
RESEARCH 3Q25

Kansas City Retail Report

NEWMARK
ZIMMER



Executive Summary

Newmark Zimmer is constantly 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 retail 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 landlords 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

Town Center Plaza & Town Center Crossing

552,120 SF GLA – SOLD FOR \$289,000,000 (\$523/SF)

South Johnson County | Portfolio (12) – Leawood, KS

Legends Outlets Kansas City

691,030 SF GLA – SOLD FOR \$130,000,000 (\$188/SF)

Wyandotte County | Portfolio (15) – Kansas City, KS

Park Place Village

480,000 SF – SOLD FOR \$100,000,000 (\$208/SF)

South Johnson County | Portfolio (10) – Leawood, KS

Natural Grocers | Independence, MO

16,720 SF GLA – SOLD FOR \$7,325,000 (\$438/SF)

East Jackson County | 19019 E 48th Street South

Crown Hill Plaza | Excelsior Springs, MO

73,900 SF GLA – SOLD FOR \$4,700,000 (\$64/SF)

Clay County | 123-157 Crown Hill Road

Retail

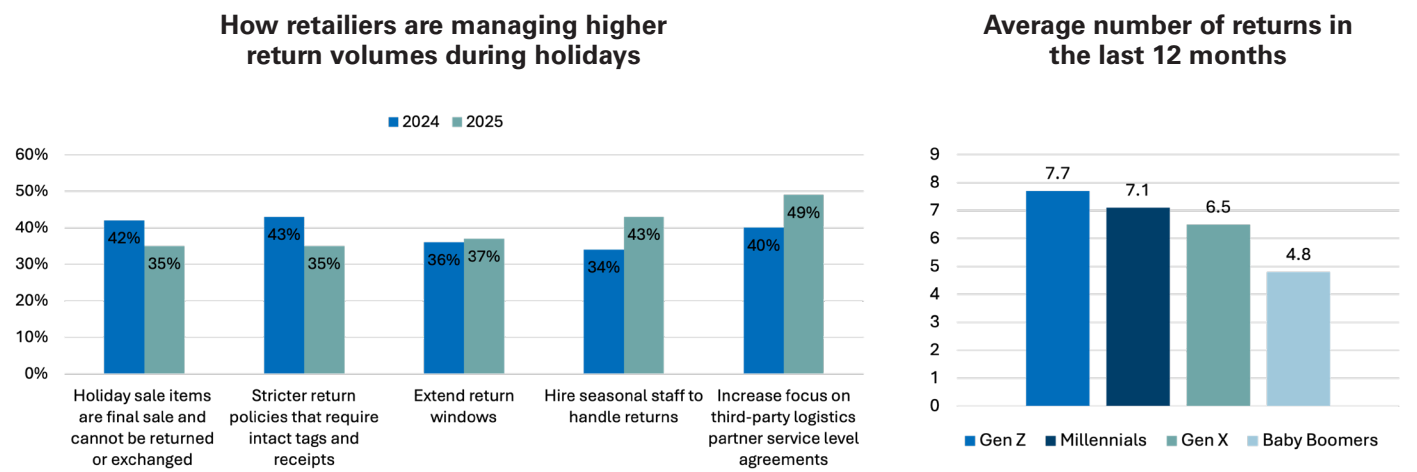
KANSAS CITY MARKET OVERVIEW

Kansas City continues to outperform regional and national retail benchmarks as leasing activity exceeded new deliveries by more than eight-to-one during the past year. Occupancy levels of 95.9% combined with a 1.8% year-over-year rent increase reflect solid tenant demand and limited new supply. Retail investment volume for all-sized deals topped \$773 million over the past 12 months, a 26.6% increase year-over-year, with sustained activity in core infill areas and community shopping centers. Leasing velocity remains robust across both national brands and local operators, with many tenants locking in terms of further tariff-induced price increases.

Market News:

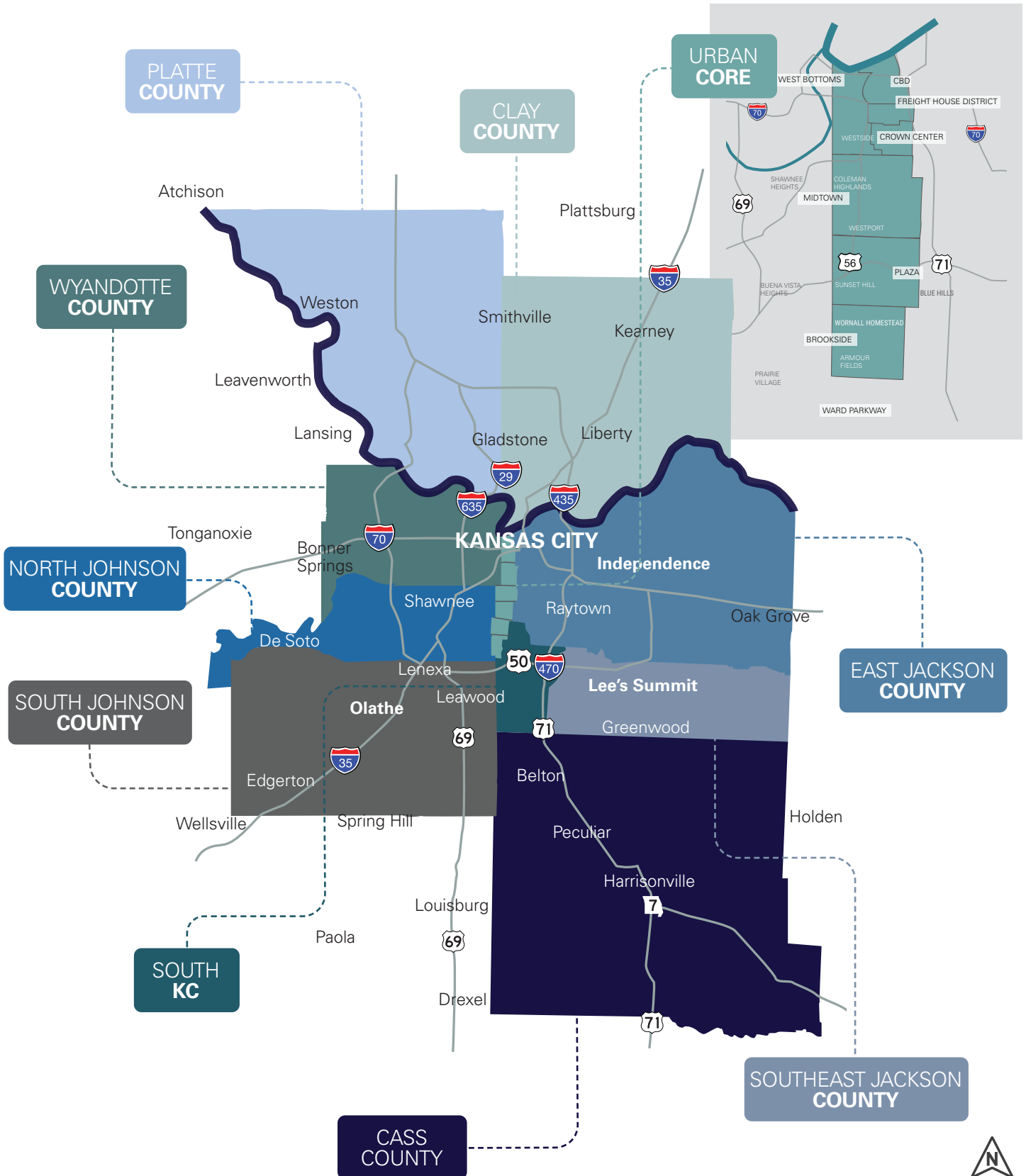
- Two major capital markets transactions occurred during the quarter: the 12-building Town Center Plaza & Town Center Crossing portfolio in Leawood, KS sold to Federal Realty Investment Trust for \$289 million and the 15-building Legends Outlets Kansas City portfolio in Kansas City, KS sold to Tanger, Inc. for \$130 million. Demand from REITs and institutional investors remains strong, especially for larger-sized assets, where they account for more than 55% of acquisitions across the U.S.
- Andretti Indoor Karting & Games will open its first location in the Kansas City metro area by mid-November at the Aspiria campus in Overland Park. The 84,000-SF entertainment complex will feature go-karts, an arcade with virtual reality, laser tag, bowling along with a full restaurant and bar.
- Char Bar is set to expand into downtown Olathe at 200 W. Santa Fe St., unveiling a 26,000-SF restaurant and event space that will include six indoor pickleball courts, a variety of yard games and a prominent two-story fire pit.
- Big Grove Brewery plans to open its first location in the Metro, backfilling a portion of the former Macy's space in Prairie Village. The microbrewery and restaurant are expected to occupy 11,500 SF.

Retail returns are a growing challenge, with nearly 16% of sales, about \$850 billion, expected to be returned in 2025, as uncovered in a recent study by the National Retail Federation in conjunction with Happy Returns. Online returns are even higher, especially among Gen Z, who average 7.7 returns annually. As the retail environment shifted during the Pandemic, shoppers increasingly demand fast, free, and easy returns with many consumers avoiding retailers who charge fees. However, retailers are adjusting policies to manage costs, with 72% now charging for at least one return method. In addition, fraud has become a major issue as 9% of returns are fraudulent with Gen Z more likely to engage in risky behaviors. To curb fraudulent returns AI is being employed, but only 45% of retailers find it effective on its own. Thus, return experiences are now heavily influencing customer loyalty across brands and shopping decisions. To stay competitive in the year ahead, businesses must delicately balance customer expectations with cost control and fraud prevention.



Submarket Maps

DOWNTOWN & SUBURBS



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3Q25 Kansas City

RETAIL MARKET STATISTICS TABLE

	Type	# of Buildings	Total Inventory (SF)	Total Vacancy Rate	Qtr Absorption (SF)	Past 4 Qtrs. Absorption (SF)	Past 4 Qtrs. Deliveries (SF)	Total Asking Rent (NNN)
CASS COUNTY	All	562	5,831,606	2.90%	17,238	-45,154	9,000	\$15.11
	Small Shop	409	1,430,618	1.20%	6,612	11,691	0	\$15.48
	Big Box	153	4,400,988	3.40%	10,626	-56,845	9,000	\$15.00
CLAY COUNTY	All	1,117	13,937,001	2.80%	-10,104	-72,939	37,645	\$16.50
	Small Shop	718	2,578,907	2.80%	-111	-12,558	17,645	\$21.49
	Big Box	399	11,358,094	2.80%	-9,993	-60,381	20,000	\$15.20
EAST JACKSON COUNTY	All	2,442	24,159,205	6.30%	-136,391	88,585	21,178	\$10.68
	Small Shop	1,806	5,856,671	2.80%	-6,815	769	12,978	\$16.70
	Big Box	636	18,302,534	7.40%	-129,576	87,816	8,200	\$9.58
KC URBAN CORE	All	972	8,389,630	3.90%	-44,772	-59,055	17,918	\$20.47
	Small Shop	660	2,293,491	4.10%	-8,867	-43,240	0	\$22.53
	Big Box	312	6,096,139	3.90%	-35,905	-15,815	17,918	\$19.21
NORTH JOHNSON COUNTY	All	1,201	18,754,508	3.90%	25,058	-97,088	83,541	\$16.09
	Small Shop	740	2,683,899	2.60%	2,248	-23,822	12,100	\$22.08
	Big Box	461	16,070,609	4.10%	22,810	-73,266	71,441	\$15.31
PLATTE COUNTY	All	433	6,624,029	3.70%	55,173	49,943	5,070	\$15.86
	Small Shop	274	1,100,612	1.90%	-1,701	-4,195	5,070	\$23.71
	Big Box	159	5,523,417	4.10%	56,874	54,138	0	\$14.93
SOUTH JOHNSON COUNTY	All	1,290	21,648,028	3.20%	25,212	32,348	84,416	\$20.61
	Small Shop	717	2,632,709	1.60%	15,125	18,275	9,700	\$28.35
	Big Box	573	19,015,319	3.40%	10,087	14,073	74,716	\$19.19
SOUTH KC	All	563	5,847,289	4.80%	23,372	8,238	0	\$13.78
	Small Shop	400	1,190,796	3.40%	1,530	-16,236	0	\$17.99
	Big Box	163	4,656,493	5.20%	21,842	24,474	0	\$12.82
SOUTHEAST JACKSON COUNTY	All	548	7,132,545	3.30%	55,841	-46,321	7,050	\$17.18
	Small Shop	361	1,336,253	2.40%	10,395	-7,051	7,050	\$20.54
	Big Box	187	5,796,292	3.50%	45,446	-39,270	0	\$16.32
WYANDOTTE COUNTY	All	1,037	10,350,658	4.50%	13,321	42,539	14,714	\$10.42
	Small Shop	806	2,548,362	3.30%	-17,795	-18,665	14,714	\$24.56
	Big Box	231	7,802,296	4.90%	31,116	61,204	0	\$7.53
TOTALS	All	10,165	122,674,499	4.10%	23,948	-98,904	280,532	\$15.07
	Small Shop	6,891	23,652,318	2.70%	621	-95,032	79,257	\$21.21
	Big Box	3,274	99,022,181	4.40%	23,327	-3,872	201,275	\$13.81

Small Shop: Retail buildings in which GLA is 7,500 square feet or less. **Big Box:** Retail buildings in which GLA is 7,501 square feet or more.

Examination and calculation of supply and demand determinants by building size uncovered statistically significant inflection points consistently at the 7,500-square-foot building size. For this reason, the division between small-shop and big-box occurs at 7,500 square feet.

Market Indicators

VACANCY RATE, ASKING RENT & NET ABSORPTION

KC URBAN CORE

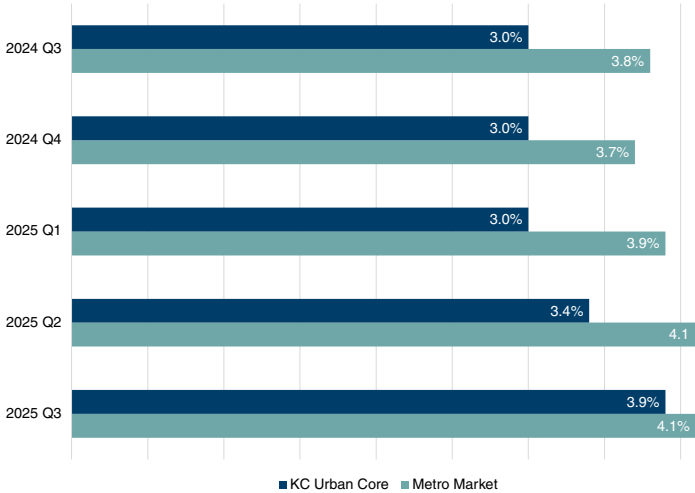
VACANCY RATE

The KC Urban Core vacancy rate displayed an upward trend, increasing 90 basis points compared to the past year.

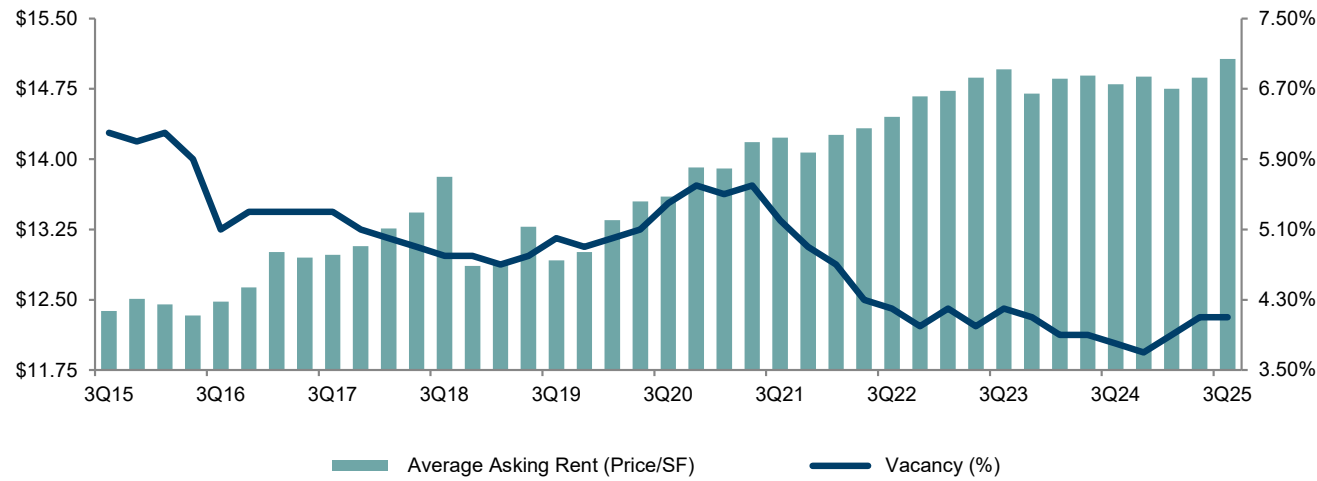
METRO MARKET

VACANCY RATE

The metro market vacancy rate displayed an upward trend, increasing 30 basis points compared to the past year.

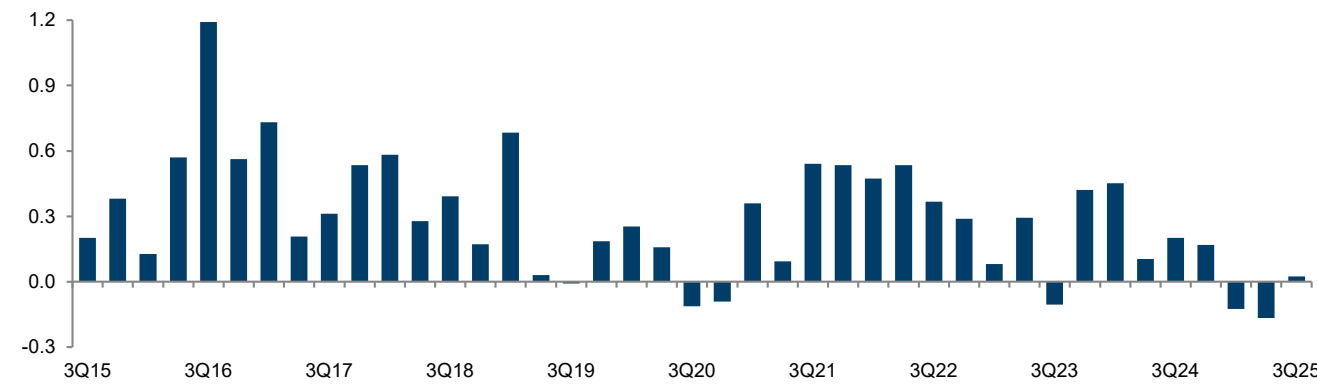


ASKING RENT AND VACANCY



NET ABSORPTION

SQUARE FEET, MILLIONS





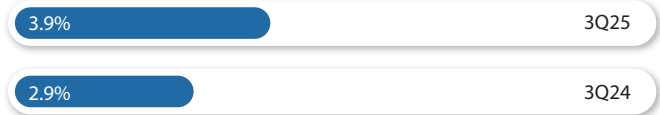
3Q25 Kansas City

SUBMARKET VACANCY RATE

NORTH JOHNSON COUNTY

VACANCY RATE

Worsened by **100 basis points** over the past year.

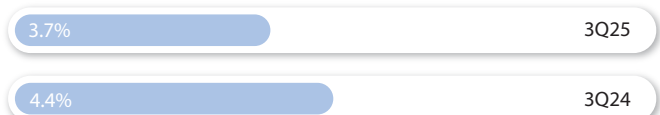


North Johnson County displayed the second highest amount of net absorption in the market during the past four quarters.

PLATTE COUNTY

VACANCY RATE

Improved by **70 basis points** over the past year.

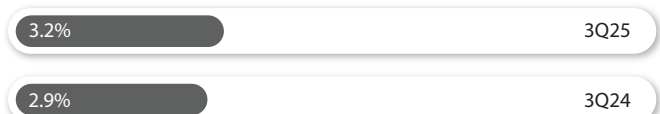


Platte County displays the second lowest 'Small Shop' vacancy rate in the market at 1.9%.

SOUTH JOHNSON COUNTY

VACANCY RATE

Worsened by **30 basis points** over the past year.

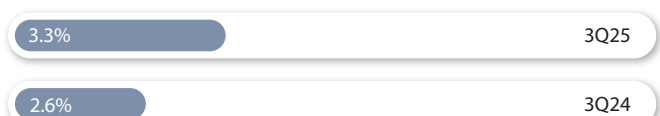


South Johnson County displayed the highest amount of net absorption in the market during the past four quarters.

SOUTHEAST JACKSON COUNTY

VACANCY RATE

Worsened by **70 basis points** over the past year.



Southeast Jackson County displays the third highest average asking rental rate in the market.

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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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