

# DISCOVERIES

WICHITA DOWNTOWN REVITALIZATION MASTER PLAN

## Office market

**Preliminary observations on market  
opportunities and challenges**

January 13, 2010



**GOODY CLANCY**  
ZIMMERMAN/VOLK  
W-ZHA  
MJB  
PEC

# Analysis Status...*in progress*

- Presentation reflects preliminary market observations

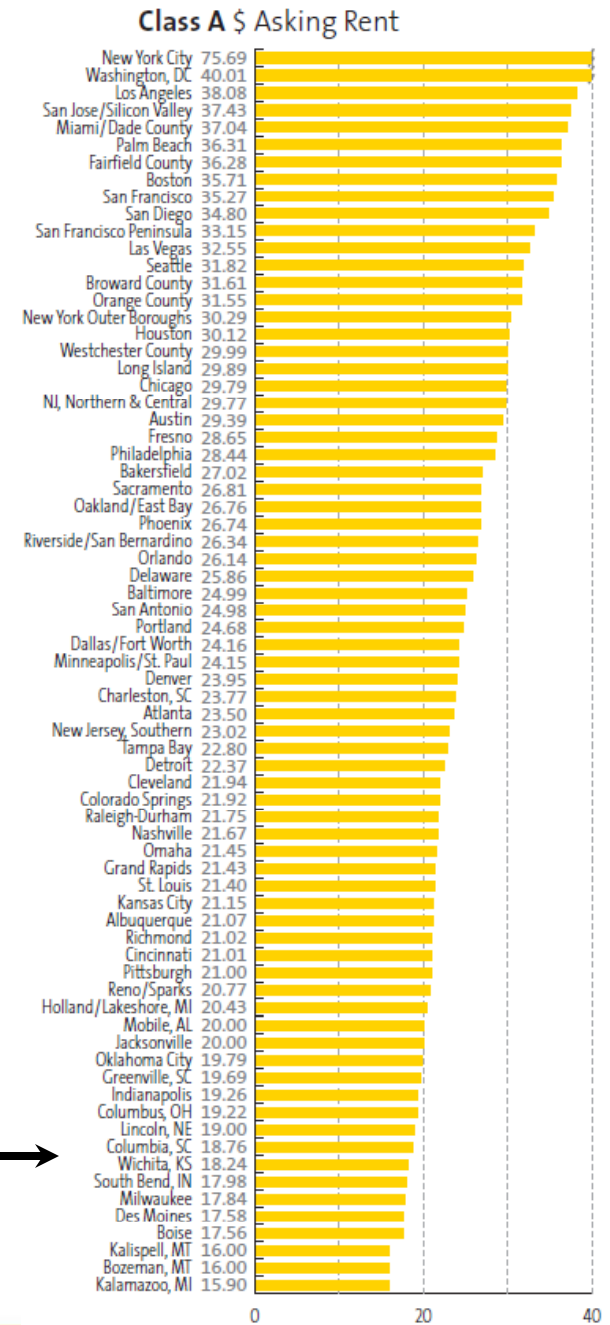
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# Downtown Office Rents Are *Good Value*

- Class A rent in downtown Wichita is 8<sup>th</sup> lowest among nation's 64 major metropolitan markets



Wichita →

Source: Grubb & Ellis National Market Trends

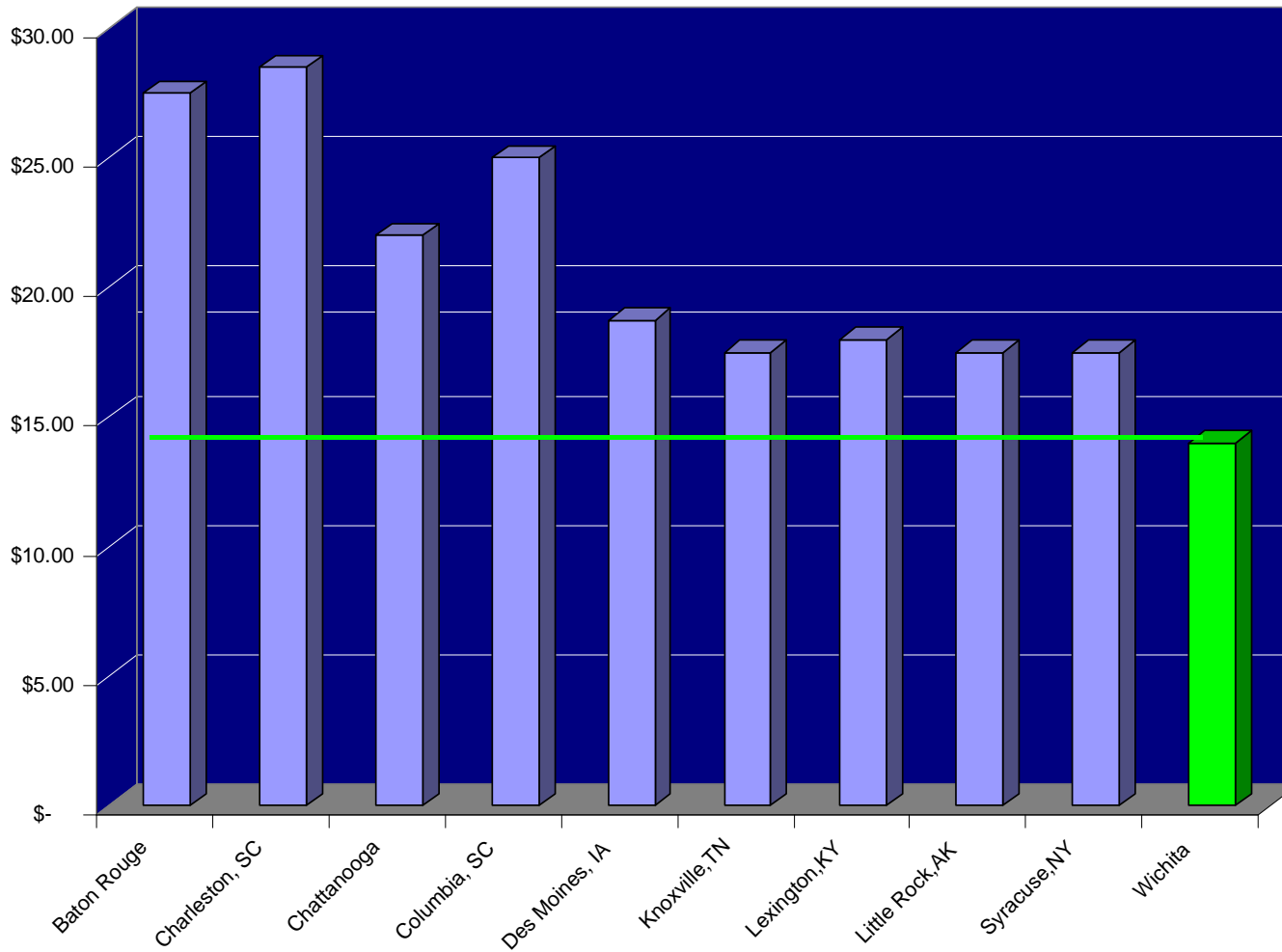
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# Average Class A Rent

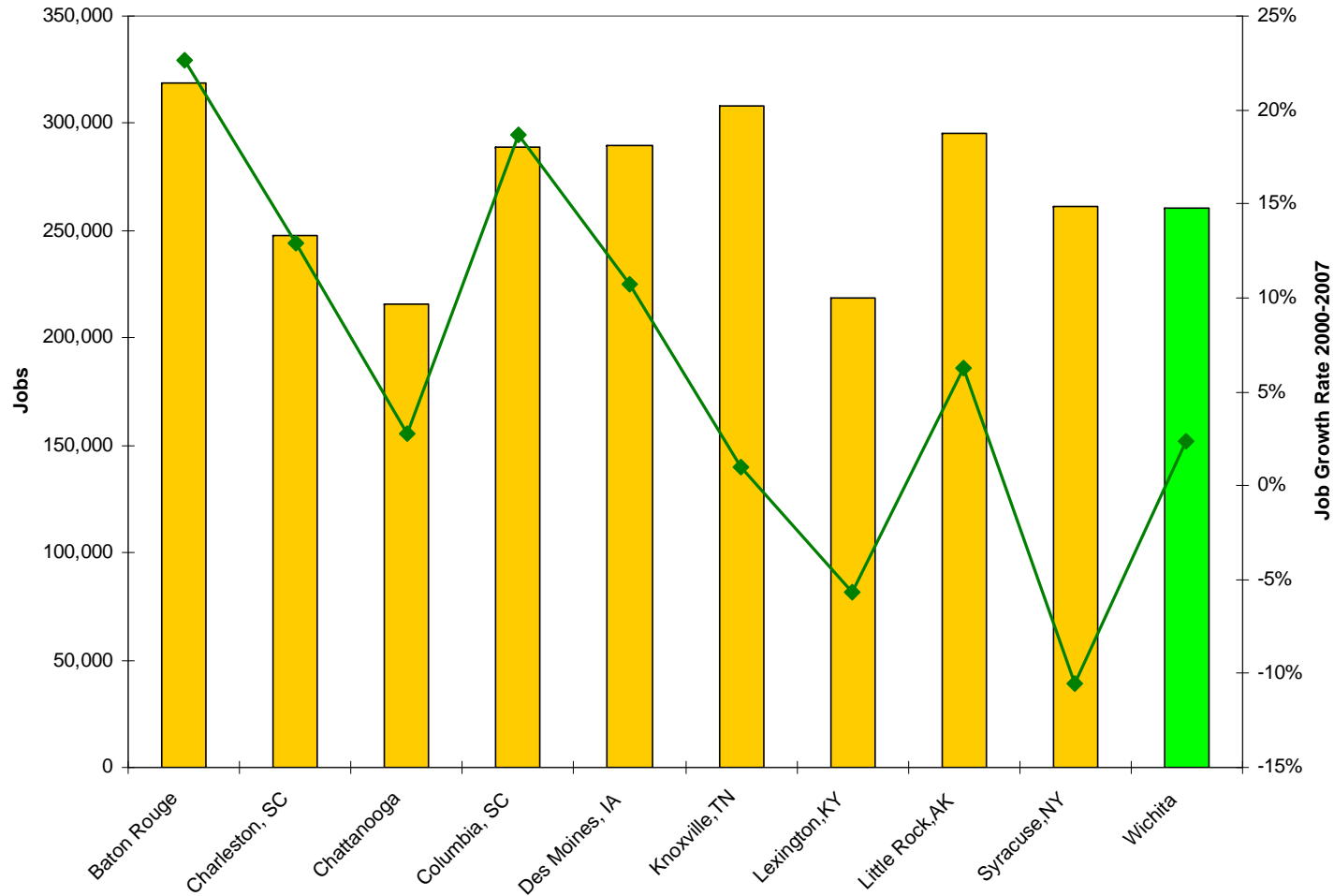


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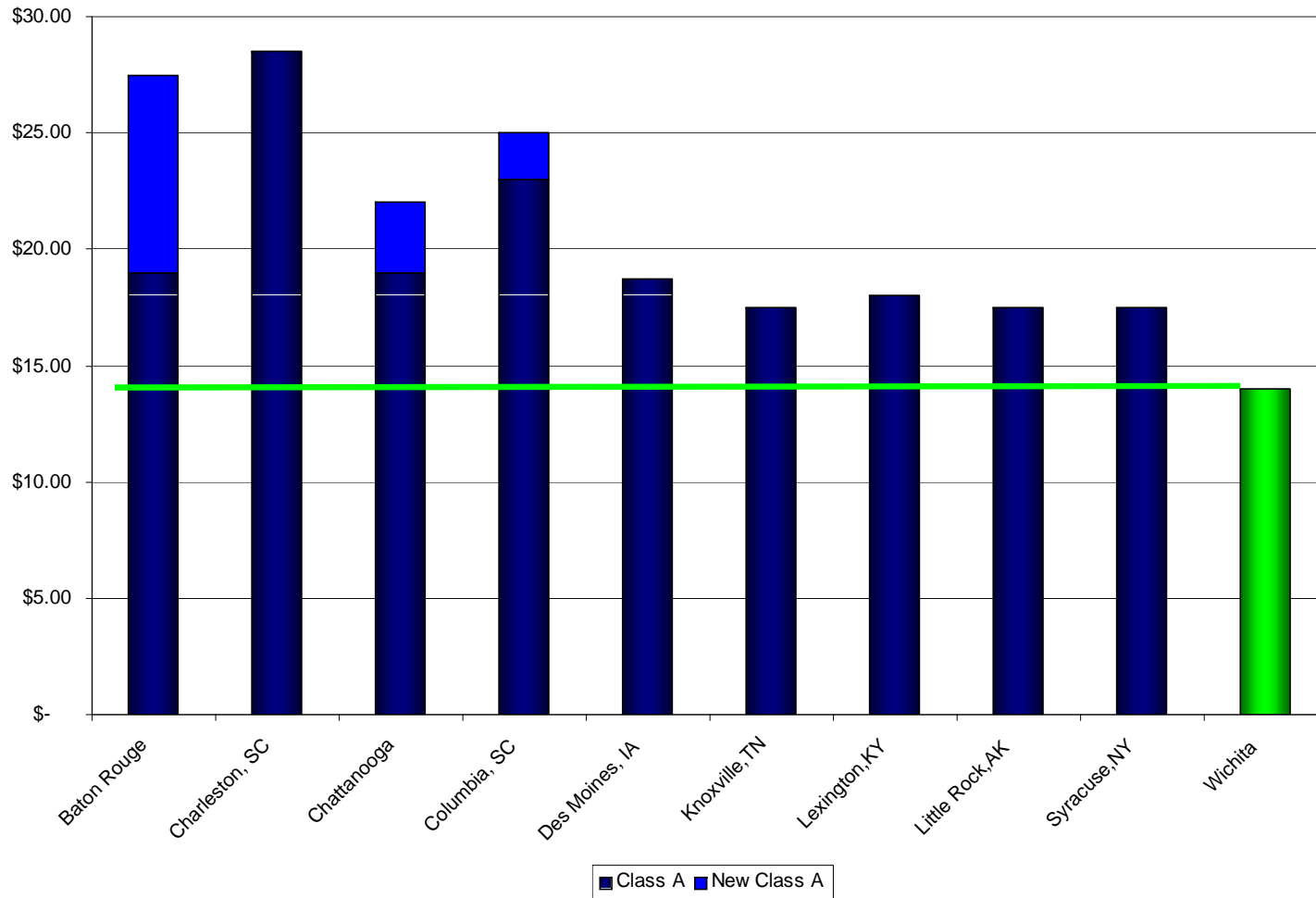
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# Low Rent Factors To Consider ... employment growth



# Low Rent Factors To Consider...

## recently constructed space



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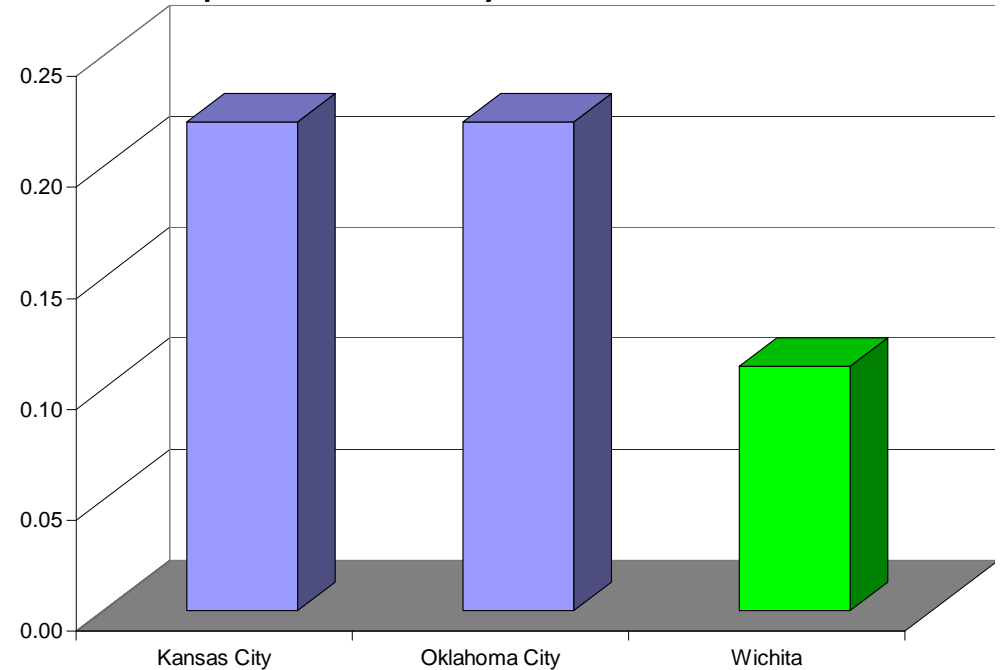
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# Low Rent Factors To Consider...

mixed-use, walkable environment

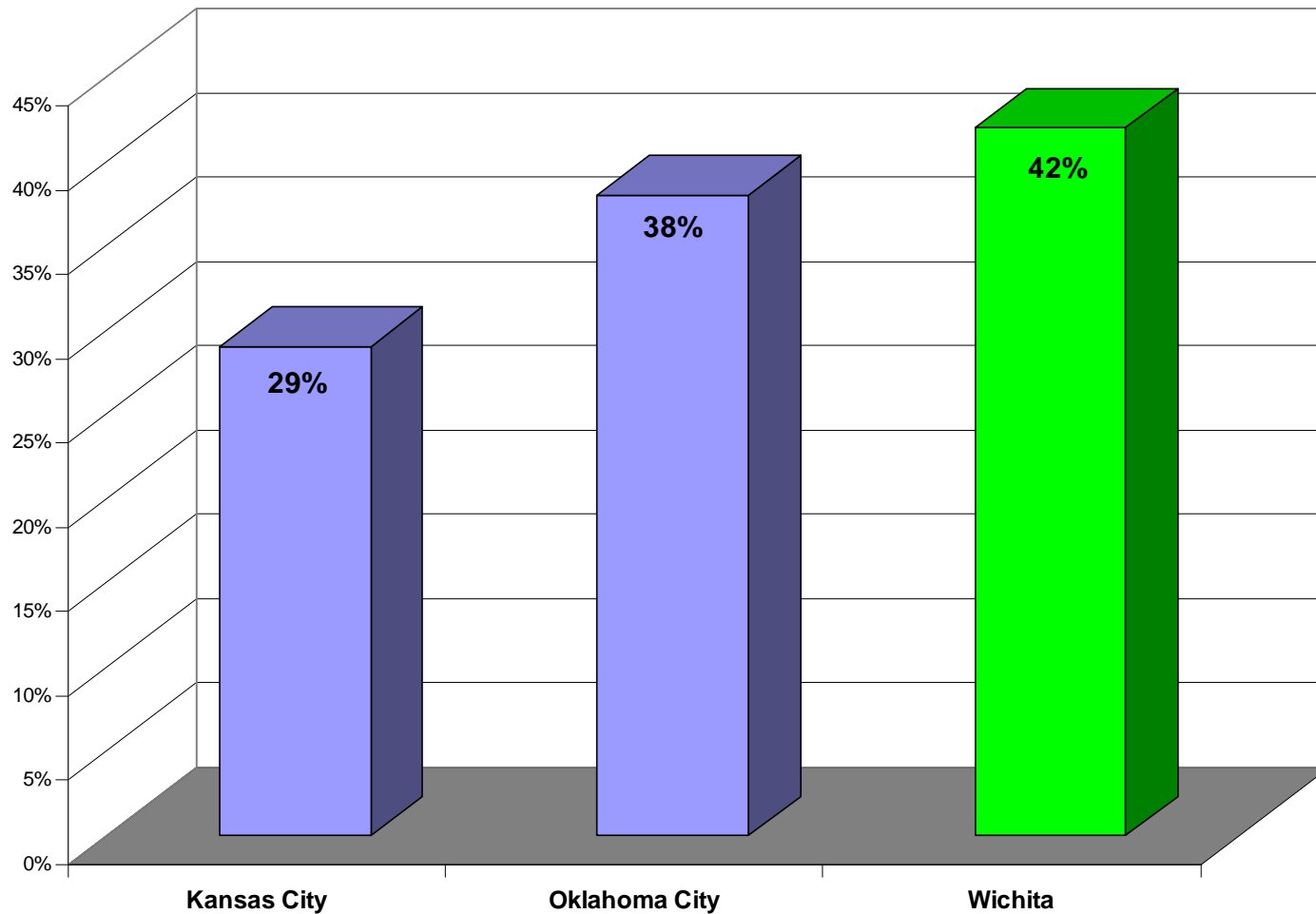
- Urban creates value
- PWC Investor's Survey: "downtown cores tend to provide better forms of mass transportation and embody a 24-hour, live-work lifestyle that appeals to many individuals. As a result, CBD assets are generally perceived as providing less investment risk to the owner" > higher value

Office Sq Ft divided by Downtown Land Area



*Downtown Wichita not offering the critical mass & density of use necessary to attain "Urban" Value-Added opportunities*

# Downtown has a relatively high share of the Metro office supply



Source: JP Weigand & Sons, Inc.; CBRE

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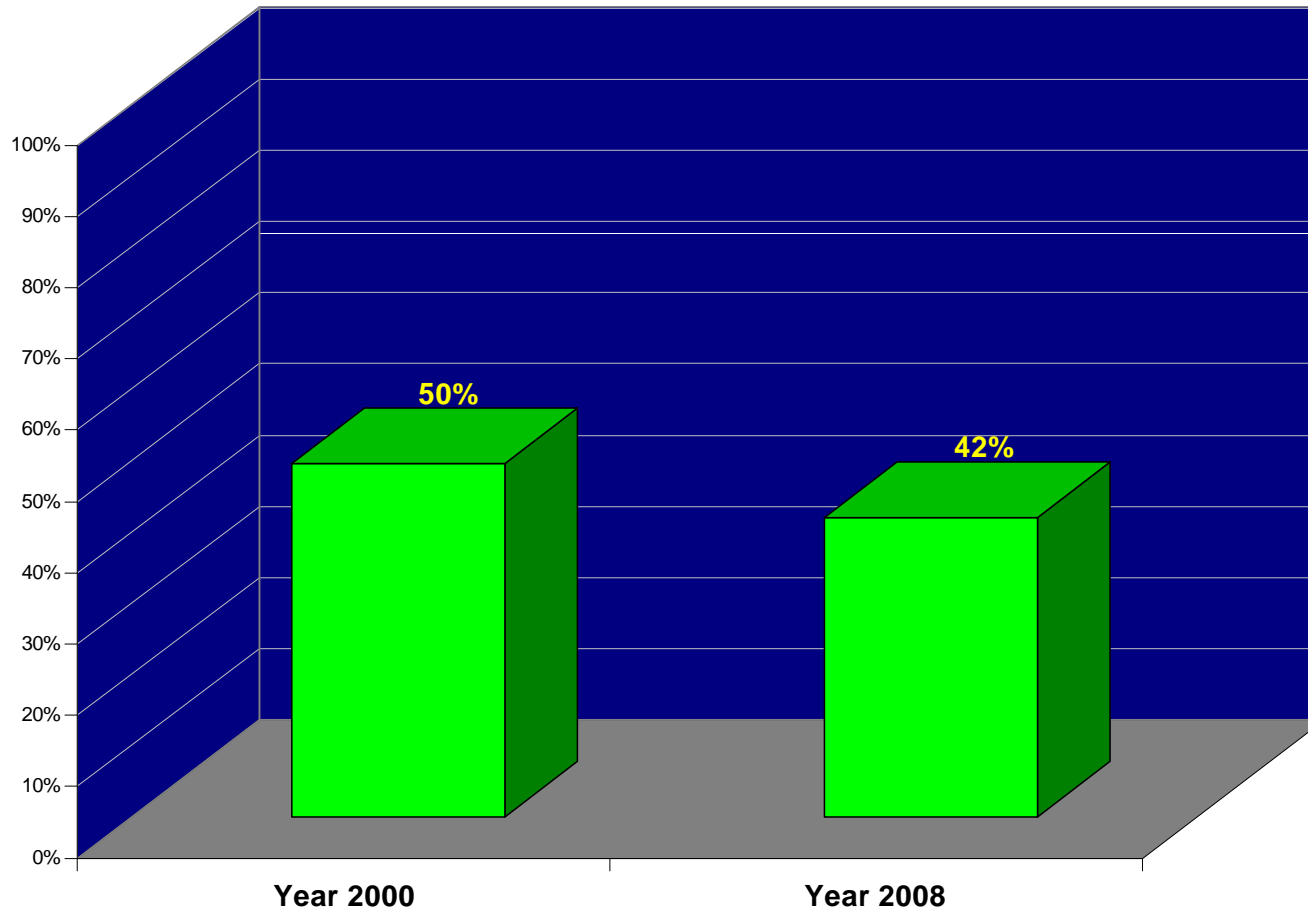


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# But Downtown's share of the market has slipped...

## Downtown's Share of Multi-Tenant Office Supply



Source: JP Weigand & Sons, Inc.

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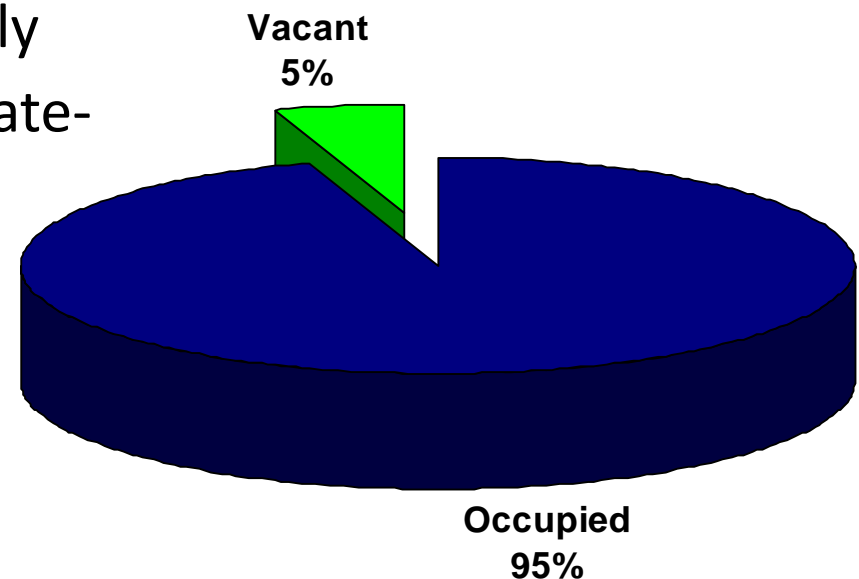
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...recent Downtown office interest demonstrates that this decline can be reversed...

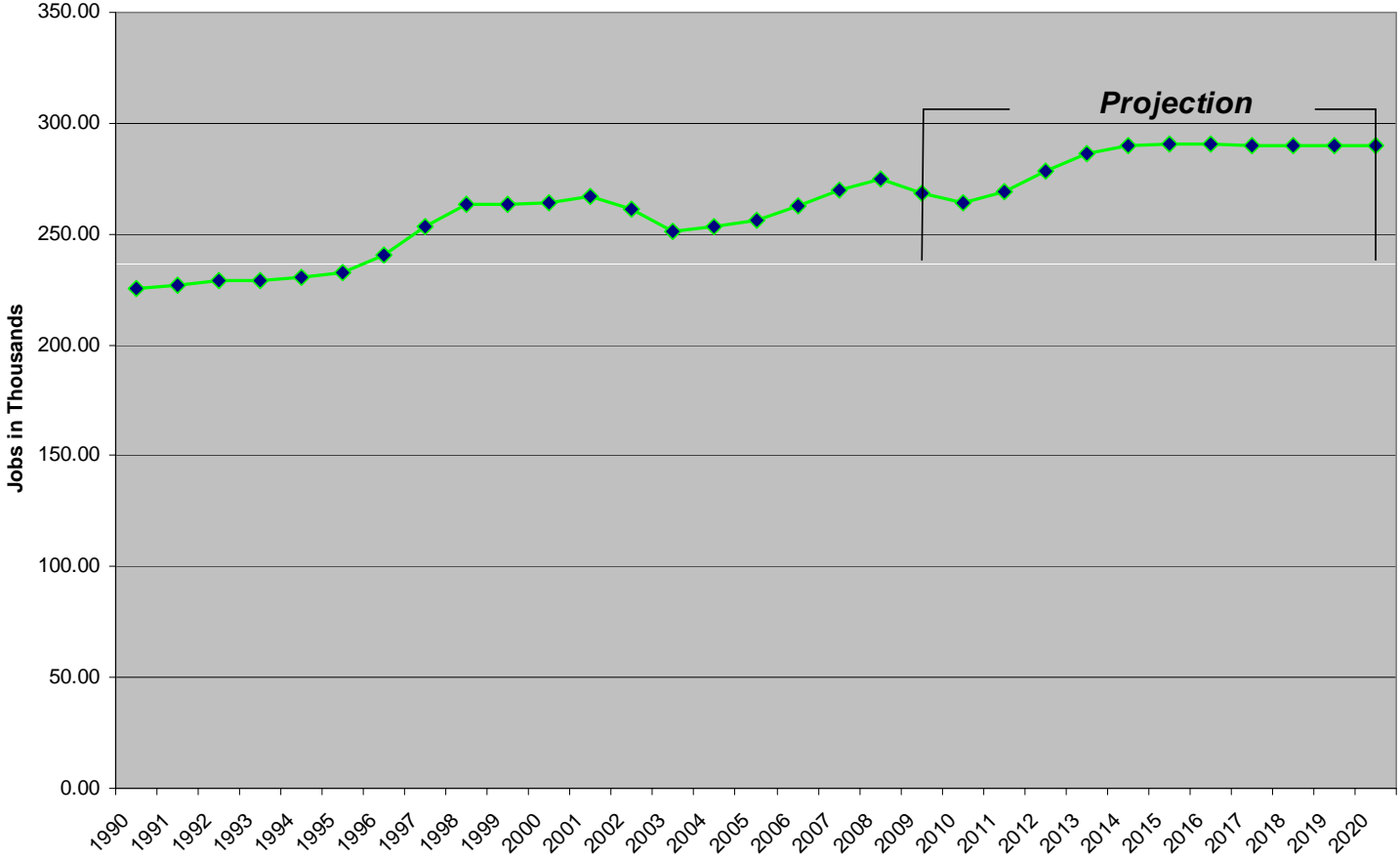
- 80 new Airbus jobs Downtown
- Retention of New York Life jobs Downtown
- Attraction of High Touch to the Downtown -- 100 employees/35,000 square feet

# The shortage of available Class A space is a *critical problem*...

- 3 “Class A” buildings built in mid-80’s
- Space available for only ~2-3 tenants of 15,000 square feet
- Expanding existing tenants may be forced to leave for lack of supply
- Prospective tenants do have state-of-the-art space to consider

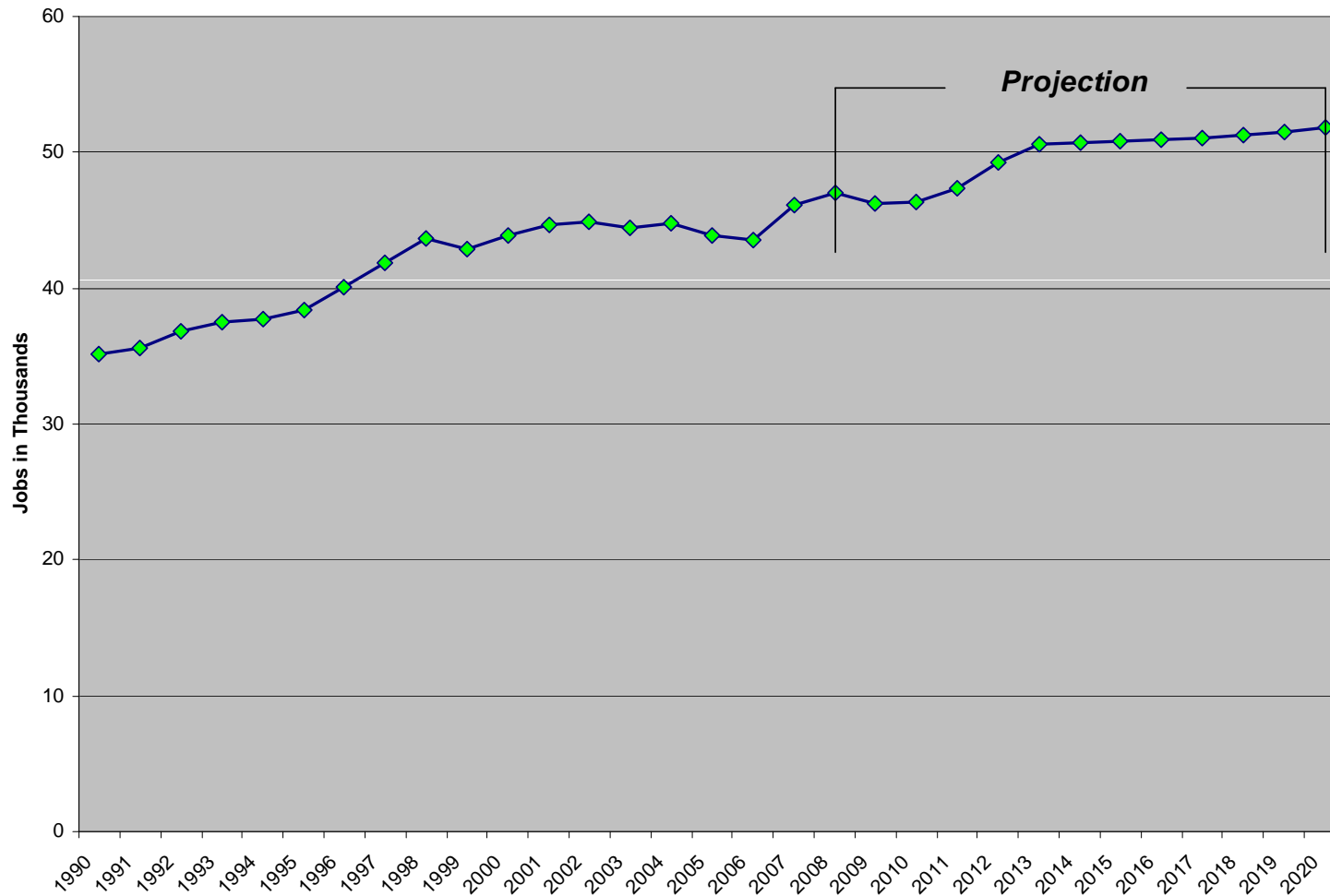


# The Sedgwick County economy is projected to grow



Source: Moody's economy.com

# The economy is projected to grow, particularly in office-inclined industries



Source: Smith Travel Research

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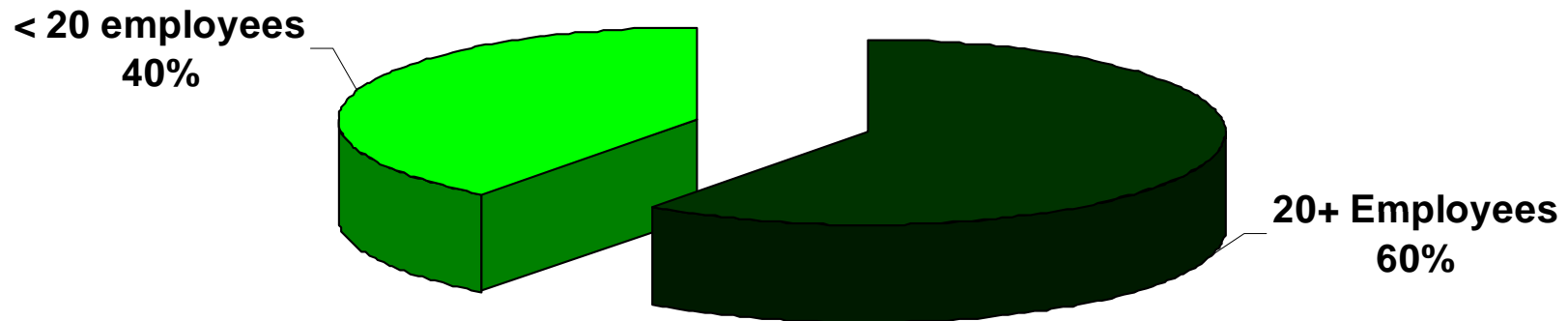


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# Small business abounds in the office-inclined industries that are growing

## Jobs In The Professional, Scientific and Technical Services Industries

Wichita Metropolitan Area: 2006



Source: 2006 County Business Patterns, Wichita Metropolitan Area

# Urban mixed-use environments attractive to these small businesses

## Business Perspective

- Need to attract young talent
- Attracted to 18-hour cycle of activity
- Demand a range of services outside of the office

## Young Professionals' Value Locations That...

- Welcome Newcomers
- Welcome New Ideas
- Possess & Encourage Diversity
- Enable Them to Live Values
- Offer Authentic, Vibrant Places
- Economic & Civic Infrastructure that Works

*Small businesses are prospects for new/renovated space & Class B/C space Downtown*

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# Preliminary Conclusions

- New Class A office and infill office potential
- Need to strategically locate new office in mixed-use, pedestrian-oriented *clusters* to offer a true *urban* product
- Proximate parking and transit linkages a necessity for Class A office