BLUEPRINTING MIDWEST GROWTH

KANSAS CITY COMMERCIAL REAL ESTATE MARKET REPORT

Q3 2026

Industrial • Office • Retail • Multifamily
Capital Markets & Major Sales • Data Centers / Powered Land

MIDWEST CRE ADVISORS
BLUEPRINTING MIDWEST GROWTH

Prepared by:
Logan Freeman
CEO / Managing Broker
Midwest CRE Advisors • Kansas City
logan@mwcreadvisors.com
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EXECUTIVE SUMMARY

KEY TAKEAWAYS FOR OWNERS, INVESTORS AND OCCUPIERS

INDUSTRIAL VACANCY	OFFICE VACANCY	RETAIL VACANCY	MULTIFAMILY STAB. VACANCY
3.7%	**15.1%**	**5.0%**	**6.7%**
−100 bps YoY • Newmark	+160 bps QoQ • Newmark	Q3 read • Marcus & Millichap	Lowest since 2023 • CoStar

INDUSTRIAL ASKING RENT	OFFICE ASKING RENT	RETAIL ASKING RENT (2Q26)	MULTIFAMILY RENT GROWTH
$6.49	**$23.76**	**$19.72**	**+2.2%**
NNN/SF, +8.5% YoY (record)	/SF, +1.9% YoY	NNN/SF, +4.7% YoY • Lee	YoY vs. +0.8% U.S. • CoStar

KEY TAKEAWAYS

- **Industrial is the standout.** Newmark recorded 5.8 MSF of Q3 net absorption (10 straight positive quarters) and ranked Kansas City #1 for lowest vacancy among the top 30 U.S. industrial markets. Even CBRE's more conservative read showed vacancy falling from 4.5% to 4.1% on 2.1 MSF of absorption.
- **Office took a one-time hit.** Oracle/Cerner contractions drove −1.2 MSF of absorption (Newmark) and the first negative quarter in two years per CBRE (−185,000 SF). Rents still rose and no new multi-tenant buildings are under construction, so quality space keeps getting tighter.
- **Retail is backfilling, not breaking.** Big-box move-outs pushed vacancy up 50 bps to 5.0% in 1H26, but 1.3 MSF of leasing ran near the 10-year average, led by off-price tenants (Marcus & Millichap).
- **Multifamily is heading for a supply cliff.** Starts fell 67% in 1H26 and forecast deliveries drop 55% from 5,714 units (2026) to 2,555 (2027). Kansas City ranks 4th of Yardi's top 30 markets for rent growth (+2.4%).
- **Rates are the swing factor.** The Fed raised its target range 25 bps to 3.75%–4.00% on Sept. 16, 2026, then held it there on Oct. 28, 2026. The 10-year Treasury closed at 5.003% that day, a 19-year high. Brokers report retrade pressure on deals bound 30–45 days ago (C&W).
- **Capital is still flowing to KC.** The quarter's benchmark trade was Morgan Stanley's $158.5M ($106/SF) purchase of the 1.5 MSF Ace Hardware facility at KCI 29. CTO Realty Growth entered the market by buying Zona Rosa for $63.3M ($82/SF).
- **Data centers are reshaping industrial demand.** Google leased the entire 920,400 SF I-49 Building VII for a data center, and Faith Technologies plans a 1.4 MSF expansion to build electrical systems for hyperscale users. Some projects are being resized, including Digital Realty in De Soto.

Q3 2026 SCOREBOARD

Asset class	Vacancy	Net absorption	Under constr.	Asking rent	Rent YoY	Cap rate*	Primary source
Industrial	3.7%	5.82 MSF	2.2 MSF	$6.49 NNN	+8.5%	7.4%	Newmark Zimmer 3Q26
Office	15.1%	−1.2 MSF	487,940 SF	$23.76	+1.9%	8.0%	Newmark Zimmer 3Q26
Retail 2Q26	4.7%	−425,000 SF (12-mo)	609,000 SF	$19.72 NNN	+4.7%	8.2%†	Lee & Associates 2Q26
Multifamily	8.5% (6.7% stab.)	~3,900–4,463 units (12-mo)	5,197 units	$1,383/unit‡	+2.2%	5.7%	CoStar via C&W KC, Sept 2026

**Cap rates are Newmark Zimmer 2Q26 12-month averages (latest published) unless marked. †Lee & Associates 2Q26 retail cap rate. ‡Yardi Matrix average asking rent, June 2026. Retail Q3 2026 full statistics were not yet published at report date. See each sector page for source notes.*

MACRO SNAPSHOT

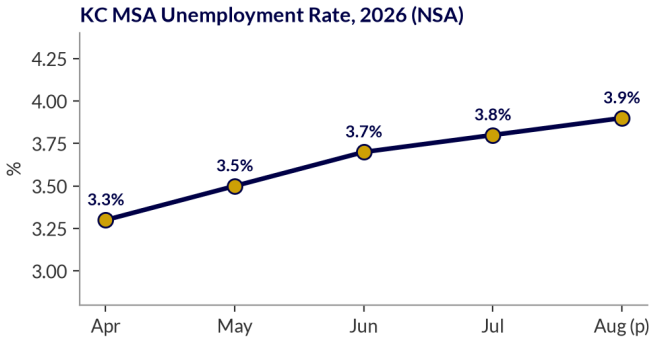
KANSAS CITY MSA ECONOMY & INTEREST-RATE CONTEXT

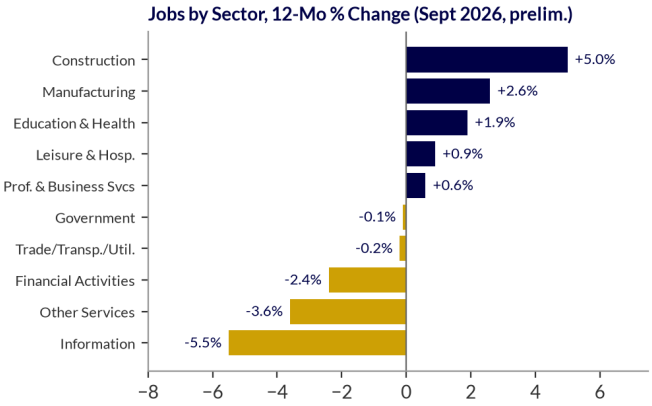
UNEMPLOYMENT RATE
3.9%
Aug 2026 (prelim., NSA) • BLS

TOTAL NONFARM JOBS
1.175M
Sept 2026 (prelim.), +0.5% YoY

FED FUNDS TARGET
3.75–4.00%
Held Oct. 28 after +25 bps Sept. 16

10-YR TREASURY
5.003%
Close Sept. 16, 2026 (19-yr high)





Source: U.S. Bureau of Labor Statistics, Kansas City MO-KS Economy at a Glance (data extracted Oct. 20, 2026). Labor force data not seasonally adjusted; (p) = preliminary.

LABOR MARKET

BLS series (KC MSA)	Apr 2026	May	Jun	Jul	Aug (p)	Sept (p)
Civilian labor force (000s)	1,219.5	1,216.0	1,231.8	1,245.1	1,231.8	n/a
Employment (000s)	1,178.8	1,173.7	1,186.5	1,197.5	1,183.4	n/a
Unemployment rate (%)	3.3	3.5	3.7	3.8	3.9	n/a
Total nonfarm jobs (000s)	1,168.7	1,177.6	1,183.9	1,178.4	1,178.0	1,175.3
Nonfarm, 12-mo % change	−0.1	0.3	1.0	0.8	0.7	0.5

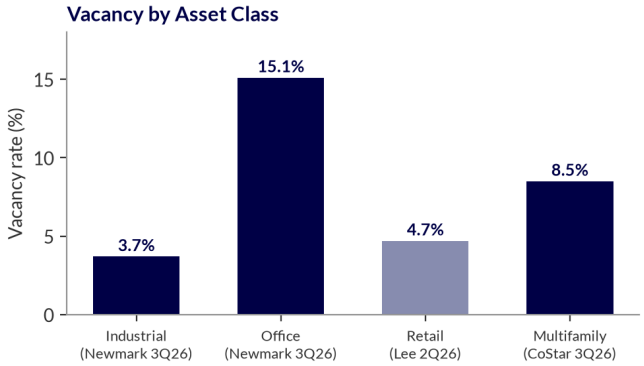
- **Goods-producing jobs lead.** Construction (+5.0%) and manufacturing (+2.6%) posted the fastest 12-month gains through September, which supports industrial and IOS demand. Information (−5.5%) and financial activities (−2.4%) shrank, a headwind for office absorption.
- **Unemployment is rising slowly but still low.** The rate climbed from 3.3% in April to 3.9% in August (NSA). Newmark cites 3.6% for August, a different vintage or seasonal basis, so we use BLS throughout.

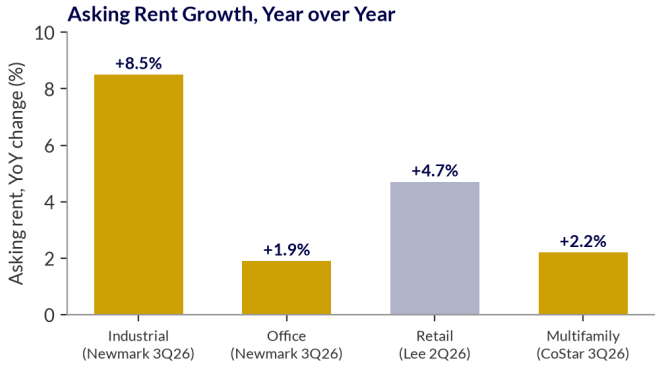
INTEREST-RATE CONTEXT

- **The Fed resumed hiking.** The FOMC voted 12–0 on Sept. 16, 2026 to raise the federal funds target range by 25 bps to 3.75%–4.00%, saying inflation "remains elevated." C&W notes it was the first increase since 2023 and that the September dot plot implies further, slower increases into 2027. On Oct. 28, 2026 the FOMC held the range at 3.75%–4.00% by a 10–2 vote; Lisa D. Cook and Beth M. Hammack dissented in favor of a further 25 bps hike.
- **Long rates are at cycle highs.** The 10-year Treasury closed at 5.003% on decision day, a 19-year high (MarketWatch), and eased to about 4.93% the next day (CNBC). C&W KC reports Treasuries moved nearly 40 bps over a 30-day window, which is widening bid-ask gaps on newly marketed deals.
- **Debt is available, but equity is scarce.** Lenders have tightened spreads to offset part of the rate move, and construction debt is easier to source, but equity for new development is harder to raise (C&W KC). Assumable debt has become a real pricing advantage.

MARKET AT A GLANCE

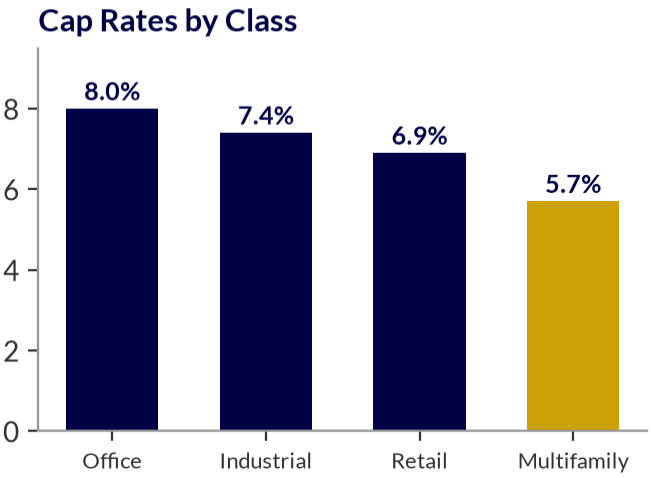
VACANCY, RENT AND PRICING ACROSS ASSET CLASSES

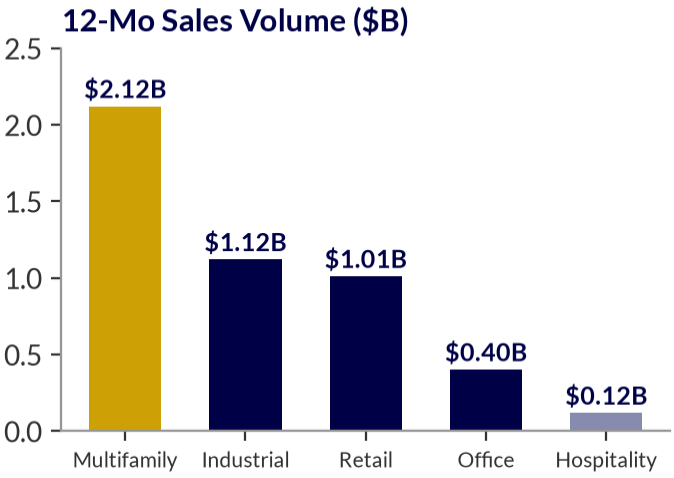




Industrial and office: Newmark Zimmer 3Q26. Retail: Lee & Associates 2Q26 (YoY rent computed from Lee's 2Q25 $18.83 vs. 2Q26 $19.72). Multifamily: CoStar via Cushman & Wakefield KC (Sept 2026, Q3 QTD); vacancy is overall, including lease-up.

Newmark Zimmer 2Q26 Capital Markets (latest published)





Source: Newmark Zimmer, Kansas City Capital Markets 2Q26 (12-month figures; CoStar, Real Capital Analytics). The 3Q26 capital markets report had not been published at report date.

READING THE NUMBERS: SOURCE METHODOLOGY

Brokerages track different building universes, so headline figures differ. We use one primary source per asset class for consistency and show the main alternative below.

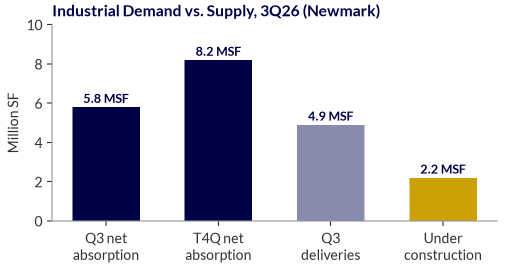
Metric	Primary (used in this report)	Alternative read	Why they differ
Industrial vacancy / absorption	Newmark: 3.7% / 5.8 MSF	CBRE: 4.1% / 2.1 MSF	Inventory definitions and the treatment of owner-user and BTS space
Industrial asking rent	Newmark: $6.49 NNN (+8.5% YoY)	CBRE: $5.59 (+3.0% QoQ)	Sample and weighting
Office vacancy / absorption	Newmark: 15.1% / −1.2 MSF	CBRE: 17.5% / −185,000 SF	Newmark captures the Oracle/Cerner contractions in absorption
Office asking rent	Newmark: $23.76 (+1.9% YoY)	CBRE: $23.76 (+1.1% YoY)	Same level, different YoY base
Retail vacancy	Lee 2Q26: 4.7%	M&M 3Q26: 5.0%; Newmark 2Q26: 4.8%	Q3 statistics not yet fully published
Multifamily rent growth	CoStar: +2.2%	Yardi: +2.4%; MMG: +1.7%	Asking vs. advertised rents, different samples

INDUSTRIAL

TIGHTEST MAJOR MARKET IN THE U.S. • 354.3 MSF INVENTORY

Metric (3Q26)	Newmark (primary)	CBRE
Vacancy	3.7% (−60 QoQ / −100 bps YoY)	4.1% (from 4.5%)
Net absorption, Q3	5,821,262 SF	2.1 MSF
Net absorption, trailing 4Q	8.2 MSF	n/a
Leasing activity, Q3	5.3 MSF	n/a
Deliveries, Q3	4.9 MSF	1.0 MSF (94% vacant)
Under construction	2.2 MSF (93% spec)	3.8 MSF (2.6 spec / 1.2 BTS)
Avg. asking rent	$6.49 NNN (+8.5% YoY)	$5.59 (+3.0% QoQ)
Cap rate (12-mo avg., 2Q26)	7.4%	n/a
Sales volume (12-mo, 2Q26)	$1.12B / 76 props	n/a

Sources: Newmark Zimmer 3Q26 Industrial; Newmark Zimmer 2Q26 Capital Markets; CBRE Kansas City Industrial Figures Q3 2026.



CBRE	Wyandotte	Jackson	Clay	Johnson	Platte
Vacancy	2.2%	3.7%	4.0%	4.7%	5.4%

CBRE Q3 2026 submarket figures as reported by TenantBase.

TRENDS

- **Big-block demand is back.** NextEra Energy Constructors signed the largest industrial lease of the year (1,443,600 SF of underground space at Space Center, Independence). Google leased all of the 920,400 SF I-49 Building VII (South Jackson County) for a hyperscale data center, with move-in expected January 2027.
- **The pipeline is shifting to spec.** After major 2026 BTS deliveries (Panasonic's 2.35 MSF De Soto plant and Amazon's 630,000 SF KCI facility), 93% of the 2.2 MSF pipeline is speculative. Key projects are Scannell's 650,000 SF I-35 Logistics Park V, Hunt Midwest's 505,440 SF HMBC Logistics VII and NorthPoint's 407,960 SF Turner Logistics Center Bldg VI (Newmark).
- **Rents are at records.** Average asking rents rose 40.8% over seven years to a record $6.49/SF NNN. Class A warehouse made up 62.1% of Q3 leasing (Newmark). CBRE notes new spec product drove its 3.0% quarterly rent gain.
- **Electrification is driving manufacturing.** Faith Technologies is seeking about $239.8M in IRBs for a 1.4 MSF expansion in Olathe to build modular electrical systems for hyperscale data centers.

IOS & FLEX NOTE

- **IOS:** Metro asking rents run about **$2,000–$4,000 per acre per month**, with premiums for improved yards near freight corridors. 2025–26 trades have clustered around **$400,000–$600,000 per acre**. Softer automotive (Ford-related) demand has brought rates back to more sustainable levels (IOS Yard Dogs / Haith & Co., May 2026; no Q3 IOS index is published).
- **Flex:** Flex made up 35.6% of Kansas City tenant searches on TenantBase in Q3, the most-searched space type. In a county-recorded trade, Brookhollow Building 4 (24,416 SF multi-tenant flex, 8325 Nieman Rd, Overland Park) sold Sept. 24 for $2.23M (~$92/SF).

OUTLOOK

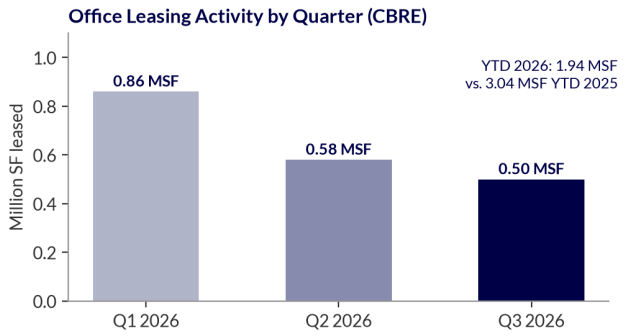
Newmark projects vacancy will fall to about 3.4%–3.5% by 2Q27, with asking rents of $6.50–$6.80/SF in 2027. Watch lease-up of vacant spec deliveries: 94% of CBRE's Q3 completions were vacant at quarter end, so results will vary by building.

OFFICE

A ONE-TIME CONTRACTION SHOCK IN A FLIGHT-TO-QUALITY MARKET

Metric (3Q26)	Newmark (primary)	CBRE
Vacancy	15.1% (+160 QoQ / −20 bps YoY)	17.5% (−10 bps YoY)
Net absorption, Q3	−1.2 MSF	−185,000 SF
Net absorption, YTD	n/a	+131,000 SF
Leasing activity, Q3	n/a	0.50 MSF
Under construction	487,940 SF (non-owner-occ.)	0 multi-tenant
Deliveries	n/a	None since 3Q23
Avg. asking rent	$23.76 (+1.9% YoY)	$23.76 FS (+1.1% YoY)
Class A asking rent	+11.7% since 3Q23	$25.83 FS
Cap rate (12-mo avg., 2Q26)	8.0%	n/a
Sales volume (12-mo, 2Q26)	$401.1M / 44 props	n/a

Sources: Newmark Zimmer 3Q26 Office; Newmark Zimmer 2Q26 Capital Markets; CBRE Kansas City Office Figures Q3 2026 (Class A rent via TenantBase).



CBRE	Plaza	Midtown	N. JoCo	S. JoCo	KC North	Downtown
Vacancy	11.3%	11.3%	11.6%	18.8%	20.0%	20.9%

CBRE Q3 2026 submarket figures as reported by TenantBase.

TRENDS

- **Oracle/Cerner drove the quarter.** Newmark's −1.2 MSF reflects previously announced Oracle/Cerner contractions across several buildings. It followed eight straight quarters of positive absorption totaling 2.9 MSF through 2Q26.
- **Leasing has slowed.** CBRE tracked 0.86, 0.58 and 0.50 MSF of leasing in Q1–Q3 2026, for 1.94 MSF YTD vs. 3.04 MSF a year earlier. Q3 deals included UnitedHealthcare's 149,000 SF renewal (South JoCo), EPR Properties' 30,000 SF lease at 1301 Main and Seigfreid Bingham's 29,350 SF renewal at 2323 Grand.
- **Quality is bifurcating.** Class A rents are up 11.7% since 3Q23 (Newmark), while Class A vacancy tops 19.8% in Downtown/Crown Center, East Jackson, South KC and Wyandotte. Sublease space is back to pre-pandemic levels and is projected to fall toward 0.7% of inventory by year-end 2026.
- **Big HQ moves are coming.** Lockton's 12-story Leawood headquarters and Black & Veatch's Overland Park headquarters are approved, with move-ins targeted for 2029–2030 (TenantBase). Conversions to other uses should keep trimming obsolete stock.

OUTLOOK

Newmark expects vacancy to drift toward 14.1% in 2027 and asking rents to grow 2.50%–3.25% over the next four quarters, with calendar-2026 leasing of 2.8–3.0 MSF. Tenants keep leverage in commodity Class B space. With significant debt maturing in 2027, expect well-located assets to trade to opportunistic buyers betting on flight to quality.

Pricing reference: We found no Q3 2026 KC office sale with publicly disclosed pricing. Newmark's latest published office trades (2Q26) were 2323 Grand (330,000 SF, Crown Center) at $38.0M ($115/SF) and Commerce Plaza II (126,450 SF, South JoCo) at $10.7M ($85/SF).

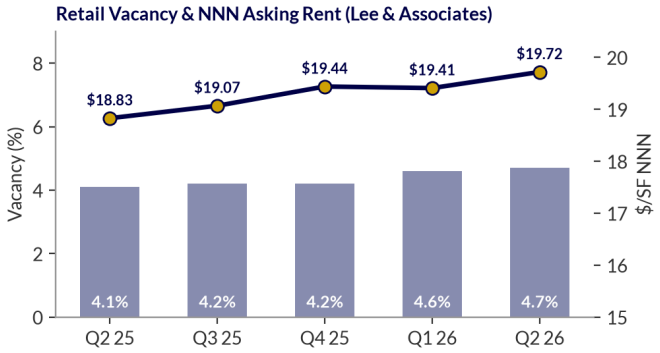
RETAIL

OFF-PRICE BACKFILLING OFFSETS BIG-BOX MOVE-OUTS

Data vintage: As of Oct. 28, 2026, no brokerage we reviewed had published full Q3 2026 Kansas City retail statistics. The table uses Lee & Associates' 2Q26 report (latest full dataset). The Q3 read comes from Marcus & Millichap's 3Q26 retail report, which reflects first-half 2026 data.

Lee & Associates	2Q25	3Q25	4Q25	1Q26	2Q26
Vacancy	4.10%	4.20%	4.20%	4.60%	4.70%
12-mo net abs. (SF)	(4,700)	262,000	(313,000)	(588,000)	(425,000)
Avg NNN ask ($/SF)	$18.83	$19.07	$19.44	$19.41	$19.72
Sale price ($/SF)	$171	$172	$177	$173	$175
Cap rate	8.04%	8.10%	8.00%	8.20%	8.20%
Under constr. (SF)	454,282	404,000	448,000	654,000	609,000

Source: Lee & Associates, Q2 2026 Kansas City Retail Market Overview (CoStar-based). Inventory ~135 MSF.



Q3 READ: VACANCY
5.0%
+50 bps in 1H26 • M&M 3Q26

1H26 LEASING
1.3 MSF
Near 10-yr average • M&M

12-MO SALES VOLUME (2Q26)
$1.01B
+157% YoY, 55 props • Newmark

TRENDS

- **Move-outs are being absorbed.** More than 500,000 SF of net move-outs in 1H26 was the second-highest total among major markets, but leasing kept pace with the decade average. Burlington, TJ Maxx and Dollar Tree have led big-box backfills, helped by a growing blue-collar workforce (Marcus & Millichap).
- **Investors are buying.** Newmark tracked $1.01B of retail sales over the 12 months to 2Q26 (+157% YoY), focused on infill and community centers. Q3 trades include Zona Rosa ($63.3M, $82/SF) and Liberty Corners (~$20M), both in the Northland (see Major Sales).
- **The Northland is outperforming.** North of the River single-tenant vacancy was 3.1% with 9.3% rent growth in 2025 (IPA), helped by the new Morton Amphitheater and KCI's new terminal. South Johnson County lags (Lee; IPA).
- **Construction remains limited.** 609,000 SF was under construction at 2Q26, less than 0.5% of inventory, which protects existing centers' occupancy.

OUTLOOK

Expect continued backfilling of large boxes by off-price and discount users, with small-shop demand concentrated in the 1,500–3,750 SF range (TenantBase search data). Newmark's 2Q26 view (95.2% occupancy, $15.47/SF NNN on its own methodology) calls for retail to outperform historical fundamentals in 2026. Pricing should hold near the low-8% cap range reported by Lee, with grocery-anchored and Northland assets drawing the deepest bids.

MULTIFAMILY

DEMAND AHEAD OF SUPPLY FOR THE FIRST TIME IN THREE YEARS

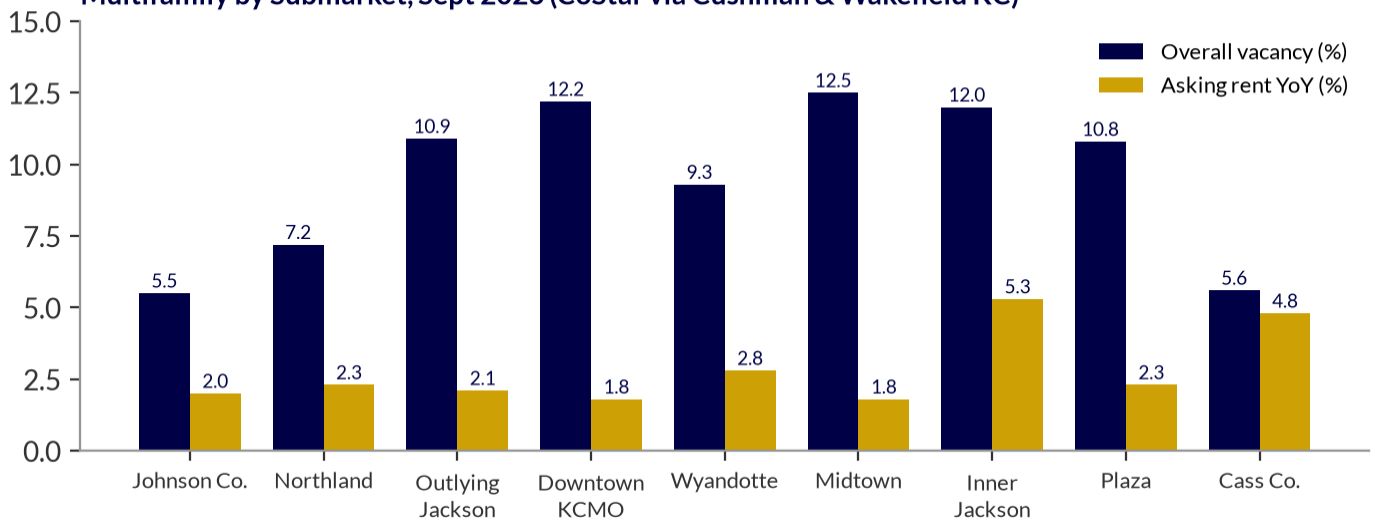
OVERALL / STABILIZED VACANCY
8.5% / 6.7%
Stab. −40 bps YoY • CoStar

ASKING RENT GROWTH
+2.2%
vs. +0.8% U.S. • CoStar

UNDER CONSTRUCTION
5,197
units, 2.8% of inventory

AVG. ASKING RENT
$1,383
+2.4% YoY, June • Yardi

Multifamily by Submarket, Sept 2026 (CoStar via Cushman & Wakefield KC)



PRICING BY TIER (COSTAR / C&W OBSERVED)

Tier	C&W observed cap	CoStar mkt cap	Mkt $/unit	Vacancy
4&5 Star (A)	4.50–5.25%*	5.7% (Yr 1)	$241,169	8.6%
3 Star (B)	5.50–6.50%	6.4%	$149,843	8.9%
1&2 Star (C)	6.25–8.00%	7.1%	$100,890	7.6%

**At-close basis. Source: Cushman & Wakefield KC Multifamily Market Intelligence, Q3 2026 (CoStar 9/9/26). Newmark 2Q26 metro multifamily cap rate: 5.7%.*

SUPPLY & CAPITAL

Metric	Value
Deliveries 1H26	680 units (0.4% of stock)
Scheduled deliveries 3Q26	1,314 units
Forecast deliveries 2026 → 2027	5,714 → 2,555 (−55%)
Starts 1H26	1,219 units (−67% YoY)
12-mo absorption	~3,900–4,463 units
Sales volume, trailing 12-mo	$388M (CoStar)
Sales volume 1H26 / avg. $/unit	$427M / $171,057 (Yardi)

Sources: C&W KC (CoStar, RealPage); Yardi Matrix (Aug 2026). Newmark 2Q26 reports $2.12B of 12-mo multifamily volume on a broader universe.

TRENDS & OUTLOOK

- **Absorption is above trend.** At 2.4% of inventory, 12-month absorption beat the three-year average by 20% and ranks KC in the top 20 nationally. MMG puts Q3 occupancy at 92.8% (+20 bps YoY), with T4Q absorption of 4,410 units.
- **Class B leads rent growth.** The 3 Star tier leads at +2.7% to +2.8%, and Inner Jackson (+5.3%) and Cass County (+4.8%) top the submarkets. CoStar projects metro rent growth near 3% by year-end.
- **Institutional buyers are back.** They made up about 40% of acquisitions over the past year, up from about 20% in 2023–24. Fully marketed deals are drawing 150+ CAs and 20–30 first-round offers, but offers on newly marketed deals are coming in 10–15% below guidance after the rate move (C&W KC).
- **Watch occupancy.** Yardi shows stabilized occupancy down 90 bps YoY to 93.9% (June), a sign that operators are prioritizing rate over occupancy. The 2027 supply cliff should support pricing for assets that stabilize into it.

MAJOR SALES

NOTABLE KANSAS CITY TRANSACTIONS, JULY–SEPTEMBER 2026

Property / Location	Submarket	Class	Buyer	Seller	Price	$/SF or $/unit	Date
Ace Hardware Retail Support Center, KCI 29 Logistics Park (13231 NW Roanridge Rd), KCMO — 1.5 MSF, BTS 2025	Northland / Platte Co.	Industrial	Morgan Stanley Investment Mgmt. (MSREI)	Hunt Midwest	$158.5M	$106/SF	Closed Aug. 11, 2026
Zona Rosa, I-29 & Barry Rd, KCMO — ~768,000 SF mixed-use center on 64 ac., 67% leased	Northland	Retail	CTO Realty Growth (NYSE: CTO)	Monarchs Sub LLC (per KC Star)	$63.3M	$82/SF	Announced Sept. 14, 2026
Preston Court, 9160 W 103rd St, Overland Park — 181 units	Johnson Co.	Multifamily	Caisson Capital Partners	Price Brothers	$23.4M	~$129,282/unit†	July 2026 (KCBJ, July 23)
Liberty Corners, MO-291 & Liberty Dr, Liberty, MO — 125,000 SF, Price Chopper-anchored	Northland / Clay Co.	Retail	First Washington Realty	Brixmor Property Group	~$20M	~$160/SF†	Announced Sept. 30, 2026
KCI Intermodal Portfolio — 3 Class A bldgs, 1,324,720 SF, 100% leased	Platte Co.	Industrial	NorthPoint Development	n/d (CBRE marketed)	Undisclosed	n/a	Q3 2026 (announced)
Medical office portfolio (4 properties: N. Kansas City, Overland Park, Lenexa, Independence) — 86,135 SF, 100% leased	Multiple	Office (Medical)	Montecito Medical	Orthopedic Health of KC; KC Urology Care; Sunflower Medical Group	Undisclosed	n/a	Announced July 16, 2026

†Computed by MWCRE from the reported price and size. Sources: Hunt Midwest press release (Aug. 12, 2026); Newmark Zimmer 3Q26 Industrial; Traded; CTO Realty Growth release (Sept. 14, 2026); KMBC; Kansas City Star; Caisson Capital Partners / KCBJ / Hoodline; Newmark press release (Sept. 30, 2026); NorthPoint Development (LinkedIn); JLL press release (July 16, 2026).

SELECTED SMALLER TRADES (COUNTY-RECORDED)

Property	Class	Buyer (recorded)	Seller (recorded)	Price	SF	$/SF†	Sale date
Walgreens, 2900 S 4th St, Leavenworth, KS	Retail (STNL)	Jett Investments LLC	Sky Blue Ventures LLC	$5,320,000	14,463	$368	Sept. 8, 2026
La-Z-Boy, 7540 W 135th St, Overland Park, KS	Retail (STNL)	Pete Contracting LLC / SREV2 LLC	AEI net lease funds	$4,308,654	20,278	$212	Aug. 13, 2026
Lone Elm Shopping Center, 11106 S Lone Elm Rd, Olathe, KS	Retail (multi-tenant)	Lone Elm LLC	Manor South BS LLC	$4,282,600	9,955	$430	July 22, 2026
Brookhollow Bldg 4, 8325 Nieman Rd, Overland Park, KS	Industrial (flex)	Metro Service Properties LLC	Brookhollow Nieman LLC	$2,234,400	24,416	$92	Sept. 24, 2026

Source: DealGround (county assessor/deed records and listing data), accessed Oct. 28, 2026. Building SF is from listing records. †$/SF computed by MWCRE.

CAPITAL MARKETS TAKEAWAYS

- **Trophy industrial has a new benchmark.** Newmark calls the $106/SF Ace Hardware sale the benchmark comparable for KC industrial facilities over 1.0 MSF.
- **Retail is drawing new capital.** CTO bought Zona Rosa well below replacement cost as a multi-phase repositioning; CTO reports a blended 8.2% entry cash cap rate across its 2026 YTD acquisitions (not specific to Zona Rosa).
- **Volume is strong.** Newmark recorded $4.76B of KC sales over the 12 months to 2Q26, 32.6% above the prior five-year average, with multifamily and industrial making up 68% of activity. The average cap rate compressed 79 bps YoY to 6.2%.

EMERGING SECTOR

DATA CENTERS & POWERED LAND

Kansas City's central location, fiber and industrial land base have made it a target for hyperscale and AI-driven data center development. That demand is now showing up in industrial leasing, manufacturing expansions and land pricing. Public reporting points to strong momentum, along with some resizing and real regulatory friction.

WHAT HAPPENED IN Q3 2026

- **Google took a whole industrial building.** Google leased all of the 920,400 SF I-49 Building VII (14901 Botts Rd, South Jackson County) for a hyperscale data center, with move-in expected January 2027 (Newmark Zimmer 3Q26).
- **Google's second campus is underway.** "Project Mica," a five-building, ~1.56 MSF campus in Clay County, broke ground in early 2026 (DCD, Feb. 2026). Google also holds entitlements in the Hunt Midwest Business Center.
- **Digital Realty resized De Soto.** After a build-to-suit customer fell through, Digital Realty scaled back its De Soto plans. A 450,000 SF first phase won city approval, and the northern campus is now expected to total about 1.5 MSF (KCBJ, Sept. 23, 2026). Newmark's 3Q26 report cites roughly $14B and 9.0 MSF across the Astra North and Astra South projects, so treat announced totals as fluid.
- **The supply chain is coming too.** Faith Technologies' proposed 1.4 MSF Olathe expansion would build modular electrical systems for hyperscale data centers (Newmark).

HEADWINDS TO WATCH

- **Zoning is tighter in KCMO.** In January 2026, Kansas City, Missouri adopted a data center ordinance that requires council approval and "will-serve" letters from KC Water and Evergy. In August 2026 the Plan Commission voted 6–0 to deny a proposed 20-story downtown data center (C&W KC).
- **Utility costs are a policy issue.** Large-load tariffs require long-term contracts and full cost recovery from data center users (DCD, on Google's Evergy agreement), and utility cost pass-through is under debate in Wyandotte County (C&W KC).
- **Not every announced campus will be built.** Underwrite powered-land value on verified utility capacity and timelines, not announcements.

MWCRE perspective: For landowners, the most valuable attributes are now verifiable: proximity to transmission, documented utility service pathways, water, fiber and supportive zoning. Industrial and IOS owners near these campuses should expect more inbound interest from contractors, equipment staging and supply-chain users. Midwest CRE Advisors advises on powered-land and data center site evaluation; contact us for a confidential site review.

LOOKING AHEAD TO Q4 2026

Asset class	Direction	What we're watching
Industrial	Tightening	Lease-up of vacant spec deliveries; BTS replenishing the pipeline; rents toward $6.50+ NNN (Newmark)
Office	Stabilizing	Further corporate right-sizing; 2027 debt maturities forcing trades; Class A vs. B spread
Retail	Backfilling	Off-price absorption of big boxes; Northland investment demand; Q3 statistics release
Multifamily	Strengthening	2027 supply cliff; occupancy vs. rent trade-off; retrade risk from rates
Data centers	Active, with friction	Zoning approvals, utility tariffs, project resizing

SOURCES & DISCLAIMER

ALL FIGURES ARE DRAWN FROM THE PUBLISHED SOURCES BELOW (ACCESSED OCT. 28, 2026)

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METHODOLOGY NOTES

One primary source is used per asset class for consistency: Newmark Zimmer (industrial, office, cap rates, sales volume), Lee & Associates 2Q26 (retail statistics), CoStar via Cushman & Wakefield KC (multifamily). Alternative reads are shown where sources diverge. Retail Q3 2026 statistics and Newmark's 3Q26 Capital Markets report were not yet published at report date, so the latest available quarter is shown and labeled. Figures marked "computed" are simple arithmetic on reported price and size. "n/a" means the source did not publish the metric.

DISCLAIMER

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Midwest CRE Advisors
Logan Freeman, CEO / Managing Broker
Kansas City • logan@mwcreadvisors.com