



MULTIFAMILY REPORT

Kansas City's Path to Growth

December 2023



Rent Expansion Among Leading Metros

Construction Starts Pick Up

Sales Activity Still Slow

KANSAS CITY MULTIFAMILY



Construction, Rents Up in Kansas City

Kansas City recorded solid fundamentals at the start of the year's fourth quarter, though the metro showed some signs of moderation. The average asking rent was up 0.2% on a trailing three-month basis through October, to \$1,250, while the U.S. saw its second consecutive month of short-term decreases. The average occupancy rates in stabilized assets fell 20 basis points year-over-year, to 95.3% as of September. While Renter-by-Necessity properties registered a 40-basis-point drop to 94.8%, the Lifestyle segment saw a 30-basis-point improvement, to 95.8%.

The metro added 27,500 new jobs in the 12 months ending in August, up 3.0% and 50 basis points above the U.S. rate. Kansas City registered its highest employment growth in the government sector, a 4.6% increase, with 7,400 positions added to the workforce. The metro's unemployment rate was 2.7% as of September, 110 basis points lower than the U.S. average, according to preliminary data from the Bureau of Labor Statistics. Nevertheless, employment could get a boost, as Google submitted plans for a data center campus in Kansas City, a project valued at \$600 million.

Developers had 8,355 units under construction as of October. Of these, 4,132 units broke ground this year, 27% more than the number of apartments that started construction during the same period in 2022. In the 10 months ending in October, multifamily deals totaled \$340 million, as the sales slowdown persisted.

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Recent Kansas City Transactions

Summit Square



City: Lee's Summit, Mo.
Buyer: Avanti Residential
Purchase Price: \$80 MM
Price per Unit: \$259,740

The Mansion



City: Independence, Mo.
Buyer: Highgate Capital Group
Purchase Price: \$75 MM
Price per Unit: \$135,980

Timberlane Village



City: Kansas City, Mo.
Buyer: Venterra Realty
Purchase Price: \$46 MM
Price per Unit: \$101,855

Pinehurst



City: Kansas City, Mo.
Buyer: CALCAP Advisors
Purchase Price: \$17 MM
Price per Unit: \$116,701