

KANSAS CITY, MO MULTIFAMILY REPORT

2023 | MIDYEAR

BERKADIA[®]





KANSAS CITY, MO EMPLOYMENT

Jobs Added / Lost

LAST 12 MONTHS

26,900

↑ 2.4%

NEXT 12 MONTHS*

-2,900

↓ 0.3%

Unemployment

MIDYEAR 2023

3.2%

↑ 80 BPS YOY

MIDYEAR 2024*

4.5%

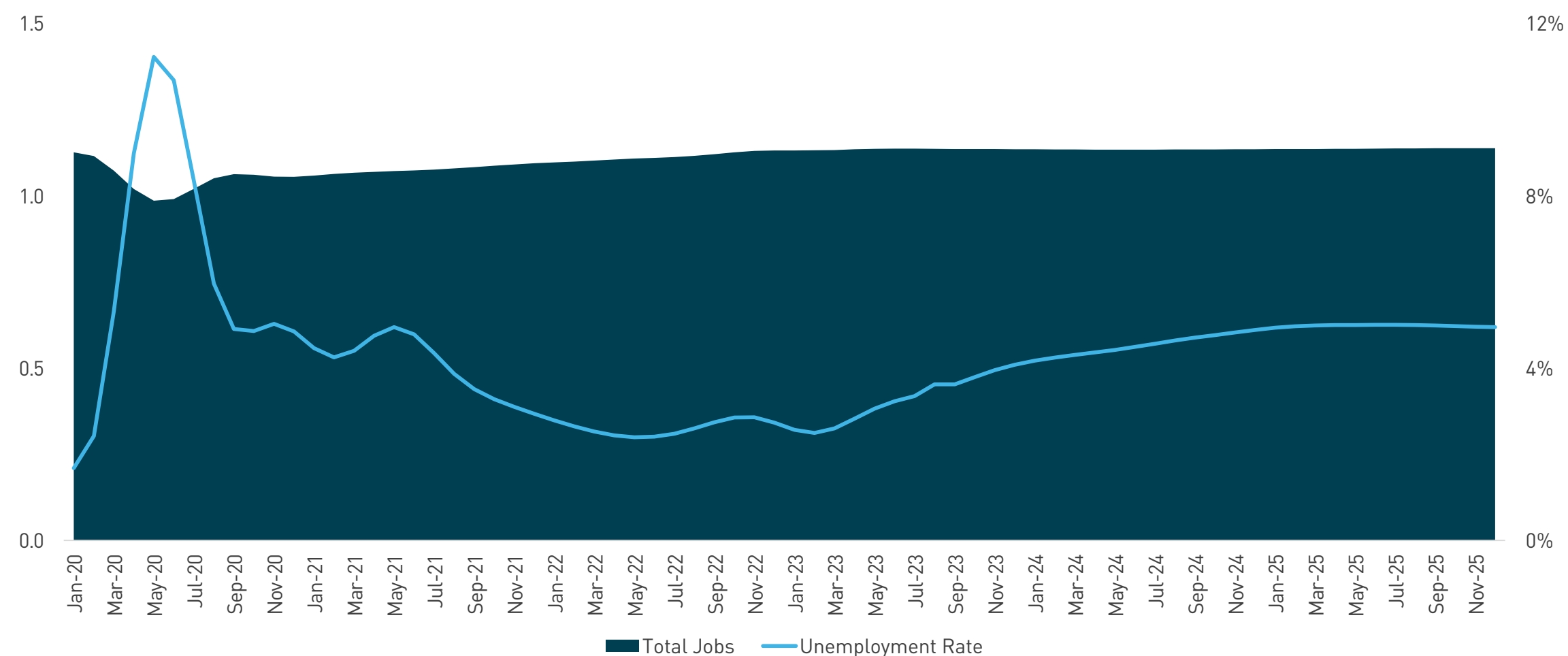
↑ 130 BPS YOY

*Projected

The Kansas City region had a record-breaking year of growth in 2022, attracting \$5.6 billion in new capital investments and nearly 6,000 jobs. Two megaprojects were Meta's \$800 million hyperscale data center and Panasonic Corporation of North America's \$4 billion electric vehicle battery plant. The ever-growing business community helped to underpin a 2.4% expansion, or 26,900 workers, in total nonfarm employment in the trailing 12 months ending June 2023. The leisure and hospitality sector accounted for a significant share of new headcounts with the addition of 8,500 jobs. Resumed leisure and business travel in 2022 helped recover and expand on leisure and hospitality jobs lost during the pandemic, as visitors spent

record amounts in cities like Overland Park. Additionally, Kansas City International Airport opened their new 40-gate terminal in February 2023, which further increased visitor traffic for events like the 2023 NFL Draft, one of the largest events in metro history. The region's private education and health services sector also expanded, with the addition of 5,500 jobs from the previous year. The healthcare industry remains a crucial driver of economic activity, representing three of the four largest private employers. Employment in the healthcare industry will be boosted when the University of Missouri-Kansas City rolls out its \$120 million medical-dental building targeted to complete in May 2026.

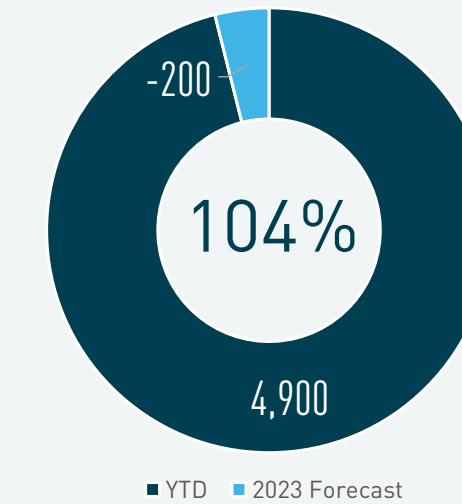
Employment Trends



Source: Moody's Analytics

Who's Hiring?

LEISURE AND HOSPITALITY INDUSTRY



10%
OF ALL JOBS IN THE METRO

\$31,100
AVERAGE ANNUAL SALARY

Top Leisure and Hospitality Employers

LOEWS HOTELS	800 JOBS
Harrahs NORTH KANSAS CITY	600 JOBS
Worlds of Fun Oceans of Fun	600 JOBS

In The News

- 🔗 [\\$4B Panasonic EV battery plant in De Soto Kansas, bringing 4,000 jobs](#)
- 🔗 [Meta's \\$800M, 1M SF data center to support 1,300 construction jobs](#)
- 🔗 [Garmin to hire 1,500 employees as part of HQ expansion in Olathe, KS](#)



KANSAS CITY, MO

DELIVERIES & ABSORPTION

2023 Units*

DELIVERIES

4,987

ABSORPTION

2,907

2024 Units*

DELIVERIES

4,770

ABSORPTION

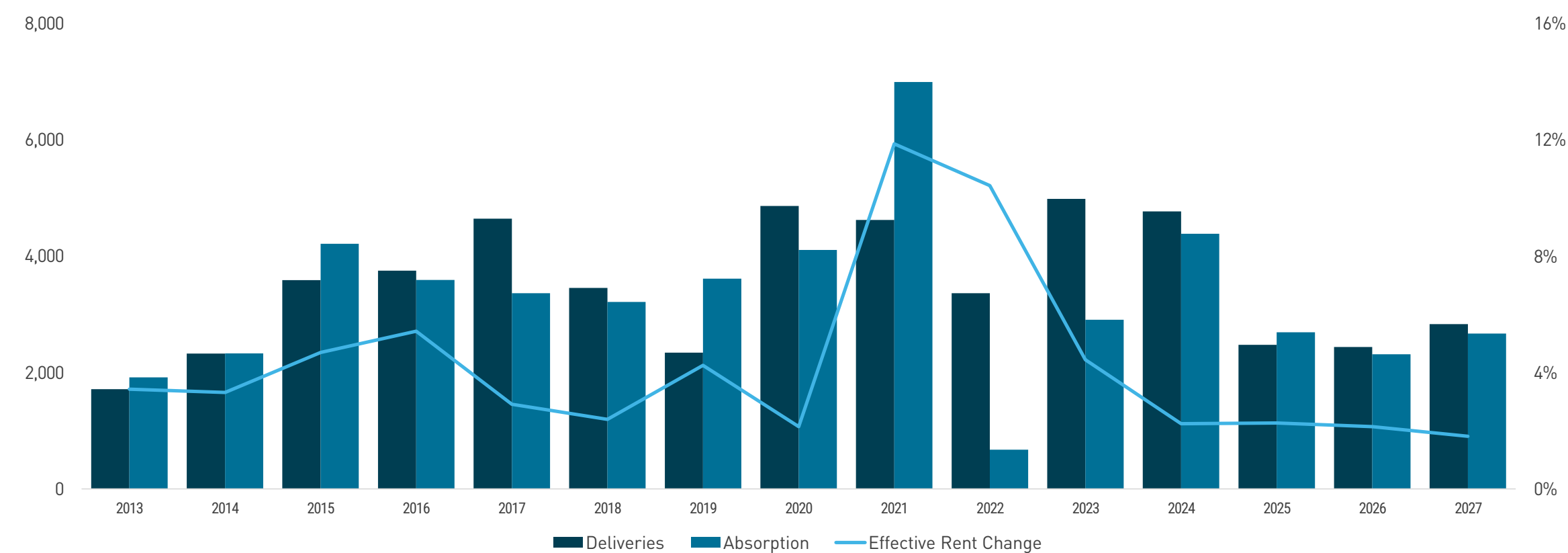
4,385

*Projected

Kansas City has attracted an influx of investment and renters as it continued to strengthen its foothold as a tech hub in 2023. Developers completed 3,365 units in 2022, and deliveries will remain elevated in 2023. During the first six months of the year, construction wrapped on 2,696 units, more than half of the projected 5,000 units that should deliver by year-end, which would be a decade high. Meanwhile, new supply will occur in 9 of 11 submarkets, though builders will be most active in the South Kansas City/Grandview and the Central Kansas City submarkets. Combined, these two submarkets will contribute half of the yearly completions across 23 of the 56 metrowide under-construction projects.

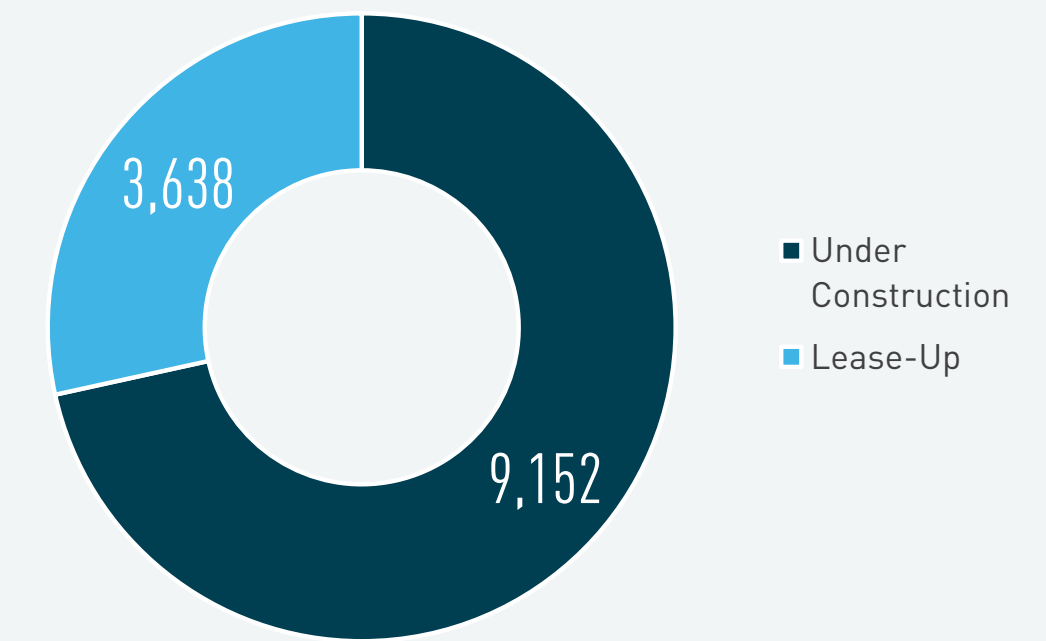
Demand for housing near employment hubs supported the rise of multifamily development, with most absorption recorded in the South Kansas City/Grandview submarket. Overall, demand for apartments in Greater Kansas City reached a record high in 2021, when 6,996 units were absorbed over the course of the year. Following the national trend, new household formation has been relatively flat, and renters are exhibiting much more caution in striking out on their own, causing rental demand to have a cooling off period. Net move-ins in the metropolitan area totaled 1,239 units in the first half of 2023, part of 2,900 newly signed leases expected for the year.

Deliveries, Absorption, & Effective Rent Change

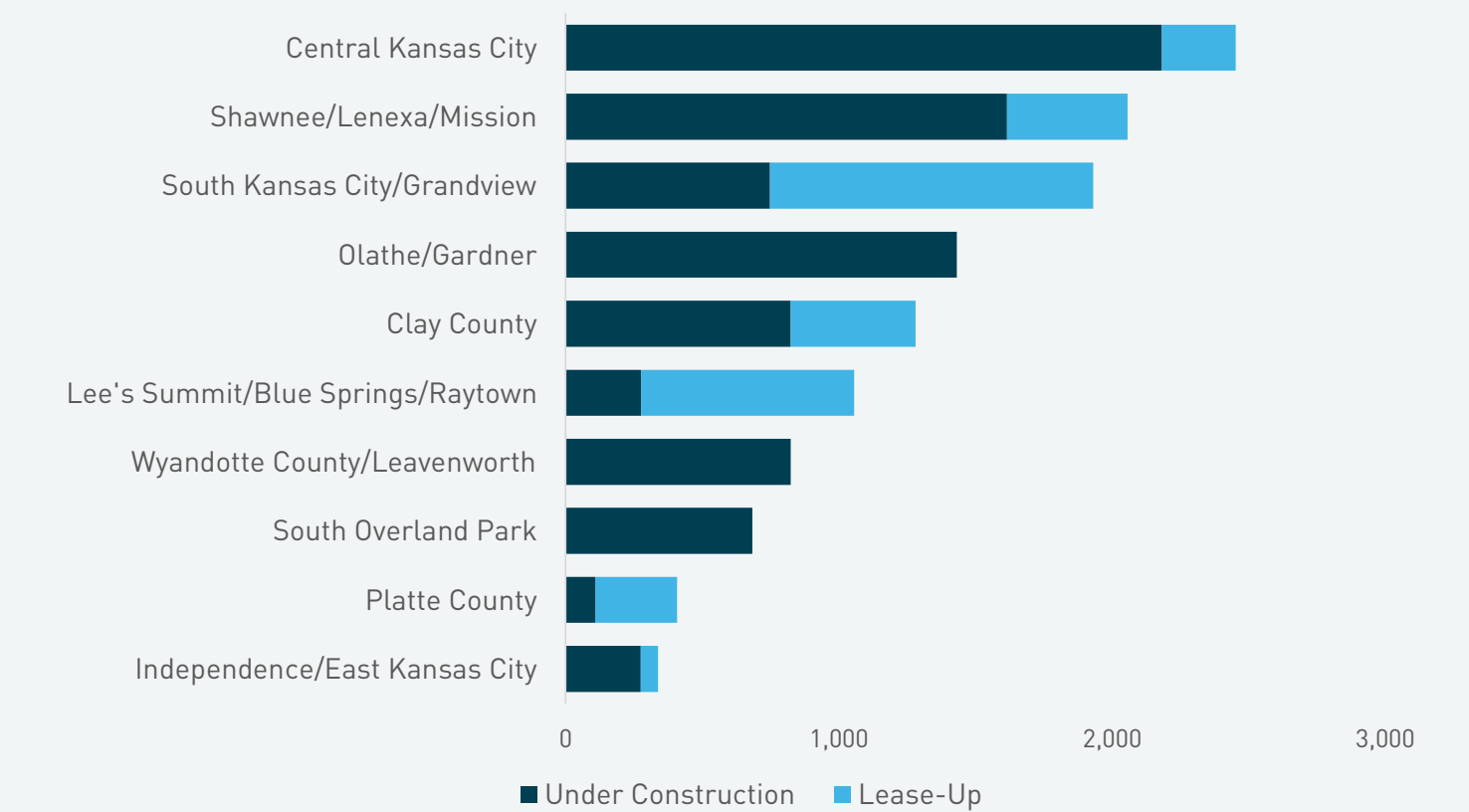


Source: RealPage

Market Pipeline



Top Submarket Pipelines

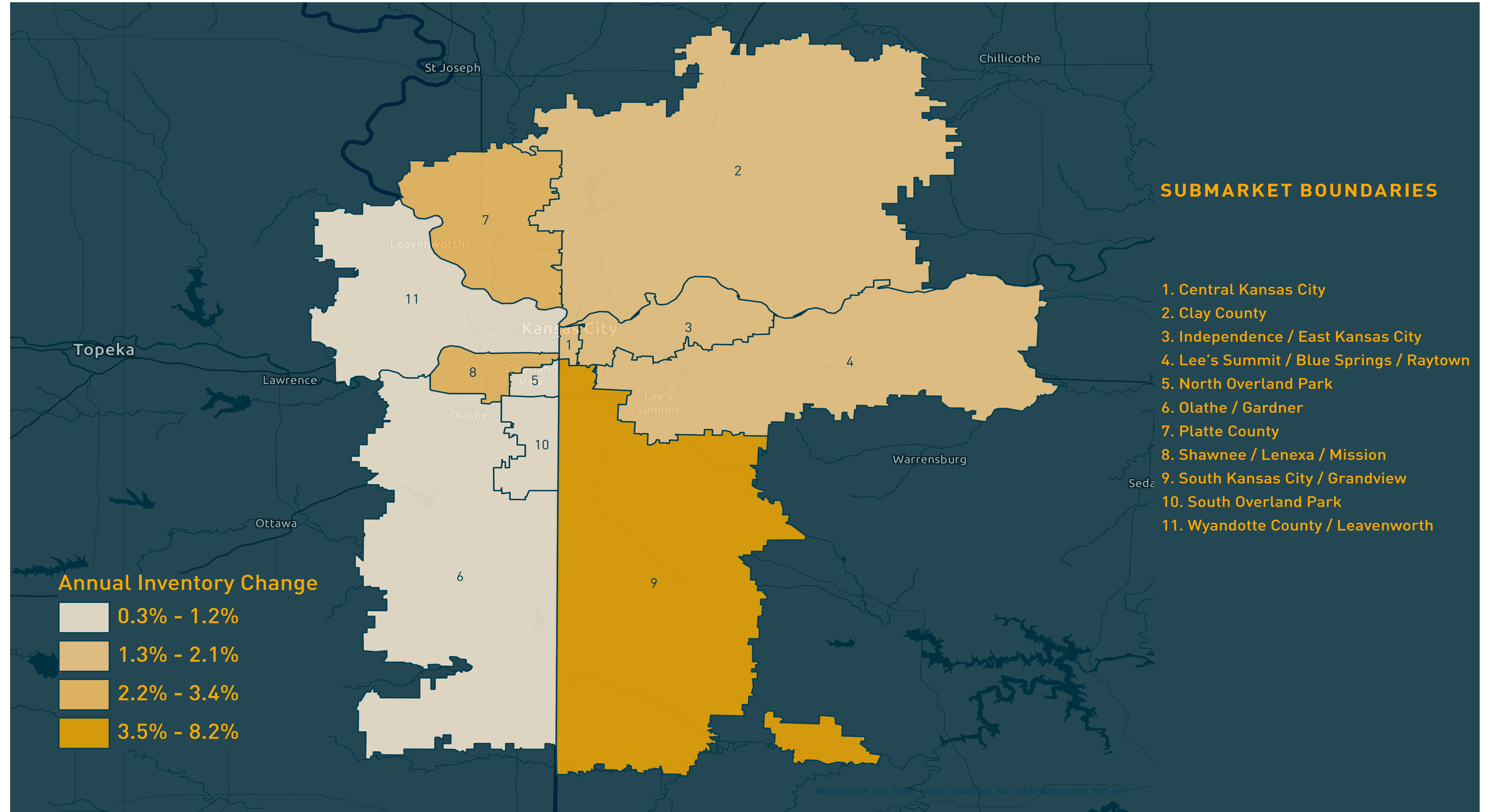




KANSAS CITY, MO

SUBMARKET ANNUAL INVENTORY CHANGE

Apartment development has been skewed toward the South Kansas City/Grandview submarket in the past year, home to Oracle Cerner's developing \$4.4 billion Innovations Campus. Builders are ramping up their efforts in the submarket to attract the 16,000 new employees expected to occupy the campus through 2025. About 1,300 rental units will be completed this year in the South Kansas City/Grandview submarket, a 38.8% year-over-year rise. Developers increased activity at the northern edge of the Olathe/Gardener submarket ahead of the completion of Panasonic's \$4 billion electric vehicle battery plant in De Soto, Kansas. The most recent approval was an 800-unit, \$200 million apartment community. A total of six multifamily projects are currently in construction, with 903 units scheduled for completion by year-end and another 472 next year. The EV facility, which will supply batteries to Telsa, will begin operations in 2025.





KANSAS CITY, MO RENT & OCCUPANCY

Effective Rent

Q2 2023

\$1,276

↑ 6.9% YOY

Occupancy

Q2 2023

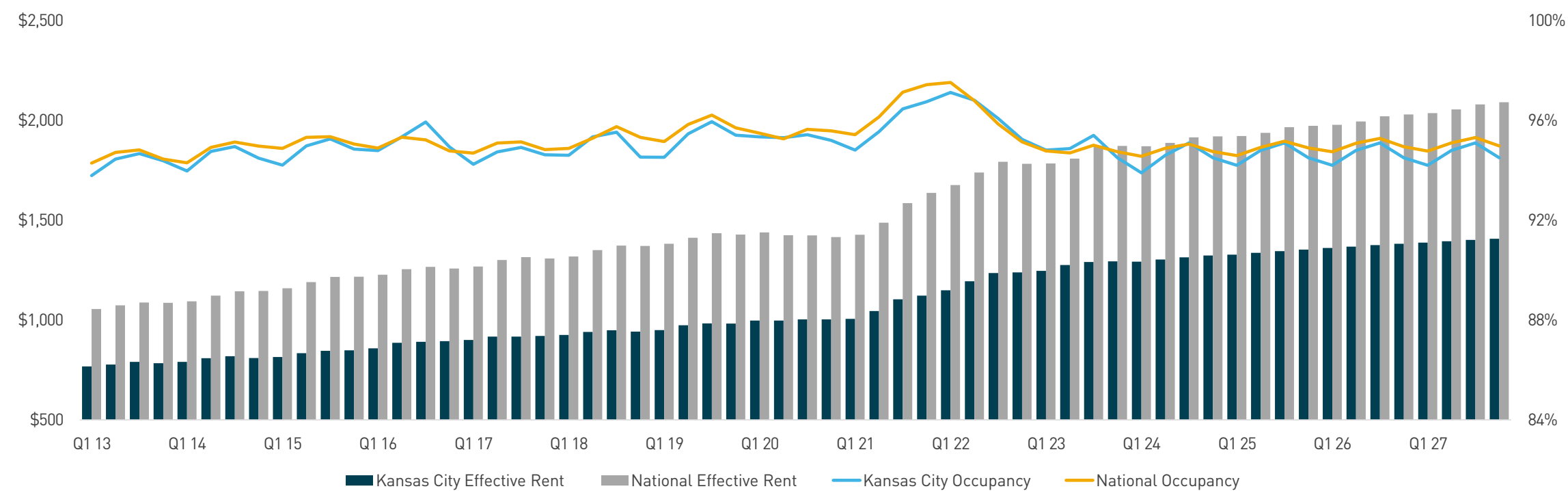
94.9%

↓ 190 BPS YOY

Kansas City is consistently recognized among the most affordable U.S. cities for renters, even as rent ratcheted up 36% in the past five years. The average effective rent increased 6.9% annually since mid-2022, a growth rate that represented a notable slowdown from the 14.3% in the prior year. The most recent rise pushed the average effective rent to \$1,276 per month. Even with the increase, K.C. apartment rents were 42% lower than the national average. Annual rent growth was present in all classes of stock in the metro area: Class A up 5.7%, Class B up 9.4%, and Class C up 7.8%. Overall average effective rent in the metro area ranged from \$1,637 for Class A units to \$954 for Class C.

Oversupply due to post-pandemic delays caused the supply-demand scale to tip in favor of new supply. The average occupancy rate in the Kansas City metro area dropped 190 basis points year over year to 94.9% in the second quarter of 2023. Like many U.S. cities, absorption softened in the Kansas City apartment market, attributed to a slowdown of household formation due to economic uncertainty. The Kansas City suburban submarkets of Olathe/Gardner and Shawnee/Lenexa/Mission continued to excel in terms of multifamily occupancy. The contiguous submarkets are home to several large employers in the metro including Garmin International headquarters, GEICO Corporate Office, Amazon.com Inc., Thermo Fisher Scientific, and the Overland Park Regional Medical Center.

Kansas City vs. National Effective Rent & Occupancy



Source: RealPage

Submarket Performance

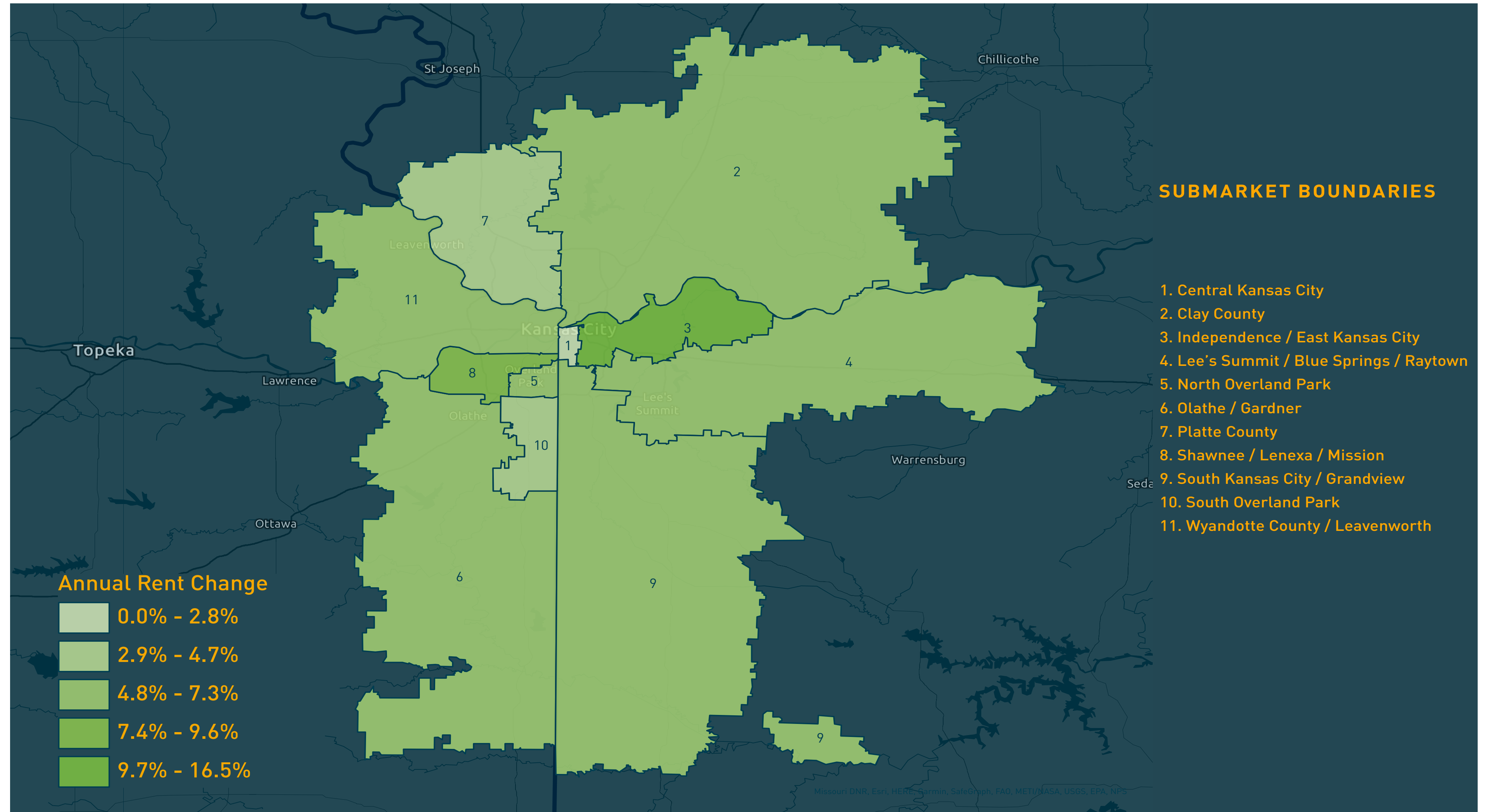
SUBMARKET NAME	Q2 2023 OCCUPANCY	YOY (BPS)	Q2 2023 EFFECTIVE RENT	YOY
Central Kansas City	93.5%	-170	\$1,484	2.8%
Clay County	94.6%	-260	\$1,130	6.8%
Independence/East Kansas City	93.6%	-350	\$1,121	16.4%
Lee's Summit/Blue Springs/Raytown	94.2%	-50	\$1,245	7.3%
North Overland Park	95.6%	-210	\$1,286	7.3%
Olathe/Gardner	96.5%	-140	\$1,258	6.6%
Platte County	94.8%	-180	\$1,215	4.7%
Shawnee/Lenexa/Mission	96.5%	-100	\$1,352	9.6%
South Kansas City/Grandview	93.1%	-400	\$976	7.3%
South Overland Park	95.8%	-170	\$1,479	4.4%
Wyandotte County/Leavenworth	93.5%	-250	\$1,080	6.8%



KANSAS CITY, MO

SUBMARKET ANNUAL RENT CHANGE

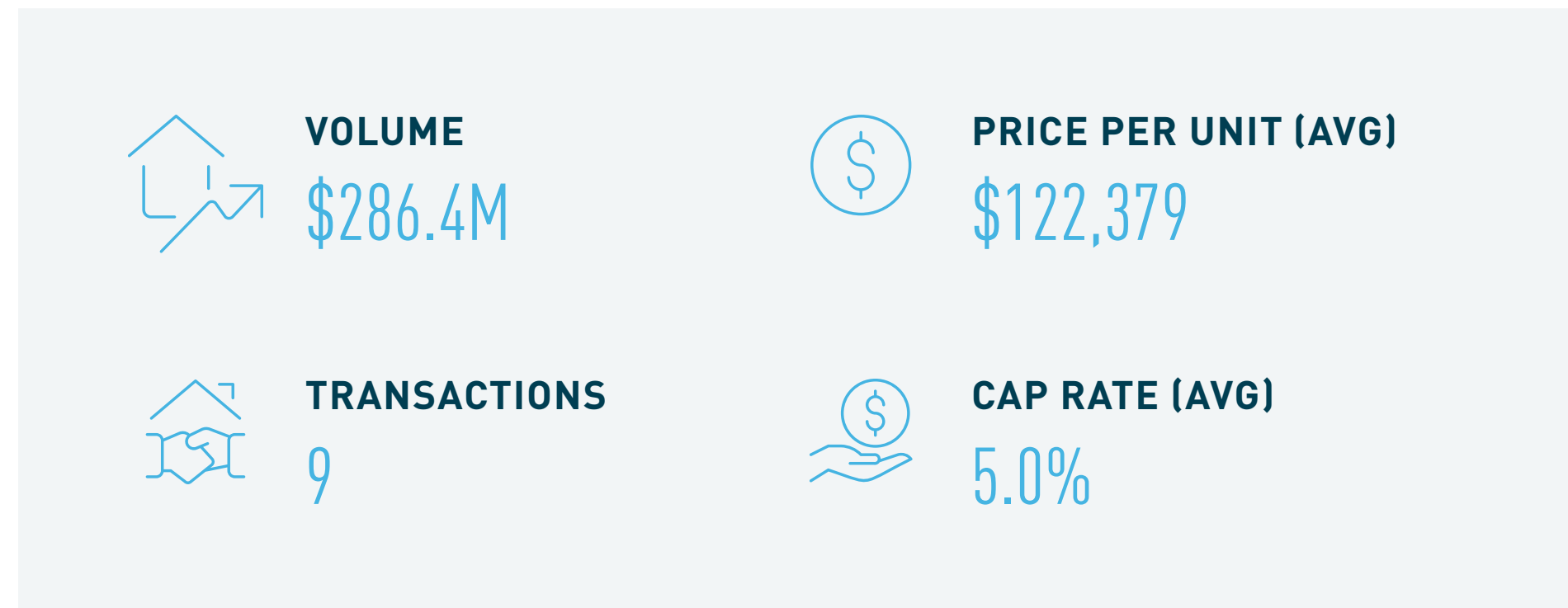
The region's second-largest city, Overland Park, is among the hottest job markets in the metro. The city is home to T-Mobile US Inc., employing about 4,600 people and occupies 1 million square feet of offices. The 590-bed Research Medical Center employs 10,100 healthcare professionals and is nearing completion on its two-story medical plaza near Corbin Park. Also in the area is WellSky expected to create an additional 1,000 workers over the next several years, following completion of its new office space at CityPlace. Overland Park's vitality spurred a 4.4% rise in annual rent growth in the South Overland Park submarket during the second quarter of 2023, following 18.6% in the prior period. The recent rise put the monthly effective rent at \$1,479, 16% above the metro average. Ongoing corporate expansion bodes well for continued rent development in the South Overland Park submarket.



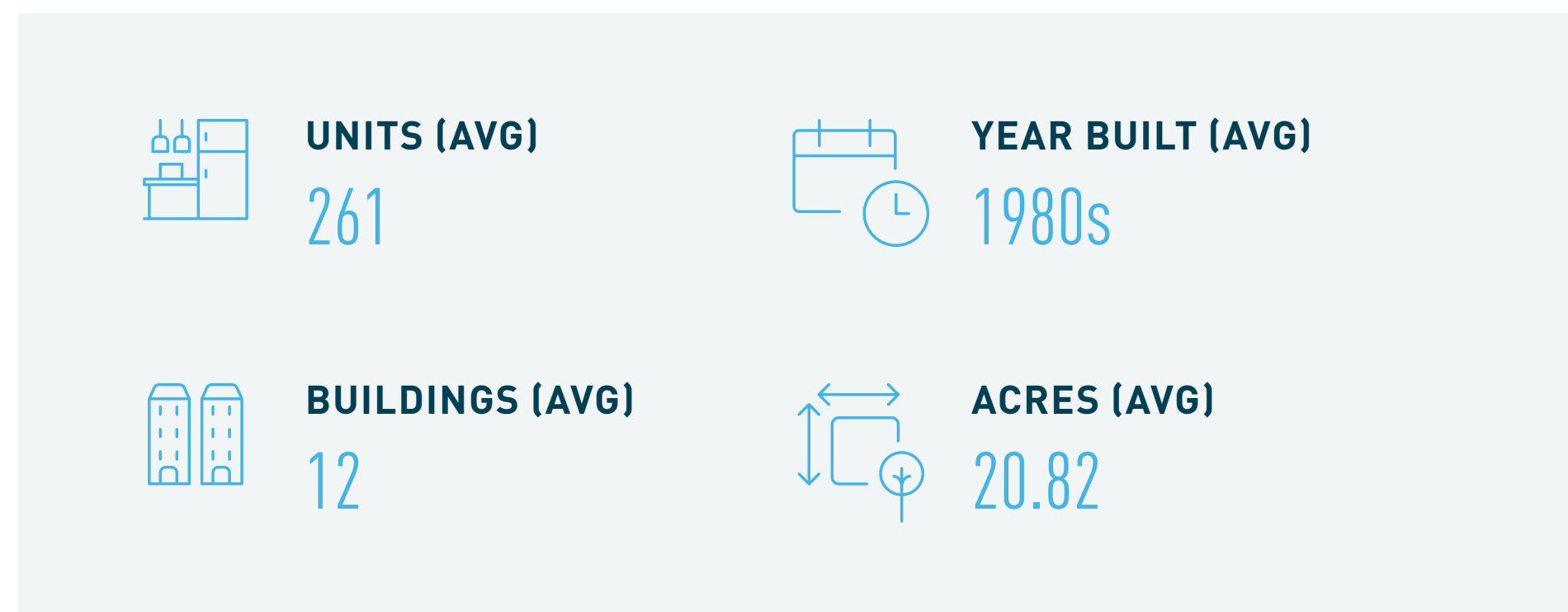


KANSAS CITY, MO SALES

2023 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
Cohen-Esrey	Overland Park, KS
Sentinel Real Estate Corporation	New York, NY
Boston Capital	Boston, MA

Top Sellers**

SELLER	LOCATION
Crow Holdings Securities, LLC	Dallas, TX
VanTrust Real Estate, LLC	Kansas City, MO
Romspen Investment Corporation	Toronto, Ontario, Canada
Mandel Group	Wilwaukee, WI
Hunt Midwest	Kansas City, MO

**Past 24 Months

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

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