

Build-to-rent properties continue to expand

Q1 2026

KANSAS CITY BUILD-TO-RENT

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CONSTRUCTION ACTIVITY



UNITS UNDER CONSTRUCTION

714

UNITS DELIVERED (YTD)

77

MARKET FUNDAMENTALS



VACANCY RATE

8.8%

ASKING RENTS

\$2,147

FOR-SALE HOUSING



MEDIAN SF HOME PRICE

\$346,900

AVERAGE MORTGAGE PAYMENT

\$2,851

BTR TRANSACTION ACTIVITY (PAST 12 MONTHS)



MEDIAN PRICE PER UNIT

\$191,600

CAP RATE RANGE

4.6%–5.2%

HIGHLIGHTS

- Property performance in the Greater Kansas City build-to-rent (BTR) market was mixed, as vacancy has softened while rents remain on an upward trajectory. Despite uneven vacancy conditions, the investment market has gained momentum in recent periods.
- Asking rents in the build-to-rent sector advanced by 1.7% during the first quarter to \$2,147 per month. Rents for build-to-rent units are roughly \$900 per month more than traditional apartments, while lagging the average mortgage payment on a median priced home by approximately \$700 per month.
- The cumulative impact of the supply growth of the past few years has led to elevated vacancy conditions. Area vacancy rose by 100 basis points to 8.8% during the past 12 months; vacancy closed 2024 at 5.2%.
- The build-to-rent investment market in Kansas City appears to be establishing some traction, as sales activity during the past year has exceeded combined totals from 2020 to 2024. The trades of the past 12 months were highlighted by Sallee Development's \$113 million four-property portfolio sale last September.

KANSAS CITY BUILD-TO-RENT MARKET OVERVIEW

The Kansas City build-to-rent sector has expanded in recent years. There are currently projects totaling roughly 4,800 existing units. Approximately half of the units currently in the local inventory have been delivered since the beginning of 2022. While the added supply of the past few years has resulted in some volatility in area vacancy levels, rents have been on an extended upward trend. Annual rent growth has remained between 1% and 4% since 2020. Developers have been much more active in the Missouri segment of the market, with about 80% of the region's build-to-rent properties located in Missouri. While the bulk of the existing inventory is located in Missouri, the development pipeline includes projects in both Kansas and Missouri. Projects totaling roughly 700 units are currently under construction in the area, and more than 400 of these units are located in Kansas. Additionally, nearly 40% of the planned or proposed units in the market are in Kansas.

Momentum in the Kansas City build-to-rent investment market picked up beginning in the second half of last year. Sallee Development was involved in a large portfolio sale, which likely led to some level of price discovery following a period of minimal transaction activity. Following the four-property portfolio sale in September, four more build-to-rent properties have changed hands in Kansas City. Sallee's portfolio was comprised entirely of townhomes, with most of the following sales being for properties centered around detached, traditional homes. Transaction volume has been almost exclusive to Missouri, with sales occurring in Blue Springs and Belton during the past 12 months. While activity is up, pricing has been inconsistent. In transactions where pricing was available, the median price during the past year was \$191,600 per unit, down from \$232,600 per unit in 2023 and \$270,900 per unit in 2021.

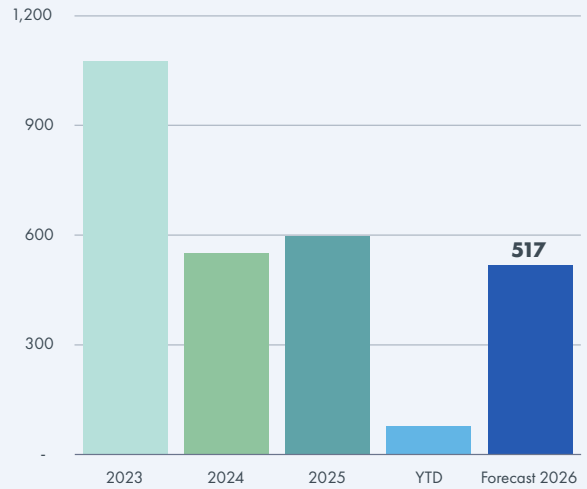
CONSTRUCTION

- The inventory of build-to-rent communities continues to expand within the Kansas City metro area. Projects totaling nearly 600 units were delivered in 2025, after approximately 550 units were completed in 2024. Deliveries peaked in 2023, when developers completed more than 1,000 build-to-rent units.
- Year to date, approximately 80 build-to-rent units have come online in Kansas City. More than 80% of the local build-to-rent inventory is concentrated in Missouri, including a handful of properties in Cass, Jackson, and Clay counties. Since the beginning of 2025, developers have delivered BTR properties in Independence, Lee’s Summit, Oak Grove, and Smithville.
- Projects totaling roughly 700 units are under construction in the region, with an additional 1,800 units currently being planned or proposed.

»» *Year to date, approximately 80 build-to-rent units have come online.*

ANNUAL BTR COMPLETIONS

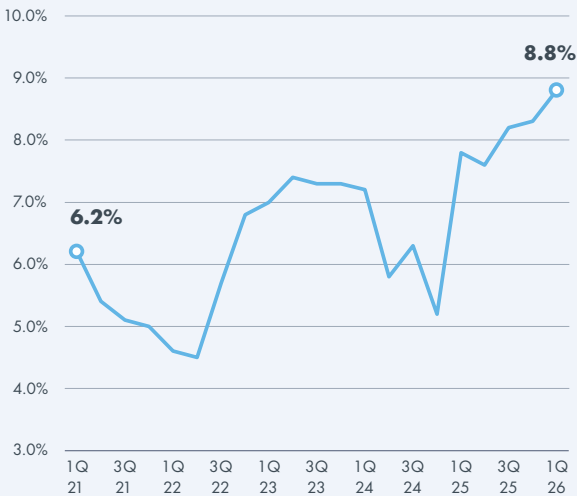
Number of units



Sources: Northmarq, CoStarYardi

VACANCY TRENDS

Average vacancy rate



Sources: Northmarq, CoStar, Yardi

VACANCY

- Vacancy conditions for build-to-rent properties in the Kansas City metro have been on an upward trajectory in recent periods, in response to the competitive pressures from new deliveries. The rate increased by 50 basis points during the first quarter to 8.8%.
- The current vacancy rate is up 100 basis points year over year. Vacancies have increased in four of the past five quarters.
- Vacancies in the local BTR sector have averaged 7.2% since the beginning of 2023. The rate briefly dipped below 6.0% for a few periods in 2024, but has remained above the region’s average in each of the past five quarters.

»» *The current vacancy rate is up 100 basis points year over year.*

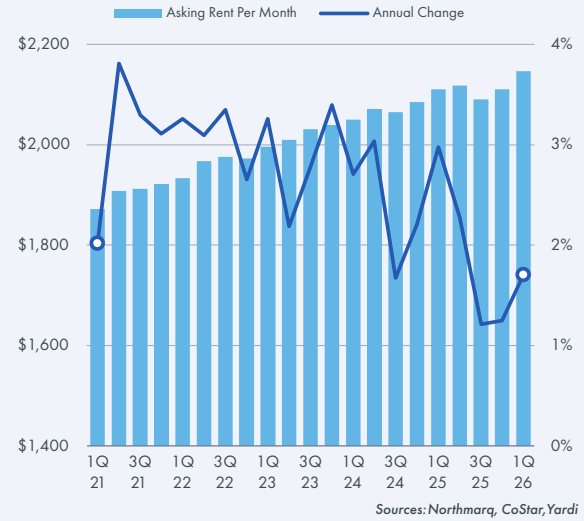
RENTS

- Average rents in build-to-rent properties have posted increases in two consecutive quarters following a small dip in the third quarter of last year. Rents rose 1.7% during the first quarter to \$2,147 per month.
- Rents remain on an overall upward trend, as this sector has recorded quarterly losses just three times since the beginning of 2020. Year over year, rents for BTR properties in Kansas City are up 1.7%. Rent increases have averaged 2.4% per year since 2023.
- Build-to-rent asking rents are currently exceeding those of traditional apartments by roughly \$900 per month. Additionally, annual gains in the build-to-rent sector have slightly outpaced levels recorded market-wide.

➤➤ *Rents rose 1.7% during the first quarter.*

BTR RENT TRENDS

Quarterly rents & % change



FOR-SALE HOUSING TRENDS

Annual sales price & % change



FOR-SALE HOUSING

- After rising in recent years, for-sale housing prices ticked lower to begin 2026. During the first quarter, the median existing home sale price was \$346,900, after prices topped \$350,000 in 2025.
- Permitting for single-family housing has been steady in recent years. Homebuilders have pulled permits for an average of 4,900 single-family homes per year since 2022, after averaging about 5,600 single-family home permits in the preceding five-year period. Homebuilders pulled permits for approximately 1,300 homes in the first quarter. An estimated 5,000 permits for single-family homes are expected to be issued in 2026.
- Using current pricing and mortgage rates, the average mortgage payment on a median-priced single-family home in the Kansas City area is more than \$2,850 per month, approximately \$700 per month higher than the average rent on a build-to-rent property.

➤➤ *During the first quarter, the median existing home sale price was \$346,900.*

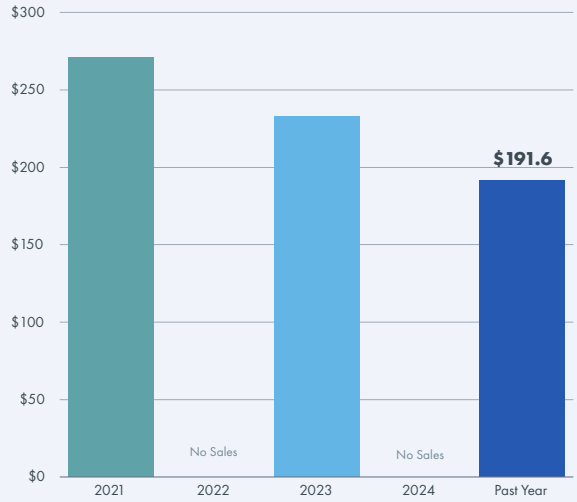
BUILD-TO-RENT SALES

- Sales activity surged in the second half of 2025. The largest transaction was Sallee Development’s four-property portfolio sale totaling \$ 113 million in September.
- Following the portfolio sale, a handful of properties have changed hands. The pace of BTR sales in Kansas City had been slow prior to the second half of 2025; transaction volumes during the past year exceeded combined levels from 2020 to 2024.
- In transactions where pricing was available, the median price during the past year was \$191,600 per unit. In 2023, the median price was \$232,600 per unit, and in 2021, the median price was \$270,900 per unit. No build-to-rent properties changed hands in Kansas City during 2022 or 2024.
- During the past 12 months, cap rates have averaged 5%, ranging between 4.6% and 5.2%. In 2024, rates averaged roughly 5.3%.

►► *The median price during the past year was \$191,600 per unit.*

INVESTMENT TRENDS

Median price per unit (000s)



Sources: Northmarq, CoStar

RECENT BTR TRANSACTION ACTIVITY

PROPERTY NAME	STREET ADDRESS	UNITS	SALES PRICE	PRICE/UNIT
Traditions	601 Emily Lane, Belton	240	\$53,087,977	\$221,000
Chapman Ridge	301 S.E. Rose Garden Lane, Blue Springs	146	\$37,117,507	\$254,230
Traditions Villas	1513 Sycamore Drive, Belton	89	\$15,245,587	\$171,299

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