MARKETBEAT
KANSAS CITY
MULTIFAMILY Q4 2024



CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
4.4% Vacancy Rate	▼	–
5.8K Net Absorption, units	▲	–
$1.45 Effective Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
1,152.8K Kansas City Employment	▲	▲
3.6% Kansas City Unemployment Rate	▲	▲
1.1% Kansas City Household Growth Rate	▲	▲

Source: BLS, Moody's Analytics

ECONOMY:

One of the dominant economic themes of the past few years has been the rise of inflation and the Federal Reserve Bank's policy in trying to bring it under control. The Federal Funds Rate went from effectively zero in January 2022 up to 5.25%-5.50% by September of 2023, where it remained until the third quarter of 2024. From September through December, the Fed cut rates three times but comments from the final meeting of the year indicated there are still concerns about inflation. Prior to those comments, there had been optimism 2025 could see as many as four rate cuts, although it is now more likely there will only be two.

SUPPLY AND DEMAND:

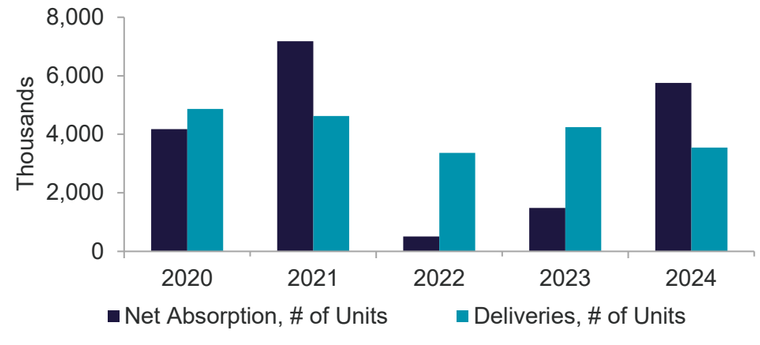
Strong absorption late in the year gave Kansas City a solid showing in 2024 for both absorption and vacancy. Net absorption for the year was 5,800 units which exceeded the number of deliveries by 2,300 and helped the market catch up with the previous two years. After the pandemic there was a period of whiplash as deliveries and absorption struggled to align, but total numbers for the last five years have absorption at 92.5% of deliveries and the market ended the year with a vacancy rate of 4.4%, the lowest since the third quarter of 2022.

The development pipeline had 6,600 units under construction at the end of the year. Central Kansas City lead the way with almost 1,700 units, nearly the double the figure of any other submarket. In the suburbs, Shawnee/Lenexa/Mission, South Overland Park, and Lee's Summit/Blue Springs/Raytown all had between 700 and 900 units going up.

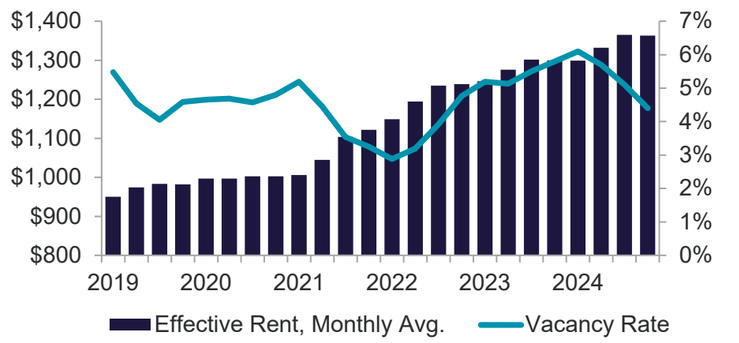
PRICING:

Year-over-year growth in effective rental rates was 4.8%, after the fourth quarter saw a minimal (roughly $0.01-psf) drop in effective rates. The annual growth rate was markedly above the national growth rate of 1.3% and there are indications Kansas City will avoid the instability found in many major markets following the spike of 2022 and 2023. Rent growth in Kansas City should settle into a healthy, stable range for the near future.

DEMAND / DELIVERIES



OVERALL VACANCY & EFFECTIVE RENT



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MARKET STATISTICS

SUBMARKET	INVENTORY (UNITS)	YTD DELIVERIES (UNITS)	YTD % INVENTORY GROWTH	UNDER CNSTR (UNITS)	YTD NET ABSORPTION (UNITS)	VACANCY RATE	YOY VACANCY RATE CHANGE	AVG EFFECTIVE RENT / UNIT	AVG EFFECTIVE RENT PSF	YOY % EFFECTIVE RENT GROWTH
Central Kansas City	29,908	744	2.6%	1,680	629	7.1%	0.2%	$1,583	$1.86	7.2%
Clay County	22,342	596	2.7%	416	767	4.7%	-0.9%	$1,195	$1.26	4.3%
Independence/East Kansas City	15,492	275	1.8%	240	478	5.9%	-1.5%	$1,185	$1.37	3.7%
Lee's Summit/Blue Springs/Raytown	15,508	58	0.4%	733	271	4.8%	-1.4%	$1,309	$1.38	4.1%
North Overland Park	13,352	136	1.0%	513	363	3.8%	-1.8%	$1,380	$1.46	5.5%
Olathe/Gardner	11,226	565	5.3%	136	702	2.2%	-1.4%	$1,396	$1.54	9.5%
Platte County	10,714	200	1.9%	384	422	3.1%	-2.2%	$1,273	$1.38	3.9%
Shawnee/Lenexa/Mission	17,474	266	1.5%	887	441	3.2%	-1.1%	$1,446	$1.47	3.4%
South Kansas City/Grandview	18,799	272	1.5%	283	742	5.9%	-2.6%	$1,096	$1.17	6.4%
South Overland Park	20,845	126	0.6%	763	485	3.5%	-1.8%	$1,575	$1.58	4.1%
Wyandotte County/Leavenworth	13,774	311	2.3%	534	452	5.4%	-1.2%	$1,136	$1.31	3.3%
MARKET	**189,434**	**3,549**	**1.9%**	**6,569**	**5,752**	**4.4%**	**-1.3%**	**$1,363**	**$1.45**	**4.8%**

KEY SALES TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	YEAR BUILT	AVG SF PER-UNIT	UNITS
The Encore	Belton	2023	890	322
Sovereign at Overland Park	South Overland Park	2013	1,131	250
Aspire	Wyandotte County / Leavenworth	2024	940	324
The Lanes I	Shawnee / Lenexa / Mission	2024	969	176

KEY CONSTRUCTION COMPLETIONS Q4 2024

PROPERTY	SUBMARKET	DEVELOPER	AVG SF PER-UNIT	UNITS
Aspire	Wyandotte County / Leavenworth	NorthPoint Development	940	324
23rd & Swift	Clay County	Star Development	862	294
Trulo Twin Creeks	Platte County	Red River Development	1,046	220
The Lanes I	Shawnee / Lenexa / Mission	Sunflower Development	969	176

KEY DEVELOPMENT PROJECTS Q4 2024

PROPERTY	SUBMARKET	DEVELOPER	DELIVERY	UNITS
Trilogy	Lee's Summit / Blue Springs / Raytown	NorthPoint Development	25 Q1	323
The Hudson	Wyandotte County / Leavenworth	Hunt Midwest / Lane4	25 Q2	228
Via	Central Kansas City	Milhaus	25 Q1	193
Leawood Village	North Overland Park	Flint Development	25 Q2	182

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