INVESTMENT MEMBERS

CCIM Kansas City President's message for 2023

Welcome to the Kansas City Chapter of Certified Commercial Investment Member (CCIM) annual Real Estate Report in partnership with our longtime sponsor, the Kansas City Business Journal. This insert features timely articles written by local CCIM designees who are experts in their field about a variety of topics and challenges facing our industry today.

With an ever-evolving commercial real estate industry, it's never been more important to find new ways to stay informed, connected, and educated to stay ahead of changing times. For me, that's been CCIM. Since I obtained my designation 11 years ago, I've found CCIM to continue to offer timely speakers, networking events and best in class educational opportunities.

The CCIM Institute was formed in 1954 to give commercial real estate professionals the tools and expertise needed to differentiate us in our profession through a



ADAM P. ABRAMS, CCIM
Board President
CCIM - Kansas City

Senior Vice President
LANE4 Property Group

focus on education, networking and fostering local and national relationships through the CCIM network.

Today, with the addition of advanced technology tools, CCIM is the global leader in commercial and investment real estate education and services. The coveted CCIM designation is held by less than ten percent of commercial real estate professionals in every state, across Canada and Mexico, and in 24 countries, making them the go-to experts in their respective markets. The designation is recognized as a hallmark of professional competency, affords members an undisputed competitive advantage, and is often described as an 'MBA

in commercial real estate'.

The Kansas City chapter of CCIM is one of the largest and most active in the country with over 250 local members, providing personal, professional and business development through regular monthly meetings, social networking events, quality real estate education and candidate guidance. Please note you do not need to hold a CCIM designation (or even be pursuing the designation) to be a member of the Kansas City chapter and enjoy membership benefits.

If you want to learn more about earning the CCIM designation, I encourage you to attend one of our future events and visit our website. You can receive most of this training locally as the Kansas City CCIM chapter offers all four of the core curriculum courses annually on a two-year cycle. This year we are offering CI 102, CI 104, and Commercial Real Estate Negotiations. Please

visit ccimkansascity.com to check class schedules and register for upcoming events.

Lastly, I would like to thank all our individual chapter members and partners for your continued support over the years. Many of these partners have been supportive of our local CCIM chapter for many years. These annual partners include First National Bank of Omaha, the Kansas City Business Journal, Q10 Triad Capital Advisors, First American Title, UES Consulting Services, Miller Stauch, KC Real Estate Law, and Treasure Advertising.

We're grateful for the event and member sponsors along with individual chapter members who support our chapter and enjoy member benefits. Without our partners and members we would not be able to offer the Kansas City commercial real estate community the robust networking and events we have to date.

Agency update for apartment lending in U.S.

With the rise in bank rates and CMBS/bridge lenders on the sidelines, multifamily lending continues to be dominated by agency lenders — Fannie Mae, Freddie Mac and FHA/ HUD — with loan volume exceeding \$166 billion for 2022. The Federal Housing Finance Agency (FHFA) released Fannie Mae and Freddie Mac's new 2023 caps of \$75 billion, a 4 percent decrease from the 2022 level of \$78 billion.

Life companies come into play for lower leverage deals but the friendly loan docs, assumability and ability for supplemental financing during the loan term makes agency lending the fan favorite. The agencies offer a myriad of programs for borrowers that includes loan terms from 5-20yrs, tiered leverage with rate reduction as leverage goes down, flexible pre-payment programs, generous interest only, and most recently, the ability to provide 35-year amortizations for <65% LTV deals. Another competitive aspect of Fannie Mae and Freddie Mac is their ability to early rate lock. Both have programs that will allow rate lock with 1-2 weeks of a signed application to eliminate interest rate risk in today's volatile rate environment.

The agencies continue to focus on providing financing and market liquidity to properties deemed mission driven or naturally

affordable housing. In essence, they compare the asset's rents to the average median income in the area. The lower the rents are, compared to the median income, the higher mission driven and therefore, the lower the rates and better the loan terms will be offered. For naturally affordable deals, there are no title or lender restrictions on rent. They simply look at the rent roll at origination and run their internal calculation on percentage of naturally affordable. The primary mission for the agencies is to provide financing for affordable housing across the country. In general, look for Fannie Mae, Freddie Mac and HUD to get very competitive on pricing when it comes to stabilized or near stabilization, high mission driven or naturally affordable housing.

In addition, Berkadia Small Loan has been extremely active for multifamily loans in the \$1-7.5 million range. We continue to see increased volume in terms of both new loan requests and signed applications since the pre-COVID era. In today's environment, Freddie Mac's Small Balance Loan and Fannie Mae's Small Loan program offers a distinct advantages such as locking rate at application. Both Fannie Mae and Freddie Mac small balance loan programs offer 5-20-year loan terms with 30 year amortizations.



JOHN SCHORGL, CCIM, MBA
Managing Director
Berkadia

Over the past two years, FHA/ HUD has seen an uptick in deals signed up as the U.S. Department of Housing and Urban Development has revised its policy that previously required three years of post-construction occupancy for multifamily properties when applying for a refinance under the National Housing Act Section 223(f). Now, HUD is accepting applications for refinancing newly built or substantially rehabilitated properties as soon as properties achieve the applicable programmatic Debt Service Coverage Ratio (DSCR) of 1.17x for a minimum of one full month. Lifting the three-year requirement, the new policy will make FHA-insured mortgage financing available to borrowers sooner after construction completion and lease-up. The 35-year term with a 35-year amortization make the 223(f) a very attractive option for cash-out refinances. Additionally, HUD recently announced a revised policy that allows borrowers to have distributions on a monthly basis, previously capped at twice per year.

For 2022, Berkadia finished as the top agency lender in the nation by total loan volume - #1 Freddie Mac Optigo Lender, #2 Fannie Mae DUS Lender and #3 FHA-insured Lender. Both Fannie Mae and Freddie Mac utilized almost the entirety of their \$78 billion caps in 2022, lending \$69 billion and \$74 billion, respectively. In 2023, they are focused on meeting their new mission-driven goals with \$75 billion caps. New business activity in the early weeks of 2023 shows that the GSE's are competing very aggressively. Mission driven business or naturally affordable housing remain the most desirable product for the agencies and we have seen broad pricing reductions targeting this business. The GSE's continue to price opportunistically for all quality business, and we expect pricing adjustments later in the quarter as more deals go to market and the agencies assess the competition and deal flow.

The market does not expect rates to go down in the near future so we anticipate owners locking in lower fixed rates today as much as possible. As the largest agency lender in the nation, Berkadia stands ready to be the best borrower advocate for our clients and aggressively win multifamily lending business via government-sponsored agency programs including Fannie Mae, Freddie Mac and FHA/ HUD.

Mixed-use developments drive today's retail model

The landscape for retail developments has evolved dramatically over the last decade and a half. Prior to 2008 the retail sector was dominated by big box line-ups. Many factors have led to the shift away from big box retail, but none more so than the availability of online shopping driving many retailers to evaluate smaller footprints and more niche in-store product offerings. Add in other factors like the 2020 pandemic where the world shut down and there was a tangible shift in the market. Consumers were ready to break the shackles of being couped up in their homes and get back out into the marketplace - BUT, they were also staying closer to home for their shopping and entertainment. Enter a re-emphasis on mixed-used developments. While not always popular with single-family homeowners, it is no secret that multi-family drives density, particularly in suburban settings. And in turn, that density drives retail! As a retail developer, Drake Development's focus on today's retail model revolves around mixed-use developments –



TARA SMILEY, CCIM
Managing Partner
and Founding Partner
Drake Development, LLC

highly-amenitized apartments and maintenance-free villas coupled with walkable environments and fundamentally sound retail sites. The live, work, play concept is appealing on many levels.

In addition to two golden fundamentals of any retail development – access and visibility – the pandemic instigated major changes that will impact how people interact with the world and do business moving forward. All components of retail developments were re-evaluated at every level. New multi-family complexes are addressing the need for more indoor and outdoor community, leisure and fitness spaces; work pods available for the hybrid workforce; contactless systems (keyless entry, grocery delivery, etc.) as well as adopting upgrades such as electrical vehicle charging stations, green living installations and solar canopies.

Add-in the current interest rates and the increasing popularity of maintenance-free living across all age groups, the demand for multi-family options will remain high in coming years.

Retailers are concentrating their in-store product offerings to ones that generate their highest consumer draw in smaller footprints while offering online purchasing with curbside pick-up. We are also seeing a rise in new(er) concepts with more focused products offerings – pet supply stores, stores focused on locally sourced goods, and service-oriented offerings – fitness-oriented facilities - sprinkled with medical office, such as dental or chiropractic along with everyday staples including coffee shops and grocery stores.

Restaurants, without a doubt, have gone through the most significant of changes coming out the other side of the pandemic. Restaurants that were formally dine-in only or fast-casual now commonly offer drive-through and/or online ordering applications. We are seeing restaurants changing their prototypical layouts in new

stores to allow for multiple kitchen food lines to service dine-in; carry-out and drive-through applications simultaneously while often downsizing their dining area. These changes also affect the site plan layouts for our developments to capitalize on double drive-throughs (in some case “app”-throughs) while still providing good vehicular flow and pedestrian walkability. Restaurants are also driven to create more “flex” space that can be transitioned between indoor and outdoor to accommodate more patrons during the wild temperature fluctuations in Kansas City seasons. Another trend that has taken the mixed-use market by storm is the “eat”ertainment industry, whereby many new concepts have entered the stage by providing a sit-down dining service accompanied by one or more entertainment uses – i.e. pickleball, bowling, putt-putt golf – you name it.

Yes, mixed-use developments are here to stay. The blending of today's retail model with all of the above components is as enticing as it is essential for long-term viable mixed-used developments.

BUILT FOR THE NOW. AND THE NEXT.®

BUILT FOR KANSAS CITY.

We are a leader in commercial and multifamily real estate. Contact us today for your Lending & Sales needs — learn what Berkadia can do for you.



JOHN J. SCHORGL
Managing Director
Mortgage Banking
john.schorgl@berkadia.com
913.209.9815



MICHAEL SPERO
Senior Director
Investment Sales
michael.spero@berkadia.com
913.980.8698



KEVIN JURY
Director
Investment Sales
kevin.jury@berkadia.com
816.260.5369



NIKO VRENTAS
Associate Director
Investment Sales
niko.vrentas@berkadia.com
913.991.0707

BERKADIA®

© 2023 Berkadia Proprietary Holding LLC. Berkadia® is a trademark of Berkadia Proprietary Holding LLC. Commercial mortgage loan banking and servicing businesses are conducted exclusively by Berkadia Commercial Mortgage LLC and Berkadia Commercial Mortgage Inc. This advertisement is not intended to solicit commercial mortgage loan brokerage business in Nevada. Investment sales / real estate brokerage business is conducted exclusively by Berkadia Real Estate Advisors LLC and Berkadia Real Estate Advisors Inc. Tax credit syndication business is conducted exclusively by Berkadia Affordable Tax Credit Solutions. In California, Berkadia Commercial Mortgage LLC conducts business under CA Finance Lender & Broker Lic. #988-0701, Berkadia Commercial Mortgage Inc. under CA Real Estate Broker Lic. #01874116, and Berkadia Real Estate Advisors Inc. under CA Real Estate Broker Lic. #01931050. For state licensing details for the above entities, visit www.berkadia.com/legal/licensing 0323 23-165AW.

LANE4

BROKERAGE - DEVELOPMENT - MANAGEMENT

We're grateful for these two exceptional industry leaders and the time, resources, and expertise they give to CCIM.



ADAM ABRAMS, CCIM
Chapter President

Board member for 7 years



JASON NOOTEBOOM, CCIM
Special Programs

Board member for 3 years

lane4group.com - @lane4property

Office leasing: Landlords and tenants adapt

The downtown office market remains very competitive, but there are positive signs out there as we come out of the pandemic. More people are returning to the office. In 2023, we've seen recent return to work announcements from large corporations like Amazon, Salesforce, Apple, Citigroup, Disney, Goldman Sachs, JP Morgan, and Google all announcing return to office mandates. More studies are coming out and finding the workplace is more effective and the effectiveness of virtual work



SUSAN SMITH, CCIM, SIOR
Director of Leasing
Hallmark Cards

or working alone is declining. This is encouraging to Landlords.

Our deal volume is as high as it's been since 2020. The number of tours is high, and we've been successful in signing several new tenants in the last year. With that being said, it is most certainly a tenants' market. Existing tenants

are renewing their leases to take advantage of the market. A deal term they didn't get when they moved in, they now negotiate for as a tradeoff for the lease extension. Some tenants are expanding, and some are downsizing. We've even seen some tenants who downsized in 2020 take the space back in 2022. Landlords and brokers work hard for every deal as it takes twice as much time as the process did back in 2019.

As a landlord, we have to be patient as we know the office

users have a lot of important decisions to make with their new space. How much space do they need? How often are they requiring their people to be present in the office? Private offices or open plan? What amenities do employees need? How do we get them back in the office? The list goes on and on. As a landlord, we have to understand what tenants are looking for and what are things we can do as a Landlord to help our new and existing tenants attract new talent and get their employees excited



REAL ESTATE SERVICES, LLC

THE CCIM DESIGNATION IS AWARDED TO PROFESSIONALS WHO HAVE COMPLETED GRADUATE LEVEL COURSES IN FINANCIAL ANALYSIS, MARKET ANALYSIS, AND INVESTMENT DECISION ANALYSIS.

THEY ARE RECOGNIZED EXPERTS IN THE DISCIPLINES OF COMMERCIAL AND INVESTMENT REAL ESTATE.



Kenneth G. Block, SIOR, CCIM
Managing Principal
Office/Industrial/Investment



Harry P. Drake, CCIM, CPM
Executive Vice President
Strategy & Planning

New construction projects slow in Kansas despite historic demand in industrial real

The Kansas City industrial real estate market has historically punched above its weight-class relative to other similarly sized markets in the U.S. Despite this feat, the region continued to battle the image of a flyover state from its peers on the coasts. That image has been shifting in the city's favor over the last ~ 5 years thanks to transportation trends, availability of labor, and the cost of doing business. Most recently, the pull-forward in demand prompted by the ripple effects of the nation's reaction to COVID-19, has elevated the market to new heights. That demand has strengthened most industrial markets nationally, and Kansas Citians can be proud to acknowledge that the city was poised and prepared to take advantage of the opportunity when it arose.

Perhaps the most exciting reality that developers and owners of industrial real estate in Kansas City are experiencing (for the first time), is a doubling of the annual



BEN BOYD, CCIM
Vice President
Colliers International

rent growth. The predictable nature of an economy in the Midwest, like Kansas City, has supported an attractive backdrop for both users in the process of site selection, and also those responsible for placing capital. In light of this recent surge in demand since the pandemic, KC just experienced an 8% annual growth in rents throughout 2022, almost double the historic average. Several factors have played a role in this unprecedented growth in rent rates. While a reversion to the mean is to be expected, there is little doubt that this data point will be explored by industry leaders and economists, even if it's not expected to be continued indefinitely.

The demand for industrial space,

which has already been trending up for the past 10 years, was compounded by the pandemic, as well as geopolitical factors. In order to meet that torrent pace in demand, developers pushed the pedal to the metal and delivered approximately 13 million square feet of newly constructed industrial buildings in 2022; nearly the equivalent of 2020 and 2021 combined.

It's interesting to observe, that as these developers pushed the pace of construction to meet the rapidly rising demand for space, various realities of supply and demand began to surface, which are now everyday lingo in a post-pandemic economy. The cost for labor saw a massive upswing as more and more projects broke ground, squeezing the availability of contractors.

Additionally, prices for raw materials accelerated swiftly in reaction to the new demand, but also as supply chains (one of the phrases from Econ 101 that

every American now repeats on a weekly basis) struggled to keep up with demand. The flywheel effect of these factors, resulted in the increased construction prices, which then trickled down into rental rates. The good news thus far in the economic cycle, is that the demand for space has been so strong, that absorption has not hesitated to keep up with the newly constructed supply, even at elevated pricing.

New construction projects take months if not several years to kick off, and therefore deliveries for 2023 are still expected to be very strong. As of Q1 2023, there is roughly 14 million square feet under construction. Removing a handful of larger outliers in that construction pipeline, it appears that Kansas City will deliver around 10 million square feet of industrial space in 2023, above the 5-year average, but down from 2022 by about 23%.

Despite record rental rates in the KC market, and a seemingly

to workforce changes after the pandemic

about being in the office.

The battle continues as landlords compete for office tenants, and Crown Center is no different. Construction prices are at an all-time high, thus making deals harder to make and requiring longer terms. We still deal with supply chain issues, so timing has become very important. There are so many roadblocks to overcome during the deal process and it seems like we come across a new challenge every day. The pandemic is over and now the focus for

decision makers has shifted to the economy and a potential recession. Office tenants are historically very conservative and want to make the right decision because of the long-term impact of leasing office space. For most office users, the business outlook looks good and has somewhat stabilized.

The flight to quality has even become more of a trend with the hybrid work force. Amenities are required of landlords and office tenants expect them. Conference facilities, coffee shops, fitness

centers, walkability, restaurants, catering, concierge, on-site property management and most importantly security are all almost required in an office space. Landlords must keep up with the emerging trends in Kansas City and across the US for office space.

At Crown Center, we have 1.5 million square feet of office space within our 85- acre campus that has all the amenities mentioned above and more. Crown Center has been Live/Work/Play/Stay for 50 years. We have found that when tenants tour, they want to

hear about our amenities, so we spend a majority of time walking the campus and showing all that we have to offer. I always tell prospects to wear comfortable shoes. Anyone can build out office space but very few can match the level of community we have here at Crown Center. We feel our amenities are a driving force in our level of activity, and we continue to look at ways to create even more. Tenants and prospects like the fact that they can office at Crown Center and have the large variety



Donald F. Gessen, CCIM
Vice President
Office/Retail



Bruce Johnson, CCIM
Vice President
Office Specialist



Brad S. Simma, CCIM
Executive Vice President
Block Construction



Ethan Ravencamp, CCIM
Financial Analyst



William Block, CCIM
Vice President
Development

4622 Pennsylvania Avenue, Suite 700 | Kansas City, MO 64112 | 816.756.1400 | www.BLOCKLLC.com

City, estate

insatiable demand from users for industrial buildings, developers have slowed the pace of new construction significantly. Q4 2022 saw a ~65% reduction in new project starts from the previous quarter.

In response to price inflation nationally, interest rates have risen by their fastest rate of change since the 1980's. When interest rates rise, it increases the return on investment that the capital markets demand from an asset – such as real estate. However, there continues to be a large delta between what a developer can sell an asset for, given their recently inflated price of construction, and what the capital markets are willing to pay, given where interest rates are today. Until there is visibility on where interest rates will stabilize, developers in Kansas City have decided to slow their pace of new construction and wait for calmer waters.

KC's investment sales and capital markets – what to expect next

The world of commercial real estate investment sales has changed significantly over the last year. For the first half of 2022 we continued to see strong sale volumes due to the low interest rate environment combined with the record amounts of funds raised for real estate allocations. However, as the Federal Reserve continued to raise rates, investment sales transaction volume began to taper off in the second half of the year.

Some deals that were under contract were re-traded or fell out of contract. Many sellers delayed or abandoned plans to take properties to market as buyers generally hit the pause button on new acquisitions. The phrase “pencils down” was a common theme for most buyers in the fourth quarter of the year.

This resulted in a 2022 sales volume in Kansas City of \$4.0 billion which was a 11.6% decline compared to the prior year.



MICHAEL VANBUSKIRK, CCIM
Vice Chairman
Newmark Zimmer
in Kansas City

Several of the sales that fell out of contract were heavy value-add opportunities that have become increasingly difficult to underwrite with increased renovation costs combined with higher interest rates/carrying costs. These challenges are primarily evident in office as tenants continue their “flight to quality” and right sizing of their space needs.

Demand for industrial properties continues to remain strong as investors recognize continued future demand from e-commerce, onshoring of manufacturing and increased just in time inventories.

In Kansas City this has resulted in new record highs for rental rates and a record low vacancy

rate of 3.6%.

Multifamily investor demand also remains healthy due to its diversified income stream that is even more apparent in the current environment. Even with the reduced number of transactions, Kansas City was still ranked fifth out of the largest thirteen Midwest markets in total sales volume, with multifamily and industrial assets combining for almost 70% of the activity.

Going into 2022, yields were compressing and many investors struggled to meet their return requirements at those pricing levels. Due to the current market uncertainty in other assets classes (stocks, bonds, commodities, cash), we are already seeing well capitalized investors starting to re-enter the market seeking discounted opportunities. However, there is a substantial and widening bid-ask gap between buyers and sellers for most property types.

Multifamily development — Where have we

Up until the Fed's war against inflation that began in 2022, no event in recent memory had a more profound effect on the real estate industry than the "Great Recession." While Covid-19 was the harbinger of the roaring inflation that has since come, years of cheap debt and a thriving economy added fuel to the pyre that led to our present-day situation. Cracks in the global supply chain and a strong U.S. consumer subsequently set off the cascade that led to the Fed's interest rate hikes which have taken the Federal Funds rate from nearly zero to over 4.5% in just the last 12 months. Despite what feels to many like the economic tap has been shut off, we still aren't sure whether we're in a recession. However, as this article is being written, the presently inverted yield curve is signaling pain is on the way.

The period following the 2007-2009 economic crisis coincided with a shift in homeownership trends and unveiled a new divide in socioeconomics. Millennials became the face of the prototypical apartment renter as



ADAM BARNARD, CCIM
 Director of Real Estate Development
 Ryan Companies US, Inc.

homeownership rates in the U.S. declined from pre-recession highs of 69.2% to a trough of only 62.9%. As the apartment market evolved, so too did the average renter profile which became a blend of Generation Z, Baby Boomers, and everyone in between as homeownership rates declined.

One of the compounding factors affecting homeownership in the post-US recession was a supply gap that never fully caught up with demand as many home builders exited the market post-2007. housing starts following the 2007-2009 recession were far below longer-term averages. In conjunction with this phenomenon, low mortgage rates afforded capable home buyers the luxury of paying higher prices, driving a deeper wedge between homeowners and renters. Furthermore, the increase in the average sale price of homes

far outpaced increases in average earnings in the period following the recession.

Presently, the National Multifamily Housing Council predicts that the U.S. needs to build 4.3 million more apartments by 2035 to meet rental housing demand. A recent housing study conducted by Johnson County indicated a cumulative need of nearly 40,000 housing units across the county between 2020 and 2030. Attainable housing is part of this solution, and there is a growing focus to identify ways to provide these options.

A Kansas City market report conducted by Costar showed existing apartment supply growth and estimated pipeline supply in the future with new deliveries being absorbed and metro-wide vacancy tracking very closely with national averages. However, new development proposals are facing increasing pressure and approvals are becoming more difficult to obtain. A number of development pursuits in the KC metro area have faced intense scrutiny, some of which have resulted in denials during city approval processes.

Many times, this occurs when projects are in close proximity to neighboring single-family homes. We live in a developed landscape where greenfield sites are becoming rarer and many infill development opportunities present unique challenges due to site constraints that require expensive site work, demolition, or environmental remediation that may otherwise prohibit an economically viable development. Incentives are also becoming more difficult to justify, further stymieing growth.

Construction pricing and supply chains have significantly impacted the multifamily sector over the last few years. Between 2020-2022, a supply and demand imbalance in commodity markets quickly grew to extreme levels due mostly to Covid related production slowdowns. Low interest rates and pent-up demand spurred rampant growth in both residential and commercial sectors adding to the complexity of the situation. Lumber prices spiked twice in that timeframe, rising several hundred percent in those intervals. Steel prices also experienced a



For more than 75 years, we have transformed untapped potential into limitless opportunity.

Our CCIM designees bring unmatched ingenuity and transparency to the commercial real estate market. A nimble approach and global prospective contribute to their financial, market, and investment success.



Mark Long
 President and Chief Executive Officer, Principal



Michael VanBuskirk
 Vice Chairman, Principal



Chris Robertson
 Executive Managing Director, Principal



Nick Suarez
 Executive Managing Director, Principal

NEWMARK
 ZIMMER

nmrkzimmer.com



Member FDIC | Equal Housing Lender

Lenders you can lean on.

Knowledge and experience you need.

Personalized service you deserve.



Southern
 BANK

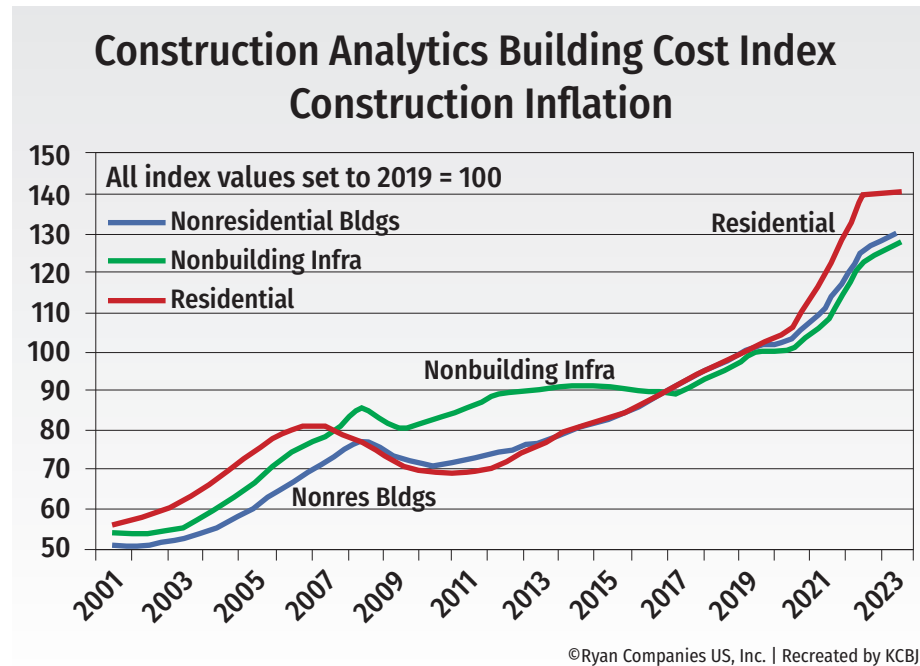
(Formerly Citizens Bank & Trust)

BANKWITHSOUTHERN.COM

been and where are we going?

dramatic increase, as did concrete products. Similar movements in oil markets affected all petrochemical products like roofing, insulation, PVC and other plastics. Additionally, lead times for these products increased as Covid interrupted staffing at lumber mills and steel plants while demand remained elevated. We do anticipate relief as supply chains return to normal and commodities level off. However, labor costs remain high and will likely continue to weigh heavily on the construction industry.

Financial markets present their own challenges. The boon times of nearly free money saw cap rates in the 3-4% range in Kansas City for Class A multifamily. Anecdotally, cap rates have climbed anywhere from 50-200 basis points depending on product type since the Fed began raising interest rates to combat record inflation. Elevated debt pricing and uncertainty in the market have dissuaded otherwise willing sellers from transacting and there is simply a lack of sales volume to evidence where cap rates truly belong. Many of the



larger banks are sitting on the sidelines. Deals are still being made, and there are mechanisms to hedge against still rising rates. Interest rate caps and swaps are being utilized, and lower leverage in the 50-60% range is more typical today.

With short-term rates hovering in the 5% range, investors have a compelling option of taking a risk-

free return somewhere near the current level of inflation. However, it is estimated that \$3.1 trillion in cash is available for investment, and high-quality opportunities are still enticing investment in the right projects. In general, required spreads between return on cost (a project's net operating income divided by its project cost) and assumed cap rates have increased

over the last 12 months.

There's no doubt that today's multifamily environment is everchanging with build to rent communities becoming a regularly traded commodity, office to apartment conversions growing in prevalence, and work from home (like it or not) becoming a mainstay. These changes are forcing communities to adapt to this new normal to stay relevant. Focusing on walkability, greenspace, public transit, and other changing preferences is also a must.

Success today requires continual differentiation. At Ryan Companies, we have the unique position of being developers, designers, and constructors across all real estate types. Understanding these components enables our team to deliver first class projects by leveraging the collective insight we all share.

If you are evaluating an opportunity or want to learn more about our collective insight, please reach out to myself, Brandon Brensing, or Andy Crimmins to discuss how we can support your project.



CONSULTING SERVICES

KANSAS CITY'S LEADER IN ENVIRONMENTAL AND ENGINEERING CONSULTING FOR OVER 30 YEARS.

OUR TEAM OF IN-HOUSE, HIGHLY TRAINED EXPERTS ARE READY TO HELP YOU GET THE DEAL DONE, ON-TIME AND ON BUDGET.

PHASE I ENVIRONMENTAL SITE ASSESSMENTS

PROPERTY CONDITION ASSESSMENTS

ASBESTOS, LEAD, MOLD, AND RADON TESTING

PHASE II SUBSURFACE INVESTIGATIONS

REMEDICATION AND REMOVAL

WWW.UESCONSULTING.COM

816.221.0627
100 E 7TH STREET SUITE 200
KANSAS CITY, MO 64106

We're built for business.

For us, that means making the complex simple. It means investing in technology and relationships to create faster payments, automated processes and greater efficiency, while never losing sight of the value of personal service. It means less paper, fewer mistakes, improved cash flow and happier customers. When it comes to banking, we're built for business. Let's get to work.



Commerce Bank
Member FDIC

Challenge Accepted.

commercebank.com/BuiltForBusiness

©2023 Commerce Bancshares, Inc.



CCIM THE DEALMAKERS

YOUR MOST VALUABLE PARTNER IN REAL ESTATE

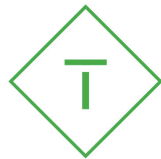
CCIM Designees, Kansas City Chapter

Andrew Van Zante, Academy Bank
 Travis Doherty, Academy Bank, NA
 Bruce Baker, Baker Realty Advisors, Inc.
 Andrew Perkins, Bank Midwest, a division of NBH Bank
 John Schorgl, Berkadia
 Adam Stein, Berkshire Hathaway
 Raymond Sisson, BHHS Stein and Summers Real Estate
 Bill Maas, Block & Company Inc Realtors
 Brad Simma, Block Construction Services
 Aaron Mesmer, Block Real Estate Service
 Bruce Johnson, Block Real Estate Services, LLC
 Don Gessen, Block Real Estate Services, LLC
 Ken Block, Block Real Estate Services, LLC
 Joe Orscheln, CBRE, Inc.
 Walt Clements, Clements Realty Advisors
 Holly Larrison Mills, Clemons Real Estate
 Allison Moran, Colliers International
 Anita Bates, Colliers International
 Ben Boyd, Colliers International
 Doug Hedrick, Colliers International
 Drew Quinn, Colliers International
 Kayla Gilchrist, Colliers International
 Richard (RC) Jensen, Colliers International
 Todd Welhoelter, Commercial Property Advisors
 R. A. Brooks, Copaken Brooks
 Michael ODriscoll, CoStar Group

Bess Kerr, CrossFirst Bank
 Chris Nordstrom, Crown MedRealty Partners
 Ellen Todd, Curry Investment Company
 Gib Kerr, Cushman & Wakefield
 Marty Gilchrist, Cushman & Wakefield
 Tara Smiley, Drake Development
 Kate Sullinger, Enterprise Bank & Trust
 Pat Murfey, Evergreen Real Estate Services
 Mike Foster, Foster & Associates, Inc.
 Larry Goldman, Goldman Investment Advisors
 Jeremy Greenamyre, Greenamyre Rentals, Inc.
 Bill Early, HailSolve
 Kelvin Heck, Heck Land Company
 Chris Williams, Highlands Development Group
 Janet Wilkerson, INVEST Commercial Real Estate
 Jeff Franklin, J.W. Franklin Co.
 Jerry W. Franklin, J.W. Franklin Co.
 Ann Spencer, Jack Jordan Real Estate, LLC
 Patrick Meraz, Jones Lang LaSalle Americas, Inc.
 Aaron Elyachar, Kapella Group
 Adam Abrams, Lane 4 Property Group
 Jason Nooteboom, Lane 4 Property Group
 Charles Connely Lewis, White Real Estate Center -
 UMKC Bloch School
 Joe O'Neill, NAI Heartland
 Jon England, NAI Heartland

Nathan Anderson, NAI Heartland
 Chris Robertson, Newmark Zimmer
 Michael VanBuskirk, Newmark Zimmer
 Gabe Tovar, Northmarq
 Bob Gude, Northpoint Development
 James Clark, Oxford Realty LLC
 T. David Rogers, RE/MAX Elite, REALTORS
 David Noon, RealPac
 Adam Barnard, Ryan Companies
 Zachary Harrell, Scott F. Harrell & Associates, Inc.
 Dan Sight, Sight Commercial Realty
 James Stacy, Stacy Company LLC
 Susan M. Smith, Susan M. Smith Advisory Services, LLC
 C. Sterling Scott, SVN Encompass Commercial, LLC
 Kevin Tubbesing, The Land Source
 Pat Daniels, Jr., The Land Source
 Ryan Robertshaw, The Land Source
 Steve Shearer, The Shearer Real Estate Co.
 Ferd Niemann, third IV Properties, LLC/KC RE Law
 Christina Fenwick, UMB Bank
 Bret Sheffield, VanTrust Real Estate, LLC
 Ralph Varnum, Varnum Armstrong Deeter, Inc.
 Stephanie Harris, Verimore Bank
 Douglas Bates, Walker & Dunlop
 Frank Sciara, Walker & Dunlop
 Benjamin Nelson, Windfield Real Estate

Annual Sponsors



Event Sponsors



Member Sponsors



Education Sponsor

