Northmarq

MARKET INSIGHTS

Northern submarkets are top performers

CONSTRUCTION ACTIVITY

UNDER CONSTRUCTION	6,299
UNITS DELIVERED (YTD)	2,467

MARKET FUNDAMENTALS

VACANCY RATE	7.7%
YEAR-OVER-YEAR CHANGE	+80bps
ASKING RENTS	$1,289
YEAR-OVER-YEAR CHANGE	+1.4%

TRANSACTION ACTIVITY (YTD)

MEDIAN PRICE PER UNIT	$149,800

KANSAS CITY MULTIFAMILY
Q2 2026

HIGHLIGHTS

- Multifamily operating conditions in Kansas City were mixed during the second quarter, as vacancy increased while asking rents ticked higher. The pace of deliveries picked up in recent months, bringing year-to-date completions to nearly 2,500 units.
- The vacancy rate continued to climb during the second quarter, rising 30 basis points to 7.7%. In the past 12 months, vacancy increased by 80 basis points.
- Asking rents climbed at an increased rate in the second quarter, rising 1.4% to $1,289 per month. Year over year, asking rents in Kansas City are up 1.4%.
- The transaction count in the first half of the year is in line with the first half of 2025. Year to date, the median sale price is $149,800 per unit, while cap rates have averaged 5.2%.

KANSAS CITY MULTIFAMILY MARKET OVERVIEW

Fundamentals in the Kansas City multifamily market shifted in mixed directions during the second quarter. The vacancy rate continued to trend higher, fueled by an accelerating pace of completions that occurred at the same time as a slowdown in absorption. Net absorption totaled fewer than 100 units during the first half of the year, after totaling more than 1,300 units during the same period in 2025. These forces combined to push the vacancy rate beyond already elevated levels. Despite the increase in vacancy, rent growth accelerated, building upon a first quarter uptick. The northern submarkets of the Kansas City metro were the top performers, led by Platte, where vacancy declined 150 basis points while most areas across the market recorded increases. The North Kansas City, Gladstone/Liberty, and Independence areas were the top submarkets for rent growth. Year over year, asking rents in these three submarkets increased by an average of 3.1%.

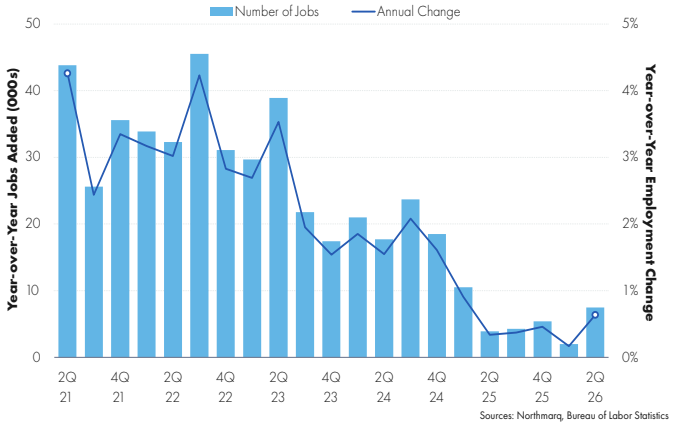
The number of multifamily transactions that took place in Kansas City during the first half of the year roughly matched the first half of 2025. The mix of properties that changed hands shifted considerably. Approximately half of all properties that sold were located in Overland Park, which made up only a minor share of transactions last year. There was an even share of Class A, Class B, and Class C sales, with Class C assets recording the greatest increase in pricing. The median sale price for lower-tier apartments climbed 29% to $129,300 per unit. While Class A pricing inched lower, down 4% from last year, Class A volume is up more than 40% compared to the first half of 2025. Cap rates ticked up slightly, rising to 5.2% on average in the first half of the year. Compared to the average cap rate in both 2024 and 2025, this is an increase of approximately 20 basis points.

EMPLOYMENT

- Employment growth in Kansas City accelerated in recent months, though it remains limited compared to recent years. In the past 12 months, local employers expanded payrolls by 0.6%, filling an additional 7,500 positions.
- The leisure and hospitality sector is posting the strongest employment gains. Year over year, employment in this sector has risen by 3.9%, with 4,700 new positions being filled.
- The manufacturing sector also recorded outsized gains compared to recent periods. There were 2,200 new positions added in the manufacturing sector in the past 12 months, an increase of 2.5%.
- **FORECAST:** Employment growth is forecast to remain stronger than it was in 2025, though it will still lag recent norms. In 2026, total employment is forecast to rise by roughly 1% with the addition of 10,000 workers.

Payrolls expanded by 0.6% in the past 12 months.

EMPLOYMENT OVERVIEW

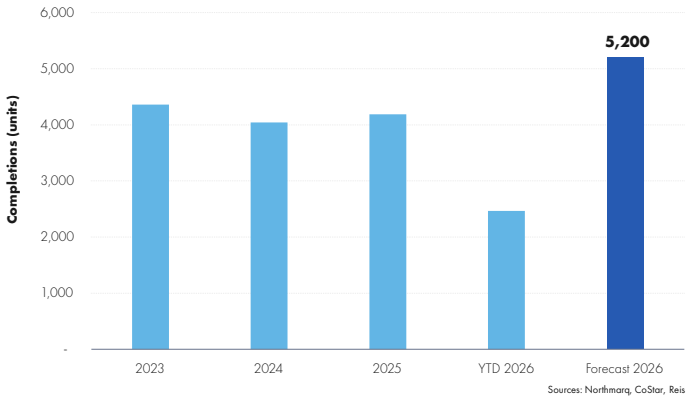


Sources: Northmarq, Bureau of Labor Statistics

DEVELOPMENT & PERMITTING

Completions accelerated in the second quarter.

DEVELOPMENT TRENDS



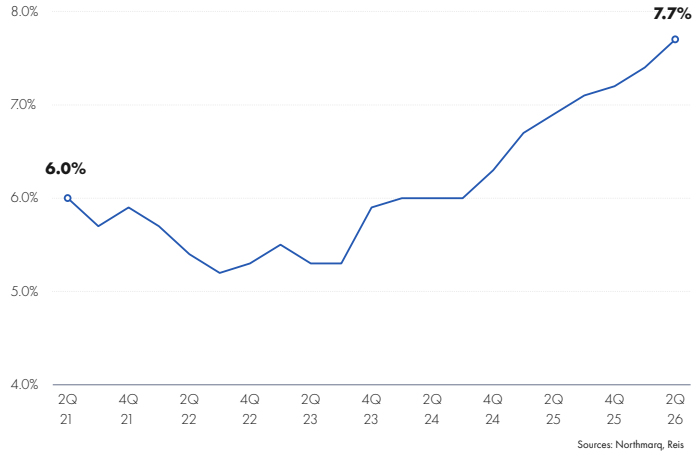
Sources: Northmarq, CoStar, Reis

- Following a light first quarter, multifamily completions in Kansas City accelerated in the second quarter, bringing year-to-date deliveries to nearly 2,500 units. Even so, completions remained roughly 10% below the level recorded at the same point in 2025.
- The construction pipeline remains elevated. There are currently projects totaling roughly 6,300 units underway, up from approximately 5,400 units one year ago. These projects are primarily in Downtown Kansas City and the Outlying Johnson County area, in cities like Shawnee, Lenexa, and Overland Park.
- Permitting slowed during the second quarter, though year-to-date activity outpaced the first half of 2025 by 11%, with multifamily permits issued for nearly 2,700 units. Total permitting this year is forecast to reach 5,000 units.
- **FORECAST:** Projects totaling 5,200 units are expected to come online in 2026, which would mark the second-highest annual total of the past decade. In the trailing five years, deliveries averaged roughly 4,000 units per year.

VACANCY

The vacancy rate in Kansas City increased by 30 basis points.

VACANCY TRENDS



Sources: Northmarq, Reis

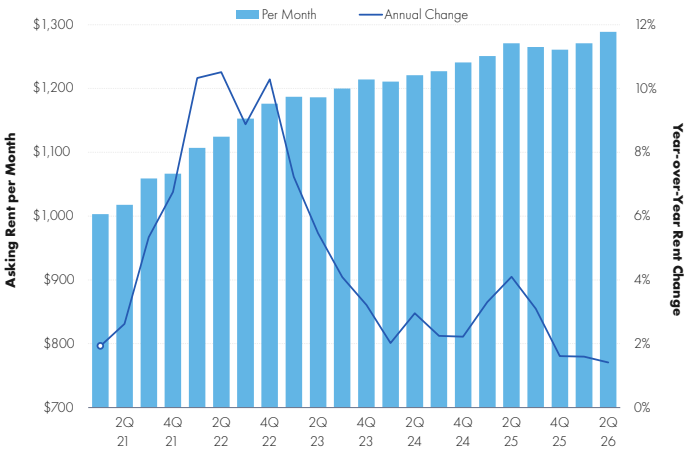
- Vacancy has been steadily increasing in Kansas City since mid-2024, and this trend continued in the second quarter. In the past three months, the vacancy rate increased by 30 basis points to 7.7%. Year over year, vacancy is up by 80 basis points.
- Vacancy increases were most pronounced in Class B and Class C communities. The combined vacancy rate for middle-tier and lower-tier apartments increased 90 basis points in the past 12 months to 5.7%. Class A vacancy increased just 50 basis points in the same period to 8.9%.
- Despite the rise in the overall vacancy rate, some submarkets are still posting improvements. Platte posted the steepest decline during the past 12 months, with vacancy decreasing 150 basis points to 5.4%.
- **FORECAST:** Vacancy is expected to continue rising through the end of the year. In 2026, the vacancy rate is forecast to rise 80 basis points to 8.0%.

RENTS

- Following lighter rent growth during the opening months of the year, rent gains accelerated during the second quarter, rising 1.4% to $1,289 per month. Year over year, asking rents are also up 1.4%.
- The North Kansas City submarket continues to lead the market in rent growth. In the past 12 months, asking rents in this area have increased by 3.7% to $1,166 per month. Rents in the Gladstone/Liberty area rose by 3.0% year over year to $1,105 per month.
- This quarterly boost in rent growth was driven primarily by gains in the Class A segment. Asking rents in these top-tier assets increased by 1.5% during the second quarter to $1,555 per month. Class B and Class C combined asking rents increased 0.9% in the same period to $960 per month.
- **FORECAST:** Asking rents are expected to continue climbing through year end. By the end of 2026, asking rents in Kansas City are forecast to reach roughly $1,300 per month, reflecting annual growth of around 3%.

Year over year, asking rents are up 1.4%.

RENTS TRENDS



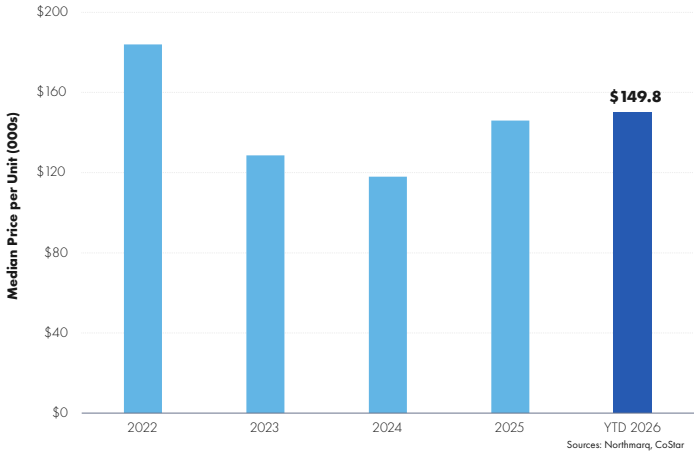
Sources: Northmarq, Reis

MULTIFAMILY SALES

- Sales activity in Kansas City continued at a steady pace during the second quarter. There were roughly the same number of multifamily transactions during the first half of 2026 as in the first half of 2025.
- In the first half of 2026, the median sale price was $149,800 per unit, up 3% from 2025. Compared to the peak recorded in 2022, pricing levels have dropped by roughly 20%.
- Cap rates ticked higher, though they remained within close range of the previous two years. The current average cap rate is 5.2%, up from 5.0% in both 2024 and 2025.

The current average cap rate is 5.2%.

INVESTMENT TRENDS



RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

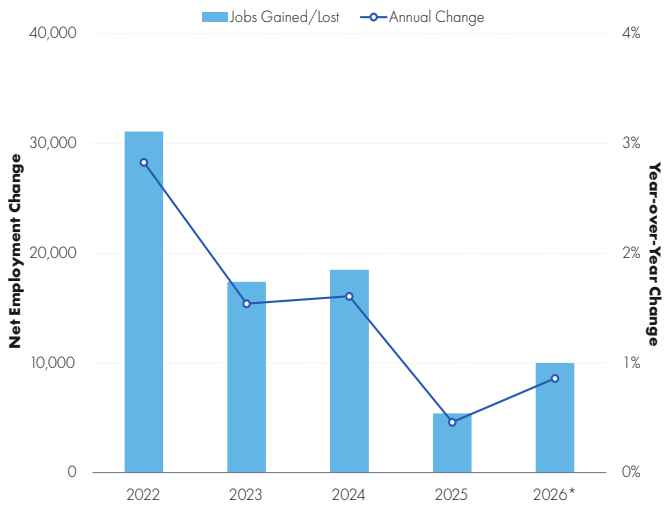
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
Weston Point	13340 Outlook Drive, Overland Park	1997	350	$76,500,000	$218,571
Bonvia Veterans Park	6100 Park St., Shawnee	2023	228	$50,710,000	$222,412
Villa Estates at Lenexa	9101 Renner Blvd., Lenexa	2002	256	$40,000,000	$156,250
Coventry Oaks	11701 West 105th St., Overland Park	1986	98	$12,800,000	$130,612
Preston Court	9160 West 103rd St., Overland Park	1968	181	$23,400,042	$129,282

LOOKING AHEAD

The Kansas City multifamily market is expected to continue moving in its current direction. Deliveries will accelerate in the second half of the year, bringing total completions to one of the highest levels that has been recorded in the past decade. This will likely outpace absorption, even if demand strengthens in coming months, pushing the vacancy rate to an estimated 8% by the end of the year. Absorption should remain positive though, which will give operators room to continue raising rents, especially in the areas where new construction has been light. The largest share of new units that have been delivered this year is in Lee's Summit, while Downtown will begin to make up a stronger share of deliveries in the second half. Meanwhile, the northern submarkets of the Kansas City metro should continue to record lighter delivery levels and greater improvements in fundamentals.

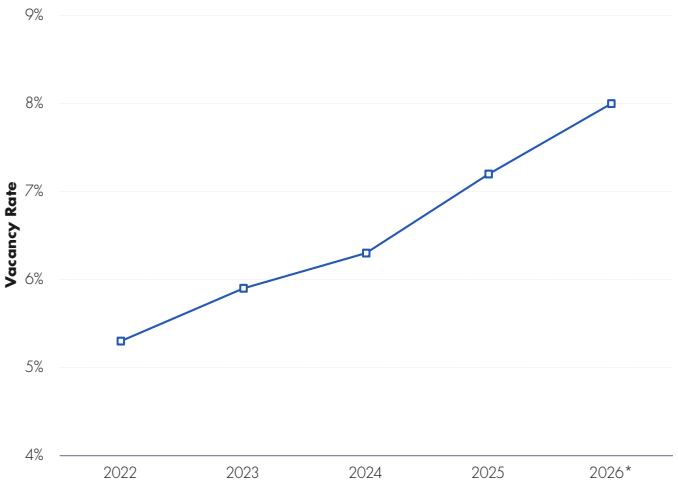
The level of multifamily sales activity that was observed during the first half of the year is expected to persist throughout the remainder of 2026, although the transaction mix may shift. No individual submarket or county is expected to post a major uptick in activity, so Overland Park will likely remain the leading area for investment, though the share of total activity that this submarket contains may become diluted as additional deals close elsewhere. Class A properties will likely account for a smaller share of total sales in the second half, after making up an unusually large percentage of transactions to start the year. The average cap rate in closed deals may trend higher as more Class B and Class C properties begin to change hands.

EMPLOYMENT FORECAST



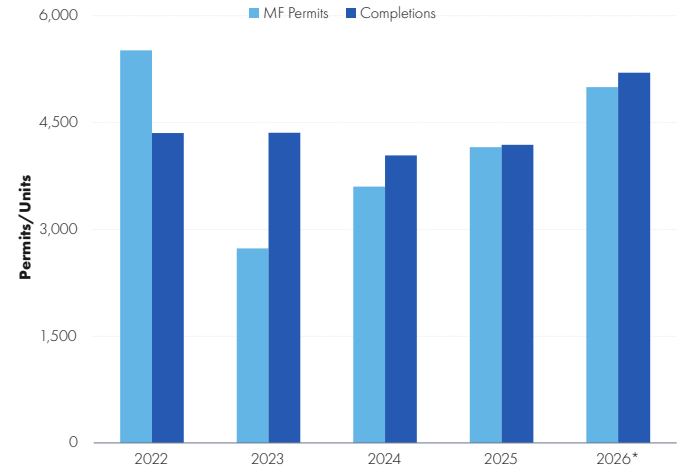
* Year-End Forecast
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



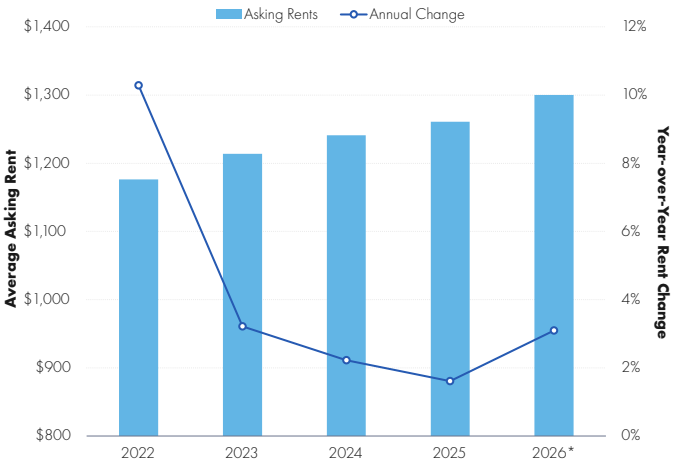
* Year-End Forecast
Sources: Northmarq, Reis

CONSTRUCTION & PERMITTING FORECAST



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

RENTS FORECAST



* Year-End Forecast
Sources: Northmarq, Reis

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