

RESEARCH 1Q25

Kansas City Capital Markets

NEWMARK
ZIMMER



Executive Summary

Newmark Zimmer is continuously monitoring market indicators, tracking and analyzing supply and demand drivers, cyclical patterns and industry trends. The following quarterly research report examines the multifaceted Kansas City investment market.

Newmark Zimmer research and analytics has established a system of data flow unique in our industry. Rather than rely on third-party data sources, our data acquisition efforts involve inputs from advisors in the field, analysts and brokers executing transactions. Newmark Zimmer research converts market data and analysis into knowledge that creates value for our clients.

Our clients include market-leading investors and distinguished institutions in and around the Kansas City area and the Midwest. Our market knowledge continues to expand as the market progresses and evolves.

Select Market Transactions

Multifamily | Infinity at Plaza West

224 Units – Sold for \$33,600,000 (\$150,000/Unit)

Country Club Plaza | 4440 Roanoke Parkway

Multifamily | Shawnee Station

228 Units – Sold for \$30,900,000 (\$135,526/Unit)

North Johnson County | 6405 Maurer Road

Retail | Tiffany Springs MarketCenter Portfolio

208,240 SF GLA – Sold for \$19,275,000 (\$93/SF)

Northland (Platte County) | Kansas City, MO – 3 properties

Industrial | Lone Elm CC – Chick-fil-A Supply

148,000 SF GLA – Sold for \$15,500,000 (\$105/SF)

South Johnson County | 16521 S Erickson Boulevard

Office | College Park Investment Associates Portfolio

66,840 SF GLA – Sold for \$15,200,000 (\$227/SF)

South Johnson County | Overland Park, KS (2); Stanley, KS (1)

Capital Markets

KANSAS CITY MARKET OVERVIEW

The pace of investment activity in the Kansas City market increased during the past four quarters, with sales volume totaling \$2.7 billion. As a leading second-tier market, the Kansas City Metropolitan area ranked sixth out of the 13 largest Midwest markets in total sales volume during the past 12 months, with multifamily and industrial assets combining for 70.8% of the Metro’s activity.

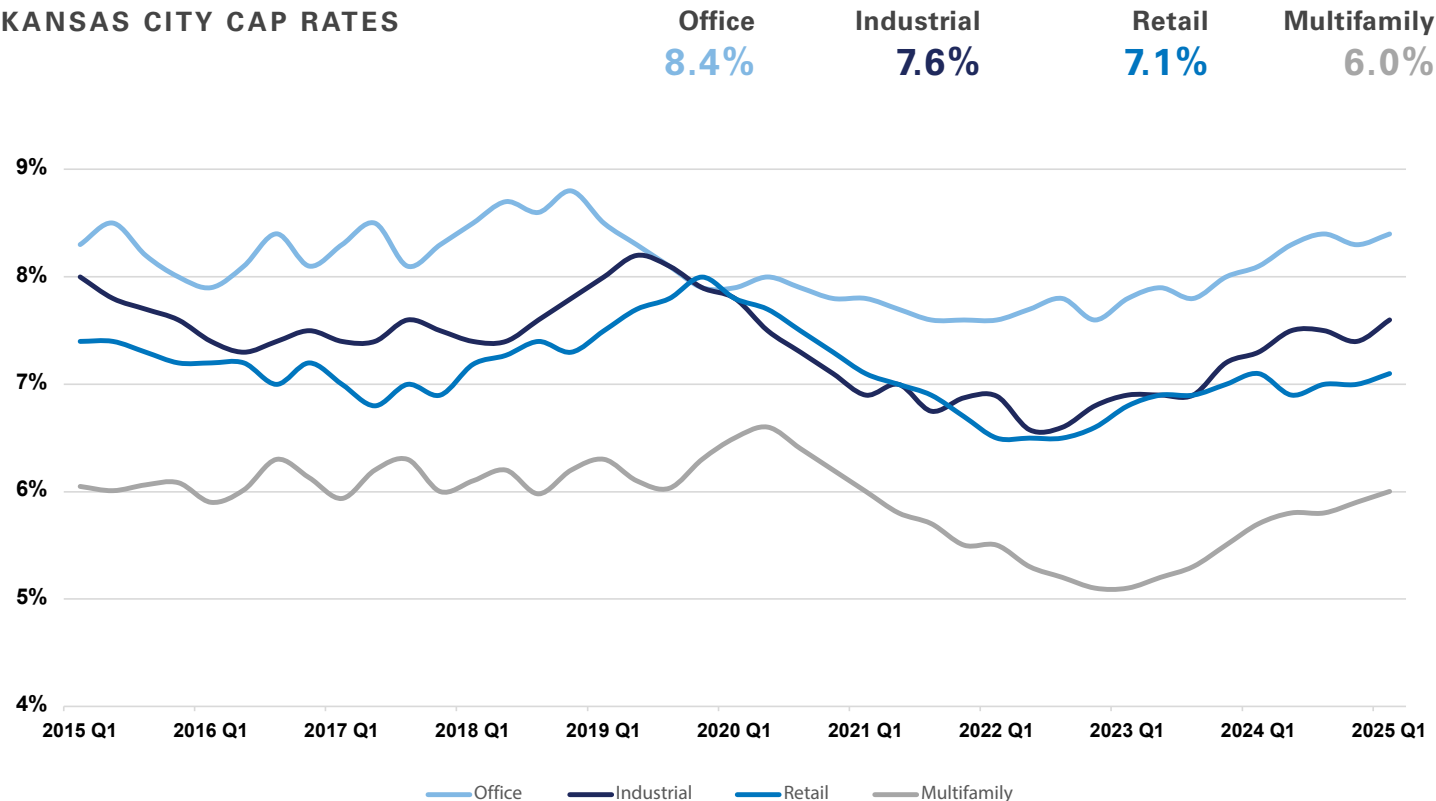
Capitalization rates increased by 98 basis points compared with the past 12 months, registering 7.1% in the first quarter of 2025. Net absorption across the industrial, office, and retail sectors totaled 13.5 million SF over the past four quarters, an increase of 267.6% compared with the preceding year. Multifamily realized 5,773 units of net absorption during the past four quarters, an increase of 88.4% during a similar period a year ago.

With speculative development kept in check and incentives offered to lock tenants in for longer lease terms, the office (\$22.97/SF) and multifamily (\$1,354/unit) sectors experienced

new record highs for asking rental rates in 1Q25. Rental rates for industrial (\$6.01/SF) and retail (\$14.78/SF) space are also near record highs after pulling back slightly. Vacancy rates in all four industry sectors decreased year-over-year. The industrial sector decreased by 90 bps to 4.6%; the multifamily sector decreased by 30 bps to 8.4%; the office sector decreased by 20 bps to 16.4%; and the retail sector decreased by 10 bps to 3.8%.

The Newmark Zimmer Midwest Capital Markets team anticipates investment sales to remain strong throughout 2025, as buyers and sellers begin to adjust to the current market conditions and the interest rate environment stabilizes. Allocations for commercial real estate investment continue to remain steady for industrial, neighborhood retail, multifamily and medical office with strong operating fundamentals. We continue to monitor the impact of lending conditions on leveraged buyers return expectations and valuations.

KANSAS CITY CAP RATES



Source: Newmark Zimmer Research, CoStar, Real Capital Analytics

1Q25 Kansas City

MARKET ANALYSIS

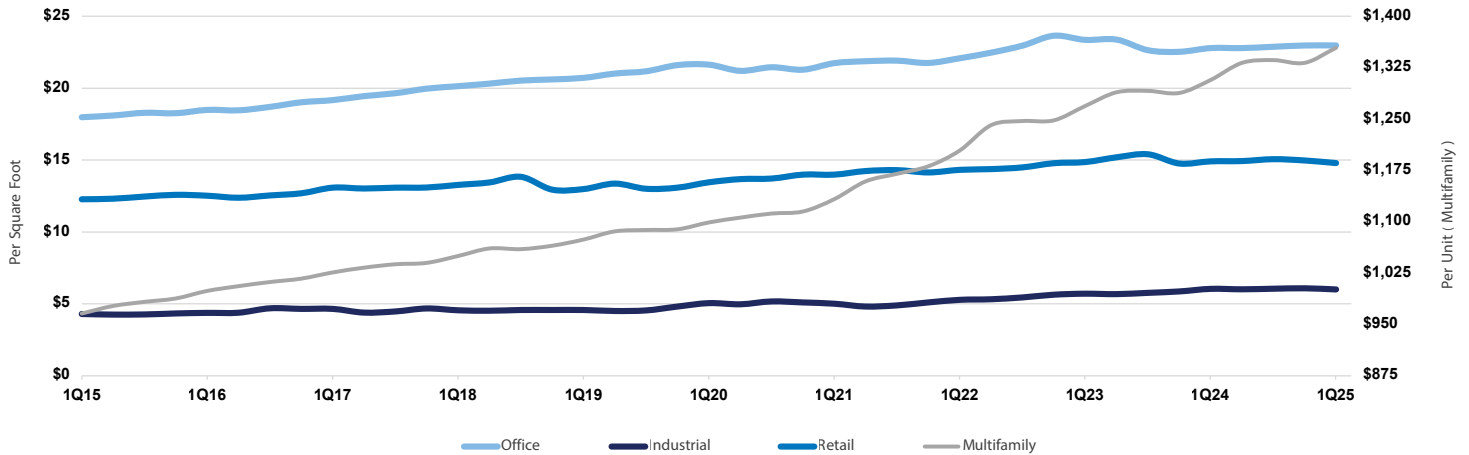
AVERAGE ASKING RENT

Office
\$22.97

Industrial
\$6.01

Retail
\$14.78

Multifamily
\$1,354



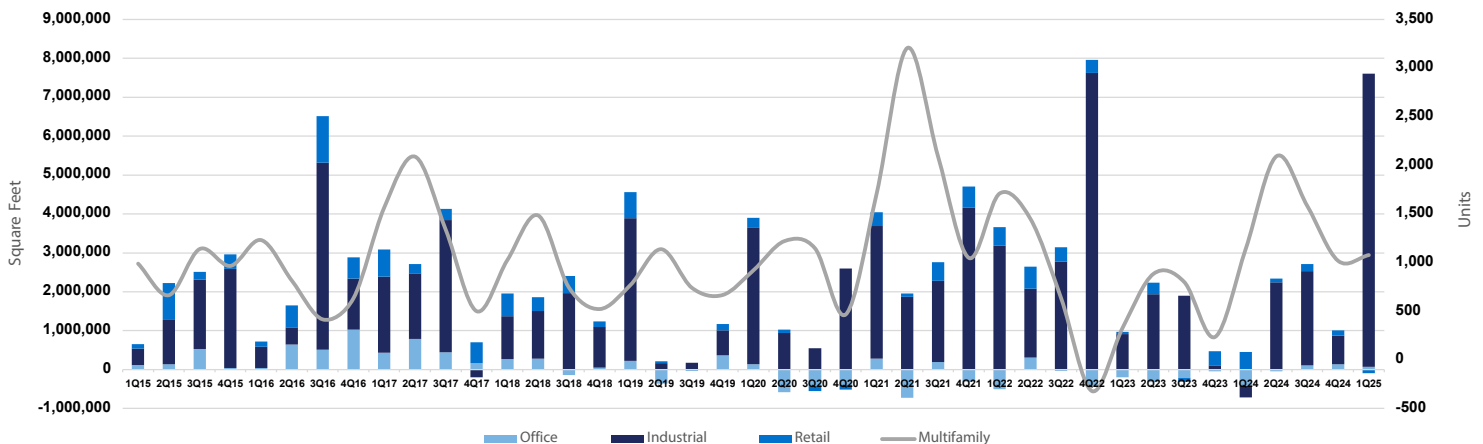
NET ABSORPTION

Office
75,411 SF

Industrial
7,530,803 SF

Retail
-92,701 SF

Multifamily
1,078 Units



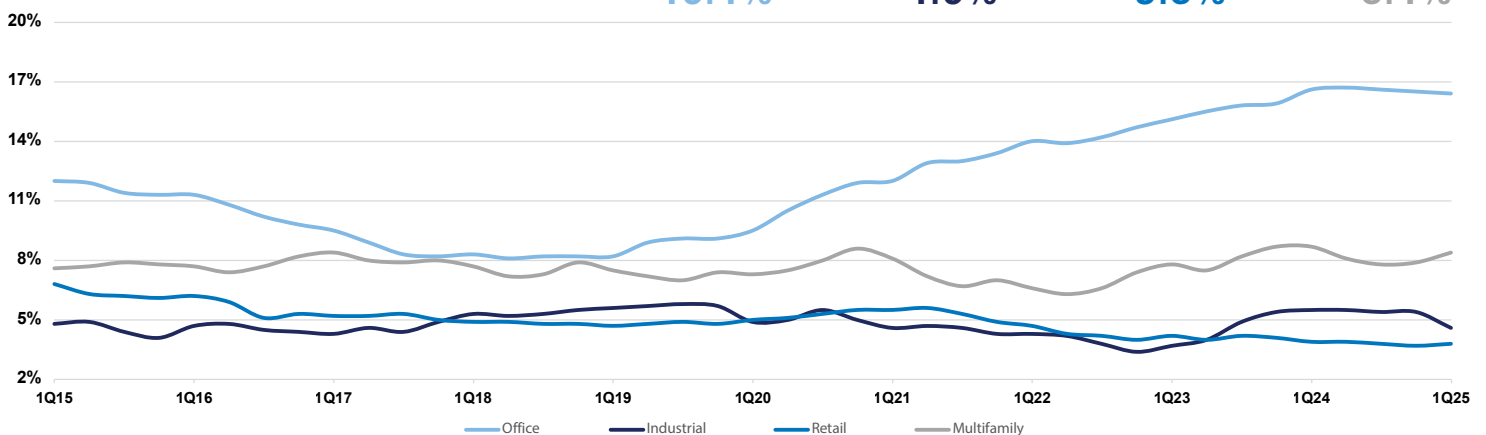
VACANCY RATE

Office
16.4%

Industrial
4.6%

Retail
3.8%

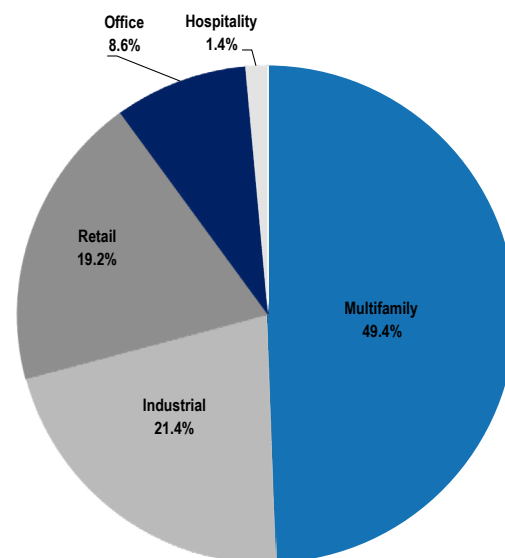
Multifamily
8.4%





SALES VOLUME BY PROPERTY TYPE

KANSAS CITY; 12-MONTH TOTALS



Property Type	Volume	# of Properties
Multifamily	\$1.34B	51
Retail	\$581.7M	39
Industrial	\$520.8M	36
Office	\$234.1M	24
Hospitality	\$37.0M	4
TOTAL	\$2.7B	154

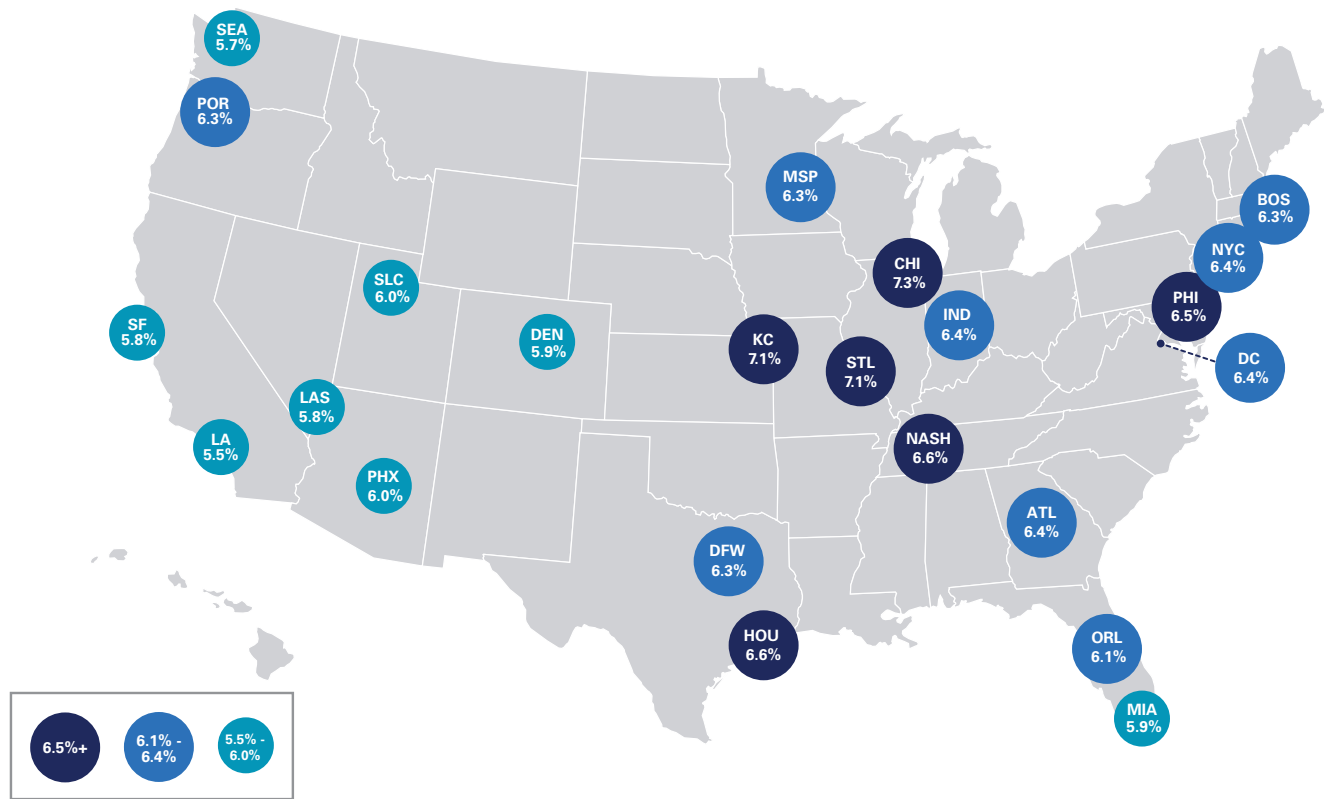
SELECT SALES TRANSACTIONS | FIRST QUARTER OF 2025

Sector	Building	Submarket	Sale Price	Price Per SF/Unit ¹	SF/Units ²
Office	Corporate Centre I 9401 Renner Boulevard	North Johnson County	\$14,100,000	\$93	150,960
Retail	Douglas Square Shopping Center Portfolio	Southeast Jackson County	\$11,500,000	\$193	59,450
Hospitality	Radisson Hotel Lenexa/Overland Park 12601 W 95th Street	North Johnson County	\$8,450,000	\$29,443	287
Office	Roe Corporate Centre 4550 W 109th Street	South Johnson County	\$7,625,000	\$101	75,510
Industrial	10800 NW Ambassador Drive	Northland (Platte County)	\$7,150,000	\$62	115,400
Industrial	530-540 Sunshine Road	Wyandotte County (Fairfax)	\$7,000,000	\$31	228,340
Retail	All American Indoor Sports 8875 Rosehill Road	North Johnson County	\$5,000,000	\$82	60,750
Multifamily	The Historic Residences at Dutch Hill 900 E 29th Street	Midtown	\$4,535,000	\$125,972	36
Multifamily	Plaza 36 902-914 Emanuel Cleaver II Boulevard	Country Club Plaza (Rockhill)	\$3,825,000	\$106,250	36
Retail	Towne Center Shopping Center	East Jackson County	\$3,250,000	\$87	37,480

¹ The price per unit/room is displayed for the Multifamily and Hospitality sectors. ² The number of total units/rooms is displayed for the Multifamily and Hospitality sectors.

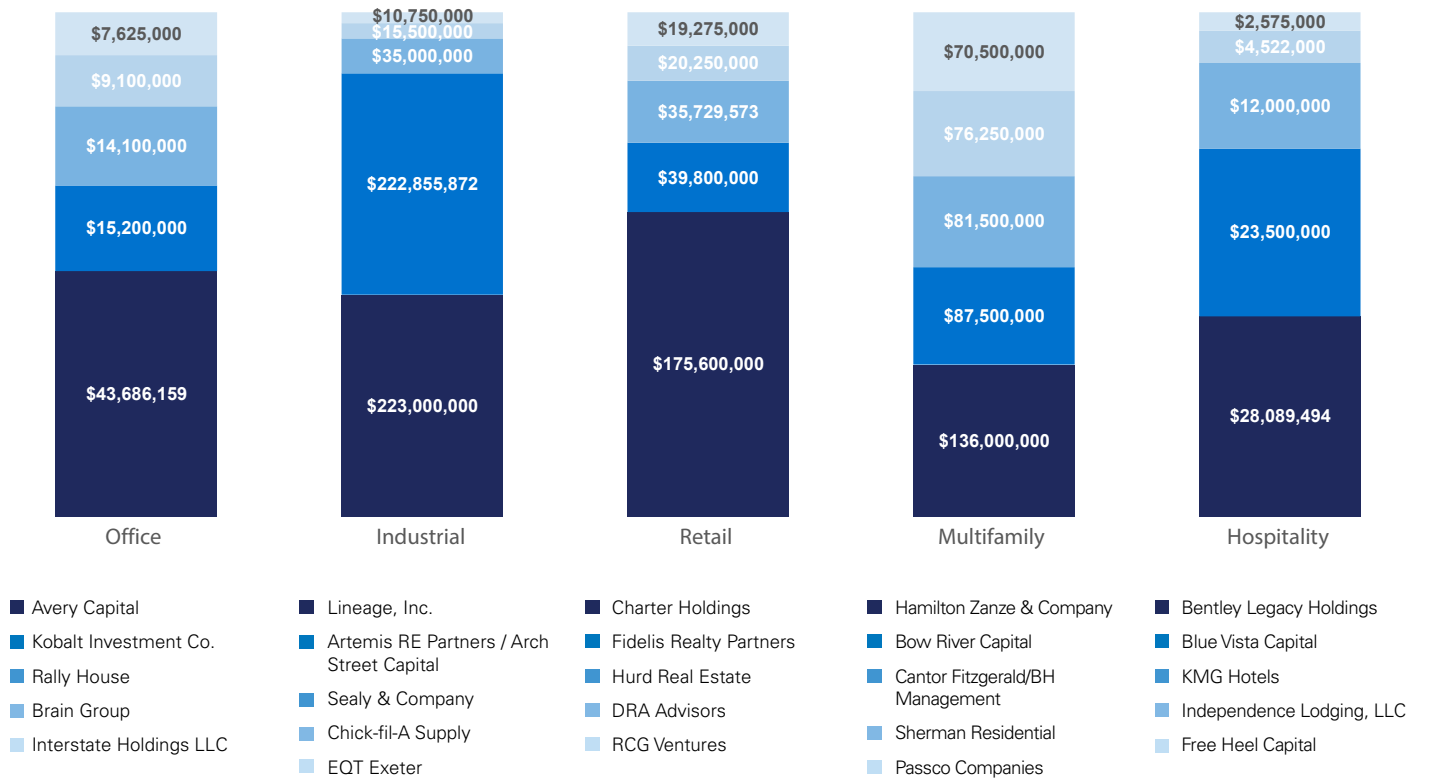
CAP RATES | ALL PROPERTY TYPES

12-MONTH AVERAGE, INCLUDES PROPERTY OR PORTFOLIO SALES \$2.5 MILLION OR GREATER



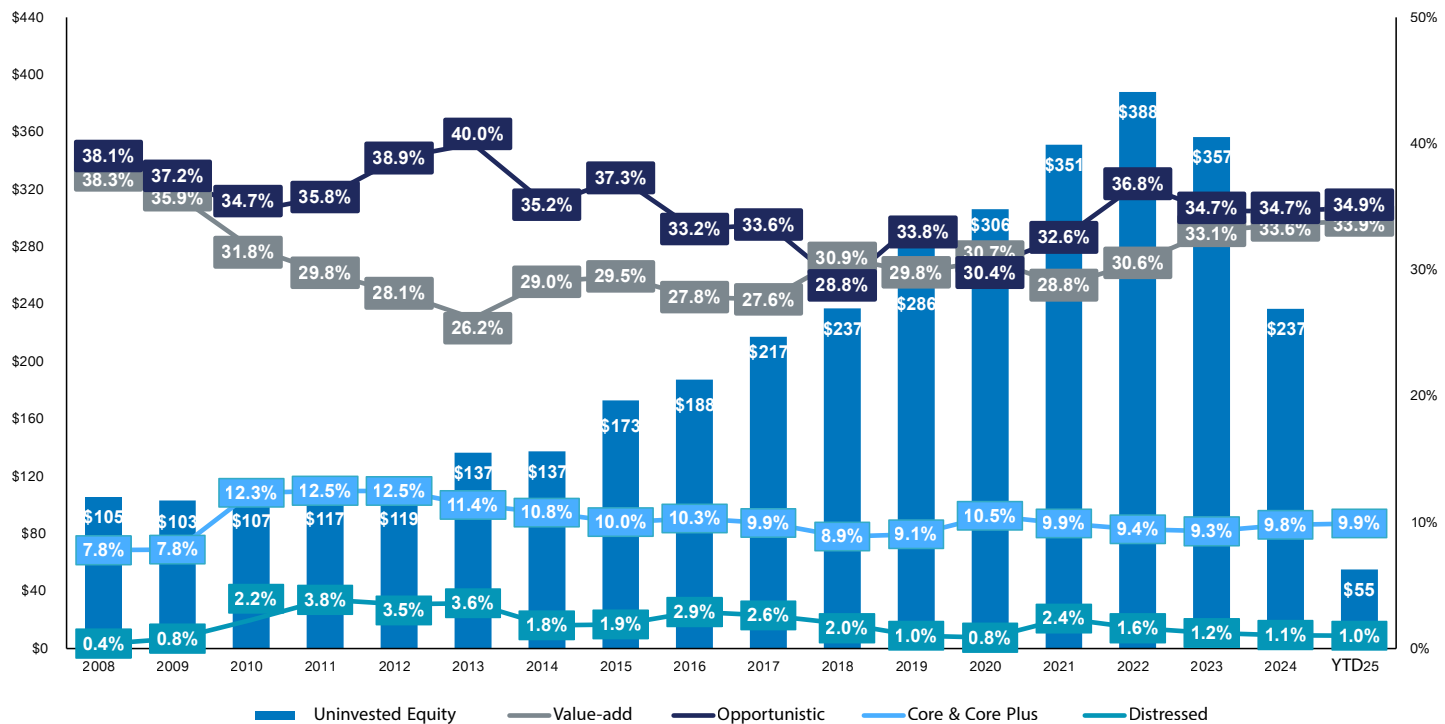
MOST ACTIVE BUYERS IN THE KANSAS CITY MARKET BY ASSET TYPE

12-MONTH TOTALS



DRY POWDER

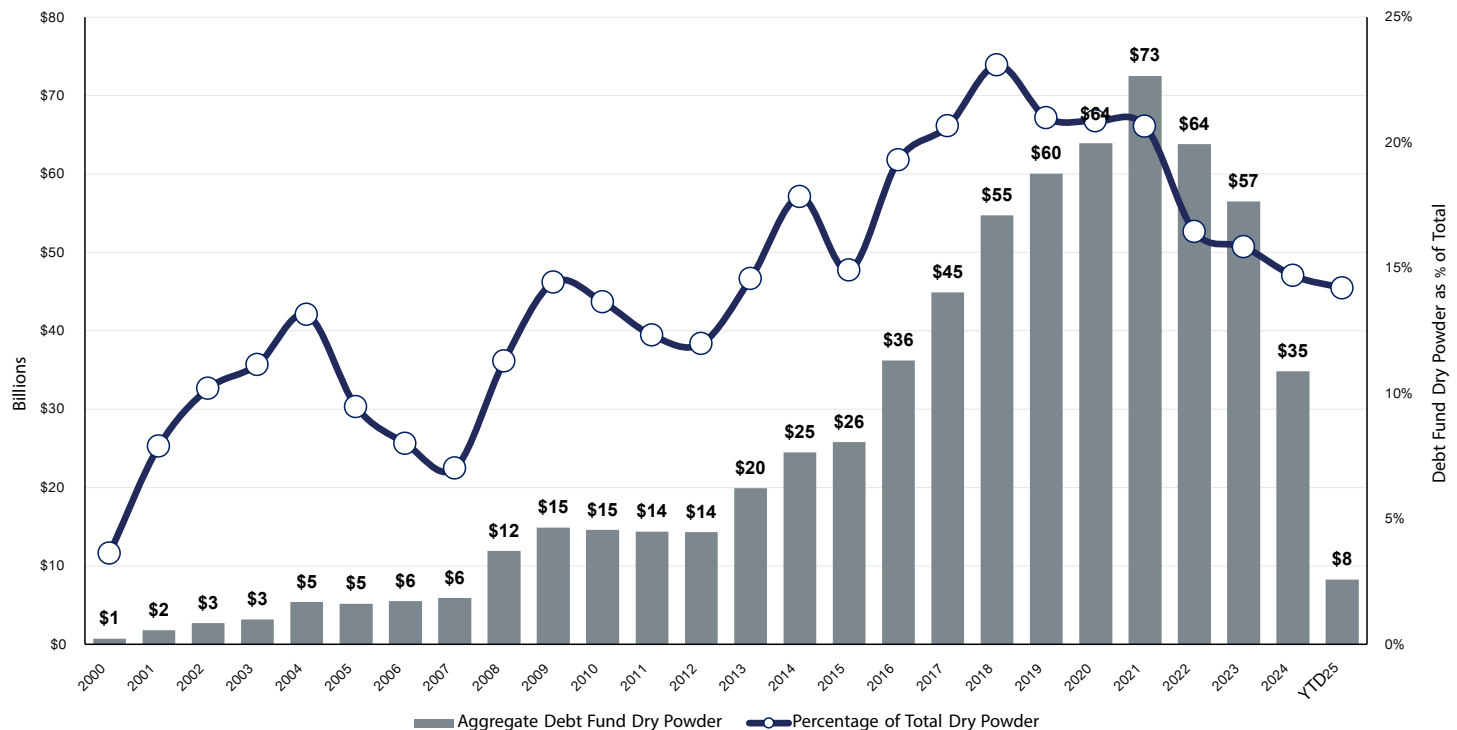
Uninvested equity decreased significantly to 237 billion in 2024. Dry powder allocated to value-add deals increased significantly 510 bps from 28.8% in 2021 to 33.9% in YTD 2025. Opportunistic strategies increased 450 bps from 30.4% in 2020 to 34.9% in YTD 2025



Note: 'Uninvested Equity' includes Fund of Funds, Debt, Co-Investment and Secondaries, not displayed in the above graphic

Source: Newmark Research, Preqin

DEBT FUND DRY POWDER



Source: Newmark Research, Preqin

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We transform untapped potential into limitless opportunity.

We don't just adapt to what our partners need—we adapt to what the future demands.

Since our start, we've faced forward, predicting change and pioneering ideas. Almost a century later, the same strategic sense and audacious thinking still guide our approach. Today our integrated platform delivers seamlessly connected services tailored to every type of client, from owners to occupiers, investors to founders, and growing startups to leading companies.

Tapping into smart tech and smarter people, we bring ingenuity to every exchange and transparency to every relationship.

We think outside of boxes, buildings and business lines, delivering a global perspective and a nimble approach. From reimagining spaces to engineering solutions, we have the vision to see what's next and the tenacity to get there first.

TERMS AND DEFINITIONS

Gross Leasable Area (GLA) – Expressed in square feet. It is the total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines. It is the standard measure for determining the size of retail spaces, specifically shopping centers, where rent is calculated based on GLA occupied. There is no real difference between RBA (Rentable Building Area) and GLA except that GLA is used when referring to retail properties while RBA is used for other commercial properties.

Vacancy Rate – The vacancy rate is the amount of physically vacant space divided by the inventory and includes direct and sublease vacant.

Net Absorption – The net change in physically occupied space over a period of time.

Average Asking Rent – The dollar amount asked by landlords for available space expressed in dollars per square foot per year. Retail rents are expressed as triple net where all costs including, but not limited to, real estate taxes, insurance and common area maintenance are borne by the tenant on a prorata basis. The asking rent for each building in the market is weighed by the amount of available space in the building.

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RESEARCH

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