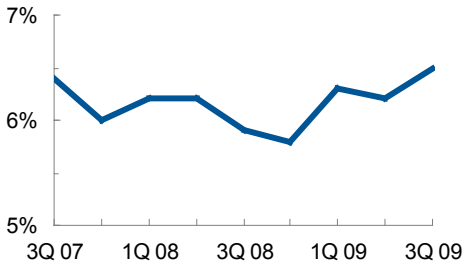


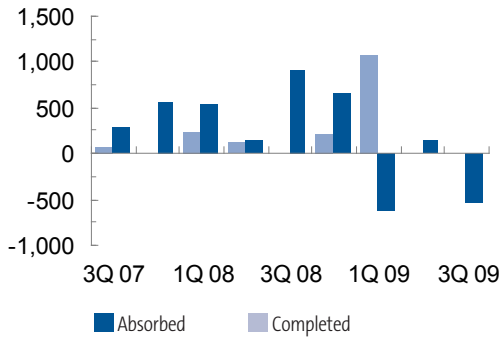
### Vacancy Rate

Quarterly



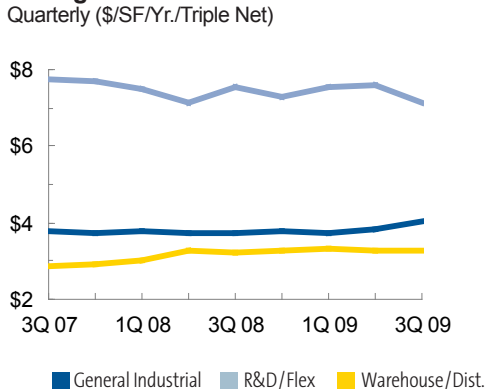
### Completions vs. Absorption

Quarterly (in Thousands of SF)



### Asking Rental Rates

Quarterly (\$/SF/Yr./Triple Net)



## Uncertainty Leads to Caution

The mindset for users and investors of commercial real estate continues to be one of caution. Deal velocity is expected to trend lower and vacancies are expected to increase slightly into first quarter 2010. Throughout 2009, most users of space were focused on aggressively managing expenses and making the appropriate cuts. Even though the recent gains in the Dow have crossed the 10,000 threshold, there continues to be a disconnect between Wall Street and Main Street; a lack of trust. As a result, users are seeking flexibility when making real estate decisions as the future continues to be cloudy. Short-term renewals, which represent a lack confidence in the future, continue to gain momentum in the leasing segment of the market. Until the consumer begins to spend and companies begin to hire, most experts anticipate the forecast for the industrial market to be challenging.

On the commercial lending side, the lack of access to capital, higher equity requirements and higher cap rates on underwriting have negatively impacted values for industrial real estate. The good news for Kansas City is there has not been any significant discounting of industrial building sales. This is partly due to a competitive vacancy rate of and the lack of speculative building over the past few years.

With every down market there will be opportunities. Those with access to capital and can react quickly may be in a position to take advantage of market opportunities. Most local market experts anticipate the first half of 2010 will be void of significant turnaround with the hope that signs of any measurable recovery will occur in the later part of 2010.

### FORECAST

- Vacancy is expected to increase slightly over the next two quarters before flattening in 2010.
- The recent trend of short-term lease renewals is expected to continue until the economy recovers and confidence increases.

### KEY TRANSACTIONS

Lessee/Buyer	Lessor/Seller	Property	Size (SF)/Price
■ Alliant, LLC	Midwest Terminal Warehouse	5414 E Front St*	87,500
■ Clinical Reference Labs	Beckwell International Inc.	1111 W Old Highway 56*	68,086
■ Fulfillment Plus	NBF 9 Properties	1446 Taney St*	31,340
■ Phyto Technology Laboratories	Karbank & Company	9245 Flint St*	14,100

■ Leasing ■ Sales (R) = Renewal (S) = Sublease \* Indicates Transaction Represented by Grubb & Ellis

# Industrial Trends Report—Third Quarter 2009

## Kansas City, MO



By Submarket	Total SF	Vacant SF	Total Vacancy %	NET ABSORPTION		Under Construction SF	ASKING RENT	
				Current	Year To Date		WH/Dist	R&D/Flex
Executive Park/Northeast	34,534,080	1,839,554	5.3%	(84,844)	(374,932)	-	\$2.87	\$6.22
Jackson County	85,772,144	6,016,226	7.0%	3,937	256,146	-	\$2.95	\$7.85
Johnson County	50,658,322	3,362,070	6.6%	27,711	(378,209)	1,100,000	\$4.67	\$7.22
Outside Metro Area	141,286			-	-	-	-	-
Platte County/NKC	22,952,979	1,715,189	7.5%	(119,596)	(27,235)	-	\$3.56	\$6.58
Wyandotte County	36,133,330	2,037,223	5.6%	(356,765)	(450,183)	-	\$3.14	\$7.59
<b>Totals</b>	<b>230,192,141</b>	<b>14,970,262</b>	<b>6.5%</b>	<b>(529,557)</b>	<b>(974,413)</b>	<b>1,100,000</b>	<b>\$3.27</b>	<b>\$7.14</b>

By Property Type	Total SF	Vacant SF	Total Vacancy %	NET ABSORPTION		Under Construction SF	ASKING RENT	
				Current	Year To Date		WH/Dist	R&D/Flex
General Industrial	97,801,158	5,534,829	5.7%	(361,863)	(952,373)	-	\$4.01	
Incubator	246,820	24,969	10.1%	(3,696)	(7,209)	-	\$6.75	
R&D/Flex	9,393,224	1,441,955	15.4%	(533)	(31,049)	-	\$7.14	
Warehouse/Distribution	122,750,939	7,968,509	6.5%	(163,465)	16,218	1,100,000	\$3.27	
<b>Totals</b>	<b>230,192,141</b>	<b>14,970,262</b>	<b>6.5%</b>	<b>(529,557)</b>	<b>(974,413)</b>	<b>1,100,000</b>	<b>\$3.79</b>	

## Grubb & Ellis|The Winbury Group Industrial Services Group

**D. Edward Elder, SIOR**  
President/Principal  
eelder@winbury.com

**Thomas D. Haverty**  
Executive Vice President/Principal  
thaverty@winbury.com

**Douglas M. Hedrick, SIOR, CCIM**  
Senior Vice President/Principal  
dhedrick@winbury.com

**Robert S. Galamba, SIOR, CCIM**  
Senior Vice President  
rgalamba@winbury.com

**John F. Delzer**  
Associate  
jdelzer@winbury.com

**Bryce A. Beasley**  
Associate  
bbeasley@winbury.com

## INDUSTRIAL TERMS AND DEFINITIONS

**Inventory:** Industrial inventory includes all multi-tenant, single tenant and owner occupied buildings at least 20,000 square feet.

**Industrial Buildings Classifications:** Industrial buildings are categorized as warehouse/distribution, general industrial, R&D/flex and incubator based on their physical characteristics including percent office build-out, clear height, typical bay depth, typical suite size, type of loading and typical uses.

**Vacancy and Availability:** The vacancy rate is the amount of physically vacant space divided by the inventory and includes direct and sublease vacant. The availability rate is the amount of space available for lease divided by the inventory.

**Net Absorption:** The net change in physically occupied space over a period of time.

**Asking Rent:** The dollar amount asked by landlords for available space expressed in dollars per square foot per year in most parts of the country, and dollars per square foot per month in areas of California and selected other markets. Industrial rents are expressed as triple net where all costs including, but not limited to, real estate taxes, insurance and common area maintenance are borne by the tenant on a pro rata basis. The asking rent for each building in the market is weighed by the amount of available space in the building.

*\* Grubb & Ellis statistics are audited annually and may result in revisions to previously reported quarterly and final year-end figures.*