

HOME DESIGN CENTER KANSAS CITY, MISSOURI



PROPERTY OVERVIEW

Home Design Center is a 46,500 square foot retail center located in the Northland area of Kansas City, Missouri. Built in 2003, The Center is currently 95 percent occupied with a total of 11 tenants providing a variety of wholesale and retail home design products and services. Home Design Center is surrounded by areas of residential and commercial development. It is conveniently located near major thoroughfares, off N. Oak Trafficway, along State Highway 152 near the U.S. Highway 169 interchange.

INVESTMENT HIGHLIGHTS

- Projected returns of 7-11 percent cash-on-cash
- In-place rents 15 percent below market value*
- Located in area of residential growth and new construction
- Building is 95 percent occupied with diverse rent roll of tenants
- New construction: built in 2003

*Source: CB Richard Ellis Appraisal

INVESTMENT OVERVIEW

ADDRESS	HOME DESIGN CENTER 101-139 NE 91ST STREET (SW Corner of N. Oak Tfy and State Hwy 152) KANSAS CITY, MISSOURI 64155
TYPE	CLASS A MULTI-TENANT RETAIL
BUILT	2003
LEASABLE SQUARE FEET	46,500
MINIMUM INVESTMENT	\$300,000
FIRST YEAR PREDICTED YIELD	7.00%
CAP RATE	6.68%
PROJECTED TEN YEAR AVERAGE ANNUAL RETURN	13.00%
LOAN-TO-VALUE	55.11%
LOAN TERMS	10/30 WITH 5 YEARS I/O

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10-YEAR PROJECTED RETURNS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
CASH-ON-CASH	7.00%	7.16%	7.17%	7.40%	7.70%	8.05%	9.25%	10.28%	11.07%	11.04%

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KANSAS CITY, MISSOURI

Nicknamed the "Heart of America", Kansas City, Missouri is located where the Missouri and Kansas rivers meet along the state boundary between Missouri and Kansas. The Kansas City MSA currently includes 18 counties in Missouri and Kansas.

- 2005 Estimated Kansas City MSA Population: 1,947,694
- Kansas City, Missouri is the 7th largest city in Midwest
- The Kansas City MSA is the 27th largest in the US
- Below Average Cost of Living: 85.7
- Ranked 11th in terms of housing affordability (4th Quarter 2003, National Association of Home Builders)
- Ranked number 11 (Top Large Cities) on Entrepreneur Magazine and NPRC's "2006 Hot Cities for Entrepreneurs" list
- The Kansas City metro area is currently experiencing a development boom, with more than \$4 billion in new or planned construction projects underway.

THE NORTHLAND

Home Design Center is located in Clay County, one of two counties that make up the Kansas City Northland area. The Northland is within 10-15 minutes' driving distance from downtown Kansas City, Missouri and has experienced steady residential growth, in part due to its low cost of living.

- Population in Clay and Platte Counties grew three times as fast as the population of Missouri during the 1990s.
- In the past five years, Clay County alone has averaged nearly 20 percent population expansion, fueling a boom in the region's retail markets and construction industry.*
- With large areas of open land just a short commute from downtown Kansas City, the Northland area continues to experience some of the most rapidly growing real estate development in the region.*

CLAY COUNTY

Central Clay County is considered one of the hot spots for new home planning and development in 2006.** The region has also aggressively targeted reconstruction in older neighborhoods, according to Ingram's, a Kansas City business magazine.

- According to the Mid-America Regional Council, Clay County ranked third among 18 counties in the Kansas City MSA in total residential building permits from August 2005 to March 2006.
- Single and multi-family residential building permits in Clay County totaled 2,150 in 2005 and housing starts increased by more than 20 percent.
- More than \$1 million was spent on the restoration of 240 homes in one program and a similar program is planned for areas along North Oak Trafficway, where Home Design Center is located. ***

*Source: Northland Regional Chamber of Commerce ** Source: Home Builders Association of Greater Kansas City, "Market Outlook: Forecast Shows Strong Year Ahead for Kansas City Construction" *** Source: Ingram's: Destination Clay County.com

HOME DESIGN CENTER KANSAS CITY, MISSOURI

DEVELOPMENT ACTIVITY SURROUNDING CENTER

Map Source: CB Richard Ellis



The photo above illustrates the many areas of residential and commercial development surrounding Home Design Center, as well as traffic counts on major thoroughfares, North Oak Trafficway and Highway 152.

A CONVENIENT LOCATION FOR ONE-STOP SHOPPING

Home Design Center offers one-stop shopping for builders, new homeowners and those wishing to remodel. The Center is conveniently located near the intersection of two major thoroughfares, N. Oak Trafficway and Highway 152, and is surrounded by areas of residential and commercial growth and new construction. Tenants of the Center provide an array of products and services such as home appliances, hardware, custom countertops and flooring, fencing, cabinetry, home design and decorating services, as well as realty services.

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ESTABLISHED TENANTS

Home Design Center has 11 well-established tenants, most with multiple locations throughout the Kansas City metropolitan area. Tenants of the Center provide an array of products and services such as home appliances, hardware, custom countertops and flooring, fencing, cabinetry, home design and decorating services, as well as realty services. Key tenants of the Center include Complete Home Concepts, Factory Direct Appliance, and Midland Marble and Granite.

- Audio Innovations Custom Home Theaters
- Complete Home Concepts
- Factory Direct Appliance
- GMAC Realty Center
- Guier Fence
- Hot Springs Spas of KC, Inc.
- Locks & Pulls, Inc.
- Midland Marble and Granite, LLC
- One Stop Decorating Center
- Quality Wood Products, Inc.
- Zeke's Paint and Design Center

BELOW-MARKET RENTS

Rent for Home Design Center tenants averages \$13.94 per square foot, considerably lower than the appraisal's assessment of market rate at \$16.00 per square foot. Additionally, asking rent growth for the Northland area is expected to increase by 3.8 percent over the next five years.*

*Source: REIS, Inc. 2006

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TENANT SUMMARY

AUDIO INNOVATIONS CUSTOM HOME THEATERS

Audio Innovations Custom Home Theaters is an electronics retailer of custom home theater equipment serving the Kansas City metropolitan area.

COMPLETE HOME CONCEPTS

Complete Home Concepts has three Kansas City locations and provides home elements such as fireplaces, stoves and inserts, stone veneer, gas logs, shower and bath doors, mantles, custom mirror and glass, seamless guttering, custom shelving and organizers, patio doors and storm doors, and cultured marble sinks, shower and bath enclosures.

www.completehomeconcepts.com

FACTORY DIRECT APPLIANCE

Factory Direct Appliance, established in 1988, is an independent distribution source for a wide variety of indoor and outdoor appliance products and provides in-house delivery, installation and service. Factory Direct Appliance has five showrooms in the Kansas City, each featuring live operating kitchen vignettes.

www.kcfda.com

GMAC REALTY CENTER

GMAC is a national real estate company providing complete home buying and home selling services through affiliations with mortgage, title and closing services, home warranty and other services essential to real estate transactions.

www.gmacrealestate.com

GUIER FENCE

Guier Fence, established in 1979, provides customized wood, vinyl, aluminum, wrought-iron and chain-link fencing solutions for residential, agricultural and commercial/industrial applications.

www.guierfence.com

HOT SPRINGS SPAS OF KC, INC.

Hot Springs Spas of KC, Inc., founded in 1982, has two Kansas City locations offering a variety of swimming pools and pool supplies; HotSpring spas and spa accessories and products; Ducane and Webber outdoor grills, wild bird supplies and specialty gift items.

www.hotspringspasofkc.com

LOCKS & PULLS, INC.

Locks & Pulls, Inc. has two locations in the Kansas City area and offers a wide variety of home hardware including security, cabinet and bath hardware. www.locks-pulls.net



MIDLAND MARBLE AND GRANITE, LLC

Established in 1996, Midland Marble and Granite, LLC, fabricators and installers of natural stone, has five locations and offers commercial and residential stone installations of countertops, vanities, fireplace hearths and facets, slab and tile flooring, showers, tub decks, bathroom walls and floors, entries, patio surfaces and other specialty fabrications. www.midlandmarble.com

ONE STOP DECORATING CENTER

One Stop Decorating Center, independent full-line decorating resource, opened its first store in 1995 and now has three store locations in the Kansas City area. One Stop Decorating Center offers complete interior design services including wall coverings and paint, decorative furniture and accessories, shades, blinds, shutters and custom window treatments, and professional designer services. www.onestopdecorating.com

QUALITY WOOD PRODUCTS, INC.

Quality Wood Products, Inc., established in 1961, is a manufacturer of custom kitchen, bathroom and specialty cabinetry with two locations serving the Kansas City metropolitan area.

www.qwpi.com

ZEKE'S PAINT AND DESIGN CENTER

Zeke's Paint and Design Center has seven locations in the Kansas City metropolitan area and offers a wide variety of paint, wallpaper and wall coverings.

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