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RESEARCH 1Q26

# 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 | Residences at Prairiefire**

426 Units – Sold for \$102,600,000 (\$240,845/Unit)

South Johnson County | 5750 W 137th Street

### **Industrial | Raymore Commerce Center III**

1,024,000 SF GLA – Sold for \$91,500,000 (\$89/SF)

North Cass County | 1300 S Dean Avenue

### **Industrial | Platte International Commerce Center B**

748,330 SF GLA – Sold for \$80,600,000 (\$108/SF)

Northland | 4400 State Route 92

### **Office (Medical) | Sunflower Medical Group**

23,600 SF GLA – Sold for \$8,000,000 (\$339/SF)

Wyandotte County | 2040 Hutton Road

### **Retail | Hobby Lobby**

53,450 SF GLA – Sold for \$5,510,000 (\$103/SF)

Southeast Jackson County | 1015 NE Rice Road

# Capital Markets

## KANSAS CITY MARKET OVERVIEW

Investment activity in the Kansas City market accelerated over the past four quarters, with total sales volume reaching \$4.2 billion, an increase of 20.6% compared to the prior five-year average. Among the 13 largest Midwest markets, the Kansas City metropolitan area ranked fourth in total transaction volume over the past year, with multifamily and retail assets accounting for a combined 66.1% of activity.

Capitalization rates compressed by 98 basis points year-over-year, reaching 6.1% in the first quarter of 2026. Net absorption across the industrial, office, and retail sectors totaled 3.7 million square feet over the past 12 months, representing a 72.9% decline from the prior year, largely attributable to an outsized 7.1 million square feet of industrial absorption recorded in the first quarter of 2025. In the multifamily sector, net absorption totaled 2,991 units, down 31.4% year-over-year.

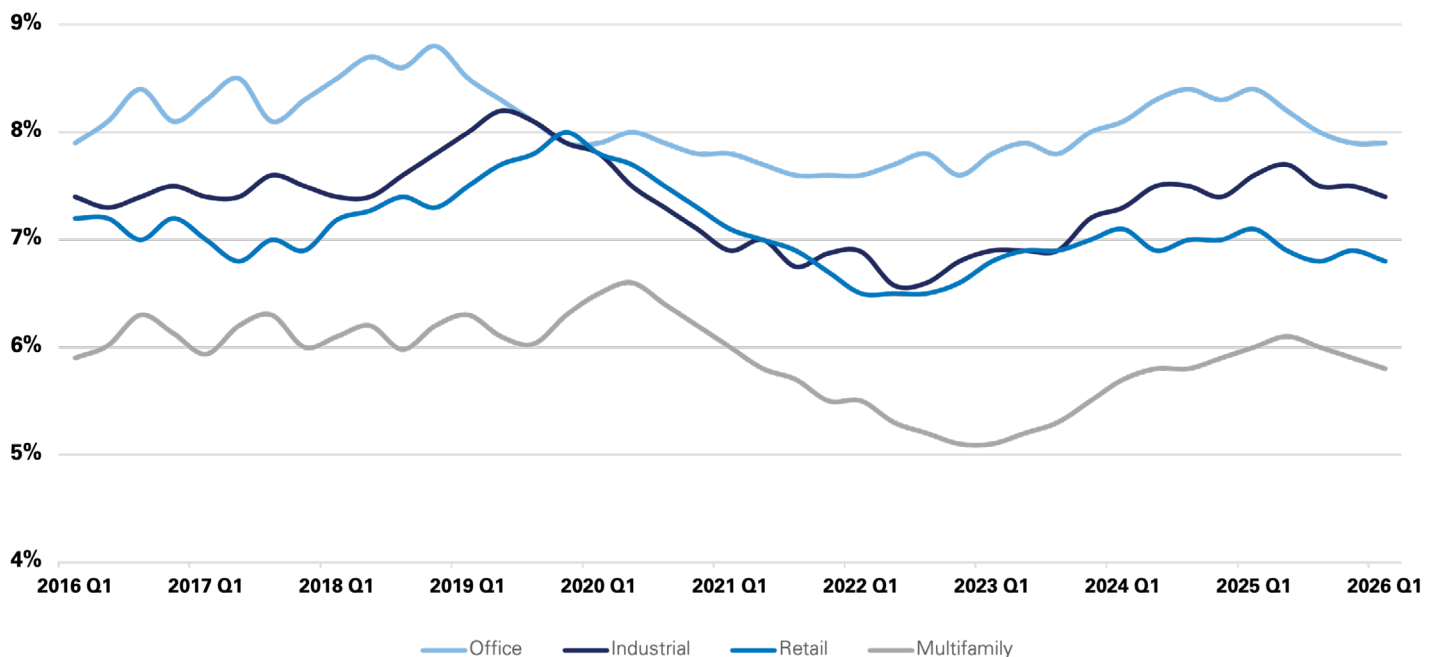
With speculative development remaining limited and landlords offering incentives to secure longer lease terms,

rental rates have reached record highs across both the industrial (\$6.23 per square foot) and multifamily (\$1,430 per unit) sectors. Vacancy rates declined year-over-year in three of the four major property types, with office decreasing 130 basis points to 15.2%, multifamily declining 70 basis points to 8.0%, and industrial edging down 10 basis points to 4.5%.

The Newmark Zimmer Midwest Capital Markets team anticipates sales volume to remain strong throughout 2026, as buyers and sellers adjust to the current market conditions and the interest rate environment remains stable. 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

Office **7.9%**      Industrial **7.4%**      Retail **6.8%**      Multifamily **5.8%**



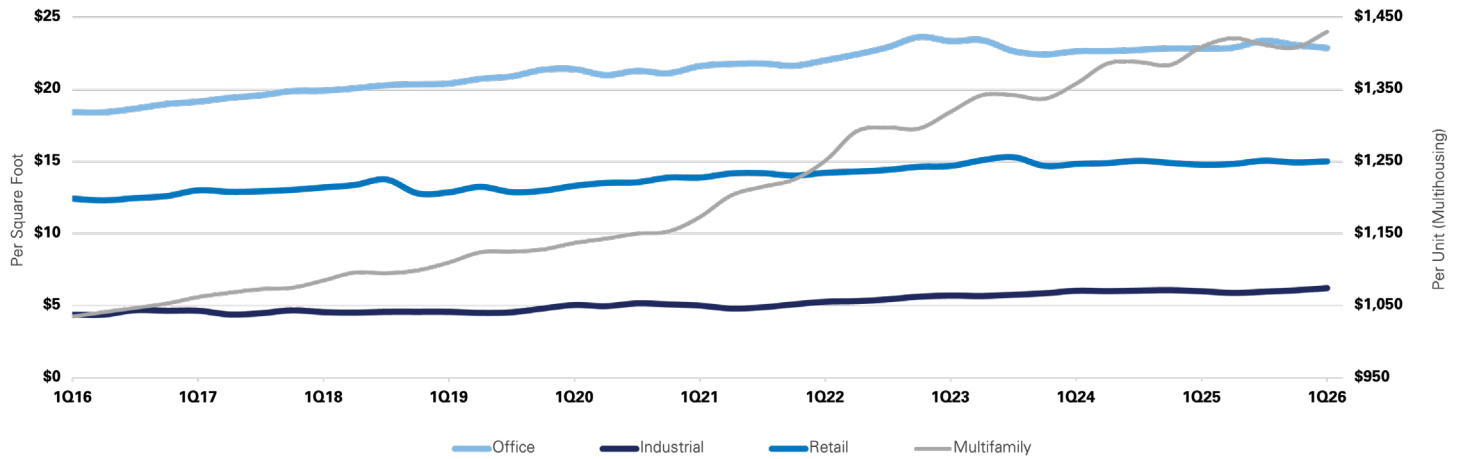
Source: Newmark Zimmer Research, CoStar, Real Capital Analytics

# 1Q26 Kansas City

## MARKET ANALYSIS

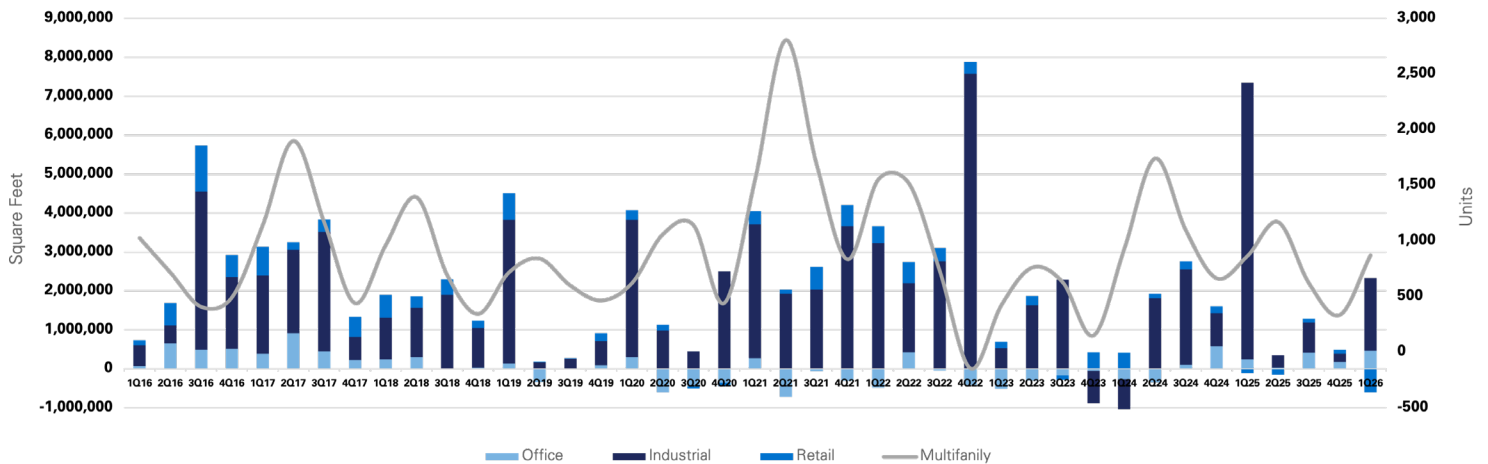
### AVERAGE ASKING RENT

Office **\$22.87** Industrial **\$6.23** Retail **\$15.02** Multifamily **\$1,430**



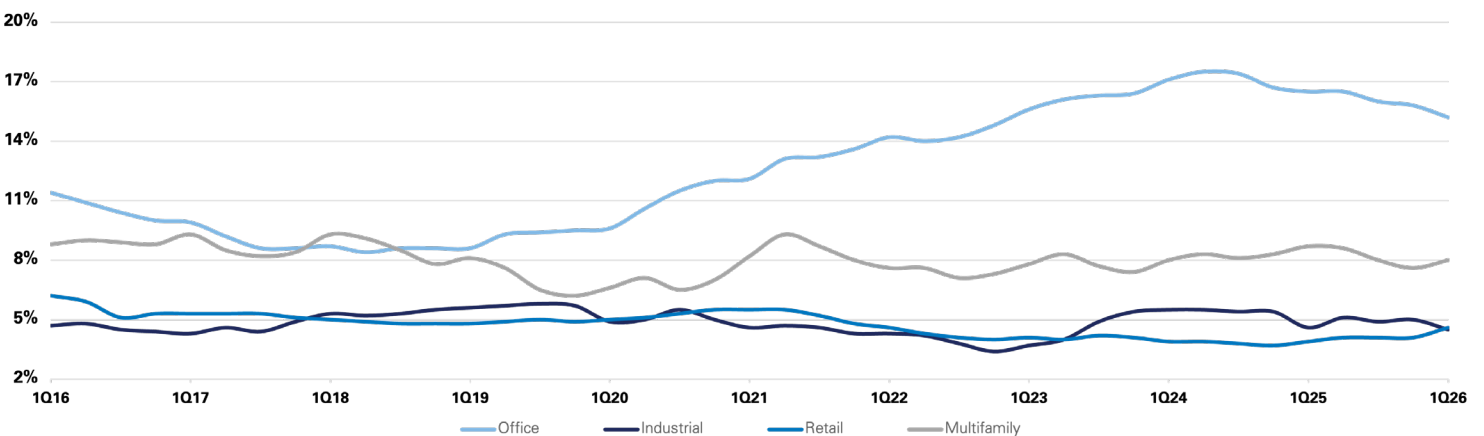
### NET ABSORPTION

Office **463,336 SF** Industrial **1,864,780 SF** Retail **-607,186 SF** Multifamily **871 Units**



### VACANCY RATE

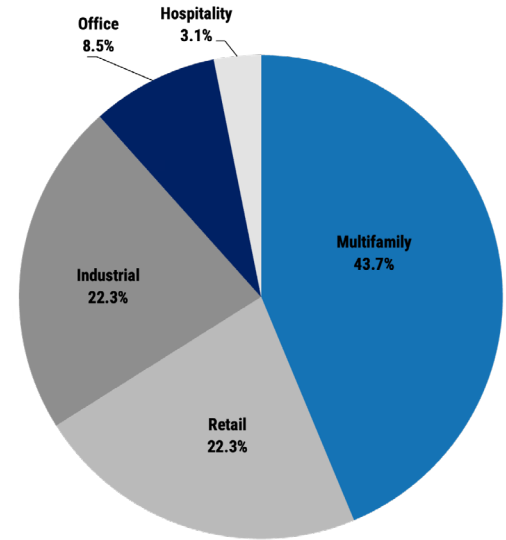
Office **15.2%** Industrial **4.5%** Retail **4.6%** Multifamily **8.0%**





## SALES VOLUME BY PROPERTY TYPE

KANSAS CITY; 12-MONTH TOTALS



Property Type	Volume	# of Properties
Multifamily	\$1.85 B	71
Retail	\$947.3 M	70
Industrial	\$946.0 M	49
Office	\$360.2 M	32
Hospitality	\$133.1 M	18
<b>TOTAL</b>	<b>\$4.2 B</b>	<b>240</b>

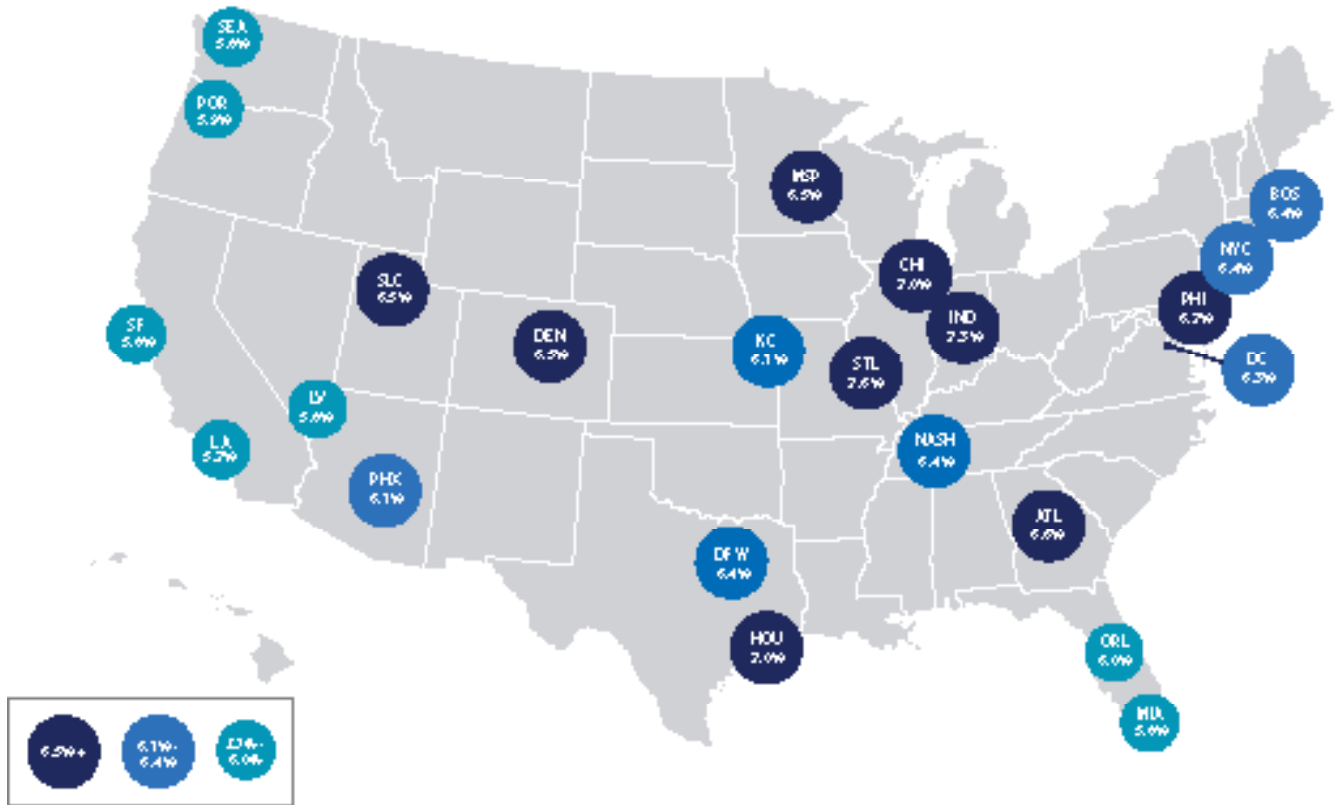
## SELECT SALES TRANSACTIONS | FIRST QUARTER OF 2026

Sector	Building	Submarket	Sale Price	Price Per SF/Unit <sup>1</sup>	SF/Units <sup>2</sup>
Industrial	Portfolio (2)- Lenexa Logistics Centre V; 9525 Woodend Road	S Johnson Co. & Wyandotte Co.	\$55,630,000	\$77	723,840
Industrial	Portfolio (2)- Great Plains Commerce Center- A & C	South Johnson County	\$29,060,000	\$77	376,420
Office	2001 Shawnee Mission Parkway	North Johnson County	\$7,750,000	\$165	47,100
Multifamily	Residences of West Paseo   2625 W Paseo Boulevard	KCMO- Beacon Hills	\$5,275,000	\$114,674	46
Retail	Eastgate Shopping Center   1209-1225 E Santa Fe Street	South Johnson County	\$4,500,000	\$68	65,980
Retail	CVS Pharmacy   8421 NW Prairie View Road	Northland	\$4,385,000	\$340	12,900
Office	9705 Lenexa Drive	North Johnson County	\$4,263,000	\$217	19,600
Retail	Shops at Eastland   18931 E Valley View Parkway	East Jackson County	\$4,200,000	\$210	20,000
Hospitality	Days Inn by Wyndham KC Northeast   3636 NE Randolph Road	Northland	\$3,450,000	\$34,500	100
Retail	Chase Bank   9500 Mission Road	North Johnson County	\$2,765,000	\$838	3,300

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

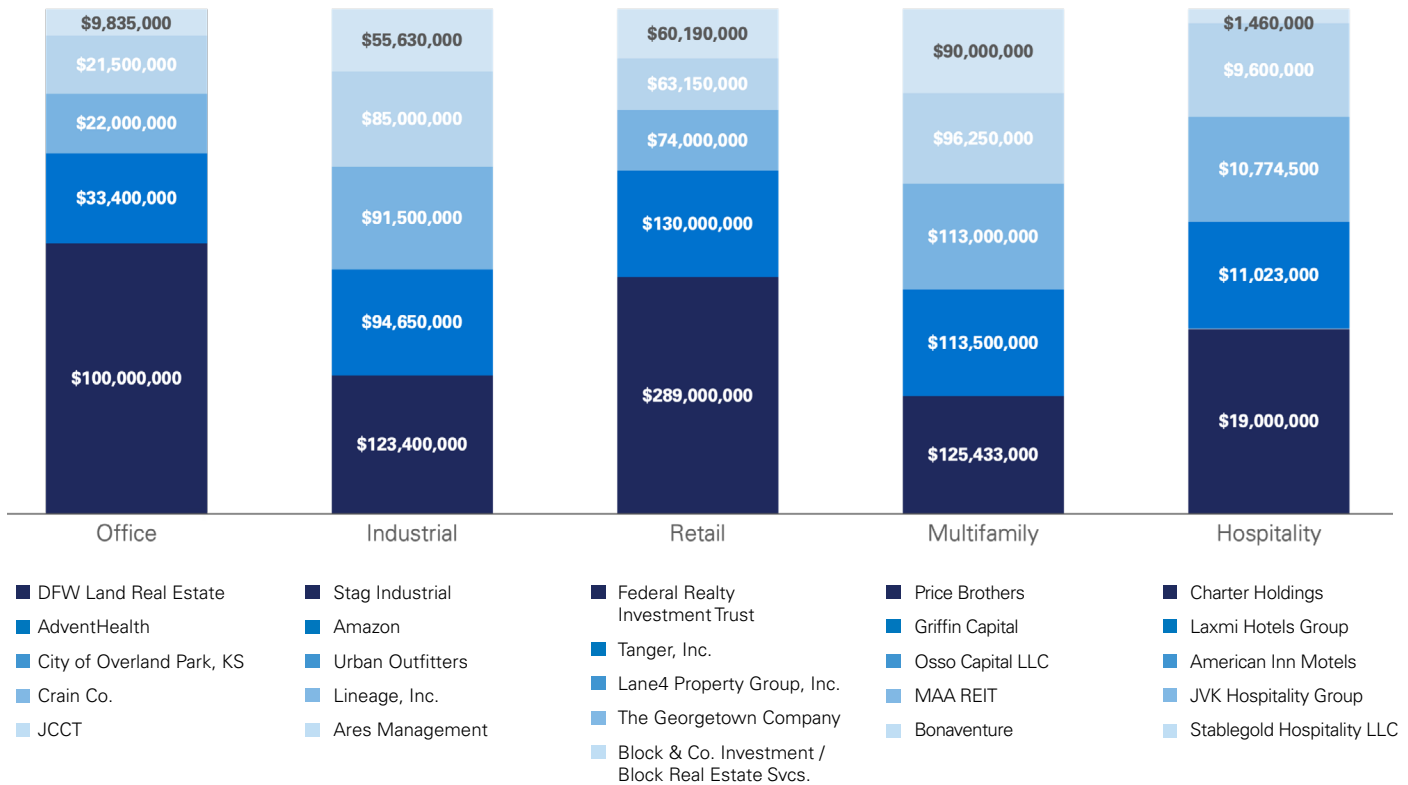
# CAP RATES | ALL PROPERTY TYPES

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



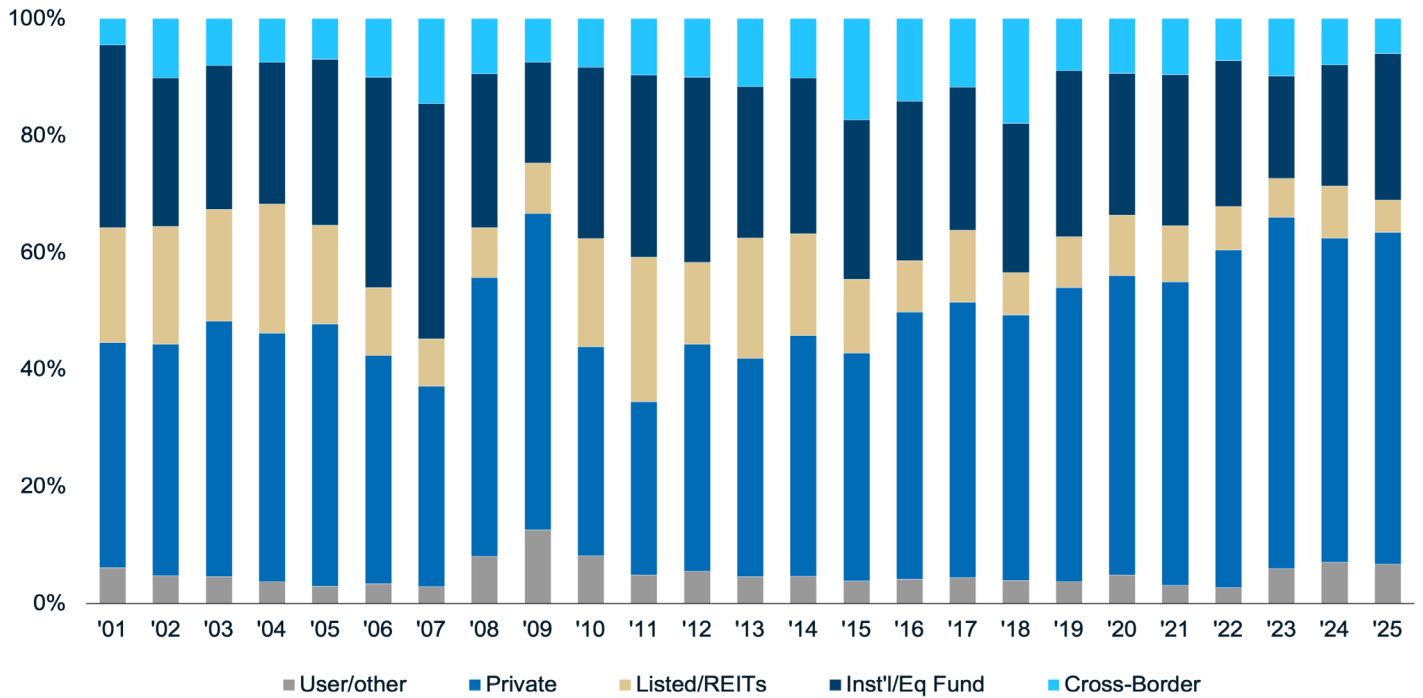
## SELECT ACTIVE BUYERS IN THE KANSAS CITY MARKET BY ASSET TYPE

12-MONTH TOTALS



## DISTRIBUTION OF BUYERS

Private Equity continues to dominate transaction volume, with Institutional Equity Funds re-emerging as a strong second amid a 2025 rebound. Capital concentration is increasing among top buyer groups,

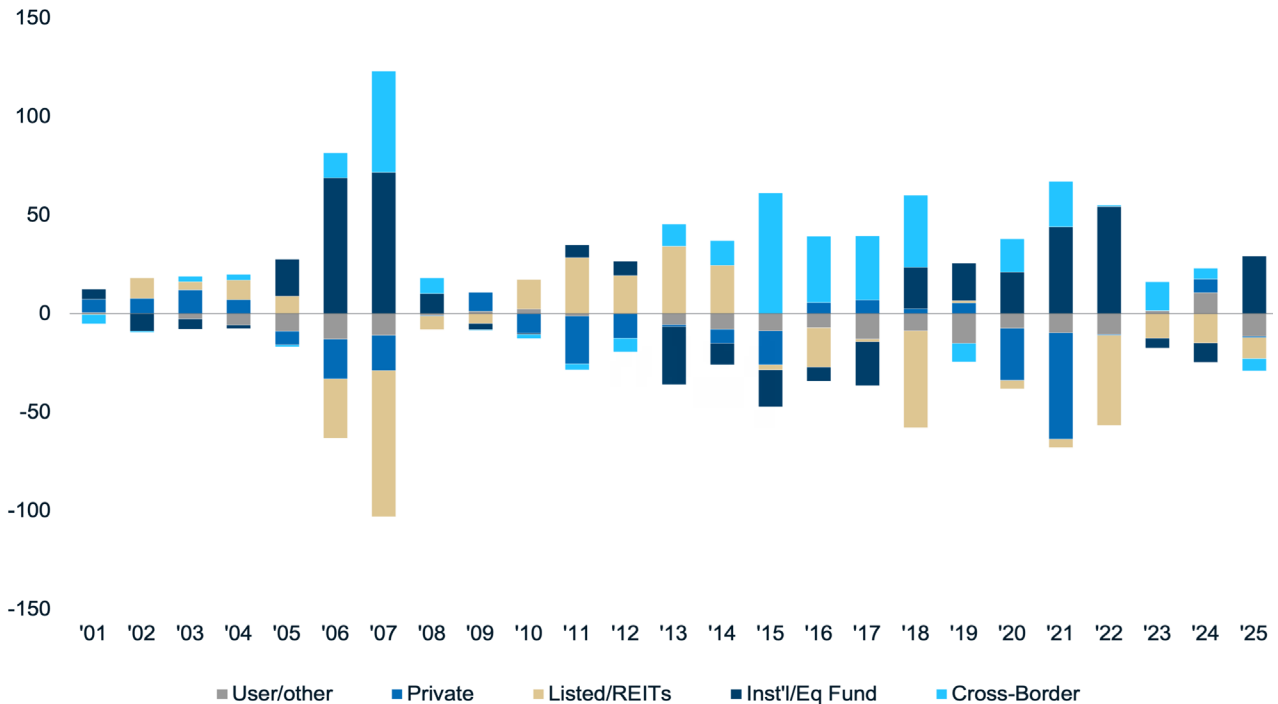


Note: Includes properties and portfolios sold for at least \$2.5 million within the United States for all property types

Source: Newmark Research, MSCI

## NET ANNUAL ACQUISITIONS

Institutional Equity Funds led net acquisitions in 2025, signaling renewed deployment after two years of suppressed activity. REITs remain consistent net sellers, extending a decade-long disposition trend and reshaping ownership dynamics.



Source: Newmark Research, MSCI

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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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