TODAY. TOMORROW. TOGETHER.
2017 was a good year for Wichita. Positive feelings about the city, the economy and living in Wichita are evident throughout the area. The most obvious sign of pride is the visibility of the city's iconic flag everywhere you look. Designed in 1937, the flag hadn't been seen in decades but it is now being proudly displayed on buildings, coffee cups, shirts and decals across the city.

There are many reasons for our citizens to feel proud of their city. The economy continues to stabilize, helping the unemployment rate drop below 4% for the first time in years. Major employers continue to choose to stay in Wichita and expand their local operations. Last year it was Cargill, this year it was Spirit Aeorsystems who made a commitment for a long term presence in the city. Spirit, the city's largest employer, announced in December they were going to add 1,000 jobs at their east Wichita plant and make capital investments totaling $1 billion to expand and improve their facilities. The Innovation Campus at Wichita State University continues to grow in size and importance for the city and the university. The Experiential Engineering Building opened and Airbus took occupancy in their new offices. A Law Enforcement Training Center also opened as well as a free-standing Starbucks.

2018 openings will include the second phase of The Flats apartment complex and a 20,500 square foot retail strip center.

Wichita's real estate market is a beneficiary of the improving local and national economies. National retailers continue to look for opportunities to expand their presence in the city. The housing market was vibrant and construction activity was strong for new homes and apartment complexes.

2017 was also a very good year for J.P. Weigand & Sons. On behalf of our associates, staff and management we want to thank our clients for continuing to trust us to help with their real estate needs. We're proud to have been a part of the Wichita community for 116 years, and we're more excited than ever about this great city's future.
COMMITMENT TO EXCELLENCE

J.P. Weigand & Sons has been playing a major role in shaping the landscape of real estate in Wichita since the company was founded in 1902. The landscape has obviously changed over the years but one thing has remained constant: J.P. Weigand & Sons’s commitment to excellence. It is a commitment made by every Weigand associate to every client in every transaction, no matter the type or the size.

COMMITMENT TO KNOWLEDGE

Knowledge is the key to a successful real estate transaction. No other commercial real estate company can match our commercial real estate expertise and market knowledge. Our associates have more professional designations than any other company in the area and their involvement in these organizations gives them access to information on global and national real estate trends. They also meet regularly to share information on what is transpiring in the local market and work together to ensure specialized expertise is available in every transaction. This deep knowledge and collaborative culture creates value for our clients.

COMMITMENT TO WICHITA

J.P. Weigand & Sons has strong ties to the city we’ve been a part of for 116 years. We are committed to making Wichita a wonderful place to live and do business. Our associates, management and staff are actively involved in numerous charitable and civic organizations, volunteering countless hours of their personal time and financial resources for the betterment of the city we call home.
The activity in the office market was similar to what it has been in recent years, with little change in the overall vacancy and asking rates. The majority of the new construction continues to be in the northeast quadrant and much of it is for properties being occupied by the owners.

There are several factors limiting the opportunities for growth in the office market. First, and foremost, is the lack of new businesses coming to Wichita that require large blocks of office space. The vast majority of leasing activity involves established tenants relocating to a competing property. Another limiting factor is the trend for local office users to want short, three to five-year lease terms. The short-term leases make it difficult for landlords to recoup the costs of tenant improvements. Suppressed rents are also a major factor limiting new office construction. Competition among landlords to attract and keep tenants has left office rents essentially flat for several years. This is especially true in the Central Business District.

There was positive activity in the office market in 2017. Construction started on the new 180,000 sf Cargill Building in the Central Business District.

Hutton Construction announced plans to build a new 30,000 sf corporate headquarters building in the Delano District.

The Wichita Eagle moved to new office space in Old Town.

Local developers announced plans to convert the former Spaghetti Warehouse building into offices with a local law firm as the anchor tenant.

Activity continues.

The activity in the office market was similar to what it has been in recent years, with little change in the overall vacancy and asking rates. The majority of the new construction continues to be in the northeast quadrant and much of it is for properties being occupied by the owners.

There are several factors limiting the opportunities for growth in the office market. First, and foremost, is the lack of new businesses coming to Wichita that require large blocks of office space. The vast majority of leasing activity involves established tenants relocating to a competing property. Another limiting factor is the trend for local office users to want short, three to five-year lease terms. The short-term leases make it difficult for landlords to recoup the costs of tenant improvements. Suppressed rents are also a major factor limiting new office construction. Competition among landlords to attract and keep tenants has left office rents essentially flat for several years. This is especially true in the Central Business District.

There was positive activity in the office market in 2017. Construction started on the new Cargill Building downtown and Airbus took occupancy of their new building on the Wichita State University Innovation Campus. The Hinkle Elkouri Law Firm also moved into their new building at the Waterfront. There were announcements for new office projects in the area. Local developers revealed plans to convert the former Spaghetti Warehouse building, in the Old Town District, to a multi-tenant property that will be anchored by the Martin Pringle Law firm. The Hutton Company announced plans to construct a new 30,000 sf building in the Delano District for their corporate headquarters. A Kansas City developer will begin construction on a mixed-use property in the Delano District that will include office space.

Trends in the office market are for tenants who want spaces that range from 2,000 to 5,000 sf. Tenants are increasingly looking for modern office designs that include a significant amount of open space which reduces the overall size they require. The northeast area of the city is still the most sought-after location for office tenants but many are also looking at opportunities to relocate to the Central Business District. Office strip centers across the city are attracting smaller tenants looking for street exposure and door side parking.
FORECAST

- Tenant leasing activity will be modest.
- Lack of inventory will be an issue for tenants requiring:
  - New modern space that is move-in ready.
  - Large contiguous space in excess of 10,000 sf.
- Most of the new construction will be for owner occupied buildings.

**Market At A Glance**

Market Size: **10,697,668 sf**
Overall Vacant Space: **1,910,399 sf**
Overall Vacancy Rate: **17.86%**
Overall Asking Rate: **$12.74***

*Full Service

**LEASE RATES VS. VACANCY RATES**

<table>
<thead>
<tr>
<th>CLASS A</th>
<th>LEASE RATE</th>
<th>VACANCY RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>17.74</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>17.41</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>17.61</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>18.44</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>18.29</td>
<td></td>
</tr>
</tbody>
</table>

**LEASE RATES VS. VACANCY RATES**

**2018 Office**

<table>
<thead>
<tr>
<th>MARKET</th>
<th>EXISTING BLDGS</th>
<th>TOTAL SQ FT</th>
<th>VACANCY SQ FT</th>
<th>VACANCY%</th>
<th>QUOTED RATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBD</td>
<td>114</td>
<td>3,958,397</td>
<td>780,435</td>
<td>19.72%</td>
<td>$11.63</td>
</tr>
<tr>
<td>Delano</td>
<td>3</td>
<td>29,836</td>
<td>0</td>
<td>0.00%</td>
<td>N/A</td>
</tr>
<tr>
<td>Northeast</td>
<td>154</td>
<td>3,128,693</td>
<td>367,337</td>
<td>11.74%</td>
<td>$15.44</td>
</tr>
<tr>
<td>Northwest</td>
<td>90</td>
<td>1,421,549</td>
<td>297,734</td>
<td>20.94%</td>
<td>$13.48</td>
</tr>
<tr>
<td>Southeast</td>
<td>71</td>
<td>1,943,281</td>
<td>425,820</td>
<td>21.91%</td>
<td>$12.12</td>
</tr>
<tr>
<td>Southwest</td>
<td>26</td>
<td>215,912</td>
<td>39,073</td>
<td>18.10%</td>
<td>$10.82</td>
</tr>
<tr>
<td>TOTALS</td>
<td>458</td>
<td>10,697,668</td>
<td>1,910,399</td>
<td>17.86%</td>
<td>$12.74</td>
</tr>
</tbody>
</table>

**CLASS A STATISTICS**

<table>
<thead>
<tr>
<th>MARKET</th>
<th>EXISTING BLDGS</th>
<th>TOTAL SQ FT</th>
<th>VACANCY SQ FT</th>
<th>VACANCY%</th>
<th>QUOTED RATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBD</td>
<td>19</td>
<td>1,676,035</td>
<td>247,569</td>
<td>14.77%</td>
<td>$17.08</td>
</tr>
<tr>
<td>Delano</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Northeast</td>
<td>53</td>
<td>1,480,319</td>
<td>181,727</td>
<td>12.28%</td>
<td>$19.19</td>
</tr>
<tr>
<td>Northwest</td>
<td>32</td>
<td>440,747</td>
<td>43,956</td>
<td>9.97%</td>
<td>$20.50</td>
</tr>
<tr>
<td>Southeast</td>
<td>10</td>
<td>159,711</td>
<td>3,508</td>
<td>2.20%</td>
<td>$21.82</td>
</tr>
<tr>
<td>Southwest</td>
<td>1</td>
<td>1,753</td>
<td>0</td>
<td>0.00%</td>
<td>N/A</td>
</tr>
<tr>
<td>TOTALS</td>
<td>115</td>
<td>3,758,565</td>
<td>476,760</td>
<td>12.68%</td>
<td>$18.23</td>
</tr>
</tbody>
</table>

**CLASS B STATISTICS**

<table>
<thead>
<tr>
<th>MARKET</th>
<th>EXISTING BLDGS</th>
<th>TOTAL SQ FT</th>
<th>VACANCY SQ FT</th>
<th>VACANCY%</th>
<th>QUOTED RATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBD</td>
<td>70</td>
<td>1,621,813</td>
<td>233,155</td>
<td>14.38%</td>
<td>$12.05</td>
</tr>
<tr>
<td>Delano</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Northeast</td>
<td>86</td>
<td>1,561,762</td>
<td>174,225</td>
<td>11.16%</td>
<td>$12.08</td>
</tr>
<tr>
<td>Northwest</td>
<td>49</td>
<td>678,813</td>
<td>113,976</td>
<td>16.79%</td>
<td>$12.35</td>
</tr>
<tr>
<td>Southeast</td>
<td>49</td>
<td>1,558,237</td>
<td>382,974</td>
<td>24.58%</td>
<td>$10.93</td>
</tr>
<tr>
<td>Southwest</td>
<td>19</td>
<td>172,552</td>
<td>37,573</td>
<td>21.77%</td>
<td>$9.33</td>
</tr>
<tr>
<td>TOTALS</td>
<td>273</td>
<td>5,593,177</td>
<td>941,903</td>
<td>16.84%</td>
<td>$12.20</td>
</tr>
</tbody>
</table>

**CLASS C STATISTICS**

<table>
<thead>
<tr>
<th>MARKET</th>
<th>EXISTING BLDGS</th>
<th>TOTAL SQ FT</th>
<th>VACANCY SQ FT</th>
<th>VACANCY%</th>
<th>QUOTED RATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBD</td>
<td>25</td>
<td>660,549</td>
<td>299,711</td>
<td>45.37%</td>
<td>$6.81</td>
</tr>
<tr>
<td>Delano</td>
<td>3</td>
<td>29,836</td>
<td>0</td>
<td>0.00%</td>
<td>N/A</td>
</tr>
<tr>
<td>Northeast</td>
<td>15</td>
<td>86,612</td>
<td>11,385</td>
<td>13.14%</td>
<td>$6.83</td>
</tr>
<tr>
<td>Northwest</td>
<td>9</td>
<td>301,989</td>
<td>139,802</td>
<td>46.29%</td>
<td>$11.97</td>
</tr>
<tr>
<td>Southeast</td>
<td>12</td>
<td>225,333</td>
<td>39,338</td>
<td>17.46%</td>
<td>$9.09</td>
</tr>
<tr>
<td>Southwest</td>
<td>6</td>
<td>41,607</td>
<td>1,500</td>
<td>3.61%</td>
<td>$8.00</td>
</tr>
<tr>
<td>TOTALS</td>
<td>70</td>
<td>1,345,926</td>
<td>491,736</td>
<td>36.54%</td>
<td>$8.46</td>
</tr>
</tbody>
</table>
The retail market performed as expected in 2017. New construction was rampant in the 21st and Greenwich area and leasing activity was strong in the traditional retail hot spots in the far northeast part of the city and along Maize Road north of 21st Street in the far northwest.

The predicted demise of brick and mortar retail locations isn’t happening. While online retail activity is increasing, retailers are also seeing sales increase at their physical locations as shoppers continue to want to partake in the traditional shopping experience. Buoyed by low unemployment and the strong economy, retailers enjoyed a robust holiday shopping season that nationally was up more than 5% over last year.

No area in Wichita was more active than north Greenwich Road from 21st to the K-96 interchange. Stein Mart, Mardel and Home Goods were among the stores that opened at Greenwich Place and strip centers in the area attracted a mix of local and national businesses. Other retail openings in east Wichita included Kneader’s on North Rock Road, Bassett Furniture at Waterwalk, and Athleta at Bradley Fair. AMC signed a lease agreement to remodel and reopen the former Northrock 14 theater complex. The leasing activity on the west side included several casual dining restaurants.

As expected, there were some noteworthy closings in the retail sector. These included Granite City, Freebirds, Ernie Biggs, Pie Five, Backwoods and Gander Mountain. The Ernie Biggs space will be occupied by Dempsey’s Burgers and the Gander Mountain space is expected to be occupied within the year. The increased competition will trigger more closings in 2018 especially with businesses outside the main growth areas and those selling products that have reached their saturation point in the market.

Trends in the market are expected to continue in 2018. More new restaurant concepts will come to the city and locally owned food and beverage operations will open in areas closer to the city’s core. The Douglas Design District, historic Old Town District and Delano will continue to attract specialty retailers and dining options.
**Market At A Glance**

Market Size: **11,342,581 sf**  
Overall Vacant Space: **1,582,074 sf**  
Overall Vacancy Rate: **13.95%**  
Overall Asking Rate: $12.15*  
*Triple Net

**FORECAST**

- Market will continue to be very active.
- Retail closings will be offset by new businesses coming to the market and existing retailers expanding their presence.
- The most desired locations will continue to be in the far northeast and northwest quadrants.
- Investors will look for opportunities to purchase properties with credit worthy tenants.

<table>
<thead>
<tr>
<th>CLASS A STATISTICS</th>
<th>LEASE RATES VS. VACANCY RATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>11.45%</td>
</tr>
<tr>
<td>2014</td>
<td>11.43%</td>
</tr>
<tr>
<td>2015</td>
<td>11.39%</td>
</tr>
<tr>
<td>2016</td>
<td>11.35%</td>
</tr>
<tr>
<td>2017</td>
<td>11.31%</td>
</tr>
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</table>

**2018 RETAIL**

<table>
<thead>
<tr>
<th>MARKET</th>
<th>EXISTING BLDGS</th>
<th>TOTAL SQ FT</th>
<th>VACANCY SQ FT</th>
<th>VACANCY%</th>
<th>QUOTED RATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBD</td>
<td>39</td>
<td>506,358</td>
<td>38,726</td>
<td>7.65%</td>
<td>$10.64</td>
</tr>
<tr>
<td>Delano</td>
<td>50</td>
<td>271,750</td>
<td>10,913</td>
<td>4.02%</td>
<td>$6.19</td>
</tr>
<tr>
<td>Northeast</td>
<td>125</td>
<td>3,291,790</td>
<td>461,611</td>
<td>14.02%</td>
<td>$13.87</td>
</tr>
<tr>
<td>Northwest</td>
<td>122</td>
<td>2,997,282</td>
<td>432,566</td>
<td>14.43%</td>
<td>$12.82</td>
</tr>
<tr>
<td>Southeast</td>
<td>129</td>
<td>2,980,738</td>
<td>464,127</td>
<td>15.57%</td>
<td>$10.63</td>
</tr>
<tr>
<td>Southwest</td>
<td>71</td>
<td>1,294,663</td>
<td>174,131</td>
<td>13.45%</td>
<td>$10.69</td>
</tr>
<tr>
<td>TOTALS</td>
<td>536</td>
<td>11,342,581</td>
<td>1,582,074</td>
<td>13.95%</td>
<td>$12.15</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MARKET</th>
<th>EXISTING BLDGS</th>
<th>TOTAL SQ FT</th>
<th>VACANCY SQ FT</th>
<th>VACANCY%</th>
<th>QUOTED RATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBD</td>
<td>3</td>
<td>37,371</td>
<td>3,285</td>
<td>8.79%</td>
<td>$14.50</td>
</tr>
<tr>
<td>Delano</td>
<td>0</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Northeast</td>
<td>66</td>
<td>1,808,047</td>
<td>197,507</td>
<td>10.92%</td>
<td>$18.60</td>
</tr>
<tr>
<td>Northwest</td>
<td>36</td>
<td>1,306,814</td>
<td>141,709</td>
<td>10.84%</td>
<td>$20.28</td>
</tr>
<tr>
<td>Southeast</td>
<td>24</td>
<td>1,015,625</td>
<td>71,714</td>
<td>7.06%</td>
<td>$19.26</td>
</tr>
<tr>
<td>Southwest</td>
<td>15</td>
<td>342,761</td>
<td>25,675</td>
<td>7.49%</td>
<td>$17.12</td>
</tr>
<tr>
<td>TOTALS</td>
<td>144</td>
<td>4,510,618</td>
<td>439,890</td>
<td>9.75%</td>
<td>$19.13</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>MARKET</th>
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<th>VACANCY SQ FT</th>
<th>VACANCY%</th>
<th>QUOTED RATES</th>
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</thead>
<tbody>
<tr>
<td>CBD</td>
<td>31</td>
<td>418,345</td>
<td>29,841</td>
<td>7.13%</td>
<td>$11.20</td>
</tr>
<tr>
<td>Delano</td>
<td>2</td>
<td>8,994</td>
<td>0</td>
<td>0.00%</td>
<td>N/A</td>
</tr>
<tr>
<td>Northeast</td>
<td>45</td>
<td>970,712</td>
<td>163,480</td>
<td>16.84%</td>
<td>$10.74</td>
</tr>
<tr>
<td>Northwest</td>
<td>54</td>
<td>1,100,298</td>
<td>128,480</td>
<td>11.68%</td>
<td>$10.15</td>
</tr>
<tr>
<td>Southeast</td>
<td>62</td>
<td>1,239,744</td>
<td>193,139</td>
<td>15.58%</td>
<td>$11.71</td>
</tr>
<tr>
<td>Southwest</td>
<td>34</td>
<td>513,302</td>
<td>71,123</td>
<td>13.86%</td>
<td>$10.99</td>
</tr>
<tr>
<td>TOTALS</td>
<td>228</td>
<td>4,251,395</td>
<td>586,063</td>
<td>13.79%</td>
<td>$10.98</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MARKET</th>
<th>EXISTING BLDGS</th>
<th>TOTAL SQ FT</th>
<th>VACANCY SQ FT</th>
<th>VACANCY%</th>
<th>QUOTED RATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBD</td>
<td>6</td>
<td>50,652</td>
<td>5,600</td>
<td>11.06%</td>
<td>$5.35</td>
</tr>
<tr>
<td>Delano</td>
<td>48</td>
<td>262,756</td>
<td>10,913</td>
<td>4.15%</td>
<td>$6.19</td>
</tr>
<tr>
<td>Northeast</td>
<td>14</td>
<td>513,031</td>
<td>100,624</td>
<td>19.61%</td>
<td>$9.68</td>
</tr>
<tr>
<td>Northwest</td>
<td>32</td>
<td>590,170</td>
<td>162,377</td>
<td>27.51%</td>
<td>$8.43</td>
</tr>
<tr>
<td>Southeast</td>
<td>43</td>
<td>725,369</td>
<td>199,274</td>
<td>27.47%</td>
<td>$6.48</td>
</tr>
<tr>
<td>Southwest</td>
<td>22</td>
<td>438,600</td>
<td>77,333</td>
<td>17.63%</td>
<td>$8.28</td>
</tr>
<tr>
<td>TOTALS</td>
<td>165</td>
<td>2,580,578</td>
<td>556,121</td>
<td>21.55%</td>
<td>$7.86</td>
</tr>
</tbody>
</table>

**Retail**  
2018  
Market will continue to be very active.  
Retail closings will be offset by new businesses coming to the market and existing retailers expanding their presence.  
The most desired locations will continue to be in the far northeast and northwest quadrants.  
Investors will look for opportunities to purchase properties with credit worthy tenants.

2018 Retail Forecast  
Market will continue to be very active. Retail closings will be offset by new businesses coming to the market and existing retailers expanding their presence. The most desired locations will continue to be in the far northeast and northwest quadrants. Investors will look for opportunities to purchase properties with credit worthy tenants.

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- Overall Vacant Space: **1,582,074 sf**  
- Overall Vacancy Rate: **13.95%**  
- Overall Asking Rate: $12.15*  
  *Triple Net
2017 NEWSWORTHY ACTIVITY

- Spirit AeroSystems announced plans to add 1,000 employees and make $1 billion in capital improvements to their Wichita facilities.

- The Workforce Alliance of South Central Kansas received a $5.9 million grant for technical training.

- Valassis closed its printing plant at 3819 N. Toben.

- Plans were announced for a new manufacturing facility in the Maize Industrial Park.

- Construction started on a 500,000 sf warehouse that will be occupied by the Coleman Company.

Market remains strong.

It was another very good year for the industrial market. Activity remained strong throughout the market in all property segments. The strong demand for new, modern industrial facilities has created a shortage of inventory in many areas and is pushing rents higher. The overall asking rate for industrial property increased to $4.58 per square foot, up from $4.38 in 2016. 2017 was the fifth straight year that industrial rental rates have increased. A significant amount of industrial space was absorbed last year as the overall vacancy rate dropped to 11.3% compared to 16.01% the year before.

2017 was an especially good year for area manufacturers. Spirit AeroSystems’s announcement to expand their presence in Wichita by adding 1,000 more employees and making $1 billion in capital improvements was great news for the city and all of the businesses that support them. Manufacturers’ concerns about the availability of skilled employees are being addressed by new training programs. The Workforce Alliance of South Central Kansas received a $5.9 million grant from the United States Department of Labor for the Kansas Advanced Manufacturing Training Program and the Wichita Area Technical College announced a partnership with Wichita State University.

Lack of inventory is becoming an issue for the industrial market. There aren’t many options for manufacturers looking for properties that can meet their unique power needs, and large warehouse space with ceilings higher than 30 feet simply aren’t available. The inventory issue will generate more industrial construction in 2018 both by users and speculative developers. A new Industrial Revenue Bond program will help facilitate interest in new construction. The upturn in construction activity is pushing land prices higher. Industrial land which historically has sold at around $1 per square foot is now being marketed at $2.50 to $3.00 per square foot.

Buyers of existing industrial properties are starting to take advantage of the State of Kansas’s Contaminated Property Redevelopment Act. This Act, which became law in 2016, releases buyers from liability for industrial contamination in existence on their property before they purchased it.
The industrial market will stay active.

More manufacturers will consider buying land and building due to lack of inventory.

The availability of Industrial Revenue Bonds will facilitate more industrial construction.

New technical training programs will help fulfill the demand for skilled workers.

### Market At A Glance

**Market Size:** 11,203,901 sf  
**Overall Vacant Space:** 1,281,255 sf  
**Overall Vacancy Rate:** 11.44%  
**Overall Asking Rate:** $4.58*  

*Industrial Gross

---

**2018 Industrial**

### Total Industrial 2018

<table>
<thead>
<tr>
<th>Market</th>
<th>Existing Bldgs</th>
<th>Total Sq Ft</th>
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<th>Quoted Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBD</td>
<td>51</td>
<td>669,362</td>
<td>203,555</td>
<td>30.41%</td>
<td>$4.52</td>
</tr>
<tr>
<td>Northeast</td>
<td>111</td>
<td>4,256,856</td>
<td>430,441</td>
<td>10.11%</td>
<td>$4.45</td>
</tr>
<tr>
<td>Northwest</td>
<td>20</td>
<td>214,290</td>
<td>37,510</td>
<td>17.50%</td>
<td>$6.60</td>
</tr>
<tr>
<td>Southeast</td>
<td>98</td>
<td>2,414,305</td>
<td>325,627</td>
<td>13.49%</td>
<td>$4.55</td>
</tr>
<tr>
<td>Southwest</td>
<td>163</td>
<td>3,649,088</td>
<td>284,122</td>
<td>7.79%</td>
<td>$4.60</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>443</strong></td>
<td><strong>11,203,901</strong></td>
<td><strong>1,281,255</strong></td>
<td><strong>11.44%</strong></td>
<td><strong>$4.58</strong></td>
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<tbody>
<tr>
<td>CBD</td>
<td>13</td>
<td>51,015</td>
<td>9,850</td>
<td>19.31%</td>
<td>$5.57</td>
</tr>
<tr>
<td>Northeast</td>
<td>10</td>
<td>39,072</td>
<td>8,192</td>
<td>20.97%</td>
<td>$7.35</td>
</tr>
<tr>
<td>Northwest</td>
<td>5</td>
<td>19,552</td>
<td>3,950</td>
<td>20.20%</td>
<td>$2.97</td>
</tr>
<tr>
<td>Southeast</td>
<td>12</td>
<td>47,079</td>
<td>7,940</td>
<td>20.43%</td>
<td>$34.97</td>
</tr>
<tr>
<td>Southwest</td>
<td>15</td>
<td>60,464</td>
<td>18,644</td>
<td>30.83%</td>
<td>$5.11</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>55</strong></td>
<td><strong>217,182</strong></td>
<td><strong>44,376</strong></td>
<td><strong>20.43%</strong></td>
<td><strong>$5.39</strong></td>
</tr>
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<tr>
<td>CBD</td>
<td>28</td>
<td>244,004</td>
<td>19,852</td>
<td>8.14%</td>
<td>$6.93</td>
</tr>
<tr>
<td>Northeast</td>
<td>49</td>
<td>455,167</td>
<td>72,139</td>
<td>15.85%</td>
<td>$4.89</td>
</tr>
<tr>
<td>Northwest</td>
<td>11</td>
<td>103,362</td>
<td>16,760</td>
<td>16.21%</td>
<td>$6.35</td>
</tr>
<tr>
<td>Southeast</td>
<td>38</td>
<td>382,949</td>
<td>34,970</td>
<td>9.13%</td>
<td>$5.11</td>
</tr>
<tr>
<td>Southwest</td>
<td>79</td>
<td>812,661</td>
<td>52,844</td>
<td>6.50%</td>
<td>$5.65</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>205</strong></td>
<td><strong>1,998,143</strong></td>
<td><strong>196,565</strong></td>
<td><strong>9.84%</strong></td>
<td><strong>$5.52</strong></td>
</tr>
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<tbody>
<tr>
<td>CBD</td>
<td>7</td>
<td>151,648</td>
<td>51,728</td>
<td>34.11%</td>
<td>$5.69</td>
</tr>
<tr>
<td>Northeast</td>
<td>20</td>
<td>411,544</td>
<td>63,141</td>
<td>15.34%</td>
<td>$3.73</td>
</tr>
<tr>
<td>Northwest</td>
<td>4</td>
<td>91,376</td>
<td>18,390</td>
<td>18.39%</td>
<td>$6.60</td>
</tr>
<tr>
<td>Southeast</td>
<td>23</td>
<td>515,566</td>
<td>38,617</td>
<td>7.49%</td>
<td>$5.60</td>
</tr>
<tr>
<td>Southwest</td>
<td>37</td>
<td>824,751</td>
<td>75,396</td>
<td>9.14%</td>
<td>$3.75</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>91</strong></td>
<td><strong>1,994,885</strong></td>
<td><strong>245,682</strong></td>
<td><strong>12.32%</strong></td>
<td><strong>$4.71</strong></td>
</tr>
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<tr>
<td>CBD</td>
<td>1</td>
<td>44,203</td>
<td>44,203</td>
<td>100.00%</td>
<td>$5.57</td>
</tr>
<tr>
<td>Northeast</td>
<td>12</td>
<td>474,937</td>
<td>144,569</td>
<td>30.44%</td>
<td>$5.12</td>
</tr>
<tr>
<td>Northwest</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Southeast</td>
<td>14</td>
<td>544,260</td>
<td>100,450</td>
<td>18.46%</td>
<td>$5.19</td>
</tr>
<tr>
<td>Southwest</td>
<td>16</td>
<td>627,772</td>
<td>75,438</td>
<td>12.02%</td>
<td>$4.47</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>43</strong></td>
<td><strong>1,691,172</strong></td>
<td><strong>364,660</strong></td>
<td><strong>21.56%</strong></td>
<td><strong>$4.93</strong></td>
</tr>
</tbody>
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<tbody>
<tr>
<td>CBD</td>
<td>2</td>
<td>178,492</td>
<td>77,922</td>
<td>43.66%</td>
<td>$3.00</td>
</tr>
<tr>
<td>Northeast</td>
<td>20</td>
<td>2,876,136</td>
<td>142,400</td>
<td>4.95%</td>
<td>$3.70</td>
</tr>
<tr>
<td>Northwest</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Southeast</td>
<td>11</td>
<td>924,451</td>
<td>147,850</td>
<td>15.99%</td>
<td>$3.63</td>
</tr>
<tr>
<td>Southwest</td>
<td>16</td>
<td>1,323,440</td>
<td>61,800</td>
<td>4.67%</td>
<td>$4.76</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>49</strong></td>
<td><strong>5,302,519</strong></td>
<td><strong>429,972</strong></td>
<td><strong>8.11%</strong></td>
<td><strong>$3.70</strong></td>
</tr>
</tbody>
</table>
The demand for commercial real estate investments remained strong in 2017. Rising interest rates and a record high stock market had little impact on the commercial real estate investment market. Investors continue to feel that owning income producing real estate is a better place for their money than other options available to them. They are still leery of the stock market, despite record highs, fearing that a correction may be on the horizon.

Lack of inventory remains the biggest obstacle for potential investors. There is simply not enough product coming on the market to meet the demand. Owners continue to hold on to their properties for the same reason others want to purchase them. The lack of inventory is causing investors to expand their parameters when searching for properties. They are increasingly looking coast to coast for investment opportunities. Many of them are having to settle for lower returns as they realize their “dream” deal isn’t available. There is also a trend among smaller investors to partner so they can pool their resources to be more competitive when making offers.

Financing isn’t an issue for commercial investors. Banks often compete to make loans and buyers who can put 20% to 25% down typically have multiple loan opportunities to pick from. The interest rate hikes implemented by the Fed last year had little impact on commercial loan rates. Buyers and potential sellers will be closely monitoring the three rate hikes that are expected this year. Nationally, the higher rates are predicted to slow the rate of large commercial transactions in the primary markets. Locally, brokers don’t think the increases will have much impact unless they are larger than anticipated.

The most attractive investment properties are multifamily projects and single tenant retail properties occupied by national tenants. The least popular property types are multi-tenant office buildings and big box retail facilities, which are difficult to fill when they become vacant. Cap rates continued to move downward due to the strong demand. In the Wichita market, deals are being done at 5.5% to 7% caps for new, well located properties with strong credit tenants. Cap rates vary between 8.5% and 12.5% for older properties that have higher risk factors.
2017 marked the fourth consecutive year that farm incomes in Kansas declined. The biggest problem with the ag economy continues to be low commodity prices. Crop production is outpacing usage creating a huge surplus that suppresses prices. Fewer grain exports is also impacting the surplus. Increased foreign competition has dropped the percent of grains the United States ships worldwide from 65% in the late 1970’s to 28% in 2017.

The low commodity prices continued to be a benefit for the state’s cattle producers who saw their incomes rise last year. That may not be true in 2018 as increasing herd sizes and less demand pushed cattle prices lower in the last quarter of 2017.

As expected, the decline in farm incomes negatively impacted land values. The rate of decline, however, was much lower in 2017 at 1.8% compared to 7% in 2016. Irrigated crop land saw the biggest decline at 5% while pastureland had the lowest rate of decline at less than 1%. These numbers are averages for the entire state and don’t reflect variables such as better soil conditions and higher rainfall in certain parts of the state where prices have held steady over the past two years. The lower farmland values in some areas will cause less land to come on the market as owners wait for higher prices.

The outlook for 2018 is for farm incomes to continue to be suppressed. Despite the continued softening there is still little cause for panic. Most farmers have been cautious about acquiring debt and will be able to hold on until things start to improve. Stabilizing oil prices will also help those farmers who have mineral rights. Economists with the Federal Reserve Tenth District feel the rate of decline in farm incomes is slowing to the point that the agricultural economy will soon stabilize, which will be good news for everyone involved with farming in Kansas.

---

2017 NEWsworthY ACTIVITY

- 5,497 acres Eagle Bar Ranch sold in Wabaunsee County.
- 295 acres near Kechi sold in three tracts.
- 462 acres of transitional land sold near Greenwich & 39th Street South.
- 75.10 acres sold near 21st & Andover Road.
- 69 acres sold near Highway K-96 & 53rd Street North.

---

2018 Farm & Ranch FORECAST

- Farm income will continue to decline but at a slower rate.
- Investors will increasingly look for opportunities to purchase agricultural land.
- The strong national economy will create more demand for recreational land.
- Declining income will put pressure on some farmers to sell their land.

---

IRRIGATED NON-IRRIGATED

2013 2014 2015 2016 2017

KS CROPLAND VALUES

KANSAS CROPLAND VALUES

$3,000 $2,000 $1,000

IRRIGATED NON-IRRIGATED

Land values shown for 2016 and 2017 reflect data through August of both years.

2013 2014 2015 2016 2017

KS PASTURE & RANGELAND VALUES

$1,000 $750 $500

IRRIGATED NON-IRRIGATED

Land values shown for 2016 and 2017 reflect data through August of both years.
It was another active year for the residential real estate market. The number of units sold increased for the seventh straight year. The 10,465 units sold in 2017 represented just a 0.9% increase over the 10,368 units sold in 2016 as lack of inventory is starting to impact the market. The South Central Kansas Multiple Listing Service reported there were a total of 2,214 listings on the market at the end of the year, representing just 2.7 months of inventory. The market continues to be tilted strongly in favor of sellers. Houses are selling at a faster pace, with existing homes staying on the market for an average of 47 days compared with 51 days in 2016. The strong sales activity hasn’t significantly impacted prices as the average sales price for existing homes rose by just 1% to $147,739. The average sales price for all homes sold was $157,657 compared to $157,286 in 2016.

The most sought after neighborhoods in Wichita continue to be in the northeast and northwest areas of the city. The Maize and Andover markets are the most popular areas in the suburban markets. The most active houses, in general, are those priced in the $100,000 to $200,000 range.

There were 1,081 new housing starts in the area, which was an increase of 18 houses compared to 2016. Housing starts in Wichita increased from 593 to 596 and from 470 to 485 in the surrounding markets. The rate of new home construction continues to be hindered by a lack of population growth in the area.
The multifamily market was very active in 2017 as new apartments opened and plans were announced for additional projects throughout the area. The increasing number of residential units had an impact on vacancy rates and rents. According to the January "Savage Report" the overall vacancy rate for apartments, outside of the core area, rose to 8.5% from 7.8% a year ago. Rental rates remained relatively flat due to the increased competition.

New projects opening also had an impact on the vacancy rate for multifamily units in the city’s downtown core. The Wichita Downtown Development Corporation estimates the occupancy rate among all properties in the area to be somewhere between 80 to 85%, down from being close to 100% eighteen months ago. The drop in the occupancy rate last year was due, primarily to the opening of the 240 units at The Douglas. This is, by far, the largest multifamily project to open in the Central Business District and is taking longer to lease than the smaller properties that have opened in recent years.

While the vacancy rates have risen in the past year, the increases have been minor and the rental market in Wichita is still healthy. The fact that the overall vacancy rate remains below 10%, despite the large increase in inventory, reflects how strong the demand for rental properties is. The national housing service, RentCafe, published a report that shows the percent of Wichita residents who rent their residences rose 15.1% from 2006 to 2016. According to the report 38% of Wichitans were renting at the end of 2016. The trend away from home ownership is also being seen nationally where there have been close to a million more people choosing to rent each year since 2010. This trend will help the new projects coming on the market attract tenants, but it will take longer to get close to full occupancy than it has in recent years. There will continue to be a strong demand for unique rental properties in the Central Business District, especially among young, college-educated professionals.

### 2018 Multifamily FORECAST

- Construction will start on multi-use projects in the Delano and Old Town Districts that will include multifamily units.
- New complexes of various sizes will open in the Central Business District, College Hill area and the far east side of the city.
- The increase in inventory will have an impact on vacancy rates and rents as landlords compete to attract tenants.
WEIGAND COMMERCIAL DIVISION & CORPORATE OFFICERS

Randy Johnston
Investment/Commercial

Bradley Tidemann, CCIM
SIOR
Industrial/Commercial

Christi Royse, CCIM
Retail/Commercial

Terry Rupp, ALC
Farm & Ranch/Auctions

Cristi Howell
Retail/Commercial

Dawn Truman
Senior V.P. General Manager Commercial Division

Grant Tidemann, CCIM
VP/General Brokerage

Bree Maybee, CCIM
General Brokerage

Mark Schroeder
Office/Industrial

John Rupp, ALC
Farm & Ranch/Auctions

Kameron Freeland
Retail/Commercial

Krista Lowry Racine
Commercial/Auctions

Leisa Lowry, CCIM
Retail/Commercial

Kristin Stang, CCIM
Investment/Office

Austin Swisher
General Brokerage

Marty J. Moody
General Brokerage

Whitney Vliet Ward
General Brokerage

Mike Loveland
Investment/Commercial

Randy Bowles
General Brokerage

Nestor R. Weigand, Jr., CRE, SIOR, CCIM, FRICS, CIPS, CRB
Chairman/CEO/President

Richelle Knotts
VP/General Manager Residential Division

Steve Barrett, CCIM, SIOR, CRE, ALC, CIPS
Investment/Commercial

Peggy Ward
COO/COFO

Ross Tidemann
Investment/Commercial

Brad Mitchell
Industrial/Commercial

Herb Krumsick, CCIM, CRE, SIR, CRE, ALC, CIPS
Senior VP/Investments

Ben Gartner
General Brokerage

OUR SERVICES

Industrial, Office, and Retail Leasing & Sales
Tenant Representation
Farm & Ranch Sales
Land Acquisition and Sales
Investment Acquisition and Sales
Multifamily Acquisition and Sales
Auction
Site Selection
Due Diligence
Consulting
Recievership & REO Disposition
Market Research
Residential
New Homes
Relocation
FORECAST METHODOLOGY

The data in the Forecast includes data on all office, retail and industrial buildings that had leasable space available for occupancy at the end of 2017. Excluded are government buildings, owner-occupied properties with less than 50% of the total space available for lease, regional malls and single tenant big box buildings of 20,000 or more square feet.

GLOSSARY OF TERMS

Average Asking Rate: Quoted asking rental rates, given on a per-square-foot-per-year basis. They are provided as a weighted average by the amount of square footage available at the end of 2017.

Vacancy Rate: All space available for lease divided by the total amount of space in the statistical category.

LEASE TERMS

Retail: Retail lease rates are quoted on a “triple net” basis in which the tenant pays its shares of all taxes, insurance and maintenance expenses that arise from its use of the property.

Office: Office lease rates are quoted on a “full service” basis in which the landlord pays all operating expenses related to the property.

Industrial: Industrial lease rates are quoted on an “industrial gross” basis in which the landlord is responsible for base year taxes, insurance and exterior maintenance.

PROPERTY CLASSIFICATIONS

Office and Retail: Class A product is newer construction in prime locations with quality tenants and asking premium rates for lease space. Class B product is older construction in secondary locations that is well maintained and typically attracts a wide range of tenants. Class C product is older than Class B properties in third tier locations attracting mostly small, locally owned businesses.

Industrial: Industrial properties are classified by size: up to 5,000 square feet; 5,000 to 15,000 square feet; 15,000 to 30,000 square feet; 30,000 to 50,000 square feet, and 50,000 square feet and above.
COMMERCIAL • AUCTION • INVESTMENT DIVISION

Dawn Truman  
Senior Vice President/General Manager

Herbert L. Krumsick  
Senior Vice President

Grant J. Tidemann  
Vice President

150 N. Market  
Wichita, KS 67202  
(316) 262-6400
Fax (316) 262-0647

CORPORATE DIVISION

Nestor R. Weigand, Jr.  
Chairman/CEO/President

Peggy Ward  
Chief Operations Officer/Chief Financial Officer  
Corporate Secretary/Treasurer

150 N. Market  
Wichita, KS 67202  
(316) 262-6400

AFFILIATED COMPANY

Craig Hanson  
President  
Weigand-Omega Management, Inc.  
333 S. Broadway, Suite 105  
Wichita, KS 67202

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Residential Division  
Richelle Knotts  
Vice President/General Manager

Belle Plaine Office  
415 E. 4th, Box 368  
Belle Plaine, KS 67013  
(620) 488-2785

Derby Office  
1121 College Park, Suite 700  
Derby, KS 67037  
(316) 788-5581

East Office  
6530 E. 13th St. North  
Wichita, KS 67206  
(316) 686-7281

Hutchinson Office  
1009 N. Main  
Hutchinson, KS 67501  
(620) 663-4458

New Homes Division  
6530 E. 13th St. North  
Wichita, KS 67206  
(316) 440-1310

Newton Office  
400 S. Main  
Newton, KS 67114  
(316) 283-1330

Relocation Division  
6530 E. 13th St. North  
Wichita, KS 67206  
(316) 686-3773

REO Division  
2872 N. Ridge Rd., Suite 112  
Wichita, KS 67205  
(316) 722-6182

West Office  
2872 N. Ridge Rd., Suite 112  
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