

Yardi® Matrix

Kansas City's Transition Continues

Multifamily Report Winter 2018

Rent Growth Decelerates

Downtown Supply Expands

Office Job Gains Boost Demand

KANSAS CITY MULTIFAMILY

Yardi® Matrix

Market Analysis

Winter 2018

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Supply Surge Dampens Rent Growth

Kansas City is beginning to fit in as a business-oriented metro with a significant supply of new multifamily stock in core submarkets, ready to meet the needs of young professionals moving into the area. With consistent population growth in the past five years and a favorable Midwestern location, along with a developing transportation system, Kansas City continues to attract large employers and consolidate its status as a destination for travel and investment.

The metro maintained its unemployment rate below 4.0% and added more than 12,000 jobs in high-earning, office-using sectors in the 12 months ending in September 2017. In addition to new companies moving to Kansas City, existing employers are relocating downtown and expanding. Insurance broker Spring Venture Group will move from Crown Center to the central business district, with plans to add about 700 employees over the next four years. Kansas City's industrial market continues to rise, with strong fundamentals and numerous speculative developments. Build-to-suit projects account for a significant part of new industrial supply, with CVS Health and Garmin facilities underway. In addition, more than 1,200 guestrooms are expected to come online in the downtown area by 2020.

The development boom has led to a rent growth slowdown—at 1.7% year-over-year as of November—with another 2,200 units slated to come online in the next couple of months. The trend is expected to continue in the first part of 2018.

Recent Kansas City Transactions

The Residences at Prairiefire



City: Overland Park, Kan.
Buyer: CRES Management
Purchase Price: \$62 MM
Price per Unit: \$206,573

Corinth Communities



City: Prairie Village, Kan.
Buyer: JDC
Purchase Price: \$49 MM
Price per Unit: \$142,533

Sandstone Creek



City: Overland Park, Kan.
Buyer: DRA Advisors
Purchase Price: \$48 MM
Price per Unit: \$132,143

Kenilworth



City: Prairie Village, Kan.
Buyer: JDC
Purchase Price: \$41 MM
Price per Unit: \$167,008

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