

Mid Year 2022 Commercial Real Estate Market Update

Lawrence, KS Market

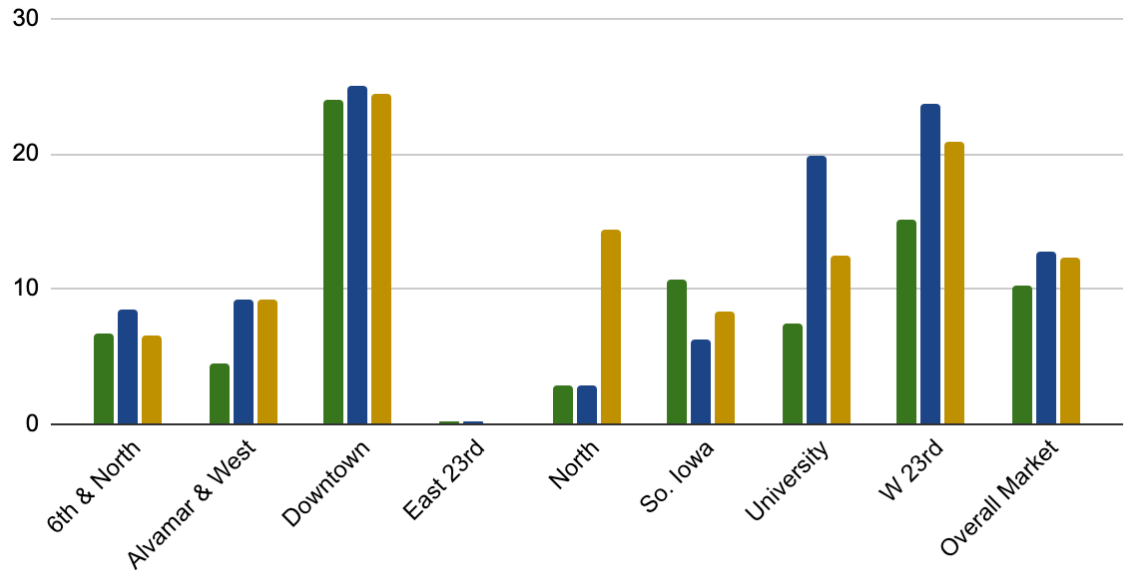


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Office Vacancy

Office vacancies in the Lawrence, KS market slightly decreased as consumers remain cautiously optimistic throughout the early part of 2022. The vacancy rate fell from 12.71% at the end of 2021 to 12.25% at mid-year. Although office space is still desired, changing workplace habits create the need for redesign. Moving toward a hybrid work environment is altering the sector.

- High construction costs challenge development projects.
- Class A office spaces will continue to be in high demand.
- Stormont Vail leased space at 2200 Harvard, which had a positive impact on the University sub-market.
- New construction properties in the Alvamar & West include 1319 Wakarusa and 4910 Congressional, which are fully occupied.



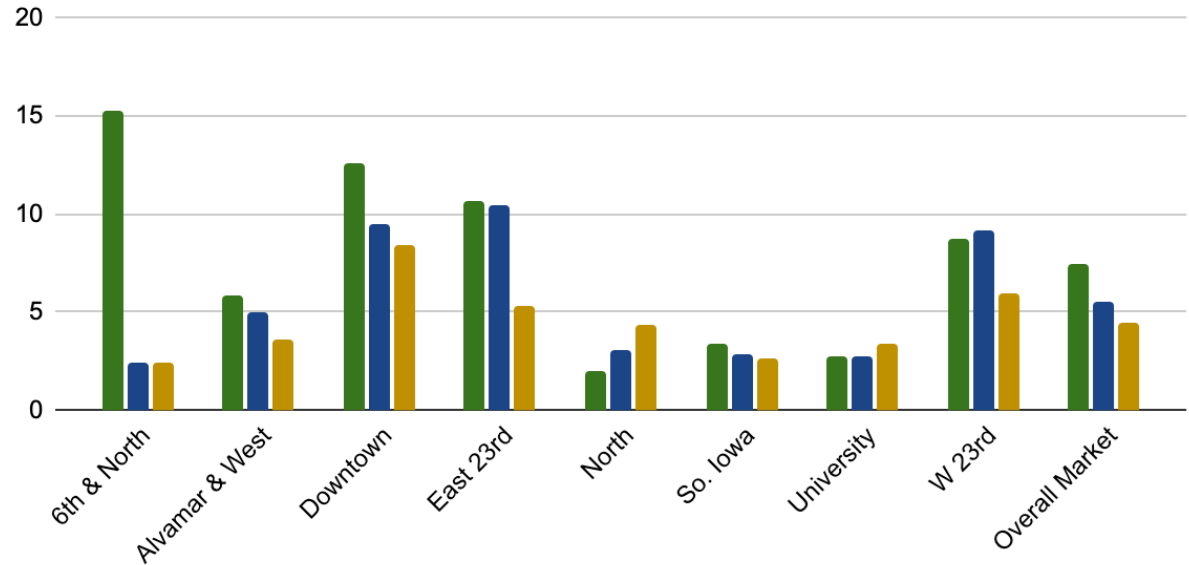
Retail Vacancy

The Lawrence retail market has improved, and continues to be the most interesting. There was a decrease in overall vacancies from the 2021 rate of 5.51%, down to 4.43%. The market has recovered in a big way since the pandemic in 2020.

- Lack of employees make it difficult for businesses to operate on a daily basis.
- Convenience is strongly emphasized in this market with a move towards a more unique and customized experience.
- The Downtown submarket welcomed several new businesses including: Molcajetes, Bling, and the move of Terrebonne to Mass St from Vermont, and continues to see absorption with additional openings in late 2022.
- Rally House opened another location at 23rd and Iowa, and the Commerce Plaza East Center at 23rd and Haskell is fully leased.
- New inventory included a redevelopment project of the Kwik Shop at 25th and Iowa.



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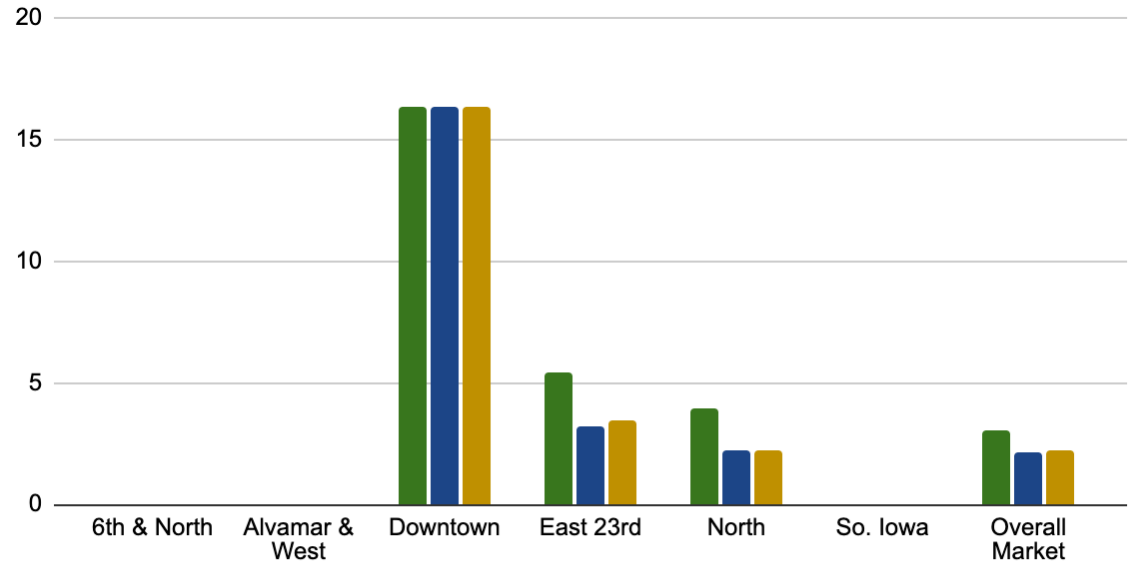
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Industrial Vacancy

The Industrial market continues to remain competitive with a slight increase in vacancy rates from 2.16% at year end 2021, to 2.23% a mid-year.

- The high demand has caused lease rates to climb, with the majority of Tenants seeking spaces under 10,000 SF
- The East 23rd sub-market welcomed new inventory at 2460 Fairfield and 1204 E 24th St for industrial/flex users.
- A lack of supply combined with the impact of Panasonic creates a need for more industrial inventory.
- The City of Lawrence extended the Catalyst Program for Lawrence Venture Park, East Hills Business park and IG Zoned land within the City to continue to encourage industrial development in these areas.



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