KANSAS CITY MID-2025 INDUSTRIAL REPORT

While demand has slowed from its record pace three years ago, Kansas City continues outperforming the rest of the country. Annual absorption increased fourfold from the prior year as several large logistics leases commenced, and build-to-suit projects finished construction.

At the end of last quarter, annual absorption was 9.5 million SF, which compared favorably to the market's 10-year average of 7.2 million SF. This put Kansas City in the top five for absorption among markets with at least 100 million SF of inventory. Current demand accounts for 2.9% of the market's inventory, while the national average was 0.6%.

Logistics properties led the way with 6.5 million SF of absorption, the highest trailing four-quarter total since 23Q3. Large leases in Olathe by tenants such as Lennox, the United States Postal Service, and Panasonic drove this demand, while moveouts among these properties over the past year are at the lowest level since 22Q4.

With 11.0 million SF built in the past year, last quarter broke a streak of seven quarters where annual demand failed to keep up with new supply. As a result, the market's vacancy rate improved to 5.5%, a change of 0.2% from a year ago and more than 200 basis points better than the national average.

Still, the market continues to see new development, just not at the pace of recent years. This slowdown has occurred mostly among speculative projects where elevated borrowing costs and higher equity requirements make deals harder to pencil. Construction starts over the trailing 12 months fell below six million SF at the end of last quarter, down by 30% from the prior year. The construction pipeline in the region measures 9.8 million SF, which is 2.6% of the total inventory, about double the national average.

On the surface, that may present some downside risk to the market if demand slows further, but many projects are for users like Ace Hardware and Panasonic. They will be occupied upon the completion of construction. As of 25Q2, the availability rate of buildings under construction over 100,000 SF was 15%, less than half of the national average.

Following the broader trend across the rest of the country, year-over-year rent growth has slowed, but at 1.7%, with logistics properties leading the way at 2.1%, which is nearly 200 basis points ahead of the national index.

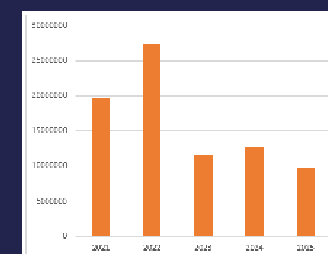
While the Kansas City market remains on solid footing near the middle of 2025, there are some potential headwinds. The potential impact of ongoing trade negotiations may slow consumer spending, limiting tenant demand for retail trade.

[STATS ON THE GO]

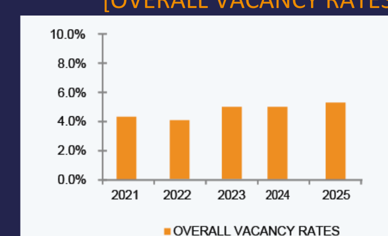
	2025	12 MONTH FORECAST
Overall Vacancy	5.6%	
Overall Absorption	9,200,000	

[OVERALL ABSORPTION]

[OVERALL CONSTRUCTION ACTIVITY]



[OVERALL VACANCY RATES]



Featured Property

5400 Antioch Rd, Merriam, KS
44,000± SF on 2.76± Acres

Top Transactions Mid-2025

- USPS leased 1,107,600± SF at 17150 Mercury Street, Olathe Kansas
- Smart Warehousing leased 548,465± SF at 19351 Montrose Street, Edgerton, Kansas
- Origin Point Brands leased 325,651± SF at 5300 Kansas Avenue, Kansas City, Kansas
- QTS Realty Trust leased 314,472± SF at 159th Street & S. Clare Road, Olathe, Kansas
- Geodis leased 303,626± SF at 4101 Empire Road, Kansas City, Missouri
- Capital Electric acquired a 228,338± SF facility in Kansas City, Kansas
- Federal AG Supply leased 170,000± SF at 11011 Lackman Road, Olathe, Kansas

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Market	Total Market (SF±)	Market Vacancy	Under Construction (SF±)	Deliveries (SF±)	Absorption (SF±)
Platte & Clay/Northland	81,289,702	5.2%	1,225,968	3,095,202	2,638,637
Kansas City, KS	51,654,830	2.6%	56,700	534,999	161,639
Jackson/Cass	132,937,760	6.3%	1,160,871	959,242	141,499
Johnson	102,820,034	7.2%	6,041,691	2,081,850	2,863,386
Overall Market	**368,702,326**	**5.8%**	**8,485,230**	**6,671,293**	**5,805,161**

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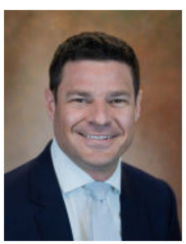
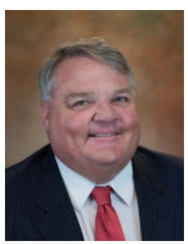
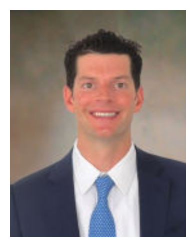
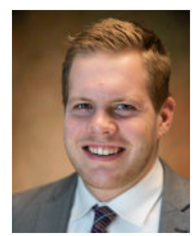
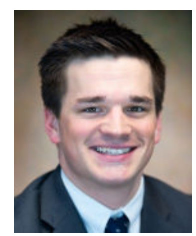

Matthew Severns, SIOR, CCIM

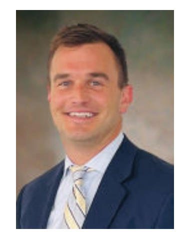

Pat McGannon, SIOR


Dan Jensen, SIOR


Michael Watson


Andy Taylor, SIOR Member Associate


Kurt Jensen, SIOR


Stewart Jensen, SIOR, Member Associate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