

Kansas City's Sunny Side

March 2025

Construction Starts Slow

Rent Gains Remain Strong

Occupancy On Par With US

KANSAS CITY MULTIFAMILY



Rent Gains Among Nation's Best

Kansas City started 2025 maintaining healthy fundamentals, in line with similar markets in the Midwest and Northeast. Average advertised asking rates rose on a trailing three-month basis through January, up 0.1%, to \$1,306, even as the U.S. figure slid 0.1%, to \$1,746. Year-over-year, advertised asking rents were up 3.9% in the metro, behind only a few other markets. Meanwhile, occupancy in stabilized assets mirrored the U.S. average, at 94.5% as of January.

Kansas City unemployment hit 3.2% as of December 2024, according to preliminary data from the Bureau of Labor Statistics. The rate was below the 4.1% national average. The metro added 13,400 net jobs in the 12 months ending in November, with education and health services and leisure and hospitality contributing the most. Data center projects are moving forward across the Kansas City, adding to its growing tech hub status. Edged Data Centers completed a 26-megawatt project downtown. Meanwhile, Patmos secured the first tenant at its 120-megawatt facility, which is currently underway. Google plans to complete the first phase of Rocky Branch Creek Technology Park in late 2025.

Kansas City developers had 6,774 rental units under construction as of January, on the heels of 4,718 units delivered last year. However, with starts down, Yardi Matrix expects Kansas City to add only 3,646 apartments to its stock in 2025.

Market Analysis | March 2025

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Recent Kansas City Transactions

The Highlands



City: Overland Park, Kan.
Buyer: Hamilton Zanze & Co.
Purchase Price: \$82 MM
Price per Unit: \$183,036

Satori Olathe

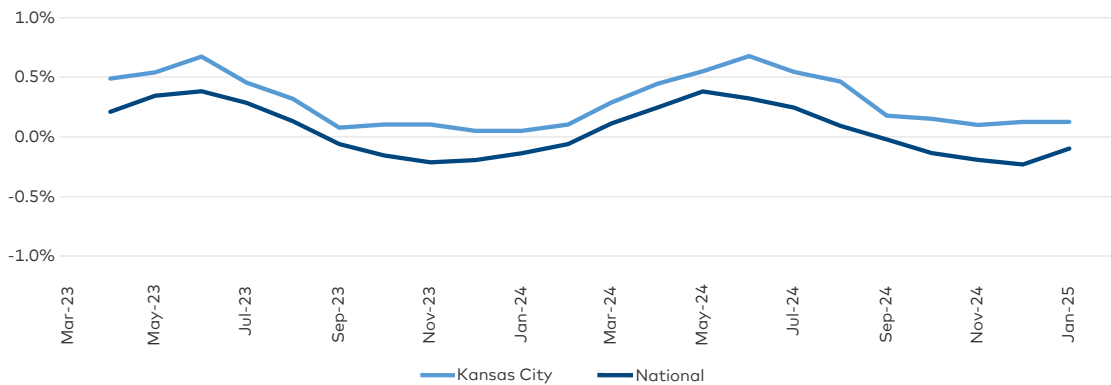


City: Olathe, Kan.
Buyer: Bonaventure Senior Living
Purchase Price: \$58 MM
Price per Unit: \$243,590

RENT TRENDS

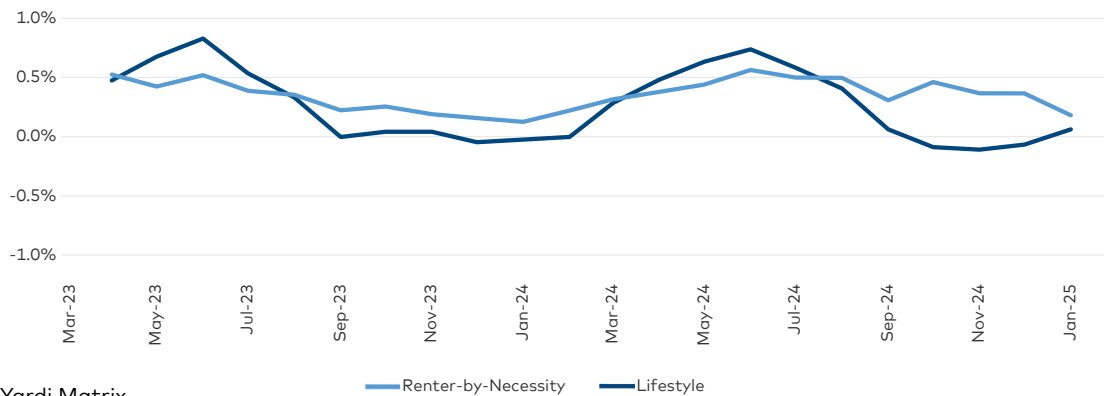
- ▶ Kansas City average advertised asking rents were up 0.1% on a trailing three-month (T3) basis as of January, reaching \$1,306. By contrast, the U.S. average slid 0.1%, to \$1,746. Year-over-year, advertised asking rents were up 3.9%, well above the 0.8% U.S. figure. Among Yardi Matrix's top 30 metros, Kansas City ranked fourth, outpaced only by New York City (5.4%), New Jersey (4.2%) and Detroit (4.1%). Among smaller metros, only Cleveland (4.1%) performed better.
- ▶ Lifestyle advertised asking rents mirrored the overall market, up 0.1%, on a T3 basis, to \$1,553. Meanwhile, the working-class Renter-by-Necessity segment saw a 0.2% improvement, to \$1,093. Year-over-year, Kansas City Lifestyle rates recorded a 3.2% increase, while the RBN average improved a strong 4.7%.
- ▶ Kansas City occupancy in stabilized assets clocked in at 94.5% as of December, up 10 basis points year-over-year and also on par with the U.S. average.
- ▶ Year-over-year, advertised asking rents recorded negative movement in just one submarket: Calico Farms/Bridlespur (-0.4% to \$1,127). Belton/Raymore led growth (17.1% to \$1,310), followed by Park Farms (13.0% to \$1,090), Gardner (12.8% to \$1,263) and Shawnee (10.6% to \$1,301). Downtown Kansas City remained the most expensive submarket (2.2% to \$1,601).
- ▶ In the single-family rental segment, Kansas City advertised asking rents were up 5.4% year-over-year, clocking one of the nation's strongest figures. Occupancy climbed 10 basis points, to 97.7%.

Kansas City vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Kansas City Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- ▶ Kansas City unemployment ticked down to 3.2% as of December, according to preliminary Bureau of Labor Statistics data. That marked a 70-basis-point decrease year-over-year. The rate was below the 4.1% U.S. average and also outperformed both Missouri (3.7%) and Kansas (3.6%).
- ▶ Kansas City gained 13,400 net jobs during the 12 months ending in November. Employment growth accounted for a 1.3% expansion, on par with the nation. Education and health services led job gains, with 3,700 net positions added, followed by leisure and hospitality (3,600) and trade, transportation and utilities (3,000). Just two sectors, manufacturing and information, lost jobs, shedding 1,300 positions.
- ▶ The data center sector is growing fast in Kansas City. Patmos has secured Nebius as the first tenant at its new facility, an ongoing adaptive reuse project. Edged Data Centers completed a 26-megawatt facility in December, while Google's 208,000-square-foot project, the first phase of the Rocky Branch Creek Technology Park, is expected to come online by the end of 2025. Meanwhile, Independence Power and Light and United Energy Trading Ventures are considering restarting and refurbishing a gas-fired power plant in Independence, Mo., to provide energy for a potential data center.

Kansas City Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	180.2	15.0%
70	Leisure and Hospitality	126	10.5%
40	Trade, Transportation and Utilities	245.9	20.4%
55	Financial Activities	78.8	6.5%
15	Mining, Logging and Construction	60.5	5.0%
90	Government	169.3	14.1%
60	Professional and Business Services	191.3	15.9%
80	Other Services	47.9	4.0%
30	Manufacturing	88.5	7.3%
50	Information	16.5	1.4%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- ▶ Kansas City gained 14,626 residents in 2022 alone. This marked a 0.7% increase, almost double the U.S. figure.
- ▶ Between 2012 and 2022, the metro gained more than 150,000 residents, accounting for a 7.6% increase.

Kansas City vs. National Population

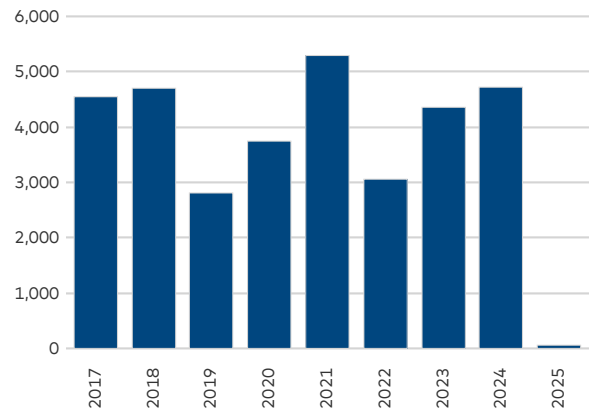
	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Kansas City	2,124,518	2,144,129	2,176,124	2,190,750

Source: U.S. Census

SUPPLY

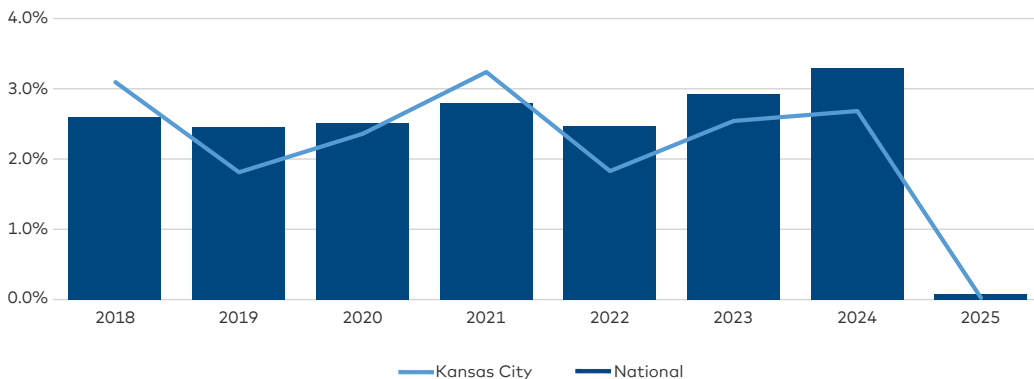
- ▶ Kansas City had 6,774 units under construction as of January. The pipeline also included more than 60,000 units in the planning and permitting stages. Lifestyle projects made up 94.5% of the total, while fully affordable projects accounted for 5.5%.
- ▶ In 2024, developers brought 4,718 units online across the metro, pushing up the five-year average to 4,230 apartments. Notably, more than 90% of the projects completed over the past five years were Lifestyle communities.
- ▶ Developers broke ground on 2,221 units across the market in 2024. That marked a 45% drop compared to 2023, when developers started work on 4,048 units. Yardi Matrix expects Kansas City completions to total 3,646 apartments in 2025, a slowdown compared to the previous two years.
- ▶ Of the 42 submarkets tracked by Yardi Matrix, only one surpassed 1,000 units under construction. Downtown Kansas City was the most active submarket, with 1,423 units underway. Olathe (576 units underway), Lenexa (550), Overland Park–Southwest (413) and Kansas City–South (411) followed.
- ▶ The OsLo, totaling 413 units, was Kansas City's largest development underway as of January. Ryan Cos. teamed up with EPC Real Estate Group to develop the project in the Overland Park–Southwest submarket. Security Bank of Kansas City provided a \$70.2 million construction loan for the four-story community, which is expected to come online by late 2025.

Kansas City Completions (as of January 2025)



Source: Yardi Matrix

Kansas City vs. National Completions as a Percentage of Total Stock (as of January 2025)



Source: Yardi Matrix

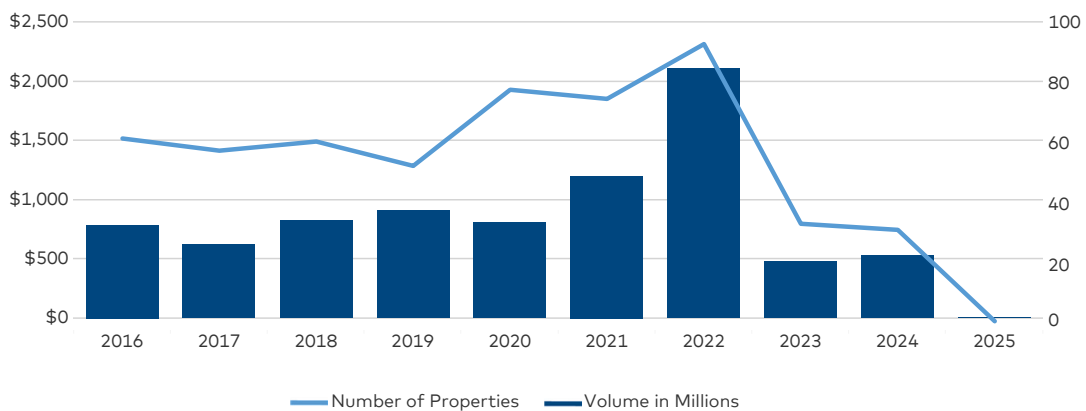
TRANSACTIONS

- ▶ Kansas City multifamily sales totaled \$525 million in 2024, marking a nearly 10% increase compared to 2023. Still, even excluding outlier years 2021 and 2022, with their combined \$3.3 billion in sales, the average for the decade ending in 2024 was \$732 million, suggesting there's room for more activity.
- ▶ In 2024, two-thirds of transactions involved RBN assets, with the overall average per-unit price at \$169,672. The metro's average increased by

more than a third compared to 2023, when RBN sales represented 71% of all deals. Still, the figure remained below the \$194,036 U.S. average.

- ▶ Notable transactions closed in 2024 included Nolan Living's acquisition of the 250-unit The Sovereign at Overland Park. Sherman Residential sold the 24-building property for \$62 million, or \$248,000 per unit. Nolan Living financed the acquisition with a \$42 million Freddie Mac loan originated by NorthMarq Capital.

Kansas City Sales Volume and Number of Properties Sold (as of January 2025)



Source: Yardi Matrix

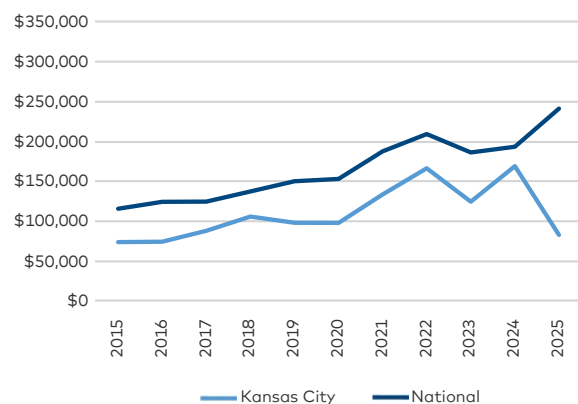
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Downtown Kansas City	157
Lee's Summit	123
Overland Park-North	82
Overland Park-Southwest	62
Olathe	58
Park Farms	14
Raytown	11

Source: Yardi Matrix

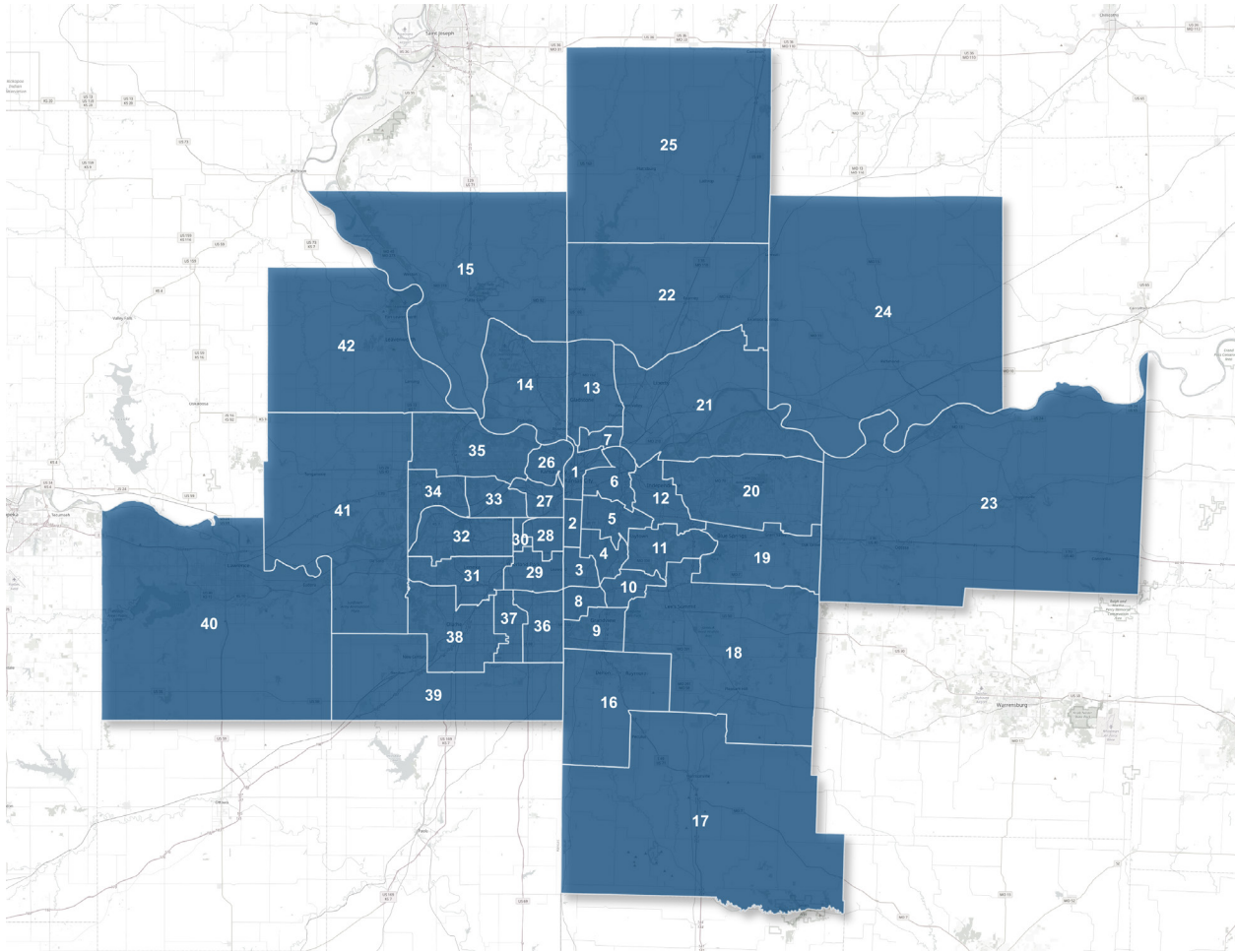
¹ From February 2024 to January 2025

Kansas City vs. National Sales Price per Unit



Source: Yardi Matrix

KANSAS CITY SUBMARKETS



Area No.	Submarket
1	Downtown Kansas City
2	Kansas City–South
3	Marlborough Heights
4	Park Farms
5	Kansas City–Southeast
6	Kansas City–East
7	Kansas City–North
8	Calico Farms–Bridlespur
9	Grandview
10	Crossgates
11	Raytown
12	Independence–West
13	Gladstone
14	Kansas City Northwest–Rivers

Area No.	Submarket
15	Platte City
16	Belton–Raymore
17	Harrisonville
18	Lee's Summit
19	Blue Springs
20	Independence–East
21	Liberty
22	Smithville–Excelsior Springs
23	Lafayette County
24	Ray County
25	Clinton County
26	Kansas City–Northwest
27	Kansas City–West
28	Mission

Area No.	Submarket
29	Overland Park–North
30	Merriam
31	Lenexa
32	Shawnee
33	Muncie
34	Edwardsville–Bonner Springs
35	Victory Hills
36	Overland Park–Southeast
37	Overland Park–Southwest
38	Olathe
39	Gardner
40	Lawrence
41	De Soto
42	Leavenworth

DEFINITIONS

Lifestyle households (renters by choice) have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

Renter-by-Necessity households span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students*, who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households*, composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households*, which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

To learn more about Yardi® Matrix and subscribing, please visit www.yardimatrix.com or call Ron Brock, Jr., at 480-663-1149 x14006.



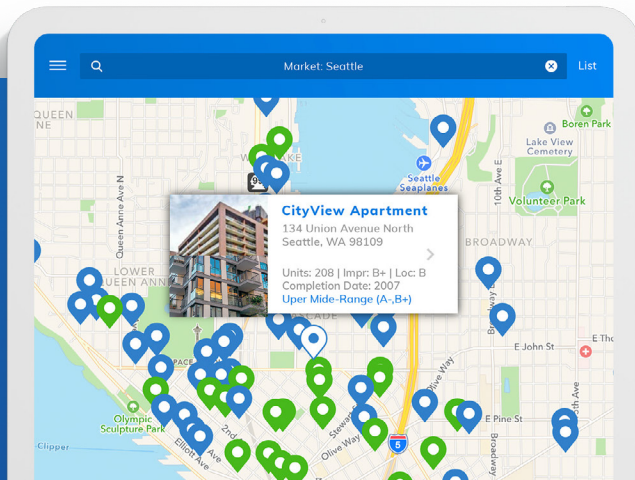
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