

INVESTMENT FORECAST

Office
Kansas City Metro Area

IPA
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PROPERTY
ADVISORS

2026

Market Outlook Takes Shape as Downtown Strengthens and Suburbs Hold Firm

Shift to CBD accelerates. For the first time since 2020, vacancy in the CBD dropped below suburban levels, reaching about 11 percent, down from 12 percent last year. Major tenants such as Fidelity and Conexon are planning to upsize their downtown offices in 2026, which, coupled with limited completions in the area, should allow vacancy to continue shrinking this year. Even as the CBD continued to gain momentum, areas like Overland Park remain the cornerstone of the market. Overland Park vacancy fell by more than 100 basis points in 2025, reflecting steady suburban demand for accessible, cost-efficient space. Meanwhile, about 90 percent of 2026 deliveries are outside the CBD, with submarkets such as South Kansas City, East Jackson County, and North of the River receiving more than 500,000 square feet of space. Single-digit vacancy rates signal developers' confidence in continued demand prospects.

Steady trading and slowing cap rate expansion hint at stabilization. In 2025, transactions continued to rise year-over-year, even as sale prices declined and cap rates edged higher. Both trends moderated compared to prior periods, signaling potential market stabilization as buyers and sellers become more aligned on deal terms. South Johnson County remains the epicenter of deal flow, especially around College Boulevard, where a 20-building portfolio sold for nearly \$200 million last year. Investors focused on Class B/C assets may become more active this year, as the segment's sustained vacancy declines point to a widening tenant-demand base and firmer leasing momentum across quality tiers. Buyers focused on entry costs may instead look to East Jackson County, which led the metro in Class C trades last year, offering some of the lowest price points and higher yield potential compared to core submarkets.

2026 MARKET FORECAST

+0.6%



Employment: Total employment growth rebounds modestly, with a net gain of 7,000 jobs, while traditionally office-using roles decline by 4,000 positions.

1,071,000
sq. ft.



Construction: Completions will rise to the highest level since 2021, marking a return to pre-pandemic norms. The metro will see one of the 10 fastest inventory growth rates among major markets.

-50 bps



Vacancy: Supported by strong net absorption, the metrowide vacancy rate will fall to 11.5 percent, the lowest since 2020 and ranking among the 10 least-vacant major markets.

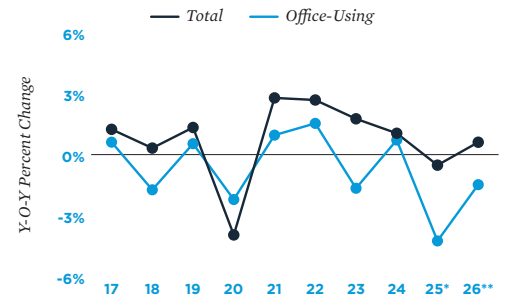
+0.5%



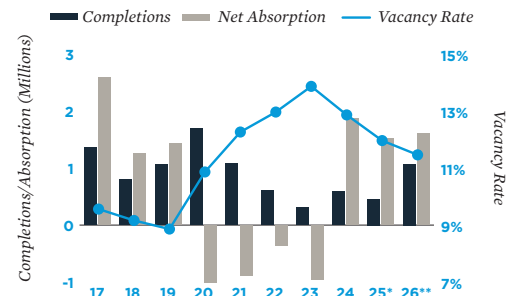
Rent: With vacancy tightening, the average asking rent will rise to \$21.45 per square foot, extending a five-year growth streak and underscoring relatively strong market fundamentals.

INVESTMENT: *Midtown's vacancy remains among the lowest in the metro, while rents lead at over \$25 per square foot. This, and a track record of sub-\$2 million sales, should keep this submarket amenable to private investors.*

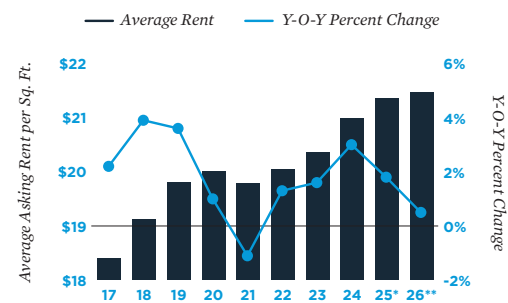
Employment Trends



Supply and Demand



Rent Trends



* Estimate ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

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Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of January 2026. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and office data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.