

**OFFICE AND HOTEL MARKET ANALYSIS:
WICHITA DOWNTOWN PLAN AREA**

Prepared For:
Downtown Wichita

Prepared By:
W-ZHA, LLC

March 2025

INTRODUCTION

STUDY PURPOSE

The office and hotel market analyses herein will inform *Project Downtown 2035: The Downtown Wichita Action Plan* ("Project Downtown 2035"). Project Downtown 2035 is an update to Wichita's previous Downtown Plan completed in 2010. Project Downtown 2035 will provide an updated vision and action plan for the Downtown Plan Area over the next decade.

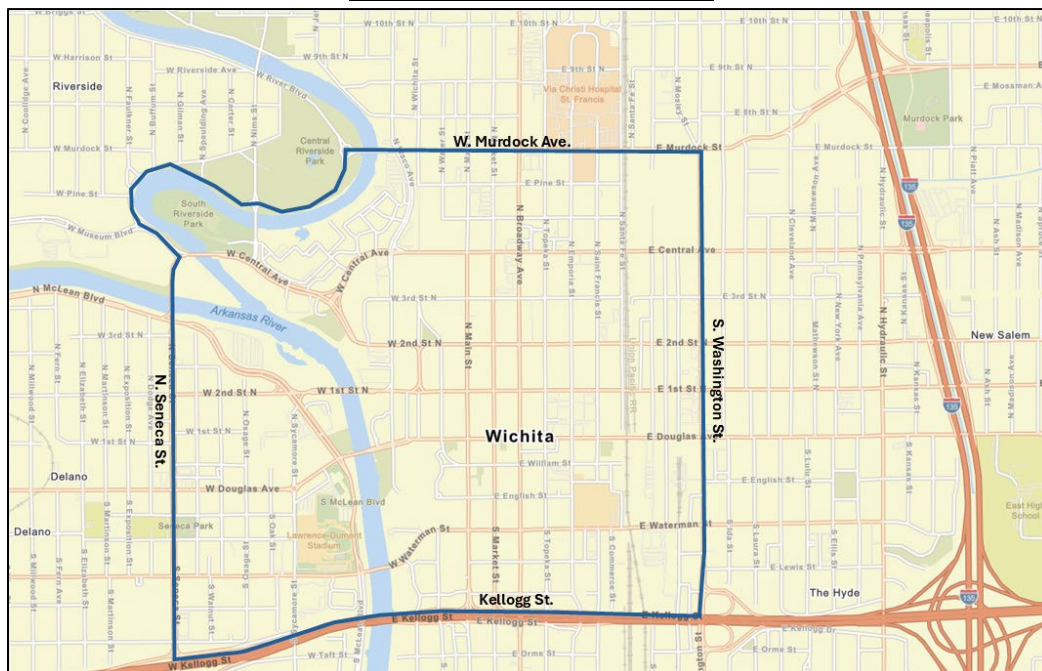
The office and hotel market analyses and the residential market analysis conducted by Zimmerman/Volk Associates provide market-based metrics for potential future investment in the Downtown Plan Area.

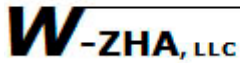
DOWNTOWN PLAN AREA

The Plan Area for Project Downtown 2035 extends from Kellogg Street to W. Murdock Avenue between N. Seneca Street and S. Washington Street. All references to the Downtown in this report refer to this Downtown Plan Area.

Figure 1

Project Downtown Boundaries





SUMMARY OF FINDINGS

ECONOMIC FRAMEWORK

Sedgwick County is the engine of Wichita's Metropolitan Area.

- Sedgwick County contained 81% of the Metro's 2023 population and accounted for essentially all the Metro's population growth between 2013 and 2023.
- Sedgwick County accounted for 88% of the Metropolitan Area's jobs in 2023 and 92% of the Metro's job growth between 2013 and 2023.

Over the next decade, Sedgwick County's population is projected to grow at an average annual rate consistent with growth experienced over the prior decade.

Unemployment in Wichita is low at 4%. Job forecasts by Moody's Analytics and Woods & Poole anticipate that overall job growth will slow over the next decade. The tight labor force, concerns over inflation, and supply chain issues likely impact these forecasts.

Over the next decade, industries typically occupying office space are projected to grow at a rate similar to that experienced between 2013 and 2023. According to Moody's Analytics forecasts, these industries will account for two-thirds of Sedgwick County's job growth over the next decade.

Downtown Initiatives

The third-party forecasts likely did not contemplate initiatives currently underway in Downtown Wichita, such as the BioMed Campus, Exploration Place's EP2 Initiative, and a planned mixed-use project next to Equity Bank Park (formerly Riverfront Stadium). These initiatives will impact Wichita's regional economy and Downtown's vitality.

Office Potential

The office market analysis concludes that over the next 10 years, there will be demand for 658,000 to 825,000 square feet of multi-tenant office space in Downtown. Existing excess vacant space will satisfy a portion of multi-tenant demand. Net of excess vacant space, there is the potential for 426,000 to 567,000 of additional Class A multi-tenant space Downtown. Class A multi-tenant office demand may be satisfied by the adaptive reuse or renovation of existing buildings Downtown to Class A office, co-working space, or new construction.

Given that approximately 270,000 square feet of owner-occupied space was developed in the Downtown between 2013 and 2023, the analysis assumes a 250,000 to 350,000 square foot allowance for new owner-occupied office development over the next decade.

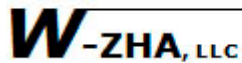


Table 1

Office Potential Downtown Wichita 2024 - 2034		
	Sq Ft	
	Lower	Higher
Office Demand Sq Ft (No Excess Vacancy Taken Out)		
Multi-Tenant Space	658,000	825,000
Owner Occupied New Construction Allowance	250,000	350,000
Sub-Total	908,000	1,175,000
Office Demand Sq Ft (After Existing Excess Vacancy Absorbed)		
Multi-Tenant Space	426,000	567,000
Owner Occ. New Construction Allowance	250,000	350,000
Total	676,000	917,000

Source: W-ZHA

With owner-occupied buildings, there is a potential market for 676,000 to 917,000 square feet of additional Class A office space over the next 10 years. This demand may be satisfied by the adaptive reuse or renovation of existing buildings Downtown to Class A office, co-working space, or new construction.

Developing a new multi-tenant Class A office building is costly and will require rents significantly above today's top rent of \$32 per square foot, gross. The number of tenants willing to pay the rent premium associated with new state-of-the-art Downtown office space is unknown, but it is likely a select group. The price of new construction has hampered new office development in the past.

With the economics of new construction in mind, many developers will likely look to upgrade existing Downtown buildings. These developers will take advantage of incentives like historic tax credits and Downtown opportunity zones to deliver quality office space at a lower cost and, consequently, a more reasonable Class A rental rate.

Whether new construction or rehabilitation, the most competitive office sites will be near parking reservoirs like parking structures and surface parking lots.

HOTEL MARKET POTENTIAL

The hotel market analysis evaluated market growth to determine Downtown's hotel room potential. The hotel market analysis does not anticipate any significant change to the Century II Convention Center. However, the analysis includes an additional 100 hotel room allowance to support Century II's operations. A recent feasibility analysis concluded that an additional 100 rooms at Century II will make it more competitive for conventions.

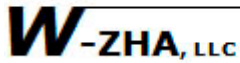


Table 2

**Upper Midscale-Plus and Convention Hotel Rooms^{/1}
Downtown Plan Area
2024 - 2034**

	Base	More Aggressive
Net New Downtown Hotel Rooms 2024 - 2034 ^{/1}	430	560
Convention Hotel Allowance	100	100
Total	530	660

1. Net of new AC Hotel.

Source: W-ZHA

The hotel market analysis concludes that there is a market for an additional 430 to 560 hotel rooms Downtown, net of the AC Marriott. With the convention hotel room allowance, Downtown's hotel room inventory has the potential to grow by 530 to 660 rooms between 2024 and 2034.

ECONOMIC FRAMEWORK

SOCIAL DEMOGRAPHIC TRENDS

Table 3

**Population Trends
United States, Kansas, Wichita MSA, Sedgwick County
2010, 2020, 2024
000's**

	2010	2020	2024	2010-'20		2020-'24		2010-'24	
				Change	CAGR	Change	CAGR	Change	CAGR
United States					0.7%		0.5%		0.7%
Kansas	2,853.1	2,937.9	2,954.3	84.8	0.3%	16.4	0.1%	101.2	0.2%
Wichita MSA*	623.1	647.6	655.7	24.5	0.4%	8.1	0.3%	32.6	0.4%
Sedgwick County	498.4	523.8	530.9	25.5	0.5%	7.1	0.3%	32.5	0.5%

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

Source: United States Census for 2010 and 2020; ESRI 2024; W-ZHA

The Wichita Metro Area comprises Butler, Harvey, Sedgwick, and Sumner counties. From 2010 to 2024, it grew faster than the State of Kansas and slower than the U.S.

Sedgwick County is the engine of the Wichita Metro Area. It contains 81% of the Metro's population and accounted for almost all (99.7%) of its population growth between 2010 and 2024.

Table 4

Demographic Trends United States and Wichita MSA 2010 and 2024				
	United States		Wichita MSA	
	2010	2024	2010	2024
% White	72.4%	60.3%	79.7%	70.6%
% Hispanic	16.3%	19.6%	11.6%	15.3%
Diversity Index ^{/1}	60.2	72.5	48.7	61.3

1. The Diversity Index measures the probability that two people from the same area will be from different race/ethnic groups.

Source: ESRI; W-ZHA

Like the Nation, the Wichita Metro Area has grown more diverse. However, its demographic profile has not changed significantly.

Table 5

Social Economic Characteristics United States and Wichita Metropolitan Area 2024		
Characteristic	U.S.	Wichita MSA
Educational Attainment		
% Bachelors Degree	23%	21%
% Professional Degree	14%	12%
% of Pop 25-34 Yrs Old	13.5%	13.5%
Median Age	39.3	37.1
Income		
Household Median	\$79,068	\$69,478
Per Capita	\$43,829	\$37,242
Mean Wage (May 2023)	\$65,470	\$55,030

Source: ESRI; Bureau of Labor Statistics W-ZHA

Educational attainment in the Wichita Metro Area is below the national average, as are average income and wages. Wichita's lower wages and income have been cited as potential economic development constraints as local companies work to recruit employees nationally.

Table 6

**Population Compound Average Annual Growth Rate Projections
Kansas, Wichita MSA, Sedgwick County
2024, 2029, 2034**

	2024 - 2029	2029 - 2034	2024 - 2034
	CAGR	CAGR	CAGR
Kansas	0.49%	0.46%	0.48%
Wichita MSA*	0.49%	0.41%	0.45%
Sedgwick County	0.60%	0.50%	0.55%

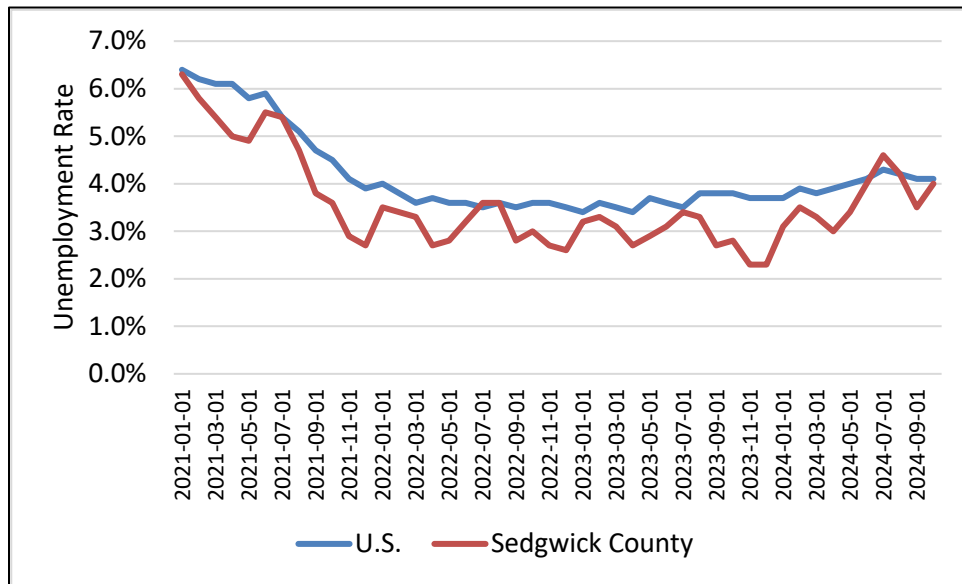
* Wichita Metropolitan Area consists of Butler, Harvey, Sedgwick, and Sumner counties.

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

According to WSU's Center for Economic Development and Business Research projections, Sedgwick County's population will grow slightly faster than the State over the next 10 years. The County will grow somewhat faster than it did between 2010 and 2024 (0.5%). Growth is forecast to be faster over the next five years than the latter five years of the projection period.

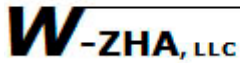
Figure 2

**Quarterly Unemployment Rates
United States and Sedgwick County**



Source: FRED: Federal Reserve Bank of St. Louis; W-ZHA

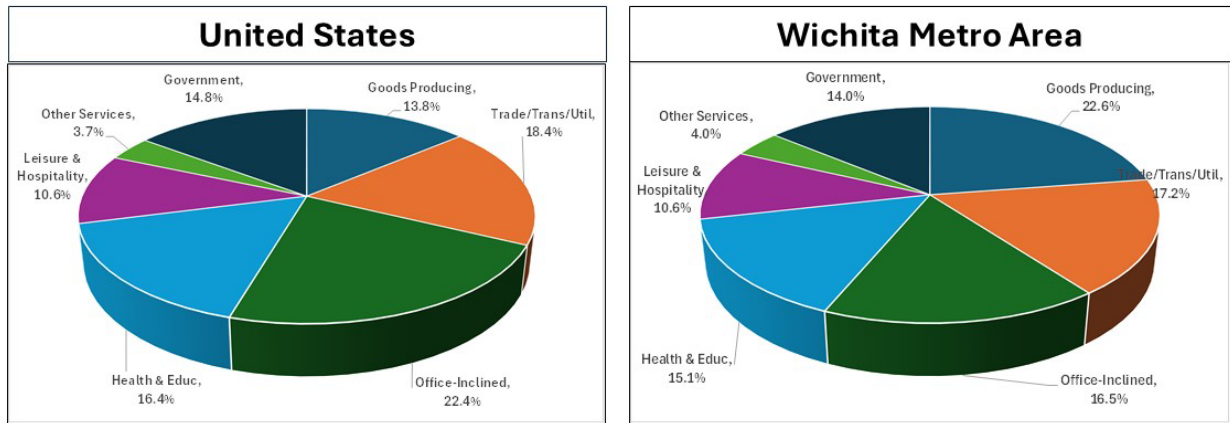
According to the Federal Reserve Bank of St. Louis, Sedgwick County's unemployment rate was 4.0% as of October 2024. The County's unemployment rate has generally been below the national rate over the



last three years. Generally, an unemployment rate between 3% and 4% indicates full employment. With full employment, businesses struggle to find labor and compete for strong prospects. The tight labor market contributes to Wichita’s projected slower employment growth rate over the next decade.

Figure 3

Jobs by Industry
United States and the Wichita Metropolitan Area
2023



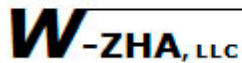
Source: U.S. Bureau of Labor Statistics; Moody’s Analytics; W-ZHA

Compared to the U.S. economy, Wichita has a higher share of its jobs in goods-producing industries. The region’s aeronautics industry and Cargill contribute to these jobs. The Wichita Metro has a smaller share of its employment in the information, financial activities, and professional and business services industry groups. Industries in these groups typically occupy office space; thus, they are categorized as “office-inclined.” Office-inclined industries contain 16.5% of the region’s jobs compared to the national economy, where these industries account for 22.4% of jobs.

Table 7

Establishments by Size U.S., Kansas, Wichita MSA 2022			
Establishment Size	U.S.	Kansas	Wichita MSA
< 20 Employees	85.8%	85.0%	82.9%
20 - 49 Employees	8.9%	9.5%	10.7%
50-99 Employees	2.9%	3.1%	3.7%
100-499 Employees	2.1%	2.2%	2.5%
500 -999 Employees	0.2%	0.2%	0.2%
1,000-Plus Employees	0.1%	0.1%	0.1%

Source: County Business Patterns; W-ZHA



As in the U.S., over 90% of the businesses in the Wichita Metro Area are small, with less than 50 employees. Note that government employment is not included in the County Business Patterns data.

Table 8

Establishments by Industry and Size Wichita Metropolitan Area 2022							
Industry	Establishment Size (Employees)						
	< 20	20-49	50-99	100-249	250-499	500-999	1000+
Goods Producing	14%	14%	21%	23%	28%	48%	40%
Trade/Transportation/Utilities	20%	25%	19%	27%	28%	0%	0%
Office-Inclined	31%	18%	18%	18%	25%	33%	0%
Education and Health Services	14%	18%	19%	21%	19%	19%	60%
Leisure & Hospitality	9%	26%	23%	11%	0%	0%	0%
Other Services	12%	5%	6%	2%	0%	0%	0%
Total	100%	100%	100%	100%	100%	100%	100%

Source: County Business Patterns; W-ZHA

Goods-producing industries tend to be large. Companies like Spirit AeroSystems, Textron Aviation, Johnson Controls, and Cargill Protein are classified as goods-producing and employ over 1,000 people each.

Education and health services establishments also tend to be large. Ascension Via Christi Health, Inc. is the largest healthcare provider in Kansas and Wichita. The Wesley Healthcare network is also a large health industry employer in Wichita.

Office-inclined industries account for a significant share of both small and large establishments. Establishments with less than 50 employees are generally not big enough to be “anchor” office tenants. Anchor tenants are necessary to finance the development of new multi-tenant office space.

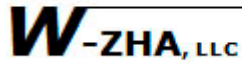


Table 9

Non-Farm Job Trends Wichita Metropolitan Area 2013 and 2023 (000s)						
	2013		2023		2013-2023	
	Jobs		Jobs		Jobs	CAGR
Goods Producing	67.2	23.2%	70.5	22.6%	3.3	0.5%
Construction	14.0	4.8%	17.4	5.6%	3.4	2.2%
Manufacturing	52.0	17.9%	52.4	16.8%	0.4	0%
Trade/Transport/Utilities	50.9	17.6%	53.5	17.2%	2.6	0.5%
Office-Inclined	47.9	16.5%	51.4	16.5%	3.5	0.7%
Information	4.3	1.5%	3.6	1.2%	(0.7)	(1.79%)
Financial Activities	10.7	3.7%	12.7	4.1%	1.9	1.7%
Professional & Business Services	10.5	3.6%	13.3	4.3%	2.8	2.4%
Management of Companies	3.6	1.2%	4.5	1.4%	0.9	2.2%
Administrative & Waste Management	18.7	6.5%	17.3	5.6%	(1.4)	(0.78%)
Education and Health Services	44.0	15.2%	47.1	15.1%	3.0	0.7%
Health Care & Social Assistance	38.7	13.3%	42.4	13.6%	3.7	0.9%
Leisure & Hospitality	29.3	10.1%	33.0	10.6%	3.8	1.2%
Other Services	9.5	3.3%	12.6	4.0%	3.0	2.8%
Government	41.2	14.2%	43.5	14.0%	2.3	0.6%
Total	290.1	100%	311.6	100%	21.6	0.7%

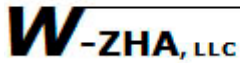
Source: Moody's Economy.com ; W-ZHA

Between 2013 and 2023, some of the highest job gains in the Metro Area occurred in office-inclined industries, which grew by approximately 3,500 jobs. Other industry groups with strong job growth during this period were leisure and hospitality, health care and social assistance, and construction.

Table 10

Non-Farm Job Trends Sedgwick County 2013 and 2023 (000s)						
	2013		2023		2013-2023	
	Jobs		Jobs		Jobs	CAGR
Goods Producing	58.2	23.6%	60.1	22.5%	1.8	0.3%
Construction	12.0	4.8%	14.6	5.5%	2.7	2.0%
Manufacturing	45.6	18.4%	45.1	16.9%	(0.5)	(0.1%)
<i>Transportation Equipment Manuf.</i>	29.3	11.8%	27.5	10.3%	(1.7)	(0.6%)
Trade/Transport/Utilities	44.7	18.1%	47.4	17.7%	2.7	0.6%
Office-Inclined	45.0	18.2%	47.8	17.9%	2.8	0.6%
Information	4.2	1.7%	3.4	1.3%	(0.7)	(1.94%)
Financial Activities	9.3	3.8%	11.2	4.2%	2.0	1.9%
Professional & Business Services	9.6	3.9%	12.3	4.6%	2.7	2.5%
Management of Companies	3.5	1.4%	4.2	1.6%	0.7	1.8%
Administrative & Waste Management	18.4	7.4%	16.6	6.2%	(1.8)	(1.03%)
Education and Health Services	36.3	14.7%	39.3	14.7%	3.0	0.8%
Health Care & Social Assistance	31.6	12.8%	35.2	13.2%	3.6	1.1%
Leisure & Hospitality	24.7	10.0%	28.7	10.7%	4.0	1.5%
Other Services	8.4	3.4%	11.2	4.2%	2.8	3.0%
Government	29.9	12.1%	32.8	12.3%	2.8	0.9%
Total	247.2	100%	267.2	100%	19.9	0.8%

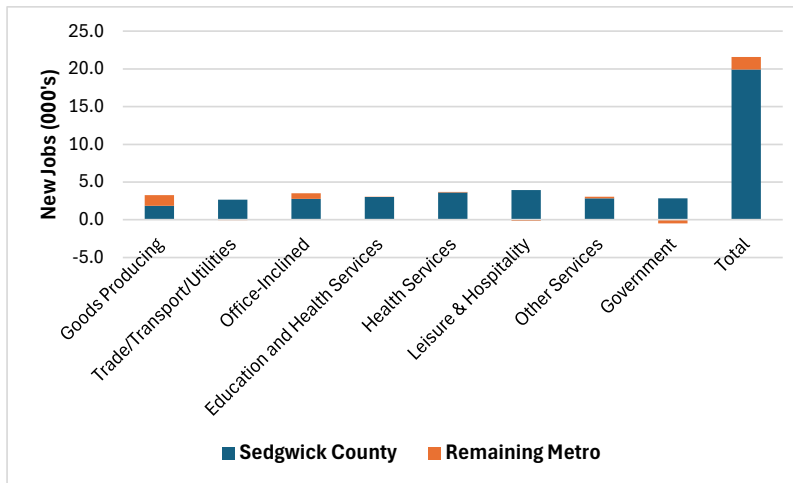
Source: Moody's Economy.com ; W-ZHA



Between 2013 and 2023, Sedgwick County's jobs grew slightly faster than the Metro's. Over 92% of Wichita Metro's job gains between 2013 and 2023 occurred in Sedgwick County.

Figure 4

Jobs by Industry and Location, 2023



Source: Moody's Analytics *Economy.com*; W-ZHA

Sedgwick County contains 88% of the Metro's total jobs. Sedgwick County contains 97% of the region's health care and social services jobs and 93% of the region's office-inclined jobs.

Moody's Analytics and Woods & Poole are recognized sources of economic data and forecasts. Both sources forecast a slower rate of growth over the next decade. Economists have pointed to the region's tight labor supply, inflation, and potential supply chain issues as economic growth constraints.

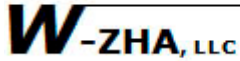
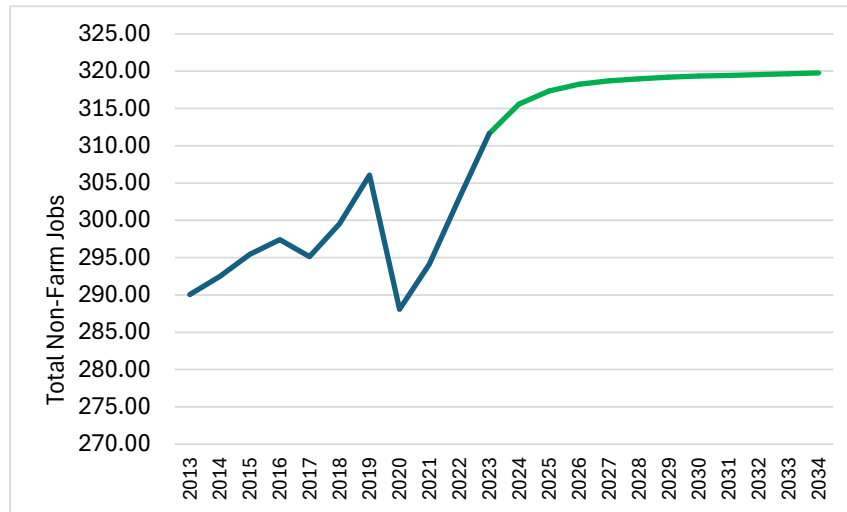


Figure 5

Moody's Analytics Job Trends and Projections
Wichita Metropolitan Area
2013 - 2034



Source: Moody's Analytics *Economy.com*; W-ZHA

Moody's Analytics bases its forecast on Bureau of Labor Statistics data for covered employment. This data excludes self-employed individuals and sole proprietorships. From 2024 to 2034, Moody's Analytics projects total Metro jobs to grow by a compound average annual growth rate of 0.1%, much slower than that experienced between 2013 and 2023 (0.7%). As illustrated in Figure 5, growth slows in the latter portion of the 10-year projection period.

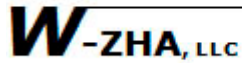
Table 11

Non-Farm Job Forecast Wichita Metropolitan Area 2024, 2029, 2034 000's									
	2024	2029	2034 ^{/1}	2024 - '29		2029 - '34		2024 - '34	
	Jobs	Jobs	Jobs	Jobs	CAGR	Jobs	CAGR	Jobs	CAGR
Goods Producing	71.9	73.5	72.3	1.6	0.4%	(1.2)	(0.3.%)	0.4	0.1%
Construction	17.8	17.8	17.3	0.1	0.1%	(0.5)	(0.6.%)	(0.4)	(0.3.%)
Manufacturing	53.4	54.8	54.2	1.4	0.5%	(0.6)	(0.2.%)	0.8	0.1%
Transport Equipment	29.5	31.0	31.0	1.4	1.0%	0.0	0.0%	1.5	0.5%
Trade/Transport/Utilities	55.1	55.6	55.2	0.5	0.2%	(0.4)	(0.1.%)	0.1	0.0%
Office-Inclined ^{/2}	50.7	52.4	53.8	1.8	0.7%	1.4	0.5%	3.2	0.6%
Education	4.6	4.6	4.8	0.0	0.1%	0.1	0.6%	0.2	0.4%
Health Care and Social Services	44.3	44.6	44.8	0.4	0.2%	0.2	0.1%	0.5	0.1%
Leisure & Hospitality	32.8	32.1	32.3	(0.6)	(0.4.%)	0.2	0.1%	(0.4)	(0.1.%)
Other Services	13.1	13.2	13.3	0.2	0.3%	0.1	0.2%	0.3	0.2%
Government	43.3	43.1	43.2	(0.2)	(0.1.%)	0.1	0.0%	(0.1)	(0.0.%)
Total Non-Farm	315.6	319.2	319.8	3.6	0.2%	0.6	0.0%	4.2	0.1%

1. Extrapolated to 2034 from 2032 and 2033 growth rate.

2. Office inclined industries include Information, Financial Services, and Professional and Business Services.

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



Moody's relatively slow growth forecast between 2029 and 2034 is due to projected job losses in goods-producing industries. We do not know why Moody's forecasts these losses, but other economists have pointed to concerns about inflation and supply chain issues.

Office-inclined industries are projected to experience the greatest job gains between 2024 and 2034, accounting for over three-quarters (76%) of total Metro job growth. Office-inclined jobs are forecast to grow at a slightly lower rate (0.6% CAGR) than they did between 2013 and 2023 (0.7% CAGR).

Table 12

Sedgwick County (000's) 2024, 2029, 2034 000's									
	2024	2029	2034 ¹	2024 - '29		2029 - '34		2024 - '34	
	Jobs	Jobs	Jobs	Jobs	CAGR	Jobs	CAGR	Jobs	CAGR
Goods Producing	61.3	62.8	61.9	1.5	0.5%	(0.9)	(0.3.%)	0.6	0.1%
Construction	15.0	15.1	14.7	0.1	0.1%	(0.4)	(0.5.%)	(0.3)	(0.2.%)
Manufacturing	46.0	47.3	46.9	1.3	0.6%	(0.4)	(0.2.%)	0.9	0.2%
Transport Equipment	28.7	30.0	30.1	1.4	0.9%	0.0	0.0%	1.4	0.5%
Trade/Transport/Utilities	48.8	49.3	49.0	0.5	0.2%	(0.3)	(0.1.%)	0.2	0.1%
Office-Inclined ²	47.1	48.7	50.1	1.7	0.71%	1.4	0.55%	3.1	0.6%
Education	4.0	4.1	4.2	0.0	0.2%	0.1	0.7%	0.2	0.4%
Health Care and Social Services	36.8	37.1	37.4	0.4	0.2%	0.2	0.1%	0.6	0.2%
Leisure & Hospitality	28.5	27.9	28.2	(0.5)	(0.4.%)	0.2	0.2%	(0.3)	(0.1.%)
Other Services	11.6	11.8	11.9	0.2	0.3%	0.1	0.2%	0.3	0.2%
Government	32.6	32.5	32.6	(0.1)	(0.1.%)	0.1	0.1%	0.0	0.0%
Total Non-Farm	270.7	274.3	275.3	3.6	0.3%	1.0	0.1%	4.6	0.2%

1. Extrapolated to 2034 from 2032 and 2033 growth rate.

2. Office inclined industries include Information, Financial Services, and Professional and Business Services.

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

Sedgwick County is forecast to grow faster than the Metro Area because Sedgwick County is not expected to lose as many goods-producing jobs over the next decade. Most, if not all, of the Metro's job growth in the office-inclined, health services, and education industry groups is expected to occur in the County.

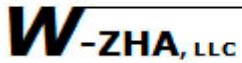
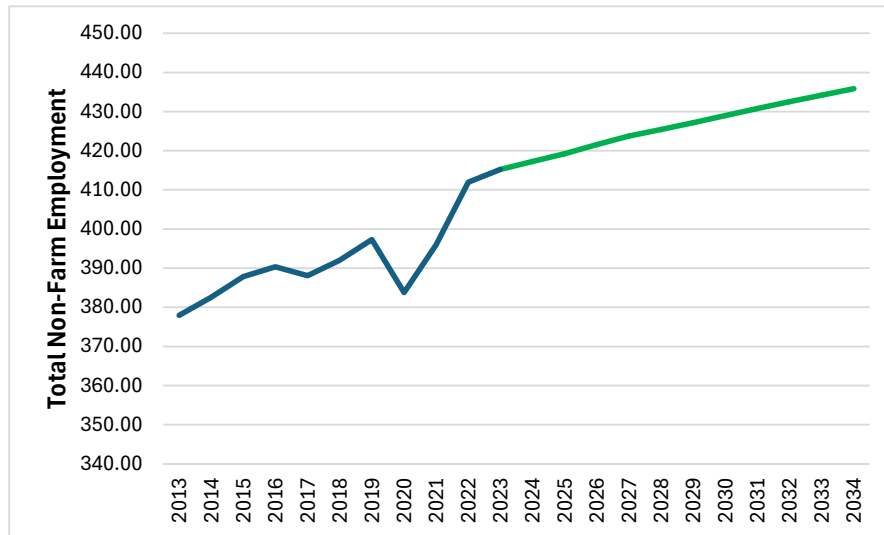


Figure 6

Woods & Poole Job Trends and Projections
Wichita Metropolitan Area
2013 - 2034



Source: Woods & Poole; W-ZHA

The Woods & Poole data include full-time and part-time workers by place of work. Woods & Poole data includes wage and salary employment, proprietors, private household employees, and miscellaneous workers. Because the Woods & Poole data incorporates more types of workers than Moody's Analytics, the number of workers is higher with Woods & Poole.

Woods & Poole's data indicates that between 2013 and 2023, the Wichita Metro Area's employment grew at a compound average rate of 0.94%. Woods & Poole forecasts that the employment growth rate will slow over the next 10 years due to job losses in the manufacturing, trade, transportation, and utilities industries.

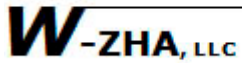
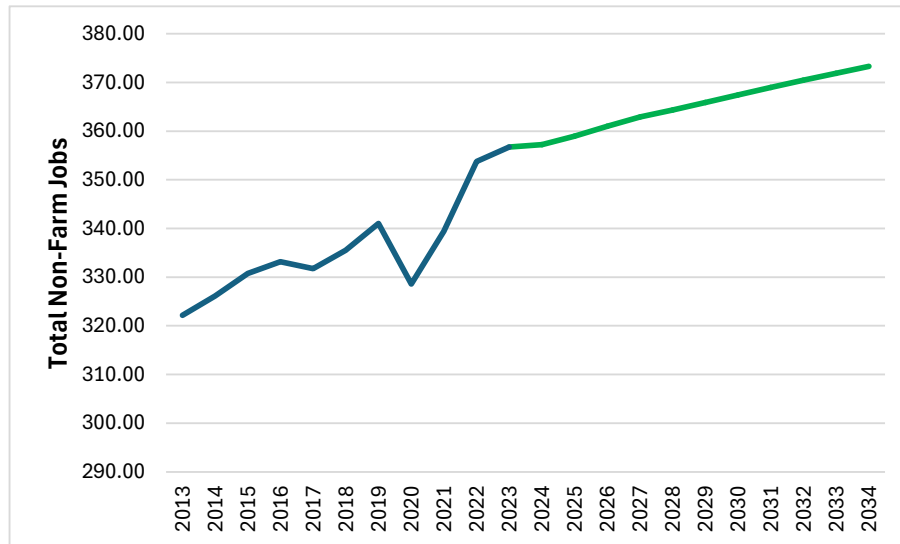


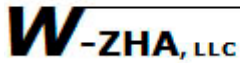
Figure 7

Woods & Poole Job Trends and Projections
Sedgwick County
2013 - 2034



Source: Woods & Poole; W-ZHA

Like Moody's Analytics, Sedgwick County's employment growth is also projected to slow over the next decade. Woods & Poole forecasts that over the next decade, Sedgwick County will capture most, if not all, of the job growth in the office-inclined, health services, and education industries.



IMPORTANT DOWNTOWN INITIATIVES

THE WICHITA BIOMEDICAL CAMPUS

Overview

The Wichita Biomedical Campus (BioMed Campus) is a collaboration between Wichita State University (WSU), WSU Tech, and the University of Kansas (KU). It will be a central hub for health sciences research and education in Downtown Wichita.

The first phase includes a state-of-the-art facility (350,00 square feet) designed to integrate various health-related academic programs and foster interdisciplinary collaboration and innovation. As such, it is poised to impact the region's health-science education and economy. Scheduled to open for classes in early 2027, Phase 1 will emphasize applied learning.

Phase 2 is still in the planning stages and is expected to add approximately 100,000 square feet to the BioMed Campus. It will be developed on what is now the Transit Center Downtown. Phase 2 will continue to emphasize applied learning and applied research.

The BioMed Campus' academic emphases include:

Medical Education: The campus will house portions of the Wichita branches of the KU School of Medicine and the KU School of Pharmacy

Health Professions Training: WSU's College of Health Professions will relocate to the new campus, offering programs in nursing, physical therapy, medical laboratory sciences, and public health sciences.

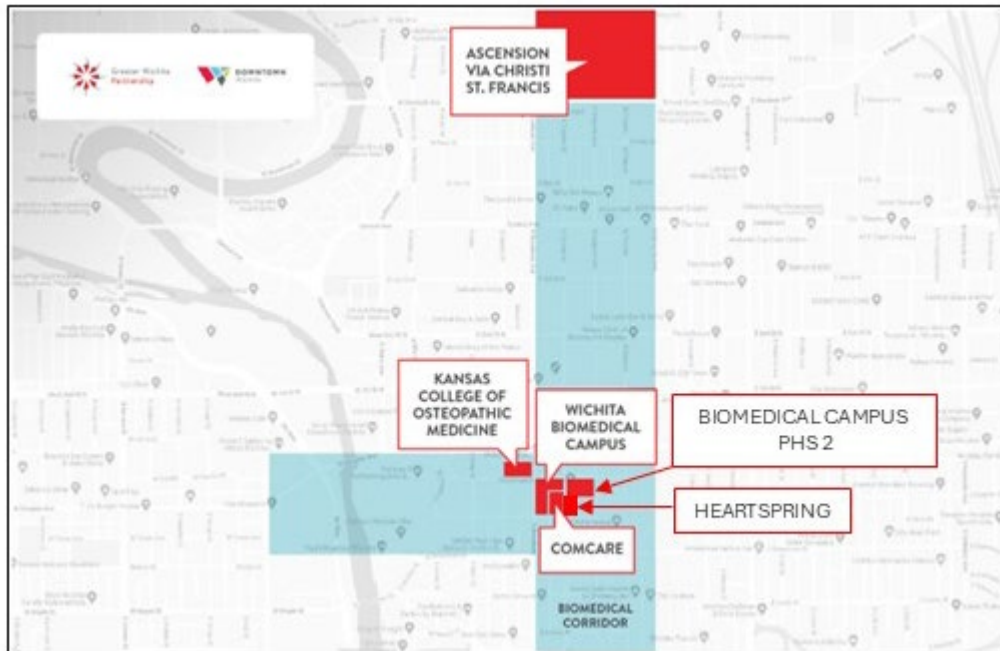
Allied Health Programs: WSU Tech will contribute its health professions programs, including training for emergency medical technicians and other allied health roles.

Biomedical Engineering: WSU's Biomedical Engineering Department will offer undergraduate and graduate programs at the Campus. These programs integrate engineering principles with biological sciences, focusing on areas such as biomaterials, biomechanics, and medical imaging.

The BioMed Campus will accommodate approximately 3,000 students and 200 faculty.

Figure 8

BioMed Campus Location and Other Medical/Education Anchors



The BioMed Campus will complement existing Downtown health-related anchors such as Ascension Via Christi St. Francis Hospital and the Kansas College of Osteopathic Medicine. It will also complement planned anchors like Sedgwick County's COMCARE facility and HeartSpring.

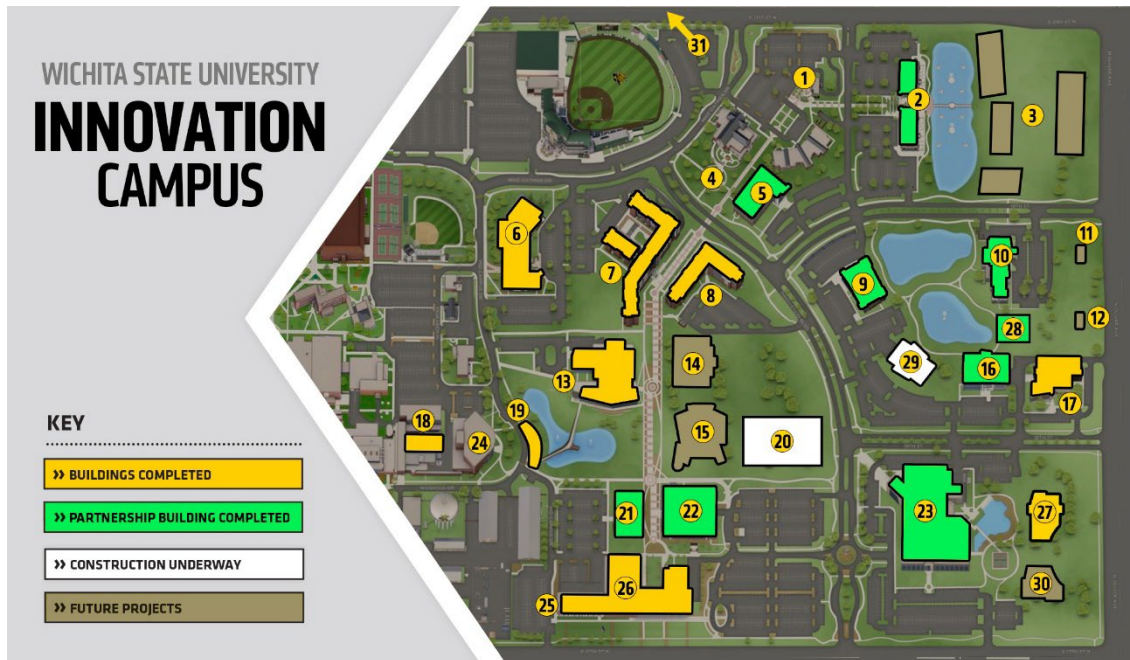
Just as WSU's National Institute for Aviation Research (NIAR) and Innovation Campus have supported the aeronautics industry, the opportunity is for BioMed interests to partner with hospitals and healthcare providers to position Wichita as a hub for healthcare innovation. WSU has already announced a new Institute for Rehabilitation Medicine and Assistive Technology (IRMAT). IRMAT will bring together a variety of Wichita collaborators to conduct clinical trials of new devices to improve the lives of those with physical and cognitive disabilities.

Wichita's Innovation Campus Precedent

WSU's Innovation Campus is a similar applied learning/research initiative that has generated significant investment in Wichita. WSU converted what was a golf course into the Innovation Campus. Together with NIAR, WSU's Innovation Campus supports the aerospace industry by providing research services and facilities, as well as specialized training programs for aerospace professionals and students. The Innovation Campus offers a unique combination of hands-on education, research, and industry collaboration.

Figure 9

Innovation Campus Map



Although it was started only a decade ago, WSU's Innovation Campus now includes more than 20 buildings housing a variety of companies and land uses.

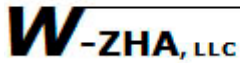
In 2023, the Innovation Campus received the Emerging Research Park Award from the Association of University Research Parks. It was recognized for its exceptional ecosystem, which brings technology from inception to the market and contributes to the region's economic health.

The BioMed Campus represents another opportunity to leverage applied learning and research to benefit students, industry, and Wichita's regional economy. With 3,000 students, faculty, and visitors, the BioMed Campus will also contribute to Downtown's vitality. It is unlikely that other third-party forecasts have contemplated the BioMed Campus and its potential impact on the Downtown and regional economy.

EXPLORATION PLACE: EP2 INITIATIVE

Exploration Place is a science and discovery center located west of the Arkansas River in the Downtown Plan Area. It is moving forward with its EP2 initiative on the Riverfront. Phase 1 of the EP2 initiative includes the new Wichita Foundation Amphitheater, which opened in September 2024 after just six (6) months of construction.

Phase 2 of EP2 is underway for Destination Playscape, a new generation of playground with a theme-park feel. This \$22 million project is scheduled to open in the summer of 2025. Phase 3 will involve indoor renovations to Exploration Place.



EP2 is expected to elevate Wichita as a regional tourist destination. Exploration Place estimates that the EP2 initiatives will draw a million visitors annually to the Downtown and its Riverfront. EP2 will contribute to Downtown's vitality and, as such, make it a more appealing investment location for a range of land uses.

MIXED-USE DEVELOPMENT PROJECT ON THE DOWNTOWN PLAN AREA'S WEST BANK

A major, \$110 million mixed-use project adjacent to Equity Bank Park (formerly Riverfront Stadium) has been announced. EPC Group is the developer, who also developed the 225 Sycamore apartment project nearby. The project includes a 155-room boutique hotel, 150 residential units, and over 10,000 square feet of retail/commercial space. It will also include a parking garage.

These initiatives will impact Downtown's economy and vitality and enhance Downtown's and Wichita's competitive position regionally and nationally.

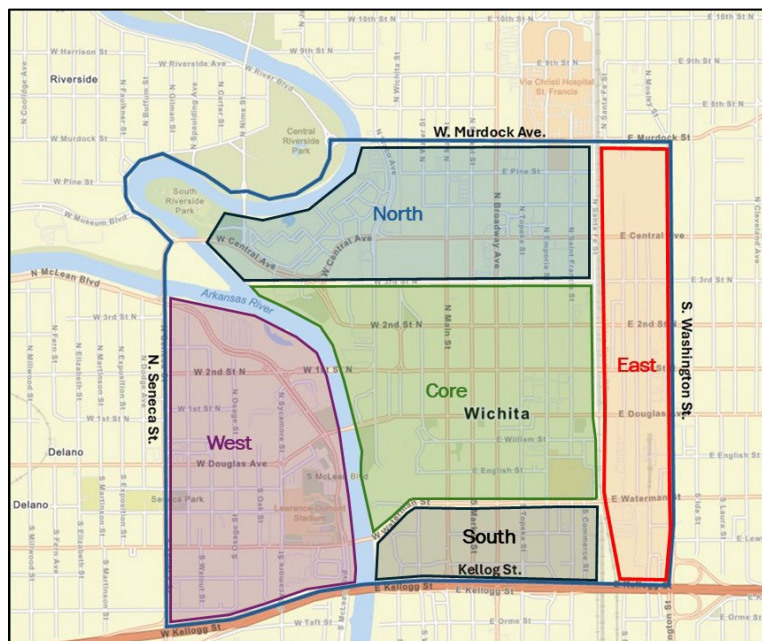
OFFICE MARKET ANALYSIS

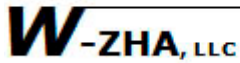
EXISTING CONDITIONS DOWNTOWN

An inventory of Downtown office space was compiled using Sedgwick County property assessment data. Buildings were classified by size and Downtown location. Buildings were also categorized by class and whether they are owner-occupied or for lease. Building class and for-lease/ownership status are estimates. The office inventory excluded 1) parking garage space within office buildings and 2) buildings with a combination of warehouse and office space.

Figure 10

Downtown Plan Area Office Subdistricts





The Downtown Plan Area was divided into five subdistricts:

Core: from E. Waterman St. north to 3rd St. N. and from the Arkansas River east to the railroad tracks

North: from 3rd St. N. north to Murdock Ave. and from the Arkansas River east to the railroad tracks

South: from Kellogg St. north to W. Waterman St. and from the Arkansas River east to the railroad tracks

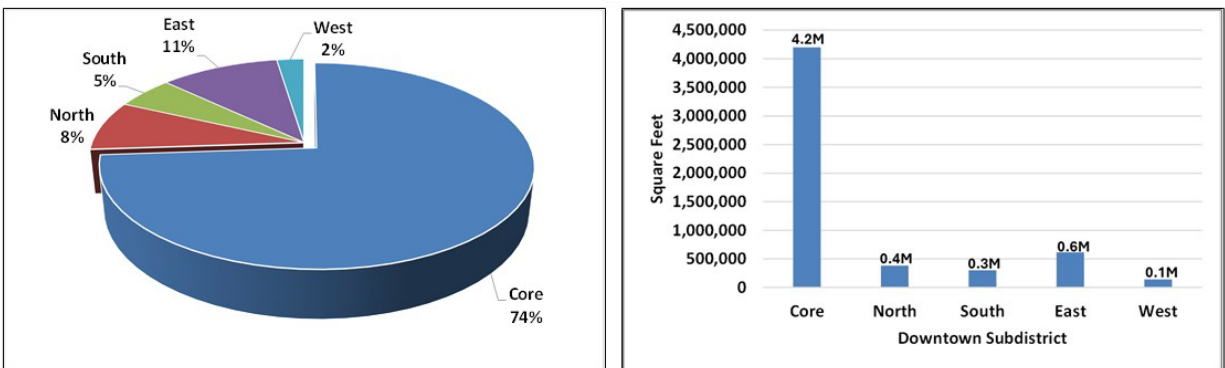
East: from E. Kellogg St. north to W. Murdock Ave. and from the railroad tracks east to S. Washington St.

West: from W. Kellogg Dr. north to the River and from the River west to N. Seneca St.

Given tax assessment data, there are 5.8 million square feet of office space in Downtown.

Figure 11

Office Square Feet by Submarket

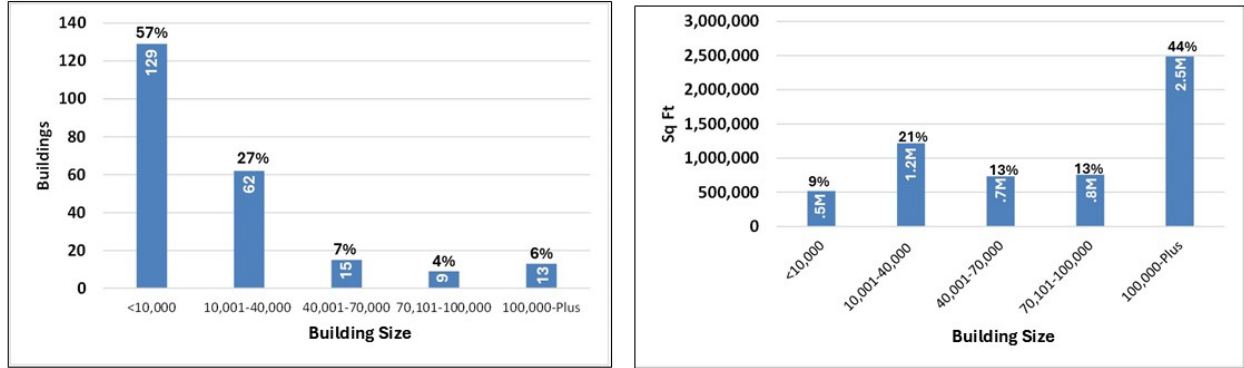


Source: Sedgwick County Assessment Data; W-ZHA

The Core subdistrict contains approximately three-quarters (74%) of the Downtown Plan Area's office space or 4.2 million square feet. The East subdistrict, which includes Old Town, contains 11% of the Downtown's office space, approximately 600,000 square feet. The North, South, and West subdistricts each contain less than 500,000 square feet of office space.

Figure 12

Buildings and Square Feet by Building Size

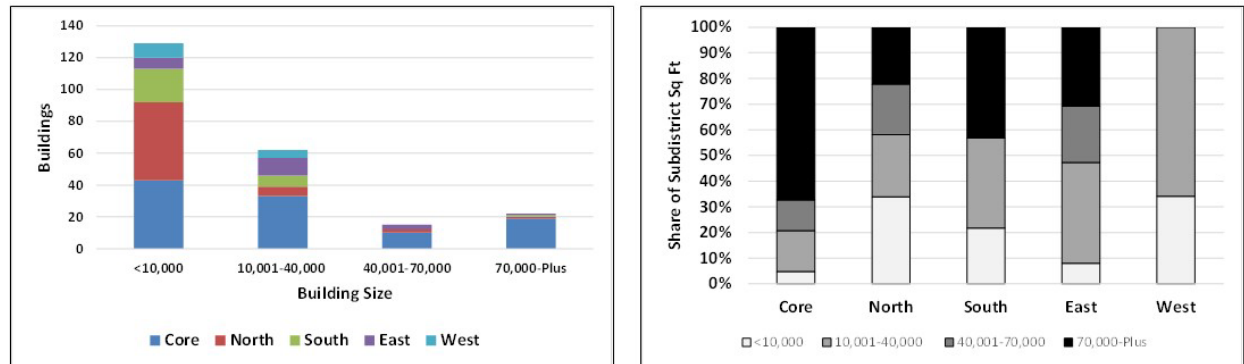


Source: Sedgwick County Assessment Data; W-ZHA

According to the assessment data, there are 228 office buildings in the Downtown Plan Area. Over half (57%) of Downtown buildings are less than 10,000 square feet. Large buildings over 70,000 square feet account for only 10% of buildings, but they contain over half (57%) of the Downtown's office space.

Figure 13

Buildings by Size in Each Downtown Subdistrict

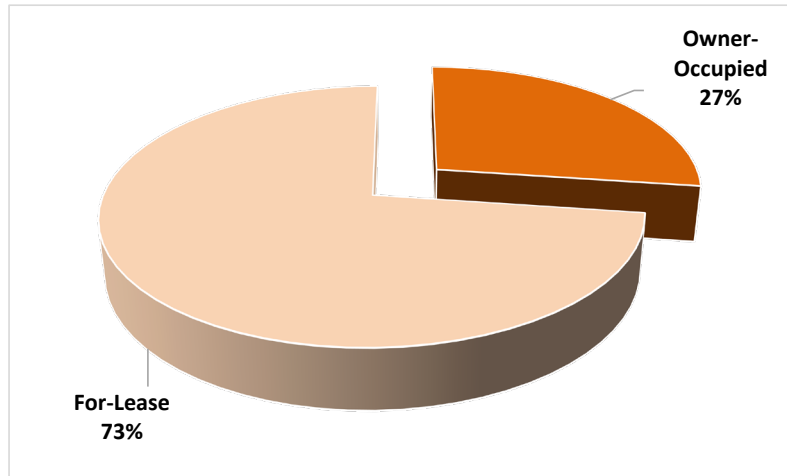


Source: Sedgwick County Assessment Data; W-ZHA

The Core contains 86% of Downtown's large office buildings and 87% of the Downtown's space in large office buildings. Small office buildings are in each Downtown subdistrict.

Figure 14

Office Square Feet For-Lease and Owned Downtown

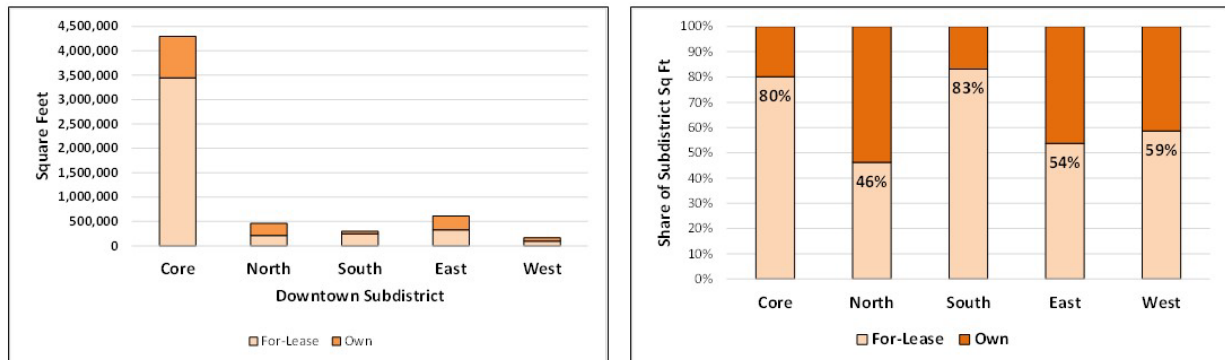


Source: Sedgwick County Assessment Data; W-ZHA

The ownership and occupancy of each Downtown building were analyzed to estimate which buildings were owner-occupied versus leased. W-ZHA estimates that just over a quarter (27% or 1.6 million square feet) of Downtown office space is owner-occupied.

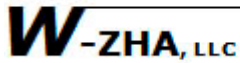
Figure 15

For-Lease and Owned Office Space Estimate by Subdistrict



Source: Sedgwick County Assessment Data; W-ZHA

Most of the Core's office space is leased space. The Core subdistrict contains almost 80% of the Downtown's leased space. Owner-occupied office is more prevalent in the North subdistrict where there are many social service organizations.



MULTI-TENANT OFFICE TRENDS

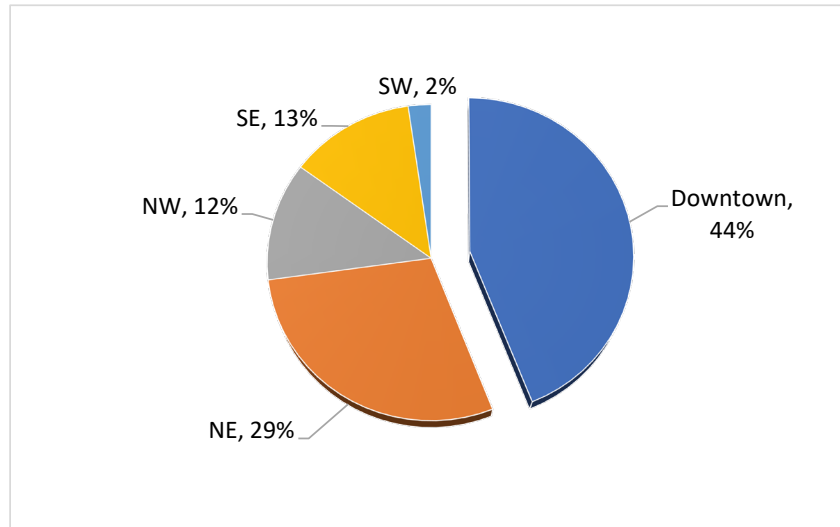
Commercial real estate brokers were interviewed as part of the market analysis process. These interviews shed light on office market characteristics and tenant preferences. Highlights of these interviews are as follows:

- Most tenants in the Wichita market are seek spaces of 2,500 to 5,000 square feet. A medium-sized tenant leases 7,000 to 10,000 square feet. A very large tenant leases 20,000 square feet or more. There are only a handful of businesses occupying 20,000 or more of leased office space.
- Today, existing tenants typically know their suburban or urban preference; very few tenants consider both when seeking to lease space in Wichita.
- Many owners of large Downtown office buildings market their space independently of brokers. Examples include the Garvey Center, Epic Center, the Ruffin Building, and CenterPoint. This makes it more difficult for the market to know lease terms.
- The tenant mix is changing Downtown. There are more technology firms and health-related companies Downtown than 10 years ago.
- Having convenient, available parking is very important to Downtown office tenants. While parking may be located a block away, safety (or the perception of safety) is critical. Downtown's success as an office location is pinned to its ability to provide pleasant and dynamic streets as well as well-lit and secure public parking.
- As is true nationally, company concerns over safety will trump the 24-hour active environment. The perceived increase in the homeless population Downtown is a concern.
- The BioMed Campus is expected to be a Downtown office market asset. Heartspring's decision to relocate Downtown, the County's COMCARE facility, and other property consolidation moves suggest that the BioMed Campus could generate investment momentum Downtown.

NAI Martens is a local real estate brokerage firm that tracks the Class A and Class B multi-tenant office market. The multi-tenant office market represents tenants that lease their office space (rather than own their space). NAI Martens' data from 2017 and 3rd Quarter 2024 was analyzed to understand office market dynamics and Downtown's competitive position.

Figure 16

Multi-Tenant Office Supply by Submarket



Source: NAI Martens; W-ZHA

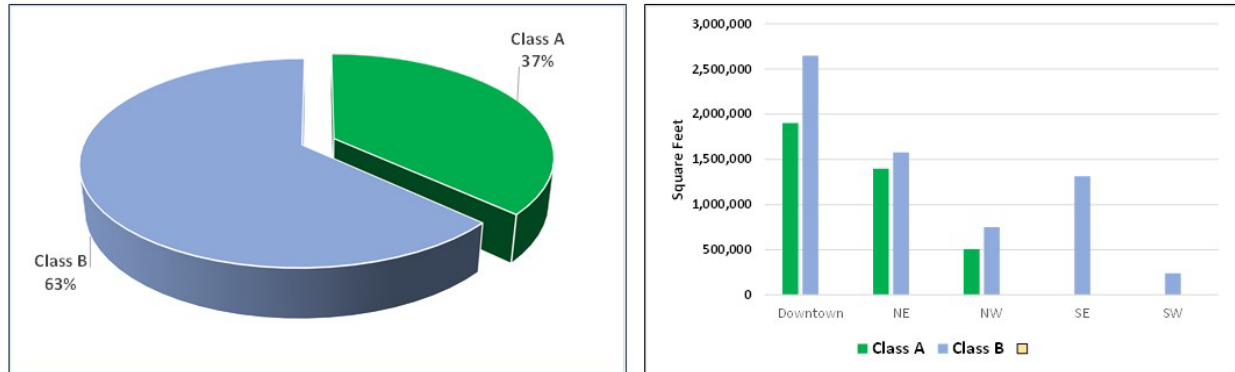
According to NAI Martens' 3rd Quarter 2024 data, the Wichita market has approximately 10.3 million square feet of Class A & B multi-tenant office space. NAI Martens divides the Wichita multi-tenant office market into five submarkets: Downtown, Northeast, Northwest, Southeast, and Southwest.

Forty-four percent (44%) of Wichita's Class A & B multi-tenant office supply (approximately 4.5 million square feet) is in Downtown Wichita. Downtown is considered an attractive location because its central location is convenient to the workforce and offers the mixed-use, active environment many businesses (and their employees) value.

The Northeast submarket is the 2nd largest with 29% of the Class A & B multi-tenant office space (approximately 3.0 million square feet).

Figure 17

Multi-Tenant Office Supply by Class

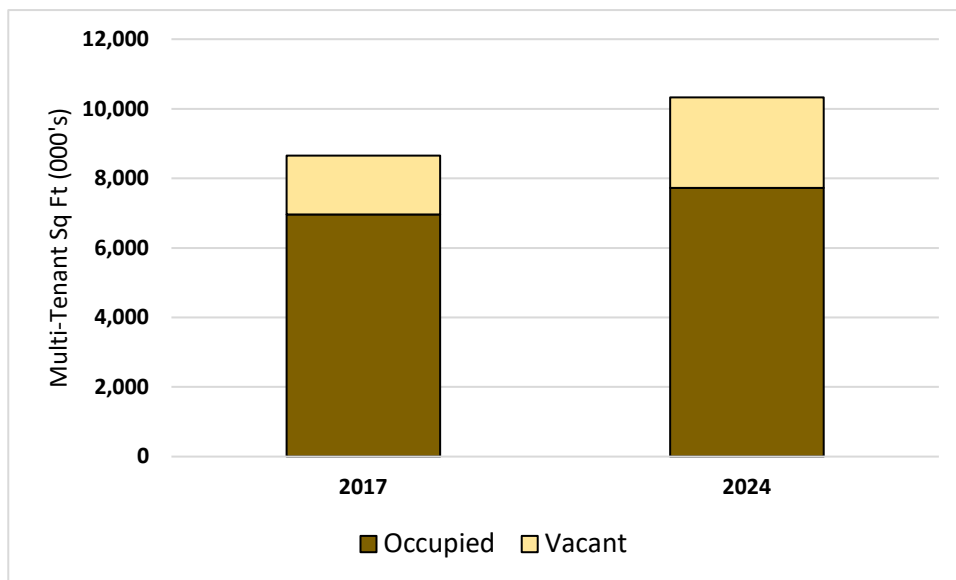


Source: NAI Martens; W-ZHA

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. Most of the Class A space is in the Downtown and Northeast submarkets. Downtown contains approximately half of the market's Class A space.

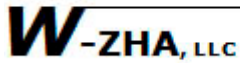
Figure 18

Occupied Multi-Tenant Space Marketwide
2017 and 2024



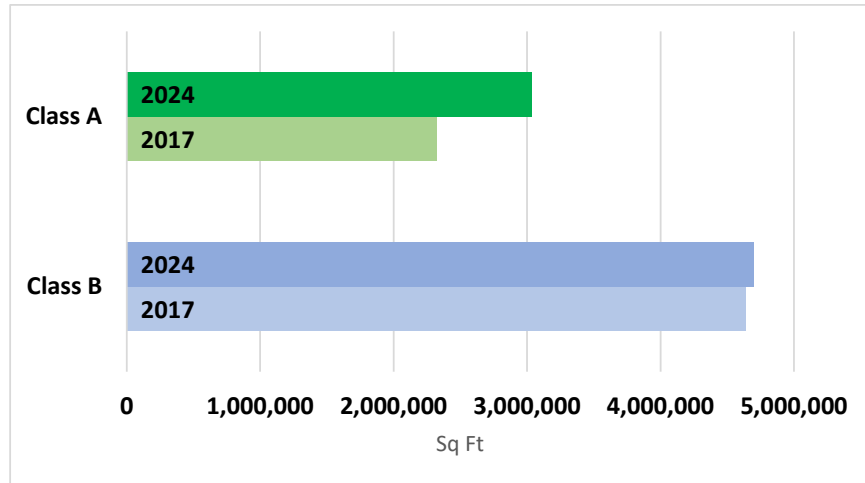
Source: NAI Martens; W-ZHA

Absorption is the change in occupied space over time. From 2017 to 2024, the Wichita office market absorbed approximately 768,500 square feet of office space, an average of approximately 110,000



square feet per year. As a point of reference, prior to COVID 19, from 2010 to 2018, the Wichita market absorbed an average of 124,000 square feet of office per year.¹

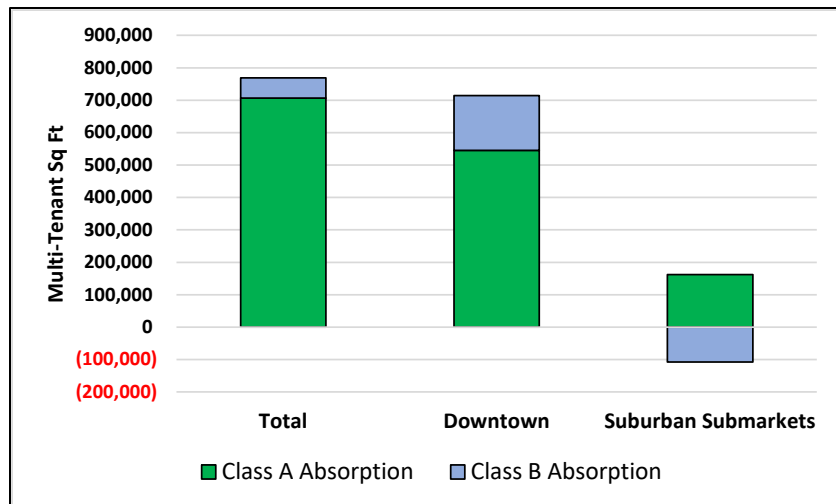
Figure 19
Occupied Multi-Tenant Space by Building Class Marketwide
2017 and 2024



Source: NAI Martens; W-ZHA

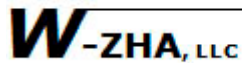
Over 90% of the absorption between 2017 and 2024 occurred in Class A space. Like the national multi-tenant office market, there has been a flight to quality office space in Wichita. Companies are prioritizing the quality of their space for productivity and to retain and attract talent.

Figure 20
Occupied Multi-Tenant Space by Building Class and Location
2017 and 2024



Source: NAI Martens; W-ZHA

¹ Data from J.P. Weigand Realtors annual forecast reports from 2010 to 2018.



Downtown accounted for over 90% of the market's office absorption over the last 7 years. From 2017 to 2024, Downtown Wichita absorbed approximately 714,500 square feet of space, an average of approximately 102,000 square feet per year.

Downtown accounted for 77% of the market's Class A absorption. Downtown absorbed 545,000 square feet of Class A multi-tenant space over the 7-year period.

Downtown accounted for all the market's Class B absorption between 2017 and 2024, absorbing approximately 169,000 square feet of Class B space over this period. The suburban submarkets experienced negative Class B absorption over this period.

Interviews noted that one reason Downtown has been so successful over the last seven years is its building inventory. Over the last seven years, many existing Downtown buildings have been adapted and/or rehabilitated for office use (for example, Keycentrix). The suburban office submarkets do not have as much competitive building inventory.

Table 13

**Office Space and Vacancy by Class
Wichita Office Market, Suburban Submarkets and Downtown
3rd Qtr 2024**

	Wichita Market		Suburban Submkts		Downtown	
	Space	Vacancy Rate	Space	Vacancy Rate	Space	Vacancy Rate
Class A	3,806,028	20.4%	1,904,693	19.5%	1,901,335	21.2%
Class B	6,523,500	28.0%	3,875,640	28.1%	2,647,860	27.9%
Total	10,329,528	25.2%	5,780,333	25.2%	4,549,195	25.1%

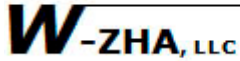
Source: NAI/Martens; W-ZHA

The Wichita market has a high rate of multi-tenant office vacancy, at 25%. Vacancy among Downtown multi-tenant office buildings is comparable to that of suburban markets.

Downtown Class A vacancy is clustered in buildings considered Class A-Minus in terms of quality and amenities. Therefore, Downtown's high vacancy rate may not indicate a lack of Class A office demand, but, instead, inadequate supply.

Brokers indicate that Downtown's premiere Class A office buildings, like the IMA building, Spaghetti Works, and Farm Credit, have low vacancy. These Downtown buildings are new or effectively new. Premiere Class A buildings typically, have state-of-the-art finishes, adjacent parking, and, often, amenities like an on-site gym and café.

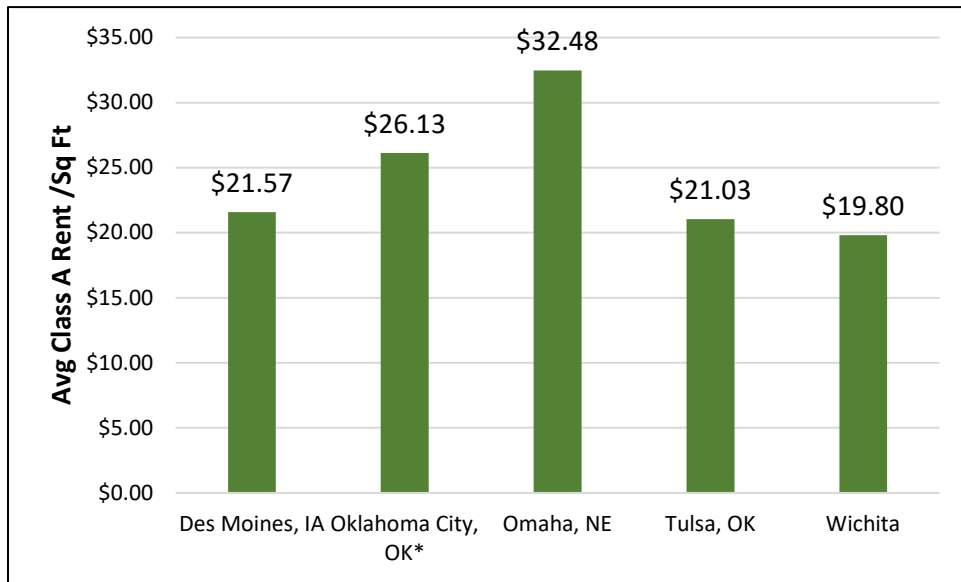
Vacancy among Class B office buildings is high at 28%. Many of these buildings are functionally obsolescent. Adaptive reuse is an option for these buildings, particularly in the Downtown. Recent office reuse examples include the Hilton Garden Inn and the Varsity apartments. Reducing Class B office



supply will help to reduce the Class B vacancy and better align the Class B office supply with market demand.

Figure 21

Average Class A Asking Rent
3rd Quarter 2004



*Oklahoma City rental rate is from Cushman Wakefield MarketBeat Office Q2,2024.

Source: NAI Martens for Wichita; Cushman Wakefield MarketBeat Office Reports Q3 2024; W-ZHA

The average Class A office rent is \$19.80 per square foot gross in Wichita. Wichita's average Class A market rent is low compared to peer cities. Wichita's low average may be because there has been relatively little new multi-tenant construction in the Wichita market. The "new" office buildings in Wichita's Northeast market were developed over a decade ago.

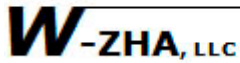
Table 14

**Class A Space Weighted Average Rent
Wichita Office Submarkets With Class A Office
3rd Quarter 2024**

	Downtown	Northeast	Northwest	Overall
Class A	\$18.61	\$21.88	\$17.64	\$19.80

Source: NAI/Martens; W-ZHA

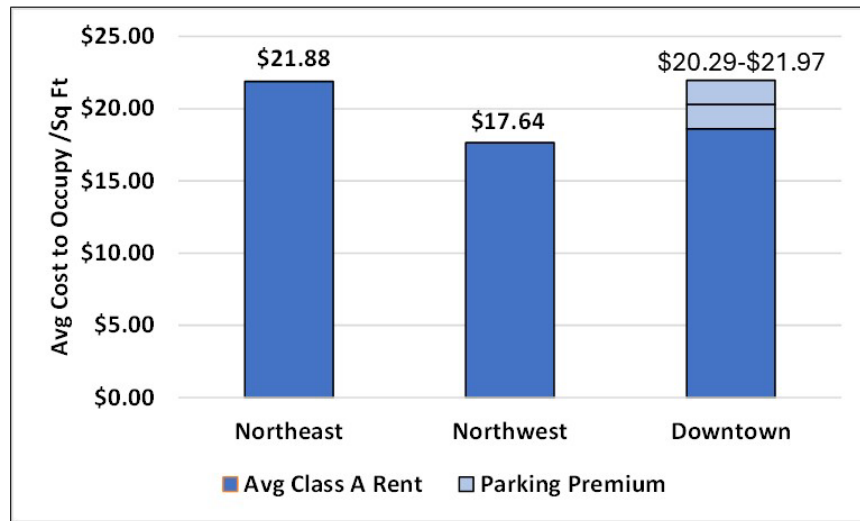
The Northeast submarket contains the highest average rents. The average Class A asking rent in Downtown is \$18.61 per square foot, gross. Broker interviews suggest that Class A-Minus office buildings reduce Class A average rent. For instance, a large tenant recently leased a large space in one



of these buildings for \$12 - \$13 per square foot. Premiere Class A space rents for \$28 to \$32 per square foot gross.

Figure 22

Class A Cost to Occupy Space with Monthly Parking Fees

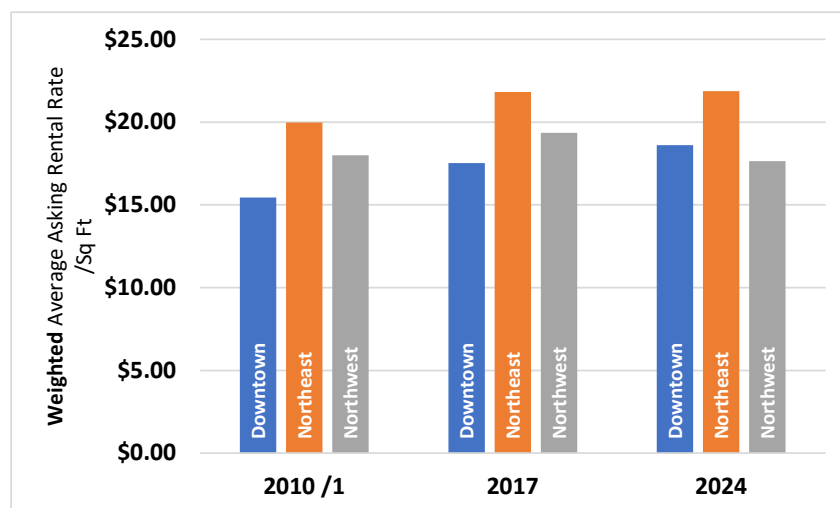


Source: NAI Martens; W-ZHA

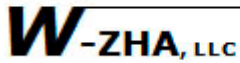
In the suburban submarkets, rent includes free parking. This is not always the case in Downtown, where tenants may have monthly parking fees in addition to rent. Monthly parking fees Downtown range from \$35 to \$70 per space. With parking, the cost of occupying space downtown is similar to that of the Northeast submarket.

Figure 23

Class A Rent Trends by Submarket



Source: JP Weigand Realtors for 2010 rents; NAI Martens for 2017 and 2024 rents; W-ZHA



Class A rental rate trends demonstrate how Downtown's competitive position has changed over the last 14 years. In 2010, Downtown's rents were well below the suburban markets. Over the past 14 years, Downtown's average Class A rents have increased faster than the suburbs.

Brokers indicate that Downtown is becoming more competitive because businesses are finding that young knowledge workers prefer mixed-use, walkable, active environments. Many businesses seeking a Downtown location are attending to the preferences of this cohort. This issue is particularly acute with Wichita's low unemployment rate.

Premiere Class A office space in Wichita leases for \$28 to \$32 per square foot, gross. Premiere Class A office is found at the Waterfront and Wilson Estates corporate campuses in the Northeast submarket and Downtown. Even with these relatively high rental rates, Premiere Class A office buildings enjoy low vacancy.

DOWNTOWN OFFICE POTENTIAL

In this section of the report, Downtown Class A and B office potential is quantified over a 10-year projection period (2024 to 2034). Downtown office potential is derived from three sources: new job growth over the forecast period, existing suburban tenants relocating to the Downtown, and new owner-occupied office space. The new owner-occupied projection is an allowance, as it is a "lightning strike" occurrence and challenging to forecast. An example of such an occurrence is when Cargill Protein Division decided to develop its office Downtown.

Downtown Office Potential from Future Employment Growth

The industry groups driving most office demand are information, financial services and professional and business services (office-inclined industries). In Wichita, the relationship between jobs in these industries and occupied office space has ranged from 165 square feet per job to 230 square feet per job. For this analysis, W-ZHA has applied 190 square feet per office-inclined job. This ratio is somewhat conservative to compensate for technological advances and more flexible work arrangements, which contribute to shrinking the office footprint.

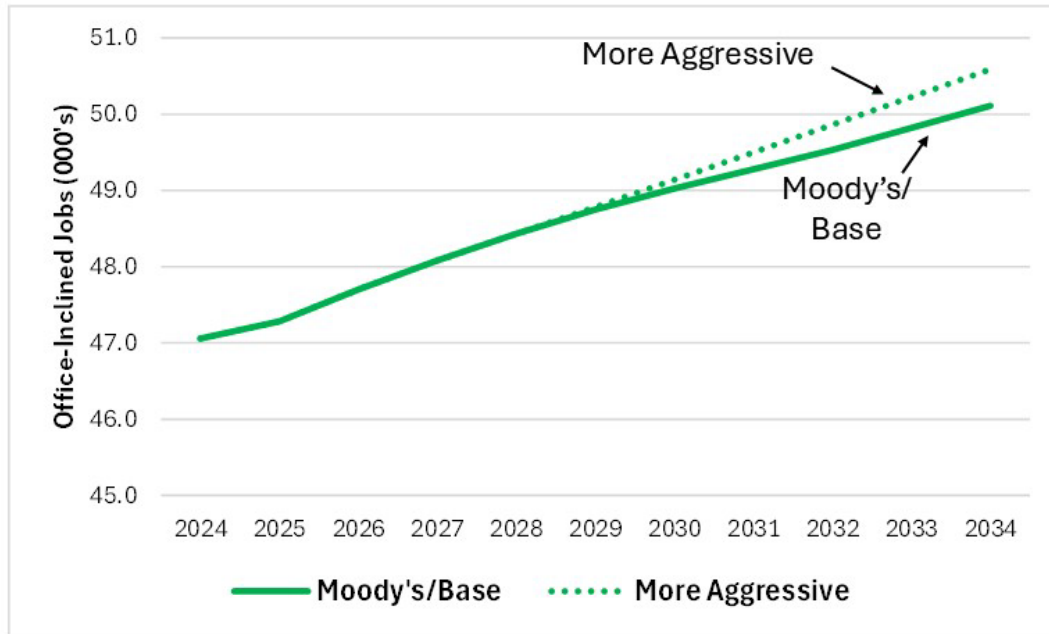
Because the ratio is based on occupied office space, it accounts for tenants in non-office-inclined industries like medical and construction businesses.

W-ZHA used Moody's Analytics office-inclined jobs forecasts for Sedgwick County as the Base Case scenario. Moody's Analytics' jobs forecast for office-inclined industries anticipates a growth rate similar to that experienced between 2013 and 2023. From 2024 to 2029, job growth is forecast to be moderately faster than the prior decade. From 2029 to 2034, growth is projected to be slower.

W-ZHA developed a More Aggressive growth forecast, considering 1) the BioMed Campus and other Downtown initiatives and their potential impact on the Wichita economy and 2) Woods & Poole's forecast that employment growth will be steady over the projection period. For the More Aggressive scenario, W-ZHA applied Moody's Analytics' office-inclined jobs average annual growth rate for 2024 to 2029 and extended it to 2034.

Figure 24

Office-Inclined Job Projections
Base and More Aggressive Scenario



Source: Moody's Analytics *economy.com* for Base; W-ZHA

The More Aggressive job growth in office-inclined industries scenario results in a compound average growth rate of 0.74% per year versus the Base Scenario of 0.63%. As a reference, between 2013 and 2023, Sedgwick County office-inclined jobs grew at a compound average annual growth rate of 0.6%.

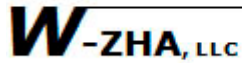
Table 15

Multi-Tenant Office Demand Wichita Market 2024 to 2034		
	Base	More Aggressive
CAGR	0.63%	0.73%
New Office-Inclined Employment 2034	3,050	3,540
Assumed Office Space /Employee	190	190
Total Sq Ft 2024 - 2034	580,000	673,000

Source: W-ZHA

New office-inclined growth in Sedgwick County will generate demand for between 580,000 and 673,000 square feet of office space between 2024 and 2034.

Between 2017 and 2023, 92% of the market's net new absorption occurred in Class A buildings. The Downtown captured 77% of this newly occupied Class A space during this period. The adaptive reuse of



existing buildings to Class A office (for instance, Spaghetti Works) and new office construction (for instance, the IMA building) contributed to Downtown's high capture rate.

Table 16

Class A Multi-Tenant Space from Employment Growth Wichita Downtown 2024 - 2034 (Square Feet)			
		Base Case	More Aggressive
Multi-Tenant Demand From Employment Growth		580,000	673,000
% Class A ^{/1}	92%		
Class A Demand from Growth		530,000	619,000
		2017-24	Lower
Downtown Capture	77%	77%	82%
Base Case: Downtown Class A Demand from Growth		408,000	435,000
More Aggressive: Downtown Class A Demand from Growth		477,000	508,000

1. From 2017 to 2024 absorption data.

Source: NAI/Martens for historic absorption; W-ZHA

W-ZHA assumed a "Lower" and "Higher" Downtown capture rate. The "Lower" capture rate scenario assumes that Downtown continues to benefit from its existing building supply and potential for upgrades, and it absorbs 77% of the market potential.

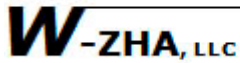
The "Higher" Downtown capture (82%) assumes that the Downtown becomes increasingly competitive through investments in the existing building stock, the development of the BioMed Campus and other initiatives, and potentially new Class A office construction.

Table 17

Class B Multi-Tenant Space Wichita Office Market and Downtown 2024 - 2034 (Square Feet)			
Multi-Tenant Demand From Employment Growth		580,000	673,000
% Class B ^{/1}	8%		
Class B Demand from Growth		50,000	54,000
		2017-2024	Lower
Downtown Capture	100%	90%	100%
Base Case: Downtown Class B Demand from Growth		45,000	50,000
More Aggressive: Downtown Class B Demand from Growth		48,600	54,000

1. From 2017 to 2024 absorption data.

Source: W-ZHA



The demand for Class B space from growth is relatively low. Downtown's existing Class B office supply is an advantage. As it did from 2017 to 2024, the projection assumes that Downtown continues to absorb most, if not all, of the Class B office demand.

Table 18

Summary Multi-Tenant Office Demand from Market Growth Wichita Downtown 2024 - 2034 (Square Feet)		
	Base	More Aggressive
Class A	408,000	508,000
Class B	45,000	54,000
Total	453,000	562,000

Source: W-ZHA

Given employment forecasts and W-ZHA's assumptions, employment growth over the next 10 years will generate demand for between 453,000 and 562,000 square feet of Class A & B office space in Downtown.

Downtown Office Potential from Suburban Tenants Re-Locating to Downtown

Real estate brokers suggest that the office market is mostly stabilized. Today, few tenants consider both the suburban submarkets and Downtown. The BioMed Campus and other investments Downtown, however, have the potential to elevate Downtown's economic role in the region.

The BioMed Campus will be an anchor for education, research, and innovation. It will create added value that will likely enhance Downtown's position in the existing office market. Other Downtown initiatives will also contribute to Downtown's vitality providing an even more dynamic mixed-use environment.

Some existing office tenants will likely relocate (or expand) to the Downtown area to participate in and capitalize on its revitalization. While challenging to predict, in this section, W-ZHA provides an allowance for existing office tenants in suburban submarkets to shift to occupy multi-tenant office space Downtown.

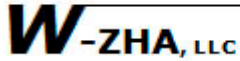


Table 19

**Downtown Class A Multi-Tenant Space Potential from Shifts in Existing Class A Market
Wichita Office Market and Downtown
2024-2034
(Square Feet)**

Existing Occupied Suburban Class A Space in Market (2024)	1,534,000	
	Lower	Higher
Assumed Shift %	7.0%	9.0%
Projected 2024 - 2034 Shift from Existing Suburban Tenants to Downtown	107,000	138,000

Source: W-ZHA

The analysis assumes that 7% to 9% of existing occupied suburban Class A office space is shifted to the Downtown over the next decade. Tenants likely to shift include affiliated health, education, or research businesses.

In terms of Class B space, Downtown's share of the market's occupied Class B space increased from 2017 to 2024. Over this period, occupied Class B office space in the suburban submarkets declined by 3.7% (108,000 square feet) and Downtown's Class B occupied space increased by 10% (169,000 square feet).

Table 20

**Downtown Class B Multi-Tenant Space from Market Shifts
Wichita Office Market and Downtown
2024 - 2034
(Square Feet)**

Existing Occupied Class B Space in Suburban Markets (2024)	2,788,000	
	Lower	Higher
Assumed Shift %	3.5%	4.5%
Projected 2024 - 2034 Shift from Existing Suburban Tenants to Downtown	98,000	125,000

Source: W-ZHA

For Class B space, W-ZHA assumed a shift of 3.5% to 4.5% from the suburban submarkets to the Downtown over the next 10 years.

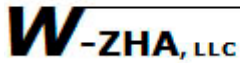


Table 21

Downtown Multi-Tenant Space Projection Wichita Office Market and Downtown 2024 - 2034 (Square Feet)		
	Lower	Higher
Class A		
Class A Demand from Employment Growth	408,000	508,000
Class A Demand from Suburban Tenants Shifting	107,000	138,000
Total Multi-Tenant Class A Demand	515,000	646,000
Class B		
Class B Demand from Employment Growth	45,000	54,000
Class B Demand from Suburban Tenants Shifting	98,000	125,000
Total Multi-Tenant Class B Demand	143,000	179,000
Total Class A & B Multi-Tenant Demand	658,000	825,000

Source: W-ZHA

The analysis concludes that over the next decade, there will be demand for multi-tenant Class A and Class B space Downtown. Most of this demand will come from Wichita's growing economy as opposed to existing tenants shifting from the suburban submarkets to Downtown . Over three-quarters of Downtown's multi-tenant office demand will be for Class A office space.

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

- Vacant space in existing competitive office buildings;
- Newly constructed multi-tenant office space;
- Co-working space Downtown with lease terms allowing for flexibility;
- Class B space conversions to Class A "cool space"; and
- Office tenants converting to owner occupants

Much of the existing vacant Class A space Downtown is Class A-*Minus*, which may not be an acceptable product for future Class A tenants. To account for this, W-ZHA assumed a relatively high stabilized vacancy rate of 15% for Class A space Downtown. Class B space demand can be satisfied with excess vacancy among existing Class B office buildings Downtown.

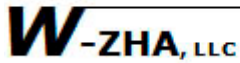


Table 22

Downtown Multi-Tenant Space Projection Wichita Office Market and Downtown 2024 - 2034 (Square Feet)		
	Lower	Higher
Class A		
Class A Demand from Employment Growth	408,000	508,000
Class A Demand from Suburban Tenants Shifting	107,000	138,000
Total Multi-Tenant Class A Demand	515,000	646,000
Excess Existing Class A Vacancy 2024 (Assuming 15% Stabilized Vacancy)	(119,000)	(119,000)
Class A Multi-Tenant Demand Net of Excess Vacancy	396,000	527,000
Class B		
Class B Demand from Employment Growth	45,000	54,000
Class B Demand from Suburban Tenants Shifting	98,000	125,000
Total Multi-Tenant Class B Demand	143,000	179,000
Excess Existing Class B Vacancy 2024 (Assuming 15% Stabilized Vacancy)	(342,000)	(342,000)
Class B Multi-Tenant Demand	0	0
Multi-Tenant Demand Net of Excess Vacancy	396,000	527,000
Multi-Tenant Office Demand Net of Excess Vacancy w/ 7% Vacancy Allowance	426,000	567,000

Source: W-ZHA

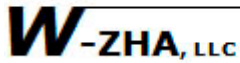
Assuming a 93% occupancy rate, the multi-tenant office market will support between 426,000 and 567,000 square feet of additional office space Downtown over the next decade. This demand will be likely satisfied by a combination of modifications to the existing building stock, co-working space, and new office construction.

Developing a new multi-tenant Class A office building (excluding parking and land) will require a gross rent of approximately \$37 to \$40 per square foot – a 15%-plus premium from today's top rent of \$32 per square foot, gross. The cost of parking will further increase the premium.

The number of tenants willing to pay this premium for state-of-the-art Downtown office space is unknown, but it is likely a select group. The price of new construction has hampered office development in the past.

With the economics of new construction in mind, many developers will likely look to upgrade existing Downtown buildings. These developers will take advantage of incentives like historic tax credits and Downtown opportunity zones to deliver quality office space at a lower cost and, consequently, a more reasonable Class A rental rate.

The BioMed Campus may help to facilitate new construction as companies interested in locating near the BioMed Campus may demand specialized space like research or lab space. These tenants typically



pay a premium for specialized space. These tenant types could help to unlock new construction Downtown.

Whether new construction or rehabilitation, the most competitive office sites will be near parking reservoirs like parking structures and surface parking lots.

OWNER OCCUPIED OFFICE POTENTIAL DOWNTOWN

As the role of office space changes in corporate culture and office technology evolves, some companies develop their own new, state-of-the-art office space (“build-to-suit”). The amount of build-to-suit space potential in the Downtown over the next 10 years is difficult to forecast – these are “lightning strike” events.

The BioMed Campus has already caused two owner-occupants to relocate Downtown: Heartspring and Sedgwick County’s COMCARE facility. Heartspring serves children with special needs and developmental disabilities and recently purchased two office buildings adjacent to the BioMed Campus to provide pediatric outpatient services.

Sedgwick County bought three parcels next to the BioMed Campus for its new COMCARE facility, which will provide mental health services.

Table 23

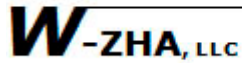
Owner Occupied Space: New Construction Downtown 2013 - 2023		
Company	Year	Sq Ft
Kansas Health Foundation Extension	2013	40,000
Cargill	2017	190,000
Hutton Construction	2021 Start	40,000
Total		270,000
Owner Occ. Allowance (Sq Ft)	250,000	350,000

Source: W-ZHA

Since 2013, there have been 3 new owner-occupied buildings Downtown, totaling approximately 270,000 square feet.

These owner-occupied buildings exclude the Kansas College of Osteopathic Medicine building (approximately 98,000 square feet) and the Henry’s department store, which houses NICHE. The College and NICHE are tenants in these buildings, but both were “lightning strike” uses.

Given recent and planned investments Downtown, W-ZHA does not consider it unreasonable to assume that an additional 250,000 to 350,000 square feet of owner-occupied office space could locate in the Downtown over the next decade.



Office Market Conclusion

Between 2024 and 2034, W-ZHA projects that there will be demand for 658,000 and 825,000 square feet of multi-tenant office space Downtown. Over the next decade, we have assumed a build-to-suit office allowance for another 250,000 to 350,000 square feet.

Table 24

Office Potential Downtown Wichita 2024 - 2034		
	Sq Ft	
	Lower	Higher
Office Demand Sq Ft (No Excess Vacancy Taken Out)		
Multi-Tenant Space	658,000	825,000
Owner Occupied New Construction Allowance	250,000	350,000
Sub-Total	908,000	1,175,000
Office Demand Sq Ft (After Existing Excess Vacancy Absorbed)		
Multi-Tenant Space	426,000	567,000
Owner Occ. New Construction Allowance	250,000	350,000
Total	676,000	917,000

Source: W-ZHA

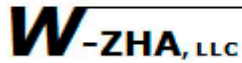
Assuming excess vacancy is absorbed by the multi-tenant demand, there will be a market for approximately 426,000 to 567,000 additional square feet of Class A multi-tenant office space Downtown. In addition, owner-occupied buildings could add another 250,000 to 350,000 square feet of office to the Downtown.

HOTEL MARKET ANALYSIS

INTRODUCTION

The hotel market analysis assesses existing conditions and trends in the Wichita hotel market. Given Wichita's forecasted economic growth, Downtown hotel room potential over the next decade is estimated. Like the office market analysis, hotel room potential is estimated under a Base and More Aggressive scenario.

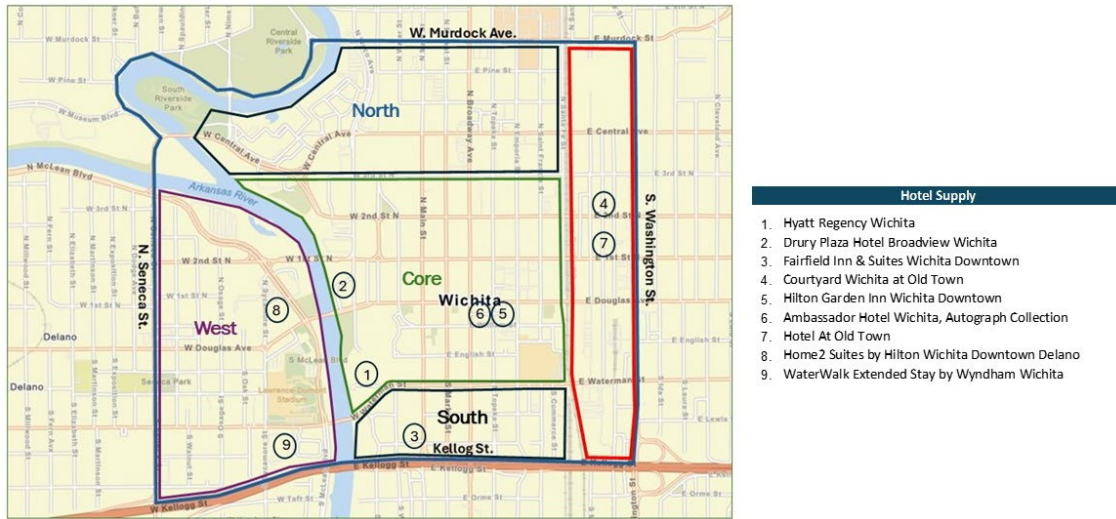
Hotel performance data for Sedgwick County and Downtown hotels is from STR, a company that specializes in data analytics and benchmarking for hotels. STR provides data on demand trends, supply changes, and revenue performance. Unless otherwise noted, the data in this section is from STR. Because of data restrictions, downtown data on average daily rate and occupancy exclude the WaterWalk Extended Stay by Wyndham Hotels.



The hotel market analysis does not anticipate any significant change to the Century II Convention Center. The analysis includes an additional 100 hotel rooms allowance to support Century II's operations. As discussed later in this section of the report, a recent feasibility study concluded that an additional 100 rooms at the Century II would make it more competitive for conventions.

DOWNTOWN HOTEL SUPPLY

Figure 25



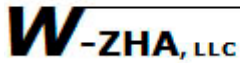
There are currently nine (9) hotels containing 1,279 rooms operating in the Downtown Plan Area. As a reference, downtown Tulsa has 2,225 rooms and downtown Omaha, over 4,000 rooms.

Table 25

Hotel Supply Wichita Downtown Plan Area December, 2024					
Name	Rooms	Open Date	Class	Type	Subdistrict
Drury Plaza Hotel Broadview Wichita	200	1922	Upscale	Full-Service	Core
Hyatt Regency Wichita	305	1997	Upper Upscale	Full-Service	Core
Ambassador Hotel Wichita, Autograph Collection	117	2013	Upper Upscale	Full-Service	Core
Hilton Garden Inn Wichita Downtown	127	2019	Upscale	Full-Service	Core
Hotel At Old Town	114	1999	Upscale	Limited Service	East
Courtyard Wichita at Old Town	129	2006	Upscale	Limited Service	East
Fairfield Inn & Suites Wichita Downtown	130	2011	Upper Midscale	Limited Service	South
Home2 Suites by Hilton Wichita Downtown Delano	95	2021	Upper Midscale	Limited Service	West
WaterWalk Extended Stay by Wyndham Wichita	62	2014	Upper Midscale	Limited Service	West
Total	1,279				
Pending - AC Hotel Downtown Wichita	119		Upscale	Full-Service	Core
2025 Total	1,398				

Source: STR; W-ZHA

STR classifies hotels as Economy, Midscale, Upper Midscale, Upscale, and Luxury. All hotels in the Downtown are classified as Upper Midscale or higher (Upper Midscale-Plus). Upper Midscale hotels offer solid amenities and services at a moderate price. Upscale properties cater to business travelers

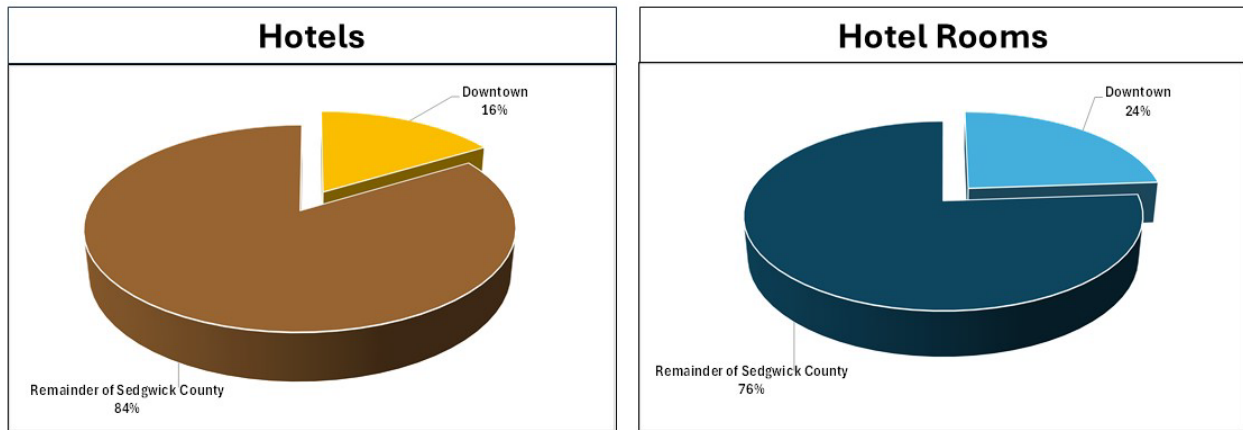


and upper-middle-class leisure travelers. Upper Upscale hotels have extensive services and amenities but are slightly less deluxe than luxury hotels.

An AC Hotel by Marriott is about to open in the Core. Classified as an Upscale hotel, it is a full-service hotel with 119 rooms. A Dream Hotel just began construction as part of a mixed-use project west of the Arkansas River. The Dream Hotel's 155 rooms are not included as pending in the supply tally as they will not be ready for occupancy until after 2025.

Figure 26

Sedgwick County and Downtown Upper Midscale-Plus Hotel and Hotel Room Supply

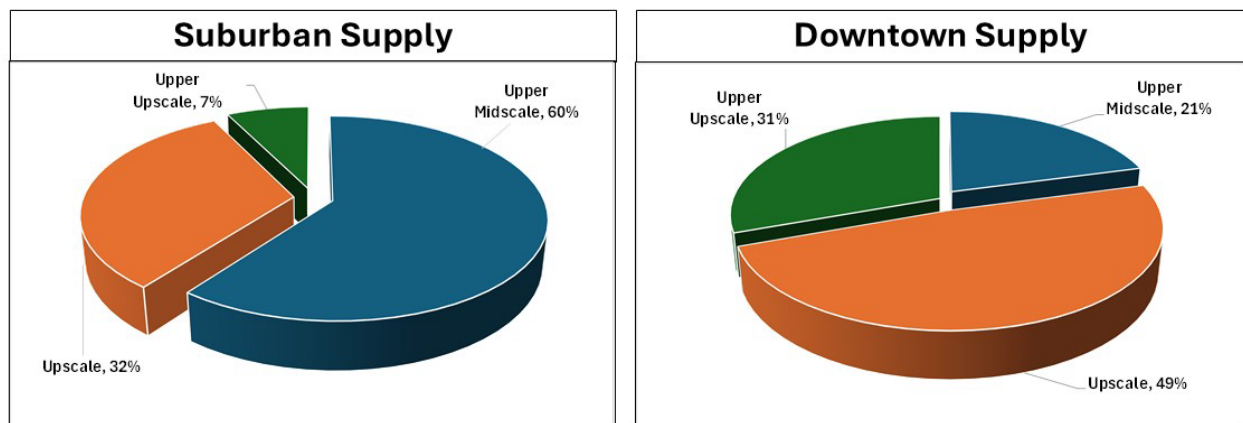


Source: STR; W-ZHA

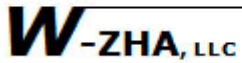
Most Upper Midscale-Plus hotels in the Wichita market are in Sedgwick County. There are 46 hotels classified as Upper Midscale-Plus in the County. Downtown accounts for approximately 20% of these hotels and 24% of this market's rooms.

Figure 27

Sedgwick County and Downtown Upper Midscale-Plus Supply by Classification



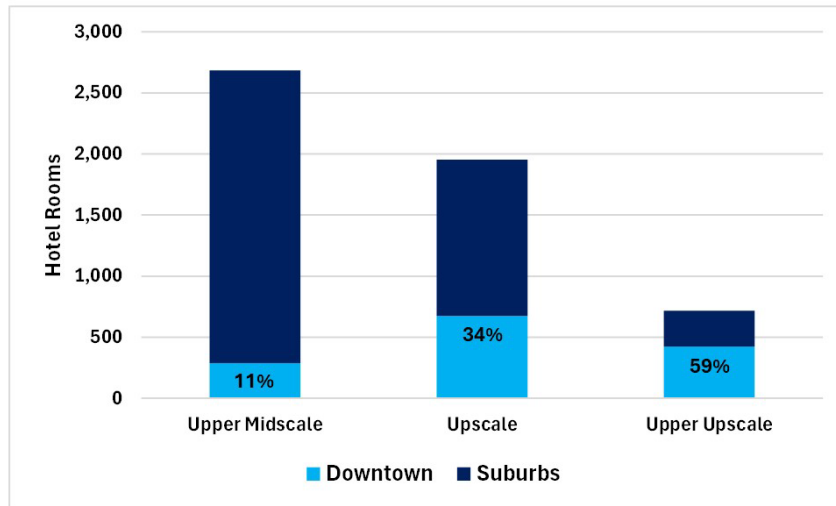
Source: STR; W-ZHA



Suburban locations contain more Upper Midscale rooms and fewer Upscale rooms as compared to Downtown.

Figure 28

Upper Midscale-Plus Room Supply Downtown and the Suburbs



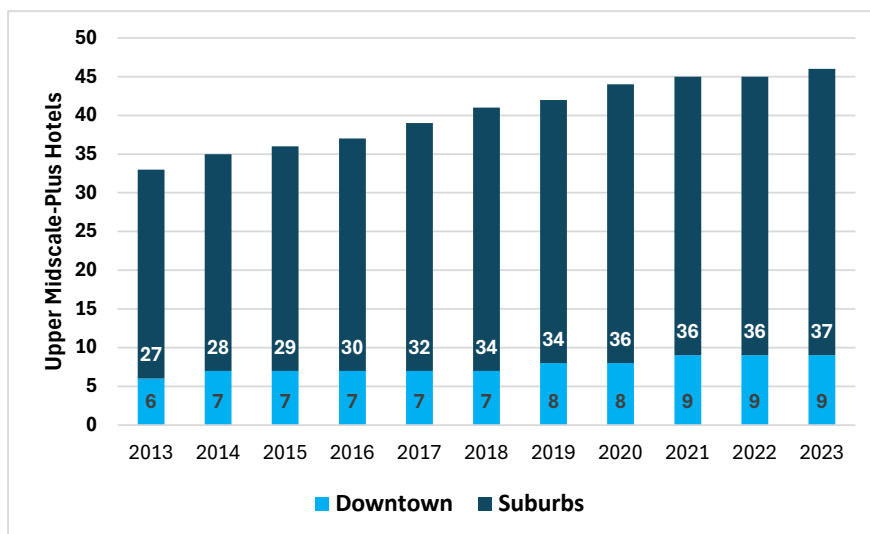
Source: STR; W-ZHA

Downtown contains about a third of the market's Upscale rooms and 59% of the market's Upper Upscale hotel rooms.

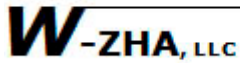
DOWNTOWN HOTEL PERFORMANCE AND TRENDS

Figure 29

Upper Midscale-Plus Hotel Supply Trends Downtown and the Suburbs



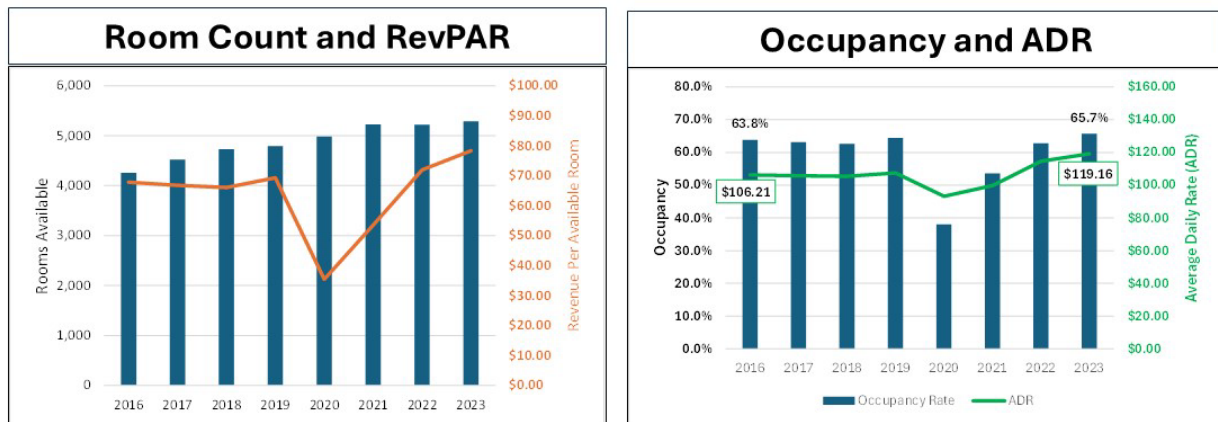
Source: STR; W-ZHA



Thirteen (13) Upper Midscale-Plus hotels, totaling 1,400 rooms, have been developed in the market since 2013. Three of these hotels, totaling 284 rooms, opened in Downtown: the WaterWalk Extended Stay (62 rooms), the Hilton Garden Inn (127 rooms), and the Home2 Suites (95 rooms).

Figure 30

Marketwide Upper Midscale-Plus Hotel Performance Trends



Source: STR; W-ZHA

Except for the years where COVID significantly impacted travel (Years 2020 and 2021), the hotel market's average revenue per available room (RevPAR) has increased.² The graph illustrates that RevPAR plummeted in 2020 during COVID-19, with recovery beginning in 2021. By 2022, the market's revenue per available room exceeded pre-pandemic levels.

Between 2016 and 2023, including the COVID years, the market's RevPAR experienced an average annual growth rate of 2.1%. Over this same period, the Purchase Price Index for hotels and motels increased at an average annual growth rate of 3.2%, so there was some erosion in real (inflation-adjusted) RevPAR likely due to COVID.

RevPAR grew marketwide due to increases in occupancy and average daily rates (ADRs). Occupied rooms grew at a compound average annual growth rate of 3.6%, and the ADR, at a 1.7% rate. Today, marketwide occupancy is 65.7%, with an average daily rate of \$119.16.

² Revenue per available room is hotel room revenue divided by occupied room nights.

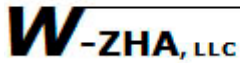
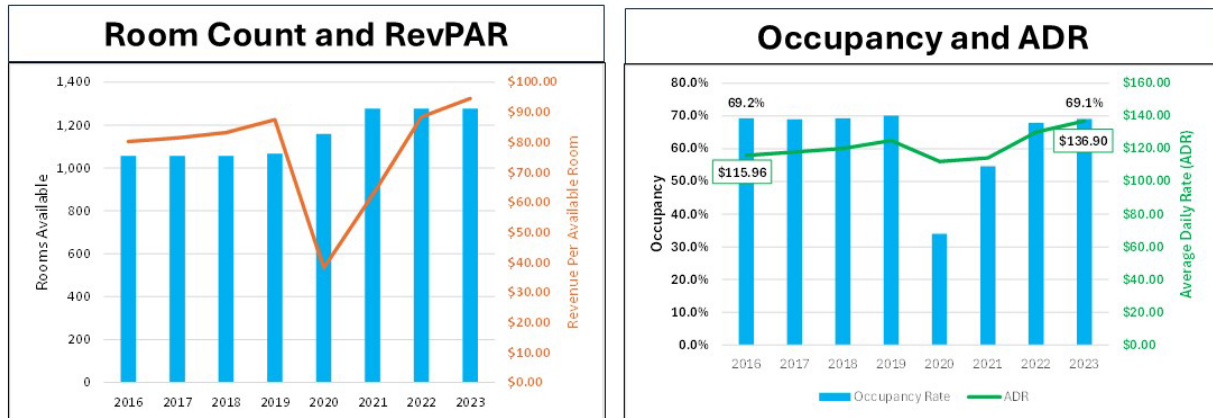


Figure 31

Downtown Upper Midscale-Plus Hotel Performance Trends



Source: STR; W-ZHA

By 2022, Downtown RevPAR exceeded pre-pandemic levels. Downtown's average RevPAR in 2023 (\$94.57) was 29% higher than the suburban RevPAR (\$73.46).

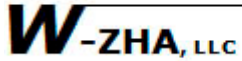
Average daily rate growth among Downtown hotels fueled RevPAR growth between 2013 and 2023. The Downtown's RevPAR experienced an average annual growth rate of 2.4% between 2013 and 2023. RevPAR growth did not keep up with inflation so there was some erosion in real RevPAR likely due to COVID. Today, market occupancy is 69.1%, with an average daily rate of \$136.90.

Table 26

Hotel Market Performance Sedgwick County Upper Midscale-Plus Hotels												
Year	Hotel Rooms			Occupied Rooms			ADR			RevPAR		
	Total	Suburbs	Downtown	Total	Suburbs	Downtown	Total	Suburbs	Downtown	Total	Suburbs	Downtown
	Rooms	Rooms	Rooms									
2016	4,256	3,200	1,056	991,653	740,562	251,091	\$106.21	\$102.90	\$115.96	\$67.81	\$64.01	\$80.25
2017	4,524	3,468	1,056	1,041,913	791,645	250,268	\$105.83	\$101.97	\$118.02	\$66.78	\$62.66	\$81.41
2018	4,729	3,673	1,056	1,081,578	830,223	251,355	\$105.47	\$101.04	\$120.10	\$66.08	\$61.53	\$83.20
2019	4,794	3,728	1,067	1,127,699	870,835	256,864	\$107.48	\$102.32	\$124.98	\$69.26	\$64.42	\$87.53
2020	4,982	3,825	1,158	691,547	555,577	135,970	\$93.22	\$88.57	\$112.21	\$35.45	\$34.69	\$38.14
2021	5,223	3,946	1,277	1,021,806	779,616	242,190	\$99.78	\$95.28	\$114.29	\$53.48	\$50.78	\$62.41
2022	5,221	3,945	1,276	1,196,445	895,436	301,009	\$114.55	\$109.30	\$130.16	\$71.91	\$66.91	\$88.40
2023	5,289	4,012	1,276	1,268,501	962,315	306,186	\$119.16	\$113.52	\$136.90	\$78.30	\$73.46	\$94.57
Change 2016 - 2023	1,033	813	220	276,848	221,753	55,095	\$12.95	\$10.62	\$20.94	\$10.50	\$9.44	\$14.31
GAGR 2016 - 23	3.2%	3.3%	2.7%	3.6%	3.8%	2.9%	1.7%	1.4%	2.4%	2.1%	2.0%	2.4%

Source: STR; W-ZHA

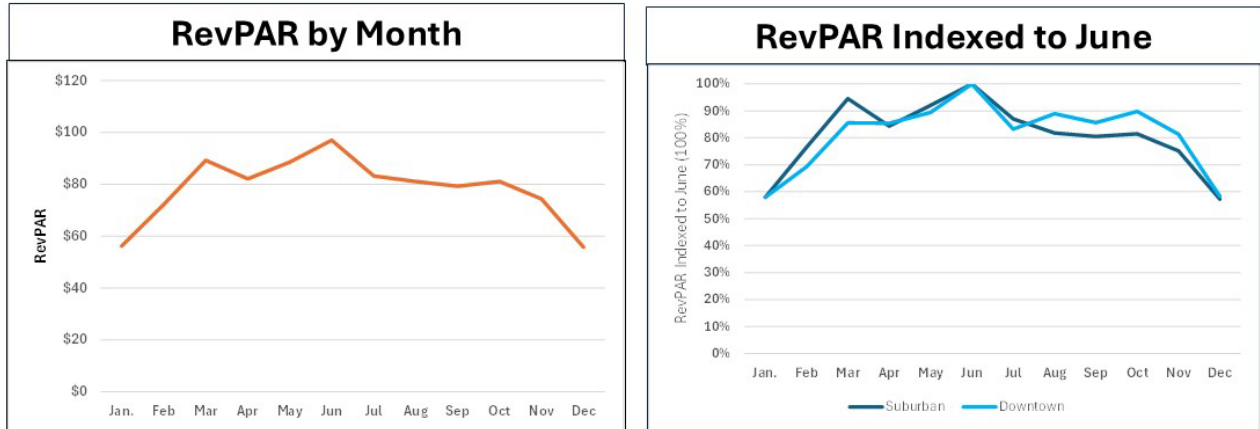
Table 26 summarizes performance trends marketwide and for suburban and Downtown hotels. Downtown has outperformed suburban Upper Midscale-Plus hotels in occupancy and has also experienced faster growth in ADR and RevPAR.



SEASONALITY AND DAY OF WEEK PERFORMANCE

Figure 32

RevPAR by Month and RevPAR for Downtown and Suburban Hotels Indexed to June Peak

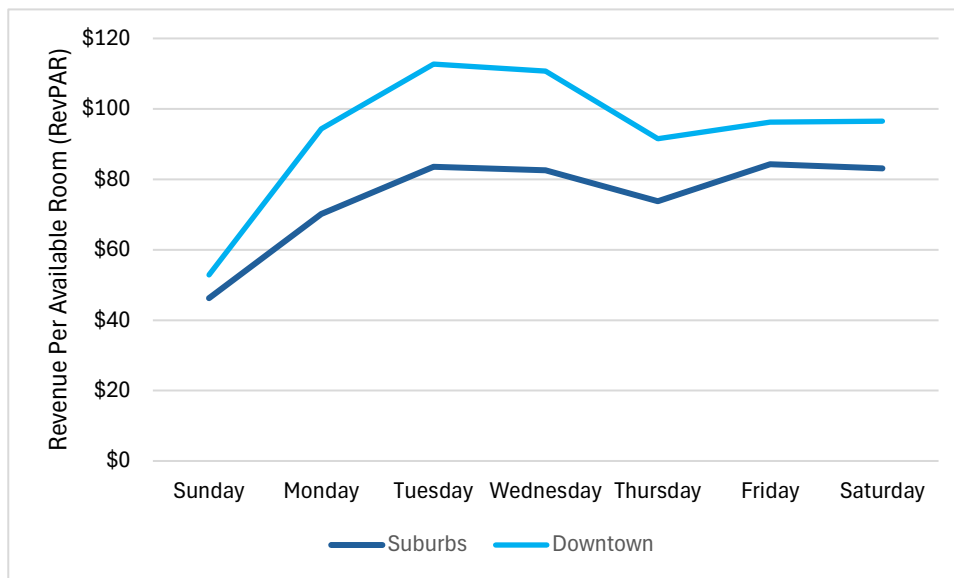


Source: STR; W-ZHA

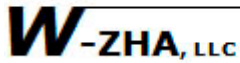
The Wichita hotel market is seasonal. The hotel market is strongest in June and weakest in the winter months. Downtown hotels perform better in the fall months. The meeting and convention market is active in the fall and this likely contributes to Downtown's stronger performance in these months.

Figure 33

RevPAR by Day of the Week, Downtown and Suburban Hotels



Source: STR; W-ZHA



Downtown hotel performance peaks on Tuesdays and Wednesdays. The business segment of the market drives weekday performance. As is illustrated, Downtown's RevPAR is considerably higher than the suburbs on these weekdays.

DOWNTOWN MARKET SEGMENTS

Downtown hotel room demand has been estimated by individual segments based on the nature of travel. The three segments are commercial/business, meeting and group, and leisure. Downtown room night demand is a rough estimate based on interviews and STR data.

The commercial/business market consists mainly of individuals conducting business with Wichita businesses or people passing through Wichita while conducting business. Brand loyalty, as well as location and convenience with respect to business amenities, impacts hotel choices in this segment. Commercial demand is strongest Monday through Thursday nights, declines significantly on Friday and Saturday nights, and increases somewhat on Sunday nights.

Today, Downtown benefits from having a variety of hotel brands (Hyatt, Drury, Hilton, Wyndam, and Marriott) available for business travelers. Hotel managers point to Downtown's central location, walkability, and eat/drink destinations as valuable to the business market.

The meeting and group market includes meetings, seminars, conventions, trade association shows/conventions, and similar gatherings of ten or more people. Traveling sports teams and performance/event groups are included in this segment. Meeting and group events occur during the week and weekends. This segment typically books blocks of rooms well in advance of their event.

The major anchors driving the meeting and group market include Century II, INTRUST Bank Arena, and Equity Bank Park (formerly Riverfront Stadium). In early 2022, Conventions, Sports & Leisure International (CSL) completed a report titled "Feasibility Analysis of a New Convention Center in Wichita, Kansas" ("The CSL Report") for Visit Wichita and other stakeholders.

The CSL Report's key findings related to Century II's performance are as follows:

- Century II is a valuable asset serving Wichita's local and non-local events.
- Century II allows Wichita to attract state/regional conventions successfully.
- Wichita is challenged in its ability to compete for national conventions due to Century II's physical condition and configuration and too few nearby hotel rooms.
- 100 additional hotel rooms at the Hyatt or adjacent to Century II are needed to better position Century II for regional and national conventions.
- As competitive cities continue to invest in their convention centers, Wichita's competitive position for national conventions has and will continue to diminish.

Hotel managers interviewed mentioned that Wichita's growing sports market has bolstered the meeting and group market. Sports-related block reservations (like the NCAA tournament and Wichita Wind Surge and Wichita Thunder visiting teams) have helped mitigate other weaknesses in the market.

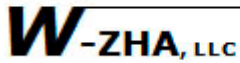


Table 27

Group and Meeting Space Wichita Downtown Plan Area December, 2024		
Name	Rentable Space (Sq Ft)	Largest Contiguous Space (Sq Ft)
Century II	197,600	93,000
INTRUST Bank Arena	32,000	32,000
Hyatt Regency Wichita	18,100	10,200
Drury Plaza Hotel Broadview Wichita	13,400	9,200
Hotel At Old Town	9,800	8,200
Wichita Scottish Rite Center	11,200	6,800
Courtyard Wichita at Old Town	7,000	4,500
Ambassador Hotel	3,600	1,700
Total	292,700	

Source: CSL, *Feasibility Analysis of a New Convention Center in Wichita, Kansas*; W-ZHA

Other meeting spaces Downtown also contribute to the group and meeting market.

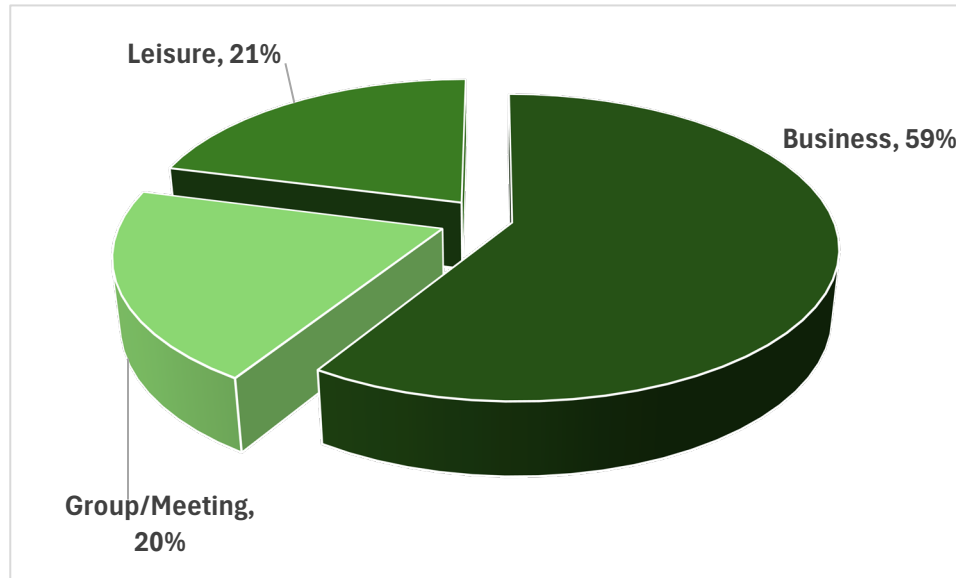
The leisure market consists of people spending time in or passing through Wichita. Travel purposes include sightseeing, recreation (like going to a concert or sporting event), social events (like weddings), and visiting friends and relatives. Leisure demand is strongest on Friday and Saturday nights, the inverse of commercial demand.

Overnight visitors to performances or events at Century II, INTRUST Bank Arena and other Downtown venues fall into this category. INTRUST Arena averages 85 events per year with an annual attendance of approximately 350,000. The Arena is the home of the Wichita Thunder hockey team. It hosts other sporting events as well as concerts and other community events. The EP2 initiative with Destination Playscape (opening in 2025) should generate additional demand in this segment.

W-ZHA has estimated Downtown room night occupancy by market segment based on interviews and daily RevPAR data. Note that each hotel Downtown caters to different market segments and will, thus, have a different segment mix.

Figure 34

Downtown Room Night Occupancy by Market Segment



Source: W-ZHA

W-ZHA estimates that approximately 59% of the occupied room nights in Downtown are business-related stays. Leisure stays are estimated to account for 21% of Downtown demand and group/meeting, 20%.

HOTEL POTENTIAL

In this section of the report, Downtown's Upper Midscale-Plus hotel room potential is quantified over a 10-year period (2024 to 2034). Hotel room potential is derived from growth in the Wichita economy. In addition, a 100-room convention hotel room allowance is included to support Century II. Otherwise, the forecast does not contemplate significant changes to Wichita's convention center.

Between 2016 and 2023, the number of Upper Midscale occupied room nights grew at an average rate of 3.6% per year. Over this 7-year period, occupied room nights increased by approximately 277,000. Extrapolating this growth over a 10-year period would result in 418,000 additional occupied room nights.

As a Base scenario, W-ZHA has assumed a slightly lower occupied room growth rate, given the slower employment growth projected for the region over the next 10 years. Most of this slower growth is attributed to job losses in goods-producing industries. Many of the businesses in these industries are large, so W-ZHA does not expect that these job losses will significantly impact these industries' demand for hotel rooms in the future. However, slower growth is forecast among other industries.

In light of the forecasts, W-ZHA has assumed a Base occupied room night annual growth rate of 3.5% and a More Aggressive growth rate of 3.8% per year. The growth rate was applied to 2024 estimated occupied rooms.

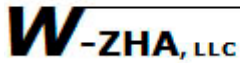


Table 28

Upper Midscale-Plus Occupied Room Forecast Wichita Market 2024 - 2034		
	Base	More Aggressive
Room Night CAGR	3.50%	3.80%
2024 Est. Occupied Room Nights	1,278,935	
2034 Net New Roomnights	525,129	578,108
New Occupied Rooms	1,440	1,580

Source: W-ZHA

W-ZHA estimates that growth will support approximately 1,440 to 1,580 Upper Midscale-Plus rooms in Sedgwick County. Many of these rooms will be new as the market's occupancy is 65.7%, over the minimum occupancy threshold of 65%.

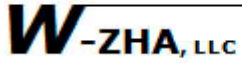
In 2022 and 2023, Downtown captured approximately 25% of the Upper Midscale-Plus hotel market's room demand. Under the More Aggressive scenario, Downtown is projected to capture 28% of new room night demand. This higher capture rate assumes that Downtown becomes an increasingly competitive hotel location with the BioMed Campus, EP2, and other investments that contribute to Downtown's 24-hour, mixed-use dynamic environment.

Table 29

Upper Midscale-Plus Hotel Room Potential ^{/1} Downtown Plan Area 2024 - 2034		
New Occupied Rooms from Economic Growth		
Base Scenario	1,440	
More Aggressive Scenario	1,580	
	Lower	Higher
Downtown Capture	25%	28%
Downtown Occupied Rooms		
Base Scenario	360	400
More Aggressive Scenario	395	442
Total Rooms Assuming 65% Stabilized Occupancy		
Base Scenario	550	615
More Aggressive Scenario	608	681
Potential New Hotel Rooms Downtown	550	681
Less: AC Marriott Hotel (Pending)	(119)	(119)
Net New Downtown Hotel Rooms 2024 - 2034	430	560

1. This projection excludes 100 additional hotel rooms considered necessary to support convention activity. The projection does not contemplate a new convention center.

Source: W-ZHA



Assuming a stabilized occupancy rate of 65%, over the next decade there is the potential for 550 to 681 new hotel rooms Downtown. A portion of this demand (119 rooms) will be captured with the new AC Marriott. This leaves the potential for 430 to 560 new Downtown hotel rooms between now and 2034. Note that this projection excludes new convention-related hotel rooms.

Table 30

Upper Midscale-Plus and Convention Hotel Rooms ^{/1} Downtown Plan Area 2024 - 2034		
	Base	More Aggressive
Net New Downtown Hotel Rooms 2024 - 2034 ^{/1}	430	560
Convention Hotel Allowance	100	100
Total	530	660

1. Net of new AC Hotel.

Source: W-ZHA

With an allowance for 100 additional convention-related hotel rooms, Downtown hotel room potential ranges from 530 to 660 new hotel rooms from 2024 to 2034. The Dream Hotel (155 rooms) will capture a portion of this demand when it opens.