

3.0 Kansas City Metro Area Retail Market

Kansas City's marketplace continues to redefine itself with the introduction of several "power centers," lifestyle centers, entertainment centers, new urbanism & redevelopment projects in 2005. Over 1.2 million square feet of new retail space has been added to the metro area in the last year. Big box retailers including Wal-Mart, Costco, Sam's Club, Kohl's, Home Depot, Bass Pro, Hy-Vee, Target & Lowe's' introduction and further expansion into the marketplace continue to attract smaller-shop retailers through the close of 2006.

Cordish Company's development in the heart of downtown Kansas City is underway, with ground broken on the new Sprint Arena, H&R Block's new world headquarters and the addition of 425,000 square feet of new retail space. The downtown revitalization goal accompanies the summer 2007 store openings.

Kansas' largest tourist attraction, the Legends at Village West in Wyandotte County includes Cabela's, Nebraska Furniture Mart, Dave & Buster's, T-Rex, and a plethora of dining, shopping and entertainment concepts not currently found in the mainstream of the Kansas City market. The Bella Roe Plaza redevelopment, resulting in a teardown of the former Venture Plaza in Northern Johnson County, features an open-air market anchored by Price Chopper & Lowe's. Olathe Pointe, another "suburban village," containing a mix of entertainment and dining venues with both national and local retailers, is currently open at the intersection of 119th & Blackbob in Olathe, in Southwest Kansas City. Park Place in Southern Johnson County will feature 125,000 square feet of retail, 85,000 square feet of office and a 52-unit condominium, as well as luxury hotel offerings and a four-acre park. The area's first Crate & Barrel has strategically opened for the 2006 holidays at the intersection of nearby 119th & Roe in Leawood. The adjacent 160,000 square foot center features high-end restaurants, clothing & home furnishings. And finally, at nearby 135th & Metcalf, Cormac Company from Omaha has begun grading and developing a 1 million square foot open-air suburban village known as Corbin Park, which will include Von Maur (the first in Kansas City) and Lifetime Fitness (another first), with several other upscale retailers to be announced at a later date.

On the Missouri side, at I-70 and Blue Ridge Boulevard, the former Blue Ridge Mall is being redeveloped into an \$88.2 million "power center" to be anchored by a Wal-

Mart Supercenter. Nearby Independence anticipates the opening of The Falls at Crackerneck, including a 161,000 square foot Bass Pro Shop and 300,000 square feet of additional retail. Moving to the northeast, Blue Springs will see the opening of a 123-acre “power center” known as The Plaza at Adams Farm, including nearly 1 million square feet of retail anchored by Lowe’s and Target.

Metro Retail Vacancy, Trends & Outlook

Over the past three years, from 2004 through the end of 2006, vacancy continues on a steady increase of roughly 1% from year to year. In 2004, overall Kansas City vacancy stood at 8.04%, 2005 had 9.05% and 2006 at 10.29%. While this is an overall figure, more active markets, including Johnson County, Liberty, Lee’s Summit and Wyandotte/Leavenworth (home of Legends at Village West) average a less than 5% vacancy rate overall. In total, the vacancy in big box space, defined as 25,000 square feet and higher accounts for 57% percent of the total vacancy, leaving 43% of the vacancy in small-shop retail. In 2006, total vacancy increased over 2005 by a total of 200,000 square feet.

Big Box retail continues to grow, as the consumer prefers the combination of selection, variety, convenience and price to the alternative. This trend has played a significant part in the development of the newer “suburban markets” and “power centers.” The steady population growth in the entire region led to continued demand for a variety of shopping in all segments of the Kansas City market. The national leading retailers dominate the market in particular product categories, as well as the ability they capture to modify the product according to the size and demographic of the market in which they are placed. Also, the “lifestyle centers” continue to place strong emphasis on restaurant and entertainment venues, adding to the number of minutes per consumer spent in a shopping area, improving the overall performance of the center.

Kansas City continues to embrace the “new urbanism” concept, and each center continues to evolve to meet the need for an energetic retail environment. The remaining enclosed malls in the area are currently undergoing redevelopment to keep pace with this concept, which has captured the Kansas City modern consumer.

Downtown Kansas City Market - The Retail Leader of Redevelopment

The Downtown Kansas city efforts toward redevelopment are consistently pushing forward, and urban projects are making up a large share of this year’s retail construction. The payrolls for local employers have increased 1.9% this year alone, helping to support a total 5% gain in the retail arena. There has been an addition of over 2 million square feet per year over the past four years, yet the vacancy is steady at 11%. In the downtown area, the center of Kansas City, specifically, nine city blocks will be anchored by the 700,000 square foot H&R Block world

headquarters, along with a 20,000-seat Sprint Arena, along with 425,000 square feet of retail space and 1,500 residential units, all thanks to Cordish Company's Power & Light District.

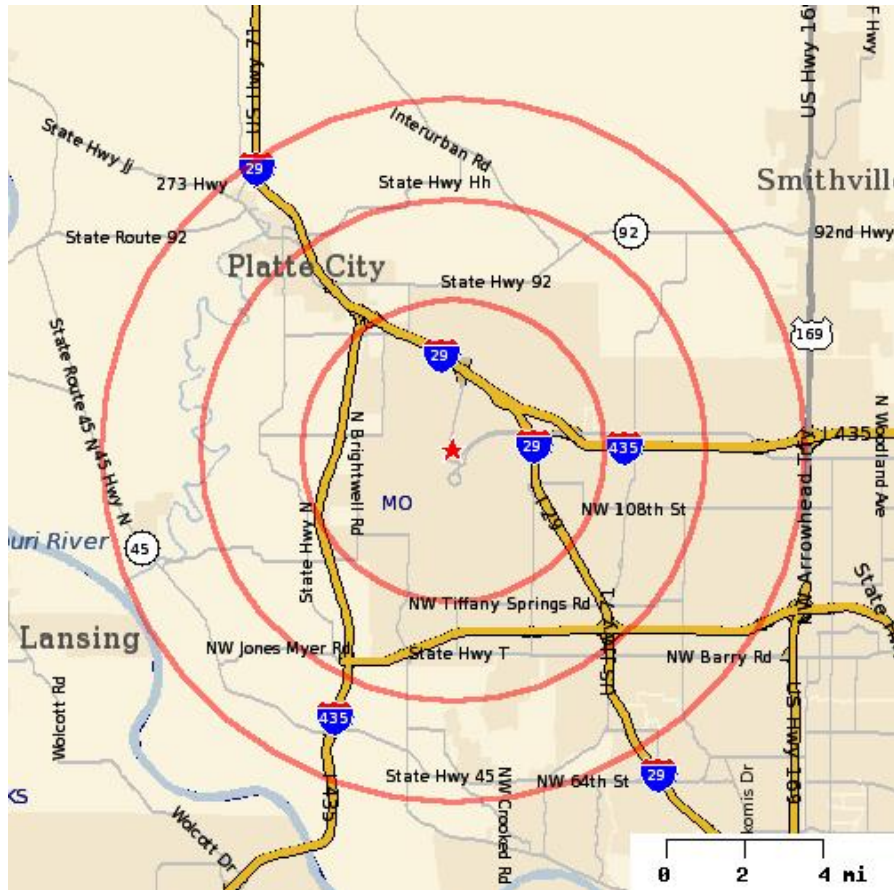
While institutions and REITs have increased their stake in the region, private investors continue to drive local investment activity. CBL and Associates' 1.6 million-square foot Oak Park Mall acquisition which sold for \$345 million (\$220 psf) is one such notable transaction. In the Kansas City market, the pro forma cap rate hovered at slightly less than 6%, while over the past 12 months, Midwest regional malls traded slightly higher at 7.2 percent. In the multi- and single-tenant sectors, private investors continue strong activity. Their cap rates ranged from 7 to 7.5 percent for brand-new, fully-occupied properties, to 8.5 to 9 percent for older, less desirable properties containing some vacancies. Drugstores, and other such single-tenant, net-leased assets have also declined, with cap rates in the mid-6 range.

- **Employment:** Employers in the Kansas City market forecast adding over 18,500 jobs through the end of 2006, indicating a 1.9% increase. Professional and business services occupations will account for 4,400 of those jobs.
- **2006 NRI Rank:** At 39 due to increased construction and elevated vacancy.
- **Vacancy:** A 30 basis point increase in vacancy to 10.6 percent in 2006, following a 90 basis point decline last year due to the accelerated construction. However, Johnson County will post the lowest vacancy at 7.5 percent.
- **Construction:** Wyandotte County will end up with the most new space in the area due to the development of the Legends at Village West. In total, roughly 3.4 million square feet of new development is set to be delivered to the total metro area, up from 2.1 million square feet in 2005.
- **Rent:** Effective rents will gain 2.1 percent while asking rents are expected to rise 2.3 percent to \$13.97 per square foot by the end of 2006.
- **Investment:** Johnson County is the place to watch for investors, both institutional and private. The highest population per square mile, the submarket has proven strength in the retail market in terms of sales growth and revenue, cashing in at \$14.24 per square foot.

NORTLAND RETAIL SUBMARKET

Northland Retail Market

Radii Breakdown 3-5-7 mile, & Clay/Platte Counties



To represent the Northland retail market more accurately, the following graphs and charts are broken down by radius rings. Each ring represents a specific set of miles surrounding its center, which is identified as the Kansas City International Airport.

1 Mile Radius (not shown)

There is such limited population in this radius that no data is included.

3 Mile Radius

Current 2006 population estimates for KCI's trade area find 828 residents that reside within a 3-mile area of the KCI Airport. This is an 8.25% increase over the 2000 population totals of 765. Future population estimates find that between 2006 and 2011, population figures are increasing 8.53% within, totaling a population of 899 residents by 2011. Residents who live within a 3-mile radius of the KCI airport figure a median age of 36.6, with an average age of 35.9.

5 Mile Radius

Population calculations for 2006 estimates currently show a population of 14,152 residents residing within a 5-mile radius of KCI Airport. Since 1990, the population nearly doubled from 6,566 to 11,095 in 2000. The 2006 estimate indicates a 27.55% increase from 2000 population totals. It is estimated that there are 5,357 households within a 5-mile radius of the airport, and that is expected to grow 16.50% by the year 2011 for a total of 6,241.

7 mile Radius

Current 2006 population estimates for KCI's trade area currently find 49,236 residents that reside within a 7-mile area of the KCI Airport. This is a 16.31% increase since 2000 population totals of 42,332. Future population estimates find that between 2006 and 2011, population figures are increasing another 11.35%, totaling a population of 54,826 residents by 2011. Residents who live within a 7-mile radius of the KCI airport are reported a median age of 37.02 and an average age of 36.80.

Clay & Platte Counties

Population estimates in 2006 for KCI's trade area currently find 285,587 residents residing within the Clay and Platte county region. This is a 10.78% increase since 2000 population totals were 257,791. Future population estimates find that between 2006 and 2011, population figures are increasing another 8.10%, to total a population of 308,711 residents by 2011. Residents who live within the Clay and Platte County area are reported to have a median age of 36.59 and an average age of 36.77.

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(Table 3.1) Retail Market Potential Report

Retailers	3 Mile			5 Mile			7 Mile		
	Figures in \$Millions			Figures in \$Millions			Figures in \$Millions		
	Demand	Supply	Opport.	Demand	Supply	Opport.	Demand	Supply	Opport.
Alcoholic Drinks	\$0.2	\$0.1	\$0.1	\$2.8	\$2.9	\$0.0	\$10.3	\$10.0	\$0.2
All other merchandise	\$0.5	\$0.1	(\$0.3)	\$8.9	\$16.7	-\$7.8	\$31.6	\$71.9	-\$40.4
Audio Equipment, Musical Instruments & Supplies	\$0.2	\$0.1	\$0.0	\$3.0	\$4.2	-\$1.1	\$10.5	\$15.9	-\$5.3
Automotive Fuels	\$1.3	\$4.2	(\$2.9)	\$18.9	\$47.1	-\$28.2	\$66.5	\$105.6	-\$39.1
Automotive Lubricants	\$0.6	\$0.6	(\$0.1)	\$8.8	\$18.8	-\$10.0	\$31.5	\$33.0	-\$1.5
Books	\$0.1	\$0.1	\$0.0	\$1.7	\$2.6	-\$0.9	\$5.8	\$9.2	-\$3.3
Automobiles	\$2.6	\$6.6	(\$4.0)	\$42.7	\$289.5	-\$246.9	\$150.8	\$315.9	-\$165.2
Children's Wear	\$0.1	\$0.0	\$0.1	\$2.5	\$2.9	-\$0.4	\$8.2	\$8.1	\$0.1
Tobacco Products	\$0.4	\$0.8	(\$0.4)	\$4.5	\$9.2	-\$4.7	\$16.3	\$26.5	-\$10.2
Computer Hardware, Software & Supplies	\$0.3	\$1.8	(\$1.5)	\$6.2	\$20.0	-\$13.8	\$21.6	\$76.4	-\$54.8
Curtains, Draperies, Blinds, Slipcovers etc.	\$0.1	\$0.1	\$0.0	\$1.9	\$3.0	-\$1.1	\$6.5	\$10.1	-\$3.6
Drugs, Health Aids, & Beauty Aids	\$1.0	\$2.0	(\$1.0)	\$14.3	\$44.4	-\$30.1	\$53.9	\$127.9	-\$74.1
Flooring & Floor coverings	\$0.1	\$0.2	\$0.0	\$2.2	\$5.6	-\$3.4	\$7.4	\$18.7	-\$11.3
Footwear	\$0.2	\$0.1	\$0.1	\$3.8	\$5.4	-\$1.6	\$13.0	\$14.3	-\$1.4
Furniture	\$0.3	\$0.1	\$0.2	\$4.8	\$2.5	\$2.3	\$16.5	\$10.4	\$6.1
Groceries and Other Foods	\$1.9	\$2.8	(\$0.9)	\$31.3	\$38.4	-\$7.2	\$110.4	\$167.8	-\$57.4
Hardware, Tools, & Supplies	\$1.0	\$0.5	\$0.5	\$16.7	\$12.3	\$4.5	\$57.0	\$56.9	\$0.1
Jewelry	\$0.2	\$0.1	\$0.1	\$3.6	\$4.4	-\$0.8	\$12.3	\$12.3	\$0.0
Kitchenware & Home Furnishings	\$0.2	\$0.2	\$0.0	\$3.9	\$6.5	-\$2.5	\$13.6	\$23.3	-\$9.8
Lumber & Building Materials	\$0.7	\$0.0	\$0.7	\$13.7	\$1.6	\$12.1	\$45.4	\$28.4	\$17.0
Major Household Appliances	\$0.1	\$0.0	\$0.1	\$2.1	\$3.8	-\$1.7	\$7.1	\$14.8	-\$7.6
Meals and Snacks	\$1.4	\$1.2	\$0.2	\$22.8	\$36.9	-\$14.2	\$80.7	\$115.5	-\$34.8
Men's Wear	\$0.3	\$0.1	\$0.2	\$5.3	\$8.2	-\$2.9	\$18.3	\$18.8	-\$0.6
Optical Goods	\$0.0	\$0.0	\$0.0	\$0.7	\$2.3	-\$1.6	\$2.4	\$2.8	-\$0.5
Packaged liquor, Wine & Beer	\$0.3	\$0.4	(\$0.1)	\$4.4	\$4.9	-\$0.5	\$15.8	\$14.9	\$0.9
Paint & Sundries	\$0.1	\$0.0	\$0.1	\$2.1	\$0.8	\$1.3	\$7.1	\$8.4	-\$1.2
Paper and Related Products	\$0.1	\$0.1	\$0.0	\$1.6	\$1.7	-\$0.2	\$5.5	\$8.3	-\$2.8
Pets, Pet Foods, & Pet Supplies	\$0.1	\$0.2	(\$0.1)	\$1.3	\$2.4	-\$1.1	\$4.2	\$7.3	-\$3.0
Photographic Supplies	\$0.0	\$0.0	\$0.0	\$0.7	\$0.6	\$0.1	\$2.6	\$2.6	\$0.0
Sewing & Needlework	\$0.0	\$0.0	\$0.0	\$0.4	\$0.4	\$0.0	\$1.5	\$1.9	-\$0.4
Small Electric Appliances	\$0.0	\$0.0	\$0.0	\$0.7	\$1.0	-\$0.3	\$2.6	\$3.9	-\$1.3
Soaps, Detergents, & Cleaners	\$0.1	\$0.1	\$0.0	\$1.6	\$1.7	-\$0.1	\$5.5	\$7.6	-\$2.2
Sporting Goods	\$0.2	\$0.7	(\$0.5)	\$4.6	\$9.3	-\$4.8	\$15.6	\$17.8	-\$2.2
Televisions, Video Rec. & Cameras	\$0.1	\$0.1	\$0.1	\$1.9	\$2.5	-\$0.7	\$6.6	\$8.7	-\$2.1
Toys, Hobby, & Games	\$0.1	\$0.1	\$0.1	\$2.4	\$2.9	-\$0.5	\$8.2	\$17.5	-\$9.3
Women's, Junior's, & Misses' wear	\$0.5	\$0.3	\$0.2	\$10.1	\$16.6	-\$6.6	\$34.3	\$42.6	-\$8.3
Total Retail Stores	\$15.5	\$24.4	\$(8.9)	258.8	634.2	-375.4	\$906.8	\$1,435.8	-\$529.0

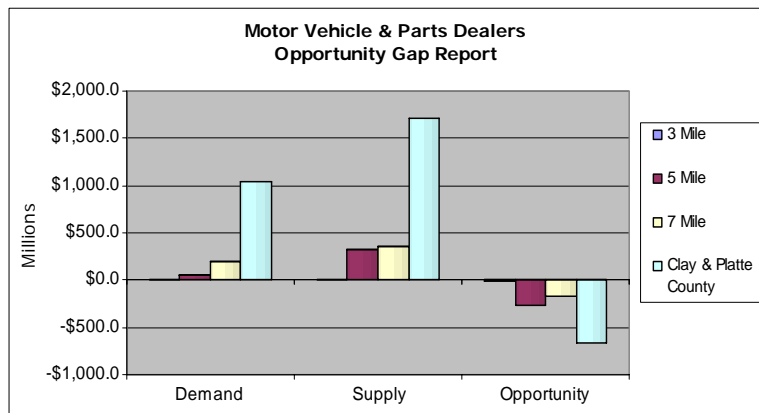
Retail Opportunity Gap Reporting

Traditionally, the three-mile radius surrounding an airport would be composed of land, not retail, office, or residential density. Historically, air traffic regulations require limits and population controls to such expansion due to noise, air-quality and zoning use restrictions. Not coincidentally, the data and corresponding graphics below reflect this traditional and historic trend, indicating an often and standard *negative* opportunity gap for the three-mile radius surrounding the KCI Airport, proving that the airport is not in disregard of such restrictions.

However, the possibility and opportunity for growth directly outside the three-mile radius reflected in the data below indicate the strong demand for almost all segments of the market.

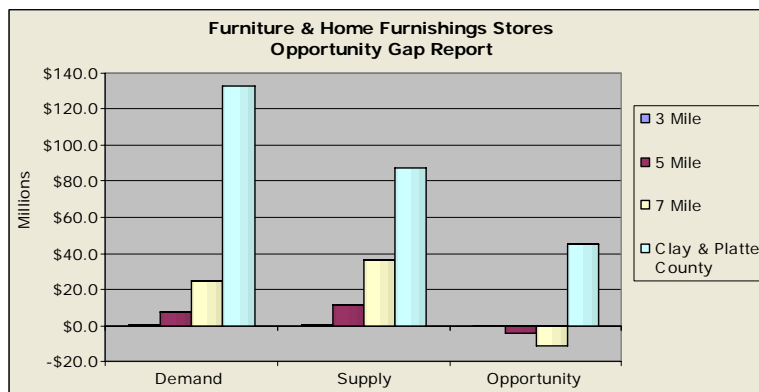
Motor Vehicle & Parts Dealers

Included in this group are all automotive dealers, other motor vehicles such as off-road and RV equipment, and automotive parts, accessories and tire stores.



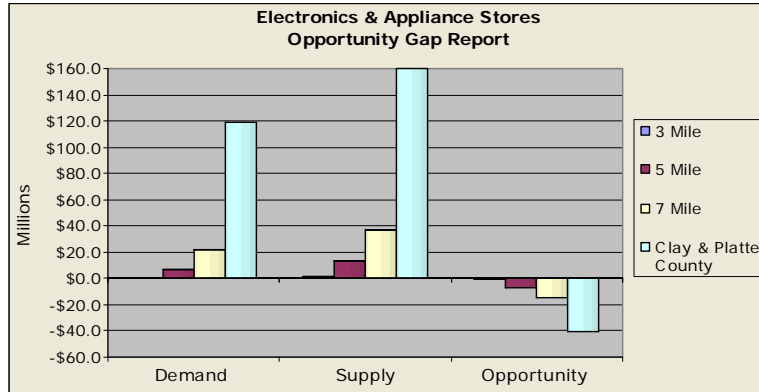
Furniture and Home Furnishings Stores

The category encompasses only traditional furniture stores, outlets, & “wholesale” “direct to public” venues, along with home accessorizing categories. As there are no residential areas in the three-mile area, the opportunity gap reflects this as a flat figure. However, the Clay & Platte county numbers reflect a substantial opportunity for filling this demand, in fact, that there is an actual need for such retail.



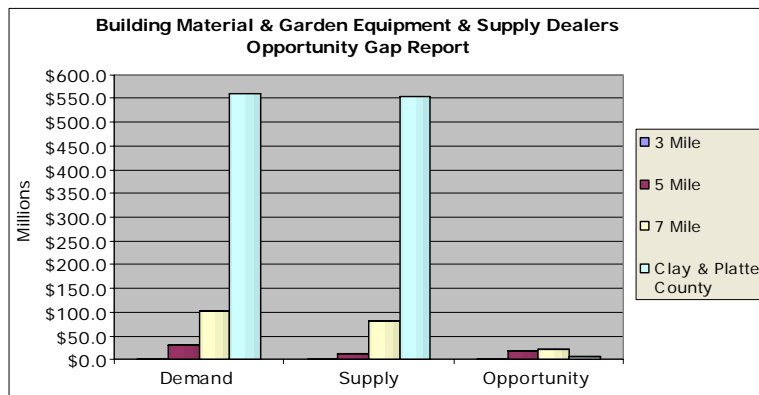
Electronics & Appliance Stores

The retail involved in these statistics include but are not limited to appliances, televisions, radios, cameras & computer supplies, accessories and services. The opportunity for Clay & Platte County presents itself negatively, as the supply is adequately meeting the demand in all four categories.



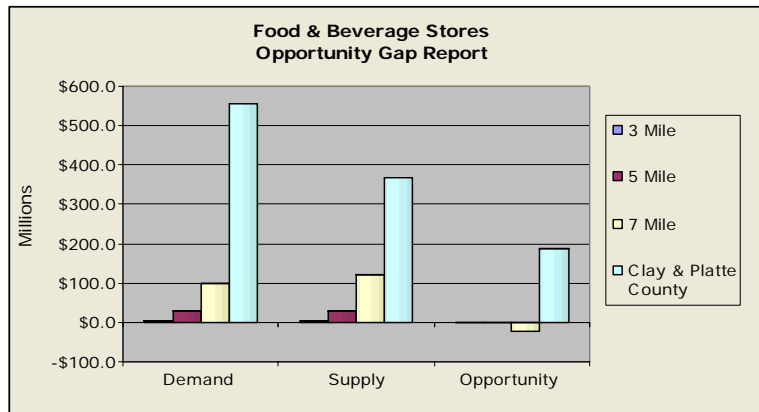
Building Material & Garden Equipment & Supply Dealers

Not only home & building centers, but paint and local hardware stores, lumberyards and nurseries make up this component of this retail subgroup. Here the demand in all groups exceeds the supply, yet opportunity is not as strong as would be expected.



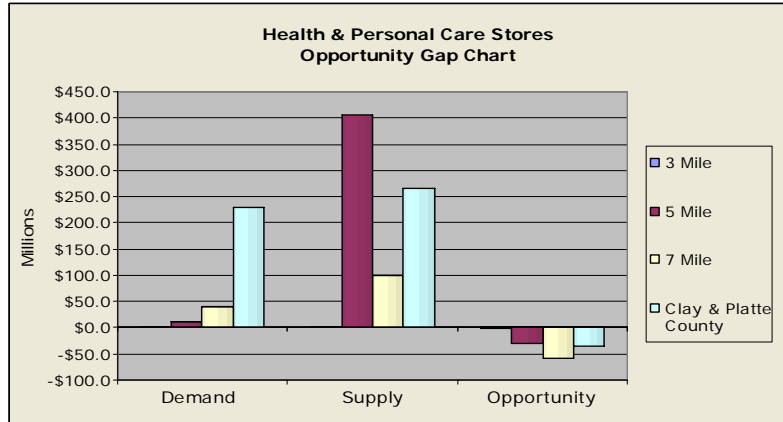
Food and Beverage Stores

Grocery, liquor, convenience, supermarkets and specialty food markets make up this group. In the Clay & Platte county segment, the demand exceeds the supply & the opportunity is reflected as such.



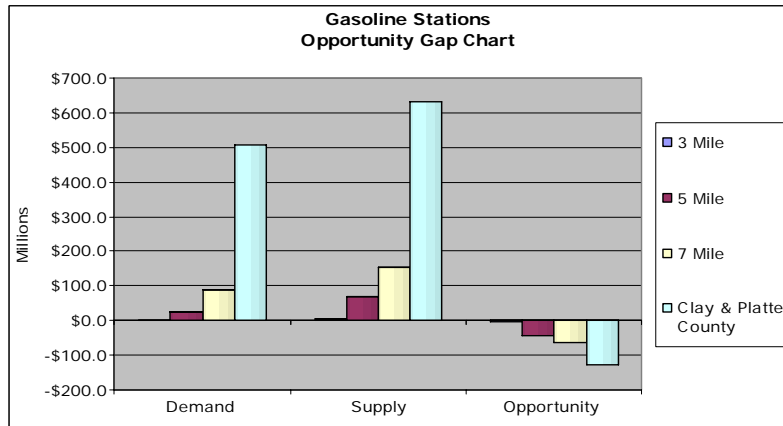
Health & Personal Care Stores

This category includes pharmacies, cosmetics, personal care, optical goods, perfumeries and associated supplies. Very little demand, and extensive supply creates a negative opportunity percentage for this category in all demographic radii.



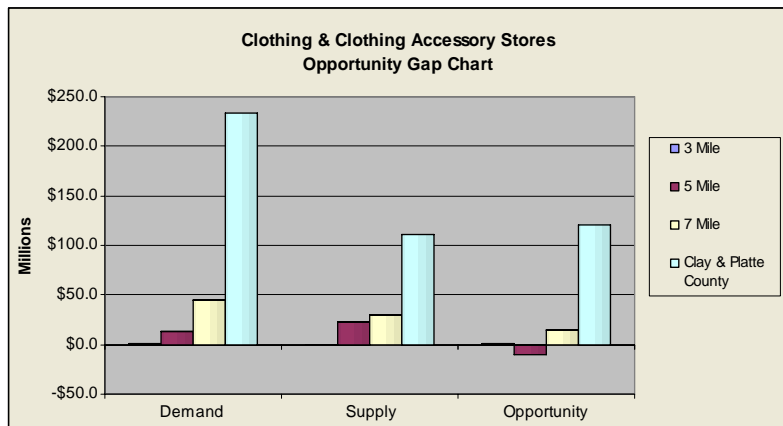
Gasoline Stations

In all categories: three, five and seven-mile and Platte and Clay county markets, the supply is greater than the demand, and there is no opportunity at these levels.



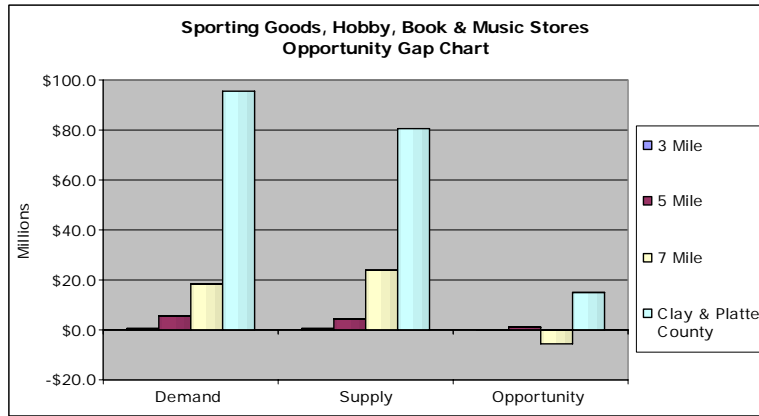
Clothing & Clothing Accessories Stores

In the immediate area – three and five mile radii, there is no significant need for retail involving clothing for the entire family, shoes, luggage, jewelry, and leather goods. But the seven mile radius numbers indicate a substantial need for more in this space, and in Clay & Platte Counties, the opportunity presents itself rather strongly.



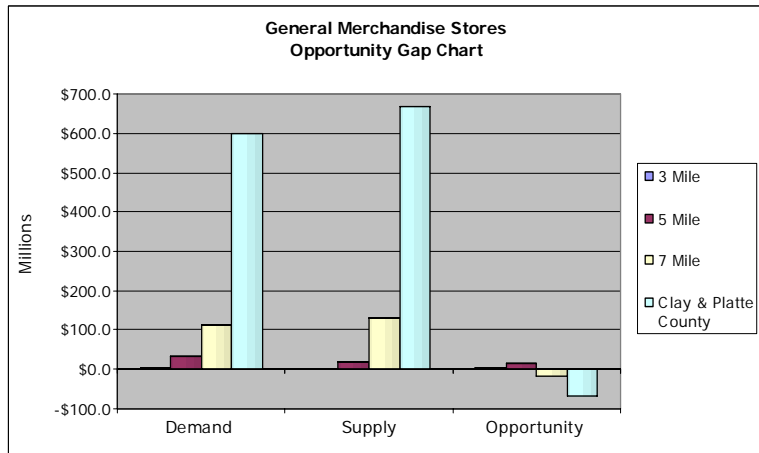
Sporting Goods, Hobby, Book & Music Stores

In the five-mile and Clay & Platte county groups, the supply is not meeting the demand and the opportunity is stronger for needlework & sewing, musical instruments and lessons, books, magazines, newspapers, music including CDs, records and tapes, sporting goods, and games segments. The three-mile radius and the seven-mile groups reflect very little and no opportunity for growth with these types of retail businesses.



General Merchandise Stores

Only the three- & five-mile groups show a higher demand than supply for larger department stores, warehouse clubs and superstores. While there is almost no opportunity for growth in these two groups, there is even less, and the opportunity is even lower, for the seven-mile and Clay & Platte groups.



Miscellaneous Store Retailers

Typically considered higher-end or luxury, opportunities for florist shops, upscale stationary, souvenir, or "gift" shops have higher supply than demand on all demographic levels.



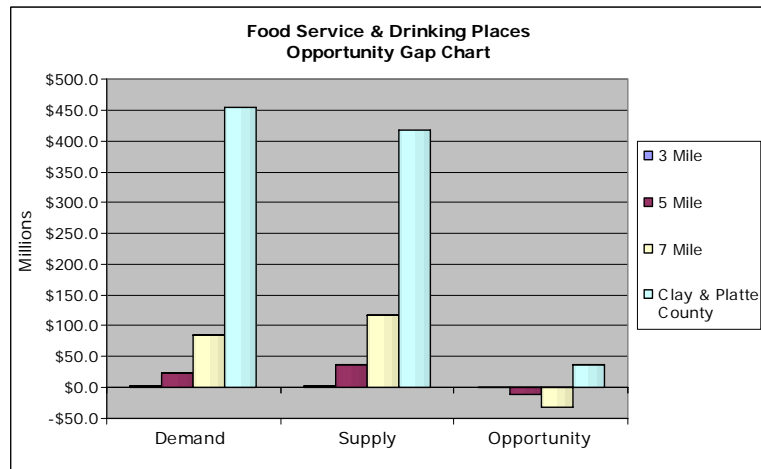
Non-store Retailers

There is a much higher percentage of supply over demand in every demographic group in this category for electronic shopping, mail-order houses, vending machine operators, and direct selling merchants. No data is available for the three-mile radius group.



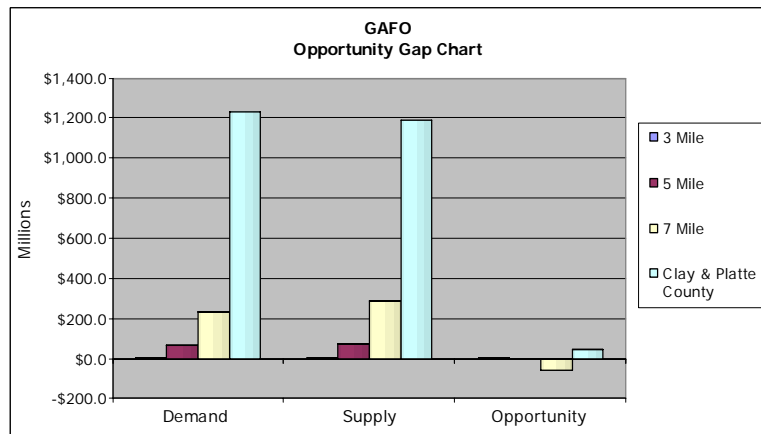
Foodservice & Drinking Places

Included in this group are full as well as limited services eating places, as well as drinking/alcohol-service establishments. The Clay/Platte group establishes the only substantial or significant opportunity, with the demand outweighing the supply. Otherwise, in the three, five & seven mile radius groups, demand is met, and opportunity is more than limited.



GAFO

A catchall group of retailers are included here, actually all retailers overlap in this category, consisting of general merchandise, clothing, furniture, electronics, sporting goods & hobbies, office supplies and music. The demand for these retailers is met in all groups but Clay & Platte, which represents the sole opportunity for such business.



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Total Consumer Expenditures

Apparel

Including women's, men's, children & infant apparel, as well as footwear & other items (such as accessories), this group represented roughly.

Apparel Expenditures	3 Mile	5 Mile	7 Mile	Clay & Platte County
2006 Total in \$M	\$3,929	\$5,590	\$5,124	\$4,686
2011 Total in \$M	\$4,676	\$6,369	\$5,841	\$5,360
Average Annual Growth	5.70%	6.60%	5.60%	4.90%

Entertainment

This group includes sports & recreation, TV, radio & sound equipment, reading materials (i.e. books, magazines, & newspapers), travel information & photo equipment & supplies.

Photographic Equipment/Supplies	3 Mile	5 Mile	7 Mile	Clay & Platte County
2006 Total in \$M	\$122	\$177	\$164	\$150
2011 Total in \$M	\$133	\$180	\$167	\$154
Average Annual Growth	3.4%	3.7%	2.9%	2.4%
Reading Materials				
2006 Total in \$M	\$535	\$709	\$690	\$638
2011 Total in \$M	\$565	\$727	\$707	\$655
Average Annual Growth	2.8%	3.9%	3.0%	2.4%
Sports and Recreation				
2006 Total in \$M	\$1,378	\$1,960	\$8,509	\$8,094
2011 Total in \$M	\$1,786	\$2,422	\$2,239	\$2,035
Average Annual Growth	8.0%	8.8%	8.0%	7.3%
Travel				
2006 Total in \$M	\$1,319	\$1,954	\$1,839	\$1,651
2011 Total in \$M	\$1,734	\$2,413	\$2,280	\$2,052
Average Annual Growth	8.4%	8.8%	7.8%	7.0%
TV, Radio & Sound Equipment				
2006 Total in \$M	\$1,806	\$2,238	\$2,129	\$1,994
2011 Total in \$M	\$2,336	\$2,805	\$2,679	\$2,523
Average Annual Growth	7.9%	9.2%	8.2%	7.5%

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Food at Home

Encompassing the basic grocery markets, all raw & processed foods and non-alcoholic beverages make up this portion of consumer expendables.

<i>Food at Home</i>	3 Mile	5 Mile	7 Mile	Clay & Platte County
<i>2006 Total in \$M</i>	\$4,961	\$6,091	\$5,770	\$5,673
<i>2011 Total in \$M</i>	\$5,523	\$6,681	\$6,306	\$6,194
<i>Average Annual Growth</i>	<i>4.0%</i>	<i>5.6%</i>	<i>4.5%</i>	<i>3.8%</i>

Food Away from Home and Alcohol

Takeout, restaurant retail, and the inclusion of all alcohol categories (at home and purchased as retail) are the components of this category.

<i>Food Away from Home</i>	3 Mile	5 Mile	7 Mile	Clay & Platte County
<i>2006 Total in \$M</i>	\$4,680	\$5,714	\$5,447	\$5,140
<i>2011 Total in \$M</i>	\$5,521	\$6,573	\$6,273	\$5,936
<i>Average Annual Growth</i>	<i>5.5%</i>	<i>6.8%</i>	<i>5.8%</i>	<i>5.1%</i>

Health Care

Items included in this group are all medical services, prescription drugs and medical supplies purchased in the area.

<i>Health Care</i>	3 Mile	5 Mile	7 Mile	Clay & Platte County
<i>2006 Total in \$M</i>	\$3,573	\$4,099	\$4,089	\$4,002
<i>2011 Total in \$M</i>	\$5,141	\$5,801	\$5,781	\$5,645
<i>Average Annual Growth</i>	<i>11.1%</i>	<i>13.0%</i>	<i>11.7%</i>	<i>10.7%</i>

Household Equipment

Household furnishings and furniture, major household appliances, small appliances and house wares, and miscellaneous household equipment are the components of this category.

<i>Small Appliances and House wares</i>	3 Mile	5 Mile	7 Mile	Clay & Platte County
<i>2006 Total in \$M</i>	\$666	\$929	\$866	\$791
<i>2011 Total in \$M</i>	\$799	\$1,062	\$996	\$911
<i>Average Annual Growth</i>	<i>5.9%</i>	<i>6.6%</i>	<i>5.8%</i>	<i>5.1%</i>
<i>Major Household Appliances</i>				
<i>2006 Total in \$M</i>	\$314	\$405	\$375	\$362
<i>2011 Total in \$M</i>	\$358	\$443	\$411	\$400
<i>Average Annual Growth</i>	<i>4.6%</i>	<i>5.5%</i>	<i>4.6%</i>	<i>4.0%</i>
<i>Misc. Household Equipment</i>				
<i>2006 Total in \$M</i>	\$546	\$702	\$656	\$624
<i>2011 Total in \$M</i>	\$686	\$849	\$796	\$762
<i>Average Annual Growth</i>	<i>7.1%</i>	<i>8.2%</i>	<i>7.2%</i>	<i>6.6%</i>

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Personal Items Expenditures:

This group is made up of all personal care products and services, such as toiletries and beauty salon services, as well as personal expenses and smoking products and supplies.

Personal Care Products and Services	3 Mile	5 Mile	7 Mile	Clay & Platte County
2006 Total in \$M	\$935	\$1,114	\$1,076	\$1,022
2011 Total in \$M	\$1,172	\$1,359	\$1,314	\$1,251
Average Annual Growth	7.1%	8.4%	7.4%	6.6%
Personal Expenses and Services				
2006 Total in \$M	\$1,548	\$2,022	\$1,902	\$1,739
2011 Total in \$M	\$2,012	\$2,550	\$2,399	\$2,187
Average Annual Growth	8.1%	9.4%	8.3%	7.4%
Smoking Products and Supplies				
2006 Total in \$M	\$1,090	\$986	\$953	\$1,011
2011 Total in \$M	\$1,208	\$1,081	\$1,043	\$1,111
Average Annual Growth	3.9%	5.5%	4.5%	3.9%

Miscellaneous Items

Education and college related expenses such as room, board & school supplies; pet expenses, day care and housekeeping expenses make up this category.

Education	3 Mile	5 Mile	7 Mile	Clay & Platte County
2006 Total in \$M	\$1,010	\$1,585	\$1,450	\$1,273
2011 Total in \$M	\$1,477	\$2,127	\$1,932	\$1,703
Average Annual Growth	11.6%	11.3%	9.9%	9.1%
Pet Expenses				
2006 Total in \$M	\$535	\$582	\$529	\$503
2011 Total in \$M	\$657	\$712	\$654	\$622
Average Annual Growth	6.5%	8.5%	7.7%	6.9%
All Day Care				
2006 Total in \$M	\$250	\$403	\$356	\$326
2011 Total in \$M	\$312	\$474	\$423	\$388
Average Annual Growth	7.0%	7.4%	6.7%	5.9%
Housekeeping Supplies				
2006 Total in \$M	\$308	\$404	\$379	\$365
2011 Total in \$M	\$389	\$497	\$465	\$447
Average Annual Growth	7.3%	8.6%	7.5%	6.7%

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Shelter & Related

This group involves expenses and services related to household management and maintenance, as well as utilities and telephone, computer & cable expenditures.

Household Repairs	3 Mile	5 Mile	7 Mile	Clay & Platte County
2006 Total in \$M	\$1,070	\$1,565	\$1,393	\$1,316
2011 Total in \$M	\$1,224	\$1,693	\$1,521	\$1,455
<i>Average Annual Growth</i>	<i>4.7%</i>	<i>5.2%</i>	<i>4.5%</i>	<i>4.1%</i>
Household Services				
2006 Total in \$M	\$383	\$607	\$570	\$527
2011 Total in \$M	\$496	\$757	\$713	\$656
<i>Average Annual Growth</i>	<i>8.0%</i>	<i>9.1%</i>	<i>8.0%</i>	<i>7.1%</i>
Housing Expenses				
2006 Total in \$M	\$1,149	\$1,353	\$1,311	\$1,262
2011 Total in \$M	\$1,329	\$1,539	\$1,496	\$1,440
<i>Average Annual Growth</i>	<i>5.0%</i>	<i>6.5%</i>	<i>5.6%</i>	<i>4.8%</i>

Transportation

Included in this segment of expenditures are transportation including new & used vehicles, boats, towing related expenses, gas & diesel cost & rented vehicles.

Automotive	3 Mile	5 Mile	7 Mile	Clay & Platte County
2006 Total in \$M	\$1,599	\$1,985	\$1,901	\$1,820
2011 Total in \$M	\$2,105	\$2,557	\$2,453	\$2,356
<i>Average Annual Growth</i>	<i>8.4%</i>	<i>10.0%</i>	<i>8.9%</i>	<i>8.2%</i>

Northland Retail - New & Planned Development

The Platte City submarket primarily consists of neighborhood retail and office space serving that specific marketplace as well as I-29 commuters. There is significant new residential being constructed in the submarket; however the future development of retail & office space will remain community-oriented.

The Cousins Development firm is in the process of acquiring nearly 150 acres of land for the development of a power retail center located at the northeast quadrant of I-29 and 152 Highway. This project will complement the additional retail that will be developed at the southwest quadrant of 152 and I-29 as well as the existing retail located at the southeast quadrant of 152 and I-29. Projected occupancy is late 2007.

The Zona Rosa “new urbanism” project is about to be expanded by an additional 600,000 square feet, which will complement its first phase, which consisted of 600,000 square feet of retail and office space. Major national retailers have located to the site, and in Phase II, Dillard’s will be the primary anchor. Additional loft-type office space and living space will also be a part of phase II. The success of Zona Rosa has spurred additional retail to be developed along the Barry Road corridor to the West & East.

Over the past 10 years, several retail projects have been developed at the southeast quadrant of I-29 and 152 Highway. Lack of available land will prevent additional expansion of retail in this area, except for along Green Hills Road. There is possibility of additional retail being developed south of the AMC Theatres; however, it is a significant zoning issue. Major national retailers and restaurants have located in this project.

The I-29 and 64th Street exit (Tom Watson Parkway) is now going through a redevelopment process as well as new mixed-use retail/office development. The Tuileries Plaza is the most recent project to be developed along this corridor, and over time, will represent a significant retail component servicing the Highway 45/9 corridors. Additional redevelopment has occurred at 9 Highway and 45 Highway, however, that is primarily a community retail center anchored by Price Chopper. There is some limited retail located at 72nd Street and I-29; however that is not considered to be destination retail.

The Briarcliff West development continues to prosper with the addition of retail and 2nd-level office space. Occupancy exceeds 90% at relatively high rental rates for the Northland marketplace. An additional office tower of approximately 200,000 square feet as well as a 200-room hotel with 25,000 square feet of meeting rooms/ballroom space is planned at Briarcliff with a construction commencement of mid-2007. It is anticipated construction will be completed 18 months thereafter.

The John Ferguson Company has acquired rights to acreage located at I-35 and Pleasant Valley Road along the south Liberty parkway for the potential development of retail, office and industrial-type uses. His current marketing efforts have not resulted in securing potential tenants; however, there is no question that Liberty will continue to expand in a southerly direction, which will support some of the retail and office uses sometime in the future.

Liberty Triangle/LTD Enterprises began development of the Liberty Triangle, which consists of approximately 80 acres of retail development. Several national retailers, restaurants and Lowe's have committed to the site. Land is being prepped at this time for marketing of sites to additional mid- and large-box retailers.

Northwest & Southwest Quadrants of I-35 and Barry Road/152 Highway have emerged as a major Northland shopping area with many national restaurants, Walmart, Target, and such retailers. Expansion of this retail component will continue to the west and it is anticipated that another major retail component will be added to this project, which will be located at the southeast quadrant of I-435 and 152 Highway. In addition, there is a demand for medical office space along this corridor, and several developers have pursued those opportunities.

Located at the southwest quadrant of 80th & 1 highway is a retail site, which has been improved with infrastructure for the development of a community-type retail center. No anchors or retail had been constructed to date. This project appears to be stalling out.

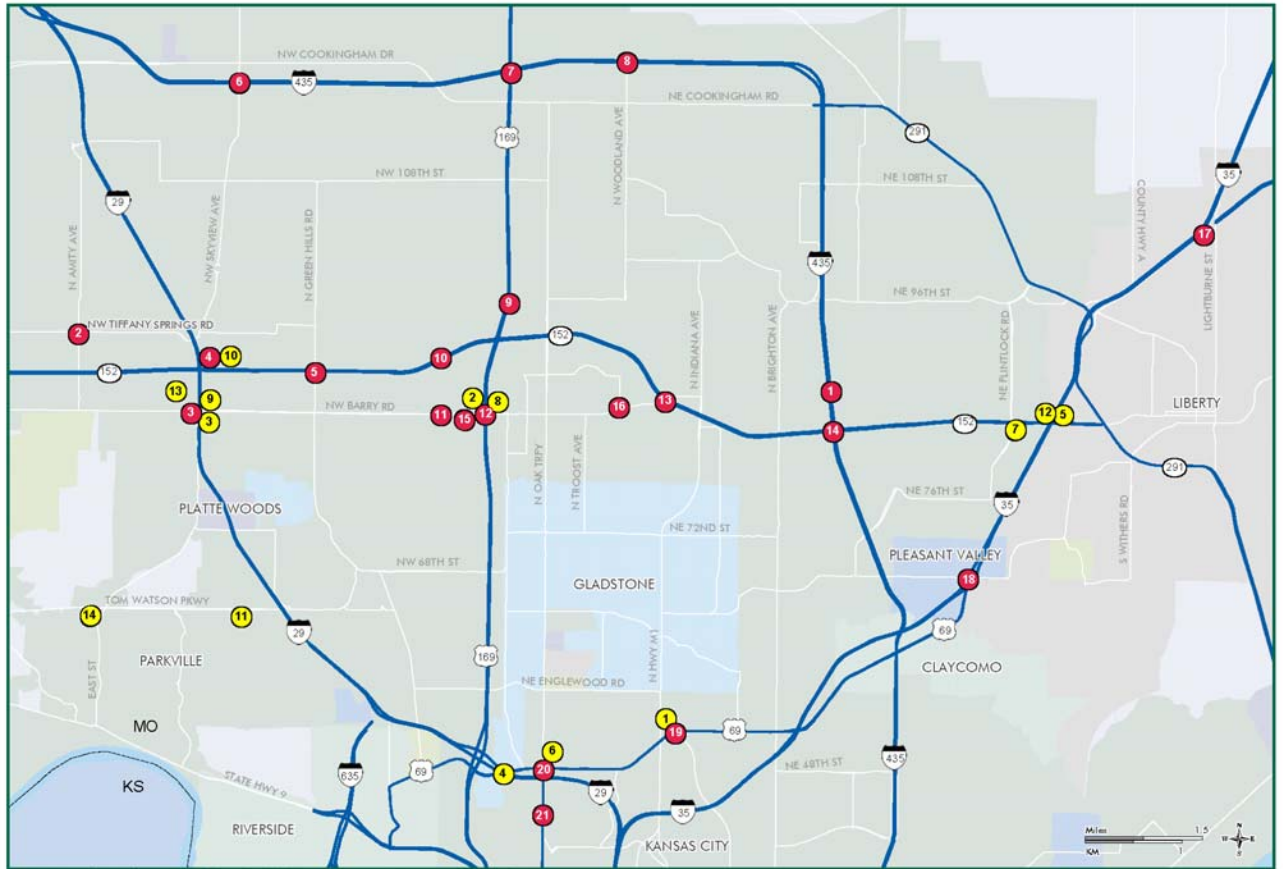
Located at the Northeast quadrant of Antioch Road and Vivion is the former Antioch Mall, which has fallen on hard times of late. A Canadian group has acquired the center, and it is their intention to de-mall the site and reposition the property with freestanding big-box retailers. Sears will remain at the property, and it is rumored that Walmart may be considering the site.

The Hunt-Midwest Group/R.H. Johnson Group has partnered to develop retail at the northeast quadrant of North Oak and Vivion Road. It is their intention to secure two or three big-box retailers and construct additional mall shop spaces. There are several other smaller community retail centers in the immediate area of this site.

The northeast quadrant of Barry Road & 169 Highway is currently one of the Northland's major enclosed malls. This mall has also fallen on hard times and it is the intention of the current developer to de-mall the site and reposition the property by constructing large-box retailers, and also create a "new urbanism" feel which may include residential and office space. The Liberty marketplace as well as the Zona Rosa project has taken a significant amount of momentum away from the Metro North Mall, so it will be interesting to observe the retailers' reaction to the repositioning of this center.

There are several hundred acres of developable land located at the northeast, northwest and southwest quadrant of 169 Highway and I-435. Some major retailers are considering this area to service the residential, which has been developing of late along the I-435 corridor, as well as the Smithville marketplace. With the announcement of the de-malling of the Metro North site, progress in this property may be delayed.

Existing & Future Northland Retail Sites



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See next page for map legend and commentary.

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● EXISTING SHOPPING CENTERS

1. Antioch Mall
2. Barry Towne
3. Barrywoods Crossing
4. Briarcliff
5. Liberty Triangle
6. Seminary Hill
7. Shoal Creek Plaza
8. Streets of Barrytowne (Metro North Mall)
9. The Shops At Boardwalk
10. Tiffany Springs Marketplace
11. Tuileries Plaza
12. Willshire Plaza
13. Zona Rosa
14. Parkville Commons

● FUTURE RETAIL DEVELOPMENT SITES

1. Potential Retail Pocket
2. Hunt Midwest Mixed Use Project
3. Phase II Zona Rosa
4. Cousins Properties Development
5. Future Retail Pocket
6. Future Retail Pocket
7. Potential Big Box Site (WalMart, Lowes)
8. Potential Neighborhood Center
9. Potential Neighborhood Center
10. Potential Big Box Site
11. Phase II Big Box Expansion
12. Redevelopment of Metro North Shopping Ctr
13. Potential Neighborhood Center
14. Shoal Creek Life Style Center
15. Potential Big Box Center
16. Potential Big Box Center
17. New Urbanism Project
18. Potential Lifestyle Center
19. Redevelopment of Antioch Shopping Ctr
20. Neighborhood Midsize Box
21. Gladstone New Urbanism

The map above shows the location of the primary Northland existing major retail centers shown in yellow and in red the most logical potential target intersections for future development. New development will be predominantly neighborhood centers in the near term future due to the saturation of the submarket with larger community and lifestyle centers.

Northland Retail Market Overview

The North Kansas City Market comprises the Platte and Clay County submarkets. The overall inventory of shopping center square feet is 5.3 million square feet. Over 1.0 million square feet of new retail space has been added to the retail base over the past three years. Most notably, the 500,000 square foot Town Center Zona Rosa project, located at the Northeast Corner of I-29 and Barry Road. Looking into the future, developers have an additional 3.0 million square feet of retail projects planned in the North Kansas City Market. The largest projects will be the Cousin's 700,000 square foot power center planned for the North East Corner of I-52 & I-29, scheduled to open in 2008. Other projects will include the 600,000 square foot Phase II of Zona Rosa and the 400,000 square foot Liberty Triangle power center. Another major retail development announcement during 2006 has been the potential redevelopment of the 1977 enclosed 1.2 million square foot Metro North Mall as an open air lifestyle center. This redevelopment by the Alberta Corporation could have a significant impact on the entire retail product built during the last ten years in the Northland market.

The majority of the residential growth for the area is occurring near the I-435 corridor in Platte and Clay County. Both counties added over 1,200 homes during 2005. This growth is expected to continue in the future.

The 2006 retail rental market for Class A shopping centers has seen a 3% increase over 2005 levels. Current rates for the Class A Retail product range from \$19.00-\$25.00 per square foot (NNN). The current vacancy rate is approximately 8.4% for the Northland Market which equals the metro area vacancy.

Overall, this submarket continues to attract new retailers & developers entering the Kansas City marketplace.

Niche recommendations: Opportunities in this submarket for future retail development will be generally limited to neighborhood centers in the next five years based on present supply and demand due to market coverage by lifestyle and power center development completed in the recent past or in the final stages. On the other hand, there could be opportunity/destination retail development which could be encouraged in the Northland submarket and in particular, on Aviation owned properties that could either play off of the bioscience themes recommended in the Industrial Report (2.0) or other unique entertainment type developments which could take advantage of the proximity to the airport for tourist travel to the market and such facilities. Amusement parks, educational parks and unique theme related projects, like the proposed Legoland project in Lee's Summit, MO, could be opportunities to be explored to take advantage of the significant amount of available land and airport proximity.