MARKET OVERVIEW

2015 was a dynamic year for real estate in Wichita. Virtually all areas of the commercial real estate market saw enhanced activity with heightened interest among businesses, developers and investors looking for new lease and purchase opportunities. Residential real estate was also active as buyers continued to aggressively pursue new housing options.

There was a lot of positive news throughout the community in 2015. Increased hiring by area businesses was responsible for a decrease in the unemployment rate to less than 5 percent. Tenants were announced for the Innovation Campus that started construction at Wichita State University. The new Dwight D. Eisenhower Airport opened for business and Koch Industries completed work on their new 200,000 square foot expansion at their corporate headquarters in north Wichita. In the Central Business District, work began on the Union Station project and the refurbishing of the vacant Exchange Place and Bitting office buildings. New residential projects were announced that will double the number of people living in the downtown core.

The associates and staff of J.P. Weigand & Sons are excited about the opportunities that lie ahead for Wichita. We look forward to playing an integral role in the city's future and hope that you find the information presented in "Forecast 2016" to be informative and useful.
For More Than 114 Years

SERVICE YOU DESERVE, PEOPLE YOU CAN TRUST

As we reflect on our 114 year history as the leading real estate company in South Central Kansas we understand that we've survived and grown over the years because of our ability to adapt to changing markets and by bringing successful outcomes to our clients. Those abilities that were initiated by John Patrick Weigand in 1902 are also critically important to our success today.

COMMITTED TO SERVICE

J.P. Weigand & Sons’ continued success is due to a commitment to give our clients the most comprehensive real estate services with the highest level of professionalism and integrity. Our clients are our primary focus. We’re proud of the many relationships we’ve established over the years and are honored by the significant amount of repeat business they choose to give us.

FULL SERVICE BROKERAGE

J.P. Weigand & Sons Commercial Division offers a full spectrum of services that enable us to offer efficient and effective responses to the needs of our clients. These services include:

- Industrial, Office, and Retail Leasing & Sales
- Tenant Representation
- Farm & Ranch Sales
- Land Acquisition and Sales
- Investment Acquisition and Sales
- Multifamily Acquisition and Sales
- Site Selection
- Due Diligence
- Auction Marketing
- Consulting
- Receivership & REO Disposition
- Market Research

KNOWLEDGE AND EXPERTISE

J.P. Weigand & Sons’ Commercial Sales Associates are committed to being knowledgeable in their market specialty and keeping informed of the latest trends in both the local and national markets. Our associates have more professional designations from national and international real estate organizations than any other company in the area. Their active involvement in these organizations provides us access to market expertise across the globe.

20 Years of Exceptional Service

Leisa Lowry, CCIM
Sales Associate

Terry Rupp, ALC
Sales Associate

We wish you continued success for many years to come.
**OFFICE 2015**

**NEWSWORTHY ACTIVITY**

- Sale of Epic Center to local investor.
- Conversion of vacant buildings in the Central Business District.
- New construction at The Waterfront.
- Construction started at the Wichita State University Innovation Campus.

**Market At A Glance**

- Market Size: 10,230,720 sf
- Overall Vacant Space: 1,804,837 sf
- Overall Vacancy Rate: 17.64%
- Overall Asking Rate: $12.77*

*Full Service
Statistically, the Wichita office market was essentially the same as it was at the end of 2014. The overall vacancy rate increased slightly to 17.6%, while the overall asking rate increased by $.36 to $12.77 per square foot. The class A properties continue to be the strongest performers throughout the city. There was positive absorption in the majority of the class A properties. Some areas of the city saw improvement in the vacancy rates for class B properties. This was especially true in the Central Business District where the overall class B vacancy rate dropped from 24% to 19% due primarily to the significantly improved occupancy in the High Touch Building at 110 S. Main. The older class C office properties continue to struggle throughout the market.

The year-end statistics don’t accurately reflect the activity in the Wichita office market in 2015. The market actually showed more vitality than had been seen in several years. The Central Business District was especially active. Local investors purchased the Epic Center and Commerce Plaza office buildings. Work started on the Union Station project and several tenants made commitments in the former hotel space. The center of downtown at Douglas and Market was alive with construction projects. The former Merrill Lynch Building, which had been vacant for years, was refurbished by a local investor and immediately began attracting tenants. Across the street, work started on the conversion of the former Bitting and Exchange Place buildings to mixed use properties that will include retail and residential. The refurbishing and conversion of older vacant properties has created excitement in the city’s core and is causing more businesses to consider relocating to the area.

Elsewhere in the city, construction started on a new office building at The Waterfront where the Hinkle Law firm will be the anchor tenant. Construction began at the new Innovation Campus at Wichita State University. Airbus has also announced plans to move their local offices to the new complex and the university will absorb the space in Old Town that Airbus will be vacating.

In the medical office market, immediate care centers expanded their presence by occupying formerly vacant properties in different areas of the city. Most of the new office construction in 2015 was for medical users.

While it’s exciting to see the new activity there are still concerns for the office market. The market continues to struggle to achieve significant absorption of office space. This has been the case for several years and it will remain that way until new businesses can be recruited to move to the city. The lack of new businesses causes landlords to compete aggressively for existing tenants which continues to suppress rents.
## Market At A Glance

Market Size: 10,797,562 sf  
Overall Vacant Space: 1,674,257 sf  
Overall Vacancy Rate: 15.51%  
Overall Asking Rate: $10.67*  
*Triple Net

### MAJOR TRANSACTIONS

- Costco opened at Kellogg and Webb Road.
- Academy Sports opened at K-96 and Greenwich Road.
- Construction started at Greenwich Place for new Buy Buy Baby, World Market and Bed Bath & Beyond stores.
- At Home moved into the former Target location on Towne East Drive.
- Ashley Furniture moved into the former Sportsman’s Warehouse location at One Kellogg Place.

### TOTAL RETAIL

#### EXISTING INVENTORY

<table>
<thead>
<tr>
<th>MARKET</th>
<th># BLDGS</th>
<th>TOTAL SF</th>
<th>VAC SF</th>
<th>VAC%</th>
<th>QUOTED RATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBD</td>
<td>36</td>
<td>551,615</td>
<td>16,000</td>
<td>2.90%</td>
<td>$10.54</td>
</tr>
<tr>
<td>Delano</td>
<td>55</td>
<td>304,928</td>
<td>25,795</td>
<td>8.46%</td>
<td>$7.62</td>
</tr>
<tr>
<td>Northeast</td>
<td>101</td>
<td>2,736,889</td>
<td>541,375</td>
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<td>$10.72</td>
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<tr>
<td>Northwest</td>
<td>107</td>
<td>3,152,108</td>
<td>355,311</td>
<td>11.27%</td>
<td>$13.42</td>
</tr>
<tr>
<td>Southeast</td>
<td>116</td>
<td>2,728,687</td>
<td>412,562</td>
<td>15.12%</td>
<td>$9.59</td>
</tr>
<tr>
<td>Southwest</td>
<td>69</td>
<td>1,323,335</td>
<td>323,214</td>
<td>24.42%</td>
<td>$9.20</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td>484</td>
<td>10,797,562</td>
<td>1,674,257</td>
<td>15.51%</td>
<td>$10.67</td>
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</table>

### CLASS A

#### EXISTING INVENTORY

<table>
<thead>
<tr>
<th>MARKET</th>
<th># BLDGS</th>
<th>TOTAL SF</th>
<th>VAC SF</th>
<th>VAC%</th>
<th>QUOTED RATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBD</td>
<td>3</td>
<td>84,710</td>
<td>3,200</td>
<td>3.78%</td>
<td>$14.00</td>
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<tr>
<td>Delano</td>
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<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Northeast</td>
<td>50</td>
<td>1,347,132</td>
<td>111,178</td>
<td>8.25%</td>
<td>$16.29</td>
</tr>
<tr>
<td>Northwest</td>
<td>31</td>
<td>1,267,149</td>
<td>127,240</td>
<td>10.04%</td>
<td>$19.49</td>
</tr>
<tr>
<td>Southeast</td>
<td>24</td>
<td>1,223,355</td>
<td>86,270</td>
<td>7.05%</td>
<td>$15.94</td>
</tr>
<tr>
<td>Southwest</td>
<td>15</td>
<td>342,771</td>
<td>48,060</td>
<td>14.02%</td>
<td>$13.32</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td>123</td>
<td>4,265,117</td>
<td>375,948</td>
<td>8.81%</td>
<td>$16.89</td>
</tr>
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### CLASS B

#### EXISTING INVENTORY

<table>
<thead>
<tr>
<th>MARKET</th>
<th># BLDGS</th>
<th>TOTAL SF</th>
<th>VAC SF</th>
<th>VAC%</th>
<th>QUOTED RATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBD</td>
<td>27</td>
<td>385,853</td>
<td>11,300</td>
<td>2.93%</td>
<td>$10.76</td>
</tr>
<tr>
<td>Delano</td>
<td>2</td>
<td>9,400</td>
<td>0</td>
<td>0.00%</td>
<td>N/A</td>
</tr>
<tr>
<td>Northeast</td>
<td>39</td>
<td>1,083,234</td>
<td>370,057</td>
<td>34.16%</td>
<td>$9.48</td>
</tr>
<tr>
<td>Northwest</td>
<td>51</td>
<td>1,099,114</td>
<td>107,602</td>
<td>9.79%</td>
<td>$10.55</td>
</tr>
<tr>
<td>Southeast</td>
<td>57</td>
<td>881,053</td>
<td>169,294</td>
<td>19.21%</td>
<td>$9.48</td>
</tr>
<tr>
<td>Southwest</td>
<td>38</td>
<td>813,604</td>
<td>241,442</td>
<td>29.68%</td>
<td>$8.63</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td>214</td>
<td>4,272,258</td>
<td>899,695</td>
<td>21.06%</td>
<td>$9.40</td>
</tr>
</tbody>
</table>

### CLASS C

#### EXISTING INVENTORY

<table>
<thead>
<tr>
<th>MARKET</th>
<th># BLDGS</th>
<th>TOTAL SF</th>
<th>VAC SF</th>
<th>VAC%</th>
<th>QUOTED RATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBD</td>
<td>6</td>
<td>81,052</td>
<td>1,500</td>
<td>1.85%</td>
<td>$4.54</td>
</tr>
<tr>
<td>Delano</td>
<td>53</td>
<td>295,528</td>
<td>25,795</td>
<td>8.73%</td>
<td>$7.62</td>
</tr>
<tr>
<td>Northeast</td>
<td>12</td>
<td>306,523</td>
<td>60,140</td>
<td>19.62%</td>
<td>$8.08</td>
</tr>
<tr>
<td>Northwest</td>
<td>25</td>
<td>785,845</td>
<td>120,469</td>
<td>15.33%</td>
<td>$9.56</td>
</tr>
<tr>
<td>Southeast</td>
<td>35</td>
<td>624,279</td>
<td>156,998</td>
<td>25.15%</td>
<td>$6.23</td>
</tr>
<tr>
<td>Southwest</td>
<td>16</td>
<td>166,960</td>
<td>33,712</td>
<td>20.19%</td>
<td>$7.45</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td>147</td>
<td>2,260,187</td>
<td>398,614</td>
<td>17.64%</td>
<td>$7.69</td>
</tr>
</tbody>
</table>
The pace of retail development and construction picked up significantly in 2015. This was particularly true in the northeast sector where several new projects were started along Greenwich Road between K-96 and 13th Street North. Five new strip centers were under construction along Greenwich Road at year’s end and work was under way for new Buy Buy Baby, World Market and Bed Bath & Beyond stores in the Greenwich Place development at K-96 and Greenwich. Academy Sports, Applebee’s, China Go, Thunderbird Firearms and the Wichita Sports Forum were among the businesses that moved into new buildings along Greenwich Road. A new Jaguar-Land Rover dealership opened in the Wichita Luxury Collection development near 13th and Greenwich. Construction started for new BMW, Audi, Porsche, Mini Cooper and Acura dealerships in the same development.

The Derby market continues to attract national retailers. Hobby Lobby, Aldi, Mattress Firm, Chick-fil-A, TJ Maxx and Ross Dress for Less were among the businesses that opened stores in the popular suburban community last year.

Fast food and mattress retailers were particularly active in 2015 with several new stores opening in a variety of locations throughout the city. Dunkin Donuts and Pie 5 Pizza entered the market with multiple locations. Craft breweries also expanded their presence. Several new, locally owned brew pubs opened near downtown. The Wichita Brewing Company and Bricktown Brewery opened new stores on the east and west sides of the city. Restaurants and specialty retailers continue to do well in the Delano District and Old Town areas.

The overall vacancy rate for the retail market increased slightly to 15.5%, primarily due to the difficulty older shopping centers have attracting new tenants. The class A properties continue to do well with a market wide vacancy rate of 8.8%. Asking rates increased from $9.99 per square foot to $10.67 for the overall market and in the class A sector the asking rate rose to $16.89 from $14.99 a year ago. There were fewer store closings in the market last year which is another contributing factor to the improved market conditions.

- Retail activity will stay active in the new developments in the northeast and northwest sectors as well as the Derby area.
- The new strip centers coming on line will be able to fill the majority of their available spaces.
- The strong retail activity will be driven by national franchises coming to the market or expanding their presence in the area.
## MARKET PROPERTIES OVER 50,000 SF

<table>
<thead>
<tr>
<th>MARKET</th>
<th># BLDS</th>
<th>TOTAL SF</th>
<th>VAC SF</th>
<th>VAC%</th>
<th>QUOTED RATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBD</td>
<td>2</td>
<td>178,492</td>
<td>178,492</td>
<td>100.00%</td>
<td>$2.89</td>
</tr>
<tr>
<td>Northeast</td>
<td>17</td>
<td>2,195,410</td>
<td>294,726</td>
<td>13.42%</td>
<td>$6.01</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>12</td>
<td>950,474</td>
<td>277,983</td>
<td>29.25%</td>
<td>$2.63</td>
</tr>
<tr>
<td>Southwest</td>
<td>15</td>
<td>1,415,703</td>
<td>0</td>
<td>0.00%</td>
<td>N/A</td>
</tr>
<tr>
<td>TOTALS</td>
<td>46</td>
<td>4,740,079</td>
<td>751,201</td>
<td>15.85%</td>
<td>$4.02</td>
</tr>
</tbody>
</table>

## MARKET PROPERTIES 50,000 to 50,000 SF

<table>
<thead>
<tr>
<th>MARKET</th>
<th># BLDS</th>
<th>TOTAL SF</th>
<th>VAC SF</th>
<th>VAC%</th>
<th>QUOTED RATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBD</td>
<td>1</td>
<td>178,492</td>
<td>178,492</td>
<td>100.00%</td>
<td>$2.89</td>
</tr>
<tr>
<td>Northeast</td>
<td>17</td>
<td>2,195,410</td>
<td>294,726</td>
<td>13.42%</td>
<td>$6.01</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>12</td>
<td>950,474</td>
<td>277,983</td>
<td>29.25%</td>
<td>$2.63</td>
</tr>
<tr>
<td>Southwest</td>
<td>15</td>
<td>1,415,703</td>
<td>0</td>
<td>0.00%</td>
<td>N/A</td>
</tr>
<tr>
<td>TOTALS</td>
<td>46</td>
<td>4,740,079</td>
<td>751,201</td>
<td>15.85%</td>
<td>$4.02</td>
</tr>
</tbody>
</table>

## MARKET PROPERTIES 15,000 to 30,000 SF

<table>
<thead>
<tr>
<th>MARKET</th>
<th># BLDS</th>
<th>TOTAL SF</th>
<th>VAC SF</th>
<th>VAC%</th>
<th>QUOTED RATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBD</td>
<td>6</td>
<td>113,594</td>
<td>38,678</td>
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<tr>
<td>Northeast</td>
<td>22</td>
<td>474,146</td>
<td>101,222</td>
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</tr>
<tr>
<td>Northwest</td>
<td>4</td>
<td>91,376</td>
<td>19,550</td>
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</tr>
<tr>
<td>Southeast</td>
<td>21</td>
<td>463,559</td>
<td>32,767</td>
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<tr>
<td>Southwest</td>
<td>34</td>
<td>730,337</td>
<td>48,250</td>
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<tr>
<td>TOTALS</td>
<td>87</td>
<td>1,873,012</td>
<td>198,987</td>
<td>10.85%</td>
<td>$5.05</td>
</tr>
</tbody>
</table>

## MARKET PROPERTIES 5,000 to 15,000 SF

<table>
<thead>
<tr>
<th>MARKET</th>
<th># BLDS</th>
<th>TOTAL SF</th>
<th>VAC SF</th>
<th>VAC%</th>
<th>QUOTED RATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBD</td>
<td>29</td>
<td>249,482</td>
<td>2,335</td>
<td>0.94%</td>
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<tr>
<td>Northeast</td>
<td>39</td>
<td>396,924</td>
<td>73,708</td>
<td>18.57%</td>
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<tr>
<td>Northwest</td>
<td>7</td>
<td>74,202</td>
<td>9,404</td>
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<td>$5.04</td>
</tr>
<tr>
<td>Southeast</td>
<td>37</td>
<td>362,888</td>
<td>31,870</td>
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<tr>
<td>Southwest</td>
<td>73</td>
<td>750,200</td>
<td>81,670</td>
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<tr>
<td>TOTALS</td>
<td>185</td>
<td>1,833,696</td>
<td>198,987</td>
<td>10.85%</td>
<td>$5.05</td>
</tr>
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## MARKET PROPERTIES UP TO 5,000 SF

<table>
<thead>
<tr>
<th>MARKET</th>
<th># BLDS</th>
<th>TOTAL SF</th>
<th>VAC SF</th>
<th>VAC%</th>
<th>QUOTED RATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBD</td>
<td>11</td>
<td>42,432</td>
<td>4,737</td>
<td>11.16%</td>
<td>$6.28</td>
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<tr>
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<td>10</td>
<td>39,108</td>
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<td>0.00%</td>
<td>N/A</td>
</tr>
<tr>
<td>Northwest</td>
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<td>17,950</td>
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<tr>
<td>Southeast</td>
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<td>17.47%</td>
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</tr>
<tr>
<td>Southwest</td>
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<td>60,752</td>
<td>12,388</td>
<td>20.39%</td>
<td>$6.06</td>
</tr>
<tr>
<td>TOTALS</td>
<td>54</td>
<td>209,465</td>
<td>25,725</td>
<td>12.28%</td>
<td>$5.42</td>
</tr>
</tbody>
</table>

## Major Transactions
- Sale of the Castle Metals Building (128,061 sq. ft.) to an investor.
- Purchase of the former Boeing flight line buildings by local investors.
- 49,000 sq. ft. building at 8720 E. 34th St. North leased for five years.
- 51,270 sq. ft. building at 2530 S. Southeast Drive leased for five years.
- Sale of two buildings totaling 41,002 sq. ft. at 4420 W. Esthner and 4421 W. Harry.

**Market At A Glance**
- Market Size: 10,323,320 sf
- Overall Vacant Space: 1,521,195 sf
- Overall Vacancy Rate: 14.74%
- Overall Asking Rate: $4.25*  
  *Industrial Gross
The industrial market had good activity in 2015, which resulted in a sizeable amount of space being absorbed. The vacancy rate for the entire market dropped from 21.5% at the end of 2014 to 14.7%. This is the lowest vacancy rate the market has seen in several years. The biggest improvement was in the properties in the 15,000 sq. ft. to 30,000 sq. ft. range where the overall vacancy rate was 12.8% compared to 26.7% last year. This market segment is also where inventory of available space is in shortest supply.

Inventory of modern industrial space available for lease is starting to become a concern throughout the market. Positive absorption in recent years combined with businesses leaving older properties for newer, more functional buildings has created a tighter market. The limited inventory is causing businesses to consider building and owning their real estate instead of leasing. There is also a trend for long-term tenants to own their buildings rather than lease as they seek better returns on their capital than they can obtain from other types of investments.

The asking rate for the industrial market as a whole remained flat at $4.25 per sq. ft. There was some rent appreciation for buildings in the 15,000 to 30,000 sq. ft. category. The increase in asking price isn't enough; however, to offset the high cost of construction which limits the opportunities for new spec industrial buildings coming on the market. To make new construction feasible, the rents need to be in the $8.00 to $10.00 per square foot range for the smaller, 5,000 to 10,000 sq. ft. properties. For properties larger than 10,000 square feet the rents for new construction need to be in the range of $5.00 to $7.00 per sq. ft. We expect to see more tenants willing to pay these higher prices as demand for newer space with higher ceilings and modern amenities continues and the availability of similar existing space declines. This will be especially true for national and regional tenants who are accustomed to paying higher rents for new construction in other markets.

There was some activity with new spec industrial buildings in 2015. Two smaller properties opened in the Comotara Industrial Park and were successful in attracting tenants. Construction also began on two larger properties at 69th Street North and I-135 in Park City and in Wichita at 29th Street North and Ohio.

The market will continue to absorb the good, functional space that is on the market. Lack of inventory will become a bigger concern and the scarcity of good options will cause more businesses to build and own rather than lease. There will be some new spec construction to meet the demand for modern facilities. Industrial properties will be attractive to investors.
The commercial real estate investment market was very active in 2015 as investors throughout the country competed for investment properties that came on the market. The demand for investment real estate was especially strong for single tenant retail and multifamily properties, but there was considerable interest in all of the commercial property sectors. Fluctuations in the stock market, lower commodity prices, and the significant decline in oil prices all contributed to the interest among investors for stable places to put their money. The attractiveness of commercial real estate as an investment option was also enhanced by market fundamentals which have improved consistently since 2011.

Nationally, commercial vacancy rates are at, or near, all time lows while development activity is still down 25% from pre-recession levels. Market conditions are also favorable for multifamily properties due to rent versus buy preferences and potential first time buyers being burdened with debt from student loans. The strong demand for commercial investment properties is causing capitalization (cap) rates to compress significantly in primary and secondary markets. Cap rates for class A properties are in the 6% to 7% range in all property segments. Rates below 6% are becoming common for particularly strong performing assets.

Cap rates in Wichita continue to remain relatively flat due to investors expecting higher returns for the risks associated with properties in smaller markets. Ten percent continues to be the benchmark for local cap rates with most deals being done within one or two percent on either side of that number.

Financing is typically not an issue for investors as local and regional lenders are aggressively pursuing deals. The Fed's plan to quantitatively increase interest rates creates an unknown and certain amount of concern for potential investors. Interest rates are still historically low and the increases shouldn't have a significant impact as long as they remain modest.
Economic conditions softened in the farm and ranch sector in 2015. The softening in farm income is directly related to commodity prices which started dropping in late 2014 and continued to decline last year. Over production and the strengthening U.S. dollar are the primary factors impacting commodity prices, each of which are causing farmers to store grain in anticipation of higher prices in the future. The strengthening U.S. dollar has also hurt grain exports as grains grown in other parts of the world have become much less expensive. This is especially true for wheat which has the strongest competition from foreign producers.

The compression of farm incomes had an impact on Kansas farmland values, but the extent of the impact varied depending on the location and quality of the property. Farmland in south central Kansas, with class I and II soils, continued to bring premium prices. This scenario also held true for land in the eastern part of the state; whereas, farmland values in western Kansas declined slightly.

There were fewer cash buyers for farmland and farm equipment in 2015 and lenders throughout the state reported more loan activity in the agriculture sector. Fewer farmers seeking to acquire additional land created opportunities for other types of buyers. Recreational buyers, in particular, were more active in 2015, and investment buyers also returned to the market. These non-traditional buyers helped sustain land values.

The cattle market also declined in 2015. Easing of the drought and low grain prices caused producers to build up their herds. Unfortunately, the rapid buildup created an oversupply which triggered a drop in beef prices. Cattlemen had to start reducing the size of their herds and started sending more heifers to feed lots as a result.

**KANSAS CROPLAND VALUES**

- Irrigated: $1,180, $1,150, $1,170, $1,280, $2,090
- Non-Irrigated: $1,570, $1,460, $1,260, $2,094, $2,094

*Land values shown for 2014 and 2015 reflect data through August of both years.

**KANSAS PASTURE & RANGELAND VALUES**

- 2011: $1,092, $1,151
- 2012: $1,092, $1,260
- 2013: $1,092, $1,151
- 2014: $1,092, $1,151
- 2015: $1,092, $1,151

**FARM & RANCH FORECAST**

- Agricultural land values will be stable in 2016.
- Any declines in values will be modest and limited to properties in marginal locations with poorer soil conditions.
- Properties with good soil in the central and eastern portions of the state will continue to bring premium prices when they become available to the market.
- The cattle market will stabilize as herd sizes align with demand.
Market demographics continued to help landlords fill vacancies in apartment complexes throughout the area in 2015. The overall vacancy rates of 9.8% for apartments was essentially the same as it was at the end of 2014, despite several new projects coming on line. The northeast sector continues to see the lowest vacancy rate at 5.8%. The demand for rental units and the higher rents being received at the new complexes caused the asking rents to increase in all property types. Studio apartments and three bedroom units saw the biggest percentage increase at 7.5%. According to the January “Savage Report” 63% of the apartment communities raised their rents during the year by an average of 4.5%. This compares with an average increase of 2.4% in 2014.

The multifamily market continues to expand at a rapid pace. Over 1,800 additional units have been announced or are under construction. Over 1,200 of these are in the Central Business District. The additional units will effectively double the size of the residential market in downtown Wichita from 1,319 to close to 2,600. Conversion work has started at the Exchange Place and Bitting office buildings and more conversions have been announced for the former Market Centre and the USD 259 headquarters. Work started on the River Vista project on the west bank of the Arkansas River. There have also been announcements of plans to expand several existing multifamily projects in the core area.

Multifamily properties continue to be very attractive to investors. Several local complexes were sold in 2015. Five complexes were sold as part of a package to a REIT. Smaller investors are still actively seeking single family homes and duplexes to purchase.

### Multifamily FORECAST
- Apartment living will continue to be attractive to millennials burdened with college debt and a desire for mobility, as well as empty nesters looking to reduce overhead.
- The amount of new product coming on line will test the market's ability to continue to absorb increased inventory.
- Investors will continue to look for opportunities to purchase multifamily properties of all sizes.

### APARTMENT RENTS
- **STUDIO**
- **1 BEDROOM**
- **2 BEDROOM**
- **3 BEDROOM**
- **TOWN HOME**

### 10 YEAR VACANCY HISTORY
- 2006: 8.8%
- 2007: 6.6%
- 2008: 10.2%
- 2009: 8.8%
- 2010: 10.5%
- 2011: 9.3%
- 2012: 7.2%
- 2013: 7.8%
- 2014: 7.8%
- 2015: 7.8%
SALES
2015 was another good year for residential home sales in the metropolitan area. The total number of homes sold was 9,686 which was an increase of 3.7%. The sale of existing homes actually increased by 4.3%, while the sale of new homes dropped from 599 in 2014 to 570 in 2015. The robust activity in the existing home market had an impact on the average sales price which increased to $141,782 from $134,821 last year. The average sales price for all homes sold increased by 3.7% to $150,515.

The total number of listings that came on the market declined slightly in 2015. This decline combined with the increase in sales has created a sellers' market. Houses in good condition and correctly priced are selling faster than in the past. In 2013, the average number of days existing homes were on the market was 76 but in 2015 that number was reduced to 57. Residential Realtors are seeing more multiple offer scenarios than they have in the past and prospective buyers are being encouraged to make their first offer, their best offer, so they can be more competitive.

STARTS
There were 1,067 new housing starts in the metropolitan area in 2015 which represents a 5% increase over the previous year. Housing starts in Wichita increased by 11% while there was a decline of 1% in the surrounding areas. Derby, Andover, and Bel Aire had the most housing starts in the suburban markets.

Residential FORECAST
- Homes in the Wichita area are still affordably priced and interest rates remain at near historic lows which will help the residential market stay active in 2016.
- Buyers will have fewer options to choose from as the inventory of available homes continues to be absorbed.
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WICHITA INFORMATION & METHODOLOGY

Wichita Data
Population 2014 383,703
Sedgwick County Population 505,768
MSA Population 2014 633,020
Cost of Living Index 94.2
Civilian Labor Force* 310,944
Employed* 238,447
Unemployment Rate* 4.1%

*As of November, 2015
Sources: Kansas Department of Labor and Greater Wichita Economic Development Coalition

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 2015. 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.

Quoted asking rental rates are 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 2015. The vacancy rates are determined by dividing the space available for lease by the total amount of space in the statistical category.

The quadrant dividing lines are Broadway Avenue for east and west and Douglas Avenue for north and south. The Central Business District is defined as the area bounded by Seneca, Hydraulic, Kellogg and Murdock.
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