Northmarq

MARKET INSIGHTS

Vacancy maintains its slow upward climb

CONSTRUCTION ACTIVITY

UNDER CONSTRUCTION	6,923
UNITS DELIVERED (YTD)	740

MARKET FUNDAMENTALS

VACANCY RATE	7.2%
YEAR-OVER-YEAR CHANGE	+70bps
ASKING RENTS	$1,268
YEAR-OVER-YEAR CHANGE	+1.5%

TRANSACTION ACTIVITY (YTD)

MEDIAN PRICE PER UNIT	$128,600

KANSAS CITY MULTIFAMILY
Q1 2026

HIGHLIGHTS

- Kansas City multifamily operating conditions were mixed in the first quarter, with asking rents rising while the vacancy rate trended higher. Deliveries are off to a slower start than in 2025, but full-year completions are still expected to total around 5,200 units.
- Vacancy has been on an upward trend for more than a year. The rate rose 30 basis points during the first quarter to 7.2%. Year over year, the vacancy rate has increased by 70 basis points.
- Asking rents improved during the first quarter, rising by 0.8% to $1,268 per month. Since the first quarter of 2025, asking rents have increased by a total of 1.5%.
- Multifamily investment sales continued at a steady pace in the first quarter, with transaction volume reaching roughly $345 million year to date. The median price is $128,600 per unit, down 12% from 2025, while cap rates continue to average around 5.0%.

KANSAS CITY MULTIFAMILY MARKET OVERVIEW

Multifamily properties in Kansas City posted uneven performance during the first quarter. While vacancy continued to trend higher at a gradual pace, rents reversed course after gradually declining throughout the second half of 2025. New units continued to come online while absorption cooled from recent highs. Roughly half of the units that have been delivered so far this year are in Lee's Summit, after no units were completed in the submarket in 2025. There were some submarkets where operating conditions improved across most major metrics. Downtown Kansas City and Platte were two areas where asking rents increased year-over-year while also recording improvements in vacancy. In Platte, asking rents increased by 2.4% in the past year while the vacancy rate decreased by 40 basis points. Properties located Downtown posted a 0.5% rent increase year over year while vacancy decreased by 10 basis points.

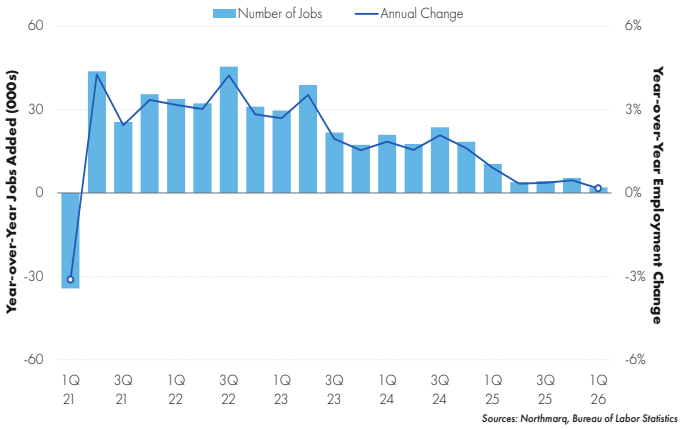
The transaction count in the first quarter closely tracked 2025 averages while coming in slightly higher than 2024 levels. Class B assets made up the largest share of trades in the first quarter after recording the lowest activity levels last year. Sales of these middle-tier properties drove the overall market pricing trends. Class B properties have generally traded at lower per-unit prices in 2026 than they did in 2025. In contrast, both Class A and Class C properties are recording increased per-unit pricing this year, albeit on light sales volumes. Overland Park contains the greatest share of activity at this point in the year after accounting for a small number of transactions in 2025.

EMPLOYMENT

- Employment growth in Kansas City has been light in recent periods. Year over year, total employment in this market has increased by 0.2% with the addition of 2,000 jobs.
- The mining, logging, and construction sector is recording the greatest growth. In the past 12 months, employers in this sector expanded payrolls by 2.5%, adding 1,600 net new workers.
- The insurance brokerage firm Lockton began construction of the company's new headquarters in the Leawood area. This move will allow Lockton to add approximately 500 new jobs to its existing headcount of nearly 1,500.
- **FORECAST:** The pace of new hires in Kansas City is expected to accelerate in the coming quarters. In 2026, local employers are expected to expand payrolls by 0.9%, hiring roughly 10,000 workers.

Total employment increased by 0.2%.

EMPLOYMENT OVERVIEW

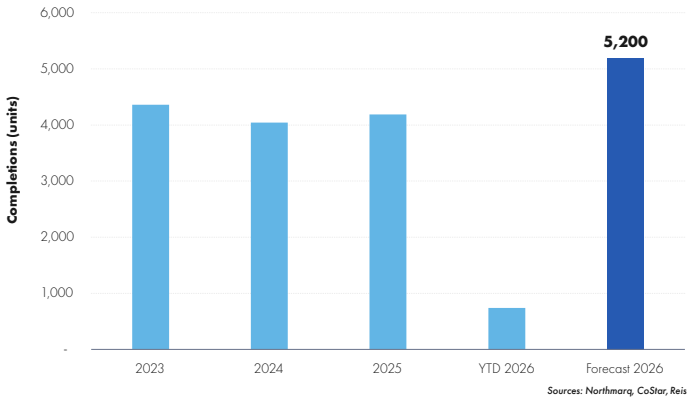


Sources: Northmarq, Bureau of Labor Statistics

DEVELOPMENT & PERMITTING

Completions totaled 740 new units in the first quarter.

DEVELOPMENT TRENDS



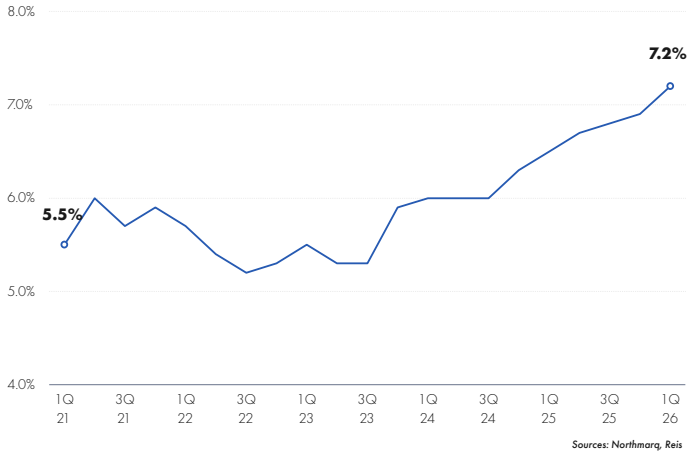
Sources: Northmarq, CoStar, Reis

- Multifamily completions during the first quarter totaled 740 units, down 70% from the number of units that came online during the same period in 2025. The pace of new construction is set to gain momentum through the remainder of this year.
- The construction pipeline in Kansas City has generally been trending upwards. There are currently projects totaling more than 6,900 units under construction across the market, up 15% from one year ago.
- Multifamily permitting spiked in the first quarter, with developers pulling permits for projects totaling over 1,500 units. This marked the highest quarterly permitting total since mid-2022.
- **FORECAST:** Total deliveries are set to rise 24% from 2025 to 2026. Approximately 5,200 units are projected to be completed this year in Kansas City, a figure that would mark the second-highest annual total for deliveries in the past decade.

VACANCY

Platte is the leading area for vacancy improvement.

VACANCY TRENDS



Sources: Northmarq, Reis

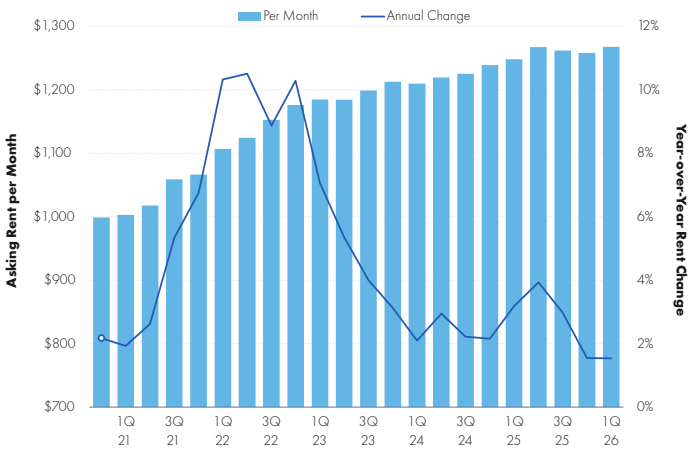
- The vacancy rate in Kansas City continues to trend higher. During the first quarter, vacancy increased by 30 basis points to 7.2%. Year over year, the vacancy rate has risen a total of 70 basis points.
- The first quarter marked the sixth consecutive period where the rate rose, although increases have generally been modest. The recent rise in vacancy can be partially attributed to a cooling pace of net absorption. In the trailing 12 months, absorption totaled approximately 2,400 units. From 2020 to 2024, absorption averaged roughly 2,800 units per year.
- While the vacancy rate is rising across much of the Kansas City area, there are submarkets where conditions are tightening. Platte is leading the way; the vacancy rate in this submarket has decreased by 40 basis points in the past 12 months, ending the first quarter at 5.2%.
- **FORECAST:** As new units come to market at an accelerating pace, the vacancy rate should continue to tick higher. In 2026, vacancy is forecast to rise by 60 basis points to 7.5%.

RENTS

- Rent trends have been mixed. After two consecutive quarters of rent softening to close 2025, the first quarter of 2026 brought improvement. In the first three months of the year, asking rents increased by 0.8% to $1,268 per month. Year over year, rents are up 1.5%.
- The North Kansas City submarket is significantly outpacing the rest of the market in rent growth. In the past year, asking rents in this area have increased by 9.0%, rising to $1,146 per month. The Gladstone/Liberty submarket posted a 3.9% annual gain, with rents reaching $1,100 per month.
- While year-over-year rent growth was similar between different tiers of multifamily, the quarterly shift for Class A assets was much stronger than the levels recorded in Class B and Class C assets. Class A apartment rents climbed 1.1% in the first quarter to $1,528 per month.
- **FORECAST:** Rents in Kansas City are forecast to rise at a faster pace this year than in 2025. Average asking rents are projected to increase by 2.0%, reaching roughly $1,280 per month.

Year over year, rents are up 1.5%.

RENTS TRENDS



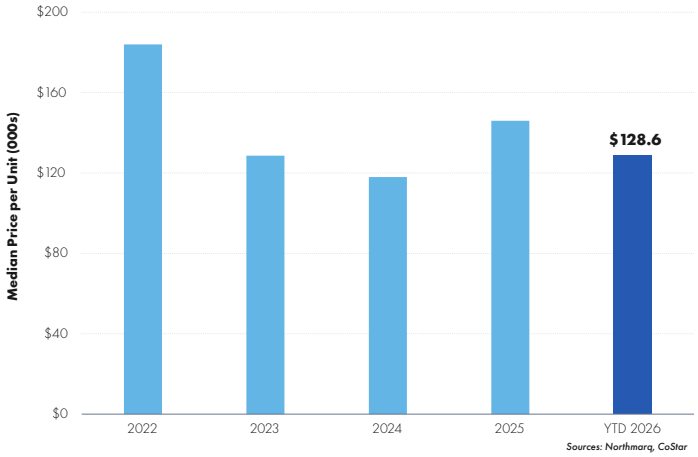
Sources: Northmarq, Reis

MULTIFAMILY SALES

- Kansas City multifamily investment sales continued at a steady pace at the start of the year. Activity in the first quarter matched levels recorded in the first quarter of 2025 and was similar to last year's average quarterly transaction count.
- During the first quarter, the median sale price reached $128,600 per unit, down 12% from last year. The median price in Class B assets that have sold to this point in 2026 is down 18% from 2025. Class B properties have accounted for the largest share of trades.
- Cap rates have remained fairly steady during the past few years. So far this year, the average cap rate is roughly 5.0%. In 2025, cap rates generally ranged from 4.5% to 5.5%.

The median sale price is $128,600 per unit.

INVESTMENT TRENDS



RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

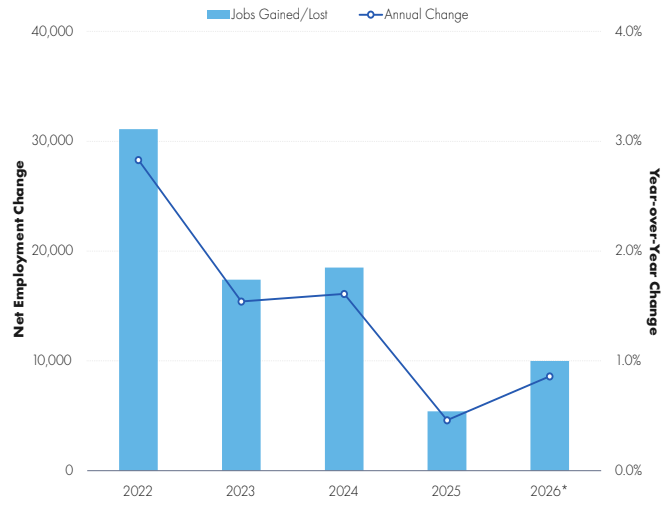
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
Residences at Prairiefire	5750 W. 137th St., Overland Park	2013	426	$101,350,000	$237,911
Bonavia Withers Farm	2183 S. Withers Road, Liberty	2022	190	$45,000,000	$231,174
Overland Station	7843 Riley St., Overland Park	1985	300	$36,340,000	$121,133
Westbrooke Glen Apartments	7420 Flint St., Shawnee	1966	189	$18,375,000	$97,222
Fiesta Square	9550-9662 W. 86th St., Overland Park	1972	103	$13,250,000	$128,641

LOOKING AHEAD

The Kansas City multifamily market will continue to be influenced by a steady stream of new units coming online through the remainder of 2026. The local vacancy rate will continue to trend higher, but increases are expected to be modest, mirroring the trend that has persisted for more than a year. Absorption trends have been mixed, but vacancy will likely tick up even if renter demand for units strengthens. In recent years, rents have continued to climb despite vacancy increases, and a similar trend should persist throughout the remainder of 2026. Future improvements in operating conditions will be more heavily impacted by the local labor market. Employment growth remains positive, though it has been light. Area population growth and a handful of large projects that are currently underway should support area job growth across the Kansas City market in coming years, supporting absorption totals and allowing for modest rent gains.

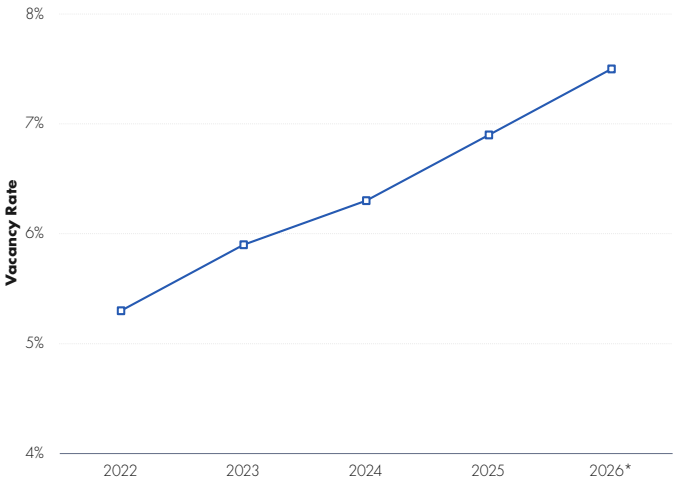
The consistent level of activity that this market recorded in the first quarter should continue throughout the coming months. Overland Park is poised to remain a prominent area for multifamily investment within the market, though Downtown Kansas City is forecast to meaningfully increase its share of overall activity. Another trend that is expected to continue is the outsized share of overall transaction activity involving Class B assets throughout this market. Investors may find more opportunities in Class C properties, while Class A acquisitions may remain limited as buyers continue to measure the competitive impact of new inventory growth. The build-to-rent market has gained momentum in recent quarters, which may continue in the coming years. Cap rates are not expected to make waves in 2026, with the year-end average cap rate forecast to remain between 5.0% and 5.5%.

EMPLOYMENT FORECAST



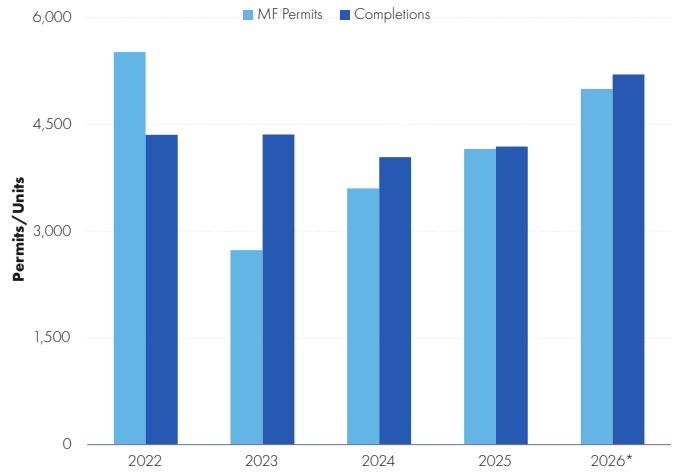
** Year End Forecast*
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



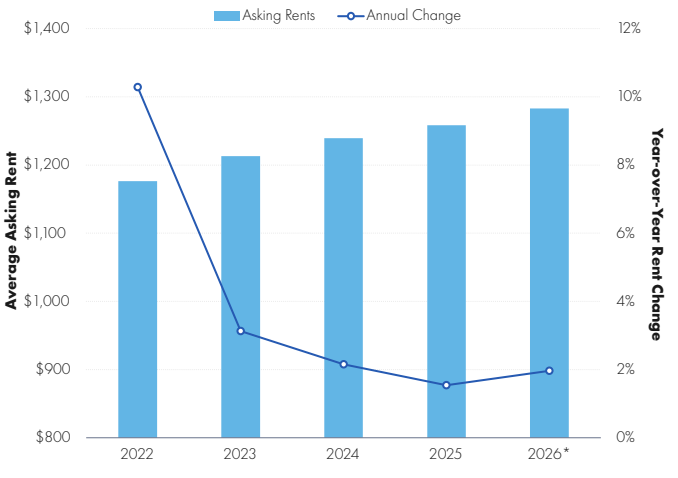
** Year End Forecast*
Sources: Northmarq, Reis

CONSTRUCTION & PERMITTING FORECAST



** Year End Forecast*
Sources: Northmarq, Census Bureau, CoStar, Reis

RENTS FORECAST



** Year End Forecast*
Sources: Northmarq, Reis

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