

# Kansas City, MO Industrial Quarter 1, 2026 (Q1 2026)

THE KEY NUMBER

# 1.7M SF

## ABSORPTION SURGE COMPRESSES VACANCY, REIGNITES DEVELOPMENT PIPELINE

Kansas City industrial posted 1.7 million SF of net absorption in Q1 2026, nearly five times the 360,000 SF recorded in Q4 2025, driving vacancy down 30 basis points quarter-over-quarter to 4.6% per CBRE. The demand wave—anchored by large occupiers including Central Power Systems (527K SF), JE Dunn (401K SF), and FedEx (369K SF)—prompted seven new groundbreakings totaling 2.1 million SF and pushed the under-construction pipeline to 5.1–6.3 million SF, with 67% speculative. Despite robust leasing velocity of 3.2 million SF in the quarter, asking rents slipped 1.5% year-over-year to \$5.49/SF NNN, signaling that the expanding pipeline is tempering landlord pricing power even as occupier demand accelerates.

### 01 — EXECUTIVE SUMMARY

## Absorption Surge Compresses Vacancy Amid Data Divergence

VACANCY RATE (CBRE)

**4.6%**

↓ 30 bps vs Q4 2025

NET ABSORPTION (CBRE)

**1,700,000 SF**

Broad-based demand rebound, Q1 2026

AVG ASKING RENT (CBRE)

**\$5.49/SF**

**NNN**

-1.5% YoY vs \$5.57/SF in Q1 2025

NEW DELIVERIES

**499,000 SF**

100% occupied at quarter-end

UNDER CONSTRUCTION

**5,100,000–  
6,253,224 SF**

↑ sharply from 3,451,110 SF in Q4 2025

NEW GROUNDBREAKINGS

**7 projects /  
2,100,000 SF**

Q1 2026 pipeline acceleration

MANUFACTURING  
COMPOSITE INDEX

**11**

↑ from 5 in February 2026

KC MSA  
UNEMPLOYMENT

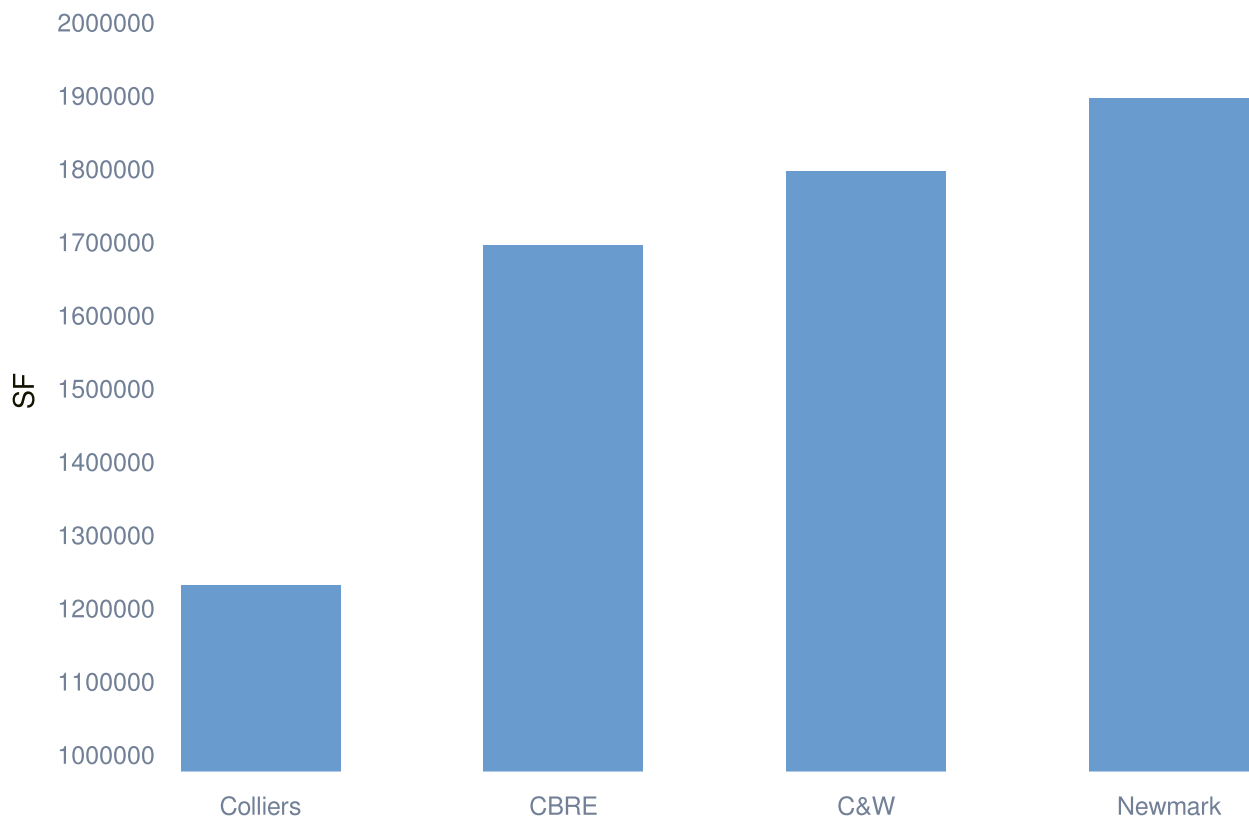
**4.2%**

↑ from 3.5% in February  
2026

Delivered Space Fully Absorbed on Arrival. Both buildings delivered in Q1 2026 — totaling 499,000 SF per CBRE — were 100% occupied at quarter-end, signaling that demand is outpacing new supply despite an accelerating construction pipeline.

Kansas City's industrial market posted a broad-based demand rebound in Q1 2026, with net absorption estimates ranging from 1,235,338 SF (Colliers) to 1,900,000 SF (Newmark) — a spread that reflects methodological differences across sources but uniformly confirms positive occupancy momentum. CBRE's figure of 1,700,000 SF, paired with its reported vacancy compression to 4.6%, points to a market absorbing new supply as fast as it arrives. Seven groundbreakings totaling 2,100,000 SF in the quarter alone suggest developer confidence remains elevated, pushing the active pipeline to between 5.1M and 6.3M SF depending on the source. The Kansas City Fed's manufacturing composite index surged to 11 in March from 5 in February, with new orders jumping to 15 from 7 — underlying demand signals that support continued occupier activity in the near term.

Net Absorption — Q1 2026 Source Comparison (SF)



## Key Market Metrics at a Glance — Q1 2026

### ▼ VACANCY RATE: MULTI-SOURCE DIVERGENCE WARRANTS ATTENTION

SOURCE	Q1 2026 VACANCY	PRIOR PERIOD	CHANGE
CBRE	4.6%	4.9% (Q4 2025)	-30 bps
Colliers	4.9%	—	-30 bps QoQ
Lee & Associates	5.0%	4.6% (Q1 2025)	+40 bps YoY
Integra Realty Resources	7.5%	4.9% (Q4 2025)	+260 bps

Significant Spread Across Vacancy Readings. Reported vacancy ranges from 4.6% (CBRE) to 7.5% (Integra Realty Resources) in Q1 2026 — a 290 basis point spread that reflects differences in inventory definition, submarket scope, and measurement methodology across sources.

Three of the four major brokerages report vacancy in a tight 4.6%–5.0% band, suggesting the market remains fundamentally tight. The Integra figure of 7.5% — a 260 bps jump from its own Q4 2025 reading of 4.9% — likely captures a broader inventory universe or includes space categories excluded by other providers. Regardless of the precise figure, all sources confirm vacancy remains well below levels that would indicate structural oversupply. The divergence underscores the importance of source-consistent trend analysis when tracking this market over time.

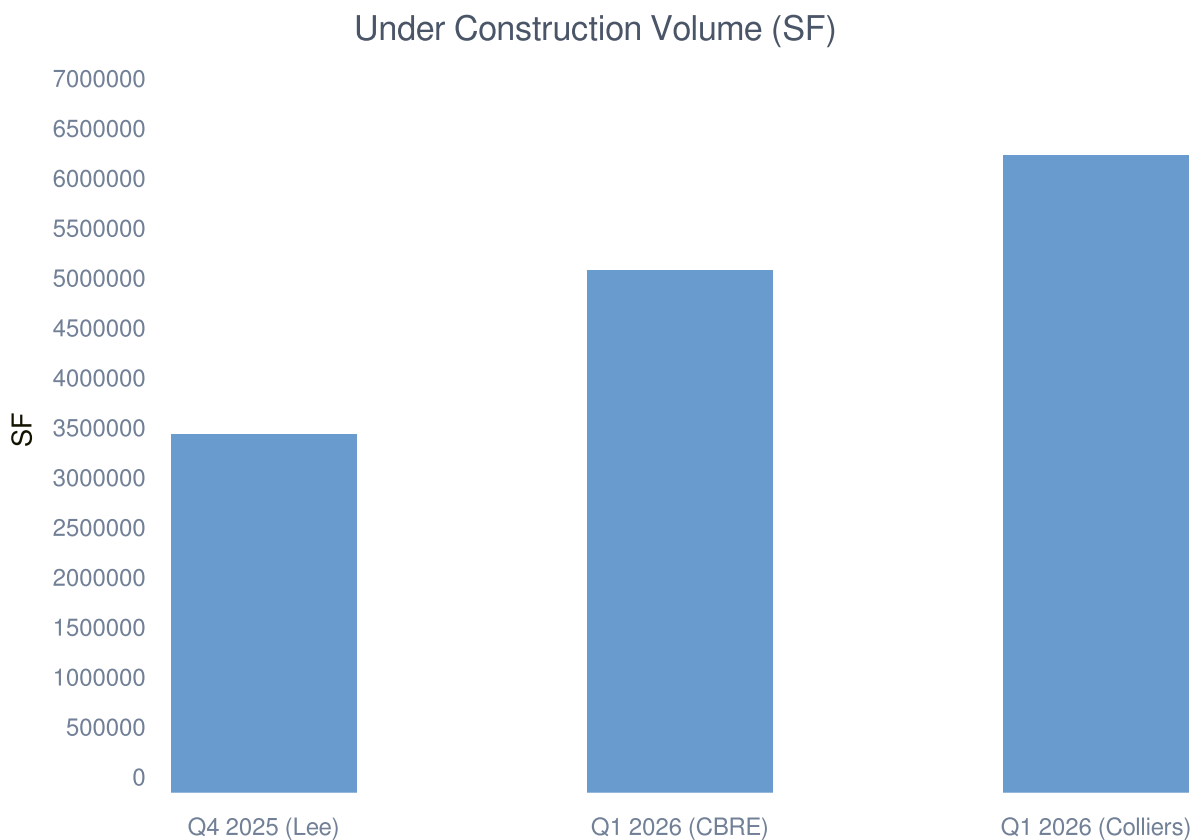
### ▼ RENT TRENDS: MODEST SOFTENING IN ASKING RATES, SIGNED LEASES TELL A DIFFERENT STORY

METRIC	VALUE	PERIOD	SOURCE
Asking Rent	\$5.49/SF NNN	Q1 2026	CBRE
Asking Rent	\$5.57/SF NNN	Q1 2025	CBRE
Rent Growth YoY	-1.5%	Q1 2026	CBRE
Asking Rent	\$5.76/SF NNN	Q1 2026	Colliers
Asking Rent	\$5.50/SF NNN	Q1 2026	Integra
Asking Lease Rate	\$8.50/SF/YR	Q1 2026	Sigma
Signed Lease Rate	\$11.16/SF/YR	Q1 2026	Sigma

Signed Leases Executing Well Above Asking Rates. Sigma's transaction-level data shows signed lease rates of \$11.16/SF against an asking rate of \$8.50/SF in Q1 2026 — a 31% premium that suggests tenants are competing for available space and landlords retain pricing leverage at execution.

The headline softening in CBRE's asking rent (-1.5% YoY to \$5.49/SF NNN) contrasts sharply with Sigma's signed lease data, where executed rents of \$11.16/SF significantly exceeded asking rates. This divergence likely reflects a mix of property types and transaction sizes captured by each methodology — Sigma's closed-transaction data may skew toward higher-quality or more competitive assets. Colliers' asking rent of \$5.76/SF NNN sits above CBRE's figure, adding further nuance. The net read: headline asking rents are flat to modestly declining, but actual lease execution data points to continued landlord pricing strength in contested deals.

▼ DEVELOPMENT PIPELINE: ACCELERATING GROUNDBREAKINGS SIGNAL DEVELOPER CONVICTION



Pipeline More Than Doubled from Q4 2025 to Q1 2026. Under-construction volume grew from 3,451,110 SF reported by Lee & Associates in Q4 2025 to between 5.1M and 6.3M SF in Q1 2026 — a pipeline expansion driven in part by seven new groundbreakings totaling 2,100,000 SF in the quarter alone.

The acceleration in groundbreakings — seven projects totaling 2.1M SF in a single quarter — reflects developer confidence anchored by the strong absorption performance and near-full occupancy of delivered product. Both buildings delivered in Q1 2026 (499,000 SF per CBRE; 545,000 SF per Colliers) were 100% occupied at quarter-end, providing a clear signal that the market can absorb new supply without meaningful vacancy pressure at current demand levels. The key forward-looking question is whether absorption momentum sustains as the pipeline delivers over the next 12–18 months, particularly given the flat nonfarm employment growth (0.0% YoY in March 2026) that may constrain occupier expansion decisions.

▼ INVESTMENT ACTIVITY: INSTITUTIONAL BUYERS ACTIVE AT SCALE

TRANSACTION	SIZE	PRICE	PRICE/SF	PERIOD
STAG — Platte County (fully leased)	748,333 SF	—	\$108/SF	Q1 2026
450 Funston Rd, Kansas City, KS	52,220 SF	\$4,041,448	\$77.39/SF	Q4 2025
2007 E. 19th St, Kansas City, MO	23,000 SF	\$1,350,000	\$58.70/SF	Q4 2025
15670 S. Keeler St, Olathe, KS	22,500 SF	\$3,250,000	\$144.44/SF	Q4 2025

Institutional Capital Targeting Stabilized Large-Format Assets. STAG's acquisition of a fully leased 748,333 SF facility in Platte County at \$108/SF reflects continued institutional appetite for stabilized, large-format industrial product in the Kansas City market.

Sigma's Q1 2026 transaction data recorded 63 closed sales at an average price of \$1,211,322 and \$142.39/SF — a per-SF figure that exceeds the STAG institutional trade, reflecting a mix of smaller, higher-value assets in the broader sales pool. The wide range in per-SF pricing across Q4 2025 transactions (\$58.70/SF to \$144.44/SF) illustrates the significant value dispersion by asset quality, location, and functional specification. With mortgage rates at 6.47% and average loan-to-value at 0.75, financing conditions remain a relevant constraint on transaction economics, though the volume of 63 closed sales in a single quarter indicates active market participation across buyer profiles.

# Large-Tenant Velocity Compresses Vacancy, Reloads Pipeline

Q1 2026 NET  
ABSORPTION

**1.2M – 1.8M  
SF**

Range across Colliers,  
CBRE, and Cushman &  
Wakefield

Q1 2026 LEASING  
VOLUME

**3,200,000 SF**

10 leases >300K SF drove  
33% of trailing four-quarter  
activity

VACANCY RATE (CBRE)

**4.6%**

↓ 30 bps QoQ; +30 bps  
YoY vs. Q1 2025 (4.3%)

ASKING RENT (CBRE)

**\$5.49/SF  
NNN**

↓ from \$5.57/SF YoY —  
modest softening

UNDER CONSTRUCTION

**5.1M – 6.3M  
SF**

CBRE: 5.1M SF; Colliers:  
6.25M SF — pipeline  
reloading

CLOSED SALE PRICE

**\$142.39/SF**

63 closed sales in Q1 2026  
(Sigma); STAG acquisition  
at \$108/SF

JOHNSON COUNTY  
LEASING SHARE

**33.5%**

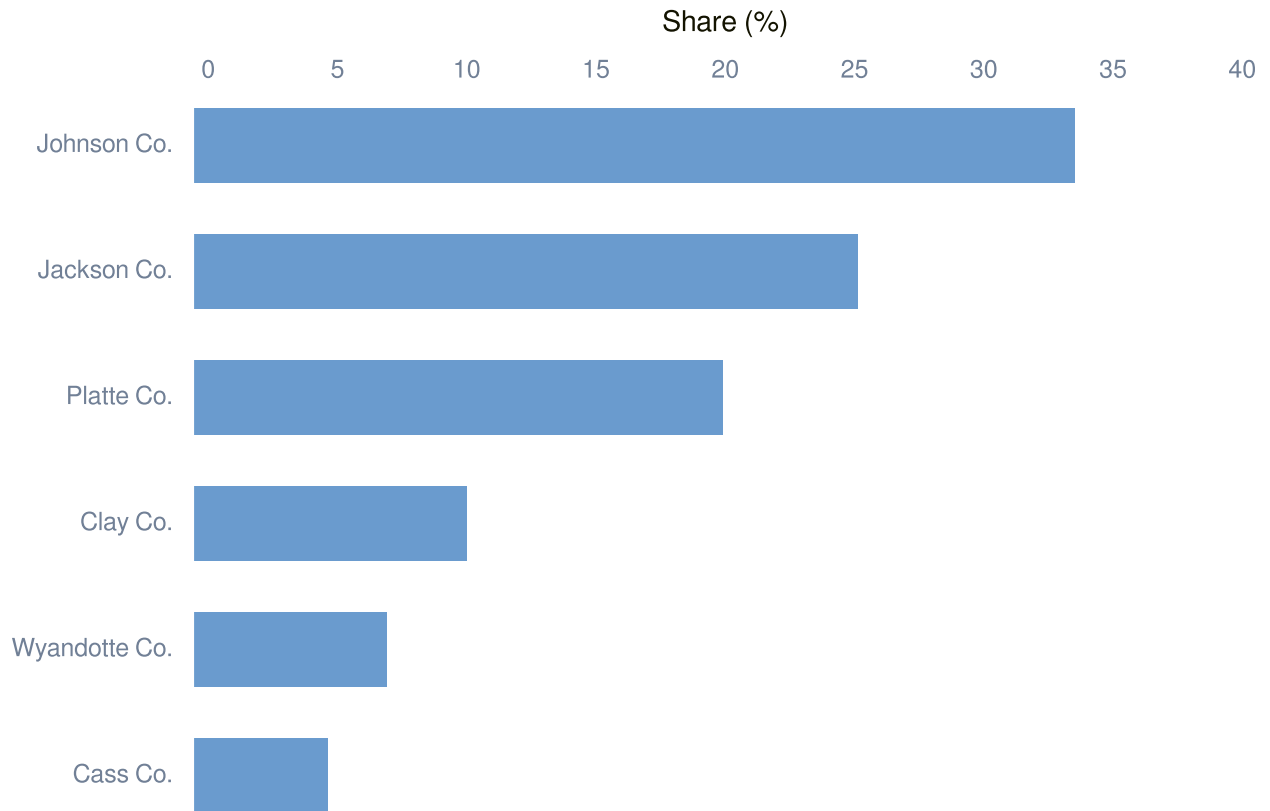
Largest submarket share;  
1.1M SF of Q1 volume  
(CBRE)

Large-Block Leasing Concentration Defines the Quarter. Ten leases exceeding 300,000 SF accounted for 33% of all leased space over the trailing four quarters ending Q1 2026, with Q1 alone generating 3.2M SF of volume — led by JE Dunn Construction (401,000 SF), Turn5 (487,806 SF), and Central Power Systems (526,502 SF).

The depth of large-block demand in Q1 2026 reflects a market where construction, logistics, and distribution occupiers are actively consolidating and expanding footprints across Kansas City's six primary submarkets. Johnson County captured the largest share at 33.5% of Q1 leasing volume (1.1M SF), followed by Jackson County at 25.1% and Platte County at 19.9% — together accounting for more than three-quarters of all activity. The breadth of tenant types, from construction supply firms and e-commerce fulfillment operators to freight carriers and industrial distributors, signals demand that is not concentrated in a single sector. Vacancy declined quarter-over-quarter across all three primary reporting sources, with CBRE measuring a 30-bps compression to 4.6%. Asking rents edged lower year-over-year per CBRE (\$5.49 vs. \$5.57/SF), though Colliers reported

\$5.76/SF — a divergence that may reflect submarket mix in each firm's tracked inventory. As the development pipeline reloads with 5.1M–6.3M SF under construction, the pace of pre-leasing activity will be a key indicator of whether current absorption momentum is sustained.

### Q1 2026 Leasing Share by Submarket (%)

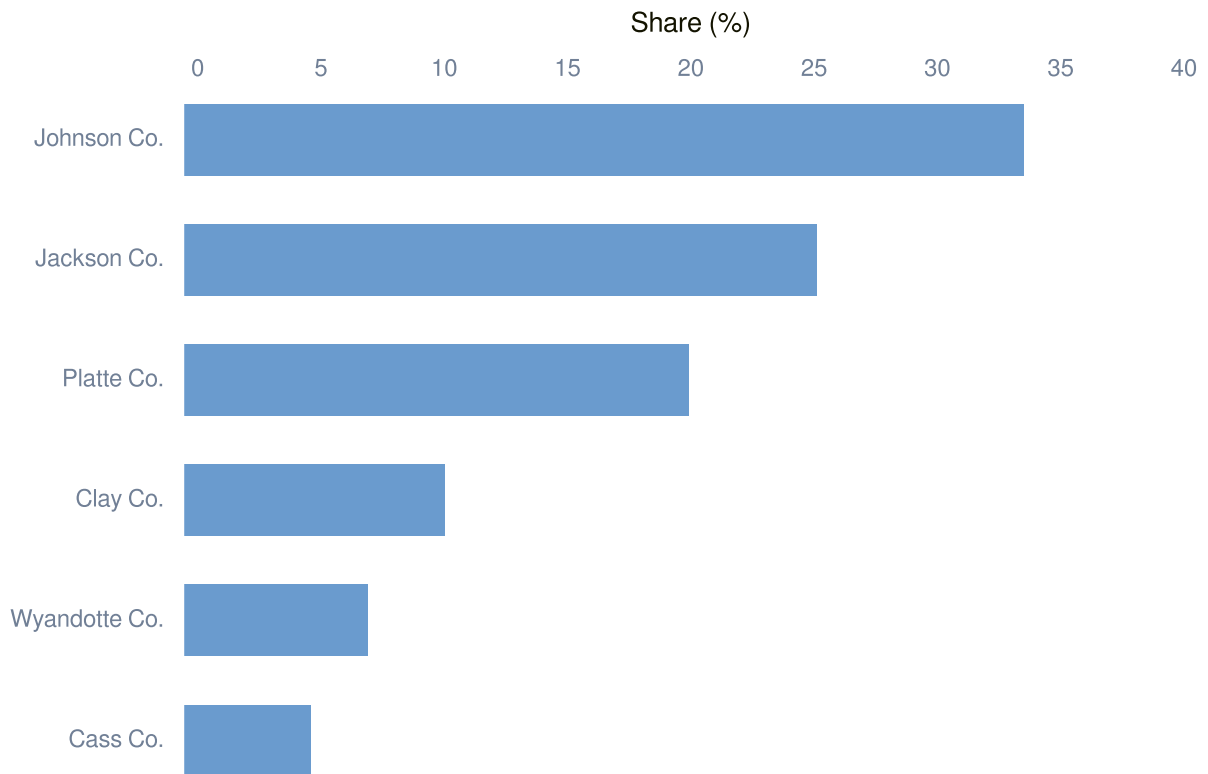


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### Submarket Leasing Depth and Pipeline Concentration

▼ SUBMARKET LEASING DISTRIBUTION — SIX COUNTIES, ONE MARKET

## Q1 2026 Leasing Share by Submarket (%)



Johnson County Anchors Demand Across Multiple Tenant Categories. P1 Group (311,000 SF), Sermmi (175,000 SF), eFulfillment Service (243,000 SF), and Faith Technologies (140,000 SF) all committed to Johnson County space in Q1 2026, reflecting the submarket's continued draw for both construction-sector and logistics tenants.

Johnson County's 33.5% share of Q1 leasing volume is not an anomaly — it reflects the submarket's deep inventory, proximity to major highway corridors, and the concentration of speculative product that has attracted a diverse tenant mix. Platte County's 19.9% share was anchored by the JE Dunn Construction 401,000 SF commitment near KCI and Central Power Systems' 526,502 SF absorption at Platte International Commerce Center. The Hunt Midwest and Prologis joint venture announced February 26, 2026 — targeting KCI 29 Logistics Park (3,300 acres) and Five Star Logistics Park (up to 800,000 SF) — positions Platte County for continued outsized activity as those projects advance toward delivery.

### ▼ NOTABLE TRANSACTIONS — Q1 2026 LEASE AND SALE ACTIVITY

TENANT / BUYER	SIZE (SF)	COUNTY	TRANSACTION TYPE
Turn5	487,806	Not reported	New Lease
Central Power Systems	526,502	Platte	Absorption Driver
JE Dunn Construction	401,000	Platte	New Lease
FedEx	369,000	Not reported	Absorption Driver
Medline	359,000	Jackson	Renewal
Amazon	304,000	Wyandotte	New Lease
P1 Group	311,000	Johnson	New Lease
eFulfillment Service	243,000	Johnson	New Lease
Arco Construction	227,000	Jackson	New Lease
Nefco Construction Supply	201,000	Wyandotte	New Lease
Sermmi	175,000	Johnson	New Lease
Grainger International	169,000	Platte	Renewal
Faith Technologies	140,000	Johnson	New Lease

STAG Acquires 748,333 SF Platte County Asset at \$108/SF. The fully leased acquisition, reported by Lee & Associates, represents one of the largest single-asset industrial transactions in the Kansas City market during the period, with the Sigma-tracked average closed sale price reaching \$142.39/SF across 63 Q1 2026 transactions.

The breadth of Q1 2026 lease transactions — spanning construction supply, logistics, e-commerce fulfillment, and freight — underscores the multi-sector demand base supporting Kansas City's industrial market. Renewals from Medline (359,000 SF) and Grainger International (169,000 SF) indicate that large established occupiers are committing to long-term positions rather than testing alternative markets. On the investment side, the 63 closed sales tracked by Sigma at an average of \$142.39/SF, alongside STAG's \$108/SF acquisition of a 748,333 SF stabilized asset, reflect continued institutional appetite for Kansas City product at a range of price points. Cap rates measured 9.10% as of Q4 2025 per Lee & Associates, providing context for pricing relative to other major industrial markets.

#### ▼ DEVELOPMENT PIPELINE AND POLICY ACTIVITY

METRIC	VALUE	SOURCE
Under Construction	5,100,000 SF	CBRE
Under Construction	6,253,224 SF	Colliers
Q1 2026 Deliveries	499,000 SF (2 buildings)	CBRE
Q1 2026 Deliveries	545,000 SF	Colliers
Speculative Delivery Preleased	100%	CBRE
KCI 29 / Five Star Logistics Park	Up to 800,000 SF planned	KCTV5
NorthPoint at Richards-Gebaur	1,190,000 SF (2 buildings)	Port KC
Brighton Industrial Park	576,400 SF (2 buildings)	Port KC
49 Crossing / Richards-Gebaur Commerce Park	489,000 SF available	Port KC

Kansas City Rezoned Over 62 Acres for Industrial Use Across Four Ordinances. Municipal actions between March 2025 and May 2025 rezoned land at four separate sites — including 50 acres near N. Congress Ave & NW Cookingham Dr and 10.75 acres west of I-29 — expanding the city's industrial-zoned land base ahead of anticipated demand.

Q1 2026 deliveries were modest at 499,000–545,000 SF across two buildings, but the pipeline behind them is substantial. With 5.1M–6.3M SF under construction and the 100% preleasing of the quarter's speculative delivery signaling healthy pre-commitment activity, the supply-demand balance remains constructive. The Hunt Midwest/Prologis joint venture at KCI 29 Logistics Park adds a long-horizon land play to the near-term pipeline, while Port KC's shovel-ready inventory at Richards-Gebaur and Brighton Industrial Park provides immediately available options. The series of municipal rezoning actions in 2025 — converting agricultural and commercial-zoned parcels to M1 and M2 industrial classifications — reflects proactive land-use policy aligned with the market's expansion trajectory.

# Vacancy Surge Masks Robust Absorption Beneath the Surface

METRIC	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Vacancy Rate	6.1%	5.2%	4.9%	7.5%
Net Absorption (SF)	303,000	2,100,000	360,000	—
Asking Rents (\$/SF/Yr)	\$5.72	\$5.60	\$5.49	\$5.50
Under Construction (SF)	2,300,000	6,000,000	3,500,000	—
Cap Rates	9.2%	9.2%	9.1%	—

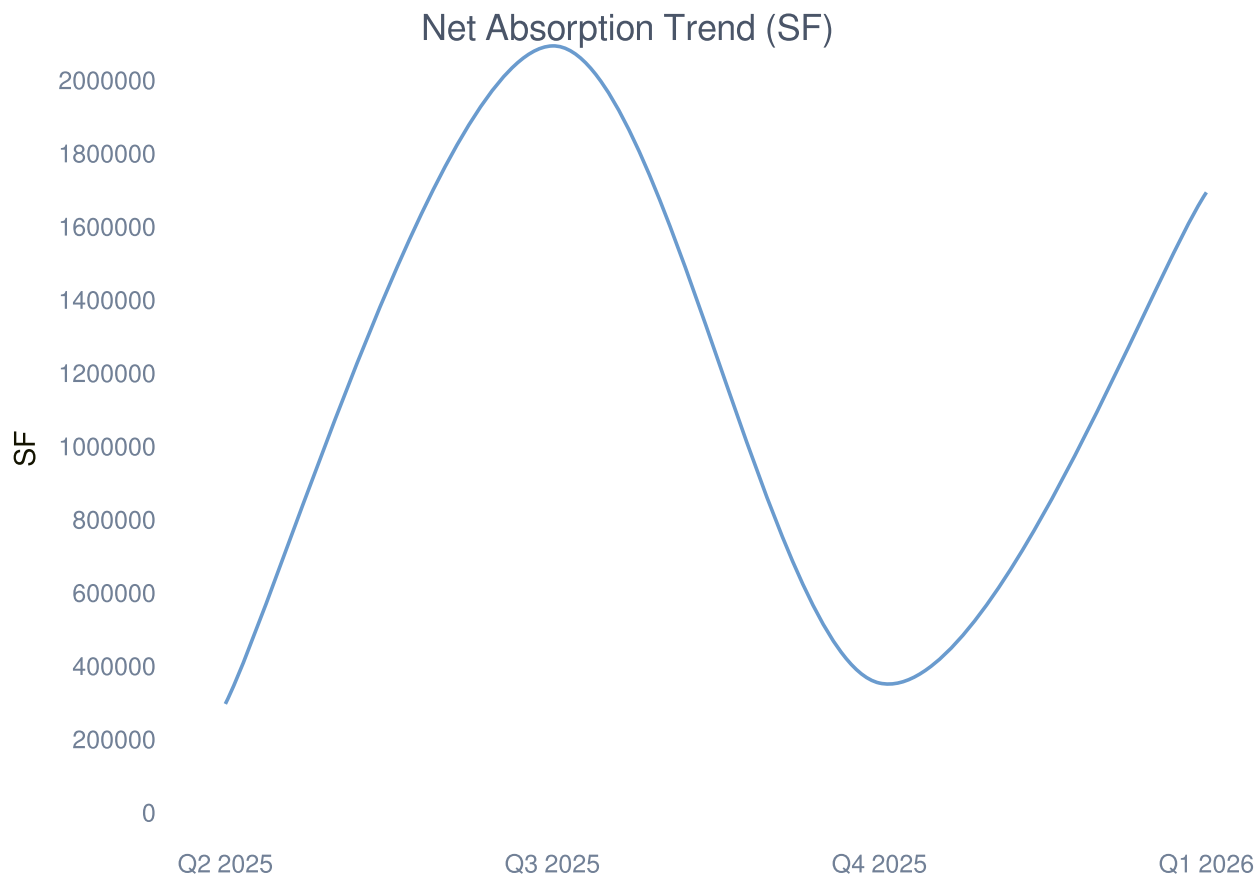
Sources: [1] Integra Realty Resources / Infabode Metrics. Q1 2026 Net Absorption, Under Construction, and Cap Rate not reported in Infabode series; see source-level data below. Vacancy rate for Q1 2026 varies by source: 4.6% (CBRE [2]), 4.9% (Colliers [3]), 5.0% (Lee & Associates [4]), 7.5% (Integra Realty Resources [1]).

<p>VACANCY RATE (CBRE)</p> <p><b>4.6%</b></p> <p>+30 bps vs Q1 2025 (4.3%)</p>	<p>VACANCY RATE (INTEGRA)</p> <p><b>7.5%</b></p> <p>+260 bps vs Q4 2025 (4.9%)</p>	<p>Q1 2026 NET ABSORPTION</p> <p><b>1,700,000–1,800,000 SF</b></p> <p>vs. 360,000 SF in Q4 2025 — 4.7–5.0x surge QoQ</p>
<p>12-MONTH NET ABSORPTION (CBRE)</p> <p><b>11,600,000 SF</b></p> <p>vs. 11,940,000 SF one year prior — demand remains structurally deep</p>	<p>AVG. ASKING RENT (CBRE)</p> <p><b>\$5.49/SF NNN</b></p> <p>-1.5% YoY vs. \$5.57/SF in Q1 2025</p>	<p>UNDER CONSTRUCTION (CBRE)</p> <p><b>5,100,000 SF</b></p> <p>↑ from 3,500,000 SF in Q4 2025 — pipeline nearly doubles</p>
<p>SPECULATIVE SHARE OF PIPELINE</p> <p><b>67%</b></p> <p>4,180,000 SF of 6,253,224 SF total (Colliers)</p>	<p>CAP RATE (Q4 2025)</p> <p><b>9.1%</b></p> <p>Steady compression from 9.3% in Q4 2024</p>	

Absorption Surge Signals Structural Demand, Not a One-Quarter Anomaly. Q1 2026 net absorption reached 1,700,000–1,800,000 SF across CBRE, Lee & Associates, and Cushman & Wakefield — a 4.7× to 5.0× acceleration from Q4 2025's 360,000 SF, while the trailing 12-month total of 11,600,000 SF confirms that occupier demand in Kansas City industrial remains broadly intact.

The Q1 2026 absorption surge is particularly notable given that it coincides with a meaningful expansion of the construction pipeline. CBRE reported 5,100,000 SF under construction — up from 3,500,000 SF in Q4 2025 — while Colliers placed the figure even higher at 6,253,224 SF, with 67% of that pipeline speculative. Both Q1 2026 deliveries (499,000 SF per CBRE; 545,000 SF per Colliers) were fully occupied at quarter-end, including a 198,715 SF speculative warehouse that was 100% preleased before completion. This pre-leasing velocity suggests that new supply is being absorbed almost as fast as it arrives, a dynamic that typically sustains developer confidence and keeps speculative starts elevated heading into subsequent quarters.

The vacancy rate divergence across sources warrants careful interpretation. CBRE's 4.6% and Colliers' 4.9% reflect direct vacancy on stabilized product, while Integra Realty Resources' 7.5% — a 260-basis-point jump from Q4 2025's 4.9% — likely captures a broader availability measure or incorporates a different inventory base. Regardless of methodology, the directional signal is consistent: new deliveries are temporarily widening available space even as occupier demand accelerates. Asking rents reflect this tension, holding near flat at \$5.49–\$5.50/SF NNN (CBRE, Integra) versus \$5.57/SF one year earlier, a modest 1.5% YoY decline that has not yet reversed despite the absorption strength. Whether the pipeline's speculative-heavy composition pressures rents further or pre-leasing momentum holds them steady will be a defining dynamic through mid-2026.



## Vacancy Divergence: Reading the Source Spread

### ▼ WHY DO VACANCY FIGURES VARY BY 290 BASIS POINTS?

SOURCE	Q1 2026 VACANCY	Q4 2025 VACANCY	Q1 2025 VACANCY
CBRE	4.6%	4.9%	4.3%
Colliers	4.9%	—	—
Lee & Associates	5.0%	—	4.6%
Integra Realty Resources	7.5%	4.9%	—

Methodology Differences Drive the Gap. Integra's 7.5% reading — 260 bps above CBRE's 4.6% — likely reflects a broader inventory universe or inclusion of available-but-occupied space, rather than a contradictory market signal.

The spread between CBRE's 4.6% and Integra's 7.5% is not unusual when sources apply different inventory definitions, submarket boundaries, or availability versus vacancy conventions. CBRE's figure declined 30 bps from Q4 2025, consistent with the strong absorption reported for the quarter. Integra's 260-bps jump in the same period may reflect new deliveries entering the denominator before lease-up is recorded, or the inclusion of sublease

and available-but-occupied inventory. Market participants should anchor to the CBRE and Colliers direct vacancy series for operational benchmarking, while treating the Integra figure as a broader availability proxy. The convergence or divergence of these series in Q2 2026 will clarify whether the pipeline is genuinely pressuring occupancy or whether the gap is purely methodological.

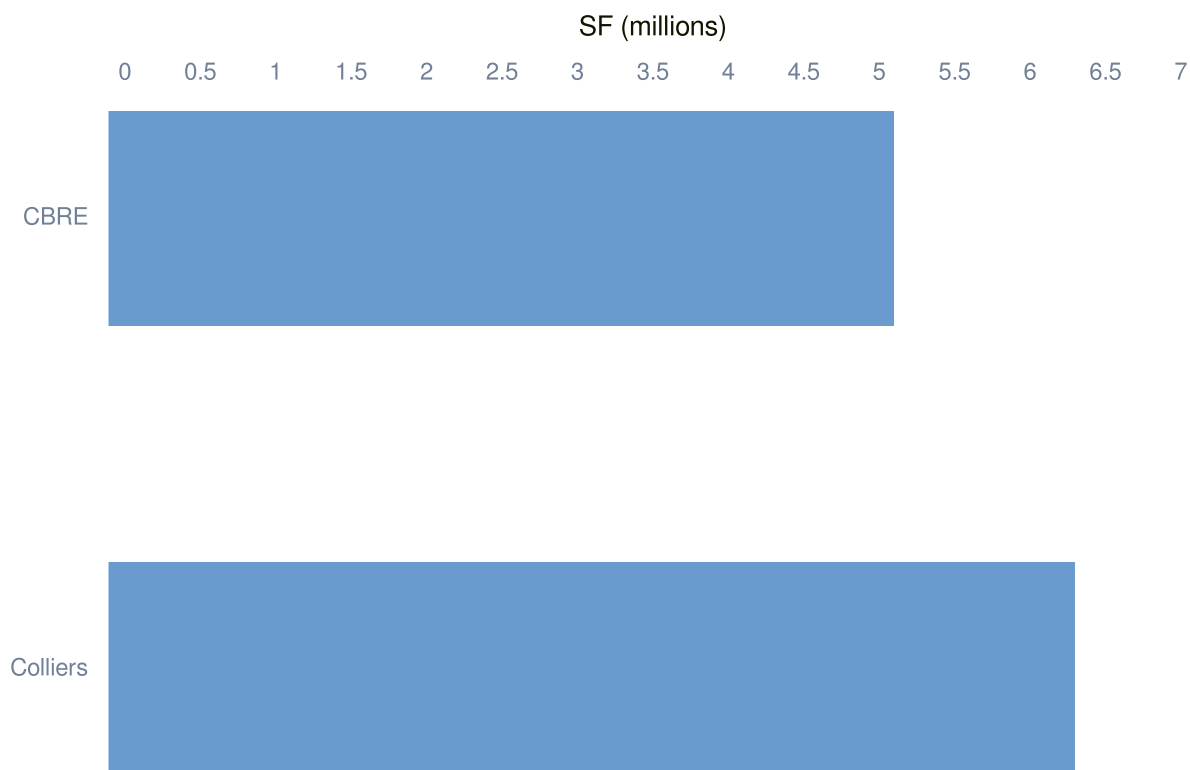
▼ CONSTRUCTION PIPELINE: SCALE, COMPOSITION, AND PRE-LEASING VELOCITY

METRIC	VALUE	SOURCE
Under Construction	5,100,000 SF	CBRE [2]
Under Construction	6,253,224 SF	Colliers [3]
Speculative SF	4,180,000 SF	Colliers [3]
Speculative Share	67%	Colliers [3]
Q1 2026 Deliveries	499,000 SF	CBRE [2]
Q1 2026 Deliveries	545,000 SF	Colliers [3]
Occupancy at Quarter-End	100%	CBRE [2]
Preleased at Completion	100%	CBRE [2]

Both Q1 2026 Deliveries Were 100% Occupied at Quarter-End. A 300,000 SF build-to-suit distribution warehouse and a 198,715 SF speculative warehouse — the latter fully preleased before completion — underscored the depth of occupier demand even as the broader pipeline expanded sharply.

The pipeline's rapid expansion — from 3,500,000 SF in Q4 2025 to 5,100,000–6,253,224 SF in Q1 2026 — reflects developer confidence anchored in the market's pre-leasing track record. With 67% of the pipeline speculative (per Colliers), the market's ability to sustain absorption at Q1 2026 levels will be tested as projects deliver through the remainder of 2026. The Q4 2025 under-construction figure from Lee & Associates (3,451,110 SF) aligns closely with Integra's 3,500,000 SF, confirming the pipeline nearly doubled in a single quarter. If pre-leasing velocity holds at or near 100%, the speculative-heavy composition poses limited near-term risk to vacancy; if demand softens, the concentration of spec product could accelerate vacancy expansion beyond the levels already flagged by Integra's broader measure.

## Under Construction by Source (Q1 2026, SF)



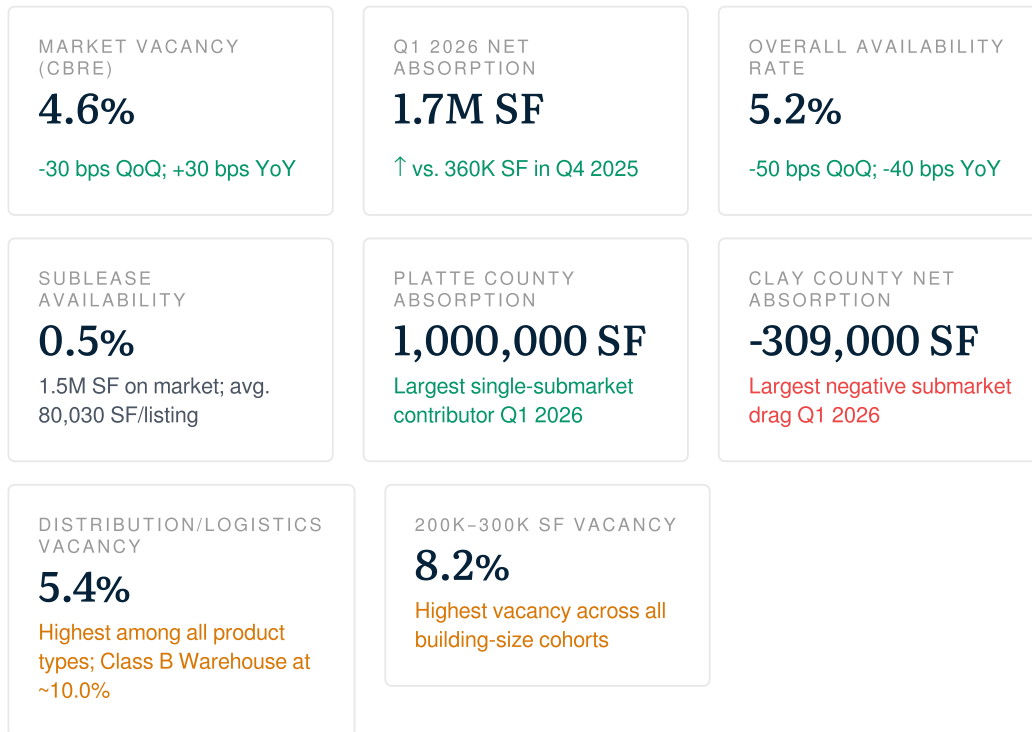
### ▼ RENT TRENDS AND CAPITAL MARKETS SIGNALS

METRIC	Q1 2026	Q4 2025	Q1 2025
Asking Rent — CBRE (\$/SF NNN)	\$5.49	—	\$5.57
Asking Rent — Integra (\$/SF)	\$5.50	\$5.49	—
Asking Rent — Colliers (\$/SF NNN)	\$5.76	—	—
Asking Rent — Lee & Assoc. (\$/SF NNN)	—	\$5.90	—
Asking Price — Sigma (\$/SF)	\$123.74	—	—
Closed Sale Price — Sigma (\$/SF)	\$142.39	—	—
Cap Rate — Integra/Lee & Assoc.	—	9.1%	9.2%
Mortgage Rate — Sigma	6.47%	—	—

Closed Sale Prices Exceed Asking Prices by 15%. Sigma's Q1 2026 data shows closed industrial sales averaging \$142.39/SF against an asking price of \$123.74/SF — a 15% premium that signals competitive bidding pressure even as cap rates remain elevated near 9.1%.

Asking rents across the primary brokerage sources have compressed modestly — CBRE's \$5.49/SF NNN represents a 1.5% YoY decline from \$5.57/SF — while Colliers' \$5.76/SF and Lee & Associates' prior-quarter \$5.90/SF suggest the market is not uniform across product type and submarket. The Sigma closed lease rate of \$11.16/SF versus an asking rate of \$8.50/SF points to a segment of the market — likely smaller-bay or specialized product — where execution pricing runs well above headline averages. On the investment side, cap rates have compressed gradually from 9.3% in Q4 2024 to 9.1% in Q4 2025, with 63 closed sales recorded by Sigma in Q1 2026 at an average loan-to-value of 0.75 and a 6.47% mortgage rate. The spread between cap rates and financing costs remains a constraint on leveraged returns, a condition that will persist until either rates decline or NOI growth accelerates sufficiently to offset it.

## Suburban Surge Masks Persistent Core Softness



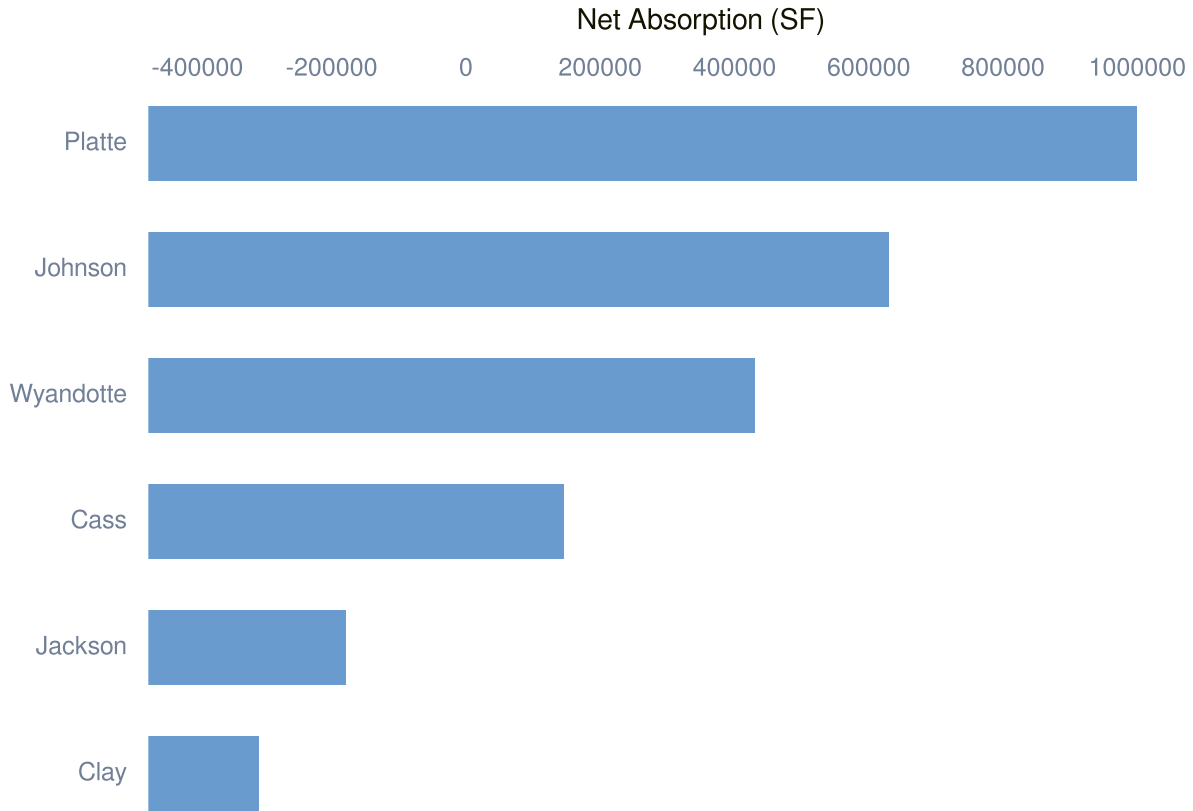
Platte and Johnson Counties Drove Nearly All Q1 Positive Absorption. CBRE recorded 1.0M SF of net absorption in Platte County and 630K SF in Johnson County — together accounting for more than 96% of the metro's 1.7M SF quarterly total, anchored by Central Power Systems (526,502 SF) and JE Dunn (400,828 SF).

The concentration of Q1 2026 demand in Platte and Johnson counties reflects the gravitational pull of new, well-located logistics product near KCI and the New Century AirCenter corridor. Central Power Systems' 526,502 SF commitment at Platte International Commerce Center and JE Dunn's 400,828 SF at 7501 NW 106th Ter represent build-to-suit and pre-leased occupancies — not speculative backfill — signaling that demand is driven by operational necessity rather than opportunistic leasing. Both delivered buildings totaling 499,000 SF were 100% occupied by quarter-end, eliminating any new vacancy from Q1 completions. The 12-month rolling absorption of 11.6M SF (Lee & Associates) remains broadly consistent with the prior-year figure of 11.94M SF, confirming that Q1's surge is a recovery from Q4 2025's muted 360,000 SF rather than an acceleration above trend.

Clay County's -309,000 SF and Jackson County's -179,000 SF absorption figures introduce a meaningful counterweight to the headline number. These legacy submarkets, which carry the market's highest availability rates at 6.3% and 6.9% respectively, are experiencing tenant

consolidation and migration toward newer product in peripheral counties. This bifurcation — strong outer-ring absorption against inner-core give-backs — is the defining structural dynamic of Kansas City's industrial market entering mid-2026.

### Q1 2026 Net Absorption by Submarket (SF, CBRE)



### Vacancy Divergence by Product Type and Building Size

▼ PRODUCT TYPE VACANCY BREAKDOWN

PRODUCT TYPE	VACANCY	AVAILABILITY	SUBLEASE AVAIL.
Distribution/Logistics	5.4%	6.0%	0.6%
Manufacturing - General	1.9%	2.6%	0.6%
R&D/Flex	2.9%	2.9%	0.4%
Other Industrial	2.7%	3.2%	—
Modern Distribution (C&W)	7.3%	—	—
Class B Warehouse (C&W)	~10.0%	—	—

Class B Warehouse Carries Outsized Vacancy Risk. Cushman & Wakefield reported Class B Warehouse vacancy at just over 10.0% in Q1 2026 — more than double the market-wide rate — while Modern Distribution vacancy stood at 7.3%, reflecting the flight-to-quality dynamic reshaping tenant preferences.

Distribution and Logistics, the dominant product type by inventory, carries the highest vacancy at 5.4% and the widest spread between vacancy and availability (60 bps), indicating a meaningful pipeline of marketed but not yet vacant space. Manufacturing - General's 1.9% vacancy is the tightest across all product types, reflecting limited new supply and stable occupier demand from industrial users with longer lease commitments. The Class B Warehouse figure near 10.0% underscores that older, functionally obsolete product is absorbing the market's structural vacancy — a condition unlikely to reverse without significant capital repositioning or demolition.

▼ VACANCY BY BUILDING SIZE COHORT

BUILDING SIZE	VACANCY	AVAILABILITY	SUBLEASE AVAIL.
Under 100,000 SF	2.2%	2.9%	0.2%
100,000–199,999 SF	3.8%	4.3%	0.3%
200,000–299,999 SF	8.2%	8.4%	0.5%
300,000–499,999 SF	6.1%	7.7%	1.9%
500,000–749,999 SF	4.5%	4.5%	—
750,000+ SF	4.7%	5.3%	0.4%

Mid-Box Vacancy Peaks in the 200K–300K SF Cohort. The 200,000–299,999 SF size band carries an 8.2% vacancy rate — the highest of any building-size cohort — while the 300,000–499,999 SF band shows a 1.9% sublease availability rate, the most elevated sublease concentration in the market.

The 200,000–299,999 SF cohort's 8.2% vacancy stands out as the market's most challenged size band, likely reflecting a mismatch between mid-box supply and current tenant requirements skewing toward either smaller multi-tenant configurations or large-format build-to-suit. The 300,000–499,999 SF band's 1.9% sublease availability — nearly four times the market-wide sublease rate of 0.5% — suggests tenants in this size range are actively shedding excess

space, adding secondary supply pressure. By contrast, buildings under 100,000 SF maintain a 2.2% vacancy rate, the tightest cohort, consistent with persistent small-bay demand from local distributors and light manufacturers.

▼ **SUBMARKET VACANCY COMPARISON**

SUBMARKET	CBRE VACANCY	CBRE AVAILABILITY	COLLIERS VACANCY
Cass County	0.0%	0.0%	2.7%
Clay County	4.5%	6.3%	—
Jackson County	5.8%	6.9%	4.6%
Johnson County	4.3%	4.4%	5.3%
Platte County	4.2%	4.6%	7.2%
Wyandotte County	3.4%	3.0%	2.8%
Executive Park/NE	—	—	5.3%

Cass County Fully Absorbed After Honeywell's 146,000 SF Commitment. CBRE reported 0.0% vacancy and 0.0% availability in Cass County following Honeywell's occupancy of the last available primary block, effectively closing the submarket to new tenants seeking direct space.

Cass County's full absorption is a notable data point but reflects a single-tenant event rather than broad market depth — the submarket's small inventory base means one large occupancy can swing metrics to zero. The divergence between CBRE and Colliers on Platte County (4.2% vs. 7.2%) likely reflects differing inventory definitions and whether recently delivered speculative space is included in the denominator. Jackson County's 6.9% availability rate — the highest in the metro — combined with -179,000 SF of net absorption confirms that this submarket is in a demand deficit, with tenants exiting faster than new occupancies are being recorded. The availability-to-vacancy spread in Clay County (6.3% vs. 4.5%) indicates 180 bps of marketed space beyond current vacancy, suggesting further vacancy increases are possible as leases expire.

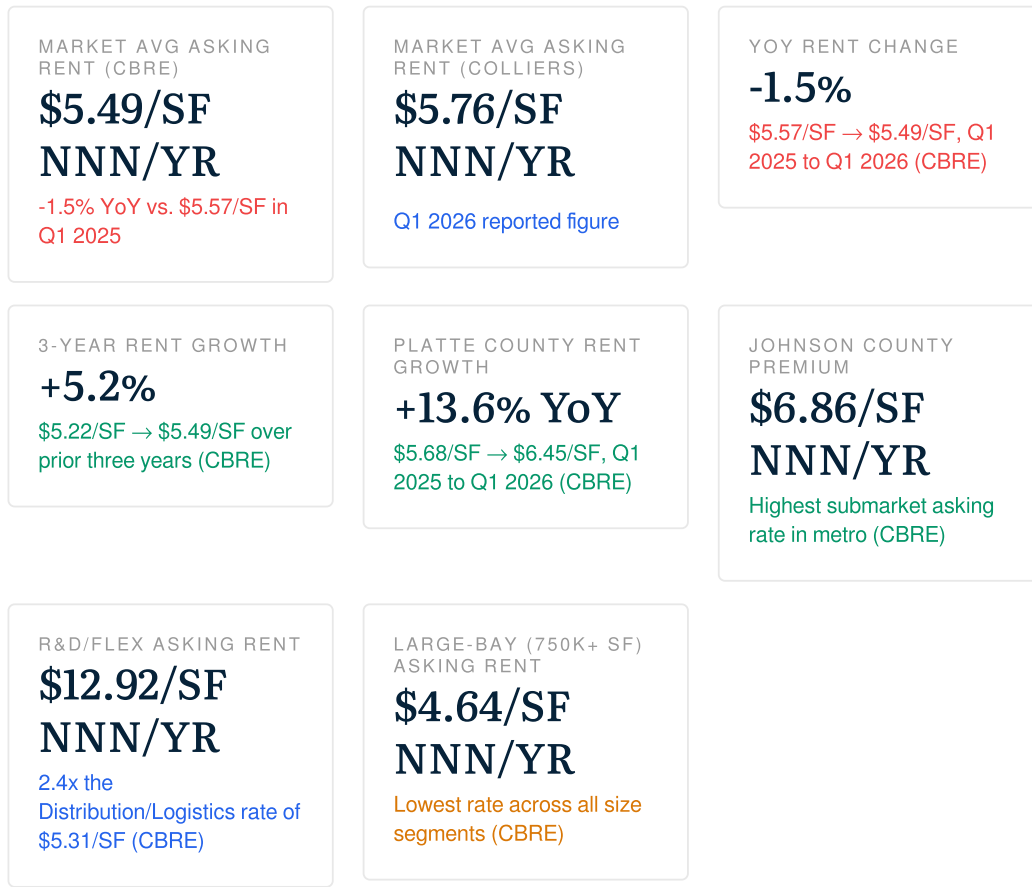
▼ **MAJOR Q1 2026 LEASE AND OCCUPANCY TRANSACTIONS**

TENANT	SF	SUBMARKET / ADDRESS	SOURCE
Central Power Systems	526,502	Platte Intl. Commerce Center	CBRE
Turn5	487,806	Not specified	Lee & Associates
JE Dunn Construction	400,828	7501 NW 106th Ter, Platte	CBRE / Colliers
FedEx	369,000	Woodend Industrial Park	CBRE
Amazon	304,000	Wyandotte County	Colliers
P1 Group / P1 Construction	310,635	500 Sumner Way, New Century	CBRE / Colliers
NEFCO	200,000	Wyandotte County	Colliers
Sermmi Products	175,000	Heartland Logistics Park	Colliers
Faith Technologies	140,000	Great Plains Commerce Center	Colliers

Construction and Contractor Tenants Dominated Q1 Leasing. JE Dunn Construction (400,828 SF), P1 Group (310,635 SF), and Faith Technologies (140,000 SF) collectively accounted for approximately 851,000 SF of Q1 activity — underscoring that construction-sector occupiers, not traditional logistics users, were the quarter's most active demand segment.

The tenant roster reveals a demand profile broader than pure e-commerce or third-party logistics. Construction and specialty contractor firms — JE Dunn, P1 Group, Faith Technologies — are committing to large industrial footprints, likely driven by regional infrastructure and commercial construction pipelines. FedEx's 369,000 SF at Woodend Industrial Park and Amazon's 304,000 SF in Wyandotte County represent the traditional logistics demand base, while Central Power Systems' 526,502 SF commitment at Platte International Commerce Center points to energy-sector industrial users as an emerging occupier category. The diversity of tenant industries across Q1 transactions reduces single-sector concentration risk and suggests demand is supported by multiple independent growth drivers rather than a single cyclical tailwind.

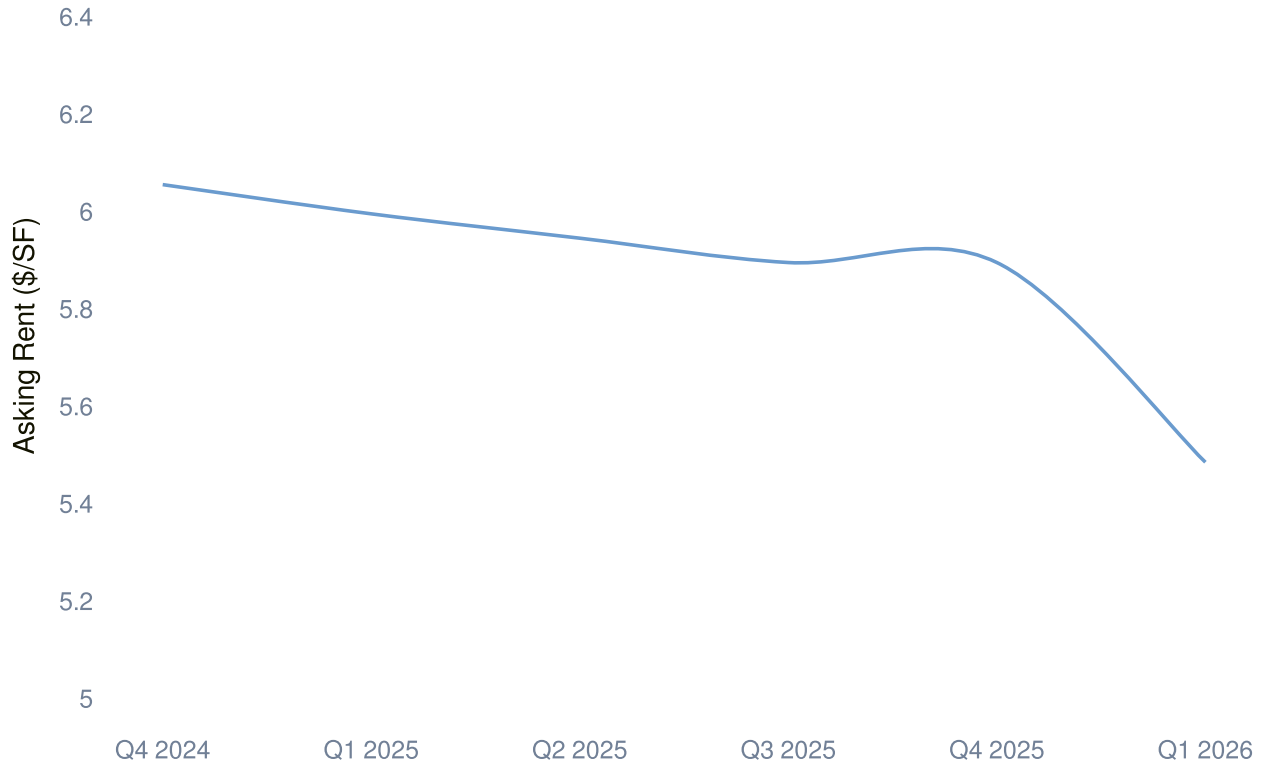
## Speculative Supply Caps Landlord Pricing Power



Speculative Pipeline Tempering Landlord Leverage. CBRE reported the Kansas City market average direct asking lease rate declined 1.5% year-over-year to \$5.49/SF NNN in Q1 2026, even as vacancy remained compressed between 4.6% and 5.0% across major brokerages — a divergence that points directly to the disciplining effect of new speculative supply on asking prices.

In a market where vacancy is effectively sub-5%, conventional pricing theory would support rent escalation. Instead, the Kansas City industrial market posted a modest YoY decline, with CBRE's tracked asking rate slipping from \$5.57/SF in Q1 2025 to \$5.49/SF in Q1 2026. The Lee & Associates trend reinforces this trajectory: average NNN asking rent has declined steadily from \$6.06/SF in Q4 2024 to \$5.90/SF by Q4 2025. The speculative development pipeline — delivering new, competitively priced bulk product — is the most plausible constraint on landlord pricing power, as incoming supply gives tenants negotiating leverage even in a tight vacancy environment. The three-year CBRE trend (\$5.22/SF to \$5.49/SF, +5.2%) confirms that the structural direction remains positive, but the near-term momentum has stalled. If new deliveries moderate in coming quarters, the combination of low vacancy and sustained absorption could re-establish upward rent pressure.

## Kansas City Industrial Asking Rent Trend (\$/SF NNN/YR)



### Submarket and Product-Type Rent Segmentation

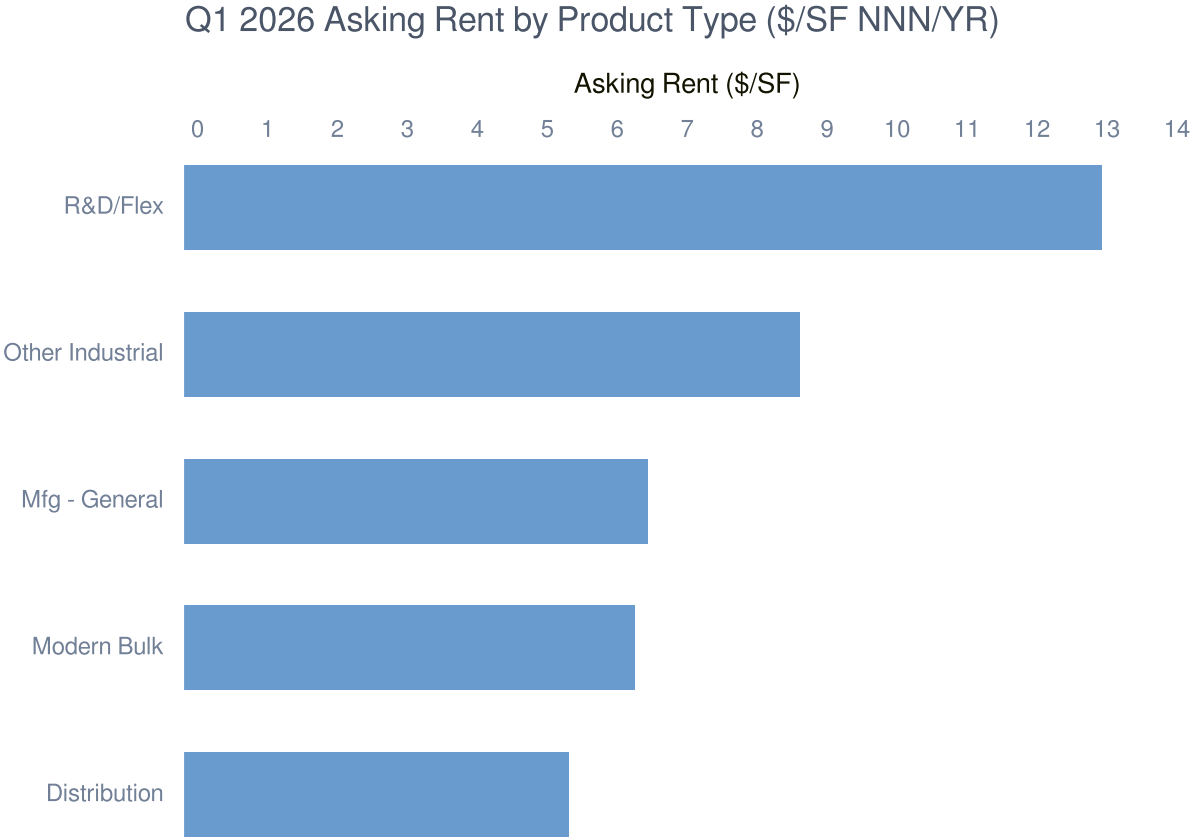
#### ▼ SUBMARKET RENT SPREAD: JOHNSON COUNTY LEADS, JACKSON COUNTY TRAILS

SUBMARKET	CBRE ASKING RATE (\$/SF)	COLLIERS ASKING RATE (\$/SF)
Johnson County	\$6.86	\$6.12
Platte County / NKC	\$6.45	\$5.56
Executive Park/Northeast	—	\$5.81
Wyandotte County	\$5.51	\$5.20
Jackson County	\$4.93	\$5.68
Clay County	\$5.06	—
Cass County	—	\$5.25

Platte County Leads Metro in YoY Rent Growth. CBRE reported Platte County asking rent surged 13.6% year-over-year — from \$5.68/SF in Q1 2025 to \$6.45/SF in Q1 2026 — the strongest submarket rent growth in the Kansas City metro.

Johnson County commands the metro's highest asking rate at \$6.86/SF (CBRE), a \$1.93/SF premium over the lowest-priced submarket, Jackson County at \$4.93/SF — a 39% spread that reflects meaningful differentiation in tenant demand, building quality, and infrastructure access across the metro. Platte County's 13.6% YoY rent surge stands in sharp contrast to the market-wide softening, suggesting localized supply constraints or a concentration of newly delivered, high-quality product attracting above-market rents. Note that CBRE and Colliers report materially different figures for Jackson County (\$4.93/SF vs. \$5.68/SF), indicating methodological or inventory-scope differences that warrant caution when comparing across sources.

▼ PRODUCT-TYPE RENTS: R&D/FLEX COMMANDS A SIGNIFICANT PREMIUM



R&D/Flex Pricing Reflects Scarcity Premium. At \$12.92/SF, R&D/Flex space commands a 143% premium over the Distribution/Logistics average of \$5.31/SF — yet represents only 3.85 MSF of the metro's total inventory, making it a niche but high-value segment.

Manufacturing - General space (\$6.43/SF across 53.23 MSF) and Modern Bulk Distribution (\$6.24/SF across 91.80 MSF) both price above the overall market average of \$5.49/SF, while the dominant Distribution/Logistics segment (\$5.31/SF across 218.15 MSF) prices below it — a reflection of how the sheer volume of large-bay logistics product anchors and suppresses the

market-wide average. The R&D/Flex premium is structurally supported by limited supply and specialized tenant requirements, insulating that segment from the broader softening trend affecting bulk distribution rents.

▼ **SIZE-SEGMENT RENTS: SMALLER BUILDINGS COMMAND HIGHER RATES**

BUILDING SIZE	AVG ASKING RATE (\$/SF)	INVENTORY (MSF)
Under 100,000 SF	\$6.97	59.96
100,000–199,999 SF	\$6.00	47.10
200,000–299,999 SF	\$5.78	33.85
500,000–749,999 SF	\$5.79	32.09
300,000–499,999 SF	\$5.04	39.38
750,000+ SF	\$4.64	74.76

Inverse Size-Rent Relationship Holds Across Most Segments. Buildings under 100,000 SF ask \$6.97/SF — a \$2.33/SF premium over the 750,000+ SF mega-bay category at \$4.64/SF — consistent with the higher per-SF cost of smaller, multi-tenant industrial product and the relative scarcity of functional small-bay space.

The inverse relationship between building size and asking rent is pronounced at both ends of the spectrum but less linear in the middle: the 500,000–749,999 SF cohort (\$5.79/SF) prices above the 300,000–499,999 SF cohort (\$5.04/SF), a reversal that may reflect the quality profile of specific assets in each size band rather than a structural anomaly. The 74.76 MSF of mega-bay (750,000+ SF) inventory — the largest single size cohort — pricing at \$4.64/SF reinforces how new speculative bulk deliveries are anchoring the lower end of the rent spectrum and contributing to the market-wide average softening observed year-over-year.

## Developers Bet Big on Sustained Demand

UNDER CONSTRUCTION  
(COLLIERS)

**6,253,224 SF**

vs. 3,451,110 SF in Q4  
2025 — +81% QoQ

Q1 2026  
GROUNDBREAKINGS

**7 projects /  
2.1M SF**

New starts signal renewed  
developer conviction

SPECULATIVE SHARE  
OF PIPELINE

**67%**

Consistent across both  
Colliers and CBRE  
reporting

Q1 2026 DELIVERIES

**499,000–  
545,000 SF**

Both delivered buildings  
100% occupied at quarter-  
end

RELEASED AT  
COMPLETION

**100%**

Speculative 198,715 SF  
building fully absorbed on  
delivery

3-YEAR CUMULATIVE  
DELIVERIES

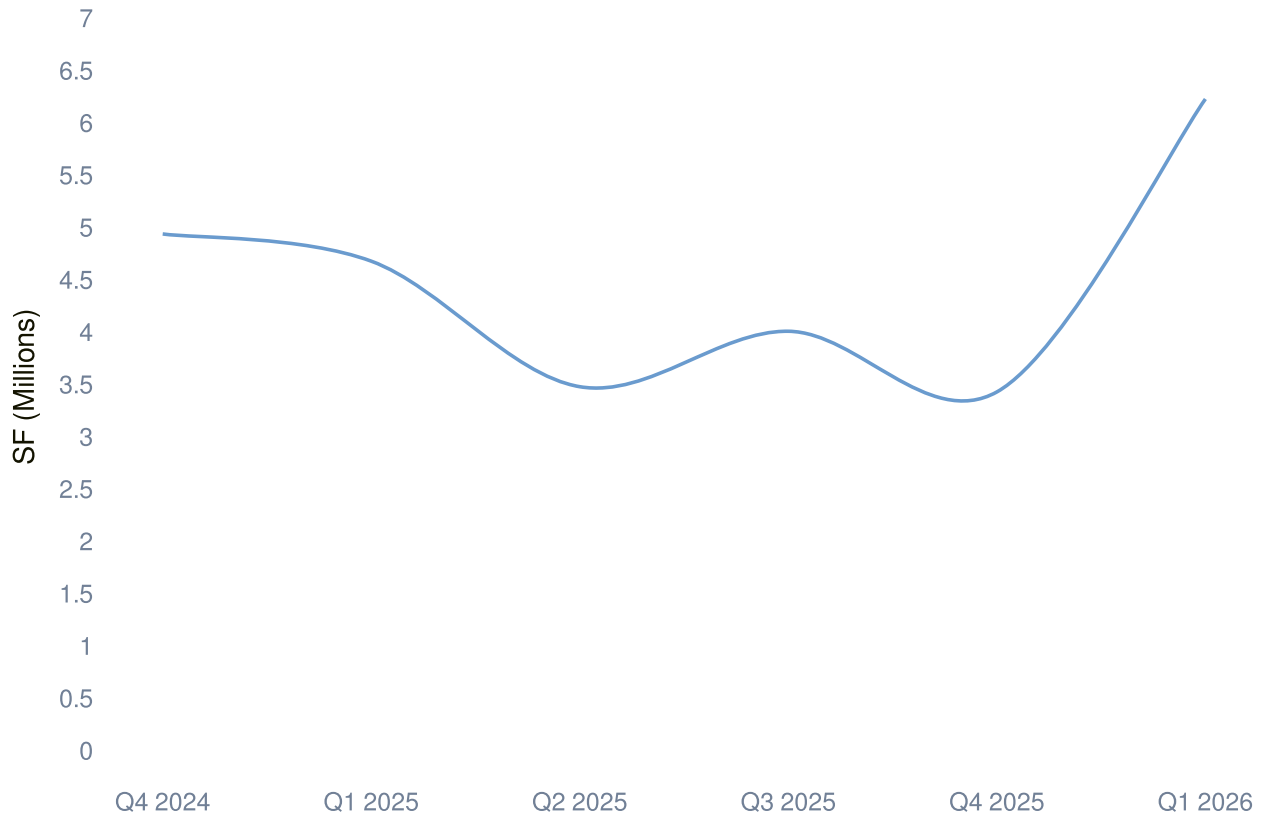
**21.9M SF**

15.2M SF spec / 6.7M SF  
build-to-suit

Seven Groundbreakings in a Single Quarter Signal a Pipeline Inflection. CBRE reported 7 projects totaling 2.1 million SF broke ground in Q1 2026 — a concentrated burst of new starts that pushed the active pipeline sharply higher after four consecutive quarters of sub-5.0 million SF under construction.

The Q1 2026 groundbreaking surge follows a period of measured restraint. Lee & Associates data shows the pipeline oscillated between 3.5 million and 4.96 million SF across the prior five quarters, never breaching the 5.0 million SF threshold. The 7 new starts in Q1 2026 alone added 2.1 million SF, and with both delivered buildings fully occupied at quarter-end — including a speculative warehouse that was 100% preleased before it opened — developers have clear empirical support for their conviction. Cushman & Wakefield noted that more than half of Q1 2026 absorption was directly attributable to the delivery of two build-to-suit buildings and one speculative pre-leased building, confirming that new supply is being absorbed as fast as it arrives. The 67% speculative share of the current pipeline, consistent across both Colliers and CBRE, reflects developer confidence in continued occupier demand — though it also concentrates lease-up risk in a pipeline that has grown materially in a single quarter. If absorption momentum holds through mid-2026, the market's ability to digest this wave without meaningful vacancy drift will be tested.

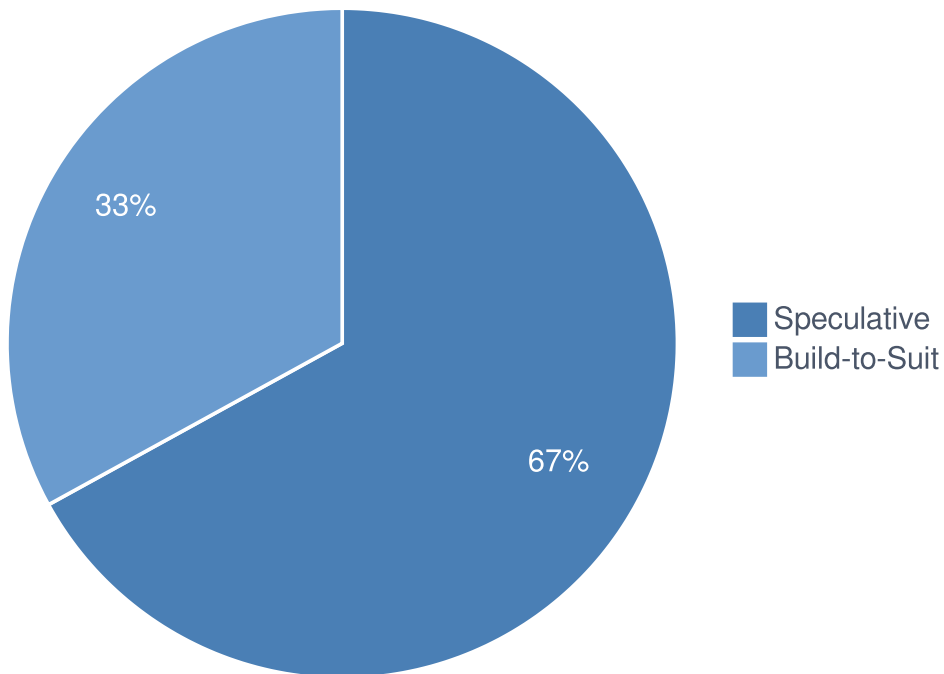
## Under Construction Trend (SF, Millions)



## Pipeline Composition and Submarket Distribution

▼ SPEC VS. BUILD-TO-SUIT: WHO IS TAKING THE RISK?

### Q1 2026 Pipeline Composition (CBRE)



Spec Dominance Mirrors the Prior Three-Year Delivery Pattern. Of the 21.9M SF delivered over the prior three years, 15.2M SF (69%) was speculative — nearly identical to the current pipeline's 67% spec share, suggesting the market's development appetite has been structurally tilted toward spec product throughout this cycle.

The alignment between historical delivery composition and the current pipeline is notable. Speculative product has consistently represented roughly two-thirds of Kansas City industrial supply, and the Q1 2026 pipeline reaffirms that posture. The critical variable is absorption velocity: Q1 2026 demonstrated that spec product can be fully preleased before delivery, but the 2.1M SF of new groundbreakings adds future lease-up exposure that did not exist 90 days ago. Build-to-suit activity at 33% of the pipeline provides a stabilizing counterweight, with demand already committed before a shovel breaks ground. The Hunt Midwest / Prologis joint venture announced February 26, 2026 — encompassing KCI 29 Logistics Park (3,300 acres) and Five Star Logistics Park (up to 800,000 SF) — represents the largest single build-to-suit commitment in the current cycle and anchors the northern corridor's development trajectory.

#### ▼ SUBMARKET PIPELINE BREAKDOWN

SUBMARKET	UNDER CONSTRUCTION (COLLIERS)	UNDER CONSTRUCTION (CBRE)
Executive Park / Northeast	1,940,440 SF	—
Johnson County	554,915 SF	1,900,000 SF
Platte County / NKC	1,368,701 SF	1,240,000 SF
Wyandotte County	248,400 SF	580,000 SF
Cass County	577,500 SF	580,000 SF
Clay County	—	810,000 SF

Executive Park / Northeast Leads the Colliers Pipeline at Nearly 2.0M SF. The submarket accounts for 31% of Colliers' total under-construction figure, reflecting concentrated activity in Kansas City's established northeast industrial corridor — consistent with Port KC's active project roster in the area.

Source variance between Colliers (6.25M SF total) and CBRE (5.1M SF total) reflects differing submarket boundary definitions and project inclusion criteria rather than contradictory market conditions. Both sources agree on the directional story: Platte County and Johnson County anchor the pipeline alongside the northeast corridor, while Wyandotte and Cass County

contribute meaningful but smaller tranches of new supply. Q1 2026 deliveries were concentrated in Johnson County (199,000 SF) and Wyandotte County (300,000 SF) per CBRE, leaving the larger pipeline tranches in Platte and the northeast still working toward delivery. As these projects complete over the coming quarters, submarket vacancy dynamics will diverge based on local demand depth.

▼ MAJOR PROJECTS AND LAND ENTITLEMENTS

PROJECT	DEVELOPER(S)	SIZE	STATUS
KCI-29 Logistics Park	Port KC / Hunt Midwest	3,300 acres	In progress; \$40M state grant
Five Star Logistics Park	Hunt Midwest / Prologis	Up to 800,000 SF	JV announced Feb 26, 2026
NorthPoint at Richards-Gebaur	Port KC / NorthPoint Dev.	1,190,000 SF (2 bldgs)	In progress
Hunt Midwest Business Center	Port KC / Hunt Midwest	682,000 SF (2 spec bldgs)	In progress
Brighton Industrial Park	Port KC / Star Dev. Corp.	576,400 SF (2 bldgs)	Delivered, available
49 Crossing / Richards-Gebaur	Port KC	489,000 SF	Available to lease
Blue River Commerce Center	Port KC / NorthPoint / Bannister	259,000 SF (7 bldgs)	Multi-phase redevelopment

A \$40 Million State Infrastructure Grant Accelerates the KCI Corridor's Long-Term Build-Out. The grant funding infrastructure enhancements at KCI-29 Logistics Park — a 3,300-acre master-planned site — materially de-risks the corridor for private capital and positions it as the market's most significant long-duration development platform.

Beyond the active pipeline, Kansas City's municipal entitlement activity through 2025 laid additional groundwork for future industrial supply. Four rezoning ordinances passed between March and May 2025 converted or expanded industrial-use permissions across more than 66 acres, including a 50-acre parcel at N. Congress Ave & NW Cookingham Dr with 735,933 SF allocated to M2-1 industrial use. These entitlements do not represent imminent deliveries, but they expand the addressable land base for developers monitoring demand signals before committing to new starts — extending the market's supply runway well beyond the current active pipeline.

# Institutional Capital Targets Fully Leased Large-Bay Product

CLOSED SALES (Q1 2026)

**63**  
**transactions**

19 Jan · 17 Feb · 27 Mar —  
March surge led the quarter

AVG. CLOSED SALE PRICE (Q1 2026)

**\$142.39/SF**

vs. \$67.00/SF Lee & Associates Q4 2025 benchmark (different datasets)

AVG. ASKING PRICE (Q1 2026)

**\$123.74/SF**

\$18.65/SF spread below closed price — sellers achieving above-ask

CAP RATE (Q4 2025)

**9.10%**

Compressed 20 bps from 9.30% in Q4 2024

AVG. DAYS ON MARKET (Q1 2026)

**238.67 days**

Reflects extended marketing periods for industrial assets

STAG ACQUISITION — PLATTE COUNTY

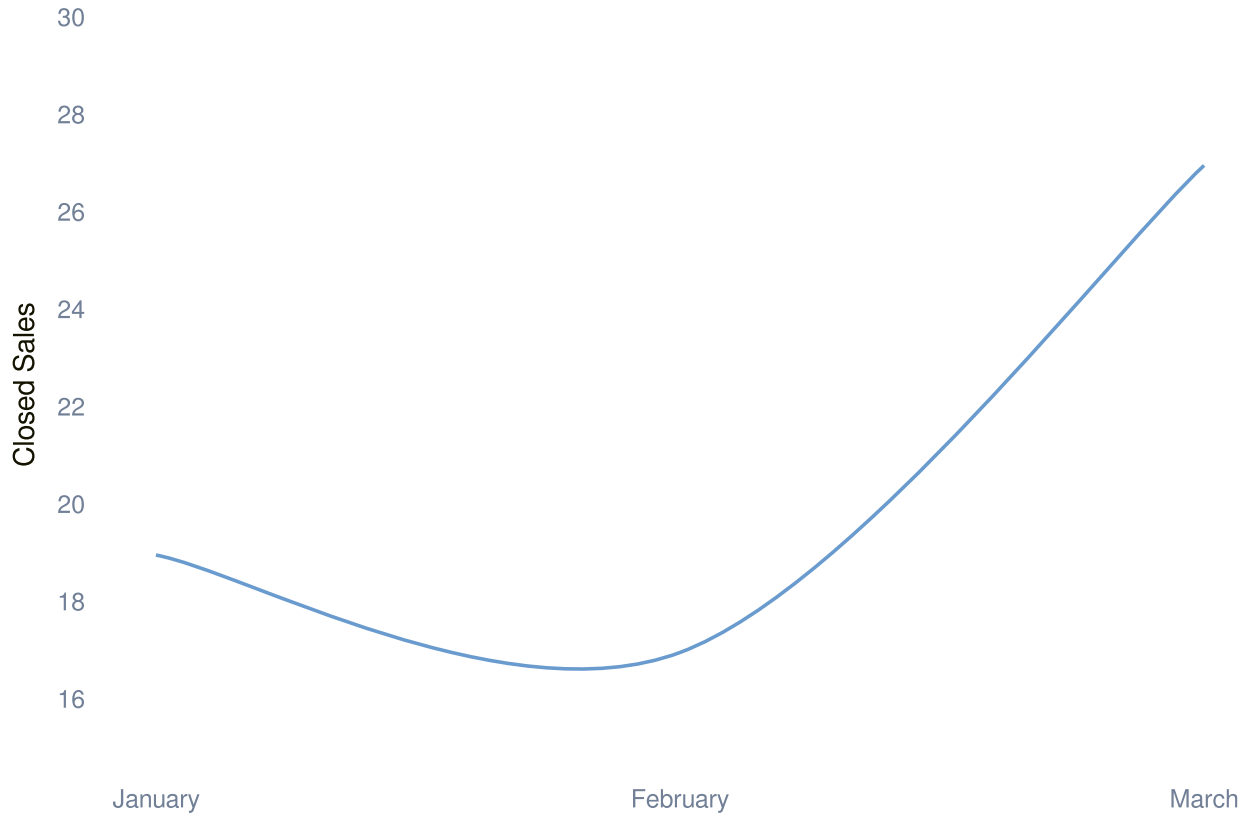
**748,333 SF at \$108/SF**

Fully leased at time of sale

STAG's Platte County Acquisition Signals Institutional Conviction in Stabilized Assets. STAG Industrial acquired a fully leased 748,333 SF facility in Platte County at \$108/SF — the most prominently documented Q1 2026 transaction — underscoring institutional demand for large-bay, income-producing product in the Kansas City metro.

STAG's entry into Platte County at scale reflects a broader pattern visible across the quarter: buyers with institutional mandates are prioritizing stabilized, fully leased assets where in-place income eliminates lease-up risk. At \$108/SF, the Platte County deal sits well below the Sigma-reported quarterly average closed price of \$142.39/SF, suggesting that large-format bulk transactions may price at a discount to the broader market average, which skews toward smaller, higher-per-SF trades. Colliers also cited three additional large transactions in Q1 2026 — Raymore Commerce Center Building 3 (1.024M SF), Platte International Commerce Center (750,000 SF), and Lenexa Place (133,000 SF) — though pricing and buyer details were not disclosed. The concentration of million-square-foot-plus deals in a single quarter points to a market where absorption momentum has validated developer and investor underwriting. If cap rate compression continues at its current pace — down 20 bps over the past four quarters to 9.10% — pricing pressure on stabilized assets is likely to intensify as available fully leased inventory narrows.

## Monthly Closed Sales Count — Q1 2026



## Cap Rate Compression and Pricing Trajectory

▼ CAP RATE TREND: STEADY COMPRESSION OVER FIVE QUARTERS



Cap rates have compressed 20 bps over five consecutive quarters, declining from 9.30% in Q4 2024 to 9.10% in Q4 2025, with no reversal recorded in any measured period.

Kansas City industrial cap rates have moved in a narrow but consistent downward band since Q4 2024. The compression from 9.30% to 9.10% is modest in absolute terms but meaningful in direction — each quarter has either held flat or tightened, with no quarter recording expansion. This sustained trend reflects growing buyer confidence in the market's income stability, particularly for fully leased product. No Q1 2026 cap rate was reported in the available sources; the trajectory established through Q4 2025 provides the most current benchmark for underwriting.

#### ▼ Q4 2025 COMPARABLE TRANSACTIONS — DOCUMENTED SALE DETAILS

ADDRESS	SIZE (SF)	TOTAL PRICE	PRICE/SF	BUYER	SELLER
450 Funston Rd, Kansas City, KS	52,220	\$4,041,448	\$77.39	Sumter Coatings, Inc.	Ergon Asphalt
2007 E. 19th St, Kansas City, MO	23,000	\$1,350,000	\$58.70	Portals Hardware	Provia Biotech
15670 S. Keeler St, Olathe, KS	22,500	\$3,250,000	\$144.44	Local Investor	Local Investor

Owner-user and local private capital dominated Q4 2025 documented transactions, with all three reported deals involving either corporate occupiers or local private investors — a contrast to the institutional REIT activity observed in Q1 2026.

The Q4 2025 transaction set illustrates the market's two-tier structure: smaller assets (sub-55,000 SF) trading between \$58.70 and \$144.44/SF to owner-users and local investors, while institutional buyers like STAG pursue large-format, fully leased assets at the \$100+/SF level. The Olathe trade at \$144.44/SF — the highest per-SF price in the Q4 2025 set — involved a local investor on both sides, suggesting that well-located, smaller industrial product in suburban Kansas City commands a premium that rivals or exceeds institutional-grade pricing. The Lee & Associates quarterly average of \$67.00/SF in Q4 2025 reflects the broader market mix, which includes a wide range of asset sizes and conditions.

#### ▼ MONTHLY PRICING VELOCITY WITHIN Q1 2026

MONTH	CLOSED SALES	AVG. PRICE/SF	AVG. TOTAL PRICE
January 2026	19	\$140.68	\$1,096,527
February 2026	17	\$148.15	\$1,250,000
March 2026	27	\$138.33	\$1,287,440

March 2026 recorded the highest deal count of the quarter (27 sales) while average price/SF pulled back to \$138.33, suggesting that increased transaction velocity in March was driven by a higher proportion of smaller or lower-priced assets clearing the market.

The intra-quarter pattern reveals a nuanced dynamic: February's 17 transactions produced the highest average price per SF at \$148.15, while March's volume surge to 27 deals coincided with a \$9.82/SF price decline. This inverse relationship between volume and per-SF pricing is consistent with a market where higher-priced assets trade selectively, and broader deal flow includes a mix of asset quality and size. Average total transaction size grew from \$1.10M in January to \$1.29M in March despite the per-SF pullback, indicating that March deals were larger in absolute size but lower in per-SF intensity — pointing to bulk or lower-specification product clearing at quarter-end.

## Johnson County Dominates; Cass Hits Zero

JOHNSON COUNTY  
LEASING SHARE

**33.5%**

Largest Q1 2026 share of metro leasing volume

JOHNSON COUNTY NET  
ABSORPTION

**1,015,284 SF**

Largest positive absorption of any submarket (Colliers)

CASS COUNTY  
VACANCY (CBRE)

**0.0%**

Availability also at 0.0% after Honeywell absorbed last 146K SF

PLATTE COUNTY RENT  
GROWTH

**+13.6% YoY**

From \$5.68/SF to \$6.45/SF NNN — highest YoY growth among submarkets

JACKSON COUNTY  
AVAILABILITY

**6.9%**

Highest availability rate among all reported submarkets (CBRE)

CLAY COUNTY NET  
ABSORPTION

**-0.31 MSF**

Most negative Q1 2026 absorption among CBRE-reported submarkets

JOHNSON COUNTY  
ASKING RENT

**\$6.86/SF**

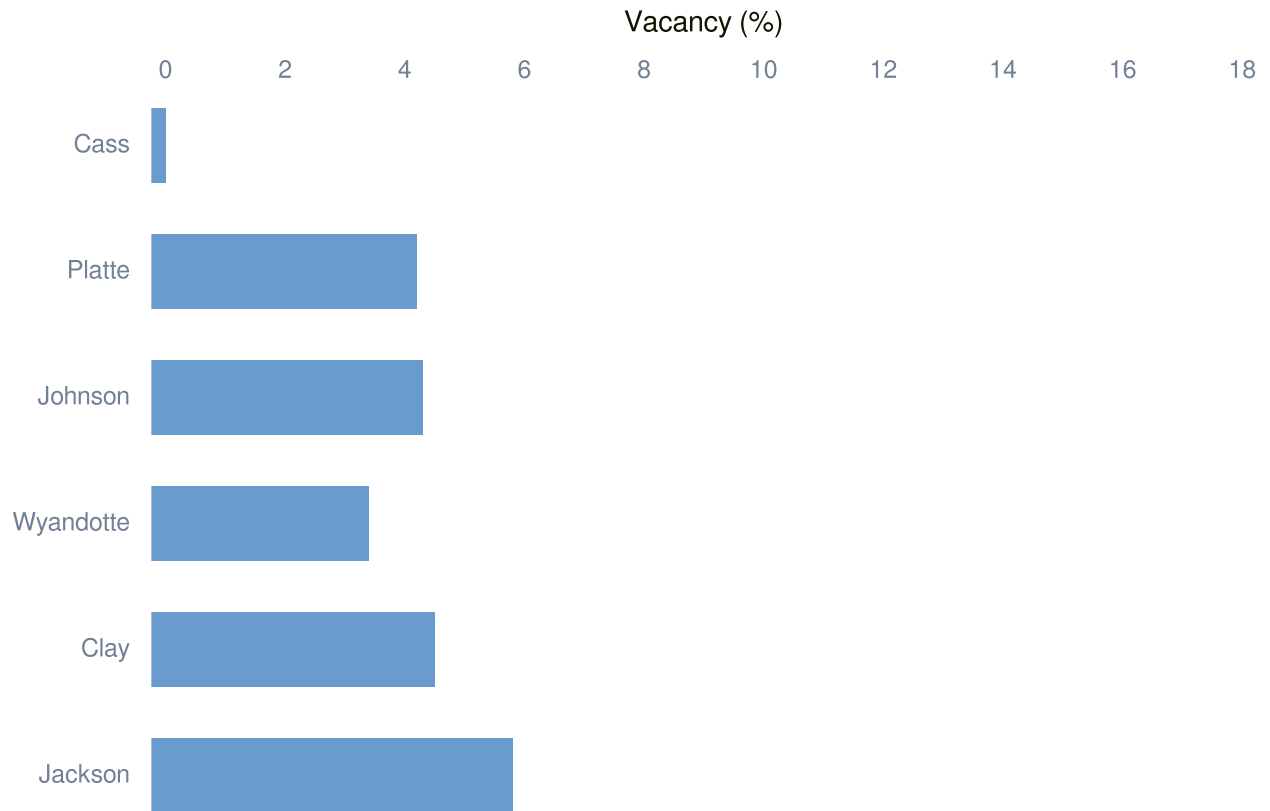
**NNN**

Highest rent submarket; \$1.37/SF above metro average (CBRE)

Johnson County Commands the Leasing Cycle. Johnson County captured 33.5% of all metro leasing volume in Q1 2026 — 1.1 million SF — while simultaneously posting the metro's largest net absorption figure of 1,015,284 SF and commanding the highest asking rent at \$6.86/SF NNN, a full \$1.37/SF above the CBRE metro average.

Johnson County's leasing dominance is underpinned by a combination of modern logistics product, superior highway access along I-35 and K-10, and a deep tenant base spanning construction, manufacturing, and e-commerce fulfillment. The quarter's three largest Johnson County leases — P1 Group at 311,000 SF, eFulfillment Service at 243,000 SF, and Sermmi at 175,000 SF — span distinct demand categories, signaling broad-based occupier interest rather than sector-specific momentum. With 1.90 MSF under construction per CBRE and a trailing four-quarter leasing volume of 3.3 MSF, the pipeline appears calibrated to absorb near-term demand without materially softening rents. Whether that balance holds as deliveries accelerate through mid-2026 will be a key test for the submarket's pricing power.

## Q1 2026 Vacancy Rate by Submarket (CBRE)



## Submarket-by-Submarket Performance Breakdown

### ▼ FULL SUBMARKET COMPARISON TABLE

SUBMARKET	INVENTORY (COLLIERS SF)	VACANCY (COLLIERS)	VACANCY (CBRE)	ASKING RENT (COLLIERS \$/SF)	ASKING RENT (CBRE \$/SF NNN)	Q1 NET ABSORPTION (COLLIERS SF)
Johnson County	95,796,792	5.3%	4.3%	\$6.12	\$6.86	1,015,284
Jackson County	93,796,721	4.6%	5.8%	\$5.68	\$4.93	152,642
Executive Park/NE	46,019,319	5.3%	—	\$5.81	—	78,563
Wyandotte County	40,080,038	2.8%	3.4%	\$5.20	\$5.51	849
Platte County/NKC	37,921,701	7.2%	4.2%	\$5.56	\$6.45	-12,000
Cass County	5,379,751	2.7%	0.0%	\$5.25	—	—

Source Divergence Warrants Attention. Colliers and CBRE report materially different vacancy figures for Platte County/NKC — 7.2% vs. 4.2% — reflecting differences in inventory definition and submarket boundary. Analysts should triangulate across sources before drawing conclusions on this submarket.

Colliers' broader Platte County/NKC inventory boundary (37.9 MSF vs. CBRE's 19.14 MSF) captures a wider set of older product, which likely explains the elevated 7.2% vacancy reading. CBRE's tighter modern-product focus yields a 4.2% vacancy figure and highlights the submarket's 13.6% YoY rent growth — the strongest in the metro — driven by proximity to KCI Airport and a constrained supply of Class A logistics space. The Hunt Midwest and Prologis joint venture announced February 26, 2026, covering KCI 29 Logistics Park (3,300 acres) and Five Star Logistics Park (up to 800,000 SF), signals institutional conviction that this corridor has further runway.

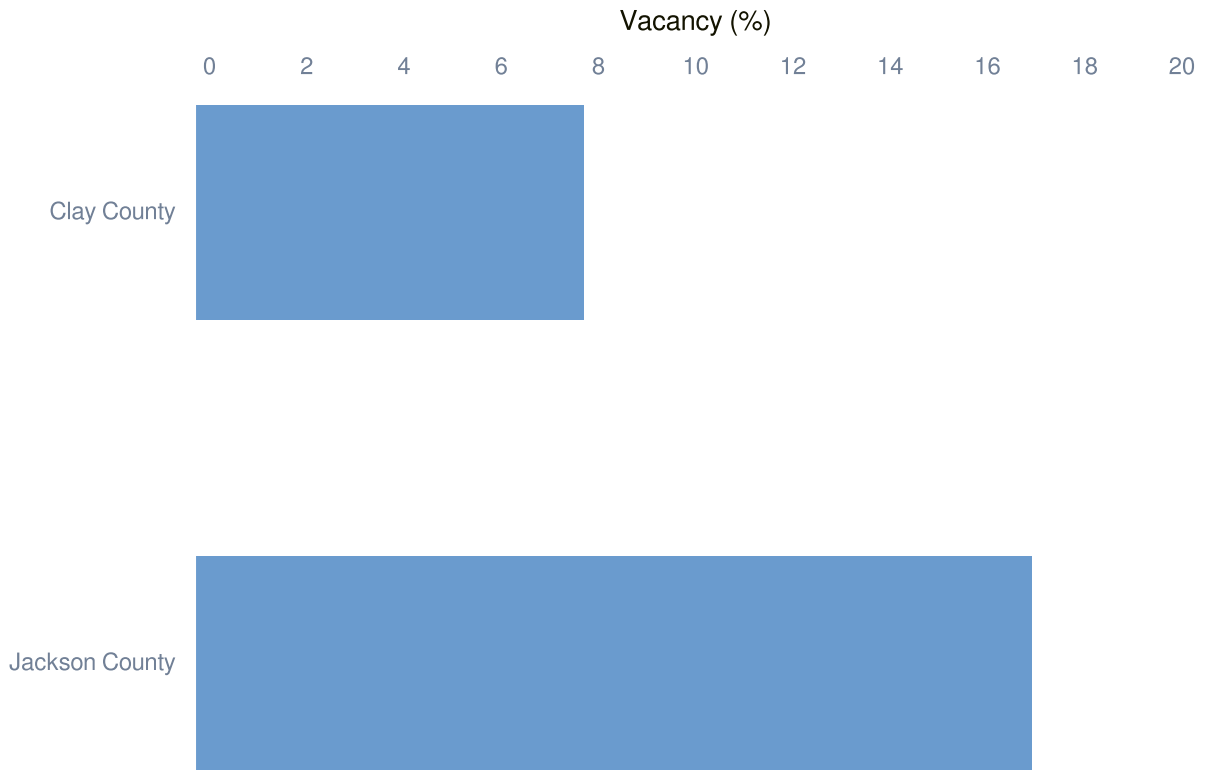
▼ CASS COUNTY: FULL OCCUPANCY AND A GROWING PIPELINE

CASS COUNTY METRIC	COLLIERS	CBRE
Inventory	5,379,751 SF	5.05 MSF
Vacancy	2.7%	0.0%
Availability	—	0.0%
Net Absorption	—	0.14 MSF
Under Construction	577,500 SF	0.58 MSF
Asking Rent	\$5.25/SF	—

Honeywell Absorbs Last Available Block, Pushing Cass to Zero. CBRE reported that Honeywell's 146,000 SF lease eliminated the final primary vacancy in Cass County, driving availability to 0.0% — the tightest reading of any submarket in the Kansas City metro.

Cass County's full occupancy is a function of its small inventory base (roughly 5 MSF) combined with accelerating demand from logistics and industrial users drawn to its southern I-49 corridor positioning. With 577,500–580,000 SF under construction across both sources, new supply is on the way — but the 1.024 MSF Raymore Commerce Center Building 3 investment sale in Q1 signals that institutional capital is already pricing in future lease-up. The submarket's zero-vacancy condition makes it a leading indicator of where rent pressure may emerge next as new product delivers.

### Modern Bulk Distribution Vacancy — Pressure Submarkets (CBRE)



Modern Bulk Vacancy in Jackson Reaches 16.9%. Within CBRE's modern bulk distribution subset, Jackson County posted a 16.9% vacancy rate and negative 0.01 MSF of Q1 net absorption — the weakest large-format performance in the metro and a sharp contrast to the 4.6% overall vacancy reported by Colliers.

Jackson County's bifurcated performance — strong overall metrics masking stressed modern bulk conditions — reflects the legacy of speculative development that outpaced demand in the I-70 East corridor. The submarket's 6.9% availability rate, the highest in the metro per CBRE, and its lowest asking rent at \$4.93/SF NNN indicate that landlords are competing on price to fill large-format vacancies. Clay County mirrors this dynamic in its modern bulk subset, where 10.2% availability and negative 0.31 MSF of Q1 net absorption point to continued occupier caution. Both submarkets carry elevated sublease exposure relative to peers, with Clay at 1.0% sublease availability in the bulk subset. The two Medline and Arco Construction leases in Jackson (359,000 SF and 227,000 SF respectively) provide near-term relief but do not fully offset the structural overhang in large-bay product.

WYANDOTTE COUNTY	COLLIERS	CBRE
Inventory	40,080,038 SF	41.35 MSF
Vacancy	2.8%	3.4%
Asking Rent	\$5.20/SF	\$5.51/SF NNN
Net Absorption	849 SF	0.44 MSF
Under Construction	248,400 SF	0.58 MSF
Deliveries	—	300,000 SF

FedEx and Amazon Anchor Wyandotte's Demand Base. FedEx's 369,000 SF occupancy at Woodend Industrial Park and Amazon's approximately 304,000 SF lease represent two of the quarter's largest individual occupancy events in the submarket, anchoring Wyandotte's 3.4% vacancy against a 41.35 MSF inventory base.

Wyandotte County's near-equilibrium vacancy — the second-lowest among Colliers-defined submarkets at 2.8% — reflects its established position as a last-mile and bulk distribution hub serving the urban Kansas City core via I-70 and I-635. The submarket's \$5.20–\$5.51/SF asking rent range sits below the metro average, suggesting that tenants access functional, well-located product at a relative discount compared to Johnson County's premium corridor. STAG's acquisition of a 748,333 SF fully leased facility at \$108/SF confirms institutional appetite for stabilized Wyandotte assets. With 0.58 MSF under construction and 300,000 SF already delivered in Q1, supply additions are measured and unlikely to materially disrupt the submarket's tight vacancy profile near-term.

# Cap Rate Compression Signals Renewed Investor Conviction

Q1 2026 AVG  
MORTGAGE RATE

**6.47%**

Rate declined from 6.50%  
in Jan to 6.42% in Mar  
2026

INDUSTRIAL CAP RATE  
(Q4 2025)

**9.10%**

Compressed 20 bps from  
9.30% in Q4 2024

CLOSED SALE PRICE

**\$142.39/SF**

vs. \$123.74/SF asking price  
— 15.1% premium to ask

Q1 2026 CLOSED SALES

**63 sales**

March led with 27 closings,  
up from 17 in February

AVG LOAN-TO-VALUE

**0.75**

Held steady across all three  
months of Q1 2026

STAG ACQUISITION —  
PLATTE COUNTY

**748,333 SF at  
\$108/SF**

Largest single disclosed  
transaction in Q1 2026

SALES DAYS ON  
MARKET

**238.67 days**

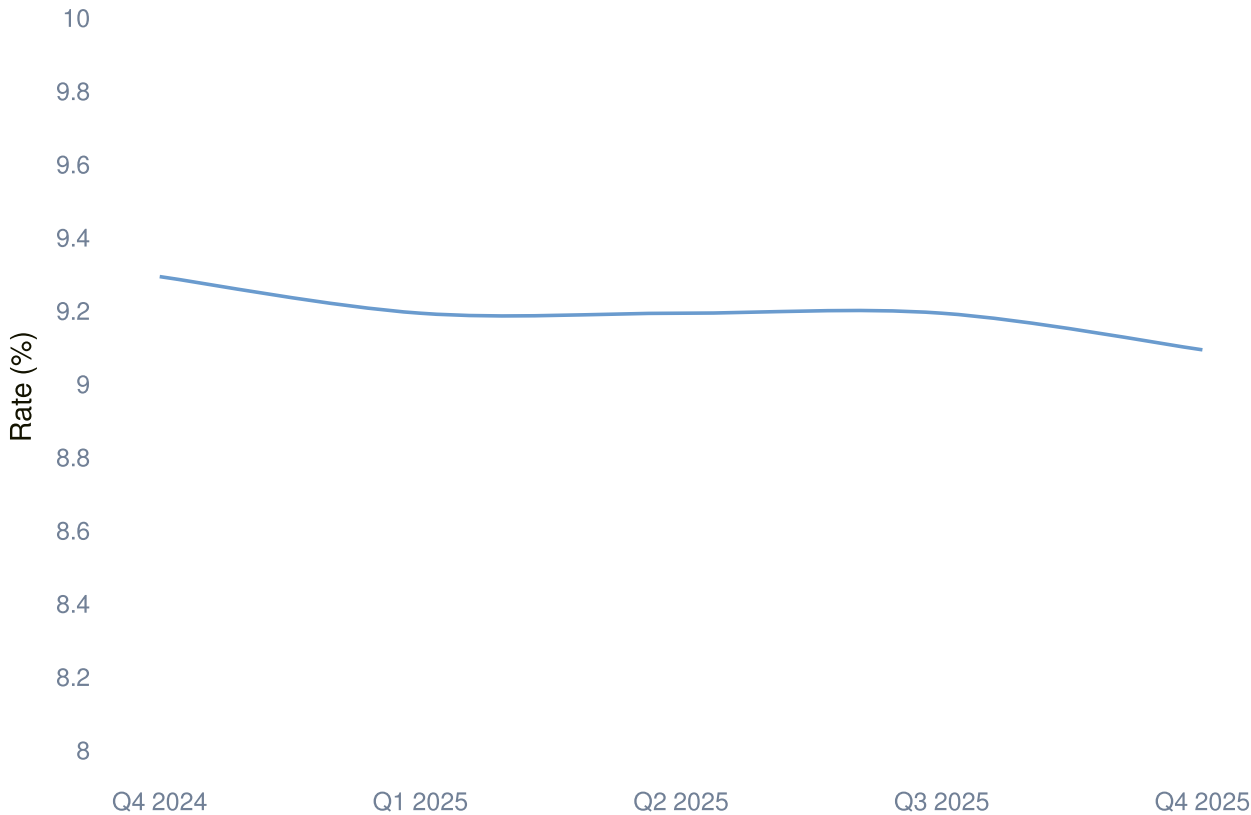
Extended marketing periods  
reflect selective buyer pool

Mortgage Rates Easing Within a Still-Elevated Range. Kansas City industrial mortgage rates declined 8 basis points within Q1 2026 — from 6.50% in January to 6.42% in March — while cap rates compressed from 9.30% in Q4 2024 to 9.10% in Q4 2025, widening the spread between debt cost and yield to approximately 263 basis points.

The narrowing mortgage rate, combined with a cap rate that has compressed steadily over five consecutive quarters, points to a market where buyers are pricing in improving fundamentals rather than simply chasing yield. The 263-basis-point spread between the Q1 2026 mortgage rate and Q4 2025 cap rate provides meaningful positive leverage — a condition that was notably absent in many coastal industrial markets during the same period. Closed sale prices averaging \$142.39/SF against asking prices of \$123.74/SF suggest buyers are competing on quality assets and bidding above list, even as average days on market remain elevated at 238.67 days. This divergence — premium pricing alongside extended marketing periods — indicates a bifurcated market where institutional-grade product clears quickly at a premium while secondary assets linger. STAG's 748,333 SF acquisition in Platte County at \$108/SF exemplifies institutional appetite for fully leased, large-format

distribution assets. As mortgage rates continue their measured decline, the debt-service calculus for leveraged buyers improves incrementally, which may support further transaction velocity in subsequent quarters.

### Mortgage Rate vs Cap Rate Trend (%)



### Cap Rate Compression and Pricing Trajectory

▼ CAP RATE AND PRICING TREND — Q4 2024 THROUGH Q4 2025

QUARTER	AVG SALE PRICE (\$/SF)	CAP RATE (%)
Q4 2024	\$65.00	9.30%
Q1 2025	\$66.00	9.20%
Q2 2025	\$65.00	9.20%
Q3 2025	\$65.00	9.20%
Q4 2025	\$67.00	9.10%

Steady Compression, Not a Spike. Cap rates declined 20 basis points over five quarters — a measured, fundamentals-driven compression rather than a speculative repricing event.

Kansas City industrial cap rates have compressed gradually from 9.30% in Q4 2024 to 9.10% in Q4 2025, confirmed by both Lee & Associates and Integra Realty Resources data. Average sale pricing reached \$67.00/SF in Q4 2025, its highest point in the five-quarter series, suggesting buyers are accepting lower yields as occupancy and leasing fundamentals improve. The consistency of the 9.20% cap rate across three consecutive quarters before the Q4 2025 step-down indicates the compression reflects genuine demand rather than a one-quarter anomaly. If the trajectory holds, further compression toward the 9.00% threshold is plausible as the leasing pipeline — 3.2 million SF in Q1 2026 alone — continues to validate underwriting assumptions.

## Notable Q1 2026 and Q4 2025 Transactions

### ▼ DISCLOSED TRANSACTION DETAIL

PROPERTY	PERIOD	SIZE (SF)	PRICE	PRICE/SF	BUYER TYPE
Platte County Facility	Q1 2026	748,333	—	\$108.00	Institutional (STAG)
Raymore Commerce Center Bldg 3	Q1 2026	1,024,000	—	—	Not disclosed
Platte Intl Commerce Center	Q1 2026	750,000	—	—	Not disclosed
Lenexa Place	Q1 2026	133,000	—	—	Not disclosed
Sumter Coatings Acquisition	Q4 2025	52,220	\$4,041,448	\$77.39	Corporate user
Portals Hardware Acquisition	Q4 2025	23,000	\$1,350,000	\$58.70	Corporate user
Local Investor Sale	Q4 2025	22,500	\$3,250,000	\$144.44	Private/local

Institutional and Owner-User Capital Active Simultaneously. STAG's large-format acquisition and multiple corporate owner-user purchases in Q4 2025 reflect a market attracting capital across the risk spectrum.

The transaction record reveals a two-tier market. Institutional capital — represented by STAG's 748,333 SF Platte County purchase at \$108/SF — targets fully leased, large-format assets where income certainty justifies compressed yields. Owner-user buyers, including Sumter Coatings and Portals Hardware, transact at lower per-SF prices (\$58.70–\$77.39/SF) on smaller Class C assets, consistent with Cushman & Wakefield's observation that demand for owner-

user buildings up to 150,000 SF remains strong. The local investor-to-investor sale at \$144.44/SF — the highest per-SF price in the Q4 2025 sample — underscores that well-located, smaller Class B assets can command significant premiums. Colliers reported three additional Q1 2026 transactions totaling over 1.9 million SF, though pricing was not disclosed, limiting full-quarter volume quantification.

## Financing Conditions and Debt Market Dynamics

### ▼ MONTHLY FINANCING METRICS — Q1 2026

MONTH	MORTGAGE RATE	LOAN-TO-VALUE	LOAN AMOUNT
January 2026	6.50%	0.75	\$986,599
February 2026	6.48%	0.75	\$992,635
March 2026	6.42%	0.75	\$960,000

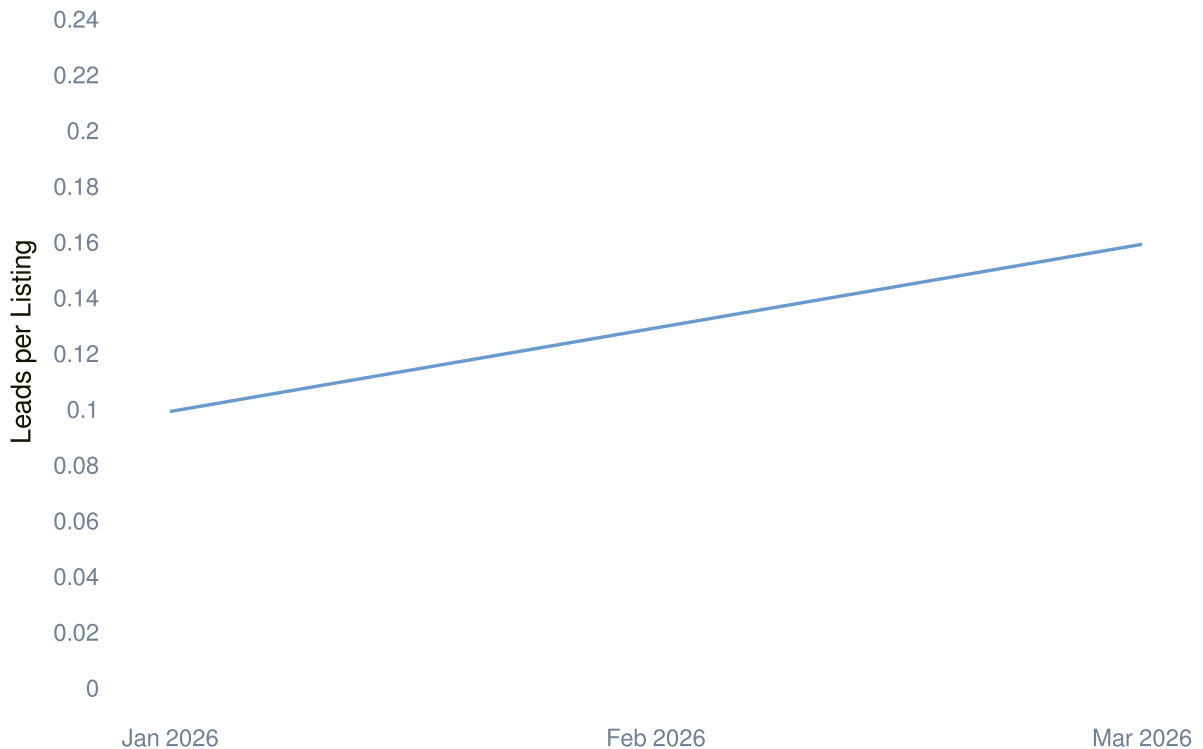
Lender Discipline Holds at 75% LTV. Despite the modest rate decline, lenders maintained a consistent 0.75 loan-to-value ratio across all three months of Q1 2026, signaling disciplined underwriting rather than loosening credit standards.

The stability of the 75% LTV ratio throughout Q1 2026 indicates lenders are not relaxing underwriting standards in response to the rate decline — a prudent posture given Kansas City's unemployment rate jumped to 4.2% in March 2026 from 3.5% in February. The 8-basis-point mortgage rate decline within the quarter is directionally positive for leveraged buyers but remains modest in absolute terms. At 6.42%–6.50%, financing costs still represent a meaningful drag on returns for value-add strategies, which may explain the zero LOI conversion rate recorded on the CREXi platform in Q1 2026 despite improving lead-per-listing ratios (0.10 in January rising to 0.16 in March). Buyers appear to be underwriting carefully before committing, consistent with a market where the spread between debt cost and cap rate, while positive, leaves limited margin for execution risk.

## Demand Signals and Platform Activity

### ▼ CREXi PLATFORM DEMAND METRICS — Q1 2026

## Leads per Listing — Monthly Trend



Buyer Interest Building, But No Conversions. Leads per listing rose 60% from January to March 2026, yet the LOI conversion rate held at 0.00% throughout the quarter — indicating growing interest that has not yet translated into executed offers.

The divergence between rising platform engagement and zero LOI conversions captures the tension defining Kansas City's Q1 2026 investment market: buyers are actively researching but not yet committing at scale. This pattern is consistent with a market where pricing expectations between sellers and buyers remain misaligned — sellers anchored to the \$123.74/SF average ask while closed transactions cleared at \$142.39/SF on quality assets, suggesting the gap is asset-specific rather than systemic. The 238.67-day average marketing period reinforces this dynamic. Kansas City's local economic backdrop adds context: year-to-date job growth of just 0.01% as of January 2026 and 2025 GDP growth of 1.4% — below the 2.0% U.S. average — may temper aggressive underwriting assumptions for speculative buyers, even as strong leasing fundamentals (3.2 million SF in Q1 2026) support income-producing asset valuations.

# KCI JV and Manufacturing Surge Signal Durable Demand Ahead

MANUFACTURING  
COMPOSITE INDEX

**+11 (March  
2026)**

+6 points vs. February 2026

SPECULATIVE PIPELINE  
SHARE

**67% of  
pipeline**

3.5M–4.18M SF spec under  
construction

Q1 2026  
GROUNDBREAKINGS

**7 projects /  
2.1M SF**

New starts resurging after  
Q4 2025 trough

MANUFACTURING  
EMPLOYMENT GROWTH

**+1.8% YoY**

90,100 jobs as of March  
2026

KCI-29 LOGISTICS PARK

**3,300 acres**

\$40M state grant  
supporting infrastructure

U.S. GDP GROWTH  
FORECAST

**2.1% (2026)**

Matches 2025 pace; stable  
macro backdrop

KC MSA  
UNEMPLOYMENT RATE

**4.2% (March  
2026)**

+70 bps vs. February 2026

TRADE,  
TRANSPORTATION &  
UTILITIES  
EMPLOYMENT

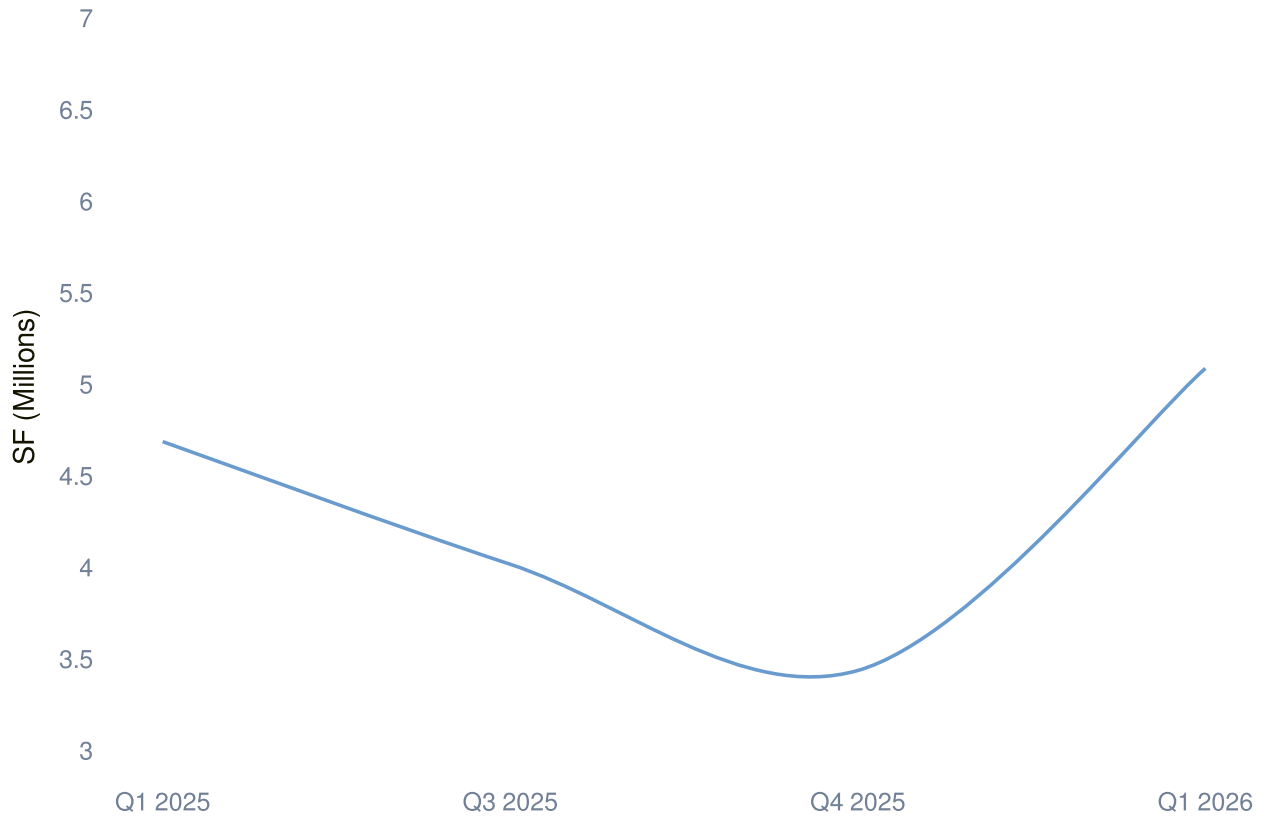
**-1.0% YoY**

227,700 jobs; only sector  
showing contraction

Hunt Midwest–Prologis KCI Joint Venture Anchors Long-Range Supply Pipeline. Announced February 26, 2026, the Hunt Midwest and Prologis joint venture encompasses the 3,300-acre KCI-29 Logistics Park and the Five Star Logistics Park (up to 800,000 SF), supported by a \$40 million state infrastructure grant — positioning the KCI corridor as the metro's primary large-block supply node for the next development cycle.

The KCI-29 joint venture is the single most consequential forward supply event in Kansas City's industrial market entering mid-2026. The 3,300-acre footprint, backed by dedicated state funding, removes the infrastructure uncertainty that has historically constrained large-format development near the airport. With Prologis as co-developer, institutional-grade product is likely to define the park's initial buildings — a meaningful upgrade in product quality for a corridor that has relied on smaller, owner-operated facilities. The Five Star Logistics Park component adds a near-term, shovel-ready layer (up to 800,000 SF) that can absorb demand before the broader KCI-29 master plan matures. Cushman & Wakefield's cited benchmark of 12 million SF per year in absorption/leasing pace sets a high bar; the KCI corridor's scale and site-readiness will be central to whether the metro can sustain that velocity through 2027.

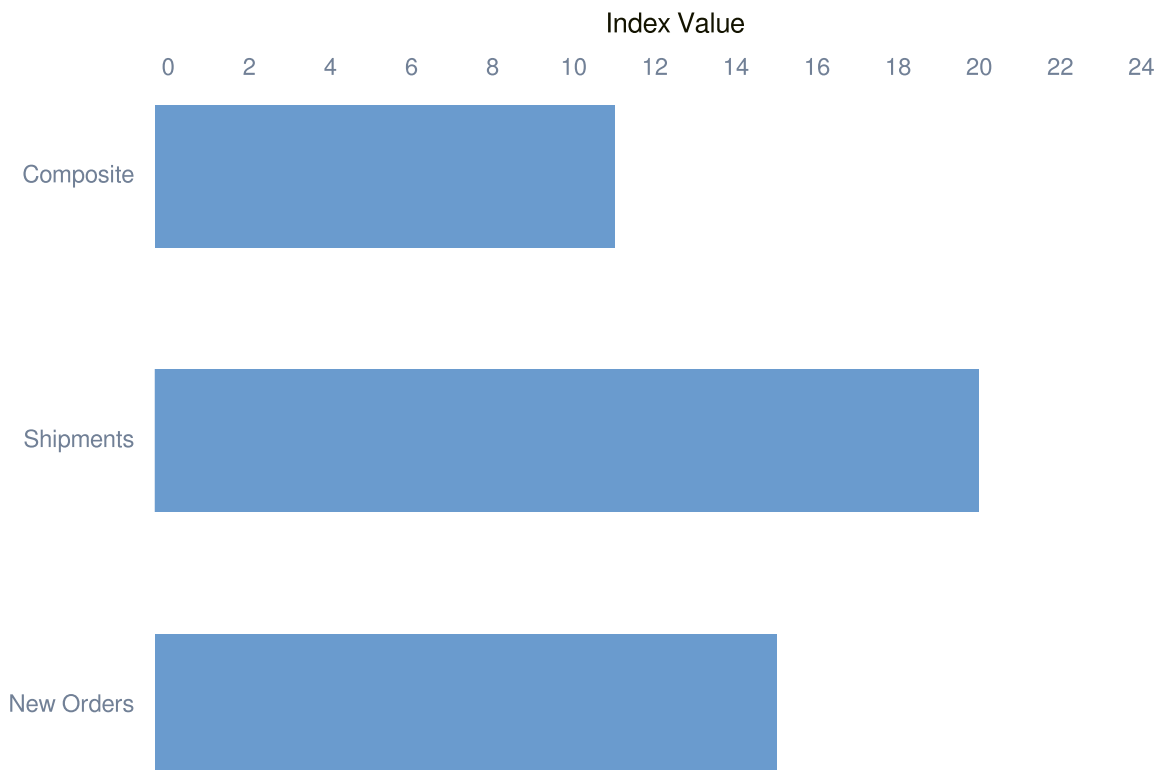
## Under Construction Trend (SF, Millions)



## Forward Demand Drivers: Manufacturing Momentum and Occupier Expansion

▼ TENTH DISTRICT MANUFACTURING SURGE: LEADING INDICATOR FOR INDUSTRIAL DEMAND

## Fed KC Manufacturing Indices — Feb vs Mar 2026



Tenth District Manufacturing Indices Accelerated Sharply in March 2026. The composite index rose from +5 to +11, shipments from +11 to +20, and new orders from +7 to +15 — all expanding simultaneously, a configuration that historically precedes increased space utilization and lease activity in industrial markets.

The breadth of the March 2026 improvement across all three Federal Reserve Bank of Kansas City manufacturing sub-indices is notable: composite, shipments, and new orders each accelerated in the same month, suggesting demand is pulling through the supply chain rather than being driven by inventory restocking alone. Kansas City's manufacturing employment base of 90,100 jobs grew 1.8% year-over-year — outpacing total nonfarm employment growth of 0.0% — confirming that manufacturing is the metro's most active hiring sector. At the national level, U.S. manufacturers' new orders reached \$630.4 billion in March 2026, up 1.5% month over month, providing a macro tailwind that supports continued occupier confidence. Dohrn Transfer Company's March 2026 relocation to Gardner Ave — tripling its Kansas City capacity — illustrates how this manufacturing and logistics momentum translates directly into incremental industrial space demand at the submarket level.

▼ PIPELINE COMPOSITION: SPECULATIVE RESURGENCE MEETS MEASURED RISK

METRIC	COLLIERS	CBRE
Total Under Construction	6,253,224 SF	5,100,000 SF
Speculative SF	4,180,000 SF	3,500,000 SF
Speculative Share	67%	67%
Build-to-Suit SF	—	1,600,000 SF
Build-to-Suit Share	—	33%

Speculative Development Resurging After 2025 Trough. Both Colliers and CBRE independently report that 67% of the active pipeline is speculative — a consistent signal that developer confidence has returned following the Q4 2025 pipeline low of 3.45 million SF under construction.

The convergence of two independent broker sources on a 67% speculative share is a meaningful data point: it suggests that developers are underwriting forward demand with conviction, not merely responding to signed leases. The pipeline's recovery from a Q4 2025 trough of 3.45 million SF to a Q1 2026 range of 5.1–6.25 million SF — driven by 7 new groundbreaking totalings 2.1 million SF in the quarter alone — reflects a rapid reversal of the cautious posture that characterized late 2025. The 33% build-to-suit component (1.6 million SF

per CBRE) provides a demand-anchored base that partially de-risks the speculative overhang. The primary risk is timing: if absorption does not sustain the pace implied by Cushman & Wakefield's 12 million SF/year benchmark, the speculative share could pressure vacancy in 12–18 months.

▼ **ECONOMIC BACKDROP: STABLE GROWTH, ELEVATED INFLATION, AND A LABOR MARKET CAVEAT**

INDICATOR	VALUE	PERIOD
U.S. GDP Growth Forecast	2.1%	2026
KC MSA GDP Growth	1.4%	2025
Consumer Spending Growth Forecast	1.8%	2026
Real Disposable Income Growth Forecast	1.3% annually	2025–2029
Headline Inflation Forecast	3.2%	2026
KC MSA Unemployment Rate	4.2%	March 2026
Total Nonfarm Employment Growth	0.0% YoY	March 2026

Kansas City GDP Lagged the U.S. in 2025, and Inflation Is Accelerating in 2026. KC MSA GDP growth of 1.4% in 2025 trailed the U.S. rate of 2.0%, while headline inflation is forecast to rise to 3.2% in 2026 from the mid-2% range — a combination that compresses real consumer purchasing power and may moderate logistics-driven demand growth.

The macro picture for Kansas City's industrial market is supportive but not uniformly positive. U.S. GDP is forecast to hold at 2.1% in 2026, providing a stable national backdrop, but the metro's own 2025 GDP growth of 1.4% underperformed the national rate by 60 basis points. The March 2026 unemployment rate spike to 4.2% — up 70 basis points from February's 3.5% — warrants monitoring, particularly given that total nonfarm employment growth registered 0.0% year-over-year. The trade, transportation, and utilities sector, a direct proxy for industrial space demand, contracted 1.0% year-over-year to 227,700 jobs, the only major sector showing outright decline. Against this, consumer spending is forecast to grow 1.8% in 2026 and real personal disposable income 1.3% annually through 2029 — modest but positive signals for distribution and last-mile demand. The net read is a market where manufacturing is accelerating but logistics employment is softening, creating a bifurcated demand profile across product types.

▼ **ZONING AND POLICY ACTIONS: INCREMENTAL LAND ENABLEMENT NEAR KEY CORRIDORS**

ORDINANCE DATE	LOCATION	ACTION	SCALE
March 6, 2025	N. Congress Ave & NW Cookingham Dr	Rezoned to M2-1	50 acres / 735,933 SF
April 17, 2025	NW Prairie View Rd (west of I-29)	Rezoned B3-3 to M1-2	10.75 acres
April 17, 2025	East Truman Rd (McGee to Oak)	Added warehousing/freight uses	4.71 acres
May 8, 2025	I-435 & NW Cookingham Dr	Rezoned AG-R to M2-3	1 acre

Four Industrial Rezoning Near KCI and I-29 Corridors Enacted in 2025. The cluster of rezoning activity along NW Cookingham Dr and the I-29 corridor — including 50 acres converted to M2-1 heavy industrial — directly enables the land assembly required to support the KCI-29 Logistics Park's buildout and adjacent speculative development.

The four enacted rezonings between March and May 2025 collectively converted approximately 66.5 acres to industrial-permissible uses, with the largest single action — 50 acres at N. Congress Ave and NW Cookingham Dr — allocating 735,933 SF to M2-1 heavy industrial classification. The geographic concentration near the KCI corridor and I-29 is not coincidental: these actions align with the infrastructure investment thesis underpinning the Hunt Midwest-Prologis joint venture and the \$40 million state grant for KCI-29. The April 2025 addition of warehousing, wholesaling, storage, and freight movement as permitted uses on East Truman Road signals a parallel effort to expand industrial land capacity in established urban corridors. While the aggregate acreage is modest relative to the 3,300-acre KCI-29 footprint, the policy pattern indicates municipal alignment with industrial growth objectives across multiple corridors — a condition that typically reduces entitlement risk for future development phases.

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# Kansas City, MO Multi-Family Quarter 1, 2026 (Q1 2026)

THE KEY NUMBER

# 4.0%

## 4.0% VACANCY SIGNALS TIGHT MARKET DRAWING INSTITUTIONAL CAPITAL

Kansas City multifamily vacancy held at 4.0% in Q1 2026, sitting 280 basis points below the national rate of 6.8% and confirming demand continues to outpace supply as absorption exceeded deliveries by 200 units. This tightness is attracting institutional capital—MAA closed land for a 263-unit development, 422 investment sales closed in the quarter, and nearly \$19 million in public affordable housing funding was deployed or made available. Rent growth, while moderating from 5.0% to 3.2% year-over-year through Q3 2025, still far outpaces the national 0.3% pace, reinforcing Kansas City's relative value proposition for investors despite elevated local cap rates of 6.3%.

## 01 — EXECUTIVE SUMMARY

### Tight Vacancy Anchors Kansas City's Institutional Appeal

METRO VACANCY RATE

## 4.0%

280 bps below national rate of 6.8%

ABSORPTION VS. DELIVERIES SPREAD

## +200 units

Absorption exceeded deliveries in Q1 2026

DOWNTOWN NET ABSORPTION

## 176 units

Zero new deliveries in Q1 2026

RENT GROWTH YOY (Q3 2025)

## 3.2%

vs. 0.3% national YOY growth in Q1 2026

CLOSED SALE PRICE

## \$184,628/unit

Sale-to-ask ratio of 0.96

KANSAS CITY CAP RATE

## 6.3%

vs. 5.8% national benchmark (Fannie Mae Q1 2026)

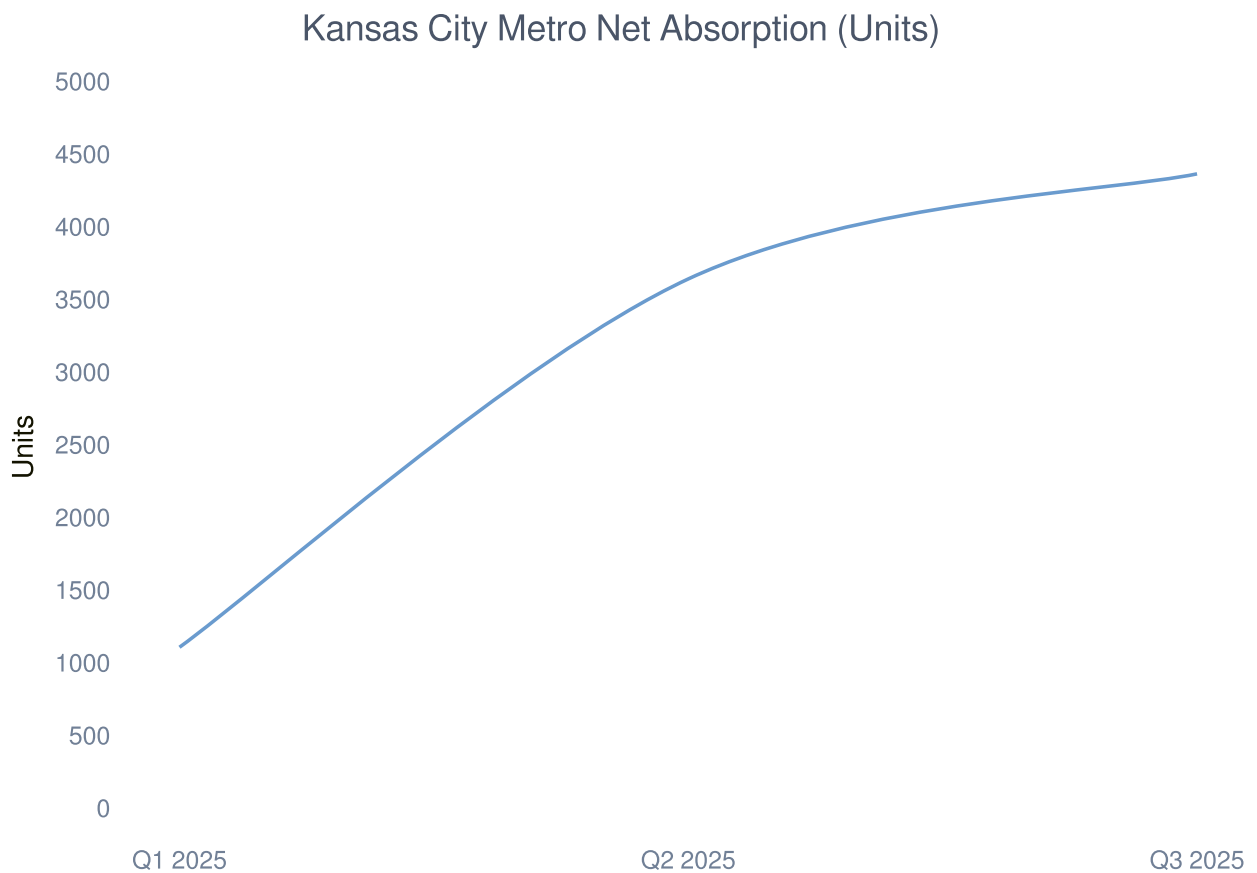
MORTGAGE RATE

## 6.34%

Loan-to-value ratio of 0.75

Kansas City's 4.0% metro vacancy rate sits 280 basis points below Fannie Mae's national multifamily vacancy benchmark of 6.8% in Q1 2026, a gap that has persisted across multiple consecutive quarters of sub-4% readings.

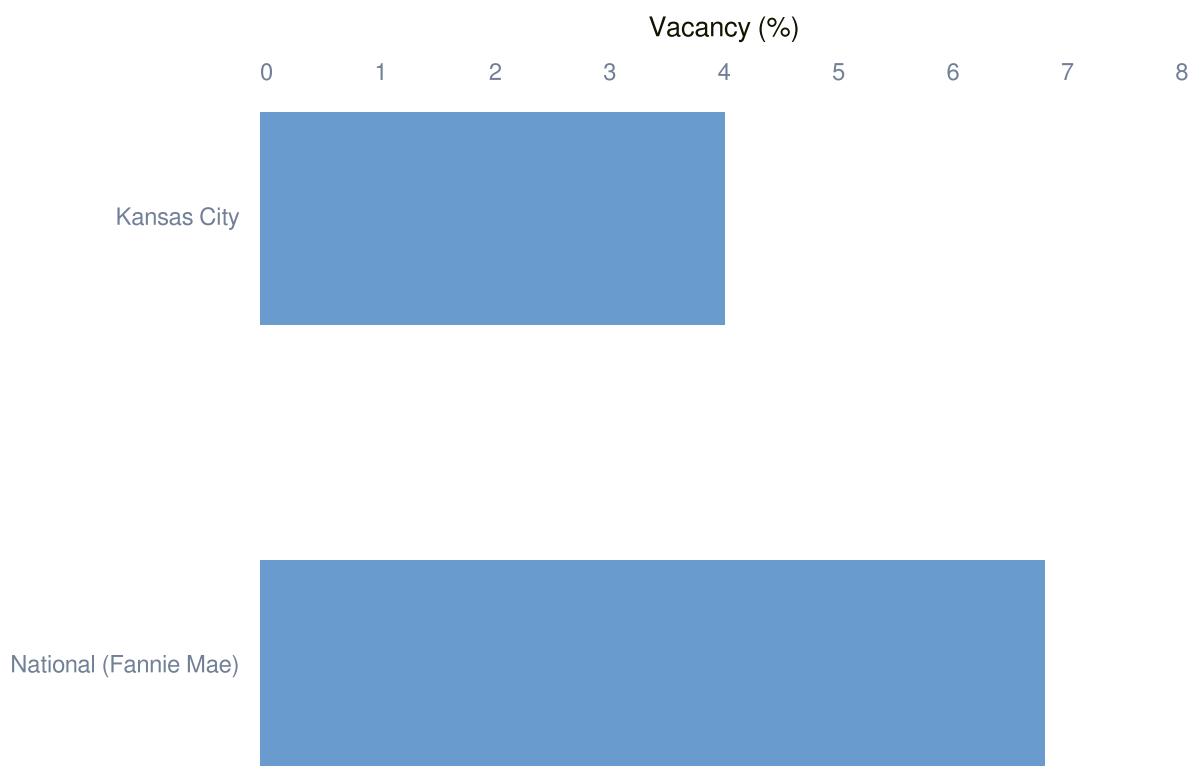
Kansas City's sustained vacancy compression reflects a market where demand has consistently outpaced supply. Metro absorption exceeded deliveries by 200 units in Q1 2026, continuing a trend that saw 1,122 units absorbed in Q1 2025, 3,656 in Q2 2025, and 4,379 in Q3 2025. Downtown Kansas City absorbed 176 units in Q1 2026 with zero new deliveries — a supply-constrained submarket dynamic that has kept overall metro fundamentals firm even as Downtown asking rents softened 1.1% in the quarter. Rent growth at the metro level, while moderating from a 5.0% YOY peak in Q2 2025 to 3.2% in Q3 2025, continues to outpace the national rate of 0.3% YOY reported by Fannie Mae for Q1 2026 by a wide margin. The pipeline of public affordable housing investment — including nearly \$3,000,000 in Housing Trust Fund Round 5 awards supporting 241 units and up to \$15,000,000 made available through Round 6 — signals continued policy-level commitment to housing supply, which may shape the competitive landscape for market-rate product in coming quarters.



## Kansas City vs. National Benchmarks — Q1 2026 Snapshot

▼ VACANCY & RENT GROWTH: LOCAL OUTPERFORMANCE IN CONTEXT

## Vacancy Rate Comparison (%)



Kansas City's rent growth trajectory — 4.6% YOY in Q1 2025, 5.0% in Q2 2025, and 3.2% in Q3 2025 — has materially outpaced the national rate across every comparable period.

Kansas City's vacancy rate has held below 4.0% across multiple consecutive quarters, ranging from 3.6% in Q2 2025 to 3.8% in Q3 2025 and 4.0% in Q1 2026 per Integra Realty Resources. This compares to a national vacancy of 6.8% in Q1 2026, a 280-basis-point differential that underscores the metro's relative supply discipline. Effective rent at the metro level held at \$1.50/SF in both Q2 and Q3 2025, up from \$1.46/SF in Q1 2025, reflecting stable pricing power even as growth rates moderated. The Downtown submarket presents a notable divergence: vacancy of 18.8% and a 1.1% asking rent decline in Q1 2026 indicate that urban core dynamics are decoupled from the broader metro trend, likely reflecting a more concentrated supply-demand imbalance in that submarket.

### ▼ CAPITAL MARKETS: PRICING SIGNALS AND TRANSACTION ACTIVITY

METRIC	KANSAS CITY	NATIONAL (FANNIE MAE)
Cap Rate	6.3% (Infabode)	5.8%
Closed Sale Price	\$184,628/unit	—
Sale-to-Ask Ratio	0.96	—
Mortgage Rate	6.34%	—
Loan-to-Value	0.75	—
Closed Sales	422	—
Sales Days on Market	215.17 days	—

Kansas City's asking cap rate of 6.3% (Integra Realty Resources) sits 50 basis points above the national multifamily cap rate of 5.8% reported by Fannie Mae for Q1 2026, suggesting a relative pricing spread that has attracted transaction activity — 422 closed sales were recorded in Q1 2026.

Transaction volume in Q1 2026 registered 422 closed sales against 112 active listings, with assets trading at a 0.96 sale-to-ask ratio — indicating limited price negotiation and sustained buyer conviction. Average days on market of 215.17 days reflects a deliberate, institutional-paced transaction environment rather than distressed or rapid-turnover conditions. The 50-basis-point spread between Kansas City cap rates and the national benchmark may reflect both the metro's secondary-market risk premium and the financing environment, where a 6.34% mortgage rate and 0.75 LTV constrain leverage. MAA's February 2026 land closing for the 263-unit MAA Sevilla development signals that institutional developers continue to underwrite new supply in the market, a factor that will influence vacancy and rent trajectories through the medium term.

▼ AFFORDABLE HOUSING PIPELINE: POLICY ACTIVITY AND MARKET IMPLICATIONS

PROGRAM	DATE	FUNDING	UNITS SUPPORTED
Housing Trust Fund Round 5	Feb 27, 2026	\$3,000,000	241
Housing Trust Fund Round 6 RFP	Mar 23, 2026	Up to \$15,000,000	—
Housing Gateway Program	Feb 11, 2026	\$1,000,000	—

Kansas City's Housing Trust Fund Round 6 made up to \$15,000,000 available as of March 23, 2026 — a fivefold increase in available funding relative to the Round 5 award — signaling an accelerating public commitment to affordable housing production.

Three distinct public housing programs were activated or funded in Q1 2026, collectively directing at least \$19,000,000 toward affordable and workforce housing initiatives. Round 5 awards of nearly \$3,000,000 supported 241 affordable units, while Round 6 opened with up to \$15,000,000 available — a scale that, if fully deployed, could meaningfully expand the affordable supply pipeline. The Housing Gateway Program's \$1,000,000 approval adds a third programmatic channel. Collectively, these initiatives reflect a policy environment oriented toward supply expansion at the affordable end of the market. As this pipeline matures, its interaction with the market-rate sector — particularly in submarkets where vacancy is already elevated, such as Downtown at 18.8% — will be a key variable shaping rent and occupancy trends through 2026 and beyond.

## Tight Vacancy Draws Institutional Capital and Public Funding

VACANCY RATE  
(INFABODE)

**4.0%**

Signals persistently tight supply-demand balance, Q1 2026

NET ABSORPTION VS.  
DELIVERIES

**+200 units**

Absorption exceeded deliveries, Q1 2026

CLOSED SALES VOLUME

**422 sales**

132 Jan · 133 Feb · 157 Mar — accelerating through quarter

AVG. CLOSED SALE  
PRICE

**\$184,628/unit**

\$137.46/SF · Sale-to-ask ratio 0.96

HOUSING TRUST FUND  
COMMITMENT

**\$19M+**

Round 5 (\$3M, Feb 27) + Round 6 (up to \$15M, Mar 23) + Gateway (\$1M, Feb 11)

MAA SEVILLA LAND  
CLOSING

**263 units**

Land closed February 2026; construction commenced April 2026

CAP RATE (INFABODE)

**6.3%**

Q1 2026; Sigma asking cap rate reported at 7

Institutional Land Acquisition Signals Conviction in Kansas City Fundamentals. Mid-America Apartment Communities closed land for MAA Sevilla — a 263-unit Kansas City development — in February 2026, with construction commencing in April 2026, reflecting institutional confidence in a market where absorption is outpacing deliveries.

MAA's land close and rapid construction start compress the typical lag between site control and groundbreaking, a pattern consistent with a developer that views near-term demand as durable. With absorption exceeding deliveries by approximately 200 units in Q1 2026 and vacancy reported at 4.0%, the supply-demand gap provides a clear rationale for accelerating project timelines. Simultaneously, the city deployed over \$19 million in Housing Trust Fund commitments across two rounds plus the Housing Gateway Program — a coordinated public response to the same tightness driving private institutional action. The convergence of a REIT land acquisition and layered municipal funding in a single quarter is unusual and underscores how acutely the market is registering the affordability pressure embedded in a sub-5% vacancy environment. The MHDC affordable pipeline — including Armour Boulevard (303 units), Parade

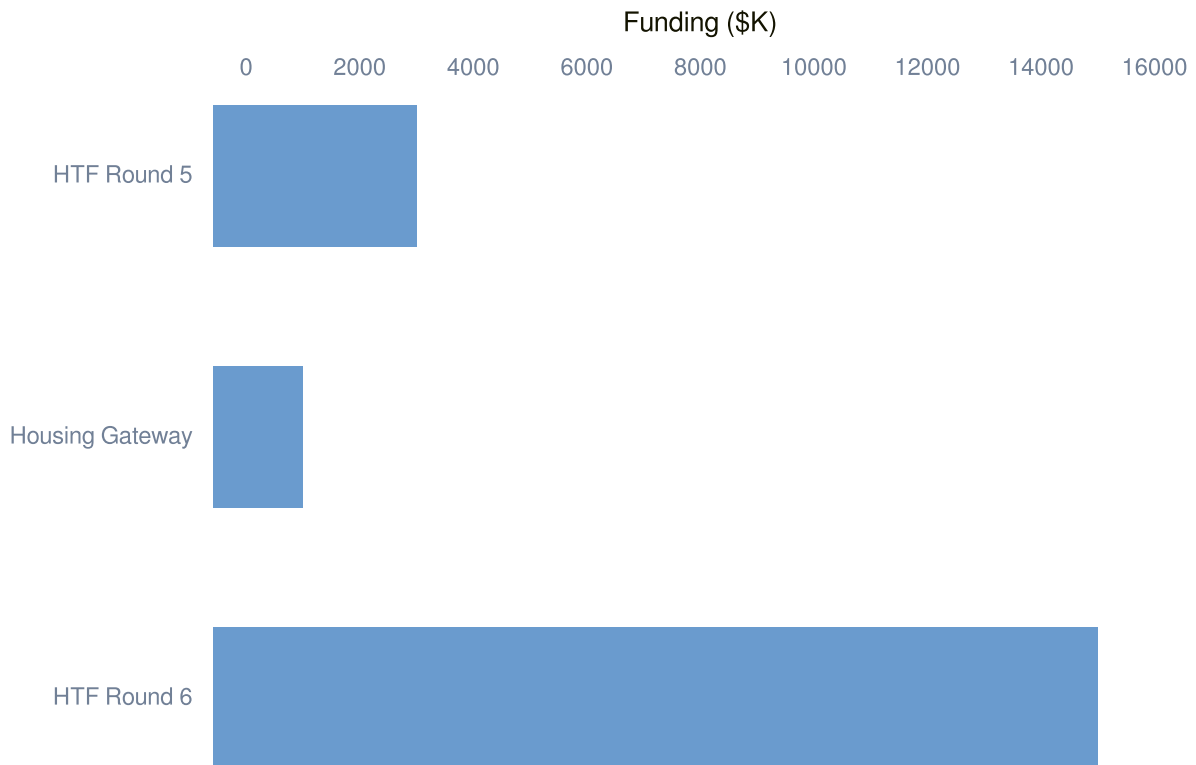
Park Family (200 units), and The Grand on Beacon Hill (295 units) — adds further supply pressure relief on a longer horizon, though delivery timelines remain subject to financing and construction schedules.



**Public and Private Capital Converging on a Supply-Constrained Market**

▼ HOUSING TRUST FUND: \$19M IN SEQUENTIAL FUNDING ROUNDS

## HTF Funding by Program (\$ thousands)



Three Funding Actions in 45 Days Signal Policy Urgency. Kansas City launched HTF Round 5 (\$3M, Feb 27), the Housing Gateway Program (\$1M, Feb 11), and HTF Round 6 (up to \$15M, Mar 23) within a compressed window, collectively targeting 241 affordable units in Round 5 alone.

Round 5 awards were project-specific: \$1,500,000 to Linwood & Troost Apartments, \$1,350,000 to Loma Vista Apartments, and \$129,450 to Prairie Style Flat Renovation Phase I — supporting 241 units in aggregate. Round 6, opened just 24 days later with five times the capital, signals that Round 5 demand exceeded what the initial allocation could satisfy. The Housing Gateway Program's \$1 million homeownership support layer adds a demand-side complement to the supply-focused trust fund rounds. The sequencing and scale of these actions reflect a municipal response calibrated to a market where 4.0% vacancy is compressing affordability options for lower-income renters.

### ▼ TRANSACTION MARKET: 422 CLOSED SALES WITH ACCELERATING MOMENTUM

METRIC	VALUE
Closed Sales — Q1 2026	422
Sales Listings	112
Avg. Closed Price/SF	\$137.46
Avg. Closed Price/Unit	\$184,628
Sale-to-Ask Ratio	0.96
Avg. Days on Market	215.17

March Surge Points to Strengthening Buyer Conviction. Closed sales rose from 132 in January to 157 in March 2026 — a 19% intra-quarter acceleration — while a sale-to-ask ratio of 0.96 indicates limited price discovery gap between buyers and sellers.

The 215-day average days on market reflects the time required to move multifamily assets through due diligence and financing, not necessarily softening demand — the 0.96 sale-to-ask ratio argues against meaningful buyer resistance on price. The gap between 422 closed sales and only 112 active listings suggests the pipeline of available assets is thin relative to transaction velocity, a condition consistent with the broader tight-vacancy narrative. The InPoint REO transaction — a 200-unit asset acquired via non-judicial foreclosure in May 2025 at a net carrying value of approximately \$38.9 million and subsequently contracted for sale at approximately \$40.1 million — illustrates that even distressed-channel assets are transacting near or above carrying value in this environment.

▼ VACANCY RATE DIVERGENCE: 4.0% VS. 8.4% — A DATA INTERPRETATION NOTE

SOURCE	VACANCY RATE	PERIOD
Infabode (primary)	4.0%	Q1 2026
Integra Realty Resources (alt.)	8.4%	Q1 2026

Dual Vacancy Readings Reflect Methodological Differences, Not Market Contradiction. The same Infabode data note for Q1 2026 reports both a 4.0% vacancy figure and an alternative Integra Realty Resources figure of 8.4% — a 440-basis-point spread that likely reflects differences in geographic scope, asset class inclusion, or survey methodology.

Neither figure can be dismissed: at 4.0%, the market would rank among the tightest major metros nationally; at 8.4%, it would reflect a more balanced but still below-average vacancy environment. Cushman & Wakefield's independent observation that Q1 2026 vacancy was "almost unchanged" from the prior quarter provides directional corroboration that conditions are stable rather than deteriorating, regardless of which absolute figure is applied.

Stakeholders should weight these readings against their specific asset type and submarket focus, as the divergence likely narrows when applied to a consistent property universe. The 6.3% cap rate reported by Infabode sits between the two vacancy readings in terms of implied market risk, suggesting pricing reflects a moderate rather than extreme tightness assumption.

▼ **MHDC AFFORDABLE PIPELINE: 1,073+ UNITS IN ACTIVE DEVELOPMENT**

PROJECT	UNITS	STAGE
Armour Boulevard Apartments	303	4% LIHTC Application
Heritage at Grandview	204	4% LIHTC Application
Justin Place	96	4% LIHTC Application
Parade Park Family	200	MHDC Approved (Dec 2025)
The Grand on Beacon Hill	295	MHDC Approved (Dec 2025)
Parade Park Senior	80	MHDC Approved (Dec 2025)
Mid-City Towers II	80	MHDC Approved (Dec 2025)
Woodlen Place Apartments	60	MHDC Approved (Dec 2025)
The Alexandria	55	MHDC Approved (Dec 2025)

Affordable Pipeline Depth Suggests Multi-Year Supply Response. MHDC approvals from December 2025 and early-2026 LIHTC applications collectively represent over 1,370 units in various pre-construction stages — a pipeline that, if fully delivered, would materially expand affordable supply but on a timeline measured in years, not quarters.

The December 9, 2025 MHDC approval batch alone covered six projects totaling 770 units, with the two largest — The Grand on Beacon Hill (295 units) and Parade Park Family (200 units) — accounting for 64% of that cohort. The early-2026 4% LIHTC applications add another 603 units in the pre-approval stage. The gap between application and delivery typically spans 18–36 months for tax-credit projects, meaning the near-term vacancy

pressure documented in Q1 2026 is unlikely to be resolved by this pipeline within the current report horizon. Downtown, Artspace remained the only project under construction in Q1 2026, targeting 51 affordable units — underscoring how limited the immediate delivery pipeline is relative to the scale of demand signaled by sub-5% vacancy.

## Tight Vacancy Anchors Institutional Demand

KANSAS CITY VACANCY RATE

**4.0%**

-60 bps vs Q1 2025 (4.6%)

NATIONAL VACANCY RATE (FANNIE MAE)

**6.8%**

280-bps spread favoring Kansas City

ABSORPTION VS. DELIVERIES

**+200 units**

Absorption exceeded deliveries, Q1 2026

CLOSED SALE PRICE / UNIT

**\$184,628**

Sale-to-ask ratio: 0.96

KC CAP RATE (INTEGRA)

**6.3%**

+50 bps vs national 5.8% (Fannie Mae)

1BR ASKING RENT

**\$978/mo**

2BR asking rent at \$1,150/mo (Sigma)

CLOSED SALES

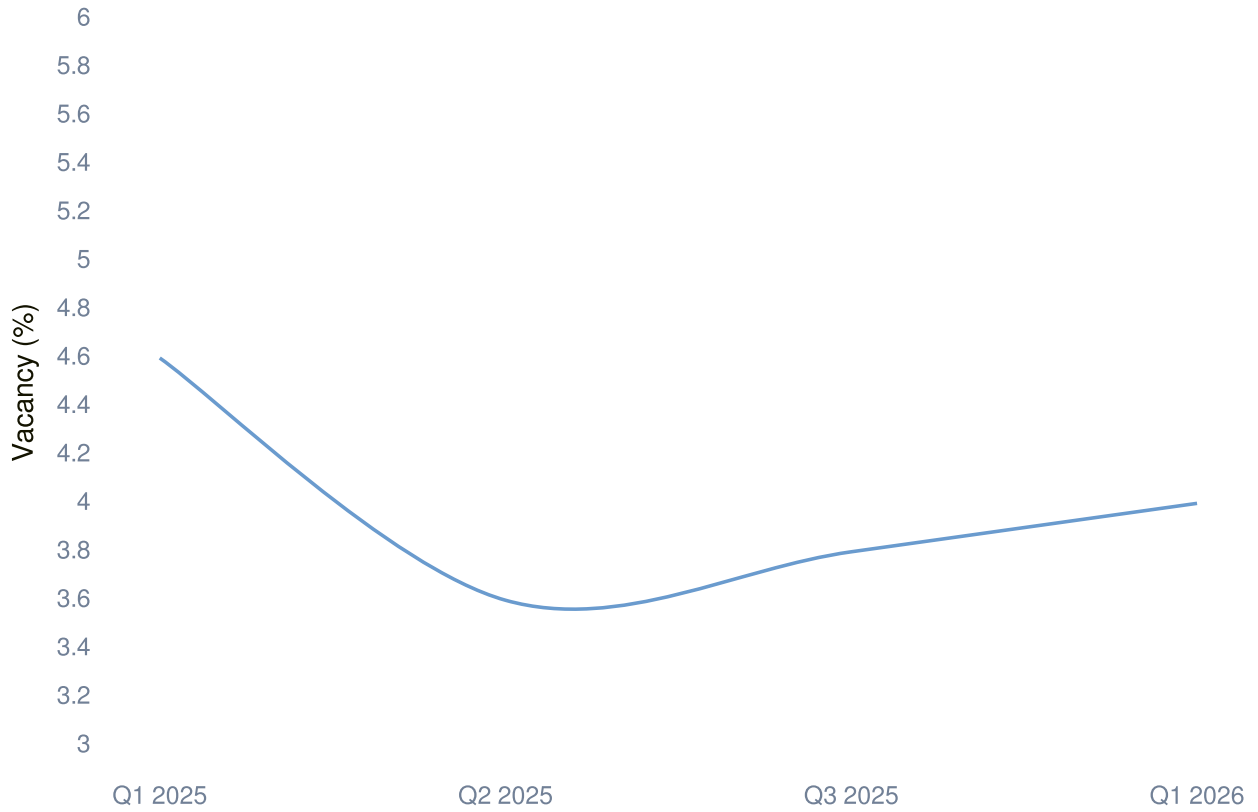
**422 sales**

112 active listings; avg 215 days on market

Kansas City Vacancy Holds 280 Basis Points Below National Average. Kansas City multifamily vacancy registered 4.0% in Q1 2026 per Integra Realty Resources, a 60-basis-point improvement from the 4.6% reported by Cushman & Wakefield in Q1 2025, while Fannie Mae placed the national multifamily vacancy rate at 6.8% for the same period — a spread that distinguishes Kansas City as a structurally tighter market.

Kansas City's 4.0% vacancy reading sits well inside the threshold typically associated with landlord pricing power, and the trajectory since Q1 2025 has been consistently sub-4.5%. Cushman & Wakefield's Q1 2026 summary confirmed that vacancy was "almost unchanged" quarter-over-quarter, suggesting stabilization rather than deterioration following the elevated delivery cycle of mid-2025, when 6,281 units were delivered in Q3 2025 alone. That the market absorbed those units without a meaningful vacancy spike — and that Q1 2026 absorption still exceeded deliveries by 200 units — points to durable underlying demand. A secondary vacancy reading of 8.4% (also attributed to Integra Realty Resources within the same Infabode dataset) introduces a source-level discrepancy that warrants attention; the divergence likely reflects differing property sample sets or geographic boundaries. As the construction pipeline continues to compress — from 5,546 units under construction in Q1 2025 to 4,379 by Q3 2025 — supply pressure is expected to ease further into 2026.

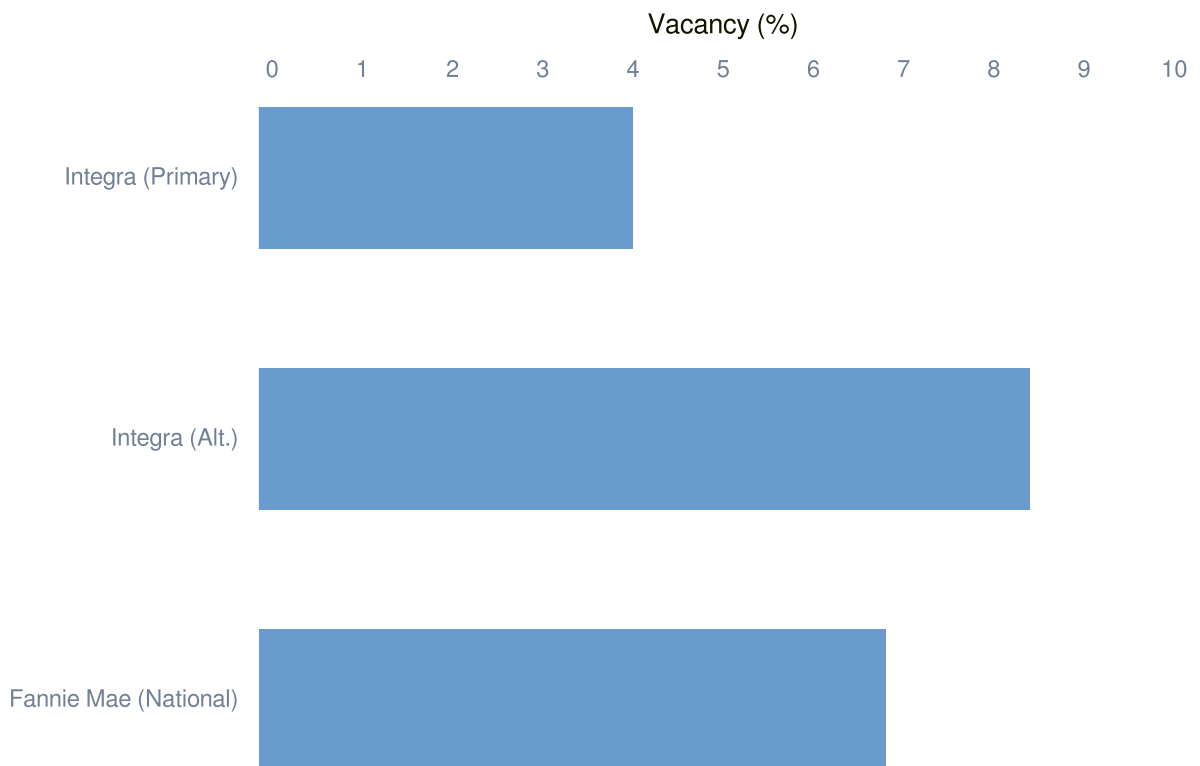
## Vacancy Rate Trend — Kansas City Multifamily (%)



## Vacancy, Rents & Capital Markets — Detailed Breakdown

### ▼ WHAT DOES THE VACANCY DATA DISCREPANCY SIGNAL?

## Vacancy Rate by Source — Q1 2026 (%)



Dual Vacancy Readings Reflect Sample Divergence. The same Infabode dataset attributes both a 4.0% and an 8.4% vacancy figure to Integra Realty Resources for Q1 2026, a 440-basis-point spread that likely reflects differences in property class coverage, geographic boundary definitions, or stabilized versus total inventory methodology.

The 4.0% figure aligns closely with Cushman & Wakefield's historical trend for Kansas City, which ranged from 3.6% to 4.6% across the four quarters ending Q1 2026. The 8.4% alternative reading is more consistent with a broader metro definition that may include lease-up properties or suburban submarkets with higher new-supply exposure. Market participants should reconcile the applicable inventory universe before benchmarking performance against either figure. The national 6.8% reading from Fannie Mae provides a useful midpoint reference: Kansas City's primary vacancy measure remains materially tighter than the national average regardless of which local figure is applied.

▼ HOW DOES THE RENT PICTURE COMPARE ACROSS SOURCES?

SOURCE	METRIC	Q1 2026 VALUE
Integra via Infabode	Asking Rent	\$1,017
Integra via Infabode (alt.)	Asking Rent	\$1,529
Sigma	1BR Asking Rent	\$978/mo
Sigma	2BR Asking Rent	\$1,150/mo
Sigma	Signed Lease Rate	\$1.32/unit/mo
Cushman & Wakefield	Avg Effective Rent/Unit	\$1,413 (Q3 2025)

Rent Figures Span a \$512 Range Across Q1 2026 Sources. Asking rent data for Kansas City multifamily in Q1 2026 ranges from \$978/mo (Sigma 1BR) to \$1,529 (Integra alternative), reflecting a combination of bedroom-type mix, property vintage, and submarket composition differences across reporting methodologies.

Sigma's granular breakdown — 1BR at \$978/mo and 2BR at \$1,150/mo — provides the most operationally useful rent reference for unit-level underwriting. The signed lease rate of \$1.32/unit/month from Sigma represents actual transaction pricing and sits below the asking figures, consistent with a modest concession environment. Cushman & Wakefield's effective rent per unit climbed from \$1,363 in Q1 2025 to \$1,413 by Q3 2025, a \$50/unit gain over two quarters that reflects steady but measured rent growth. Fannie Mae's

national effective rent growth of 0.6% in Q1 2026 (0.3% year-over-year) suggests the broader multifamily rent recovery remains gradual, and Kansas City's trajectory appears broadly consistent with that national pace.

▼ WHAT DOES THE CAPITAL MARKETS DATA REVEAL ABOUT INVESTOR SENTIMENT?

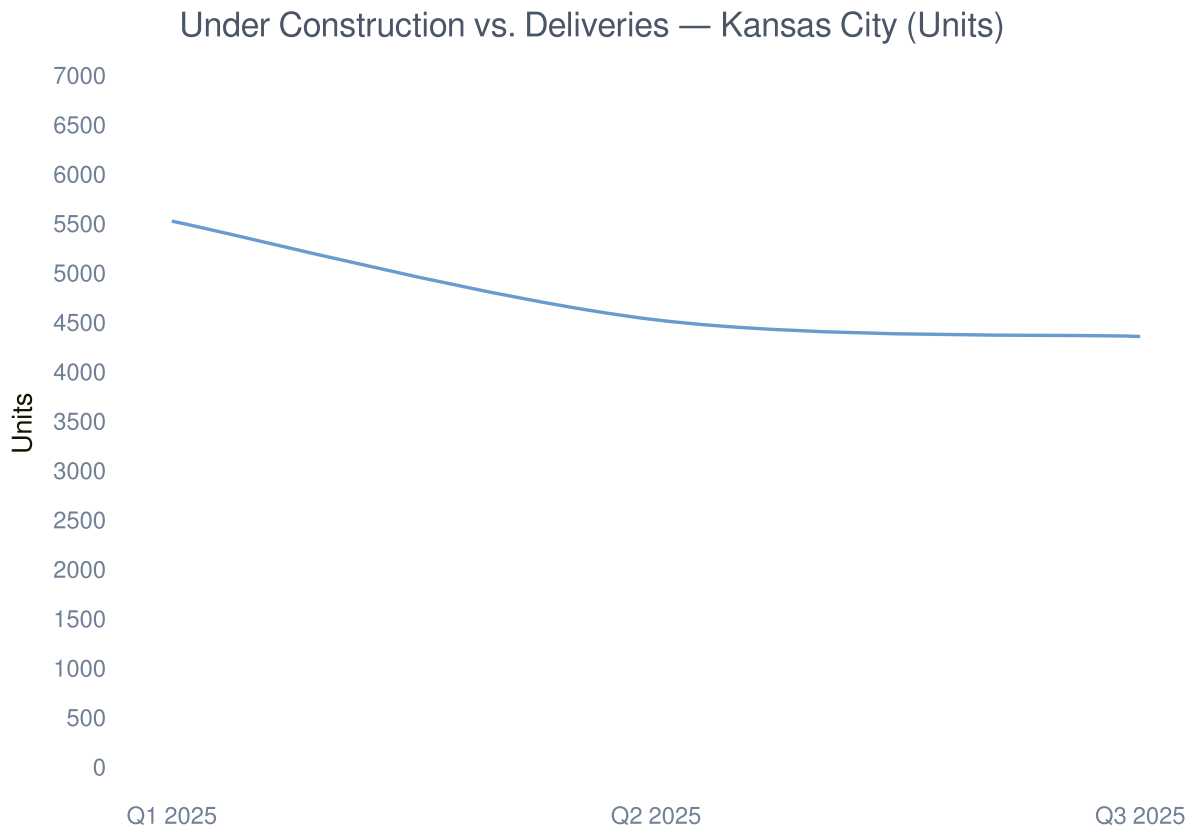
METRIC	Q1 2026 VALUE	SOURCE
KC Cap Rate	6.3%	Integra via Infabode
KC Asking Cap Rate	7.0%	Sigma
National Cap Rate	5.8%	Fannie Mae
Asking Price / SF	\$146.08	Sigma
Closed Sale Price / SF	\$137.46	Sigma
Closed Sale Price / Unit	\$184,628	Sigma
Sale-to-Ask Ratio	0.96	Sigma
Mortgage Rate	6.34%	Sigma
Loan-to-Value	0.75	Sigma
Closed Sales	422	Sigma
Avg Days on Market	215.17	Sigma

Kansas City Cap Rates Carry a 50–120 bps Premium Over National Benchmarks. At 6.3% (Integra) to 7.0% asking (Sigma), Kansas City multifamily cap rates exceed Fannie Mae's national Q1 2026 reading of 5.8% — a spread that reflects both the market's secondary-city risk premium and the current elevated financing cost environment, with mortgage rates at 6.34%.

The sale-to-ask ratio of 0.96 indicates that closed transactions are pricing at a 4% discount to asking, a modest but meaningful gap that suggests buyers retain some negotiating leverage despite tight vacancy. With 422 closed sales and 112 active listings, transaction volume appears active, though the 215-day average marketing period points to a more deliberate price discovery process than was typical in the 2021–2022 cycle. The 75% loan-to-value ratio and \$195,311 average loan amount reflect disciplined financing standards consistent with the current rate environment. As Fannie Mae's national cap rate edged up

from 5.6% in Q4 2025 to 5.8% in Q1 2026, the broader repricing trend remains intact, and Kansas City's yield premium relative to gateway markets continues to attract capital seeking higher current returns against a backdrop of structurally tight occupancy.

▼ HOW HAS THE SUPPLY PIPELINE EVOLVED?



Construction Pipeline Contracted 21% in Three Quarters. Units under construction declined from 5,546 in Q1 2025 to 4,379 by Q3 2025 — a 1,167-unit reduction — while deliveries surged to 6,281 units in Q3 2025, the highest single-quarter total in the trailing four-quarter window.

The Q3 2025 delivery surge of 6,281 units represented a front-loading of completions from the prior construction cycle, and the simultaneous drawdown in the under-construction pipeline to 4,379 units signals that the peak supply pressure has likely passed. Absorption tracked the delivery wave closely: net absorption reached 4,379 units in Q3 2025, matching the under-construction count and suggesting the market cleared new supply with minimal residual vacancy impact. Q1 2026 data from Cushman & Wakefield confirms that absorption continued to outpace deliveries by 200 units, reinforcing the view that demand

fundamentals remain sufficient to digest remaining pipeline completions. The compression of the construction pipeline into 2026 reduces near-term supply risk and supports the vacancy stability observed in the current quarter.

## Absorption Outpacing Supply — Vacancy Holds Tight

METRO VACANCY RATE

**4.0%**↓ 60 bps vs. Q1 2025  
(4.6%)Q1 2026 NET  
ABSORPTION**Exceeded  
deliveries by  
200 units**Demand outpacing new  
supply metro-wideMETRO OCCUPANCY  
RATE**96.0%**+210 bps vs. Q2 2024  
(94.3% → Q2 2025: 96.4%)DOWNTOWN KC  
VACANCY**18.8%**Significantly above metro  
average of 4.0%DOWNTOWN NET  
ABSORPTION**176 units**Q1 2026; zero new  
deliveries in the quarterVACANCY TREND  
(METRO)**Improving**5.8% (Q4 2024) → 3.6%  
(Q2 2025) → 4.0% (Q1  
2026)

Kansas City Metro Vacancy Compressed 180 bps Year-Over-Year. Metro multifamily vacancy declined from 4.6% in Q1 2025 to 4.0% in Q1 2026, even as cumulative deliveries from Q1 2025 through Q3 2025 reached 9,651 units at the metro level — a clear signal that demand absorption has kept pace with an elevated supply cycle.

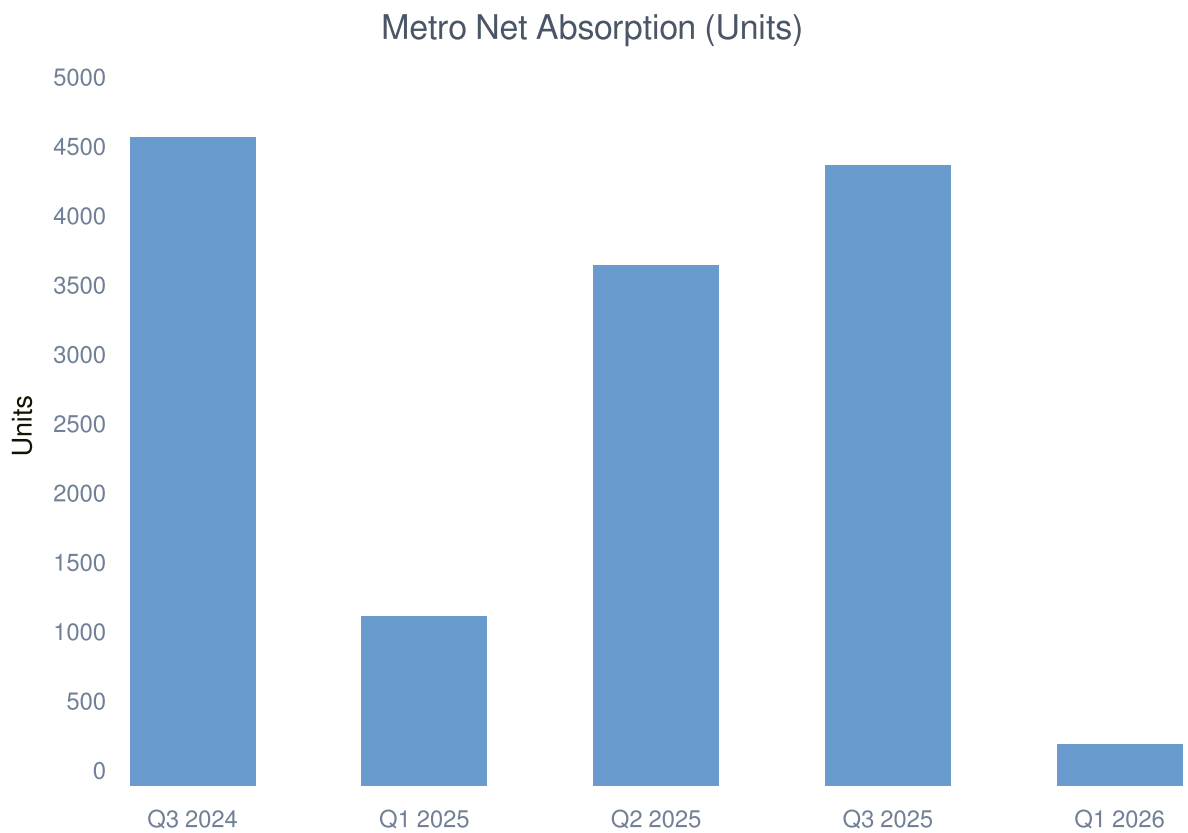
Kansas City's 4.0% metro vacancy reflects a market that absorbed a substantial delivery wave without meaningful loosening. Cushman & Wakefield tracked 1,170 units delivered in Q1 2025, 2,200 in Q2 2025, and 6,281 in Q3 2025 — yet vacancy compressed from 4.6% to a trough of 3.6% by Q2 2025 before settling at 4.0% in Q1 2026. The modest 40 bps uptick from the Q2 2025 trough is consistent with the large Q3 2025 delivery volume working through lease-up, rather than a structural demand reversal. With Q1 2026 absorption again exceeding deliveries by 200 units and Cushman & Wakefield characterizing vacancy as "almost unchanged," the market appears to have digested the supply surge and stabilized at a historically tight level.

## Kansas City Multifamily Vacancy Rate Trend (%)



## Metro vs. Downtown: A Market Within a Market

### ▼ METRO ABSORPTION VS. DELIVERIES — DEMAND HOLDING THE LINE



Absorption Remained Positive Every Reported Quarter. Metro net absorption has been positive across all five reported periods from Q3 2024 through Q1 2026, totaling more than 13,000 units absorbed — a sustained demand signal through a peak delivery cycle.

The Q1 2026 absorption figure of 200 units exceeding deliveries is modest relative to the 3,656 and 4,379 units absorbed in Q2 and Q3 2025, but context matters: Q1 2026 recorded zero new downtown deliveries and a seasonally slower leasing environment. The consistent positive absorption across every reported period — even as the metro absorbed nearly 9,651 units of new supply between Q1 and Q3 2025 — points to durable underlying demand. The Q3 2025 absorption figure of 4,379 units, while flagged as potentially coinciding with the under-construction total, nonetheless aligns with the broader trend of occupancy rising from 94.3% in Q2 2024 to 96.4% by Q2 2025. If Q1 2026's pace reflects seasonal normalization rather than demand erosion, the market's supply-demand balance remains constructive heading into the spring leasing season.

▼ DOWNTOWN KANSAS CITY: ELEVATED VACANCY, POSITIVE ABSORPTION

METRIC	Q1 2026 VALUE
Downtown Vacancy Rate	18.8%
Downtown Occupancy Rate	81.2%
Downtown Net Absorption	176 units
Downtown New Deliveries	0 units
Units Delivered Since Q1 2025	712 units

Downtown Vacancy at 18.8% Reflects Concentrated Delivery Impact. The 712 units delivered within Downtown Council boundaries since Q1 2025 — against a smaller existing base — produced a vacancy rate nearly five times the metro average, though positive Q1 2026 absorption of 176 units with zero new deliveries indicates active lease-up progress.

Downtown Kansas City's 18.8% vacancy stands in sharp contrast to the 4.0% metro figure, illustrating how concentrated supply additions in a geographically defined submarket can temporarily distort vacancy metrics. The 712 units delivered since Q1 2025 represent a meaningful addition to the downtown inventory, and the absence of new deliveries in Q1 2026 combined with 176 units of positive absorption suggests the submarket is working through its lease-up cycle. The gap between downtown and metro vacancy will likely

narrow as the delivery pipeline pauses, though the pace of that convergence depends on continued household formation and renter demand within the urban core. Downtown's trajectory warrants monitoring as a leading indicator of how the broader metro will respond if the delivery pipeline accelerates again.

## Rent Growth Decelerating, But Still Outpacing National Norms

AVG EFFECTIVE RENT /  
UNIT (Q3 2025)

**\$1,413/unit**

+\$50/unit vs. Q1 2025

EFFECTIVE RENT PSF  
(Q3 2025)

**\$1.50/PSF**

+\$0.04 PSF vs. Q1 2025

YOY RENT GROWTH  
PEAK

**5.0%**

Q2 2025 — cycle high

YOY RENT GROWTH (Q3  
2025)

**3.2%**

-180 bps vs. Q2 2025; -160  
bps vs. Q3 2024

1BR ASKING RENT (Q1 2026)

**\$978.33/unit/month**

-\$6.67 from January 2026 peak of  
\$985

2BR ASKING RENT (Q1 2026)

**\$1,150.00/unit/month**

Flat across all three months of Q1  
2026

SIGNED LEASE RATE (Q1  
2026)

**\$1.32/unit/month**

March 2026 reading of \$1.33  
— intra-quarter high

DOWNTOWN ASKING  
RENT TREND (Q1 2026)

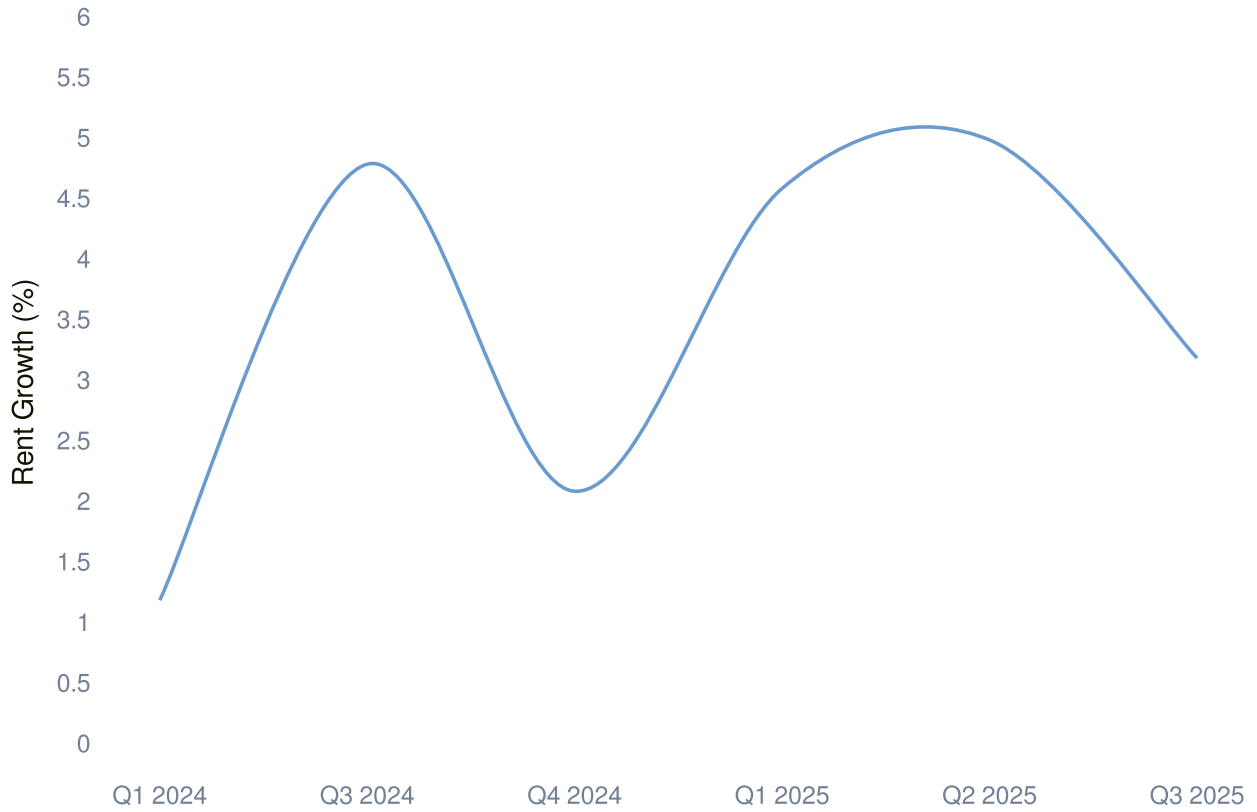
**-1.1%**

Submarket softening vs.  
metro stabilization

Rent Growth Moderated Sharply in the Second Half of 2025. Kansas City's year-over-year effective rent growth peaked at 5.0% in Q2 2025 before decelerating to 3.2% by Q3 2025 — a 180-basis-point drop in a single quarter and a full 160 bps below the 4.8% pace recorded in Q3 2024.

The deceleration reflects the weight of new supply absorbed across 2025 rather than a demand collapse. Effective rent per unit still climbed from \$1,363 in Q1 2025 to \$1,413 by Q3 2025 — a \$50 gain in two quarters — even as the growth rate softened. The PSF metric tells a similar story: the \$0.04 gain from Q1 to Q2 2025 stalled entirely by Q3, with the rate holding flat at \$1.50 PSF. Into Q1 2026, Sigma's unit-level data shows 1BR asking rents dipping modestly from \$985 in January to \$975 by February before stabilizing, while 2BR rents held firm at \$1,150 throughout the quarter. The March 2026 signed lease rate ticking up to \$1.33 — the intra-quarter high — suggests actual transaction pricing is firming even as advertised asking rents remain under mild pressure. If supply deliveries moderate in 2026, the gap between asking and signed rates could narrow further.

## Kansas City YoY Effective Rent Growth (%)



### Rent Levels and Growth Trajectory Across Reporting Periods

#### ▼ EFFECTIVE RENT PROGRESSION: Q1–Q3 2025

PERIOD	EFFECTIVE RENT PSF	AVG EFFECTIVE RENT/UNIT	YOY RENT GROWTH
Q1 2025	\$1.46/PSF	\$1,363/unit	4.6%
Q2 2025	\$1.50/PSF	\$1,405/unit	5.0%
Q3 2025	\$1.50/PSF	\$1,413/unit	3.2%

Effective Rent Gains Concentrated in First Half of 2025. The full \$0.04 PSF gain for the year occurred between Q1 and Q2 2025; the second half delivered unit-level growth of only \$8 as the market absorbed new deliveries.

The Q2-to-Q3 deceleration — from 5.0% to 3.2% YoY — is the sharpest single-quarter drop in the reported dataset and aligns with elevated supply deliveries pressuring landlord pricing power in the back half of 2025. Despite the slowdown, the absolute rent level held at \$1.50 PSF, indicating a floor rather than a reversal. The trajectory into Q1 2026 will depend heavily on whether new completions continue at the same pace or begin to taper.

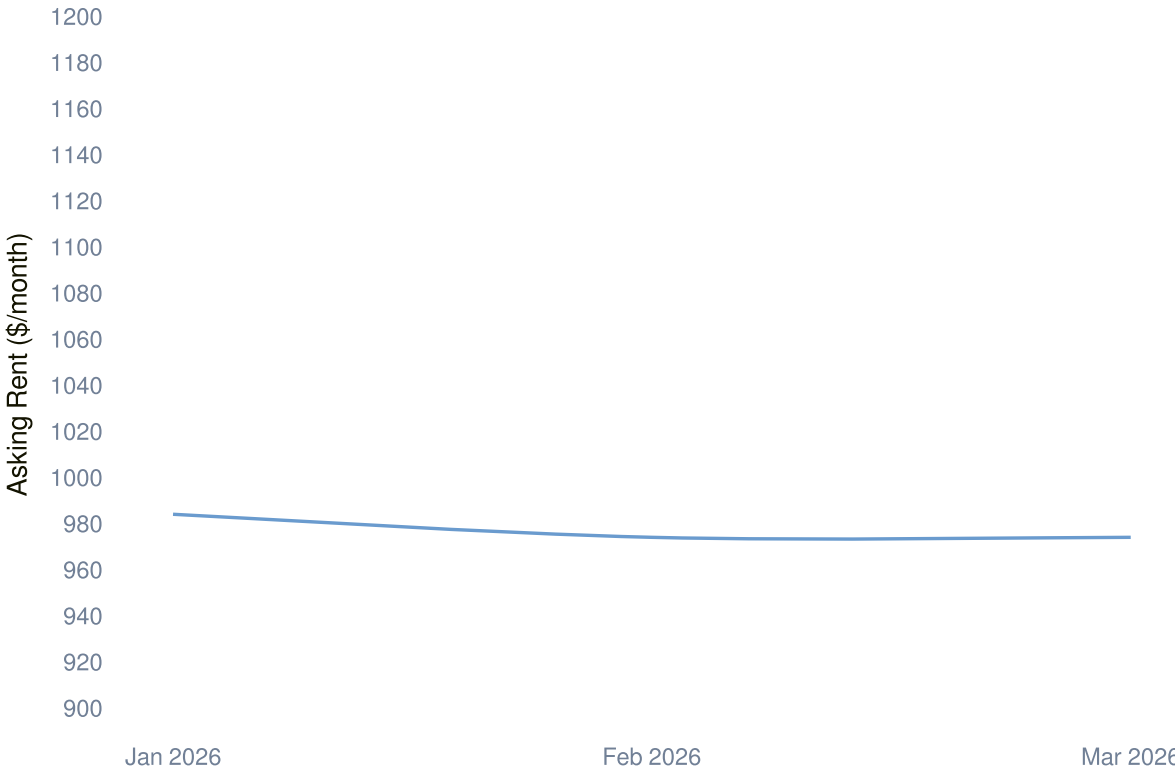
▼ Q1 2026 ASKING RENT DETAIL BY UNIT TYPE (SIGMA)

UNIT TYPE	JAN 2026	FEB 2026	MAR 2026	Q1 2026 AVG
1BR	\$985	\$975	\$975	\$978.33
2BR	\$1,150	\$1,150	\$1,150	\$1,150.00

2BR Rents Demonstrate Greater Pricing Stability Than 1BR in Q1 2026. Two-bedroom asking rents held flat at \$1,150 across all three months while 1BR rents softened \$10 from January before stabilizing — pointing to relatively stronger demand for larger units.

The divergence between 1BR and 2BR stability is a meaningful signal. One-bedroom units, which typically represent the largest share of new deliveries, are absorbing the most competitive pressure as new supply enters the market. Two-bedroom units, by contrast, appear insulated — likely reflecting a tighter supply of larger floor plans relative to demand from households seeking more space. The signed lease rate rising from \$1.31 in January–February to \$1.33 in March 2026 suggests that while asking rents softened modestly, actual deal pricing firmed as the quarter progressed.

Q1 2026 Monthly Asking Rent by Unit Type (\$/month)



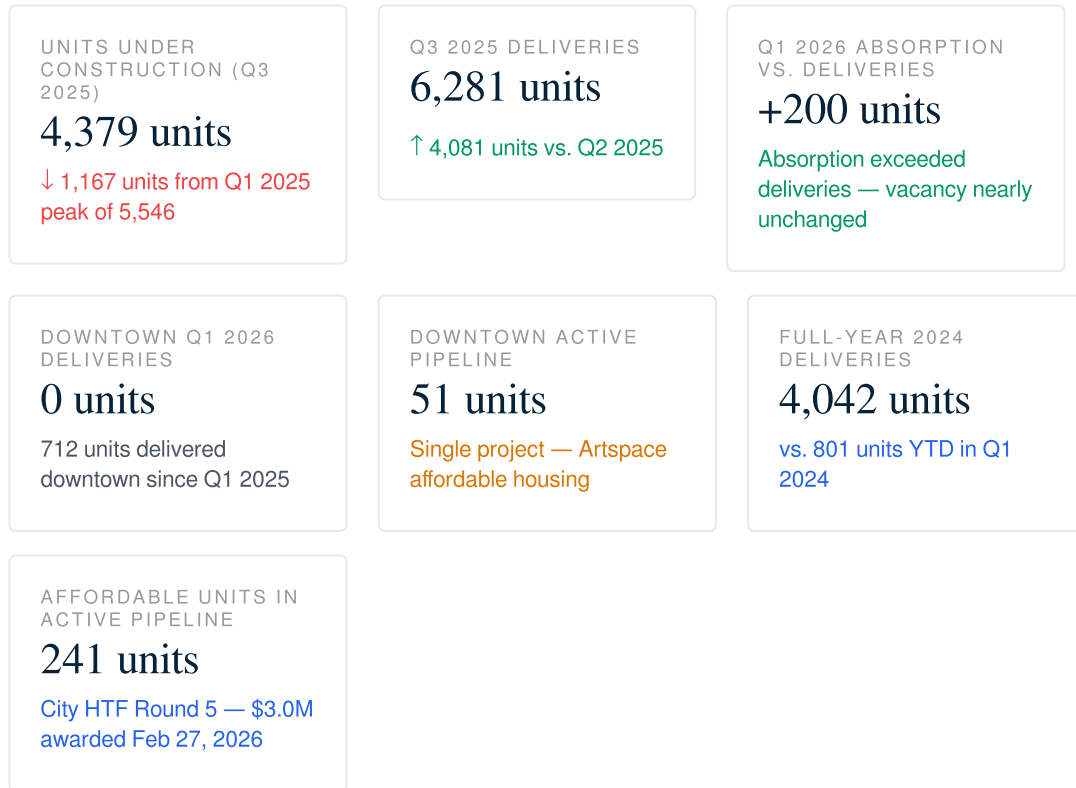
▼ SUBMARKET AND SOURCE VARIANCE: DOWNTOWN AND CONFLICTING METRO FIGURES

SOURCE	PERIOD	REPORTED ASKING RENT	NOTE
Integra Realty Resources (via Infabode)	Q1 2026	\$1,017/month	Metro asking rent
Integra Realty Resources (via Infabode)	Q1 2026	\$1,529/month	Conflicting figure, same source
Downtown Council	Q1 2026	-1.1% change	No dollar level reported
NorthMarq	Q1 2024	\$1,182/month	Metro asking rent
NorthMarq	Q4 2024	\$1,215/month	Metro asking rent

Conflicting Integra Figures for Q1 2026 Warrant Caution. The same Infabode compilation attributes both \$1,017 and \$1,529 as metro asking rents to Integra Realty Resources for Q1 2026 — a \$512 spread that likely reflects different property class or submarket definitions rather than a data error.

The \$512 gap between the two Integra figures almost certainly reflects a class or submarket segmentation difference — likely Class C/B workforce housing versus Class A luxury product — rather than a reporting error. Until a class-level breakdown is published, both figures should be treated as bounds rather than a single metro average. Downtown Kansas City's -1.1% asking rent softening in Q1 2026, reported by the Downtown Council, aligns with the broader deceleration trend visible in metro-level data and may reflect the concentration of newer, higher-priced deliveries competing for a finite renter pool in the urban core.

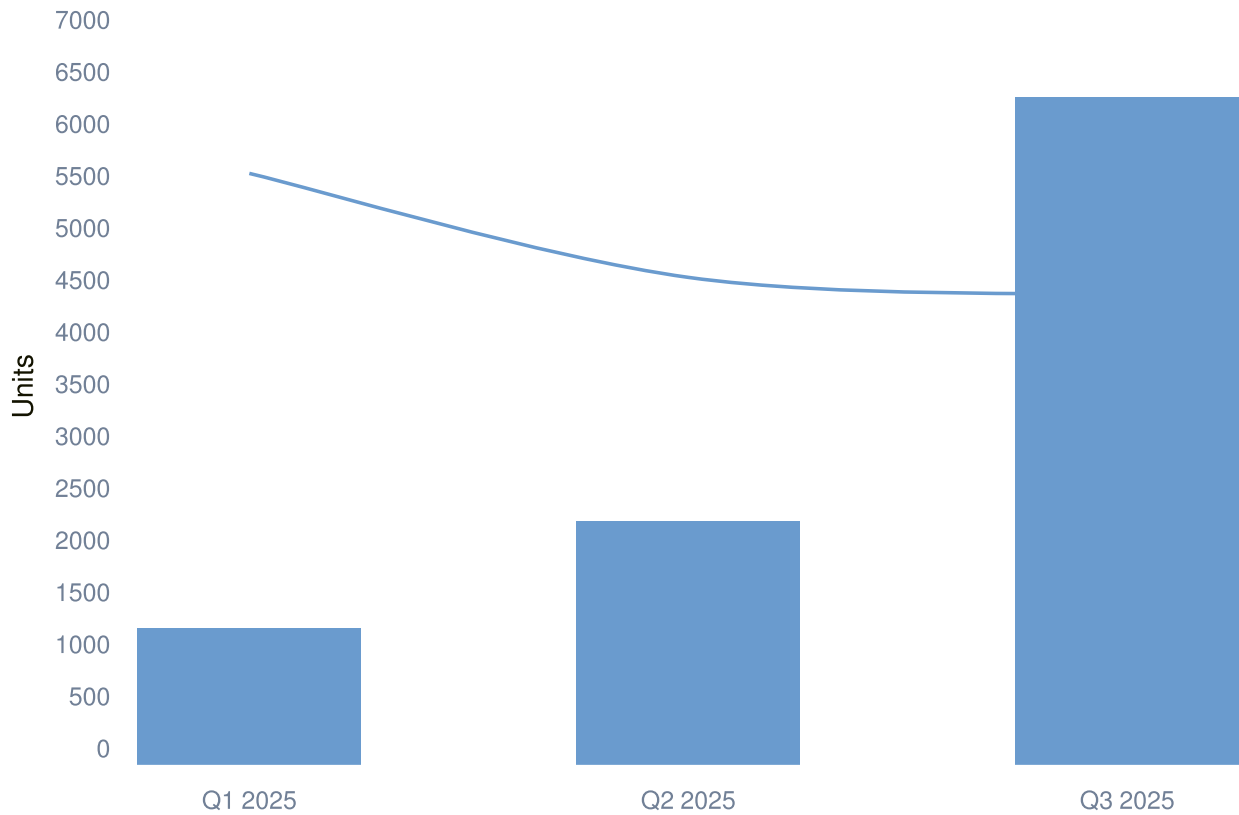
## Pipeline Contraction Tightening Future Supply



Pipeline Compression Accelerating Into 2026. Under-construction inventory fell from 5,546 units in Q1 2025 to 4,379 units by Q3 2025 — a 21% contraction over two quarters — even as Q3 2025 deliveries surged to 6,281 units, the largest single-quarter delivery total in the tracked period.

The Q3 2025 delivery surge converted a substantial portion of the active pipeline into completed inventory, leaving the forward supply queue materially thinner heading into 2026. With absorption outpacing deliveries by 200 units in Q1 2026 and vacancy holding nearly flat, the market absorbed new supply without measurable softening — a signal that demand fundamentals remain intact even at elevated delivery volumes. Downtown Kansas City recorded zero new deliveries in Q1 2026, with only 51 units (Artspace, an affordable project) remaining under construction in the core. The 712 units delivered downtown since Q1 2025 represent a concentrated wave that the submarket has largely digested.

## Under Construction vs. Deliveries (Units)



## Pipeline Composition and Project-Level Activity

### ▼ ACTIVE & NEAR-TERM CONSTRUCTION PROJECTS

PROJECT	UNITS	TYPE	STATUS	SOURCE
Artspace	51	Affordable + Commercial	Under Construction	Downtown Council
MAA Sevilla	263	Market Rate	Construction commenced April 2026	MAA / SEC
Loma Vista Apartments	HTF-supported	Affordable	HTF Award: \$1,350,000	City of KC
Linwood & Troost Apartments	HTF-supported	Affordable	HTF Award: \$1,500,000	City of KC
Prairie Style Flat Renovation Ph. I	HTF-supported	Affordable	HTF Award: \$129,450	City of KC

Affordable Housing Dominates the Active Pipeline. The City of Kansas City's Housing Trust Fund Round 5 allocated nearly \$3.0M across three projects supporting 241 affordable units — representing the majority of identifiable Q1 2026 construction activity outside of MAA Sevilla.

MAA Sevilla at 263 units is the sole large-scale market-rate project with a confirmed construction start in the Q1 2026 window, with land closed in February 2026 and construction commencing April 2026. The concentration of affordable-designated activity in the near-term pipeline reflects both the scarcity of market-rate starts and the active role of public subsidy programs in sustaining residential supply. No pre-leasing percentages or square footage figures were reported for any active project in the cited sources.

▼ **MHDC PIPELINE: PROPOSALS AND APPROVALS**

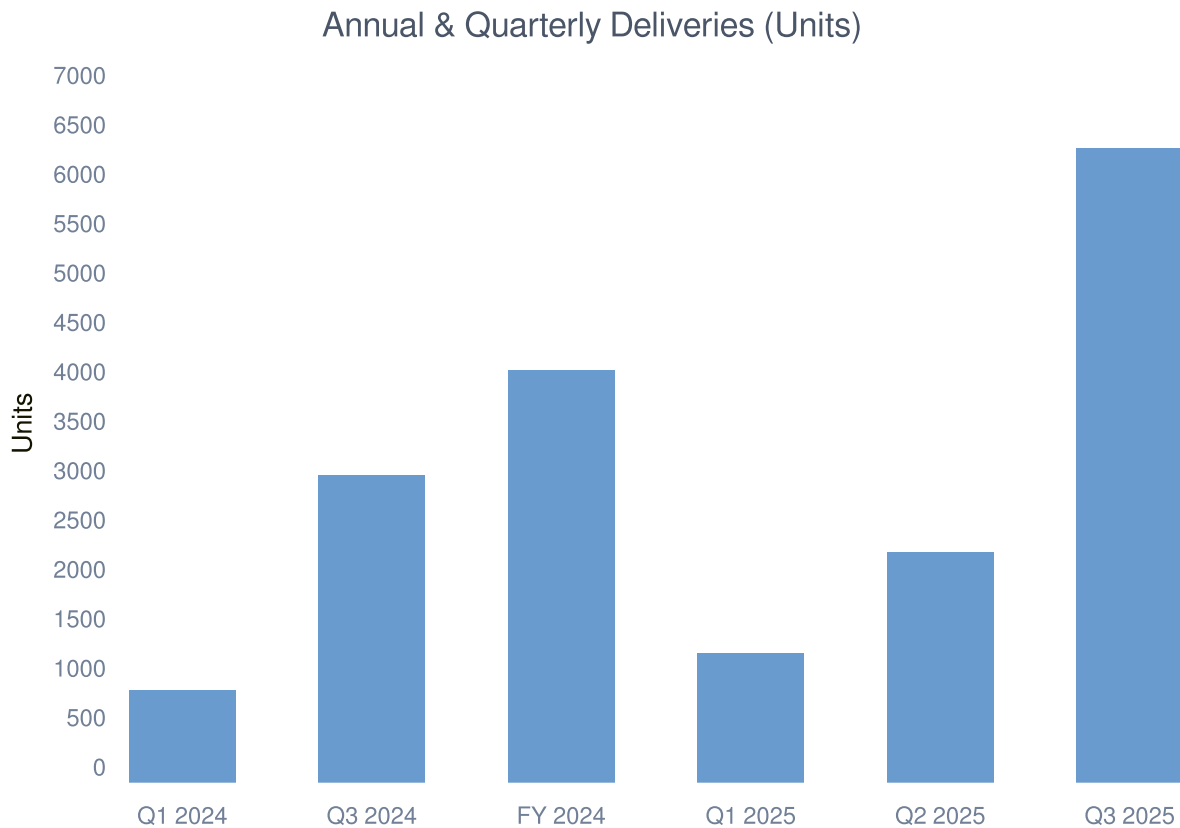
PROJECT	UNITS	PROGRAM	STATUS
Armour Boulevard Apartments	303	Federal 4% LIHTC	Application received early 2026
Heritage at Grandview	204	Federal 4% LIHTC	Application received early 2026
Justin Place	96	Federal 4% LIHTC	Application received early 2026
Parade Park Family	200	MHDC Rental Production	Approved Dec 9, 2025
The Grand on Beacon Hill	295	MHDC Rental Production	Approved Dec 9, 2025
Parade Park Senior	80	MHDC Rental Production	Approved Dec 9, 2025
Mid-City Towers II	80	MHDC Rental Production	Approved Dec 9, 2025
Woodlen Place Apartments	60	MHDC Rental Production	Approved Dec 9, 2025
The Alexandria	55	MHDC Rental Production	Approved Dec 9, 2025

MHDC Approvals Signal a Longer-Dated Affordable Supply Wave. Six projects totaling 770 units received MHDC Multifamily Rental Production approvals in December 2025, while three additional projects totaling 603 units filed Federal 4% LIHTC applications in early 2026 — none of which had confirmed groundbreaking milestones as of Q1 2026.

The MHDC approval and application pipeline represents a meaningful volume of future affordable supply — 1,373 units across nine projects — but the gap between approval and delivery typically spans 18–36 months for tax-credit developments. These projects do not represent imminent supply pressure; rather, they indicate that Kansas City's affordable

housing production apparatus remains active even as market-rate starts have slowed. The concentration of LIHTC and HTF-funded activity underscores a structural shift in the pipeline composition as the market-rate development cycle moderates.

▼ HISTORICAL DELIVERY TREND



Delivery Pace Accelerated Sharply Through 2025. Kansas City multifamily completions grew from 801 units YTD in Q1 2024 to 4,042 units for full-year 2024, then surged to 6,281 units in Q3 2025 alone — a single-quarter total that exceeded the entire prior year's output.

The Q3 2025 delivery spike represents a front-loaded completion of projects that entered construction during the 2022–2023 development boom. With the under-construction pipeline now compressed to 4,379 units — down 21% from its Q1 2025 peak — the pace of new deliveries is expected to moderate materially through 2026. This deceleration, combined with Q1 2026 absorption exceeding deliveries by 200 units, positions the market for tighter supply conditions as the current pipeline is absorbed. The historical pattern suggests the next meaningful delivery wave would require new construction starts that have not yet been broadly documented in Q1 2026 data.

## Conviction Pricing: Investors Closing Near Ask

CLOSED SALES (Q1 2026)

**422 sales**

157 closed in March alone  
— quarter accelerated

CLOSED SALE PRICE/UNIT

**\$184,628/unit**

+\$82,928/unit vs. Q1 2024 median of \$101,700

CLOSED SALE PRICE/SF

**\$137.46/SF**

Stable across Jan–Mar 2026 range

SALE-TO-ASK RATIO

**0.96**

Compressed from 0.97 in January to 0.95 in March

KANSAS CITY CAP RATE (Q1 2026)

**6.3%**

+50 bps above national average of 5.8%

SALES DAYS ON MARKET

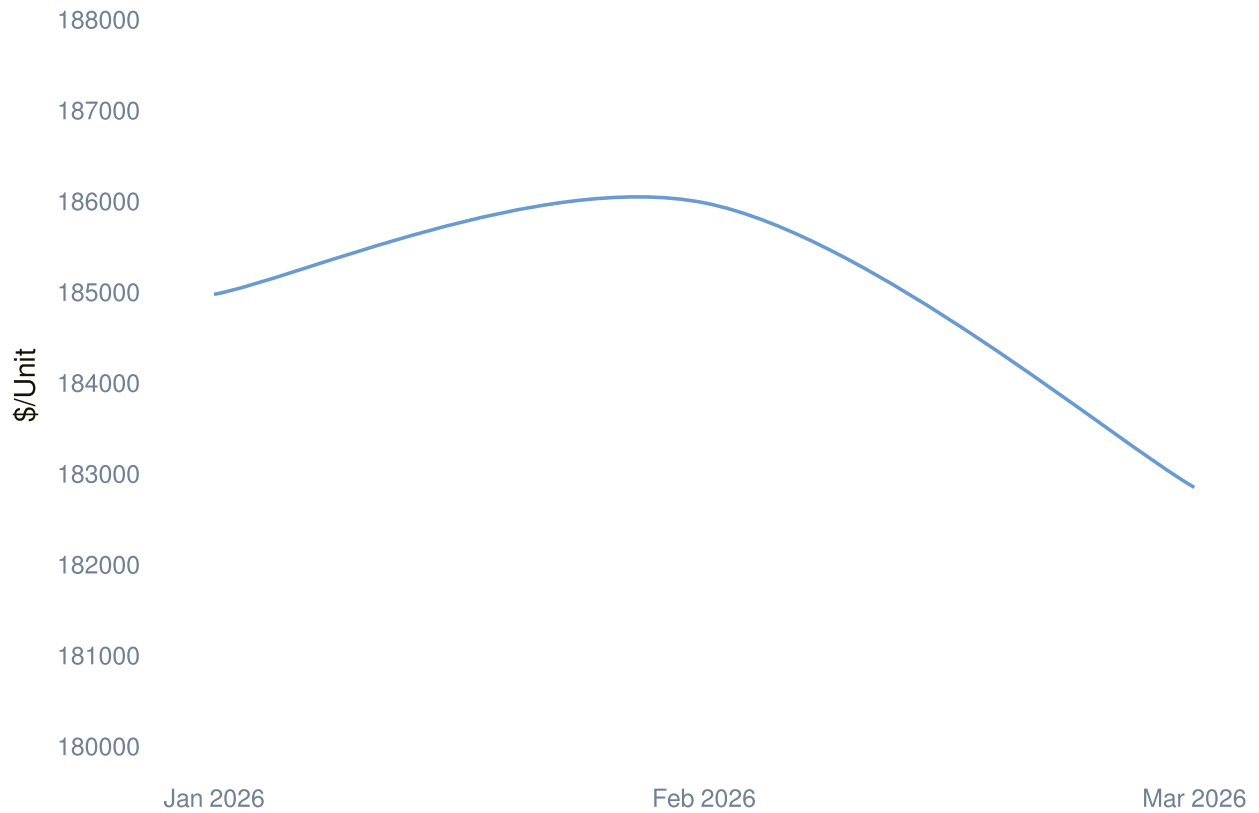
**215 days**

Consistent across all three months of Q1

Institutional Capital Entering the Market. Mid-America Apartment Communities closed on the MAA Sevilla development site in February 2026 — a 263-unit project in Kansas City — with construction commencing in April 2026, signaling that institutional developers are actively committing capital to the metro.

MAA's land acquisition for a 263-unit community represents a meaningful institutional vote of confidence in Kansas City's multifamily fundamentals. Institutional developers typically require high conviction in rent growth, absorption velocity, and exit pricing before committing to ground-up development — all conditions that Kansas City's tight 4.0% vacancy environment supports. The InPoint REO disposition further illustrates the pricing dynamic: a 200-unit asset acquired through foreclosure in May 2025 was placed under a sale contract at approximately \$40.1 million (\$200,500/unit) by July 2025, a premium to its \$38.9 million net carrying value, suggesting buyers were willing to pay above book for stabilized Kansas City product even on distressed-origin assets. With per-unit pricing now running roughly 82% above Q1 2024 median levels, the market's two-year repricing trajectory has been steep — and the consistency of the 0.96 sale-to-ask ratio across Q1 2026 suggests that gap between ask and close has not widened despite the higher price points.

## Closed Sale Price/Unit — Monthly Q1 2026 (\$/unit)



## Q1 2026 Monthly Transaction Metrics

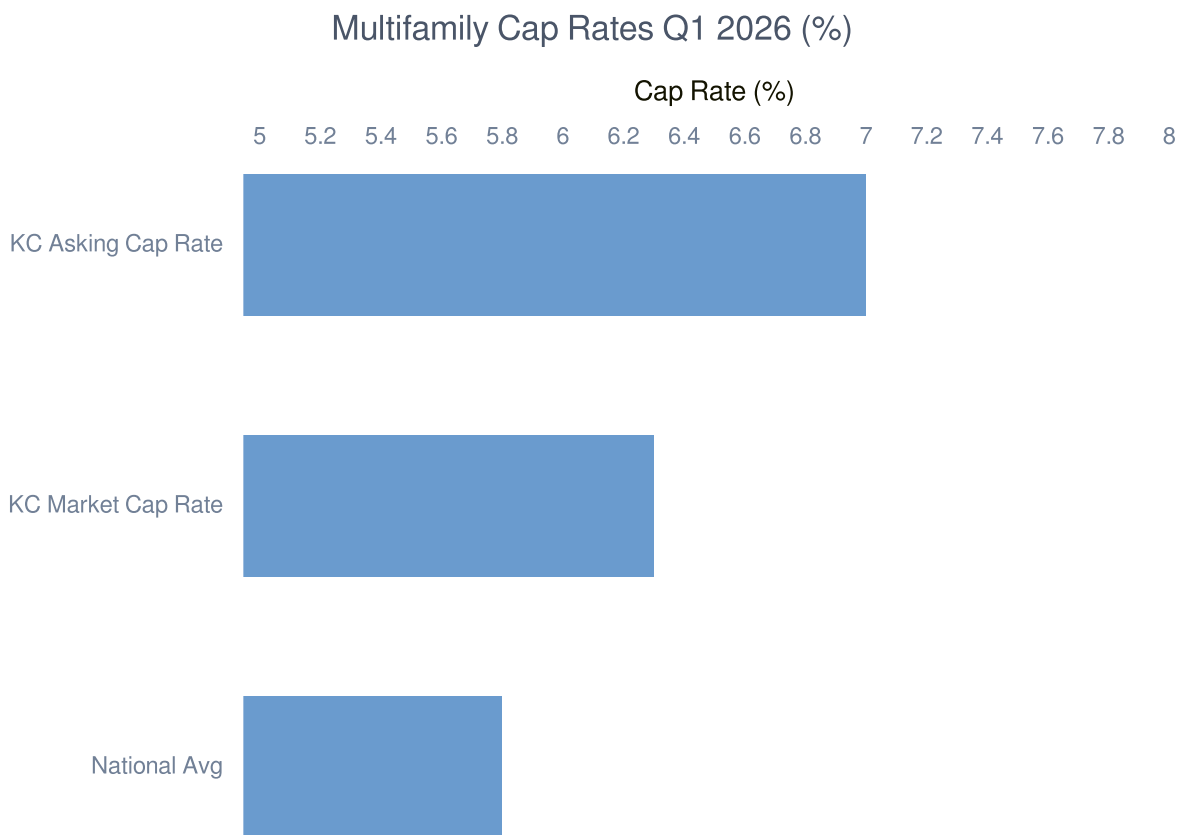
### ▼ MONTHLY CLOSED SALES & PRICING BREAKDOWN

MONTH	CLOSED SALES	PRICE/SF	PRICE/UNIT	SALE-TO-ASK	DAYS ON MARKET	LISTINGS
January 2026	132	\$138.89	\$185,000	0.97	212	118
February 2026	133	\$138.03	\$186,008	0.96	217	100
March 2026	157	\$135.46	\$182,875	0.95	217	118
<b>Q1 2026 Total/Avg</b>	<b>422</b>	<b>\$137.46</b>	<b>\$184,628</b>	<b>0.96</b>	<b>215</b>	<b>112</b>

March Volume Surge. Closed sales jumped to 157 in March — 19% above the January-February monthly average of 132.5 — while the sale-to-ask ratio compressed modestly to 0.95, suggesting sellers held firm on pricing even as volume increased.

March's transaction acceleration is consistent with seasonal patterns in residential-adjacent multifamily markets, where Q1 often builds toward a March close as buyers race to deploy capital before Q2. The slight compression in price/SF from \$138.89 in January to \$135.46 in March — a \$3.43/SF decline — did not materially alter the per-unit story, as the unit-count mix likely shifted toward smaller-unit product. The asking price/SF trend moved in the opposite direction, rising from \$138.93 in January to \$150.31 in March, widening the gap between ask and close and suggesting sellers are testing higher price points as the quarter progressed.

▼ CAP RATE CONTEXT: KANSAS CITY VS. NATIONAL



Kansas City Offers a 50 bps Yield Premium. The Kansas City market cap rate of 6.3% (Integra Realty Resources) exceeded the Fannie Mae national multifamily average of 5.8% in Q1 2026 — a spread that has historically attracted yield-seeking capital to secondary markets.

The 50 basis point spread between Kansas City's 6.3% market cap rate and the 5.8% national average positions the metro as a relative value market for investors benchmarking against coastal gateway pricing. The asking cap rate of 7% — reported by Sigma — sits 70 bps above the closed transaction rate of 6.3%, indicating that sellers are pricing in some optimism that the market has not yet fully validated at close. Nationally, cap rates edged up

from 5.6% in Q4 2025 to 5.8% in Q1 2026, reflecting modest yield expansion as financing costs remain elevated. Kansas City's spread over the national benchmark may narrow if institutional demand continues to compress local cap rates toward the gateway market range.

▼ NOTABLE TRANSACTIONS & IDENTIFIED PARTICIPANTS

ASSET	UNITS	TRANSACTION	VALUE	\$/UNIT	DATE
InPoint REO Asset (Kansas City)	200	Sale Contract	\$40.1M	\$200,500	July 14, 2025
MAA Sevilla Development Site	263	Land Acquisition	Not reported	—	February 2026

REO Asset Repriced Above Book. InPoint's 200-unit Kansas City asset — acquired through non-judicial foreclosure in May 2025 — was placed under a \$40.1 million sale contract within roughly 10 weeks of acquisition, at a premium to its \$38.9 million net carrying value, reflecting strong buyer demand for stabilized product.

The InPoint disposition illustrates a key dynamic in the current Kansas City investment market: even assets with distressed ownership histories are attracting competitive pricing when occupancy is stabilized. At 87% leased as of June 30, 2025, the 200-unit asset commanded \$200,500/unit — above the Q1 2026 metro average of \$184,628/unit — suggesting a premium for scale and stabilization. Buyer and seller identities for the broader metro transaction pool were not reported in available sources, limiting a full analysis of investor type composition. MAA's development site acquisition, while undisclosed in price, confirms that institutional multifamily operators are actively expanding their Kansas City footprint through ground-up channels rather than purely acquisitions.

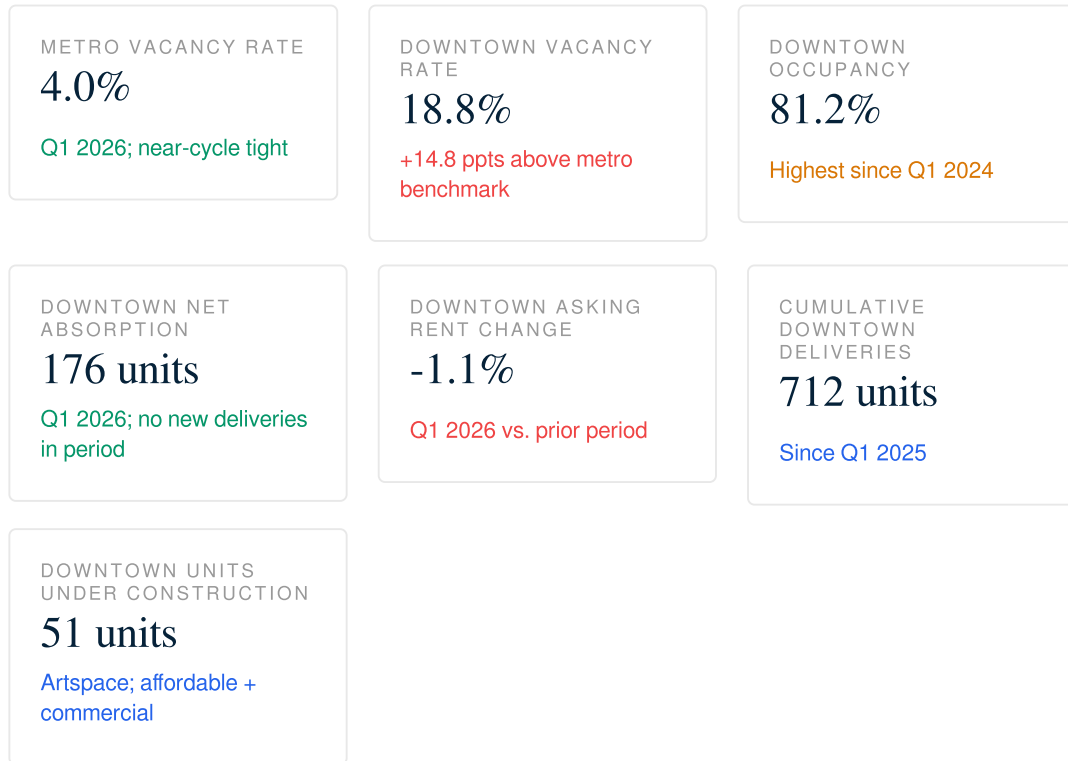
▼ TWO-YEAR PRICING TRAJECTORY: Q1 2024 TO Q1 2026

METRIC	Q1 2024	2024 FULL YEAR	Q1 2026	CHANGE (Q1 2024 → Q1 2026)
Median/Closed Price/Unit	\$101,700	\$118,000	\$184,628	+\$82,928 (+82%)
Transaction Volume Change (YoY)	—	+55% vs. 2023	—	—

Per-Unit Pricing Up 82% in Two Years. Kansas City multifamily closed at a median of \$101,700/unit in Q1 2024; by Q1 2026, the Sigma-reported closed average reached \$184,628/unit — an \$82,928 increase that outpaces typical rent growth and signals significant cap rate compression or asset quality mix shift over the period.

The magnitude of the per-unit price increase — 82% over eight quarters — warrants scrutiny of the underlying drivers. The comparison is between NorthMarq's Q1 2024 median and Sigma's Q1 2026 closed average, which may reflect methodological differences or a shift toward higher-quality, larger-unit assets in the transaction mix rather than pure price appreciation. 2024 full-year transaction volume exceeded 2023 by 55%, indicating that the market was already recovering from a 2023 trough when deal flow was constrained by rate uncertainty. The combination of rising volume and rising per-unit pricing through 2024 and into 2026 suggests genuine demand recovery, though the pace of per-unit appreciation should be interpreted alongside asset class and submarket composition data that was not available in the provided sources.

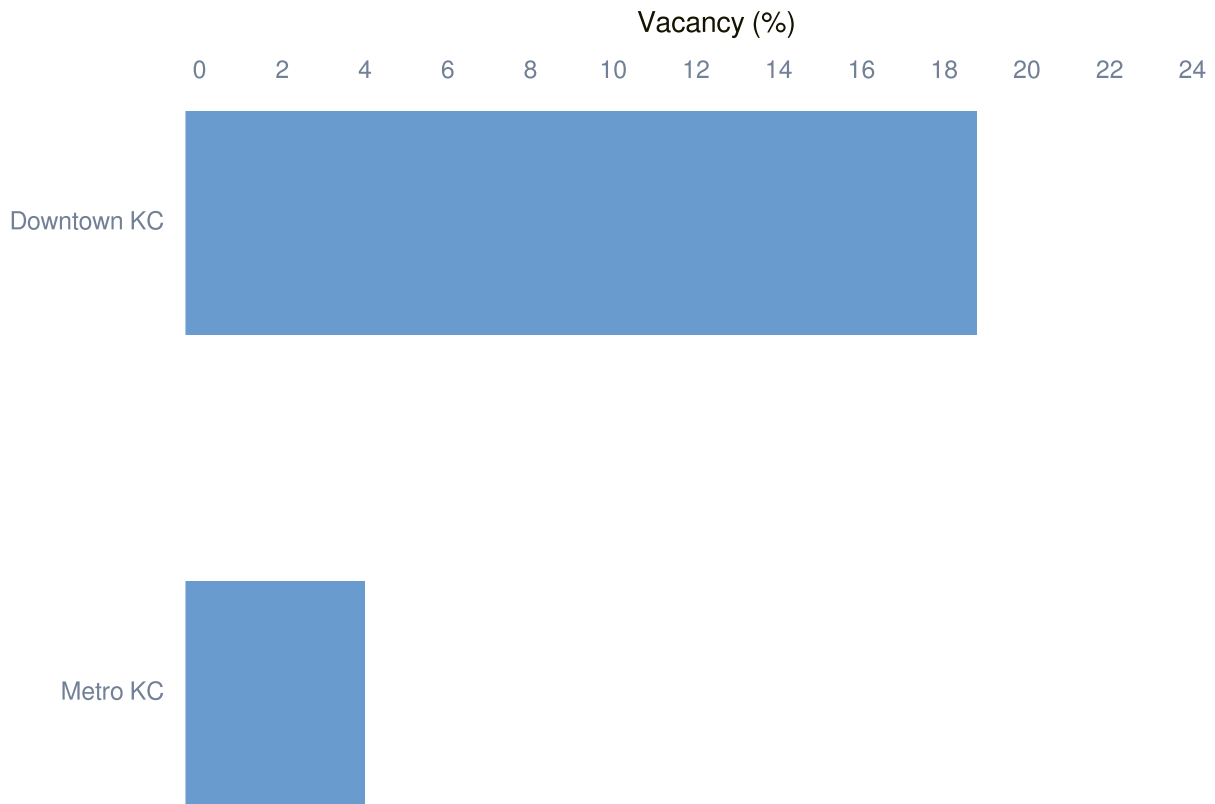
## Downtown Divergence Exposes Metro-Wide Supply Imbalance



Downtown Kansas City Vacancy at 18.8% — Highest Concentration of Supply Pressure in the Metro. Despite posting 176 units of net absorption in Q1 2026, Downtown's vacancy rate remains nearly five times the metro average of 4.0%, reflecting the concentrated impact of 712 units delivered since Q1 2025 on a single, geographically constrained submarket.

The 712-unit delivery wave absorbed into Downtown since Q1 2025 has structurally elevated vacancy well above metro norms, even as Q1 2026 absorption turned positive. The 18.8% vacancy reading — while representing the best occupancy performance since Q1 2024 at 81.2% — signals that the submarket is still digesting recent supply rather than tightening in step with the broader metro. The -1.1% rent softening in Q1 2026 is a direct consequence: landlords are competing for a limited renter pool against a backdrop of elevated available units. With zero new deliveries in Q1 2026 and only 51 units under construction (Artspace, affordable), the supply pipeline is effectively paused, creating conditions for gradual occupancy recovery if absorption momentum holds.

## Q1 2026 Vacancy Rate by Area



### Submarket Metrics and Affordable Pipeline Activity

#### ▼ DOWNTOWN KANSAS CITY — OPERATING METRICS

METRIC	Q1 2026 VALUE
Vacancy Rate	18.8%
Occupancy Rate	81.2%
Vacancy vs. Metro	+14.8 pts
Net Absorption	176 units
New Deliveries	0 units
Cumulative Deliveries Since Q1 2025	712 units
Under Construction	51 units
Asking Rent Change	-1.1%

Downtown Occupancy at Best Level Since Q1 2024. Positive absorption of 176 units with zero new deliveries in Q1 2026 marks the first quarter in recent periods where demand outpaced supply additions, nudging occupancy to its highest point in two years.

Downtown Kansas City remains the only submarket in the research set with reported operating metrics for Q1 2026. The 176-unit absorption gain, achieved without any new deliveries, represents a meaningful demand signal — but the 18.8% vacancy rate confirms the submarket has a multi-quarter normalization path ahead. Rent softening of 1.1% reflects landlord concession activity to sustain leasing velocity. The single active construction project, Artspace at 51 affordable units, will not materially shift vacancy dynamics upon delivery given its scale relative to existing availability.

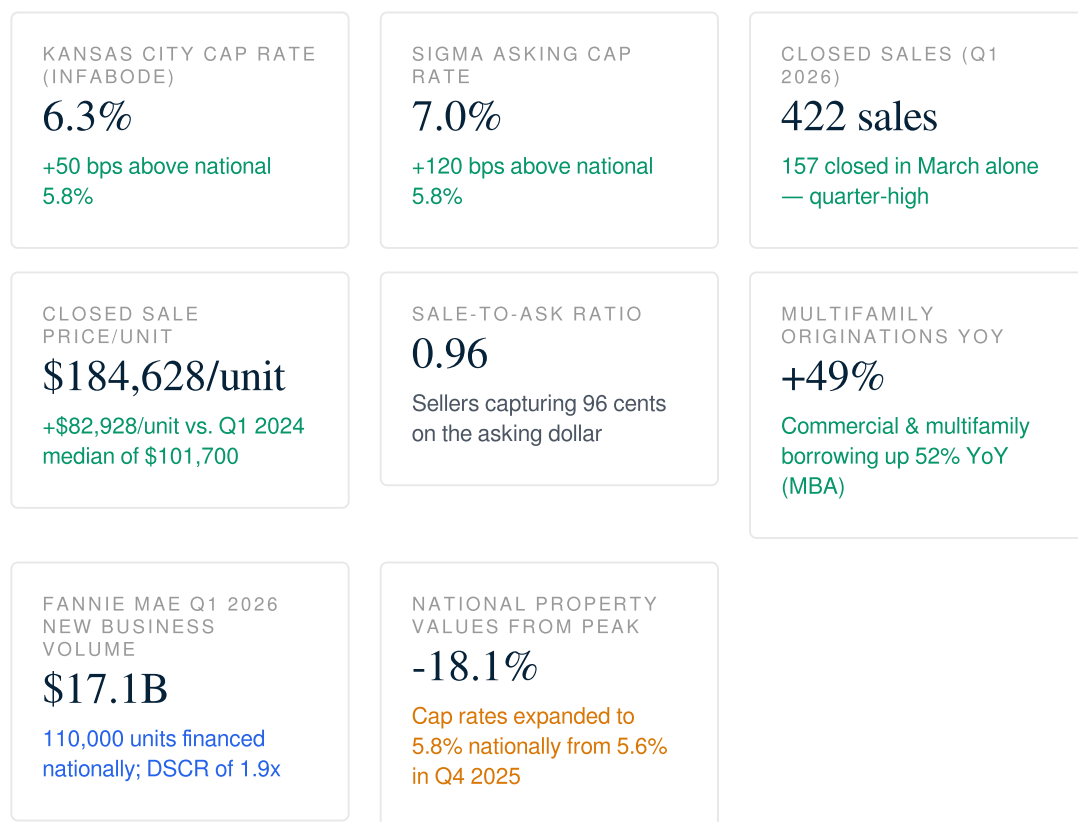
▼ AFFORDABLE HOUSING PIPELINE — URBAN KANSAS CITY SUBMARKETS

PROJECT	LOCATION	UNITS	FUNDING / PROGRAM	DATE
Parade Park Family	Urban KC	200	MHDC Approval	Dec. 9, 2025
The Grand on Beacon Hill	Urban KC	295	MHDC Approval	Dec. 9, 2025
Parade Park Senior	Urban KC	80	MHDC Approval	Dec. 9, 2025
Mid-City Towers II	Urban KC	80	MHDC Approval	Dec. 9, 2025
The Alexandria	Urban KC	55	MHDC Approval	Dec. 9, 2025
Heritage at Grandview	Grandview	204	MHDC 4% LIHTC Application	Early 2026
Armour Boulevard Apartments	Armour Blvd	303	MHDC 4% LIHTC Application	Early 2026
Justin Place	Justin Place	96	MHDC 4% LIHTC Application	Early 2026
Linwood & Troost Apartments	Linwood & Troost	—	HTF Award: \$1,500,000	Feb. 27, 2026
Loma Vista Apartments	Loma Vista	—	HTF Award: \$1,350,000	Feb. 27, 2026
Prairie Style Flat Renovation Ph. I	Urban KC	—	HTF Award: \$129,450	Feb. 27, 2026

City of Kansas City Housing Trust Fund Round 5 Deployed Nearly \$3,000,000 Across Three Projects. The February 27, 2026 awards support 241 affordable units across urban submarkets, signaling sustained public-sector commitment to workforce and affordable housing production in areas where market-rate vacancy pressure is already elevated.

Across submarkets outside Downtown — Grandview, Armour Boulevard, Justin Place, Linwood & Troost, and Loma Vista — no operating vacancy, rent, or absorption data was available in the research set. What is documented is a concentrated pipeline of affordable and workforce housing activity, with MHDC 4% LIHTC applications totaling 603 units across three projects (Heritage at Grandview, Armour Boulevard Apartments, and Justin Place) filed in early 2026. Combined with the five MHDC-approved urban projects totaling 710 units from December 2025, the forward pipeline reflects significant public-program-driven supply targeting underserved urban and suburban nodes. These units, when delivered, will serve income-restricted demand segments distinct from the market-rate inventory driving Downtown's current vacancy dynamics.

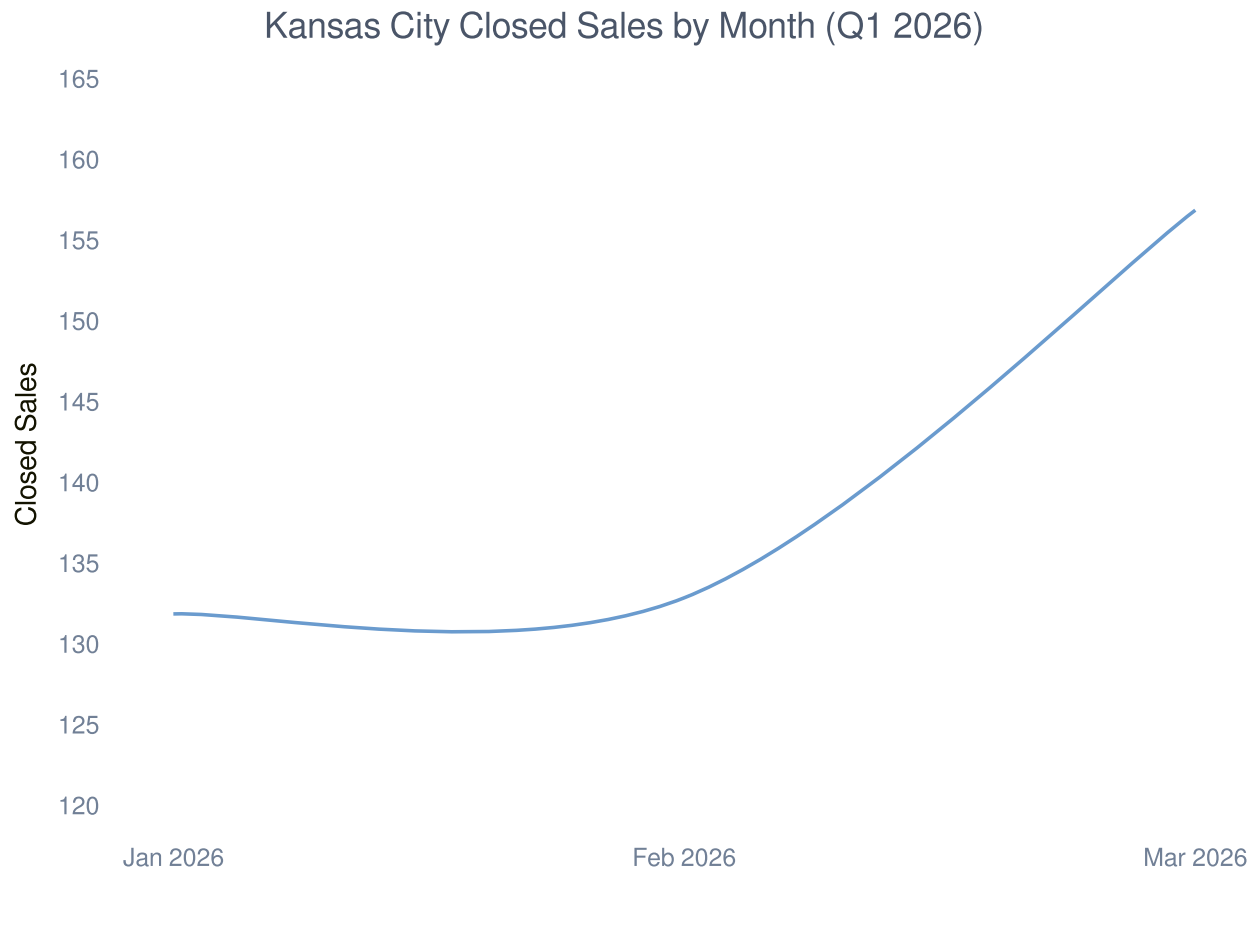
## Yield Premium Pulling Capital Into Kansas City



Kansas City's 6.3% cap rate (Infabode) represents a measurable yield premium over the national multifamily average of 5.8%, positioning the metro as a relative value market for yield-seeking capital at a time when national property values remain 18.1% below peak.

Kansas City's cap rate spread over the national benchmark — ranging from 50 basis points (Infabode) to 120 basis points (Sigma) depending on methodology — reflects a market where pricing has not fully compressed to gateway-city levels, even as operating fundamentals tightened through 2025. Vacancy tracked by Cushman & Wakefield moved from 4.6% in Q1 2025 to 3.6% in Q2 2025 before stabilizing near 3.8% in Q3 2025, and Q1 2026 absorption exceeded deliveries by 200 units. That combination of tight occupancy and above-market yields creates a measurable return differential that institutional and private capital alike can underwrite. The 422 closed sales recorded in Q1 2026, with volume accelerating from 132 in January to 157 in March, suggests buyer conviction was building through the quarter rather than fading. The closed sale price per unit of \$184,628 — compared with NorthMarq's Q1 2024 median of \$101,700 — reflects meaningful price appreciation over two years, though the two series differ

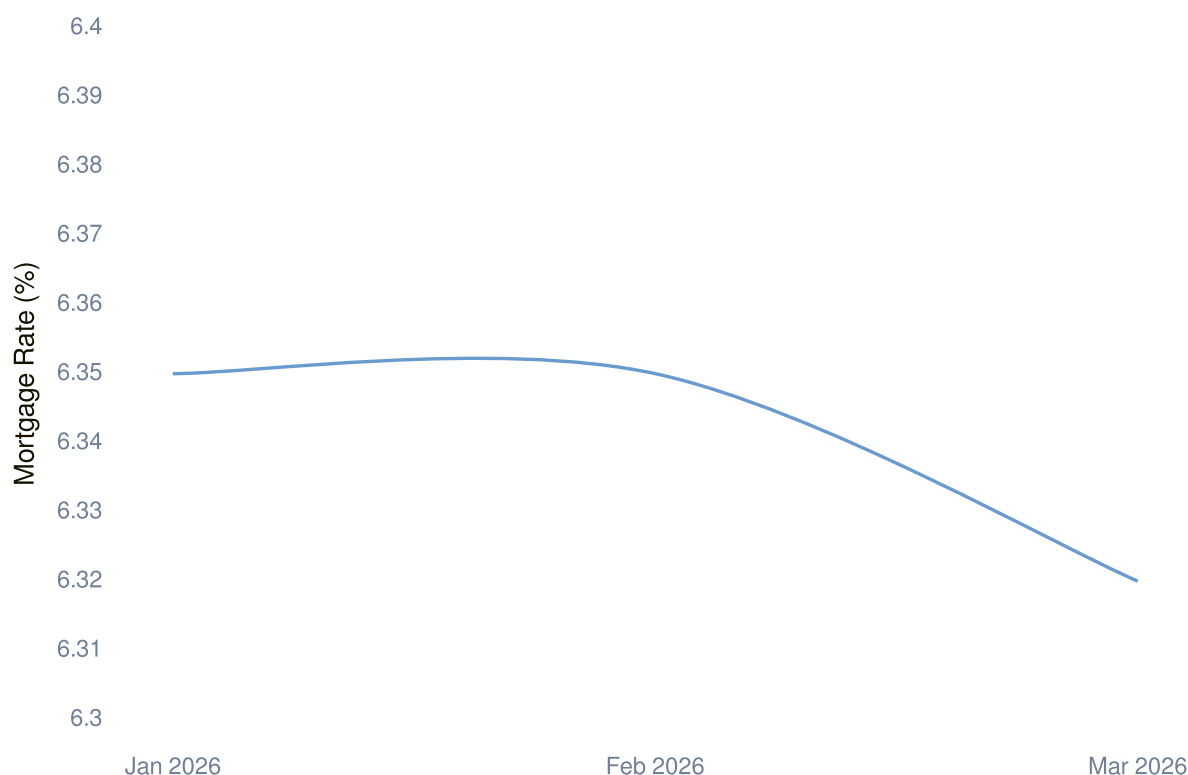
in methodology and should not be treated as a direct apples-to-apples comparison. If the spread between local and national cap rates continues to narrow, further price appreciation would follow.



## Capital Stack and Debt Market Conditions

▼ FINANCING CONDITIONS: STABLE RATES, DISCIPLINED LEVERAGE

## Kansas City Mortgage Rate by Month (Q1 2026)



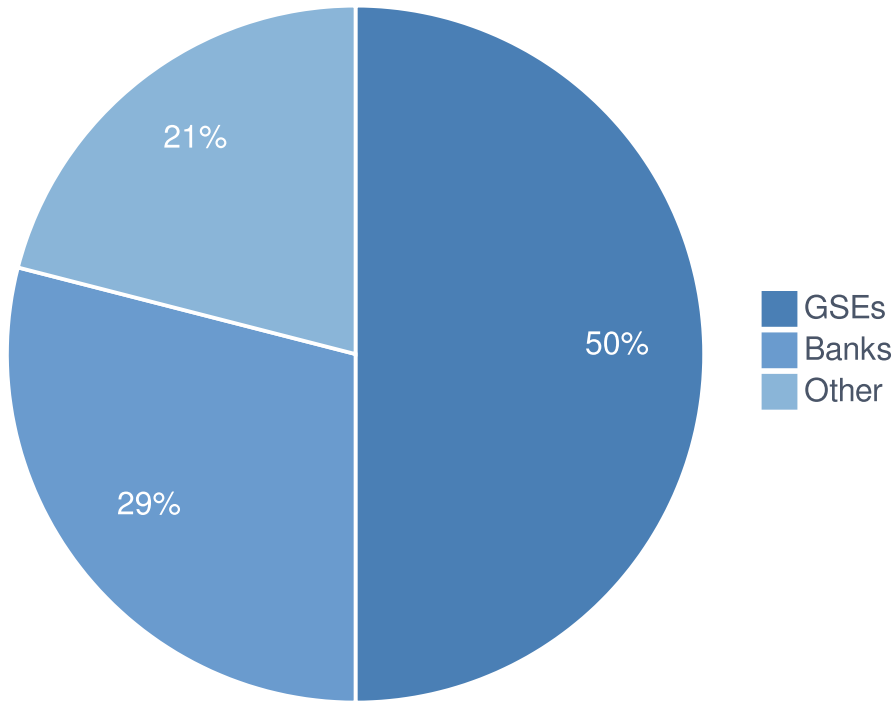
Mortgage rates held in a narrow 3-basis-point band across Q1 2026, with the March reading of 6.32% representing the quarter's low — a marginal but directionally positive signal for debt-financed acquisitions.

Kansas City multifamily debt conditions in Q1 2026 were characterized by stability rather than volatility. The average mortgage rate of 6.34% varied by just 3 basis points across the quarter (6.35% in January and February, 6.32% in March), while loan-to-value held at a consistent 0.75 ratio in each month. The average loan amount of \$195,311 showed similarly narrow intra-quarter movement. Nationally, Fannie Mae financed 110,000 units in Q1 2026 with a weighted-average LTV of 63% and a DSCR of 1.9x — metrics that reflect conservative underwriting standards across the GSE channel. Serious delinquency on Fannie Mae's \$542.5 billion guaranty book stood at just 0.78%, underscoring portfolio health. MBA data reinforces the broader lending recovery: multifamily originations rose 49% year-over-year in Q1 2026, with depositories leading at +80% YoY and GSEs up 38% YoY. CMBS was the lone laggard, declining 14% YoY, consistent with continued spread volatility in that channel. The sequential decline of 30% from Q4 2025 reflects typical seasonal patterns rather than a structural pullback.

CAPITAL SOURCE	YOY CHANGE (Q1 2026)
Depositories	+80%
GSEs	+38%
Life Companies	+9%
CMBS	-14%

▼ DEBT OUTSTANDING AND MATURITY WALL: GSES DOMINATE THE STACK

## Multifamily Mortgage Debt Outstanding (Q4 2025)



GSEs hold 50% of the \$2.29 trillion multifamily mortgage debt outstanding as of Q4 2025, with 13% of all multifamily-backed mortgage balances scheduled to mature in 2026 — a refinancing cycle that will test debt market capacity across the year.

As of Q4 2025, \$2.29 trillion in multifamily mortgage debt was outstanding nationally. GSEs held \$1.1 trillion (50%) and banks held \$660 billion (29%), leaving the remaining 21% distributed across life companies, CMBS, and other sources. The concentration of GSE exposure is notable given that only \$39 billion — 4% — of GSE and FHA multifamily and healthcare mortgages mature in 2026, a comparatively manageable figure. However, 13% of all multifamily-backed mortgage balances mature in 2026 across all capital sources, meaning the broader refinancing cycle will stress non-GSE portions of the stack more

acutely. MBA reported Q1 2026 delinquency rates of 0.97% for GSE loans and 0.96% for FHA multifamily — both well-controlled — while CMBS delinquency of 5.21% and overall CRE mortgage delinquency of 4.02% highlight where stress is concentrated. For Kansas City specifically, the GSE channel's health and the consistent 0.75 LTV recorded locally suggest borrowers are maintaining conservative leverage positions.

LOAN CATEGORY	DELINQUENCY RATE (Q1 2026)
GSE Loans	0.97%
FHA Multifamily + Healthcare	0.96%
Overall CRE Mortgages	4.02%
CMBS	5.21%

▼ INSTITUTIONAL AND PUBLIC-COMPANY ACTIVITY: MAA AND INPOINT SIGNAL CONVICTION

Mid-America Apartment Communities closed land for the 263-unit MAA Sevilla development in Kansas City in February 2026, while InPoint Commercial Real Estate Income contracted a 200-unit REO asset for \$40.1 million — two institutional-grade transactions that bracket the quarter's activity.

Institutional participation in Kansas City multifamily was visible on both the acquisition and disposition sides in the period surrounding Q1 2026. InPoint Commercial Real Estate Income acquired a 200-unit Kansas City asset through non-judicial foreclosure on May 1, 2025, carried it at approximately \$38.9 million as of June 30, 2025, and entered a sale contract dated July 14, 2025 for approximately \$40.1 million — a modest gain on a distressed acquisition that was approximately 87% leased at the time of the contract. MAA's land closing for the 263-unit Sevilla development in February 2026, with construction commencing in April 2026, reflects a longer-horizon institutional commitment to the market's supply-demand dynamics. These transactions, while distinct in strategy, collectively indicate that institutional capital views Kansas City as a viable deployment market — not merely a secondary market to be avoided. The 215-day average sales days on market recorded by Sigma for Q1 2026 suggests that while transaction velocity is not rapid, deals are clearing at a 0.96 sale-to-ask ratio, indicating limited distress pricing.

TRANSACTION	UNITS	VALUE	DATE
InPoint REO Acquisition	200	~\$38.9M (carrying value)	May 1, 2025
InPoint Sale Contract	200	~\$40.1M	July 14, 2025
MAA Sevilla Land Close	263	Not reported	February 2026

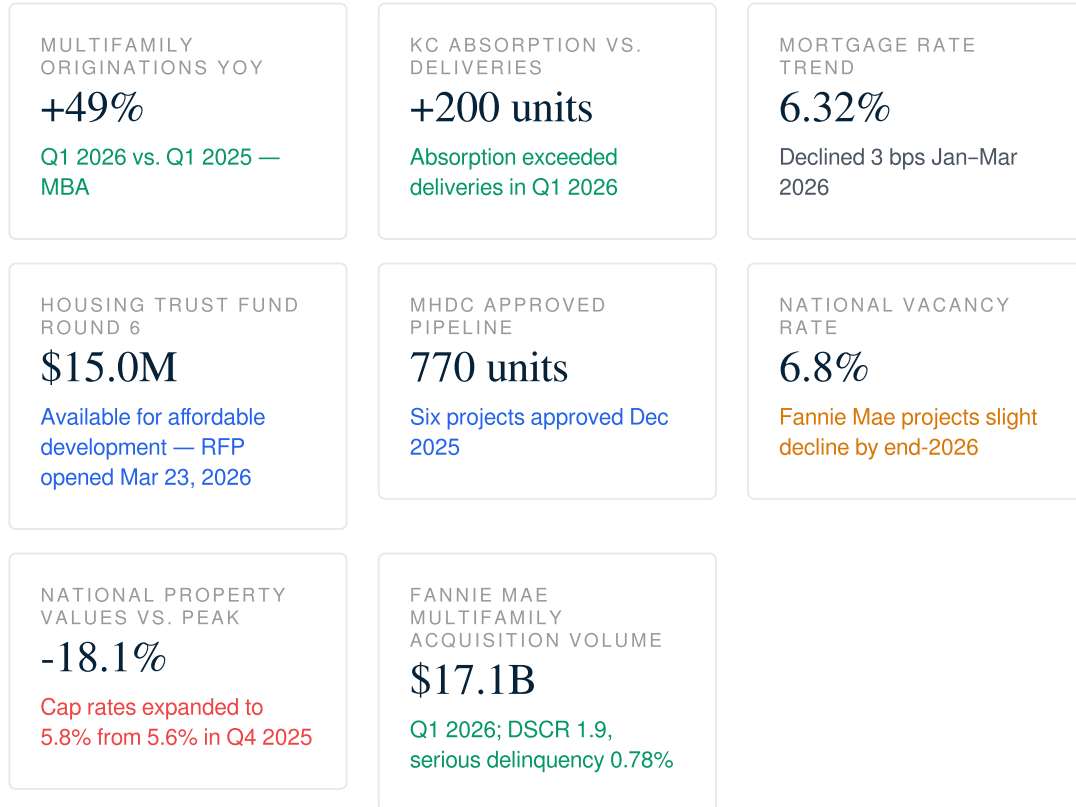
▼ AFFORDABLE AND PUBLIC-SECTOR CAPITAL FLOWS: A PARALLEL INVESTMENT TRACK

The City of Kansas City committed nearly \$3 million through Housing Trust Fund Round 5 in February 2026 and opened Round 6 with up to \$15 million available in March 2026 — a parallel capital track that is actively shaping affordable unit supply alongside market-rate investment.

Public-sector and tax-credit capital flows represent a meaningful secondary investment track in Kansas City's multifamily market. The City's Housing Trust Fund Round 5 awards on February 27, 2026 totaled nearly \$3 million across three projects supporting 241 affordable units: Loma Vista Apartments (\$1,350,000), Linwood & Troost Apartments (\$1,500,000), and Prairie Style Flat Renovation Phase I (\$129,450). Round 6 opened March 23, 2026 with up to \$15 million available. The City also launched the Housing Gateway Program on February 11, 2026 with \$1 million invested. On the LIHTC side, MHDC received early 2026 federal 4% applications for Armour Boulevard Apartments (303 units), Heritage at Grandview (204 units), and Justin Place (96 units), while December 2025 approvals covered six projects totaling 770 units. Taken together, these programs represent a coordinated public-sector effort to expand affordable supply in a market where vacancy has remained below 5% for multiple consecutive quarters. The scale of LIHTC pipeline activity — over 1,400 units across approved and applied projects — will influence the market's overall supply composition in coming years.

PROGRAM	FUNDING	UNITS
HTF Round 5 Awards	~\$3.0M	241
HTF Round 6 Available	Up to \$15.0M	Not reported
Housing Gateway Program	\$1.0M	Not reported
MHDC 4% LIHTC Applications (Early 2026)	Not reported	603
MHDC Approvals (Dec 2025)	Not reported	770

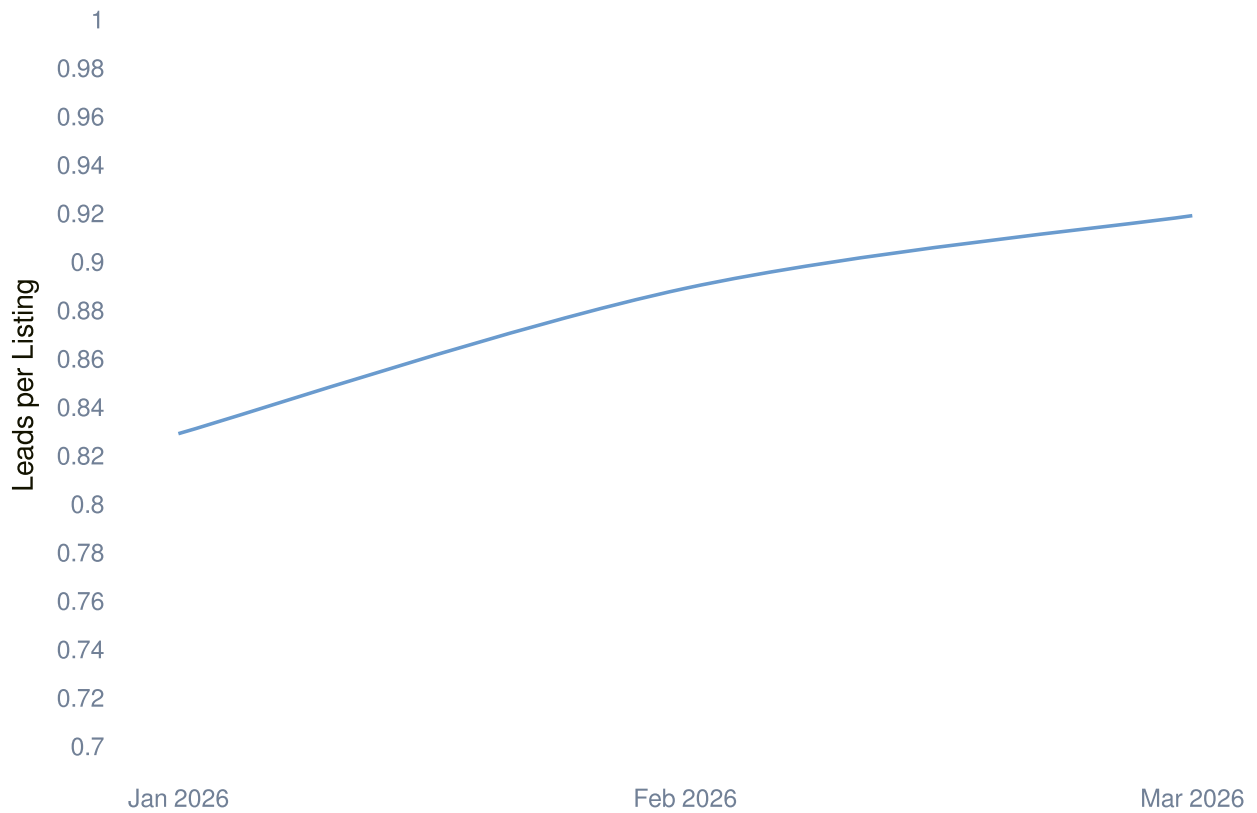
## Affordable Pipeline and Policy Momentum Reshaping Forward Supply



Kansas City's Affordable Pipeline Accelerating Through Layered Public Capital. The City's Housing Trust Fund Round 5 awarded nearly \$3 million on February 27, 2026, supporting 241 affordable units across three projects, while Round 6 opened March 23, 2026 with up to \$15 million available — a fivefold increase in available funding within a single quarter.

The scale-up from Round 5 to Round 6 reflects a deliberate municipal strategy to compress the affordable supply gap through stacked public capital. Layered on top of city funding, MHDC's December 2025 multifamily rental production approvals added 770 units across six projects — including 295 units at The Grand on Beacon Hill and 200 units at Parade Park Family — while three additional 4% LIHTC applications totaling 603 units were received in early 2026. None of these projects had confirmed groundbreakings documented through Q1 2026, meaning their delivery impact falls into the 18–36 month horizon. MAA's land closing for the 263-unit MAA Sevilla in February 2026, with construction commencing April 2026, represents the clearest near-term market-rate addition to the pipeline. As this affordable and market-rate supply begins to materialize, the current condition — where absorption exceeded deliveries by approximately 200 units in Q1 2026 — may face a more balanced test by 2027–2028.

## Leads per Listing — Monthly Trend (Q1 2026)



### Forward Supply, Capital Markets, and Policy Headwinds in Focus

#### ▼ 6-12 MONTH OUTLOOK: CAPITAL MARKETS MOMENTUM MEETS RATE STABILITY

LENDER TYPE	Q1 2026 ORIGINATIONS YOY
Depositories	+80%
GSEs	+38%
Life Companies	+9%
CMBS	-14%

Broad Lender Re-engagement Supports Near-Term Financing Activity. MBA reported Q1 2026 commercial and multifamily borrowing rose 52% year-over-year, with multifamily originations up 49% — though volume declined 30% from Q4 2025, signaling seasonal normalization rather than structural retreat.

Depositories led the lender recovery with an 80% year-over-year surge, suggesting renewed balance-sheet appetite for multifamily exposure. GSE volume grew 38%, consistent with Fannie Mae's \$17.1 billion acquisition quarter, a 1.9 DSCR, and a serious delinquency rate of just 0.78% — metrics that reflect portfolio health rather than stress.

CMBS, by contrast, contracted 14% year-over-year and carries the highest delinquency rate in the stack at 5.21%, compared to 0.97% for GSE loans. Kansas City's local mortgage rate edged down from 6.35% in January to 6.32% in March 2026 — a modest but directionally supportive move. With 13% of multifamily-backed mortgage balances nationally maturing in 2026, refinancing activity will remain an active theme through the balance of the year, particularly for assets originated at lower cap rates now facing a 5.8% national benchmark.

▼ 12–24 MONTH OUTLOOK: AFFORDABLE PIPELINE AND LEGISLATIVE ACTION SHAPE SUPPLY

PROJECT	UNITS	STATUS
The Grand on Beacon Hill	295	MHDC Approved Dec 2025
Parade Park Family	200	MHDC Approved Dec 2025
Armour Boulevard Apartments	303	4% LIHTC Application
Heritage at Grandview	204	4% LIHTC Application
MAA Sevilla	263	Construction commenced Apr 2026
Parade Park Senior	80	MHDC Approved Dec 2025
Mid-City Towers II	80	MHDC Approved Dec 2025
Justin Place	96	4% LIHTC Application
Woodlen Place Apartments	60	MHDC Approved Dec 2025
The Alexandria	55	MHDC Approved Dec 2025

Legislative Tailwinds Reducing Development Friction. HB 2384, advancing February 16, 2026, would restrict political subdivisions from imposing affordability-threatening requirements on property improvements, while HB 1716 — reported do-pass March 3, 2026 — would create workforce housing investment funds, directly expanding the capital toolkit for mid-market development.

The combined pipeline of MHDC-approved projects, active LIHTC applications, and HTF Round 6 funding creates a forward supply wave concentrated in the affordable and workforce segments. If HB 1716 is enacted, workforce housing investment funds would introduce a new financing layer that could accelerate projects currently stalled at the capital stack stage. HB 2384's restrictions on local affordability mandates, if signed into law, would

reduce per-unit cost friction for market-rate developers — a factor that could incrementally expand the market-rate pipeline beyond what is currently documented. Fannie Mae's national projection of a slight vacancy decline by end-2026 and cumulative rent growth of less than 2% for the full year sets a modest ceiling on rent recovery expectations. Kansas City's Q1 2026 signed lease rate of \$1.32 per unit per month, with leads per listing rising from 0.83 in January to 0.92 in March, suggests demand-side momentum is building even as the supply pipeline expands.

▼ **RISK FACTORS: MATURITY WALL, CMBS STRESS, AND VALUATION RESETS**

RISK INDICATOR	VALUE	BENCHMARK
National Property Values vs. Peak	-18.1%	Q1 2026
CMBS Delinquency	5.21%	Q1 2026
Overall CRE Mortgage Delinquency	4.02%	Q1 2026
Multifamily Balances Maturing in 2026	13%	National
GSE/FHA Maturities in 2026	\$39B	National

Valuation Reset and Maturity Concentration Create Near-Term Refinancing Pressure. National multifamily property values remain 18.1% below peak as of Q1 2026, while 13% of multifamily-backed mortgage balances mature this year — a combination that compresses refinancing proceeds and may force equity injections or distressed dispositions for over-leveraged assets.

The CMBS delinquency rate of 5.21% stands in sharp contrast to GSE loan performance at 0.97%, highlighting a bifurcated credit environment where loan structure and origination vintage matter significantly. For Kansas City assets financed through CMBS conduits at peak valuations, the current cap rate environment — local asking cap rates at 7.0% versus a national benchmark of 5.8% — implies a wider valuation discount relative to gateway markets. This spread may reflect perceived risk or relative illiquidity, but it also positions Kansas City assets at a different point in the repricing cycle. The \$39 billion in GSE and FHA multifamily maturities nationally in 2026 will test agency appetite for extensions and modifications, with outcomes influencing the broader availability of refinancing capital through year-end. Net absorption declining 59% year-over-year nationally underscores that

demand absorption of new supply is not uniform, and Kansas City's local outperformance — absorption exceeding deliveries by 200 units — should be monitored against the backdrop of the pipeline projects approaching delivery.

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# Kansas City, MO Office Quarter 1, 2026 (Q1 2026)

THE KEY NUMBER

# 120 bps

## 120 BPS VACANCY DECLINE CONFIRMS SUSTAINED RECOVERY

*Kansas City office vacancy fell 120 basis points year-over-year to 17.4% in Q1 2026, extending a streak of at least six consecutive quarters of positive net absorption against zero new multi-tenant construction. The supply-starved tightening pushed asking rents up 1.2% YoY and positioned Kansas City vacancy below both the national average (18.6%, CBRE) and the Midwest average (22.4%), even as investment activity remained muted with only 36 closed sales. IRR classifies the market in Recovery Stage 1 with 1.2 million SF of active tenant requirements signaling continued demand ahead.*

## 01 — EXECUTIVE SUMMARY

# Sustained Absorption Compresses Vacancy to Multi-Year Lows

VACANCY RATE (CBRE)

**17.4%**

-120 bps YoY vs. 18.6% in Q1 2025

CONSECUTIVE  
QUARTERS OF POSITIVE  
ABSORPTION

**6–7 Quarters**

CBRE: 6 consecutive;  
Colliers: 7 consecutive

Q1 2026 NET  
ABSORPTION (CBRE)

**+259,443 SF**

Downtown led at  
+196,898 SF

OVERALL ASKING RENT  
(CBRE)

**\$23.51/SF**

+1.2% YoY vs. \$23.22/SF  
in Q1 2025

NEW SUPPLY  
DELIVERED

**0 SF**

No multi-tenant  
deliveries or projects  
under construction  
(CBRE)

KC VACANCY VS. U.S.  
AVERAGE

**17.4% vs.**

**18.6%**

Kansas City 120 bps  
below national  
benchmark (CBRE)

MSA UNEMPLOYMENT  
RATE

**4.0%**

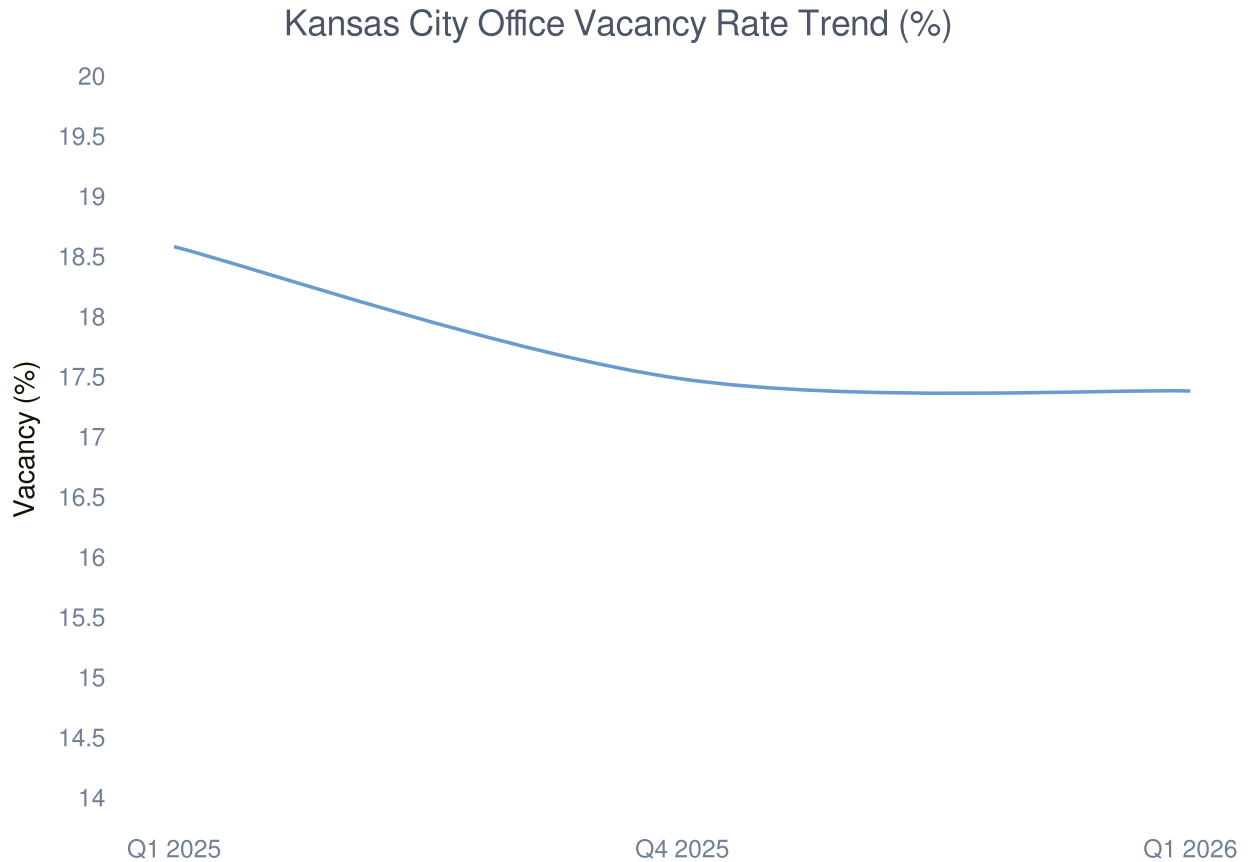
Q1 2026 avg; up from  
3.7% in Q4 2025

Six-Plus Quarters of Uninterrupted Occupancy Gains. CBRE recorded the sixth consecutive quarter of positive net absorption in Q1 2026, while Colliers counted the seventh straight quarter of occupancy gains — a streak that has compressed metro vacancy 120 basis points year-over-year to 17.4%.

The consistency of this absorption run is notable in the context of a national office market still working through structural headwinds. Kansas City's 17.4% vacancy (CBRE) sits 120 basis points below the U.S. average of 18.6%, and the gap widens further under Colliers' methodology — 15.4% locally versus 20.2% nationally per Cushman & Wakefield. Downtown drove the bulk of Q1 gains at +196,898 SF, with suburban submarkets contributing an additional +62,545 SF. The supply side provides additional support: CBRE reported zero multi-tenant deliveries and zero projects under construction in Q1 2026, while the 310,527 SF delivered over the prior three years is 94.5% occupied — evidence that new product has been absorbed without disrupting market equilibrium. With the pipeline effectively empty, any incremental demand faces a constrained supply response, a condition that has historically supported rent stability.

Asking rents advanced modestly, with CBRE reporting \$23.51/SF — up 1.2% year-over-year — while Class A product commanded \$25.13/SF per Colliers and \$26.50/SF per Integra Realty Resources. The spread between asking and signed lease rates (\$19/SF asking versus \$21/SF signed per Sigma) suggests tenants are transacting above list, a signal of tightening negotiating leverage. The broader economic backdrop is mixed: MSA unemployment edged up to 4.0% in Q1 2026 from 3.7% in Q4 2025, reaching 4.2% in March, while total nonfarm employment of 1,155.6 thousand in March 2026 was nearly flat year-over-year (+0.5 thousand). Midwest CPI-U rose 3.4% over the prior 12 months through March

2026, maintaining a modest inflationary environment. If employment stabilizes and absorption momentum holds, the market is positioned for continued, measured vacancy compression through the balance of 2026.



## Kansas City vs. National Benchmarks — Q1 2026

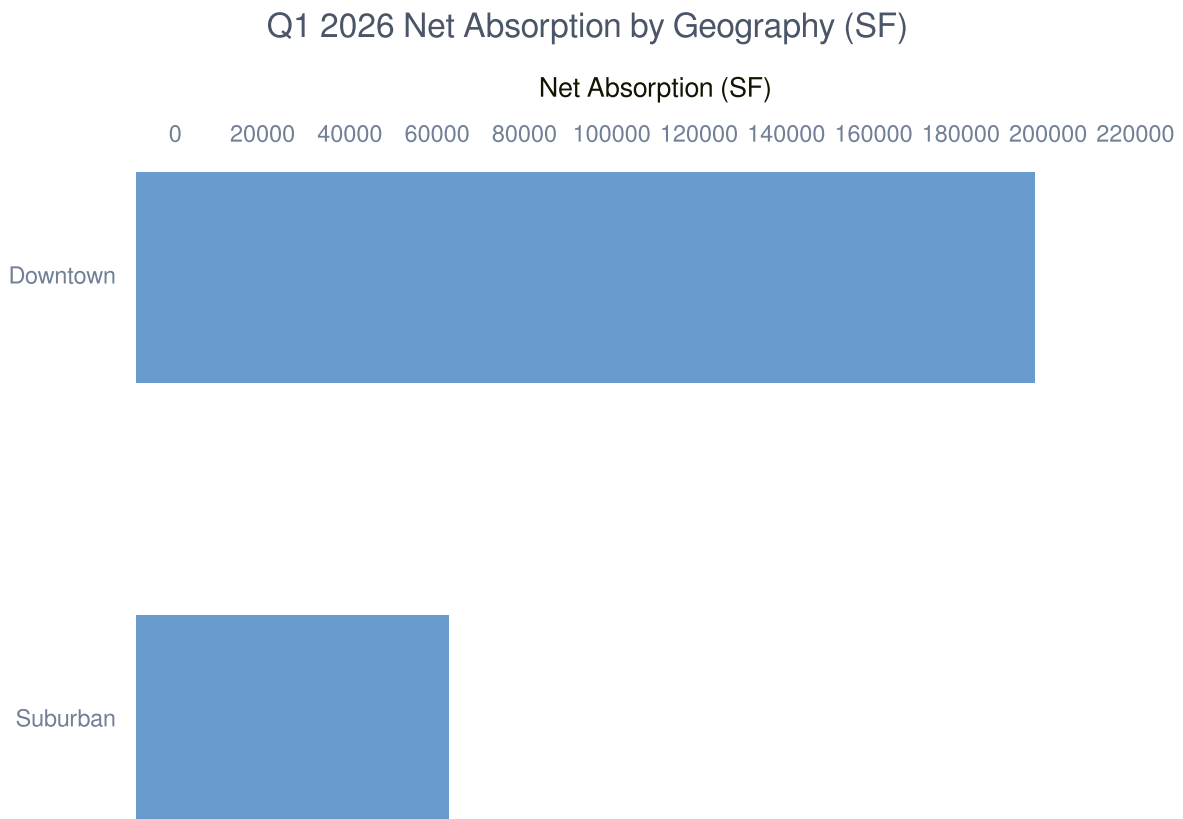
### ▼ HOW DOES KANSAS CITY STACK UP AGAINST NATIONAL OFFICE METRICS?

METRIC	KANSAS CITY	U.S. NATIONAL	SOURCE
Vacancy Rate	17.4%	18.6%	CBRE
Vacancy Rate (Alt.)	15.4%	20.2%	Colliers / C&W
Asking Rent	\$23.51/SF	\$37.21/SF	CBRE
Asking Rent (Alt.)	\$22.30/SF	\$38.37/SF	Colliers / C&W
Q1 Net Absorption	+259,443 SF	+6,900,000 SF	CBRE

Kansas City Trades at a Significant Rent Discount to National Averages. At \$23.51/SF, Kansas City asking rents are 36.8% below the U.S. average of \$37.21/SF per CBRE — a persistent structural discount reflecting the market's Midwestern cost profile rather than a demand deficiency.

Kansas City's vacancy advantage over the national average is meaningful but modest — 120 to 480 basis points below the U.S. depending on the data source used. The more pronounced divergence appears in rent levels: at roughly 37% below national asking rents, Kansas City reflects a cost-competitive positioning that continues to attract tenants priced out of coastal gateway markets. Net absorption of +259,443 SF represents a healthy local result, though it constitutes a small fraction of the national total, underscoring Kansas City's role as a mid-tier market with stable, if not outsized, demand dynamics. The rent discount, combined with below-average vacancy, may sustain occupier interest from cost-conscious users through the near term.

▼ **ABSORPTION BY GEOGRAPHY — DOWNTOWN VS. SUBURBAN SPLIT**



Downtown Captured 76% of Q1 Absorption. Of CBRE's reported +259,443 SF of net absorption in Q1 2026, downtown accounted for +196,898 SF — roughly three-quarters of total market gains — while suburban submarkets contributed +62,545 SF.

The downtown concentration of absorption in Q1 2026 reflects a flight-to-quality dynamic that has characterized urban core office demand nationally. Tenants committing to downtown space are typically seeking amenity-rich, transit-accessible buildings — a profile that aligns with the Class A and Trophy product concentrated in Kansas City's CBD. Suburban absorption, while positive, was comparatively modest at +62,545 SF. Notably, South Johnson County — one of the metro's most active suburban corridors — recorded negative absorption of -20,574 SF in Q1 2026 per Colliers, suggesting that suburban performance is uneven across submarkets. The 216,861 SF under construction in South Johnson County represents the only meaningful supply pipeline in the metro, and its delivery timing will be a key variable for suburban vacancy trends in coming quarters.

▼ INVESTMENT MARKET CONDITIONS — CAP RATES AND TRANSACTION ACTIVITY

METRIC	VALUE	SOURCE
Closed Sales (Q1 2026)	36	Sigma
Closed Sale Price	\$176.07/SF	Sigma
Asking Price	\$153.87/SF	Sigma
Asking Cap Rate	7.25%	Sigma
Going-in Cap Rate — CBD Class A	8.50%	Integra
Going-in Cap Rate — CBD Class B	9.25%	Integra
Going-in Cap Rate — Suburban Class A	8.50%	Integra
Going-in Cap Rate — Suburban Class B	9.25%	Integra
Sales Listings	310	Sigma
Q1 2026 Mortgage Rate	6.53%	Sigma

Closed Prices Exceeded Asking Prices in Q1 2026. Sigma recorded a closed sale price of \$176.07/SF against an asking price of \$153.87/SF — a premium of approximately \$22/SF — across 36 closed office transactions, suggesting competitive bidding on select assets despite elevated cap rate expectations.

The Q1 2026 investment market showed selective but active deal flow, with 36 closed sales against a backdrop of 310 active listings — implying a clearance rate that reflects buyer selectivity rather than broad market liquidity. The spread between Integra's going-in cap rates (8.50%–9.25%) and Sigma's asking cap rate of 7.25% points to a bid-ask gap that is likely constraining transaction volume. With the Q1 2026 mortgage rate at 6.53%, debt coverage remains a constraint for leveraged buyers, particularly on Class B assets priced at 9.25% going-in yields. Notable Q1 transactions included Karbank's \$7.75 million suburban acquisition and NBKC Bank's purchase of Commerce Plaza II, alongside three South Johnson County sales ranging from \$1.95 million to \$3.2 million. The closed-above-asking dynamic on a per-SF basis may reflect a mix of asset quality variation rather than uniform market strength.

## Anchor Lease Drives Broad-Based Occupancy Recovery

OVERALL VACANCY  
(CBRE)

**17.4%**

-120 bps YoY vs. 18.6% in  
Q1 2025

NET ABSORPTION  
(CBRE)

**259,443 SF**

Downtown led with  
196,898 SF

KPMG ANCHOR LEASE

**243,848 SF**

8 floors at H&R Block  
World HQ, 1301 Main St

ASKING RENT GROWTH  
(CBRE)

**\$23.51/SF/YR**

+1.2% YoY vs. \$23.22/SF  
in Q1 2025

CLASS A ASKING RENT  
(COLLIERS)

**\$25.13/SF/YR**

+\$1.85/SF vs. \$23.28/SF  
in Q4 2025

KC VACANCY VS. U.S.  
(CBRE)

**17.4% vs.**

**18.6%**

Kansas City outperforms  
national benchmark

ACTIVE TENANT  
REQUIREMENTS

**1,200,000 SF**

Colliers-tracked pipeline,  
Q1 2026

NEW MULTI-TENANT  
DELIVERIES

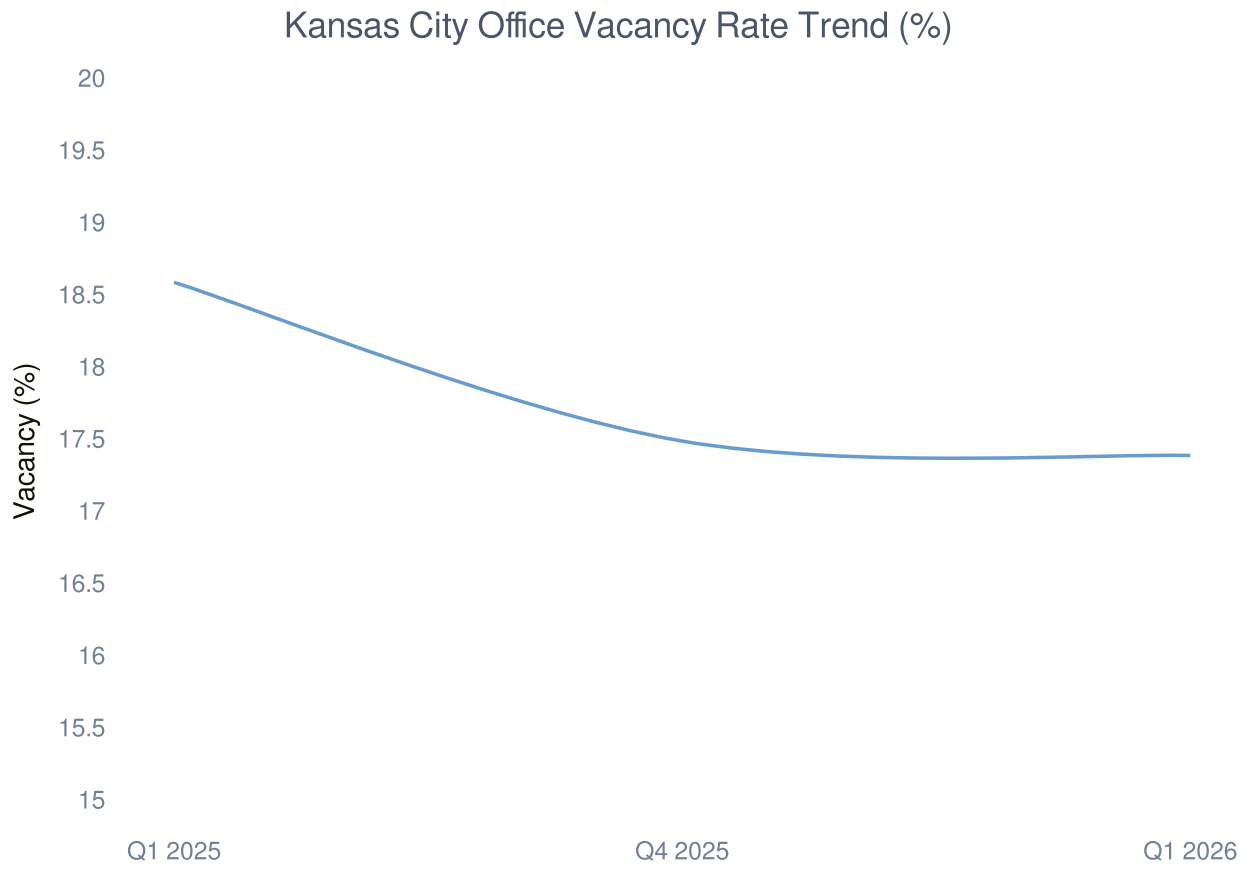
**0 SF**

No new supply added to  
market, per CBRE

KPMG's 243,848 SF Commitment Anchors Downtown Recovery. KPMG's lease of eight floors at H&R Block World Headquarters, 1301 Main Street, is the defining transaction of Q1 2026 — the single largest downtown Kansas City office lease in recent memory and the primary driver of the market's 196,898 SF of downtown net absorption.

KPMG's commitment to the Power & Light District reflects a deliberate flight-to-quality dynamic: a major professional services firm consolidating into a high-profile, amenity-rich downtown address at a moment when Kansas City's overall vacancy is compressing faster than the national average. CBRE recorded 259,443 SF of positive net absorption for the full market in Q1 2026, with downtown contributing 196,898 SF — roughly 76% of the total — while suburban submarkets added 62,545 SF. Colliers corroborated the directional trend with 228,842 SF of absorption and a 30 bps quarter-over-quarter vacancy decline to 15.4%. With zero new multi-tenant deliveries reported by CBRE and 1.2 million SF

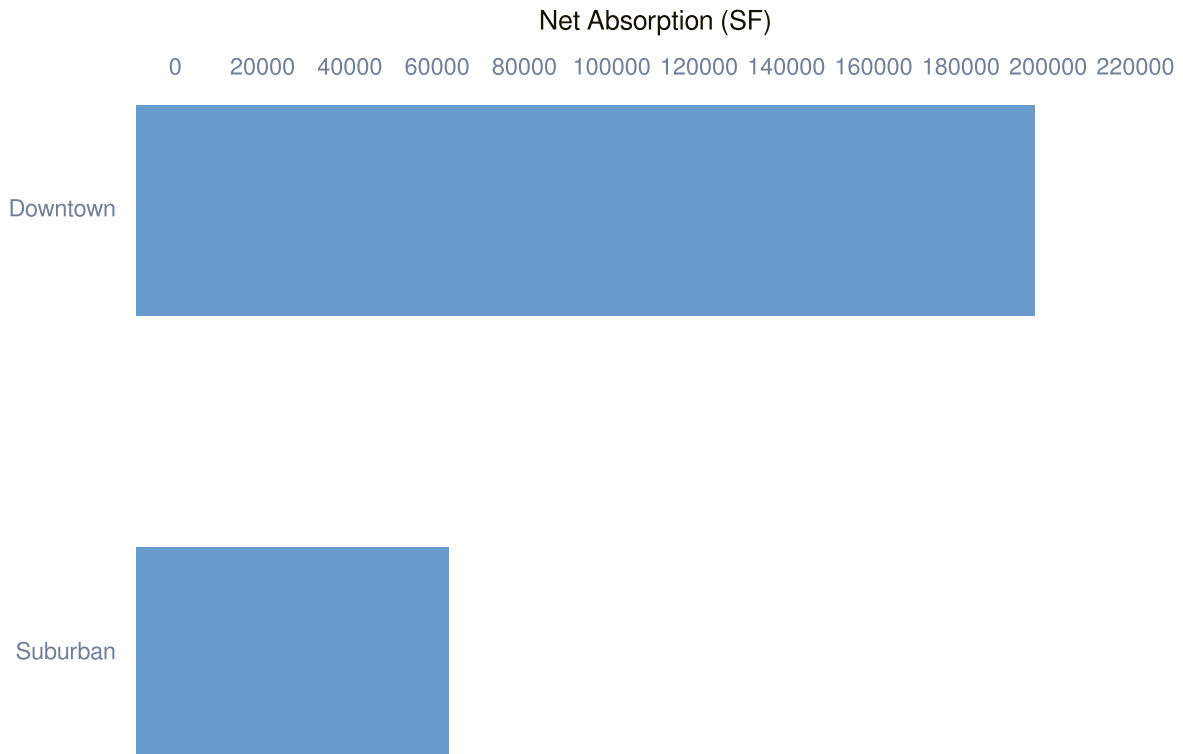
of active tenant requirements tracked by Colliers, the supply-demand balance continues to tighten. Whether the KPMG transaction catalyzes additional large-block commitments in the downtown core will be a key indicator to watch through mid-2026.



## Downtown vs. Suburban Absorption Split

### ▼ Q1 2026 SUBMARKET ABSORPTION BREAKDOWN

## Q1 2026 Net Absorption by Submarket (SF)



Downtown Captured ~76% of Total Market Absorption. CBRE's submarket data shows downtown Kansas City absorbed 196,898 SF against 62,545 SF in suburban markets — a concentration that underscores how the KPMG transaction single-handedly shaped Q1 2026 market outcomes.

The lopsided absorption split between downtown and suburban markets is not simply a KPMG effect — it also reflects the structural divergence between a revitalizing urban core and a suburban landscape where South Johnson County posted negative absorption of -20,574 SF despite a relatively tight 13.3% vacancy rate. Suburban leasing activity in South Johnson County was active at the smaller end of the market, with three leases totaling 47,664 SF, but could not offset move-outs. The contrast between downtown momentum and suburban softness suggests that occupancy recovery in Kansas City remains uneven, concentrated in premier downtown assets rather than distributed across the metro.

### ▼ KANSAS CITY VS. NATIONAL VACANCY BENCHMARKS

MARKET	VACANCY RATE	SOURCE
Kansas City (Colliers)	15.4%	Colliers Q1 2026
Kansas City (CBRE)	17.4%	CBRE Q1 2026
U.S. National (CBRE)	18.6%	CBRE U.S. Q1 2026
U.S. National (C&W)	20.2%	Cushman & Wakefield Q1 2026

Kansas City Vacancy Tracks 270–480 bps Below National Benchmarks. Regardless of which local data source is used, Kansas City's Q1 2026 vacancy rate sits measurably below both CBRE's 18.6% and Cushman & Wakefield's 20.2% national figures — a relative outperformance that has persisted through the broader post-pandemic correction.

Kansas City's relative vacancy advantage over the national market is reinforced by its constrained supply pipeline. CBRE reported zero square feet under construction in the Kansas City market at quarter-end, compared with 15.8 million SF nationally. This absence of speculative development limits downside risk from new supply and supports gradual vacancy compression as existing demand is absorbed into the current inventory. The combination of below-average vacancy and a dormant construction pipeline positions Kansas City as a more supply-disciplined market than most major U.S. office markets heading into the second half of 2026.

#### ▼ INVESTMENT SALES ACTIVITY — Q1 2026

PROPERTY	SIZE (SF)	SALE PRICE	PRICE/SF
11200 Corporate Ave	17,910	\$3,200,000	\$178.67/SF
14310 Metcalf Ave	10,061	\$2,400,000	\$238.54/SF
Lakeside Professional Suites	15,023	\$1,950,000	\$129.80/SF
Karbank Suburban Asset	Not reported	\$7,750,000	Not reported

Investment Activity Remained Muted Despite Occupancy Gains. Sigma recorded 36 closed sales at an average price of \$795,728 and a market-wide closed price of \$176.07/SF — a transaction profile dominated by smaller suburban assets rather than large institutional trades, consistent with Colliers' characterization of investment activity as muted.

The Q1 2026 investment market reflects a disconnect between improving occupancy fundamentals and capital markets activity. With IRR-tracked going-in cap rates ranging from 8.50% for CBD/Suburban Class A to 9.25% for Class B assets, and Sigma's asking cap rate at 7.25%, the bid-ask spread between sellers and buyers remains a friction point. The three South Johnson County sales totaling 42,994 SF and the Karbank suburban acquisition at \$7.75 million represent opportunistic or owner-user-driven transactions rather than broad institutional re-engagement. Sustained occupancy improvement through mid-2026 may be required before investment volumes reflect the positive leasing momentum observed this quarter.

## Vacancy Collapse Confirms Kansas City's Recovery Edge

METRIC	Q2 2025	Q4 2025	Q1 2026
Vacancy Rate (%)	20.7%	19.7%	<b>15.4%</b>
Net Absorption (SF)	116K	14K	<b>229K</b>
Asking Rent (\$/SF/YR)	\$23.05	\$23.28	<b>\$25.13</b>
Under Construction (SF)	25K	25K	<b>60K</b>

Sources: Colliers / Infabode Metrics [1][3]. Note: Vacancy and absorption figures vary by source methodology — CBRE reports Q1 2026 vacancy at 17.4% [2]; Cushman & Wakefield reports Q1 2026 net absorption at 171K SF [4]. All trend-table figures reflect Colliers / Infabode Metrics series for consistency.

VACANCY RATE  
(COLLIERS)

**15.4%**

↓ 430 bps vs. Q4 2025;  
↓ 530 bps vs. Q2 2025

NET ABSORPTION

**229K SF**

↑ 215K SF vs. Q4 2025;  
strongest quarter in  
tracked series

ASKING RENT (CLASS  
A)

**\$25.13/SF/YR**

↑ \$1.85/SF vs. Q4 2025;  
+9.0% vs. Q2 2025

UNDER CONSTRUCTION

**60K SF**

↑ 35K SF vs. Q4 2025;  
supply pipeline remains  
constrained

ASKING CAP RATE  
(SIGMA)

**7.25%**

Closed sale price:  
\$176.07/SF vs. asking  
\$153.87/SF

KC VACANCY VS. U.S.  
AVERAGE

**15.4% vs.**

**18.6%–20.2%**

KC tracks 320–480 bps  
below national  
benchmarks

MORTGAGE RATE  
(SIGMA)

**6.53%**

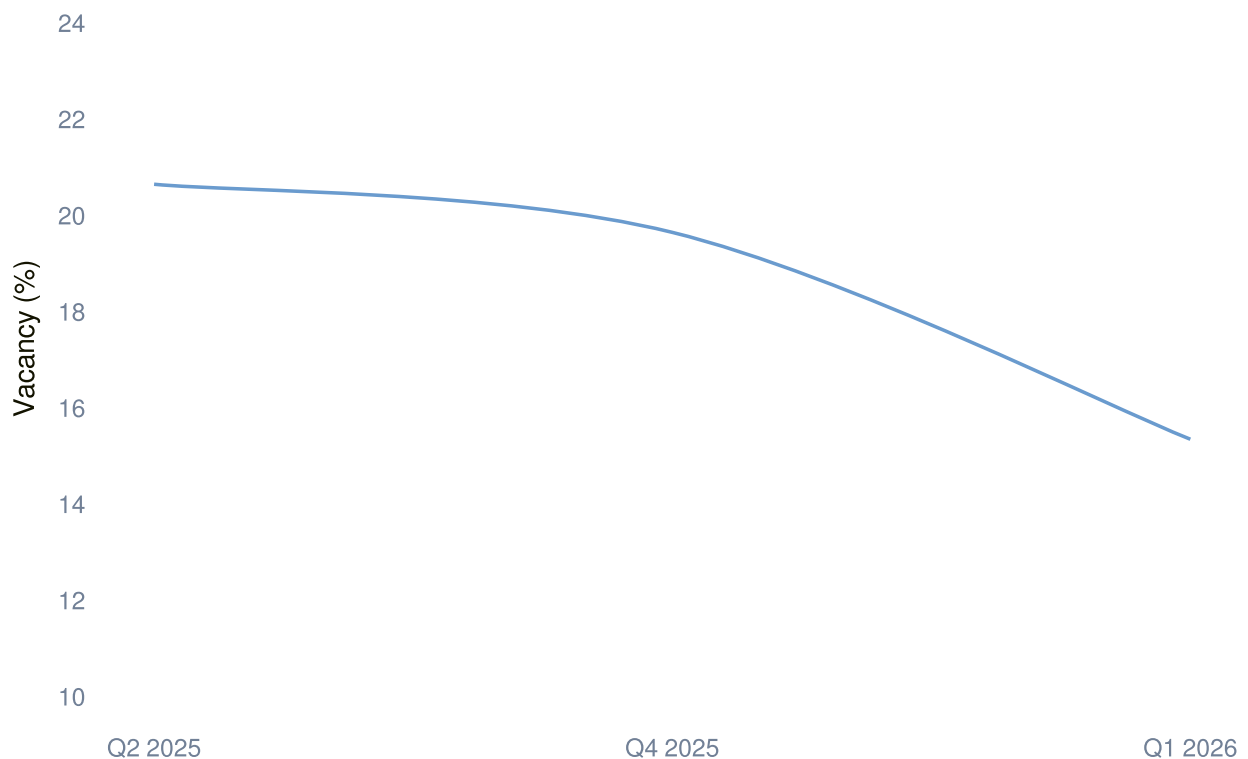
Loan-to-value: 0.75; avg.  
loan amount: \$649K

Kansas City's Q1 2026 vacancy rate of 15.4% (Colliers) represents a 530 basis-point improvement from Q2 2025's 20.7%, outpacing the national office market where Cushman & Wakefield reported U.S. vacancy at 20.2% and CBRE at 18.6% for the same period.

Kansas City's 430 bps single-quarter vacancy compression — from 19.7% in Q4 2025 to 15.4% in Q1 2026 — is the most decisive signal in the data. Net absorption of 229K SF nearly doubled the prior-year comparable of 116K SF, and the acceleration from Q4 2025's tepid 14K SF confirms this is not statistical noise. Asking rents responded in kind: Class A rents reached \$25.13/SF, a 9% gain over two quarters, while Integra Realty Resources projects full-year 2026 Class A rents at \$26.50/SF — suggesting further upward pressure if occupancy holds. Against a national backdrop of flat-to-negative rent growth (Cushman & Wakefield reported U.S. rent growth of -0.1% YoY), Kansas City's rent trajectory stands out as a regional outlier.

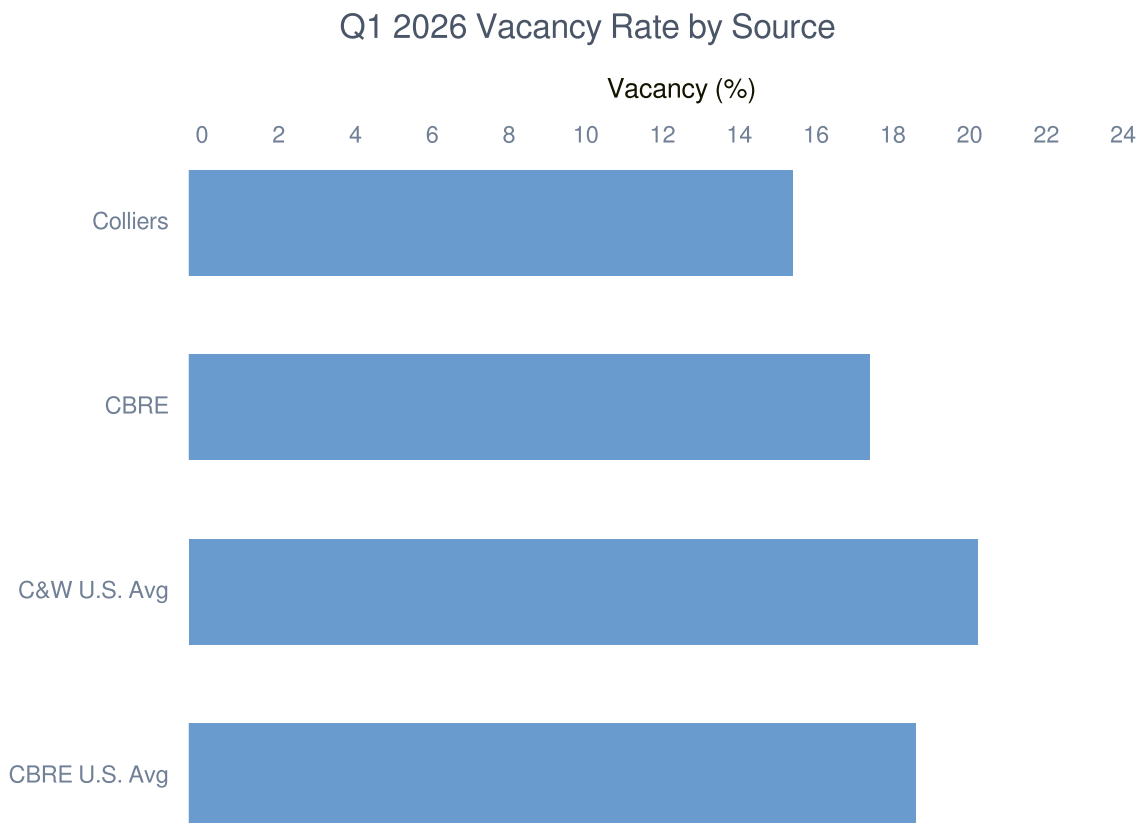
The supply side reinforces the recovery narrative. Zero deliveries were recorded in Q1 2026, and the 60K SF under construction represents just a fraction of the 128.9M SF total inventory tracked by Lee & Associates. With Integra reporting construction-to-inventory at 0.00% for the CBD, new supply cannot meaningfully offset demand-driven vacancy tightening in the near term. The investment market reflects measured activity: Sigma data shows 36 closed sales against 310 active listings, with closed prices averaging \$176.07/SF — a 14.4% premium over asking — signaling competitive bidding on available assets despite elevated financing costs at 6.53%.

### Kansas City Office: Vacancy & Absorption Trend



## Metric Divergence Across Sources — What the Spread Reveals

### ▼ SOURCE VARIANCE: VACANCY RATE



Colliers and CBRE diverge by 200 bps on Kansas City vacancy — a gap that reflects differing inventory definitions and submarket inclusion, not contradictory market conditions.

The 200 bps spread between Colliers (15.4%) and CBRE (17.4%) for Q1 2026 Kansas City vacancy is attributable to methodological differences: CBRE also reports a 19.5% availability rate, which captures space marketed for sublease or future availability beyond direct vacant inventory. Regardless of which baseline is used, both measures place Kansas City meaningfully below the national averages of 18.6% (CBRE U.S.) and 20.2% (Cushman & Wakefield U.S.). The Lee & Associates figure of 10.7% for Q4 2025 likely reflects a narrower product or submarket scope. Analysts and investors should anchor comparisons within a single source series when tracking directional trends quarter-over-quarter.

### ▼ INVESTMENT MARKET SIGNALS: PRICING VS. ACTIVITY

METRIC	VALUE	SOURCE
Asking Price Per SF	\$153.87	Sigma [5]
Closed Sale Price Per SF	\$176.07	Sigma [5]
Asking Cap Rate	7.25%	Sigma [5]
CBD Class A Cap Rate	8.50%	Integra [9]
CBD Class B Cap Rate	9.25%	Integra [9]
Closed Sales (Q1 2026)	36	Sigma [5]
Sales Days on Market	291.5 days	Sigma [5]

Closed office sale prices in Kansas City averaged \$176.07/SF in Q1 2026 — a 14.4% premium over the average asking price of \$153.87/SF — indicating that competitive bidding is compressing the gap between listed and transacted values.

The 14.4% premium of closed-over-asking sale prices suggests that well-positioned assets are attracting multiple bids, even as the broader transaction pace remains measured — 36 closed sales against 310 active listings implies a 11.6% close rate. Sales days on market at 291.5 days reflects the deliberate pace typical of office capital markets under elevated financing costs (6.53% mortgage rate, 0.75 LTV per Sigma). Integra's cap rate benchmarks of 8.50%–9.25% across CBD and suburban tiers are consistent with national office repricing, though the closed-price premium suggests select assets are trading through those benchmarks. As vacancy continues to compress, cap rate pressure on quality assets may intensify through the remainder of 2026.

#### ▼ CLASS-TIER RENT AND VACANCY STRATIFICATION

CLASS	VACANCY RATE	ASKING RENT	SOURCE
Class A	20.4%	\$26.50/SF	Integra [9]
Class B	16.5%	\$21.10/SF	Integra [9]
Overall (Colliers)	15.4%	\$22.30/SF	Colliers [3]
Overall Class A (Colliers)	—	\$25.13/SF	Colliers [3]

Integra Realty Resources reports Class A vacancy at 20.4% — 390 bps above Class B at 16.5% — reflecting the ongoing bifurcation between high-cost trophy space and functional mid-tier product absorbing the bulk of tenant demand.

The counterintuitive spread — Class A vacancy exceeding Class B by nearly 400 bps — reflects a well-documented dynamic in Kansas City's office market: tenants are gravitating toward quality Class B space that offers competitive rents (\$21.10/SF) without the full-service cost burden of Class A product (\$26.50/SF). This bifurcation is consistent with the broader flight-to-value trend observed in secondary markets nationally. The \$5.40/SF rent gap between Class A and Class B creates a meaningful decision point for cost-sensitive tenants, particularly professional services and healthcare users that dominate Kansas City's office-using employment base. If Class A vacancy remains elevated relative to Class B, landlords in that tier may face incremental pressure to offer concessions to close the occupancy gap.

## Downtown Anchors a Broadening Recovery

OVERALL VACANCY  
(CBRE)

**17.4%**

↓ 120 bps YoY vs. 18.6%  
in Q1 2025

OVERALL VACANCY  
(COLLIERS)

**15.4%**

↓ 30 bps QoQ vs. Q4  
2025

Q1 2026 NET  
ABSORPTION (CBRE)

**+259,443 SF**

Sixth consecutive quarter  
of positive gains

DOWNTOWN NET  
ABSORPTION

**+196,898 SF**

76% of total Q1 2026  
market absorption

AVAILABILITY RATE

**19.5%**

200 bps above vacancy  
— shadow space remains  
a factor

CLASS A VACANCY (KC  
VS. CENTRAL REGION)

**20.4% vs.**

**23.1%**

KC Class A outperforms  
regional peers by 270  
bps

DELIVERED SUPPLY  
OCCUPANCY

**94.5%**

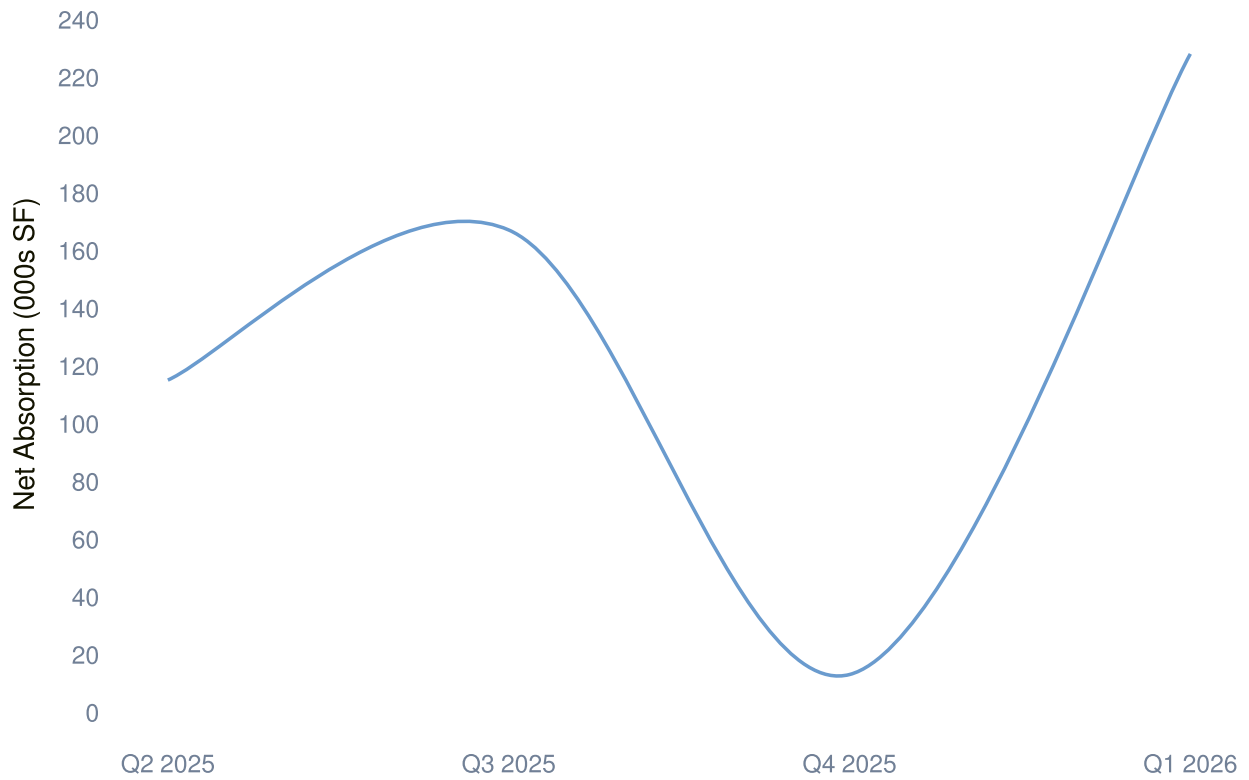
310,527 SF delivered  
over prior three years —  
nearly fully absorbed

Downtown Leasing Momentum Accelerates Recovery. KPMG's commitment to 243,848 SF across eight floors at H&R Block World Headquarters at 1301 Main Street — the largest single lease identified in the Q1 2026 review period — anchored downtown's outsized absorption contribution and underscores renewed institutional confidence in Kansas City's CBD.

The KPMG transaction is more than a headline number: it represents a flight-to-quality commitment by a major professional services firm to a premier downtown address at a moment when the broader market is still working through elevated availability. Downtown net absorption of +196,898 SF — 76% of the market's total Q1 gain — demonstrates that demand is not evenly distributed. The CBD is capturing the lion's share of occupancy gains while suburban submarkets like South Johnson County posted negative absorption of -20,574 SF, signaling continued tenant consolidation and footprint rationalization in lower-density

corridors. The 200-basis-point gap between CBRE's availability rate (19.5%) and vacancy rate (17.4%) confirms that shadow space and marketed subleases remain a headwind, even as headline vacancy trends downward. If downtown leasing velocity sustains at this pace, the availability-vacancy spread is likely to compress further through mid-2026.

Kansas City Office Net Absorption Trend (SF, 000s)



## Submarket and Class Divergence Beneath the Headline

### ▼ VACANCY BY SOURCE AND CLASS — READING THE RANGE

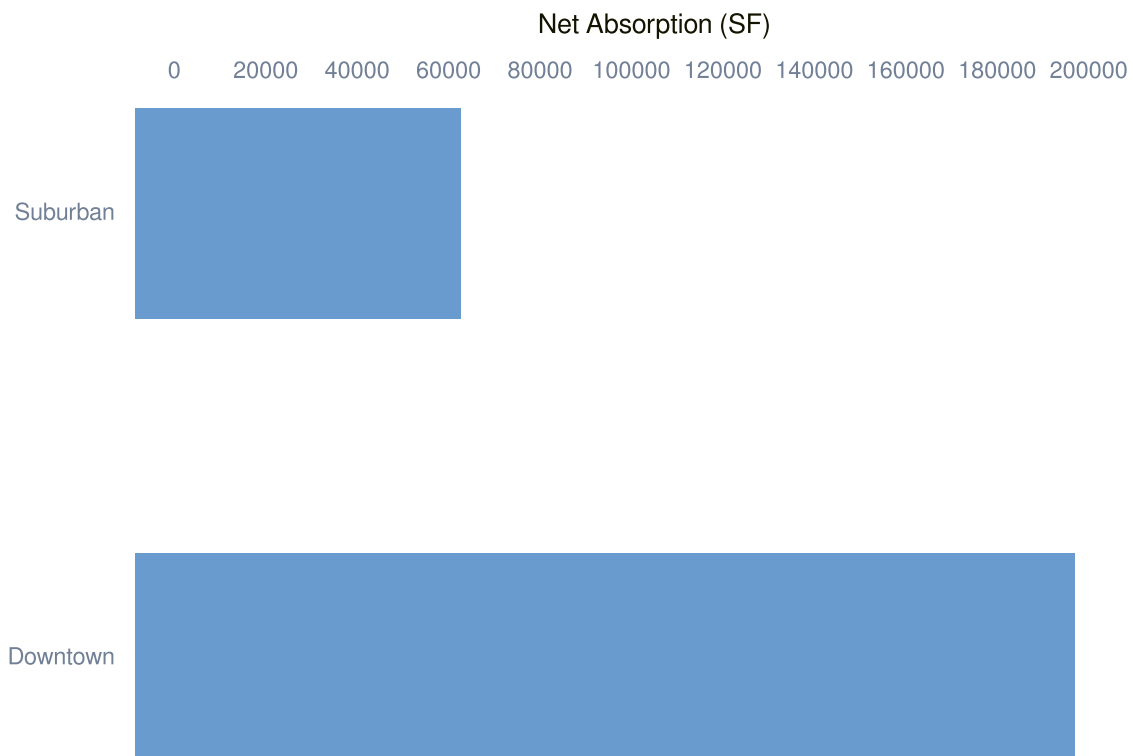
SOURCE	VACANCY RATE	PERIOD	SEGMENT
CBRE	17.4%	Q1 2026	Overall Market
Colliers	15.4%	Q1 2026	Overall Market
Integra Realty Resources	20.4%	2026	KC Class A
Integra Realty Resources	16.5%	2026	KC Class B
Integra Realty Resources	23.1%	2026	Central Region Class A
Integra Realty Resources	21.5%	2026	National Class A

Kansas City Class A Outperforms Both Regional and National Benchmarks. At 20.4%, KC Class A vacancy sits 270 bps below the Central Region average of 23.1% and 110 bps below the national Class A average of 21.5%, reflecting the market's relative resilience in its top-tier product tier.

The 15.4%–17.4% range across CBRE and Colliers reflects differing inventory definitions rather than data error — a common feature of multi-source Kansas City reporting. What both sources agree on is the direction: vacancy is falling. IRR's class-level data adds important texture: Class B at 16.5% is tighter than Class A at 20.4%, suggesting that value-oriented tenants are actively occupying mid-tier product while Class A landlords continue to compete for a narrower pool of credit tenants. This inversion of the typical class hierarchy warrants monitoring as lease expirations in Class A buildings accumulate.

▼ **ABSORPTION TREND — CONSISTENCY ACROSS A SIX-QUARTER RUN**

Q1 2026 Absorption: Downtown vs. Suburban (SF)



Six Consecutive Quarters of Positive Absorption Confirm Structural Demand Recovery. CBRE's count of six straight quarters of gains — corroborated by Colliers' seven-quarter streak — represents the longest sustained positive absorption run in the reviewed Kansas City data series, a meaningful signal that occupancy gains are not episodic.

The downtown-suburban split in Q1 2026 absorption (+196,898 SF vs. +62,545 SF) is the defining feature of this recovery cycle. Large-block leasing — exemplified by KPMG's 243,848 SF commitment — is disproportionately driving the CBD's outperformance, while suburban markets absorb smaller transactions at a slower pace. South Johnson County's -20,574 SF of negative absorption against a 13.3% vacancy rate illustrates that suburban recovery remains uneven. Cushman & Wakefield's full-year 2025 YTD absorption of +859,500 SF, compared to just +8,000 SF for all of 2024, quantifies how dramatically occupancy momentum has shifted over a 12-month span. The near-zero new supply pipeline — CBRE reported zero SF under construction in Q1 2026 — means absorption gains translate directly into vacancy compression with no offsetting deliveries.

▼ SUPPLY PIPELINE — CONSTRAINT AMPLIFIES ABSORPTION IMPACT

METRIC	VALUE	PERIOD	SOURCE
New Deliveries	0 SF	Q1 2026	CBRE
Under Construction	0 SF	Q1 2026	CBRE
3-Year Cumulative Deliveries	310,527 SF	Through Q1 2026	CBRE
Occupancy of Delivered Supply	94.5%	Through Q1 2026	CBRE
Construction / Inventory Ratio	0.00%	2026	Integra Realty Resources

A Frozen Supply Pipeline Means Every Leased SF Directly Compresses Vacancy. With zero SF under construction reported by both CBRE and IRR, Kansas City's office market faces no near-term dilution from new deliveries — a structural condition that amplifies the vacancy-tightening effect of each incremental lease.

The 94.5% occupancy rate on the 310,527 SF delivered over the prior three years confirms that Kansas City's limited new supply has been efficiently absorbed. In a market where the availability rate (19.5%) still exceeds vacancy (17.4%), the absence of a construction pipeline removes a key risk factor that has weighed on other major metros. The 200-basis-point availability-vacancy spread represents the primary remaining overhang — predominantly sublease and shadow space — rather than a wave of incoming competitive product. As that shadow inventory is gradually leased or withdrawn, the gap between availability and vacancy is positioned to narrow, provided leasing velocity holds at or near Q1 2026 levels.

## Tightening Occupancy Lifts Rents, But Kansas City Trails National Pricing

CBRE AVERAGE ASKING RENT (Q1 2026)

**\$23.51/SF**

+1.2% YoY vs. \$23.22/SF in Q1 2025

YOY RENT GROWTH (CBRE)

**+1.2%**

Three-year cumulative growth: +6.9% from \$21.99/SF

CLASS A ASKING RENT

**\$26.50/SF**

vs. National Class A at \$33.50/SF — 21% discount

CLASS B ASKING RENT

**\$21.10/SF**

vs. National Class B at \$23.70/SF — 11% discount

U.S. AVERAGE ASKING RENT (CBRE)

**\$37.21/SF**

Kansas City at \$23.51/SF — 37% below national average

LEE & ASSOCIATES NNN RENT GROWTH

**\$23.81/SF**

+\$0.37/SF YoY from \$23.44/SF in Q4 2024

SOUTH JOHNSON COUNTY AVG. ASKING RENT

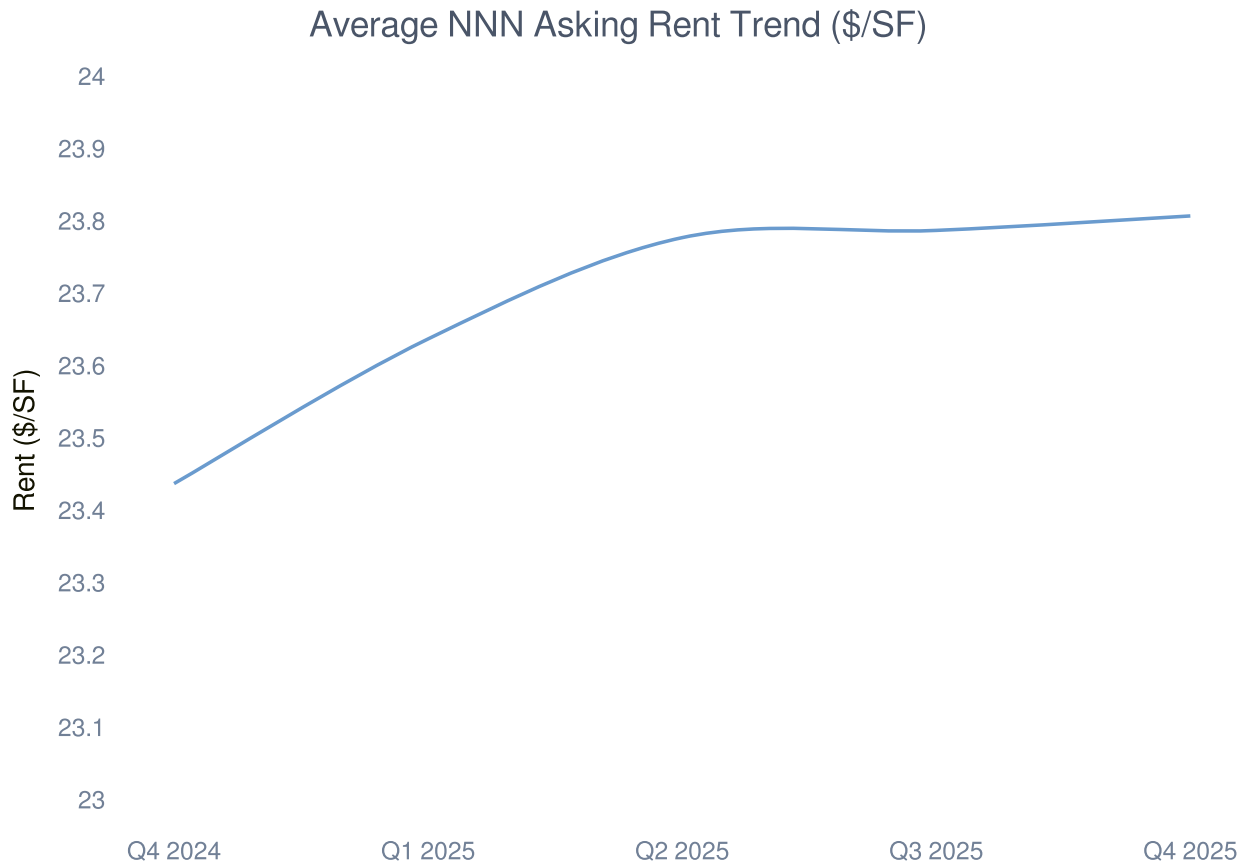
**\$22.59/SF**

Across 27.9M SF of submarket inventory

Kansas City Office Rents Sustained Positive Trajectory Over Three Years. CBRE documented a 6.9% cumulative rent increase from \$21.99/SF three years prior to \$23.51/SF in Q1 2026, confirming that the market's recovery has produced durable, if measured, pricing gains rather than a single-quarter anomaly.

The three-year rent trajectory reflects a market where improving occupancy has steadily — if modestly — shifted pricing power toward landlords. Lee & Associates' quarterly NNN data reinforces this: rent advanced from \$23.44/SF in Q4 2024 to \$23.81/SF in Q4 2025, with each sequential quarter posting a positive, if decelerating, gain. The near-flat movement between Q2 and Q3 2025 (+\$0.01/SF) and Q3 to Q4 2025 (+\$0.02/SF) suggests rent growth has been grinding rather than accelerating — consistent with a market absorbing residual vacancy rather than experiencing a demand surge. As vacancy continues to

compress from the 15.4% level reported by Colliers, the conditions for more meaningful rent escalation are building, though the pace will depend on the depth of tenant demand for quality space.



## Kansas City vs. National and Regional Rent Benchmarks

### ▼ CLASS RENT COMPARISON: KANSAS CITY VS. NATIONAL VS. CENTRAL REGION

CLASS	KANSAS CITY	CENTRAL REGION	NATIONAL
Class A	\$26.50/SF	\$25.90/SF	\$33.50/SF
Class B	\$21.10/SF	\$18.90/SF	\$23.70/SF

Kansas City Class A Rents Exceed Central Region Peers. At \$26.50/SF, Kansas City Class A asking rent outpaces the Central Region average of \$25.90/SF by \$0.60/SF, positioning the metro as a relative pricing leader within its geographic peer set despite a wide gap to national figures.

Kansas City's Class A rent premium over the Central Region average is a meaningful signal: the market is not simply a discount to national benchmarks, but a competitive performer within its regional context. The \$26.50/SF Class A figure sits 21% below the national average of \$33.50/SF, but that gap reflects structural differences in land costs, labor markets, and tenant mix rather than market weakness. Class B at \$21.10/SF similarly trails the national \$23.70/SF but leads the Central Region's \$18.90/SF by a wider \$2.20/SF margin, suggesting Kansas City's mid-tier office stock commands a meaningful regional premium. As flight-to-quality demand concentrates leasing activity in better-positioned assets, Class A rents are positioned to widen their lead over Class B over the near term.

▼ MULTI-SOURCE ASKING RENT SNAPSHOT — Q1 2026

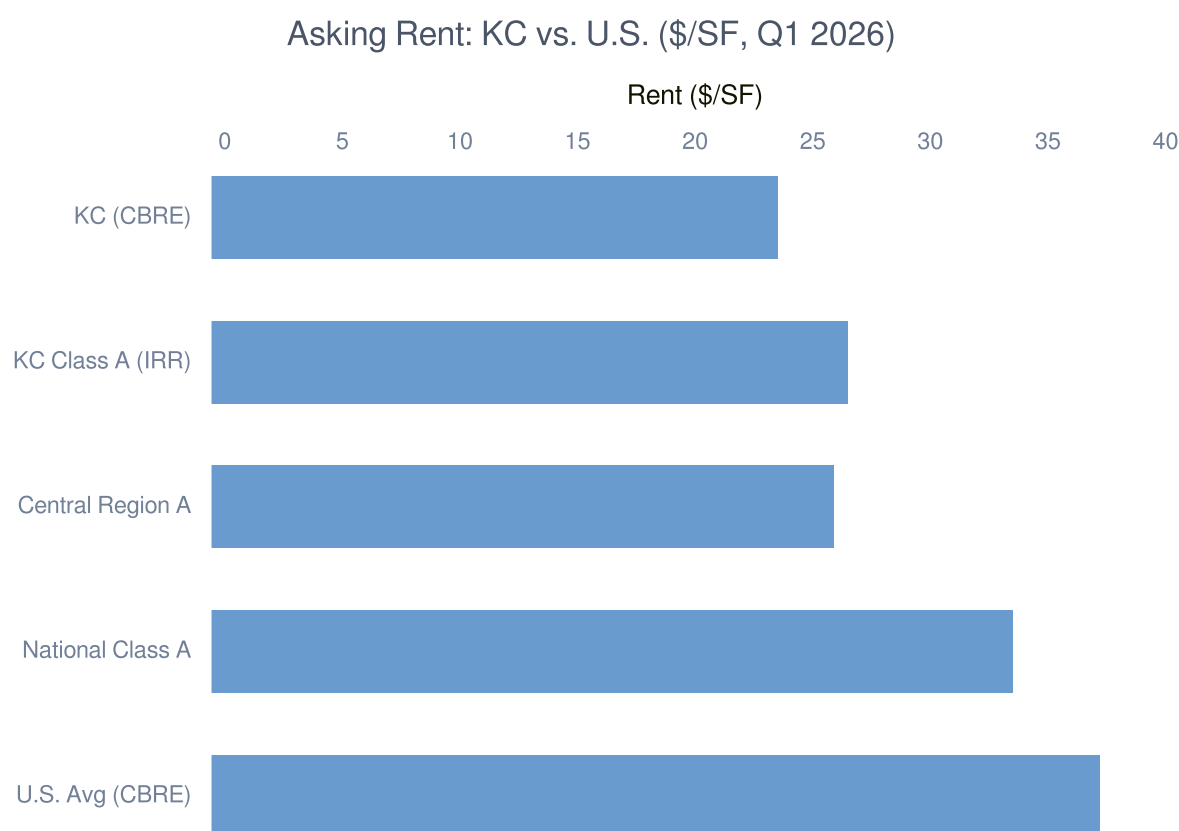
SOURCE	RENT BASIS	Q1 2026 ASKING RENT
CBRE	Full Service	\$23.51/SF
Colliers	Overall	\$22.30/SF
Colliers	Class A	\$25.13/SF
Integra Realty Resources	Class A	\$26.50/SF
Integra Realty Resources	Class B	\$21.10/SF
Sigma	Asking	\$19.00/SF
Sigma	Signed	\$21.00/SF

Source Variance Reflects Rent Basis Differences, Not Market Contradiction. The \$19.00/SF Sigma asking rate and \$23.51/SF CBRE full-service figure are not in conflict — NNN and gross/full-service lease structures account for a material portion of the spread, with operating expense pass-throughs typically adding \$4–\$6/SF to NNN base rents.

The range of reported asking rents — from \$19.00/SF (Sigma, likely NNN) to \$26.50/SF (IRR, Class A) — reflects both lease structure differences and the heterogeneity of Kansas City's office inventory. The Sigma signed lease rate

of \$21.00/SF, which exceeds the \$19.00/SF asking rate, is a notable data point: it suggests that executed transactions are clearing above list price for at least a portion of the market, consistent with tightening conditions in select segments. Effective rent data and concession package details were not reported by any source for this period, limiting a full assessment of net landlord economics. The absence of concession data is itself informative — in markets where free rent and tenant improvement allowances are expanding, brokers typically highlight them prominently.

▼ RENT GROWTH COMPARISON: KANSAS CITY VS. U.S.



Kansas City's 1.2% YoY Rent Growth Trails the National 2.2% Pace. CBRE's Q1 2026 data shows U.S. office asking rents grew 2.2% year-over-year to \$37.21/SF, while Kansas City posted 1.2% growth to \$23.51/SF — a 100 basis point gap that reflects the market's earlier-stage recovery relative to gateway metros.

Kansas City's below-national rent growth rate is consistent with a market where vacancy, while declining, remains at 15.4% — a level that still provides tenants with negotiating leverage in many submarkets. The 100 basis point

gap to the national growth rate is not alarming in isolation; Cushman & Wakefield's U.S. data actually shows national rent growth at -0.1% YoY, suggesting CBRE's 2.2% national figure reflects a stronger sample of markets. Kansas City's sustained positive growth across all measured periods — quarterly and annual — positions it favorably relative to markets experiencing outright rent declines. The three-year cumulative gain of 6.9% from \$21.99/SF demonstrates that the current pricing level reflects genuine demand recovery rather than a temporary bounce.

## Supply Void Accelerates Vacancy Compression

UNDER CONSTRUCTION  
(CBRE)

**0 SF**

No active market-wide pipeline reported, Q1 2026

CONSTRUCTION /  
INVENTORY RATIO

**0.00%**

Entering 2026 per IRR

Q1 2026 DELIVERIES

**0 SF**

No new multi-tenant deliveries this quarter

3-YEAR CUMULATIVE  
DELIVERIES

**310,527 SF**

94.5% occupied as of Q1 2026

SOUTH JOHNSON  
COUNTY PIPELINE

**216,861 SF**

Only submarket with identified active construction

Q1 2026 NET  
ABSORPTION

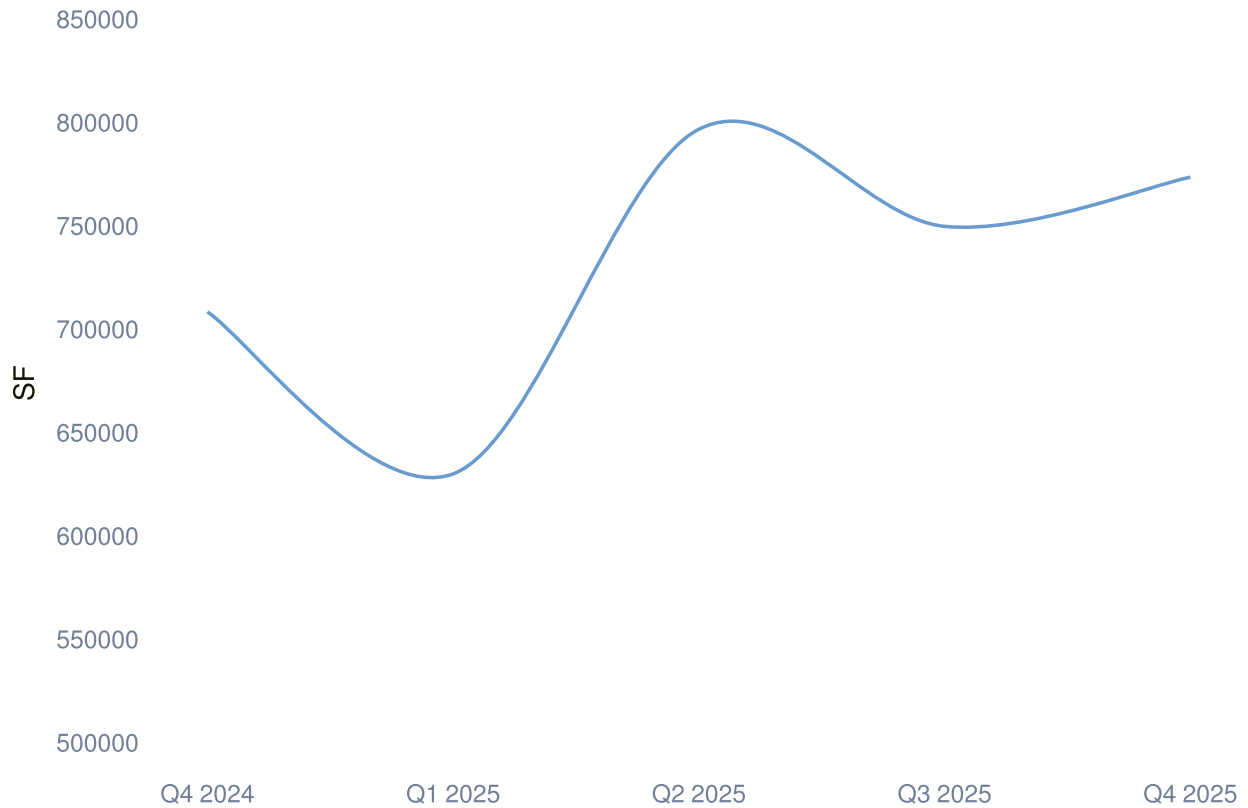
**259,443 SF**

Positive absorption with zero new supply added

Zero New Supply Reinforces Demand-Driven Recovery. CBRE reported 0 SF under construction and no new multi-tenant deliveries in Kansas City's office market for Q1 2026, while net absorption reached 259,443 SF — a combination that structurally tightens available inventory without any new supply pressure.

The absence of new deliveries in Q1 2026 is not an anomaly but the continuation of a multi-quarter trend toward minimal speculative development. The 310,527 SF delivered over the prior three years averaged roughly 103,000 SF annually — a fraction of national activity — and that delivered stock is now 94.5% occupied, confirming that what little supply entered the market was efficiently absorbed. With demand outpacing supply additions, the structural conditions for continued vacancy compression are firmly in place. The sole identified active construction is concentrated in South Johnson County at 216,861 SF, though no project-level detail, preleasing rates, or delivery timelines were available in the reviewed sources. If that pipeline delivers into a market still posting positive absorption, its impact on overall vacancy is likely to be modest.

## Under Construction Trend — Lee & Associates (SF)



## Pipeline Depth and Source Divergence

### ▼ HOW DO THE REPORTED PIPELINE FIGURES COMPARE ACROSS SOURCES?

SOURCE	PERIOD	UNDER CONSTRUCTION (SF)
CBRE	Q1 2026	0
Colliers (Infabode Metrics)	Q1 2026	60,000
Colliers (Submarket Table)	Q1 2026	216,861
IRR	2026	0.00% of inventory
Lee & Associates	Q4 2025	774,658

Source Divergence Warrants Caution. Market-wide under-construction figures for Q1 2026 range from 0 SF (CBRE) to 216,861 SF (Colliers submarket table), reflecting differences in methodology, geographic scope, and reporting cutoffs rather than contradictory market conditions.

The spread across sources — CBRE at 0 SF, Colliers' trend table at 60,000 SF, and Colliers' submarket fundamentals at 216,861 SF — most likely reflects scope differences: CBRE may exclude single-tenant or build-to-suit projects, while the Colliers submarket figure captures South Johnson County activity not consolidated into the market-wide total. IRR's 0.00% construction-to-inventory ratio corroborates CBRE's reading that speculative, multi-tenant development is effectively absent. The Lee & Associates series, which tracked 631,000–798,000 SF under construction through 2025, likely captured projects that have since delivered or been reclassified, explaining the sharp apparent decline. Regardless of which figure is most precise, all sources converge on the same conclusion: Kansas City's office construction pipeline is at or near a cyclical low entering 2026.

▼ HOW DOES KANSAS CITY'S PIPELINE COMPARE TO NATIONAL ACTIVITY?

MARKET	UNDER CONSTRUCTION (SF)	Q1 2026 COMPLETIONS (SF)
Kansas City (CBRE)	0	0
U.S. Total (CBRE)	15,800,000	1,300,000
U.S. Total (JLL)	22,300,000	—
U.S. Total (Cushman & Wakefield)	18,600,000	3,000,000

Kansas City Sits at the Far End of the National Supply Spectrum. While U.S. office construction pipelines ranged from 15.8M to 22.3M SF across major brokerages in Q1 2026, Kansas City reported effectively zero active construction — positioning it among the most supply-constrained markets nationally.

National brokerages tracked between 15.8M and 22.3M SF under construction across U.S. office markets in Q1 2026, with quarterly completions ranging from 1.3M to nearly 3.0M SF. Kansas City's contribution to that pipeline is negligible by any measure. For a market posting 259,443 SF of positive net absorption in a single quarter with no offsetting new supply, the demand-supply imbalance is unambiguously tilted toward

tightening conditions. Markets with constrained pipelines and positive absorption historically experience accelerating rent growth and declining concession packages as landlord leverage increases — dynamics that the Kansas City data suggest are already underway.

▼ WHAT DOES THE OCCUPANCY OF RECENTLY DELIVERED SPACE SIGNAL?

METRIC	VALUE
3-Year Cumulative Deliveries	310,527 SF
Occupancy of Delivered Space	94.5%
Q1 2026 Net Absorption	259,443 SF
Q1 2026 New Deliveries	0 SF

Recent Deliveries Nearly Fully Absorbed. The 310,527 SF delivered over the prior three years carried a 94.5% occupancy rate as of Q1 2026, indicating that Kansas City tenants have efficiently filled the limited new supply that entered the market — leaving virtually no shadow vacancy from recent construction.

A 94.5% occupancy rate on recently delivered space is a strong signal of underlying demand quality. It suggests that new product — even in a market with elevated overall vacancy — found tenants quickly, likely because it offered the modern specifications and amenity profiles that drive flight-to-quality leasing. With no new deliveries in Q1 2026 and the existing pipeline concentrated in a single submarket, the stock of high-quality, newly built space available to prospective tenants is effectively exhausted. This dynamic may increasingly push demand toward existing Class A assets or accelerate build-to-suit conversations for tenants requiring purpose-built space, particularly as the broader vacancy rate continues to compress.

## Thin Volume, Firm Pricing — Buyers Paying Above Ask

Q1 2026 CLOSED SALES

**36 sales**310 active listings; 8.6%  
sell-through rateAVG. CLOSED PRICE  
PER SF**\$176.07/SF**+\$60.07/SF vs. Lee &  
Associates Q4 2025 avg.  
of \$116.00/SFASKING-TO-CLOSED  
SPREAD**+\$22.20/SF****above ask**Closed above listed price  
every month in Q1 2026

AVG. DAYS ON MARKET

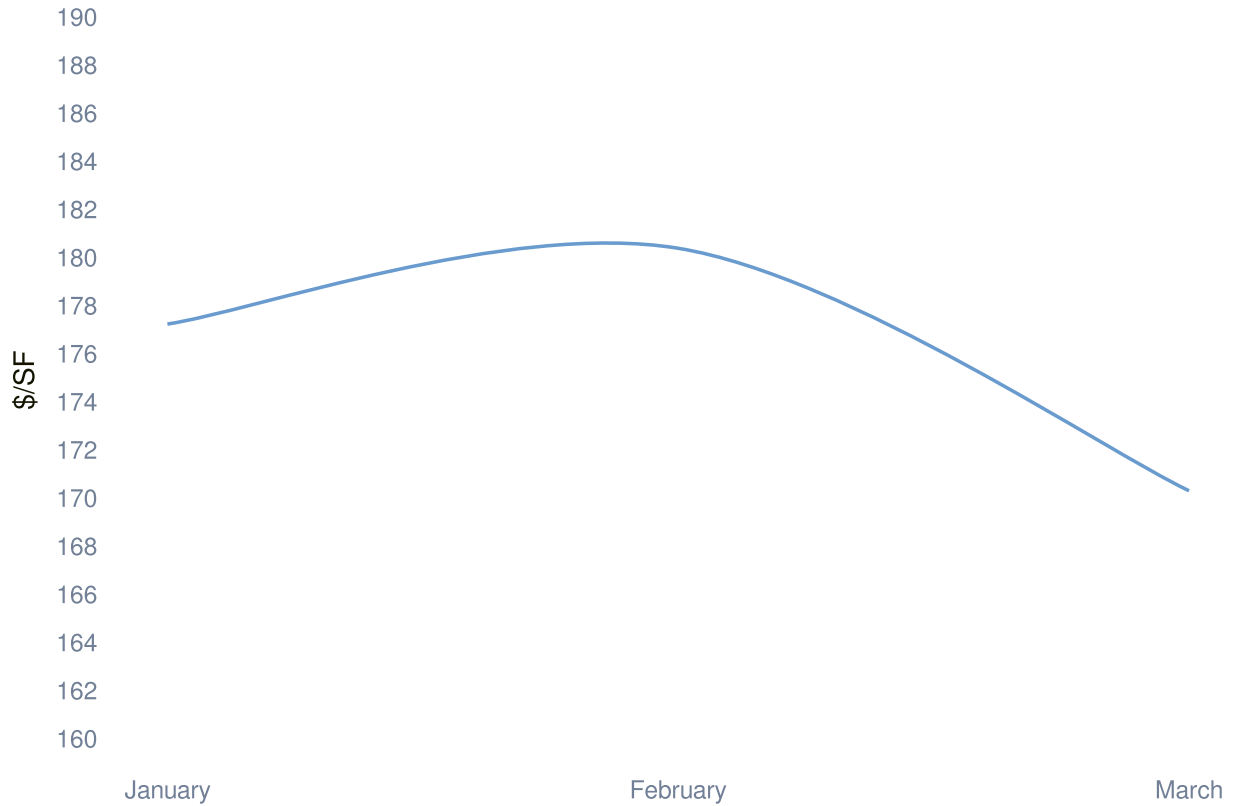
**291.50 days**Extended marketing  
periods signal selective  
buyer poolASKING CAP RATE  
(SIGMA)**7.25%**IRR going-in rates:  
8.50%–9.25% by  
class/locationMARKET CAP RATE  
TREND**10.7% (Q4  
2025)**Up from 10.5% in Q4  
2024; Lee & Associates  
market-wide measureU.S. OFFICE SINGLE-  
ASSET VOLUME**\$11.5B (Q1  
2026)**National context for  
muted KC local activity

Closed Prices Consistently Exceeded Asking Prices in Q1 2026. Sigma data shows Kansas City office assets closed at a \$22.20/SF premium over their listed asking prices on average across the quarter — a dynamic that held in every month from January through March 2026.

The positive asking-to-closed spread is a counterintuitive signal in a market where Colliers described investment activity as "muted" and where 310 listings sat against only 36 closings. The most plausible explanation is selection bias: only the most competitively priced or strategically positioned assets are clearing, and motivated sellers are accepting bids that reflect genuine buyer conviction rather than distress pricing. The three detailed South Johnson County closings — ranging from \$129.80/SF to \$238.54/SF — illustrate the wide quality dispersion driving this dynamic. The \$238.54/SF paid by TOLD Development Company at

14310 Metcalf Avenue stands well above the market average, suggesting targeted suburban submarket demand. With 291.50 average days on market, the pipeline of unsold listings remains deep, and the gap between listed and transacted assets may widen further if occupancy fundamentals continue improving and sellers recalibrate expectations upward.

Monthly Closed Sale Price Per SF — Q1 2026



### Q1 2026 Notable Transactions & Pricing Detail

▼ SOUTH JOHNSON COUNTY — Q1 2026 CLOSED SALES

PROPERTY	SIZE (SF)	SALE PRICE	PRICE/SF	BUYER
11200 Corporate Avenue	17,910	\$3,200,000	\$178.67/SF	Herrman Holdings LLC
14310 Metcalf Avenue	10,061	\$2,400,000	\$238.54/SF	TOLD Development Company
Lakeside Professional Suites	15,023	\$1,950,000	\$129.80/SF	Global Soft Systems

South Johnson County Concentrated Q1 2026 Deal Flow. The three documented Q1 2026 transactions totaled \$7.55M across 42,994 SF, averaging \$182.34/SF — above the Sigma market-wide average of \$176.07/SF.

All three Q1 2026 buyers with identified profiles represent private companies or LLCs — no institutional or REIT capital was documented in the detailed transaction record. This buyer composition is consistent with the broader market pattern of owner/users and private operators absorbing smaller suburban assets. NBKC Bank's owner/user acquisition of Commerce Plaza II and Karbank's \$7,750,000 suburban purchase reinforce this theme, though property-level detail for both was not available in the reviewed source material. The concentration of activity in South Johnson County aligns with that submarket's relative occupancy strength compared to the broader metro.

▼ CAP RATE LANDSCAPE — SOURCE COMPARISON

SOURCE	SEGMENT	CAP RATE	PERIOD
Lee & Associates	Market-Wide	10.7%	Q4 2025
Lee & Associates	Market-Wide	10.6%	Q1–Q2 2025
Lee & Associates	Market-Wide	10.5%	Q4 2024
IRR	CBD Class A	8.50%	2026
IRR	CBD Class B	9.25%	2026
IRR	Suburban Class A	8.50%	2026
IRR	Suburban Class B	9.25%	2026
Sigma	Asking (Listings)	7.25%	Q1 2026

Cap Rate Divergence Reflects Measurement Differences Across Sources. Lee & Associates' market-wide cap rate of 10.7% in Q4 2025 is materially higher than IRR's going-in rates of 8.50%–9.25% and Sigma's 7.25% asking rate — differences attributable to methodology, asset class mix, and whether rates reflect listed or transacted assets.

The Lee & Associates market-wide cap rate has drifted upward from 10.5% in Q4 2024 to 10.7% in Q4 2025, consistent with the broader national repricing cycle for office assets. IRR's going-in rates, segmented by class and location, suggest that prime CBD and suburban Class A assets trade at meaningfully tighter yields — 8.50% — than the blended market measure implies. Sigma's 7.25% asking cap rate reflects seller expectations on listed inventory rather than cleared transactions, and the gap between asking and transacted cap rates mirrors the same dynamic seen in price-per-SF spreads. As vacancy continues declining, the relationship between asking and transacted yields will be a key indicator of whether seller and buyer pricing expectations are converging.



PERIOD	AVG. SALE PRICE/SF	SOURCE
Q1 2025	\$115.00/SF	Lee & Associates
Q2 2025	\$116.00/SF	Lee & Associates
Q3 2025	\$115.00/SF	Lee & Associates
Q4 2025	\$116.00/SF	Lee & Associates
Q1 2026	\$176.07/SF	Sigma

Methodology Gap Cautions Direct Comparison. The \$60/SF jump from Lee & Associates' Q4 2025 average of \$116.00/SF to Sigma's Q1 2026 figure of \$176.07/SF reflects different data universes — Lee & Associates' measure includes a \$14.96/SF Class C transaction that pulls the average down significantly, while Sigma's market-wide figure captures a different transaction set.

The Q4 2025 Lee & Associates transaction sample illustrates the wide pricing dispersion that characterizes Kansas City office sales: the 154,700 SF Class A asset at 6201 College Boulevard transacted at \$142.20/SF in a municipal acquisition, while the 100,254 SF Class C property at 1734 E. 63rd Street cleared at just \$14.96/SF in a non-traditional buyer transaction. This range — nearly \$127/SF between the highest and lowest documented Q4 2025 deals — underscores that average pricing metrics carry limited predictive value without controlling for asset class and buyer type. The Q1 2026 South Johnson County range of \$129.80/SF to \$238.54/SF, while narrower, reflects a similarly heterogeneous market where asset quality and submarket location drive significant per-SF variation.

## Downtown Absorption Dominates While South Johnson County Anchors Suburban Stability

DOWNTOWN NET ABSORPTION

**196,898 SF**

3.2x greater than Suburban segment Q1 2026

SUBURBAN NET ABSORPTION

**62,545 SF**

Positive but trails Downtown significantly

SOUTH JOHNSON COUNTY VACANCY

**13.3%**

210 bps below Colliers metro-wide 15.4%

SOUTH JOHNSON COUNTY ASKING RENT

**\$22.59/SF**

\$0.29/SF above Colliers metro-wide average

SOUTH JOHNSON COUNTY INVENTORY

**27,881,509 SF**

Largest reported submarket inventory on record

DOWNTOWN VISITOR FOOT TRAFFIC

**95% of pre-COVID levels**

7.2M unique visitors in 2025

RETURN-TO-OFFICE — WITHIN 2 MILES

**95% of 2019 levels**

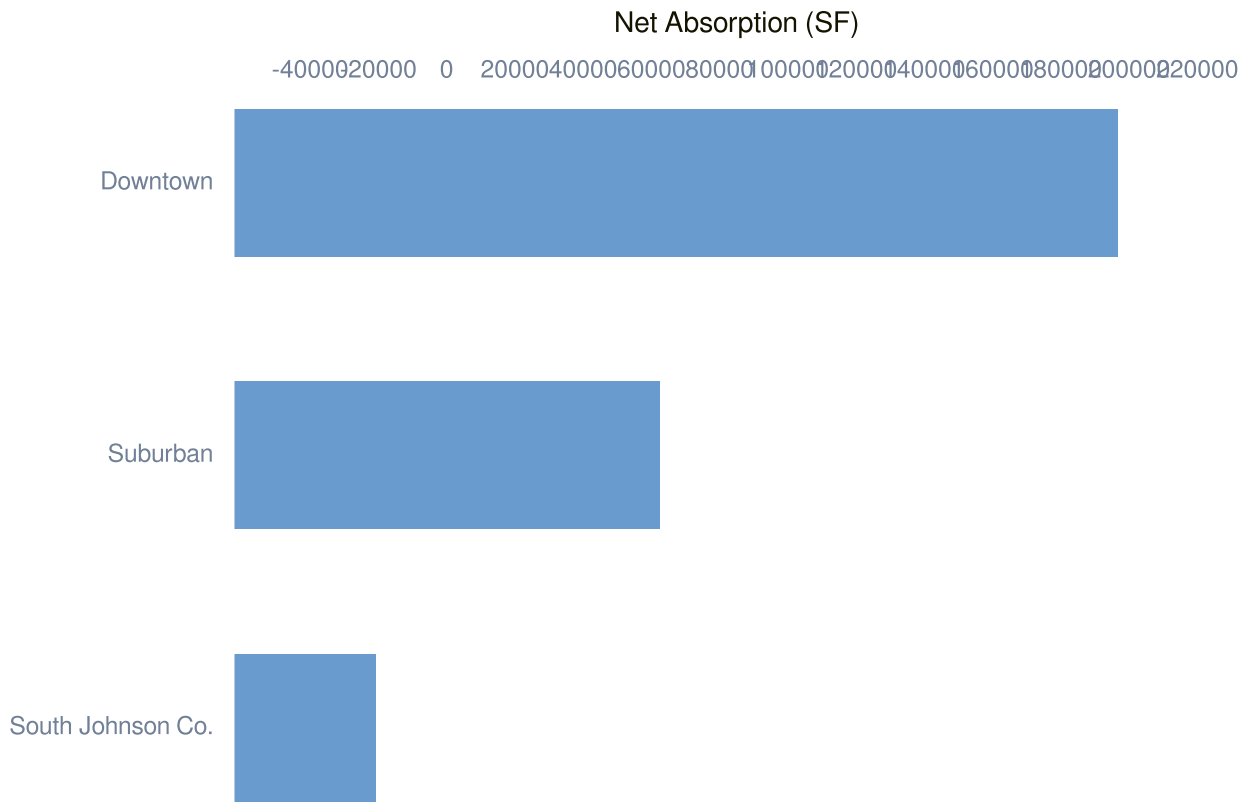
vs. 73% for employees living 10+ miles away

Downtown Kansas City's KPMG Lease Signals Anchor-Tenant Confidence. KPMG committed to 243,848 SF across eight floors at H&R Block World Headquarters, 1301 Main Street, in the Power & Light District earlier in 2026 — one of the largest single-tenant office transactions in the metro's recent history.

The KPMG commitment anchors a broader Downtown absorption story: 196,898 SF of positive net absorption in Q1 2026 — more than three times the 62,545 SF recorded across the entire Suburban segment. This divergence reflects Downtown's proximity advantage; employees living within two miles of the core have returned at 95% of 2019 levels, compared to 73% for those commuting from 10+ miles out. That 22-percentage-point gap in utilization directly translates to leasing demand concentrated in walkable, amenity-rich corridors like Power &

Light. Downtown's 2025 visitor foot traffic of 7.2 million unique visitors — 95% of pre-COVID levels — further reinforces the district's live-work-play positioning as a tenant draw. As proximity-driven return-to-office patterns solidify, Downtown's absorption lead over the suburbs may widen further through 2026.

### Q1 2026 Net Absorption by Submarket (SF)



### Submarket Fundamentals: Vacancy, Rent, and Absorption Compared

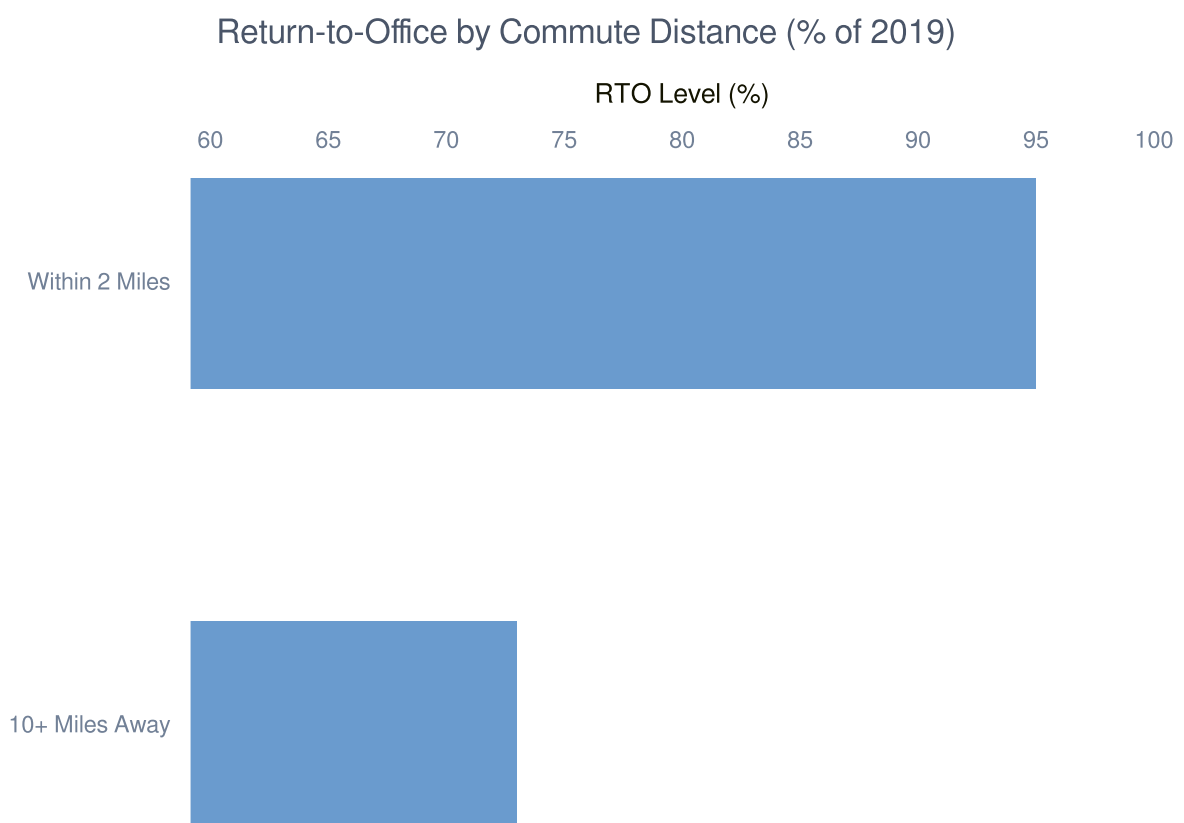
#### ▼ SUBMARKET COMPARISON — Q1 2026 KEY METRICS

SUBMARKET	VACANCY RATE	ASKING RENT	NET ABSORPTION	INVENTORY
Metro (CBRE)	17.4%	\$23.51/SF	—	—
Metro (Colliers)	15.4%	\$22.30/SF	—	—
South Johnson County	13.3%	\$22.59/SF	-20,574 SF	27,881,509 SF
Downtown	—	—	196,898 SF	—
Suburban	—	—	62,545 SF	—

South Johnson County Leads Metro on Vacancy Despite Negative Absorption. At 13.3%, South Johnson County's vacancy rate sits 210 bps below the Colliers metro benchmark of 15.4% — yet the submarket posted the only reported negative net absorption in Q1 2026 at -20,574 SF.

South Johnson County's vacancy advantage reflects a structurally tight submarket with 27.9 million SF of inventory and limited new supply — only 216,861 SF under construction. However, the -20,574 SF of negative absorption in Q1 2026 signals that even the metro's tightest submarket is not immune to tenant contraction or consolidation. The three Q1 2026 lease transactions reported by Colliers — Rouse Frets (23,437 SF), Infinitas KC (15,509 SF), and Lettermen's Energy (8,718 SF) — represent mid-market activity rather than large-block demand, suggesting the submarket's strength is driven by tenant retention and smaller-footprint leasing rather than expansionary moves. Whether the negative absorption reading represents a one-quarter anomaly or an early softening trend will be a key metric to track through mid-2026.

▼ DOWNTOWN LEASING ACTIVITY AND UTILIZATION DRIVERS



Proximity Is the Dominant Variable in Downtown Kansas City's Recovery. Employees within two miles of the core have returned at 95% of 2019 levels versus 73% for those commuting from 10+ miles — a 22-point gap that directly correlates with Downtown's outsized absorption lead.

Downtown Kansas City ranked 5th among 26 downtowns nationally for office utilization at 74% of pre-pandemic levels as of Q3 2023, a standing reinforced by the Federal Reserve Bank of Kansas City's separate finding of 76% workforce return. This above-average utilization relative to peer markets provided the demand foundation for large-block commitments like KPMG's 243,848 SF lease and Parisi Brothers' seven-year headquarters deal near 13th & Baltimore — both executed in early 2026. The Power & Light District's concentration of these transactions points to a flight-to-amenity dynamic within Downtown itself, where tenants are selecting walkable, mixed-use corridors over older CBD stock. Cushman & Wakefield's Q1 2025 data showing 2,569,742 SF of CBD sublet vacant space indicates that shadow supply remains a counterweight to headline absorption gains, and its pace of absorption will shape net effective vacancy through the remainder of 2026.

▼ SOUTH JOHNSON COUNTY INVESTMENT SALES — Q1 2026

PROPERTY	SALE PRICE	SIZE (SF)	PRICE/SF	BUYER
11200 Corporate Avenue	\$3,200,000	17,910	\$178.67/SF	Herrman Holdings LLC
14310 Metcalf Avenue	\$2,400,000	10,061	\$238.54/SF	TOLD Development Company
Lakeside Professional Suites	\$1,950,000	15,023	\$129.80/SF	Global Soft Systems

South Johnson County Owner-User Transactions Reflect Confidence in Submarket Fundamentals. Three Q1 2026 sales ranging from \$129.80/SF to \$238.54/SF demonstrate active capital deployment in a submarket where vacancy remains the tightest in the reviewed metro set.

The spread between the lowest (\$129.80/SF at Lakeside Professional Suites) and highest (\$238.54/SF at 14310 Metcalf Avenue) per-square-foot pricing in Q1 2026 South Johnson County sales reflects meaningful asset quality differentiation within the submarket. TOLD Development Company's acquisition at \$238.54/SF — the highest per-SF price in the reviewed set — and Global Soft Systems' purchase at \$129.80/SF suggest buyers are distinguishing sharply between well-located, functional product and older or less-amenitized stock. Colliers also cited Karbank's \$7,750,000 suburban acquisition and NBKC Bank's owner-user purchase of Commerce Plaza II as additional Q1 2026 investment activity, though square footage and per-SF pricing were not reported for those transactions. Collectively, the sales volume points to continued owner-user demand as the primary capital source in the suburban investment market, consistent with muted institutional activity noted by Colliers.

## Elevated Yields, Constrained Capital Deployment

ASKING CAP RATE

**7.25%**Q1 2026; vs. 8.0–8.5%  
going-in rates per IRR

CLOSED SALE PRICE/SF

**\$176.07/SF**+\$22.20/SF premium  
over asking price of  
\$153.87/SFQ1 2026 MORTGAGE  
RATE**6.53%**Down from 6.58% in  
January; stable at 6.50%  
Feb–Mar

CLOSED SALES

**36 sales**310 active listings; 291.5  
avg days on market

LOAN-TO-VALUE (KC)

**0.75**Stable across all three  
months of Q1 2026U.S. OFFICE  
DELINQUENCY RATE**11.41%**

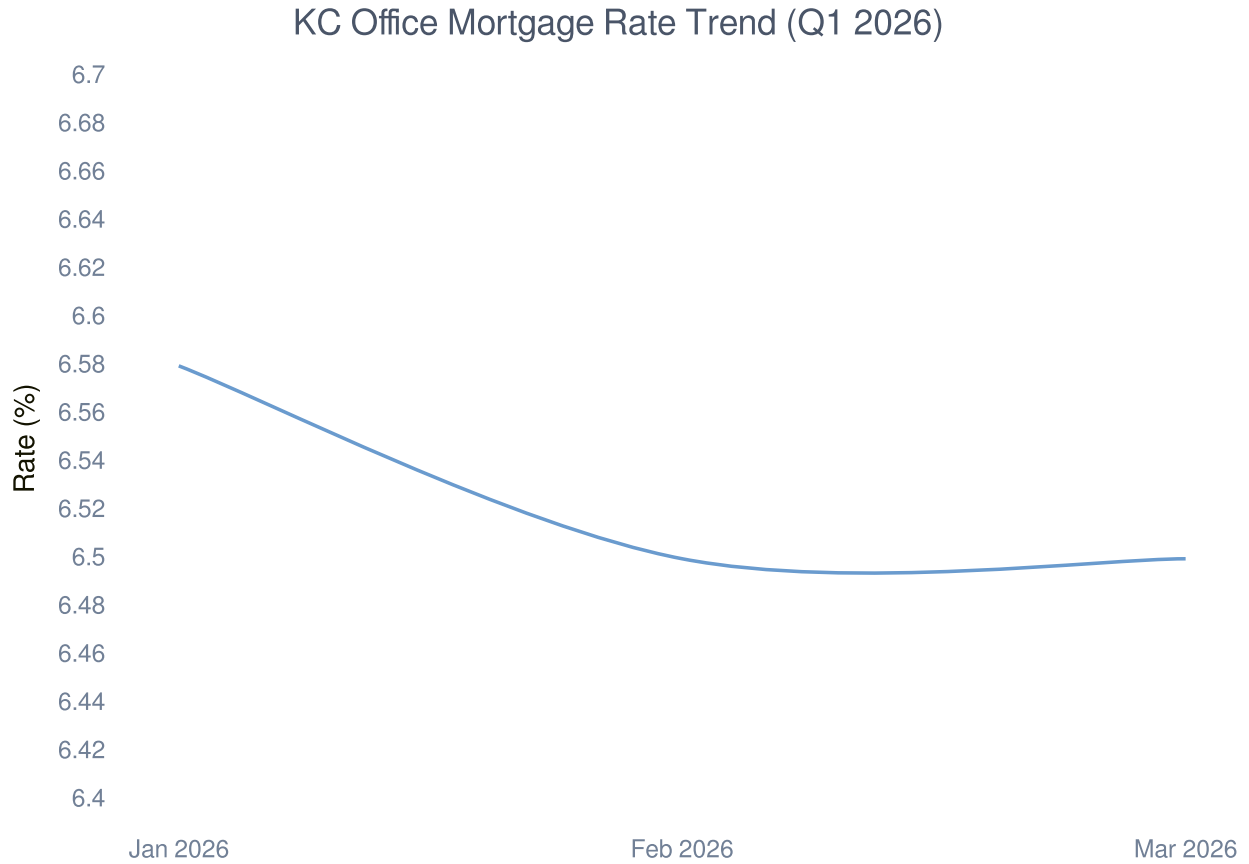
+74 bps in Q1 2026

LEE & ASSOCIATES CAP  
RATE**10.7%**Q4 2025; up from 10.5%  
in Q4 2024

Cap Rate Divergence Signals Fragmented Pricing. Reported Kansas City office cap rates ranged from 7.25% (Sigma asking) to 10.7% (Lee & Associates Q4 2025), with Integra Realty Resources placing going-in rates at 8.50%–9.25% entering 2026 — a spread of more than 350 basis points across sources reflecting genuine buyer-seller disagreement on asset pricing.

This wide cap rate dispersion is not a data anomaly — it reflects a market where seller expectations, buyer underwriting, and executed transaction pricing have yet to converge. The 291.5 average days on market against only 36 closed sales from 310 active listings underscores the bid-ask gap: assets are being listed but not clearing at pace. The closed sale price of \$176.07/SF running above the \$153.87/SF asking average suggests that the transactions that do close are concentrated in higher-quality or owner-user assets, while distressed or commodity product lingers. IRR's observation that prior-year rate increases suppressed transaction volume — and that recent Fed cuts are improving deal feasibility — points to a market in transition rather than one in structural decline.

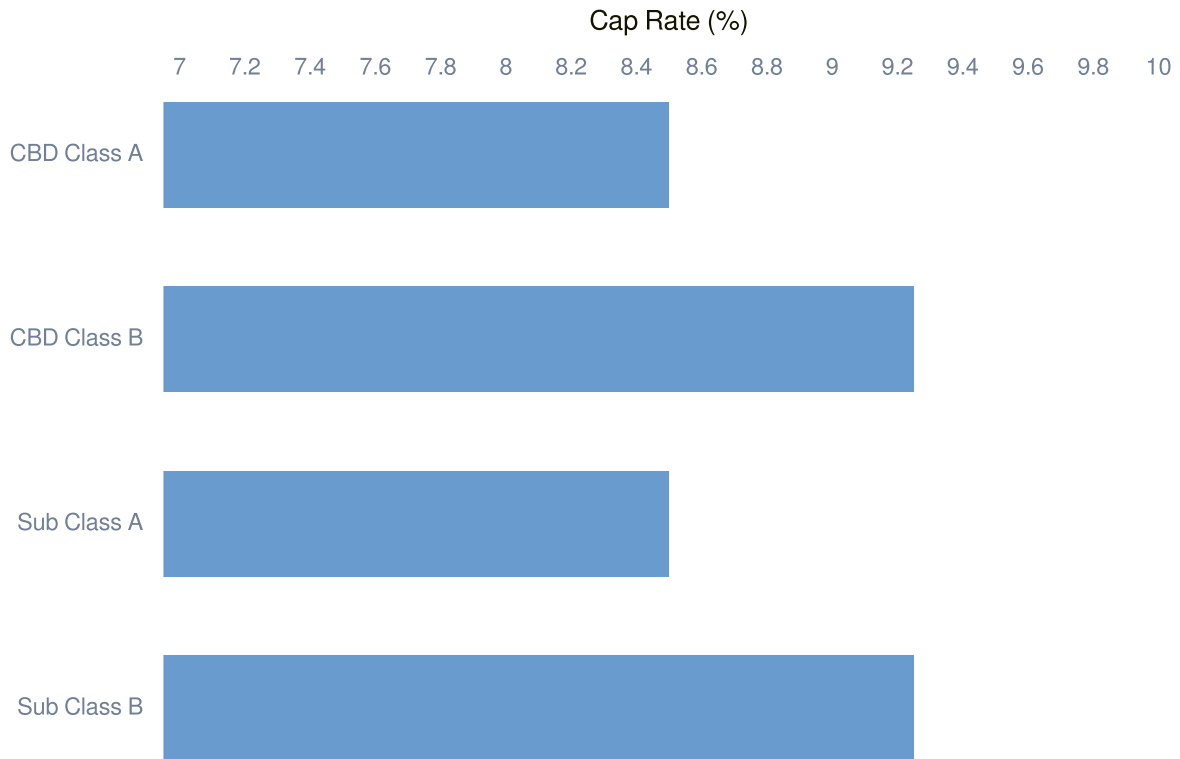
As rate conditions stabilize, the gap between asking and clearing prices may narrow, though the 6.53% average mortgage rate continues to compress levered returns at current cap rate levels.



## Cap Rate Landscape Across Sources and Asset Classes

▼ GOING-IN CAP RATES BY ASSET CLASS — ENTERING 2026

## Going-In Cap Rates by Asset Class (IRR, 2026)



Class B Assets Priced at a 75 bps Yield Premium. Integra Realty Resources placed going-in cap rates at 9.25% for both CBD and Suburban Class B product entering 2026, versus 8.50% for Class A in both locations — reflecting the market's quality bifurcation in pricing.

The 75 basis point spread between Class A and Class B going-in rates entering 2026 is consistent with the broader flight-to-quality dynamic reshaping Kansas City office demand. Class B assets face a dual headwind: higher yield requirements from buyers and weaker occupancy fundamentals that make underwriting income streams more uncertain. With Lee & Associates tracking cap rates at 10.5%–10.7% across the trailing five quarters, the IRR going-in benchmarks of 8.50%–9.25% suggest that institutional-grade assets trade at a meaningful premium to the broader market average. The persistence of elevated cap rates across all tiers signals that repricing is ongoing rather than complete.

### ▼ TRANSACTION ACTIVITY AND MARKET LIQUIDITY

METRIC	VALUE
Active Sales Listings	310
Closed Sales (Q1 2026)	36
Avg Days on Market	291.5 days
Avg Loan Amount	\$649,237
Loan-to-Value	0.75
Notable Acquisition	\$7.75M suburban asset

Thin Velocity Against Deep Listing Inventory. Only 36 transactions closed against 310 active listings in Q1 2026, an implied clearance rate of roughly 12% — consistent with a market where financing costs and pricing uncertainty are keeping buyers on the sidelines.

The \$7.75 million suburban acquisition cited by Colliers, alongside an owner/user purchase by NBKC Bank, illustrates the profile of buyers currently active in Kansas City: smaller-lot, value-oriented, or occupancy-driven transactions rather than institutional portfolio plays. The average loan amount of \$649,237 reinforces this picture — these are not large-format capital deployments. The zero LOI conversion rate recorded across all three months of Q1 2026 on the Sigma platform further confirms that buyer engagement, while present (0.09 leads per listing), is not translating into executed deals at scale. At the national level, CBRE's forecast of 20% U.S. office investment volume growth in 2026 and rising LTV ratios (61.4% from 58.4%) suggest improving debt market conditions that could eventually support higher transaction velocity in Kansas City.

▼ **MACRO CONTEXT: RATES, EMPLOYMENT, AND DEBT MARKET CONDITIONS**

INDICATOR	VALUE	PERIOD
KC MSA Unemployment	4.0%	Q1 2026 avg
KC MSA Total Nonfarm Employment	1,155.0K jobs	Q1 2026 avg
Midwest CPI-U 12-Month Change	3.4%	March 2026
Midwest CPI-U Monthly Change	+0.9%	Feb–Mar 2026
U.S. Office Delinquency Rate	11.41%	Q1 2026
U.S. LTV Ratio	61.4%	Q1 2026
U.S. Investment Volume Growth Forecast	+20%	2026

Inflation Reacceleration Complicates the Rate Outlook. The Midwest CPI-U rose 0.9% month-over-month from February to March 2026 and 3.4% year-over-year — a pace that may limit the Federal Reserve's ability to cut rates further, sustaining pressure on office financing costs through mid-2026.

Kansas City's labor market remained broadly stable in Q1 2026, with total nonfarm employment of 1,155.0 thousand jobs nearly flat year-over-year (+0.5K vs. March 2025). Unemployment averaged 4.0% for the quarter, ticking up from 3.7% in Q4 2025 — a modest softening that does not yet signal demand deterioration but warrants monitoring. Against this backdrop, the 6.53% average mortgage rate reflects a financing environment where debt service coverage remains a binding constraint for many buyers. The U.S. office delinquency rate rising to 11.41% (+74 bps in Q1 2026) adds a systemic caution: lenders facing elevated distress nationally may apply tighter underwriting standards to new originations, even in markets with improving fundamentals like Kansas City. The combination of sticky inflation and rising delinquencies suggests that the path to lower financing costs — and higher transaction volume — will be measured rather than rapid.

## Recovery Stage 1: Demand Pipeline Outpaces Constrained Supply

### ACTIVE TENANT REQUIREMENTS

**1.2M SF**

Q1 2026 active pipeline, led by tech, professional services & financial firms

### MARKET CYCLE CLASSIFICATION

**Recovery Stage**

**1**

IRR: decreasing vacancy, low new construction, moderate absorption

### 12-MONTH MARKET RENT FORECAST

**+2.00%**

IRR forecast across CBD and Suburban segments

### 12-MONTH VALUE CHANGE FORECAST

**+1.0%–1.9%**

36-month forecast: +2.0%–2.9%

### PROJECTS UNDER CONSTRUCTION

**0 SF**

No new multi-tenant deliveries in Q1 2026

### Q1 2026 MORTGAGE RATE

**6.53%**

Declined 8 bps from January to March 2026

### MSA UNEMPLOYMENT RATE

**4.0%**

Up from 3.7% in Q4 2025

### U.S. OFFICE INVESTMENT VOLUME FORECAST

**+20%**

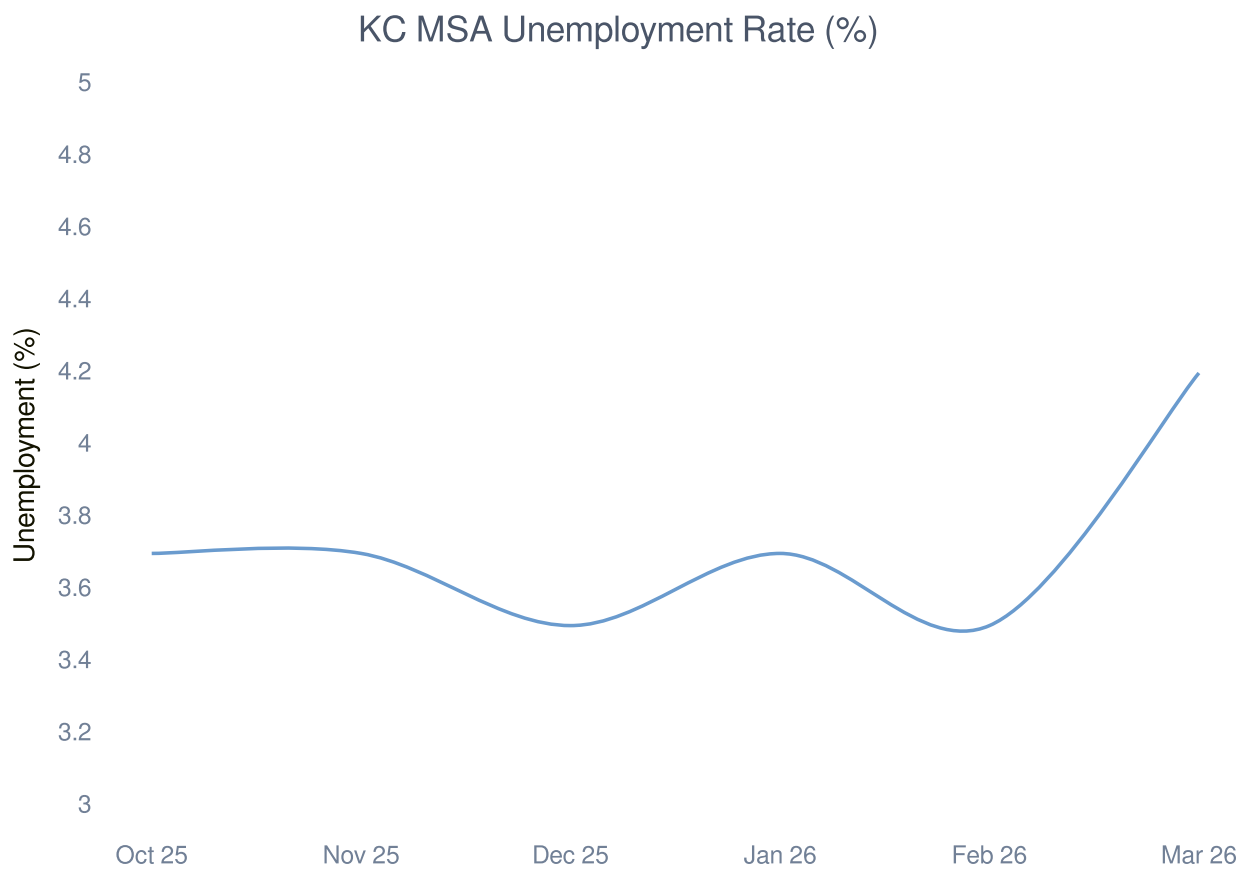
CBRE 2026 national forecast; national LTV rose to 61.4% from 58.4%

Recovery Stage 1 Classification Anchored by 1.2M SF Demand Pipeline. Colliers reported active tenant requirements exceeding 1.2 million SF in Q1 2026, driven by technology, professional services, and financial firms — a demand signal that directly supports IRR's Recovery Stage 1 designation for the Kansas City office market.

The 1.2M SF active requirement figure carries particular weight in a market where zero new supply entered the pipeline in Q1 2026. With no projects under construction and no multi-tenant deliveries recorded, tenant demand is competing for existing inventory rather than newly delivered space. IRR's Recovery Stage 1 framework anticipates precisely this dynamic: low construction, decreasing vacancy, and moderate absorption converging to gradually tighten

available options. The 12-month rent forecast of +2.00% across all four segments — CBD Class A, CBD Class B, Suburban Class A, and Suburban Class B — reflects a market where landlords are beginning to recapture pricing power, though not yet at a pace that signals overheating.

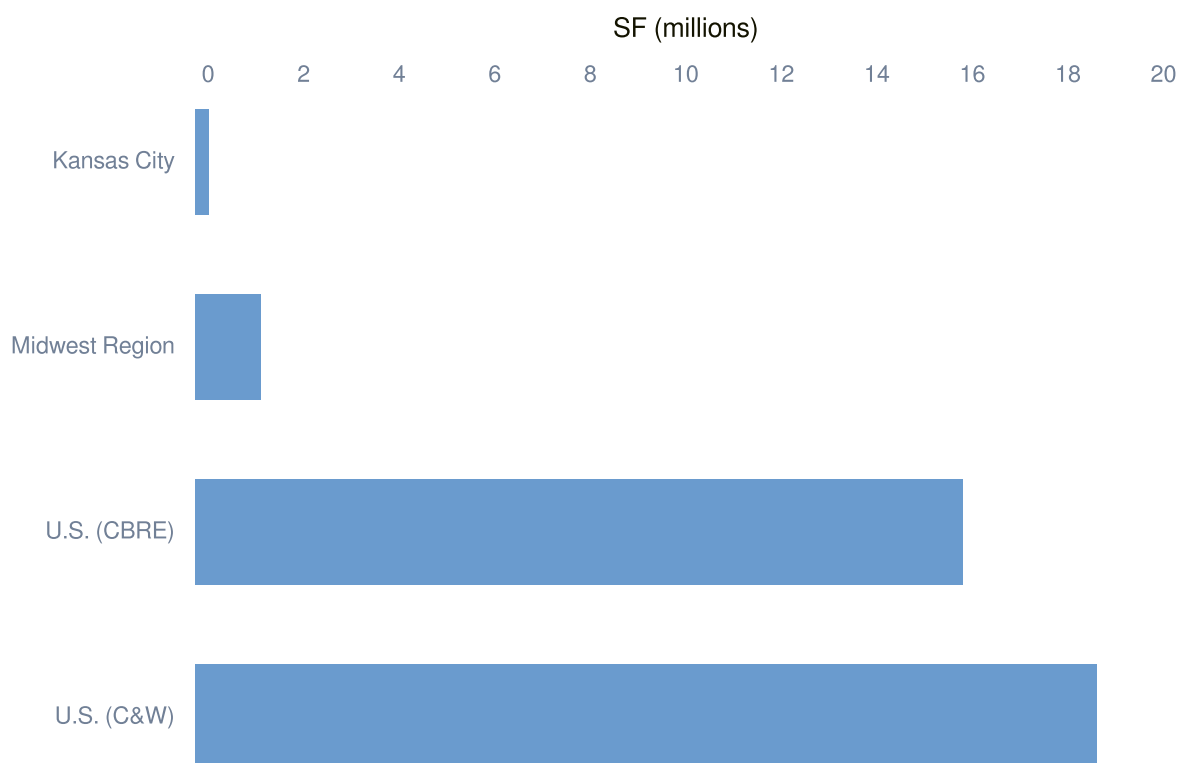
Downtown utilization data reinforces the demand narrative. Employees living within two miles of Downtown Kansas City had returned to office at 95% of 2019 levels by early 2026, while those commuting from 10+ miles measured 73% — a 22-percentage-point proximity gap that suggests urban core assets are absorbing demand more efficiently than suburban alternatives. This proximity effect, combined with the Federal Reserve Bank of Kansas City's reported 76% downtown workforce return, points to a structural recovery in CBD utilization that may support above-average leasing velocity in centrally located buildings over the next 12–24 months.



## Key Outlook Drivers and Risk Factors

- ▼ 12-MONTH SUPPLY OUTLOOK: ZERO PIPELINE SUPPORTS GRADUAL TIGHTENING

## Office Under Construction Q1 2026 (SF)



Kansas City's zero-construction pipeline stands in sharp contrast to 1.14M SF under construction across the broader Midwest region and 15.8M–18.6M SF nationally, insulating the local market from near-term supply-side pressure.

With no office space under construction in Kansas City as of Q1 2026, the market faces no meaningful supply additions over the next 12–18 months. The Midwest region's 1.14M SF pipeline — of which 609,728 SF is already pre-leased — illustrates that even where new supply does exist regionally, demand is absorbing it before delivery. For Kansas City specifically, this supply vacuum means that the 1.2M SF active tenant requirement pool must be satisfied through existing inventory, reinforcing the conditions IRR identified as characteristic of Recovery Stage 1: gradual vacancy compression without the disruption of new deliveries. The 36-month value change forecast of +2.0%–2.9% reflects this slow-but-steady tightening trajectory.

### ▼ FINANCING CONDITIONS: IMPROVING METRICS, PERSISTENT HEADWINDS

METRIC	VALUE	CONTEXT
KC Q1 2026 Mortgage Rate	6.53%	Down 8 bps Jan–Mar 2026
KC Avg Loan-to-Value	0.75 ratio	Sigma Q1 2026
National LTV (CBRE)	61.4%	Up from 58.4% prior period
U.S. Investment Volume Forecast	+20%	CBRE 2026 national projection

National office LTV ratios rising to 61.4% from 58.4% signals that lenders are incrementally expanding credit availability for office assets — a meaningful shift after years of tightening underwriting standards.

Kansas City mortgage rates edged down 8 basis points from January to March 2026, a modest but directionally positive move. The local average loan-to-value of 0.75 remains above the national CBRE-reported figure of 61.4%, reflecting differences in asset profile and lender mix at the metro level. IRR cited suppressed transaction volume from prior-year elevated rates as a headwind entering 2026, but CBRE's national forecast of 20% investment volume growth suggests capital markets are beginning to re-engage with the office sector. Inflationary pressure remains a watchpoint: the Midwest CPI-U rose 3.4% year-over-year through March 2026, with a 0.9% monthly jump in March alone, which could sustain upward pressure on operating expenses and cap rate expectations even as financing costs gradually ease.

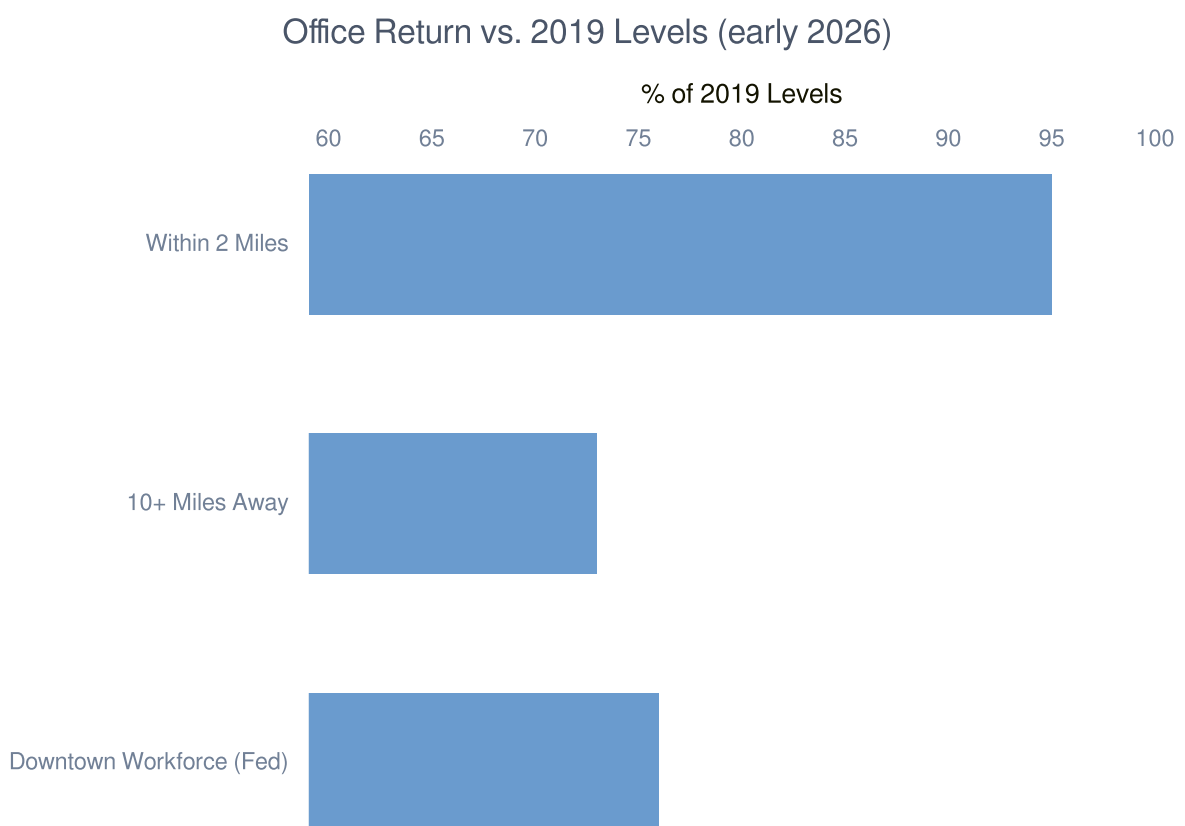
▼ LABOR MARKET AND ECONOMIC BACKDROP: STABLE BASE, EMERGING UNCERTAINTY

METRIC	Q1 2026	Q4 2025
MSA Unemployment Rate	4.0%	3.7%
Total Nonfarm Employment	1,155.0K jobs	not reported
March 2026 Employment	1,168.1K	1,177.0K (Dec 2025)
Midwest CPI-U 12-Mo Change	3.4%	not reported

Kansas City MSA total nonfarm employment of 1,155.6 thousand in March 2026 was nearly flat versus 1,155.1 thousand in March 2025, confirming a stable but low-growth employment base that limits near-term office demand acceleration.

The Q1 2026 unemployment rate of 4.0% — up from 3.7% in Q4 2025 — reflects a modest softening in labor market conditions, driven primarily by a March spike to 4.2% as the employed count fell from 1,177.0 thousand in December 2025 to 1,168.1 thousand. Year-over-year nonfarm employment growth was essentially flat at just 500 jobs between March 2025 and March 2026. IRR identified hybrid and remote work adoption, generative AI disruption risk, and inflationary operating expense pressure as structural headwinds entering 2026. Offsetting these factors, IRR also cited substantial positive absorption through 2025 and recent interest rate cuts as stabilizing forces. The net effect is a market in early recovery — not contraction — but one where the pace of improvement depends heavily on whether office-using sector employment accelerates beyond its current plateau.

▼ OFFICE UTILIZATION: PROXIMITY DRIVES UNEVEN RECOVERY



Employees living within two miles of Downtown Kansas City returned to office at 95% of 2019 levels by early 2026 — a 22-percentage-point premium over those commuting from 10+ miles — highlighting a structural proximity advantage for urban core assets.

Kansas City's downtown utilization ranked 5th among 26 tracked downtowns at 74% of pre-pandemic levels in Q3 2023, a relative outperformance that has continued into 2026. The proximity gradient — 95% return for workers within two miles versus 73% for those 10+ miles out — suggests that commute distance remains the primary behavioral variable governing office attendance. This dynamic has direct implications for asset performance: CBD and urban-adjacent properties serving a dense residential catchment are likely to sustain higher utilization rates than suburban campuses dependent on long-distance commuters. Office-using employment having already recovered to pre-pandemic levels by mid-2023 (per Newmark) provides a stable demand floor, but the utilization gap between proximate and distant workers indicates that leasing momentum will likely remain concentrated in well-located, amenity-rich urban product over the 12–24 month outlook period.

**Overall Market Sentiment: Cautiously Positive.** Kansas City's Recovery Stage 1 classification, zero supply pipeline, 1.2M SF active demand, and modest rent growth forecasts of +2.00% over 12 months collectively describe a market in measured but credible recovery. The primary risks — hybrid work persistence, AI-driven footprint uncertainty, and elevated inflation — are real but not accelerating. The primary tailwinds — constrained supply, improving financing conditions, and strong downtown utilization relative to peer markets — provide a durable foundation for gradual vacancy compression through 2027.

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- Federal Reserve Bank of Kansas City — A Varied Picture: While Downtown Office Use Has Declined, Some Metro Areas Fare Better Than Others — Federal Reserve Bank of Kansas City — <https://www.kansascityfed.org/ten/a-varied-picture-while-downtown-office-use-has-declined-some-metro-areas-fare-better-than-others/>
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- Newmark Kansas City Office Market Overview Q2 2023 — Newmark — <https://www.nmrk.com/storage-nmrk/uploads/fields/pdf-market-reports/2Q23-Kansas-City-Office.pdf> — Q2 2023

# Kansas City, MO Retail Quarter 1, 2026 (Q1 2026)

THE KEY NUMBER

# -607,186 SF

## NEGATIVE ABSORPTION BREAKS THREE-QUARTER VACANCY PLATEAU

Kansas City retail recorded -607,186 SF of quarterly net absorption in Q1 2026, shattering a three-quarter vacancy plateau at 4.1% and pushing metro vacancy to 4.6%. The demand contraction was broad-based — all ten submarkets posted negative quarterly absorption — even as trailing four-quarter deliveries totaled just 307,159 SF and leasing outpaced new supply six-to-one. IRR's designation of the market as "Hypersupply – Stage 1" with a two-year rebalancing timeline confirms the correction is demand-driven, not supply-driven, a dynamic underscored by public-sector interventions to retain and replace grocery anchors.

### 01 — EXECUTIVE SUMMARY

## Demand Contraction Breaks Three-Quarter Vacancy Plateau

METRO VACANCY RATE

**4.60%**

+50 bps vs. 4Q25; +70 bps vs. 1Q25

QUARTERLY NET ABSORPTION

**-607,186 SF**

vs. +23,948 SF in 3Q25

AVERAGE ASKING RENT

**\$15.02/SF  
NNN**

-\$0.05/SF vs. 3Q25

RETAIL INVESTMENT VOLUME

**\$725,000,000**

+55.5% YoY — trailing 12 months

UNDER CONSTRUCTION

**193,425 SF**

0.72% of inventory — constrained pipeline

MSA UNEMPLOYMENT RATE

**3.9%**

-20 bps vs. March 2025

CLOSED SALES

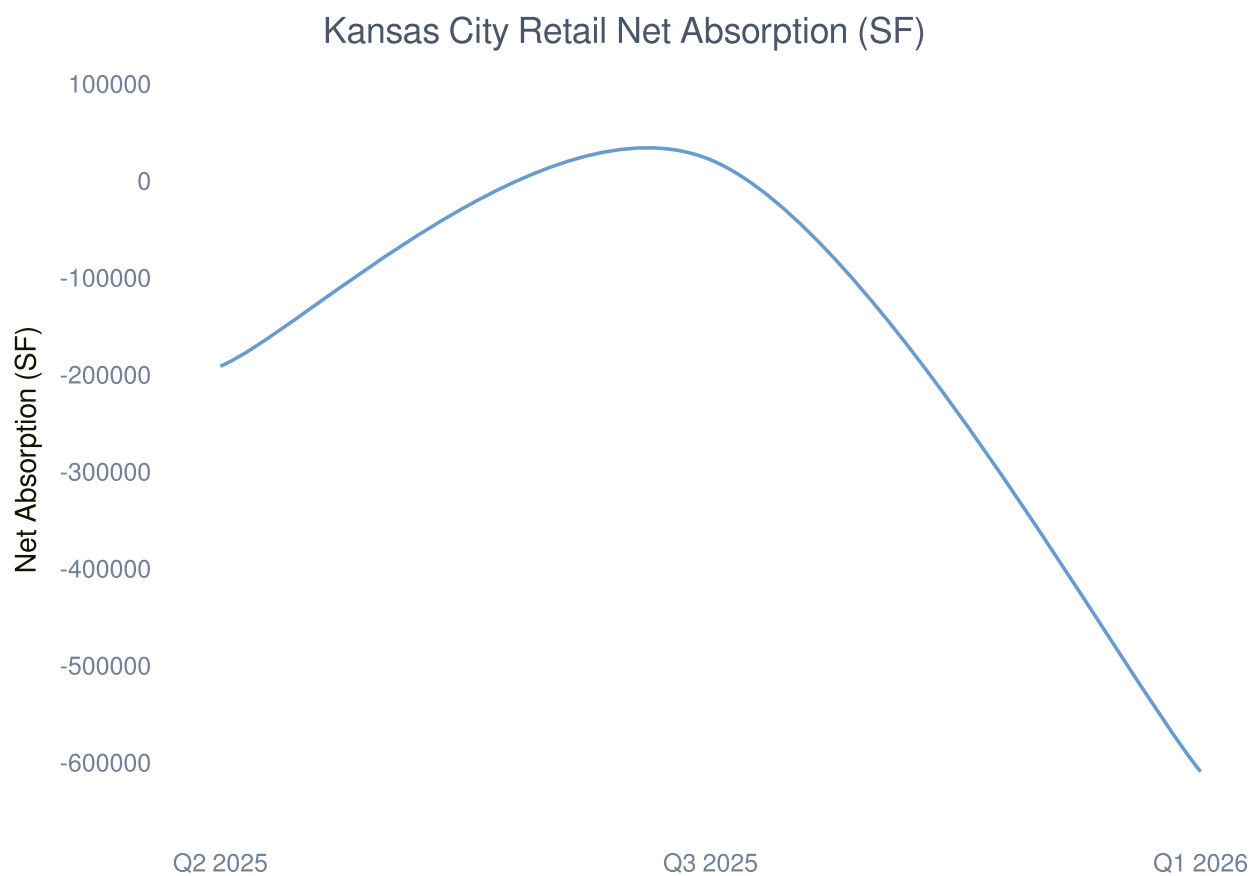
**118**

**transactions**

Avg. closed price:  
\$196.61/SF

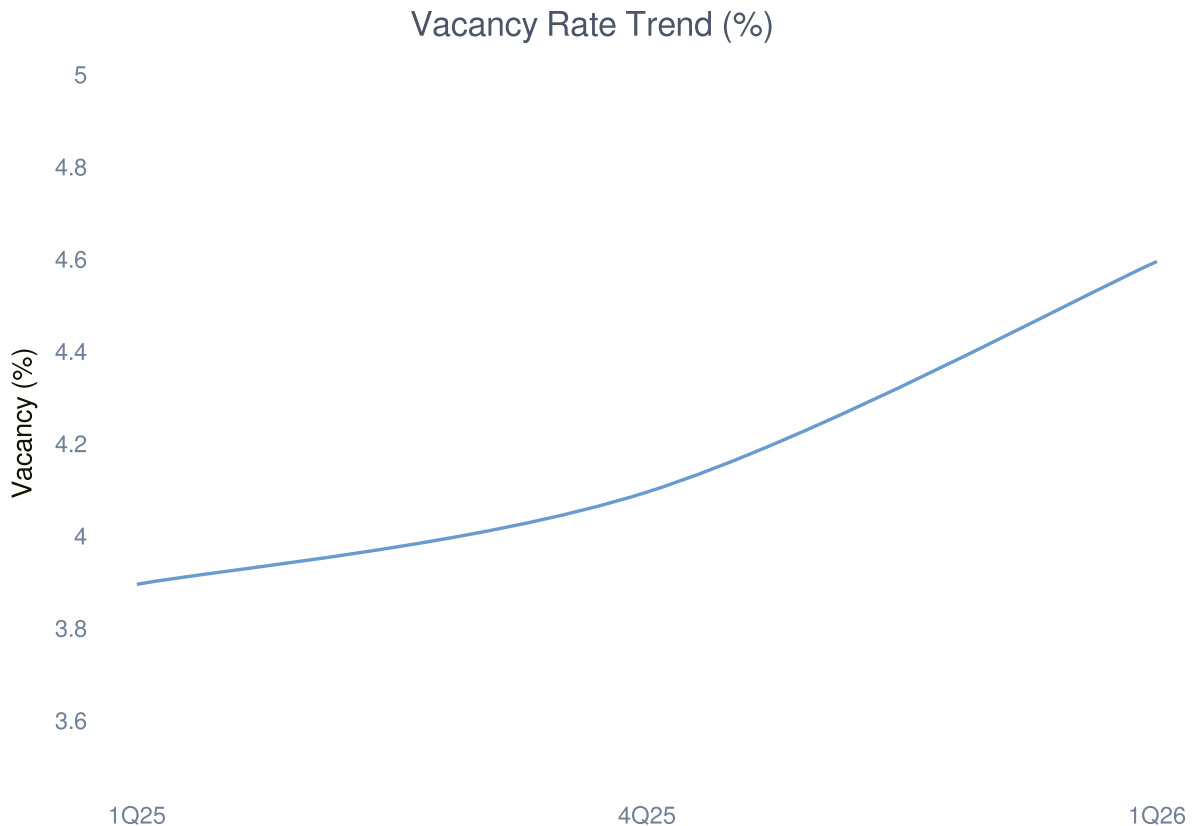
Grocery Anchors at the Center of Kansas City's East Side Retail Story. On January 16, 2026, the City of Kansas City selected United Market KC, LLC to operate a new grocery store at Linwood Shopping Center (3110 Prospect Avenue), backed by a \$15 million East Side revitalization investment — while a concurrent lawsuit over the August 2025 Sun Fresh Market closure at the same site underscores the fragility of food-access retail in underserved corridors.

The Linwood Shopping Center sequence — Sun Fresh closure, litigation, and rapid city-backed replacement — illustrates a broader tension in Kansas City retail: necessity-based formats remain in high demand, but operator viability in lower-income trade areas requires active public-sector support. Separately, the January 29, 2026 City Council resolution directing staff to collaborate with Costco on retaining its Midtown location at 241 Linwood Boulevard signals that anchor retention has become a municipal priority. These events, taken together, point to a market where community retail infrastructure is under active negotiation between private operators and public stakeholders. The outcome of these anchor-retention efforts will shape neighborhood-level vacancy trends in corridors that broader metro statistics do not fully capture.



## Key Market Metrics at a Glance

### ▼ VACANCY & ABSORPTION: WHAT IS DRIVING THE SHIFT?



Vacancy Climbed 70 Basis Points Year-Over-Year. Metro retail vacancy reached 4.60% in Q1 2026, up from 3.9% in Q1 2025, as quarterly net absorption swung sharply negative to -607,186 SF — the most significant demand contraction in the reported data series.

The Q1 2026 absorption figure of -607,186 SF represents a decisive reversal from the modest positive reading of +23,948 SF in Q3 2025 and follows a prior negative quarter of -189,000 SF in Q2 2025. The trailing four-quarter absorption of -561,457 SF confirms that demand erosion is not isolated to a single quarter. Despite this, metro occupancy held at 95.4%, reflecting the market's historically tight base. The constrained supply pipeline — with only 193,425 SF under construction against 123.6 million SF of metro inventory — limits the risk of vacancy acceleration driven by new deliveries. Leasing activity exceeded new deliveries by a six-to-one ratio over the past four quarters, suggesting tenant demand remains present even as net space utilization contracts.

### ▼ RENT METRICS: DIVERGENCE ACROSS DATA SOURCES

METRIC	VALUE	SOURCE
Avg. Asking Rent	\$15.02/SF NNN	Newmark 1Q26
Asking Lease Rate	\$17.96/SF/YR	Sigma Q1 2026
Signed Lease Rate	\$18.33/SF/YR	Sigma Q1 2026
Asking Rent	\$19.44/SF	Lee & Associates Q4 2025
Community Retail Asking Rent	\$16.8/SF	IRR 2026
Neighborhood Retail Asking Rent	\$13.1/SF	IRR 2026

Signed Lease Rates Exceed Asking in Q1 2026. Sigma's Q1 2026 data shows signed lease rates of \$18.33/SF/YR outpacing asking rates of \$17.96/SF/YR, a signal that executed transactions are clearing above listed pricing in select segments.

Rent reporting across sources reflects differing inventory scopes and methodologies, producing a range from \$13.10/SF (IRR neighborhood retail) to \$19.44/SF (Lee & Associates Q4 2025). Newmark's \$15.02/SF NNN figure — down marginally from \$15.07/SF in Q3 2025 — suggests asking rent growth has stalled at the metro aggregate level. Kansas City asking rents trail national benchmarks materially: IRR places community retail at \$16.8/SF versus \$22.2/SF nationally, and neighborhood retail at \$13.1/SF versus \$20.1/SF nationally. This persistent rent discount relative to peer markets reflects both the metro's cost-of-living profile and the composition of its retail inventory.

▼ CAPITAL MARKETS: VOLUME SURGES DESPITE RATE HEADWINDS

METRIC	VALUE	PERIOD
Investment Volume	\$725,000,000	Trailing 12 Mo., 1Q26
Investment Volume Growth	+55.5% YoY	1Q26
Market Cap Rate	6.75%	Q1 2026
Asking Cap Rate	6.60%	Q1 2026
Closed Sale Price	\$196.61/SF	Q1 2026
Asking Sale Price	\$248.87/SF	Q1 2026
Mortgage Rate	6.51%	Q1 2026
Avg. Loan-to-Value	0.75	Q1 2026
Community Retail Cap Rate (KC)	8.25%	IRR 2026
Community Retail Cap Rate (National)	7.16%	IRR 2026
Neighborhood Retail Cap Rate (KC)	8.50%	IRR 2026
Neighborhood Retail Cap Rate (National)	7.14%	IRR 2026

Investment Volume Rose 55.5% Year-Over-Year Despite a 6.51% Mortgage Rate Environment. Trailing 12-month retail investment volume reached \$725 million in Q1 2026, indicating that transaction activity accelerated even as financing costs remained elevated.

Kansas City retail cap rates — 8.25% for community retail and 8.50% for neighborhood retail per IRR — sit meaningfully above national benchmarks of 7.16% and 7.14%, respectively. This spread reflects the metro's relative pricing discount and higher perceived risk profile compared to primary markets. The gap between Sigma's asking price of \$248.87/SF and closed price of \$196.61/SF indicates active price negotiation at the transaction level. Notable Q1 2026 sales reported by Newmark included a 53,450 SF Hobby Lobby at \$5.51 million and a 65,980 SF Eastgate Shopping Center at \$4.5 million, illustrating that mid-size single-tenant and neighborhood center formats are clearing the market.

▼ ECONOMIC BACKDROP: LABOR MARKET SUPPORTS CONSUMER BASE

METRIC	VALUE	PERIOD
MSA Employment	1,168,900	March 2026
Civilian Labor Force	1,216,900	March 2026
Unemployment Rate	3.9%	March 2026
Unemployment Rate	4.1%	March 2025
Midwest CPI-U (YoY)	3.4%	March 2026
Core CPI (YoY)	2.9%	March 2026
Wages & Salaries Growth (YoY)	3.4%	Q1 2026
Median Household Income	\$83,785	2024 ACS
MSA Households	914,522	2024 ACS

Wage Growth Matches Inflation, Preserving Real Consumer Purchasing Power. Midwest private industry wages and salaries grew 3.4% year-over-year in Q1 2026, precisely matching the Midwest CPI-U increase of 3.4% — leaving real consumer purchasing power essentially flat.

Kansas City's labor market entered Q1 2026 in a relatively healthy position: unemployment fell to 3.9% from 4.1% a year earlier, and the metro's 914,522 households with a median income of \$83,785 provide a stable consumer demand base. However, with wage growth and inflation running in lockstep, discretionary retail spending faces a neutral-to-constrained environment. Core CPI at 2.9% suggests underlying price pressures remain above the Federal Reserve's 2% target, which may sustain elevated financing costs. The combination of a tight labor market and compressed real income growth creates a consumer backdrop that supports necessity-based retail formats while applying pressure to discretionary categories.

# Anchor Vacancies Force Public-Sector Retail Intervention

RETAIL DELIVERIES  
(YTD)

**4,685 SF**

Constrained supply pipeline, Q1 2026

UNDER CONSTRUCTION

**193,425 SF**

Active pipeline, Kansas City, MO

CLOSED SALES VOLUME

**118 transactions**

Q1 2026, KC metro retail market

AVERAGE CLOSED SALE PRICE

**\$196.61/SF**

Q1 2026 quarterly average

AVERAGE DAYS ON MARKET

**219.67 days**

Q1 2026, KC metro retail

EAST SIDE REVITALIZATION INVESTMENT

**\$15,000,000+**

Tied to Linwood Shopping Center grocery replacement

Q1 2026 CITED TRANSACTIONS

**5 sales / 155,630 SF**

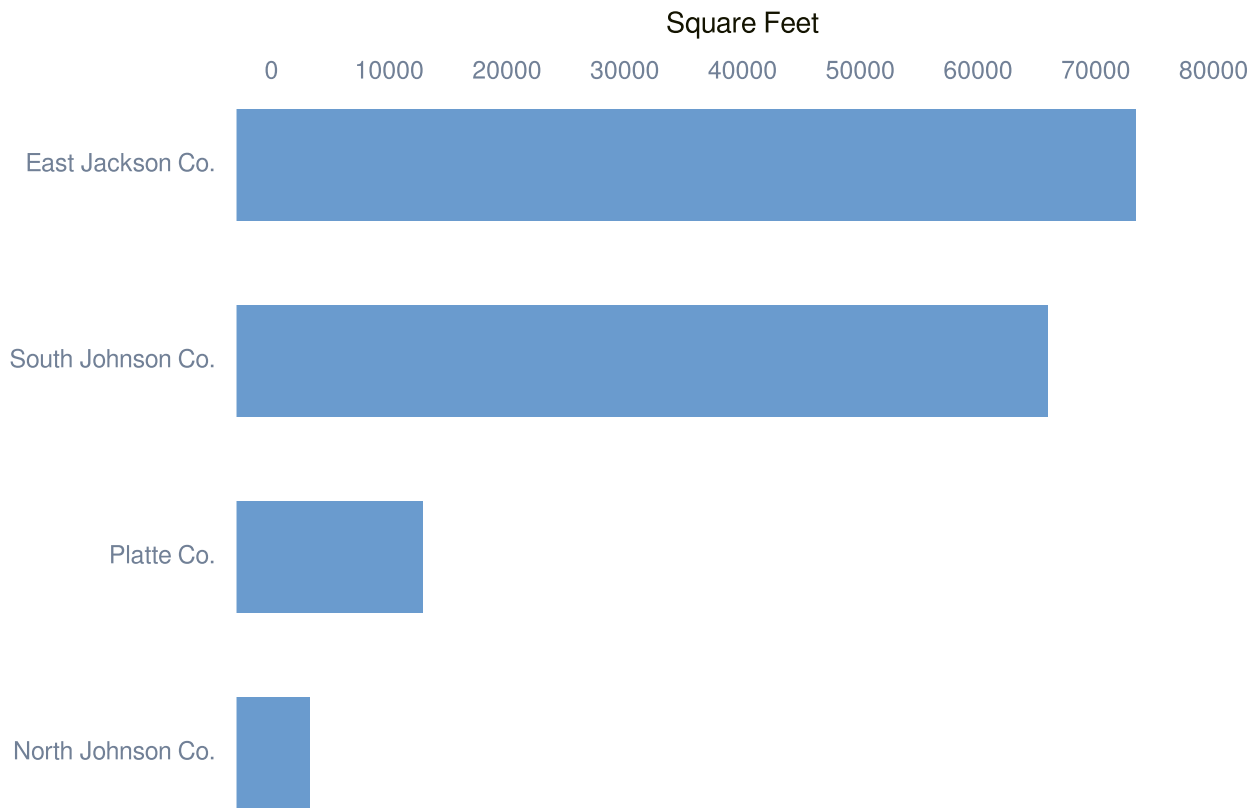
Distributed across 4 submarkets

City Steps In as Grocery Anchor Fails. Sun Fresh Market's August 2025 closure at Linwood Shopping Center (31st & Prospect) triggered a municipal response: Kansas City selected United Market KC, LLC as a replacement operator in January 2026, citing over \$15 million in East Side revitalization investment, while Community Builders of Kansas City filed suit against the city alleging neglect contributed to the original closure.

The Sun Fresh closure and its legal aftermath expose a structural vulnerability in food-desert-adjacent retail corridors: when anchor grocers exit, the surrounding tenant ecosystem deteriorates faster than private capital can respond. The city's direct intervention — selecting a replacement operator and tying the action to a \$15 million revitalization commitment — signals that grocery-anchored community retail in underserved corridors has become a public-sector responsibility in Kansas City. The parallel Costco retention resolution at 241 Linwood Boulevard reinforces this pattern: two separate municipal actions in a single quarter, both aimed at preserving anchor-format retail. The litigation filed by Community Builders adds a governance dimension

that could shape how future anchor lease negotiations and public-private retail agreements are structured across the East Side. Whether public-sector coordination can stabilize these corridors ahead of further anchor attrition remains an open question entering Q2 2026.

### Q1 2026 Investment Sales by Submarket (SF)



### Q1 2026 Notable Transactions and Pipeline Activity

#### ▼ Q1 2026 INVESTMENT SALES BREAKDOWN

PROPERTY	SUBMARKET	SF	SALE PRICE
Hobby Lobby, 1015 NE Rice Rd	SE Jackson County	53,450	\$5,510,000
Eastgate Shopping Center	South Johnson County	65,980	\$4,500,000
CVS Pharmacy, 8421 NW Prairie View Rd	Platte County	12,900	\$4,385,000
Shops at Eastland	East Jackson County	20,000	\$4,200,000
Chase Bank, 9500 Mission Rd	North Johnson County	3,300	\$2,765,000

Single-Tenant Net Lease Dominates Q1 Sales. Four of five recorded Q1 2026 transactions were single-tenant or pad-site formats — CVS, Chase Bank, Hobby Lobby, and Shops at Eastland — reflecting continued investor preference for credit-tenanted, operationally simple assets in the Kansas City metro.

Single-tenant net lease assets accounted for the majority of Q1 2026 recorded transaction volume by count. The average closed sale price of **\$196.61/SF** across 118 metro-wide transactions, combined with an average of **219.67 days on market**, suggests a deliberate, price-sensitive buyer pool rather than competitive bidding dynamics. East Jackson County led cited transaction volume at 73,450 SF across two deals, while South Johnson County's single Eastgate transaction contributed the largest individual asset by square footage. The KC Urban Core recorded zero deliveries over the trailing four quarters, underscoring the bifurcation between suburban submarket activity and the urban core's stalled supply pipeline.

#### ▼ DEVELOPMENT PIPELINE AND MIXED-USE RETAIL CONTEXT

PROJECT	RETAIL SF	STATUS
Berkley Riverfront	55,000	RFQ stage (Oct 2024)
Uptown Lofts	60,500	Approved urban renewal plan (2021 ordinance)
The Refinery, 1818 Main St.	1,000	Under construction, est. late 2026 completion

Suburban Submarkets Absorbing New Supply While Urban Core Stalls. Southeast Jackson County, South Johnson County, and Clay County collectively delivered 217,701 SF over the trailing four quarters; the KC Urban Core delivered zero, highlighting a persistent geographic imbalance in retail construction activity.

The contrast between suburban delivery volume and urban core inactivity is the defining supply-side story of Q1 2026. Cushman & Wakefield reported just **4,685 SF** of retail delivered year-to-date in Kansas City, MO, against **193,425 SF** under construction — indicating the pipeline is loaded but not yet converting to occupancy. Longer-dated entitlements such as the Uptown Lofts 60,500 SF retail allowance and the Berkley Riverfront's 55,000 SF retail component remain in pre-construction phases, meaning meaningful urban core supply additions are unlikely

before 2027 at the earliest. The 63rd & Prospect redevelopment, still in RFP stage with a March 2026 milestone, adds further optionality to the East Side corridor but without disclosed retail square footage or a committed timeline.

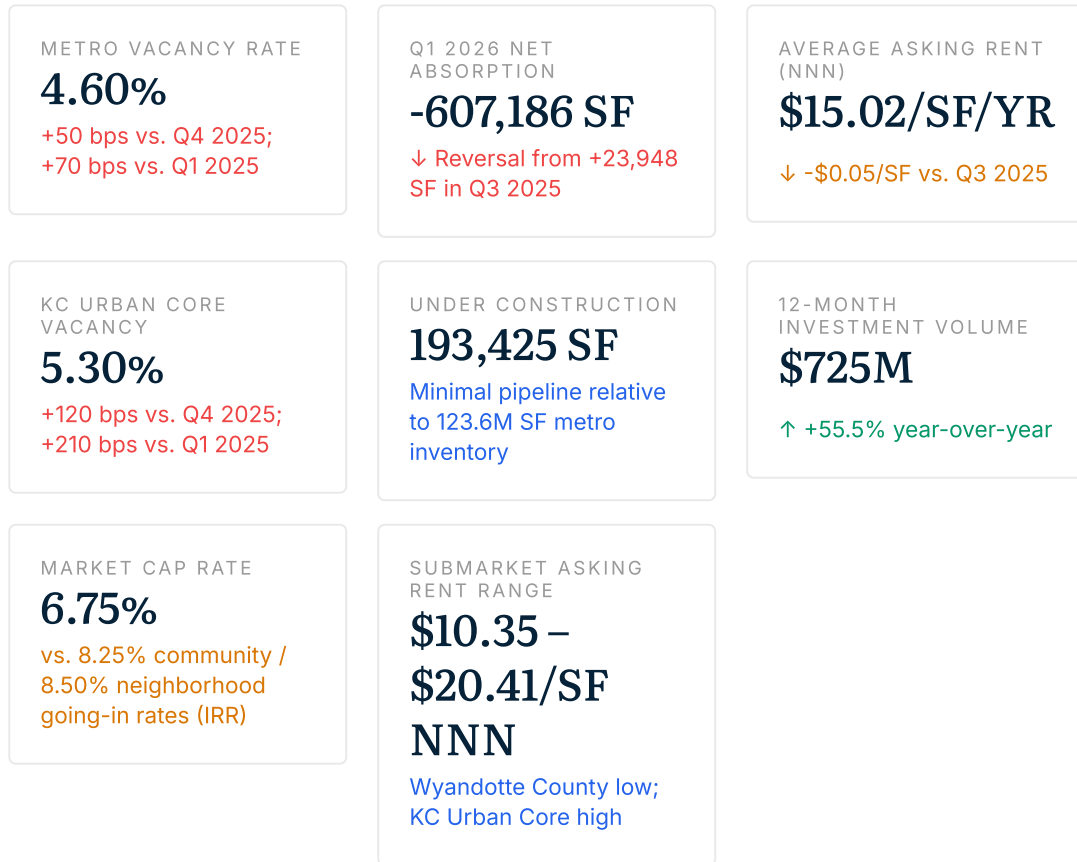
▼ NOTABLE TENANT ACTIVITY AND LEASING HIGHLIGHTS

TENANT	LOCATION	SF	FORMAT
Slick City Action Park	11401 Metcalf Ave, Overland Park	42,810	Entertainment (10-yr lease)
Andretti Indoor Karting & Games	Aspiria Campus, Overland Park	84,000	Entertainment
Char Bar	200 W. Santa Fe St., Olathe	26,000	Food & Beverage
Big Grove Brewery	Prairie Village	11,500	Food & Beverage
MERSEA	Country Club Plaza	Not disclosed	First brick-and-mortar

Entertainment and F&B Tenants Filling Large-Format Vacancies. Slick City Action Park's 42,810 SF lease at the former JoAnn's in Overland Park and Andretti Indoor Karting's planned 84,000 SF at Aspiria illustrate a metro-wide pattern: experiential and food-and-beverage operators are absorbing the large-format boxes that traditional soft goods retailers have vacated.

The concentration of entertainment and food-and-beverage leasing activity across the Kansas City metro reflects a tenant mix evolution that is reshaping how large-format vacancies are resolved. Slick City's 10-year commitment at the former JoAnn's location — one of the largest disclosed lease terms in the quarter — signals long-duration confidence from experiential operators in suburban Kansas City trade areas. MERSEA's first physical store at Country Club Plaza adds a direct-to-consumer brand conversion narrative to the Plaza's ongoing tenant repositioning. These deals are occurring predominantly in suburban Johnson County and the Plaza corridor, while the urban core and East Side corridors continue to depend on public-sector intervention rather than organic leasing demand to maintain retail continuity.

## Broad-Based Demand Retreat Breaks Vacancy Plateau

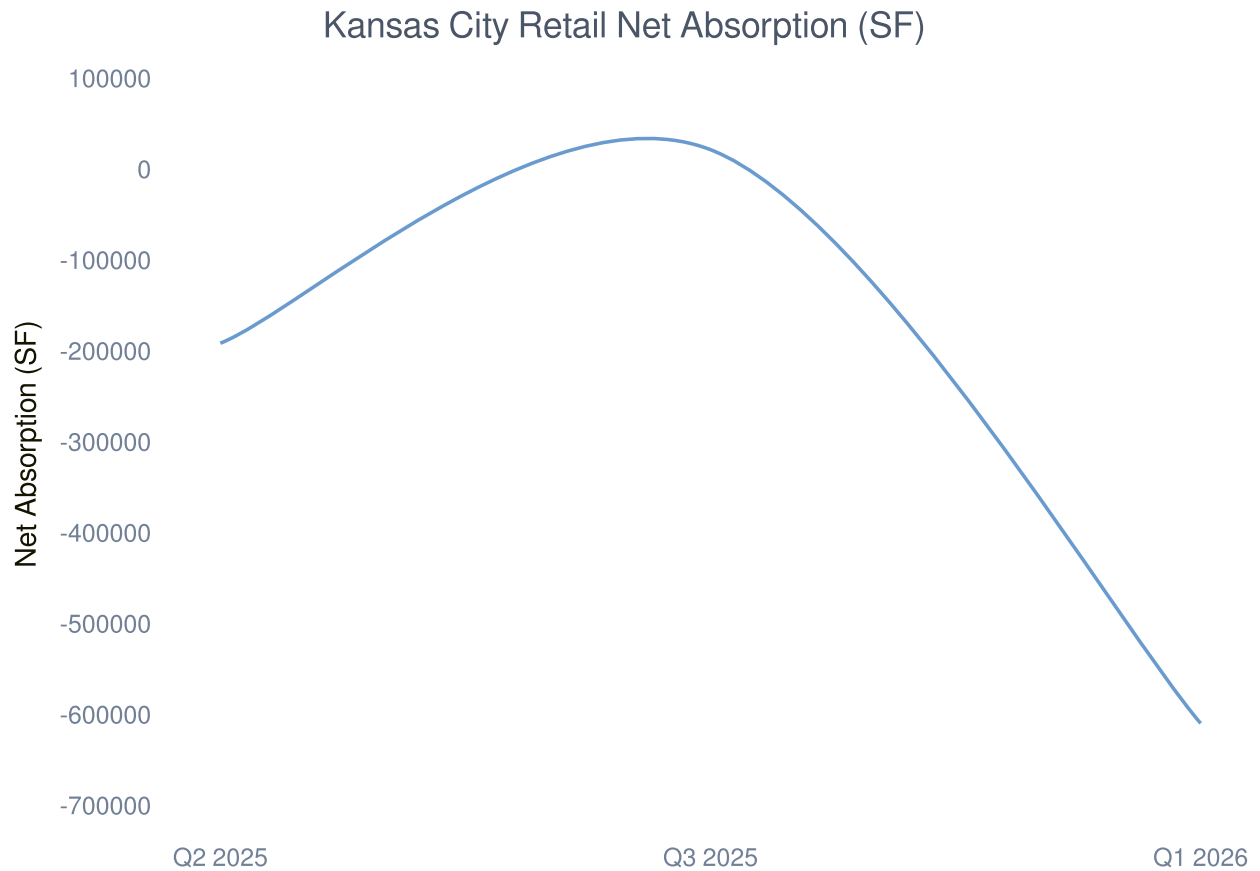


All Ten Submarkets Posted Negative Absorption in Q1 2026. Kansas City retail recorded -607,186 SF of net absorption in Q1 2026, the sharpest single-quarter demand contraction in recent periods, despite only 4,685 SF of new deliveries entering the market during the quarter.

The scale of Q1 2026's negative absorption stands in sharp contrast to the supply picture: Cushman & Wakefield reported just 4,685 SF of Q1 deliveries against a metro inventory base exceeding 123 million SF (Newmark). With virtually no new supply to blame, the demand retreat reflects occupier-side contraction — tenants vacating, downsizing, or failing to backfill available space across all ten tracked submarkets. The trailing four-quarter absorption figure of -561,457 SF (Newmark) confirms this is not a one-quarter anomaly but an accelerating trend that began reversing the modest positive readings of mid-2025.

Asking rents have held relatively firm despite the demand softening, slipping only marginally from \$15.07/SF NNN in Q3 2025 to \$15.02/SF NNN in Q1 2026 — a signal that landlords have not yet moved to aggressive concession strategies. Sigma's parallel

data point of \$17.96/SF asking and \$18.33/SF signed lease rate suggests that transacting tenants are paying at or above asking, concentrated in higher-quality formats. The wide submarket spread — from \$10.35/SF NNN in Wyandotte County to \$20.41/SF NNN in KC Urban Core — indicates that rent resilience is unevenly distributed, with premium nodes holding pricing power while secondary corridors face greater pressure as vacancy climbs.

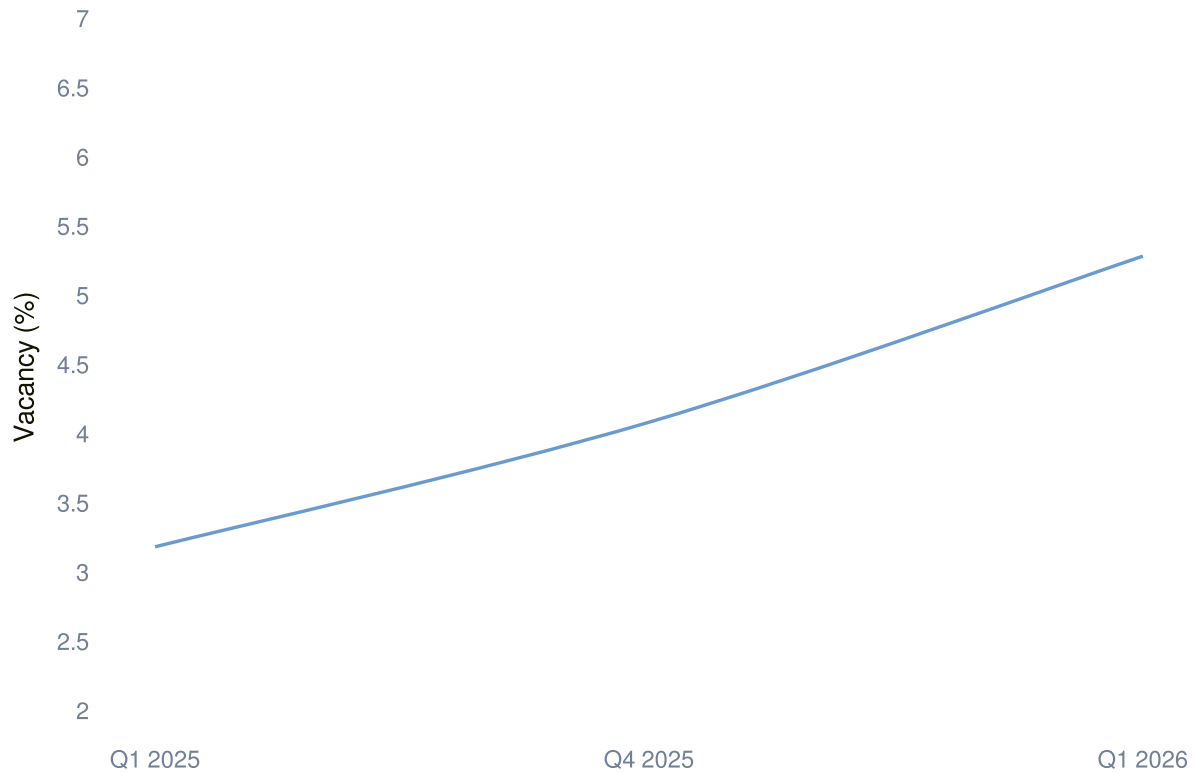


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## Submarket Divergence and Investment Market Signals

### ▼ VACANCY ACCELERATION: METRO VS. URBAN CORE

## KC Urban Core Vacancy Rate (%)



Urban Core Vacancy Has Nearly Doubled in Four Quarters. The KC Urban Core submarket recorded 5.30% vacancy in Q1 2026, up 210 basis points from 3.20% in Q1 2025 — a rate of deterioration that significantly outpaces the broader metro's 70-basis-point year-over-year increase.

The Urban Core's outsized vacancy climb — from 3.20% to 5.30% in a single year — suggests that the submarket's higher-rent profile (\$20.41/SF NNN, the metro's peak) may be compressing tenant demand faster than suburban corridors. Metro-wide vacancy of 4.60% (Newmark) remains historically low in absolute terms, but the trajectory across all submarkets points to a market in transition. The three-quarter plateau at approximately 4.1% that held through mid-2025 has now clearly broken to the upside, and the pace of the Urban Core's deterioration warrants close monitoring as a leading indicator for broader metro conditions.

### ▼ INVESTMENT VOLUME SURGE AMID SOFTENING FUNDAMENTALS

METRIC	Q1 2026	Q3 2025	YOY CHANGE
12-Mo Investment Volume	\$725M	\$773M	+55.5% YoY (Q1 2026)
Investment Volume Growth	+55.5%	+26.6%	Acceleration
Closed Sale Price	\$196.61/SF	—	—
Asking Price	\$248.87/SF	—	—
Market Cap Rate (Sigma)	6.75%	—	—
Going-in Cap Rate – Community (IRR)	8.25%	—	—
Going-in Cap Rate – Neighborhood (IRR)	8.50%	—	—

Investment Volume Accelerated Even as Occupier Demand Contracted. Trailing 12-month retail investment volume reached \$725M in Q1 2026, a 55.5% year-over-year increase — nearly double the 26.6% growth rate recorded in Q3 2025 — suggesting capital markets activity has decoupled from near-term leasing fundamentals.

The divergence between accelerating investment volume and deteriorating absorption creates a notable tension in the Kansas City retail market. The 219.67 average days on market (Sigma) and a closed sale price of \$196.61/SF versus an asking price of \$248.87/SF indicate a meaningful bid-ask spread, with buyers achieving roughly a 21% discount to asking. IRR's going-in cap rate benchmarks for community (8.25%) and neighborhood (8.50%) retail sit well above Sigma's reported market cap rate of 6.75%, reflecting divergent methodologies and asset-quality stratification across the transaction pool. The 55.5% volume surge may reflect opportunistic acquisition of distressed or repriced assets rather than broad-based confidence in near-term occupancy recovery.

▼ SUPPLY PIPELINE: CONSTRAINED BUT NOT ZERO

METRIC	VALUE	SOURCE
Under Construction	193,425 SF	Cushman & Wakefield [5]
Q1 2026 YTD Deliveries	4,685 SF	Cushman & Wakefield [5]
Past 4-Quarter Deliveries	307,159 SF	Newmark [1]
Shopping Center Inventory (C&W geography)	51,819,233 SF	Cushman & Wakefield [5]
Metro Inventory (Newmark geography)	123,634,279 SF	Newmark [1]

New Supply Is Not Driving Vacancy Higher. With only 4,685 SF delivered in Q1 2026 and 193,425 SF under construction — less than 0.4% of the Cushman & Wakefield-tracked inventory base — the current vacancy increase is demand-driven, not supply-driven.

The near-absence of new supply provides an important structural context for interpreting the vacancy increase: the 50-basis-point metro vacancy rise from Q4 2025 to Q1 2026 reflects genuine occupier contraction, not dilution from new deliveries. The 307,159 SF of trailing four-quarter deliveries (Newmark) represents a modest addition to a 123.6M SF inventory base. The 193,425 SF currently under construction suggests the pipeline will remain thin through the near term, which may limit further supply-side vacancy pressure even as demand-side headwinds persist. Note that inventory figures vary materially by source geography — Cushman & Wakefield's 51.8M SF reflects a narrower Kansas City, MO boundary versus Newmark's broader 123.6M SF metro definition.

# Rebalancing Ahead: Two-Year Demand Recovery Horizon

RETAIL MORTGAGE RATE

**6.51%**

-9 bps Jan-Mar 2026

LEASING-TO-DELIVERIES RATIO

**6-to-1**

Past 4 quarters ending Q1 2026

UNDER CONSTRUCTION

**193,425 SF**

0.37% of 51.8M SF inventory

YEARS TO MARKET BALANCE

**2 years**

IRR 2026 projection

12-MONTH MARKET RENT CHANGE

**2.00%**

Matches expense rate growth forecast

36-MONTH CUMULATIVE RENT CHANGE

**5.84%**

IRR 3-year projection

MSA UNEMPLOYMENT RATE

**3.9%**

-20 bps YoY, March 2026

NATIONAL RETAIL SALES FORECAST

**4.4% YoY growth**

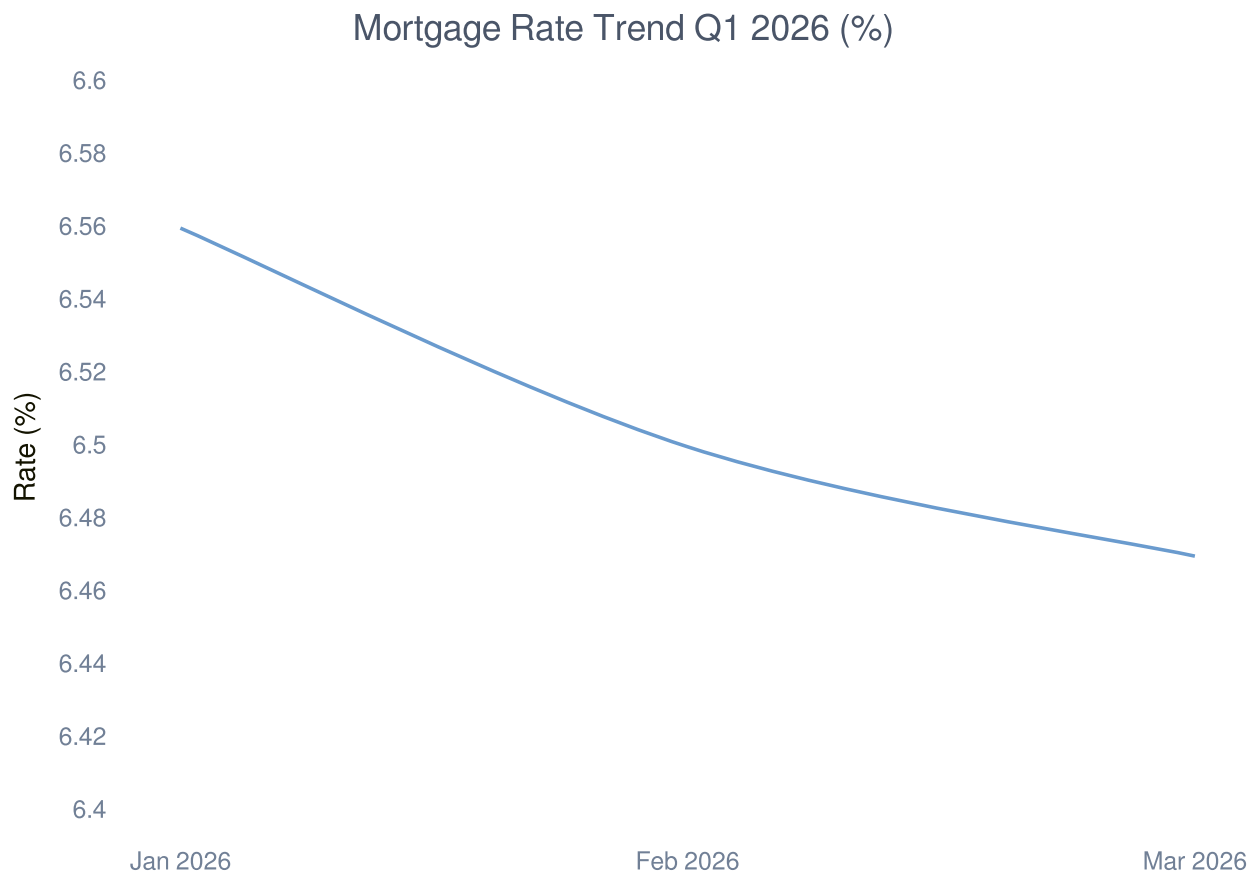
2026 NRF forecast vs. 3.6% pre-pandemic avg

Demand Absorption Outpacing New Supply by a Wide Margin. Leasing activity exceeded new deliveries by six-to-one over the past four quarters, while only 193,425 SF remained under construction against a 51.8-million-SF inventory base — a construction-to-inventory ratio of just 0.37%.

The structural supply constraint underpinning Kansas City retail is not a temporary condition. With only 4,685 SF delivered year-to-date through Q1 2026 and the pipeline concentrated in mixed-use and experiential formats rather than traditional big-box or strip development, meaningful new competitive supply is unlikely to materialize within the 12-month forecast window. IRR's projection of 197,000 SF under construction over the next 12 months — representing 0.72% of inventory — reinforces this view. The implication is that demand-side recovery, not supply addition, will drive the rebalancing timeline IRR estimates at two years.

Consumer fundamentals support that demand recovery. The Kansas City MSA unemployment rate fell to 3.9% in March 2026, down 20 basis points year-over-year, while Midwest private-sector wages grew 3.4% year-over-year in Q1 2026 —

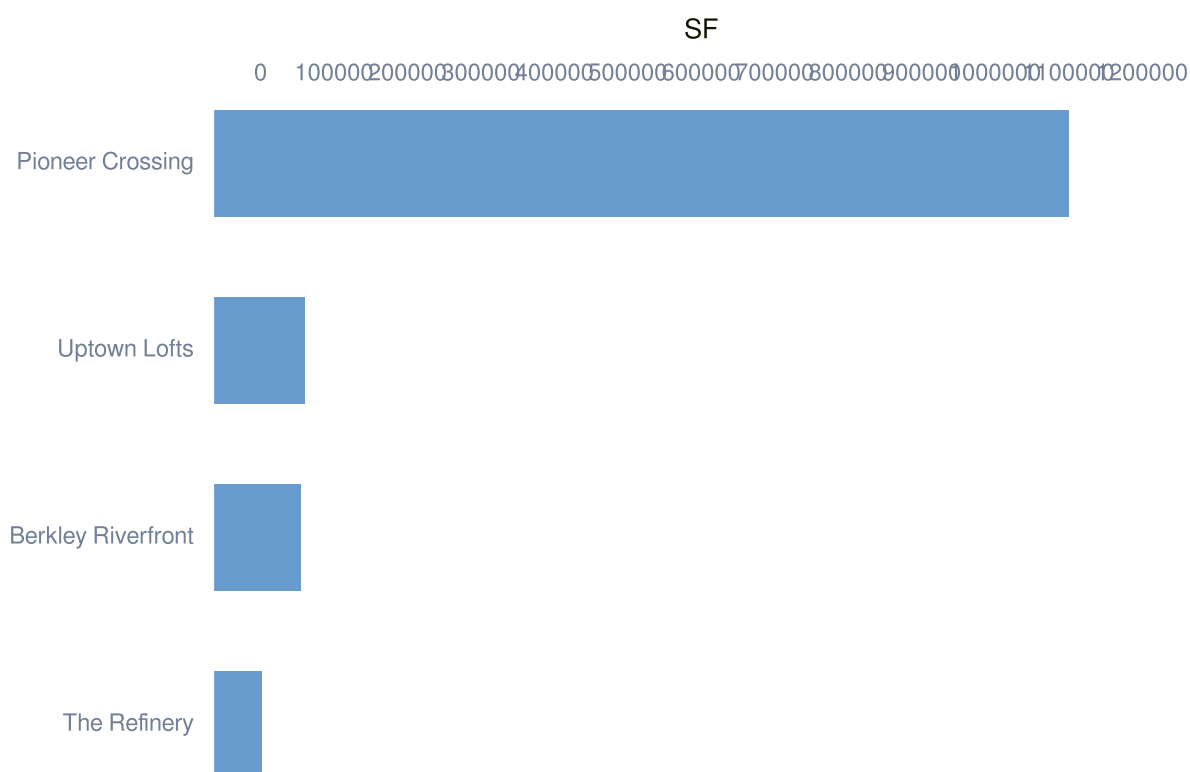
outpacing the 2.9% core CPI reading. The National Retail Federation projects 2026 U.S. retail sales growth of 4.4%, above the pre-pandemic 10-year average of 3.6%, providing a macro tailwind for tenant demand. Against a backdrop of constrained supply and improving household purchasing power, the conditions for gradual vacancy compression are forming, though IRR's flat 12-month value-change projection signals that the market has not yet reached the inflection point where these forces translate into pricing gains.



## Key Forces Shaping the 12–24 Month Outlook

- ▼ SUPPLY PIPELINE: MIXED-USE DOMINATES, TRADITIONAL RETAIL SCARCE

## Pipeline Projects by Retail SF



Pioneer Crossing Represents Outsized Northland Expansion Risk. The proposed 1.1 million SF Pioneer Crossing development in Clay County dwarfs all other pipeline projects combined and, if delivered, would represent the single largest supply addition to the Kansas City retail market in the current cycle.

The pipeline's composition tells a clear story: outside of Pioneer Crossing — which remains in the proposed stage — virtually all near-term retail additions are embedded in mixed-use projects with modest retail components. The Berkley Riverfront development includes 55,000 SF of retail within a broader mixed-use program, The Refinery at 1818 Main contributes just 1,000 SF, and the Uptown Lofts urban renewal plan permits 60,500 SF under a 2021 ordinance. These projects add neighborhood-scale retail rather than competitive supply capable of shifting market-wide vacancy. IRR's 12-month construction projection of 197,000 SF aligns with this fragmented, small-footprint pipeline profile. The two-year rebalancing horizon IRR identifies is therefore contingent on demand recovery rather than supply discipline — a distinction that becomes material if Pioneer Crossing advances toward entitlement.

METRIC	JANUARY 2026	FEBRUARY 2026	MARCH 2026	Q1 2026 AVG
Mortgage Rate	6.56%	6.50%	6.47%	6.51%
Loan-to-Value	0.75	0.75	0.75	0.75
Avg Loan Amount	\$690,000	\$700,000	\$700,000	\$696,667

Rate Compression Is Gradual, Not Transformative. The 9-basis-point decline in retail mortgage rates from January to March 2026 indicates directional easing, but at 6.51% the cost of capital remains a meaningful constraint on transaction velocity and value appreciation.

Loan-to-value held steady at 0.75 throughout Q1 2026, suggesting lender underwriting standards have not tightened further — a stabilizing signal for deal flow. However, with IRR projecting zero change in value over the next 12 months and cap rates expected to remain flat for both community and neighborhood retail formats, the financing environment is unlikely to catalyze a transaction surge in the near term. The modest rate trajectory — 9 bps of compression over a single quarter — would need to accelerate materially to shift the calculus for leveraged buyers. Until mortgage rates approach the mid-5% range, financing costs will continue to compress returns and temper acquisition activity relative to pre-rate-cycle norms.

▼ PUBLIC-SECTOR ACTIVITY: REGULATORY AND REDEVELOPMENT SIGNALS

ACTION	DATE	KEY DETAIL
United Market KC grocery selection	Jan 16, 2026	Linwood Shopping Center, 3110 Prospect Ave
East Side revitalization investment	Jan 16, 2026	\$15,000,000+ committed
Midtown Costco retention resolution	Jan 29, 2026	241 Linwood Blvd
TIF satisfactory progress determination	Feb 3, 2026	Metro North Crossing, Overlook, Baltimore Place, 811 Main
Retail Alcohol Impact Areas ordinance introduced	Feb 26, 2026	Blue Ridge, CBD, Independence Ave, Prospect, Midtown corridors
63rd & Prospect Redevelopment	Mar 23, 2026	Active RFP milestone, retail SF undisclosed

City-Directed Grocery Placement Signals Active Demand Management in Underserved Corridors. Kansas City's January 2026 selection of United Market KC to operate at Linwood Shopping Center — backed by more than \$15 million in East Side revitalization investment — reflects a public-sector willingness to directly intervene in retail vacancy where private demand has not materialized organically.

The breadth of Q1 2026 municipal retail activity — spanning grocery placement, anchor retention, TIF progress reviews, zoning amendments, and new alcohol impact area regulations — indicates that public-sector decisions will remain a meaningful variable in Kansas City's retail demand picture over the next 12 to 24 months. The Retail Alcohol Impact Areas ordinance, introduced February 26, 2026, imposes product and container restrictions across five corridors including the CBD and Midtown, a regulatory change that could affect tenant mix decisions in affected trade areas. Simultaneously, the 63rd & Prospect Redevelopment advancing through its RFP milestone and the four TIF plans confirmed as making satisfactory progress suggest that publicly supported redevelopment will continue to generate incremental retail demand in corridors where private capital has been slower to commit.

▼ CONSUMER AND LABOR FUNDAMENTALS: DEMAND FLOOR ASSESSMENT

METRIC	VALUE	PERIOD
MSA Civilian Labor Force	1,216,900	March 2026
MSA Employment	1,168,900	March 2026
MSA Unemployment Rate	3.9%	March 2026
YoY Unemployment Change	-20 bps	March 2025 vs. March 2026
Midwest CPI-U	3.4% YoY	March 2026
Midwest Core CPI	2.9% YoY	March 2026
Midwest Private Wages & Salaries	3.4% YoY	Q1 2026
MSA Median Household Income	\$83,785	2024 ACS 1-Year
U.S. Retail Sales Forecast Growth	4.4% YoY	2026 NRF

Real Wage Growth Provides a Thin but Positive Demand Cushion. Midwest private-sector wages grew 3.4% year-over-year in Q1 2026, matching headline CPI and exceeding core inflation by 50 basis points — a narrow but meaningful real income gain that supports baseline consumer spending capacity.

The Kansas City MSA's 3.9% unemployment rate as of March 2026 represents a healthy labor market floor, and the 914,522-household metro base with a median income of \$83,785 provides a stable consumer demand foundation. The NRF's 2026 national retail sales growth forecast of 4.4% — 80 basis points above the pre-pandemic 10-year average — suggests that the macro environment is incrementally more supportive than the historical baseline. However, Midwest CPI running at 3.4% introduces a cost-of-living headwind that could temper discretionary spending even as nominal wages keep pace. The net effect is a consumer environment that supports necessity-based and value-oriented retail formats more reliably than discretionary or experiential concepts over the 12-month horizon.

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