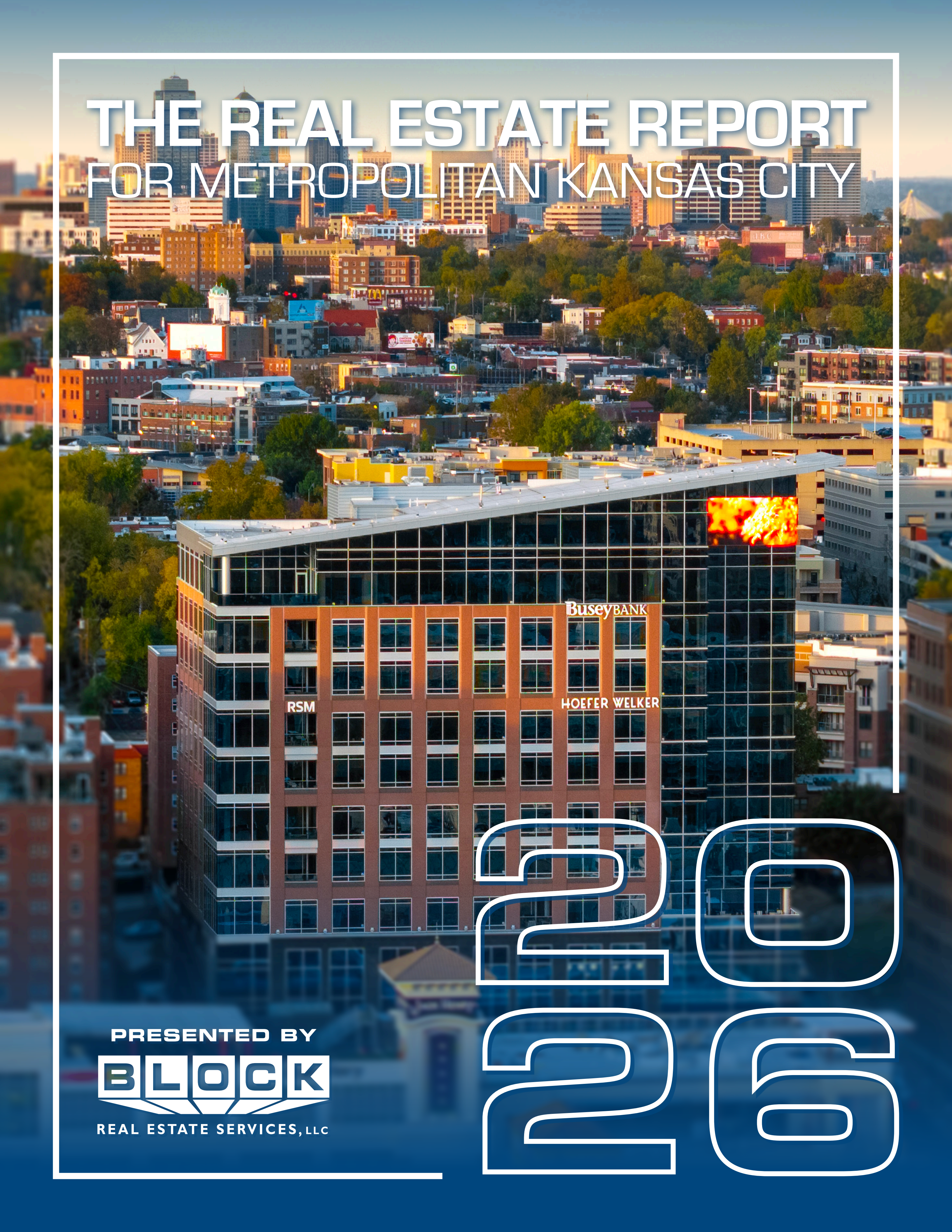
THE REAL ESTATE REPORT
FOR METROPOLITAN KANSAS CITY



2026

PRESENTED BY

BLOCK REAL ESTATE SERVICES, LLC

CONTENTS

REAL ESTATE SERVICES, LLC

BLOCK REAL ESTATE SERVICES, LLC (BRES) HIGHLIGHTS OF 2025

TRANSACTIONS

BRES completed the year with total sales and leasing transactions in excess of $1.3 Billion.

PROPERTY MANAGEMENT

BRES commercial management portfolio reached over 46 million square feet of commercial space and over 9,200 apartment units.

CONSTRUCTION

In 2025, Block Construction Services (BCS) managed a total volume of $89 million in development projects and tenant improvement work. Development projects and tenant improvements under construction in 2025 included work in all sectors, including industrial/warehouse/ distribution, office, multifamily, and retail.

INVESTMENT

BRES completed over $221 million in investment sales and raised over $79 million in equity funds for new acquisitions and development projects.

AFFILIATES

Block Hawley Commercial Real Estate, LLC is one of the most active industrial brokerage firms in St. Louis, Missouri, with over 1.6 million square feet in sales and leases in 2025 and over 7 million square feet under management.

Block Multifamily Group (BMG) now manages over 9,200 multifamily units across 46 communities in 10 different states with additional development and construction planned for 2026.

Success Abounds in Kansas City

Block Real Estate Services, LLC (BRES) is pleased to present its 2026 Real Estate Report for Metropolitan Kansas City, the region's most comprehensive analysis of the commercial real estate market. This report provides key economic indicators, global, national, and local market insights, and commentary on current commercial real estate activity.

Compiled by BRES principals, brokers, and managers, the report is designed to help you understand market dynamics and confidently identify emerging opportunities. It serves as a valuable resource for shaping long-term occupancy and investment strategies, and our team is available to assist with questions or further analysis.

We trust that you will find this report informative and beneficial. Should you have any questions or require additional information, please feel free to contact any of the authors mentioned herein.

BRES continues to lead the Kansas City commercial real estate industry and has, again, been recognized by the following publications:

KANSAS CITY BUSINESS JOURNAL

- #1 – Largest Commercial Real Estate Developers (Ranked by sq ft of commercial space developed or redeveloped in the KC area in the past 5 years 2019-24)
- #2 – Commercial Real Estate Firms (Ranked by $ volume of sales and lease transactions in the KC area in 2024)
- #1 – Most-Active Commercial Real Estate Firms (Ranked by # of sales and lease transactions in the KC area in 2024)
- #1 – Commercial Property Managers List (Ranked by leasable square feed under management in the KC area)
- #3 Top Area Office Parks and Complexes (Paseo Industrial Park — 8 million square feet betweeen BRES, CBRE and Karbank Real Estate)
- #5 Top Area Office Parks and Complexes (Pine Ridge Business Park — 1.78 million square feet)
- #6 Top Area Multitenant Industrial Facility (Lenexa Logistics Centre — 4.63 million square feet)
- #8 Top Area Office Parks and Complexes (Pinnacle Corporate Centre — 444,783 square feet)
- #9 Top Area Office Parks and Complexes (CityPlace Corporate Centre — 435,094 square feet)

MIDWEST REAL ESTATE NEWS

- Ranked 2nd in top developers in the Midwest
- Ranked 4nd in top owners in the Midwest
- Ranked 10th in top property management in the Midwest
- Ranked 16th in top brokers in the Midwest

The BRES family embraced the holiday spirit with a festive celebration at the Miracle Pop-Up Bar on the Plaza. The event featured joyful camaraderie, delightful treats, and an exciting raffle, making it a memorable evening.

SUCCESS ABOUNDS IN KANSAS CITY

INGRAM'S

- #1 Top area commercial real estate company for square footage managed, sold, and leased
- #2Top area commercial real estate company for gross sales

COSTAR GROUP, INC.

- #2 Top area leasing firms
- #3 Top area sales firms
- Power Broker Award Winner

AWARD WINNING DEVELOPMENTS

- 2024 — CityPlace Corporate Centre IV, Overland Park, Kansas - Capstone Award Winner, *Kansas City Business Journal*
- 2024 — 1520 Grand, Kansas City, Missouri - Costar Impact Award
- 2023 — The Residences at Galleria Capstone Award Winner, *Kansas City Business Journal*
- 2022 — Villas at 44 Washington/44 Washington Capstone Award Winner, *Kansas City Business Journal*
- 2021 — 46 Penn Centre, Kansas City, Missouri - Capstone Award Winner, *Kansas City Business Journal*
- 2019 — 531 Grand, Kansas City, Missouri — Capstone Award Winner, *Kansas City Business Journal*
- 2019 — The Grand, Kansas City, Missouri — Best Adaptive Re-Use, Excellent Award, *Historic Kansas City*
- 2019 — The Grand, Kansas City, Missouri - Capstone Award Winner, *Kansas City Business Journal*
- 2018 — The Equitable, Des Moines, Iowa - William J. Wagner Award, *State Historic Preservation Office*
- 2018 — Lenexa Logistics Centre Building 7, Lenexa, Kansas - Capstone Award Winner, *Kansas City Business Journal*
- 2017 — The Royale at CityPlace, Overland Park, Kansas - Capstone Award Winner, *Kansas City Business Journal*
- 2017 — Lenexa Logistics Centre North Building 1, Lenexa, Kansas — Capstone Award Winner, *Kansas City Business Journal*
- 2015 — Lenexa Logistics Centre Building 4, Lenexa, Kansas — Capstone Award Winner, *Kansas City Business Journal*
- 2014 — Nall Corporate Centre I, Overland Park, Kansas — Capstone Award Winner, *Kansas City Business Journal*

In addition, BRES professionals have been playing an active role in professional organizations on a local, regional, and national level. In addition to professional and industry-related organizations, BRES staff and professionals are active in all parts of the community, both professionally and personally. BRES employees contribute time and resources to numerous chambers of commerce, economic development, local government, social services, community involvement, arts and culture, health, education and youth enrichment organizations.

The BRES team has been providing leadership in the real estate industry for more than 70 years. What follows is a selection of industry-related organizations and business affiliations in which BRES is active:

- American Concrete Institute (ACI)
- Building Owners and Managers Association (BOMA)
- Certified Commercial Investment Member (CCIM)
- Design Build Institute of America (DBIA)
- Institute of Real Estate Management (IREM)
- International Council of Shopping Centers (ICSC)
- Kansas Association of REALTORS®
- Kansas City Area Development Council (KCADC)
- Kansas City Commercial Real Estate Women (KC Crew)
- Kansas City Regional Association of REALTORS® (KCRAR)
- KC SmartPort
- Missouri Association of REALTORS®
- Missouri Growth Association (MGA)
- NAIOP Commercial Real Estate Development Association (NAIOP)
- National Association of REALTORS® (NAR)
- Society of Industrial and Office REALTORS® (SIOR)
- Urban Land Institute (ULI)
- US Green Building Council (USGBC)

BRES emphasizes continuing development through professional organizations and continuing education. BRES and its professionals hold the following designations:

- Accredited Management Organization (AMO)
- American Institute of Architects (AIA)
- Certified Commercial Investment Member (CCIM)
- Certified Facility Manager (CFM)
- Certified Property Manager (CPM)
- Counselor of Real Estate (CRE)
- Real Property Administrator (RPA)
- Society of Industrial and Office REALTORS® (SIOR)

PROPERTY AND ASSET MANAGEMENT SERVICES TEAM

The property management department continued its strong trajectory in 2025, bringing in multiple new industrial properties under management in Lenexa and supporting the delivery of the newly constructed Lenexa

Industry leaders and commercial real estate professionals gathered at Union Station on September 18, 2025 for the annual SIOR Development Day. The event served as a high-level networking forum for the Kansas City region and highlighted major new projects as the sector moved toward stabilization.

Logistics Centre South #6 building. Effective commercial property management is built on a balance of strategy, service, and operational excellence—and that's exactly what sets us apart. We take an asset-management approach to every property, aligning daily operations with each owner's long-term financial goals while delivering a tenant experience that drives satisfaction and retention. Through proactive maintenance, strong vendor partnerships, and technology-driven efficiency, we reduce operating costs and elevate building performance. Our team provides transparent financial reporting, expert oversight of capital projects, and responsive communication that builds trust with both tenants and ownership groups. The result is management experience that protects your investment, enhances asset value, and keeps your property operating at its highest potential.

As we look ahead, we are energized by the innovative initiatives underway and optimistic about the continued growth, stability, and performance of our expanding property portfolio.

BLOCK MAINTENANCE SOLUTIONS

In 2025 BMS again added staff to better serve our customers. We are currently working on new ideas to expand our services even further in areas that we see a lot of need. Since last year we have taken on more square footage of space to maintain by way of new developments and expansion of BRES property management agreements. We look forward to learning all about these new properties and working with the BRES PM staff to identify creative ways to conserve energy and lower operating costs. We will continue to serve in the best way possible to assist with the growth of BRES and its subsidiaries. As always, BMS works closely with the development arm of BRES to aide with upcoming projects.

Stepping into 2026 our goal is growth by expanding services that are beneficial to our customers, BRES, and BMS. We pride ourselves on being a part of the best commercial real estate firm in the KC Metro. We want to ensure we are providing the best support to our parent company.

SYNDICATIONS

In 2025, Block Real Estate Services (BRES), through its investment arm, Block Funds, diligently pursued its goals of safeguarding investor capital, enhancing cash distributions, achieving debt reduction, and capturing property appreciation at sale. This year's efforts were marked by significant expansions and strategic investments across various sectors.

The industrial sector saw the acquisition of Westbrook I & II, two industrial buildings, which added flex industrial space to the BRES portfolio. It was acquired as a carve-out from a larger portfolio, which allowed BRES to acquire the property at a significant discount to replacement cost. The industrial sector also saw the syndication of funds for LLCS6 and LLCN6, which are two Class-A+ industrial developments planned for delivery in 2026. Additionally, LLCE2 had funds syndicated to buy out an institutional partner, which was invested in LLCE2.

In 2025, the multifamily sector saw the strategic acquisition of Woodside Village North, a premier Class-A+ mixed-use community in Westwood, Kansas. The property has 91 luxury multifamily units along with 20,004 square feet of fully leased retail. The retail space features established tenants such as Blue Sushi, The Roasterie Café, Unforked, and Blue Valley Physical Therapy.

The retail acquisition of Westchester Square significantly bolsters BRES's retail portfolio. The property is 134,430

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square feet spread across four buildings and offers visibility to 30,000+ vehicles per day. The infill location, strong surrounding demographics, and access to one of Johnson County's strongest corridors make it a valuable addition to the BRES retail portfolio.

Block Funds continues to raise equity to acquire multifamily, industrial, office, and retail deals in single-purpose entities. The goal remains to provide accredited investors with long-term cash flow, to pay down debt principal, and to provide any upside on property appreciation during the hold period. Prospective investors are encouraged to register at www.blockfunds.com to view current equity investment opportunities. For detailed inquiries, Aaron Mesmer remains a direct point of contact for personalized assistance and information, available at 816-412-5858 or via email at amesmer@blockllc.com.

BLOCK CONSTRUCTION SERVICES

In 2025, Block Construction Services (BCS) managed a total volume of $89 million in development projects and tenant improvement work.

Some notable projects of 2025 include:

- Lenexa Logistics Centre South 6, 198,715 square foot industrial building in Lenexa, Kansas.
- Lenexa Logistics Centre North 6, 202,289 square foot industrial building under construction in Lenexa, Kansas.
- Platte Valley Logistics Center, 213,701 square foot warehouse facility under construction in Riverside, Missouri.
- The View at Castle Rock mixed-use development in Castle Rock, Colorado.
- 100 N. Main, 38-story adaptive re-use project in Memphis, Tennessee.
- Retail spaces at The Galleria in Overland Park, Kansas.
- Owner's representative for Heartland Coca Cola's 700,000 square foot facility in Olathe, Kansas.
- Oakwood Country Club, two rental cottages, entrance gate and monument sign, lower level remodel and expansion, expanded sports bar, new pro shop, kids' pool and splash pad, and various improvements to the course and clubhouse.

Some notable projects planned for the future include:

- The Crossing at KU — University of Kansas intergenerational-residential community, research-oriented office space, early childcare and education center, mix of restaurants, activities and neighborhood amenity retailers.
- Galleria Lot 13 – 160 multifamily units, 22,600 square feet of commercial retail space, and an 8,000 square foot restaurant located in Overland Park, Kansas.
- Galleria South MF —Multifamily community with 356 multifamily units in Overland Park, Kansas.
- 47 Madison — Multifamily development with a 16-story, 250 luxury unit tower in Kansas City, Missouri.
- 56th & Foxridge — 307 multifamily units in Mission, Kansas.
- Woodside Village — 162 multifamily units in Kansas City, Kansas.
- K10 and K7 – 552-unit two-phase multifamily development with five buildings, clubhouse, and site amenities per phase in Olathe, Kansas.
- 45 Summit — 16 multifamily apartments, split between two and three-bedroom units in Kansas City, Missouri.
- 4450 Washington — 20-unit multifamily development in Kansas City, Missouri.
- Stoneleigh Townhome Addition – 126-unit Phase II multifamily development to add to the existing Phase I 280-units in Centerton, Arkansas.
- Plaza Corporate Centre Conversion — 119-unit multifamily development in Kansas City, Missouri.
- 4627 Madison — 202-unit multifamily development in Kansas City, Missouri.
- Nall Corporate Centre III — 123,304 square foot 4-story office building in Overland Park, Kansas.
- Galleria 115 – Lot 3 — 224,200 square foot 7-story office building over 3-story garage/retail space in Overland Park, Kansas.
- Galleria 115 – Lot 12 — 2-story 28,000 square foot office building in Overland Park, Kansas.
- LLC North 8 — 471,869 square foot industrial building in Lenexa, Kansas.
- Great Plains Commerce Center — 19.37-acre industrial campus in Olathe, Kansas.
- 167 Logistics Centre Building 3 — 139,265 square foot industrial building in Olathe, Kansas.
- Tiffany Springs — Phase I consisting of three industrial buildings totaling 1,897,364 square feet and Phase II consisting of four industrial buildings totaling 2,087,002 square feet in Kansas City, Missouri.
- Ruan — Adaptive re-use project in Des Moines, Iowa.
- 100 N Main — 38-story adaptive re-use project in Memphis, Tennessee.

More information on these exciting projects can be found inside this report.

BLOCK MULTIFAMILY GROUP

Throughout 2025, Block Multifamily Group (BMG) continued to build meaningful momentum by strengthening our operational platform and expanding our management footprint across strategic Midwest and Mountain West markets. By year-end, BMG successfully managed 9,262 units across 46 communities, representing a diverse, high-quality portfolio spanning multiple asset classes and product types. This scale and diversity reflect both the trust placed in BMG by our ownership partners and our ability to perform across varying market conditions.

Looking ahead, BMG enters 2026 with strong momentum and a clear growth trajectory. Our deep experience in lease-up execution, value-add renovation programs, and the stabilization of underperforming assets will continue to guide our expansion strategy. We remain focused on delivering strong results for our ownership partners while providing high-quality, well-managed homes for our residents.

BLOCK HAWLEY COMMERCIAL REAL ESTATE SERVICES, LLC

Hawley Real Estate Services is a leader in the St. Louis market with more than 7 million square feet under management and 52 transactions completed in 2025. We leased over 1.6 million square feet of office warehouse space and acquired over 58 acres for new and future development. We also sold more than 150,000 square feet of both user and investment properties. Block Hawley anticipates more exciting projects in the coming year and looks forward to serving our clients in St. Louis and the surrounding markets.

PHILANTHROPY

BRES takes pride in its strong presence in Kansas City, and we feel a sense of responsibility to give back to our community. We don't have only one signature charity; we give back to multiple throughout the community. BRES is proud to be a continued supporter of several worthwhile organizations such as the following:

- 1881 Foundation, Inc.
- Heartstrings Community Foundation
- Light the Night - Leukemia & Lymphoma Society
- Heart of America Boy Scout Council
- EDC Cornerstone
- Nelson Atkins Museum of Art
- The Star in Education
- Kemper Museum
- MainCor
- KU Cancer Center
- Children's Mercy
- Jazzoo - Kansas City Zoo
- Village Shalom
- Operation Breakthrough
- Hope House
- Kansas City Ballet
- American Royal
- Kit's Muse (A Division of Project Sweet Peas)
- The Children's Place
- Wounded Warriors
- Treads & Threads — The University of Kansas Health System
- University of Kansas
- Reach Out and Read
- Children's TLC
- Harvesters
- Guadalupe Centers
- American Cancer Society
- Boys & Girls Club
- St. Joseph Medical Center Foundation
- Multiple Sclerosis Society
- Kansas City Art Institute
- New Reform Temple
- Bacchus Foundation
- Avidus Foundation

Within the following sections of this report, BRES will share information and data we believe to be true and accurate. Certain portions of the information provided herein were gathered from outside, unrelated third-party sources, and BRES is reporting and sharing information. The data contained herein does not necessarily reflect the official policy or position of BRES, its agents, employees, directors, officers or owners. The following content is not intended to support or malign any religious or ethnic group, club, organization, political party, company, individual or anyone or anything whatsoever.

On behalf of all of us at BRES, we wish you a healthy and prosperous year ahead.

Kenneth G. Block, SIOR, CCIM, Managing Principal

Scott M. Cordes, Executive Vice President, Chief Operating Officer

Economic Indicators

NATIONAL TRENDS

The outlook for commercial real estate markets has begun to brighten, as the U.S. economy continues to show resilience and signs of renewed momentum in 2025. After a contraction in the first quarter, real GDP rebounded strongly - growing at an annualized rate of 3.8% in Q2 2025. This rebound reflects a mix of factors similar to those that previously drove growth in 2024.

Evolving trade policy conditions were a major source of volatility during 2025. Throughout the year, the Trump administration announced a series of tariff initiatives - including proposed increases on imports from China, Mexico, and other trading partners, as well as tariffs targeting U.S. companies with offshore production. Markets reacted sharply to these announcements, producing several periods of heightened equity and currency fluctuations. Conditions stabilized somewhat following a 90-day pause on the broader reciprocal tariff plan, though uncertainty regarding future trade actions remained a persistent theme across financial markets.

In 2025, Federal Reserve policy played a central role in shaping financial markets and the broader U.S. economy, marking a notable shift from the environment of 2024. After aggressively raising rates through 2023 and keeping them elevated throughout 2024 to combat inflation, the Fed entered 2025 with a focus on stability and the potential for gradual easing. Inflation has cooled considerably from the 2022-2023 peaks but remained above target, so the Fed held rates steady early in the year before beginning rate cuts in mid-2025. These lower rates have begun to improve capital availability across market, and have supported renewed activity in capital-intensive industries, including commercial real estate.

Liquidity and sales volume have improved, but real estate industry leaders have varied expectations for capital market conditions in 2026 and beyond. Commercial real estate investors are showing optimism fueled by lower interest rates, abundant debt availability, and pent-up equity demand resulting from lower transaction volumes in recent years. In the first half of 2025, total investment sales volume increased 16% over the prior year to $221 billion. Transaction activity increased across sectors, with apartments leading in total volume, while senior housing recorded the strongest showing year over year growth.

KANSAS CITY ECONOMIC FORECAST

Kansas City historically follows national averages in GDP, employment and inflation, which continued in 2025. The Kansas City metro's economy saw little change in its job growth over 2025, but statistics varied heavily by sector. The professional and business services and leisure and hospitality sectors each lost more than 4,000 jobs, while sectors like financial activities, construction, education and health services, each added 2,100, 3,200, and 5,300 respectively. Consequently, the Kansas City metro's unemployment rate has ticked up to 4.3% as of mid-2025. Overall, the Kansas City metro's labor market has slowed relatively to the strong gains of 2023-2024, the stability in employment figures suggest a plateauing of growth, rather than a continuing boom in the region.

SUMMARY

Overall, the US economy demonstrated strength and resilience throughout 2025, rebounding after early year volatility as capital markets improved amid the Federal Reserve rate easing. Lower interest rates and improved debt availability boosted liquidity and drove a 16% increase in commercial real estate investment activity in the first half of 2025, with strong performance in multifamily and senior housing transactions. Kansas City largely mirrored national trends, experiencing flat overall job growth with significant variation across industries. Losses in professional and business services and leisure and hospitality were offset by gains in construction, financial activities, and education and health services. As a result, the metro's unemployment rate edged up to 4.3%, signaling a slowdown from the rapid growth of recent years but pointing toward a leveling rather than a downturn in the metro's economic trajectory.

Sources: Bureau of Labor Statistics, Bureau of Economic Analysis, U.S. Census Bureau, Federal Reserve Economic Data, Mid-America Regional Council, National Association of Realtors, Costar, Wall Street Journal

Contributor: Casey Leeper, Financial Analyst

Global, U.S., Kansas City Overview

The global market landscape in 2025 was shaped by moderate but stable growth, easing inflation, and a notable re-balancing of supply chains after several years of disruption. Technology and energy continued to lead performance, supported by accelerating AI adoption, expanding cloud infrastructure, and renewed investment in low-carbon solutions. Consumer sectors benefited from improving real incomes in many regions, although spending patterns remained sensitive to interest-rate conditions. Financial markets saw reduced volatility as central banks signaled a shift toward gradual policy normalization. Looking ahead to 2026, most indicators point to steady overall growth, though some sectors and regions may advance more slowly than others. Businesses are expected to prioritize efficiency, automation, and resilience, while investors focus on selective opportunities in innovation-driven segments. Together, these dynamics position 2026 as a year of cautious optimism and strategic recalibration for businesses and investors.

MAJOR VATICAN & PAPAL EVENTS

Pope Francis passed away on April 21, 2025, after suffering a stroke and heart failure. His death began the traditional mourning period and left the Church temporarily without a pope. His funeral drew massive crowds, and in keeping with his preference for simplicity, he was buried at the Basilica of St. Mary Major rather than under St. Peter's Basilica.

A conclave convened in early May, and after several rounds of voting the cardinals elected Robert Francis Prevost — from Chicago, Illinois, and the first U.S.-born pope — who chose the name Pope Leo XIV. Pope Leo XIV's inauguration Mass was held on May 18, 2025. In his first homily, he emphasized unity, humility, and a renewed focus on serving the poor.

Because 2025 was a Jubilee Year (the "Jubilee of Hope"), the Vatican hosted a series of themed events throughout the year, celebrating groups such as youth, artists, government leaders, and others. Holy Doors at the major Roman basilicas were also opened for pilgrims.

Later in the year, Pope Leo XIV released his first major document, an apostolic exhortation called *Dilexi te*, which focuses on showing love and care for the poor. The Vatican also continued its ongoing reforms, including the earlier appointment of a woman to lead a major Vatican office and the suppression of a controversial Catholic movement. In October 2025, King Charles III and Queen Camilla visited the Pope, marking a historic moment — it's believed to be the first time in about 500 years that a British monarch and a pope prayed together.

The passing of Pope Francis on April 21, 2025 marked a significant turning point for the global Catholic community during the 2025 Jubilee Year of Hope. Following the funeral, the election of Pope Leo XIV as the first North American pontiff established a new era of leadership for the Church and its worldwide congregation.

RUSSIA-UKRAINE WAR

The Russia-Ukraine war remained highly volatile in 2025, marked by intensified strikes, limited territorial shifts, expanded cross-border operations, and continued stalemate in diplomatic efforts. Both sides escalated attacks on critical infrastructure, while political positions hardened, leaving prospects for a negotiated settlement remote.

Russia carried out some of its largest air assaults of the war, including a major strike in early September that involved hundreds of drones and missiles. Government buildings in Kyiv were hit, and several attacks on cities outside the main front lines — including Sumy, Ternopil, and Yarova — caused significant civilian casualties, among them children and older adults. Russia also made limited territorial gains, most notably capturing the town of Kostiantynivka in Sumy Oblast, which strengthened its position in the region.

Ukraine expanded its operations inside Russia, launching a cross-border offensive in the Kursk region early in the year and striking several high-value targets. These actions included damaging the Crimean Bridge and conducting a large drone attack on multiple Russian air bases, reportedly destroying or disabling several aircraft.

Throughout the year, both sides targeted energy and infrastructure systems, causing prolonged power outages in Ukraine and strikes on key Russian facilities. One strike also damaged infrastructure near the Chernobyl Exclusion Zone, raising renewed concerns about risks around sensitive nuclear sites.

Diplomatic progress remained elusive. Russia is seeking major concessions, while Ukraine insists on firm security guarantees before considering any long-term agreement. With trust between the parties extremely low, international mediation efforts have produced little movement toward a durable peace.

ISRAEL–HAMAS CONFLICT

The conflict between Israel and Hamas remains under the U.S.-brokered ceasefire established in late 2025, though the situation continues to be highly delicate. While the agreement has reduced large-scale hostilities, occasional Israeli strikes — described by Israeli officials as responses to specific security threats — have occurred during the truce. These incidents have drawn international scrutiny, mainly due to civilian casualties and concerns that they may complicate implementation of the ceasefire terms.

Regional tensions have also risen. An Israeli strike on a Palestinian refugee camp in southern Lebanon, which Israel stated targeted a Hamas-linked position, resulted in multiple fatalities and renewed fears that the conflict could extend beyond Gaza if stability is not maintained.

Humanitarian needs inside Gaza remain significant. Aid deliveries have improved somewhat but still fall short of agreed benchmarks, and infrastructure damage continues to limit access to essential services. Some operational progress, including partial reopening of crossings and the resumption of certain service providers, points to early signs of stabilization.

Diplomatic efforts are now centered on moving the ceasefire into its next phase, which includes broader force withdrawals, increased international monitoring, and a structured pathway for reconstruction. Despite the ongoing risks, regional and international officials continue to express cautious optimism that sustained engagement could support a long-term political solution and durable peace.

NATURAL DISASTERS IN THE U.S. IN 2025

The United States faced a series of high-impact natural disasters in 2025, underscoring the growing frequency and severity of climate-related events. One of the most significant was a massive tornado outbreak in March — the largest ever recorded for that month — which caused widespread destruction and numerous fatalities, with Oklahoma suffering some of the most severe impacts. The system also triggered secondary hazards, including wildfires and dust storms.

Wildfires remained a dominant challenge throughout the year. Southern California experienced some of its worst fire conditions in years, with strong winds pushing fast-moving flames through residential areas. The Palisades area was hit especially hard, sustaining an estimated $1–2 billion in structural and infrastructure damage, with hundreds of homes affected and large-scale evacuations required. Several fires merged and expanded rapidly, overwhelming containment efforts and placing significant strain on regional emergency response systems.

Flooding was equally severe and geographically widespread. Central Texas endured one of the deadliest flood events in recent U.S. history after record rainfall in July. Additional flash floods struck the Mid-Atlantic in May and Milwaukee in August, both tied to unprecedented rainfall. Along portions of the Mid-Atlantic coast, floodwaters overwhelmed drainage systems, closed major transportation corridors, and left several coastal communities temporarily isolated until emergency crews could restore access and critical services.

Hurricane Erin contributed to coastal flooding and dangerous surf conditions along the East Coast, resulting in several fatalities. Its winds also worsened smoke dispersion from ongoing wildfires in Florida.

By mid-year, the federal government had issued more than one hundred disaster declarations, most related to wildfires and severe storms. Collectively, the events of 2025 reinforced a clear pattern: weather extremes are becoming more frequent, more damaging, and more costly.

A fragile ceasefire implemented in early 2025 allowed for a critical exchange of hostages and prisoners alongside the first major surge of humanitarian aid into Gaza. While the initial agreement provided a brief period of regional stability, the breakdown of the truce in mid-March led to renewed volatility and continued pressure on global energy markets.

Economically, these disasters will slow short-term growth as businesses close, supply chains are disrupted, and workers are displaced. Rebuilding efforts will raise the cost of housing, insurance, and construction materials, adding inflationary pressure. While government relief spending can temporarily stimulate local economies, it also increases fiscal burdens.

Recovery will not be even across regions. Rural and lower-income communities may face prolonged setbacks and potential population loss, while wealthier areas typically rebuild more quickly, widening existing disparities. Certain sectors - such as construction, building materials, and utilities - will experience short-term demand spikes, but these do not translate into sustained long-term growth.

The disasters of 2025 demonstrate that major weather events are becoming more frequent and more disruptive, emphasizing the need for the U.S. to bolster preparedness, infrastructure resilience, and the capacity to respond quickly to future emergencies.

2026 WORLD CUP

The 2026 FIFA World Cup will run from June 11 to July 19 and will be the first edition ever co-hosted by three countries: the United States, Canada, and Mexico. The tournament will expand from 32 to 48 teams, divided into 12 groups of four, with an updated format that sends 32 teams into the knockout stage. In total, 104 matches will be played - the largest World Cup in history.

Games will be held across 16 host cities, including Mexico City, Toronto, Vancouver, Atlanta, and Los Angeles, with the final scheduled at MetLife Stadium in New Jersey. A tri-nation event of this scale introduces complex logistics, requiring careful coordination around scheduling, travel, security, and fan operations.

Economically and culturally, the 2026 World Cup represents a significant opportunity. More teams and more matches translate into more international fans, higher tourism levels, and expanded global viewership. Host cities are preparing for increased demand on transportation systems, hotels, and local services, while also seeing potential long-term benefits from enhanced infrastructure and global visibility.

Kansas City will host matches at Arrowhead Stadium and a FIFA Fan Festival at the National WWI Museum & Memorial. Local planners expect roughly 650,000 visitors, creating substantial short-term economic activity in hospitality, retail, transportation, and event services. The tournament is also expected to elevate Kansas City's international profile and strengthen support for soccer across the region.

For North America as a whole, the World Cup is projected to add tens of billions to GDP, support hundreds of thousands of jobs, and generate meaningful tax revenue. Some visitors may return in future years, adding to long-term tourism gains.

There are still risks such as large upfront costs, uneven distribution of benefits, and pressure on public resources. Overall, however, the tournament presents a rare opportunity for widespread economic impact and global exposure.

DONALD J. TRUMP SWORN IN AS 47TH POTUS

After losing in 2020 and facing multiple legal challenges, Donald Trump mounted an unprecedented political comeback in 2024, becoming the first president in more than a century to return to office after a defeat. His victory over Kamala Harris was not a landslide, but he secured the critical swing states needed for a comfortable Electoral College win. Notably, the results were certified without major disruption, a sharp contrast to the turmoil that followed the 2020 election.

Trump was inaugurated in January 2025 alongside Vice President J.D. Vance, whose age and political profile represent a generational shift in national leadership. With Republicans controlling the Senate and holding a narrow majority in the House, Trump entered his second term with significantly more institutional support than he had in his first, giving him room to pursue his priorities more forcefully.

His campaign centered on border security, immigration enforcement, and sweeping changes to the justice system — themes that strongly resonated with his base and fueled his return. At the same time, his win intensified political polarization, as many Americans expressed concern about the implications for democratic norms and institutional stability.

On the international stage, Trump's return prompted U.S. allies to reassess expectations, reflecting his earlier approaches to trade, NATO, and global diplomacy. Many governments prepared for possible adjustments in U.S. foreign policy and changes in international engagement.

Overall, Trump's 2024 victory represented a significant political transition. It influenced the political landscape, highlighted existing divisions, and signaled potential changes in domestic policy priorities and the United States' role in global affairs.

US GOVERNMENT SHUT DOWN

The federal government shut down in October 2025 after Congress failed to agree on a funding plan, largely due to disagreements over continuing Affordable Care Act subsidies. The impasse lasted 43 days — the longest shutdown in U.S. history and far longer than the high-profile shutdowns of 2013, 2018, and 2019 — leaving hundreds of thousands of federal workers without pay and forcing many agencies to slow or halt operations. Essential programs such as Social Security continued, but numerous routine federal services were significantly disrupted.

The shutdown created economic strain, caused financial hardship for federal employees, and led to widespread delays across public services. The FAA was hit particularly hard, with reports of air traffic controllers taking second jobs to cover expenses. Staffing shortages forced the agency to reduce scheduled flight volumes by as much as 10% at the most affected airports, slowing air traffic operations nationwide. Training programs were paused, and inspection backlogs increased, all of which contributed to heightened travel delays and operational challenges for airlines and airports.

Congress ultimately reached a compromise in mid-November that paired short-term government funding with a temporary extension of ACA subsidies while establishing a bipartisan framework for broader healthcare negotiations in early 2026. President Trump signed the agreement, formally ending the shutdown and restoring agency operations. The episode underscored the depth of political gridlock in Washington and illustrated how partisan standoffs can directly affect households, businesses, and critical infrastructure across the country.

TARIFFS/TRADE WAR WITH CHINA

In 2025, the Trump administration reinstated and expanded tariffs on steel and aluminum, raising some rates to 50% and broadening the list of covered products. Several tariffs on Chinese goods remained in place, though a few were temporarily suspended to create space for negotiations. The administration also imposed a 25% tariff on imports from countries that purchase Venezuelan oil. These measures were framed as efforts to protect U.S. jobs, strengthen domestic industries, address trade imbalances, and increase U.S. leverage in international talks. However, they also raised costs for American manufacturers, made imports more expensive, strained relations with trading partners, and heightened the risk of retaliation.

U.S.-China tensions intensified significantly in 2025. The United States expanded tariffs on a wide range of Chinese products, and China responded by sharply increasing duties on American goods — particularly agricultural exports such as pork, chicken, and soybeans, putting added pressure on U.S. farmers. Both countries also turned to export controls, limiting access to strategic technologies and materials. China restricted shipments of key minerals needed for electronics, while the U.S. tightened rules on software and advanced technology exports. This shift made clear that the dispute had moved beyond traditional trade disagreements and into broader competition over technology and national security.

The escalating measures contributed to greater supply chain uncertainty, prompting companies to diversify production or find alternative suppliers. Economists and the WTO warned that continued escalation could weigh

The inauguration of Donald Trump as the 47th President of the United States on January 20, 2025 initiated an immediate pivot in federal economic and trade policy. The transition was defined by a rapid series of executive actions focused on deregulation and the introduction of new tariff frameworks that impacted international commercial relationships.

on global growth and accelerate a long-term economic decoupling between the U.S. and China.

After months of rising tensions, the U.S. and China agreed in late 2025 to a 90-day pause, easing select tariffs to stabilize markets. Even so, the core disagreements remain unresolved, and the broader relationship — along with the global economy — continues to feel the effects.

INTEREST RATE CUTS

The Federal Reserve lowered the federal funds rate several times in 2025. As of October, the rate was in a range of roughly 3.75%–4.0%, down from higher levels earlier in the year. Lower policy rates reduced borrowing costs for mortgages, consumer credit, and business financing, providing some support for spending, investment, and refinancing activity.

WHY THE FED IS CUTTING RATES

The labor market has cooled, with slower job creation and signs of easing wage pressures, raising concerns about potential downside risks to growth. At the same time, inflation remains above the Fed's 2% target but has been trending lower, giving policymakers more room to reduce rates without reigniting inflation. The Fed has emphasized a cautious, data-dependent strategy— adjusting policy in measured steps and assessing the impact before moving further.

In parallel, the Fed has continued to shrink its balance sheet by gradually reducing holdings of U.S. Treasuries and mortgage-backed securities. This process of quantitative tightening has slowed to avoid creating unnecessary stress in funding markets or broader financial conditions.

BIG-PICTURE GOALS

The overarching objective is to support a soft landing: sustain economic growth while guiding inflation back toward target. Lower interest rates help households and businesses manage debt service and support demand, but the Fed must balance that support against the risk of cutting too aggressively and allowing price pressures to re-accelerate.

ECONOMIC OUTLOOK

Many Fed officials expect that, if growth continues to moderate and inflation keeps easing, policy rates could drift somewhat lower over the coming year. The pace and extent of any further cuts will depend on incoming data on employment, inflation, and financial conditions, keeping monetary policy flexible and responsive rather than on a preset course.

GLOBAL ECONOMIC OUTLOOK

In September 2025, the World Economic Forum released its Chief Economists Outlook. Key insights from that report include:

UNUSUALLY HIGH UNCERTAINTY

The global economy is experiencing "persistent short-term disruption" alongside structural transformation. Trade tensions, policy volatility, and rapid AI-driven technological change are central sources of uncertainty.

WEAK GROWTH OUTLOOK

Roughly 72% of surveyed chief economists expect the global economy to weaken over the next year, with significant regional divergence. Advanced economies such as the U.S. and Europe are projected to see subdued growth, while many emerging markets in regions like MENA and South Asia are viewed as relative bright spots. China faces deflationary pressures and slower structural growth.

STRUCTURAL, NOT JUST CYCLICAL, CHANGE

Most economists see present disruptions as structural. Key areas of long-term change include natural resources and energy, technology and innovation (especially AI), global trade and value chains, and economic institutions. These shifts suggest a new, more fragmented global economic order rather than a simple return to pre-pandemic norms.

TRADE FRAGMENTATION AND REALIGNMENT

Trade disruption is elevated, and many economists anticipate continued fragmentation of global value chains. Supply chains are being re-calibrated, with trade and investment flows reoriented toward closer or more politically aligned partners.

DEBT AND FISCAL RISK

Debt vulnerabilities are increasingly concentrated in advanced economies. Roughly 80% of respondents expect debt risk to rise in these countries. Fiscal strain is seen as a key constraint on growth and policy flexibility.

AI AS A DOUBLE-EDGED SWORD

Most chief economists believe AI will be commercially disruptive within a year. While AI promises gains in productivity, innovation, and automation, it also poses risks: labor-market disruption, concentration of market power, and misuse (including disinformation). Nearly half (47%) of respondents expect net job losses linked to AI adoption.

The report recommends that governments invest in AI infrastructure, talent mobility, and re-skilling, while businesses adapt their processes and leadership models and invest in workforce development.

A NEW ECONOMIC ORDER EMERGING

Over the longer term, changes in trade, capital flows, and technology are reshaping global economic power. Weakened global governance structures may exacerbate vulnerabilities and make coordination more difficult.

Policymakers are encouraged to prepare for a fragile, fragmented world economy by improving coordination, maintaining flexible fiscal frameworks, and developing contingency plans. Businesses are urged to build resilience through supply-chain diversification, digital and AI investment, and strategic planning for structural demand shifts. For investors, sovereign debt risk in developed markets and opportunities in select emerging economies warrant close attention. AI governance and workforce strategy stand out as critical priorities for managing risk and capturing potential gains.

US ECONOMY

The Wells Fargo outlook characterizes 2026 as a year of broad policy reset in fiscal, monetary, and trade arenas—creating a more stable and supportive environment than the U.S. has seen in several years.

On the growth front, the economy is expected to perform better than many anticipate, with real GDP projected around 2.3%. That is not a boom, but it suggests steady demand and a healthier baseline for business activity. For real estate, this type of growth environment typically supports transaction volume, active leasing, and more accessible financing.

Fiscal policy is a key support. Recent tax changes provide tangible relief to lower- and middle-income households and improve the after-tax economics for business investment. Corporate spending on technology and AI is expected to remain strong, which should sustain demand for industrial, logistics, data-intensive, and specialized real estate. Rather than pulling back, many businesses are expected to continue investing, which supports long-term development and investor confidence.

Monetary policy is also moving in a more favorable direction. Wells Fargo anticipates that the Fed will continue cutting into mid-2026, ultimately bringing the policy rate into the low-3% range. Inflation is expected to cool further but remain positive, settling near 2.6%. That combination—gradually lower rates with contained inflation—is close to a "sweet spot" for real estate, improving financing conditions, supporting asset values, and providing a more predictable operating backdrop for tenants.

Trade policy appears to be stabilizing after a period of elevated tariffs and uncertainty in 2025. Even if tariffs remain in place, the absence of continued escalation reduces volatility in construction costs, supply chains, and materials procurement. A more predictable trade environment supports planning for industrial and distribution assets in particular.

The labor market is expected to cool modestly but remain fundamentally sound, with unemployment staying below the mid-4% range. That backdrop supports household spending and demand for space across asset classes without the overheating pressures that can trigger aggressive policy tightening.

Internationally, global growth may soften and trade risks remain, but Wells Fargo's view is that clearer fiscal policy, lower interest rates, and a calmer trade environment give the U.S. a solid platform heading into 2026.

Overall, 2026 looks like a year in which policy alignment reduces volatility and allows the economy to run at a steady, sustainable pace. For real estate, that translates into a more confident financing environment, stable leasing demand, and continued strength in sectors linked to technology, logistics, and long-term investment themes. Risks remain—especially around trade and the timing of Fed moves—but the baseline is materially more constructive than in recent years.

JOB MARKET

According to the World Economic Forum, key trends in the 2025 global job market include:

LOW UNEMPLOYMENT BUT UNEVEN DISTRIBUTION

The global unemployment rate is around 4.9%, historically low. However, employment outcomes are uneven. Many regions report higher unemployment for women than for men, and low-income countries are seeing a widening "jobs gap," indicating deeper strain in their labor markets.

MAJOR DISRUPTION FROM TECHNOLOGY (ESPECIALLY AI)

Technological change—AI, automation, big data, cybersecurity—is one of the most powerful forces reshaping work. The Future of Jobs Report 2025 estimates that roughly 22% of current jobs will undergo structural transformation by 2030. Demand is expected to grow most quickly for roles in AI, technology, and data, while some administrative and clerical positions (e.g., cashiers, bank tellers) are at elevated risk of decline.

NET JOB GROWTH PROJECTED (DESPITE DISRUPTION)

The WEF projects approximately 170 million new jobs by 2030, alongside 92 million jobs displaced, resulting in a net gain of about 78 million positions. The net effect is positive, but the transition will be uneven and disruptive for many workers and communities.

SHIFTING DEMAND: FRONTLINE AND GREEN ROLES

Some of the fastest-growing roles are expected to be frontline positions—farmworkers, delivery drivers, construction workers—alongside jobs that support the green transition, such as renewable energy engineers and environmental specialists.

SKILLS GAP AS A KEY BARRIER

Roughly 63% of employers cite the skills gap as the biggest barrier to transforming their workforce. By 2030, an estimated 39–40% of the skills used today will need to change. Critical capabilities include AI and big data, cybersecurity, digital literacy, and human-centric skills such as resilience, collaboration, and creative problem-solving. "Environmental stewardship" is also emerging as a top skill as sustainability becomes more central to business strategy.

DRIVERS OF LABOR-MARKET CHANGE

Broader macro trends are reshaping the job landscape: economic uncertainty (cost of living pressures, slower growth), demographic shifts (aging in some regions, growing working-age populations in others), and geoeconomic fragmentation (trade tensions and geopolitical risk) are influencing how and where companies hire.

WORKFORCE STRATEGY: RE-SKILLING AND UPSKILLING

Many firms plan to respond with re-skilling and upskilling. About 77% of employers say they will invest in training their workforce. At the same time, some expect to reduce headcount in certain functions as AI automates tasks. There is a clear need for collaboration among businesses, governments, and educational institutions to ensure workers can transition into new roles.

RISKS AND CHALLENGES IN THE 2026 JOB MARKET

Because job gains and losses are uneven across regions, sectors, and demographic groups, there is a risk that inequality could worsen. Workers who cannot access new skills or training may be left behind. Even in a world of net job creation, the path from "old" roles to "new" ones can be disruptive, involving layoffs, relocation, and financial stress. Trade fragmentation and geopolitical tensions may also reshape where jobs are created and how companies structure their global workforces.

OVERALL OUTLOOK

The outlook is cautiously optimistic but highly conditional. The projected net gain of 78 million jobs by 2030 is encouraging, but success depends on effective upskilling, thoughtful management of automation, and careful navigation of macroeconomic and geopolitical trends. For businesses, workforce planning—who to train how to reorganize—is a strategic priority. For governments and educators, building robust re-skilling and lifelong learning systems is critical. The job market in 2026 is not simply cycling through short-term fluctuations; it is undergoing a structural transformation driven by technology, demographics, and global economic realignment.

A federal budget impasse led to a record-breaking 42-day government shutdown that lasted from October 1, 2025 through November 12, 2025. This period of fiscal gridlock resulted in significant delays for key economic reporting and created a period of uncertainty for investors during the fourth quarter.

U.S. HOUSING MARKET

In 2025, the U.S. housing market experienced slow, uneven progress. Elevated mortgage rates and still-high home prices kept affordability under pressure, making homeownership difficult for many households. Although more listings came to market and builders added new supply, a significant share of existing homeowners held onto ultra-low mortgage rates and chose not to sell. That dynamic kept inventory constrained and limited options, particularly for first-time buyers. Overall, the market showed early signs of improvement, but the affordability challenge prevented 2025 from feeling like a decisive turning point.

SALES SLOWED / EXISTING-HOME SALES STRUGGLED

Existing-home sales were soft. In March 2025, they fell to a seasonally adjusted annual rate of roughly 4.02 million units, a 5.9% decline from February. For much of the year, demand was restrained by high borrowing costs and broader economic uncertainty. The National Association of Home Builders (NAHB) reported weaker builder sentiment mid-year, citing reduced buyer traffic and tempered expectations for future sales.

MORTGAGE RATES REMAINED ELEVATED

Mortgage rates stayed high by recent historical standards. At one point, the average 30-year rate hovered around 6.75%, significantly increasing monthly payments and reducing purchasing power. These elevated rates remained a primary headwind for buyers.

INVENTORY INCREASED, BUT AFFORDABILITY ISSUES PERSISTED

For-sale inventory did rise, as reflected in HUD's monthly indicators, but much of the added supply was not affordable for middle- and lower-income households. Some sellers chose to delist rather than reduce asking prices, in part because they had locked in very low mortgage rates and were reluctant to trade them for higher-cost financing.

HOME PRICES CONTINUED TO RISE (MODERATELY)

According to HUD data, house prices remained resilient. The FHFA house price index was approximately 12% above its June 2022 peak as of early 2025. Forecasts suggested price growth of roughly 3–4% for the year—slower than in prior boom years but still positive.

NEW CONSTRUCTION MIXED

HUD reported that new single-family home sales picked up early in 2025. However, new single-family starts were volatile, with some months showing year-over-year declines. Multifamily starts—particularly apartments—saw more consistent growth, reflecting ongoing demand for rental housing.

HOMEOWNERSHIP RATE SLIGHTLY DECLINED

The most recent data put the U.S. homeownership rate at 65.0% (not seasonally adjusted) and 65.1% on a seasonally adjusted basis. Those readings are slightly below earlier 2025 levels, suggesting that some potential buyers were being priced out or choosing to delay purchases.

REGIONAL AND SEGMENT DIVERGENCE

Conditions varied widely by region and price segment. Higher mortgage rates and rising prices weighed most heavily on first-time buyers and lower-income households. Some markets with stronger job growth and in-migration saw more resilience, while others softened more noticeably.

Key challenges and risks in 2025

- **Affordability crisis:** High mortgage rates and elevated prices kept many homes out of reach.
- **Seller lock-in:** Homeowners with ultra-low mortgage rates were reluctant to sell, limiting turnover.
- **Uneven supply gains:** Rising inventory did not translate into meaningful relief for many middle- and lower-income buyers.
- **Weak buyer confidence:** Economic uncertainty and borrowing costs kept many would-be buyers on the sidelines.
- **Builder caution:** Builder sentiment remained fragile, and starts were volatile even as some new homes sold.

LOOKING AHEAD

In 2026, the U.S. housing market is expected to continue a slow, steady recovery rather than experience a major rebound. Home sales are projected to rise modestly as mortgage rates ease from 2025 levels, though most forecasts still place 30-year rates in the mid-6% range for much of the year. Price growth should remain mild — generally around 1% to 2% nationally — with some markets seeing flat or declining prices and others posting small gains. Inventory conditions are likely to improve gradually, but the country's long-standing housing supply shortage will keep constraints in place and limit how far affordability can improve. Overall, 2026 is shaping up to be a year of measured progress: better activity than 2025, but still defined by elevated borrowing costs, affordability challenges, and significant regional variation.

KANSAS CITY METRO HOUSING MARKET

In 2025, the Kansas City housing market remained fundamentally strong but showed signs of cooling. Home prices continued to rise, inventory increased, and days on market edged higher. Demand stayed resilient, supported by regional affordability and solid job growth, but higher mortgage rates kept some buyers on the sidelines. The rental market, in particular, remained robust, with new apartment deliveries being absorbed at a healthy pace.

The Kansas City metro was named one of the top "hot housing markets" for 2025 by the National Association of Realtors, reflecting its combination of job growth, relative affordability, and homeowner "lock-in" dynamics. Even so, inventory has been climbing. A mid-2025 update showed approximately 8,175 homes on the market, up about 10% year-over-year. Days on market increased to around 35 days in summer 2025, compared with 32 days a year earlier, indicating a modest shift toward a more balanced market.

According to Zillow, typical home values in the Kansas City metro were about $321,000 as of mid-2025, a roughly 2.0% year-over-year increase. Local experts, including KCHBA, expect somewhat stronger appreciation for the full year—around 5.6%—driven in part by still-limited inventory in key segments.

Higher mortgage rates and continued price growth have made it more challenging for first-time buyers and some local investors to transact. As a result, the market is somewhat less active than in recent years, though it remains competitive.

Looking ahead to 2026, most forecasts point toward a steady growth. Home sales are expected to pick up as mortgage rates ease modestly, and prices are projected to rise at a more moderate pace. Inventory is likely to continue improving, while the rental market should remain healthy given regional job growth and affordability advantages.

Norada Real Estate expects existing-home sales in the Kansas City area to grow by roughly 11% in 2026, with new-home sales rising about 5%, helping to address supply shortages. Norada projects home prices will increase by approximately 4% in 2026, suggesting a more sustainable trajectory rather than sharp spikes. Their forecast assumes mortgage rates drift down to around 6.1%, which, if realized, could provide a meaningful boost to demand.

BOTTOM LINE

- **2025:** The Kansas City housing market is robust but gradually cooling. Prices are rising, demand is solid, inventory is improving, and homes are taking somewhat longer to sell.
- **2026:** The outlook is cautiously positive. Sales are expected to increase as rates ease slightly, prices should grow steadily rather than surging, and the rental market is likely to stay strong.
- **Risks / watch areas:** Affordability remains a concern, particularly for first-time buyers, and the success of new construction—especially attainable and affordable units—will be an important lever for balance.

- **Opportunities:** Renters may find a wider range of options, buyers who time the market well could benefit from improved conditions in 2026, and developers/investors should watch multifamily and mixed-use redevelopment closely.

US PROPERTY SECTORS AND MARKET

The 2026 Emerging Trends in Real Estate report portrays an industry operating in a landscape of persistent ambiguity. Capital markets remain constrained and volatile, creating a "fog" in which investors must make decisions with limited visibility. Elevated interest rates, mixed economic signals, and geopolitical tensions are keeping decision-makers cautious. As a result, capital deployment is slower, underwriting is more stringent, and value creation depends increasingly on asset-level performance rather than broad market tailwinds.

CAPITAL MARKETS: UNCERTAINTY AS THE OPERATING BASELINE

Borrowing costs remain elevated relative to the pre-pandemic period, and lenders have tightened standards. Refinancing risk is a central concern, particularly for assets financed during the 2020–2022 low-rate era that now face near-term maturities. Equity capital is more selective, with many investors waiting for clearer price discovery, which has contributed to subdued transaction volume.

Amid these conditions, capital structure innovation is gaining prominence. Joint ventures, recapitalizations, preferred equity, and transitional capital are becoming standard tools to unlock deals. In 2026, the most successful players will be those who can design flexible, creative capital stacks that protect the downside while preserving upside participation.

"NICHE" PROPERTY TYPES MOVING INTO THE CORE

A major theme of the 2026 report is the redefinition of "core" real estate. Investors are broadening their definition of stable, long-duration, income-producing assets, increasingly focusing on sectors once considered niche.

DATA CENTERS

Demand is accelerating, driven by AI workloads, cloud expansion, and enterprise digitalization. Growth is constrained less by capital than by access to power, grid capacity, cooling, environmental permitting, and suitable land near fiber-rich networks. This has intensified competition for viable sites and elevated the role of utilities and regulators as gatekeepers.

SENIOR HOUSING

Demographics are reaching an inflection point. The leading edge of the Baby Boomer cohort is entering its 80s, increasing demand for independent living, assisted living, and healthcare-adjacent options. Operators are incorporating wellness programs, concierge services, remote monitoring, and age-tech solutions, repositioning senior housing as a lifestyle product rather than purely a needs-based solutions.

SELF-STORAGE

The segment continues to benefit from shifting consumer lifestyles, including hybrid work, downsizing, and demand for recreational storage. "Storage condos" and premium, amenitized storage concepts are emerging. Resilient cash flows and relatively low operating costs continue to attract institutional capital.

STUDENT HOUSING

Student housing has rebounded from pandemic-era volatility, but the outlook is nuanced. International enrollment, visa policy, geopolitical dynamics, and construction costs introduce risk. Tier-one university markets remain highly competitive, while secondary markets show more variability in performance.

Across these segments, the common thread is a search for durable, needs-based demand that can outperform more cyclical categories over time.

BACK TO FUNDAMENTALS—WITH TECHNOLOGY AS A DIFFERENTIATOR

Operational excellence is increasingly central to value creation. With yields under pressure, owners and operators are using technology to optimize every stage of the asset lifecycle:

- Data-driven leasing and revenue management
- Predictive and preventive maintenance
- Energy and resource optimization
- Tenant experience platforms and digital amenities
- Real-time performance benchmarking

The report emphasizes that the most successful firms will not simply adopt point solutions; they will reorganize their operating models around data and analytics. Capabilities in automation, AI, and digital integration are rapidly becoming baseline requirements, not optional enhancements.

DEMOGRAPHIC FORCES REWRITING DEMAND

Long-term demographic trends are exerting more influence than short-term macro cycles.

AGING POPULATION

An aging population is reshaping demand across residential, healthcare, hospitality-adjacent, and service-oriented real estate. Senior housing demand is accelerating, and utilization of hospital and medical office space is projected to grow on a similar trajectory.

MIGRATION AND HOUSEHOLD FORMATION

Pandemic-era migration patterns have stabilized. Sun Belt markets continue to attract households through relative affordability and job growth, though insurance costs and climate risks are altering the calculus in some metros. Meanwhile, select gateway markets—especially those with strong knowledge-economy fundamentals—are regaining momentum.

YOUNGER GENERATIONS AND HOUSING CONSTRAINTS

Household formation remains constrained by elevated housing costs and limited supply, supporting long-term demand for rental housing even as some markets absorb near-term supply increases.

AI BECOMES AN OPERATIONAL REALITY

By 2026, AI has moved from pilot projects into mainstream operations:

- Developers use AI for site selection, zoning analysis, and cost modeling.
- Investors apply AI to risk assessment, portfolio construction, and market micro-segmentation.
- Operators integrate AI into building systems, leasing workflows, and customer service.

ULI notes that firms that fail to embed AI into their workflows risk losing cost efficiency and competitive positioning.

Market rankings: Sun Belt strength and selective urban revival

The "Markets to Watch" list highlights two parallel themes.

SUN BELT LEADERSHIP

Dallas–Fort Worth remains the top-ranked market for 2026, supported by job growth, corporate relocations, logistics connectivity, and development capacity. Miami, Houston, Tampa–St. Petersburg, Nashville, and Phoenix also rank highly, continuing the broader Sun Belt growth story.

RE-EMERGENCE OF SELECT GATEWAY MARKETS

For the first time in several years, markets such as Brooklyn, Manhattan, and Jersey City feature more prominently in the rankings. Talent concentration, infrastructure depth, and diversified economies are restoring investor interest in these locations.

OFFICE: A SELECTIVE, NOT UNIFORM, RECOVERY

The office sector is increasingly bifurcated. High-quality, amenity-rich, transit-accessible assets with strong sustainability credentials continue to perform relatively well. In contrast, commodity office stock faces significant structural headwinds and may require repositioning, conversion, or, in some cases, obsolescence. Redevelopment opportunities exist but only pencil in select markets and submarkets.

EUROPE AND GLOBAL PERSPECTIVE

Global real estate leaders are closely watching deglobalization, geopolitical instability, and energy and sustainability costs. In Europe, ESG compliance and digital transformation remain priorities, but strategies are becoming more nuanced and cost-sensitive, reflecting both regulatory demands and economic realities.

CONCLUSION

The 2026 Emerging Trends landscape reflects an industry recalibrating around structural shifts rather than reacting to short-term noise. Capital markets are uncertain, but disciplined investors and operators are finding clarity in fundamentals, demographic momentum, and technology-enabled efficiency. As niche property sectors mature into core strategies and performance becomes more differentiated by market and asset quality, real estate leaders will need to prioritize resilience, adaptability, and data-informed execution. Those who align capital, capabilities, and long-term demand drivers will be best positioned to create value as conditions gradually become clearer.

KANSAS CITY REGION

The 2025 Kansas City Economic Outlook Conference offered a detailed view of where the regional economy is heading and how local conditions compare to national trends. The Federal Reserve Bank of Kansas City emphasized that the broader U.S. economy is moving into a phase of moderate, sustainable growth. Inflation is easing, interest rates are likely to stabilize, and overall momentum remains intact. While the national environment is not set for rapid expansion, it is favorable enough to allow businesses and investors to plan with greater confidence than in recent years.

Within this context, the Kansas City region continues to outperform many peer metros in the Midwest. Analysis from the Mid-America Regional Council (MARC) highlighted an economy that is expanding, but in a targeted rather than broad-based way. Employment levels are healthy, population trends are steady, and capital is flowing into specific industries that are gaining long-term strategic importance. This pattern suggests the region is undergoing a structural shift toward higher-value sectors rather than a temporary cyclical upswing.

A central theme of the conference was Kansas City's emerging "investment playbook," which centers on three sectors expected to drive growth: energy, national security, and bioscience/healthcare. These industries are attracting new capital, supporting job creation, and requiring more specialized real estate. For energy, this means modern industrial and logistics facilities that support advanced manufacturing and distribution. For national security, it involves secure, highly technical environments. For bioscience and healthcare, it includes a mix of R&D, clinical, and flexible office space. Together, these sectors give Kansas City a differentiated edge and a more durable growth path.

From a commercial real estate standpoint, the outlook is constructive but calls for discipline. Demand is not rising uniformly across asset classes, so success will depend on aligning properties with the industries that are truly expanding. Industrial, flex, R&D, and specialized office assets linked to these growth clusters appear best positioned. At the same time, conference speakers encouraged developers and investors to remain prudent in rent assumptions, construction timelines, and absorption forecasts. Growth is present, but it is selective.

The region's underlying fundamentals—workforce availability, transportation infrastructure, livability, and relative affordability—remain strong compared to national peers. These advantages continue to attract companies looking for cost-efficient locations without sacrificing talent or quality of life. However, local leaders also underscored key risks: construction costs, labor availability, national policy changes, and global economic uncertainty could influence project feasibility and timing.

Overall, the conference message was that Kansas City is not in a rapid boom but is on solid strategic footing. The region's growth trajectory is increasingly tied to sectors with long-term staying power, and the most compelling real estate opportunities will follow these structural trends. Investors, developers, and operators who align with these sectors—and who maintain disciplined underwriting—will be best positioned to capture the next wave of regional growth.

KANSAS CITY'S LOCATION

Kansas City benefits from a highly strategic geographic position. Located near the geographic and population center of the United States and in the Central Time Zone, the metro draws people and commerce from a broad surrounding region, including Kansas, Missouri, Iowa, Illinois, Nebraska, Arkansas, and Oklahoma. This wide catchment area supports both trade and tourism.

The Kansas City metropolitan area has approximately 2.25 million residents based on recent trend estimates. Educational attainment is strong: about 93.2% of adults age 25 and older have at least a high school diploma, and roughly 40.8% hold a bachelor's degree or higher, according to recent ACS data.

The region is home to a robust higher-education ecosystem. Major universities such as the University of Kansas, the University of Missouri, and Kansas State University provide depth in biosciences, engineering, and medicine. The University of Missouri–Kansas City (UMKC) anchors important programs in business and real estate through the Lewis White Real Estate Center, which is recognized nationally. Additional institutions—including Avila University, Rockhurst University, and the Kansas City Art Institute—add breadth across liberal arts, professional training, and creative disciplines.

On the corporate side, Kansas City continues to function as a hub for major employers, including JE Dunn Construction, UMB Financial, H&R Block, Burns & McDonnell, Hallmark, and AMC Entertainment, among others. Their presence supports a diversified economy spanning finance, construction, engineering, professional services, and entertainment, reinforcing the region's role as a center of both corporate and cultural activity.

SPORTS AND ENTERTAINMENT

For a mid-sized metro, Kansas City has developed a substantial sports and entertainment footprint, and it remains a core part of the region's identity. The city's fan culture—anchored by tailgating, local traditions, and strong community engagement—supports a year-round calendar of games, concerts, and events.

The Kansas City Chiefs are the centerpiece of the local sports landscape. Home games at GEHA Field at Arrowhead Stadium are known for their atmosphere—large tailgates, consistently high attendance, and the loudest outdoor stadium environment in the world. The team's recent championship success has amplified Kansas City's national visibility and reinforced its reputation as a passionate football market.

Next door, the Kansas City Royals play at Kauffman Stadium, recognized for its outfield fountains and family-friendly environment. While on-field performance has cycled through ups and downs, a summer game at "The K" remains a staple experience for residents and visitors.

Sporting Kansas City has helped elevate American soccer culture, with Children's Mercy Park frequently cited as one of the best soccer venues in the country. The stadium's design and supporter culture have become a model for Major League Soccer.

Kansas City is also home to the first purpose-built stadium in the world for a women's professional soccer team. The Kansas City Current's riverfront stadium has quickly become one of the region's most high-profile sports investments, signaling the city's commitment to women's sports and activating a key stretch of the riverfront.

Kansas City's sports profile will reach an unprecedented global stage in 2026 as the city hosts matches for the FIFA World Cup. As one of only a handful of U.S. host cities, Kansas City will welcome hundreds of thousands of visitors and worldwide media attention. GEHA Field at Arrowhead Stadium will be transformed into an international soccer venue, requiring significant upgrades to transportation, fan experience, and broadcast infrastructure. Beyond the immediate economic impact, the World Cup is expected to leave a lasting legacy by elevating Kansas City's global visibility, strengthening its tourism brand, and reinforcing its position as a premier destination for major sporting events.

Downtown, the Power & Light District serves as the core entertainment hub, with KC Live! hosting outdoor concerts, sports watch parties, and large-scale community events. T-Mobile Center, the city's primary indoor arena, draws major touring artists, family shows, and collegiate basketball tournaments.

In Riverside, Missouri, a new outdoor concert venue—the Morton Amphitheater—is under construction, backed by Live Nation. Designed to hold 15,000–16,000 people, the venue will feature covered seating, lawn areas, VIP sections, and more than a dozen support buildings. A 100,000-square-foot roof structure will help protect events from the elements, and the site will offer more than 5,200 parking spaces and access to the riverfront trail system. The approximately $120 million project is being funded primarily by Live Nation, with additional support from the State of Missouri, the City of Riverside, and local incentives. Opening is targeted for spring/summer 2026, with expectations of hosting 30–40 major concerts annually and generating meaningful new visitor spending.

Starlight Theatre, a historic open-air venue in Swope Park, remains a key destination for Broadway touring productions and summer concerts. The Kauffman Center for the Performing Arts houses the Kansas City Symphony, Lyric Opera, and Kansas City Ballet and is one of the region's most recognizable architectural landmarks, anchoring the city's classical and performing arts community.

The Crossroads Arts District adds a more grassroots dimension to the scene, with galleries, performance venues, and live music spaces. First Fridays, the district's monthly art walk, brings together residents and visitors around local art, food, and culture.

The Country Club Plaza contributes another layer to Kansas City's cultural offering, hosting seasonal festivals, outdoor performances, and the iconic Plaza Lights during the holidays. With planned improvements and new ownership investment, the Plaza is slated to grow in occupancy and reaffirm its position as the region's premier shopping and entertainment district.

Kansas City's historic jazz legacy remains centered around the 18th & Vine District, long recognized as one of the birthplaces of modern jazz. Today, the area is anchored by the American Jazz Museum, the Blue Room jazz club, the Gem Theater, and the Negro Leagues Baseball Museum, offering a mix of history, live performance, and community programming.

Taken together, Kansas City functions as a full-scale sports and entertainment market. From professional franchises and collegiate events to music, theater, and festivals, the region maintains a steady rhythm of activity that makes it feel larger than its population alone would suggest.

CULTURAL ARTS

Kansas City offers a broad-based arts ecosystem that blends historic institutions with contemporary creative energy. The Kauffman Center for the Performing Arts anchors the performing arts, providing a home for the symphony, ballet, and opera, while a network of theaters and independent performance groups add depth and variety.

Visual arts have a strong presence through the Nelson-Atkins Museum of Art, the Kemper Museum of Contemporary Art, and the Crossroads Arts District, which hosts numerous galleries and the well-known First Fridays art walk.

The Nelson-Atkins, the city's premier art institution, is preparing for a major renovation and expansion. The plan calls for approximately 61,000 square feet of new space and renovation of another 74,000 square feet. The project will add new galleries, expanded education and programming areas, a dedicated photography center, a black-box theater for digital and immersive art, and a new restaurant with indoor/outdoor seating. The outdoor campus will also be redesigned to improve connections between the museum buildings and the sculpture park and to enhance circulation for visitors.

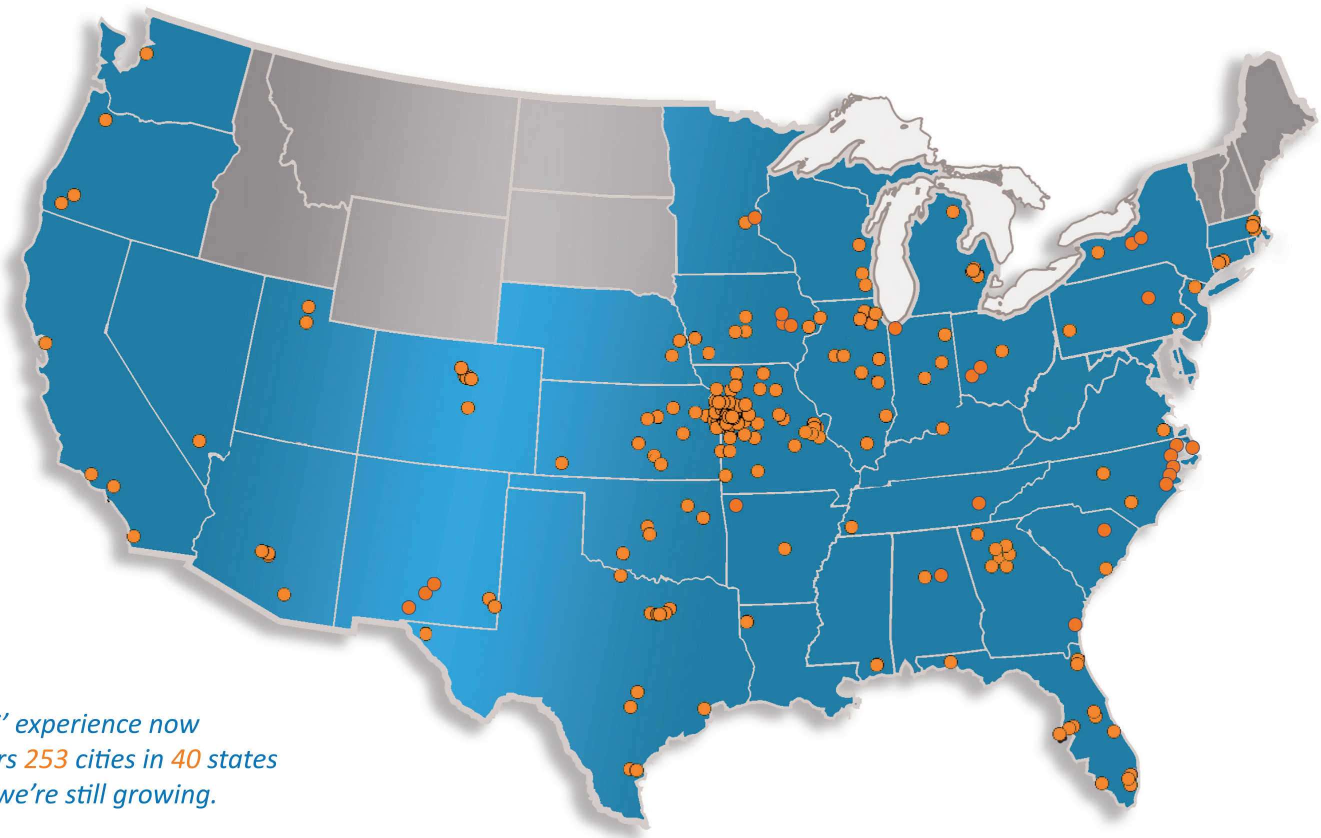
The winning design team, WEISS / MANFREDI, was selected through an international competition. Their concept emphasizes openness, accessibility, and stronger integration between indoor and outdoor spaces. The estimated project cost of $160–170 million will be funded privately, without public tax dollars. While no construction start date has been announced, the museum expects to remain open throughout the project with limited disruption to programming.

TRANSPORTATION PRESENCE

Kansas City's transportation network is one of its defining competitive advantages, anchored by an extensive highway system, a modern international airport, and a growing multimodal transit ecosystem. For a metro shaped by logistics, distribution, and a relatively dispersed development pattern, transportation is central to both quality of life and economic performance.

The region is fundamentally road-centric, supported by one of the most robust freeway systems in the Midwest. Kansas City sits at the intersection of major national corridors—I-70, I-35, and I-29—with I-435 forming a full loop around the metro. This configuration supports relatively low congestion, predictable travel times, and efficient movement of goods. It also plays a major role in Kansas City's position as a freight, intermodal, and distribution hub.

The newly redeveloped Kansas City International Airport (MCI) serves as a modern gateway for the region. The consolidated single-terminal design simplifies navigation, expands gate capacity, and supports



nearly 50 nonstop destinations. These enhancements strengthen the region's ability to serve business travelers, attract conventions, and support future growth in both domestic and international air service. Ground access is supported by ride-share, shuttles, rental cars, and limited bus connections.

Public transit is centered on RideKC, an integrated bus network serving both sides of the state line. In recent years, the system has focused on accessibility and equity, including fare-free service on many routes and the introduction of IRIS, an on-demand microtransit program designed to provide flexible first- and last-mile coverage. While fixed-route service is strongest in the urban core, ongoing investment in microtransit and route optimization aims to better match service with evolving residential and employment patterns.

The KC Streetcar has become one of the metro's most visible transit successes. Operating fare-free, it has helped catalyze development, support tourism, and improve mobility along the downtown corridor. The recent extension along Main Street to UMKC and the planned riverfront connection are significant steps toward a more connected, higher-capacity urban transit network. These expansions also align with broader city goals around density, mixed-use development, and walkability.

KANSAS CITY ANIMAL HEALTH CORRIDOR

As it reaches its 20-year milestone, the Kansas City Animal Health Corridor has firmly established itself as the world's largest concentration of animal-health assets. What began as a regional economic initiative now spans from Manhattan, Kansas, through Kansas City to Columbia, Missouri, encompassing hundreds of companies—including major global leaders such as Merck Animal Health, Bayer Animal Health (now part of Elanco), Boehringer Ingelheim, Hill's Pet Nutrition, Ceva, and Dechra—along with extensive R&D and manufacturing operations. The Corridor has helped the region capture a significant share of global animal-health, diagnostics, and pet-nutrition sales.

The Corridor's success is rooted in its ecosystem: proximity to leading veterinary and bioscience universities such as Kansas State University and the University of Missouri, access to a deep pool of scientific and technical talent, strong collaboration among industry and research partners, and a central U.S. location that supports logistics and distribution. Over the past two decades, the region has seen sustained growth in innovation, from vaccines and animal biotechnology to food safety, genomics, and advanced diagnostics.

At its 20-year mark, the Animal Health Corridor functions not only as a key economic engine for the Kansas City region, but also as a strategic national asset in animal health and bioscience. Continued capital investment, expansions by companies such as Merck Animal Health, Elanco, Boehringer Ingelheim, and Ceva, and a robust talent pipeline position the Corridor for further growth and influence in the decade ahead.

CITY RANKINGS

KANSAS CITY AREA DEVELOPMENT COUNCIL (KCADC)

The Kansas City Area Development Council (KCADC) is the region's primary business-attraction and marketing organization, coordinating regional strategy across two states and 18 counties. Because KCADC tracks national rankings, industry recognitions, and competitiveness metrics used by companies evaluating relocation or expansion, it serves as the central source for understanding how Kansas City performs relative to peer metros. KCADC is consistently recognized as one of the top regional economic-development organizations in the country.

Selected 2025–2026 Rankings & Recognitions for Kansas City:

TOP 5 U.S. TRAVEL DESTINATION

Source: Tripadvisor "Traveler's Choice Best of the Best 2025"

ZILLOW TOP 10 HOUSING MARKET FOR 2025

Source: Zillow

TOP 10 "NATIONAL HOUSING HOT SPOT"

Source: National Association of Realtors (NAR)

#1 IN ITS MULTI-STATE REGION AND #6 NATIONALLY FOR FOOD MANUFACTURING

Source: GLS "Best Places for Food Manufacturing" Report

TOP 10 CITY FOR GEN Z (AGES 20–24)

Source: KCADC analysis referencing national workforce and cost-of-living datasets

TOP MIDWESTERN MARKET FOR MILLENNIALS

Source: KCADC (compiled from multiple national demographic sources)

TOP CITY FOR RECENT GRADUATES

Source: KCADC (aggregated rankings)

TWO SUBURBS (OVERLAND PARK AND OLATHE) RANKED IN TOP 10 "BEST PLACES TO LIVE"

Source: Livability.com

TOP THREE LARGE U.S. METROS FOR WORKING MOTHERS

Source: KCADC summary of national labor and family-economics rankings

PRAIRIE VILLAGE / MISSION HILLS NAMED AMONG "HOTTEST NEIGHBORHOODS OF 2025"

Source: Redfin (ZIP 66208)

TOP U.S. METRO FOR TECH JOB GROWTH

Source: CompTIA Tech Jobs Report

TOP 15 BEST CITIES FOR REMOTE WORKERS

Source: WalletHub.

TOP 20 BEST U.S. CITIES FOR YOUNG PROFESSIONALS

Source: Forbes / Niche

TOP 10 LOGISTICS HUB IN THE U.S.

Source: Global Logistics Centers Index.

TOP 10 EMERGING LIFE SCIENCES MARKET

Source: CBRE Life Sciences Report.

TOP 10 BEST CITIES FOR WOMEN ENTREPRENEURS

Source: Forbes / Dell Women Entrepreneur (WE Cities) Indicators.

TOP 10 BEST CITIES FOR STARTUPS

Source: Guidant Financial Small Business Trends Report

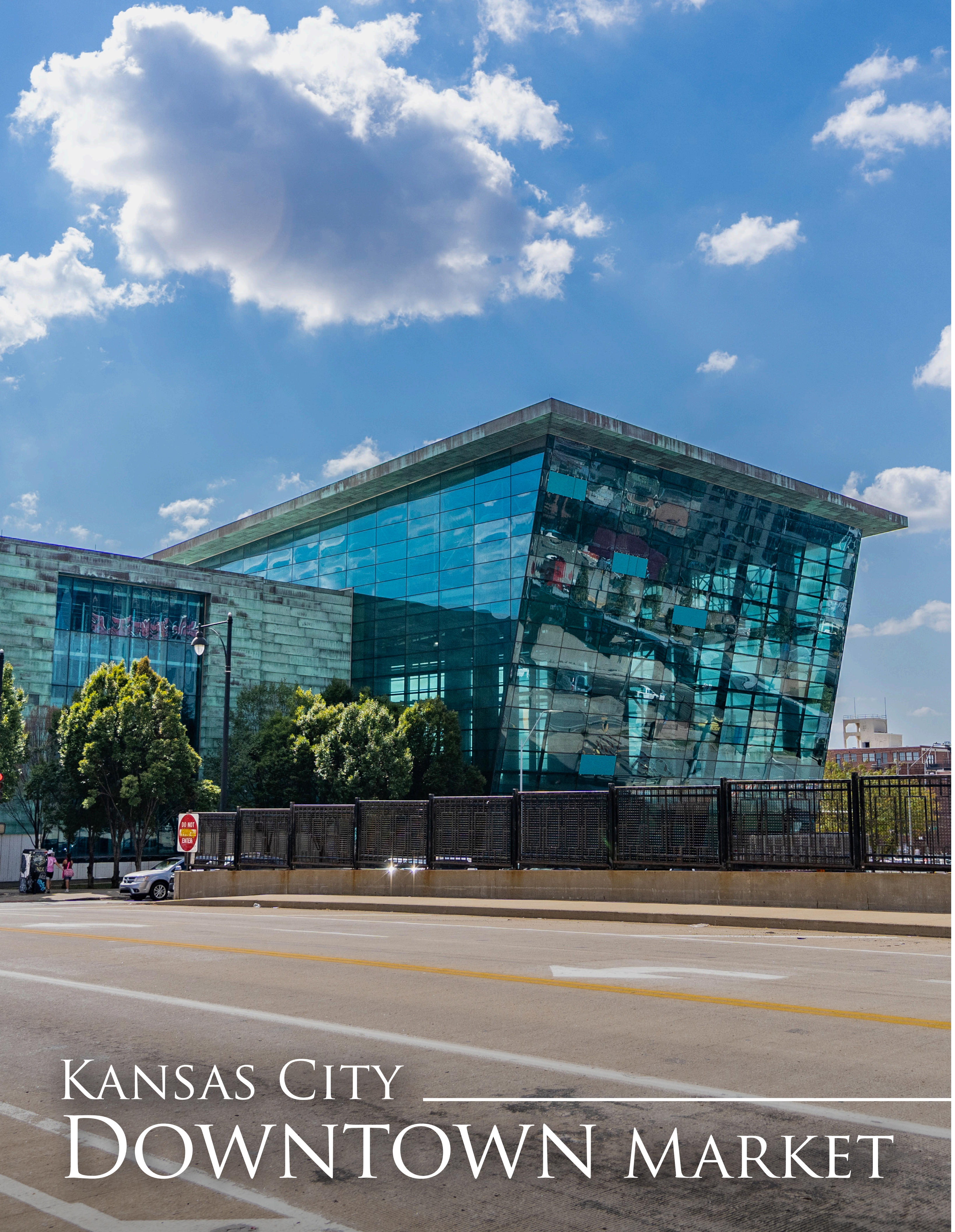
MAJOR REGIONAL WINS / ECONOMIC HIGHLIGHTS

KCADC and its regional partners helped drive meaningful economic activity in 2025, including: $1.3 billion in capital investment, 3,197 net new jobs, and nearly $275 million in new wages. A standout announcement was Merck Animal Health's $895 million investment, reinforcing Kansas City's global leadership in the animal health and bioscience sectors. Additionally, a recent report captured approximately $5.6 billion in total capital investment, nearly 6,000 new jobs, and 7 million square feet of new development delivered across the region in a single year.

WHAT THIS MEANS

A nationally competitive region: Kansas City's repeated placement in Top 10 national lists—from travel and food manufacturing to housing, technology, and logistics—signals broad, multi-sector strength. Rising talent magnet: High rankings for Gen Z, millennials, recent graduates, remote workers, and working mothers reflect a workforce environment that is gaining national attention. Enhanced quality of life: Recognition from major travel and cultural publications underscores the region's growing reputation for arts, food, entertainment, and affordability. Long-term economic momentum: With coordinated regional strategy, sustained capital investment, and a diversified industry base, Kansas City is increasingly positioned as a compelling choice for businesses, residents, and visitors alike.

Contributor: Scott M. Cordes, Chief Operating Officer, Executive Vice President; William A. Block, CCIM, Principal, Vice President - Development



Kansas City Downtown Market

The geographic boundaries of the Downtown submarket tend to vary, but in this report, Downtown Kansas City is defined as the area from the Missouri River to 31st Street, and from State Line Road to Troost Avenue. Downtown can be further divided into various distinct areas, including the Central Business District (CBD), River Market, Crown Center, Crossroads/West Side and the West Bottoms. The following Downtown section includes data for multifamily, office, hotel, and specialty real estate.

ROY BLUNT LUMINARY PARK

The much-anticipated project known as the South Loop Link was officially named after former U.S. Senator from Missouri Roy Blunt in early 2025. Senator Blunt served Missouri in the U.S. Senate from 2011 to 2023 with a focus on bipartisan coalition-building and securing major legislation for health research, infrastructure, and commerce. Most recently, Senator Blunt helped local and state officials secure almost $30 million in funding for the project. The plan calls for a four-block, 5.5 acre “lid” to be placed on top of I-670, with a focus on connecting the Crossroads Arts District to the rest of Downtown. The lid will extend from Bartle Hall east to Grand Boulevard.

The project’s estimated cost now falls between $300 million and $315 million, an increase of almost $100 million from former estimations. The Missouri Highway and Transportation Commission approved a historic $31 million grant late last year, in addition to the $25.6 million already secured from private contributors and the $87.2 million in combined state and federal funding. Additionally, a new ordinance has been introduced that would provide a $15.1 million bond issuance and authorizes $65 million in debt as part of the city’s fiscal budget.

The park will include an amphitheater, a dog park, public green space, family areas, and will act as a catalyst for further revitalization, economic development, and connectivity in the downtown area. The project was intitially scheduled to begin in early 2025 and was expected to take approximately three years, but because of governmental delays, including a Federal Highway Administration environmental review which was completed this year, and additional funding steps, the completion date has been pushed to 2029 with groundbreaking starting sometime in 2026.

MULTIFAMILY

In 2025, multifamily projects continued to dominate the downtown area and have contributed significantly to its ongoing growth. Downtown has continued to experience large population increases, with an increase of nearly 139% in the past 25 years. With the median age of 30 and 85% of the downtown population being renters, luxury, Class-A multifamily projects continue to be favored.

The St. Louis based developer Lux Living welcomed its first residents in late 2025, marking the completion of the initial phase of its lifestyle-focused apartment community, Wonderland.

Wonderland, a 215-unit, Alice in Wonderland inspired apartment development that began construction in 2022, is one of Lux Living’s first projects in Kansas City, located at 20th Street and Broadway Boulevard. The project incorporates a broad range of amenity spaces, including a grand lobby with a small bistro, a large fitness center, a Turkish-style spa with float pods, and both indoor and outdoor pool areas. Lux originally anticipated delivering its first units in 2022, though construction ultimately fell behind schedule. Subcontractors filed roughly $1.2 million in liens against the project, all of which were by late 2024.

With 44 of the 215 units now completed and delivered, the developer is preparing to move forward with Phase II.

Anshul Sathyan, Lux’s Chicago-based project manager, stated, "Phase II will be delivered late in 2025 and into early 2026, bringing even more of the spectacular amenities that make Wonderland a standout addition to the Crossroads. The project features stunning design, creative public spaces and resort-style amenities that celebrate the energy of Kansas City’s Arts District. We’re proud to be open for business and thrilled to welcome new residents to the community."

The project still faces several outstanding items, including revising plans for Phase II, architectural submittals, and other requirements for their permanent certificate of occupancy. Sid Chakraverty, Lux Living’s managing principal, is confident the project will remain on pace for a full opening in 2026.

As Berkley Riverfront continues to take shape, Northpoint Development has begun construction on its next multifamily project, CORE II. Set on 2.2 acres just north of their 353-unit CORE apartment complex that opened its doors in 2022, CORE II delivers another contemporary

The former Kansas City Star printing plant is undergoing a $1 billion transformation into a massive AI innovation hub and data center led by developer Patmos. The multi-use tech campus is slated to open ahead of the 2026 World Cup and will feature an expo hall, a conference center, and public event spaces.

residential option that connects more people to the river, CPKC Stadium, and the expanding energy of the Berkley Riverfront.

The project features a mid-rise, six story complex with contemporary architecture, offering a mix of studio, one, and two-bedroom apartments, totaling 152 units. Its layout blends residential living with ground-level activity areas, supporting a walkable environment along the riverfront. Included on the street level will be 4,000 square feet of retail space, including plans for a public art gallery and grocery store. Residents can expect top level amenities such as shared lounges, fitness and wellness spaces, and outdoor areas designed to capture views of both the Missouri River and the downtown skyline. Construction commenced in late 2024, with final completion targeted for the fall of 2026.

Arnold Development Group submitted preliminary plans and a request for rezoning in late 2025 for a multi-phase development located at Ninth and Central. The plan envisions 695 apartment units, delivered through adaptive reuse of the former DST Office Buildings, as well as a new residential tower. The new high rise would replace the current DST parking lot and would include 487 apartments and around 26,000 square feet of commercial space. The high rise is expected to be 289 feet and 12 stories tall, featuring a rooftop pool deck. The two existing DST buildings, the Centennial and Poindexter Buildings, would be redeveloped to include 100 and 108 units, respectively.

In August, the Planned Industrial Development Authority approved a 25-year tax abatement supporting the Centennial and Poindexter redevelopment, which is valued at over $88 million. 94 of the 208 units will be positioned as affordable units targeted at residents earning 30%-80% of median income. The redevelopment will feature one to four bedroom apartments with amenities that include a pool deck, pickleball courts, and rooftop dining area.

The scheduled start for the residential conversion is sometime in Q2 2026, pending the review and approval of preliminary plans and rezoning requests by the City Plan Commission. The timeline for the construction of the 12-story tower is dependent upon market stability and economic conditions, according to an Arnold Development spokesperson.

HOTEL

The Scarritt Building, located at 818 Grand Boulevard, stands as a distinctive relic of early skyscraper architecture and an emblem of the city's ambitions during the first decade of the 20th century.

The building was completed in 1907 by the Scarritt Estate Company, which was founded in 1903 by the children of Reverend Nathan Scarritt. Thanks to its architectural integrity and historical importance, the Scarritt Building was listed on the National Register of Historic Places in 1971 and forms a key piece of Kansas City's heritage, denoting its importance as one of the earliest skyscrapers built in Kansas City.

For decades, the building served as office space, housing tenants such as the Kansas City Gas Company and Great Southern Bank. Over time, however, as downtown office demand shifted and many older buildings aged without major investment, the Scarritt Building's occupancy and condition declined. Earlier efforts to convert it into apartments or a hotel stalled. One proposed 193-key hotel with coworking space was scrapped, and an alternate 126-unit apartment plan was introduced, which eventually lost traction.

In recent months, the building has become a focal point in a major mixed-use redevelopment project known as the 800 Grand Project. Port KC approved a resolution in July 2025 authorizing up to $480 million in taxable revenue bonds and a memorandum of understanding with developer 800 Grand KCMO LLC to execute a plan that integrates the Scarritt Building into a larger hub of housing, retail, entertainment, and hospitality.

Under the plan, the Scarritt Building would be adaptively reused and converted into a 167-key hotel by The BR Cos., a California based real estate firm. The hotel would operate under the UMusic Hotels brand, a music-centric hospitality concept. Surrounding it, the broader project calls for about 319 apartments, approximately 28,000 square feet of ground-floor retail, and a 1,400-seat music and entertainment venue, all to be built in phases with the hotel opening its doors in 2026, and the project reaching full completion in 2029.

KANSAS CITY DOWNTOWN AIRPORT

The Charles B. Wheeler Downtown Airport opened in 1927 as Kansas City's original municipal airport and quickly became an important stop for early commercial aviation and airmail service. For decades it served as a major hub for TWA, which based its headquarters and maintenance operations there. By the 1960s, however, the airport's river bound location and limited room for expansion made it unsuitable for the jet age, leading to the construction of Kansas City International Airport. Today, it remains a well-used facility for business and corporate aviation, as well as home to the National Airline History Museum.

Kansas City's Aviation Department has selected Airside Innovation Missouri LLC to transform the final 20 acres of available airport property into a modern FBO (Fixed Base Operator) campus. Apex Aero Center, a Kansas City based company, will serve as the onsite operator and primary point of contact for corporate, governmental, and general aviation travelers. The plan calls for a contemporary 15,000 square foot terminal, plus more than 150,000 square feet of hangar, office, and maintenance facilities.

Marketing materials for the new complex highlight an array of leasing options, including premium hangar bays up to 30,000 square feet. These spaces are being engineered for modern business jets which will feature wide clear span interiors, large door openings, and ample vertical clearance for taller aircraft. According to city officials, construction is expected to start in 2026 once all permits and regulatory approvals are secured, with completion targeted for Summer 2027.

In September 2025, Wichita-based developer Crain Co. purchased the 6.14-acre site at 2301 Main Street following the relocation of Blue Cross and Blue Shield of Kansas City to its new downtown headquarters. While the property remains a focal point for a potential Kansas City Royals ballpark at Washington Square Park, the site is also being positioned for high-density mixed-use development along the newly opened KC Streetcar Main Street Extension.

BERKLEY RIVERFRONT STREETCAR EXTENSION

Construction of the Kansas City Streetcar's riverfront extension is entering its final phase, with officials expecting to welcome riders sometime in Spring 2026. The Kansas City Streetcar Authority reports that track work and station structures along the 0.7 mile corridor are essentially finished. As of April 2025, a little over a year after the project broke ground, all of the track work has been completed and as of June 2025, three new station shelters were completed between Berkley Riverfront and Grand Boulevard. The project is now transitioning to completing the necessary work required to get the streetcar system up and running.

The new segment will link Third Street and Grand Boulevard in the River Market to the heart of Berkley Riverfront Park, stopping near CPKC Stadium. With an estimated price tag of $61.1 million, the project is funded through a mix of federal ($35.2 million) and local ($25.9 million) dollars. Once open, the extension is expected to become a vital method for fans to travel to Kansas City Current matches, while also giving residents and visitors a simple, streamlined connection between downtown and the riverfront's growing mix of parks, housing, and entertainment.

Before service begins, the Streetcar Authority will spend several months testing the power system, track, and station interfaces, followed by a simulated testing phase on operator training and service. Officials say the work is progressing slightly faster than originally planned. The extension will also feature a newly announced $5 million pavilion, which will serve as the northern terminal of the streetcar. The pavilion will feature covered waiting areas, functional art, as well as a fabricated metal sculpture created by local fabrication company, A. Zahner Co.

Use of the streetcar has already surged since the Main Street extension opened in October, and the streetcar now carries around 15,000 people per day between the River Market and the University of Missouri-Kansas City. The riverfront extension is expected to push those numbers even higher and, more importantly, to physically and economically knit downtown back to the Missouri River in a way Kansas City hasn't seen in decades.

Contributors: John Mullen, Development Associate; Zachery Gant, Vice President – Investments

Kansas City Office Market

The U.S. office market remained challenged in 2024 despite improved in-person attendance, which rose to 60–70% across most markets. Job growth in knowledge-based sectors was minimal, leading occupiers to stay cautious and sign leases 15–20% smaller than pre-pandemic norms. National office vacancy reached a record 13.9%, up 4.5% from pre-pandemic levels and 40 basis points year over year. While sublease availability declined for the first time since 2020, direct vacancy increased as leases expired. New office construction fell to its lowest level since 2013 due to high costs and interest rates, and most projects underway are owner-user or medical rather than traditional multitenant office. With low new supply and distressed acquisitions increasing, vacancy is expected to peak just above 15% in 2027, with rent growth remaining below 1% starting in 2026.

Kansas City reflects these national trends, with vacancy rising to 11.9% by Q3 2024 and negative absorption of 550,000 square feet over the past year, an improvement from 2023's record decline. Sublease space fell sharply to 1.4 million square feet, or 1.1% of inventory—well below the national average. Rental rates have held steady at approximately $23 per square foot, supported by rising construction and operating costs. Development activity remains limited and largely build-to-suit, while adaptive reuse projects have gained momentum. Tenant downsizing continues, though selective expansions and resilient performance in newer properties suggest modest pockets of strength. Overall, the market's recovery is expected to remain slow through 2025.

SOUTH JOHNSON COUNTY

South Johnson County comprises 1.7 million square feet of available inventory, resulting in an availability rate of 17.5%. The submarket ended 2025 with a vacancy rate of 15.8%, up slightly from 15.3% at year-end 2024. Over the past year, it recorded 42,600 square feet of net absorption. Average market rents increased from $22.71 per square foot at year-end 2024 to $24.00 by the end of 2025, and this upward trajectory is expected to continue into 2026.

9.4M	15.8%	$24.00	$132
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

In September 2025, Dallas-based DFW Land acquired the 485,000 square foot Park Place Village office and retail portfolio in Leawood for $100 million. The 10-building complex was 100% leased at the time of sale and continues to serve as the global headquarters for AMC Entertainment while welcoming new corporate tenants like A Place for Mom in late 2025.

OFFICE MARKET

TOP SALES

- 27,637 square feet 401 S Clairborne Rd, Olathe Kansas in August 2025
- 18,225 square feet at 1920 W 143rd St, Leawood Kansas in September 2025
- 15,856 square feet at 115-125 E Park St, Olathe Kansas in November 2025

TOP LEASES

- 94,512 square feet at 16850 W 119th St in Olathe Kansas
- 58,827 square feet at 17100-17150 W 118th Ter in Olathe Kansas
- 40,972 square feet at 17200 W 119th St in Olathe Kansas

NORTH JOHNSON COUNTY

Northeast and Northwest Johnson County currently have 90,000 square feet under construction. Over the past year, the submarkets reported 298,500 square feet of net absorption and 199,000 square feet of net delivered space. Market asking rents in both submarkets increased 1.7% year over year. In 2025, a total of 40 office properties traded across these areas. Both markets reported an average cap rate of 11.0%, higher than the metro average of 10.6%.

13.6M	9.6%	$24.45	$123
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- 150,958 square feet 9351-9401 Renner Blvd, Lenexa Kansas in March 2025
- 83,298 square feet at 5201 Johnson Dr, Mission Kansas in August 2025
- 50,388 square feet at 7905 Quivira Rd, Lenexa Kansas in April 2025

TOP LEASES

- 62,339 square feet at 9351-9401 Renner Blvd in Lenexa, Kansas
- Macquarie Capital leased 28,405 square feet at 6301 Glenwood St in Overland Park Kansas
- ACERTUS leased 27,426 square feet at 6301 Glenwood St in Overland Park Kansas
- TAFS leased 20,001 square feet at 8050 Marshall Dr in Lenexa Kansas

CBD, CROWN CENTER, FREIGHT HOUSE, WEST BOTTOMS

These four submarkets continued to show improvement in 2025, posting an average vacancy rate of 11.68%, a decrease of roughly 3% from 2024. While CBD recorded a modest year-over-year improvement, it still has the highest vacancy rate at 15%. Across all four submarkets, net absorption totaled approximately 659,800 square feet over the past 12 months, reflecting steady tenant demand. Market rents also continued to rise, with each submarket recording 1.5% to 2.1% growth over the past year.

28.8M	11.6%	$24.19	$108
INVENTORY SQUARE FEET	RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- 201,493 square feet at 2301 Main St in Kansas City, Missouri for an undisclosed price
- 146,580 square feet (Part of a Portfolio) at 818 Grand Blvd in Kansas City, Missouri for an undisclosed price
- 77,551 square feet at 423 W 8th St in Kansas City, Missouri for $5,920,000

TOP LEASES

- Conexon, 48,827 square feet at 2323 Grand Blvd in Kansas City, Missouri
- Lathrop GPM, 47,000 square feet at 2323 Grand Blvd in Kansas City, Missouri
- Undisclosed Tenant, 30,346 square feet at 1301 Main St in Kansas City, Missouri

PLAZA/MIDTOWN/BROOKSIDE

Across the Country Club Plaza, Midtown, and Brookside submarkets, the Country Club Plaza was the only area to record positive net absorption in 2025. Overall vacancy among the three submarkets inched up from 6% in 2024 to 6.33% in 2025, driven by the combination of no new deliveries over the past 12 months and negative net absorption in Midtown and Brookside. The Country Club Plaza also posted the strongest rent performance, with rents rising 1.9% year-over-year, outpacing the metro-wide annual rent growth of 1.4%.

10.9M	6.3%	$25.40	$113
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- 76,000 square feet at 4700 Belleview Ave in Kansas City, Missouri
- 45,842 square feet (Part of Portfolio)) at 1 Ward Pky in Kansas City, Missouri
- 38,751 square feet at 3435 Broadway St in Kansas City, Missouri

TOP LEASES

- FNBO, 45,842 square feet at 1 Ward Pky in Kansas City, Missouri

In March 2025, Farmers Insurance completed its regional relocation to a 144,000-square-foot hub within the former Oracle Cerner "Continuous Campus" near The Legends. This significant lease revitalizes a massive office vacancy in Wyandotte County and provides the company with a high-tech, modern facility to support its hybrid workforce.

- Undisclosed Tenant, 35,753 square feet at 4800 Main Street in Kansas City, Missouri
- Undisclosed Tenant, 29,378 square feet at 4800 Main Street in Kansas City, Missouri

SOUTH KANSAS CITY (WARD PARKWAY)

The South KC (Ward Parkway) submarket ended 2025 with a vacancy rate of 5.6%. Activity increased significantly year over year, moving from no new construction completed in 2024 to 360,000 square feet under construction in 2025. Rental rates rose slightly — just over 1.0% — bringing the average to $23.00 per square foot. Over the past 12 months, the submarket recorded twenty-two office sales, achieving an average cap rate of just over 10.0% and an average price of $113 per square foot. As of year-end 2025, the South Kansas City/Ward Parkway office market totals 9.3 million square feet of inventory, with 570,000 square feet currently vacant and available.

9.3M	5.6%	$23.10	$114
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- 12,129 square feet at 1441 E 104th St, Kansas City in August 2025
- 11,364 square feet at 1401 E 104th St, Kansas City in June 2025
- 8,275 square feet at 10200 Holmes Rd, Kansas City in May 2025

TOP LEASES

- 100,000 square feet at 901 Carondelet Dr in Kansas City (renewal)
- 38,000 square feet at 2400 W 75th St in Prairie Village Kansas
- 20,506 square feet at 8700 State Line Road in Kansas City

NORTH OF THE RIVER

The North of the River submarket, made up of the I-29 and I-35 Corridors, saw contrasting performance in 2025. The I-29 Corridor posted a 9% vacancy rate, up 1.3% from last year, along with 36,000 square feet of negative net absorption and 14,000 square feet of new deliveries. The I-35 Corridor remained steadier, ending 2025 with 5.5% vacancy, 8,700 square feet of positive absorption, and 17,500 square feet of new deliveries. Rents continued to rise in both areas, increasing 1.6% in I-29 and 1.3% in I-35. Overall, I-29 softened while I-35 maintained relatively stable conditions heading into 2026.

12.4M	9%	$21.21	$110
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- 32,046 square feet at 10525 NW Ambassador Dr in Kansas City, Missouri
- 16,686 square feet (part of a portfolio) at 9500 NE 82nd Ter in Kansas City, Missouri

- 15,720 square feet (part of a portfolio) at 8761 N Ambassador Dr in Kansas City, Missouri

TOP LEASES

- Undisclosed Tenant, 10,294 square feet at 11500 NW Ambassador Dr in Kansas City, Missouri
- Undisclosed Tenant, 6,800 square feet at 1850 NE Kendallwood Pky in Kansas City, Missouri
- Undisclosed Tenant, 6,000 square feet at 860 Haines Dr Liberty, Missouri

EAST JACKSON COUNTY

East Jackson County experienced a 0.4% reduction in vacancy compared to last year, accompanied by 28,400 square feet of positive absorption over the same period. The submarket currently has 540,000 square feet of vacant inventory and 25,000 square feet under construction. Rents have increased 1.7% year over year, bringing the average rent for 2025 to $22.00 per square foot.

7.6M	6.9%	$21.58	$96
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- 42,714 square feet at 3675 S Noland Rd, Independence Missouri in January 2025
- 38,405 square feet at 1200 NW South Outer Rd, Blue Springs Missouri in Terrace in March 2025 for $2.95 million.
- 27,150 square feet at 4721 S Cliff Ave in Independence, Missouri for $2.1 million

TOP LEASES

- HCA leased 15,271 square feet at 19550 E 39th in Independence, Missouri
- Buckner Health leased 5,398 square feet at 3737 S Elizabeth St in Independence, Missouri

KANSAS CITY, KANSAS

The Kansas City, Kansas office submarket saw a strong turnaround in 2025, with vacancy dropping from 18.5% in 2024 to 13.8% by Q4. After losing 214,000 square feet of occupied space last year, the market gained 162,000 square feet over the past 12 months as more tenants moved in. Rent growth also improved, rising from 0.5% in 2024 to 1.7% in 2025. Property sales were steady this year, with 18 office buildings selling and totaling 260,000 square feet of space. Overall, the market is moving away from a tough period and is now showing signs of steady improvement.

3.4M	13.8%	$22.11	$120
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- 15,499 square feet located at 8040 Parallel Pky in Kansas City, Kansas sold for $1,400,000
- 23,450 square feet at 1333 Meadowlark Ln in Kansas City, Kansas sold for an undisclosed amount.
- 16,000 square feet at 11006 Parallel Pky in Kansas City, Kansas sold for an undisclosed amount (Part of a Portfolio).

TOP LEASES

- Farmers Insurance, 132,188 square feet at 10200 Abilities Way in Kansas City, Kansas
- Brasstacks Inc., 9,352 square feet at 2101 W 43rd St in Kansas City, Kansas
- Undisclosed tenant, 8,505 square feet at 10E Cambridge Cir in Kansas City, Kansas

SOUTHEAST JACKSON COUNTY

Vacancy decreased by 2.2% this year in Southeast Jackson County, bringing the current rate to 5.1%. The submarket recorded 120,000 square feet of positive net absorption, while average market rent increased 1.6% year over year to $23.00 per square foot, compared to a 1.4% change metro-wide. Southeast Jackson County currently has roughly 430,000 square feet of space listed for lease. Market cap rates remained relatively stable, ending the year at 10.5%, just below the metro average of 10.6%.

3.9M	5.1%	$23.02	$108
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	MARKET SALE PRICE/SF

TOP SALES

- 21,926 square feet at 200 NE Mulberry St, Lee Summit Missouri in October 2025
- 16,400 square feet at 401 SW Oldham Pky, Lee Summit Missouri in October 2025
- 12,000 square feet at 816-818 NW Park Ln, Lee Summit Missouri in February 2025

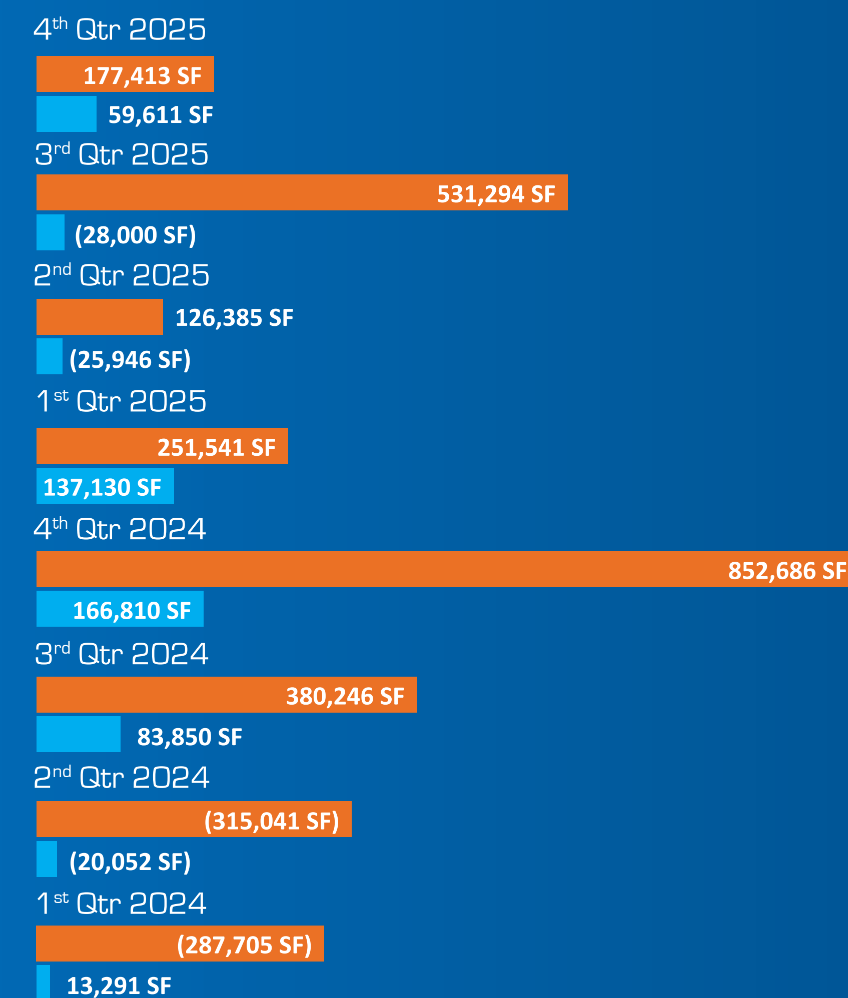
TOP LEASES

- Cornerstones of Care leased 90,000 square feet at 9001 James A Reed Rd in Kansas City, Missouri
- 23,804 square feet at 800-850 NW Chipman Rd in Lee Summit, Missouri
- 6,900 square feet at 1210-1218 Windsor Dr in Lee Summit, Missouri

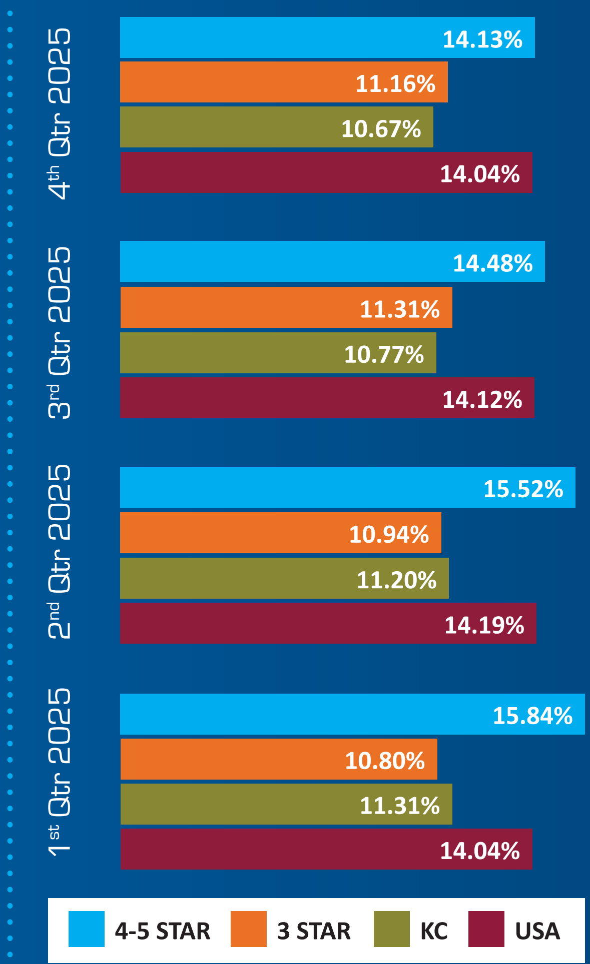
Contributors: Don Maddux, Senior Vice President; Max Wasserstrom, Senior Vice President; Riley Rader, Vice President; Reid Kosic, Vice President, Office Specialist; and Hagen Vogel, Commercial Brokerage Associate

OFFICE MARKET AT A GLANCE

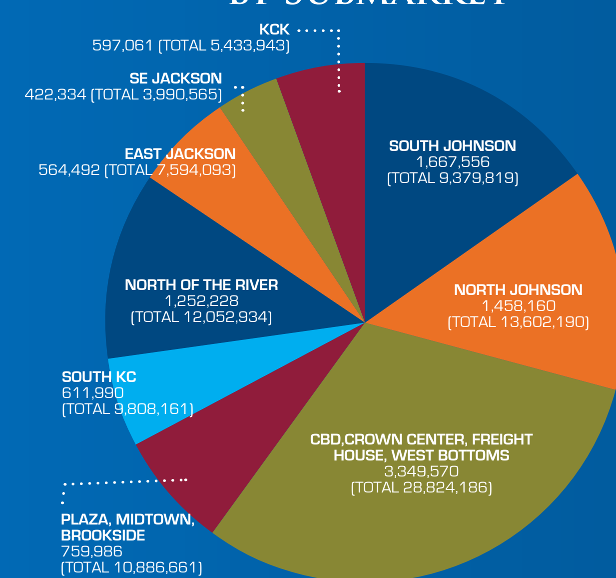
KANSAS CITY METRO 2025 ALL CLASSES
NET ABSORPTION VS. NET DELIVERIES



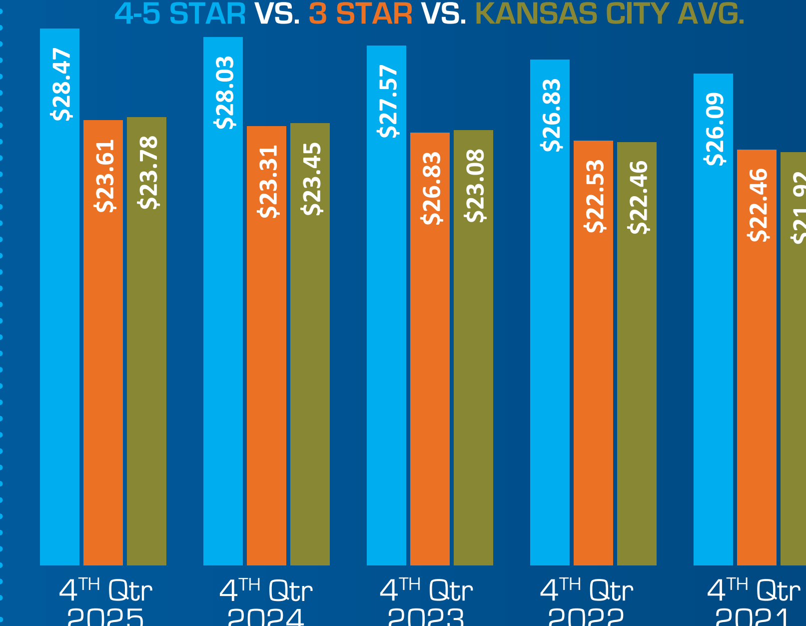
2025 OFFICE VACANCY
4-5 STAR VS. 3 STAR VS. KANSAS CITY VS. U.S.



VACANT OFFICE SPACE BY SUBMARKET



AVERAGE OFFICE RENTAL RATES
4-5 STAR VS. 3 STAR VS. KANSAS CITY AVG.



Kansas City Industrial Market

349M	6.4%	$7.13	4.1M
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	NET ABSORPTION

The Kansas City Metropolitan Area's industrial market continues to evolve amid broader national and global forces that shaped conditions throughout 2024 and into 2025. Nationally, tenant demand moderated from post-pandemic highs as elevated construction costs, slower eCommerce growth, and cautious capital planning led many occupiers to delay expansion. Although interest rates began easing in 2025, the impact on long-term commitments has been gradual. At the same time, shifting tariff policies and supply chain realignments pushed companies to reassess their North American footprints, accelerating broader reshoring activity. As speculative starts taper and development stabilizes, markets that emphasize efficiency and connectivity, advantages long associated with Kansas City, continue to perform competitively.

Kansas City recorded a strong opening to 2025, absorbing 3.1 million square feet in the first quarter and briefly lowering vacancy to 4.6% before new deliveries nudged availability back toward 5%. More than 2.3 million square feet delivered in the first half of the year (largely build-to-suit projects) while six additional developments totaling 1.2 million square feet broke ground. As the year progressed, absorption became more uneven and vacancy trended higher, approaching 5.9% with projections reaching 6.4% by year-end. These trends reflect a market moving toward a more balanced relationship between supply and demand as new product is integrated.

Industrial activity in 2025 was driven by several key sectors including owner-occupancy, Cold storage expansions by companies such as CJ Logistics, Americold, Vertical Cold Storage, and Lineage, all increasing their presence. Large-scale data center initiatives also advanced across multiple submarkets, including Meta's ongoing buildout at Golden Plains Technology Park and new proposals from Red Wolf and Beale Infrastructure.

JACKSON COUNTY

Jackson County saw a noticeable moderation in activity in 2025, with leasing demand easing and new supply contributing to higher availability across the submarket. While overall absorption softened, tenant interest in modern industrial product remained steady, and development continued at a measured pace. The submarket is entering 2026 in a period of adjustment as it works

In September 2025, the Riverside Logistics Centre II was positioned for sale as a premier 328,320-square-foot investment property that is currently 100% leased to high-quality tenants. Located near major interstates and the Horizons Business Park, the Class-A facility offers stable, long-term cash flow within one of the Kansas City metro's most active industrial corridors.

through delivered space and rebalances toward more normalized demand levels.

103M	7.9%	$6.89	1.3M
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	NET ABSORPTION

TOP SALES:

- Custom Truck One Source purchased a 173,000 square foot industrial building in Kansas City, Missouri.
- Apple Wholesale purchased a 84,000 square foot manufacturing facility in the East Bottoms.
- 4323 Clary LLC purchased a 110,000 square foot industrial building on 6.59 acres in Kansas City, Missouri.

TOP LEASES:

- Church & Dwight leased 555,871 square feet in Raymore Commerce Center Building 5 with delivery of the build-to-suit project in December 2025.
- Holganix leased 300,000 square feet in Blue River Commerce Center Building 3.
- Bimbo Bakeries leased 222,000 square feet in I-49 Commerce Center Building 3.

TOP DEVELOPMENTS:

- Scannell finalized delivery of a three-building portfolio totaling 781,000 square feet on 75 acres near I-470 and MO Highway 50 at Lee's Summit Commerce Center.
- Union Pacific Railroad filed a large plan at the former General Motors plant near the intersection of I-70 and I-435. The rail-served site is designed for more than 500,000 square feet of new industrial product.
- NorthPoint Development is redeveloping more than 1,200 acres east of Kansas City, as Eastgate, a 10-million square foot master-planned industrial park expected to be built over 15 years.

EXECUTIVE PARK/NORTHLAND PARK

Executive Park and Northland Park remained among the metro's most active submarkets in 2025, supported by steady tenant demand and limited large-block availability. Leasing activity continued at a healthy pace, contributing to another year of positive absorption and stable fundamentals. Development activity also remained present, reflecting ongoing confidence in the area's connectivity and appeal to regional and national users. The submarket enters 2026 with strong momentum and a balanced supply environment.

50.5M	3.4%	$6.98	507K
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	NET ABSORPTION

TOP SALES:

- The Catalog 3630, LLC purchased a 246,000 square foot industrial property in Executive Park.
- Crown Town Real Estate, LLC purchased a 172,000 square foot industrial building in Executive Park.
- BlackRock, Inc. purchased a 510,000 square foot industrial building at Liberty Commerce Center Building 4.

TOP LEASES:

- Pure Fishing leased 141,488 square feet in Executive Park Logistics Center 2.
- Genesys Industrial Group leased 109,061 square feet in Executive Park.
- eShipping leased the 202,240 square foot expansion premises at the 603,070 square foot building in Skyport Business Park.

TOP DEVELOPMENTS:

- Miami-based e-commerce firm OpenStore is establishing a 113,000 square foot fulfillment center in Executive Park Logistics Center.
- Port KC is considering incentives for a large data center project known as Project Kestrel, which involves six buildings totaling 1.8 million square feet.
- Northland Park (Port KC / NorthPoint Development) is a 300-acre development in the Northland submarket planned for nine to ten speculative buildings. NorthPoint has completed six warehouses totaling approximately 2.4 million square feet.

WYANDOTTE COUNTY

Wyandotte County experienced a softer year in 2025, with absorption turning slightly negative as tenants slowed expansion and a few larger vacancies returned to the market. Even with this pullback, development interest remained steady, supported by ongoing large-scale projects and continued public-private investment. The submarket's strategic interstate access and active construction pipeline position it for improved stability as 2026 begins.

51.8M	3.7%	$6.58	195K
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	NET ABSORPTION

TOP SALES:

- Capital Electric purchased a 228,338 square foot building in the Fairfax Industrial District from International Paper Company.

TOP LEASES:

- Origin Point Brands leased 325,651 square feet in Kansas City, Kansas.
- Trinity Products leased 93,386 square feet in Armourdale.

In 2025, Logistics Park Kansas City saw major institutional growth with SkyREM's $34.5 million acquisition of Inland Port XV and a 2.4 million-square-foot portfolio purchase by Arch Street Capital. The park now encompasses over 15.5 million square feet of developed space, supported by new rail-served expansions and significant leases from global tenants like Maersk and Faith Technologies.

TOP DEVELOPMENTS:

- Bonner Springs approved up to $50 million in industrial revenue bonds and a 10-year, 75% tax abatement for Scannell's third building at Compass 70 Logistics Center.
- RedWolf DCD Properties filed plans for a $12 billion, six-building, 1.8-million square foot data center campus on 548 acres west of the Kansas Speedway, with construction expected to begin in 2026.
- Compass 70 Logistics Center is planned as a five-building, 2.17-million square foot park, with Building 3 under construction, Building 2 underway, and Buildings 4 and 5 proposed under a 10-year fixed PILOT.
- Scannell's 435 Logistics Park spans 419 acres and is planned for roughly 3 million square feet across six buildings; Marshalltown has announced a 200,000 square foot distribution facility there.

NORTH KANSAS CITY/RIVERSIDE

The North Kansas City and Riverside submarket saw softer performance in 2025 as overall activity moderated and vacancy moved higher. Even with this pullback, the area continues to benefit from ongoing development and steady interest from logistics and manufacturing users, supported by its central location and strong transportation access. As new projects progress and tenant requirements evolve, the submarket remains well-positioned for improved traction moving into 2026.

26.5M	8.2%	$6.56	1.2M
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	NET ABSORPTION

TOP SALES:

- 1520 Swift Street LLC purchased a 162,500 square foot industrial building in North Kansas City.
- 4400 NW Mattox LLC purchased a 50,781 square foot industrial property in Riverside.

TOP LEASES:

- ProPak leased 163,940 square feet in Riverside Logistics Centre Building 2.
- Victaulic Company leased 150,760 square feet in Riverside Horizons X.

TOP DEVELOPMENTS:

- Platte Valley Logistics Center is under construction with a 213,701 square foot facility divisible to 47,575 square feet in Riverside. The development has a fixed 10-year real estate tax abatement and is anticipated to deliver in Q3 2026.

JOHNSON COUNTY

Johnson County remained one of the strongest performers in the metro through 2025, supported by healthy demand, large-block leasing, and sustained interest from national and regional users. Absorption remained positive despite a growing construction base, reflecting the submarket's depth and appeal to distributors, manufacturers, and corporate occupiers. With continued development across key industrial corridors and a diverse mix of users driving activity, Johnson County enters 2026 with solid momentum and a stable outlook.

TOP SALES:

- Amazon acquired a 1,071,139 square foot industrial property at 175th Street and Hedge Lane in Olathe.
- Talley LLC, a wireless communications provider, purchased a 195,000 square foot industrial building in Lenexa.
- Chick-fil-A purchased a new construction, 147,955 square foot industrial property to be utilized for distribution in Olathe.

103M	7.2%	$8.13	4.2M
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	NET ABSORPTION

TOP LEASES:

- The United States Postal Service subleased 1,107,600 square feet in Gardner.
- Faith Technologies leased 463,435 square feet at Logistics Park Kansas City in Edgerton.
- QTS Realty Trust expanded its foothold in the New Century Commerce Center, now occupying the entire newly constructed 314,472 square foot industrial property.
- Lennox International leased 763,000 square feet within the Inland Port IX building in Edgerton.

TOP DEVELOPMENTS:

- Lenexa Logistics Centre Building S6, a 198,715 square foot multi-tenant building developed by Block Real Estate Services, LLC.
- In Olathe, Scannell is developing a 729,120 square foot warehouse for General Mills' Blue Buffalo division in I-35 Logistics Park, joining The Clorox Co.'s 569,000 square foot facility delivered in 2022.
- Walmart completed its 330,000 square foot beef packing plant at 167th Street and U.S. Highway 169 in March 2025.
- Flora Food Group, formerly Upfield, expanded with a 400,000 square foot cold storage distribution center next to its production plant in New Century, Kansas.

KCI/AIRWORLD

The KCI/Airworld submarket posted a solid year in 2025, supported by strong absorption, growing logistics activity, and renewed interest tied to major long-range development initiatives. Large blocks of modern space, proximity to the airport, and significant infrastructure investment continued to attract users across transportation, distribution, and emerging technology sectors. With substantial master-planned projects advancing and demand remaining diverse, the submarket enters 2026 with positive momentum and an expanding role within the region's industrial landscape.

14.5M	6.9%	$6.21	2.1M
INVENTORY SQUARE FEET	VACANCY RATE	MARKET RENT/ SQUARE FOOT	NET ABSORPTION

TOP SALES:

- The Institute of Science & Technology purchased a 115,400 square foot industrial property off Ambassador Drive.

TOP LEASES:

- Midwest International Logistics leased 200,000 square feett in Airworld Business Park.

TOP DEVELOPMENTS:

- KCI 29 Logistics Park is a 3,300-acre industrial mega-site north of KCI Airport with more than 20 million square feet of planned Class A space. Phase I infrastructure is complete, and Phase II is expected to finish by Q4 2025.
- Building C at Platte International Commerce Center in Platte City is being developed by VanTrust Real Estate. It will offer 526,602 square feet, divisible to 130,000 square feet, with expansion potential to 1.1 million square feet.
- Lambda Inc. plans to convert a 259,111 square foot, previously Bank of America-owned facility off N. Airworld Drive into a $500 million AI training and inference campus. The redevelopment is expected to deliver an initial 24 megawatts of data center capacity, expandable toward 100 megawatts in future phases.

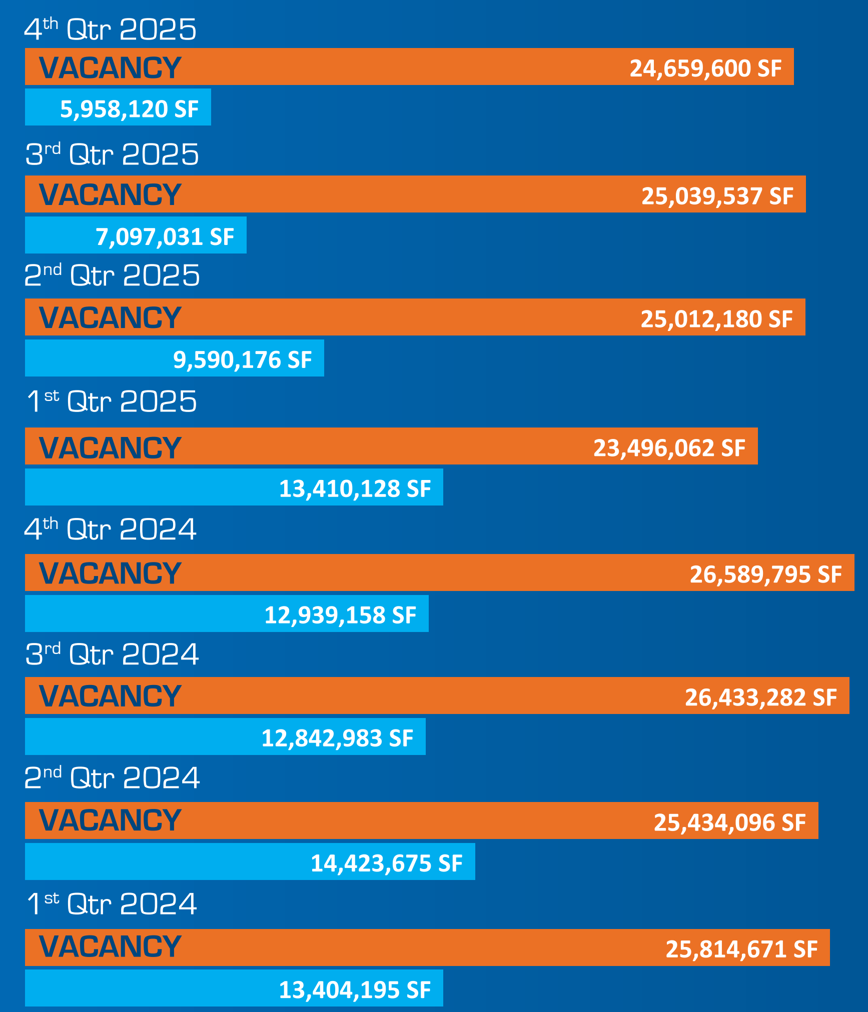
CONCLUSION:

Despite softer demand and higher vacancy in 2025, Kansas City continued to outperform many peer markets, drawing investment from distributors, manufacturers, and other major industrial users. The region remained resilient, supported by strategic owner-user activity, cold storage growth, and expanding data center investment. Development shifted toward targeted projects while long-term drivers (logistics, reshoring, and infrastructure) remained firmly in place. Entering 2026, the region's industrial outlook remains stable and strategically positioned for future growth.

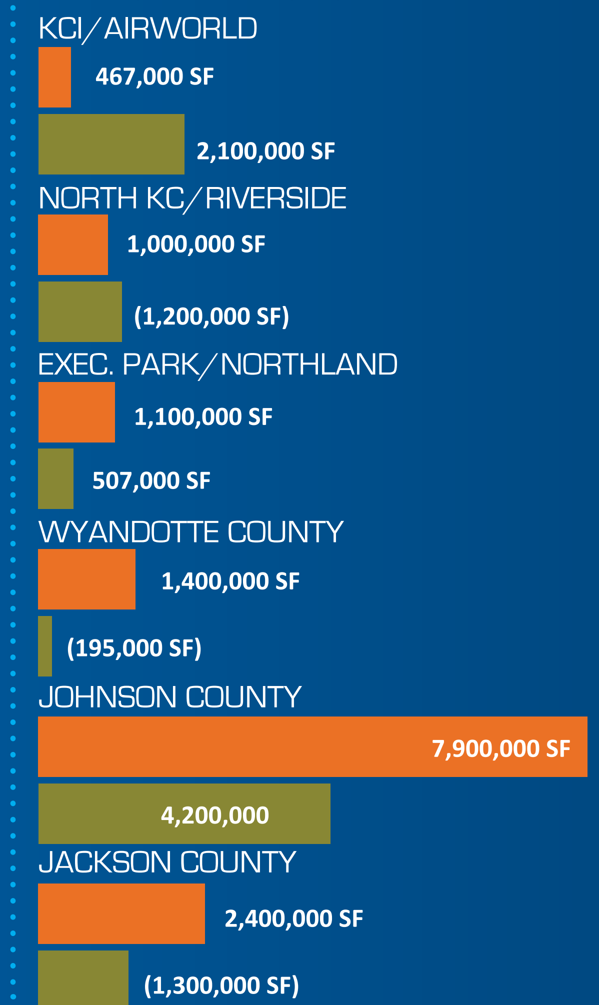
Contributors: Michael R. Block, Executive Vice President, Designated Broker; Christian D. Wead, Senior Vice President; Blaise Gunnerson, Industrial Specialist

INDUSTRIAL AT A GLANCE

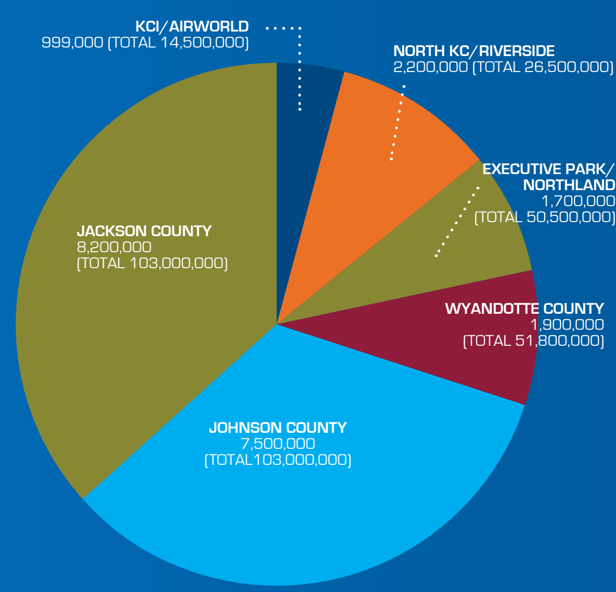
KANSAS CITY METRO ALL CLASSES
INDUSTRIAL VACANCY VS. UNDER CONSTRUCTION



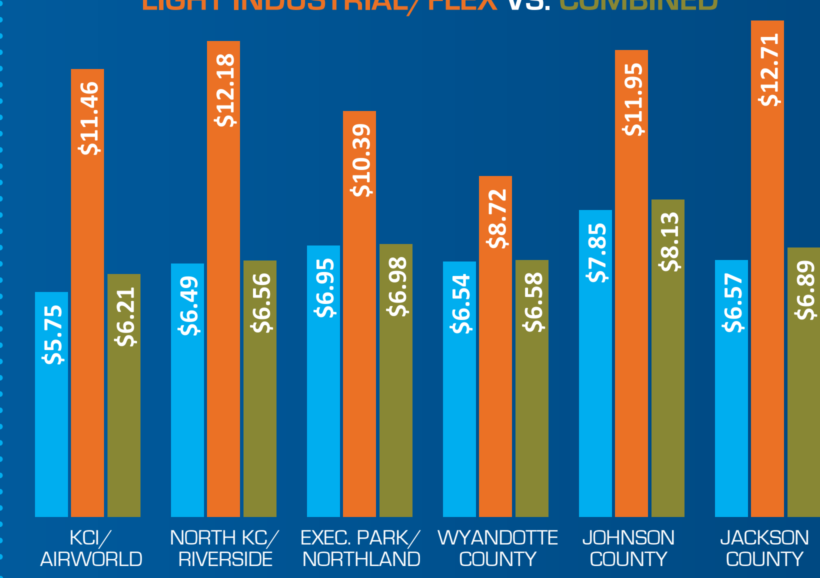
2025 TOTAL INDUSTRIAL
LEASING VS. NET ABSORPTION



VACANT INDUSTRIAL SPACE BY SUBMARKET (SF)



2025 AVERAGE RENTAL RATES/SF
WAREHOUSE/BULK VS. LIGHT INDUSTRIAL/FLEX VS. COMBINED



Kansas City Retail Market

Despite the stress of tariffs, supply chain disruptions, consumer uncertainty, layoffs, rising costs for labor and food, the retail market in Kansas City remains strong. With high consumer demand for experiential retail, growth continues for businesses that offer unique, interactive, and immersive experiences. From pickleball to golf simulation and from sports to museums and beyond, Kansas City continues to create destinations that foster community activities. The future looks bright for Kansas City's retail scene.

While consumer confidence slipped in the third quarter, the Federal Reserve suggests that the link between consumer sentiment and household spending is modest and therefore does not significantly alter spending forecasts. Even with continued record high household debt driven primarily by credit card balances, the almighty consumer can appear unstoppable. While higher-income consumers continue to spend robustly, other consumers are pulling back or relying more heavily on credit to maintain a standard of living. According to the National Retail Federation, 2025 holiday spending, the highest grossing season for retailers, is expected to surpass $1 Trillion for the first time. Growth between 3.7% and 4.2% is expected over last year. There appears to be a sense of economic caution heading into 2026.

Driven by population growth, limited new construction and strong tenant demand, investor confidence is strong, albeit competitive. In 2025, shopping center sales included:

- Leawood's Town Center Plaza and Town Center Crossing, 550,000 square feet, sold for $289 million
- Park Place Village, a 10-building mixed use development at 117th Street and Nall Avenue
- Legends Outlets sold for $130 million and has been renamed Tanger Kansas City at Legends in Kansas City, Kansas
- Mission Mart Shopping Center, 130,000 square feet, three building center in Mission, Kansas
- West Park Shopping Center, 96,000 square feet at 87th Street and Farley Street in Overland Park
- Summit Fair, the 510,000-square-foot lifestyle center in Lee's Summit, Missouri
- Metro North Square, 188,000 square feet and Oak Barry Center, 137,000 square feet in the northland

MULTI-STORE CLOSINGS INCLUDE THE FOLLOWING:

- Torchy's Tacos closed two of their three area stores
- IHOP closed two area stores
- At Home closed all three of its area stores after filing Chapter 11 bankruptcy
- JoAnn Fabrics closed all four area stores after filing Chapter 11 bankruptcy
- Forever 21 closed its last two stores in Zona Rosa and Oak Park Mall
- Salty Iguana closed all three of its area restaurants
- Jack In The Box closed three of its eight area locations
- Prefix Coffee closed all four of its area shops
- Claire's closed four area stores as part of its Chapter 11 bankruptcy
- Beauty Brands closed three of its six stores in the metro

MULTI-STORE OPENINGS AND EXPANDING CONCEPTS INCLUDE THE FOLLOWING:

- Betty Rae's Ice Cream opened four locations with two in the works
- Tiki Taco opened two locations with four more planned for 2026
- Brookside Barkery opened in Prairie Village with three more planned
- Swig opened three stores in Johnson County with another in the works
- Hyper Energy Bar opened in Belton with plans to open at least four more
- Tim Horton's opened in Blue Springs with three more expected next year
- Fifth and Emery Frozen Yogurt and Chocolate opened two locations with a sixth store in the works
- Bricks and Minifigs, a Lego resale shop opened its second location with plans to open a third
- Made in KC opened three more stores
- Dutch Bros Coffee opened two more locations
- Chick-In Waffle opened two more locations
- 7Brew opened two locations with more in the works
- Paris Baguette opened two locations in Johnson County with two more in store
- Bojangles will open up to three locations in 2026 with plans for many more

In 2025, the $140 million Merriam Grand Station project achieved 80% residential occupancy while finalizing its initial retail phase with the opening of high-profile tenants like Shake Shack and CAVA. Developer Drake Development has launched a $102 million expansion phase, the Grand Station Marketplace, which will feature more than 200 luxury apartments and a new Trader Joe's anchor.

JOHNSON COUNTY, KANSAS

Vacancy, according to CoStar, is up to 18.0% but rental rates are on the rise standing at $21.65 per square foot at the end of 2025.

NOTEWORTHY

At Bluhawk, the AdventHealth Sports Park opened along with Barnes & Noble, Glow Sauna Studios - an infrared spa, Saladworks, and Chicken Salad Chick. A 99-room Holiday Inn Express plans to open next Spring as does Buckle. The 200,000 square foot second phase of retail, dubbed The Boundary, is nearing completion. A second phase to the sports park could start construction in 2026 to increase the facility to more than 400,000 square feet, adding a second ice rink, turf field, additional locker rooms and flex spaces, together with an 18-hole miniature golf course, playground area, and pickleball courts.

At Prairiefire, Pinstripes closed after 11 years and a chapter 11 bankruptcy filing. Rajmahal Indian Restaurant, Dutch Bros and Pause med spa opened in the development while the Museum at Prairiefire began construction on the permanent home for the College Baseball Hall of Fame. Hyatt Studios Hotel plans to start construction on a 122-room hotel early next year.

Star bonds have been approved for Halo Ridge, a $320M entertainment campus at Olathe Gateway, 119th Street and Renner Boulevard. Construction will commence in 2026 with plans to open in 2027 with a 150-room hotel, a 5000-seat youth multisport arena, and an all-abilities amusement park, Michael's Wonder World. Elsewhere in Olathe, Crunch Fitness, OutLaw Golf Carts, Ava Rae's Pizzeria & Pub, Dave's Hot Chicken, Darna Mediterranean Cuisine, Ace Pickleball, Smokin' Oak Wood-Fired Pizza & Taproom, QZ Poke & Ramen, Rush Bowls and Champion Burritos opened. Daiso opened at Olathe Pointe at 119th Street and Black Bob Road. An 116-room Homewood Suites by Hilton is planned for Olathe Station at 119th Street and Strang Line Road. Pizza 51 opened, while Third Street Social, Austin's Bar & Grill, Fifth and Emery Yogurt and Chocolate and Char Bar with six indoor pickle ball courts and an outdoor recreation space plan to open in the newly redeveloped County Square Commons in downtown Olathe near Santa Fe Street and Cherry Street in 2026. Dillon's Marketplace announced it would return to Kansas City after more than a decade with plans for a new grocery store at College Boulevard and Sunnybrook Boulevard.

J. Crew, Escapology Escape Rooms, Anime Near Me opened while Arkansas-based Local Lime has plans to open in the former Bravo! Italian Kitchen space at Leawood Town Center. Not far away, at 119th Street and Metcalf Avenue, Aldi's and Pan Asia opened in the former Bed Bath Beyond and Buybuy Baby spaces.

Aspiria at 117th Street and Nall Avenue had Andretti Indoor Karting and Games open. Nearby The Capital Grill and Yard House have announced new locations, and AC Hotel by Marriott broke ground on a 126-room hotel and is expected to open fall of 2026. At Park Place, Brown Suga, Dalia's Silver Lining jewelry store and LaPeZ Mod Mex, a new Mexican restaurant concept opened in the center and Aixois, Session Taco and Mother Clucker closed. Across the street, Petfolk and Starbucks opened at Galleria 115.

World Fresh Market opened in the former Walmart Neighborhood Market at Metcalf 103 and PaPPo's Pizzeria plans to open its second location in the space d'Bronx vacated.

KC Bier Co is under construction on two acres at 98th Street and Ridgeview Road. The authentic Bavarian-style Biergarten will have an event space, children's play area, amphitheater and off-leash dog park plans to open early 2026.

Along 95th Street, DSW downsized and relocated at the intersection of 95th Street and Quivira Road, while Sierra Trading, Paris Baguette, and IHOP opened near Oak Park Mall. Inside the mall, Handel's Ice Cream, Dragonfly Tea Zone, Taste of Brazil, clothing shops Windsor and Aur Society and Made in KC opened their locations. Tap Ins at the Greenhouse, a $14 million mini-golf concept opened at 95th Street and Metcalf Avenue; the concept includes both an 18-hole indoor and 18-hole outdoor course with restaurant and ice cream parlor. Burg & Barrel opened at Ranch Mart North, 95th Street and Mission Road. 151 Coffee opened at Regency Park, 91st Street and Metcalf Avenue.

Lenexa City Center added The Groom Gallery, Neat. Cocktail Bar, Cactus Grill, Tupelo Honey Southern Kitchen & Bar, and Zhoug Mediterranean restaurants. Urban Egg, and Five Four (formerly 54th Street) will open in 2026 and Stoney River Steakhouse and Grill expects to open in 2027.

Westbrooke Green at 75th Street and Quivira Road has been in planning for redevelopment for a few years. This year they announced that they have secured El Mercado Fresco grocery store to take space in the center.

While several local breweries have closed this year (Crane, BOHO, Double Shift, Pathlight and The Big Rip), Iowa's Big Grove Brewery has announced plans to build a microbrewery and restaurant, The Solon, in a portion of the the former Macy's in Prairie Village. Hen House will also take a portion of the former department store. Chico's and Another Broken Egg closed, while Pennys in the Village, Playa Bowls - a franchise out of New Jersey, and Clementine's Naughty & Nice Creamery out of St. Louis opened in the center. Clairvaux plans to open next year.

Merriam Grand Station and Grand Station Marketplace are reworking the intersection of Antioch Road and Shawnee Mission Parkway. 30hop, HomeGrown, CAVA and Shake Shack have opened while Trader Joe's has been announced.

Hank's Garage and Grill, Franklin General Store and Gilda's Bar de Tapas opened in downtown Shawnee and Current State Coffee Roasting will open next year.

Closings in Johnson County included: Subway closed a store in Olathe, Abelardo's closed one of its four locations near 135th Street and Quivira Road, Andre's Confiserie closed at Hawthorne Plaza, Bushnell Factory Outlet closed in Lenexa, David's Bridal announced it would close its Lenexa store, On The Border closed its last area store at Oak Park Mall, Wendy's closed at 95th Street and Lackman Road, Save-A-Lot closed its grocery store at 87th and Farley Streets, Price Chopper closed after 30 years at 75th Street and Metcalf Avenue, Denny's closed in Merriam, and PepperJax closed in Mission.

Two golf simulator facilities opened in Johnson County in 2025. Swing 365 opened at 148th Street and Metcalf Avenue and The Back Nine Golf opened at 75th Street and Metcalf Avenue. The Sandlot Social, a baseball simulation eatertainment venue plans to open at 95th Street and Quivira Road in the spring.

In September 2025, Tanger Inc. acquired the 690,000-square-foot Legends Outlets for $130 million, rebranding the 93%-occupied center as Tanger Kansas City at Legends. This institutional investment was paired with the sale of the adjacent Legends 267 luxury apartments to Hamilton Zanze, further solidifying the district's status as a top-tier regional destination.

EAST JACKSON COUNTY, MISSOURI

According to CoStar, vacancy increased to 29.6% in 2025. Rental rates in this area increased to $15.95 per square foot.

NOTEWORTHY

Wally's, the 'Home of the great American road trip', while delayed continues with its plans to open a 50,000 square foot travel center in Independence at Interstate 70 at Noland Road, its largest travel center location to date. Across the interstate, Ollie's Bargain Outlet opened in the former Big Lots space.

The former CoCo Key Water Resort near the Truman Sports Complex has been transformed into SW19 at The Stadium. It is home to the Kansas City Stingers professional pickleball team and has eight indoor pickleball courts, a full-service restaurant and bar with coffee shop and event space.

Carrabba's Italian Grill closed its Independence location near Interstate 70 and Little Blue Parkway.

Tim Horton's, Small Sliders, 7Brew and Dutch Bros Coffee opened in Blue Springs.

COUNTRY CLUB PLAZA/ RIVER MARKET

Kansas City's Country Club Plaza and River Market are both experiencing renewed retail momentum, driven by strategic leasing, experiential tenants, and strong alignment with evolving consumer preferences.

COUNTRY CLUB PLAZA

The Country Club Plaza is transitioning from a period of elevated vacancy into a phase of confident, experience-driven leasing. In 2025, several notable openings signaled renewed tenant demand, led by the Kansas City Current's permanent retail store at 302 Nichols Road, which integrates merchandise with community programming to drive consistent foot traffic. Additional openings—including Perch, Beloved! Boutique, and the forthcoming Prize Home + Garden—further reinforce the Plaza's positioning as a curated lifestyle destination.

Looking ahead, the leasing pipeline remains strong. J.H. & Sons and Vertice Italian are slated to open in 2026, alongside LoveShackFancy's first Kansas City metro location, underscoring growing interest from both local and national brands. Under new ownership by Gillon Property Group and HP Village Management, the Plaza has adopted a data-driven leasing strategy focused on differentiated concepts, improved walkability, and a thoughtful balance between local operators and aspirational retailers.

Early results are encouraging, with increased shopper frequency, longer dwell times, and improved tenant engagement. Collectively, these trends position the Plaza for long-term stability and renewed relevance as one of the region's premier retail districts.

RIVER MARKET

The River Market continues to strengthen its role as a vibrant urban marketplace rooted in authenticity and local entrepreneurship. Leasing momentum in 2025 included rOOTS KC's transition from a pop-up to a permanent storefront, as well as the reopening of Trolley Tom—a historic streetcar reimagined as a food-and-retail concept that enhances street-level activation.

Anchored by the City Market's consistent daily foot traffic, the district is further benefiting from the transformative Berkley Riverfront redevelopment. New residential density, hospitality, and ground-floor retail associated with CPKC Stadium and Berkley Riverfront Park are functioning as a natural extension of the River Market rather than a competing node. Improved physical connectivity between the districts is increasing dwell time, cross-shopping, and year-round visitation.

With pedestrian traffic exceeding pre-pandemic levels, renewed CID support, and expanding transit access, the River Market is well positioned for sustained retail growth. As riverfront and urban investments continue to converge, the district is evolving while preserving its historic character and community-driven retail identity.

KANSAS CITY, KANSAS/ WYANDOTTE COUNTY

Retail rental rates for Wyandotte County increased to $12.96 per square foot while vacancy increased to 33.6% vacancy rate at the end of 2025 according to CoStar.

NOTEWORTHY

The Rock Island Bridge will open soon, connecting the West Bottoms, Stockyard area of Kansas City, Missouri across the river to Kansas City, Kansas. The double-decker bridge is being designed as an entertainment destination with multiple bars, coffee shops, a food hall and event venues.

Margaritaville Hotel opened along with Atlas9 Museum, a 46,000 square foot immersive art museum experience near 98th Street and State Avenue. Both Top Golf on 11 acres at 94th Street and State Avenue and K1 Speed, an indoor electric go-kart venue are opening their second metro locations within the Homefield development. The Amercian Royal's new campus is set to open in 2026.

Buc-ee's broke ground on a 74,000 square foot travel center next to the Kansas Speedway.

Toys R Us, First Amendment Brew HaHa Comedy Club, together with two popular footwear brands, Crocs and HeyDude opened at Tanger Kansas City at Legends. Anejo Modern Mexican opened its third area location and Jose Pepper's closed in the development.

Merc Co+op closed its grocery store at 5th Street and Minnesota Avenue.

NORTH OF THE RIVER

CoStar reports rental rates in the Northland increased slightly to an average $20.69 per square foot at year-end while the vacancy rate increased 17.0% at the end of 2025.

NOTEWORTHY

Live Nation Entertainment's, Morton Amphitheater, will open its 135-acre, 16,000-seat concert venue in Riverside in the second quarter. It expects up to 40 concerts annually, hosting more than 500,000 fans in its mix of seats ranging from premium to lawn, 75% of which will be covered by a 70-foot-tall canopy roof.

The Kansas City Current has broken ground on 17,000-square-foot performance center for its second team, the Kansas City Current II. The training complex and headquarters together with a 2,000-seat outdoor soccer stadium with four new grass youth soccer fields in Riverside is planned to open in 2026.

Zona Rosa lost RE: the home décor and gift shop after 13 years and the Hereford House after 20. Burlington announced it will occupy the long vacant former Staples space, Fifth & Emery Frozen Yogurt and Chocolate and Team Cocktail, a travel-inspired clothing store together with ADHDIY, a craft café opened in the development.

Macy's closed at Metro North Crossing but deals to back fill the 204,000 square foot building are advancing. Furniture Mall of Missouri and NRG Adventure Park, an extreme indoor playground are under construction and expected to open in 2026. Other tenants include bubble tea shop Feng Cha, Imo's Pizza and Chick-fil-A is under construction.

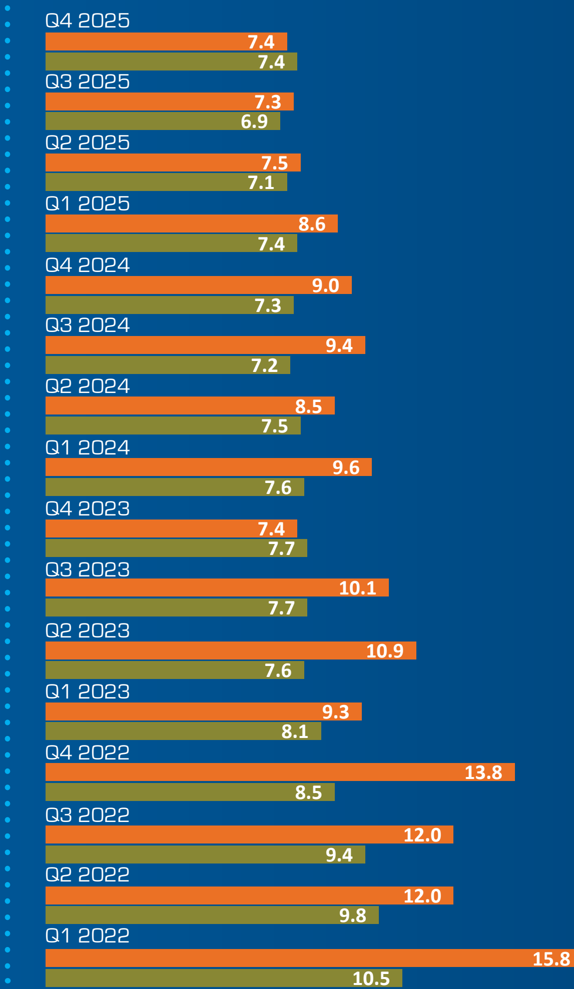
Warner Stellian Appliances opened its second area store and AiOe All in One Eatery, a new Pan-Asian restaurant opened in the former Kirklands at Shops at Boardwalk. Coopers Hawk Winery and Restaurant opened its third area restaurant in the Twin Creeks Village development. Academy Sports + Outdoors opened in Tiffany Springs Marketplace in the former Best Buy space and Crunch Fitness opened in North Oak Marketplace.

Contributors: Kim Bartalos, CLS, Vice President—Sales & Leasing; Christel Highland, Vice President— Brokerage & Investment Sales

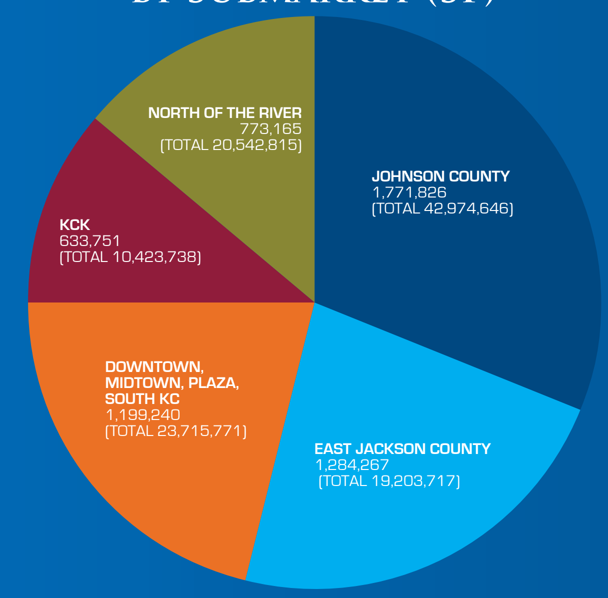
RETAIL Market at a Glance

Kansas City Metro All Classes
RETAIL VACANCY VS. UNDER CONSTRUCTION

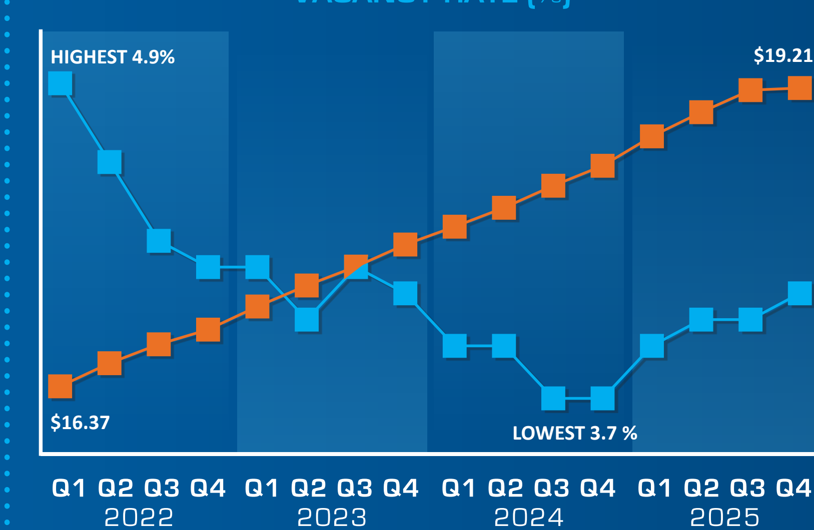
Retail Months to Lease
KANSAS CITY VS. U.S.



Available Retail Space by Submarket (SF)



Average Retail Rates
RENTAL RATES ($/SF) VS. VACANCY RATE (%)



Kansas City Multifamily Market

The Kansas City metro multifamily market experienced a year of positive performance across all metrics, with the exception of an increased vacancy rate. Above all else, the large increase in transaction volume, both nationwide and in the Kansas City market, is encouraging for owners following the significant decreases in 2022 and 2023. As the Federal Reserve looks likely to continue interest rate cuts in 2026, we anticipate this trend to continue, with buyers and sellers alike looking to capitalize on attractive capital markets. Kansas City, like many Midwest markets, continues to draw the attention of coastal capital looking to capitalize on yields that are unattainable in the Sun Belt, western, and larger primary markets. With only 5,300 units currently under construction, Kansas City should absorb much of the new supply, decreasing the average vacancy rate and continuing the trend of strong rent growth.

20M	8.5%	$1,757	$233K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/ UNIT	MARKET SALE PRICE/UNIT

NATIONAL

Nationwide, there are currently more than 20,808,237 units. The average vacancy rate has risen to 8.50%, marking a 0.50% increase compared to the previous year. The average market rent per unit per month has reached $1,757, reflecting a 1.80% year-over-year growth. The average sale price per unit stands at $233,000. As the Federal Reserve began reducing interest rates at the end of 2025, sales

In 2025, the $105 million Woodside Village expansion is revitalizing the Rainbow Boulevard corridor through a public-private partnership that integrates 334 residential units with a luxury racquet club and over 36,000 square feet of retail. Concurrent with this development, Tanner & White Properties is advancing the adjacent Woodside Rosedale project to add further high-end apartment capacity to this health-and-wellness-focused district.

and loan activity picked up drastically as investors looked to capitalize on declining interest rates. Following two relatively down years in terms of rent growth and average sale price per unit, 2025 marked a rebound from these trends, seeing a slight uptick in both categories.

Despite ongoing speculation throughout 2025 regarding when the Federal Reserve would cut interest rates, activity continued to boom, with $118 billion in transaction volume in 2025. This represents a 24% increase from 2024 and marks a 42% increase from the 2023 level. With the hope of further cuts in 2026, we anticipate seeing a continued rise in the level of sales activity as owners begin to see prices increase while the cost of capital decreases.

KANSAS CITY METRO

The Kansas City metro area comprises approximately 181,822 total units. The current average vacancy rate is 9.0%, reflecting a 1.10% rise from the previous year. Market asking rents average $1,367 per unit per month, and the average sale price per unit for four- and five-star communities is $225,000–$300,000. Following national trends, the Kansas City market experienced ongoing rent growth despite the slight uptick in vacancy rates. Moreover, there was a significant year-over-year increase in transaction volume, with total sales volume in the Kansas City metro topping $574 million.

181K	9.0%	$1,367	$228K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/ UNIT	MARKET SALE PRICE/ UNIT

JOHNSON COUNTY

The Johnson County submarket comprises around 63,121 total units. The current average vacancy rate is 7.30%, showing a slight increase from its 2024 level. Market asking rents average $1,497 per unit per month, reflecting an average growth of 2.20%. The average sale price per unit has increased year-over-year, settling at $184,000. 2025 saw a continued trend of Johnson County being the most active market in Kansas City with regard to transaction volume, nearly tripling the next closest submarket of Outlying Jackson County. As many of the most sought-after development sites have been utilized, Johnson County continues to see very few construction starts slated for 2026.

63K	7.3%	$1,497	$184K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/ UNIT	MARKET SALE PRICE/ UNIT

TOP DEALS

- Corbin Crossing – 298-unit Class A community built in 2008 - $67.55 million sale price or $226,678 per unit.
- Cyan Southcreek – 380-unit Class A community built in 2021 - $90 million sale price or $236,842 per unit.
- Clearing at One28 – 318-unit Class A community built in 2024 - $96.25 million sale price or $302,673 per unit.
- Vale Overland Park– 251-unit Class A community built in 2021 - $36.5 million sale price or $252,988 per unit.

In February 2025, MLG Capital expanded its Kansas City portfolio by acquiring the 336-unit Summit Crossing apartment and townhome community in Lee's Summit. This acquisition occurs alongside the rapid development of the nearby $400 million Lee's Summit Crossing master plan, which is slated to bring new luxury retail, hospitality, and golf entertainment to the 185-acre site.

INNER JACKSON COUNTY, WARD PARKWAY

There are 7,337 total units in the Inner Jackson County–Ward Parkway area. The average vacancy rate currently stands at 10.03%. Market asking rents average $1,106 per unit per month, and the average sale price per unit is $112,274. With no new deliveries in 2025, the submarket's average vacancy rate decreased by roughly 1.0%. Year over year, rents saw a strong increase of 7.1% compared to the previous twelve months.

7.3K	10.0%	$1,106	$112K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/ UNIT	MARKET SALE PRICE/ UNIT

CBD, CROSSROADS, CROWN CENTER, WEST BOTTOMS

The Downtown area boasts a total of 14,956 units, with the current average vacancy rate standing at 11.7%. Market asking rents average $1,615 per unit per month, and the average sale price per unit is $228,889. The Downtown submarket had a strong 2025, with increasing rents, but has also seen an increase in vacancy due to a surge in new deliveries. The average sale price per unit in the Downtown submarket increased year over year, reaching the highest per-unit average in the Kansas City market. These strong fundamentals have continued to spur growth, with 1,357 units currently under construction. Downtown continues to draw attention from institutional capital looking to continue the trend of adding new high-rise multifamily communities to the City's skyline.

14.9K	11.7%	$1,615	$228K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/ UNIT	MARKET SALE PRICE/ UNIT

TOP DEALS

- City Club Crossroads – 283-unit Class A community built in 2021 - $75.5 million sale price or $266,784 per unit.
- Union Berkley – 407-unit Class A community built in 2018 - $113.5 million sale price or $278,870 per unit.

PLAZA, MIDTOWN, BROOKSIDE

There are 14,861 total units in the Plaza–Midtown–Brookside areas. The average vacancy rate is 13.6%, representing a 3.9% increase from the previous year. Market asking rents average $1,243 per unit per month, while average sale prices per unit are $128,600. Despite the increased vacancy, this area continues to attract attention from developers and investors. It remains a hotspot not only for new development but also for the redevelopment of historic structures. With construction complete on the streetcar extension to the southern end of the Plaza, we expect to see continued interest from developers in the Midtown submarket. As ownership of the Country Club Plaza has changed hands, we expect to see continued development as new ownership upgrades infrastructure and retail tenants alike.

14.9K	13.6%	$1,243	$128K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/ UNIT	MARKET SALE PRICE/ UNIT

TOP DEALS

- Brookside Commons – 210-unit Class A community built in 2023 - $43 million sale price or $204,762 per unit.
- Infinity at Plaza West – 224-unit Class C community built in 1949 - $29.29 million sale price or $130,759 per unit.

NORTH OF THE RIVER

There are an impressive 32,540 total units in the Northland submarket. The average vacancy rate currently stands at 11.6%, marking a significant increase from the previous year. Market asking rents average $1,028 per unit per month, while average sale prices per unit are $112,675. The Northland submarket continues to be one of the strongest in the Kansas City market, while the Northeast is lagging behind. The Northland submarket saw decreased vacancy while still experiencing net absorption of 650 units and has roughly 350 more units under construction. Despite the increased vacancy rate, the submarket continues to see year-over-year rent growth. The submarket's high level of new deliveries in 2023 and 2024—2,223 units over two years—is likely a large contributor to the increased vacancy.

32K	11.6%	$1,028	$112K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/ UNIT	MARKET SALE PRICE/ UNIT

TOP DEALS

- Arden Homes at Staley Farms – 147-unit Class A community built in 2024 - $46,000,000 sale price or $312,925 per unit.
- Northland Heights – 400-unit Class B community built in 2001 - $69 million sale price or $172,500 per unit.

OUTLYING JACKSON COUNTY

There are 31,379 total units in the Outlying Jackson County area. The average vacancy rate stands at 9.9%. Market asking rents average $1,332 per unit per month, while average sale prices per unit are $151,436. Similar to many other submarkets in Kansas City, the Outlying Jackson County area saw an increase in asking rents despite a slight rise in vacancy rates. This area experienced a significant decrease in transaction volume in 2025, with a 67% decrease from the prior 12-month volume.

31K	9.9%	$1,332	$151K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/ UNIT	MARKET SALE PRICE/ UNIT

TOP DEALS

- Summit Crossing – 336-unit Class A community built in 2017 - $75.85 million sale price or $225,744 per unit.
- Chapman Ridge – 146-unit Class A community built in 2024 - $37.593 million sale price or $257,486 per unit.

EAST KANSAS CITY

In the East Kansas City submarket, there are a total of 2,978 units. The average vacancy rate stands at 11.1%, and market asking rents average $1,001 per unit per month, with average sale prices per unit at $100,139. The East Kansas City submarket had a strong year compared to previous years; it saw a 17.00% increase in rents and an even larger increase in the average sale price per unit. Despite the increased vacancy rate, this was a positive year for what has historically been a weak submarket in Kansas City.

2.9K	11.1%	$1,001	$100K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/ UNIT	MARKET SALE PRICE/ UNIT

KANSAS CITY, KANSAS

In the Kansas City, Kansas submarket, there are a total of 11,897 units. The current average vacancy rate is 8.9%, reflecting a 1.0% decrease from the previous year. The average sale price per unit is $98,688. The submarket experienced modest year-over-year rent growth of 1.5%, which is in line with the Kansas City market average of 1.10%, despite very little new product being delivered. Construction activity in the Kansas City, Kansas area has slowed, with only 153 units under construction compared to the busier years prior.

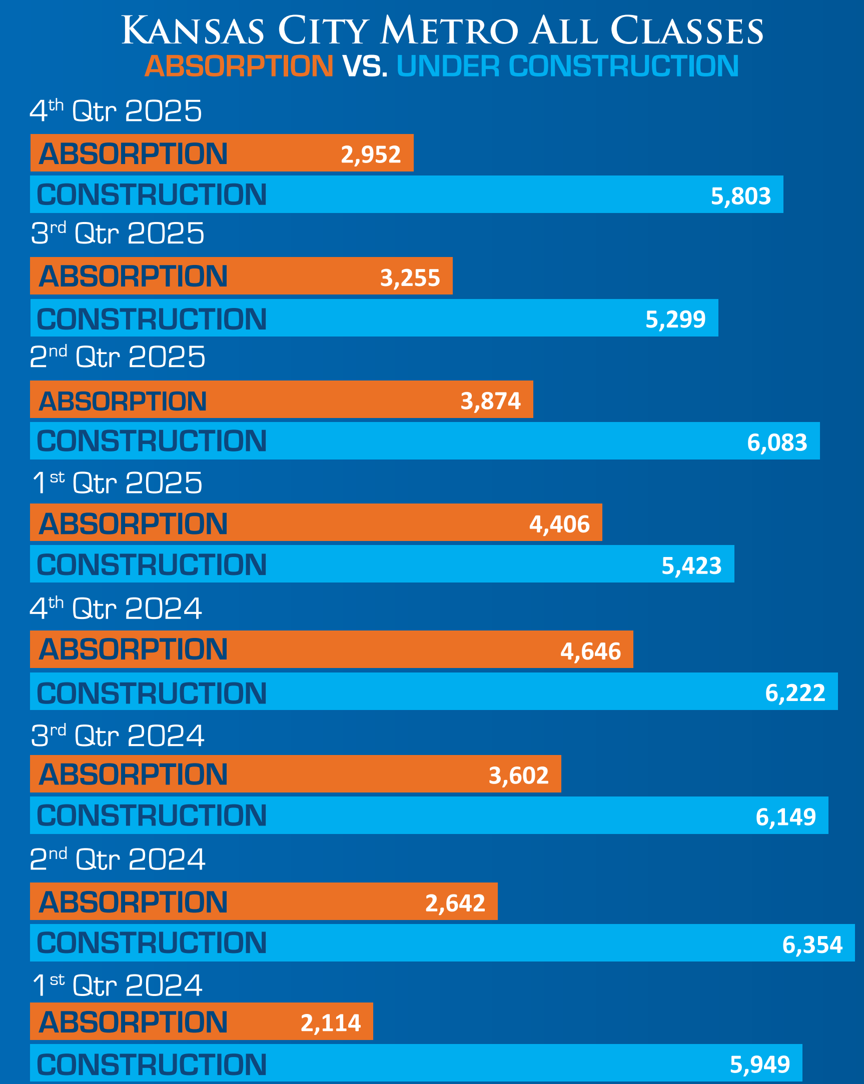
11.9K	8.9%	$1,161	$98K
INVENTORY UNITS	VACANCY RATE	MARKET RENT/ UNIT	MARKET SALE PRICE/ UNIT

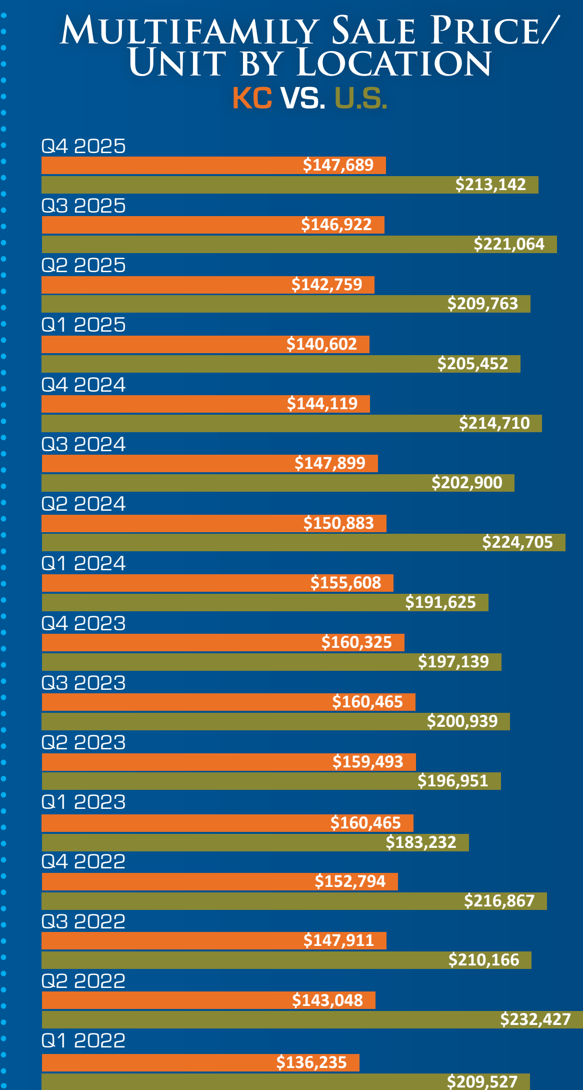
TOP DEALS

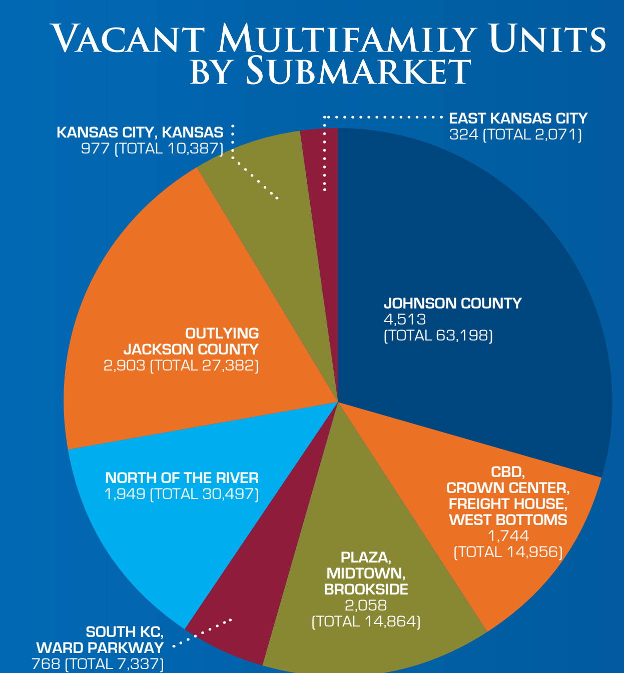
- Switch – 273-unit Class A community built in 2004 - $61,000,000 sale price or $223,443 per unit.
- Legends 267 – 267-unit Class A community built in 2024 - $62,000,000 sale price or $232,210 per unit.

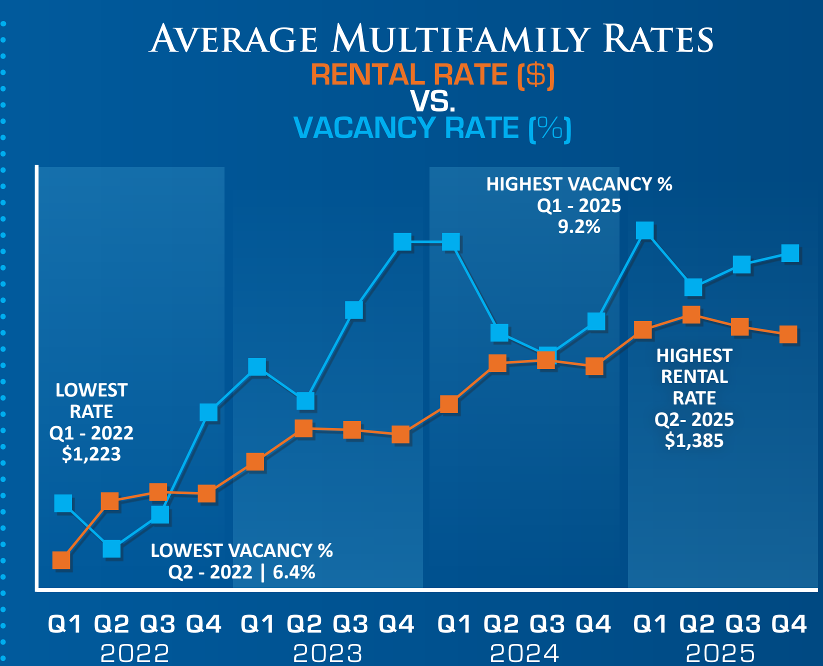
Contributor: Ryan M. Klepper, Vice President of Acquisitions

MULTIFAMILY AT A GLANCE









Kansas City Investment Market

As inflation moderated over 2025, the Commercial Real Estate sector again demonstrated resilience. Although elevated borrowing costs weighed on transaction activity, investor sentiment improved as monetary policy began shifting toward normalization. Looking into 2026, the market conditions suggest cautiously improving liquidity, selective opportunities across asset classes, and continued bifurcation between high-quality assets and commodity properties.

MARKET

Building on the volatility of 2024, the 2025 commercial real estate investment market continued to wrestle with elevated borrowing costs, even as the Federal Reserve began a cautious easing cycle late in the year. Debt remained costly relative to pre pandemic norms, putting particular pressure on highly leveraged office deals. At the same time, a sharp slowdown in new construction capped fresh supply apartment, industrial, office and retail developments.

Multifamily and industrial generally held up best. Apartments benefited from solid renter demand, while industrial assets continued to ride structural shifts like e commerce, onshoring, and data center growth. Office properties, by contrast, were still working through high vacancies and refinancing stress as hybrid work patterns persisted and loan delinquencies climbed.

Looking ahead to 2026, investor sentiment is thoughtfully optimistic. Additional Fed rate cuts are widely expected to lower the cost of capital and unlock more transaction activity, yet most forecasts still assume “higher for longer” policy rates. Industrial is positioned to remain a standout, supported by tight availability and strong demand, while multifamily conditions are likely to normalize as the heavy 2023-2025 delivery wave is absorbed and new developments remain subdued. However, segments such as commodity office continue to face challenges related to refinancing, operating cost inflation, and changing user preferences, prompting owners and lenders to reassess which properties may benefit from repositioning or repurposing.

The 2026 investment landscape will be shaped heavily by the overall economic conditions and policy coming out of President Trump’s second term. The administration’s focus on deregulation, reshoring friendly trade policies, and inflation management, along with the Fed’s easing trajectory, could support demand for manufacturing, logistics, and data infrastructure space, even as rate and fiscal uncertainty keep some investors on the sidelines. At the asset level, capital is expected to concentrate in resilient segments such as high quality industrial, well located multifamily, and digital infrastructure. For savvy investors who can navigate loan maturities and uneven fundamentals across sectors, 2026 is setting up as a selective opportunity market where investors

In September 2025, Block Real Estate Services partnered with L&B Realty Advisors to acquire a seven-building, 625,000-square-foot light industrial portfolio in Johnson County for $48.1 million. This strategic deal highlights the firm's continued expansion in the Kansas City industrial market, which achieved record-breaking absorption levels in 2025 due to high institutional demand for Class-A logistics space.

Amazon occupies a 517,000-square-foot sortation center at 2299 S Withers Rd, a Class A industrial facility developed by NorthPoint Development within the Liberty Commerce Center. This "middle mile" hub, which opened in 2022, was designed to support regional delivery efficiency while creating over 750 local jobs.

can find upside in both core and value-add opportunities across the risk spectrum.

INFLATION

Inflation in the U.S. continues to be a central driving influence in investment behavior. After peaking at 9.1% in 2022, price growth cooled but proved sticky, with the headline CPI running near 3.0% year over year as of September 2025, well below the peak, but still above the Federal Reserve's 2.0% target. Mid-year Fed projections estimated that core PCE would decline from around 2.7% in 2025 to roughly 2.2% in 2026, while headline CPI was similarly forecasted to ease toward 2.3% to 2.4% next year. As inflation trends closer to target, capital markets should gain stability, improving visibility for investment decisions.

KANSAS CITY HIGHLIGHTS

Continuing in the trends of the year before, Kansas City continues to grow. According to Livability's city analysts, Kansas City ranks among the top places to live, with Overland Park, Kansas, ranking fifth in the top places to live in the U.S. based on economy and second based on education. The Kansas City Metropolitan area experienced a 0.86% population increase since 2024, bringing the total population to 1,754,000. As we look forward to 2026, some anticipated developments to look out for are the Barney Ellis Plaza, which is expected to open in late 2026, and Roy Blunt Luminary Park, which is slated for completion in December 2026.

KEY SECTOR HIGHLIGHTS

INDUSTRIAL AND LOGISTICS

Kansas City's industrial and logistics sector continues to demonstrate strength. By the end of Q3 2025, vacancy rates had fallen to 4.4%, below national averages reflecting absorption. A deep pipeline remains underway, showing over 10 million square feet under construction as of mid-2025, much of that being build-to-suit facilities for major tenants, anchoring demand around e-commerce, manufacturing, and logistics. With speculative developments constrained and absorption outpacing deliveries, pressure on available supply is likely to persist as we move through 2026. These conditions support continued rent growth and strong interest from investors seeking stable income within a sector experiencing durable tenant demand.

MULTIFAMILY

Closing out 2025, the multifamily sector in the Kansas City metro remains resilient. By mid-2025, annual rent growth stood around 3.1%, exceeding the roughly 1.0% national rate. Occupancy levels held steady at roughly 93.5% in stabilized properties as of Q3 2025. Looking toward 2026, the market is expected to see rent growth accelerate as absorption outpaces new supply. The multifamily construction pipeline is expected to contract over 11% from 2025 to 2026, allowing absorption to catch up with deliveries. With the metro's job market strengthening and population growth remaining steady, the multifamily asset class remains an attractive investment option heading into 2026.

OFFICE

Kansas City's office market is showing signs of gradual adjustment moving into 2026. Vacancy decreased from 19.2% in Q3 2024 to about 17.8% in Q3 2025. Asking rents have ticked upward to roughly 2.6% over the prior year. While leasing activity remains uneven and new construction deliveries are minimal, office to multifamily conversions and a "flight to quality" trend are helping stabilize select submarkets. Constrained new supply sets the stage for firmer rent growth and more predictable operating performance in 2026.

RETAIL

Kansas City's retail market enters 2026 in a position of strength, supported by Q3 2025 vacancy rates of just 4.1%-4.2%. Demand remains broad, with Johnson County continuing to outperform on both occupancy and rent growth. Market data shows healthy leasing velocity and limited new supply, reinforcing the stability of well-located centers. As 2026 progresses, developers are expected to use this momentum through targeted infill projects, adaptive reuse strategies, and smaller format concepts that align with changing needs and a strong consumer base.

COST OF BORROWING

As of late 2025, the effective federal funds rate (EFFR) stands at 3.88%, the result of serval rate cuts over the past year. The Federal Reserve initiated a 25-basis point reduction in late 2024, followed by two additional 25-basis point cuts in September and October 2025. Predictions markets expect another 25-basis point cut in December 2025. This easing trend has improved financial conditions, though borrowing costs remain higher than many investors would prefer. With inflation continuing to cool and a new Federal Reserve Chair forthcoming, expectations are rising that 2026 will bring additional, measured rate reductions, creating a more supportive environment for investment activity.

CONSTRUCTION COSTS

According to Federal Reserve Economic Data (FRED), national construction material showed mixed pricing in 2025. Lumber costs have fallen by roughly 1.73%, while cement and concrete products have increased by about 0.70%. Iron and steel prices, however, are up 10.86% over the same period, returning to mid-2024 levels. Kansas City's construction costs have closely mirrored these national trends, with high demand for skilled labor and lingering supply chain constraints continuing to push costs up.

CAPITALIZATION RATES

Capitalization rates (cap rates) represent the expected rate of return on commercial real estate, calculated by dividing a property's net operating income by its market value. Cap rate expansion refers to an increase in these rates, which typically results in lower property values and higher expected returns for investors. Expansion generally occurs when investors perceive more risk in the marketplace or when borrowing costs rise, which forces buyers to underwrite more conservatively. Cap rate compression occurs when investor demand strengthens or capital becomes more accessible, allowing properties to sell at higher prices while still meeting investor return requirements. Although interest rates and cap rates do not always move in perfect alignment, they usually trend in the same direction because the cost of financing has a significant influence on investor yield expectations.

Over the past two years, the commercial real estate market has transitioned from an environment shaped by aggressive monetary tightening to one characterized by early signs of stabilization. In March 2025, the Federal Reserve implemented a 25-basis point rate cut, its first reduction of the year, following a 50-basis point cut in late 2024. These policy moves were driven by cooling inflation, softening hiring data, and slower economic output, creating an improved cost of capital compared to 2023 and early 2024. This shift has had a meaningful impact on investor sentiment. While higher interest rates in 2023 and much of 2024 led to broad cap rate expansion and reduced transaction volume, the recent adjustments have begun to halt upward cap rate movement. Many investors are re-entering the market, encouraged by the prospect of additional rate cuts, improving debt pricing, and more predictable property-level income performance. Although underwriting standards remain cautious and transaction activity is still below long-term averages, market conditions in 2025 indicate a more stable and balanced investment landscape.

RETAIL

In 2025, the retail sector continued to demonstrate stability, particularly among Single Tenant Net Lease (STNL) assets and necessity-based neighborhood centers. Cap rates for STNL retail increased by approximately 10-25 basis points over the past year, bringing the two-year cumulative expansion to roughly 50-100 basis points depending on tenant credit and location. Despite these movements, essential service retailers and discount-oriented brands maintained strong leasing momentum, and landlords in quality locations continued to secure modest rent increases supported by steady tenant sales and limited new supply.

Pricing for STNL assets and small format centers declined another three to five percent in early 2025, although this adjustment was more moderate than in other property types. Investor demand remained relatively healthy for retail assets with long-term leases, strong operating histories, or credit backed tenancy. Limited inventory of quality retail properties in high performing corridors contributed to stabilized valuations, reinforcing the sector's position as one of the most resilient in the current environment.

INDUSTRIAL

The industrial sector experienced continued normalization in 2025 following the significant cap rate expansion of the prior two years. National cap rates expanded by an additional 10-25 basis points in early 2025, though the pace has clearly slowed compared to 2023 and 2024. By the beginning of 2025, Class A distribution facilities in major logistics markets were trading in the 5.50%-6.00% cap rate range, while older and less functional facilities traded between 6.50%-7.25%.

Transaction activity, still below pre 2022 norms, began to improve as borrowing costs declined and well capitalized buyers reentered the market. Demand from logistics, third party distribution, and manufacturing tenants remained strong, and modern assets with high clear heights, deep truck courts, and advanced building systems continued to outperform. Although new construction has slowed meaningfully nationwide, tight supply in infill corridors and high tenant demand supported rental rates and kept industrial fundamentals among the healthiest in commercial real estate.

MULTIFAMILY

Multifamily cap rates in 2025 showed increased stability after the pricing reset that occurred in 2022 and 2023. Cap rates expanded by only 5-15 basis points over the past year, and several markets began to see early signs of compression due to improving financing conditions. By the first quarter of 2025, average multifamily cap rates ranged from approximately 5.00%-6.50%, with Class A assets trading between 5.00%-5.50% and older Class B assets trading between 5.75%-6.50%.

Sales increased compared to early 2024, although they remained below long-term averages. Investors continued to prioritize markets with strong job growth, population gains, and consistent occupancy. The sector benefited from stabilizing rents, easing supply pressures in several metros, and renewed interest from private capital as mortgage rates began to decline. Multifamily assets' ability to adjust rents annually, combined with efficient management, positions it as one of the more attractive investment options headings into 2026.

HOW TO COMBAT RISING CAP RATES

Investors can mitigate the effects of cap rate expansion by focusing on strategies that strengthen income durability and reduce operating costs:

1. Explore Alternative Revenue Streams: This is done by monetizing underutilized spaces, such as adding storage units, charging for parking, or leasing rooftop space for solar panels or cell towers. One can also host events or temporary pop-ups to generate supplemental income.
2. Operational Efficiency: You can streamline property management processes to reduce operating expenses. Invest in energy-efficient systems, such as smart HVAC and LED lighting, to lower utility costs. Leverage technology for tenant engagement, like automated lease renewals or communication portals, to boost satisfaction and retention.
3. Diversify Tenant Base: Seek properties and assets that are recession resistant. Also, you can seek tenants from recession-resistant industries like healthcare, logistics, or government services. Explore mixed-use strategies, combining retail, office, and residential spaces to reduce reliance on a single sector.
4. Refinance or Restructure Debt: You can take advantage of lower interest rates where possible to refinance exiting loans. Consider extending loan maturities to reduce near-term repayment pressures. Partner with lenders to explore creative financing options, such as interest-only loans or mezzanine financing.

SOURCE: Cushman & Wakefield, CBRE, and Newmark Zimmer

2026 OUTLOOK

The 2026 outlook for cap rates is marked by growing optimism, as investors anticipate the Federal Reserve pivoting toward interest rate cuts in response to cooling inflation and slower economic growth. With borrowing costs expected to decline, cap rates across most asset classes are projected to compress modestly, reversing the expansion seen over the past two years. This anticipated easing of monetary policy has already sparked renewed interest in commercial real estate, with investors positioning themselves to capitalize on future pricing stabilization and improved deal economics. Sectors such as multifamily and industrial are expected to see the most pronounced effects, as lower financing costs make these already resilient asset classes even more attractive. While the pace of cap rate compression will depend on the timing and magnitude of rate cuts, the broader sentiment suggests a return to a more balanced investment landscape, fueling confidence in long-term growth potential.

Contributors: Kenneth G. Block: SIOR, CCIM, Managing Principal; John Mullen, Development Associate; John Gregory, Financial Analyst; Casey Leeper, Financial Analyst

INVESTORS Chart and Sales Records

Office	SF	Sales Price / Per SF	Cap Rate	Buyer/Seller
6201 College Blvd Overland Park, Kansas 66211	154,700	$21,999,051 $142.20	User	**Buyer:** City of Overland Park **Seller:** College-Lamar, LP
Renner Corporate Centre I 9351-9401 Renner Blvd Lenexa, Kansas 66219	150,958	$14,100,000 $93.40	User	**Buyer:** Rally House **Seller:** Renner Associates, LLC
1300 Summit St Kansas, Missouri 64105	86,739	$8,000,000 $92.23	User	**Buyer:** Guadelupe Centers Inc. **Seller:** Office Properties Income Trust
423 W 8th St Kansas City, Missouri, 64105	77,551	$5,921,160 $76.35	User	**Buyer:** Fashionbilt Building, LLC **Seller:** DST Systems, Inc.
7905 Quivira Rd Lenexa, Kansas 66215	50,388	$7,000,000 $138.92	N/A	**Buyer:** Silverrock Ventures, LLC **Seller:** Hostess Brands LLC
2537 Madison Ave Kansas City, Missouri 64108	11,700	$2,388,000 $204.10	7.50%	**Buyer:** KVC Foundation Inc. **Seller:** Abbott Properties
Industrial	**SF**	**Sales Price / Per SF**	**Cap Rate**	**Buyer/Seller**
10504-10630 W 79th St Shawnee, Kansas 66214	549,680	$42,384,074 $77.11	7.52%	**Buyer:** A BRES Sponsored Entity with L&B Realty **Seller:** Clarion Partners
Link Industrial Portfolio 14601-14621 W 112th St, Lenexa, Kansas 66215	400,777	$35,268,376 $88.00	6.28%	**Buyer:** Jefferson Rivers **Seller:** Link Industrial
Lenexa Logistics East Building 2 17800 College Blvd, Lenexa, Kansas 66219	273,985	$30,874,325 $112.69	6.07%	**Buyer:** 141 Logistics Centre, LLC **Seller:** Lenexa Logistics East 2, LLC
9806 Lackman Rd Lenexa, Kansas 66219	195,000	$17,400,000 $89.23	User	**Buyer:** 9806 Lackman, LLC **Seller:** Novation IQ
Westbrook I-II 8000-8064 Reeder St Lenexa, Kansas 66214	75,104	$5,715,926 $76.11	8.76%	**Buyer:** A BRES Sponsored Entity **Seller:** Clarion Partners
9801-9851 Industrial Blvd Lenexa, Kansas 66215	59,790	$5,000,000 $83.63	User	**Buyer:** Metro Air Conditioning Company **Seller:** Heartland Coca-Cola Bottling Company
Multifamily	**Units**	**Sales Price / Per Unit**	**Cap Rate**	**Buyer/Seller**
Union Berkley 1000 Berkley Pkwy, Kansas City, Missouri 64120	407	$113,500,000 $278,869.78	5.17%	**Buyer:** Griffin Capital **Seller:** Buckingham Companies
Northland Heights 3800 NW Barry Rd, Kansas City, Missouri 64154	400	$69,000,000 $172,500.00	4.84%	**Buyer:** Aligned Equity Group **Seller:** Bridge Partners
Clearing at One28 12840 S Black Bob Rd, Olathe, Kansas 66062	318	$96,250,000 $302,672.96	5.09%	**Buyer:** MAA KC Exchange, LLC **Seller:** Block Funds
Corbin Crossing 6801 W 138th Terrace Overland Park, Kansas 66223	298	$67,700,000 $227,181.21	4.65%	**Buyer:** Horizon Realty Advisors **Seller:** Michelson Realty Company, LLC
Switch Apartments 1204 N 94th St, Kansas City, Kansas 66112	274	$61,000,000 $222,627.74	5.20%	**Buyer:** L&B Realty Advisors **Seller:** Milhaus
Satori Olathe 12100 South Pflumm Rd, Olathe, Kansas 66062	240	$63,000,000 $262,500.00	4.75%	**Buyer:** Bonaventure **Seller:** Blackstone
Retail	**SF**	**Sales Price / Per SF**	**Cap Rate**	**Buyer/Seller**
Westchester Square 13120-13450 W 87th Street Parkway Lenexa, Kansas 66215	163,877	$20,560,000 $125.46	6.85%	**Buyer:** A BRES Sponsored Entity **Seller:** Brixmor Property Group Inc.
Tiffany Springs MarketCenter 8960-9130 N Skyview Ave, Kansas City, Missouri 64154	150,566	$16,822,744 $111.73	N/A	**Buyer:** RCG Ventures **Seller:** Global Net Lease
Health Club (Community Center) 16851 W 90th St, Lenexa, Kansas 66219	112,110	$29,165,000 $260.15	7.00%	**Buyer:** Not Yet Disclosed **Seller:** Realty Income Corporation
All American Indoor Sports 8875 Rosehill Rd, Lenexa, Kansas 66215	60,750	$5,000,000 $82.30	7.21%	**Buyer:** Hogdon Investments, LP **Seller:** All American Indoor Sports
Park Place Village 11635 Ash St, Leawood, Kansas 66211	72,077	$14,861,557 $206.19	N/A	**Buyer:** DFW Land Real Estate **Seller:** KBS REIT III Inc.
Towne Center Shopping Center 9033-9067 E Highway 350, Raytown, Missouri 64133	37,482	$3,250,000 $86.71	7.15%	**Buyer:** Gurjant S Badiesha **Seller:** AHG Inc

BLOCK SYNDICATIONS

Block Funds is a leading real estate private equity firm that specializes in the creation and preservation of generational wealth and passive income for our investors through commercial real estate partnership opportunities. At Block Funds, our investment philosophy is driven by adherence to market fundamentals. The Block Funds team is dedicated to sound market research, detail-oriented asset management, and relationship-driven real estate. Adherence to these and other fundamentals helps our professionals to find and acquire compelling commercial real estate investments in our target markets and to manage those investments in a manner that mitigates risk while maximizing returns for our investors.

OBJECTIVES

1. Preserve, protect, and return Investor capital contributions.
2. Maximize cash distributions to our Investors.
3. Achieve debt principal reduction over time.
4. Realize appreciation in the value of our properties upon their disposition.

2025 SYNDICATIONS – BLOCK FUNDS

The chart on the following page shows a list of some transactions throughout 2025. A few of the more notable transactions are detailed out by property type:

- **Industrial** – Westbrook I&II in Lenexa was acquired in 2025, adding 75,104 square feet of flex industrial to Block Real Estate Services' industrial portfolio. Funds were syndicated for Lenexa Logistics Center South 6, a 198,715-square-foot Class-A industrial building that commenced construction in 2025. Funds were also syndicated for Lenexa Logistics Center North 6, another Class-A industrial development totaling 200,900 square feet. At Lenexa Logistics Center East 2 there was an institutional partner that BRES syndicated a group of investors to buy out.
- **Multifamily** – Woodside Village North, a 91-unit, Class-A, multifamily community with 20,004 square feet of retail space, located in Westwood, Kansas, was acquired in 2025.
- **Retail** – Westchester Square totals 134,430 square feet across four buildings. The retail center is complemented by a diverse tenant mix and has a compelling value-add potential in one of Johnson County's primary commercial corridors.

The Juniper Rows portfolio was acquired by Block Funds and transitioned to management under NP Dodge in late 2024 to optimize leasing and operational efficiency. Both the Deer Creek and Olde Towne locations now provide luxury townhome living in the Omaha metro, offering residents amenities like private garages and access to highly sought-after entertainment districts.

BLOCK SYNDICATIONS (PARTIAL LIST)

Westbrook I&II: Westbrook I & II consists of two adjacent light-industrial flex buildings totaling 75,104 square feet, located in Lenexa, Kansas. These buildings were offered to our syndicated investment partners in 2025 as part of a strategic carve-out acquisition from a larger industrial portfolio. Constructed in 1987, Westbrook I (39,203 square feet) and Westbrook II (35,901 square feet) feature highly functional, shallow-bay configurations with rear-load access, adaptable floor plates, and office buildouts that cater to a diverse mix of service-based, office/warehouse, and showroom users. The properties were 87% occupied at acquisition with a weighted average lease term of 3.93 years and in-place rents averaging $12.92 per square foot. They were acquired at a significant discount to replacement cost, and their combination of durable tenancy, infill location, and value-add leasing upside creates a compelling industrial investment opportunity for our partners.

Lenexa Logistics Center South 6: LLCS6 is a 198,715 square foot, Class-A+ cross-dock industrial facility under development in one of Kansas City's premier logistics corridors, scheduled for delivery in July 2026. The building includes 32-foot clear heights, clerestory windows, LED high-bay lighting, and flexible bay depths, with 24 dock-high doors, 4 drive-in doors, and 28 future dock knockouts for tenant adaptability. Regal Distributing has pre-leased 63% of the building, reducing lease-up risk and confirming strong demand for new industrial product in the submarket.

Lenexa Logistics Center North 6: LLCN6 is a 200,900 square foot, Class-A+ cross-dock distribution building planned for Summer 2026 delivery, designed with 32-foot clear heights, clerestory glazing, LED high-bay lighting, 32 dock-high doors, 4 drive-in doors, and 22 additional knockouts for future expansion. Located near I-35, I-435, U.S. 69, K-10, and I-70, the project sits on one of Lenexa's last major infill industrial sites within a high-absorption submarket. A 10-year fixed PILOT program provides 85%–55% abatements with taxes set at $1.20/SF and capped 2% annual increases, strengthening tenant competitiveness and long-term project economics.

Lenexa Logistics Center East 2: The syndicated investor group for LLCE2 was formed to acquire BRES's institutional partner's ownership interest in a fully stabilized, Class-A+ industrial asset located in the heart of the Johnson County logistics corridor. Constructed in 2021, LLCE2 totals 273,477 square feet and features 32-foot clear heights, 38 dock-high doors, and 7 drive-in doors, offering long-term flexibility for modern bulk distribution users. The property is 100% leased, providing immediate, durable cash flow supported by tenants such as Jaeckle Distributors, which occupies 63,527 square feet and maintains contractual rent steps through its lease term. As one of four buildings totaling more than 1.17 million square feet within the Lenexa Logistics Centre East master development, LLCE2 offers investors a rare opportunity to participate in a fully leased, institutionally designed distribution facility within one of Kansas City's most constrained and high-absorption industrial submarkets.

Woodside Village North: The acquisition of Woodside Village North, a premier Class-A+ mixed-use community in Westwood, Kansas, represents one of the most compelling multifamily opportunities in the Kansas City metro. Originally constructed in 2015 and extensively renovated between 2017–2019 with a full replacement of the exterior envelope, the property now offers residents a modern, like-new living experience supported by over $9.5 million in capital improvements. Woodside consists of 91 luxury multifamily units averaging 970 square feet across 11 thoughtfully designed floor plans, along with 20,004 square feet of fully leased ground-floor retail featuring established tenants such as Blue Sushi, The Roasterie Café, Unforked, and Blue Valley Physical Therapy. Occupancy has historically remained strong, with 97.8% residential occupancy and a waitlist of 25+ prospective residents, underscoring the sustained demand for high-end living in this infill corridor.

Westchester Square: Westchester Square is a 134,430-square-foot, four-building neighborhood retail center offering visibility to 30,000+ vehicles per day and access to one of Johnson County's strongest residential and commercial corridors. The center has a diverse tenant mix consisting of retailers like Hy-Vee, Subway, Starbucks, and FedEx, along with multiple long-term local retailers. The property provides investors with stable in-place income, diversified tenancy, and several clear value-add opportunities, including leasing existing vacancies, increasing below-market rents, and repositioning select spaces to meet current retailer demand. With its infill location, strong surrounding demographics, and established anchor lineup, Westchester Square represents a reliable, well-located retail acquisition with both immediate cash flow and long-term potential.

LOOKING FORWARD – 2025:

We will continue to offer additional opportunities for our credited investors to join in on deals as they are identified and acquired.

Block Funds continues to raise equity to acquire multifamily, industrial, office, and retail deals in single-purpose entities. The goal remains to provide accredited investors with long-term cash flow, to pay down debt principal, and to provide any upside on property appreciation during the hold period. Prospective investors can register at www.blockfunds.com to view current equity investment opportunities.

If you have any questions about any of the above opportunities, please do not hesitate to call our CIO, Aaron Mesmer at 816-412-5858, or email him at amesmer@blockllc.com.

Contributors: John Gregory, Financial Analyst

INVESTORS Transaction History Partial List

Property	Location	Property Type	Units	square feet	Deal Type	Investment Status
2025						
Westbrook I&II	Lenexa, Kansas	A-I	-	75,104	Stabilized	Closed
Lenexa Logistics Center South 6	Lenexa, Kansas	D-I	-	198,715	New Construction	Closed
Lenexa Logistics Center North 6	Lenexa, Kansas	D-I	-	200,900	New Construction	Closed
Lenexa Logistics Center East 2	Lenexa, Kansas	A-I	-	273,477	Stabilized	Closed
Woodside Village North	Westwood, Kansas	A-MF	91	-	Stabilized	Closed
Westchestar Square	Lenexa, Kansas	A-Retail	-	163,877	Stabilized	Closed
TOTALS			**91**	**912,073**		
2024						
I-80 Business Center	Altoona, Iowa	A-I	-	314,138	New Construction	Closed
Domain City Center	Lenexa, Kansas	A-MF	200	-	Stabilized	Closed
Hillcrest Village	Springdale, Arkansas	A-MF	157	-	New Construction	Closed
Aspen Ridge	Olathe, Kansas	A-MF	146	-	Stabilized	Closed
4700 Summer Avenue	Memphis, Tennessee	A-Retail	-	20,000	Stabilized	Closed
TOTALS			**503**	**334,138**		
2023						
167 Logistics West	Olathe, Kansas	A-I	-	438,314	New Construction	Closed
Grimes Distribution Center I-IV	Grimes, Iowa	A-I	-	439,187-	Stabilized	Closed
120th & Metcalf	Overland Park, Kansas	A-MF	341	-	New Construction	Closed
Haymarket Square	Des Moines, Iowa	B-Retail	-	269,705	Value-Add	Closed
The Renaissance Shops	Bonner Springs, Kansas	B-Retail	-	48,844	Stabilized	Closed
TOTALS			**341**	**1,196,050**		
2022						
Rupple Townhomes	Fayetteville, Arkansas	A - MF	64	-	New Construction	Closed
Pinnacle Pointe Apartments	Lenexa, Kansas	A - MF	160	-	Value-Add	Closed
Pebblebrooke	Basehor, Kansas	A - MF	55	-	Stabilized	Closed
Centennial Park Apartments	Overland Park, Kansas	A - MF	170	-	Value-Add	Closed
Riverside Logistics Centre II	Riverside, Missouri	D - I	-	328,320	New Construction	Closed
CityPlace Corporate Centre IV	Overland Park, Kansas	D - O	-	190,380	New Construction	Closed
Lenexa Logistics Centre South 8	Lenexa, Kansas	D - I	-	195,409	New Construction	Closed
Faith Technologies	Olathe, Kansas	A - I	-	448,479	Stabilized	Closed
TOTALS			**449**	**1,162,588**		
2021						
Ocean Prime / Prime Social at 46 Penn Centre	Kansas City, Missouri	D-R	-	14,072	New Construction	Closed
Lenexa Logistics Centre North Building 5	Lenexa, Kansas	D-I	-	565,027	New Construction	Closed
Lenexa Logistics Centre Building 7	Lenexa, Kansas	D-I	-	401,198	New Construction	Closed
Towne Park	Springdale, Arkansas	A-MF	237	-	Stabilized	Closed
Residence at Stratmoor	Colorado Springs, Colorado	A-MF	78	-	Stabilized	Closed
Habberton Ridge	Springdale, Arkansas	A-MF	98	-	Stabilized	Closed
Residences at River View (Bici Flats)	Des Moines, Iowa	A-MF	154	-	Stabilized	Closed
Millpark Logistics Center	Maryland Heights, Missouri	D-I	-	92,450	New Construction	Closed
1010 SE 54th Street	Ankeny, Iowa	A-I	-	201,884	Stabilized	Closed
8040 Bond Street	Lenexa, Kansas	A-I	-	55,120	Stabilized	Closed
5701 Park Avenue	Des Moines, Iowa	A-I	-	518,564	Stabilized	Closed
TOTALS			**567**	**1,848,315**		
5-YEAR TOTALS			**1,951**	**5,453,164**		

O=Office, R=Retail, I=Industrial, Med=Medical, MF=Multifamily, D=New Development, A=Acquisition, RE=Redevelopment
**** Number of Parking Stalls Not Included in Totals***

Block Construction Services Projects

Block Construction Services (BCS) managed over $89 million in development projects and tenant improvement work in 2025. Development projects and tenant improvements under construction in 2025 included work in all sectors, including industrial/warehouse/distribution, office, multifamily, and retail.

OFFICE

Office space tenant improvement construction projects completed in 2025 include Paycom and Pulse Design Group at 46 Penn Centre and Corbion's lab expansion, Advocate Construction, South Western Communications and the Burlis-Lawson Group in the Pine Ridge Business Park, Lenexa, Kansas.

INDUSTRIAL/WAREHOUSE/DISTRIBUTION

In 2025, the following industrial projects were completed:

- Lenexa Logistics Centre South Building 6 — Construction of this 198,715 square foot industrial building in Lenexa, Kansas including tenant space for Regal Distributing Co. was completed in 2025.
- Lenexa Logistics Centre South Building 8 — Tenant improvement construction for Crescent Electric Supply Company and MC Flooring, LLC was completed in 2025. Lenexa Logistics Centre South Building 8 is a Class A+ speculative light industrial building totaling 195,409 square feet on 12.4 acres completed in October 2023.

Industrial projects under construction include:

- Lenexa Logistics Centre North Building 6, a Class A+ 202,286 square foot industrial distribution and logistics building in Lenexa, Kansas with a projected delivery date of September 2026.
- Platte Valley Logistics Center, a 213,701 square foot warehouse facility on 14.12 acres in Riverside, Missouri with a projected delivery date of July 2026.

In 2025, the Oakwood Country Club expanded its resort-style offerings with the opening of its first two guest cottages. This development is part of the larger Villas at Oakwood project, a residential investment that integrates luxury for-rent villas and cottages with a newly completed par-3 golf course now ranked #4 in the country.

BLOCK CONSTRUCTION SERVICES

MIXED-USE

- The View at Castle Rock, is a 221-unit Class A+ multifamily property featuring 19,375 square feet of office, restaurant, and commercial space. Completed in 2025, The View at Castle Rock provides a unique, luxury, resort-like option as well as a highly visible Class A+ office, commercial, and restaurant space for young professionals seeking immediate proximity to Denver and Colorado Springs while being walkable to downtown Castle Rock, Colorado. The View at Castle Rock consists of a six-level building showcasing a 3,275 square foot clubhouse and two amenity terraces, one featuring a resort-style pool and the other with private gathering spaces and a pet park.

ADAPTIVE RE-USE

- 100 N. Main in Memphis, Tennessee is a 38-story adaptive re-use project. Phase I, which includes demolition and abatement, completed in May 2025. Phase II is scheduled to convert a 1963 office building to a mixed-use building consisting of hotel, multifamily, office, and commercial space.

RETAIL

- Retail developments completed in 2025 at The Galleria include Starbucks and Petfolk Veterinary and Urgent Care joining Whataburger, Chick-Fil-A, Fidelity Brokerage Services, First Watch and Andy's Frozen Custard at The Galleria.

OTHER

- Block Construction Services provided Owner Representative Services for Heartland Coca Cola's new 700,000 square foot Olathe, Kansas Production Campus which opened in June 2025. Heartland Coca Cola's campus provides state-of-the-art production of beverages and is one of the most advanced production facilities in the nation.
- Oakwood Country Club –. Two cottages, entrance gate and monument sign for cottages, lower level remodel and expansion, expanded sports bar, new pro shop, kids' pool and splash pad, miscellaneous course enhancements, short game shot area and lower tee box added to driving range, new A/V system throughout all Oakwood building, security improvements.

MASTER PLANNING

Master Planning efforts include the following projects:

MIXED USE —

- The Crossing at KU — University of Kansas intergenerational-residential community, research-oriented office space, early childcare and education center, mix of restaurants, activities and neighborhood amenity retailers.
- Galleria Lot 13 – 160 multifamily units, 22,600 square feet of commercial retail space, and an 8,000 square foot restaurant located in Overland Park, Kansas.

MULTIFAMILY —

- Galleria South MF —Multifamily community with 356 multifamily units in Overland Park, Kansas.
- 47 Madison — Multifamily development with a 16-story, 250 luxury unit tower in Kansas City, Missouri.
- 56th & Foxridge — 307 multifamily units in Mission, Kansas.
- Woodside Village — 162 multifamily units in Kansas City, Kansas.
- K10 and K7 – 552-unit two-phase multifamily development with five buildings, clubhouse, and site amenities per phase in Olathe, Kansas.
- 45 Summit — 16 multifamily apartments, split between two and three-bedroom units in Kansas City, Missouri.
- 4450 Washington — 20-unit multifamily development in Kansas City, Missouri.
- Stoneleigh Townhome Addition – 126-unit Phase II multifamily development to add to the existing Phase I 280-units in Centerton, Arkansas.
- Plaza Corporate Centre Conversion — 119-unit multifamily development in Kansas City, Missouri.
- 4627 Madison — 202-unit multifamily development in Kansas City, Missouri.

In May 2025, Block Real Estate Services secured a 126,498-square-foot lease at Lenexa Logistics Centre South Building 6, significantly stabilizing the nearly 200,000-square-foot speculative facility. This deal marks a key milestone in the final development phase of the 348-acre Lenexa Logistics Centre, a premier industrial park that now encompasses more than 4.1 million square feet of Class A space.

OFFICE –

- Nall Corporate Centre III — 123,304 square foot 4-story office building in Overland Park, Kansas.
- Galleria 115 – Lot 3 — 224,200 square foot 7-story office building over 3-story garage/retail space in Overland Park, Kansas.
- Galleria 115 – Lot 12 — 2-story 28,000 square foot office building in Overland Park, Kansas.

INDUSTRIAL —

- LLC North 8 — 471,869 square foot industrial building in Lenexa, Kansas.
- Great Plains Commerce Center — 19.37-acre industrial campus in Olathe, Kansas.
- 167 Logistics Centre Building 3 — 139,265 square foot industrial building in Olathe, Kansas.
- Tiffany Springs — Phase I consisting of three industrial buildings totaling 1,897,364 square feet and Phase II consisting of four industrial buildings totaling 2,087,002 square feet in Kansas City, Missouri.

ADAPTIVE RE-USE —

- Ruan — Adaptive re-use project in Des Moines, Iowa.
- 100 N Main — 38-story adaptive re-use project in Memphis, Tennessee.

TENANT IMPROVEMENTS

Some of the projects coordinated by our tenant improvement division during 2025 include:

- ServPro at Pine Ridge Building 27
- Faith Technologies, Inc. at 167th Street Logistics Centre Building 2
- ProPak Logistics, LLC at Riverside Logistics Centre II
- Cetera Financial Group at Pinnacle Corporate Centre III
- Polaris Pharmacy Services at Riverside Business Center #3
- CJ Industries, LLC at Platte Valley Industrial Center #9
- Centene Management Company at Four Pine Ridge Plaza
- Orkin, LLC at Pine Ridge Building 12
- Pennsylvania Tool Sales and service, Inc. at Riverside Industrial Center #4
- Vortex Industries, LLC at College Crossing D
- 85 Degree Bakery at Southglen Shopping Center

Contributor: Brad S. Simma, CCIM, Executive Vice President

Block Multifamily Group

Throughout 2025, Block Multifamily Group (BMG) continued to build meaningful momentum by strengthening its operational platform, deepening internal capabilities, and expanding its management footprint across strategically important Midwest and Mountain West markets. These efforts were guided by a disciplined growth strategy focused on long-term partnerships, operational excellence, and market selectivity. By year-end, BMG successfully managed 9,262 units across 46 communities, representing a diverse, high-quality portfolio that spans multiple asset classes, investment strategies, and product types. This scale and diversity are a direct reflection of the confidence placed in BMG by our ownership partners, as well as our proven ability to deliver consistent results across varying economic cycles and market conditions.

The composition of BMG's portfolio highlights the depth and flexibility of our operating expertise. As of year-end 2025, BMG managed 27 Class A communities totaling 5,302 units, 14 Class B communities totaling 3,374 units, and 3 Class C communities totaling 584 units. These assets encompass a broad range of product types, including garden-style and townhome communities, mid-rise and high-rise developments, mixed-use properties, 55+ active adult housing, and single-family rental communities. This breadth enables BMG to tailor operational, marketing, and revenue strategies to the specific needs of each asset, while remaining responsive to distinct resident demographics, ownership goals, and submarket dynamics. Despite these differences, BMG maintains consistent performance standards and service delivery across the entire portfolio.

In 2025, BMG expanded its platform through the onboarding of seven new property management assignments, secured through both new and longstanding ownership relationships. These additions included two Class A communities in Northwest Arkansas, three communities in the Kansas City metropolitan area, a new development lease-up in Colorado, and a Des

Completed in November 2025, The View at Castle Rock, is a 221-unit Class A+ multifamily property featuring 19,375 square feet of office, restaurant, and commercial space. The View at Castle Rock provides a unique, luxury, resort-like option as well as a highly visible Class A+ office, commercial, and restaurant space for young professionals seeking immediate proximity to Denver and Colorado Springs while being walkable to downtown Castle Rock, Colorado.

In 2025, the PineCrest Townhomes in Olathe continue to be a top-performing asset within the Block Multifamily Group portfolio, offering luxury rowhouse living in the high-demand Johnson County submarket. The community maintained strong occupancy through 2025 by debuting newly renovated units and high-end interiors, positioning the property as a premier residential option near the Black Bob Road retail and education corridor.

Moines community that underwent a comprehensive rebrand led by the BMG Marketing Team. Each of these assignments was thoughtfully selected based on strategic alignment with BMG's core competencies in new development, repositioning, and operational stabilization. Together, they further strengthened our regional presence and reinforced BMG's reputation as a trusted, long-term operating partner.

One of the year's most significant milestones was the delivery of The View at Castle Rock, a premier new development located in Castle Rock, Colorado. Delivered in early November, the community welcomed its first residents on November 19th, officially launching the lease-up phase. The property features elevated interior finishes and a robust amenity offering designed to differentiate it within the submarket. Standout features include a rooftop pool and recreation decks, a sports simulator, a state-of-the-art fitness center, and a fully heated resident garage. Early leasing performance has been encouraging, reflecting strong market interest as BMG introduces this modern, highly amenitized community to Castle Rock. We are excited to continue driving momentum as this flagship asset progresses toward stabilization and establishes itself as a leading community in the market.

BMG's lease-up and stabilization expertise was further demonstrated in 2025 through the successful disposition of The Clearing at ONE28, a 318-unit community delivered in 2023. Through disciplined marketing execution, targeted leasing strategies, and strong operational oversight, the asset achieved stabilization in just 14 months—without reliance on concessions or leasing incentives. As a result, the community exceeded both occupancy and NOI expectations, directly contributing to a successful sale and attractive investor returns. This outcome underscores BMG's ability to execute at a high level on new construction and early-stage assets, even in competitive or shifting market environments.

Across the broader portfolio, BMG continued to refine operational efficiencies, enhance marketing intelligence, and advance revenue management practices. Investments in data-driven decision-making, thoughtful capital planning, and process optimization allowed teams to proactively respond to market trends while maintaining a high standard of service for residents. These efforts have positioned BMG's communities to remain competitive, resilient, and well-aligned with ownership objectives amid evolving economic and housing market conditions.

Looking ahead, BMG enters 2026 with strong momentum, a clear growth trajectory, and a robust pipeline of opportunity. Our deep experience in lease-up execution, value-add renovation programs, and the stabilization of underperforming assets will continue to inform and guide our expansion strategy. As we move forward, BMG remains committed to delivering strong, sustainable results for our ownership partners while providing high-quality, professionally managed homes that enhance the living experience for our residents.

Contributors: Allison McCranie, Vice President of Marketing; Jason Charcut, President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OUR SERVICES

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MARKET STATISTICS

FOURTH QUARTER 2025 DATA

2025 OFFICE

MARKET	INVENTORY	# OF BUILDINGS	OVERALL VACANCY	YTD DELIVERIES	NET ABSORPTION	AVG. FULL SERVICE RENT
College Blvd	21,537,129	393	14.4%	0	179,863	$26.12
CBD	17,543,984	170	14.8%	0	315,300	$23.81
South Johnson County	9,379,819	508	16.1%	1,200	22,970	$23.58
Northeast Johnson County	8,633,417	416	10.1%	23,571	21,473	$24.57
I-35 Corridor	8,251,331	472	5.8%	17,500	(27,953)	$22.27
Crown Center	7,022,135	67	13.9%	0	129,824	$24.79
Country Club Plaza	5,253,839	119	9.4%	0	24,967	$30.11
Northwest Johnson County	7,594,093	275	6.8%	0	12,919	$21.58
East Jackson County	5,723,370	648	4.5%	0	(20,103)	$23.26
South Kansas City MO	4,968,773	179	9.1%	177,000	248,424	$24.33
I-29 Corridor	4,812,059	161	5.2%	0	(30,639)	$20.45
Kansas City KS	3,990,565	233	5.1%	33,000	108,144	$23.02
Ward Parkway	3,455,566	98	13.8%	0	162,243	$22.11
Southeast Jackson County	3,801,603	285	9.2%	14,000	(44,320)	$20.97
Midtown	3,595,702	251	6.9%	0	94,839	$22.94
Kansas City MO	3,956,993	206	4.2%	0	(40,589)	$19.49
Freight House District	2,555,187	118	16.4%	0	(40,072)	$25.54
Downtown Kansas KC KS	1,978,377	72	11.1%	0	(114,336)	$20.80
West Bottoms	1,702,880	63	5.4%	58,411	200,732	$22.61
Leavenworth County	1,215,271	96	5.6%	0	(24,654)	$21.03
Brookside	806,080	40	4.1%	0	8,093	$21.00
Cass County	820,763	141	4.1%	0	(1,774)	$25.64
Outer South Kansas City	489,089	79	0.0%	0	17,531	$20.17
Outlying KC MO	327,761	72	0.0%	0	0	$20.39
Lafayette County	170,108	42	6.5%	0	0	$19.94
TOTAL OFFICE	**129,585,894**	**5,204**	**8.1%**	**324,682**	**1,202,848**	**$22.82**

Information accurate as of 12/31/25

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MARKET STATISTICS CONTINUED

2025 RETAIL

MARKET	ESTIMATED INVENTORY	PERCENT VACANT	VACANCY SF	NET ABSORPTION	AVG. RENTAL RATE	PLANNED DEVELOPMENT
Johnson County	35,701,361	3.7%	1,458,659	21,162	$21.52	96,623
East Jackson County	19,203,717	7.1%	1,439,885	(46,359)	$15.79	38,279
Midtown/Downtown/Plaza	6,207,388	2.7%	248,829	(53,638)	$21.73	52,163
Kansas City, Kansas	10,426,634	4.9%	620,808	1,213	$18.59	20,000
North of the River	22,801,581	2.0%	770,736	10,213	$16.43	86,163
TOTAL RETAIL	94,340,681	4.0%	4,538,917	(67,409)	$18.81	293,228

2025 WAREHOUSE/BULK INDUSTRIAL

MARKET	INVENTORY	# OF BUILDINGS	OVERALL VACANCY	LEASING ACTIVITY	NET ABSORPTION	AVG. GROSS RENT
KCI/Airworld	11,300,000	85	8.80%	1,100,000	(42,400)	$6.67
North Kansas City/Riverside	25,900,000	529	4.20%	857,000	(87,900)	$6.61
Executive Park/Northland	49,000,000	454	2.40%	1,200,000	170,000	$7.15
Wyandotte County	50,200,000	986	1.80%	556,000	42,000	$6.66
Johnson County	91,800,000	1,621	8.10%	4,300,000	2,400,000	$8.21
East Jackson County	97,300,000	2,720	6.70%	2,800,000	(900,000)	$6.78
TOTAL WH/BULK SPACE	325,500,000	6,395	5.3%	10,813,000	1,581,700	$7.01

2025 LIGHT INDUSTRIAL/FLEX

MARKET	INVENTORY	# OF BUILDINGS	OVERALL VACANCY	LEASING ACTIVITY	NET ABSORPTION	AVG. GROSS RENT
KCI/Airworld	1,100,000	21	6.60%	33,300	3,200	$10.74
North Kansas City/Riverside	646,000	16	0.80%	14,300	10,200	$12.41
Executive Park/Northland	408,000	21	2.20%	15,200	(5,800)	$9.54
Wyandotte County	886,000	46	6.30%	50,600	20,100	$8.02
Johnson County	7,300,000	295	11.50%	473,000	(264,000)	$11.00
East Jackson County	5,500,000	272	4.50%	124,000	(121,000)	$11.52
TOTAL LIGHT INDUSTRIAL/FLEX	15,840,000	671	5.3%	710,400	-357,300	$10.54
TOTAL FLEX + BULK	341,340,000	7,066	5.3%	11,523,400	1,224,400	$8.78

2025 MULTIFAMILY

MARKET	UNIT INVENTORY	OVERALL VACANCY	AVG. ASKING RENT	MARKET SALE PRICE/UNIT	UNITS UNDER CONST.
Johnson County	63,198	7.1%	$1,492	$181,980	1,029
North of the River	30,497	6.4%	$1,324	$156,158	800
CBD/Crown Center	14,956	11.7%	$1,653	$237,222	1,357
Southeast Jackson County	27,382	10.6%	$1,293	$146,931	1,717
Kansas City, Kansas	10,387	9.4%	$1,161	$113,229	152
South Kansas City	7,337	10.5%	$1,115	$118,087	748
East Jackson County	2,978	11.2%	$1,014	$104,962	0
Country Club Plaza/Midtown	14,864	13.5%	$1,237	$130,811	0
TOTAL MULTIFAMILY	171,599	10.1%	$1,286	$148,673	5,803

Information accurate as of 12/31/25