



MULTIFAMILY REPORT

Kansas City: Adjusting Metrics

December 2022

Rent Growth Endures

Job Market Outlook Is Positive

Transaction Volume Marks New Record

KANSAS CITY MULTIFAMILY



Limited Supply Keeps Rent Gains Healthy

Kansas City's multifamily market continued to display steady fundamentals, despite national and macroeconomic challenges. With deliveries lagging, rent growth remained above the U.S. rate, rising 0.6% on a trailing three-month basis, to \$1,218, but still affordable compared to the \$1,727 U.S. figure. The occupancy rate slid by only 10 basis points in the 12 months ending in September—at 95.5%—sustained by the upscale segment.

Kansas City unemployment dropped to 2.2% in September, according to preliminary data from the Bureau of Labor Statistics, outperforming the U.S. (3.5%), Missouri (2.6%) and Kansas (2.8%). While the market had more employees going into 2022's third quarter than it did right before the pandemic started, job growth has lagged lately. In the 12 months ending in August, employment improved by just 1.4%, or 9,700 jobs, but has good prospects, thanks to several projects underway. These include Panasonic's \$4 billion plant in De Soto and Meta's data center in Golden Plains Technology Park.

Developers delivered just 1,932 units in 2022 through October and had an additional 7,247 units underway. Construction starts dropped to 1,178 units in 2022. Meanwhile, investors traded \$1.3 billion in assets—a new record for the metro—but quarterly volumes are declining. The price per unit posted a remarkable annual performance, rising by a hefty 49.5%, to \$172,682.

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Contacts

Jeff Adler

Vice President & General
Manager of Yardi Matrix
Jeff.Adler@Yardi.com
(303) 615-3676

Ron Brock, Jr.

Industry Principal, Matrix
JR.Brock@Yardi.com
(480) 663-1149 x2404

Doug Ressler

Media Contact
Doug.Ressler@Yardi.com
(480) 695-3365

Author

Anca Gagiuc

Senior Associate Editor

Recent Kansas City Transactions

Artistry KC



City: Kansas City, Mo.
Buyer: Avanti Residential
Purchase Price: \$75 MM
Price per Unit: \$220,528

Park Edge



City: Lenexa, Kan.
Buyer: Cohen-Esrey
Purchase Price: \$62 MM
Price per Unit: \$240,000

The Element



City: Kansas City, Mo.
Buyer: Timberland Partners
Purchase Price: \$52 MM
Price per Unit: \$188,005

Greenwood Reserve



City: Lenexa, Kan.
Buyer: 29th Street Capital
Purchase Price: \$51 MM
Price per Unit: \$222,672