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RESEARCH 2Q25

# Kansas City Capital Markets

**NEWMARK**  
ZIMMER



# Executive Summary

Newmark Zimmer is continuously monitoring market indicators, tracking and analyzing supply and demand drivers, cyclical patterns and industry trends. The following quarterly research report examines the multifaceted Kansas City investment market.

Newmark Zimmer research and analytics has established a system of data flow unique in our industry. Rather than rely on third-party data sources, our data acquisition efforts involve inputs from advisors in the field, analysts and brokers executing transactions. Newmark Zimmer research converts market data and analysis into knowledge that creates value for our clients.

Our clients include market-leading investors and distinguished institutions in and around the Kansas City area and the Midwest. Our market knowledge continues to expand as the market progresses and evolves.

## Select Market Transactions

### Multifamily | Vale Overland Park

251 Units – Sold for \$63,500,000 (\$252,988/Unit)

South Johnson County | 13331 Hauser Street

### Retail | Sprouts Farmers Market

86,280 SF GLA – Sold for \$11,500,000 (\$133/SF)

North Johnson County | 8550 Maurer Road

### Hospitality | Hilton Garden Inn Kansas City/Kansas

146 Rooms – Sold for \$9,600,000 (\$65,753/Room)

Wyandotte County | 520 Minnesota Avenue

### Office | Pine Ridge West Business Park

50,390 SF GLA – Sold for \$7,000,000 (\$139/SF)

North Johnson County | 7905 Quivira Road

### Industrial | 4400 NW Mattox Road

50,780 SF GLA – Sold for \$6,900,000 (\$136/SF)

Northland | 4400 NW Mattox Road



# Capital Markets

## KANSAS CITY MARKET OVERVIEW

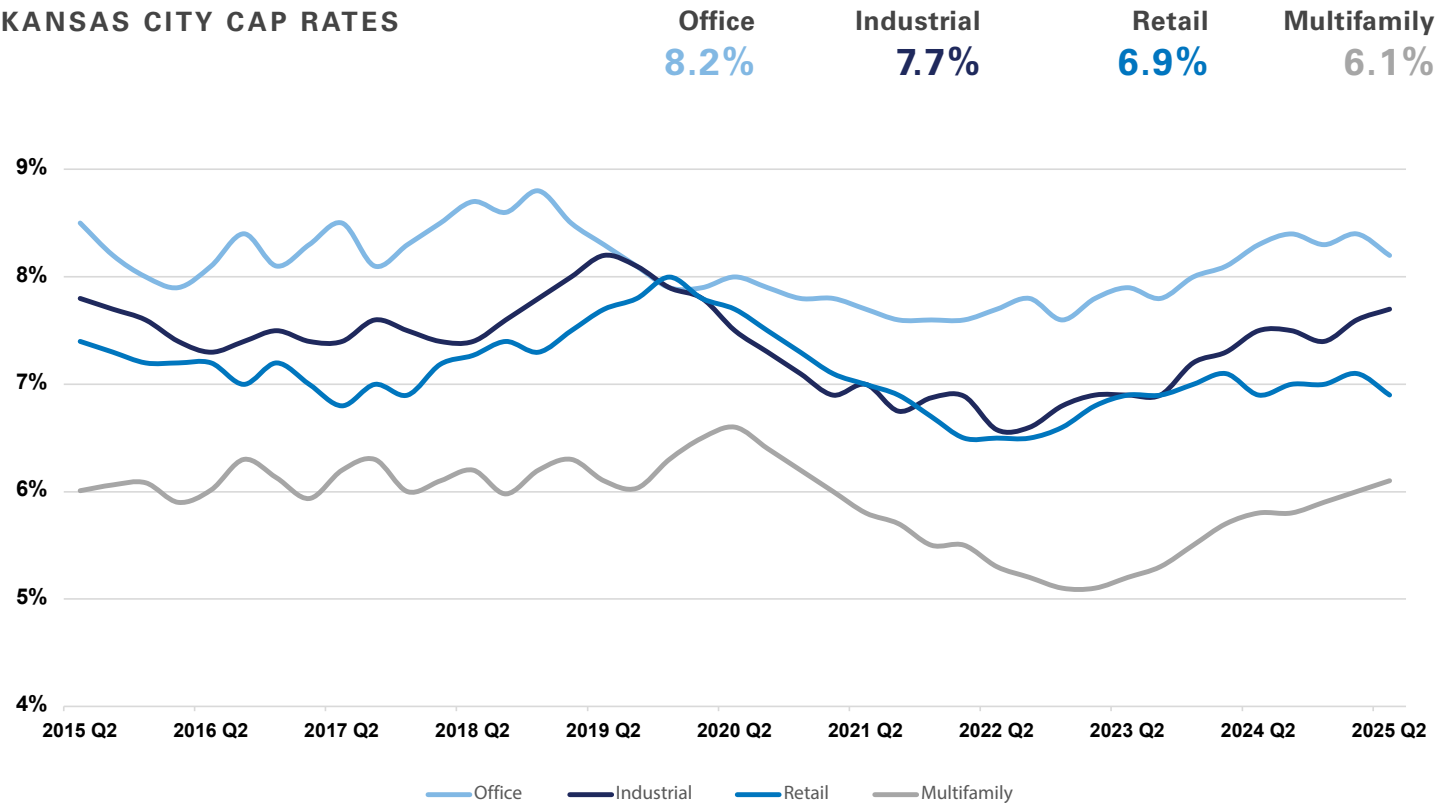
The pace of investment activity in the Kansas City market increased during the past four quarters, with sales volume totaling \$2.6 billion. As a leading second-tier market, the Kansas City Metropolitan area ranked sixth out of the largest 13 Midwest markets in total sales volume during the past 12 months, with multifamily and industrial assets combining 73.2% of the Metro’s activity.

Average capitalization rates across all property types increased by 40 basis points compared with the past 12 months, registering 7.1% in the second quarter of 2025. Net absorption across the industrial, office, and retail sectors totaled 11.4 million SF over the past four quarters, an increase of 184.6% compared with the preceding year. Multifamily realized 4,909 units of net absorption during the past four quarters, an increase of 20.7% during a similar period a year ago.

With speculative development kept in check and incentives offered to lock tenants in for longer lease terms, the multifamily (\$1,367/unit) sector experienced a new record high for asking rental rates in 2Q25. Rental rates for industrial

(\$5.90/SF), office (\$22.96/SF) and retail (\$14.91/SF) space are also near record highs after pulling back slightly over the past year. Vacancy rates in three out of four industry sectors decreased year-over-year with retail vacancy increasing 40 bps, but remains near record lows at 4.1%. The office sector decreased by 120 bps to 16.1%; industrial sector decreased by 40 bps to 5.1% and the multifamily sector decreased by 20 bps to 7.9%.

The Newmark Zimmer Midwest Capital Markets team anticipates investment sales volume to continue to increase in the second half of the year as buyers and sellers further adjust to the current market conditions. Allocations for commercial real estate investment continue to remain steady for industrial, neighborhood retail, multifamily, medical office and mixed-use Class A office with strong operating fundamentals. We continue to monitor the impact of lending conditions on leveraged buyers return expectations and valuations with potential interest rate adjustments in the 4Q25.

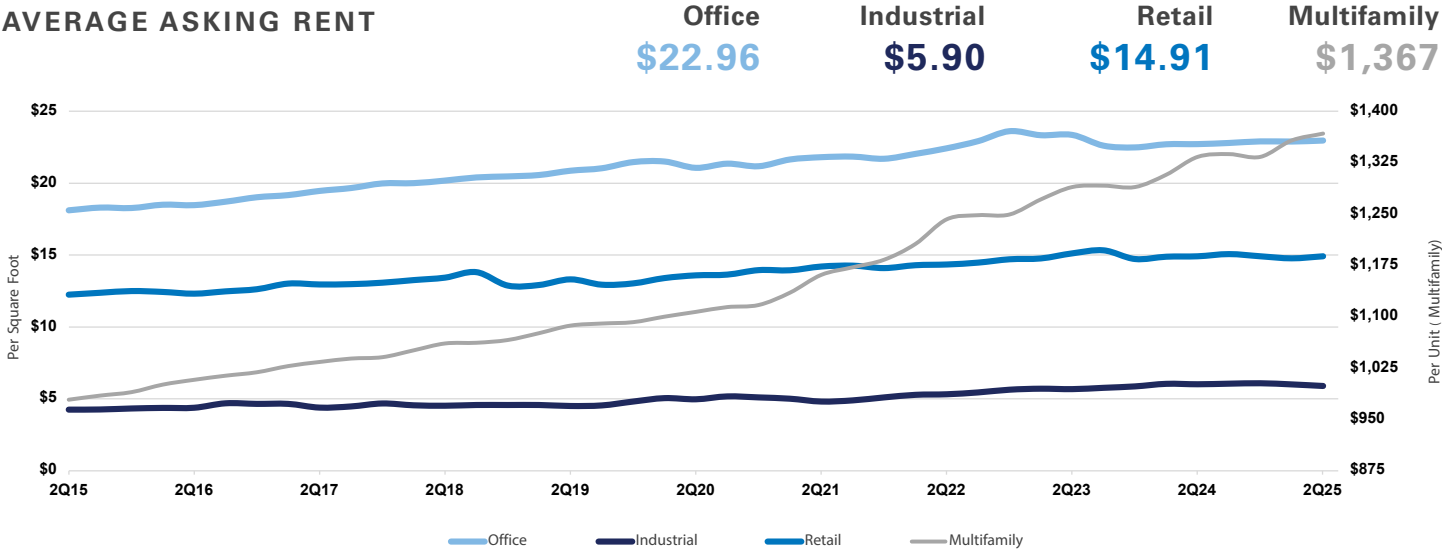


Source: Newmark Zimmer Research, CoStar, Real Capital Analytics

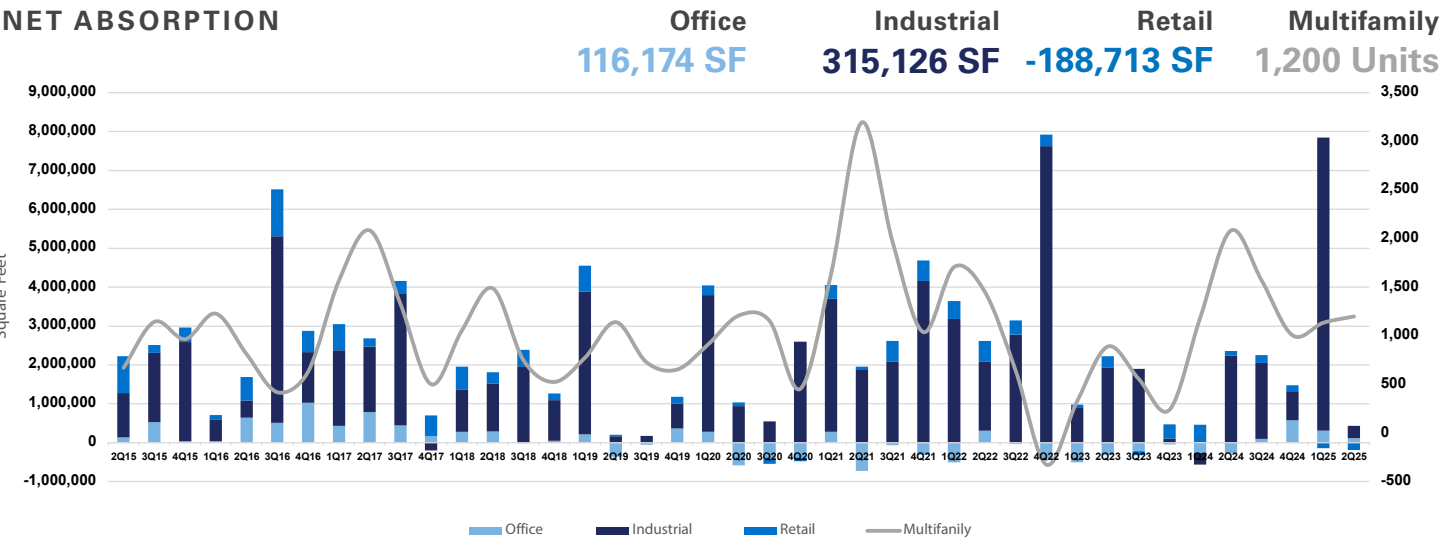
# 2Q25 Kansas City

## MARKET ANALYSIS

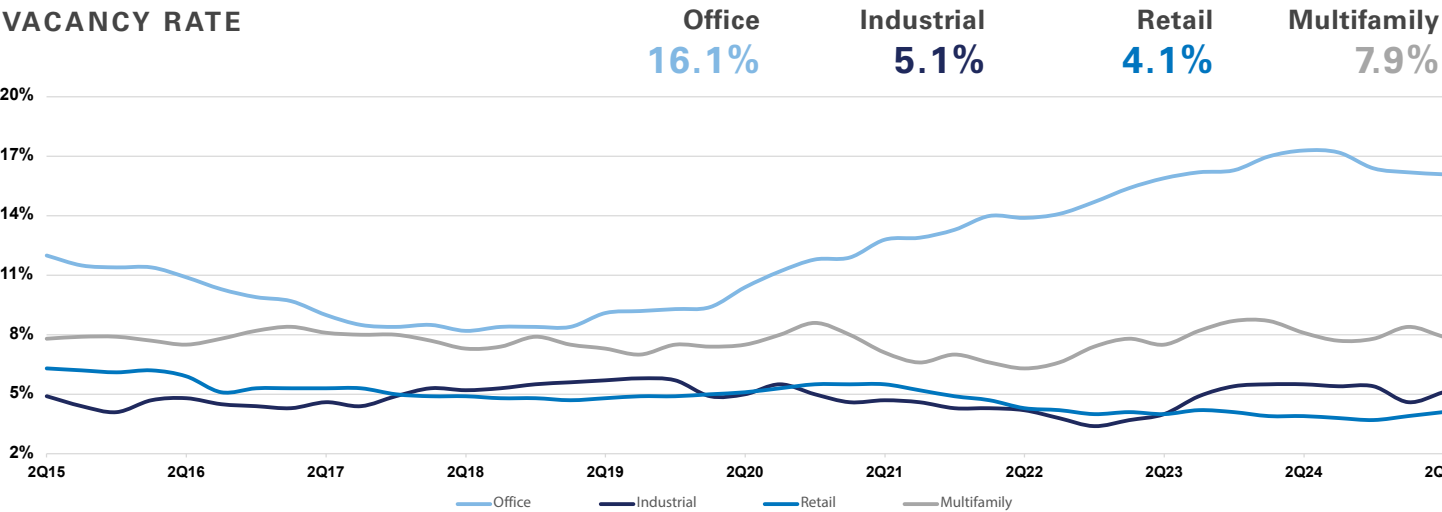
### AVERAGE ASKING RENT



### NET ABSORPTION



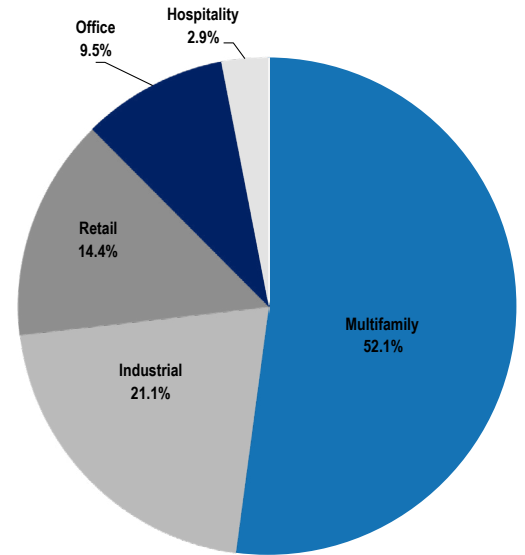
### VACANCY RATE





## SALES VOLUME BY PROPERTY TYPE

KANSAS CITY, 12-MONTH TOTALS



Property Type	Volume	# of Properties
Multifamily	\$1.37 B	54
Industrial	\$554.7 M	41
Retail	\$379.1 M	40
Office	\$249.2 M	26
Hospitality	\$77.2 M	6
<b>TOTAL</b>	<b>\$2.6 B</b>	<b>167</b>

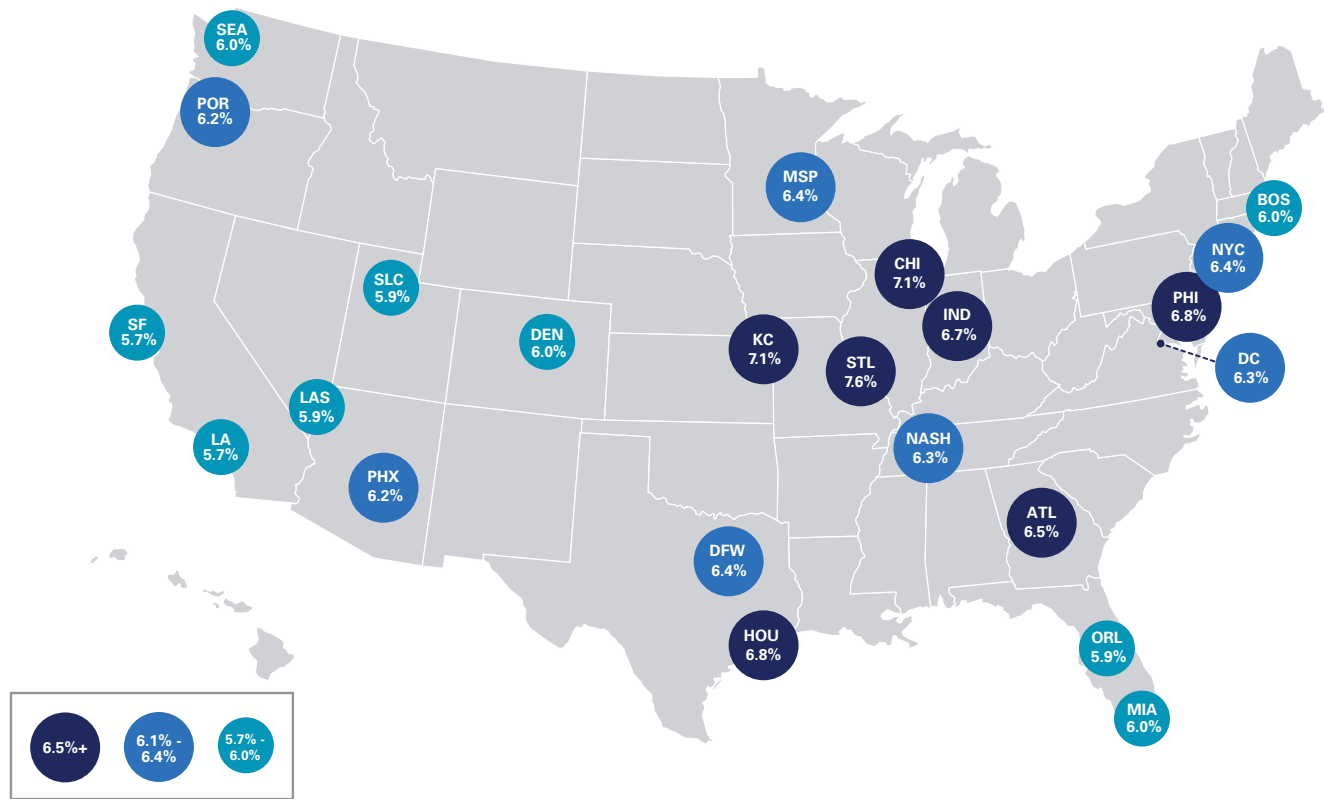
## SELECT SALES TRANSACTIONS | SECOND QUARTER OF 2025

Sector	Building	Submarket	Sale Price	Price Per SF/Unit <sup>1</sup>	SF/Units <sup>2</sup>
Multifamily	Blue Ridge Place   11418 Blue Ridge Boulevard	South Kansas City	\$11,100,000	\$66,071	168
Office	Mission Bank Building   5201 Johnson Drive	North Johnson County	\$7,975,000	\$96	83,300
Multifamily	Oakside Apartments   10302W 62nd Street	North Johnson County	\$6,850,000	\$114,167	60
Retail	Liberty Commons- Bldg F   201-217 S Stewart Road	Northland (Clay County)	\$6,050,000	\$411	14,740
Industrial/Flex	Lee's Summit Industrial Portfolio (2)	Southeast Jackson County	\$5,225,000	\$106	49,400
Retail	Ace Hardware   15066 W 151st Street	South Johnson County	\$4,700,000	\$317	14,840
Industrial	6800-6840 Squibb Road	North Johnson County	\$3,896,500	\$93	41,720
Retail	Liberty Commons- Bldg E   211-229 S Stewart Road	Northland (Clay County)	\$3,425,000	\$232	14,740
Retail	Chipotle   2500 S State Route 291	East Jackson County	\$3,125,000	\$1,341	2,330
Office/Medical	The Cliffs II   4721 S Cliff Avenue	East Jackson County	\$2,100,000	\$77	27,150

<sup>1</sup> The price per unit/room is displayed for the Multifamily and Hospitality sectors. <sup>2</sup> The number of total units/rooms is displayed for the Multifamily and Hospitality sectors.

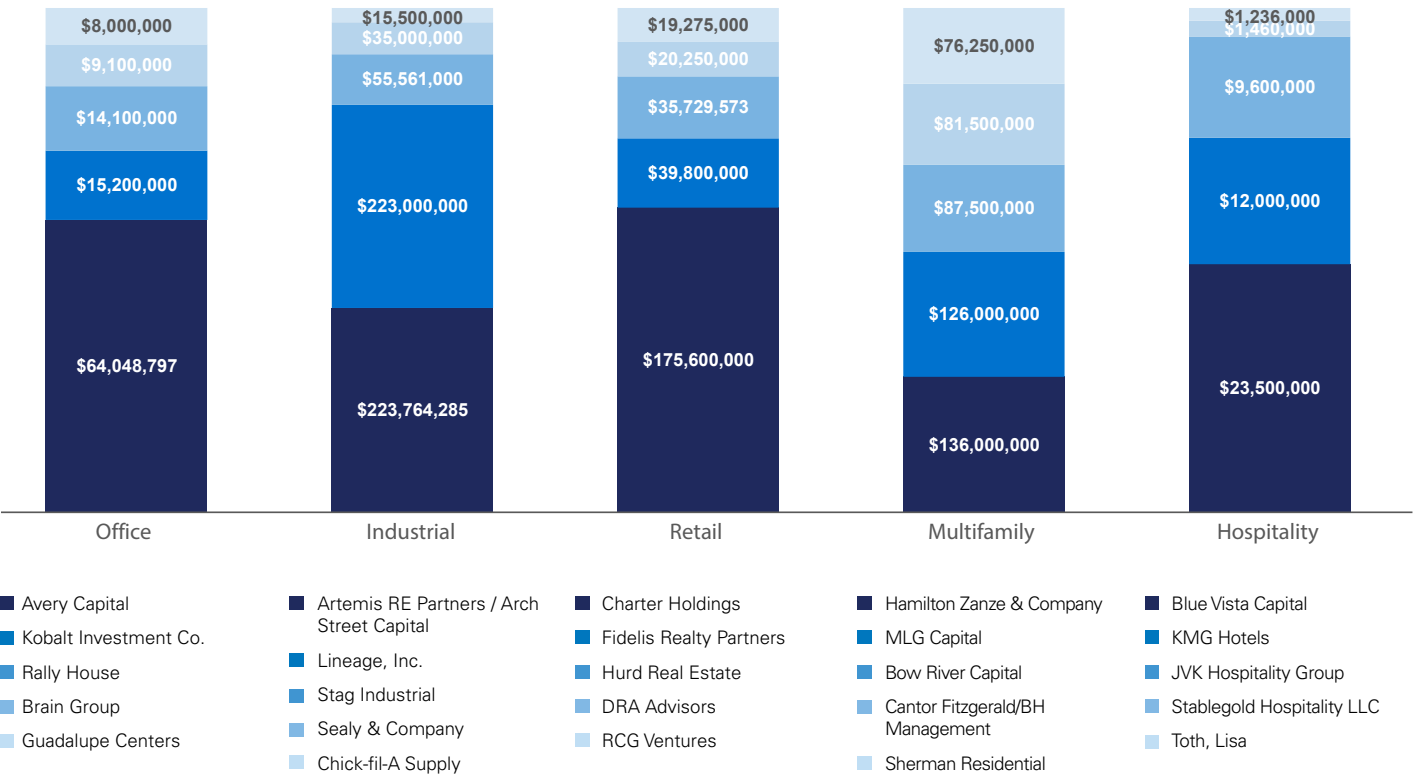
CAP RATES | ALL PROPERTY TYPES

12-MONTH AVERAGE, INCLUDES PROPERTY OR PORTFOLIO SALES \$2.5 MILLION OR GREATER



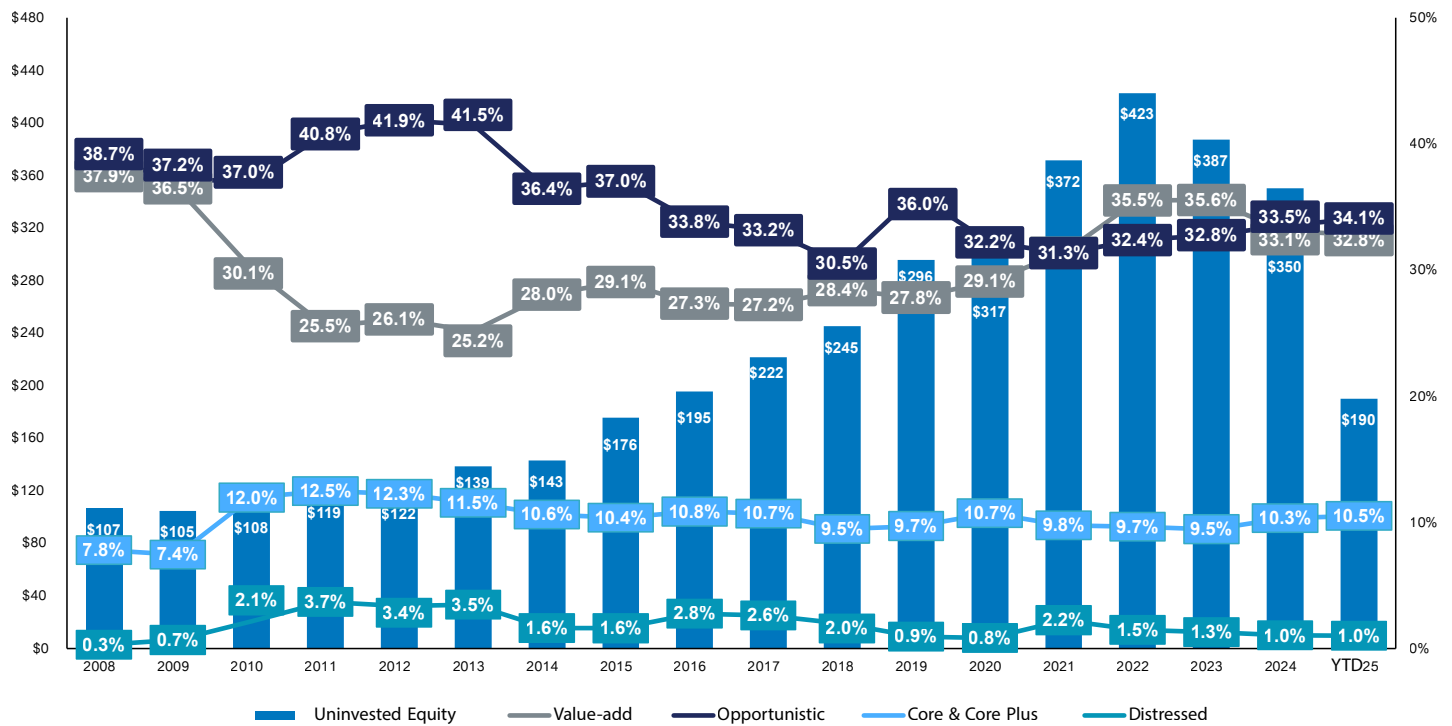
SELECT ACTIVE BUYERS IN THE KANSAS CITY MARKET BY ASSET TYPE

12-MONTH TOTALS



## DRY POWDER

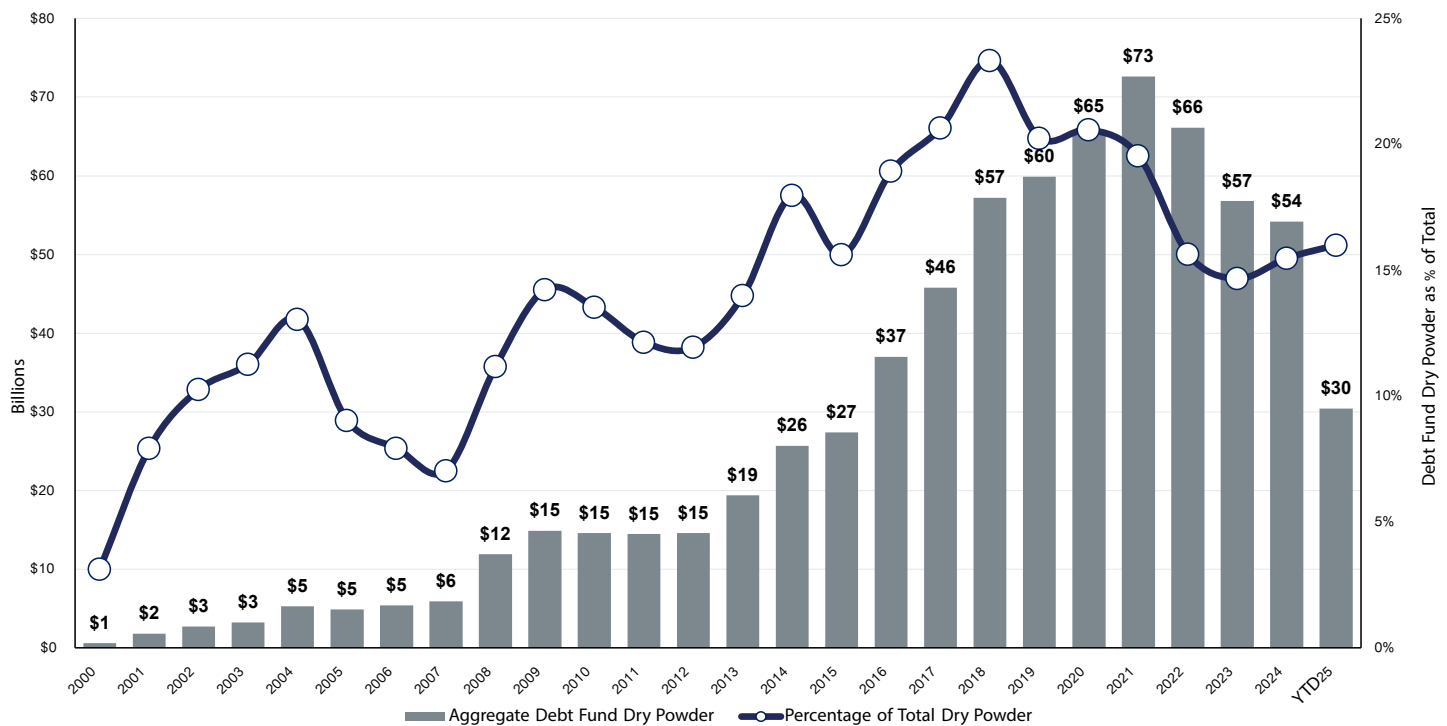
Uninvested equity decreased significantly to 350 billion in 2024. Dry powder allocated to opportunistic deals increased 280 bps from 31.3% in 2021 to 34.1% in YTD 2025. Value-add strategies increased 140 bps from 31.4% in 2021 to 32.8% in YTD 2025.



Note: 'Uninvested Equity' includes Fund of Funds, Debt, Co-Investment and Secondaries, not displayed in the above graphic

Source: Newmark Research, Preqin

## DEBT FUND DRY POWDER



Source: Newmark Research, Preqin

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## We transform untapped potential into limitless opportunity.

**We don't just adapt to what our partners need—we adapt to what the future demands.**

Since our start, we've faced forward, predicting change and pioneering ideas. Almost a century later, the same strategic sense and audacious thinking still guide our approach. Today our integrated platform delivers seamlessly connected services tailored to every type of client, from owners to occupiers, investors to founders, and growing startups to leading companies.

**Tapping into smart tech and smarter people, we bring ingenuity to every exchange and transparency to every relationship.**

We think outside of boxes, buildings and business lines, delivering a global perspective and a nimble approach. From reimagining spaces to engineering solutions, we have the vision to see what's next and the tenacity to get there first.

## TERMS AND DEFINITIONS

**Gross Leasable Area (GLA)** – Expressed in square feet. It is the total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines. It is the standard measure for determining the size of retail spaces, specifically shopping centers, where rent is calculated based on GLA occupied. There is no real difference between RBA (Rentable Building Area) and GLA except that GLA is used when referring to retail properties while RBA is used for other commercial properties.

**Vacancy Rate** – The vacancy rate is the amount of physically vacant space divided by the inventory and includes direct and sublease vacant.

**Net Absorption** – The net change in physically occupied space over a period of time.

**Average Asking Rent** – The dollar amount asked by landlords for available space expressed in dollars per square foot per year. Retail rents are expressed as triple net where all costs including, but not limited to, real estate taxes, insurance and common area maintenance are borne by the tenant on a prorata basis. The asking rent for each building in the market is weighed by the amount of available space in the building.

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