

2022 MID-YEAR

# KANSAS CITY MO

Multifamily Report

**BERKADIA**<sup>®</sup>

a Berkshire Hathaway and Jefferies Financial Group company





## Jobs Added / Lost

### LAST 12 MONTHS

16,800

↑ 1.6%

### NEXT 12 MONTHS\*

8,500

↑ 0.8%

## Unemployment

### MID-YEAR 2022

3.1%

↓ 170 BPS YOY

### MID-YEAR 2023\*

3.4%

↑ 30 BPS YOY

\*Projected

# KANSAS CITY, MO EMPLOYMENT

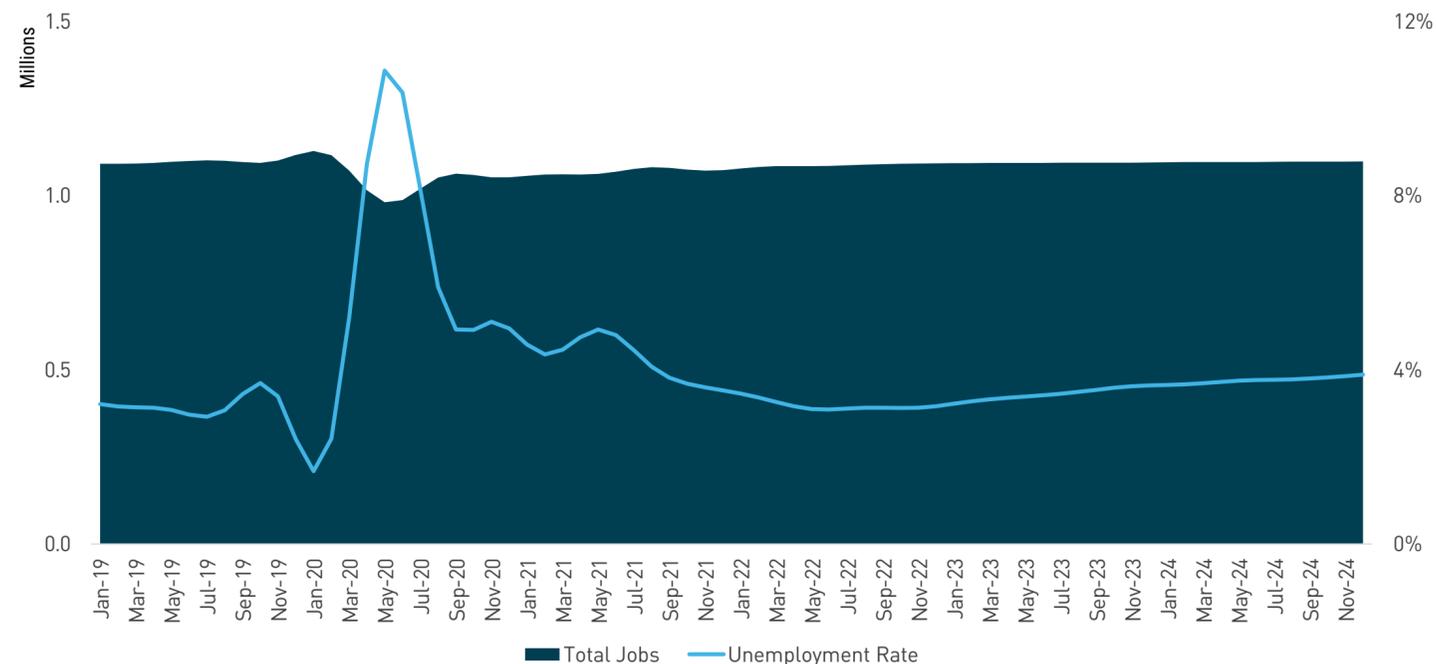
Job growth elevated at a steady pace across Kansas City's largest employment sectors. Employment increased at an annual rate of 1.6%, gaining about 16,800 jobs through June 2022. Solid employment growth was observed in the trade, transportation, and utilities industry where 6,900 jobs were added, representing the metro's largest share of employment. Professional and business services, K.C.'s second-largest sector, expanded by 5,200 white-collar jobs.

An additional 8,500 net jobs are anticipated in the next year, and despite tight labor and worsening inflation, the area is expected to see its economy continue to improve in the near term. Ford Motor Co. announced a major

development in June. The Claycomo plant northeast of Kansas City will add a third shift producing its popular Transit and E-Transit delivery vans, a \$95 million investment that calls for 1,100 new workers.

Panasonic Energy Co.'s electric vehicle battery factory will be transformative for the local economy. The De Soto-based plant is forecast to create up to 4,000 new jobs with total investment around \$4 billion. At the Johnson County Airport, the New Century Commerce Center is underway with two buildings that total over 1 million square feet to be completed by spring 2023. The total 7.2 million-square-foot project is expected to bring about 4,700 jobs.

## Employment Trends



SOURCE: Moody's Analytics

## Who's Hiring?

### TRADE, TRANSPORTATION, AND UTILITIES INDUSTRY



20%  
OF ALL JOBS IN THE METRO

\$41,400  
AVERAGE ANNUAL SALARY

## Top Trade, Transportation, & Utilities Employers

**HyVee** 3,400 JOBS

**amazon** 3,100 JOBS

**Walmart** 2,900 JOBS

## In The News

- 🔗 [Ford's KC auto plant adding 1,100 jobs to increase EV production](#)
- 🔗 [Garmin adding 900 jobs to Olathe HQ](#)
- 🔗 [Panasonic \\$4B new battery plant in De Soto, creating 4,000 jobs](#)



# KANSAS CITY, MO DELIVERIES & ABSORPTION

2022 Units\*

**DELIVERIES**

3,873

**ABSORPTION**

3,052

2023 Units\*

**DELIVERIES**

4,875

**ABSORPTION**

1,620

\*Projected

Kansas City's foothold as an emerging, innovative technology hub attracted an influx of both capital investment and new employees to the area. To meet peak demand, builders continued delivering apartments at a brisk pace with 4,170 new units in the past four quarters.

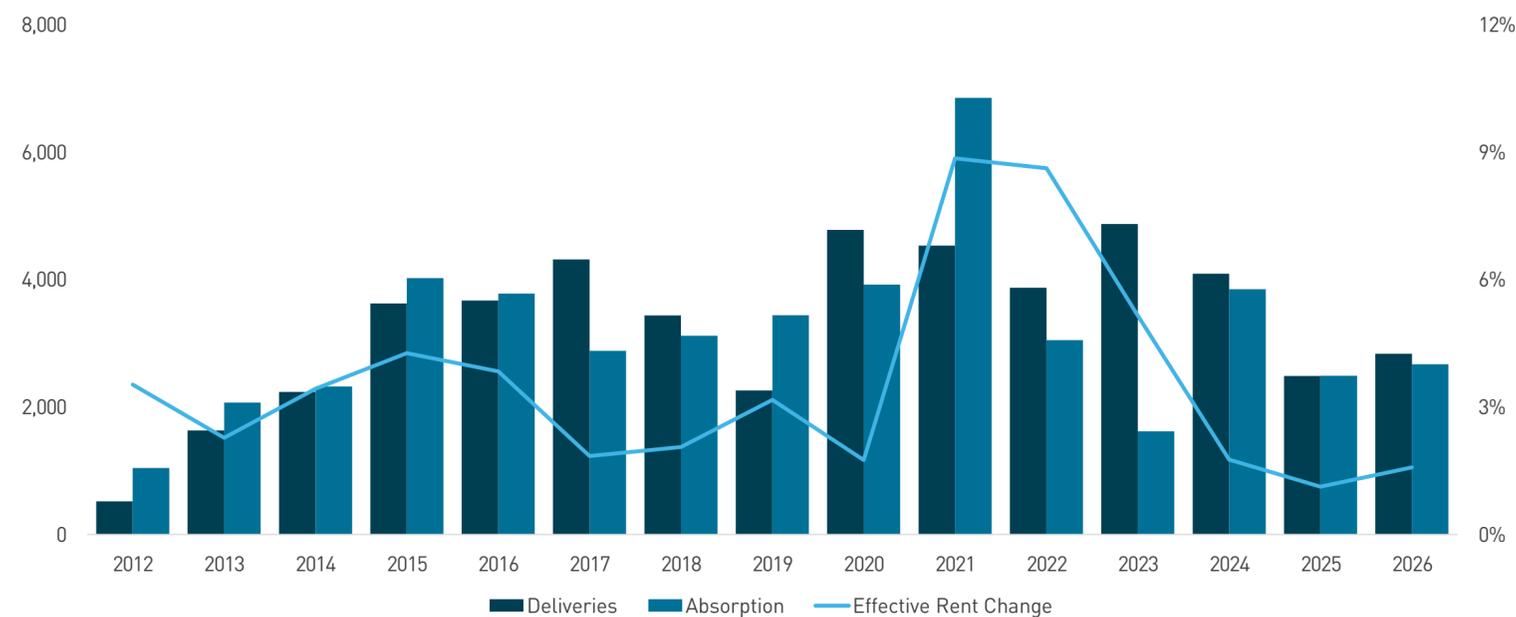
One in five deliveries were in the popular Central Kansas City submarket, where billions of dollars in commercial development was recently completed or are still underway. A major infrastructure project in the submarket is the KC Streetcar extension from Union Station to University of Missouri-Kansas City, increasing students' mobility. Along the streetcar extension at a planned streetcar stop is the 300-unit, \$116 million Museum Tower

apartment project that broke ground in the second quarter of 2022.

The Central Kansas City and South Overland Park submarkets have recorded robust population growth in recent years. Apartment communities benefit from the burgeoning live-work-play environment in these areas. Renters also showed a preference for amenity-rich options adjacent to the employment hubs.

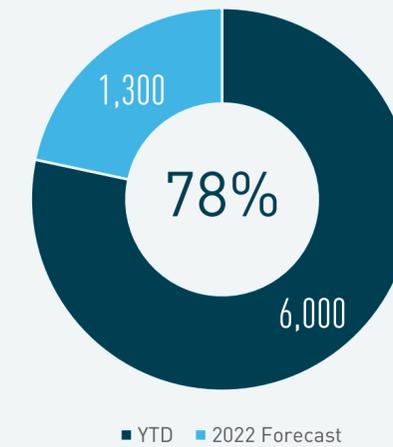
As the local economy improved, brisk deliveries were outpaced by heightened leasing activity in the last year. Net move-ins in the metropolitan area totaled 6,864 units, an increase from the year prior.

## Deliveries, Absorption, & Effective Rent Change

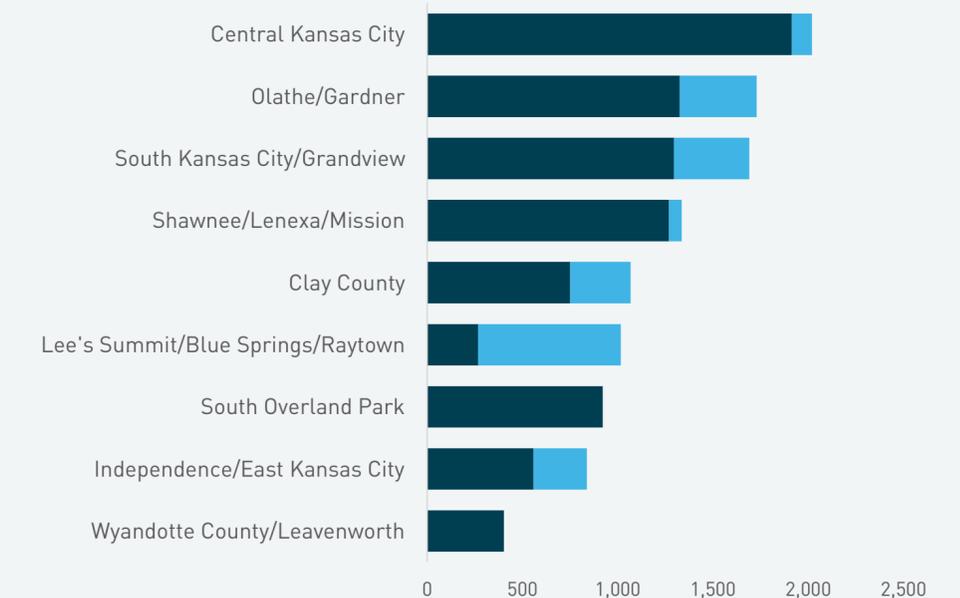


Source: RealPage

## Market Pipeline



## Top Submarket Pipelines



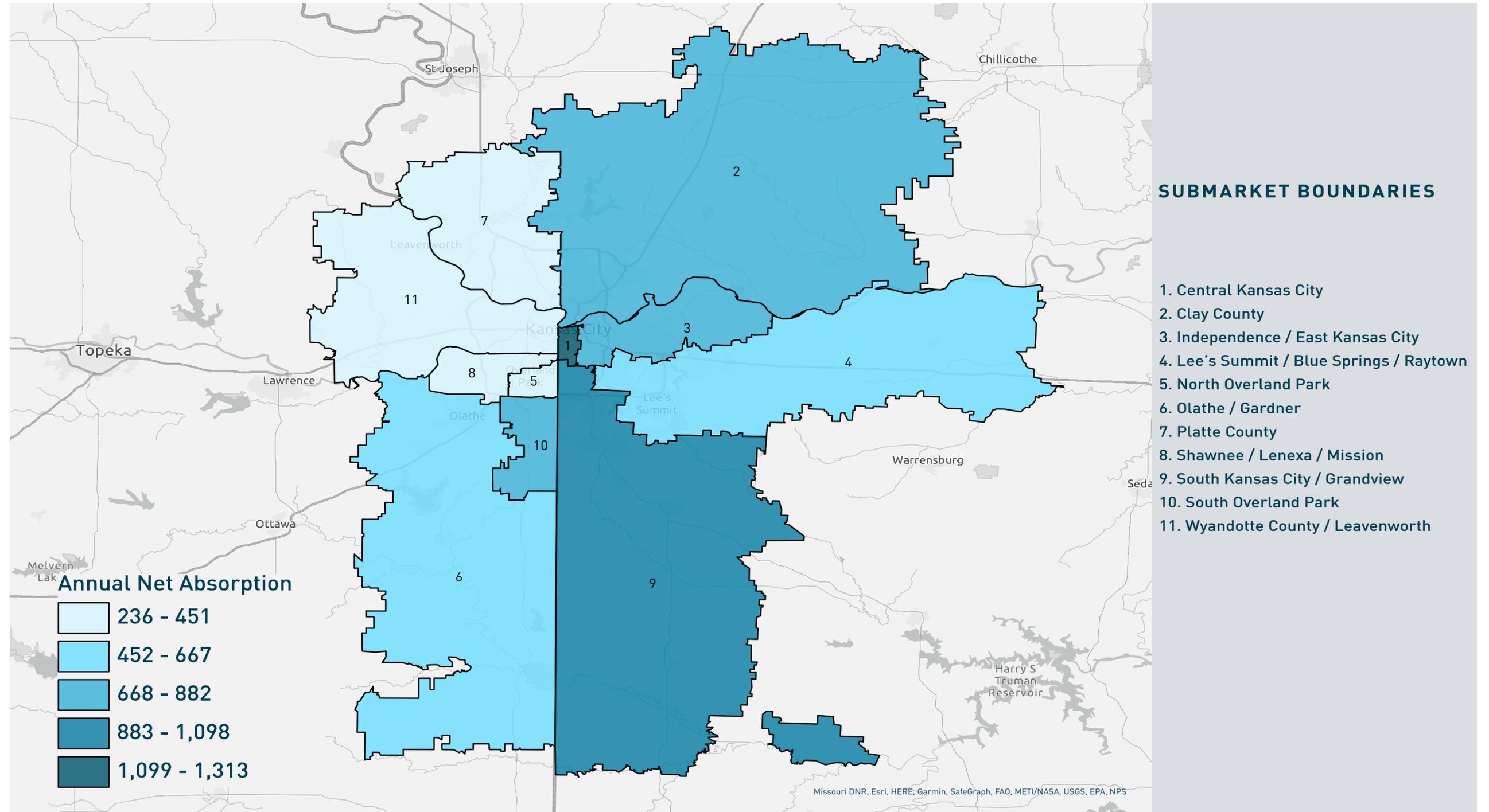


## KANSAS CITY, MO

# SUBMARKET ANNUAL ABSORPTION

Leasing activity in the Central Kansas City submarket led the metro on an annualized basis. Net absorption of stabilized properties was 1,313 units, which significantly outpaced the 495 new units that came online. Downtown has been a favorite area among young adults and holds the largest share of renters among the total occupied stock of 173,248 units.

The central district's proximity to local dining, entertainment, and shopping amenities draws renters. One of Kansas City's most buzzworthy entertainment hubs is the Power & Light District, home to more than 50 bars, restaurants, and shops, and hosts more than 150 free events annually. Despite being in the center of a bustling city, renters are still close to nature. Loose Park is one of the more popular and bigger parks in the area.





# KANSAS CITY, MO RENT & OCCUPANCY

## Effective Rent

2Q 2022

\$1,180

↑ 9.7% YOY

## Occupancy

2Q 2022

96.8%

↑ 160 BPS YOY

Kansas City is consistently recognized among the top 10 most affordable U.S. cities for renters, even with its recent healthy rent growth. In the context of double-digit, year-over-year rent growth across most major U.S. metros, effective rent in metro K.C. advanced at a more modest 9.7% through the second quarter of 2022. The average Kansas City effective rent hit \$1,180 per month, significantly below the \$1,736 national figure, sustaining the metro's reputed affordability. The average income is \$70,122, which equates to a rent-to-income ratio of 17%, which positions Kansas City renters well under the recommended 30%.

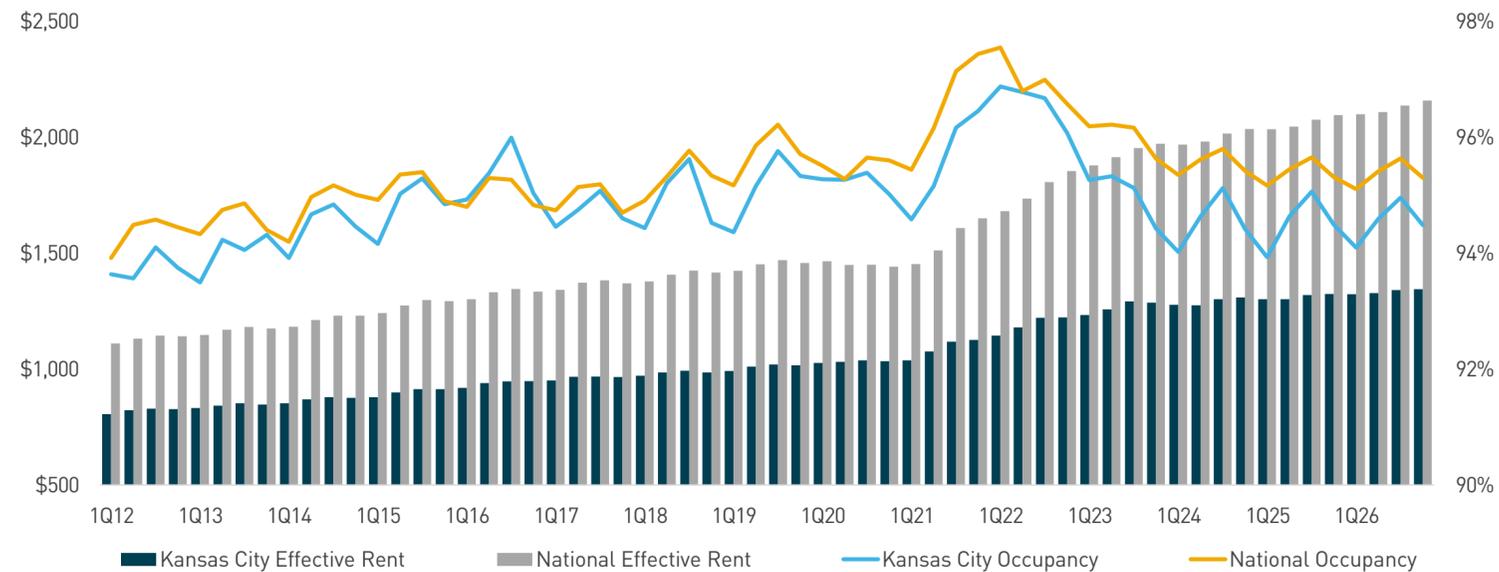
Rents grew in all classes of stock throughout the metro area, though weakest among Class C apartments. The trend reflected operators' response to rent sensitivity among lower-income households still facing effects of employment uncertainty from the pandemic.

Hundreds of new jobs at institutions such as GEICO, the USDA Economic Research Service, and the USDA National Institute for Food and Agriculture helped to boost the number of renters. The strong appetite for renting from 2021 carried over into 2022. By the end of the second quarter of 2022, apartment occupancy averaged 96.8%, 160 basis points higher than the same time last year.

## Submarket Performance

SUBMARKET NAME	2Q22 OCCUPANCY	YOY (BPS)	2Q22 EFFECTIVE RENT	YOY
Central Kansas City	95.2%	300	\$1,442	7.8%
Clay County	97.3%	160	\$1,056	8.2%
Independence/East Kansas City	97.0%	150	\$962	6.7%
Lee's Summit/Blue Springs/Raytown	94.8%	-30	\$1,144	9.4%
North Overland Park	97.7%	150	\$1,199	9.8%
Olathe/Gardner	97.8%	120	\$1,171	10.7%
Platte County	96.5%	60	\$1,160	10.5%
Shawnee/Lenexa/Mission	97.5%	120	\$1,233	12.0%
South Kansas City/Grandview	97.3%	220	\$910	7.9%
South Overland Park	97.4%	160	\$1,415	16.1%
Wyandotte County/Leavenworth	97.3%	180	\$1,021	6.9%

## Kansas City vs. National Effective Rent & Occupancy



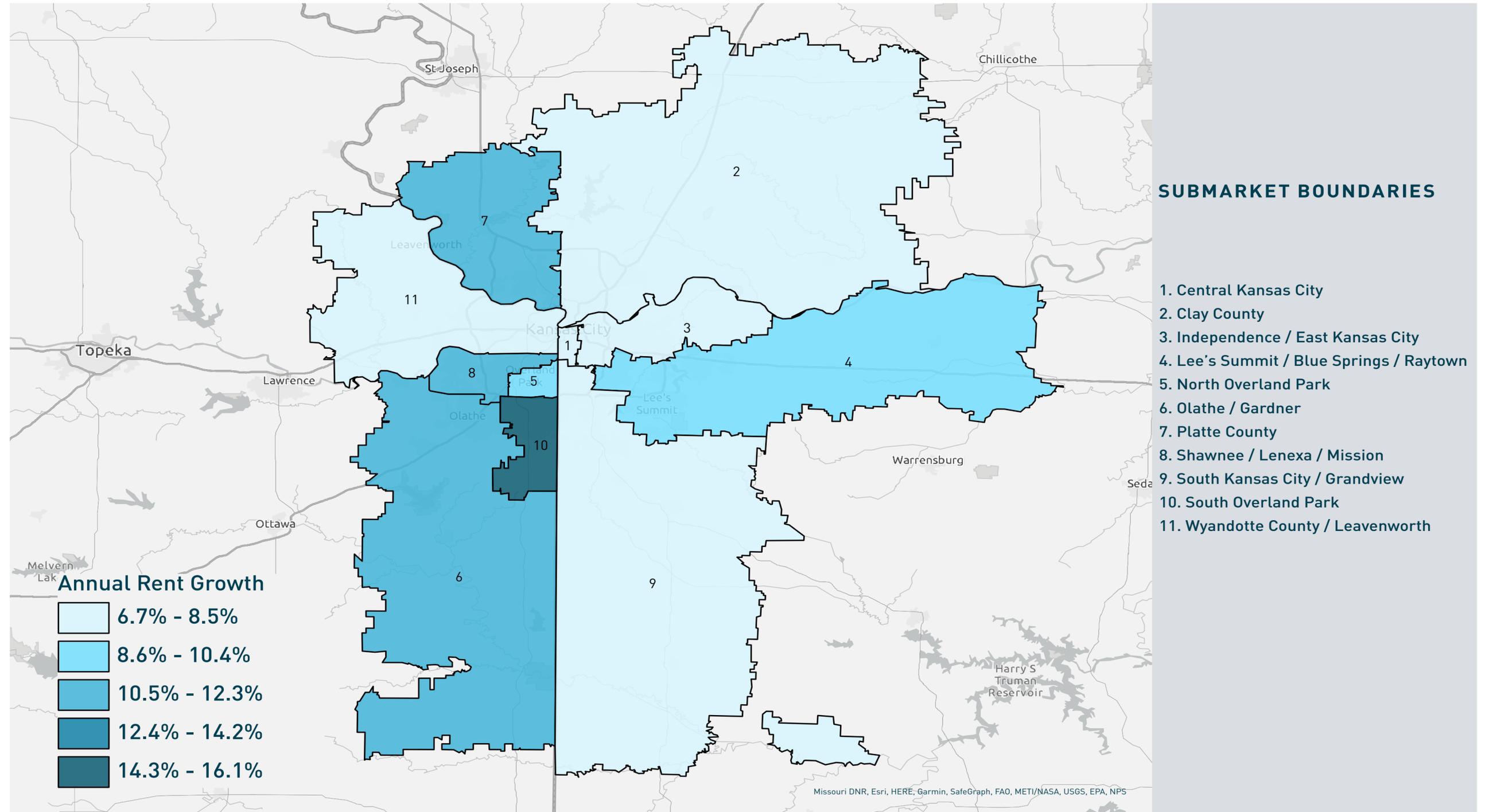
Source: RealPage



## KANSAS CITY, MO

# SUBMARKET ANNUAL RENT CHANGE

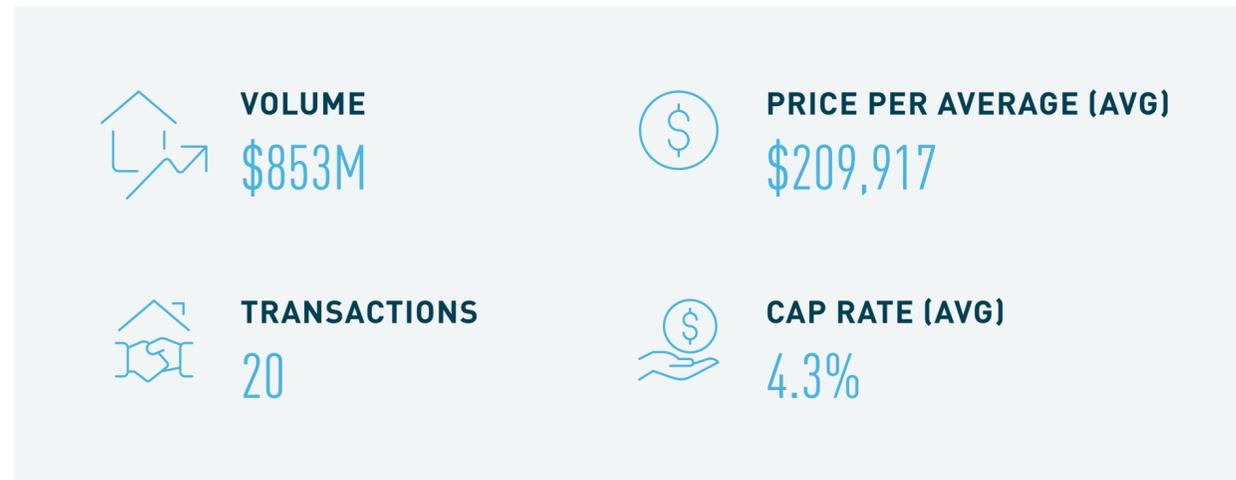
The region's second-largest city, Overland Park, is among the hottest job markets. The South Overland Park apartment market is home to expanding corporate campuses for principal employers like Garmin, Ltd., who is in the second phase of a headquarter expansion that will result in 900 new jobs. Major tech employer, WellSky also has a new office building underway at City Place that promises an additional 1,000 workers. Local officials also have plans for a new 850-acre business park with space for over 60 multinational companies and 5,000 private-sector employees. The ongoing corporate expansion bodes well for landlords, who capitalized on Overland Park's vitality. A metro-leading 16.1% annual effective rent increase put South Overland Park's effective rent at \$1,145 in the second quarter of 2022. Ongoing corporate expansion bodes well for continued rent development in the South Overland submarket.



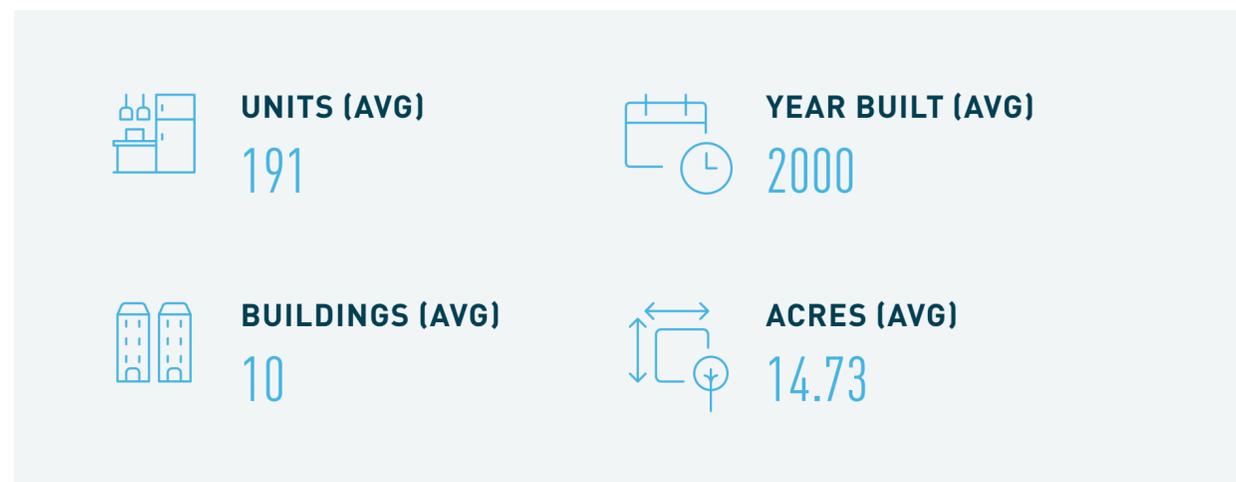


# KANSAS CITY, MO SALES

2022 Year to Date\*



What's Trading?\*



Source: Real Capital Analytics  
\*\$10m+

Top Buyers\*\*

BUYER	LOCATION
Capital Real Estate, LLC	Denver, CO
Blackstone	New York, NY
Blackstone Real Estate Income Trust Inc.	New York, NY
A & C Ventures Inc.	Sonoma, CA
Sentinel Real Estate Corporation	New York, NY

Top Sellers\*\*

SELLER	LOCATION
Crow Holdings Securities, LLC	Dallas, TX
Romspen	Toronto, Ontario, CAN
Mandel Group Inc.	Milwaukee, WI
VanTrust Real Estate, LLC	Kansas City, MO
Hunt Midwest	Kansas City, MO

\*\*Past 24 Months

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Sources: RealPage; Moody's Analytics; Real Capital Analytics

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