



APRIL 2026 MARKET UPDATE

Kansas City Industrial: The Convergence Market

Presented by **Midwest CRE Advisors** — A comprehensive look at how traditional industrial, IOS, and data center demand are reshaping the Kansas City commercial real estate landscape.

Kansas City by the Numbers

Kansas City has quietly become one of the most compelling industrial markets in the United States — and the data confirms it.

346M

SF of Inventory

Making KC the 15th-largest industrial market in the U.S.

8.4M

SF Net Absorption

Total net absorption recorded in 2025 — a market-defining year.

5.0%

Vacancy Rate

4th-lowest vacancy among the top 30 U.S. industrial markets in 4Q25.

\$6.9B

Capital Investment

Industrial capital invested in the Kansas City region over the past five years.

Newmark projects vacancy could tighten further toward **4.5%** over the next four quarters — in a market where just **1.56 million square feet** of speculative industrial was underway as of 4Q25.

MARKET CONTEXT

From Secondary Market to Top-Tier Logistics Hub

Kansas City has never appeared in the national top 10 demand rankings — until now. In 2025, KC ranked **7th nationally in net absorption** among more than 50 U.S. industrial markets, a breakout performance that signals a fundamental shift in how institutional capital views this region.

What Changed

KC's rise is not a cyclical spike. It reflects structural advantages: central geography, intermodal depth, nearshoring tailwinds, and disciplined supply management — a market that has never been significantly overbuilt relative to its peers.

Why It Matters

A market moving from "promising secondary" to "institutionally credible" in a single cycle is rare. When absorption rank, preleasing activity, and vacancy metrics all move simultaneously, that gets the attention of national capital allocators — and it should.

Three Stories Running at Once

Kansas City industrial is no longer a single-thesis market. Three distinct demand drivers are operating simultaneously — and reinforcing each other.



Traditional Industrial

Warehouse, distribution, and manufacturing remain the backbone of KC's industrial base. Nearshoring momentum and KC's role as a **Mexico-to-Midwest freight gateway** continue to drive sustained occupier demand across all size ranges.



Industrial Outdoor Storage (IOS)

IOS demand has accelerated sharply, driven by chassis management, container storage, contractor yards, and intermodal overflow around BNSF's Logistics Park KC in Edgerton/Gardner. Institutional capital has been active in this segment since 2019.

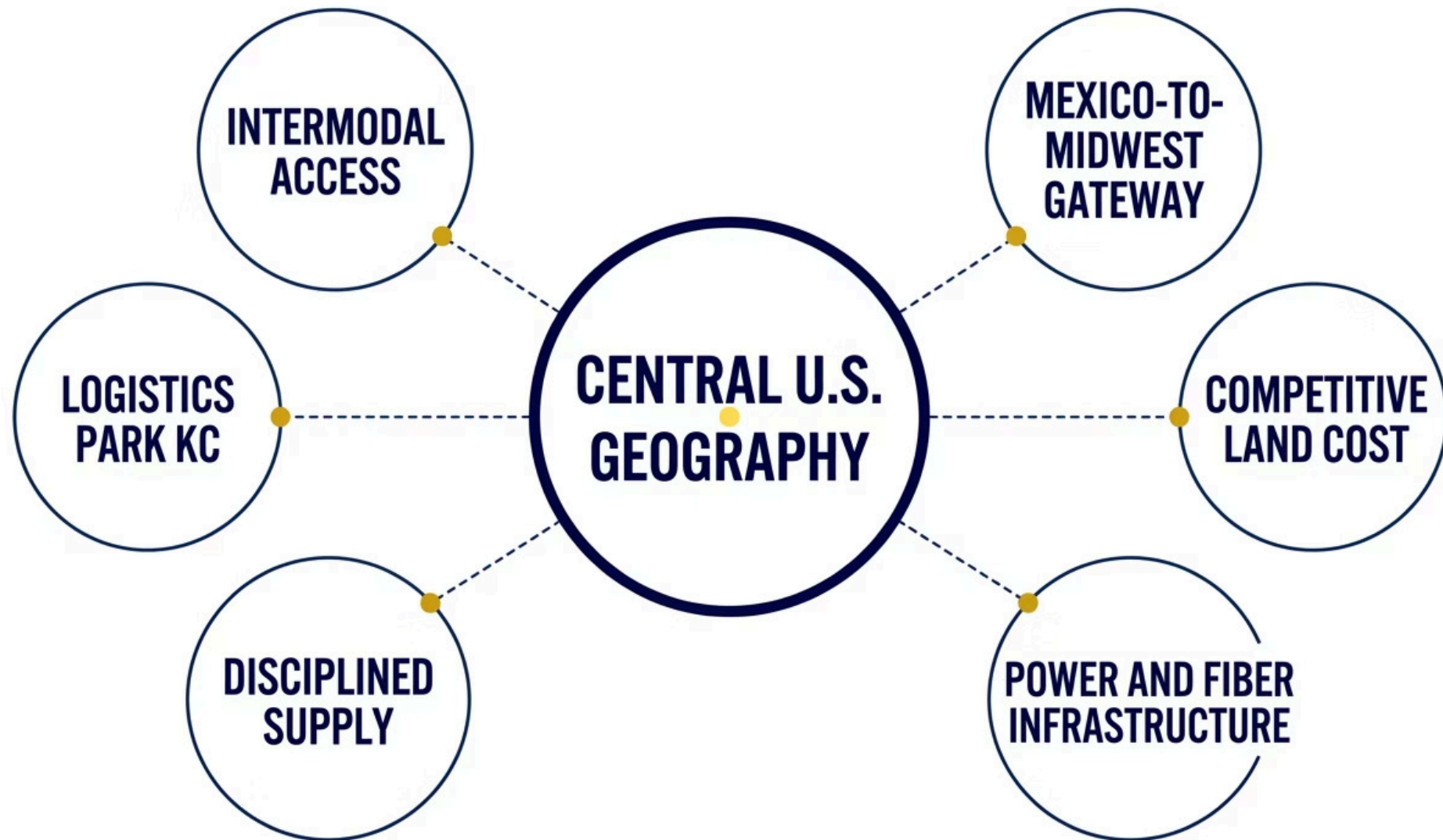


Hyperscale Data Centers

Data centers are no longer just another land user — they are reshaping land economics, utility planning, and industrial supply chain demand. Meta's \$1B+ Kansas City campus and Google's Project Mica have placed KC on the national data center map.

Kansas City's Structural Advantages

KC's competitive position rests on a rare convergence of logistics infrastructure, land availability, and emerging power capacity — advantages that are difficult to replicate in other markets.



KC SmartPort has confirmed that the region's nearshoring exposure, land-based intercontinental freight flows, and controlled speculative pipeline are the structural factors behind its breakout absorption performance.

IOS: The Operational Asset Class Institutions Now Take Seriously

Industrial Outdoor Storage is not glamorous — but it is **extremely functional and increasingly irreplaceable**. Good IOS sites are operationally critical assets that are easy to use and hard to entitle, which is exactly why institutional capital has moved into the space.

Who Needs It

- Contractors and fleet operators needing fenced, stabilized outdoor storage
- Intermodal users requiring chassis management and container overflow
- Logistics operators needing arterial road access and turning radius
- Equipment users who cannot justify bulk industrial rents

Where It Works in KC

- **BNSF/Edgerton–Gardner corridor** — container storage and intermodal overflow
- **Northland/KCI industrial corridor** — contractor and trailer demand
- **Select southern submarkets** — unmet outdoor storage demand

Hunt Midwest's 58-acre sale to Alterra IOS at Hunt Midwest Business Center signals national conviction in this market.

Data Centers: The Ripple Effect on Industrial

The data center story in Kansas City is not just about what happens inside the building. The more important story is what happens to land values, utility infrastructure, construction trades, and the surrounding industrial ecosystem.

Meta Kansas City

Over **\$1 billion** in investment. Peak construction averaged **1,500 skilled trade workers**. Expected to support **100+ permanent jobs** at full operation. Now operational.

Google's Project Mica

Adds significant scale to KC's data center footprint. Includes upfront workforce funding for the **Smithville School District** and **Northland Career Center** — shaping infrastructure and workforce planning.

Supplier Ecosystem Absorption

Newmark Zimmer confirmed that manufacturers of **generators, transformers, and data center components** were a major source of incremental industrial absorption in 2025 — the indirect demand story.

Land Repricing

Sites that previously would have traded to industrial developers are now trading at prices industrial cannot justify. **Not all industrial land is industrial land anymore** — some of it is power-constrained digital infrastructure land.

The Land Decision Has Become More Complex

A few years ago, industrial-zoned land in a strong corridor had a predictable default use. Today, developers must ask a fundamentally different question before underwriting any site.



Newmark Zimmer noted directly that sites with viable power and water characteristics are being repriced by data center demand — creating a new underwriting discipline for industrial developers who must now assess power capacity *before* assuming a traditional warehouse exit.

⚠ With just 1.56M SF of spec industrial underway as of 4Q25, development timing decisions require tighter land basis, replacement cost, and exit assumptions than in prior cycles.

Signals We're Watching in 2026

At Midwest CRE Advisors, we track four core signals when evaluating Kansas City industrial opportunities across all three demand segments.

Power, Water & Fiber

The first filter for any site today is utility capacity. Evergy's large-load tariff (75 MW+ peak demand) and formal rate structures for data center customers signal that Kansas City's regulatory framework is maturing — creating both certainty and new pricing dynamics for industrial land.

Institutional Capital Conviction

Where national IOS players, data center hyperscalers, and industrial REITs are placing capital tells you more than vacancy data alone. The Hunt Midwest/Alterra IOS transaction and Meta's operational campus are both strong signals of long-term market commitment.

Active Requirements vs. Pipeline

With over **18 million SF of active industrial requirements** in the market versus a very limited new product pipeline, the supply/demand imbalance continues to favor landlords and support rent growth into 2026.

Vacancy Trajectory

At 5.0% and projected toward 4.5%, Kansas City's vacancy remains among the tightest in its peer group. We watch for submarkets where vacancy is diverging — particularly those with power-capable sites being removed from the traditional industrial supply pool.

Kansas City's Next Chapter: A Selection Market


Over the next 12 months, Kansas City becomes even more of a **selection market** — where the best opportunities require sharper underwriting, deeper local knowledge, and an understanding of how three demand segments interact.

Our 30-Second Thesis

Kansas City is no longer just a central warehouse market. It is becoming a more complete industrial ecosystem. Traditional industrial benefits from nearshoring and logistics. IOS benefits from intermodal and contractor demand. Data centers are reshaping land values, power planning, and supplier demand. **The real story in Kansas City right now is convergence.**

Where We See Opportunity

- **Industrial land** with strong truck access before power-driven pricing moves further
- **IOS sites** near intermodal, airport, and freight corridors where demand is unmet
- **Data-center-adjacent industrial** serving the supplier and construction ecosystem
- **Off-market yards** that institutional capital misses but local operators can source

 Contact **Midwest CRE Advisors** to discuss how these market dynamics apply to your specific portfolio, acquisition, or disposition strategy in the Kansas City industrial market.

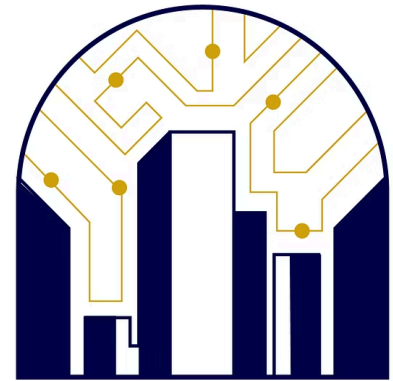
Contact Us

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