Reflecting on Our Future: All Under one Roof

SKCA Economic Development Summit
James R. DeLisle, Ph.D.
October 11, 2014
Avila University
Presentation Overview

National Economic Scene
- Economy and Capital Markets
- Employment and Housing
- Social Entrepreneurship/Social Responsibility

Kansas City Economic Scene
- Economics and Housing
- Transactions and Forecast

Kansas City Development: Future Trends
- Range of Activity, Breadth of Market
- Challenges & Opportunities
- Thinking Bigger is Thinking Better
- An Collaborative Example of Future Engineering: A Co-Op Approach
WHO ARE YOU?
WHO AM I?
I AM NOT YOUR HOME RUN HITTER
I AM YOUR CLOSER
Developer Panel

John Sharp.... “Since before dirt...”

- Cerner Corporation
- Oxford on the Blue
- CenterPoint Intermodal
- Bannister Federal Complex
- CubeSmart
- Three Trails Industrial Park
- Burns and McDonnell

- Wendy Hill
- Bill Crandall
- Jim Cross
- Tanner Banion
- Mark Bryant
- NorthPoint
- Mike Talboy
Southeast Kansas City: The Future is Now

Three Trails

- 1.4msf
- 8-10 yrs
- 1,550-2,000 jobs
- 60% Mfg; $60,000 Avg

Innovation Campus
- 290 Acres
- Training, Health, Fitness, Retail
- $4.5 billion;
- $8m – Schools; $2 m comm

Cerner

Oxford on the Blue

- 350 acres
- $1.2-$3b; $450/sf cost
- 4 msf; mixed-use, village, housing
- Vision: Bio-Science, Tech
- PI’s Collaborate, Commercialize
- Tenants: National, International

Oxford: 20 years, 10,000 jobs

Lewis White Real Estate Center
Centerpoint KCS Intermodal Center
Located on the former Richards-GeBaur Air Force Base, the CenterPoint-Kansas City Southern Intermodal Center is a 370-acre intermodal facility anchored by Kansas City Southern rail lines.

Intermodal
Richards-GeBaur; Air Force Base Engineers, STEM, Skills, Logistics, Prof $1 billion to date; $800 m, GSA

Bannister Federal Complex
300 acres; GSA move; redevelopment 500,000 sf bldg., re-use

Burns and McDonnell
$110+ m rehab/expansion 2,100 new emp; tech & STEM 5-7 years; 2: 330,000 & 350,000 sf Heavy Landscaping; walking trail

Former K-mart 5615 E Bannister/Hillcrest
12 acres; Below Grade 60% to Climate Controlled PS 40% to retail (restaurant) Master Plan vs. Urban Red.
# Vision for South Kansas City

- **Targeted Industries**
  - Business clusters
  - Arts, STEM, Tech

- **Real Estate Opportunities**
  - Ready to go, access
  - Opportunistic, logistics

- **Economic Readiness**
  - Just-in-Time Employees, Housing, Infrastructure

- **Entrepreneurship**
  - Small Business, Advance KC
Audience/Breakout Questions & Issues

- Tax incentives? TIF, Incentives
- Labor Force: Union Built? Pick GC, GC picks team
- What workforce? STEM
- With all development, help for minority hiring Yes, contractors,...mentor
- Housing Need for entry level, mid-tear
- College education; $100k debt Is there another path?
ECONOMIC AND KANSAS CITY OVERVIEW
National Economy

Domestic Stock Market Indices *

Duration of Unemployment & Labor Force Participation

Interest Rates: Treasuries, Bonds and Federal Funds

Consumer Confidence and Retail Sales

Domestic Stock Market Indices *

Sources: Lewis White Real Estate Center, Economagic

* Closing Values

Sources: Lewis White Real Estate Center, Economagic

Institutional Real Estate Returns

Sources: Lewis White Real Estate Center, Federal Reserve

Sources: Lewis White Real Estate Center, US Department of Labor

Sources: Lewis

Sources: Lewis White Real Estate Center, US Department of Labor

**National Economy**

**Domestic Stock Market Indices**

* Closing Values

**Interest Rates: Treasuries, Bonds and Federal Funds**

**Consumer Confidence and Retail Sales**

**Duration of Unemployment & Labor Force Participation**

**Institutional Real Estate Returns**
KC Economic Scene: By State (Bi-State)

Private vs. Public Employment

Employment Growth: Kansas City MSA

- Private Employment
- Government Employment
- 12 per. Mov. Avg. (Private Employment)
- 12 per. Mov. Avg. (Government Employment)

Unemployment Rate: KC MSA by State Portion

- Kansas KC MSA
- Missouri KC MSA
- KC MSA All
- 12 per. Mov. Avg. (KC MSA All)

Single Family Permits: Kansas vs. Missouri

Multi-Family Permits: Kansas vs. Missouri

Sources: Lewis White Real Estate Center, Economagic, Bureau of Labor Statistics
KC Housing Scene

**Average Prices for Existing Houses by County**

Existing $168,673

Data Keyed from Online Publications
Sources: Lewis White Real Estate Center, Kansas City Regional Association of Realtors

**Average Prices for New Houses by County**

New $324,079

Data Keyed from Online Publications
Sources: Lewis White Real Estate Center, Kansas City Regional Association of Realtors

**Single Family vs. Multifamily**

2014 Annualized
KC Commercial Real Estate

Private Institutional Holdings

Cap Rates: Self-Report Kansas City

Trophy: 6.2%, 6.6%
Core: 6.7%, 7.1%
Non-Institutional: 8.1%, 8.5%
Distressed: 9.9%

Current Outlook in 3-yr:

Trophy: 7.1%, 7.6%
Core: 7.9%, 8.5%
Non-Institutional: 9.6%, 10.0%
Distressed: 10.1%, 10.7%

Sources: Lewis White Real Estate Center, JR DeLisle Survey-Feb 2014

Cap Rates: National Market

Trophy: 5.7%, 6.3%
Core: 6.3%, 6.9%
Non-Institutional: 7.9%, 8.5%
Distressed: 9.6%, 10.0%

Higher Yields in KC

Sources: Lewis White Real Estate Center, NCREF

KC vs. NPI All Total Returns

Cap Rates: National Market

Sources: Lewis White Real Estate Center; JR DeLisle Survey-Feb 2014

Cap Rates: Self-Report Kansas City

Sources: Lewis White Real Estate Center; JR DeLisle Survey-Feb 2014
## KC Forecast: External View

### Private Institutional Holdings

<table>
<thead>
<tr>
<th>Summary</th>
<th>Census 2010</th>
<th>2014</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>2,009,342</td>
<td>2,049,594</td>
<td>2,115,341</td>
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<tr>
<td>Households</td>
<td>789,533</td>
<td>806,923</td>
<td>833,398</td>
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<tr>
<td>Families</td>
<td>520,929</td>
<td>528,683</td>
<td>543,299</td>
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<tr>
<td>Average Household Size</td>
<td>2.51</td>
<td>2.50</td>
<td>2.50</td>
</tr>
<tr>
<td>Owner Occupied Housing Units</td>
<td>530,278</td>
<td>530,247</td>
<td>547,828</td>
</tr>
<tr>
<td>Renter Occupied Housing Units</td>
<td>259,255</td>
<td>276,676</td>
<td>285,570</td>
</tr>
<tr>
<td>Median Age</td>
<td>36.5</td>
<td>37.2</td>
<td>37.8</td>
</tr>
</tbody>
</table>

### Trends: 2014 - 2019 Annual Rate

<table>
<thead>
<tr>
<th></th>
<th>Area</th>
<th>National</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>0.63%</td>
<td>0.73%</td>
</tr>
<tr>
<td>Households</td>
<td>0.65%</td>
<td>0.75%</td>
</tr>
<tr>
<td>Families</td>
<td>0.55%</td>
<td>0.66%</td>
</tr>
<tr>
<td>Owner HHs</td>
<td>0.65%</td>
<td>0.69%</td>
</tr>
<tr>
<td>Median Household Income</td>
<td>3.50%</td>
<td>2.74%</td>
</tr>
</tbody>
</table>

### Households by Income

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Number 2014</th>
<th>Percent 2014</th>
<th>Number 2019</th>
<th>Percent 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$15,000</td>
<td>91,080</td>
<td>11.3%</td>
<td>85,378</td>
<td>10.2%</td>
</tr>
<tr>
<td>$15,000 - $24,999</td>
<td>77,654</td>
<td>9.6%</td>
<td>56,793</td>
<td>6.8%</td>
</tr>
<tr>
<td>$25,000 - $34,999</td>
<td>80,991</td>
<td>10.0%</td>
<td>67,823</td>
<td>8.1%</td>
</tr>
<tr>
<td>$35,000 - $49,999</td>
<td>106,825</td>
<td>13.2%</td>
<td>104,370</td>
<td>12.5%</td>
</tr>
<tr>
<td>$50,000 - $74,999</td>
<td>154,191</td>
<td>19.1%</td>
<td>142,052</td>
<td>17.0%</td>
</tr>
<tr>
<td>$75,000 - $99,999</td>
<td>104,041</td>
<td>12.9%</td>
<td>130,260</td>
<td>15.6%</td>
</tr>
<tr>
<td>$100,000 - $149,999</td>
<td>118,257</td>
<td>14.7%</td>
<td>130,312</td>
<td>16.6%</td>
</tr>
<tr>
<td>$150,000 - $199,999</td>
<td>39,645</td>
<td>4.9%</td>
<td>61,329</td>
<td>7.4%</td>
</tr>
<tr>
<td>$200,000+</td>
<td>34,217</td>
<td>4.2%</td>
<td>47,059</td>
<td>5.6%</td>
</tr>
</tbody>
</table>

### Demographic and Income Profile

- **Kansas City, MO-KS Metropolitan Statistical Area**
- **Kansas City, MO-KS Metropolitan Statistical Area (28140)**
- **Geography:** CBSA

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Household Income</td>
<td>$55,613</td>
<td>$66,052</td>
</tr>
<tr>
<td>Average Household Income</td>
<td>$75,146</td>
<td>$87,575</td>
</tr>
<tr>
<td>Per Capita Income</td>
<td>$29,739</td>
<td>$34,690</td>
</tr>
</tbody>
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**Sources:** Lewis White Real Estate Center, NCREIF
Major Projects in Southeast KCMO: The Future...

[Map of major projects with images of Cerner and a quote: "The future ain't what it used to be." Heated on the blue is one project on a contiguous 1,000-acre plot of land owned by big Kansas City names, including Stewers, Cerner and the Francis family. Read more about the plan and the 110 different transactions that went into putting the land together by clicking here.]
Suburban Real Estate Projects

RESIDENCES AT PARK PLACE
MARCH 1, 2014  AUTUMN MORNINGSKY

Construction crews are putting the final touches on The Residences at Park Place, which will open this spring.

EYE ON OLATHE’S BIOSCIENCE SECTOR
MAY 2, 2014  AUTUMN MORNINGSKY

LightEdge Solutions recently celebrated the grand opening of its regional office in the Hunt Midwest Subtropolis Technology Center.

ASCENSION INSURANCE RELOCATES HQ TO OVERLAND PARK

Briarcliff’s Office Boom

CERNER’S CONTINUOUS CAMPUS: AN ARCHITECTURAL PERSPECTIVE
JUNE 30, 2014  AUTUMN MORNINGSKY

Cerner Continuous Campus: 32200 Abilene Way, Kansas City, Kan.

ANOTHER PIECE FALLS INTO PLACE FOR LENEXA CITY CENTER
MAY 7, 2014  AUTUMN MORNINGSKY

Officials break ground on the future site of a Hyatt Place and Lenexa Conference Center. Construction is expected to be completed in 18 months.

Source: MetroWireMedia.com
Reflecting on KCs Future

Futuring vs. Pasting: Lessons Learned

Planned Land Use
Aggregate of city and county comprehensive plans

Royals Win Another Extra-Inning Postseason Game, Go Up 1-0 On Orioles In ALCS

"The future ain't what it used to be" - Yogi Berra
Mayor’s Issues & Answers

- Bring money in from outside
- Balance our budget
- Need for infrastructure
- Transit
- Street v. Transit
- Incentives
- Entrepreneurship

Import $s or tax ourselves
Critical
Deferred and critical
Bus, streetcar, bicycle
1/3 of KC covered with streets
Gradually tighten, phase
Need to train, nurture, incubate, launch pad
Kansas City: Future Issues

Cracking the nut: Financing streetcar’s next step

Source: MetroWireMedia.com
THE CO-OP: A COLLABORATIVE APPROACH AS A MODEL
The Co-Op Connections
Neighborhood Transformation: The Co-Op’s Approach

Adding “Neighborhood Development” to the Continuum

= A Place to Stay
Neighborhood Specification
Neighborhood Comparisons

Income

Race/Origin

Educational Attainment
What we mean by…

“Community Development”

The phrase “Community Development” is used to mean many things. To the Co-Op it means bringing together a set of four vital components necessary for holistic neighborhood revitalization.

- **Housing**
  - Transitional Housing
  - Project Chaplaincy
  - Good Neighbors
  - Mixed-Income Development

- **Economic Development**
  - Economic opportunity
  - Jobs Training
  - Business Builder
  - Angel Investing

- **Education**
  - Schools + Churches Partnerships
  - Opportunities to volunteer with Students

- **Health & Wellness Collaboration**
  - Facilitating Collective Impact among Service Providers & Churches
  - Collaborating to increase access and utilization

Customized solutions to optimize success....
What it Means

We’re gonna need a bigger roof!
Key Evaluative Criteria for Biotech/Research Parks

Alternative Network Configurations

Line

Circle

Star

State share 250 acre +

<table>
<thead>
<tr>
<th>Factors</th>
<th>Attributes</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Site</td>
<td>Core Site Size (biotech, R&amp;D)</td>
<td>Min 200-300 acres</td>
</tr>
<tr>
<td></td>
<td>Mixed-Use</td>
<td>Min 100 acres mixed-use</td>
</tr>
<tr>
<td></td>
<td>Expansion</td>
<td>Min 100 acres</td>
</tr>
<tr>
<td></td>
<td>Quality</td>
<td>No environmental</td>
</tr>
<tr>
<td>Core Infrastructure</td>
<td>Core Infrastructure</td>
<td>In place, up front</td>
</tr>
<tr>
<td></td>
<td>Structure</td>
<td></td>
</tr>
<tr>
<td>Improvements</td>
<td>High consistent quality</td>
<td></td>
</tr>
<tr>
<td>Scale, Context</td>
<td>Moderate scale, 2-3 story</td>
<td></td>
</tr>
<tr>
<td>Design/Re-use</td>
<td>Flexible, suitable for reconfiguration</td>
<td></td>
</tr>
<tr>
<td>Parking</td>
<td>Adequate on-site parking for uses</td>
<td></td>
</tr>
<tr>
<td>Environmental Attributes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality</td>
<td>Campus feel</td>
<td></td>
</tr>
<tr>
<td>Natural Amenities</td>
<td>Adequate open space, parks</td>
<td></td>
</tr>
<tr>
<td>Community Orientation</td>
<td>Create opportunities for &quot;connections&quot;</td>
<td></td>
</tr>
<tr>
<td>Harmony</td>
<td>Represent a balanced mix of tenants</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>Offer advanced education or training</td>
<td></td>
</tr>
<tr>
<td>Recreation</td>
<td>Exercise paths, trail system</td>
<td></td>
</tr>
<tr>
<td>Security</td>
<td>Defensible boundaries, zones</td>
<td></td>
</tr>
<tr>
<td>Linkages</td>
<td>Airports</td>
<td>Within 20 minutes</td>
</tr>
<tr>
<td></td>
<td>Research Universities</td>
<td>Within 30 minutes</td>
</tr>
<tr>
<td></td>
<td>Urban Centers</td>
<td>If suburban, 30 minutes</td>
</tr>
<tr>
<td></td>
<td>Major Shopping</td>
<td>30 minutes</td>
</tr>
<tr>
<td></td>
<td>Highways</td>
<td>Adjacent to or proximate</td>
</tr>
<tr>
<td></td>
<td>Transportation</td>
<td>Accessible to mass transit</td>
</tr>
<tr>
<td></td>
<td>Affordable Housing</td>
<td>Within 30 minutes and/or on-site</td>
</tr>
</tbody>
</table>
SETTING THE AGENDA: SOUTH KANSAS CITY ALLIANCE
Kansas City Scorecard: Setup

Performance

Very Strong

On the Money

Very Low

Who Cares?

Very High

Red Zone

Overachiever
Kansas City Scorecard

Performance

Very Weak

Red Zone

Very Strong

On the Money

Importance

Very High

Who Cares?

Very Low

Overachiever

Very Weak

Performance

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THE FUTURE
AIN'T WHAT IT
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Yogi Berra

coop
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