

# KANSAS CITY, MO-KS MULTIFAMILY REPORT

2024 | MID-YEAR

**BERKADIA**<sup>®</sup>





## Jobs Added / Lost\*

LAST 12 MONTHS

17,000

↑ 1.5%

## Unemployment\*

JUNE 2024

3.3%

↑ 50 BPS YOY

\*Seasonally Adjusted

# KANSAS CITY, MO-KS EMPLOYMENT

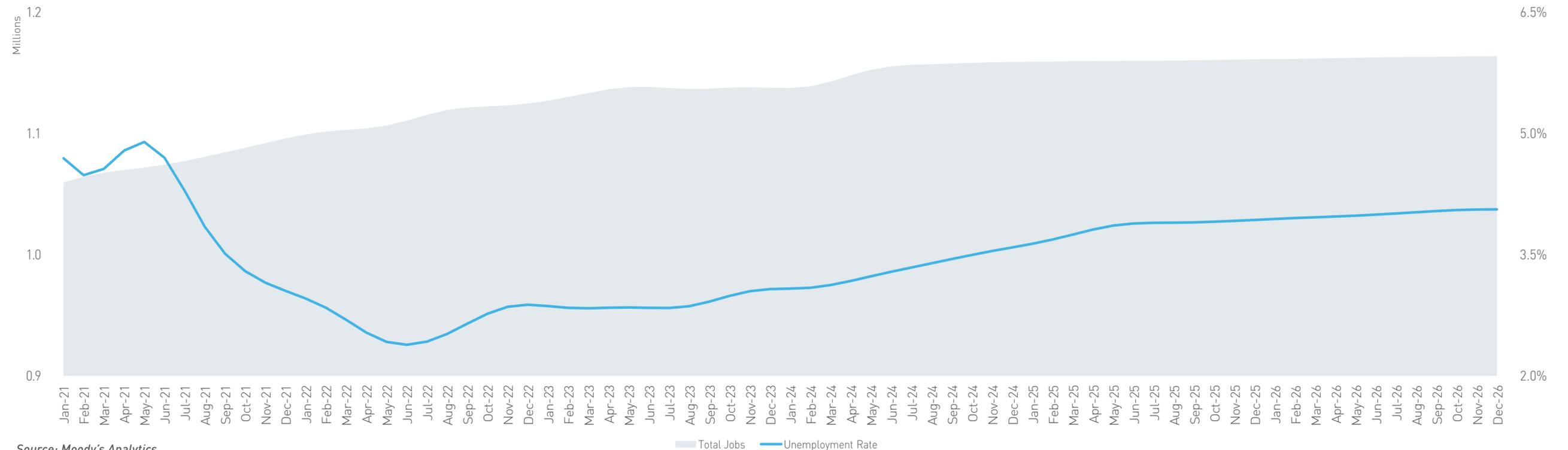
The Kansas City labor market continued expanding over the year through June 2024, with companies and institutions adding a net 17,000 jobs. The recent gains, along with the 27,700 employees added last year, increased employment by 4.0% over the past 24 months. The number of nonfarm workers continues to exceed pre-2020 levels and currently stands at nearly 1.2 million employees. One sector that has posted strong employment growth is manufacturing, adding nearly 5,000 jobs over the past two years. Future job growth prospects are high as Panasonic Energy continues building its \$4 billion, 4.7-million-square-foot electric vehicle battery facility in De Soto, Kansas. Plans call for limited production to commence in the first quarter of 2025

and expand to four production lines and 4,000 employees. More recently, window and door manufacturer Marvin announced that it will build a 400,000-square-foot facility in the Scannell 435 Logistics Center. The company expects 100 employed next year and a total of 600 by 2028. The development of a new downtown ballpark could provide a great boost to the local economy, with the Kansas City Royals recently announcing their final decision on the stadium. The \$2 billion project would take shape in the Crossroads District, and projections indicate it will create 5,400 new permanent jobs and \$1.2 billion in economic output once the ballpark and its surrounding entertainment district is completed.

## In the News

- [Panasonic battery plant begins gradual opening Q1 2025, hiring 4,000 in De Soto](#)
- [Marvin will open 400K SF factory in 2025, expects 600-person workforce](#)
- [Google to build \\$1B data center at the Hunt Midwest Business Center](#)

## Employment Trends



Source: Moody's Analytics



## KANSAS CITY, MO-KS

# DELIVERIES & ABSORPTION

### 2024 YEAR TO DATE

#### DELIVERIES

2,001 UNITS

#### ABSORPTION

1,853 UNITS

### 2024 TOTAL\*

#### DELIVERIES

3,902 UNITS

#### ABSORPTION

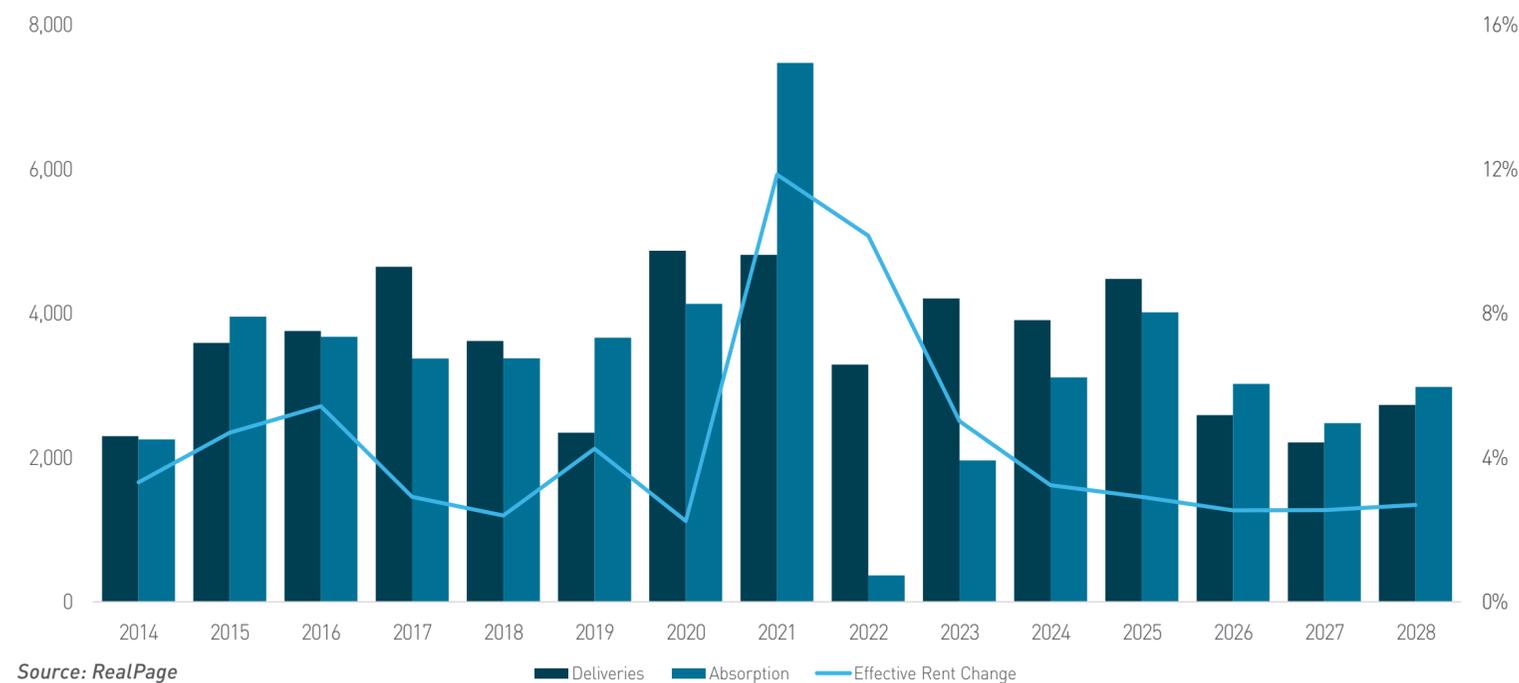
3,111 UNITS

\*Projected

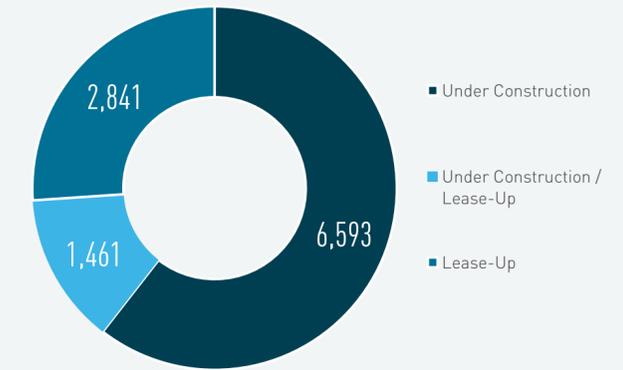
Apartment construction is starting to slow, and deliveries this year are projected to fall below the 4,200 units observed in 2023. During the first six months of the year, construction wrapped on 2,001 units, the lion's share of the 3,902 units projected to deliver by year-end. Developers had 35 projects underway, representing 8,000 units under construction and under construction/lease-up phase. New supply will emerge in all 11 submarkets during 2024, though builders will be most active in the Central Kansas City and Olathe/Gardner submarkets. Combined, these two submarkets contain 13 of the 35 metrowide projects under construction. Underpinning developers' confidence in these areas have been positive

demographic trends in cities like Olathe which was ranked No. 6 top city to live in the Midwest, according to Liveability.com. Since 2000, its population has nearly doubled and today is the fourth-largest city in Kansas. The metropolitan area absorbed 1,853 units in the first half of 2024, up 27% compared to the same time last year. Steady job growth and net migration of 12,000 people last year contributed to sustained apartment demand. Even so, local net absorption year to date has trailed new inventory. Renters were drawn to the Clay County submarket, where apartment communities are clustered adjacent to the commercial and business center of the city and rents are about 30% more affordable than Central K.C.

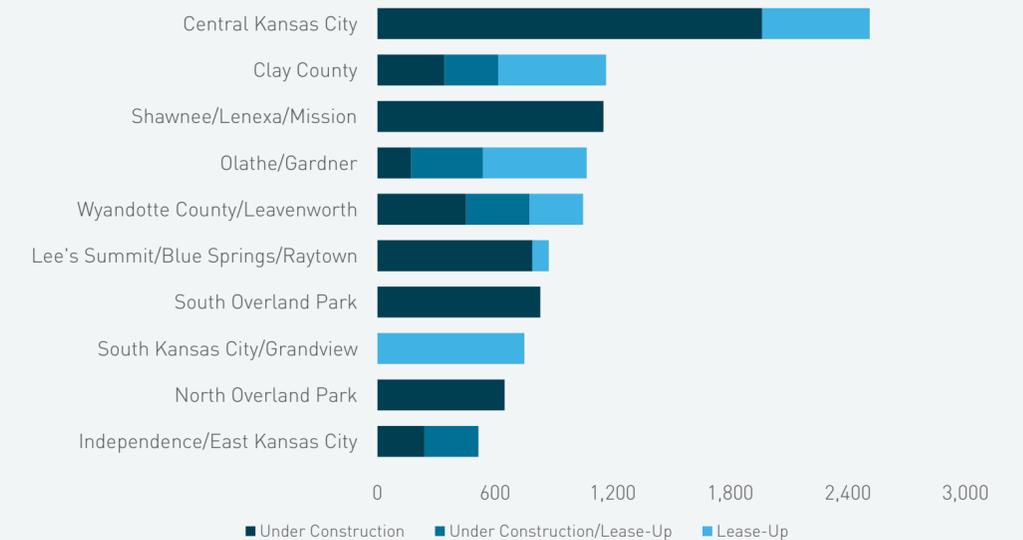
## Deliveries, Absorption, & Effective Rent Change



## Market Pipeline



## Top Submarket Pipelines

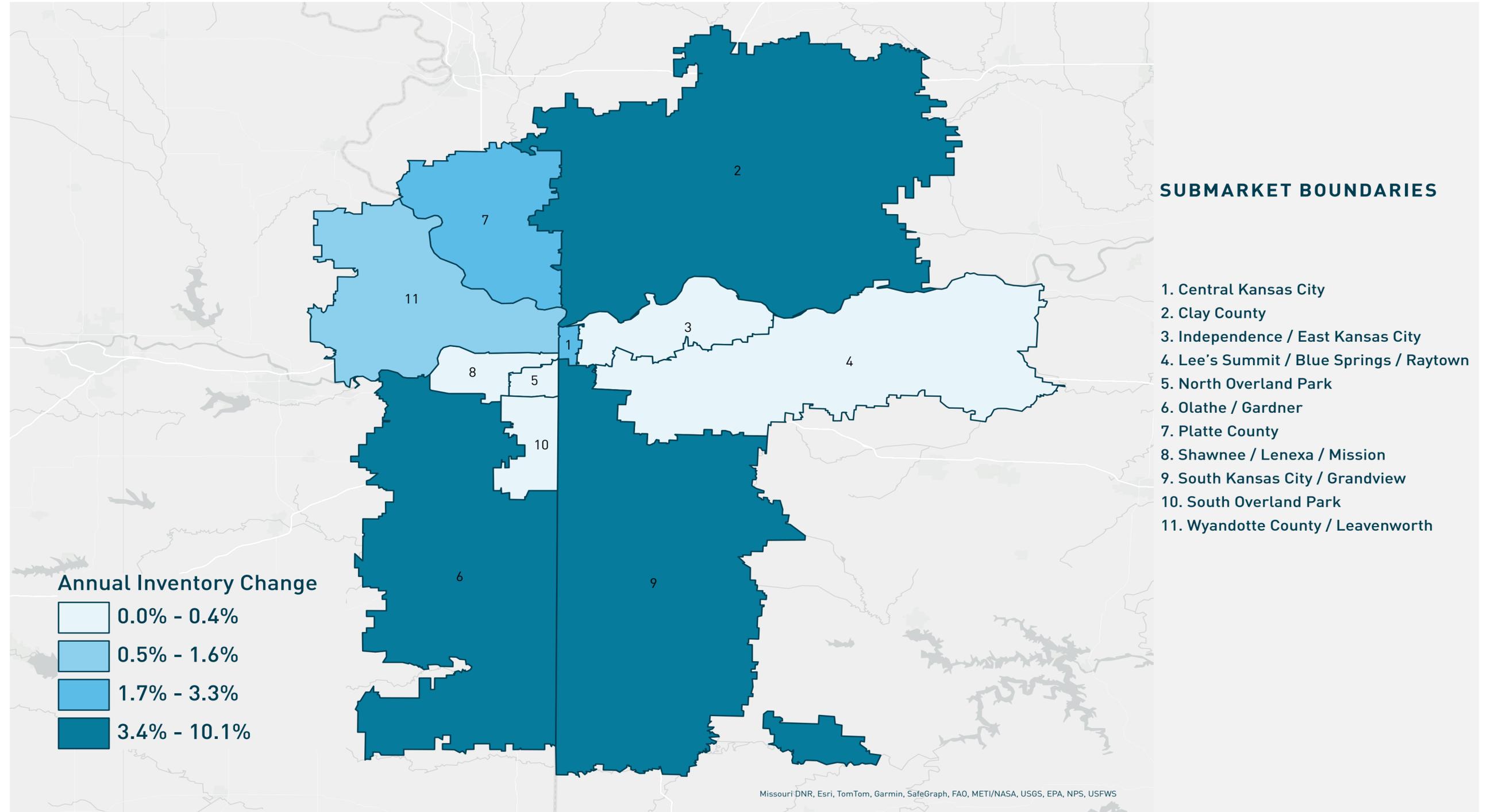




## KANSAS CITY, MO-KS

# SUBMARKET MID-YEAR 2024 ANNUAL INVENTORY CHANGE

Most of the new development occurred in three submarkets: Olathe/Gardner, Central Kansas City, and Clay County. These three areas accounted for 70% of annual deliveries metrowide. The Olathe/Gardner submarket was the only one to pass the 1,000-unit threshold, leading with 1,025 apartments delivered in the past year. Olathe and Gardner are in Johnson County, among the fastest-growing population gains in the state. Much of the submarket development has been on the northeast corner of the area near adjacent Jackson County. This part of the Olathe/Gardner submarket has a large government employment base and has recently seen an increase in industrial development. Johnson County's largest under-construction development was the 413-unit apartment project called The Oslo slated for completion in late 2025. Additional inventory will be welcomed in the area, where submarket demand led the metro and nearly matched new supply in the past year.





# KANSAS CITY, MO-KS RENT & OCCUPANCY

## Effective Rent

Q2 2024

\$1,332

↑ 4.3% YOY

## Occupancy

Q2 2024

94.3%

↓ 50 BPS YOY

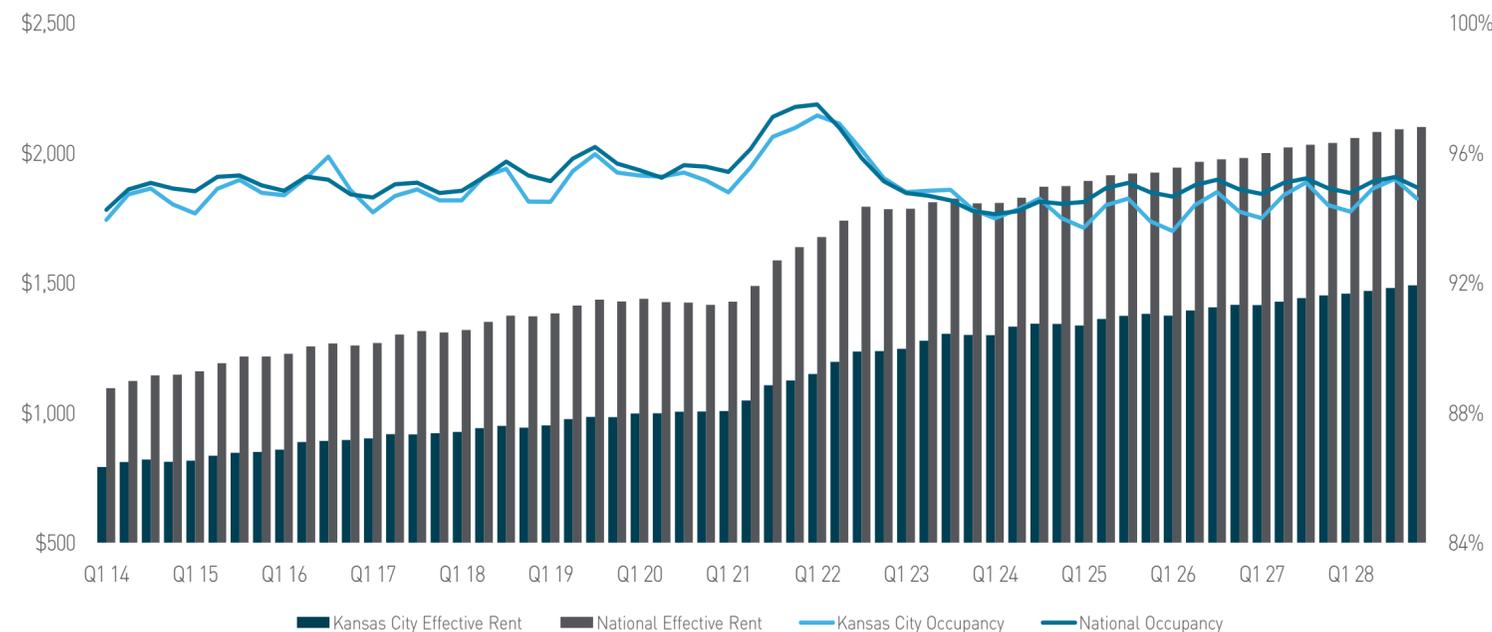
Kansas City is consistently recognized among the most affordable U.S. cities for renters, even as rent ratcheted up 36% in the past five years. The average effective rent increased 4.3% annually since mid-2023, advancing on the 6.8% in the prior year. The most recent rise pushed the average effective rent to \$1,332 per month. Even with the increase, K.C. apartment rents were about 40% lower than the national average. Annual rent growth was present in all classes of stock in the metro area. Overall average effective rent in the metro area ranged from \$1,698 monthly, up 3.6% for Class A units, to \$999 monthly, up 4.5% for Class C. Post-pandemic construction delays caused scales to tip in favor of new supply. The

average occupancy rate in the Kansas City metro area dropped 50 basis points year over year settling at 94.3% in the second quarter of 2024. Like many U.S. cities, annual net absorption was outmatched with elevated construction. The Kansas City suburban submarkets of Olathe/Gardner at 96.2% and Shawnee/Lenexa/Mission at 95.9% 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. The Olathe/Gardner submarket will benefit from Panasonic's new electric vehicle factory and 4,000 new jobs.

## Submarket Performance

SUBMARKET NAME	Q2 2024 OCCUPANCY	YOY (BPS)	Q2 2024 EFFECTIVE RENT	YOY
Central Kansas City	93.2%	-10	\$1,514	1.5%
Clay County	94.4%	-50	\$1,177	4.5%
Independence/East Kansas City	92.8%	-80	\$1,139	1.7%
Lee's Summit/Blue Springs/Raytown	94.1%	20	\$1,293	3.3%
North Overland Park	94.8%	-80	\$1,347	4.7%
Olathe/Gardner	96.2%	-30	\$1,345	6.7%
Platte County	94.2%	-60	\$1,263	4.0%
Shawnee/Lenexa/Mission	95.9%	-60	\$1,426	4.9%
South Kansas City/Grandview	92.0%	-100	\$1,071	9.8%
South Overland Park	94.6%	-120	\$1,553	5.0%
Wyandotte County/Leavenworth	93.2%	-30	\$1,109	2.6%

## Kansas City vs. National Effective Rent & Occupancy



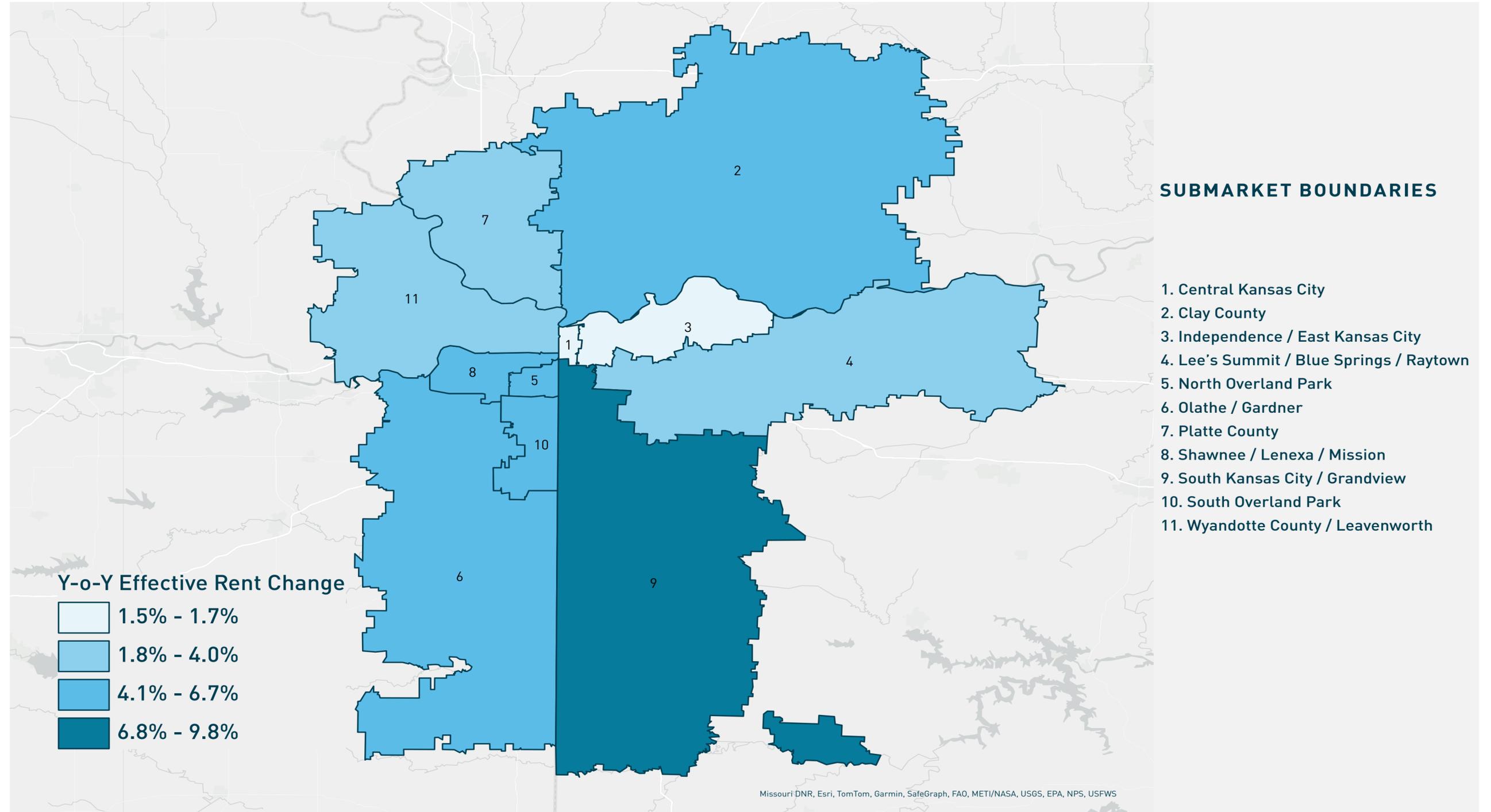
Source: RealPage Note: Effective rent and occupancy reflect stabilized properties and does not include preleased units or properties in lease-up. A newly constructed property is considered stabilized once it becomes 85% occupied.



Annual rent growth was present in all Kansas City apartment submarkets. Leading the pack was the South Kansas City/Grandview submarket increasing 9.8%. The submarket is the most affordable in the metro at \$1,071 per month, giving landlords headroom to ramp up rent appreciation amid consistent demand that was the fourth-most-popular submarket in the past year. The National Nuclear Security Administration's plans to double the size of the Kansas City National Security campus to house 1,000 more employees should underpin future submarket demand and potential for rent growth. Some of the metro's most expensive submarkets saw consistent yearly gains, including South Overland Park at \$1,553 monthly, up 5.0%, and Shawnee/Lenexa/Mission at \$1,426 monthly, up 4.9%. The popular Olathe/Gardner submarket recorded a 6.7% growth rate, reaching \$1,345 per month.

## KANSAS CITY, MO-KS

# SUBMARKET MID-YEAR 2024 ANNUAL RENT CHANGE



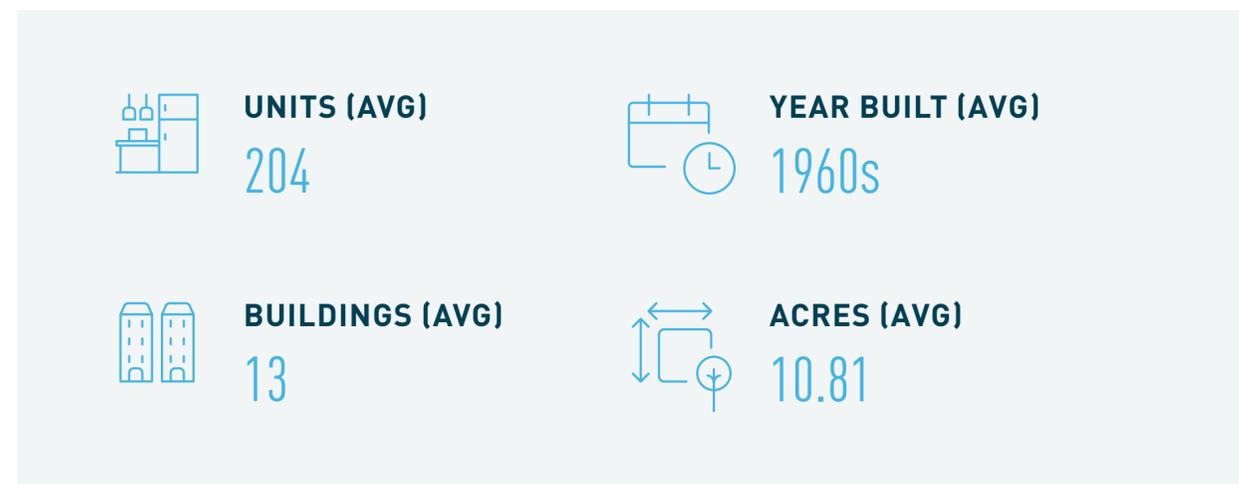


# KANSAS CITY, MO-KS SALES

2024 Year to Date\*



What's Trading?\*



Source: MSCI Real Capital Analytics  
\*\$2.5m+

Top Buyers\*

BUYER	LOCATION
Brown Brothers Harriman	New York
Read Property Group	Brooklyn, NY
BDMG Inc.	Baltimore

Top Sellers\*

SELLER	LOCATION
Fogelman Management Group	Memphis
DRA Advisors	New York
MD Management	Mission, KS
Haley Residential	Omaha, NE
Master Realty Props	Kansas City

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

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