

Yardi® Matrix

Midwestern Moderation in KC

Multifamily Report Summer 2019

PPU Hits Cycle High

Development Surge Continues

Workforce Rents Drive Improvement

KANSAS CITY MULTIFAMILY

Yardi® Matrix

Market Analysis

Summer 2019

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Rent, Employment Growth Wind Down

While employment and rent growth in Kansas City have shifted down through the start of 2019, the overarching trends remain positive. Rental development continues to hang around the national average, especially as a positive demographic tide continues to generate solid demand in the metro. The market is generally outperforming other comparable Midwestern metros such as St. Louis and Oklahoma City, where rents and home prices are significantly lower.

Kansas City gained 9,700 jobs in the 12 months ending in March for a 0.8% year-over-year expansion. While several sectors contracted, the market's main economic drivers—education and health services, the public sector, manufacturing and professional and business services—all expanded. AdventHealth Shawnee Mission is lined up to open a \$150 million expansion at AdventHealth South Overland Park, a 193,000-square-foot hospital facility that will create 200 full-time jobs upon completion.

Investment activity has been consistent in Kansas City throughout the second half of the cycle, averaging \$825 million per year since 2015. Per-unit prices have hit a new cycle high of \$114,032, although deals have skewed to value-add assets. Developers had 5,656 units underway as of May, pointing to continued stock expansion in the upscale segment.

Recent Kansas City Transactions

Clear Creek



City: Overland Park, Kan.
 Buyer: Nitya Capital
 Purchase Price: \$45 MM
 Price per Unit: \$156,250

The Connection at Lawrence



City: Lawrence, Kan.
 Buyer: University Partners
 Purchase Price: \$43 MM
 Price per Unit: \$131,942

Cornerstone



City: Independence, Mo.
 Buyer: Hamilton Zanze & Co.
 Purchase Price: \$42 MM
 Price per Unit: \$100,610

Boulders at Overland Park



City: Overland Park, Kan.
 Buyer: Hamilton Zanze & Co.
 Purchase Price: \$40 MM
 Price per Unit: \$149,630