NEWMARK
ZIMMER

2Q26 Kansas City Office Market:

Market Overview

2Q26

NMRKZIMMER.COM

Kansas City Market Observations

Labor Markets

- The region's labor market remained flat as macroeconomic conditions shifted. May's unemployment rate registered 3.8%, 50 basis points below the national average of 4.3%.
- Year-over-year, job growth was strongest in the Construction sector, followed by Education and Health. Information and Other Services posted the largest job losses over the past 12 months.
- Professional business and technology firms are reassessing their workforce needs, with local employment declining in all three office-occupying sectors compared to the prior year.
- Nonfarm payroll employment in the region climbed into positive territory at 0.2%. According to the Kansas City Fed Labor Market Conditions Indicators, activity in the quarter declined from 0.17 to 0.12, while momentum decreased from 0.02 to 0.01 in May 2026.

Leasing Market Fundamentals

- The market recorded 314,025 SF of net absorption during the quarter, bringing the past four-quarter total to 1.4 MSF. This marks the eighth consecutive quarter of positive absorption, driven by tenants capitalizing on favorable leasing conditions.
- The non-owner-occupied construction pipeline increased from 56,660 SF to 480,190 SF in 2Q26 as multiple projects in the 20,000 SF to 35,000 SF range began construction.
- Vacancy decreased 40 basis points to 14.2% in the quarter and 170 basis points year-over-year. The trend is expected to continue towards 14.2% in 2026 as the market stabilizes and Class A product continues to experience strong leasing momentum.
- Average asking rental rates increased to $23.02/SF in the quarter. Annual rates are expected to grow 2.50% to 3.25% by year-end 2026.

Major Transactions

- Rosnet, LLC leased 22,230 SF of space on the fourth floor of the 454,000-SF, multi-tenant 11500 Ambassador building located in the Northland.
- MERS Missouri Goodwill Industries signed a 12-year lease for 21,450 SF of office space within the Residences at Park 39 property in Midtown. The non-profit organization is anticipated to move in by February 2027.
- Landmark National Bank subleased 13,510 SF located on the first floor of Two Hallbrook Place in Leawood, KS. The bank agreed to a sublease for a duration of more than eight and a half years with an expiration date of December 31, 2034.
- QISG leased 12,020 SF at Creekview Corporate Center III in Overland Park, KS. The firm will occupy space on the second floor of the 121,840-SF multi-tenant building.
- GRSM subleased 10,710 SF of the Aubrey Building in Leawood, KS. The law firm agreed to a sublease for a duration of more than seven years with an expiration date of August 31, 2033.

Outlook

- Uncertainty in the macroeconomic outlook persists, prompting occupiers and investors to approach transactions with greater caution. However, most local tenants have finalized post-pandemic work strategies. Tenants will retain leverage in lease negotiations given the elevated volume of available space.
- The conversion of office properties to alternative uses will help reduce obsolete inventory, tempering further vacancy increases.
- With the amount of debt coming due in the next 12-24 months, prime-located buildings are expected to trade as opportunistic investors can capitalize on the continued 'flight to quality' trend by adding amenities and modernizing the properties.

Table of Contents

01

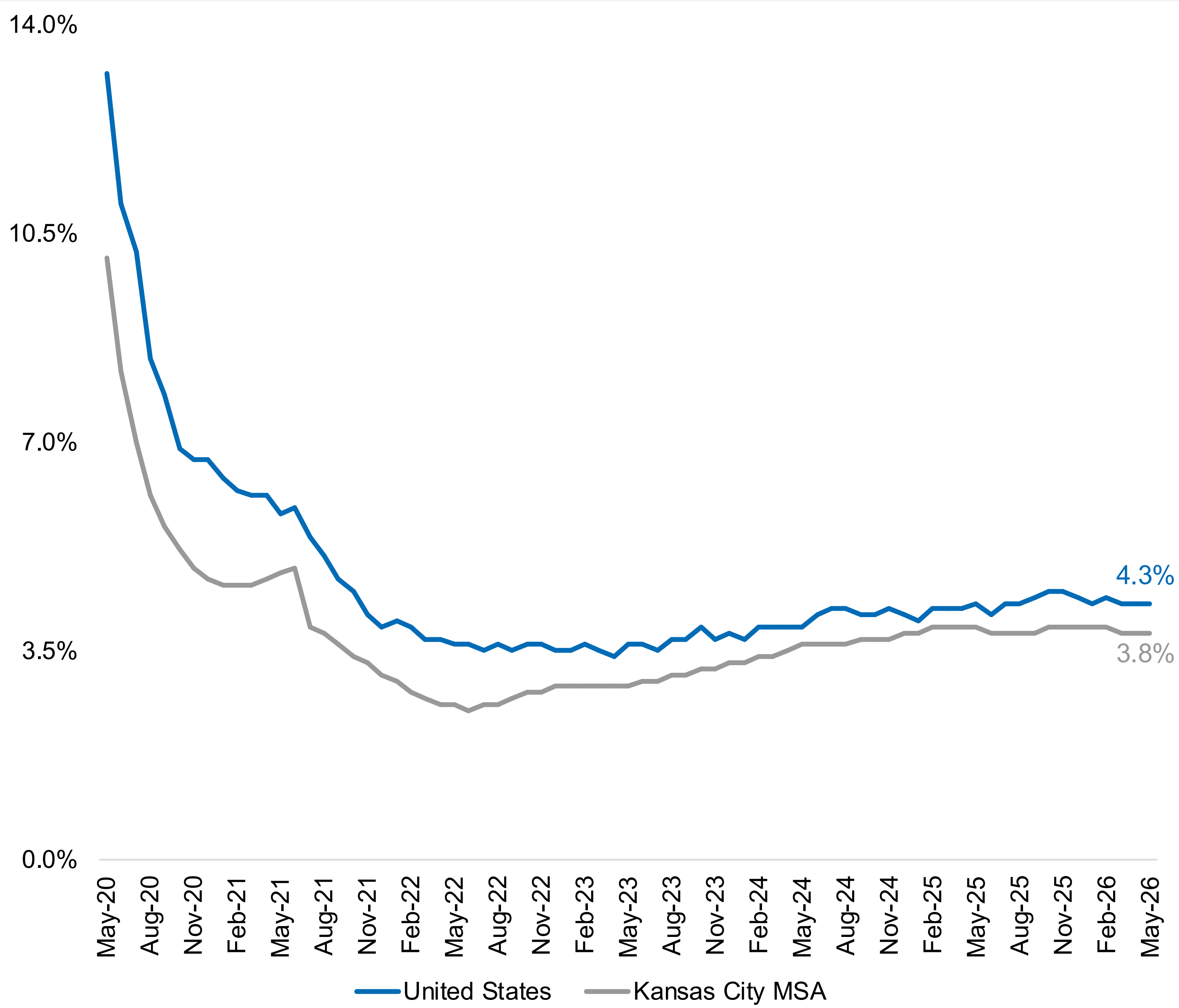
Economy

2Q26 KANSAS CITY OFFICE MARKET OVERVIEW

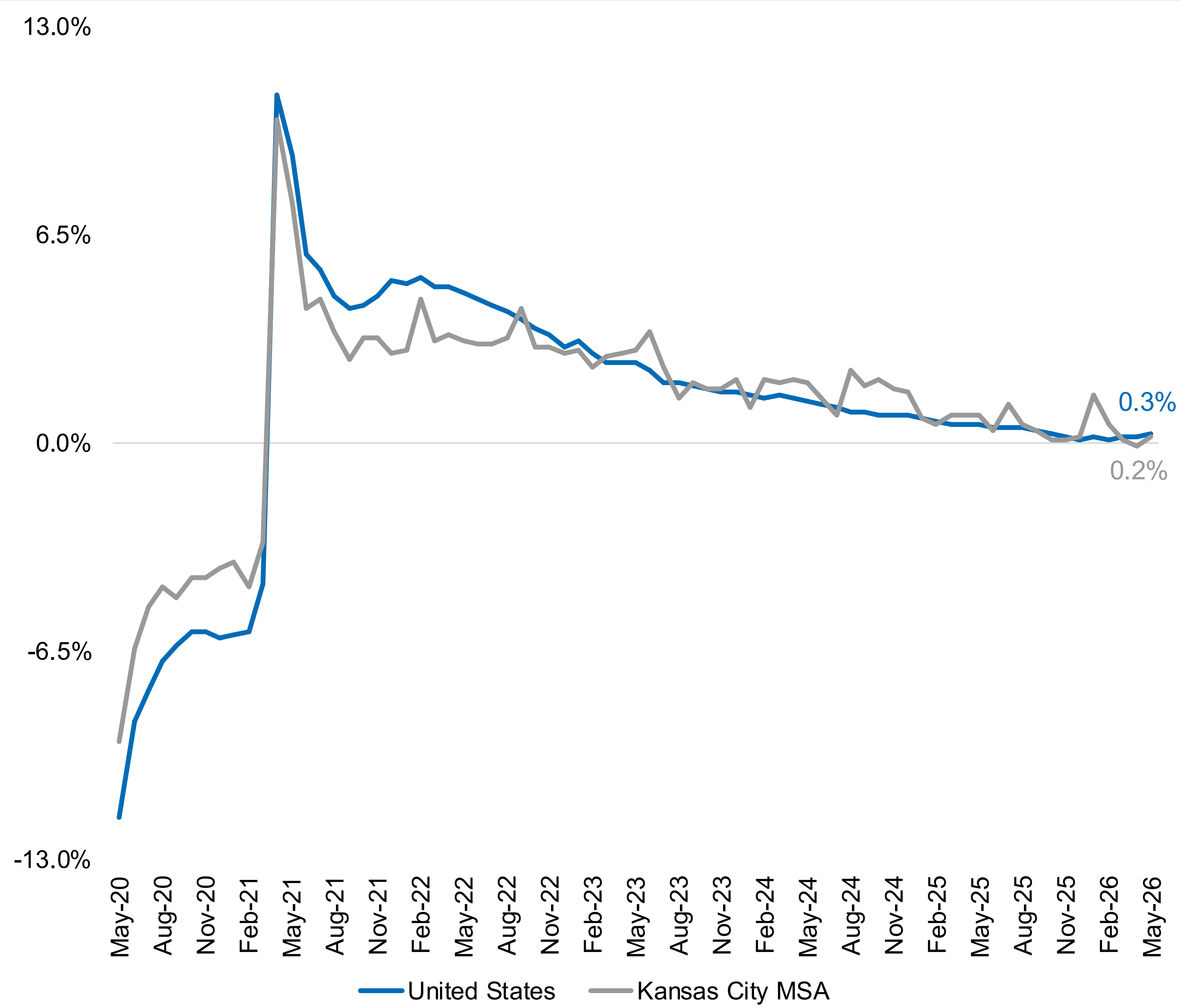
Metro Employment Unemployment Rate Below National Average

The Kansas City region's labor market remained flat with unemployment registering 3.8% in May 2026. The regional unemployment rate now stands 50 basis points below the national average, signaling comparative economic strength. Nonfarm payroll employment in the region climbed into positive territory at 0.2%. According to the Kansas City Fed Labor Market Conditions Indicators, activity in the quarter declined from 0.17 to 0.12, while momentum decreased from 0.02 to 0.01 in May 2026.

Unemployment Rate, Non-Seasonally Adjusted



Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change

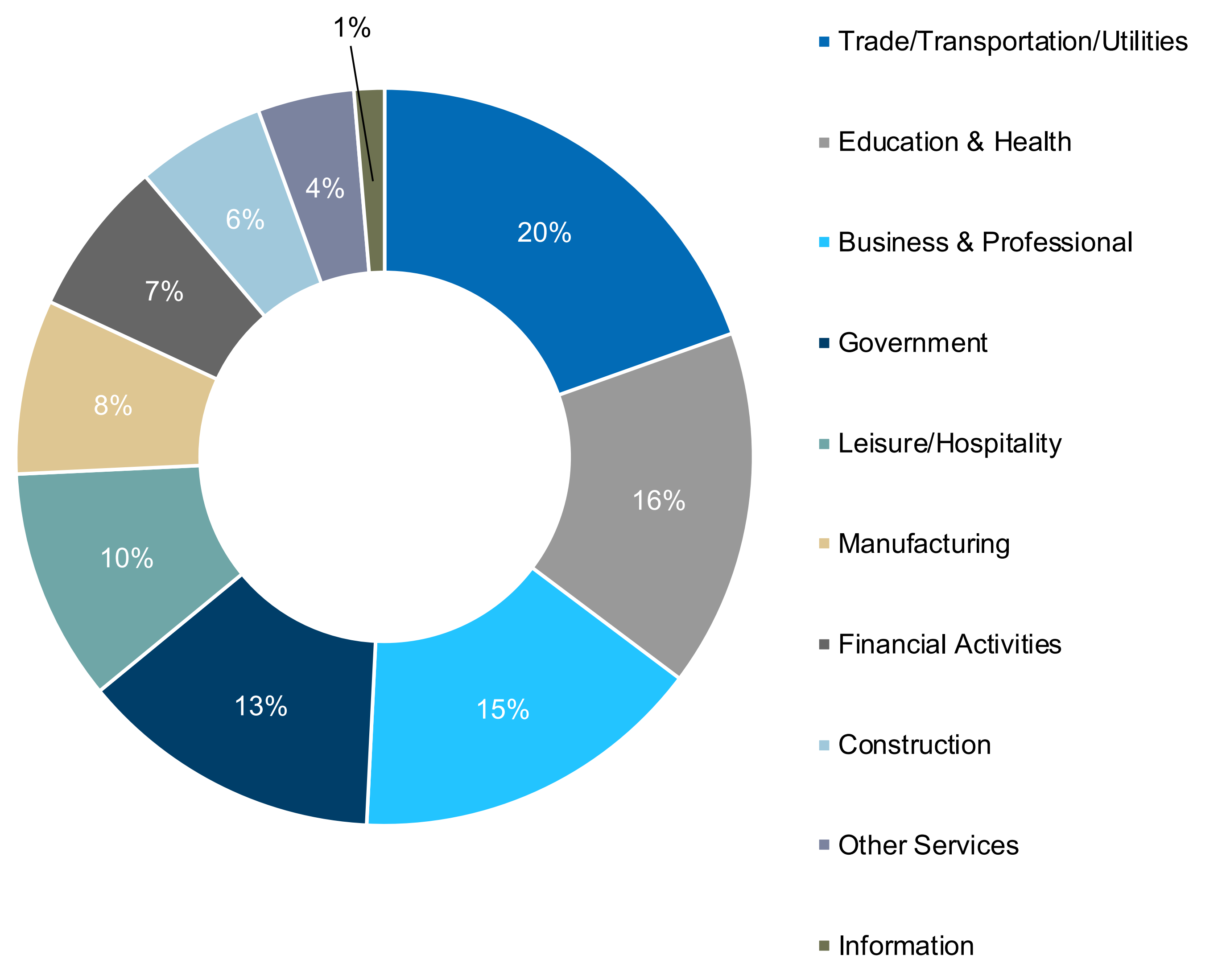


Source: U.S. Bureau of Labor Statistics, Newmark Research, Kansas City FED

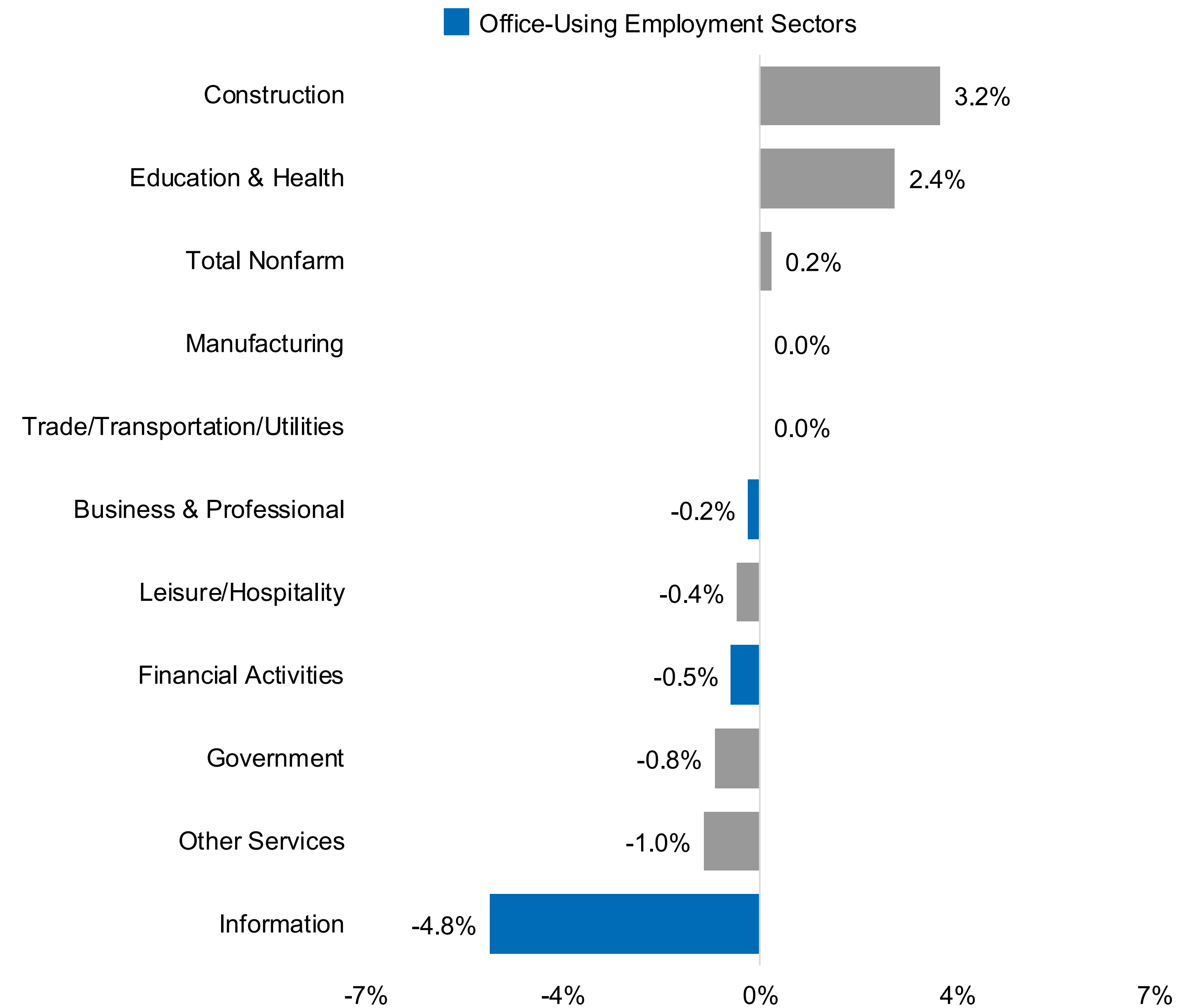
Information Sectors And Other Services Lead Regional Job Losses

The Construction sector led regional annual job growth, followed by Education and Health. The Information and Other Services sectors posted the largest annual job losses, with declines of 4.8% and 1.0%, respectively. All three office-occupying sectors reported year-over-year job declines.

Employment by Industry, May 2026



Employment Growth by Industry, 12-Month % Change, May 2026

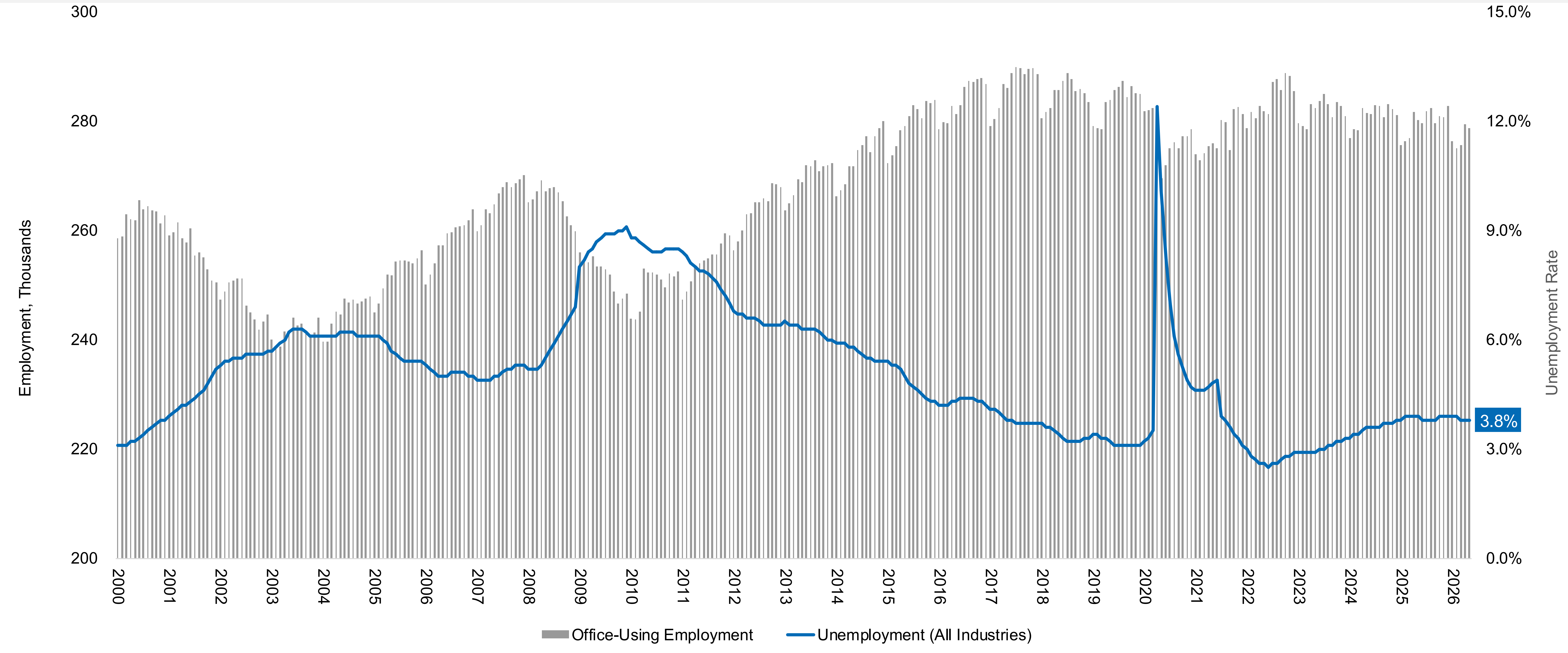


Source: U.S. Bureau of Labor Statistics, Newmark Research – Kansas City MSA

Office Employment Trending Downward

Office employment rebounded from its pandemic low but has trended downward since October 2022, now aligning with levels last seen in 2021. While a slight seasonal dip is typical early in the year, the region is expected to remain flat in the second half of 2026.

Office-Using Employment* and Unemployment Across All Industries



Source: U.S. Bureau of Labor Statistics, Kansas City MSA
Note: May 2026 data is preliminary.
*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

02

Leasing Market Fundamentals

2Q26 KANSAS CITY OFFICE MARKET OVERVIEW

Market Overview

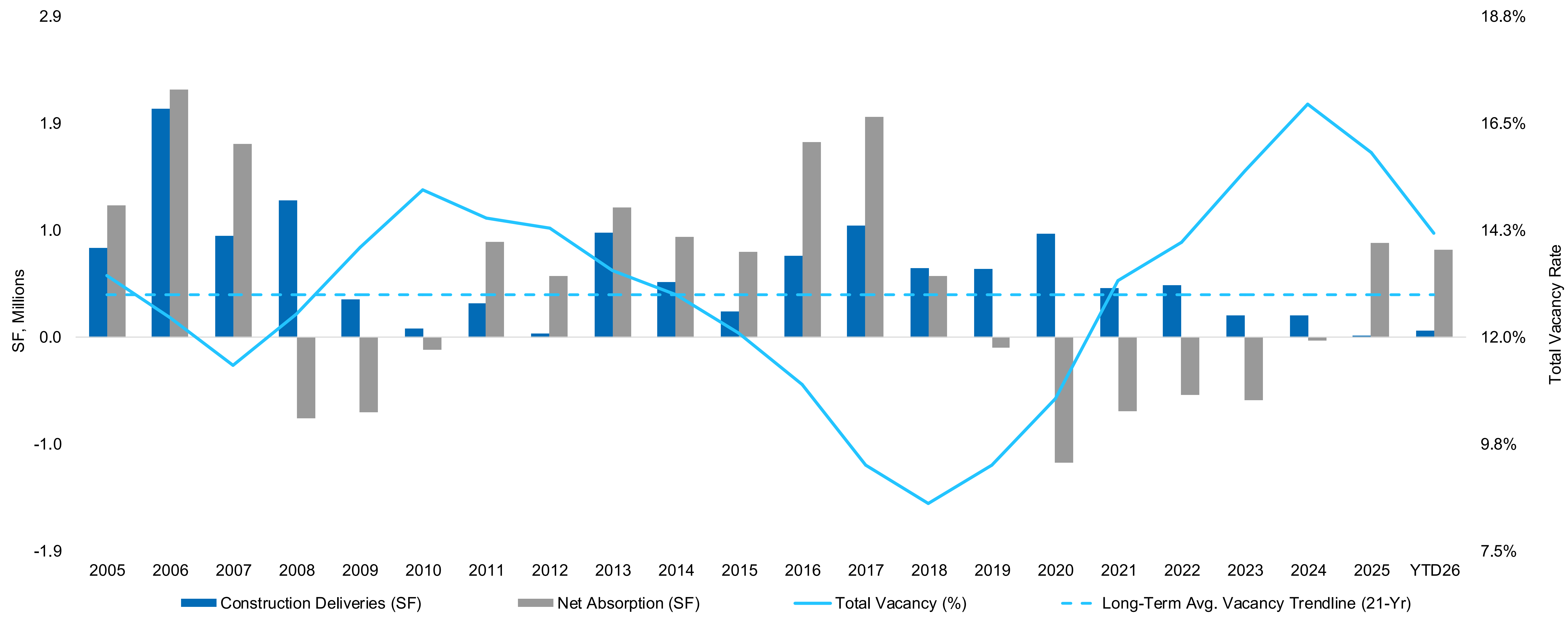
Please reach out to your
Newmark business contact for this information

Source: Newmark Research, CoStar

Vacancy Declines to 14.2% Amid Eighth Consecutive Quarter of Positive Net Absorption

The vacancy rate declined 1.7 percentage points year over year to 14.2%, as most tenants have now established long-term workplace strategies. Office-to-multifamily conversions continue to lower vacancy as a combined 492,690 SF will be converted from the Centennial and Poindexter buildings in Downtown. Tenants are likely to retain significant leverage across most metro submarkets, prompting landlords to adopt more competitive leasing structures. With a substantial volume of debt maturing in 2026 and 2027, well-located assets are expected to trade, presenting opportunistic investors with the ability to capitalize on the ongoing "flight to quality" by upgrading amenities and modernizing properties.

Historical Construction Deliveries, Net Absorption, and Vacancy

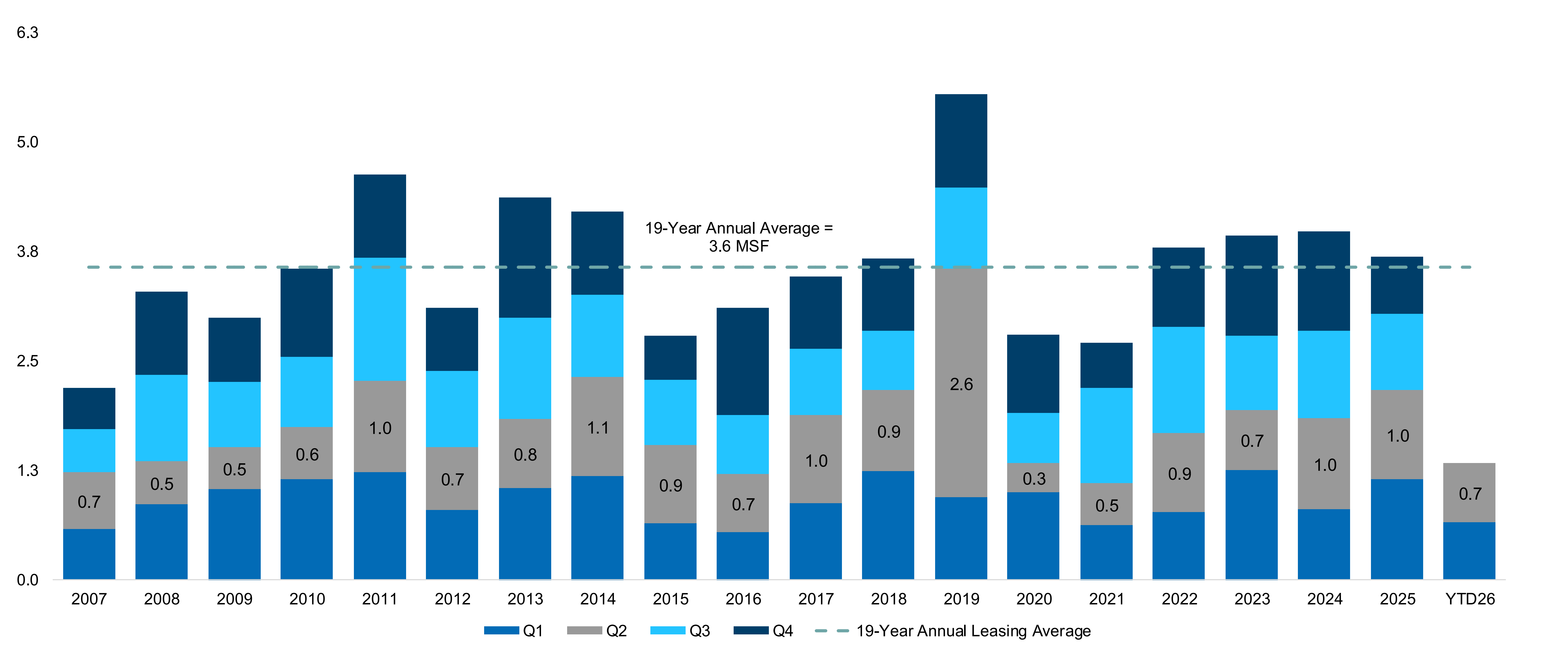


Source: Newmark Research, CoStar

Leasing Activity Below Past Four-Year Average In First Half Of 2026

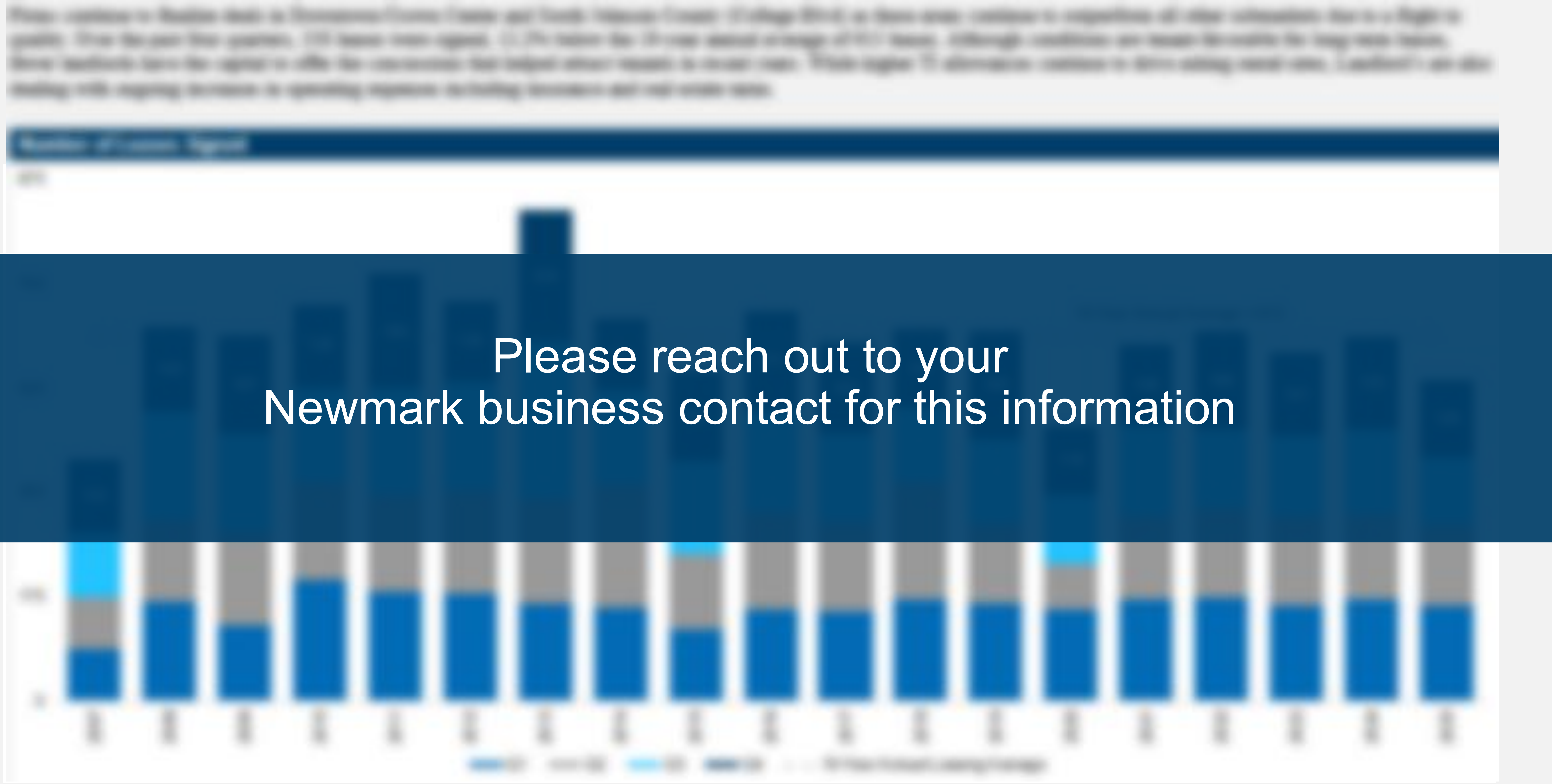
Leasing activity began the first half of 2026 slower than expected but is predicted to increase towards the 19-year historical average in the second half of the year as tenants pursue favorable long-term lease agreements. Momentum continues, especially in the Class A segment, as the market registered a total of 3.8 million SF of leasing activity during 2025. Kansas City's leasing activity for the calendar year 2026 is projected to total between 3.5 million SF and 3.7 million SF.

Total Leasing Activity (MSF)



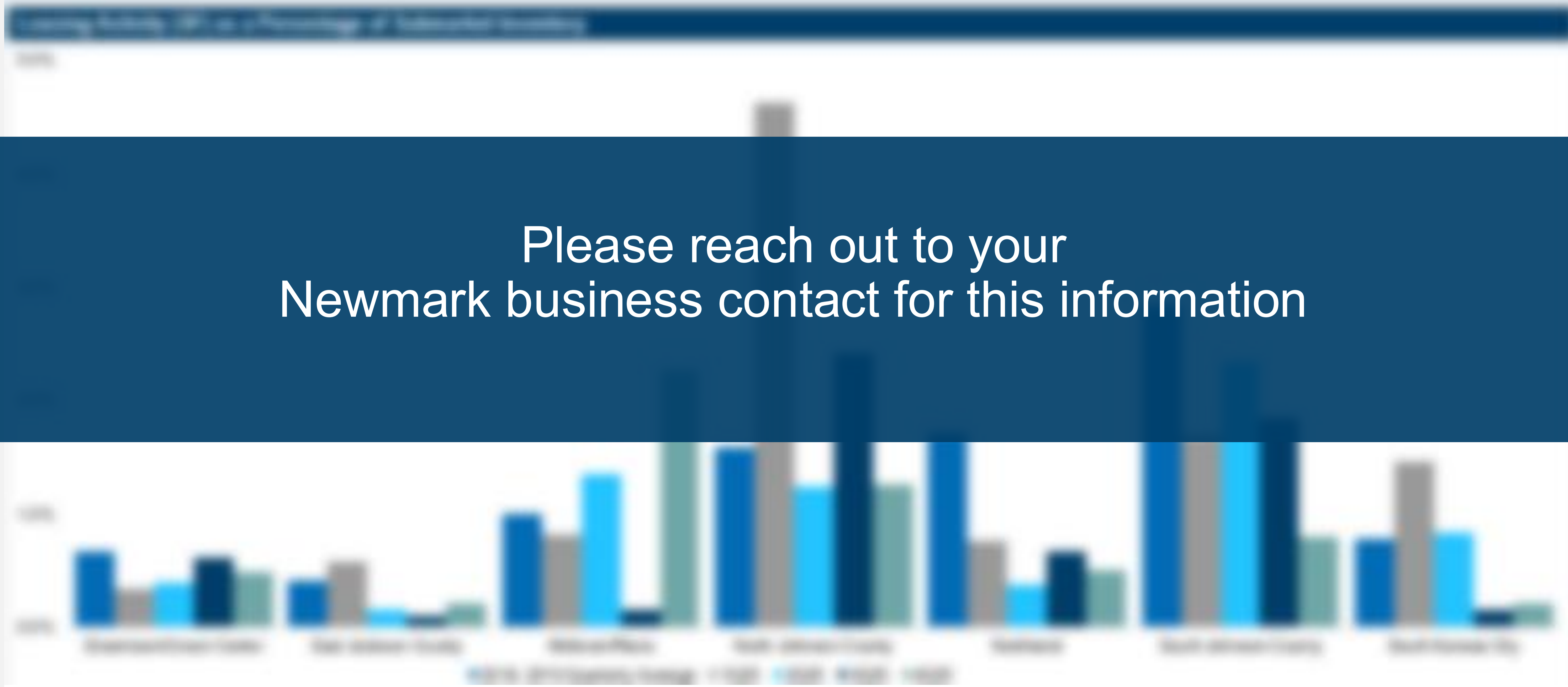
Source: Newmark Research, CoStar

Tenants Locking-In Favorable Terms As Flight To Quality Continues



Source: Newmark Research, CoStar

Leasing Activity At Pre-Pandemic Levels In Downtown And Midtown Submarkets

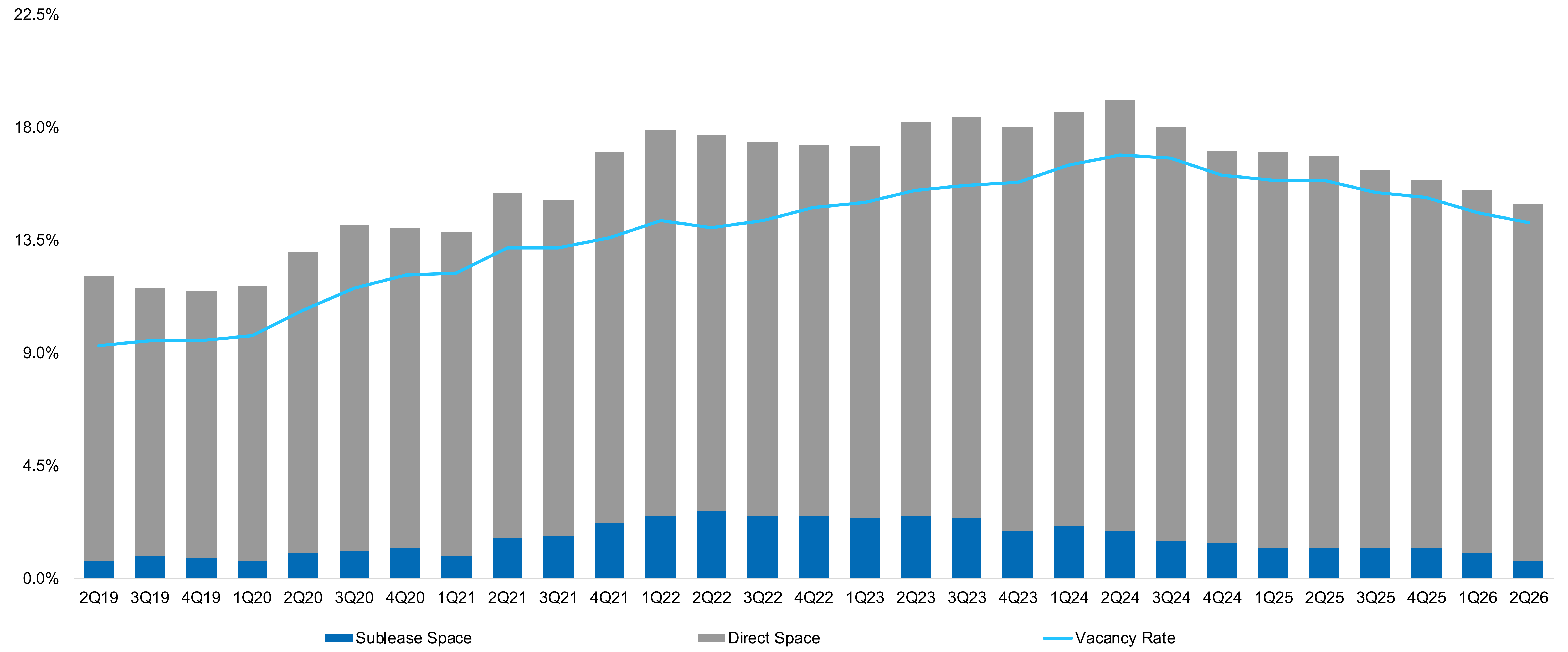


Source: Newmark Research, CoStar

Direct and Sublease Availability At Lowest Levels Since 3Q21

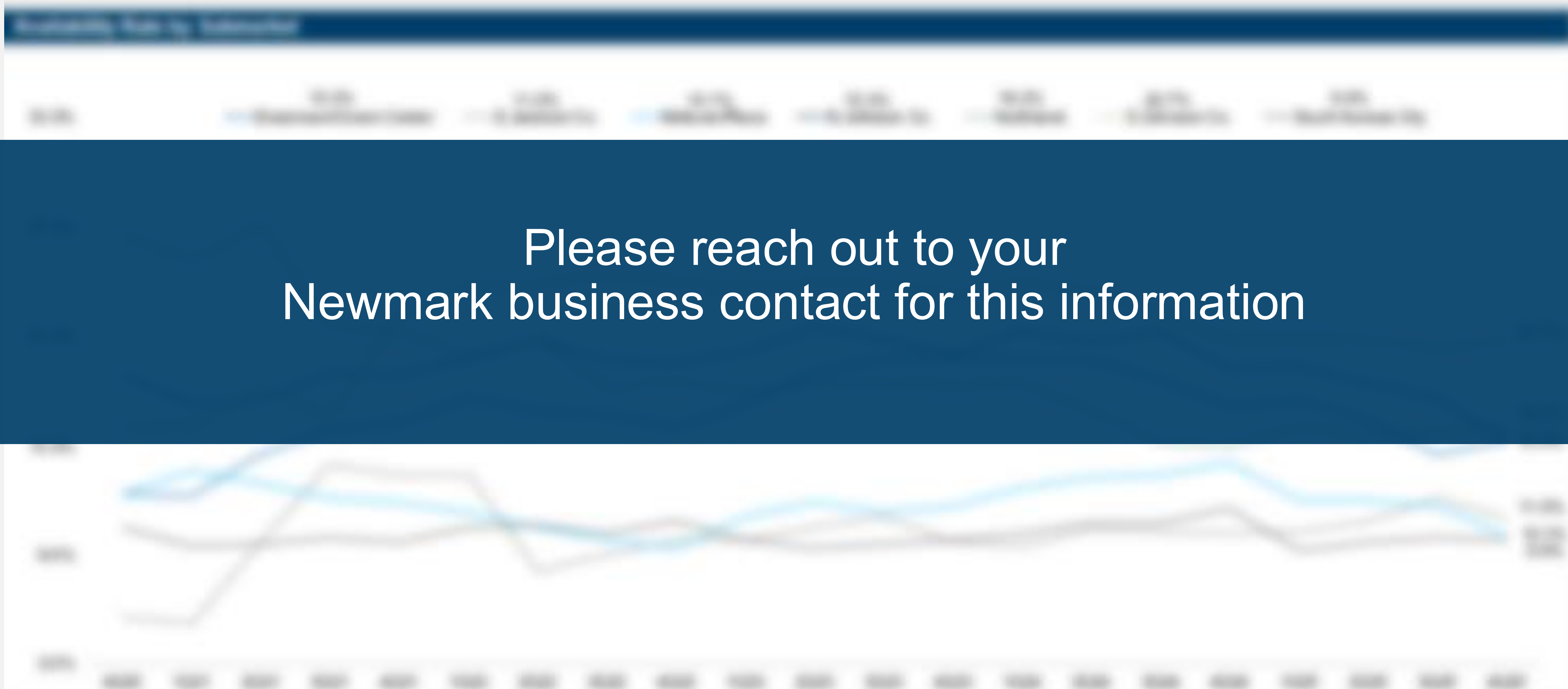
Prior to the pandemic, many technology firms leased space in anticipation of future headcount growth, aiming to hedge against tightening supply and rising rents. While a significant portion of sublease availability was previously tied to tech firms, sublease space has since returned to pre-pandemic levels with sublease inventory projected to decline gradually toward 0.7% in 2026. The gap between vacancy and availability continues to narrow indicating an increased competition environment for available space in 2026.

Available Space as Percent of Overall Market



Source: Newmark Research, CoStar

Northland Sees Largest Availability Rate Drop In Past Five Years



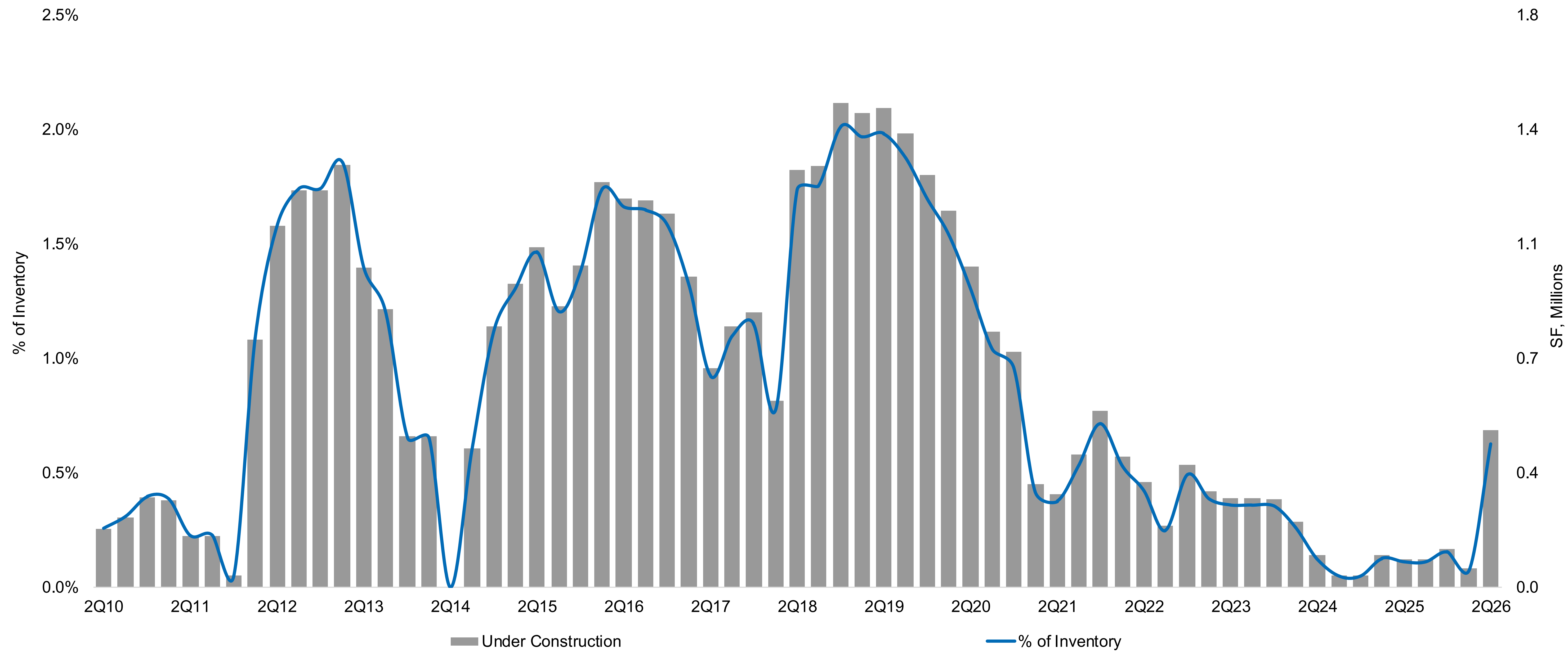
Please reach out to your
Newmark business contact for this information

Source: Newmark Research, CoStar

Speculative Construction Activity Trending Upwards

Following the delivery of 1400KC at 1400 Baltimore Avenue in the second quarter of 2022 and the 190,380-square-foot CityPlace Corporate Center IV in the fourth quarter of 2023, non-owner-occupied construction activity has remained largely absent. Speculative development activity is trending upwards as of 2Q26 with most projects concentrated in the 20,000 RBA to 35,000 RBA size range. Owner-occupied construction activity has also increased with projects such as Lockton's new 458,210-SF headquarters now underway. In the current environment, developers typically require preleasing commitments of approximately 30% to 50% before initiating construction on projects sized 100,000 RBA or larger.

Office Under Construction and % of Inventory

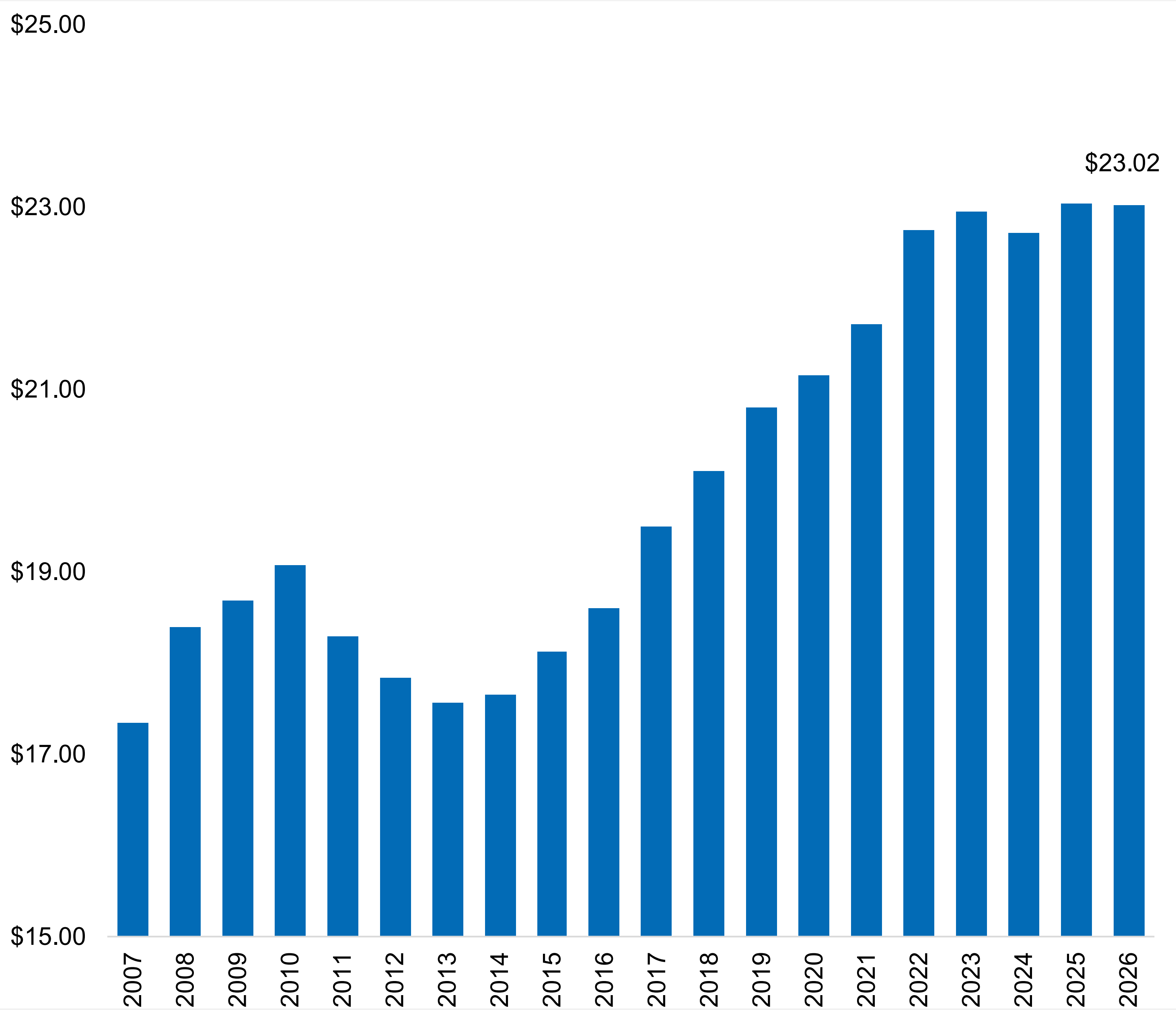


Source: Newmark Research, CoStar

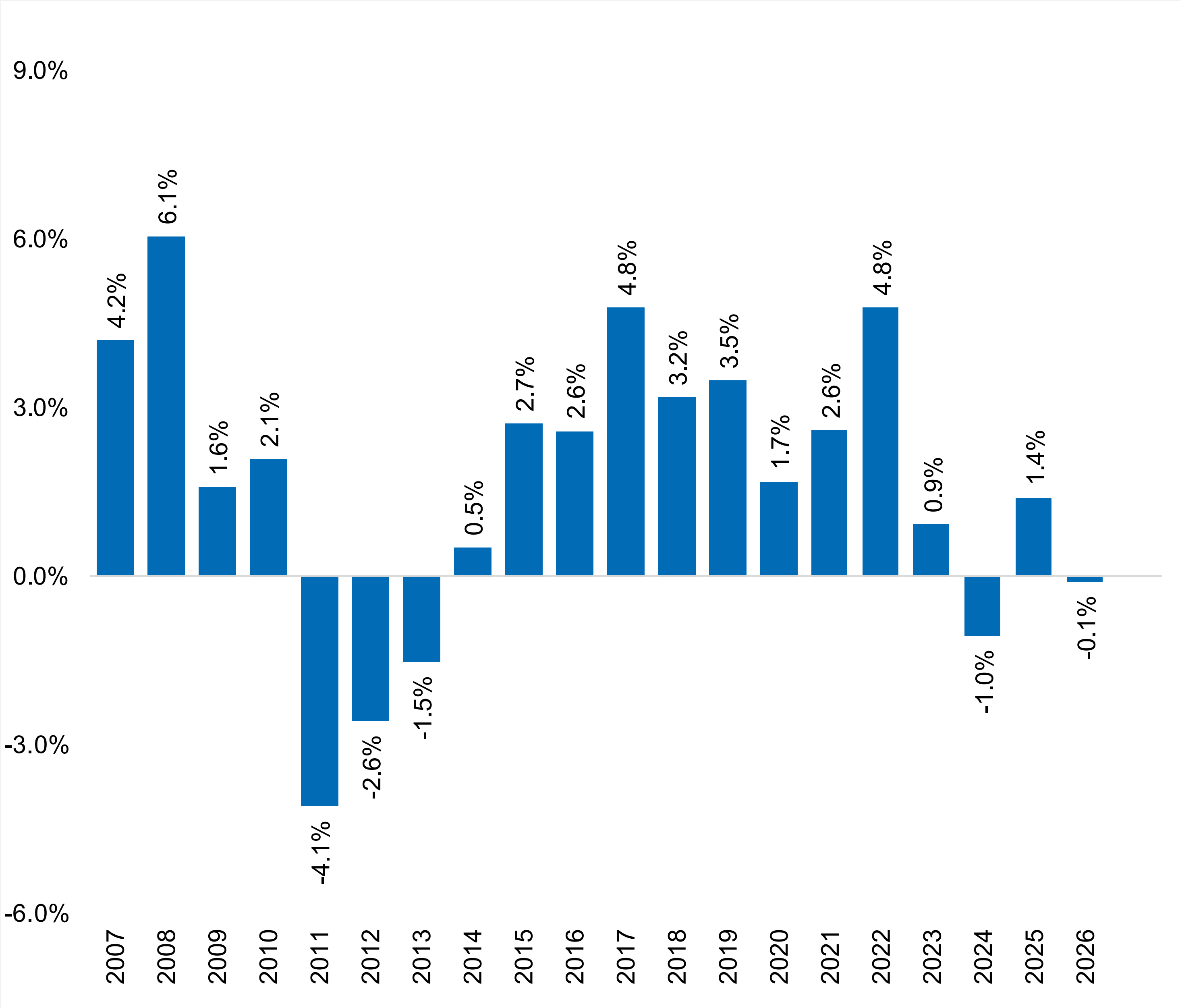
Rents Climb To $23.02/SF

Overall asking rates in the second quarter of 2026 remained flat at $23.02/SF compared to the 2025 average of $23.04/SF. The upward trend is counterbalanced, as liquidity constraints prompt landlords to reduce rents rather than expand concession packages. New space listings and Class A offerings are estimated to push asking rental rates upwards at an annual average of 3.0% to 3.5% in the next four to six quarters.

Office Average Asking Rent, $/SF, FS



Year-Over-Year Asking Rent Growth Rate

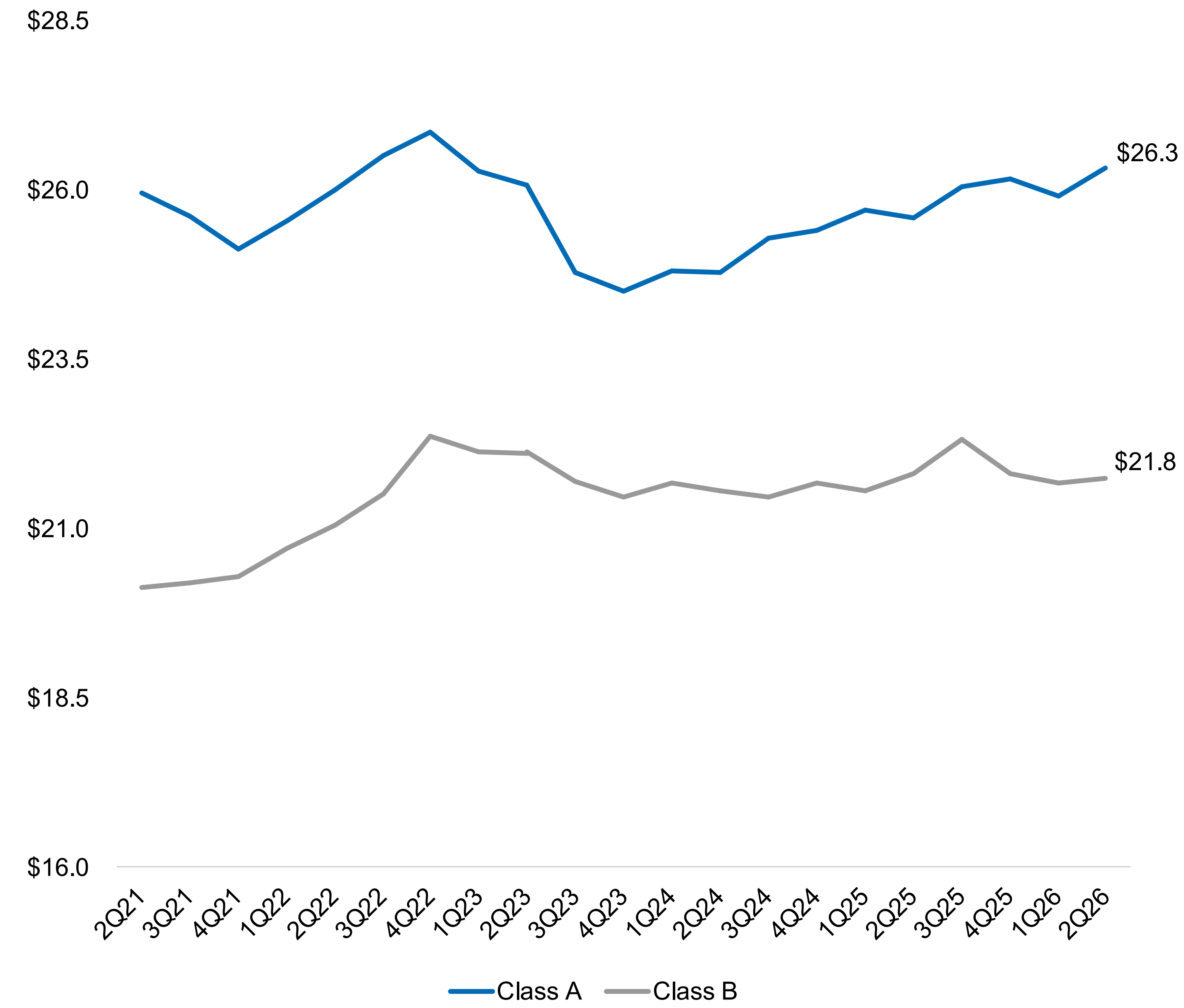


Source: Newmark Research, CoStar

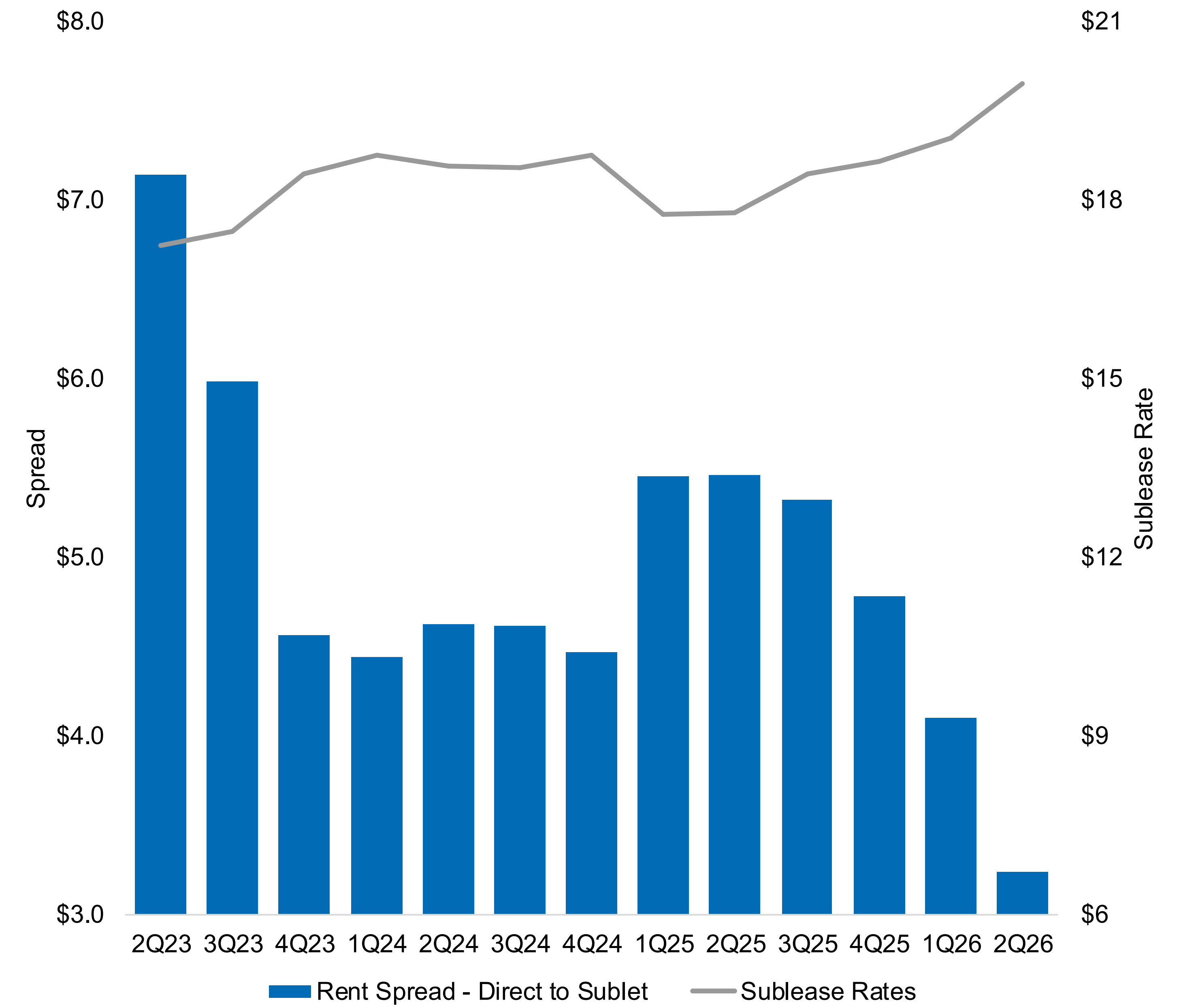
Class A Rents Up 7.4% Since 4Q23

Since the onset of the pandemic, rents have largely held firm, with secondary and tertiary markets like Kansas City continuing to see gradual rent appreciation. Sublease rents have also increased over the past three years, driven by tenants capitalizing on favorable market conditions.

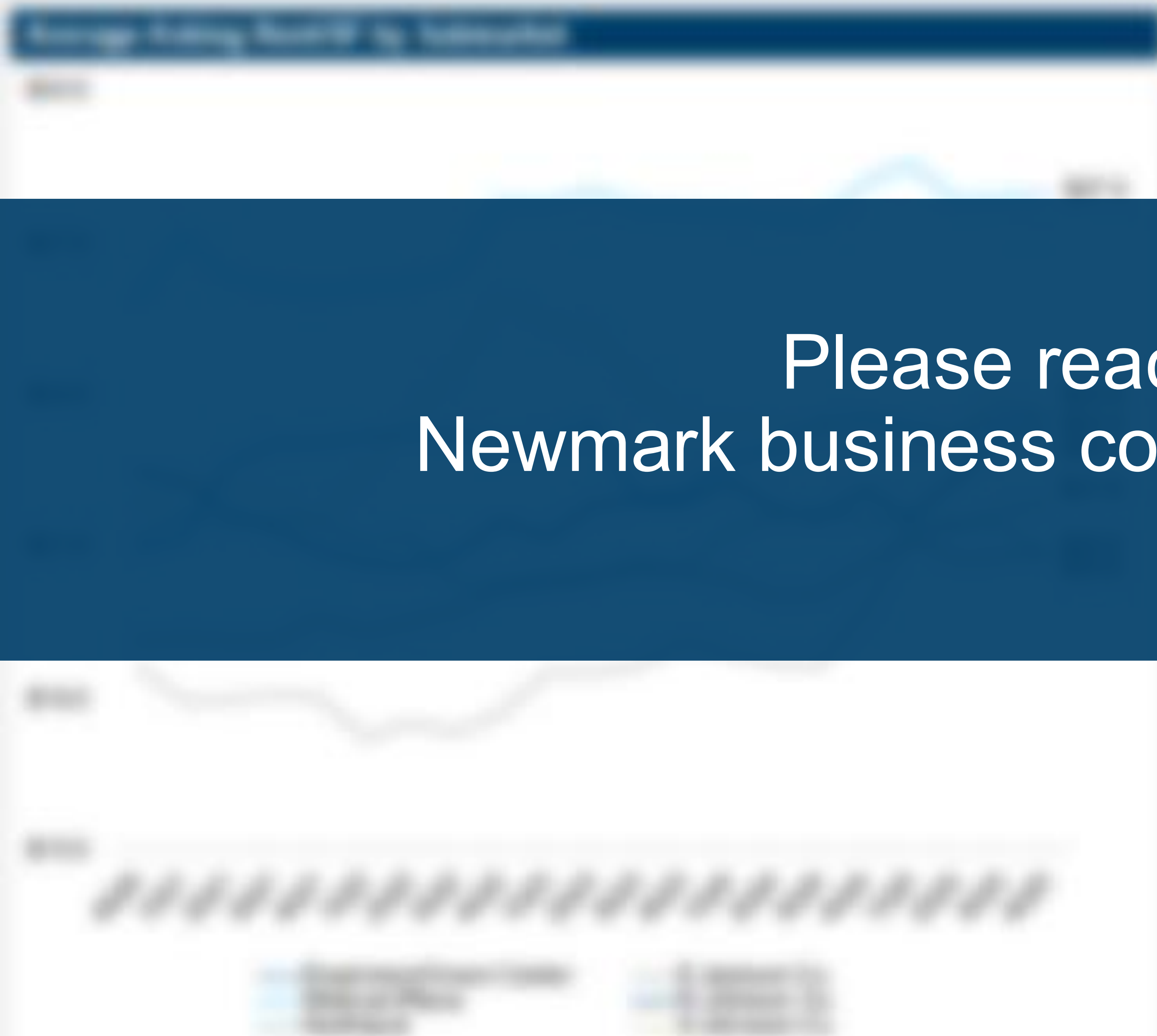
Class A and Class B Asking Rents

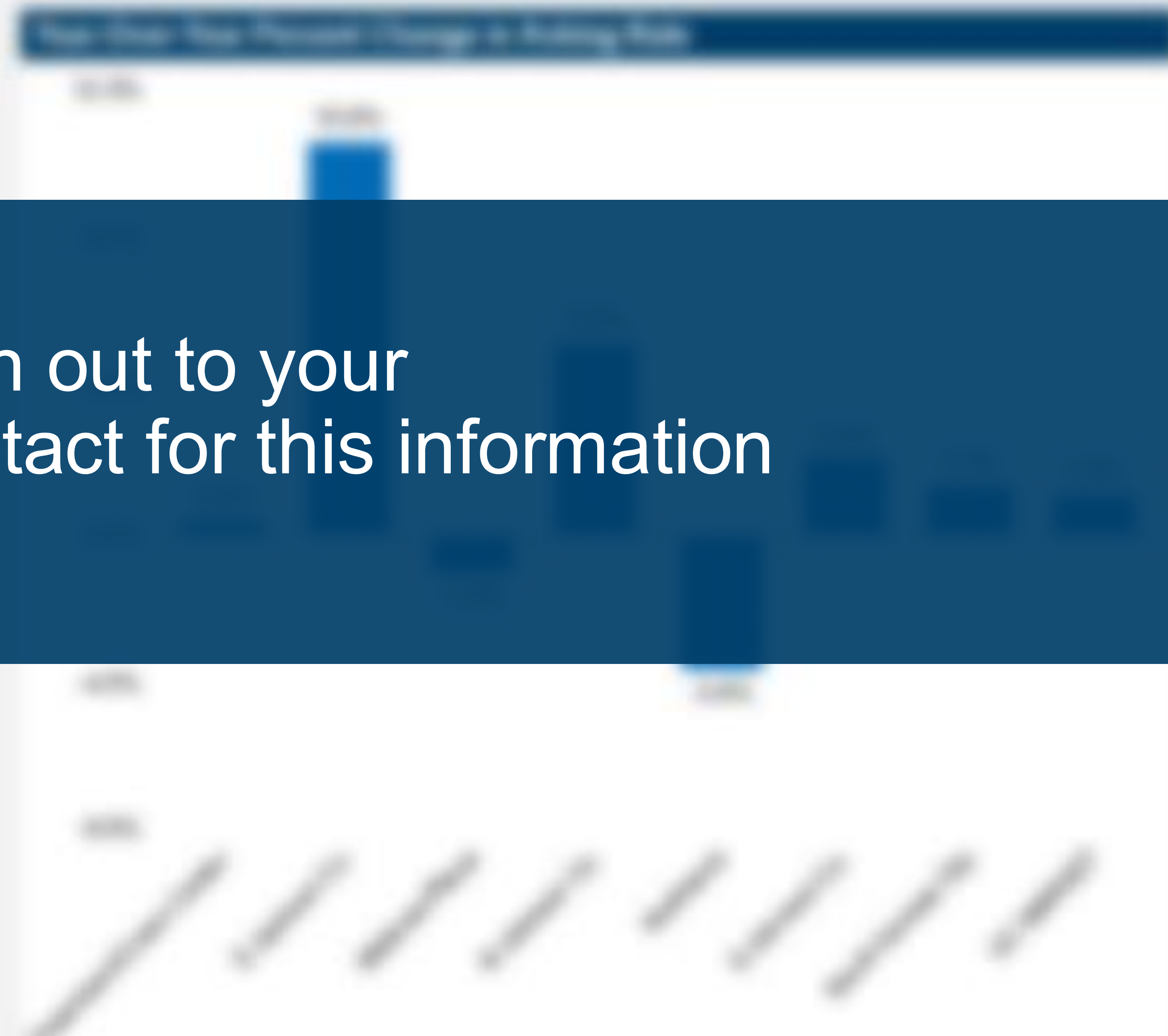


Sublease Rates



Key Submarkets Drive Overall Rental Rate Growth





Please reach out to your
Newmark business contact for this information

Source: Newmark Research, CoStar

2Q26 Notable News & Leasing Activity

New or newly renovated Class A office space with premium amenities is expected to see sustained demand over the next four quarters. In contrast, large multitenant Class B buildings may face challenges as small and midsized tenants downsize in favor of higher-quality options. Leasing activity is projected to increase as tenants pursue favorable long-term strategies in Class A and upgraded Class B+ properties.

Select News & Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Rosnet, LLC	11500 NW Ambassador Drive	Northland	Direct Lease	22,230
Rosnet, LLC leased 22,230 SF of space on the fourth floor of the 454,000-SF 11500 Ambassador building located in the Northland.				
MERS Missouri Goodwill Industries	315 E 39th Street	Midtown	Direct Lease	21,450
MERS Missouri Goodwill Industries signed a 12-year lease for 21,450 SF of office space within the Residences at Park 39 property in Midtown. The non-profit organization is anticipated to move in by February 2027.				
Landmark National Bank	11161 Overbrook Road	South Johnson County	Sublease	13,510
Landmark National Bank subleased 13,510 SF of space located on the first floor of Two Hallbrook Place in Leawood, KS. The bank agreed to a sublease for a duration of more than eight and a half years with an expiration date of December 31, 2034. The space was offered at an asking rate of $27.50/SF on a gross basis prior to leasing.				
QISG	12900 Foster Street	South Johnson County	Direct Lease	12,020
QISG leased 12,020 SF at Creekview Corporate Center III in Overland Park, KS. The engineering, procurement, and construction management firm will occupy space on the second floor of the 121,840-SF multi-tenant building.				
GRSM	11550 Ash Street	South Johnson County	Sublease	10,710
GRSM subleased 10,710 SF of space located on the third floor of the Aubrey Building in Leawood, KS. The law firm (Gordon Rees Scully Mansukhani, LLP) agreed to a sublease for a duration of more than seven years with an expiration date of August 31, 2033.				

Source: Newmark Research

03

Submarket Statistics

2Q26 KANSAS CITY OFFICE MARKET OVERVIEW

Submarket Statistics

2Q26 (Page 1 of 5)

Submarket Statistics – All Classes

Submarket	Class	Total Number of Buildings	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	Past 4 Qtrs Net Absorption (SF)	Total Asking Rent (Price/SF)

Please reach out to your
Newmark business contact for this information

Source: Newmark Research

Submarket Statistics

2Q26 (Page 2 of 5)

Submarket Statistics – All Classes

Submarket	Class	Total Number of Buildings	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	Past 4 Qtrs Net Absorption (SF)	Total Asking Rent (Price/SF)

Please reach out to your
Newmark business contact for this information

Source: Newmark Research

Submarket Statistics

2Q26 (Page 3 of 5)

Submarket Statistics – All Classes

Submarket	Class	Total Number of Buildings	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	Past 4 Qtrs Net Absorption (SF)	Total Asking Rent (Price/SF)

Please reach out to your
Newmark business contact for this information

Source: Newmark Research

Submarket Statistics

2Q26 (Page 4 of 5)

Submarket Statistics – Class A

Submarket	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	Past 4 Qtrs Net Absorption (SF)	Direct Asking Rent (Price/SF)	Sublet Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Please reach out to your
Newmark business contact for this information

Source: Newmark Research

Submarket Statistics

2Q26 (Page 5 of 5)

Submarket Statistics – Class B

Submarket	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	Past 4 Qtrs Net Absorption (SF)	Direct Asking Rent (Price/SF)	Sublet Asking Rent (Price/SF)	Total Asking Rent (Price/SF)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Please reach out to your
Newmark business contact for this information

Source: Newmark Research

NEWMARK
ZIMMER

Mark Long, CRE, SIOR, CCIM, LEED AP
President & CEO
Newmark Zimmer
mlong@nzimmer.com

Andrew Garten
Senior Director, Research
Kansas City Research
agarten@nzimmer.com

Kansas City
1220 Washington Street, Suite 300
Kansas City, MO 64104
t 816-474-2000

Lee's Summit
1485 SW Market Street
Lee's Summit, MO 64081
t 816-474-2000

Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/insights.