KANSAS CITY, MISSOURI

BERKADIA®

DELIVERIES PERSIST, RENTERS ATTRACTED TO LUXURY UNITS IN PREMIER AREAS

Coming out of the Great Recession, apartment developers ramped up deliveries across Greater Kansas City. This resulted in annual additions peaking in 2020, even amid the coronavirus outbreak. While subsequent construction activity is scheduled to taper, demand for housing near employment hubs is expected to support additional supply. Heading into 2021, about 5,400 units are underway, and the bulk are scheduled to complete before year-end. Renters have shown a preference for amenity-rich options in the metro's premier submarkets, with current projects and deliveries in the next four quarters concentrated in the Central Kansas City and South Overland Park submarkets. The success of luxury communities in the downtown area has been helped by Kansas City's foothold as a Silicon Prairie metro, drawing wealthy, educated millennials. Metrowide leasing activity will succumb to supply-induced pressure causing a 50-basis-point decline in the occupancy rate to end 2021 at 94.1%. A key component of sustaining apartment demand will be how the local economy rebounds from the coronavirus initiatives meant to stem the extent of the pandemic. So far, employment numbers are encouraging: 71,850 of the jobs lost earlier in 2020 were restored, an 88% recovery. Over the next three years, hundreds of new jobs are planned at GEICO, the USDA Economic Research Service, and the USDA National Institute for Food and Agriculture. Apartment operators will capitalize on the rising payrolls and healthy occupancy by advancing monthly effective rent. At $1,016 in December 2021, projected effective rent will be up 2.0% annually.

2021 MARKET AT A GLANCE

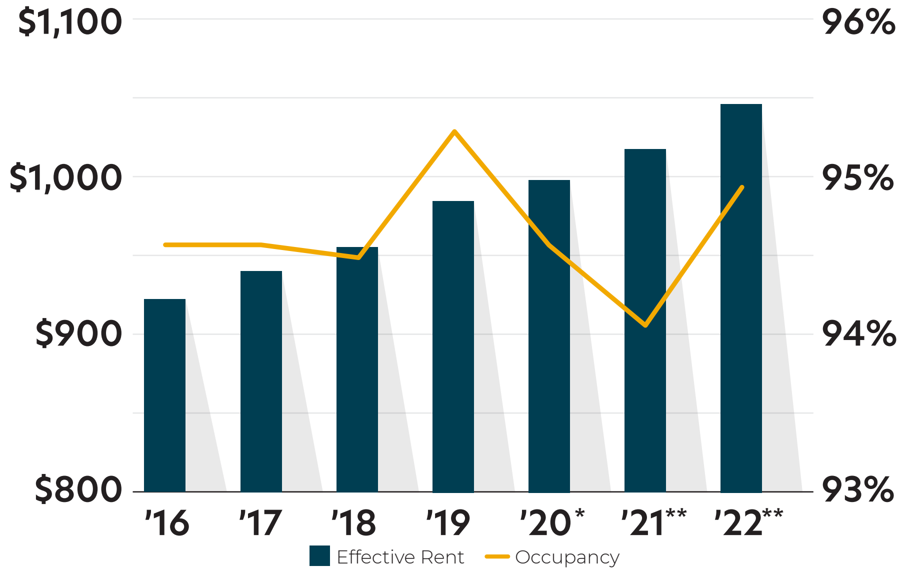
OCCUPANCY RATE
94.1%
Down **50 bps** YOY

EFFECTIVE RENT
$1,016
Up **2.0%** YOY

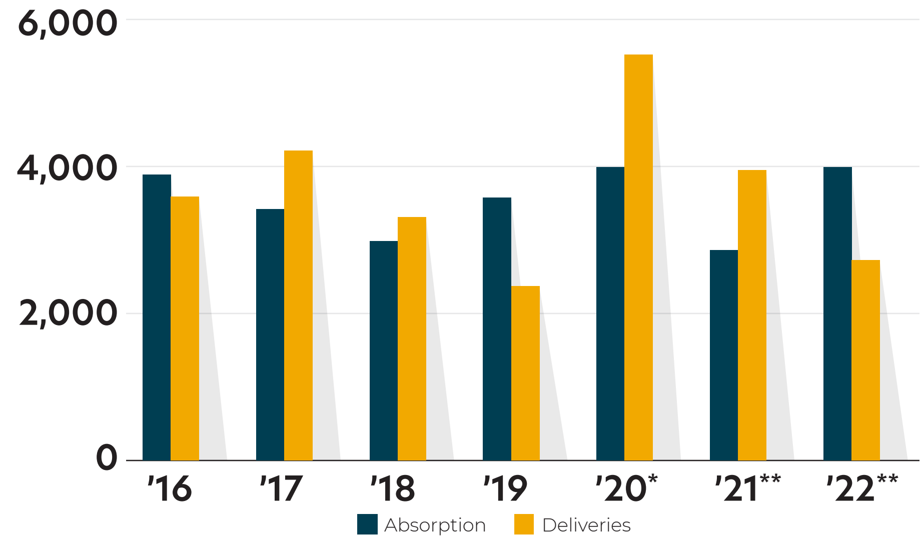
RENT SHARE OF WALLET
16.4%
Up **30 bps** YOY

MARKET TRENDS

EFFECTIVE RENT AND OCCUPANCY



ABSORPTION AND DELIVERIES



Data and images pertaining to employment, income, permits, population, rents, single-family housing, and occupancy are year-end figures. Absorption, construction, and apartment sales figures are full-year totals. *Numbers for 2020 are projected values; **2021/2022 figures are forecast projections. Apartment market data criteria and methodologies vary by market.

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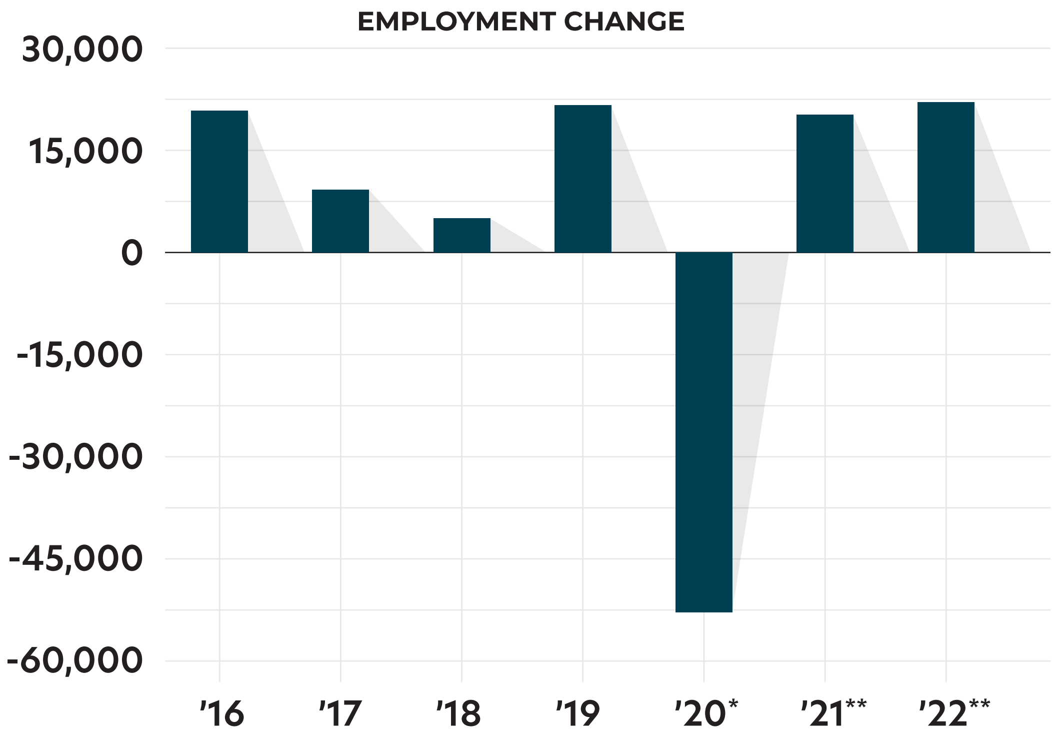
EMPLOYMENT TRENDS



EMPLOYMENT

2019	YOY CHANGE	2020*	YOY CHANGE	2021**
1,113,200	-4.7%	1,060,400	1.9%	1,080,900

UNEMPLOYMENT RATE

2019	YOY CHANGE	2020	YOY CHANGE	2021
2.5%	450 BPS	7.0%	-60 BPS	6.4%

POPULATION

2019	YOY CHANGE	2020	YOY CHANGE	2021
2,164,600	0.7%	2,179,500	0.6%	2,192,400

HOUSEHOLDS

2019	YOY CHANGE	2020	YOY CHANGE	2021
876,600	0.8%	883,500	0.7%	889,900

MEDIAN HOUSEHOLD INCOME

2019	YOY CHANGE	2020	YOY CHANGE	2021
$69,763	6.1%	$74,018	0.6%	$74,464

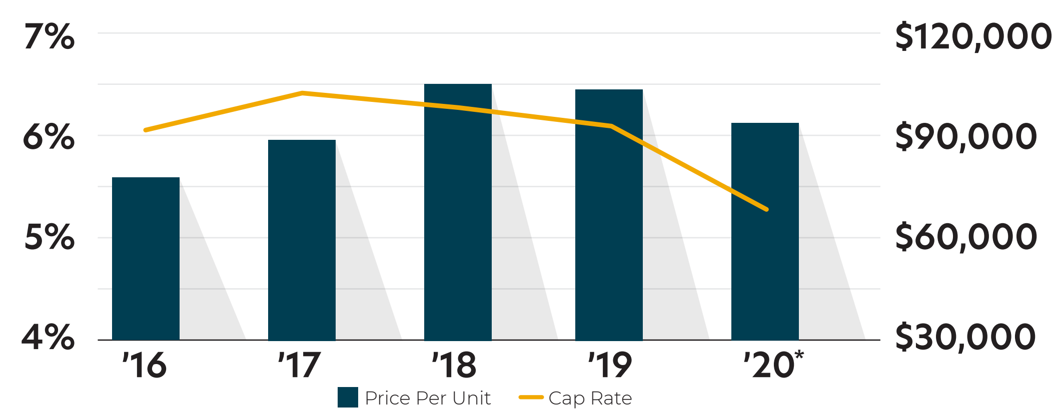
SALES TRENDS

PRICE PER UNIT

2019	YOY CHANGE	2020*
$102,619	-9.7%	$92,653

CAP RATE

2019	YOY CHANGE	2020
6.1%	-80 BPS	5.3%



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