
RESEARCH 3Q25

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

Retail | Town Center Plaza & Town Center Crossing
552,120 SF GLA – Sold for \$289,000,000 (\$523/SF)
South Johnson County | Portfolio (12) – Leawood, KS

Retail | Legends Outlets Kansas City
691,030 SF GLA – Sold for \$130,000,000 (\$188/SF)
Wyandotte County | Portfolio (15) – Kansas City, KS

Multifamily | SEKC Portfolio
527 Units – Sold for \$113,000,000 (\$214,421/Unit)
N Cass Co. & E Jackson Co. | Portfolio (4) – Multiple Locations

Office/Retail | Park Place Village
484,980 SF GLA – Sold for \$100,000,000 (\$206/SF)
South Johnson County | Portfolio (10) – Leawood, KS

Multifamily | MAA at ONE28
318 Units – Sold for \$96,250,000 (\$302,673/Unit)
South Johnson County | 12840 S Black Bob 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 \$3.3 billion, nearly double sales volume from this period a year prior. As a leading second-tier market, the Kansas City Metropolitan area ranked fifth out of the largest 13 Midwest markets in total sales volume during the past 12 months, with multifamily and industrial assets combining 66.9% of the Metro's activity. Capitalization rates increased by eight basis points compared with the past 12 months, registering 6.7% in the third quarter of 2025.

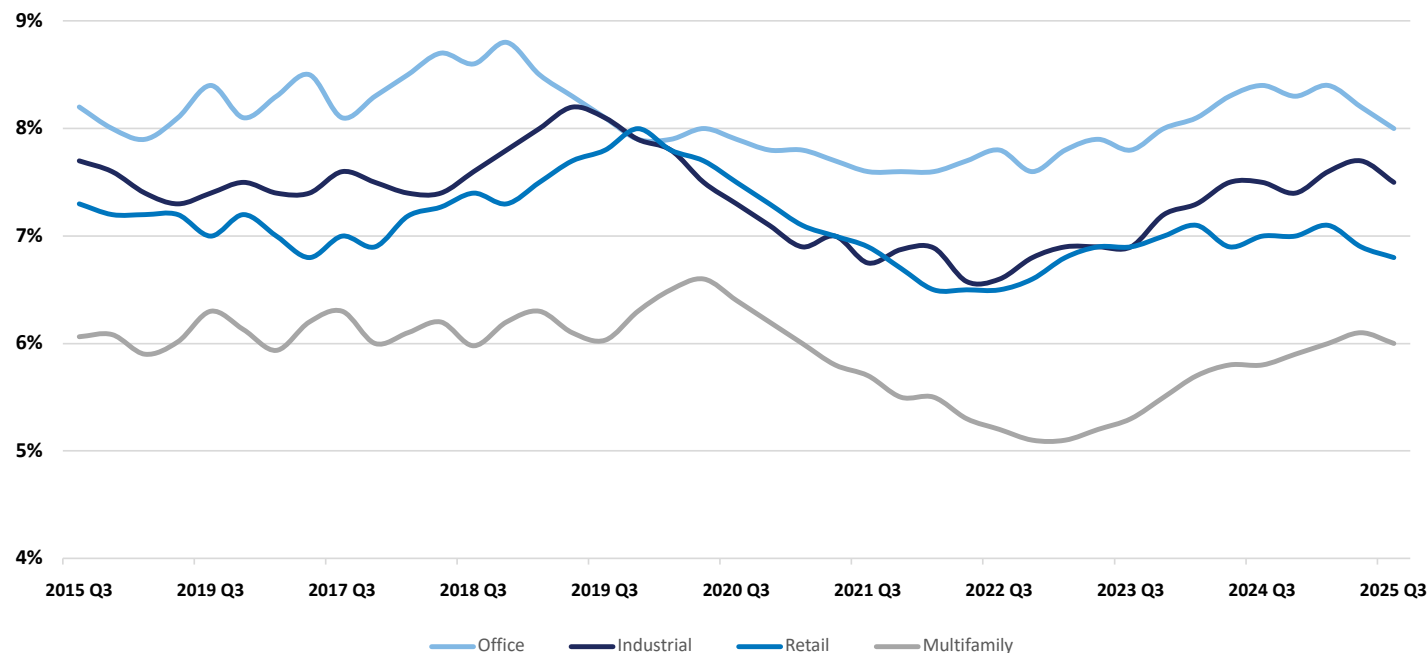
Net absorption across the industrial, office, and retail sectors totaled 10.6 million SF over the past four quarters, an increase of 125.6% compared with the preceding year. Multifamily realized 3,881 units of net absorption during the past four quarters, a decrease of 24.5% during a similar period a year ago. With speculative development kept in check and incentives offered to lock tenants in for longer lease terms, the retail sector experienced a new record high for average

asking rental rates of \$15.07/SF in 3Q25. Average rental rates for multifamily (\$1,368/unit), industrial (\$5.98/SF) and office (\$23.42/SF) space are also near record highs after pulling back slightly over the past year. Vacancy rates in two out of four industry sectors decreased year-over-year with retail and multifamily sectors both increasing 30 bps. The office sector decreased by 110 bps to 16.2% and the industrial sector decreased by 50 bps to 4.9%.

The Newmark Zimmer Midwest Capital Markets team anticipates investment sales volume to continue to increase in the last quarter 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 further interest rate adjustments.

KANSAS CITY CAP RATES

Office 8.0% Industrial 7.5% Retail 6.8% Multifamily 6.0%



Source: Newmark Zimmer Research, CoStar, Real Capital Analytics

3Q25 Kansas City

MARKET ANALYSIS

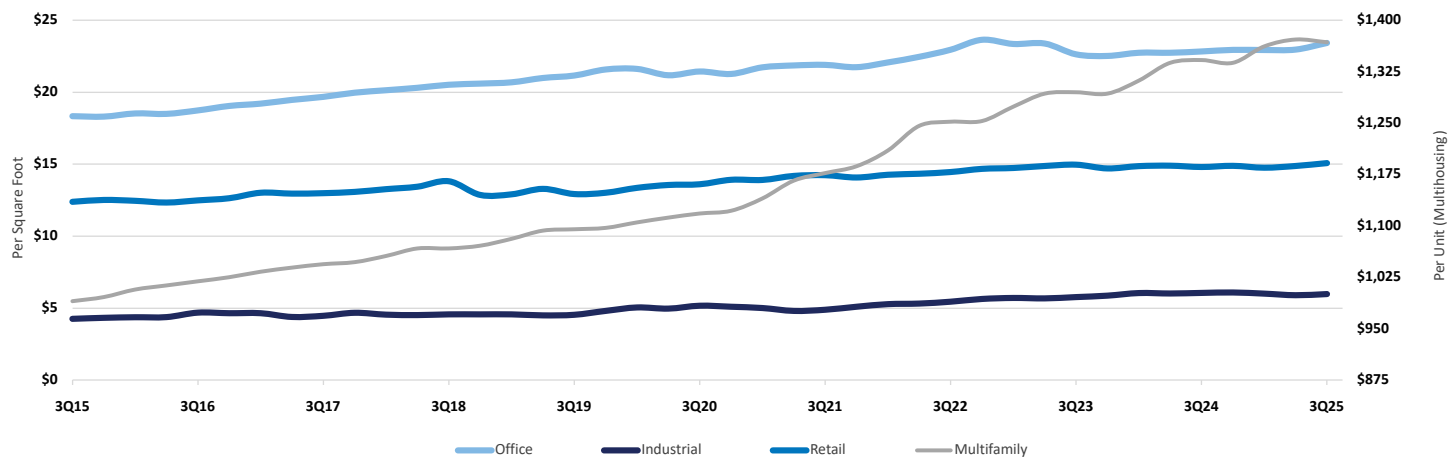
AVERAGE ASKING RENT

Office
\$23.42

Industrial
\$5.98

Retail
\$15.07

Multifamily
\$1,368



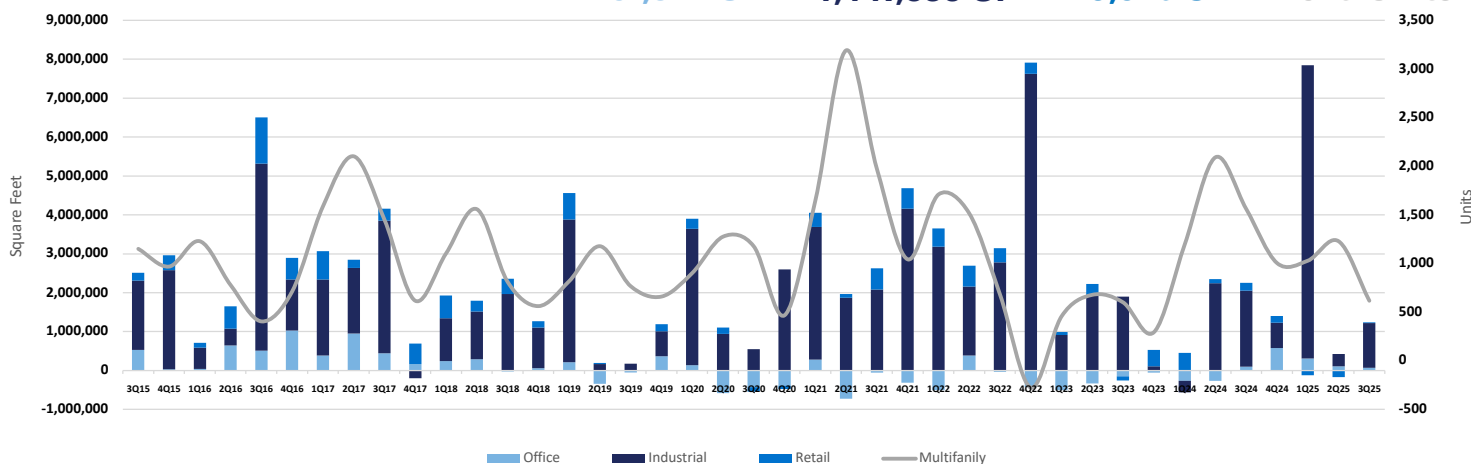
NET ABSORPTION

Office
67,924 SF

Industrial
1,147,535 SF

Retail
23,948 SF

Multifamily
618 Units



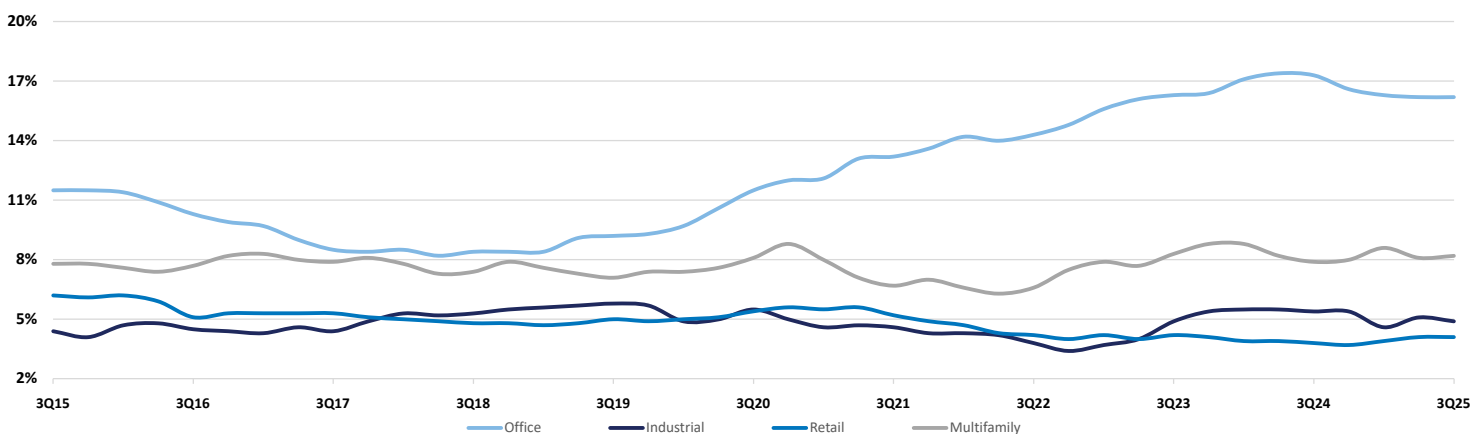
VACANCY RATE

Office
16.2%

Industrial
4.9%

Retail
4.1%

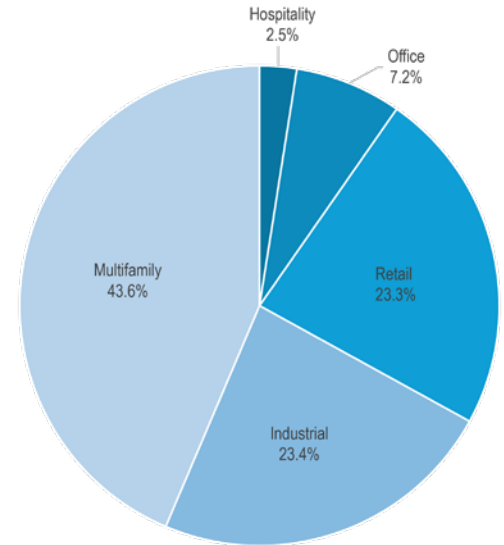
Multifamily
8.2%





SALES VOLUME BY PROPERTY TYPE

KANSAS CITY; 12-MONTH TOTALS



Property Type	Volume	# of Properties
Multifamily	\$1.45 B	63
Industrial	\$774.9 M	51
Retail	\$773.8 M	36
Office	\$240.3 M	26
Hospitality	\$82.4 M	7
TOTAL	\$3.3 B	183

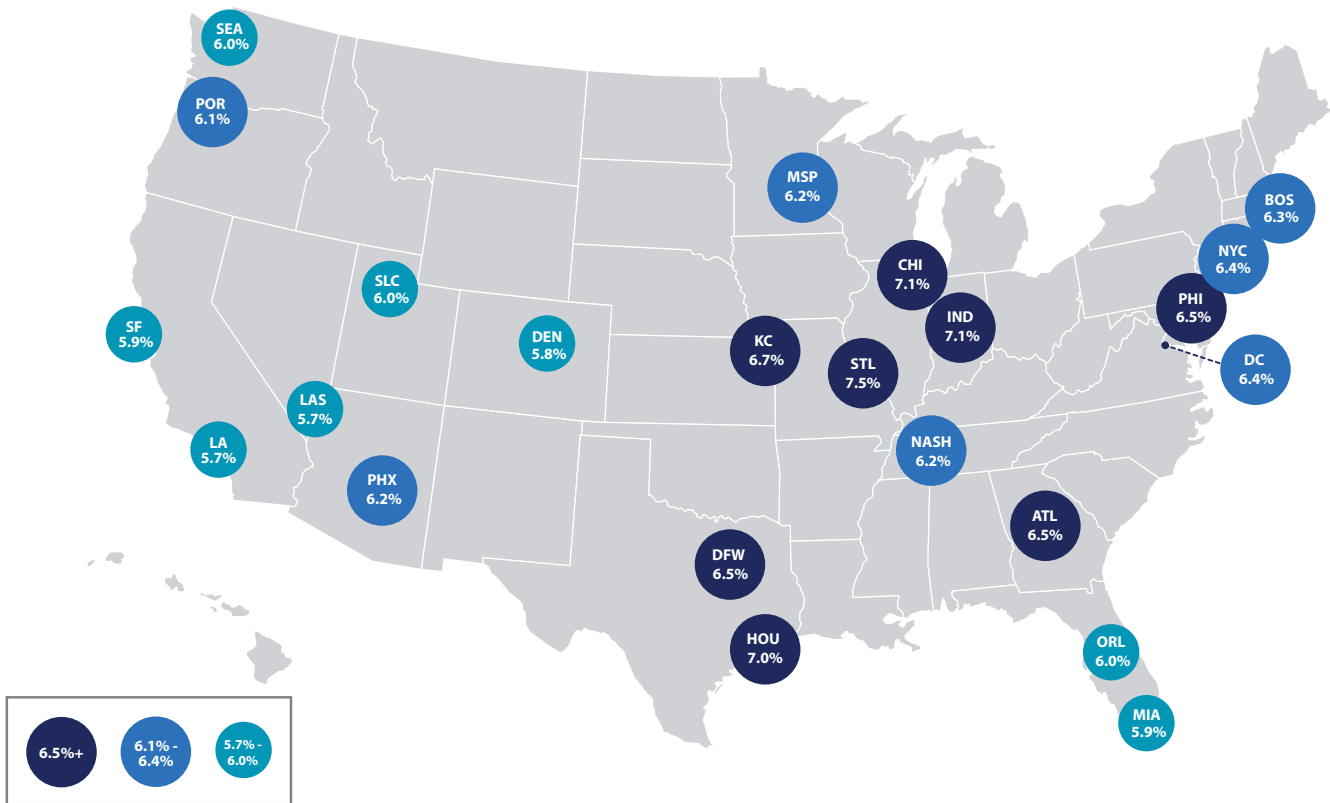
SELECT SALES TRANSACTIONS | THIRD QUARTER OF 2025

Sector	Building	Submarket	Sale Price	Price Per SF/Unit ¹	SF/Units ²
Multifamily	Cyan Southcreek 13220 Foster Street	South Johnson County	\$90,000,000	\$236,842	380
Multifamily	Corbin Crossing 6801 W 138th Terrace	South Johnson County	\$67,550,000	\$226,678	298
Multifamily	Brookside Commons 6551 Rockhill Road	South Kansas City	\$43,000,000	\$204,762	210
Office	One Pershing Square 2301 Main Street	Crown Center	\$21,500,000	\$107	201,490
Industrial	9806 Lackman Road	North Johnson County	\$17,400,000	\$89	195,000
Office/Medical	4601 Madison Avenue	Country Club Plaza	\$9,835,000	\$296	33,180
Industrial	4343 Clary Boulevard	East Jackson County	\$7,700,000	\$45	173,000
Industrial	10001 Industrial Boulevard Portfolio (2)	North Johnson County	\$7,364,000	\$39	188,160
Retail	Natural Grocers 19019 E 48th Street S	East Jackson County	\$7,325,000	\$438	16,720
Office	Fashionbilt Building 423 W 8th Street	Downtown	\$5,920,000	\$76	77,550

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

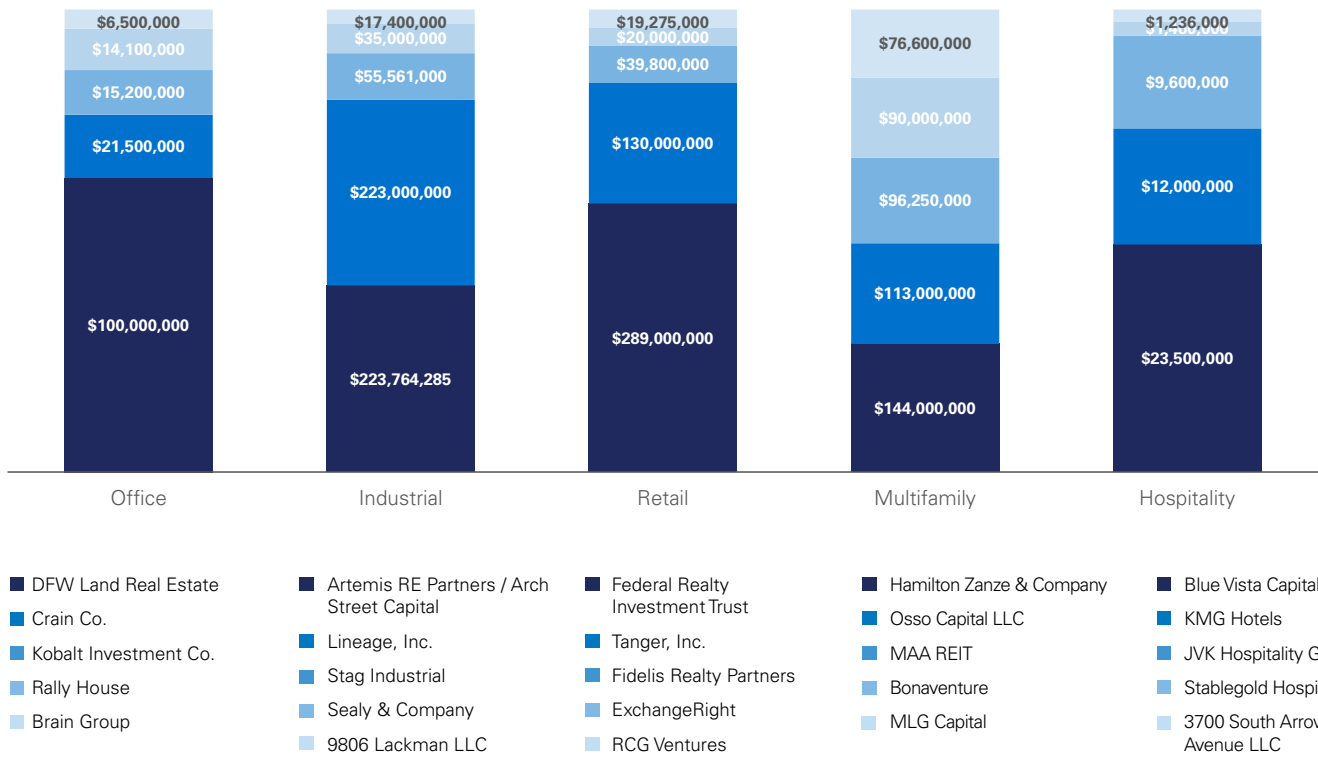
CAP RATES | ALL PROPERTY TYPES

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



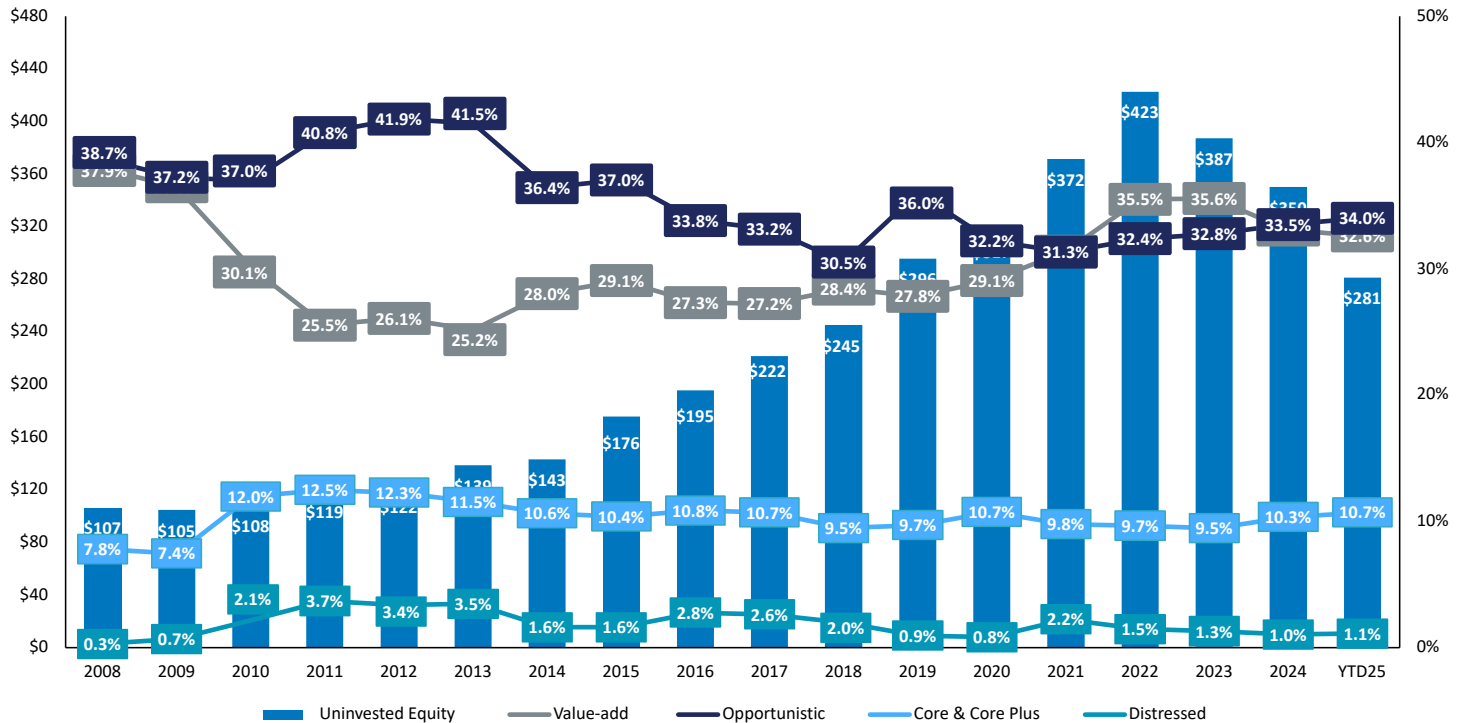
SELECT ACTIVE BUYERS IN THE KANSAS CITY MARKET BY ASSET TYPE

12-MONTH TOTALS



DRY POWDER

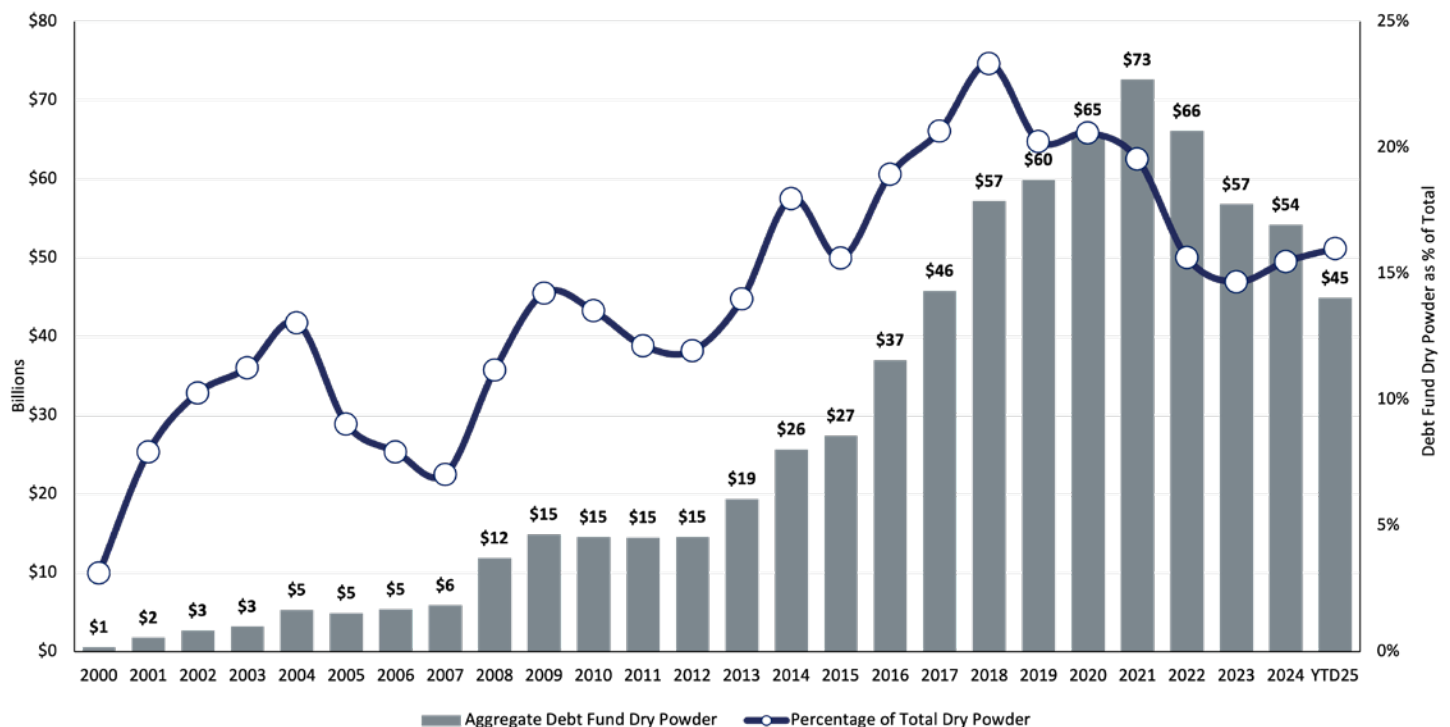
► Uninvested equity decreased significantly to 350 billion in 2024. Dry powder allocated to opportunistic deals increased 270 bps from 31.3% in 2021 to 34.0% in YTD 2025. Value-add strategies increased 120 bps from 31.4% in 2021 to 32.6% in YTD 2025.



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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RESEARCH

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