NEWMARK
ZIMMER

3Q26 Kansas City Industrial Market:
Market Overview

3Q26



Kansas City Market Observations

Labor Markets

- The region's labor market tightened by 10 basis points as August's unemployment rate registered 3.6%, 50 basis points below the national average of 4.1%.
- Year-over-year, job growth was strongest in the Construction sector, followed by Education and Health. Information and Financial Activities posted the largest job losses over the past 12 months.
- Industrial firms are recalibrating workforce needs. Locally, employment increased in all three key industrial sectors year over year: Construction at 4.5%; Manufacturing at 2.4% and Trade/Transportation/Utilities at 0.2%.
- Nonfarm payroll employment in the region climbed into positive territory at 0.7%. According to the Kansas City Fed Labor Market Conditions Indicators, activity in the quarter increased from 0.20 to 0.31, while momentum decreased from 0.39 to 0.25 in August 2026.

Leasing Market Fundamentals

- The Kansas City industrial market recorded 5.8 MSF of net absorption in 3Q26, bringing the trailing-four-quarter total to 8.2 MSF. The market has recorded 10 consecutive quarters of positive absorption, averaging approximately 2.1 MSF per quarter, underscoring its role as a centralized intermodal hub. Robust leasing activity is projected to continue into 2027.
- Consistent demand and a limited speculative pipeline helped reduce vacancy 100 basis points year over year to 3.7%. Kansas City ranked first in lowest aggregate vacancy rate in 3Q26 among the top 30 U.S. industrial markets.
- A total of 4.9 MSF of industrial space delivered during the quarter. The construction pipeline totaled 2.2 MSF at quarter-end, with 93% of space allocated to speculative development. Build-to-suit (BTS) activity is expected to remain robust over the next four quarters, replenishing a significant portion of the development pipeline.

Major Transactions

- NextEra Energy Constructors, LLC signed the market's largest industrial lease year-to-date, securing 1,443,600 SF of underground space at Space Center in Independence, MO.
- Faith Technologies announced it is seeking approval for approximately $239.8 million in industrial revenue bonds to support their major expansion in Olathe, KS. The company is planning a 1.4-MSF expansion at its existing Excellerate manufacturing operation.
- Google leased the entire 920,400-SF I-49 Building VII of the I-49 Industrial Center, which delivered to the market in 2023. The firm will utilize the building for a new hyperscale data center with an anticipated move-in date of January 2027.
- Kenco renewed its 295,600-SF lease at Building I at Liberty Logistics Park.
- Eclipse Advantage leased 191,740 SF of space at the 517,390-SF multi-tenant 5300 Kansas Avenue in the Turner District.

Outlook

- As the 15th-largest industrial market in the U.S., Kansas City spans 354.3 million SF and continues to thrive, supported by its central location, skilled labor pool, robust transportation infrastructure and competitive real estate and energy costs. Kansas City is benefiting from a broad base of industry types occupying space across the metro.
- Vacancy is projected to decline toward 3.5% by 2Q27, fueled by steady demand and vigilant development growth in the past two years.
- Industrial average asking rents have climbed a record 40.8% in the past seven years. Rent growth is expected to continue into 2027 as asking rates are likely to range between $6.50/SF and $6.80/SF in 2027.
- Resilient demand will continue to influence market dynamics. Speculative construction is expected to trend upward in the next four quarters, with 2.07 million SF currently underway, including: Scannell Properties' 650,000-SF I-35 Logistics Park V; Hunt Midwest's 505,440-SF HMBC Logistics VII; and NorthPoint's 407,960-SF Building VI at Turner Logistics Center.

Table of Contents

Economy 04

Leasing Market Fundamentals 08

Submarket Statistics 20

01

Economy

3Q26 KANSAS CITY INDUSTRIAL MARKET OVERVIEW

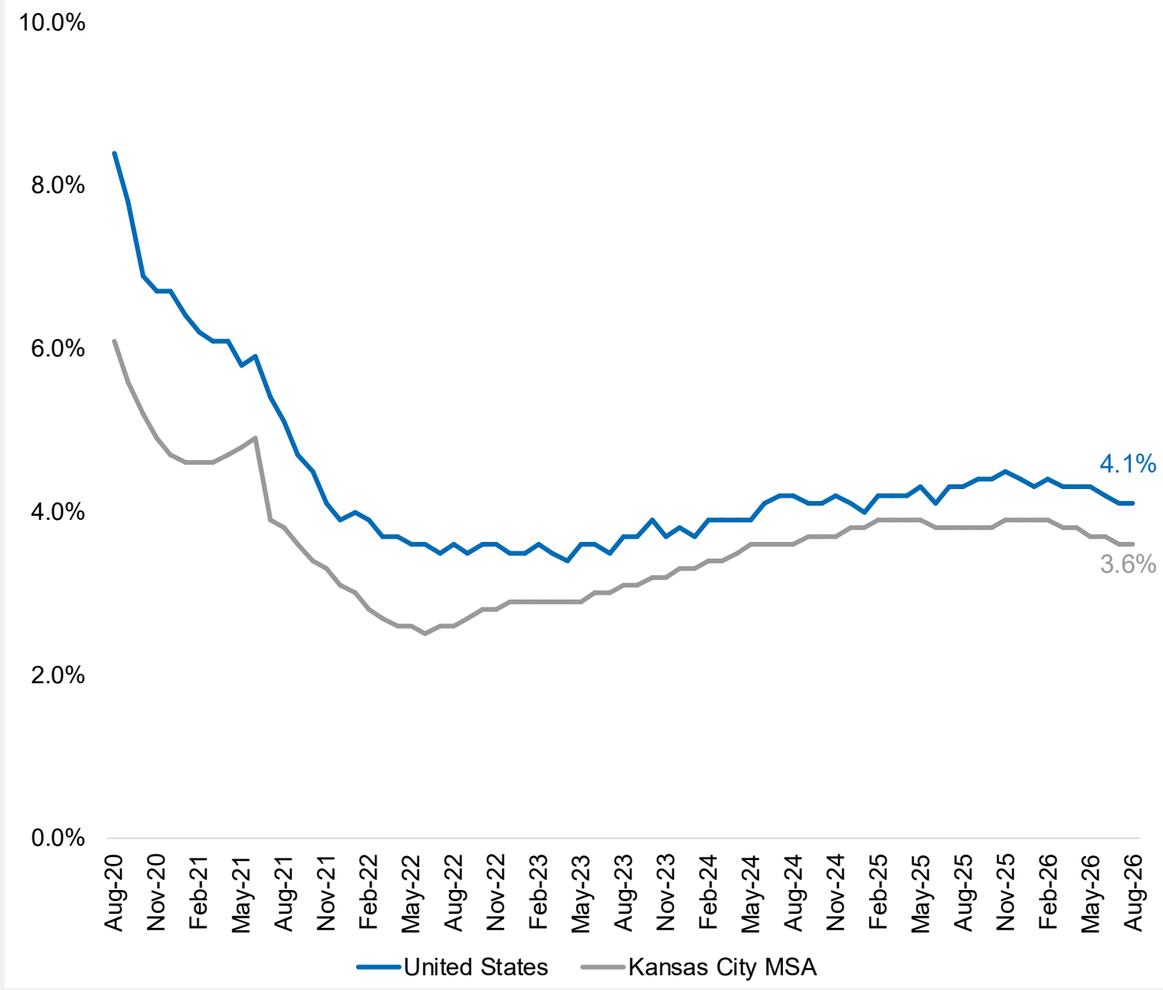
NMRKZIMMER.COM



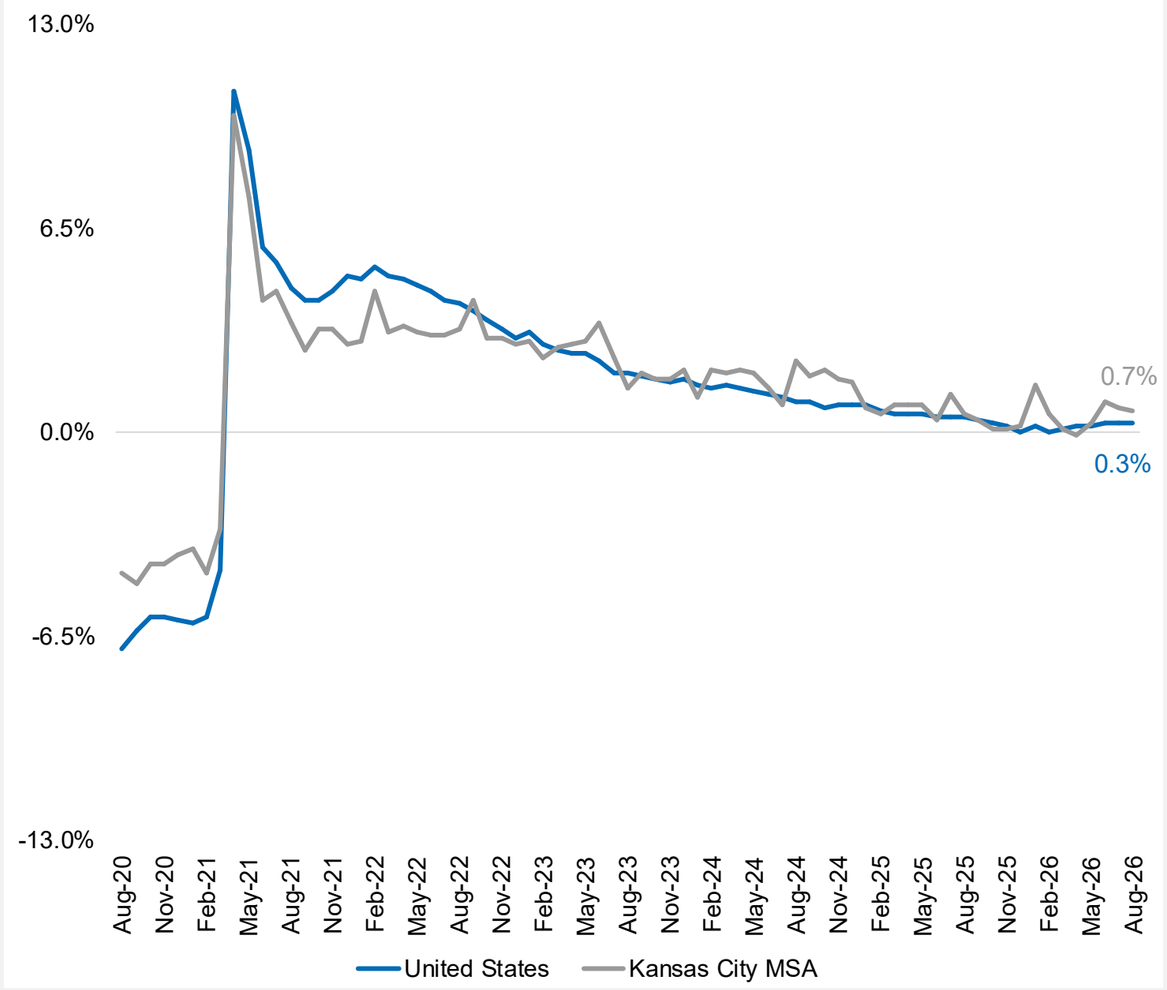
Metro Unemployment Rate Remains Below National Average

The Kansas City region's labor market tightened by 10 basis points as unemployment registered 3.6% in August 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 0.7%. According to the Kansas City Fed Labor Market Conditions Indicators (LMCI), activity increased from 0.20 to 0.31, while momentum decreased from 0.39 to 0.25 in August 2026.

Unemployment Rate, Non-Seasonally Adjusted



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

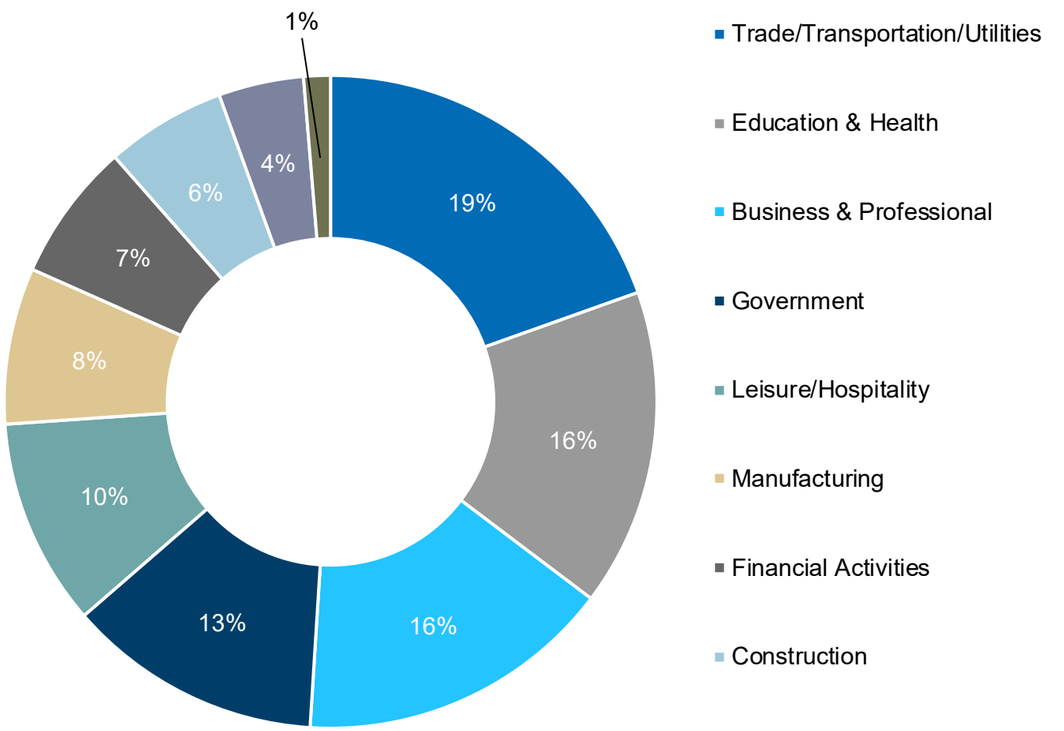


Source: U.S. Bureau of Labor Statistics, Newmark Research, Federal Reserve Bank of Kansas City

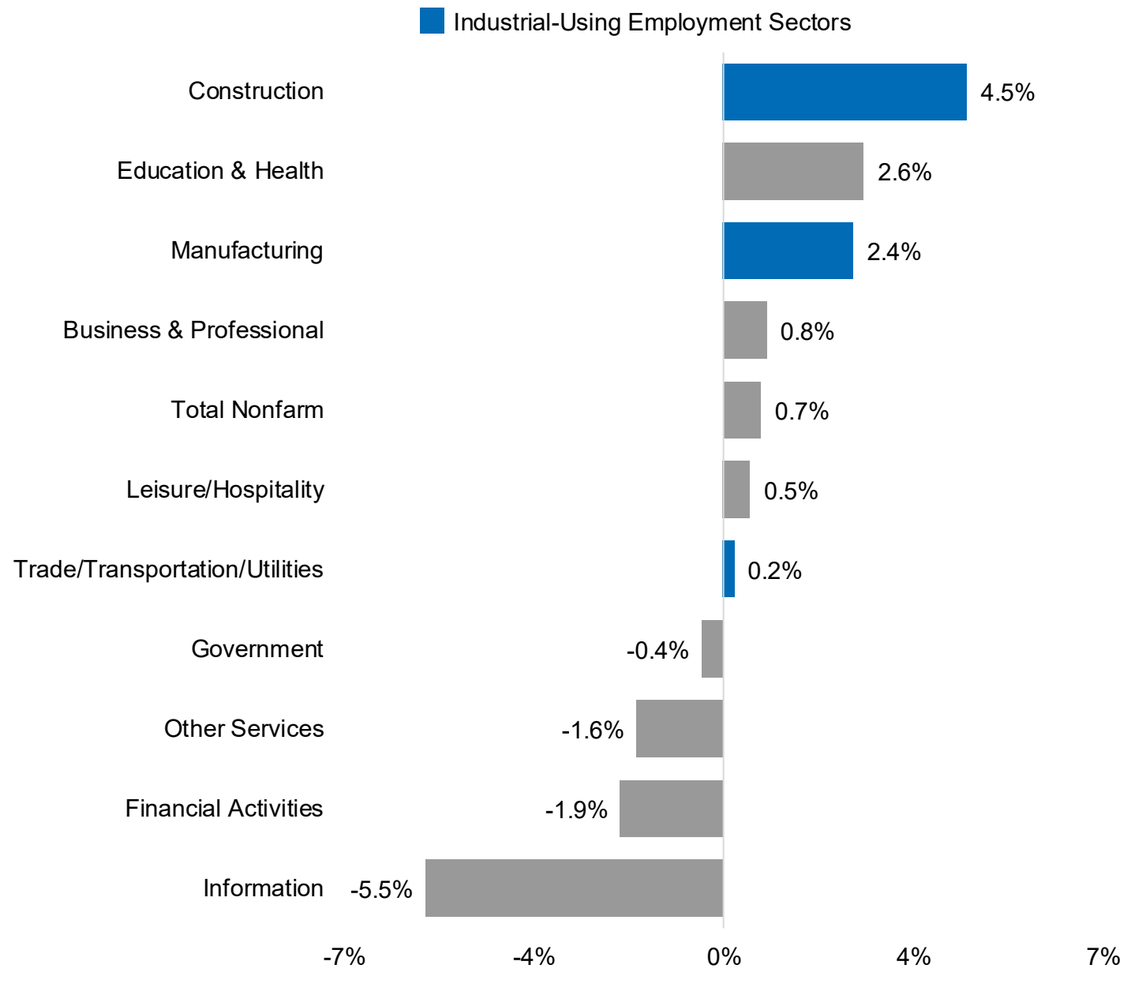
Industrial Employment Expanded Across All Three Sectors

The Construction sector led regional annual job growth, followed by Education and Health. The Information and Financial Activities sectors posted the largest annual job losses, with declines of 5.5% and 1.9%, respectively. Kansas City's strategic location, competitive real estate costs and skilled labor force continue to support industrial activity. Employment increased in all three key industrial sectors year over year: Construction at 4.5%; Manufacturing at 2.4% and Trade/Transportation/Utilities at 0.2%.

Employment by Industry, August 2026



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

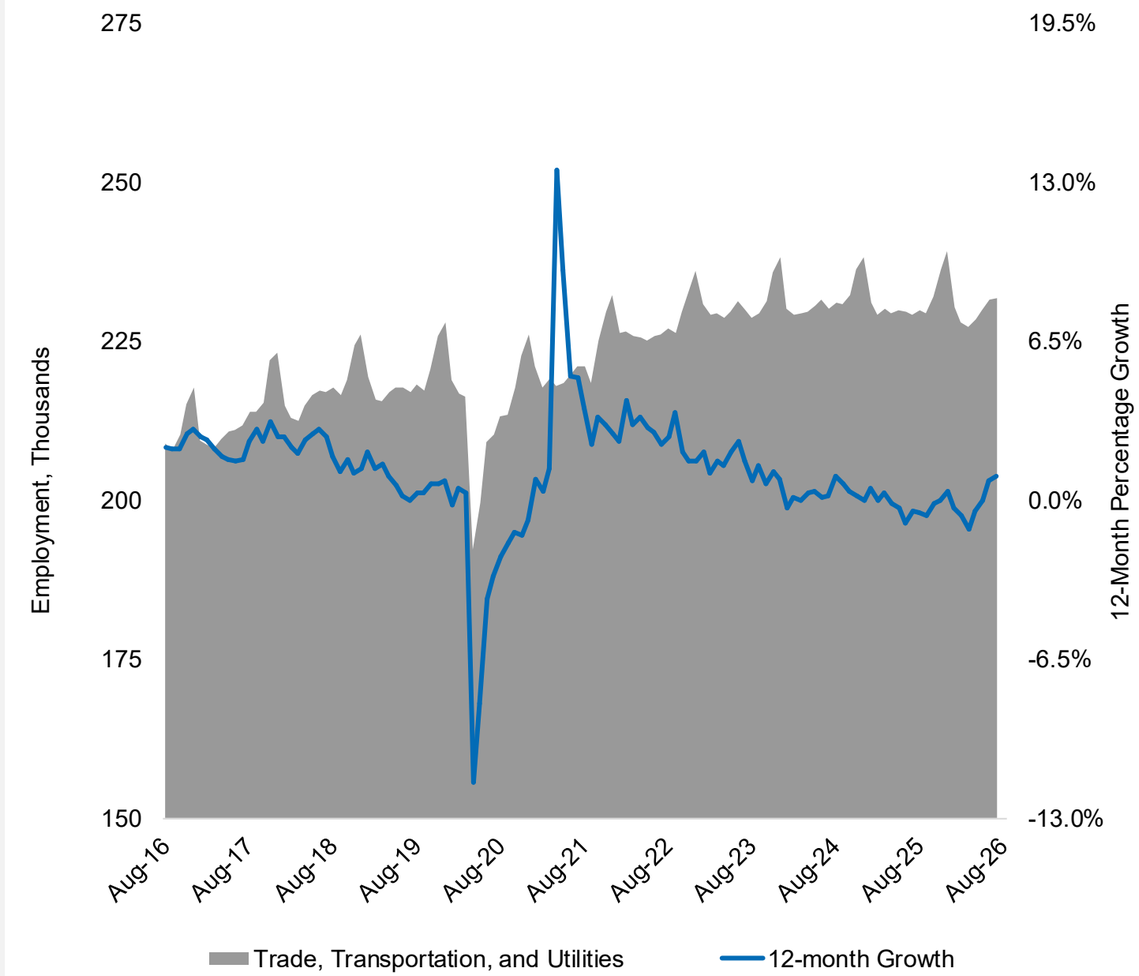


Source: U.S. Bureau of Labor Statistics, Newmark Research – Kansas City MSA

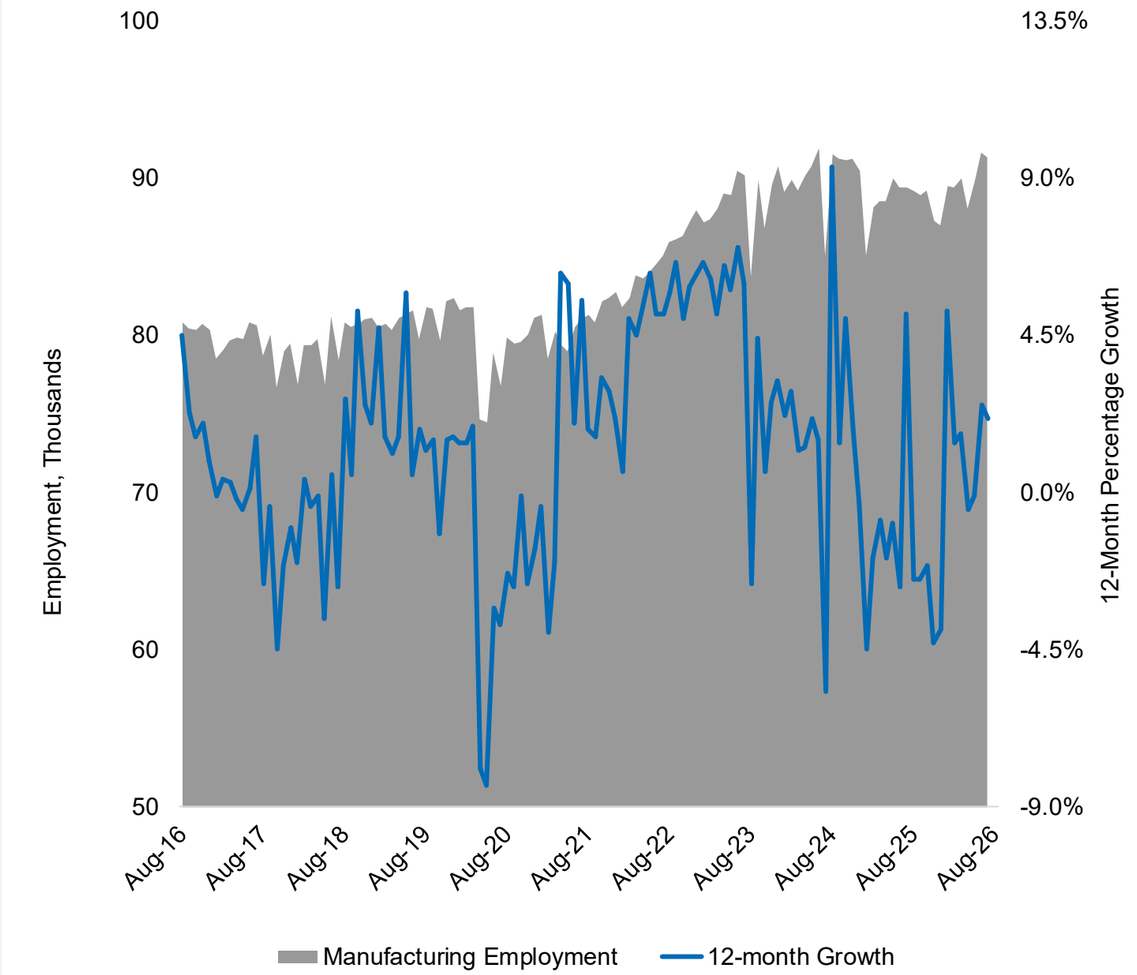
Industrial Employment Rebounds

Industrial employment has rebounded and now surpasses pre-pandemic levels. While a slight seasonal dip in employment is typical early in the year, expect controlled employment growth for 2026.

Total Employment and 12-Month Growth Rate, Trade/Transportation/Utilities



Total Employment and 12-Month Growth Rate, Manufacturing



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

02

Leasing Market Fundamentals

3Q26 KANSAS CITY INDUSTRIAL MARKET OVERVIEW

NMRKZIMMER.COM



Market Overview

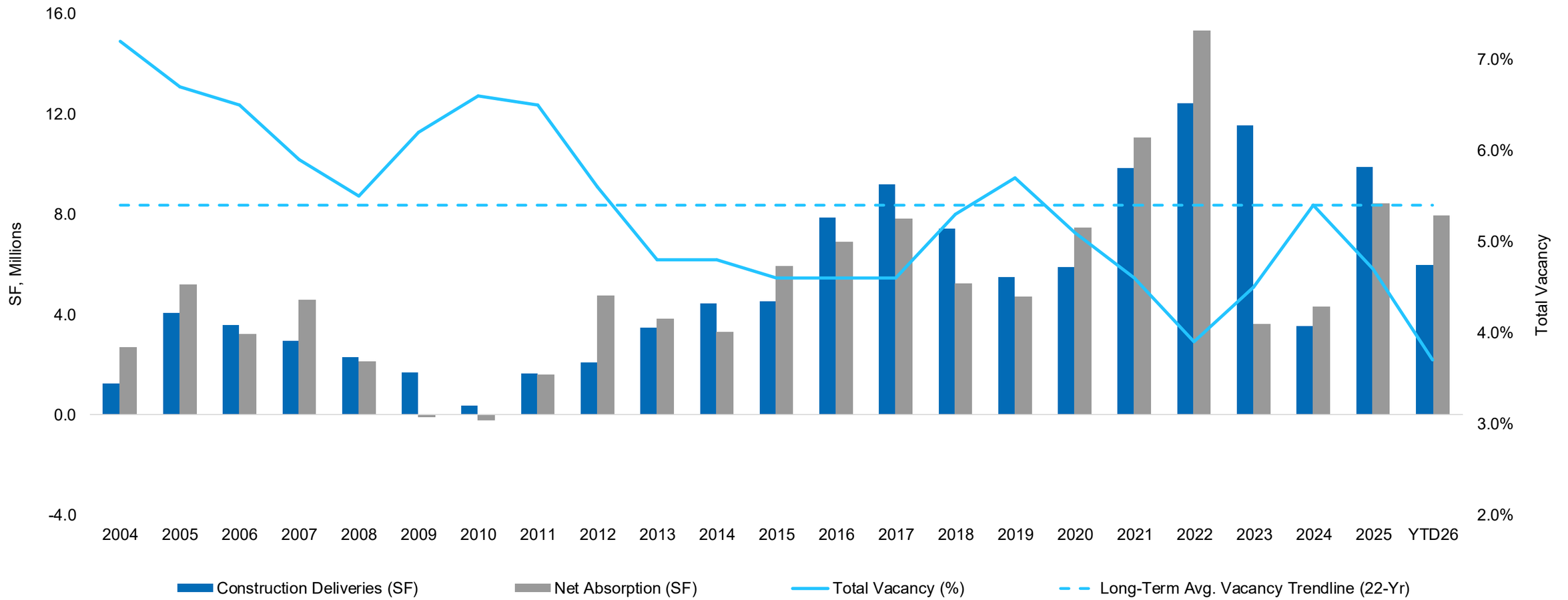
Please reach out to your
Newmark business contact for this information

Source: Newmark Research, CoStar

Strong Demand And Limited Speculative Supply Tighten Market Conditions

Vacancy declined 60 basis points quarter over quarter and 100 basis points year over year to 3.7% in 3Q26. Net absorption reached a total of 8.2 million SF in the past four quarters. Leasing activity has gained momentum in the past two quarters, signaling a shift from earlier tenant caution to above-average engagement in mid- and large-scale industrial segments; this is evident as multiple developers began speculative projects in 2026. The market is expected to draw elevated interest relative to other U.S. markets in the next four quarters. Steady demand, paired with a manageable speculative construction pipeline, is projected to push vacancy to 3.4% by 2Q27.

Historical Construction Deliveries, Net Absorption, and Vacancy

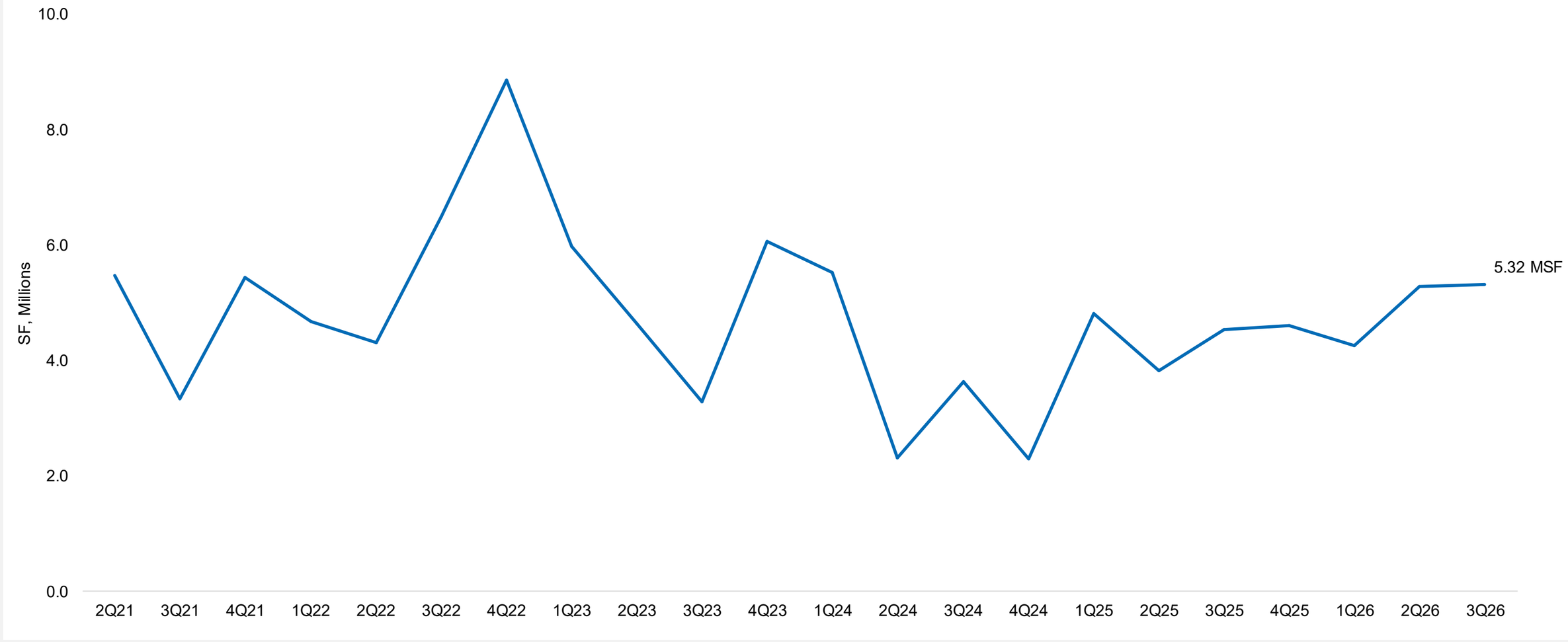


Source: Newmark Research, CoStar

Industrial Leasing Activity Totals 5.3 Million SF In 3Q26

Demand for industrial space reached 5.3 million SF in third-quarter 2026, a 13.8% increase over the quarterly average from the previous four quarters. Kansas City is benefiting from a broad base of industry types occupying space across the metro. Tenant leasing velocity and rent growth in the Class A bulk segment are also expected to strengthen throughout the next four quarters.

Total Leasing Activity (MSF)

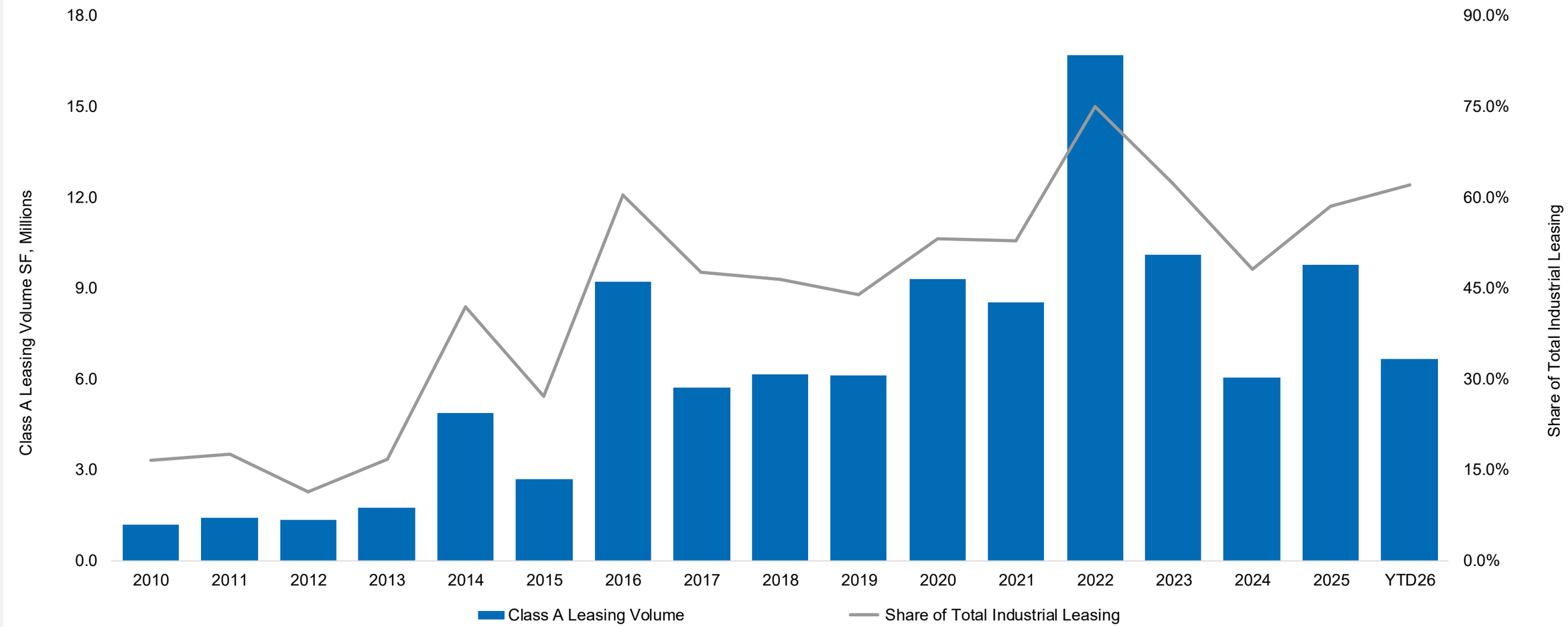


Source: Newmark Research, CoStar

Class A Warehouse Leasing Share Remains Above Pre-Pandemic Average

Non-gateway markets like Kansas City have seen a slower developer response to occupier demand for modern Class A warehouse space. However, development activity has accelerated over the past six years, driving notable growth in Class A leasing. As of third-quarter 2026, Class A warehouse leasing accounted for 62.1% of total activity, down from the record high of 74.9% in 2022 but above the pre-pandemic five-year average of 45.1% from 2015 to 2019.

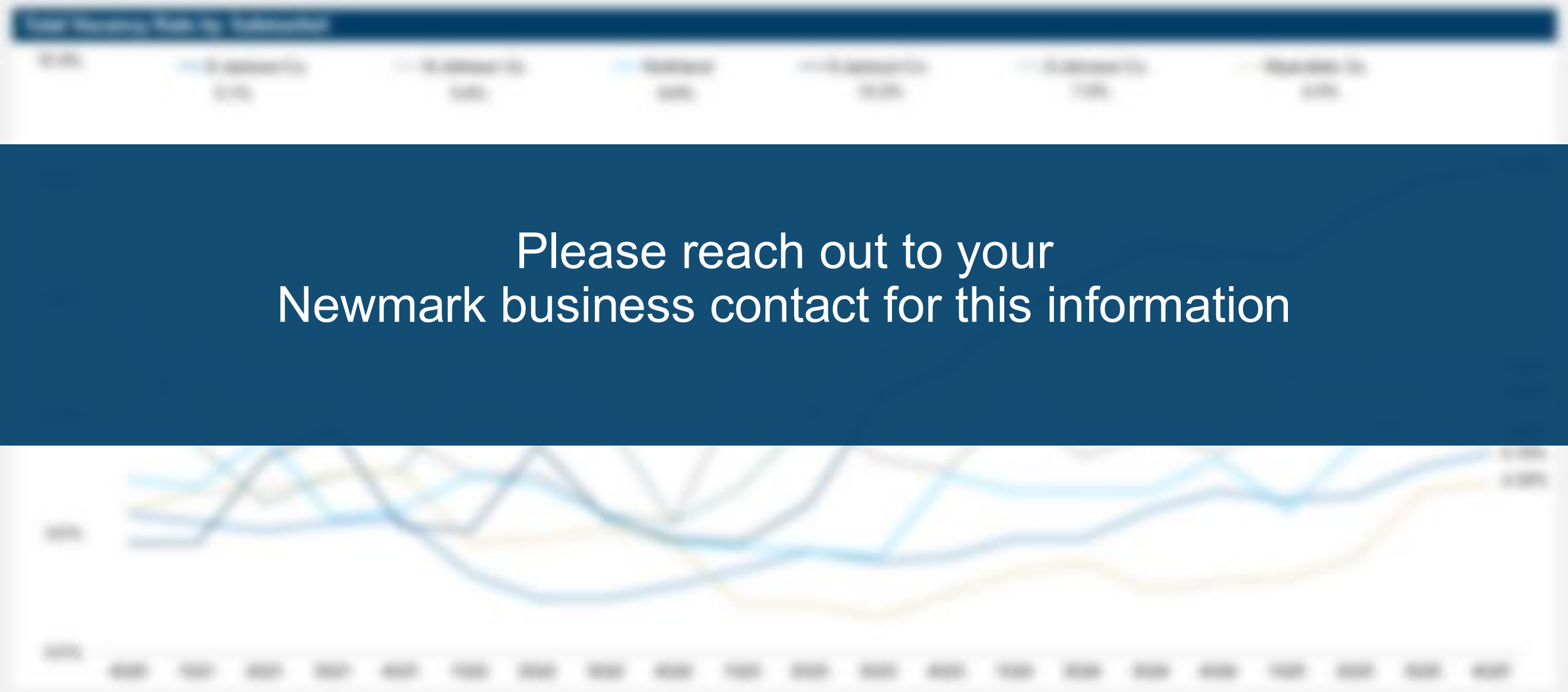
Industrial Class A Leasing Volume and Percentage of Total Warehouse Leasing Volume



Source: Newmark Research, CoStar

South Johnson County Vacancy Declines As Bulk Leasing Gains Momentum

Please reach out to your
Newmark business contact for this information

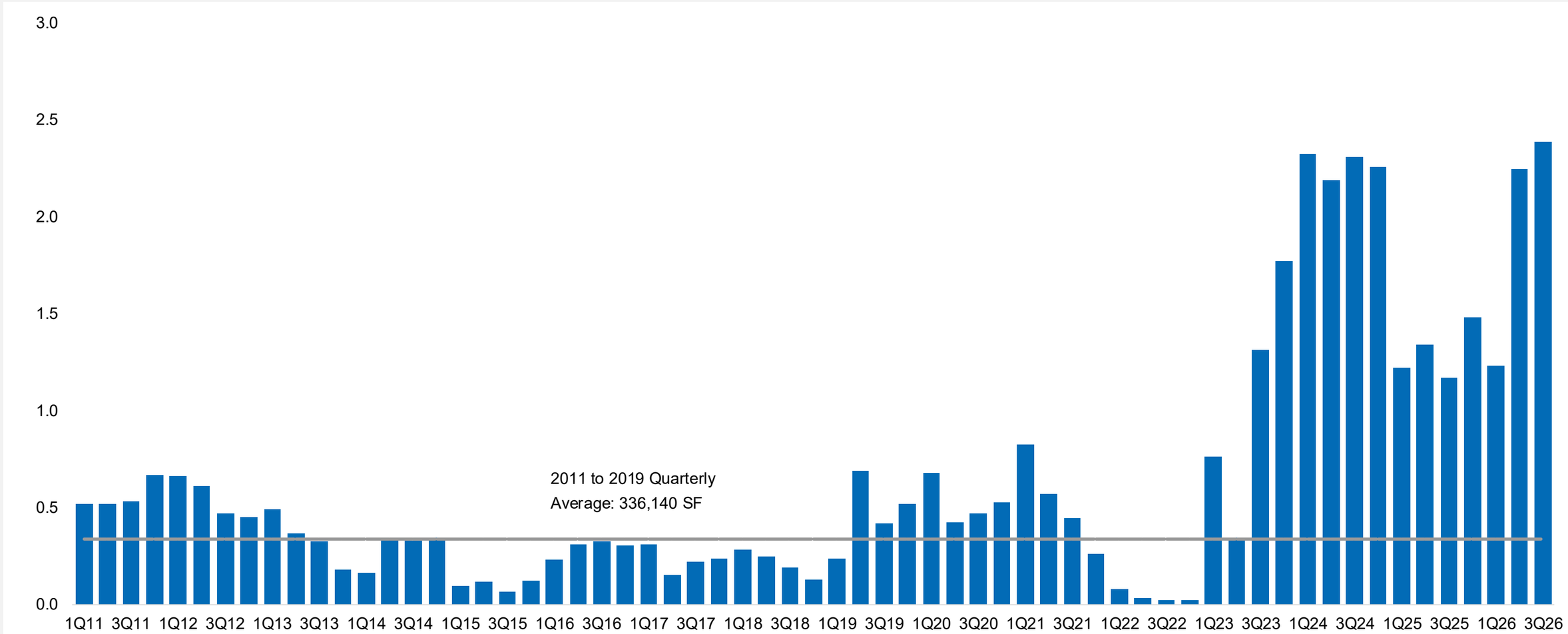


Source: Newmark Research, CoStar

Vacant Sublease Availability At 2.4 MSF; Only 0.67% Of Market

Vacant sublease availability increased by 139,988 SF in 3Q26 to 2.4 MSF, representing just 0.67% of the Kansas City's industrial inventory. Availability remains limited relative to many U.S. markets. Continued leasing of active sublease offerings is expected to reduce available sublease space over the next four quarters.

Vacant Available Industrial Sublease Volume (MSF)

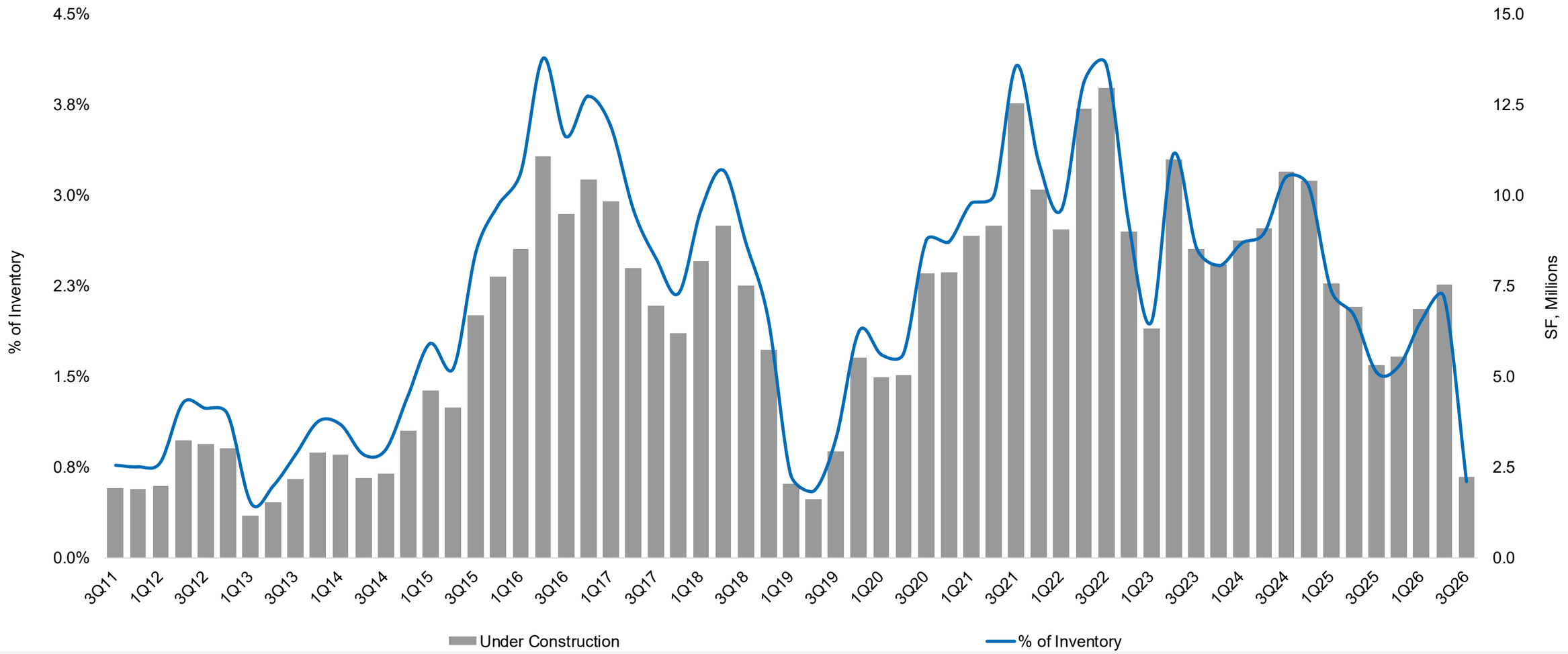


Source: Newmark Research, CoStar

Speculative Projects Surpass BTS Construction Activity

The combined build-to-suit and speculative construction pipeline totaled 2.2 MSF in 3Q26, with 93%, equating to 2.07 MSF, allocated to speculative projects. The pipeline reflects a shift away from build-to-suit-dominated development following major deliveries in 2026, including Panasonic's 2.35-MSF battery plant in De Soto, Kansas, and Amazon's 630,000-SF distribution center at KCI Logistics Park. Speculative development is expected to remain active, with projects including Scannell Properties' 650,000-SF I-35 Logistics Park V, Hunt Midwest's 505,440-SF HMBC Logistics VII, and NorthPoint's 407,960-SF Building VI at Turner Logistics Center.

Industrial Under Construction and % of Inventory

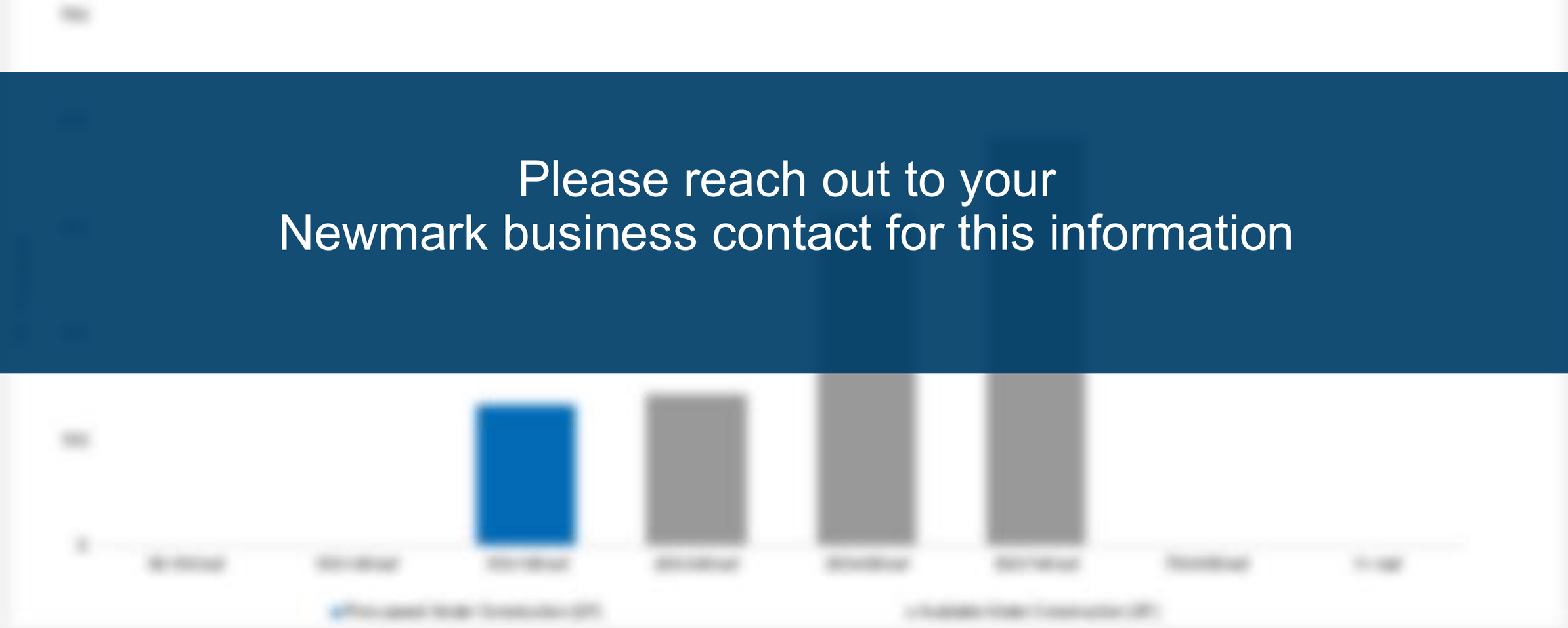


Source: Newmark Research, CoStar

Speculative Construction Surges In 2026

The speculative construction pipeline has significantly contracted in the past three years, driven by rising construction financing costs. Looking ahead, speculative projects are expected to focus on modern enclosed facilities designed for one to three users and large-box facilities of 100,000 SF or more, accommodating two to three tenants. As of the end of the fourth quarter of 2025, 11.4% of all speculative space under construction has been preleased.

Total Speculative Construction by Size Segment



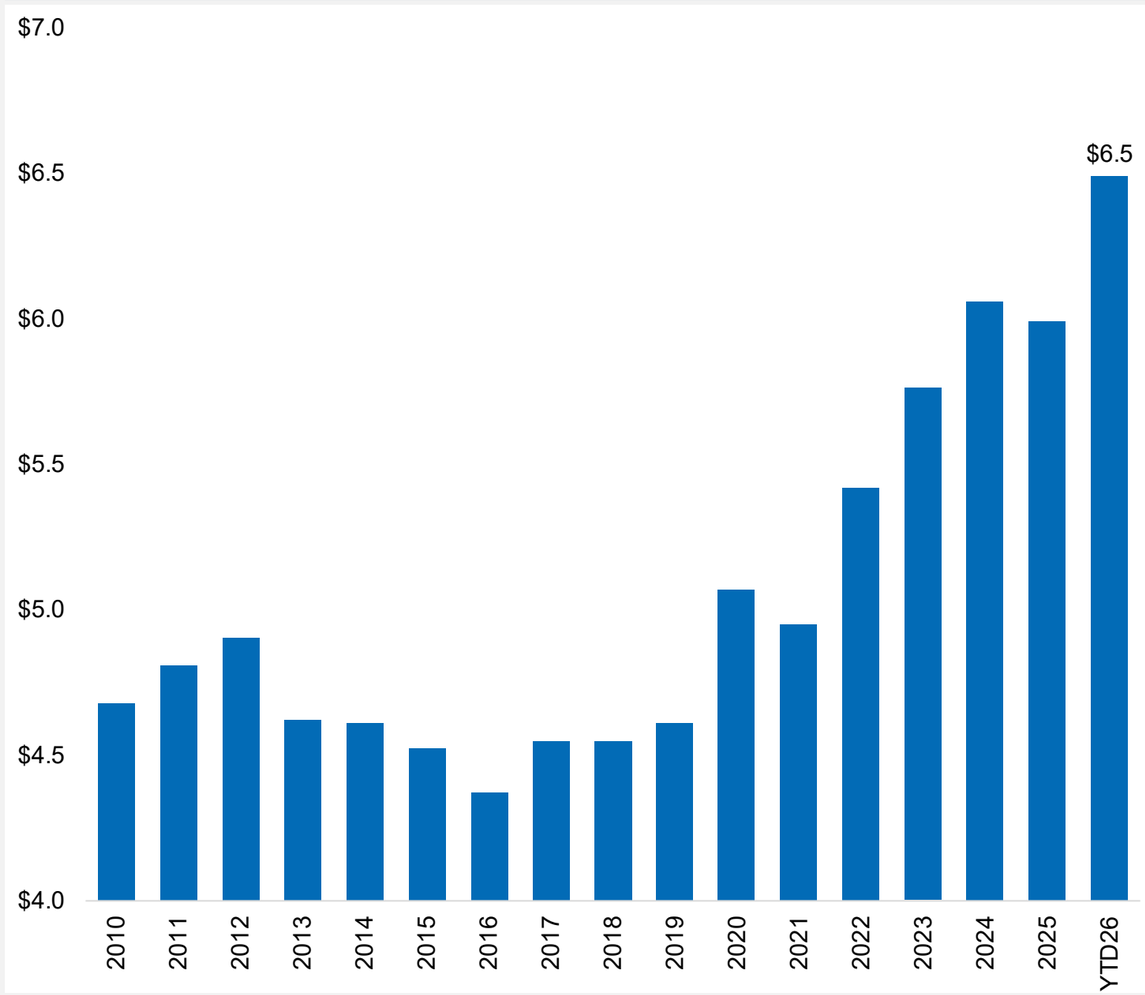
Please reach out to your
Newmark business contact for this information

Source: Newmark Research, CoStar

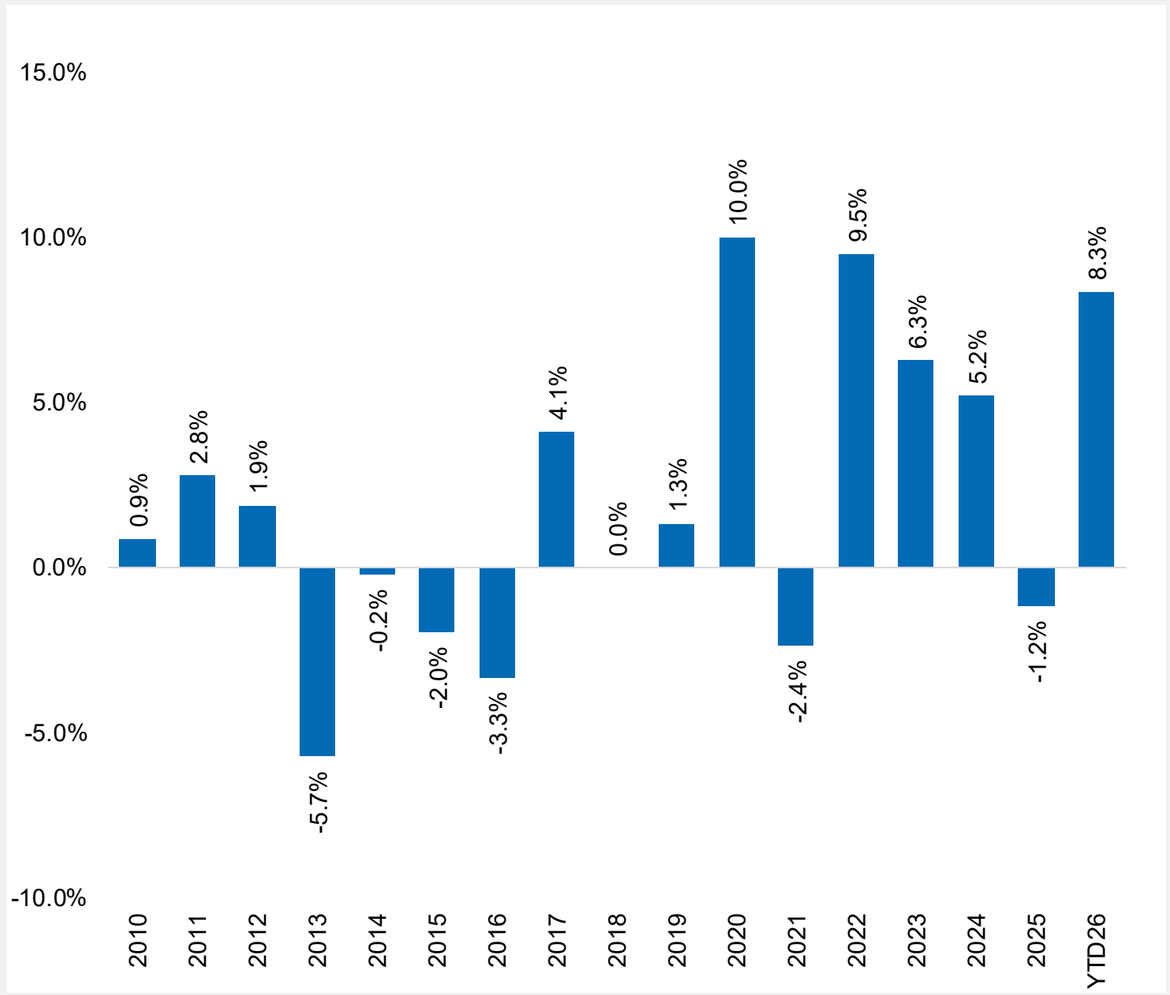
Industrial Rents Reach Record Highs As Growth Anticipated Through 2027

Industrial asking rents increased 40.8% over the past seven years, reaching a record $6.49/SF in 3Q26. The tightening market and limited supply is expected to drive rents upward in the next four quarters. Asking rental rates are projected to range between $6.50/SF and $6.80/SF in 2027.

Industrial Average Asking Rent, $/SF, NNN



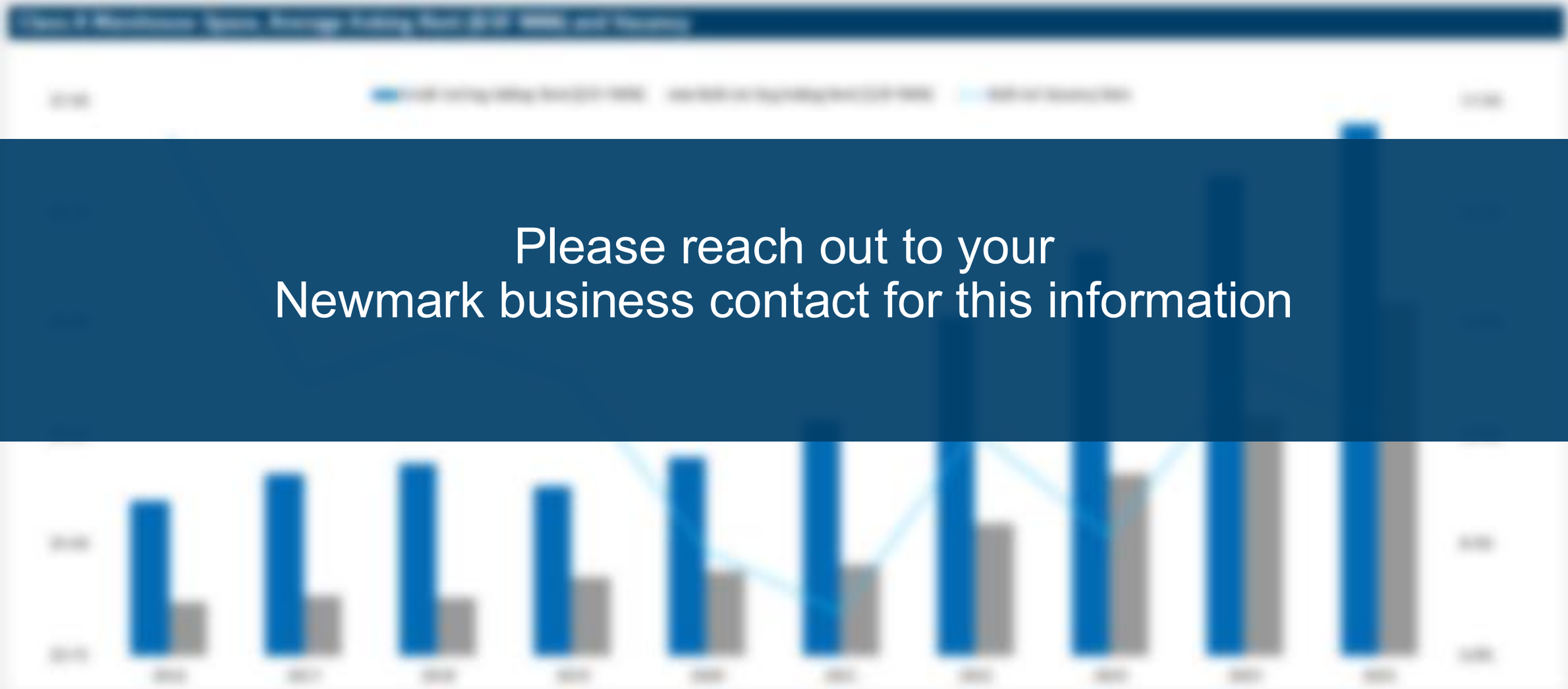
Year-Over-Year Asking Rent Growth Rate



Source: Newmark Research, CoStar

Class A Mid- And Large-Sized Warehouse Space In Demand

Both Class A bulk industrial (145,000+ SQ.FT.) and small industrial (10,000 to 99,999 SQ.FT.) warehouse segments have recorded significant rental rate growth since 2020. Nineteen efficient Class A restricted warehouse space remains the most sought-after sector in the Kansas City metro. As speculative investors from recent deliveries leave up, the upcoming construction cycle will offer fewer alternatives, tightening vacancy rates, which currently stand at 11.0% for bulk warehouse space.



Please reach out to your
Newmark business contact for this information

Source: Newmark Research, CoStar

3Q26 Notable News & Leasing Activity

Key announcements in 3Q26: Morgan Stanley Investment Management acquired the 1.5-MSF Ace Hardware facility at KCI 29 Logistics Park for $158.5 million. The transaction equates to $106/SF and is a benchmark sales comparable for trophy industrial facilities above 1.0 MSF; NextEra Energy Constructors signed the market's largest industrial lease year-to-date, securing 1,443,600 SF of underground space at Space Center in Independence, MO; Faith Technologies is planning a 1.4-MSF expansion at its existing Excellerate manufacturing operation; and Digital Realty announced approximately $14 billion of investment and roughly 9.0 MSF of data-center development in De Soto, KS across the Astra North and Astra South projects - the company believes Kansas City could quickly become the seventh-largest data-center market in the U.S.

Select News & Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
NextEra Energy Constructors, LLC	Space Center (Underground)	East Jackson County	Direct New	1,443,600
NextEra Energy Constructors, LLC signed the market's largest industrial lease year-to-date, securing 1,443,600 SF of underground space at Space Center in Independence, MO.				
Faith Technologies	SWC 167th & Lone Elm	South Johnson County	Expansion	1,400,000
Faith Technologies announced it is seeking approval for approximately $239.8 million in industrial revenue bonds to support their major expansion in Olathe, KS. The company is planning a 1.4-MSF expansion at its existing Excellerate manufacturing operation for producing modular electrical systems for hyperscale data centers. The expansion would consist of three climate-controlled manufacturing facilities, each approximately 500,000 SF.				
Google	14901 Botts Road	South Jackson County	Direct New	920,400
Google leased the entire 920,400-SF I-49 Building VII, which was delivered in 2023. The firm will utilize the building for a new hyperscale data center with an anticipated move-in date of January 2027.				
Kenco	2551 Liberty Parkway	Northland	Renewal	295,600
Kenco renewed its 295,600-SF lease with NewStreet Properties at Building I at Liberty Logistics Park. The renewal lease term began in August 2026.				
Eclipse Advantage	5300 Kansas Avenue	Wyandotte County	Direct New	191,740
Eclipse Advantage leased 191,740 SF of space at the 517,390-SF multi-tenant 5300 Kansas Avenue in the Turner District.				

Source: Newmark Research

03

Submarket Statistics

3Q26 KANSAS CITY INDUSTRIAL MARKET OVERVIEW

NMRKZIMMER.COM



Submarket Statistics

3Q26 (Page 1 of 5)

Submarket Statistics – All Classes

Submarket	Type	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	Past 4 Qtrs Net Absorption (SF)	Asking Rent Ind. Gross (Price/SF)	Asking Rent Triple Net (Price/SF)	Total Asking Rent (Price/SF)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Submarket Statistics

3Q26 (Page 2 of 5)

Submarket Statistics – All Classes

Submarket	Type	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	Past 4 Qtrs Net Absorption (SF)	Asking Rent Ind. Gross (Price/SF)	Asking Rent Triple Net (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]
	Flex	1,172,272	20,000	0.00%	(44,724)	(45,211)	$21.79	$14.00	$15.00
	Underground	0	0	-	0	0	-	-	-
[illegible]	All	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Warehouse	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Flex	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Underground	[illegible]	[illegible]	-	[illegible]	[illegible]	-	-	-

Please reach out to your
Newmark business contact for this information

Source: Newmark Research

Submarket Statistics

3Q26 (Page 3 of 5)

Submarket Statistics – All Classes

Submarket	Type	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	Past 4 Qtrs Net Absorption (SF)	Asking Rent Ind. Gross (Price/SF)	Asking Rent Triple Net (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]

Please reach out to your
Newmark business contact for this information

Source: Newmark Research

Submarket Statistics

3Q26 (Page 4 of 5)

Submarket Statistics – Warehouse

Submarket	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	Past 4 Qtrs Net Absorption (SF)	Asking Rent Ind. Gross (Price/SF)	Asking Rent Triple Net (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

3Q26 (Page 5 of 5)

Submarket Statistics – Flex

Submarket	Total Inventory (SF)	Under Construction (SF)	Total Vacancy Rate	Qtr Net Absorption (SF)	Past 4 Qtrs Net Absorption (SF)	Asking Rent Ind. Gross (Price/SF)	Asking Rent Triple Net (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

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.

All information contained in this publication (other than that published by Newmark) is derived from third party sources. Newmark (i) has not independently verified the accuracy or completeness of any such information, (ii) does not make any warranties or representations, express or implied, concerning the same and (iii) does not assume any liability or responsibility for errors, mistakes or inaccuracies of any such information. Further, the information set forth in this publication (i) may include certain forward-looking statements, and there can be no guarantee that they will come to pass, (ii) is not intended to, nor does it contain sufficient information, to make any recommendations or decisions in relation to the information set forth therein and (iii) does not constitute or form part of, and should not be construed as, an offer to sell, or a solicitation of any offer to buy, or any recommendation with respect to, any securities. Any decisions made by recipient should be based on recipient's own independent verification of any information set forth in this publication and in consultation with recipient's own professional advisors. Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download, or in any other way reproduce this publication or any of the information it contains with any third party. This publication is for informational purposes only and none of the content is intended to advise or otherwise recommend a specific strategy. It is not to be relied upon in any way to predict market movement, investment in securities, transactions, investment strategies or any other matter. If you received this publication by mistake, please reply to this message and follow with its deletion, so that Newmark can ensure such a mistake does not occur in the future.