

INNOVATION

"THERE'S A WAY TO DO IT BETTER - FIND IT." - THOMAS EDISON

120

YEARS OF EXCELLENCE

J.P. WEIGAND & SONS INC.

2022 FORECAST • WICHITA, KANSAS

INNOVATION

A NEW NORMAL


J.P. Weigand & Sons is proud to present the 31st annual edition of our Forecast publication. In a market where it is easier to forecast Kansas weather than the real estate market, our experts have come together and established a new and innovative way to gather data and forecast what we might expect in the coming year. We believe that our new model will help us to see trends and cycles that will help us to anticipate and be proactive rather than reactive.

While we have been in an uncertain market, overall, we have seen good things locally and nationally. We have seen monumental deals accomplished across the country and our local market has experienced a strong recovery. While we have turned a corner on 2021, we are still facing the ever-present challenge of COVID-19 and its variants. 2021 showed a resurgence in the industry as the overall population seems to crave the comfort of normal. We may have a new normal. Our local businesses strived

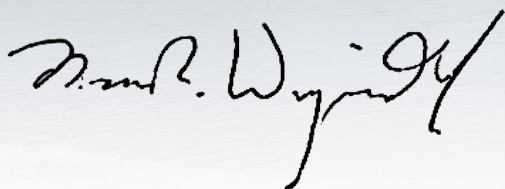
to continue offering their products and services while creating an environment that is safe and comfortable for all customers and staff. These business owners are helping to keep our economy stable and growing in the face of supply chain shortages and a tightening labor market.

As we adapt to these new challenges, we have seen a recovery and expect to continue in that path. The CRE industry is at the forefront of the recovery. As an industry, we are helping business operators find innovative ways to continue to function. Office and retail businesses have perhaps been hit the hardest while industrial, single family, and multifamily are in short supply across the board.

Our experts will continue to focus on creative and innovative thinking to help our clients find the right spaces to continue to serve their clientele where they can thrive. Our experts expect to see these trends continue as we seek and find our new normal.



Nestor R. Weigand, Jr.
Chairman/CEO



Joshua Turner
President/General Manager



2022 Forecast

COMMITMENT TO EXCELLENCE

J.P. Weigand & Sons has been playing a major role in shaping the landscape of real estate in Wichita since the company was founded in 1902. The landscape has obviously changed over the years, but one thing has remained constant: our commitment to excellence. It is a commitment made by every Weigand associate to every client in every transaction, no matter the type or the size.

COMMITMENT TO KNOWLEDGE

Knowledge is the key to a successful real estate transaction. No other commercial real estate company can match our commercial real estate expertise and market knowledge. Our associates have more professional designations than any other company in the area and their involvement in these organizations gives them access to information about global and national real estate trends. They also meet regularly to share insights on what is transpiring in the local market and work together to ensure specialized expertise is available in every transaction. This deep knowledge and collaborative culture creates value for our clients and allows us to provide a one-of-a-kind transaction experience for our clients.

COMMITMENT TO WICHITA

J.P. Weigand & Sons has strong ties to the city we've been a part of for 120 years. We are committed to making Wichita a wonderful place to live and do business. Our associates, management and staff are actively involved in numerous charitable and civic organizations, volunteering countless hours of their personal time and financial resources for the betterment of the city we call home.



OFFICE

IN A CONTINUATION OF THE 2020 DYNAMIC, the Wichita area general office market had its challenges during 2021 but found some momentum in the latter half of the year. With pandemic concerns tempered going into the fall (albeit temporarily) office leasing activity experienced a modest uptick. The medical office sector continued to gain strength and dominated the market. Due to the increase of hybrid and remote work, the use of office space is evolving. Overall, the Wichita office market is slow, but many companies are discovering that a purely remote model is not feasible or desirable in certain industries. We are starting to see an upward trend in office leasing and purchasing utilizing new workplace protocols and models.

General Office:

Leasing:

As vacancy remains high, lease rates are stagnant across much of the office market while tenant improvement allowances have steadily climbed due to increased competition over a smaller pool of tenants. For these reasons, higher-quality space has become more attainable for many tenants and demand has increased relative to the market. Small spaces are moving more quickly, while offerings of 5,000 sf and above have a long time-on-market. Therapy and counseling services have seen a boom during the pandemic, with many new practices leasing space. These quasi-medical users can occupy traditional office space and have been a prolific tenant type in office parks and multi-tenant buildings.

Sales and Construction:

Small freestanding office buildings under 10,000 sf are in high demand. Low borrowing rates and a large pool of owner-user buyers have resulted in noticeably short times on the market for appropriately priced buildings. Buildings with ADA compliance challenges, especially 2nd floors without elevators, face significant challenges. New-build construction is also facing challenges with skyrocketing costs, and some users are opting to take advantage of the leasing and the high tenant improvement dollar offerings.

Medical Office:

This sector has been by far the strongest portion of the office market, not faltering during the pandemic. Many practices have expanded in size, with a handful of notable owner-user construction projects underway. As noted, before, high construction costs may temper activity to some degree, but less than general office.

NEWSWORTHY ACTIVITY:

- NetApp 168,000 sf office building on the Wichita State campus is complete, and the company began to move into the space, although the majority of employees are still remote due to pandemic concerns.
- Zernco, a local commercial construction company, is building a 20,000 sf building at the Greenwich Business Park.
- Knowledge as a Service leased approximately 30,000 sf in the Ruffin building.
- Pickrell Drilling Co. who officed at Center Point Tower is renovating a two-story office building in Delano.
- Criser Gough and Parrish - moved into 20,876 sf building in the Delano District.
- TRUE Physical Therapy is building a \$3 million 10,000 sf clinic.
- Kansas Health Science Center constructed a \$30 million renovation of 245,244 sf in the Downtown Wichita historic Finney State Office Building.
- Grene Vision Group is moving into Wilson Estates Medical Park with the construction of a 36,000 sf building.



2022 Forecast



TOTAL OFFICE 2021

MARKET	TOTAL SF	VACANT SF	VACANCY %	QUOTED RATES
CBD	1,071,557	303,674	28%	\$ 16.27
NORTHEAST	1,111,585	190,469	17%	\$ 17.59
NORTHWEST	262,576	47,844	18%	\$ 15.63
SOUTHWEST	93,120	29,260	31%	\$ 8.99
SOUTHEAST	260,468	73,869	28%	\$ 13.19
TOTAL	2,799,306	645,116	25%	\$ 14.33

CLASS A

MARKET	TOTAL SF	VACANT SF	VACANCY %	QUOTED RATES
CBD	476,410	128,673	27%	\$ 18.33
NORTHEAST	220,024	57,527	26%	\$ 21.58
NORTHWEST	105,985	27,254	26%	\$ 18.71
SOUTHWEST	N/A	N/A	N/A	N/A
SOUTHEAST	60,125	20,324	34%	\$ 15.75
TOTAL	862,544	233,778	28%	\$ 18.59

CLASS B

MARKET	TOTAL SF	VACANT SF	VACANCY %	QUOTED RATES
CBD	543,038	162,642	30%	\$ 15.13
NORTHEAST	742,694	48,152	6%	\$ 15.94
NORTHWEST	93,675	14,590	16%	\$ 14.82
SOUTHWEST	53,458	23,260	44%	\$ 8.99
SOUTHEAST	150,756	34,114	23%	\$ 12.25
TOTAL	1,583,621	282,758	24%	\$ 13.43

CLASS C

MARKET	TOTAL SF	VACANT SF	VACANCY %	QUOTED RATES
CBD	52,109	12,359	24%	\$ 13.67
NORTHEAST	148,867	84,790	57%	\$ 13.00
NORTHWEST	62,916	6,000	10%	\$ 13.10
SOUTHWEST	39,662	6,000	15%	\$ 9.48
SOUTHEAST	49,587	19,431	39%	\$ 10.75
TOTAL	353,141	128,580	29%	\$ 12.00

FORECAST:

- Large blocks of office space will remain vacant.
- Medical offices will continue to expand or relocate despite the high construction costs.

Market At A Glance

Market Size: **2,799,306 sf**
 Overall Vacant Space: **645,116 sf**
 Overall Vacancy Rate: **25%**
 Overall Asking Rate: **\$14.33/sf**

RETAIL

ADAPTING TO THE CONSTANTLY EVOLVING consumer behaviors is always at the core of any retail strategy and 2022 will be no different. Last year's surge in exercise equipment and home-improvement sales have tapered off as consumers in our market are more anxious to get out and do things. Discount retailers are still seeing strong growth and restaurants that didn't previously require a drive-thru are now requiring one, along with the ability to utilize curb-side pickup. Fast casual concepts are beginning to build drive-thru only stores, like the soon to be Dunkin' Donuts at Central & Hillside.

Technology will be at the forefront of many companies' decisions when it comes to expansion plans. Banks are incorporating ITM's (Interactive Teller Machines) or drive-thru only banks with a virtual teller. This change has been seen locally with Skyward Credit Union. Restaurants and retailers are utilizing online ordering, where consumers can either order from an app or direct from their website and pick up in the store. DashMart, a new type of grocery delivery concept created by DoorDash, will be opening a warehouse in Delano.

The local market gained multiple new concepts and store openings in 2021. Scheels started construction on a 220,000 sf space at Towne East Mall. Topgolf announced a spring of 2023 opening near Greenwich & K-96, and Carvana announced it will be occupying the former Village Travel Center at 21st & Tyler. Wichita remained active for new restaurants entering the market as well, Paris Baguette, Walk-On's, Hook & Reel, Blue Hook, First Mile and Moka's Cafe were among several that were announced.

The outlook for our market is steady growth for 2022 so long as retailers continue to innovate and accommodate to consumers' changing habits. Supply chain issues and labor shortages will continue to cause disruption among retailers, along with increasingly high construction costs and inflation. Despite these challenges, the ability of successful retailers to adapt keeps us confident the retail sector will remain resilient.

NEWSWORTHY ACTIVITY:

- Scheels opening in Towne East Mall.
- Topgolf at Greenwich & K-96.
- New to the market concepts such as Paris Baguette, Walk-On's, Hook & Reel, Blue Hook, First Mile, and Moka's Café.
- Former Noah's Event Venue sold to KC venue operator.



2022 Forecast



TOTAL RETAIL 2021

MARKET	TOTAL SF	VACANT SF	VACANCY %	QUOTED RATES
CBD	207,672	30,738	15%	\$ 15.64
NORTHEAST	790,108	116,144	15%	\$ 17.31
NORTHWEST	673,743	71,756	11%	\$ 16.25
SOUTHWEST	530,769	68,745	13%	\$ 13.04
SOUTHEAST	438,609	63,439	14%	\$ 11.62
DERBY	225,817	26,550	12%	\$ 14.39
TOTAL	2,866,718	377,372	13%	\$ 14.71

CLASS A

MARKET	TOTAL SF	VACANT SF	VACANCY %	QUOTED RATES
CBD	130,235	12,391	10%	\$ 18.88
NORTHEAST	394,077	43,148	11%	\$ 21.63
NORTHWEST	104,448	23,437	22%	\$ 20.11
SOUTHWEST	40,452	3,570	9%	\$ 17.50
SOUTHEAST	34,470	7,300	21%	\$ 18.00
DERBY	42,300	3,460	8%	\$ 19.33
TOTAL	745,982	93,306	14%	\$ 19.24

CLASS B

MARKET	TOTAL SF	VACANT SF	VACANCY %	QUOTED RATES
CBD	66,687	15,322	23%	\$ 14.25
NORTHEAST	295,072	49,676	17%	\$ 14.71
NORTHWEST	359,439	12,976	4%	\$ 14.10
SOUTHWEST	178,961	28,160	16%	\$ 13.81
SOUTHEAST	53,679	8,704	16%	\$ 12.67
DERBY	167,927	21,390	13%	\$ 13.50
TOTAL	1,121,765	136,228	15%	\$ 13.84

CLASS C

MARKET	TOTAL SF	VACANT SF	VACANCY %	QUOTED RATES
CBD	10,750	3,025	28%	\$ 8.00
NORTHEAST	100,959	23,320	23%	\$ 12.83
NORTHWEST	217,224	47,953	22%	\$ 12.33
SOUTHWEST	311,356	37,015	12%	\$ 10.21
SOUTHEAST	350,460	47,435	14%	\$ 10.64
DERBY	15,590	1,700	11%	\$ 11.50
TOTAL	1,006,339	160,448	18%	\$ 10.92

FORECAST:

- The retail market will have steady growth if retailers continue to be innovative.
- Supply chain issues and labor shortage will continue to cause disruption.

Market At A Glance

Market Size: **2,866,718 sf**
 Overall Vacant Space: **377,372 sf**
 Overall Vacancy Rate: **13%**
 Overall Asking Rate: **\$14.71/sf**

INDUSTRIAL

THE INDUSTRIAL REAL ESTATE MARKET IS AS STRONG in the Wichita Metro Area as it is elsewhere within our country. We have very low vacancies in all categories, including office/warehouse, flex space 10,000 sf or less, warehouses and manufacturing space 20,000-50,000 sf and big industrial building warehouses or manufacturing 50,000 sf and above.

The national market has continued to be strong through the pandemic. The national economy is robust, and since Wichita's employment base is comprised of manufacturing and related services, it follows that the city's industrial real estate will be strong as well. It's nothing new that the trend over the last decade is a shift to doing shopping and business online but it was heavily accelerated by the pandemic. This sudden demand shock coupled with supply and logistics issues for building materials resulted in an inability for new construction to keep pace with industrial demand. Another local factor that contributed to increased demand is the turnaround in the aircraft industry with the 737 being built again and the smaller jet and prop planes picking up more sales. We are seeing lots of expansion in this sector that was not present the last several years.

Another factor is the slowdown of new construction due to high material costs and in some cases big delays on metal buildings, overhead doors, and other components. Prices continue to escalate, and rents are also increasing. Rent increases are largely due to supply and demand, although inflation has also played a role.

Land:

Finding industrial lots 20 acres and under has been a challenge, especially in the southwest sector of the market. Good highway access and access to other arterials is important to most industrial users. Incentives are a big driving factor to certain areas of the market.

Engineering and contractor lead times and costs have been a problem for the development of new industrial sites.

Forecast for 2022:

Activity in 2022 will continue to be active with very few new buildings slated for construction. Vacancy will most likely become lower, and we are at a point where we need additional product, in all building size ranges, to become available to satisfy demand.

NEWSWORTHY ACTIVITY:

- Amazon - 1M sf+ constructed on North Broadway in Park City.
- Pratt Industries - New building on N. Hydraulic in Park City.



2022 Forecast



TOTAL INDUSTRIAL 2021

MARKET	TOTAL SF	VACANT SF	VACANCY %	QUOTED RATES
CBD	514,239	42,686	8%	\$ 5.61
NORTHEAST	1,910,436	79,365	4%	\$ 6.03
NORTHWEST	408,620	25,760	6%	\$ 6.39
SOUTHWEST	888,011	47,000	5%	\$ 6.13
SOUTHEAST	385,938	28,107	7%	\$ 4.73
TOTAL	4,107,244	222,918	5%	\$ 5.78

PROPERTIES 5,000 TO 50,000 SF

MARKET	TOTAL SF	VACANT SF	VACANCY %	QUOTED RATES
CBD	289,711	9,200	3%	\$ 4.97
NORTHEAST	450,946	26,745	6%	\$ 9.40
NORTHWEST	122,693	25,760	21%	\$ 6.00
SOUTHWEST	215,510	18,200	8%	\$ 5.98
SOUTHEAST	231,240	28,107	12%	\$ 5.12
TOTAL	1,310,100	108,012	8%	\$ 6.29

PROPERTIES OVER 50,000 SF

MARKET	TOTAL SF	VACANT SF	VACANCY %	QUOTED RATES
CBD	224,528	17,456	8%	\$ 4.00
NORTHEAST	1,459,490	52,620	4%	\$ 4.82
NORTHWEST	285,927	13,524	5%	\$ 4.00
SOUTHWEST	672,501	28,800	4%	\$ 4.88
SOUTHEAST	154,698	13,589	9%	\$ 4.18
TOTAL	2,797,144	125,989	5%	\$ 4.38

FORECAST:

- Shipping delays and material shortages will continue to strengthen an already strong market.
- Vacancies will remain low with very little quality space available in all size ranges.
- With future availability in question, pre-leasing rates will continue to climb.

Market At A Glance

Market Size: **4,107,244 sf**
Overall Vacant Space: **222,918 sf**
Overall Vacancy Rate: **5%**
Overall Asking Rate: **\$5.78/sf**

INVESTMENT

THE CRE INDUSTRY EXPERIENCED A PAUSE

in transaction volume in 2020. However, 2021 transaction volume had a major rebound to near pre-pandemic levels. Investors were in idle mode in 2020 and then 2021 provided many opportunities to utilize their capital for substantial investments. However, with the strong demand for solid investments in CRE the supply is low, which brings additional challenges in finding properties available for acquisition.

The industrial and multifamily markets have been and will continue to be the hottest segments of CRE investments. Cap rates are at all-time lows and these markets will continue to be vibrant well into 2022. Low vacancy rates and increasing rents will make these properties attractive to investors across the country.

Limited supply has impacted cap rates across the board. The investment market is expected to remain active and cap rates will remain relatively stable.

The markets that suffered throughout 2021, continue to be the hospitality and office sectors. However, despite hospitality's suffering, investors are finding opportunities for acquisitions and potential repurposing of these properties. The office market has had its own setbacks and the workforce is still trying to figure out if the hybrid, remote or in-person approach works best. Looking ahead, these sectors are evolving and finding new ways to attract investors with increased tenant improvement dollars and contemporary amenities. While the transition volume has abated, there is still attraction for the value-add/opportunity investor.

March 2022 will be a pivotal moment on our calendars, which marks the two-year anniversary of the beginning of the COVID-19 pandemic. The industry may continue to face other challenges with increasing construction prices, supply shortages, inflation and other COVID-19 variants. However, CRE will continue to be a demanding industry for investors for consistent returns, especially in multifamily and industrial.



NEWSWORTHY ACTIVITY:

- BrightPorch Properties sold multifamily portfolios totaling 900-plus units.

FORECAST:

- Investors will continue to seek multifamily and industrial properties.
- Hospitality and office are finding opportunities to overcome their setbacks.

LAND

2021 WAS A YEAR OF RESURGENCE in most markets, and land was no exception to this trend. Prices increased regionally in all types of land mainly due to strong commodity prices, low inventory, continued strong development, low interest rates, and investors looking for the security of land with volatility still threatening other investments classes. Early indications suggest this trend will continue for the foreseeable future into 2022.

Ag land prices showed steady increases at rates of 13.1% for irrigated tillable, 14.2% for dry land tillable, and 9.5% for pasture, respectively, according to Kansas State University's annual report. However, local market trends in South Central Kansas have proved to be stronger across the board for all types of agricultural land. Stronger commodity prices are a bright spot for producers but worries of increasing input cost due to supply chain issues and rapid inflation will prove to threaten returns.

Demand for homes in and around the Greater Wichita Area drove residential development land higher in 2021, and this trend looks to remain strong for the foreseeable

future. Despite supply chain issues and increasing prices for building materials, developers' numbers have not slowed down, mainly due to historically low housing inventory, a very competitive residential market, and increased jobs.

Commercial development looks to remain strong in 2022 with steadily increasing commercial land prices. Concerns from the economic crisis due to COVID-19 in 2020 were met with a drastic rebound in the job market both locally and nationally. Increased, or return of, manufacturing jobs has been a bright spot for the local economy and several big additions to the local job market, such as Amazon and others, have proved to continue to fuel additional support type developments.

Recreational land prices will continue to see steady increases in values. Investors and individuals looking to secure a property to enjoy and low inventory of quality properties will continue to drive prices higher. The pandemic has fueled a desire for people to return to the country to escape higher density living.

FORECAST:

- Land prices will stay steady to increasing if low interest rates remain.
- More commercial and residential land will be sold at strong prices.
- Eased concerns of drastic changes to tax codes and 1031 exchanges will keep the market strong into 2022.
- Commodity prices will continue to slightly improve producer profits.
- Volatility and uncertainty will continue to entice investors to bank on land.



RESIDENTIAL



BLINK AND THE BUYER'S DREAM HOME IS GONE.

And then, so is their second and third option. This has been the trend the last couple of years. Now, there is not even a second and third option. Lack of inventory continues to headline the industry and the competition for existing homes remains fierce, continuing the trend of a seller's market into 2022.

The contributing factors that brought us to this point appear to be tapering off, but not enough to drastically change that demand soon. Mortgages for a 30-year fixed rate are predicted to climb closer to 4.0%, although likely will not surpass that this year. Home price appreciation should slow down from the near 11% increase last year falling closer to the 7% mark seen in 2020. The same should hold true for home values as well.

New home construction, especially in the surrounding Wichita areas, will also continue to remain strong which

will help potential home buyers with more options, but supply-chain issues on needed materials and lack of skilled workers cannot meet inventory needs fast enough.

The Wichita area has also seen an influx of out-of-state investors to the area who have purchased homes for investment properties attracted by our affordability compared to the rest of the nation. Many of those are now realizing that they cannot get the rents to make their investment worthwhile, which will see those same properties re-enter the market while demand is still high.

Each of these elements will eventually lead to higher inventory and supply meeting the demand, but that likely will not happen this year. Until then, we will continue to see multiple, aggressive offers and listings gone in the blink of an eye.



FORECAST:

- Demand for all home purchases will remain high, the most for mid-level price ranges.
- Lack of inventory will limit sales, but those sales will still move quickly.
- Homeowners will continue to face dilemma of selling above asking price, but uncertainty of where to go next without overspending themselves.

MULTIFAMILY

INCREASED RENTAL RATES AND LOW VACANCIES

were the theme of 2021 for the Wichita area multifamily market. In a typical year, rents can be expected to increase by 2%, the last 12 months saw the area's rents increase by an average of 9% with some submarkets even surpassing that. What was the reason for these record breaking increases? Record high occupancy.

With a survey conducted by J.P. Weigand & Sons, the average occupancy rate in 2021 was up from 93% in 2020 to an impressive 95.1%. Derby and NW Wichita reported average rates over 97%. These numbers only come around once every couple of decades. These local numbers matched nationwide trends which continues to keep Wichita desirable to investors as one of the top affordable markets in the country and desirable to investors.

Outside of the introduction of Delano's impressive 225 Sycamore apartments, construction of new properties in the area remained low and not many new properties are expected in 2022. Investors instead preferred to acquire existing portfolios with over 2,000 local rental



units changing ownership during the last 12 months. With the hotel industry also continuing to struggle, conversions to apartments continues to be a sought-after alternative.

The demand for duplexes and townhomes remains very high from both a renter and investment standpoint. Most of these property listings to hit the market were typically under contract in 48 hours or less and that demand is expected to continue.

For 2022, multifamily properties should continue to be a popular, and a relatively safe investment. Rental rates and vacancies should remain steady, but it would be unrealistic to expect a similar increases from last year. It would not be unexpected though to see rental rates stay ahead of home price growth.

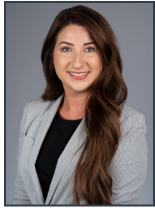
FORECAST:

- Rental rates will return to more historical average increases but will continue to stay ahead of home price growth.
- Demand for duplexes and townhomes will continue to remain high.
- With Class C properties now priced closer to Class B property levels, the need for affordable housing options will be even more elevated.
- Investors will continue to seek existing properties versus opting to build, new construction will remain minimal.

NEWSWORTHY ACTIVITY:

- Anderson-Crain Management Co. purchased a 900-plus unit portfolio which included eight Wichita area properties.
- EPC Real Estate Group opened up 225 Sycamore, a 204-unit property in the Delano District.
- One of the largest properties in town, River Walk Apartments (558-units), sold to Vesta Realty LLC out of Tulsa, OK.
- SunSTONE at MarketPlace in Andover (208-units) was sold to Lynco Incorporated, who are based in Tulsa, OK.

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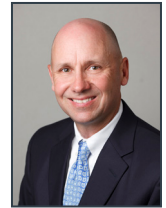
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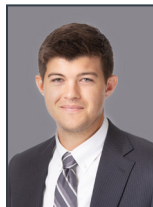
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President/General
Manager



Cathy Allen
Corporate Secretary



WeigandCommercial.com

WICHITA DATA

Population:

Sedgwick County Population: 516,042 (Greater Wichita Partnership)

MSA Population: 640,218 (Greater Wichita Partnership)

Cost of Living Index: 82.1 (Greater Wichita Partnership)

Civilian Labor Force: *314,200 (U.S. Bureau of Labor Statistics)

Employed: *303,100 (U.S. Bureau of Labor Statistics)

Unemployment Rate: *3.5% (U.S. Bureau of Labor Statistics)

*Preliminary numbers as of November 2021

SPECIAL THANKS TO

Starkey, Inc., for their assistance in assembling the mailed publications.

The Apartment Association of Greater Wichita, The Greater Wichita Partnership, The Wichita Downtown Development Corporation, The Wichita Area Builders Association, REALTORS® of South Central Kansas Multiple Listing Service, and all of the agents and brokers who responded to our survey this year. The data provided by these organizations contributed greatly to the information contained in this 2022 Forecast.

Forecast design by POD Print.

FORECAST METHODOLOGY

We have established a property data set in the Wichita Metro Area. Each year, we will revisit the same property data set and add in new construction and take away older properties as they age out.

GLOSSARY OF TERMS

Average Asking Rate: Quoted asking rental rates, given on a per square-foot-per-year basis. They are provided as a weighted average by the amount of square footage available at the end of 2020.

Vacancy Rate: All space available for lease divided by the total amount of space in the statistical category.

LEASE TERMS

Retail: Retail lease rates are quoted on a "triple net" basis in which the tenant pays its shares of all taxes, insurance and maintenance expenses that arise from its use of the property.

Office: Office lease rates are quoted on a "full service" basis in which the landlord pays all operating expenses related to the property.

Industrial: Industrial lease rates are quoted on an "industrial gross" basis in which the landlord is responsible for base year taxes, insurance and exterior maintenance.

PROPERTY CLASSIFICATIONS

Office and Retail: Class A product is newer construction in prime locations with quality tenants and asking premium rates for lease space. Class B product is older construction in secondary locations that is well maintained and typically attracts a wide range of tenants. Class C product is older than Class B properties in third tier locations attracting mostly small, locally owned businesses.

Industrial: Industrial properties are classified by size: up to 5,000 sf; 5,000 to 15,000 sf; 15,000 to 30,000 sf; 30,000 to 50,000 sf, and 50,000 sf and above.



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