

Downtown Wichita Office Market Analysis

October 2021

Introduction

- In order to understand recent market conditions and COVID-19 impacts, W-ZHA worked closely with brokers from NAI Martens.
- W-ZHA analyzed social and economic trends and projections to understand the Wichita economy.
- W-ZHA analyzed multi-tenant office market trends and employment projections to forecast Downtown multi-tenant office demand to 2030.
- W-ZHA included a build-to-suit office allowance based on Downtown owner-occupied space trends.
- W-ZHA projected the demand for new office space in Wichita's Riverfront Legacy Plan Area.

Economic Framework

Demographics

Key Takeaways

Sedgwick County is the “Engine” of the Wichita Metro Area

- Sedgwick County contains 80% of the Metro’s population and accounted for almost 90% of the Metro’s population growth between 2000 and 2019

Low to Moderate Growth Trends

- From 2010 to 2019, the Wichita Metro’s population and household growth rate was lower than the national average. Over the next 10 years, the population growth rate is projected to rebound to 2010-19 levels and be similar to the national growth rate.

Stable Demographically

- As compared to the U.S., Wichita’s population is less diverse, younger and has higher educational attainment.

Growth Rate Among 25- to 34-Year-Olds Has Been and Is Projected to be Slow

- From 2010 to 2019, Wichita’s average annual growth rate among persons aged 25 to 34 was 3.5% versus 9.7% in the nation. Over the next 10 years, this age cohort is projected to grow minimally. This will put pressure on companies seeking to recruit young talent.

Population Trends

The Wichita MSA's population compound average annual growth rate was consistent with the national growth rate between 2000 and 2010.

Between 2010 and 2019, the MSA's population growth rate was half that of the national average.

Both the Metropolitan Area and Sedgwick County grew at a higher growth rate than Kansas.

Sedgwick County contains approximately 80% of the Metropolitan Area's population.

Sedgwick County accounted for almost 90% of the Metropolitan Area's growth from 2000 to 2019.

Population Trends United States, Kansas, Wichita MSA, Sedgwick County 2000, 2010, 2019 000's									
	2000	2010	2019	2000-'10		2010-'19		2000-'19	
				Change	CAGR	Change	CAGR	Change	CAGR
United States					0.9%		0.6%		0.8%
Kansas	2,688.4	2,853.1	2,910.7	164.7	0.6%	57.5	0.2%	222.2	0.4%
Wichita MSA*	571.2	623.1	637.7	51.9	0.9%	14.6	0.3%	66.5	0.6%
Sedgwick County	452.9	498.4	513.4	45.5	1.0%	15.0	0.3%	60.5	0.7%

* Wichita Metropolitan Area consists of Butler, Harvey, Sedgwick, and Sumner counties.

Source: United States Census for 2000 and 2010; American Community Survey 2019 5-Year Estimates; W-ZHA

Demographics

As compared to the U.S. average, the Wichita Metropolitan Area is less racially and ethnically diverse.

For the population over 25 years old, Wichita MSA residents have a slightly higher level of educational attainment as compared to the national average.

Wichita's median age of 36 is below the national average (38.1 years old).

Wichita's households are slightly older than the national average, with almost one-quarter over the age of 65.

Both household median income and per capita income in the Wichita Metropolitan Area are lower than national averages.

Social Economic Characteristics United States and Wichita Metropolitan Area 2019

Characteristic	U.S.	Wichita MSA
Race/Ethnicity		
% White	73%	81%
% Hispanic Origin	18%	13%
Educational Attainment		
% Bachelors Degree	18%	20%
% Professional Degree	10%	11%
Median Age	38.1	36.0
Household Age		
< 25	5%	5%
25 - 44	35%	34%
45-64	39%	37%
65-Plus	21%	24%
Income		
Household Median	\$62,840	\$57,380
Per Capita	\$34,100	\$29,410

Source: American Community Survey 2019 5-Year Estimate; W-ZHA

Population by Age

Like the United States, the Wichita Metropolitan Area's population is growing older.

Wichita's growth among persons aged 25 to 34 has been slower than the national average. This cohort is valuable to businesses seeking young talent.

From an economic development perspective this cohort is valuable because between 25 and 34, people often start a career, find a partner, start families and set down roots.

Population by Age Change U.S. and Wichita MSA 2010 to 2019

Age	U.S.	Wichita MSA
<15	(0.5%)	(2.6%)
15 - 24	(0.7%)	(0.2%)
25 - 34	9.7%	3.5%
35 - 44	(0.2%)	0.9%
45 - 54	(6.7%)	(15.9%)
55 - 64	14.6%	15.8%
65 - 74	36.7%	40.0%
75-Plus	14.7%	7.7%

Source: United States Census for 2010; American Community Survey 2019 5-Year Estimate for 2019 data; W-ZHA

Household Trends

Households grew at a slower pace than population since 2000.

The household growth rate really slowed down from 2010 to 2019.

Household Trends									
U.S., Kansas, Wichita MSA, Sedgwick County									
000's									
	2000	2010	2019	2000-'10		2010-'19		2000-'19	
				Change	CAGR	Change	CAGR	Change	CAGR
United States					1.0%		0.4%		0.7%
Kansas	1,037.9	1,112.1	1,129.2	74.2	0.7%	17.1	0.2%	91.3	0.4%
Wichita MSA*	220.4	240.4	244.8	20.0	0.9%	4.4	0.2%	24.4	0.6%
Sedgwick County	176.4	193.5	197.2	17.1	0.9%	3.7	0.2%	20.8	0.6%

* Wichita Metropolitan Area consists of Butler, Harvey, Sedgwick, and Sumner counties.

Source: United States Census for 2000 and 2010; American Community Survey 2019 5-Year Estimate for 2019 data; W-ZHA

Population Projections

According to WSU's Center for Economic Development and Business Research projections, over the next 10 years the Wichita MSA and Sedgwick County will grow at a faster rate than that experienced between 2010 and 2019 (0.3% average annual rate), and approximately the same rate of growth as occurred between 2000 and 2019.

Population projections by age indicate that the Metro will be aging.

The younger worker cohort of 25 to 34 years of age is projected to grow very slowly over the next 10 years. This will make it challenging for companies to find young talent.

Population Projections United States, Kansas, Wichita MSA, Sedgwick County 2020, 2025, 2030 000's

	2020	2025	2030	2020 - 2025		2025 - 2030		2020 - 2030	
				Change	CAGR	Change	CAGR	Change	CAGR
Kansas	3,028.7	3,131.9	3,231.2	103.2	0.7%	99.3	0.6%	202.4	0.6%
Wichita MSA*	663.5	687.9	710.2	24.4	0.7%	22.3	0.6%	46.7	0.7%
Sedgwick County	534.5	555.9	575.5	21.3	0.8%	19.6	0.7%	40.9	0.7%

* Wichita Metropolitan Area consists of Butler, Harvey, Sedgwick, and Sumner counties.

Population by Age Projection Wichita MSA 2020 - 2030

Age	2020	2030	2020-'30 CAGR
<15	136,336	133,014	(0.2%)
15 - 24	87,613	89,252	0.2%
25 - 34	91,842	92,057	0.0%
35 - 44	82,108	91,384	1.1%
45 - 54	71,579	78,517	0.9%
55 - 64	82,372	67,352	(2.0%)
65 - 74	64,086	77,179	1.9%
75-Plus	47,556	81,469	5.5%
Total	663,492	710,224	0.7%

Source: Wichita State University: The Center for Economic Development and Business Research; W-ZHA

Industries and Employment

Key Takeaways

The Wichita MSA has a smaller share (17%) of its jobs in office-inclined industries as compared to the U.S. (22%) and over 90% of the MSA's office-inclined jobs are in Sedgwick County.

- Office-inclined industries include the Information, Financial Activities and Professional and Business Services industries.
- Goods producing industries in the Wichita Metro employ a much greater share of jobs as compared to the nation.

Prior to COVID-19, Wichita MSA jobs had not yet recovered from the Great Recession while the U.S. and Kansas had.

- Wichita's recovery was slow due to challenges in the aerospace industry.

COVID-19 hit in 2020. 45% of the job losses that occurred between 2019 and 2020 in the Wichita MSA were in the manufacturing industry.

With the exception of the manufacturing industry, major industry groups are projected to recover from COVID-19 job losses by 2025.

While overall job growth is projected to be relatively strong between 2020 and 2030, much of this growth can be attributed to "recovery" jobs.

- Using 2019 as a base year (pre-COVID), the Wichita economy is projected to grow modestly at a compound average annual growth rate of 0.2%.

Office-inclined industries are projected to account for an increasing share of employment over the next 10 years.

- In the Wichita MSA, office-inclined jobs will go from 16.8% of total jobs in 2019 to 17.4% in 2030.
- In Sedgwick County, office-inclined jobs will go from 18.2% of total jobs in 2019 to 19% in 2030.

Industries and Employment

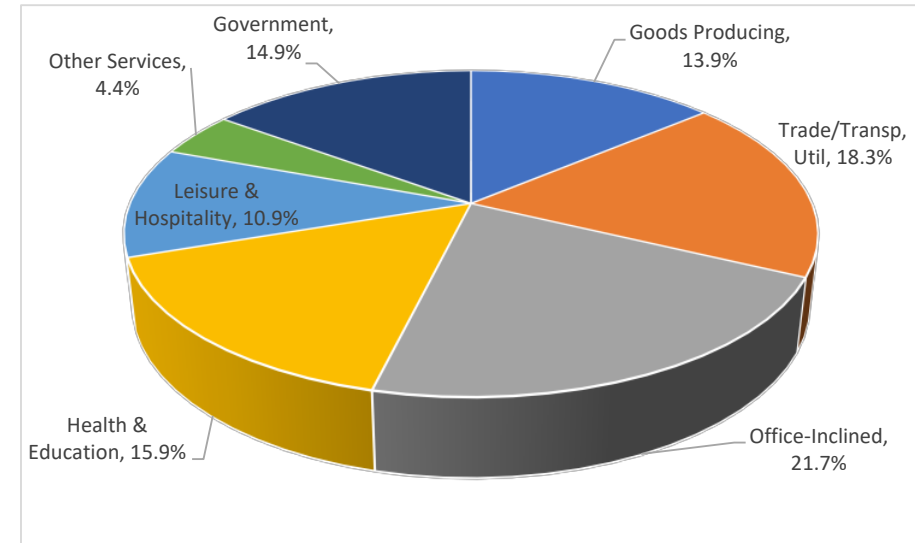
In 2019, Wichita Metropolitan Area contained approximately 306,000 jobs.

In 2019, 23.5% of all non-farm jobs in the Wichita MSA were in goods producing industries like construction and manufacturing. Nationally these industries account for approximately 14% of total employment.

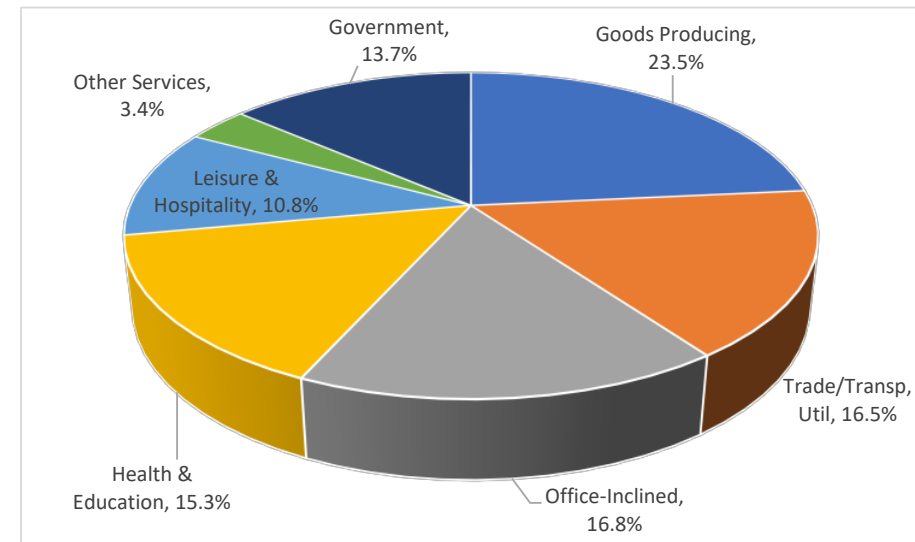
Wichita's aerospace industry contributes to high manufacturing employment.

Wichita has a smaller share of its jobs (16.8%) in those industries that typically occupy office space as compared to the U.S. average (21.7%).

United States



Wichita MSA



Source: U.S. Bureau of Labor Statistics; W-ZHA

Employment Trends

Kansas and Wichita were not as severely impacted by the Great Recession as the U.S.

Employment growth in Kansas and the Wichita Metropolitan Area has been slower than the Nation since 2010.

Non-Farm Employment Trends United States, Kansas, Wichita Metropolitan Area 2005, 2010, 2015, 2020

	Compound Avg Annual Growth %		
	2005-10	2010-15	2015-19
United States	(0.6%)	1.7%	1.6%
Kansas	(0.1%)	1.0%	0.4%
Wichita MSA	(0.2%)	0.7%	0.9%

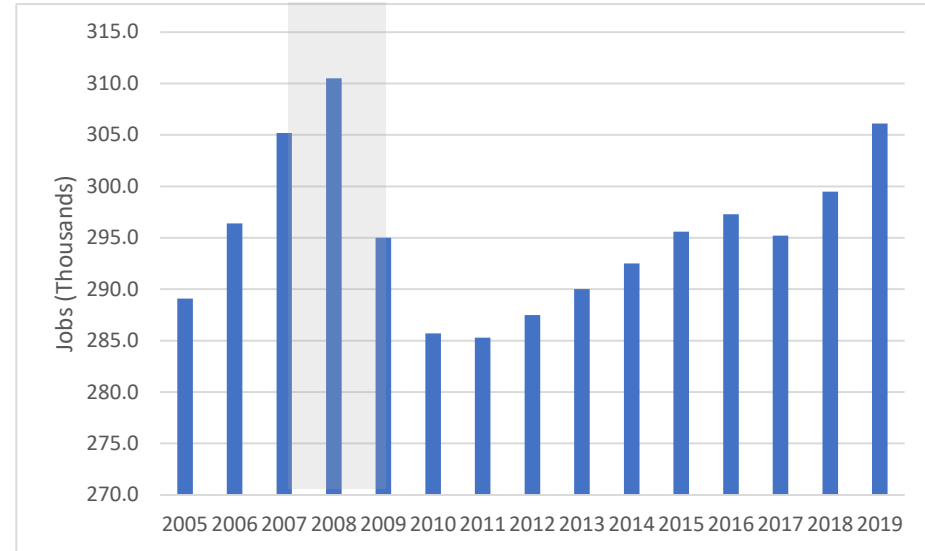
Source: Bureau of Labor Statistics, CES data; W-ZHA

Employment Trends

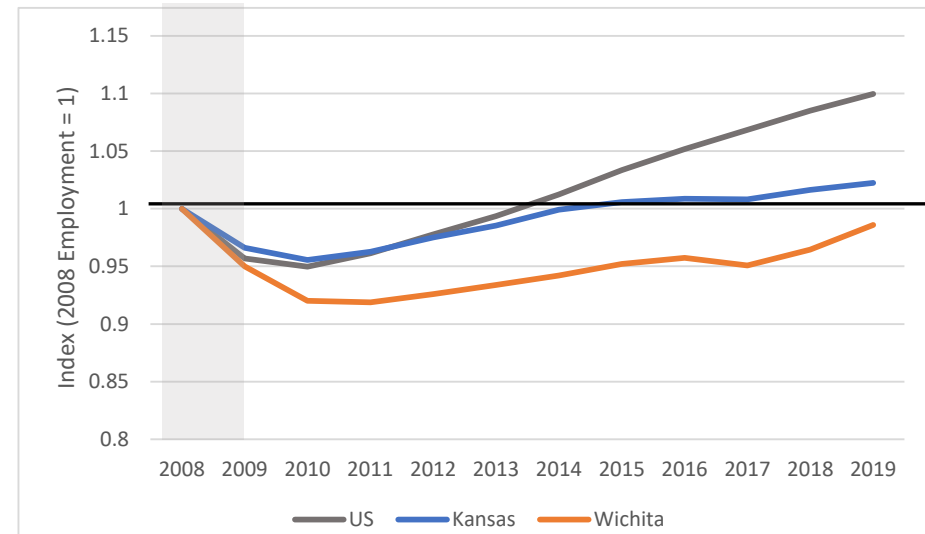
Prior to COVID-19, the Wichita Metropolitan Area had yet to recover from the Great Recession that occurred between 2007 and 2009.

Both the U.S. and Kansas had recovered jobs to pre-recession levels by 2013 – 2014.

Wichita MSA Job Trends



Jobs Indexed to 2008 Levels



Source: U.S. Bureau of Labor Statistics; W-ZHA

Employment Trends by Industry

60% of Wichita's job losses between 2008 and 2010 occurred in manufacturing where aerospace-related jobs are located. As of 2019, there were over 11,500 fewer jobs in manufacturing than there were in 2008.

Between 2008 and 2019, the greatest job gains occurred in the Leisure & Hospitality, Health Services, and Professional and Business Services industries.

The Professional and Business Services industries went from 10.5% of total employment in 2008 to 11.7% in 2019.

Non-Farm Job Trends Wichita Metropolitan Area 2008, 2010, 2019 000s									
	2008	2010	2019	2008-'10		2010-'19		2008 - '19	
	Jobs	Jobs	Jobs	Jobs	CAGR	Jobs	CAGR	Jobs	CAGR
Goods Producing	83.6	66.4	71.9	(17.2)	(10.9%)	5.5	0.9%	(11.7)	(1.4%)
Construction	15.9	13.6	16.3	(2.2)	(7.3%)	2.6	2%	0.4	0.2%
Manufacturing	66.6	51.7	54.9	(14.8)	(11.8%)	3.2	1%	(11.7)	(1.7%)
<i>Transportation Equipment Manuf.</i>	41.5	31.1	30.5	(10.4)	(13.4%)	(0.6)	(0.2%)	(11.0)	(2.8%)
Trade/Transport/Utilities	51.8	49.0	50.6	(2.8)	(2.8%)	1.6	0.4%	(1.2)	(0.2%)
Office-Inclined	50.9	46.6	51.4	(4.3)	(4.3%)	4.7	1.1%	0.5	0.1%
Information	6.6	5.3	3.9	(1.3)	(10.2%)	(1.4)	(3.37%)	(2.7)	(4.6%)
Financial Activities	11.7	11.1	11.8	(0.6)	(2.7%)	0.7	0.7%	0.1	0.1%
Professional & Business Services	32.6	30.2	35.7	(2.3)	(3.7%)	5.4	1.9%	3.1	0.8%
Health & Education	43.5	43.5	46.8	(0.1)	(0.1%)	3.3	0.8%	3.3	0.7%
Health	37.6	37.9	41.1	0.3	0.4%	3.3	0.9%	3.6	0.8%
Leisure & Hospitality	28.2	27.2	33.1	(1.0)	(1.8%)	5.9	2.2%	4.9	1.5%
Other Services	11.0	10.6	10.5	(0.3)	(1.4%)	(0.1)	(0.13%)	(0.4)	(0.4%)
Government	41.4	42.5	41.9	1.1	1.3%	(0.6)	(0.16%)	0.5	0.1%
Total	310.4	285.8	306.2	(24.6)	(4.0%)	20.4	0.8%	(4.2)	(0.1%)

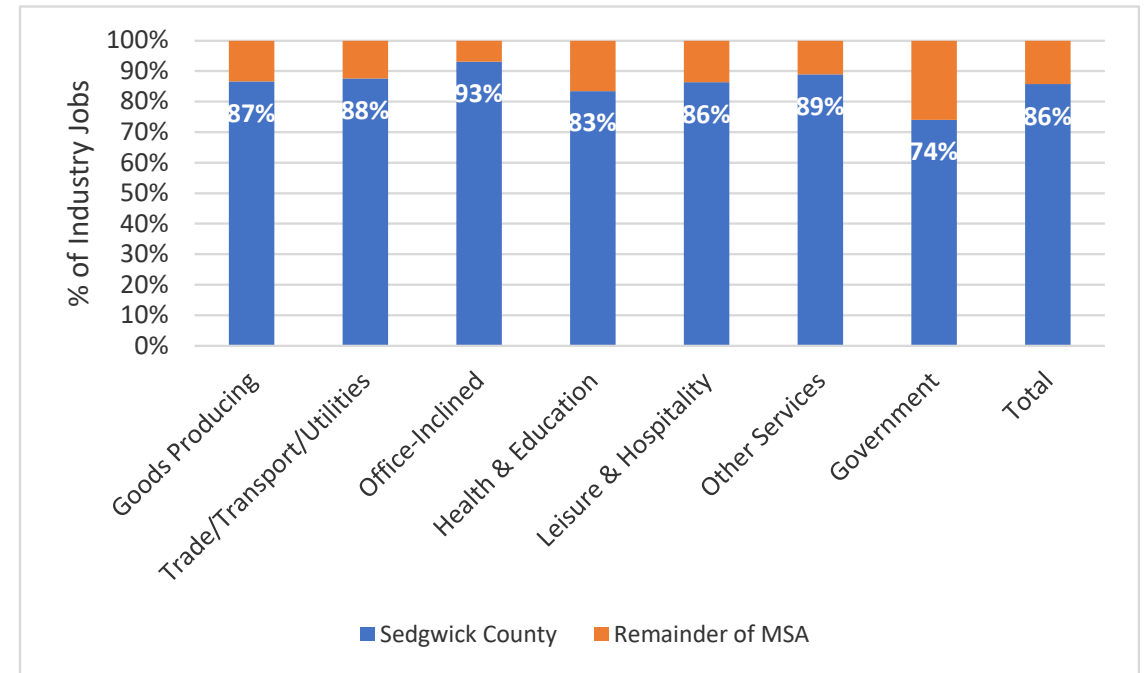
Source: Moody's economy.com, "Detailed Employment Forecasts"; W-ZHA

Employment Trends – Sedgwick County

In 2019, Sedgwick County accounted for 86% of the Metropolitan Area's total jobs.

Sedgwick County contained 93% of the MSA's jobs in Office-Inclined industries in 2019.

Jobs by Industry Group



Source: Moody's economy.com, "Detailed Employment Forecasts"; W-ZHA

Establishments

As is the case in the U.S., over 90% of the businesses in the Wichita MSA are small with less than 50 employees.

Two-thirds of Wichita's Goods Producing establishments employ over 1,000 people. Companies like Spirit AeroSystems, Textron Aviation, Johnson Controls and Cargill Protein fall into this category.

Office-inclined industries account for a significant share of very small businesses (31%), and also account for a significant share of large establishments. Koch Industries falls into this industry category and is one of the largest privately held companies in the U.S.

Note that establishments with less than 50 employees in office-inclined industries are generally not big enough to be "anchor" tenants. Anchor tenants are necessary to develop new multi-tenant office space. Anchor tenants for multi-tenant office space are generally establishments with 70-plus employees.

Note, government employment is not included in the data set.

Establishments by Size U.S., Kansas, Wichita MSA 2019

	U.S.	Kansas	Wichita MSA
< 20 Employees	85.2%	84.7%	82.4%
20-49 Employees	9.2%	9.6%	11.0%
50 - 100 Employees	3.1%	3.1%	3.7%
100-499 Employees	2.2%	2.3%	2.7%
500-Plus Employees	0.3%	0.2%	0.2%

Establishments By Industry and Size Wichita Metropolitan Area 2019

	< 20	20-49	50-99	100-249	250-499	500-999	1,000+
Goods Producing	15%	14%	19%	22%	32%	26%	67%
Trade/Transportation/Utilities	21%	25%	18%	25%	27%	13%	0%
Office-Inclined	31%	16%	19%	20%	18%	48%	0%
Health & Education	13%	16%	17%	20%	23%	13%	33%
Leisure & Hospitality	9%	24%	21%	12%	0%	0%	0%
Other Services	11%	5%	6%	1%	0%	0%	0%
Total	100%	100%	100%	100%	100%	100%	100%

Source: County Business Patterns, 2019; W-ZHA

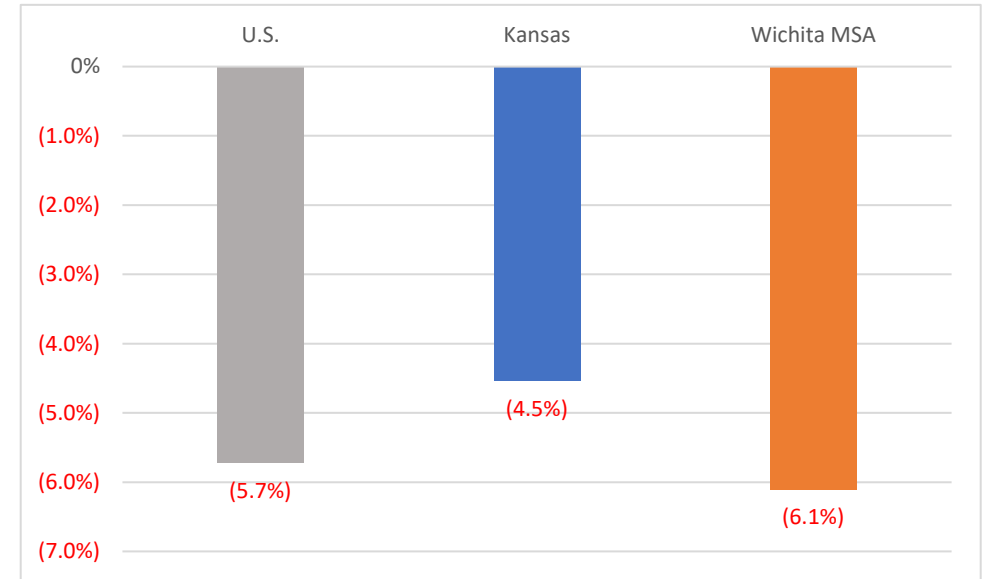
Job Trends – COVID 19

COVID-19 had a major impact on the job market in 2020.

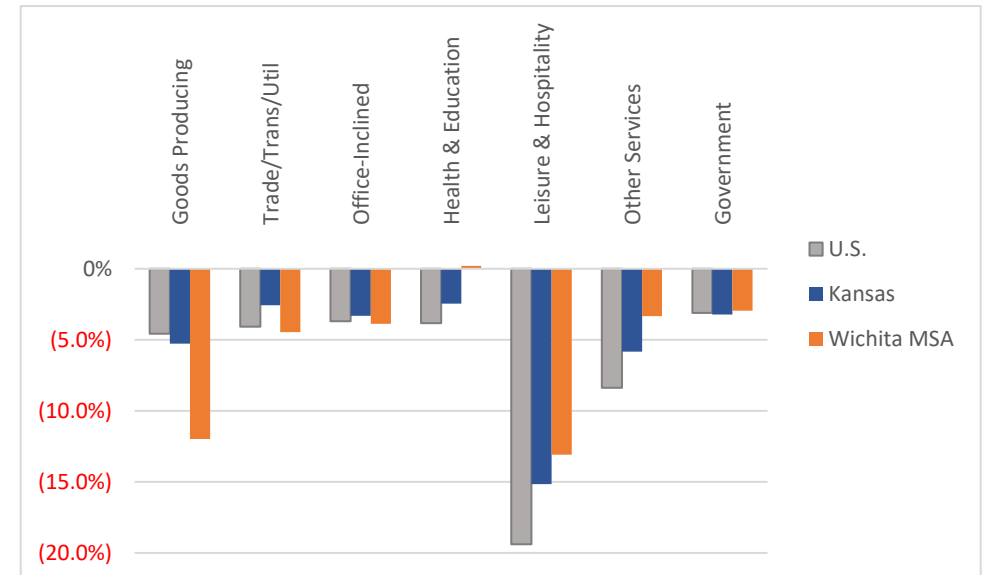
From 2019 to 2020, over 6% of Wichita's jobs were lost. This rate of job loss was higher than the U.S. average mostly because of major job losses in Wichita's manufacturing industry.

Job losses in Wichita's office-inclined industries were more modest (3.9%) between 2019 and 2020 and consistent with U.S. trends.

All Jobs 2019-2020



Jobs by Industry 2019-2020



Source: U.S. Bureau of Labor Statistics; W-ZHA

Employment Trends: COVID-19

Wichita's office-inclined industries lost 2,000 jobs between 2019 and 2020.

Non-Farm Job Trends Wichita Metropolitan Area 2010, 2019, 2020 000s							
	2010	2019	2020	2010-'19		2019-'20	
	Jobs	Jobs	Jobs	Jobs	CAGR	Jobs	CAGR
Goods Producing	66.4	71.9	63.3	5.5	0.9%	(8.6)	(12.0%)
Construction	13.6	16.3	16.2	2.6	2.0%	(0.1)	(0.5%)
Manufacturing	51.7	54.9	46.4	3.2	0.7%	(8.5)	(15.4%)
<i>Transportation Equipment Manuf.</i>	31.1	30.5	23.9	(0.6)	(0.2%)	(6.6)	(21.5%)
Trade/Transport/Utilities	49.0	50.6	48.3	1.6	0.4%	(2.3)	(4.5%)
Office-Inclined	46.6	51.4	49.4	4.7	1.1%	(2.0)	(3.9%)
Information	5.3	3.9	3.6	(1.4)	(3.4%)	(0.3)	(7.1%)
Financial Activities	11.1	11.8	11.8	0.7	0.7%	(0.0)	(0.2%)
Professional & Business Services	30.2	35.7	34.0	5.4	1.9%	(1.7)	(4.7%)
Health & Education	43.5	46.8	46.9	3.3	0.8%	0.1	0.2%
Health	37.9	41.1	41.4	3.3	0.9%	0.3	0.7%
Leisure & Hospitality	27.2	33.1	28.7	5.9	2.2%	(4.3)	(13.1%)
Other Services	10.6	10.5	10.2	(0.1)	(0.1%)	(0.4)	(3.3%)
Government	42.5	41.9	40.7	(0.6)	(0.2%)	(1.2)	(3.0%)
Total	285.8	306.2	287.5	20.4	0.8%	(18.7)	(6.1%)

Source: Moody's economy.com, "Detailed Employment Forecasts"; W-ZHA

Employment Projections

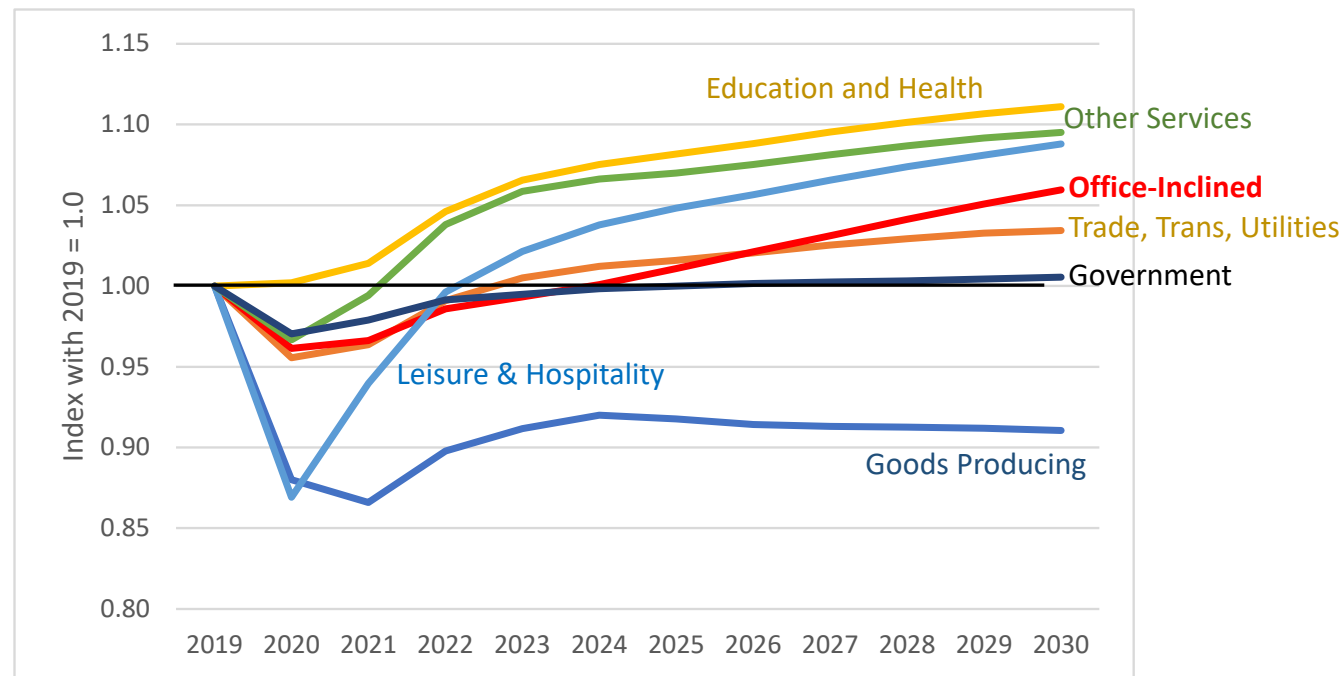
Wichita MSA employment projections by industry are from Moody's *economy.com*.

The projection indicates that the Goods Producing industries do not fully recover 2019 jobs by 2030. This is due to challenges within the manufacturing industry.

By 2025, all other major industry groups will have recovered from COVID 19-related job losses.

Office-inclined industries are projected to recover to the MSA's 2019 employment levels by 2024.

Employment Projection Index by Industry Cluster
Base Year 2019 = 1



Source: Moody's *economy.com*, "Detailed Employment Forecasts"; W-ZHA

Employment Projections – Metropolitan Area

From 2020 to 2030, jobs are projected to grow by a compound average annual growth rate of 0.9%, which is higher than the growth rate between 2010 and 2019. *It is important to note, that much of this growth is related to recovering jobs that existed in 2019.*

From 2019 to 2030, the Wichita MSA is projected to grow by a compound average annual growth rate of 0.2%, which is considerably slower than the growth rate between 2010 and 2019.

The health industry and office-inclined industries are projected to experience the greatest job gains between 2019 and 2030.

Jobs 2019 and 2020 and Job Forecast 2025 and 2030 Wichita MSA (000's)										
	2019	2020	2025	2030	2019 - 2030		2020 - 2025		2020-2030	
	Jobs	Jobs	Jobs	Jobs	Jobs	CAGR	Jobs	CAGR	Jobs	CAGR
Goods Producing	71.9	63.3	66.0	65.5	(6.4)	(0.8%)	2.7	0.8%	2.2	0.3%
Construction	16.3	16.2	17.6	17.8	1.5	1%	1.4	2%	1.6	1.0%
Manufacturing	54.9	46.4	47.5	46.8	(8.1)	(1.4%)	1.0	0%	0.4	0.1%
<i>Transportation Equipment Manuf.</i>	30.5	23.9	25.6	25.9	(4.5)	(1.5%)	1.7	1%	2.0	0.8%
Trade/Transport/Utilities	50.6	48.3	51.4	52.3	1.7	0.3%	3.1	1.2%	4.0	0.8%
Office-Inclined	51.4	49.4	51.9	54.5	3.1	0.5%	2.5	1.0%	5.0	1.0%
Information	3.9	3.6	3.9	3.9	(0.0)	(0.0%)	0.2	1.3%	0.3	0.7%
Financial Activities	11.8	11.8	12.1	12.5	0.7	0.5%	0.3	0.5%	0.7	0.6%
Professional & Business Services	35.7	34.0	36.0	38.1	2.4	0.6%	2.0	1.1%	4.1	1.1%
Health & Education	46.8	46.9	50.6	52.0	5.2	1.0%	3.7	1.5%	5.1	1.0%
Health	41.1	41.4	45.0	46.4	5.3	1.1%	3.5	1.6%	5.0	1.1%
Leisure & Hospitality	33.1	28.7	34.7	36.0	2.9	0.8%	5.9	3.8%	7.2	2.3%
Other Services	10.5	10.2	11.3	11.5	1.0	0.8%	1.1	2.1%	1.4	1.3%
Government	41.9	40.7	41.9	42.1	0.2	0.0%	1.2	0.6%	1.5	0.4%
Total	306.2	287.5	307.8	313.9	7.7	0.2%	20.3	1.4%	26.4	0.9%

Source: Moody's economy.com, "Detailed Employment Forecasts"; W-ZHA

Employment Projections – Sedgwick County

Sedgwick County will continue to account for approximately 86% of the MSA's jobs in 2030.

Industries that typically occupy office space are forecast to grow faster in Sedgwick County moving from 93.1% of MSA office-inclined jobs in 2019 to 94.3% in 2030.

By 2030, almost one-out-of-five (19%) Sedgwick County jobs will be in office-inclined industries.

Jobs 2019 and 2020 and Job Forecast 2025 and 2030 Sedgwick County (000's)										
	2019	2020	2025	2030	2019 - 2030		2020 - 2025		2020-'30	
	Jobs	Jobs	Jobs	Jobs	Jobs	CAGR	Jobs	CAGR	Jobs	CAGR
Goods Producing	62.3	54.8	57.3	56.9	(5.4)	(0.8%)	2.5	0.9%	2.1	0.4%
Construction	13.8	13.8	15.2	15.3	1.5	0.9%	1.4	2.0%	1.5	1.0%
Manufacturing	48.0	40.6	41.6	41.1	(6.9)	(1.4%)	1.0	0.5%	0.5	0.1%
<i>Transportation Equipment Manuf.</i>	29.6	23.3	24.4	24.8	(4.8)	(1.6%)	1.1	1.0%	1.5	0.6%
Trade/Transport/Utilities	44.3	42.4	45.4	46.2	1.8	0.4%	3.0	1.4%	3.8	0.9%
Office-Inclined	47.8	46.0	49.0	51.3	3.5	0.6%	3.0	1.3%	5.4	1.1%
Information	3.7	3.5	3.7	3.7	0.0	0.0%	0.2	1.3%	0.3	0.7%
Financial Activities	10.3	10.3	10.7	11.0	0.7	0.6%	0.4	0.8%	0.7	0.7%
Professional & Business Services	33.8	32.2	34.6	36.6	2.8	0.7%	2.4	1.4%	4.4	1.3%
Health & Education	39.0	39.2	42.7	43.9	4.9	1.1%	3.5	1.7%	4.8	1.2%
Health	34.0	34.3	37.5	38.9	4.9	1.2%	3.2	1.8%	4.6	1.3%
Leisure & Hospitality	28.6	24.8	29.7	30.8	2.3	0.7%	4.8	3.6%	6.0	2.2%
Gov't & Other Services	40.4	39.2	40.7	41.2	0.8	0.2%	1.5	0.8%	2.0	0.5%
Total	262.5	246.4	264.8	270.4	7.9	0.3%	18.4	1.4%	23.9	0.9%

Source: Moody's economy.com, "Detailed Employment Forecasts"; W-ZHA

Office Market Trends and Existing Conditions

Introduction

- The multi-tenant office market is analyzed as multi-tenant space is most responsive to changes in office demand.
- Multi-tenant office trends are based on J.P. Weigand Realtors annual forecast reports from 2010 to 2020. Unless otherwise noted, the forecast reports are the source of the office data.
- J.P. Weigand Realtors collects data on multi-tenant office performance, which includes medical office.

Key Takeaways

Office Market Trends and Existing Conditions

- *Downtown contains the most multi-tenant space of all sub-markets and the most Class A space.*
- *Downtown's competitive position has improved since 2010. Downtown's vacancy has decreased, its average rent has increase, and it captured just under half of the market's Class A absorption since 2010.*
- *Overall, office rent in Wichita is relatively low which makes the economics of new construction challenging.*
- *The rent difference among Downtown's older Class A buildings (\$16 - \$18 per square foot) and newer Class A buildings (\$28 - \$30 per square foot) is significant. With many lower-priced Class A options, not all tenants will be willing to pay the premium associated with new office space.*
- *Unlike national averages, the ratio of office space per employee has been increasing in Wichita.*

Multi-Tenant Office Inventory by Sub-Market

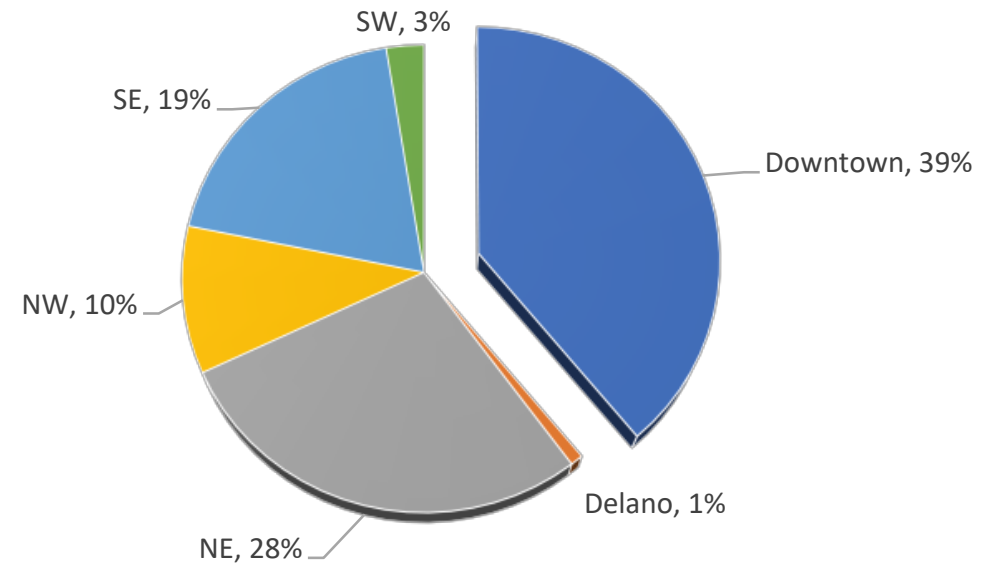
J.P. Weigand Realtors divides the Wichita multi-tenant office market into 6 sub-markets.

There are approximately 12 million square feet of multi-tenant office space in the Wichita market.

39% of Wichita's multi-tenant office supply (approximately 4.7 million square feet) is in Downtown Wichita.

The Northeast submarket is the 2nd largest office sub-market with 28% of the market's multi-tenant office space (approximately 3.4 million square feet).

**Multi-Tenant Office Supply by Sub-Market
2020**



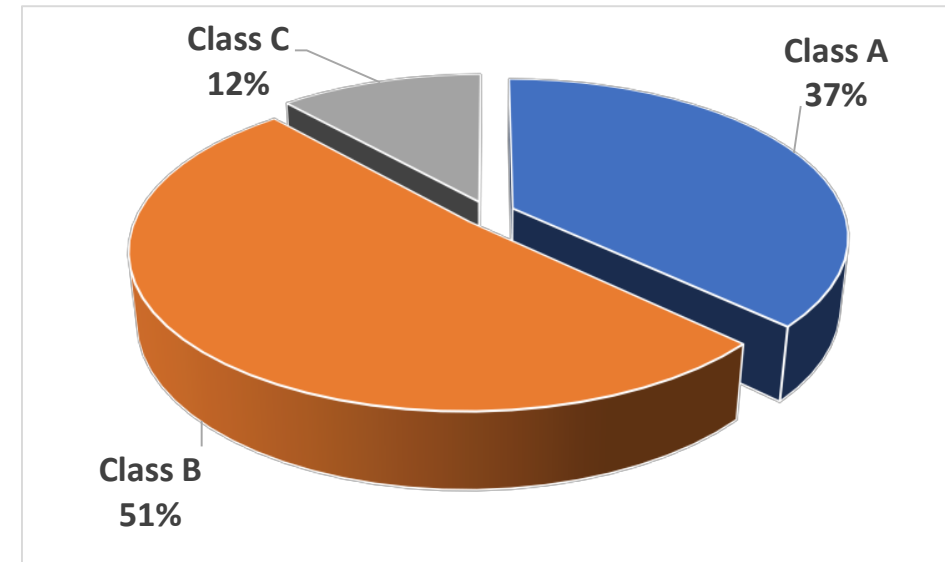
Multi-Tenant Inventory by Class of Space and Submarket

Most of the multi-tenant office space in the Wichita market is classified as Class B, which is functional, but not state-of-the-art office space.

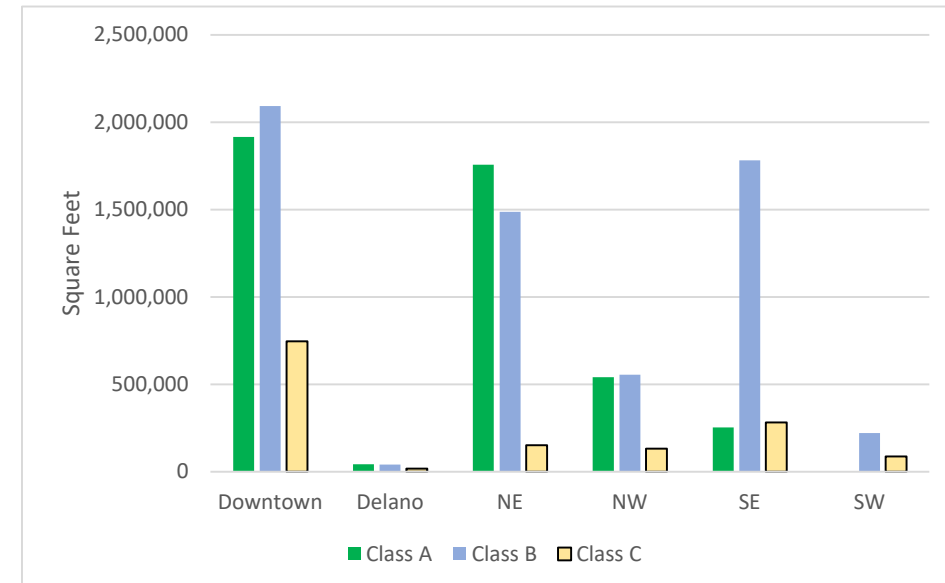
Over a third of the multi-tenant office space is Class A – premium office space. Downtown contains 42% (1.9 million square feet) of the market's Class A space.

Over 80% of the Class A multi-tenant space is in the Downtown and Northeast sub-markets. The Northeast sub-market's inventory of Class A space is newer than the Downtown's.

Office Supply by Class



Office Supply by Class & Sub-Market



Multi-Tenant Vacancy

Downtown's vacancy rate is lower than the overall market for all classes of office space.

Office Space and Vacancy by Class Wichita Office Market and Downtown 2020

	Wichita Market		Downtown	
	Space	Vacancy Rate	Space	Vacancy Rate
Class A	4,484,712	15.6%	1,873,568	14.3%
Class B	6,179,568	21.7%	2,093,843	16.3%
Class C	1,398,271	26.5%	728,227	16.5%

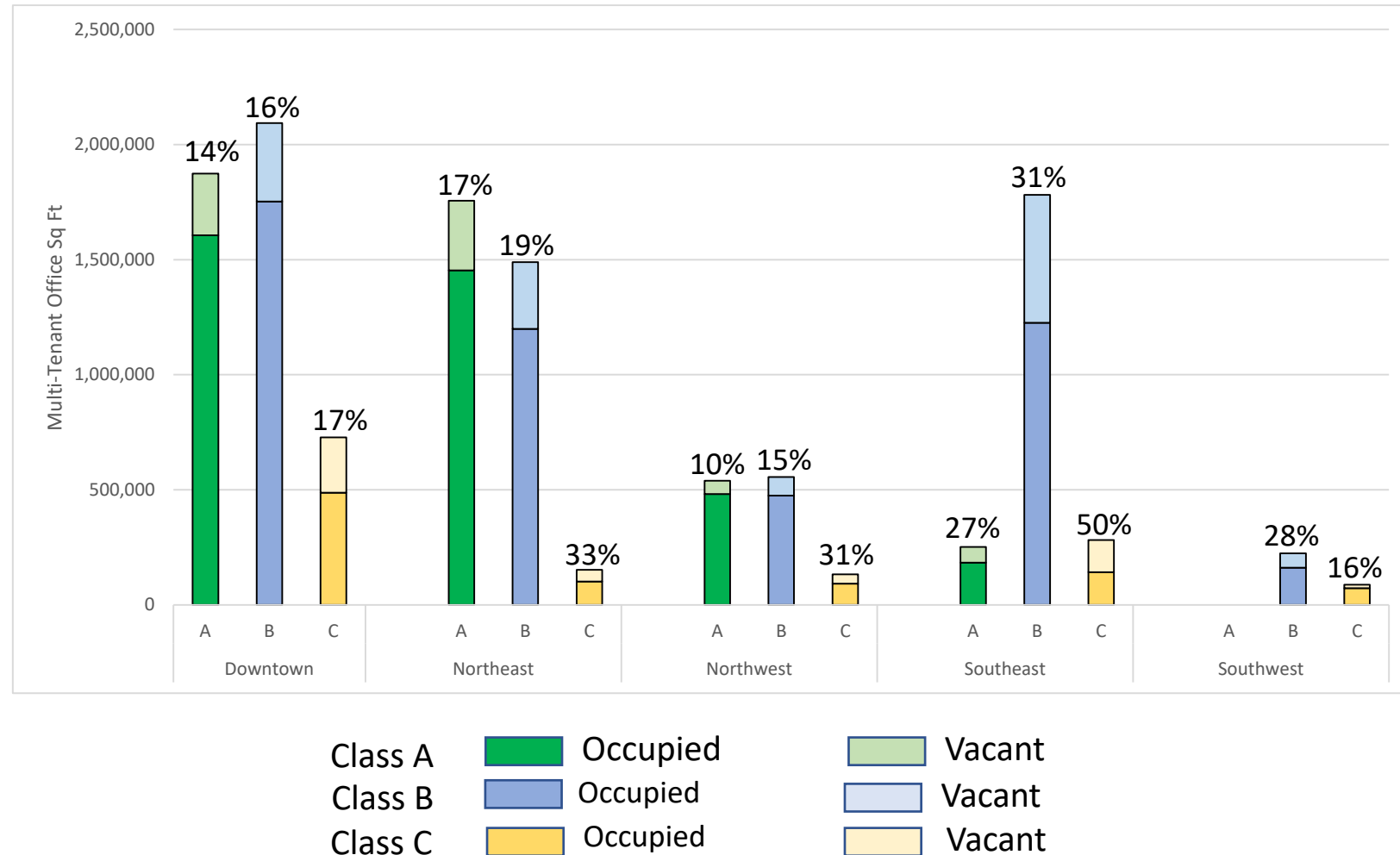
Multi-Tenant Vacancy

One-out-of-five square feet of Wichita's office space was vacant at the end of 2020.

Downtown Class A and B vacancy rates are lower than the Northeast sub-market.

There are approximately 120,000 square feet of Class C space vacant Downtown. This space is susceptible to adaptive re-use to non-office use.

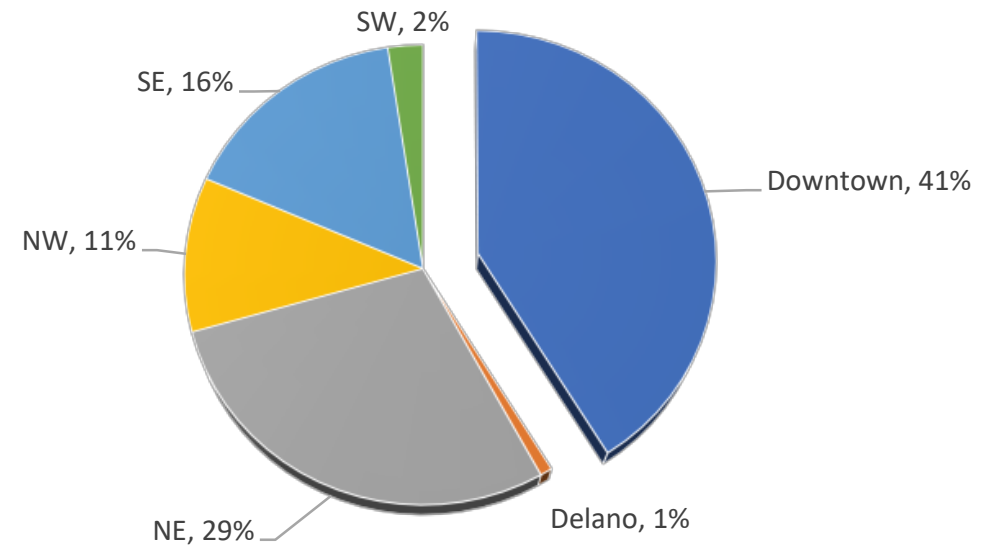
Vacancy by Sub-Market and Office Class



Occupied Supply by Sub-Market

Downtown contains 39% of all multi-tenant office space in the Wichita market and 41% of all occupied multi-tenant space.

Occupied Office Space by Sub-Market

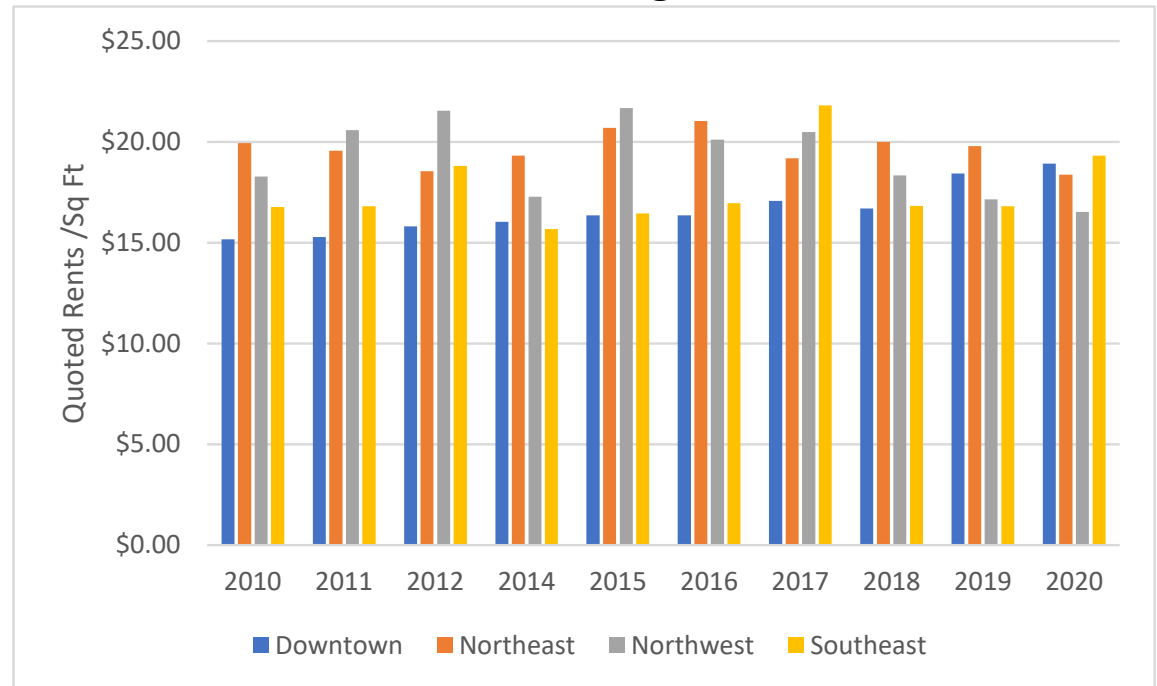


Class A Asking Rental Rates

Class A rental rate trends demonstrate how Downtown's competitive position over the last 10 years has changed. In 2010, Downtown's rents were well below the suburban markets where new office construction was taking place. By 2020, due to new office construction and other investments, Downtown's average Class A rents were higher than the Northeast and Northwest sub-markets.

Brokers indicate that Downtown is becoming more competitive because businesses are finding that young, knowledge workers prefer mixed-use, walkable, live, work, play environments. Businesses are chasing this young, knowledge worker cohort. According to local brokers, it is not unusual now for representative of a business' human resources department to attend office space tours.

Class A Asking Rent



Class A Asking Rental Rates

Note that Class A rents in the Wichita market are generally low. In 2020, the average Class A asking rental rate in the Wichita market was \$18.42 per square foot gross. The average Class A asking rent in Downtown was \$18.93 per square foot gross.

To offset development costs, new office space Downtown must rent for about \$28 per square foot (excluding parking).

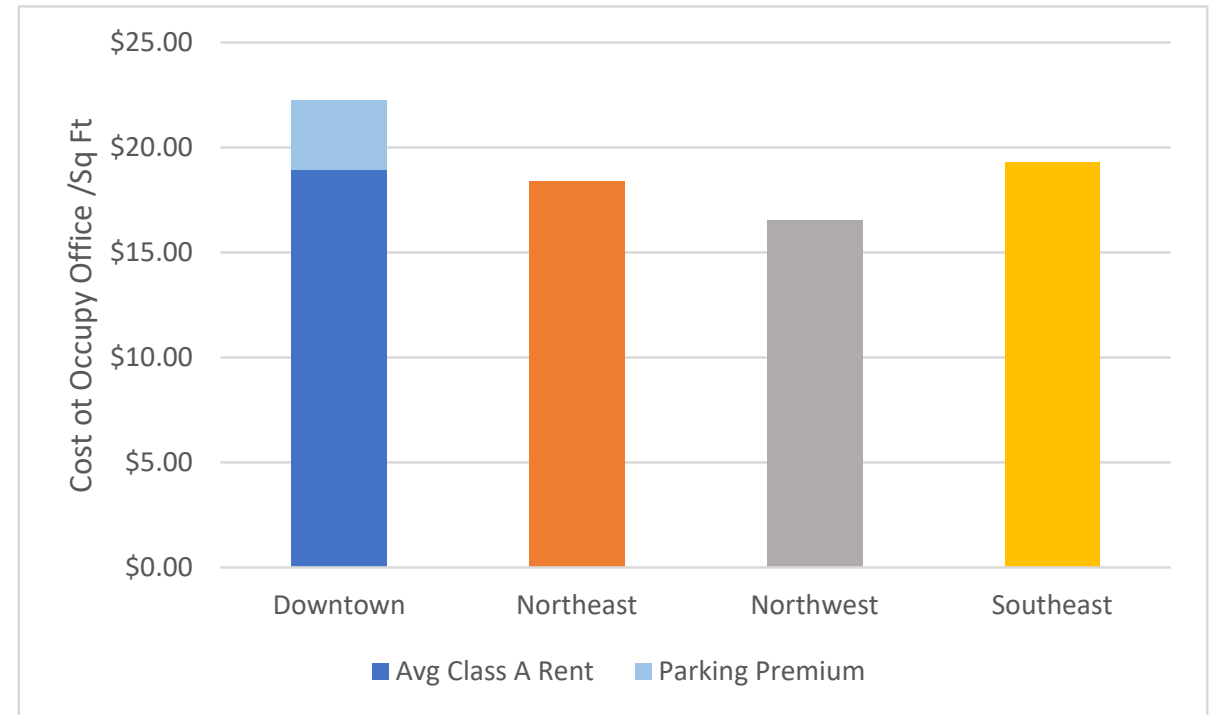
Class A Space Asking Rents Wichita Office Sub-Markets With Class A Office 2020					
	Downtown	Northeast	Northwest	Southeast	Overall
Class A	\$18.93	\$18.39	\$16.53	\$19.33	\$18.42

Class A Rent and Parking

While Downtown's Class A rent appears comparable to the suburban sub-markets, Downtown's cost of occupancy can be significantly higher.

In the suburban sub-markets rent includes parking. In the Downtown, office tenants or their employees often must pay for parking. At \$60 to \$80 per space per month per employee, this adds \$3 to \$4 per square foot of additional occupancy cost.

Occupancy Cost Per Square Foot



Class A Rent Dynamics

Between 2019 and 2021, new Class A multi-tenant buildings were developed in the Downtown. These buildings include:

- Union Station Express (35,208 sf)
- Union Station Terminal (65,000 sf)
- Spaghetti Works (64,649 sf)
- Ice House (30,000 sf)
- 430 Building (74,398 sf)

Lease rates at the new buildings approach \$30 per square foot, full-service. Older existing Downtown Class A space leases at \$16 - \$18 psf, full-service.

There is a significant difference in the cost to occupy new Class A office space and older Class A office space in Downtown.

The big difference in the cost to occupy new versus older space is an important consideration when projecting new office demand.

Multi-Tenant Class A Office Space Rent Downtown Wichita March, 2021

Class A

New Bldgs (<5 Yrs Old)
Older Bldgs

Asking Rent

\$28 - \$30 /SF FSG
\$16 - \$18 /SF FSG

Source: NAI Martens; W-ZHA

Multi-Tenant Office Overall Absorption

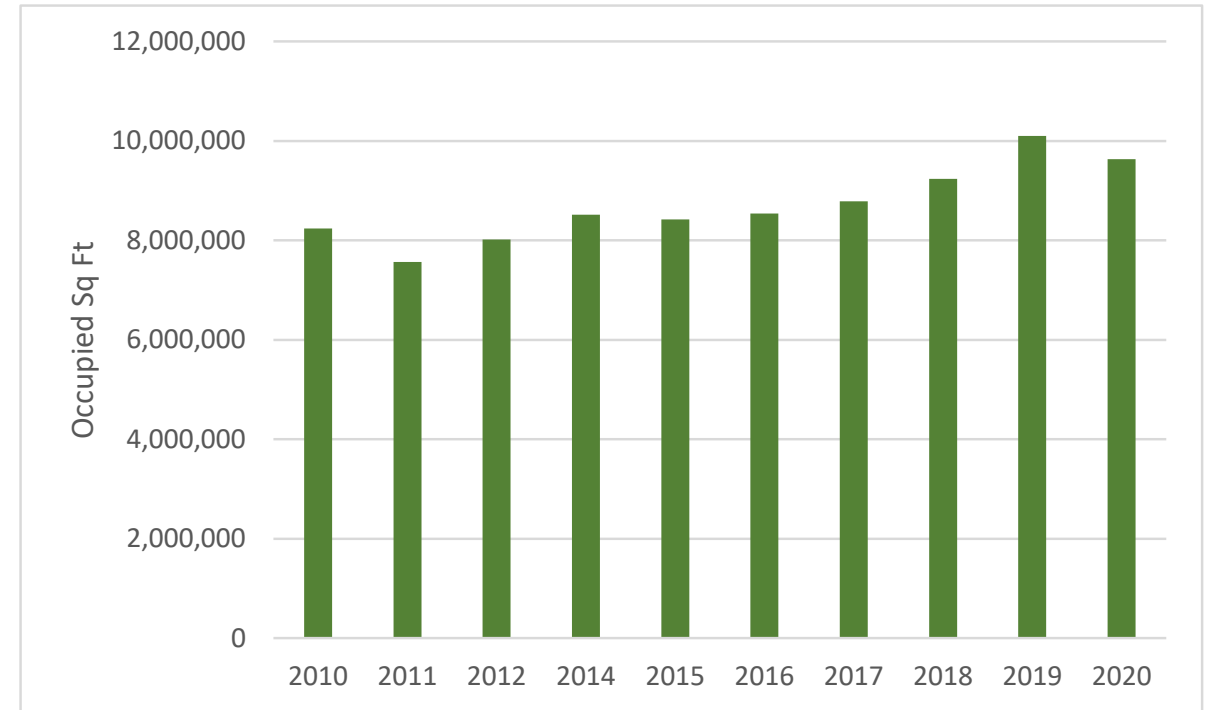
Absorption is the change in occupied square feet over time.

From 2010 to 2018, the Wichita office market absorbed almost 1 million square feet of space (993,000 square feet), an average of approximately 124,000 per year.

2019 data indicate a significant increase in occupied space, which some brokers question.

COVID-19 negatively impacted the multi-tenant office market in 2020.

Occupied Space



Occupied Space by Class

Class A space accounted for over half of all space absorbed between 2010 and 2018 and 2019.

Downtown captured a little less than half of Class A absorption from 2010 to 2019.

Downtown captured only 10% of Class B absorption from 2010 to 2019.

Occupied Space by Class



Occupied Multi-Tenant Space and Office-Inclined Jobs

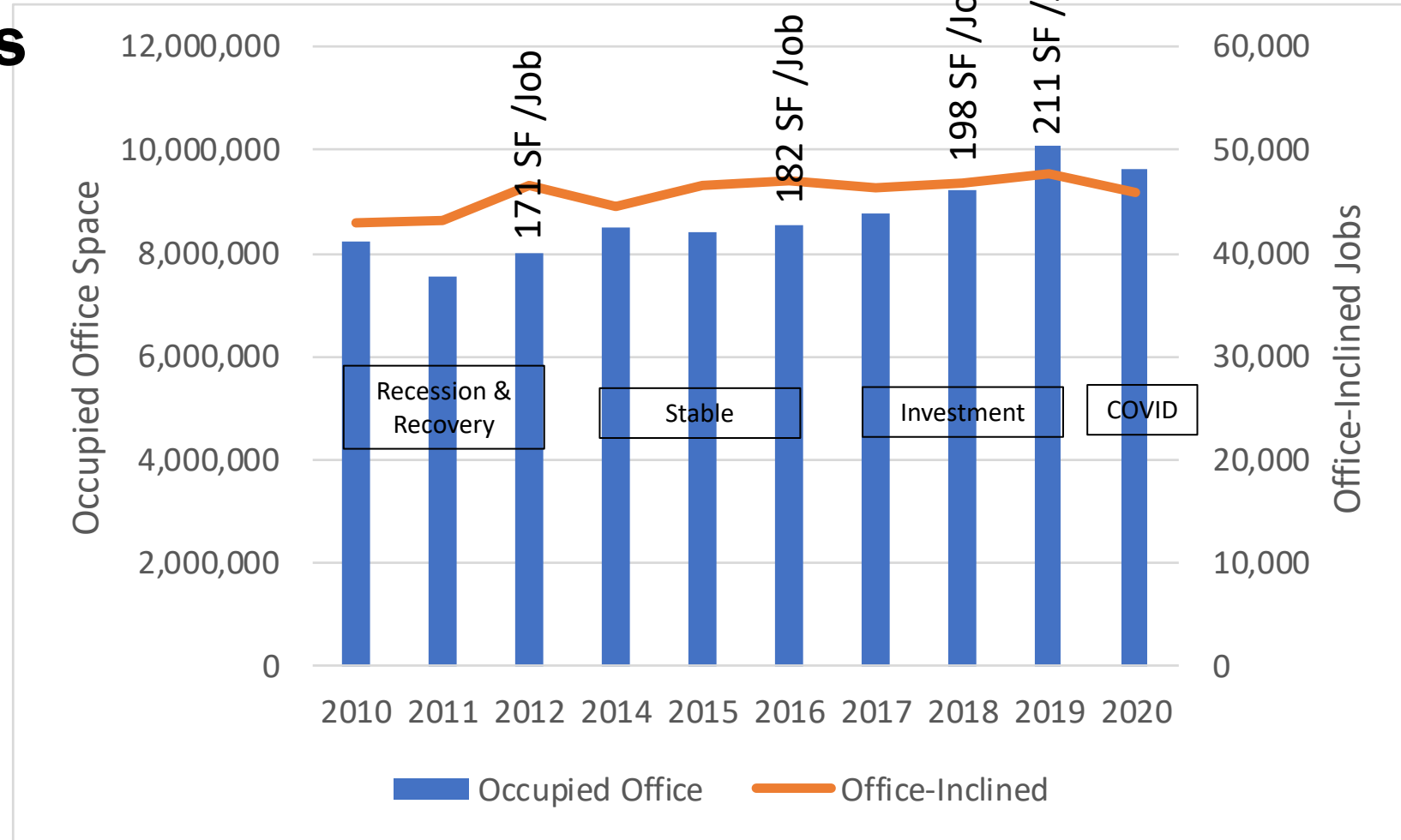
Almost all of Wichita's multi-tenant office space is in Sedgwick County. Thus, most office-inclined workers work in Sedgwick County. The average square feet of multi-tenant office per job in Sedgwick County was analyzed.

The Great Recession caused the ratio between occupied multi-tenant office space and office-inclined employment to decline.

As the economy rebounded multi-tenant office space occupancy and total supply increased.

While typically inelastic, between 2019 and 2020 office occupancy declined at approximately the same rate (4.6%) as office-inclined employment decreased.

Note that the rule of thumb is 190 to 220 square feet per office job. One reason an average may be lower is that some office-inclined workers work in non-multi-tenant space (like Koch industries).



COVID-19 and the Office Market

COVID-19 and the Future Office Market

Key Takeaways

- *COVID-19 has had an impact on telework patterns in Kansas and workplace mobility in Wichita and these impacts are decreasing with time.*
- *Key factors influencing telework (like health risks associated with transit ridership and/or long commute times) are not major factors in Wichita where office employees predominantly drive to work and commute times are some of the lowest in the U.S.*
- *There appears to be some consensus that some version of the “hybrid” work model will be here to stay in the office sector, but the implications on office space demand are unknown.*
- *Surveys with executives indicate that real estate issues are low on the list of very important factors – employee health, recruiting talent and corporate culture rank as more important.*
- *Social distancing requirements, collaboration space, and other office space changes will likely reverse recent national declines in office space per employee.*
- *In light of COVID-19’s potential impact on the multi-tenant office market, W-ZHA’s market projections apply a lower average square foot per office-inclined employee (190 square feet) than recent trends (198 – 211 square feet per employee).*

Household Pulse Data for Kansas*

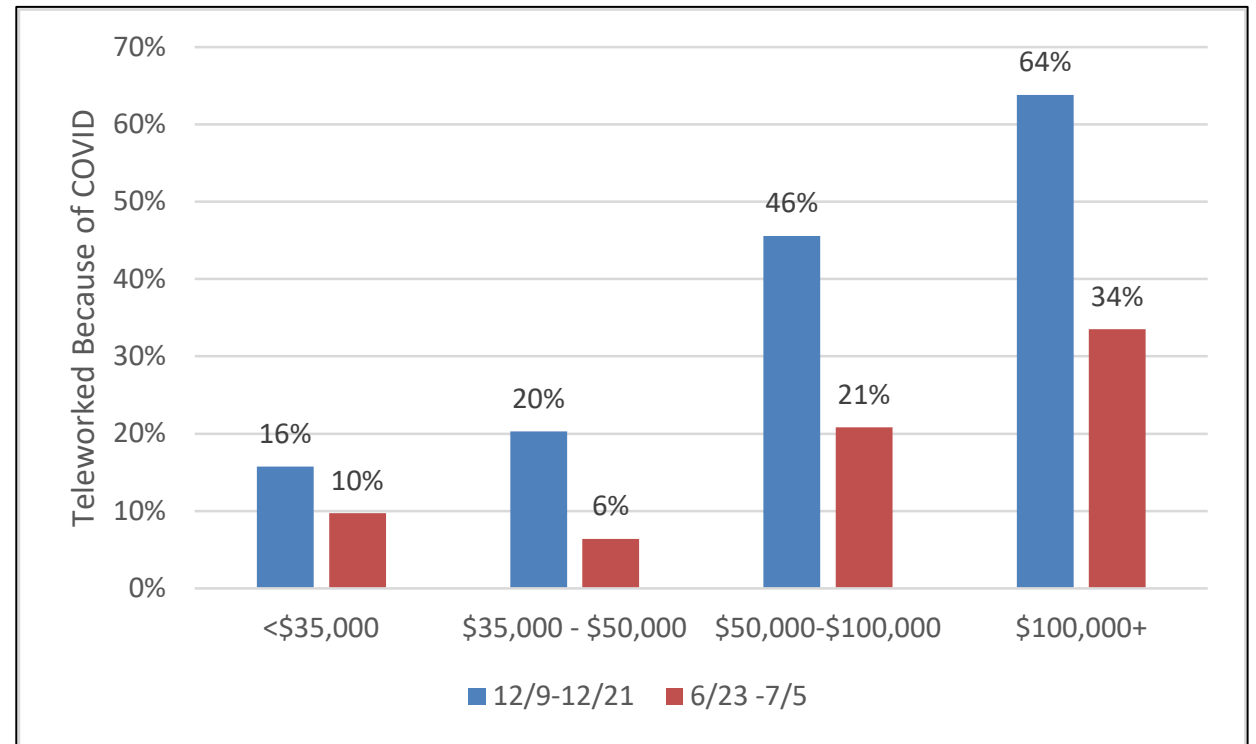
The US Census Bureau's "Household Pulse Survey" is intended to measure how people's lives have been impacted by COVID-19. The sample size for Sedgwick County was too small, so Kansas data is presented. This data is from the Phase 3.1 Household Pulse Survey which began on 4/14/2021 and ended on 7/5/2021.

The data indicate that approximately 20% of Kansas people teleworked because of COVID when surveyed the last week of June 2021.

The percentage of people teleworking because of COVID has been dropping since December.

** Sedgwick County data is not available.*

Teleworked Because of COVID Kansas



Source: U.S Census Bureau, "Household Pulse Survey: Phase 3.1"; W-ZHA

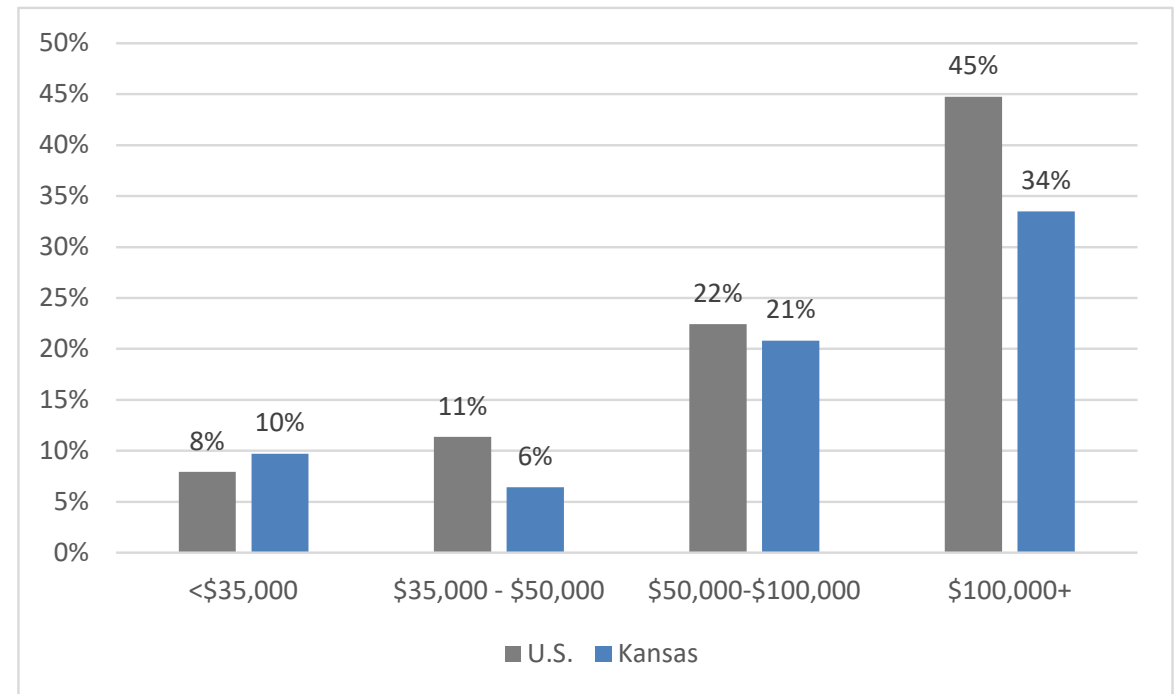
Household Pulse Data for U.S. and Kansas*

More Kansas workers earning less than \$35,000 were teleworking because of COVID-19 in late June as compared to the U.S. average.

For those earning over \$35,000, fewer Kansas workers are teleworking because of COVID-19 as compared to nation. The difference is particularly pronounced among high-income earners.

** Sedgwick County data is not available.*

Teleworked Because of COVID U.S. and Kansas* June 23, 2021 – July 5, 2021



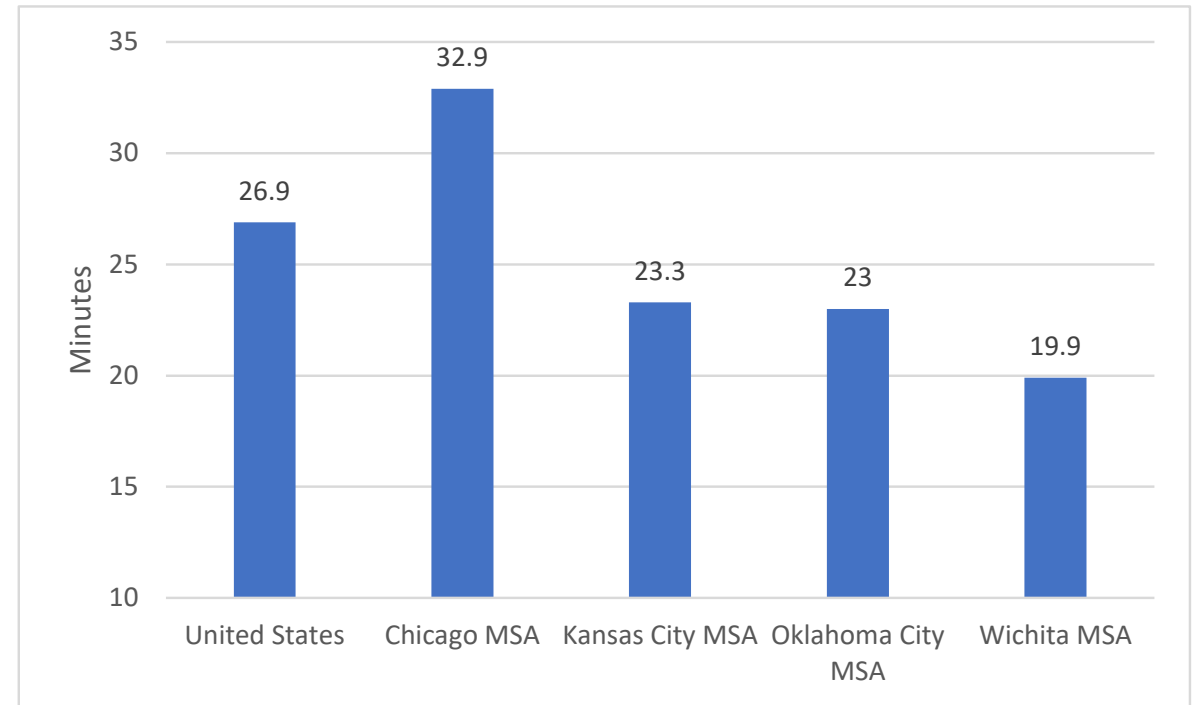
Source: U.S Census Bureau, "Household Pulse Survey"; W-ZHA

Commute Times

Telework has been particularly advantageous in markets with high commute times.

The Wichita Metropolitan Area has one of the lowest average commute times among all U.S. Metros.

**Average Commute Time
2019
(Minutes)**



Source: American Community Survey 2019 5-Year Estimate; W-ZHA

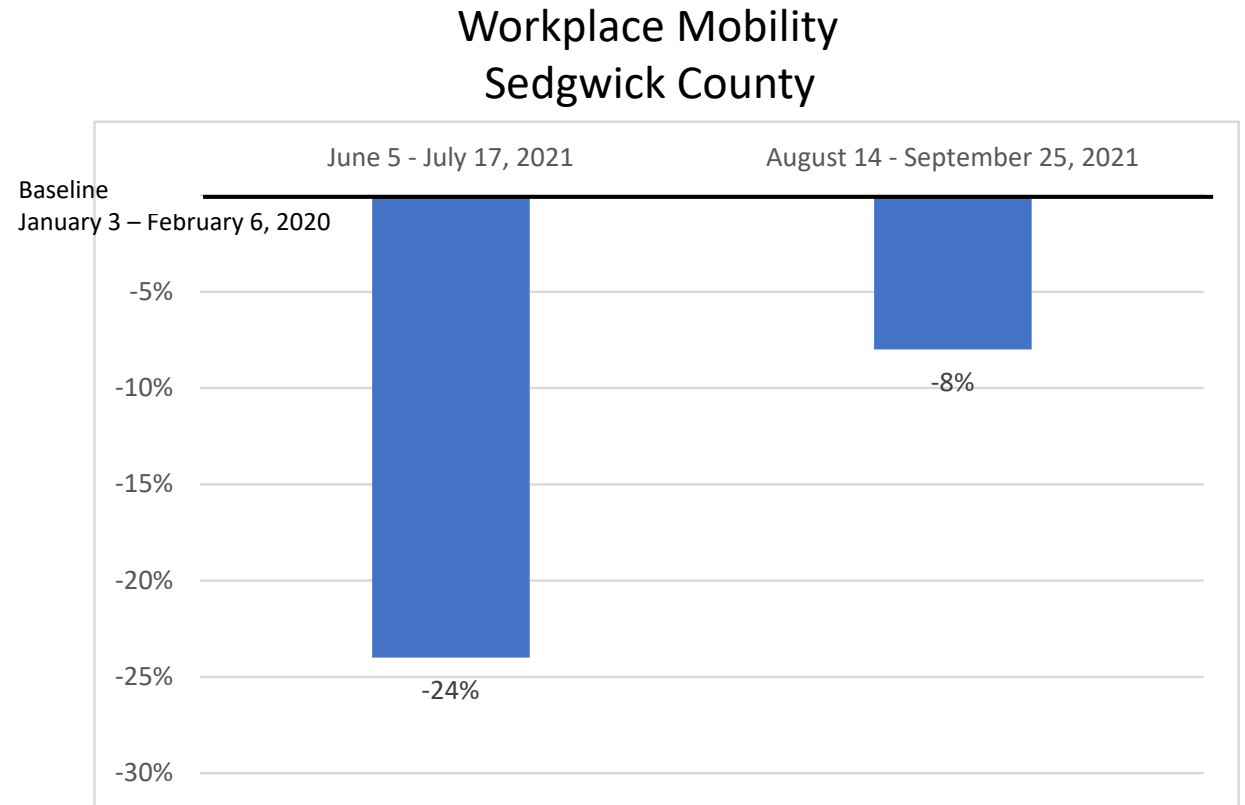
Google Mobility Data for Workplace Travel

Google Mobility data uses cell phone data to chart movement trends over time by geography across different categories of places.

During the six weeks between June 5 and July 17, 2021, Google Mobility data indicated that Sedgwick County residents were traveling to work 24% less than the baseline (January 3 – February 6, 2020).

As of August/September there was only an 8% decrease in travel to work patterns from the baseline.

This data is for all workers, not just office workers.



Source: Google, "COVID-19 Mobility Report: Kansas" July 19, 2021 and September 25, 2021 ; W-ZHA

PwC Remote Work Survey (1/12/2021)

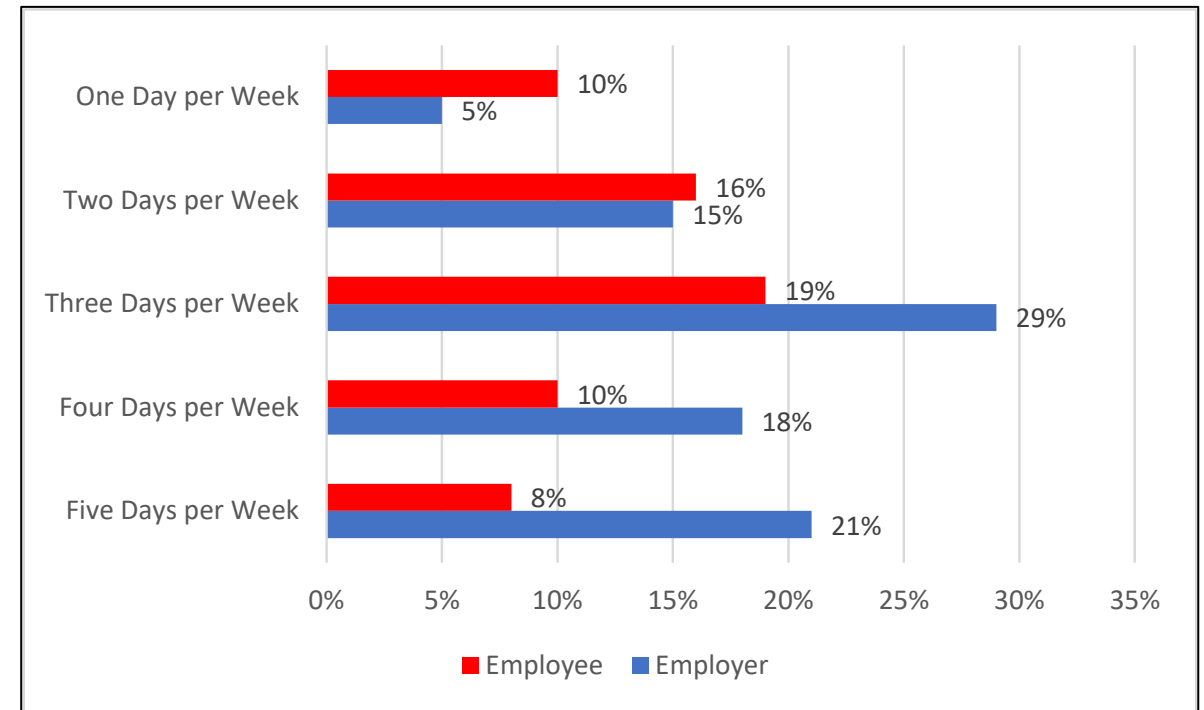
PwC surveyed 133 US company executives and 1,200 US office workers between November 24 and December 5, 2020 to see how effective remote work has been.

In a national poll, two-thirds of company executives thought at least 3 days a week was necessary to maintain a distinctive culture for the company.

Workers prefer fewer days in the office.

There appears to be consensus in the literature that a hybrid model – some days in the office and other days out of the office will be the norm moving forward.

Preferred days in the Office Employers vs Employees...



Source: PwC, "US Remote Work Survey", January 12, 2021; Modified by W-ZHA

Gensler [Office] Design Forecast 2021

Gensler is a worldwide architecture firm. Their design forecast included the following observations:

- The Roles of the Workplace and Office Buildings are Evolving
Office as a service to those who work in it.
- Culture, Community and Collaboration are at the Core of the New Work Experience
- Pre-Pandemic Trends are Accelerating
Recruiting talent is the issue - quality of life, choice, health, sustainability
- Flexibility and Adaptability are Critical for a Hybrid Home/Work Experience
Office w/ Flexible Layout and State of the Art Technology

“The allocation of square footage will be the same – it’s how we use it that will be different.”

Source: Gensler Design Forecast 2021; W-ZHA

Remote Work Considerations in Wichita

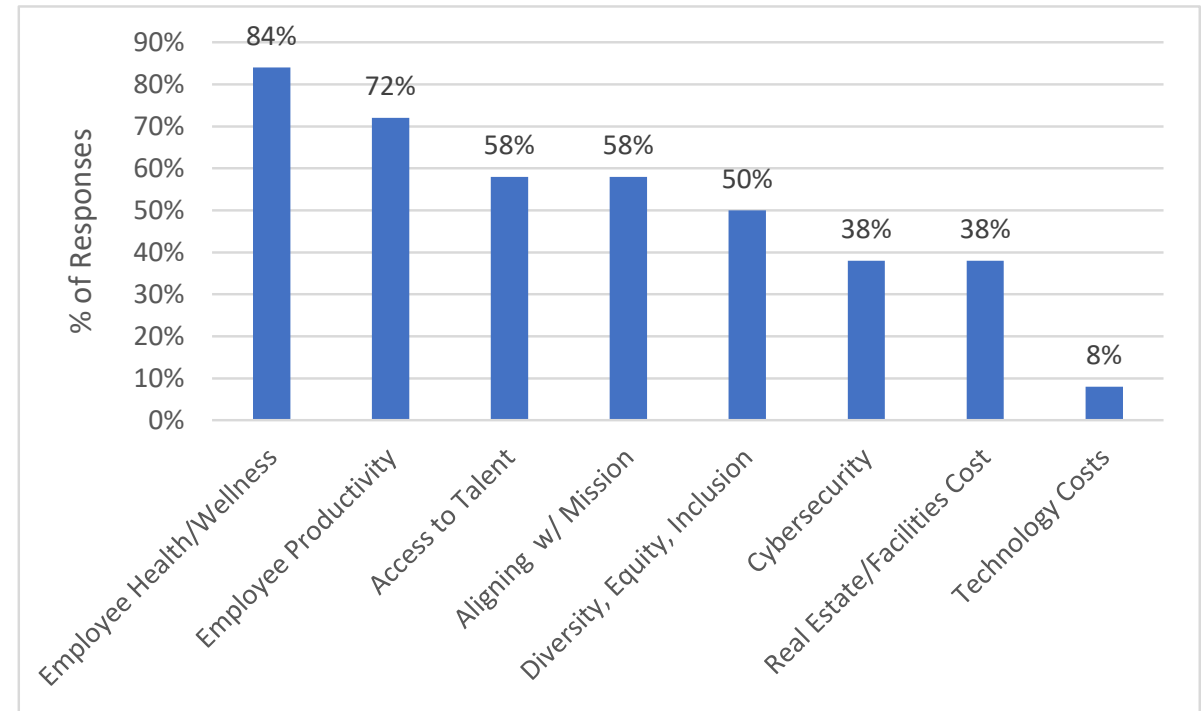
According to a CNBC survey, real estate facilities cost rank relatively low on the list of executives' very important factors to consider in the post-pandemic work model.

Wichita brokers indicate that the companies looking for space are mostly concentrating on retaining and recruiting workforce and seem less concerned with hybrid work impacts

Human resources representatives are now on the office tours.

Wichita brokers indicate that, so far, the benefits of high-quality office to recruit and retain talent, support innovation, and reinforce corporate culture is outweighing the cost savings associated with downsizing the office footprint

Very Important Factors In Post-Pandemic Work Model



Source: CNBC Survey as published in the *CNBC Workforce Wire*: "The latest numbers on how many workers will be returning to offices, and how often", July 8, 2021; W-ZHA

Conclusion

COVID-19 will have less of an impact on Wichita's office market as it will likely have in larger metropolitan areas where commute times are long and employees rely on public transit.

To quantify Downtown's office potential, a slightly lower ratio of office square feet to office-inclined job is assumed.

Rather than a ratio of 198 square feet (2017) or 211 square feet (2018) per office-inclined job, a ratio of 190 square feet is assumed.

Downtown Office Potential 2020-2030

Multi-Tenant Class A & B Space
Owner Occupied Office Space

Introduction

- Class A and B multi-tenant office potential is quantified to 2030. Class C space is subject to adaptive re-use which makes projecting supply and demand highly speculative.
- Multi-tenant office potential is derived from new job growth in Sedgwick County and from tenants shifting from suburban submarkets to Downtown.
- The analysis assumes that excess vacancy is absorbed with new demand.
- Owner-occupied new construction is a “lightening strike” event and hard to project. An owner-occupied allowance is provided to account for build-to-suit possibilities.

Forecast Assumptions: Market Dynamics

- A slight reduction in the recent ratio of office space per office-inclined job.
- Downtown will maintain and grow its competitive position as a premiere business district because workers and companies will continue to value the live, work, play environment.
- Some Class A multi-tenant demand will be satisfied with well-located, building adaptive re-use (ex. Key Construction warehouse near Library and Exploration Place), businesses deciding to purchase an existing building (ex. SPT Architects), or businesses building their own building (ex. Hutton).
- Over the 10-year forecast period, older Class B & C buildings that cannot adapt to state-of-the-art office technology and design will become less competitive.
 - Because of Wichita's relatively low office rents it will be difficult for some Class B building owners to make the economics of modernization make sense economically. The rent they would need to charge to cover the cost to modernize could approximate the rent charged for new space.
- New construction will have more potential in the latter part of the projection period because there will be fewer infill opportunities and the market will have evolved to understand what a state-of-the-art office building must incorporate to satisfy tenant needs.

Downtown Office Potential

Key Takeaways

- *There will be the potential for 454,000 to 521,000 square feet of additional Class A and B multi-tenant office space in Downtown by 2030.*
- *Net of excess vacancy in existing Class A and B office buildings, there will be demand for 366,000 to 401,000 gross square feet of new Class A office space Downtown by 2030.*
- *Given the experience over the last 10 years with new build-to-suit office development, an allowance for 150,000 to 200,000 square feet of new owner-occupied space was considered reasonable from now to 2030.*
- *In total, net of excess office vacancy, there is the potential for 516,000 to 601,000 square feet of new office Downtown between now and 2030.*

Multi-Tenant Office Projections

1. Potential from Employment Growth

Market Growth: Employment Projections

Because the multi-tenant office supply is mostly in Sedgwick County, W-ZHA analyzed County employment projections to forecast office demand.

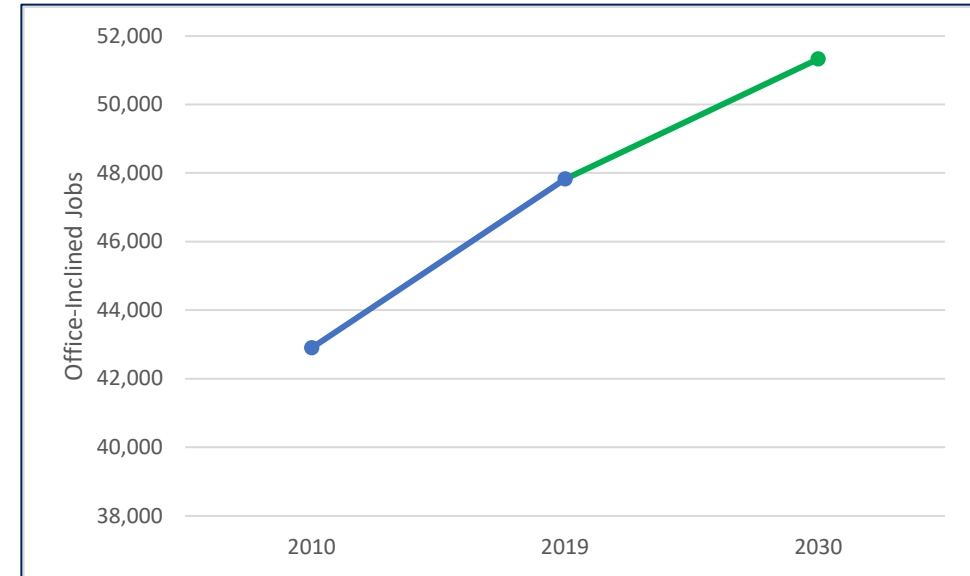
The 2019 to 2030 projection is useful because it illustrates how the economy is projected to grow without the dramatic ups and downs associated with COVID-19.

Between 2019 and 2030, office-inclined jobs will increase by 3,500, 0.6% annually or 7% total.

The 2020 to 2030 projection has 5,360 new jobs. Approximately 1,860 will be “recovery” jobs and 3,500 will be new jobs.

According to Moody’s forecast, Sedgwick County’s office-inclined jobs will recover to pre-COVID levels in 2023.

**Office-Inclined Jobs
2010 – 2019 and 2019 - 2030**



**Job Trends 2010 to 2019 and 2019 to 2020 and Job Forecasts 2019 to 2030 and 2020 to 2030
Sedgwick County (000's)**

	2010 - 2019		2019 - 2030		2020-'30	
	New Jobs	CAGR	New Jobs	CAGR	New Jobs	CAGR
Goods Producing	3.9	0.7%	(5.4)	(0.8.%)	2.1	0.4%
Trade/Transport/Utilities	1.4	0.4%	1.8	0.4%	3.8	0.9%
Office-Inclined ^{/1}	4.9	1.2%	3.5	0.6%	5.4	1.1%
Health & Education	3.3	1.0%	4.9	1.1%	4.8	1.2%
Leisure & Hospitality	4.7	2.0%	2.3	0.7%	6.0	2.2%
Gov't & Other Services	(0.6)	(0.2.%)	0.8	0.2%	2.0	0.5%
Total	17.6	0.8%	7.9	0.3%	23.9	0.9%

1. Office inclined industries include Information, Financial Services, and Professional, Scientific, and Technical Services.

Source: Moody's economy.com, "Detailed Employment Forecasts"; W-ZHA

Market Growth: Multi-Tenant Office Projection

Between 2010 and 2020, the average occupied multi-tenant space per employee was 190 square feet. The two most recent years indicate a higher ratio of square feet to employee. These two years are the same years where the office supply data is questionable.

W-ZHA has applied the 190 square foot per employee metric to project multi-tenant space demand.

Given the average square foot per office-inclined employee assumption, the office market will recover to 2019 occupancy levels in 2024.

Multi-Tenant Office Demand Wichita Market 2020 to 2030	
New Office-Inclined Employment 2030	5,360
Assumed Office Space /Employee	190
Total Sq Ft 2020 - 2030	1,018,000

Source: W-ZHA

Market Growth: Multi-Tenant Class A Space Projection

Between 2010 and 2019, Class A space absorbed 56% of the increase in occupied multi-tenant space in the Wichita market.

During this same period, the Downtown captured 47% of this newly occupied Class A space. W-ZHA assumed a “Lower” Downtown capture rate of 45% and a higher capture rate of 47%.

The “Lower” capture rate scenario reflects the concern that as competitive Downtown Class A space becomes absorbed, new construction or building ownership may be the only options available to Class A tenants considering a Downtown location. These two options are expensive. For this reason, Downtown may capture less demand than it did between 2010 and 2019.

Class A Multi-Tenant Space from Employment Growth Wichita Office Market and Downtown 2020 - 2030 (Square Feet)			
Multi-Tenant Demand From Employment Growth			1,018,000
% Class A ^{/1}			56%
Class A Demand from Growth			570,000
	2010-19	Lower	Higher
Downtown Capture	47%	45%	47%
Downtown Class A Demand from Growth		257,000	268,000

1. From 2010 to 2019 absorption data.

Source: J.P. Weigand Realtors Forecast Reports (2011-2021) for historic absorption; W-ZHA

Market Growth: Multi-Tenant Class B Projection

Downtown’s Class B capture rate was modest between 2010 and 2019. The higher capture rate assumption reflects an expectation that Downtown will be a competitive Class B market given its live/work/play environment.

Class B Multi-Tenant Space Wichita Office Market and Downtown 2020 - 2030 (Square Feet)			
Multi-Tenant Demand From Employment Growth			1,018,000
% Class B ^{/1}			34%
Class A Demand from Growth			340,000
	2010-19	Lower	Higher
Downtown Capture	10%	10%	20%
Downtown Class A Demand from Growth		34,000	68,000

1. From 2010 to 2019 absorption data.

Source: J.P. Weigand Realtors Froecast Reports for historic absorption; W-ZHA

Market Growth: Downtown Class A & B Potential

Given employment forecasts and W-ZHA's assumptions, new employment growth will generate demand for between 291,000 and 336,000 square feet of Class A & B office space in Downtown.

Downtown Multi-Tenant Office Demand from Employment Growth Class A & Class B Space 2020 - 2030 (Square Feet)

	Lower	Higher
Class A	257,000	268,000
Class B	34,000	68,000
Total	291,000	336,000

Source: W-ZHA

Multi-Tenant Office Projections

2. Potential from Existing Suburban Tenants Moving Into Downtown

Introduction

Over the last decade, existing companies located in the suburbs have moved to Downtown and vice versa.

Local brokerage firms do not track tenant movement between the Downtown and the suburbs. Therefore, forecasting this shift is quite speculative.

W-ZHA's assumption is that Downtown will continue to be an attractive Class A, multi-tenant office location because of its live/work/play environment and companies' need to attract talent.

Class A “Shift” Calculation from Suburbs to Downtown

W-ZHA evaluated occupied space dynamics between 2010 -2014 and 2010-2019. W-ZHA assumed 2010-2014 was the baseline capture for the Downtown (33%) during that time.

Between 2010 and 2019 the Downtown captured 47% of Class A absorption in the market. We have assumed that the difference between the 47% and the 33% was suburban tenants moving to the Downtown.

Between 2010 and 2019, the absorption attributed to the suburbs represented 8.3% of the 2010 occupied suburban, Class A inventory.

Calculation of Class A Space Shift from the Suburban Markets to Downtown
Wichita Office Market and Downtown
2010 - 2019
(Square Feet)

Downtown Capture of Occupied Space (2010-2014)	33%	
Occupied Space Growth 2010 - 2019 in Market		1,033,000
Expected Downtown Class A Sq Ft Growth @ 33%		339,000
Actual Downtown Capture		481,000
Difference		142,000
% of 2010 Occupied Class A Suburban Inventory		8.3%

Source: W-ZHA

Downtown Class A Office Potential from Suburban Shift to Downtown

Demand from tenants moving from the suburban markets is projected to be significant.

The “Lower” capture rate scenario reflects a concern that as competitive Downtown Class A space becomes absorbed, new construction or building ownership may be the only options available to Class A tenants considering a Downtown location. As a result, the shift from the suburbs to the Downtown may be lower.

Shifts within the market are projected to generate demand for 163,000 to 185,000 square feet of Class A office within the Downtown.

Downtown Class A Multi-Tenant Space Potential from Shifts in Existing Class A Market Wichita Office Market and Downtown 2030 (Square Feet)		
% of 2010 Occupied Class A Suburban Inventory	8.3%	
Existing Occupied Suburban Class A Space in Market (2020)	2,178,120	
	Lower	Higher
Assumed Shift %	7.5%	8.5%
Projected 2030 Shift from Existing Suburban to Downtown	163,000	185,000

Source: W-ZHA

Downtown Class B Office Potential from Suburban Shift to Downtown

Downtown’s share of occupied Class B space has generally been declining.

While shifts between the Downtown and the suburban submarkets will take place, the assumed Class B capture rate of space generated by growth will likely account for suburban shifts to Downtown.

Downtown Class B Multi-Tenant Space from Market Shifts
Wichita Office Market and Downtown
2020 - 2030
(Square Feet)

	Lower	Higher
Class B Demand from Employment Growth	34,000	68,000
Class B Demand from Suburban Tenants Shifting ^{/1}	na	na
Total Multi-Tenant	34,000	68,000

1. Downtown's share of the market's Class B space has been declining generally.

Source: J.P. Weigand Realtors Froecast Reports for historic absorption; W-ZHA

Multi-Tenant Office Projections

3. Conclusions

Downtown Multi-Tenant Office Space Conclusions

By 2030, there will be a market for both Class A and Class B space Downtown.

Class A stabilized vacancy was assumed to be 10% to account for older Class A buildings.

The stabilization rate for Class B office space is assumed to be higher than Class A space. This assumption reflects the concern that Class B space in the Downtown may become less competitive as the market evolves to require flexible floor plans, on-site amenities, and technologically sophisticated buildings and building systems. The obsolescence issue will be particularly acute for larger Class B buildings that require significant capital investment.

Excess vacant Class B space will accommodate new Class B demand.

Taking into consideration stabilized occupancy, there will be the potential for 366,000 to 413,000 square feet of Class A office space after existing excess Class A space is absorbed.

These Class A tenants will look to the following products to address their demand:

- Newly constructed multi-tenant office space;
- New co-working space Downtown with lease terms allowing for flexibility;
- Class B/C space conversions to “cool space” (like the CorTen building); and
- Purchased existing buildings (convert to owner occupancy)

Downtown Multi-Tenant Space Projection (Growth + Shifts) Wichita Office Market and Downtown 2020 - 2030 (Square Feet)

	Lower	Higher
Class A		
Class A Demand from Employment Growth	257,000	268,000
Class A Demand from Suburban Tenants Shifting	163,000	185,000
Total Multi-Tenant Class A	420,000	453,000
Excess Existing Class A Vacancy 2020: Assuming 10% Stabilized Vacancy	(80,000)	(80,000)
New Occupied Class A Multi-Tenant Demand	340,000	373,000
Class B		
Class B Demand from Employment Growth	34,000	68,000
Class B Demand from Suburban Tenants Shifting	na	na
Total Multi-Tenant	34,000	68,000
Excess Existing Class B Vacancy 2020: Assuming 13% Stabilized Vacancy	(68,446)	(68,446)
New Occupied Class B Multi-Tenant Demand	0	0
New Occupied Class A Multi-Tenant Demand	340,000	373,000
New Class A Office Space at 93% Stabilized Occupancy	366,000	401,000

Source: W-ZHA

Owner Occupied New Construction (Not Multi-Tenant)

Owner-Occupied New Construction Allowance

As the role of office space changes in corporate culture and office technology evolves, some companies may decide to construct new, state-of-the-art office space.

The amount of build-to-suit space potential in the Downtown over the next 10 years is difficult to forecast – these are “lightening strike” events.

Since 2010, there have been 3 new buildings constructed by owner occupants in (or near) the Downtown.

Applying this trend data and assuming Downtown’s increasing competitiveness in the office market, W-ZHA assumed that it is not unreasonable to assume an allowance for 150,000 to 200,000 square feet of new build-to-suit office in Downtown by 2030.

Owner Occupied Space: New Construction Downtown 2010 -2021

Company	Year	Sq Ft
Cargill Protein Division Headquarters	2017	73,808
Kansas Health Foundation Extension	2013	32,229
Hutton Construction (Delano)	2021	30,000
Total		136,037
Owner Occ. Allowance (Sq Ft)	150,000	200,000

Source: W-ZHA

Total Office Potential

Total Downtown Office Potential

Between 2020 and 2030 there is the potential for an additional 516,000 to 601,000 square feet of Class A office space Downtown.

Downtown's office market potential comes from employment growth, office tenants moving from suburban locations to the Downtown, and corporate investment in build-to-suit office.

Office Potential Downtown Wichita 2020 - 2030		
	Sq Ft	
	Lower	Higher
Office Demand Sq Ft (No Excess Vacancy Taken Out)		
Multi-Tenant Space	454,000	521,000
Owner Occupied New Construction Allowance	150,000	200,000
Sub-Total	604,000	721,000
New Sq Ft (After Existing Excess Vacancy Absorbed)		
Multi-Tenant Space	366,000	401,000
Owner Occ. New Construction Allowance	150,000	200,000
Total	516,000	601,000

Source: W-ZHA

Office Potential: Riverfront Legacy Plan Area

Considerations

- There is a significant rent gap between older Downtown Class A space and new space. Most Class A tenants seeking a Downtown location will pursue options that are less expensive than what is being charged for a newly constructed Class A office Downtown.
- The new office buildings in Downtown all had parking available to them. None of these buildings had to construct structured parking.
- New office construction will occur in locations that offer a broad range of amenities within walking distance. These amenities include recreational amenities, eating/drink/entertainment and service establishments nearby, and proximate housing.

Assumptions for the Riverfront Legacy Plan Area

- There are civic amenities already developed within the Riverfront Legacy Area.
- There are sufficient eat/drink/entertainment and housing developments nearby to make it a live/work/play environment.
- There is public parking available for use by new office development at monthly rates comparable to other parts of the Downtown.

Riverfront Legacy Plan Area Potential

The multi-tenant office capture rates consider the high price associated with occupying new construction and tenants mostly pursuing less expensive options.

The capture rates consider the possibility of a new Fidelity Bank building and new office building on the East bank as well as other competitive areas within the Downtown.

W-ZHA concludes that the Riverfront Legacy Plan Area can capture between 137,000 and 190,000 square feet of new office space by 2030.

Riverfront Legacy Plan Area Potential Downtown Wichita 2020 - 2030		
	Sq Ft	
	Lower	Higher
Multi-Tenant Class A Downtown	366,000	401,000
Riverfront Legacy Plan Area Capture	25%	30%
Waterfront Class A Multi-Tenant	92,000	120,000
Owner Occupied New Construction Allowance	150,000	200,000
Riverfront Legacy Plan Area Capture	30%	35%
Waterfront Owner Occupied	45,000	70,000
Riverfront Legacy Area Potential	137,000	190,000

Source: W-ZHA