

CONSTRUCTION ACTIVITY



UNDER CONSTRUCTION **5,418**

UNITS DELIVERED (YTD) **2,653**

MARKET FUNDAMENTALS



VACANCY RATE **6.8%**

YEAR-OVER-YEAR CHANGE **+80bps**

ASKING RENTS **\$1,263**

YEAR-OVER-YEAR CHANGE **+3.6%**

TRANSACTION ACTIVITY (YTD)



MEDIAN PRICE PER UNIT **\$128,600**

KANSAS CITY MULTIFAMILY
2Q 2025

MARKET INSIGHTS

Rent growth remains elevated amid wave of new supply

HIGHLIGHTS

- Multifamily operating trends in Kansas City were mixed in the second quarter, as asking rents posted solid gains while the vacancy rate inched higher. Although the pace of deliveries slowed in recent months, elevated completions in the first quarter have kept year-to-date totals above the long-term trend.
- Vacancy edged higher in recent months following sizable increases in the previous two quarters. The vacancy rate ticked up by 10 basis points during the second quarter to 6.8%. Over the last 12 months, area vacancy has risen by 80 basis points.
- Asking rents climbed at a strong pace during the second quarter, rising by 1.3% to \$1,263 per month. Year over year, apartment rents in Kansas City are up 3.6%.
- Sales activity slowed from the first quarter to the second quarter, but year-to-date totals are still outpacing levels recorded in the same period of last year by 25%. The median sale price to this point in the year is \$128,600 per unit, up 9% from last year.

KANSAS CITY MULTIFAMILY MARKET OVERVIEW

The trajectory of the Kansas City multifamily market improved in recent months. While developers delivered new units rapidly during the first quarter, primarily in outlying Johnson County, Lenexa, and Overland Park, completions slowed during the second quarter. A slower pace of inventory growth helped temper vacancy increases, while rents continued to push higher. Although the vacancy rate continued to rise during the second quarter, the 10 basis point difference was minimal compared to recent quarters. Vacancy trended higher in every submarket except Platte County and Shawnee/Lenexa, where deliveries have been modest during the past five years. Asking rents posted a steep increase during the second quarter, building upon solid gains from recent periods. The Merriam/Mission/Prairie Village area performed particularly well, with asking rents rising by 9.6% over the past 12 months.

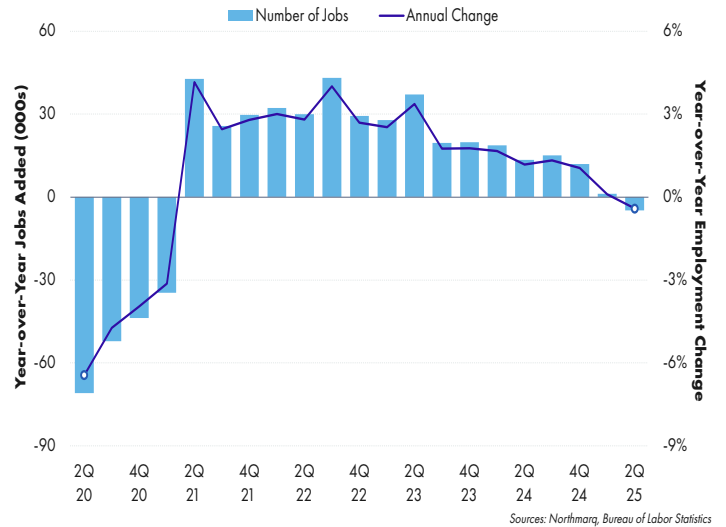
Despite slowing in recent months, multifamily sales activity in Kansas City is trending closer to traditional levels. Total sales during the past six months lagged the region's first-half average from 2016 to 2024 by just 12%. Investors have shifted focus to older vintages in recent quarters, with Class C assets accounting for nearly half of all sales so far in 2025. Last year, lower-tier properties made up roughly one quarter of the assets that changed hands. Older assets have traded at elevated pricing since the beginning of 2025, with Class C assets posting a median sale price of \$115,400 per unit year to date. The only prior time the median price for lower-tier assets topped \$100,000 per unit was in 2022, when overall pricing reached a cyclical high. Cap rates continue to rise, averaging 6.1% during the first half of 2025, up roughly 60 basis points from levels recorded at the end of 2024.

EMPLOYMENT

- Kansas City employment declined 0.4% year over year, with a net loss of 4,800 jobs. The contraction was primarily driven by losses in the professional and business services sector.
- The mining, logging, and construction sector has posted solid employment gains this year. Over the past 12 months, employers in these industries have expanded payrolls by 5.2% with the addition of 3,300 workers.
- Financial technology firm Fiserv announced plans to open a new regional headquarters in Overland Park. The headquarters will be located at the former Sprint campus, which will undergo a \$125 million renovation and is set to employ 2,000 workers once fully operational.
- **FORECAST:** Despite the recent reduction in the workforce, current trends are expected to reverse. Employment growth in 2025 is forecast at 0.5%, with roughly 6,000 net new jobs added for the full year.

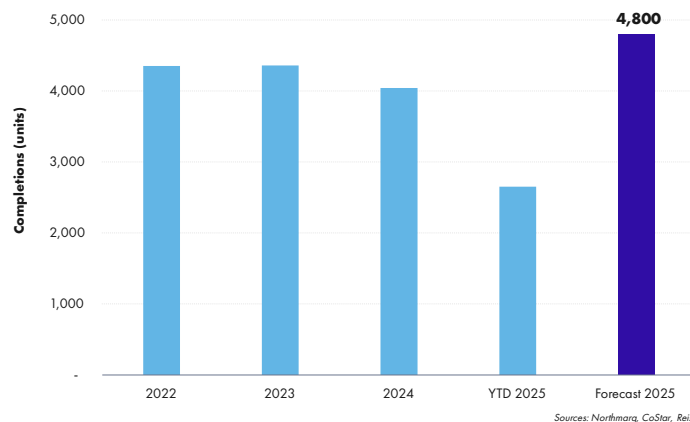
The mining, logging, and construction sector expanded payrolls by 5.2%.

EMPLOYMENT OVERVIEW



Year to date, roughly 2,650 units have been completed in Kansas City.

DEVELOPMENT TRENDS

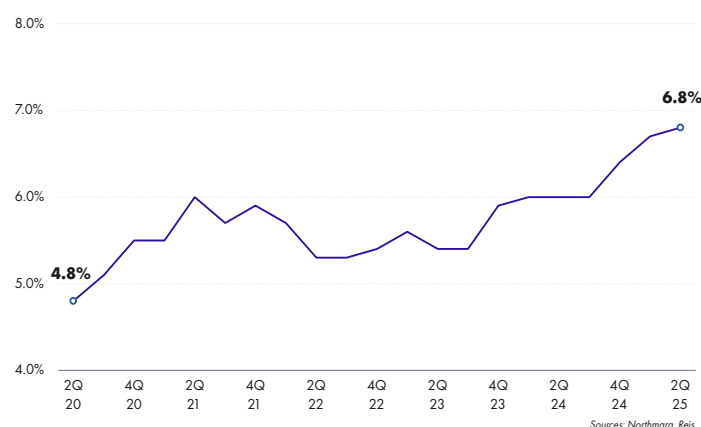


DEVELOPMENT & PERMITTING

- After elevated totals at the start of the year, multifamily completions were light in the second quarter. Year to date, roughly 2,650 units have been completed in Kansas City, up 53% from one year ago.
- Projects totaling more than 5,400 units are currently under construction, down 20% from levels recorded 12 months ago. The largest share of construction is in Downtown Kansas City, with about 1,600 units underway.
- Multifamily permitting accelerated in the second quarter, with permits pulled for projects totaling nearly 1,500 units, the highest quarterly figure since mid-2022. Year to date, permitting has reached approximately 2,300 units, an 18% increase compared to the same period last year.
- **FORECAST:** Deliveries are expected to remain elevated in 2025, second only to the peak levels recorded in 2020. Roughly 4,800 units are on track for completion this year, a 19% increase over 2024.

Area vacancy rose by 10 basis points during the second quarter.

VACANCY TRENDS



VACANCY

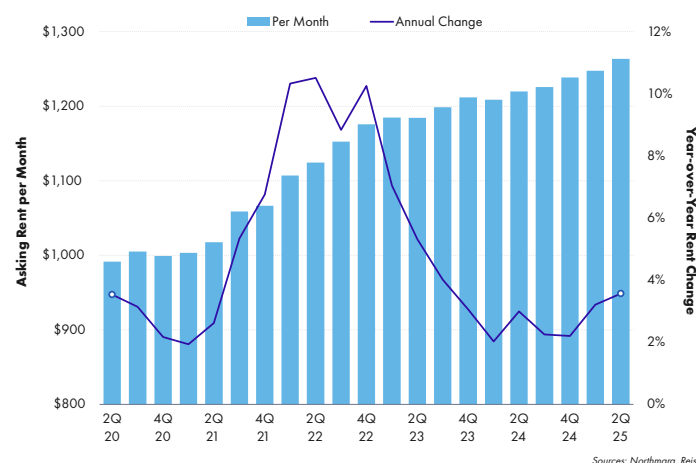
- The vacancy rate in Kansas City continued to inch higher in recent months. Area vacancy rose by 10 basis points during the second quarter to 6.8%. During the past 12 months, the vacancy rate increased by 80 basis points.
- While the vacancy rate trended higher in most submarkets during the past year, the Platte and Shawnee/Lenexa areas both recorded slight improvements. Vacancy in Platte dipped 20 basis points over the past 12 months to 5.6% while vacancy in the Shawnee/Lenexa submarket decreased by 10 basis points to 6.0% during the same period.
- Middle-tier and lower-tier properties continued to outperform top-tier properties in occupancy. The combined vacancy rate for Class B and Class C properties increased by just 30 basis points over the past 12 months to 4.8%. Class A vacancy rates averaged 8.5% during the first half.
- FORECAST:** With elevated deliveries expected throughout the year, vacancy is likely to continue inching higher. By the end of 2025, Kansas City's vacancy rate is forecast to reach 7.0%, an increase of 60 basis points year over year.

RENTS

- Rent growth accelerated in the second quarter, with rents advancing 1.3% during the past three months to \$1,263 per month. This marked the highest quarterly rent growth recorded since 2022. Year over year, asking rents have increased by 3.6%.
- Rents in the Merriam/Mission/Prairie Village area continue to post stronger growth than the rest of the market. Year over year, asking rents in this area spiked 9.6% to \$1,148 per month. Nearby Overland Park, which contains roughly 20% of the market's inventory, posted a 4.6% increase over the past 12 months to \$1,477 per month.
- Top-tier rents continued to rise during the second quarter. Asking rents for Class A properties increased by 1.3% during the past three months to \$1,532 per month. During the past year, top-tier rents advanced by 3.0%.
- FORECAST:** Asking rents in Kansas City are expected to continue rising at a healthy pace, though growth may moderate due to softening vacancy conditions. Asking rents are projected to increase by 3.0% in 2025, ending the year at roughly \$1,275 per month.

Year over year, asking rents have increased by 3.6%.

RENTS TRENDS

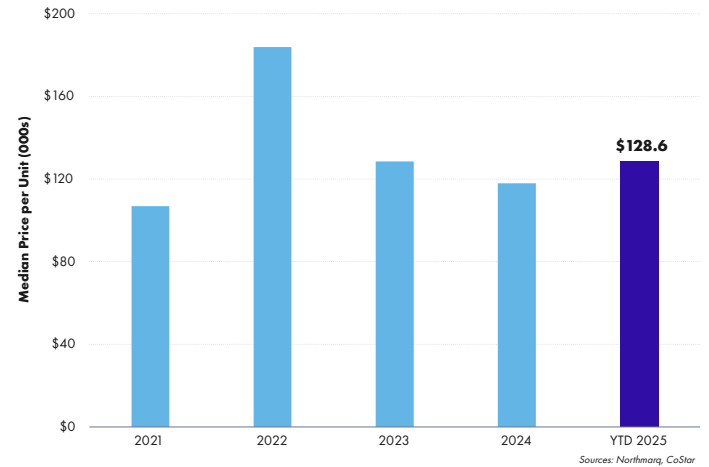


MULTIFAMILY SALES

- Sales activity in the Kansas City multifamily investment market slowed in the second quarter following a strong end to last year and start to 2025. Still, total sales through the first half of the year outpaced levels recorded in the same period of 2024 by 25%.
- Pricing has pushed higher to this point in the year. The median sale price is \$128,600 per unit year to date, a 9% increase from 2024. Class C properties have traded at a premium during the past six months, while making up nearly half of the sales. The median price for these lower-tier assets hit \$115,400 per unit during the first half.
- Cap rates continue to trend higher. Year to date, cap rates average 6.1%, ranging between 5.0% to 6.3%. For comparison, in the second half of last year, cap rates averaged 5.5%.

The median sale price is \$128,600 per unit year to date.

INVESTMENT TRENDS



RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

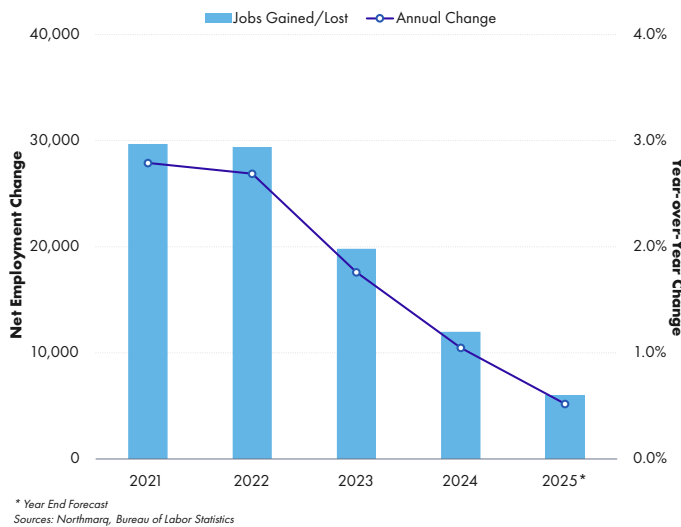
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
The Vale	13331 Hauser St., Overland Park	2020	248	\$63,500,000	\$256,048
Brookside Commons	6551 Rockhill Rd., Kansas City	2023	210	\$43,000,000	\$204,762
Englewood Vista	5700 North Main St., Kansas City	2003	154	\$21,886,523	\$141,990
Jefferson on the Lake	12251 South Strang Line Rd., Olathe	1986	352	\$40,150,000	\$114,063

LOOKING AHEAD

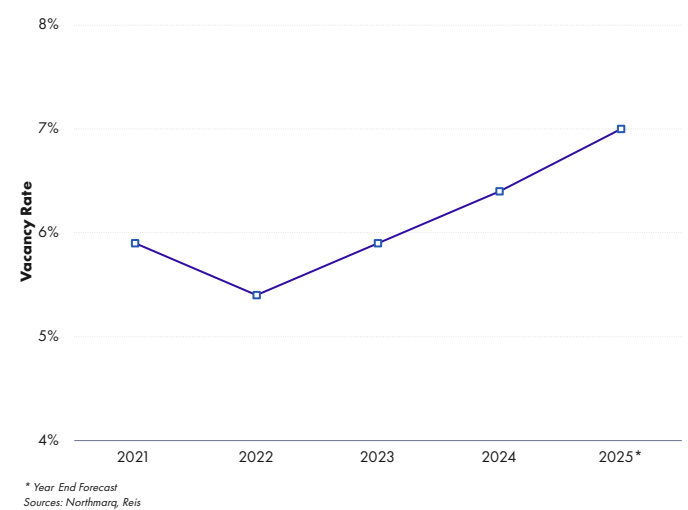
Property performance trends for the remainder of 2025 are expected to closely mirror those observed during the first half of the year. As the pace of multifamily deliveries picks back up again, vacancy rates will face some additional upward pressure, though increases are likely to remain moderate. Rent growth should remain positive through the end of the year, although the pace will probably slow compared to the strong gains seen in recent months. Overall, asking rents are forecasted to rise by approximately 3.0% in 2025, surpassing last year's figures and closely aligning with 2023 levels. A number of the projects scheduled for completion this year are located in Downtown Kansas City, where vacancy rates are already above 10%. In most suburban submarkets, vacancy rates are in the 5% to 6% range.

Sales activity in the Kansas City multifamily investment market is expected to pick up through the remainder of the year, following a slight downturn in recent months. Total sales in 2025 should approach long-term historical trends, though they may still trail those metrics. Investors will likely continue to target lower-tier properties, and increased transaction activity among older vintages could help boost overall sales volumes in the second half of 2025 and into 2026. Class A assets have changed hands less frequently during the past six months, after comprising roughly one-third of all transactions from 2021 to 2024. This trend is expected to reverse going forward, as supply-side pressures begin to ease. Persistent rent growth in the Class A segment also supports a more favorable investment case for top-tier assets, both in the near term and going forward.

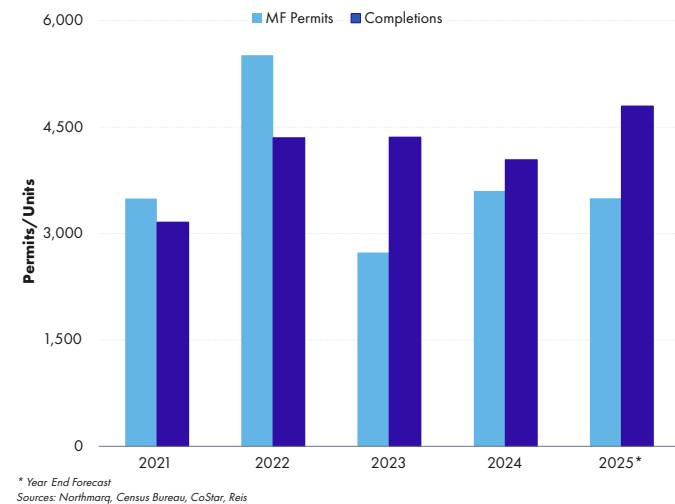
EMPLOYMENT FORECAST



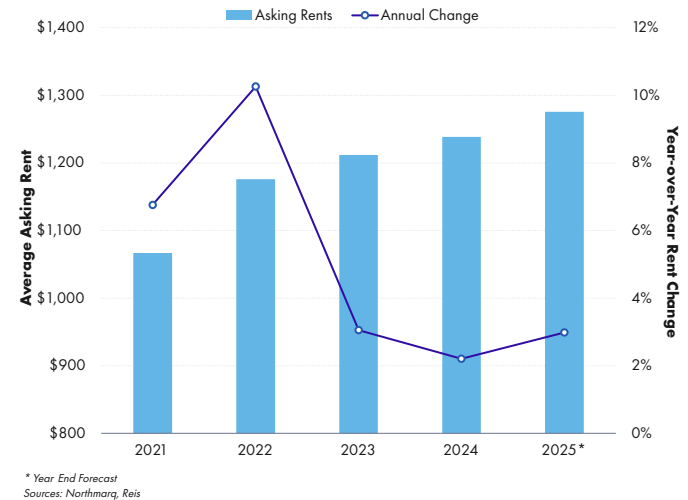
VACANCY FORECAST



CONSTRUCTION & PERMITTING FORECAST



RENTS FORECAST





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