



KANSAS CITY OFFICE MARKET

STATE OF SPACE REPORT

SUMMER 2025

STATE OF SPACE REPORT

The Summer 2025 State of Space Report is a snapshot of the current Kansas City office market and provides detailed information that is useful for both owners and occupiers of office space throughout the Kansas City metropolitan area.

WHAT YOU WILL FIND

● **Market Analysis and Summary**

● **Market Trends**

● **Available Space Report**

● **Recent Transactions**

● **Underwriting Report**

● **Average Tenant Expenses**

● **Newmark Zimmer Office Team**



KANSAS CITY OFFICE
MARKET SUMMARY

	Current Quarter	Prior Quarter	Prior Year	12-Month Forecast
Total Inventory	78.7M	78.7M	78.6M	↔
Vacancy Rate	16.4%	16.5%	16.6%	↓
Quarter Net Absorption	75,411	137,289	-420,134	↓
Average Asking Rent	\$22.97	\$22.97	\$22.79	↔
Under Construction	120,100	60,100	199,320	↔
Deliveries	0	0	20,000	↑



2.3%
12 MONTH
RENT GROWTH



16.4%
VACANCY
RATE

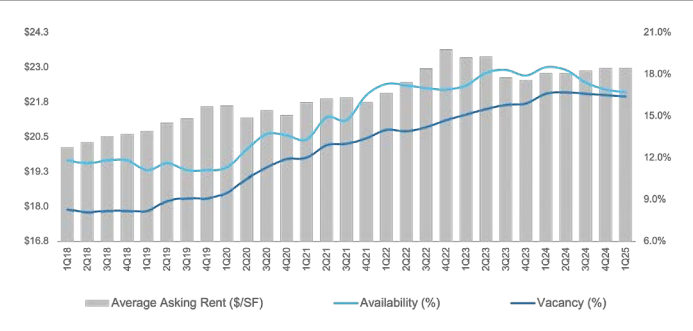
KANSAS CITY OFFICE
MARKET ANALYSIS

CURRENT MARKET TRENDS

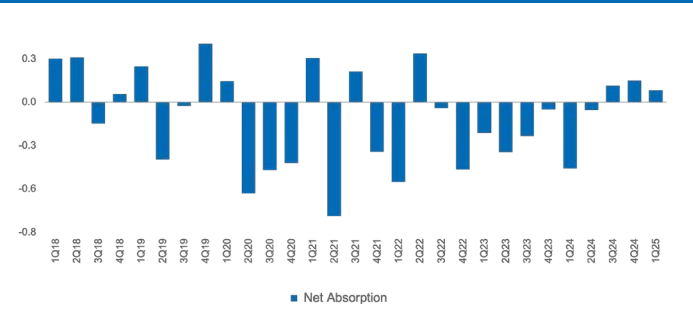


Expansive amenity renovations, alongside solid demand for prime Class A space, are anticipated to continue over the next four quarters

ASKING RENT & VACANCY RATE



NET ABSORPTION (SF)





OFFICE SPACE IN TRANSITION – WHO’S WINNING IN THE HYBRID WORK ERA?

In the face of evolving workplace dynamics, U.S. office space is undergoing a seismic shift. The pressures of hybrid work adoption and elevated capital costs are driving a notable contraction in tenant footprints, delaying expansion plans, and tenants prioritizing plug-and-play spaces. This new reality has created a clear divide in the market, distinguishing between assets and submarkets that are thriving—and those that are not.

Post-pandemic office dynamics are no longer dictated by cyclical trends alone. Structural shifts are leading tenants to rethink how much space they need—and what that space should deliver. As a result, it is becoming increasingly clear that office buildings can be characterized into two distinct categories:

1. **Assets that are winning**
2. **Assets that are increasingly obsolete**

Winning assets that continue to see strong demand and positive momentum are well located, in a mixed-use, amenity-rich environment in both the urban core and suburban hubs such as the Aspiria Campus and Park Place.

Increasingly obsolete buildings are often located in an amenity desert, with little to zero surrounding retail,

“
**The winners in today’s
office market are those
who have adapted quickly
and strategically.**

restaurants, and professional services. The availabilities in these buildings tend to require a capital intensive overhaul to meet the needs of modern tenants which, depending on the debt situation and occupancy, can effectively eliminate the Landlord from competition with other, more modern buildings with plug-and-play suites available.

The winners in today’s office market are those who have adapted quickly and strategically. They are in locations that people want to be in. They offer buildings that support how people want to work. And they understand that in a hybrid world, the office must earn the commute. While challenges remain, opportunity abounds for those who can meet the market with innovation, insight, and agility.

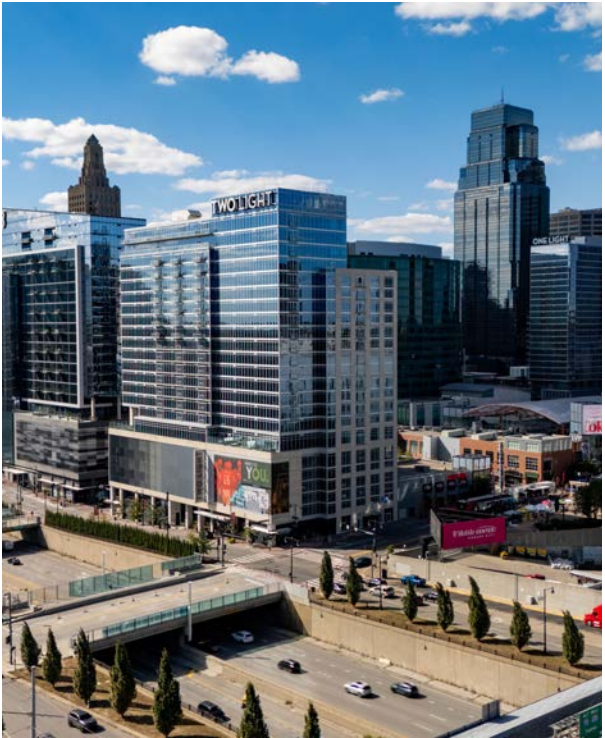
GSA CUTS CREATE UNCERTAINTY – BUT KANSAS CITY OFFICE MARKET HOLDS STEADY

The Department of Government Efficiency’s quest to increase efficiency and eliminate governmental waste across the country has raised concerns among landlords who lease space to government agencies. Whether it’s industrial buildings or office towers, no property with government tenants appears immune to potential cuts. In the Kansas City region, approximately 30,000 federal employees occupy around 6.3 million square feet of office space—of which roughly 4.3 million square feet is leased. This makes the Kansas City market particularly vulnerable should the General Services Administration (GSA) decide to terminate a significant number of leases.

However, despite the scale of government occupancy, only a limited number of Class A or B buildings would be significantly impacted by such lease terminations. Most buildings housing GSA tenants would not face destabilization if a lease were canceled. As of April 2025, only a small number of leases have been officially terminated. In fact, some previously slated terminations have had their notices rescinded, offering cautious optimism for building owners.



KANSAS CITY’S OFFICE MARKET NAVIGATES ONGOING CHALLENGES



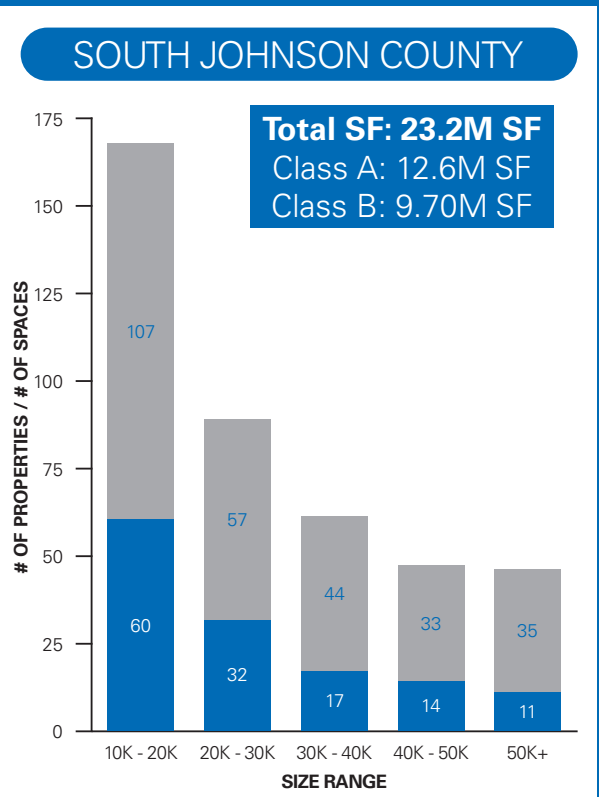
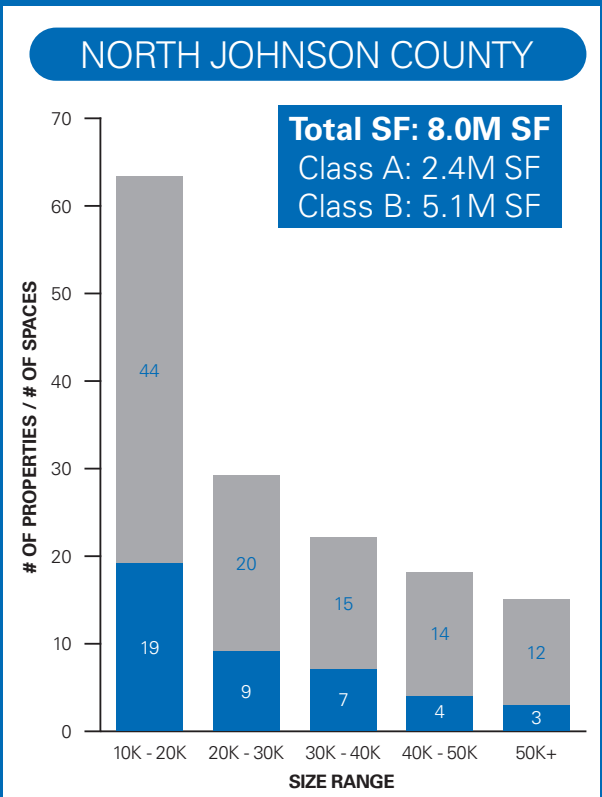
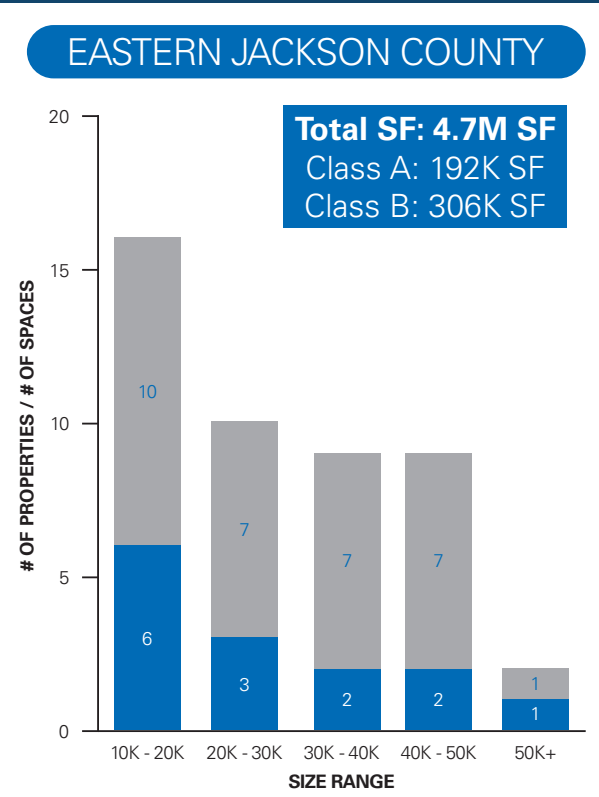
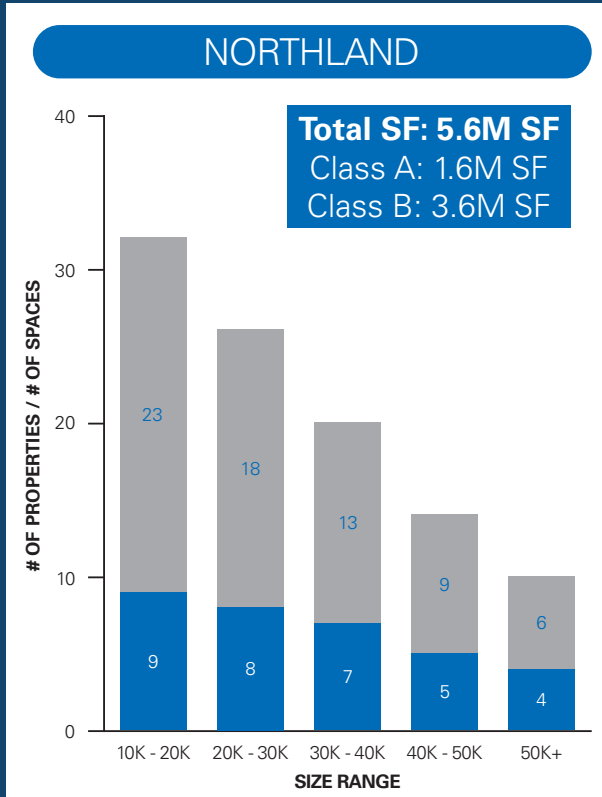
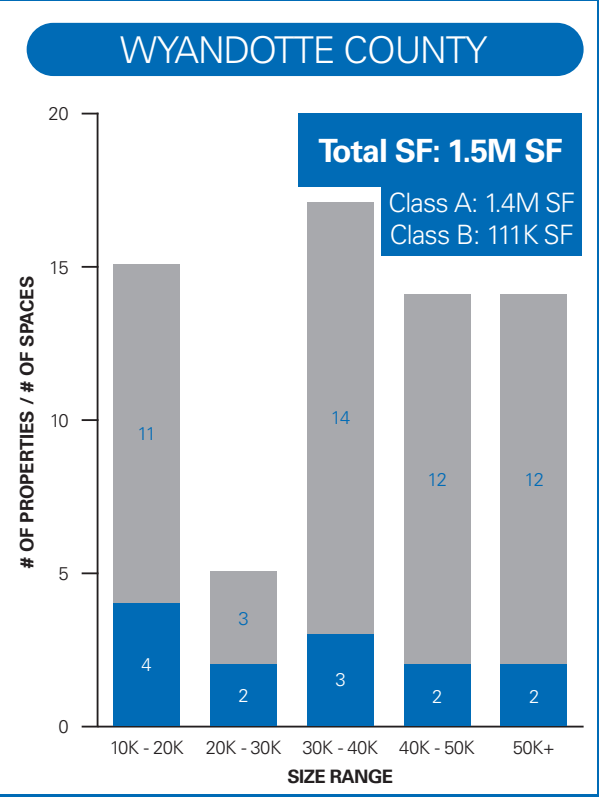
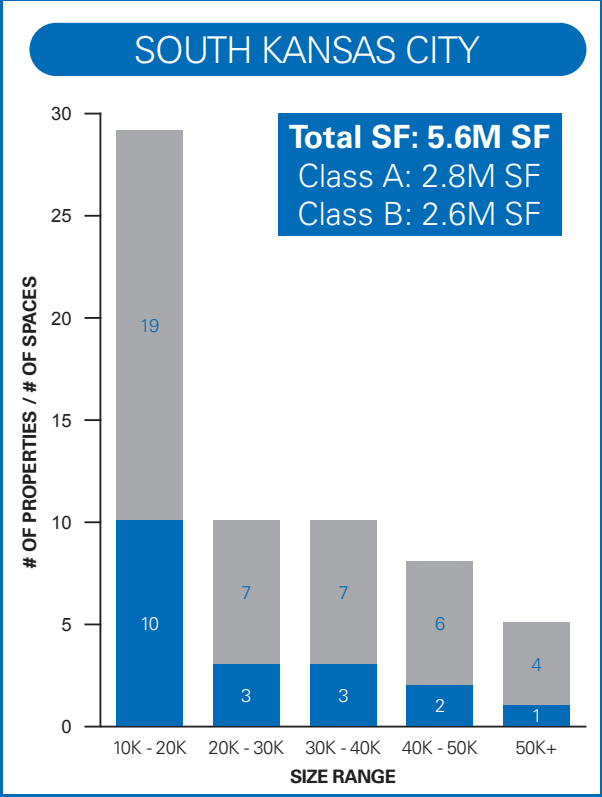
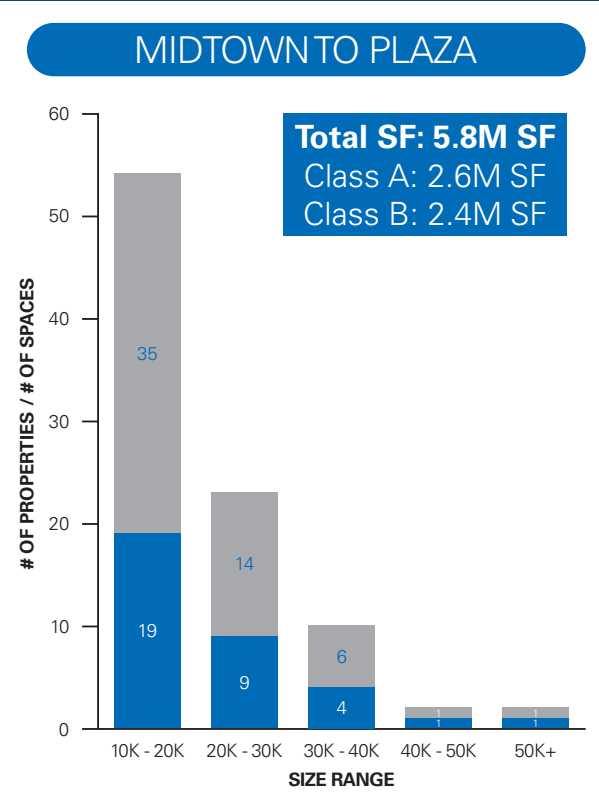
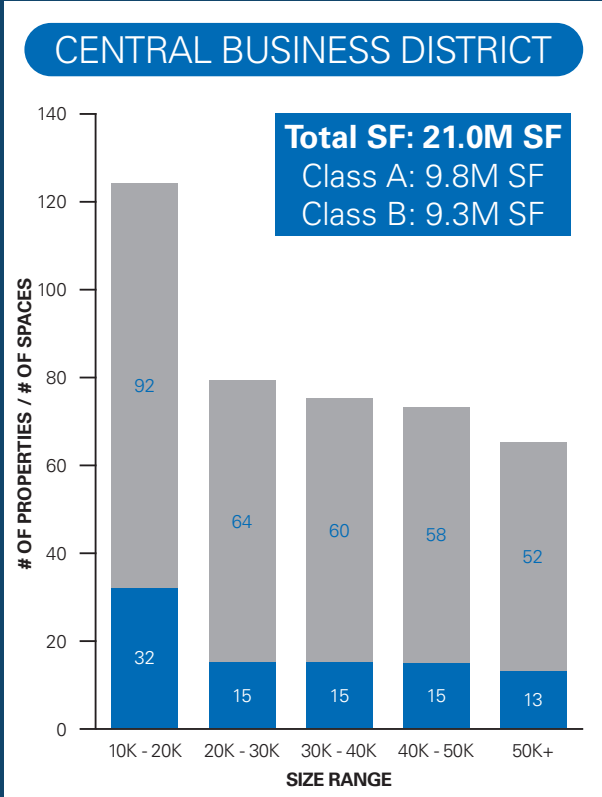
While the results of the ongoing disruption in the economy, both long-term and short-term, remain unrealized, Kansas City’s office market is exhibiting cautious optimism. Some components of this optimism include:

- Three consecutive quarters of positive absorption totaling **269,465 SF**
- Decrease in vacancy to **16.4%**
- Continued steady rental rate increases, average asking rate now **\$22.97/SF**

Many submarkets have also surpassed their pre-pandemic leasing activity, such as Downtown/Crown Center, South Kansas City, Eastern Jackson County and North Johnson County. While there is continuing macroeconomic uncertainty across the U.S., Kansas City has positively persisted. Looking ahead, as we continue to see a heavy focus on Class A, highly amenitized office buildings, and with limited new construction on the horizon, there remains ample opportunity for these market fundamentals to continue to trend in a positive direction.

AVAILABLE SPACE REPORT

PROPERTIES SPACES



The charts included in this Available Space Report describe the number of available spaces within buildings that are designated Class A & B in each submarket. The charts then identify the number of available spaces within certain size ranges.

RECENT TRANSACTIONS | SALES



BRAIN GROUP

6700W 115th Street
Overland Park, KS

239,366 SF



RALLY HOUSE

9401 Renner Boulevard
Overland Park, KS

150,958 SF



BRAIN GROUP

5800 Foxridge Drive
Mission, KS

116,776 SF



GUADALUPE CENTERS

1300 Summit Street
Kansas City, MO

86,739 SF



7C PARTNERS, LLC

710 Central Street
Kansas City, MO

80,000 SF



INTERSTATE HOLDINGS, LLC

4550 W 109th Street
Kansas City, MO

75,512 SF



OLD ST. PATRICK ORATORY

500 E 9th Street
Kansas City, MO

63,656 SF



DSTC, LLC

1901 W 47th Place
Westwood, KS

51,832 SF



SILVERROCK VENTURES, LLC

7905 Quivira Road
Lenexa, KS

50,200 SF



REVITALIZATION UNLIMITED

1000 Broadway Boulevard
Kansas City, MO

49,210 SF



B&W INVESTMENT PROPERTIES

1200 NW South Outer Road
Blue Springs, MO

38,405 SF



DR. PARAMJEET SABHARWAL

11217 Lakeview Avenue
Lenexa, KS

36,288 SF

RECENT TRANSACTIONS | LEASES



FISERV

6500 Sprint Parkway
Overland Park, KS

420,000 SF



SOUTHWIND

6300 Lamar Avenue
Overland Park, KS

108,000 SF



BURNS & MCDONNELL

901 Carondelet
Kansas City, MO

100,000 SF



LATHROP GPM

2323 Grand Boulevard
Kansas City, MO

47,000 SF



C2FO

8880 Ward Parkway
Kansas City, MO

44,000 SF



VINSOLUTIONS

6240 Sprint Parkway
Overland Park, KS

36,318 SF



ACE HARDWARE

7500 W 110th Street
Overland Park, KS

32,535 SF



BANK OF LABOR

6301 Glenwood Avenue
Overland Park, KS

30,664 SF



KIMLEY-HORN

7300 College Boulevard
Overland Park, KS

20,910 SF



WIRECO

8700 State Line
Leawood, KS

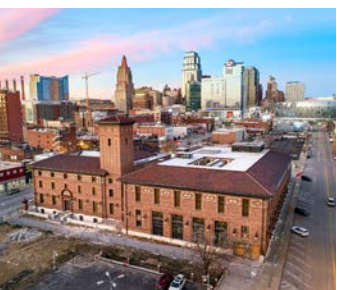
20,510 SF



AE WEALTH

8801 Renner Boulevard
Lenexa, KS

20,345 SF



HOLMES MURPHY

1729 Grand Boulevard
Kansas City, MO

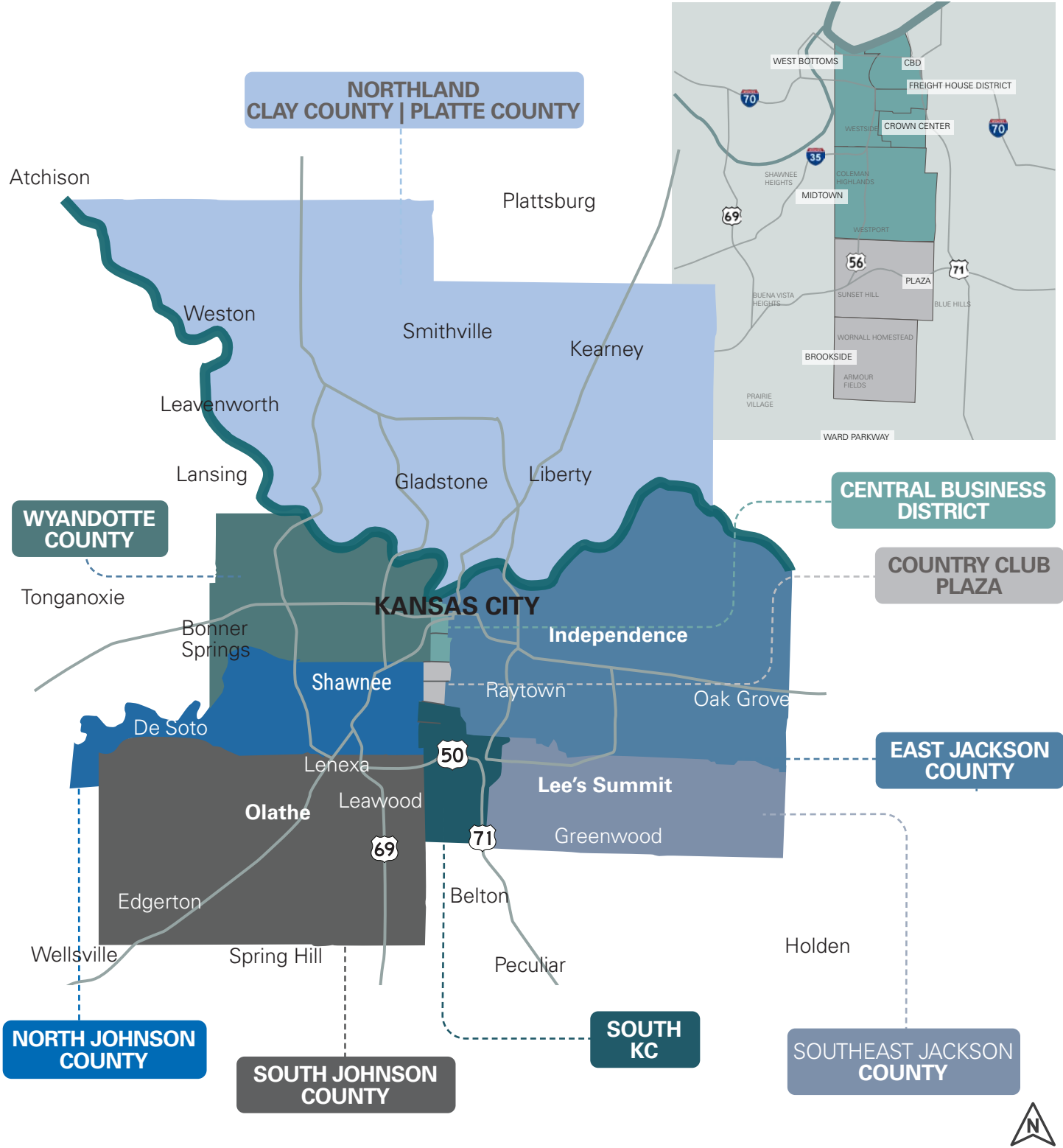
15,180 SF

KANSAS CITY OFFICE

UNDERWRITING REPORT

The table below describes certain statistics related to average lease terms across different submarkets in the Kansas City Metropolitan area.

	Average Class A Rental Rate	Average TI Allowance per Year of Lease Term	Average Lease Size	Average Lease Term	Annual Rent Escalations	Absorption	Vacancy Rate	Commissions (New & Renewal)
NORTHLAND CLAY & PLATTE COUNTY	\$21.09/SF	New Deal: \$3-\$5/SF Renewal Term: \$2/SF	3,000 SF	3-5 years	1.5%	12-18 months	15.70%	6%
CENTRAL BUSINESS DISTRICT	\$24.72/SF	New Deal: \$5/SF Renewal Term: \$2/SF	6,000 SF	5 years	2%	6-9 months	14.70%	6%
COUNTRY CLUB PLAZA	\$28.99/SF	New Deal: \$5/SF Renewal Term: \$2/SF	4,000 SF	5 years	2%	6-9 months	9.10%	6%
EAST JACKSON COUNTY	\$22.23/SF*	New Lease: \$4/SF Renewal Term: \$1.50/SF	3,200 SF	3-5 years	1.5%	12-18 months	6.10%	6%
SOUTHEAST JACKSON COUNTY	\$23.50/SF*	New Lease: \$5/SF Renewal Term: \$2/SF	3,900 SF	3-5 years	1.5%	9-12 months	12.10%	6%
SOUTH KANSAS CITY	\$20.00/SF	New Lease: \$5/SF Renewal Term: \$2/SF	5,700 SF	3-5 years	1.5%	9-12 months	9.40%	6%
NORTH JOHNSON COUNTY	\$21.50/SF	New Lease: \$5/SF Renewal Term: \$1.50/SF	4,300 SF	3-5 years	2%	6-9 months	19.00%	6%
SOUTH JOHNSON COUNTY	\$22.38/SF	New Lease: \$5/SF Renewal Term: \$2/SF	8,000 SF	5 years	2.5%	6-9 months	17.40%	6%
WYANDOTTE COUNTY	\$21.00/SF*	New Lease: \$4/SF Renewal Term: \$1.50/SF	4,000 SF	3-5 years	1.5%	12-18 months	7.10%	6%



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AVERAGE
TENANT EXPENSES



WORKSTATIONS BUDGET:

High-End: \$5,000
Mid-Tier: \$3,000
Budget/Used-Tier: \$1,000



CONFERENCE ROOM:

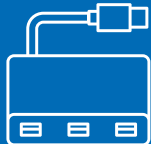
(TABLE & CHAIRS)

High-End: \$1000 plus per seat
Mid-Tier: \$450 per seat
Budget/Used-Tier: \$325 per seat



INSTALLATION COST:

Ranges from 10 - 20% of total furniture cost. The larger the project, typically the smaller the percentage.



INTERNET/ PHONE
CABLING INSTALLATION:

\$3.00 - \$5.00+ /SF (Pricing may increase dependent on tenant's requirement)



PRIVATE OFFICE FURNISHINGS:

High-End: \$7,500 plus
Mid-Tier: \$2,500 - \$4,000
Budget/Used-Tier: \$1,200 - \$1,900



SEATING:

High-End: \$900 plus per chair
Mid-Tier: \$350 - \$550 per chair
Budget/Used-Tier: \$300 per chair



AVERAGE MOVING COST:

\$2.50/SF (can vary based on tenants use)



BASIC CONSTRUCTION COSTS:

Paint: \$1.25 - \$1.65/SF
Carpet: \$4.00 - \$8.00/SF

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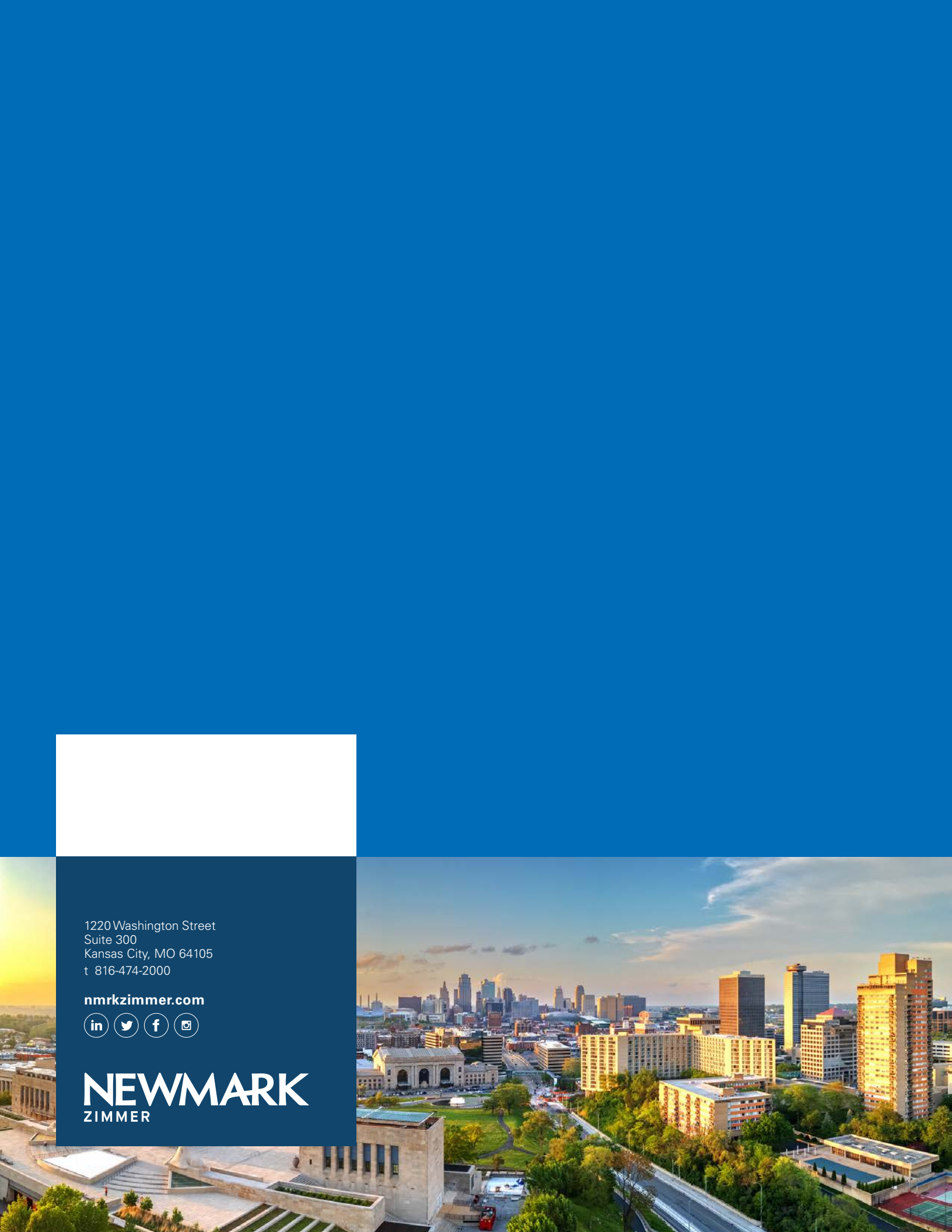
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