

# KANSAS CITY MO-KS

## Multifamily Report

**BERKADIA**<sup>®</sup>

a Berkshire Hathaway and Jefferies Financial Group company



## Jobs Added / Lost

### LAST 12 MONTHS

92,300  
↑ 9.3%

### NEXT 12 MONTHS\*

36,100  
↑ 3.3%

## Unemployment

### MID-YEAR 2021

4.5%  
↓ 620 BPS YOY

### MID-YEAR 2022\*

3.9%  
↓ 60 BPS YOY

\*Projected

# KANSAS CITY, MO-KS EMPLOYMENT

Kansas City's central location and educated workforce have transformed the metropolitan area into a top destination for major corporations: Cerner Corporation, Ford, General Motors, Honeywell, T-Mobile, and a central operation for more than 100 federal agencies.

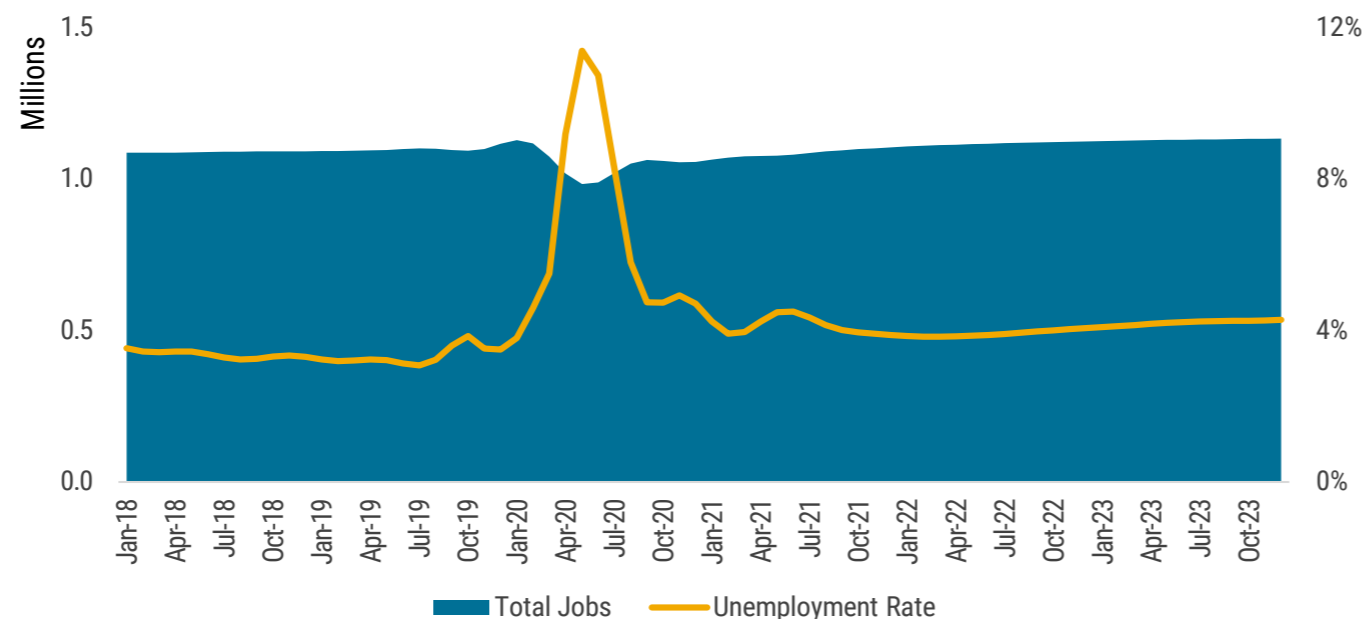
Annual job growth was 2.2% in the metropolitan area heading into 2020. Amid regionwide COVID-19 shutdown orders, the Kansas City regional workforce shed 127,500 jobs in the first half of 2020, a distressing 11.4% drop. In the second half of 2020, the region regained 57,800 workers, or a 5.7% increase.

By mid-2021, employers created or reinstated 92,300 positions, for 9.3% annual growth. At the

same time, the unemployment rate dropped 620 basis points to 4.5% in June 2021.

While the market has bounced back remarkably well, it is forecast the region will return to pre-pandemic employment levels by the same time next year. Underpinning future white-collar jobs are two major office developments: Cerner's \$4.5 billion Innovations Campus in south Kansas City and Brookridge's \$1.8 billion project in Overland Park. A metro-leading 7,800 net personnel are forecast to be added in the professional and business services sector over the next 12 months, for 4.0% annual growth.

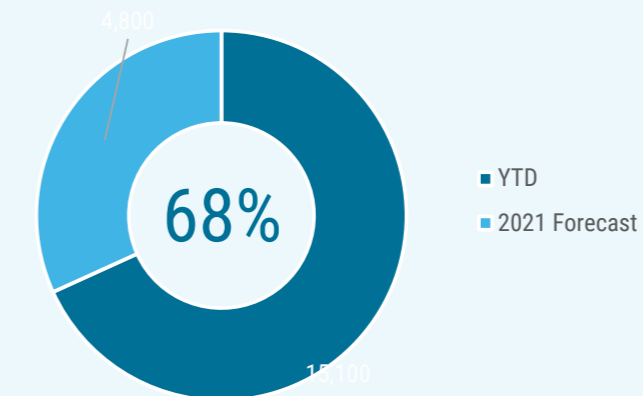
## Employment Trends



SOURCE: MOODY'S ANALYTICS

## Who's Hiring?

### LEISURE & HOSPITALITY INDUSTRY



9%  
OF ALL JOBS IN THE METRO

\$25,200  
AVERAGE ANNUAL SALARY

## Top Leisure & Hospitality Employers

Harrahs  
NORTH KANSAS CITY

2,500 JOBS

Worlds of Fun  
Oceans of Fun

2,200 JOBS

AMERISTAR  
CASINO ★ HOTEL

2,000 JOBS

## In The News

2,000 jobs expected for Urban Outfitters facility in KC

Kansas Department of Labor increasing staff to 1,000

Whataburger announces 4 KC locations, 700 new jobs

Torch, AI set to create nearly 500 new KC jobs

TTEC Holdings to create 450 new jobs in KC



## 2021 Units\*

### DELIVERED

4,328

### ABSORBED

3,255

## 2022 Units\*

### DELIVERED

3,935

### ABSORBED

2,851

\*Projected

## KANSAS CITY, MO-KS

# DELIVERIES & ABSORPTION

Corporate relocations and expansions in Greater Kansas City created high-paying jobs, attracting new residents and driving demand in the housing market. Despite certain pandemic-generated setbacks, apartment builders moved to meet this demand with 4,770 units added in 2020, more than double compared to the prior year.

Moreover, construction activity will remain elevated through next year. Following 2,090 units delivered in the first half of 2021, builders are on track to bring an additional 6,100 market rate units online by year-end 2022. While deliveries will be spread throughout Greater Kansas City, a significant share will be in the Central Kansas City, where billions in development have been

completed in recent years or are underway, including the KC Streetcar system.

Heightened construction across Greater Kansas City was met with robust demand that outpaced new supply for the past two years as well as the first half of 2021. Net move-ins in the metropolitan area totaled 2,307 in the first six months of this year.

During this same time, Central Kansas City and South Overland Park submarkets led net absorption, accounting for 52% of the total leasing activity. Overland Park—the second-largest city in the region—is experiencing a revitalization drawing new residents.

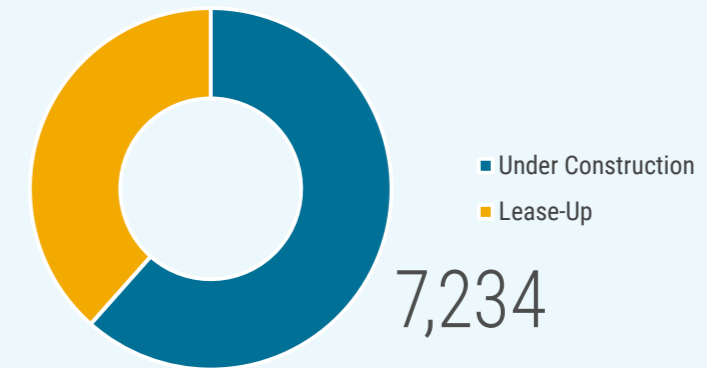
## Deliveries, Absorption, & Effective Rent Change



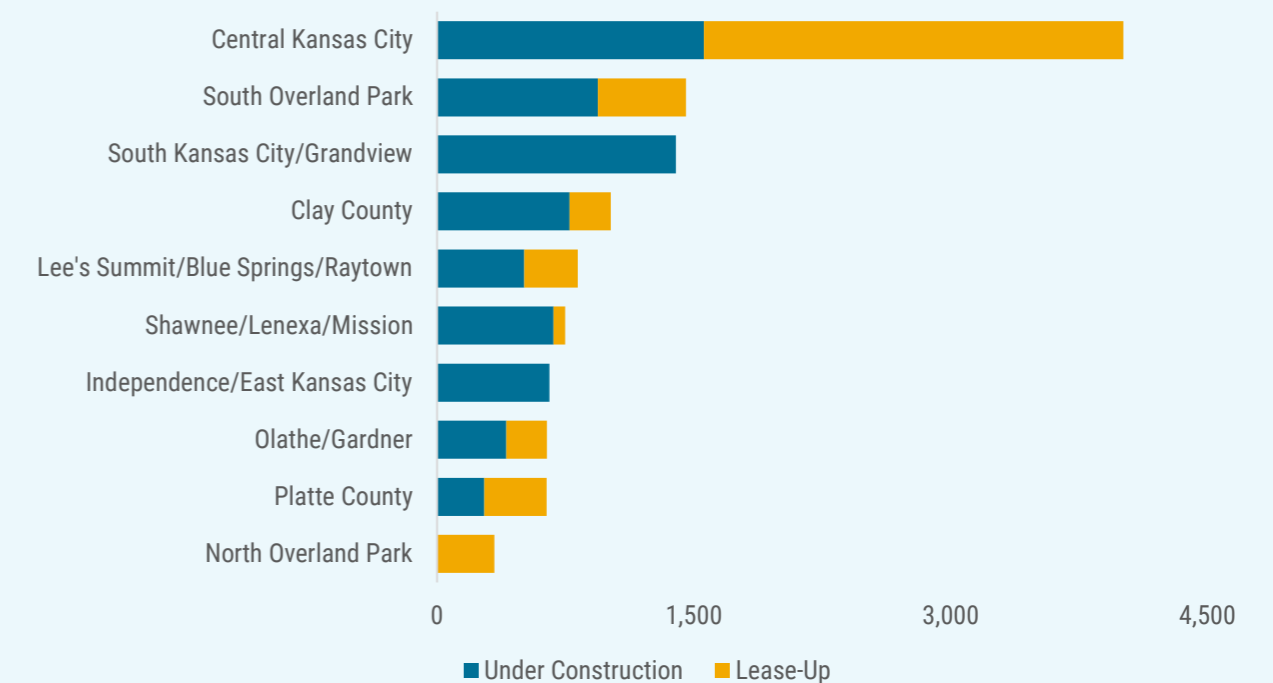
SOURCE: REALPAGE

## Market Pipeline

4,518



## Top 10 Submarket Pipelines



For a complete list of properties in the pipeline, [CLICK HERE](#)



## Effective Rent

2Q 2021

\$1,046

↑ 4.3% YOY

## Occupancy

2Q 2021

95.1%

0 BPS YOY

## KANSAS CITY, MO-KS

# RENT & OCCUPANCY

Kansas City is consistently recognized among the top 25 most affordable U.S. cities for renters. Metrowide effective rent advanced 4.0% on a trailing six-month basis to \$1,046 per month in mid-2021, while the U.S. average increased 4.8% at the same time to \$1,480 per month. Rent growth was present in all classes of stock in Kansas City, though a modest rent increase among the renter-by-necessity segment reflects operators' sensitivity among financially distressed households during the pandemic.

Hundreds of new jobs at institutions including GEICO, the USDA Economic Research Service, and the USDA National Institute for Food and Agriculture boosted the number of younger renters who prefer renting over homeownership.

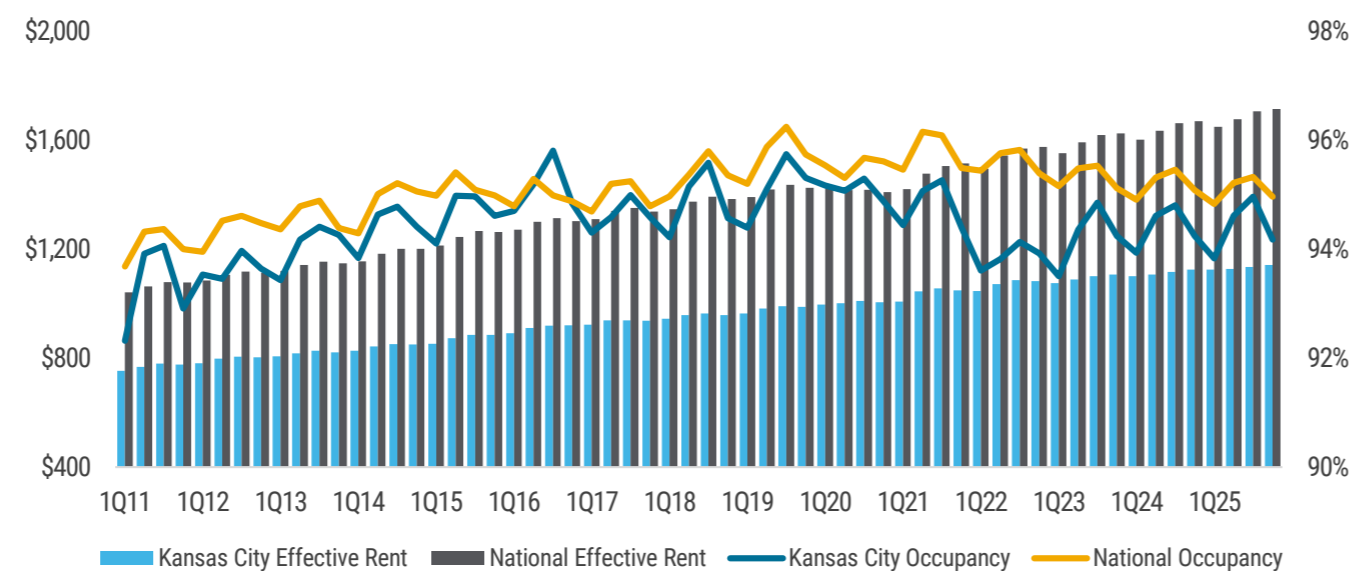
Sturdy rental demand for the second quarter of 2021 pushed up the metrowide average occupancy rate 20 basis points to 95.1% since year-end 2020. The popular South Overland Park neighborhood outmatched the metro average during this same time with a 70-basis-point increase in occupancy and an associated 4.6% rent appreciation.

Metrowide effective rent is forecast to continue to appreciate in 2021, finishing the year at an average of \$1,050 per month. The rise is projected to occur as apartment occupancy dips due in part to positive leasing activity trailing the more than 2,200 units scheduled to come online over the next two quarters.

## Submarket Performance

SUBMARKET NAME	2Q21 OCCUPANCY	YOY (BPS)	2Q21 EFFECTIVE RENT	YOY
Central Kansas City	92.3%	-140	\$1,275	-1.1%
Clay County	95.6%	-20	\$964	5.0%
Independence/East Kansas City	95.1%	-60	\$884	5.6%
Lee's Summit/Blue Springs/Raytown	95.0%	-80	\$1,010	9.6%
North Overland Park	96.0%	-30	\$1,058	4.7%
Olathe/Gardner	96.6%	-10	\$1,045	4.6%
Platte County	95.8%	180	\$1,027	8.9%
Shawnee/Lenexa/Mission	96.2%	90	\$1,097	3.6%
South Kansas City/Grandview	95.0%	60	\$830	5.6%
South Overland Park	95.7%	90	\$1,193	3.9%
Wyandotte County/Leavenworth	95.4%	60	\$893	4.7%

## Kansas City vs. National Effective Rent & Occupancy



SOURCE: REALPAGE



## 2021 Residents\*

2,192,700

↑ 0.5% YOY

## 2022 Residents\*

2,203,000

↑ 0.5% YOY

\*Projected

## KANSAS CITY, MO-KS

# POPULATION & MIGRATION

Kansas City gained 78,300 residents metrowide over the past five years, for a 3.7% uptick: 100 basis points above the national rate during the same time. The market's steady expansion has been primarily bolstered by natural population growth and domestic net migration.

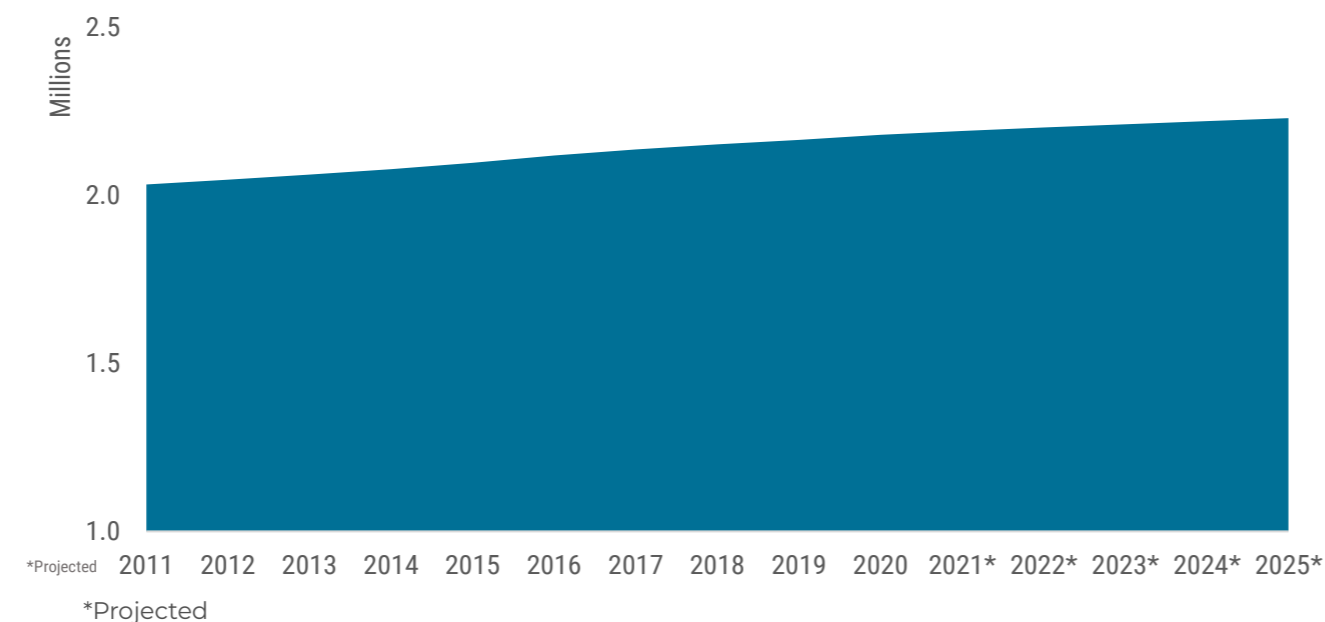
In the last year, net migration totaled approximately 3,500 persons. An indicator of the appeal of Kansas City will be continued positive net migration, forecast to reach 3,800 people in 2021. The additions are part of projected net in-migration of 5,600 persons over the upcoming five years.

Downtown Kansas City is the densest and most broadly accessible jobs cluster, attracting

workers and residents from all areas of the nine-county region. At the end of 2020, the population in Downtown Kansas City was more than 31,400 residents. Over 60% of the population living downtown are millennials, a greater share compared to the city of Kansas City or the metropolitan Kansas City area.

Greater Downtown Kansas City is experiencing an incredible boom with its highest population and growth rate since Kansas City's population peak in 1970. Spurring continued migration to the downtown area is more than \$2 billion in new economic development projects that have begun along the Kansas City streetcar line since its inception.

## Kansas City Population



SOURCE: MOODY'S ANALYTICS

## Urban Migration During the Pandemic

2Q 2020 - 1Q 2021



SOURCE: FEDERAL RESERVE BANK OF CLEVELAND



# KANSAS CITY, MO-KS

# SALES

## 2021 Year to Date\*



VOLUME

\$131.1M



PRICE PER UNIT (AVG)

\$135,079



TRANSACTIONS

9



CAP RATE (AVG)

4.6%

## What's Trading?\*



UNITS (AVG)

217



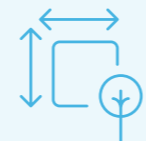
YEAR BUILT (AVG)

1980's



BUILDINGS (AVG)

9



ACRES (AVG)

7.30

\*\$10M+  
SOURCE: REAL CAPITAL ANALYTICS

## Top Buyers\*\*

BUYER	LOCATION
Harbor Group Int'l	Norfolk, VA
Blackstone	New York, NY
Landmark Realty	San Francisco, CA
Benjamin E Sherman & Sons Inc	Deerfield, IL
Abacus Capital Group	New York, NY

## Top Sellers\*\*

SELLER	LOCATION
Aragon Holdings	Los Angeles, CA
Harbor Group Int'l	Norfolk, VA
DWS Group Americas	New York, NY
Watermark Residential	Indianapolis, IN
Davis Development Inc	Stockbridge, GA

\*\*Past 24 Months



## KANSAS CITY, MO-KS

# SALES

**\$10+ Million Transactions**



### EAST 9 PICKWICK PLAZA

Kansas City, MO

UNITS	YEAR BUILT
261	2017
PRICE / UNIT	SALES PRICE
\$149,425	\$39,000,000



### MARCATO

Kansas City, MO

UNITS	YEAR BUILT
186	2020
PRICE / UNIT	SALES PRICE
\$196,774	\$36,600,000



### WEST HILL\*

Kansas City, MO

UNITS	YEAR BUILT
71	1914
PRICE / UNIT	SALES PRICE
\$228,169	\$16,200,000



### FOUNTAINS AT LINDENWOODS

Kansas City, MO

UNITS	YEAR BUILT
216	1968
PRICE / UNIT	SALES PRICE
\$70,139	\$15,200,000



### APARTMENTS AT BRISTOL PARK

Grain Valley, MO

UNITS	YEAR BUILT
117	2009
PRICE / UNIT	SALES PRICE
\$108,964	\$12,700,000



### THE TRAILS AT THE RIDGE

Kansas City, MO

UNITS	YEAR BUILT
200	1986
PRICE / UNIT	SALES PRICE
\$57,000	\$11,400,000



### WATERSTONE

Kansas City, KS

UNITS	YEAR BUILT
372	1964
PRICE / UNIT	SALES PRICE
Nondisclosure	Nondisclosure



### 79 METCALF\*

Overland Park, KS

UNITS	YEAR BUILT
280	1984
PRICE / UNIT	SALES PRICE
Nondisclosure	Nondisclosure



### KENILWORTH

Prairie Village, KS

UNITS	YEAR BUILT
246	1964
PRICE / UNIT	SALES PRICE
Nondisclosure	Nondisclosure

\*BERKADIA TRANSACTION



Sources: RealPage; Moody's Analytics; Real Capital Analytics; Federal Reserve Bank of Cleveland

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